

April 21, 2020

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

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**Notice Concerning Partial Disposition of Real Estate Trust Beneficiary in Japan**  
**(Rokko Island DC)**

Mitsui Bussan & IDERA Partners Co., Ltd. (hereinafter the “Asset Manager”), the asset management company of MIRAI Corporation (hereinafter “MIRAI”) announces that MIRAI has decided to make the disposition (hereinafter “Disposition”) of an asset as follows. The asset will be disposed to a demonstration fund under the digital security project (hereinafter the “Project”) (note) undertaken by MIRAI’s sponsor, Mitsui & Co. group. MIRAI and the Asset Manager intends to continue to cooperate with the sponsor under the Project in order to apply the expertise related to asset management and fund raising utilizing new technology pursued by Mitsui & Co. group toward the management of MIRAI.

(Note) Details of the digital security project undertaken by Mitsui & Co. group are as stated in “2. Reasons for Disposition” below.

1. Overview of Disposition

Name of the Asset to be Disposed	Rokko Island DC (quasi-co-ownership 7.55%) (Note 1) (hereinafter the “Asset to be Disposed”)
Agreement Date (Note 2)	April 28, 2020
Disposition Date (Note 3)	April 28, 2020
Disposition Price (A) (Note 4)	717 million yen
Book Value (B) (Note 5)	648 million yen
Difference between (A) and (B) (Note 6)	69 million yen
Buyer (Note 7)	ST Fund One GK (Limited Liability Company)
Settlement Method	The entire amount will be paid on the date of disposition
Brokerage	None

(Note 1) The entire asset is held as real estate trust beneficiary interest as of today. Post disposition, quasi-co-ownership of beneficiary interest will be held along with the buyer.

(Note 2) “Agreement Date” is the signing date of the sale and purchase agreement with the buyer.

(Note 3) “Disposition Date” is the date stated on the sale and purchase agreement as scheduled date of disposition.

(Note 4) “Disposition Price” shows the sale and purchase value of the Asset to be Disposed that is stated in the sale and purchase agreement entered with the buyer. The sale and purchase value does not include national or local consumption tax or expenses necessary for the disposition, and it is rounded down to the nearest million yen. The same shall apply hereinafter.

(Note 5) “Book Value” is the assumed book value at the disposition date rounded off to the nearest million yen.

(Note 6) It is a reference value calculated as the difference between the disposition price and the book value, which differs from the profit and loss on disposition.

(Note 7) Details of the buyer are as stated in “5. Overview of Buyer” below.

## 2. Reasons for Disposition

Points
<ul style="list-style-type: none"><li>● <b>Disposition of asset to a demonstration fund under Mitsui &amp; Co. group's digital security project.</b></li><li>● <b>Negative impact from New Coronavirus during the 8<sup>th</sup> FP will be partially offset by the disposition gain.</b></li><li>● <b>Digital transformation (note) of asset management business that will lead to enhancement of unitholders' value through participation in the Project.</b></li></ul>

(Note) According to the Ministry of Economy, Trade and Industry's DX Promotion Guidelines, digital transformation is defined as "the transformation of products, services, and business models based on the needs of customers and society by utilizing data and digital technology to respond to drastic changes in the business environment, while at the same time transforming the business itself, organization, processes, corporate culture to establish a competitive advantage."

MIRAI is working to expand the portfolio, diversify risk and improve profitability in order to achieve various quantitative targets under the expanded mid-term management plan "Repower 2020-ER" by the end of 2020. MIRAI's sponsor, Mitsui & Co. group has been pursuing the digital security project with security token issuance in mind following the enforcement of the Financial Instruments and Exchange Act to be revised in May 2020, and approached MIRAI with an intention to acquire the Asset to be Disposed of as a target of demonstration fund under the Project. MIRAI has considered the offer and decided to dispose of the asset from the comprehensive view including the quantitative impact of offsetting the decline of lease business revenue which became apparent centering on hotel assets with variable rent under the impact of New Coronavirus Infection (COVID-19), the qualitative impact of securing flexible way of fund raising and future efficiency improvement of asset management business through participation in the Project, as well as the level of the disposition price. Following are characteristics of the Asset to be Disposed and points considered in making the decision for the disposition.

(Note) Assets with variable rent refers to those assets whose variable rent contribution was more than 20% of total rent revenue during the most recent fiscal period.

- Characteristics of the Asset to be Disposed
  - The Asset to be Disposed is located at about 2.5 km from Rokko Island North Exit (IC) of Route 5 Bayshore Line. It is a superior location in covering not only Hanshin area but overall western Japan area.
  - The Asset to be Disposed is a large-scale logistics center with 3 temperature zones (frozen, chilled, room temperature) for a major restaurant chain and highly convenient for delivery as a facility dedicated for a tenant.
  - In addition to 15-year long-term lease agreement, continuous usage of the property is expected as it serves as a core hub center in western Japan which will be an important function for the tenant.
- Points considered in making the decision for the disposition (justification for the disposition price, impact of the disposition gain and use of the disposition proceeds)
  - Disposition gain of 58 million yen (note) is expected to be recognized due to the disposition price being above the appraisal value.
  - Minority stake disposition (quasi-co-ownership stake of 7.55%) will limit the loss of revenue through disposition in the future while partially offsetting the decline in lease business revenue centering on the variable rent hotels that became apparent under the impact of New Coronavirus during the fiscal period ending April 30, 2020 (the 8<sup>th</sup> fiscal period).
  - Disposition proceeds will be utilized to replenish capital on hand that was employed for acquisition of "Hiroshima Rijo-dori Building" and "MI Cube Sendai Clisroad" (acquired on March 31, 2020) and will be utilized for investments that will lead to enhancement of unitholders' value such as acquisition of new assets and investment unit buyback.

(Note) Above are estimated figures and subject to revision due to changes in the future disposition process.

(Reference) Profitability of the Asset to be Disposed

Name	Appraisal Value (million yen)	Price (million yen)		Appraisal NOI Yield (Note 1)	NOI Yield after Depreciation (Note 2)
		Based on Acquisition Price	Based on Disposition Price		
Rokko Island DC (quasi-co-ownership 7.55%)	682	Based on Acquisition Price	653	5.5%	4.2%
		Based on Disposition Price	717	5.0%	3.8%

(Note 1) “Appraisal NOI Yield” is calculated by dividing the appraisal NOI by the acquisition price / the disposition price rounding to the nearest tenth. Appraisal NOI refers to the net operating income (NOI) obtained by subtracting operating expenses from operating revenues stated in the appraisal report, and it is income before subtracting depreciation. It differs from net cash flow (NCF) which is derived by adding investment management profits on investment from security deposit and subtracting the capital expenditures. The above appraisal NOI means the 1st year NOI under DCF method (if any specific factors for the 1st year, it means the 2nd or the 3rd year NOI).

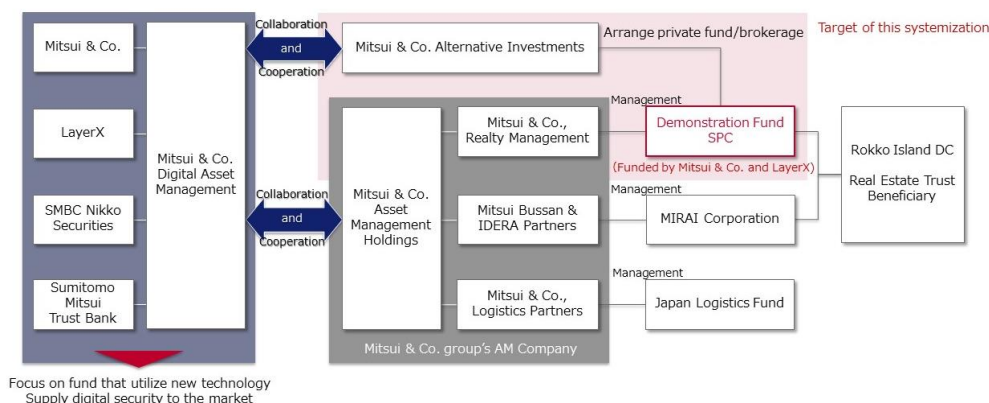
(Note 2) “NOI Yield after Depreciation” is calculated by subtracting depreciation from the appraisal NOI and dividing by the acquisition price / the disposition price rounding to the nearest tenth. Depreciation is estimated value calculated by the Asset Manager using straight-line method with certain assumptions. The same shall apply hereinafter.

(Reference) Overview of digital security project by Mitsui & Co. group

MIRAI’s sponsor, Mitsui & Co. group, together with LayerX who has comprehensive technology including blockchain technology, SMBC Nikko Securities Inc. and Sumitomo Mitsui Trust Bank Ltd., who bring their expertise in financial product transactions and sales and asset management, established Mitsui & Co. Digital Asset Management Co., Ltd (head office: Chuo-ku, Tokyo, CEO: Takashi Ueno) (hereinafter “Mitsui DAM”) on April 1, 2020 as a strategic joint venture to carry out the next generation asset management business that actively utilizes digital technology. Mitsui DAM will review the traditional asset management business thoroughly and will 1) reduce cost of time in various operation, 2) improve transparency of asset management business, 3) make funds’ lots smaller to provide appropriate liquidity, 4) realize new form of securitization with wide range of asset in mind, through promotion of digital transformation (DX).

Through the disposition, MIRAI and the Asset Manager will participate in the Project and will study promotion of DX in asset management business of MIRAI through operational efficiency improvement utilizing cutting-edge technology managed by Mitsui DAM and through application of technology such as new fund raising method through security token issuance. From mid-to long-term point of view, MIRAI will study efficiency improvement of information management related to IR, operational performance and facility management of the assets under management leveraging on the characteristics of blockchain technology, as well as digitalization of lease agreements and sale and purchase agreements as electronic register and electronic contract are expected to be introduced and expanded in the future, with an aim to improve unitholders’ value through promotion of DX of asset management business of MIRAI.

<Overview of the demonstration fund>



### 3. Details of the Asset to be Disposed

Details of the Asset to be Disposed are as stated in Annual Securities Reports “Part 1: Fund Information / [1] Fund Overview / 5 Operating Conditions / (2) Investment Assets” dated on January 30, 2020, prepared by MIRAI.

### 4. Overview of the Real Estate Appraisal Report

Overview of the Real Estate Appraisal Report (Note 1)		
Appraisal Value	682 million yen	
Appraiser	Japan Valuers Co., Ltd.	
Appraisal Date	October 31 ,2019	
(million yen)		
Item	Details	Remarks, etc.
Valuation	682	
Value based on the direct capitalization method	684	
Operating revenues	Not disclosed (Note 2)	
Potential gross revenues: Sum of (a) through (d)		
(a)Rental revenues from rooms for rent including common area charges		
(b)Utilities revenues		
(c)Parking revenues		
(d)Other revenues		
Losses from vacancy, etc.		
Operating expenses		
Maintenance expenses		
Utilities expenses		
Repair expenses		
PM fees		
Advertisement and leasing expenses, etc.		
Taxes and public dues		
Property and casualty insurance premiums		
Other expenses		
Net operating income	35	
Investment gains on lump-sum payment	Not disclosed (Note 2)	
Capital expenditures		
Net cash flow	35	
Capitalization rate	5.2%	Assessed based on discount rate analysis under DCF method and taking into consideration for potential changes of net profit and disposition price which are not reflected in the discount rate and also taking into the consideration the yield of similar properties.
Value based on DCF method	679	
Discount rate	5.0%	Assessed based on comparison against discount rate on other similar real estate transactions and return on other financial products.
Terminal capitalization rate	5.4%	Assessed considering the capitalization rate and characteristics of the real estate market at the end of holding period and potential of the Asset to be Disposed.
Value based on cost approach	725	
Ratio of land	68.2%	
Ratio of building	31.8%	
Other matters to which the appraiser pays attention in the appraisal	Not applicable	

(Note 1) The amount equivalent to the quasi-co-ownership interest (7.55%) that MIRAI plans to dispose is shown.

(Note 2) The reason for “Not disclosed” shown above is that applicable items include information without consents from lessee for disclosure or information that could be used to deduce these amounts. Disclosure of these information could endanger maintenance of long-term lease contract due to the relationship with the lessee being damaged, and therefore may be detrimental to unitholder’s value. Therefore, except in instances where it was deemed that no harm would result from disclosure, the information is not disclosed.

## 5. Overview of Buyer

Name	ST Fund One GK (Limited Liability Company)
Address	c/- Tokyo Kyodo Accounting Office, 3-1-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Representative Partner, ST One General Incorporated Association, Executor Masakazu Hongo
Business Description	Acquisition, holding, disposal, leasing and management of real estate Acquisition, holding, disposal of trust beneficiary rights on real estate Any and all business incidental or relating to each of the foregoing
Stated Capital	100,000 yen (as of April 21, 2020)
Date of Establishment	March 18, 2020
Net Assets	Not disclosed (Note)
Total Assets	Not disclosed (Note)
Major Shareholder	ST One General Incorporated Association
Relationships between Green Map GK and MIRAI and the Asset Manager	
Capital	The company is a GK in which Mitsui & Co., Ltd, the parent of Mitsui & Co. Asset Management Holdings Ltd. (hereinafter “MAH”), the major shareholder of the Asset Manager has an interest in. MAH owns 1.2% of MIRAI’s total investment units in issue.
Personnel	There is no personnel relationship to state between Green Map GK and MIRAI and the Asset Manager.
Business	There is no business relationship to state between Green Map GK and MIRAI and the Asset Manager.
Relevance to related party	The company does not fall under a related party of MIRAI or the Asset Manager. The company is to enter into discretionary investment agreement with Mitsui & Co. Realty Management Ltd., a 100% subsidiary of MAH. It is therefore deemed to be an interested party in stakeholder transaction rule of the Asset Manager.

(Note) Not disclosed due to the absence of the seller’s consent.

## 6. Transactions with Interested Parties, etc.

The buyer of “Rokko Island DC” is deemed to be an interested party under the stakeholder transaction rule of the Asset Manager. Therefore, the necessary discussions and resolutions have been made based on the said rule and other company rules.

## 7. Future Outlook

Please refer to “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30 & October 31, 2020” announced today regarding the impact to the operation from the disposition.

(End)

\* URL: <https://3476.jp/en/>

**This press release is the English translation of the announcement in Japanese on MIRAI’s website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.**

(Reference press release, etc.)

Dated 4/21/2020 “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30 and October 31, 2020”

Dated 4/21/2020 “Initiatives Following the Outbreak of New Coronavirus & Revision to Forecasts of Operating Results -Supplementary Material for the Press Release Dated March 27 & April 21, 2020”

<Reference Material>

Reference Material: Portfolio List after the Disposition

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Asset Category	Asset Type	Area	Property Name	Acquisition Price (million yen) (Note 1)	Ratio (%) (Note 2)	Acquisition Date
Core Asset	Office	Tokyo	Shinagawa Seaside Park Tower (quasi-co-ownership 63.4%) (Note 3)	20,288	13.2	December 16, 2016
	Office	Tokyo	Kawasaki Tech Center	23,182	15.1	December 16, 2016
	Office	Tokyo	Shinjuku Eastside Square (quasi-co-ownership 5%) (Note 3)	10,000	6.5	December 16, 2016
	Office	Tokyo	Tokyo Front Terrace (quasi-co-ownership 50.2%) (Note 3)	10,592	6.9	October 26, 2017
	Office	Tokyo	Hillcoat Higashi-Shinjuku	3,900	2.5	December 16, 2016
	Office	Osaka	Nippo Hommachi Building	1,465	1.0	February 28, 2018
	Office	Nagoya	MI Terrace Nagoya-Fushimi	8,886	5.8	June 1, 2018
	Office	Others	Orico Hakataeki Minami Building	1,680	1.1	August 1, 2018
	Office	Tokyo	My Square Building	2,800	1.8	December 25, 2019
	Office	Others	Hiroshima Rijo-dori Building	2,250	1.5	March 31, 2020
	Retail	Osaka	MIUMIU Kobe (quasi-co-ownership 38.0%) (Note 3)	2,546	1.7	December 16, 2016 (land) November 9, 2017 (building)
	Retail	Tokyo	Shibuya World East Building	3,200	2.1	December 16, 2016
	Retail	Tokyo	THINGS Aoyama	2,912	1.9	January 9, 2020
	Retail	Others	MI Cube Sendai Clisroad	1,330	0.9	March 31, 2020
	Retail	Tokyo	AEON Kasai (Note 3)	9,420	6.1	December 16, 2016
	Retail	Osaka	MEGA Don Quijote Izumi-Chuo	3,000	2.0	December 16, 2016
	Hotel	Others	Hotel Sunroute Niigata	2,108	1.4	December 16, 2016
	Hotel	Others	Daiwa Roynet Hotel Akita	2,042	1.3	December 16, 2016
	Hotel	Others	Super Hotel Sendai / Hirosedori	1,280	0.8	December 16, 2016
	Hotel	Osaka	Super Hotel Osaka / Tennoji	1,260	0.8	December 16, 2016
	Hotel	Tokyo	Super Hotel Saitama / Omiya	1,123	0.7	December 16, 2016
	Hotel	Osaka	Super Hotel Kyoto Karasuma Gojo	1,030	0.7	December 16, 2016
	Hotel	Others	Comfort Hotel Shin-Yamaguchi	902	0.6	December 16, 2016
	Hotel	Nagoya	Ise City Hotel Annex	1,800	1.2	March 1, 2018
	Hotel	Others	Comfort Hotel Kitakami	820	0.5	March 1, 2018
	Hotel	Others	Comfort Hotel Nagano	580	0.4	March 1, 2018
	Hotel	Tokyo	Hotel Wing International Select Ueno /Okachimachi	3,720	2.4	May 15, 2018
	Hotel	Others	Smile Hotel Naha City Resort	4,000	2.6	November 1, 2018
	Hotel	Others	Smile Hotel Hakataeki-Mae	3,800	2.5	November 1, 2018
	Hotel	Nagoya	Smile Hotel Nagoya-Sakae	2,950	1.9	November 1, 2018
Hotel	Osaka	Hotel WBF Yodoyabashi-Minami	1,750	1.1	November 1, 2018	
Growth Asset (Core-plus Asset)	Retail	Osaka	Mi-Nara	4,944	3.2	October 26, 2017
Growth Asset (New Type Asset)	Industrial	Osaka	Rokko Island DC (quasi-co-ownership 92.45%) (Note 3)	7,996	5.2	November 1, 2018
	Educational	Tokyo	Tokyo Eiseigakuen Senmongakko	3,900	2.5	January 9, 2020
Total				153,457	100.0	—

(Note 1) "Acquisition Price" shows the purchase and sale value of each asset to be acquired that is stated in the sale and purchase agreement entered with the sellers. The purchase and sale values do not include national or local consumption tax or expenses necessary for the acquisition, and it is rounded down to the nearest million yen. Although the acquisition price of "Mi-Nara" on its sales and purchase agreement is 4,100 million yen, the acquisition price is defined as total investment amount of 4,944 million yen including the additional investment made following the acquisition for the renewal of the property. For "Mi-Nara", the total investment including the additional investment of 4,944 million yen is defined as acquisition price.

(Note 2) "Ratio" is the ratio against the total of the acquisition price of each property, and the value is rounded to the first decimal place.

(Note 3) Where the asset is owned by sectional ownership or is quasi-co-owned, the value in relation to the sectional ownership and quasi-co-ownership interest belonging to MIRAI is shown.