

October 16, 2018

For Immediate Release

Real Estate Investment Trust:

MIRAI Corporation

Michio Suganuma, Executive Director

(Securities Code: 3476)

Asset Management Company:

Mitsui Bussan & IDERA Partners Co., Ltd.

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

MIRAI Corporation (hereinafter “MIRAI”) announces that a resolution was passed at a meeting of its Board of Directors held on October 16, 2018 to issue new investment units and conduct the secondary offering of investment units. Details are as follows.

1. Issue of new investment units (public offering)

(1) Number of investment : 53,500 units
units to be offered

(2) Paid-in amount : Not yet determined

The amount will be determined at a meeting of the Board of Directors of MIRAI to be held on a date between October 24, 2018 (Wednesday) and October 30, 2018 (Tuesday) (hereinafter the “Pricing Date”) in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Marketable Securities stipulated by the Japan Securities Dealers Association.

(3) Total paid-in amount : Not yet determined

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- (4) Issue price (offer price) : Not yet determined
- The issue price (offer price) will be provisionally calculated by subtracting planned distribution per unit of 5,600 yen from the closing price of the investment units of MIRAI (the “Investment Units”) in a regular trading session at the Tokyo Stock Exchange, Inc. on the Pricing Date (if the closing price is not available on such date, the closing price on the day immediately preceding that date), and multiplying the amount by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), when the Pricing Date is between October 24, 2018 (Wednesday) and October 26, 2018 (Friday), and provisionally calculated by multiplying the closing price of the Investment Units in a regular trading session at the Tokyo Stock Exchange, Inc. on the Pricing Date by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), when the Pricing Date is either October 29, 2018 (Monday) or October 30, 2018 (Tuesday), (if the closing price is not available on such date, the closing price on the day immediately preceding that date and subtracting above planned distribution per unit from the closing price. However, when the Pricing Date is October 30, 2018 (Tuesday) and if the closing price is not available on the day and is available on October 29, 2018 (Monday), the closing price on October 29, 2018 (Monday),), and in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association, and will be determined on the Pricing Date by taking into consideration demand conditions and other factors.
- (5) Total amount of issue value (offer price) : Not yet determined
- (6) Offering method : In the form of the public offering, all the Investment Units will be purchased and underwritten by underwriting companies (hereinafter the “Underwriters”), with Nomura Securities Co, Ltd., SMBC Nikko Securities Inc., Mizuho Securities Co, Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the joint lead managers (hereinafter the “Joint Lead Managers”). Nomura Securities Co, Ltd. and SMBC Nikko Securities Inc. are the joint book runners.
- (7) Details of the underwriting agreement : The Underwriters shall pay the same amount as the total paid-in amount in the public offering to MIRAI on the payment date stated in (10) below, and the difference between such amount and the total amount of issue value in the public offering will be the net proceeds of the Underwriters. MIRAI will not pay underwriting fees to the Underwriters.
- (8) Unit for subscription : One unit or more in multiples of one unit
- (9) Subscription period : From the business day immediately following the Pricing Date to the second business day following the Pricing Date

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- (10) Payment date : Any date between November 1, 2018 (Thursday) and November 6, 2018 (Tuesday). However, it will be on November 1, 2018 (Thursday) when the Pricing Date is either October 24, 2018 (Wednesday) or October 25, 2018 (Thursday), November 2, 2018 (Friday) when the Pricing Date is October 26, 2018 (Friday), November 5, 2018 (Monday) when the Pricing Date is October 29 (Monday), 2018, and November 6, 2018 (Tuesday) when the Pricing Date is October 30 (Tuesday).
- (11) Settlement date : The business day immediately following the payment date stated in (10) above.
- (12) The paid-in amount, the issue price and other matters necessary for the issue of new Investment Units will be determined at a meeting of the Board of Directors of MIRAI to be held in the future.
- (13) The above items are subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

2. Secondary offering of Investment Units by over-allotment (please see <Reference> 1. below)

- (1) Number of investment units to be offered : 2,700 units
The number of Investment Units for secondary offering shows the upper limit. The number of Investment Units for secondary offering will be determined at a meeting of the Board of Directors of MIRAI to be held on the Pricing Date, taking into consideration demand conditions of public offering and other factors. The number of Investment Units for secondary offering may be reduced depending on the status of demand for the public offering, etc., or the secondary offering by over-allotment itself may be cancelled entirely.
- (2) Seller : Nomura Securities Co., Ltd.
- (3) Selling price : Not yet determined
It will be determined on the Pricing Date. The secondary offering price shall be the same as the issue price in the public offering.
- (4) Total selling price : Not yet determined
- (5) Selling method : Nomura Securities Co., Ltd, a book runner of the public offering, will carry out the secondary offering of the Investment Units that are to be borrowed from a unitholder of MIRAI with 2,700 units as the upper limit, taking into consideration of the demand conditions and other factors of the public offering.
- (6) Unit for subscription : one unit or more in multiples of one unit
- (7) Subscription period : Same as the subscription period for the public offering
- (8) Settlement date : Same as the Settlement date for the public offering
- (9) The selling price and other matters necessary for the secondary offering of Investment Units will be determined at a meeting of the Board of Directors of MIRAI to be held in the future.
- (10) The above items are subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

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3. Issue of new Investment Units through a third-party allotment (please see <Reference> 1. below)

- (1) Number investment units : 2,700 units
to be offered
- (2) Paid-in amount : Not yet determined
To be determined at a meeting of the Board of Directors of MIRAI to be held on the Pricing Date. The paid-in amount will be same as the paid-in amount of the public offering.
- (3) Total paid-in amount : Not yet determined
- (4) Allottee : Nomura Securities Co., Ltd.
- (5) Unit for subscription : One unit or more in multiples of one unit
- (6) Subscription period : November 26 (Monday), 2018
- (7) Payment date : November 27 (Tuesday), 2018
- (8) The issue of Investment Units for which no subscription is submitted by the subscription period stated in (6) above will be cancelled.
- (9) The paid-in amount and other matters necessary for the issue of new Investment Units will be determined at a meeting of the Board of Directors of MIRAI to be held in the future.
- (10) The above items are subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

(Reference)

1. Secondary offering by over-allotment, etc.

The secondary offering by over-allotment is the offering of the Investment Units that Nomura Securities Co., Ltd., a book runner of the public offering, borrows from a unitholder of MIRAI, with 2,700 units as the upper limit, taking into consideration of the demand conditions and other factors of the public offering. Although the number of Investment Units for secondary offering by over-allotment is planned to be 2,700, this number of Investment Units for secondary offering may be reduced or the secondary offering by over-allotment itself may be cancelled entirely, depending on the demand conditions and other factors. In relation to the secondary offering by over-allotment, in order to allow Nomura Securities Co., Ltd. to acquire the Investment Units needed to return the Investment Units borrowed from the above unitholder of MIRAI (the “Borrowed Investment Units”), MIRAI has resolved at its meeting of the Board of Directors held on October 16, 2018 (Tuesday) to conduct an issuance of new Investment Units of 2,700 units through third-party allotment (hereinafter the “Third-Party Allotment”) to Nomura Securities Co., Ltd. as the allottee with the payment date being November 27, 2018 (Tuesday).

For the purpose of returning the Borrowed Investment Units, Nomura Securities Co., Ltd. may purchase the Investment Units up to the number of units for the secondary offering by over-allotment at the Tokyo Stock Exchange, Inc. (hereinafter the “syndicated cover transaction”) during the period beginning on the day following the close of the subscription period of the public offering and the secondary offering by over-allotment to November 19, 2018 (Monday) (the “syndicated cover transaction period.”). All the Investment Units purchased by Nomura Securities Co., Ltd. through the syndicated cover transaction shall be used to return the Borrowed Investment Units. There may be cases in which Nomura Securities Co., Ltd. does not conduct the syndicated cover transaction at all or ends the syndicated cover transaction with the number of Investment Units that are smaller than the number of the Investment Units offered through the secondary offering by over-allotment, at its sole discretion during the syndicated cover transaction period.

Moreover, Nomura Securities Co., Ltd. may conduct stabilizing transactions in conjunction with the public

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offering and the secondary offering by over-allotment. The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. intends to acquire the Investment Units through the Third-Party Allotment corresponding to the number of Investment Units obtained by subtracting the number of Investment Units purchased through the stabilizing transactions and the syndicated cover transaction and used to return the Borrowed Investment Units from the number of Investment Units offered in the secondary offering by over-allotment. As a result, there may be cases in which there will be no subscription to the Investment Units offered by the Third-Party Allotment in whole or in part, and accordingly the final number of the Investment Units issued by the Third-Party Allotment may be reduced to that extent due to forfeiture of rights, or such issuance may be cancelled entirely.

Nomura Securities Co., Ltd. shall conduct the transactions described above upon consultation with SMBC Nikko Securities Inc.

2. Changes in the total number of Investment Units issued due to the issue of new Investment Units

Current total number of Investment Units outstanding	339,210 units
Number of Investment Units to be issued through the public offering	53,500 units
Total number of Investment Units outstanding after the issuance of new Investment Units through the public offering	392,710 units
Number of Investment Units to be added associated with the Third-Party allotment	2,700 units (Note)
Total number of Investment Units outstanding after the Third-Party allotment	395,410 units (Note)

(Note) The number of units is based on the assumption that Nomura Securities Co., Ltd. subscribes to all the Investment Units to be issued through the Third-Party allotment and that they are issued in full.

3. Reason for and Purpose of New Issuance

MIRAI aims to achieve solid expansion and diversification of its portfolio as well as further strengthening of revenue base through the acquisition of the specified assets (as defined in the Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter). The decision to issue new Investment Units was made taking into consideration of the current LTV ratio (ratio of interest bearing debt to total asset), market trend as well as level of distribution and other factors.

4. Amount of Funds to be Procured, Use of Proceeds and Scheduled Expenditure Date

(1) Amount of funds to be procured (approximate net proceeds)

¥9,952,233,200 (maximum)

(Note) The amount represents the sum of ¥9,474,101,000 of net proceeds MIRAI will receive from the public offering and the maximum amount of ¥478,132,200 MIRAI will receive from the Third-Party Allotment. These amounts are estimated based on the closing price of the Investment Units in a regular trading session at the Tokyo Stock Exchange, Inc. as of November 28, 2018 (Friday).

(2) Specific use of the funds to be procured and scheduled expenditure date

Net proceeds to be procured from the public offering will be used to fund part of the acquisition of “Smile Hotel Naha City Resort”, “Smile Hotel Hakataeki-Mae”, “Smile Hotel Nagoya-Sakae”, “Hotel WBF Yodoyabashi-Minami” and “Rokko Island DC” which are specified assets to be acquired listed in the press release in “Notice Concerning Acquisition and Lease of Real Estate Trust Beneficiaries in Japan (“Smile Hotel Naha City Resort”,

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“Smile Hotel Hakataeki-Mae”, “Smile Hotel Nagoya-Sakae”, “Hotel WBF Yodoyabashi-Minami” and “Rokko Island DC”)” dated today. In case there are any cash remaining, such the cash will be retained along with net proceeds from the Third-Party Allotment Option resolved on the same day of the resolution for the public offering as cash reserve to fund part of acquisition of specified assets or repayment of loans in the future.

(Note) The proceeds will be deposited with financial institutions until the funds are to be expensed.

5. Designation of distributed parties

Not applicable

6. Future Outlook

Please refer to the “Notice Concerning Revisions to Forecasts for the Fiscal Period Ending April 30, 2019 and Summary of Forecasts for the Fiscal Period Ending October 31, 2019” announced today.

7. Operating Results of the Past Three Fiscal Periods and Status of Equity Financing, etc.

(1) Operating results of the past three fiscal periods

	Fiscal period ended Apr. 30, 2017 (2 nd FP) (Note 1)	Fiscal period ended Oct. 31, 2017 (3 rd FP)	Fiscal period ended Apr. 30, 2018 (4 th FP)
Net profit per unit (Note 2)	¥4,656	¥5,174	¥5,807
Distributions per unit	¥3,260	¥5,175	¥5,807
Of which, distributions of earnings	¥2,524	¥5,175	¥5,807
Of which, distributions in excess of earnings	¥736	—	—
Actual payout ratio (Note 3)	71.5%	100.0%	100.0%
Net assets per unit	¥179,179	¥181,424	¥182,253

(Note 1) Fiscal period covers 6 months each of every year from May 1st to October 31st, and from November 1st to April 30th of the following year respectively. However, the actual operational period for fiscal period ended April 2017 (the 2nd fiscal period) was 136 days starting from December 16, 2016 to April 30, 2017.

(Note 2) Net income per unit is calculated by dividing net income of the fiscal period by the weighted average of the daily number of units outstanding in each fiscal period. (222,523 units for fiscal period ended April 30, 2017 (the 2nd fiscal period), 293,750 units for fiscal period ended October 31, 2017 (the 3rd fiscal period), and 293,750 units for fiscal period ended April 30, 2018 (the 4th fiscal period).

(Note 3) Actual payout ratio is calculated as below, rounded the second decimal place.

Actual payout ratio = total distribution (exclusive of distribution in excess of earnings) / net income of the fiscal period * 100

(2) Recent status of investment unit price

① Status in the last three fiscal periods (Note)

	Fiscal period ended April 2017 (2 nd FP)	Fiscal period ended October 2017 (3 rd FP)	Fiscal period ended April 2018 (4 th FP)
Opening price	¥176,000	¥150,100	¥165,800
Highest price	¥180,700	¥177,500	¥189,800
Lowest price	¥149,700	¥149,900	¥165,500
Closing price	¥150,100	¥165,400	¥184,000

(Note) MIRAI was listed in the Real Estate Investment Trust Market of the Tokyo Stock Exchange, Inc. on December 16, 2016 and there is no relevant unit price information prior to the date.

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② Status in the last six months

	May 2018	June	July	August	September	October
Opening price	¥184,300	¥183,800	¥191,700	¥198,000	¥190,600	¥193,800
Highest price	¥187,400	¥193,300	¥198,100	¥199,700	¥196,000	¥195,500
Lowest price	¥179,900	¥183,200	¥190,600	¥188,700	¥189,000	¥189,300
Closing price	¥184,100	¥191,800	¥198,000	¥190,400	¥193,600	¥189,300

(Note) Investment unit price as of October 15, 2018 is used on the above for October 2018.

③ Investment unit price on the business day immediately preceding day of resolution on issuance

	October 15, 2018
Opening price	¥191,400
Highest price	¥191,900
Lowest price	¥189,300
Closing price	¥189,300

(3) Status of equity financing conducted in the past three fiscal periods

• Public Offering

Issue date	December 15, 2016
Total procured amount	¥51,742,335,000
Paid-in amount	¥176,595
Number of Investment Units outstanding before the public offering	750 units
Number of Investment Units issued through the public offering	293,000 units
Number of Investment Units issued after the public offering	293,750 units
Intended usage of fund at the time of issuance	Part of acquisition funds of new specified assets
Original scheduled date of expenditure	December 15, 2016 or later
Current status	Entire amount has been used on the above scheduled timing of expenditure.

• Public Offering

Issue date	May 23, 2018
Total procured amount	¥7,395,250,300
Paid-in amount	¥170,791
Number of Investment Units outstanding before the public offering	293,750 units
Number of Investment Units issued through the public offering	43,300 units
Number of Investment Units issued after the public offering	337,050 units
Intended usage of fund at the time of issuance	Part of acquisition funds of new specified assets
Original scheduled date of expenditure	May 23, 2018 or later
Current status	Entire amount has been used on the above scheduled timing of expenditure.

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• Third-Party Allotment

Issue date	June 12, 2018
Total procured amount	¥368,908,560
Paid-in amount	¥170,791
Number of Investment Units outstanding before the public offering	337,050 units
Number of Investment Units issued through the public offering	2,160 units
Number of Investment Units issued after the public offering	339,210 units
Allottee	Nomura Securities Co., Ltd.
Intended usage of fund at the time of issuance	Part of acquisition of specified assets or repayment of loans in the future.
Original scheduled date of expenditure	June 12, 2018 or later
Current status	All net proceeds are retained as cash reserve. It will be used to fund part of the acquisition of specified assets listed in the press release “Notice Concerning Acquisition and Lease of Real Estate Trust Beneficiaries in Japan (“Smile Hotel Naha City Resort”, “Smile Hotel Hakataeki-Mae”, “Smile Hotel Nagoya-Sakae”, “Hotel WBF Yodoyabashi-Minami” and “Rokko Island DC”)” dated today.

8. Lock-up

- (1) With respect to the public offering, Mitsui & Co. Asset Management Holdings Ltd. and IDERA Capital Management Ltd. have agreed with Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. that they will not sell the Investment Units (except for lending of the Investment Units in line with the secondary offering by over-allotment, etc.) starting from the Pricing Date to 180 days from the settlement date of the Investment Units through the public offering without prior written consent of Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. have the authority to cancel all or part of the agreement at its sole discretion.
- (2) With respect to the public offering, MIRAI has agreed with Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. that it will not issue Investment Units (except for an issuance in the case of the public offering, the Third-Party Allotment and a split of Investment Units, etc.) and such starting from the Pricing Date to 90 days from the settlement date of the Investment Units through the public offering without prior written consent of Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. have the authority to cancel all or part of the agreement at its sole discretion even during the period specified above.

(End)

* URL: <http://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.

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