

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

DREAM Private REIT Inc. (security code: -)

<Assignment>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) DREAM Private REIT Inc. ("DPR"), which was established in July and started operation in October 2012, is an unlisted open-ended diversified investment corporation that mainly invests in commercial facilities and logistic facilities. Its asset management company, Diamond Realty Management Inc. ("DREAM"), is sponsored and fully owned by Mitsubishi Corporation ("MC"). DPR aims to constantly expand its unitholder value through securing long and stable earnings and steady growth of portfolio assets, leveraging know-how of the sponsor group companies in real estate development & management, financial and other wide-rating business fields. With total acquisition price reaching 250.9 billion yen, the current portfolio consists of 27 properties in total: 9 commercial facilities, 16 logistics facilities, 1 rental house, and 1 other property.
- (2) DPR is building a portfolio that is mainly composed of the core commercial facilities and logistics facilities as asset classes, through which it can comprehensively leverage competitive advantage of the sponsor group as a general trading firm group. The target investment ratios by property type (based on acquisition price) are more than 75% for commercial and logistics facilities in total and less than 25% for other type. By region, it set 50% - 80% for the greater Tokyo area (including Tokyo, Kanagawa, Chiba, Saitama Prefectures and their surrounding areas) and 20% - 50% for other areas (including Osaka and Chubu regions, government-designated cities and their surrounding areas). The current portfolio by type based on acquisition price consists of commercial facilities with 31.8% (27.2% for urban type and 4.7% for suburban type), logistics facilities with 59.2%, and other with 9.0%. By region, it consists of properties in the greater Tokyo area with 80.8% and those in other areas with 19.2%. As shown by these actual ratios, DPR has established a portfolio roughly in line with the above target investment ratios.
- (3) DPR has been steadily promoting external growth partly through capital increase since it started operation in October 2012 with 3 properties with acquisition price of 30.3 billion yen and has already achieved its original target of 250 billion yen in asset size. In addition to DREAM's own network, it leverages MC Group's wide industry networks to expand and diversify the assets. Given the firm track records in occupancy rate of more than 98% at every end of fiscal periods (99.9% as of November 30, 2017) since fiscal period ended May 2013 and in its relatively high NOI yield for the fiscal period ended May 2017, JCR considers it is possible to value the leasing management to a certain extent. In light of the long-term and fixed lease agreements as the mainstay agreements with its tenants, decent diversification of tenants, etc. JCR expects that DPR will secure stable portfolio cash flow. Its LTV with unrealized gains, standing at 35.2% as of May 31, 2017, has been within the scope of DPR's assuming level (approximately 30% - 50%), and will remain at a conservative level. In addition, the unrealized gains on portfolio that can work as a financial buffer are on the rise, and DPR retains sound financial management in light of details of debt procurement concerning the interest-bearing debt. Taking the above into consideration, JCR assigned a rating of AA to the long-term issuer rating for DPR with Stable outlook.
- (4) DPR aims to expand its asset size to 400 billion yen over a medium term through cautious selection of acquisition properties, while giving consideration to the portfolio balance in a comprehensive manner. JCR assumes that it will continue to work on external and internal growth through leveraging MC Group's industrial networks and DREAM's own knowledge, know-how, etc. DREAM has been positioned as a core company in the field of investment management for private real estate funds in the sponsor group since its start of operation in October 2004. DREAM manages many real estate funds including DPR, and its assets under management (including assets managed through JV by the affiliated companies) reached 456.6 billion yen as of September 30, 2017. JCR will pay attention to the trend of performance, leveraging its past experiences in closed-end private fund and know-how obtained from investments in multiple real

estate financial products including overseas real estate funds, mezzanine funds, etc., and also collective strength of MC Group including personnel exchange with the group companies.

- (5) MC engages in wide-ranging industries through a structure of 7 business groups and 1 division. The Industrial Finance, Logistics & Development Group, to which DREAM belongs, as a group having a financial function, develops operations in various fields such as real estate development, real estate investment funds, leasing, private equity investment funds, infrastructure funds and logistics, leveraging expertise and managerial competence obtained through actual business as a general trading firm and also financial function, which is utilization of third-party funds, to globally build an optimal portfolio for maximizing the corporate value. It seems that the real estate investment business in this group is accumulating know-how in property acquisition, fund management, finance, other financial activities, etc., leveraging its knowledge on wide-ranging areas including property acquisition/ development to management and real estate investment. JCR considers that systematic approach for real estate investment business by not only MC but group companies will constantly contribute to strengthening the DPR's management.
- (6) DPR has been maintaining the lender formation centering on The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") and Sumitomo Mitsui Banking Corporation. All of the interest-bearing debt is unsecured and unguaranteed debt. In addition, it has been continuing its efforts for making debt remaining period longer, diversification of repayment periods, reduction of finance costs, financing with fixed interest rates, and so on. Given these characteristics, there are no specific concerns about its fundraising. JCR will continue to closely watch various measures for financial management including conservative leverage control and their effectiveness.
- (7) DPR basically intends to cover unitholders' requests to refund investment units with its funds in hand. It has also entered into commitment line agreement for a certain amount with its main bank BTMU for the funds for refund of investment units. It limits the number of investment units to be refunded in one fiscal period (6 months) to a certain proportion. In addition, it takes a measure to require a reasonable amount of time for a refund to be actually made. Although JCR views that these arrangements, to some extent, constrain risk of LTV's surge in a short period as a result of the investment refund, JCR will closely watch the actual refund. There is a possibility that DPR will become unable to cover the required funds for refund with its funds in hand in such cases where the requests for refund continue over several fiscal periods at the time of market deterioration. JCR also pays attention to DREAM's policy to tackle such cases by measures such as investments in rental houses, which are generally considered highly liquid, as a diversified investment corporation.

Shigeo Sugiyama, Nobuyasu Matsuda

Rating

Issuer: DREAM Private REIT Inc.

<Assignment>

Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: January 17, 2018

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of methodology for determination of the credit rating is shown as "J-REIT" (July 3, 2017) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	DREAM Private REIT Inc.
Rating Publication Date:	January 22, 2018

1 The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release.

2 The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release.

3 The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and market environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Portfolios

The likelihood of a given debt payment is highly conditional to its issuer's portfolios - how they can be maintained/ enhanced into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a J-REIT might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions) including certainty of refinancing.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as sponsor, asset manager, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.

A) Audited financial statements presented by the rating stakeholders

B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the publication by the issuer or some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Portfolios

The credit rating is subject to alteration if there is improvement or deterioration of quality, competitive strength and diversification in the issuer's portfolios, since its revenue, etc. may improve or deteriorate by the change in its investment strategies, tenants' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the portfolios is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's sponsor or asset manager, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile,

or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its portfolios, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets, of e.g. real estate or interest rates, inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's sponsor or asset manager, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Portfolios

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's portfolios and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of quality, competitive strength and diversification in the issuer's portfolios on some drastic change in the market environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its portfolios.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions including certainty of refinancing. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's sponsor or asset manager, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets of e.g. real estate or interest rates. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

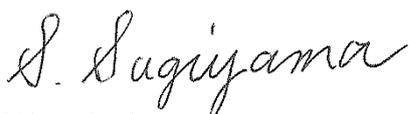
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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Shigeo Sugiyama, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Shigeo Sugiyama
General Manager of Structured Finance Department

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