

May 29, 2013

**For Translation Purpose Only**

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**Notice Regarding Transfer of Property  
(Panasonic Osaka Kyobashi Building)**

MID REIT, Inc. (hereafter “MID REIT”) announces its decision today to transfer property, as detailed below.

1. Overview of Transfer

- (1) Asset to be transferred: Trust beneficiary interest in entrusted real estate in Japan
- (2) Property name: Panasonic Osaka Kyobashi Building
- (3) Location: 2-1-3 Shiromi, Chuo-ku, Osaka (Indicated for residence)
- (4) Transfer price: ¥6,120 million (Planned)  
(Excluding adjustments for amounts equivalent to property taxes and city planning taxes, and consumption taxes, etc.) (Note)
- (5) Book value: ¥7,436 million (Book value as of December 31, 2012)
- (6) Difference between transfer price and book value: -¥1,316 million
- (7) Contract date: May 29, 2013
- (8) Transfer date: June 21, 2013 (Planned)
- (9) Transferee: MID Urban Development Co., Ltd.  
(See “4. Transferee Overview” below)
- (10) Transfer method: Trust beneficiary interest in real estate will be transferred to the transferee indicated above.

Note: The transfer price is the price that is premised on an “agreement on land use” for the purpose of effective use of the Panasonic Osaka Kyobashi Building and Twin 21 sites as one group of land being concluded by MID REIT and MID Urban Development Co., Ltd. with Sumitomo Mitsui Trust Bank, Limited, which is the trustee of Panasonic Osaka Kyobashi Building and Twin 21, and an application being filed for an “integrated design system for one group of land,” etc. upon the transfer, and also premised on use of the additional floor-area ratio assumed to be newly granted as a result of relaxed floor-area ratio regulations based on said system, etc.

Hereafter, the aforementioned asset to be transferred is referred to as the “Asset” and the Asset’s trust property is referred to as the “Property.”

## 2. Reason for Transfer

The Property had been managed as a building that is leased in its entirety, but the tenant to which the building is leased in its entirety is scheduled to exit the Property on May 31, 2013 as announced in the “Notice Regarding the Move of a Tenant (Panasonic Osaka Kyobashi Building)” dated October 31, 2012. Concerning the direction for management towards enhancement of the asset value of the Property after about 39 years has elapsed since it was constructed, MID REIT has been conducting careful consideration in both aspects of leasing and transfer based on a comprehensive review of the Osaka area real estate leasing market and real estate transaction market trends, etc.

As a result of such consideration, MID REIT concluded that, while a difference arises between the book value and transfer price, the transfer to its sponsor MID Urban Development Co., Ltd., which has steadily built a track record in the development of the Osaka Business Park in which the Property is located and other development of large-scale office buildings, by leveraging sponsor support would be best. MID REIT concluded that a replacement of its assets in which it will transfer the Asset at a price that exceeds the appraisal, along with implementing the new asset acquisition that was separately announced today, would be the optimal way to maintain and enhance the profitability and quality of its portfolio in the medium to long term. MID REIT thus decided to transfer the Asset.

Furthermore, MID Urban Development Co., Ltd. has concluded such agreements as a memorandum of understanding concerning supply of information on for-sale real estate and other support with MID REIT’s asset management company MID REIT Management Co., Ltd. (hereafter the “Asset Management Company”).

## 3. Details of Property for Transfer

|   |          |   |
|---|----------|---|
| Property Name                             |          | Panasonic Osaka Kyobashi Building   |
| Type of Specified Asset                   |          | Trust beneficiary interest in entrusted real estate<br>(Trust beneficiary interest in real estate) (Note 1)                                   |
| Trustee                                   |          | Sumitomo Mitsui Trust Bank, Limited   |
| Trust Period                              |          | June 10, 2013 to March 31, 2017 (Planned)   |
| Location (Indicated for residence)        |          | 2-1-3 Shiromi, Chuo-ku, Osaka   |
| Completion Date                           |          | August 30, 1974   |
| Use                                       |          | Office, Parking   |
| Structure                                 |          | SRC with flat roof, B1/8F   |
| Area                                      | Land     | 3,698.55 m <sup>2</sup>   |
|   | Building | 17,143.04 m <sup>2</sup>  |
| Type of Ownership                         | Land     | Fee simple  |
|   | Building | Fee simple  |
| Floor-Area Ratio / Building-to-Land Ratio |          | 487.16% (Note 2) / 100% (Note 3)  |
| Acquisition Date                          |          | August 31, 2006   |
| Acquisition Price                         |          | ¥7,620 million  |
| Book Value                                |          | ¥7,436 million (As of December 31, 2012)  |
| Transfer Price                            |          | ¥6,120 million (Excluding adjustments for amounts equivalent to property taxes and city planning taxes, and consumption taxes, etc.) (Note 4) |

Note: This press release provides information regarding MID REIT’s “Notice Regarding Transfer of Property (Panasonic Osaka Kyobashi Building),” and is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in MID REIT. Investment decisions are investors’ sole discretion and responsibility and are made at their own risk. MID REIT and its affiliates disclaim any responsibility or liability for the consequence of investment in MID REIT.

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| Difference between Transfer Price and Book Value | -¥1,316 million  |
| Appraisal Value                                  | ¥5,930 million (Appraisal date: May 29, 2013) (Appraiser: Morii Appraisal & Investment Consulting, Inc.) (Note 4)                            |
| Transfer Date                                    | June 21, 2013 (Planned)  |
| Status of Tenants                                |  |
| Total Tenants                                    | 1 (Note 5)   |
| Real Estate Rent Revenue                         | ¥299,006 thousand (The real estate rent revenue for the fiscal period ended December 31, 2012 (July 1, 2012 to December 31, 2012) is shown.) |
| Security Deposit / Guarantee                     | – (Note 6)   |
| Rentable Area                                    | 12,684.52 m <sup>2</sup>   |
| Rental Area                                      | 12,684.52 m <sup>2</sup> (Note 5)  |
| Occupancy Rate                                   | 100.0% (As of April 30, 2013) (Note 5)   |

Notes:

1. The Property currently belongs to a single trust together with other real estate, but by dividing this trust into a trust that has the Property as the trust property and a trust that has the other real estate as the trust property, MID REIT plans to transfer the beneficiary interest of the part of this trust that has the Property as the trust property.
2. The floor-area ratio / building-to-land ratio is calculated with the Property and Twin 21, which stands on the same block, as one. The floor-area ratio of the Property's land was originally 400%, but because of application of an integrated design system, the floor-area ratio was increased to 487.16%. In addition, the floor-area ratio / building-to-land ratio is also applied with Twin 21 as one.
3. The building-to-land ratio of the Property's land was originally 80%, because the location was within a commercial zone, but because it was a fireproof building in a fire zone, its ratio was increased, and its applicable building-to-land ratio came to 100%.
4. The transfer price and appraisal value is the price that is premised on an "agreement on land use" for the purpose of effective use of the Property and Twin 21 sites as one group of land being concluded by MID REIT and MID Urban Development Co., Ltd. with Sumitomo Mitsui Trust Bank, Limited, which is the trustee of the Property and Twin 21, and an application being filed for an "integrated design system for one group of land," etc. upon the transfer, and also premised on use of the additional floor-area ratio assumed to be newly granted as a result of relaxed floor-area ratio regulations based on said system, etc.
5. MID REIT received a letter of contract cancellation on October 31, 2012 from Panasonic Corporation, which is the tenant to which the building is leased in its entirety, stating that it will cancel the contract for the entire rented area on May 31, 2013.
6. Not shown, as permission to disclose such information has not been received from the Tenant.

#### 4. Transferee Overview

|  |  |
|--|--|
| Name   | MID Urban Development Co., Ltd.  |
| Headquarters Location                                  | 1-4-4 Dojimahama, Kita-ku, Osaka   |
| Name and Title of Representative                       | Ryoichi Hanai, President, Member of the Board  |
| Primary Business                                       | Building business and housing business   |
| Capital  | ¥100 million   |
| Date of Establishment                                  | April 1, 1999  |
| Relationship with MID REIT or Asset Management Company |  |
| Capital Ties   | The transferee is a unitholder holding MID REIT investment units (5.01%) (at the end of the fiscal period ended December 31, 2012). In addition, the transferee is a shareholder holding all of the Asset Management Company shares issued and outstanding and thus falls under the category of an interested person, etc. of the Asset Management Company as defined in the Law Concerning Investment Trusts and Investment Corporations (hereafter the |

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|   | “TIL”).  |
| Personnel Ties                            | There are no personnel ties to be stated between the transferee and MID REIT.<br>1 director concurrently serves the transferee and the Asset Management Company, and 26 directors/employees of the Asset Management Company are seconded from the transferee.                      |
| Business Ties                             | There are no business ties to be stated between the transferee and MID REIT or the Asset Management Company.   |
| Status of Classification as Related Party | The transferee does not fall under the category of a related party of MID REIT.<br>The transferee is a shareholder holding all of the Asset Management Company shares issued and outstanding and thus falls under the category of a related party of the Asset Management Company. |

#### 5. Transactions with Interested Persons, Etc.

The Asset Management Company has formulated internal regulations that provide guidelines for transactions with related parties of its sponsors with the aim of eliminating potential conflicts of interest and thereby enabling it to appropriately perform asset management to the benefit of MID REIT’s unitholders. Under the internal regulations, the transferee listed above falls under the category of a sponsor related party. Accordingly, upon entering into an agreement on transfer of the Asset with the transferee, the Asset Management Company followed certain procedures stipulated in the aforementioned internal regulations, including the following: deliberation and approval by its Compliance Committee, which includes outside experts; deliberation and decision by its Investment Committee; and deliberation and resolution by its Board of Directors.

#### 6. Overview of Brokerage

None.

#### 7. Settlement Method, Etc. and Schedule for Transfer

May 29, 2013 Decision to transfer

May 29, 2013 Conclusion of an agreement concerning the transfer of the trust beneficiary interest

June 10, 2013 Division of the trust that has the Property and other real estate as trust properties into a trust that has the Property as the trust property and a trust that has the other real estate as the trust property (Planned)

June 21, 2013 Transfer of the trust beneficiary interest in real estate (Planned)

Receipt of the entire amount of the transfer price (Planned)

#### 8. Outlook

For the outlook of MID REIT’s business results for the fiscal period ending June 30, 2013 (January 1, 2013 to June 30, 2013) and the fiscal period ending December 31, 2013 (July 1, 2013 to December 31, 2013) as a result of transfer of the Asset, please refer to the “Notice Regarding Revision of Business Results and Distributions Forecast for the 14th Period Ending June 30, 2013” and the “Notice Regarding Revision of Distributions Forecast for the 15th Period Ending December 31, 2013” separately announced today.

#### <Attachment>

Attachment: Property Portfolio after Transfer of the Asset

**Property Portfolio after Transfer of the Asset**

| Type                    | Region  | Property Name                  | Acquisition Price (Millions of Yen) | Investment Ratio (%) (Note 1) | Acquisition Date               |
|-------------------------|---|--------------------------------|-------------------------------------|-------------------------------|--------------------------------|
| Office properties       | Osaka area  | Twin 21 (Note 2)               | 68,700                              | 44.2                          | Aug. 31, 2006                  |
|                         |   | Matsushita IMP Bldg.           | 24,600                              | 15.8                          | Aug. 31, 2006                  |
|                         |   | Panasonic Osaka Kyobashi Bldg. | —                                   | —                             | Aug. 31, 2006                  |
|                         |   | Midosuji MID Bldg.             | 8,290                               | 5.3                           | Aug. 31, 2006<br>Oct. 31, 2007 |
|                         |   | MID REIT Kyobashi Bldg.        | 2,300                               | 1.5                           | Aug. 31, 2006                  |
|                         |   | MID Imabashi Bldg.             | 3,270                               | 2.1                           | Apr. 3, 2007                   |
|                         |   | MID Midosujikawaramachi Bldg.  | 2,000                               | 1.3                           | May 16, 2007                   |
|                         |   | Kitahama MID Bldg.             | 10,800                              | 7.0                           | Apr. 24, 2008                  |
|                         |   | MID Nishihommachi Bldg.        | 3,550                               | 2.3                           | Oct. 30, 2008                  |
|                         |   | Higobashi MID Bldg. (Note 3)   | 3,000                               | 1.9                           | June 21, 2013<br>(Planned)     |
| Subtotal (9 properties) |   |                                | 126,510                             | 81.4                          |                                |
| Non-office properties   | Osaka area  | Konami Sports Club Kyobashi    | 2,780                               | 1.8                           | Aug. 31, 2006                  |
|                         | Tokyo metropolitan area, Government-designated cities (excluding the Osaka area) and other major cities | AEON MALL Tsudanuma            | 26,100                              | 16.8                          | Aug. 31, 2006                  |
|                         | Subtotal (2 properties)   |                                |                                     | 28,880                        | 18.6                           |
| Total (11 properties)   |   |                                | 155,390                             | 100.0                         |                                |

Notes:

- Investment ratios presented in the table above have been rounded to the nearest first decimal place. Accordingly, the sum of the investment ratio figures may not add up to 100.0%.
- Data for Twin 21 includes the trust beneficiary interest of Twin 21 (partial ownership of leased land).
- Higobashi MID Building is scheduled to be acquired on June 21, 2013.
- In addition to the portfolio properties listed in the table above, MID REIT has acquired an interest in the silent partnership operated by Sakura Dori Development Limited Liability Company that will develop the Sakura Dori MID Building on November 29, 2007, January 30, 2008, September 29, 2008 and February 26, 2009.