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**For Translation Purpose Only**

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## **Notice Concerning Series of Initiatives with Mitsubishi Corp. - UBS Realty Inc.**

MID REIT, Inc. (hereafter “MID REIT”) announces that, with regard to its asset management company, MID REIT Management Co., Ltd. (hereafter the “Asset Management Company”), it was today agreed that MID Urban Development Co., Ltd. (hereafter “MID Urban Development”), the parent company of the Asset Management Company, will transfer 65% of the Asset Management Company’s outstanding stocks it holds to Mitsubishi Corp. - UBS Realty Inc. (hereafter “Mitsubishi Corp. - UBS Realty”) (hereafter the “Stock Transfer”). Moreover, the Asset Management Company approved the Stock Transfer. In association with this, MID REIT, the Asset Management Company and Mitsubishi Corp. - UBS Realty Inc., which will newly become the main sponsor, have decided and agreed on implementing a series of initiatives (hereafter the “Initiatives”) as described below.

### 1. Significance of the Initiatives

MID REIT was established in June 2006 as a J-REIT with investment focused on office buildings in the Osaka area under the basic policy of managing assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective. MID REIT was listed on the Tokyo Stock Exchange’s Real Estate Investment Trust Section (J-REIT market) in August 2006, and started managing assets by acquiring 9 properties with the sum total of acquisition prices amounting to ¥146,450 million.

Subsequently, while working to expand the asset size, it has conducted asset replacement with MID Urban Development, the shareholder of the Asset Management Company. As of today, MID REIT’s portfolio comprises 12 properties with the sum total of acquisition prices amounting to ¥157,670 million.

The Japanese economy as a whole shows a continuing tendency for the weaker yen and higher stock prices, with the ongoing improvement in corporate earnings becoming even more

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evident. Given such a situation, the J-REIT market sees property acquisitions conducted actively in line with new listings and capital increase through public offerings. In the leasing market, vacancy rates are continuing to improve, primarily in central Tokyo, as office demand has increased due to improving business sentiment of companies, and bottoming out of the rent levels is being observed.

Under such an environment, MID REIT, the Asset Management Company and MID Urban Development share the recognition that, in preparation for further development of the J-REIT market in the future, it is indispensable to reinforce the pipeline function by acquiring a new sponsor so that MID REIT can strengthen its revenue-generating ability through accelerated external growth for the purpose of enhancing the unitholder value and to mitigate risks of fluctuations in revenue with the effects of increasing diversification of its properties and tenants through expansion of the asset size, among other objectives. As the three parties have repeatedly investigated how to achieve this goal, they have concluded to invite Mitsubishi Corp. - UBS Realty as the new main sponsor having 65% of the Asset Management Company's outstanding stocks. Mitsubishi Corp. - UBS Realty has already built a stable track record of managing Japan Retail Fund Investment Corporation (owning 89 properties with the sum total of acquisition prices amounting to ¥850,924 million) and Industrial & Infrastructure Fund Investment Corporation (owning 41 properties with the sum total of acquisition prices amounting to ¥202,979 million), and has successfully enhanced the unitholder value through continuous external growth and secured earnings stability with the effects of expanding the asset size and diversifying the portfolio of the REITs.

It has been decided that MID REIT and the Asset Management Company will conclude a memorandum concerning supply of property information with Mitsubishi Corp. - UBS Realty to receive information on real estate, etc. for sale from the company in order to reinforce the pipeline function. They will also aim for further growth of MID REIT's assets under management by utilizing Mitsubishi Corp. - UBS Realty's experiences and know-how on property acquisitions, etc. and its information networks, among other measures. Furthermore, the balance of the assets under management of listed real estate investment corporations operated by Mitsubishi Corp. - UBS Realty and the Asset Management Company, which will become the former's subsidiary, after the Stock Transfer and the acquisition of the asset to be acquired, as described in 2. Overview of the Initiatives, "(5) Acquisition of asset to be acquired" below, will be ¥1,219,033 million (on an acquisition price basis), which is expected to be the largest balance of assets of listed real estate investment corporations operated by an asset management company and its subsidiaries of listed real estate investment corporations.

## 2. Overview of the Initiatives

The Initiatives primarily consists of the following (1) through (8).

### (1) Participation of Mitsubishi Corp. - UBS Realty as the main sponsor of MID REIT

Mitsubishi Corp. - UBS Realty and MID Urban Development, the parent company of the Asset Management Company, today agreed on transferring 65% of the Asset Management Company's outstanding stocks held by MID Urban Development to the latter to Mitsubishi Corp. - UBS Realty.

For details of the transfer, please refer to the "Notice Concerning Changes in Major Shareholders, Parent Companies and Specified Affiliated Companies at Asset Management

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Company” separately announced today.

a. Overview of Mitsubishi Corp. - UBS Realty

Name	Mitsubishi Corp. - UBS Realty Inc.
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo
Representative	Toru Tsuji, President & CEO & Representative Director
Main business	Asset management business
Capital	¥500 million (as of March 31, 2015)
Establishment	November 15, 2000
Major shareholder	Mitsubishi Corporation: 51.0% UBS AG: 49.0%

b. Scheduled date of change

April 22, 2015

c. Shareholder composition of the Asset Management Company after the Stock Transfer

Name	Location	No. of voting rights	Ratio to all shareholders' voting rights
Mitsubishi Corp. - UBS Realty	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	3,900 (3,900 shares)	65.0%
MID Urban Development	1-4-4 Dojimahama, Kita-ku, Osaka-shi, Osaka	2,100 (2,100 shares)	35.0%
Total		6,000 (6,000 shares)	100.0%

With the participation of Mitsubishi Corp. - UBS Realty as the main sponsor of MID REIT, support can be expected in terms of external growth through utilization of the experiences, know-how and property information networks of Mitsubishi Corp. - UBS Realty as well as of the property information networks of its shareholders – Mitsubishi Corporation (hereafter “Mitsubishi Corp.”) and UBS AG (hereafter “UBS”). Support can also be expected in terms of property operations based on the wide business domains of Mitsubishi Corp., parent company of Mitsubishi Corp. - UBS Realty, and the companies belonging to the Mitsubishi Corp. group. Moreover, MID REIT believes stable fund procurement utilizing the strong relationships of Mitsubishi Corp. - UBS Realty with financial institutions is made possible.

Furthermore, in association with the Stock Transfer, etc., the Asset Management Company and MID Urban Development have agreed to modify the memorandum between them concerning the supply of information on real estate for sale and other support. However, MID Urban Development will maintain its support including supply of information on real estate for sale, vesting of negotiation opportunities and provision of warehousing function. Moreover, the Asset Management Company will continue to utilize the know-how of the MID Urban Development group on property operations including operations of existing properties in the portfolio.

For the overview of the agreements on pipeline support with Mitsubishi Corp. - UBS Realty and MID Urban Development, please refer to “(4) Conclusion and amendment of agreements on pipeline support with the sponsors” below.

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(2) Dispatch of officers from Mitsubishi Corp. - UBS Realty to the Asset Management Company

Upon the Stock Transfer, Mitsubishi Corp. - UBS Realty and MID Urban Development concluded a shareholders' agreement as of today concerning election of the Asset Management Company's directors and other matters regarding the operation of the Asset Management Company. With the approval by the general meeting of shareholders of the Asset Management Company to be held on April 22, 2015, Mitsubishi Corp. - UBS Realty will dispatch the representative director who has much experiences in asset management operations and other four officers including two part-time directors and one part-time auditor (including direct dispatch from the entities from which the persons are seconded to Mitsubishi Corp. - UBS Realty.)

As for the changes of the Asset Management Company's directors, etc. in association with the Stock Transfer, please refer to "Notice Concerning Changes to Directors, Corporate Auditors and Key Employees at Asset Management Company" separately announced today.

(3) Change in the portfolio building policy

From the viewpoint of avoiding conflicts of interest with Japan Retail Fund Investment Corporation, a listed real estate investment corporation specialized in retail properties, and Industrial & Infrastructure Fund Investment Corporation, a listed real estate investment corporation specialized in industrial properties, both of which are operated by Mitsubishi Corp. - UBS Realty, the new sponsor, the Asset Management Company will amend its Asset Management Guidelines regarding asset management for MID REIT as of April 22, 2015, on the condition that the Stock Transfer is implemented. The amendments will provide that, with regard to the investment targets (by category), new investments in "real estate other than office properties" shall be made in real estate primarily used as service apartments or hotels, and no new acquisition will be made as to retail properties and industrial properties. Furthermore, while no amendment is made about the investment share by category (70% or more for office properties and 30% or less for real estate other than office properties), focus will be placed on office properties with an aim to steadily expand the asset size.

For details, please refer to "Notice Concerning Amendment of Asset Management Guidelines, Etc. of Asset Management Company" separately announced today.

<Investment share by category after change> (the underline represents the changed sections)

Category (Note 1)	Investment share (Note 2)
Office properties	70% or more
<u>Real estate other than office properties (Note 3)</u>	30% or less

(Note 1) When properties have multiple uses, we determine which category they belong to based on what the majority of leasable floor space for the real-estate-related assets of the portfolio as a whole are used for, and the total acquisition cost of said real-estate-related asset is included in the acquisition cost of said category.

(Note 2) Investment share refers to the ratio of total acquisition cost of real estate-related assets belonging to each category to the total acquisition cost of each real estate-related asset in the entire portfolio.

(Note 3) New investments shall be made in real estate primarily used as service apartments or hotels, and no new acquisition shall be made as to retail properties and industrial properties.

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(4) Conclusion and amendment of agreements on pipeline support with the sponsors

The Asset Management Company concluded a memorandum concerning supply of property information with Mitsubishi Corp. - UBS Realty as of today, based on which the Asset Management Company shall be able to receive information of real estate for sale from the company. With this arrangement, the Asset Management Company will work to strengthen the pipeline function and aim for further growth of MID REIT's assets under management through utilizing Mitsubishi Corp. - UBS Realty's experiences and know-how on property acquisitions, etc. and its information networks, among other measures.

On the other hand, while MID Urban Development, the shareholder of the Asset Management Company, will continue to remain as a sponsor after the Stock Transfer, it will become a minority shareholder holding 35% of the Asset Management Company's outstanding stocks. Because of this and other reasons, MID Urban Development agreed as of today to modify the memorandum concerning supply of information on real estate for sale and other support with the Asset Management Company as of April 22, 2015. Conventionally, the Asset Management Company had preferential negotiation rights on office properties developed and owned by MID Urban Development or its subsidiaries, etc. However, after the modification, while the Asset Management Company will be vested with opportunities to negotiate on such office properties by receiving information on their sale no later than the start of selling activities to third parties, MID Urban Development or its subsidiaries, etc. will be able to have negotiations simultaneously with third parties.

Moreover, in the trademark license agreement concluded between MID REIT and MID Urban Development regarding the MID and other trademarks, it is provided that the license period will expire on the day when the Asset Management Company ceases to be a subsidiary of MID Urban Development. (Furthermore, the license period for the trademarks of MID REIT is to expire on the earlier of July 17, 2016 or the day when the asset management agreement with the Asset Management Company will end.) Upon the Stock Transfer, MID REIT has agreed with MID Urban Development that, by amending the trademark license agreement as of today, that the license period for MID and other trademarks will expire on the day when MID Urban Development ceases to own the Asset Management Company's stocks (provided that, however, if MID Property Management Co., Ltd. or MID Facility Management Co, Ltd. is consigned with property management services or facility management services for the real estate owned by MID REIT even after the said date, the trademarks for the said real estate may be used.).

Furthermore, each of these changes shall be valid on the condition that the Stock Transfer has been implemented.

(5) Acquisition of asset to be acquired

As the first achievement of external growth after the participation of the new sponsor, MID REIT plans to acquire an asset to be acquired (Sumitomo Fudosan Ueno Building No. 6) (planned acquisition price: ¥7,460 million), with information provided by Mitsubishi Corp. - UBS Realty on sale of properties on which the company has been granted the preferential negotiation rights.

The Asset Management Company today decided on the acquisition of the asset to be acquired, and MID REIT today concluded a status assignment agreement with a domestic financial corporation which concluded a real estate trust beneficiary assignment agreement as of March 27, 2015 to purchase the asset to be acquired. By the status assignment agreement, the status as the buyer of the asset to be acquired will be assigned to MID REIT.

For details, please refer to “Notice Regarding Acquisition of Trust Beneficiary Interest in Domestic Real Estate (Sumitomo Fudosan Ueno Building No. 6)” separately announced today.

<Overview of Acquisition>

Type of asset to be acquired	Trust beneficiary interest in entrusted real estate in Japan (Real estate trust beneficiary interest)
Property name	Sumitomo Fudosan Ueno Building No. 6
Location	5-24-8 Higashiueno, Taito-ku, Tokyo (indicated for residence)
Planned acquisition price	¥7,460 million (Excluding various acquisition expenses, property taxes, city planning taxes, consumption taxes, etc.)
Contracted date	April 10, 2015 (the day when the status assignment agreement will be concluded)
Planned acquisition date	May 1, 2015
Seller	Domestic corporation (Note 1)
Acquisition funding	Cash on hand, proceeds from a third-party allotment and borrowings (planned) (Note 2)

(Note 1) Not disclosed as permission to disclose such information has not been obtained from the seller. There are no ties to be specified between the seller and MID REIT or the Asset Management Company. Except for having granted Mitsubishi Corp. - UBS Realty a preferential negotiation right on acquisition of the asset to be acquired, there are no ties to be specified between the related parties/related companies of MID REIT or the Asset Management Company and the related parties/related companies of the seller.

(Note 2) For details of proceeds from a third-party allocation and borrowings, please refer to “(6) Issuance of new investment units by MID REIT through third-party allotment to Mitsubishi Corp. and UBS” and “(7) Debt financing by MID REIT” below.

(6) Issuance of new investment units by MID REIT through third-party allotment to Mitsubishi Corp. and UBS

MID REIT resolved at the board of directors’ meeting held today on the issuance of new investment units to Mitsubishi Corp. and UBS, the shareholders of Mitsubishi Corp. - UBS Realty, as the allottees in order to partly fund the acquisition of the asset to be acquired described in “(5) Acquisition of asset to be acquired” above.

For details, please refer to “Notice Concerning Issuance of New Investment Units through Third-Party Allotment” separately announced today.

< Overview of New Investment Units to be Issued >

Number of new investment units to be issued	8,400 units
Issue value (amount to be paid)	¥289,950 per unit
Total issue value (amount to be paid)	¥2,435,580,000
Method for offering or allotment	Third-party allotment
Subscription period (Subscription date)	April 21, 2015 (Tuesday)

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Payment date	April 22, 2015 (Wednesday)
Allottees and number of units to be allotted	Mitsubishi Corp. 4,200 units UBS 4,200 units
Application unit	One unit or more in multiples of one unit
Administrative agent	Nomura Securities Co., Ltd.
All of the matters in the above items are conditional on filing under the Financial Instruments and Exchange Act taking effect.	

(7) Debt financing by MID REIT

MID REIT decided at the board of directors' meeting held today on debt financing of ¥2,500 million from Mizuho Bank, Ltd. in order to partly fund the acquisition of the asset to be acquired described in “(5) Acquisition of asset to be acquired” above.

For details, please refer to “Notice Concerning Debt Financing” separately announced today.

<Detail of Borrowing>

Lender	Mizuho Bank, Ltd.
Amount	¥2,500 million
Interest Rate	Base Interest Rate (The Three-month TIBOR (Tokyo Interbank Offered Rate) for Japanese Yen published by the Japanese Bankers Association) + 0.60% (Note)
Drawdown Date	April 30, 2015
Borrowing Method	The debt financing is based on an execution of line of credit loan master agreement executed on August 31, 2006, and individual term loan agreements executed between MID REIT and the lender listed above.
Interest Payment Date	The last business days in February, May, August and November of each year, as well as the principal repayment date.
Principal Repayment Date	April 28, 2016
Repayment Method	Principal repayment in full on maturity
Collateral	Unsecured, Unguaranteed

(Note) The base interest rate applicable to the calculation period for the interest to be paid on the interest payment date is the Three-month TIBOR (Tokyo Interbank Offered Rate) for Japanese Yen published by the Japanese Bankers Association (JBA) two business days preceding the interest payment date. However, in the event the calculation period is a period of less than 3 months, the base interest rate is calculated based on the method stipulated in the agreements.

(8) Change of trade name of the Asset Management Company

The Asset Management Company resolved at the board of directors' meeting held today to submit an agenda about amending the Articles of Incorporation, in which its trade name will be changed to MCUBS MidCity Inc., to the general meeting of shareholders to be held on April 22, 2015. Furthermore, such agenda about amending the Articles of Incorporation will be submitted on the condition that the Stock Transfer is implemented.

For details, please refer to “Notice Concerning Change in Trade Name of Asset Management Company” separately announced today.

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### 3. Future Outlook with Regard to the Initiatives

In association with the decision on the Initiatives, MID REIT revised its business results and distributions forecasts for the 18th fiscal period ending June 2015 (January 1, 2015 to June 30, 2015) and the 19th fiscal period ending December 2015 (July 1, 2015 to December 31, 2015), which were announced on February 16, 2015, as operating revenue is anticipated to surpass such forecasts and the assumptions regarding business results have been revised, among other reasons.

For details, please refer to “Notice Regarding Revision of Business Results and Distributions Forecast for the 18th Period Ending June 30, 2015 and the 19th Period Ending December 31, 2015” separately announced today.

Furthermore, necessary filing and other procedures will be performed for these matters pursuant to the Financial Instruments and Exchange Act, Building Lots and Buildings Transaction Act and other applicable laws and regulations, etc.

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