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For Translation Purpose Only

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Notice Regarding Acquisition of Trust Beneficiary Interest in Domestic Real Estate
(Higashi-Nihombashi Green Building)

MCUBS MidCity Investment Corporation (hereafter “MCUBS MidCity”) announces that, its asset management company, MCUBS MidCity Inc. (hereafter the “Asset Management Company”), decided today to acquire a property, as detailed below.

1. Overview of Acquisition

Type of Specified Asset	Trust beneficiary interest in real estate
Property name	Higashi-Nihombashi Green Building
Location	2-8-3, Higashi-Nihombashi, Chuo-Ku, Tokyo
Planned acquisition price	¥2,705 million (Excluding various acquisition expenses, property taxes, city planning taxes, consumption taxes, etc.)
Appraisal value	¥2,900 million
Contracted date	December 14, 2015
Planned acquisition date	December 21, 2015
Seller	HN Green Japan Holding TMK
Acquisition funding	Cash on hand

Hereafter, the above asset to be acquired is referred as “the Asset” and the asset in trust of the Asset as “the Property.”

2. Reason for Acquisition

(1) Location

As the Higashi-Nihombashi area where the Property stands has long developed around the textile industry, there are many apparel wholesale companies, making the area a mixture of small and medium-sized offices and apartments.

Standing on a corner lot along Kiyosugi-dori, an arterial road, the Property enjoys both excellent visibility and natural lighting.

It is located a one-minute walk from Higashi-Nihombashi Station on the Toei Asakusa Line, and Bakuroyokoyama Station on the Toei Shinjuku Line (three-minute walk), Bakurocho Station on the JR Sobu Line (six-minute walk) and Asakusabashi Station on the JR Chuo and Sobu Lines (seven-minute walk), a total of four stations on four lines, are also available. Furthermore, it offers excellent access to airports, with direct access to Haneda Airport via the Keikyuu Airport Line and Direct access to Narita International Airport via the Keisei Line from Higashi-Nihombashi Station.

(2) Building Features

The Property has a total floor area of approximately 1,300 tsubos and a standard floor area of 100 tsubos, boasting a certain scale in an area with many small to medium-sized buildings, and its regular shape offers easy-to-use standard floor plans, maintaining a high occupancy rate. As for appearance, it features a standard façade and its entrance hall provides sufficient space in line with the size of the building.

Capitalizing on being a corner building, its windows are sequentially installed on the south and west sides, giving excellent natural lighting, and office spaces are equipped with individual air conditioning.

(3) Impact on the Portfolio

MCUBS MidCity upholds a basic policy of managing assets with an aim to secure stable revenues and to achieve steady portfolio growth from a medium to long-term point of view, and make investments mainly in the three major metropolitan areas (Tokyo metropolitan area, Osaka metropolitan area and Nagoya metropolitan area). MCUBS MidCity determined that this acquisition will contribute to improving the portfolio quality from the standpoint of advancing diversified investment through enhancing office buildings in the Tokyo metropolitan area within its portfolio. MCUBS MidCity also believes that it will contribute to improving profitability over a medium to long term as the Asset's figure for Assumed NOI Yield/NOI Yield after Depreciation (4.7%/4.3%; acquisition price basis) exceeds the level of NOI Yield/NOI Yield after Depreciation of its portfolio for the fiscal period ended June 30, 2015 (4.0%/2.8%; acquisition price basis).

Photograph and Map of the Property



3. Details of the Asset (Note 1)

Property Name		Higashi-Nihombashi Green Building
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee (planned)		Sumitomo Mitsui Trust Bank, Limited
Trust Period (planned)	Commencement Date	December 21, 2015
	Termination Date	December 31, 2025
Location	Lot Number (Note 2)	2-32-21, 2-32-6, 2-32-8, 2-32-1, 2-32-5 and 2-32-22, Higashi-Nihombashi, Chuo-Ku, Tokyo
	Indicated for Residence	2-8-3, Higashi-Nihombashi, Chuo-Ku, Tokyo
Transportation		One-minute walk from Higashi-Nihombashi Station on the Toei Asakusa Line, three-minute walk from Bakuroyokoyama Station on the Toei Shinjuku Line and six-minute walk from Bakurocho Station on the JR Sobu Line
Land	Site Area	599.07 m ²
	Zoning	Commercial district
	Type of Ownership	Fee simple
	Floor-Area Ratio	700%
	Building-to-Land Ratio (Note 3)	100%
Building	Structure/ Floors	SRC with flat roof, 10F
	Total Floor Area (Note 2)	4,210.72 m ²
	Type of Ownership	Sectional ownership (Note 4)
	Use	Office, Garage, Warehouse, Storeroom
	Completion Date	March 19, 1988
Property Management Consignee		Savills Japan Co., Ltd.
Building Management Consignee		Savills Japan Co., Ltd.
Architect (Note 5)		Tokyo Branch, Fujitakougyo; first-class architect office
Builder (Note 5)		Tokyo Branch, Fujitakougyo
Agency Authorizing Building Construction		Chuo Ward government
Item Concerning Earthquake Resistance (PML)		10.4 % (Based on the earthquake risk analysis report (detailed) dated November 13, 2015.)
Status of Tenant (Note 6)		
Total Tenants		8
Total Annual Rent		¥171 million
Security Deposit / Guarantee, Etc.		¥97 million
Total Rental Area		3,256.64 m ²
Total Rentable Area		3,256.64 m ²
Occupancy Rate (based on floor space)		100.0%
Mortgage		None
Special Notations		<ul style="list-style-type: none"> • A servitude has been established for part of the Property's land (32-22) with 32-17, 32-19 and 32-20, Higashi-Nihombashi 2-chome, Chuo-ku, Tokyo set as the dominant land for the purpose of passage. • Although there are differences in the areas indicated in documents such as the lease agreement with respective end tenants and areas calculated from completion drawings (areas indicated in documents such as the lease agreement are larger by 1.58%, equivalent to 1.23 million yen/period on a rental revenue basis), it is stated in the transfer agreement concluded between the seller and MCUBS MidCity that the seller should take necessary measures to conclude agreements, etc. with respective end tenants.

Notes:

- Among the Details of Assets to be Acquired, “Location (Lot Number),” “Land (Site Area),” “Building (Structure/ Floors),” “Building (Total Floor Area),” “Building (Use)” and “Building (Completion Date)” are listed based on recorded registration. “Land (Floor-Area Ratio)” represents the ratio of the total floor area to the site area of a building, as stipulated in Article 52 of the Building Standards Act (Act No. 201 of 1950; as amended,) and indicates the figure specified in city planning in accordance with the zoning, etc. “Land (Building-to-Land Ratio)” represents the ratio of the building area to the site area of a building, as stipulated in Article 53 of the Building Standards Act, and indicates the figure specified in city planning in accordance with the zoning, etc. In addition, “Item Concerning Earthquake Resistance (PML)” (PML: Probable Maximum Loss) indicates the figure calculated as follows; from the risk curve, which shows the relationship between loss and annual exceedance probability as calculated by Engineering and Risk Services Corporation and OYO RMS Corporation, divide the “probable loss for a building with a recurrence interval of 475 years” by the “replacement cost” and calculate the percentage. Here, the recurrence interval of 475 years is the equivalent of a 10% certainty of an event occurring during the 50-year period of building use.
- Among the land concerning the Property, lot 32-22 is stated as the site for the building concerning the Property under an agreement. As for the total floor area of the building concerning the Property, floor area of the entire building is indicated as trust beneficiary interest in real estate backed by the trust beneficiary interest for entire exclusive areas are scheduled to be acquired.
- The applicable building-to-land ratio concerning the Property was originally 80%, but it was increased to 100% due to a relaxation as it was a fireproof building in a fireproof zone within a commercial zone.
- Although the Property is a building with compartmentalized ownership, there are no other compartmentalized owners as the trust beneficiary interest in real estate backed by the trust beneficiary interest for entire exclusive areas are scheduled to be acquired.
- “Fujitakougyo,” which is the architect and builder of the Property, was renamed “Fujita Corporation” in 2002.
- “Status of Tenants” is based on data and information provided by the seller. The status factors in the tenants whose lease periods have already commenced as at December 8, 2015. “Total Tenants” does not include end-tenants whose leases or scheduled leases are limited to items such as parking spaces. “Total Annual Rent” lists the total monthly rent, including monthly rent, monthly common-area fee, parking fee, warehouse fee and storeroom fee displayed on the lease agreement, etc. concluded by the end-tenants, multiplied by 12 and “Security Deposit/Guarantee, Etc.” lists the security deposit and guarantee (including room, parking space, etc.) balance displayed on the lease agreement, etc. concluded by the end-tenants, both rounded down to the nearest million yen respectively. “Rentable Area” lists the rentable area of the building concerning the Property (not including the area for parking space, etc.) calculated from the completion drawings, and “Rental Area” is based on the area calculated from the completion drawings as there are differences in the areas indicated in documents such as the lease agreement with respective end tenants and areas calculated from completion drawings as shown above.

4. Seller Overview

Name	HN Green Japan Holding TMK
Location	Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo
Name and Title of Representative	Takehisa Tei, Representative Director
Business	1. Management, disposal and receiving transfer of specified assets in accordance with asset liquidation plans based on laws related to asset liquidation. 2. All other work incidental to the liquidation of the aforementioned specified assets.
Capital	¥2,035 million
Date of Establishment	January 4, 2007
Net assets	¥2,055 million
Total assets	¥3,608 million
Relationship with MCUBS MidCity or the Asset Management Company	
Capital Ties	There are no capital ties to be stated between the seller and MCUBS MidCity or the Asset Management Company. There are no capital ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of the seller.
Personnel Ties	There are no personnel ties to be stated between the seller and MCUBS MidCity or the Asset Management Company. There are no personnel ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of the seller.
Business Ties	There are no business ties to be stated between the seller and MCUBS MidCity or the Asset Management Company. There are no business ties to be stated between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of the seller.
Status of Classification as Related Party	The seller does not fall under the category of a related party of MCUBS MidCity or Asset Management Company. The related parties/related companies of the seller do not fall under the category of a related party of MCUBS MidCity or Asset Management Company.

5. Status of Property Buyers, Etc.

The acquisition of the Asset is not from a party having particular vested interest with MCUBS MidCity or the Asset Management Company.

6. Overview of Brokerage

Although the broker is a company engaged in brokerage business, etc. on sales, acquisitions and lease of real estate overseas, the broker's name and details of the brokerage including brokerage fee are not disclosed as permission to disclose such information has not been obtained from the broker. Furthermore, there are no capital, personnel or business ties to be stated between the broker and MCUBS MidCity or Asset Management Company. There are no capital, personnel or business ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of the broker. The broker or related parties/related companies of the broker does not fall under the category of a related party of MCUBS MidCity or Asset Management Company.

7. Settlement Method, etc.

MCUBS MidCity plans to settle the acquisition by making a single payment of the entire amount of the acquisition price to the seller at the time the Asset is handed over (scheduled for December 21, 2015). The acquisition funds for the acquisition of the Asset are cash on hand.

8. Schedule for Acquisition

Decision to Acquire Date	December 14, 2015
Conclusion of Agreement Date	December 14, 2015
Payment Date (planned)	December 21, 2015
Acquisition Date (planned)	December 21, 2015

9. Outlook

There is no revision to the outlook of the business results for the fiscal period ending December 31, 2015 (19th fiscal period: July 1, 2015 to December 31, 2015) as the impact of the acquisition of the Asset will be minimal due to the low number of operating days. Furthermore, as for the outlook of the business results for the fiscal period ending June 30, 2016 (20th fiscal period: January 1, 2016 to June 30, 2016), please refer to "Notice Regarding Revision of Business Results and Distributions Forecast for the 20th Period Ending June 30, 2016" separately announced today.

10. Overview of Appraisal Report

Final Appraisal Value	¥2,900,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	December 1, 2015

Item	Details (yen)	Overview, etc.
Revenue price	2,900,000,000	—
Value Calculated Using Direct Capitalization (DC) Method	2,950,000,000	—
Operating revenues	189,453,000	—
Potential gross revenue	199,386,000	Assessed based on the unit value level of rents, etc. that can be received stably over a medium to long term
Vacancy loss, etc.	9,933,000	Assessed based on the occupancy rate level that is stable over a medium to long term
Operating expenses	49,919,000	—
Maintenance expenses	12,000,000	Assessed by taking into account individual factors of the subject property, with reference to the actual results of past years, estimated maintenance expenses, etc.
Utility expenses	18,050,000	Assessed by taking into account the occupancy rate, etc. of the rental spaces based on the actual results of past years
Repair expenses	3,673,000	Assessed by taking into account the future management and operation plans, level of expenditures of similar properties, average annual amount of repair expenses in the engineering report and other factors with reference to the actual amounts of past years
PM fees	2,647,000	Assessed by taking into account the fee rates of similar properties and individual factors of the subject property, etc., with reference to the fee rates, etc. in the terms and conditions of the planned agreements
Tenant solicitation expenses, etc.	1,296,000	Assessed the annual average amount based on the assumed turnover period of the lessees
Real estate taxes	11,643,000	Assessed based on the tax base for fiscal 2015
Insurance premiums	610,000	Assessed by taking into account the insurance premiums of properties similar to the subject property, etc.
Other expenses	0	—
Net operating income (NOI)	139,534,000	—
Gain on management of income from lump-sum payment	2,094,000	Assessed the management yield to be 2.0%, taking into account the interest rates for both management and procurement, etc.
Capital expenditures	9,000,000	Assessed by taking into account the capital expenditure levels of similar properties, the building age and annual average repair and replacement expenses stated in the engineering report, based on the assumption that the reserve is made averagely each period
Net Cash Flows	132,628,000	—
Overall Capitalization Rate	4.50%	Assessed by taking into account future uncertainties and transaction yields of similar properties, etc., while adding/subtracting the spread attributable to the subject property's location conditions and building conditions, etc.
Value Calculated Using Discount Cash Flow (DCF) Method	2,850,000,000	—
Discount Rate	4.20%	Assessed by comprehensively taking into account individual factors of the subject property, etc., with reference to investment yields of similar properties
Terminal Capitalization Rate	4.60%	Assessed by comprehensively taking into account the future trends of investment yield, risk of the subject property as investment target, general prediction of future economic growth rate, trends of property prices and rents, etc., with reference to transaction yields of similar properties, etc.
Cost method value	2,490,000,000	—
Ratio of Land Price	84.10%	—
Ratio of Building Price	15.90%	—

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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<Attachment>
Assumed Income and Expenditures of the Asset

Assumed NOI	¥126 million a year (MCUBS MidCity's estimated figures for time of steady stable occupancy)
NOI Yield	4.7%
Depreciation	¥11 million a year (MCUBS MidCity's estimated figures for time of steady stable occupancy)
NOI Yield after Depreciation	4.3%

Note: Assumed NOI (Net Operating Income) is the estimated amount of property leasing revenue, less property leasing expenses, assuming the burden of property taxes and city planning taxes for the full year based on the lease agreement terms and conditions, etc. on the planned acquisition date. The Property's occupancy rate at time of steady stable occupancy is assumed to be 96.7%.

Property Portfolio after Acquisition of the Asset

Region	Property Name	Acquisition Price (planned) (Millions of Yen)	Investment Ratio (%)	Acquisition Date (planned)
Office Building				
Tokyo Metropolitan Area	Sumitomo Fudosan Ueno Bldg. No. 6	7,460	3.4	May 1, 2015
	G-Square Shibuya Dogenzaka	12,220	5.6	August 3, 2015
	Shibuya Sakuragaoka Square (land with leasehold interest)	5,000	2.3	August 3, 2015
	Yokohama Creation Square	7,080	3.3	August 3, 2015
	Cube Kawasaki	20,050	9.2	August 7, 2015
	Higashi-Nihombashi Green Bldg.	2,705	1.2	December 21, 2015
Osaka Metropolitan Area	Twin 21 (Note)	68,700	31.6	August 31, 2006
	Matsushita IMP Bldg.	24,600	11.3	August 31, 2006
	Midosuji MID Bldg.	8,290	3.8	August 31, 2006 October 31, 2007
	MID REIT Kyobashi Bldg.	2,300	1.1	August 31, 2006
	MID Imabashi Bldg.	3,270	1.5	April 3, 2007
	MID Midosujikawaramachi Bldg.	2,000	0.9	May 16, 2007
	Kitahama MID Bldg.	10,800	5.0	April 24, 2008
	MID Nishihommahi Bldg.	3,550	1.6	October 30, 2008
	Higobashi MID Bldg.	3,000	1.4	June 21, 2013
Subtotal (15 properties)		181,025	83.4	
Other than office building				
Tokyo Metropolitan Area	AEON MALL Tsudanuma	26,100	12.0	August 31, 2006
Osaka Metropolitan Area	Konami Sports Club Kyobashi	2,780	1.3	August 31, 2006
Other	Dormy Inn Hakata Gion	2,280	1.1	September 30, 2013
Subtotal (3 properties)		31,160	14.4	
Silent Partnership Interest for Office Building				
Nagoya Metropolitan Area	Nagoya Lucent Tower (Silent partnership interest)	4,919	2.3	August 3, 2015
Subtotal (1 property)		4,919	2.3	
Total (19 properties)		217,104	100.0	

Note: Data for Twin 21 includes the trust beneficiary interest of Twin 21 (partial ownership of land with leasehold interest).