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For Translation Purpose Only

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Notice Regarding Acquisition of Trust Beneficiary Interest in Domestic Real Estate
(Sendai Capital Tower)

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	Sendai Capital Tower
Location	4-10-3, Chuo, Aoba-ku, Sendai-shi, Miyagi
Planned acquisition price	¥5,500 million (Excluding various acquisition expenses, property taxes, city planning taxes, consumption taxes, etc.)
Appraisal value	¥6,220 million
Contracted date	December 21, 2016 (planned)
Acquisition date	February 1, 2017 (planned)
Seller (Note)	Domestic special purpose company
Acquisition funding	Debt (planned)

Note: The Seller is a domestic special purpose company. Name and other information of the seller are not disclosed since the consent to disclose such information had not been obtained from seller.

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

This Property is located within four-minute walking distance from JR Sendai Station, a terminal station in the Tohoku region, and two-minute from Sendai Station of the Sendai Subway Namboku Line and Tozai Line, providing traffic convenience with good access to Tohoku prefectures as well as Tokyo. Standing on a corner lot along Atago-Kamisugi-dori Ave., an arterial road, the Property enjoys both excellent visibility and natural lighting. As there are fewer newly-supplied office buildings in the area around Minamimachi-dori and Itsutsubashi where the Property stands than other areas in Sendai, the vacancy rate thereof has been on the decrease.

(2) Building Features

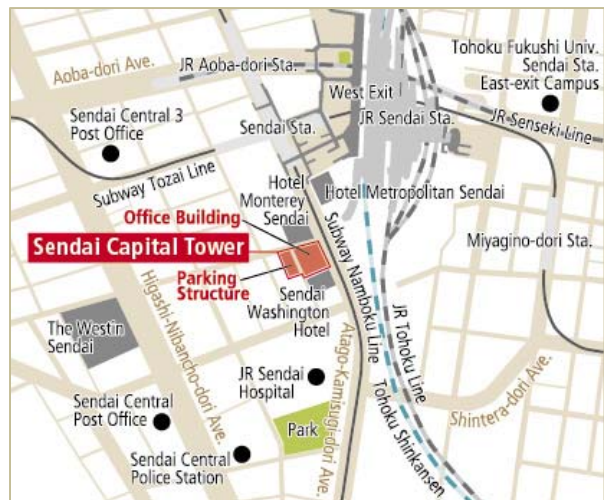
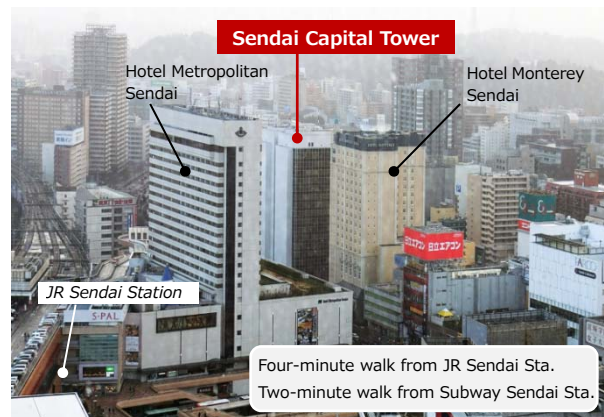
The Property can be distinguished for its size in the area with many small to medium-sized buildings, with a total floor area of approximately 7,000 tsubos and a standard floor area of approximately 240 tsubos. Regularly-shaped office floors with a pillar-less structure are able to meet a wide range of needs from smaller to large-scale tenants and to maintain strong competitiveness, as these floors not only provide higher usage efficiency in spaces and flexible layout options but also can be divided into smaller lots. In addition, after the completion of the major repair works in 2014, key equipment and instruments were decently replaced. The Property, even located near the terminal station where parking lots are

difficult to secure, offers convenience to tenants using vehicles frequently in business activities because the parking structure has space for more than 100 vehicles.

(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 an acquisition of the Property located in Sendai, one of the government-designated cities. MCUBS MidCity also believes that it will contribute to improve profitability over a medium to long term as the Asset's figure for Assumed NOI Yield / NOI Yield after Depreciation (6.0% / 5.2%; acquisition price basis) exceeds the level of Actual NOI Yield / NOI Yield after Depreciation of its portfolio for the fiscal period ended June 30, 2016 (4.1% / 2.9%; acquisition price basis).

Photograph and Map of the Property



3. Details of the Asset (Note 1)

Property Name		Sendai Capital Tower
Type of Specified Asset		Trust beneficiary interest in real estate
Trustee (planned)		Sumitomo Mitsui Trust Bank, Limited
Trust Period (planned)	Commencement Date	February 1, 2017
	Termination Date	February 28, 2022
Location	Lot Number	4-9-1, 4-9-2, 4-9-14, 4-10-1, 4-10-2, 4-10-3, 4-10-9 and 4-10-10, Chuo, Aoba-Ku, Sendai-shi, Miyagi
	Indicated for Residence	4-10-3, Chuo, Aoba-ku, Sendai-shi, Miyagi
Transportation		Four-minute walk from Sendai Station on the JR Line Two-minute walk from the Sendai Subway Namboku Line and Tozai Line
Land	Site Area	3,420.02 m ²
	Zoning	Commercial district
	Type of Ownership	Fee simple
	Floor-Area Ratio (Note 2)	500%/600%
	Building-to-Land Ratio (Note 3)	100%
Building	Structure/ Floors	Office building: SRC with flat roof, B2/19F Parking structure: RC with flat roof, B1/6F
	Total Floor Area	23,702.00 m ² (including parking structure)
	Type of Ownership	Fee simple
	Use	Office, Retail, Garage
Completion Date		March 11, 1974
Property Management Consignee		Jones Lang LaSalle K.K.
Building Management Consignee		YOKO BUILDING SERVICE CO., LTD.
Architect		Osaka Branch, Nikken Sekkei Ltd; first-class architect office
Builder		Sendai Branch, TODA CORPORATION
Agency Authorizing Building Construction		Sendai City
Item Concerning Earthquake Resistance (PML)		0.2 % (Based on the earthquake risk analysis report (detailed) dated November 28, 2016.)
Status of Tenant (Note 4)		
Total Tenants		84
Total Annual Rent		¥485 million
Security Deposit / Guarantee, Etc.		¥349 million
Total Rental Area		12,999.51 m ²
Total Rentable Area		12,509.05 m ²
Occupancy Rate (based on floor space)		96.2%
Mortgage (Note 5)		None
Special Notations		Not applicable

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.

2. Floor-area ratios of 600% and 500% are applied to the area within 50m from the end of the road on the east side of the Property and another area beyond such 50m line, respectively.
3. The applicable building-to-land ratio concerning the Property was originally 80%, but it was increased to 100% due to relaxation as it was a fireproof building in a fireproof zone within a commercial zone.
4. "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 October 20, 2016. "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.), and "Rental Area" lists the area (room area only) displayed on the lease agreement, etc. with each end-tenants.
5. The mortgage currently established on the Asset will be released as of the scheduled date of acquisition by MCUBS MidCity.

4. Seller Overview

The seller is a domestic special purpose company. Name and other information of the sellers are not disclosed since the consent to disclose such information has not been obtained from the seller. There are no ties to be specified between the seller and MCUBS MidCity or the Asset Management Company. Also, there are no 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.

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

(1) Broker Overview

Name	Sumitomo Mitsui Trust Bank, Limited
Location	1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Name and Title of Representative	President: Hitoshi Tsunekage
Business	Banking Business and Trust Business
Capital	¥342,037 million
Date of Establishment	July 28, 1925
Relationship with MCUBS MidCity or the Asset Management Company	
Capital Ties	There are no capital ties to be stated between the broker 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 broker.
Personnel Ties	There are no personnel ties to be stated between the broker 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 broker.
Business Ties	The broker is MCUBS MidCity's general administrative outsourcing company and asset storage outsourcing company and has concluded a general administrative outsourcing agreement and asset storage outsourcing agreement with MCUBS MidCity. It also is one of MCUBS MidCity's lenders. There are no business ties to be stated between the broker and the Asset Management Company. There are no 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.
Status of Classification as Related Party	The broker does not fall under the category of a related party of MCUBS MidCity or Asset Management Company. The related parties/related companies of the broker do not fall under the category of a related party of MCUBS MidCity or Asset Management Company.

(2) Breakdown and Amount of Commission, Etc.

The information is not disclosed as permission to disclose such information has not been received from the broker. The amount of commission is no more than the upper limit (acquisition price \times 3% + 60,000 yen, excluding consumption tax and local consumption tax) set by the Building Lots and Buildings Transaction Law.

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 February 1, 2017). The funds for the acquisition of the Asset plans to be borrowings.

The purchase agreement of the Asset (hereafter “the Purchase Agreement”) corresponds to the Forward Commitment, etc. (Note) stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by the Financial Services Agency. Please refer to “8. Financial impact on MCUBS MidCity when the forward commitment cannot be fulfilled” regarding the contents of the termination clause.

Note: Forward Commitment, etc. is defined as “a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements.”

8. Financial impact on MCUBS MidCity when the forward commitment cannot be fulfilled

The termination clauses stipulated in the Purchase Agreement are as follows.

When either the seller or the buyer breaches the provisions of the Purchase Agreement (such a party referred to as the “Breaching Party”), the counterparty shall set a certain period and demand the Breaching Party to meet its obligations within the period. If the Breaching Party fails to correct its violations within that period, the counterparty shall be able to cancel the Purchase Agreement. When either the seller or the buyer breaches the provisions of the Purchase Agreement, the Breaching Party shall pay ¥1,100 million (amount equivalent to 20% of purchase price) as penalty fee to the counterparty.

The funds for the acquisition of the Asset plans to be borrowings. MCUBS MidCity will procure the funds by using commitment line based on Commitment Line Agreement contracted on August 18, 2016 in case where MCUBS MidCity may be unable to procure the funds by borrowings.

9. Schedule for Acquisition

Decision to Acquire Date	December 20, 2016
Conclusion of Agreement Date (planned)	December 21, 2016
Payment Date (planned)	February 1, 2017
Acquisition Date (planned)	February 1, 2017

10. Outlook

There is no impact on the business results for the fiscal period ending December 31, 2016 (the 21st fiscal period: July 1, 2016 to December 31, 2016) due to the acquisition of the Asset and the outlook of the business results will remain unchanged.. Furthermore, as for the outlook of the business results for the fiscal period ending June 30, 2017 (the 22nd fiscal period: January 1, 2017 to June 30, 2017), please refer to “Notice Regarding Revision of Business Results and Distributions Forecast for the 22nd Period Ending June 30, 2017” separately announced today.

11. Overview of Appraisal Report

Final Appraisal Value	¥6,220,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Date	December 1, 2016

Item	Details (yen)	Overview, etc.
Revenue price	6,220,000,000	—
Value Calculated Using Direct Capitalization (DC) Method	6,330,000,000	—
Operating revenues	550,825,604	—
Potential gross revenue	580,162,574	Assessed based on the following factors regarding the target real estate: competitiveness, existing leasing agreements and tenants moving in and out of, and market conditions, etc.
Vacancy loss, etc.	29,336,970	Assessed based on the following factors regarding the target real estate: competitiveness, existing leasing agreements and tenants moving in and out of, whether free-rent period is offered or not, any period of renovation works in association with tenant replacement and market conditions, etc.
Operating expenses	213,390,517	—
Maintenance expenses	59,635,835	Assessed based on the contents of service agreements, actual expenses in the past and historical inflation rates
Utility expenses	70,679,508	Assessed based on the actual expenses in the past and historical inflation rates
Repair expenses	17,400,000	Assessed allocating figures based on ER and similar cases to “Repair 3: Capital expenditures 7”
PM fees	6,689,215	Assessed based on the competitiveness of, market circumstances surrounding, and historical actual fees related to the target real estate, etc.
Tenant solicitation expenses, etc.	5,122,907	Assessed based on the competitiveness of, market circumstances surrounding, and historical actual expenses related to the target real estate, etc.
Real estate taxes	48,424,900	Assessed based on detailed statement of property taxes and city planning taxes for FY2016, in consideration of the historical land price fluctuation rates, correction rates of building age-related deduction and scores on reconstruction cost, and inflation rates, etc.
Insurance premiums	1,582,373	Assessed by the contents of insurance policies and historical inflation rates
Other expenses	3,855,779	Assessed in consideration of historical actual expenses
Net operating income (NOI)	337,435,087	—
Gain on management of income from lump-sum payment	3,444,470	Assessed based on earnings ratios of financial assets in recent years and economic projections, etc.
Capital expenditures	43,500,000	Assessed allocating figures based on ER and similar cases to “Repair 3: Capital expenditures 7”
Net Cash Flows	297,379,557	—
Overall Capitalization Rate	4.7%	Assessed by comparing several market cap rates in the similar districts within the same supply and demand zone
Value Calculated Using Discount Cash Flow (DCF) Method	6,170,000,000	—
Discount Rate	4.8%	Assessed based on regional characteristics and individual risks for the target real estate
Terminal Capitalization Rate	4.9%	Assessed based on capitalization rate with unforeseeable uncertainties added
Cost method value	6,270,000,000	—
Ratio of Land Price	83.3%	—
Ratio of Building Price	16.7%	—

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 (Note)	¥330 million a year (MCUBS MidCity's estimated figures for time of steady stable occupancy)
NOI Yield	6.0%
Depreciation	¥43 million a year (MCUBS MidCity's estimated figures for time of steady stable occupancy)
NOI Yield after Depreciation	5.2%

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 95.0%.

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	5.5%	August 3, 2015
	Shibuya Sakuragaoka Square (land with leasehold interest)	5,000	2.2%	August 3, 2015
	Yokohama Creation Square	7,080	3.2%	August 3, 2015
	Cube Kawasaki	20,050	9.0%	August 7, 2015
	Higashi-Nihombashi Green Bldg.	2,705	1.2%	December 21, 2015
Osaka Metropolitan Area	Twin 21 (Note)	68,700	30.9%	August 31, 2006
	Matsushita IMP Bldg.	24,600	11.1%	August 31, 2006
	Midosuji MID Bldg.	8,290	3.7%	August 31, 2006 October 31, 2007
	MID REIT Kyobashi Bldg.	2,300	1.0%	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	4.9%	April 24, 2008
	MID Nishihommahi Bldg.	3,550	1.6%	October 30, 2008
	Higobashi MID Bldg.	3,000	1.3%	June 21, 2013
Other	Sendai Capital Tower	5,500	2.5%	February 1, 2017
Subtotal (16 properties)		186,525	83.8%	
Other than office building				
Tokyo Metropolitan Area	AEON MALL Tsudanuma	26,100	11.7%	August 31, 2006
Osaka Metropolitan Area	Konami Sports Club Kyobashi	2,780	1.2%	August 31, 2006
Other	Dormy Inn Hakata Gion	2,280	1.0%	September 30, 2013
Subtotal (3 properties)		31,160	14.0%	
Silent Partnership Interest for Office Building				
Nagoya Metropolitan Area	Nagoya Lucent Tower (Silent partnership interest)	4,919	2.2%	August 3, 2015
Subtotal (1 property)		4,919	2.2%	
Total (20 properties)		222,604	100.0%	

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