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For Translation Purpose Only

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**Notice Regarding Acquisition and Disposition of Trust Beneficiary Interests in Domestic Real Estates
 (Acquisition of Two Office Buildings and Disposition of One Office 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 properties and dispose a property, as detailed below (hereafter referred to as the “Acquisition” and the “Disposition” respectively and the “Transactions” collectively).

1. Overview of Transactions

(1) Overview of Acquisition (Assets to be Acquired)

Property name	Sasazuka Center Bldg.	USC Bldg.
Type of Specified Asset	Trust beneficiary interest in real estate	Trust beneficiary interest in real estate (Note 6)
Location	Shibuya-ku, Tokyo	Koto-ku, Tokyo
Planned acquisition price ^(Note 1)	¥8,700 million	¥5,000 million
Appraisal value ^(Note 2)	¥9,160 million	¥5,190 million
Difference between planned acquisition price and appraisal value	▲¥460 million	▲¥190 million
NOI yield ^(Note 3)	4.0%	4.5%
NOI yield after depreciation ^(Note 4)	3.5%	3.9%
Contracted date ^(Note 5)	February 14, 2017	February 14, 2017
Planned acquisition date	March 22, 2017	April 6, 2017
Seller	A domestic non-financial corporation (Note 7)	Japan Private REIT, INC.

(2) Overview of Disposition (Asset to be Disposed)

Property name	MID Midosujikawaramachi Bldg.
Type of Specified Asset	Trust beneficiary interest in real estate
Location	Chuo-ku, Osaka
Planned disposition price ^(Note 8)	¥1,700 million
Assumed book value ^(Note 9)	¥1,903 million

Note: This press release provides information regarding MCUBS MidCity’s acquisition and disposition of trust beneficiary interest in domestic real estate, and is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in MCUBS MidCity. Investors are advised to read Prospectus Concerning the Issue and Sale of New Investment Units and its corrections (if prepared) before making investment decisions, which are investors’ sole discretion and responsibility and are made at their own risk. MCUBS MidCity and its affiliates disclaim any responsibility or liability for the consequence of investment in MCUBS MidCity.

Difference between planned disposition price and assumed book value ^(Note 10)	▲¥203 million
Appraisal value ^(Note 11)	¥1,490 million
NOI yield ^(Note 12)	4.1%
NOI yield after depreciation ^(Note 13)	2.8%
Contracted date	February 16, 2017
Disposition date	March 27, 2017
Purchaser	A domestic SPC ^(Note 7)

Notes:

1. A “Planned Acquisition Price” indicates the sale price of respective beneficiary interest stated in the trust beneficiary interest agreement (excluding acquisition expenses, property taxes, city planning taxes and consumption taxes, etc.). The same shall apply hereinafter.
2. “Appraisal Value” is based on the appraisal reports as of January 1, 2017.
3. “NOI Yield” indicates the ratio of the appraisal NOI to the Planned Acquisition Price of respective assets to be acquired and is obtained by using the following formula:

$$\text{NOI Yield} = \text{Appraisal NOI} \div \text{Planned Acquisition Price}$$

*Unless otherwise noted, appraisal NOI is calculated by using the net operating income under the DCF method for the initial fiscal year (or the second year if there are special factors in the initial fiscal year) stated in the appraisal reports of respective assets to be acquired, the record date of which was set on January 1, 2017. The same shall apply hereinafter.
4. “NOI Yield after depreciation” indicates the ratio of NOI after depreciation to the Planned Acquisition Price of respective assets to be acquired and is obtained by using the following formula. “NOI after depreciation” is calculated by deducting depreciation and amortization costs from appraisal NOI.

$$\text{NOI Yield after depreciation} = (\text{Appraisal NOI} - \text{depreciation}^*) \div \text{Planned Acquisition Price}$$

*Depreciation is calculated by using the depreciation rates in proportion to the useful life under the straight-line method, as is the case for other assets owned by MCUBS MidCity. The same shall apply hereinafter.
5. “MCUBS MidCity has executed the status transfer agreement as of February 14, 2017 with regard to Sasazuka Center Bldg. and USC Bldg., respectively, (collectively, the “Respective Status Transfer Agreements”) specifying MCUBS MidCity shall take over, as of March 7, 2017, a status of a purchaser, as prescribed in the trust beneficiary interest transfer agreement regarding Sasazuka Center Bldg. (the “Sale and Purchase Agreement (Sasazuka Center Bldg.)”) and the agreement on transfer of quasi co-ownership of trust beneficiary interest in real estate (USC Bldg. 50/108) (the “Sale and Purchase Agreement (USC Bldg.)”) (collectively, the “Respective Sale and Purchase Agreements”) that are executed between the current beneficiary and a domestic corporation (collectively, the “Respective Status Transfers”). The Contract Date indicates the date when such Respective Status Transfer Agreements were executed with the Respective Status Transfers, i.e., February 14, 2017.
6. MCUBS MidCity is scheduled to acquire quasi co-ownership interest of trust beneficiary interest in the land and building of this property as entrusted assets (ownership ratio: 50/108).
7. The names of the seller of Sasazuka Center Bldg. and the purchaser of MID Midosujikawaramachi Bldg. are not disclosed as no consent from these parties is obtained.
8. “Planned Disposition Price” indicates the disposition price of the Asset to be Disposed stated in the trust beneficiary interest transfer agreement or the basic agreement (not including any adjustment on property taxes or city planning taxes, or consumption taxes, etc.). The same shall apply hereinafter.
9. “Assumed Book Value as of Disposition” indicates assumed book value as of the scheduled date of disposition.
10. “Difference between planned disposition price and assumed book value” is difference from planned disposition price to estimated book value. The same shall apply hereinafter.
11. “Appraisal Value” is based on the appraisal reports as of December 31, 2016. The same shall apply hereinafter.
12. “Actual NOI Yield” indicates the ratio of actual NOI of the Asset to be Disposed for the 21st fiscal period ended on December 2016 to the acquisition price and is obtained by using the following formula. The same shall apply hereinafter.

$$\text{Actual NOI yield} = (\text{Actual NOI for the 21st fiscal period} / \text{actual operating days of 184 days}) \div \text{acquisition price}$$
13. “Actual NOI Yield after depreciation” indicates the ratio of Actual NOI after depreciation of the Asset to be Disposed to the Planned Acquisition Price and is obtained by using the following formula. “Actual NOI after Depreciation” is calculated by deducting depreciation and amortization costs from the actual NOI for the 21st fiscal period. The same shall apply hereinafter.

$$\text{Actual NOI Yield after depreciation} = (\text{Actual NOI after depreciation for the 21st fiscal period} / \text{actual operating days of 184 days}) \div \text{acquisition price}$$

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2. Reason for Transactions

MCUBS MidCity is committed to managing assets from a medium- to long-term perspective to assure stable revenues and steady growth of assets under management and emphasizes investment in the three major metropolitan areas (the Tokyo metropolitan area (Note 1), the Osaka metropolitan area (Note1) and the Nagoya metropolitan area (Note 1)).

After these Transactions, the ratio of properties located in Tokyo metropolitan area to the overall portfolio will increase by 3.7%, from 41.0% to 44.7%, on a basis of (Planned) Acquisition Prices. MCUBS MidCity determined to conduct these Transactions because it would contribute to reinforcing earnings capacity of the portfolio with an increase in NOI Yield after Depreciation and to enhancing the unitholder value, which is represented by distribution per unit, over a medium- to long-term. For details of the individual Assets to be Acquired and Asset to be Disposed, please refer to 3. Details of Transactions as below. The same shall apply hereinafter.

Notes:

1. The “Tokyo metropolitan area” represents Tokyo, Kanagawa, Chiba and Saitama; the “Osaka metropolitan area” represents Osaka, Kyoto and Hyogo; the “Nagoya metropolitan area” represents Aichi.
2. Explanations of the descriptions in each column for the overview of the respective assets to be acquired, described in 3.

Details of Transactions as below are as follows:

Out of the descriptions about the Assets to be Acquired and Asset to be Disposed, “Land (Site Area),” “Building (Structure/Floors),” “Building (Total Floor Area),” “Building (Use),” and “Building (Completion Date)” are based on what is stated in the registry. “Land (Site Area)” indicates the value regarding the land of the Property to be Acquired. “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 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. With regard to the “Overview of Building Condition Evaluation (PML),” PML (Probable Maximum Loss) is defined as “probable loss for a building with a recurrence interval of 475 years” based on the risk curve showing the relationship between loss and annual exceedance probability as calculated by Engineering and Risk Services Corporation and OYO RMS Corporation. The probable loss for a building with a recurrence interval of 475 years represents “loss of 10% of exceedance probability over 50 years”

“Overview of Leasing” indicates the content of the lease agreement effective as of the end of December 2016 for the Assets to be Acquired based on the figures and information provided by the sellers of each asset, and the actual figures as of the end of December 2016 for the Asset to be Disposed. “Overview of Leasing (Rentable Area)” indicates the rentable area of the building of the real estate in trust for each of the Assets to be Acquired and the Asset to be Disposed (or total rentable area of respective buildings in the case where there are multiple buildings for each property; areas of warehouses, halls and parking lots, etc. are not included). “Overview of Leasing (Rental Area)” indicates the total area presented in the lease agreements, etc. with end tenants (limited to the rental spaces, and not including the areas of warehouses, halls and parking lots, etc.). “Overview of Leasing (Total Tenants)” does not include end tenants that leases parking lots, etc. only in the calculation. “Overview of Leasing (Total Annual Rent)” and “Overview of Leasing (Security Deposit/Guarantee, Etc.)” indicate the total amount of the monthly rent, common area charge, parking lot fee, warehouse rent and facility usage fee, etc. stated in the lease agreements executed with end tenants that are effective as of the end of December 2016, multiplied by 12, and the balance of security deposits and guarantees (including those for the rental spaces, parking lots and warehouse lots, etc.), with amounts less than thousand yen rounded down, respectively.

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3. Details of Transactions

(1) Overview of the Property to be Acquired

[Sasazuka Center Bldg.]

Type of Specified Asset		Trust beneficiary interest in real estate	Planned Acquisition Price	¥8,700,000 thousand	
Location (Indicated for Residence)		2-1-6, Sasazuka, Shibuya-ku, Tokyo	Planned Acquisition Date	March 22, 2017	
Land	Site Area	3,032.26㎡	Overview of Building Condition Evaluation	Evaluation Date	February 2017
	Zoning	Semi-industrial zone		Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Type of Ownership	Fee simple		Short-term Repair Cost	¥0
	Floor-Area Ratio/ Building-to-Land Ratio ^(Note 1)	400%/70%, 300%/70%		Long-term Repair Cost	¥411,192 thousand
Building	Structure/ Floors	S/SRC with flat roof, B2/8F	Overview of Leasing ^(Note 2)	PML	4.1%
	Total Floor Area	11,973.11㎡		Rentable Area	8,221.34㎡
	Type of Ownership	Fee simple		Rental Area	8,221.34㎡
	Use	Office, parking lot		Occupancy Rate	100.0%
	Completion Date	March 2, 1995		Total Tenants	7
Property Management Consignee		To be determined	Total Annual Rent		¥536,071 thousand
Building Management Consignee		To be determined	Security Deposit / Guarantee, Etc.		¥381,814 thousand
Trustee		To be determined			
Special Notations		<ul style="list-style-type: none"> Polychlorinated Biphenyl (PCB) waste is stored within the Property; however, it has been agreed with the seller that the seller will remove such waste at its own responsibility and burden of expenses, by the time the Property is acquired by MCUBS MidCity. 			

Notes:

- The building-to-land ratio applied to the Property, which should originally be 60%, is 70% because the Property is located on the corner.
- The Overview of Leasing is based on the information as of the end of December 2016; however, as it is expected that tenants will exit from the Property according to the notices of cancellation that were already received, the number of tenants and occupancy rate as of April 1, 2017 after the acquisition will be 6 and 64.3%, respectively.

On the process to the decision to acquire this property, the following aspects were appreciated.

(Regional Characteristics)

The Property stands at a location with traffic convenience, a five-minute walk from Sasazuka Station on the Keio Line, which is one station or about five minutes away from the terminal station, Shinjuku. In the Sasazuka area, located in the northwest of Shibuya Ward, back offices of a construction company and corporations headquartered in Shinjuku, as well as head offices and research centers, etc. of IT companies, are concentrated because of its proximity to Shinjuku. This Property features high visibility and is easy to reach by car, as it faces the Nakano St. and is located near the Hatagaya Ramp of the Metropolitan Expressway.

(Property Characteristics)

This Property can be distinguished from other buildings in the area for its size, as it is an eight-story building with two stories underground, the total floor area of approximately 3,600 tsubo and the standard floor area of approximately 300 tsubo. U-shaped office floors with few pillars allow a variety of floor layouts and enhance use efficiency. Independent spaces which can be used as a conference room or a refresh room, etc. are offered at each floor. The impression of high-grade, as represented by the sublime appearance and textured and well-lit entrance hall, is also well-received.

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[USC Bldg.]

Type of Specified Asset		Quasi co-ownership interest of trust beneficiary interest in real estate ^(Note 1)	Planned Acquisition Price	¥5,000,000 thousand	
Location (Indicated for Residence)		4-11-38, Toyo, Koto-ku, Tokyo	Planned Acquisition Date	April 6, 2017	
Land	Site Area ^(Note 2)	4,565.21㎡	Overview of Building Condition Evaluation	Evaluation Date	December 2016
	Zoning	Commercial zone, category II residential zone		Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
	Type of Ownership	Fee simple		Short-term Repair Cost	¥0
	Floor-Area Ratio/ Building-to-Land Ratio ^(Note 3)	500%/100%、300%/70%		Long-term Repair Cost ^(Note 4)	¥170,318 thousand
Building	Structure/ Floors	Main Building: S/SRC with flat roof, B1/8F Annex: RC with galvanized steel sheet roof, single-storied	Overview of Leasing ^(Note 2)	PML	4.8%
	Total Floor Area ^(Note 2)	18,475.98㎡		Rentable Area	12,489.08㎡
	Type of Ownership	Fee simple		Rental Area	12,489.08㎡
	Use	Main Building: Office, parking lot Annex: Garbage room		Occupancy Rate	100.0%
	Completion Date	January 31, 1990 Expansion of building: January 12, 2007		Total Tenants	9
Property Management Consignee		Sun Frontier Fudousan Co., Ltd.	Total Annual Rent	¥276,207 thousand	
Building Management Consignee		Sun Frontier Fudousan Co., Ltd.	Security Deposit / Guarantee, Etc.	¥163,816 thousand	
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Special Notations		<ul style="list-style-type: none"> The agreement was executed among quasi co-owners of the trust beneficiary interest in the Property and any disposition to any third party, provision of collateral or any other disposal of co-ownership held by each co-owner shall be prohibited, unless prior written consent is obtained from another co-owner. Decisions on important matters concerning asset management shall be made upon unanimous consent from all the co-owners, in principle. The electricity meter installed in this Property is scheduled to be renewed, at the burden of expense of the seller, by the time the Property is acquired by MCUBS MidCity. 			

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Notes:

1. The ratio of quasi co-ownership ratio to be acquired by MCUBS MidCity (50/108).
2. The “Site Area,” “Total Floor Area” and “Overview of Leasing” (excluding Total Annual Rent and Security Deposit/Guarantee, Etc.) indicate figures for the entire land and building of the Property.
3. While the original building-to-land ratio applicable to land located within an area that is zoned for commercial use is 80%, the ratio of 100% is applied to the land of this Property because the building of the Property is a fire-resistant building located within a fire protection district. In addition, while the original building-to-land ratio applicable to land located within Category II residential zones is 60%, the ratio of 70% is applied to the land of this Property because the building of the Property is a fire-resistant building located within a fire protection district.
4. The figure has been obtained by multiplying the figure (¥367,888 thousand) calculated for the entire property by ratio of quasi co-ownership ratio to be acquired by MCUBS MidCity (50/108).

On the process to the decision to acquire this property, the following aspects were appreciated.

(Regional Characteristics)

The Toyochō area, in which this Property is located, is accessible by the Tokyo Metro Tozai Line, the line connecting several business districts, and is expected to create demand for use as back offices from financial institutions and IT companies and needs for branches and offices covering the eastern part of Tokyo’s 23 wards, owing to its superior access to central Tokyo. This Property, about a seven-minute walk from Toyochō Station on the Tokyo Metro Tozai line, is an office building located along the Yotsume-Dori street and featuring high visibility.

(Property Characteristics)

This Property can be differentiated from other buildings, many of which in this area are mid- and small-sized buildings with a floor area of 3,000 tsubo or less, in terms of its size with the total floor area of approximately 5,600 tsubo and the standard floor area of approximately 600 tsubo. The Property is also characterized by the high-grade specifications at the entrance hall and common use spaces. This is an environmentally-friendly building equipped with facilities useful in BCP (Business Continuity Planning), such as a rooftop biotope, solar power generation system and emergency generators for tenants. Potential tenants that attach importance to convenience in vehicle use may be attracted to this Property that has more than 100 parking lots are secured.



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(2) Overview of the Property to be Disposed

[MID Midosujikawaramachi Bldg.]

Type of Specified Asset		Trust beneficiary interest in real estate	Planned Disposition Price	¥1,700,000 thousand		
Location (Indicated for Residence)		4-3-7, Kawaramachi, Chuo-ku, Osaka	Planned Disposition Date	March 27, 2017		
Land	Site Area	934.79m ²	Overview of Leasing	Rentable Area	3,110.49m ²	
	Zoning	Commercial zone		Rental Area	3,110.49m ²	
	Type of Ownership	Fee simple		Occupancy Rate	End of Dec. 2014	85.4%
	Floor-Area Ratio/ Building-to-Land Ratio ^(Note 1)	600%/100%			End of Jun. 2015	87.4%
Building	Structure/ Floors	S/SRC with flat roof, 6F			End of Dec. 2015	87.6%
	Total Floor Area	3,945.88m ²			End of Jun. 2016	100.0%
	Type of Ownership	Fee simple		End of Dec. 2016	100.0%	
	Use	Office		Total Tenants	13	
	Completion Date	March 2, 1998		Total Annual Rent ^(Note 2)	¥57,528 thousand	
Trustee	Sumitomo Mitsui Trust Bank, Limited	Security Deposit /Guarantee, Etc. ^(Note 2)		¥96,684 thousand		
Special Notations		• Not applicable				

Note:

1. While the original building-to-land ratio applicable to the land of the Property, which is located within an area that is zoned for commercial use, is 80%, the ratio of 100% is applied because the building of the Property is a fire-resistant building located within a fire protection district.
2. "Total Annual Rent" and "Security Deposit/Guarantee, Etc." are actual figures for the 21st fiscal period

a. Reason of disposition

As a result of considering the overall asset structure of the portfolio and mid- and long-term growth potential of cash flow, etc. in a comprehensive manner in order to determine how to manage the portfolio in the future, MCUBS MidCity has decided to dispose of the Asset to be Disposed. It is expected that such disposal will contribute to an improvement in the quality of the portfolio partly because of a probable decline in the unrealized losses built in the portfolio. The Planned Disposition Price of the Asset to be Disposed is below the book value, but exceeds the appraisal value, as of December 31, 2016, respectively. MCUBS MidCity determined that the disposition under the terms and conditions offered by the purchaser is the best and appropriate option in view of the current real estate market conditions, after examining several proposals on prices and other conditions from potential purchasers.

It is expected that potential loss from disposition of 213 million yen (the Assumed Difference as of Disposition (between the Planned Disposition Price and the Assumed Book Value as of Disposition) - disposition expenses, etc.) from the Disposition and potential gains on disposition of 626 million yen (the Assumed Difference as of Disposition (between the Planned Disposition Price and the Assumed Book Value as of Disposition) - disposition expenses, etc.) from the disposition of Midosuji MID Bldg. scheduled on March 27, 2017, will be recorded for the 22nd fiscal period.

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<Reference>

	MID Midosujikawaramachi Bldg.	Midosuji MID Bldg.
Planned disposition price (A)	¥1,700 million	¥9,000 million
Appraisal value (B)	¥1,490 million	¥7,310 million
Assumed book value (C)	¥1,903 million	¥8,348 million
Unrealized gain or loss (B-C)	▲¥413 million	▲¥1,038 million
Difference between planned disposition price and assumed book value (A-C)	▲¥203 million	¥651 million
NOI yield	4.1%	4.0%
NOI yield after depreciation	2.8%	2.5%
Disposition date	March 27, 2017	March 27, 2017

Press release dated January 12, 2017:

“Notice Regarding Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Shibuya Sakuragaoka Square and Disposition of Midosuji MID Bldg.)”

Press release dated February 14, 2017:

“Notice Regarding Revision of Business Outlook and Distributions Forecast for the 22nd Period Ending June 30, 2017 and Notice Regarding Business Outlook and Distributions Forecast for the 23rd Period Ending December 31, 2017”

4. Overview of Seller and Purchaser

(1) Seller Overview

[Sasazuka Center Bldg.]

While the seller is a domestic non-financial corporation, its name and overview, etc. are not disclosed because the seller’s approval has not been obtained. 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. Any of the seller or the related parties/related companies of the seller do not fall under the related party of MCUBS MidCity or the Asset Management Company.

[USC Bldg.]

Name	Japan Private REIT, INC.
Location	6-10-1, Roppongi, Minato-ku, Tokyo
Name and Title of Representative	Corporate officer Ryutaro Uchiyama
Business	Management business of Real Estate Investment Trust
Capital	Not disclosed because the seller's approval has not been obtained.
Date of Establishment	July 23, 2012
Net Asset	Not disclosed because the seller's approval has not been obtained.
Total Asset	
Major unit holder and unit holding ratio	
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.

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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.

(2) Purchaser Overview

[MID Midosujikawaramachi Bldg.]

While the purchaser is a domestic special purpose company, its name and overview, etc. are not disclosed because the purchaser's approval has not been obtained. There are no capital ties to be stated between the purchaser 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. Any of the purchaser or the related parties/related companies of the purchaser do not fall under the related party of MCUBS MidCity or the Asset Management Company.

5. Seller and Purchaser Overview

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

6. Overview of Brokerage

(1) Status of Broker

[Sasazuka Center Bldg.]

Broker's name and overview, etc. are not disclosed because the broker's approval has not been obtained. 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. Any of the seller or the related parties/related companies of the seller do not fall under the related party of MCUBS MidCity or the Asset Management Company.

[USC Bldg.]

Name	CBRE K.K.
Location	2-1-1 Marunouchi, Chiyoda-ku, Tokyo
Name and Title of Representative	Representative Director, President & CEO Eiji Sakaguchi
Business	Comprehensive commercial property service for domestic and foreign companies, Brokerage and representation for sale, Real estate strategy and investment consulting, real estate appraisal business and Outsourcing service and analyzing regarding real estate
Capital	¥564 million (As of December 22, 2016)
Date of Establishment	February 21, 1970
Relationship with MCUBS MidCity or the Asset Management Company	

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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.

[MID Midosujikawaramachi Bldg.]
Not applicable.

(2) Amount and Details of Commission

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 will raise funds for the Acquisition through proceeds from issuing new investment units and cash reserves. As for the issuance of new investment units, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today. With regard to the settlement method, MCUBS MidCity plans to settle the acquisition by making a single payment of the entire amount of the acquisition price upon delivery of each property. Each sale and purchase agreement regarding the Acquisition falls under the “Forward Commitment, etc. by an Investment Corporation” (Note) stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” by the Financial Services Agency.

(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 thereof or any other related agreements.”

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

With regard to Sasazuka Center Bldg., under the Sale and Purchase Agreement (Sasazuka Center Bldg.), if such Agreement is cancelled for the reason of the seller’s violation to agreements specified therein, the party cancelling the Agreement may demand 20% of the sale price as penalty fees from the counterparty. With regard to USC Bldg., under the Sale and Purchase Agreement (USC Bldg.), if such Agreement is cancelled for the reason of the seller’s violation to any material matter specified therein, the seller shall pay 5% of the sale price with consumption taxes, etc. excluded as penalty fees. However, under the Respective Status Transfer Agreements, any execution of status transfer shall be subject to MCUBS MidCity’s completion of raising funds necessary to pay for the sale price provided in the Respective Sale and Purchase Agreements (including, but not limited to, borrowings and capital increases).

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9. Schedule for Transactions

(1) Schedule for Acquisition

Property name	Conclusion of Agreement Date ^(Note)	Planned acquisition date	Planned payment date
Sasazuka Center Bldg.	February 14, 2017	March 22, 2017	March 22, 2017
USC Bldg.	February 14, 2017	April 6, 2017	April 6, 2017

Note:

MCUBS MidCity has executed the Respective Status Transfer Agreements as of February 14, 2017 with regard to Sasazuka Center Bldg. and USC Bldg., respectively, specifying MCUBS MidCity shall take over, as of March 7, 2017, a status of a purchaser, as prescribed in the Respective Sale and Purchase Agreements that are executed between the current beneficiary and the Respective Status Transferors. The Contract Date in the above table indicates the date when such Respective Status Transfer Agreements were executed with the Respective Status Transferors, i.e., February 14, 2017.

(2) Schedule for Disposition

Property name	Conclusion of Agreement Date ^(Note)	Planned disposition date	Planned receipt date
MID Midosujikawaramachi Bldg.	February 16, 2017	March 27, 2017	March 27, 2017

10. Outlook

As for the outlook of the business results for the fiscal period ending June 2017 (the 22nd fiscal period: January 1, 2017 to June 30, 2017) and the fiscal period ending December 2017 (23rd fiscal period: July 1, 2017 to December 31, 2017) as a result of acquiring the Assets to be Acquired and the Asset to be Disposed, please refer to “Notice Regarding Revision of Business Results and Distributions Forecast for the 22nd Period Ending June 30, 2017 and Notice Regarding Business Results and Distributions Forecast for the 23rd Period Ending December 31, 2017” separately announced today.

11. Overview of Appraisal Report

(1) Overview of Appraisal Report of the Property to be Acquired

[Sasazuka Center Bldg.]

Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Final Appraisal Value	¥9,160,000 thousand
Appraisal Date	January 1, 2017

Item	Details (thousand yen)	Overview, etc.
Revenue price	9,160,000	—
Value Calculated Using Direct Capitalization (DC) Method	9,200,000	—
Operating revenues	537,290	—
Potential gross revenue	568,746	Assessed by taking into account medium- to long-term competitiveness of the property, based on the level of rents under the current lease agreements, and the level and trend of rents of similar properties in areas within the same supply and demand zone under new lease contracts
Vacancy loss, etc.	31,455	Assessed by taking into account the competitiveness of the property, based on the actual vacancy rate of the property and vacancy rate of similar property
Operating expenses	146,856	—
Maintenance expenses	34,080	Assessed with reference to estimated maintenance expenses
Utility expenses	34,319	Assessed based on the actual results of past years
Repair expenses	9,508	Assessed based on the average annual repair expenses described in the engineering report
PM fees	14,630	Assessed with reference to PM fees of similar properties
Tenant solicitation	3,212	Assessed based on the tenant solicitation expenses, etc. of similar properties

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	expenses, etc.		
	Real estate taxes	47,676	Assessed based on the actual results, in consideration of the land price trends and level of burdens
	Insurance premiums	1,934	Assessed with reference to premiums of similar properties
	Other expenses	1,495	Assessed based on the actual results of past years
	Net operating income (NOI)	390,434	—
	Gain on management of income from lump-sum payment	3,085	Assessed based on comprehensive consideration from perspectives of both management and procurement aspects
	Capital expenditures	25,443	Assessed based on the average annual amount of the replacement costs described in the engineering report, and by taking into account the construction management fees
	Net Cash Flows	368,076	—
	Overall Capitalization Rate	4.0%	—
	Value Calculated Using Discount Cash Flow (DCF) Method	9,150,000	—
	Discount Rate	3.8%	Assessed based on the comparison with the discount rates of transactions of similar properties and with the yields of other financial instruments, etc.
	Terminal Capitalization Rate	4.2%	Assessed by taking into account such factors as the marketability of the subject property at the end of period in which the capitalization rate is analyzed
	Cost method value	7,770,000	—
	Ratio of Land Price	82.8%	—
	Ratio of Building Price	17.2%	—

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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[USC Bldg.]

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Final Appraisal Value	¥5,190,000 thousand
Appraisal Date	January 1, 2017

Item	Details (thousand yen)	Overview, etc.
Revenue price	5,190,000	—
Value Calculated Using Direct Capitalization (DC) Method	5,324,074	—
Operating revenues	313,276	—
Potential gross revenue	329,122	—
Vacancy loss, etc.	15,846	—
Operating expenses	82,068	—
Maintenance expenses	17,207	Assessed based on the statement of property management and historical inflation rates, etc.
Utility expenses	27,753	Assessed based on the past records, current leasing status and historical inflation rates, etc.
Repair expenses	4,648	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses (30%) and capital expenditures (70%)
PM fees	4,362	Assessed based on contents of the agreements
Tenant solicitation expenses, etc.	2,688	Assessed based on the contents of agreements and past records
Real estate taxes	24,398	Assessed based on the 2016 Statements of Fixed Property Tax and City Planning Tax, and in consideration of historical correction rates of building age-related deduction and historical inflation rates, etc.
Insurance premiums	697	Assessed based on the size, use and structure, etc. of the subject property, in consideration of historical inflation rates

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	Other expenses	313	Assessed based on the past records
	Net operating income (NOI)	231,207	—
	Gain on management of income from lump-sum payment	1,916	Assessed based on the recent yields of financial assets and economic projections, etc.
	Capital expenditures	10,458	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses (30%) and capital expenditures (70%)
	Net Cash Flows	222,665	—
	Overall Capitalization Rate	4.2%	Assessed by comparing and investigating multiple transaction yields in neighboring areas or similar areas within the same supply and demand zone, etc. and by taking into account the forecast of future fluctuations in net operating income, while giving considerations to how the discount rate is assessed
	Value Calculated Using Discount Cash Flow (DCF) Method	5,092,592	—
	Discount Rate	4.3%	Assessed by setting a base yield of office buildings using accumulation method, etc. based on yields of financial instruments and taking into account the individual risks of the subject property
	Terminal Capitalization Rate	4.4%	Assessed based on the capitalization rate, in consideration of uncertainties in future forecasts
	Cost method value	4,629,629	—
	Ratio of Land Price	78.7%	—
	Ratio of Building Price	21.3%	—

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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Note:

These numbers are calculated for the entire property by ratio of quasi co-ownership ratio to be acquired by MCUBS MidCity

(2) Overview of Appraisal Report of the Property to be Disposed

[MID Midosujikawaramachi Bldg.]

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Final Appraisal Value	¥1,490,000 thousand
Appraisal Date	December 31, 2016

Item	Details (thousand yen)	Overview, etc.
Revenue price	1,490,000	—
Value Calculated Using Direct Capitalization (DC) Method	1,500,000	—
Operating revenues	123,322	—
Potential gross revenue	130,424	—
Vacancy loss, etc.	7,101	—
Operating expenses	42,922	—
Maintenance expenses	10,824	Assessed based on competitiveness of the property, market circumstances and historical inflation rates, etc.
Utility expenses	12,317	Assessed based on competitiveness of the property, market circumstances and historical inflation rates, etc.
Repair expenses	2,420	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses (30%) and capital expenditures (70%)
PM fees	2,920	Assessed based on the contents of service agreements, competitiveness of the subject property and market circumstances, etc.
Tenant solicitation expenses, etc.	597	Assessed based on the contents of service agreements, competitiveness of the subject property, market circumstances and past records, etc.
Real estate taxes	12,398	Assessed based on the 2016 Statements of Fixed Property Tax and City Planning Tax, and in consideration of historical correction

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			rates of building age-related deduction and historical inflation rates, etc.
	Insurance premiums	211	Assessed based on the amount of premiums, insurance coverage and historical inflation rates, etc.
	Other expenses	1,233	Assessed based on competitiveness of the subject property, market circumstances and past records, etc.
	Net operating income (NOI)	80,399	—
	Gain on management of income from lump-sum payment	686	Assessed based on the recent yields of financial assets and economic projections, etc.
	Capital expenditures	6,050	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses (30%) and capital expenditures (70%)
	Net Cash Flows	75,036	—
	Overall Capitalization Rate	5.0%	Assessed by comparing and investigating multiple transaction yields in similar areas within the same supply and demand zone, etc. and by taking into account the forecast of future fluctuations in net operating income, while giving considerations to how the discount rate is assessed
	Value Calculated Using Discount Cash Flow (DCF) Method	1,490,000	—
	Discount Rate	5.1%	Assessed by setting a base yield of office buildings using accumulation method, etc. based on yields of financial instruments and taking into account the individual risks of the subject property
	Terminal Capitalization Rate	5.2%	Assessed based on the capitalization rate, in consideration of uncertainties in future forecasts
	Cost method value	1,610,000	—
	Ratio of Land Price	67.1%	—
	Ratio of Building Price	32.9%	—
Other items considered by real estate appraisal agent upon appraisal		Not applicable.	

<Attachment>

Assumed NOI and depreciation of Assets to be Acquired

Property name	Assumed NOI ^(Note 1)	Depreciation
Sasazuka Center Bldg.	¥392 million per year	¥38 million per year
USC Bldg.	¥209 million per year	¥30 million per year
Total	¥602 million per year	¥68 million per year

Notes:

1. 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. Both of the Properties' occupancy rates at time of steady stable occupancy are assumed to be 92.0%.
2. MCUBS MidCity's estimated figures for time of steady stable occupancy

The figures above are not the forecast figures for the current period or subsequent periods.

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Property Portfolio after Transactions

Type	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	3.1%	May 1, 2015
		G-Square Shibuya Dogenzaka	12,220	5.1%	August 3, 2015
		Shibuya Sakuragaoka Square	17,130	7.2%	August 3, 2015, etc.
		Yokohama Creation Square	7,080	3.0%	August 3, 2015
		Cube Kawasaki	20,050	8.4%	August 7, 2015
		Higashi-Nihombashi Green Bldg.	2,705	1.1%	December 21, 2015
		Sasazuka Center Bldg.	8,700	3.7%	March 22, 2017
		USC Bldg.	5,000	2.1%	April 6, 2017
	Osaka Metropolitan Area	Twin 21 ^(Note 3)	68,700	28.8%	August 31, 2006
		Matsushita IMP Bldg.	24,600	10.3%	August 31, 2006
		Midosuji MID Bldg.	—	—	Disposition date (planned): March 27, 2017
		MID REIT Kyobashi Bldg.	2,300	1.0%	August 31, 2006
		MID Imabashi Bldg.	3,270	1.4%	April 3, 2007
		MID Midosujikawaramachi Bldg.	—	—	Disposition date (planned): March 27, 2017
		Kitahama MID Bldg.	10,800	4.5%	April 24, 2008
		MID Nishihommahi Bldg.	3,550	1.5%	October 30, 2008
Higobashi MID Bldg.		3,000	1.3%	June 21, 2013	
Other	Sendai Capital Tower	5,500	2.3%	February 1, 2017	
Subtotal (16 properties)			202,065	84.8%	
Other than office building					
	Tokyo Metropolitan Area	AEON MALL Tsudanuma	26,100	11.0%	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	13.1%
Silent Partnership Interest for Office Building					
	Nagoya Metropolitan Area	Nagoya Lucent Tower (Silent partnership interest)	4,919	2.1%	August 3, 2015
	Subtotal (1 Asset)			4,919	2.1%
Total (20 properties)			238,144	100.0%	

Notes:

- (Planned) Acquisition Prices are rounded down to the nearest million yen.
- Investment ratios are 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 and Twin 21 (partial ownership of land with leasehold interest), collectively.

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