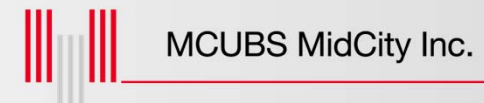


( Securities Code : 3227 )



**Financial Results  
for  
the Fiscal Period  
ended June 30, 2015  
(18th Period)**



# Contents

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“Sumitomo Fudosan Ueno Bldg. No.6”  
(acquired in the 18th Period)

\*Unless otherwise stated, monetary amounts are rounded down, and percentage figures and the number of years are rounded off to the nearest specified unit in this report. Accordingly, simple addition of the entered amounts/figures may not necessarily equal the total amounts/figures.

## **1. Financial Highlights**

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# Overview of Financial Results for the fiscal period ended June 30, 2015 (18th Period)

✓ Distribution per unit : 6,444 yen

	Fiscal Period ended Dec. 31, 2014 (17th Period)	Fiscal Period ended June 30, 2015 (18th Period)	Compared to the 17th Period
Distribution per unit	5,958 yen	6,444 yen	486 yen
Occupancy rate at end of period	97.7%	98.5%	0.8pt
Number of properties under management	12 properties	13 properties	1 property
Asset size <sup>(Note1)</sup>	157,670 million yen	165,130 million yen	7,460 million yen
NOI	3,182 million yen	3,294 million yen	111 million yen
NOI yield <sup>(Note2)</sup>	4.0%	4.0%	0.0pt
Interest-bearing liabilities at end of period	65,300 million yen	67,675 million yen	2,375 million yen
LTV <sup>(Note3)</sup>	38.7%	38.9%	0.2pt
Market LTV <sup>(Note4)</sup>	47.7%	47.3%	-0.4pt
Average remaining years of borrowings	2.3 years	1.8 years	-0.5 years
Issuer rating	A— (Stable)	A— (Stable)	—

Note:

1. Total acquisition price
2.  $\text{NOI yield} = (\text{Rent revenue} - \text{Lease business expenses} + \text{Depreciation}) \div \text{Acquisition price}$
3.  $\text{LTV} = \text{Interest-bearing liabilities at end of period} \div \text{Total assets at end of period}$
4.  $\text{Market LTV} = \text{Interest-bearing liabilities at end of period} \div (\text{Total assets at end of period} \pm \text{Unrealized gain/loss})$   
 •Unrealized gain/loss is the difference between book value and appraisal value

# 18th Period Financial Results – Comparison to Previous Period

✓ Both revenue and income increased thanks to newly acquired property

(unit: million yen)

	Fiscal Period ended Dec. 31, 2014 (17th Period)	Fiscal Period ended June 30, 2015 (18th Period)	Difference
Operating revenue	5,173	5,265	92
Operating expenses	3,634	3,582	-52
Operating income	1,538	1,683	144
Ordinary income	1,087	1,239	151
Income before income taxes	1,095	1,239	143
Net income	1,093	1,237	143
Total distributions	1,094	1,237	143
Distribution per unit (yen)	5,958	6,444	486
Gain/loss on real estate lease business	2,049	2,143	93
NOI	3,182	3,294	111
Occupancy rate at end of period	97.7%	98.5%	0.8pt

(unit: million yen)

<b>Operating revenue</b>	<b>92</b>
Rent revenue – real estate	114
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	82
Existing properties	32
Other lease business revenue	-22
Utilities revenue (decrease due to seasonal factors)	-19
Other revenue	-3
<b>Operating expenses</b>	<b>-52</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	-19
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	15
Existing properties	-34
Utilities expenses (decrease due to seasonal factors)	-61
Repair expenses	45
Other (property management fees and real estate taxes, etc.)	-3
Depreciation and loss on retirement	17
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	12
Existing properties	5
Asset management fee	-76
Other operating expenses (increase in expenses for general meeting of unitholders, etc.)	25

# 18th Period Financial Results – Comparison to Initial Forecasts

✓ Revenue growth and cost saving raised DPU by 594 yen from original forecast

(unit: million yen)

	Fiscal Period ended June 30, 2015 Forecast (as of Feb. 16, 2015)	Fiscal Period ended June 30, 2015 18th Period	Difference
Operating revenue	5,172	5,265	93
Operating expenses	3,655	3,582	-72
Operating income	1,517	1,683	166
Ordinary income	1,076	1,239	162
Income before income taxes	1,076	1,239	162
Net income	1,074	1,237	163
Total distributions	1,074	1,237	163
Distribution per unit (yen)	5,850	6,444	594
Gain/loss on real estate lease business	1,959	2,143	183
NOI	3,120	3,294	174
Occupancy rate at end of period	97.8%	98.5%	0.7pt

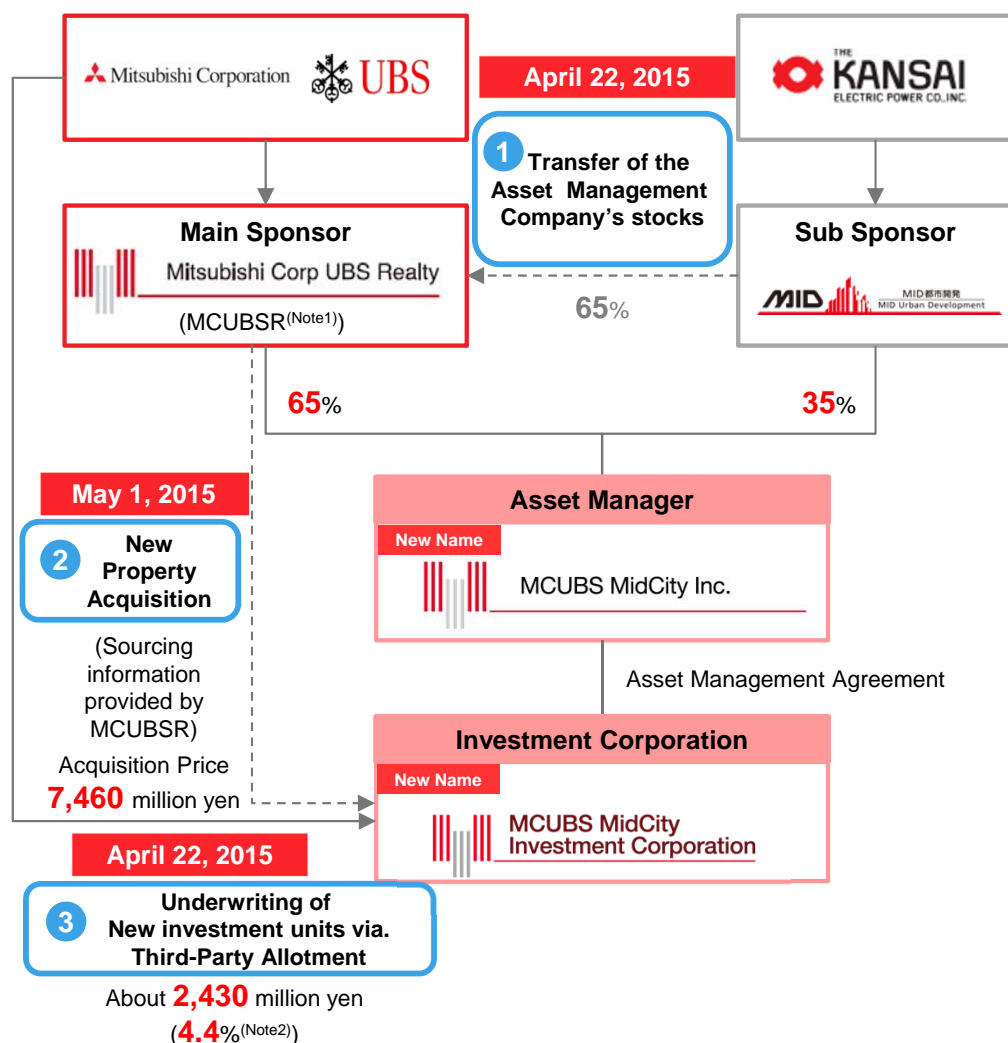
(unit: million yen)

<b>Operating revenue</b>	<b>93</b>
Rent revenue – real estate	100
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	82
Existing properties	18
Other lease business revenue	-7
Utilities revenue (decrease due to seasonal factors)	-9
Other revenue	2
<b>Operating expenses</b>	<b>-72</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	-80
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	15
Existing properties	-95
Utilities expenses (decrease due to seasonal factors)	-8
Repair expenses	-63
Other (property management fees and real estate taxes, etc.)	-8
Depreciation and loss on retirement	-9
Newly acquired property (Sumitomo Fudosan Ueno Bldg. No.6)	12
Existing properties	-21
Asset management fee	8
Other operating expenses (increase in expenses for general meeting of unitholders, etc.)	8



# Change in Main Sponsor and Series of Initiatives

## Scheme of Main Sponsor Change



## Change in Main Sponsor and Series of Initiatives

### 1 Participation of MCUBSR as the main sponsor

- MCUBSR acquired 65% of the Asset Management Company's stocks
- Dispatch two representative directors and other three officers (including two part-time directors and one part-time auditor) from MCUBSR Group<sup>(Note3)</sup> and enhance and improve the Asset Management Company's management structure
- Support including supply of property information from MCUBSR

### 2 New Portfolio Building Policy

- Maintain investment policy focusing on office buildings
- Expand targeted investment regions to "focused on three major metropolitan areas (Tokyo metropolitan area, Osaka metropolitan area and Nagoya metropolitan area)"<sup>(Note4)</sup>
- Policy changed to enable investment in overseas real estate

### 3 Issuance of new investment units by way of third-party allotment and property acquisition

- Implemented issuance of new investment units by way of third-party allotment having Mitsubishi Corporation and UBS AG as the allottees
- Acquired "Sumitomo Fudosan Ueno Bldg. No. 6" based on property information supplied from MCUBSR

# External Growth (Sumitomo Fudosan Ueno Bldg. No. 6)

✓ Acquired an office building in Tokyo metropolitan area by leveraging the new sponsor's network

- ✓ An office building with a standard floor area of over 200 tsubos having high scarcity value in the Ueno area
- ✓ Stable occupancy condition by leasing in its entirety to a major manufacturer's corporate group

MCUBSR	Acquisition price	Occupancy rate	NOI yield	NOI yield after depreciation
Tokyo Metropolitan Area	¥7,460 million	100.0%	4.6%	3.7%



## Market Appeal

- Ueno is a “northern gateway” of Tokyo
- Concentrated with many affiliated companies of listed firms as a sales operations hub to control Tokyo's Johoku (north) and Joto (east) areas, the northern Kanto area

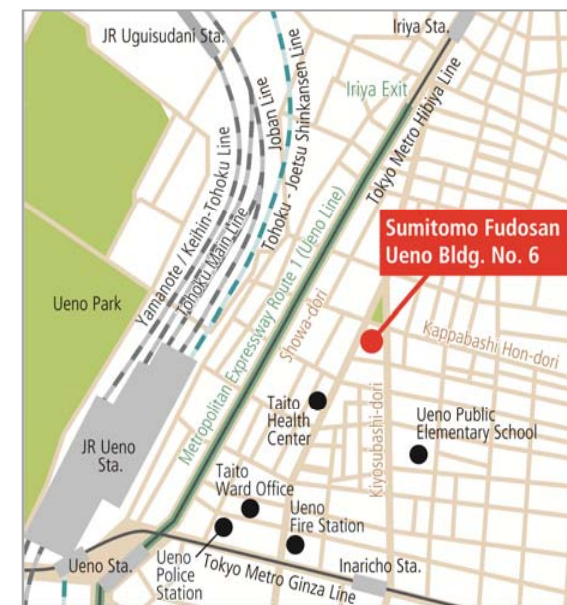
## Locational Appeal

- Location with excellent convenience situated in close proximity to Ueno Station
  - Able to use a number of railways including Shinkansen lines, JR lines, subways and private railways
- Stands on land facing Kiyosubashi-dori Street with high visibility
- Situated in the east Ueno area, where high-grade office buildings concentrate

Location	5-24-8, Higashiueno, Taito-Ku, Tokyo
Access	Seven-minute walk from JR Ueno Station Seven-minute walk from Inaricho Station on the Tokyo Metro Ginza Line Seven-minute walk from Iriya Station on the Tokyo Metro Hibiya Line
Total land space	1,323.78m <sup>2</sup>
Total floor space	9,631.83m <sup>2</sup>
Structure/scale	SRC B2F/11F
Construction Completed	November 1993
No. of tenants	2
Acquisition date	May 1, 2015

## Facility Appeal

- An office building having the scale with high scarcity value in the Ueno area
  - Total floor space of around 2,900 tsubos and typical floor plate area of around 205 tsubos in the Ueno area where many of the buildings are relatively small
  - Expect to remain highly competitive thanks to air-conditioning renovation and value-enhancing work in the common areas (implemented large-scale renovations in 1999 and 2014)



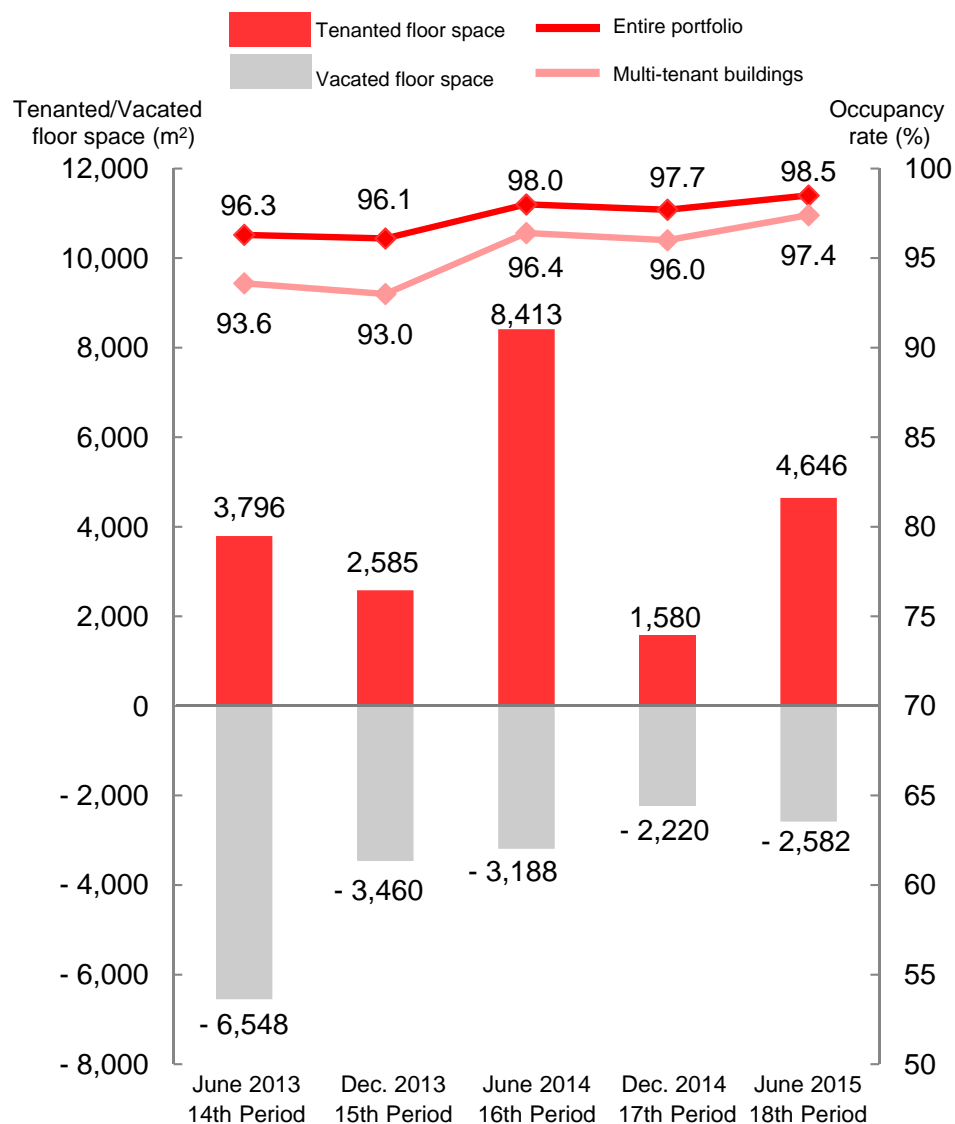


# Internal Growth

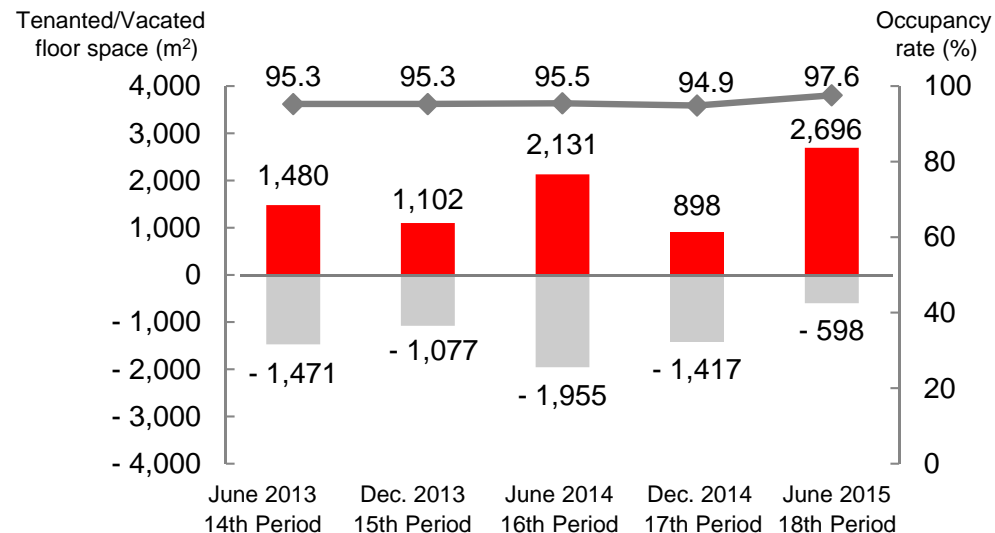
✓ Maintained high occupancy rate with contribution from tenanted and expanded leased space in flagship properties

## Entire Portfolio

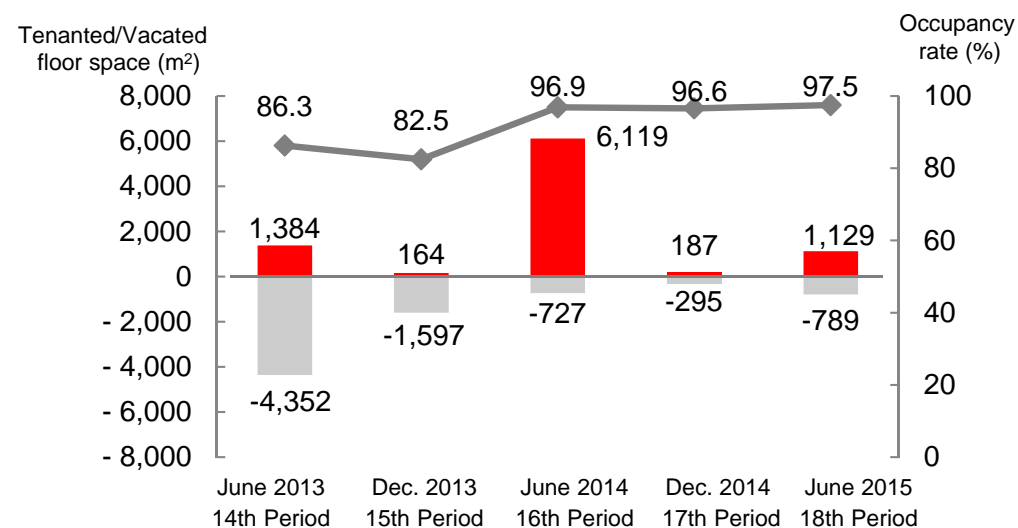
(Change in Tenanted/Vacated Floor Space and Occupancy Rate)



## Twin 21



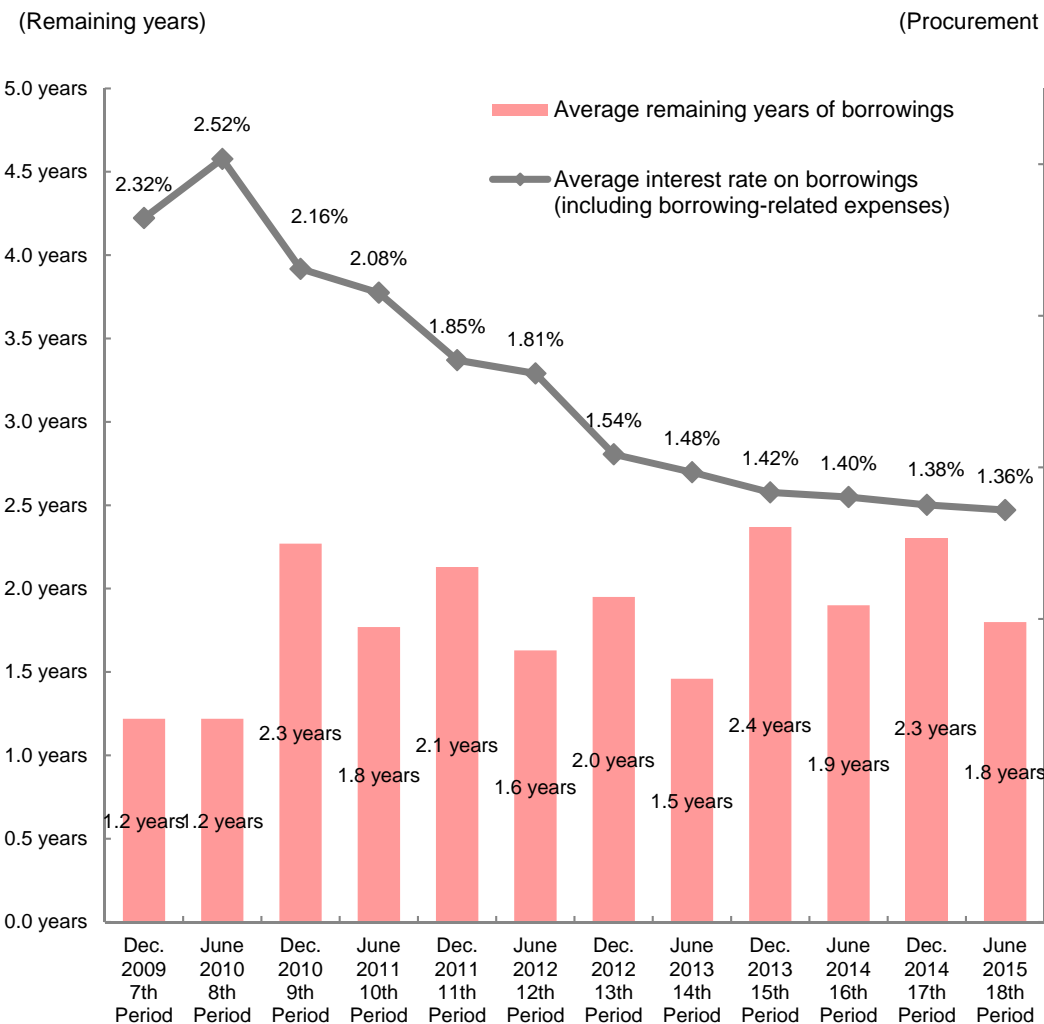
## Matsushita IMP Bldg.



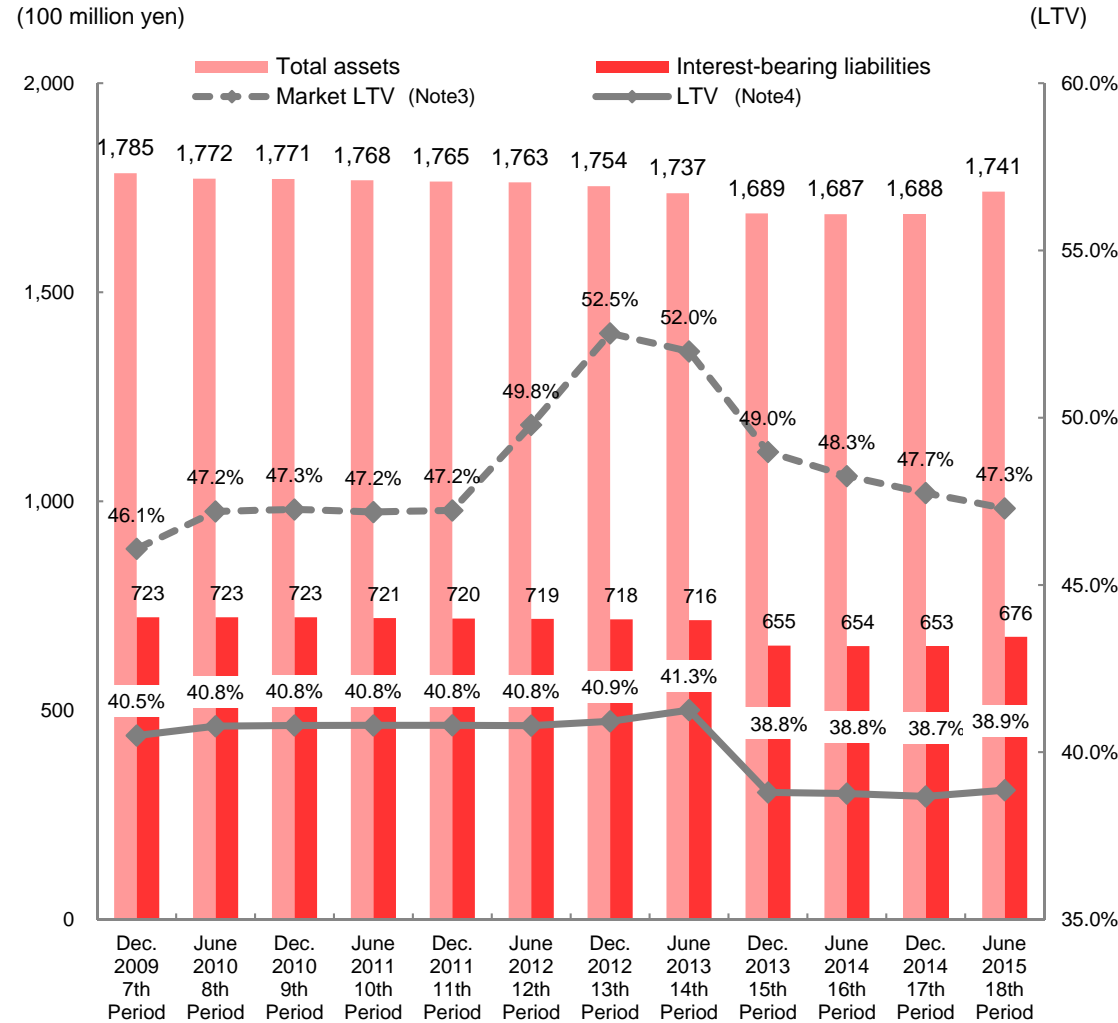
# Financial Status

✓ Reduced funding costs and secured stable LTV

Changes in Average Remaining Years<sup>(Note1)</sup> and  
Average Interest Rate on Borrowings<sup>(Note2)</sup>



Changes in Total Assets and Interest-Bearing Liabilities



\*For notes, please refer to the pages 49-53.

## **2. Business Result Forecasts for the 19th and 20th Fiscal Period**

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# Action Plan in the 19th and 20th Periods

Implemented the first public offering

- Increased DPU and NAV

Acquired new properties

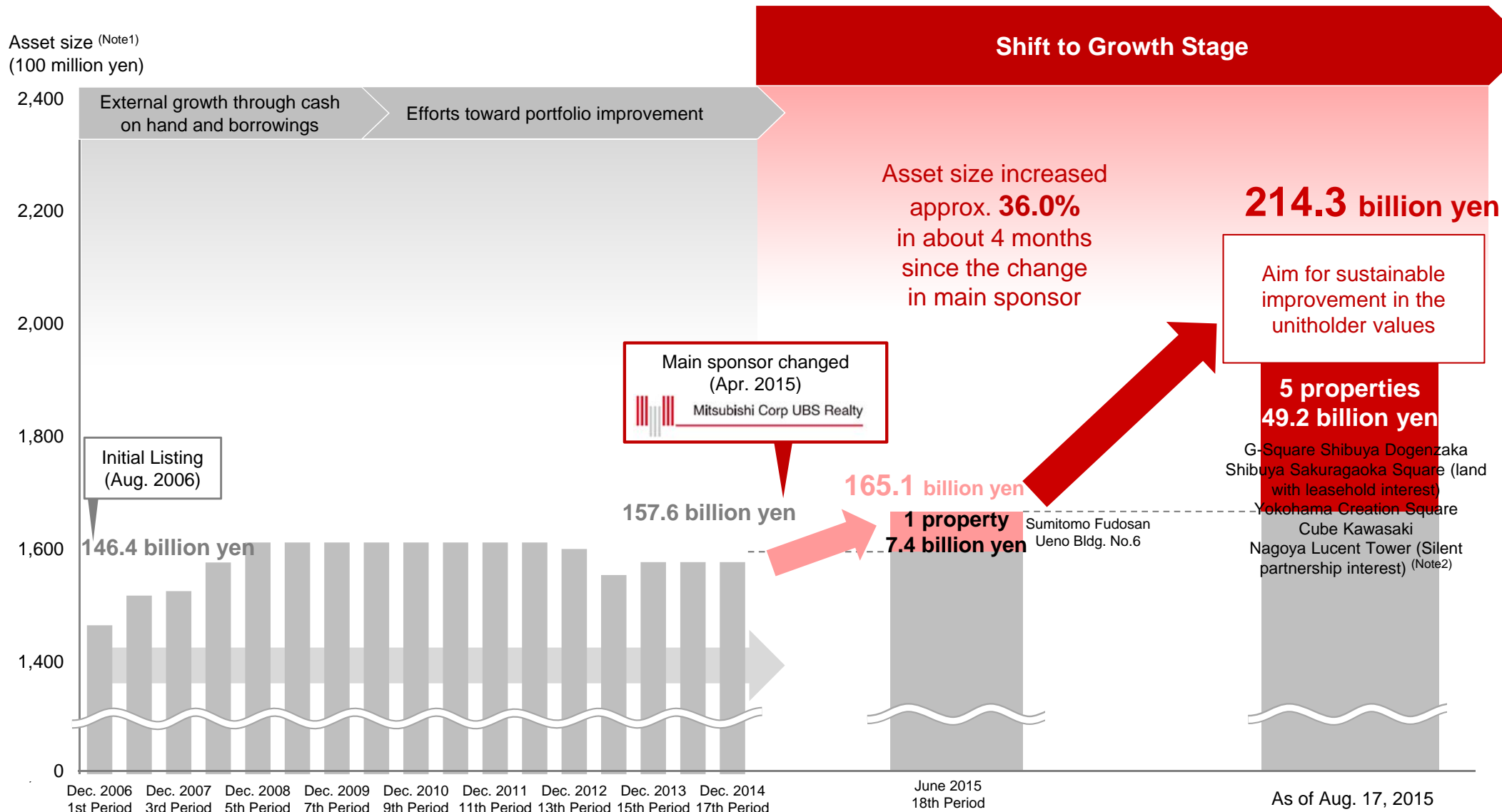
- 5 properties located in Tokyo and Nagoya (total acquisition price: 49.2 billion yen)

Established foundation for sustainable growth

- Further steps toward external growth, internal growth and financial strategy

# Shift to Growth Stage

- ✓ Entered into growth stage through property acquisitions accompanying the first public offering



Notes:

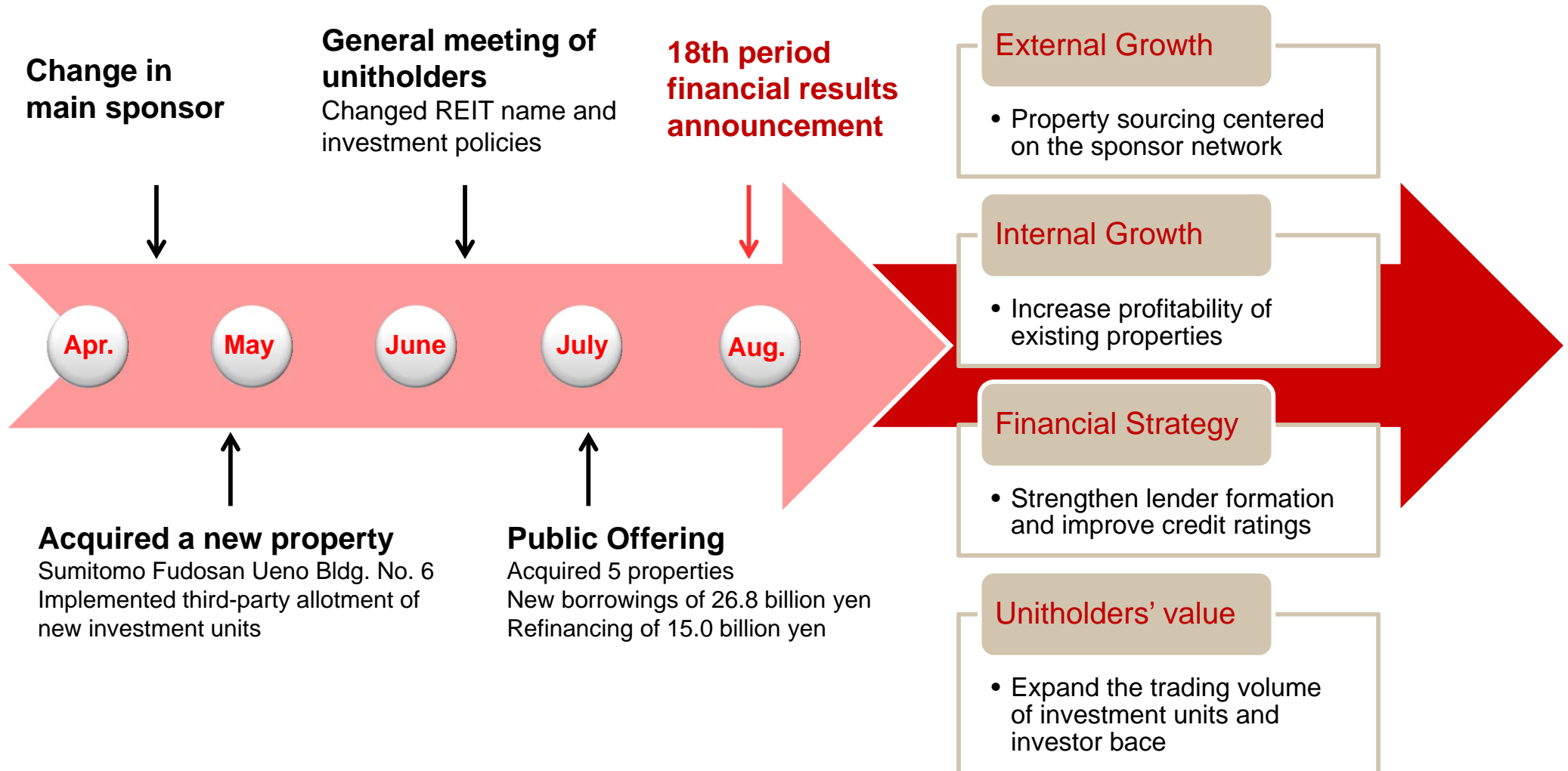
1. Acquisition price basis.
2. Refers to silent partnership interests backed by the trust beneficiary interest with the co-ownership interest of the sectional ownership of Nagoya Lucent Tower as trust assets (hereafter the "Silent Partnership Interest for Nagoya Lucent Tower").



# A Series of Actions after Main Sponsor Change

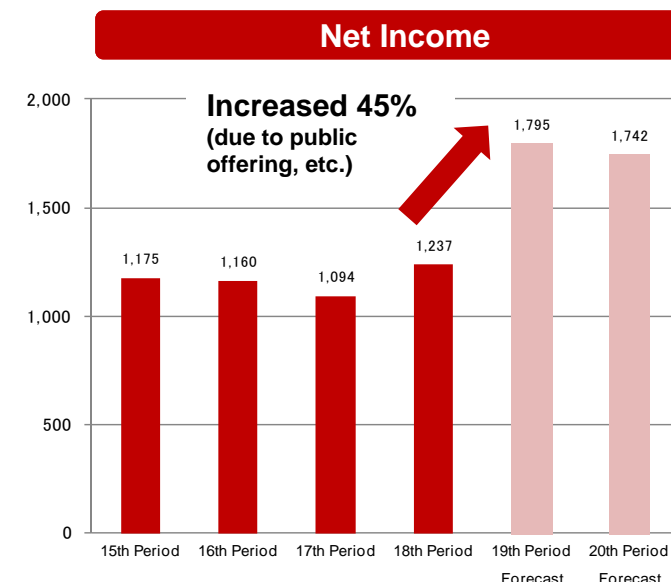
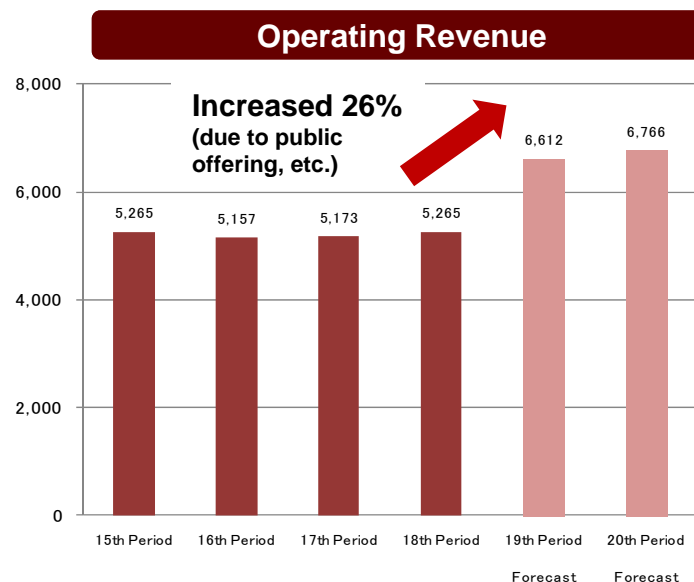
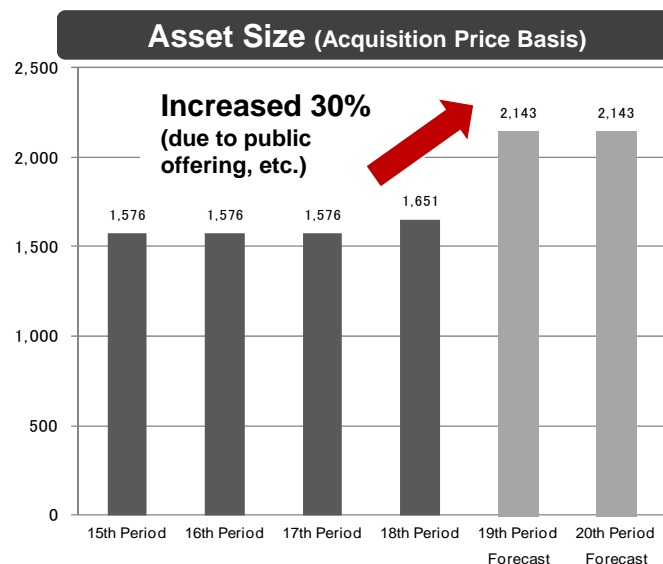
Fiscal Period ended June 30, 2015  
(18th Period)

Fiscal Period ending Dec. 31, 2015 (19th Period)  
Fiscal Period ending June 30, 2016 (20th Period)



# Expect Growth of Income, Revenue and Distributions after the First Public Offering

	Fiscal Period ended Dec. 31, 2013 (15th Period Results)	Fiscal Period ended June 30, 2014 (16th Period Results)	Fiscal Period ended Dec. 31, 2014 (17th Period Results)	Fiscal Period ended June 30, 2015 (18th Period Results)	Fiscal Period ending Dec. 31, 2015 (19th Period Forecast)	Fiscal Period ending June 30, 2016 (20th Period Forecast)
Operating revenue (million yen)	5,265	5,157	5,173	5,265 (102%)	6,612 (126%)	6,766 (102%)
Net income (million yen)	1,175	1,160	1,093	1,237 (113%)	1,795 (145%)	1,742 (97%)
Investment units issued and outstanding (units)	183,625	183,625	183,625	192,025 (105%)	266,025 (139%)	266,025 (100%)
Distribution per unit (yen)	6,404	6,318	5,958	6,444 (108%)	6,750 (105%)	6,550 (97%)
Number of properties	12	12	12	13	18	18
Total Acquisition Price (100 million yen)	1,576	1,576	1,576	1,651 (105%)	2,143 (130%)	2,143 (100%)



# Overview of Public Offering in July 2015

## Asset

### Profitability Improvement

Average NOI yield after depreciation improved by 0.2%

	As of 17th Period End	After Public Offering
Average NOI yield	4.0%	4.0%
Average NOI yield after depreciation	2.6%	2.8%

### Stability Enhancement

Share of OBP and the largest tenant decreased by 15.8 and 6.4%, respectively

	As of 17th Period End	After Public Offering
Share of Tokyo metropolitan area (Increase in area diversification)	16.6%	36.3%
Share of OBP	62.4%	46.6%
Share of the largest tenant	21.2%	14.8%

## Debt

### Stability Enhancement

Average remaining years of borrowings extended by 1.4 years and average funding costs decreased by 0.1%

	As of 18th Period End	After Public Offering
LTV (appraisal value basis)	47.3%	48.1%
Average remaining years of borrowings	1.8 years	3.2 years
Average interest rate on borrowings	1.36%	1.22%

## Equity

### Distribution Growth







Distribution per unit increased to the level of 6,500 yen or more

	18th Period Result	19th Period Forecast	20th Period Forecast
Distribution per unit	6,444 yen	6,750 yen	6,550 yen
As of Apr. 10 (initial forecast)	(5,900 yen)	(6,000 yen)	

# New Asset Acquisition Highlights

## Selective investment in superior office buildings located in prime locations centered on Tokyo metropolitan area


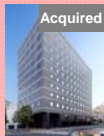
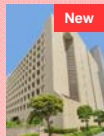
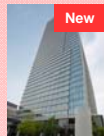

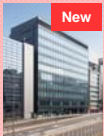
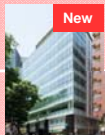
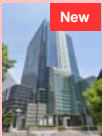


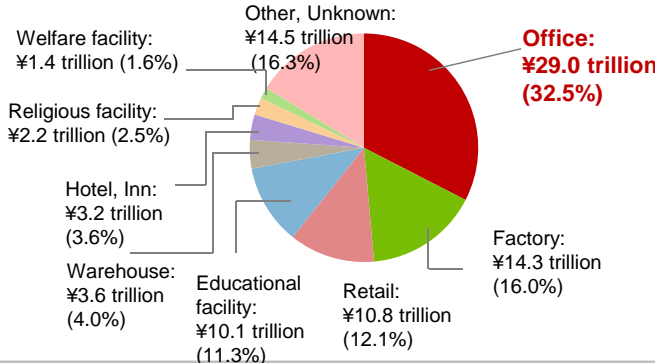
- ✓ Average acquisition price is approx. 10.0 billion yen in size per property
- ✓ Directly connected or located within walking distance to terminal stations
- ✓ Acquisition of properties in competitive office areas
- ✓ Investment focused on high building specifications

Property Name	Location	Quality	Other points
 <b>G-Square Shibuya Dogenzaka</b>	<ul style="list-style-type: none"> <li>Three-minute walk from Tokyo Metro Shibuya Station</li> <li>Location featuring high visibility by facing the Dogenzaka slope</li> </ul>	<ul style="list-style-type: none"> <li>Relatively newly-built (5 years)</li> <li>Standard floor area: approx. 160 tsubos</li> <li>Ceiling height: 2,700mm</li> <li>Environmental performance assessment: Property granted rank A certification in CASBEE</li> </ul>	<ul style="list-style-type: none"> <li>A relatively newly-built, high-grade office building which commands scarcity value in the Shibuya area</li> </ul>
 <b>Shibuya Sakuragaoka Square (land with leasehold interest) (quasi co-ownership interest: 40%)</b>	<ul style="list-style-type: none"> <li>Four-minute walk from JR Shibuya Station</li> <li>Area with a lot of office buildings</li> </ul>	<ul style="list-style-type: none"> <li>Relatively newly-built (5 years) (Note1)</li> <li>Standard floor area: approx. 190 tsubos</li> <li>Ceiling height: 2,800mm</li> <li>Individually-controlled air-conditioning system (up to 10 sections)</li> </ul>	<ul style="list-style-type: none"> <li>Land with leasehold interest based on land lease agreement that is stable over the long term</li> </ul>
 <b>Yokohama Creation Square (Sectional ownership)</b>	<ul style="list-style-type: none"> <li>Seven-minute walk from JR Yokohama Station</li> <li>Accessible from the station through the sky deck</li> <li>Portside district of the east exit of Yokohama Station</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: approx. 230 tsubos</li> <li>Column-free spaces which can be divided into 8 sections per floor</li> <li>Well-lit atrium</li> </ul>	<ul style="list-style-type: none"> <li>Located in the area around Yokohama Station where the vacancy rate<sup>(Note2)</sup> stood at 5.1%, a level lower than the vacancy rate of entire Yokohama (6.4%)</li> </ul>
 <b>Cube Kawasaki</b>	<ul style="list-style-type: none"> <li>Three-minute walk from JR Kawasaki Station</li> <li>Accessible to the station through an underground shopping area</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: approx. 780 tsubos</li> <li>Floor load: 500kg/m<sup>2</sup></li> <li>Electric capacitance: 60VA/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>A large-scale office building boasting high scarcity value with a standard floor area of approx. 780 tsubos</li> </ul>
 <b>Nagoya Lucent Tower (Silent partnership interest) (Note3)</b>	<ul style="list-style-type: none"> <li>Five-minute walk from JR Nagoya Station</li> <li>Accessible through an underground passage directly connected to the station</li> </ul>	<ul style="list-style-type: none"> <li>Relatively newly-built (8 years)</li> <li>Standard floor area: more than 600 tsubos</li> <li>Ceiling height: 2,750mm</li> </ul>	<ul style="list-style-type: none"> <li>A relatively newly built, high-grade large building that commands scarcity value in the Nagoya area</li> </ul>
 <b>Sumitomo Fudosan Ueno Bldg. No.6</b>	<ul style="list-style-type: none"> <li>Seven-minute walk from JR Ueno Station</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: approx. 205 tsubos</li> <li>Undergone large-scale renovations in 1999 and 2014</li> </ul>	<ul style="list-style-type: none"> <li>Stable occupancy condition due to being entirely leased by a major manufacturer company group</li> </ul>

### Notes:

- The building on the land with leasehold interest is indicated for the building, but MCUBS MidCity acquired just the land with leasehold interest.
- Area vacancy rates are figures as of the end of March 2015 surveyed by CBRE K.K.
- The asset backing the trust beneficiary interests is indicated.

# Pursue External Growth by Taking Advantage of Various Property Information Networks

Property acquisition route		Property acquisition method <sup>(Note1)</sup>		
		Ownership / development (Seller: sponsor)	Real estate transaction market (Seller: Third party/sponsor)	Negotiated transaction / CRE proposal (Seller: Third party)
Main Sponsor Group	 Mitsubishi Corp UBS Realty		 Sumitomo Fudosan Ueno Bldg. No.6  Cube Kawasaki	 Nagoya Lucent Tower (Silent partnership interest)
	 Mitsubishi Corporation		 Shibuya Sakuragaoka Square (land with leasehold interest)  G-Square Shibuya Dogenzaka <sup>(Note2)</sup>  Yokohama Creation Square	<b>Utilize relationships with business companies</b> ■ Aim for property acquisitions based on negotiated transactions through CRE proposals
	 UBS	<b>Further utilization of sponsor network</b> ■ Also aim for property acquisitions through utilizing networks of MID Urban Development group and UBS group		
Sub Sponsor	 MID 都市開発 MID Urban Development	<div> <b>(Reference)</b>  <b>Potential of office buildings owned by business companies</b> </div> 		

\* For notes, please refer to the pages 49-53.

Source:  
Ministry of Land, Infrastructure, Transport and Tourism: Asset amount by present usage of buildings owned by companies<sup>(Note3)</sup> (2008)



# Enhance Portfolio Stability through Diversification

	As of end of Dec. 2014	Newly acquired assets	After public offering
<b>Total acquisition price</b> <sup>(Note1)</sup>	157.6 billion yen	<b>56.7</b> billion yen	<b>214.3</b> billion yen
<b>No. of properties</b> <sup>(Note1)</sup>	12 properties	<b>6</b> properties	<b>18</b> properties
<b>Increase in area diversification</b> <sup>(Note1)</sup> through increasing share of Tokyo metropolitan area (acquisition price basis)	<p>Share of Others 1.4%</p> <p>Share of Tokyo metropolitan area <b>16.6%</b></p> <p>Share of Osaka metropolitan area 82.0%</p>	<p>Share of Nagoya metropolitan area 8.7%</p> <p>Share of Tokyo metropolitan area <b>91.3%</b></p>	<p>Share of Nagoya metropolitan area 2.3%</p> <p>Share of Tokyo metropolitan area <b>36.3%</b> (↑19.7%)</p> <p>Share of Osaka metropolitan area 60.3%</p> <p>Share of Others 1.1%</p>
<b>Decrease in share of OBP</b> <sup>(Note2)(Note3)</sup> and share of the largest tenant <sup>(Note2)(Note4)</sup> (rent basis)	<p>Share of largest tenant <b>21.2%</b></p> <p>Share of OBP <b>62.4%</b></p>	<p>Share of largest tenant — %</p> <p>Share of OBP — %</p>	<p>Share of largest tenant <b>14.8%</b> (↓6.4%)</p> <p>Share of OBP <b>46.6%</b> (↓15.8%)</p>

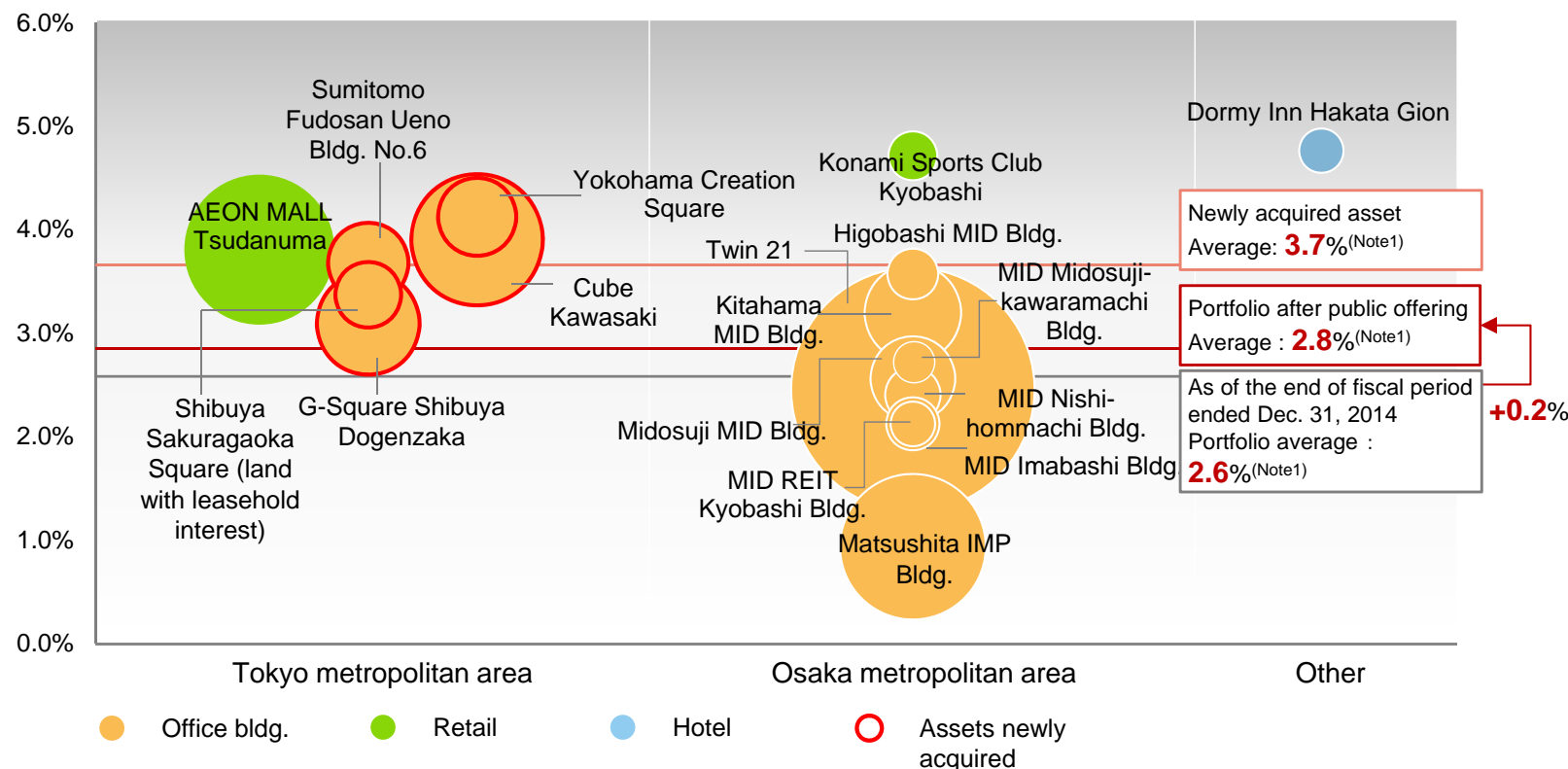
\* For notes, please refer to the pages 49-53.

# Improving Portfolio Profitability

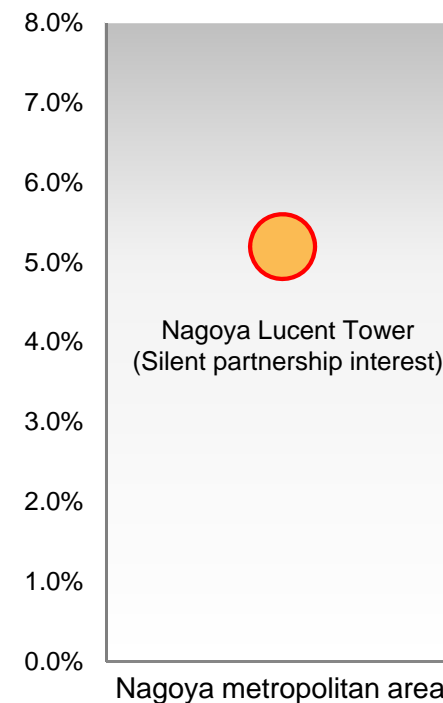
	As of end of Dec. 2014	Assets newly acquired	After public offering
Average NOI yield <sup>(Note1)</sup>	4.0%	4.1%	4.0%
Average NOI yield after depreciation <sup>(Note1)</sup>	2.6%	3.7%	2.8%

## NOI Yield after Depreciation of Respective Property by Targeted Investment Regions<sup>(Note2)</sup>

NOI yield after depreciation




## Dividend Yield of the Silent Partnership Interests<sup>(Note3)</sup>

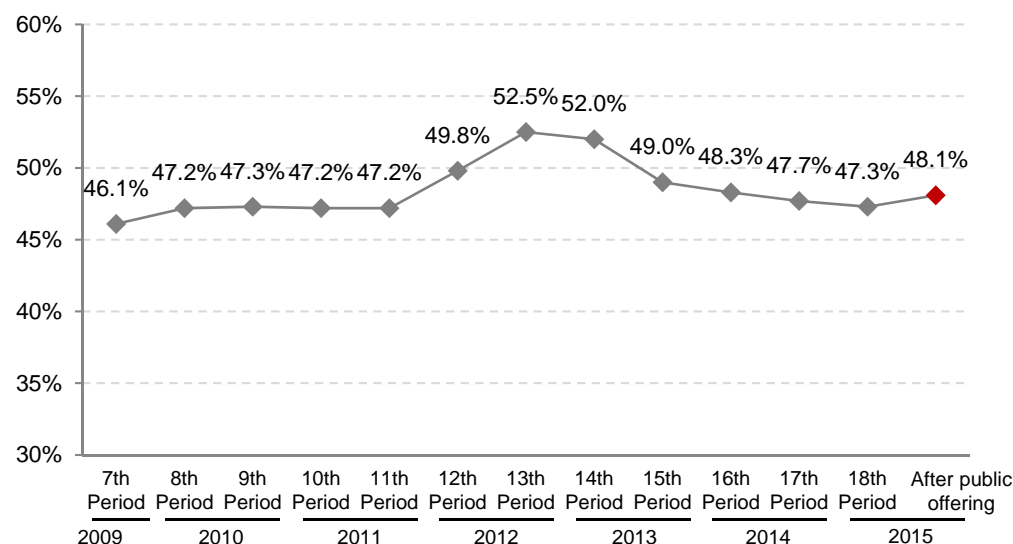


# Changes in Major Finance-Related Ratios due to the Public Offering and the Borrowings

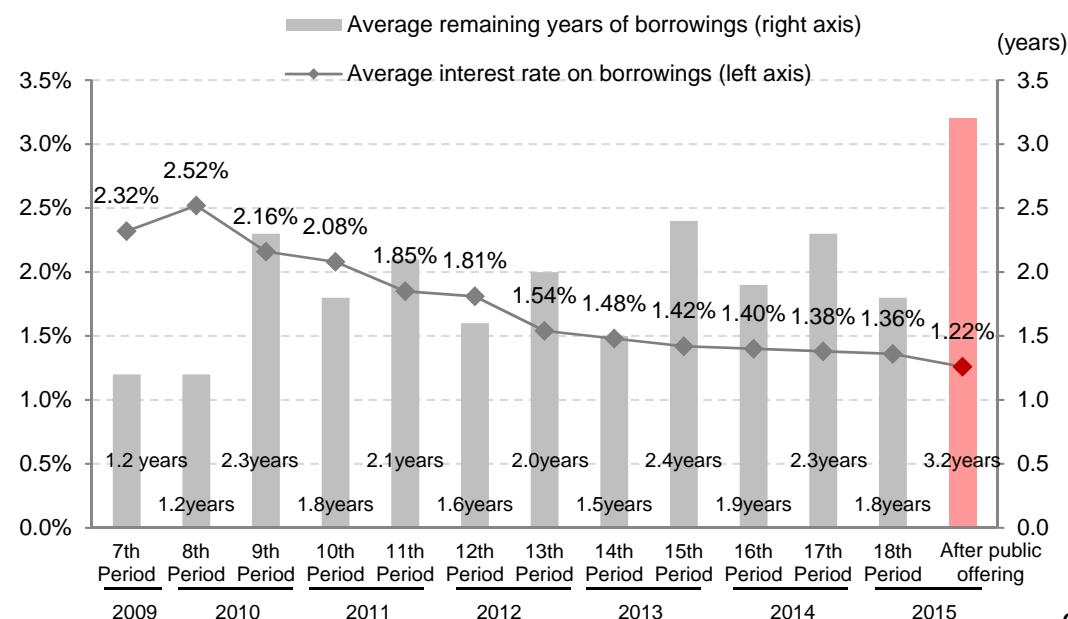
## Changes in Major Finance-Related Ratios due to the Public Offering and the Borrowings (as of August 17, 2015)

	As of end of June 2015	Borrowings	After public offering
LTV (appraisal value basis) <sup>(Note1)</sup>	47.3%		<b>48.1%</b>
Ratio of long-term loans <sup>(Note2)</sup>	96.3%	<b>95.7%</b>	<b>95.4%</b>
Fixed interest rate ratio <sup>(Note3)</sup>	60.3%	<b>47.8%</b>	<b>57.4%</b>
Average remaining years of borrowings <sup>(Note4)</sup>	1.8 years	<b>4.5 years</b>	<b>3.2 years</b> <sup>(Note7)</sup>
Average interest rate on borrowings <sup>(Note5)</sup>	1.36%	<b>1.02%</b>	<b>1.22%</b>
Issuer rating <sup>(Note6)</sup>	Rating and Investment Information, Inc. (R&I): Issuer rating of A—(stable) (announced on Apr. 13, 2015)		Aim for <b>further improvement</b>

## Changes in LTV (appraisal value basis)



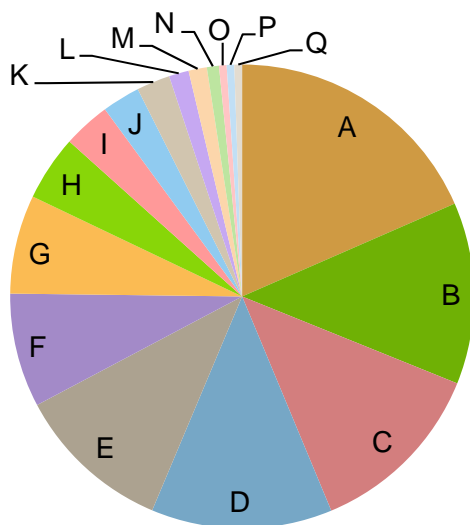
## Change in Average Remaining Years of Borrowings and Average Interest Rate on Borrowings



\* For notes, please refer to the pages 49-53.

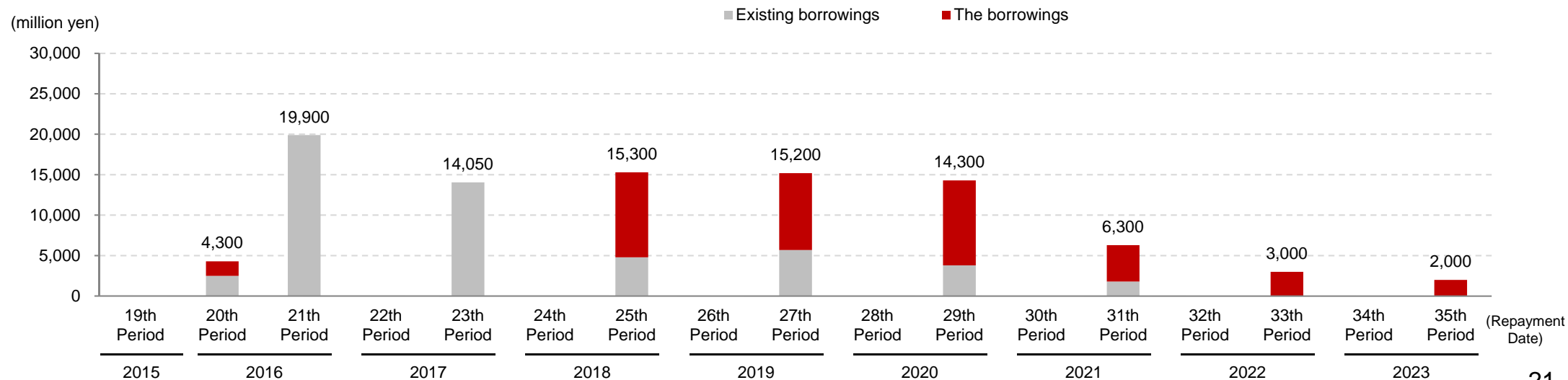
# Lender Formation and Debt Maturities

## Diversification of Lenders (balance of borrowings as of Aug. 17, 2015)



	Lender	Balance (million yen)	Share
A	Mizuho Bank, Ltd.	17,400	18.4%
B	Development Bank of Japan, Inc.	11,950	12.7%
C	Sumitomo Mitsui Trust Bank, Limited	11,900	12.6%
D	Sumitomo Mitsui Banking Corporation	11,900	12.6%
E	Aozora Bank, Ltd.	10,300	10.9%
F	Resona Bank, Limited	7,500	7.9%
G	Mitsubishi UFJ Trust and Banking Corporation	6,500	6.9%
H	Shinkin Central Bank	4,300	4.6%
I	The Senshu Ikeda Bank, Ltd.	3,100	3.3%
J	The Bank of Tokyo-Mitsubishi UFJ, Ltd. <span>New</span>	2,500	2.6%
K	The Nishi-Nippon City Bank, Ltd.	2,200	2.3%
L	Mizuho Trust & Banking Co., Ltd. <span>New</span>	1,300	1.4%
M	The Hyakugo Bank, Ltd.	1,200	1.3%
N	The Minato Bank, Limited	800	0.8%
O	The Nanto Bank, Ltd.	500	0.5%
P	The Hiroshima Bank, Ltd.	500	0.5%
Q	Sony Bank Incorporated	500	0.5%
	Total	94,350	100.0%

## Diversification of Repayment Dates (balance of borrowings as of Aug. 17, 2015)



# Business Result Forecasts for the 19th Fiscal Period and 20th Fiscal Period

- ✓ 19th period's distribution per unit is forecasted to be 6,750 yen (+306 yen from previous period): income to increase due to new property acquisitions
- ✓ 20th period's distribution per unit is forecasted to be 6,550 yen (-200 yen from previous period): although income to increase through full-period contribution of acquired properties, increase in revenue and decrease in income are forecasted due to expensing of fixed asset/city planning tax, etc.

(unit: million yen)

	Fiscal Period ended June 30, 2015 (18th Period)	Fiscal Period ending Dec. 31, 2015 (19th Period) Forecast	Fiscal Period ending June 30, 2016 (20th Period) Forecast	Difference 19th Period – 18th Period	Difference 20th Period – 19th Period
Operating revenue	5,265	6,612	6,766	1,346	154
Operating expenses	3,582	4,238	4,429	656	190
Operating income	1,683	2,373	2,337	689	-36
Ordinary income	1,239	1,797	1,744	558	-53
Income before income taxes	1,239	1,797	1,744	558	-53
Net income	1,237	1,795	1,742	558	-53
Total distributions	1,237	1,795	1,742	558	-53
Distribution per unit (yen)	6,444	6,750	6,550	306	-200
Gain/loss on real estate lease business	2,143	2,808	2,905	665	97
NOI	3,294	4,074	4,185	780	110
Occupancy rate at end of period	98.5%	97.2%	97.6%	-1.3pt	0.4pt

## ■ Factors of Change between 19th and 18th Periods

<b>Operating revenue</b>	<b>1,346</b>
Newly acquired properties (6 properties)	1,347
Existing properties	-1
<b>Operating expenses</b>	<b>659</b>
Expenses related to rent business (excluding Depreciation and loss on retirement)	407
Repair expenses	-38
Utilities expenses (increase due to seasonal factors and increased properties)	281
Property Management Fees, etc.	164
Depreciation and loss on retirement	115
Asset Management Fee, etc.	134

## ■ Factors of Change between 20th and 19th Periods

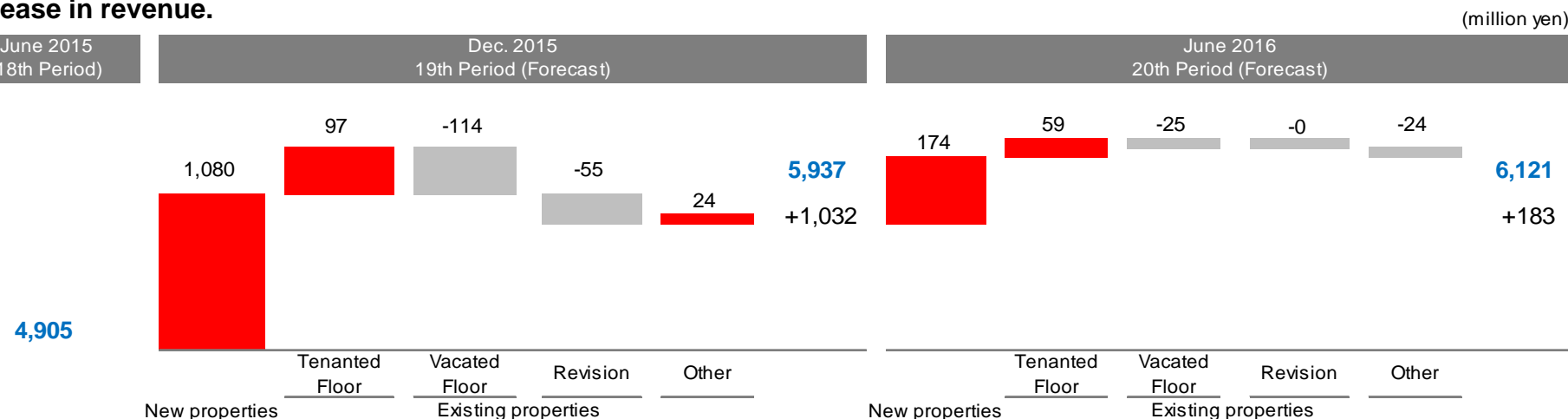
<b>Operating revenue</b>	<b>154</b>
Newly acquired properties (full-period contribution of 4 properties)	169
Existing properties	-15
<b>Operating expenses</b>	<b>190</b>
Expenses related to rent business (excluding Depreciation and loss on retirement)	73
Repair expenses	44
Utilities expenses (decrease due to seasonal factors)	-73
Other expenses increased (expensing of fixed asset/city planning tax, etc.)	103
Depreciation and loss on retirement	13
Asset Management Fee, etc.	103



# Factors of Change from Previous Period for Business Result Forecasts

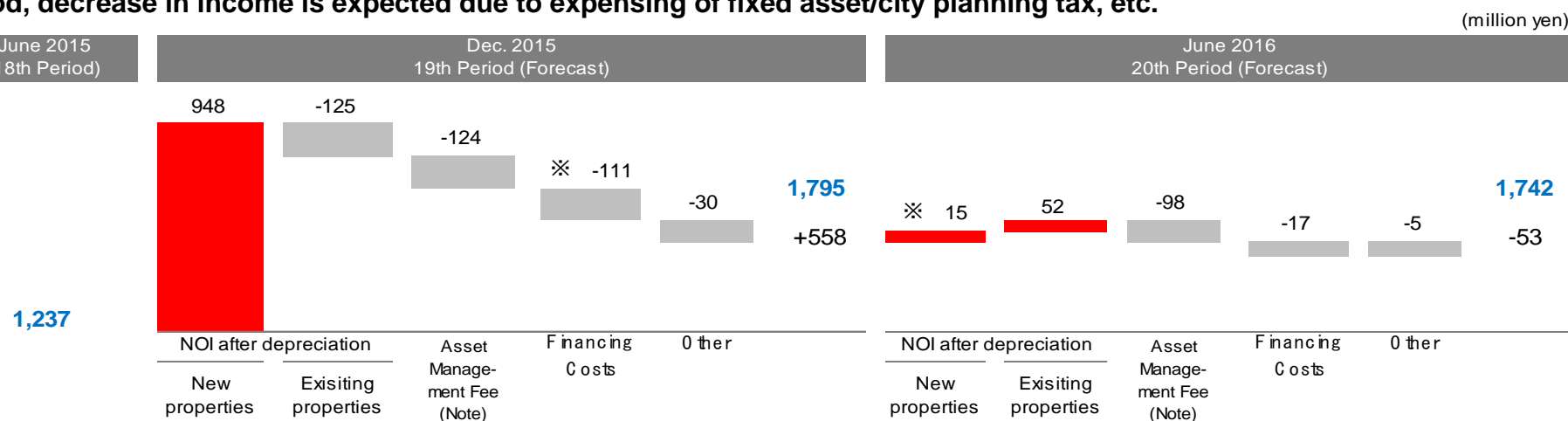
## Change in Rent Revenue-Real Estate

- ✓ Increase in revenue due to full-period contribution of acquired properties is expected. Existing properties are expected to turn to increase in revenue.



## Change in Net Income

- ✓ Increase in income due to increase in gain on real estate lease business is expected. Although revenue is expected to increase in 20th period, decrease in income is expected due to expensing of fixed asset/city planning tax, etc.








\*Including +19, a reduction due to refinancing

\*including -65, expence of fixed asset/city planning tax, etc.


(Note) In 19th and 20th periods, the applicable rate for the portion of the asset management fee that is linked to total assets is set at 0.20%. The amount of increase in the asset management fee due to change in the rate will be approximately 84 million yen.

# List of Assets Newly Acquired

## Assets acquired in the Fiscal Period ended Dec. 31, 2015

Property name <sup>(Note1)</sup>	Location	Access	Seller	Acquisition Price (million yen)	Appraisal Value <sup>(Note2)</sup> (million yen)	NOI yield (Note3)	NOI yield after depreciation (Note4)	Number of Tenants (Note5)	Total Leasable Space (m <sup>2</sup> ) <sup>(Note6)</sup>	Occupancy Rate <sup>(Note7)</sup>
 <b>G-Square Shibuya Dogenzaka</b> Tokyo Metropolitan Area MCUBSR	Shibuya-ku, Tokyo	3-minute walk from Tokyo Metro Shibuya Station	SPC (GK Dogenzaka 211)	12,220	13,300	3.5%	3.1%	7	5,013	80.1%
 <b>Shibuya Sakuragaoka Square (land with leasehold interest)(quasi co-ownership interest: 40%)</b> Tokyo Metropolitan Area MC	Shibuya-ku, Tokyo	4-minute walk from JR Shibuya Station	SPC (GK Sakuragaoka 31)	5,000	5,240	3.4%	3.4%	1	1,200	100.0%
 <b>Yokohama Creation Square (Sectional ownership)</b> Tokyo Metropolitan Area MC	Kanagawa-ku, Yokohama	7-minute walk from JR Yokohama Station	SPC (GK TCTS06)	7,080	7,280	5.1%	4.1%	38	12,797	90.7%
 <b>Cube Kawasaki</b> Tokyo Metropolitan Area MCUBSR	Kawasaki-ku, Kawasaki	3-minute walk from JR Kawasaki Station	SPC (YK Cube Kawasaki Investment)	20,050	20,400	4.2%	3.9%	8	24,462	100.0%
Subtotal / Average				44,350	46,220	4.0%	3.7%	54	43,473	95.0%
 <b>Nagoya Lucent Tower (Silent partnership interest)</b> Nagoya Metropolitan Area MCUBSR Negotiated transaction	—	5-minute walk from JR Nagoya Station	Hulic Co., Ltd.	4,919	—	—	—	—	—	—
Total				49,269	—	—	—	—	—	—

## Assets acquired in the Fiscal Period ended June 30, 2015

Property name <sup>(Note1)</sup>	Location	Access	Seller	Acquisition Price (million yen)	Appraisal Value <sup>(Note2)</sup> (million yen)	NOI yield (Note3)	NOI yield after depreciation (Note4)	Number of Tenants (Note5)	Total Leasable Space (m <sup>2</sup> ) <sup>(Note6)</sup>	Occupancy Rate <sup>(Note7)</sup>
 <b>Sumitomo Fudosan Ueno Bldg. No.6</b> Tokyo Metropolitan Area MCUBSR	Taito-ku, Tokyo	7-minute walk from JR Ueno Station	Domestic company <sup>(Note8)</sup>	7,460	7,540	4.6%	3.7%	2	6,858	100.0%

\* For notes, please refer to the pages 49-53.

# G-Square Shibuya Dogenzaka

- ✓ Located in the Shibuya – Ebisu area, one of the areas where the vacancy rate is lowest in Tokyo
- ✓ A relatively newly-built, high-grade office building which commands scarcity value in the Shibuya area
- ✓ A two-minute walk from Shibuya Mark City and a three-minute walk from Shibuya Station on the Tokyo Metro lines

MCUBSR	Acquisition price	Occupancy rate	NOI Yield	NOI yield after depreciation
Tokyo Metropolitan Area	¥12,220 million	80.1%(Note1)	3.5%	3.1%



## Market appeal

- Located in Shibuya, one of the areas where the vacancy rate is lowest in Tokyo  
\*Vacancy rate of the Shibuya – Ebisu area is 2.5% as of the end of March 2015
- An area having concentration of IT companies with high growth potential

## Locational Appeal

- A highly convenient location in close proximity to Shibuya Station
  - A three-minute walk from Shibuya Station on the Tokyo Metro lines
  - 9 lines available
- A two-minute walk from Shibuya Mark City
- Location featuring high visibility by facing the Dogenzaka slope

## Facility Appeal

- Relatively newly-built, high-grade office building
  - 5 years since built, standard floor area is approx. 160 tsubos
  - Ceiling height is 2,700mm, equipped with the air-conditioning system that can be separately controlled for up to 15 sections
  - Floor load: 300kg/m<sup>2</sup> (500kg/m<sup>2</sup> in the heavy-duty zone)
  - Three elevators (up to 13 people in each unit) for office use
- Employing glass curtain walls for its appearance
- Granted rank A certification in CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

Location	2-11-1 Dogenzaka, Shibuya-ku, Tokyo
Access	Three-minute walk from Tokyo Metro Shibuya Station (Tokyu Toyoko and Denen-Toshi Lines, Keio Inokashira Line, JR Yamanote, Saikyo and Shonan Shinjuku Lines, and Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines provide services at Shibuya Station)
Total land space	918.49m <sup>2</sup>
Total floor space	6,565.87m <sup>2</sup>
Structure/scale	S・SRC/B2F-9F
Construction completed	October, 2009
No. of tenants	7
Acquisition date	August 3, 2015



\* For notes, please refer to the pages 49-53.



# Shibuya Sakuragaoka Square (land with leasehold interest) (quasi co-ownership interest: 40%)

- ✓ Located in the Shibuya – Ebisu area, one of the areas where the vacancy rate is lowest in Tokyo
- ✓ A land with leasehold interest of over 350 tsubos facing the national highway Route 246
- ✓ A Land with leasehold interest based on land lease agreement that is stable over a long term on which a relatively newly built, high-grade building stands

Mitsubishi  
Corporation  
Tokyo  
Metropolitan  
Area

Acquisition price	Occupancy rate	NOI Yield	NOI yield after depreciation
¥5,000 million	100.0%	3.4%	3.4%

## Market appeal

- Located in Shibuya, one of the areas where the vacancy rate is lowest in Tokyo  
\*Vacancy rate in Shibuya – Ebisu area is 2.5% as of the end of March 2015.
- Center of an area having concentration of IT companies with high growth potential

## Locational Appeal

- Highly convenient location
  - Four-minute walk from JR Shibuya Station
  - 9 lines available
- Favorable environment that is more appropriate for offices in Shibuya
  - In the Shibuya area that generally has a mix of stores and offices, the Property is located in an area generating a stronger atmosphere of business district with lots of office buildings



\* For notes, please refer to the pages 49-53.

## Overview of Land Lease Agreement and Arrangement between Quasi Co-owners

- Land with leasehold interest based on land lease agreement that is stable over a long term
- Number of other quasi co-owner is one, and the other quasi co-owner owns the building
- Have preferential negotiation rights for the interests of other quasi co-owner (60%) and the building

Type of leasehold interest	Fixed-term leasehold for business purposes
Term of leasehold (period unable to cancel before maturity)	50 years (50 years)
Rent revision	No revision

## (Reference) Building on the land with leasehold

- Concluded a fixed-term building lease agreement over long-term (10 years) with the main tenant
- 5 years since built and standard floor area is approx. 190 tsubos
- Ceiling height is 2,800mm (10F:2,900mm)
- Individual air-conditioning (10 sections)
- Floor load: 500kg/m<sup>2</sup> (1,000kg/m<sup>2</sup> in the heavy-duty zone)
- Structure/scale: SRC B1F/10F
- Construction Completed: March 2010

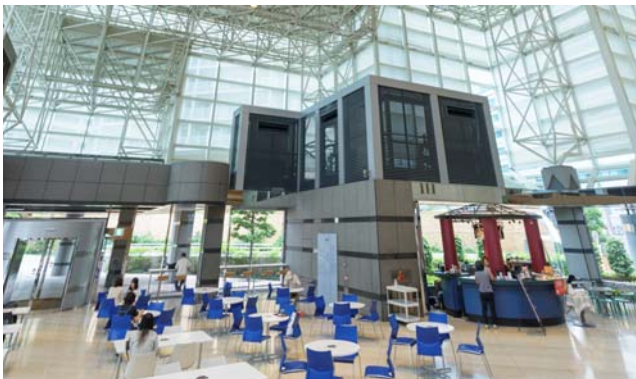
Location	109-7 and other, Sakuragaoka-cho, Shibuya-ku, Tokyo
Access	Four-minute walk from JR Shibuya Station (Tokyu Toyoko and Denen-Toshi Lines, Keio Inokashira Line, JR Yamanote, Saikyo and Shonan Shinjuku Lines, and Tokyo Metro Ginza, Hanzomon and Fukutoshin Lines provide services at Shibuya Station)
Total land space	1,200.08m <sup>2</sup> (Note1)
No. of tenants	1 (Note2)
Acquisition date	August 3, 2015

# Yokohama Creation Square (sectional ownership)

- ✓ Located in the area around east exit of Yokohama Station where the vacancy rate remaining at a level lower than that of entire Yokohama
- ✓ A large office building allowing a variety of floor layouts ranging from approx. 20 tsubos to approx. 230 tsubos

Mitsubishi  
Corporation  
Tokyo  
Metropolitan  
Area

Acquisition price	Occupancy rate	NOI Yield	NOI yield after depreciation
¥7,080 million	91.2%	5.1%	4.1%



## Market Appeal

- In the area around Yokohama Station, the vacancy rate stood at 5.1% as of the end of March 2015, remaining at a level lower than the vacancy rate of entire Yokohama (6.4%).
- Portside district of the east exit of the station where there is a concentration of large office buildings

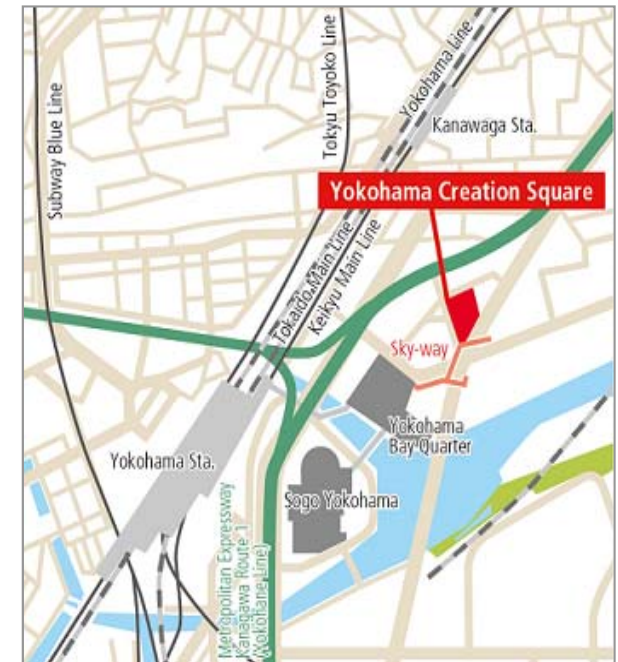
## Locational Appeal

- Located in the area around Yokohama Station
  - Seven-minute walk from JR Yokohama Station
  - Accessible from the station through the sky deck (Bay Quarter Walk)

## Facility Appeal

- Allowing a variety of floor layouts
  - Standard floor area: approx. 230 tsubos
  - Column-free spaces which can be divided into 8 sections per floor
- View overlooking the sea
- Well-lit atrium
  - A cafeteria is set up in the atrium of entrance hall.

Location	5-1 Sakae-cho, Kanagawa-ku, Yokohama-shi, Kanagawa
Access	Seven-minute walk from JR Yokohama Station
Total land space	5,244.81m <sup>2</sup> (ratio of right of site: 75.4%)
Total floor space	21,054.60m <sup>2</sup> (ratio of exclusive area: 96.5%)
Structure/scale	SRC/S B1F/20F
Construction Completed	March 1994
No. of tenants	38
Acquisition date	August 3, 2015





# Cube Kawasaki

- ✓ Located closely to JR Kawasaki Station that offers high traffic convenience
- ✓ A building that commands scarcity value boasting a standard floor area of approx. 780 tsubos that allows it to address demand for large office spaces

MCUBSR
Tokyo Metropolitan Area

Acquisition price	Occupancy rate	NOI Yield	NOI yield after depreciation
¥ <b>20,050</b> million	<b>100.0%</b>	<b>4.2%</b>	<b>3.9%</b>



## Market Appeal

- Vacancies in the Kawasaki area are being increasingly filled
  - The vacancy rate in the Kawasaki area remained lower than that in the 23 wards of Tokyo
- Area concentrated with high-tech companies and research institutions

## Locational Appeal

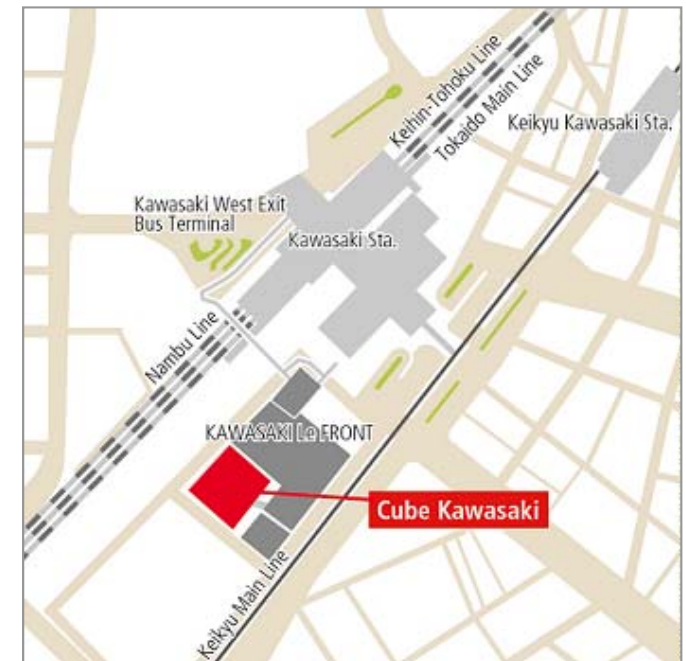
- Located closely to Kawasaki Station that offers high traffic convenience as it neighbors Tokyo and Yokohama
  - Three-minute walk from Kawasaki Station where three JR lines are available
  - Accessible through the underground shopping area without getting wet with rain

Location	1-14 Nisshin-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Access	Three-minute walk from JR Kawasaki Station
Total land space	6,247.94m <sup>2</sup>
Total floor space	41,290.91m <sup>2</sup>
Structure/scale	SRC/B2F-10F
Construction Completed	May 1982
No. of tenants	8
Acquisition date	August 7, 2015



## Facility Appeal

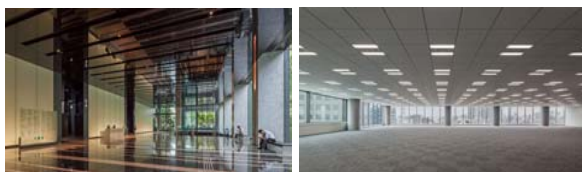
- A standard floor area of approx. 780 tsubos that allows it to address demand for large office spaces
- Rental space is quadrate that is highly versatile
- Undergone renovation of the common areas
- Wide space entrance hall (ceiling height: 7m) that provides texture and is highly lit
- Floor load 500kg/m<sup>2</sup>, electric capacitance 60VA/m<sup>2</sup>



# Nagoya Lucent Tower (Silent Partnership Interest)

- ✓ Nagoya Station, the largest terminal station in the Chubu area, is accessible through a directly connected underground passage
- ✓ A relatively newly built, high-grade large building that commands scarcity value in the Nagoya area

MCUBSR		Acquisition price	Dividend yield
Nagoya Metropolitan Area	Negotiated transaction	¥4,919 million	5.2%



## Market Appeal

- Located in the area around Nagoya station where the vacancy rate is the lowest in the city
  - The vacancy rate of the area was 2.2% as of the end of March 2015
  - With multiple large-scale redevelopment projects under way in the area, a further concentration of large-scale companies is anticipated.

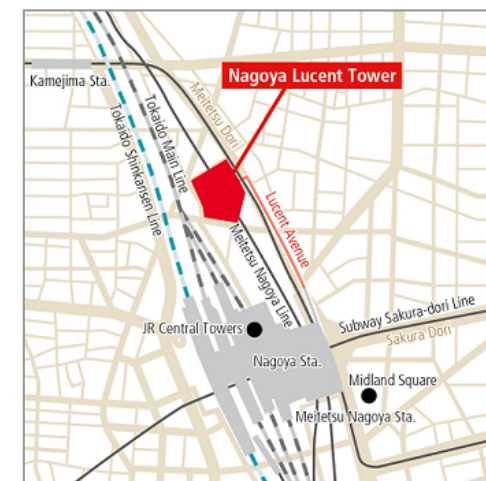
## Locational Appeal

- A favorable location in close proximity to Nagoya Station, the largest terminal station in the Chubu area
  - Located five-minute walk from Nagoya Station on the JR lines, which offers high traffic convenience
  - Accessible without getting wet with rain through an underground passage (Lucent Avenue) directly connecting to Nagoya Station

Location	6-1 Ushijima-cho, Nishi-ku, Nagoya-shi, Aichi
Access	Five-minute walk from JR Nagoya Station
Total land space	14,100.54m <sup>2</sup>
Total floor space	137,115.68m <sup>2</sup>
Structure/scale	S · SRC/B3F-42F
Construction Completed	November 2006
Acquisition date	August 3, 2015

## Facility Appeal

- Relatively newly built, high-grade large building that commands scarcity value in the Nagoya area.
  - With a total floor area of over 40,000 tsubos and a standard floor area of over 600 tsubos, the Underlying Asset has a size that is among the highest in the areas
  - Relatively newly built building completed in November 2006
  - Individual air-conditioning (6 sections/floor) and floor load is 500kg/m<sup>2</sup>
  - Ceiling height: 2,750mm
  - Provides good visibility with its height (42 floors) and the arch-shaped, characteristic appearance



(Note)

MCUBS MidCity acquired the silent partnership interests with R40 GK as the operator (Silent Partnership Interest B: equity interest: 40%) backed by real estate in trust for the trust beneficiary interests with 33.9% co-ownership interest (and 29.5% right of site) of the sectional ownership of Nagoya Lucent Tower (sections of the Nagoya Lucent Tower buildings excluding the special high voltage substation building and part of the extra high voltage substation building) as assets in trust, and is not to acquire the property itself, which is shown in the image above. The operator has given the leasing authority of its co-ownership interest of the buildings with sectional ownership to Taisei Corporation and, as its consideration, receives payment of tenant rents in proportion to the co-ownership interest owned by the trustee.



# Portfolio Overview (after Acquisition of the Assets newly acquired)

Area	Property No.	Property Name	Location	Completion Date	Acquisition Date	Acquisition Price (million yen)	Appraisal Value (Note1) (million yen)	NOI yield (Note2) (%)	NOI yield after depreciation (Note3) (%)	Leasable Space (Note4) (m <sup>2</sup> )	Occupancy Rate (Note5)(Note6) (%)	
Office Bldg.												
Three major metropolitan areas	Tokyo metropolitan area	OT-1	Sumitomo Fudosan Ueno Bldg. No.6	Taito-ku, Tokyo	Nov. 1993	May 2015	7,460	7,540	5.6%	4.6%	6,858.16	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	13,300	3.5%	3.1%	5,013.55	80.1%
		OT-3	Shibuya Sakuragaoka Square (land with leasehold interest)	Shibuya-ku, Tokyo	—	Aug. 2015	5,000	5,240	3.4%	3.4%	1,200.08	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	7,280	5.1%	4.1%	12,797.73	90.7%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	20,400	4.2%	3.9%	24,462.29	100.0%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	46,000	4.0%	2.5%	82,313.72	97.6%
		OO-2	Matsushita IMP Bldg.	Chuo-ku, Osaka	Feb. 1990, added on to in Nov. 2003	Aug. 2006	24,600	17,700	3.9%	1.7%	37,401.36	97.5%
		OO-3	Midosuji MID Bldg.	Chuo-ku, Osaka	Oct. 1980, added on to in Dec. 2009	Aug. 2006 Oct. 2007	8,290	6,980	4.1%	2.6%	10,461.32	98.8%
		OO-4	MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	Feb. 2000	Aug. 2006	2,300	1,320	3.6%	2.3%	4,833.88	100.0%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2,140	2.9%	1.4%	4,277.65	94.4%
		OO-6	MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	Mar. 1998	May 2007	2,000	1,390	3.4%	2.0%	3,110.49	87.4%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	8,370	4.1%	3.3%	10,189.49	98.8%
		OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2,110	3.3%	2.3%	3,877.38	91.3%
OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	June 2013	3,000	3,290	5.4%	3.9%	4,655.57	100.0%		
Subtotal (Office Bldg.)						178,320	143,030	—	—	211,452.67	—	
Other than Office Bldg.												
Three major metropolitan areas	Tokyo metropolitan area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003, added on to in Dec. 2007	Aug. 2006	26,100	26,300	4.4%	3.5%	101,210.44	100.0%
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	Aug. 2006	2,780	3,140	6.2%	4.9%	9,586.26	100.0%
Other	Other major cities	HF-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	2,880	6.6%	4.9%	5,554.91	100.0%
Subtotal (Other than Office Bldg.)						31,160	32,320	—	—	116,351.61	—	
Total						209,480	175,400	—	—	327,804.28	—	
Silent Partnership Interest for Office Bldg.												
Three major metropolitan areas	Nagoya metropolitan Area	TK-1	Nagoya Lucent Tower (Silent partnership interest)	Nishi-ku, Nagoya	—	Aug. 2015	4,919	—	—	—	—	
Total							214,399	—	—	—	—	

\* For notes, please refer to the pages 49-53.

### **3. Business Results for the 18th Fiscal Period**

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# Financial Statements (Balance Sheet)

(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period Ended Dec. 31, 2014 (17th Period) (as of Dec. 31, 2014)		Fiscal Period Ended June 30, 2015 (18th Period) (as of June 30, 2015)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(Assets)						
I Total current assets	15,281	9.1	13,584	7.8	-1,696	-11.1
Cash and deposits	9,270		7,032		-2,237	
Cash and deposits in trust	5,862		6,271		409	
Operating accounts receivable	123		125		1	
Accrued consumption taxes	-		132		132	
Prepaid expenses	25		23		-2	
Deferred tax assets	0		0		-0	
Other	-		0		0	
II Total non-current assets	153,542	90.9	160,517	92.2	6,975	4.5
1. Property, plant and equipment						
Buildings in trust	64,350		66,846			
Accumulated depreciation	-15,796		-16,915		1,376	
Structures in trust	109		110			
Accumulated depreciation	-20		-22		-1	
Machinery and equipment in trust	7		7			
Accumulated depreciation	-1		-1		-0	
Tools, furniture and fixtures in trust	516		538			
Accumulated depreciation	-302		-331		-6	
Land in trust	104,273		109,964		5,691	
Construction in progress in trust	3		4		1	
Total property, plant and equipment	153,140	90.7	160,201	92.0	7,061	4.6
2. Intangible assets						
Software	0		0		-0	
Trademark right	0		0		-0	
Total intangible assets	1	0.0	0	0.0	-0	-17.6
3. Investments and other assets						
Lease and guarantee deposits	10		10		-	
Long-term prepaid expenses	390		304		-85	
Total investments and other assets	400	0.2	314	0.2	-85	-21.3
III Deferred assets	-		14	0.0	14	-
Total assets	168,823	100.0	174,117	100.0	5,293	3.1

Description	Fiscal Period Ended Dec. 31, 2014 (17th Period) (as of Dec. 31, 2014)		Fiscal Period Ended June 30, 2015 (18th Period) (as of June 30, 2015)		Difference	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
(Liabilities)						
I Total current liabilities	17,904	10.6	20,030	11.5	2,125	11.9
Operating accounts payable	314		347		33	
Short-term loans payable	-		2,500		2,500	
Current portion of long-term loans payable	15,250		15,250		-	
Accounts payable - other	864		630		-234	
Accrued expenses	108		108		0	
Distribution payable	8		7		-1	
Income taxes payable	1		1		0	
Accrued consumption taxes	56		-		-56	
Advances received	711		719		7	
Other	588		465		-122	
II Total non-current liabilities	59,452	35.2	60,041	34.5	588	1.0
Long-term loans payable	50,050		49,925		-125	
Tenant leasehold and security deposits	7,340		7,356		16	
Tenant leasehold and security deposits in trust	2,062		2,759		697	
Total liabilities	77,357	45.8	80,071	46.0	2,714	3.5
(Net assets)						
I Unitholders' equity						
1. Unitholders' capital	90,372		92,808		2,435	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,094		1,237		143	
Total surplus	1,094		1,237		143	
Total unitholders' equity	91,466		94,045		2,579	
Total net assets	91,466	54.2	94,045	54.0	2,579	2.8
Total liabilities and net assets	168,823	100.0	174,117	100.0	5,293	3.1

CAPEX accrued during the period: 394 million yen

# Financial Statements (Income Statement)

(unit: amount of money (million yen), ratio (%))

Description	Fiscal Period ended Dec. 31, 2014 (17th Period) (July 1, 2014-Dec. 31, 2014)			Fiscal Period ended June 30, 2015 (18th Period) (Jan. 1, 2015-June 30, 2015)			Difference	
	(million yen)		(%)	(million yen)		(%)	(million yen)	(%)
1. Operating revenue	5,173		100.0	5,265		100.0	92	1.8
Rent revenue - real estate		4,790			4,905			
Other lease business revenue		383			360			
2. Operating expenses	3,634		70.3	3,582		68.0	-52	-1.4
Expenses related to rent business		3,123			3,122			
Asset management fee		395			318			
Asset custody fee		8			8			
Administrative service fees		41			41			
Directors' compensations		5			6			
Other operating expenses		59			85			
Operating income	1,538		29.7	1,683		32.0	144	9.4
3. Non-operating income	2		0.0	2		0.0	-0	-3.6
Interest income		1			1			
Refund of unpaid distributions		0			0			
4. Non-operating expenses	453		8.8	446		8.5	-6	-1.5
Interest expenses		363			354			
Borrowing related expenses		89			90			
Amortization of investment units issuance cost		-			1			
Other		0			0			
Ordinary income	1,087		21.0	1,239		23.5	151	13.9
5.Extraordinary income	76		1.5	-		-	-76	-
Gain on insurance adjustment		76			-			
6.Extraordinary losses	68		1.3	-		-	-68	-
Loss on reduction of non-current assets		68			-			
Income before income taxes	1,095		21.2	1,239		23.5	143	13.1
Income taxes	1		0.0	1		0.0	0	6.7
Income taxes - current		1			1			
Income taxes - deferred		0			-0			
Net income	1,093		21.1	1,237		23.5	143	13.1
Retained earnings brought forward	0			0			-0	-92.5
Unappropriated retained earnings (undisposed loss)	1,094			1,237			143	13.1

## Details of Rent revenue – real estate

Rent revenue	4,024
CAM revenue	730
Parking revenue	150

## Details of Expenses related to rent business

Property management fees	657
Utilities expenses	550
Real estate taxes	518
Insurance premiums	11
Repair expenses	189
Depreciation	1,150
Loss on retirement of non-current assets	0
Other lease business expenses	43

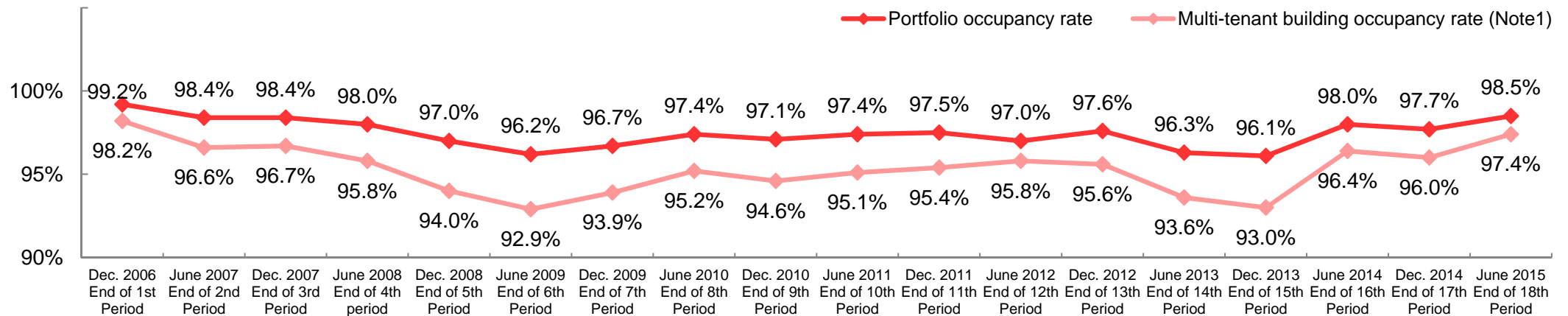
# Financial and Accounting Indices

Indices	Fiscal Period Ended Dec. 31, 2014 (17th Period) (July 1, 2014-Dec. 31, 2014)	Fiscal Period ended June 30, 2015 (18th Period) (Jan. 1, 2015-June 30, 2015)	Comments
Net operating days	184 days	181 days	—
NOI from property leasing	3,182 million yen	3,294 million yen	Property leasing income + Depreciation + Loss on retirement of noncurrent assets
NOI yield from property leasing (p.a.)	4.0%	4.1%	NOI from property leasing (annualized) ÷ Total acquisition price of portfolio properties (on an average daily balance basis)
Funds from operations (FFO)	2,227 million yen	2,388 million yen	Net income (excl. gain or loss on sales of real estate properties) + Depreciation + Loss on retirement of non-current assets
FFO per unit	12,129 yen	12,437 yen	FFO ÷ Total investment units issued and outstanding at end of period
Return on assets (ROA)	1.3%	1.5%	Ordinary income [annualized] ÷ {(Total assets at beginning of period + Total assets at end of period) ÷ 2}
Return on equity (ROE)	2.4%	2.7%	Net income [annualized] ÷ {(Net assets at beginning of period + Net assets at end of period) ÷ 2}
Net assets per unit	498,116 yen	489,757 yen	Net assets at end of period ÷ Total investment units issued and outstanding at end of period
NAV per unit	317,522 yen	321,783 yen	{Net assets at end of period + (Appraisal value at end of period – Book value at end of period)} ÷ Total investment units issued and outstanding at end of period
NAV multiple	0.95	1.16	Unit price at end of period ÷ NAV per unit
Loan to value (LTV)	38.7%	38.9%	Interest-bearing liabilities at end of period ÷ Total assets at end of period
Debt service coverage ratio (DSCR)	7.1	7.7	Net income before interest and depreciation (Net income + Interest expenses + Depreciation) ÷ Interest expenses
Price book-value ratio (PBR)	0.6	0.8	Unit price at end of period ÷ Net assets per unit
Price earnings ratio (PER)	25.6	28.8	Unit price at end of period ÷ Net income per unit [annualized]
FFO multiple	12.6	14.9	Unit price at end of period ÷ FFO per unit [annualized]

Note: Unit price at end of period is 374,500 yen, which is the closing price on June 30, 2015.

# Changes in Occupancy Rates

## Changes in Occupancy Rates (1st Period End to 18th Period End)



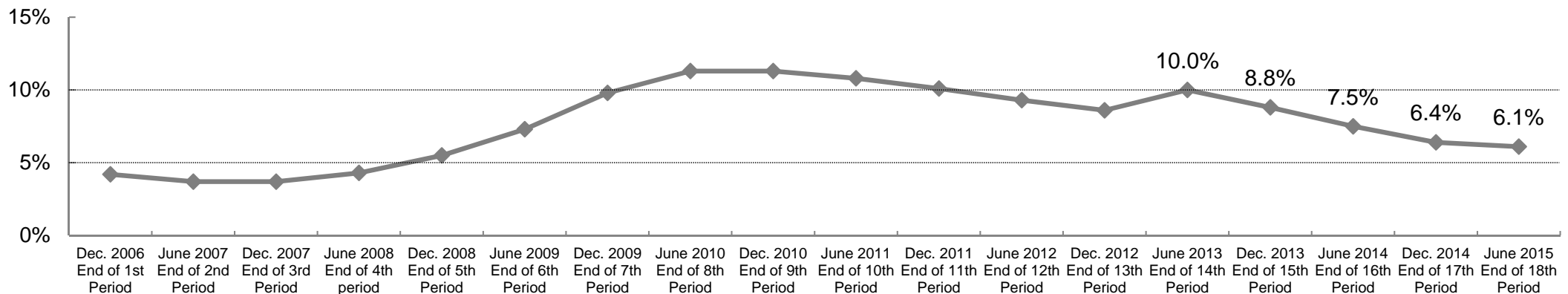
Notes:

1. Properties considered in the calculation at the end of 18th period are as follows.

Sumitomo Fudosan Ueno Bldg. No.6, Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., and Higobashi MID Bldg.

2. The following figure shows changes in the office building vacancy rate in Osaka City as of the end of each fiscal period.

## Changes in Office Building Vacancy Rate in Entire Osaka Area (1st Period End to 18th Period End)



Notes:

1. Survey targets are rental buildings designated by CBRE with more than 1,000 tsubo of total floor space in principle fulfilling new quake-resistance standards.

2. Actual figures before the fiscal period ended June 30, 2013 are not indicated as consensus from CBRE has not been obtained.

Source: CBRE

# Occupancy Conditions by Property

Type	Property Name	Leasable Space (Note1) (m <sup>2</sup> )	①Occupancy Rate as of Dec. 31, 2014 (17th period end) (Note2) (%)	②Occupancy Rate as of June 30, 2015 (18th period end) (Note2) (%)	Difference ② - ① (points)	Movements During 18th Period (Jan. 1, 2015 – June 30, 2015)			
						New Tenant Occupancy (m <sup>2</sup> )	Expansion of Leased Space by Existing Tenants (m <sup>2</sup> )	Cancellation (m <sup>2</sup> )	Decrease in Leased Space by Existing Tenants (m <sup>2</sup> )
Office Bldg.	Sumitomo Fudosan Ueno Bldg. No.6	6,858.16	—	100.0	—	—	—	—	—
	Twin 21	82,313.72	94.9	97.6	2.7	2,696.79	—	-514.92	-83.08
	Matsushita IMP Bldg.	37,401.36	96.6	97.5	0.9	1,042.32	86.72	-708.65	-81.14
	Midosuji MID Bldg.	10,461.32	98.8	98.8	—	—	—	—	—
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	—	—	—	—	—
	MID Imabashi Bldg.	4,277.65	100.0	94.4	-5.6	119.30	—	-357.21	—
	MID Midosujikawaramachi Bldg.	3,110.49	85.4	87.4	2.0	233.48	235.05	-394.13	—
	Kitahama MID Bldg.	10,189.49	98.8	98.8	—	—	—	—	—
	MID Nishihommachi Bldg.	3,877.38	96.7	91.3	-5.4	—	—	-210.34	—
	Higobashi MID Bldg.	4,655.57	100.0	100.0	—	232.89	—	-232.89	—
Other	AEON MALL Tsudanuma	101,210.44	100.0	100.0	—	—	—	—	—
	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	—	—	—	—	—
	Dormy Inn Hakata Gion	5,554.91	100.0	100.0	—	—	—	—	—
Occupancy Rate by Type (Note 3)	Office Bldg. Occupancy Rate	167,979.02	96.1	97.5	1.4	4,324.78	321.77	-2,418.14	-164.22
	Non-Office Bldg. Occupancy Rate	116,351.61	100.0	100.0	—	—	—	—	—
Total		284,330.63	97.7	98.5	0.8	4,324.78	321.77	-2,418.14	-164.22

## Notes:

1. "Leasable Space" represent the total leasable floor space as of June 30, 2015. (Figures are for leasable units only and exclude the floor space for storage, halls, parking, etc. However, the leasable space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma include the floor space for common areas and parking, while the leasable space of the MID REIT Kyobashi Bldg. and Dormy Inn Hakata Gion include the floor space for common areas, each of which is leased in its entirety to a sole tenant.)
2. "Occupancy rate" is presented as percentage figures, which are obtained by dividing the period-end leased space by the leasable space and rounded to the first decimal place.
3. Occupancy rate by type is presented as percentages that are obtained by dividing the sum of the leased space of each group by the sum of the group's leasable space and rounded to the first decimal place.

Increase in floor space	4,646.55m <sup>2</sup>
Decrease in floor space	-2,582.36 m <sup>2</sup>
Net	2,064.19 m <sup>2</sup>



# List of Appraisal Values

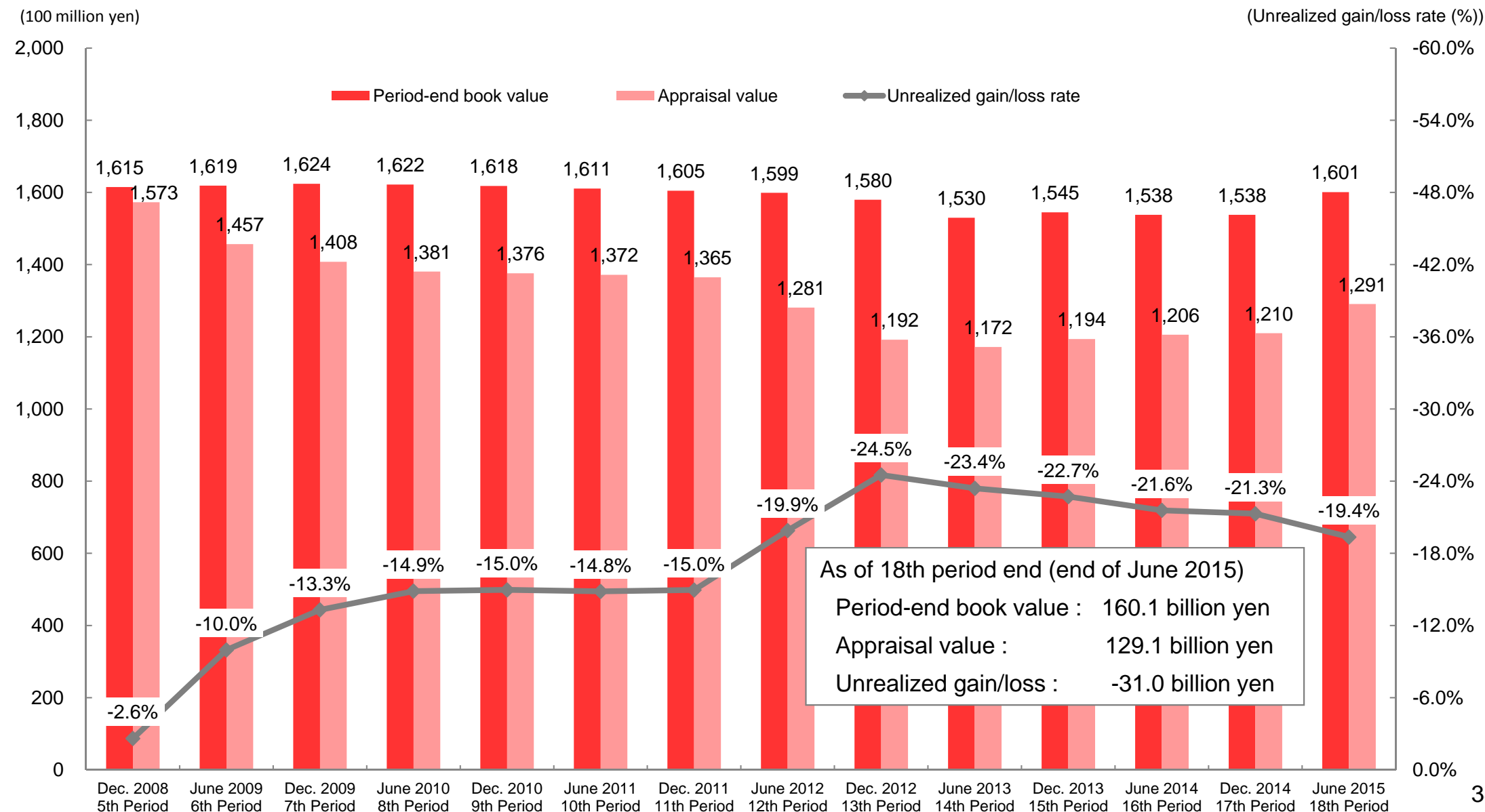
Type	Region	Property Name	Acquisition Price (Note1) (million yen)	Appraisal Value as of Dec. 31, 2014 (17th Period End) (Note2) (million yen)	Book Value as of June 30, 2015 (18th Period End) (Note3) (million yen)	Appraisal Value as of June 30, 2015 (18th Period End) (Note2) (million yen)	Difference from Previous Period End (%)	Difference from Book Value (%)	Appraisal Company	17th Period Appraisal Value Rate (Note4) (%)	18th Period Appraisal Value Rate (Note4) (%)
Office Bldg.	Three major metropolitan areas <div>Tokyo metropolitan area, Osaka metropolitan area, Nagoya metropolitan area</div>	Sumitomo Fudosan Ueno Bldg. No.6	7,460	—	7,804	7,560	—	-3.1%	Tanizawa Sogo Appraisal Co., Ltd.	—	4.3
		Twin 21	68,700	46,000	67,553	46,000	—	-31.9%	Morii Appraisal & Investment Consulting, Inc.	5.0	4.9
		Matsushita IMP Bldg.	24,600	17,700	22,976	17,700	—	-23.0%	Tanizawa Sogo Appraisal Co., Ltd.	5.1	5.0
		Midosuji MID Bldg.	8,290	6,960	8,547	6,980	0.3%	-18.3%	Tanizawa Sogo Appraisal Co., Ltd.	4.4	4.3
		MID REIT Kyobashi Bldg.	2,300	1,370	2,142	1,320	-3.7%	-38.4%	Tanizawa Sogo Appraisal Co., Ltd.	5.7	5.6
		MID Imabashi Bldg.	3,270	2,240	3,202	2,140	-4.5%	-33.2%	Tanizawa Sogo Appraisal Co., Ltd.	5.1	5.0
		MID Midosujikawaramachi Bldg.	2,000	1,380	1,943	1,390	0.7%	-28.5%	Tanizawa Sogo Appraisal Co., Ltd.	5.5	5.4
		Kitahama MID Bldg.	10,800	8,290	10,555	8,370	1.0%	-20.7%	Japan Real Estate Institute	4.9	4.7
		MID Nishihommachi Bldg.	3,550	2,150	3,401	2,110	-1.9%	-38.0%	Japan Real Estate Institute	5.1	4.9
		Higobashi MID Bldg.	3,000	3,180	2,947	3,290	3.5%	11.6%	Japan Real Estate Institute	4.9	4.7
Subtotal			133,970	89,270	131,076	96,860	8.5%	-26.1%	—	—	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	26,000	24,413	26,300	1.2%	7.7%	Daiwa Real Estate Appraisal Co., Ltd.	5.0	4.9
		Konami Sports Club Kyobashi	2,780	3,070	2,470	3,140	2.3%	27.1%	Daiwa Real Estate Appraisal Co., Ltd.	5.6	5.5
	Other major cities	Dormy Inn Hakata Gion	2,280	2,730	2,237	2,880	5.5%	28.7%	Tanizawa Sogo Appraisal Co., Ltd.	5.4	5.1
Subtotal			31,160	31,800	29,121	32,320	1.6%	11.0%	—	—	—
Total			165,130	121,070	160,197	129,180	6.7%	-19.4%	—	—	—

## Notes:

- “Acquisition Price” states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc. (excluding various acquisition expenses, property taxes and consumption taxes, etc.).
- “Appraisal Value” is the appraisal value at the end of the fiscal period based on the appraisal report with June 30, 2015 as the date of the value opinion prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MID REIT’s Articles of Incorporation and rules of The Investment Trusts Association, Japan.
- “Book Value” is the value appropriated to the balance sheets and is expressed as the applicable asset’s acquisition price (including various acquisition expenses) less accumulated depreciation.
- “Appraisal Value Rate” is the cap rate based on the direct capitalization method.
- MCUBS MidCity acquired Sumitomo Fudosan Ueno Bldg. No.6 on May 1, 2015.

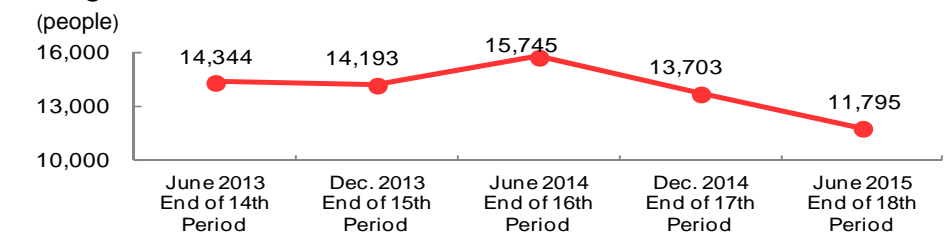
# Status of Appraisal Value

**Changes in Period-end Book Value, Appraisal Value and Unrealized Gain/Loss rate**  
(5th Period (July 1, 2008 – Dec. 31, 2008) to 18th Period (Jan. 1, 2015 – June 30, 2015))



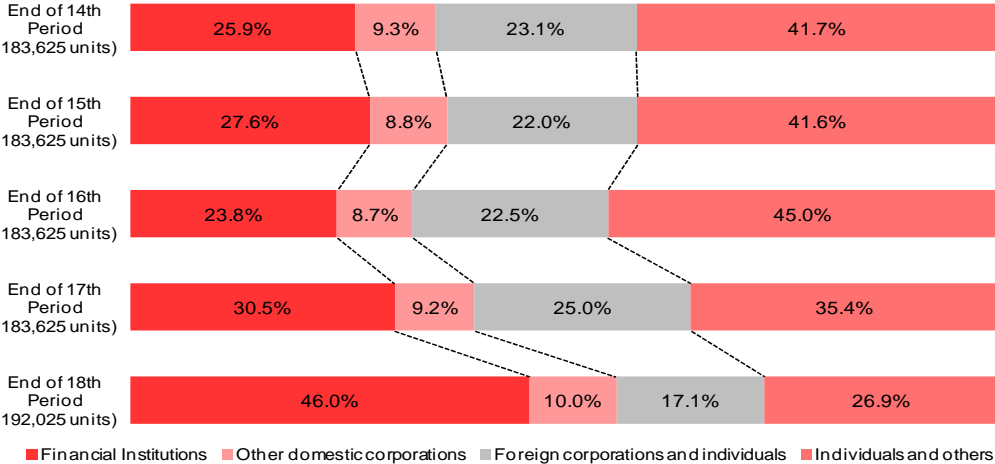
# Unitholder Details

## Changes in Number of Unitholders

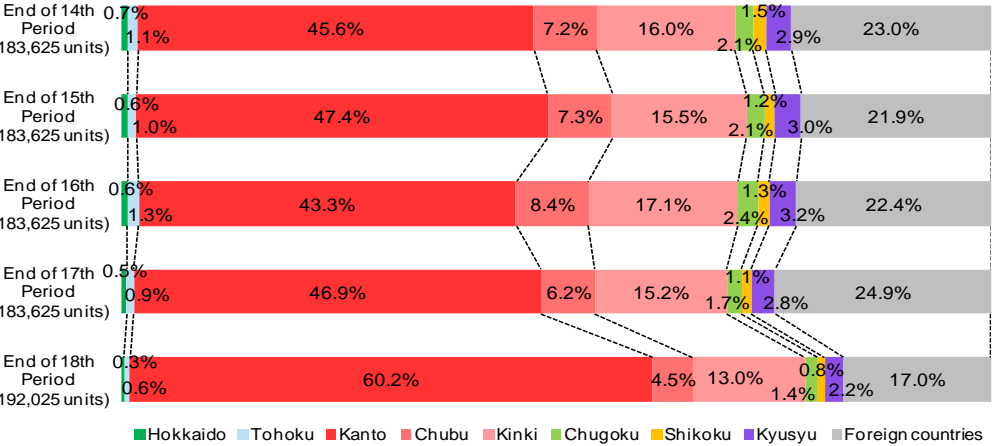


## Analysis of Investor Attributes (Distribution of Number of Units Held)

### Analysis by Type of Investor



### Analysis by Region



## Top Unitholders

### Major Unitholders

Name	Number of units held	Ratio of units held to total units issued and outstanding (Note)(%)	Difference from 17th period end
Japan Trustee Services Bank, Ltd. (Trust Account)	30,474	15.87	+4,572
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,320	12.67	+17,406
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	18,070	9.41	+11,561
MID Urban Development Co., Ltd.	9,200	4.79	0
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,183	2.70	+519
SIX SIS LTD.	4,270	2.22	+4,210
Mitsubishi Corporation	4,200	2.19	+4,200
Nomura Bank (LUXEMBOURG) S.A.	1,836	0.96	+806
CBNY DFA International Real Estate Securities Portfolio	1,750	0.91	+77
State Street Bank West Client — Treaty 505234	1,736	0.90	+313
Total	101,039	52.62	43,664

Note: The ratios of units held to total units issued and outstanding are rounded off to two decimal places.

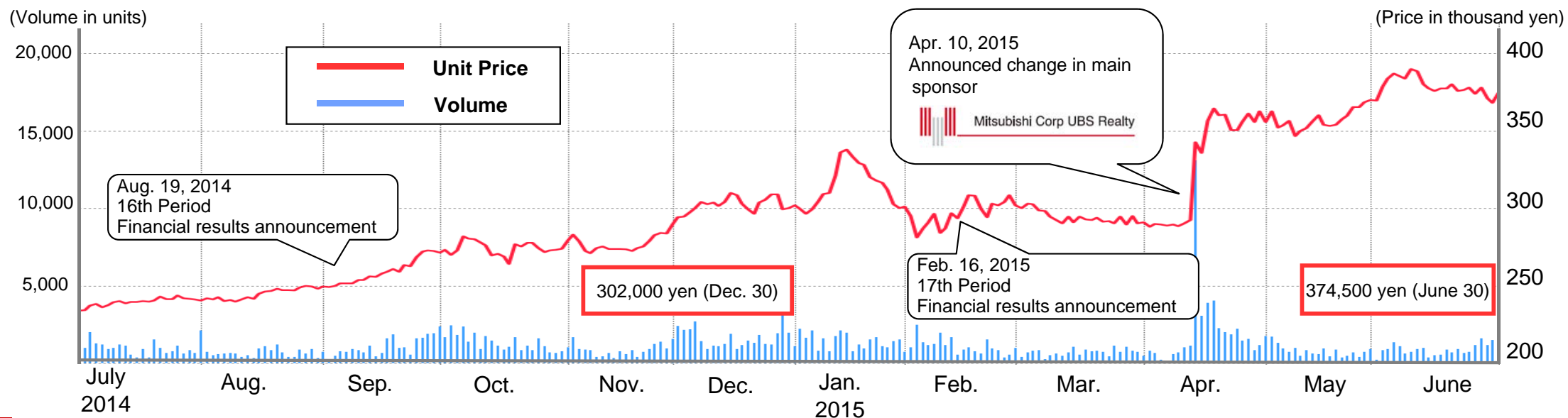
### Status of Large Unitholding Reports Submitted (as of Aug. 12, 2015)

Submitter or name of joint unitholder	Number of units held	Ratio of units held to total units issued and outstanding (Note)(%)	Dates of latest submissions
Mitsubishi UFJ Trust and Banking Corporation Mitsubishi UFJ Kokusai Asset Management Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	22,932	8.75	Aug. 6, 2015
Mizuho Asset Management Co., Ltd. Shinko Asset Management Co., Ltd.	16,394	8.54	July 7, 2015
Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Trust Asset Management Co., Ltd. Nikko Asset Management Co., Ltd.	9,844	5.13	July 6, 2015

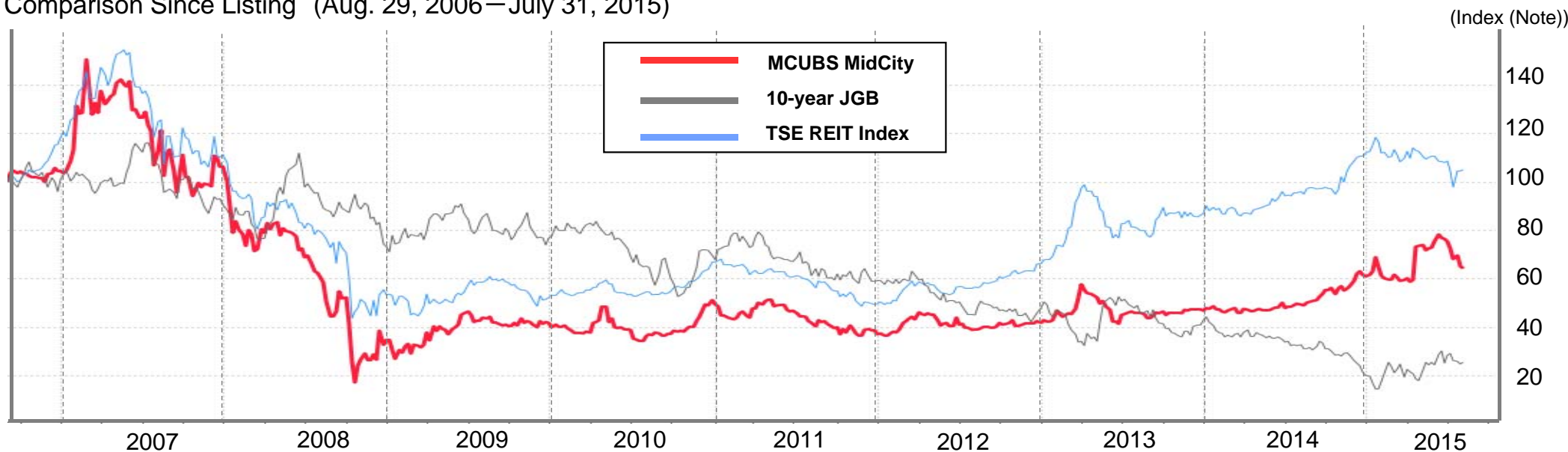
Note : The ratios of units held to total units issued and outstanding are based on values recorded in large unitholding reports.

# Unit Price Performance

## Unit Price Performance for the Past 1 Year



## Price Comparison Since Listing (Aug. 29, 2006—July 31, 2015)



Note: The TSE REIT Index and TOPIX Real Estate (TPREAL) are shown with prices as of August 29, 2006 set as 100.

MCUBS MidCity's unit price is shown with the closing price of MCUBS MidCity's units on August 29, 2006 (on which MCUBS MidCity's units were publicly listed) set as 100

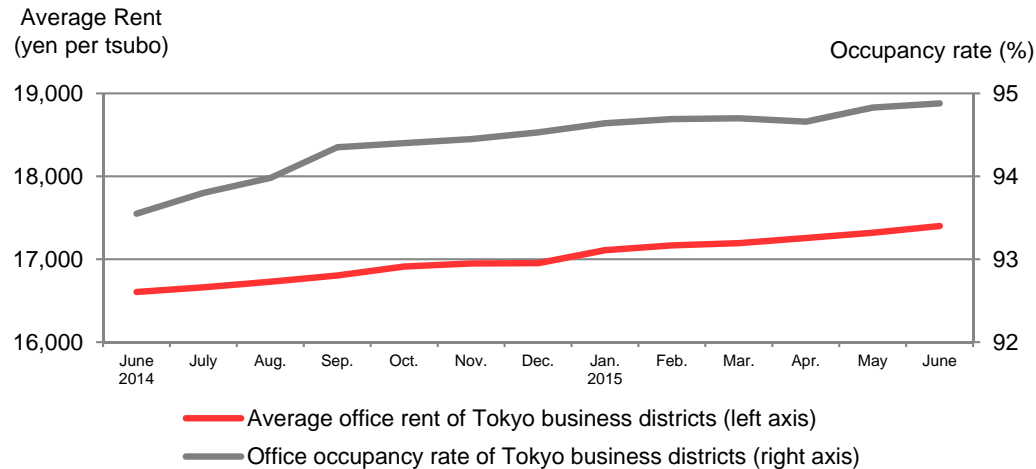
Source: Bloomberg

## 4. Appendix

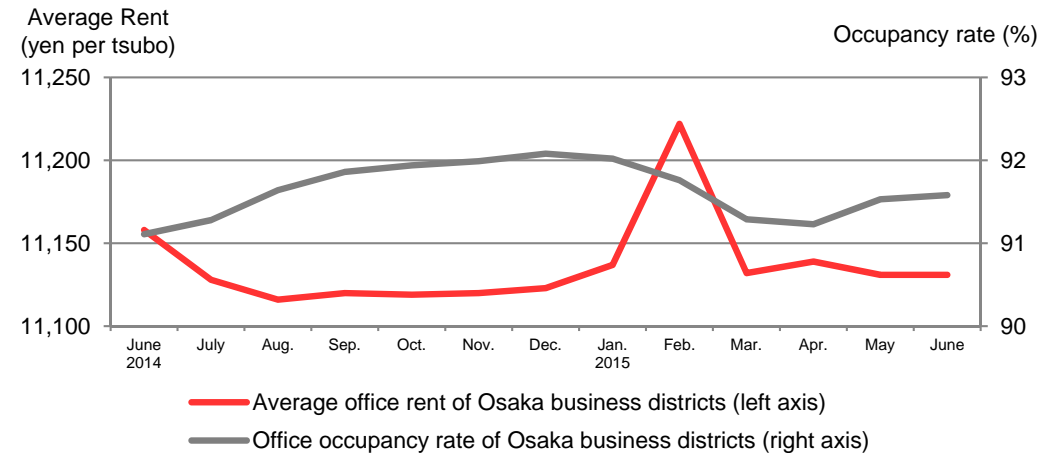
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# Office Market Data (1) Average Rent and Occupancy Rate Trends

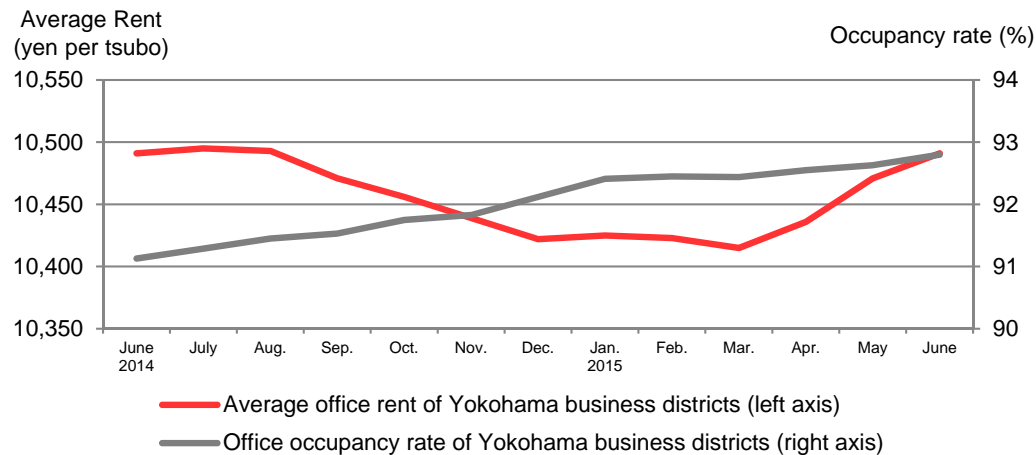
## Tokyo Business Districts<sup>(Note1)</sup>



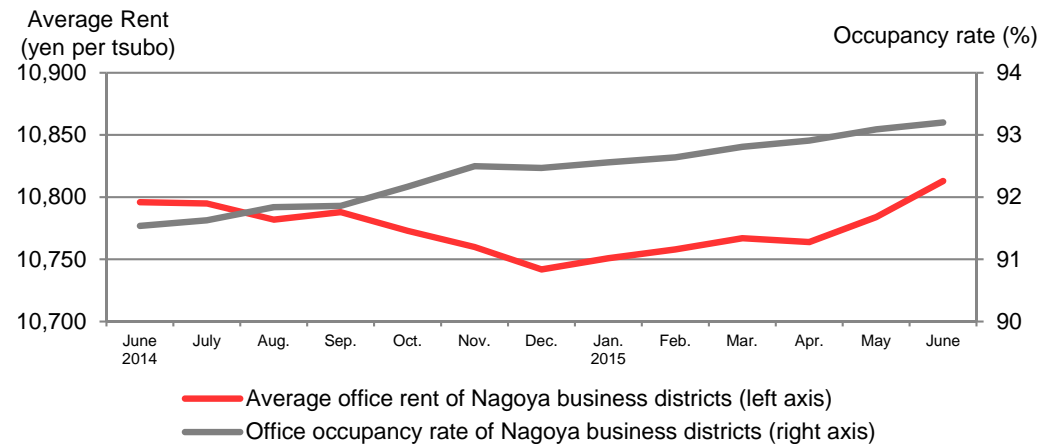
## Osaka Business Districts<sup>(Note2)</sup>



## Yokohama Business Districts<sup>(Note3)</sup>



## Nagoya Business Districts<sup>(Note4)</sup>



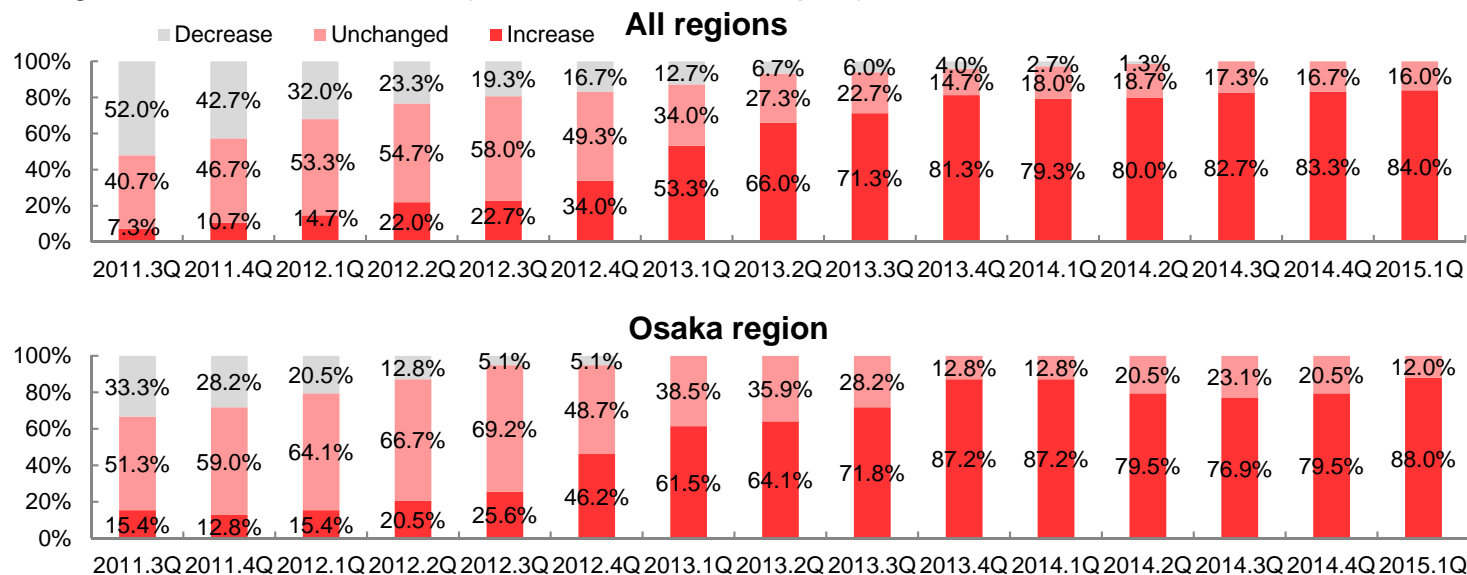
Note:

1. Tokyo business districts indicates five central wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward)
2. Osaka business districts indicates six major districts (Umeda District, Minami-morimachi District, Yodoyabashi – Hommachi District, Semba District, Shinsaibashi – Namba District and Shin-osaka District)
3. Yokohama business districts indicates four major districts (Kannai District, Yokohama Station District, Shin-yokohama District and Minatomirai 21 District)
4. Nagoya business districts indicates four major districts (Nagoya Station District, Fushimi District, Sakae District and Marunouchi District)

Source: Prepared by the Asset Management Company based on data from Miki Shoji Co., Ltd.

# Office Market Data (2) Changes in Land Price Trends and Vacancy Rate

## Changes in Land Price Trends (Land Price LOOK Report)



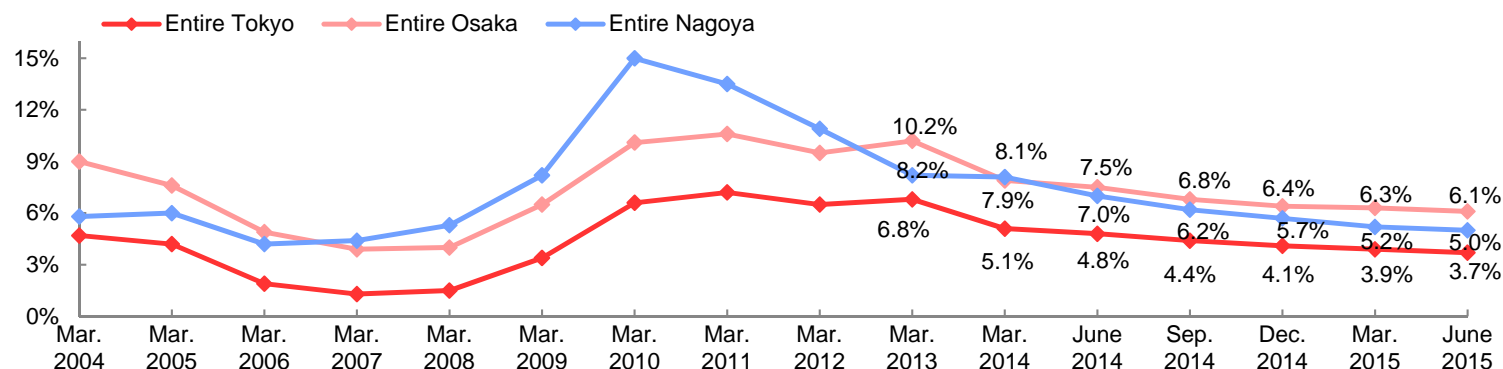
Notes:  
For each year, 1Q refers to January 1 to April 1, 2Q refers to April 1 to July 1, 3Q refers to July 1 to October 1 and 4Q refers to October 1 to January 1.

## Latest Land Price Trend

Zone	2014. 4Q Evaluation		2015.1Q Evaluation	
All regions	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)
Tokyo region	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)
Osaka region	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)
Nagoya region	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)
Other regions	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)
OBP	↗	0% - 3% (Increase)	↗	0% - 3% (Increase)

Source: Ministry of Land, Infrastructure, Transport and Tourism

## Changes in Office Building Vacancy Rates (Entire Osaka, Entire Nagoya, Entire Tokyo)



Notes:

- Survey targets are rental buildings designated by CBRE with more than 1,000 tsubo of total floor space in principle fulfilling new quake-resistance standards.
- Actual figures before the fiscal period ended March 31, 2013 are not indicated as consensus from CBRE has not been obtained.

## Vacancy rates of major cities (as of end of June, 2015)

Zone	Vacancy Rate	Comparison with end of Dec. 2014
Entire Tokyo	3.7%	-0.4pt
Entire Osaka	6.1%	-0.3pt
Entire Nagoya	5.0%	-0.7pt
Fukuoka	3.6%	-1.5pt

Source: CBRE



# Office Market Data (3) Market Status

## Expected Cap Rate vs. Market Cap Rate

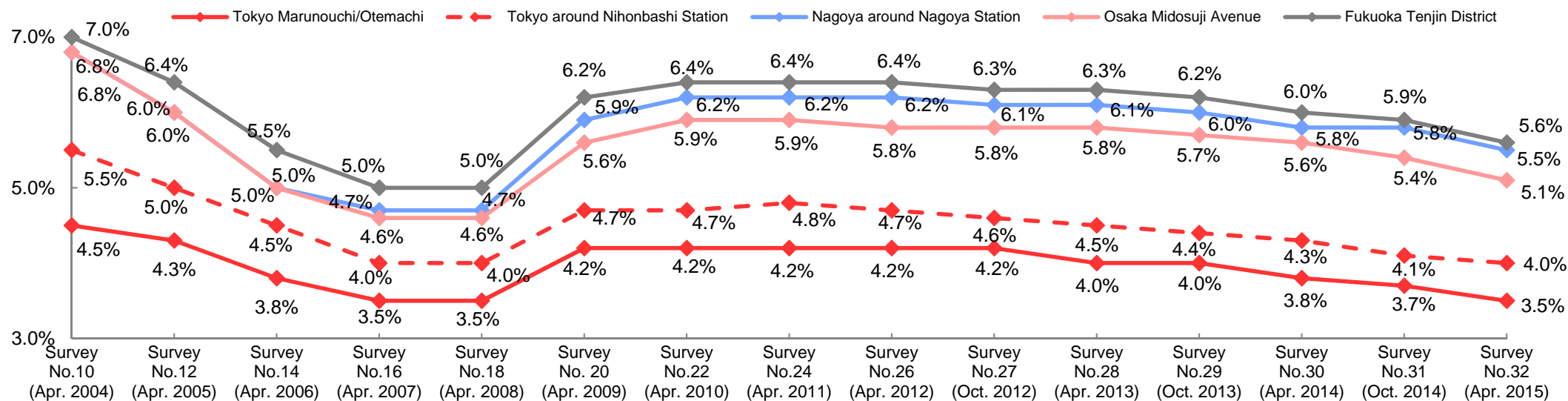
### ■ “Expected Cap Rate” and “Market Cap Rate” of Average-Sized Class A Office Building in Various Locations

( ) shows previous survey data (as of Oct. 2014)

Location		Expected Cap Rate	Market Cap Rate
Tokyo	Around Marunouchi/Otemachi	3.8% (4.0%)	3.5% (3.7%)
Tokyo	Around Nihonbashi Station	4.2% (4.3%)	4.0% (4.1%)
Nagoya	Around Nagoya Station	5.7% (5.9%)	5.5% (5.8%)
Osaka	Midosuji Avenue	5.4% (5.6%)	5.1% (5.4%)
Fukuoka	Tenjin District	5.8% (6.0%)	5.6% (5.9%)

Source: Japan Real Estate Institute's “The Japanese Real Estate Investor Survey No. 32” (as of Apr. 2015)

### ■ Changes in “Market Cap Rate” of Average-Sized Class A Office Building in Various Locations



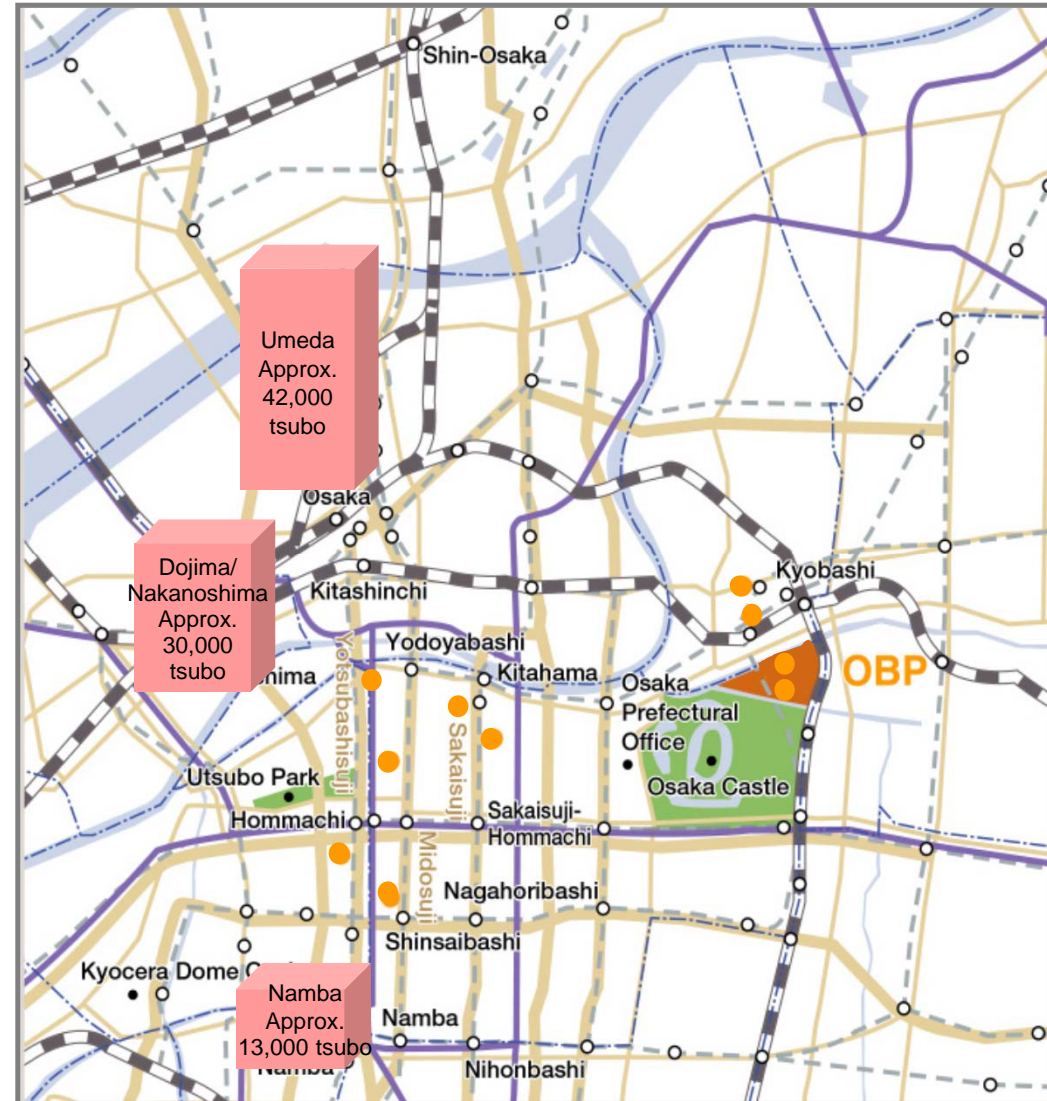
Source: Japan Real Estate Institute 44

# Office Market Data (4) New Supply of Office Buildings In Osaka

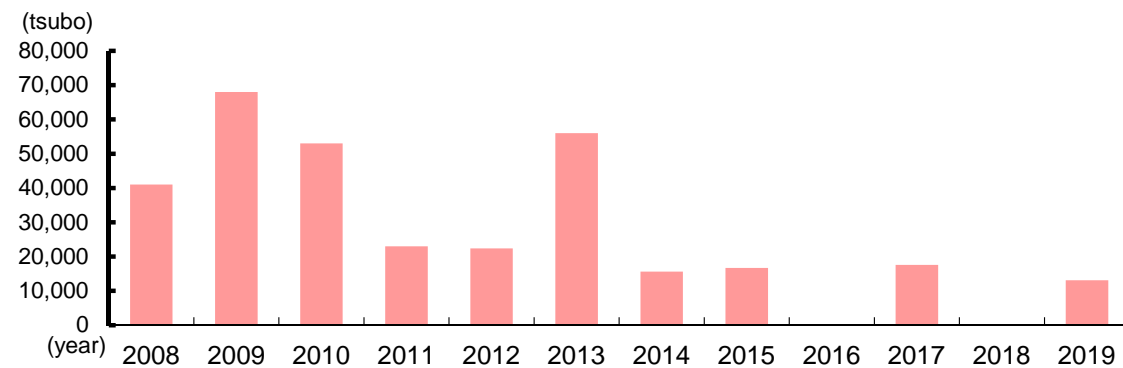
## New Office Building Construction Plans and Leasable Space by Area in Key Office Areas in Osaka (Note)

Completion	Leasable Space by Year	No.	Area	Property Name	In tsubo; ( ) in m <sup>2</sup> Leasable Space (plan)
2015	16,700 (55,110)	1	Umeda	Seiwa Umeda Building	4,000 (13,200)
		2	Dojima /Nakano-shima	Shin Daibiru	12,700 (41,910)
2017	17,600 (58,080)	3	Dojima /Nakano-shima	Nakanoshima Festival Tower West (tentative name)	17,600 (58,080)
2019	13,100 (43,230)	4	Namba	Nankai Kaikan Building Reconstruction Project	13,100 (43,230)
2022	38,100 (125,730)	5	Umeda	Umeda 1-chome 1-banchi Project	38,100 (125,730)

Note: This map depicts the aggregate leasable space plans shown in the table on the left.



## Changes in New Supply of Office Buildings in Key Office Areas in Osaka (Note)



Note: Tally of office buildings with generally leased floor space of 2,000 tsubo (6,600m<sup>2</sup>) or more . Properties for which leasable space are yet to be determined are not included.

Note: Orange dots in the map indicate the locations of properties under management as of the end of the 18th fiscal period.

Source: MID REIT Management Co., Ltd

Source: Prepared by the Asset Management Company based on data from Sanko Estate Co., Ltd.

# Tax Reform in Fiscal 2015

(based on material announced by Financial Services Agency in January 2015)

## ◆ Resolve the issue of “mismatch between tax and accounting treatments” in investment corporations (J-REITs)

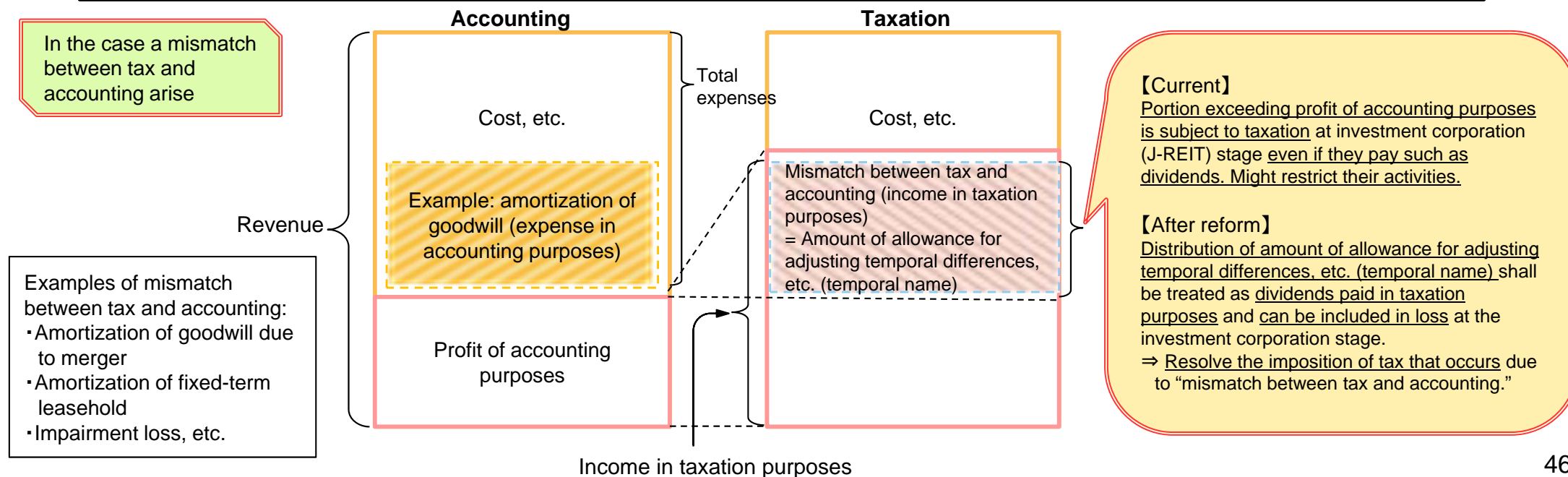
### 【Current status and issues】

- Investment corporations (J-REITs) are treated as conduits for taxation purposes in the case they fulfill the requirements including paying over 90% of its income before income taxes in the accounting purposes as dividends, and being able to include the income paid as dividends in loss for calculating income tax.
- However, as there are differences in accounting and taxation treatments (**mismatch between tax and accounting**), in the case differences between profit for accounting purposes and income for taxation purposes arise, imposition of tax will occur even if income for taxation purposes which exceeds the profit for accounting purposes is paid as dividends (due to this, for instance, trouble may occur in a merger between investment corporations).

### 【Overview (Outline for the Fiscal 2015 Tax Reform)】

Based on the premise that legal system for investment corporations will be revised, from the amount of cash dividends exceeding profit (of accounting purposes), amount equivalent to the amount of increase in amount of allowance for adjusting temporal differences, etc. (temporal name) (\*), shall be the amount of dividends, etc. (currently the amount of return of capital).

(\*) Assuming that the amount of income of taxation purposes exceeding profit of accounting purposes (mismatch between tax and accounting) to be stipulated as the “amount of allowance for adjusting temporal differences, etc. (temporal name)” in the legal system for investment corporations.



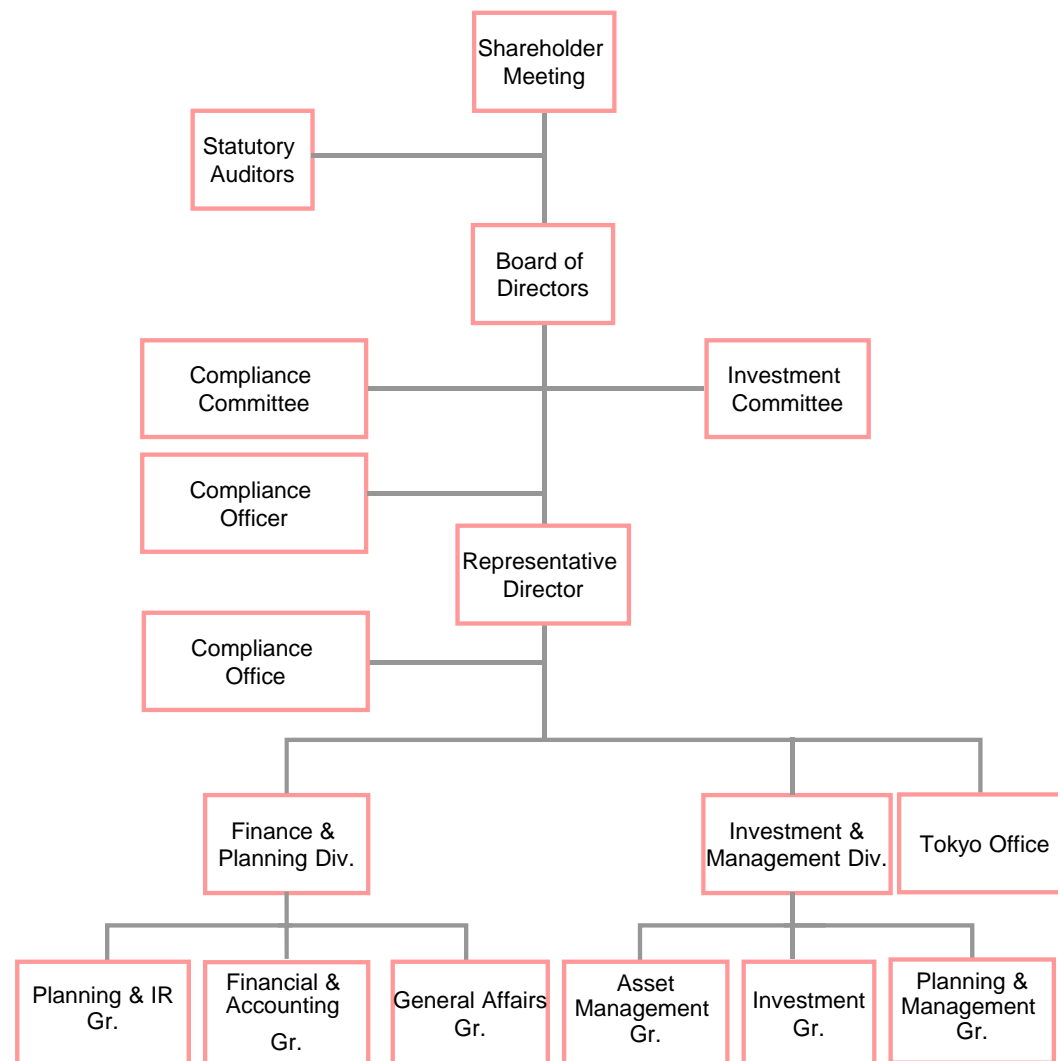
# Overview of Asset Management Company

## Company Overview

Company Overview (as of Aug. 1, 2015)

Name	MCUBS MidCity Inc.	
Location	1-4-4 Dojimahama, Kita-ku, Osaka	
Establishment	September 1, 2005	
Capital	210 million yen	
Shareholder	Mitsubishi Corp. - UBS Realty Inc. (ratio of shareholding: 65%) MID Urban Development Co., Ltd. (ratio of shareholding: 35%)	
No. of employees	33 (inclusive of 1 temporary worker and 2 part-timers)	
Officers	President & CEO & Representative Director	Katsura Matsuo
	Deputy President & Representative Director General Manager, Finance & Planning Division	Naoki Suzuki
	Managing Director General Manager, Investment & Management Division	Noriyuki Iijima
	Director (part time)	Toru Tsuji (President & CEO & Representative Director of Mitsubishi Corp.-UBS Realty Inc.)
	Director (part time)	Takanobu Yoshimoto (Deputy President & Representative Director of Mitsubishi Corp.-UBS Realty Inc.)
	Corporate Auditor (part time)	Hiroshi Sugizaki (Officer, Mitsubishi Corp. - UBS Realty Inc.)
Business description	Investment management business	
Regulatory approval	Financial Instruments Firm (Director-General of Kinki Local Finance Bureau (Kinsho) Registration No. 43) Discretionary transaction agent license (Minister of Land, Infrastructure, Transport and Tourism Approval No. 50) Real estate agent license (Governor of Osaka Prefecture (2) No. 51806)	
Membership associations	A member of the Investment Trusts Association, Japan	

## Structure



# Checking System for Transactions with Sponsor Related Parties

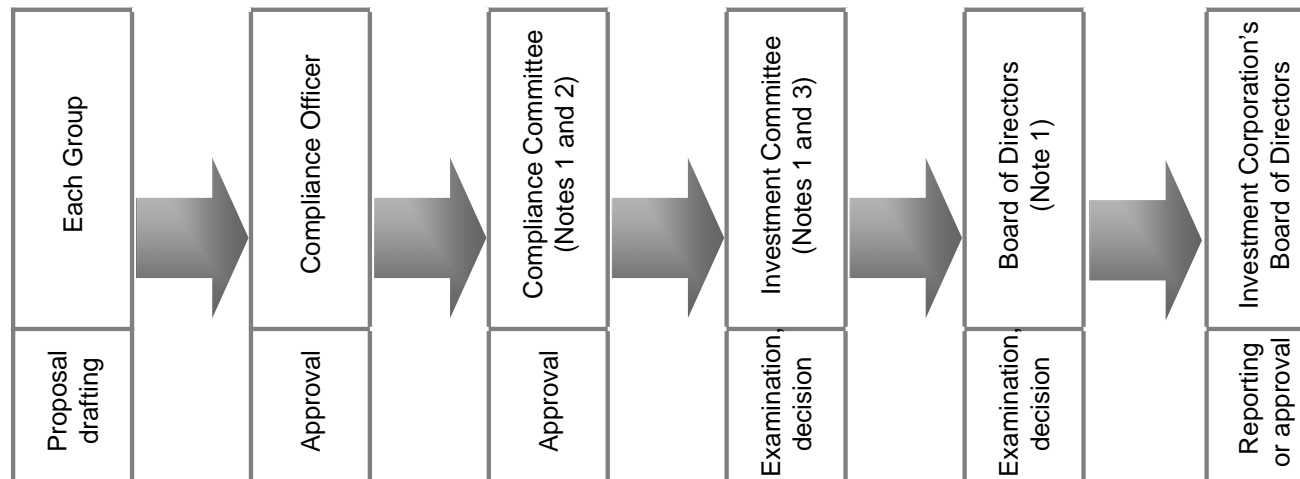
## Definition of Sponsor Related Parties

- (a) Interested parties as defined in the Act on Investment Trusts and Investment Corporations.
- (b) Consolidated subsidiaries and affiliated companies as defined by the regulations for consolidated financial statements (Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements; the same applies hereafter) of the major shareholders of the asset management company (those defined by Article 29-4-2 of the Financial Instruments and Exchange Act of Japan as major shareholders of financial services providers) (excluding those applicable to (a)).
- (c) Funds, corporations, associations, trusts and other similar entities (hereafter, collectively referred to as "Corporations" (includes SPCs, GKs and KKs as defined in the Act on Securitization of Assets)) that outsource (discretionary) investment management or investment consulting (advice) operations to the parties defined in either (a) or (b) above.
- (d) Corporations in which the parties defined in the above (a) or (b) hold a majority of equity interests (excluding those falling under (a) through (c)).

## Transaction and Selection Criteria (Principles)

Property acquisition/disposal	Transaction has to comply with the following criteria: Acquisition price $\leq$ Appraised value, Appraised value $\leq$ Disposal price
Property leasing	Leasing terms must be appropriately and fairly measured by prevailing market conditions
Sale/Leasing agent commissions	Commissions must be within limits set by the Building Lots and Building Transaction Business Law
Commissioning of property/building management	Examine comprehensively if company to be commissioned satisfies required conditions and terms, and if fee level is appropriate
Contracting of construction works (over 1 million yen)	Check that quotations are not notably different from quotations by third parties

## Decision-making Process



### Notes:

1. Those who have status as a board member of sponsor related parties (excl. employees on loan or employees after transfer to the asset management company) cannot join resolutions.
2. An external expert (lawyer) is included in deliberations as a member.
3. An external expert (real estate appraiser) is included in deliberations as a member.

# Notes

## 【P6】

1. “MCUBSR” indicates Mitsubishi Corp. - UBS Realty Inc.; the same shall apply hereinafter.
2. Share of equity interest is that as of the payment date of third-party allotment (April 22, 2015).
3. “MCUBSR Group” indicates MCUBSR and its shareholders Mitsubishi Corporation and UBS AG.
4. Tokyo metropolitan area indicates Tokyo, Kanagawa, Chiba and Saitama Prefectures, Osaka metropolitan area indicates Osaka, Kyoto and Hyogo Prefectures and Nagoya metropolitan area indicates Aichi Prefecture.

## 【P9】

1. Average remaining years of borrowings is calculated using the weighted average of remaining years of interest-bearing liabilities until maturity according to the respective balance of interest-bearing liabilities.
2. Average interest rate on borrowings (including borrowing-related expenses) = Financing costs in each fiscal period ÷ Balance of average interest-bearing liabilities in the fiscal period
3. Market LTV=Interest-bearing liabilities at end of period ÷ (Total assets at end of period ± Unrealized gain/loss) Unrealized gain/loss is the difference between book value and appraisal value
4. LTV=Interest-bearing liabilities at end of period ÷ Total assets at end of period

## 【P17】

1. “Ownership / development” indicates properties developed by the sponsors of MCUBS MidCity Investment Corporation (MCUBS MidCity, the same shall apply hereinafter) or properties under its ownership (including those owned through SPC) for one year or more. “Real estate transaction market” indicates properties for which MCUBS MidCity received the supply of information from its sponsors including MCUBSR (including property information on properties with preferential negotiation rights), properties sold by third-parties and properties which the sponsors acquired from third-parties within a year. In addition, “Negotiated transaction / CRE proposal” indicates properties to be acquired through individual discussions or negotiations with sellers, and not through competing bids.
2. G-Square Shibuya Dogenzaka is a property for which the preferential negotiation right is acquired by MCUBSR and the seller being an SPC wholly invested in by Mitsubishi Corporation.
3. “Amount of building assets owned by corporations by current status of use” indicates asset amounts of buildings owned by corporations that are operating businesses other than public entities of the government or local governments.

## 【P18】

1. Includes the Silent Partnership Interest for Nagoya Lucent Tower.
2. Calculated by deducting the Silent Partnership Interest for Nagoya Lucent Tower.
3. “Share of OBP” indicates the share of rents from Twin 21 and Matsushita IMP Building in rents from the entire portfolio. Rents as of the end of April 2015 based on information supplied by the sellers are used for newly acquired assets and calculated by adding it to rents from owned assets as of the end of April 2015.
4. “Share of the largest tenant” indicates the share of rent from a certain tenant which has the largest share in rents of the entire portfolio. Rents as of the end of April 2015 based on information supplied by the sellers are used for newly acquired assets and calculated by adding it to rents from owned assets as of the end of April 2015.



# Notes (cont'd)

## 【P19】

1. Average NOI yield as of the end of fiscal period ended December 2014 indicates the figure gained by dividing annualized net operating income of the 17th fiscal period ended December 2014 by total acquisition price of its portfolio as of the concerned period. Average NOI yield after depreciation as of the end of fiscal period ended December 2014 indicates the figure gained by dividing the figure arrived at by excluding the total depreciation from the total net operating income for the current period by the total acquisition price of its portfolio as of the concerned period. Average NOI yield for newly acquired assets is calculated by dividing the total net operating income under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of newly acquired assets excluding Nagoya Lucent Tower by the total acquisition price for the concerned assets. Average NOI yield after depreciation for newly acquired assets is calculated by dividing the figure arrived at by deducting the total depreciation from the total net operating income under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of newly acquired assets excluding Nagoya Lucent Tower by the total acquisition price for the concerned assets. Average NOI yield and average NOI yield after depreciation of after public offering indicates figures calculated using the weighted average of the average NOI yield or average NOI yield after depreciation as of the end of the fiscal period ended December 2014 and average NOI yield or average NOI after depreciation for newly acquired assets excluding Nagoya Lucent Tower based on the total acquisition price.
2. Bubble floor area is proportional to acquisition prices of owned assets and newly acquired assets.
3. Dividend yield of Nagoya Lucent Tower (Silent Partnership Interest) is estimated using the following formula based on the performance from April 1, 2014 to March 31, 2015 of the operator of the concerned silent partnership.  
"Dividend yield from April 1, 2014 to March 31, 2015" = (Ordinary income of the fiscal period ended March 2015 × 40%) ÷ Acquisition price of Nagoya Lucent Tower (Silent Partnership Interest)



# Notes (cont'd)

## 【P20】

1. “LTV (appraisal value basis)” is calculated using: Total borrowings  $\div$  Market value of all assets. Furthermore, market value of all assets is calculated using: Total assets + Appraisal value of owned assets – Book value of owned assets. LTV (appraisal value basis) of after public offering is calculated using the following formula. The same shall apply hereinafter. LTV (appraisal value basis) (after public offering) = Amount of borrowings after public offering  $\div$  Estimated market value of all assets after public offering  
Amount of borrowings after public offering = Total amount of borrowings stated in the balance sheet as of the end of June 2015 (67,675 million yen) + Amount of funds procured through borrowings including the new borrowings conducted on July 1, 2015 and after (41,800 million yen) - Amount of borrowings repaid after January 1, 2015 and until the new borrowings (15,125 million yen)  
Estimated market value of all assets after public offering = Total assets stated in the balance sheet as of the end of June 2015 (174,117 million yen) + Amount of funds procured through borrowings including the new borrowings conducted on July 1, 2015 and after (41,800 million yen) - Amount of borrowings repaid after January 1, 2015 and until the new borrowings (15,125 million yen) + Total amount of security deposit/guarantee of newly acquired assets (2,153 million yen) + Total amount of issue value of investment units issued through primary offering (21,222 million yen) + Total amount of issue value of investment units issued through the third-party allotment (1,212 million yen) + Total appraisal value of assets owned as of the end of June 2015 (129,179 million yen) + Total appraisal value of newly acquired assets (46,220 million yen) - Total book value of assets owned as of December 2014 (160,197 million yen) - Total acquisition prices of newly acquired assets (44,350 million yen). Furthermore, total amount of issue value of investment units issued through primary offering and total amount of issue value of investment units issued through the third-party allotment is calculated at 303,174 yen per unit. The same shall apply hereinafter.
2. “Ratio of long-term loans” indicates share of long-term loans payable (including current portion of long-term loans payable) to total amount of borrowings. The same shall apply hereinafter.
3. “Fixed interest rate ratio” indicates share of borrowings with fixed interest rate to total amount of borrowings. Furthermore, borrowings with floating interest rates which interest rates had been fixed through interest-rate swap agreements are calculated as borrowings with fixed interest rate in the calculation of fixed interest rate ratio. The same shall apply hereinafter.
4. “Average remaining years of borrowings” as of the end of fiscal period ended June 2015 is calculated using the weighted average of the remaining years of borrowings (meaning the period until principal repayment date, the same shall apply hereinafter) of respective borrowings as of the end of fiscal period ended June 2015 by the respective amount of borrowings. That for the borrowings is calculated using the weighted average of the remaining years of borrowings of respective borrowings concerning the borrowings as of August 17, 2015 by the respective amount of borrowings. Furthermore, that for after public offering is calculated using the weighted average of the remaining years of borrowings as of August 17, 2015 of the respective borrowings concerning borrowings as of the end of fiscal period ended June 2015 and the borrowings by the respective amount of borrowings. The same shall apply hereinafter.
5. “Average interest rate on borrowings” after public offering indicates the figure calculated using the weighted average of the applied interest rates (calculated by including the borrowing-related expenses, the same shall apply hereinafter) concerning respective borrowings as of the August 17, 2015 by the respective amount of borrowings. The same shall apply hereinafter.
6. MCUBS MidCity obtained an issuer rating from Rating and Investment Information, Inc. This rating is not the one granted for investment units of MCUBS MidCity, which is the subject of the public offering. There are no credit ratings provided by or submitted for inspection by credit agencies, nor credit ratings scheduled to be provided by or submitted for inspection by credit agencies at the request of MCUBS MidCity. The same shall apply hereinafter.
7. As indicated in 4. above, only the average remaining years of borrowings is calculated using August 17, 2015 as the base date. The same shall apply hereinafter.

# Notes (cont'd)

## 【P24】

1. “MCUBSR” refers to Mitsubishi Corp. - UBS Realty Inc. and “Mitsubishi Corporation” refers to Mitsubishi Corporation, and they respectively indicate the acquisition routes for the respective property (provider of property information). “Negotiated transaction” refers to a project in which the acquisition was conducted through agreement between the parties of the transaction without entering into bids.
2. “Appraisal value” is the appraisal value as of June 1, 2015 for assets newly acquired in the 19th period and that as of the end of June 2015 for assets already acquired in the fiscal period ended June 2015.
3. “NOI yield” indicates the ratio of the appraisal NOI to the acquisition price of respective assets newly acquired and has been obtained using the following formula. “Appraisal NOI” is the net operating income (NOI) under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of the respective property. Average NOI yield is calculated using the weighted average of the NOI yield of respective assets newly acquired based on acquisition price.  
$$\text{NOI yield} = \text{Appraisal NOI} \div \text{Acquisition price}$$

\*Unless otherwise noted, NOI is calculated using the net operating income (NOI) under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of respective assets newly acquired upon their acquisition. The same shall apply hereinafter.
4. “NOI yield after depreciation” indicates the ratio of the NOI after depreciation to the acquisition price of respective assets newly acquired (excluding silent partnership interests to be acquired) and has been obtained using the following formula. “NOI after Depreciation” is calculated by deducting depreciation from appraisal NOI. Average NOI yield after depreciation is calculated using the weighted average of NOI yield after depreciation of the respective assets newly acquired (excluding silent partnership interests acquired) based on acquisition price.  
$$\text{NOI yield after depreciation} = (\text{Appraisal NOI} - \text{Depreciation}) \div \text{Acquisition price}$$

\*Depreciation is calculated using the depreciation rates in proportion to the useful life under the straight-line method for assets newly acquired, as is the case for other assets owned by MCUBS MidCity.
5. “Number of Tenants” indicates the number of tenants for each property based on the lease agreements effective as of the end of June 2015, etc. (limited to the rental spaces and excluding the tenants that lease warehouses, halls and/or parking lots, etc. only). As for the total number of tenants, in the case where the same tenant leases multiple rental spaces within the same property and the rents for such rental spaces are claimed as a whole, the tenant is counted as one. In the case where the same tenant is housed in multiple properties, the tenant is counted for each property and the subtotal and sum total are indicated. Moreover, in the case where master lease agreement is concluded, it is assumed that consent by all end tenants have been obtained that the lessee under the said master lease agreement serves as the lessor, and the number of the end tenants subleased by the lessee under the said master lease agreement is indicated. Furthermore, in the case MCUBS MidCity only owns the land with leasehold interest, the number of lessees of the land is indicated. The same shall apply hereinafter.
6. “Total Leasable Space” indicates the leasable space (limited to the leased spaces and excluding warehouses, halls and/or parking lots, etc. However, in the case common spaces and parking spaces, etc. are leased, includes such spaces) as of the end of June 2015. Furthermore, in the case MCUBS MidCity only owns the land with leasehold interest, the entire land space is indicated.
7. “Occupancy Rate” is the figure as of the end of June 2015. Furthermore, “Occupancy Rate” is calculated by dividing the total leased space by total leasable space.
8. Not disclosed as permission to disclose such information has not been obtained from the seller.

## 【P25】

1. On May 29, 2015, the seller received a notice of cancellation from a tenant (leased space : 1,424.37m<sup>2</sup>; cancellation date: February 29, 2016).

## 【P26】

1. The “Total land space” column indicates figure for the entire land of the Property.
2. The “Number of Tenants” column indicates the number of land lease agreements.

# Notes (cont'd)

## 【P30】

1. “Appraisal value” is the appraisal value as of June 1, 2015 for assets newly acquired in the 19th period and that as of the end of June 2015 for assets already acquired in the fiscal period ended June 2015.
2. “NOI yield” indicates the ratio of the appraisal NOI to the acquisition price of the respective assets newly acquired and has been obtained using the following formula. “Appraisal NOI” is the net operating income (NOI) under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of the respective property. Average NOI yield is calculated using the weighted average of the NOI yield of assets that fall under the respective items based on the acquisition price.  
NOI yield = Appraisal NOI ÷ Acquisition price  
\*Unless otherwise noted, NOI is calculated using the net operating income (NOI) under the DCF method for the initial fiscal year (or the second year if there are special factors for the initial fiscal year) stated in the appraisal reports of the respective assets newly acquired upon their acquisition. The same shall apply hereinafter.
3. “NOI yield after depreciation” indicates the ratio of the NOI after depreciation to the acquisition price of the respective assets newly acquired (excluding silent partnership interests acquired) and has been obtained using the following formula. “NOI after depreciation” is calculated by deducting the depreciation from appraisal NOI. Average NOI yield after depreciation is calculated using the weighted average of NOI yield after depreciation of assets that fall under the respective items (excluding silent partnership interests acquired) based on acquisition price.  
NOI yield after depreciation = (Appraisal NOI - Depreciation\*) ÷ Acquisition price  
\*Depreciation is calculated using the depreciation rates in proportion to the useful life under the straight-line method for assets newly acquired, as is the case for other assets owned by MCUBS MidCity.
4. Amounts less than the indicated units have been rounded down.
5. “Occupancy Rate” is the figure as of the end of June 2015. Furthermore, “Occupancy Rate” is calculated by dividing the total leased space by total leasable space.
6. Concerning G-Square Shibuya Dogenzaka, the seller received a notice of cancellation from a tenant (leased space : 1,424.37m<sup>2</sup>; cancellation date: February 29, 2016) on May 29, 2015.

# Disclaimer

- This material is not prepared as an inducement or invitation for acquisition of investment securities of MCUBS MidCity Investment Corporation (MCUBS MidCity) nor inducement or invitation for execution of other financial transaction contracts. Investment decisions are made at the investors' sole discretion and responsibility and are made at their own risk.
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