

# Investor Presentation

Fiscal Period ended December 31, 2015  
(19<sup>th</sup> Period)



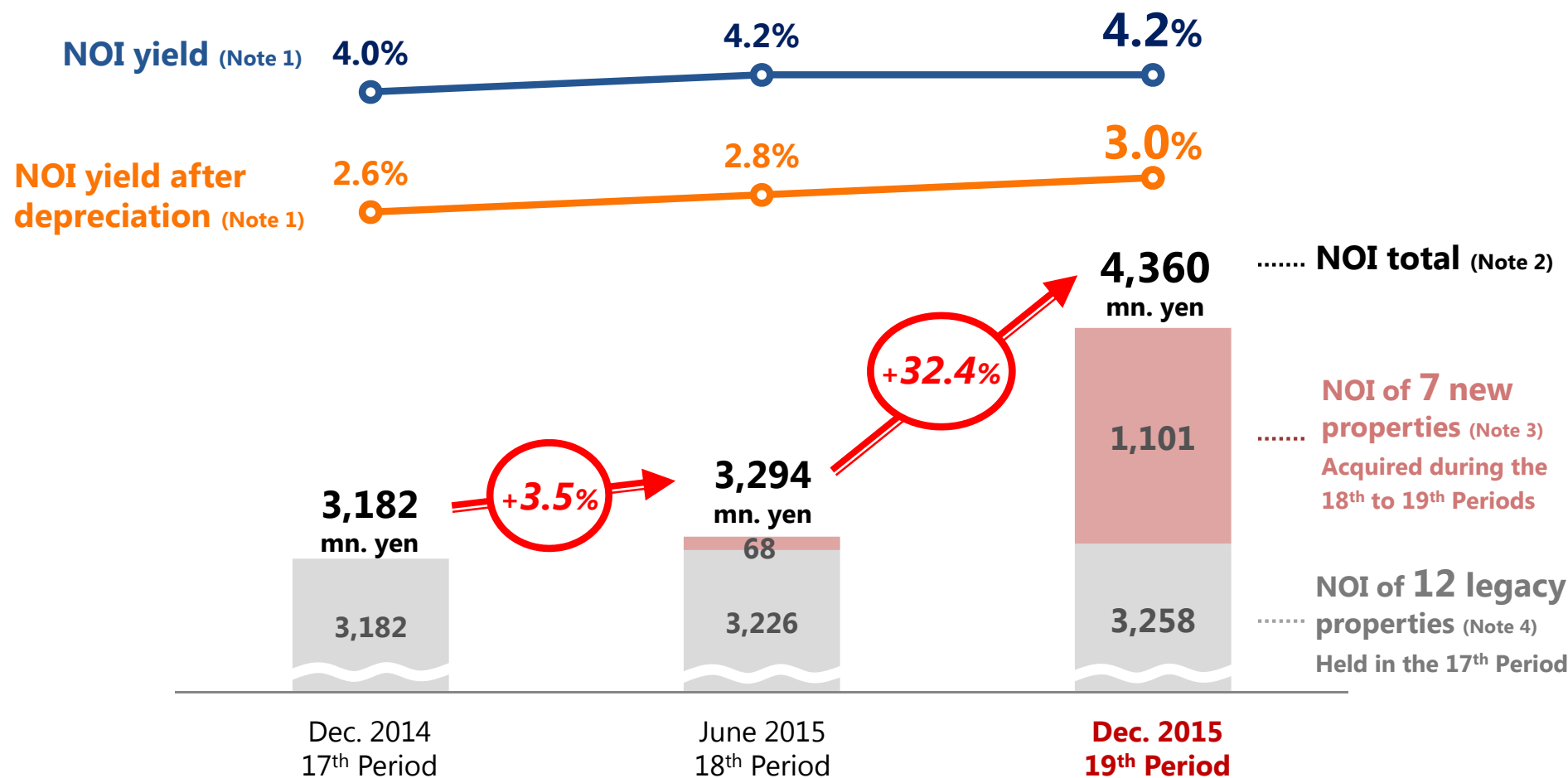
# The 19<sup>th</sup> fiscal period overview

	Fiscal Period ended June 30, 2015 (18 <sup>th</sup> Period)	Compared to the 17 <sup>th</sup> Period	Fiscal Period ended <b>Dec. 31, 2015</b> <b>(19<sup>th</sup> Period)</b>	Compared to the 18 <sup>th</sup> Period
Distribution per unit	6,444 yen	+8.2%	<b>7,281 yen</b>	<b>+13.0%</b>
NAV per unit	321,783 yen	+1.3%	<b>344,853 yen</b>	<b>+7.2%</b>
Asset size	165.1 bn. yen	+4.7%	<b>217.1 bn. yen</b>	<b>+31.5%</b>
NOI	3,294 mn. yen	+3.5%	<b>4,360 mn. yen<sup>(Note)</sup></b>	<b>+32.4%</b>

Note: NOI in the 19<sup>th</sup> Period includes dividends received worth 111 million yen from Nagoya Lucent Tower's silent partnership interest (hereinafter referred to as "TK interest").



# Acquisition of new properties led to substantial NOI growth



Note 1: For portfolio average yield, actual results in the 19<sup>th</sup> Period are annualized on a per diem basis. This calculation does not include the TK interests in Nagoya Lucent Tower.

Note 2: NOI of 4,360 million yen in the 19<sup>th</sup> Period includes 111 million yen of the TK interests in Nagoya Lucent Tower.

Note 3: New property NOI represents the figure of interest of Sumitomo Fudosan Ueno Bldg. No. 6 acquired during the 18<sup>th</sup> Period and six properties including the TK interests in Nagoya Lucent Tower acquired in the 19<sup>th</sup> Period, totaling seven.

Note 4: Legacy property NOI indicates the figure of 12 properties held in the 17<sup>th</sup> Period (ditto hereafter).





# Selective acquisitions of prime properties

Total acquisition price of 7 new properties acquired in the 18<sup>th</sup> and 19<sup>th</sup> Periods

**59,434** mn. yen  
(Note 1) 

Tokyo Area  
**91.7%** (Note 2)

Nagoya Area  
**8.3%** (Note 2)



NOI contribution of 7 new properties acquired in the 18<sup>th</sup> and 19<sup>th</sup> Periods

**+1,101** mn. yen  
(Note 1) 

Average adjusted NOI yield  
**4.0%** (Note 3)

Average adjusted NOI yield after depreciation  
**3.5%** (Note 3)








Note 1: This represents the figure of interest of Sumitomo Fudosan Ueno Bldg. No. 6 acquired during the 18<sup>th</sup> Period and six properties including the TK interests in Nagoya Lucent Tower acquired in the 19<sup>th</sup> Period, totaling seven.

Note 2: Acquisition price basis.

Note 3: Expenses for real estate tax is added to annualize this figure and calculates by deducting the TK interests in Nagoya Lucent Tower.



# Selective acquisitions of prime properties

Property name	Location	Acquisition price (mn. yen)	Appraisal NOI yield (Note 1)	Appraisal NOI yield after depreciation (Note 1)	Adjusted NOI yield (Note 2)	Adjusted NOI yield after depreciation (Note 2)
Assets acquired in the Fiscal Period ended June 30, 2015						
 <b>Sumitomo Fudosan Ueno Bldg. No.6</b> Tokyo Area	Taito-ku, Tokyo	7,460	4.5%	3.5%	4.9%	3.9%
Assets acquired in the Fiscal Period ended Dec. 31, 2015 (acquired through PO)						
 <b>G-Square Shibuya Dogenzaka</b> Tokyo Area	Shibuya-ku, Tokyo	12,220	3.6%	3.1%	2.5%	2.0%
 <b>Shibuya Sakuragaoka Square</b> (land with leasehold interest) (quasi co-ownership interest: 40%) Tokyo Area	Shibuya-ku, Tokyo	5,000	3.2%	3.2%	3.3%	3.3%
 <b>Yokohama Creation Square</b> (Sectional ownership) Tokyo Area	Kanagawa-ku, Yokohama	7,080	5.1%	4.4%	4.7%	4.0%
 <b>Cube Kawasaki</b> Tokyo Area	Kawasaki-ku, Kawasaki	20,050	4.8%	4.4%	4.4%	4.1%
 <b>Nagoya Lucent Tower</b> (Silent partnership interest) Nagoya Area	Nishi-ku, Nagoya	4,919	—	—	—	—
Assets acquired in the Fiscal Period ended Dec. 31, 2015 (acquired in Dec. 2015)						
 <b>Higashi-Nihombashi Green Building</b> Tokyo Area	Chuo-ku, Tokyo	2,705	4.8%	4.3%	4.8%	4.3%

Acquired on Dec. 21, 2015

## Higashi-Nihombashi Green Building

- ✓ Highly convenient location with access to four stations and four lines
- ✓ Office building with excellent visibility and natural lighting, standing on a corner lot along Kiyosugi-dori, an arterial road



Location	Higashi-Nihombashi 2-8-3, Chuo-ku, Tokyo
Site area	599.07㎡
Total floor area	4,210.72㎡
Structure/Floors	SRC/10F
Completion date	March 1988
Total tenants	8

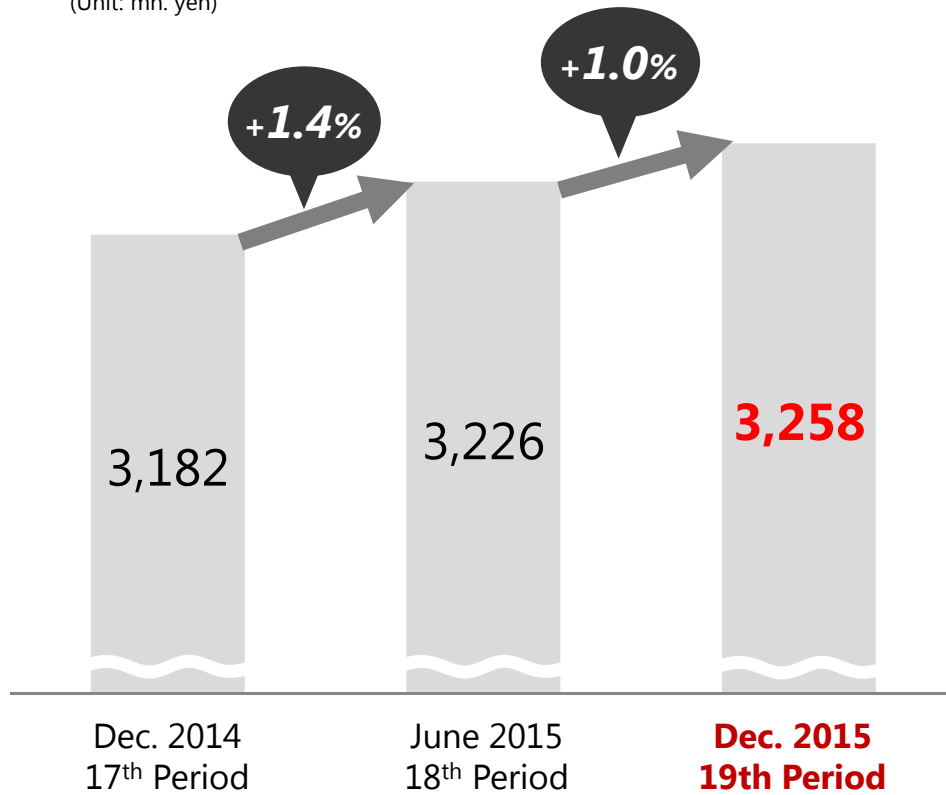
Note 1: "Appraisal NOI yield" and "Appraisal NOI yield after depreciation" are calculated based on net operating income with a direct income method stated on written appraisal value at the end of the 19<sup>th</sup> Period.  
Note 2: Real estate taxes are added to actual results of the 19<sup>th</sup> Period for annualization.



# Enhanced profitability of legacy properties

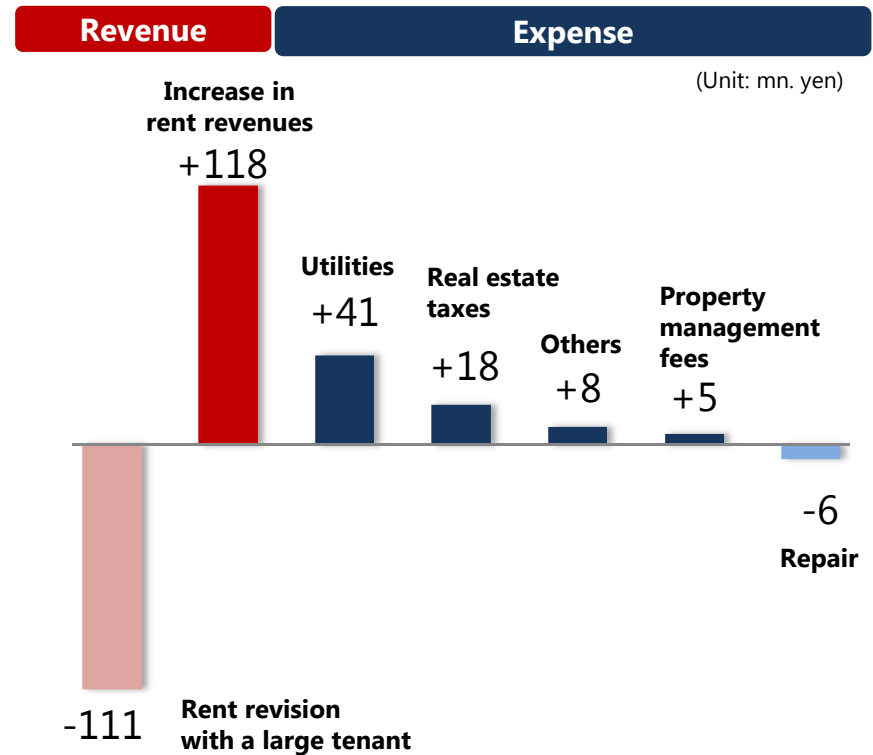
## Legacy properties' NOI<sub>(Note)</sub>

(Unit: mn. yen)



## NOI growth breakdown from 17<sup>th</sup> to 19<sup>th</sup> Periods

**+75** mn. yen

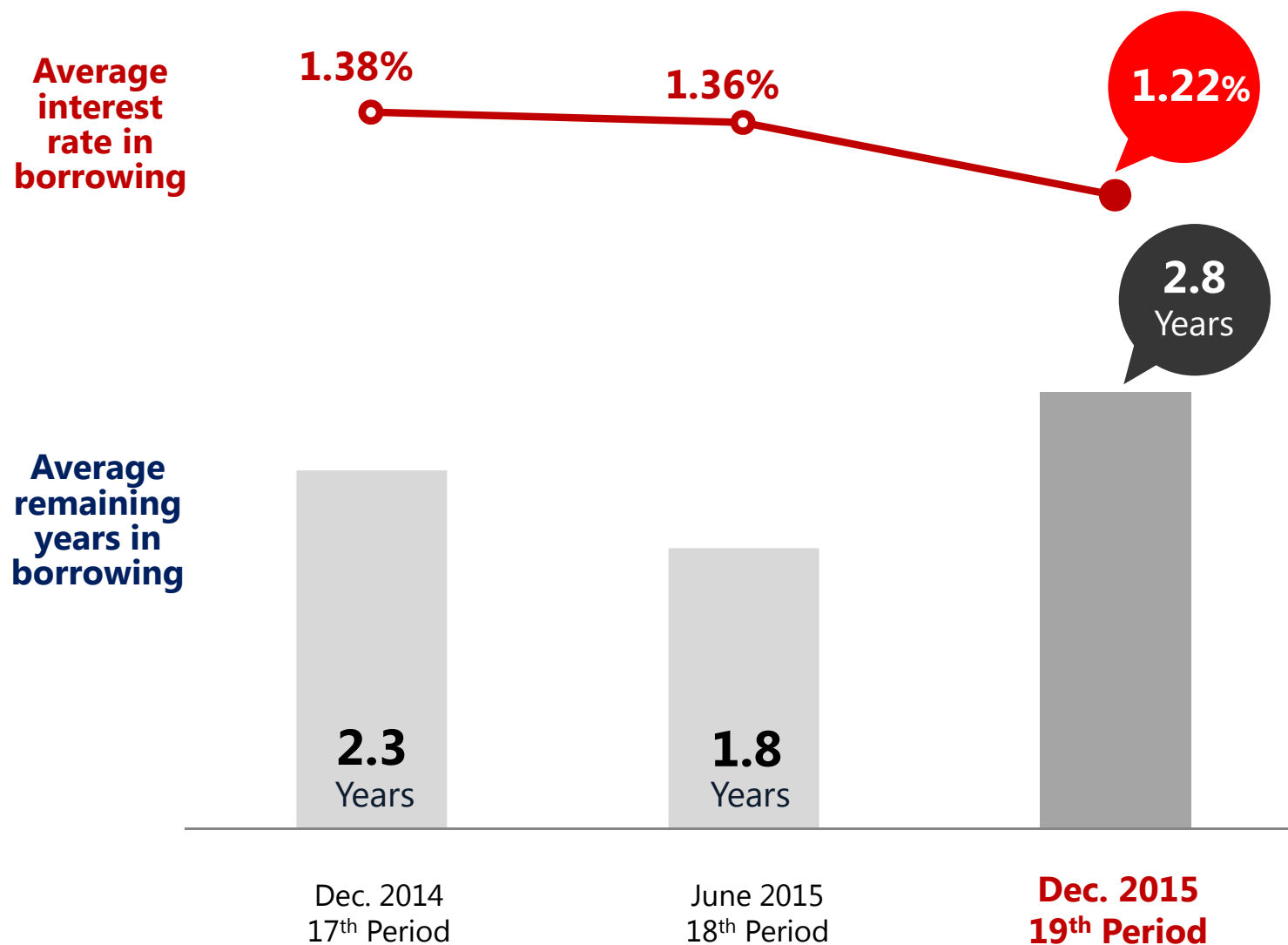


Note: Legacy properties' NOI indicates the total of NOI of the 12 properties held in the 17<sup>th</sup> Period.





# Steadily reducing financial costs while stabilizing debt portfolio



# Future Growth Strategy

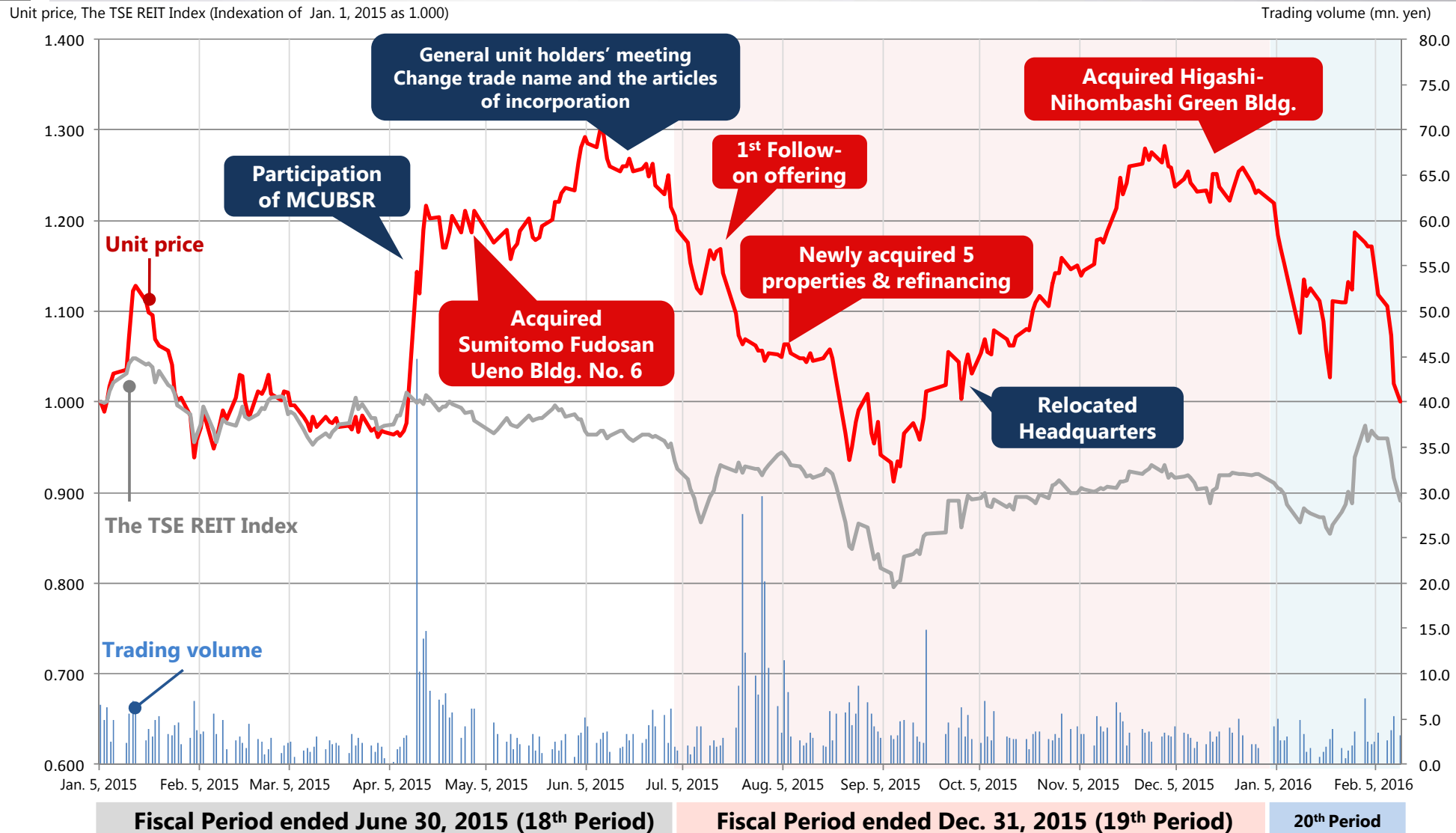
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# Continuous growth strategy implemented after MCUBSR's participation

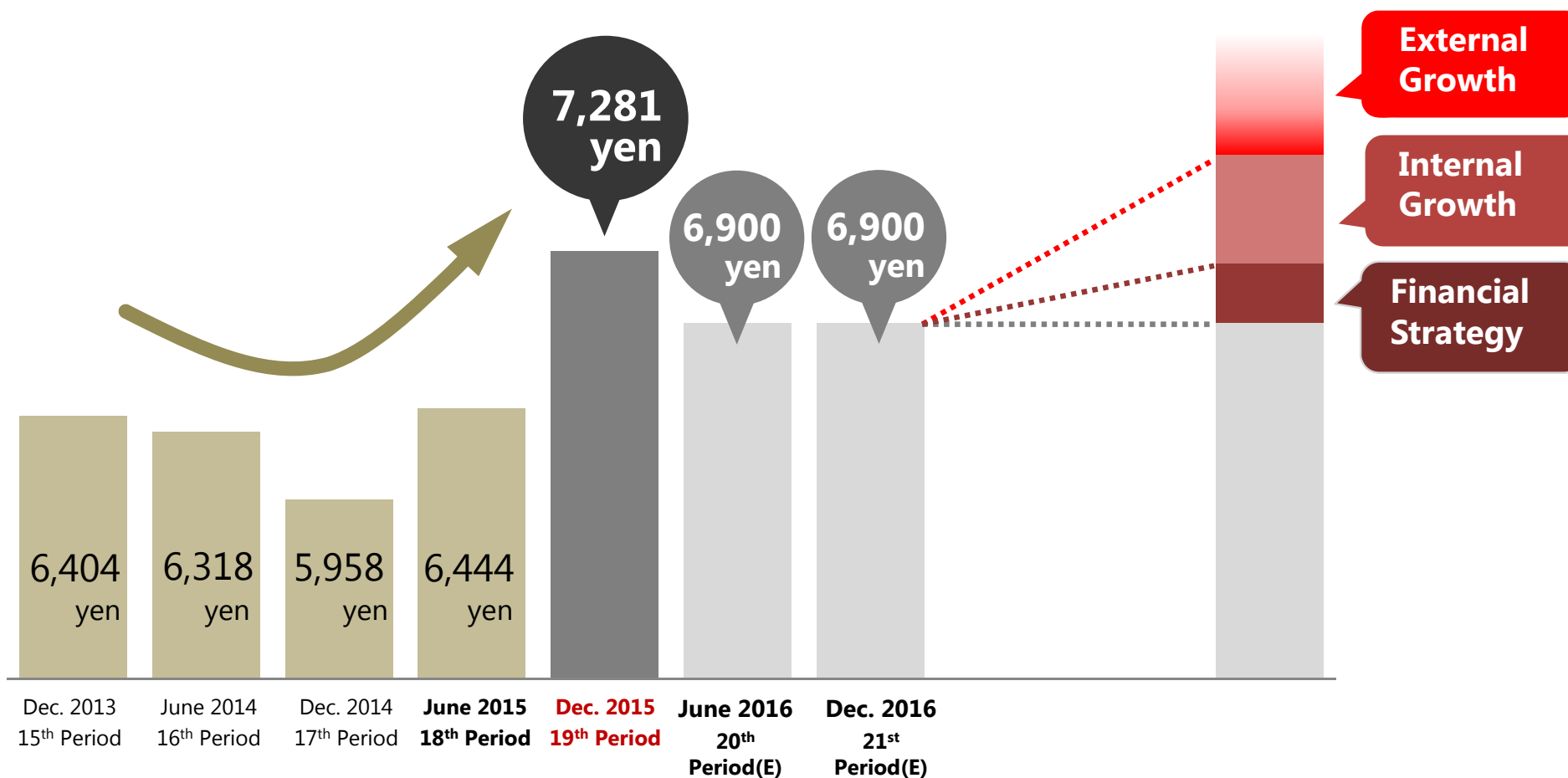


Source: Compiled by MCUBS MidCity using data by Bloomberg





# Steady DPU growth





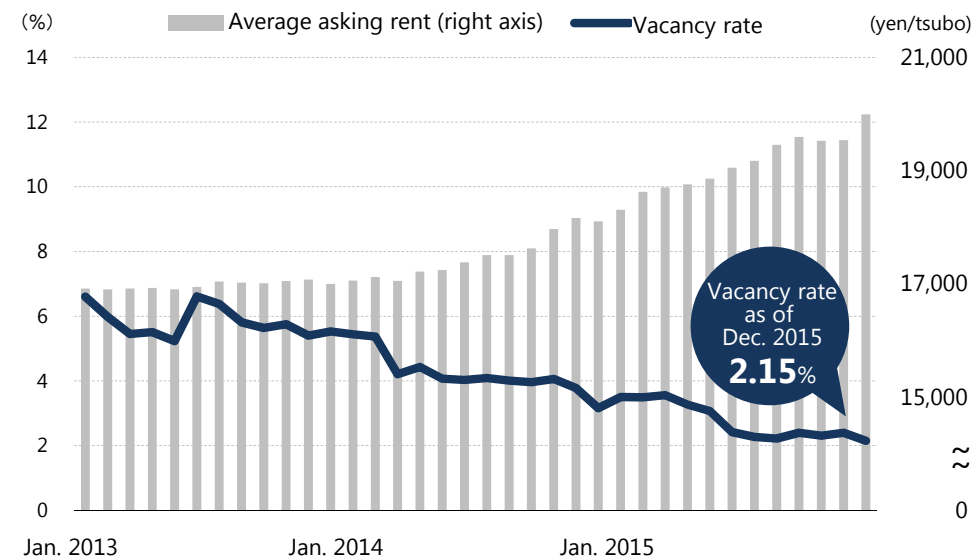
# Tokyo area; Revenue to increase by occupancy & rent improvements

## G-Square Shibuya Dogenzaka

**Occupancy** When acquired: 70.2% **19<sup>th</sup> Period:** 80.1%

**Features of Shibuya** Area with even lower vacancy within Tokyo's 23 Wards  
IT firm clustered area with scarce supplies  
Tight supply-and-demand is continuing

**Market outlook of Shibuya** Vacancy continues to drop  
Rent is increasing



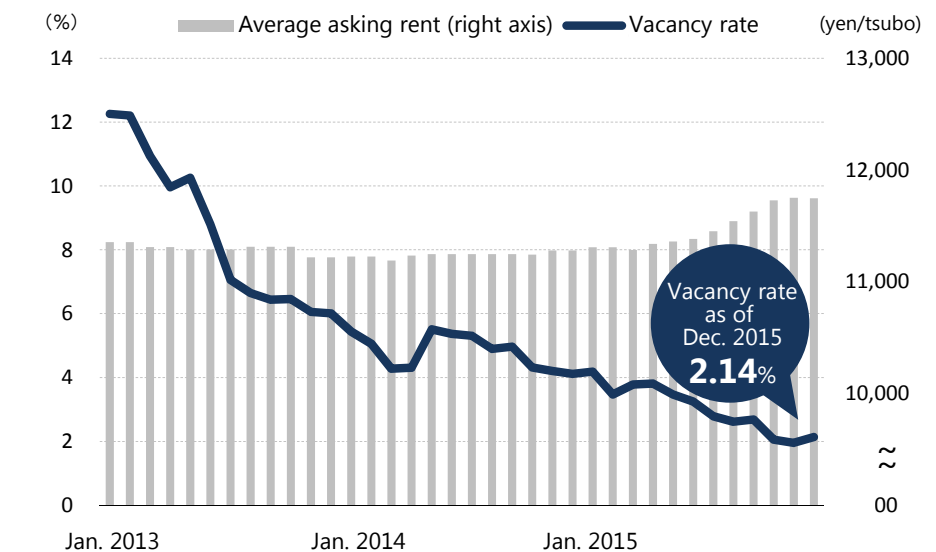
Source: Compiled by MCUBS MidCity using data by Miki Shoji

## Cube Kawasaki

**Occupancy** When acquired: 100.0% **19<sup>th</sup> Period:** 94.7%

**Features of Kawasaki** Area with lower vacancy than in Tokyo's 23 Wards  
Manufacturer groups are concentrating here since 2013

**Market outlook of Kawasaki** Vacancy continues to drop  
Rent is increasing



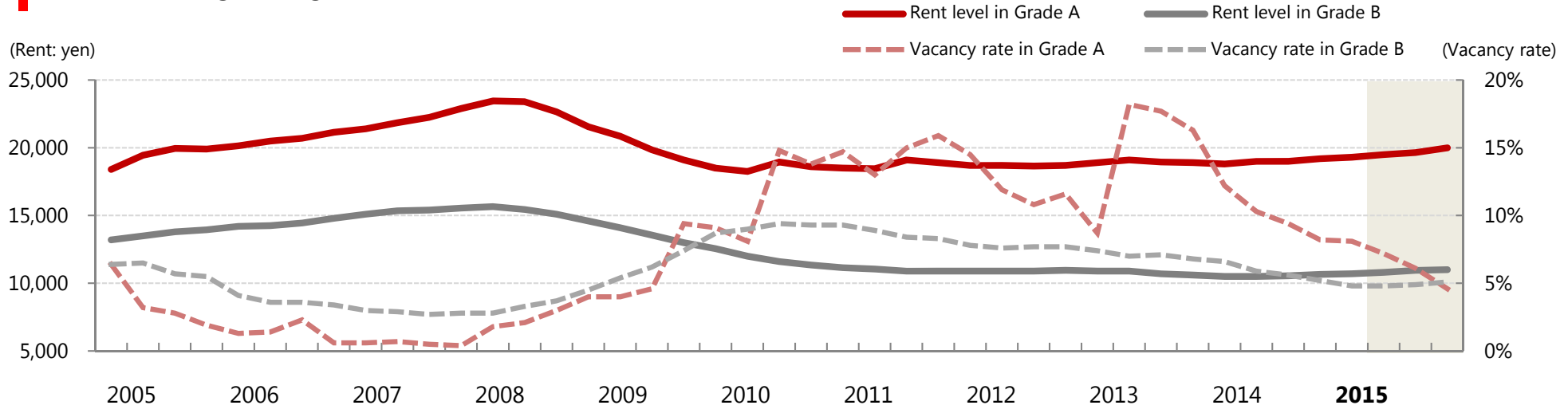
Source: Compiled by MCUBS MidCity using data by Miki Shoji





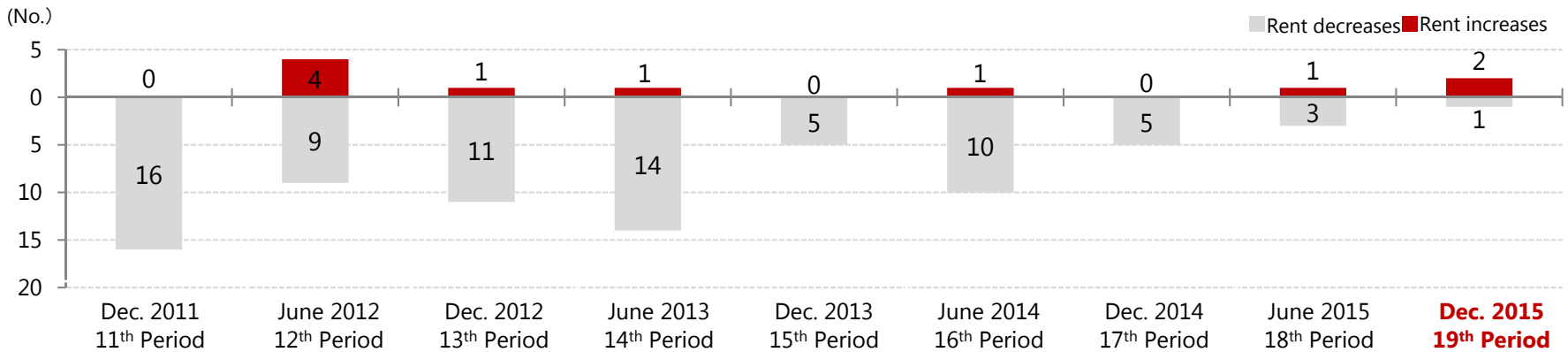
# Osaka area; Rent market has bottomed out

## Office building leasing market conditions in Osaka area



Source: Compiled by MCUBS MidCity using data by CBRE

## No. of legacy properties with revised rents





# Value enhancement initiative <Osaka Business Park>

To be completed in FY 2017

## New Osaka Kyobashi MID Bldg.(tentative name)

- 22 storied building
- Working population: **about 4,000**

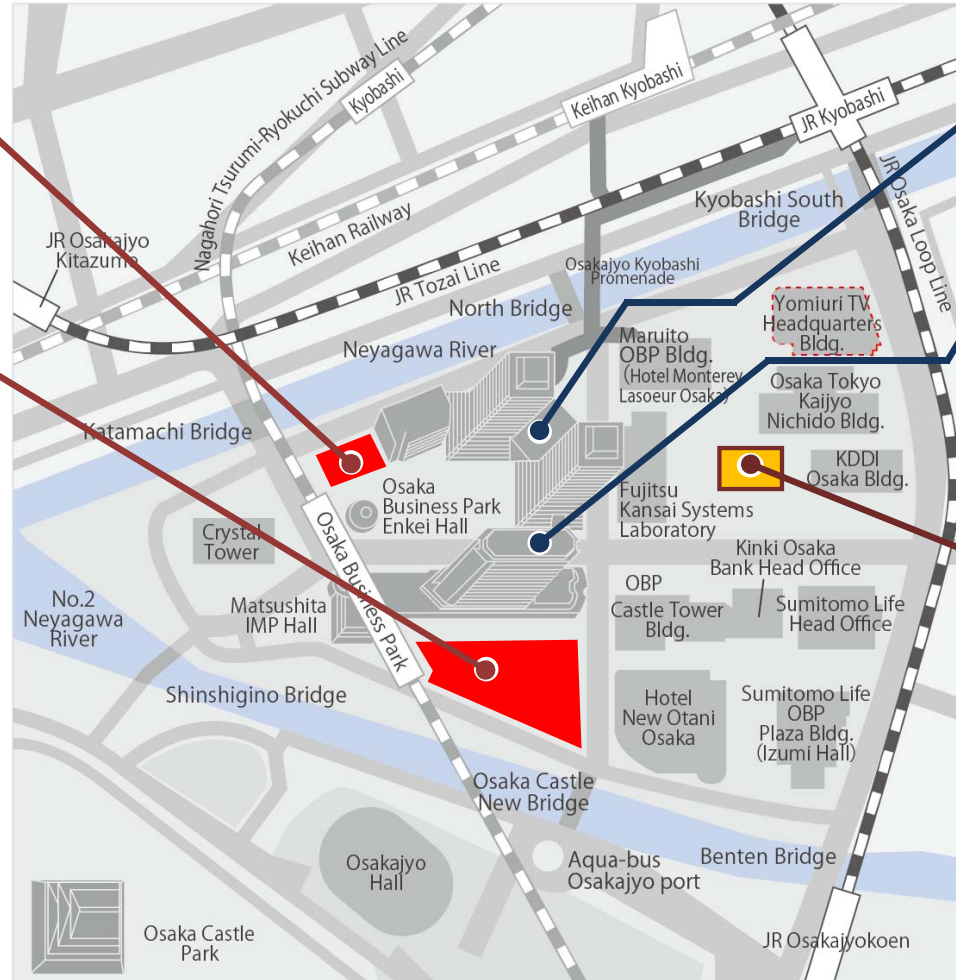
To be completed in summer 2019

## Yomiuri Telecasting Corporation's new building

- Construction to be started in fall 2016
- Working population: **about 2,000**

Working population of the whole OBP  
About 34,800

↓  
**About 40,900**



**Twin 21**

- Working population: **about 7,500**

**Matsushita IMP Bldg.**

- Working population: **about 3,800**

**Completed in June 2015**

**KDDI Osaka No.2 Bldg.**

- 20 storied building
- Working population: **about 2,100**

Cf:  
 No. of annual visitors to Donjon of Osaka Castle: about 1.5 mn.  
 No. of annual visitors to Osaka Castle Hall: about 1.6 mn.

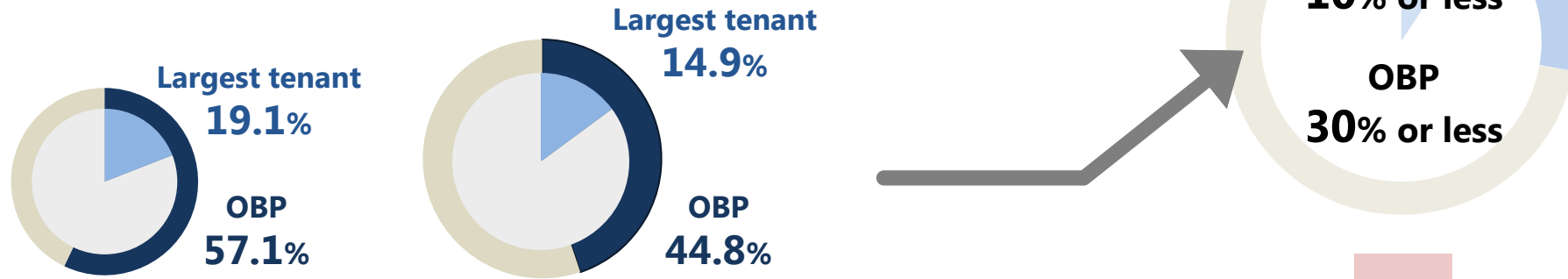




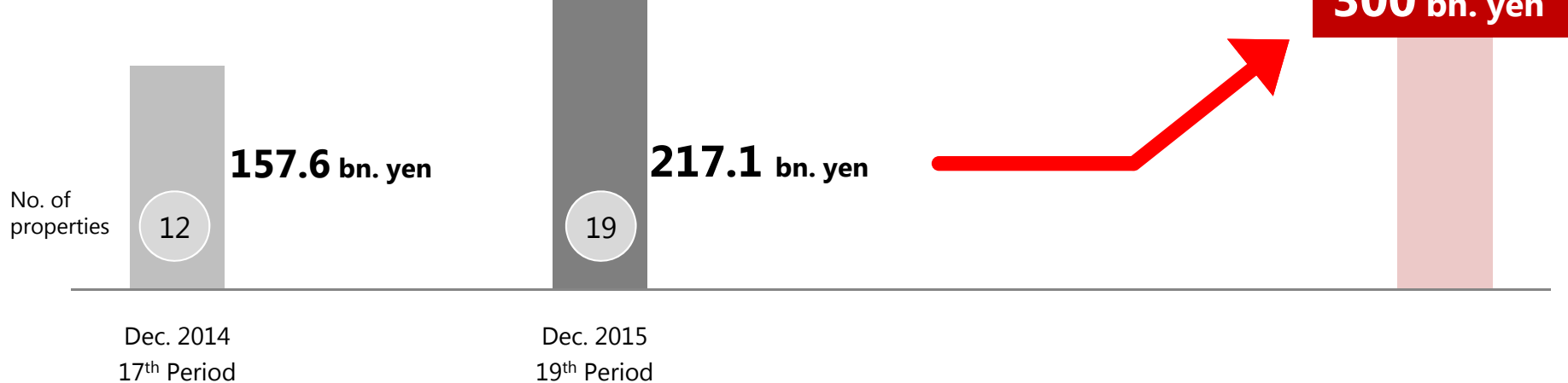
# Asset growth to enhance portfolio diversification

## Asset size and tenant composition

<Tenant composition (based on rent revenues)>



<Asset size (based on acquisition price)>





# Selective acquisitions by leveraging Sponsor's expertise



Mitsubishi Corp UBS Realty

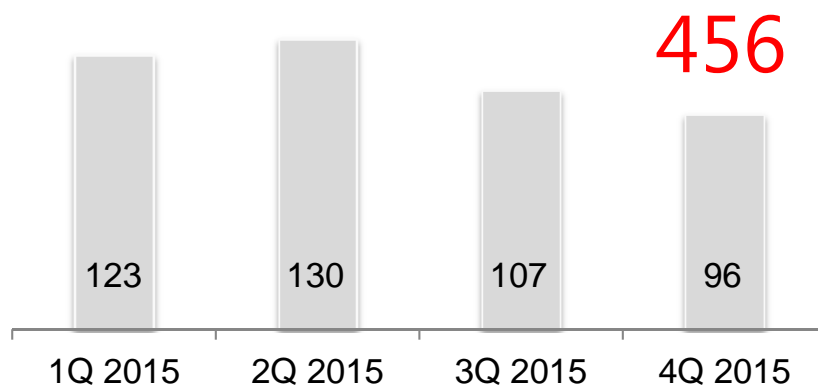
Make use of its supporting capacity in providing properties information, making CRE proposals, etc.



MID 都市開発  
MID Urban Development

Make use of its supporting capacity in providing properties information, warehousing and other services

Total No. of acquisitions considered in 2015



Major development properties and holding properties of MID Urban Development

Development property	Kyobashi MID Bldg. (Chuo-ku, Tokyo)
Holding properties	Yaesu MID Bldg. (Chuo-ku, Tokyo)
	Nishigin MID Bldg. (Chuo-ku, Tokyo)
	MID Nihonbashi Horidomecho Bldg. (Chuo-ku, Tokyo)
	HOTEL GRAND BACH KYOTO (Shimogyo-ku, Kyoto)

\* The acquisitions of these properties by MCUBS MidCity have not been decided.

Note: Effective April 1, 2016, MID Urban Development Co., Ltd. is merged with Kanden-Fudosan Co., Ltd. and renamed to Kanden Realty & Development Co., Ltd.





## Forecasts for June 2016 (20<sup>th</sup>) and Dec. 2016 (21<sup>st</sup>) fiscal periods

	Fiscal period ended June 30, 2016 (20 <sup>th</sup> Period) (Forecast)	Compared to the 19 <sup>th</sup> Period	Fiscal period ended Dec. 31, 2016 (21 <sup>st</sup> Period) (Forecast)	Compared to the 20 <sup>th</sup> Period
Operating revenue	6,855 mn. yen	+4.2%	6,881 mn. yen	+0.4%
Operating profit	2,430 mn. yen	-3.1%	2,430 mn. yen	0.0%
Net income	1,835 mn. yen	-5.2%	1,835 mn. yen	0.0%
Distribution	6,900 yen	-5.2%	6,900 yen	0.0%







# Memo





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