

# Investor Presentation

## ~Appendix~

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



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※ Fractions of the stated amounts are cut off and those of the ratios and years are rounded off unless otherwise indicated. Therefore, the aggregation of the figures stated hereupon are not necessarily identical to the total.

# 1. FINANCIAL HIGHLIGHTS

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# Overview of financial results

## for the fiscal period ended Dec. 31, 2015 (19<sup>th</sup> Period)

	Fiscal period ended June 30, 2015 (18 <sup>th</sup> Period) (181 Days)	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period) (184 Days)	Compared to the 18 <sup>th</sup> Period
Distribution per unit	6,444 yen	7,281 yen	+837 yen
Occupancy rate at end of period	98.5 %	97.6 %	▲0.9 pt
No. of properties under management	13 properties	19 properties	+6 properties
Asset size <sup>(Note 1)</sup>	165,130 mn. yen	217,104 mn. yen	+51,974 mn. yen
NOI <sup>(Note 2)</sup>	3,294 mn. yen	4,249 mn. yen	+954 mn. yen
NOI yield <sup>(Note 2)</sup> (Annual base)	4.0%	4.2%	+0.2 Pt
Interest-bearing liabilities at end of period	67,675 mn. yen	94,350 mn. yen	+26,675 mn. yen
LTV <sup>(Note 3)</sup>	38.9%	41.7%	+2.8pt
Market LTV <sup>(Note 4)</sup>	47.3%	46.6%	▲0.7pt
Average remaining years of borrowings	1.8 years	2.8 years	+1 year
Issuer rating	A- (Stable)	A- (Positive)	-
NAV per unit <sup>(Note 5)</sup>	321,783 yen	344,853 yen	+23,070 yen

Note 1: "Asset scale" is based on acquisition price.

Note 2: "NOI" and "Average NOI yield" do not include dividends receivable of Nagoya Lucent Tower's silent partnership interest (hereinafter referred to as TK interest).

Note 3: LTV=Term-end interest-bearing liabilities/term-end total assets

Note 4: Market value LTV=term-end interest-bearing liabilities/(term-end total assets±unrealized gains/loss). Unrealized gains/loss mean gap between book value and appraisal value).

Note 5: NAV per unit: [Total interest + (Term-end appraisal value - term-end book value)]/term-end outstanding # of units

# 19<sup>th</sup> Period financial results – Comparison to previous period

(Unit: mn. yen)

	Fiscal period ended June 30, 2015 (18 <sup>th</sup> Period)	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period)	Difference
Operating revenue	5,265	6,579	+1,313
Operating expenses	3,582	4,072	+490
Operating income	1,683	2,507	+823
Ordinary income	1,239	1,937	+698
Income before income taxes	1,239	1,937	+698
Net income	1,237	1,936	+699
Total distributions	1,237	1,936	+699
Distribution per unit (yen)	6,444	7,281	+837
Gain/loss on real estate lease business	2,143	2,997	+853
NOI	3,294	4,249	+954
Occupancy rate at end of period	98.5%	97.6%	▲0.9pt

(Unit: mn. yen)

<b>Operating revenue</b>	<b>+1,313</b>
Rent revenue	1,082
Newly acquired 5 properties	945
Legacy properties (with full-fiscal period contribution by Ueno Bldg. No 6, etc.)	137
Other lease business revenue	120
Utilities revenue (increase due to acquired properties)	101
Other revenue	18
Gain on distribution of TK interest (Nagoya Lucent Tower)	111
<b>Operating expenses</b>	<b>490</b>
Expenses related to rent business (ex. depreciation and loss on retirement)	248
Breakdown by property type	
Newly acquired 5 properties	243
Legacy properties	4
Breakdown by items	
Utilities expenses (due to increase in properties)	129
Repair expenses	▲30
Others (property management fees and real estate taxes, etc.)	148
Depreciation and loss on retirement	100
Newly acquired 5 properties	77
Legacy properties	23
Asset management fees	131
Other operating expenses	9

# 19<sup>th</sup> Period financial results – Comparison to initial forecasts

(Unit: mn. yen)

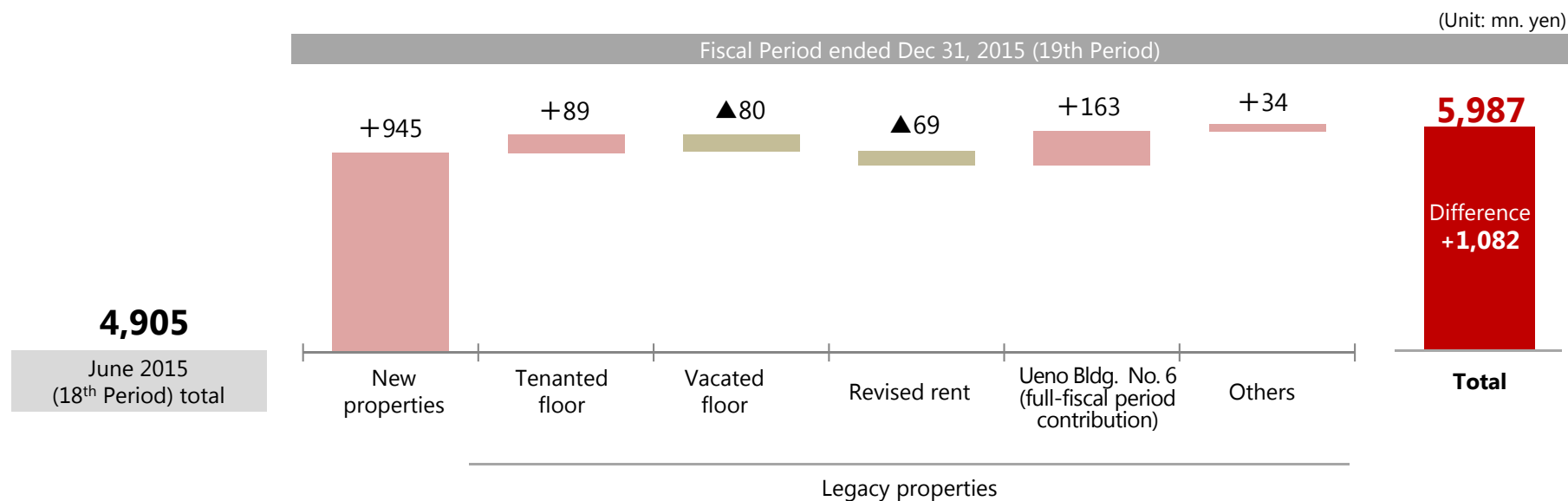
	Fiscal period ended Dec. 31, 2015 Forecast (as of Aug. 18 2015)	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period)	Difference
Operating revenue	6,612	6,579	▲32
Operating expenses	4,238	4,072	▲166
Operating income	2,373	2,507	+134
Ordinary income	1,797	1,937	+139
Income before income taxes	1,797	1,937	+139
Net income	1,795	1,936	+140
Total distributions	1,795	1,936	+141
Distribution per unit (yen)	6,750	7,281	+531
Gain/loss on real estate lease business	2,808	2,997	+188
NOI	4,074	4,249	+174
Occupancy rate at end of period	97.2%	97.6%	+0.4pt

(Unit: mn. yen)

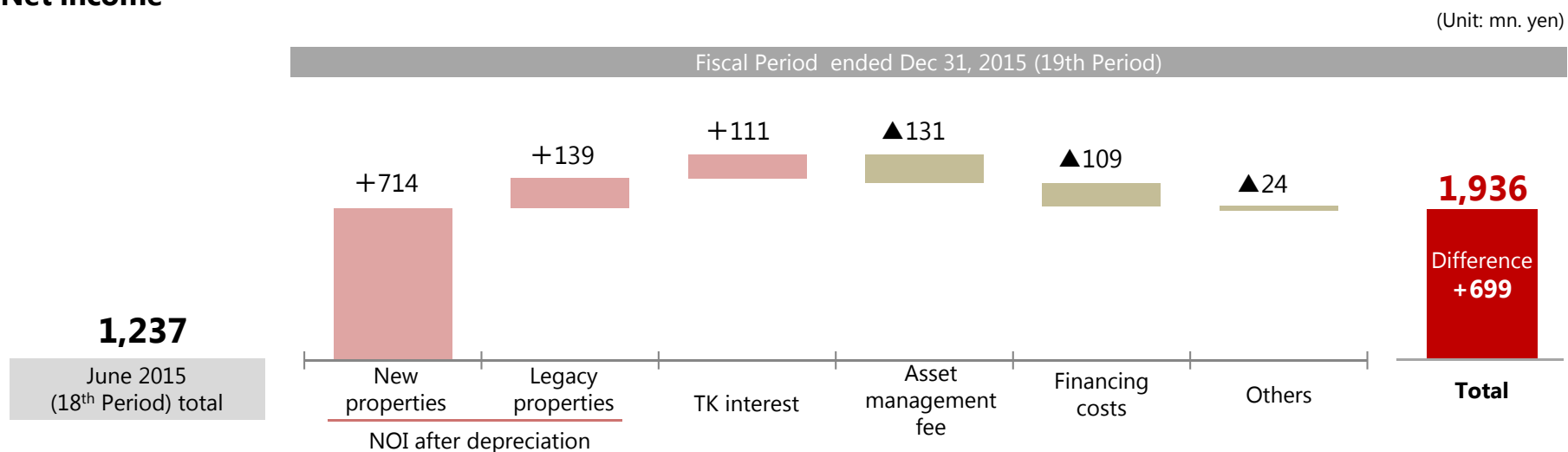
<b>Operating revenue</b>	<b>▲32</b>
Rent revenue	50
Newly acquired 5 properties	25
Legacy properties	24
Other lease business revenue	▲35
Utilities revenue	▲53
Other revenue	17
Gain on distribution of TK interest (Nagoya Lucent Tower)	▲47
<b>Operating expenses</b>	<b>▲166</b>
Expenses related to rent business (ex. depreciation and loss on retirement)	▲159
Breakdown by property type	
Newly acquired 5 properties	▲9
Legacy properties	▲149
Breakdown by items	
Utilities expenses (decrease due to adjusted fuel expenses)	▲151
Repair expenses	7
Others	▲15
Depreciation and loss on retirement	▲14
Newly acquired 5 properties	▲0
Legacy properties	▲13
Asset management fees	7
Other operating expenses	▲0

# 19<sup>th</sup> Period financial results – Y-on-Y change

## Rent revenue



## Net income



# Financial statements (Balance sheet)

(Unit (mn. yen), ratio (%))

Description	Fiscal Period ended June 30, 2016 (18th Period) (as of June 30, 2015)		Fiscal Period ended Dec. 31, 2015 (19th Period) (as of Dec. 31, 2015)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Assets)						
<b>I Total current assets</b>	<b>13,584</b>	<b>7.8</b>	<b>13,386</b>	<b>5.9</b>	<b>▲ 198</b>	<b>▲ 1.5</b>
Cash and deposits	7,032		4,629		▲ 2,402	
Cash and deposits in trust	6,271		8,262		1,990	
Operating accounts receivable	125		162		36	
Accrued consumption taxes	132		246		113	
Income taxes receivable	—		43		43	
Prepaid expenses	23		42		19	
Deferred tax assets	0		0		▲ 0	
Other	0		—		▲ 0	
<b>II Total non-current assets</b>	<b>160,517</b>	<b>92.2</b>	<b>212,640</b>	<b>94.0</b>	<b>52,122</b>	<b>32.5</b>
1. Property, plant and equipment						
Buildings in trust	66,846		72,816		4,746	
Accumulated depreciation	▲ 16,915		▲ 18,139			
Structures in trust	110		119		6	
Accumulated depreciation	▲ 22		▲ 24			
Machinery and equipment in trust	7		7		▲ 0	
Accumulated depreciation	▲ 1		▲ 1			
Tools, furniture and fixtures in trust	538		547		▲ 16	
Accumulated depreciation	▲ 331		▲ 356			
Land in trust	109,964		151,954		41,989	
Construction in progress in trust	4		4		-	
Total property, plant and equipment	160,201	92.0	206,927	91.5	46,725	29.2
2. Intangible assets						
Software	0		0		▲ 0	
Trademark right	0		0		▲ 0	
Total intangible assets	0	0.0	0	0.0	▲ 0	▲ 21.4
3. Investments and other assets						
Lease and guarantee deposits	10		10		-	
Long-term prepaid expenses	304		616		311	
Investment securities	—		5,085		5,085	
Total investments and other assets	314	0.2	5,711	2.5	5,396	1713.5
<b>III Deferred assets</b>	<b>14</b>	<b>0.0</b>	<b>73</b>	<b>0.0</b>	<b>58</b>	<b>393.2</b>
<b>Total assets</b>	<b>174,117</b>	<b>100.0</b>	<b>226,099</b>	<b>100.0</b>	<b>51,982</b>	<b>29.9</b>

Description	Fiscal Period ended June 30, 2016 (18th Period) (as of June 30, 2015)		Fiscal Period ended Dec. 31, 2015 (19th Period) (as of Dec. 31, 2015)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Liabilities)						
<b>I Total current liabilities</b>	<b>20,030</b>	<b>11.5</b>	<b>27,323</b>	<b>12.1</b>	<b>7,292</b>	<b>36.4</b>
Operating accounts payable	347		365		17	
Short-term loans payable	2,500		4,300		1,800	
Current portion of long-term loans payable	15,250		20,150		4,900	
Accounts payable - other	630		886		256	
Accrued expenses	108		143		34	
Distribution payable	7		6		▲ 0	
Income taxes payable	1		—		▲ 1	
Advances received	719		951		231	
Other	465		519		53	
<b>II Total non-current liabilities</b>	<b>60,041</b>	<b>34.5</b>	<b>81,596</b>	<b>36.1</b>	<b>21,555</b>	<b>35.9</b>
Long-term loans payable	49,925		69,900		19,975	
Tenant leasehold and security deposits	7,356		8,323		967	
Tenant leasehold and security deposits in trust	2,759		3,372		613	
<b>Total liabilities</b>	<b>80,071</b>	<b>46.0</b>	<b>108,919</b>	<b>48.2</b>	<b>28,848</b>	<b>36.0</b>
(Net assets)						
<b>I Unitholders' equity</b>						
1. Unitholders' capital	92,808		115,243		22,434	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,237		1,936		699	
Total surplus	1,237		1,936		699	
Total unitholders' equity	94,045		117,180		23,134	
<b>Total net assets</b>	<b>94,045</b>	<b>54.0</b>	<b>117,180</b>	<b>51.8</b>	<b>23,134</b>	<b>24.6</b>
<b>Total liabilities and net assets</b>	<b>174,117</b>	<b>100.0</b>	<b>226,099</b>	<b>100.0</b>	<b>51,982</b>	<b>29.9</b>

CAPEX accrued during the period: 224 mn. yen



# Financial statements (Income statement)

(Unit: amount of money (mn. yen), ratio (%))

Description	Fiscal Period ended June 30, 2015 (18th Period)		Fiscal Period ended Dec. 31, 2015 (19th Period)		Difference	
	(Jan. 1, 2015-June 30, 2015)		(July. 1, 2015-Dec. 31, 2015)			
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
1. Operating revenue	5,265	100.0	6,579	100.0	1,313	25.0
Rent revenue - real estate	4,905		5,987			
Other lease business revenue	360		480			
Dividends income	—		111			
2. Operating expenses	3,582	68.0	4,072	61.9	490	13.7
Expenses related to rent business	3,122		3,471			
Asset management fee	318		450			
Asset custody fee	8		10			
Administrative service fees	41		50			
Directors' compensations	6		5			
Other operating expenses	85		84			
Operating income	1,683	32.0	2,507	38.1	823	48.9
3. Non-operating income	2	0.0	2	0.0	0	28.1
Interest income	1		1			
Refund of unpaid distributions	0		0			
Other	—		0			
4. Non-operating expenses	446	8.5	572	8.7	125	28.2
Interest expenses	354		439			
Borrowing related expenses	90		114			
Amortization of investment units issuance cost	1		12			
Other	0		5			
Ordinary income	1,239	23.5	1,937	29.5	698	56.4
Income before income taxes	1,239	23.5	1,937	29.5	698	56.4
Income taxes	1	0.0	1	0.0	▲ 0	▲ 35.3
Income taxes - current	1		1			
Income taxes - deferred	▲ 0		0			
Net income	1,237	23.5	1,936	29.4	699	56.5
Retained earnings brought forward	0		0		0	798.2
Unappropriated retained earnings (undisposed loss)	1,237		1,936		699	56.5

Details of

Rent revenue – real estate

Rent revenue	4,885
CAM revenue	928
Parking revenue	174

Details of Expenses related  
to rent business

Property management fees	802
Utilities expenses	680
Real estate taxes	508
Insurance premiums	13
Repair expenses	159
Depreciation	1,251
Loss on retirement of non-current assets	—
Other lease business expenses	54

## **2. FORECASTS FOR THE 20<sup>TH</sup> AND 21<sup>ST</sup> FISCAL PERIOD**

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# Forecasts for the 20<sup>th</sup> and 21<sup>st</sup> fiscal period

	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period)	Fiscal period ending June 30, 2016 (20 <sup>th</sup> Period) Forecast	Fiscal period ending Dec. 31, 2016 (21 <sup>st</sup> Period) Forecast	Difference 20 <sup>th</sup> Period – 19 <sup>th</sup> Period	Difference 21 <sup>st</sup> Period – 20 <sup>th</sup> Period
Operating revenue	6,579	6,855	6,881	+275	+26
Operating expenses	4,072	4,425	4,451	+352	+26
Operating income	2,507	2,430	2,430	▲ 77	▲ 0
Ordinary income	1,937	1,837	1,837	▲ 100	▲ 0
Income before income taxes	1,937	1,837	1,837	▲ 100	▲ 0
Net income	1,936	1,835	1,835	▲ 101	▲ 0

Total distributions	1,936	1,835	1,835	+101	0
Distribution per unit (yen)	7,281	6,900	6,900	▲ 381	0
Gain/loss on real estate lease business	2,997	3,039	3,064	+42	+24
NOI	4,249	4,323	4,362	+74	+38
Occupancy rate at end of period	97.6%	97.7%	96.2%	+0.1pt	▲ 1.5pt

(Unit: mn. yen)

## ■ Factors of Change between 20<sup>th</sup> and 19<sup>th</sup> Periods

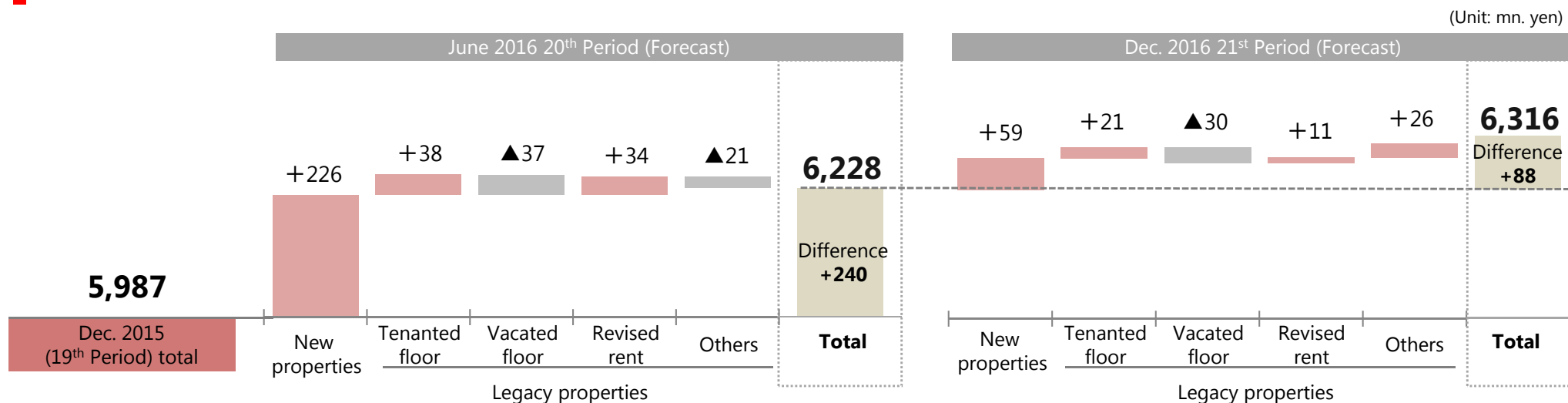
<b>Operating revenue</b>	<b>275</b>
Rent revenue	240
Newly acquired 5 properties	226
Legacy properties	14
Other lease business revenue	32
Gain on distribution of TK interest	2
<b>Operating expenses</b>	<b>352</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	198
Utilities expenses	3
Repair expenses	87
Real estate taxes, etc.	67
Others	39
Depreciation and loss on retirement	32
Asset management fees, etc.	122

## ■ Factors of change between 21<sup>st</sup> and 20<sup>th</sup> Periods

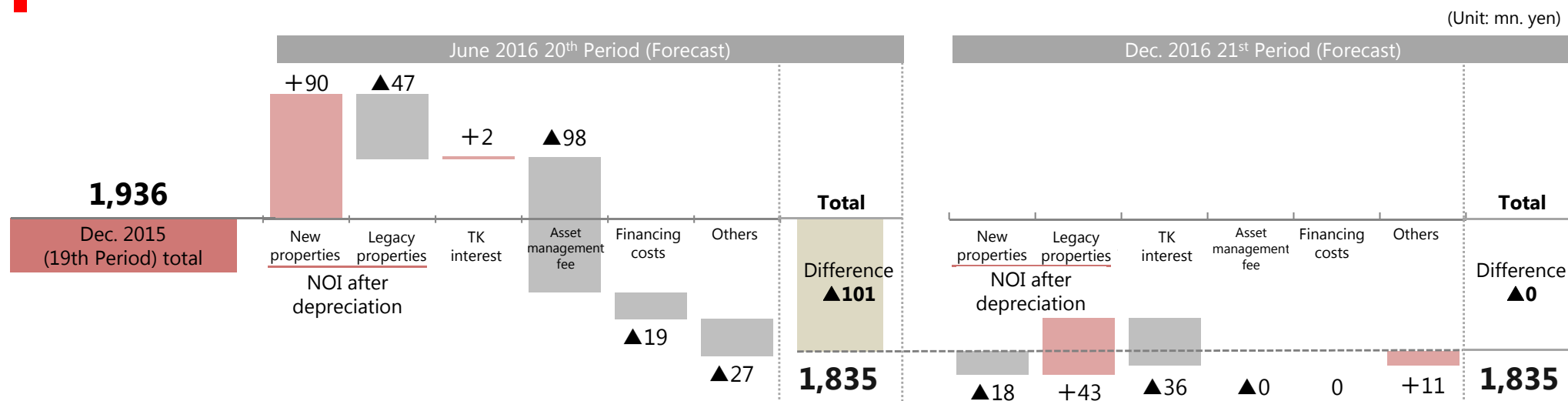
<b>Operating revenue</b>	<b>26</b>
Rent revenue	88
Newly acquired 5 properties	59
Legacy properties	29
Other lease business revenue	▲24
Gain on distribution of TK interest	▲36
<b>Operating expenses</b>	<b>26</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	24
Utilities expenses (increase due to seasonal factors and increased properties)	44
Repair expenses	▲83
Real estate taxes, etc.	68
Others	▲4
Depreciation and loss on retirement	13
Asset management fees, etc.	▲11

# Factors of change from previous period

## Rent revenue



## Net income









### **3. RESULTS FOR THE 19<sup>TH</sup> FISCAL PERIOD**

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# External Growth

## Assets acquired in the 19<sup>th</sup> Period

Property name	Location	Access	Seller	Acquisition price (mn. yen)	Appraisal value (mn. yen)	Adjusted NOI yield (Note 3)	Adjusted NOI yield after depreciation (Note 3)	Appraisal NOI yield (Note 4)	Appraisal NOI yield after depreciation (Note 4)	No. of tenants	Total leasable space (m <sup>2</sup> )	Occupancy rate
 <b>G-Square Shibuya Dogenzaka</b> Tokyo Area MCUBSR	Shibuya-ku, Tokyo	3-minute walk from Tokyo Metro Shibuya sta.	SPC (GK Dogenzaka 211)	12,220	13,800	2.5%	2.0%	3.6%	3.1%	7	5,013	80.1%
 <b>Shibuya Sakuragaoka Square (land with leasehold interest)</b> (quasi co-ownership interest: 40%) Tokyo Area MC	Shibuya-ku, Tokyo	4-minute walk from JR Shibuya sta.	SPC (GK Sakuragaoka 31)	5,000	5,240	3.3%	3.3%	3.2%	3.2%	1	1,200	100.0%
 <b>Yokohama Creation Square (Sectional ownership)</b> Tokyo Area MC	Kanagawa-ku, Yokohama	7-minute walk from JR Yokohama sta.	SPC (GK TCTS06)	7,080	7,480	4.7%	4.0%	5.1%	4.4%	36	12,765	88.8%
 <b>Cube Kawasaki</b> Tokyo Area MCUBSR	Kawasaki-ku, Kawasaki	3-minute walk from JR Kawasaki sta.	SPC (YK Cube Kawasaki Investment)	20,050	20,900	4.4%	4.1%	4.8%	4.4%	8	24,462	94.7%
 <b>Higashi-Nihombashi Green Bldg.</b> Tokyo Area MCUBSR	Chuo-ku, Tokyo	1-minute walk from Higashi-Nihombashi sta.	SPC (HN Green Japan Holding TMK)	2,705	2,900	4.8%	4.3%	4.8%	4.3%	8	3,308	100.0%
<b>Subtotal / Average</b>				<b>47,055</b>	<b>50,320</b>	<b>4.1%</b>	<b>2.9%</b>	<b>4.3%</b>	<b>4.0%</b>	<b>60</b>	<b>46,750</b>	<b>92.0%</b>
 <b>Nagoya Lucent Tower (Silent partnership interest)</b> Nagoya Area MCUBSR Negotiated transaction	Nogoya-Shi, Aichi-ken	5-minute walk from JR Nagoya sta.	Hulic Co., Ltd.	4,919	—	—	—	—	—	—	—	—
<b>Total</b>				<b>51,974</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Note 1: The above figures are as of Dec. 31, 2015 (excluding Note 2 to 4).







Note 2: Appraisal value of Higashi-Nihombashi Green Bldg. is based on the value on Dec. 1, 2015. Area stated on lease agreement effective as of end of Fiscal period ended Dec. 2015 is indicated as leasable space.

Note 3: Real estate taxes are added to "Adjusted NOI yield" and "Adjusted NOI yield after depreciation" before annualizing them.

Note 4: "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.

# Highlights of assets acquired in the 19<sup>th</sup> Period

## Selective investments in qualified office buildings in favorable locations mainly in the Tokyo area

Property	Location	Description	Other notable points
 <b>G-Square Shibuya Dogenzaka</b>	<ul style="list-style-type: none"> <li>Within three minute walk from Tokyo Metro Shibuya Sta.</li> <li>Highly visible location facing Dogenzaka</li> </ul>	<ul style="list-style-type: none"> <li>As recently built as 6 year ago</li> <li>Standard floor area: approx. 160 <i>tsubo</i></li> <li>Ceiling height: 2,700 mm</li> <li>Environmental performance assessment: rank A certification in CASBEE</li> </ul>	<ul style="list-style-type: none"> <li>A recently built, high-grade office building that is scarce in the Shibuya area</li> </ul>
 <b>Shibuya Sakuragaoka (land with leasehold interest) (quasi co-ownership interest: 40%)</b> <small>(Note 1)</small>	<ul style="list-style-type: none"> <li>Four-minute walk from JR Shibuya Sta.</li> <li>Area with a number of office buildings</li> </ul>	<ul style="list-style-type: none"> <li>As recently built as 5 years ago</li> <li>Standard floor area: approx. 190 <i>tsubo</i></li> <li>Ceiling height: 2,800 mm</li> <li>Individually controlled air-conditioning system (up to 10 sections)</li> </ul>	<ul style="list-style-type: none"> <li>Based on a stable and long-term land lease agreement</li> </ul>
 <b>Yokohama Creation Square (Sectional ownership)</b>	<ul style="list-style-type: none"> <li>Seven-minute walk from JR Yokohama Sta.</li> <li>Accessible from the station through the sky deck</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: approx. 230 <i>tsubo</i></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 Yokohama Portside Area where redevelopment is progressing under the concept of "Town Building of Art &amp; Design"</li> </ul>
 <b>Cube Kawasaki</b>	<ul style="list-style-type: none"> <li>Three-minute walk from JR Kawasaki Sta.</li> <li>Accessible from the station through an underground shopping area</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: approx. 780 <i>tsubo</i></li> <li>Floor load: 500 kg/m<sup>2</sup></li> <li>Electric capacitance: 60 VA/m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>A large-scale office building that is scarce with a standard floor area of approx. 780 <i>tsubo</i></li> </ul>
 <b>Higashi-Nihombashi Green Bldg.</b>	<ul style="list-style-type: none"> <li>One-minute walk from Higashi-Nihombashi Sta. on Toei Asakusa Line</li> <li>Standing on a corner lot along Kiyosugi-dori, an arterial road, with excellent visibility</li> </ul>	<ul style="list-style-type: none"> <li>Standard floor area: 100 <i>tsubo</i></li> <li>Well-lit with windows sequentially installed on the south and west sides</li> <li>Individually air-conditioned spaces</li> </ul>	<ul style="list-style-type: none"> <li>Area for both of small to mid-size offices and condominiums with good access to four stations and four railway lines, and as well as airports</li> </ul>
 <b>Nagoya Lucent Tower (TK interest)</b> <small>(Note 2)</small>	<ul style="list-style-type: none"> <li>Five-minute walk from JR Nagoya Sta.</li> <li>Accessible through an underground passage directly connected to the sta.</li> </ul>	<ul style="list-style-type: none"> <li>As recently built as 9 year ago</li> <li>Standard floor area: more than 600 <i>tsubo</i></li> <li>Ceiling height: 2,750 mm</li> </ul>	<ul style="list-style-type: none"> <li>As recently built, high-grade large building that is scarce in the Nagoya area</li> </ul>

Note 1: The building on the land is indicated here, but the MCUBS MidCity acquired only the land with leasehold interest.

Note 2: The asset backed by the trust beneficiary.



# Properties acquired in the 19<sup>th</sup> Period

## G-Square Shibuya Dogenzaka

- ✓ Located in Shibuya – Ebisu, one of the areas with the lowest vacancy rate in Tokyo
- ✓ A recently 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 Sta. on the Tokyo Metro lines



### Attractive market

- Located in Shibuya, an area with one of the lowest vacancy rates in Tokyo  
\* Vacancy rate of Shibuya-ku is 2.15% as of the end of Dec. 2015
- An area attracting a number of IT companies with high growth potential

### Attractive location

- A highly convenient location close to Shibuya Sta.
  - Three-minute walk from Shibuya Sta. on the Tokyo Metro lines
  - Nine lines available
- Two-minute walk from Shibuya Mark City
- Location featuring highly visible, facing the Dogenzaka slope

Location	2-11-1 Dogenzaka, Shibuya-ku, Tokyo
Access	Three-minute walk from Tokyo Metro Shibuya Sta. (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 Sta.)
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	Oct. 2009
No. of tenants	7
Acquisition price	12,220 mn. yen
Acquisition date	Aug. 3, 2015

### Attractive facility

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





# Properties acquired in the 19<sup>th</sup> Period

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

- ✓ Located in Shibuya – Ebisu, one of the areas with the lowest vacancy rate in Tokyo
- ✓ A land with leasehold interest of over 350 *tsubo* facing the national highway Route 246
- ✓ A Land based on stable and long term land lease agreement, where a recently built high-grade building stands



### Attractive market

- Located in Shibuya, an area with one of the lowest vacancy rates in Tokyo  
\* Vacancy rate of Shibuya-ku is 2.15% as of the end of Dec. 2015
- An area attracting a number of IT companies with high growth potential

### Attractive location

- Highly convenient location
  - Four-minute walk from JR Shibuya Sta.
  - Nine lines available
- Favorable environment for offices in Shibuya
  - In 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

Location	109-7 and other, Sakuragaoka-cho, Shibuya-ku, Tokyo
Access	Four-minute walk from JR Shibuya sta. (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 Sta.)
Total land space	1,200.08m <sup>2</sup>
No. of tenants	1 (Note)
Acquisition price	5,000 mn. Yen
Acquisition date	Aug. 3, 2015

Note : The figure on land lease agreement is stated.

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

- Land with leasehold interest based on stable and long-term land lease agreement
- One other quasi co-owner, who 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	Not revisable

### (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 *tsubo*
- Ceiling height is 2,800 mm (10F: 2,900 mm)
- Individual air-conditioning (10 sections)
- Floor load: 500 kg/m<sup>2</sup> (1,000 kg/m<sup>2</sup> in the heavy-duty zone)
- Structure/scale: SRC B1F/10F
- Construction Completed: Mar. 2010



# Properties acquired in the 19<sup>th</sup> Period

## Yokohama Creation Square (sectional ownership)

- ✓ Located in the vicinity of the east exit of the station where are concentrated of large office buildings
- ✓ An office building with a large floor allowing a variety of layouts ranging from approx. 20 to 230 *tsubo*



### Attractive market

- Located in the vicinity of the east exit of the station where are concentrated of large office buildings
- Yokohama Portside Area where redevelopment under way with the concept of "Town Building of Art & Design"

### Attractive location

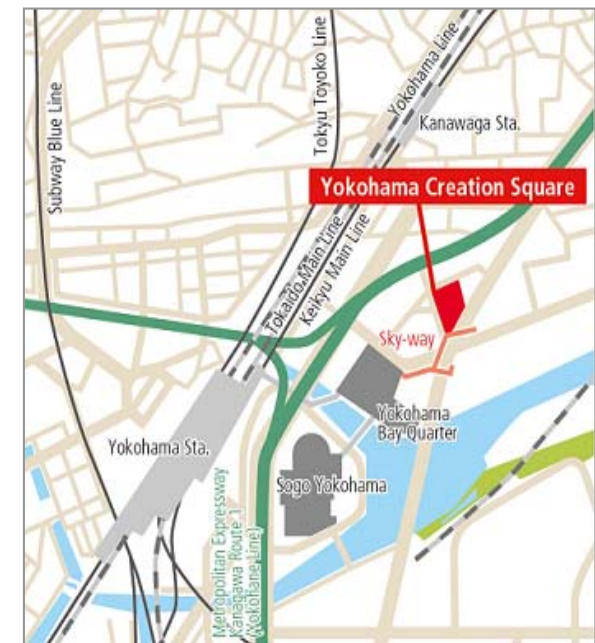
- Closely located to Yokohama Sta.
  - Seven-minute walk from JR Yokohama Sta.
  - Accessible from the station through the sky deck (Bay Quarter Walk)

Location	5-1 Sakae-cho, Kanagawa-ku, Yokohama-shi, Kanagawa
Access	Seven-minute walk from JR Yokohama Sta.
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	Mar. 1994
No. of tenants	36
Acquisition price	7,080 mn. yen
Acquisition date	Aug. 3, 2015



### Attractive facility

- Allowing a variety of floor layouts
  - Standard floor area: approx. 230 *tsubo*
  - Column-free spaces which can be divided into 8 sections per floor
- Ocean view building
- Well-lit atrium
  - A cafeteria in the atrium of entrance hall





# Properties acquired in the 19<sup>th</sup> Period

## Cube Kawasaki

- ✓ **Closely located to JR Kawasaki Sta. that offers a good access to transportation**
- ✓ **A scarce property with a standard floor area of approx. 780 *tsubo* that addresses a demand for large office spaces**



### Attractive market

- Vacant rooms in the Kawasaki area has been increasingly filled
  - Vacancy rate is 2.14% as of the end of Dec. 2015
  - Area where high-tech companies and research institutions are concentrating

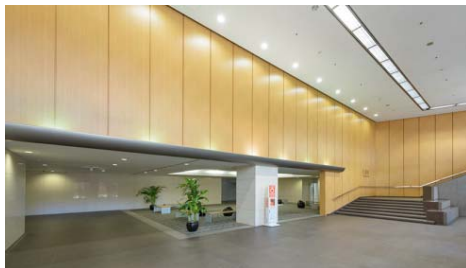
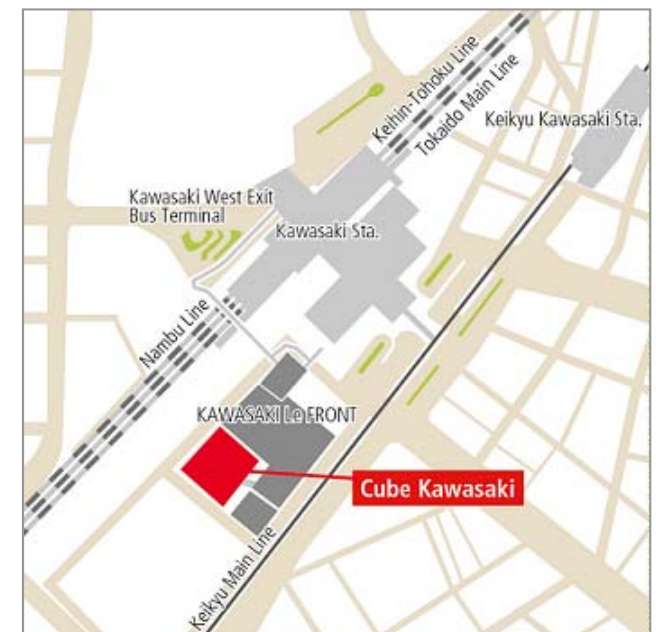
### Attractive location

- Closely located to Kawasaki Sta. that offers high traffic convenience as it neighbors Tokyo and Yokohama
  - Three-minute walk from Kawasaki Sta. where three JR lines are available
  - Accessible through the underground shopping area without exposure to rain

Location	1-14 Nisshin-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Access	Three-minute walk from JR Kawasaki sta.
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 price	20,050 mn. yen
Acquisition date	Aug. 7, 2015

### Attractive facility

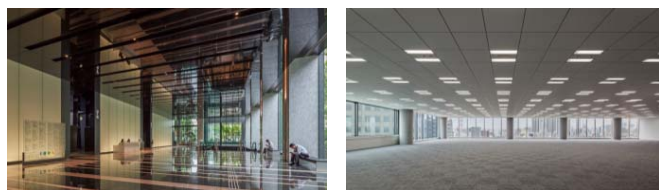
- A standard floor area of approx. 780 *tsubo* that addresses a demand for large office spaces
- Square – shaped rental spaces which are highly versatile
- Renovation of the common areas completed
- Large scale entrance hall (ceiling height: 7m) that provides a quality feeling and lighting
- Floor load 500 kg/m<sup>2</sup>, electric capacitance 60 VA/m<sup>2</sup>



# Properties acquired in the 19<sup>th</sup> Period

## Nagoya Lucent Tower (TK interest)

- ✓ Accessible through an underground passage which is directly connected to Nagoya Sta., the largest terminal station in the Chubu area
- ✓ A recently built, high-grade large building that is scarce in Nagoya area



### Attractive market

- Located in Meieki area with the lowest vacancy rate in the Nagoya city
  - With multiple large-scale redevelopment projects under way in the area, where large-scale companies are expected to further concentrate

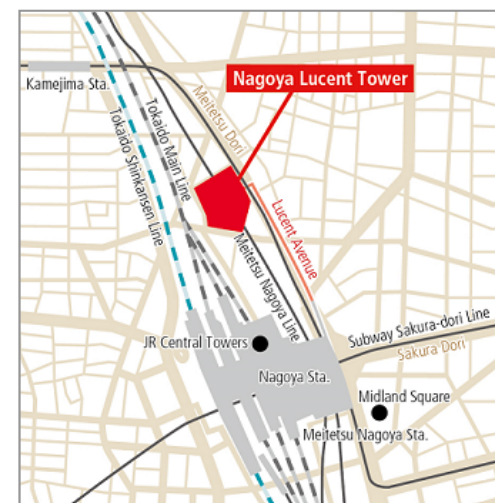
### Attractive location

- A favorable location close to Nagoya Sta., the largest terminal station in the Chubu area
  - Five-minute walk from Nagoya Sta. on the JR lines, which offers a good access to transport
  - Accessible without exposure to rain through an underground passage (Lucent Avenue) directly connected to Nagoya Sta.

Location	6-1 Ushijima-cho, Nishi-ku, Nagoya-shi, Aichi
Access	Five-minute walk from JR Nagoya Sta.
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	Nov. 2006
Amount invested	4,919 mn. yen
Acquisition date	Aug. 3, 2015

### Attractive facility

- Recently built, high-grade large building that is scarce in the Nagoya area
  - With a total floor area of over 40,000 *tsubo* and a standard floor area of over 600 *tsubo*, the underlying asset offers one of the largest floor in the area.
  - Built in Nov. 2006
  - Individual air-conditioning (6 sections/floor) and floor load of 500 kg/m<sup>2</sup>
  - Ceiling height: 2,750 mm
  - Provides good visibility with its height (42 floors) and arch-shaped, characteristic appearance



Note: MCUBS MidCity acquired the TK interest with R40 GK as the operator (TK 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 Bldg.s 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.



# Property acquired during the 19<sup>th</sup> Period

## Higashi-Nihombashi Green Bldg.

- ✓ **Highly convenient location for transport with easy access to four stations and four railway lines**
- ✓ **Office building located at the corner of Kiyosugi-dori, an arterial road, with high visibility and natural lighting**



### Attractive market

- Higashi-Nihombashi area, which has a mixed portfolio of small to mid-size office buildings and condominiums
- Many apparel wholesalers are based in the area, that used to be a center of the textile industry

### Attractive location

- Highly convenient location for transport
  - Easy access to four stations and four JR and subway lines
  - Favorable access to airports, with direct lines to Haneda Airport and Narita Airport
- Located at the corner facing Kiyosugi-dori, an arterial road, with high visibility in an area mostly comprising of medium- to small-scale buildings





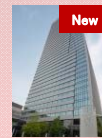

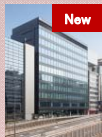




### Attractive facilities

- Sizable office building in the area, where the most of buildings are small to mid-scale
  - Total floor area: 1,300 *tsubo*; standard floor area: approx. 100 *tsubo*
  - Easy-to-use standard floor plans
  - Equipped with individual air conditioning
- Office building with windows sequentially installed on the south and west sides, providing a good natural lighting

Location	Higashi-Nihombashi 2-8-3, Chuo-ku, Tokyo
Access	1-minute walk from Toei Asakusa Line, Higashi-Nihombashi Sta 3-minute walk from Toei Shinjuku Line, Bakuro Yokoyama Sta 6-minute walk from JR Soba Line, Bakuro Cho Sta 7-minute walk from JR Chuo and Soba Line, Asakusa-Bashi Sta
Total land area	599.07 m <sup>2</sup>
Total floor area	4,210.72 m <sup>2</sup>
Structure/scale	SRC/10F
Construction completed	Mar. 1988
No. of tenants	8
Acquisition price	2,705 mn. yen
Acquisition date	Dec. 21, 2015



# Advantage of various property information networks

Property acquisition route		Property acquisition method		
		Ownership / development (Seller: sponsor)	Market transaction (Seller: third party/sponsor)	Negotiated transaction / CRE proposal (Seller: third party)
Main Sponsor Group	 Mitsubishi Corp UBS Realty		<div><div><div>Acquired</div></div><div><div>New</div></div><div><div>New</div></div></div> <div>Sumitomo Fudosan Ueno Bldg. No.6</div> <div>Cube Kawasaki</div> <div>Higashi-Nihombashi Green Bldg.</div>	<div><div>New</div></div> <div>Nagoya Lucent Tower (TK interest)</div>
	 Mitsubishi Corporation		<div><div><div>New</div></div><div><div>New</div></div><div><div>New</div></div></div> <div>Shibuya Sakuragaoka Square (land with leasehold interest)</div> <div>G-Square Shibuya Dogenzaka</div> <div>Yokohama Creation Square</div>	<div>Leveraging relationships with business companies</div> <div>■ Acquire properties based on negotiated transactions through CRE proposals</div>
	 UBS	Further leveraging of sponsor network		
Sub Sponsor	 MID 都市開発 MID Urban Development	<div>■ Acquire properties through leveraging networks of MID Urban Development group and UBS group</div>		

(Reference)

Potential market size of office buildings owned by business companies

Source:  
Ministry of Land, Infrastructure, Transport and Tourism: Asset amount by present usage of buildings owned by companies (2013)

Others, Unknown:  
¥12.9 trillion  
(14.5%)

Welfare facility:  
¥1.0 trillion (1.1%)

Religious facility:  
¥2.6 trillion (3.0%)

Hotel, Inn:  
¥3.5 trillion (4.0%)

Warehouse:  
¥4.5 trillion (5.1%)

Educational facility:  
¥8.5 trillion (9.6%)

Residence:  
¥8.9 trillion (10.1%)

Factory:  
¥14.3 trillion (14.3%)

Retail facility:  
¥13.4 trillion (15.1%)

Office:  
¥20.4 trillion (23.0%)

# Enhancing portfolio stability through diversification

	As of end of June 2015	Newly acquired assets	As of end of Dec. 2015
<b>Total acquisition price</b>	165.1 bn. yen	<b>51.9</b> bn. yen	<b>217.1</b> bn. yen
<b>No. of properties</b>	13 properties	<b>6</b> properties	<b>19</b> properties
<b>Increase in area diversification through increasing share of Tokyo area (acquisition price basis)</b>	<p>Others 1.4%</p> <p>Tokyo area <b>20.3%</b></p> <p>Osaka area 78.3%</p>	<p>Nagoya area 9.5%</p> <p>Tokyo area <b>90.5%</b></p>	<p>Nagoya area 2.3%</p> <p>Others 1.1%</p> <p>Tokyo area <b>37.1% (↑ 16.8%)</b></p> <p>Osaka area 59.6%</p>
<b>Decrease in share of OBP<sup>(Note 2)</sup> and share of the largest tenant<sup>(Note 3)</sup> (rent basis)</b>	<p>Largest Tenant <b>19.1%</b></p> <p>OBP <b>57.1%</b></p>	<p>Largest Tenant — %</p> <p>OBP — %</p>	<p>Largest Tenant <b>14.9% (↓ 4.2%)</b></p> <p>OBP <b>44.8% (↓ 12.3%)</b></p>

Note 1: TK interest of Nagoya Lucent Tower is included in the acquisition price basis and the no. of properties, but not included in the rent basis.

Note 2: "OBP" indicates the share of rents from Twin 21 and Matsushita IMP Bldg. in the portfolio.

Note 3: "Largest tenant" indicates the share of rents from a certain tenant which has the largest rent share in the portfolio.

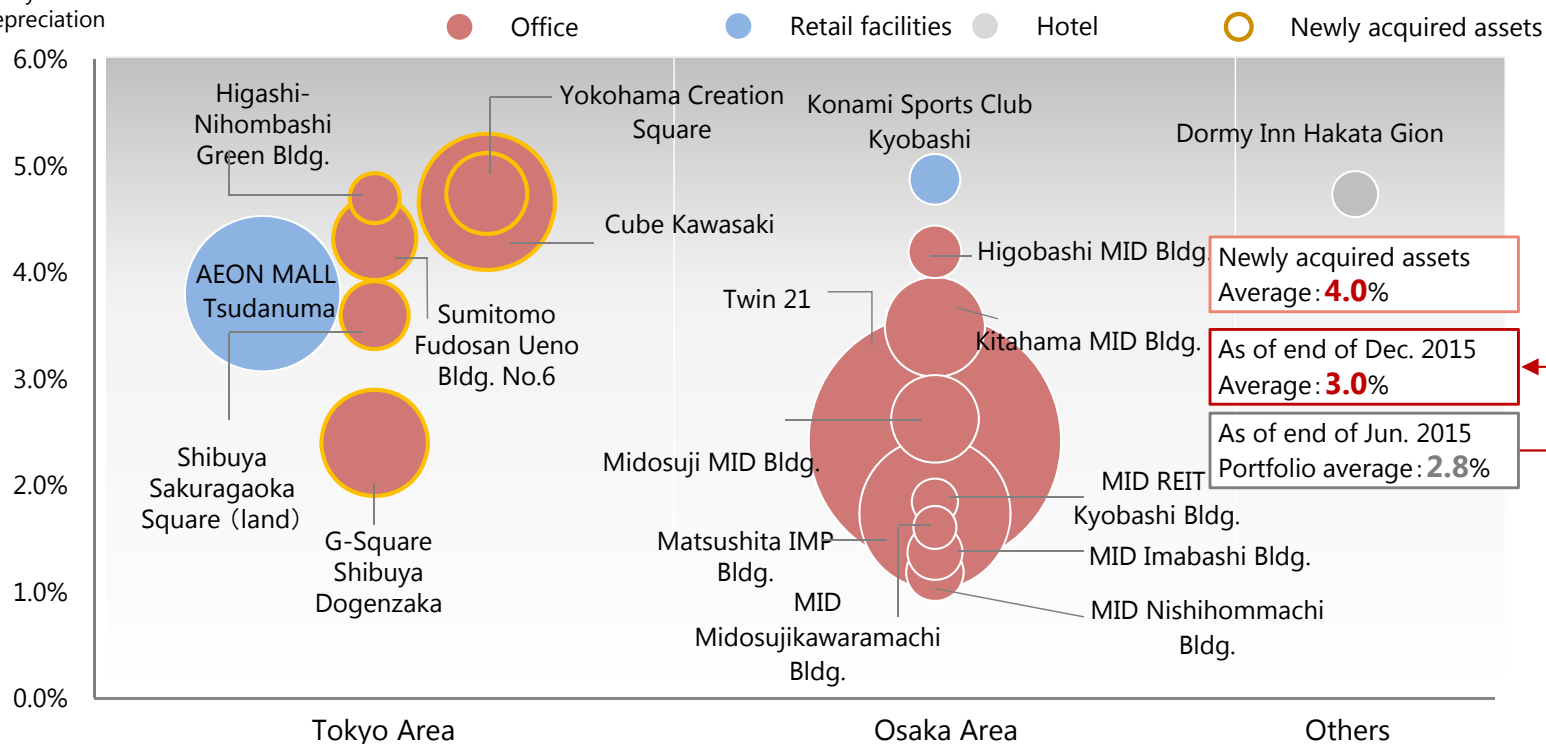
# External Growth

## Improvement profitability of portfolio

	As of end of Jun. 2015	Newly acquired assets	As of end of Dec. 2015
Average NOI yield <sup>(Note 1)</sup>	4.2%	4.4%	4.2%
Average NOI yield after depreciation <sup>(Note 1)</sup>	2.8%	4.0%	3.0%

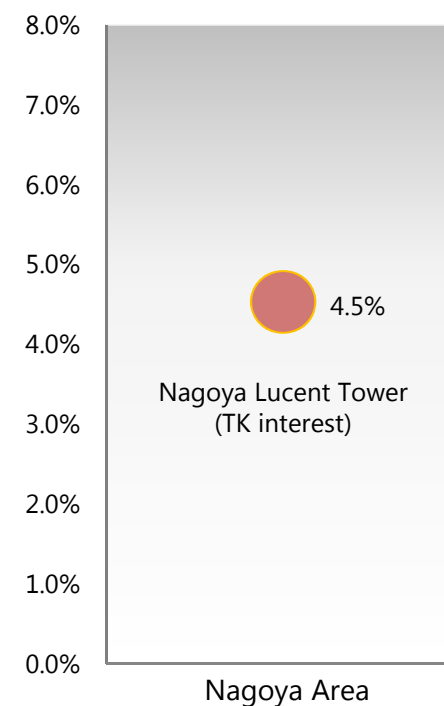
### NOI yield after depreciation of each property by Area <sup>(Note 2)</sup>

NOI yield after depreciation



### Dividend yield of Silent Partnership

Dividend yield



Note 1: TK interest of Nagoya Lucent Tower is not included.

Note 2: Area of each bubble is proportionate to the acquisition price of each holding asset.



# Internal Growth

## Initiatives in OBP 1

### Advertisement of Twin 21 and Matsushita IMP Bldg.

In the current period, we continue our initiatives of enhancing the image of this building by promoting the value of its pleasant environment to the office workers.

Concept

**"Business can be more relaxing."**

Although this office building provides convenient access to four stations, it is surrounded by the broad nature of Osaka Castle Park, allowing you to work while enjoying the changes of the four seasons. You can refresh yourself by jogging before starting work. After work, you can also enjoy a concert or live performance. Spend more comforting and pleasant time at work, which accounts for much part of your daily life.



Yodoyabashi dome-shaped sign board



Poster at Kadoma-shi Sta., etc.

### Initiatives in the OBP Area

The OBP Development Association, which originally was a voluntary organization, has become a general incorporated association, and Osaka Business Park Council was founded on Oct. 1, 2015.

It has striven to reinforce the framework of the area management organization and expand its activities.

Vision

**"Sustainably growing Smart Community driven by renovation"**

- The vibrant and attractive "OBP Pedestrian-Only Zone Fiesta PARKAVE-NEW!" event was held.
- "OBP Academia," which offers events mostly in the community-revitalizing membership library, has opened.

OBP Academia





# Internal Growth Initiatives in OBP 2

## Initiatives in Twin 21 and the Matsushita IMP Bldg.

### • Flower Event

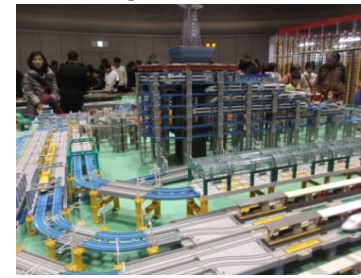
The season's flowers were exhibited for office workers and visitors to the Park and distributed on the final day. The flowers provided a refreshing moment during the visitors' hectic everyday day lives. Meanwhile, a signboard of conceptual phrases was displayed to promote a favorable office environment.

### • Christmas Event

The floor was furnished with Christmas decoration including Christmas tree, the events including Santa Clause visit and entertainers' performance were held, and drinks and snacks were provided to enhance attractiveness of the building.



### • Example of other events



Railway Expo 2016



Aikakou 2015 (Hawaiian event)



OBP cultural festival



Red Cross volunteer festival

# Internal Growth

## Surveys on tenants' satisfaction

Targeted buildings: 3 properties in Tokyo (G-Square Shibuya Dogenzaka, Yokohama Creation Square, and Cube Kawasaki)  
8 properties in Osaka (Twin 21 MID Tower, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg. and Higobashi MID Bldg.)

Survey period: Dec. 22, 2015 to Jan. 15, 2016

Sample: 225 tenants

Survey conducted by: Ad Dentsu Osaka Inc., Dentsu Macromil Insight, Inc.

### ■ Survey findings – Level of CSI (Note 1)

Factors	2011	2012	2013	2014	2015		
					Total	(Tokyo Area)	(Osaka Area)
Surrounding environment	79.3	81.0	79.7	82.3	73.7	68.4	75.3
Behavior of MF (property management firm)	76.3	76.8	76.9	78.4	78.4	73.8	79.4
Comforts of building	56.5	57.8	57.2	58.6	55.3	53.6	55.9
Manner of management firm's staff	74.4	75.5	74.2	75.2	75.1	75.3	75.1
Behavior of PM	70.3	71.4	71.6	72.5	72.8	67.9	73.8
Measures for safety	66.9	69.1	69.7	70.4	69.2	65.4	70.4
Quality of common area	64.7	66.1	66.8	67.4	65.7	61.4	67.0
Usability building facilities & equipment	65.5	67.1	67.4	67.9	66.5	63.5	67.2
Cleanliness of building	72.1	72.8	72.0	71.3	70.3	68.4	70.9

Note 1: CSI: Abbreviation of Customer Satisfaction Index. We had building facilities, services and others evaluated by customers, and gap between each item's needs (expectations) and satisfaction was weighted to adjust before calculating each item's evaluation with the full score of 100.

Note 2: Properties targeted in the survey:

2010~: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg.

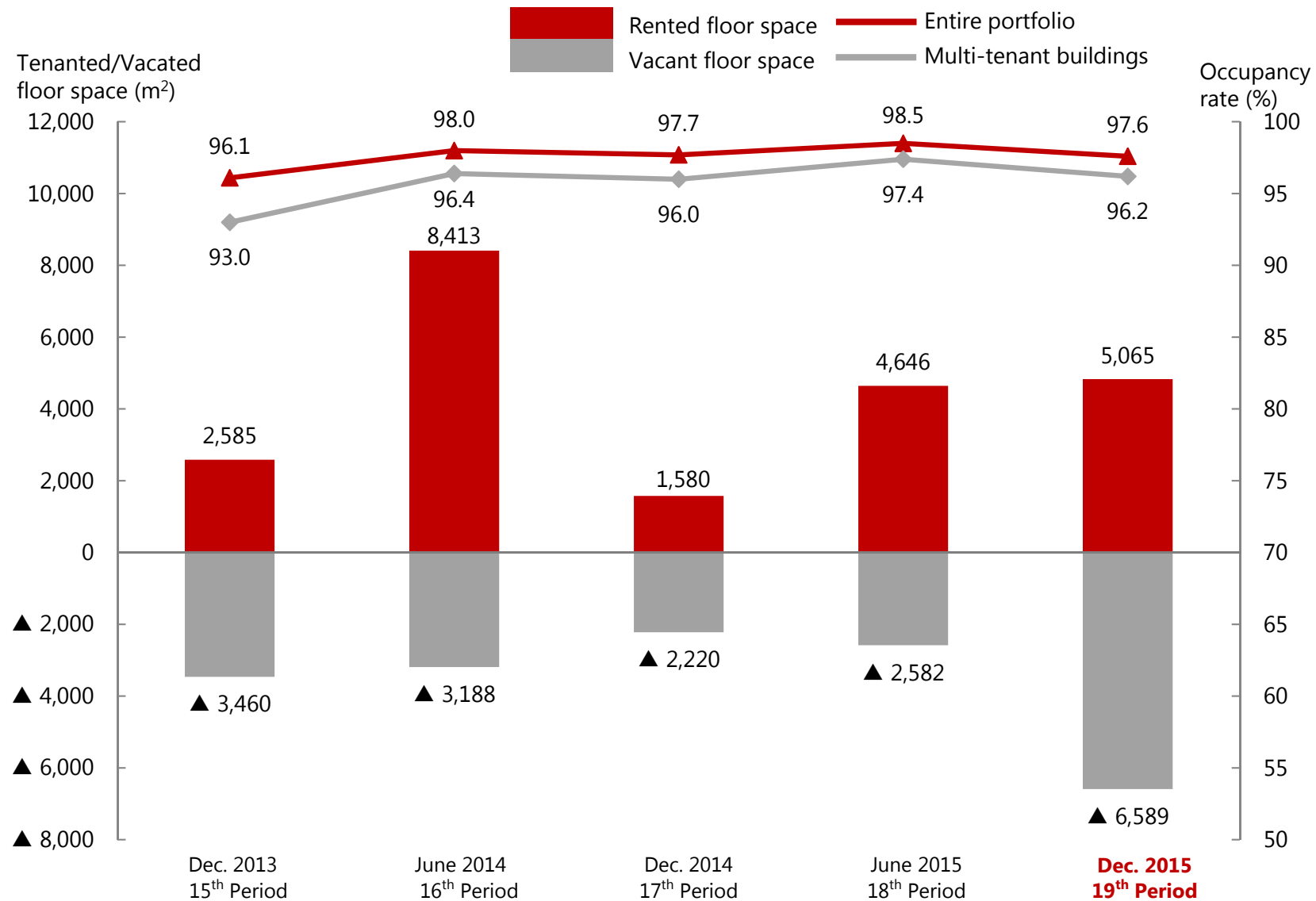
2013~: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg., Higobashi MID Bldg.

2015~: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg., Higobashi MID Bldg., G-Square Shibuya Dogenzaka, Yokohama Creation Square, Cube Kawasaki

# Internal Growth

## Portfolio operation

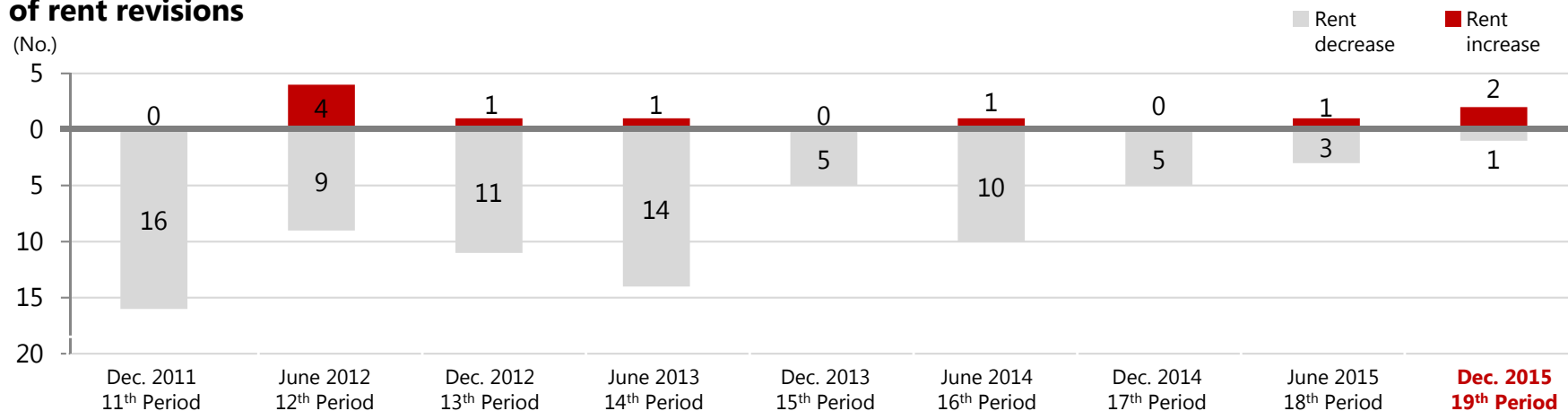
### Rented/vacant floor space and occupancy rate



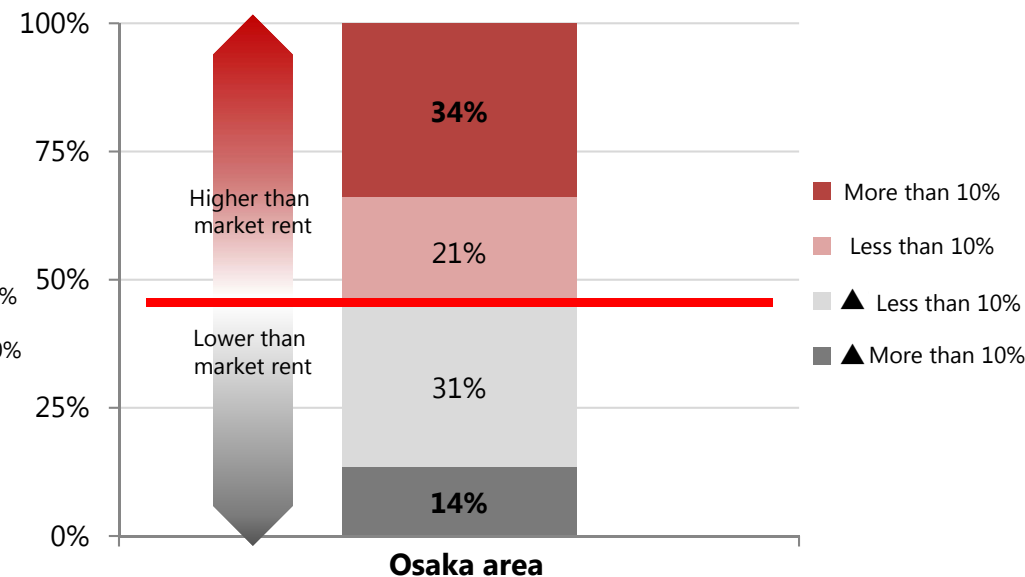
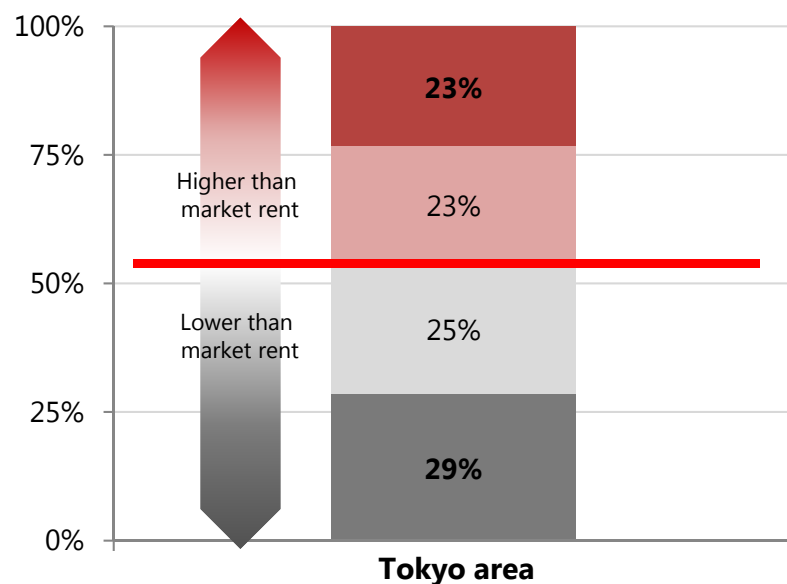
# Internal Growth

## Revisions and gaps in rents

### No. of rent revisions



### Gaps in rents (Note)

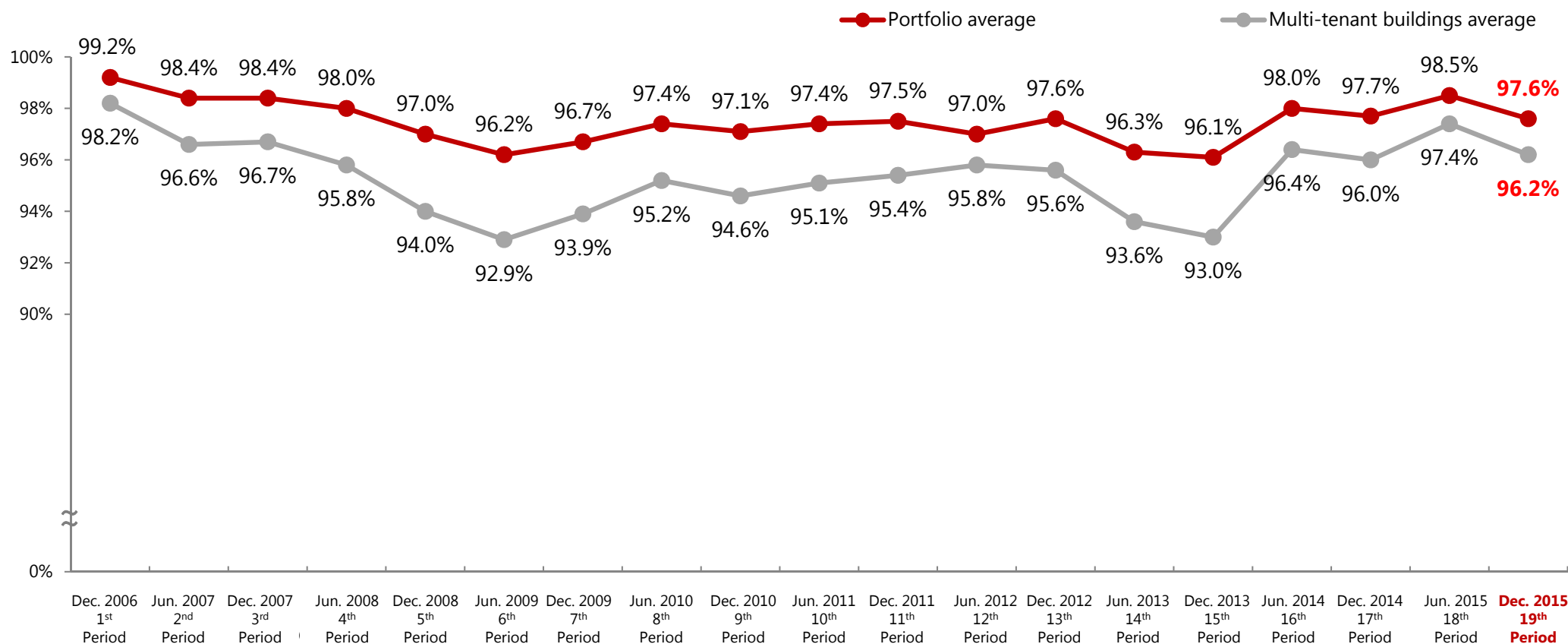


Note: Market rent refers to market's estimated concluded rent (standard floor) of each property appraised as of Jan. 2015 by CBRE.  
The rents identical with market rent are included in "within 10%".

# Internal Growth

## Occupancy rates

### Occupancy rates (1<sup>st</sup> Period End to 19<sup>th</sup> Period End)





Note: Properties considered in the multi-tenant buildings at the end of 19<sup>th</sup> Period are as follows.

Sumitomo Fudosan Ueno Bldg. No.6, G-Square Shibuya Dogenzaka, Yokohama Creation Square, Cube Kawasaki, Higashi-Nihombashi Green Bldg., Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., MID Midosujikawaramachi Bldg., Kitahama MID Bldg., MID Nishiommachi Bldg., Midosuji MID Bldg., and Higobashi MID Bldg.

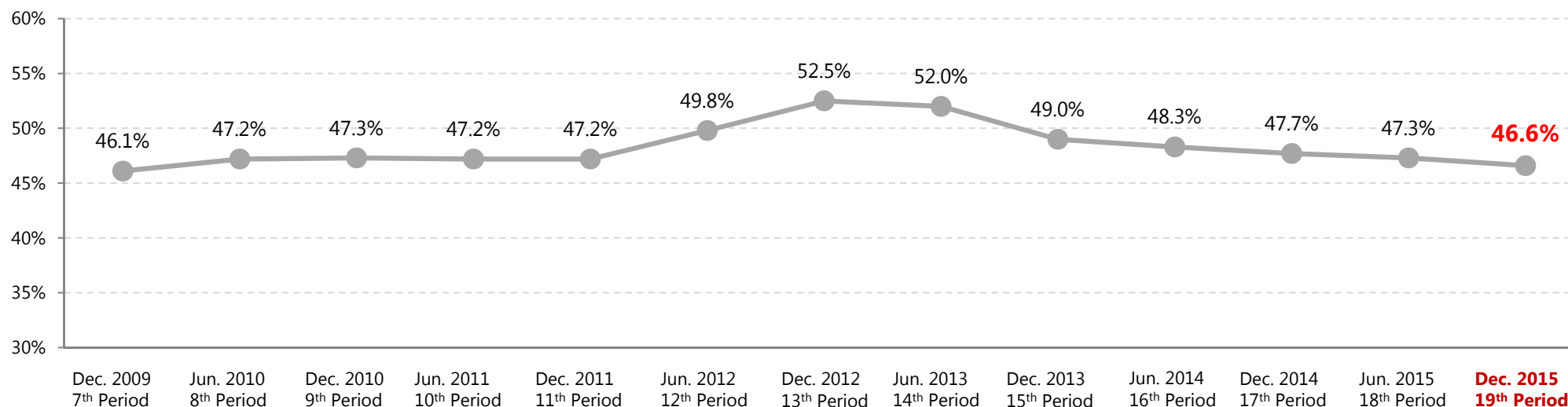
# Financing Strategy

## Major financing-related figures

### Changes in financing-related figures due to the public offering and borrowings

	As of end of June 2015	Borrowings	As of end of Dec. 2015
LTV (appraisal value basis)	47.3%		<b>46.6%</b>
Ratio of long-term loans	96.3%	<b>95.7%</b>	<b>95.4%</b>
Ratio of fixed interest	60.3%	<b>47.8%</b>	<b>57.4%</b>
Average remaining years of borrowings	1.8 years	<b>4.5 years</b>	<b>2.8 years</b>
Average interest rate on borrowings	1.36%	<b>1.02%</b>	<b>1.22%</b>
Issuer rating	R&I : A-(stable) (Apr. 13, 2015)		R&I : A-(positive) (Oct. 29, 2015)

### LTV (appraisal value basis)

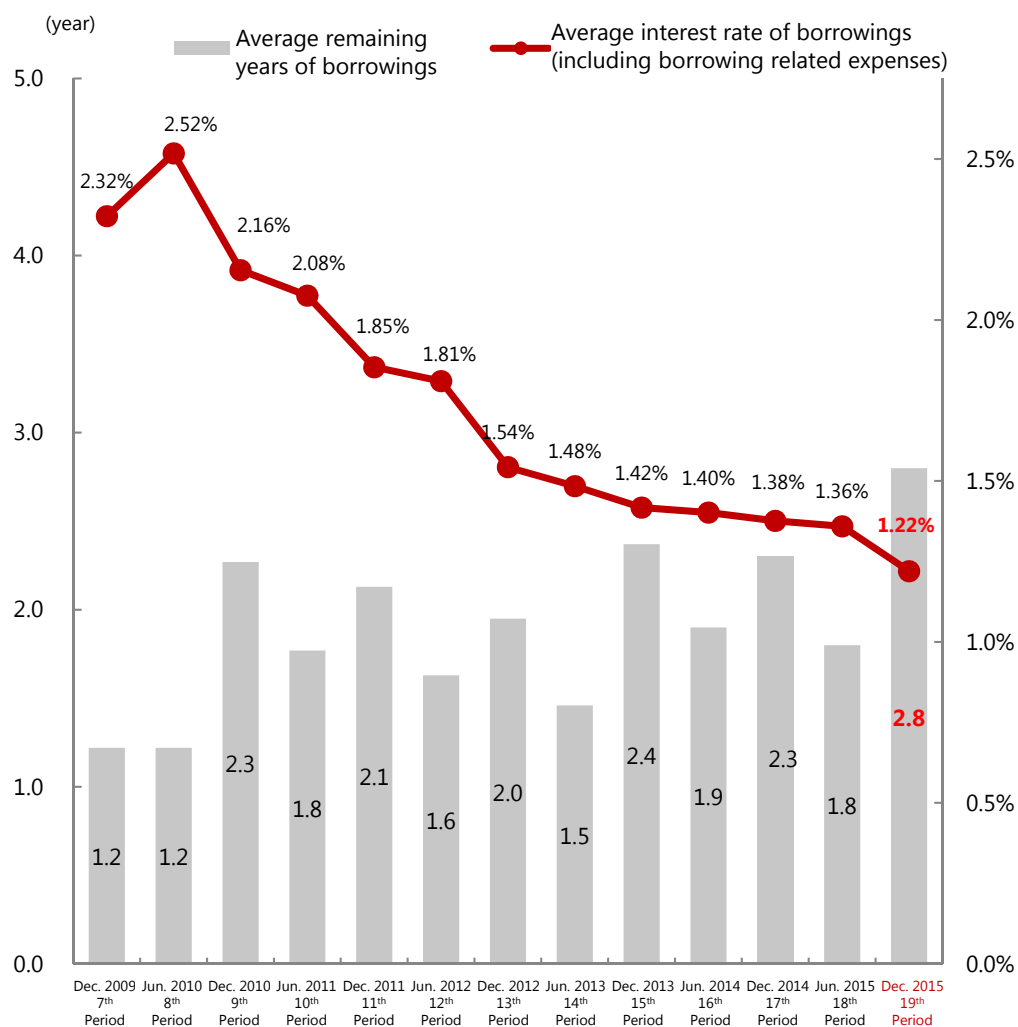




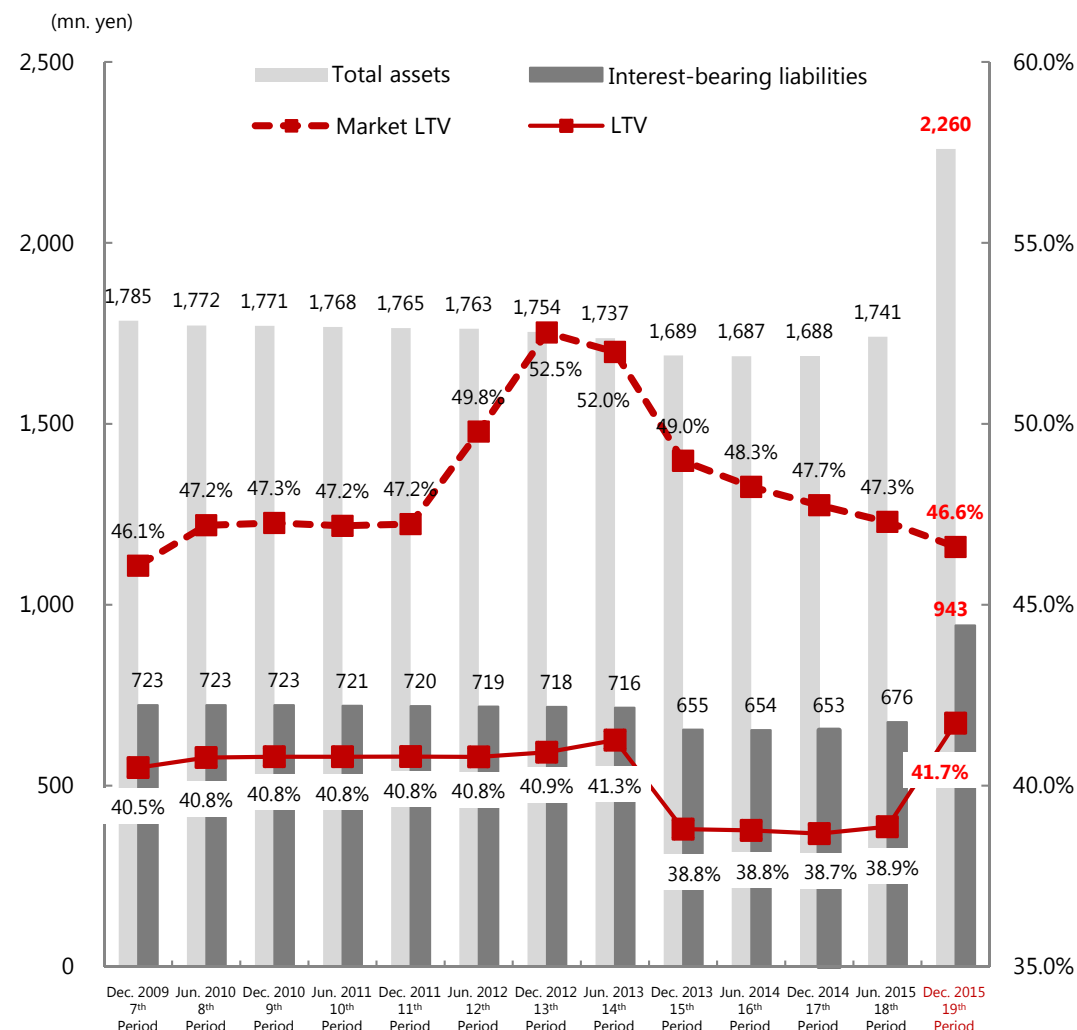
# Financing Strategy

## Financial status

### Average remaining years and average interest rate of borrowings



### Total assets and interest-bearing liabilities



Note1: 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.

Note2: 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

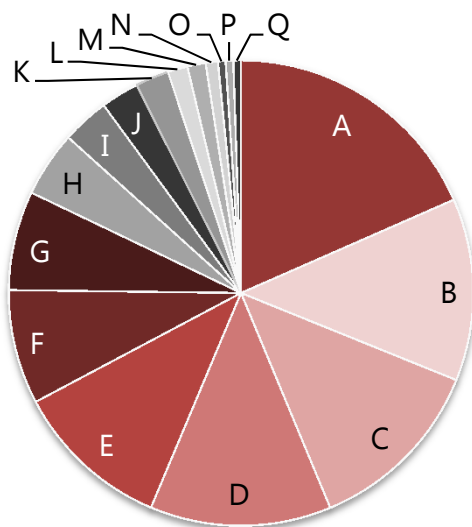
Note3: Market LTV=Interest-bearing liabilities at end of period ÷ (Total assets at end of period ± Unrealized gain/loss). Unrealized gain/loss is the difference between book value and appraisal Value

Note4: LTV=Interest-bearing liabilities at end of period ÷ Total assets at end of period



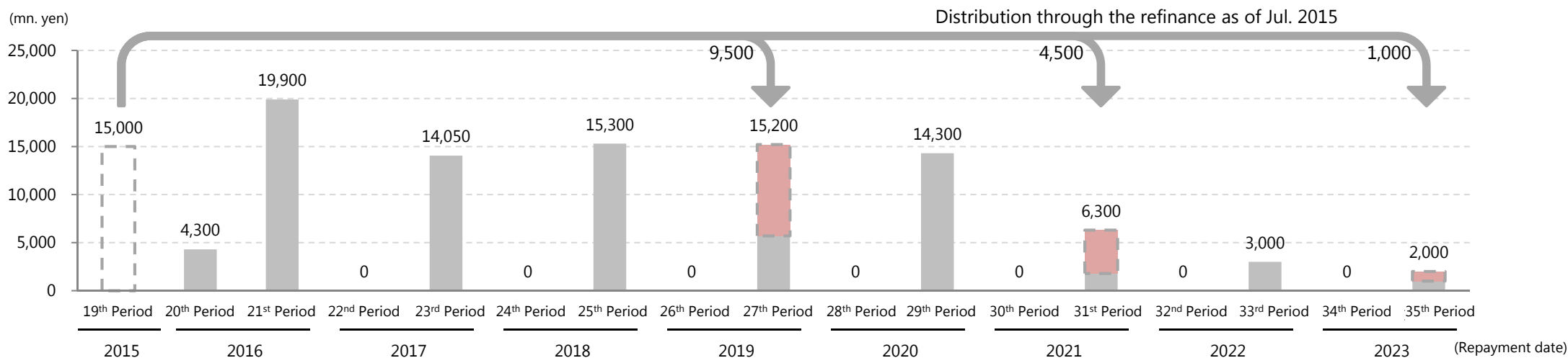
## Lender composition and debt maturities

### Diversification of lenders (based on balance as of Dec. 31, 2015)



	Lender	Balance (mn. 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. <b>New</b>	2,500	2.6%
K	The Nishi-Nippon City Bank, Ltd.	2,200	2.3%
L	Mizuho Trust & Banking Co., Ltd. <b>New</b>	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%
	<b>Total</b>	<b>94,350</b>	<b>100.0%</b>

### Diversification of maturities (based on balance as of Dec. 31, 2015)



# Financing Strategy

## Outstanding borrowings

Type	Loan term	Lenders	Balance (mn. Yen)	Floating/ Fixed	Interest rate (Note 2)	Drawdown date	Repayment date	Repayment method
Short-term loans payable	1year	Mizuho Bank	2,500	Floating	0.77091%	2015/4/30	2016/4/28	Bullet payment
	9months	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	1,800	Floating	0.56300%	2015/8/6	2016/4/28	Bullet payment
Long-term loans payable (Note 1)	6years and 11months	Development Bank of Japan	3,750	Fixed	1.79507%	2010/8/31	2017/7/31	(Note 4)
	5years	Mizuho Bank, Development Bank of Japan	4,000	Fixed	1.36375%	2011/7/29	2016/7/31	Bullet payment
	5years	Sumitomo Mitsui Trust Bank, Aozora Bank	4,300	Fixed (Note 3)	1.14100%	2012/7/31	2017/7/31	Bullet payment
	7years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nishi-Nippon City Bank, Hyakugo Bank	15,900	Floating	0.77106%	2013/7/31	2016/7/29	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nishi-Nippon City Bank, Hyakugo Bank	4,800	Fixed (Note 3)	1.29700%	2013/7/31	2018/7/31	Bullet payment
	7years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	6,000	Fixed (Note 3)	0.70700%	2014/7/31	2017/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 3)	0.96200%	2014/7/31	2019/7/31	Bullet payment
	6years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 3)	1.24000%	2014/7/31	2020/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, The Bank of Tokyo-Mitsubishi UFJ, Nishi-Nippon City Bank, Mizuho Trust & Banking, Hyakugo Bank	10,500	Floating	0.57091%	2015/7/31	2018/7/31	Bullet payment
	4years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Senshu Ikeda Bank, Nanto Bank	9,500	Floating	0.67091%	2015/7/31	2019/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking <b>NEW</b>	9,300	Fixed (Note 3)	0.86545%	2015/7/31	2020/7/31	Bullet payment
	5years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31	Bullet payment
	6years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	4,500	Fixed (Note 3)	1.03350%	2015/7/31	2021/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking <b>NEW</b>	2,200	Fixed (Note 3)	1.20235%	2015/7/31	2022/7/31	Bullet payment
	7years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31	Bullet payment
<b>Longest</b>	<b>8years</b>	Mizuho Bank	1,000	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
<b>Longest</b>	<b>8years</b>	Mizuho Bank	500	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
<b>Longest</b>	<b>8years</b>	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31	Bullet payment
<b>Total</b>			<b>94,350</b>					

Note 1: Syndicated loan by the indicated financial institution.

Note 2: Based on interest rate applied as of end of Dec. 2015.

Note 3: Interest rate swaps are concluded to fix the interest rates.

Note 4: For this loan, 125 mn. yen is reimbursed semiannually at the end of Jan. and Jul., and 3,375 mn. yen is reimbursed on the final principal repayment date.

## 4. PORTFOLIO

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# Portfolio overview (as of end of Dec. 2015)

Area	Property No.	Property name	Location	Completion date	Acquisition date	Acquisition price (mn. yen)	Appraisal value (Note1) (mn. yen)	NOI yield (Note2) (%)	NOI yield after depreciation (Note2) (%)	Leasable Space (Note3) (㎡)	Occupancy rate (%)	
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	7,690	5.28%	4.31%	6,858.16	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	13,800	2.90%	2.40%	5,013.55	80.1%
		OT-3	Shibuya Sakuragaoka Square (land with leasehold interest)	Shibuya-ku, Tokyo	—	Aug. 2015	5,000	5,240	3.60%	3.60%	1,200.08	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	7,480	5.43%	4.75%	12,765.80	88.8%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	20,900	5.05%	4.68%	24,462.29	94.7%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	2,900	5.22%	4.71%	3,308.95	100.0%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	47,400	3.94%	2.41%	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	18,600	3.87%	1.72%	37,406.94	97.7%
		OO-3	Midosuji MID Bldg.	Chuo-ku, Osaka	Oct. 1980, added on to in Dec. 2009	Aug. 2006	8,290	7,120	4.09%	2.61%	10,461.32	98.8%
		Oct. 2007										
		OO-4	MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	Feb. 2000	Aug. 2006	2,300	1,380	3.12%	1.84%	4,833.88	100.0%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2,180	2.86%	1.36%	4,277.65	89.7%
		OO-6	MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	Mar. 1998	May 2007	2,000	1,450	2.94%	1.59%	3,110.49	87.6%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	8,640	4.21%	3.48%	10,189.49	100.0%
	OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2,110	2.21%	1.18%	3,877.38	85.4%	
OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	June 2013	3,000	3,370	5.66%	4.18%	4,655.57	100.0%		
Subtotal (Office Bldg.)						181,025	150,260	4.08%	2.85%	214,735.27	96.3%	
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	26,900	4.68%	3.79%	101,210.44	100.0%
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	Aug. 2006	2,780	3,200	6.16%	4.87%	9,586.26	100.0%
Other	Other major cities	HF-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	3,060	6.44%	4.72%	5,554.91	100.0%
Subtotal (Other than Office Bldg.)							31,160	33,160	4.94%	3.96%	116,351.61	100.0%
Total							212,185	183,420	4.21%	3.01%	331,086.88	97.6%
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							217,104	—	—	—	—	

Note 1: Appraisal value of Higashi-Nihombashi Green Bldg. is based on the value as of Dec. 1, 2015 and those of other holding assets are as of end of Dec. 2015.

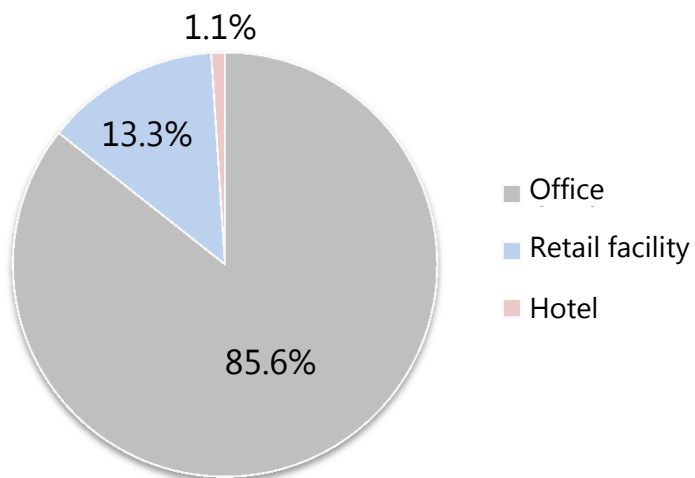
Note 2: NOI actual results in the 19<sup>th</sup> Period are annualized to calculate NOI yield and NOI yield after depreciation.

Note 3: Leasable space is indicated as of Jun. 30, 2015 which only includes the area of room for rent and those for warehouses, halls, and parking lots are excluded.

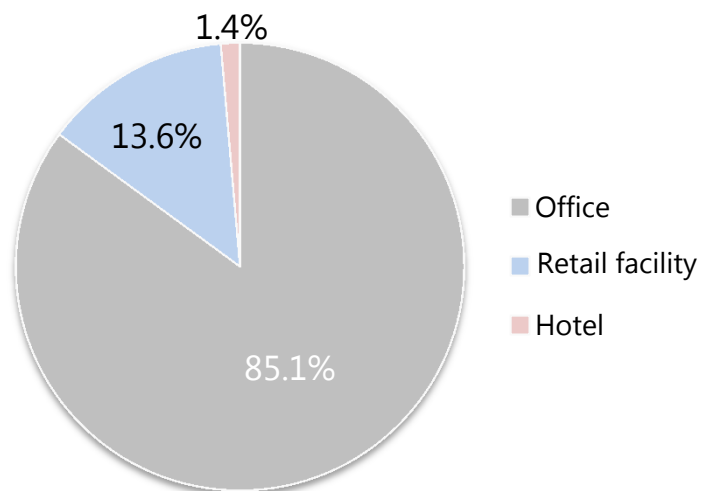
However, those areas of Konami Sports Club Kyobashi and Aeon Mall Tsudanuma, where the whole building are leased include common area and parking lot area and those of MID REIT Kyobashi Bldg. and Dormy Inn Hakata Gion include common area.

# Portfolio data

## By asset type

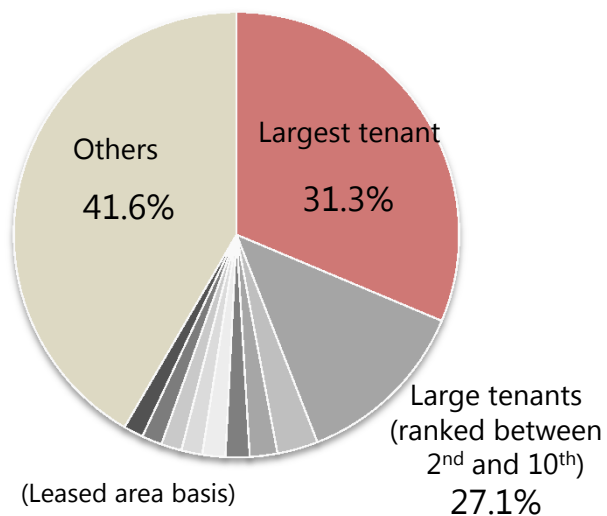


(Acquisition price basis)

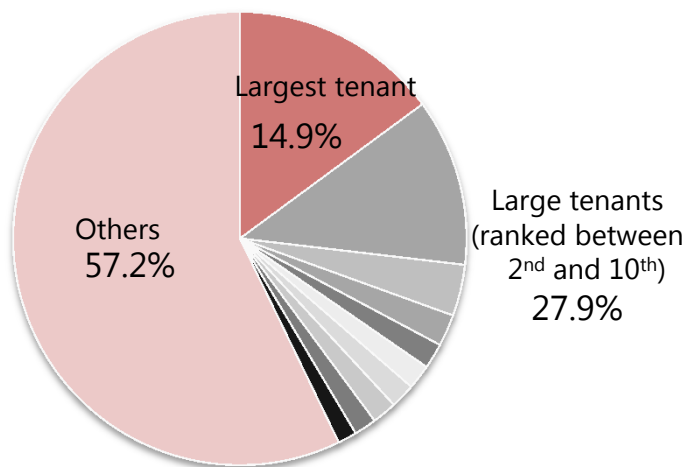


(Operating revenue basis)

## By tenant

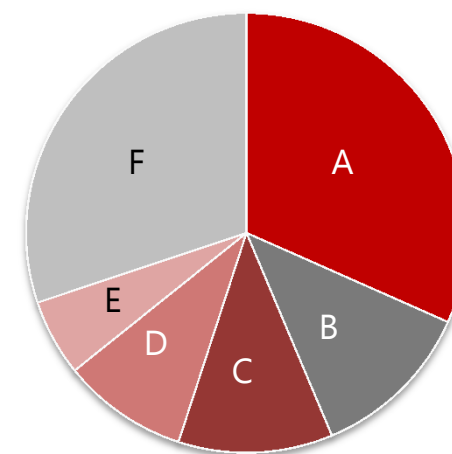


(Leased area basis)



(Operating revenue basis)

## By asset size



A	Twin 21	31.6%
B	AEON MALL Tsudanuma	12.0%
C	Matsushita IMP Bldg.	11.3%
D	Cube Kawasaki	9.2%
E	G-Square Shibuya Dogenzaka	5.6%
F	Others	30.1%

(Acquisition price basis)

Note: TK interest of Nagoya Lucent Tower is included in acquisition price base, but it is not included in rent revenue and leased space base.



# Portfolio map

Tokyo Area

No. of assets 7

% of asset scale 37.1%

Osaka Area

No. of assets 10

% of asset scale 59.6%

Nagoya Area

No. of assets 1

% of asset scale 2.3%

Other Major Cities

No. of assets 1

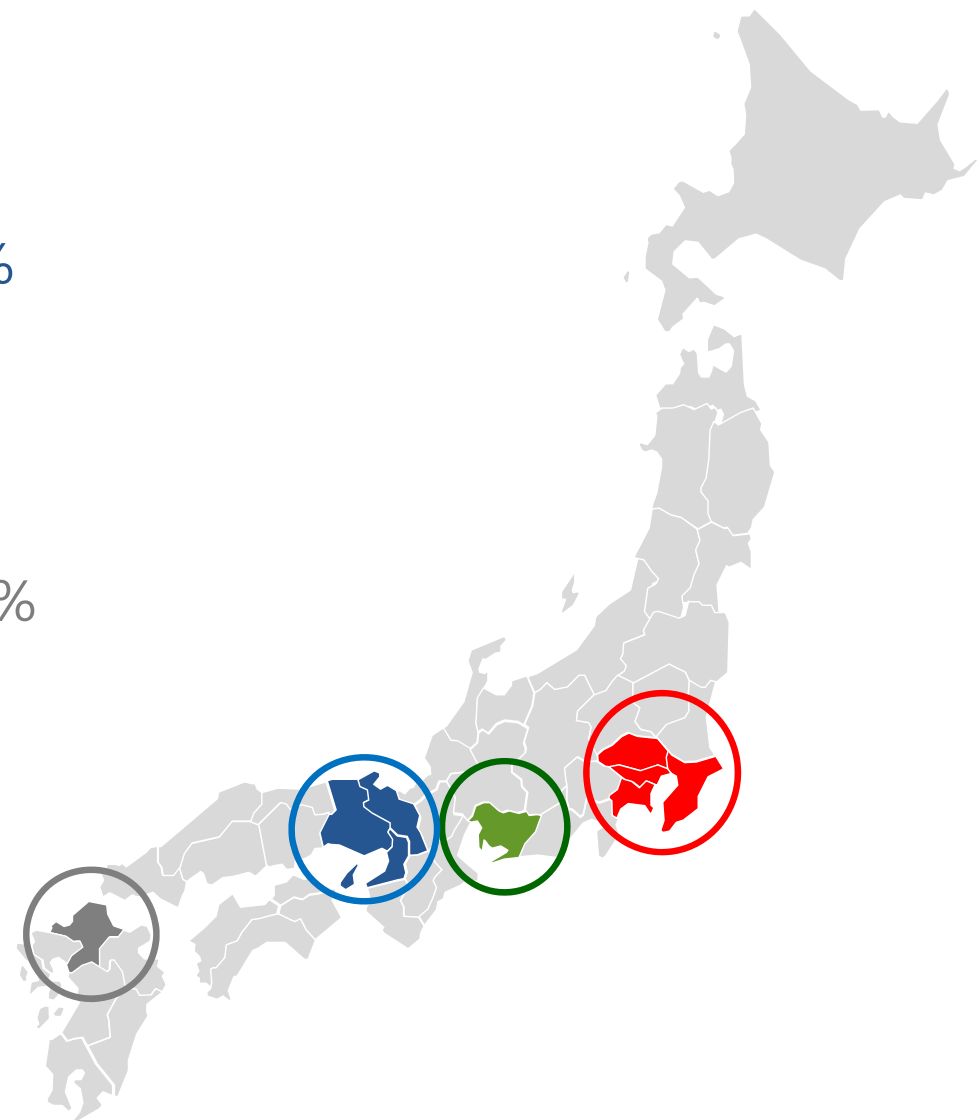
% of asset scale<sup>(Note)</sup> 1.1%



**Nagoya Lucent Tower**  
(TK interest)  
(Nishi-ku, Nagoya-shi, Aichi)



**Dormy Inn Hakata Gion**  
(Hakata-ku, Fukuoka-shi, Fukuoka)

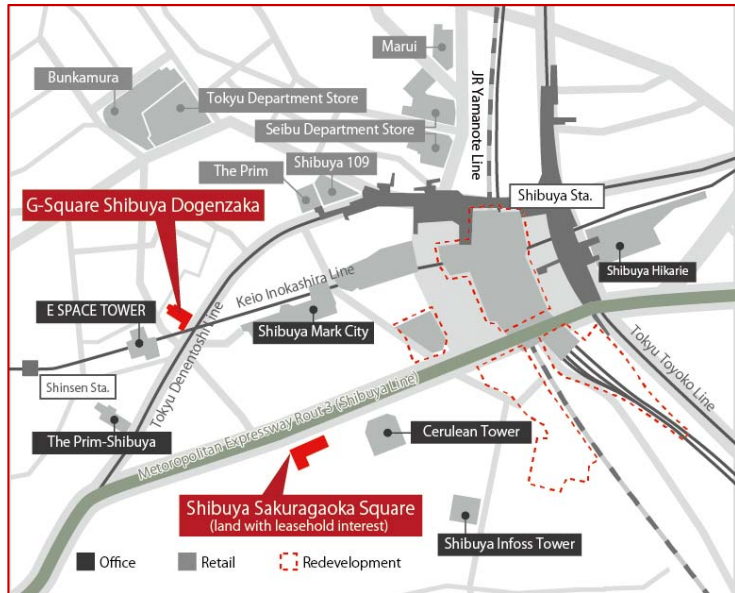


Note: % of asset scale is based on acquisition price





# Assets in Tokyo



**AEON MALL Tsudanuma**



**G-Square Shibuya Dogenzaka**



**Shibuya Sakuragaoka Square  
(land with leasehold interest)**



**Cube Kawasaki**



**Yokohama Creation Square**



**Sumitomo Fudosan Ueno Bldg. No.6**



**Higashi-Nihombashi Green Bldg.**



# Assets in Osaka



**Twin 21**



**Matsushita IMP Bldg.**



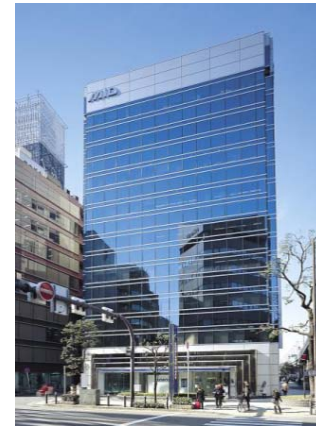
**Kitahama MID Bldg.**



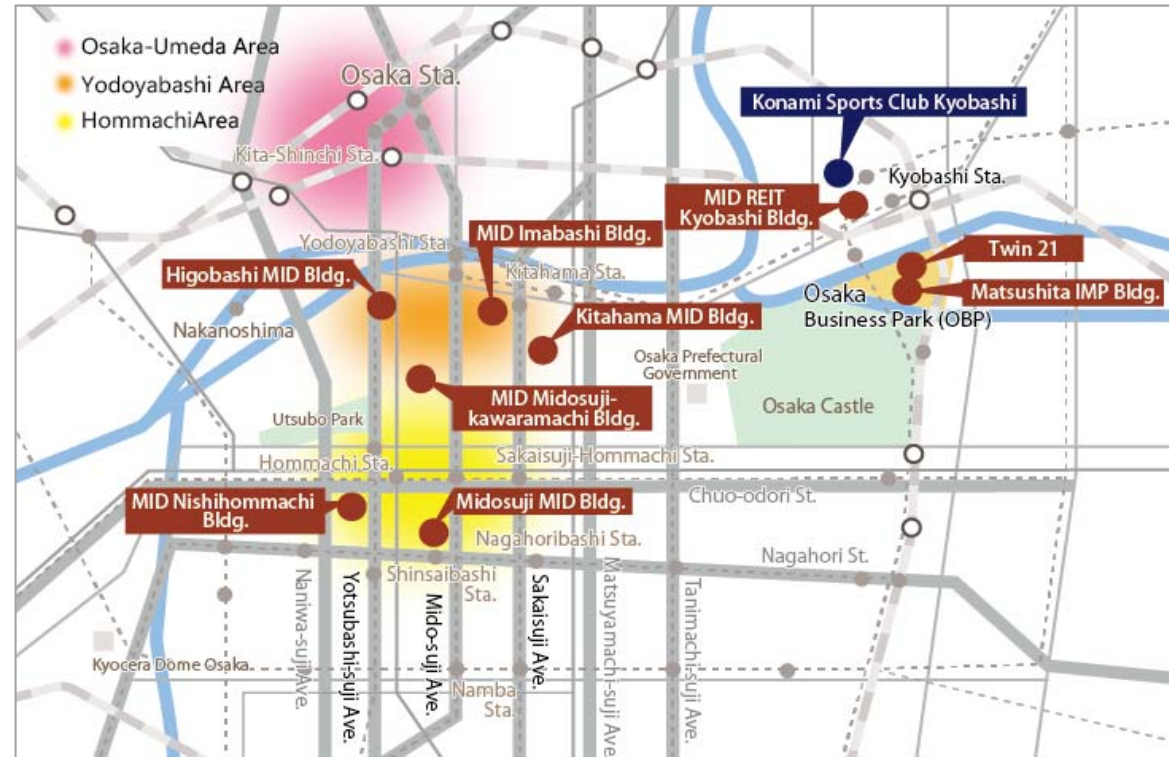
**Higobashi MID Bldg.**



**Midosuji MID Bldg.**



**MID Nishihommachi Bldg.**



**MID Midosuji-Kawaramachi Bldg.**



**MID Imabashi Bldg.**



**MID REIT Kyobashi Bldg.**



**Konami Sports Club Kyobashi**



# Occupancy rates by property

Type	Property name	Leasable space (㎡)	①Occupancy rate as of June 30, 2015 (18 <sup>th</sup> Period End) (%)	②Occupancy rate as of Dec. 31, 2015 (19 <sup>th</sup> Period End) (%)	Difference ② - ① (points)	Movements during 19 <sup>th</sup> Period (July 1, 2015 – Dec. 31, 2015)			
						New tenant occupancy (㎡)	Expansion of leased space by legacy tenants (㎡)	Cancellation (㎡)	Decrease in leased space by legacy tenants (㎡)
Office Bldg.	Sumitomo Fudosan Ueno Bldg. No.6	6,858.16	100.0	100.0	—	—	—	—	—
	G-Square Shibuya Dogenzaka	5,013.55	—	80.1	—	—	—	—	—
	Shibuya Sakuragaoka Square (land with leasehold interest)	1,200.08	—	100.0	—	—	—	—	—
	Yokohama Creation Square	12,765.80	—	88.8	—	308.10	—	▲ 407.31	—
	Cube Kawasaki	24,462.29	—	94.7	—	—	—	—	▲ 1,294.52
	Higashi-Nihombashi Green Bldg.	3,308.95	—	100.0	—	—	—	—	—
	Twin 21	82,313.72	97.6	97.6	—	1,097.71	427.34	▲ 864.20	▲ 582.12
	Matsushita IMP Bldg.	37,406.94	97.5	97.7	0.2	—	2,379.40	▲ 80.36	▲ 2,205.96
	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	94.4	89.7	▲ 4.7	—	—	▲ 203.82	—
	MID Midosujikawaramachi Bldg.	3,110.49	87.4	87.6	0.2	390.86	—	▲ 226.24	▲ 159.06
	Kitahama MID Bldg.	10,189.49	98.8	100.0	1.2	125.10	—	—	—
	MID Nishihommachi Bldg.	3,877.38	91.3	85.4	▲ 5.9	336.74	—	▲ 565.52	—
	Higobashi MID Bldg.	4,655.57	100.0	100.0	—	—	—	—	—
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	Office Bldg. Occupancy rate	214,735.27	97.5	96.3	▲ 1.2	2,258.51	2,806.74	▲ 2,347.45	▲ 4,241.66
	Non-Office Bldg. Occupancy rate	116,351.61	100.0	100.0	—	—	—	—	—
Total		331,086.88	98.5	97.6	▲ 0.9	2,258.51	2,806.74	▲ 2,347.45	▲ 4,241.66

Increased by  
5,065.25 ㎡

Decreased by  
▲6,589.11 ㎡

**Net Increase ▲1,523.86 ㎡**

# Revenue and expenses by property 1

(Unit: mn. yen)

	Twin 21	Matsushita IMP Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg.	Konami Sports Club Kyobashi	AEON MALL Tsudanuma	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.
Operating days	184	184	184	184	184	184	184	184	184
Rent revenue	1,563	730	234	—	—	726	70	40	221
CAM revenue	453	120	15	—	—	—	9	5	50
Parking revenue	65	56	5	—	—	—	7	1	5
Rent revenue - real estate	2,082	907	256	—	—	726	87	47	276
Utilities revenue	160	94	30	—	—	—	6	4	40
Early-withdrawal penalties received	4	0	—	—	—	—	—	—	—
Other revenue	10	4	1	—	—	—	0	0	1
Other lease business revenue	174	99	32	—	—	—	7	4	41
① Property leasing revenue	2,257	1,007	289	Not disclosed		726	94	51	318
Property management fees	332	185	33	—	—	8	14	7	32
Commission fee	3	0	—	—	—	—	—	—	—
Utilities expenses	301	165	32	—	—	—	9	4	32
Real estate taxes	197	122	44	—	—	60	12	6	22
Insurance premiums	4	2	0	—	—	1	0	0	0
Repair expenses	32	38	6	—	—	40	11	2	0
Other lease business expenses	21	11	0	—	—	—	0	0	0
② Expenses related to rent business	893	526	118	—	—	110	47	21	89
③ NOI (① - ②)	1,363	480	170	36	86	615	47	29	229
④ Depreciation	525	265	61	14	18	115	24	13	39
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③ - ④ - ⑤)	837	215	109	21	68	500	22	16	189
CAPEX	128	98	2	1	—	—	—	0	—

# Revenue and expenses by property 2

(Unit: mn. yen)

	MID Nishiommachi Bldg.	Higobashi MID Bldg.	Dormy Inn Hakata Gion	Sumitomo Fudosan Ueno Bldg. No.6	G-Square Shibuya Dogenzaka	Shibuya Sakuragaoka Square (land with leasehold interest)	Yokohama Creation Square	Cube Kawasaki	Higashi- Nihombashi Green Building	Total
Operating days	184	184	184	184	151	151	151	147	11	
Rent revenue	60	83	—	167	145	74	129	406	3	4,885
CAM revenue	9	24	—	68	18	—	90	60	1	928
Parking revenue	1	3	—	9	2	—	11	1	0	174
Rent revenue - real estate	71	110	—	245	166	74	230	468	4	5,987
Utilities revenue	8	12	—	7	14	—	20	42	—	441
Early-withdrawal penalties received	—	—	—	—	—	—	—	—	—	4
Other revenue	0	0	—	0	0	0	6	6	0	34
Other lease business revenue	9	12	Not disclosed	8	14	0	26	48	0	480
① Property leasing revenue	80	123	Not disclosed	253	181	74	257	516	5	6,468
Property management fees	11	12	—	34	22	0	62	43	0	802
Commission fee	1	—	—	0	—	—	1	—	—	6
Utilities expenses	9	11	—	15	12	—	20	63	0	680
Real estate taxes	8	12	—	—	—	—	—	—	—	508
Insurance premiums	0	0	—	0	0	0	0	1	0	13
Repair expenses	9	0	—	5	0	—	2	1	—	159
Other lease business expenses	1	0	—	0	—	—	11	0	0	48
② Expenses related to rent business	41	37	—	55	34	0	98	108	0	2,219
③ NOI(①—②)	39	85	73	198	146	74	159	407	4	4,249
④ Depreciation	18	22	19	36	25	—	20	31	1	1,251
⑤ Loss on retirement of non- current assets	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③—④—⑤)	21	63	54	162	121	74	138	376	3	2,997
CAPEX	7	0	—	—	—	—	2	2	—	244

# Appraisal values by property

Type	Region	Property name	Acquisition price (Note1) (mn yen)	Appraisal value as of June 30, 2015 (18 <sup>th</sup> Period End) (Note2) (mn. yen)	Book value as of Dec 31, 2015 (19 <sup>th</sup> Period End) (Note3) (mn. yen)	Appraisal value as of Dec 31, 2015 (19 <sup>th</sup> Period End) (Note2) (mn. yen)	Difference from previous period end (%)	Difference from book value (%)	Appraisal company	18 <sup>th</sup> Period appraisal value rate (Note4) (%)	19 <sup>th</sup> Period appraisal value rate (Note4) (%)
Office Bldg.	Three major metropolitan areas  (Tokyo / Osaka / Nagoya)	Sumitomo Fudosan Ueno Bldg. No.6	7,460	7,560	7,768	7,690	1.7%	▲1.0%	Tanizawa Sogo Appraisal Co., Ltd.	4.3%	4.2%
		G-Square Shibuya Dogenzaka	12,220	—	12,340	13,800	—	11.8%	Japan Real Estate Institute	—	3.6%
		Shibuya Sakuragaoka Square (land with leasehold interest)	5,000	—	5,058	5,240	—	3.6%	Japan Real Estate Institute	—	3.2%
		Yokohama Creation Square	7,080	—	7,161	7,480	—	4.4%	Tanizawa Sogo Appraisal Co., Ltd.	—	4.8%
		Cube Kawasaki	20,050	—	20,277	20,900	—	3.1%	Daiwa Real Estate Appraisal Co., Ltd.	—	4.3%
		Higashi-Nihombashi Green Bldg.	2,705	—	2,821	2,900	—	2.8%	Japan Real Estate Institute	—	4.5%
		Twin 21	68,700	46,000	67,156	47,400	3.0%	▲29.4%	Morii Appraisal & Investment Consulting, Inc.	4.9%	4.7%
		Matsushita IMP Bldg.	24,600	17,700	22,809	18,600	5.1%	▲18.5%	Tanizawa Sogo Appraisal Co., Ltd.	5.0%	4.8%
		Midosuji MID Bldg.	8,290	6,980	8,489	7,120	2.0%	▲16.1%	Tanizawa Sogo Appraisal Co., Ltd.	4.3%	4.2%
		MID REIT Kyobashi Bldg.	2,300	1,320	2,129	1,380	4.5%	▲35.2%	Tanizawa Sogo Appraisal Co., Ltd.	5.6%	5.4%
		MID Imabashi Bldg.	3,270	2,140	3,178	2,180	1.9%	▲31.4%	Tanizawa Sogo Appraisal Co., Ltd.	5.0%	4.9%
		MID Midosujikawaramachi Bldg.	2,000	1,390	1,930	1,450	4.3%	▲24.9%	Tanizawa Sogo Appraisal Co., Ltd.	5.4%	5.2%
		Kitahama MID Bldg.	10,800	8,370	10,515	8,640	3.2%	▲17.8%	Japan Real Estate Institute	4.7%	4.5%
		MID Nishihommachi Bldg.	3,550	2,110	3,390	2,110	0.0%	▲37.8%	Japan Real Estate Institute	4.9%	4.8%
		Higobashi MID Bldg.	3,000	3,290	2,926	3,370	2.4%	15.2%	Japan Real Estate Institute	4.7%	4.5%
		Subtotal			181,025	96,860	177,955	150,260	55.1%	▲15.6%	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	26,300	24,297	26,900	2.3%	10.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.9%	4.8%
		Konami Sports Club Kyobashi	2,780	3,140	2,452	3,200	1.9%	30.5%	Daiwa Real Estate Appraisal Co., Ltd.	5.5%	5.4%
	Other major cities	Dormy Inn Hakata Gion	2,280	2,880	2,217	3,060	6.3%	38.0%	Tanizawa Sogo Appraisal Co., Ltd.	5.1%	4.8%
Subtotal			31,160	32,320	28,968	33,160	2.6%	14.5%	—	—	—
Total			212,185	129,180	206,923	183,420	42.0%	▲11.4%	—	—	—

Note 1: "Acquisition price" states the sale price which is stated in the sales contract for the respective trust beneficiary interest, etc., (excluding acquisition-related expenses, property taxes and consumption taxes, etc.

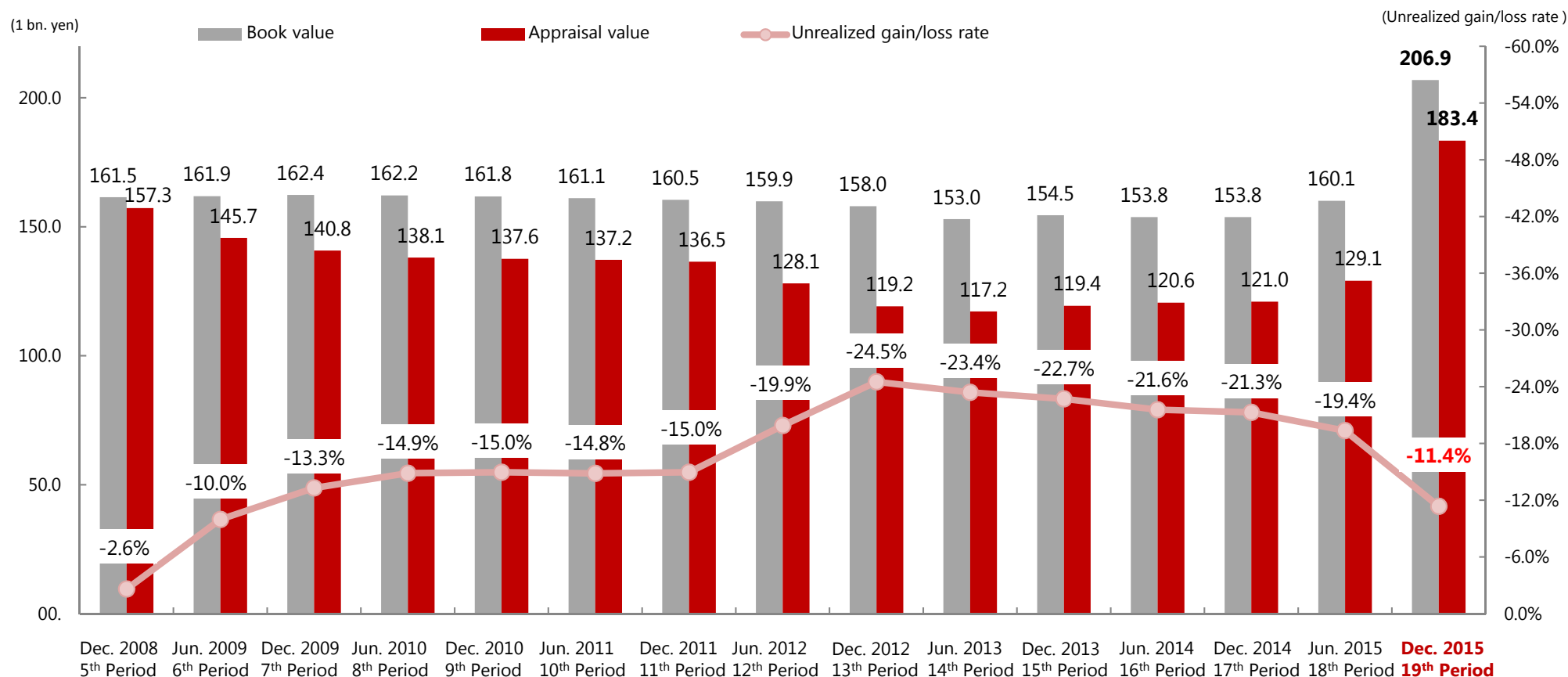
Note 2: "Appraisal value" is as of the end of the fiscal period based on the appraisal report with the market value as of Dec. 31, 2015 (Dec. 1, 2015 for Higashi-Nihombashi Green Bldg.) prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MCUBS MidCity's Articles of Incorporation and rules of The Investment Trusts Association, Japan

Note 3: "Book value" is the applicable asset's acquisition price (including various acquisition expenses) less accumulated depreciation.

Note 4: "Appraisal value rate" is the cap rate based on the direct capitalization method.

# Status of appraisal value

## Book value, appraisal value and unrealized gain/loss rate



As of 19<sup>th</sup> Period End (ended Dec. 2015)

Book value : 206.9 bn. yen  
 Appraisal value : 183.4 bn. yen  
 Unrealized gain/loss : -23.5 bn. yen

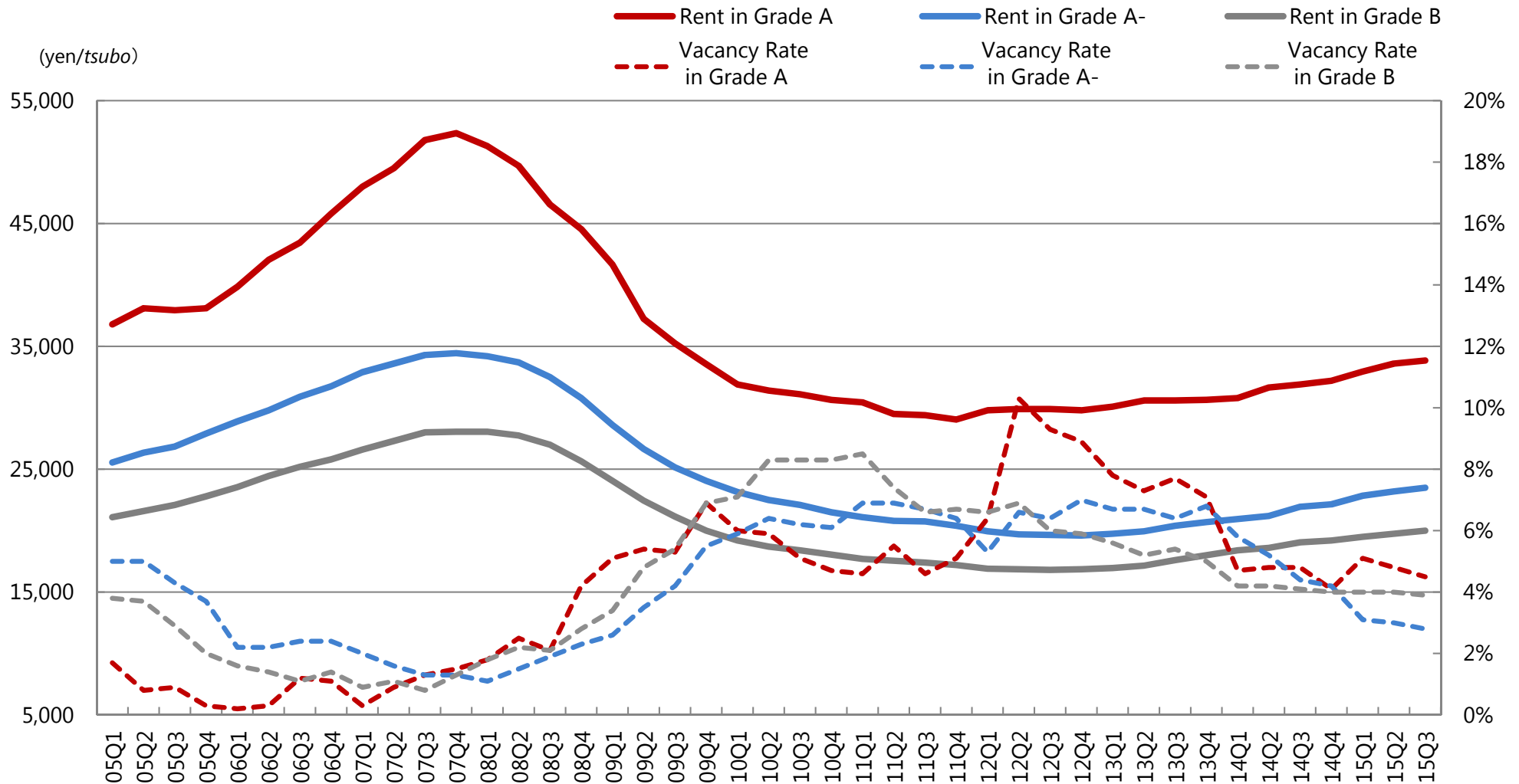
## 5. MARKET CONDITIONS

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# Office market data 1 (Tokyo – Average rent and vacancy rate)

## Average rent and occupancy rate of Tokyo 23 districts

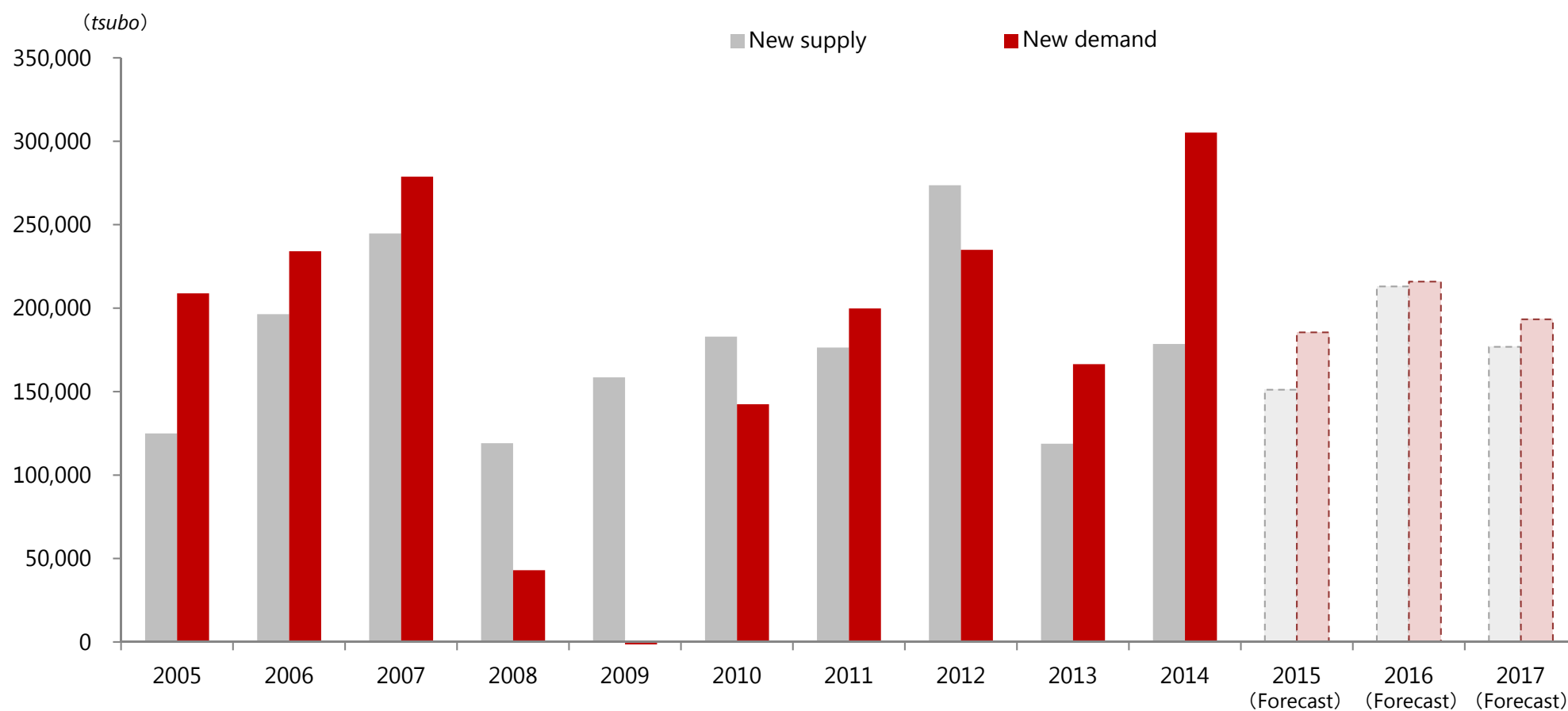


Source: CBRE



# Office market data 2 (Tokyo - Supply and demand)

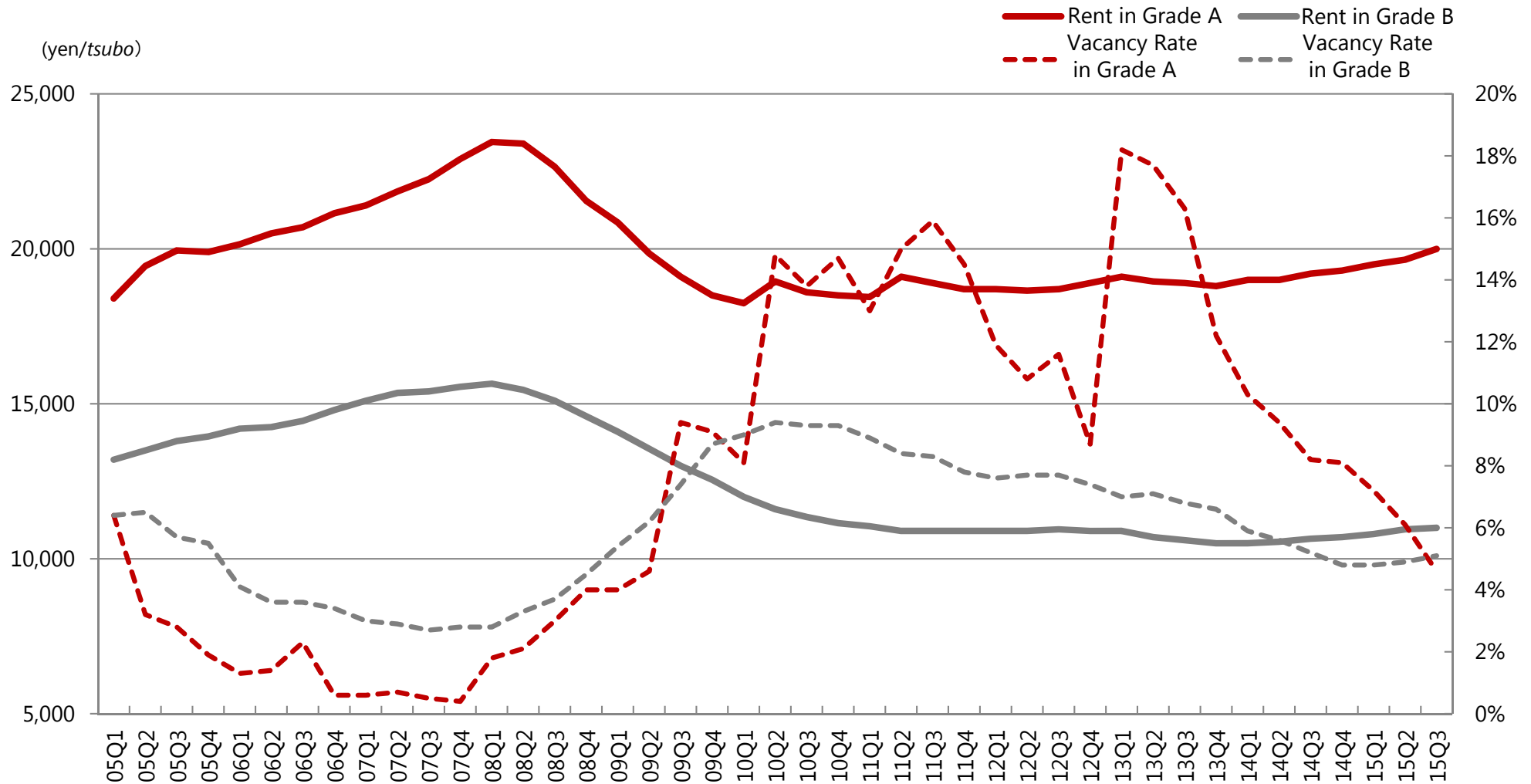
## Supply and demand of Tokyo 23 districts



Source: CBRE

# Office market data 3 (Osaka - Average rent and vacancy rate)

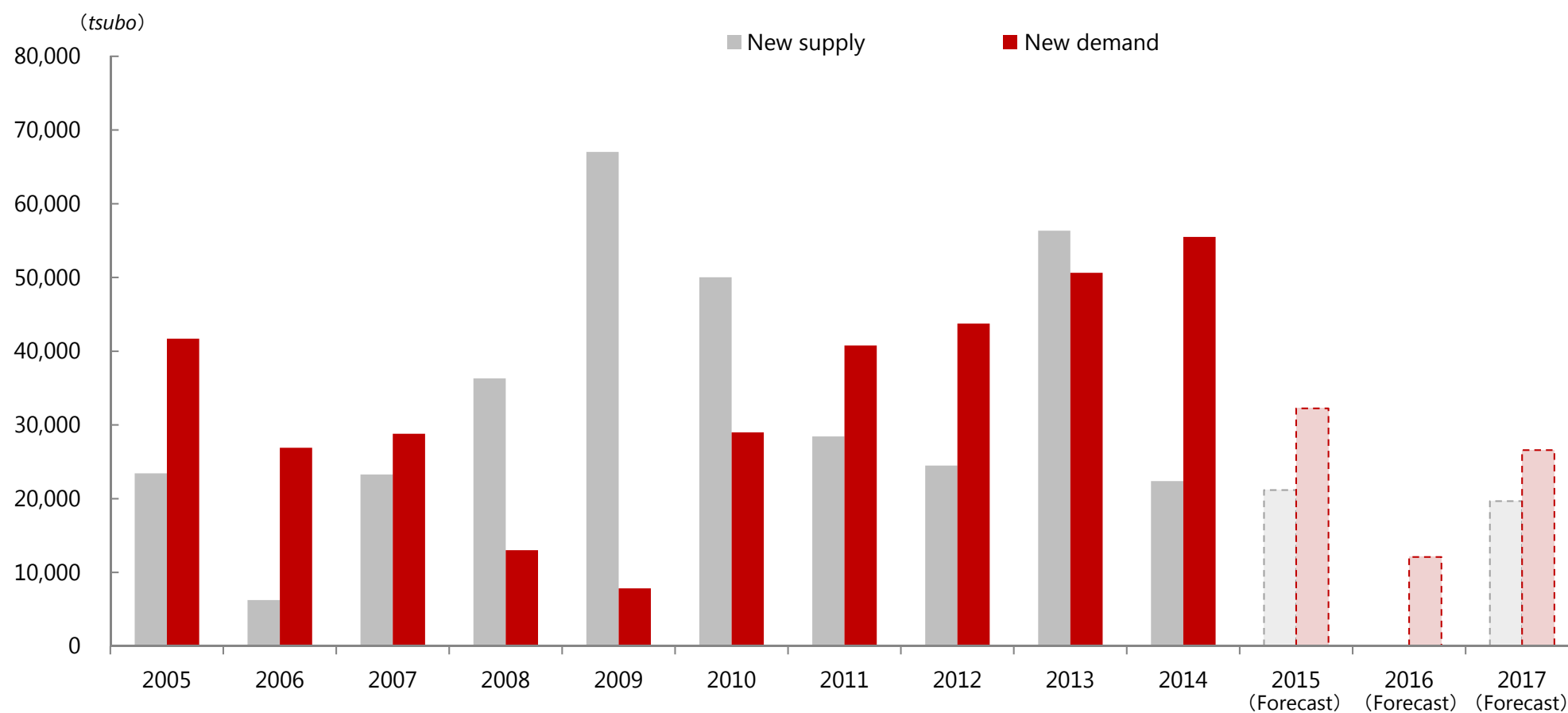
## Average rent and occupancy rate of Osaka business districts



Source: CBRE

# Office market data 4 (Osaka - Supply and demand)

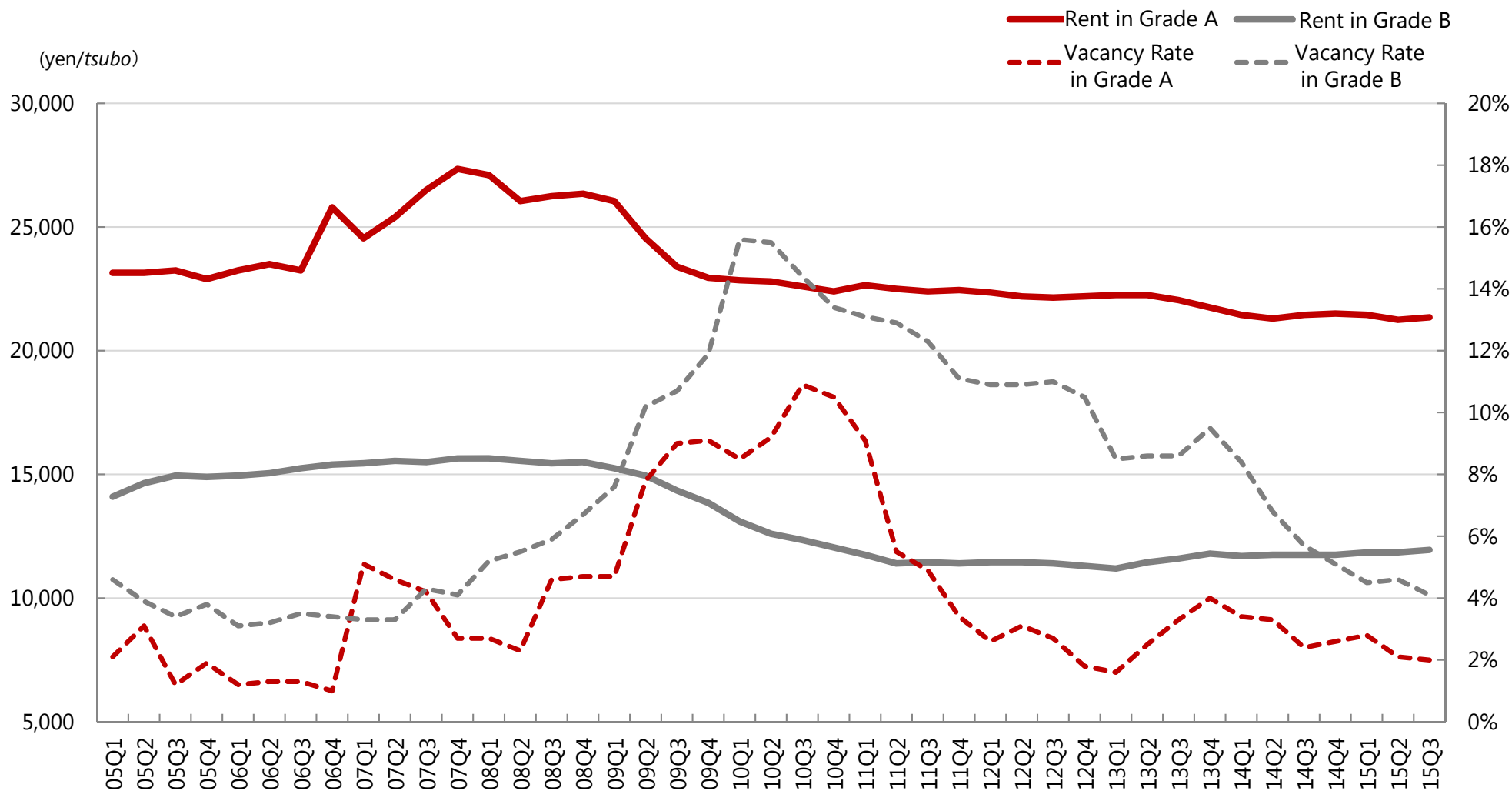
## Supply and demand of Osaka business districts



Source: CBRE

# Office market data 5 (Nagoya - Average rent and vacancy rate)

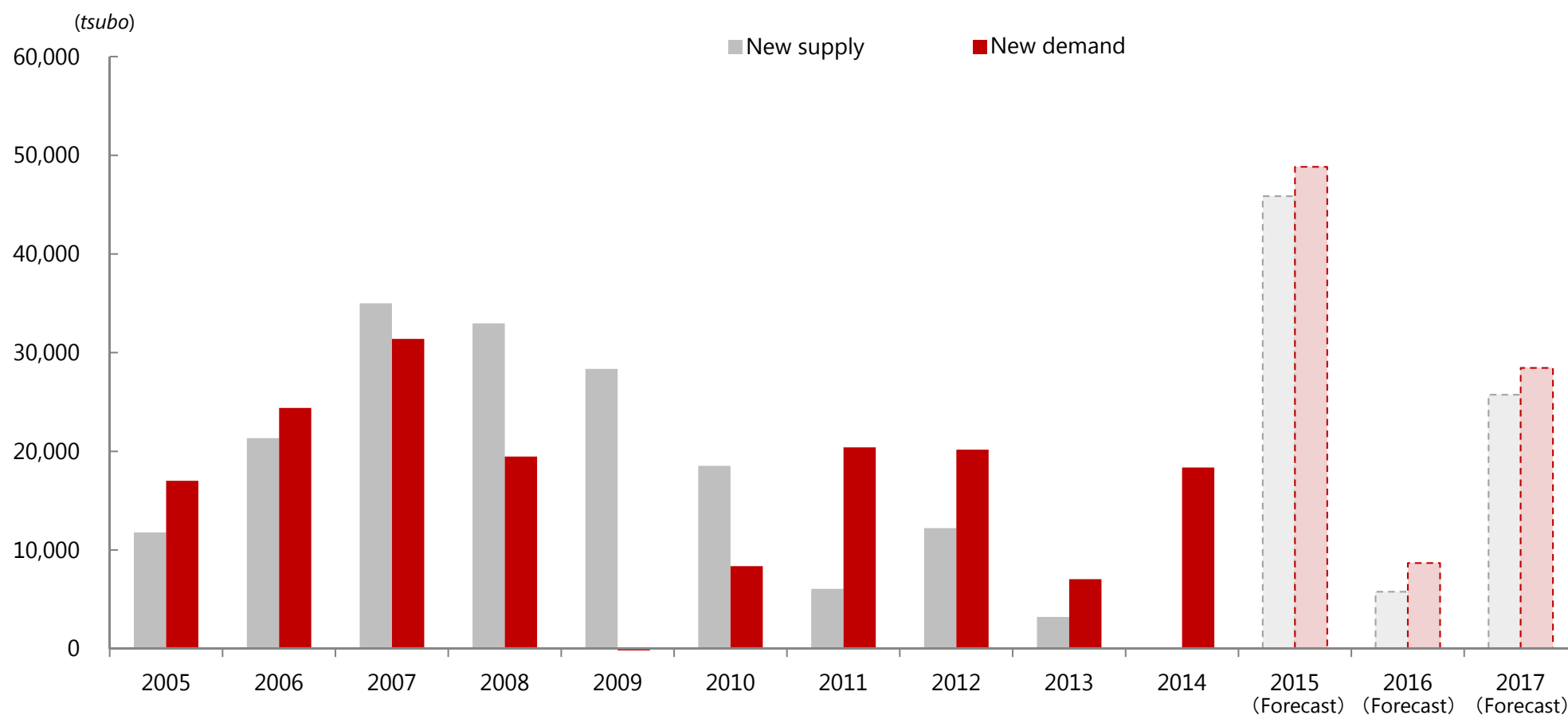
## Average rent and occupancy rate of Nagoya business districts



Source: CBRE

# Office market data 6 (Nagoya - Supply and demand)

## Supply and demand of Nagoya business districts



Source: CBRE



## 6. OVERVIEW OF MCUBS MidCity

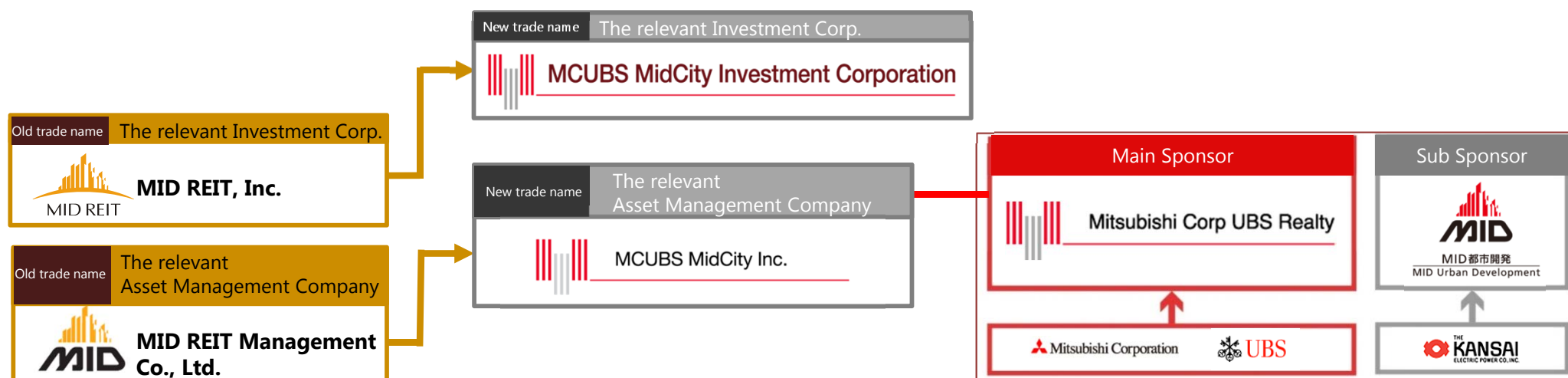
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# Overview of MCUBS MidCity Investment Corporation

Date of listing	Aug. 29, 2006	Securities code	3227
Fiscal periods	Every six-month ending June 30 and Dec. 31	Type of asset under management	Mostly office buildings in three major metropolitan areas

Change of sponsor	Apr. 2015: Mitsubishi Corp. and UBS Realty Inc. acquired 65% interest of MID REIT Management Co., Ltd. Asset management firm was renamed to <b>MCUBS MidCity Inc.</b>
Change of trade name	June 2015: Changed from MID REIT, Inc. to <b>MCUBS MidCity Investment Corporation</b>
Move of headquarters	Oct. 2015: Headquarters of the Investment Corporation and Asset Management Company were moved from Osaka to Chiyoda-ku, Tokyo



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



# Characteristics of MCUBS MidCity Investment Corporation

- ◆ Target areas: Expand from “Osaka area” to **“three major metropolitan areas (Tokyo, Osaka and Nagoya)<sup>(Note)</sup>”**
- ◆ Target properties (purpose):  
disproportionately invest in **“Office Buildings”**
- ◆ Enable to **invest in overseas properties**

## Targeted investment regions

Government-designated cities and other major cities as well as abroad, excluding the three major metropolitan areas



## Type

Real estate other than office properties



\* ex. Commercial facilities and industrial real estate



Note: Tokyo metropolitan area refers to Tokyo, Kanagawa, Chiba and Saitama; Osaka metropolitan includes Osaka, Kyoto and Hyogo; and Nagoya metropolitan refers to Aichi.



# Main Sponsors' office building development and global network

We will, under the new portfolio-building policy, put more focus on office building properties and pursue a more diversified portfolio by expanding investment areas to the three major metropolitan areas, and then overseas.

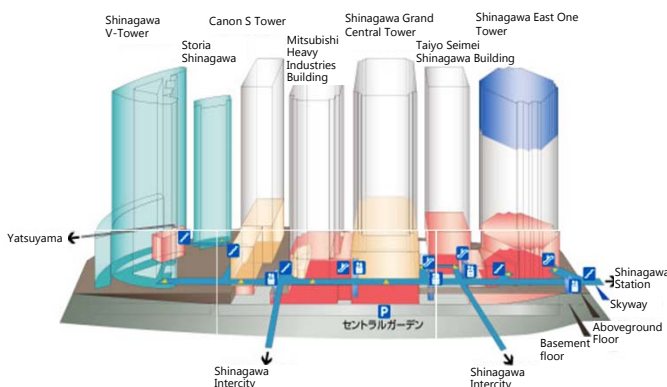
## Mitsubishi Corp.'s track records including office buildings

MC is engaged in urban development including offices, such as the redevelopment project of JR Shinagawa Sta.'s east exit and the overall redevelopment project of Tennozu Isle

### Redevelopment Project of JR Shinagawa sta. East Exit



<b>Name</b>	Shinagawa Grand Commons
<b>Developers</b>	Mitsubishi Corp., Mitsubishi Heavy Industries, Mitsubishi Motors, Daito Trust Construction, Canon Marketing Japan and others
<b>Location</b>	Konan 2-chome, Minato-ku
<b>Site area</b>	Approx. 53,000 m <sup>2</sup>
<b>GFA</b>	Approx. 584,000 m <sup>2</sup>
<b>Asset type</b>	Office, residential, retail, hotels etc.



Note : MCUBS MidCity has not planned to acquire the properties above.

We will consider investing in properties located in the center of cities (MidCity) globally, by taking advantage of global networks of Mitsubishi Corp. and UBS, the two shareholders of MCUBSR

### Target areas to invest

- US
- UK
- Germany
- France
- Australia
- Singapore
- Hong Kong
- South Korea
- Taiwan
- Indonesia
- Thailand
- Malaysia
- Vietnam
- The Philippines
- Myanmar
- Other countries and areas in which population increase and economic growth are expected

### Overseas real estate investment by Mitsubishi Corp. and UBS

Mitsubishi Corp.

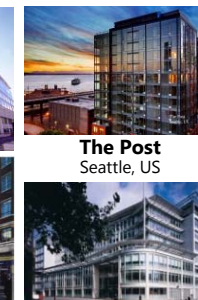
UBS



**Condominium development project in Ortigas**  
Manila, The Philippines



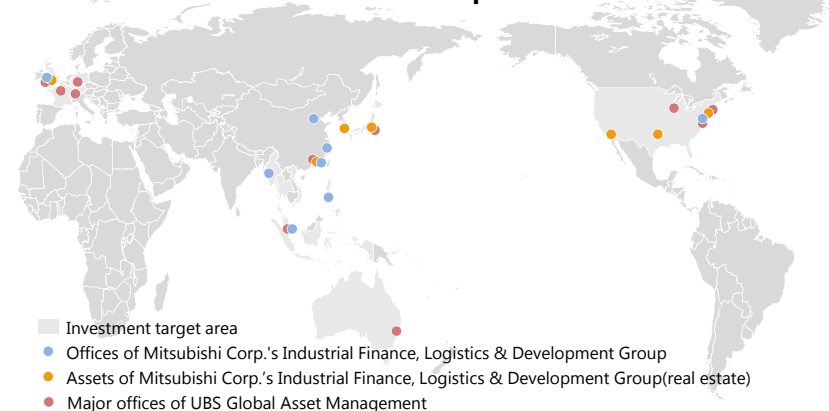
**Bow Belles House**  
London, UK



**New Fetter Lane**  
London, UK

**The Post**  
Seattle, US

### Global networks of Mitsubishi Corp. and UBS



# Initiatives for environment

## Policy for sustainability

**“ESG”**

Committed to Environment, Society and Governance



The following actions are implemented by Asset Management Company

- ◆ Set up “Environmental Charter”
- ◆ Set up “Basic Policy for Responsible Property Investment”
- ◆ Sign on “Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)”

## Evaluation and certification by external organizations

### DBJ Green Building Certification

#### Three Star Certification

Four properties were certified as properties with high environmental and social awareness



Twin 21



Matsushita IMP Bldg.



Kitahama MID Bldg.



Higobashi MID Bldg.

### CASBEE Property Appraisal

#### Appraisal of Rank A

Two properties were certified for their environmental performances



G-Square Shibuya Dogenzaka

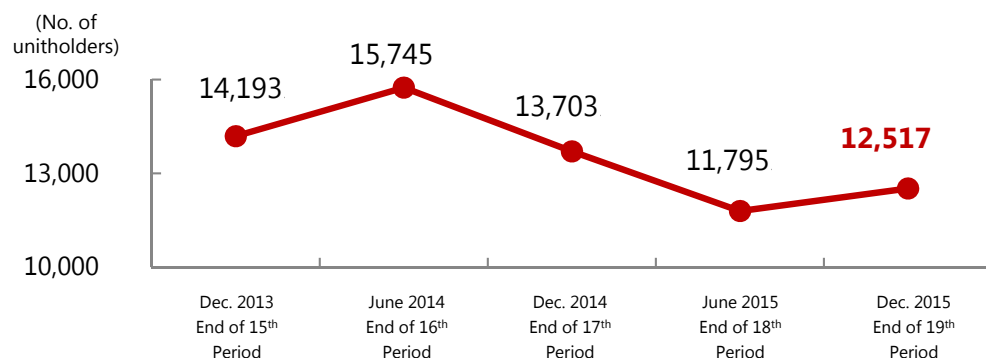


Higobashi MID Bldg.

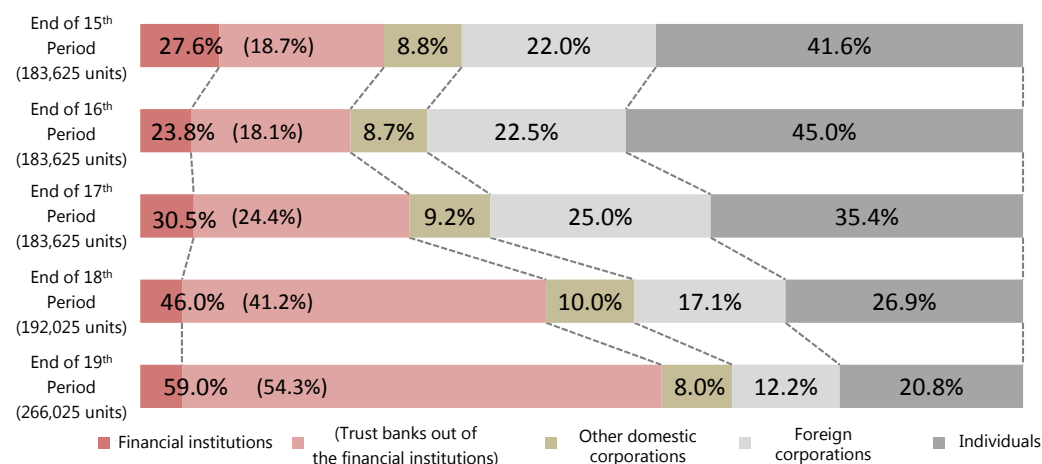


# Unitholder details

## No. of unitholders



## Breakdown by unitholder type (No. of units held basis)



## Major unitholders

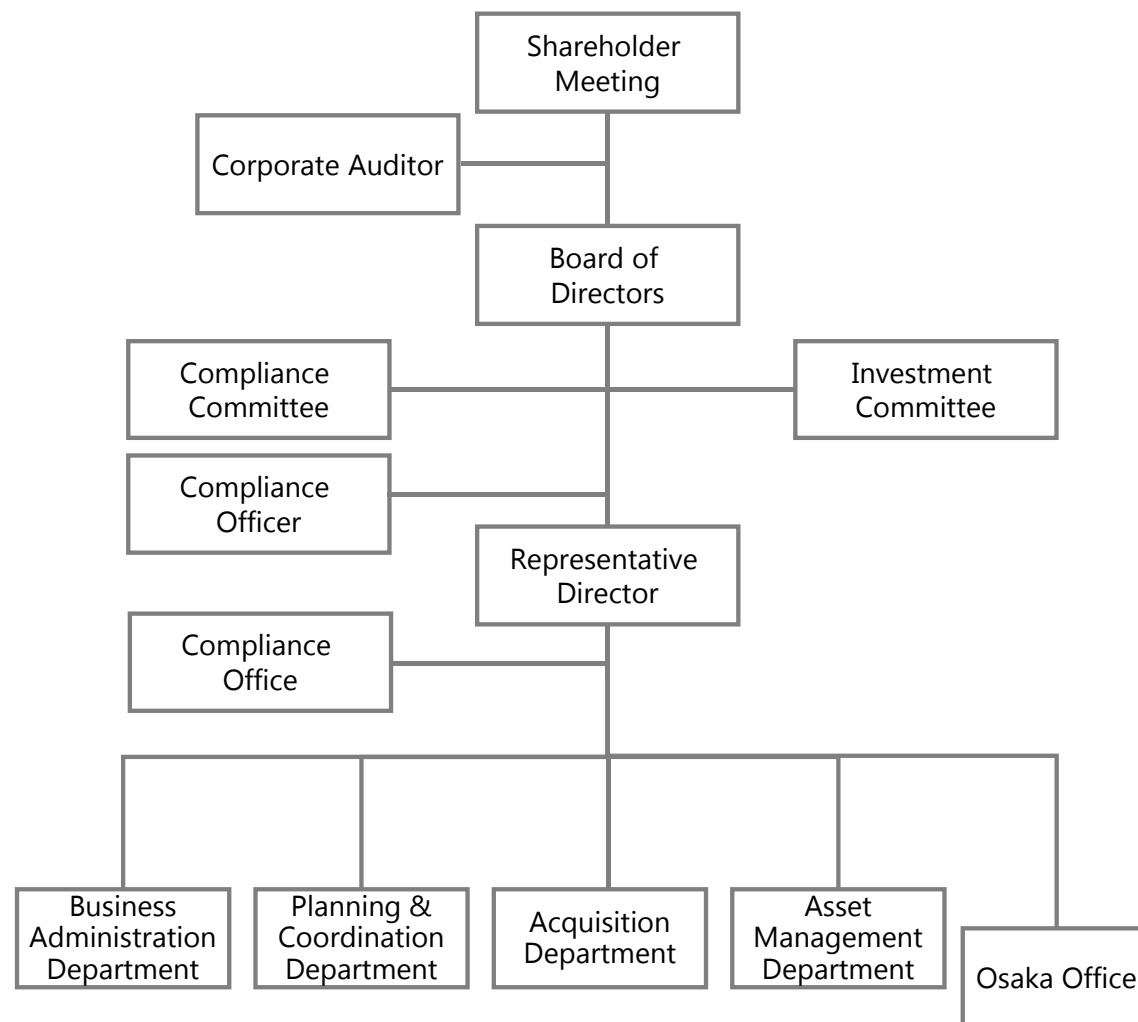
Rank	Name	Dec. 2015 End of 19 <sup>th</sup> Period		Difference from 18 <sup>th</sup> Period End
		No. of units held	Ratio of units held (%)	
1	Japan Trustee Services Bank, Ltd. (Trust Account)	59,207	22.26%	+28,733
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	37,565	14.12%	+13,245
3	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	34,458	12.95%	+16,388
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	9,619	3.62%	+4,436
5	MID Urban Development Co., Ltd.	9,200	3.46%	0
6	SIX SIS LTD.	4,511	1.70%	+241
7	Mitsubishi Corporation	4,200	1.58%	0
8	State Street Bank and Trust Company 505223	4,014	1.51%	+3,831
9	Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,484	0.93%	+1,564
10	CBNY DFA International Real Estate Securities Portfolio	2,070	0.78%	+320
	Total	167,328	62.90%	+68,758

# Overview of Asset Management Company

## Company overview (as of Feb. 16, 2016)

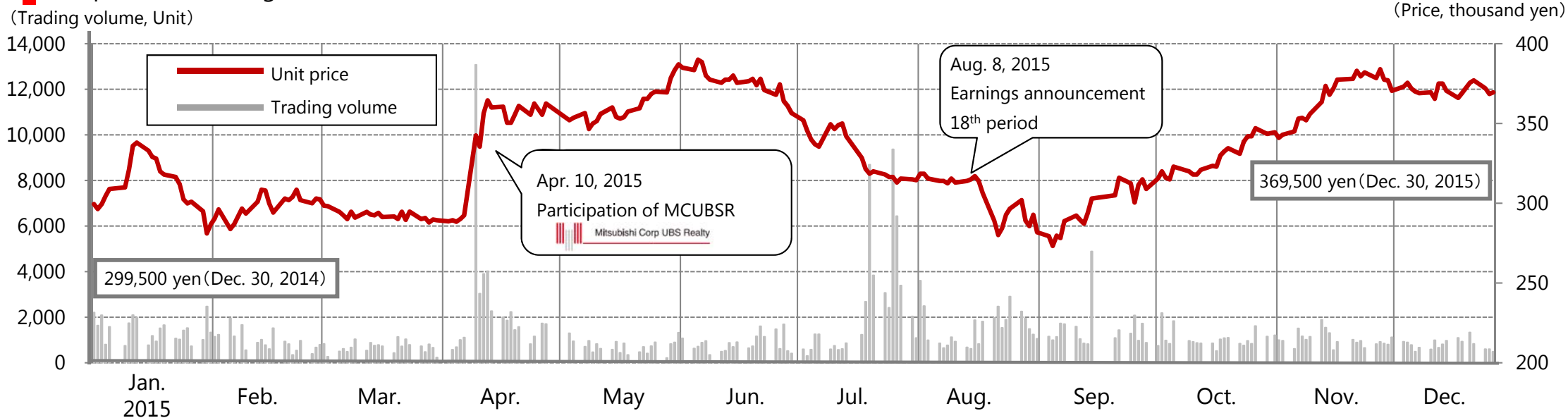
Name	MCUBS MidCity Inc.	
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	
Establishment	Sep. 1, 2005	
Capital	210 mn. yen	
Shareholder	Mitsubishi Corp. - UBS Realty Inc. (65%) MID Urban Development Co., Ltd. (35%)	
No. of employees	27 (inclusive of 1 temporary worker)	
Officers	President & CEO & Representative Director	Katsura Matsuo
	Deputy President & Representative Director General Manager, Business Administration Department	Naoki Suzuki
	Managing Director General Manager, Asset Management Department	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 (Executive Director, Mitsubishi Corp. - UBS Realty Inc.)
	Corporate Auditor (part time)	Yushi Kamatani (Executive Director, Mitsubishi Corp.-UBS Realty Inc.)

## Structure (as of Feb. 16, 2016)

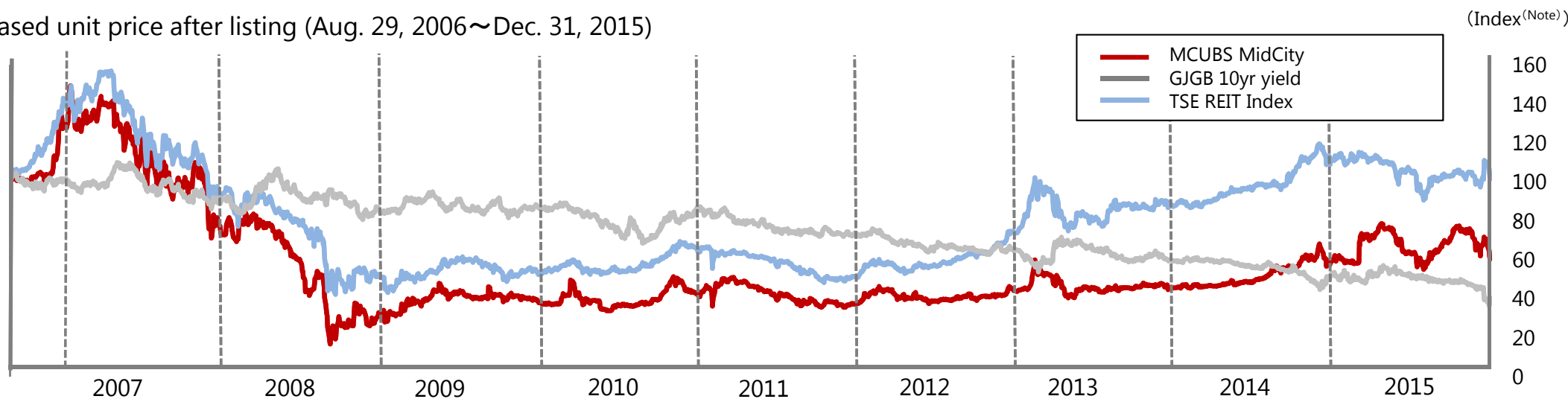


# Unit price and trading volume for the past one year

## Unit price and trading volume



## Rebased unit price after listing (Aug. 29, 2006~Dec. 31, 2015)



Note: TSREIT Index, TOPIX Real Estate Index and MCUBS MidCity's unit price are indexed to 100, as at the price on Aug. 29, 2006, the listed date of MCUBS MidCity.

Source: Bloomberg



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