

Securities Code **3227**

MCUBS MidCity

<http://www.midcity-reit.com/>

21st Period Investor Presentation



Fiscal Period ended December 31, 2016 (21st Period)

ACHIEVEMENTS IN TWO YEARS SINCE THE CHANGE OF THE MAIN SPONSOR



Significant Growth in Unitholder Value

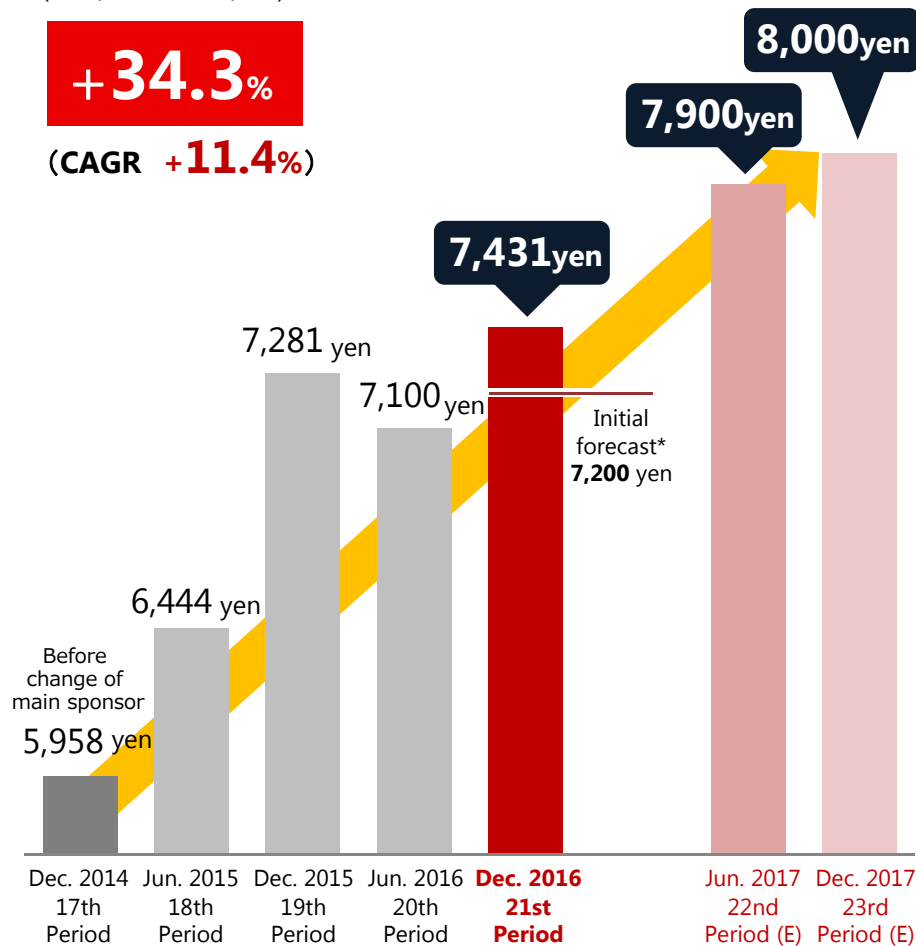
Distribution per Unit

Before vs After the Change of the Main Sponsor

(2014/12A vs 2017/12E)

+34.3%

(CAGR **+11.4%**)



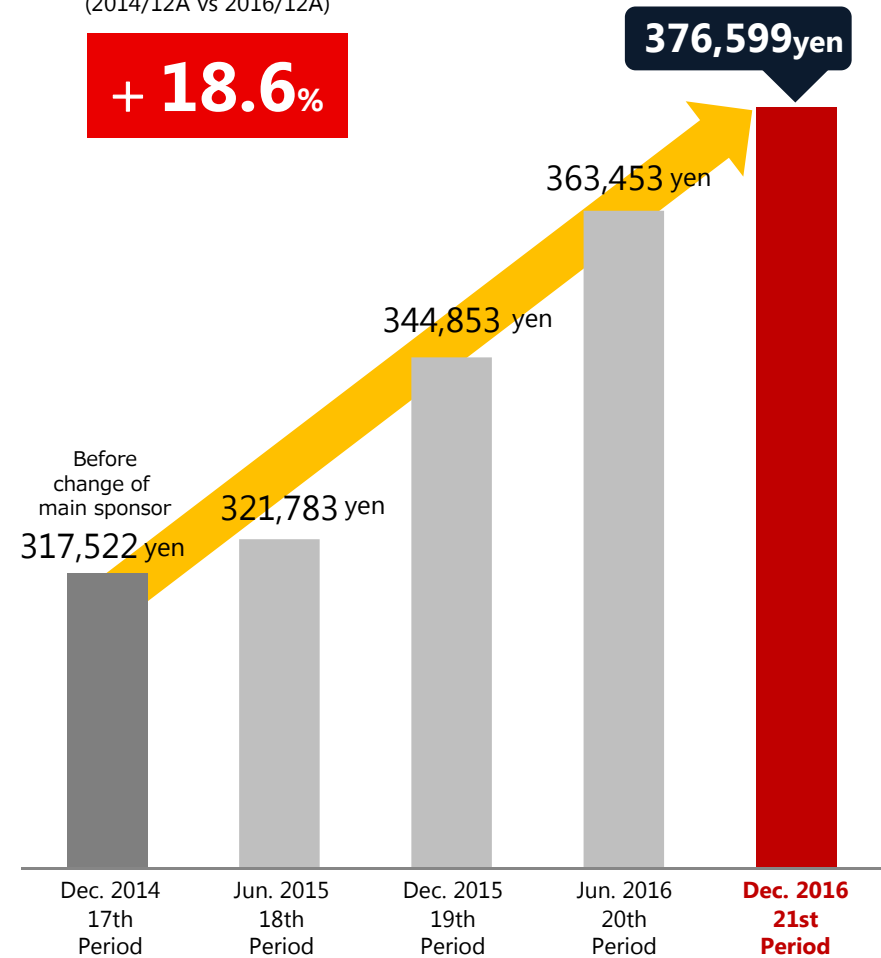
*As of August 16, 2016

NAV per Unit

Before vs After the Change of the Main Sponsor

(2014/12A vs 2016/12A)

+18.6%



Expansion of Asset Size

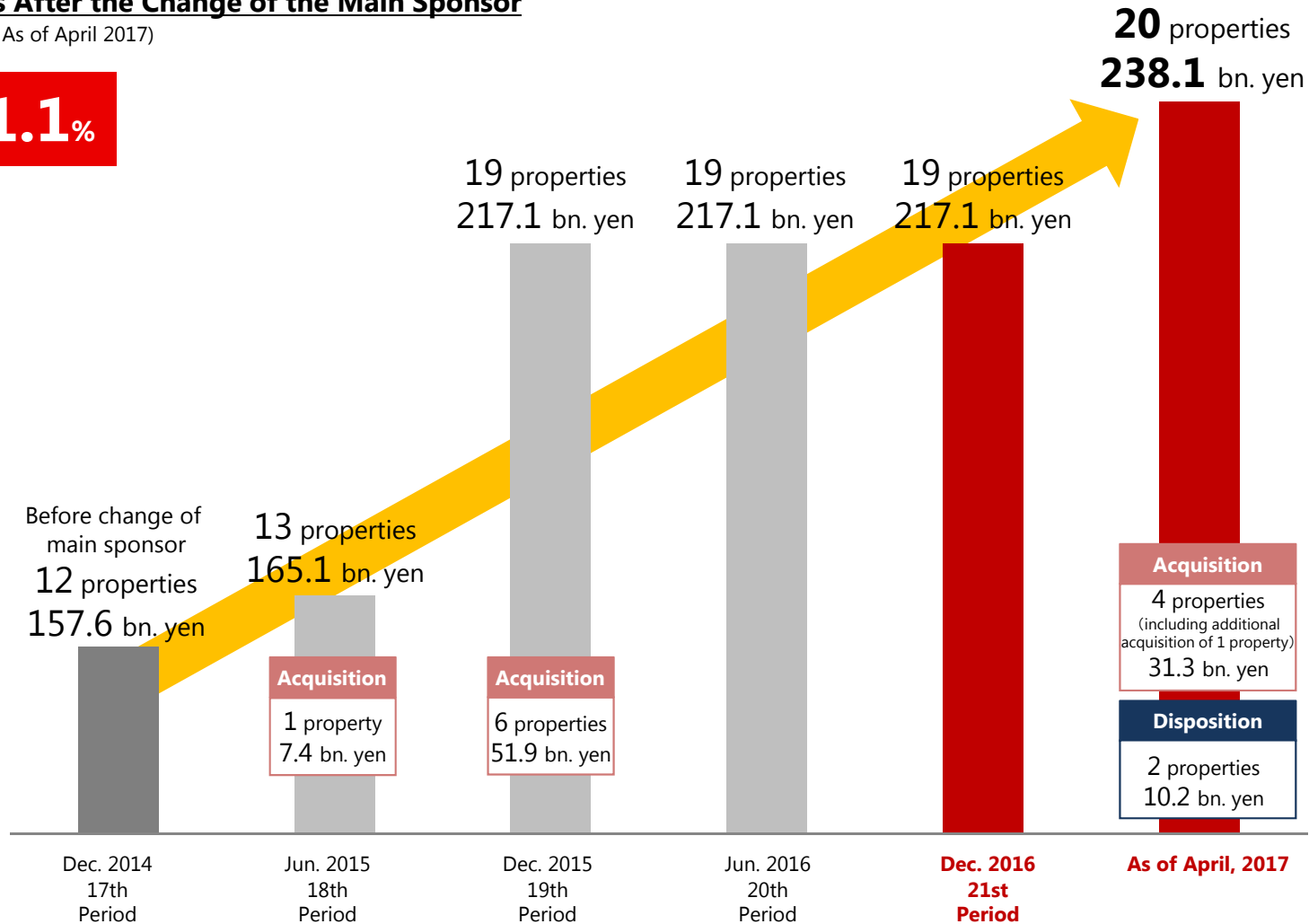


Asset Size

Before vs After the Change of the Main Sponsor

(2014/12A vs As of April 2017)

+ 51.1%



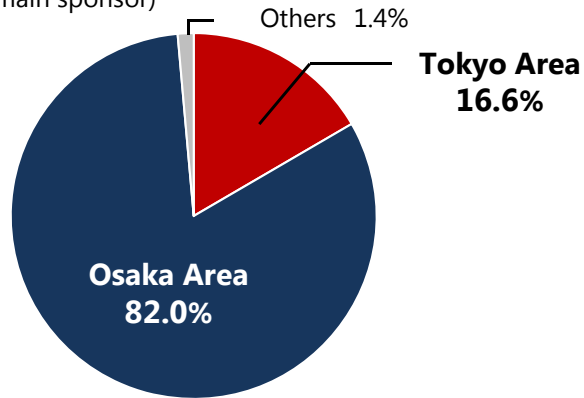
* Based on acquisition price



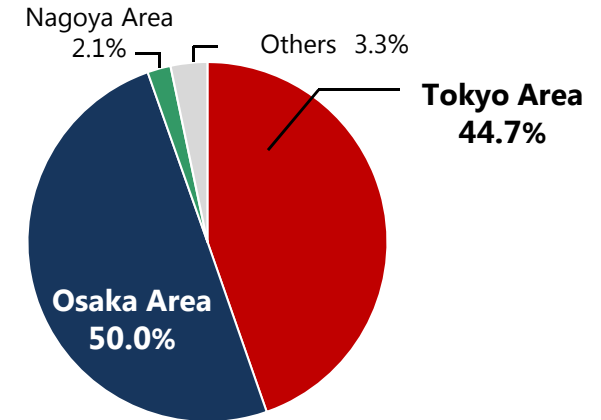
Progress of Portfolio Diversification

By Area

End of 2014/12 Period (17th Period)
(Before the change of the main sponsor)



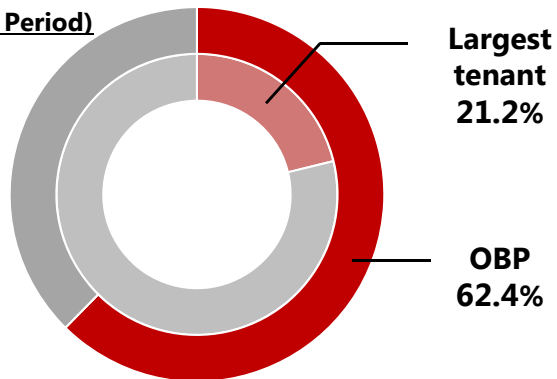
As of April 2017
(After the 2nd PO)



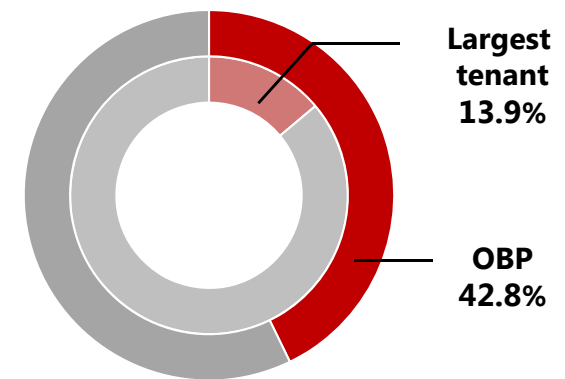
* Based on acquisition price

By Tenant

End of 2014/12 Period (17th Period)
(Before the change of the main sponsor)



As of April 2017
(After the 2nd PO)



* Based on rent and CAM revenues



RESULTS FOR THE 21ST FISCAL PERIOD ENDED DECEMBER 2016



Overview of Results for the 21st Fiscal Period

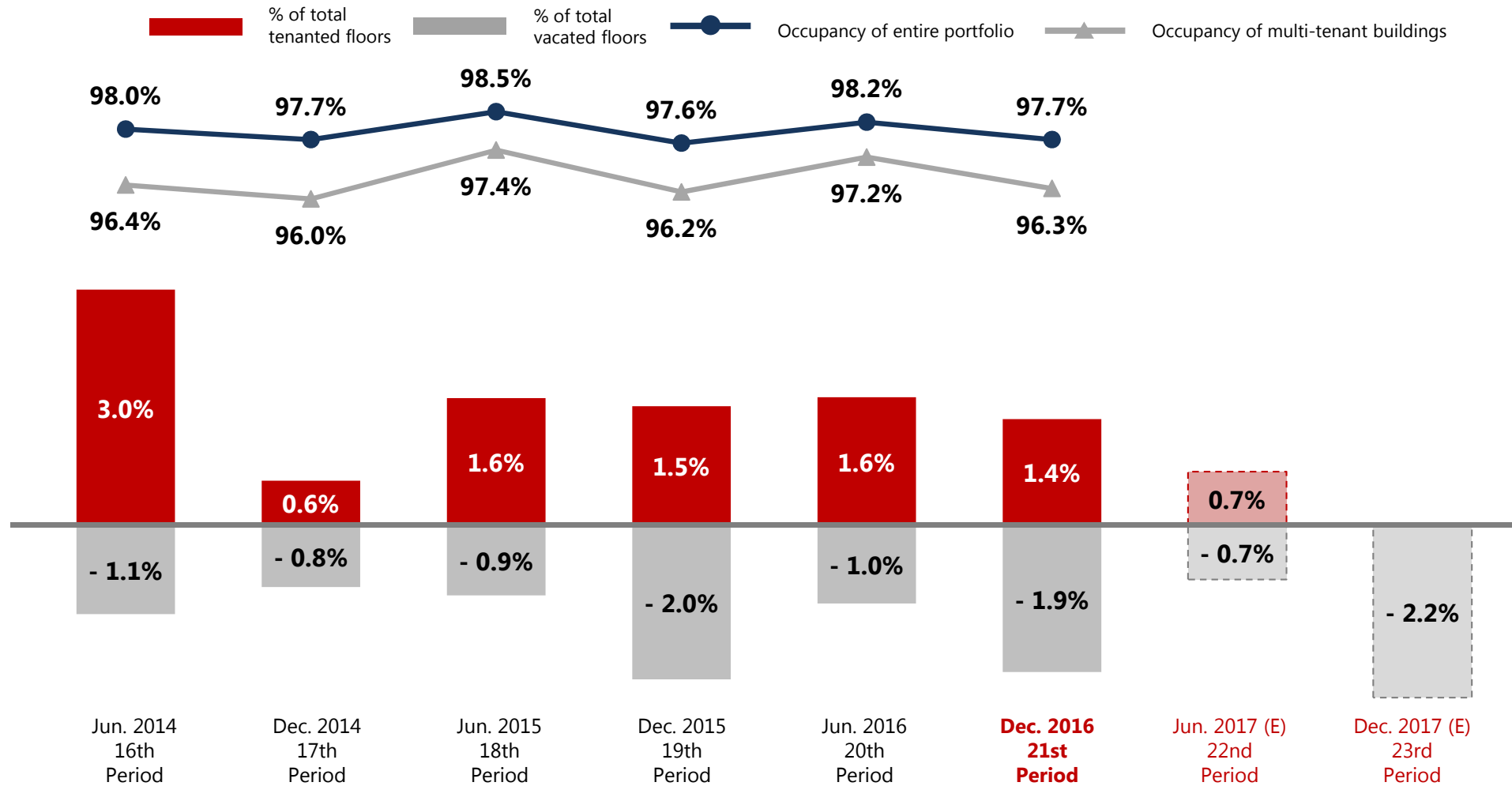
	Fiscal period ended Dec. 31, 2016 (21st Period)	Difference from previous period	Difference from initial forecasts
Operating revenue	7,005 mn. yen	+181 mn. yen (+2.7%)	+30 mn. yen (+0.4%)
Operating income	2,551 mn. yen	+88 mn. yen (+3.6%)	+72 mn. yen (+2.9%)
Net Income	1,976 mn. yen	+88 mn. yen (+4.7%)	+61 mn. yen (+3.2%)
Distribution per unit	7,431 yen	+331 yen (+4.7%)	+231 yen (+3.2%)



Continued High Occupancy



Occupancy and Tenant Turnover



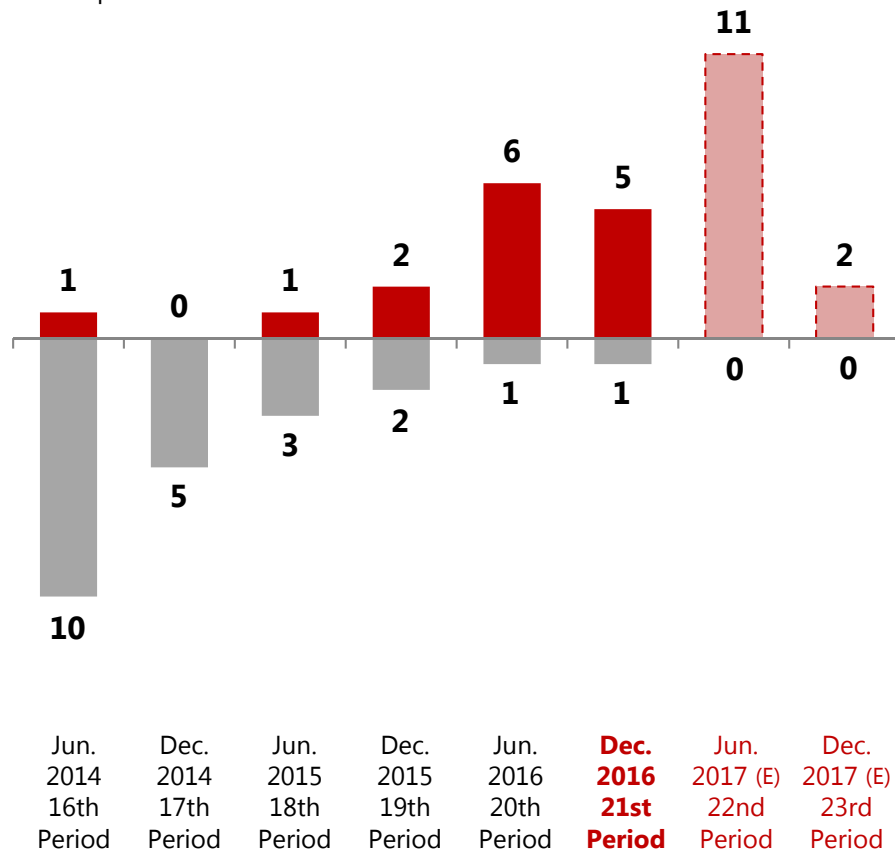
* % of total tenanted floors and % of total vacated floors for 2017/6E (the 22nd period) and 2017/12E (the 23rd period) include the impact from new acquisitions and dispositions, and are based on occupancy/exit applications received as of March 10, 2017.



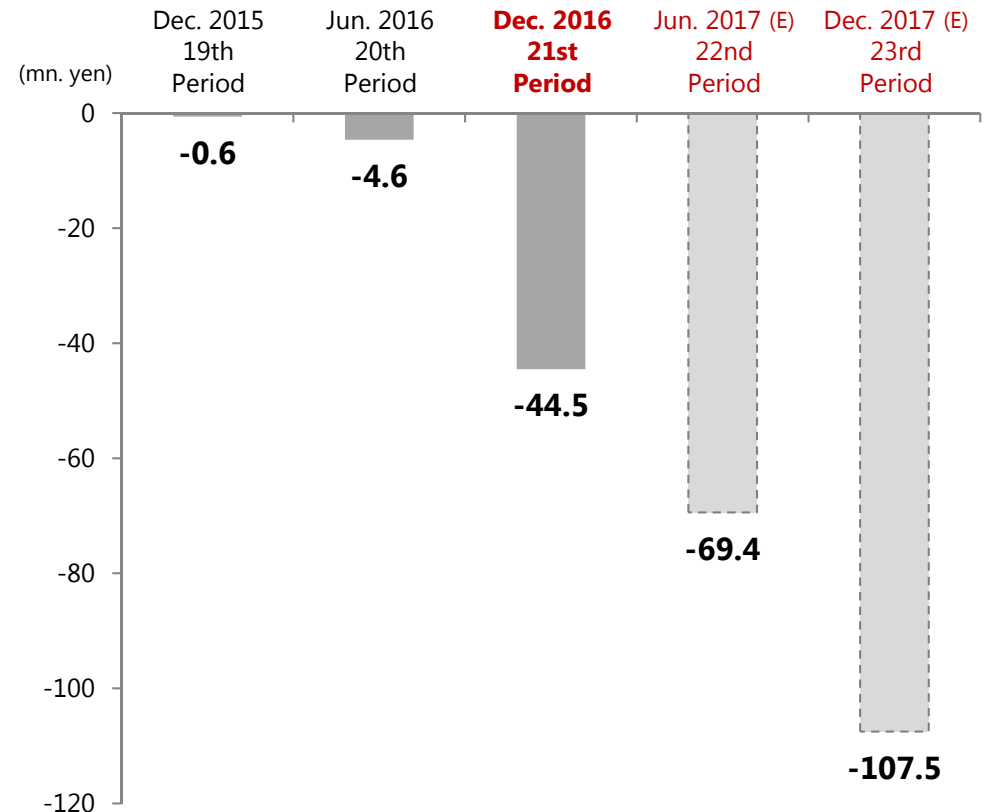
Progress of Initiatives to Improve Profitability

The Number of Revisions of Lease Agreements

■ # upward revisions ■ # downward revisions



Cumulative Total Cost Reduction Since the Change of Main Sponsor

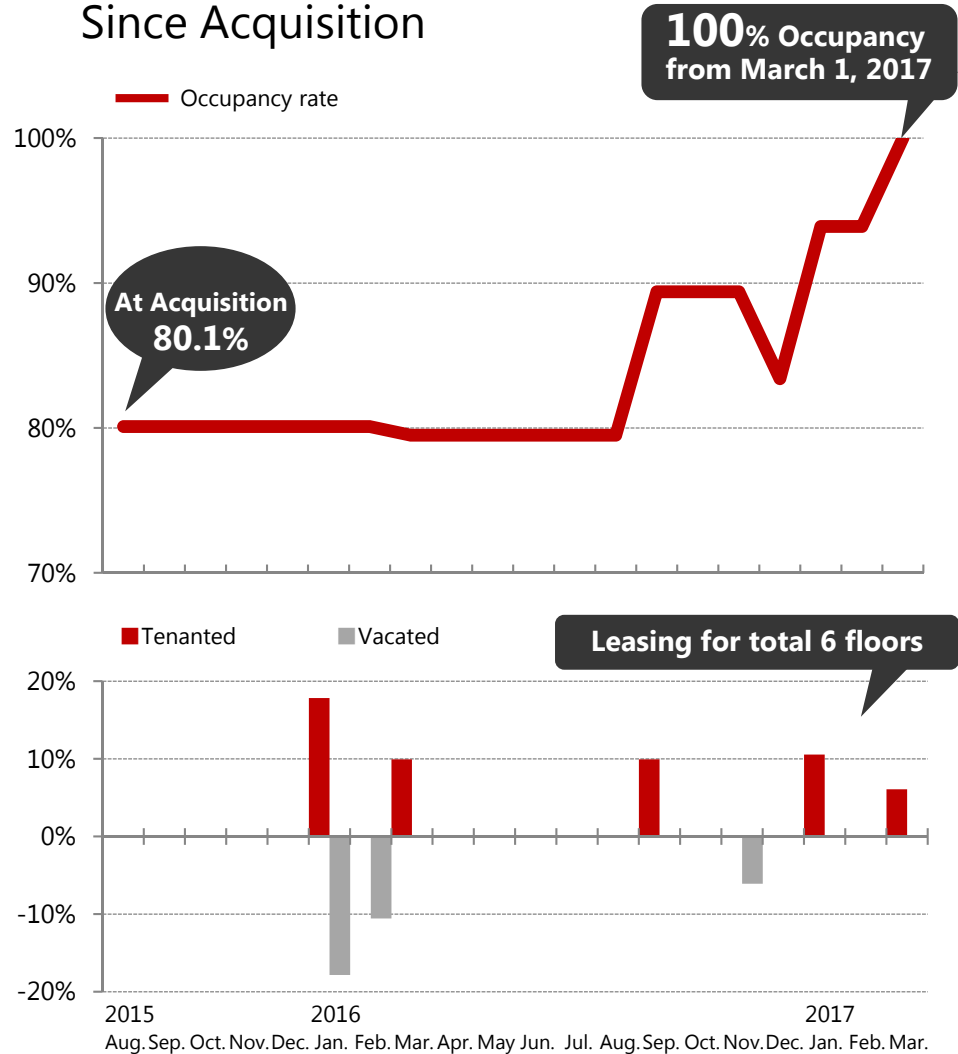


* The numbers of rent revisions for 2017/6E (the 22nd period) and 2017/12E (the 23rd period) include those of newly acquired assets and exclude those of disposed assets, and is based on the number of determined rent revisions as of March 10, 2017

* The bar chart above shows the aggregate value of cost reduction per period through the review of service agreements related to the real estate lease expenses and general and administration expenses (electricity supply agreements, casualty insurance contracts, trust agreements, PM/BM service agreements, general administration service agreements and asset custody consignment agreements)
* The values for 2017/6E and 2017/12E are calculated based on what are determined as of the end of February 2017

G-Square Shibuya Dogenzaka: To be Fully Occupied

Occupancy and Tenant Turnover Since Acquisition



Renovation Works at Entrance, etc.



Further Improvement in Financial Stability



Upgrade of Issuer Rating by Rating and Investment Information, Inc. (R&I)

A-(Positive)

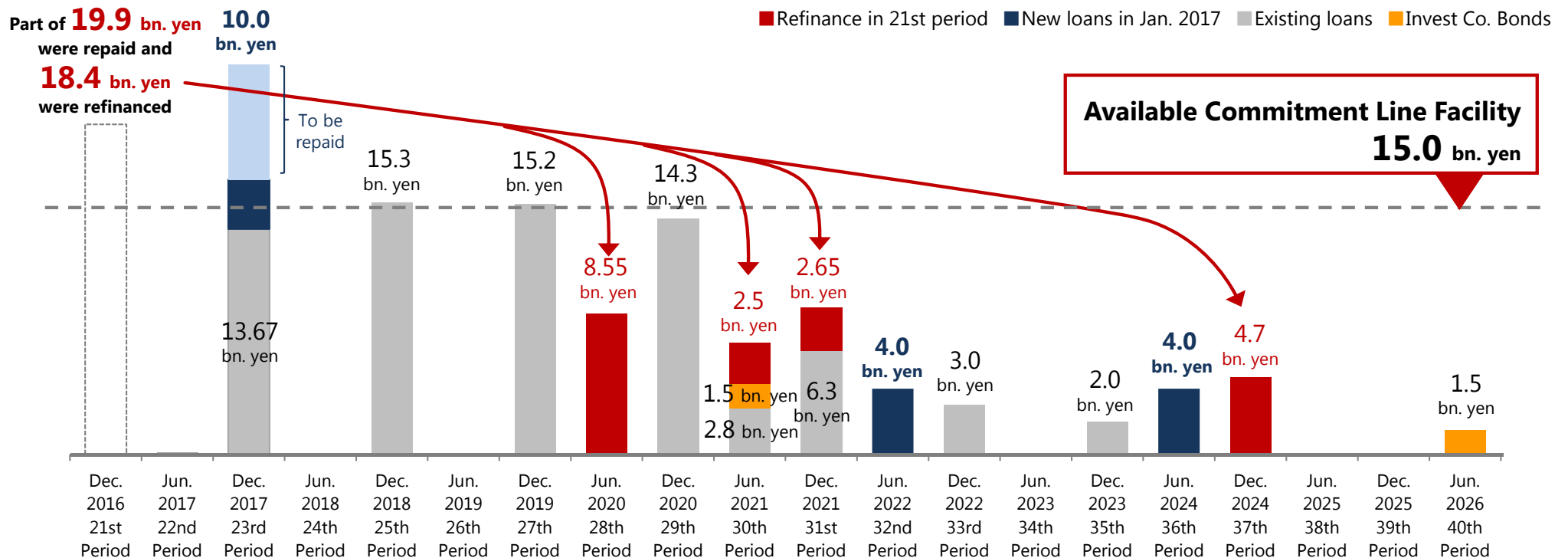


A (Stable)

(Announced on October 26, 2016)



Debt Maturity Ladder



INITIATIVES FOR THE 22ND FISCAL PERIOD ENDING JUNE 2017 AND AFTER



Execution of Public Offering in February 2017

Overview of 2nd Public Offering

Issuance resolution date	Feb. 14, 2017
Net Proceeds	9,905 mn. yen
Newly issued units (including over-allotment options)	30,600 units
Units Outstanding (Before the offering)	266,025 units
Units Outstanding (After the offering)	296,625 units

Offering Highlights

Continued Growth in Unitholder Value

1. Selective acquisitions avoiding excessive competition
2. Strategic asset replacement by taking an opportunity for asset disposal
3. Achievement of internal growth through steady asset management
4. Strengthening and stabilizing financial base for a long-term basis



Acquisitions through Exclusive Negotiations

Newly Acquired Assets – Four properties



Shibuya Sakuragaoka Square

(Additional acquisition of building and
60% quasi co-ownership interest of
trust beneficiary interest of land)
<Shibuya-ku, Tokyo>



Sasazuka Center Bldg.

<Shibuya-ku, Tokyo>



USC Bldg.

(Approx. 46% quasi co-ownership
interest of trust beneficiary interest)

<Koto-ku, Tokyo>



Sendai Capital Tower

<Aoba-ku, Sendai>

	Acquisition price	Appraisal value (Ratio of unrealized gain)	DCF method		Direct capitalization method	
			NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
Total/Average	31,330 mn. yen	33,570 mn. yen (+7.1%)	4.2%	3.5%	4.5%	3.8%

Strategic Asset Replacement

Disposed Assets – two properties



Midosuji MID Bldg.

<Chuo-ku, Osaka>

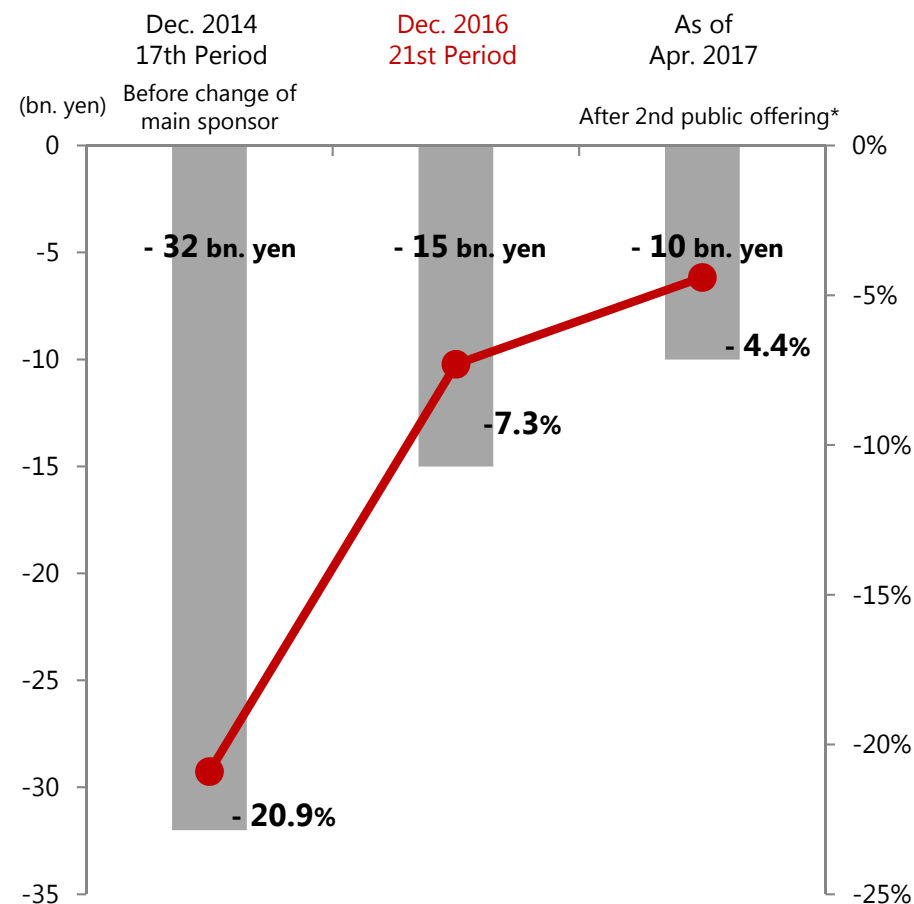


MID Midosujikawaramachi Bldg.

<Chuo-ku, Osaka>

	Disposition price	Appraisal value	Assumed book value (as of disposition date)	Actual	
				NOI yield	NOI yield after depreciation
Total/Average	10,700 mn. yen	8,800 mn. yen	10,252 mn. yen	4.0%	2.6%

Ratio of unrealized gain of the portfolio



* Pro forma basis on the assumption that four properties are newly acquired and two properties are disposed.

Forecast of Business Results for the 22nd Period Ending Jun. 2017 and the 23rd Period Ending Dec. 2017

	Fiscal period ending Jun. 30, 2017 (22nd period) forecast*	Difference from 21st period	Fiscal period ending Dec. 31, 2017 (23rd period) forecast	Difference from 22nd period forecast
Operating revenue	8,054 mn. yen	+15.0%	7,545 mn. yen	- 6.3%
Operating income	3,176 mn. yen	+24.5%	2,974 mn. yen	- 6.4%
Net Income	2,589 mn. yen	+31.0%	2,373 mn. yen	- 8.4%
Distribution per unit	7,900 yen	+6.3%	8,000 yen	+1.3%

* The forecast of operating revenue and operating expenses for the 22nd period ending June 2017 includes gain on the sale of Midosuji MID Bldg. of 626 million yen and loss on the sale of MID Midosujikawaramachi Bldg. of 213 million yen, respectively, while it is also estimated that voluntary reserves of 246 million yen will be recognized within the applicable scope specified in the Act on Special Measures Concerning Taxation



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