

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

<https://www.midcity-reit.com/en/>

25th Period

INVESTOR PRESENTATION – Appendix –

Fiscal Period ended December 31, 2018

Securities Code **3227**

Index

* 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.

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1. ABOUT MCUBS MidCity INVESTMENT CORPORATION

Who We Are

MC-UBS Group's office-focused REIT, aiming to enhance unitholder value

Area-diversified portfolio primarily made up of **medium-sized office buildings**

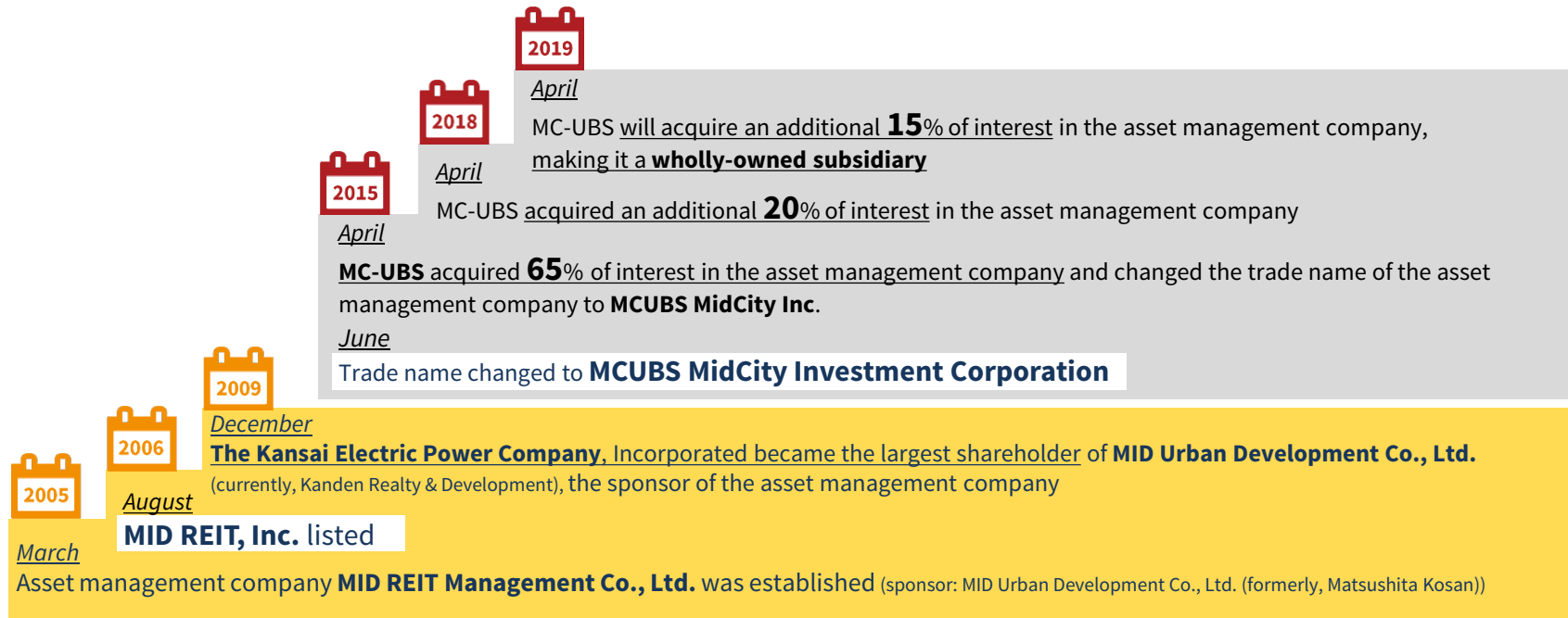
- 1 Industry-leading **acquisition capability**
- 2 **Asset management** with a focus on tenant satisfaction
- 3 Stable **financial base**
- 4 **ESG-conscious** portfolio management

Name	MCUBS MidCity Investment Corporation ("MidCity")	TSE Code	3227
Fund listing	August 29, 2006	Fiscal period	June and December
Asset Management Company	MCUBS MidCity Inc.		

Note: Effective April 1, 2019, the asset management company will become a wholly-owned subsidiary of Mitsubishi Corp. - UBS Realty Inc. For details, please refer to *Notice Concerning Change in Major Shareholder of Asset Management Company* dated January 30, 2019 (the same shall apply hereafter)

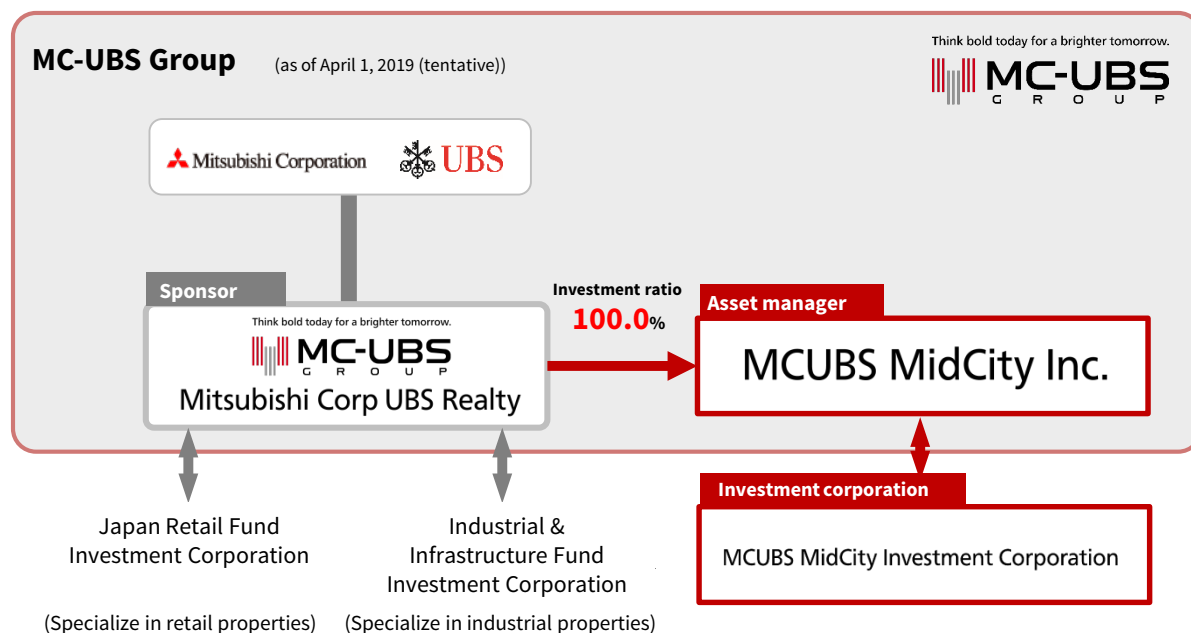
History

- August 2006: Listed as a REIT investing in offices in Osaka
- December 2009: The Kansai Electric Power Company, Incorporated became the largest shareholder of the asset management company
- April 2015: MC-UBS became the main sponsor
- June 2015: Trade name changed to MCUBS MidCity as a REIT focusing on the three major metropolitan areas
- April 2019: MC-UBS will acquire all interest in the asset management company, making it a wholly-owned subsidiary



Mitsubishi Corp.-UBS Realty Inc. Group (MC-UBS Group)

- **17 years** of experience in operating J-REITs
- MC-UBS Group operates **three REITs**: MCUBS MidCity, JRF, and IIF
- **Largest J-REIT AUM of 1.4 tn. yen**
- **One of the largest buyers** of commercial real estate in Japan



No. of employees

Over **170** employees total

Mitsubishi Corp.-UBS Realty Inc.
147 total employees (as of December 31, 2018)

Asset management company
26 total employees (as of February 15, 2019)

Investment Policy

Focusing on office buildings in three major metropolitan areas

JPY 256.5 bn 22 properties

*After asset replacement (Mar. 2019)

✓ **Target areas: Three major metropolitan areas (Tokyo, Osaka and Nagoya)**

Three major metropolitan areas
(Tokyo, Osaka and Nagoya)

Other areas

70% or more

30% or less

✓ **Target properties (asset type): Office Buildings**

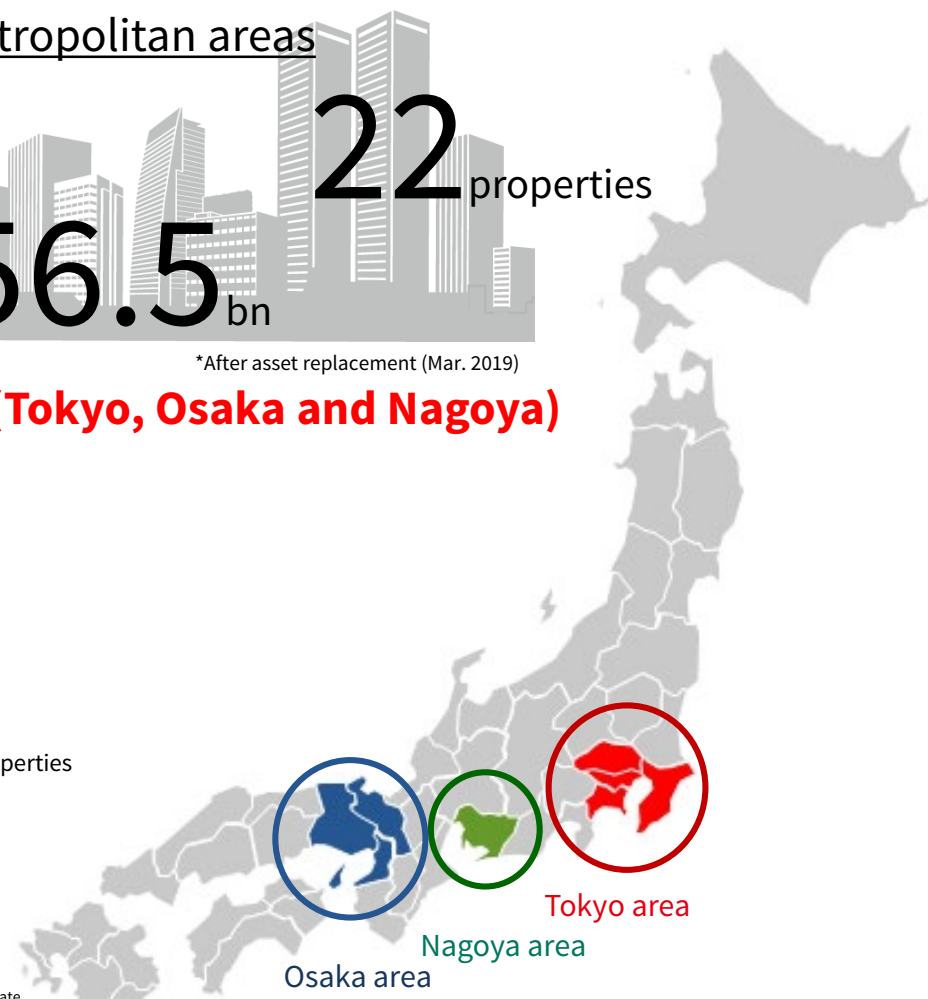
Office

Real estate other than office properties
(Hotels and serviced apartments)

70% or more

30% or less

* ex. commercial facilities and industrial real estate

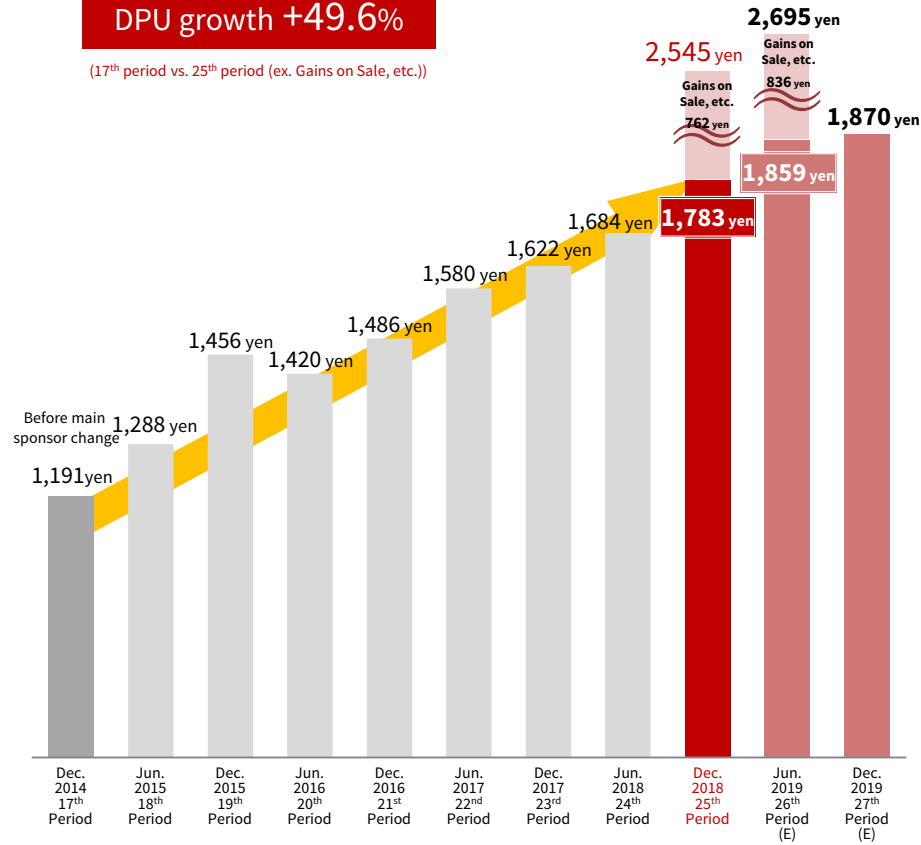


Track Record

Distribution per unit

DPU growth +49.6%

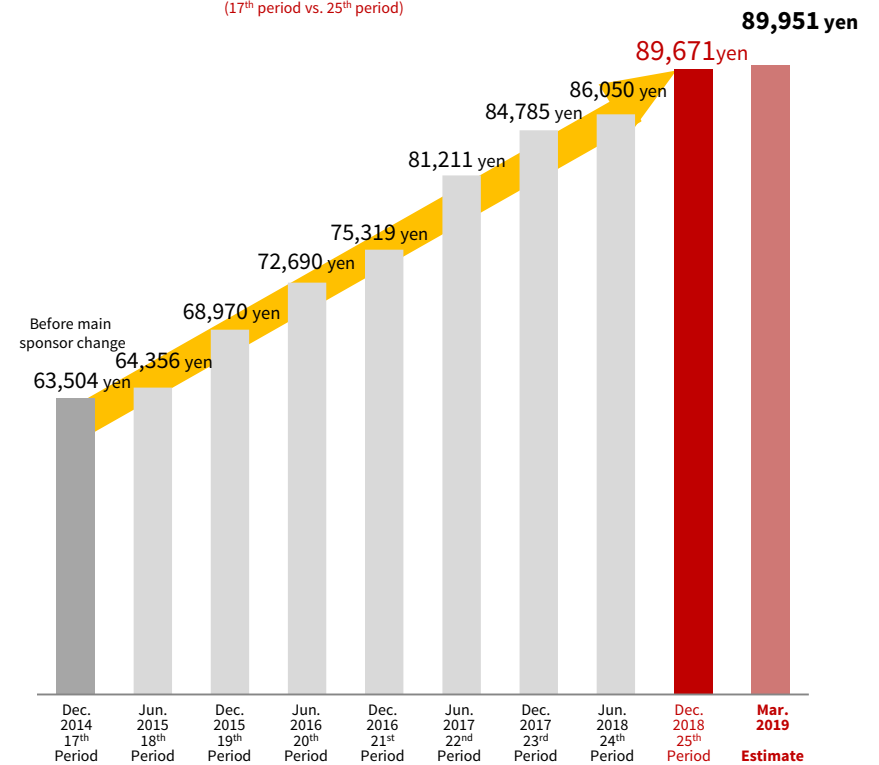
(17th period vs. 25th period (ex. Gains on Sale, etc.))



NAV per unit

NAV per unit growth +41.2%

(17th period vs. 25th period)

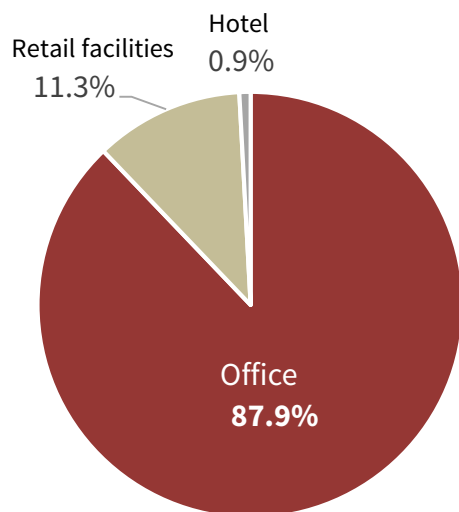


* NAV per unit includes reserve for reduction entry

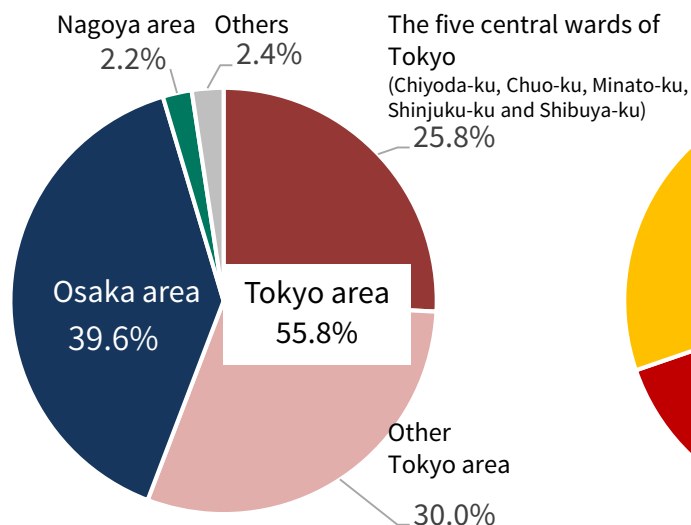
Portfolio Summary

Focus on **medium-sized office buildings in the three major metropolitan areas**

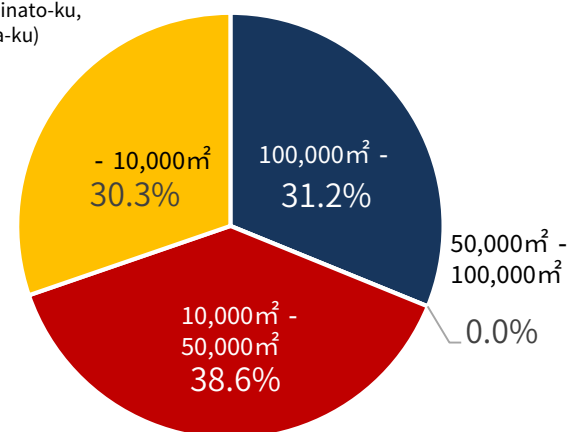
■ Portfolio by asset type <Based on acquisition price>



■ Office portfolio by area <Based on acquisition price>



■ Office portfolio by asset size <Based on leased area>



Note 1: On the 25th period basis (Matsushita IMP Bldg., which is to be disposed in March 2019, is not included).

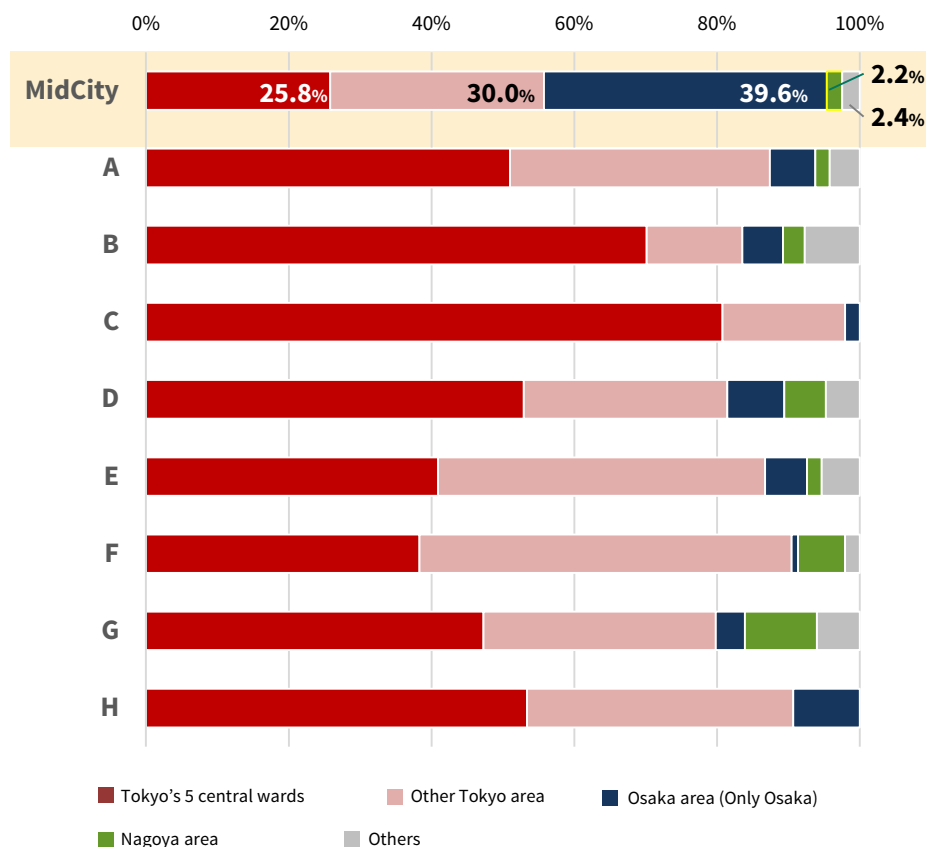
Note 2: Breakdowns by size and by area include only office buildings. However, the breakdown by size is based on total floor area of all properties in the portfolio (TK interest of Nagoya Lucent Tower is not included).

Office Portfolio: Comparison with other REITs

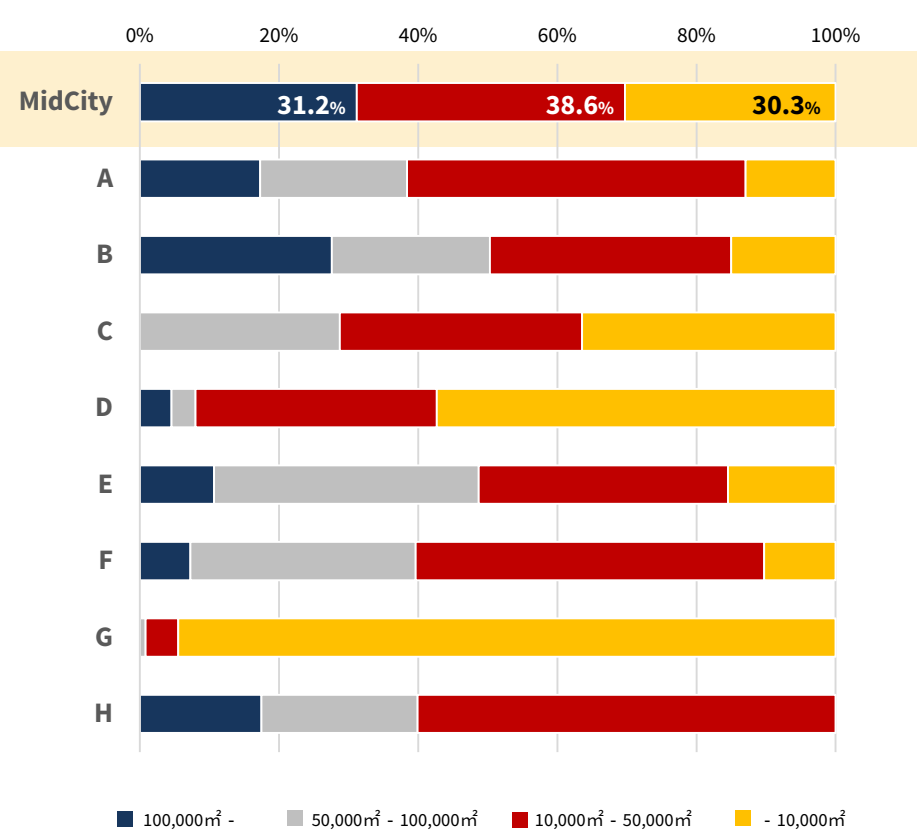
Tokyo area properties are diversified between **central and surrounding areas**, strong at properties in **Osaka**

Portfolio primarily made up of **medium-sized office buildings**

<By area (Based on acquisition price) >



<By size (based on total floor area) >



Note: REITs A-H are office REITs listed in order of total acquisition price. Office REITs refer to office-specialized REITs listed in ARES J-REIT DIGEST. Diversification by size is based on total floor area of all of the properties held by each REIT (main buildings only).



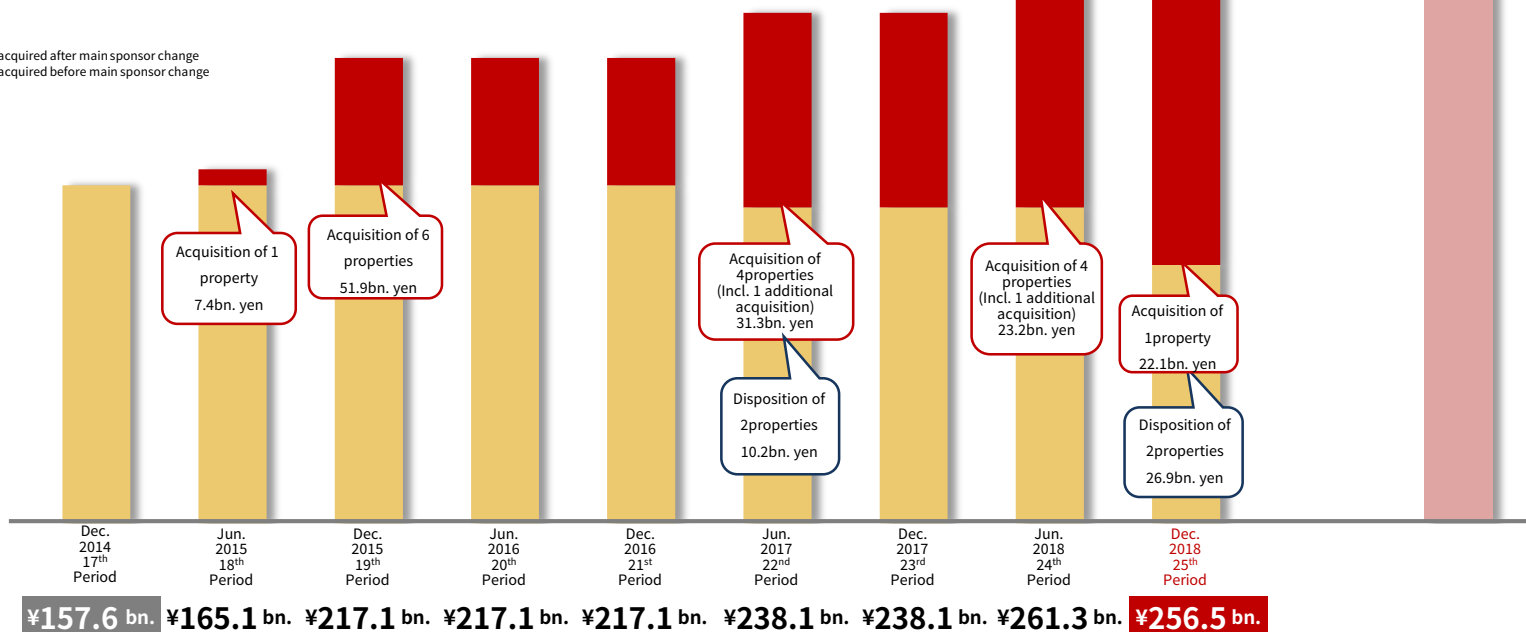
Industry-leading acquisition capability



Trend of asset size

After main sponsor change	New Acquisition	Dispositions	Total
Asset Size (acquisition price basis)	136.0 bn. yen	37.1 bn. yen	256.5 bn. yen
Number of properties	14 properties	4 properties	22 properties
Average NOI yield after depreciation	3.5%	2.0%	3.5%
Total unrealized gain/loss	+12.2 bn. yen	-2.0 bn. yen	+10.2 bn. yen

■ Asset acquired after main sponsor change
■ Asset acquired before main sponsor change



*"Average NOI yield after depreciation" and "Total unrealized gain/loss" do not include Nagoya Lucent Tower (silent partnership interest).

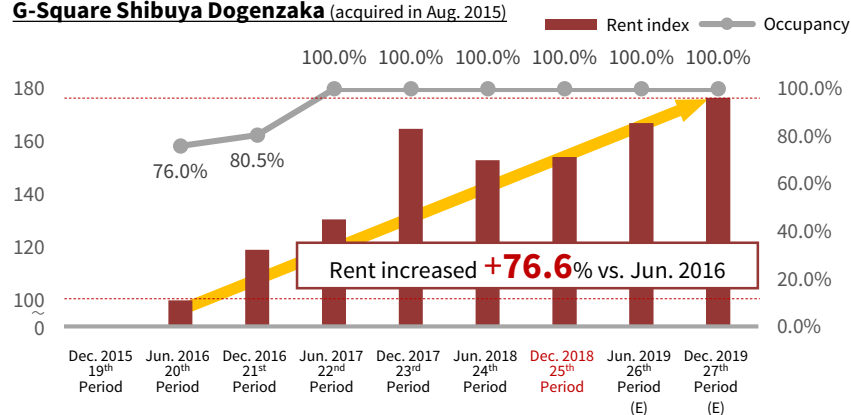
2 Asset management with a focus on tenant satisfaction



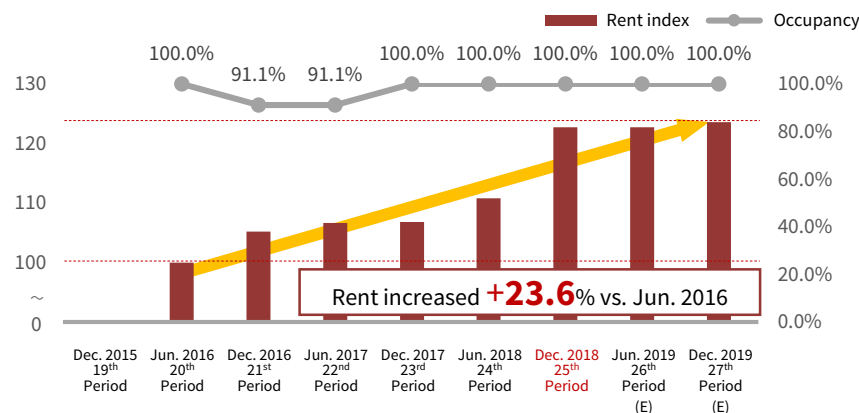
Expanding cash flows by improving tenant satisfaction and rightsizing costs

Improved revenues from newly-acquired properties

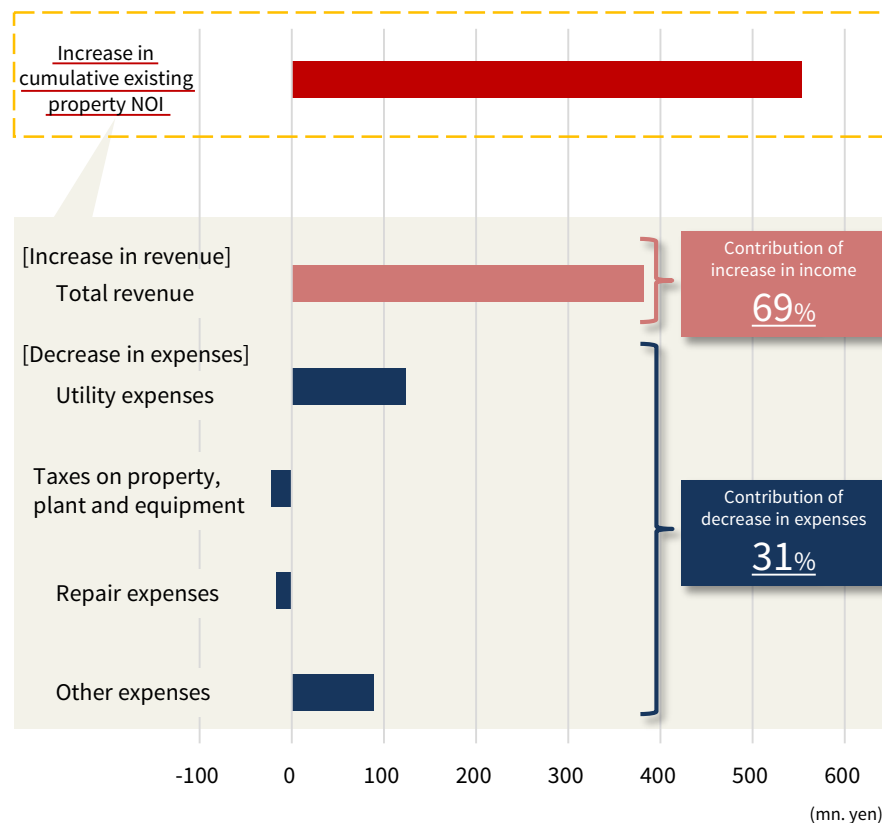
G-Square Shibuya Dogenzaka (acquired in Aug. 2015)



Cube Kawasaki (acquired in Aug. 2015)



Factors contributing to increase in cumulative existing property NOI in the last four years (19th Period – 26th Period)





Stable financial base



Successfully created a strong financial base

	As of the end of Dec. 2014 (Before main sponsor change)	Forecast for Mar. 2019
LTV (Appraisal value base)	47.7%	40.9%
Average interest rate on debts	1.38%	0.99%
Average remaining years of debts	2.3 years	3.7 years
Issuer rating	R&I : A ⁻ (stable)	R&I : A _(positive) JCR : A ⁺ (positive)
Commitment Line	—	15.0 bn. yen (Set in August 2016)
Investment corporation bonds	—	Issued bonds for 3 consecutive years starting in May 2016 (Total 8.0 bn. Yen)

ESG-conscious portfolio management

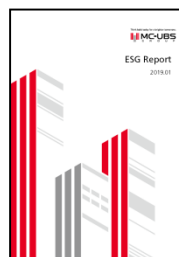


Environment, social, and governance (ESG) initiatives

MCUBS MidCity, along with the Asset Management Company and parent company of the Asset Management Company, is making active efforts in ESG (Environment, Social, and Governance).

Further, the asset management group issued an ESG Report in January 2019.

ESG Report



- ◆ Environmental charter
- ◆ Responsible Property Investment (RPI) Policy
- ◆ The Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)
- ◆ The Principles for Responsible Investment (PRI)
- ◆ Montreal Carbon Pledge
- ◆ The United Nations Environment Programme Finance Initiative (UNEP FI)
- ◆ The United Nations Global Compact (UN Global Compact)
- ◆ Japan Association for UNHCR

Items written in green: initiatives implemented by MCUBS MidCity

Signatory of:



GRESB

MCUBS MidCity was designated as highest rank "Green Star" for three consecutive years

Received five stars for the first time in GRESB rating, which is a comparative assessment based rating system.



MSCI Japan ESG Select Leaders Index

In December 2018, MCUBS MidCity was included in the ESG Select Leaders Index, which represents companies with strong ESG performance from amongst the MSCI Japan IMI Top 700 Index.



2018 Constituent
MSCI Japan ESG
Select Leaders Index



2. FINANCIAL HIGHLIGHTS

Overview of financial results

for the fiscal period ended December 31, 2018 (25th Period) 1

	Fiscal Period ended Jun. 30, 2018 (24 th Period)(181 days)	Fiscal Period ended Dec. 31, 2018 (25 th Period)(184 days)	Compared to the 24 th Period
Distribution per unit	1,684yen	2,545yen	+ 861yen
NAV per unit ^(Note 1)	86,050yen	89,671yen	+ 3,621yen
FFO per unit ^(Note 2)	2,493yen	2,501yen	+8yen
Asset size ^(Note 3)	261,349 mn. yen	267,619 mn. yen	+ 6,270 mn. yen
No. of properties under management	23	23	—
No. of tenants	413	427	+ 14
Occupancy rate	98.1 %	98.5 %	+ 0.4 pt
Leasable space	368,099.75 m ²	368,250.14 m ²	+ 150.39 m ²
NOI ^(Note 4)	5,330 mn. yen	5,566 mn. yen	+ 235 mn. yen
Average NOI yield ^(Note 4)	4.3 %	4.2 %	- 0.1 pt
Average NOI yield after depreciation ^(Note 4)	3.2 %	3.3 %	+ 0.1 pt

Note 1: NAV per unit = [Term-end total interest + (Term-end appraisal value - Term-end book value) + Term-end reserves for reduction entry + Next-term reserves for reduction entry] / Term-end outstanding # of units

Note 2: FFO per unit = (Net income + Loss on sales of property - Gain on sales of property + Depreciation + Loss on retirement) / Term-end outstanding # of units

Note 3: "Asset size" is based on acquisition price.

Note 4: "NOI", "Average NOI yield" and "Average NOI yield after depreciation" do not include dividends receivable of Nagoya Lucent Tower's silent partnership interest (hereinafter referred to as TK interest).

Overview of financial results

for the fiscal period ended December 31, 2018 (25th Period) 2

	Fiscal Period ended Jun. 30, 2018 (24 th Period)(181 days)	Fiscal Period ended Dec. 31, 2018 (25 th Period)(184 days)	Compared to the 24 th Period
Interest-bearing debts	115,975 mn. yen	122,875 mn. yen	+ 6,900 mn. yen
LTV (Book value base) ^(Note 1)	42.5 %	43.8 %	+ 1.3 pt
LTV (Appraisal value base) ^(Note 2)	41.8 %	42.2 %	+ 0.4 pt
Ratio of long-term debts	100.0 %	94.4 %	- 5.6 pt
Ratio of fixed interest rate on debts	77.5 %	79.3 %	+ 1.8 pt
Average interest rate on debts	1.01 %	0.98 %	- 0.03 pt
Average remaining years of debts	3.4 years	3.8 years	+ 0.4 years
Issuer rating	R&I : A (Stable) JCR : A+ (Positive)	R&I : A (Positive) JCR : A+ (Positive)	—

Note 1: LTV (Book value base) = Term-end debt / Term-end total assets

Note 2: LTV (Appraisal value base) = Term-end debt / (Term-end total assets ± Unrealized gain/loss) Unrealized gain/loss means gap between book value and appraisal value.

25th Period financial results – Comparison to previous period

	Fiscal Period ended Jun. 30, 2018 (24 th Period)	Fiscal Period ended Dec. 31, 2018 (25 th Period)	Difference		(Unit: mn. yen)
Operating revenue (mn. yen)	7,924	10,798	+ 2,874	Operating revenue	2,874
Operating expenses (mn. yen)	4,555	5,470	+ 914	Rent revenue	506
Operating income (mn. yen)	3,368	5,327	+ 1,959	Four properties acquired in 24 th Period	184
Ordinary income (mn. yen)	2,769	4,621	+ 1,852	One property acquired in 25 th Period	375
Income before income taxes (mn. yen)	2,769	4,621	+ 1,852	Two properties disposed in 25 th Period	- 310
Net income (mn. yen)	2,767	4,620	+ 1,852	Office in Tokyo Area	106
				Office in Osaka Area	146
				Others	3
Reserves for reduction entry (mn. yen)	—	439	+ 439	Other lease business revenue	74
Total distributions (mn. yen)	2,767	4,181	+ 1,414	Utilities revenue	44
Distribution per unit (yen)	1,684	2,545	+ 861	Other rent revenue	- 5
Gain/loss on real estate lease business (mn. yen)	4,002	4,240	+ 238	Other operating revenue	35
NOI (mn. yen)	5,330	5,566	+ 235	Gain on distribution of TK interest (Nagoya Lucent Tower)	30
Occupancy rate at end of period	98.1%	98.5%	+ 0.4pt	Gain on sales of property	2,263
				Operating expenses	914
				Expenses related to rent business (excl. depreciation and loss on retirement)	344
				Breakdown by property type	
				Four properties acquired in 24 th Period	48
				One property acquired in 25 th Period	133
				Two properties disposed in 25 th Period	- 98
				Office in Tokyo Area	60
				Office in Osaka Area	113
				Others	88
				Breakdown by items	
				Real estate taxes	33
				Utilities expenses	92
				Repair expenses	199
				Others	19
				Depreciation and loss on retirement	- 3
				Loss on sales of property	427
				Asset management fees	145
				Other operating expenses	- 0

25th Period financial results – Comparison to initial forecasts

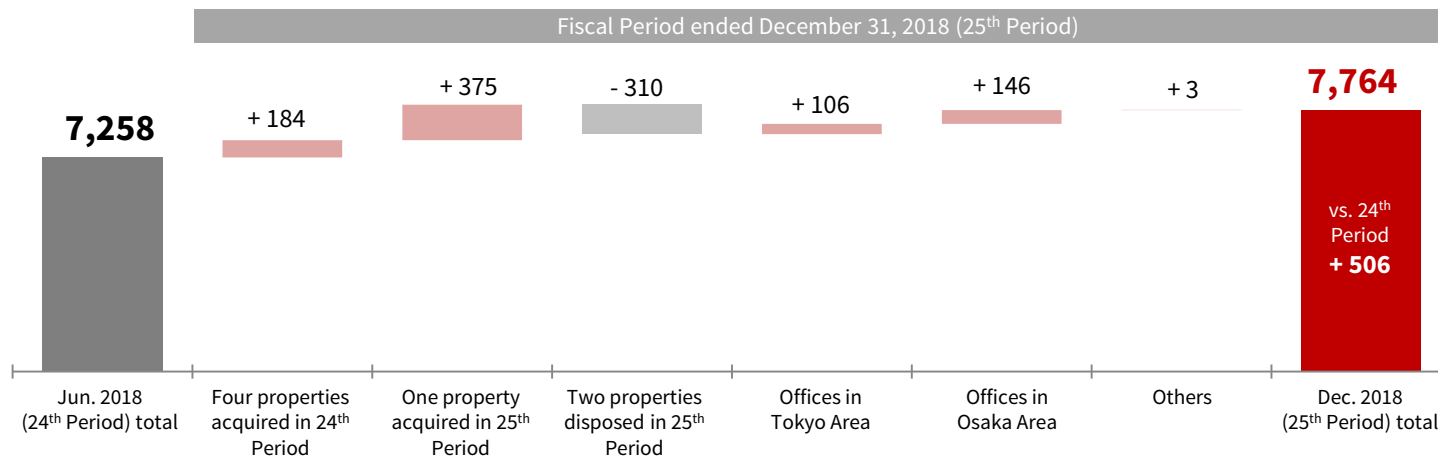
	Fiscal Period ended Dec. 31, 2018 (25 th Period) 8/20 Forecast	Fiscal Period ended Dec. 31, 2018 (25 th Period)	Difference		(Unit: mn. yen)
Operating revenue (mn. yen)	10,780	10,798	+ 17	Operating revenue	17
Operating expenses (mn. yen)	5,499	5,470	- 28	Rent revenue	29
Operating income (mn. yen)	5,281	5,327	+ 46	Four properties acquired in 24 th Period	- 1
Ordinary income (mn. yen)	4,577	4,621	+ 43	One property acquired in 25 th Period	5
Income before income taxes (mn. yen)	4,577	4,621	+ 43	Two properties disposed in 25 th Period	12
Net income (mn. yen)	4,576	4,620	+ 43	Offices in Tokyo Area	- 0
				Offices in Osaka Area	10
				Others	2
Reserves for reduction entry (mn. yen)	434	439	+ 4	Other lease business revenue	- 22
Total distributions (mn. yen)	4,140	4,181	+ 41	Utilities revenue	- 52
Distribution per unit (yen)	2,520	2,545	+ 25	Other rent revenue	- 5
Gain/loss on real estate lease business (mn. yen)	4,239	4,240	+ 1	Other operating revenue	36
NOI (mn. yen)	5,580	5,566	- 13	Gain on distribution of TK interest (Nagoya Lucent Tower)	10
Occupancy rate at end of period	97.8%	98.5%	+ 0.7pt	Gain on sales of property	0
				Operating expenses	- 28
				Expenses related to rent business (excl. depreciation and loss on retirement)	20
				Breakdown by property type	
				Four properties acquired in 24 th Period	11
				One property acquired in 25 th Period	- 45
				Two properties disposed in 25 th Period	39
				Offices in Tokyo Area	- 6
				Offices in Osaka Area	24
				Others	- 2
				Breakdown by items	
				Real estate taxes	24
				Utilities expenses	- 47
				Repair expenses	47
				Others	- 3
				Depreciation and loss on retirement	- 14
				Loss on sales of property	- 5
				Asset management fees	2
				Other operating expenses	- 31

25th Period financial results – Breakdown of change from previous period



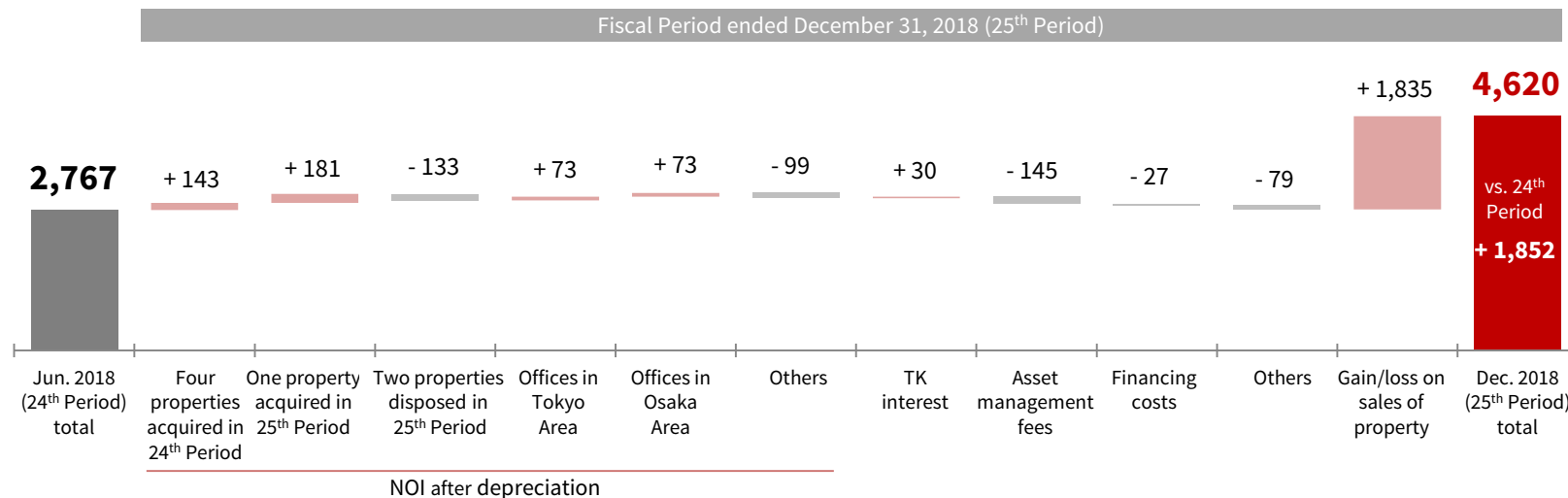
Rent revenue

(Unit: mn. yen)



Net income

(Unit: mn. yen)



Balance sheet

Description	Fiscal Period ended Jun. 30, 2018 (24 th Period) (as of Jun. 30, 2018)		Fiscal Period ended Dec. 31, 2018 (25 th Period) (as of Dec. 31, 2018)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Assets)						
I Total current assets	17,008	6.2	17,248	6.1	240	1.4
Cash and deposits	11,789		12,094		304	
Cash and deposits in trust	4,729		4,872		143	
Operating accounts receivable	174		180		5	
Income taxes receivable	26		33		6	
Consumption taxes receivable	251		-		- 251	
Prepaid expenses	37		68		31	
Other	-		0		0	
II Total non-current assets	255,518	93.7	263,419	93.8	7,901	3.1
1. Property, plant and equipment						
Buildings in trust	82,352		80,908		865	
Accumulated depreciation	- 23,139		- 20,830			
Structures in trust	139		116		- 19	
Accumulated depreciation	- 34		- 31			
Machinery and equipment in trust	7		5		- 1	
Accumulated depreciation	- 3		- 2			
Tools, furniture and fixtures in trust	635		563		- 28	
Accumulated depreciation	- 445		- 401			
Land in trust	190,332		197,324		6,992	
Construction in progress in trust	14		22		7	
Total property, plant and equipment	249,859	91.6	257,676	91.8	7,817	3.1
2. Intangible assets						
Software	3		2		- 0	
Trademark right	0		-		- 0	
Total intangible assets	3	0.0	2	0.0	- 0	- 14.5
3. Investments and other assets						
Investment securities	5,085		5,085		0	
Lease and guarantee deposits	10		10		-	
Long-term prepaid expenses	560		645		84	
Deferred tax asset	0		0		- 0	
Total investments and other assets	5,655	2.1	5,740	2.0	84	1.5
III Deferred assets	146	0.1	121	0.0	- 25	- 17.2
Total assets	272,674	100.0	280,790	100.0	8,116	3.0

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

Description	Fiscal Period ended Jun. 30, 2018 (24 th Period) (as of Jun. 30, 2018)		Fiscal Period ended Dec. 31, 2018 (25 th Period) (as of Dec. 31, 2018)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Liabilities)						
I Total current liabilities	18,873	6.9	25,775	9.2	6,901	36.6
Operating accounts payable	412		581		168	
Short term loans payable	-		6,900		6,900	
Current portion of long-term loans payable	15,300		15,200		- 100	
Accounts payable - other	766		1,007		240	
Accrued expenses	149		143		- 6	
Distribution payable	11		12		1	
Consumption taxes payable	-		129		129	
Advances received	1,227		1,102		- 125	
Other	1,005		698		- 306	
II Total non-current liabilities	114,396	42.0	113,756	40.5	- 639	- 0.6
Investment corporation bonds	8,000		8,000		-	
Long-term loans payable	92,675		92,775		100	
Tenant leasehold and security deposits	13,721		12,341		- 1,379	
Tenant leasehold and security deposits in trust	-		639		639	
Total liabilities	133,269	48.9	139,532	49.7	6,262	4.7
(Net assets)						
I Unitholders' equity	139,404	51.1	141,257	50.3	1,853	1.3
1. Unitholders' capital	136,452		136,452		-	
2. Surplus						
Voluntary reserve	183		183		-	
Unappropriated retained earnings (undisposed loss)	2,768		4,621		1,853	
Total surplus	2,951		4,805		1,853	
Total net assets	139,404	51.1	141,257	50.3	1,853	1.3
Total liabilities and net assets	272,674	100.0	280,790	100.0	8,116	3.0

CAPEX during the period: 582mn. yen

Income statement

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

Description	Fiscal Period ended Jun. 30, 2018 (24 th Period) (Jan. 1, 2018–Jun. 30, 2018)		Fiscal Period ended Dec. 31, 2018 (25 th Period) (Jul. 1, 2018–Dec. 31, 2018)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
1. Operating revenue	7,924	100.0	10,798	100.0	2,874	36.3
Rent revenue - real estate		7,258		7,764		
Other lease business revenue		530		604		
Dividends income		135		165		
Gain on sales of property		-		2,263		
2. Operating expenses	4,555	57.5	5,470	50.7	914	20.1
Expenses related to rent business		3,786		4,128		
Loss on sales of property		-		427		
Asset management fee		643		789		
Asset custody fee		5		5		
Administrative service fees		36		36		
Directors' compensations		8		8		
Other operating expenses		73		73		
Operating income	3,368	42.5	5,327	49.3	1,959	58.2
3. Non-operating income	0	0.0	2	0.0	1	229.5
Interest income		0		0		
Reversal of distribution payable		0		0		
Interest on refund		0		1		
Other		0		0		
4. Non-operating expenses	599	7.6	708	6.6	108	18.1
Interest expenses		410		431		
Corporate bonds interest		17		22		
Borrowing related expenses		137		138		
Amortization of bond issuance costs		4		5		
Amortization of investment units issuance cost		28		19		
Other		0		89		
Ordinary income	2,769	34.9	4,621	42.8	1,852	66.9
Extraordinary income	50	0.6	-	-	- 50	- 100.0
Subsidy income		50		-		
Extraordinary losses	50	0.6	-	-	- 50	- 100.0
Advanced depreciation deduction of property and equipment		50		-		
Income before income taxes	2,769	34.9	4,621	42.8	1,852	66.9
Income taxes	1	0.0	0	0.0	- 0	- 36.6
Income taxes - current		1		0		
Income taxes - deferred		- 0		0		
Net income	2,767	34.9	4,620	42.8	1,852	66.9
Retained earnings brought forward	0		1		0	605.9
Unappropriated retained earnings (undisposed loss)	2,768		4,621		1,853	67.0

Details of rent revenue

Rent revenue	6,240
CAM revenue	1,293
Parking revenue	230

Details of expenses related to rent business

Property management fees	888
Utilities expenses	737
Real Estate taxes	673
Insurance premiums	9
Repair expenses	417
Depreciation	1,325
Other lease business expenses	77



3. FORECASTS FOR THE 26TH AND 27TH FISCAL PERIOD

Forecasts for the 26th and 27th fiscal periods

(Unit: mn. yen)

	Fiscal period ended Dec. 31, 2018 (25 th Period)	Fiscal period ending Jun. 30, 2019 (26 th Period)	Fiscal period ending Dec. 31, 2019 (27 th Period)	Difference 26 th —25 th	Difference 27 th —26 th
Operating revenue (mn. yen)	10,798	10,252	8,174	- 546	- 2,077
Operating expenses (mn. yen)	5,470	4,705	4,487	- 765	- 218
Operating income (mn. yen)	5,327	5,547	3,687	+ 219	- 1,859
Ordinary income (mn. yen)	4,621	4,895	3,074	+ 273	- 1,821
Income before income taxes (mn. yen)	4,621	4,895	3,074	+ 273	- 1,821
Net income (mn. yen)	4,620	4,894	3,073	+ 273	- 1,821
Reserves for reduction entry (mn. yen)	439	464	—	+ 25	- 464
Total distributions (mn. yen)	4,181	4,428	3,072	+ 246	- 1,355
Distribution per unit (yen)	2,545	2,695	1,870	+ 150	- 825
Gain/loss on real estate lease business (mn. yen)	4,240	4,383	4,392	+ 142	+ 8
NOI (mn. yen)	5,566	5,601	5,559	+ 34	- 41
Occupancy rate at end of period	98.5%	98.9%	98.6%	+ 0.4pt	- 0.3pt

Breakdown of change between 26th and 25th periods

Operating revenue	- 546
Rent revenue	- 142
Four properties acquired in 24 th Period	3
One property acquired in 25 th Period	276
Two properties disposed in 25 th & 26 th Periods	- 453
Offices in Tokyo Area	22
Offices in Osaka Area	- 0
Others	8
Other lease business revenue	- 125
Utilities revenue	- 69
Other rent revenue	- 4
Other operating revenue	- 51
Gain on distribution	- 0
Gain on sales of property	- 278
Operating expenses	- 765
Expenses related to rent business (Excl. depreciation and loss on retirement)	- 302
Real estate taxes	- 15
Utilities expenses	- 117
Repair expenses	- 120
Others	- 48
Depreciation and loss on retirement	- 107
Loss on sales of property	- 427
Asset management fees	30
Others	41

Breakdown of change between 27th and 26th periods

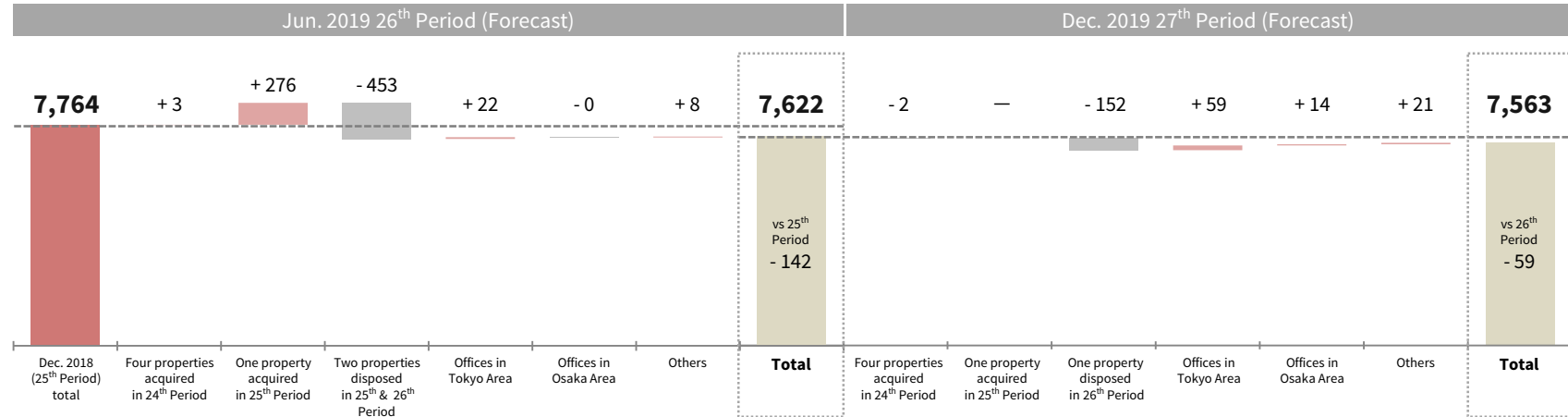
Operating revenue	- 2,077
Rent revenue	- 59
Four properties acquired in 24 th Period	- 2
One property acquired in 25 th Period	—
One property disposed in 26 th Period	- 152
Offices in Tokyo Area	59
Offices in Osaka Area	14
Others	21
Other lease business revenue	- 32
Utilities revenue	- 17
Other rent revenue	- 0
Other operating revenue	- 14
Gain on distribution	—
Gain on sales of property	- 1,985
Operating expenses	- 218
Expenses related to rent business (Excl. depreciation and loss on retirement)	- 50
Real estate taxes	8
Utilities expenses	18
Repair expenses	- 43
Others	- 34
Depreciation and loss on retirement	- 50
Loss on sales of property	—
Asset management fees	- 115
Others	- 1

Breakdown of change from previous period



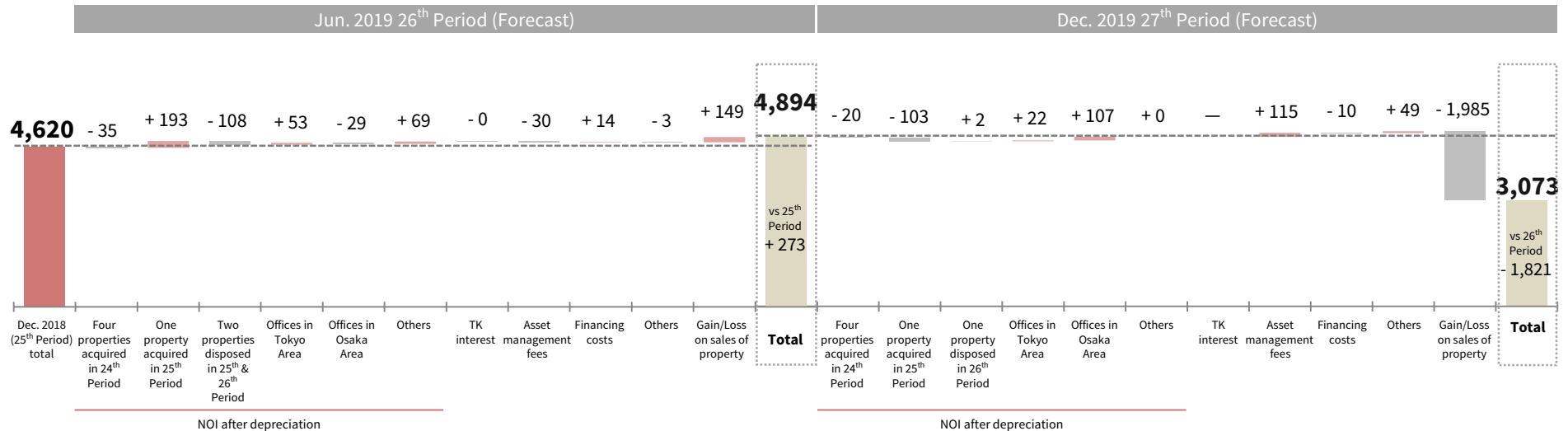
Rent revenue

(Unit: mn. yen)



Net income

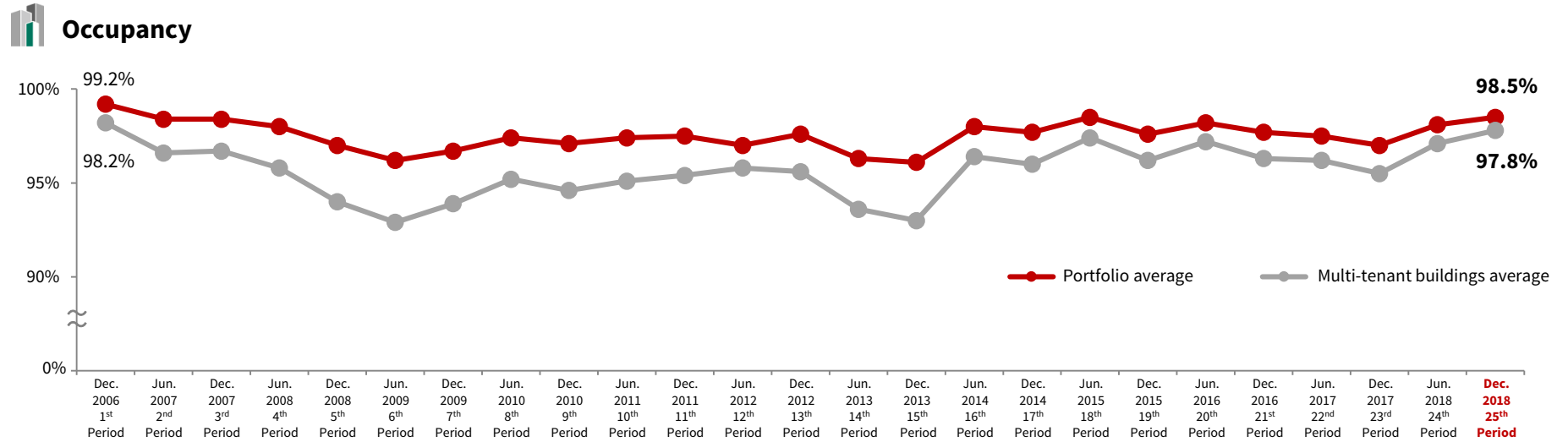
(Unit: mn. yen)



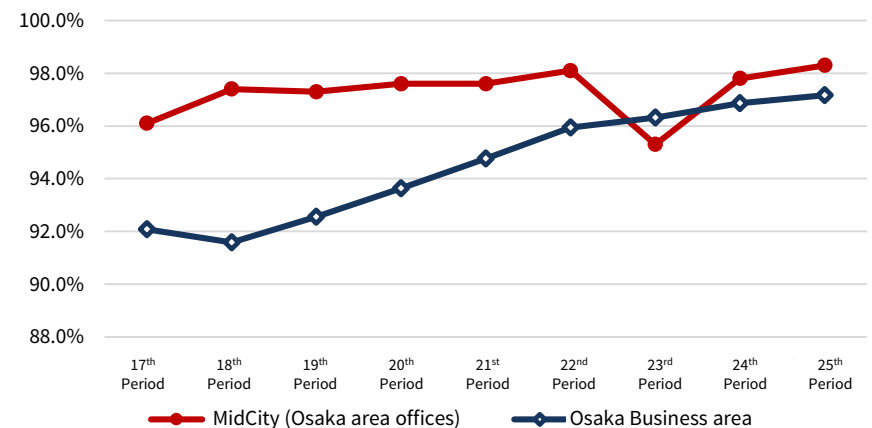
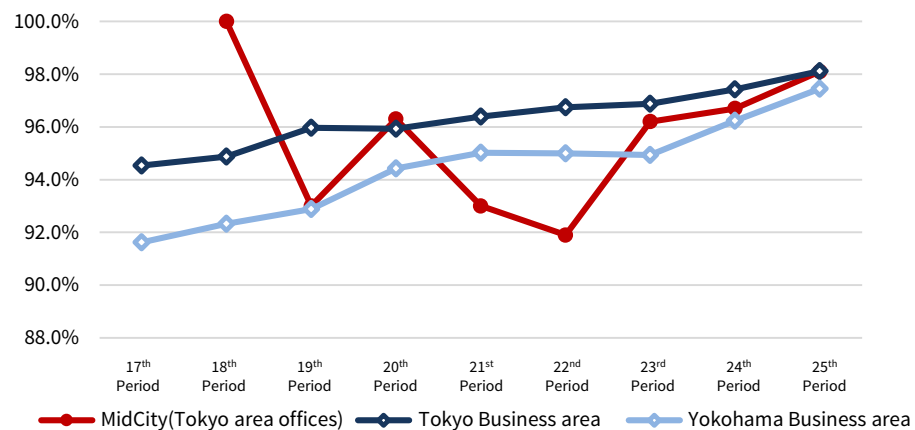


4. RESULTS FOR THE 25TH FISCAL PERIOD

Occupancy



Office building occupancy and market occupancy by area

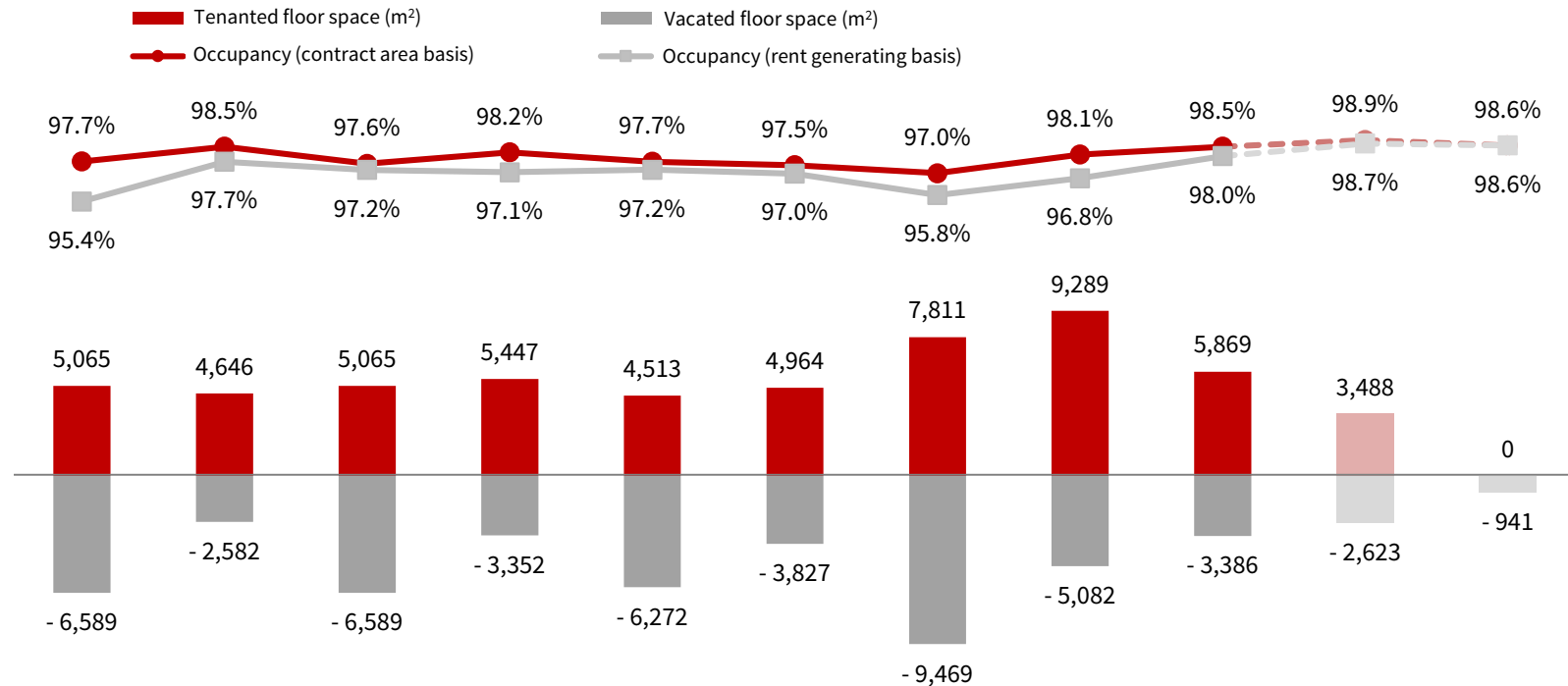


Source: Created by the Asset Management Company based on the data obtained from Miki Shoji Co. Ltd

Portfolio operation



Tenanted/Vacated floor space and occupancy



Cancellation rate	- 2.4%	- 0.9%	- 2.0%	- 1.0%	- 1.9%	- 1.1%	- 2.7%	- 1.4%	- 0.9%	- 0.7%	- 0.3%
	Dec. 2014 17 th Period	Jun. 2015 18 th Period	Dec. 2015 19 th Period	Jun. 2016 20 th Period	Dec. 2016 21 st Period	Jun. 2017 22 nd Period	Dec. 2017 23 rd Period	Jun. 2018 24 th Period	Dec. 2018 25 th Period	Jun. 2019 26 th Period (E)	Dec. 2019 27 th Period (E)

Occupancy by property

Type	Property Name	Leasable Space (㎡)	①Occupancy rate as of Jun. 30, 2018 (24 th Period End)(%)	②Occupancy rate as of Dec. 31, 2018 (25 th Period End)(%)	Difference ② - ① (points)	Tenant movements during 25 th Period (Jul. 1, 2018-Dec. 31, 2018)			
						New tenant occupancy (㎡)	Increase in leased space for existing tenants(㎡)	Cancellation (㎡)	Decrease in leased space for existing tenants(㎡)
Office	Sumitomo Fudosan Ueno Bldg. No.6	6,858.16	100.0	100.0	-	-	-	-	-
	G-Square Shibuya Dogenzaka	5,010.68	100.0	100.0	-	801.58	-	- 801.58	-
	Shibuya Sakuragaoka Square	6,379.66	100.0	100.0	-	-	-	-	-
	Yokohama Creation Square	12,707.29	91.8	91.9	0.1	841.70	199.30	- 1,034.61	-
	Cube Kawasaki	24,494.06	100.0	100.0	-	-	-	-	-
	Higashi-Nihombashi Green Bldg.	3,254.77	90.5	100.0	9.5	310.62	-	-	-
	Sasazuka Center Bldg.	8,219.90	89.6	100.0	10.4	856.57	-	-	-
	USC Bldg.	12,489.08	93.9	93.9	-	-	-	-	-
	Yoshiyasu Kanda Bldg.	3,149.30	100.0	100.0	-	-	-	-	-
	TOYOTA MOBILITY SERVICE Bldg.	6,123.81	100.0	100.0	-	-	-	-	-
	M-City Akasaka 1-chome Bldg.	2,608.95	100.0	100.0	-	-	-	-	-
	Yokohama i-land Tower	25,460.50	-	98.2	-	1,028.84	-	-	-
	Subtotal (Tokyo area)	116,756.16	96.7	98.1	1.3	3,839.31	199.30	- 1,836.19	-
	Twin 21	82,304.84	98.1	98.2	0.1	196.91	-	- 129.71	-
	Matsushita IMP Bldg.	16,833.37	95.8	96.7	0.9	1,085.03	-	- 716.99	-
	MID Imabashi Bldg.	4,277.63	100.0	100.0	-	-	-	-	-
	Kitahama MID Bldg.	10,189.49	100.0	100.0	-	-	-	-	-
	MID Nishihommachi Bldg.	3,881.74	97.4	100.0	2.6	309.72	-	- 210.34	-
	Higobashi MID Bldg.	4,655.57	100.0	100.0	-	-	-	-	-
	Subtotal (Osaka area)	122,142.64	97.8	98.3	0.5	1,591.66	-	- 1,057.04	-
	Sendai Capital Tower	12,999.73	93.5	91.5	- 2.0	239.03	-	- 493.57	-
	Subtotal (Other)	12,999.73	93.5	91.5	- 2.0	239.03	-	- 493.57	-
Office total		251,898.53	97.2	97.9	0.7	5,670.00	199.30	- 3,386.80	-
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	-	-	-	-	-
Other total		116,351.61	100.0	100.0	-	-	-	-	-
Total		368,250.14	98.1	98.5	0.4	5,670.00	199.30	- 3,386.80	-

Increased by
+ 5,869.30㎡

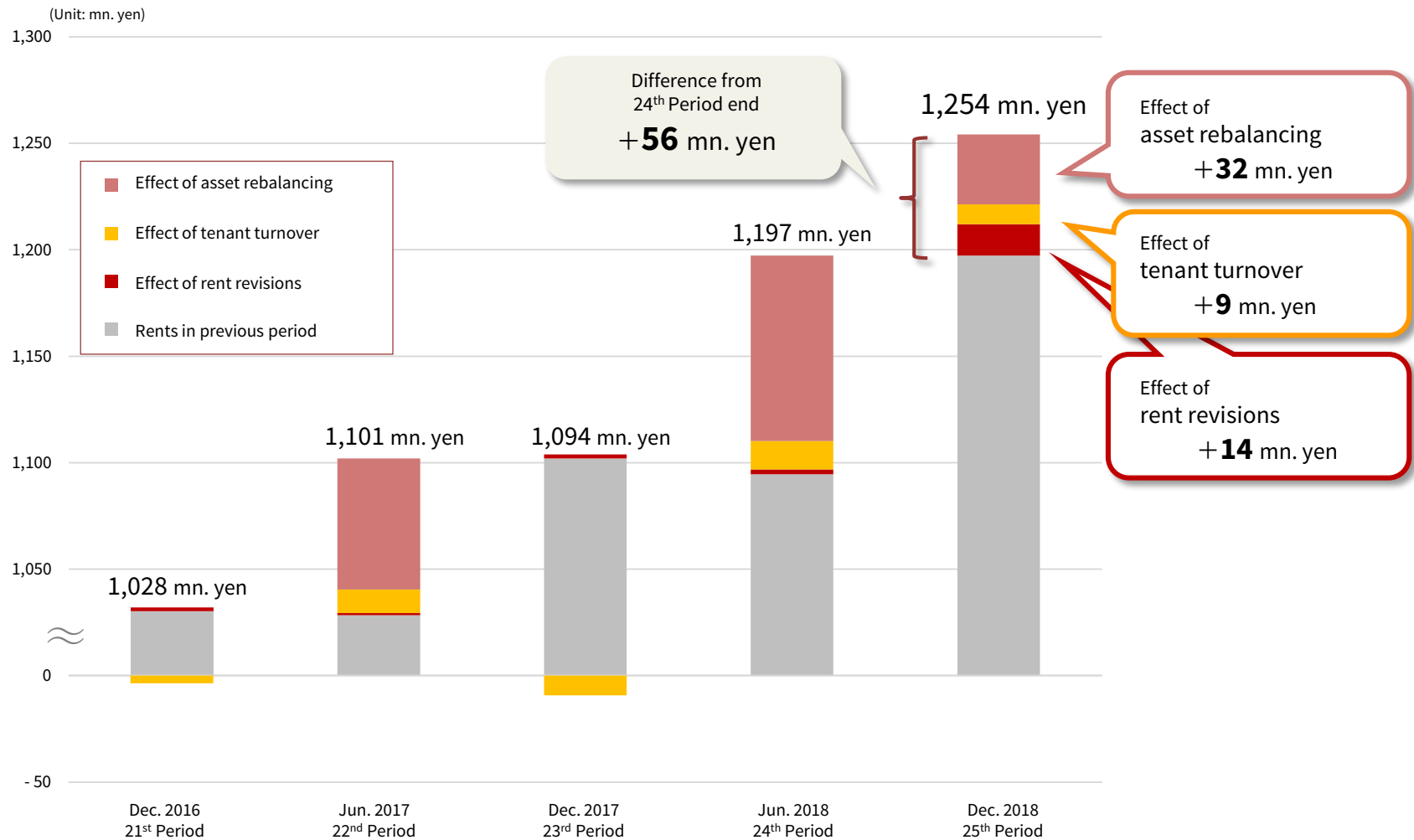
Net increase + 2,482.50 ㎡

Decreased by
- 3,386.80㎡

Monthly rents

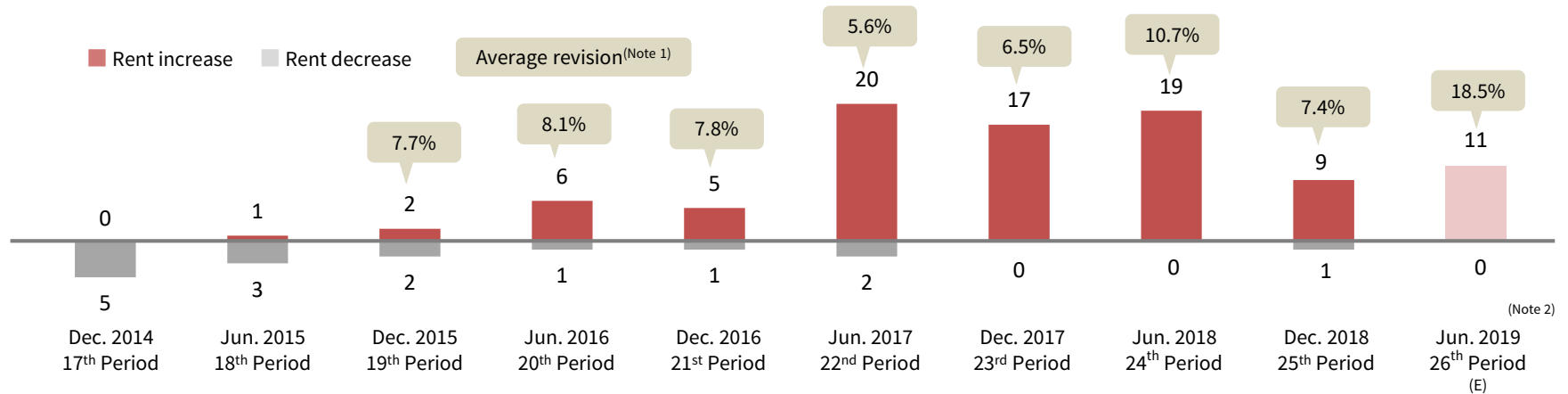


Monthly rents at period end

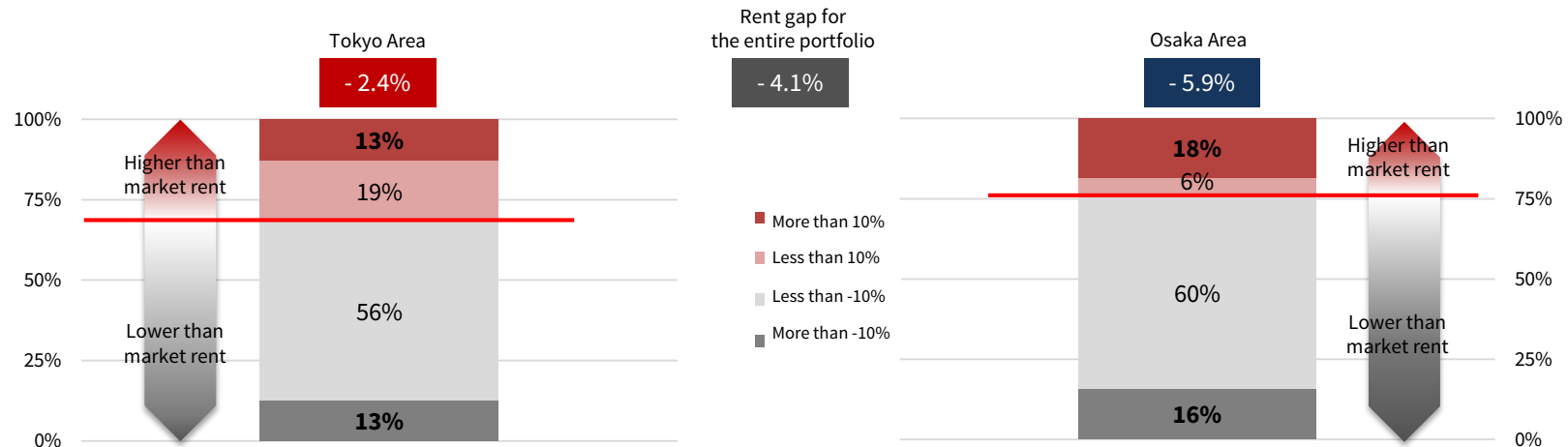


Revisions and gaps in rents

No. of rent revisions



Gap in rents (Note 3)



Note 1: Average revision is the weighted average of the change from prior rent per unit to new rent for upwardly revised contract renewals for each period.

Note 2: The number of rent revisions for the Fiscal Period ending Jun. 30, 2019 (26th Period) is the number of rent revisions as of December 31, 2018.

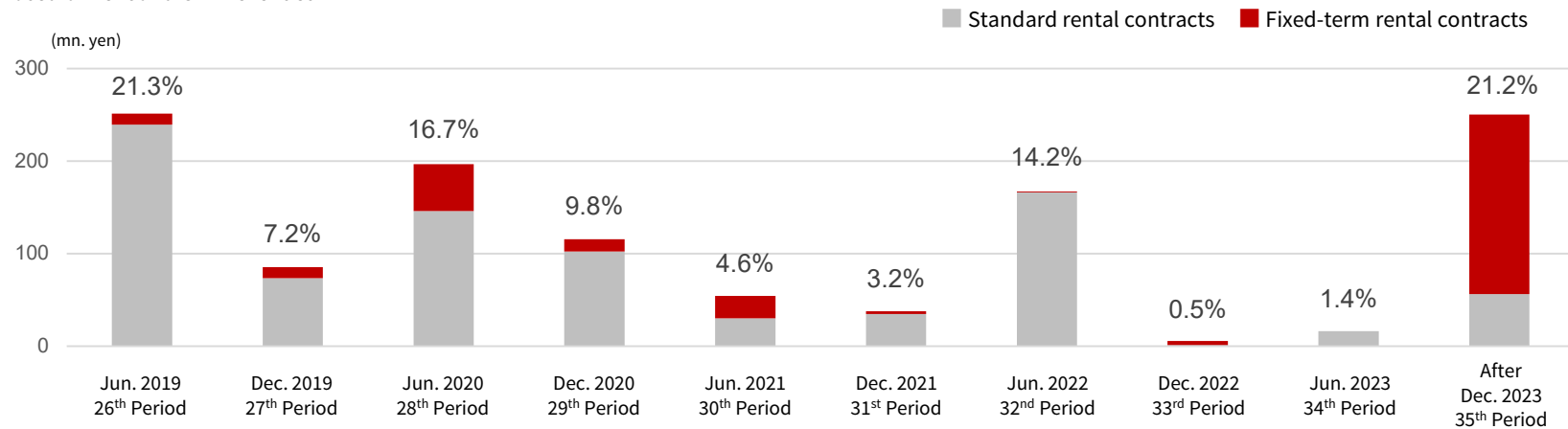
Note 3: Market rent refers to market's estimated concluded rent (standard floor) of each property appraised as of Dec. 2018 by CBRE. The rents identical with market rent are included in "within 10%".

Diversification of tenant contract types



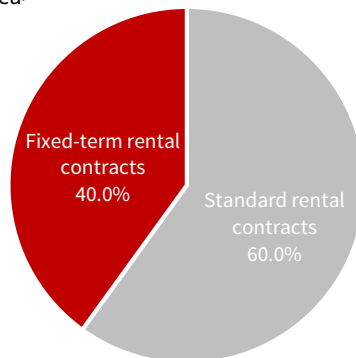
Diversification of contract expiry (Note 1)

<Based on rent and CAM revenues (Note 2)>

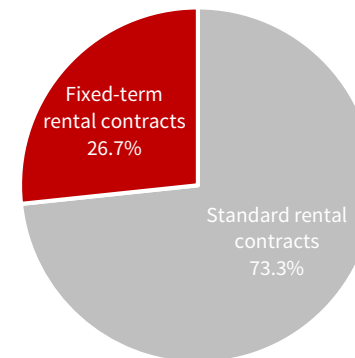


Ratio of tenants by contract type (Note 1)

<Based on leased area>



<Based on rent and CAM revenues>

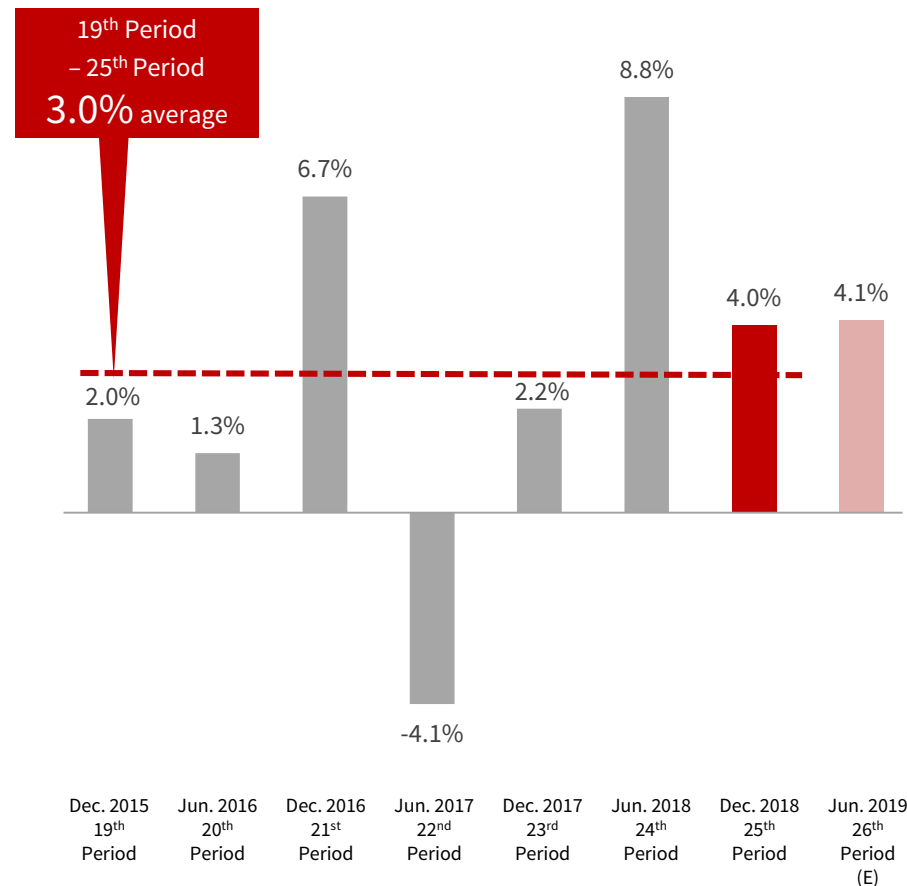


Note 1: Matsushita IMP Bldg., which is to be disposed in March 2019, and TK interest of Nagoya Lucent Tower are not included

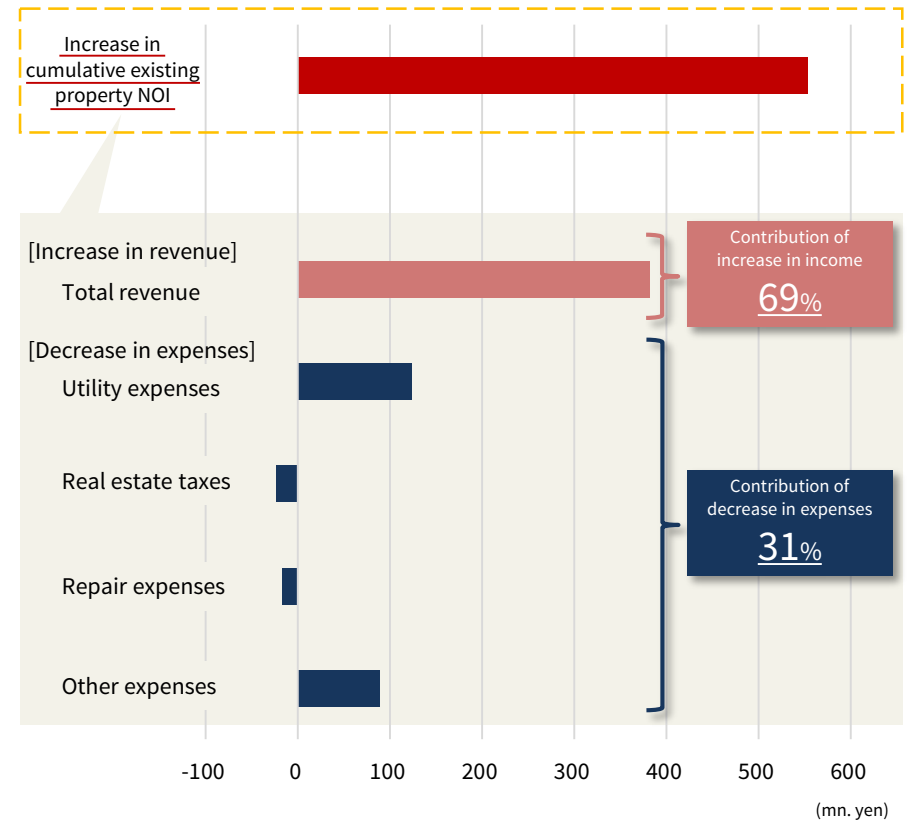
Note 2: Ratio of contracts scheduled to expire in the corresponding period to the contracts for tenants (rent + CAM revenues) as of December 31, 2018, excluding the two properties in Note 1.

Growth in existing property NOI

Annualized LFL NOI Growth



Factors contributing to increase in cumulative existing property NOI in the last four years (19th Period – 26th Period)



Note: LFL (like-for-like) NOI Growth is an annualized change of total NOI from all properties owned for past two full periods. Unrecognized real estate taxes are adjusted for newly acquired properties.

Repair expenses and capex



Repair expenses and capex

(mn. yen)

	24 th Period	25 th Period	26 th Period (estimate)	27 th Period (estimate)
Repair expenses	217	417	296	253
Capex	597	582	935	610
[Reference] Depreciation	1,328	1,325	1,216	1,165

Objective of medium- to long-term repair work plan

The following repair work plans are created for each of portfolio properties in order to secure stable revenues in the medium- to long-term and improve the physical and functional value of managed real estate

Preventative maintenance work

1. Planned work necessary to maintain physical and functional value
2. Unplanned emergency work anticipated based on past experience

Strategic investment work

1. Value improvements
2. Responding to tenant needs
3. Responding to social needs

Construction work in the 25th Period

Repair expenses

Konami Sports Club Kyobashi	Exterior painting and sealing renewal	40 mn. yen
MID Nishihommachi Bldg.	Exterior painting and sealing renewal	33 mn. yen
Sasazuka Center Bldg.	Exterior painting	31 mn. yen
Yokohama i-land Tower	Exterior panel sealing replacement	17 mn. yen

Capex

Twin 21	Graywater drainage renewal	79 mn. yen
	Escalator renewal	54 mn. yen
	Secondary heating pump renewal	53 mn. yen
	Skylight renovation on lower floors	34 mn. yen

[Reference] Impact of natural disasters (mostly covered by insurance)

Typhoon No. 21 (Sep. 4, 2018)	Total for Osaka properties	40 mn. yen
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Major construction work scheduled for the 26th Period

Repair expenses

Twin 21	Centrifugal chiller overhaul	10 mn. yen
	Toilet repairs	10 mn. yen
	Floor and wall repairs	8 mn. yen
Kitahama MID Bldg.	Replacement of humidifier parts	9 mn. yen

Capex

Twin 21	South Plaza renovation	83 mn. yen
	Graywater drainage renewal	70 mn. yen
	Standard floor air conditioning control repairs	61 mn. yen
Sendai Capital Tower	Automatic control panel renewal	60 mn. yen

Major construction work scheduled for the 27th Period

Capex

Twin 21	Park Avenue renovation	63 mn. yen
	Air conditioning control repairs	62 mn. yen
AEON Mall Tsudanuma	Central control panel renewal	50 mn. yen

New acquisition in the 25th period: Yokohama i-land Tower

 **Acquisition of one of the largest high-rise buildings in the area with direct connection to “Bashamichi Station” through a PRE proposal**

1 Location with traffic convenience

- ▶ High-rise building directly connected to the station, situated at a cross-point of the Minato Mirai 21 area and the Kannai area
- ▶ Located in an area with high growth potential as several redevelopment plans are under way in the neighborhood

2 One of the largest-sized office buildings in the area

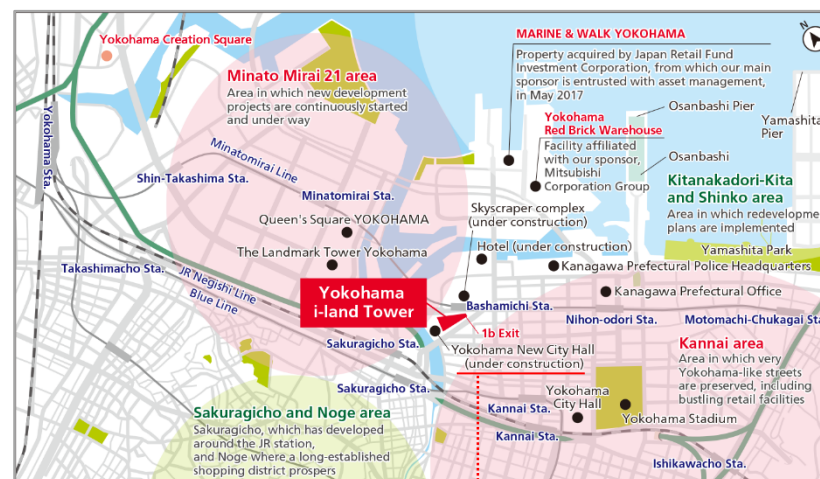
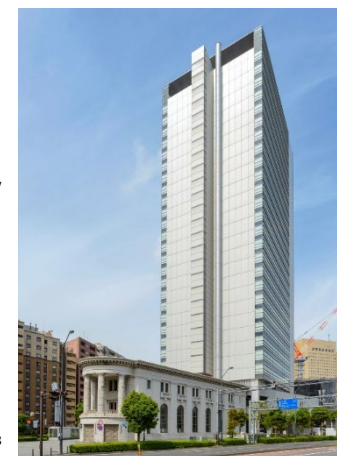
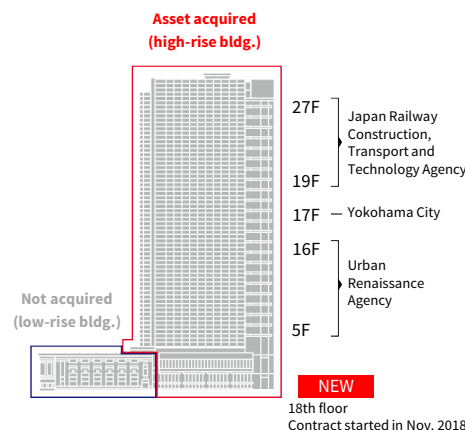
- ▶ Large-sized office building with total floor area of approximately 12,500 tsubo and standard floor area of approximately 320 tsubo, standing out in the area mainly filled with small-and medium-sized buildings and drawing potential tenants

3 Acquisition through PRE proposal for the first time for MCUBS MidCity, and stable relation with tenants

- ▶ Acquisition through PRE proposal by use of capability of the sponsor of MC-UBS Group
- ▶ Estimated steady rent income based on the long-term lease agreement with UR, the main tenant

“PRE proposal” indicates a proposal of optimal and efficient use of public real estate (PRE) properties, with an aim to promote proper and efficient management and operation thereof based on the public interest purposes.

Acquisition Price	22,100 mn. yen	Appraised Value	23,700 mn. yen
NOI Yield	3.7%	NOI Yield after Depreciation	2.8%
Location	6-50-1 Honcho, Naka-ku, Yokohama, Kanagawa		
Access	Direct connection to “Bashamichi Station” on the Minatomirai Line Approx. 5-minute walk from “Sakuragi-cho Station” and “Kannai Station” on the JR/Yokohama Municipal Subway		
Total floor area	41,154.75m ²	Completion date	Feb. 2003
Number of tenants	6	Occupancy	98.2%



Yokohama New City Hall Building: Completion due in Jan. 2020
(32F/B2F, Approx. 6,000 employees)

* As the property is a sectional ownership building, MCUBS MidCity obtained trust beneficiary interest of building's sectional ownership (ratio of entire common area ownership: 93.41476%, partial high-rise common area ownership: 100%) and common area ownership of its land (ratio of co-owner ship: 89.57%)

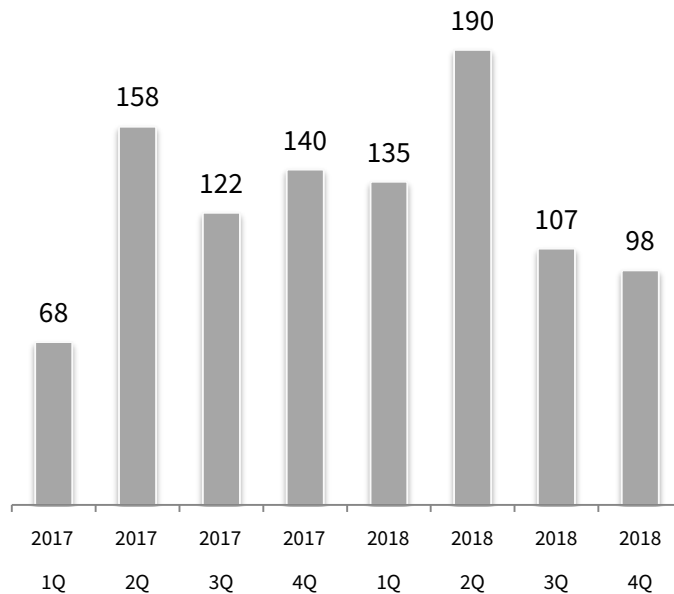
Selected investment utilizing MidCity's advantage



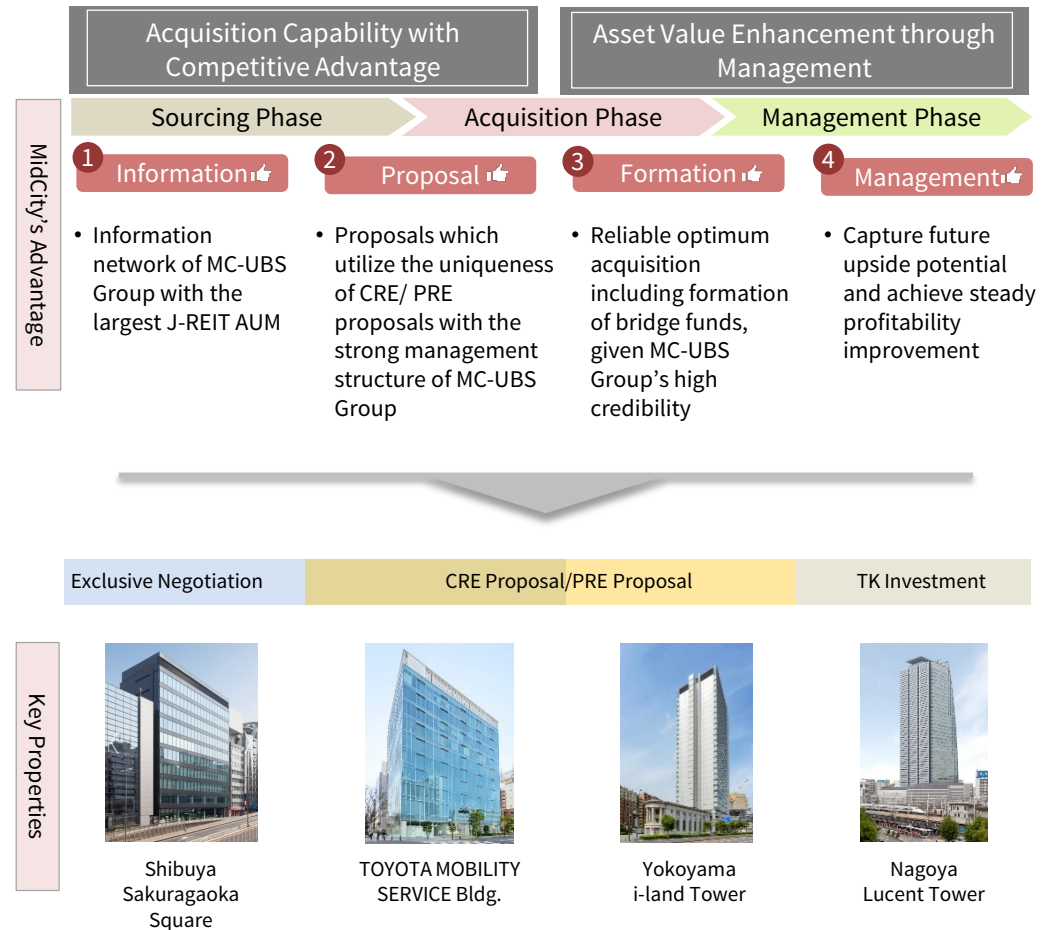
Asset information network based on the capabilities of the sponsor

Total No. of properties the information of which was provided by sponsors:

1,018 (total of the past 8 quarters)



Unique Strategy based on Asset Information Network



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5. PORTFOLIO

Portfolio profitability

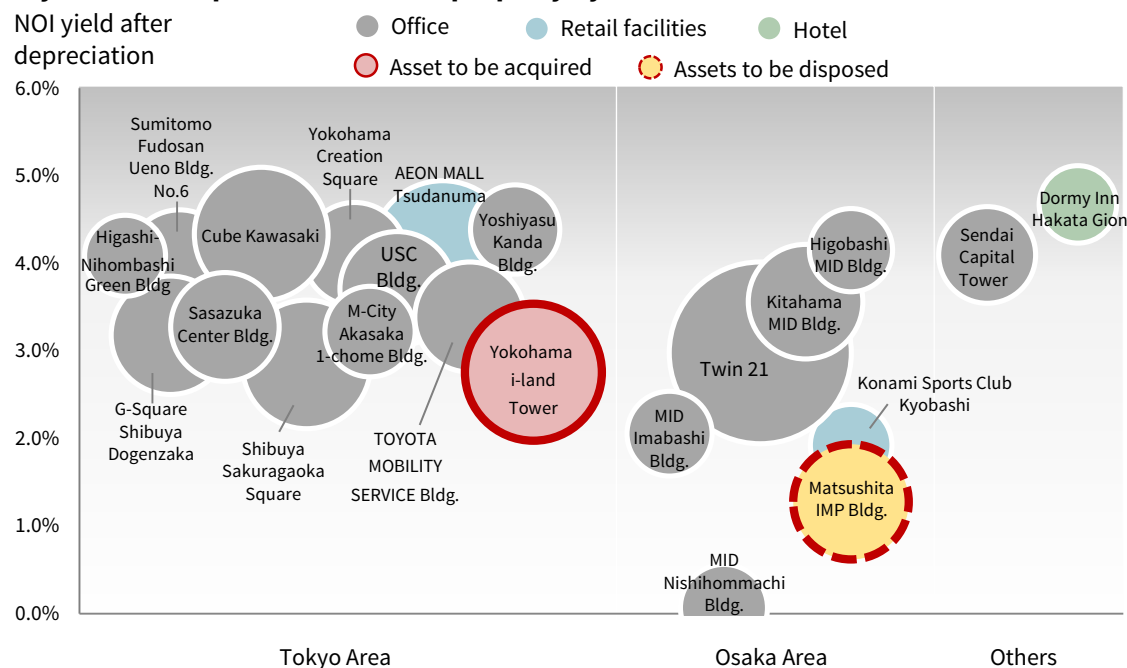
	As of the end of Jun. 2018	As of the end of Dec. 2018
Average NOI yield ^(Note 1)	4.3%	4.2%
Average NOI yield after depreciation ^(Note 1)	3.2%	3.3%



As of Mar. 2019 ^(Note 2)
4.3%
3.4%

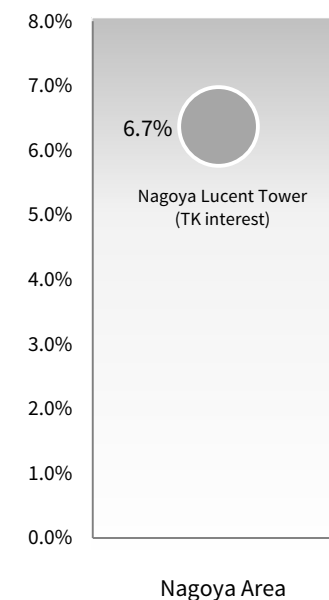


NOI yield after depreciation of each property by area^(Note 3)



Dividend yield of TK interest

Dividend yield



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

Note 2: Based on the actual NOI as of the end of Dec. 2018.

Note 3: Size of each bubble is proportionate to the acquisition price of each asset.

Portfolio overview (as of the end of Dec. 2018)

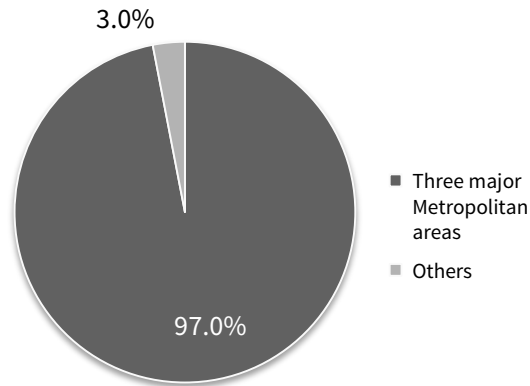
Area	Property No.	Property name	Location	Completion date	Acquisition date	Acquisition price (mn. yen)	NOI yield	NOI yield after depreciation	Leasable Space (㎡)	No. of tenants	Occupancy rate	
Office												
Three major metropolitan areas	Tokyo metropolitan area	OT-1	Sumitomo Fudosan Ueno Bldg. No.6	Taito-ku, Tokyo	Nov. 1993	May 2015	7,460	5.0%	4.0%	6,858.16	2	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	3.7%	3.2%	5,010.68	8	100.0%
		OT-3	Shibuya Sakuragaoka Square	Shibuya-ku, Tokyo	Mar. 2010	Aug. 2015 Feb. 2017	17,130	3.5%	2.8%	6,379.66	4	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	4.8%	4.1%	12,707.29	41	91.9%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	4.8%	4.3%	24,494.06	10	100.0%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	4.8%	4.1%	3,254.77	7	100.0%
		OT-7	Sasazuka Center Bldg.	Shibuya-ku, Tokyo	Mar. 1995	Mar. 2017	8,700	3.8%	3.3%	8,219.90	9	100.0%
		OT-8	USC Bldg.	Koto-ku, Tokyo	Jan. 1990 etc.	Apr. 2017 Feb. 2018	10,800	4.3%	3.7%	12,489.08	9	93.9%
		OT-9	Yoshiyasu Kanda Bldg.	Chiyoda-Ku, Tokyo	May 1989 etc.	Feb. 2018	4,000	4.7%	4.4%	3,149.30	6	100.0%
		OT-10	TOYOTA MOBILITY SERVICE Bldg.	Chuo-Ku, Tokyo	Jun. 2008	Mar. 2018	9,200	4.3%	3.4%	6,123.81	1	100.0%
		OT-11	M-City Akasaka 1-chome Bldg.	Minato-Ku, Tokyo	Mar. 1985	Mar. 2018	4,205	3.4%	3.2%	2,608.95	12	100.0%
		OT-12	Yokohama i-land Tower	Naka-ku, Yokohama	Feb. 2003	Sep. 2018	22,100	3.7%	2.8%	25,460.50	6	98.2%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	4.3%	3.0%	82,304.84	107	98.2%
		OO-2	Matsushita IMP Bldg.	Chuo-ku, Osaka	Feb. 1990 etc.	Aug. 2006	11,070	3.9%	1.3%	16,833.37	61	96.7%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	3.6%	2.1%	4,277.63	21	100.0%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	4.3%	3.6%	10,189.49	11	100.0%
		OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	1.2%	0.1%	3,881.74	18	100.0%
		OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	Jun. 2013	3,000	5.6%	4.1%	4,655.57	12	100.0%
Other	Other major cities	OR-1	Sendai Capital Tower	Aoba-ku, Sendai	Mar. 1974	Feb. 2017	5,500	4.9%	4.1%	12,999.73	78	91.5%
Subtotal (Office)						231,540	4.2%	3.2%	251,898.53	423	97.9%	
Other than Office Bldg.												
Three major metropolitan areas	Tokyo metropolitan area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003 etc.	Aug. 2006	26,100	5.0%	4.1%	101,210.44	1	100.0%
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	Jun. 1999	Aug. 2006	2,780	3.2%	1.9%	9,586.26	1	100.0%
Other	Other major cities	HR-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	6.4%	4.7%	5,554.91	2	100.0%
Subtotal (Other than Office)						31,160	5.3%	4.3%	116,351.61	4	100.0%	
Total						262,700	4.2%	3.3%	368,250.14	427	98.5%	
TK Interest for Office												
Three major metropolitan areas	Nagoya metropolitan area	TK-1	Nagoya Lucent Tower (TK interest)	Nishi-ku, Nagoya	—	Aug. 2015	4,919	—	—	—	—	
Total						267,619	—	—	—	—	—	

Portfolio data (as of the end of Dec. 2018) 1 (Note 1)



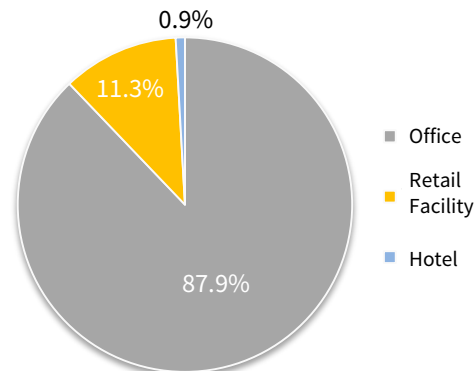
By area

<Based on acquisition price>



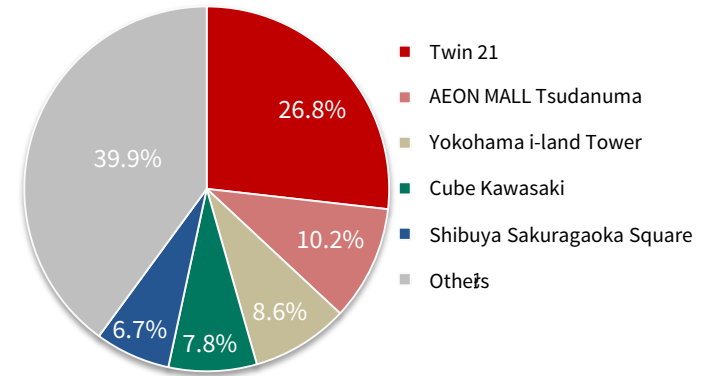
By asset type

<Based on acquisition price>

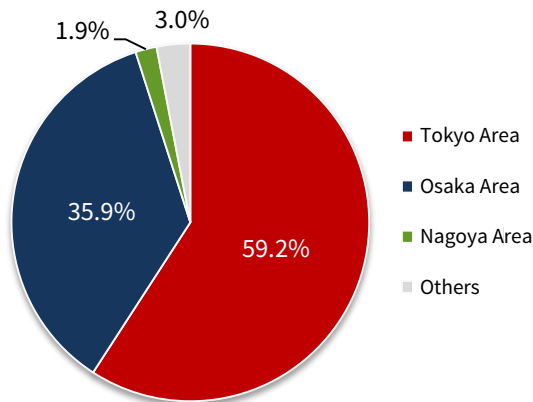


By asset size

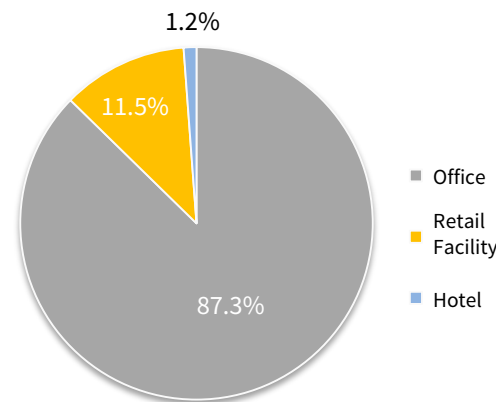
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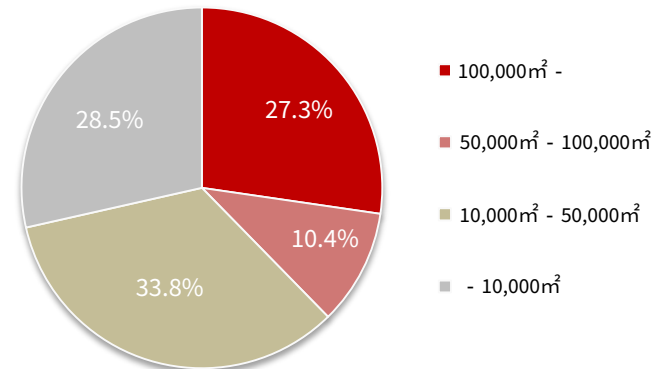
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<Based on rent and CAM revenues (Note 2)>



<Based on acquisition price (Note 2)>



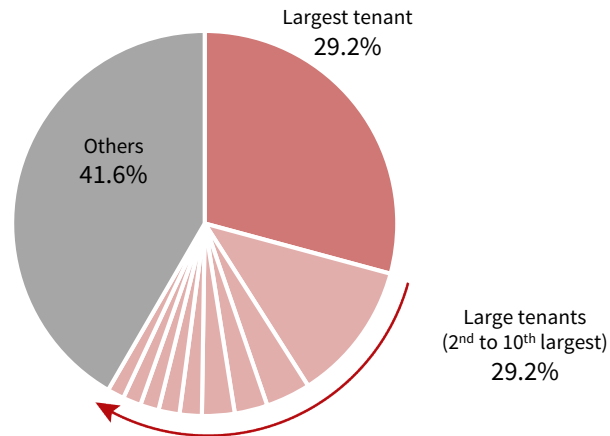
Note 1: Matsushita IMP Bldg., which is to be disposed in March 2019, is not included.

Note 2: TK interest of Nagoya Lucent Tower is not included.

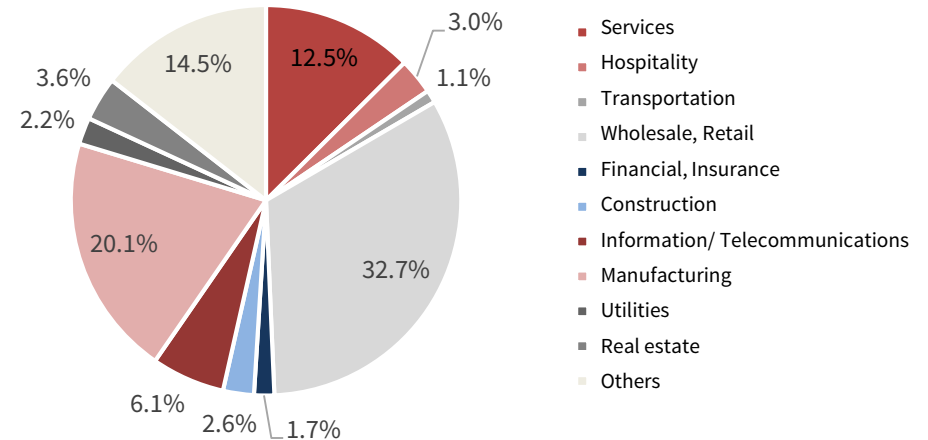
Portfolio data (as of the end of Dec. 2018) 2^(Note)

By tenant

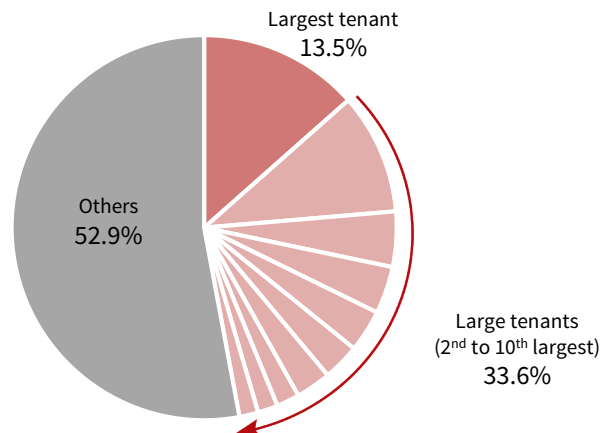
<Based on leased area>



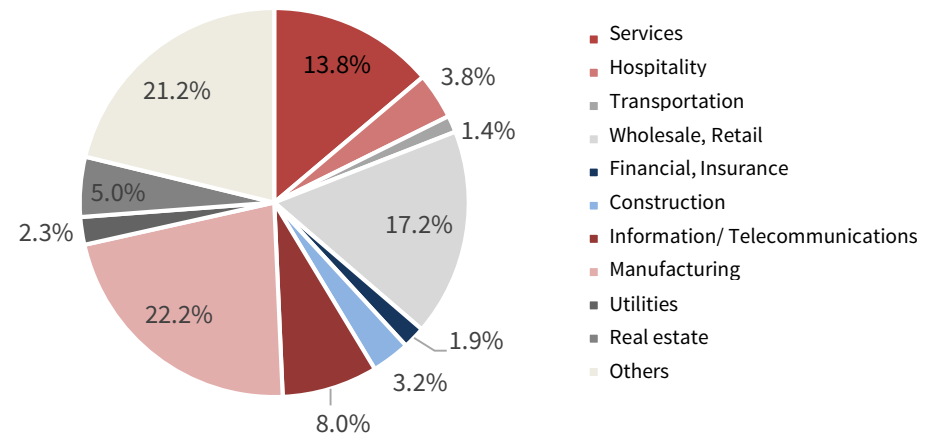
<Based on leased area>



<Based on rent and CAM revenues>



<Based on rent and CAM revenues>



Note: Matsushita IMP Bldg., which is to be disposed in March 2019, and TK interest of Nagoya Lucent Tower are not included.

Revenue and expenses by property 1

(Fiscal period ended Dec. 31, 2018)

(Unit: mn. yen)

	Sumitomo Fudosan Ueno Bldg. No.6	G-Square Shibuya Dogenzaka	Shibuya Sakuragaoka Square	Yokohama Creation Square	Cube Kawasaki	Higashi- Nihombashi Green Bldg.	Sasazuka Center Bldg.	USC Bldg.	Yoshiyasu Kanda Bldg.	TOYOTA MOBILITY SERVICE Bldg.	M-City Akasaka 1- chome Bldg.	Yokohama i-land Tower (Note)
Operating days	184	184	184	184	184	184	184	184	184	184	184	109
Rent revenue	—	232	288	201	573	51	205	178	74	—	82	260
CAM revenue	—	28	52	92	83	23	48	84	18	—	4	114
Parking revenue	—	3	4	12	2	3	7	12	7	—	0	—
Rent revenue - real estate	—	264	345	305	659	78	260	275	101	—	87	375
Utilities revenue	—	18	27	13	53	5	10	24	10	—	6	0
Early-withdrawal penalties received	—	13	—	11	—	—	—	—	—	—	—	—
Other revenue	—	1	2	0	4	2	1	8	0	—	0	0
Other lease business revenue	Not Disclosed	33	30	24	57	8	11	33	10	Not Disclosed	7	0
① Property leasing revenue		297	375	330	717	86	272	308	112		94	375
Property management fees		13	14	79	55	7	22	23	6		6	71
Utilities expenses	—	16	26	37	81	7	19	32	9	—	9	10
Real estate taxes	—	23	27	26	64	6	24	12	0	—	0	—
Insurance premiums	—	0	0	—	0	0	0	0	0	—	0	0
Repair expenses	—	6	5	—	22	1	40	5	1	—	4	42
Other lease business expenses	—	10	0	16	2	0	0	0	0	—	1	7
② Expenses related to rent business	—	70	75	159	227	22	107	74	18	—	22	133
③ NOI (①－②)	187	227	300	171	490	64	164	233	93	199	71	242
④ Depreciation	36	31	54	25	52	9	21	31	5	42	3	60
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③－④－⑤)	150	195	245	146	438	55	143	201	88	157	68	181
CAPEX	0	0	4	1	54	8	9	1	3	1	21	57

Note: Yokohama i-land Tower was acquired on September 14, 2018

Revenue and expenses by property 2 (Fiscal period ended Dec. 31, 2018)

(Unit: mn. yen)

	Twin 21	Matsushita IMP Bldg. (Note 1)	MID REIT Kyobashi Bldg. (Note 2)	MID Imabashi Bldg.	Kitahama MID Bldg.	MID Nishi- hommachi Bldg.	Higobashi MID Bldg.	Sendai Capital Tower	AEON MALL Tsudanuma	Konami Sports Club Kyobashi	Dormy Inn Hakata Gion	Total
Operating days	184	184	65	184	184	184	184	184	184	184	184	
Rent revenue	1,712	476	—	80	222	70	89	183	726	—	—	6,240
CAM revenue	433	70	—	4	49	6	19	44	—	—	—	1,293
Parking revenue	72	40	—	8	8	3	2	19	—	—	—	230
Rent revenue - real estate	2,218	588	—	93	280	80	111	247	726	—	—	7,764
Utilities revenue	150	60	—	7	40	10	12	16	—	—	—	491
Early-withdrawal penalties received	—	—	—	—	—	—	—	—	—	—	—	24
Other revenue	46	10	—	0	1	1	0	2	—	—	—	88
Other lease business revenue	197	71	Not Disclosed	7	42	11	12	18	—	Not Disclosed	Not Disclosed	604
① Property leasing revenue	2,416	659		101	322	91	124	265	726			8,369
Property management fees	315	110		14	29	10	12	39	2			888
Utilities expenses	269	93		9	28	9	10	37	—			737
Real estate taxes	197	111	—	12	22	8	12	24	61	—	—	673
Insurance premiums	2	1	—	0	0	0	0	0	0	—	—	9
Repair expenses	127	20	—	7	8	39	2	26	2	—	—	417
Other lease business expenses	22	7	—	0	0	0	0	0	—	—	—	77
② Expenses related to rent business	934	345	—	42	89	69	39	129	67	—	—	2,803
③ NOI (①－②)	1,481	314	10	58	233	22	85	136	658	45	73	5,566
④ Depreciation	450	211	7	24	39	20	22	22	115	18	19	1,325
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③－④－⑤)	1,031	102	3	33	193	1	62	113	543	26	53	4,240
CAPEX	321	32	—	20	4	10	0	21	6	—	0	582

Note 1: 55% of quasi co-ownership interest in Matsushita IMP Bldg. was disposed on September 5, 2018 and the remaining 45% of quasi co-ownership interest was held as of December 31, 2018.

Note 2: MID REIT Kyobashi Bldg. was disposed on September 4, 2018.

Appraisal value by property

Type	Region	Property name	Acquisition price (mn yen)	Appraisal value as of Jun. 30, 2018 (24 th Period End) (mn. yen)	Appraisal value as of Dec. 31, 2018 (25 th Period End) (mn. yen)	Book value as of Dec. 31, 2018 (25 th Period End) (mn. yen)	Difference from previous period end (%)	Difference from book value (%)	Appraisal company	24 th Period appraisal value rate (%)	25 th Period appraisal value rate (%)
Office	Three major metropolitan areas (Tokyo / Osaka / Nagoya)	Sumitomo Fudosan Ueno Bldg. No.6	7,460	8,300	8,520	7,577	2.7%	12.4%	Tanizawa Sogo Appraisal Co., Ltd.	3.9%	3.8%
		G-Square Shibuya Dogenzaka	12,220	14,600	15,100	12,186	3.4%	23.9%	Japan Real Estate Institute	3.3%	3.2%
		Shibuya Sakuragaoka Square	17,130	19,400	19,400	17,403	0.0%	11.5%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	3.1%
		Yokohama Creation Square	7,080	7,960	8,180	7,033	2.8%	16.3%	Tanizawa Sogo Appraisal Co., Ltd.	4.3%	4.2%
		Cube Kawasaki	20,050	22,500	22,500	20,462	0.0%	10.0%	Daiwa Real Estate Appraisal Co., Ltd.	4.0%	4.0%
		Higashi-Nihombashi Green Bldg.	2,705	3,070	3,090	2,847	0.7%	8.5%	Japan Real Estate Institute	4.2%	4.1%
		Sasazuka Center Bldg.	8,700	9,290	9,090	9,067	- 2.2%	0.3%	Daiwa Real Estate Appraisal Co., Ltd.	4.0%	4.0%
		USC Bldg. (Note 5)	10,800	11,400	11,500	11,124	0.9%	3.4%	Tanizawa Sogo Appraisal Co., Ltd.	4.1%	4.0%
		Yoshiyasu Kanda Bldg.	4,000	4,270	4,270	4,199	0.0%	1.7%	Daiwa Real Estate Appraisal Co., Ltd.	3.7%	3.7%
		TOYOTA MOBILITY SERVICE Bldg.	9,200	10,200	10,200	9,550	0.0%	6.8%	Daiwa Real Estate Appraisal Co., Ltd.	3.8%	3.8%
		M-City Akasaka 1-chome Bldg.	4,205	4,300	4,320	4,295	0.5%	0.6%	Japan Real Estate Institute	3.5%	3.5%
		Yokohama i-land Tower	22,100	—	23,700	22,867	—	3.6%	Japan Real Estate Institute	—	4.0%
		Twin 21	68,700	55,800	56,700	65,856	1.6%	- 13.9%	JLL Mori Valuation & Advisory K.K.	4.3%	4.3%
		Matsushita IMP Bldg.	11,070	10,000	10,000	9,994	0.0%	0.1%	Tanizawa Sogo Appraisal Co., Ltd.	4.4%	4.4%
		MID Imabashi Bldg.	3,270	2,340	2,390	3,091	2.1%	- 22.7%	Tanizawa Sogo Appraisal Co., Ltd.	4.5%	4.4%
		Kitahama MID Bldg.	10,800	9,520	9,770	10,292	2.6%	- 5.1%	Japan Real Estate Institute	4.1%	4.0%
		MID Nishihommachi Bldg.	3,550	2,240	2,300	3,345	2.7%	- 31.2%	Japan Real Estate Institute	4.4%	4.3%
		Higobashi MID Bldg.	3,000	3,770	3,870	2,795	2.7%	38.5%	Japan Real Estate Institute	4.1%	4.0%
	Other metropolitan area	Sendai Capital Tower	5,500	6,570	6,580	5,586	0.2%	17.8%	Tanizawa Sogo Appraisal Co., Ltd.	4.6%	4.5%
	Subtotal		231,540	205,530	231,480	229,579	—	0.8%	—	—	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	28,500	28,500	23,615	0.0%	20.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.5%	4.5%
		Konami Sports Club Kyobashi	2,780	3,400	3,430	2,357	0.9%	45.5%	Daiwa Real Estate Appraisal Co., Ltd.	5.0%	4.9%
	Other metropolitan area	Dormy Inn Hakata Gion	2,280	3,410	4,510	2,101	32.3%	114.7%	Tanizawa Sogo Appraisal Co., Ltd.	4.2%	4.2%
Subtotal			31,160	35,310	36,440	28,074	—	29.8%	—	—	—
Total			262,700	240,840	267,920	257,654	—	4.0%	—	—	—

Appraisal value
(compared to prev. period)

Increased
Unchanged
Decreased

12 properties	14 properties
4 properties	6 properties
2 properties	1 properties

Cap rate
(compared to prev. period)

Decreased
Unchanged
Increased

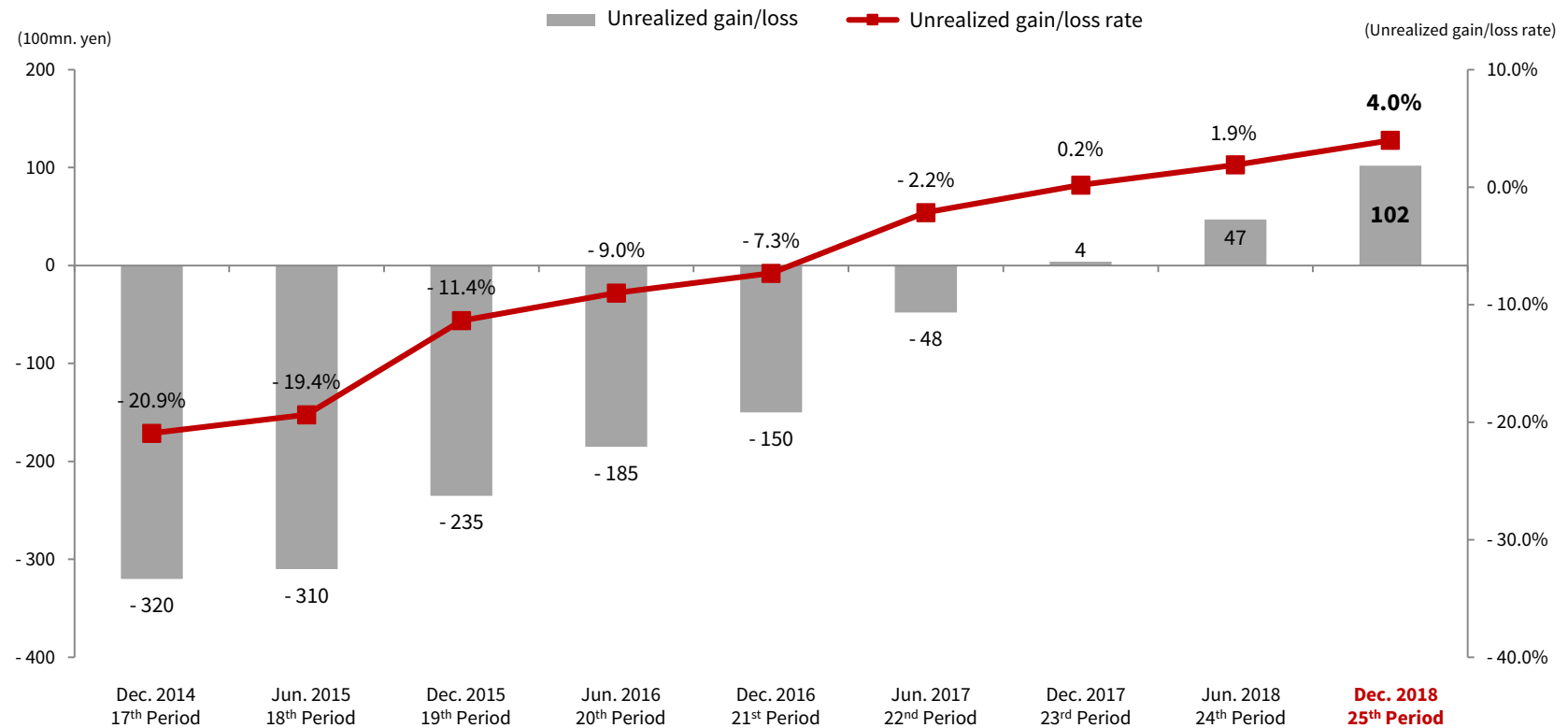
4 properties	11 properties
14 properties	10 properties
0 properties	0 properties

Note: Figures for Matsushita IMP Bldg. are for the 45% quasi co-ownership interest held as of the end of the 25th Period.

Unrealized gain/loss



Unrealized gain/loss and unrealized gain/loss rate



As of 25th Period End (ended Dec. 2018)

Book value: 257.6 bn. Yen

Appraisal value: 267.9 bn. Yen

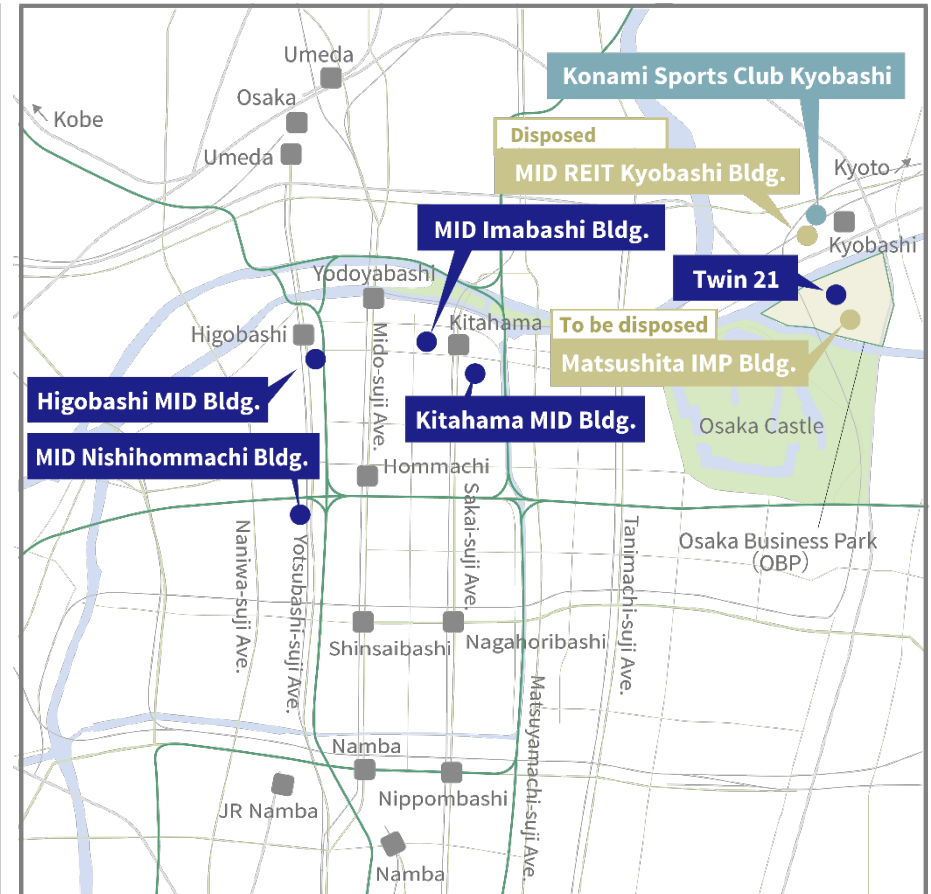
Unrealized gain: 10.2 bn. Yen

Portfolio map – Tokyo Area and Osaka Area

Tokyo area



Osaka area



Portfolio map - Nagoya Area and others

<As of Mar, 2019>



Tokyo Area

No. of assets

13

% of portfolio

59.2%

Osaka Area

No. of assets

6

% of portfolio

35.9%

Nagoya Area

No. of assets

1

% of portfolio

1.9%

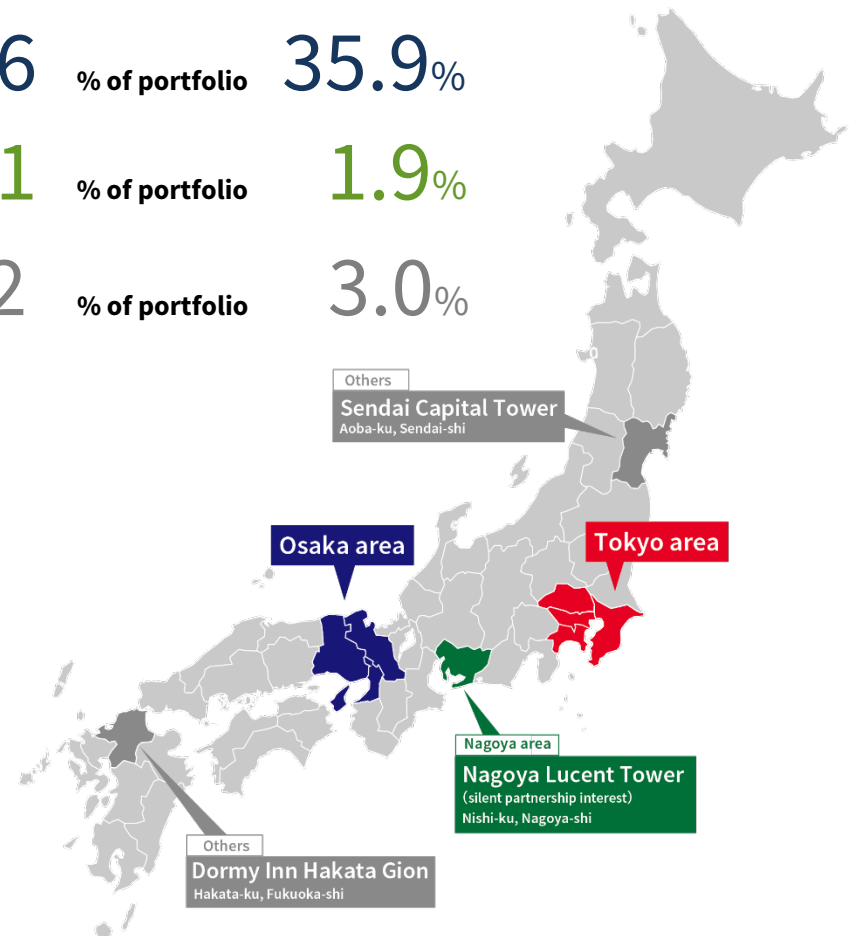
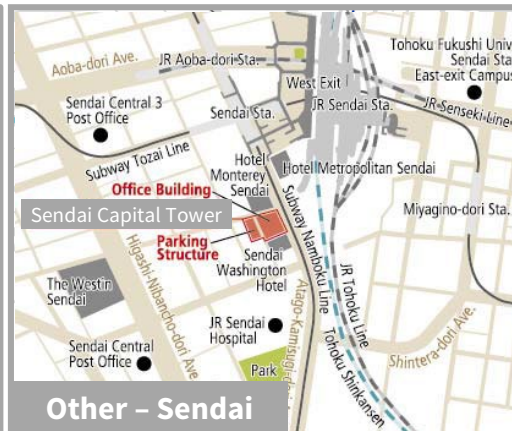
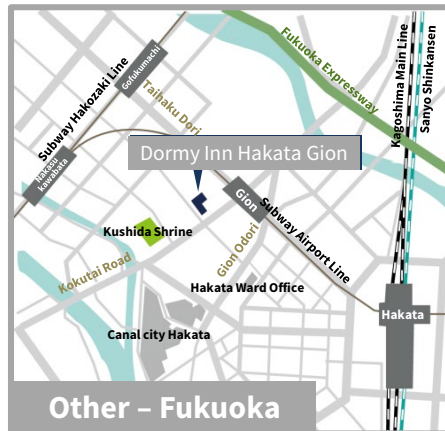
Other Major Cities

No. of assets

2

% of portfolio

3.0%



Note: Based on acquisition price. TK interest of Nagoya Lucent Tower is included in the acquisition price.

Portfolio overview - Office in Tokyo Area 1



Sumitomo Fudosan Ueno Bldg. No.6

- ✓ Office building with the standard floor area of over 200 tsubo, with high scarcity value in Ueno Area
- ✓ Stable occupancy by leasing the entire building to a major manufacturer group

Location	Taito-ku, Tokyo
Total land space	1,323.78m ²
Total floor space	9,631.83m ²
Structure/scale	SRC/B2F-11F
Completion date	Nov. 1993
Acquisition price	7,460 mn. yen
Acquisition Date	May 1, 2015



G-Square Shibuya Dogenzaka

- ✓ Located in Shibuya/Ebisu, an area with one of the lowest vacancy rates in Tokyo
- ✓ Recently built high-grade office building, which is rare in Shibuya area
- ✓ Two-minute walk from Shibuya Mark City, and three-minute walk from Shibuya Station on the Tokyo Metro lines

Location	Shibuya-ku, Tokyo
Total land space	918.49m ²
Total floor space	6,565.87m ²
Structure/scale	S • SRC/B2F-9F
Completion date	Oct. 2009
Acquisition price	12,220 mn. yen
Acquisition Date	Aug. 3, 2015



Shibuya Sakuragaoka Square

- ✓ Located in Shibuya/Ebisu, an area with one of the lowest vacancy rates in Tokyo
- ✓ Located in the area with a lot of office buildings facing National Route 246
- ✓ Four-minutes walk from Shibuya Station. Newly-built mid-sized office building with a standard floor area of approx. 190 tsubo

Location	Shibuya-ku, Tokyo
Total land space	1,200.08m ²
Total floor space	8,655.61m ²
Structure/scale	S • RC/B1F-10F
Completion date	Mar. 2010
Acquisition price	17,130 mn. yen
Acquisition Date	Aug. 3, 2015, Feb. 1, 2017

Portfolio overview - Office in Tokyo Area 2



Yokohama Creation Square

- ✓ Located in the vicinity of the east exit of Yokohama Station, where large office buildings concentrate
- ✓ An office building with a large floor allowing a variety of layouts ranging from approximately 20 to 230 tsubo



Cube Kawasaki

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



Higashi-Nihombashi Green Bldg.

- ✓ Highly convenient location for transport with easy access to four stations of four railway lines
- ✓ Highly-visible and well-lit office building located at the corner of Kiyosugi-dori, an arterial road

*Sectional ownership

Location	Kanagawa-ku, Yokohama
Total land space	5,244.81m ² (ratio of right of site 75.4%)
Total floor space	21,054.60m ² (ratio of exclusive area: 96.5%)
Structure/scale	SRC • S/B1F-20F
Completion date	Mar. 1994
Acquisition price	7,080 mn. yen
Acquisition Date	Aug. 3, 2015

Location	Kawasaki-ku, Kawasaki
Total land space	6,247.94m ²
Total floor space	41,290.91m ²
Structure/scale	SRC/B2F-10F
Completion date	May 1982
Acquisition price	20,050 mn. yen
Acquisition Date	Aug. 7, 2015

Location	Chuo-Ku, Tokyo
Total land space	599.07m ²
Total floor space	4,210.72m ²
Structure/scale	SRC/10F
Completion date	Mar. 1988
Acquisition price	2,705 mn. yen
Acquisition Date	Dec. 21, 2015

Portfolio overview - Office in Tokyo Area 3



Sasazuka Center Bldg.

- ✓ Location with traffic convenience, within five-minute walk from Sasazuka Station of the Keio Line, which is one station or about five minutes away from Shinjuku Station
- ✓ Good access by car, as it faces a boulevard and is located near the Hatahaya Ramp of the Metropolitan Expressway
- ✓ Building differentiated from other buildings in the area with the standard floor area of approximately 300 tsubo

Location	Shibuya-ku, Tokyo
Total land space	3,032.26m ²
Total floor space	11,973.11m ²
Structure/scale	SRC/B2F-8F
Completion date	Mar. 1995
Acquisition price	8,700 mn. yen
Acquisition Date	Mar. 22, 2017



USC Bldg.

- ✓ Location within seven-minute walk from Toyoko Station of the Tokyo Metro Tozai Line
- ✓ Building differentiated from other buildings in the area with many mid and small-sized buildings, for its size with the total floor area of approximately 5,600 tsubo and the standard floor area of approximately 600 tsubo
- ✓ Convenience in vehicle use with more than 100 parking lots, attracting vehicle-user tenants

Location	Koto-ku, Tokyo
Total land space	4,565.21m ²
Total floor space	18,506.16m ²
Structure/scale	Main Building : S • SRC/B1F-8F Annex : RC/1F
Completion date	Jan. 1990 and other
Acquisition price	10,800 mn. yen
Acquisition Date	Apr. 6, 2017, Feb. 16, 2018



Yoshiyasu Kanda Bldg.

- ✓ Location in a convenient area, accessible from four stations of seven railway and subway lines
- ✓ Property maintaining a stable occupancy as majority of tenants are long-term tenants (longer than 10 years)
- ✓ Location in an area of Chiyoda-ku where relatively older mid-to-high-rise retail stores and office buildings line side-by-side

Location	Chiyoda-ku, Tokyo
Total land space	715.69m ²
Total floor space	4,554.00m ²
Structure/scale	SRS • S/9F
Completion date	May 1989 and other
Acquisition price	4,000 mn. yen
Acquisition Date	Feb. 16, 2018

Portfolio overview - Office in Tokyo Area 4



TOYOTA MOBILITY SERVICE Bldg.

(Former SSP Bldg.)

- ✓ Acquisition through negotiation with a CRE proposal utilizing the sponsor network, in consideration of secured stability in profitability
- ✓ Relatively new building with a high-grade feel, competitive in terms of scale and high usage efficiency of office space
- ✓ Location in Chuo-ku, Tokyo, and three minutes' walk from Hamacho Station

Location	Chuo-ku, Tokyo
Total land space	1,135.18m ²
Total floor space	8,123.17m ²
Structure/scale	S/10F
Completion date	Jan. 2008
Acquisition price	9,200 mn. yen
Acquisition Date	Mar. 1, 2018



M-City Akasaka 1-chome Bldg.

- ✓ Location in a convenient area, about one-minute walk from Tameike-Sanno Station
- ✓ Sufficient demand expected from potential tenants due to its location in an area suitable for offices
- ✓ Location in Akasaka area, which is increasingly expected to become an attractive office district, as large-scale redevelopment projects are currently under way

Location	Minato-ku, Tokyo
Total land space	510.22m ²
Total floor space	3,308.20m ²
Structure/scale	SRC/10F
Completion date	Mar. 1985
Acquisition price	4,205 mn. yen
Acquisition Date	Mar. 1, 2018



Yokohama i-land Tower

Acquired
on Sep. 14, 2018

- ✓ Located at a cross-point of the Minato Mirai 21 area and the Kannai area, directly connected to the Bashamichi station
- ✓ With total floor area of approximately 12,500 tsubo and standard floor area of approximately 320 tsubo, it is one of the largest office buildings in the area
- ✓ First ever acquisition through PRE proposal by use of capability of the sponsor

* Sectional ownership

Location	Naka-ku, Yokohama
Total land space	3,840.76m ²
Total floor space	41,154.75m ²
Structure/scale	S • SRC • RC/B3F-27F
Completion date	Feb. 2003
Acquisition price	22,100 mn. yen
Acquisition Date	Sep. 14, 2018

Portfolio overview - Office in Osaka Area 1



Twin 21

- ✓ 38-storied sky-scraper office towers as a symbol of Osaka Business Park (OBP)
- ✓ Directly connected to Kyobashi Station, one of the biggest terminal stations in Osaka
- ✓ Mainly consisted of two buildings: OBP Panasonic Tower which is leased to Panasonic and MID Tower to leading corporations and consulates

Location	Chuo-ku, Osaka
Total land space	28,163.07m ²
Total floor space	146,034.98m ²
Structure/scale	SRC/B1F-38F
Completion date	Mar. 1986
Acquisition price	68,700 mn. yen
Acquisition Date	Aug. 31, 2006



Matsushita IMP Bldg.

- ✓ 26-storied high-rise complex building consisted of large office space, commercial facilities and event halls
- ✓ Directly connected to Osaka Business Park Station of the Osaka Municipal Subway Nagahori-Tsurumi Line
- ✓ Operated together with Twin 21, with which the building is connected through Skyway

Location	Chuo-ku, Osaka
Total land space	14,968.25m ²
Total floor space	84,952.57m ²
Structure/scale	S・SRC/B2F-26F
Completion date	Feb. 1990 and other
Acquisition price	24,600 mn. yen
Acquisition Date	Aug. 31, 2006

Disposed on
Sep. 5, 2018: 55%
To be disposed on
Mar. 8, 2019: 45%



MID REIT Kyobashi Bldg.

- ✓ Located near Kyobashi Station of the Osaka Municipal Subway Nagahori-Tsurumi Line, and within walking distance from Kyobashi Station of the JR Kanjo Line and the Keihan Main Line

Disposed
on Sep. 4, 2018

Location	Miyakojima-ku, Osaka
Total land space	1,062.53m ²
Total floor space	4,833.88m ²
Structure/scale	S/9F
Completion date	Feb. 2000
Acquisition price	2,300 mn. yen
Acquisition Date	Aug. 31, 2006

Portfolio overview - Office in Osaka Area 2



MID Imabashi Bldg.

- ✓ Located in the Yodoyabashi and Kitahama business district
- ✓ Three-minute walk from Kitahama Station of the Osaka Municipal Subway Sakaisuji Line and the Keihan Main Line, and five-minute walk from Yodoyabashi Station of the Osaka Municipal Subway Midosuji Line and the Keihan Main Line
- ✓ High-grade office building with sophisticated appearance with the granite-covered outer wall

Location	Chuo-ku, Osaka
Total land space	1,187.43m ²
Total floor space	7,482.53m ²
Structure/scale	S • RC/B2F-11F
Completion date	Oct. 1990
Acquisition price	3,270 mn. yen
Acquisition Date	Apr. 3, 2007



Kitahama MID Bldg.

- ✓ Located close to Sakaisuji, one of the artery roads in Osaka, and nearby Kitahama Station of the Osaka Municipal Subway Sakaisuji Line and the Keihan Main Line
- ✓ Vibration controlled-building to reduce potential earthquake damages
- ✓ High-spec building with a floor with pillarless space of 176 tsubo, which addresses various layout/space needs

Location	Chuo-ku, Osaka
Total land space	1,802.49m ²
Total floor space	14,648.13m ²
Structure/scale	S • SRC/B1F-18F
Completion date	Feb. 2008
Acquisition price	10,800 mn. yen
Acquisition Date	Apr. 24, 2008



MID Nishihommachi Bldg.

- ✓ Favorable location facing Yotsubashisuji Boulevard and Chuo-Odori Street, with one-minute walk from Hommachi Station of the Osaka Municipal Subway
- ✓ High-quality office building supporting tenants' business activities with its comfortableness and traffic convenience, partly thanks to the vicinity to the Awaza Ramp on Hanshin Expressway

Location	Nishi-ku, Osaka
Total land space	659.86m ²
Total floor space	6,260.16m ²
Structure/scale	S • RC/B3F-9F
Completion date	Mar. 1989
Acquisition price	3,550 mn. yen
Acquisition Date	Oct. 30, 2008

Portfolio overview - Office in Osaka, others and TK interest



Higobashi MID Bldg.

- ✓ Located in the Higobashi business district
- ✓ Located along Yotsubashisuji Boulevard, with one-minute walk from Higobashi Station of the Osaka Municipal Subway Yotsuboashi Line and six-minute walk from Yodoyabashi Station of the Osaka Municipal Subway Midotsuji Line and Watanabebashi Station of the Keihan Nakanoshima Line
- ✓ Quake-resistant building with its vibration control structure, obtaining environmental certification

Location	Nishi-ku, Osaka
Total land space	797.86m ²
Total floor space	6,519.63m ²
Structure/scale	S/B1F-11F
Completion date	Jan. 2010
Acquisition price	3,000 mn. yen
Acquisition Date	Jun. 21, 2013



Sendai Capital Tower

- ✓ Location within four-minute walking distance from JR Sendai Station and two-minute from Sendai Station of the Sendai Subway Namboku Line and the Tozai Line
- ✓ Scarcity for its size in the area with many small to medium-sized buildings, with a total floor area of approximately 7,200 tsubo and a standard floor area of approximately 240 tsubo, and the parking lots for more than 100 vehicles

Location	Aoba-ku, Sendai-shi, Miyagi
Total land space	3,420.02m ²
Total floor space	23,702.00m ² (including Parking Space)
Structure/scale	Office building : SRC/B2F-19F Parking structure : RC/B1F-6F
Completion date	Mar. 1974
Acquisition price	5,500 mn. Yen
Acquisition Date	Feb. 1, 2017



Nagoya Lucent Tower

*TK interest

- ✓ Favorable location close to Nagoya Station, an area in which the strongest demand from tenants is expected within Nagoya City
- ✓ Highly visible 42-storied building (with 3 basement floors) for its arch-shaped characteristic appearance

Location	Nishi-ku, Nagoya
Completion date	Nov. 2006
Acquisition price	4,919 mn. yen
Acquisition Date	Aug. 3, 2015

*1 MCUBS MidCity owns the TK interest with R40 GK as the operator (TK interest B: equity interest of 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 this asset (sections of the building excluding the special high voltage substation building and part of the extra high voltage substation building)

*2 The property overview as above represents that of the underlying asset of such TK interest

Portfolio overview - Other than the office



AEON Mall Tsudanuma

- ✓ Large commercial facility directly connected to Shin Tsudanuma Station of the Shin-Keisei Line
- ✓ Three-minute walk from Tsudanuma Station of the JR Sobu Line
- ✓ Urban-type shopping center with AEON Mall as a core store

Location	Narashino-shi, Chiba
Total land space	29,397.03m ²
Total floor space	96,033.49m ²
Structure/scale	S/B1F-5F
Completion date	Sep. 2003 and other
Acquisition price	26,100 mn. yen
Acquisition Date	Aug. 31, 2006 and other



Konami Sport Club Kyobashi

- ✓ Located nearby Kyobashi Station of the Osaka Municipal Subway Nagahori-Tsurumi Line, and two-minute walk from Kyobashi Station of the JR Kanjo Line and the Keihan Main Line
- ✓ Located in an area where a sports club may have strong potential of attracting clients

Location	Miyakojima-ku, Osaka
Total land space	2,339.35m ²
Total floor space	9,433.34m ²
Structure/scale	S/7F
Completion date	Jun. 1999
Acquisition price	2,780 mn. yen
Acquisition Date	Aug. 31, 2006



Dormy Inn Hakata Gion

- ✓ Favorable location with two-minute walk from Gion Station of the Fukuoka City Subway Kuko Line, the next station of Hakata Station
- ✓ Hotel with expected demand from both business people and tourists for its good access to Fukuoka Airport, Hakata Station and Tenjin Area

Location	Hakata-ku, Fukuoka
Total land space	1,002.19m ²
Total floor space	5,633.28m ²
Structure/scale	RC/10F
Completion date	Jan. 2009
Acquisition price	2,280 mn. yen
Acquisition Date	Sep. 30, 2013



6. FINANCING STRATEGY

Major financing-related figures and investment corporation bonds



Changes in financing-related figures

	As of the end of Jun. 2018	As of the end of Dec. 2018	Forecast for Mar. 2019
LTV (based on appraisal value)	41.8%	42.2%	40.9% (Note 1)
Ratio of long-term debts	100.0%	94.4%	100.0%
Ratio of fixed interest rate	77.5%	79.3%	84.0%
Debt Service Coverage Ratio ^(Note 2)	10.6x	10.0x	10.2x (Note 3)
Average remaining years of debts	3.4 years	3.8 years	3.7 years
Average interest rate on debts	1.01%	0.98%	0.99% (Note 3)
Issuer rating	R&I: A (stable) (Oct. 3, 2017)	R&I: A (positive) (Oct. 5, 2018)	Aim for further improvement
	JCR: A+ (positive) (Apr. 9, 2018)	JCR: A+ (positive) (Apr. 9, 2018)	



Investment corporation bonds

	Issuance	Term	Nominal Coupon	Amount issued
1 st	May 2016	5 years	0.340%	1.5 bn. yen
2 nd	May 2016	10 years	0.810%	1.5 bn. yen
3 rd	May 2017	5 years	0.260%	1.0 bn. yen
4 th	May 2017	10 years	0.670%	2.0 bn. yen
5 th	May 2018	10 years	0.590%	2.0 bn. yen
Total				8.0 bn. yen

Note 1: Calculated in consideration of disposition of one property (45% quasi co-ownership interest) since January 2019 and early repayment of short-term borrowings, etc., based on market capitalization as of the end of the 25th Period.
The same shall apply hereafter.

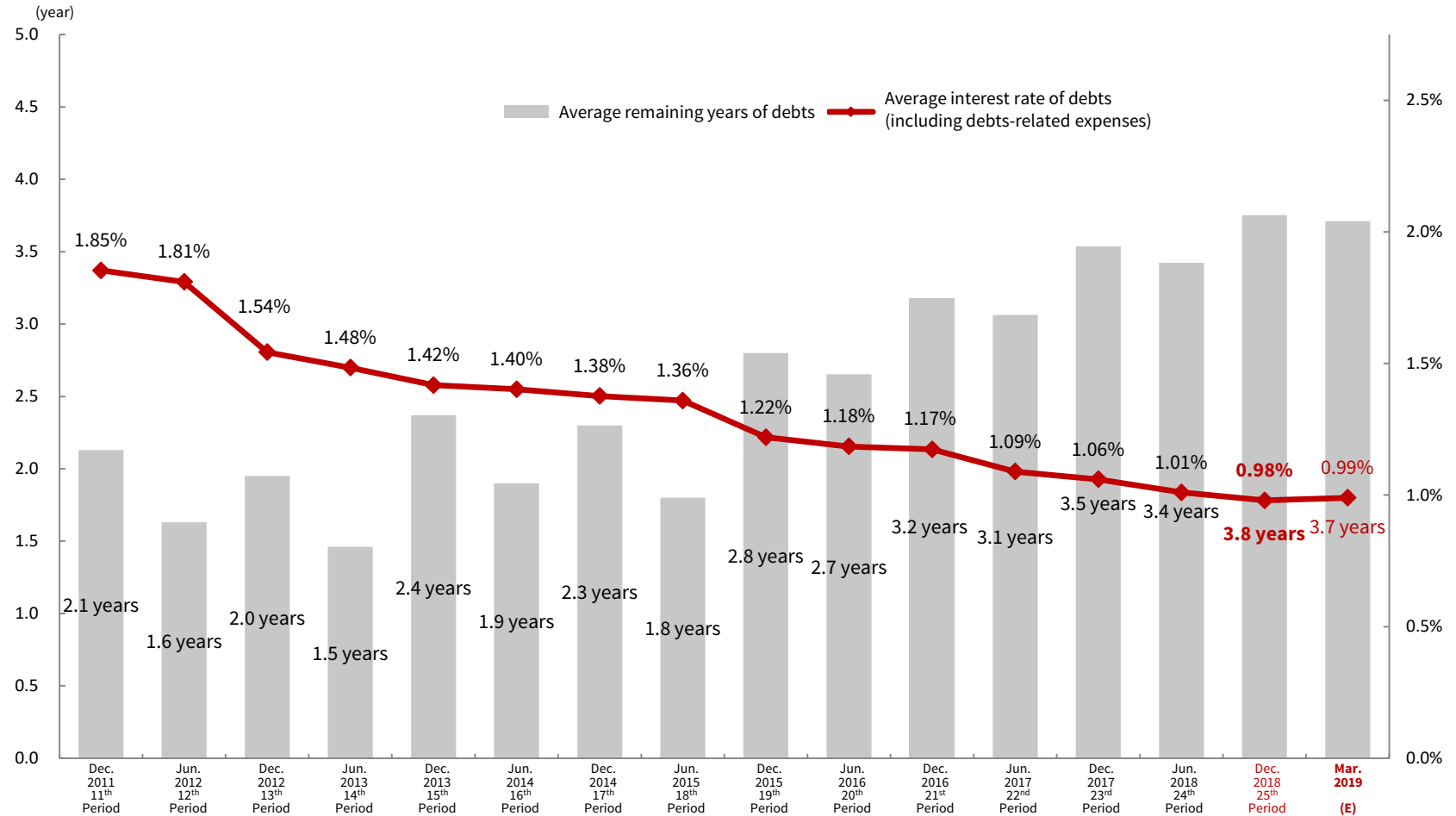
Note 2: Debt service coverage ratio = (earnings before interest and depreciation – gain (loss) on sale of real estate) / interest expenses

Note 3: Estimate for the end of the 26th period.

Financial status 1



Average remaining years and average interest rate of debts



Note1: Average remaining years of debts is using the weighted average of remaining years of debts until maturity based on the respective balance of debts.

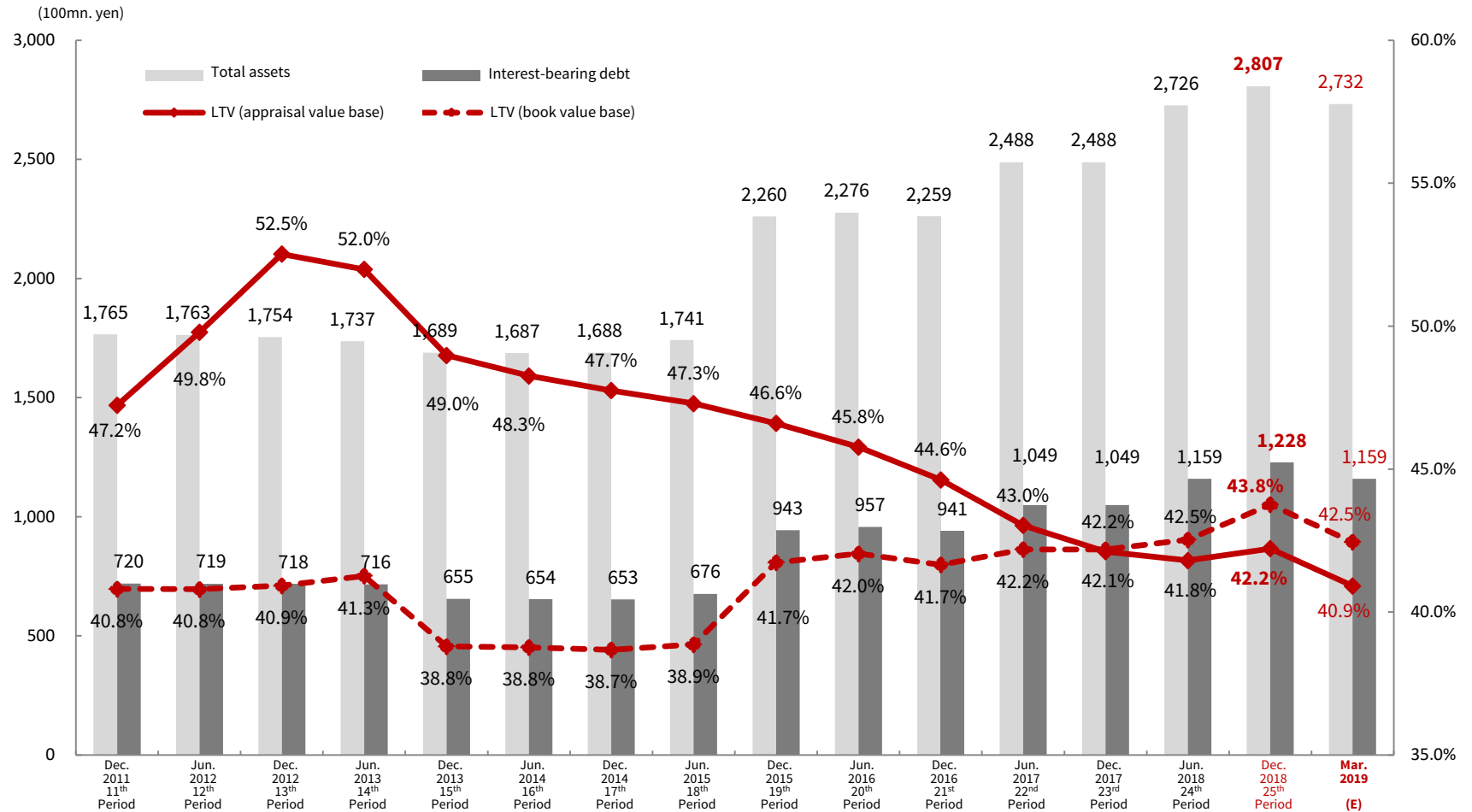
Note2: Average interest rate of debts (including borrowing-related expenses) = Financing costs in each fiscal period / Average debt balance in the fiscal period

Note 3: The figures of Mar. 2019 Estimate were calculated in consideration of disposition of one property (45% quasi co-ownership interest) since January 2019 and early repayment of short-term borrowings, etc. The estimated average interest rate of debts for Mar. 2019 represents the estimate for the 26th period in consideration of the above.

Financial status 2



Total assets and debts

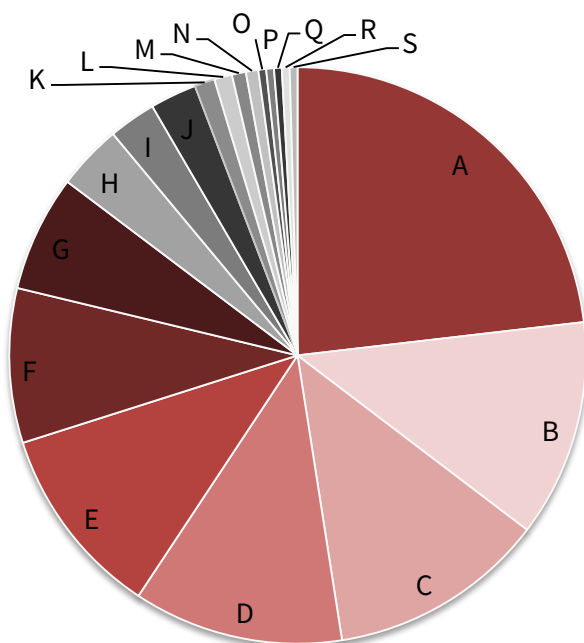


Note 1: LTV (appraisal value base) = Term-end debts / (Term-end total assets ± Unrealized gain/loss) Unrealized gain/loss is the difference between book value and appraisal value.

Note 2: LTV (book value base) = Term-end debts / Term-end total assets

Note 3: The figures of Mar. 2019 Estimate were calculated in consideration of disposition of one property (45% quasi co-ownership interest) since January 2019 and early repayment of short-term borrowings, etc.

Lender composition (as of the end of Dec. 2018)



	Lender	Balance (mn. yen)	Share
A	Mizuho Bank, Ltd.	26,600	23.2%
B	Sumitomo Mitsui Trust Bank, Limited	14,000	12.2%
C	Sumitomo Mitsui Banking Corporation	14,000	12.2%
D	Development Bank of Japan, Inc.	13,525	11.8%
E	MUFG Bank, Ltd.	12,400	10.8%
F	Aozora Bank, Ltd.	9,950	8.7%
G	Resona Bank, Limited	7,500	6.5%
H	Shinkin Central Bank	4,200	3.7%
I	The Senshu Ikeda Bank, Ltd.	3,050	2.7%
J	The Nishi-Nippon City Bank, Ltd.	3,000	2.6%
K	Mizuho Trust & Banking Co., Ltd.	1,300	1.1%
L	The Hyakugo Bank, Ltd.	1,150	1.0%
M	The Bank of Fukuoka, Ltd.	900	0.8%
N	The Minato Bank, Limited	800	0.7%
O	The Nanto Bank, Ltd.	500	0.4%
P	The Hiroshima Bank, Ltd.	500	0.4%
Q	Sony Bank Incorporated	500	0.4%
R	Tokio Marine & Nichido Fire Insurance Co., Ltd.	500	0.4%
S	Nippon Life Insurance Company	500	0.4%
	Total	114,875	100.0%

Outstanding borrowings (as of the end of Dec. 2018)

Type	Loan Term	Lenders	Balance (mn. yen)	Floating/ Fixed	Interest rate (Note 3)	Drawdown date	Repayment date (Note 4)
Long term loans payable (Note 1)	7 years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31
	7 years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 2)	0.96200%	2014/7/31	2019/7/31
	6 years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 2)	1.24000%	2014/7/31	2020/7/31
	7 years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31
	4 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, MUFG Bank, Shinkin Central Bank, Senshu Ikeda Bank, The Nanto Bank	9,500	Floating	0.56909%	2015/7/31	2019/7/31
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, MUFG Bank, Mizuho Trust & Banking	9,300	Fixed (Note 2)	0.86545%	2015/7/31	2020/7/31
	5 years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31
	6 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, MUFG Bank, Senshu Ikeda Bank	4,500	Fixed (Note 2)	1.03350%	2015/7/31	2021/7/31
	7 years	Mizuho Bank, Aozora Bank, MUFG Bank, Mizuho Trust & Banking	2,200	Fixed (Note 2)	1.20235%	2015/7/31	2022/7/31
	7 years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31
	8 years	Mizuho Bank	1,000	Fixed (Note 2)	1.38430%	2015/7/31	2023/7/31
	8 years	Mizuho Bank	500	Fixed (Note 2)	1.38430%	2015/7/31	2023/7/31
	8 years	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note 2)	0.49795%	2016/4/28	2021/4/30
	3.5 years	Sumitomo Mitsui Banking, Shinkin Central Bank	3,700	Floating	0.37909%	2016/7/29	2020/1/31
	3.5 years	Nishi-Nippon City Bank, Hyakugo Bank	2,250	Fixed	0.37315%	2016/7/29	2020/1/31
	3.5 years	Sumitomo Mitsui Trust Bank	2,600	Fixed	0.37315%	2016/7/29	2020/1/31
	4.5 years	Mizuho Bank, Development Bank of Japan, MUFG Bank, Senshu Ikeda Bank	2,500	Fixed	0.45065%	2016/7/29	2021/1/31
	5 years	Development Bank of Japan, Aozora Bank, MUFG Bank, Senshu Ikeda Bank	2,650	Fixed	0.49380%	2016/7/29	2021/7/31
	8 years	Mizuho Bank, Development Bank of Japan, Aozora Bank, MUFG Bank	4,700	Fixed	0.73500%	2016/7/29	2024/7/31
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, MUFG Bank	4,000	Fixed	0.64691%	2017/1/31	2022/1/31
	7 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, MUFG Bank	4,000	Fixed	0.80938%	2017/1/31	2024/1/31
	5 years	Sumitomo Mitsui Trust Bank, Tokio Marine & Nichido Fire Insurance, Nippon Life Insurance Company	2,900	Fixed	0.52420%	2017/7/31	2022/7/29
	6 years	Shinkin Central Bank, Senshu Ikeda Bank	1,900	Fixed	0.68000%	2017/7/31	2023/7/31
	6 years	Sumitomo Mitsui Banking	1,000	Fixed	0.68792%	2017/7/31	2023/7/31
	8 years	Mizuho Bank, Development Bank of Japan	3,975	Fixed	0.85630%	2017/7/31	2025/7/31
	10 years	Mizuho Bank, Development Bank of Japan, Aozora Bank	3,900	Fixed	1.04000%	2017/7/31	2027/7/31
	5 years	Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,400	Floating	0.36909%	2018/2/28	2023/2/28
	7 years	MUFG Bank	1,200	Fixed	0.64000%	2018/2/28	2025/2/28
	7 years	Aozora Bank, Nishi-Nippon City Bank	2,700	Fixed	0.71880%	2018/2/28	2025/2/28
	8 years	Mizuho Bank,	2,700	Fixed	0.80000%	2018/2/28	2026/2/27
	4.5 years	Sumitomo Mitsui Banking	2,900	Floating	0.34409%	2018/7/31	2023/1/31
	7 years	Senshu Ikeda Bank, Nishi-Nippon City Bank, Fukuoka Bank	1,800	Fixed	0.74250%	2018/7/31	2025/7/31
	8 years	Resona Bank	800	Fixed	0.83380%	2018/7/31	2026/7/31
	8 years	Sumitomo Mitsui Trust Bank	2,900	Fixed (Note 2)	0.77700%	2018/7/31	2026/7/31
	8 years	MUFG Bank	2,000	Fixed	0.77000%	2018/7/31	2026/7/31
	10 years	Mizuho Bank	3,400	Fixed (Note 2)	0.92250%	2018/7/31	2028/7/31
	10 years	Aozora Bank, Mizuho Trust & Banking	1,500	Fixed	1.01880%	2018/7/31	2028/7/31
Short term loan payable	0.6 years	Mizuho Bank	6,900	Floating	0.22273%	2018/9/12	2019/4/30
Total			114,875				

Note 1: Syndicated loans by the indicated financial institutions.

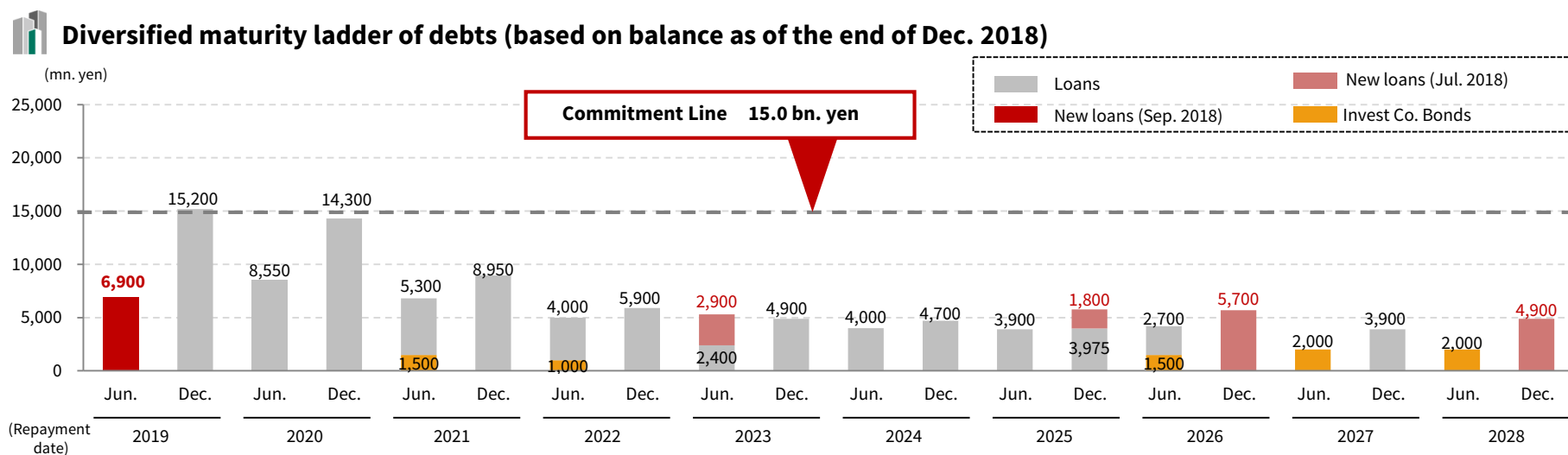
Note 2: Interest rate swaps are concluded to fix the interest rates.

Note 3: Interest rate is applied as of the end of Dec. 2018.

Note 4: If such date does not fall on any business day, the next business day shall be applied. If such next business day is included in the next month, the business day immediately preceding the initial repayment date shall be applied.

Note 5: The repayment method for all of the above borrowings is bullet payment.

Maturity ladder (as of the end of Dec. 2018)



Interest-bearing debts by repayment date

	26 th Period (Jun. 2019)	27 th Period (Dec. 2019)	28 th Period (Jun. 2020)	29 th Period (Dec. 2020)
Amount due to be repaid (mn. yen)	6,900	15,200	8,550	14,300
Average borrowing period on debts (Note 1)	0.6 years	4.6 years	3.5 years	5.4 years
Average interest rate on debts (Note 1)(Note 2)	0.22%	0.78%	0.38%	1.03%

Debt refinanced in the 25th Period (total of 15.3 bn. yen)

	Conditions before refinancing	Conditions after refinancing
Average borrowing period on debts (Note 1)	3.6 years	7.9 years
Average interest rate on debts (Note 1)(Note 2)	0.73%	0.75%

Note 1: Average borrowing period and average interest rate are the weighted averages of the interest rate of borrowings and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place).

Note 2: Interest rates as of December 31, 2018 are provided above.

Internal Reserves



Accumulation of internal reserves

Scheduled to dispose Matsushita IMP Bldg. in two parts. Gain on disposition to be partly paid out as distribution and partly retained for future stable distribution

Fiscal period ended Dec. 31, 2018 (25 th Period)			Fiscal period ending Jun. 30, 2019 (26 th Period)	
Disposition	Total 16.55 bn. yen	Matsushita IMP Bldg. (55% quasi co-ownership)	MID REIT Kyobashi Bldg.	Total 12.15 bn. yen
	Disposition price	14.85 bn. yen	1.7 bn. yen	Planned disposition price
	Gains/Losses on sale	+2.2 bn. yen	-0.4 bn. yen	Gains on sale
Planning distribution of the gains	Total gains on sales		+1.8 bn. yen	Total gains on sales
	Payout as distributions		1.3 bn. yen	Payout as distributions
	Reserve for reduction entry		0.4 bn. yen	Reserve for reduction entry
				0.4 bn. Yen

Policy for Using the Reserve for Reduction Entry

Use to carry out a stable distribution in event of temporary decrease in resource for distributable income in the future

<For securing stability>

- Temporary decrease of revenue due to cancellation of major tenant
- Loss on sale of property
- Temporary expense due to natural disaster etc.

<For growth strategy>

- Losses due to growth investments such as large-scale renovation and reconstruction
- Temporary distribution dilution associated with offering during the fiscal period

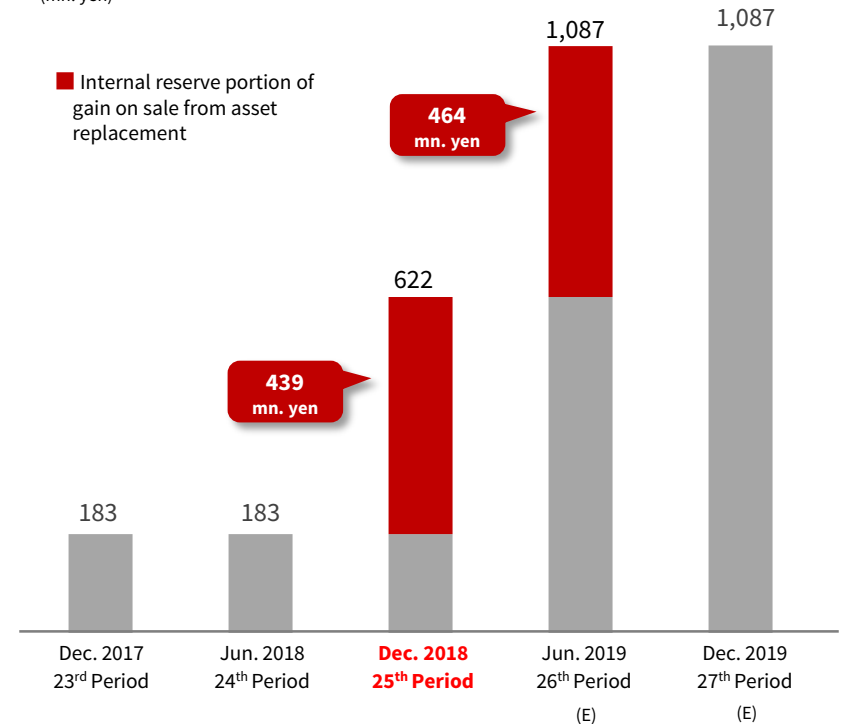


Reserve for reduction entry

Reserve per unit **378 yen** at the end of Dec. 2018

(mn. yen)

■ Internal reserve portion of gain on sale from asset replacement



Note: The balance of the reserve for reduction entry is calculated using the amount obtained by deducting the reversal of the reserve for reduction entry or adding the accumulated reserve for reduction entry to the period-end balance of the reserve for reduction entry on the balance sheet each period.

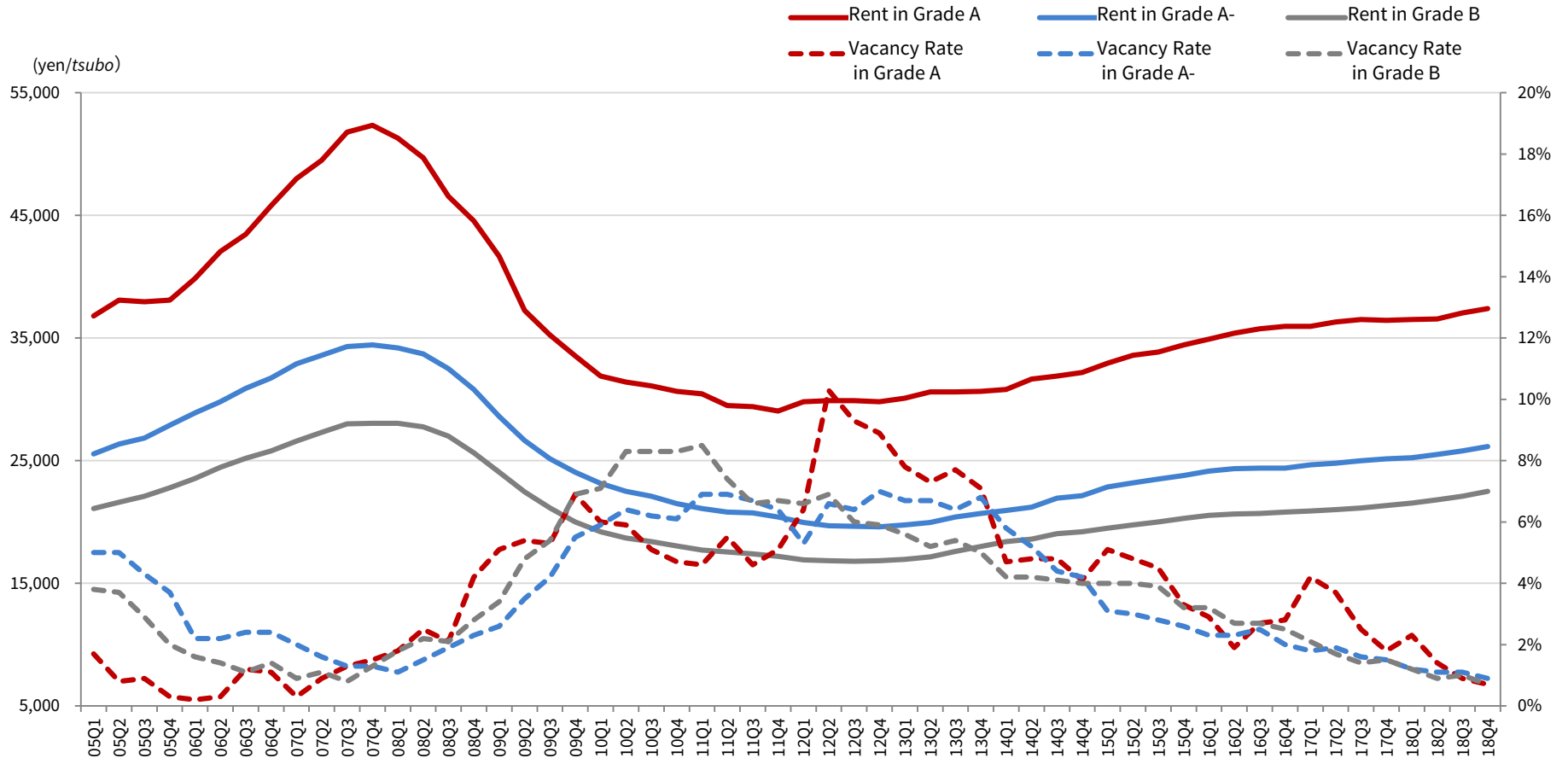


7. MARKET ENVIRONMENT

Office market data 1 (Tokyo 23 districts)



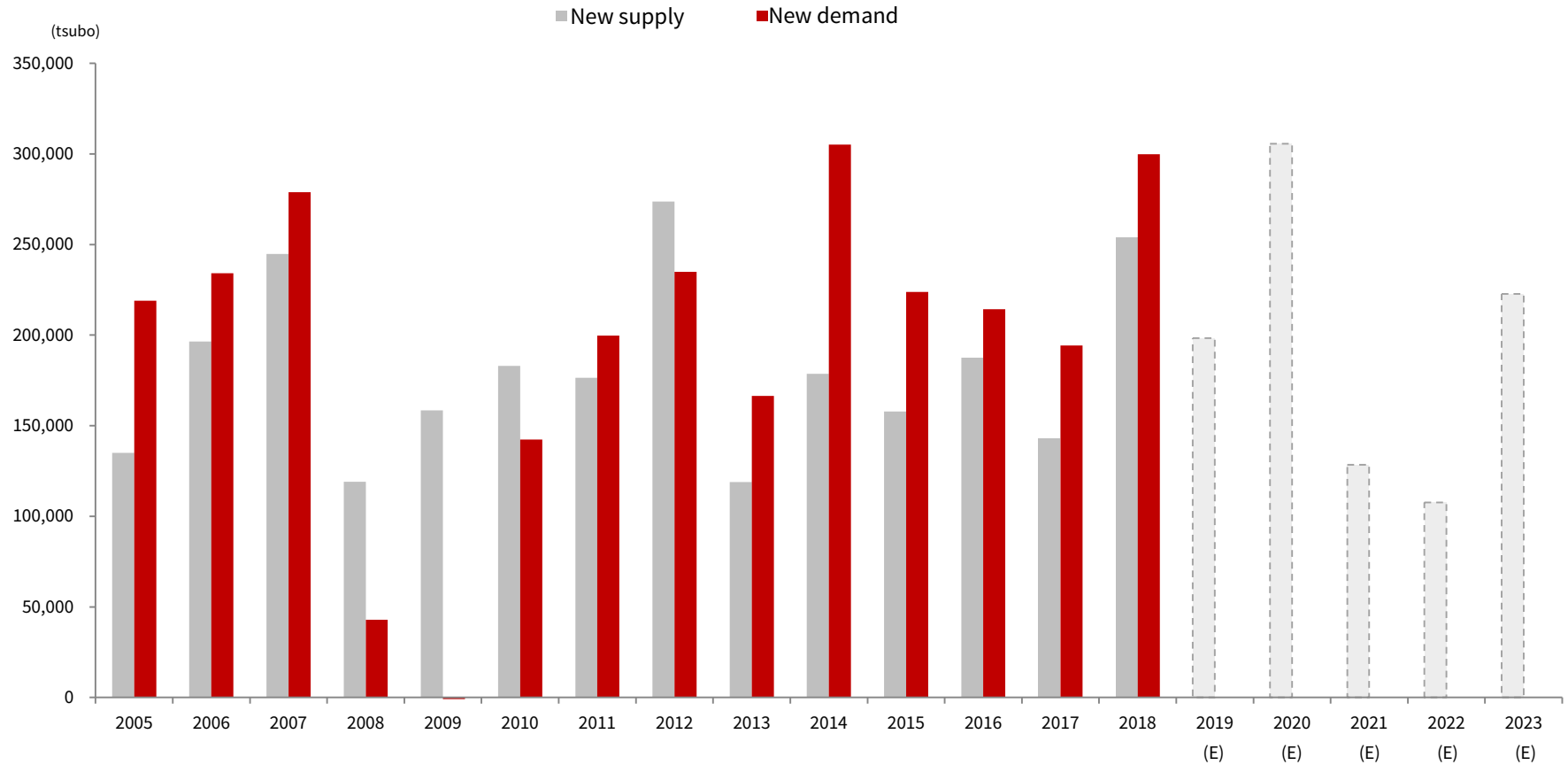
Average rent and vacancy rate of Tokyo



Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Tokyo 23 districts)

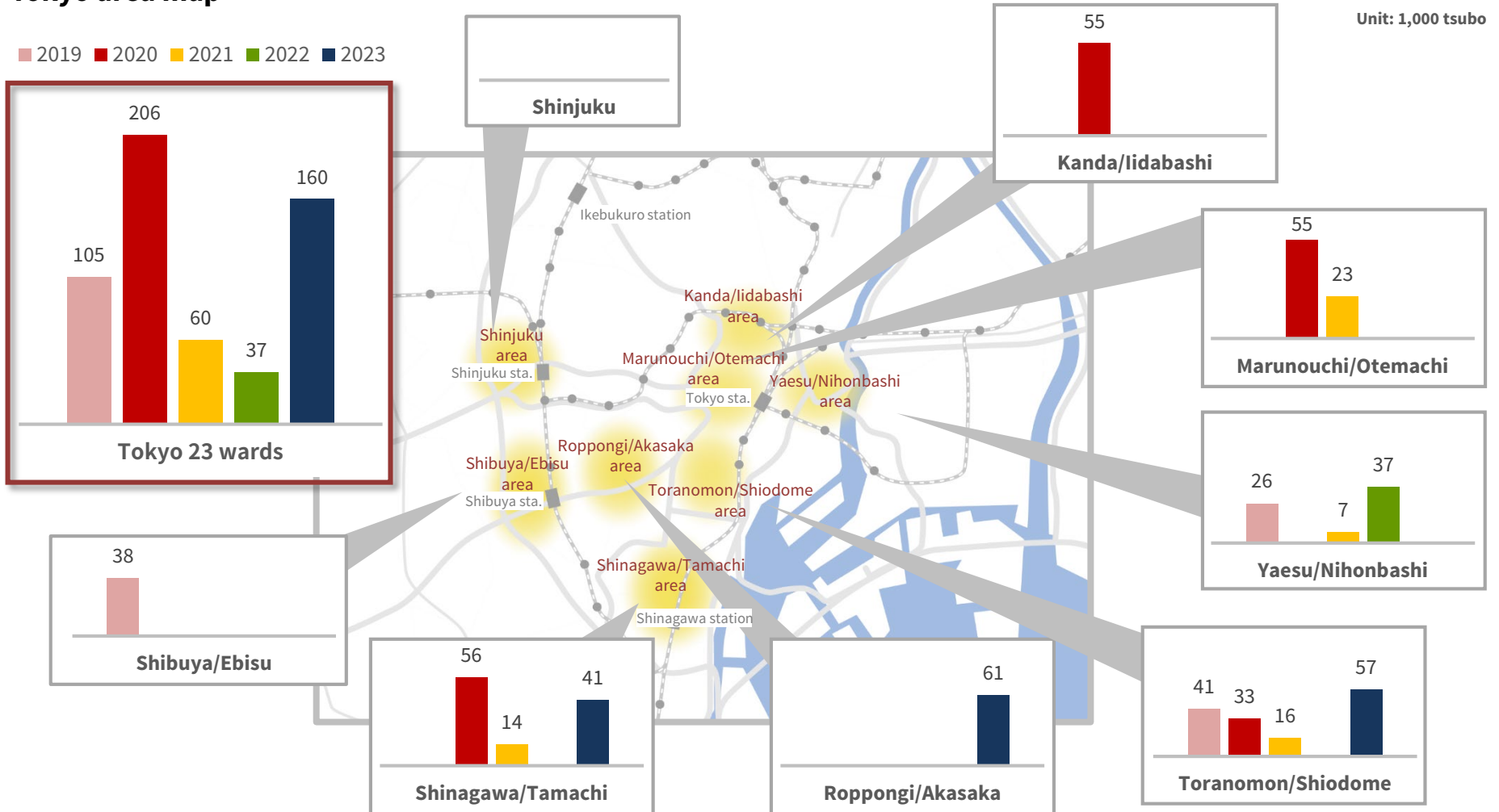
Supply and demand of Tokyo



Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Grade-A Office Buildings to be Supplied in the Tokyo Business Area

Tokyo area map

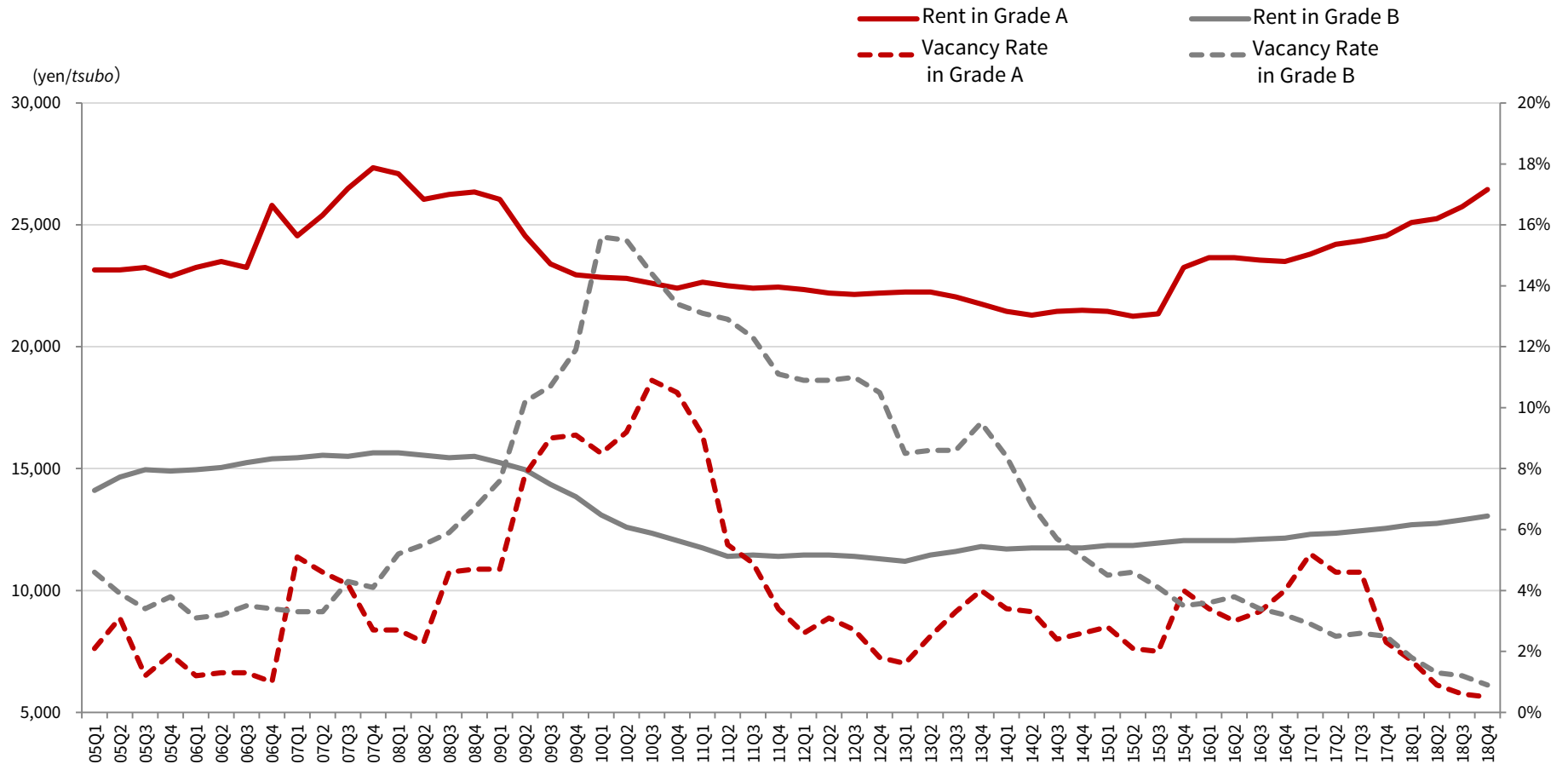


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 1 (Nagoya)



Average rent and vacancy rate of Nagoya business districts

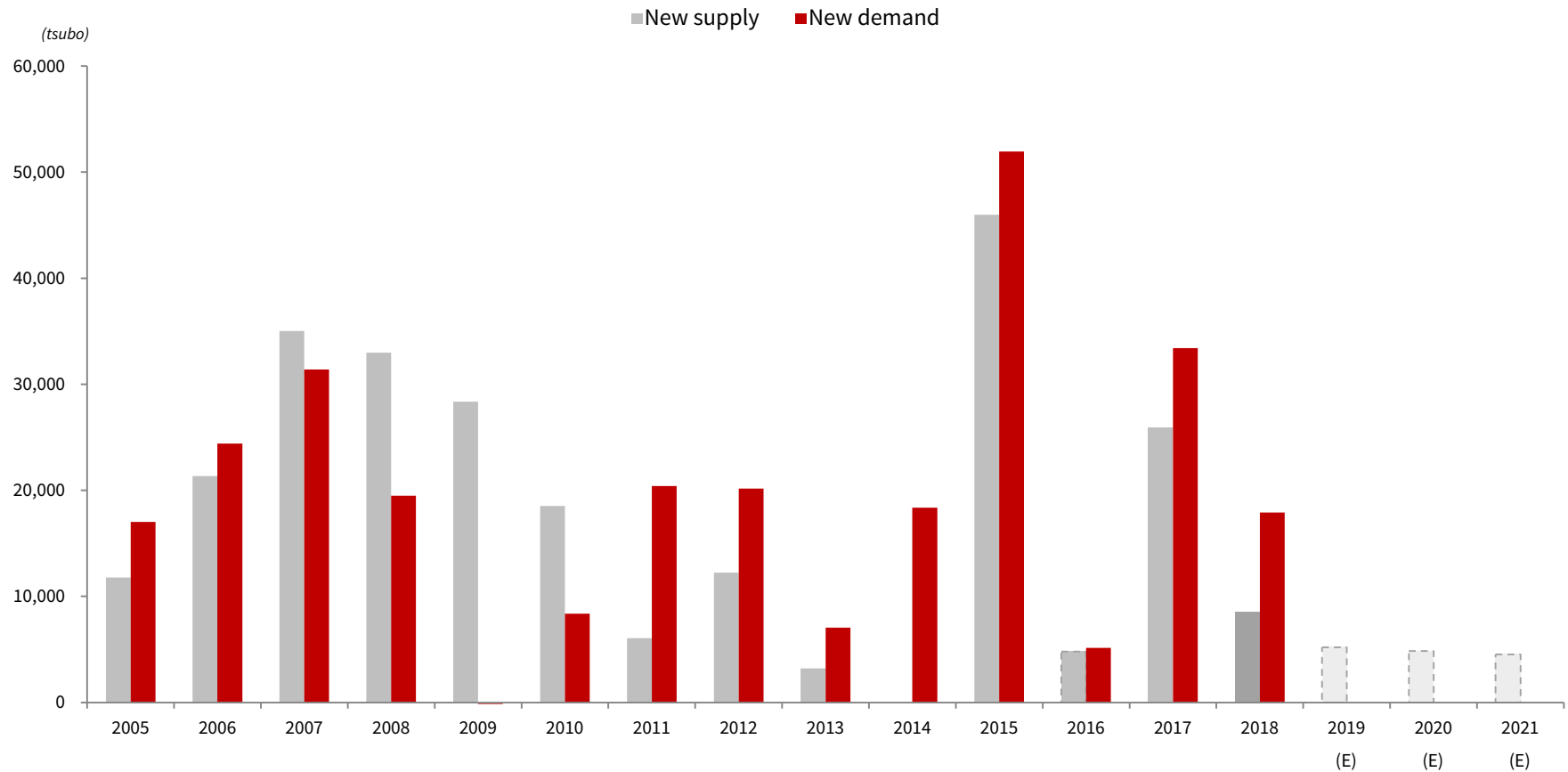


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Nagoya)



Supply and demand of Nagoya business districts

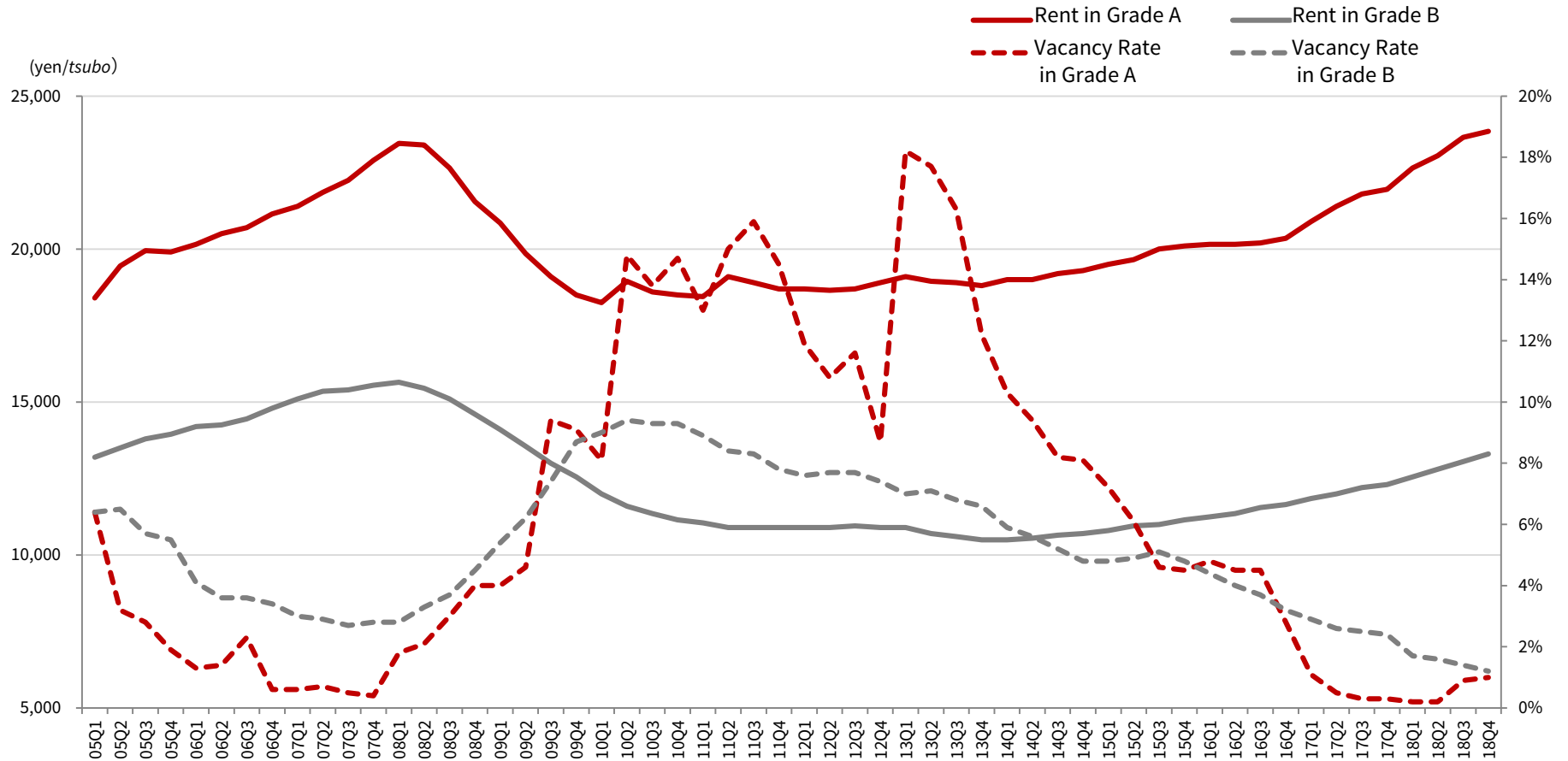


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 1 (Osaka)



Average rent and vacancy rate of Osaka business districts

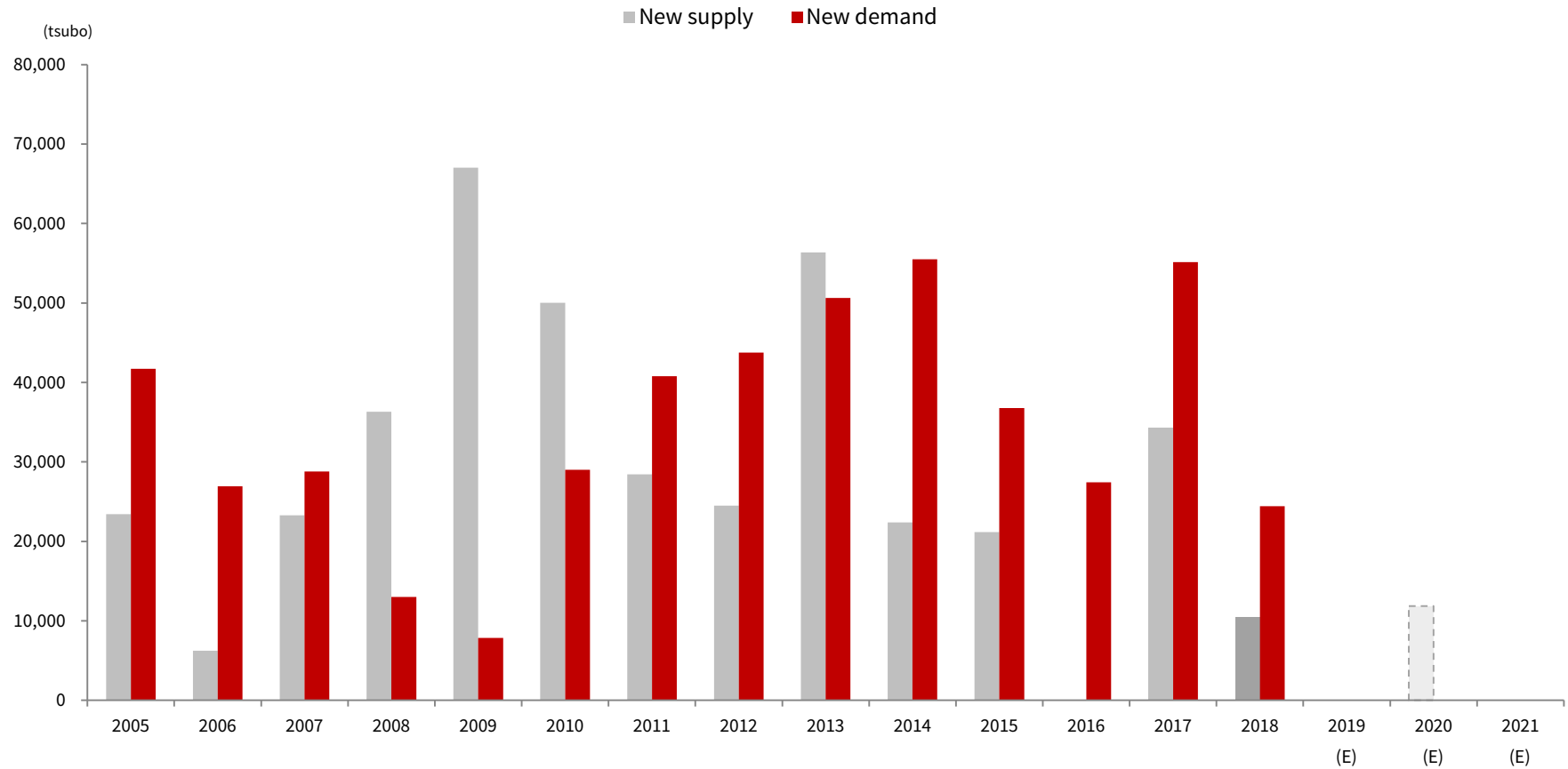


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Osaka)



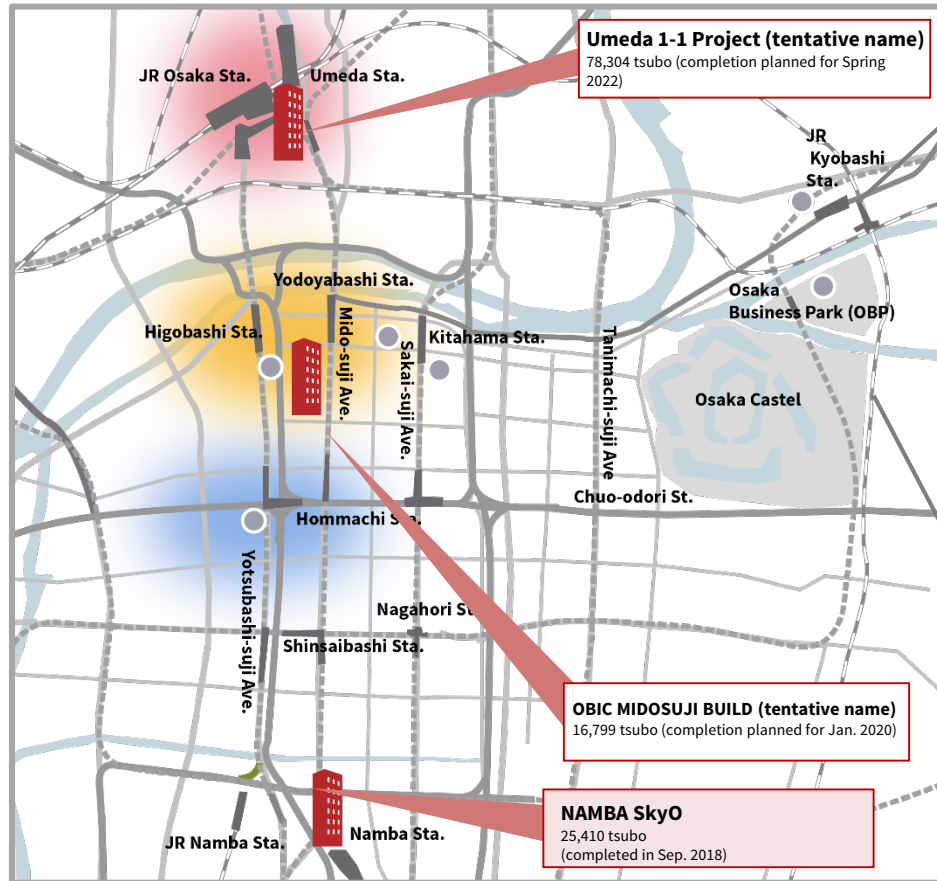
Supply and demand of Osaka business districts



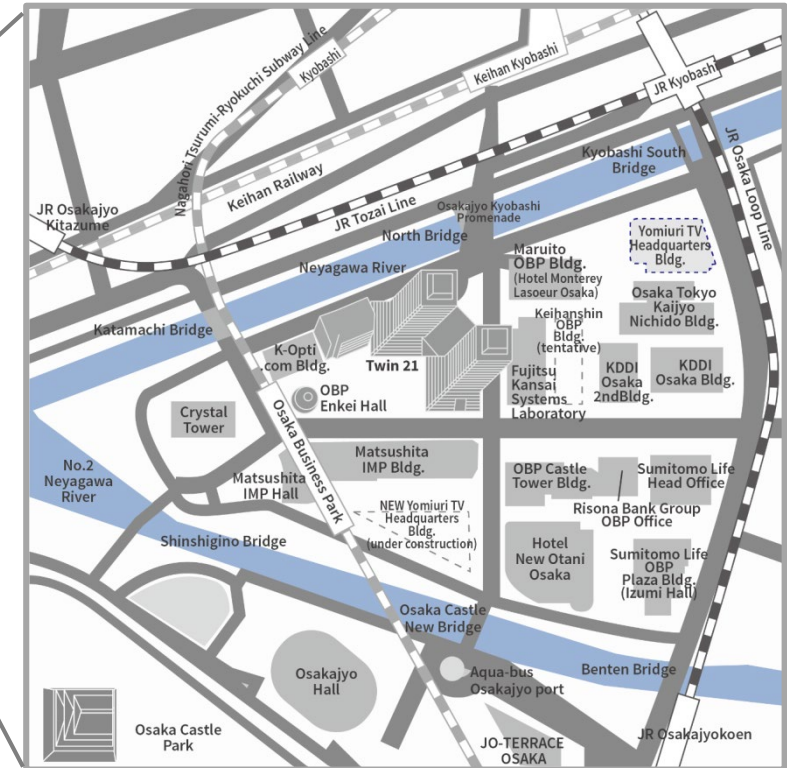
Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office Buildings to be Supplied in the Osaka Business Area

Osaka area map



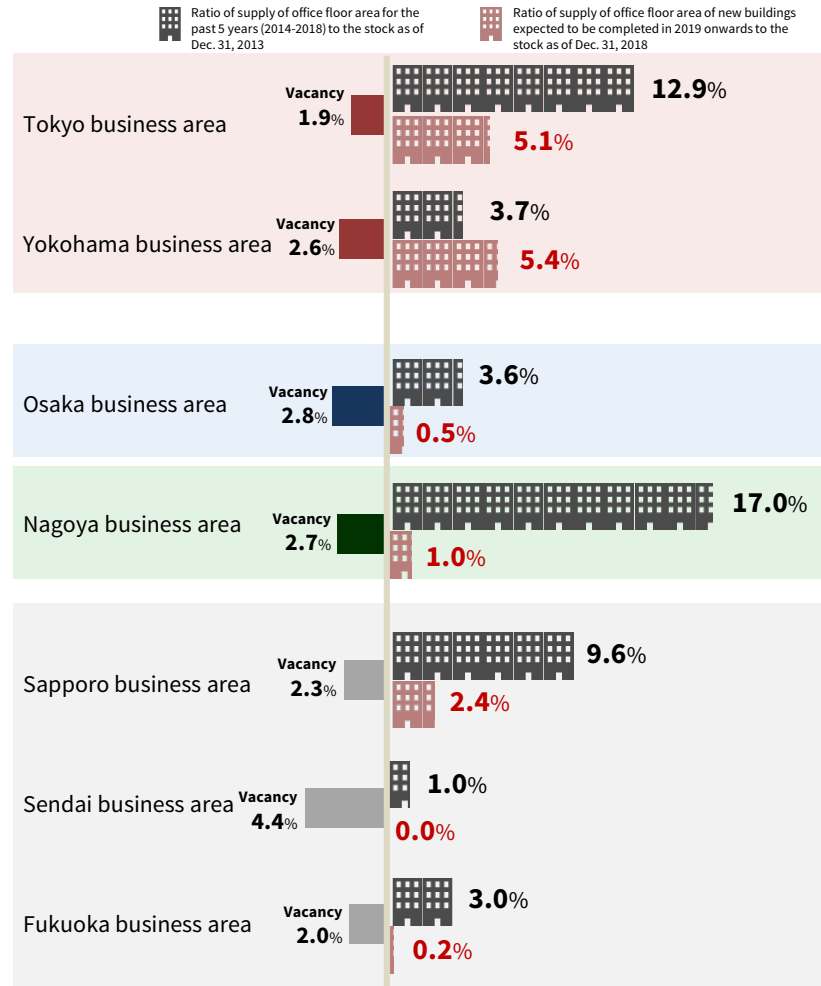
● Held in portfolio ■ Umeda area ■ Yodoyabashi area ■ Hommachi area



Area around the Osaka Business Park (OBP)

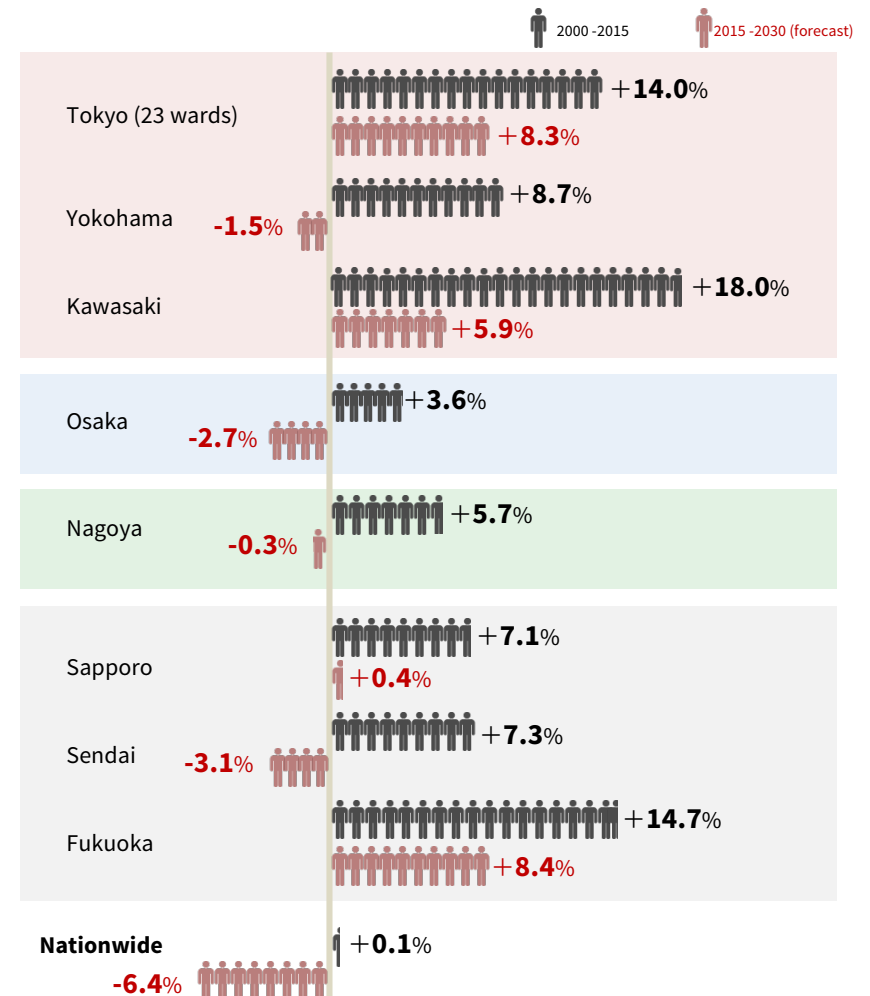
Office Building Supply and Demand

Ratio of supply to stock of office floor in major business areas



Source: Created by the Asset Management Company based on office market data from Miki Shoji.
The above vacancy rates are averages as of Dec. 2018

Population change in major cities



Source: Created by the asset management company based on the National Census (2000-2015) and data from the National Institute of Population and Social Security Research (2015-2030)



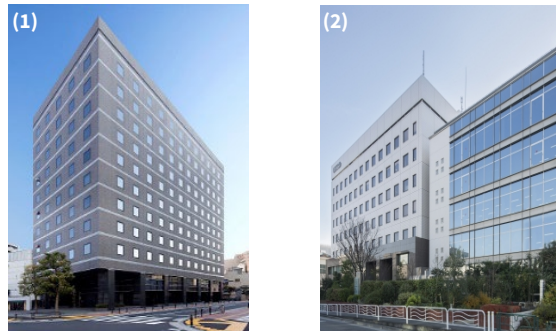
8. APPROACH TO ESG

Environmental initiatives

Assessment and certification by external agencies

Tokyo low-carbon small and medium-sized model building

For the first time, two of MCUBS MidCity's properties were recognized as low carbon buildings (buildings that emit low levels of CO2)



Property name	(1) Sumitomo Fudosan Ueno Bldg. No.6 NEW	(2) USC Bldg. NEW
Low carbon benchmark	A 2	A 1

Status of energy-saving efforts

(Sumitomo Fudosan Ueno Bldg. No. 6)

- **Equipment initiatives**
 - Installation of a demand controller
- **Operational initiatives**
 - Turning lights off in vacant areas
 - Using government-recommended cooling/heating temperatures
 - Turning off vending machines on holidays/late at night
 - Cleaning/inspecting A/C filters
- **Management initiatives**
 - Setting cooling to 28 °C and heating to 20 °C for each building based on national standards

Global warming prevention activities

Light-Down Campaign



G-Square Shibuya Dogenzaka

- We joined the campaign organized by the Ministry of Environment
- Turned off almost all the lights of some of the portfolio properties for two hours

11 participating properties in our portfolio

Sumitomo Fudosan Ueno Bldg. No. 6, G-Square Shibuya Dogenzaka, Shibuya Sakuragaoka Square, Cube Kawasaki, Higashi-Nihombashi Green Bldg., USC Bldg., Sasazuka Center Bldg., M-City Akasaka 1-chome Bldg., Higobashi MID Bldg., MID Imabashi Bldg., and Sendai Capital Tower

DBJ Green Building Certification

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



- ★★★★ Twin 21
- ★★★★ Matsushita IMP Bldg.
- ★★★★ Kitahama MID Bldg.
- ★★★★ Higobashi MID Bldg.

CASBEE Property Appraisal

Two properties were newly certified (including recertification) for their environmental performance



- Rank A
 - G-Square Shibuya Dogenzaka **NEW**
 - Higobashi MID Bldg.
- Rank B+
 - Shibuya Sakuragaoka Square **NEW**

BELS Certification

Two properties were newly certified for their energy-saving performance



- ★★★★ Kitahama MID Bldg.
- ★★★★ G-Square Shibuya Dogenzaka
- ★★★★ Higobashi MID Bldg.
- ★★★★ Shibuya Sakuragaoka Square **NEW**
- ★★★★ TOYOTA MOBILITY SERVICE Bldg. **NEW**

Social initiatives 1



Revitalization of towns and coexistence with communities

Various events held at buildings in MCUBS MidCity's portfolio

Building and strengthening ties with tenants and local communities while enhancing attractiveness and recognition of buildings



Uchimizu (watering) Event (G-Square Shibuya Dogenzaka)

An Uchimizu (watering) event is held every year by use of recycle water in response to the call from the Tokyo Metropolitan Office



Christmas Concert (Cube Kawasaki)

A Christmas tree is set up and live performances are held alongside clothing donation activities



Flower Event (Twin 21)

Seasonal flowers are exhibited in the buildings for office workers and visitors to enjoy and those flowers are distributed on the final day



Christmas Event (Twin 21)

- The floor is furnished with Christmas decorations including Christmas trees, and drinks and snacks are handed out



Autumn Concert (Yokohama Creation Square)

A space is provided for workers to enjoy a drink and a performance by professional musicians on their way home



- Performances and live shows are given by different entertainers for three days

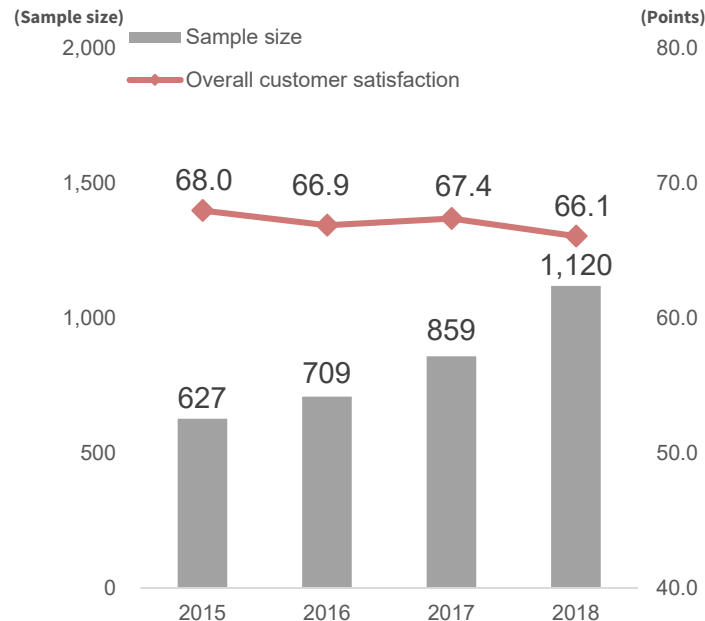
Social initiatives 2

Improving tenant satisfaction

Tenant satisfaction surveys

- Every year, a tenant satisfaction survey is conducted by an external organization
- The results are analyzed, and **used in deciding upon facility renovations and service improvements, as well as strategic planning for efforts to attract new tenants**
- **The surveys promote communication with tenants**, allowing for stable occupancy over the long term

Sample size and overall customer satisfaction



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

Survey findings – Level of CSI

Factors	2015	2016	2017	2018		
				Total	(East Japan)	(Osaka)
Overall customer satisfaction	68.0	66.9	67.4	66.1	64.7	69.6
Surrounding environment	73.7	72.4	71.9	67.2	63.7	76.0
Behavior of MF (property management firm)	78.4	78.8	79.5	78.6	77.7	79.7
Comforts of building	55.3	54.5	56.8	54.2	53.4	56.2
Manner of management firm's staff	75.1	74.7	74.8	73.9	74.0	73.8
Behavior of PM	72.8	73.0	72.4	71.3	68.4	74.5
Measures for safety	69.2	66.3	68.3	66.7	65.5	69.8
Quality of common area	65.7	64.3	64.5	63.0	61.6	66.5
Usability of building facilities & equipment	66.5	67.5	65.4	70.9	71.7	70.0
Cleanliness of building	70.3	69.6	69.9	69.5	68.2	72.9

Governance initiatives



Executive officers supporting governance

Executive Director: Katsuhiro Tsuchiya (center of picture)

Utilizes knowledge and experience as a legal expert to carry out operations

Supervisory Director: Haruo Kitamura (right side of picture)

Utilizes knowledge and experience as an accounting and financial expert to supervise operations

Supervisory Director: Osamu Ito (left side of picture)

Utilizes knowledge and experience as a legal expert to supervise operations

- Made up only of third parties who are independent from the MC-UBS Group
- The board of directors engages in lively discussion and serves as a check on the Asset Management Company



Strengthening information security

Always-on SSL for websites

- Always-on SSL (https) is utilized for the websites of the investment corporation and the Asset Management Company
- Creates an environment where the websites can safely be used by visitors
- Mitigates the risk of data theft, identity theft, and tampering by third parties

Website URLs

MCUBS MidCity Investment Corporation
(New) <https://www.midcity-reit.com/en/>

MCUBS MidCity Inc.
(New) <https://www.mcubs-midcity.com/en/>

A lock mark is displayed in front of the URL to indicate that a website is SSL secured. (The following is what visitors see when using Google Chrome)



Secure Sockets Layer (SSL) is a system used to encrypt communications between servers and web browsers on the Internet. Always-on SSL is a security protocol that encrypts communications on all pages of a website.

Efforts to expand investor base

Approaching a wide range of retail investors

IR events for retail investors in the 25th Period

- Five IR events for retail investors were held in the 25th Period
- Events were held on not only weekdays, but also weekends
- Events were held in Tokyo, Nagoya, Fukuoka, and online

Date	Day of week	Location	Name of event
Nov. 2018	Weekend	Tokyo	J-REIT Fans, Fall 2018
Oct. 2018	Weekday	Nagoya	Nagoya J-REIT Seminar
Oct. 2018	Weekday	Online	Online Seminar for Retail Investors
Sep. 2018	Weekday	Fukuoka	J-REIT Nationwide Caravan 2018
Sep. 2018	Weekday/weekend	Tokyo	J-REIT Fair for Retail Investors 2018



J-REIT Fans, Fall 2018



J-REIT Nationwide Caravan 2018

Assessment by external agencies

IR Award

The Asset Management Company received the Best IR Award for Encouragement at IR Award 2018



Award rationale

(Excerpt from the JIRA website)

- Top management engages in dialogue with capital markets and reflects investors' views in its management
- The company is active in incorporating third-party evaluations concerning ESG
- The company promptly discloses information concerning risks with its investments, such as the impact of earthquakes or damage caused by wind or floods

Website Ranking

Received a AAA Grade for the second consecutive year in the 2018 All Japanese Listed Companies' Website Ranking



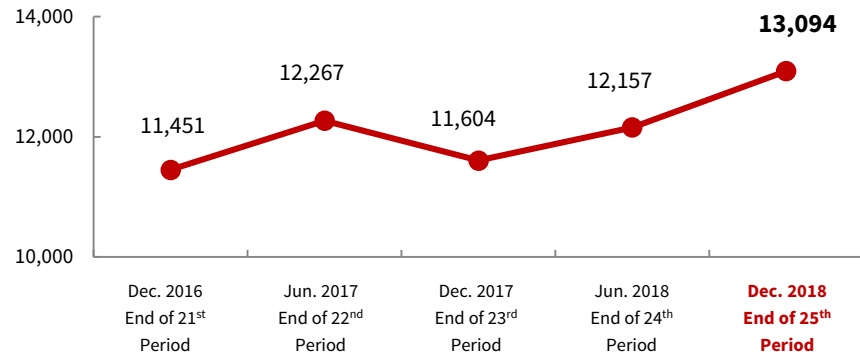
Organizer: Nikko Investor Relations
Total companies: 3,785
Assessment criteria: Understandability
 Usability
 Variety of information



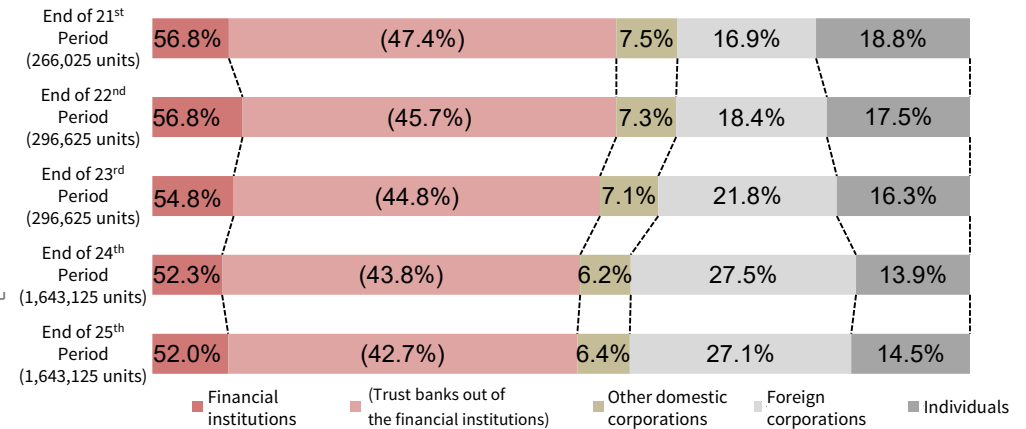
9. OTHER TOPICS

Unitholder details

No. of unitholders



Breakdown by unitholder type (based on no. of units held)



Major unitholders

Rank	Name	Dec. 2018 (End of 25 th Period)		Difference from 24 th Period End
		No. of units held	Share (%) ^(Note)	
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	284,160	17.29%	+ 19,214
2	Japan Trustee Services Bank, Ltd. (Trust Account)	250,249	15.23%	- 22,564
3	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	70,257	4.27%	- 17,035
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	62,907	3.82%	- 4,071
5	Kanden Realty & Development Co., Ltd.	46,000	2.79%	—
6	SIX SIS LTD.	36,760	2.23%	- 2,202
7	STATE STREET BANK WEST CLIENT - TREATY 505234	29,774	1.81%	+ 8,324
8	BNYM AS AGT/CLTS 10 PERCENT	24,989	1.52%	+ 24,989
9	STATE STREET BANK AND TRUST COMPANY 505012	22,171	1.34%	- 6,970
10	Mitsubishi Corporation	21,000	1.27%	—
	Total	848,267	51.62%	—

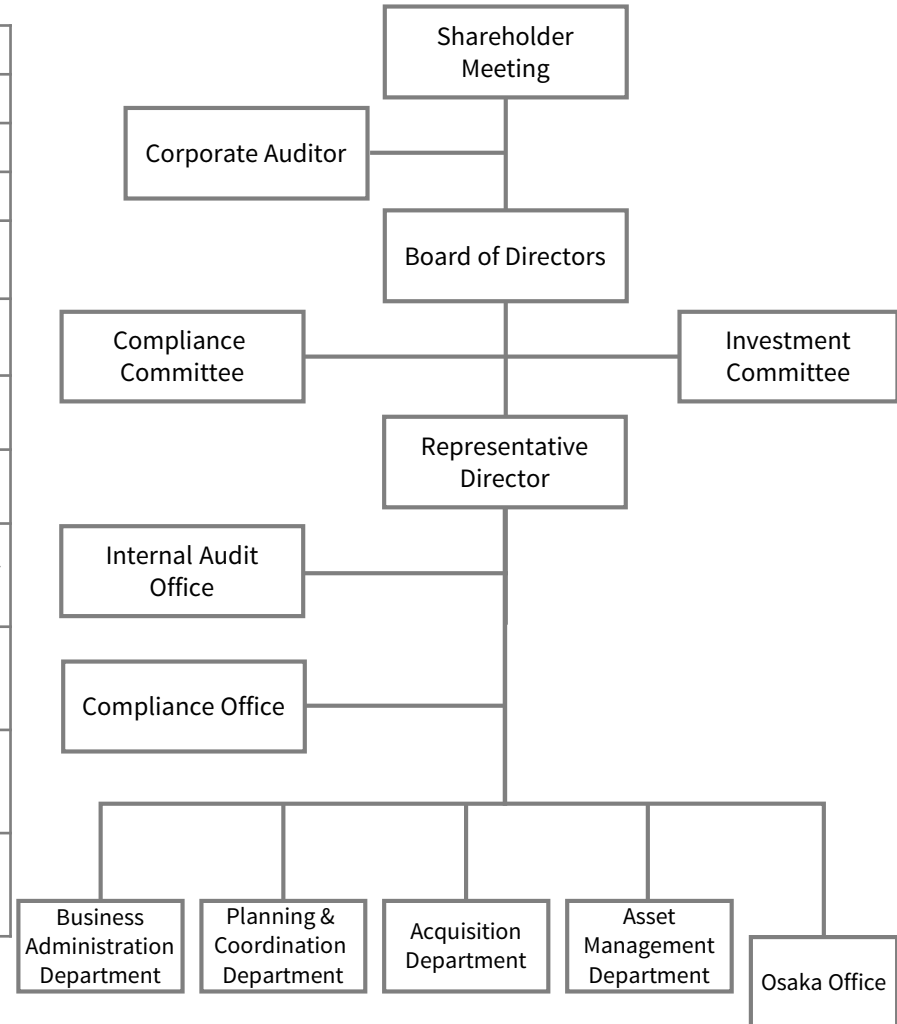
Note: Ratio of number of units owned to total number of units issued is calculated by rounding down to the nearest second decimal place.

Overview of asset management company

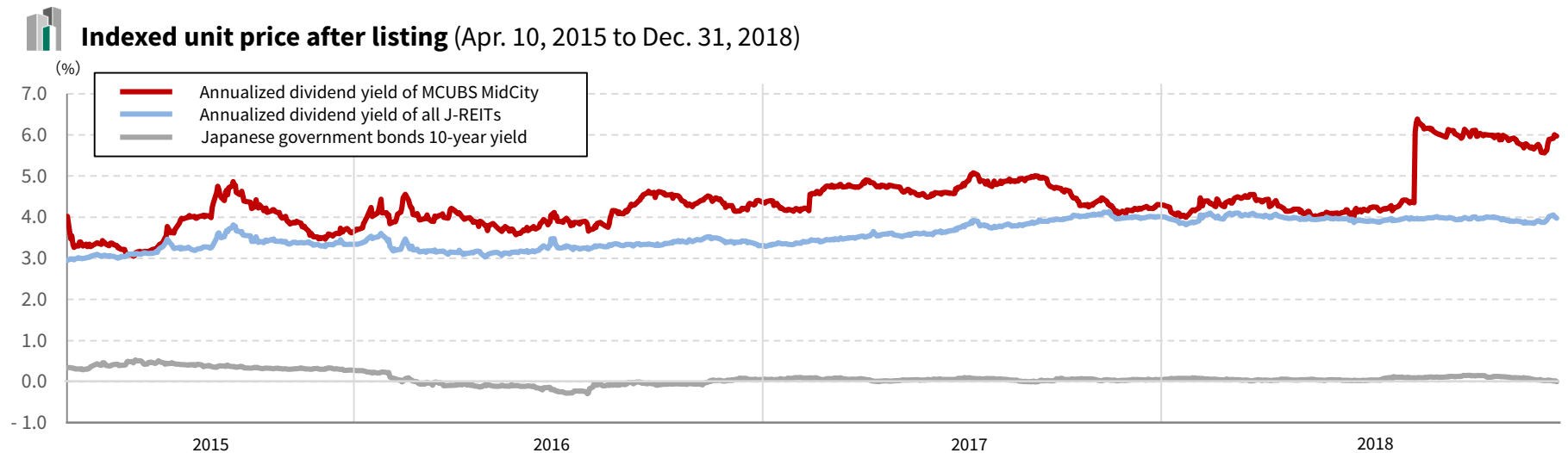
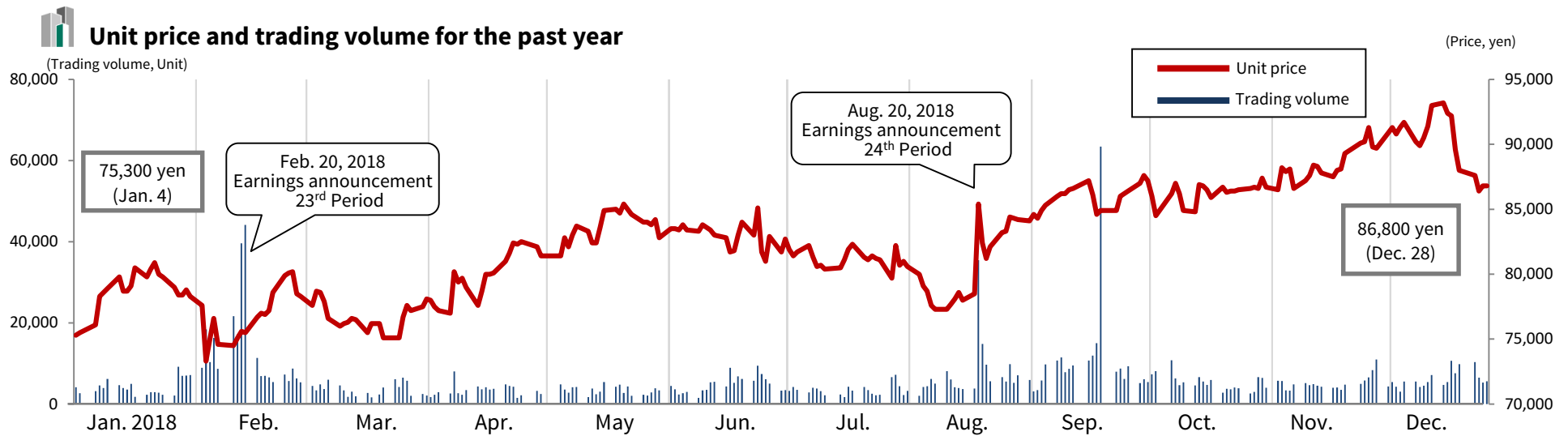
Company overview (as of Feb. 15, 2019)

Name	MCUBS MidCity Inc.	
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	
Establishment	Sep. 1, 2005	
Capital	210 mn. yen	
Shareholders	Mitsubishi Corp. - UBS Realty Inc. : 85% Kanden Realty & Development Co.,Ltd. : 15%	
No. of employees	26	
Officers	President & CEO & Representative Director	Katsura Matsuo
	Deputy President & Representative Director	Naoki Suzuki
	Director (part time)	Katsuji Okamoto (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)	Yushi Kamatani (Executive Director, Mitsubishi Corp.-UBS Realty Inc.)
	Corporate Auditor (part time)	Shuji Isono (Corporate Auditor (full time), Mitsubishi Corp.-UBS Realty Inc.)

Structure (as of Feb. 15, 2019)



Historical unit price



Source: Thomson Reuters

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

Disclaimer

- This material may contain forward-looking statements regarding results, plans, managerial targets and strategies. These forward-looking statements are based on current assumptions and preconditions for future events and trends of business circumstances, which are not necessarily correct. Actual results may vary widely from such statements according to various factors
- This material is prepared subject to the accounting principles generally accepted in Japan, unless otherwise stated
- This material is about analyses of financial results of MCUBS MidCity Investment Corporation (the "Investment Corporation"), and is not prepared for the purpose of inducement or invitation for any acquisition of investment securities of the Investment Corporation nor any execution of other financial transaction contracts. Investment decisions are to be made at investors' sole discretion and responsibility
- The Investment Corporation is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of the Investment Corporation and other reasons. For detail, please see "Investment Risk" stated in the Securities Registration Statement (offering circular) and the Securities Report of the Investment Corporation.

Asset Management Company: MCUBS MidCity Inc.

(Certified Financial Instruments Business Operator: Director of Kanto Local Financial Bureau (Kinsho) Registration No. 2888, and Member of The Investment Trusts Association, Japan)