

Securities Code **3227**

MCUBS MidCity

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

# 20<sup>th</sup> Period Investor Presentation ~Appendix~



Fiscal Period ended Jun. 30, 2016 (20<sup>th</sup> Period)



MCUBS MidCity Investment Corporation

# Index

## 1. Financial Highlights

• Overview of financial results for the fiscal period ended Jun. 30, 2016 (20 <sup>th</sup> Period)	4
• 20 <sup>th</sup> Period financial results – Comparison to previous period	5
• 20 <sup>th</sup> Period financial results – Comparison to initial forecasts	6
• 20 <sup>th</sup> Period financial results – Breakdown of change from previous period	7
• Balance sheet	8
• Income statement	9

## 2. Forecasts for the 21<sup>st</sup> and 22<sup>nd</sup> Fiscal Period

• Forecasts for the 21 <sup>st</sup> and 22 <sup>st</sup> fiscal period	11
• Breakdown of change from previous period	12

## 3. Results for the 20<sup>th</sup> Fiscal Period

• Occupancy	14
• Portfolio operation	15
• Occupancy by property	16
• Revisions and gaps in rents	17
• Portfolio profitability	18
• Initiatives in OBP 1	19
• Initiatives in OBP 2	20
• Surveys on tenants' satisfaction	21

## 4. Portfolio

• Portfolio overview (as of end of Jun. 2016)	24
• Portfolio data 1	25
• Portfolio data 2	26
• Revenue and expenses by property 1	27
• Revenue and expenses by property 2	28
• Appraisal values by property	29
• Appraisal value	30
• Portfolio overview – Tokyo area	31
• Portfolio overview – Osaka area, Nagoya area and other	32
• Portfolio overview - Office in Tokyo area 1	33

• Portfolio overview - Office in Tokyo area 2	34
• Portfolio overview - Office in Osaka area 1	35
• Portfolio overview - Office in Osaka area 2	36
• Portfolio overview - Office in Osaka area 3	37
• Portfolio overview – TK interest and others	38

## 5. Financing Strategy

• Major financing-related figures and investment corporation bond	40
• Financial status	41
• Lender composition and debt maturities	42
• Outstanding borrowings (as of end of Jun. 2016)	43
• Major Financing-related Figures and Maturity ladder (as of end of Jul. 2016)	44
• Outstanding borrowings (as of end of Jul. 2016)	45

## 6. Market Conditions

• Office market data 1 (Tokyo–Average rent and vacancy rate)	47
• Office market data 2 (Tokyo–Supply and demand)	48
• Office market data 3 (Osaka–Average rent and vacancy rate)	49
• Office market data 4 (Osaka–Supply and demand)	50
• Office market data 5 (Nagoya–Average rent and vacancy rate)	51
• Office market data 6 (Nagoya–Supply and demand)	52

## 7. Overview of MCUBS MidCity

• Overview of MCUBS MidCity Investment Corporation	54
• Characteristics of MCUBS MidCity Investment Corporation	55
• Medium-term portfolio strategy	56
• Advantage of various property information networks	57
• Selective acquisitions by leveraging Sponsor's expertise	58
• Initiatives for environment	59
• Unitholder details	60
• Overview of asset management company	61
• Historical unit price	62

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

---

# 1. FINANCIAL HIGHLIGHTS

---



# Overview of financial results

## for the fiscal period ended Jun. 30, 2016 (20<sup>th</sup> Period)

	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period) (184 Days)	Fiscal period ended Jun. 30, 2016 (20 <sup>th</sup> Period) (182 Days)	Compared to the 19 <sup>th</sup> Period
Distribution per unit	7,281 yen	7,100 yen	▲181 yen
Occupancy rate	97.6 %	98.2 %	+0.6 pt
No. of properties under management	19	19	-
Asset size <sup>(Note 1)</sup>	217,104 mn. yen	217,104 mn. yen	-
Average NOI <sup>(Note 2)</sup>	4,249 mn. yen	4,332 mn. yen	+83 mn. yen
Average NOI yield <sup>(Note 2)</sup> (Annual base)	4.2 %	4.1 %	▲0.1pt
Interest-bearing debt	94,350 mn. yen	95,725 mn. yen	+1,375 mn. yen
LTV <sup>(Note 3)</sup>	41.7 %	42.0 %	+0.3 Pt
Market value LTV <sup>(Note 4)</sup>	46.6 %	45.8 %	▲0.8Pt
Average remaining years of debt	2.8 years	2.7 years	▲0.1years
Issuer rating	A- (Positive)	A- (Positive)	-
NAV per unit <sup>(Note 5)</sup>	344,853 yen	363,453 yen	+18,600 yen

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

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

Note 3: LTV=Term-end debt/term-end total assets

Note 4: Market value LTV=term-end debt/(term-end total assets±unrealized gain/loss. Unrealized gain/loss means gap between book value and appraisal value).

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



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

(Unit: mn. yen)

	Fiscal period ended Dec. 31, 2015 (19 <sup>th</sup> Period)	Fiscal period ended Jun. 30, 2016 (20 <sup>th</sup> Period)	Difference
Operating revenue	6,579	6,824	+244
Operating expenses	4,072	4,361	+288
Operating income	2,507	2,462	▲44
Ordinary income	1,937	1,889	▲48
Income before income taxes	1,937	1,889	▲48
Net income	1,936	1,888	▲47
Total distributions	1,936	1,888	▲48
Distribution per unit (yen)	7,281	7,100	▲181
Gain/loss on real estate lease business	2,997	3,050	+53
NOI	4,249	4,332	+83
Occupancy rate at end of period	97.6%	98.2%	+0.6pt

(Unit: mn. yen)

<b>Operating revenue</b>	<b>244</b>
Rent revenue	241
Office in Tokyo Area (full contribution of acquired properties in 19th period)	230
Office in Osaka Area	11
Other	0
Other lease business revenue	▲12
Utilities revenue	▲9
Other rent revenue	4
Other operating revenue	▲6
Gain on distribution of TK interest (Nagoya Lucent Tower)	15
<b>Operating expenses</b>	<b>288</b>
Expenses related to rent business (ex. depreciation and loss on retirement)	145
Breakdown by property type	
Office in Tokyo Area (full contribution of acquired properties in 19th period)	172
Office in Osaka Area	▲33
Other	7
Breakdown by items	
Utilities expenses (full contribution of acquired properties in 19th period and seasonality)	▲46
Repair expenses	80
Others (property management fees and real estate taxes, etc.)	111
Depreciation and loss on retirement	29
Asset management fees	101
Other operating expenses	12



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

(Unit: mn. yen)

	Fiscal period ended Jun. 30, 2016 Forecast (as of Feb. 15, 2015)	Fiscal period ended Jun. 30, 2016 (20 <sup>th</sup> Period)	Difference
Operating revenue	6,855	6,824	▲31
Operating expenses	4,425	4,361	▲63
Operating income	2,430	2,462	+32
Ordinary income	1,837	1,889	+52
Income before income taxes	1,837	1,889	+52
Net income	1,835	1,888	+53
Total distributions	1,835	1,888	+53
Distribution per unit (yen)	6,900	7,100	+200
Gain/loss on real estate lease business	3,039	3,050	+11
NOI	4,323	4,332	+8
Occupancy rate at end of period	97.7%	98.2%	+0.5pt

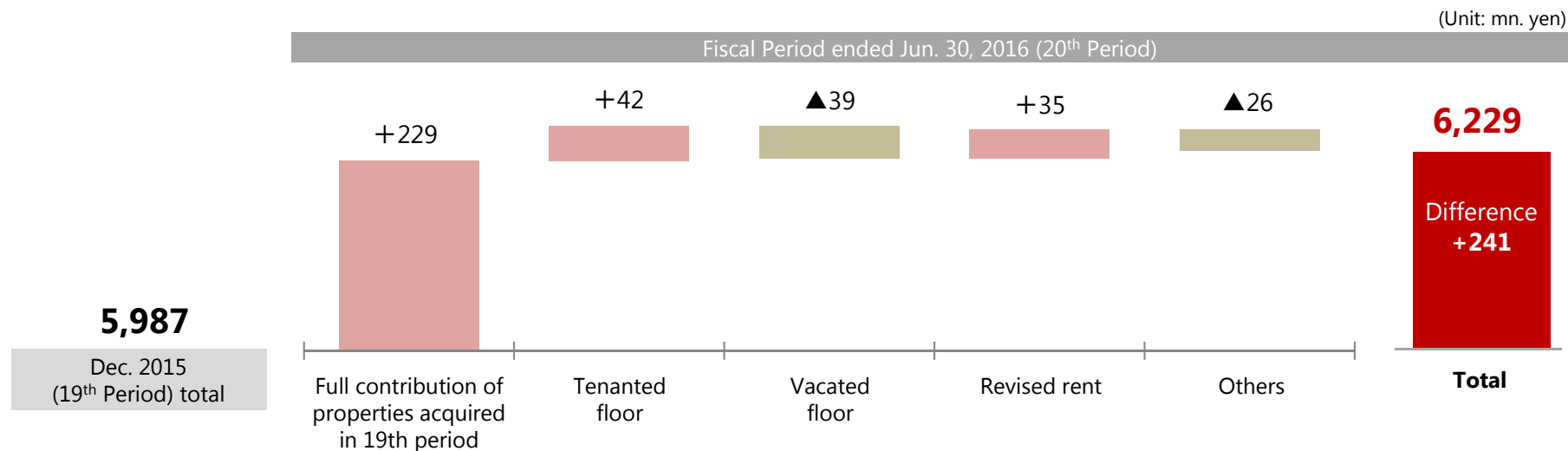
(Unit: mn. yen)

<b>Operating revenue</b>	<b>▲31</b>
Rent revenue	0
Office in Tokyo Area	2
Office in Osaka Area	▲2
Other	▲0
Other lease business revenue	▲44
Utilities revenue	▲43
Other rent revenue	11
Other operating revenue	▲12
Gain on distribution of TK interest (Nagoya Lucent Tower)	13
<b>Operating expenses</b>	<b>▲63</b>
Expenses related to rent business (ex. depreciation and loss on retirement)	▲52
Breakdown by property type	
Office in Tokyo Area	21
Office in Tokyo Area (Utilities expenses etc.)	▲70
Other	▲3
Breakdown by items	
Utilities expenses (decrease due to adjusted fuel expenses)	▲50
Repair expenses	▲7
Others	5
Depreciation and loss on retirement	▲2
Asset management fees	2
Other operating expenses	▲11

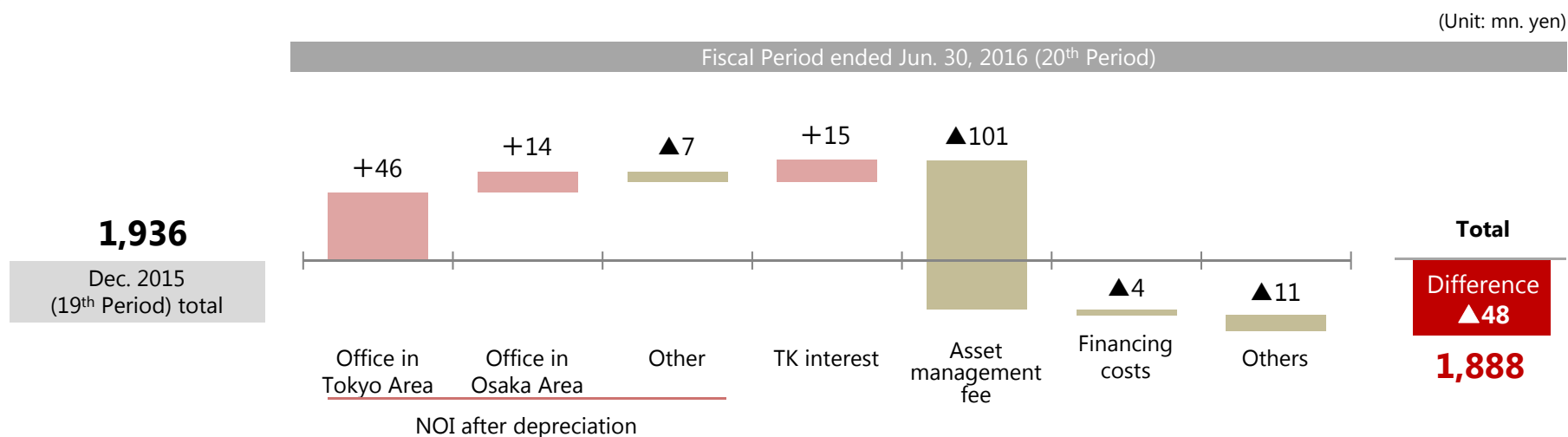


# 20<sup>th</sup> Period financial results – Breakdown of change from previous period

## Rent revenue



## Net income



# Balance sheet

Description	Fiscal Period ended Dec. 31, 2015 (19th Period) (as of Dec. 31, 2015)		Fiscal Period ended June 30, 2016 (20th Period) (as of June 30, 2016)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Assets)						
I Total current assets	13,386	5.9	15,880	7.0	2,494	18.6
Cash and deposits	4,629		7,526		2,896	
Cash and deposits in trust	8,262		8,121		▲ 140	
Operating accounts receivable	162		171		9	
Accrued consumption taxes	246		-		▲ 246	
Income taxes receivable	43		25		▲ 18	
Prepaid expenses	42		36		▲ 6	
Deferred tax assets	0		0		0	
II Total non-current assets	212,640	94.0	211,715	93.0	▲ 924	▲ 0.4
1. Property, plant and equipment						
Buildings in trust	72,816		73,232		▲ 822	
Accumulated depreciation	▲ 18,139		▲ 19,378			
Structures in trust	119		119		▲ 2	
Accumulated depreciation	▲ 24		▲ 26			
Machinery and equipment in trust	7		7		0	
Accumulated depreciation	▲ 1		▲ 2			
Tools, furniture and fixtures in trust	547		558		▲ 13	
Accumulated depreciation	▲ 356		▲ 380			
Land in trust	151,954		151,954		0	
Construction in progress in trust	4		4		0	
Total property, plant and equipment	206,927	91.5	206,089	90.5	▲ 838	▲ 0.4
2. Intangible assets						
Software	0		4		4	
Trademark right	0		0		0	
Total intangible assets	0	0.0	4	0.0	4	645.7
3. Investments and other assets						
Lease and guarantee deposits	10		10		0	
Long-term prepaid expenses	616		525		▲ 90	
Investment securities	5,085		5,085		0	
Total investments and other assets	5,711	2.5	5,620	2.5	▲ 90	▲ 1.6
III Deferred assets	73	0.0	90	0.0	16	22.6
Total assets	226,099	100.0	227,686	100.0	1,586	0.7

Description	Fiscal Period ended Dec. 31, 2015 (19th Period) (as of Dec. 31, 2015)		Fiscal Period ended June 30, 2016 (20th Period) (as of June 30, 2016)		Difference	
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Liabilities)						
I Total current liabilities	27,323	12.1	23,365	10.3	▲ 3,957	▲ 14.5
Operating accounts payable	365		447		81	
Short-term loans payable	4,300		-		▲ 4,300	
Current portion of long-term loans payable	20,150		20,150		0	
Accounts payable - other	886		879		▲ 7	
Accrued expenses	143		140		▲ 2	
Distribution payable	6		8		1	
Income taxes payable	-		283		283	
Advances received	951		986		35	
Other	519		469		▲ 49	
II Total non-current liabilities	81,596	36.1	87,189	38.3	5,592	6.9
Investment corporation bonds	-		3,000		3,000	
Long-term loans payable	69,900		72,575		2,675	
Tenant leasehold and security deposits	8,323		8,411		87	
Tenant leasehold and security deposits in trust	3,372		3,202		▲ 170	
Total liabilities	108,919	48.2	110,554	48.6	1,634	1.5
(Net assets)						
I Unitholders' equity						
1. Unitholders' capital	115,243		115,243		0	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,936		1,888		▲ 48	
Total surplus	1,936		1,888		▲ 48	
Total unitholders' equity	117,180		117,131		▲ 48	
Total net assets	117,180	51.8	117,131	51.4	▲ 48	▲ 0.0
Total liabilities and net assets	226,099	100.0	227,686	100.0	1,586	0.7

CAPEX: 443mn. yen

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



# Income statement

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

Description	Fiscal Period ended Dec. 31, 2015 (Jul. 1, 2015–Dec. 31, 2015)		Fiscal Period ended Jun. 30, 2016 (Jan. 1, 2016–Jun. 30, 2016)		Difference	
	(July. 1, 2015–Dec. 31, 2015)		(Jan. 1, 2016–June 30, 2016)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
1. Operating revenue	6,579	100.0	6,824	100.0	244	3.7
Rent revenue - real estate	5,987		6,229			
Other lease business revenue	480		468			
Dividends income	111		126			
2. Operating expenses	4,072	61.9	4,361	63.9	288	4.4
Expenses related to rent business	3,471		3,646			
Asset management fee	450		551			
Asset custody fee	10		10			
Administrative service fees	50		54			
Directors' compensations	5		5			
Other operating expenses	84		92			
Operating income	2,507	38.1	2,462	36.1	▲ 44	▲ 0.7
3. Non-operating income	2	0.0	2	0.0	0	▲ 0.0
Interest income	1		1			
Refund of unpaid distributions	0		0			
Other	0		0			
4. Non-operating expenses	572	8.7	575	8.4	3	0.1
Interest expenses	439		438			
Corporate bonds interest	-		1			
Borrowing related expenses	114		118			
Amortization of bond issuance costs	-		0			
Amortization of investment units issuance cost	12		14			
Other	5		1			
Ordinary income	1,937	29.5	1,889	27.7	▲ 48	▲ 0.7
5. Extraordinary income	-	-	7	0.1	7	-
Subsidy income	-		7			
6. Extraordinary losses	-	-	7	0.1	7	-
Advanced depreciation deduction of property and equipment	-		7			
Income before income taxes	1,937	29.5	1,889	27.7	▲ 48	▲ 0.7
Income taxes	1	0.0	0	0.0	0	▲ 0.0
Income taxes - current	1		0			
Income taxes - deferred	0		▲ 0			
Net income	1,936	29.4	1,888	27.7	▲ 48	▲ 0.7
Retained earnings brought forward	0		0		0	▲ 0.0
Unappropriated retained earnings (undisposed loss)	1,936		1,888		▲ 48	▲ 0.7

## Details of rent revenue – real estate

Rent revenue	5,082
CAM revenue	966
Parking revenue	179

## Details of expenses related to rent business

Property management fees	830
Utilities expenses	634
Real estate taxes	578
Insurance premiums	10
Repair expenses	239
Depreciation	1,281
Loss on retirement of non-current assets	-
Other lease business expenses	71

---

## **2. FORECASTS FOR THE 21<sup>ST</sup> AND 22<sup>ND</sup> FISCAL PERIOD**

---



# Forecasts for the 21<sup>th</sup> and 22<sup>st</sup> fiscal period

	Fiscal period ended Jun. 30, 2016 (20 <sup>th</sup> Period)	Fiscal period ending Dec. 31, 2016 (21 <sup>st</sup> Period) Forecast	Fiscal period ending Jun. 30, 2017 (22 <sup>nd</sup> Period) Forecast	Difference 21 <sup>st</sup> Period – 20 <sup>th</sup> Period	Difference 22 <sup>nd</sup> Period – 21 <sup>st</sup> Period
Operating revenue	6,824	6,974	6,922	+150	▲52
Operating expenses	4,361	4,495	4,434	+134	▲60
Operating income	2,462	2,479	2,487	+16	+8
Ordinary income	1,889	1,916	1,943	+26	+26
Income before income taxes	1,889	1,916	1,943	+26	+26
Net income	1,888	1,915	1,942	+26	+26

Total distributions	1,888	1,915	1,942	+26	+26
Distribution per unit (yen)	7,100	7,200	7,300	+100	+100
Gain/loss on real estate lease business	3,050	3,120	3,129	+69	+8
NOI	4,332	4,413	4,385	+81	▲28
Occupancy rate at end of period	98.2%	97.4%	97.1%	▲0.8pt	▲0.3pt

(Unit: mn. yen)

## ■ Breakdown of Change between 21<sup>st</sup> and 20<sup>th</sup> Periods

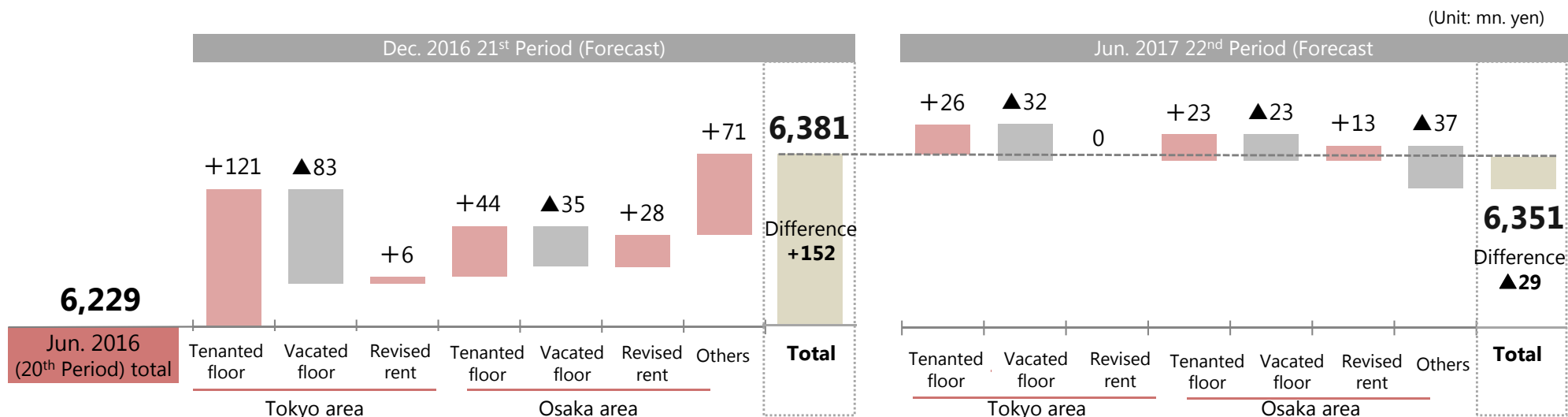
<b>Operating revenue</b>	<b>150</b>
Rent revenue	152
Office in Tokyo Area	84
Office in Osaka Area	68
Other	0
Other lease business revenue	30
Gain on distribution of TK interest	▲32
<b>Operating expenses</b>	<b>134</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	100
Utilities expenses (increase due to seasonal factors)	43
Repair expenses	▲12
Real estate taxes, etc.	68
Others	0
Depreciation and loss on retirement	12
Asset management fees, etc.	21

## ■ Breakdown of change between 22<sup>nd</sup> and 21<sup>st</sup> Periods

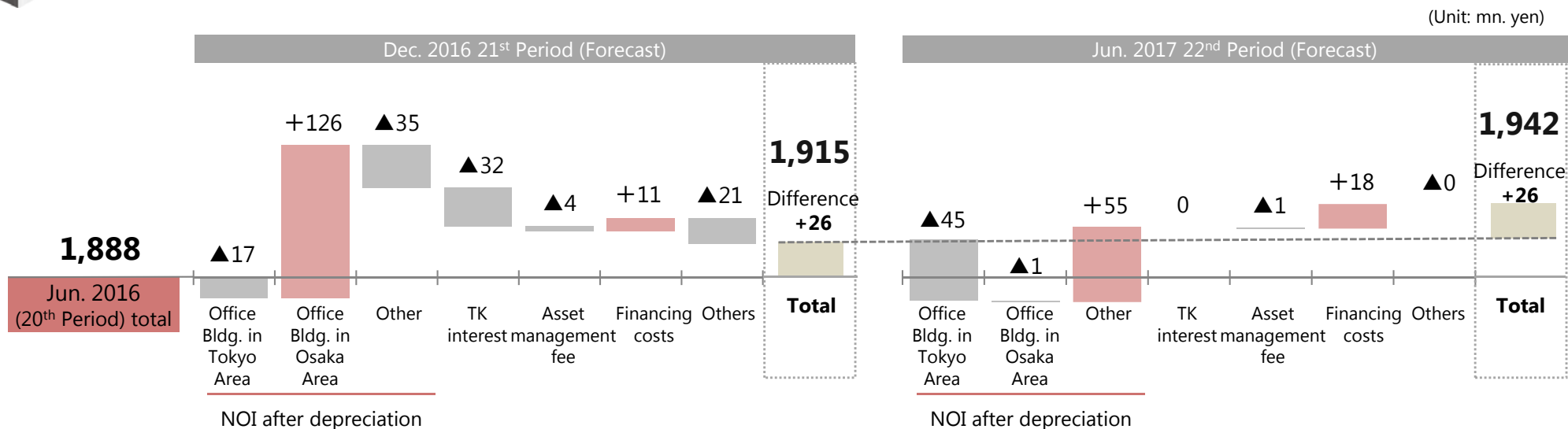
<b>Operating revenue</b>	<b>▲52</b>
Rent revenue	▲29
Office in Tokyo Area	▲12
Office in Osaka Area	▲17
Other	0
Other lease business revenue	▲23
Gain on distribution of TK interest	0
<b>Operating expenses</b>	<b>▲60</b>
Expenses related to rent business (excluding depreciation and loss on retirement)	▲25
Utilities expenses (increase due to seasonal factors and increased properties)	▲39
Repair expenses	25
Real estate taxes, etc.	0
Others	▲10
Depreciation and loss on retirement	▲36
Asset management fees, etc.	1

# Breakdown of change from previous period

## Rent revenue



## Net income



---

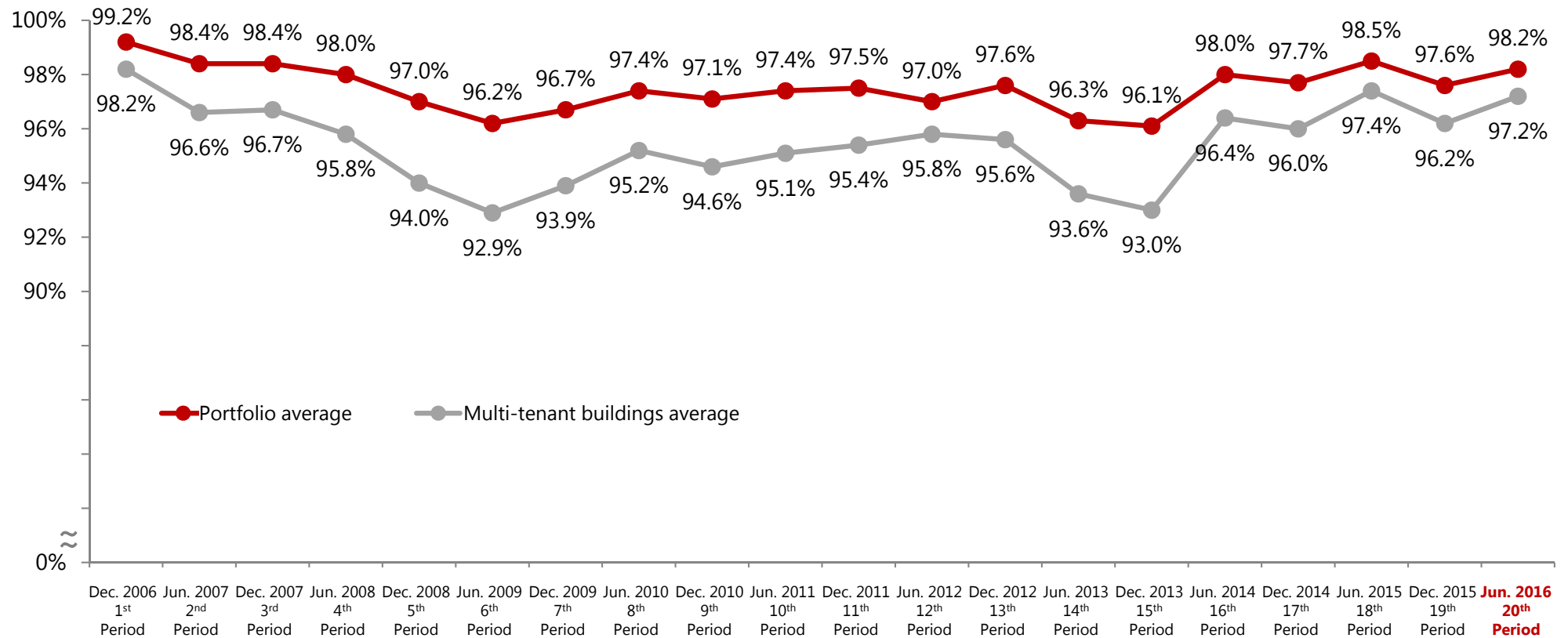
## **3. RESULTS FOR THE 20<sup>TH</sup> FISCAL PERIOD**

---



# Occupancy

## Occupancy (1<sup>st</sup> Period End to 20<sup>th</sup> Period End)

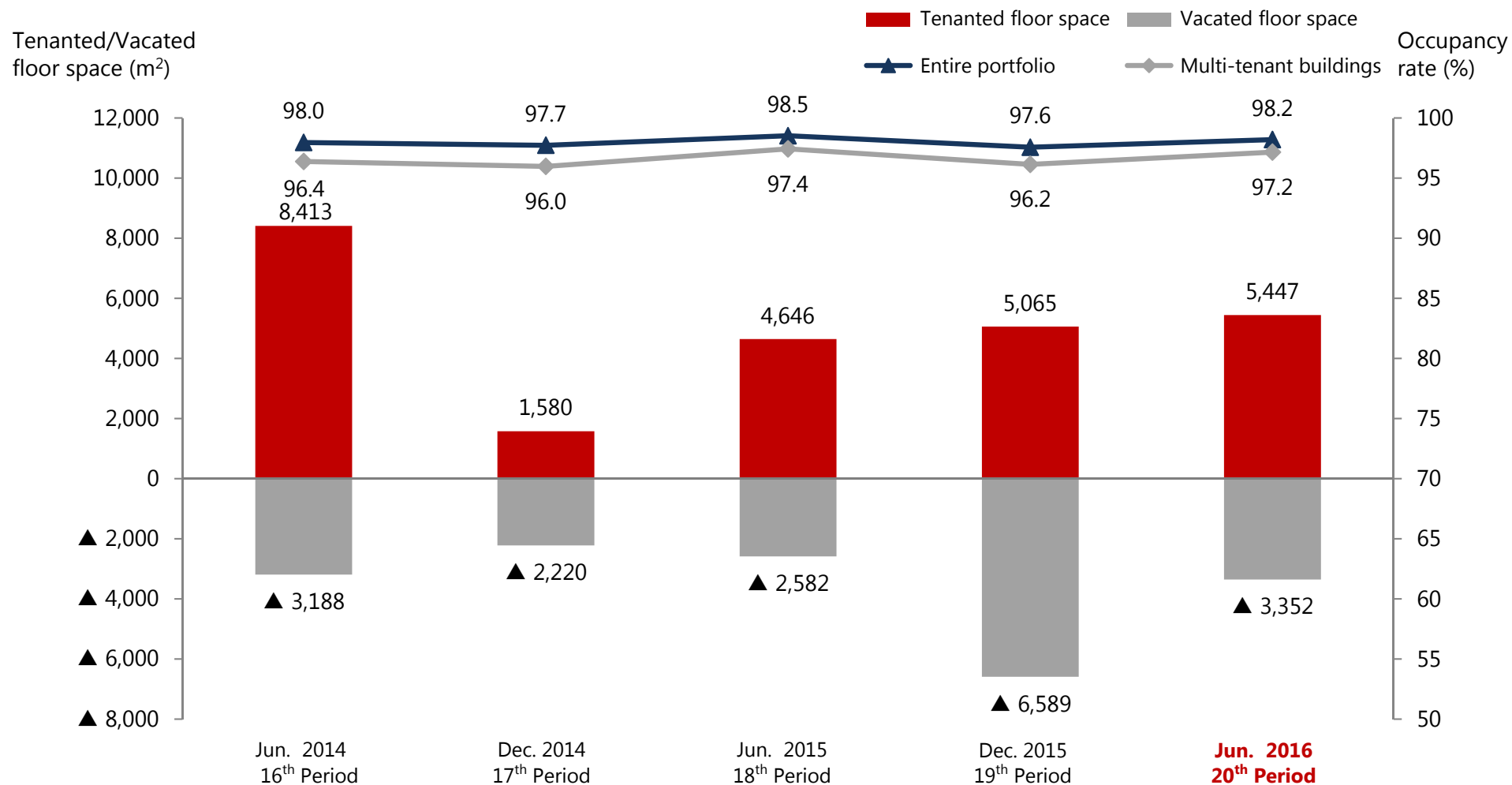


Note: Multi-tenant buildings at the end of 20<sup>th</sup> Period include ;

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

# Portfolio operation

## Tenanted/Vacated floor space and occupancy



# Occupancy by property

Type	Property Name	Leasable Space (㎡)	①Occupancy as of Dec. 31, 2015 (19th Period End) (%)	①Occupancy as of June 30, 2016 (20th Period End) (%)	Difference ② - ① (points)	Tenant movements during 20th Period			
						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	5,013.55	80.1	79.5	▲0.6	1,393.44	-	▲529.54	▲894.83
	Shibuya Sakuragaoka Square (land with leasehold interest)	1,200.08	100.0	100.0	-	-	-	-	-
	Yokohama Creation Square	12,747.19	88.8	92.4	3.6	271.00	278.96	-	▲107.49
	Cube Kawasaki	24,462.29	94.7	100.0	5.3	1,294.52	-	-	-
	Higashi-Nihombashi Green Bldg.	3,256.64	100.0	100.0	-	-	-	-	-
	Twin 21	82,313.73	97.6	98.0	0.4	659.11	416.79	▲768.29	-
	Matsushita IMP Bldg.	37,406.94	97.7	97.6	▲0.1	86.58	-	▲145.98	-
	Midosuji MID Bldg.	10,461.32	98.8	98.8	-	-	-	-	-
	MID REIT Kyobashi Bldg.	4,833.88	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,277.64	89.7	85.6	▲4.1	203.81	-	▲379.70	-
	MID Midosujikawaramachi Bldg.	3,110.49	87.6	100.0	12.4	159.06	226.24	-	-
	Kitahama MID Bldg.	10,189.49	100.0	100.0	-	93.16	-	▲93.16	-
	MID Nishihommachi Bldg.	3,877.38	85.4	89.6	4.2	364.48	-	-	▲201.04
	Higobashi MID Bldg.	4,655.57	100.0	95.0	▲5.0	-	-	-	▲232.89
Other	AEON MALL Tsudanuma	101,210.44	100.0	100.0	-	-	-	-	-
	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	-	-	-	-	-
	Dormy Inn Hakata Gion	5,554.91	100.0	100.0	-	-	-	-	-
Occupancy by type	Office Occupancy rate	214,664.35	96.3	97.2	0.9	4,525.16	921.99	▲1,916.67	▲1,436.25
	Non-Office Occupancy rate	116,351.61	100.0	100.0	-	-	-	-	-
Total		331,015.96	97.6	98.2	0.6	4,525.16	921.99	▲1,916.67	▲1,436.25

Increased  
by  
**5,447.15㎡**

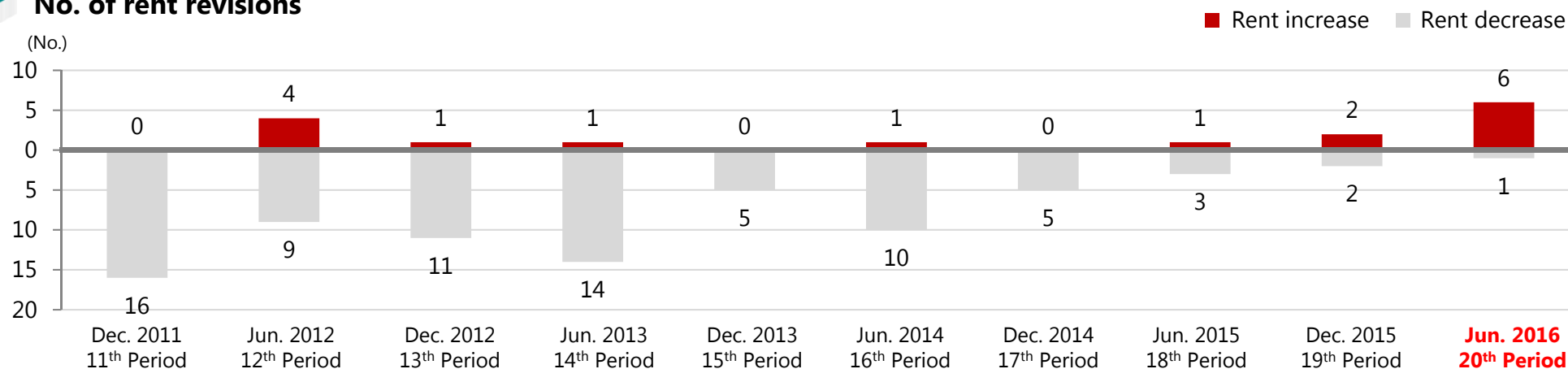
Decreased  
by  
**▲3352.92㎡**

**Net Increase +2,094.23㎡**

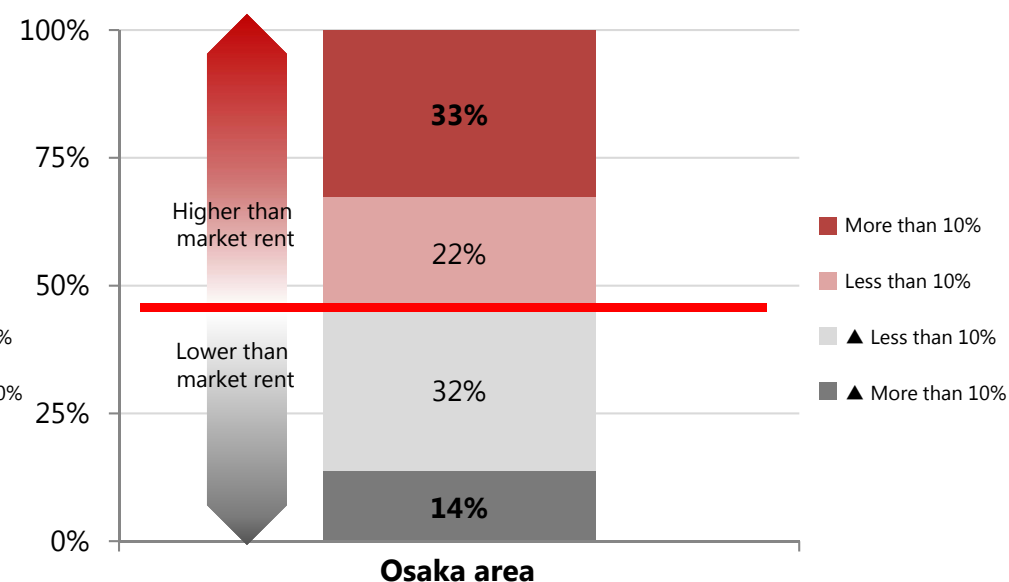
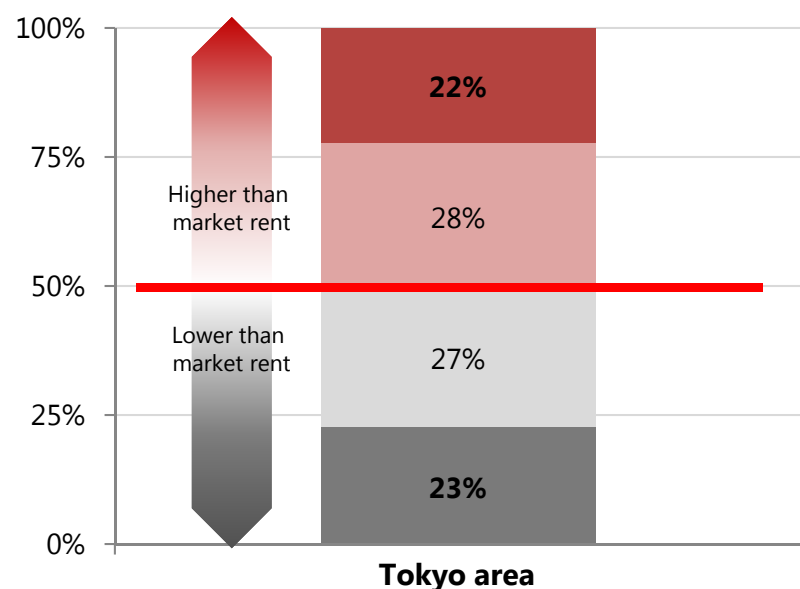


# Revisions and gaps in rents

## No. of rent revisions



## Gaps in rents (Note)

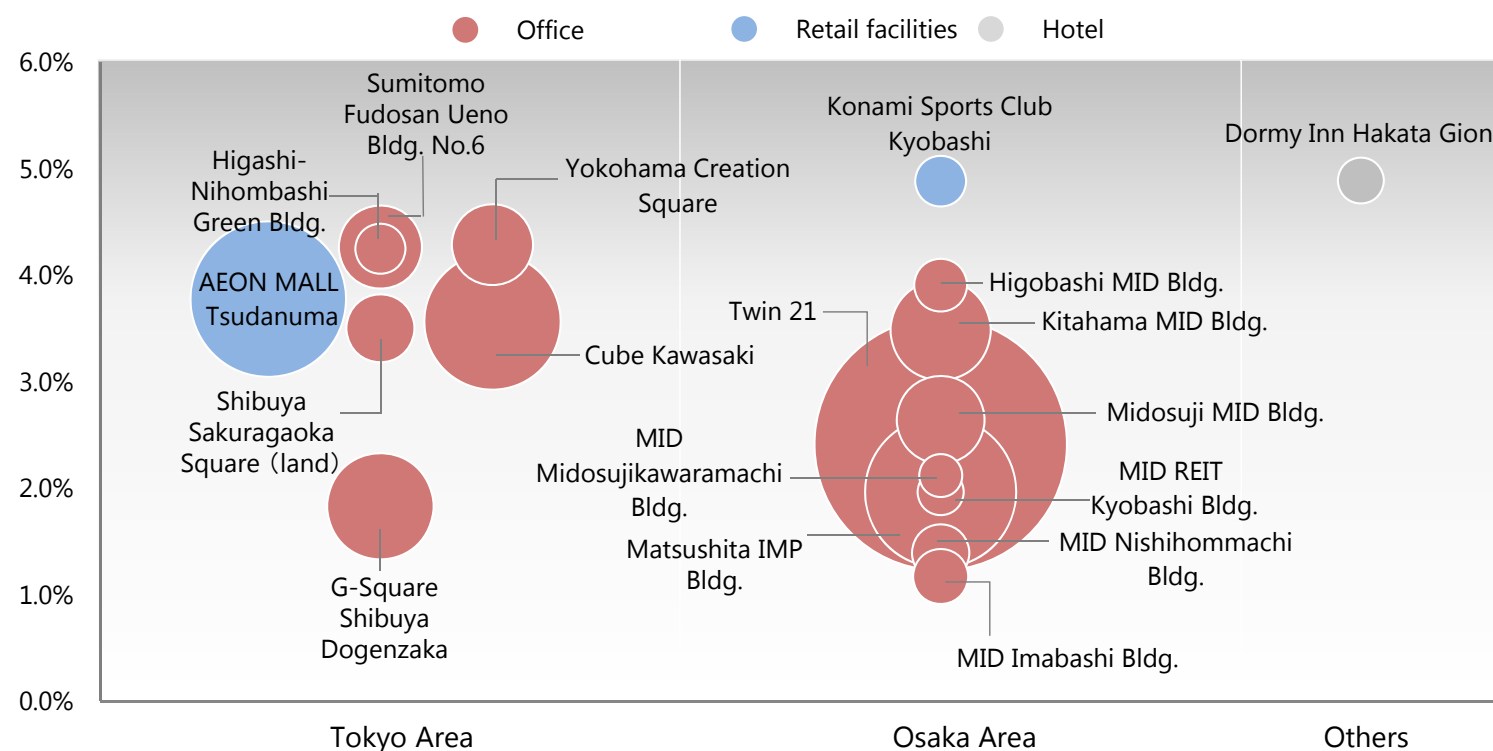


Note: Market rent refers to market's estimated concluded rent (standard floor) of each property appraised as of Dec. 2015 by CBRE. The rents identical with market rent are included in "within 10%".

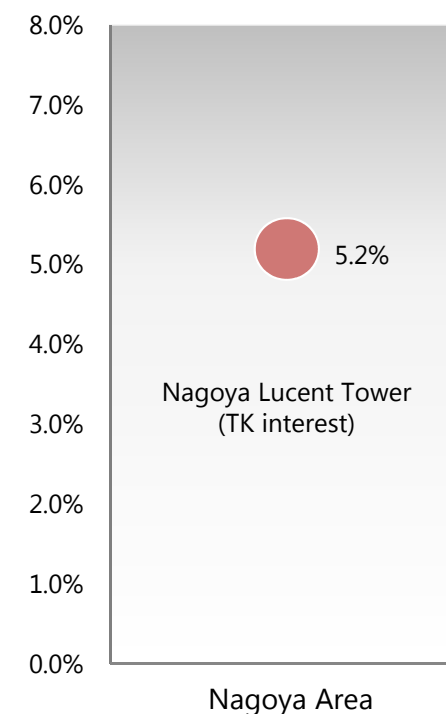
# Portfolio profitability

	As of end of Jun. 2015	As of end of Dec. 2015	As of end of Jun. 2016
Average NOI yield <sup>(Note 1)</sup>	4.2%	4.2%	<b>4.1%</b>
Average NOI yield after depreciation <sup>(Note 1)</sup>	2.8%	3.0%	<b>2.9%</b>

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



## Dividend yield of TK interest



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

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

# Initiatives in OBP 1

## Tenant Movements at Twin 21 Commercial Zone



To Kyobashi Sta.  
(pedestrian deck)

Hankyu Bakery opened in July 2015  
to reflect the strong needs for  
bakery shop revealed in FY2014  
survey on tenant satisfaction



The new contract with a new  
tenant will be effective in  
August after the termination of  
the former contract at the end  
of July 2016

Ashikari, a Japanese-  
style pub featuring  
seafood, renewed its  
façade and other parts in  
Jun. 2016



An Italian restaurant Popolamama  
converted the leasehold contract  
into the fixed-term leasehold  
contract in April and completed  
renewal works in July 2016



A teppanyaki restaurant was  
changed into Ishoku Dogen,  
a healthy diet restaurant in  
April 2016

A casual Italian restaurant (Saizeriya) and a  
Japanese-style pub featuring seafood (Uomori),  
which will satisfy the demands observed in the  
FY2015 survey on tenant satisfaction, will be  
opened from September to October 2016



To walk-through to Matsushita IMP Bldg.  
(Skyway Deck)

# Initiatives in OBP 2

## Advertisement of Twin 21 and Matsushita IMP Bldg.

Continued initiatives to enhance the attractiveness of OBP among office workers through promoting the value-added concept of "relaxation"

### ▶ MAGICALNIGHT and novelty distribution

The magic event was held at Atrium and stores with an aim to draw more customers and vitalize commercial zones. The campaign to distribute novelties (cookies, etc.) for relaxation was well-received.



### ▶ Community magazine

Shops and restaurants were introduced in the community magazine targeting female office workers at OBP and surrounding areas, with an aim to attract more customers, vitalize commercial zones and raise the profile of OBP



## Events held at Atrium of Twin 21

### ▶ Campaign to support for Japan for UNHCR

OBP engages in supporting Japan for UNHCR (United Nations High Commissioner for Refugees) as part of its CSR activities. Some space at Atrium was offered to Japan for UNHCR for free and used for the UN Refugee Support Campaign



## Initiatives in OBP Area

### ▶ Drill for information communication (Project of promoting urban revitalization and securing safety at Osaka Business Park)

Under the leadership of the general incorporated association OBP Development Association, the drill for information communication, an integral element of actions in the event of a large-scale disaster, by validating the effectiveness of wireless devices and other means of communication and identifying issues and challenges.

# Surveys on tenants' satisfaction

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

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

Sample: 225 tenants

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

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

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

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

Note 2: Properties targeted in the survey:

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

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

2015~: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg., Higobashi MID Bldg.,

G-Square Shibuya Dogenzaka, Yokohama Creation Square, Cube Kawasaki



Blank



---

## 4. PORTFOLIO

---



# Portfolio overview (as of end of Jun. 2016)

Area		Property No.	Property name	Location	Completion date	Acquisition date	Acquisition price (mn. yen)	Appraisal value (mn. yen)	NOI yield (Note1) (%)	NOI yield after depreciation (Note1) (%)	Leasable Space (Note2) (m <sup>2</sup> )	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	7,830	5.24%	4.27%	6,858.16	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	13,900	2.33%	1.83%	5,013.55	79.5%
		OT-3	Shibuya Sakuragaoka Square (land with leasehold interest)	Shibuya-ku, Tokyo	—	Aug. 2015	5,000	5,240	3.50%	3.50%	1,200.08	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	7,600	4.98%	4.29%	12,747.19	92.4%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	21,400	3.93%	3.57%	24,462.29	100.0%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	2,910	4.76%	4.25%	3,256.64	100.0%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	48,700	3.96%	2.42%	82,313.73	98.0%
		OO-2	Matsushita IMP Bldg.	Chuo-ku, Osaka	Feb. 1990, added on to in Nov. 2003	Aug. 2006	24,600	19,300	4.16%	1.97%	37,406.94	97.6%
		OO-3	Midosuji MID Bldg.	Chuo-ku, Osaka	Oct. 1980, added on to in Dec. 2009	Aug. 2006 Oct. 2007	8,290	7,280	4.12%	2.65%	10,461.32	98.8%
		OO-4	MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	Feb. 2000	Aug. 2006	2,300	1,400	3.26%	1.97%	4,833.88	100.0%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2,180	2.67%	1.17%	4,277.64	85.6%
		OO-6	MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	Mar. 1998	May 2007	2,000	1,490	3.49%	2.12%	3,110.49	100.0%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	8,670	4.22%	3.49%	10,189.49	100.0%
		OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2,160	2.49%	1.39%	3,877.38	89.6%
		OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	Jun. 2013	3,000	3,450	5.40%	3.91%	4,655.57	95.0%
Subtotal (Office Bldg.)							181,025	153,510	3.95%	2.70%	214,664.35	97.2%
Others												
Three major metropolitan areas	Tokyo metropolitan area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003, added on to in Dec. 2007	Aug. 2006	26,100	27,500	4.67%	3.78%	101,210.44	100.0%
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	Jun. 1999	Aug. 2006	2,780	3,260	6.19%	4.89%	9,586.26	100.0%
Others	Other major cities	HF-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	3,260	6.61%	4.89%	5,554.91	100.0%
Subtotal (Other than Office Bldg.)							31,160	34,020	4.95%	3.96%	116,351.61	100.0%
Total							212,185	187,530	4.09%	2.88%	331,015.96	98.2%
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							217,104	—	—	—	—	—

Note 1: NOI yield and NOI yield after depreciation are based on annualized NOI in the 19<sup>th</sup> period.

Note 2: Leasable space is based on data as of Jun. 30, 2016 which only includes the area of leasable room, and excludes those for warehouses, halls and parking lots.

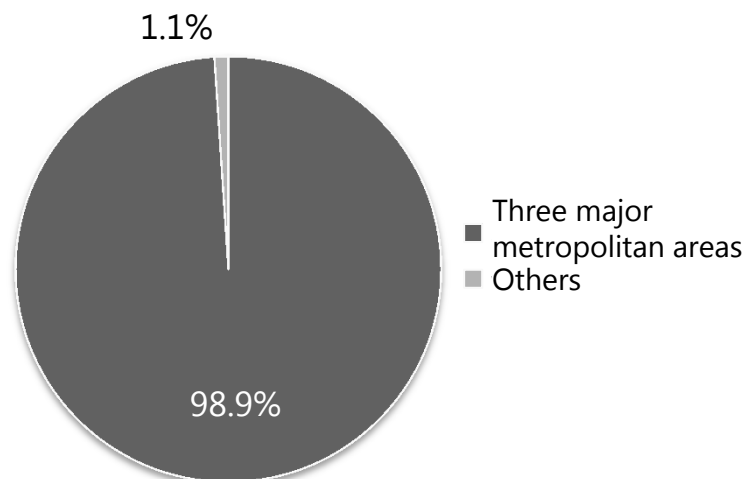
However, the leasable spaces of Konami Sports Club Kyobashi and AEON Mall Tsudanuma, the entire buildings of which are leased, include the common area and parking lot area, and those of MID REIT Kyobashi Bldg. and Dormy Inn Hakata include common area, respectively.



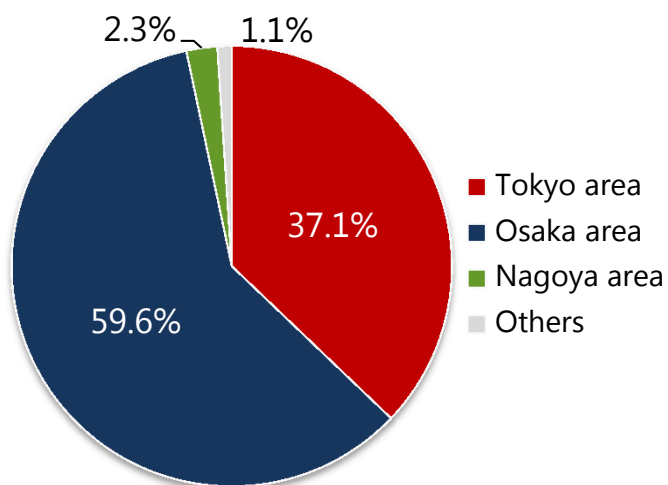


# Portfolio data 1

 **By area**



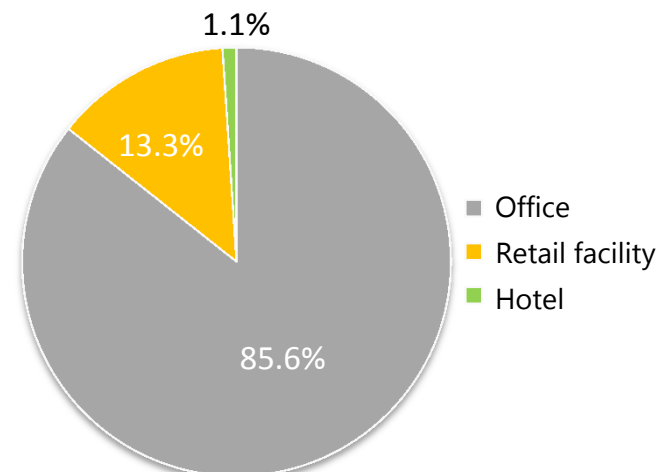
(Based on acquisition price)



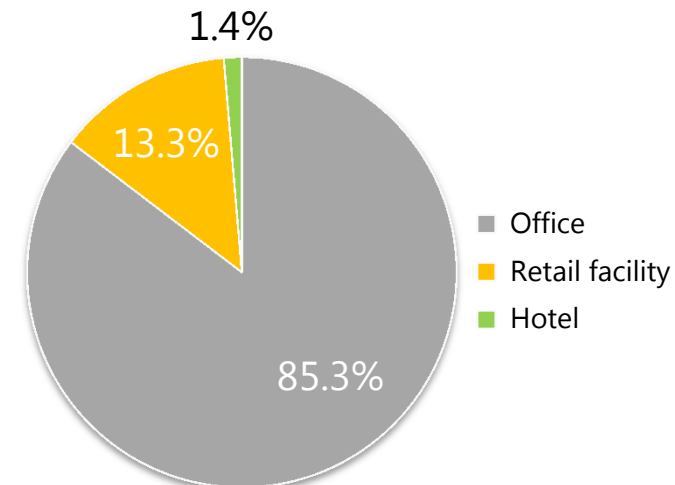
(Based on acquisition price)

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

 **By asset type**



(Based on acquisition price)

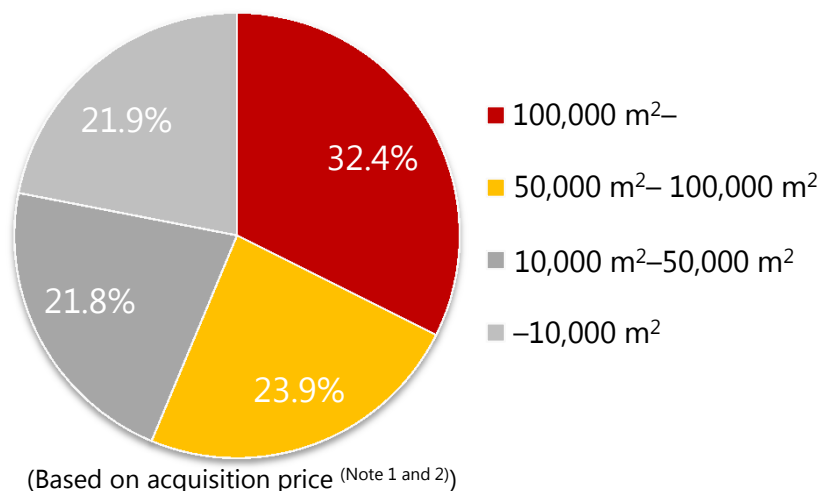
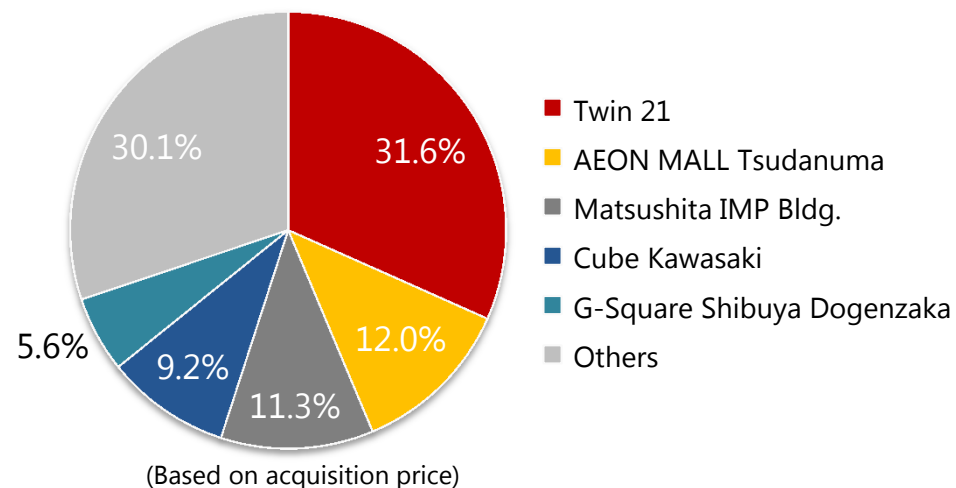


(Based on rent and CAM revenues)<sup>(Note)</sup>



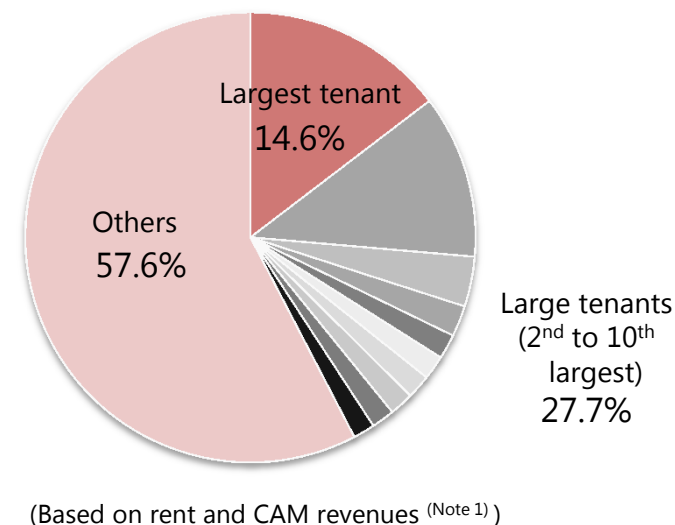
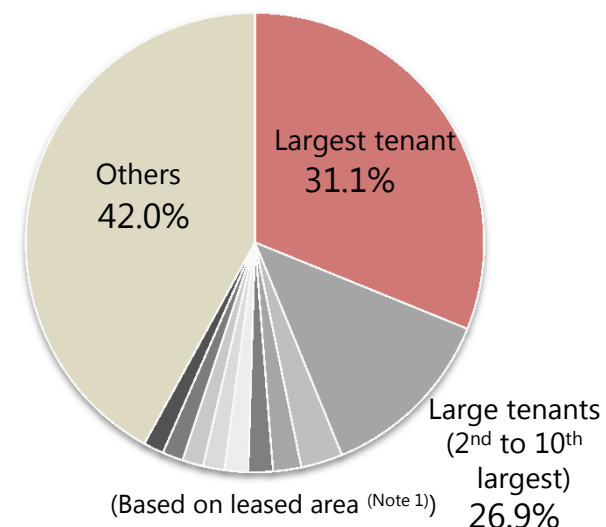
# Portfolio data 2

 **By asset size**



Note 1: TK interest of Nagoya Lucent Tower is not included.  
 Note 2: Land with leasehold interest is based on total land space.

 **By tenant**



# Revenue and expenses by property 1

(Unit: mn. yen)

	Twin 21	Matsushita IMP Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg.	Konami Sports Club Kyobashi	AEON MALL Tsudanuma	MID Imabashi Bldg.	MID Midosuji-kawaramachi Bldg.	Kitahama MID Bldg.
Operating days	182	182	182	182	182	182	182	182	182
Rent revenue	1,582	751	234	—	—	726	64	44	222
CAM revenue	441	115	15	—	—	—	7	5	50
Parking revenue	64	54	5	—	—	—	7	1	7
Rent revenue - real estate	2,088	921	256	—	—	726	78	51	279
Utilities revenue	157	90	27	—	—	—	6	4	38
Early-withdrawal penalties received	0	0	—	—	—	—	—	—	—
Other revenue	8	4	1	—	—	—	0	0	1
Other lease business revenue	166	94	29	—	—	—	6	4	39
① Property leasing revenue	2,255	1,015	285	—	—	726	85	55	319
Property management fees	328	185	33	Not Disclosed		8	14	7	33
Commission fee	2	—	—	—	—	—	1	0	0
Utilities expenses	255	138	28	—	—	—	8	4	30
Real estate taxes	197	122	44	—	—	60	12	6	22
Insurance premiums	3	2	0	—	—	0	0	0	0
Repair expenses	87	46	6	—	—	48	4	1	4
Other lease business expenses	22	9	0	—	—	—	0	0	0
② Expenses related to rent business	897	505	114	—	—	118	41	21	92
③ NOI(①－②)	1,357	510	170	37	85	607	43	34	227
④ Depreciation	529	268	61	14	18	115	24	13	39
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③－④－⑤)	827	241	109	22	67	491	19	21	187
CAPEX	140	140	6	—	13	—	4	5	1



# Revenue and expenses by property 2

(Unit: mn. yen)

	MID Nishihommachi Bldg.	Higobashi MID Bldg.	Dormy Inn Hakata Gion	Sumitomo Fudosan Ueno Bldg. No.6	G-Square Shibuya Dogenzaka	Shibuya Sakuragaoka Square (land with leasehold interest)	Yokohama Creation Square	Cube Kawasaki	Higashi- Nihombashi Green Building	Total
Operating days	182	182	182	182	182	182	182	182	182	
Rent revenue	56	82	—	—	149	90	165	465	49	5,082
CAM revenue	9	21	—	—	21	—	115	71	23	966
Parking revenue	2	3	—	—	3	—	13	2	3	179
Rent revenue - real estate	68	107	—	—	174	90	294	538	76	6,229
Utilities revenue	8	10	—	—	17	—	11	48	4	431
Early-withdrawal penalties received	—	—	—	—	—	—	—	—	—	0
Other revenue	1	0	—	—	0	0	11	1	3	36
Other lease business revenue	9	11	—	—	17	0	22	50	8	468
① Property leasing revenue	77	118	Not Disclosed		191	90	317	589	85	6,697
Property management fees	11	12	—	—	14	0	80	56	7	830
Commission fee	1	—	—	—	4	—	3	—	—	13
Utilities expenses	9	10	—	—	15	—	29	81	7	634
Real estate taxes	8	12	—	—	11	3	13	31	2	578
Insurance premiums	0	0	—	—	0	0	0	0	0	10
Repair expenses	3	1	—	—	3	—	0	19	3	239
Other lease business expenses	—	0	—	—	0	—	14	7	0	57
② Expenses related to rent	33	37	—	—	49	3	141	195	21	2,365
③ NOI(①—②)	44	80	75	194	142	87	175	393	64	4,332
④ Depreciation	19	22	19	36	30	—	24	36	6	1,281
⑤ Loss on retirement of non-	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income	24	58	55	158	111	87	151	356	57	3,050
CAPEX	23	0	—	3	2	—	6	93	—	443

# Appraisal values by property

Type	Region	Property name	Acquisition price (Note1) (mn yen)	Appraisal value as of Dec. 31, 2015 (19 <sup>th</sup> Period End) (Note2) (mn. yen)	Book value as of June 30, 2016 (20 <sup>th</sup> Period End) (Note3) (mn. yen)	Appraisal value as of June 30, 2016 (19 <sup>th</sup> Period End) (Note2) (mn. yen)	Difference from previous period end (%)	Difference from book value (%)	Appraisal company	19 <sup>th</sup> Period appraisal value rate (Note4) (%)	20 <sup>th</sup> Period appraisal value rate (Note4) (%)
Office	Three major metropolitan areas  (Tokyo / Osaka / Nagoya)	Sumitomo Fudosan Ueno Bldg. No.6	7,460	7,690	7,736	7,830	1.8%	1.2%	Tanizawa Sogo Appraisal Co., Ltd.	4.2%	4.1%
		G-Square Shibuya Dogenzaka	12,220	13,800	12,312	13,900	0.7%	12.9%	Japan Real Estate Institute	3.6%	3.6%
		Shibuya Sakuragaoka Square (land with leasehold interest)	5,000	5,240	5,058	5,240	0.0%	3.6%	Japan Real Estate Institute	3.2%	3.2%
		Yokohama Creation Square	7,080	7,480	7,143	7,600	1.6%	6.4%	Tanizawa Sogo Appraisal Co., Ltd.	4.8%	4.7%
		Cube Kawasaki	20,050	20,900	20,335	21,400	2.4%	5.2%	Daiwa Real Estate Appraisal Co., Ltd.	4.3%	4.2%
		Higashi-Nihombashi Green Bldg.	2,705	2,900	2,814	2,910	0.3%	3.4%	Japan Real Estate Institute	4.5%	4.5%
		Twin 21	68,700	47,400	66,766	48,700	2.7%	▲27.1%	Morii Appraisal & Investment Consulting, Inc.	4.7%	4.6%
		Matsushita IMP Bldg.	24,600	18,600	22,681	19,300	3.8%	▲14.9%	Tanizawa Sogo Appraisal Co., Ltd.	4.8%	4.7%
		Midosuji MID Bldg.	8,290	7,120	8,434	7,280	2.2%	▲13.7%	Tanizawa Sogo Appraisal Co., Ltd.	4.2%	4.1%
		MID REIT Kyobashi Bldg.	2,300	1,380	2,114	1,400	1.4%	▲33.8%	Tanizawa Sogo Appraisal Co., Ltd.	5.4%	5.3%
		MID Imabashi Bldg.	3,270	2,180	3,158	2,180	0.0%	▲31.0%	Tanizawa Sogo Appraisal Co., Ltd.	4.9%	4.8%
		MID Midosujikawaramachi Bldg.	2,000	1,450	1,922	1,490	2.8%	▲22.5%	Tanizawa Sogo Appraisal Co., Ltd.	5.2%	5.1%
		Kitahama MID Bldg.	10,800	8,640	10,477	8,670	0.3%	▲17.3%	Japan Real Estate Institute	4.5%	4.5%
		MID Nishihommachi Bldg.	3,550	2,110	3,395	2,160	2.4%	▲36.4%	Japan Real Estate Institute	4.8%	4.7%
		Higobashi MID Bldg.	3,000	3,370	2,904	3,450	2.4%	18.8%	Japan Real Estate Institute	4.5%	4.4%
Subtotal			181,025	150,260	177,256	153,510	2.2%	▲13.4%	—	—	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	26,900	24,182	27,500	2.2%	13.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.8%	4.7%
		Konami Sports Club Kyobashi	2,780	3,200	2,448	3,260	1.9%	33.2%	Daiwa Real Estate Appraisal Co., Ltd.	5.4%	5.3%
	Other major cities	Dormy Inn Hakata Gion	2,280	3,060	2,198	3,260	6.5%	48.3%	Tanizawa Sogo Appraisal Co., Ltd.	4.8%	4.5%
Subtotal			31,160	33,160	28,828	34,020	2.6%	18.0%	—	—	—
Total			212,185	183,420	206,085	187,530	2.2%	▲9.0%	—	—	—

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

Note 2: "Appraisal value" is as of the end of the fiscal period based on the appraisal report with the market value as of Jun. 30, 2016 prepared by Morii Appraisal & Investment Consulting, Inc., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or Japan Real Estate Institute pursuant to the Regulations Concerning Accounting of Investment Corporations, methods and criteria for asset valuation defined in MCUBS MidCity's Articles of Incorporation and rules of The Investment Trusts Association, Japan.

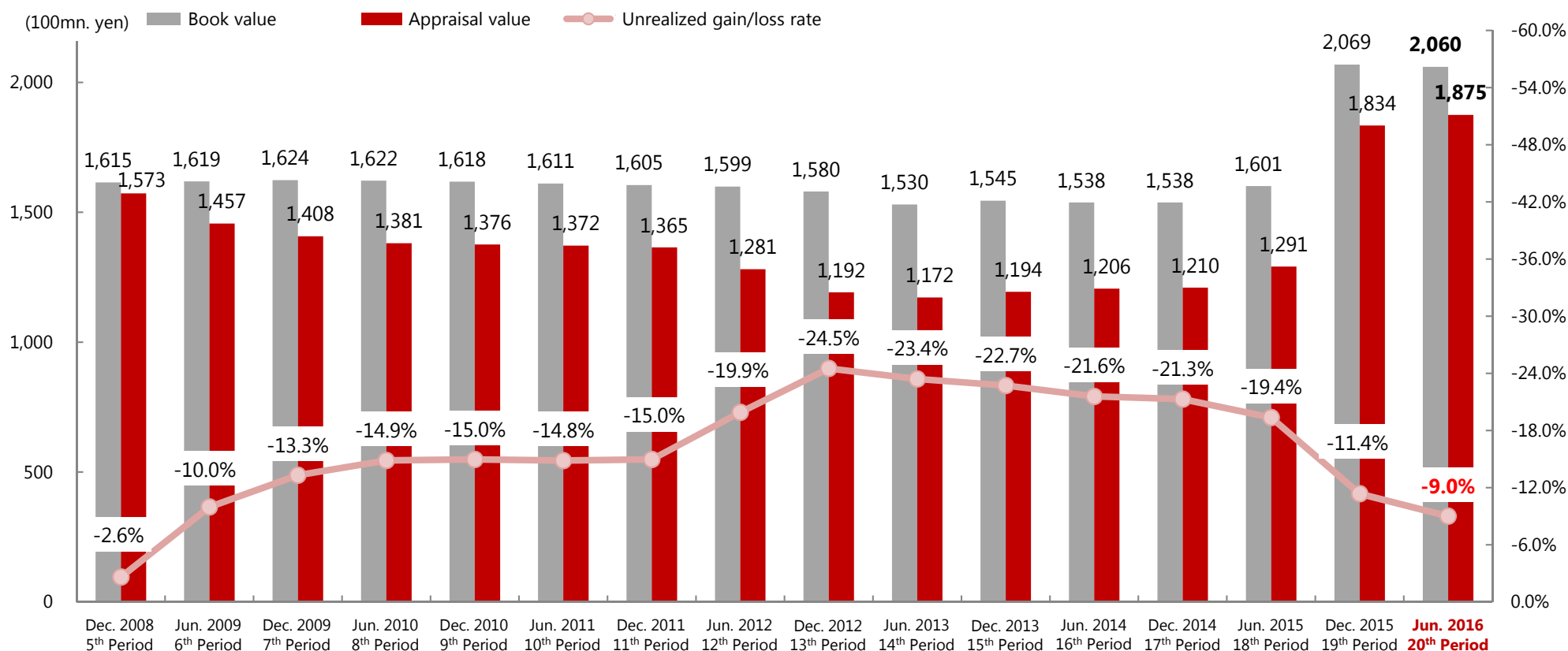
Note 3: "Book value" is the applicable asset's acquisition price (including various acquisition expenses) less accumulated depreciation.

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



# Appraisal value

## Book value, appraisal value and unrealized gain/loss rate (Dec. 2008 (5<sup>th</sup> Period) – Jul. 2016 (20<sup>th</sup> Period))



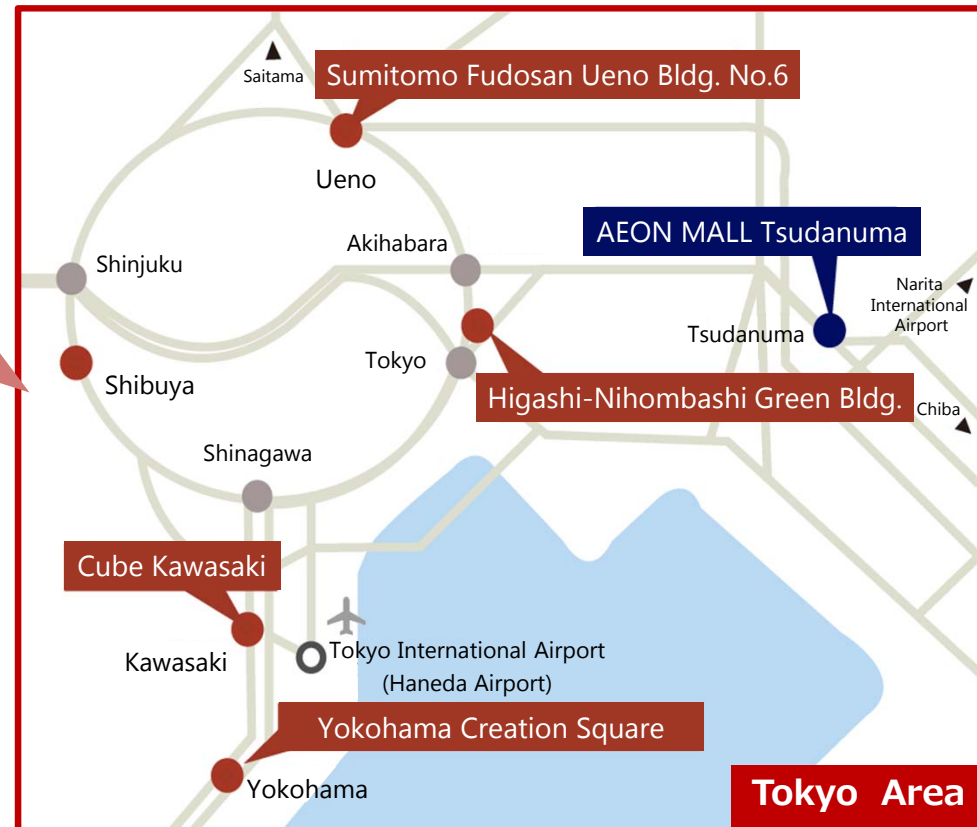
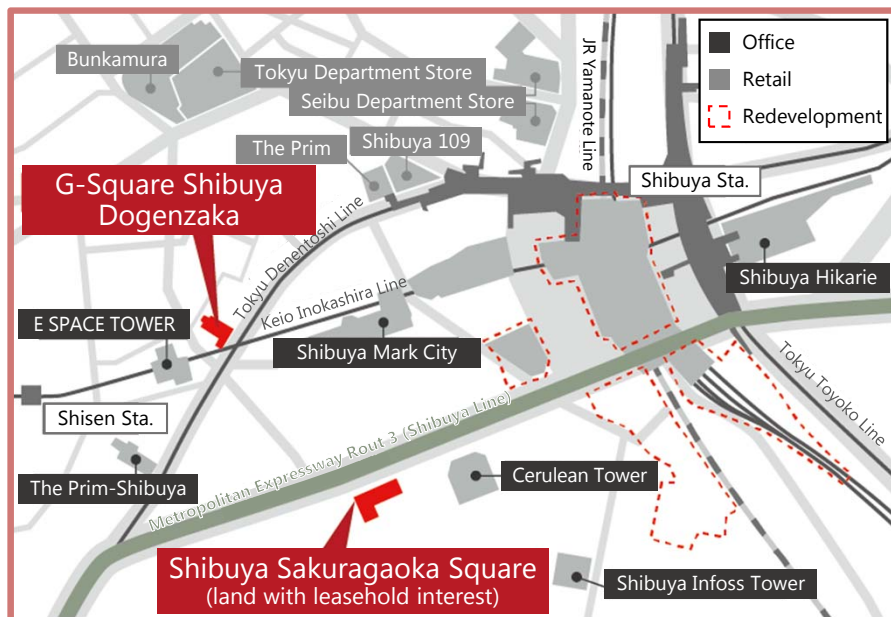
As of 20<sup>th</sup> Period End (ended Jun. 2016)

Book value : 206.0 bn. yen

Appraisal value : 187.5 bn. yen

Unrealized gain/loss : ▲18.5 bn. yen

# Portfolio overview – Tokyo area



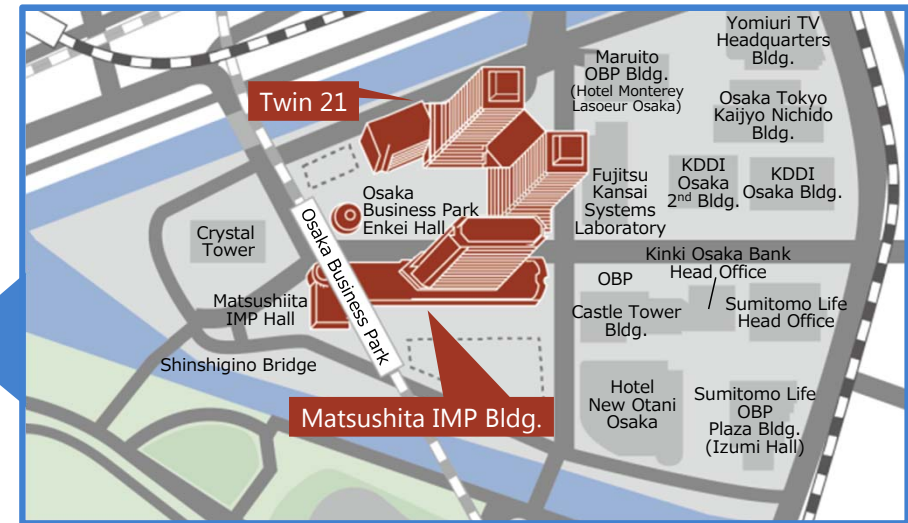
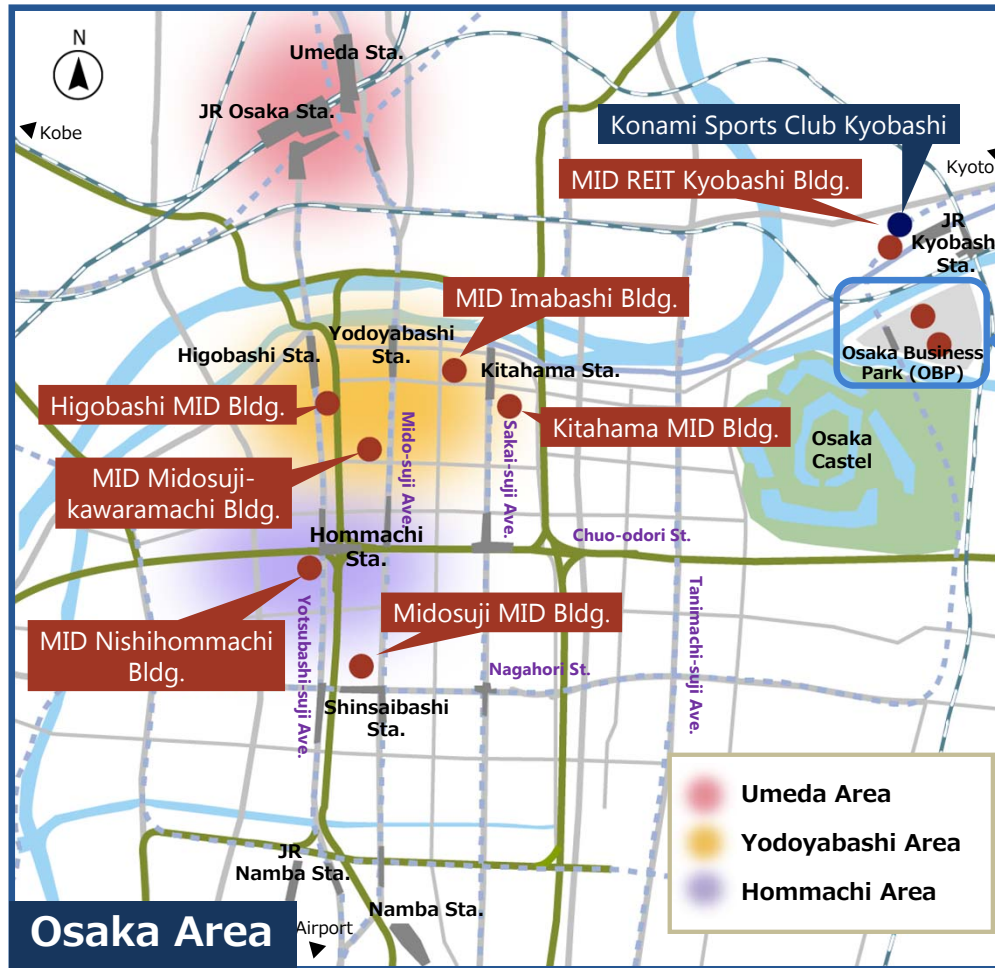
<b>Tokyo Area</b>	No. of assets	7	% of portfolio (Note)	37.1%
<b>Osaka Area</b>	No. of assets	10	% of portfolio (Note)	59.6%
<b>Nagoya Area</b>	No. of assets	1	% of portfolio (Note)	2.3%
<b>Other Major Cities</b>	No. of assets	1	% of portfolio (Note)	1.1%

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





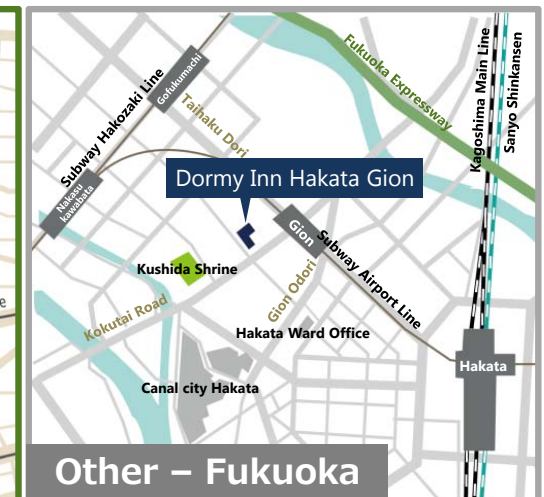
# Portfolio overview – Osaka area, Nagoya area and other



**Osaka Business Park (OBP)**



**Nagoya Area**



**Other – Fukuoka**



# 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 <sup>2</sup>
Total floor space	9,631.83m <sup>2</sup>
Structure/scale	SRC/B2F-11F
Completion date	Nov. 1993
Acquisition price	7,460 mn.yen
Acquisition Date	May 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 <sup>2</sup>
Total floor space	6,565.87m <sup>2</sup>
Structure/scale	S•SRC/B2F-9F
Completion date	Oct. 2009
Acquisition price	12,220 mn.yen
Acquisition Date	Aug. 2015



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

- ✓ Located in Shibuya/Ebisu, an area with one of the lowest vacancy rates in Tokyo
- ✓ A land with leasehold interest of over 350 *tsubo* facing National Route 246
- ✓ A land based on the stable and long-term lease agreement, where a recently built high-grade building stands

\* Owning land with leasehold interest only

Location	Shibuya-ku, Tokyo
Total land space	1,200.08m <sup>2</sup>
Total floor space	-
Structure/scale	-
Completion date	-
Acquisition price	5,000 mn.yen
Acquisition Date	Aug. 2015

# 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*

\* Sectional ownership

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



**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

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



**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

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



# 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 <sup>2</sup>
Total floor space	146,034.98m <sup>2</sup>
Structure/scale	SRC/B1F-38F
Completion date	Mar. 1986
Acquisition price	68,700 mn.yen
Acquisition Date	Aug. 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 <sup>2</sup>
Total floor space	84,952.57m <sup>2</sup>
Structure/scale	S•SRC/B2F-26F
Completion date	Feb. 1990, added on to in Nov. 2003
Acquisition price	24,600 mn.yen
Acquisition Date	Aug. 2006



**Midosuji MID Bldg.**

- ✓ Located about 100m north of Shinsaibashi station of the Osaka Municipal Subway Midosuji Line, in a commercial area with a lot of mid- and high-rise buildings and office properties along with Midosuji Boulevard
- ✓ Attractive building for tenants for its visibility, location in the downtown and convenient access

Location	Chuo-ku, Osaka
Total land space	1,893.62m <sup>2</sup>
Total floor space	16,342.99m <sup>2</sup>
Structure/scale	S•RC/B2F-12F
Completion date	Oct. 1980, added on to in Dec. 2009
Acquisition price	8,290 mn.yen
Acquisition Date	Aug. 2006, Oct. 2007



# Portfolio overview - Office in Osaka area 2



**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

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



**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 <sup>2</sup>
Total floor space	7,482.53m <sup>2</sup>
Structure/scale	S•RC/B2F-11F
Completion date	Oct. 1990
Acquisition price	3,270 mn.yen
Acquisition Date	Apr. 2007



**MID Midosujikawaramachi Bldg.**

- ✓ Located in the Yodoyabashi and Hommachi business district
- ✓ Five-minute walk from Hommachi Station of the Osaka Municipal Subway Midosuji Line
- ✓ Office building with elaborate and sophisticated design, represented by the highly-visible glass curtain exterior wall

Location	Chuo-ku, Osaka
Total land space	934.79m <sup>2</sup>
Total floor space	3,945.88m <sup>2</sup>
Structure/scale	SRC/6F
Completion date	Mar. 1998
Acquisition price	2,000 mn.yen
Acquisition Date	May. 2007



# Portfolio overview - Office in Osaka area 3



**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 <sup>2</sup>
Total floor space	14,648.13m <sup>2</sup>
Structure/scale	S•SRC/B1F-18F
Completion date	Feb. 2008
Acquisition price	10,800 mn.yen
Acquisition Date	Apr. 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 <sup>2</sup>
Total floor space	6,260.16m <sup>2</sup>
Structure/scale	S•RC/B3F-9F
Completion date	Mar. 1989
Acquisition price	3,550 mn.yen
Acquisition Date	Oct. 2008



**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 Yotsubashi Line and six-minute walk from Yodoyabashi Station of the Osaka Municipal Subway Midosuji Line and Watanabebashi Station of the Keihan Nakanoshima Line
- ✓ Quake-resistant building with its vibration control structure, obtaining "A Class" by CASBEE Osaka

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



# Portfolio overview – TK interest and others



**Nagoya Lucent Tower**

- ✓ 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

\*TK interest

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



**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	1,002.27m <sup>2</sup>
Total floor space	5,633.28m <sup>2</sup>
Structure/scale	RC/10F
Completion date	Jan. 2009
Acquisition price	2,280 mn.yen
Acquisition Date	Sep. 2013



**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 <sup>2</sup>
Total floor space	96,033.49m <sup>2</sup>
Structure/scale	S/B1F-5F
Completion date	Sep. 2003, added on to in Dec. 2007
Acquisition price	26,100 mn.yen
Acquisition Date	Aug. 2006



**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 <sup>2</sup>
Total floor space	9,433.34m <sup>2</sup>
Structure/scale	S/7F
Completion date	Jun. 1999
Acquisition price	2,780 mn.yen
Acquisition Date	Aug. 2006

---

## 5. FINANCING STRATEGY

---





# Major financing-related figures and investment corporation bond

## Changes in financing-related figures

	As of end of Dec. 2015	As of end of Jun. 2016
LTV (based on appraisal value)	46.6%	<b>45.8%</b>
Ratio of long-term debts	95.4%	<b>100.0%</b>
Ratio of fixed interest rate	57.4%	<b>62.5%</b>
Average remaining years of debts	2.8 years	<b>2.7</b> years
Average interest rate on debts	1.22%	<b>1.18%</b>
Issuer rating	R&I: A- (positive) (Oct. 29, 2015)	R&I: A- (positive) (Oct. 29, 2015)

## Investment Corporation Bond

Our first investment corporation bonds were issued on May 23, 2016.

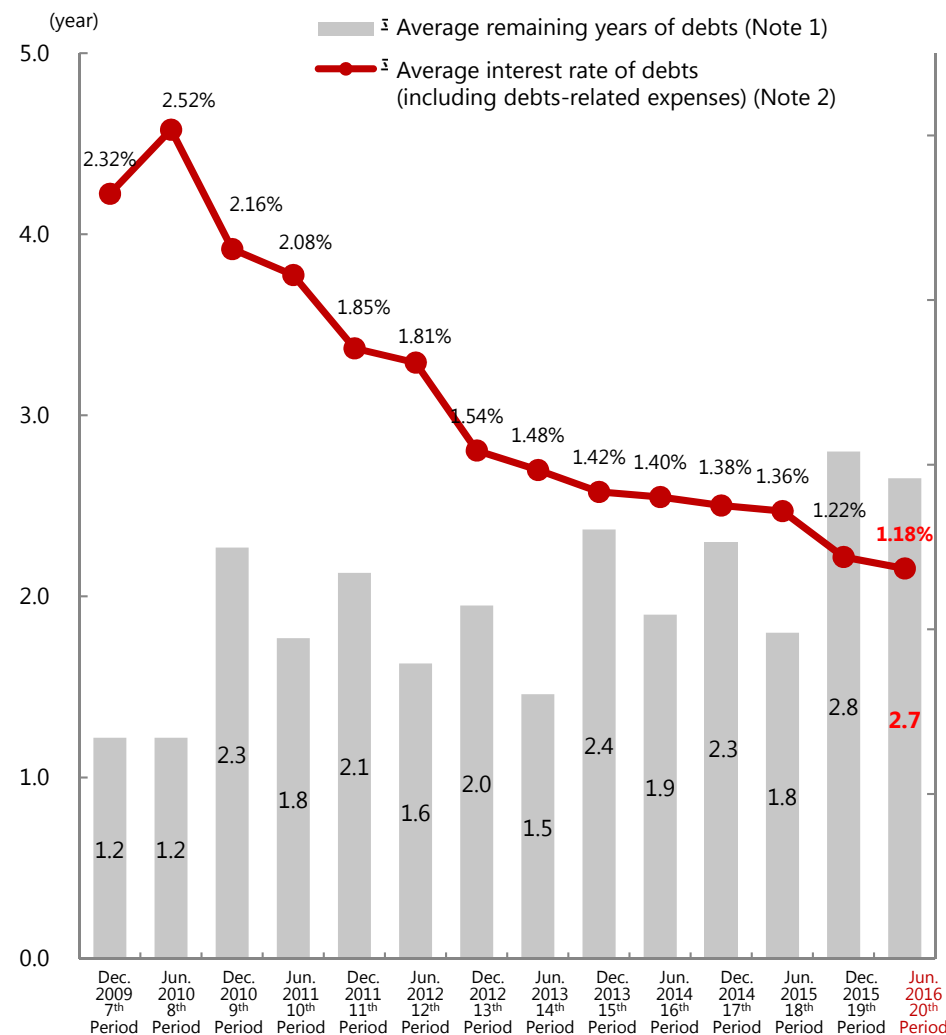
	1 <sup>st</sup> Unsecured Investment Corporation Bond	2 <sup>nd</sup> Unsecured Investment Corporation Bond
Term	5 years	10 years
Nominal coupon	0.340 %	0.810%
Amount issued	1.5 bn. yen	1.5 bn. yen



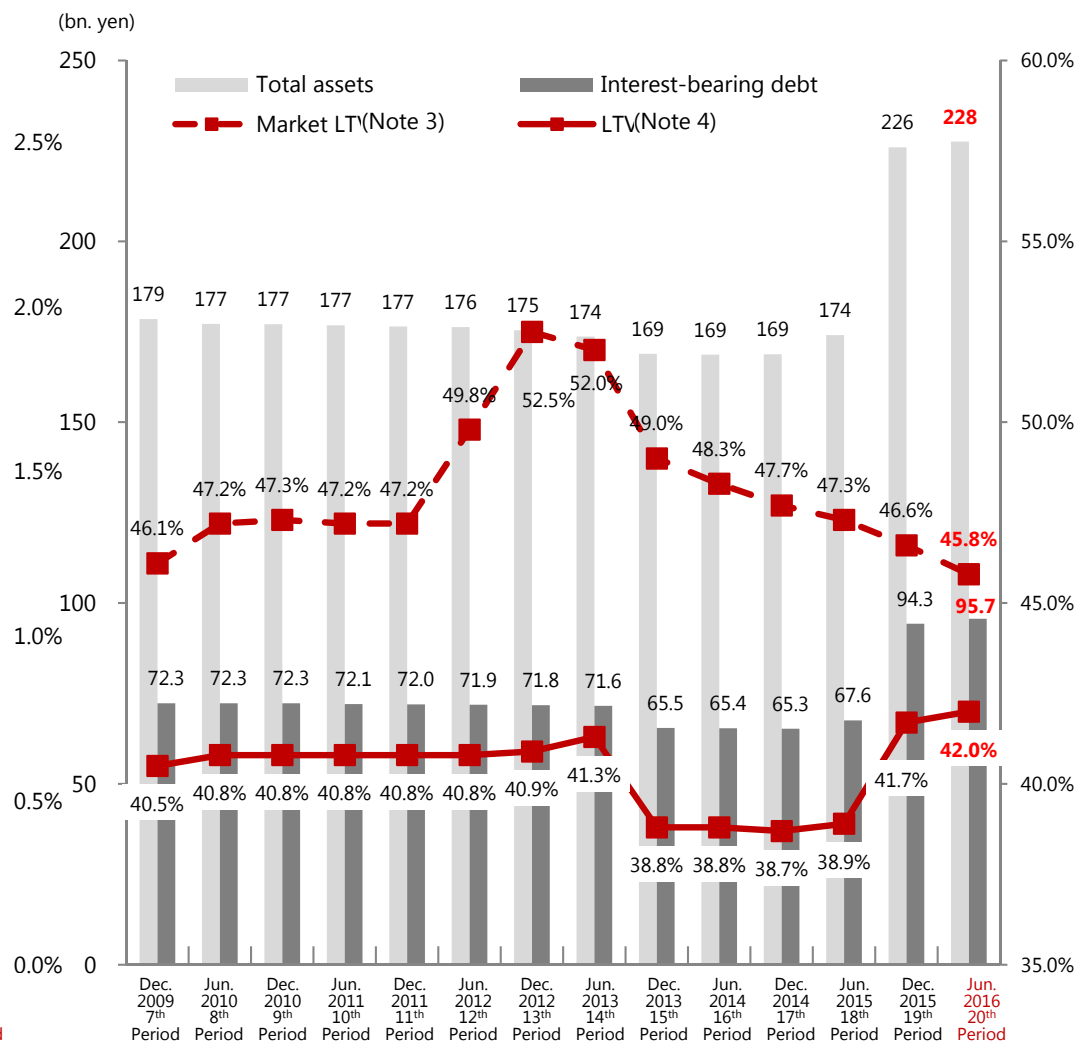


# Financial status

## Average remaining years and average interest rate of debts



## Total assets and 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

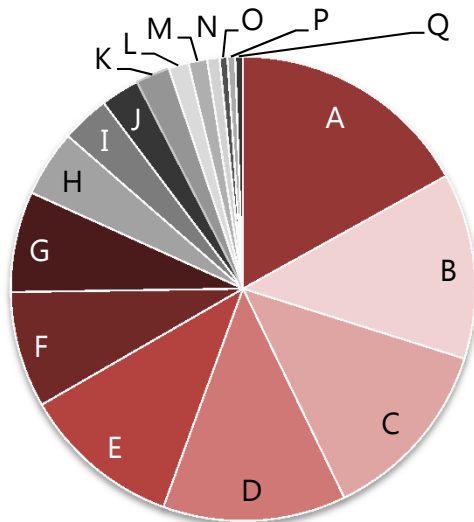
Note2: Average interest rate on debts (including borrowing-related expenses) = Financing costs in each fiscal period / Average debt balance in the fiscal period

Note3: Market LTV = Term-end debts / (Term-end total assets ± Unrealized gain/loss). Unrealized gain/loss is the difference between book value and appraisal value

Note4: LTV = Term-end debts at end of period / Term-end total assets

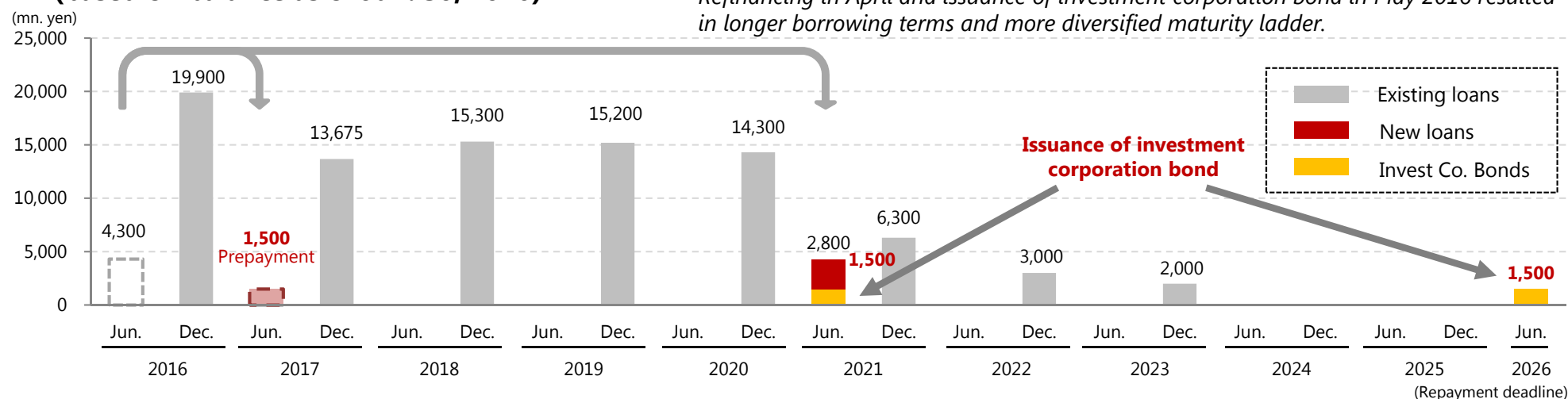
# Lender composition and debt maturities

## Diversification of lenders (based on balance as of Jun. 30, 2016)



	Lender	Balance (mn. yen)	Share
A	Mizuho Bank, Ltd.	15,700	16.9%
B	Sumitomo Mitsui Trust Bank, Limited	12,000	12.9%
C	Sumitomo Mitsui Banking Corporation	12,000	12.9%
D	Development Bank of Japan, Inc.	11,825	12.8%
E	Aozora Bank, Ltd.	10,300	11.1%
F	Resona Bank, Limited	7,500	8.1%
G	Mitsubishi UFJ Trust and Banking Corporation	6,500	7.0%
H	Shinkin Central Bank	4,300	4.6%
I	The Senshu Ikeda Bank, Ltd.	3,100	3.3%
J	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	2.7%
K	The Nishi-Nippon City Bank, Ltd.	2,200	2.4%
L	Mizuho Trust & Banking Co., Ltd.	1,300	1.4%
M	The Hyakugo Bank, Ltd.	1,200	1.3%
N	The Minato Bank, Limited	800	0.9%
O	The Nanto Bank, Ltd.	500	0.5%
P	The Hiroshima Bank, Ltd.	500	0.5%
Q	Sony Bank Incorporated	500	0.5%
	Total	92,725	100.0%

## Diversification of maturities (based on balance as of Jun. 30, 2016)



# Outstanding borrowings (as of end of Jun. 2016)

Type	Loan Term	Lenders	Balance (mn. yen)	Floating/ Fixed	Interest rate (Note 2)	Drawdown date	Repayment date (Note 4)	Repayment method
Long term loans payable (Note 1)	6 years and 11 months	Development Bank of Japan	3,625	Fixed	1.79507%	2010/8/31	2017/7/31	(Note 5)
	5 years	Mizuho Bank, Development Bank of Japan	4,000	Fixed	1.36375%	2011/7/29	2016/7/31	Bullet payment
	5 years	Sumitomo Mitsui Trust Bank, Aozora Bank	4,300	Fixed (Note 3)	1.14100%	2012/7/31	2017/7/31	Bullet payment
	7 years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31	Bullet payment
	3 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nishi-Nippon City Bank, Hyakugo Bank	15,900	Floating	0.66273%	2013/7/31	2016/7/29	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank	4,800	Fixed (Note 3)	1.29700%	2013/7/31	2018/7/31	Bullet payment
	7 years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31	Bullet payment
	3 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	6,000	Fixed (Note 3)	0.70700%	2014/7/31	2017/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 3)	0.96200%	2014/7/31	2019/7/31	Bullet payment
	6 years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 3)	1.24000%	2014/7/31	2020/7/31	Bullet payment
	7 years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31	Bullet payment
	3 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, The Bank of Tokyo-Mitsubishi UFJ, Nishi-Nippon City Bank, Mizuho Trust & Banking, Hyakugo Bank	10,500	Floating	0.46273%	2015/7/31	2018/7/31	Bullet payment
	4 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nanto Bank	9,500	Floating	0.56273%	2015/7/31	2019/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	9,300	Fixed (Note 3)	0.86545%	2015/7/31	2020/7/31	Bullet payment
	5 years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31	Bullet payment
	6 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	4,500	Fixed (Note 3)	1.03350%	2015/7/31	2021/7/31	Bullet payment
	7 years	Mizuho Bank, Aozora Bank, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	2,200	Fixed (Note 3)	1.20235%	2015/7/31	2022/7/31	Bullet payment
	7 years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31	Bullet payment
	8 years	Mizuho Bank	1,000	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8 years	Mizuho Bank	500	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8 years	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31	Bullet payment
NEW	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note 3)	0.49795%	2016/4/28	2021/4/30	Bullet payment
Total			92,725					

Note 1: Syndicated loan by the indicated financial institution.

Note 2: Based on interest rate applied as of end of Jun. 2016.

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

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 next preceding the initial repayment date shall be applied.

Note 5: For this loan, 125 mn. yen is reimbursed semiannually at the end of Jan. and Jul., and 3,375 mn. yen is reimbursed on the final principal repayment date.



# Major financing-related figures and maturity ladder (as of end of Jul. 2016)

## Changes in Major Financing-related Figures

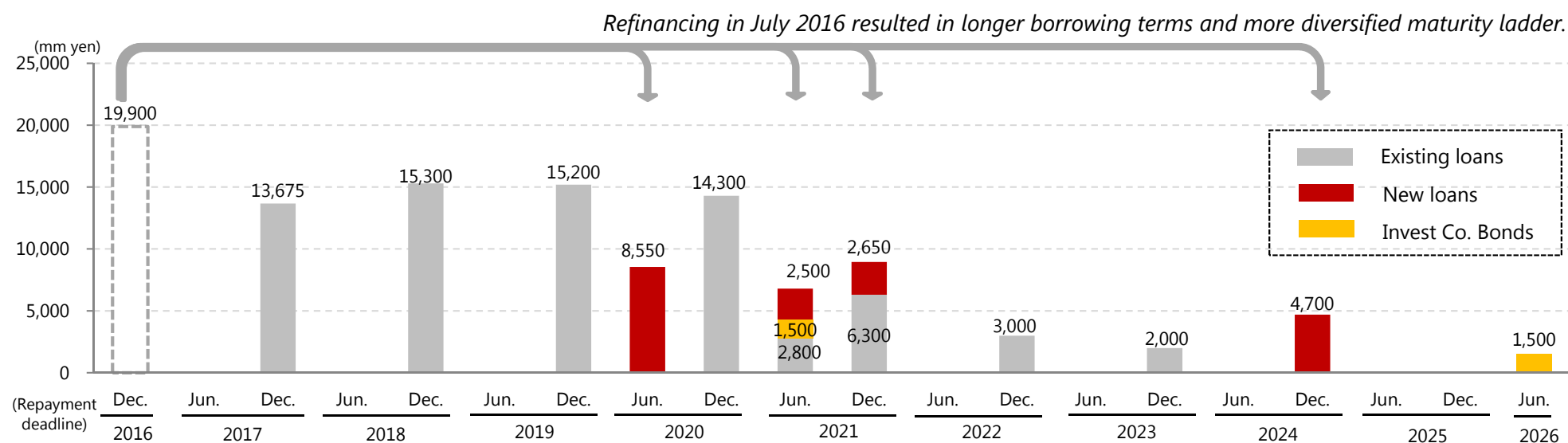
	As of end of Dec. 2015	As of end of Jun. 2016
LTV (based on appraisal value)	46.6%	<b>45.8%</b>
Ratio of long-term debts	95.4%	<b>100.0%</b>
Ratio of fixed interest rate debts	57.4%	<b>61.3%</b>
Average remaining years of debts	2.8 years	<b>2.7 years</b>
Average interest rate on debts	1.22%	<b>1.18%</b>

As of end of Jul. 2016
<b>45.3%*</b>
<b>100.0%</b>
<b>74.8%</b>
<b>3.6 years</b>
<b>1.07%**</b>

\*Based on figures as of the end of Jun. 2016

\*\*Estimates as of the end of December 2016

## Diversified Maturity Ladder of debts (based on balance as of end of Jul. 2016)



# Outstanding borrowings (as of end of Jul. 2016)

Type	Loan Term	Lenders	Balance (mn. yen)	Floating/ Fixed	Interest rate (Note 2)	Drawdown date	Repayment date (Note 4)	Repayment method
Long term loans payable (Note 1)	6 years and 11 months	Development Bank of Japan	3,500	Fixed	1.79507%	2010/8/31	2017/7/31	(Note 4)
	5 years	Sumitomo Mitsui Trust Bank, Aozora Bank	4,300	Fixed (Note 3)	1.14100%	2012/7/31	2017/7/31	Bullet payment
	7 years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank	4,800	Fixed (Note 3)	1.29700%	2013/7/31	2018/7/31	Bullet payment
	7 years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31	Bullet payment
	3 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	6,000	Fixed (Note 3)	0.70700%	2014/7/31	2017/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 3)	0.96200%	2014/7/31	2019/7/31	Bullet payment
	6 years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 3)	1.24000%	2014/7/31	2020/7/31	Bullet payment
	7 years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31	Bullet payment
	3 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, The Bank of Tokyo-Mitsubishi UFJ, Nishi-Nippon City Bank, Mizuho Trust & Banking, Hyakugo Bank	10,500	Floating	0.46000%	2015/7/31	2018/7/31	Bullet payment
	4 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nanto Bank	9,500	Floating	0.56000%	2015/7/31	2019/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	9,300	Fixed (Note 3)	0.86545%	2015/7/31	2020/7/31	Bullet payment
	5 years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31	Bullet payment
	6 years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	4,500	Fixed (Note 3)	1.03350%	2015/7/31	2021/7/31	Bullet payment
	7 years	Mizuho Bank, Aozora Bank, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	2,200	Fixed (Note 3)	1.20235%	2015/7/31	2022/7/31	Bullet payment
	7 years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31	Bullet payment
	8 years	Mizuho Bank	1,000	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8 years	Mizuho Bank	500	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8 years	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31	Bullet payment
	5 years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note 3)	0.49795%	2016/4/28	2021/4/30	Bullet payment
NEW	3.5 years	Sumitomo Mitsui Banking, Shinkin Central Bank	3,700	Floating	0.37000%	2016/7/29	2020/1/31	Bullet payment
NEW	3.5 years	Nishi-Nippon City Bank, Hyakugo Bank	2,250	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
NEW	3.5 years	Sumitomo Mitsui Trust Bank	2,600	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
NEW	4.5 years	Mizuho Bank, Development Bank of Japan, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	2,500	Fixed	0.45065%	2016/7/29	2021/1/31	Bullet payment
NEW	5 years	Development Bank of Japan, Aozora Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	2,650	Fixed	0.49380%	2016/7/29	2021/7/31	Bullet payment
NEW	8 years	Mizuho Bank, Development Bank of Japan, Aozora Bank, Mitsubishi UFJ Trust and Banking	4,700	Fixed	0.73500%	2016/7/29	2024/7/31	Bullet payment
Total			91,100					

Note 1: Syndicated loan by the indicated financial institution.

Note 2: Based on interest rate applied as of end of Jun. 2016.

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

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 next preceding the initial repayment date shall be applied.

Note 5: For this loan, 125 mn. yen is reimbursed semiannually at the end of Jan. and Jul., and 3,375 mn. yen is reimbursed on the final principal repayment date.



---

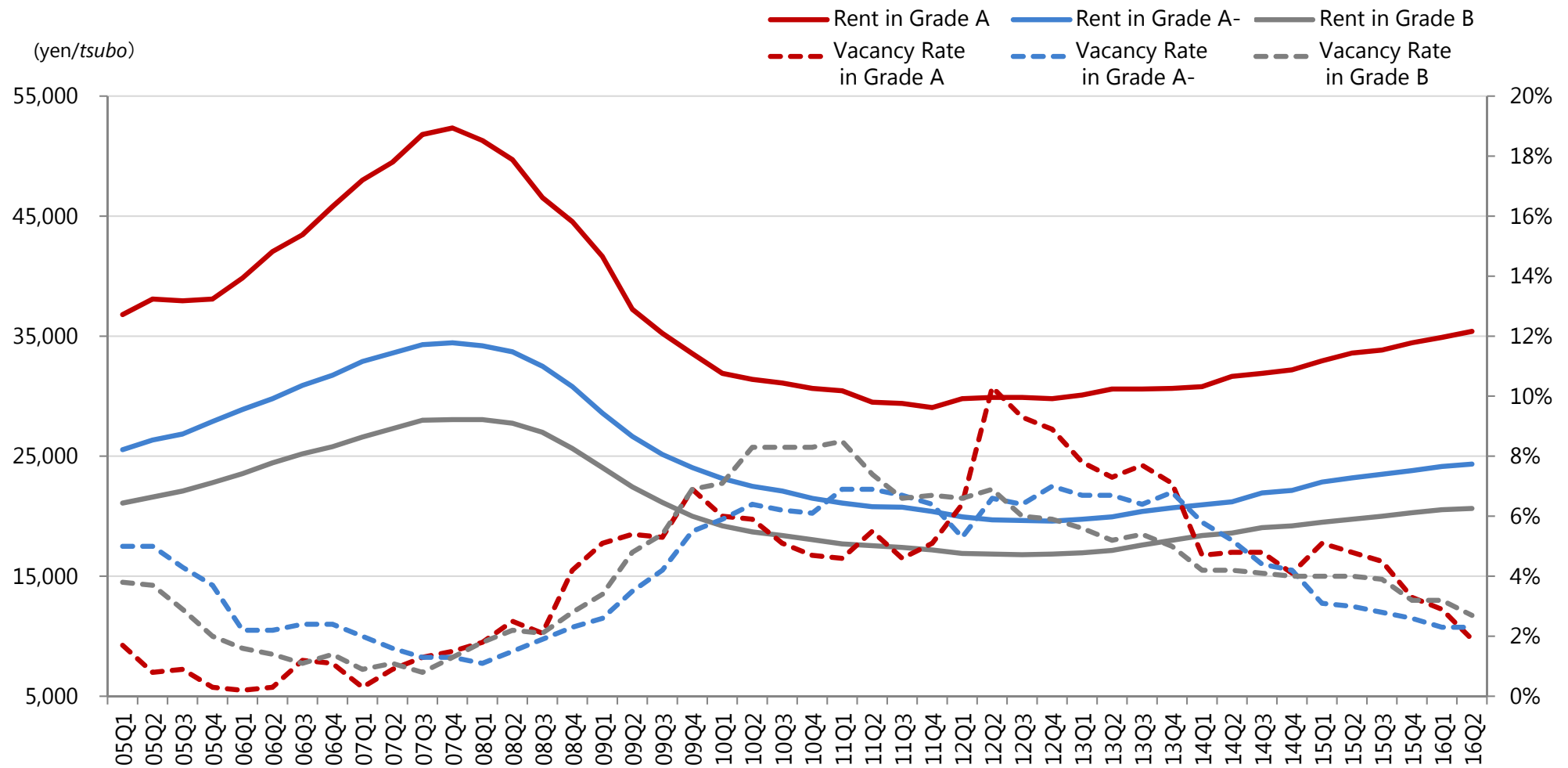
## 6. MARKET CONDITIONS

---



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

## Average rent and vacancy rate of Tokyo 23 districts

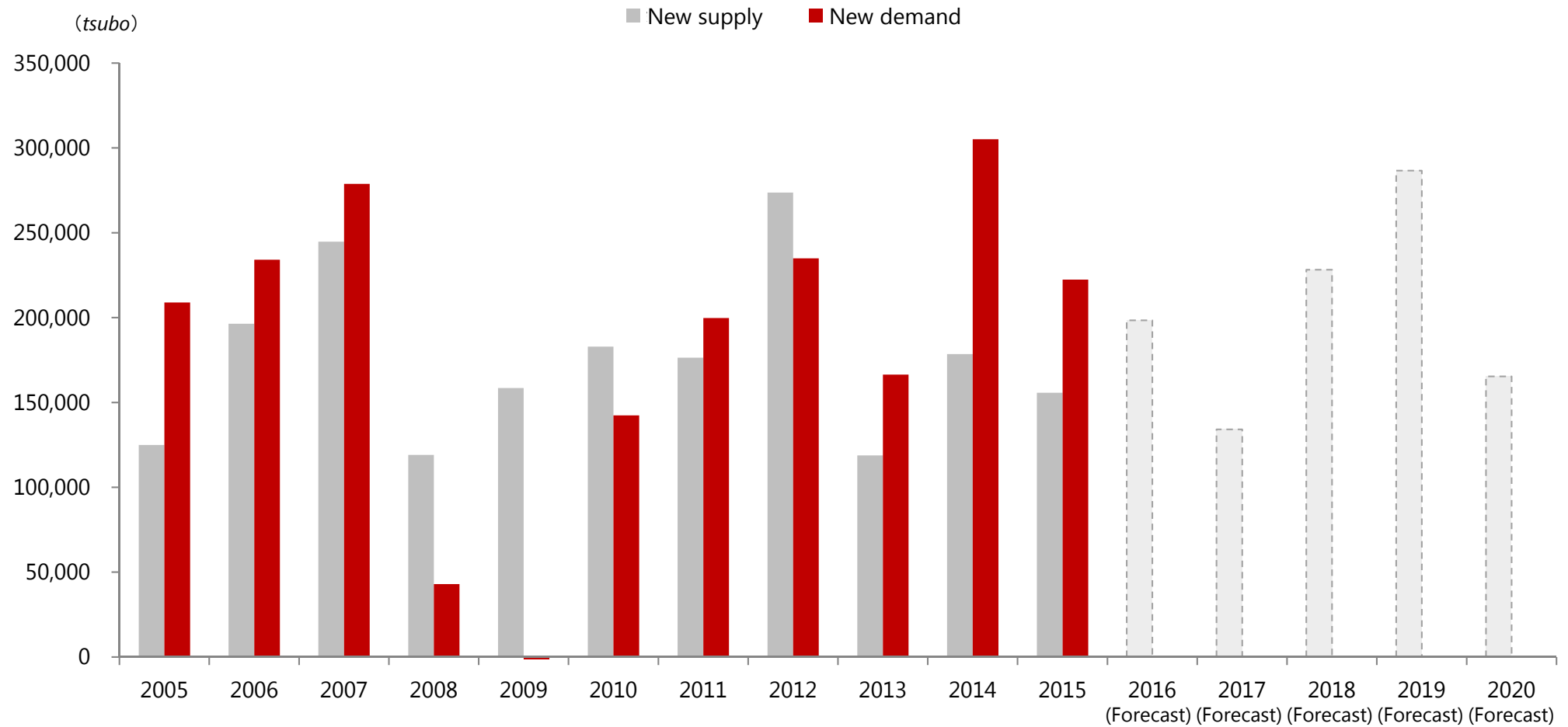


Source: CBRE



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

## Supply and demand of Tokyo 23 districts



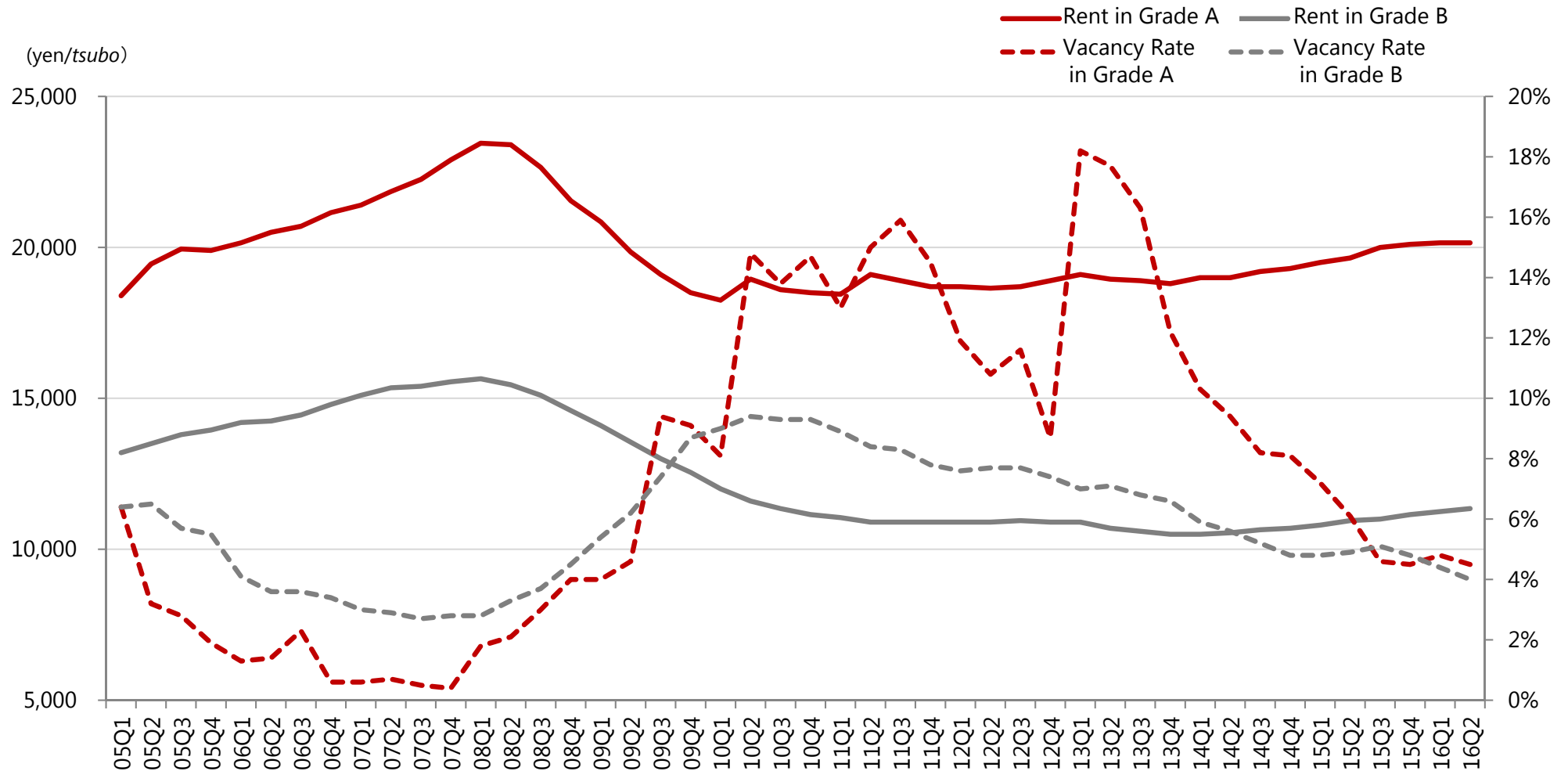
Source: CBRE





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

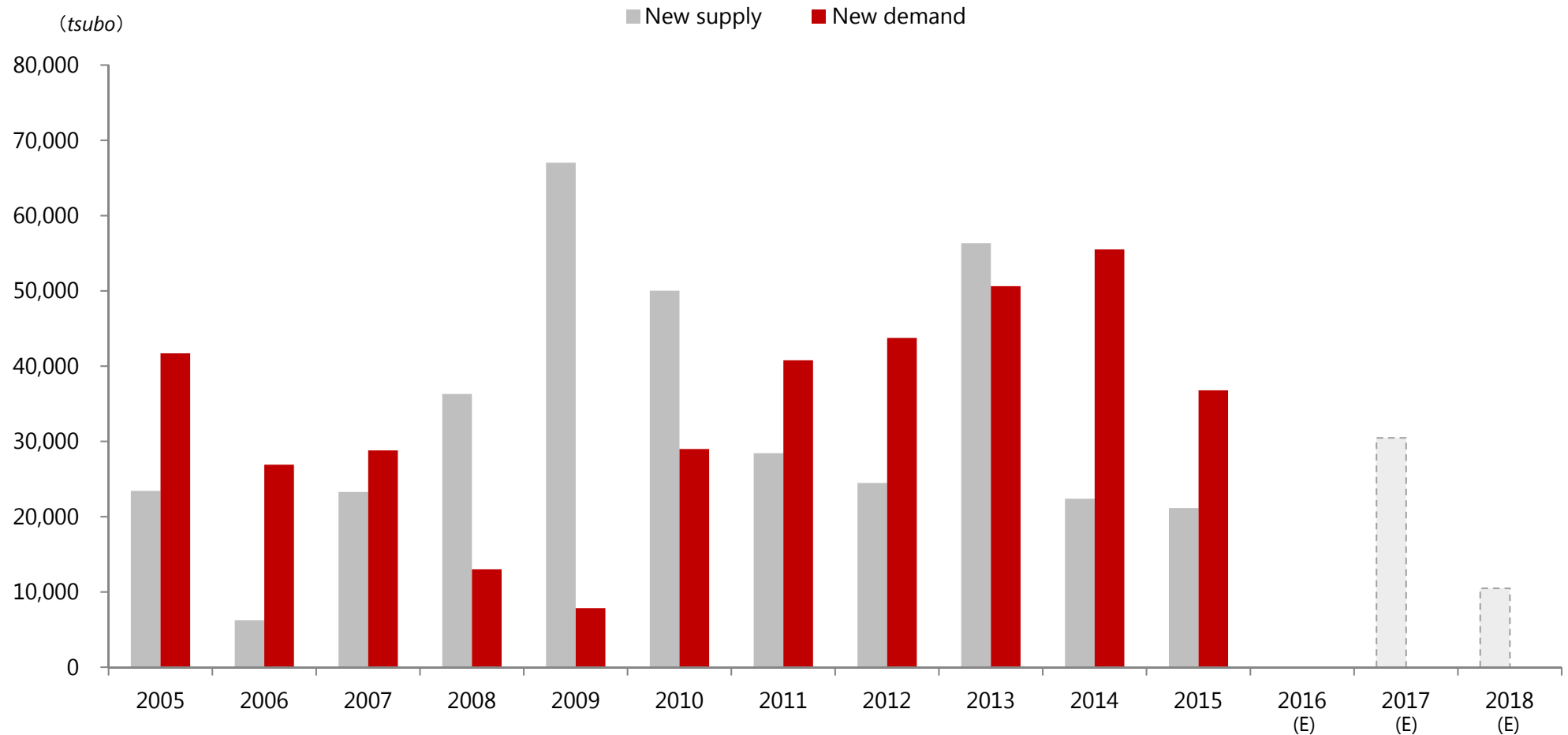
## Average rent and vacancy rate of Osaka business districts



Source: CBRE

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

## Supply and demand of Osaka business districts

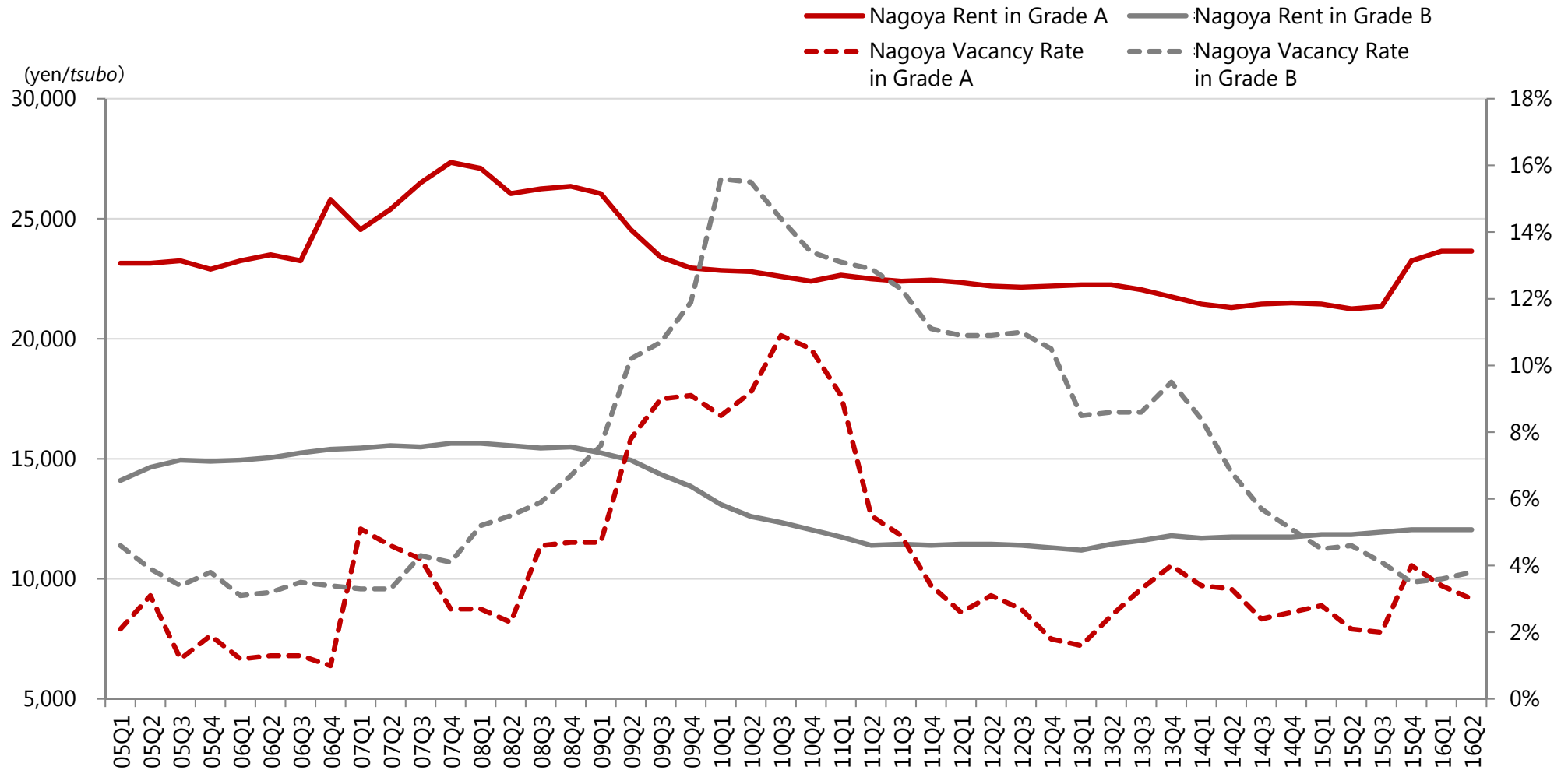


Source: CBRE



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

## Average rent and vacancy rate of Nagoya business districts

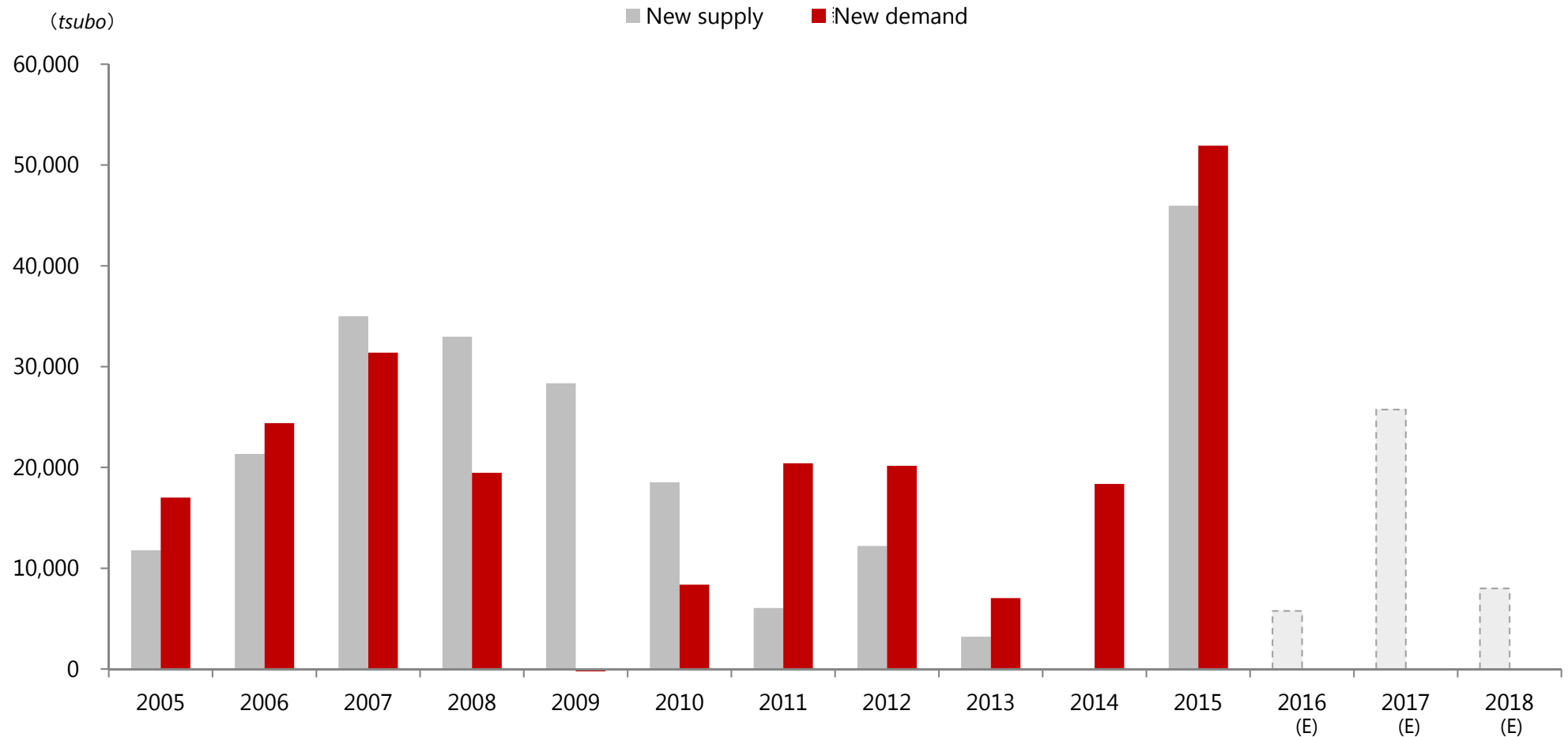


Source: CBRE



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

## Supply and demand of Nagoya business districts



Source: CBRE



---

## **7. OVERVIEW OF MCUBS MidCity**

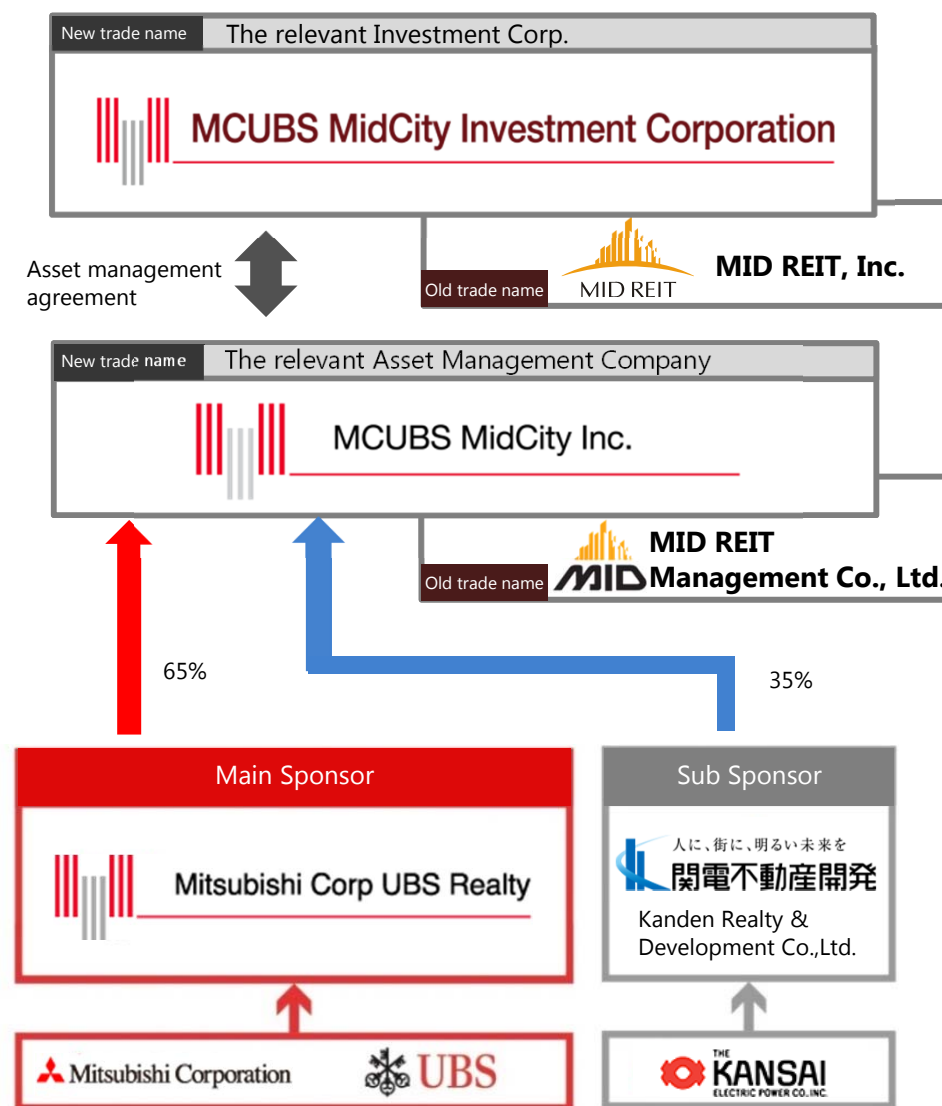
---



# Overview of MCUBS MidCity Investment Corporation

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

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



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

# Characteristics of MCUBS MidCity Investment Corporation

- ◆ Target areas: Expand from "Osaka area" to **"three major metropolitan areas (Tokyo, Osaka and Nagoya)"** (Note)
- ◆ Target properties (asset type): focus on **"Office Buildings"**
- ◆ Consider **investing in overseas properties**

## Targeted investment regions



## Type



\* ex. commercial facilities and industrial real estate

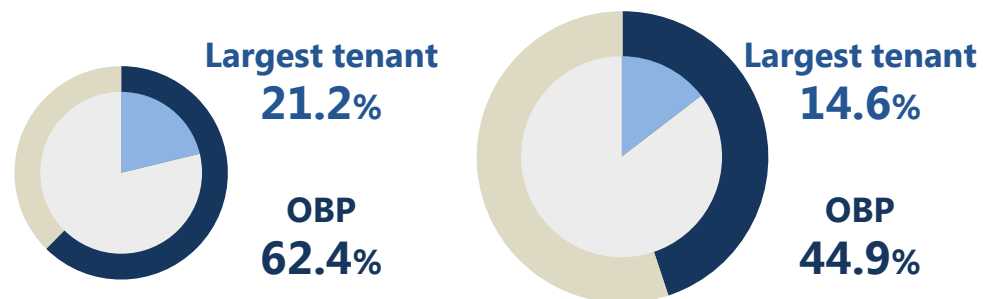
Note: Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba and Saitama; Osaka metropolitan includes Osaka, Kyoto and Hyogo; and Nagoya metropolitan includes Aichi.



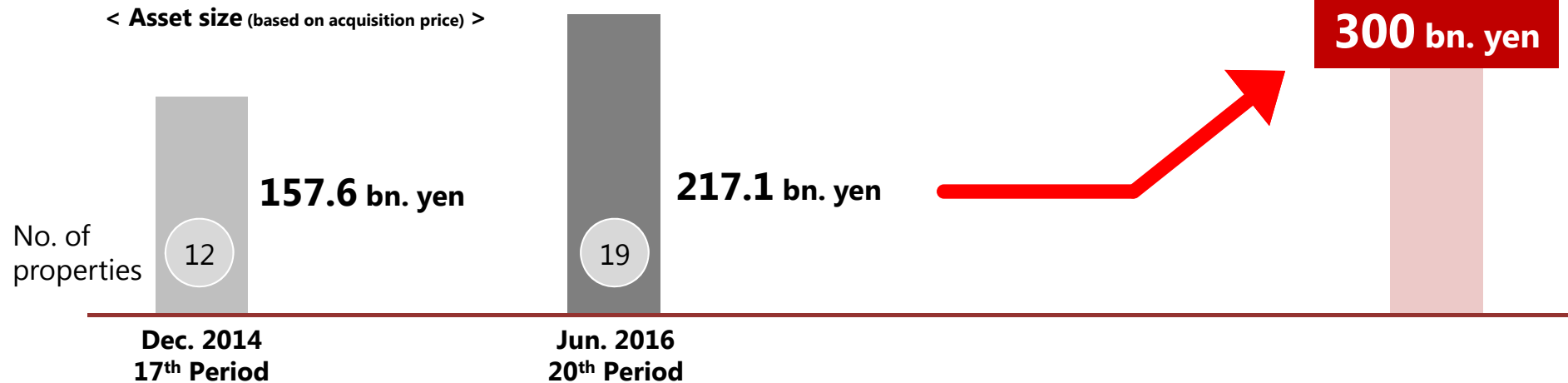
# Medium-term portfolio strategy

## Asset size and tenant composition

< Tenant composition (based on rent revenues) >

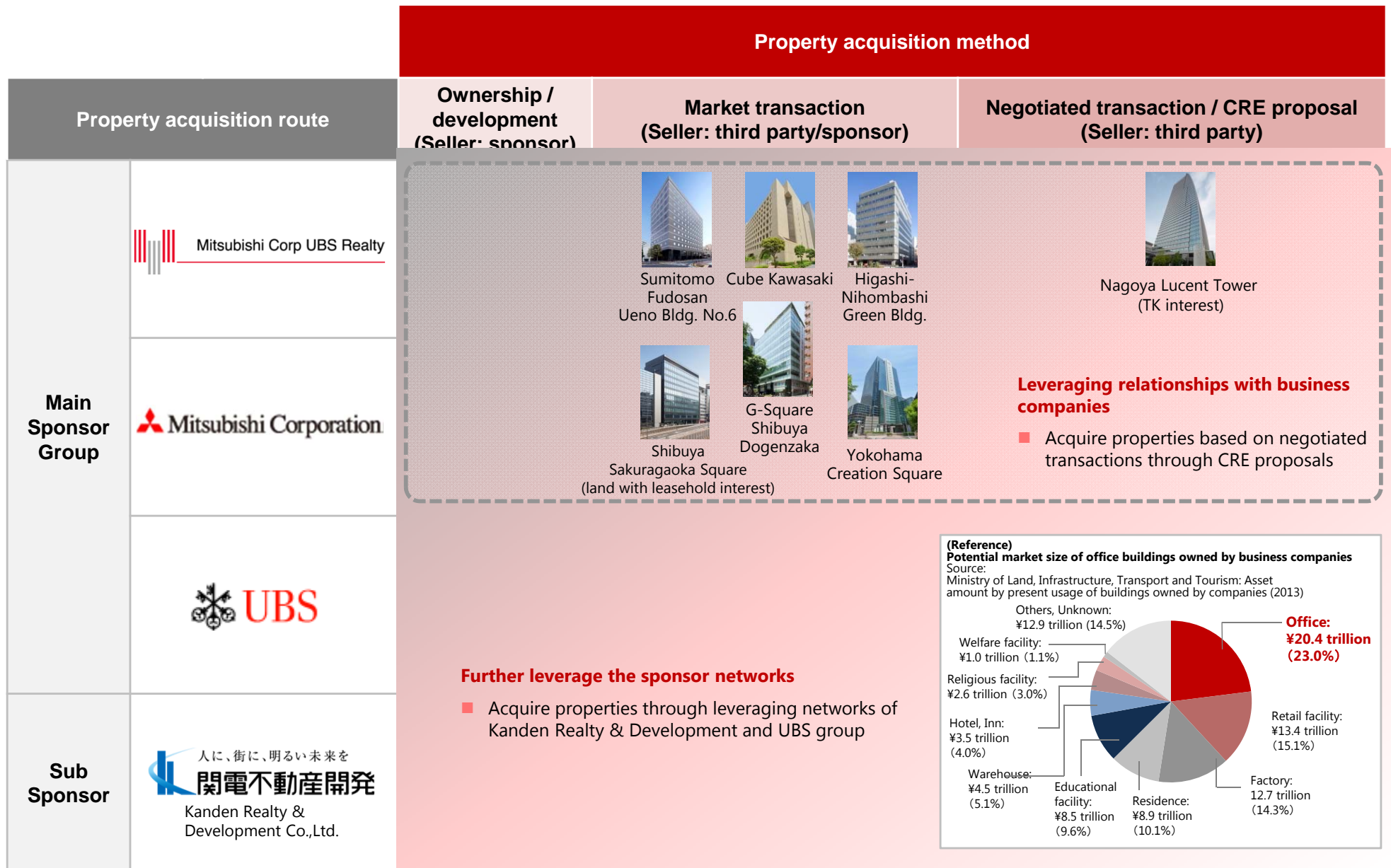


< Asset size (based on acquisition price) >





# Advantage of various property information networks



# Selective acquisitions by leveraging Sponsor's expertise



Mitsubishi Corp UBS Realty

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



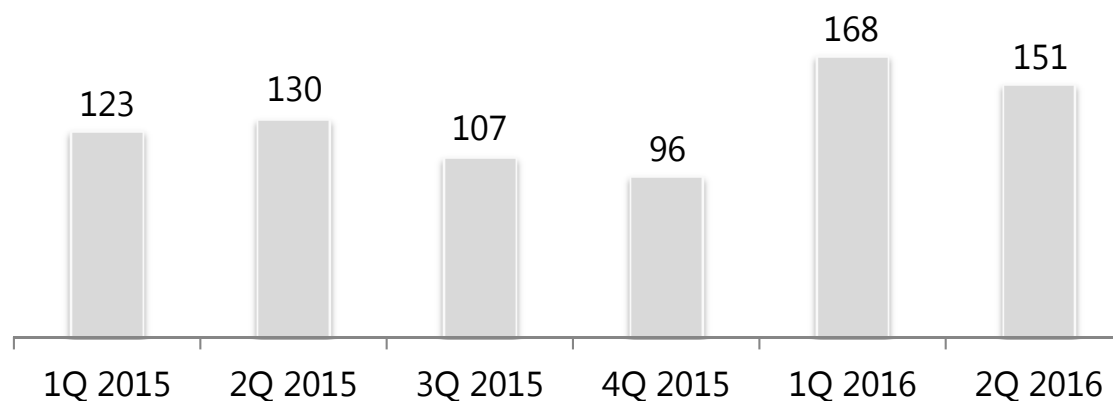
人に、街に、明るい未来を

**関電不動産開発**

Kanden Realty & Development Co., Ltd.

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

Total No. of acquisitions considered **775**



# Initiatives for environment

## Policy for sustainability

**“ESG”**

Committed to Environment, Society and Governance



Signatory of:



The following actions are implemented by Asset Management Company

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

Actions implemented by the main sponsor, Mitsubishi Corp.-UBS Realty

- ◆ Sign on the Principles for Responsible Investment (PRI)
- ◆ Sign on the Montreal Carbon Pledge

## Evaluation and certification by external organizations

### DBJ Green Building Certification

#### **Three Star Certification**

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



### CASBEE Property Appraisal

#### **Appraisal of Rank A**

Two properties were certified for their environmental performances



Twin 21



Matsushita IMP Bldg.



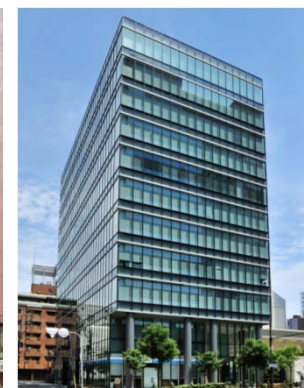
Kitahama MID Bldg.



Higobashi MID Bldg.



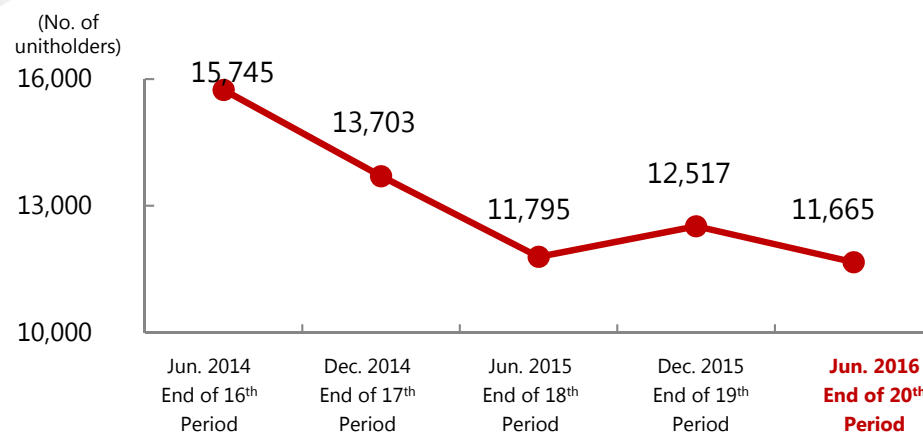
G-Square Shibuya Dogenzaka



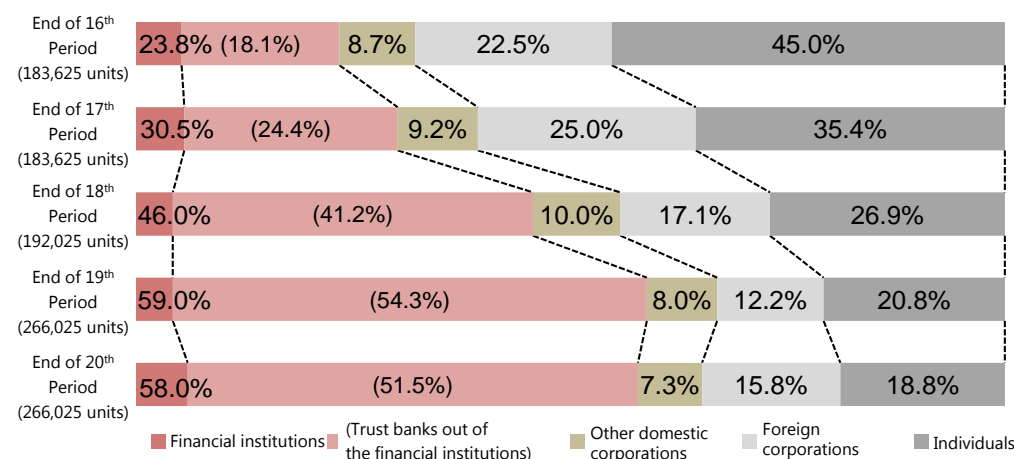
Higobashi MID Bldg.

# Unitholder details

## No. of unitholders



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



## Major unitholders

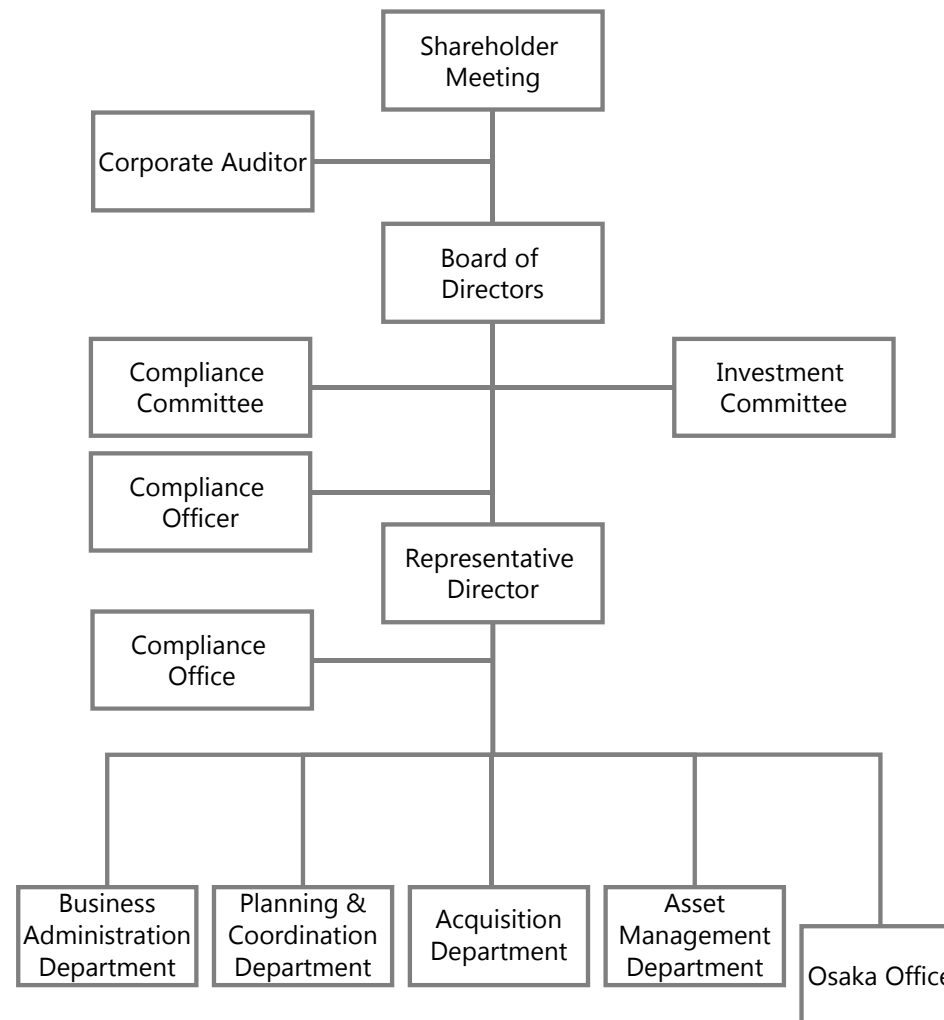
Rank	Name	Jun. 2016 End of 20 <sup>th</sup> Period		Difference from 19 <sup>th</sup> Period End
		No. of units held	Share (%)	
1	Japan Trustee Services Bank, Ltd. (Trust Account)	59,987	22.55%	+ 780
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	31,414	11.81%	▲ 6,151
3	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	31,135	11.70%	▲ 3,323
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	11,080	4.17%	+ 1,461
5	Kanden Realty & Development Co.,Ltd.	9,200	3.46%	0
6	SIX SIS LTD.	7,604	2.86%	+ 3,093
7	STATE STREET BANK AND TRUST COMPANY 505223	4,663	1.75%	+ 649
8	Mitsubishi Corporation	4,200	1.58%	0
9	STATE STREET BANK AND TRUST COMPANY 505001	2,855	1.07%	+ 2,361
10	The Fukui Bank, Ltd.	2,541	0.96%	+ 1,347
	Total	164,679	61.90%	-

# Overview of asset management company

## Company overview (as of Aug. 17, 2016)

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. : 65% Kanden Realty & Development Co.,Ltd. : 35%	
No. of employees	28 (including of 2 temporary worker)	
Officers	President & CEO & Representative Director	Katsura Matsuo
	Deputy President & Representative Director General Manager, Business Administration Department	Naoki Suzuki
	Managing Director General Manager, Asset Management Department	Noriyuki Iijima
	Director (part time)	Toru Tsuji (President & CEO & Representative Director of Mitsubishi Corp.-UBS Realty Inc.)
	Director (part time)	Takanobu Yoshimoto (Deputy President & Representative Director of Mitsubishi Corp.-UBS Realty Inc.)
	Corporate Auditor (part time)	Hiroshi Sugizaki (Executive Director, Mitsubishi Corp. - UBS Realty Inc.)
	Corporate Auditor (part time)	Yushi Kamatani (Executive Director, Mitsubishi Corp.-UBS Realty Inc.)

## Structure (as of Aug. 17, 2016)



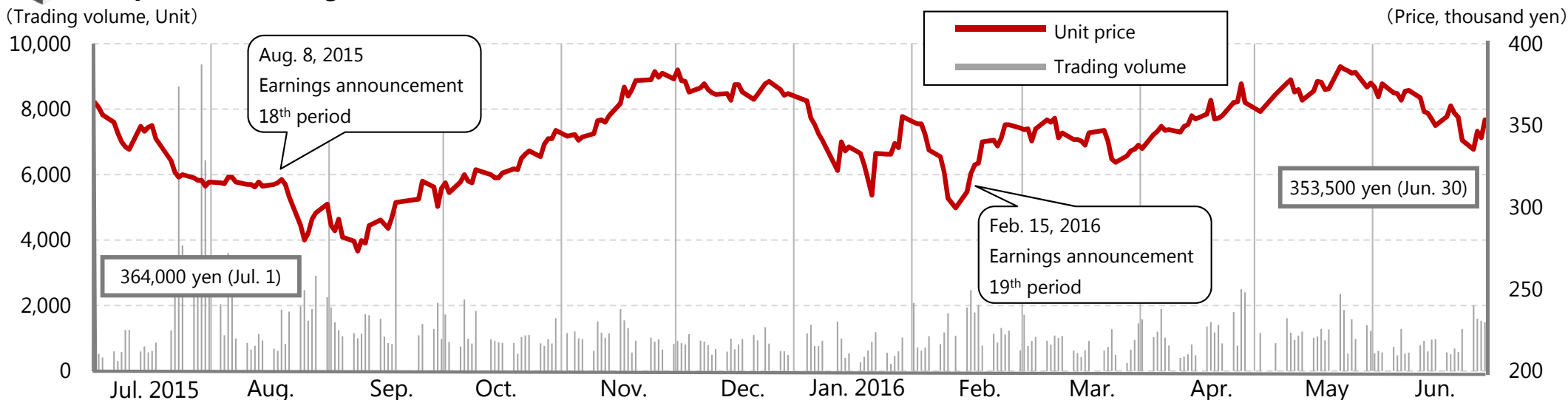


# Historical unit price

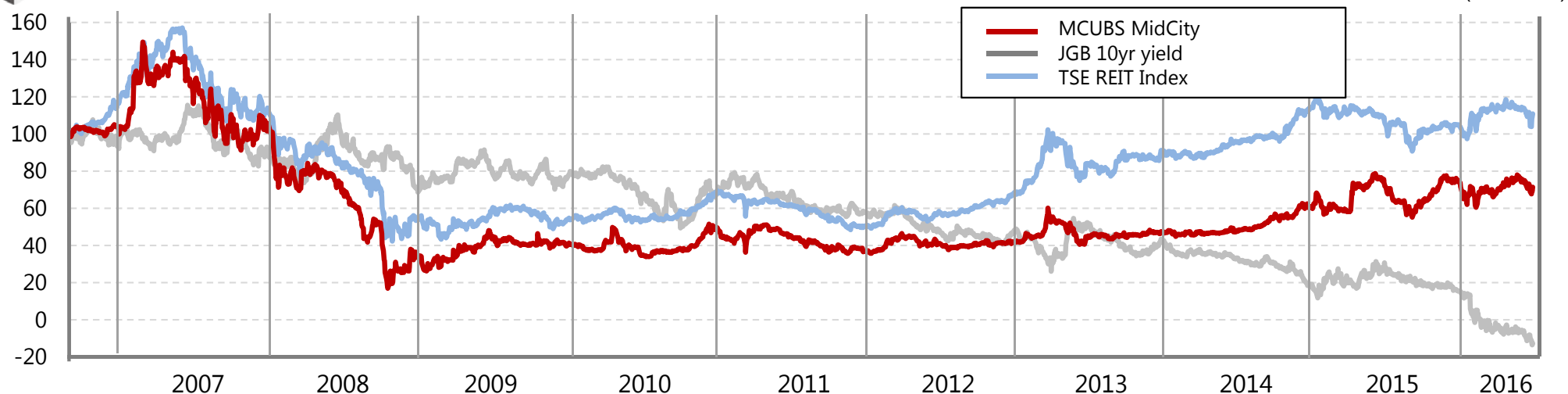


## Unit price and trading volume

(Trading volume, Unit)



## Indexed unit price after listing (Aug. 29, 2006 to Jun. 30, 2016)



Note: TSE REIT Index, JGB 10yr yield and MCUBS MidCity's unit price are indexed to 100, as at the price on Aug. 29, 2006, the listed date of MCUBS MidCity.

Source: Bloomberg



# Disclaimer

---

- This material is not prepared as an inducement or invitation for the acquisition of investment securities of MCUBS MidCity Investment Corporation (MCUBS MidCity) nor inducement or invitation for the execution of other financial transaction contracts. Investment decisions are made at the investors' sole discretion and responsibility and are made at their own risk.
- The market prices of investment securities issued by real estate investment trusts (REITs) fluctuate in line with changes in: (1) real estate prices; (2) markets for REIT-issued and other marketable securities; (3) interest rates; and (4) the prices and appraisal values of securitized real estate. Fluctuations in market prices may cause investor losses. In addition, changes in the business conditions and asset status of MCUBS MidCity and MCUBS MidCity Inc., MCUBS MidCity's asset management company, may result in fluctuations in the market prices of investment securities issued by MCUBS MidCity. In such cases, investors may incur losses.
- This material is not a disclosure document or an asset management report based on the Financial Instruments and Exchange Law or the Law Concerning Investment Trusts and Investment Corporations ("Investment Trust Law"), or government and ministerial ordinances, Cabinet Office orders, TSE listing rules, or any other relevant rules or regulations pertaining thereto.
- This material has been prepared, with due care, based on information that was available to MCUBS MidCity as of the date of preparation. Therefore, MCUBS MidCity does not guarantee that the data herein is accurate, complete, reliable, appropriate or fair. Furthermore, any item of data may be changed or removed without prior notice.
- This material contains various forward-looking statements which are based on current projections of the future with assumptions drawn on currently available information. Such statements may be affected by unknown risks, uncertainties, assumptions or other factors. Accordingly, these statements shall not be construed to guarantee the projected performance of MCUBS MidCity.
- Unauthorized redistribution or reproduction of this material or its contents is strictly prohibited.
- Inquiries regarding this document should be directed to the following contacts:

(Asset Management Company)

**MCUBS MidCity Inc.**

2-7-3, Marunouchi, Chiyoda-ku, Tokyo

100-6421

TEL:+81-3-5293-4150 (main)/FAX:+81-3-5293-9310

