

Securities Code **3227**

MCUBS MidCity

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

# 21<sup>st</sup> Period

## Investor Presentation ~Appendix~



Fiscal Period ended Dec. 31, 2016 (21st Period)



MCUBS MidCity Investment Corporation

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

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# 1. FINANCIAL HIGHLIGHTS

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# Overview of financial results for the fiscal period ended Dec. 31, 2016 (21st Period)

	Fiscal period ended Jun. 30, 2016 (20th Period) (182 Days)	Fiscal period ended Dec. 31, 2016 (21st Period) (184 Days)	Compared to the 20 <sup>th</sup> Period
Distribution per unit	7,100 yen	7,431 yen	+331 yen
Occupancy rate	98.2 %	97.7 %	-0.5 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>	4,332 mn. yen	4,406 mn. yen	+74 mn. yen
Average NOI yield <sup>(Note 2)</sup> (Annual base)	4.1 %	4.1 %	-
Interest-bearing debt	95,725 mn. yen	94,100 mn. yen	-1,625 mn. yen
LTV <sup>(Note 3)</sup>	42.0%	41.7%	-0.3 pt
Market value LTV <sup>(Note 4)</sup>	45.8%	44.6%	-1.2 pt
Average remaining years of debt	2.7 years	3.2 years	+0.5 years
Issuer rating	A- (Positive)	A (Stable)	-
NAV per unit <sup>(Note 5)</sup>	363,453 yen	376,599 yen	+13,146 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



# 21st Period financial results – Comparison to previous period

	(Unit: mn. yen)		
	Fiscal period ended Jun. 30, 2016 (20th Period)	Fiscal period ended Dec. 31, 2016 (21st Period)	Difference
Operating revenue	6,824	7,005	+181
Operating expenses	4,361	4,453	+92
Operating income	2,462	2,551	+89
Ordinary income	1,889	1,977	+88
Income before income taxes	1,889	1,977	+88
Net income	1,888	1,976	+88
Total distributions	1,888	1,976	+88
Distribution per unit (yen)	7,100	7,431	+331
Gain/loss on real estate lease business	3,050	3,116	+66
NOI	4,332	4,406	+74
Occupancy rate at end of period	98.2%	97.7%	-0.5pt

	(Unit: mn. yen)
<b>Operating revenue</b>	<b>181</b>
Rent revenue	158
Office in Tokyo Area	87
Office in Osaka Area	71
Other	0
Other lease business revenue	40
Utilities revenue	21
Other rent revenue	-1
Other operating revenue	21
Gain on distribution of TK interest (Nagoya Lucent Tower)	-18
<b>Operating expenses</b>	<b>92</b>
Expenses related to rent business (excl. depreciation and loss on retirement)	125
Breakdown by property type	
Office in Tokyo Area	104
Office in Osaka Area	-13
Other	34
Breakdown by items	
Taxes on property, plant and equipment	69
Utilities expenses	51
Repair expenses	-4
Others (property management fees, etc.)	8
Depreciation and loss on retirement	8
Asset management fees	7
Other operating expenses	-49



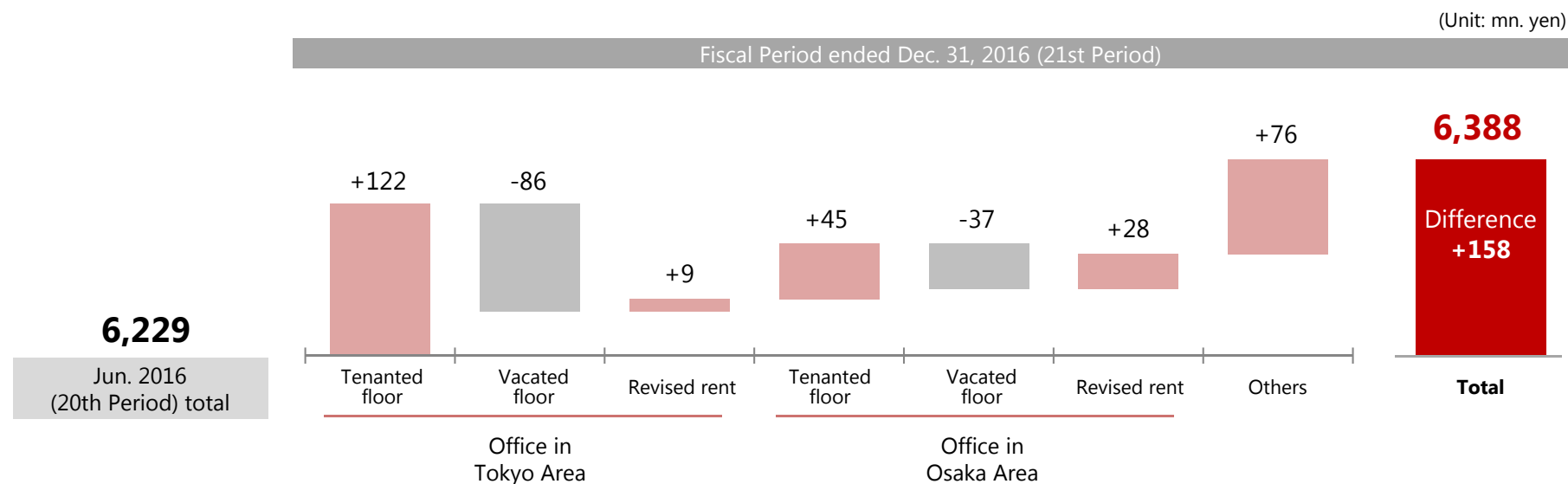
# 21st Period financial results – Comparison to initial forecasts

	(Unit: mn. yen)		
	Fiscal period ended Dec. 31, 2016 Forecast (as of Aug. 16, 2016)	Fiscal period ended Dec. 31, 2016 (21st Period)	Difference
Operating revenue	6,974	7,005	+30
Operating expenses	4,495	4,453	+41
Operating income	2,479	2,551	+72
Ordinary income	1,916	1,977	+61
Income before income taxes	1,916	1,977	+61
Net income	1,915	1,976	+61
Total distributions	1,915	1,976	+61
Distribution per unit (yen)	7,200	7,431	+231
Gain/loss on real estate lease business	3,120	3,116	-4
NOI	4,413	4,406	-7
Occupancy rate at end of period	97.4%	97.7%	+0.3pt

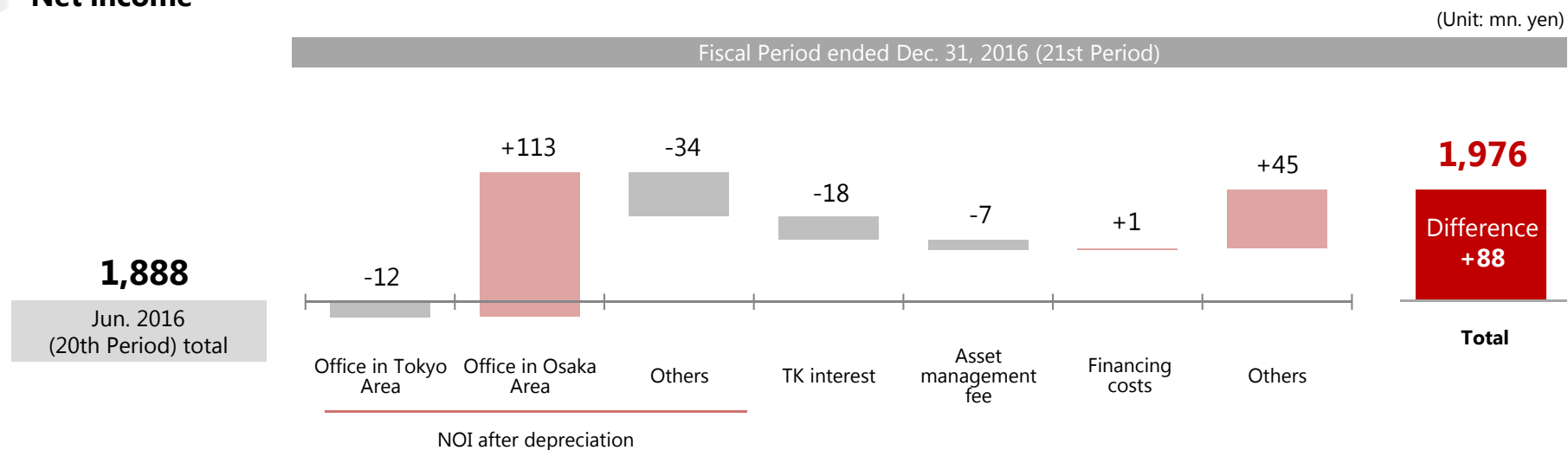
	(Unit: mn. yen)
<b>Operating revenue</b>	<b>30</b>
Rent revenue	6
Office in Tokyo Area	3
Office in Osaka Area	2
Other	-0
Other lease business revenue	10
Utilities revenue	-4
Other rent revenue	0
Other operating revenue	14
Gain on distribution of TK interest (Nagoya Lucent Tower)	13
<b>Operating expenses</b>	<b>41</b>
Expenses related to rent business (excl. depreciation and loss on retirement)	24
Breakdown by property type	
Office in Tokyo Area	4
Office in Osaka Area	21
Other	-1
Breakdown by items	
Taxes on property, plant and equipment	0
Utilities expenses	8
Repair expenses	8
Others	7
Depreciation and loss on retirement	-3
Asset management fees	3
Other operating expenses	-66

# 21st Period financial results – Breakdown of change from previous period

## Rent revenue



## Net income



# Balance sheet

Description	Fiscal Period ended Jun. 30, 2016 (20th Period)		Fiscal Period ended Dec 31, 2016 (21st Period)		Difference	
	(as of Jun. 30, 2016)		(as of Dec. 31, 2016)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Assets)						
I Total current assets	15,880	7.0	14,657	6.5	-1,223	-7.7
Cash and deposits	7,526		6,562		-963	
Cash and deposits in trust	8,121		7,867		-254	
Operating accounts receivable	171		152		-18	
Income taxes receivable	25		21		-3	
Prepaid expenses	36		45		9	
Deferred tax assets	0		0		0	
Other	-		7		7	
II Total non-current assets	211,715	93.0	211,186	93.5	-529	-0.2
1. Property, plant and equipment						
Buildings in trust	73,232		73,954		722	
Accumulated depreciation	-19,378		-20,640		-1,262	
Structures in trust	119		119		0	
Accumulated depreciation	-26		-28		-2	
Machinery and equipment in trust	7		7		0	
Accumulated depreciation	-2		-2		0	
Tools, furniture and fixtures in trust	558		567		9	
Accumulated depreciation	-380		-403		-23	
Land in trust	151,954		151,954		0	
Construction in progress in trust	4		4		0	
Total property, plant and equipment	206,089	90.5	205,532	91.0	-557	-0.3
2. Intangible assets						
Software	4		4		0	
Trademark right	0		0		0	
Total intangible assets	4	0.0	4	0.0	0	-10.9
3. Investments and other assets						
Investment securities	5,085		5,085		0	
Lease and guarantee deposits	10		10		0	
Long-term prepaid expenses	525		554		28	
Total investments and other assets	5,620	2.5	5,649	2.5	28	0.5
III Deferred assets	90	0.0	73	0.0	-16	-18.7
Total assets	227,686	100.0	225,916	100.0	-1,769	-0.8

Description	Fiscal Period ended Jun. 30, 2016 (20th Period)		Fiscal Period ended Dec 31, 2016 (21st Period)		Difference	
	(as of Jun. 30, 2016)		(as of Dec. 31, 2016)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Liabilities)						
I Total current liabilities	23,365	10.3	16,904	7.5	-6,460	-27.6
Operating accounts payable	447		392		-55	
Current portion of long-term loans payable	20,150		13,800		-6,350	
Accounts payable - other	879		930		50	
Accrued expenses	140		124		-16	
Distribution payable	8		9		1	
Income taxes payable	283		39		-243	
Advances received	986		986		0	
Other	469		621		152	
II Total non-current liabilities	87,189	38.3	91,792	40.6	4,602	5.3
Investment corporation bonds	3,000		3,000		0	
Long-term loans payable	72,575		77,300		4,725	
Tenant leasehold and security deposits	8,411		8,245		-165	
Tenant leasehold and security deposits in trust	3,202		3,246		43	
Total liabilities	110,554	48.6	108,696	48.1	-1,857	-1.7
(Net assets)						
I Unitholders' equity						
1. Unitholders' capital	115,243		115,243		0	
2. Surplus						
Unappropriated retained earnings (undisposed loss)	1,888		1,976		88	
Total surplus	1,888		1,976		88	
Total unitholders' equity	117,131		117,220		88	
Total net assets	117,131	51.4	117,220	51.9	88	0.1
Total liabilities and net assets	227,686	100.0	225,916	100.0	-1,769	-0.8

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

CAPEX: 733mn. yen



# Income statement

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

Description	Fiscal Period ended June 30, 2016 (20th Period)		Fiscal Period ended Dec. 31, 2016 (21st Period)		Difference	
	(Jan. 1, 2016-Jun. 30, 2016)		(Jul. 1, 2016-Dec. 31, 2016)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
1. Operating revenue	6,824	100.0	7,005	100.0	181	2.7
Rent revenue - real estate		6,229		6,388		
Other lease business revenue		468		509		
Dividends income		126		108		
2. Operating expenses	4,361	63.9	4,453	63.6	92	2.1
Expenses related to rent business		3,646		3,780		
Asset management fee		551		559		
Asset custody fee		10		5		
Administrative service fees		54		32		
Directors' compensations		5		5		
Other operating expenses		92		70		
Operating income	2,462	36.1	2,551	36.4	88	3.6
3. Non-operating income	2	0.0	0	0.0	-2	-84.6
Interest income		1		0		
Refund of unpaid distributions		0		0		
Other		0		0		
4. Non-operating expenses	575	8.4	574	8.2	-1	-0.2
Interest expenses		438		394		
Corporate bonds interest		1		8		
Borrowing related expenses		118		152		
Amortization of bond issuance costs		0		2		
Amortization of investment units issuance cost		14		14		
Other		1		1		
Ordinary income	1,889	27.7	1,977	28.2	88	4.7
5.Extraordinary income	7	0	-	0.0	-7	-0
Subsidy income		7		-		
6.Extraordinary losses	7	0	-	0.0	-7	-0
Loss on reduction of property and equipment		7		-		
Income before income taxes	1,889	27.7	1,977	28.2	88	4.7
Income taxes	0	0.0	0	0.0	0	1.5
Income taxes - current		0		0		
Income taxes - deferred		-0		-0		
Net income	1,888	27.7	1,976	28.2	88	4.7
Retained earnings brought forward	0		0		0	129.2
Unappropriated retained earnings (undisposed loss)	1,888		1,976		88	4.7

## Details of rent revenue – real estate

Rent revenue	5,211
CAM revenue	986
Parking revenue	189

## Details of expenses related to rent business

Property management fees	833
Utilities expenses	686
Real estate taxes	647
Insurance premiums	10
Repair expenses	235
Depreciation	1,288
Loss on retirement of non-current assets	1
Other lease business expenses	77

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## **2. FORECASTS FOR THE 22ND AND 23RD FISCAL PERIOD**

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# Forecasts for the 22nd and 23rd fiscal period

(Unit: mn. yen)

	Fiscal period ended Dec. 31, 2016 (21st Period)	Fiscal period ending Jun. 30, 2016 (22nd Period)	Fiscal period ending Dec. 31, 2017 (23rd Period)	Difference 22nd Period – 21st Period	Difference 23rd Period – 22nd Period
Operating revenue	7,005	8,054	7,545	+1,048	-508
Operating expenses	4,453	4,877	4,571	+424	-306
Operating income	2,551	3,176	2,974	+624	-202
Ordinary income	1,977	2,590	2,374	+612	-216
Income before income taxes	1,977	2,590	2,374	+612	-216
Net income	1,976	2,589	2,373	+612	-216

Total distributions	1,976	2,343	2,373	+366	+29
Distribution per unit (yen)	7,431	7,900	8,000	+469	+100
Gain/loss on real estate lease business	3,116	3,409	3,657	+292	+248
NOI	4,406	4,710	4,933	+304	+222
Occupancy rate at end of period	97.7%	96.8%	94.6%	-0.9pt	-2.2pt

## ■ Breakdown of Change between 22nd and 21st Periods

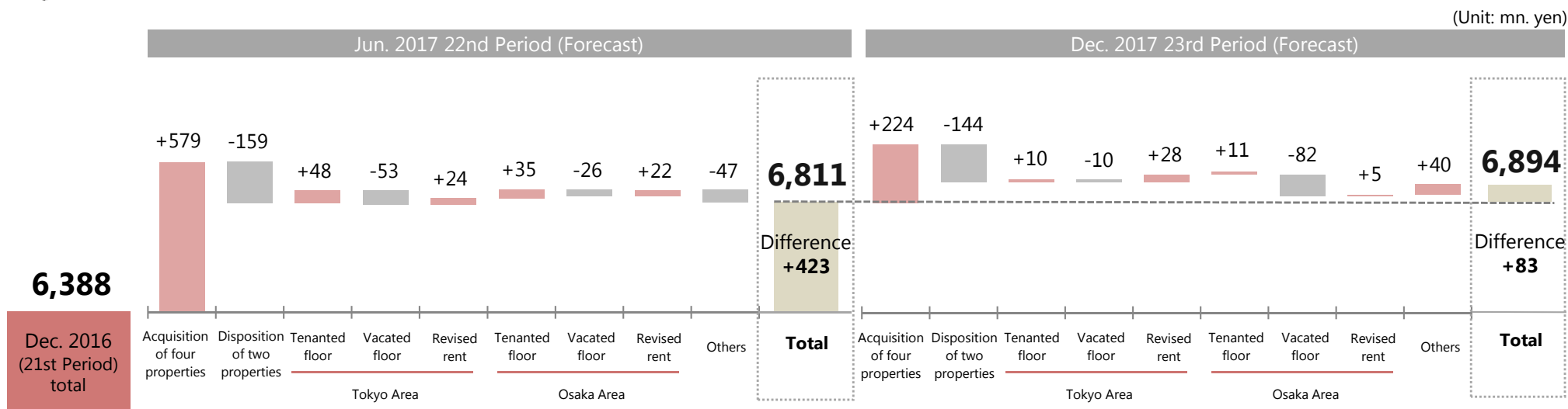
<b>Operating revenue</b>	<b>1,048</b>
Rent revenue	423
Newly acquired four properties	579
Disposed two properties	-159
Office in Tokyo Area	2
Office in Osaka Area	0
Other	0
<b>Other lease business revenue</b>	<b>5</b>
Utilities revenue	5
Other rent revenue	6
Other operating revenue	-7
Gain on distribution of TK interest	-5
Profit on disposal of property	626
<b>Operating expenses</b>	<b>424</b>
Expenses related to rent business (excl. depreciation and loss on retirement)	123
Utilities expenses (increase due to seasonal factors)	-58
Real estate taxes, etc.	-1
Repair expenses	156
Others	28
Depreciation and loss on retirement	11
Loss on disposal of property	213
Asset management fees, etc.	28
Others	46

## ■ Breakdown of Change between 23rd and 22nd Periods

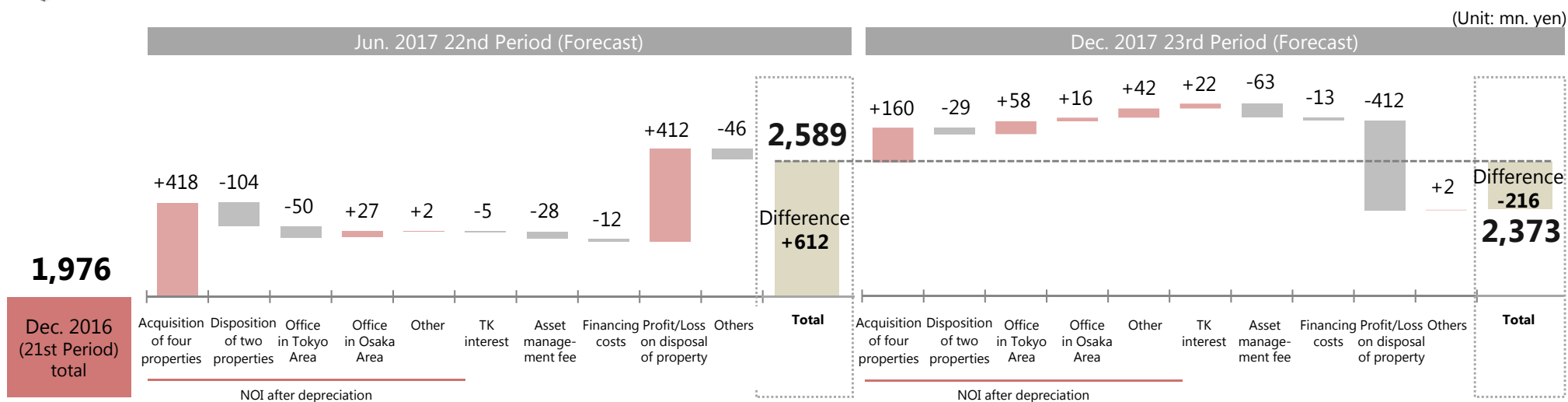
<b>Operating revenue</b>	<b>-508</b>
Rent revenue	83
Newly acquired four properties	224
Disposed two properties	-144
Office in Tokyo Area	47
Office in Osaka Area	-43
Other	0
<b>Other lease business revenue</b>	<b>11</b>
Utilities revenue	13
Other rent revenue	3
Other operating revenue	-5
Gain on distribution of TK interest	22
Loss on disposal of property	-626
<b>Operating expenses</b>	<b>-306</b>
Expenses related to rent business (excl. depreciation and loss on retirement)	-126
Utilities expenses (increase due to seasonal factors)	82
Real estate taxes, etc.	-49
Repair expenses	-145
Others	-14
Depreciation and loss on retirement	-26
Profit on disposal of property	-213
Asset management fees, etc.	63
Others	-2

# Breakdown of change from previous period

## Rent revenue



## Net income



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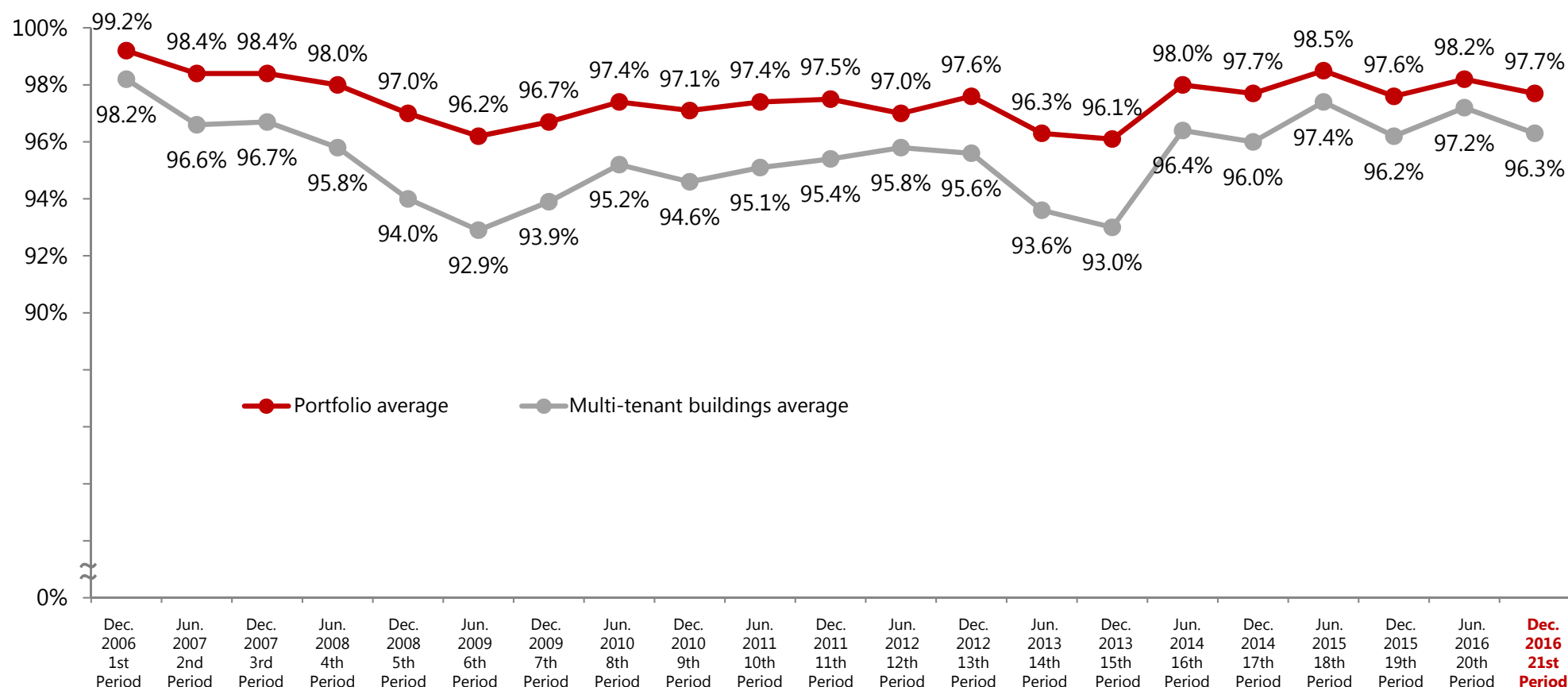
## **3. RESULTS FOR THE 21ST FISCAL PERIOD**

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# Occupancy

## Occupancy (1st Period End to 21st Period End)



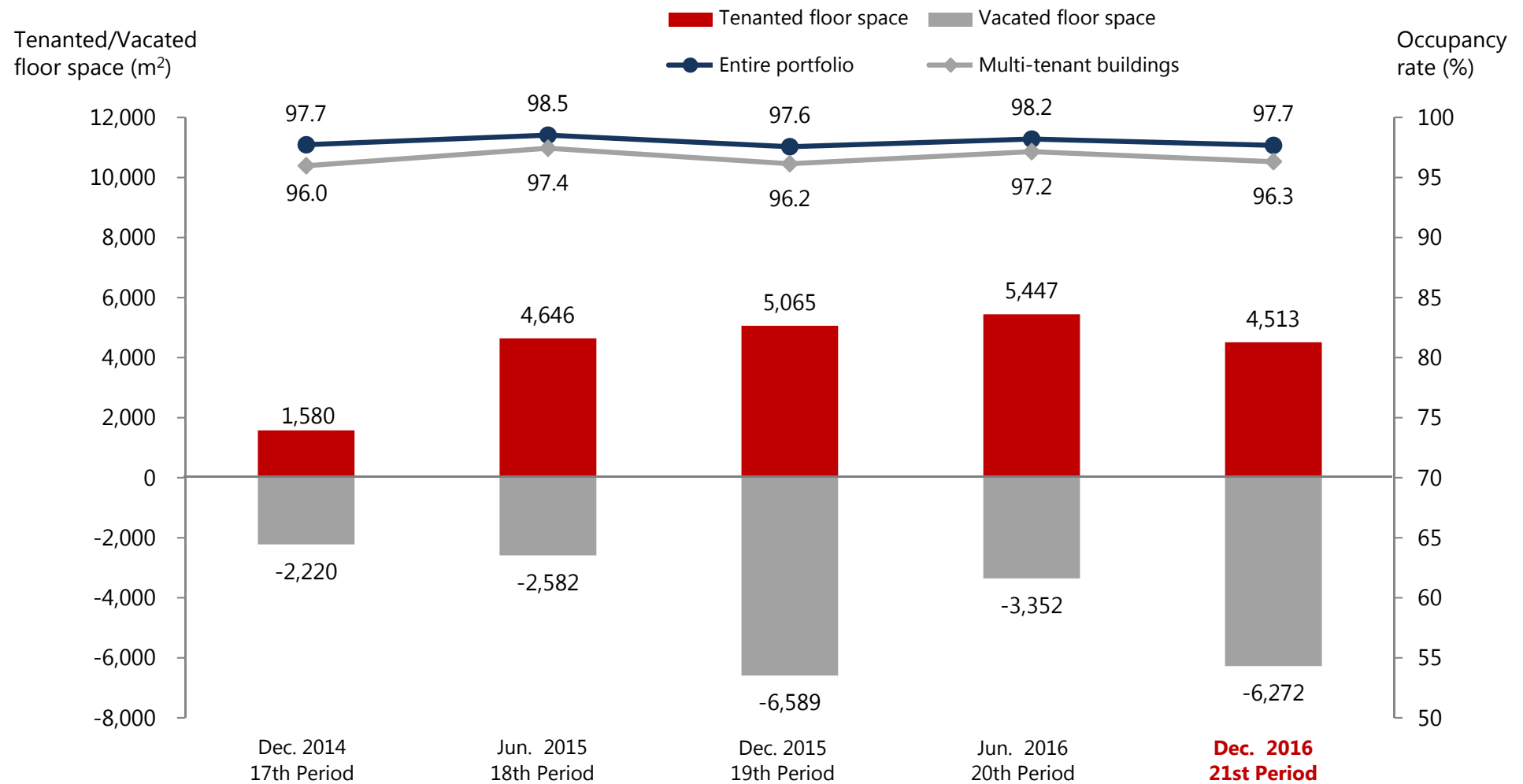
Note: Multi-tenant buildings at the end of 21st Period include ;

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 rate as of Jun. 30, 2016 (20th Period End) (%)	①Occupancy rate as of Dec. 31, 2016 (21st Period End) (%)	Difference ② - ① (points)	Tenant movements during 21st Period (Jul. 1, 2016 - Dec. 31, 2016)			
						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	100.0	100.0	-	-	-	-	-
	G-Square Shibuya Dogenzaka	5,014	79.5	83.4	3.9	498.61	-	-304.78	-
	Shibuya Sakuragaoka Square (land with leasehold interest)	1,200	100.0	100.0	-	-	-	-	-
	Yokohama Creation Square	12,739	92.4	94.2	1.8	687.63	104.32	-462.34	-110.63
	Cube Kawasaki	24,462	100.0	91.1	-8.9	1,053.26	-	-3,229.36	-
	Higashi-Nihombashi Green Bldg.	3,257	100.0	100.0	-	-	-	-	-
	Twin 21	82,305	98.0	97.7	-0.3	376.51	96.79	-750.81	-8.87
	Matsushita IMP Bldg.	37,407	97.6	98.9	1.3	339.95	312.16	-163.92	-
	Midosuji MID Bldg.	10,461	98.8	94.7	-4.1	-	-	-429.66	-
	MID REIT Kyobashi Bldg.	4,834	100.0	100.0	-	-	-	-	-
	MID Imabashi Bldg.	4,278	85.6	94.2	8.6	526.29	-	-	-158.16
	MID Midosujikawaramachi Bldg.	3,110	100.0	100.0	-	-	-	-	-
	Kitahama MID Bldg.	10,189	100.0	98.7	-1.3	-	-	-132.12	-
	MID Nishihommachi Bldg.	3,877	89.6	93.7	4.1	83.94	201.04	-	-126.40
	Higobashi MID Bldg.	4,656	95.0	91.5	-3.5	-	232.89	-232.89	-162.40
Other	AEON MALL Tsudanuma	101,210	100.0	100.0	-	-	-	-	-
	Konami Sports Club Kyobashi	9,586	100.0	100.0	-	-	-	-	-
	Dormy Inn Hakata Gion	5,555	100.0	100.0	-	-	-	-	-
Occupancy rate by type	Office Occupancy rate	214,647.70	97.2	96.4	-0.8	3,566.19	947.20	-5,705.88	-566.46
	Non-Office Occupancy rate	116,351.61	100.0	100.0	-	-	-	-	-
Total		330,999.31	98.2	97.7	-0.5	3,566.19	947.20	-5,705.88	-566.46

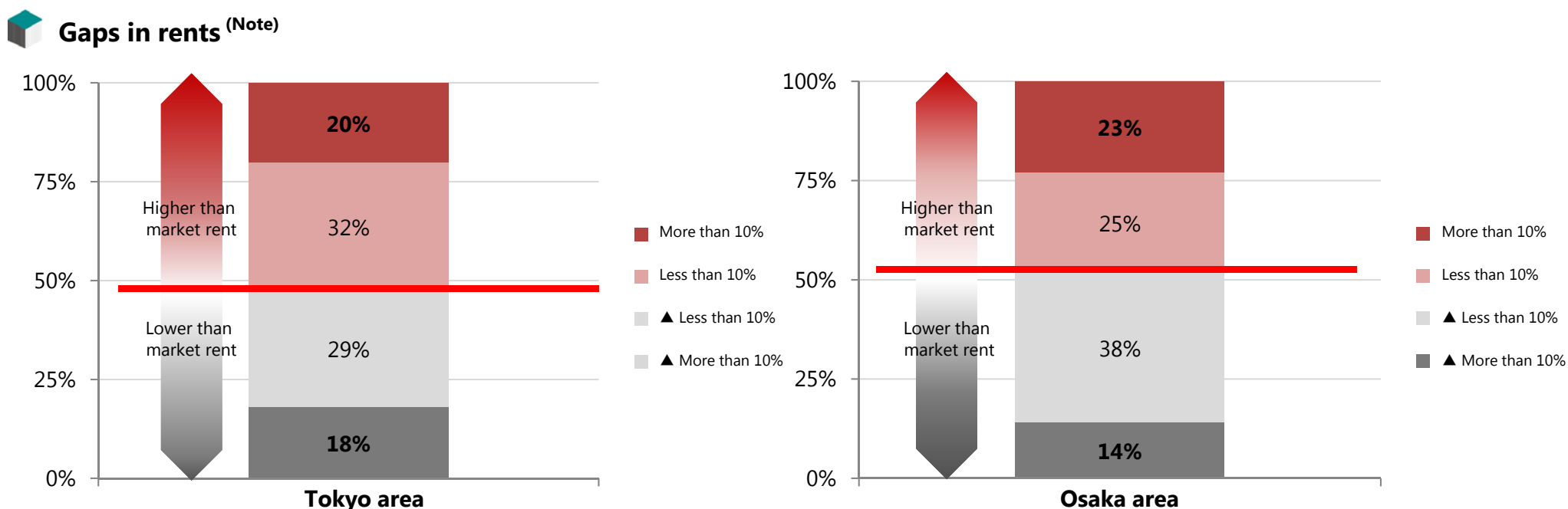
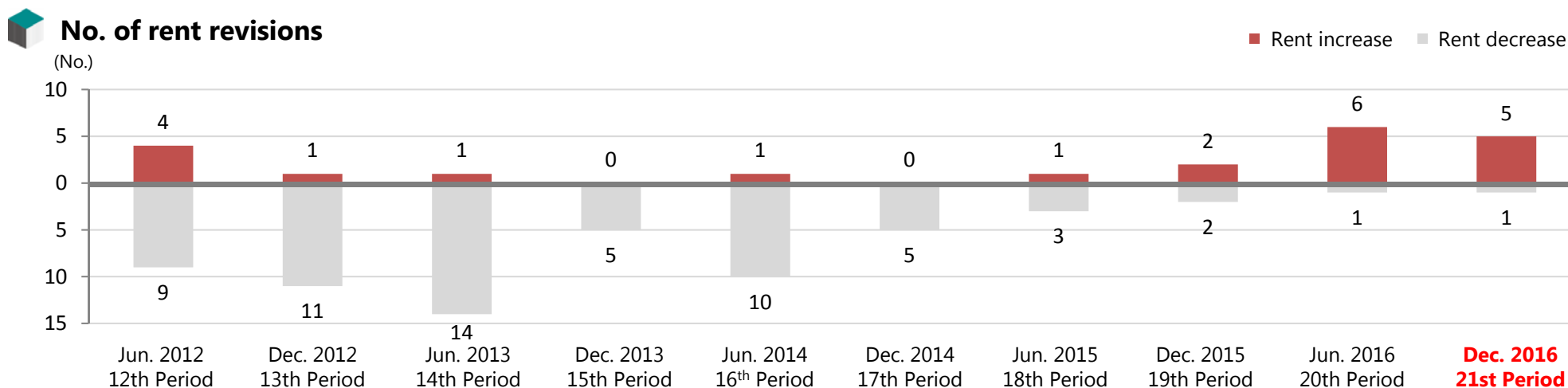
Increased by  
**4,513.39㎡**

Decreased by  
**-6,272.34㎡**

**Net Decrease -1,758.95㎡**



# Revisions and gaps in rents



Note: Market rent refers to market's estimated concluded rent (standard floor) of each property appraised as of Dec. 2016 by CBRE. The rents identical with market rent are included in "within 10%".

# Surveys on tenants' satisfaction

Targeted buildings: 4 properties in Tokyo (G-Square Shibuya Dogenzaka, Yokohama Creation Square, Cube Kawasaki and Higashi-Nihombashi Green Building)  
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: Nov. 10, 2016 to Nov. 30, 2016

Sample: 227 tenants

Survey conducted by: Kanden CS Forum Inc.

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

Factors	2012	2013	2014	2015	2016		
					Total	(Tokyo Area)	(Osaka Area)
Surrounding environment	81.0	79.7	82.3	73.7	72.4	67.0	75.1
Behavior of MF (property management firm)	76.8	76.9	78.4	78.4	78.8	75.0	79.7
Comforts of building	57.8	57.2	58.6	55.3	54.5	53.4	55.1
Manner of management firm's staff	75.5	74.2	75.2	75.1	74.7	75.4	74.4
Behavior of PM	71.4	71.6	72.5	72.8	73.0	70.5	73.7
Measures for safety	69.1	69.7	70.4	69.2	66.3	60.8	69.0
Quality of common area	66.1	66.8	67.4	65.7	64.3	61.5	65.8
Usability of building facilities & equipment	67.1	67.4	67.9	66.5	67.5	64.7	68.2
Cleanliness of building	72.8	72.0	71.3	70.3	69.6	66.9	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

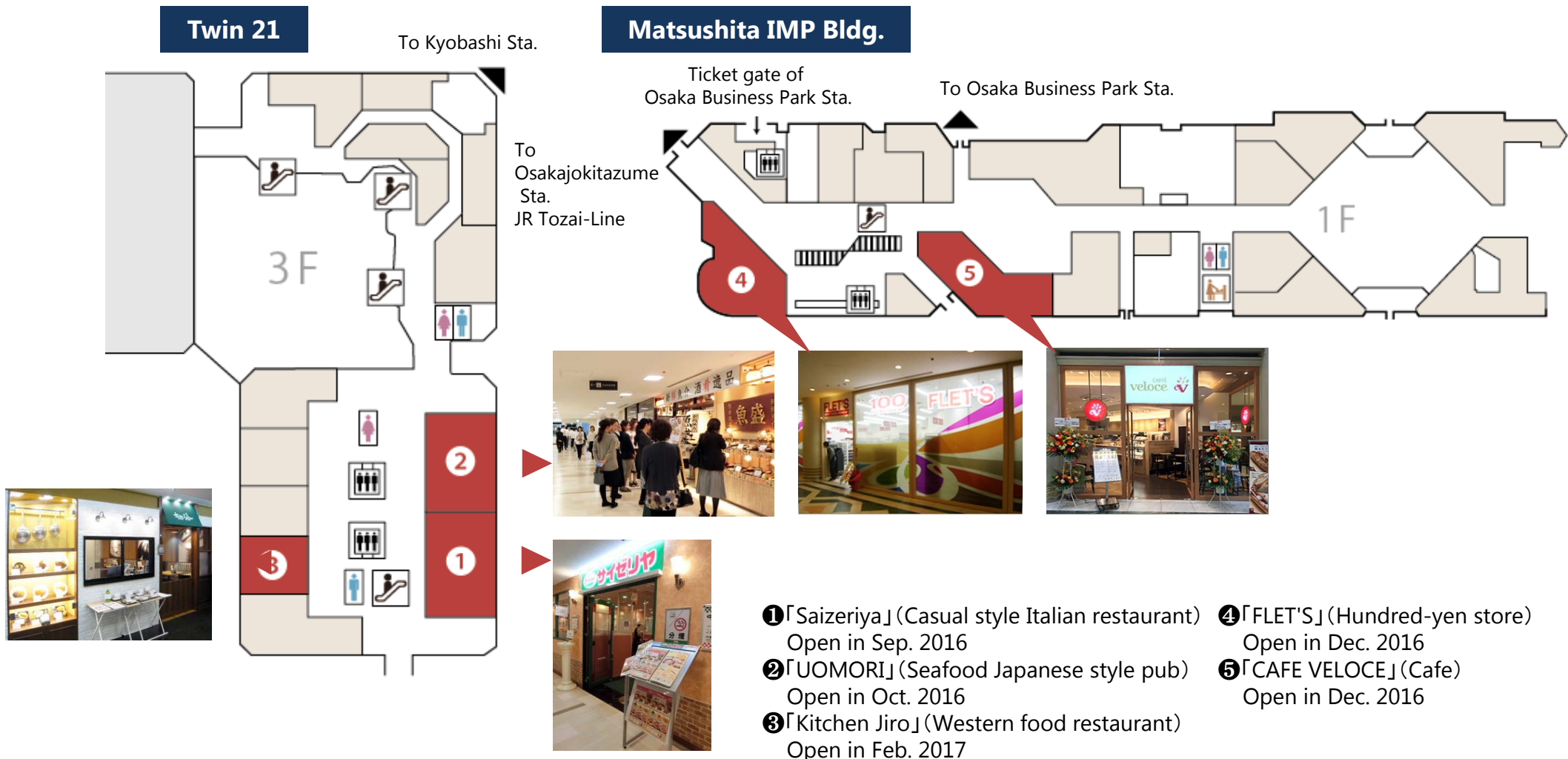
2016~: Twin 21, Matsushita IMP Bldg., MID Imabashi Bldg., Kitahama MID Bldg., MID Nishihommachi Bldg., Midosuji MID Bldg., MID Midosujikawaramachi Bldg., Higobashi MID Bldg., G-Square Shibuya Dogenzaka, Yokohama Creation Square, Cube Kawasaki, Higashi-Nihombashi Green Building



# Initiatives in OBP 1

## Tenant Movements at Twin 21 Commercial Zone

Effective tenant replacement in 2016: 7 new tenants move in and 8 tenants move out (in total of Twin 21 and Matsushita IMP Bldg.)



# Initiatives in OBP 2

## Events held inside 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"**

### Flower exhibition

In October, flower arrangement was displayed under the theme of Halloween to provide opportunities to feel the season even during busy days. Flowers were distributed on the final day of the exhibition. At Twin 21 the flower arrangement became a popular photo spot as many people snapped a shot with flowers against the backdrop of Osaka Castle.



### Christmas events

Four-day music events were held at Atrium and some restaurants decorated by Christmas ornaments. The campaign to distribute novelties (cookies, etc.) for relaxation was also well-received.



### Campaign to support 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

Periods      Nov. 21, 2016 to 27 (7days)

Location     Atrium at Twin 21,  
1F Entrance of Twin 21 MID Tower



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## 4. PORTFOLIO

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# Portfolio profitability

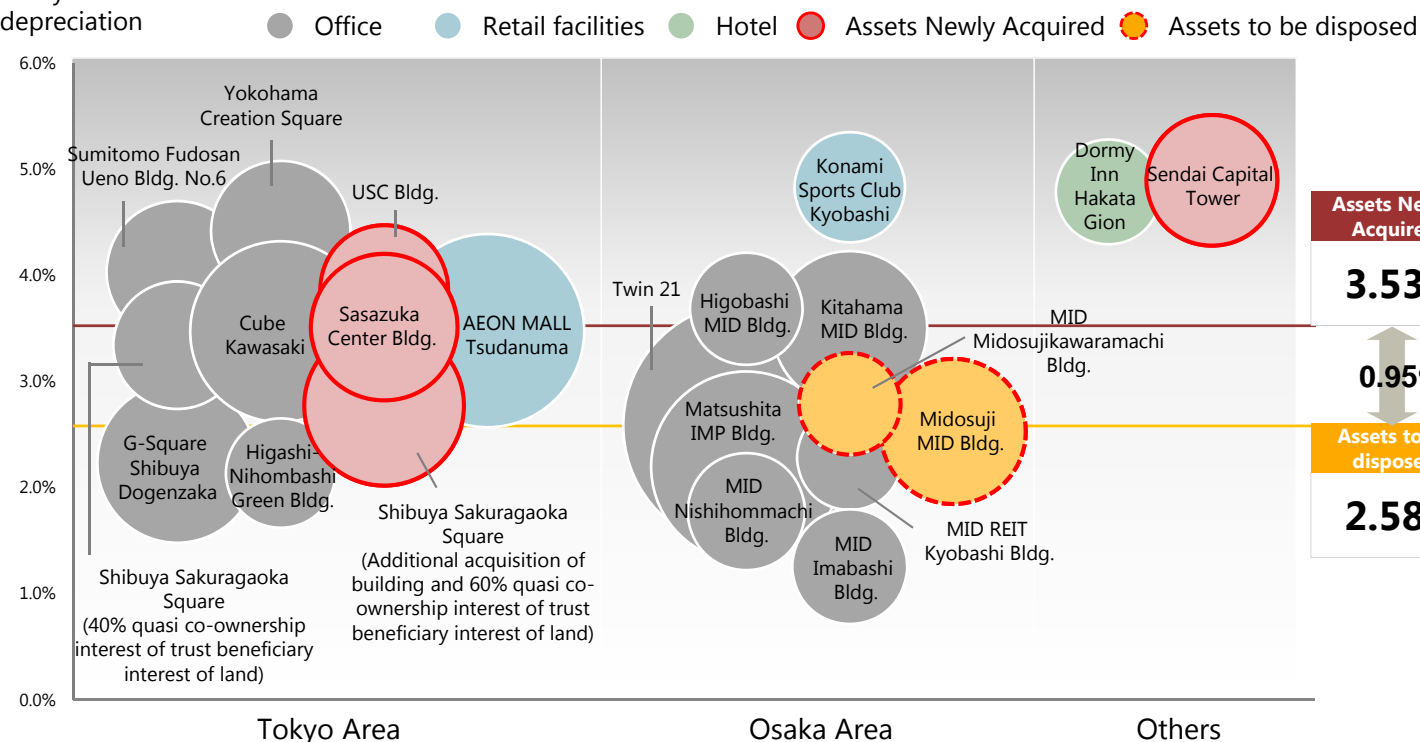
	As of end of Jun. 2016	As of end of Dec. 2016
Average NOI yield <sup>(Note 1)</sup>	4.1%	<b>4.1%</b>
Average NOI yield after depreciation <sup>(Note 1)</sup>	2.9%	<b>2.9%</b>



As of end of Apr. 2017 <sup>(Note2)</sup>
<b>4.1%</b>
<b>3.0%</b>

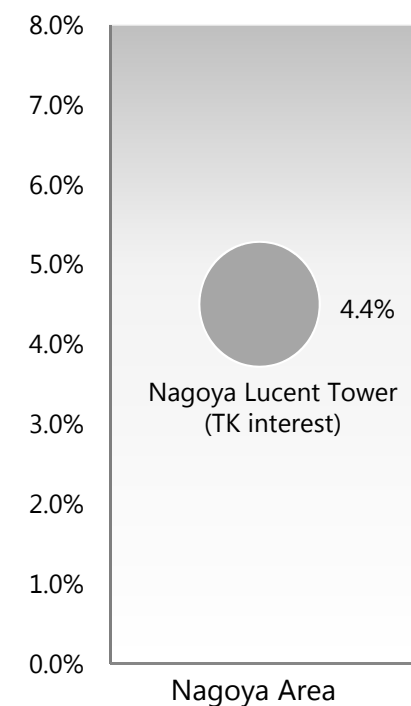
## NOI yield after depreciation of each property by Area <sup>(Note 3)</sup>

NOI yield after depreciation



## Dividend yield of TK interest

Dividend yield



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

Note 2: Calculated based on actual figures of portfolio as of Dec. 2016 excluding assets to be disposed and figures of newly acquired assets in appraisal report.

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



# Portfolio overview (as of end of Dec. 2016/based on 19 properties)

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) (㎡)	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	7,970	5.00%	4.04%	6,858.16	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	14,100	2.73%	2.23%	5,013.55	83.4%
		OT-3	Shibuya Sakuragaoka Square (land with leasehold interest)	Shibuya-ku, Tokyo	—	Aug. 2015	5,000	5,320	3.34%	3.34%	1,200.08	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	7,750	5.11%	4.42%	12,739.42	94.2%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	21,800	3.87%	3.47%	24,462.29	91.1%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	2,930	2.64%	2.14%	3,256.64	100.0%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	49,500	4.11%	2.58%	82,304.85	97.7%
		OO-2	Matsushita IMP Bldg.	Chuo-ku, Osaka	Feb. 1995	Aug. 2006	24,600	19,900	4.39%	2.20%	37,406.94	98.9%
					added on to in Nov. 2003							
		OO-3	Midosuji MID Bldg.	Chuo-ku, Osaka	Oct. 1980	Aug. 2006	8,290	7,310	3.99%	2.53%	10,461.32	94.7%
		added on to in Dec. 2009	Oct. 2007									
		OO-4	MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	Feb. 2000	Aug. 2006	2,300	1,420	3.56%	2.28%	4,833.88	100.0%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2,210	2.72%	1.26%	4,277.64	94.2%
		OO-6	MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	Mar. 1998	May 2007	2,000	1,490	4.15%	2.79%	3,110.49	100.0%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	8,760	4.22%	3.50%	10,189.49	98.7%
OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2,160	2.86%	1.77%	3,877.38	93.7%		
OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	June 2013	3,000	3,450	5.16%	3.69%	4,655.57	91.5%		
Subtotal (Office)						181,025	156,070	4.02%	2.78%	214,647.70	96.4%	
Other												
Three major metropolitan areas	Tokyo metropolitan area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003	Aug. 2006	26,100	27,800	4.36%	3.48%	101,210.44	100.0%
		added on to in Dec. 2007										
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	Aug. 2006	2,780	3,300	6.15%	4.83%	9,586.26	100.0%
Other	Other major cities	HR-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	3,300	6.49%	4.79%	5,554.91	100.0%
Subtotal (Other than Office)						31,160	34,400	4.67%	3.70%	116,351.61	100.0%	
Total						212,185	190,470	4.12%	2.92%	330,999.31	97.7%	
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 21<sup>st</sup> period.

Note 2: Leasable space is based on data as of Dec. 31, 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 overview (After acquisition and disposition/based on 20 properties)

Area	Property No.	Property name	Location	Completion date	Acquisition date	Acquisition price (mn. yen)	Appraisal value (Note1) (mn. yen)	NOI yield (Note2) (%)	NOI yield after depreciation (Note2) (%)	Leasable Space (Note3) (㎡)	Occupancy rate (Note4) (%)	
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	7,970	5.00%	4.04%	6,858.16	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	14,100	2.73%	2.23%	5,013.55	83.4%
		OT-3	Shibuya Sakuragaoka Square	Shibuya-ku, Tokyo	Mar. 2010	Aug. 2015 Feb. 2017	5,000 12,130	5,320 13,000	3.54%	2.95%	6,379.66	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	7,750	5.11%	4.42%	12,739.42	94.2%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	21,800	3.87%	3.47%	24,462.29	91.1%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	2,930	2.64%	2.14%	3,256.64	100.0%
		OT-7	Sasazuka Center Bldg.	Shibuya-ku, Tokyo	Mar. 1955	Mar. 2017	8,700	9,160	3.96%	3.51%	8,221.34	76.4%
		OT-8	USC Bldg.	Koto-ku, Tokyo	Jan. 1990 added on to in Jan. 2007	Apr. 2017	5,000	5,190	4.47%	3.87%	12,489.08	100.0%
	Osaka metropolitan area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	49,500	4.11%	2.58%	82,304.85	97.7%
		OO-2	Matsushita IMP Bldg.	Chuo-ku, Osaka	Feb. 1990, added on to in Nov. 2003	Aug. 2006	24,600	19,900	4.39%	2.20%	37,406.94	98.9%
		OO-4	MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	Feb. 2000	Aug. 2006	2,300	1,420	3.56%	2.28%	4,833.88	100.0%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2,210	2.72%	1.26%	4,277.64	94.2%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	8,760	4.22%	3.50%	10,189.49	98.7%
		OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2,160	2.86%	1.77%	3,877.38	93.7%
		OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	June 2013	3,000	3,450	5.16%	3.69%	4,655.57	91.5%
Other	Other metropolitan area	OR-1	Sendai Capital Tower	Aoba-ku, Sendai	Mar. 1974	Feb. 2017	5,500	6,220	5.68%	4.90%	12,999.51	93.1%
Subtotal (Office)						202,065	180,840	4.05%	2.91%	239,965.40	95.9%	
Other than Office Bldg.												
Three major metropolitan areas	Tokyo metropolitan area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003 added on to in Dec. 2007	Aug. 2006	26,100	27,800	4.36%	3.48%	101,210.44	100.0%
	Osaka metropolitan area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	June 1999	Aug. 2006	2,780	3,300	6.15%	4.83%	9,586.26	100.0%
Other	Other metropolitan area	HR-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	3,300	6.49%	4.79%	5,554.91	100.0%
Subtotal (Other than Office)						31,160	34,400	4.67%	3.70%	116,351.61	100.0%	
Total						233,225	215,240	4.14%	3.01%	356,317.01	97.2%	
TK Interest for Office												
Three major metropolitan areas	Nagoya metropolitan area	TK-1	Nagoya Lucent Tower (TK interest)	Nishi-ku, Nagoya	—	2015年8月	4,919	—	—	—	—	
Total						238,144	—	—	—	—	—	

Note 1: Appraisal value is based on data as of Dec. 31, 2016. However the figures of Shibuya Sakuragaoka Square and Sendai Capital Tower are based on data as of Dec. 1, 2016 and Sasazuka Center Bldg. and USC Bldg. are based on data as of Jan. 1, 2017.

Note 2: NOI yield and NOI yield after depreciation is calculated by annualizing actual data as of 21st period. However the figures of Newly acquired assets are calculated by estimated NOI at acquisition.

Note 3: Leasable space is based on data as of Dec. 31, 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, the leasable space of USC Bldg. indicate figures for the entire building.

Note 4: Occupancy Rate is based on the data as of Dec. 31, 2016. However the occupancy rates of Newly acquired assets are based on assumed occupancy rate at acquisition.





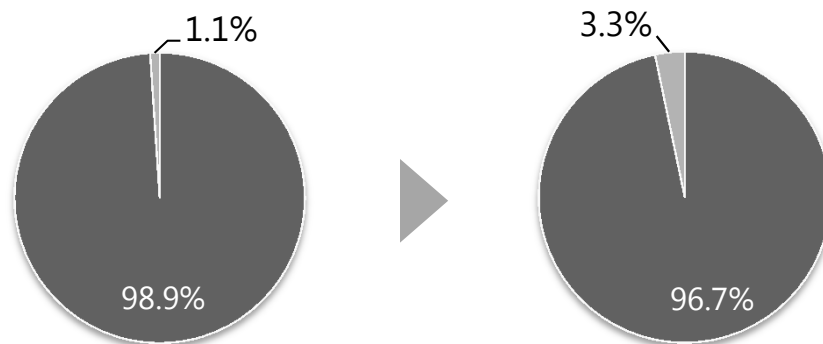
# Portfolio data 1

Chart on the left : As of end of Dec. 2016/based on 19 properties  
Chart on the right : As of end of Apr. 2017/based on 20 properties



## By area

<Based on acquisition price>



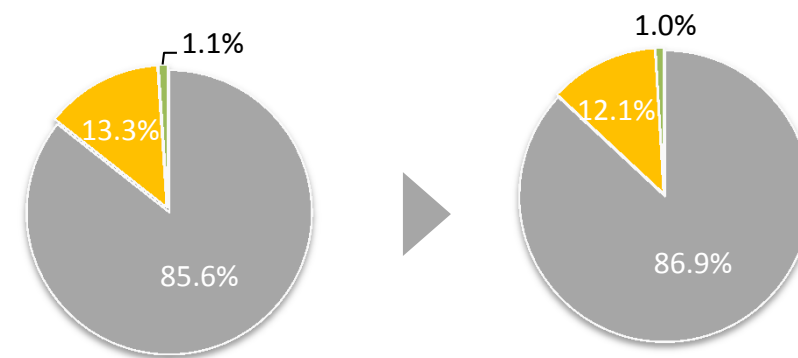
■ Three major metropolitan areas

■ Others



## By asset type

<Based on acquisition price>

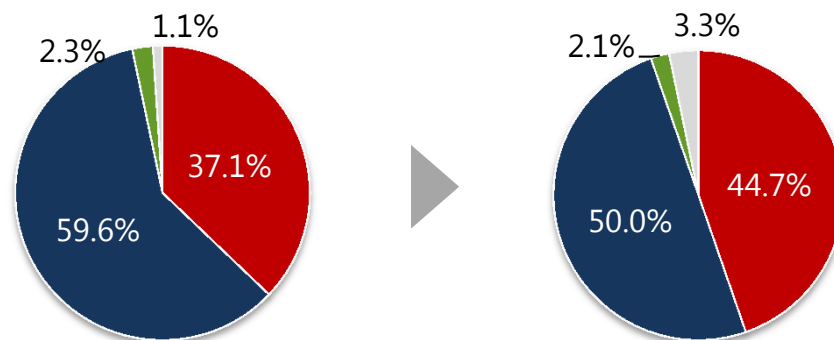


■ Office

■ Retail facility

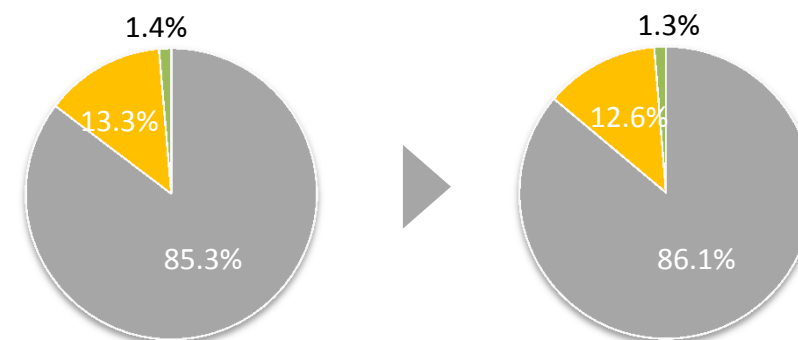
■ Hotel

<Based on acquisition price>



■ Tokyo area ■ Osaka area ■ Nagoya area ■ Others

<Based on rent and CAM revenues> (Note)



■ Office

■ Retail facility

■ Hotel

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

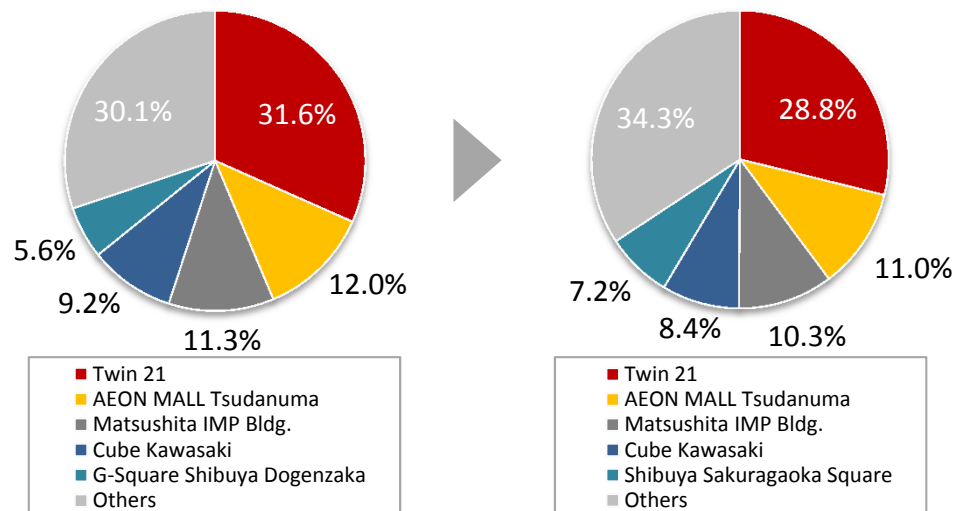


# Portfolio data 2

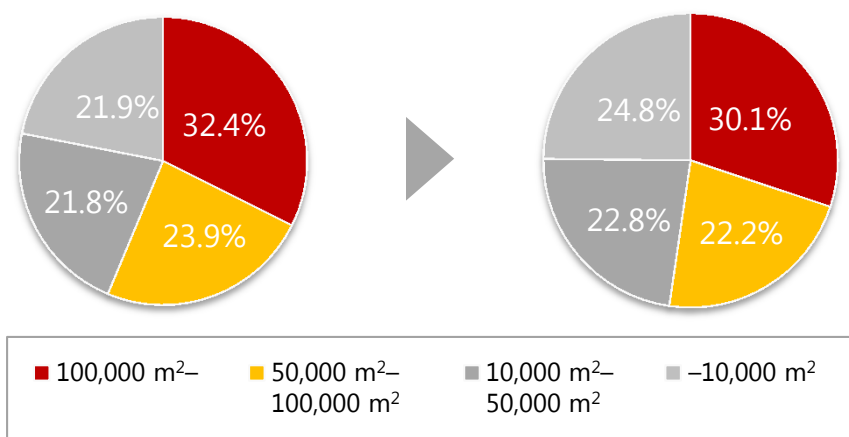
Chart on the left : As of end of Dec. 2016/based on 19 properties  
Chart on the right : As of end of Apr. 2017/based on 20 properties

## By asset size

<Based on acquisition price>

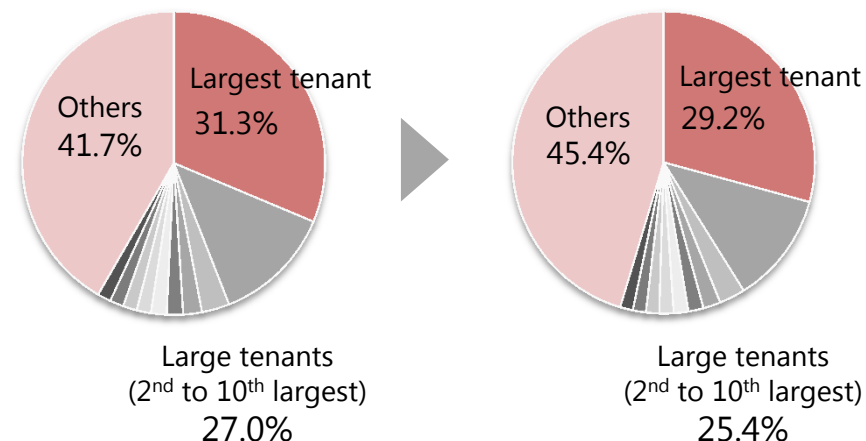


<Based on acquisition price (Note)>

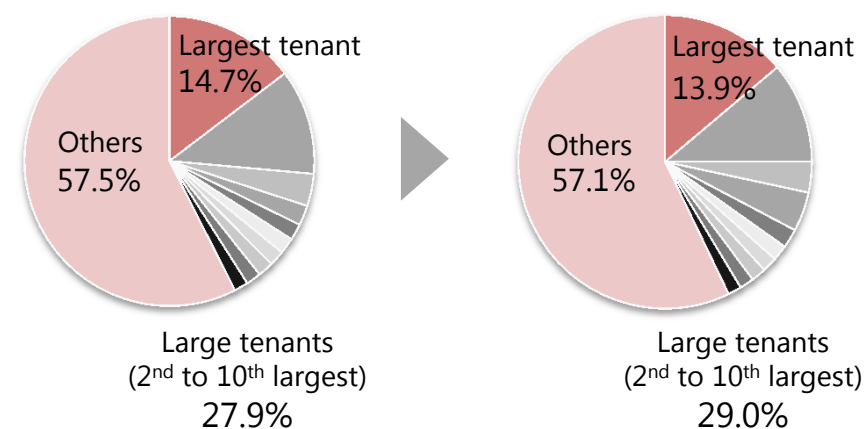


## By tenant

<Based on leased area (Note)>



<Based on rent and CAM revenues (Note)>



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

# Revenue and expenses by property 1

(Unit: mn. yen)

	Twin 21	Matsushita IMP Bldg.	Midosuji MID Bldg.	MID REIT Kyobashi Bldg.	Konami Sports Club Kyobashi	AEON MALL Tsudanuma	MID Imabashi Bldg.	MID Midosuji- kawaramachi Bldg.	Kitahama MID Bldg.
Operating days	184	184	184	184	184	184	184	184	184
Rent revenue	1,609	783	229	—	—	726	64	50	222
CAM revenue	448	113	13	—	—	—	6	5	49
Parking revenue	67	59	3	—	—	—	7	1	8
Rent revenue - real estate	2,125	956	247	—	—	726	78	57	279
Utilities revenue	160	96	29	—	—	—	7	5	41
Early-withdrawal penalties received	3	—	—	—	—	—	—	—	—
Other revenue	14	6	1	—	—	0	0	0	1
Other lease business revenue	178	102	31	Not Disclosed		0	7	5	43
① Property leasing revenue	2,303	1,058	278	Not Disclosed		726	86	62	323
Property management fees	332	188	33	—	—	5	13	7	33
Utilities expenses	286	157	30	—	—	—	8	5	31
Real estate taxes	196	122	44	—	—	61	12	6	22
Insurance premiums	3	2	0	—	—	0	0	0	0
Repair expenses	38	25	2	—	—	84	4	1	4
Other lease business expenses	21	17	0	—	—	—	2	0	1
② Expenses related to rent business	879	513	112	—	—	152	41	21	93
③ NOI(①—②)	1,423	544	166	41	86	573	44	41	229
④ Depreciation	529	272	61	14	18	115	24	13	39
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③—④—⑤)	894	272	105	26	67	457	20	28	190
CAPEX	233	340	5	6	1	—	3	0	2



# Revenue and expenses by property 2

(Unit: mn. yen)

	MID Nishi-hommachi Bldg.	Higobashi MID Bldg.	Dormy Inn Hakata Gion	Sumitomo Fudosan Ueno Bldg. No.6	G-Square Shibuya Dogenzaka	Shibuya Sakuragaoka Square (land with leasehold interest)	Yokohama Creation Square	Cube Kawasaki	Higashi-Nihombashi Green Building	Total
Operating days	184	184	184	184	184	184	184	184	184	
Rent revenue	62	79	—	—	188	90	175	483	50	5,211
CAM revenue	9	19	—	—	23	—	120	80	26	986
Parking revenue	3	2	—	—	3	—	15	1	3	189
Rent revenue - real estate	75	101	—	—	215	90	310	566	80	6,388
Utilities revenue	9	12	—	—	20	—	11	46	4	452
Early-withdrawal penalties received	—	1	—	—	—	—	8	—	—	13
Other revenue	1	0	—	—	0	0	9	2	3	42
Other lease business revenue	10	14	Not Disclosed		21	0	29	48	8	509
① Property leasing revenue	85	116	Not Disclosed		236	90	340	614	88	6,897
Property management fees	10	13	—	—	11	0	77	59	8	833
Utilities expenses	10	11	—	—	16	—	34	72	7	686
Real estate taxes	8	12	—	—	22	6	26	62	5	647
Insurance premiums	0	0	—	—	0	0	0	0	0	10
Repair expenses	4	0	—	—	9	—	0	23	30	235
Other lease business expenses	0	0	—	—	8	—	17	6	0	77
② Expenses related to rent business	34	38	—	—	68	6	158	223	52	2,490
③ NOI(①—②)	51	78	74	188	168	84	182	390	36	4,406
④ Depreciation	19	22	19	36	30	—	24	39	6	1,288
⑤ Loss on retirement of non-current assets	—	1	—	—	—	—	—	—	—	1
⑥ Property leasing income (③—④—⑤)	31	53	55	151	137	84	157	350	29	3,116
CAPEX	—	3	—	10	18	—	1	96	7	733



# Appraisal values by property

Type	Region	Property name	Acquisition price (Note1) (mn yen)	Appraisal value as of Jun. 30, 2016 (20th Period End) (Note2) (mn. yen)	Book value as of Dec. 31, 2016 (21st Period End) (Note3) (mn. yen)	Appraisal value as of Dec. 31, 2016 (21st Period End) (Note2) (mn. yen)	Difference from previous period end (%)	Difference from book value (%)	Appraisal company	20th Period appraisal value rate (Note4) (%)	21st Period appraisal value rate (Note4) (%)
Office	Three major metropolitan areas  (Tokyo / Osaka / Nagoya)	Sumitomo Fudosan Ueno Bldg. No.6	7,460	7,830	7,710	7,970	1.8%	3.4%	Tanizawa Sogo Appraisal Co., Ltd.	4.1%	4.0%
		G-Square Shibuya Dogenzaka	12,220	13,900	12,300	14,100	1.4%	14.6%	Japan Real Estate Institute	3.6%	3.4%
		Shibuya Sakuragaoka Square (land with leasehold interest)	5,000	5,240	5,058	5,320	1.5%	5.2%	Japan Real Estate Institute	3.2%	3.1%
		Yokohama Creation Square	7,080	7,600	7,120	7,750	2.0%	8.8%	Tanizawa Sogo Appraisal Co., Ltd.	4.7%	4.5%
		Cube Kawasaki	20,050	21,400	20,391	21,800	1.9%	6.9%	Daiwa Real Estate Appraisal Co., Ltd.	4.2%	4.1%
		Higashi-Nihombashi Green Bldg.	2,705	2,910	2,815	2,930	0.7%	4.1%	Japan Real Estate Institute	4.5%	4.4%
		Twin 21	68,700	48,700	66,471	49,500	1.6%	-25.5%	Morii Appraisal & Investment Consulting, Inc.	4.6%	4.5%
		Matsushita IMP Bldg.	24,600	19,300	22,749	19,900	3.1%	-12.5%	Tanizawa Sogo Appraisal Co., Ltd.	4.7%	4.6%
		Midosuji MID Bldg.	8,290	7,280	8,379	7,310	0.4%	-12.8%	Tanizawa Sogo Appraisal Co., Ltd.	4.1%	3.9%
		MID REIT Kyobashi Bldg.	2,300	1,400	2,106	1,420	1.4%	-32.6%	Tanizawa Sogo Appraisal Co., Ltd.	5.3%	5.2%
		MID Imabashi Bldg.	3,270	2,180	3,138	2,210	1.4%	-29.6%	Tanizawa Sogo Appraisal Co., Ltd.	4.8%	4.7%
		MID Midosujikawaramachi Bldg.	2,000	1,490	1,909	1,490	0.0%	-22.0%	Tanizawa Sogo Appraisal Co., Ltd.	5.1%	5.0%
		Kitahama MID Bldg.	10,800	8,670	10,440	8,760	1.0%	-16.1%	Japan Real Estate Institute	4.5%	4.4%
		MID Nishihommachi Bldg.	3,550	2,160	3,375	2,160	0.0%	-36.0%	Japan Real Estate Institute	4.7%	4.6%
		Higobashi MID Bldg.	3,000	3,450	2,883	3,450	0.0%	19.6%	Japan Real Estate Institute	4.4%	4.3%
Subtotal			181,025	153,510	176,850	156,070	1.7%	-11.8%	—	—	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	27,500	24,067	27,800	1.1%	15.5%	Daiwa Real Estate Appraisal Co., Ltd.	4.7%	4.6%
		Konami Sports Club Kyobashi	2,780	3,260	2,431	3,300	1.2%	35.7%	Daiwa Real Estate Appraisal Co., Ltd.	5.3%	5.1%
	Other metropolitan area	Dormy Inn Hakata Gion	2,280	3,260	2,178	3,300	1.2%	51.5%	Tanizawa Sogo Appraisal Co., Ltd.	4.5%	4.4%
Subtotal			31,160	34,020	28,677	34,400	1.1%	20.0%	—	—	—
Total			212,185	187,530	205,528	190,470	1.6%	-7.3%	—	—	—

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 Dec. 31, 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.

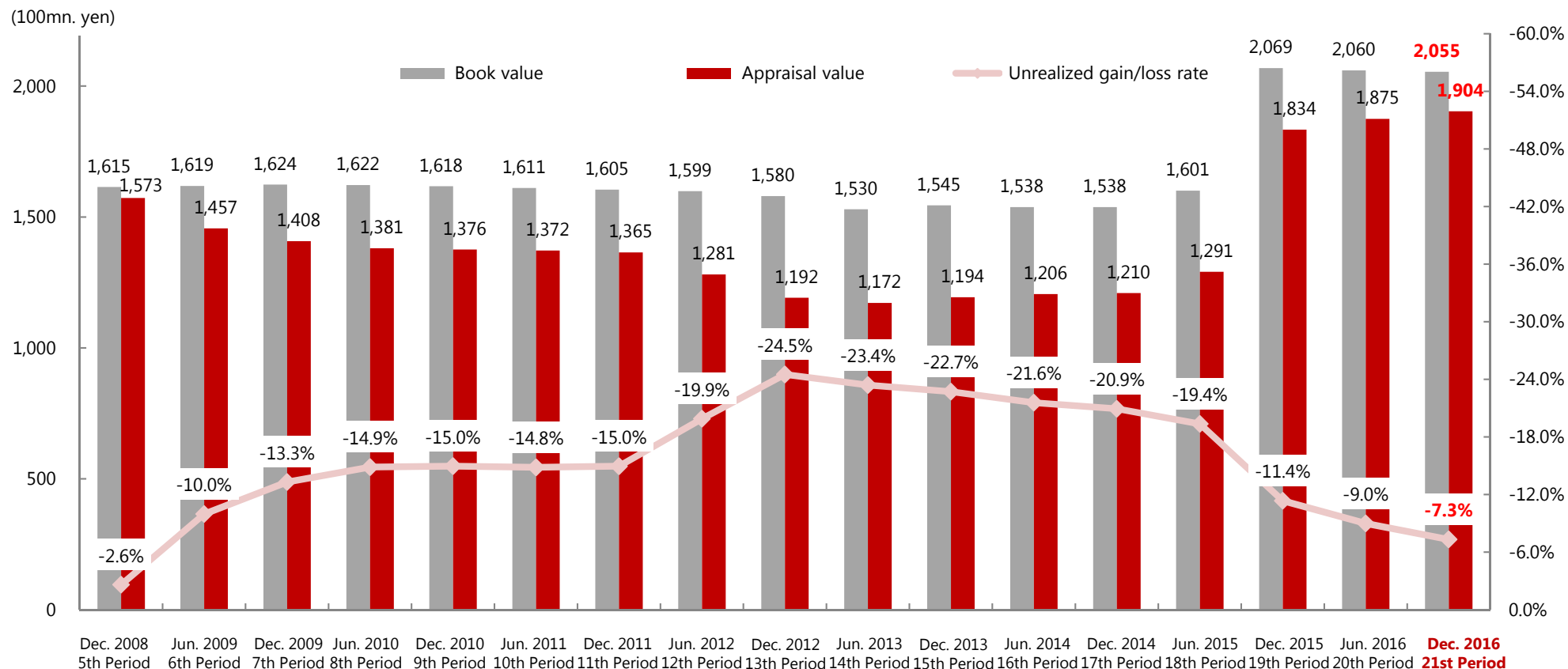
Note 3: "Book value" is the applicable asset's acquisition price (including various acquisition expenses) less accumulated depreciation.

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



# Appraisal value

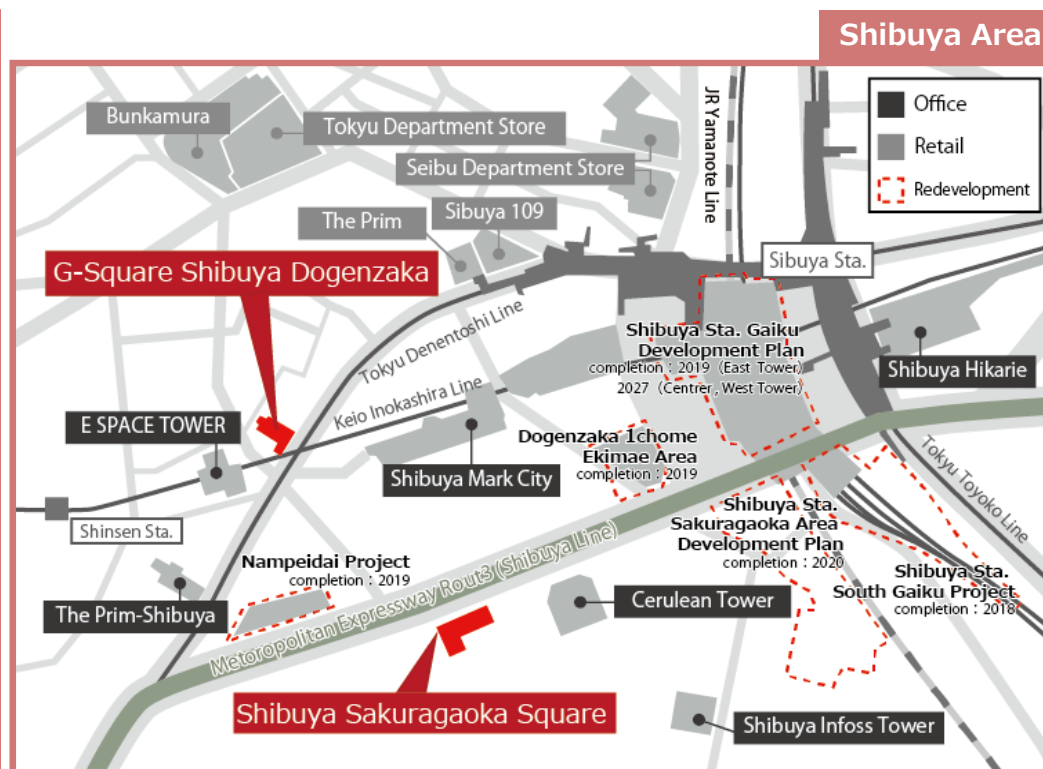
 **Book value, appraisal value and unrealized gain/loss rate (Dec. 2008 (5th Period) – Dec. 2016 (21st Period))**



As of 21st Period End (ended Dec. 2016)

Book value :	205.5 bn. yen
Appraisal value :	190.4 bn. yen
Unrealized gain/loss :	-15.0 bn. yen

# Portfolio overview – Tokyo area



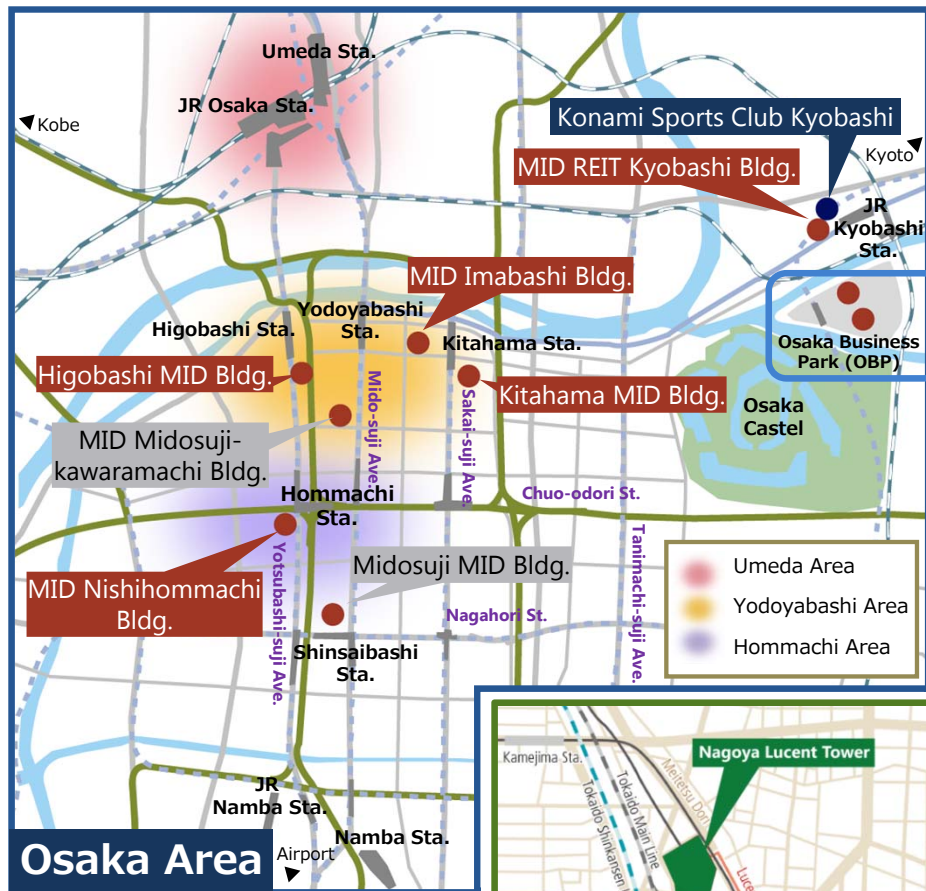
<As of Apr. 30, 2017>

<b>Tokyo Area</b>	No. of assets	9	% of portfolio	44.7%	<b>Nagoya Area</b>	No. of assets	1	% of portfolio	2.1%
<b>Osaka Area</b>	No. of assets	8	% of portfolio	50.0%	<b>Other Major Cities</b>	No. of assets	2	% of portfolio	3.3%

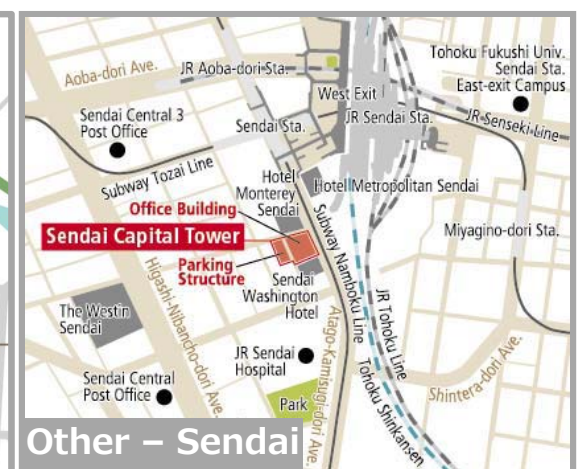
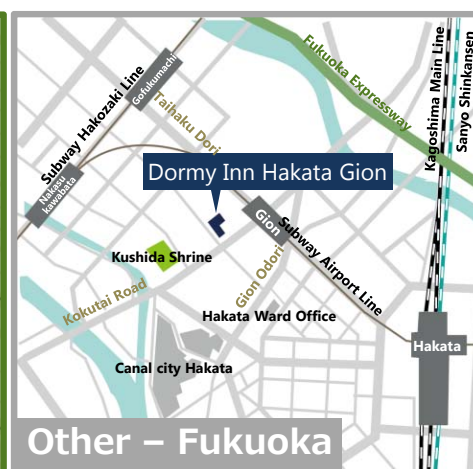
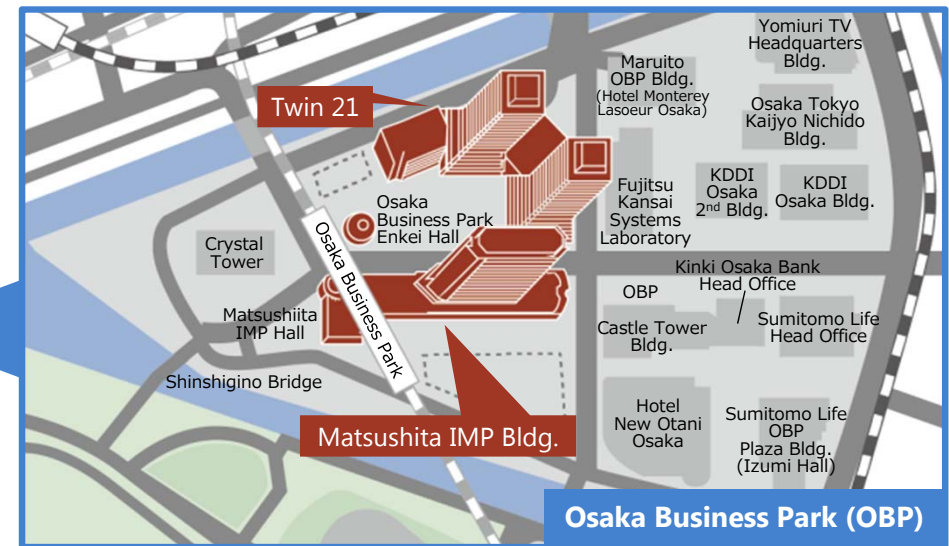
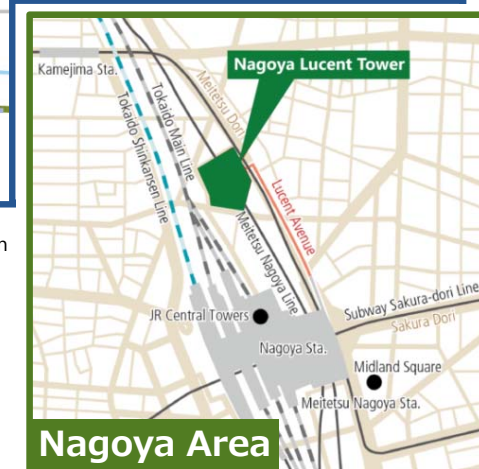
Note: Based on acquisition price. TK interest of Nagoya Lucent Tower is included in the acquisition price.



# Portfolio overview – Osaka area, Nagoya area and other



\*Midosuji MID Bldg. and MID Midosujikawaramachi Bldg. will be disposed on Mar. 27, 2017.





# 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**

**Additional acquisition**

- ✓ 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 pf approx. 190 tsubo

Location	Shibuya-ku, Tokyo
Total land space	1,200.08m <sup>2</sup>
Total floor space	8,655.61m <sup>2</sup>
Structure/scale	S•RC/B1F-10F
Completion date	Mar. 2010
Acquisition price	17,130 mn.yen (Additional acquisition: 12,130 mn.yen)
Acquisition Date	Aug. 2015, Feb.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

\* 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

**To be disposed on  
Mar. 27, 2017**



# 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.**

To be disposed on  
Mar. 27, 2017

- ✓ 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 environmental certification

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	1,002.19m <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, Dec. 2007



**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



# Newly acquired assets – Sendai Capital Tower

Acquisition of property at favorable location near Sendai Station, the largest terminal station in Tohoku Region, through negotiation transaction



## ■ Key reasons for acquisition

**Negotiation transaction**

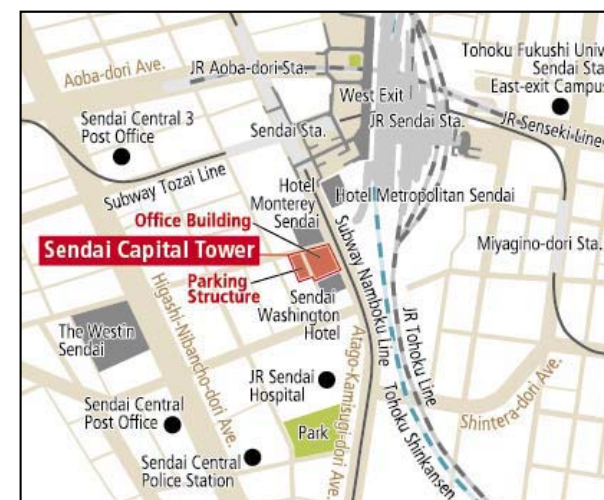
**Sponsor network**

- 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, providing traffic convenience with good access to Tohoku prefectures as well as Tokyo
- 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
- Excellent visibility and natural lighting provided by its location on a corner lot along Atago-Kamisugi-dori Avenue, and regularly-shaped office floors with a pillar-less structure offering higher usage efficiency in spaces and flexible layout options

Acquisition price (Ratio of unrealized gain)	DCF method		Direct capitalization method	
	NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
5,500 mn. yen (+13.1%)	5.7%	4.9%	6.1%	5.4%
Location	4-10-3, Chuo, Aoba-ku, Sendai-shi, Miyagi			
Access	Four-minute walk from JR Sendai Station			
Total floor space	23,702.00m <sup>2</sup> (Including parking lot)			
No. of tenants <sup>(Note)</sup>	81			
Occupancy <sup>(Note)</sup>	93.1%			
Acquisition date	Feb. 1, 2017			

Note: As of acquisition date

## ■ MAP



# Newly acquired assets – Shibuya Sakuragaoka Square

(Additional acquisition of building and 60% quasi co-ownership interest of trust beneficiary interest of land)

Additional acquisition of the remaining 60% land with leasehold interest and building using the bridge functions

Negotiation transaction

Sponsor network

Additional acquisition from bridge fund



## ■ Key reasons for acquisition

- Located in Shibuya Area, which keeps on evolving as a hub of and a source to send information about commercial and business activities, within 4-minute walk from Shibuya Station
- Newly-built mid-sized office building equipped with basic specifications which enable advanced and diversified office needs to be fully addressed

Acquisition price (Ratio of unrealized gain)	DCF method		Direct capitalization method	
	NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
12,130 mn. yen (+7.2%)	3.6%	2.8%	3.8%	3.0%

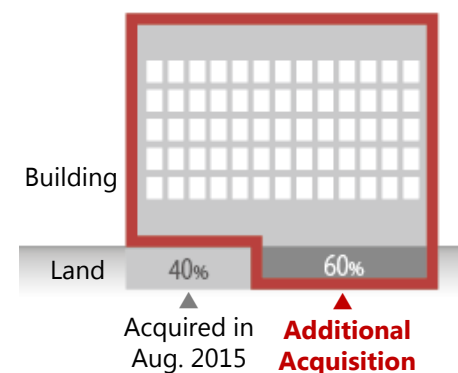
<Land + Building>

Acquisition price (Ratio of unrealized gain)	DCF method		Direct capitalization method	
	NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
17,130 mn. yen (+14.4%)	3.5%	2.9%	3.7%	3.1%

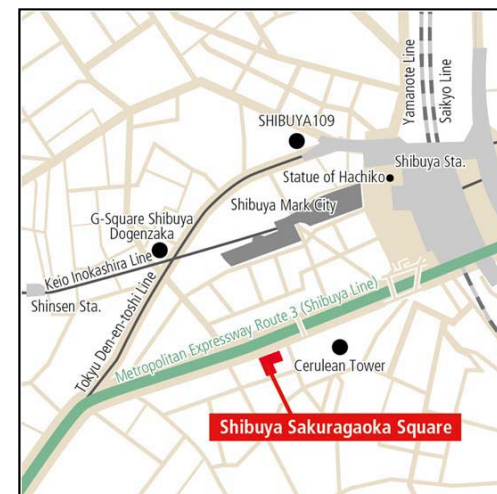
Location	31-15, Sakuragaokacho, Shibuya-ku, Tokyo
Access	Four-minute walk from JR Shibuya Station
Total floor space	8,655.61m <sup>2</sup>
No. of tenants <sup>(Note)</sup>	4
Occupancy <sup>(Note)</sup>	100.0%
Acquisition date	Feb. 1, 2017

Note: As of acquisition date

## ■ Additional acquisition flow



## ■ MAP





# Newly acquired assets – Sasazuka Center Bldg.

Acquisition of property with internal growth potential through negotiation transaction by using the sponsor's network



Negotiation transaction

Sponsor network

## ■ Key reasons for acquisition

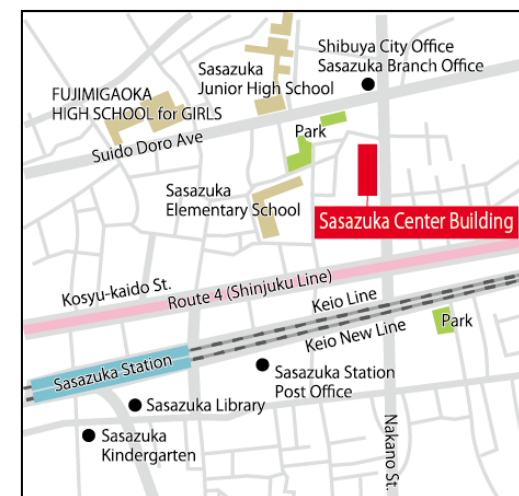
- Location with traffic convenience, within five-minute walk from Sasazuka Station of the Keio Line, which is one station or about five minutes away from Shinjuku Station
- Good access by car, as it faces a boulevard and is located near the Hatagaya Ramp of the Metropolitan Expressway
- Outstanding building in the area for its size, as it is an eight-story building with two stories underground, with the total floor area of approximately 3,600 tsubo and the standard floor area of approximately 300 tsubo

Acquisition price (Ratio of unrealized gain)	DCF method		Direct capitalization method	
	NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
8,700 mn. yen (+5.3%)	4.0%	3.5%	4.5%	4.0%

Location	2-1-6, Sasazuka, Shibuya-ku, Tokyo
Access	Five-minute walk from Keio Sasazuka Station
Total floor space	11,973.11m <sup>2</sup>
No. of tenants <sup>(Note)</sup>	7
Occupancy <sup>(Note)</sup>	76.4%
Acquisition date	Mar. 22, 2017

Note: Based on the information as of the end of December 2016; however, as it is expected that tenants will exit from the property according to the notices of cancellation that were already received, the number of tenants and occupancy rate as of April 1, 2017 after the acquisition will be 6 and 64.3%, respectively.

## ■ MAP



# Newly acquired assets – USC Bldg.

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

## Acquisition of 46% quasi co-ownership of interest to create pipeline for future full acquisition

**Negotiation transaction**

**Sponsor network**

**Future pipeline**



### ■ Key reasons for acquisition

- Location within seven-minute walk from Toyochi Station of the Tokyo Metro Tozai Line, the line connecting several business districts and providing good access to the Tokyo Metropolitan area
- 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, and also featuring high visibility because of its location along the Yotsume-Dori street
- Convenience in vehicle use with more than 100 parking lots, attracting vehicle-user tenants

Acquisition price (Ratio of unrealized gain)	DCF method		Direct capitalization method	
	NOI yield	NOI yield after depreciation	NOI yield	NOI yield after depreciation
5,000 mn. yen (+3.8%)	4.5%	3.9%	4.6%	4.0%
Location	4-11-38, Toyo, Koto-ku, Tokyo			
Access	Seven-minute walk from Tokyo Metro Tozai Line Toyochi Station			
Total floor space	18,475.98m <sup>2</sup>			
No. of tenants <sup>(Note)</sup>	8			
Occupancy <sup>(Note)</sup>	100.0%			
Acquisition date	Apr. 6, 2017			

Note: As of acquisition date

### ■ Pipeline for acquisition

Acquisition of approximately 46% of quasi co-ownership of interest in April 2017



A preferential negotiation right over the remaining 54% of quasi co-ownership of interest

### ■ MAP



# Disposed assets

## Disposition Highlight

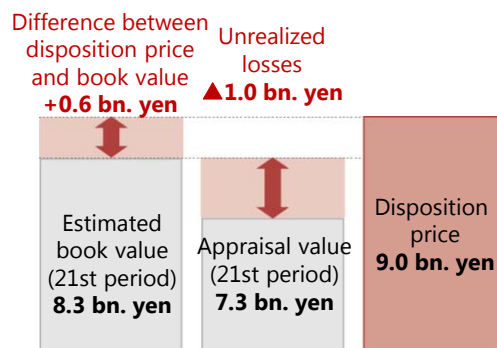
Reducing unrealized losses, improving profitability and portfolio diversification through disposition of assets with unrealized losses

	Midosuji MID Bldg.	MID Midosujikawaramachi Bldg.
Disposition price (A)	9,000 mn. yen	1,700mn. yen
Appraisal value (B)	7,310 mn. yen	1,490 mn. yen
Estimated book value (C)	8,348 mn. yen	1,903 mn. yen
Unrealized losses (B—C)	▲1,038 mn. yen	▲413 mn. yen
Difference between disposition price and book value (A—C)	651 mn. yen	▲203 mn. yen
NOI yield (Actual)	4.0%	4.1%
NOI yield after depreciation(Actual)	2.5%	2.8%
Disposition date	Mar. 27, 2017	Mar. 27, 2017

### ■ Backdrop of the Disposition

- ✓ Attractive re-development value because of easing of floor-area ratio restrictions
- ✓ A large amount of capital expenditure and repair costs is expected
- ✓ Good opportunities to dispose properties

⇒ **Disposition to a domestic corporation as a land for development**



**Midosuji MID Bldg.**

(Chuo-ku, Osaka)



**MID Midosujikawaramachi Bldg.**

(Chuo-ku, Osaka)

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## 5. FINANCING STRATEGY

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# Major financing-related figures and investment corporation bonds

## Changes in financing-related figures

	As of end of Jun. 2016	As of end of Dec. 2016	As of Apr. 2017
LTV (based on appraisal value)	45.8%	<b>44.6%</b>	<b>44.1%</b> (Note1)
Ratio of long-term debts	100.0%	<b>100.0%</b>	<b>97.1%</b> (Note2)
Ratio of fixed interest rate	62.5%	<b>74.8%</b>	<b>74.6%</b> (Note2)
Average remaining years of debts	2.7 years	<b>3.2 years</b>	<b>3.1 years</b> (Note2)
Average interest rate on debts	1.18%	<b>1.17%</b>	<b>1.08%</b> (Note3)
Issuer rating	R&I: A- (positive) (Oct. 29, 2015)	R&I: A (stable) (Oct. 26, 2016)	<b>Aim for further improvement</b>

## Investment corporation bonds

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

	1st Unsecured Investment Corporation Bond	2nd 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

Note 1: Calculated based on market value of total asset as of Dec. 2016, adjusting new loans in Jan. 2017, repayment of short-term debt, funds procured through the public offering, acquisition of four properties and decrease of unrealized loss through disposition of two properties.

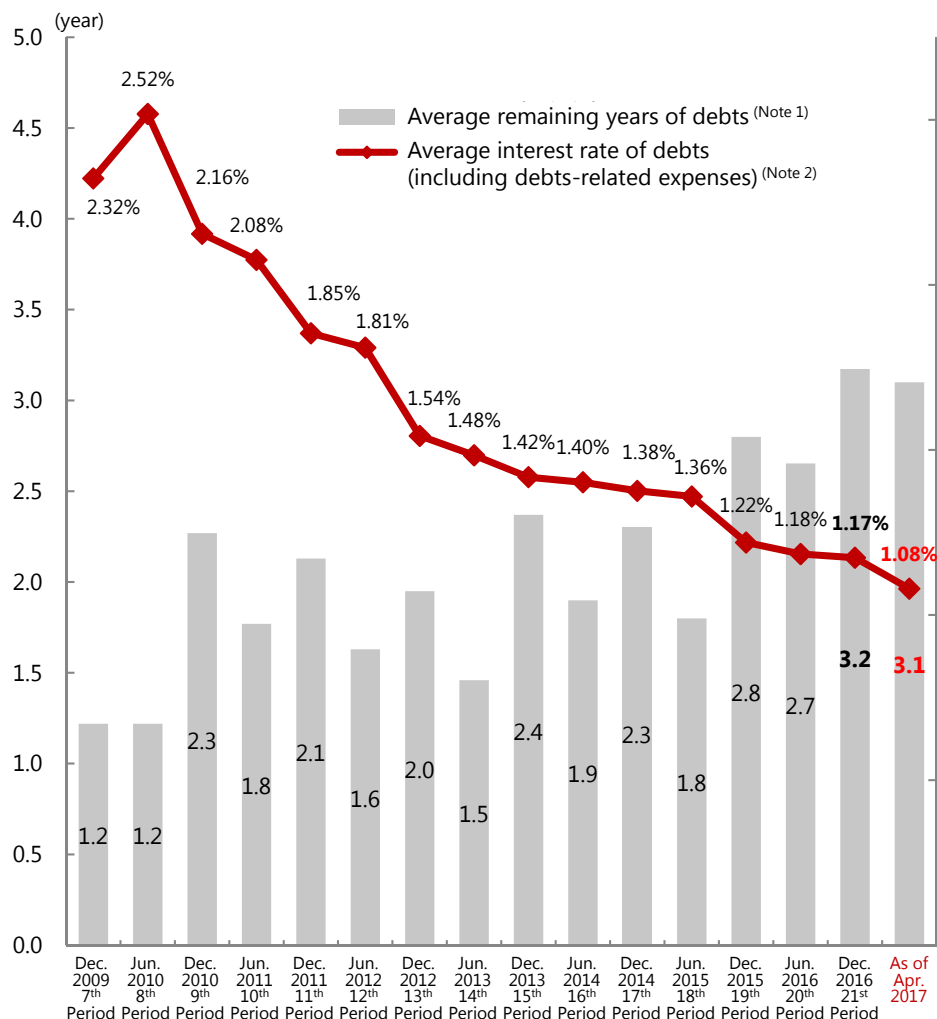
Note 2: Including repayment of 7.0 bn. yen for short term loan of 10.0 bn. yen borrowed in Jan. 2017.

Note 3: Calculated by assumed financing costs / Average debt balance as of end of Jun. 2017.

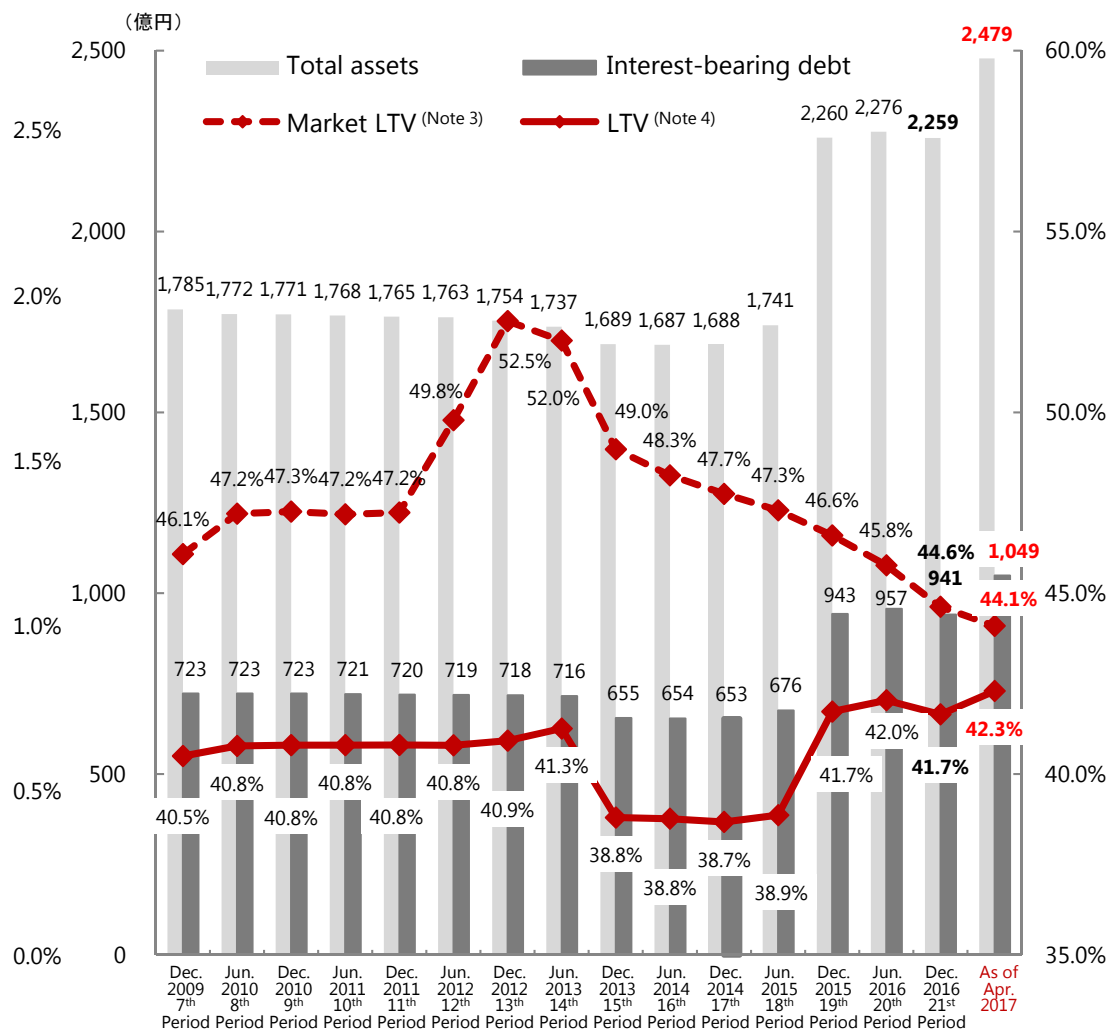


# Financial status

## 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 (based on appraisal value) = 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 / Term-end total assets



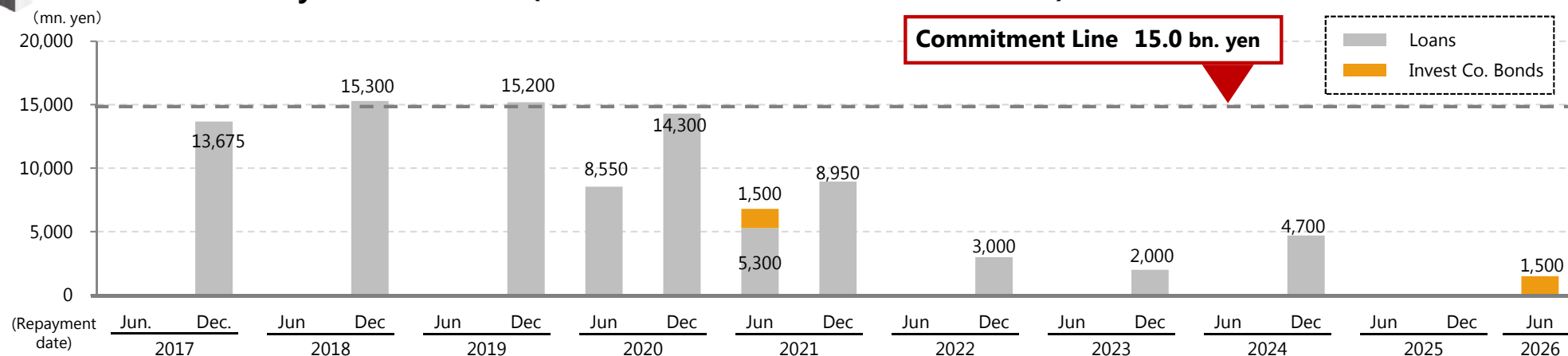
# Lender composition and maturity ladder

## Lenders composition

	Lender	As of end of Dec. 2016	
		Balance (mn. yen)	Share
A	Mizuho Bank, Ltd.	15,600	17.1%
B	Sumitomo Mitsui Trust Bank, Limited	11,800	13.0%
C	Sumitomo Mitsui Banking Corporation	11,800	13.0%
D	Development Bank of Japan, Inc.	11,450	12.6%
E	Aozora Bank, Ltd.	10,050	11.0%
F	Resona Bank, Limited	7,500	8.2%
G	Mitsubishi UFJ Trust and Banking Corporation	6,300	6.9%
H	Shinkin Central Bank	4,200	4.6%
I	The Senshu Ikeda Bank, Ltd.	3,050	3.3%
J	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	2.7%
K	The Nishi-Nippon City Bank, Ltd.	2,100	2.3%
L	Mizuho Trust & Banking Co., Ltd.	1,300	1.4%
M	The Hyakugo Bank, Ltd.	1,150	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		91,100	100.0%

	Lender	As of end of Jan. 2017	
		Balance (mn. yen)	Share
A	Mizuho Bank, Ltd.	27,600	25.3%
B	Sumitomo Mitsui Trust Bank, Limited	13,800	12.7%
C	Sumitomo Mitsui Banking Corporation	12,800	11.7%
D	Development Bank of Japan, Inc.	12,325	11.3%
E	Aozora Bank, Ltd.	10,050	9.2%
F	Resona Bank, Limited	7,500	6.9%
G	Mitsubishi UFJ Trust and Banking Corporation	6,300	5.8%
H	The Bank of Tokyo-Mitsubishi UFJ, Ltd	4,500	4.1%
I	Shinkin Central Bank	4,200	3.9%
J	The Senshu Ikeda Bank, Ltd.	3,050	2.8%
K	The Nishi-Nippon City Bank, Ltd.	2,100	1.9%
L	Mizuho Trust & Banking Co., Ltd.	1,300	1.2%
M	The Hyakugo Bank, Ltd.	1,150	1.1%
N	The Minato Bank, Limited	800	0.7%
O	The Nanto Bank, Ltd.	500	0.5%
P	The Hiroshima Bank, Ltd.	500	0.5%
Q	Sony Bank Incorporated	500	0.5%
Total		108,975	100.0%

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



# Outstanding borrowings (as of end of Dec. 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)	6years and 11months	Development Bank of Japan	3,500	Fixed	1.79507%	2010/8/31	2017/7/31	(Note 5)
	5years	Sumitomo Mitsui Trust Bank, Aozora Bank	4,300	Fixed (Note 3)	1.14100%	2012/7/31	2017/7/31	Bullet payment
	7years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31	Bullet payment
	5years	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
	7years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	6,000	Fixed (Note 3)	0.70700%	2014/7/31	2017/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 3)	0.96200%	2014/7/31	2019/7/31	Bullet payment
	6years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 3)	1.24000%	2014/7/31	2020/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, The Bank of Tokyo-Mitsubishi UFJ, Nishi-Nippon City Bank, Mizuho Trust & Banking, Hyakugo Bank	10,500	Floating	0.45727%	2015/7/31	2018/7/31	Bullet payment
	4years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nanto Bank	9,500	Floating	0.55727%	2015/7/31	2019/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	9,300	Fixed (Note 3)	0.86545%	2015/7/31	2020/7/31	Bullet payment
	5years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31	Bullet payment
	6years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	4,500	Fixed (Note 3)	1.03350%	2015/7/31	2021/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	2,200	Fixed (Note 3)	1.20235%	2015/7/31	2022/7/31	Bullet payment
	7years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31	Bullet payment
	8years	Mizuho Bank	1,000	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8years	Mizuho Bank	500	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
	8years	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note 3)	0.49795%	2016/4/28	2021/4/30	Bullet payment
	3.5years	Sumitomo Mitsui Banking, Shinkin Central Bank	3,700	Floating	0.36727%	2016/7/29	2020/1/31	Bullet payment
	3.5years	Sumitomo Mitsui Trust Bank, Nishi-Nippon City Bank, Hyakugo Bank	2,250	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
	3.5years	Sumitomo Mitsui Trust Bank	2,600	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
	4.5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	2,500	Fixed	0.45065%	2016/7/29	2021/1/31	Bullet payment
	5years	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
	8years	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
<b>Total</b>			<b>91,100</b>					

Note 1: Syndicated loans by the indicated financial institutions.

Note 2: Interest rate is applied as of end of Jan. 2017.

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 immediately 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.





# Outstanding borrowings (as of end of Jan. 2017)

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)	6years and 11months	Development Bank of Japan	3,375	Fixed	1.79507%	2010/8/31	2017/7/31	(Note 5)
	5years	Sumitomo Mitsui Trust Bank, Aozora Bank	4,300	Fixed (Note 3)	1.14100%	2012/7/31	2017/7/31	Bullet payment
	7years	Development Bank of Japan	1,700	Fixed	1.52375%	2012/7/31	2019/7/31	Bullet payment
	5years	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
	7years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Shinkin Central Bank, Senshu Ikeda Bank	6,000	Fixed (Note 3)	0.70700%	2014/7/31	2017/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Resona Bank	4,000	Fixed (Note 3)	0.96200%	2014/7/31	2019/7/31	Bullet payment
	6years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note 3)	1.24000%	2014/7/31	2020/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31	Bullet payment
	3years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank, The Bank of Tokyo-Mitsubishi UFJ, Nishi-Nippon City Bank, Mizuho Trust & Banking, Hyakugo Bank	10,500	Floating	0.45727%	2015/7/31	2018/7/31	Bullet payment
	4years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Shinkin Central Bank, Senshu Ikeda Bank, Nanto Bank	9,500	Floating	0.55727%	2015/7/31	2019/7/31	Bullet payment
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, Mitsubishi UFJ Trust and Banking, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	9,300	Fixed (Note 3)	0.86545%	2015/7/31	2020/7/31	Bullet payment
	5years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31	Bullet payment
	6years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, Mitsubishi UFJ Trust and Banking, Senshu Ikeda Bank	4,500	Fixed (Note 3)	1.03350%	2015/7/31	2021/7/31	Bullet payment
	7years	Mizuho Bank, Aozora Bank, The Bank of Tokyo-Mitsubishi UFJ, Mizuho Trust & Banking	2,200	Fixed (Note 3)	1.20235%	2015/7/31	2022/7/31	Bullet payment
	7years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31	Bullet payment
	8years	Mizuho Bank	1,000	Fixed (Note 3)	1.38430%	2015/7/31	2023/7/31	Bullet payment
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	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note 3)	0.49795%	2016/4/28	2021/4/30	Bullet payment
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	3.5years	Nishi-Nippon City Bank, Hyakugo Bank	2,250	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
	3.5years	Sumitomo Mitsui Trust Bank	2,600	Fixed	0.37315%	2016/7/29	2020/1/31	Bullet payment
	4.5years	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
	5years	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
	8years	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
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, Mitsubishi UFJ Trust and Banking	4,000	Fixed	0.64691%	2017/1/31	2022/1/31	Bullet payment
	7years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, Mitsubishi UFJ Trust and Banking	4,000	Fixed	0.80938%	2017/1/31	2024/1/31	Bullet payment
Short term loan payable	0.5years	Mizuho Bank	10,000	Floating	0.18000%	2017/1/31	2017/7/31	Bullet payment
Total			108,975					

Note 1: Syndicated loans by the indicated financial institutions.

Note 2: Interest rate is applied as of end of Jan. 2017.

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 immediately 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.



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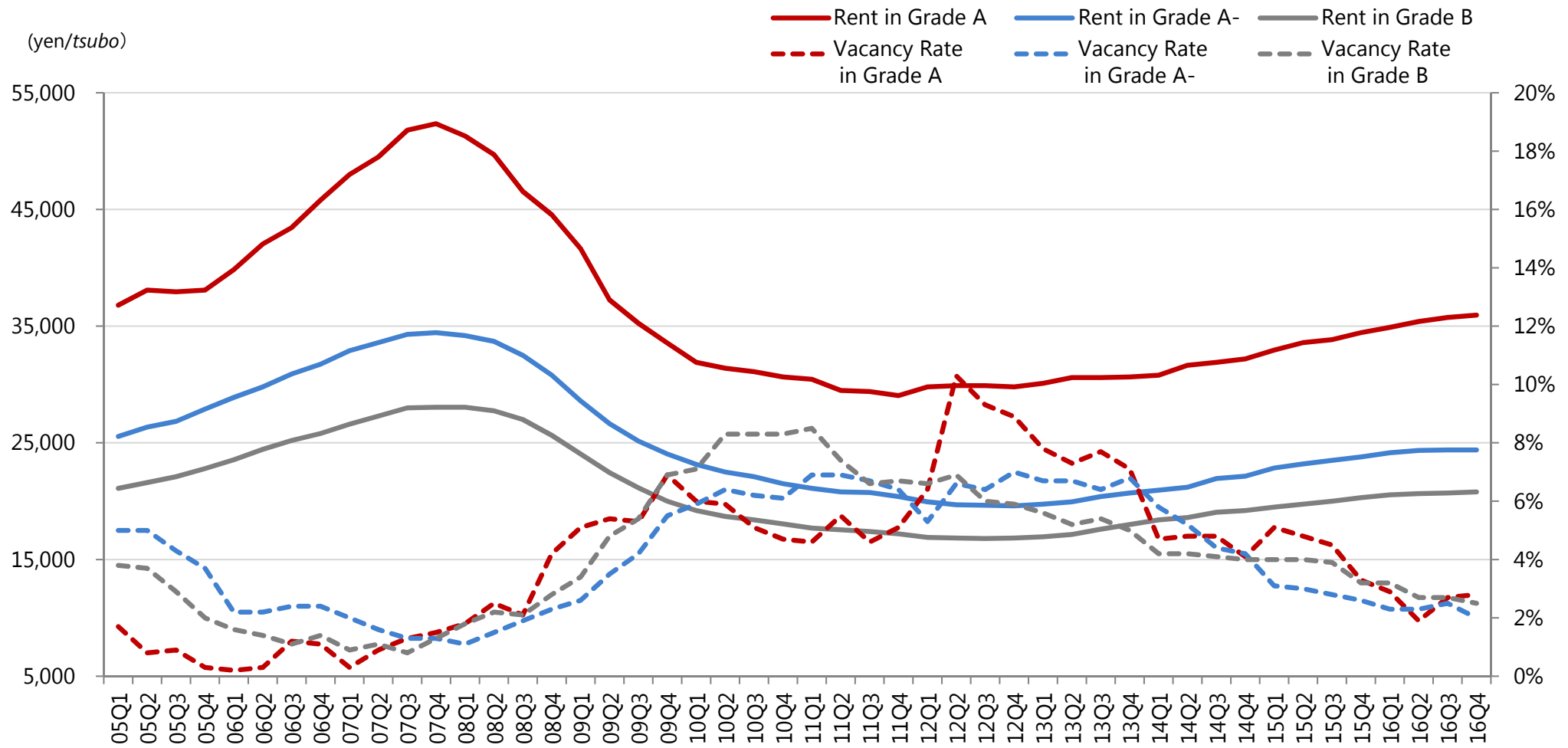
## 6. MARKET CONDITIONS

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

## Average rent and vacancy rate of Tokyo 23 districts

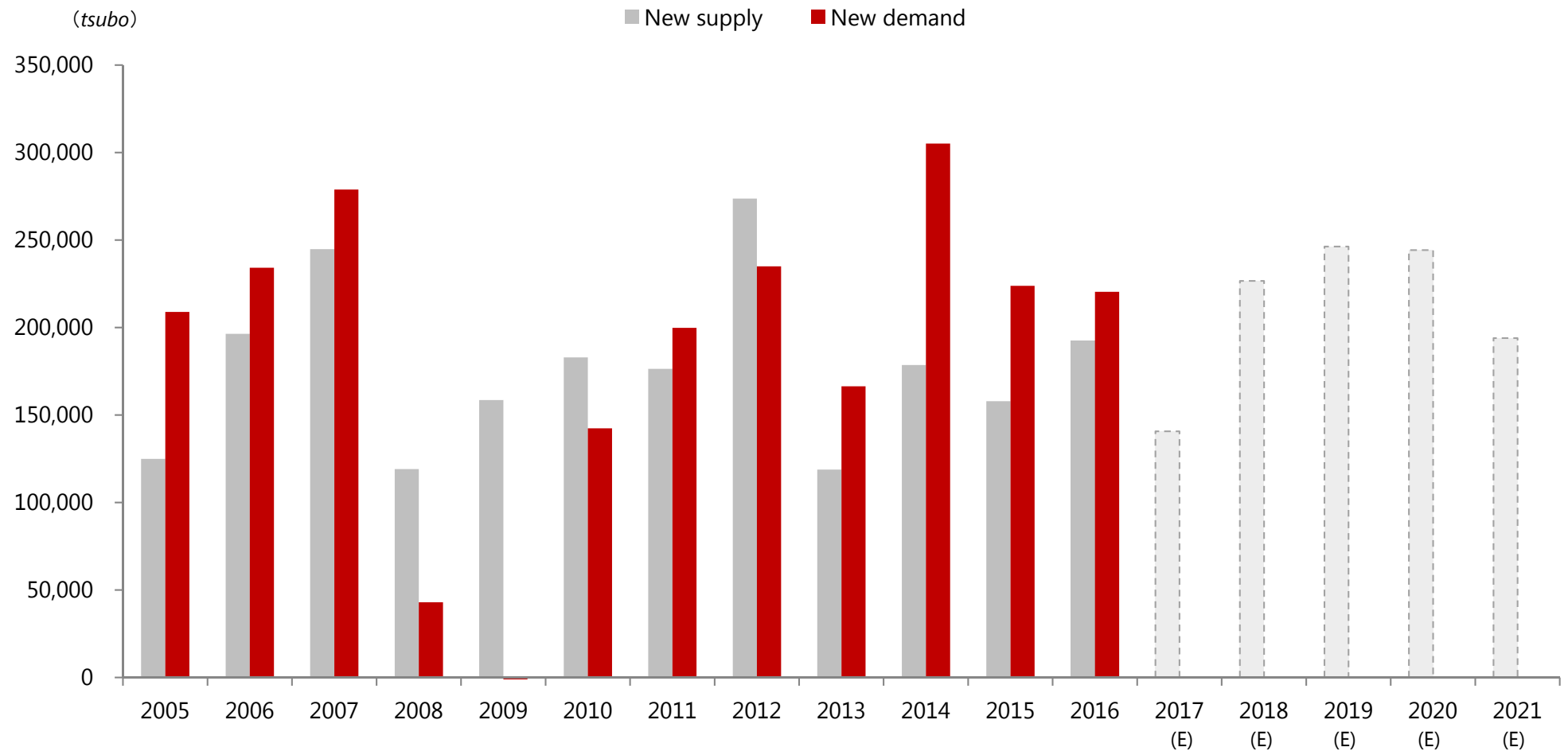


Source: CBRE



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

## Supply and demand of Tokyo 23 districts

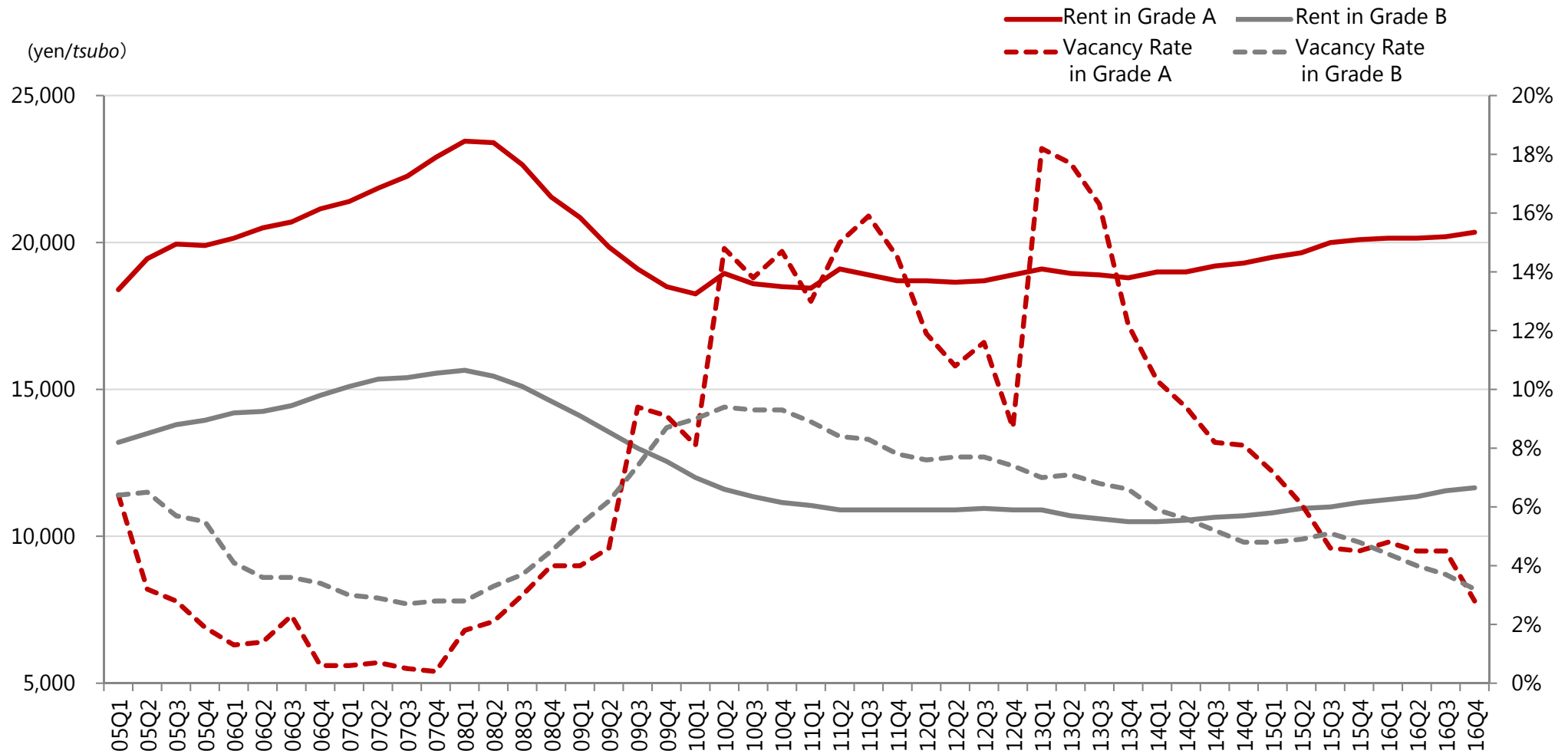


Source: CBRE



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

## Average rent and vacancy rate of Osaka business districts

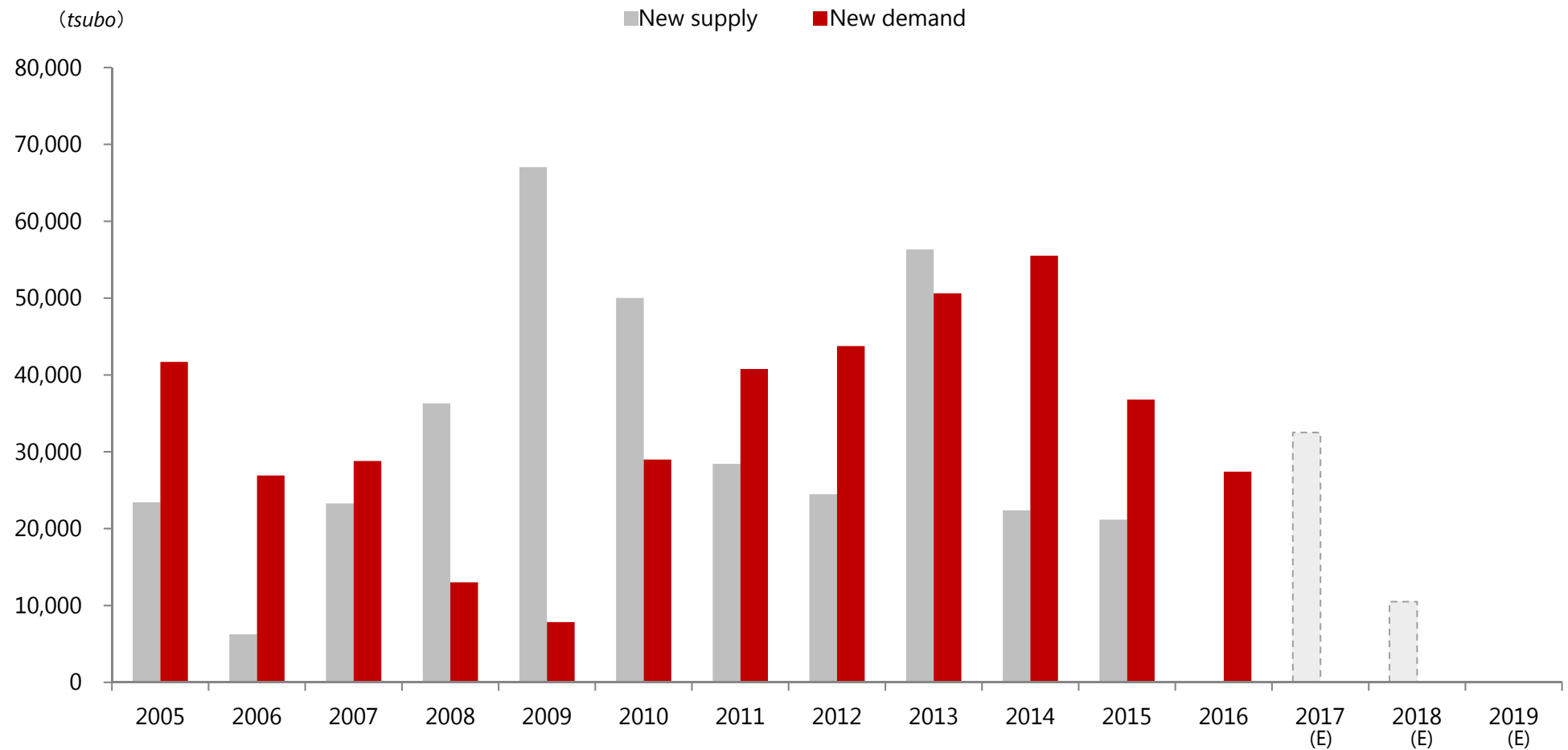


Source: CBRE



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

## Supply and demand of Osaka business districts

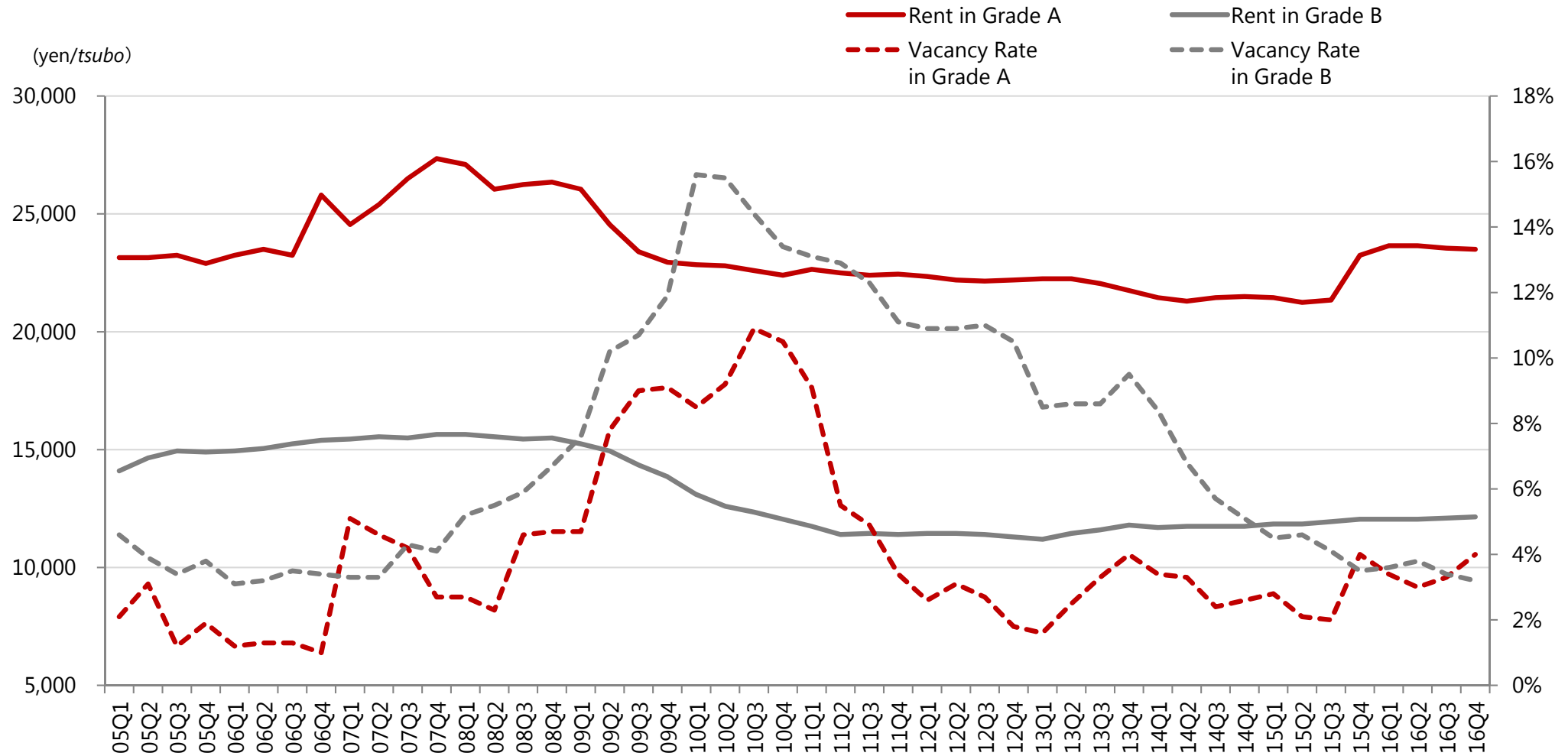


Source: CBRE



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

## Average rent and vacancy rate of Nagoya business districts

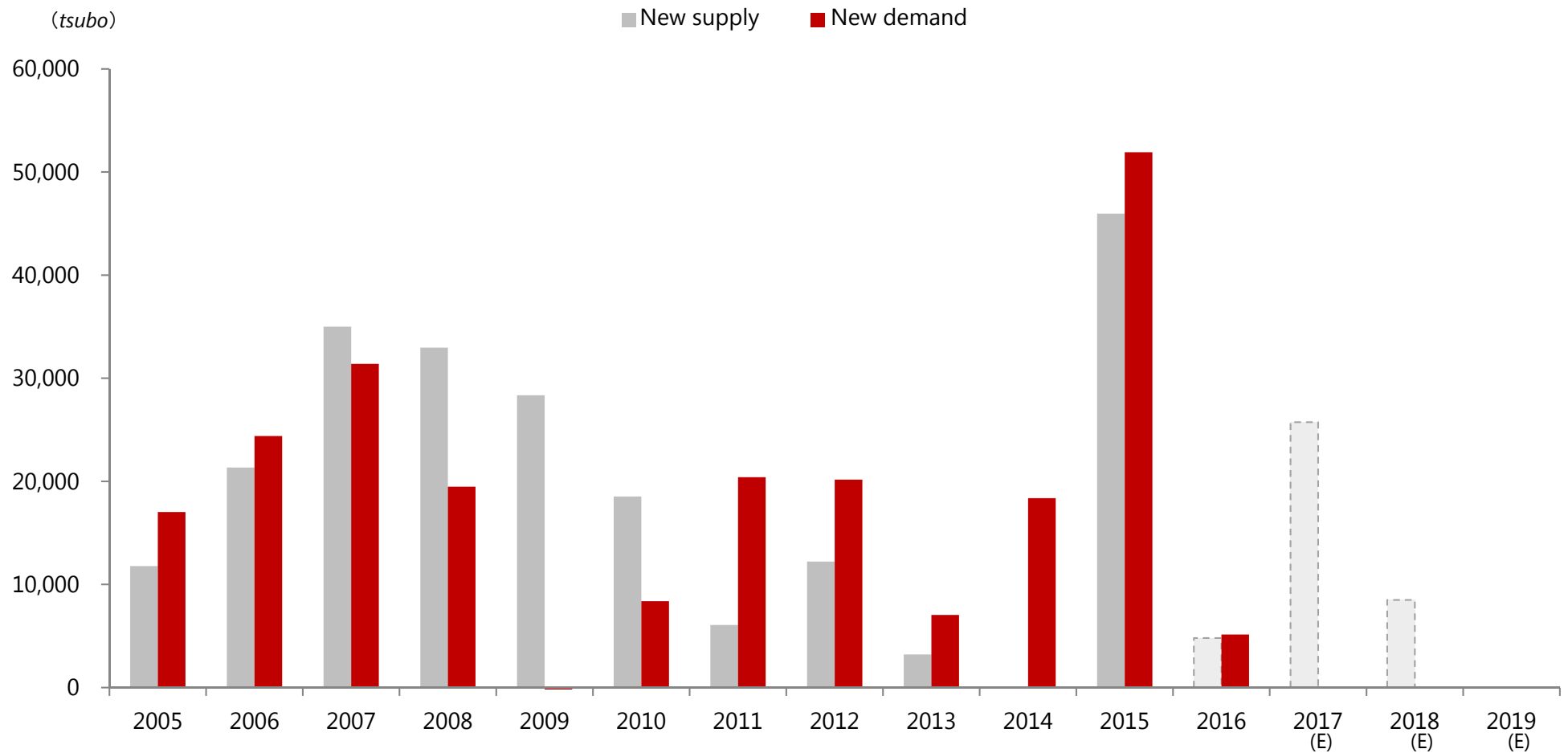


Source: CBRE



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

## Supply and demand of Nagoya business districts



Source: CBRE





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## **7. OVERVIEW OF MCUBS MIDCITY**

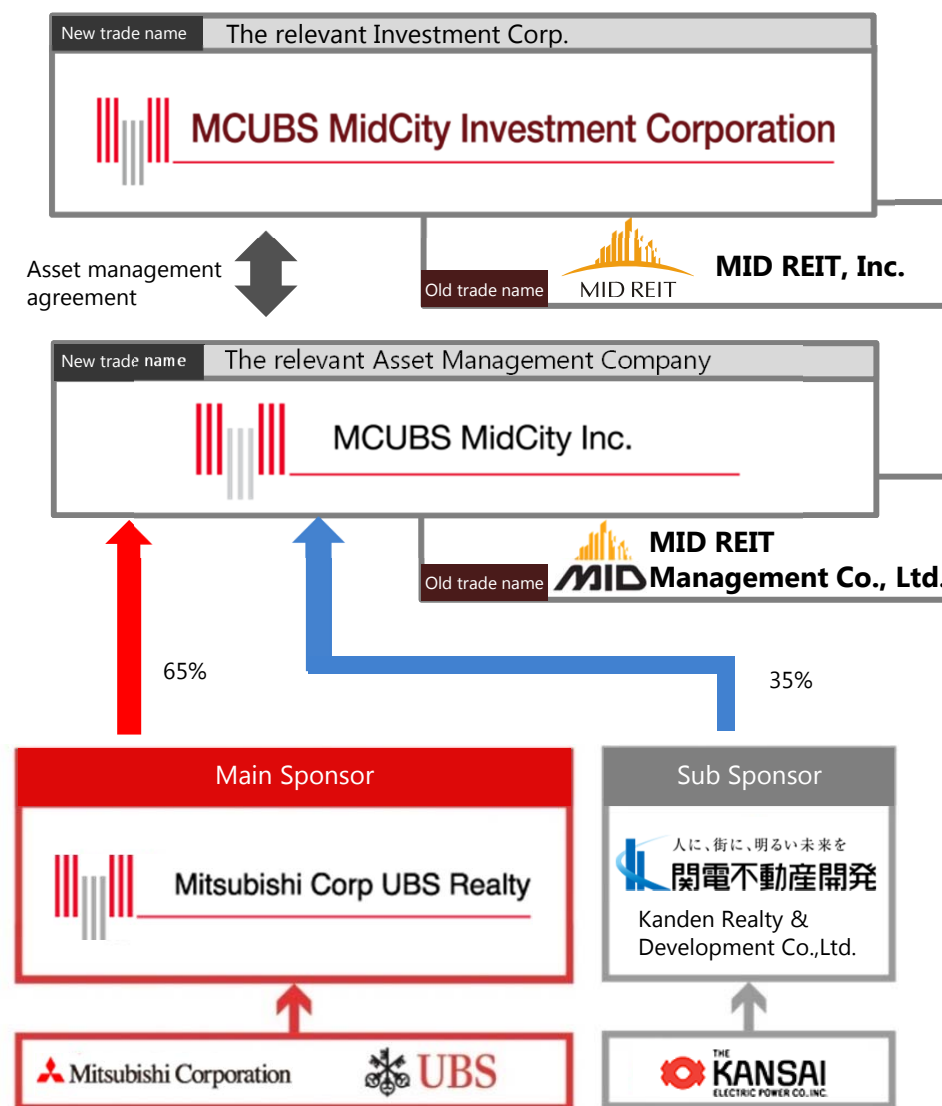
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# Overview of MCUBS MidCity Investment Corporation

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

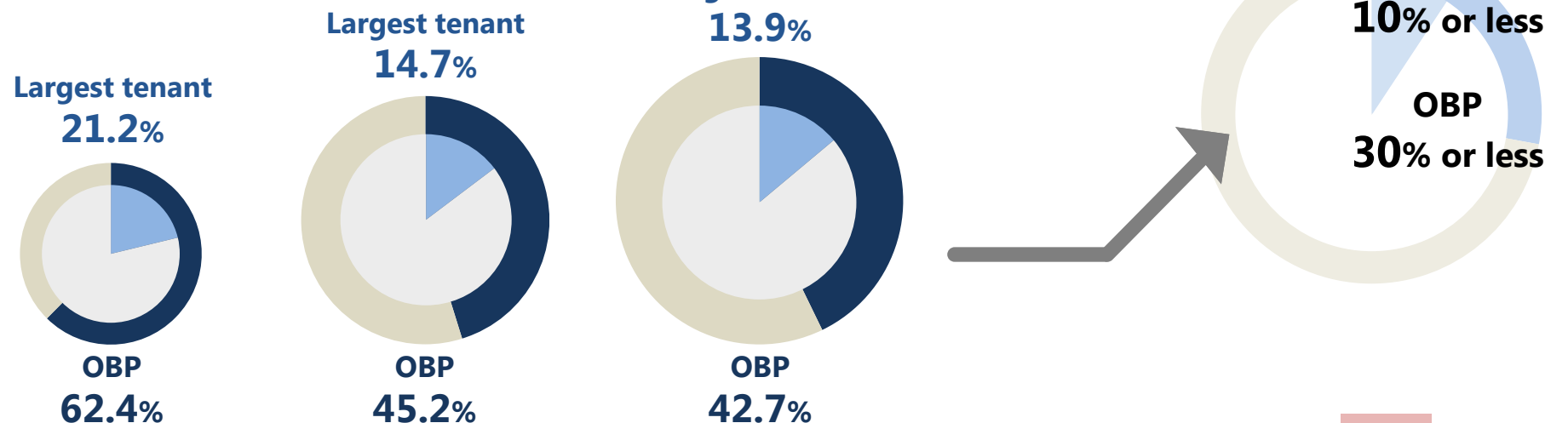
Note: Tokyo metropolitan area includes Tokyo, Kanagawa, Chiba and Saitama; Osaka metropolitan includes Osaka, Kyoto and Hyogo; and Nagoya metropolitan includes Aichi.



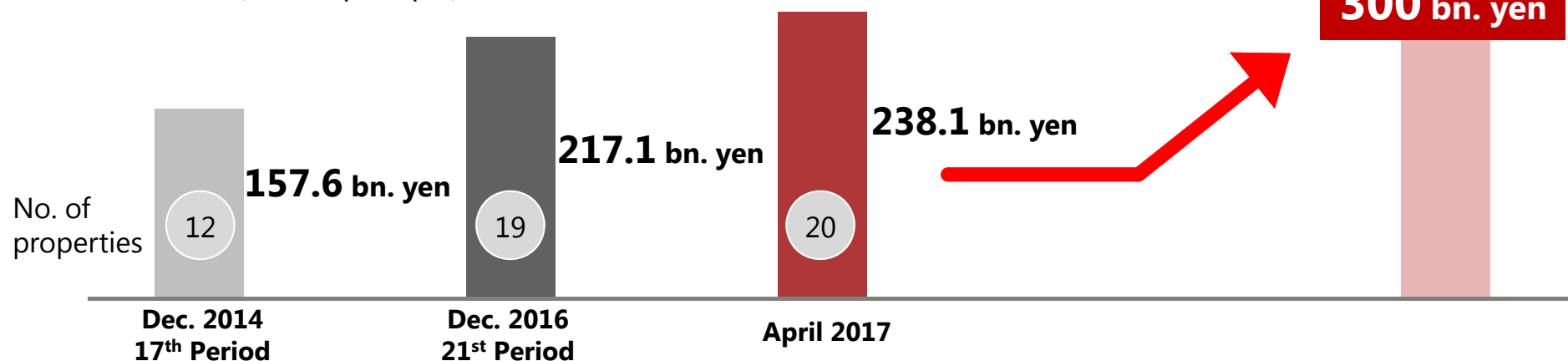
# Medium-term portfolio strategy

## Asset size and tenant composition

< Tenant composition (based on rent revenues) >

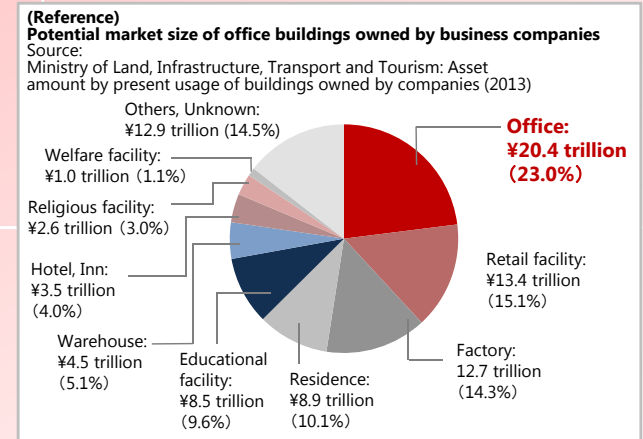


< Asset size (based on acquisition price) >



# Advantage of various property information networks

Property acquisition route		Property acquisition method		
		Ownership / development (Seller: sponsor)	Market transaction (Seller: third party/sponsor)	Negotiated transaction / CRE proposal (Seller: third party)
Main Sponsor Group	 Mitsubishi Corp UBS Realty		 Sumitomo Fudosan Ueno Bldg. No.6  Cube Kawasaki  Higashi-Nihombashi Green Bldg.	 Nagoya Lucent Tower (TK interest)  Sendai Capital Tower  USC Bldg.  Sasazuka Center Bldg.  Shibuya Sakuragaoka Square <div>New</div>
	 Mitsubishi Corporation		 Yokohama Creation Square  G-Square Shibuya Dogenzaka	
	 UBS			
Sub Sponsor	 人に、街に、明るい未来を 関電不動産開発 Kanden Realty & Development Co., Ltd.			



# 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.**



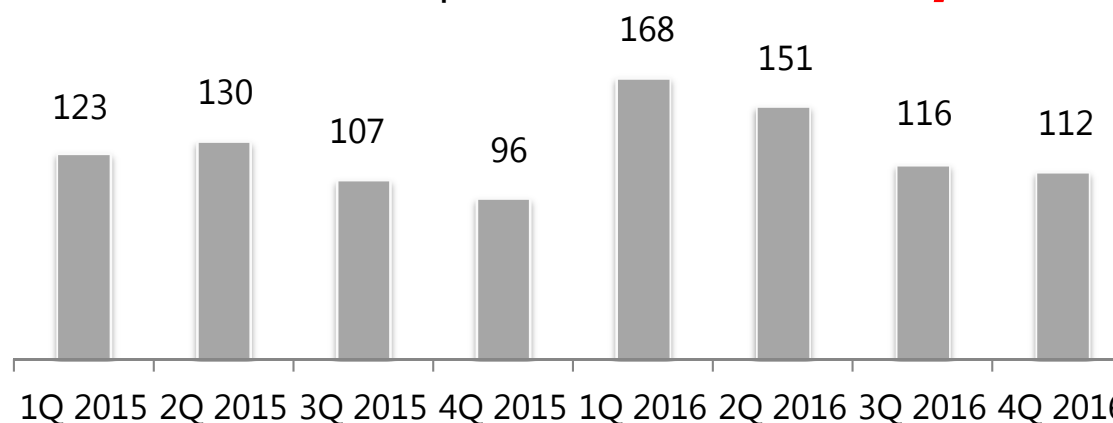
人に、街に、明るい未来を

**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 **1,003**





# 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

### GRESB

#### Green Star

MCUBS MidCity was designated by GRESB Real Estate Assessment in 2016 as “Green Star,” the highest ranking for the first time participation, and received four stars in GRESB ratings



### DBJ Green Building Certification

#### Three Star Certification

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

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



### BELS認証

#### Three Star Certification

MCUBS MidCity received the certification for the first time in December 2016, with three stars given to one of the portfolio properties

- ★★★★ • Kitahama MID Bldg.
- ★★★ • G-Square Shibuya Dogenzaka
- ★★ • Higobashi MID Bldg.



### CASBEE Property Appraisal

#### Appraisal of Rank A

Two properties were certified for their environmental performances

- G-Square Shibuya Dogenzaka
- Higobashi MID Bldg.



# Overseas Property Investment



## Decided NOT to invest in overseas properties

### What we Did

- Detailed examination in potential investments in office properties outside Japan
- Verification of a potential investment scheme from legal, tax and accounting perspectives
- Identification of potential investment targets and their economics

### What we Found

- Confirmation on that a scheme of investments would be available
- Confirmation on that it would be possible to make investments to improve portfolio profitability with increasing distributions
- Opinion saying that such investments would not contribute to MCUBS MidCity's growth as additional premiums would be required to address risks related to currencies, regulations and markets

### Overseas Property Investment Policy

- Decided NOT to invest in overseas properties in the foreseeable future
- Took account of a potential risk that additional risk premiums with overseas investment may hinder the growth of unitholders' value
- MCUBS MidCity is to focus on unitholders' value creation through domestic property portfolio management
- May reconsider the option in the future based on discussions with investors when the risk tolerance get higher after the asset size expansion



# Establishment of Disclosure Regime

## Renewal of website

The company website was completed renewed in June 2016 to make it user-friendly.

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



Top Page



Mobile site



Portfolio Map

## Awards

### Internet IR Award 2016

Conducted by Daiwa Investor Relations Co., Ltd.  
Candidates: 3,698 listed companies

★ Commendation Award (65th place overall)



### Website Quality Ranking Survey among All Listed Companies in Japan

Conducted by Nikko Investor Relations Co., Ltd.  
Candidates: 3,688 listed companies

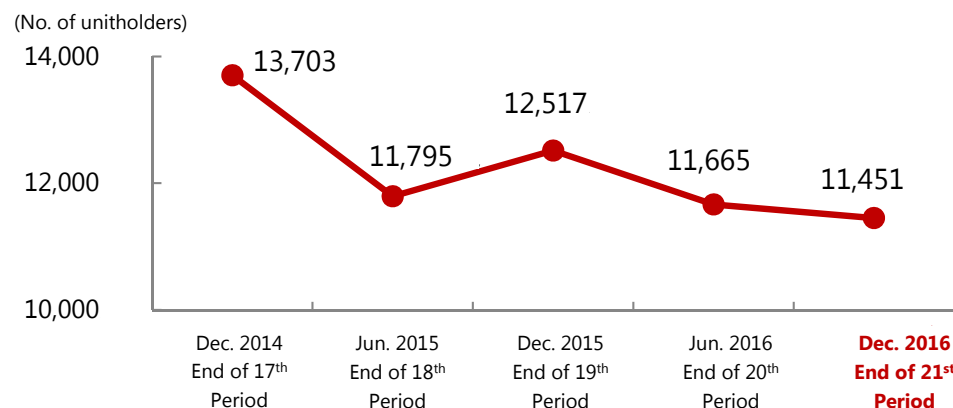
★ Grade AA (156th place overall)

★ Grade AA (5th place REIT)

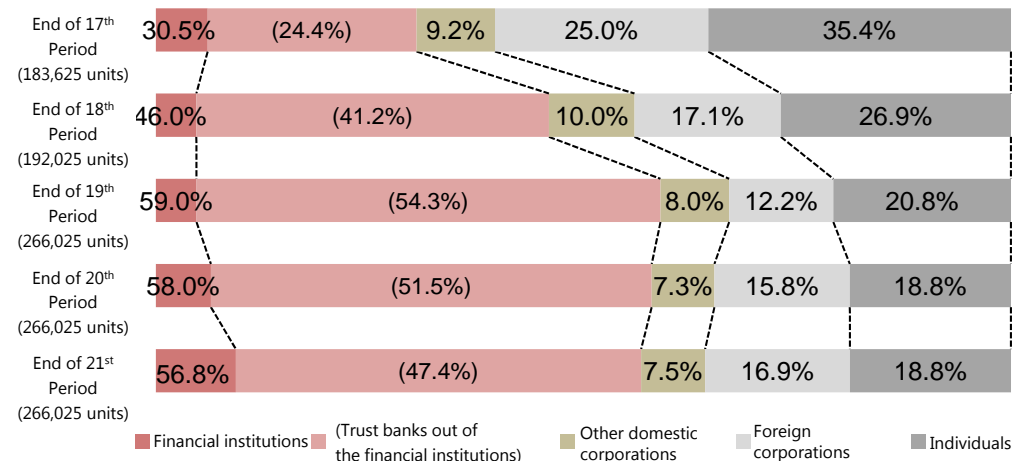


# Unitholder details

## No. of unitholders



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



## Major unitholders

Rank	Name	Dec. 2016 End of 21 <sup>st</sup> Period		Difference from 20 <sup>th</sup> Period End
		No. of units held	Share (%)	
1	Japan Trustee Services Bank, Ltd. (Trust Account)	57,071	21.45%	-2,916
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	33,473	12.58%	+2,059
3	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	20,759	7.80%	-10,376
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	11,273	4.23%	+193
5	Kanden Realty & Development Co., Ltd.	9,200	3.45%	0
6	SIX SIS LTD.	8,001	3.00%	+397
7	Mitsubishi Corporation	4,200	1.57%	0
8	STATE STREET BANK AND TRUST COMPANY 505223	3,795	1.42%	-868
9	CBNY DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	2,780	1.04%	+719
10	The Fukui Bank, Ltd.	2,541	0.95%	0
Total		153,093	57.54%	-

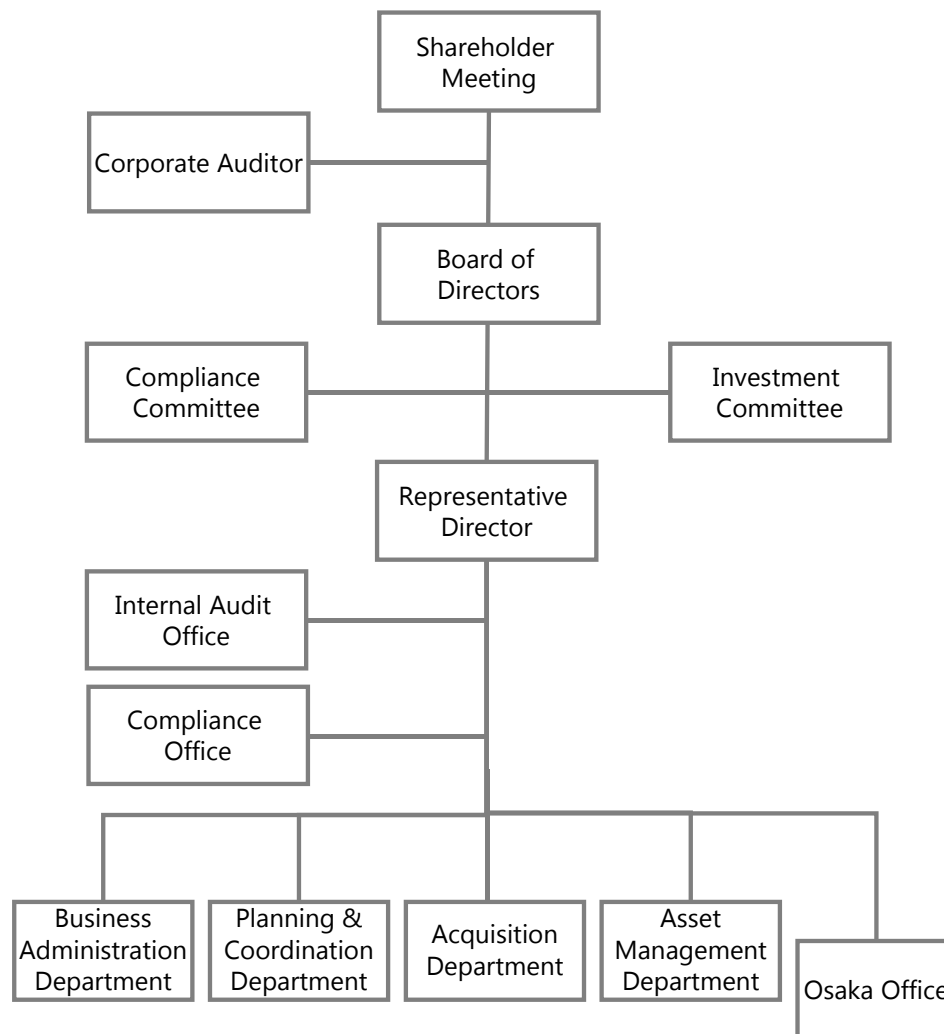
Note: Ratio of number of units owned to total number of units issued is calculated by rounding to the nearest second decimal place.

# Overview of asset management company

## Company overview (as of Apr. 1, 2017)

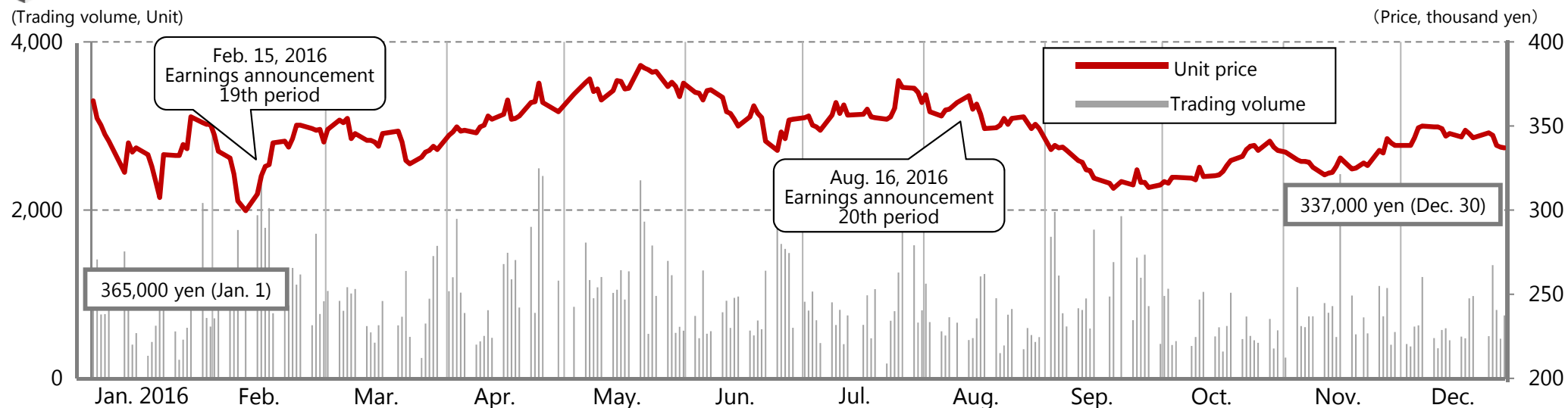
Name	MCUBS MidCity Inc.	
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	
Establishment	Sep. 1, 2005	
Capital	210 mn. yen	
Shareholders	Mitsubishi Corp. - UBS Realty Inc. : 65% Kanden Realty & Development Co.,Ltd. : 35%	
No. of employees	30	
Officers	President & CEO & Representative Director	Katsura Matsuo
	Deputy President & Representative Director	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 Apr. 1, 2017)

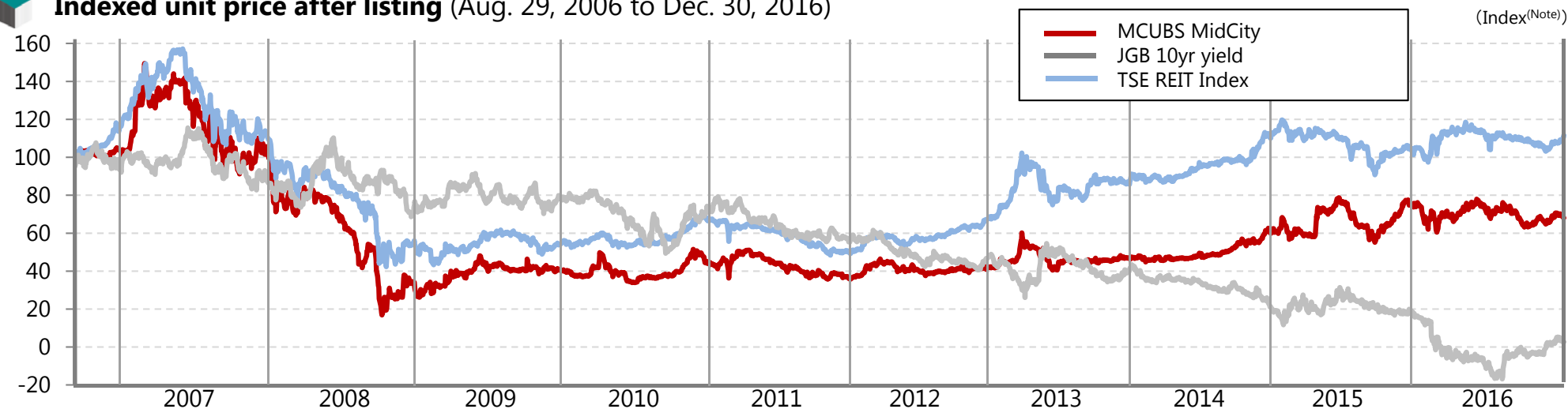


# Historical unit price

## Unit price and trading volume



## Indexed unit price after listing (Aug. 29, 2006 to Dec. 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



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