

Think bold today for a brighter tomorrow.



22 nd Period

Fiscal Period ended June 30, 2017

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

INVESTOR PRESENTATION

Securities Code **3227**

MCUBS MidCity Investment Corporation

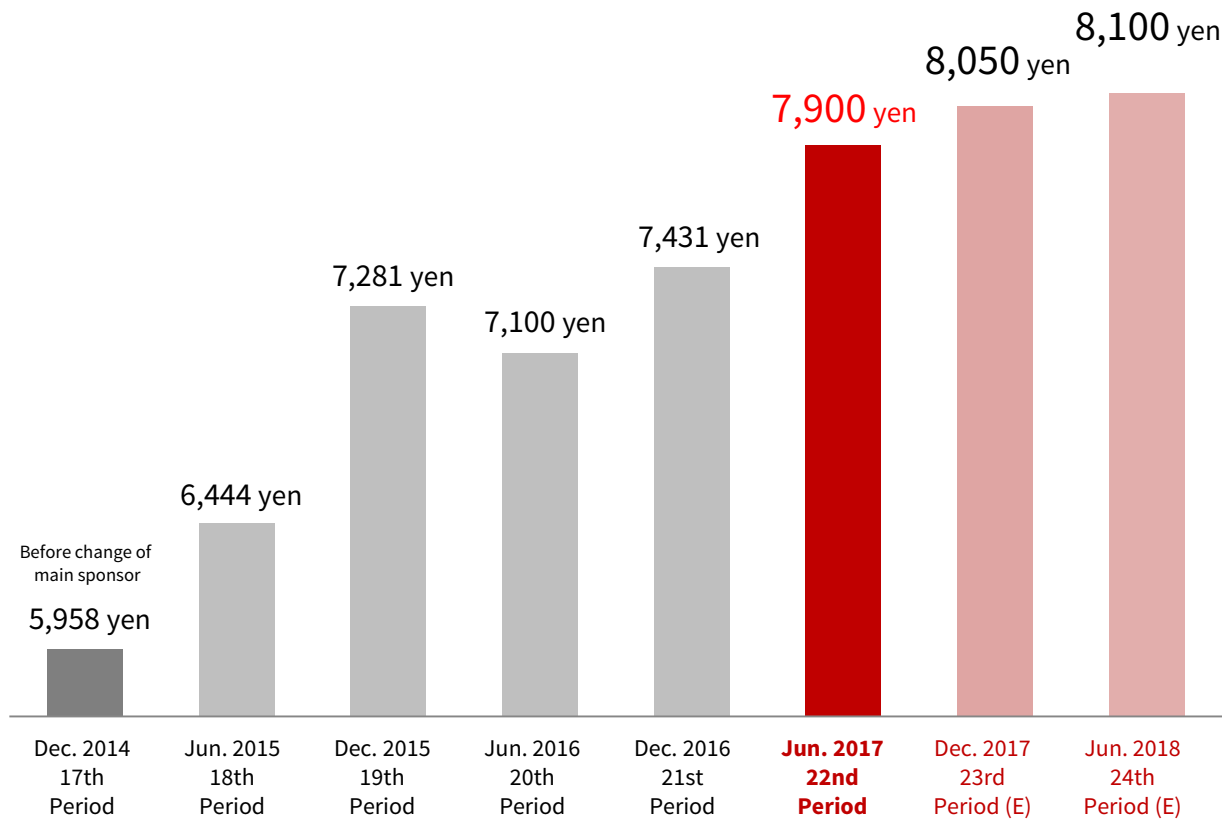
Financial Results and Forecasts



Steady Growth in Distributions



Distribution per Unit



Overview of Results for the 22nd Fiscal Period

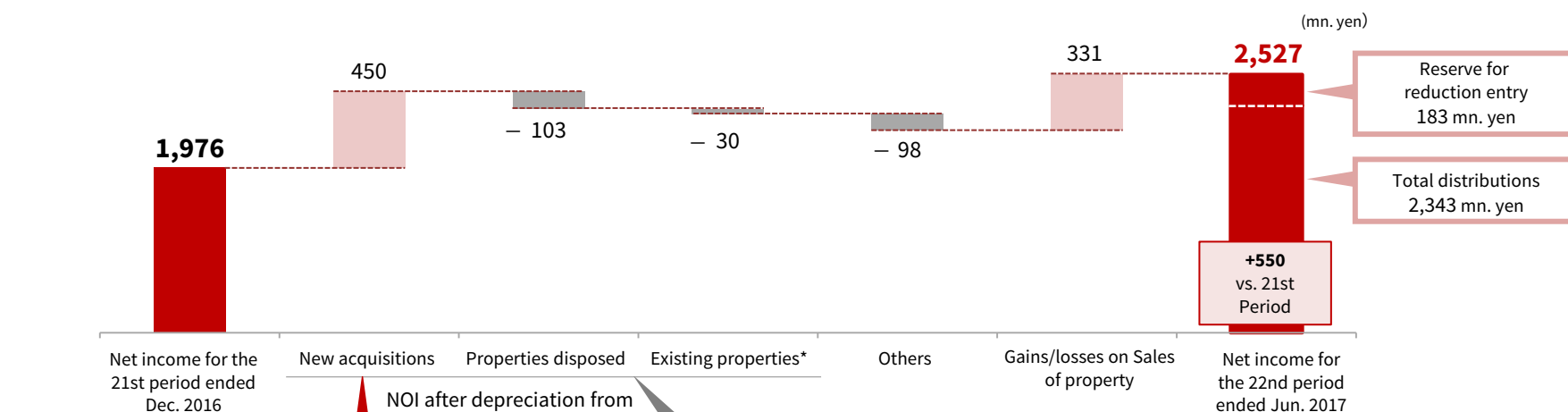
	Fiscal period ended Jun. 30, 2017 (22nd Period)	Difference from previous period	Difference from initial forecasts*
Operating revenues	8,025 mn. yen	+1,020 mn. yen (+14.6%)	−28 mn. yen (−0.4%)
Operating income	3,150 mn. yen	+598 mn. yen (+23.4%)	−26 mn. yen (−0.8%)
Net income	2,527 mn. yen	+550 mn. yen (+27.8%)	−62 mn. yen (−2.4%)
Total distributions	2,343 mn. yen	+366 mn. yen (+18.5%)	± 0 yen (± 0%)
Distribution per unit	7,900 yen	+469 yen (+6.3%)	± 0 yen (± 0%)

* Compared to the estimates in the Financial Report as of Feb 14, 2017

Profit Growth Driven by New Acquisitions and Asset Replacement



Breakdown of Net Income Changes for the 22nd Period vs. the 21st Period



New acquisition from February to April 2017
Total: 31,330 mn. yen



**Shibuya
Sakuragaoka
Square**

<Shibuya-ku, Tokyo>

(Additional
acquisition)



**Sasazuka Center
Bldg.**

<Shibuya-ku, Tokyo>



USC Bldg.

<Koto-ku, Tokyo>

(Quasi co-ownership interest of
approx. 46%)



**Sendai Capital
Tower**

<Aoba-ku, Sendai>

Properties disposed in March 2017
Total: 10,700 mn. yen



Midosuji MID Bldg.

<Chuo-ku, Osaka>



**MID
Midosujikawaramachi
Bldg.**

<Chuo-ku, Osaka>

* Including dividends received from SPC backed by Nagoya Lucent Tower

Outlook for Periods Ending Dec. 2017 and Jun. 2018

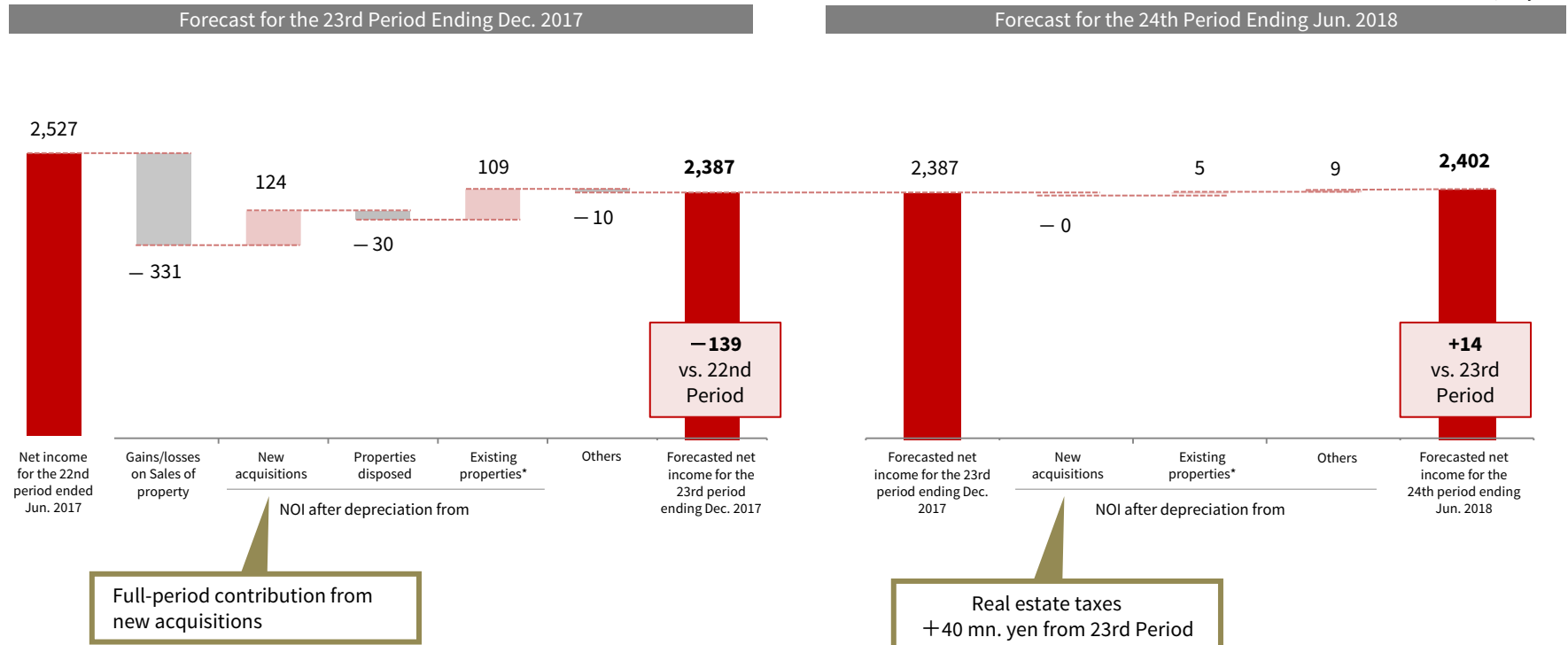
	Outlook for Fiscal period ending Dec. 2017 (23rd Period)	Difference from 22nd Period	Outlook for Fiscal period ending Jun. 2018 (24th Period)	Difference from 23rd Period
Operating revenues	7,615 mn. yen	−5.1%	7,451 mn. yen	−2.2%
Operating income	2,973 mn. yen	−5.6%	2,970 mn. yen	−0.1%
Net income	2,387 mn. yen	−5.5%	2,402 mn. yen	+0.6%
Distribution per unit	8,050 yen	+1.9%	8,100 yen	+0.6%

Building more solid foundation for generating 8,000 yen DPU



Breakdown of Forecasted Net Income Changes for the 23rd and the 24th Fiscal Periods

(mn. yen)



* Including dividends received from SPC backed by Nagoya Lucent Tower

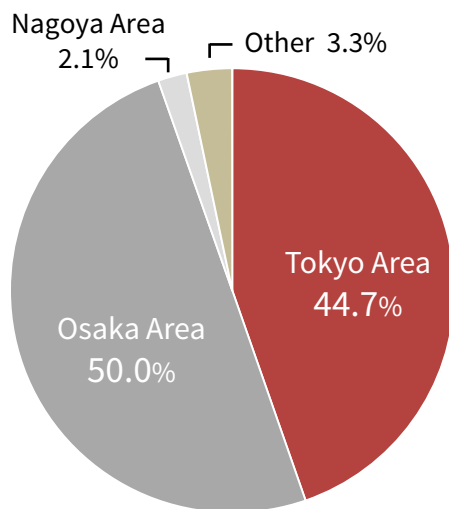
MCUBS MidCity's Portfolio Management



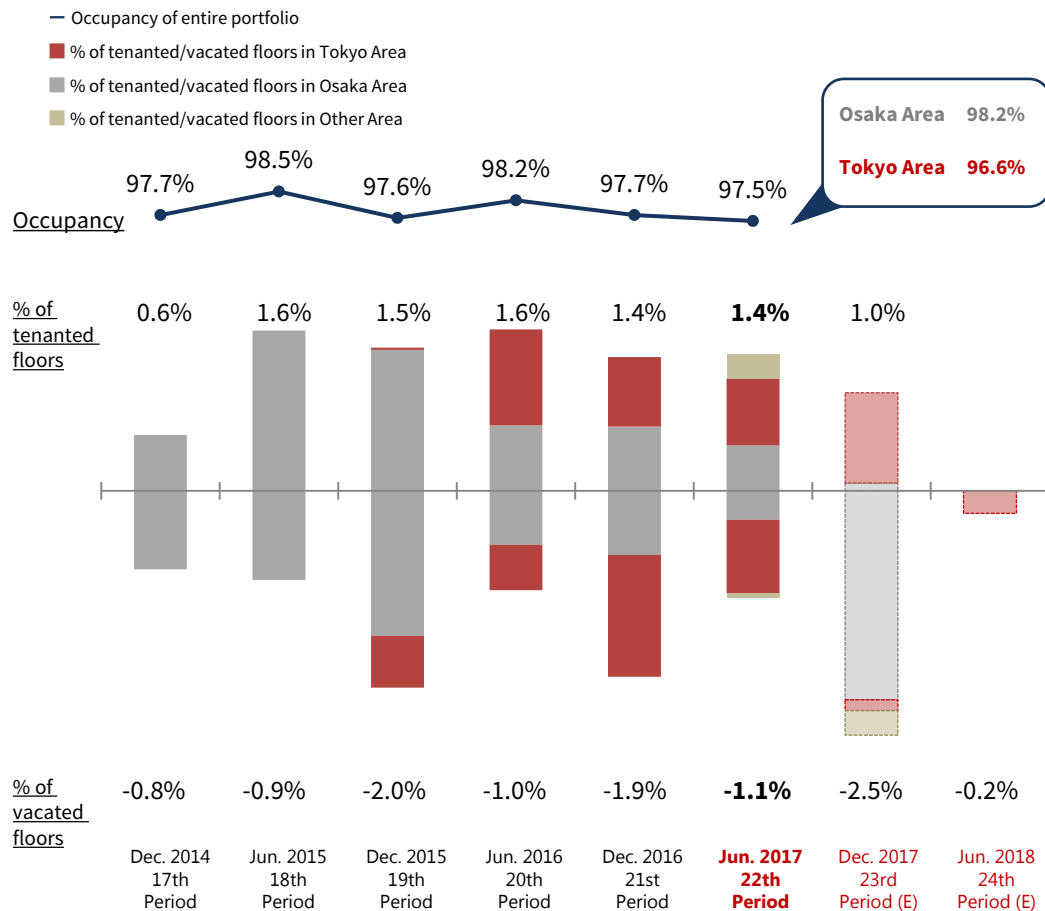
Continued High Occupancy



Portfolio Breakdown by Geographical Area



Occupancy and Tenant Turnover

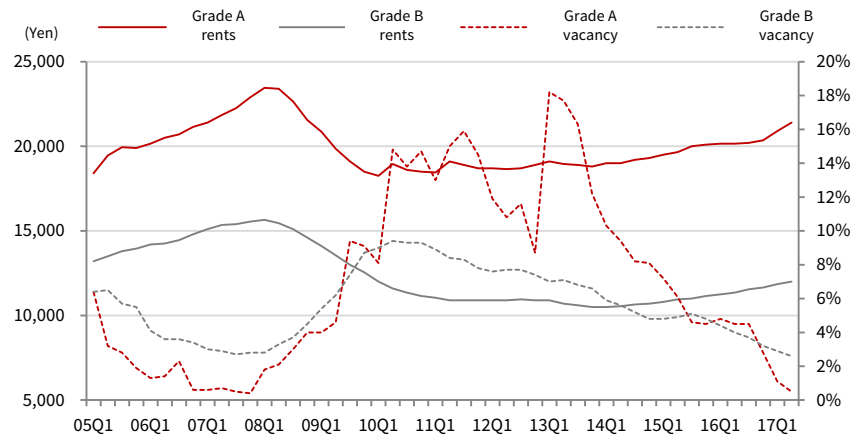


* Based on acquisition prices as of the end of June 2017

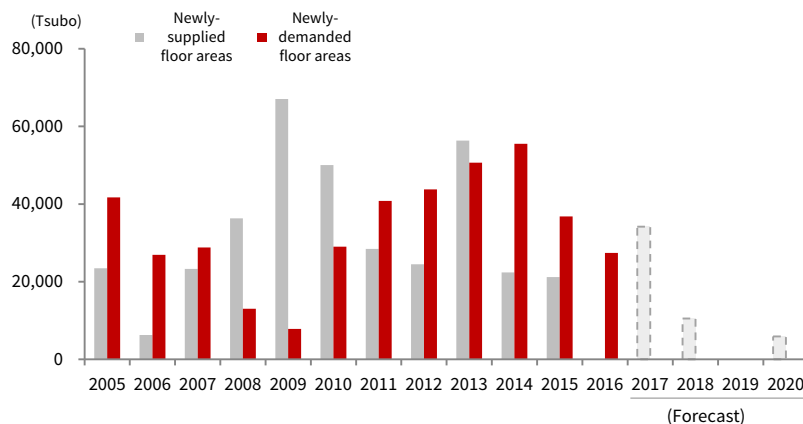
* % of tenanted and vacated floors for 2017/12E (23rd Period) and for 2018/6E (24th Period) are based on occupancy/exit applications received as of Jul. 31, 2017

Office Floor Crunch in Osaka

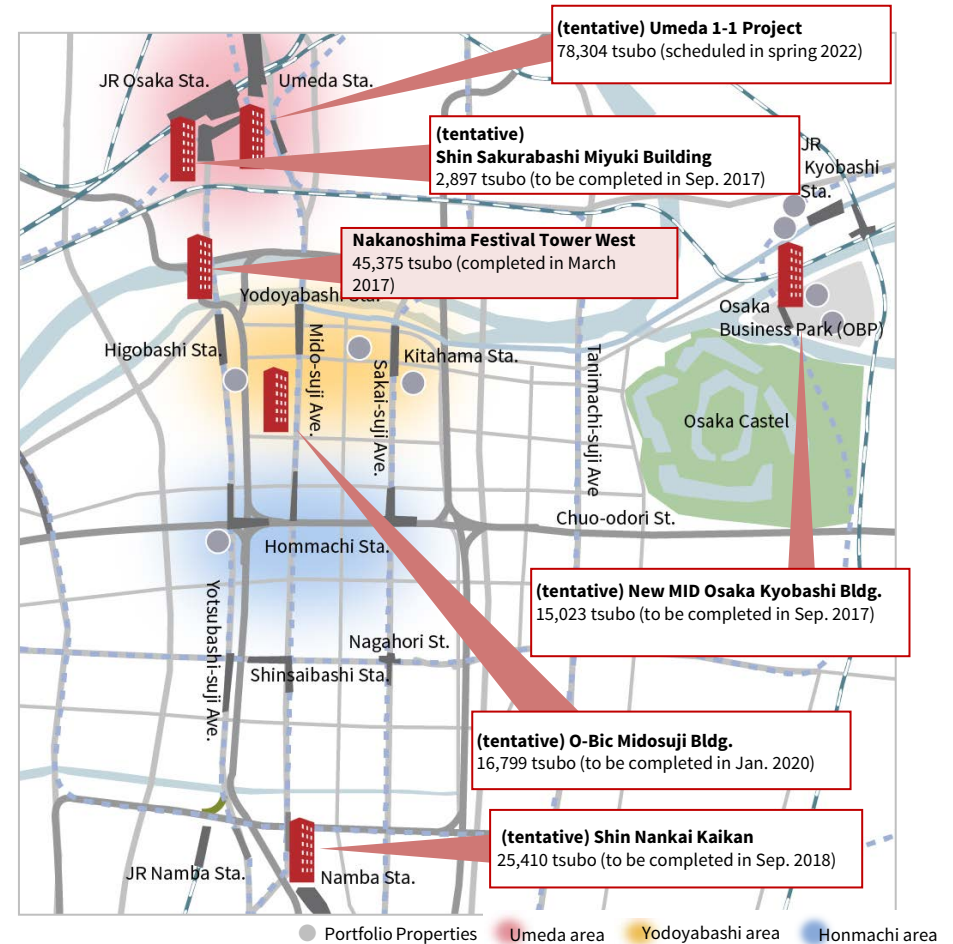
Vacancy and Rents in Osaka



Supply of and Demand for Office Buildings in Osaka



Office Buildings to be Supplied in Osaka Business Areas

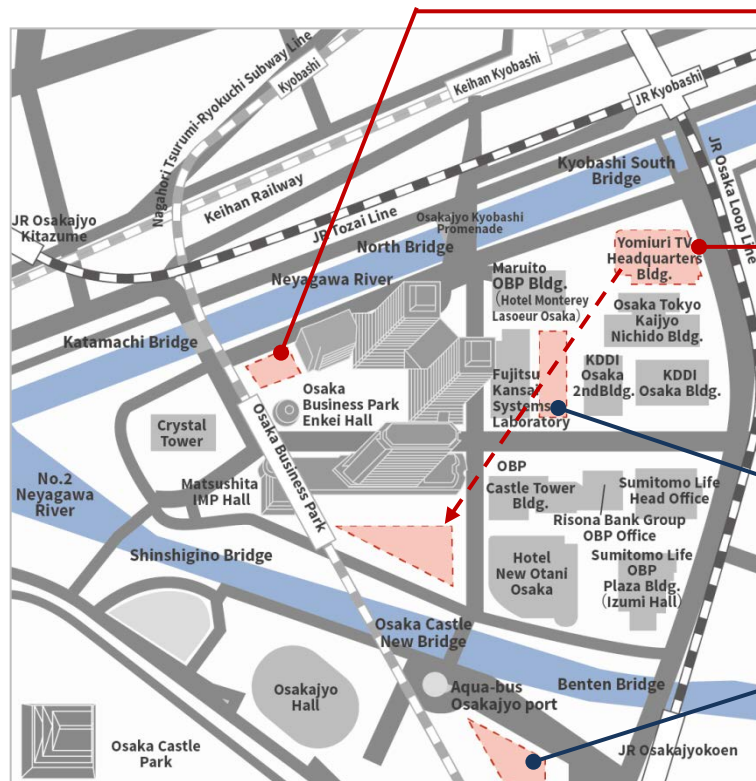


Source: Prepared by MCUBS MidCity based on data provided by CBRE. The number of tsubo represents aggregated total floor area including other floors than rented office floors

Revitalizing Osaka Business Park (OBP)



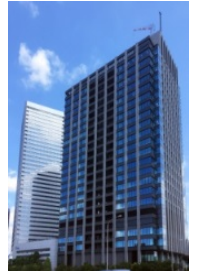
Trends in and around OBP



September 2017

New MID Osaka Kyobashi Bldg. (tentative name) is to be completed

→ KEPCO affiliated company will be relocated from Nakanoshima



(Tentative) New MID Osaka Kyobashi Bldg.

Relocation in 2019

Yomiuri Telecasting Corporation is now constructing a new building on the south side of Matsushita IMP Bldg.*



New Yomiuri Building outward appearance image*

Relocation in 2020

Panasonic affiliates will be relocated from suburban Osaka to the current HQ of Yomiuri Telecasting Corporation after its relocation to the newly-constructed building**

Acquisition in Mar. 2017

Keihanshin Building acquired land

→The company plans to develop a building with the main use as data centers and offices***



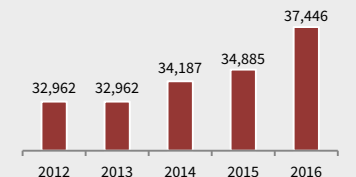
Appearance of OBP from JO-TERRACE OSAKA

Opened in Jun. 2017

Opening of a retail facility JO-TERRACE OSAKA

→Attracting more visitors to the north of Osaka Castle

Number of Workers in OBP Area (# of persons)



Source:

* Press release of Ministry of Land, Infrastructure, Transport and Tourism as of Oct. 21, 2016, Nikkei Real Estate Market Information as of Sep. 5, 2014

** Nikkei Real Estate Market Information as of May 10, 2017

*** Press release of Keihanshin Building Co., Ltd. as of Feb. 24, 2017

(Reference) Number of visitors to the tower keep of Osaka Castle: approx. 2.55 million in FY2016

Operation of Properties Located in OBP

Exit of Asahi Group (from Matsushita IMP Bldg.)

Three tenants are to be vacated

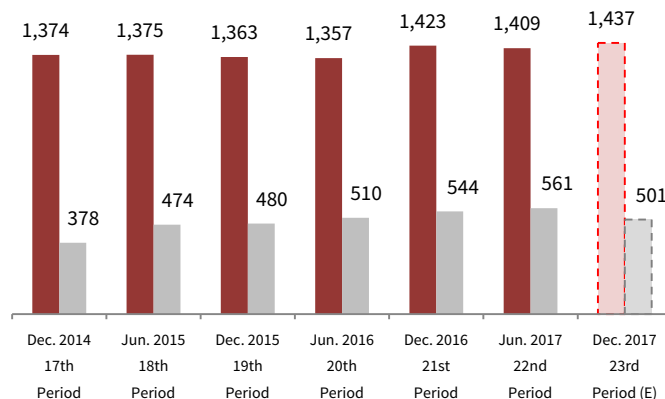
- 2 tenants as of Sep. 30, 2017: 1,375.70m² (0.4% of the portfolio)
- 1 tenant as of Oct. 31, 2017: 4,531.23m² (1.3% of the portfolio)

➔ Private preview session was held after the start of works for restoration to original state of vacated floors.



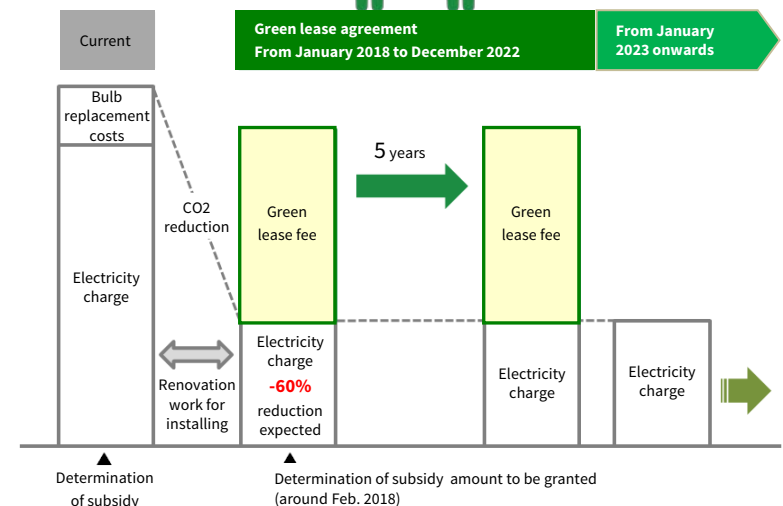
NOI of Two Properties Located in OBP

■ Twin 21 ■ Matsushita IMP Bldg. (mn. yen)



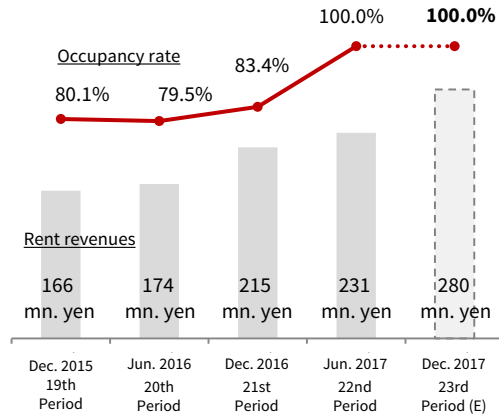
Green Lease Agreement Using the Subsidy System (Twin 21)

MCUBS MidCity agreed with Panasonic, the tenant of OBP Panasonic Tower, to install LED illumination in their exclusive spaces. Both the tenant and MCUBS MidCity can enjoy economic benefits and build a win-win relationship by reducing CO2 emission.



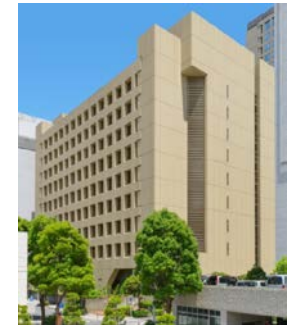
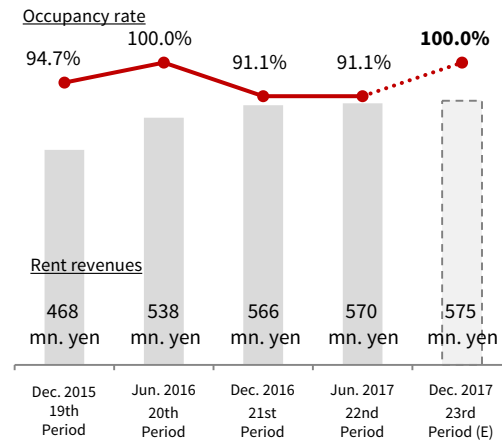
Steady Growth Achieved in Properties in Tokyo Area

G-Square Shibuya Dogenzaka



Acquired in Aug. 2015
(19th Period)

Cube Kawasaki



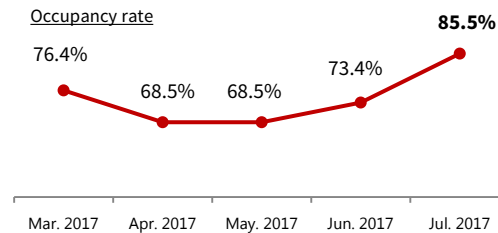
Acquired in Aug. 2015
(19th Period)

Example of ESG-related Initiatives

Uchimizu (watering) event was held at G-Square Shibuya Dogenzaka in response to the call by Tokyo Metropolitan Office with an aim to make the building eco-friendly office building, participated by representatives of the tenants.



Sasazuka Center Bldg.

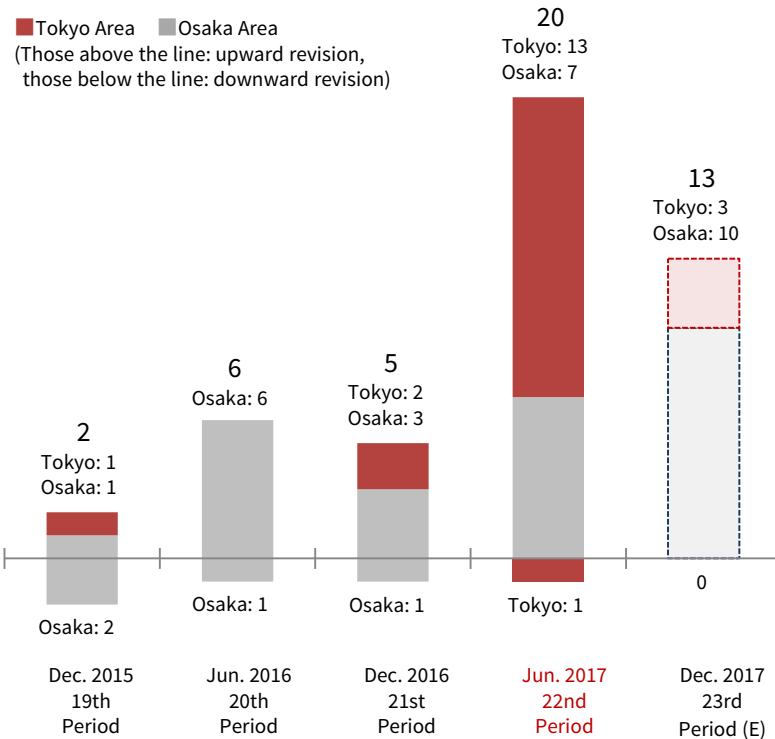


Acquired in Mar. 2017
(22nd Period)

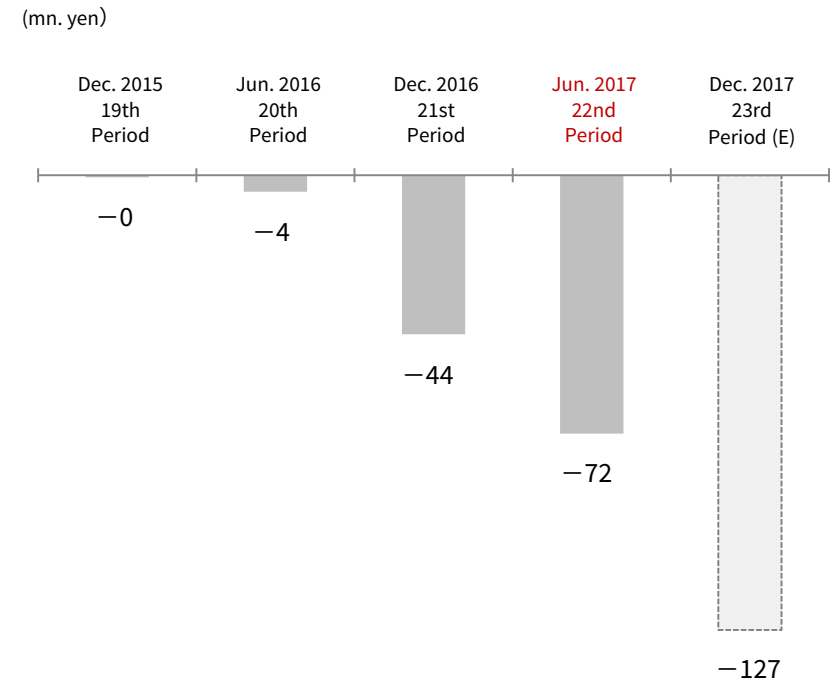
More Upward Rent Revisions and Cost Reduction



The Number of Rent Revisions at Lease Agreements



Cumulative Total Cost Reduction



* The number of rent revisions for 2017/12E (the 23rd Period) is based on the number of determined rent revisions as of the end of July 2017

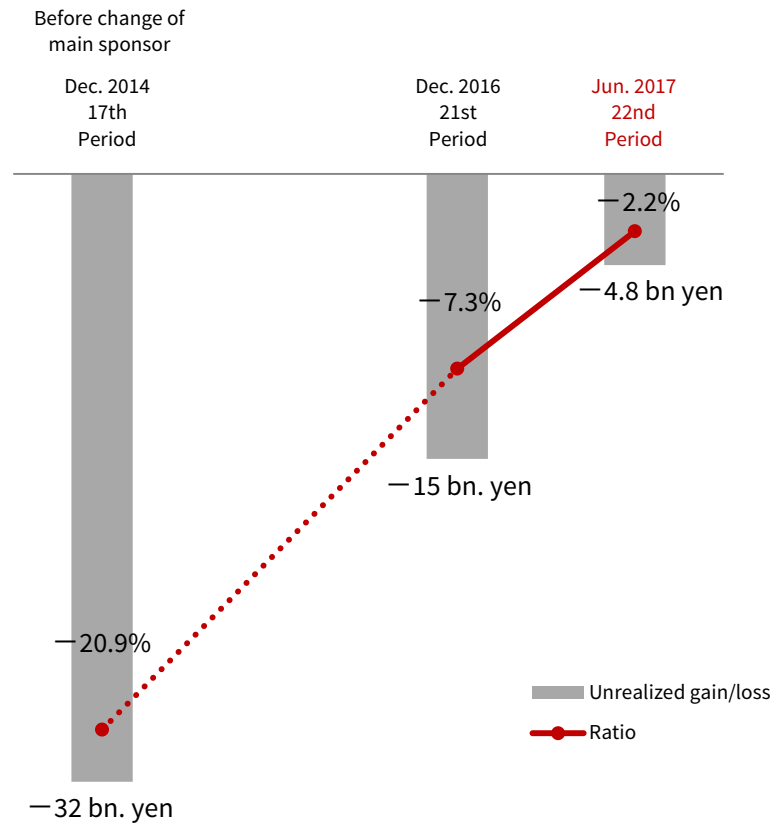
* The above bar chart shows the aggregate value of cost reduction per period through the review of service agreements related to the real estate lease expenses and general administration expenses (electricity supply agreements, gas supply agreements, casualty insurance contracts, trust agreements, BM/PM service agreements, general administration service agreements and asset custody consignment agreements)

* The value for 2017/12E is calculated based on what are determined as of the end of July 2017

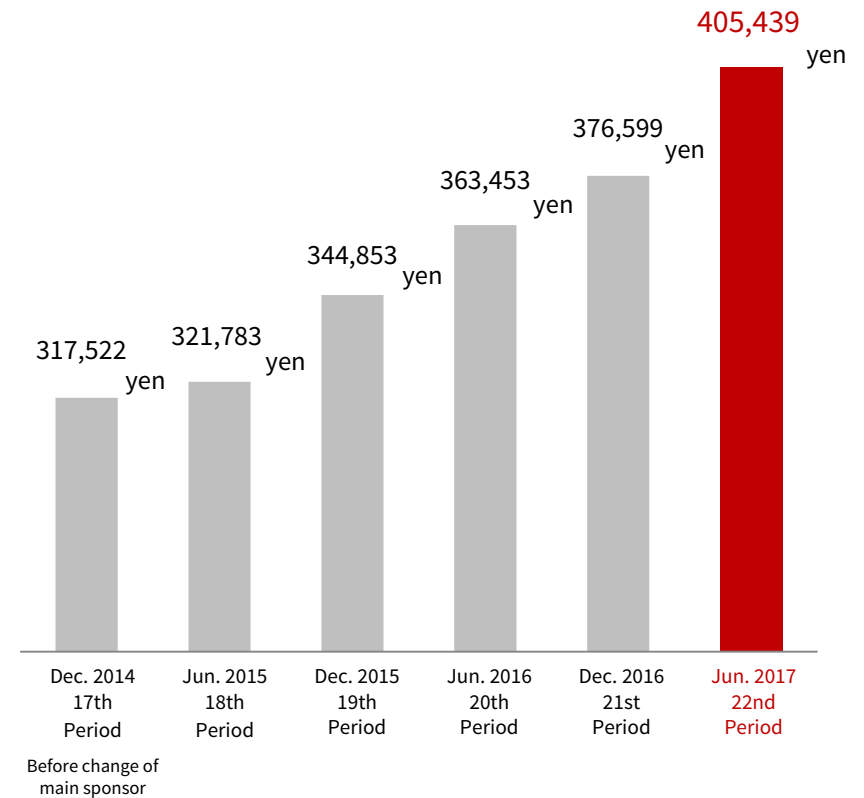
Profitability Improvement Enhanced Portfolio Value



Unrealized Losses of the Portfolio



NAV per Unit



Successful Debt Financing at Long-term Fixed-rate Interests



Issuance of Investment Co. Bonds (May 2017)

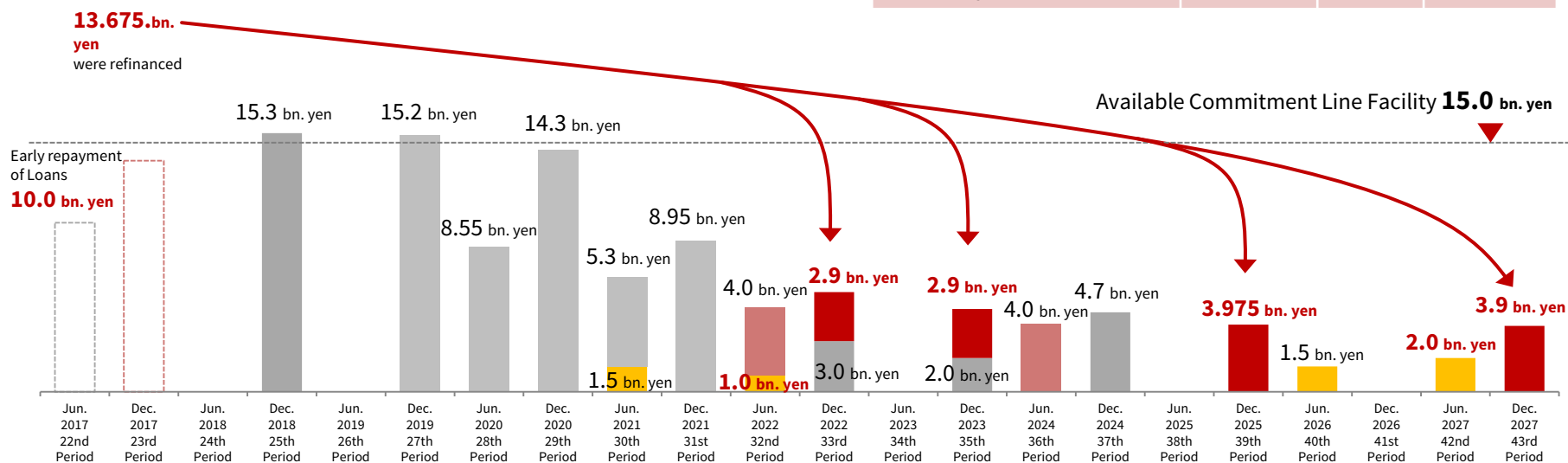
Issuance of non-secured bonds for two consecutive years

	Total amount issued	Term	Interest rate
The 3rd Unsecured Investment Corporation Bonds	1.0 bn. yen	5 years	0.260%
The 4th Unsecured Investment Corporation Bonds	2.0 bn. yen	10 years	0.670%



Debt Maturity Ladder

■ New loans in Jul. 2017 ■ New loans in Jan. 2017 ■ Existing loans ■ Invest Co. Bonds



Refinancing of Loans (Jul. 2017)

Lender	Amount	Term	Interest rate
Mizuho Bank, Ltd. Development Bank of Japan, Inc. Aozora Bank, Ltd.	3.9 bn. yen	10 years	1.04000%
Mizuho Bank, Ltd. Development Bank of Japan, Inc.	3.975 bn. yen	8 years	0.85630%
Shinkin Central Bank The Senshu Ikeda Bank, Ltd.	1.9 bn. yen	6 years	0.68000%
Sumitomo Mitsui Banking Corporation	1.0 bn. yen	6 years	0.68792%
Sumitomo Mitsui Trust Bank, Limited Tokio Marine & Nichido Fire Insurance Co., Ltd. Nippon Life Insurance Company	2.9 bn. yen	5 years	0.52420%
Total / Average	13.675 bn. yen	7.5 years	0.80145%

new

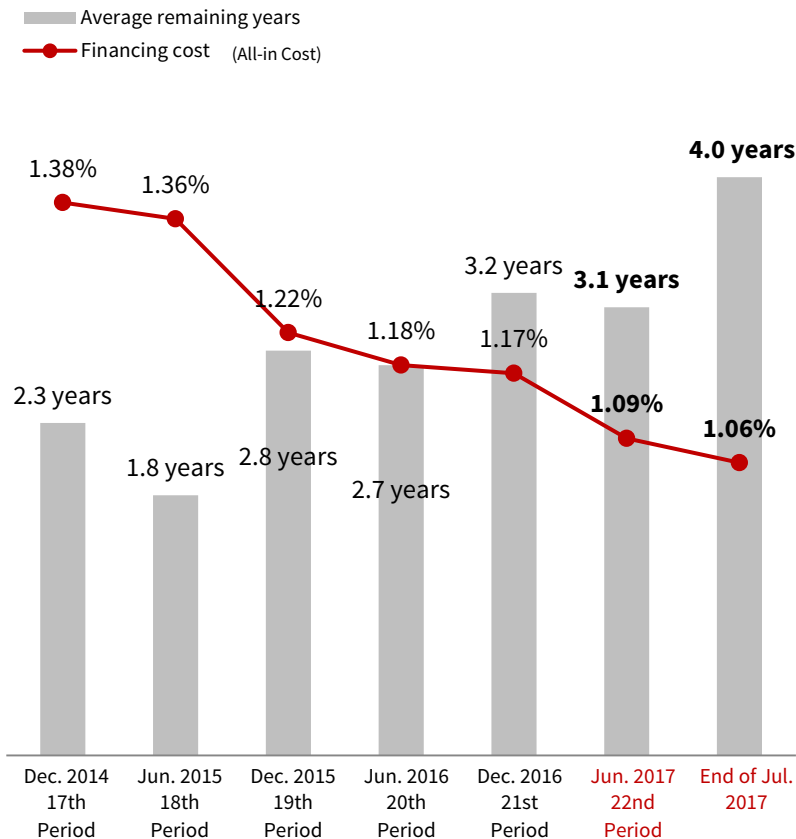
new

Longest term

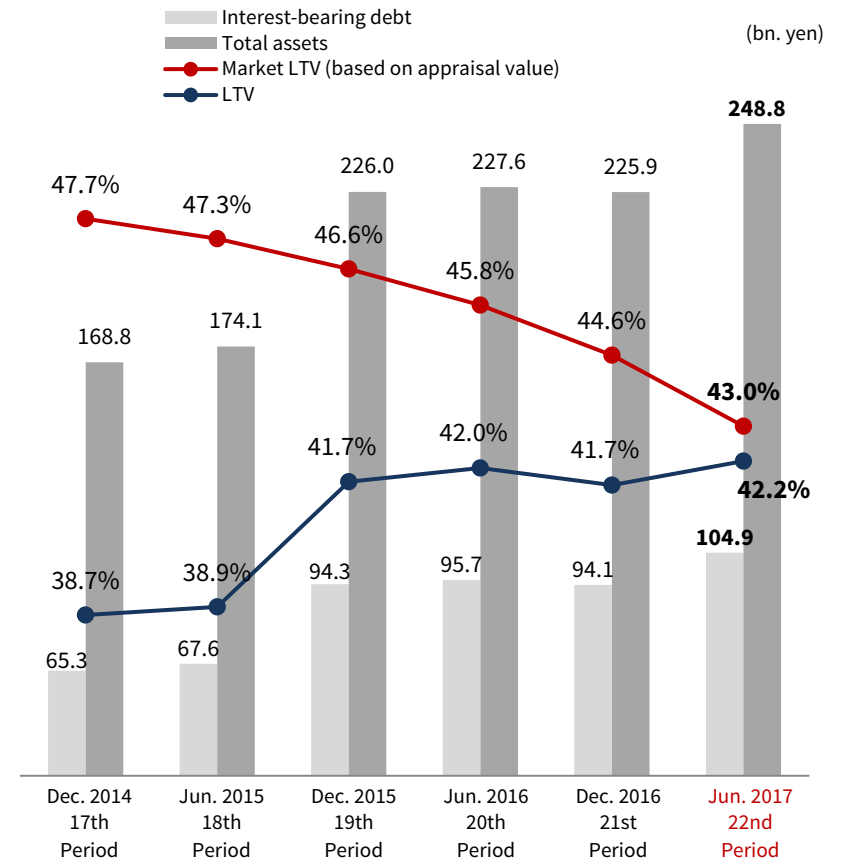
Reinforced Financial Base



Financing Cost and Average Remaining Years of Debts



Historical LTV



For Further Growth in Unitholder Value



MC-UBS Group: New Group Logo and Group Slogan



Corporate Branding

A new group logo and a new group slogan has been established by Mitsubishi Corp.-UBS Realty Inc., the parent company of the asset management company, with a view to the further enhancement of the strength of the Group. A common logo will be used for the purpose of creating a sense of identity with MC-UBS Group.

- ✓ Group logo



- ✓ Group slogan

Think bold today for a brighter tomorrow.

- ✓ New logo of the investment Corporation

MCUBS MidCity
Investment Corporation

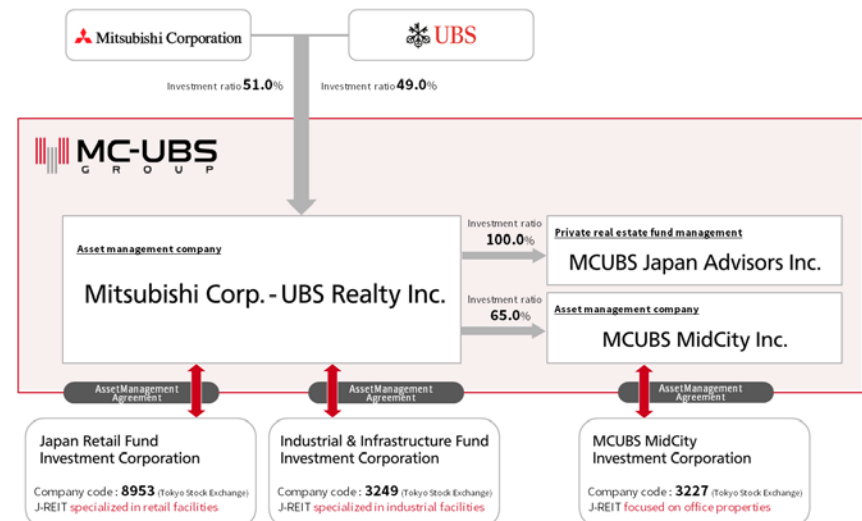
- ✓ New logo of the asset manager

MCUBS MidCity Inc.

<Message Implied in Group Slogan>

We act, through real estate properties, under the values represented by our new group slogan, “Think bold today for a brighter tomorrow with our uniqueness and fairness, with an eye to the future in Japan and the world” to contribute to all customer who want to offer more hopes in our daily life and society. Our slogan highlights that we offer an opportunity to experience the wealth of society in the future through real estate’s solid value.

<Introduction of MC-UBS Group>



MC-UBS Group: Active Sustainability Efforts



Sustainability Policy

MC-UBS Group voluntarily promotes efforts to secure “sustainability” in an environment and an entire society.

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

Items written in green: initiatives implemented by MCUBS MidCity



Signatory of:



Assessment/ Certification by External Agencies

The Investment Corporation participates in GRESB evaluation system and obtains certifications for properties in the portfolio.

- ◆ **GRESB** : designated as Green Star
- ◆ **BELS Certification** : certified for three properties
- ◆ **CASBEE assessment** : certified for two properties
- ◆ **DBJ Green Building** : certified for four properties



MC-UBS Group's Advantages in Portfolio Management



Philosophy of Putting a Top Priority on Unitholders

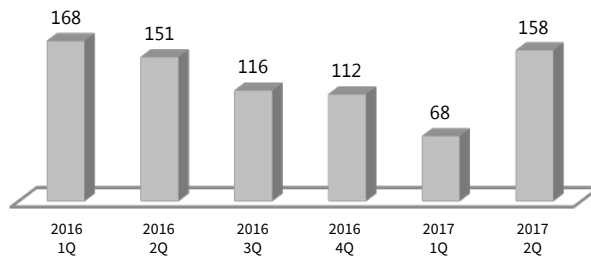
- ✓ Committed to real estate asset management
- ✓ Focusing on maximization of unitholder value
- ✓ Placing emphasis on alignment with unitholders
eg. : introduction of phantom stock options



Good Property Selection

- ✓ Sourcing properties through the strong network built as one of the largest buyers of commercial properties
- ✓ Examining approx. 500 office buildings annually as potential investment destinations
- ✓ Carefully selecting properties with an emphasis on location, specifications and yields

Number of Properties Examined as Possible Investments



Focus on Tenant Satisfaction

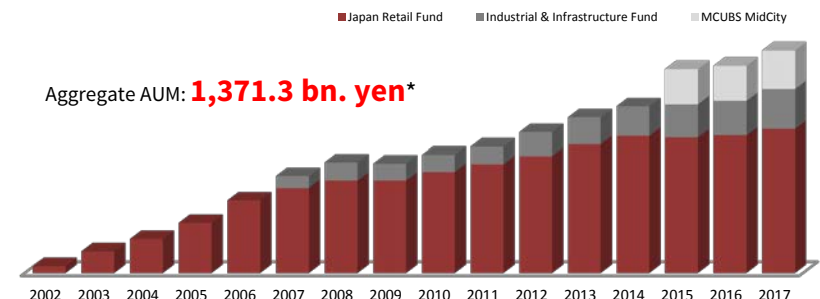
- ✓ Increasing cash flow through leasing and cost optimization
- ✓ Management focusing on tenant satisfaction and sustainability
- ✓ Engineering to maximize cost effectiveness



Financial Management

- ✓ Strong network with financial institutions
- ✓ Track record of J-REIT management for more than 16 years

Historical AUM of MC-UBS Group



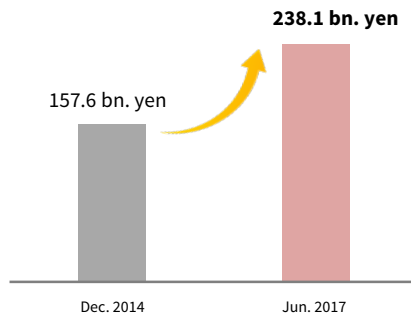
*As of May 1, 2017; Japan Retail Fund includes one property to be acquired in Sep. 2017

Aim for Further Growth in Unitholder Value



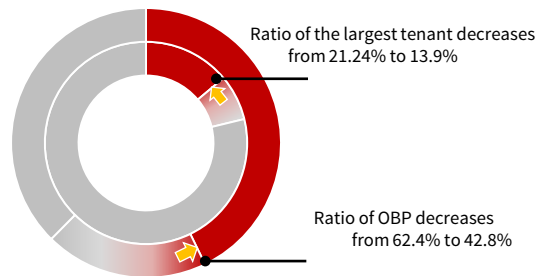
Achievement by Making the Most of MC-UBS Group's Capabilities

Total acquisition prices



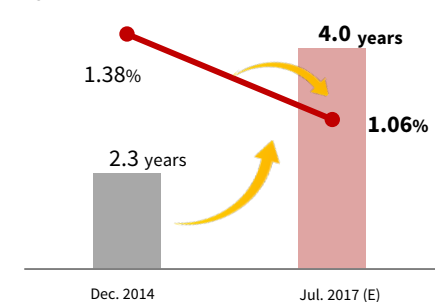
Asset Size Growth

Tenant composition (based on rent revenues)



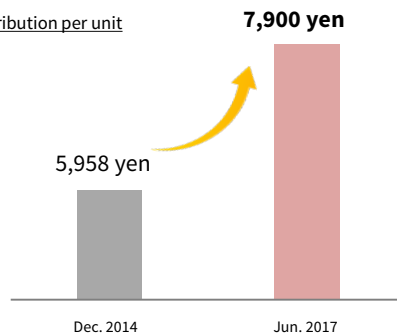
Stabilized Portfolio through Diversification

Average remaining years of debts (bar chart) and Financing cost (line chart)



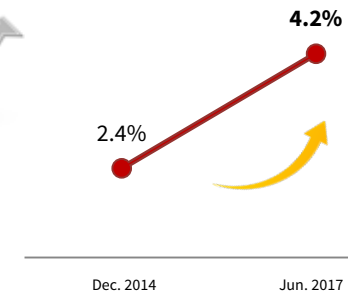
Stabilized Financial Base

Distribution per unit

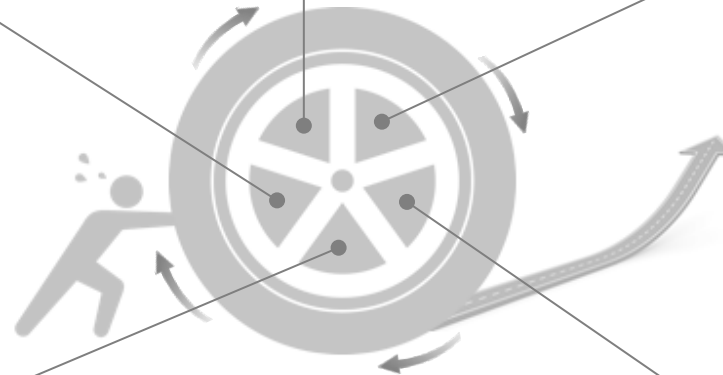


Growth in Distributions

ROE

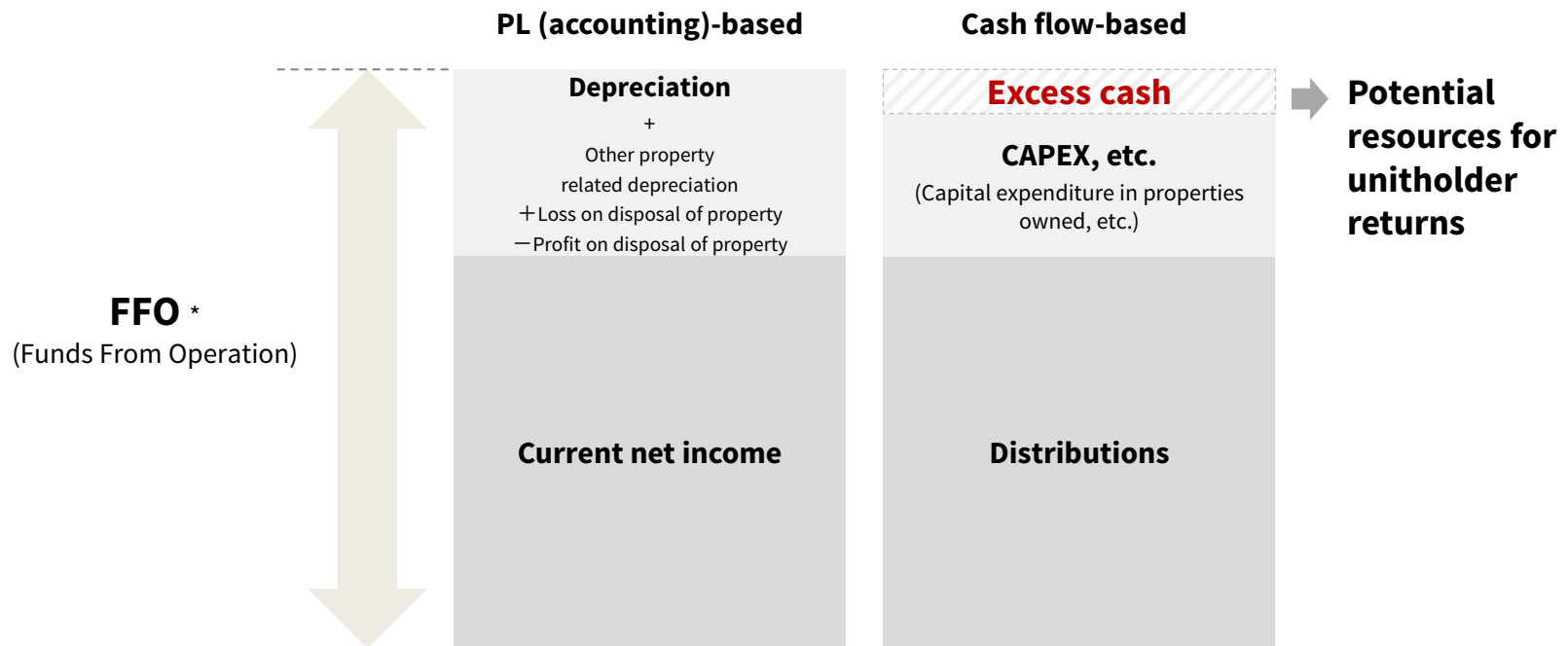


Improvement in ROE



Consider Enhancing Unitholder Returns

Based on scrutinizing the cash flow, distributions in excess of profit, buy back of units will be considered as a use of excess cash.



* FFO = Net income + Depreciation + Other property related depreciation + Loss on disposal of property - Profit on disposal of property

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

Disclaimer

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

Asset Management Company: MCUBS MidCity Inc.

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