

Think bold today for a brighter tomorrow.



**22<sup>nd</sup>**  
**Fiscal Period**  
January 1, 2017  
to  
June 30, 2017  
**Business Report**

MCUBS MidCity Investment Corporation

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

**3227**

MCUBS MidCity Investment Corporation

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

## 22nd Fiscal Period Financial Highlights

(January 1, 2017 to June 30, 2017)

**Asset Size**  
(as of end of 22nd fiscal period)  
**238.1 billion yen**  
(acquisition price basis)

**Occupancy Rate**  
(as of end of 22nd fiscal period)  
**97.5 %**

**Number of Properties**  
(as of end of 22nd fiscal period)  
**20**

**Distribution per Unit**  
**7,900 yen**

	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period (Forecast)	24th Fiscal Period (Forecast)
Operating Revenue	7,005 million yen	8,025 million yen	7,615 million yen	7,451 million yen
Ordinary Income	1,977 million yen	2,527 million yen	2,388 million yen	2,403 million yen
Net Income	1,976 million yen	2,527 million yen	2,387 million yen	2,402 million yen
Number of Investment Units	266,025 units	296,625 units	296,625 units	296,625 units
Distribution per Unit	7,431 yen	7,900 yen	8,050 yen	8,100 yen

(Note) The forecast figures above were calculated as of August 15, 2017 under certain assumptions and may change according to changes of circumstances. Furthermore, the forecasts do not guarantee the full amount of distributions.

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**Toyota Watanabe**

President & CEO & Representative Director  
MCUBS MidCity Inc.

### Leadership Message

**Katsuhiro Tsuchiya**

Executive Director  
MCUBS MidCity Investment Corporation

**Katsuhiro Tsuchiya, the new Executive Director of MCUBS MidCity Investment Corporation, was interviewed to address unitholders and outline the fiscal period's business performance.**

I would like to express my sincere gratitude to our unitholders for their unwavering support.

I was appointed as the Executive Director of MCUBS MidCity Investment Corporation (hereafter, "MCUBS MidCity") at the 7th general meeting of unitholders held in June 2017. I have long served as an outside compliance committee member at the asset management company to which MCUBS MidCity entrusts its asset management. I kindly ask for the continued support of our unitholders as I will keep working, together with the asset management company, to earn the trust of our unitholders in the position of executive director going forward.

In the fiscal period under review (22nd fiscal period:

January 1, 2017 to June 30, 2017), MCUBS MidCity conducted an additional issuance of new investment units for the second time since commencement of asset management, and acquisition of new properties and disposition of properties through asset replacement. In financial aspects, seizing the favorable investment corporation bond market trends, unsecured investment corporation bonds were issued for the second consecutive year. The above, with the addition of the contribution of increase in rent income due to improved average contracted rent, etc. and ongoing cost reduction efforts, and also the recording of gain and loss on sales of property from the disposition of properties in the 22nd fiscal period, led to financial results for the 22nd fiscal period of operating revenue of 8,025 million yen, operating income of 3,150 million yen and net income of 2,527 million yen. As a result, while retaining 183 million yen as reserve for reduction entry, the distribution per unit declared was 7,900 yen (up 6.3% period-on-period) as forecast at the beginning of the fiscal period.

**Next is Toyota Watanabe, the new President & CEO & Representative Director of MCUBS MidCity Inc.**

I was appointed as the President & CEO & Representative Director of MCUBS MidCity Inc. (hereafter, the "Asset Management Company") on June 1, 2017. I would like to take this opportunity to address our unitholders.

**Q** Additional issuance of new investment units, asset replacement and a series of other initiatives were taken in the fiscal period. Please elaborate, including the achievements of such and future goals.

**A** In a recently harshening acquisition environment, we procured approximately 10.0 billion yen through additional issuance of new investment units in February 2017, and acquired four properties, including additional quasi co-ownership interest of Shibuya Sakuragaoka Square, all through exclusive negotiations for approximately 31.3 billion yen. With disposition of two properties in the Osaka area, on the other hand, we managed to not only improve the portfolio's unrealized loss but also retain a portion of the gain on the disposition of properties as voluntary reserve and thereby secure the source of funds for stable distribution of earnings in the future. In addition,

the 10.0 billion yen short-term loans payable portion of the 18.0 billion yen borrowed upon the acquisition of properties was repaid early by using a 7.0 billion yen portion of the proceeds from the disposition of properties and by using the 3rd and 4th unsecured investment corporation bonds issued in May totaling 3.0 billion yen, along with which we strove to diversify maturity dates and extend borrowing periods.

With internal growth also contributing in addition to such external growth and financial strategy, distribution per unit is on the verge of reaching the 8,000 yen target aimed to date. Although there were temporary factors, such as dilution from the additional issuance of new investment units and gain on the disposition of properties, in the 22nd fiscal period, we will dedicate efforts to ensuring that this goal can be achieved even with just recurring revenue going forward.

**Q** The Tokyo area is said to have concerns of upcoming large volume of supply, while the Osaka leasing market is said to be recovering. Please describe the leasing status and actions for portfolio properties.

**A** In the Tokyo area, there are concerns of large volume of supply, mainly of large-scale buildings.

However, as needs for floor space expansion and needs for relocation for expansion are still strong, the vacancy rate is likely to remain stable at a low level to a certain degree against the backdrop of such solid office demand. In terms of performance in the Tokyo area, G-Square Shibuya Dogenzaka reaching full occupancy in March 2017 and Cube Kawasaki in September 2017 not only served to steadily build our portfolio management track record but also contributed to revenue.

In the Osaka area, on the other hand, the vacancy rate continues to improve due to tight supply-demand balance. With this, recovery in market rent is expected. At the properties in the Osaka area in MCUBS MidCity's portfolio, too, the number of upward rent revisions is on the rise. In addition, we are striving to enhance the value of portfolio assets through the pursuit of a favorable place to work from the viewpoint of office workers based on the findings of surveys on tenants' satisfaction.

In July 2017, MCUBS MidCity concluded a green lease agreement with Panasonic Corporation, a tenant of Twin 21 OBP Panasonic Tower. The aim is that, combined with utilization of a subsidy program, energy-saving lighting equipment (LED) will be introduced to the exclusive areas to significantly reduce electricity charges, leading to MCUBS MidCity and the tenant each enjoying economic benefits and, while doing so, establishing a win-win

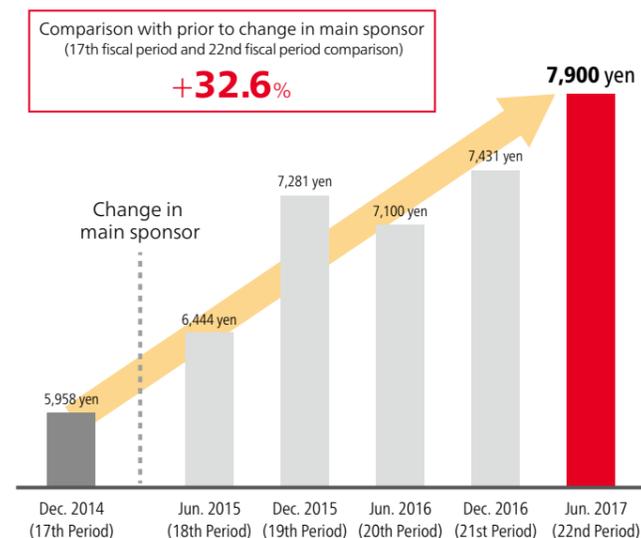
relationship, all while considering for the environment and contributing to sustainable development of society.

**Q** Lastly, please provide the actions for the next fiscal period and a message for unitholders.

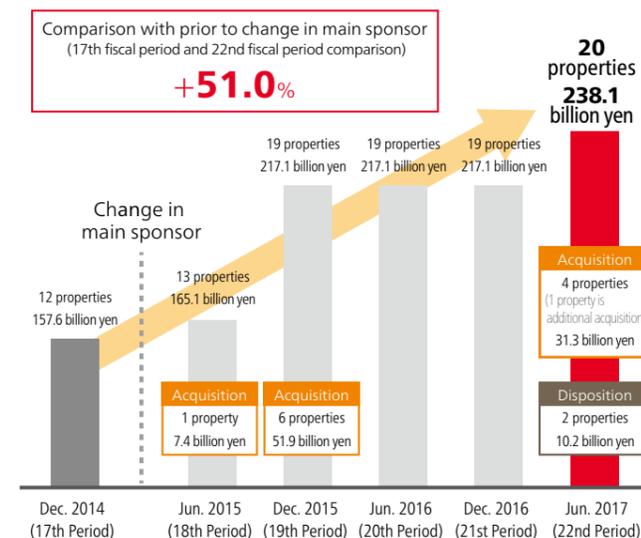
**A** In July 2017, we refinanced 13,675 million yen. Along with striving to diversify lending financial institutions by inviting two new lenders, Tokio Marine & Nichido Fire Insurance Co., Ltd. and Nippon Life Insurance Company, efforts to extend the average remaining years of interest-bearing liabilities and fix the interest rates are underway.

In addition, recently, the Asset Management Company's parent company Mitsubishi Corp. - UBS Realty Inc. established a corporate brand with a view to the further enhancement of the strength of the Mitsubishi Corp. - UBS Realty Group (hereafter, the "MC-UBS Group"). This is intended to lead to greater recognition, differentiation and competitiveness as a corporate group. The Asset Management Company kindly asks for your continued support as we continue to perform management aimed at ongoing enhancement of unitholder value while proactively pursuing actions that would contribute to the stakeholders of MCUBS MidCity as a member of the MC-UBS Group.

**■ Distribution per Unit**



**■ Asset Size (acquisition price basis)**



**Introduction of Directors**

One executive director and two supervisory directors of MCUBS MidCity were appointed at the 7th general meeting of unitholders held on June 2, 2017.

Executive Director  
**Katsuhiko Tsuchiya** (center in photo)  
Managing Partner, M&A Partners Law Office

Supervisory Director  
**Haruo Kitamura** (right in photo)  
Chief, Kitamura Certified Public Accountant Office

Supervisory Director  
**Osamu Ito** (left in photo)  
Partner, United Fuso Law Office



## Financial Report

In the 22nd fiscal period, 18.0 billion yen was newly borrowed in January 2017 to allocate to part of the funds for acquisition of properties, and unsecured investment corporation bonds were issued for the second consecutive year in the amount of 3.0 billion yen in May 2017. In addition, of the new borrowing of funds, 10.0 billion yen was repaid early by using 7.0 billion yen in funds from the disposition of properties and 3.0 billion yen in investment corporation bonds. Through the series of actions, we realized diversification of fund procurement methods and reduction of financing costs.

## Issuance of New Investment Units through Public Offering and Third-Party Allotment

Before Issuance of New Investment Units		New Investment Units Issued		After Issuance of New Investment Units	
Units	266,025 units	Public Offering	29,100 units	Units	269,625 units
		Third-party Allotment	1,500 units		
Unitholders' Capital	115.2 billion yen	Total Issue Value	9.9 billion yen	Unitholders' Capital	125.1 billion yen

## New Borrowing

Lender(s)	Amount outstanding	Debt term	Interest Rate	Borrowing Date	Method of Borrowing/Repayment	Maturity Date
Mizuho Bank, Ltd.	10.0 billion yen	0.5 years	Base interest rate (JBA 1-month JPY TIBOR) + 0.150% (floating)	January 31, 2017	Unsecured and unguaranteed Lump sum repayment	July 31, 2017
Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation	4.0 billion yen	5 years	0.64691% (fixed)			January 31, 2022
Development Bank of Japan Inc. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.0 billion yen	7 years	0.80938% (fixed)			January 31, 2024

## Early Repayment

Lender	Initial Balance	Maturity Date	Repayment Amount	Repayment Date
Mizuho Bank, Ltd.	10.0 billion yen	July 31, 2017	7.0 billion yen	March 31, 2017
			3.0 billion yen	May 31, 2017

## Issuance of Investment Corporation Bonds

Name	3rd Unsecured Investment Corporation Bonds	4th Unsecured Investment Corporation Bonds
Total Amount Issued	1.0 billion yen	2.0 billion yen
Interest Rate	0.260% per year	0.670% per year
Payment Date	May 29, 2017	May 29, 2017
Redemption Date and Method	Lump sum redemption on May 27, 2022 (5 years)	Lump sum redemption on May 28, 2027 (10 years)

## Refinancing in July 2017 (23rd Fiscal Period)

The 13.675 billion yen due for repayment in July 2017 was refinanced in the entire amount by borrowing funds as follows:

Lender(s)	Amount outstanding	Debt term	Interest Rate	Borrowing Date	Method of Borrowing/Repayment	Maturity Date
Mizuho Bank, Ltd. Development Bank of Japan, Inc. Aozora Bank, Ltd.	3.9 billion yen	10 years <small>Longest for MCUBS MidCity</small>	1.04000% (fixed)	July 29, 2017	Unsecured and unguaranteed Lump sum repayment	July 31, 2027
Mizuho Bank, Ltd. Development Bank of Japan, Inc.	3.975 billion yen	8 years	0.85630% (fixed)			July 31, 2025
Shinkin Central Bank The Senshu Ikeda Bank, Ltd.	1.9 billion yen	6 years	0.68000% (fixed)			July 31, 2023
Sumitomo Mitsui Banking Corporation	1.0 billion yen	6 years	0.68792% (fixed)			
Sumitomo Mitsui Trust Bank, Limited Tokio Marine & Nichido Fire Insurance Co., Ltd. <b>NEW</b> Nippon Life Insurance Company <b>NEW</b>	2.9 billion yen	5 years	0.52420% (fixed)			July 31, 2022

The following is the status of debt financing as of June 30, 2017.

## Total Interest-Bearing Liabilities

Short-term loans payable	-	Ratio of long-term interest-bearing liabilities (Note 2)	100.0%
Long-term loans payable (Note 1)	98,975 million yen	Ratio of fixed interest rate (Note 2)	77.4%
Investment corporation bonds	6,000 million yen	LTV (appraisal value basis) (Note 3)	43.0%
Interest-bearing liabilities	104,975 million yen	LTV (book value basis) (Note 4)	42.2%

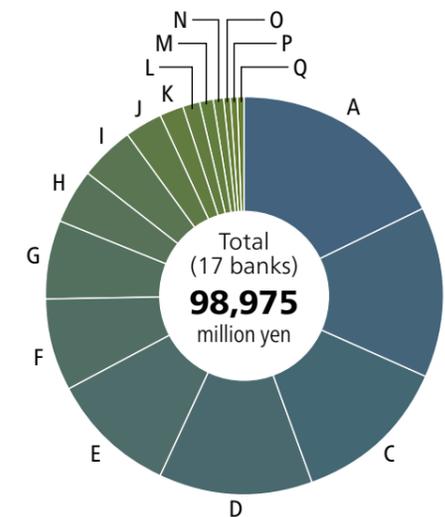
(Note 1) Long-term loans payable includes current portion of long-term loans payable.

(Note 2) Weight-averaged based on the amount of loans. Ratio of fixed interest rate includes those whose interest rates have been practically fixed through interest rate swap agreements.

(Note 3) LTV (appraisal value basis) = Total interest-bearing liabilities ÷ (Total assets + Appraisal value of portfolio properties - Book value of portfolio properties)

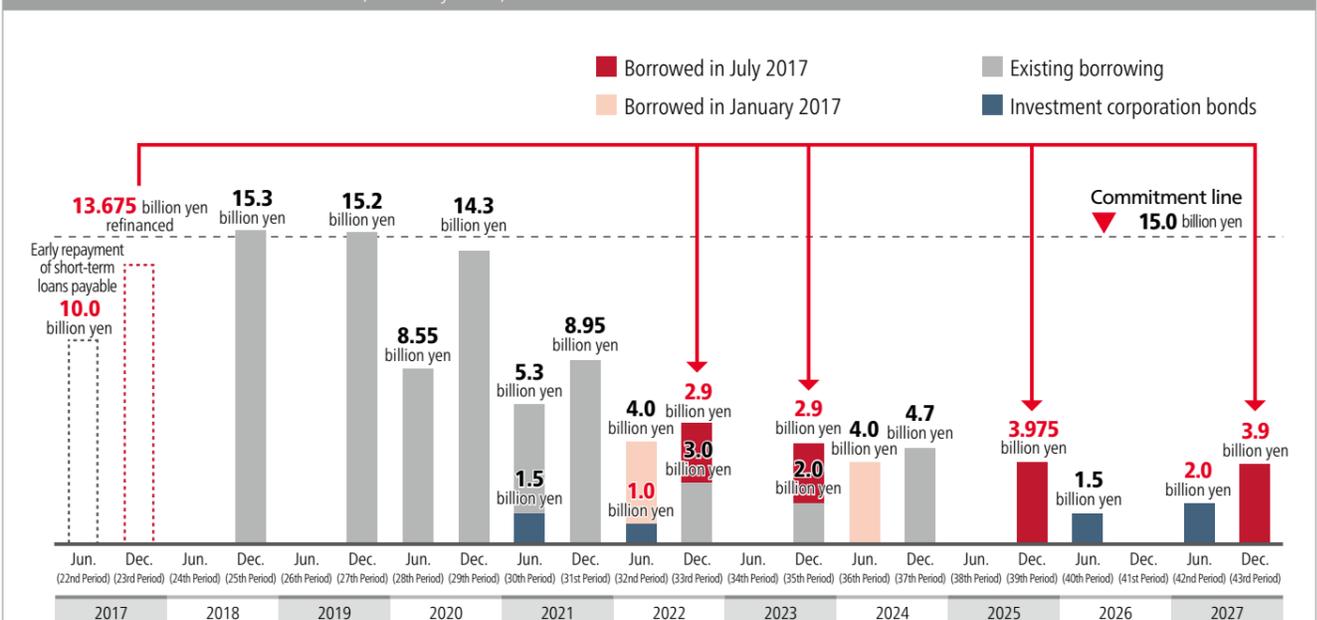
(Note 4) LTV (book value basis) = Total interest-bearing liabilities ÷ Total assets

## Breakdown of Financing by Bank



Lender	Balance (million yen)	Share
A Mizuho Bank, Ltd.	17,600	17.8%
B Sumitomo Mitsui Trust Bank, Limited	13,800	13.9%
C Sumitomo Mitsui Banking Corporation	12,800	12.9%
D Development Bank of Japan Inc.	12,325	12.5%
E Aozora Bank, Ltd.	10,050	10.2%
F Resona Bank, Limited	7,500	7.6%
G Mitsubishi UFJ Trust and Banking Corporation	6,300	6.4%
J The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,500	4.5%
H Shinkin Central Bank	4,200	4.2%
I The Senshu Ikeda Bank, Ltd.	3,050	3.1%
K The Nishi-Nippon City Bank, Ltd.	2,100	2.1%
L Mizuho Trust & Banking Co., Ltd.	1,300	1.3%
M The Hyakugo Bank, Ltd.	1,150	1.2%
N The Minato Bank, Ltd.	800	0.8%
O The Nanto Bank, Ltd.	500	0.5%
P The Hiroshima Bank, Ltd.	500	0.5%
Q Sony Bank Inc.	500	0.5%

## Diversification of Maturities (As of July 2017)



New Acquisition through Exclusive Negotiations, and Strategic Asset Replacement

MCUBS MidCity newly acquired four properties (of which, one property is an additional acquisition) by using the funds procured through additional issuance of new investment units in February 2017 and the funds from disposition of properties. In addition, with strategic disposition of two properties in the Osaka area for the purpose of enhancing portfolio quality, MCUBS MidCity managed to not only improve the portfolio's unrealized loss but also reserve a portion of the gain on the disposition of properties for stable distribution of earnings in the future.

Newly-Acquired Assets

Property Name	Location	Acquisition Price (million yen)	Acquisition Date
Shibuya Sakuragaoka Square <sup>(Note 1)</sup>	Shibuya-ku, Tokyo	12,130	Feb. 1, 2017
Sendai Capital Tower	Aoba-ku, Sendai-shi	5,500	Feb. 1, 2017
Sasazuka Center Bldg.	Shibuya-ku, Tokyo	8,700	Mar. 22, 2017
USC Bldg. <sup>(Note 2)</sup>	Koto-ku, Tokyo	5,000	Apr. 6, 2017
<b>Total</b>		<b>31,330</b>	

(Note 1) Additional acquisition of building + 60% quasi co-ownership interest of land with leasehold interest.

(Note 2) Acquisition of approx. 46% quasi co-ownership interest.

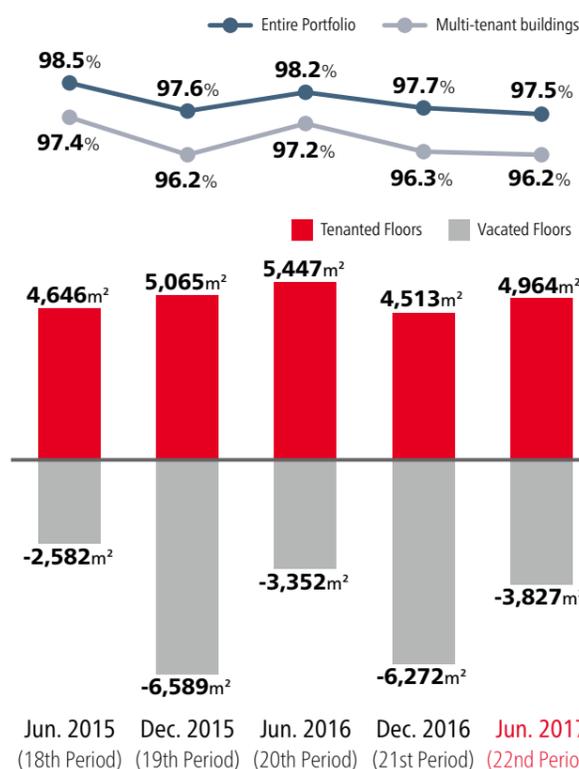
Disposed Assets

Property Name	Location	Disposition Price (million yen)	Disposition Date
Midosuji MID Bldg.	Chuo-ku, Osaka	9,000	Mar. 27, 2017
MID Midosujikawaramachi Bldg.	Chuo-ku, Osaka	1,700	Mar. 27, 2017
<b>Total</b>		<b>10,700</b>	

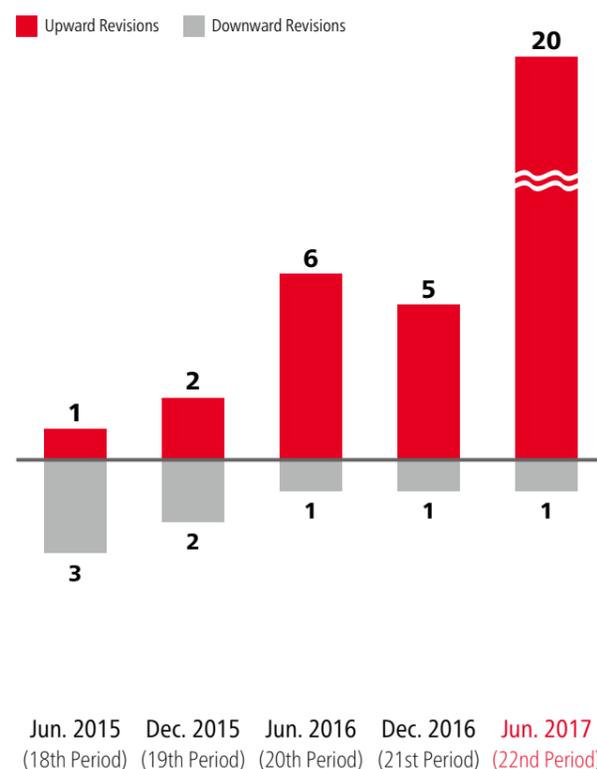
Status of Portfolio Management

While maintaining a high level of occupancy rate both for the entire portfolio and multi-tenant buildings, we will seize the favorable market conditions by focusing on rent optimization (increasing the unit price of rent) and steadily engaging ourselves in improvement of portfolio profitability.

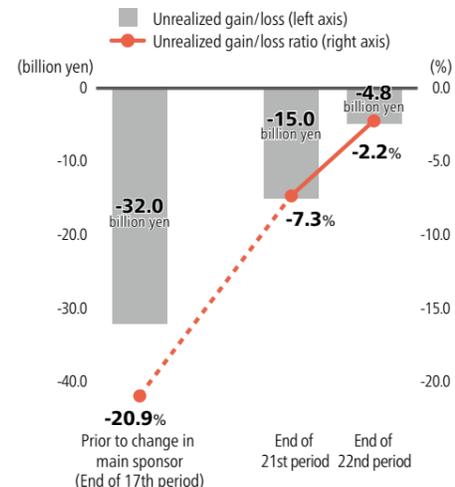
Occupancy and Tenant Turnover



Revisions of Lease Agreements



Portfolio's Unrealized Gain/Loss (Ratio)



The following is the status of MCUBS MidCity's portfolio as of June 30, 2017.

Portfolio Overview

Investment Category	Investment Area <sup>(Note 1)</sup>	Property Name	Location	Acquisition Price (million yen)	Investment Ratio (%)	Acquisition Date	Leasable Space (m²) <sup>(Note 3)</sup>	Occupancy Rate (%) <sup>(Note 4)</sup>
Office Properties	Three major metropolitan areas	Sumitomo Fudosan Ueno Bldg. No. 6	Taito-ku, Tokyo	7,460	3.1	May 2015	6,858.16	100.0
		G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	12,220	5.1	Aug. 2015	5,011.74	100.0
		Shibuya Sakuragaoka Square <sup>(Note 5)</sup>	Shibuya-ku, Tokyo	17,130	7.2	Aug. 2015 Feb. 2017	6,379.66	100.0
		Yokohama Creation Square	Kanagawa-ku, Yokohama	7,080	3.0	Aug. 2015	12,728.59	88.1
		Cube Kawasaki	Kawasaki-ku, Kawasaki	20,050	8.4	Aug. 2015	24,462.29	91.1
		Higashi-Nihombashi Green Bldg.	Chuo-ku, Tokyo	2,705	1.1	Dec. 2015	3,254.77	100.0
		Sasazuka Center Bldg.	Shibuya-ku, Tokyo	8,700	3.7	Mar. 2017	8,221.34	73.4
		USC Bldg. <sup>(Note 6)</sup>	Koto-ku, Tokyo	5,000	2.1	Apr. 2017	5,781.98	100.0
		Twin 21	Chuo-ku, Osaka	68,700	28.8	Aug. 2006	82,304.84	98.2
		Matsushita IMP Bldg.	Chuo-ku, Osaka	24,600	10.3	Aug. 2006	37,406.94	98.3
		MID REIT Kyobashi Bldg.	Miyakojima-ku, Osaka	2,300	1.0	Aug. 2006	4,833.88	100.0
		MID Imabashi Bldg.	Chuo-ku, Osaka	3,270	1.4	Apr. 2007	4,277.64	95.2
		Kitahama MID Bldg.	Chuo-ku, Osaka	10,800	4.5	Apr. 2008	10,189.49	98.7
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	3,550	1.5	Oct. 2008	3,877.38	97.0
		Higobashi MID Bldg.	Nishi-ku, Osaka	3,000	1.3	Jun. 2013	4,655.57	96.5
		Nagoya Lucent Tower (silent partnership interest) <sup>(Note 7)</sup>	Nishi-ku, Nagoya	4,919	2.1	Aug. 2015	-	-
		Others	Sendai Capital Tower	Aoba-ku, Sendai-shi	5,500	2.3	Feb. 2017	12,999.51
<b>Subtotal (17 properties)</b>				<b>206,984</b>	<b>86.9</b>		<b>233,243.78</b>	<b>96.2</b>
Others	Three major metropolitan areas	AEON MALL Tsudanuma	Narashino-shi, Chiba	26,100	11.0	Aug. 2006	101,210.44	100.0
		Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	2,780	1.2	Aug. 2006	9,586.26	100.0
		Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	2,280	1.0	Sep. 2013	5,554.91	100.0
<b>Subtotal (3 properties)</b>				<b>31,160</b>	<b>13.1</b>		<b>116,351.61</b>	<b>100.0</b>
<b>Total (20 properties)</b>				<b>238,144</b>	<b>100.0</b>		<b>349,595.39</b>	<b>97.5</b>

(Note 1) "Three major metropolitan areas" under "Investment Area" indicates Tokyo area (Tokyo, Kanagawa, Chiba and Saitama Prefectures), Osaka area (Osaka, Kyoto and Hyogo Prefectures) and Nagoya area (Aichi Prefecture), and "Others" under "Investment Area" indicates the government-designated cities and other major cities as well as abroad, excluding the three major metropolitan areas. The same shall apply hereinafter.

(Note 2) "Investment Ratio" is the ratio of the acquisition price of the applicable asset to the total amount of acquisition prices of "Total (20 properties)."

(Note 3) "Leasable Space" refers to space (space of the rental units only, excluding storage, halls, parking and other space, but including shared or common space and parking space of Konami Sports Club Kyobashi and AEON MALL Tsudanuma, in which entire buildings are leased, as well as shared or common space of MID REIT Kyobashi Bldg. and Dormy Inn Hakata Gion) that is leasable as of June 30, 2017. For quasi co-owned properties, the leasable space is calculated by multiplying total space of the property by quasi co-ownership ratio of the trust beneficiary interest.

(Note 4) "Occupancy Rate" is presented as percentage figures, which are obtained by dividing the leased space as of June 30, 2017 by the leasable space.

(Note 5) For Shibuya Sakuragaoka Square, the building and the remaining 60% quasi co-ownership interest of land with leasehold interest was additionally acquired on February 1, 2017 to add to the already-acquired portion of quasi co-ownership interest of land with leasehold interest.

(Note 6) USC Bldg. is 50/108 (approx. 46%) quasi co-ownership interest of trust beneficiary interest in real estate.

(Note 7) Nagoya Lucent Tower is silent partnership interest with R40 GK as the operator (Silent Partnership Interest B in R40 GK; equity interest: 40%), backed by the trust beneficiary interest for the 33.9% co-ownership interest (and 29.5% right of site) of the sectional ownership of Nagoya Lucent Tower as the asset in trust, acquired on August 3, 2015.

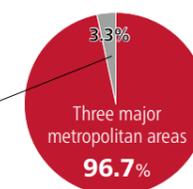
(Note 8) Amounts less than one million yen are rounded down.

Portfolio Analysis

The following is the diversification of MCUBS MidCity's portfolio by respective category. <sup>(Note 1)</sup>

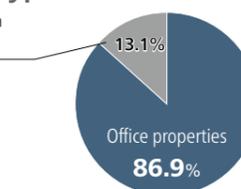
By Area

Government-designated cities and other major cities as well as abroad, excluding the three major metropolitan areas

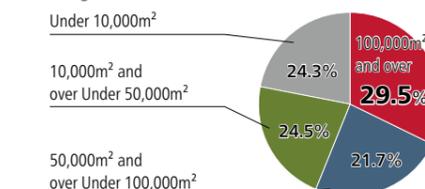


By Asset Type

Real estate other than office properties



By Asset Size <sup>(Note 2) (Note 3) (Note 4)</sup>



(Note 1) The ratios represent the ratios of the combined acquisition prices for respective categories over the total acquisition price, and are rounded to the first decimal place. Accordingly, the total of such figures is not necessarily 100%.

(Note 2) "By Asset Size" is classified using data for the total floor space of the buildings as recorded in land registers.

(Note 3) Excluding silent partnership interests.

(Note 4) For USC Bldg. (approx. 46% quasi co-ownership interest), figures for the entire building are used.

Tokyo area

Sumitomo Fudosan Ueno Bldg. No. 6

Taito-ku, Tokyo



G-Square Shibuya Dogenzaka

Shibuya-ku, Tokyo



Shibuya Sakuragaoka Square

Shibuya-ku, Tokyo



22nd fiscal period additional acquisition asset (building + 60% quasi co-ownership interest of land with leasehold interest)

Higashi-Nihombashi Green Bldg.

Chuo-ku, Tokyo



Yokohama Creation Square

Kanagawa-ku, Yokohama-shi



Cube Kawasaki

Kawasaki-ku, Kawasaki-shi



Sasazuka Center Bldg.

Shibuya-ku, Tokyo



22nd fiscal period additional acquisition asset

USC Bldg.

(approx. 46% quasi co-ownership interest)

Koto-ku, Tokyo



22nd fiscal period additional acquisition asset

AEON MALL Tsudanuma

Narashino-shi, Chiba



Nagoya area

Nagoya Lucent Tower

(silent partnership interest)

Nishi-ku, Nagoya-shi



Osaka area

Twin 21

Chuo-ku, Osaka



Matsushita IMP Bldg.

Chuo-ku, Osaka



Kitahama MID Bldg.

Chuo-ku, Osaka



Higobashi MID Bldg.

Nishi-ku, Osaka



MID REIT Kyobashi Bldg.

Miyakojima-ku, Osaka



MID Imabashi Bldg.

Chuo-ku, Osaka



MID Nishihommachi Bldg.

Nishi-ku, Osaka



Konami Sports Club Kyobashi

Miyakojima-ku, Osaka



Others

Dormy Inn Hakata Gion

Hakata-ku, Fukuoka-shi

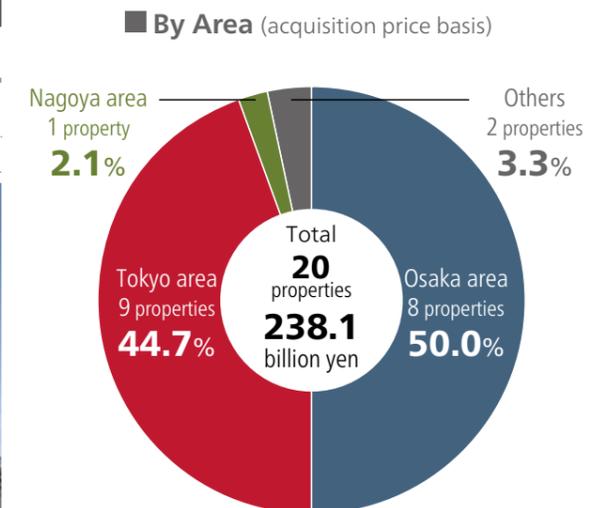


Sendai Capital Tower

Aoba-ku, Sendai



22nd fiscal period additional acquisition asset



# Introduction of MCUBS MidCity

MCUBS MidCity Investment Corporation, whose asset management is performed by MCUBS MidCity Inc., is an investment corporation with investment focused on office properties in the three major metropolitan areas. Mitsubishi Corp. - UBS Realty Inc. is the major shareholder of MCUBS MidCity Inc. and boasts an extensive track record performing management for Japan Retail Fund Investment Corporation (REIT specializing in retail properties) and Industrial & Infrastructure Fund Investment Corporation (REIT specializing in industrial and infrastructure properties).

**Targeted investment areas** Three major metropolitan areas (Tokyo area, Osaka area and Nagoya area) <sup>(Note 1)</sup>

Government-designated cities and other major cities as well as abroad, excluding the three major metropolitan areas

**Investment ratio** **70% or more** **30% or less**

**Type** <sup>(Note 2)</sup> Office Others <sup>(Note 3)</sup>

**Investment ratio** **70% or more** **30% or less**

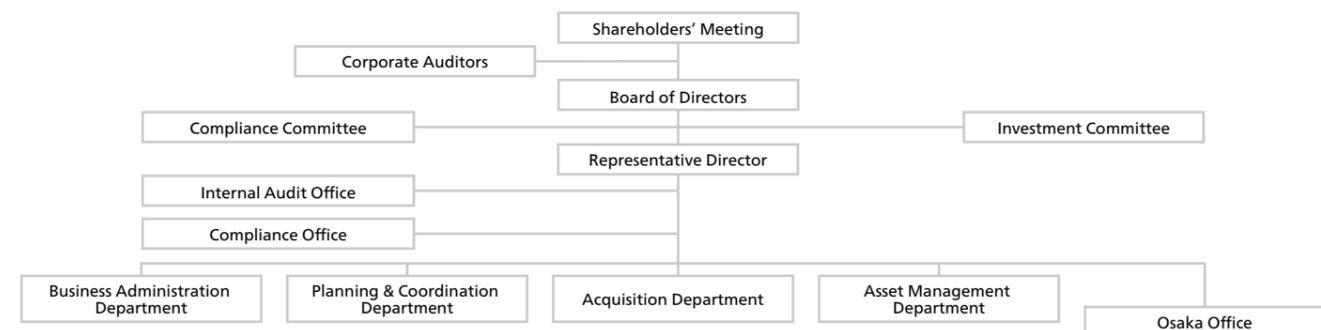
(Note 1) Three major metropolitan areas indicates Tokyo area (Tokyo, Kanagawa, Chiba and Saitama Prefectures), Osaka area (Osaka, Kyoto and Hyogo Prefectures) and Nagoya area (Aichi Prefecture).  
 (Note 2) When properties have multiple uses, we determine which type they belong to based on what the majority of leasable floor space for the real-estate-related assets of the portfolio as a whole are used for, and the total acquisition cost of the real-estate-related asset is included in the acquisition cost of the type.  
 (Note 3) New investments shall be made in real estate primarily used as service apartments or hotels, and no new acquisition shall be made as to retail properties and industrial properties.

## Overview of Asset Management Company

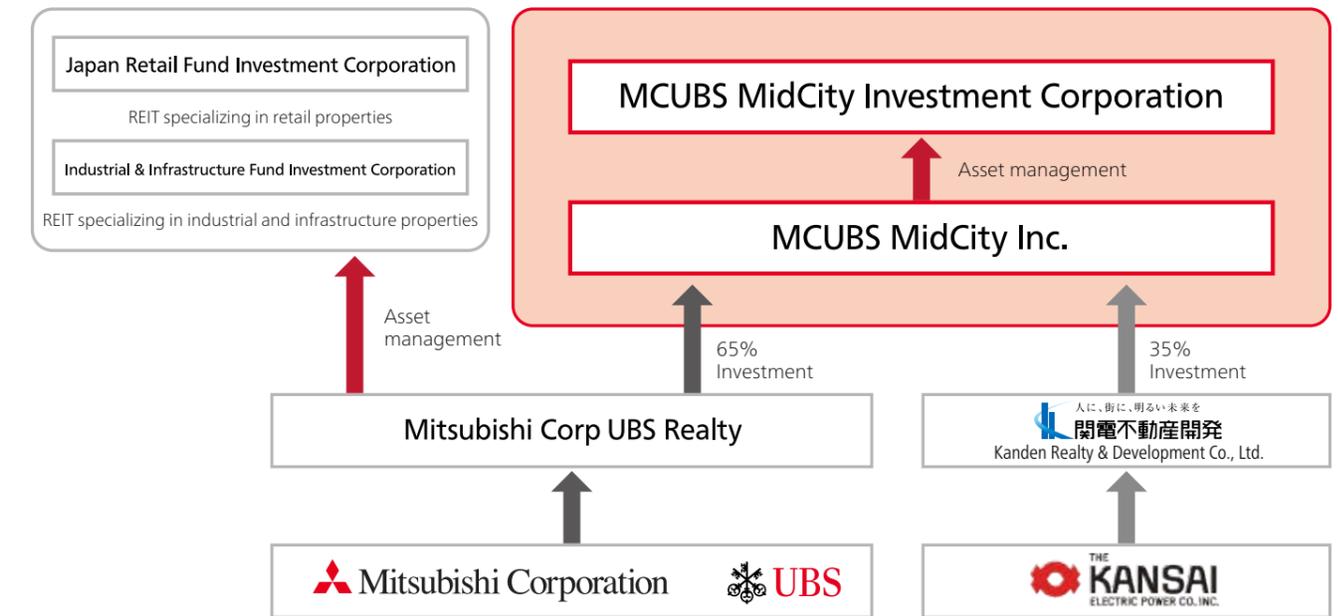
Name	MCUBS MidCity, Inc.
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo
Paid-in capital	210 million yen
Shareholder	Mitsubishi Corp. - UBS Realty Inc.: 65% Kanden Realty & Development Co., Ltd.: 35%
Representative	Toyota Watanabe President & CEO & Representative Director
Business Description	Investment management business
Company History	September 2005: MID REIT Management Co., Ltd. established
	October 2005: Acquired real estate brokerage license (License Number: 1-51806, Osaka Governor)
	February 2006: Obtained grant for agency by discretionary trust, based on the Building Lots and Buildings Transaction Business Law (Grant Number: 50, Minister of Land, Infrastructure, Transport and Tourism)
	May 2006: Obtained grant for asset management under the Investment Trust and Investment Corporation Law (Grant Number: 64, Prime Minister of Japan)
	September 2007: Registered as an investment management business under the Financial Instruments and Exchange Law of Japan (the "FIE Law") (Registration No. 43 [FIE], Director-General, Kinki Local Finance Bureau) <sup>(Note)</sup>
	October 2010: Updated real estate brokerage license (License Number: 2-51806, Osaka Governor)
	April 2015: The asset management company name was changed from MID REIT Management Co., Ltd. to MCUBS MidCity Inc.
	July 2015: Acquired real estate brokerage license (License Number: 1-8835, Minister of Land, Infrastructure, Transport and Tourism)
	October 2015: Relocated head office to 2-7-3 Marunouchi, Chiyoda-ku, Tokyo.
	December 2015: Registered as an investment management business under the FIE Law (registration change upon head office relocation) (Registration No. 2888 [FIE], Director-General, Kanto Local Finance Bureau)

(Note) Subject to the stipulation under Article 159, Paragraph 1 of the Supplementary Provisions of the Law Concerning the Amendments of the Securities and Exchange Law and Other Financial Laws, the Asset Management Company is deemed to have been registered in accordance with Article 29 of the FIE Law, effective as of September 30, 2007, the date of the FIE Law implementation.

## Organizational Chart (as of June 30, 2017)



## Correlation Chart of MCUBS MidCity



## Change of Investment Corporation and Asset Management Company Logos

With the establishment of a corporate brand by its parent company Mitsubishi Corp. - UBS Realty Inc. and to create a sense of identity with the Mitsubishi Corp. - UBS Realty Group (hereafter, the "MC-UBS Group"), MCUBS MidCity Inc. has introduced the MC-UBS Group logo and MC-UBS Group slogan and changed its logo. In addition, MCUBS MidCity Investment Corporation has changed its logo, too, for the purpose of showing that its assets are managed by an asset management company that is a member of the MC-UBS Group.

### Brand Slogan

Think bold today for a brighter tomorrow.

### Group Logo



### Investment Corporation Logo

Old Logo	New Logo

### Asset Management Company Logo

Old Logo	New Logo

MCUBS MidCity's Sustainability

MCUBS MidCity, together with its asset management company, MCUBS MidCity Inc., shares the sustainability objectives, and continues to embed sustainability into our business. MCUBS MidCity conducts its investment and operational activities in accordance with the "Responsible Property Investment Policy," a policy set out by the asset manager.

Actions of MCUBS MidCity

Communication

We will contribute further to create a sustainable society through communication with stakeholders and incorporating their views into asset management.

Contribution to Society

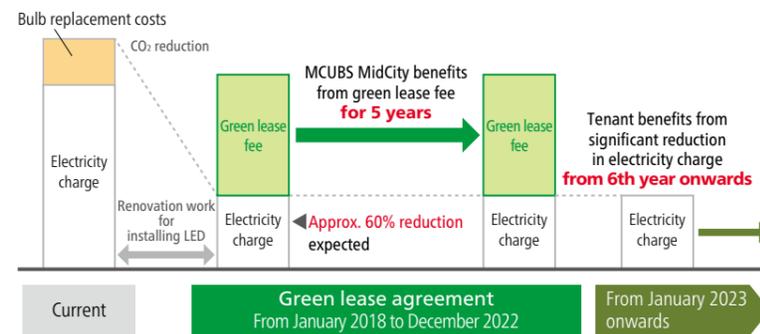
We are working to strengthen and improve relationship with people in local communities through measures against disaster and other social contribution activities.

Environment

We are environmentally conscious and work to reduce environmental burdens by implementing environmental/energy-saving measures and improving energy use at our real estate properties.

Green Lease Agreement Concluded with Panasonic Corporation Utilizing Subsidy

As part of environmental measures and measures to heighten tenant satisfaction levels, MCUBS MidCity concluded a green lease agreement with Panasonic Corporation, a tenant of Twin 21. Renovation work will be conducted to switch to LED lighting in the exclusive areas with the costs borne by MCUBS MidCity, leading to the tenant enjoying an electricity charge reduction, returning a certain degree of this to MCUBS MidCity in the form of a green lease fee, and thereby resulting in a redistribution of economic benefits.



Assignment with Environmental Certification and Assessment

GRESB (Global Real Estate Sustainability Benchmark)

An organization established primarily by a group of major European pension funds with the aim to enhance unitholder value through applying consideration for the environment, society and governance to also real estate investment. We participated for the first time in the GRESB Real Estate Assessment 2016 and received the highest rating "Green Star." In addition, we received a four-star rating in the GRESB Rating, which is a five-star scale, comparative assessment based rating system.



Building-Housing Energy-efficiency Labeling System (BELS) Certification

The Ministry of Land, Infrastructure, Transport and Tourism's public evaluation system for evaluating the energy conservation performance of non-residential buildings. The energy conservation performance evaluation result is represented by a number of stars (five-star scale from one star "★" to five stars "★★★★★"). We received our first BELS certification in December 2016 for Kitahama MID Bldg., G-Square Shibuya Dogenzaka and Higobashi MID Bldg.



DBJ Green Building Certification

A system for Development Bank of Japan Inc. (DBJ) to assign one of five ranks of certification under the objective of promoting an increase of real estate that demonstrates high consideration not only for environmental performance of the building but also disaster prevention and anticrime measures as well as societal demands from various stakeholders of real estate ("Green Building"). Twin 21, Matsushita IMP Bldg., Kitahama MID Bldg. and Higobashi MID Bldg. are certified as "properties with exceptionally high environmental and social awareness" (all of these properties were upgraded from three stars to four stars in the 2016 assessment).



CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Real Estate Certification

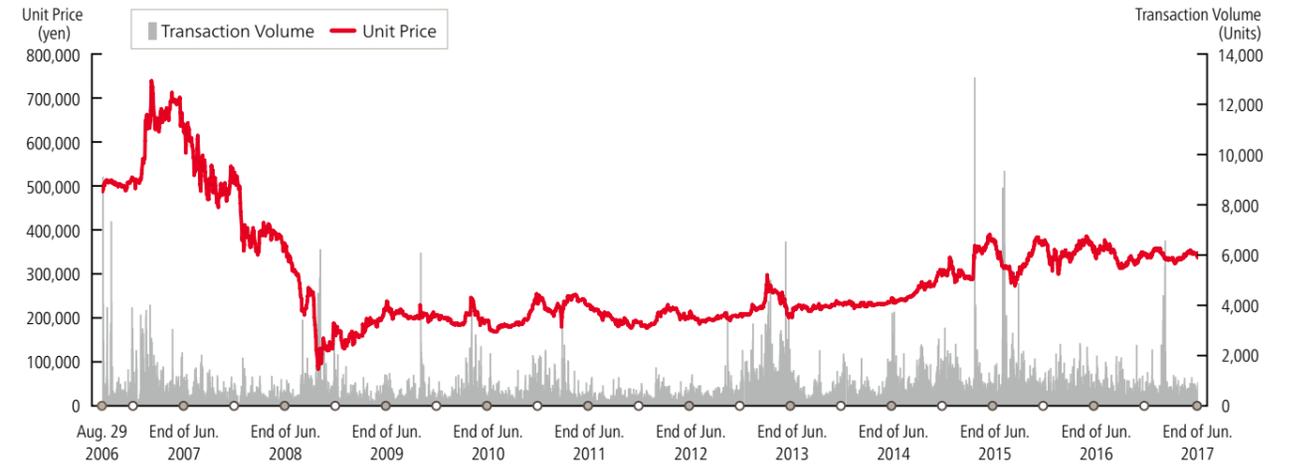
A tool for assessing and rating the environmental performance of buildings and built environment. It is a comprehensive assessment of not only consideration for the environment, such as use of energy-conserving and low-environmental-load resources and materials, but also consideration for the indoor and outdoor built environment and other built environment quality. G-Square Shibuya Dogenzaka and Higobashi MID Bldg. are ranked A for built environment efficiency. (Higobashi MID Bldg. is under the local government reporting system.)



Please refer to the website of MCUBS MidCity for more details regarding sustainability (<http://www.midcity-reit.com/en/sustainability>)

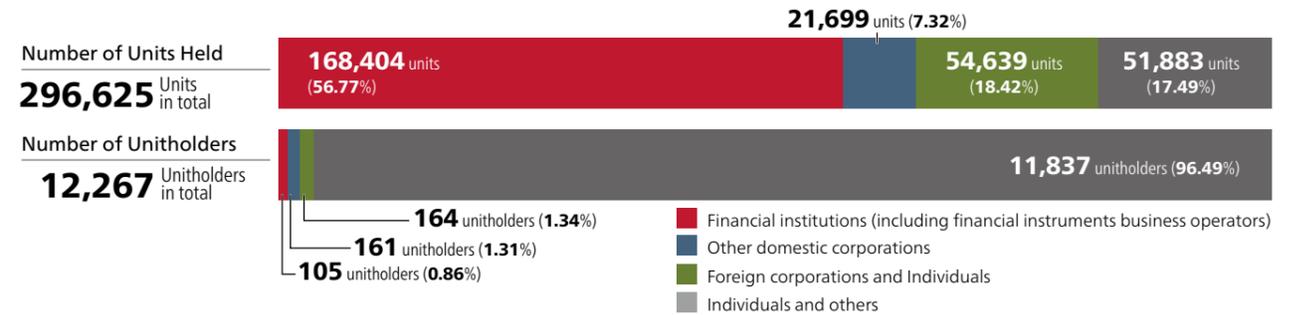
Unit Price Performance

The following is the history of investment unit prices (closing prices) and transaction volumes of MCUBS MidCity on the Tokyo Stock Exchange from the date of listing (August 29, 2006) to June 30, 2017.



Breakdown of Unitholders

The following is the breakdown of MCUBS MidCity's unitholders as of June 30, 2017.



Website of MCUBS MidCity Investment Corporation <http://www.midcity-reit.com/en/>

The website of MCUBS MidCity Investment Corporation offers a service to be informed of the latest IR information via e-mail.

In addition, the website is designed to enhance convenience in obtaining the necessary information and also enrich content sought by investors.



Assessment and Certification from External Organizations



Daiwa Investor Relations Co. Ltd.'s "Internet IR Commendation Award 2016" (among 3,698 listed companies) Commendation Award (65th place overall)



Nikko Investor Relations Co., Ltd.'s "2016 Website Quality Ranking Survey among All Listed Companies in Japan" (among 3,688 listed companies) Grade AA (156th place overall) Grade AA (5th place REIT)