

Think bold today for a brighter tomorrow.

A series of horizontal bars of varying lengths, alternating between red and grey, extending from the left edge of the page towards the right.

# 24<sup>th</sup> Fiscal Period

January 1, 2018  
to  
June 30, 2018

## Business Report

MCUBS MidCity Investment Corporation

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

# 3227

MCUBS MidCity Investment Corporation

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

## 24th Fiscal Period Financial Highlights

(January 1, 2018 to June 30, 2018)

Asset Size  
(as of end of 24th fiscal period)

**261.3 billion yen**  
(acquisition price basis)

Occupancy Rate  
(as of end of 24th fiscal period)

**98.1 %**

Number of Properties  
(as of end of 24th fiscal period)

**23**

Distribution per Unit

**1,684 yen**

	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period (Forecast)	26th Fiscal Period (Forecast)
Operating Revenue	7,610 million yen	7,924 million yen	10,780 million yen	10,205 million yen
Ordinary Income	2,400 million yen	2,769 million yen	4,577 million yen	4,840 million yen
Net Income	2,405 million yen	2,767 million yen	4,576 million yen	4,839 million yen
Number of Investment Units	296,625 units	1,643,125 units <sup>(Note 1)</sup>	1,643,125 units	1,643,125 units
Distribution per Unit	8,110 yen	1,684 yen	2,520 yen	2,665 yen

(Note 1) A five-for-one investment unit split was implemented with December 31, 2017 as the record date and January 1, 2018 as the effective date. The same shall apply hereinafter.

(Note 2) The forecast figures above were calculated as of August 20, 2018 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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(Note) The contents in pages 2 to 13 reflect operating results from the end of the 24th fiscal period to the end of March 2019.



**Toyota Watanabe**

President & CEO & Representative Director  
MCUBS MidCity Inc.

## Leadership Message

**Katsuhiro Tsuchiya**

Executive Director  
MCUBS MidCity Investment Corporation

We would like to express our sincere gratitude to our unitholders for your unwavering support.

MCUBS MidCity Investment Corporation (hereafter, “MCUBS MidCity”) recently settled the accounts for the fiscal period ended June 30, 2018 (24th fiscal period). We would like to extend our heartfelt appreciation to our unitholders as we recognize that this is again thanks to your support.



Katsuhiro Tsuchiya  
Investment Corporation’s Executive Director

## 24th Fiscal Period Financial Results

In the 24th fiscal period (fiscal period ended June 2018), we implemented a five-for-one investment unit split effective on January 1, 2018 with the purpose of making an environment which enables investors to handle their investments more easily so as to broaden MCUBS

MidCity’s investor base and increase the liquidity of its investment units. Furthermore, we carried out additional issuance of new investment units in February for the third time in two consecutive years. The proceeds were used along with newly borrowed funds to acquire four properties in the Tokyo area, which contributed to an increase in rental revenues in the 24th fiscal period. In addition, attraction of new tenants as well as upward rent revisions for existing tenants progressed against the backdrop of the strong office market. For these reasons, the financial results for the 24th fiscal period saw operating revenue of 7,924 million yen (up 4.1% period-on-period), ordinary income of 2,769 million yen (up 15.3% period-on-period) and net income of 2,767 million yen (up 15.1% period-on-period). As a result, distribution per unit increased 3.8% period-on-period to 1,684 yen. In addition, we obtained a new long-term issuer rating of A+ (positive) from Japan Credit Rating Agency (JCR) in the 24th fiscal period. We intend to maintain continuous growth and to enhance credibility going forward.



**Toyota Watanabe**  
Asset Management Company's President & CEO

## 24th Fiscal Period Asset Management

MCUBS MidCity acquired four properties in the Tokyo area for approximately 23.2 billion yen in February and March 2018 using the proceeds from issuance of new investment units and newly borrowed funds. Among them, TOYOTA MOBILITY SERVICE Bldg. (former name: SSP Bldg.) was acquired through an exclusively negotiated transaction based on a CRE proposal<sup>(Note)</sup> utilizing the sponsor network, and USC Bldg. (additional acquisition) was acquired through an exclusively negotiated transaction by exercising preferential negotiation rights, utilizing the pipeline. By applying various acquisition methods, MCUBS MidCity has avoided excessive competition in acquisitions even under the heated real estate transaction market.

The occupancy rate at the end of the 24th fiscal period was 98.1%, surpassing that at the end of the 23rd fiscal period (97.0%). As needs for floor expansion remain strong against the backdrop of growth in corporate earnings, increase in the number of employees, improvement in working environment, etc., solid demand for offices is felt, as seen in contracts with new

tenants being concluded before the departure date of existing tenants.

(Note) "CRE proposal" indicates a proposal of optimal and efficient management of corporate real estate (CRE) properties, with an aim to maximize corporate value from the viewpoint of business strategy.

## Effects of Earthquake Centered in Northern Osaka Prefecture

I would like to offer my sincere sympathy to the people affected by the earthquake and its aftershocks. We have discovered detached tile cells from exterior walls, minor cracks on the interior walls and ceiling boards and such at some of the eight properties that MCUBS MidCity owns in Osaka City, Osaka Prefecture. However, all are minor damage and have not significantly impacted the operating results of MCUBS MidCity.

## 24th Fiscal Period Financial Activities/ Acquisition of New Rating

At the end of February 2018, we conducted debt financing for new borrowings of 11.0 billion yen to be allocated to funds for acquiring new properties. Furthermore, we obtained a new long-term issuer rating of A+ (positive) from Japan Credit Rating Agency (JCR) on April 9. We believe that such was the result of recognition of enhancement of portfolio profitability along with portfolio

diversification brought by expansion of the asset size and enhancement of financial stability, which were realized after the change in the main sponsor in April 2015.

In addition, we issued unsecured investment corporation bonds (2.0 billion yen, 10-year bonds) in May for the third consecutive year at a competitive interest rate of 0.59%, and carried out early repayment of borrowings taken out at the end of February in the same amount. Through these efforts, we have realized further strengthening of the financial base, as well as reduction of financial costs and extension of terms of interest-bearing liabilities.

## Growth Going Forward

Capturing an opportunity for favorable disposition, we have decided to dispose Matsushita IMP Bldg., one of our flagship properties, as well as to dispose MID REIT Kyobashi Bldg. with relatively low profitability at a price that would not cause loss on disposition in total, in order to improve portfolio profitability. We plan to carry out disposition of Matsushita IMP Bldg. in two parts and to distribute the gain on disposition to unitholders over two fiscal periods while retaining a portion for future stable distribution. On another front, we will newly acquire Yokohama i-land Tower for 22.1 billion yen in September using the proceeds from the disposition and newly borrowed funds (6.9 billion yen).

As a result, we are forecasting distribution per unit to be 2,520 yen for the fiscal period ending December 31, 2018 (25th fiscal period) and 2,665 yen for the fiscal period ending June 2019 (26th fiscal period). These two fiscal periods will see a large increase in distribution due to such temporary factors as gain on disposition, while we continue to aim for steady increase in distribution by improving profitability, etc. going forward.

## Message to Unitholders

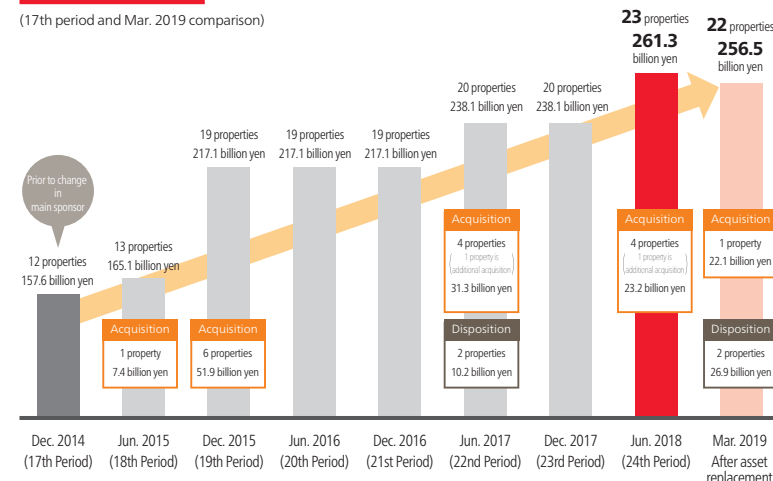
There was a share transfer between the major shareholders of the asset management company, Mitsubishi Corp.-UBS Realty Inc. ("MC-UBS") and Kanden Realty & Development Co., Ltd. on April 1, 2018. Currently, MC-UBS holds 85% of the asset management company's shares, but there has been no change in the asset management agreement between the asset management company and MCUBS MidCity, and no change in the organizations regarding asset management including the decision making body of the asset management company. We kindly ask our unitholders for their continued support as we conduct operations to continuously enhance unitholder value with the unwavering support of the two major shareholders.

### ■ Asset Size (acquisition price basis)

#### Rate of increase in asset size

**+62.7%**

(17th period and Mar. 2019 comparison)

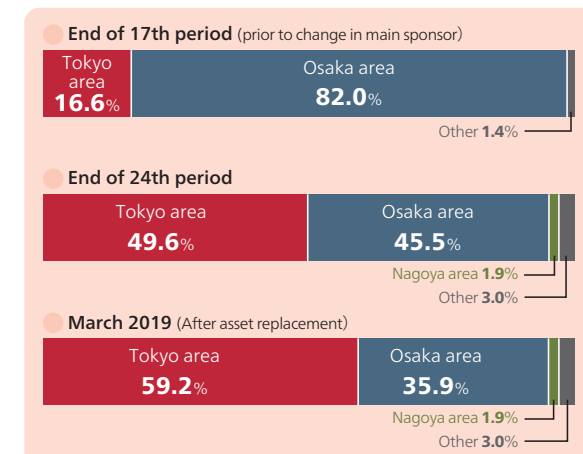


### ■ Area Diversification (acquisition price basis)

#### Rise in ratio of Tokyo area

**16.6% → 59.2%**

(End of 17th period and Mar. 2019 comparison)



### ■ Status of Issuer Credit Ratings

(as of June 30, 2018)

Acquired on April 9, 2018 **NEW**

Japan Credit Rating Agency, Ltd. (JCR)	
Rating	A+
Outlook	Positive

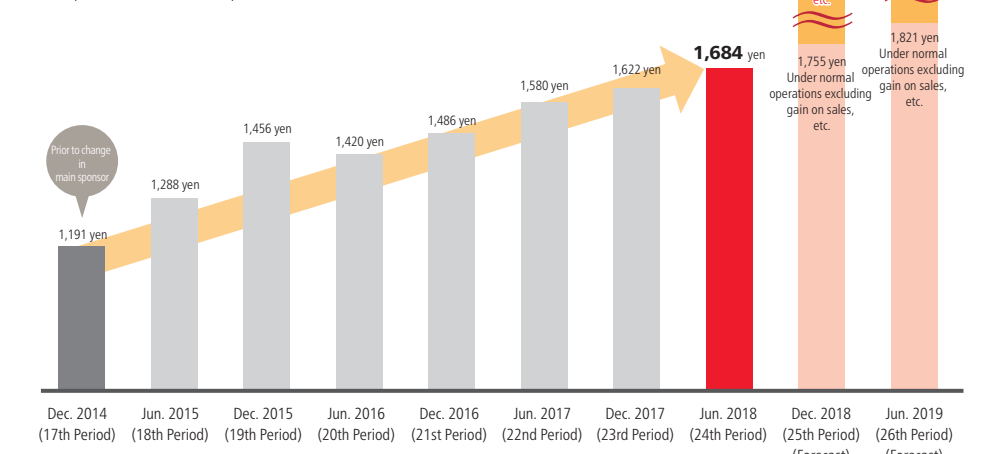
Rating and Investment Information, Inc. (R&I)	
Rating	A
Outlook	Stable

### ■ Distribution per Unit

#### Rate of increase in distribution per unit

**+41.3%**

(17th period and Jun. 2018 comparison)



(Note) One-fifth of the actual amounts are indicated for and before the 23rd Period.



24th Fiscal Period Financial Performance and Position

3rd Capital Increase through Public Offering (Resolved in January 2018)

Before issuance of new investment units		Issuance of new investment units		After issuance of new investment units	
1,483,125 units		Public offering Third-party allotment	152,000 units 8,000 units	1,643,125 units	
Unitholders' capital		Total issue value		Unitholders' capital	
125.1 billion yen		11.3 billion yen		136.4 billion yen	

New Borrowing (11.0 billion yen)

Lender(s)	Amount outstanding	Debt term	Interest Rate	Borrowing Date	Method of Borrowing/ Repayment	Maturity Date
Mizuho Bank, Ltd. Development Bank of Japan Inc.	2.7 billion yen	8 years	0.80000% (fixed)	February 28, 2018	Unsecured and unguaranteed Lump sum repayment	February 27, 2026
MUFG Bank, Ltd.	1.2 billion yen	7 years	0.64000% (fixed)			February 28, 2025
Aozora Bank, Ltd. The Nishi-Nippon City Bank, Ltd. The Bank of Fukuoka, Ltd. <span>NEW</span>	2.7 billion yen	7 years	0.71880% (fixed)			February 28, 2023
Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation	2.4 billion yen	5 years	Base interest rate (JBA 3-months JPY TIBOR) + 0.30% (floating)			February 28, 2019 <sup>(Note)</sup>
Mizuho Bank, Ltd.	2.0 billion yen	1 year	Base interest rate (JBA 1-month JPY TIBOR) + 0.17% (floating)			

(Note) Early repayment was made on May 31, 2018.

Issuance of Investment Corporation Bonds

Name	The 5th Unsecured Investment Corporation Bonds	Payment Date	May 29, 2018
Total Amount Issued	2.0 billion yen	Redemption Date and Method	Lump sum redemption on May 29, 2028 (10 years)
Interest Rate	0.590% per year (fixed)		

Breakdown of Financing by Bank

Lender	Balance (million yen)	Share	Lender	Balance (million yen)	Share
Mizuho Bank, Ltd.	19,100	17.7%	Resona Bank, Limited	7,500	6.9%
Sumitomo Mitsui Trust Bank, Limited	14,000	13.0%	Shinkin Central Bank	4,200	3.9%
Sumitomo Mitsui Banking Corporation	14,000	13.0%	The Senshu Ikeda Bank, Ltd.	3,050	2.8%
Development Bank of Japan Inc.	13,525	12.5%	The Nishi-Nippon City Bank, Ltd.	3,000	2.8%
MUFG Bank, Ltd.	12,000	11.1%	9 other banks	6,650	6.2%
Aozora Bank, Ltd.	10,950	10.1%	Total (19 banks)	107,975	100.0%

Total Interest-Bearing Liabilities

Short-term loans payable	–	Ratio of long-term interest-bearing liabilities	100.0%
Long-term loans payable <sup>(Note 1)</sup>	107,975 million yen	Ratio of fixed interest rate <sup>(Note 2)</sup>	77.5%
Investment corporation bonds	8,000 million yen	LTV (appraisal value basis) <sup>(Note 3)</sup>	41.8%
Total interest-bearing liabilities	115,975 million yen	LTV (book value basis) <sup>(Note 4)</sup>	42.5%

(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)

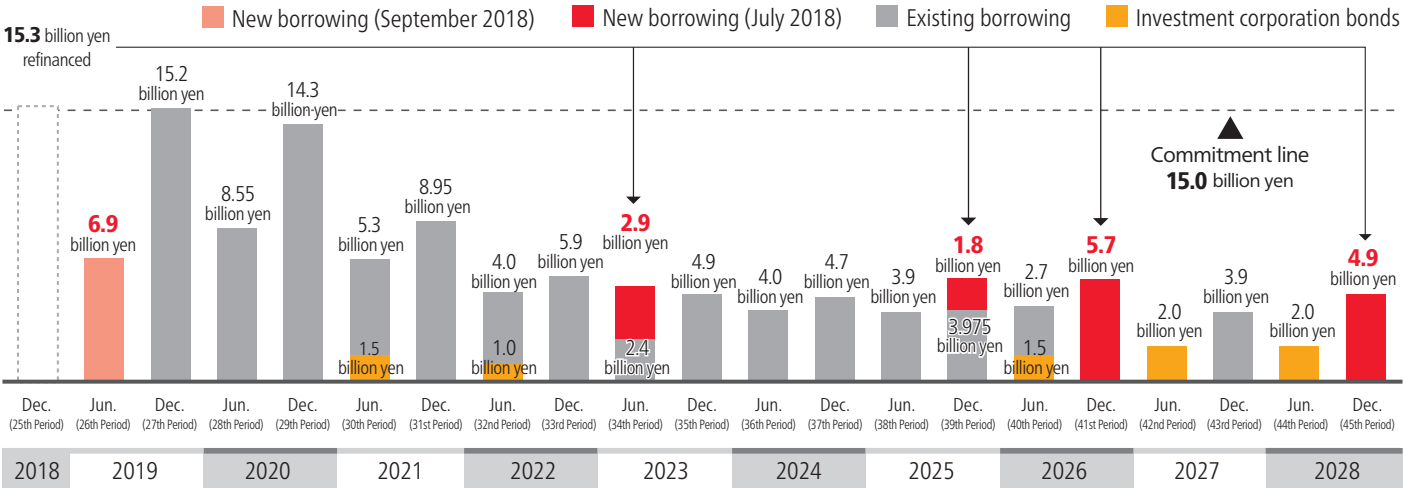
(Note 4) LTV (book value basis) = Total interest-bearing liabilities / Total assets

25th and 26th Fiscal Periods Financial Actions

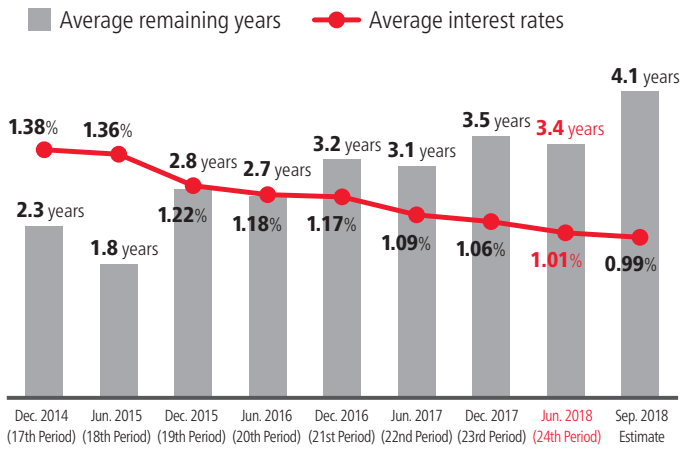
New Borrowing (25th Fiscal Period)

Lender(s)	Amount outstanding	Debt term	Interest Rate	Borrowing Date	Method of Borrowing/ Repayment	Maturity Date
● Borrowing made in July 2018 (15.3 billion yen)						
Mizuho Bank, Ltd.	3.4 billion yen	10 years	0.92250% (fixed through interest rate swap agreements)	July 31, 2018	Unsecured and unguaranteed Lump sum repayment	July 31, 2028
Aozora Bank, Ltd. Mizuho Trust & Banking Co., Ltd.	1.5 billion yen	10 years	1.01880% (fixed)			July 31, 2026
Sumitomo Mitsui Trust Bank, Limited	2.9 billion yen	8 years	0.77700% (fixed through interest rate swap agreements)			
MUFG Bank, Ltd.	2.0 billion yen	8 years	0.77000% (fixed)			July 31, 2025
Resona Bank, Limited	0.8 billion yen	8 years	0.83380% (fixed)			
The Senshu Ikeda Bank, Ltd. The Nishi-Nippon City Bank, Ltd. The Hyakugo Bank, Ltd.	1.8 billion yen	7 years	0.74250% (fixed)			January 31, 2023
Sumitomo Mitsui Banking Corpora-tion	2.9 billion yen	4.5 years	Base interest rate (JBA 3-months JPY TIBOR) + 0.275% (floating)			
● Borrowing made in September 2018 (6.9 billion yen)						
Mizuho Bank, Ltd.	6.9 billion yen	0.6 years	Base interest rate (JBA 1-month JPY TIBOR) + 0.16% (floating)	September 12, 2018	Unsecured and unguaranteed Lump sum repayment	April 30, 2019

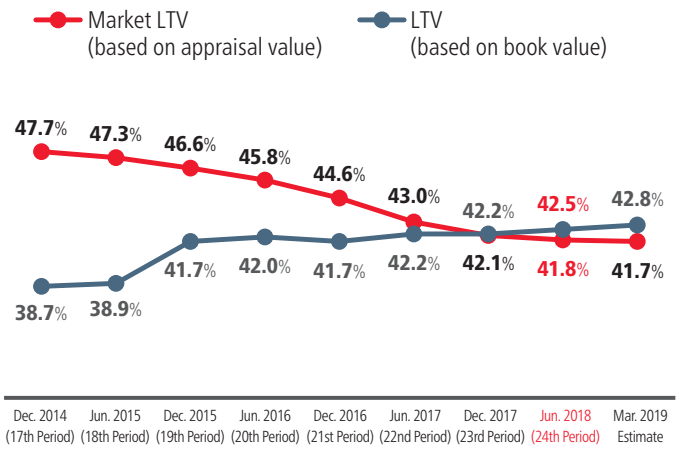
Diversification of Debt Maturities (as of September 12, 2018)



Average Remaining Years of Interest-Bearing Liabilities and Average Interest Rates



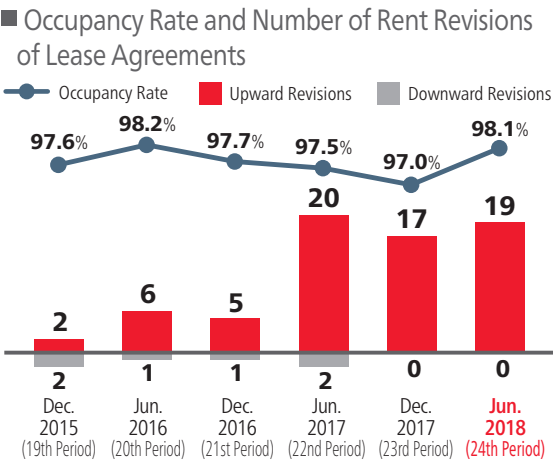
Historical LTV



24th Fiscal Period Management Performance




MCUBS MidCity acquired the following four properties using the funds procured from the third capital increase through public offering and bank loans. Furthermore, MCUBS MidCity has worked to improve portfolio profitability by focusing on rent revisions while maintaining a high level of occupancy rate.

				
	USC Bldg. (additional acquisition of approx. 54% quasi co-ownership interest)	Yoshiyasu Kanda Bldg.	TOYOTA MOBILITY SERVICE Bldg.	M-City Akasaka 1-chome Bldg.
Acquisition Price	5.8 billion yen	4.0 billion yen	9.2 billion yen	4.2 billion yen
Acquisition Date	February 16, 2018	February 16, 2018	March 1, 2018	March 1, 2018
Location	Koto-ku, Tokyo	Chiyoda-ku, Tokyo	Chuo-ku, Tokyo	Minato-ku, Tokyo



25th and 26th Fiscal Periods Actions

On August 20, 2018, MCUBS MidCity announced asset replacement through acquisition of one property and disposition of two properties. Enhancement of portfolio yield will be sought by the disposition of properties with low profitability and acquisition of a highly profitable property.

Asset to be acquired		Assets to be disposed	
 <b>Yokohama i-land Tower</b> (Naka-ku, Yokohama) ■ Acquisition of one of the largest high-rise buildings in the area with direct connection to "Bashamichi Station" through MCUBS MidCity's first PRE proposal (Note) ■ Steady rental income based on the long-term lease agreement with the main tenant expected		 <b>Matsushita IMP Bldg.</b> (Chuo-ku, Osaka) ■ Steadily improved profitability after the change in the main sponsor, and asset value enhanced after having promptly refilled large vacant space ■ Brisk real estate trading market offered an opportunity for favorable disposition  <b>MID REIT Kyobashi Bldg.</b> (Miyakojima-ku, Osaka) ■ Disposition of this asset with lower NOI yield after depreciation would bring effective improvement in portfolio profitability ■ Disposition price could be higher than appraisal value, and the disposition losses can be offset by gains from Matsushita IMP Bldg.	
<b>Yokohama i-land Tower</b>		<b>Matsushita IMP Bldg.</b>	<b>MID REIT Kyobashi Bldg.</b>
Acquisition Price	22.1 billion yen	27.0 billion yen	1.7 billion yen
Appraisal Value	23.7 billion yen	22.4 billion yen	2.0 billion yen
Unrealized gain	+1.6 billion yen	+4.5 billion yen	-0.3 billion yen
NOI yield	5.0%	4.1%	3.4%
NOI Yield after Depreciation	4.0%	1.8%	2.1%
Acquisition Date	September 14, 2018	September 5, 2018 (55% quasi co-ownership) March 8, 2019 (45% quasi co-ownership)	September 4, 2018
		Disposition date	

■ To carry out unitholder return and accumulate internal reserve over two fiscal periods by disposing Matsushita IMP Bldg. in two parts

December 2018 (25th Period)			June 2019 (26th Period)		
September Disposition price Total <b>16.55 billion yen</b>	<b>Matsushita IMP Bldg.</b> (55% quasi co-ownership)		March Disposition price <b>12.15 billion yen</b>	<b>Matsushita IMP Bldg.</b> (45% quasi co-ownership)	
	Disposition price	14.85 billion yen		Disposition price	12.15 billion yen
Gains/Losses on sale in 25th Period Total <b>+1.8 billion yen</b>	Gains/Losses on sale	+2.2 billion yen		Gains/Losses on sale	+1.9 billion yen
Payout as distributions: <b>1.3 billion yen</b>			Payout as distributions: <b>1.5 billion yen</b>		
Reserve for reduction entry: <b>0.4 billion yen</b>			Reserve for reduction entry: <b>0.4 billion yen</b>		
			Payout as distributions in total: <b>2.9 billion yen</b>		
			Reserve for reduction entry in total: <b>0.8 billion yen</b>		

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

The following is the status of MCUBS MidCity's portfolio as of June 30, 2018 and after the 25th and 26th fiscal periods actions.

Portfolio Overview

Investment Category	Investment Area (Note 1)	Property Name	Location	Acquisition Price (million yen)	Investment Ratio (%) (Note 2)	Acquisition Date	Leasable Space (m <sup>2</sup> ) (Note 3)	Occupancy Rate (%) (Note 4)	
Office Properties	Three major metropolitan areas	Sumitomo Fudosan Ueno Bldg. No. 6	Taito-ku, Tokyo	7,460	2.9	May 2015	6,858.16	100.0	
		G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	12,220	4.8	Aug. 2015	5,010.68	100.0	
		Shibuya Sakuragaoka Square	Shibuya-ku, Tokyo	17,130	6.7	Aug. 2015 Feb. 2017	6,379.66	100.0	
		Yokohama Creation Square	Kanagawa-ku, Yokohama	7,080	2.8	Aug. 2015	12,717.13	91.8	
		Cube Kawasaki	Kawasaki-ku, Kawasaki	20,050	7.8	Aug. 2015	24,494.06	100.0	
		Higashi-Nihombashi Green Bldg.	Chuo-ku, Tokyo	2,705	1.1	Dec. 2015	3,254.77	90.5	
		Sasazuka Center Bldg.	Shibuya-ku, Tokyo	8,700	3.4	Mar. 2017	8,219.90	89.6	
		USC Bldg.	Koto-ku, Tokyo	10,800	4.2	Apr. 2017 Feb. 2018	12,489.08	93.9	
		Yoshiyasu Kanda Bldg.	Chiyoda-ku, Tokyo	4,000	1.6	Feb. 2018	3,149.30	100.0	
		TOYOTA MOBILITY SERVICE Bldg.	Chuo-ku, Tokyo	9,200	3.6	Mar. 2018	6,123.81	100.0	
		M-City Akasaka 1-chome Bldg.	Minato-ku, Tokyo	4,205	1.6	Mar. 2018	2,608.95	100.0	
		Twin 21	Chuo-ku, Osaka	68,700	26.8	Aug. 2006	82,304.84	98.1	
		Matsushita IMP Bldg. (Note 5)	Chuo-ku, Osaka	24,600	–	Aug. 2006	37,299.98	95.8	
		MID REIT Kyobashi Bldg. (Note 5)	Miyakojima-ku, Osaka	2,300	–	Aug. 2006	4,833.88	100.0	
		MID Imabashi Bldg.	Chuo-ku, Osaka	3,270	1.3	Apr. 2007	4,277.63	100.0	
		Kitahama MID Bldg.	Chuo-ku, Osaka	10,800	4.2	Apr. 2008	10,189.49	100.0	
		MID Nishihommachi Bldg.	Nishi-ku, Osaka	3,550	1.4	Oct. 2008	3,881.74	97.4	
		Higobashi MID Bldg.	Nishi-ku, Osaka	3,000	1.2	Jun. 2013	4,655.57	100.0	
		Nagoya Lucent Tower (silent partnership interest) (Note 6)	Nishi-ku, Nagoya	4,919	1.9	Aug. 2015	–	–	
		Others	Sendai Capital Tower	Aoba-ku, Sendai-shi	5,500	2.1	Feb. 2017	12,999.51	93.5
		Subtotal (20 properties)				230,189	79.2	251,748.14	97.2
	Others	Three major metropolitan areas	AEON MALL Tsudanuma	Narashino-shi, Chiba	26,100	10.2	Aug. 2006	101,210.44	100.0
			Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	2,780	1.1	Aug. 2006	9,586.26	100.0
Others		Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	2,280	0.9	Sep. 2013	5,554.91	100.0	
Subtotal (3 properties)				31,160	12.1	116,351.61	100.0		
Office Properties	Total as of June 30, 2018 (23 properties)			261,349	91.4	368,099.75	98.1		
	Three major metropolitan areas	Yokohama i-land Tower	Naka-ku, Yokohama	22,100	8.6	Sep. 2018	25,496.88	94.0	
		Total of newly-acquired properties (1 property)			22,100	8.6	25,496.88	94.0	
Total after the 25th and 26th fiscal periods actions (22 properties) (As of June 30, 2018 + Newly acquired properties – Disposed properties)				256,549	100.0	351,462.77			

(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 shown in "Total after the 25th and 26th fiscal periods actions (22 properties)." Disposed properties are excluded.

(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, 2018.

(Note 4) "Occupancy Rate" is presented as percentage figures, which are obtained by dividing the leased space as of June 30, 2018 by the leasable space.

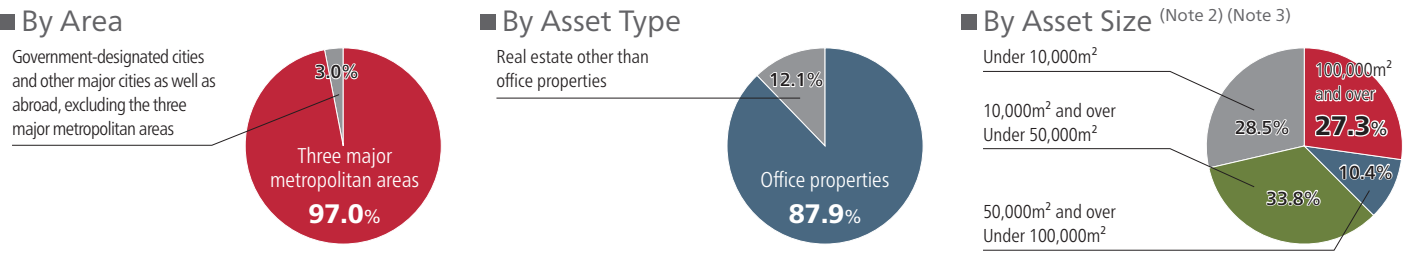
(Note 5) Matsushita IMP Bldg. and MID REIT Kyobashi Bldg. are properties to be disposed.

(Note 6) 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 7) Amounts less than one million yen are rounded down.

Portfolio Diversification

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



(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 including attached buildings.


(Note 3) Excluding silent partnership interests.



Tokyo area


Sumitomo Fudosan Ueno Bldg. No. 6

Taito-ku, Tokyo




G-Square Shibuya Dogenzaka

Shibuya-ku, Tokyo



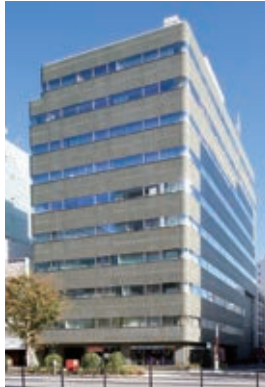
Shibuya Sakuragaoka Square

Shibuya-ku, Tokyo




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



USC Bldg.


Koto-ku, Tokyo



24th fiscal period additional acquisition asset  
(Approx. 54% quasi co-ownership interest)

Yoshiyasu Kanda Bldg.

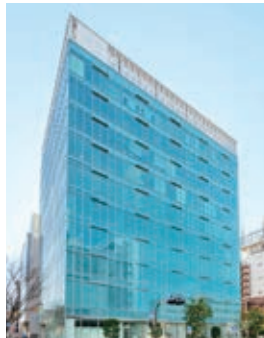
Chiyoda-ku, Tokyo



24th fiscal period acquisition asset

TOYOTA MOBILITY SERVICE Bldg.


Chuo-ku, Tokyo



24th fiscal period acquisition asset

M-City Akasaka 1-chome Bldg.


Minato-ku, Tokyo



24th fiscal period acquisition asset

Yokohama i-land Tower


Naka-ku, Yokohama-shi



25th fiscal period acquisition asset

AEON MALL Tsudanuma

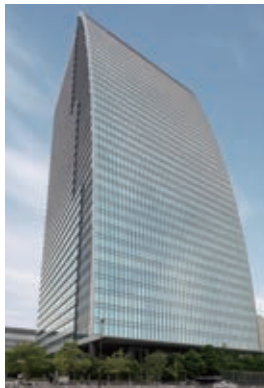
Narashino-shi, Chiba



Nagoya area

Nagoya Lucent Tower  
(silent partnership interest)


Nishi-ku, Nagoya-shi



Osaka area


Twin 21

Chuo-ku, Osaka-shi




Kitahama MID Bldg.

Chuo-ku, Osaka-shi




Higobashi MID Bldg.

Nishi-ku, Osaka-shi



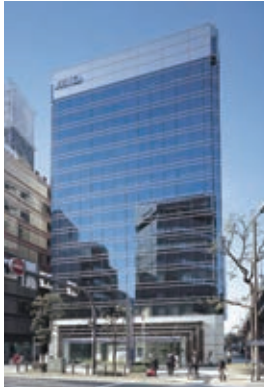
MID Imabashi Bldg.

Chuo-ku, Osaka-shi




MID Nishihommachi Bldg.

Nishi-ku, Osaka-shi




Konami Sports Club Kyobashi

Miyakojima-ku, Osaka-shi




Dormy Inn Hakata Gion

Hakata-ku, Fukuoka-shi



Sendai Capital Tower

Aoba-ku, Sendai-shi



By Area  
(acquisition price basis, March 2019 after asset replacement)

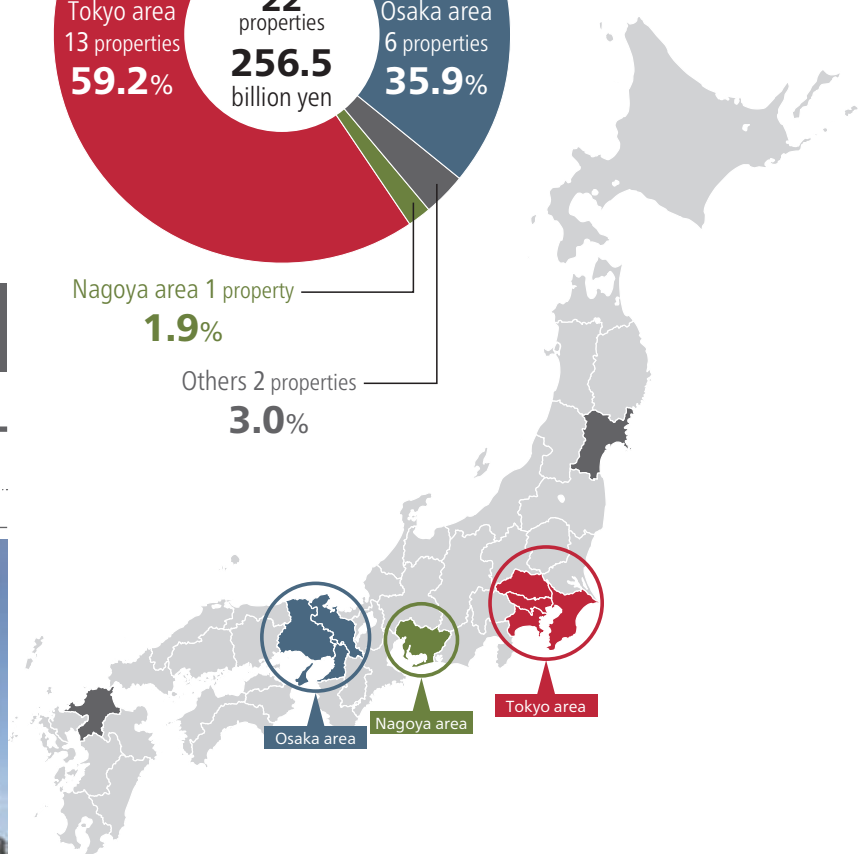
Total  
22 properties  
256.5 billion yen

Tokyo area  
13 properties  
59.2%

Osaka area  
6 properties  
35.9%

Nagoya area  
1 property  
1.9%

Others 2 properties  
3.0%



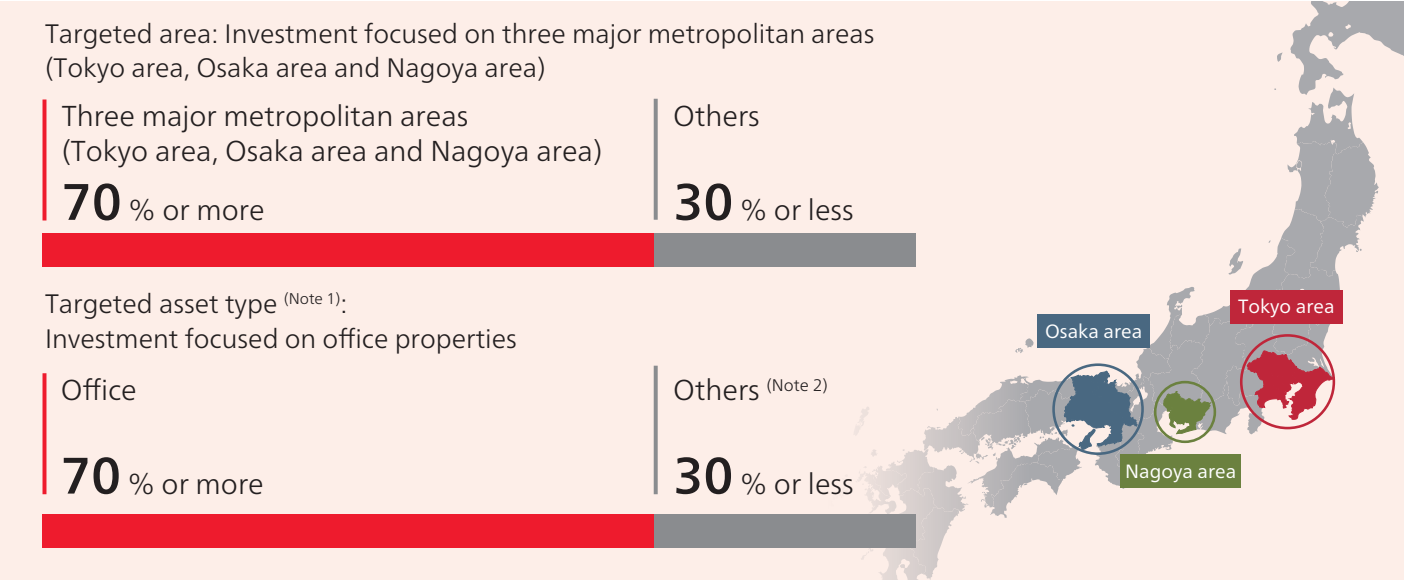
9 MCUBS MidCity Investment Corporation

MCUBS MidCity Investment Corporation 10



Introduction of MCUBS MidCity

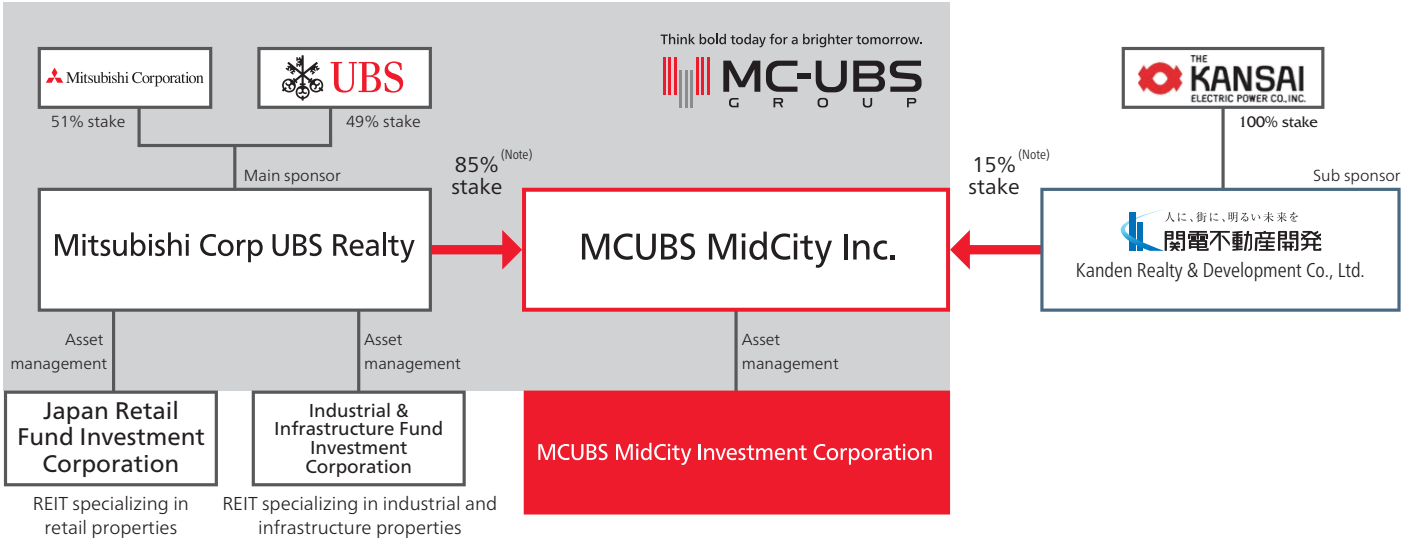
MCUBS MidCity Investment Corporation, whose asset management is performed by MCUBS MidCity Inc., is an investment corporation with investment mainly focused on office properties in the three major metropolitan areas. Mitsubishi Corp. - UBS Realty Inc. is the major shareholder of MCUBS MidCity Inc. and 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).



(Note 1) 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 2) 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.

Correlation Chart of MCUBS MidCity



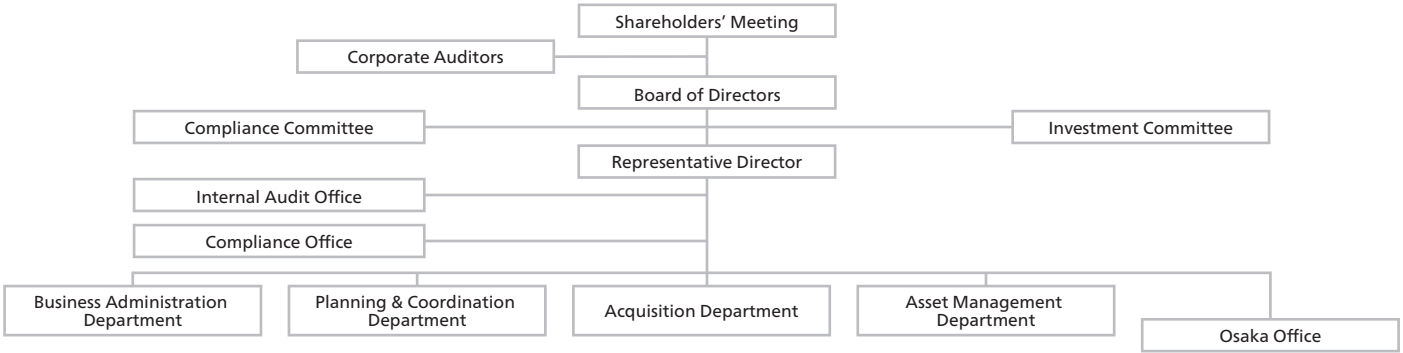
(Note) On April 1, 2018, Kanden Realty & Development Co., Ltd. transferred 20% out of 35% of the asset management company's shares issued and outstanding which it owned to Mitsubishi Corp. - UBS Realty Inc.

Overview of Asset Management Company

Name	MCUBS MidCity, Inc.
Location	2-7-3 Marunouchi, Chiyoda-ku, Tokyo
Paid-in capital	210 million yen
Shareholders	Mitsubishi Corp. - UBS Realty Inc.: 85% Kanden Realty & Development Co., Ltd.: 15%
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, 2018)



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

企業ホームページ  
最優秀サイト  
2017  
日興アイ・アール  
総合ランキング

Nikko Investor Relations Co., Ltd.'s  
"2017 Website Quality Ranking Survey  
among All Listed Companies in Japan"  
(among 3,713 listed companies)

Overall ranking: 156th (in 2016) ➡ 42nd

REIT ranking: 5th (in 2016) ➡ 2nd

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

Commendation Award  
(65th place overall)

Internet IR  
優良賞  
2016  
Daiwa Investor Relations

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

Providing spaces for events

We provide spaces, etc. for free to various events.

Pink ribbon campaign (Matsushita IMP Bldg.)

The UN Refugee Agency's campaign (Twin 21)

Environment

Participated in the Light Down Campaign

“The night we turn off our lights is a night for us all to think about the earth.” In support to a call from the Ministry of the Environment, we turned off lights of buildings simultaneously for two hours to prevent global warming.

Participated properties  
11 properties including G-Square Shibuya Dogenzaka (shown in photos), Higobashi MID Bldg. and Sendai Capital Tower

Held an Uchimizu (watering) event

Responding to a call from Tokyo Metropolitan Office, we held the event at G-Square Shibuya Dogenzaka again this year. We appreciated cool air along with the tenants.

Assignment with Environmental Certification and Assessment



**Global Real Estate Sustainability Benchmark (GRESB)**

Green Star (Highest rating)  
GRESB Rating (★★★★★)



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

Kitahama MID Bldg. (★★★★)  
G-Square Shibuya Dogenzaka (★★)  
Higobashi MID Bldg. (★★)



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

G-Square Shibuya Dogenzaka (Rank A)  
Higobashi MID Bldg. (Rank A, under the local government reporting system)



**DBJ Green Building Certification**

Twin 21 (★★★★★)  
Matsushita IMP Bldg. (★★★★★)  
Kitahama MID Bldg. (★★★★★)  
Higobashi MID Bldg. (★★★★★)

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

Investment Unit Status / Unitholder Information

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 April 10, 2015 to June 30, 2018.

(Note) In order to reflect the five-for-one split of the investment units of MCUBS MidCity implemented with December 31, 2017 as the record date, investment unit price prior to the split is one-fifth of the actual price and transaction volume prior to the split is the actual volume multiplied by five.

Breakdown of Unitholders

A five-for-one investment unit split was implemented with December 31, 2017 as the record date and January 1, 2018 as the effective date.

The following is the breakdown of MCUBS MidCity's unitholders as of June 30, 2018.

Announcements of Fiscal Period Results

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