

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

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

25th Period

INVESTOR PRESENTATION

Fiscal Period ended December 31, 2018

Securities Code **3227**

Executive Summary

- **Maintained strong performance under favorable office market**
- **Improved financial and DPU stability**
- **Advanced to be valued as a “Trusted REIT”**
- **Looks to achieve further sustainable growth with the New Management Team**



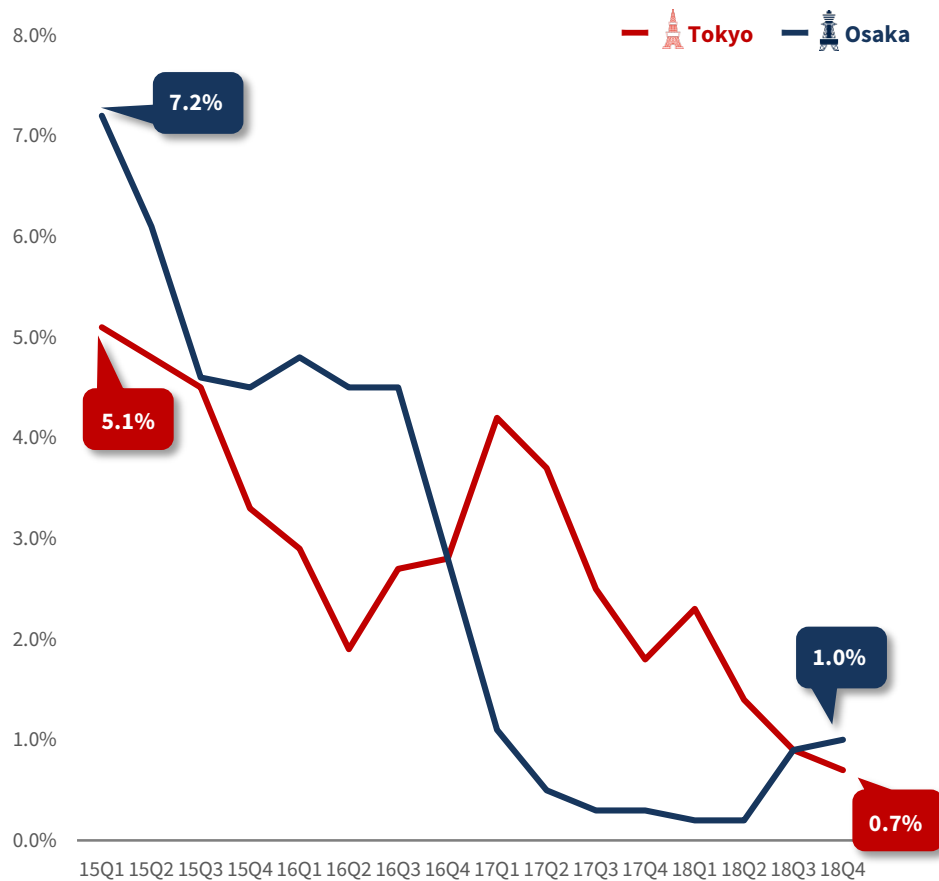
Financial Summary

	Fiscal period ended Dec. 2018 (25 th Period)	Difference from 24 th Period	Difference from forecasts*	Fiscal period ending Jun. 2019 (26 th Period)	Difference from 25 th Period	Fiscal period ending Dec. 2019 (27 th Period)	Difference from 26 th Period
Operating revenues (Gain on asset disposition)	10,798 mn. yen (2,263 mn. yen)	+36.3%	+0.2%	10,252 mn.yen (1,985 mn. yen)	-5.1%	8,174 mn. yen	-20.3%
Operating income (Gain/loss on asset disposition)	5,327 mn. yen (1,835 mn. yen)	+58.2%	+0.9%	5,547 mn. yen (1,985 mn. yen)	+4.1%	3,687 mn. yen	-33.5%
Net income	4,620 mn. yen	+66.9%	+1.0%	4,894 mn. yen	+5.9%	3,073 mn. yen	-37.2%
Reserves for reduction entry	439 mn. yen	—	+1.0%	464 mn. yen	+5.9%	—	—
Total distributions	4,181 mn. yen	+51.1%	+1.0%	4,428 mn. yen	+5.9%	3,072 mn. yen	-30.6%
Distribution per unit (excluding gain/loss related to asset disposition)	2,545 yen (1,783 yen)	+51.1%	+1.0%	2,695 yen (1,859 yen)	+5.9%	1,870 yen	-30.6%

* Compared with forecasts in "SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018" released on 20th August 2018

Favorable Office Leasing Market

 **Tokyo/ Osaka Grade A Office Floor Vacancies**

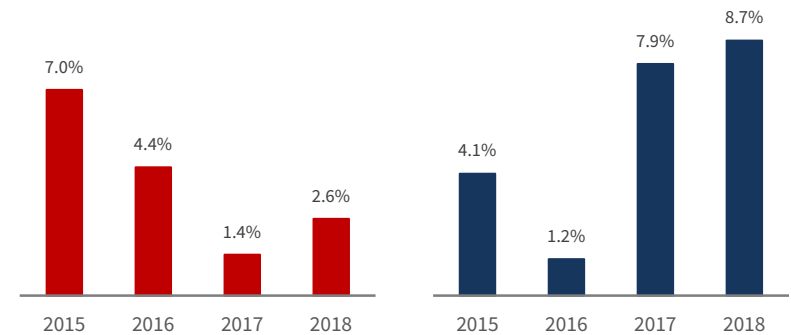


 **Tokyo/ Osaka Annual Office Rent Growth**

Grade A

 Tokyo

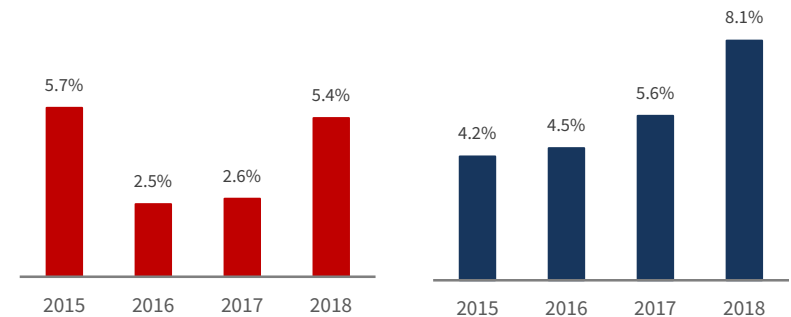
 Osaka



Grade B

 Tokyo

 Osaka

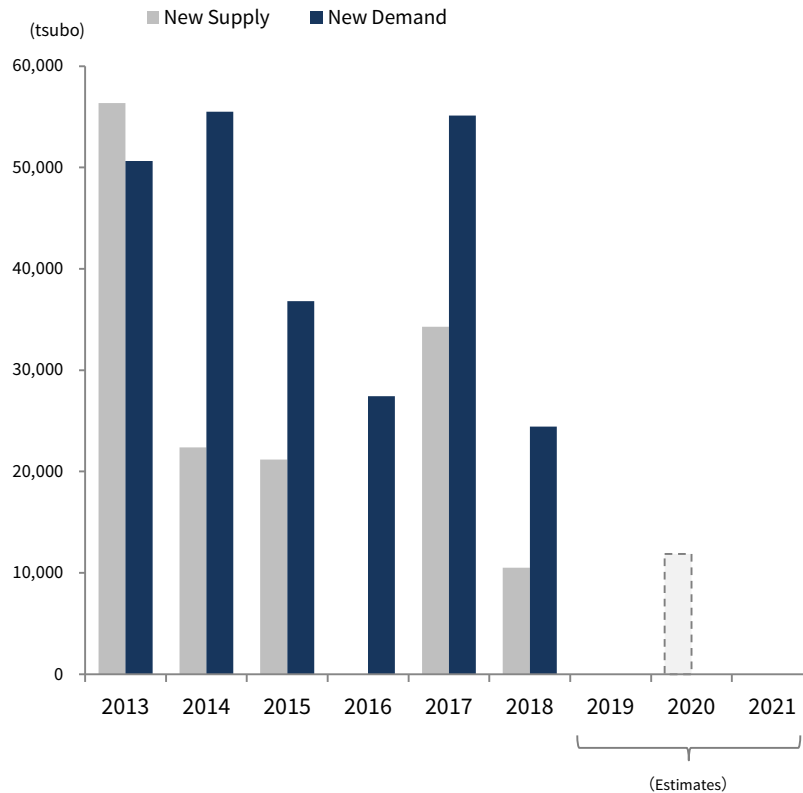


Source: Asset management company based on the data obtained from CBRE K.K.

Tight Supply and Demand in Osaka Office Market



Osaka Office Supply/ Demand



Source: Asset management company based on the data obtained from CBRE K.K.

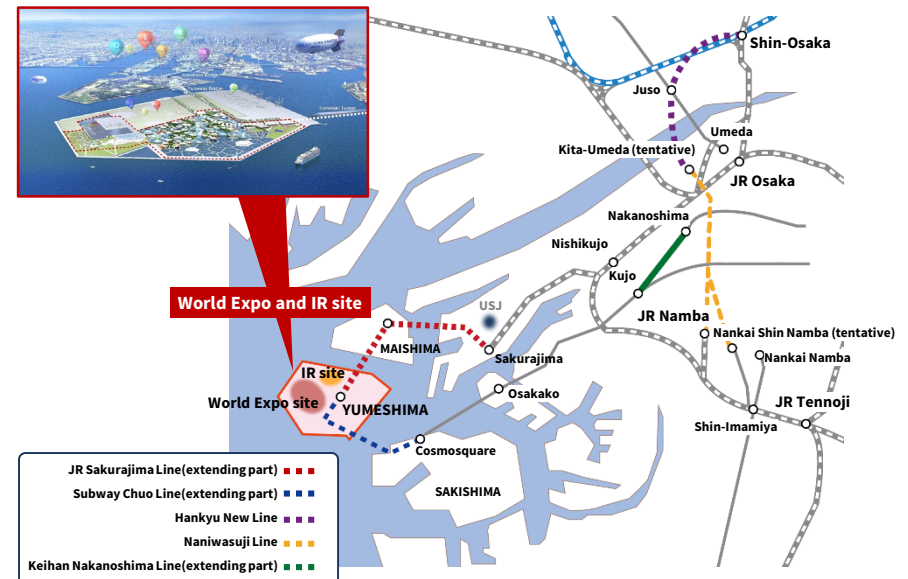


EXPO 2025, OSAKA-KANSAI

Osaka has been elected as a location of World Expo 2025, whose economic impact is reported to be 2 trillion yen, is expected to stimulate Osaka area with an invitation of integrated resort (IR).



Location	Yumeshima, Osaka City
Proposed Schedule	3 rd May ~ 3 rd November, 2025 (185 days)
Expected Total Visitors	Approximately 28 million visitors
Expected Construction Costs	Approximately 125 billion yen
Expected Economic Impact	Construction: approx. 0.4 trillion yen, Operation: approx. 0.5 trillion yen, Consumption: approx. 1.1 trillion yen



Source: Asset management company based on METI releases and various media reports

Sizeable Asset Replacement

Asset Replacement Summary

Disposed Assets	MID REIT Kyobashi Bldg.	Matsushita IMP Bldg.		Total/ Average	Yokohama i-land Tower	Acquired Asset
		55% interest	45% interest			
Disposition Price	1.7 bn. yen	14.8 bn. Yen	12.1 bn. yen	28.7 bn. yen	22.1 bn. Yen	Acquisition Price
Disposition gains/losses	-0.4 bn. yen	+2.2 bn. Yen	+1.9 bn. yen* ¹	+3.8 bn. yen	+0.8 bn. yen* ²	Unrealized gain
NOI yield	3.4%	4.1%		4.1%	5.0%	NOI yield
NOI yield after depr.	2.1%	1.8%		1.8%	4.0%	NOI yield after depr.
Disposition Date	4 th Sep. 2018	5 th Sep. 2018	8 th Mar. 2019		14 th Sep. 2018	Acquisition Date

*1 Assumed number in forecasts of the 26th Period ending June 2019

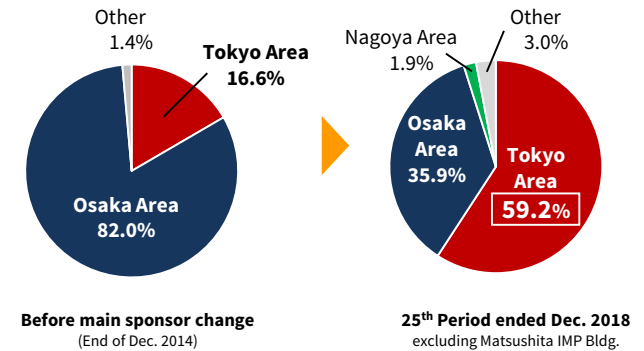
*2 Difference between the appraisal value and the book value as at the end of the 25th Period ended Dec. 2018

Enhancement in Portfolio Profitability

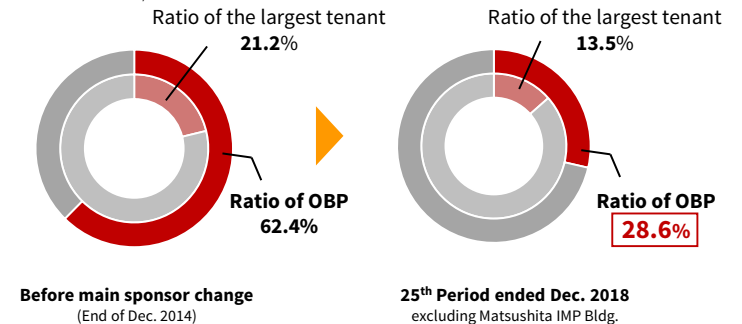
	Fiscal Period ended Dec. 2014 Before main sponsor change	Fiscal Period ended Jun. 2018	Fiscal Period ended Dec. 2018	Fiscal Period ending Dec. 2019 Estimate
Average NOI yield	4.0%	4.3%	4.2%	4.4%
NOI yield after depreciation	2.6%	3.2%	3.3%	3.5%

Improvement in Portfolio Risk

Area diversification (based on acquisition price)



Tenant diversification (Based on rent + common area fees)

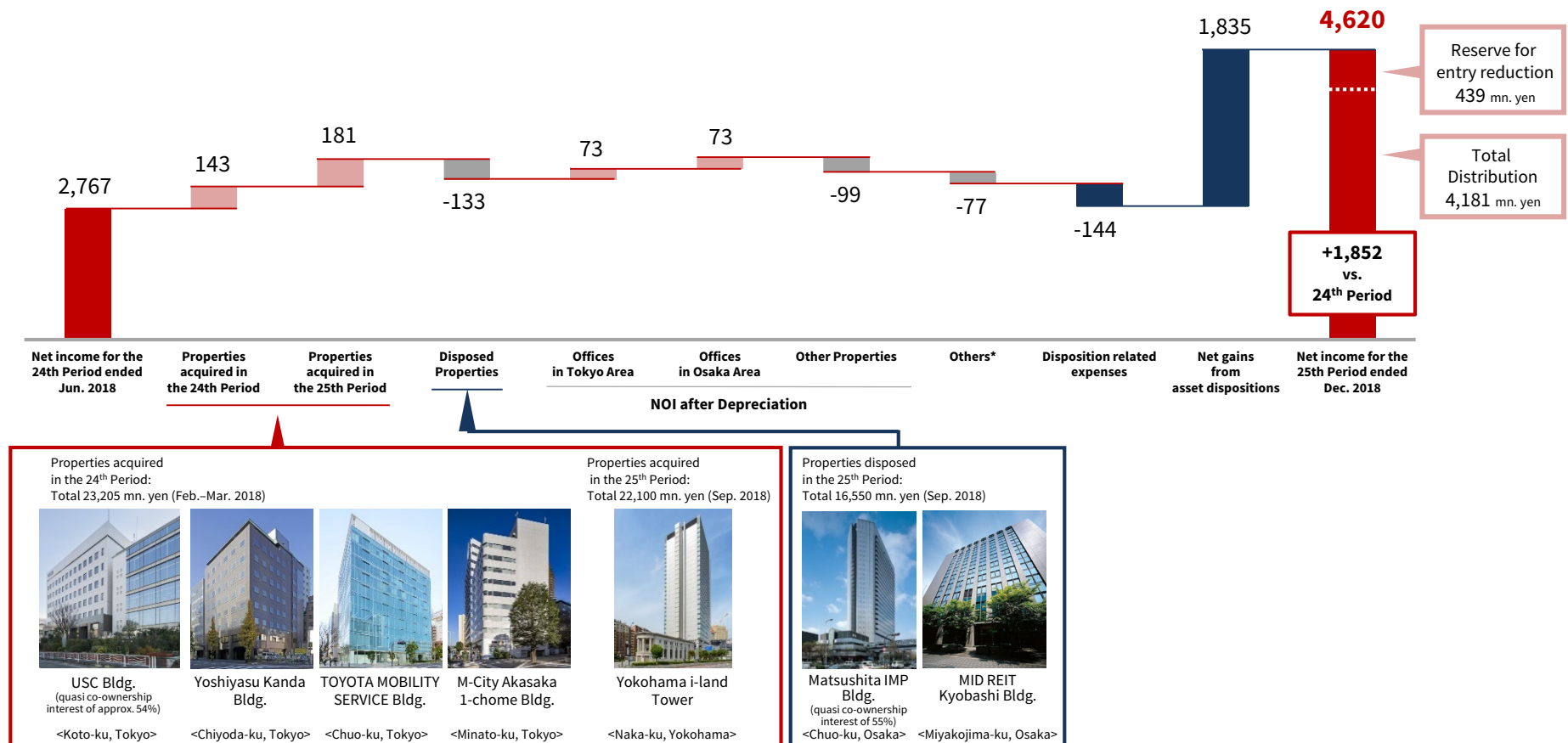


One-Off Gains on Top of Normalized Profit Growth



Breakdown of Net Income Changes for the 25th Period vs. the 24th Period

(mn. yen)

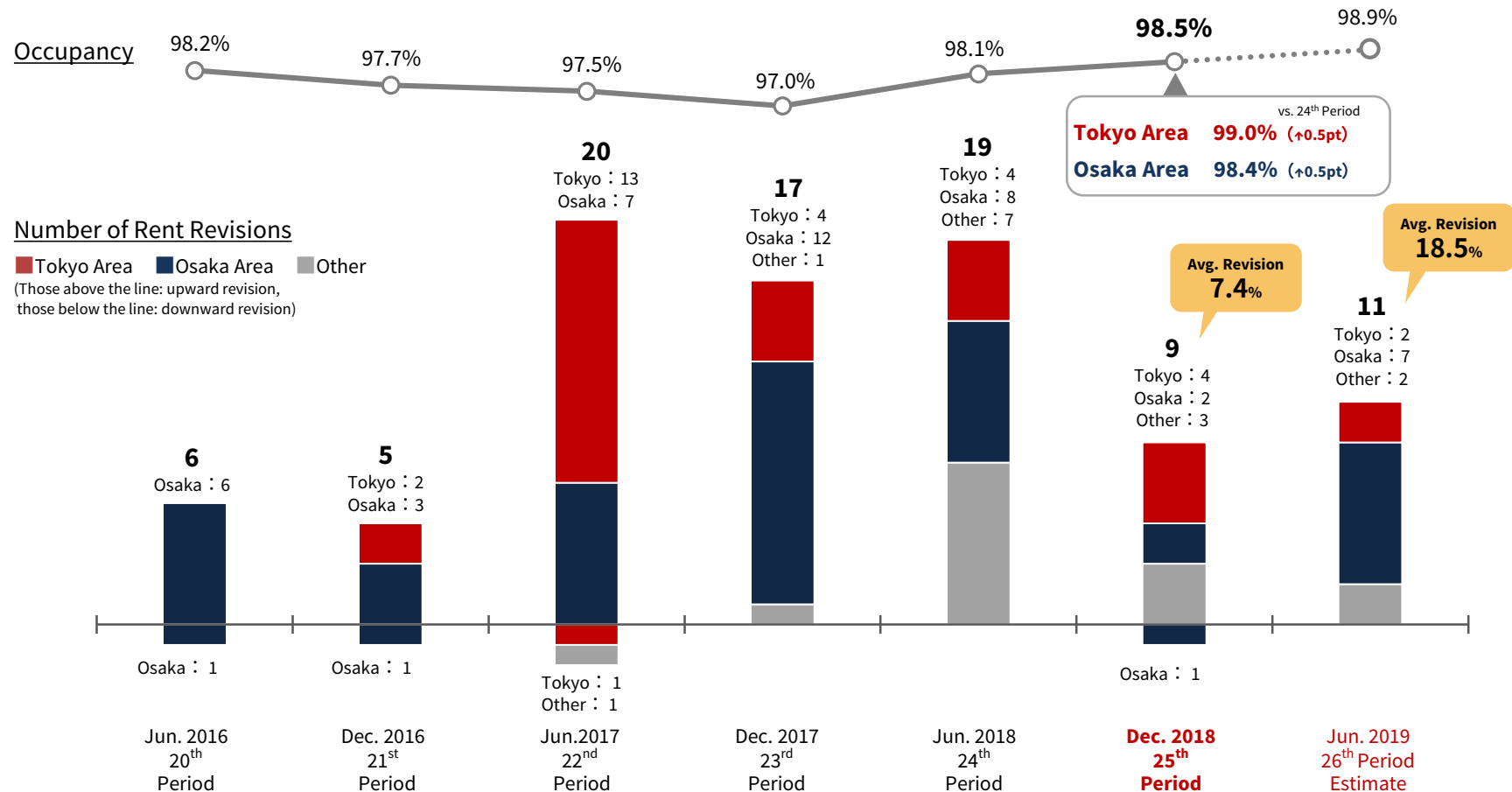


* Including dividends received from SPC backed by Nagoya Lucent Tower.

High Occupancy and Upward Rent Revisions



Occupancy and the Number of Rent Revisions at Lease Agreements

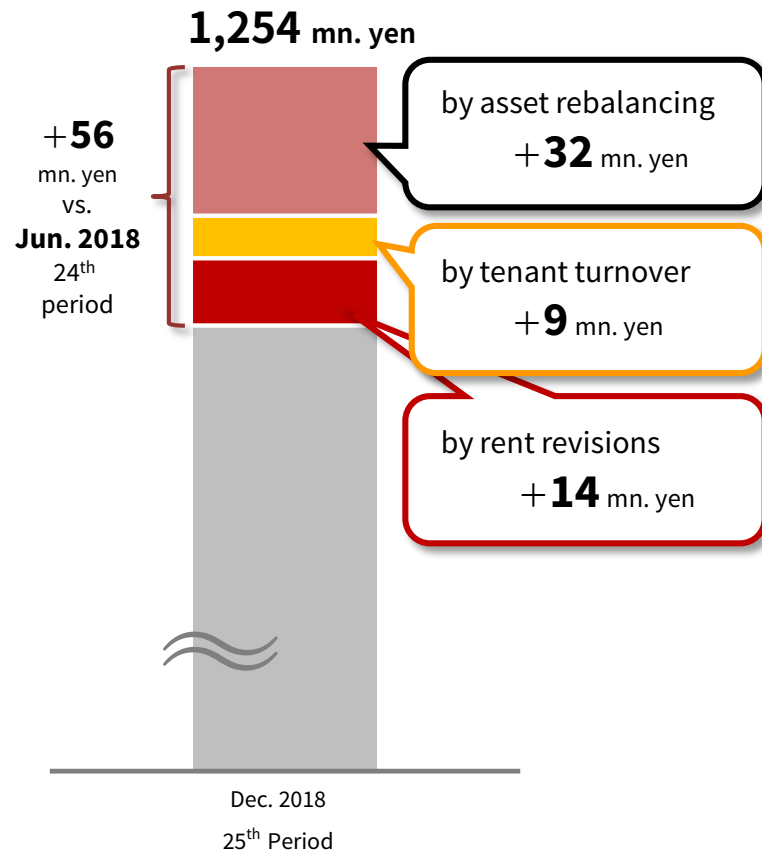


* The number of rent revisions for Jun. 2019 (26th Period) is based on the number of determined rent revisions as of the end of Dec. 2018

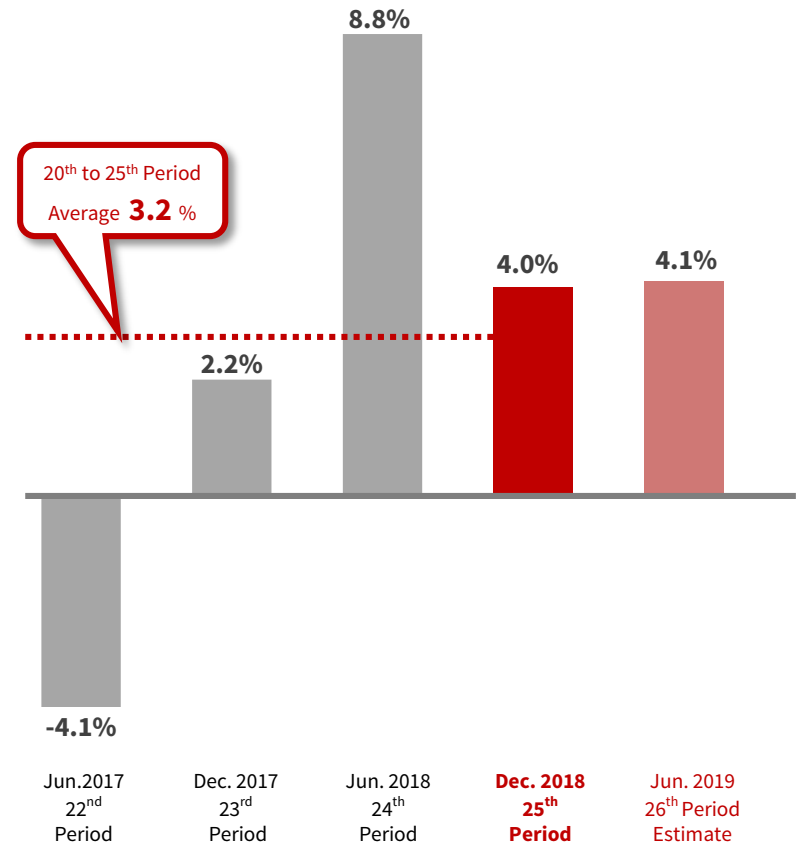
Strong and Sustainable Internal Growth



Monthly Rent Revenue as of Dec. 2018



Annualized LFL NOI Growth *

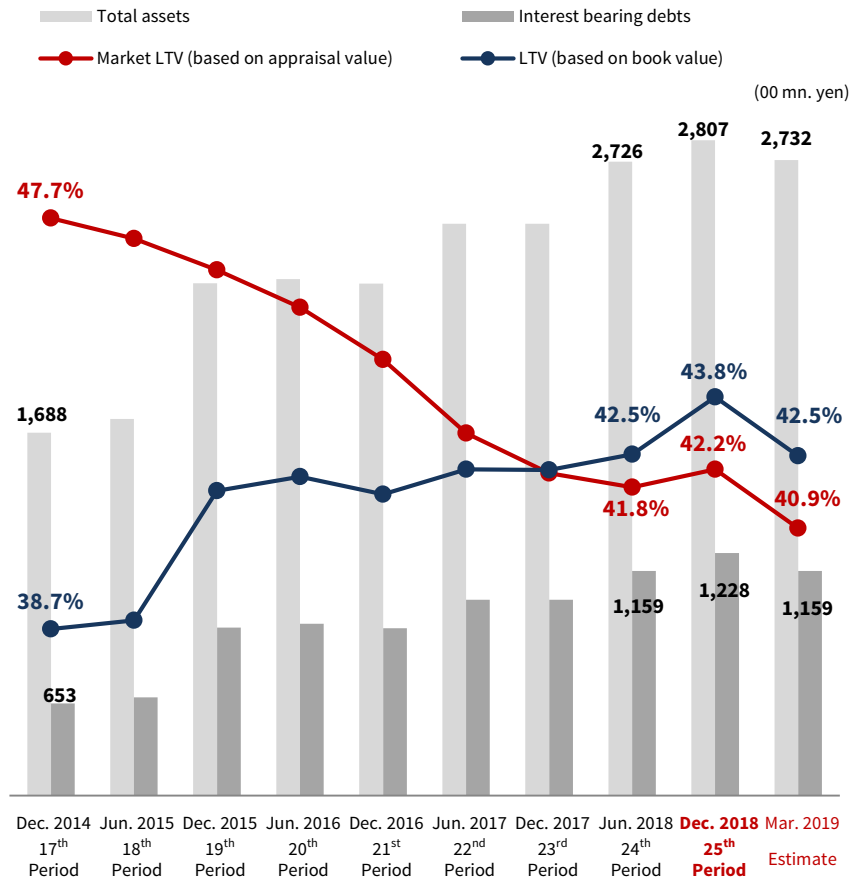


* LFL (like-for-like) NOI Growth is an annualized change of total NOI from all properties owned for past two full periods. Unrecognized real estate taxes are adjusted for newly acquired properties.

Improved Financial and DPU Stability

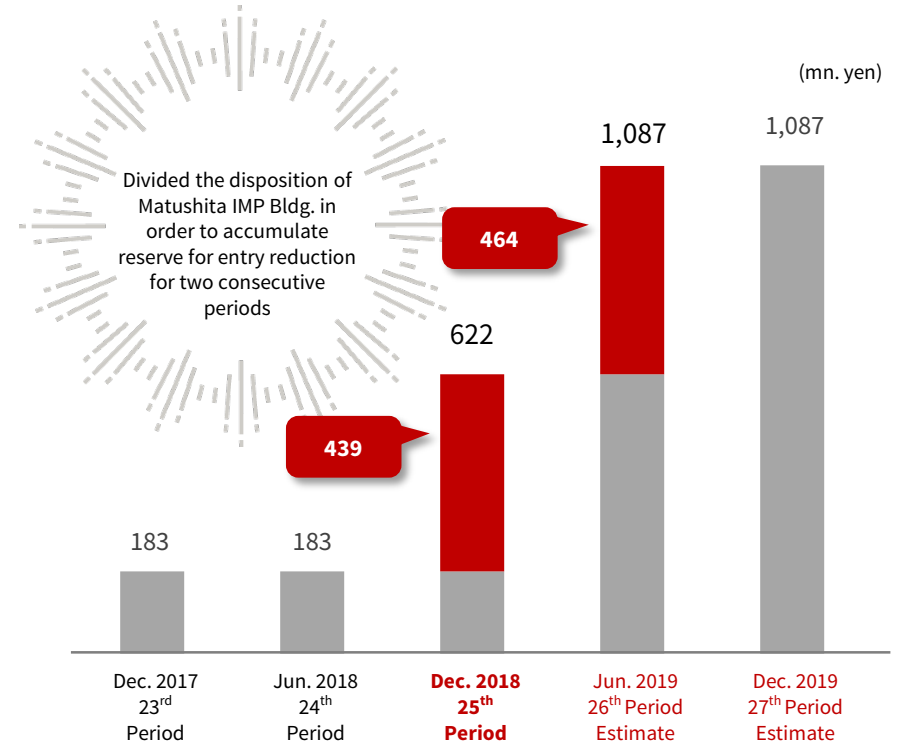


LTV



Accumulated Reserves

Reserve per unit **378 yen** at the end of Dec. 2018



Credit Rating Outlook Upgraded



Credit Rating of MCUBS MidCity

R&I upgraded the outlook in October 2018

Rating & Investment Information Inc. (R & I)

Oct. 2018
Outlook Upgraded
 <Stable → Positive>

A
 (Positive)

Japan Credit Rating Agency (JCR)

Apr. 2018
 New Rating

A+
 (Positive)



Continue to aim for further upgrade

Changes in credit ratings

	Before main sponsor change (Dec. 2014)	After main sponsor change			
		Oct. 2015 Outlook upgrade	Oct. 2016 Upgrade	Apr. 2018 New rating	Oct. 2018 Outlook upgrade
R & I	A- (Stable)	A- (Positive)	A (Stable)	—	A (Positive)
JCR	—	—	—	A+ (Positive)	

Acquired Highest ESG Rating



Green Star/ 5 Stars in the GRESB 2018

Acquired a **Green Star** rating for the third consecutive year and the highest rating of **5 Stars** in the 2018 GRESB Real Estate Assessment



	2016	2017	2018
Assessment	Green Star 4 stars	Green Star 4 stars	Green Star 5 stars



Inclusion in MSCI Japan ESG Select Leaders Index

Received an ESG rating of **A** from MSCI, the highest amongst J-REITs, and **included** in the MSCI Japan ESG Select Leaders Index in December 2018



2018 Constituent
MSCI Japan ESG
Select Leaders Index

J-REITs included as of 2018	ESG rating
MCUBS MidCity Investment Corporation	A
Japan Retail Fund Investment Corporation	A
Industrial & Infrastructure Fund Investment Corporation	A
Nippon Prologis REIT, Inc.	A
AEON REIT Investment Corporation	BB
Hulic Reit, Inc.	BB
Daiwa Office Investment Corporation	BB
ORIX JREIT Inc.	BBB

Source: MSCI, "MSCI Japan ESG Select Leaders Index constituents as of Dec. 2018"

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Received Best IR Award



Best IR Award for Encouragement

Received the Best IR Award for Encouragement at the 23rd IR Awards held by the Japan Investor Relations Association



Award rationale: Among REITs which are generally known to have a high level of IR activities, MCUBS MidCity's information disclosure is extensive and rich in content. Top management engages in dialogue with capital markets and reflects investors' views in its management. The company is also active in incorporating third-party evaluations concerning ESG. Moreover, aiming at broadening its shareholder base, its IR activities have expanded to on-line briefings for individual investors, appearances on radio shows, and presentations at branch offices of securities companies. The company also promptly discloses information concerning risks associated with its investments as a REIT, such as the impact of earthquakes or damage caused by wind or floods.



Award ceremony held at IR Conference 2018



Awarded with AAA Grade for Corporate Website

Received a AAA Grade for the second consecutive year in the 2018 All Japanese Listed Companies' Website Ranking conducted by Nikko Investor Relations Co., Ltd.



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

	2016 AA Grade	2017 AAA Grade	2018 AAA Grade
Ranking	Overall points: 69.1 Sector ranking: 5th Overall ranking: 156th (of 3,688 companies)	Overall points: 75.3 Sector ranking: 2nd Overall ranking: 42nd (of 3,713 companies)	Overall points: 72.9 Sector ranking: 4th Overall ranking: 115th (of 3,785 companies)

Improving Unit Liquidity



Inclusion in Global Index

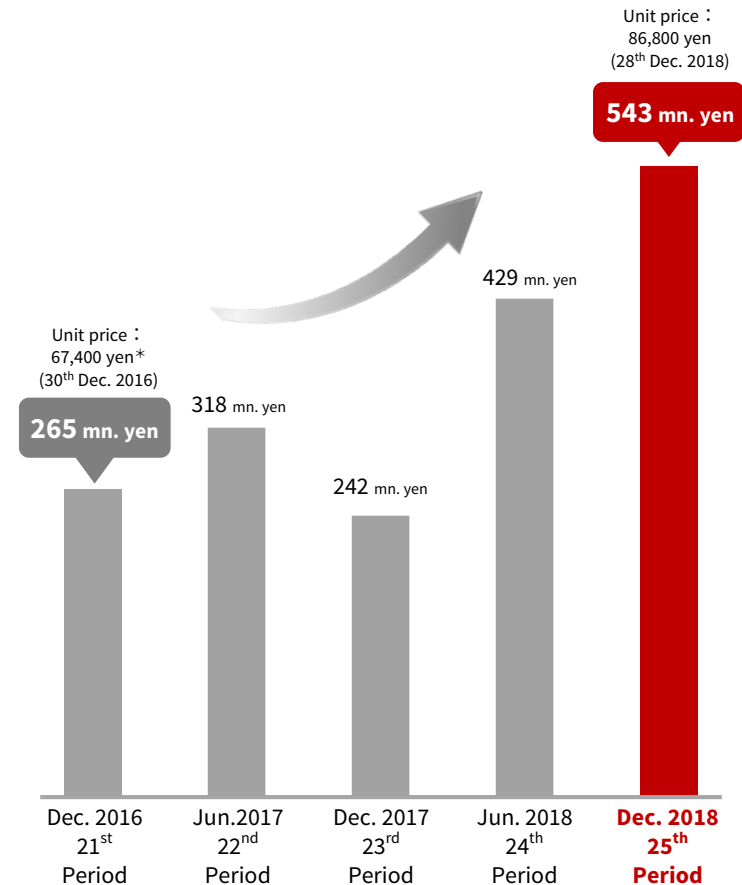
In September 2018, MCUBS MidCity was included in

FTSE EPRA/NAREIT Global Real Estate Index Series

The FTSE EPRA Nareit Global Real Estate Index Series, developed by FTSE Russell with cooperation of EPRA and NAREIT, is designed to represent general trends in eligible real estate equities worldwide. The series is adopted as investment benchmarks for worldwide investors as well as an index for investment products, such as derivatives and Exchange Traded Funds (ETFs). The index is rebalanced quarterly.



Daily Trading Value of MCUBS MidCity

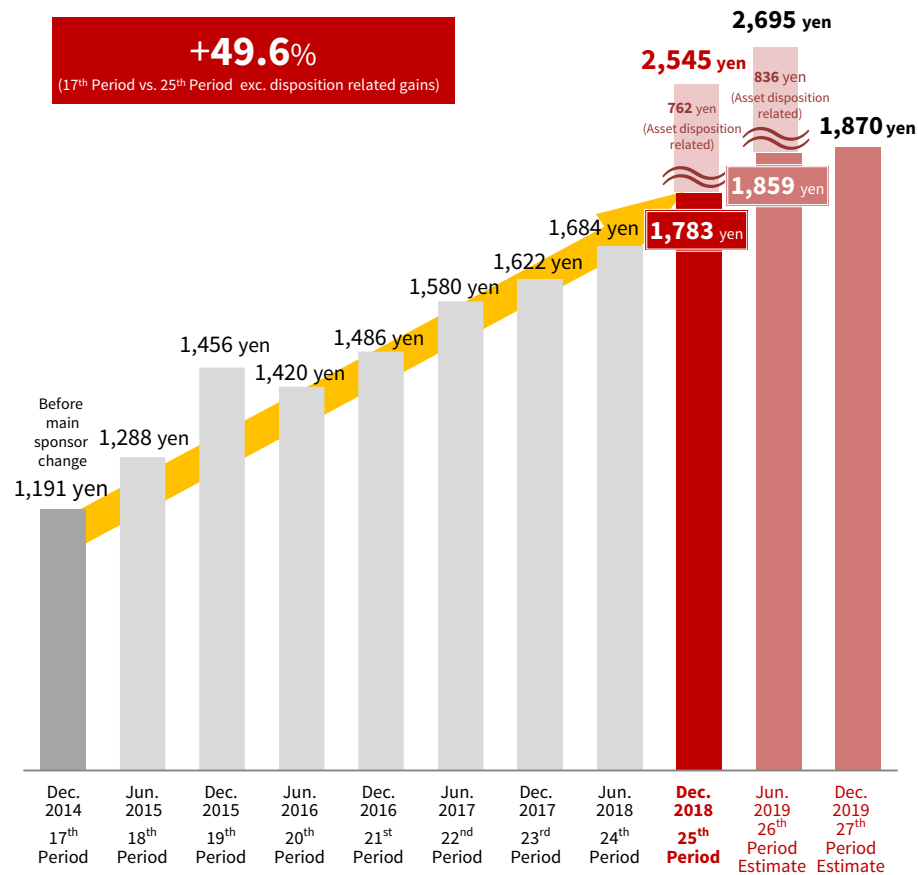


* Adjusted for five-to-one unit split

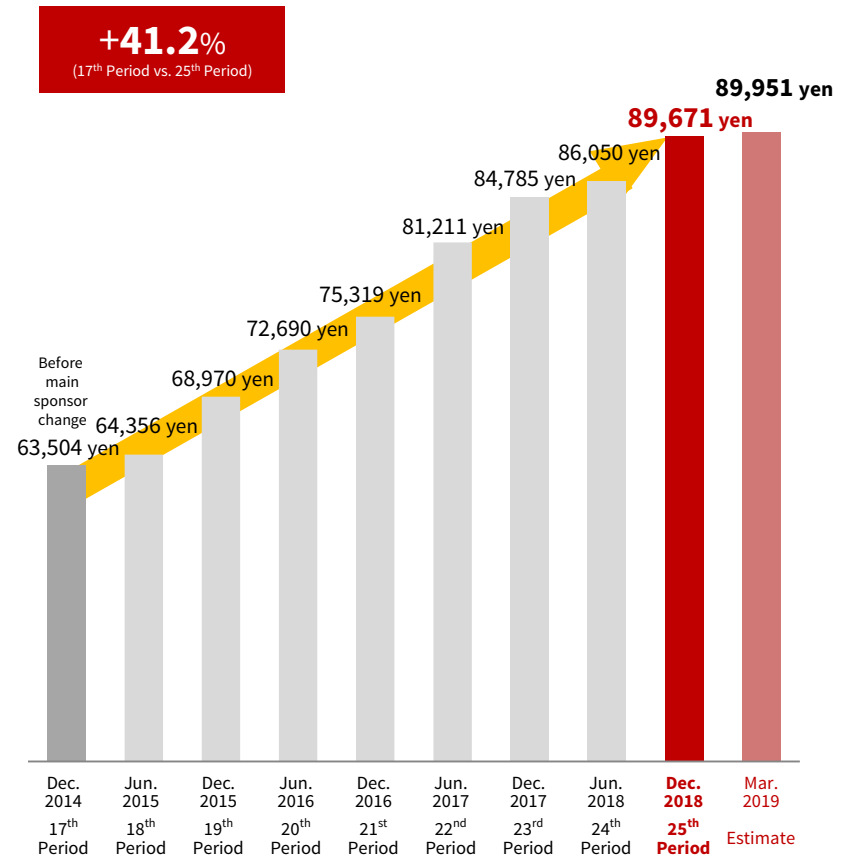
Consistent Normalized DPU/NAV Growth



Distribution per unit



NAV per unit



Change in Sponsorship Structure



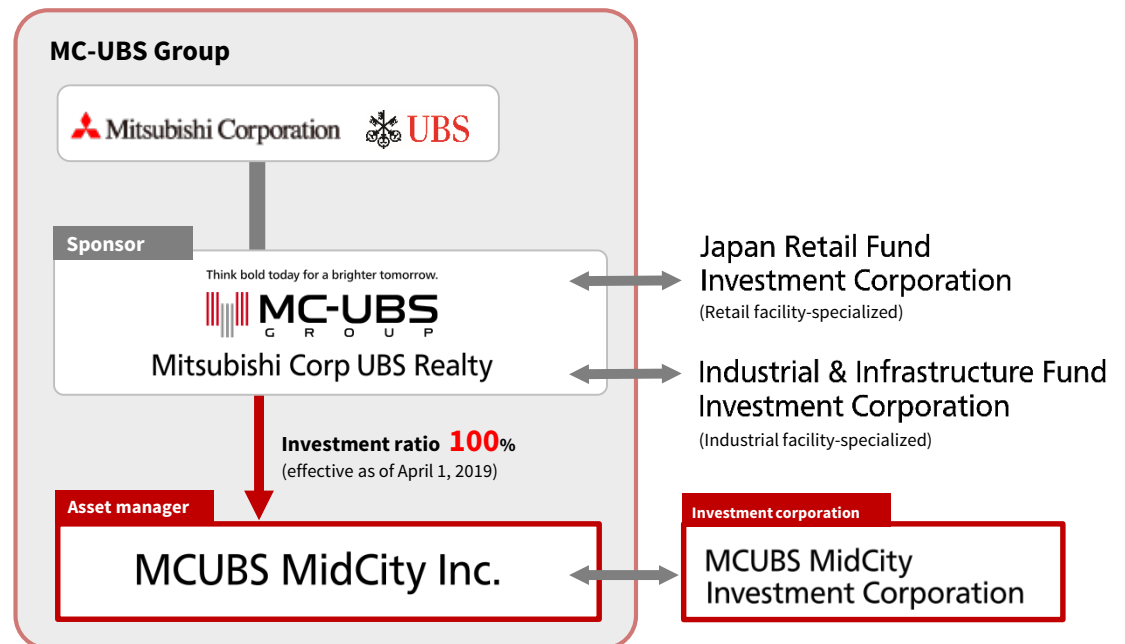
Change in Major Shareholder of Asset Management Company

Mitsubishi Corp. - UBS Realty Inc. acquires all of Asset Management Company's shares that Kanden Realty & Development Co.,Ltd. owns, effective as of April 1, 2019.

Ratio of Share Holding

	April 2015	April 2018	April 2019 (planned)
Mitsubishi Corp. - UBS Realty Inc.	65% 3,900 shares	85% 5,100 shares	100% 6,000 shares
Kanden Realty & Development Co.,Ltd.	35% 2,100 shares	15% 900 shares	0% 0 shares

Group Network after the share transfer

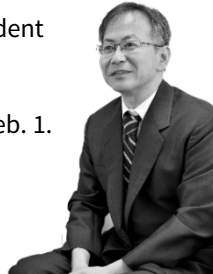


Change in Management

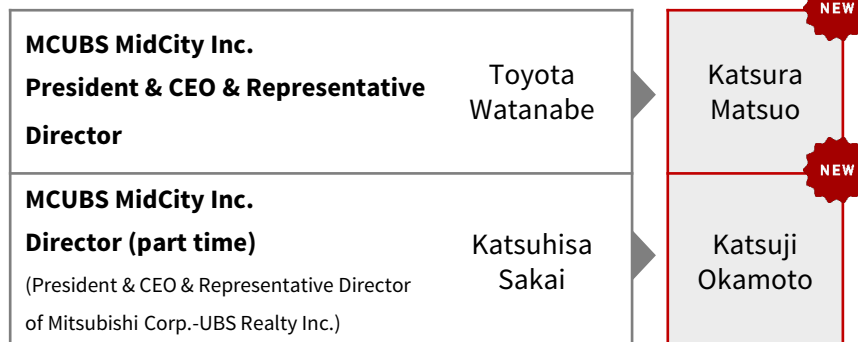


Asset Management Company

Katsura Matsuo, who previously served as President from Apr. 2015 to Jun. 2017, was reinstated as President & CEO & Representative Director on Feb. 1.



On the same day, Katsuji Okamoto was appointed as President & CEO & Representative Director of parent company MC-UBS and as part-time Director of Asset Management Company



Investment Corporation (planned)

At the general unitholders' meeting to be held on March 15, 2019, the board of directors are scheduled to be elected by adding a new supervisory director, thereby creating a structure with one executive director and three supervisory directors in order to strengthen governance

Current structure	New structure
Executive Director Katsuhiro Tsuchiya	Executive Director Katsuhiro Tsuchiya
Supervisory Director Haruo Kitamura	Supervisory Director Haruo Kitamura
Supervisory Director Osamu Ito	Supervisory Director Osamu Ito
	NEW Supervisory Director Kyoko Nagata

Memo

Memo

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)