

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

26th Period

INVESTOR PRESENTATION – Appendix –

Fiscal Period ended June 30, 2019

Securities Code **3227**

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

Index

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

1. ABOUT MCUBS MidCity Investment Corporation

• Who We Are	4
• History	5
• The asset management company: Mitsubishi Corp.- UBS Realty Inc. (MC-UBS)	6
• Investment policy	7
• Track record	8
• Portfolio summary	9
• Portfolio comparison with other Office REITs	10
• Industry-leading acquisition capability	11
• Selected investment utilizing MidCity's advantage	12
• Asset management with a focus on tenant satisfaction & Stable financial base	13
• ESG-conscious portfolio management	14

2. FINANCIAL HIGHLIGHTS & FORECASTS FOR THE 27TH AND 28TH PERIOD

• Overview of financial results for the fiscal period ended June 30, 2019 (26 th Period) 1	16
• Overview of financial results for the fiscal period ended June 30, 2019 (26 th Period) 2	17
• 26 th Period financial results – Comparison to previous period	18
• 26 th Period financial results – Comparison to initial forecasts	19
• 26 th Period financial results – Breakdown of change from previous period	20
• Balance sheet	21
• Income statement	22
• Forecasts for the 27 th and 28 th periods	23
• Breakdown of change from previous period	24
• Internal reserves	25
• Repair expenses and capex	26

3. PORTFOLIO

• Portfolio overview (as of the end of Jun. 2019)	29
• Portfolio profitability	30
• Portfolio operation	31
• Occupancy by property	32
• Monthly rents	33
• Growth in existing property NOI	34

• Revisions and gaps in rents	35
• Diversification of tenant contract types	36
• Appraisal value by property	37
• Unrealized gain/loss	38
• Portfolio data (as of the end of Jun. 2019) 1	39
• Portfolio data (as of the end of Jun. 2019) 2	40
• Revenue and expenses by property 1 (Fiscal period ended Jun. 30, 2019)	41
• Revenue and expenses by property 2 (Fiscal period ended Jun. 30, 2019)	42
• Portfolio map / Portfolio overview	43-52

4. FINANCING STRATEGY

• Major financing-related figures and investment corporation bonds	54
• Financial status 1	55
• Financial status 2	56
• Lender composition (as of the end of Jul. 2019)	57
• Outstanding borrowings (as of the end of Jul. 2019)	58
• Maturity ladder (as of the end of Jul. 2019)	59

5. MARKET ENVIRONMENT

• Office market data (Tokyo 23 districts)	61-62
• Office market data (Nagoya)	63-64
• Office market data (Osaka)	65-66
• Office buildings to be supplied in the Osaka business area	67

6. APPROACH TO ESG

• Environmental initiatives	69
• Social initiatives 1	70
• Social initiatives 2	71
• Governance initiatives	72
• Efforts to expand investor base	73

7. OTHER TOPICS

• Unitholder details	75
• Overview of asset management company	76
• Historical unit price	77



1. ABOUT MCUBS MidCity Investment Corporation



Who We Are

MC-UBS office-focused REIT, aiming to enhance unitholder value

Area-diversified portfolio primarily made up of **medium-sized office buildings**

1

Industry-leading acquisition capability

2

Asset management with a focus on tenant satisfaction

3

Stable financial base

4

ESG-conscious portfolio management

Name	MCUBS MidCity Investment Corporation (“MidCity”)	TSE Code	3227
Fund listing	August 29, 2006	Fiscal period	June and December
Asset Management Company	Mitsubishi Corp.- UBS Realty Inc. (“MC-UBS”)		

Note: Mitsubishi Corp.- UBS Realty Inc. merged with the asset management company: MCUBS MidCity Inc. on July 1, 2019

History

Investment Corporation



August
MID REIT, Inc. listed



June
Trade name changed to
MCUBS MidCity Investment Corporation

The asset management company



March
MID REIT Management Co., Ltd. was established
sponsor:
MID Urban Development Co., Ltd.
(formerly, Matsushita Kosan)



December
The Kansai Electric Power Company, Incorporated
became **the largest shareholder** of MID Urban
Development Co., Ltd.
(currently, Kanden Realty &
Development)



April
MC-UBS acquired 65% share of the asset management company
▼
changed the trade
name to
MCUBS MidCity Inc.



April
MC-UBS
acquired an
additional
20% share of
the asset
management
company



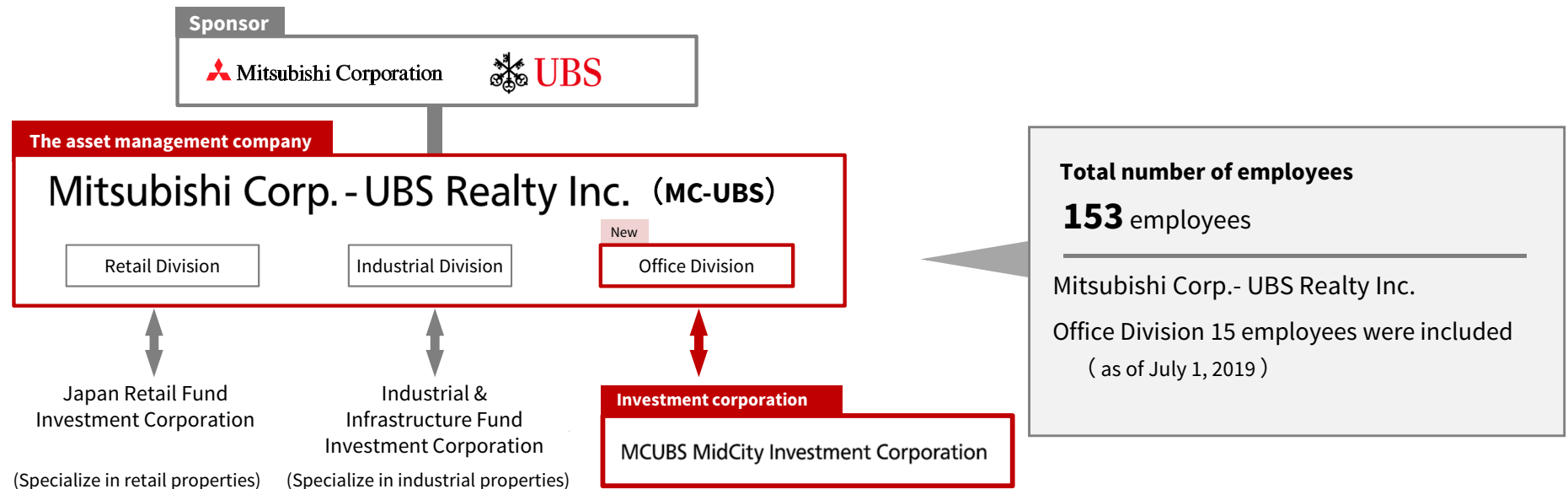
April
MC-UBS made the asset
management company a
wholly-owned subsidiary

July
**MC-UBS merged with
MCUBS MidCity Inc.**

The asset management company: Mitsubishi Corp.- UBS Realty Inc. (MC-UBS)

- **17 years** of experience in operating J-REITs
- MC-UBS Group operates **three REITs**: MCUBS MidCity, JRF and IIF
- **Largest J-REIT AUM of 1.4 tn. yen**
- **One of the largest buyers** of commercial real estate in Japan

After merger of the asset management company (July 1, 2019~)



Investment policy

Focusing on office buildings in three major metropolitan areas

JPY **260.6** bn **23** properties

*As of end of Jun. 2019

✓ Target areas: **Three major metropolitan areas (Tokyo, Osaka and Nagoya)**

Three major metropolitan areas
(Tokyo, Osaka and Nagoya)

Other areas

70 % or more

30 % or less

✓ Target properties (asset type): **Office Buildings**

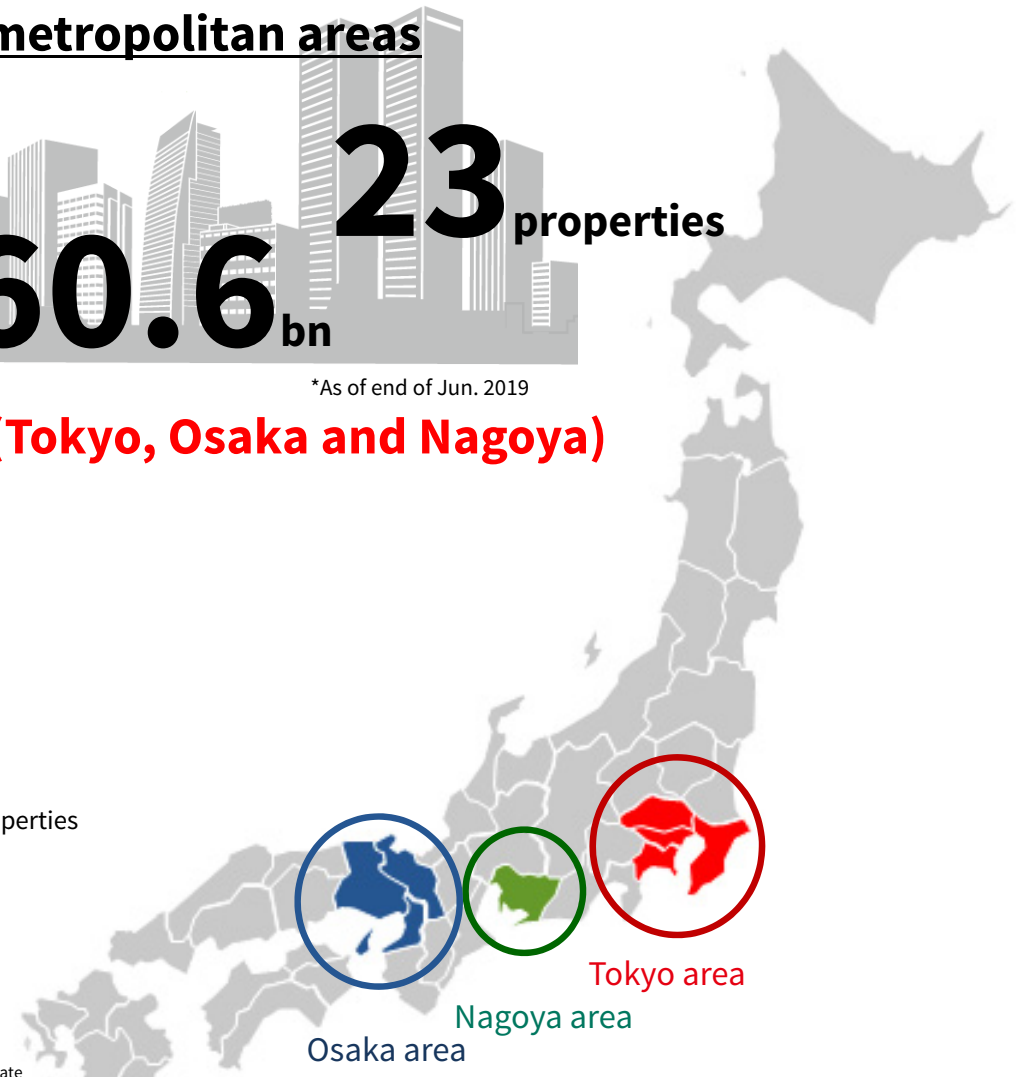
Office

Real estate other than office properties
(Hotels and serviced apartments)

70 % or more

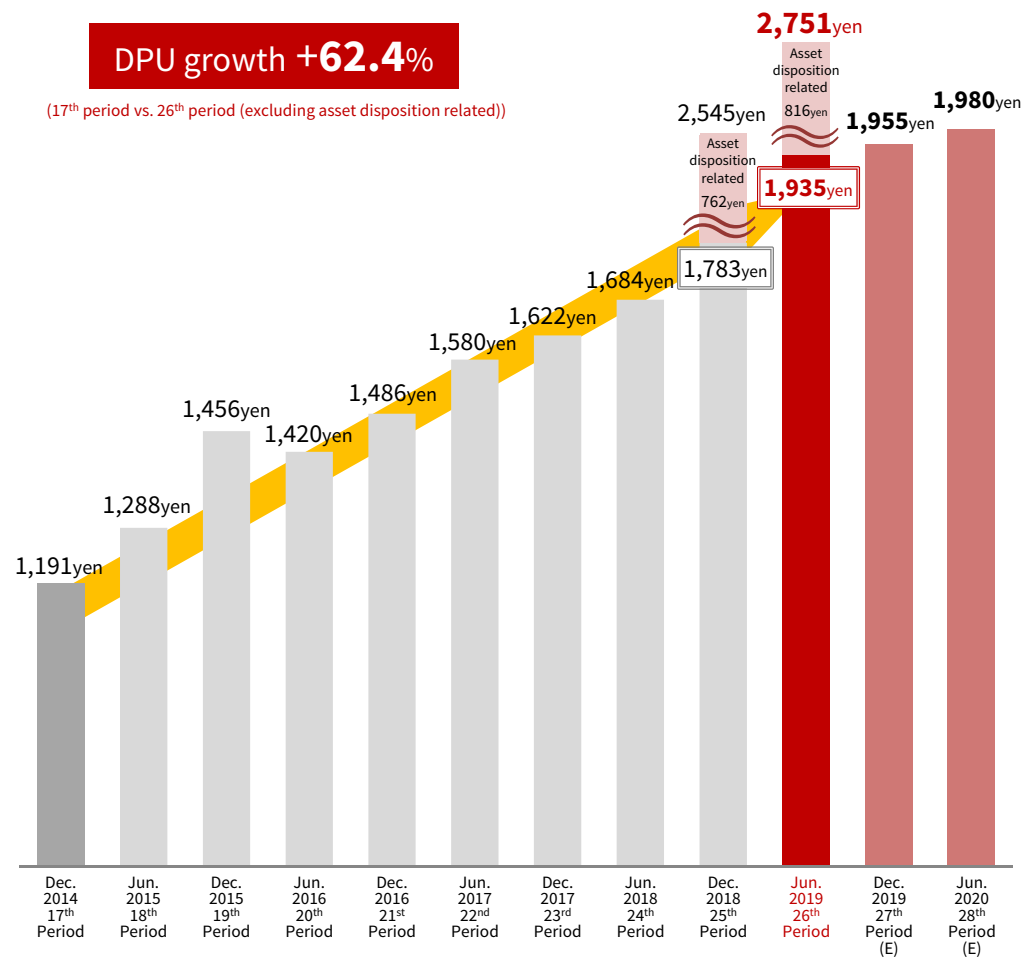
30 % or less

* ex. commercial facilities and industrial real estate

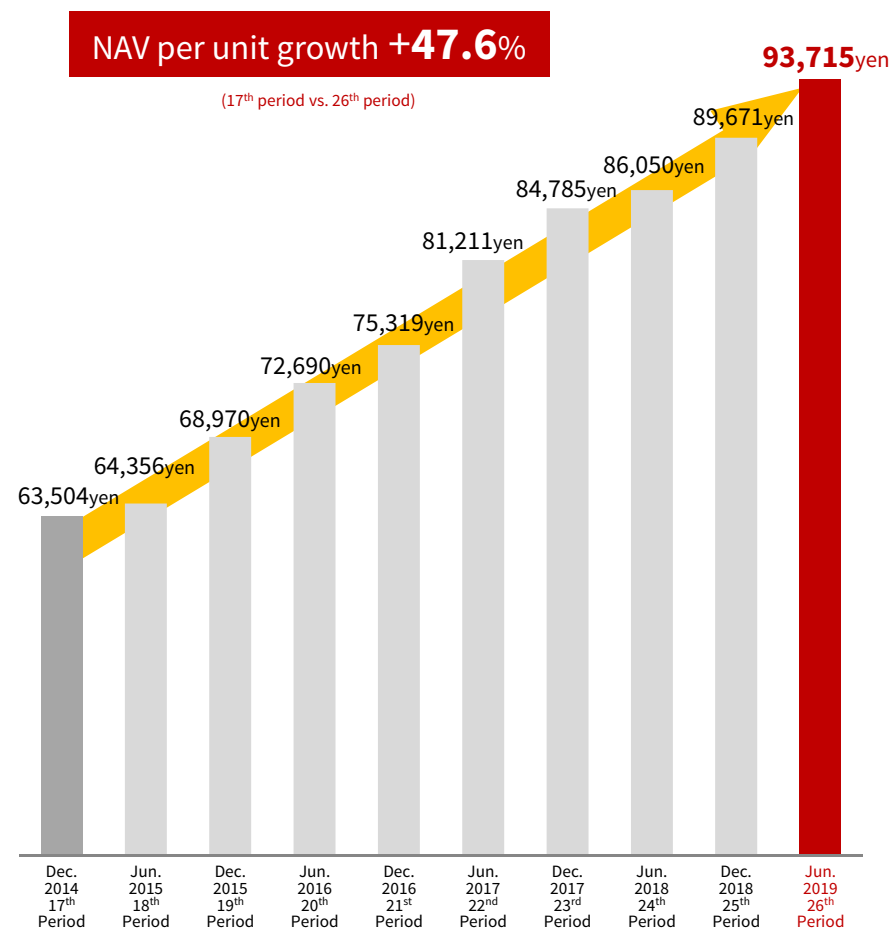


Track record

Distribution per unit



NAV per unit

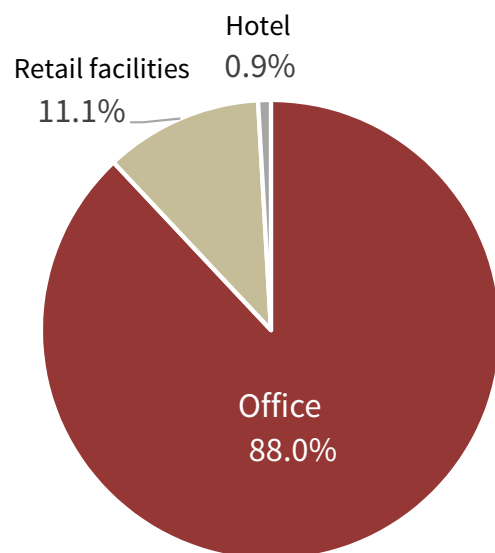


* NAV per unit includes reserve for reduction entry

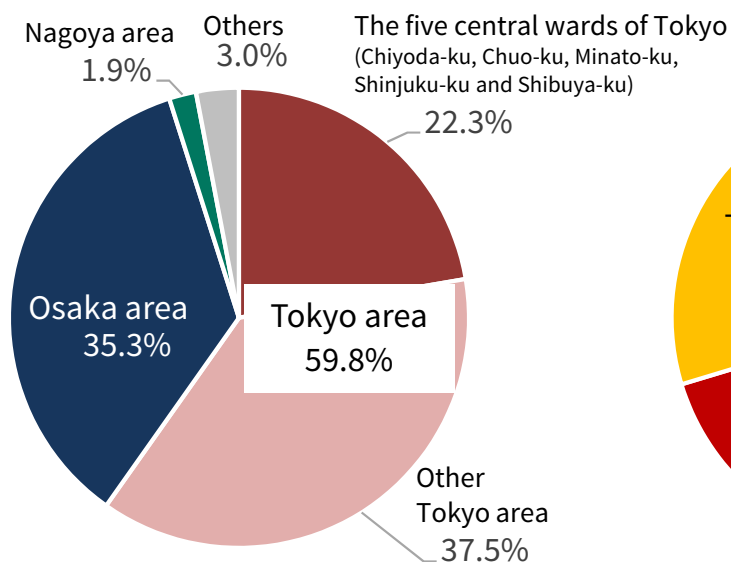
Portfolio summary

Focus on medium-sized office buildings in the three major metropolitan areas

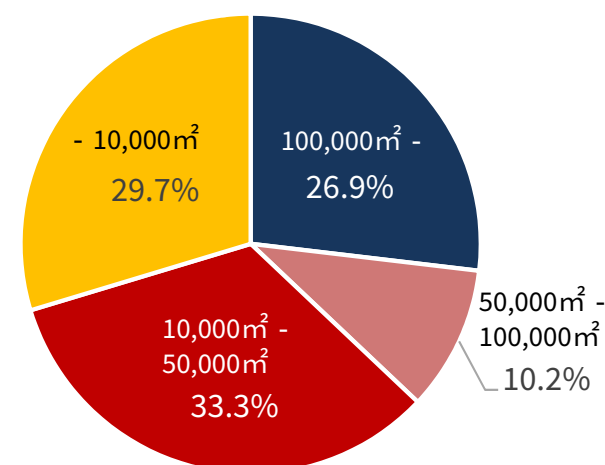
■ Portfolio by asset type <Based on acquisition price>



■ Portfolio by area <Based on acquisition price>



■ Portfolio by property size <Based on acquisition price> (Note)



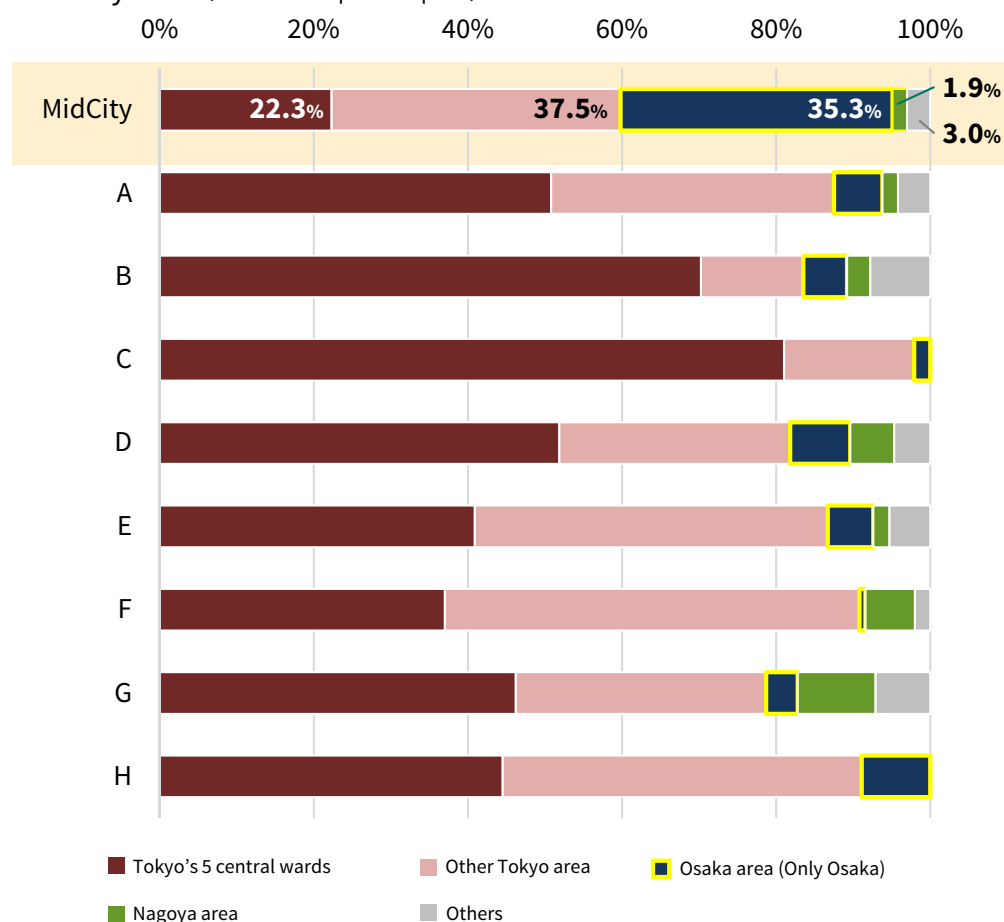
Note: TK interest of Nagoya Lucent Tower is not included.

Portfolio comparison with other Office REITs

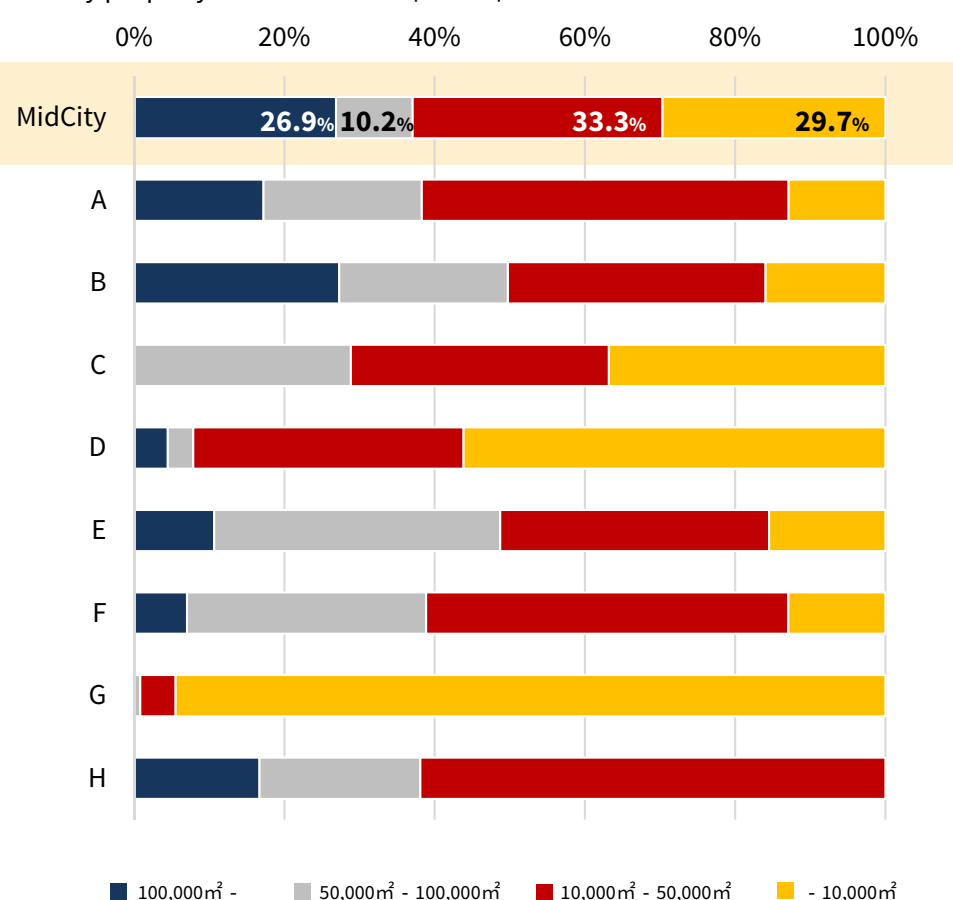
Tokyo area properties are diversified between **central and surrounding areas**, strong at properties in **Osaka area**

Portfolio primarily made up of **medium-sized office buildings**

<By area (Based on acquisition price) >



<By property size (Based on acquisition price) >



Note: Created by the Asset Management Company based on data disclosed on each J-REIT HP as of August 1, 2019. Office REITs refer to office-specialized REITs listed in ARES J-REIT DIGEST. Diversification by property size is based on total floor space of all of the properties held by each J-REIT (main buildings only).

1

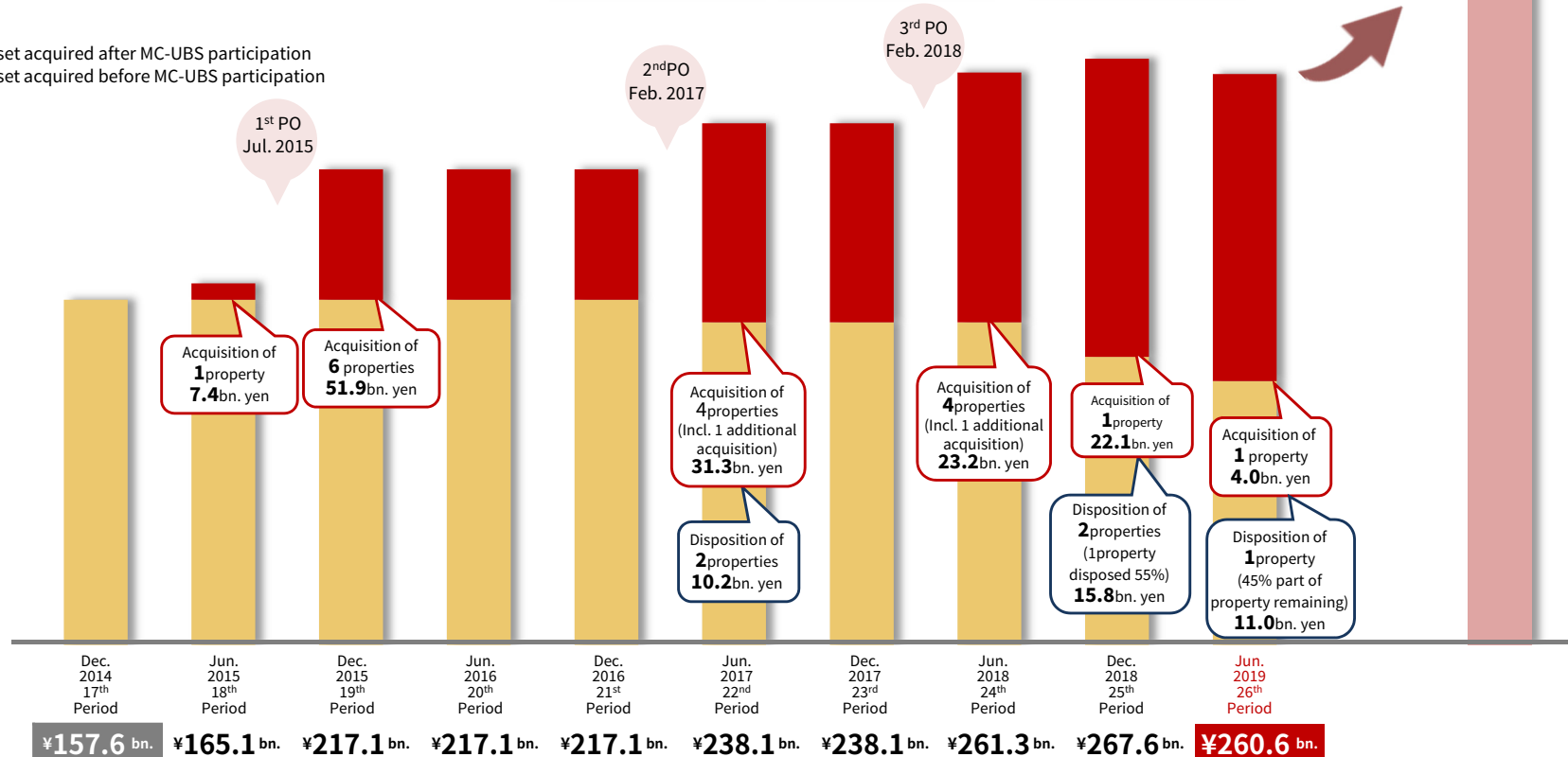
Industry-leading acquisition capability



Trend of asset size

After MC-UBS participation	New Acquisition	Dispositions	Total
Asset Size (acquisition price basis)	140.1 bn. yen	37.1 bn. yen	260.6 bn. yen
Number of properties	15 properties	4 properties	23 properties
Average NOI yield after depreciation	3.5%	2.0%	3.6%
Total unrealized gain/loss	+ 12.2 bn. yen	- 2.2 bn. yen	+ 16.4 bn. yen

- Asset acquired after MC-UBS participation
- Asset acquired before MC-UBS participation



* "Average NOI yield after depreciation" and "Total unrealized gain/loss" do not include Nagoya Lucent Tower (silent partnership interest).

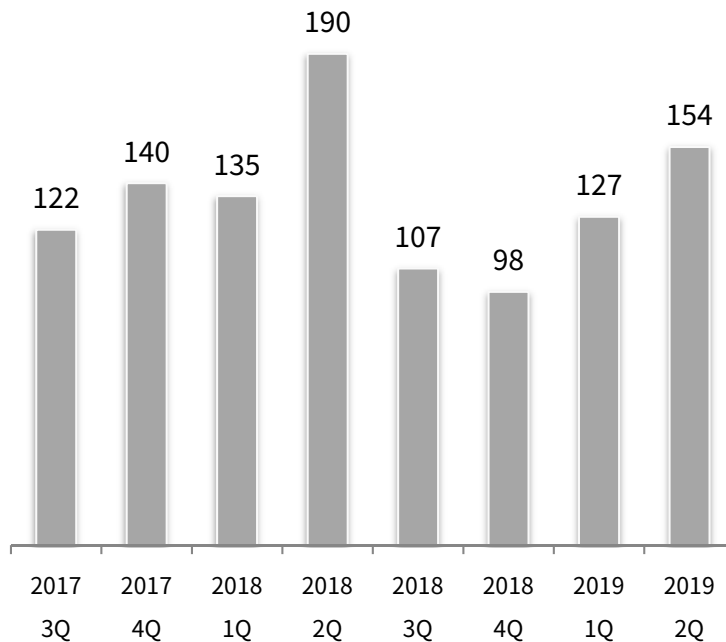
Selected investment utilizing MidCity's advantage



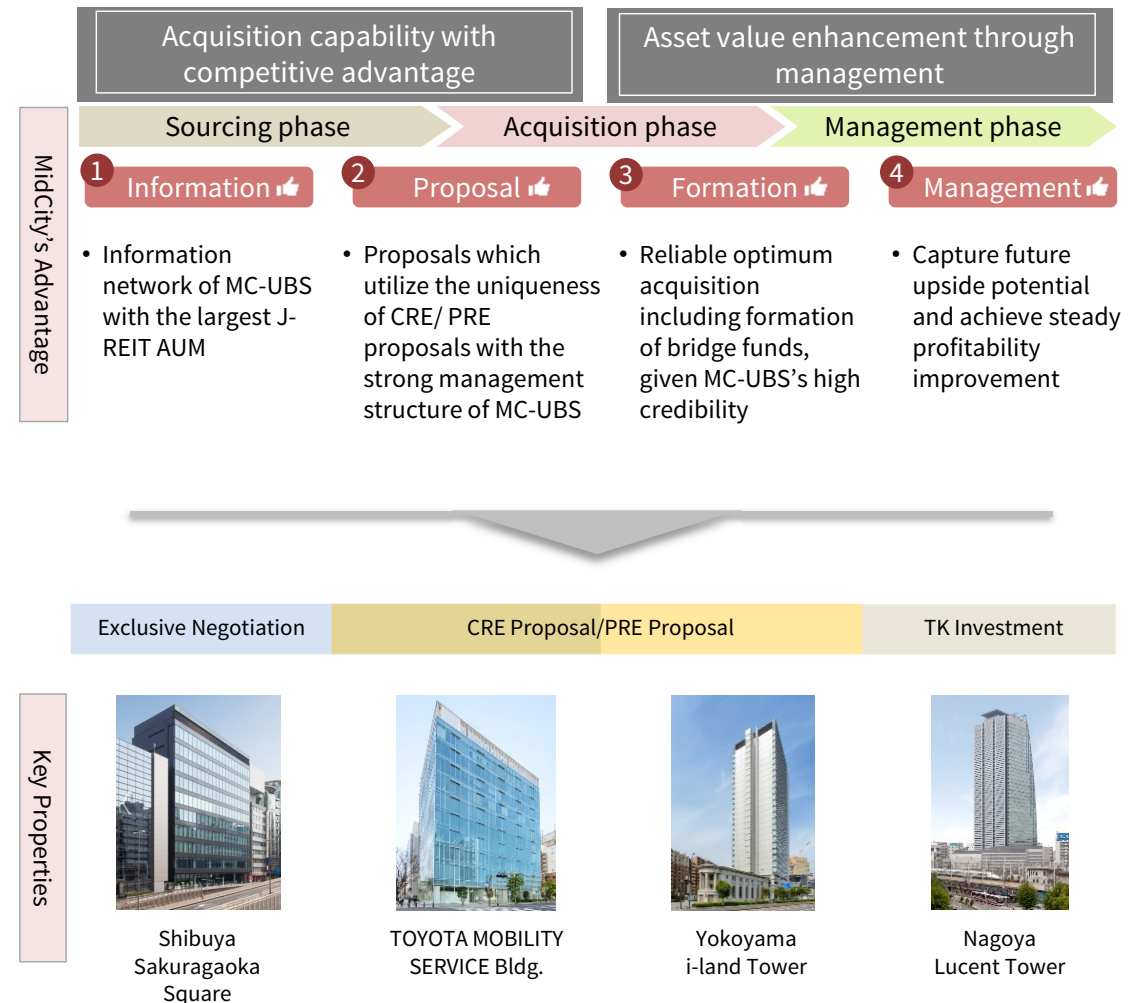
Asset information network based on the capabilities of the sponsor

Total No. of properties the information of which was provided by sponsors:

1,073 (total of the past 8 quarters)



Unique strategy based on asset information network



2

3

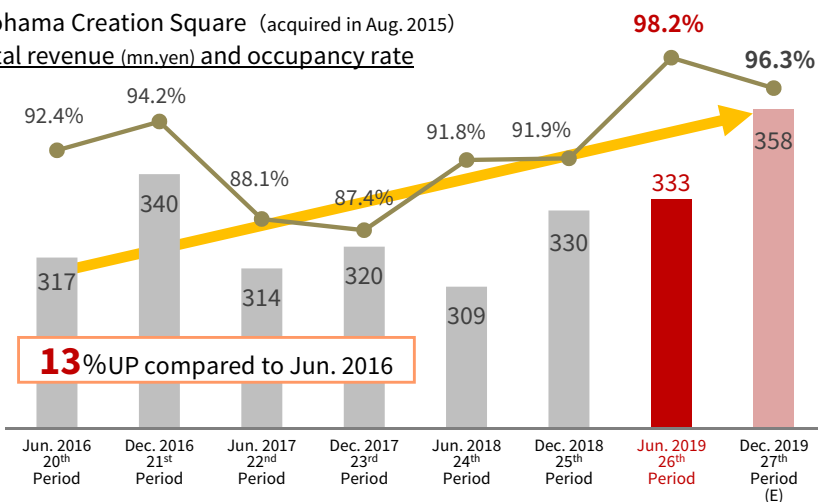
Asset management with a focus on tenant satisfaction & Stable financial base



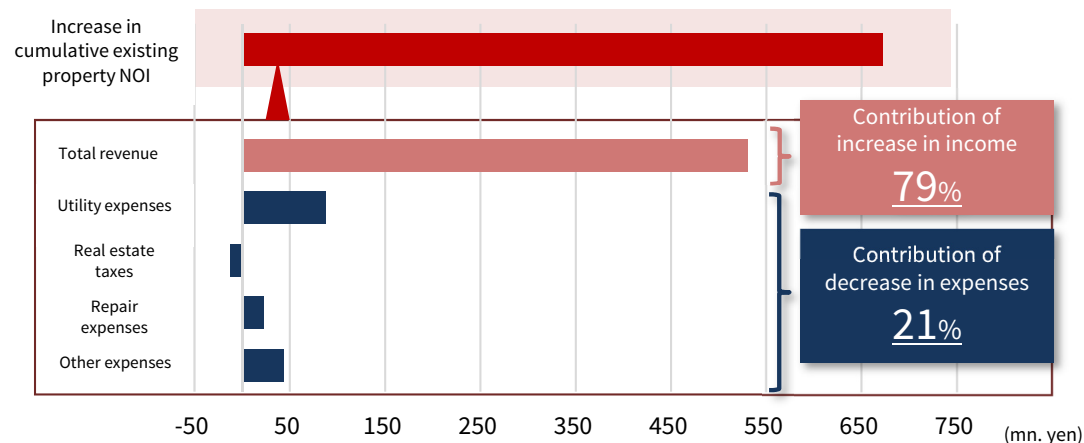
Expanding cash flows by utilizing operational capability and rightsizing costs

Yokohama Creation Square (acquired in Aug. 2015)

Rental revenue (mn.yen) and occupancy rate



Factors contributing to increase in cumulative existing property NOI in the last four and a half years (19th Period – 27th Period)



Successfully created a strong financial base

As of the end of Dec. 2014
(Before MC-UBS participation)

As of the end of Jul. 2019

LTV (Appraisal value base)	47.7%	39.8%
Average interest rate on debts	1.38%	0.97%
Average remaining years of debts	2.3years	4.4years
Issuer rating	R&I : A- (stable)	R&I : A (positive) JCR : AA- (stable)
Commitment Line	—	15.0 bn. yen (Set in August 2016)
Investment corporation bonds	—	Total 8.0 bn. Yen

ESG-conscious portfolio management



Environment, social, and governance (ESG) initiatives

MCUBS MidCity, along with the asset management company, is making active efforts in ESG (Environment, Social, and Governance)

Further, the asset management company issued an ESG Report in January 2019



ESG Report

- ◆ 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
- ◆ **Task Force on Climate-related Financial Disclosure (TCFD)** NEW



GRESB Real Estate Assessment

Acquired a Green Star rating for the third consecutive year and the highest rating of 5 Stars



MSCI Japan ESG Select Leaders Index

- In December 2018, MCUBS MidCity was included in the ESG Select Leaders Index, which represents companies with strong ESG performance from amongst the MSCI Japan IMI Top 700 Index
- In March 2019, received an ESG rating of **AA** from MSCI, the highest amongst J-REITs



MSCI Japan ESG
Select Leaders Index

Since July 2017, the GPIF has begun passive investment linked to the index.

Status of GPIF holdings in term of MidCity (as of the end of March 2019)

- The number of units GPIF increased to invest in FY2018 is ranked in the **top 3**
- The market capitalization ratio was **2.5%**, ranking 11th among all stocks (Last year was 27th)
- **1.4%** overweight relative to market capitalization

The number of units held by GPIF		FY2018	FY2017	Difference
1	Sekisui House Reit, Inc.*	16,662	2,976	13,686
2	ORIX JREIT Inc.	18,262	12,564	5,698
3	MCUBS MidCity Investment Corporation	17,625	12,560	5,065
4	Invincible Investment Corporation	22,270	17,753	4,517
5	LaSalle LOGIPOINT REIT	5,550	2,170	3,380

* Sekisui House Reit, Inc. was merged with Sekisui House Residential Investment Corporation in May 2018.
Source: Announced on July 5, 2019 on the website of the GPIF "For all stocks held (End of fiscal 2018)"



2. FINANCIAL HIGHLIGHTS & FORECASTS FOR THE 27TH AND 28TH PERIOD



Overview of financial results

for the fiscal period ended June 30, 2019 (26th Period) 1

	Fiscal period ended Dec. 31, 2018 (25 th Period)(184 days)	Fiscal period ended Jun. 30, 2019 (26 th Period)(181 days)	Compared to the 25 th Period
Distribution per unit	2,545yen	2,751yen	+ 206yen
NAV per unit ^(Note 1)	89,671yen	93,715yen	+ 4,044yen
FFO per unit ^(Note 2)	2,501yen	2,602yen	+ 101yen
Asset size ^(Note 3)	267,619 mn. yen	260,619 mn. yen	- 7,000 mn. yen
No. of properties under management	23	23	—
No. of tenants	427	371	- 56
Occupancy rate	98.5 %	99.4 %	+ 0.9 pt
Leasable space	368,250.14 m ²	354,878.02 m ²	- 13,372.12 m ²
NOI ^(Note 4)	5,566 mn. yen	5,716 mn. yen	+ 150 mn. yen
Average NOI yield ^(Note 4)	4.2 %	4.5 %	+ 0.3 pt
Average NOI yield after depreciation ^(Note 4)	3.3 %	3.6 %	+ 0.3 pt

Note 1: NAV per unit = [Term-end total interest + (Term-end appraisal value - Term-end book value) + Term-end reserves for reduction entry + Next-term reserves for reduction entry] / Term-end outstanding # of units

Note 2: FFO per unit = (Net income + Loss on sales of property - Gain on sales of property + Depreciation + Loss on retirement) / Term-end outstanding # of units

Note 3: "Asset size" is based on acquisition price.

Note 4: "NOI", "Average NOI yield" and "Average NOI yield after depreciation" do not include dividends receivable of Nagoya Lucent Tower's silent partnership interest (hereinafter referred to as TK interest).

Overview of financial results

for the fiscal period ended June 30, 2019 (26th Period) 2

	Fiscal period ended Dec. 31, 2018 (25 th Period)(184 days)	Fiscal period ended Jun. 30, 2019 (26 th Period)(181 days)	Compared to the 25 th Period
Interest-bearing debts	122,875 mn. yen	115,975 mn. yen	- 6,900 mn. yen
LTV (Book value base) ^(Note 1)	43.8 %	42.2 %	- 1.6 pt
LTV (Appraisal value base) ^(Note 2)	42.2 %	39.8 %	- 2.4 pt
Ratio of long-term debts	94.4 %	100.0 %	+ 5.6 pt
Ratio of fixed interest rate on debts	79.3 %	84.0 %	+ 4.7 pt
Average interest rate on debts	0.98 %	0.99 %	+ 0.01 pt
Average remaining years of debts	3.8 years	3.5 years	- 0.3 years
Issuer rating	R&I : A (Positive) JCR : A+ (Positive)	R&I : A (Positive) JCR : AA- (Stable)	—

Note 1: LTV (Book value base) = Term-end debt / Term-end total assets

Note 2: LTV (Appraisal value base) = Term-end debt / (Term-end total assets ± Unrealized gain/loss) Unrealized gain/loss means gap between book value and appraisal value.

26th Period financial results – Comparison to previous period

(Unit: mn. yen)

	Fiscal period ended Dec. 31, 2018 (25 th Period)	Fiscal period ended Jun. 30, 2019 (26 th Period)	Difference
Operating revenue (mn. yen)	10,798	10,279	- 519
Operating expenses (mn. yen)	5,470	4,641	- 829
Operating income (mn. yen)	5,327	5,638	+ 310
Ordinary income (mn. yen)	4,621	4,994	+ 372
Income before income taxes (mn. yen)	4,621	4,994	+ 373
Net income (mn. yen)	4,620	4,994	+ 373
Reserves for reduction entry (mn. yen)	439	474	+ 35
Total distributions (mn. yen)	4,181	4,520	+338
Distribution per unit (yen)	2,545	2,751	+ 206
Gain/loss on real estate lease business (mn. yen)	4,240	4,496	+ 255
NOI (mn. yen)	5,566	5,716	+ 150
Occupancy rate at end of period	98.5%	99.4%	+ 0.9pt

Operating revenue	- 519
Rent revenue	- 70
One property acquired in 25 th Period	278
One property acquired in 26 th Period	52
Two properties disposed in 25 th • 26 th Period	- 452
Office in Tokyo area	25
Office in Osaka area	13
Others	12
Other lease business revenue	- 119
Utilities revenue	- 76
Other rent revenue	2
Other operating revenue	- 45
Gain on distribution of TK interest (Nagoya Lucent Tower)	- 4
Gain on sales of property	- 325
Operating expenses	- 829
Expenses related to rent business (excl. depreciation, loss on retirement and loss on sales of property)	- 340
Breakdown by property type	
One property acquired in 25 th Period	53
One property acquired in 26 th Period	7
Two properties disposed in 25 th • 26 th Period	- 242
Office in Tokyo area	- 30
Office in Osaka area	- 64
Others	- 64
Breakdown by items	
Real estate taxes	- 7
Utilities expenses	- 141
Repair expenses	- 148
Others	- 41
Depreciation and loss on retirement	- 105
Loss on sales of property	- 427
Asset management fees	35
Other operating expenses	8

26th Period financial results – Comparison to initial forecasts

(Unit: mn. yen)

	Fiscal period ended Jun. 30, 2019 (26 th Period) 2/14 Forecast	Fiscal period ended Jun. 30, 2019 (26 th Period)	Difference
Operating revenue (mn. yen)	10,252	10,279	+ 26
Operating expenses (mn. yen)	4,705	4,641	- 64
Operating income (mn. yen)	5,547	5,638	+ 91
Ordinary income (mn. yen)	4,895	4,994	+ 98
Income before income taxes (mn. yen)	4,895	4,994	+ 99
Net income (mn. yen)	4,894	4,994	+ 99
Reserves for reduction entry (mn. yen)	464	474	+ 9
Total distributions (mn. yen)	4,428	4,520	+ 92
Distribution per unit (yen)	2,695	2,751	+ 56
Gain/loss on real estate lease business (mn. yen)	4,383	4,496	+ 113
NOI (mn. yen)	5,601	5,716	+ 115
Occupancy rate at end of period	98.9%	99.4%	+ 0.5pt

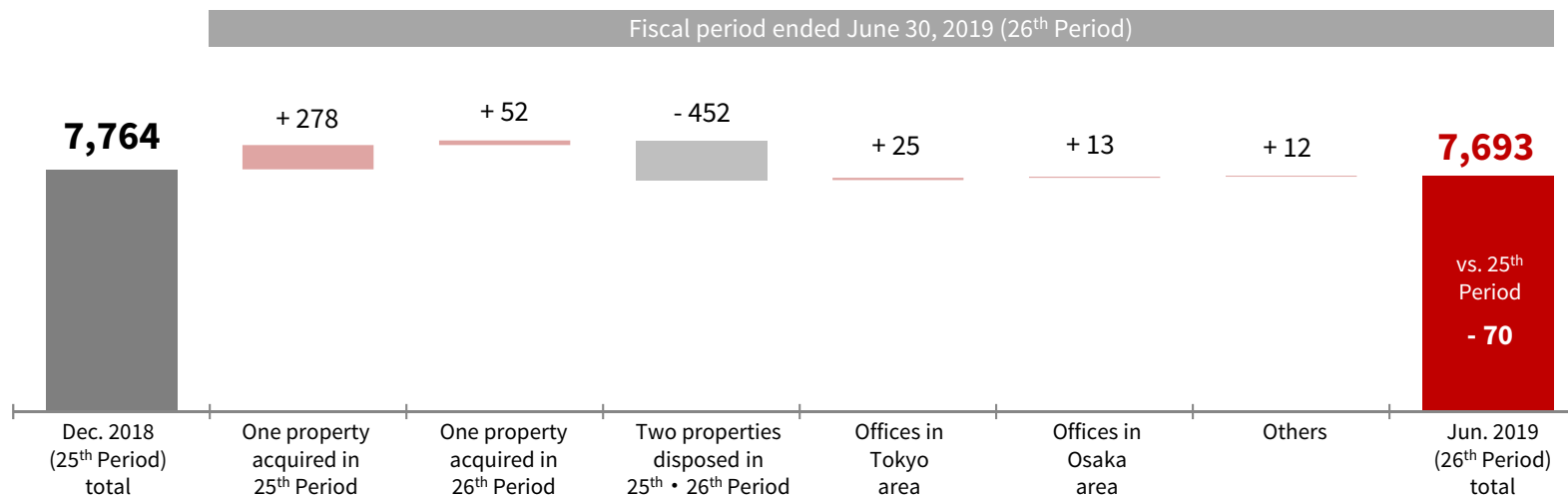
Operating revenue	26
Rent revenue	71
One property acquired in 25 th Period	1
One property acquired in 26 th Period	52
Two properties disposed in 25 th • 26 th Period	+ 0
Office in Tokyo Area	- 1
Office in Osaka Area	14
Others	3
Other lease business revenue	6
Utilities revenue	- 6
Other rent revenue	6
Other operating revenue	6
Gain on distribution of TK interest (Nagoya Lucent Tower)	-3
Gain on sales of property	- 46
Operating expenses	- 64
Expenses related to rent business (excl. depreciation and loss on retirement)	- 38
Breakdown by property type	
One property acquired in 25 th Period	- 2
One property acquired in 26 th Period	7
Two properties disposed in 25 th • 26 th Period	- 0
Office in Tokyo Area	11
Office in Osaka Area	- 52
Others	- 2
Breakdown by items	
Real estate taxes	8
Utilities expenses	- 24
Repair expenses	- 28
Others	6
Depreciation and loss on retirement	2
Loss on sales of property	—
Asset management fees	5
Other operating expenses	- 33

26th Period financial results – Breakdown of change from previous period



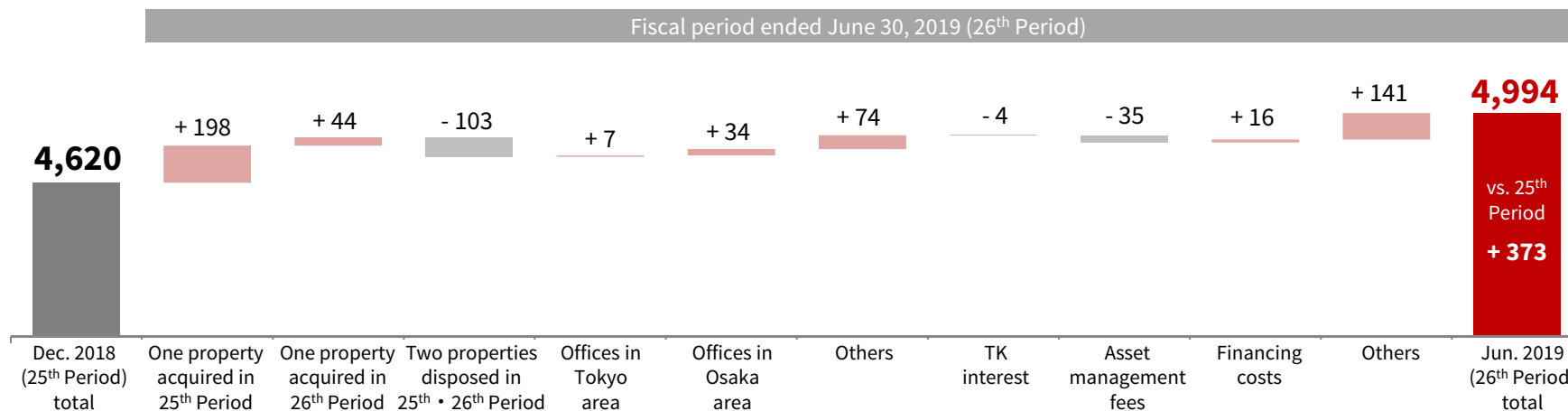
Rent revenue

(Unit: mn. yen)



Net income

(Unit: mn. yen)



NOI after depreciation

Balance sheet

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

Description	Fiscal Period ended Dec. 31, 2018 (25 th Period)		Fiscal Period ended Jun. 30, 2019 (26 th Period)		Difference	
	(as of Dec. 31, 2018)		(as of Jun. 30, 2019)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Assets)						
I Total current assets	17,248	6.1	17,452	6.4	203	1.2
Cash and deposits	12,094		12,862		767	
Cash and deposits in trust	4,872		4,337		- 535	
Operating accounts receivable	180		172		- 7	
Income taxes receivable	33		32		- 0	
Prepaid expenses	68		47		- 20	
Other	0		-		- 0	
II Total non-current assets	263,419	93.8	257,185	93.6	- 6,234	- 2.4
1. Property, plant and equipment						
Buildings in trust	80,908		75,054		- 4,243	
Accumulated depreciation	- 20,830		- 19,219			
Structures in trust	116		188		74	
Accumulated depreciation	- 31		- 28			
Machinery and equipment in trust	5		4		- 1	
Accumulated depreciation	- 2		- 2			
Tools, furniture and fixtures in trust	563		516		- 9	
Accumulated depreciation	- 401		- 364			
Land in trust	197,324		195,353		- 1,971	
Construction in progress in trust	22		27		4	
Total property, plant and equipment	257,676	91.8	251,530	91.6	- 6,146	- 2.4
2. Intangible assets						
Software	2		2		- 0	
Total intangible assets	2	0.0	2	0.0	- 0	- 8.8
3. Investments and other assets						
Investment securities	5,085		5,085		0	
Lease and guarantee deposits	10		10		-	
Long-term prepaid expenses	645		557		- 87	
Deferred tax asset	0		0		- 0	
Total investments and other assets	5,740	2.0	5,652	2.1	- 87	- 1.5
III Deferred assets	121	0.0	98	0.0	- 23	- 19.1
Total assets	280,790	100.0	274,736	100.0	- 6,054	- 2.2

Description	Fiscal Period ended Dec. 31, 2018 (25 th Period)		Fiscal Period ended Jun. 30, 2019 (26 th Period)		Difference	
	(as of Dec. 31, 2018)		(as of Jun. 30, 2019)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
(Liabilities)						
I Total current liabilities	25,775	9.2	27,733	10.1	1,958	7.6
Operating accounts payable	581		365		- 215	
Short term debt	6,900		-		- 6,900	
Current portion of long-term loans payable	15,200		23,750		8,550	
Accounts payable – other	1,007		1,179		171	
Accrued expenses	143		152		8	
Distribution payable	12		12		0	
Consumption taxes payable	129		507		378	
Advances received	1,102		1,159		57	
Other	698		605		- 92	
II Total non-current liabilities	113,756	40.5	104,931	38.2	- 8,824	- 7.8
Investment corporation bonds	8,000		8,000		-	
Long-term loans payable	92,775		84,225		- 8,550	
Tenant leasehold and security deposits	12,341		12,706		365	
Tenant leasehold and security deposits in trust	639		-		- 639	
Total liabilities	139,532	49.7	132,665	48.3	- 6,866	- 4.9
(Net assets)						
I Unitholders' equity	141,257	50.3	142,070	51.7	812	0.6
1. Unitholders' capital	136,452		136,452		-	
2. Surplus						
Voluntary reserve	183		622		439	
Unappropriated retained earnings (undisposed loss)	4,621		4,995		373	
Total surplus	4,805		5,618		812	
Total net assets	141,257	50.3	142,070	51.7	812	0.6
Total liabilities and net assets	280,790	100.0	274,736	100.0	- 6,054	- 2.2

CAPEX during the period: 750 mn. yen

Income statement

Description	Fiscal Period ended Dec. 31, 2018 (25 th Period)		Fiscal Period ended Jun. 30, 2019 (26 th Period)		Difference	
	(Jul. 1, 2018~ Dec. 31, 2018)		(Jan. 1, 2019~ Jun. 30, 2019)			
	(mn. yen)	(%)	(mn. yen)	(%)	(mn. yen)	(%)
1. Operating revenue	10,798	100.0	10,279	100.0	- 519	- 4.8
Rent revenue - real estate	7,764		7,693			
Other lease business revenue	604		485			
Dividends income	165		161			
Gain on disposal of property	2,263		1,938			
2. Operating expenses	5,470	50.7	4,641	45.1	- 829	- 15.2
Expenses related to rent business	4,128		3,682			
Loss on disposal of property	427		-			
Asset management fee	789		824			
Asset custody fee	5		5			
Administrative service fees	36		37			
Directors' compensations	8		11			
Other operating expenses	73		79			
Operating income	5,327	49.3	5,638	54.9	310	5.8
3. Non-operating income	2	0.0	2	0.0	0	2.9
Interest income	0		0			
Reversal of distribution payable	0		1			
Interest on refund	1		0			
Settlement money for property tax	-		0			
Other	0		0			
4. Non-operating expenses	708	6.6	646	6.3	- 61	- 8.7
Interest expenses	431		423			
Corporate bonds interest	22		22			
Borrowing related expenses	138		130			
Amortization of bond issuance costs	5		5			
Amortization of investment units issuance cost	19		17			
Other	89		46			
Ordinary income	4,621	42.8	4,994	48.6	372	8.1
Extraordinary income	-	-	0	0.0	0	-
Subsidy income	-	-	0			
Extraordinary losses	-	-	-	-	-	-
Income before income taxes	4,621	42.8	4,994	48.6	373	8.1
Income taxes	0	0.0	0	0.0	- 0	- 20.0
Income taxes - current	0		0			
Income taxes - deferred	0		0			
Net income	4,620	42.8	4,994	48.6	373	8.1
Retained earnings brought forward	1		1		- 0	- 6.9
Unappropriated retained earnings (undisposed loss)	4,621		4,995		373	8.1

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

Details of rent revenue

Rent revenue	6,212
CAM revenue	1,282
Parking revenue	199

Details of expenses related to rent business

Property management fees	867
Utilities expenses	595
Real Estate taxes	665
Insurance premiums	8
Repair expenses	268
Depreciation	1,220
Other lease business expenses	57

Forecasts for the 27th and 28th Periods

(Unit: mn. yen)

	Fiscal Period ended Jun. 30, 2019 (26 th Period)	Fiscal Period ending Dec. 31, 2019 (27 th Period) Forecast	Fiscal Period ending Jun. 30, 2020 (28 th Period) Forecast	Difference 27 th —26 th	Difference 28 th —27 th
Operating revenue (mn. yen)	10,279	8,340	8,287	- 1,939	- 52
Operating expenses (mn. yen)	4,641	4,538	4,456	- 102	- 81
Operating income (mn. yen)	5,638	3,802	3,831	- 1,836	+ 29
Ordinary income (mn. yen)	4,994	3,214	3,255	- 1,779	+ 40
Income before income taxes (mn. yen)	4,994	3,214	3,255	- 1,780	+ 40
Net income (mn. yen)	4,994	3,213	3,254	- 1,780	+ 40
Reserves for reduction entry (mn. yen)	474	—	—	- 474	—
Total distributions (mn. yen)	4,520	3,212	3,253	- 1,307	+ 41
Distribution per unit (yen)	2,751	1,955	1,980	- 796	+ 25
Gain/loss on real estate lease business (mn. yen)	4,496	4,523	4,598	+ 26	+ 74
NOI (mn. yen)	5,716	5,698	5,797	- 18	+ 99
Occupancy rate at end of period	99.4%	98.4%	98.4%	- 1.0pt	—

■ Breakdown of change between 27th and 26th Periods

Operating revenue	- 1,939
Rent revenue	4
One property acquired in 25 th Period	13
One property acquired in 26 th Period	39
One property disposed in 26 th Period	- 152
Offices in Tokyo area	39
Offices in Osaka area	39
Others	25
Other lease business revenue	- 3
Utilities revenue	19
Other rent revenue	- 7
Other operating revenue	- 16
Gain on distribution	- 1
Gain on sales of property	- 1,938
Operating expenses	- 102
Expenses related to rent business (Excl. depreciation and loss on retirement)	19
Real estate taxes	13
Utilities expenses	39
Repair expenses	- 19
Others	- 14
Depreciation and loss on retirement	- 45
Loss on sales of property	—
Asset management fees	- 106
Others	29

■ Breakdown of change between 28th and 27th Periods

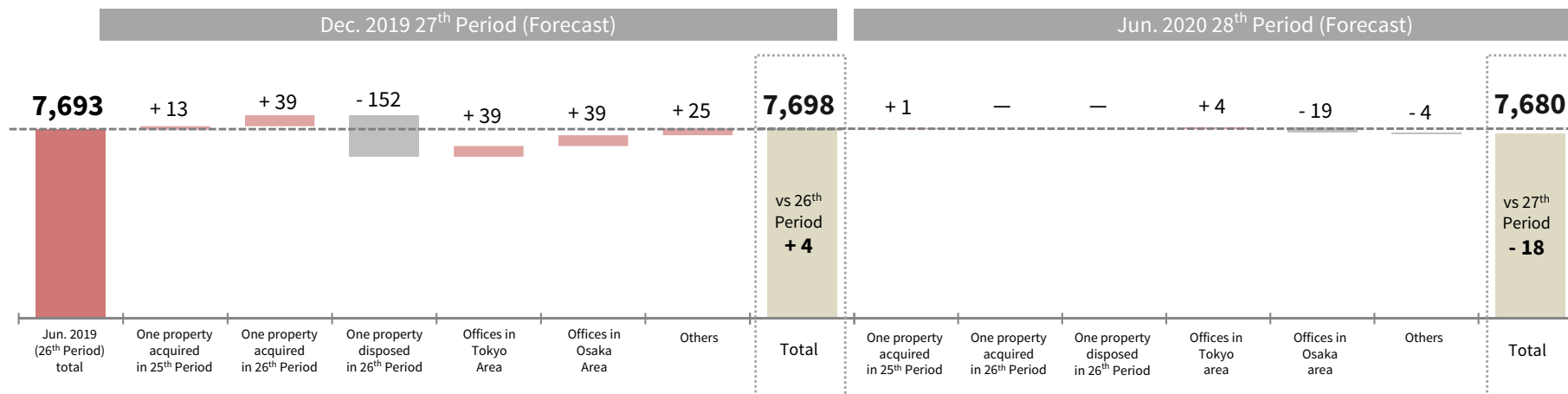
Operating revenue	- 52
Rent revenue	- 18
One property acquired in 25 th Period	1
One property acquired in 26 th Period	—
One property disposed in 26 th Period	—
Offices in Tokyo area	4
Offices in Osaka area	- 19
Others	- 4
Other lease business revenue	- 33
Utilities revenue	- 29
Other rent revenue	+ 0
Other operating revenue	- 4
Gain on distribution	—
Gain on sales of property	—
Operating expenses	- 81
Expenses related to rent business (Excl. depreciation and loss on retirement)	- 151
Real estate taxes	4
Utilities expenses	- 96
Repair expenses	- 33
Others	- 25
Depreciation and loss on retirement	24
Loss on sales of property	—
Asset management fees	2
Others	43

Breakdown of change from previous period



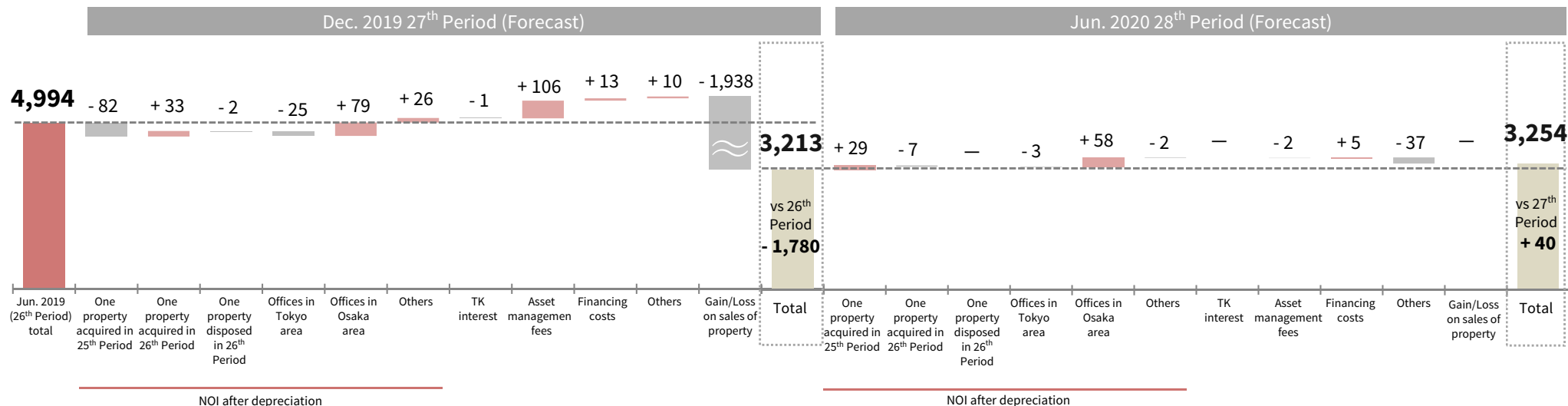
Rent revenue

(Unit: mn. yen)



Net income

(Unit: mn. yen)



Internal reserves



Accumulation of internal reserves

Executed to dispose Matsushita IMP Bldg. in two parts. Gain on disposition to be partly paid out as distribution and partly retained for future stable distribution

Fiscal period ended Dec. 31, 2018 (25 th Period)				Fiscal period ended Jun. 30, 2019 (26 th Period)		
Disposition	Total 16.55 bn. yen	Matsushita IMP Bldg. (55% quasi co-ownership)	MID REIT Kyobashi Bldg.	Total 12.15 bn. yen	Matsushita IMP Bldg. (45% quasi co-ownership)	
	Disposition price	14.85 bn. yen	1.7 bn. yen	Disposition price	12.15 bn. yen	
	Gains/Losses on sale	+ 2.2 bn. yen	- 0.4 bn. yen	Gains on sale	+ 1.9 bn. yen	
Distribution of the gains	Total gains on sales		+ 1.8 bn. yen	Total gains on sales		+ 1.9 bn. yen
	Payout as distributions		1.3 bn. yen	Payout as distributions		1.4 bn. yen
	Reserve for reduction entry		0.4 bn. yen	Reserve for reduction entry		0.4 bn. yen

Policy on Utilization of Accumulated Reserves

The accumulated reserves will be used for stable distribution payment in the event of a temporary decline in distributions in the future.

<Use for Securing Stability>

- Temporary revenue decrease due to large-volume tenants leaving, etc.
- Occurrence of loss on disposition of asset
- Temporary expenses incurred due to natural disasters, etc.

<Use for Growth Strategy>

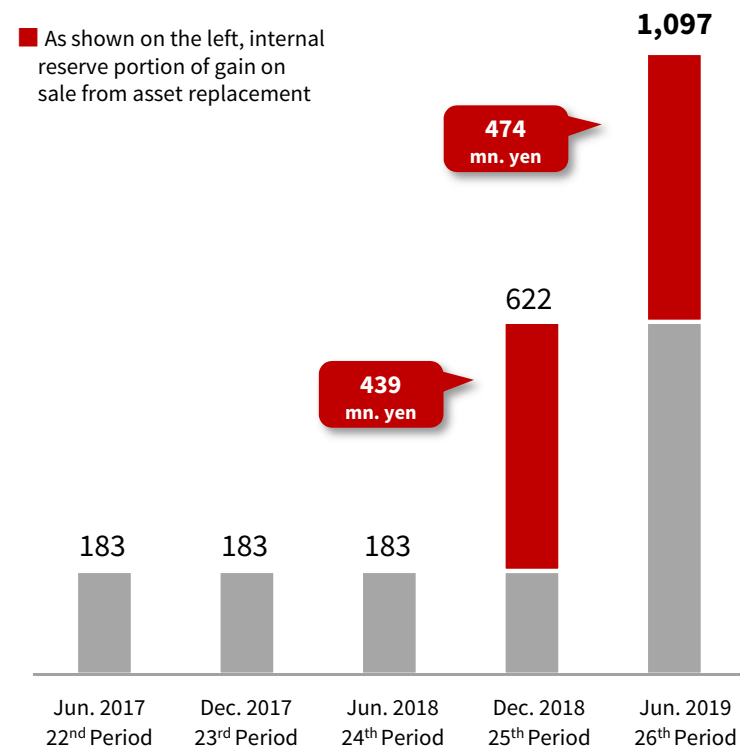
- Reduction in distributions to be attributable to growth investments in major renovations and reconstruction works
- Responding to temporary dilution of distributions due to capital increase during the period



Reserve for reduction entry

Reserve per unit **667 yen** at the end of 26th Period

(mn. yen)



Note: The balance of the reserve for reduction entry is calculated using the amount obtained by deducting the reversal of the reserve for reduction entry or adding the accumulated reserve for reduction entry to the period-end balance of the reserve for reduction entry on the balance sheet each period.

Repair expenses and capex



Repair expenses and capex

Purpose of repairing plan in mid-to-long term

The following repair work plans are created for each of portfolio properties in order to secure stable revenues in the medium- to long-term and improve the physical and functional value of managed real estate

Preventative maintenance work
1.Planned work necessary to maintain physical and functional value
2.Unplanned emergency work anticipated based on past experience
Strategic investment work
1.Value improvements
2.Responding to tenant needs
3.Responding to social needs

	Repair expenses	Capex
25 th Period	417mn. yen	582mn. yen
	Depreciation : 1,325mn. yen	
26 th Period	268mn. yen	750mn. yen
	Depreciation : 1,220mn. yen	
27 th Period (estimate)	248mn. yen	1,331mn. yen
	Depreciation : 1,172mn. yen	
28 th Period (estimate)	214mn. yen	1,238mn. yen
	Depreciation : 1,197mn. yen	

Major construction work scheduled for the 26th Period

Repair expenses			Capex		
Twin21	Centrifugal chiller overhaul	10	Twin21	South Plaza renovation	81
	Lighting equipment outlet replacement	10		Low floors restroom repairs	59
	Total heat exchanger rotor element maintenance	8		Graywater drainage renewal	72
Kitahama MID Bldg.	Humidifying element replacement	9		Improvement of air conditioning control on standard floors	62

Major construction work scheduled for the 27th Period

Repair expenses			Capex		
Yokohama i-land Tower	External wall panel seal replacement	23	Twin21	Park Avenue renovation	63
Sasazuka Center Bldg.	Exterior painting renewal	21		Graywater drainage renewal	70
Twin21	Centrifugal chiller overhaul	9		Improvement of air conditioning control on standard floors	61
	Installation of cold/hot water generators	8	Yokohama i-land Tower	security system renewal	539

Major construction work scheduled for the 28th Period

Repair expenses			Capex		
Cube Kawasaki	Heat-source equipment renewal	53	Yokohama i-land Tower	Purchase of boiler trenches	160
Yokohama i-land Tower	Exterior cleaning	17		Smoking area renewal	101
Twin21	Improvement of substation equipment	9		Restroom repairs	72
	Replacement of VAV	9	Cube Kawasaki	Heat-source equipment renewal	314

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3. PORTFOLIO



Portfolio overview (as of the end of Jun. 2019)

Area	Property No.	Property name	Location	Completion date	Acquisition date	Acquisition price (mn. yen)	NOI yield	NOI yield after depreciation	Leasable Space (㎡)	No. of tenants	Occupancy rate	
Office												
Three major metropolitan areas	Tokyo area	OT-1	Sumitomo Fudosan Ueno Bldg. No.6	Taito-ku, Tokyo	Nov. 1993	May 2015	7,460	5.1%	4.1%	6,858.16	2	100.0%
		OT-2	G-Square Shibuya Dogenzaka	Shibuya-ku, Tokyo	Oct. 2009	Aug. 2015	12,220	3.8%	3.3%	5,010.68	8	100.0%
		OT-3	Shibuya Sakuragaoka Square	Shibuya-ku, Tokyo	Mar. 2010	Aug. 2015 Feb. 2017	17,130	3.5%	2.9%	6,379.66	4	100.0%
		OT-4	Yokohama Creation Square	Kanagawa-ku, Yokohama	Mar. 1994	Aug. 2015	7,080	4.9%	4.2%	12,706.18	42	98.2%
		OT-5	Cube Kawasaki	Kawasaki-ku, Kawasaki	May 1982	Aug. 2015	20,050	5.2%	4.6%	24,494.06	10	100.0%
		OT-6	Higashi-Nihombashi Green Bldg.	Chuo-Ku, Tokyo	Mar. 1988	Dec. 2015	2,705	5.3%	4.6%	3,254.77	7	100.0%
		OT-7	Sasazuka Center Bldg.	Shibuya-ku, Tokyo	Mar. 1995	Mar. 2017	8,700	4.4%	3.9%	8,239.17	9	100.0%
		OT-8	USC Bldg.	Koto-ku, Tokyo	Jan. 1990 etc.	Apr. 2017 Feb. 2018	10,800	4.4%	3.8%	12,489.08	9	93.9%
		OT-9	Yoshiyasu Kanda Bldg.	Chiyoda-Ku, Tokyo	May 1989 etc.	Feb. 2018	4,000	4.3%	4.0%	3,149.30	6	100.0%
		OT-10	TOYOTA MOBILITY SERVICE Bldg.	Chuo-Ku, Tokyo	Jun. 2008	Mar. 2018	9,200	4.3%	3.3%	6,123.81	1	100.0%
		OT-11	M-City Akasaka 1-chome Bldg.	Minato-Ku, Tokyo	Mar. 1985	Mar. 2018	4,205	1.8%	1.6%	2,581.62	12	100.0%
		OT-12	Yokohama i-land Tower	Naka-ku, Yokohama	Feb. 2003	Sep. 2018	22,100	4.3%	3.5%	25,460.50	7	100.0%
		OT-13	M-City Edogawabashi Bldg.	Bunkyo-ku, Tokyo	Sep. 1992	Mar. 2019	4,070	4.2%	3.9%	3,472.70	2	100.0%
	Osaka area	OO-1	Twin 21	Chuo-ku, Osaka	Mar. 1986	Aug. 2006	68,700	4.5%	3.2%	82,304.84	110	99.2%
		OO-5	MID Imabashi Bldg.	Chuo-ku, Osaka	Oct. 1990	Apr. 2007	3,270	2.7%	1.2%	4,277.63	21	100.0%
		OO-7	Kitahama MID Bldg.	Chuo-ku, Osaka	Feb. 2008	Apr. 2008	10,800	4.2%	3.4%	10,189.49	11	100.0%
		OO-8	MID Nishihommachi Bldg.	Nishi-ku, Osaka	Mar. 1989	Oct. 2008	3,550	2.6%	1.4%	3,881.74	18	100.0%
		OO-9	Higobashi MID Bldg.	Nishi-ku, Osaka	Jan. 2010	Jun. 2013	3,000	5.1%	3.6%	4,655.57	12	100.0%
Other	Other major cities	OR-1	Sendai Capital Tower	Aoba-ku, Sendai	Mar. 1974	Feb. 2017	5,500	5.9%	5.0%	12,997.45	76	95.8%
Subtotal (Office)					—	—	224,540	4.4%	3.5%	238,526.41	367	99.1%
Other than Office Bldg.												
Three major metropolitan areas	Tokyo area	RT-1	AEON MALL Tsudanuma	Narashino-shi, Chiba	Sep. 2003 etc.	Aug. 2006	26,100	5.1%	4.2%	101,210.44	1	100.0%
	Osaka area	RO-1	Konami Sports Club Kyobashi	Miyakojima-ku, Osaka	Jun. 1999	Aug. 2006	2,780	6.3%	5.0%	9,586.26	1	100.0%
Other	Other major cities	HR-1	Dormy Inn Hakata Gion	Hakata-ku, Fukuoka	Jan. 2009	Sep. 2013	2,280	7.2%	5.5%	5,554.91	2	100.0%
Subtotal (Other than Office)					—	—	31,160	5.4%	4.4%	116,351.61	4	100.0%
Total					—	—	255,700	4.5%	3.6%	354,878.02	371	99.4%
TK Interest for Office												
Three major metropolitan areas	Nagoya area	TK-1	Nagoya Lucent Tower (TK interest)	Nishi-ku, Nagoya	—	Aug. 2015	4,919	—	—	—	—	—
Total					—	—	260,619	—	—	—	—	—

Portfolio profitability

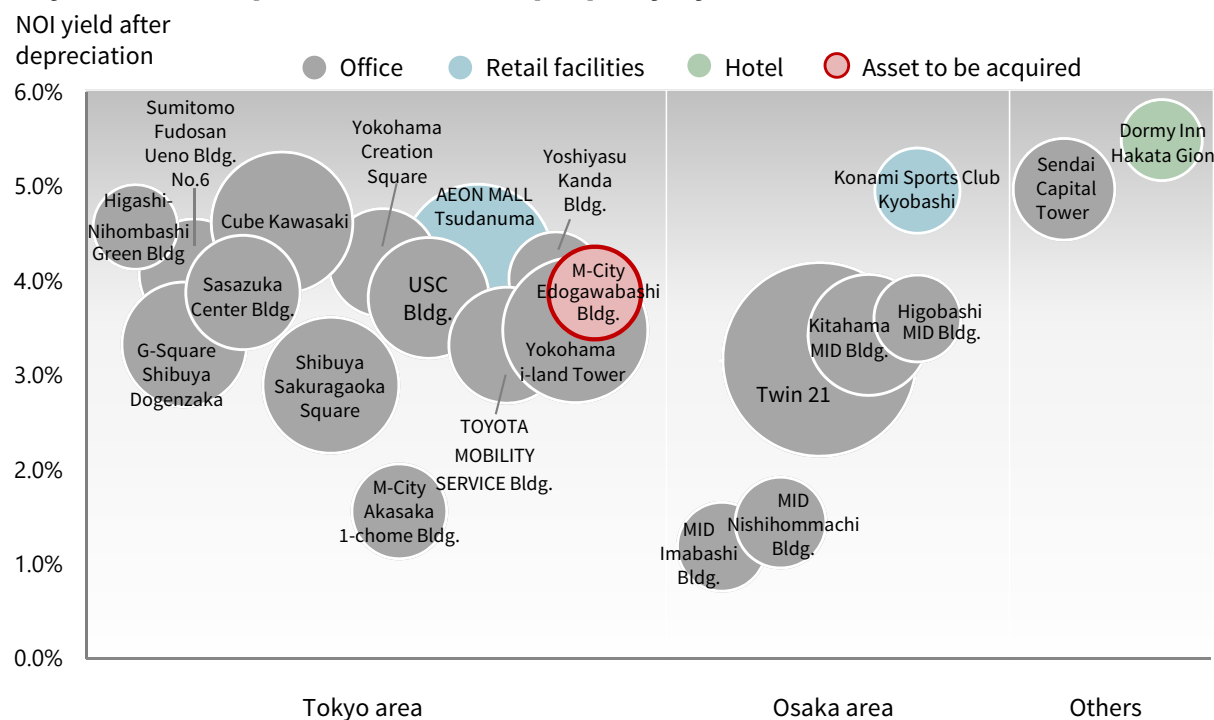
	As of the end of Jun. 2018	As of the end of Dec. 2018
Average NOI yield ^(Note 1)	4.3%	4.2%
Average NOI yield after depreciation ^(Note 1)	3.2%	3.3%



As of the end of Jun. 2019
4.5%
3.6%

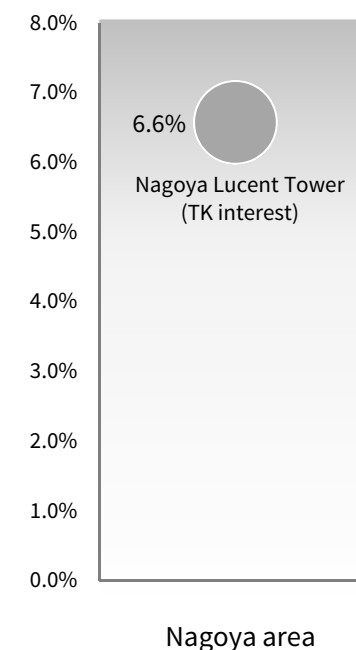


NOI yield after depreciation of each property by area^(Note 2)



Dividend yield of TK interest

Dividend yield



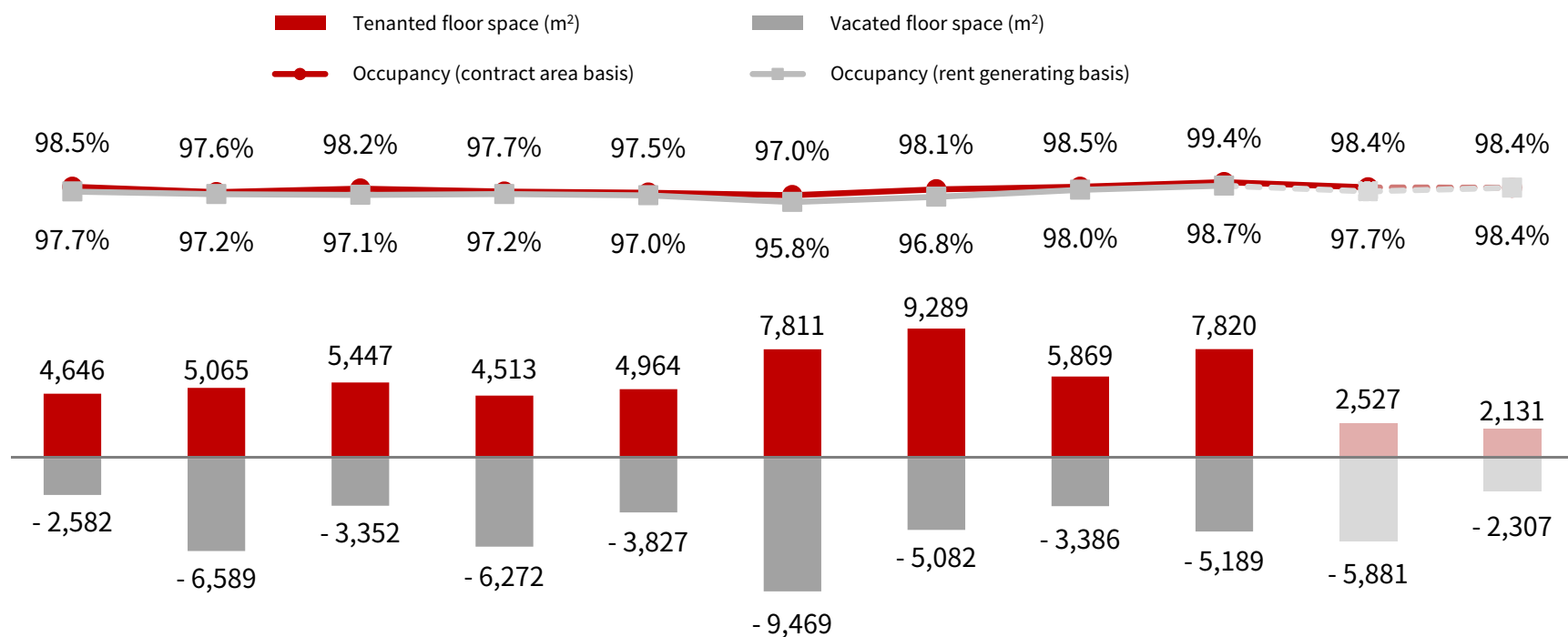
Note 1: TK interest of Nagoya Lucent Tower is not included.

Note 2: Size of each bubble is proportionate to the acquisition price of each asset.

Portfolio operation



Tenanted/Vacated floor space and occupancy



Cancellation rate	- 0.9%	- 2.0%	- 1.0%	- 1.9%	- 1.1%	- 2.7%	- 1.4%	- 0.9%	- 1.5%	- 1.7%	- 0.7%
	Jun. 2015 18th Period	Dec. 2015 19th Period	Jun. 2016 20th Period	Dec. 2016 21st Period	Jun. 2017 22nd Period	Dec. 2017 23rd Period	Jun. 2018 24th Period	Dec. 2018 25th Period	Jun. 2019 26th Period	Dec. 2019 27th Period (E)	Jun. 2020 28th Period (E)

Occupancy by property

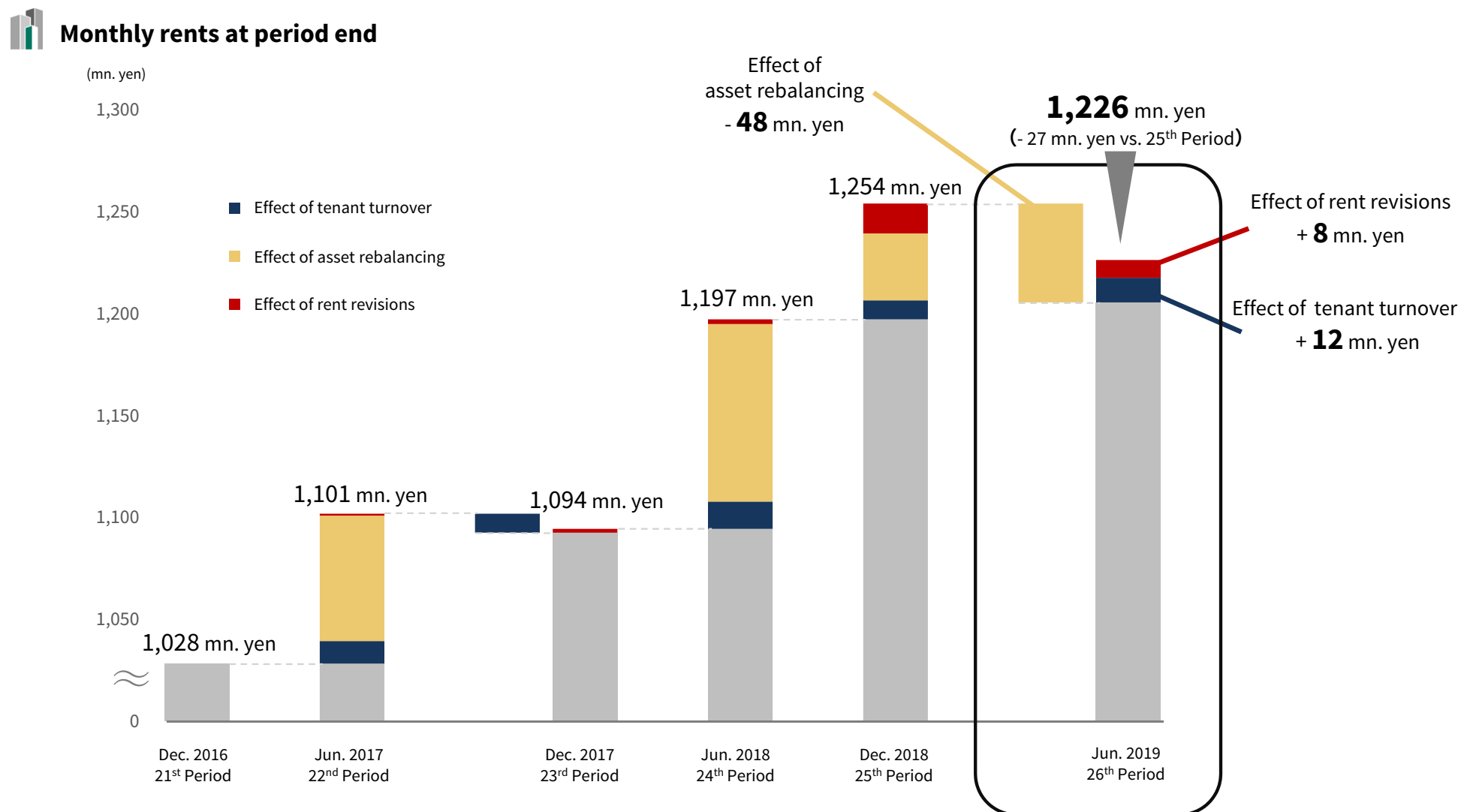
Type	Property Name	Leasable Space (㎡)	①Occupancy rate as of Dec. 31, 2018 (25 th Period End)(%)	②Occupancy rate as of Jun. 30, 2019 (26 th Period End)(%)	Difference ② - ① (points)	Tenant movements during 26 th Period (Jan. 1, 2019–Jun. 30, 2019)			
						New tenant occupancy (㎡)	Increase in leased space for existing tenants(㎡)	Cancellation (㎡)	Decrease in leased space for existing tenants(㎡)
Office	Sumitomo Fudosan Ueno Bldg. No.6	6,858.16	100.0	100.0	-	-	-	-	-
	G-Square Shibuya Dogenzaka	5,010.68	100.0	100.0	-	-	-	-	-
	Shibuya Sakuragaoka Square	6,379.66	100.0	100.0	-	-	-	-	-
	Yokohama Creation Square	12,706.18	91.9	98.2	6.3	998.74	-	- 204.76	-
	Cube Kawasaki	24,494.06	100.0	100.0	-	-	-	-	-
	Higashi-Nihombashi Green Bldg.	3,254.77	100.0	100.0	-	-	-	-	-
	Sasazuka Center Bldg.	8,239.17	100.0	100.0	-	1,017.96	-	- 998.69	-
	USC Bldg.	12,489.08	93.9	93.9	-	-	-	-	-
	Yoshiyasu Kanda Bldg.	3,149.30	100.0	100.0	-	-	-	-	-
	TOYOTA MOBILITY SERVICE Bldg.	6,123.81	100.0	100.0	-	-	-	-	-
	M-City Akasaka 1-chome Bldg.	2,581.62	100.0	100.0	-	459.78	-	- 460.01	-
	Yokohama i-land Tower	25,460.50	98.2	100.0	1.8	464.02	-	-	-
	M-City Edogawabashi Bldg.	3,472.70	-	100.0	-	-	-	-	-
	Subtotal (Tokyo area)	120,219.69	98.1	99.2	1.1	2,940.50	-	- 1,663.46	-
	Twin 21	82,304.84	98.2	99.2	1.0	3,884.13	-	- 3,079.68	-
	Matsushita IMP Bldg.	-	96.7	-	-	-	-	-	-
	MID Imabashi Bldg.	4,277.63	100.0	100.0	-	-	-	-	-
	Kitahama MID Bldg.	10,189.49	100.0	100.0	-	-	-	-	-
	MID Nishihommachi Bldg.	3,881.74	100.0	100.0	-	-	-	-	-
	Higobashi MID Bldg.	4,655.57	100.0	100.0	-	-	-	-	-
	Subtotal (Osaka area)	105,309.27	98.3	99.4	1.0	3,884.13	-	- 3,079.68	-
	Sendai Capital Tower	12,997.45	91.5	95.8	4.2	995.84	-	- 446.01	-
	Subtotal (Other)	12,997.45	91.5	95.8	4.2	995.84	-	- 446.01	-
Office total		238,526.41	97.9	99.1	1.2	7,820.47	-	- 5,189.15	-
Other	AEON MALL Tsudanuma	101,210.44	100.0	100.0	-	-	-	-	-
	Konami Sports Club Kyobashi	9,586.26	100.0	100.0	-	-	-	-	-
	Dormy Inn Hakata Gion	5,554.91	100.0	100.0	-	-	-	-	-
Other total		116,351.61	100.0	100.0	-	-	-	-	-
Total		354,878.02	98.5	99.4	0.9	7,820.47	-	- 5,189.15	-

Increased by
+ 7,820.47㎡

Net increase + 2,631.32㎡

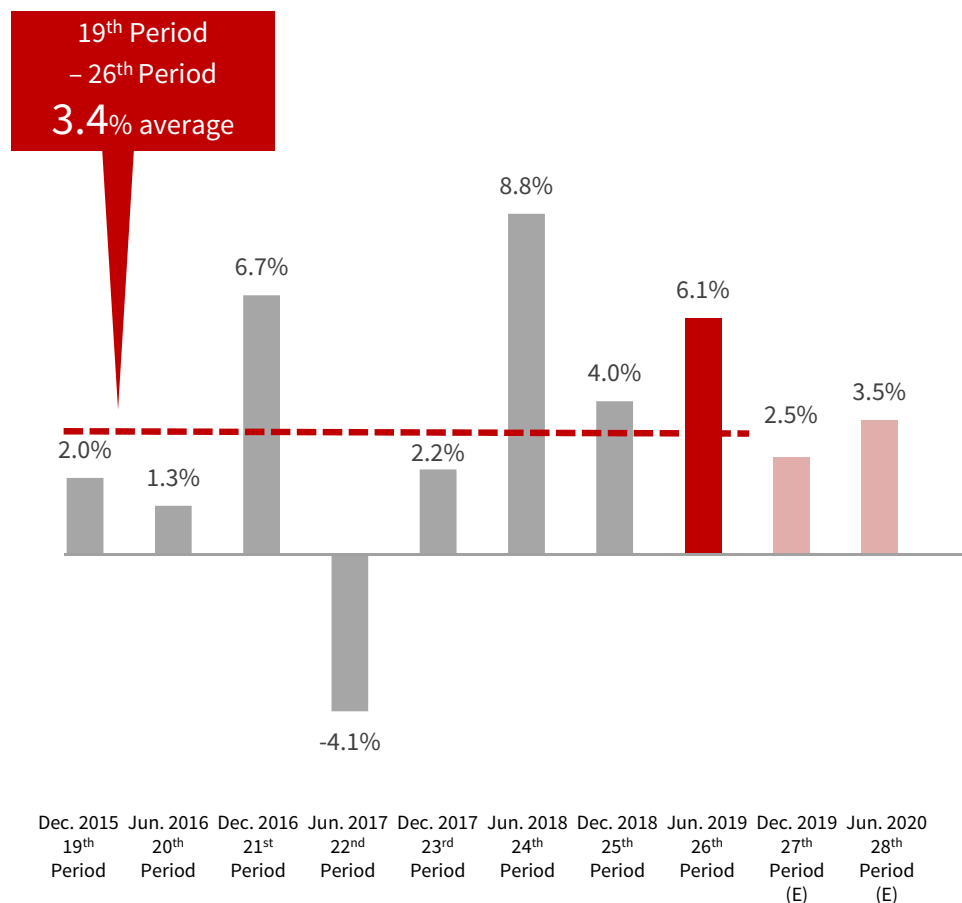
Decreased by
- 5,189.15㎡

Monthly rents

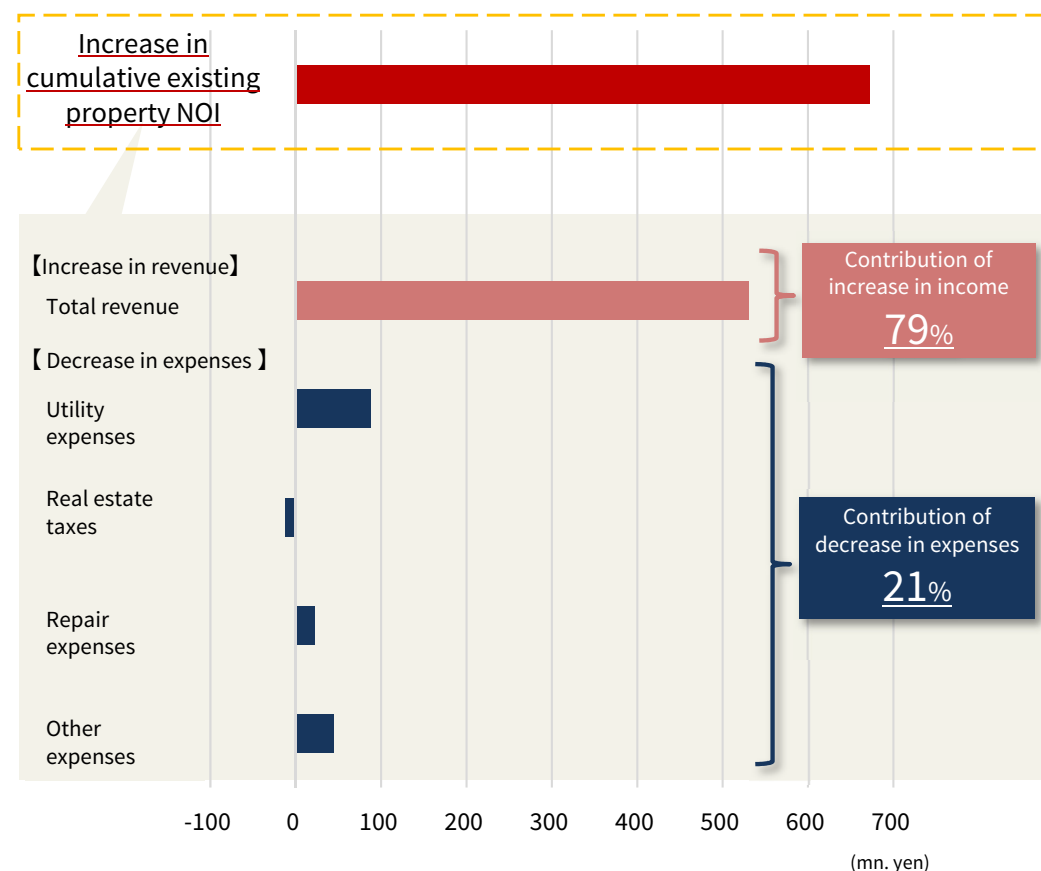


Growth in existing property NOI

Annualized LFL NOI Growth



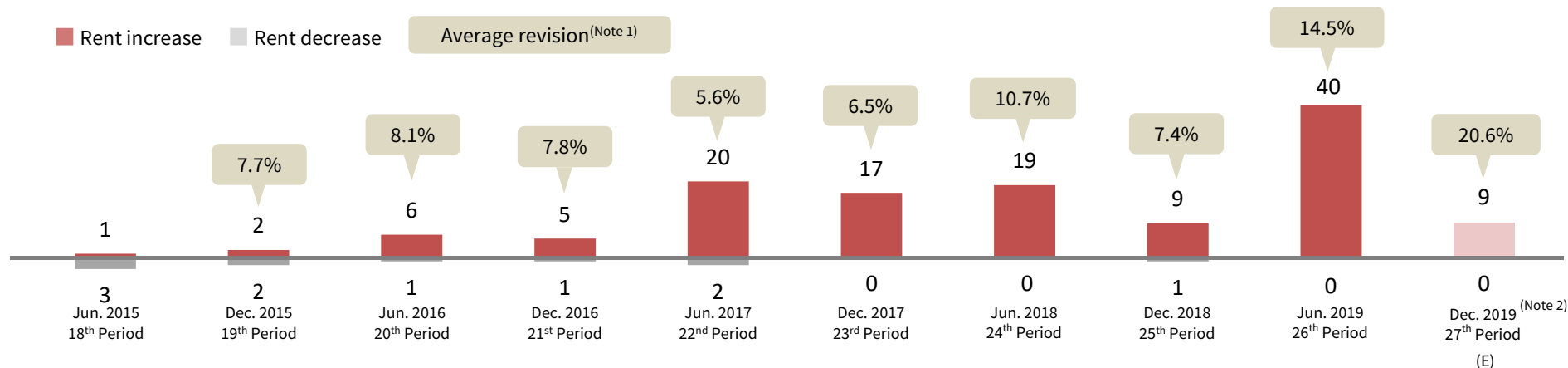
Factors contributing to increase in cumulative existing property NOI in the last four and a half years (19th Period – 27th Period)



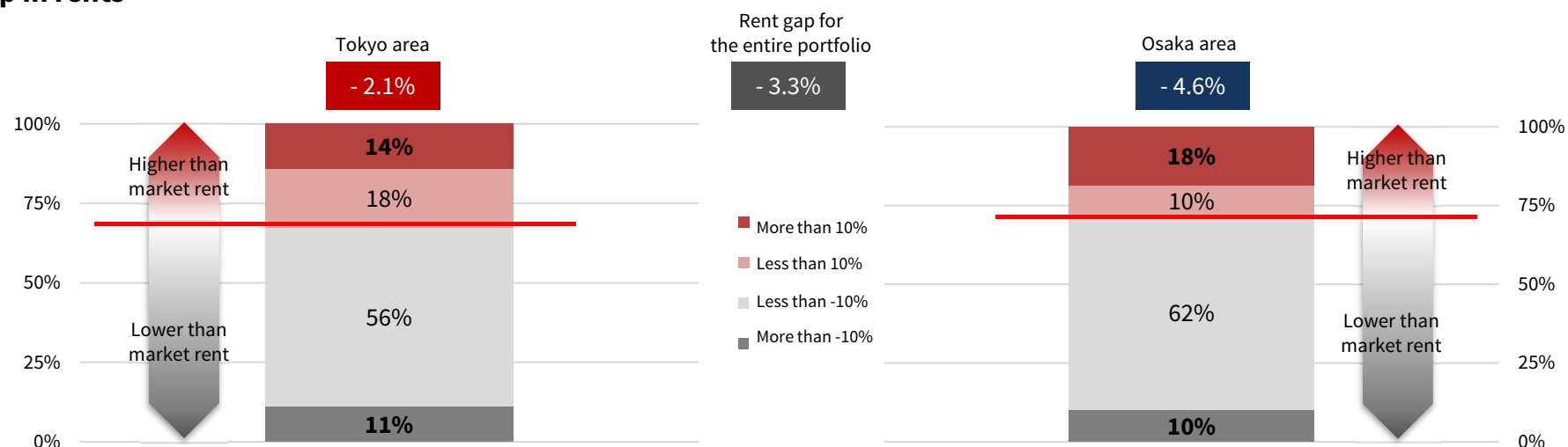
Note: LFL (like-for-like) NOI Growth is an annualized change of total NOI from all properties owned for past two full periods. Unrecognized real estate taxes are adjusted for newly acquired properties.

Revisions and gaps in rents

No. of rent revisions



Gap in rents (Note 3)



Note 1: Average revision is the weighted average of the change from prior rent per unit to new rent for upwardly revised contract renewals for each period.

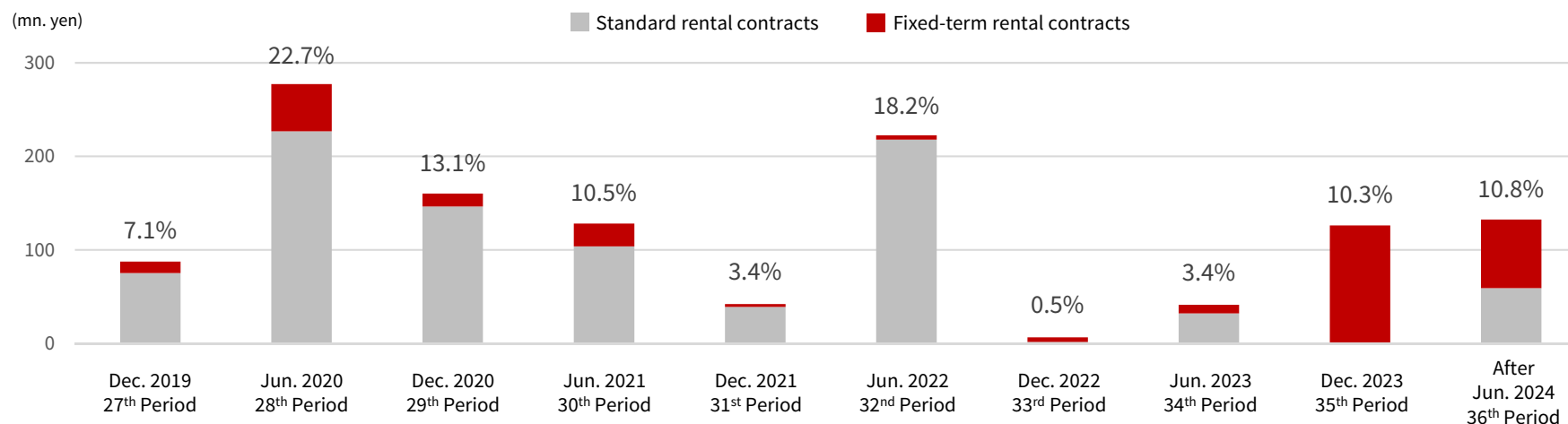
Note 2: The number of rent revisions for the Fiscal Period ending Dec. 31, 2019 (27th Period) is the number of rent revisions as of June 30, 2019.

Note 3: Market rent refers to market's estimated concluded rent (standard floor) of each property appraised as of Dec. 2018 by CBRE. The rents identical with market rent are included in "within 10%".

Diversification of tenant contract types

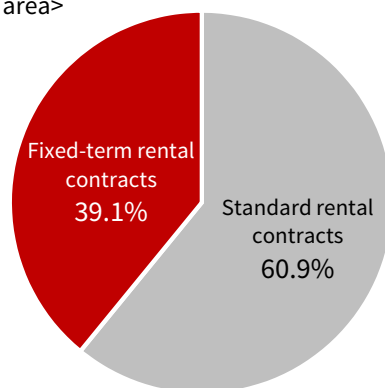
Diversification of contract expiry (Note 1)

<Based on rent and CAM revenues (Note 2)>

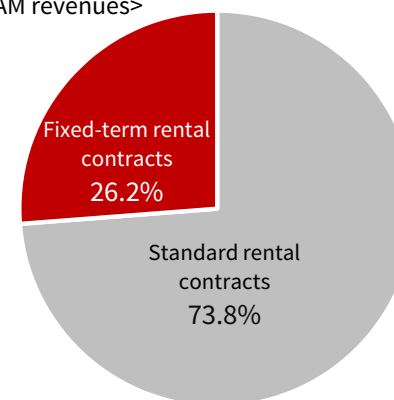


Ratio of tenants by contract type (Note 1)

<Based on leased area>



<Based on rent and CAM revenues>



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

Note 2: Ratio of contracts scheduled to expire in the corresponding period to the contracts for tenants (rent + CAM revenues) as of June 30, 2019, excluding the one property in Note 1.

Appraisal value by property

Type	Region	Property name	Acquisition price (mn yen)	Appraisal value as of Dec. 31, 2018 (25 th Period End) (mn. yen)	Appraisal value as of Jun. 30, 2019 (26 th Period End) (mn. yen)	Book value as of Jun. 30, 2019 (26 th Period End) (mn. yen)	Difference from previous period end (%)	Difference from book value (%)	Appraisal company	25 th Period appraisal value rate (%)	26 th Period appraisal value rate (%)
Office	Three major metropolitan areas (Tokyo / Osaka / Nagoya)	Sumitomo Fudosan Ueno Bldg. No.6	7,460	8,520	8,700	7,548	2.1%	15.3%	Tanizawa Sogo Appraisal Co., Ltd.	3.8%	3.7%
		G-Square Shibuya Dogenzaka	12,220	15,100	16,000	12,156	6.0%	31.6%	Japan Real Estate Institute	3.2%	3.1%
		Shibuya Sakuragaoka Square	17,130	19,400	19,400	17,357	0.0%	11.8%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	3.1%
		Yokohama Creation Square	7,080	8,180	8,190	7,015	0.1%	16.7%	Tanizawa Sogo Appraisal Co., Ltd.	4.2%	4.1%
		Cube Kawasaki	20,050	22,500	22,600	20,410	0.4%	10.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.0%	4.0%
		Higashi-Nihombashi Green Bldg.	2,705	3,090	3,160	2,841	2.3%	11.2%	Japan Real Estate Institute	4.1%	4.0%
		Sasazuka Center Bldg.	8,700	9,090	9,120	9,057	0.3%	0.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.0%	4.0%
		USC Bldg.(Note 5)	10,800	11,500	11,500	11,095	0.0%	3.6%	Tanizawa Sogo Appraisal Co., Ltd.	4.0%	3.9%
		Yoshiyasu Kanda Bldg.	4,000	4,270	4,280	4,206	0.2%	1.8%	Daiwa Real Estate Appraisal Co., Ltd.	3.7%	3.7%
		TOYOTA MOBILITY SERVICE Bldg.	9,200	10,200	10,200	9,626	0.0%	6.0%	Daiwa Real Estate Appraisal Co., Ltd.	3.8%	3.8%
		M-City Akasaka 1-chome Bldg.	4,205	4,320	4,430	4,340	2.5%	2.1%	Japan Real Estate Institute	3.5%	3.4%
		Yokohama i-land Tower	22,100	23,700	23,400	22,810	- 1.3%	2.6%	Tanizawa Sogo Appraisal Co., Ltd.	4.0%	4.0%
		M-City Edogawabashi Bldg.	4,070	—	4,240	4,130	—	2.6%	JLL Morii Valuation & Advisory K.K.	—	3.9%
		Twin 21	68,700	56,700	59,800	65,914	5.5%	- 9.3%	JLL Morii Valuation & Advisory K.K.	4.3%	4.2%
		MID Imabashi Bldg.	3,270	2,390	2,470	3,074	3.3%	- 19.7%	Tanizawa Sogo Appraisal Co., Ltd.	4.4%	4.3%
		Kitahama MID Bldg.	10,800	9,770	10,700	10,264	9.5%	4.2%	Japan Real Estate Institute	4.0%	3.9%
		MID Nishihommachi Bldg.	3,550	2,300	2,490	3,327	8.3%	- 25.2%	Japan Real Estate Institute	4.3%	4.2%
		Higobashi MID Bldg.	3,000	3,870	3,970	2,779	2.6%	42.8%	Japan Real Estate Institute	4.0%	3.9%
	Other metropolitan area	Sendai Capital Tower	5,500	6,580	6,760	5,623	2.7%	20.2%	Tanizawa Sogo Appraisal Co., Ltd.	4.5%	4.4%
	Subtotal		224,540	221,480	231,410	223,581	—	3.5%		—	—
Other	Three major metropolitan areas	AEON MALL Tsudanuma	26,100	28,500	28,500	23,500	0.0%	21.3%	Daiwa Real Estate Appraisal Co., Ltd.	4.5%	4.5%
		Konami Sports Club Kyobashi	2,780	3,430	3,430	2,339	0.0%	46.6%	Daiwa Real Estate Appraisal Co., Ltd.	4.9%	4.9%
	Other metropolitan area	Dormy Inn Hakata Gion	2,280	4,510	4,600	2,081	2.0%	121.0%	Tanizawa Sogo Appraisal Co., Ltd.	4.2%	4.1%
Subtotal		31,160	36,440	36,530	27,921	—	30.8%	—	—	—	
Total			255,700	257,920	267,940	251,503	—	6.5%	—	—	—

Appraisal value
(compared to prev. period)

Increased
Unchanged
Decreased

14 properties	15 properties
6 properties	5 properties
1 property	1 property

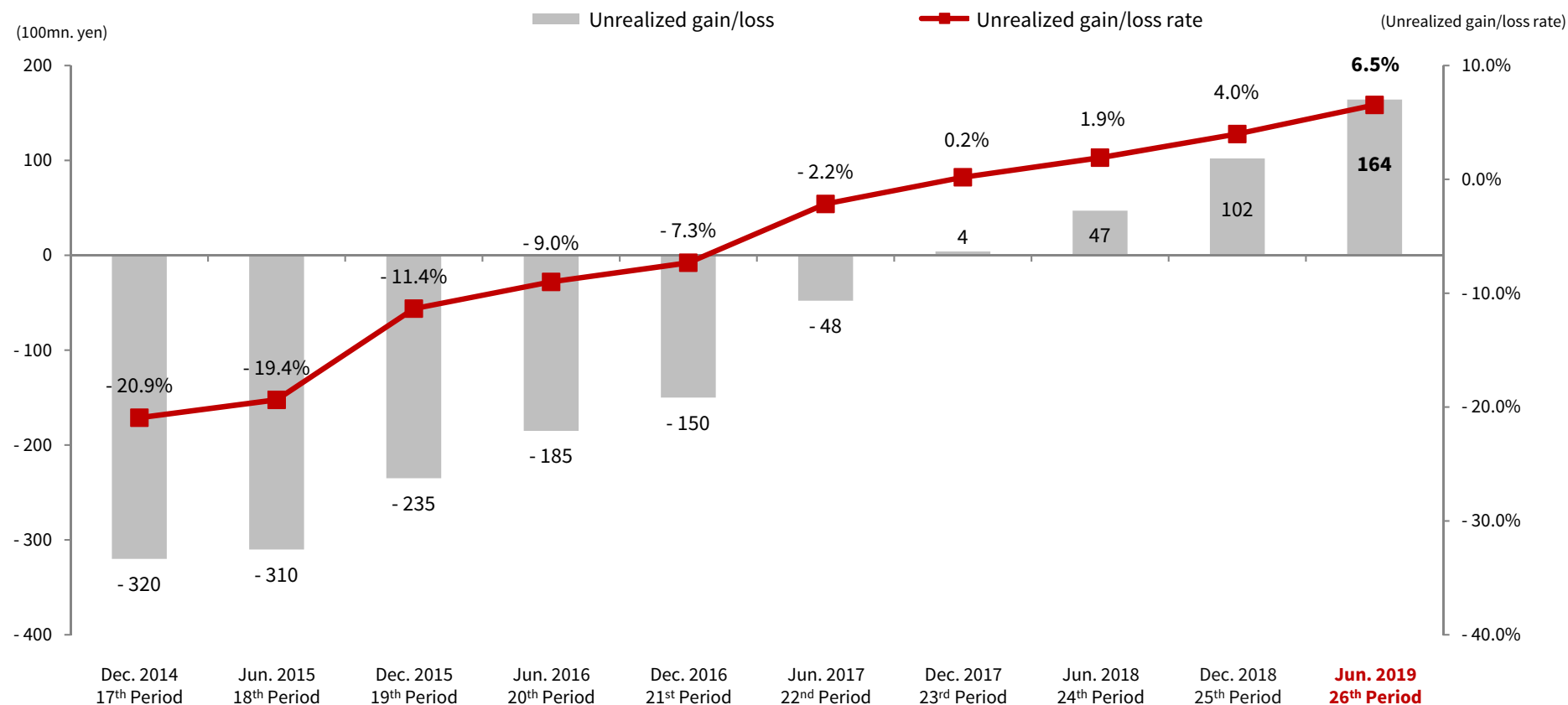
Caprate
(compared to prev. period)

Decreased
Unchanged
Increased

11 properties	13 properties
10 properties	8 properties
0 property	0 property

Unrealized gain/loss

Unrealized gain/loss and unrealized gain/loss rate



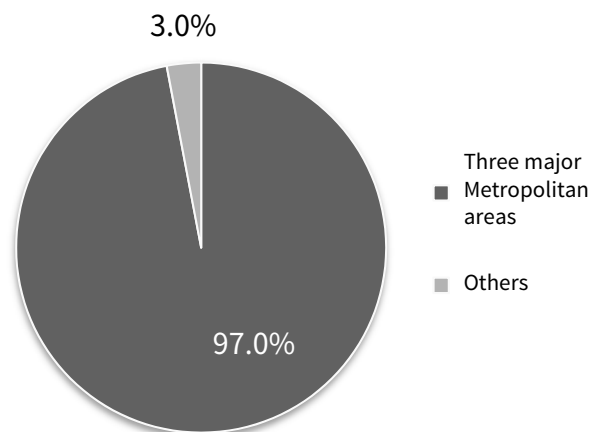
➤ As of 26th Period End (ended Jun. 2019)

Book value:	251.5 bn. yen
Appraisal value:	267.9 bn. yen
Unrealized gain:	16.4 bn. yen

Portfolio data (as of the end of Jun. 2019) 1

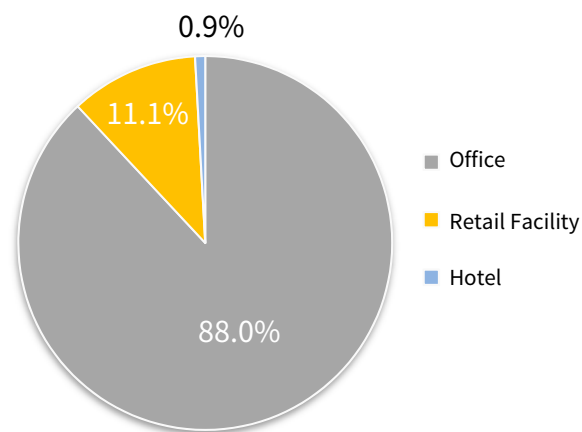
 **By area**

<Based on acquisition price>



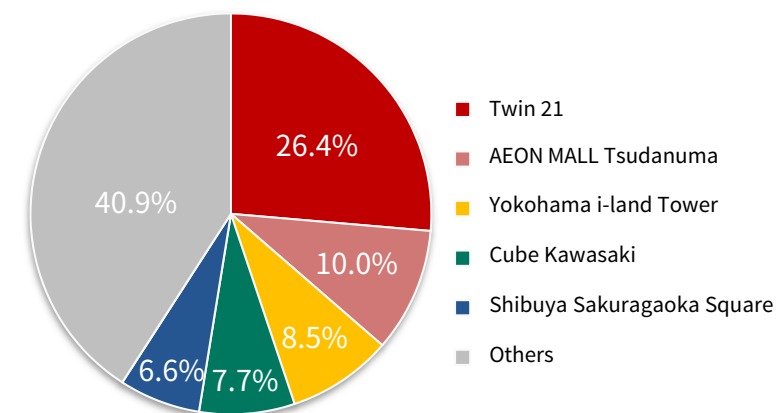
 **By asset type**

<Based on acquisition price>

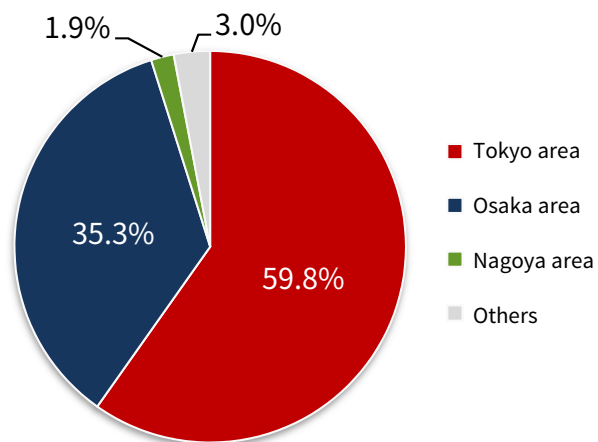


 **By asset size**

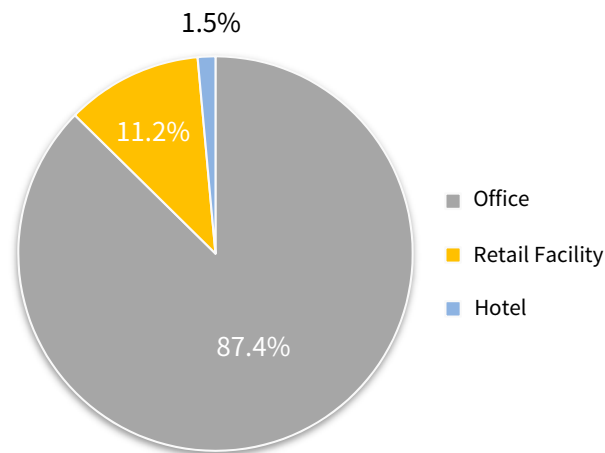
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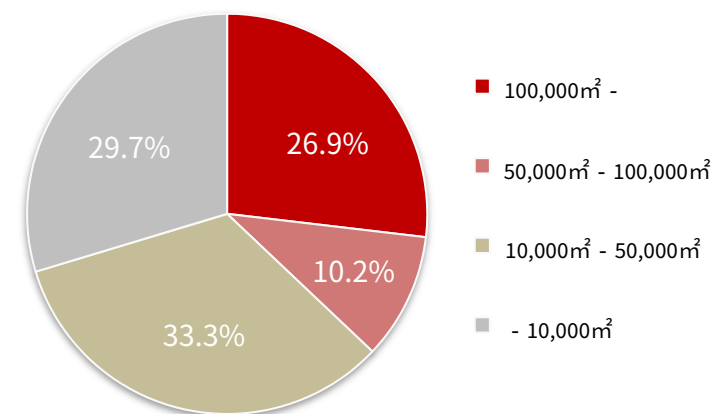
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<Based on rent and CAM revenues^(Note)>



<Based on acquisition price^(Note)>

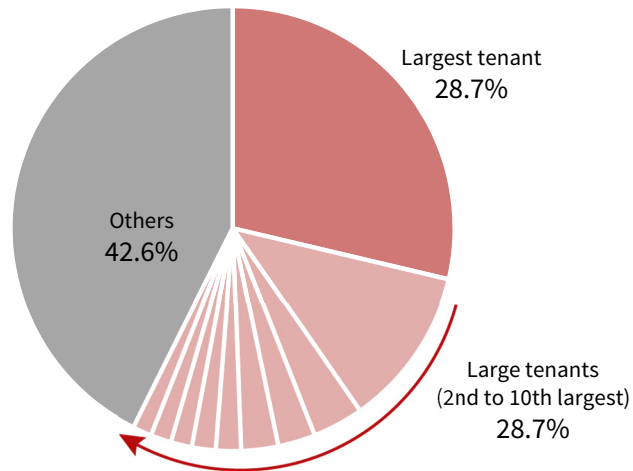


Note : TK interest of Nagoya Lucent Tower is not included.

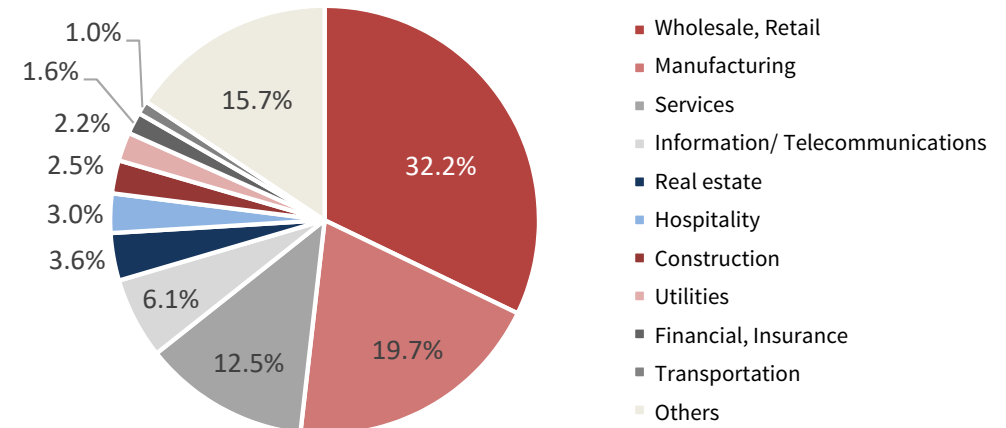
Portfolio data (as of the end of Jun. 2019) 2^(Note)

By tenant

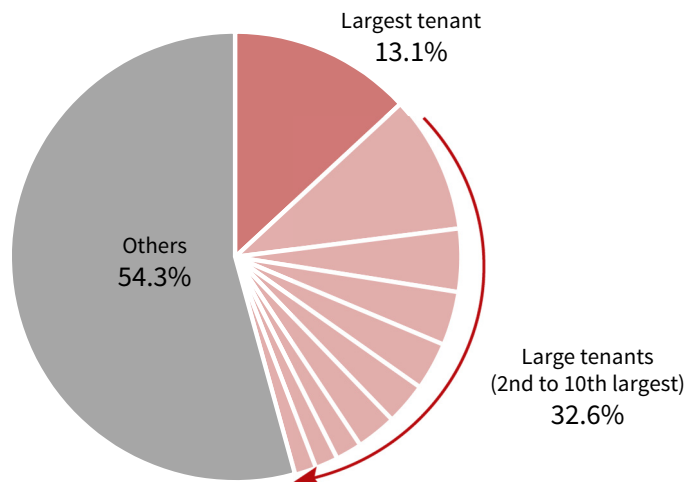
<Based on leased space>



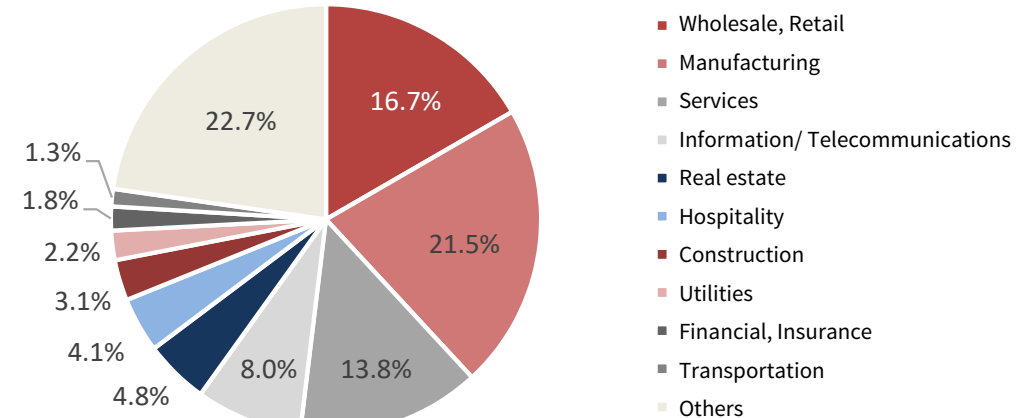
<Based on leased space>



<Based on rent and CAM revenues>



<Based on rent and CAM revenues>



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

Revenue and expenses by property 1

(Fiscal period ended Jun. 30, 2019)

(Unit: mn. yen)

		Sumitomo Fudosan Ueno Bldg. No.6	G-Square Shibuya Dogenzaka	Shibuya Sakuragaoka Square	Yokohama Creation Square	Cube Kawasaki	Higashi- Nihombashi Green Bldg.	Sasazuka Center Bldg.	USC Bldg.	Yoshiyasu Kanda Bldg.	TOYOTA MOBILITY SERVICE Bldg.	M-City Akasaka 1-chome Bldg.	Yokohama i-land Tower
Operating days		181	181	181	181	181	181	181	181	181	181	181	181
	Rent revenue	—	255	288	227	573	56	214	186	74	—	71	460
	CAM revenue	—	25	52	78	82	22	38	84	18	—	4	192
	Parking revenue	—	3	4	10	2	3	3	12	7	—	0	—
	Rent revenue - real estate	—	283	345	317	658	82	255	283	101	—	76	653
	Utilities revenue	—	16	21	12	51	6	9	21	9	—	6	—
	Early-withdrawal penalties received	—	—	—	—	—	—	—	—	—	—	—	—
	Other revenue	—	1	2	3	1	2	1	8	0	—	0	5
	Other lease business revenue		17	23	16	52	8	10	30	9		6	5
	① Property leasing revenue	Not Disclosed	301	369	333	711	91	266	314	110	Not Disclosed	83	659
	Property management fees		19	13	86	54	7	21	22	7		8	120
	Utilities expenses	—	15	22	30	76	6	17	31	8	—	8	20
	Real estate taxes	—	24	28	26	64	6	24	20	4	—	5	30
	Insurance premiums	—	0	0	—	0	0	0	0	0	—	0	1
	Repair expenses	—	9	4	0	1	0	7	3	1	—	22	11
	Other lease business expenses	—	0	0	17	0	0	5	0	2	—	0	2
	② Expenses related to rent business	—	68	68	160	198	20	77	78	25	—	45	186
	③ NOI (①—②)	187	232	300	172	512	70	188	236	85	194	37	472
	④ Depreciation	37	31	54	25	53	9	21	31	5	42	5	91
	⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
	⑥ Property leasing income (③—④—⑤)	150	201	245	147	458	61	167	204	79	151	32	380
CAPEX		7	0	8	7	1	3	11	2	12	1	50	34

Revenue and expenses by property 2 (Fiscal period ended Jun. 30, 2019)

(Unit: mn. yen)

	M-City Edogawabashi Bldg. (Note1)	Twin21	Matsushita IMP Bldg.(Note2)	MID Imabashi Bldg.	Kitahama MID Bldg.	MID Nishi- hommachi Bldg.	Higobashi MID Bldg.	Sendai Capital Tower	AEON MALL Tsudanuma	Konami Sports Club Kyobashi	Dormy Inn Hakata Gion	Total
Operating days	104	181	66	181	181	181	181	181	181	181	181	
Rent revenue	—	1,716	128	81	223	75	90	184	726	—	—	6,212
CAM revenue	—	427	16	4	49	6	19	44	—	—	—	1,282
Parking revenue	—	81	7	8	8	3	2	19	—	—	—	199
Rent revenue - real estate	—	2,224	152	94	281	85	112	248	726	—	—	7,693
Utilities revenue	—	141	13	6	37	9	10	15	—	—	—	415
Early-withdrawal penalties received	—	—	—	—	—	—	—	—	—	—	—	—
Other revenue	—	22	11	1	1	0	0	2	—	—	—	70
Other lease business revenue		164	24	8	39	9	11	17	—			485
① Property leasing revenue	Not Disclosed	2,389	177	102	320	95	123	265	726	Not Disclosed	Not Disclosed	8,179
Property management fees		310	30	14	28	10	12	38	2			867
Utilities expenses	—	222	19	7	26	9	9	34	—	—	—	595
Real estate taxes	—	199	47	12	22	8	13	25	61	—	—	665
Insurance premiums	—	2	0	0	0	0	0	0	0	—	—	8
Repair expenses	—	101	9	23	20	20	12	5	—	—	—	268
Other lease business expenses	—	23	2	—	0	—	0	0	—	—	—	57
② Expenses related to rent business	—	859	109	58	98	48	47	105	64	—	—	2,462
③ NOI (①—②)	48	1,530	68	44	222	46	75	159	661	86	81	5,716
④ Depreciation	4	453	65	25	39	21	22	24	115	18	19	1,220
⑤ Loss on retirement of non-current assets	—	—	—	—	—	—	—	—	—	—	—	—
⑥ Property leasing income (③—④—⑤)	44	1,076	2	19	183	25	53	135	545	68	61	4,496
CAPEX	—	511	5	8	11	3	5	61	—	0	—	750

Note 1: M-City Edogawabashi Bldg. was acquired on March 19, 2019.

Note 2: Matsushita IMP Bldg. was disposed on March 8, 2019.

Portfolio map – Tokyo area and Osaka area

Tokyo area

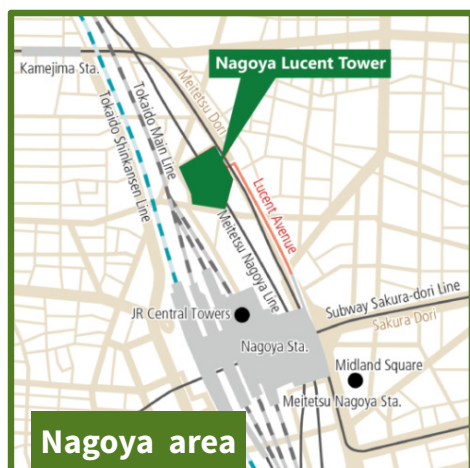


Osaka area



Portfolio map - Nagoya area and others

<As of Jun, 2019>



Tokyo area

No. of assets

14

% of portfolio

59.8%

Osaka area

No. of assets

6

% of portfolio

35.3%

Nagoya area

No. of assets

1

% of portfolio

1.9%

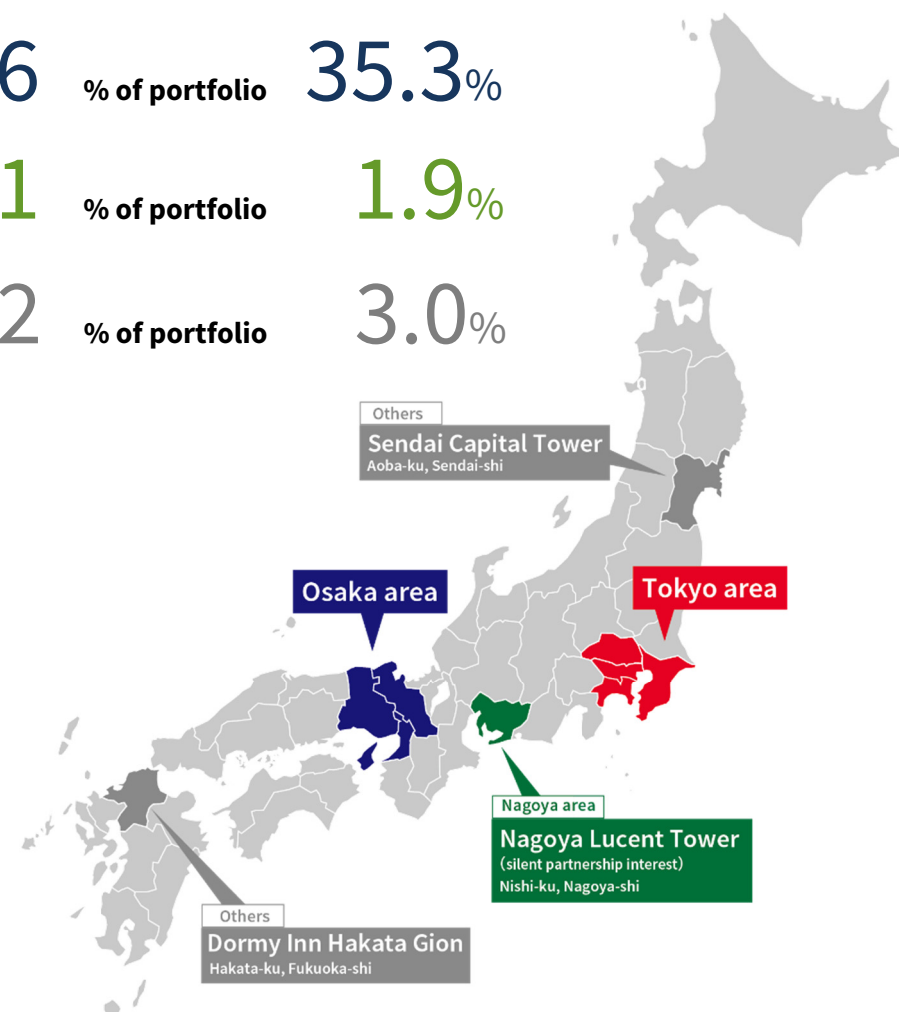
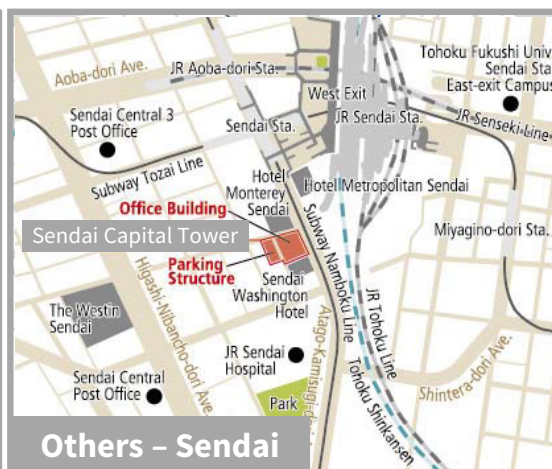
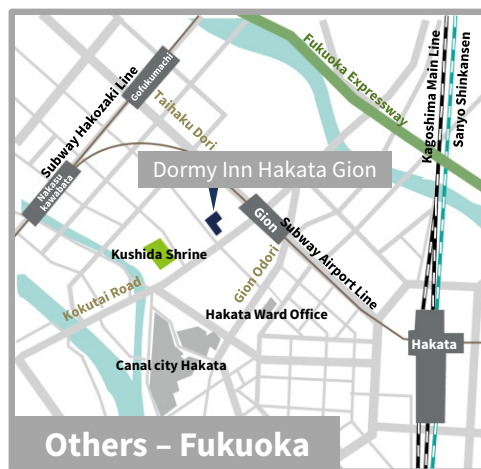
Other major cities

No. of assets

2

% of portfolio

3.0%



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

Portfolio overview - Office in Tokyo area 1



Sumitomo Fudosan Ueno Bldg. No.6

- ✓ Office building with the standard floor area of over 200 tsubo, with high scarcity value in Ueno Area
- ✓ Stable occupancy by leasing the entire building to a major manufacturer group

Location	Taito-ku, Tokyo
Total land space	1,323.78m ²
Total floor space	9,631.83m ²
Structure/scale	SRC/B2F-11F
Completion date	Nov. 1993
Acquisition price	7,460 mn. yen
Acquisition Date	May 1, 2015



G-Square Shibuya Dogenzaka

- ✓ Located in Shibuya/Ebisu, an area with one of the lowest vacancy rates in Tokyo
- ✓ Recently built high-grade office building, which is rare in Shibuya area
- ✓ Two-minute walk from Shibuya Mark City, and three-minute walk from Shibuya Station on the Tokyo Metro lines

Location	Shibuya-ku, Tokyo
Total land space	918.49m ²
Total floor space	6,565.87m ²
Structure/scale	S • SRC/B2F-9F
Completion date	Oct. 2009
Acquisition price	12,220 mn. yen
Acquisition Date	Aug. 3, 2015



Shibuya Sakuragaoka Square

- ✓ Located in Shibuya/Ebisu, an area with one of the lowest vacancy rates in Tokyo
- ✓ Located in the area with a lot of office buildings facing National Route 246
- ✓ Four-minutes walk from Shibuya Station. Newly-built mid-sized office building with a standard floor area of approx. 190 tsubo

Location	Shibuya-ku, Tokyo
Total land space	1,200.08m ²
Total floor space	8,655.61m ²
Structure/scale	S • RC/B1F-10F
Completion date	Mar. 2010
Acquisition price	17,130 mn. yen
Acquisition Date	Aug. 3, 2015, Feb. 1, 2017

Portfolio overview - Office in Tokyo area 2



Yokohama Creation Square

- ✓ Located in the vicinity of the east exit of Yokohama Station, where large office buildings concentrate
- ✓ An office building with a large floor allowing a variety of layouts ranging from approximately 20 to 230 tsubo



Cube Kawasaki

- ✓ Closely located to JR Kawasaki Station that offers a good transportation access
- ✓ A rare property with a standard floor area of approx. 780 tsubo that addresses demand for large office spaces



Higashi-Nihombashi Green Bldg.

- ✓ Highly convenient location for transport with easy access to four stations of four railway lines
- ✓ Highly-visible and well-lit office building located at the corner of Kiyosugi-dori, an arterial road

*Sectional ownership

Location	Kanagawa-ku, Yokohama
Total land space	5,244.81m ² (ratio of right of site 75.4%)
Total floor space	21,054.60m ² (ratio of exclusive area: 96.5%)
Structure/scale	SRC • S/B1F-20F
Completion date	Mar. 1994
Acquisition price	7,080 mn. yen
Acquisition Date	Aug. 3, 2015

Location	Kawasaki-ku, Kawasaki
Total land space	6,247.94m ²
Total floor space	41,290.91m ²
Structure/scale	SRC/B2F-10F
Completion date	May 1982
Acquisition price	20,050 mn. yen
Acquisition Date	Aug. 7, 2015

Location	Chuo-Ku, Tokyo
Total land space	599.07m ²
Total floor space	4,210.72m ²
Structure/scale	SRC/10F
Completion date	Mar. 1988
Acquisition price	2,705 mn. yen
Acquisition Date	Dec. 21, 2015

Portfolio overview - Office in Tokyo area 3



Sasazuka Center Bldg.

- ✓ Location with traffic convenience, within five-minute walk from Sasazuka Station of the Keio Line, which is one station or about five minutes away from Shinjuku Station
- ✓ Good access by car, as it faces a boulevard and is located near the Hatagaya Ramp of the Metropolitan Expressway
- ✓ Building differentiated from other buildings in the area with the standard floor area of approximately 300 tsubo

Location	Shibuya-ku, Tokyo
Total land space	3,032.26m ²
Total floor space	11,973.11m ²
Structure/scale	SRC/B2F-8F
Completion date	Mar. 1995
Acquisition price	8,700 mn. yen
Acquisition Date	Mar. 22, 2017



USC Bldg.

- ✓ Location within seven-minute walk from Toyochō Station of the Tokyo Metro Tozai Line
- ✓ Building differentiated from other buildings in the area with many mid and small-sized buildings, for its size with the total floor area of approximately 5,600 tsubo and the standard floor area of approximately 600 tsubo
- ✓ Convenience in vehicle use with more than 100 parking lots, attracting vehicle-user tenants

Location	Koto-ku, Tokyo
Total land space	4,565.21m ²
Total floor space	18,506.16m ²
Structure/scale	Main Building : S • SRC/B1F-8F Annex : RC/1F
Completion date	Jan. 1990 and other
Acquisition price	10,800 mn. yen
Acquisition Date	Apr. 6, 2017, Feb. 16, 2018



Yoshiyasu Kanda Bldg.

- ✓ Location in a convenient area, accessible from four stations of seven railway and subway lines
- ✓ Property maintaining a stable occupancy as majority of tenants are long-term tenants (longer than 10 years)
- ✓ Location in an area of Chiyoda-ku where relatively older mid-to-high-rise retail stores and office buildings line side-by-side

Location	Chiyoda-ku, Tokyo
Total land space	715.69m ²
Total floor space	4,554.00m ²
Structure/scale	SRS • S/9F
Completion date	May 1989 and other
Acquisition price	4,000 mn. yen
Acquisition Date	Feb. 16, 2018

Portfolio overview - Office in Tokyo area 4



TOYOTA MOBILITY SERVICE Bldg.

- ✓ Acquisition through negotiation with a CRE proposal utilizing the sponsor network, in consideration of secured stability in profitability
- ✓ Relatively new building with a high-grade feel, competitive in terms of scale and high usage efficiency of office space
- ✓ Location in Chuo-ku, Tokyo, and three minutes' walk from Hamacho Station

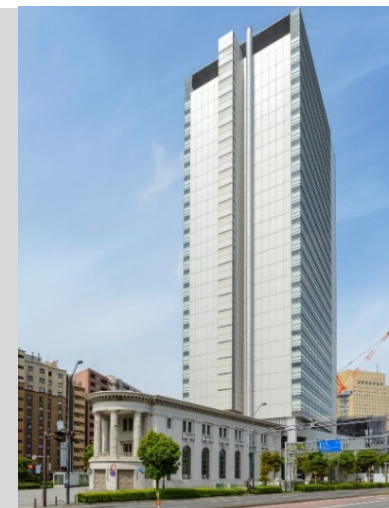
Location	Chuo-ku, Tokyo
Total land space	1,135.18m ²
Total floor space	8,123.17m ²
Structure/scale	S/10F
Completion date	Jan. 2008
Acquisition price	9,200 mn. yen
Acquisition Date	Mar. 1, 2018



M-City Akasaka 1-chome Bldg.

- ✓ Location in a convenient area, about one-minute walk from Tameike-Sanno Station
- ✓ Sufficient demand expected from potential tenants due to its location in an area suitable for offices
- ✓ Location in Akasaka area, which is increasingly expected to become an attractive office district, as large-scale redevelopment projects are currently under way

Location	Minato-ku, Tokyo
Total land space	510.22m ²
Total floor space	3,308.20m ²
Structure/scale	SRC/10F
Completion date	Mar. 1985
Acquisition price	4,205 mn. yen
Acquisition Date	Mar. 1, 2018



Yokohama i-land Tower

- ✓ Located at a cross-point of the Minato Mirai 21 area and the Kannai area, directly connected to the Bashamichi station
- ✓ With total floor area of approximately 12,500 tsubo and standard floor area of approximately 320 tsubo, it is one of the largest office buildings in the area
- ✓ First ever acquisition through PRE proposal by use of capability of the sponsor

* Sectional ownership

Location	Naka-ku, Yokohama
Total land space	3,840.76m ²
Total floor space	41,154.75m ²
Structure/scale	S • SRC • RC/B3F-27F
Completion date	Feb. 2003
Acquisition price	22,100 mn. yen
Acquisition Date	Sep. 14, 2018

Portfolio overview - Office in Tokyo & Osaka area 5



M-City Edogawabashi Bldg.

New

- ✓ Location within three-minute walk from Edogawabashi Station of the Tokyo Metro Yurakucho Line
- ✓ High visibility in the corner of Shinmejiro Street
- ✓ Located in an area where the head office of the printing company, university and their affiliated companies are around

Location	Bunkyo-ku, Tokyo
Total land space	911.25m ²
Total floor space	4,487.41m ²
Structure/scale	SRC/8F
Completion date	Sep. 1992
Acquisition price	4,070mn. yen
Acquisition Date	Mar. 19, 2019



Twin 21

- ✓ 38-storied sky-scraper office towers as a symbol of Osaka Business Park (OBP)
- ✓ Directly connected to Kyobashi Station, one of the biggest terminal stations in Osaka
- ✓ Mainly consisted of two buildings: OBP Panasonic Tower which is leased to Panasonic and MID Tower to leading corporations and consulates

Location	Chuo-ku, Osaka
Total land space	28,163.07m ²
Total floor space	146,034.98m ²
Structure/scale	SRC/B1F-38F
Completion date	Mar. 1986
Acquisition price	68,700 mn. yen
Acquisition Date	Aug. 31, 2006



Matsushita IMP Bldg.

Disposed on
Sep. 5, 2018: 55%
Mar. 8, 2019: 45%

- ✓ 26-storied high-rise complex building consisted of large office space, commercial facilities and event halls
- ✓ Directly connected to Osaka Business Park Station of the Osaka Municipal Subway Nagahori-Tsurumi Line
- ✓ Operated together with Twin 21, with which the building is connected through Skyway

Location	Chuo-ku, Osaka
Total land space	14,968.25m ²
Total floor space	84,952.57m ²
Structure/scale	S・SRC/B2F-26F
Completion date	Feb. 1990 and other
Acquisition price	24,600 mn. yen
Acquisition Date	Aug. 31, 2006

Portfolio overview - Office in Osaka area 6



MID Imabashi Bldg.

- ✓ Located in the Yodoyabashi and Kitahama business district
- ✓ Three-minute walk from Kitahama Station of the Osaka Municipal Subway Sakaisuji Line and the Keihan Main Line, and five-minute walk from Yodoyabashi Station of the Osaka Municipal Subway Midosuji Line and the Keihan Main Line
- ✓ High-grade office building with sophisticated appearance with the granite-covered outer wall

Location	Chuo-ku, Osaka
Total land space	1,187.43m ²
Total floor space	7,482.53m ²
Structure/scale	S • RC/B2F-11F
Completion date	Oct. 1990
Acquisition price	3,270 mn. yen
Acquisition Date	Apr. 3, 2007



Kitahama MID Bldg.

- ✓ Located close to Sakaisuji, one of the artery roads in Osaka, and nearby Kitahama Station of the Osaka Municipal Subway Sakaisuji Line and the Keihan Main Line
- ✓ Vibration controlled-building to reduce potential earthquake damages
- ✓ High-spec building with a floor with pillarless space of 176 tsubo, which addresses various layout/space needs

Location	Chuo-ku, Osaka
Total land space	1,802.49m ²
Total floor space	14,648.13m ²
Structure/scale	S • SRC/B1F-18F
Completion date	Feb. 2008
Acquisition price	10,800 mn. yen
Acquisition Date	Apr. 24, 2008



MID Nishihommachi Bldg.

- ✓ Favorable location facing Yotsubashisuji Boulevard and Chuo-Odori Street, with one-minute walk from Hommachi Station of the Osaka Municipal Subway
- ✓ High-quality office building supporting tenants' business activities with its comfortableness and traffic convenience, partly thanks to the vicinity to the Awaza Ramp on Hanshin Expressway

Location	Nishi-ku, Osaka
Total land space	659.86m ²
Total floor space	6,260.16m ²
Structure/scale	S • RC/B3F-9F
Completion date	Mar. 1989
Acquisition price	3,550 mn. yen
Acquisition Date	Oct. 30, 2008

Portfolio overview - Office in Osaka, others and TK interest 7



Higobashi MID Bldg.

- ✓ Located in the Higobashi business district
- ✓ Located along Yotsubashisuji Boulevard, with one-minute walk from Higobashi Station of the Osaka Municipal Subway Yotsubashi Line and six-minute walk from Yodoyabashi Station of the Osaka Municipal Subway Midotsuji Line and Watanabebashi Station of the Keihan Nakanoshima Line
- ✓ Quake-resistant building with its vibration control structure, obtaining environmental certification

Location	Nishi-ku, Osaka
Total land space	797.86m ²
Total floor space	6,519.63m ²
Structure/scale	S/B1F-11F
Completion date	Jan. 2010
Acquisition price	3,000 mn. yen
Acquisition Date	Jun. 21, 2013



Sendai Capital Tower

- ✓ Location within four-minute walking distance from JR Sendai Station and two-minute from Sendai Station of the Sendai Subway Namboku Line and the Tozai Line
- ✓ Scarcity for its size in the area with many small to medium-sized buildings, with a total floor area of approximately 7,200 tsubo and a standard floor area of approximately 240 tsubo, and the parking lots for more than 100 vehicles

Location	Aoba-ku, Sendai-shi, Miyagi
Total land space	3,420.02m ²
Total floor space	23,702.00m ² (including Parking Space)
Structure/scale	Office building : SRC/B2F-19F Parking structure : RC/B1F-6F
Completion date	Mar. 1974
Acquisition price	5,500 mn. Yen
Acquisition Date	Feb. 1, 2017



*TK interest

Nagoya Lucent Tower

- ✓ Favorable location close to Nagoya Station, an area in which the strongest demand from tenants is expected within Nagoya City
- ✓ Highly visible 42-storied building (with 3 basement floors) for its arch-shaped characteristic appearance

Location	Nishi-ku, Nagoya
Completion date	Nov. 2006
Acquisition price	4,919 mn. yen
Acquisition Date	Aug. 3, 2015

*1 MCUBS MidCity owns the TK interest with R40 GK as the operator (TK interest B: equity interest of 40%) backed by real estate in trust for the trust beneficiary interests with 33.9% co-ownership interest (and 29.5% right of site) of the sectional ownership of this asset (sections of the building excluding the special high voltage substation building and part of the extra high voltage substation building)

*2 The property overview as above represents that of the underlying asset of such TK interest

Portfolio overview - Other than the office



AEON MALL Tsudanuma

- ✓ Large commercial facility directly connected to Shin Tsudanuma Station of the Shin-Keisei Line
- ✓ Three-minute walk from Tsudanuma Station of the JR Sobu Line
- ✓ Urban-type shopping center with AEON Mall as a core store

Location	Narashino-shi, Chiba
Total land space	29,397.03m ²
Total floor space	96,033.49m ²
Structure/scale	S/B1F-5F
Completion date	Sep. 2003 and other
Acquisition price	26,100 mn. yen
Acquisition Date	Aug. 31, 2006 and other



Konami Sport Club Kyobashi

- ✓ Located nearby Kyobashi Station of the Osaka Municipal Subway Nagahori-Tsurumi Line, and two-minute walk from Kyobashi Station of the JR Kanjo Line and the Keihan Main Line
- ✓ Located in an area where a sports club may have strong potential of attracting clients

Location	Miyakojima-ku, Osaka
Total land space	2,339.35m ²
Total floor space	9,433.34m ²
Structure/scale	S/7F
Completion date	Jun. 1999
Acquisition price	2,780 mn. yen
Acquisition Date	Aug. 31, 2006



Dormy Inn Hakata Gion

- ✓ Favorable location with two-minute walk from Gion Station of the Fukuoka City Subway Kuko Line, the next station of Hakata Station
- ✓ Hotel with expected demand from both business people and tourists for its good access to Fukuoka Airport, Hakata Station and Tenjin Area

Location	Hakata-ku, Fukuoka
Total land space	1,002.19m ²
Total floor space	5,633.28m ²
Structure/scale	RC/10F
Completion date	Jan. 2009
Acquisition price	2,280 mn. yen
Acquisition Date	Sep. 30, 2013



4. FINANCING STRATEGY



Major financing-related figures and investment corporation bonds

Changes in financing-related figures

	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Jul. 2019
LTV (based on appraisal value)	42.2%	39.8%	39.8% ^(Note 1)
Ratio of long-term debts	94.4%	100.0%	100.0%
Ratio of fixed interest rate	79.3%	84.0%	90.6%
Debt Service Coverage Ratio ^(Note 2)	10.0x	10.6x	11.0x ^(Note 3)
Average remaining years of debts	3.8 years	3.5 years	4.4 years
Average interest rate on debts	0.98%	0.99%	0.97% ^(Note 3)
Issuer rating	R&I: A (positive) (Oct. 5, 2018)	R&I: A (positive) (Oct. 5, 2018)	Aim for further improvement
	JCR: A+ (positive) (Apr. 9, 2018)	JCR: AA- (stable) (Mar. 5, 2019)	

Investment corporation bonds

	Issuance	Term	Nominal Coupon	Amount issued
1 st	May 2016	5 years	0.340%	1.5 bn. yen
2 nd	May 2016	10 years	0.810%	1.5 bn. yen
3 rd	May 2017	5 years	0.260%	1.0 bn. yen
4 th	May 2017	10 years	0.670%	2.0 bn. yen
5 th	May 2018	10 years	0.590%	2.0 bn. yen
Total				8.0 bn. yen

Note 1: Calculated in Considering refinancing of existing loans in July 2019 based on market capitalization as of the end of the 26th Period. The same shall apply hereafter.

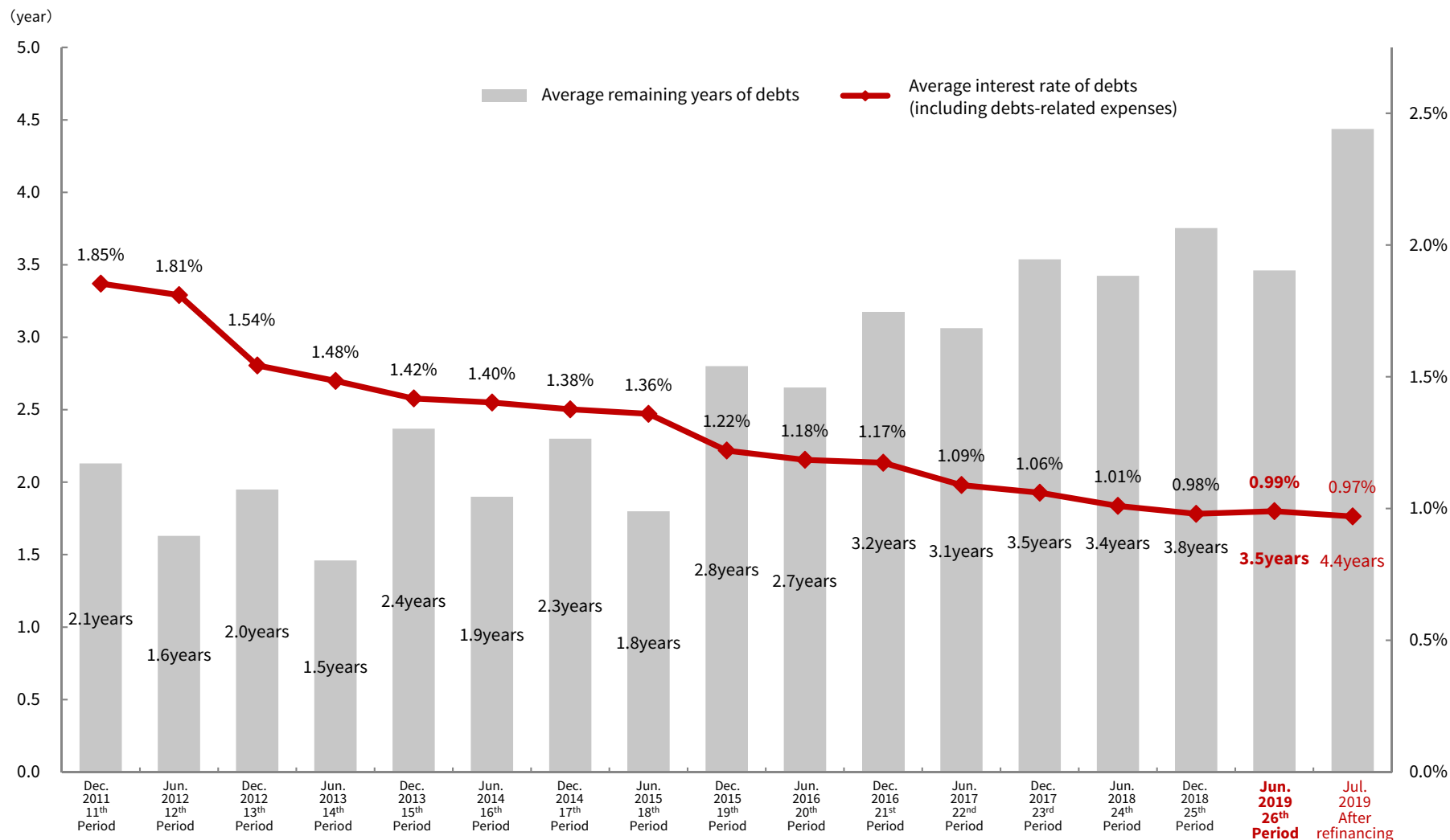
Note 2: Debt service coverage ratio = (earnings before interest and depreciation – gain (loss) on sale of real estate) / interest expenses

Note 3: Estimate for the end of the 27th Period.

Financial status 1



Average remaining years and average interest rate of debts



Note1: Average remaining years of debts is using the weighted average of remaining years of debts until maturity based on the respective balance of debts.

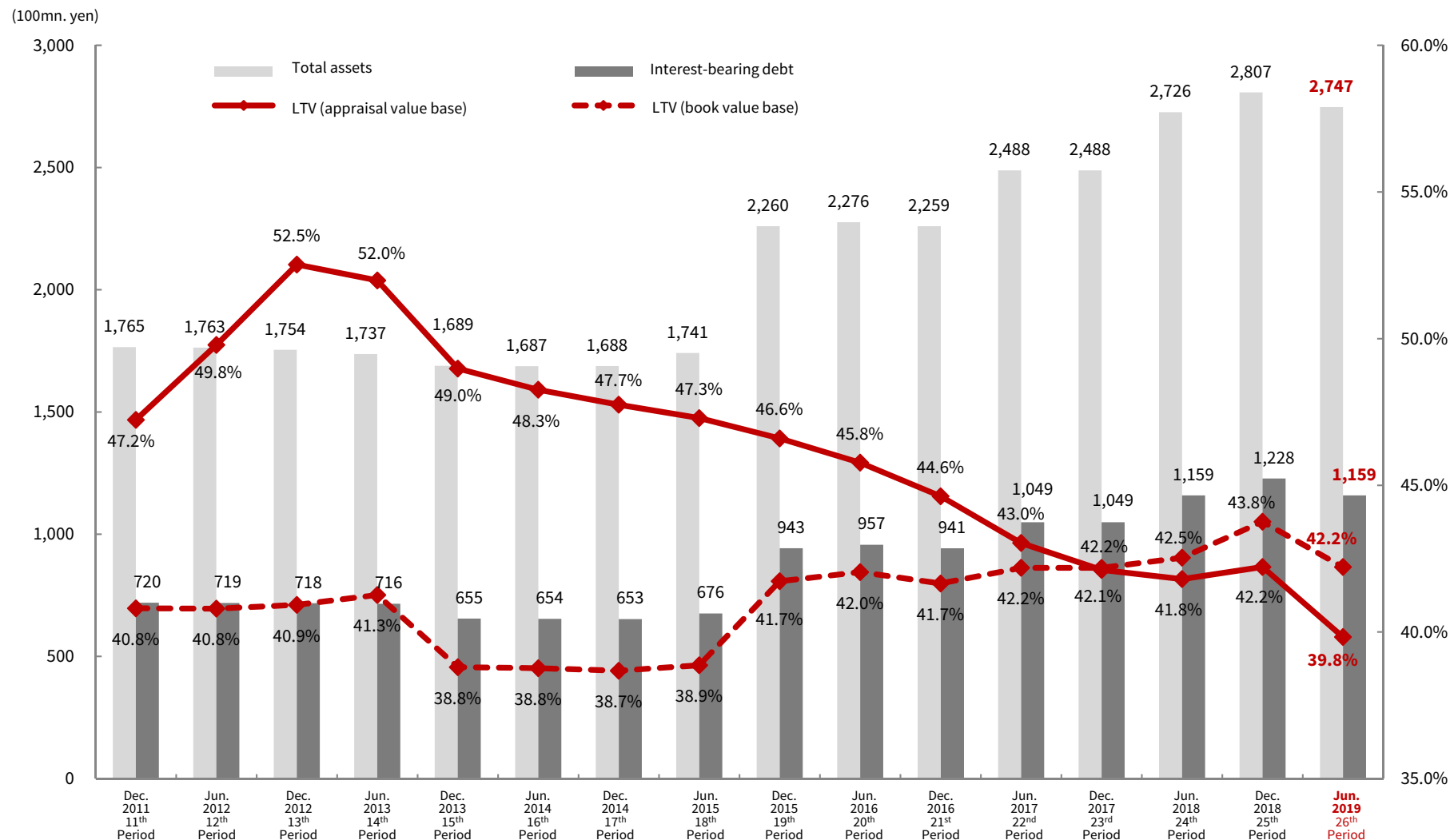
Note2: Average interest rate of debts (including borrowing-related expenses) = Financing costs in each fiscal period / Average debt balance in the fiscal period

Note3: Figures after refinancing in July 2019 reflect refinancing of existing loans in July 2019.

The estimated average interest rate of debts for July 2019 represents the estimate for the 27th period in consideration of the above.

Financial status 2

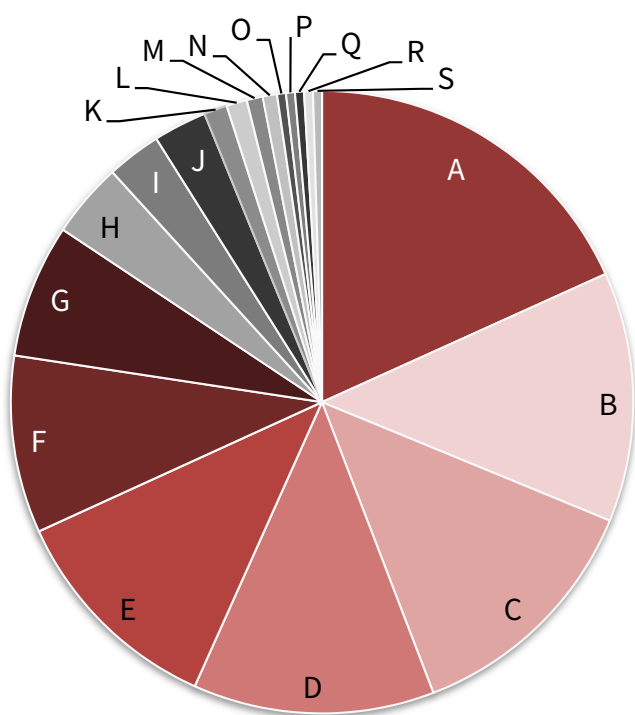
Total assets and debts



Note 1: LTV (appraisal value base) = Term-end debts / (Term-end total assets \pm Unrealized gain/loss) Unrealized gain/loss is the difference between book value and appraisal value.

Note 2: LTV (book value base) = Term-end debts / Term-end total assets

Lender composition (as of the end of Jul. 2019)



	Lender	Balance (mn. yen)	Share
A	Mizuho Bank, Ltd.	19,700	18.2%
B	Sumitomo Mitsui Trust Bank, Limited	14,000	13.0%
C	Sumitomo Mitsui Banking Corporation	14,000	13.0%
D	Development Bank of Japan, Inc.	13,525	12.5%
E	MUFG Bank, Ltd.	12,400	11.5%
F	Aozora Bank, Ltd.	9,950	9.2%
G	Resona Bank, Limited	7,500	6.9%
H	Shinkin Central Bank	4,200	3.9%
I	The Senshu Ikeda Bank, Ltd.	3,050	2.8%
J	The Nishi-Nippon City Bank, Ltd.	3,000	2.8%
K	Mizuho Trust & Banking Co., Ltd.	1,300	1.2%
L	The Hyakugo Bank, Ltd.	1,150	1.1%
M	The Bank of Fukuoka, Ltd.	900	0.8%
N	The Minato Bank, Limited	800	0.7%
O	The Nanto Bank, Ltd.	500	0.5%
P	The Hiroshima Bank, Ltd.	500	0.5%
Q	Sony Bank Incorporated	500	0.5%
R	Tokio Marine & Nichido Fire Insurance Co., Ltd.	500	0.5%
S	Nippon Life Insurance Company	500	0.5%
	Total	107,975	100.0%

Outstanding borrowings (as of the end of Jul. 2019)

Type	Loan Term	Lenders	Balance (mn. yen)	Floating/ Fixed	Interest rate (Note 3)	Drawdown date	Repayment date (Note 4)
Long	7years	Development Bank of Japan, Minato Bank	1,800	Fixed	1.70875%	2013/7/31	2020/7/31
	6years	Mizuho Bank, The Hiroshima Bank, Sony Bank	2,000	Fixed (Note2)	1.24000%	2014/7/31	2020/7/31
	7years	Mizuho Bank, Aozora Bank	1,800	Fixed	1.47806%	2014/7/31	2021/7/31
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Aozora Bank, Resona Bank, MUFG Bank, Mizuho Trust & Banking	9,300	Fixed (Note2)	0.86545%	2015/7/31	2020/7/31
	5years	Development Bank of Japan	1,200	Fixed	0.90750%	2015/7/31	2020/7/31
	6years	Mizuho Bank, Sumitomo Mitsui Banking, Resona Bank, MUFG Bank, Senshu Ikeda Bank	4,500	Fixed (Note2)	1.03350%	2015/7/31	2021/7/31
	7years	Mizuho Bank, Aozora Bank, MUFG Bank, Mizuho Trust & Banking	2,200	Fixed (Note2)	1.20235%	2015/7/31	2022/7/31
	7years	Development Bank of Japan	800	Fixed	1.23250%	2015/7/31	2022/7/31
	8years	Mizuho Bank	1,000	Fixed (Note2)	1.38430%	2015/7/31	2023/7/31
	8years	Mizuho Bank	500	Fixed (Note2)	1.38430%	2015/7/31	2023/7/31
	8years	Development Bank of Japan	500	Fixed	1.40000%	2015/7/31	2023/7/31
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,800	Fixed (Note2)	0.49795%	2016/4/28	2021/4/30
	3.5years	Sumitomo Mitsui Banking, Shinkin Central Bank	3,700	Floating	0.37727%	2016/7/29	2020/1/31
	3.5years	Nishi-Nippon City Bank, Hyakugo Bank	2,250	Fixed	0.37315%	2016/7/29	2020/1/31
	3.5years	Sumitomo Mitsui Trust Bank	2,600	Fixed	0.37315%	2016/7/29	2020/1/31
	4.5years	Mizuho Bank, Development Bank of Japan, MUFG Bank, Senshu Ikeda Bank	2,500	Fixed	0.45065%	2016/7/29	2021/1/31
	5years	Development Bank of Japan, Aozora Bank, MUFG Bank, Senshu Ikeda Bank	2,650	Fixed	0.49380%	2016/7/29	2021/7/31
	8years	Mizuho Bank, Development Bank of Japan, Aozora Bank, MUFG Bank	4,700	Fixed	0.73500%	2016/7/29	2024/7/31
	5years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, MUFG Bank	4,000	Fixed	0.64691%	2017/1/31	2022/1/31
	7years	Mizuho Bank, Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking, Development Bank of Japan, MUFG Bank	4,000	Fixed	0.80938%	2017/1/31	2024/1/31
	5years	Sumitomo Mitsui Trust Bank, Tokio Marine & Nichido Fire Insurance, Nippon Life Insurance Company	2,900	Fixed	0.52420%	2017/7/31	2022/7/29
	6years	Shinkin Central Bank, Senshu Ikeda Bank	1,900	Fixed	0.68000%	2017/7/31	2023/7/31
	6years	Sumitomo Mitsui Banking	1,000	Fixed	0.68792%	2017/7/31	2023/7/31
	8years	Mizuho Bank, Development Bank of Japan	3,975	Fixed	0.85630%	2017/7/31	2025/7/31
	10years	Mizuho Bank, Development Bank of Japan, Aozora Bank	3,900	Fixed	1.04000%	2017/7/31	2027/7/31
	5years	Sumitomo Mitsui Trust Bank, Sumitomo Mitsui Banking	2,400	Floating	0.36727%	2018/2/28	2023/2/28
	7years	MUFG Bank	1,200	Fixed	0.64000%	2018/2/28	2025/2/28
	7years	Aozora Bank, Nishi-Nippon City Bank, The Bank of Fukuoka	2,700	Fixed	0.71880%	2018/2/28	2025/2/28
	8years	Mizuho Bank, Development Bank of Japan	2,700	Fixed	0.80000%	2018/2/28	2026/2/27
	4.5years	Sumitomo Mitsui Banking	2,900	Floating	0.34227%	2018/7/31	2023/1/31
	7years	Senshu Ikeda Bank, Nishi-Nippon City Bank, Hyakugo Bank	1,800	Fixed	0.74250%	2018/7/31	2025/7/31
	8years	Sumitomo Mitsui Banking	800	Fixed	0.83380%	2018/7/31	2026/7/31
	8years	Sumitomo Mitsui Trust Bank	2,900	Fixed (Note2)	0.77700%	2018/7/31	2026/7/31
	8years	MUFG Bank	2,000	Fixed	0.77000%	2018/7/31	2026/7/31
	10years	Mizuho Bank	3,400	Fixed (Note2)	0.92250%	2018/7/31	2028/7/31
	10years	Aozora Bank, Mizuho Trust & Banking	1,500	Fixed	1.01880%	2018/7/31	2028/7/31
	5.5years	Sumitomo Mitsui Banking	1,950	Floating	0.39227%	2019/7/31	2025/1/31
	7years	Senshu Ikeda Bank, The Nanto Bank	900	Fixed	0.49000%	2019/7/31	2026/7/31
	7.5years	Resona Bank, Shinkin Central Bank	4,000	Fixed	0.52750%	2019/7/31	2027/1/31
	8years	Sumitomo Mitsui Trust Bank	1,000	Fixed (Note2)	0.48800%	2019/7/31	2027/7/31
	8.5years	Development Bank of Japan, Resona Bank	3,400	Fixed	0.60440%	2019/7/31	2028/1/31
	9.5years	MUFG Bank	1,050	Fixed	0.67500%	2019/7/31	2029/1/31
	10years	Mizuho Bank, Development Bank of Japan	2,900	Fixed	0.72380%	2019/7/31	2029/7/31
Total			107,975				

Note 1: Syndicated loans by the indicated financial institutions.

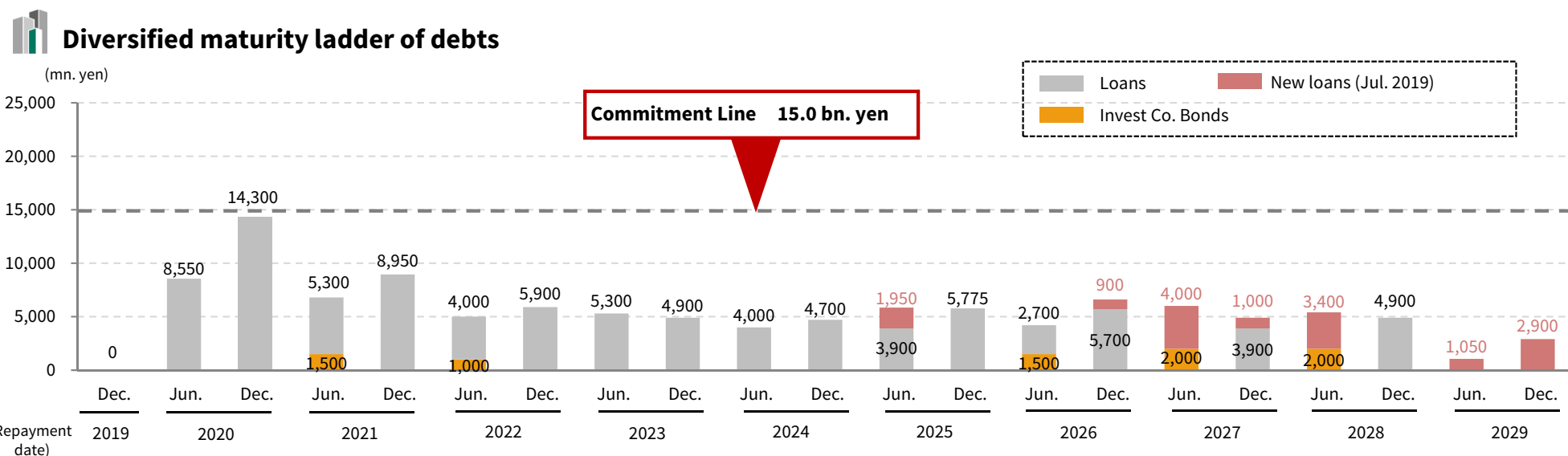
Note 2: Interest rate swaps are concluded to fix the interest rates.

Note 3: Interest rate is applied as of the end of Jul. 2019.

Note 4: If such date does not fall on any business day, the next business day shall be applied. If such next business day is included in the next month, the business day immediately preceding the initial repayment date shall be applied.

Note 5: The repayment method for all of the above borrowings is bullet payment.

Maturity ladder (as of the end of Jul. 2019)



Interest-bearing debts by repayment date

	27 th Period (Dec. 2019) (Note 2)	28 th Period (Jun. 2020)	29 th Period (Dec. 2020)	30 th Period (Jun. 2021)
Amount due to be repaid (mn. yen)	-	8,550	14,300	6,800
Average borrowing period on debts (Note 1)	-	3.5 years	5.4 years	4.8 years
Average interest rate on debts (Note 1)(Note 2)	-	0.37%	1.03%	0.45%

Debt refinanced in Jul. 2019 (total of 15.2 bn. yen)

	Conditions before refinancing	Conditions after refinancing
Average borrowing period on debts (Note 1)	4.6 years	8.1 years
Average interest rate on debts (Note 1)(Note 2)	0.78%	0.57%

Note1: Average borrowing period and average interest rate are the weighted averages of the interest rate of borrowings and borrowing period based on the balance of borrowings, respectively (with the average interest rate rounded to the second decimal place and the average borrowing period rounded to the first decimal place).

Note2: Interest rates as of July 31, 2019 are provided above.

Note3: In the year ended December 2019 (27th Period), existing loans of ¥15.2 billion were refinanced in July 2019.



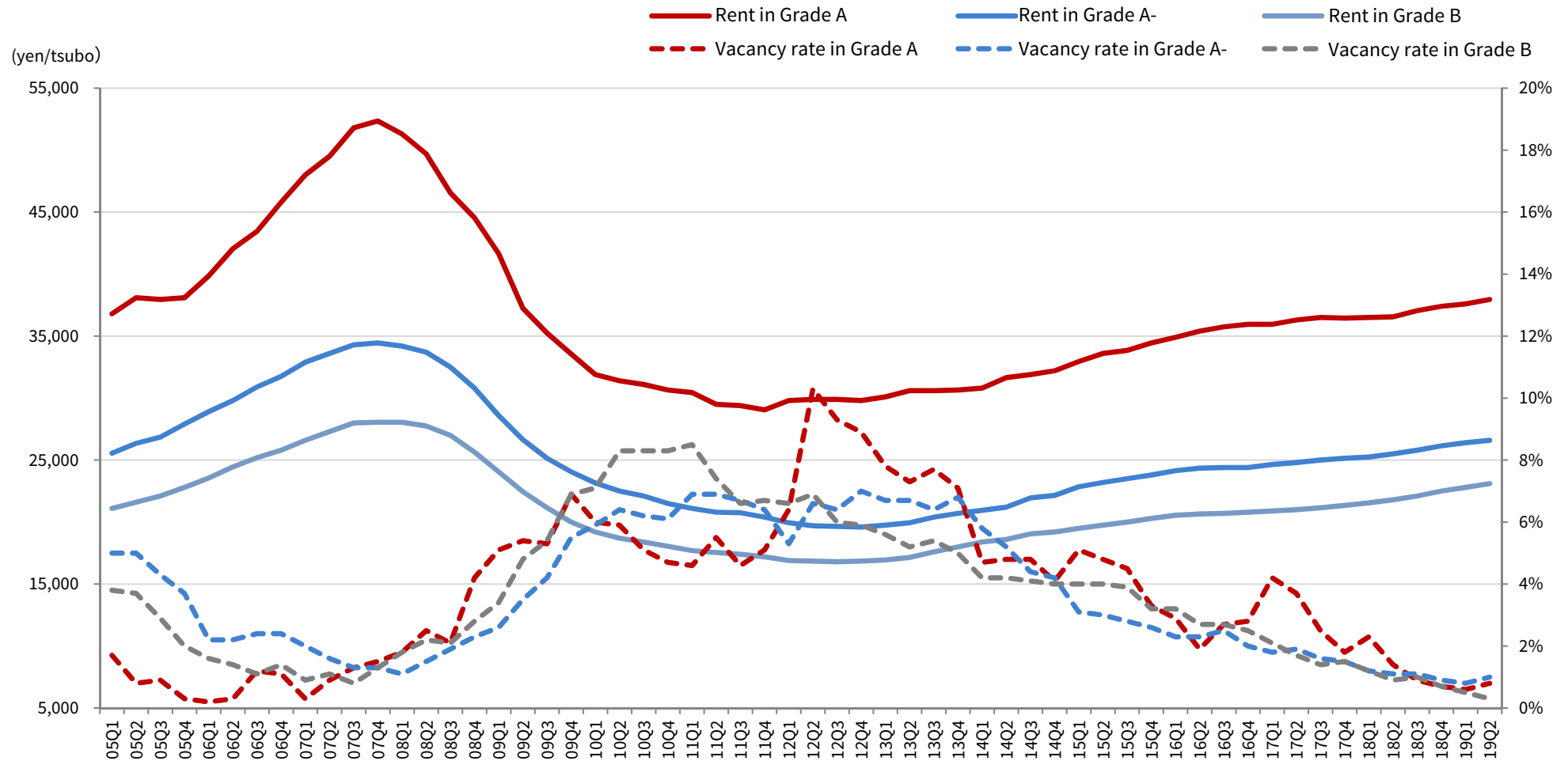
5. MARKET ENVIRONMENT



Office market data 1 (Tokyo 23 districts)



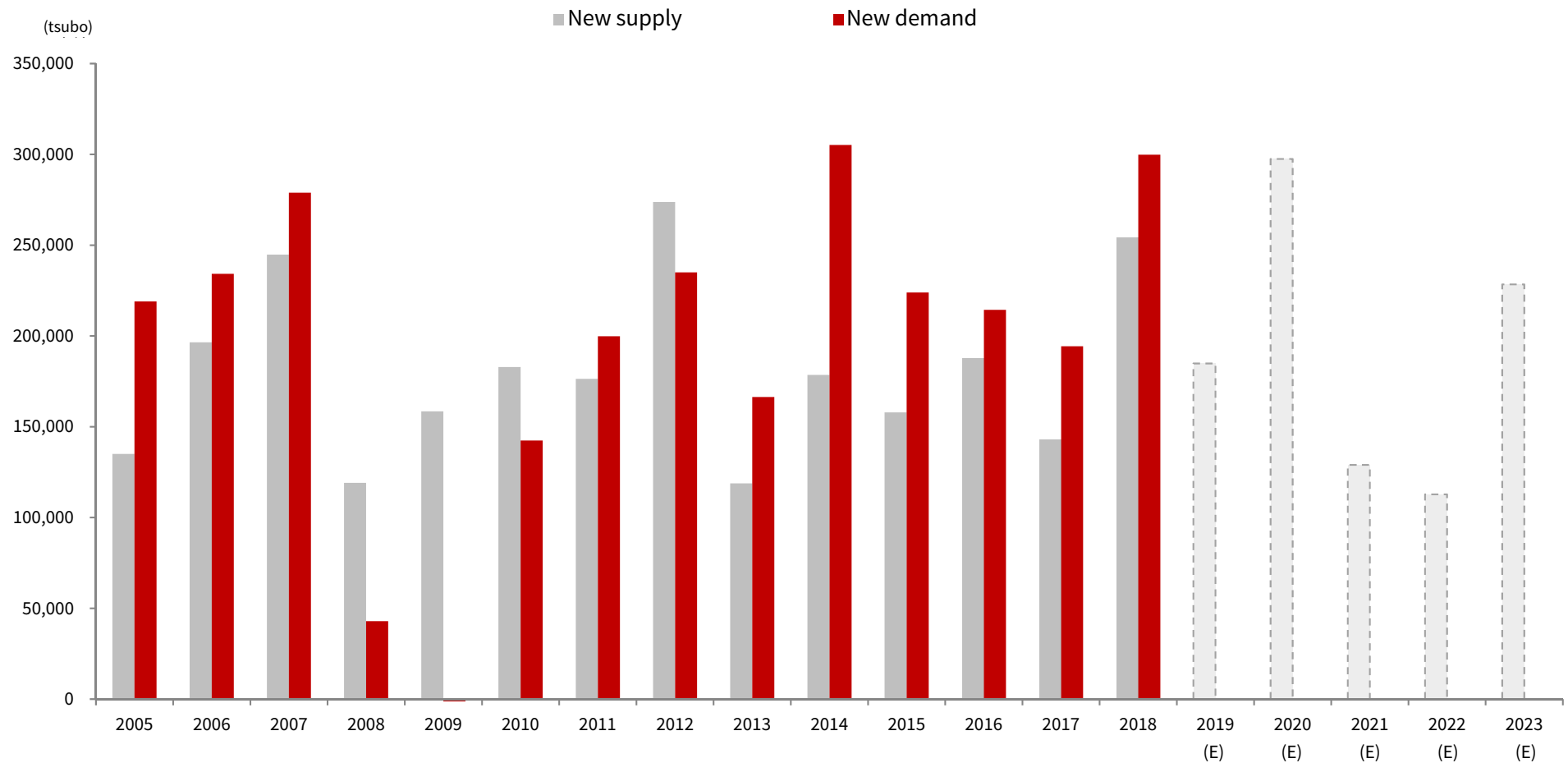
Average rent and vacancy rate of Tokyo



Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Tokyo 23 districts)

Supply and demand of Tokyo

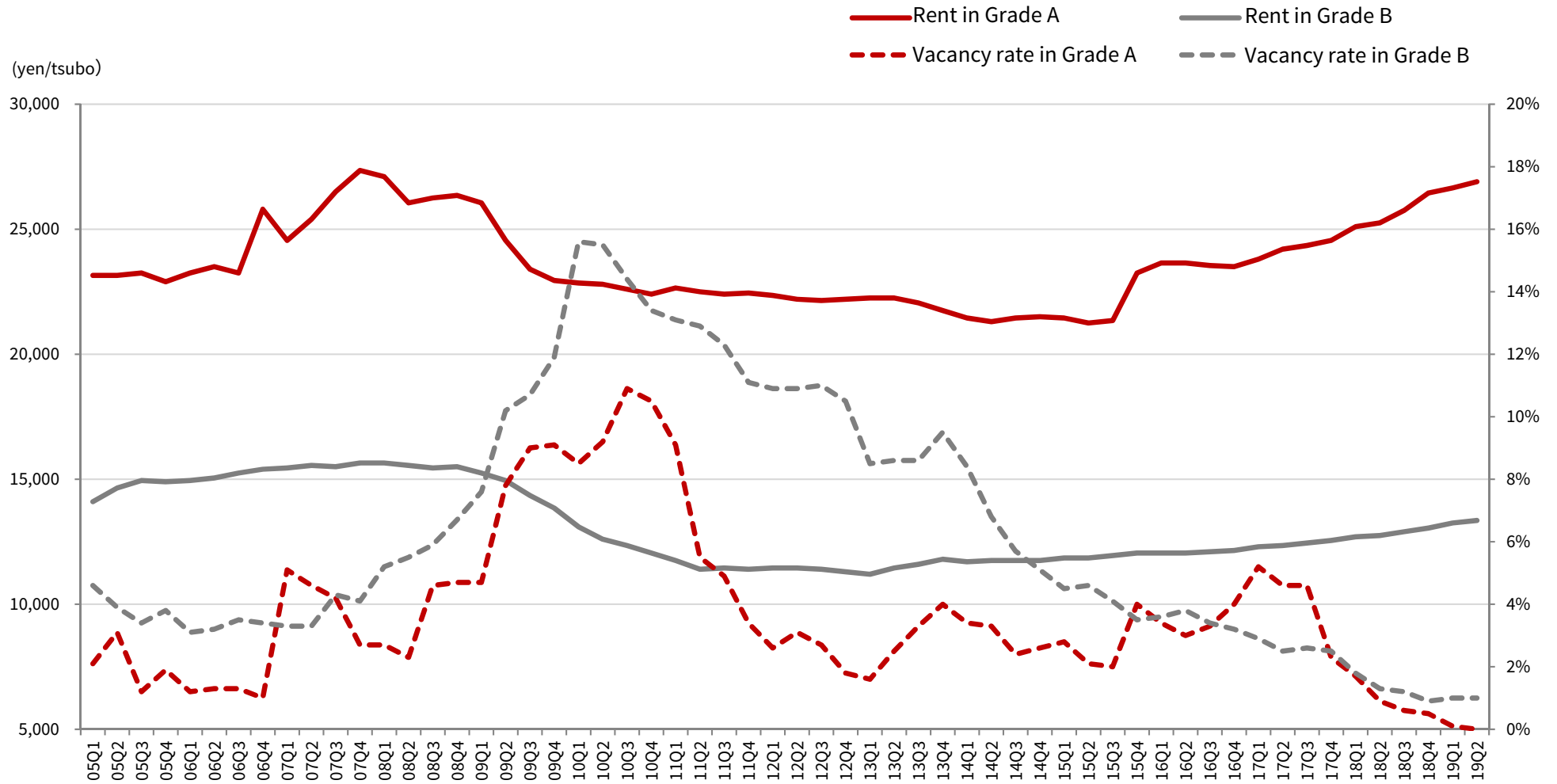


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 1 (Nagoya)



Average rent and vacancy rate of Nagoya business districts

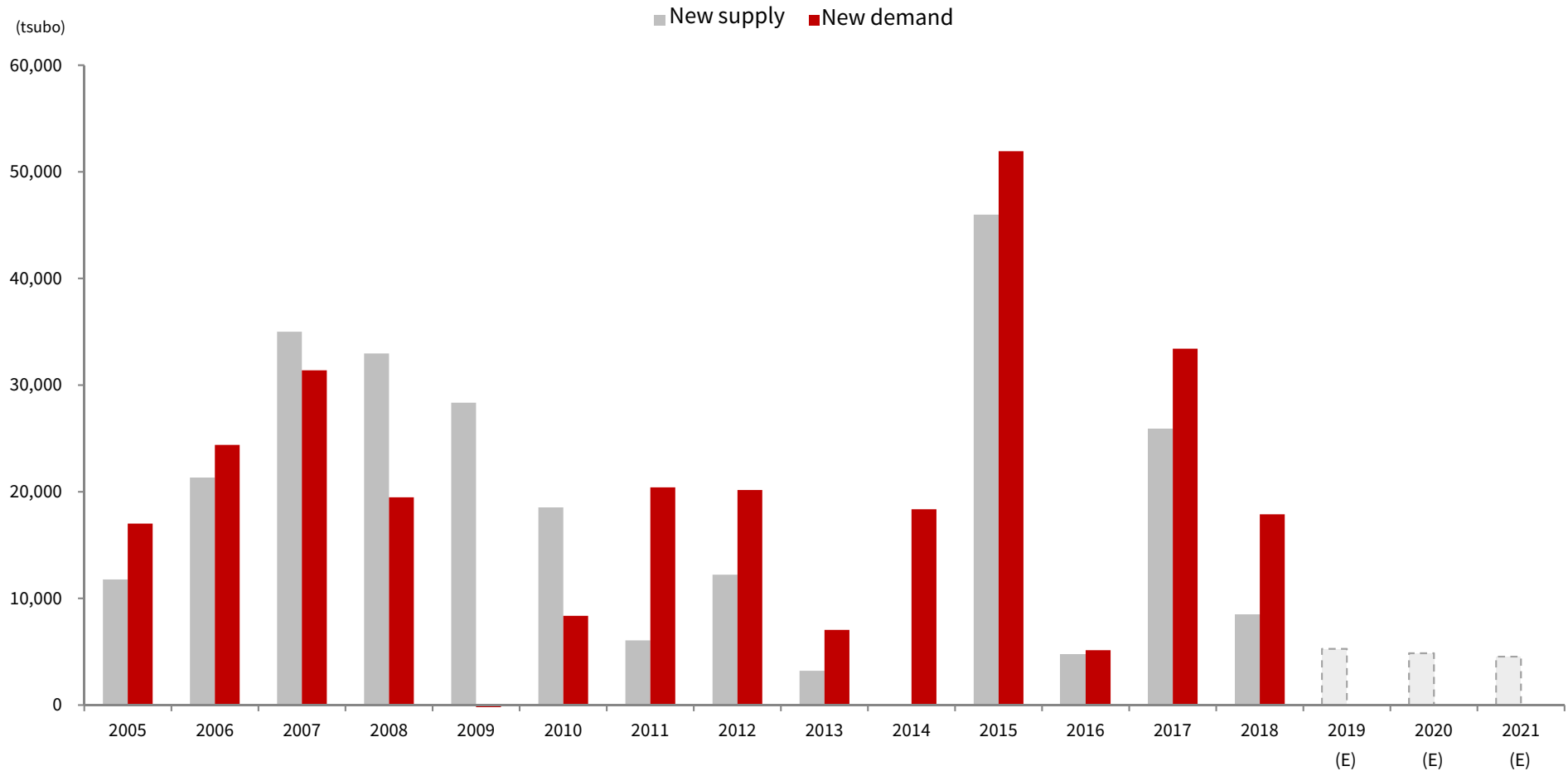


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Nagoya)



Supply and demand of Nagoya business districts

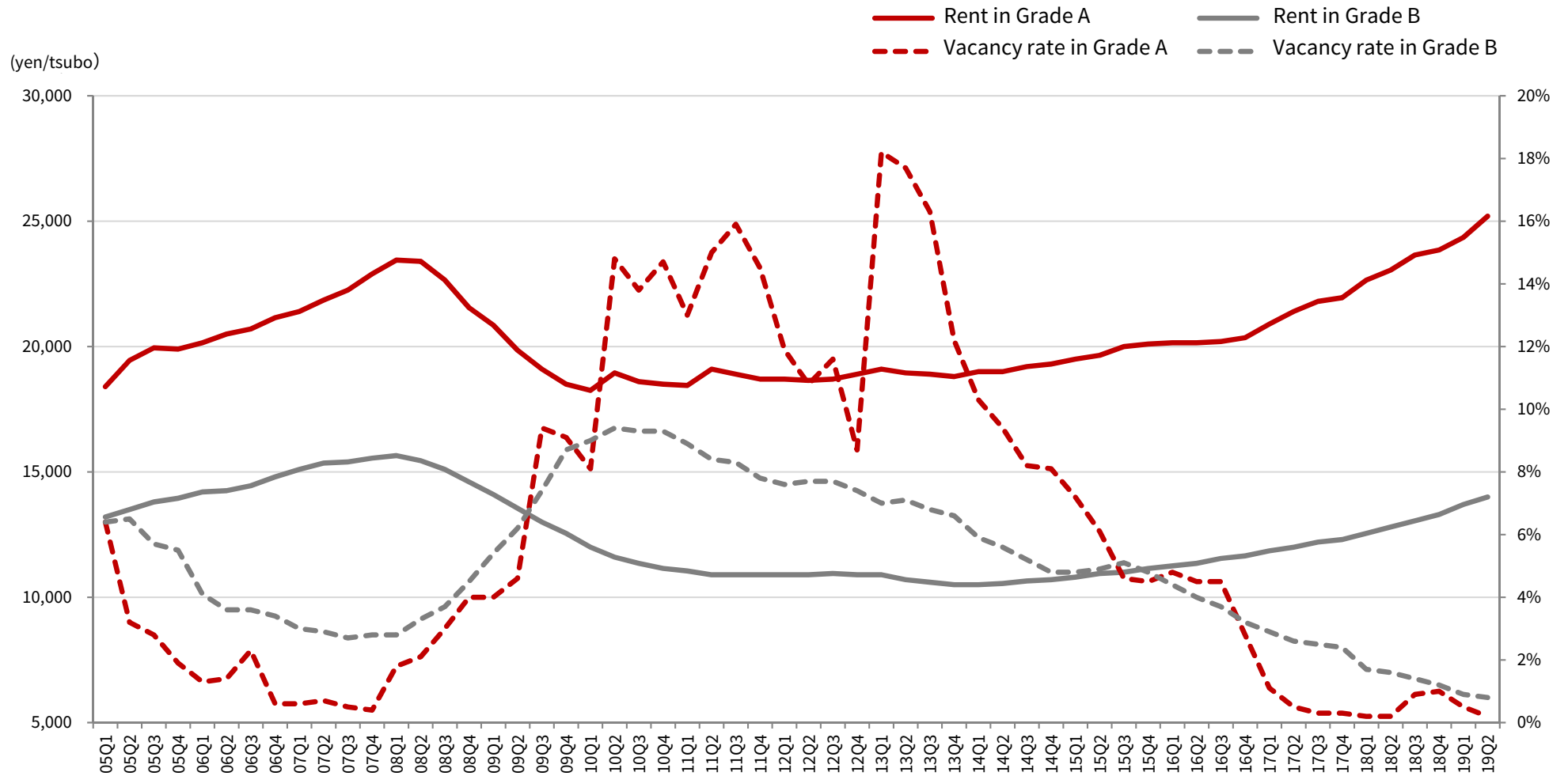


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 1 (Osaka)



Average rent and vacancy rate of Osaka business districts

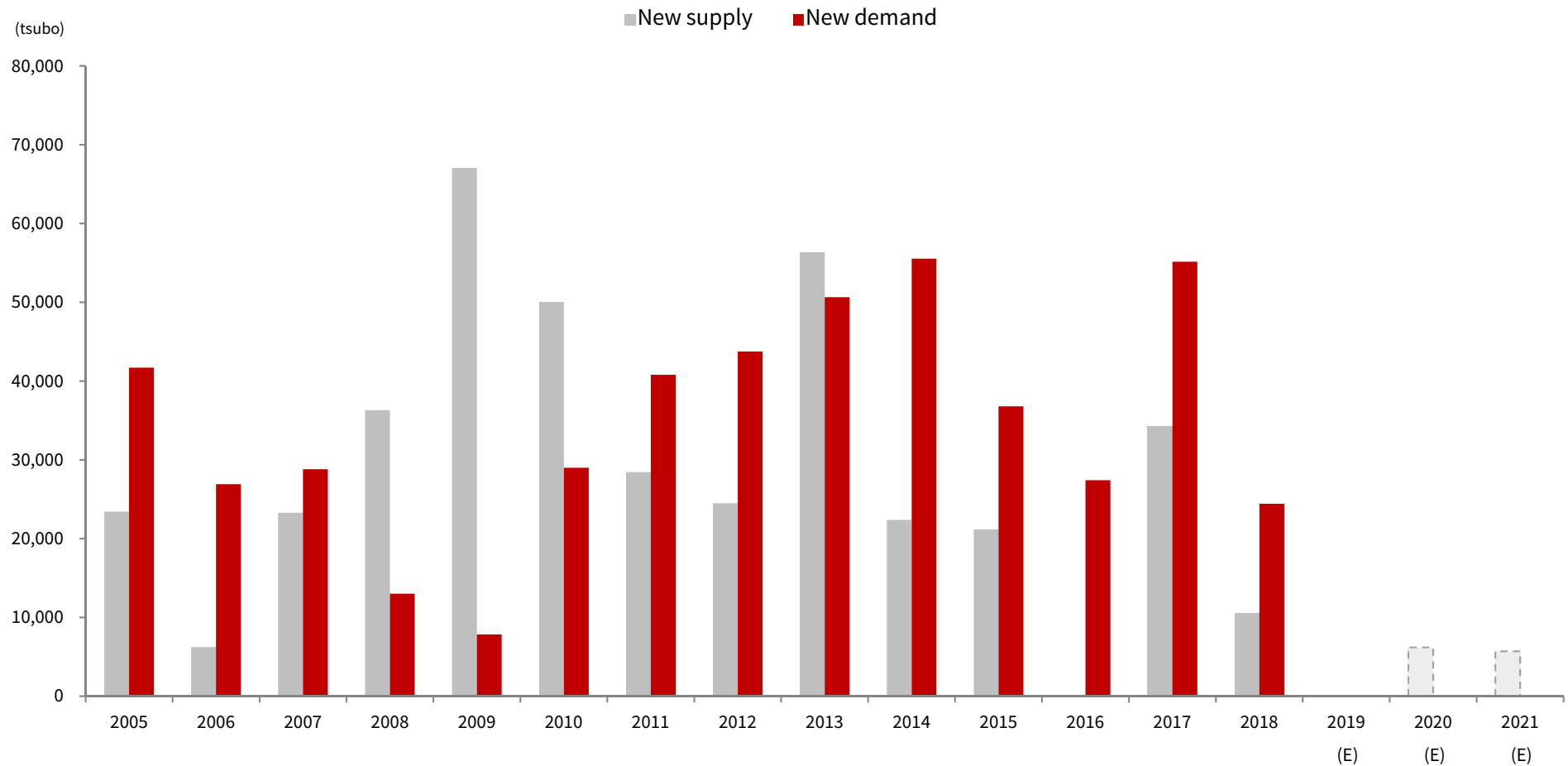


Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office market data 2 (Osaka)

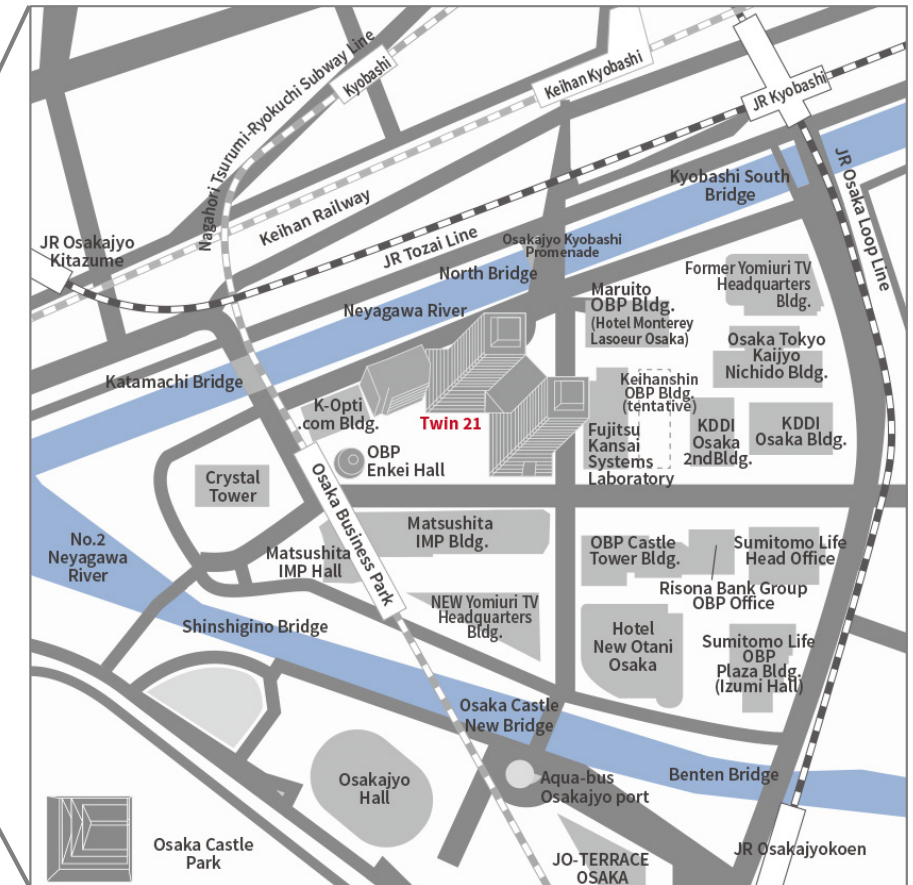
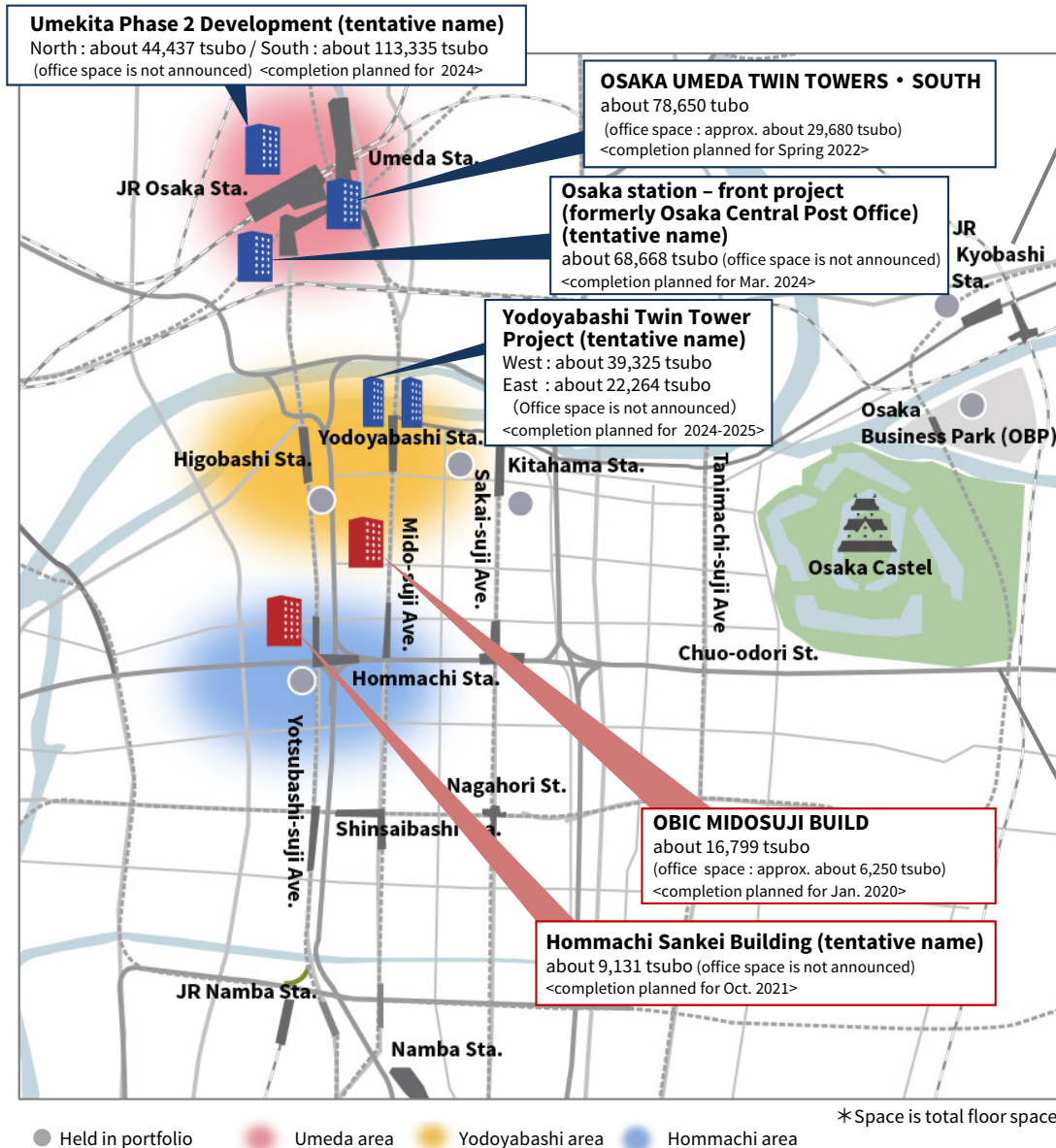


Supply and demand of Osaka business districts



Source: Created by the Asset Management Company based on the data obtained from CBRE K.K.

Office buildings to be supplied in the Osaka business area



Area around the Osaka Business Park (OBP)

Source: Created by the Asset Management Company based on the data obtained from documents released from institutions, and press releases, etc.



6. APPROACH TO ESG

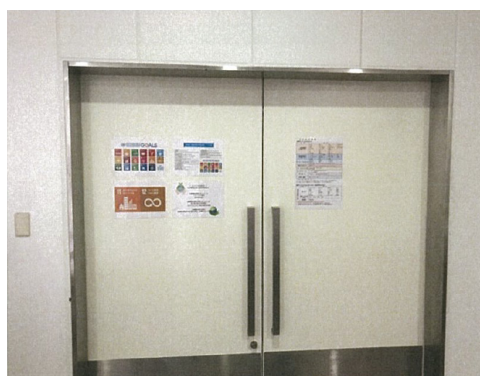
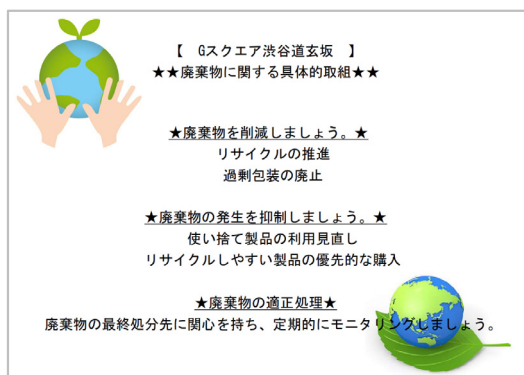


Environmental initiatives

Enlightenment activities for tenants

Encouraging waste separation and recycling based on SDGs

- ✓ At G-Square Shibuya Dogenzaka, along with the refurbishment of the garbage collection point, we **display the slogan "SDGs" at the entrance** so that people are aware of sorting and recycling when they throw garbage.



SDGs are...



In September 2015, the United Nations adopted the "Transforming our World: The 2030 Agenda for Sustainable Development". The Agenda includes declarations and goals as action plans for human beings, the earth and prosperity. This objective is "Sustainable Development Goals (SDGs)" and the SDGs consist of 17 objectives and 169 targets. The Investment Corporation, together with the Asset Management Company, is making various efforts to respond to the SDGs promoted by the United Nations.

Assessment and certification by external agencies

DBJ Green Building Certification (3 properties)



★★★★ Twin 21
★★★★ Kitahama MID Bldg.
★★★★ Higobashi MID Bldg.

※★★★★...Properties with high environmental and social awareness

CASBEE Property Appraisal (3 properties)



A Rank
G-Square Shibuya Dogenzaka
Higobashi MID Bldg.
B+ Rank
Shibuya Sakuragaoka Square

BELS Certification (5 properties)



★★★ Kitahama MID Bldg.
★★ Higobashi MID Bldg.
★★ G-Square Shibuya Dogenzaka
★★ Shibuya Sakuragaoka Square
★★ TOYOTA MOBILITY SERVICE Bldg.

Tokyo low-Carbon Small and Medium-sized Model Building (2 properties)

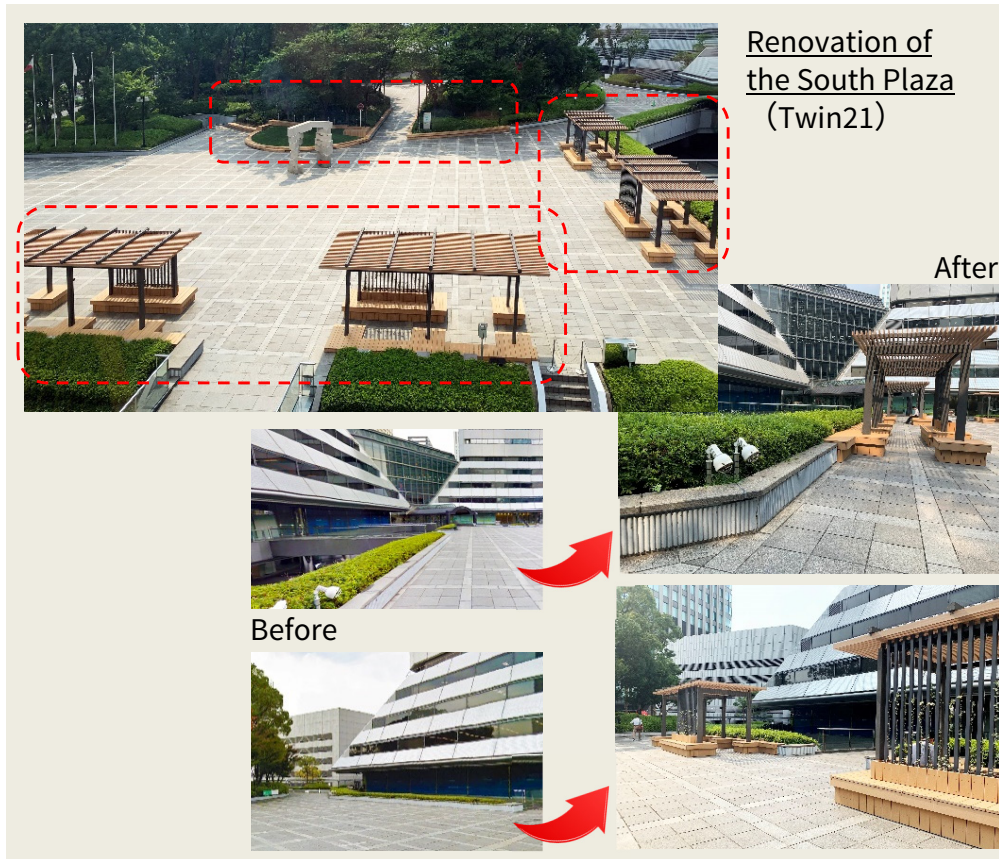
A2 Sumitomo Fudosan Ueno Bldg. No.6
A1 USC Bldg.

Social initiatives 1

Communication with tenants and communities

Establishment of resting areas through renovation of open spaces (South Plaza)

- ✓ A pergola, bench and lawn plaza are set up in the open space of the twin 21 as a refreshing space in break during work
- ✓ Aim to create a comfortable office environment that meets tenant needs, and lead to good tenant relations and attracting new tenants



Various events in our buildings

- ✓ Building and strengthening ties with tenants and local communities while enhancing attractiveness and recognition of buildings

Uchimizu (watering) Event (G-Square Shibuya Dogenzaka)



OBP Summer Festival 2019 (Twin21)



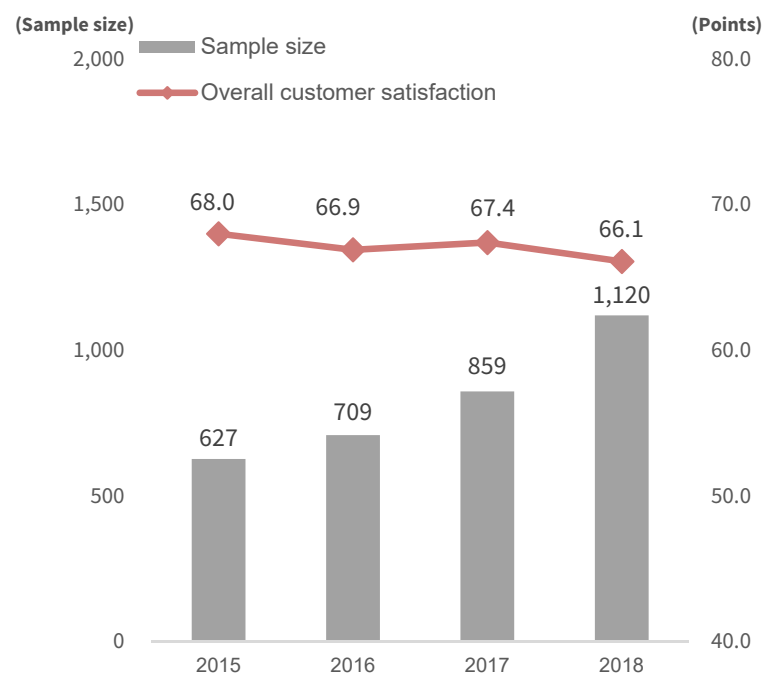
Social initiatives 2

Improving tenant satisfaction

Tenant satisfaction surveys

- ✓ Every year, a tenant satisfaction survey is conducted by an external organization
- ✓ The results are analyzed, and **used in deciding upon facility renovations and service improvements, as well as strategic planning for efforts to attract new tenants**
- ✓ **The surveys promote communication with tenants**, allowing for stable occupancy over the long term

Sample size and overall customer satisfaction



Note: CSI: Abbreviation for Customer Satisfaction Index. We had building facilities, services and others evaluated by customers, and the gap between each item's needs (expectations) and satisfaction was weighted before calculating each item's evaluation with the full score of 100.

Survey findings – Level of CSI

Factors	2015	2016	2017	2018		
				Total	(East Japan)	(Osaka)
Overall customer satisfaction	68.0	66.9	67.4	66.1	64.7	69.6
Surrounding environment	73.7	72.4	71.9	67.2	63.7	76.0
Behavior of MF (property management firm)	78.4	78.8	79.5	78.6	77.7	79.7
Comforts of building	55.3	54.5	56.8	54.2	53.4	56.2
Manner of management firm's staff	75.1	74.7	74.8	73.9	74.0	73.8
Behavior of PM	72.8	73.0	72.4	71.3	68.4	74.5
Measures for safety	69.2	66.3	68.3	66.7	65.5	69.8
Quality of common area	65.7	64.3	64.5	63.0	61.6	66.5
Usability of building facilities & equipment	66.5	67.5	65.4	70.9	71.7	70.0
Cleanliness of building	70.3	69.6	69.9	69.5	68.2	72.9

Governance initiatives



Executive officers supporting governance

- ✓ Made up only of third parties who are independent from the MC-UBS
- ✓ The board of directors engages in lively discussion and serves as a check on the Asset Management Company
- ✓ At the investors' meeting held in March 2019, the number of supervisory officers was increased by 1 to further enhance the supervisory system

NEW

Executive Briefings

Executive Director Katsuhiro Tsuchiya (Second from the left)

Utilizes knowledge and experience as a legal expert to carry out operations

Supervisory Director Haruo Kitamura (Rightmost)

Utilizes knowledge and experience as an accounting and financial expert to supervise operations

Supervisory Director Osamu Ito (Leftmost)

Utilizes knowledge and experience as a legal expert to supervise operations

NEW

Supervisory Director Kyoko Nagata (Second from the right)

Utilizes knowledge and experience as an accounting and financial expert to supervise operations



Efforts to expand investor base

Approaching a wide range of investors

IR events for institutional investors in the 26th Period

- ✓ Participated in panel discussions at overseas conferences



Schedule : March 2019
Location : America
Theme : Japan Office Panel

IR events for retail investors in the 26th Period

- ✓ Five IR events for retail investors were held in the 26th Period
- ✓ Regular briefing sessions are held regardless of the day and location

#	Day of week	Location	Name of event
1	Weekday	Tokyo	Corporate Seminar
2	Weekday	Tokyo	IR Seminar for branches of securities companies
3	Weekend	Nagoya	J-REIT Seminar
4	Weekday	Sapporo	IR Seminar for Retail Investors
5	Weekday	Online	Online Seminar for Retail Investors

Assessment by external agencies

IR Award

- ✓ The Asset Management Company received the Best IR Award for Encouragement at IR Award 2018



Award rationale

(Excerpt from the JIRA website)

- Top management engages in dialogue with capital markets and reflects investors' views in its management
- The company is active in incorporating third-party evaluations concerning ESG
- The company promptly discloses information concerning risks with its investments, such as the impact of earthquakes or damage caused by wind or floods

- ✓ Introducing IR activities at the "The 67th Small and Medium-Sized Enterprise Committee" hosted by the Japan IR Association



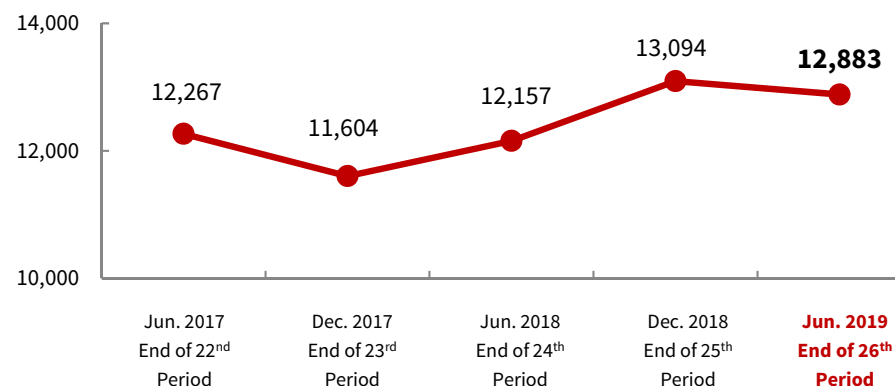


7. OTHER TOPICS

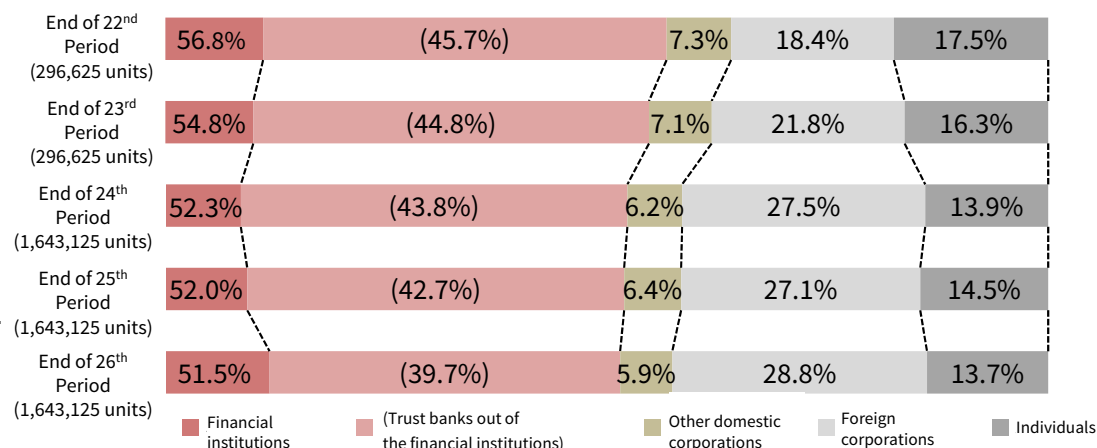


Unitholder details

No. of unitholders



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



Major unitholders

Rank	Name	Jun. 2019 (End of 26 th Period)		Difference from 25 th Period
		No. of units held	Share (%) ^(Note)	
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	271,553	16.52%	- 12,607
2	Japan Trustee Services Bank, Ltd. (Trust Account)	212,762	12.94%	- 37,487
3	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	69,622	4.23%	- 635
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	63,653	3.87%	+ 746
5	Kanden Realty & Development Co.,Ltd.	46,000	2.79%	-
6	SIX SIS LTD.	34,408	2.09%	- 2,352
7	STATE STREET BANK WEST CLIENT - TREATY 505234	29,310	1.78%	- 464
8	NOMURA BANK (LUXEMBOURG) S.A.	27,500	1.67%	+ 23,209
9	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	21,565	1.31%	+ 3,121
10	Mitsubishi Corporation	21,000	1.27%	-
Total		797,373	48.52%	-

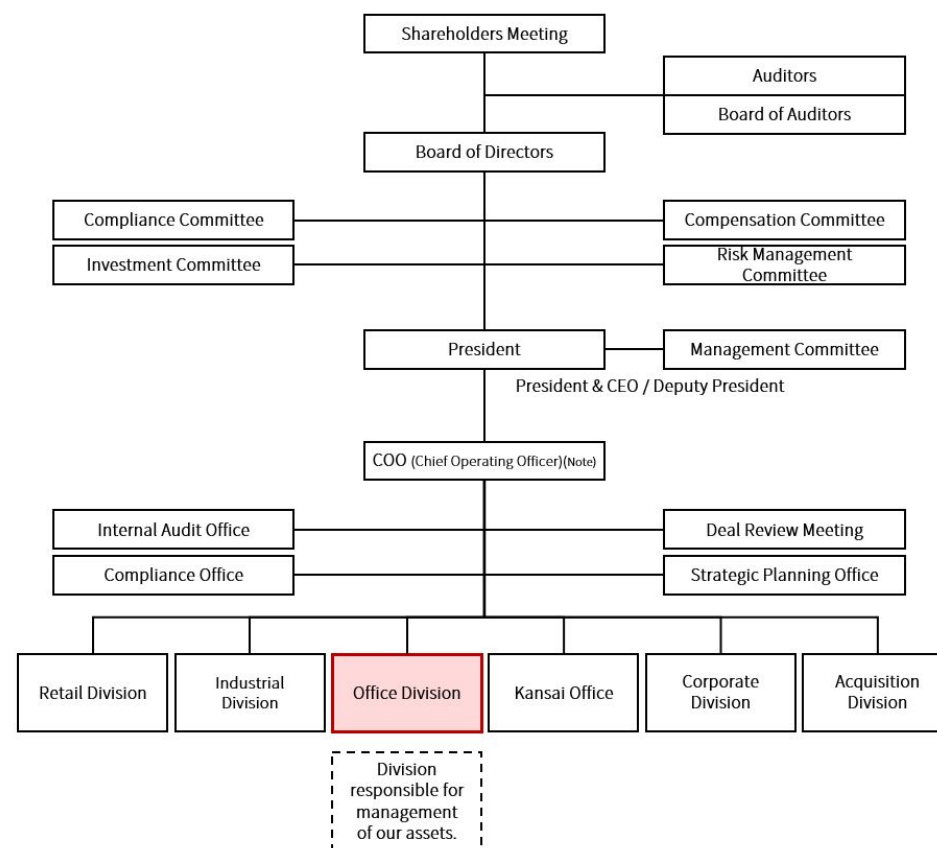
Note: Ratio of number of units owned to total number of units issued is calculated by rounding down to the nearest second decimal place.

Overview of asset management company

Company overview (as of Aug. 16, 2019)

Name	Mitsubishi Corp.- UBS Realty Inc.
Location	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Establishment	Nov. 15, 2000
Capital	500 mn. yen
Shareholders	Mitsubishi Corporation 51% UBS Asset Management AG 49%
No. of employees	153 (as of July 1, 2019)

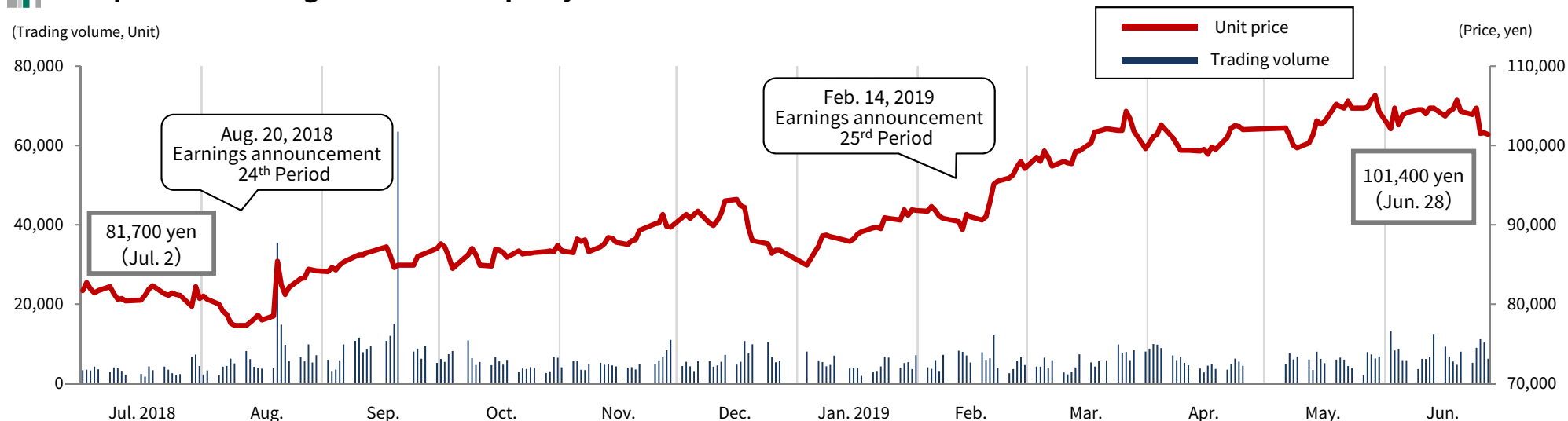
Structure (as of Aug. 16, 2019)



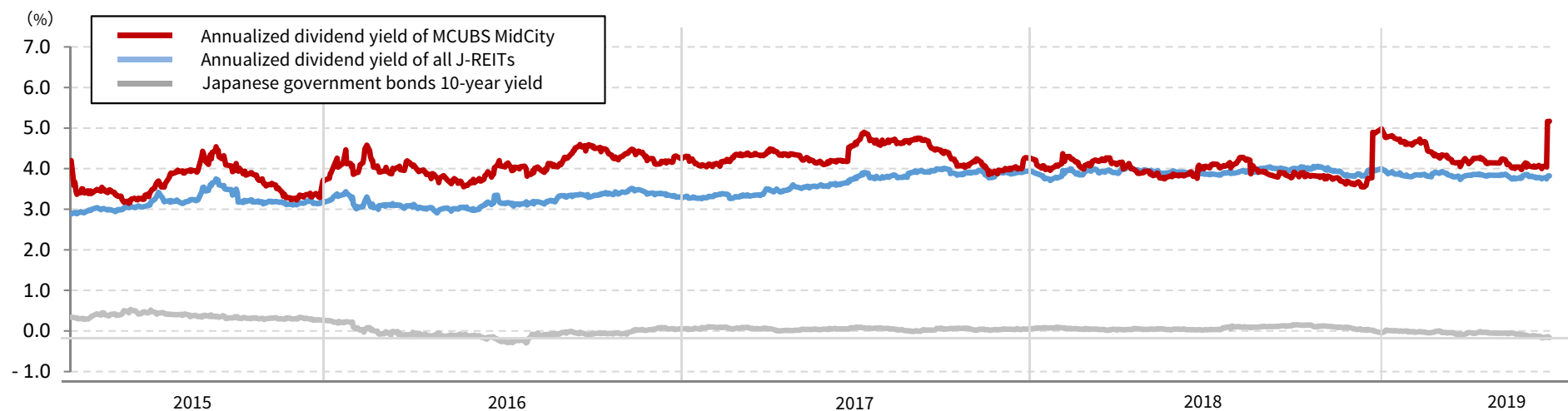
Note: The Chief Operating Officer (COO) concurrently serves as the Director responsible for compliance.

Historical unit price

Unit price and trading volume for the past year



Indexed unit price after MC-UBS participation (Apr. 10, 2015 to Jun. 30, 2019)



Source: Bloomberg

Think bold today for a brighter tomorrow.



MCUBS MidCity Investment Corporation

Disclaimer

- This material main 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: Mitsubishi Corp.- UBS Realty Inc.

(Certified Financial Instruments Business Operator: Director of Kanto Local Financial Bureau (Kinsho) Registration No. 403, and Member of The Investment Trusts Association, Japan)