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For Translation Purpose Only

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Notice Regarding Revision of Business Outlook and Distributions Forecast for the 22nd Period Ending June 30, 2017 and Notice Regarding Business Outlook and Distributions Forecast for the 23rd Period Ending December 31, 2017

MCUBS MidCity Investment Corporation (hereafter “MCUBS MidCity”) announces that it has revised its business outlook and distributions forecasts for the fiscal period ending June 30, 2017 (22nd Fiscal Period: January 1, 2017 to June 30, 2017) announced on December 20, 2016. MCUBS MidCity also announces its business outlook and distributions forecasts for the fiscal period ending December 31, 2017 (23rd Fiscal Period: July 1, 2017 to December 31, 2017).

1. Revised Business Outlook and Distributions Forecasts for Fiscal Period Ending June 30, 2017 (22nd Fiscal Period: January 1, 2017 to June 30, 2017)

	Operating revenue (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution in excess of earnings per unit (yen)
Previous forecast (A)	7,154	2,614	2,041	2,040	7,670	0
Revised forecast (B)	8,054	3,176	2,590	2,589	7,900	0
Difference (B – A)	900	562	549	549	230	—
Percentage change	12.6%	21.5%	26.9%	26.9%	3.0%	—

[Reference]

Forecast number of investment units issued and outstanding at end of the fiscal period ending June 30, 2017: 296,625 units
 It is assumed that all of the investment units consisting of 29,100 new investment units, to be issued through the primary offering, and maximum 1,500 new investment units, to be issued through a third-party allotment accompanying the secondary offering (over-allotment), which were resolved at the meeting of the board of directors held today, are issued, in addition to 266,025 investment units outstanding as of today, and that no additional new investment units are issued thereafter.

Note:

- Distribution per unit is different from net income per unit because it is assumed that ¥246 million will be recognized as voluntary reserves.

Note: This press release provides information regarding MCUBS MidCity’s revision of business outlook and distributions forecast for the 22nd Period Ending June 30, 2017 and business outlook and distributions forecast for the 23rd Period Ending December 31, 2017 and is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in MCUBS MidCity. Investors are advised to read Prospectus Concerning the Issue and Sale of New Investment Units and its corrections (if prepared) before making investment decisions, which are investors’ sole discretion and responsibility and are made at their own risk. MCUBS MidCity and its affiliates disclaim any responsibility or liability for the consequence of investment in MCUBS MidCity.

2. The aforementioned forecasts are current as of the date of this release. Accordingly, actual distribution per unit is subject to change. MCUBS MidCity does not guarantee payment of the forecast distribution per unit.
3. MCUBS MidCity reserves the right to revise the aforementioned forecasts in the event that a significant discrepancy between actual results and forecasts is anticipated.
4. Amounts below the specified unit are rounded down. Percentage figures are rounded to the nearest first decimal place.

2. Business Outlook and Distributions Forecasts for Fiscal Period Ending December 31, 2017 (23rd Fiscal Period: July 1, 2017 to December 31, 2017)

	Operating revenue (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution in excess of earnings per unit (yen)
Fiscal Period Ending December 31, 2017	7,545	2,974	2,374	2,373	8,000	0

[Reference]

Forecast number of investment units issued and outstanding at end of the fiscal period ending December 31, 2017: 296,625 units
It is assumed that all of the investment units consisting of 29,100 new investment units, to be issued through the primary offering, and maximum 1,500 new investment units, to be issued through a third-party allotment accompanying the secondary offering (over-allotment), which were resolved at the meeting of the board of directors held today, are issued, in addition to 266,025 investment units issued and outstanding as of today, and that no additional new investment units are issued thereafter.

Note:

1. The aforementioned forecasts are current as of the date of this release. Accordingly, actual distribution per unit is subject to change. MCUBS MidCity does not guarantee payment of the forecast distribution per unit.
2. MCUBS MidCity reserves the right to revise the aforementioned forecasts in the event that a significant discrepancy between actual results and forecasts is anticipated.
3. Amounts below the specified unit are rounded down.

3. Reason for the Revision

MCUBS MidCity is, as announced via the press releases “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Regarding Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Two Office Buildings and Disposition of One Office Building)” as of today, scheduled to acquire trust beneficiary interests in Sasazuka Center Bldg. and USC Bldg. as respective entrusted asset on March 22, 2017 and April 6, 2017, respectively, using funds to be raised through the issuance of new investment units and cash reserves. MCUBS MidCity is also scheduled to dispose of MID Midosujikawaramachi Bldg. and Midosuji MID Bldg., as announced via the press release as of January 12, 2017 “Notice Regarding Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Shibuya Sakuragaoka Square and Disposition of Midosuji MID Bldg.)”, on March 27, 2017.

As a result, the business outlook and distributions forecast for the 22nd period ending June 30, 2017 are revised as the assumptions for the forecast of business outlook have been reviewed based on the expectation that operating revenue will surpass the previous forecast. The results and distributions forecast for the 23rd period ending December 31, 2017 will be disclosed based on the same assumptions.

<Attachment>

Attachment: Assumptions Regarding Business Outlook for the 22nd Period Ending June 30, 2017 and the 23rd Period Ending December 31, 2017

<Reference>

Other press releases announced today:

“Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”

“Notice Regarding Acquisition and Disposition of Trust Beneficiary Interest in Domestic Real Estate (Acquisition of Two Office Buildings and Disposition of One Office Building)”

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Assumptions Regarding Business Outlook for the 22nd Period Ending June 30, 2017 and the 23rd Period Ending December 31, 2017

Item	Assumption(s)								
Assets under management	<ul style="list-style-type: none"> It is assumed that the following four properties are acquired (the “Assets (to be) Acquired”) and two properties are disposed (the “Assets to be Disposed”), in addition to the 19 properties (including silent partnership interests) held by MCUBS MidCity as of December 31, 2016. With regard to all the Assets (to be) Acquired and the Assets to be Disposed, except for MID Midosujikawaramachi Bldg. with regard to which a basic agreement with buyer is executed, a sale and purchase agreement or a status transfer agreement which specifies that a status of a purchaser shall be taken over from a domestic company which entered into a sale and purchase agreement with a seller is executed. When to acquire or dispose of each property is as follows: <table border="1" data-bbox="485 730 1407 887"> <thead> <tr> <th data-bbox="485 730 815 792">Acquired on February 1, 2017</th> <th data-bbox="815 730 1110 792">To be Acquired on March 22, 2017</th> <th data-bbox="1110 730 1407 792">To be Acquired on April 6, 2017</th> </tr> </thead> <tbody> <tr> <td data-bbox="485 792 815 887">Sendai Capital Tower Shibuya Sakuragaoka Square (additional acquisition)</td> <td data-bbox="815 792 1110 887">Sasazuka Center Bldg.</td> <td data-bbox="1110 792 1407 887">USC Bldg.</td> </tr> </tbody> </table> <table border="1" data-bbox="485 913 815 1070"> <thead> <tr> <th data-bbox="485 913 815 976">To be Disposed on March 27, 2017</th> </tr> </thead> <tbody> <tr> <td data-bbox="485 976 815 1070">Midosuji MID Bldg. MID Midosujikawaramachi Bldg.</td> </tr> </tbody> </table> It is assumed that there will be no changes (new property acquisition and sale of existing property, etc.) in MCUBS MidCity’s assets under management until December 31, 2017, after the acquisition of the Assets (to be) Acquired and the disposition of the Assets to be Disposed. The actual assets under management may vary due to changes in the property portfolio and other factors. 	Acquired on February 1, 2017	To be Acquired on March 22, 2017	To be Acquired on April 6, 2017	Sendai Capital Tower Shibuya Sakuragaoka Square (additional acquisition)	Sasazuka Center Bldg.	USC Bldg.	To be Disposed on March 27, 2017	Midosuji MID Bldg. MID Midosujikawaramachi Bldg.
Acquired on February 1, 2017	To be Acquired on March 22, 2017	To be Acquired on April 6, 2017							
Sendai Capital Tower Shibuya Sakuragaoka Square (additional acquisition)	Sasazuka Center Bldg.	USC Bldg.							
To be Disposed on March 27, 2017									
Midosuji MID Bldg. MID Midosujikawaramachi Bldg.									
Operating revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as of February 14, 2017, with due consideration of several factors such as the market environment, characteristics and market competitiveness of individual properties, and status of individual tenants. Operating revenue is calculated assuming there are no tenant defaults or non-payments of rent by tenants. Dividend income from silent partnership interests is calculated by reflecting a forecast of occupancy of real estate which backs cash flows. As stated in the column “Assets under management” above, it is estimated that gains on sales of real estate properties (difference between planned disposition price and assumed book value - assumed disposition cost) of approximately 626 million yen will be generated upon disposition of Midosuji MID Bldg. on March 27, 2017 								
Operating expenses	<ul style="list-style-type: none"> Of the expenses related to the rent business, which constitute a principal component of operating expenses, expenses other than depreciation are calculated based on historical data and reflecting seasonal and other factors that may cause fluctuations in expenses. Property management fees of ¥852 million and ¥847 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. 								

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	<ul style="list-style-type: none"> • Utilities expenses of ¥627 million and ¥709 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. • Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”)Property taxes, etc. of ¥645 million and ¥596 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. Settlement money for those taxes for the Asset (to be) Acquired stated in the column “Assets under management” above will not be recorded as expenses for the 22nd fiscal period and the 23rd fiscal period because it will be included in the acquisition cost of such properties and those taxes will be recorded from the following year of the acquisition. Thus, the fixed asset taxes, etc. on the anticipated properties will be expensed starting from the 24th period. • The amount expected to be necessary for building repair expenses in the respective fiscal period is recorded as expenses. Building repair expenses of ¥392 million and ¥246 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. Please note that actual repair expenses may differ significantly from the forecasted amounts due to various reasons, including repair expenses possibly arising from damages, etc. to buildings due to unexpected causes. • Depreciation is calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. ¥1,299 million and ¥1,273 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. • As stated in the column “Assets under management” above, it is estimated that losses on sales of real estate properties(difference between planned disposition price and assumed book value - assumed disposition cost) of approximately 213 million yen will be generated upon disposition of MID Midosujikawaramachi Bldg. on March 27, 2017
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses of ¥419 million and ¥422 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively. • Borrowing-related expenses of ¥140 million and ¥146 million are expected for the 22nd fiscal period and for the 23rd fiscal period, respectively.
Interest-bearing liabilities	<ul style="list-style-type: none"> • It is assumed that the balance of interest-bearing liabilities outstanding will be ¥104,975 million and ¥104,975 million as of the end of the 22nd fiscal period and as of the end of the 23rd fiscal period, respectively. • The scheduled repayment of ¥125 million was made with cash reserves on January 31, 2017 and the short-term borrowings of ¥10,000 million and the long-term borrowings of ¥8,000 million were conducted on the same day for the purpose of acquiring of Sendai Capital Tower and Shibuya Sakuragaoka Square (additional acquisition), constituting a part of the Assets (to be) Acquired as stated in the column “Assets under management” above. It is also assumed that ¥7,000 million of such short-term borrowings out of ¥10,000 million are to be repaid at the end of March 2017. • It is assumed that the borrowings of ¥13,675 million that will become due during the 23rd fiscal period (on July 31, 2017) are to be refinanced.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> • It is assumed that all of the investment units consisting of 29,100 new investment units, to be issued through the public offering, and maximum 1,500 new investment units, to be issued through a third-party allotment accompanying the secondary offering (over-allotment), total of 30,600 units, which were resolved at the meeting of the board of directors held on February 14, 2017, are issued, in addition to 266,025 investment units issued and outstanding as of December 31, 2016, and that no additional new investment units are issued by the end of the 23rd fiscal period.

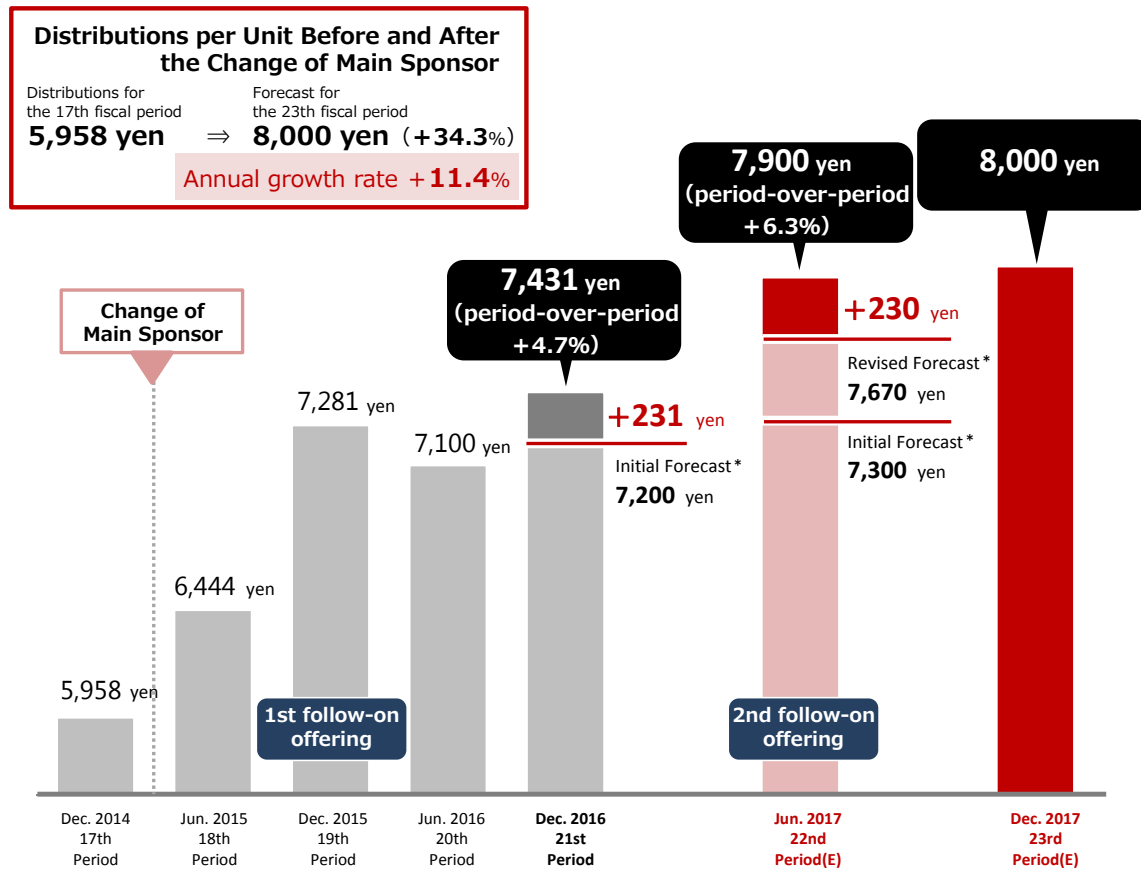
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<p>Distribution per unit</p>	<ul style="list-style-type: none"> • Distribution per unit is calculated assuming the cash distribution policy set forth in the Articles of Incorporation of MCUBS MidCity. • Distribution per unit may change due to various factors, including changes in assets under management, fluctuations in rent income associated with tenant changes, etc., incurrence of unexpected repairs, fluctuations in interest rates and issuance of additional investment units. • Of the gains on sales of real estate properties (difference between planned disposition price and assumed book value - assumed disposition cost) of approximately ¥626 million from the disposition of Midosuji MID Bldg. as stated in the column “Operating revenue” above, it is assumed that ¥246 million will be recognized as voluntary reserves within the limits stipulated in Article 67-15 and 65-7 of Act on Special Measures Concerning Taxation and the remainder will be distributed. Actual voluntary reserves are subject to change.
<p>Distribution in excess of earnings per unit</p>	<ul style="list-style-type: none"> • It is assumed that there will be no cash distributions in excess of earnings (distribution in excess of earnings per unit).
<p>Other</p>	<ul style="list-style-type: none"> • It is assumed no changes will be made to laws, tax systems, accounting standards, listing regulations, rules of the Investment Trusts Association, Japan, etc. affecting the aforementioned forecasts. • It is assumed that there will be no major and unforeseen changes in general economic trends and real estate market conditions, etc.

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<Reference>

Historical Distributions per Unit and Forecast of Distributions



*Initial Forecast is the forecast announced on August 16, 2016 and Revised Forecast is the revised forecast announced on December 20, 2016.

Note:

The forecasted distributions are calculated as of today based on the assumptions stated in this press release. A difference may be created between the assumptions and actual conditions according to changes in asset management circumstances such as potential acquisition and disposal of real estate properties, etc., fluctuations in rent income associated with tenant changes, etc. and incurrence of unexpected repairs, fluctuations in interest rates and actual decisions on the number of investment units to be issued and issue value, etc., and as a result, an actual distribution per unit may differ substantially from the above forecast.

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