

## **Disclaimers**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

### ***Netherlands***

The units of MCUBS MidCity Investment Corporation (“MidCity” or the “AIF”) are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, MCUBS MidCity Inc. (the “AIFM”) has submitted a notification with the Dutch Authority for the Financial Markets. The units of MidCity will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor MidCity is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor MidCity is subject to supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) and this Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the European Directive 2003/71/EC (the EU Prospectus Directive) as amended and implemented in Netherlands law. The AIFM is solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

### ***United Kingdom***

Units of MidCity are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has submitted a notification with the Financial Conduct Authority (the “FCA”) in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) MidCity is an unregulated collective investment scheme which has not been authorized by the FCA.

Accordingly, any communication of an invitation or inducement to invest in MidCity may be made to persons in the United Kingdom only if the communication falls within one or more of the categories of exempt financial promotions under the Financial Services and Markets Act (Financial Promotion) Order 2005 (the “Order”), such as financial promotions communicated to:

- (1) persons who are investment professionals, as defined in article 19 of the Order;
- (2) persons who are high net worth companies, unincorporated associations, or other entities listed in article 49 of the Order,

or if the communication is made to persons to whom such an invitation or inducement may otherwise lawfully be communicated. The distribution of this document to any person in the United Kingdom in circumstances not falling within one of the above categories is not permitted and may contravene FSMA. No person falling outside those categories should treat this document as constituting a promotion to him, or act on it for any purposes whatever.

### ***European Economic Area***

In relation to each Member State of the European Economic Area (the “EEA”) which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) no offer of units of MidCity may be made to the public in that Relevant Member State except in circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of units shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of units to the public” in relation to any units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the units to be offered so as to enable an investor to decide to purchase or subscribe the units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The Units of MidCity are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, "IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Units of MidCity or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Units of MidCity or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF	MidCity manages assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective. MidCity aims to attain internal and external growth through collaboration with the sponsors and will aim through this collaboration to gain secure revenues and portfolio growth in the medium to long term.
Investment strategy	MidCity is committed to managing assets from a medium to long-term perspective to assure stable revenues and steady growth of operating. MidCity focuses its investment activity primarily in Japan's three major metropolitan areas (Tokyo metropolitan area, Osaka metropolitan area and Nagoya metropolitan area). In addition, in order to diversify risks, including those related to natural disasters or specific to regional economies, while securing more opportunities for property acquisitions, MidCity's investment targets also include so-called "government-designated cities", cities with populations of over 500,000, as well as other major cities and overseas cities.
Types of assets the AIF may invest in	Real estate including trust beneficiary interests in real estate, securities backed by real estate, specified assets and other assets.
Techniques it may employ and all associated risks	<p>MidCity makes its investment decisions through comprehensive consideration of its investment criteria, based on analyses of income and expenses for each property using objective research data, including market surveys, and cash flow estimates as well as review of the possible impact of each property to its portfolio.</p> <p>The principal risks with respect to investment in MidCity are as follows:</p> <ul style="list-style-type: none"> <li>• any adverse conditions in the overall Japanese economy or Japanese real estate industry could adversely affect MidCity's properties;</li> <li>• MidCity may not be able to acquire properties to execute MidCity's growth and investment strategy in a manner that is accretive to earnings;</li> <li>• increases in prevailing market interest rates would increase MidCity's interest expense and may result in a decline in the market price of MidCity's units;</li> <li>• the high geographic concentration of MidCity's real estate portfolio in the Osaka metropolitan area could have a material adverse effect on MidCity's business;</li> <li>• inability to change the composition of target geographical areas as planned or to achieve improvement in revenue as a result of such change;</li> <li>• legal, accounting, tax, geopolitical, foreign exchange and other risks related to overseas investments;</li> <li>• competition for tenants may adversely affect MidCity's ability to retain MidCity's current tenants and find new tenants, and to achieve favorable rental rates;</li> <li>• MidCity's reliance on Mitsubishi Corp.-UBS Realty Inc. could have a material</li> </ul>

adverse effect on MidCity's business;

- MidCity may suffer large losses if any of MidCity's properties incur damage from a natural or man-made disaster or accident;
- MidCity may not be able to promptly acquire real estate on acceptable terms in response to changing economic, financial or investment conditions;
- MidCity may not be able to promptly sell properties in MidCity's portfolio on acceptable terms because of contractual restriction on disposition;
- any inability to obtain financing for future acquisitions, or any restrictions on MidCity's activities under financing arrangements, could adversely affect MidCity;
- MidCity's success depends on the performances of service providers to which MidCity is required to assign various key functions;
- MidCity may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs; and
- changes in Japanese tax laws may significantly increase MidCity's tax burden.

In addition, MidCity is subject to the following risks:

- risks related to increasing operating costs;
- risks related to the illiquidity in the real estate market, which may limit the ability to grow or adjust the portfolio;
- risks that MidCity may change its detailed investment policy without a formal amendment of the articles of incorporation;
- risks related to the restrictive covenants under debt financing arrangement;
- risks related to entering into forward commitment contracts;
- risks related to third party leasehold interests in the land underlying MidCity's properties;
- risks related to holding the property in the form of compartmentalized ownership (*kubun shoyū*) interests or co-ownership interests (*kyōyū-mochibun*);
- risks related to properties not in operation (including properties under development);
- risks related to investment in hotel properties;
- risks related to the defective title, design, construction or other defects or problems in the properties;
- risks related to liabilities as an owner or a seller of the properties;
- risks related to conflicts on the boundary of the properties;
- risks related to suffering impairment losses relating to the properties;
- risks related to decreasing tenant leasehold deposits and/or security deposits;
- risks related to lease agreements with tenants, including the risks of tenants' default as a result of financial difficulty or insolvency;

- risks related to investment in leasehold interests (*shakuchi ken*) or land with leasehold interests (*sokochi*);
- risks related to master lease agreements;
- risks related to the insolvency of seller of the properties;
- risks related to relying on expert appraisals and engineering and seismic reports as well as industry and market data;
- risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly remediate such substances;
- risks related to potential conflicts of interest between MidCity and AIFM and its affiliates including Mitsubishi Corp.-UBS Realty Inc. and MCUBS Japan Advisors Inc.;
- risks related to the amendment of the applicable administrative laws and local ordinances;
- risks related to investments in anonymous associations (*tokumei kumiai*);
- risks related to investments in trust beneficiary interest;
- risks related to the tight supervision by the regulatory authorities and compliance with applicable rules and regulations, including the building standards;
- risks related to the tax authority disagreement with the AIFM’s interpretations of the Japanese tax laws and regulations;
- risks related to insider trading; and
- the risk of dilution as a result of further issuances of units.

Any applicable investment restrictions

MidCity is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its articles of incorporation.

MidCity must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (*chijō-ken*) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights.

Furthermore, a listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (*tokumei kumiai*) interests for investment in real estate.

Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.

	<p>Investment restrictions MidCity has placed in its articles of incorporation are as follows:</p> <p>(1) Restrictions relating to securities and monetary claims The securities and monetary claims shall not be for active investment, but rather for management that takes security and liquidity or connection with the specified assets into consideration.</p> <p>(2) Restrictions relating to derivatives transactions The rights pertaining to derivative transactions shall be limited to management for the purpose of hedging interest rate fluctuation risks arising from liabilities pertaining to MidCity, exchange risks related to assets held by MidCity and other risks.</p>
<p>Circumstances in which the AIF may use leverage</p>	<p>In order to achieve steady growth, as well as efficient and stable management, of assets under management, MidCity shall be able to borrow funds (including via the call market) or issue investment corporation bonds for purposes including acquiring assets, paying for repairs, making distributions and financing MidCity's operations or for repaying obligations (including repaying deposits, guarantees, bank borrowings, and investment corporation bonds, including short-term investment corporation bonds). Furthermore, with respect to borrowings, MidCity may borrow only from qualified institutional investors stipulated in the Financial Instruments and Exchange Act who are also institutional investors provided in Article 67-15 of the Act on Special Measures Concerning Taxation.</p>
<p>The types and sources of leverage permitted and associated risks</p>	<p>Loans or investment corporation bonds:</p> <p>MidCity may be subject to restrictive covenants in connection with any future indebtedness that may restrict the operations and limit the ability to make cash distributions to unitholders, to dispose of the properties or to acquire additional properties. Furthermore, MidCity may violate restrictive covenants contained in the loan agreements MidCity executes, such as the maintenance of debt service coverage or loan-to-value ratios, which may entitle the lenders to require MidCity to collateralize the properties or demand that the entire outstanding balance be paid.</p> <p>Further, in the event of an increase in interest rates, to the extent that MidCity has any debt with unhedged floating rates of interest or MidCity incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit the ability to acquire properties, and could cause the market price of the units to decline.</p>
<p>Any restrictions on leverage</p>	<p>The maximum amount of each loan and investment corporation bond issuance will be one trillion yen, and the aggregate amount of all such debt will not exceed one trillion yen.</p>

Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	MidCity has set an upper limit of 60% as a general rule for its loan-to-value, or LTV, ratio in order to operate with a stable financial condition. MidCity may, however, temporarily exceed any such levels as a result of property acquisitions or other events.
<b>Article 23(1) (b)</b>	
Procedure by which the AIF may change its investment strategy / investment policy	<p>Amendment of the articles of incorporation – Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however, that under the ITA and MidCity’s articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.</p> <p>Additionally, the guidelines of the AIFM, which provide more detailed policies within MidCity’s overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.</p>
<b>Article 23(1) (c)</b>	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>The AIFM has entered into a Memorandum of Understanding concerning supply of information related to real estate to be sold and an Asset Value Improvement Support Agreement, each with MID Urban Development to receive support for property acquisition and information regarding the sale of certain properties.</p> <p>The AIFM has entered into a Memorandum concerning supply of property information with Mitsubishi Corp. – UBS Realty Inc.</p> <p>All of the above agreements are governed by Japanese law.</p> <p>MidCity is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p> <p>MidCity is a corporate-type investment trust in the form of investment corporation (<i>toshi hojin</i>) provided for under the ITA. Therefore, the relationship between MidCity and its unitholders is governed by MidCity’s articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general</p>



unitholders' meeting. MidCity's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of MidCity's directors.

The relationship between MidCity and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.

The courts in Japan would recognize as a valid and final judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against MidCity obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan or a treaty, (ii) MidCity has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public order and morality as applied in Japan, and (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.

**Article 23(1) (d)**

The identity of the AIFM, AIF's depository, auditor and any other service providers and a description of their duties and the investors' rights thereto

- AIFM (Asset Manager): MCUBS MidCity Inc.
- Auditor: KPMG AZSA LLC
- Custodian: Sumitomo Mitsui Trust Bank, Limited
- General Administrator: Sumitomo Mitsui Trust Bank, Limited
- Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
- Special Transfer Account Management Institution: Mitsubishi UFJ Trust and Banking Corporation
- Fiscal Agent: Mizuho Bank, Ltd.

Service providers owe contractual obligations under their respective agreements with the AIF or the AIFM, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the asset manager in good faith.

The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests.

Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.

<b>Article 23(1) (e)</b>	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
<b>Article 23(1) (f)</b>	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	<p>Not applicable.</p> <p>There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.</p>
<b>Article 23(1) (g)</b>	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	<p>MidCity makes an investment decision with respect to a property based on its valuation, taking into consideration its appraisal value.</p> <p>MidCity evaluates assets in accordance with its article of incorporation. The methods and standards that MidCity uses for the evaluation of assets are based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP.</p> <p>J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p>
<b>Article 23(1) (h)</b>	
Description of the AIF's liquidity risk management,	Investment corporation bonds and loans are used to finance repayment of obligations, acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk. MidCity manages and limits such risk by spreading out the maturities of

<p>including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors</p>	<p>the borrowings based on a cash management plan that is prepared and renewed on a timely basis.</p> <p>With respect to borrowings with floating interest rates exposed to the risk of increased interest rates, MidCity makes adjustments to the ratio of floating rate borrowings to all borrowings. Also, MidCity can trade in derivatives as hedging instruments.</p> <p>As MidCity is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<p><b>Article 23(1) (i)</b></p>	
<p>Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors</p>	<p><u>Compensation</u>: The standards of payment and time of payment of compensation for executive directors and supervisory directors of MidCity are as follows:</p> <ol style="list-style-type: none"> <li>1. The amount of compensation for executive directors is an amount determined by the board of directors that is no more than 800,000 yen per month per person and shall be paid no later than the last day of the relevant month by depositing such amount into the account designated by executive directors.</li> <li>2. The amount of compensation for supervisory directors is an amount determined by the board of directors that is no more than 500,000 yen per month per person and shall be paid no later than the last day of the relevant month by depositing such amount into the account designated by supervisory directors.</li> </ol> <p><u>Asset Manager</u>: The following is the method of calculation and time of payment of compensation payable to the Asset Manager.</p> <ol style="list-style-type: none"> <li>1. Management Fee I <p>Management Fee I equals total assets on MidCity's balance sheets (limited to those approved pursuant to Article 131 of the ITL) as of the end of the most recent fiscal period, multiplied by a rate separately agreed upon by MidCity and the Asset Manager of no more than 0.2% (rounded down to the nearest yen). Management Fee I is paid no later than three months after the settlement of accounts pertaining to the relevant fiscal period of the MidCity.</p> </li> <li>2. Management Fee II <p>Management Fee II is the distributable amount before deduction of Management Fee II estimated for each of the respective fiscal periods of MidCity, multiplied by a rate separately agreed upon by MidCity and the Asset Manager of no more than 5.0% (rounded down to the nearest yen). Furthermore, when there is loss brought forward in income before income taxes calculated in compliance with generally</p> </li> </ol>

accepted corporate accounting principles and practices in Japan, “distributable amount” shall mean the amount after covering such loss. Management Fee II is paid no later than three months after the settlement of accounts pertaining to the relevant fiscal period of MidCity.

### 3. Management Fee III

In the event that MidCity acquires new real estate (including real estate underlying trust beneficiary interests or other assets), Management Fee III is the acquisition value of the real estate (excluding consumption tax and local consumption tax, as well as expenses associated with the acquisition), multiplied by a rate separately agreed upon by MidCity and the Asset Manager of no more than 1.0% (rounded down to the nearest yen); provided, however, that in the event that MidCity acquires from a sponsor-related party stipulated in the asset management agreement concluded with the Asset Manager (“sponsor-related parties”), such rate separately agreed upon by MidCity and the Asset Manager shall be no more than 0.5% (rounded down to the nearest yen).

Management Fee III is paid by the last day of the month following the month of the acquisition of the real estate (i.e., the transfer of ownership and rights).

### 4. Management Fee IV

In the event that MidCity transfers real estate (including real estate underlying trust beneficiary interests or other assets) that are assets under management, Management Fee IV is the transfer value of the real estate, excluding consumption tax and local consumption tax, as well as expenses associated with the transfer multiplied by a rate separately agreed upon by MidCity and the Asset Manager of no more than 1.0% (rounded down to the nearest yen); provided, however, that in the event that MidCity transfers to sponsor related party, such rate separately agreed upon by MidCity and the Asset Manager shall be no more than 0.5% (rounded down to the nearest yen).

Management Fee IV is paid by the last day of the month following the month the transfer of the real estate (i.e., the transfer of ownership and rights).

#### Custodian:

- Custodian Fee:

MidCity pays to the Custodian a Custodian Fee for a fiscal period (plus national and local consumption tax) payable by the end of the month immediately following the month when the Custodian demands such payment. The Custodian Fee is determined based on the asset composition with a capped fee calculated by multiplying the total amount of the asset on the balance sheet or the compound

trial balance as of the end of the previous month by 0.03% and then divided by 12. The fee for less than a month is calculated on a daily pro rate basis for the time comprising the relevant period (plus national and local consumption tax).

General Administrator:

- **General Administrator Fee:**

MidCity pays to the General Administrator a General Administrator Fee for a fiscal period (plus national and local consumption tax) payable by the end of the month immediately following the month when the General Administrator demands such payment. The General Administrator Fee is determined with a capped fee calculated by multiplying total assets on the balance sheet or the compound trial balance as of the end of the previous month by 0.09% and then dividing such amount by 12. The fee in respect of any period less than a month is calculated on a daily pro rata basis for such period (plus national and local consumption tax).

Transfer Agent:

- **Standard Fee:**

MidCity pays to the Transfer Agent a Standard Fee for each month payable by the end of the month immediately following the month when the Transfer Agent demands such payment. The Standard Fee is determined upon agreement by MidCity and the Transfer Agent with a capped fee described in the below table. Standard fees are for services such as the preparation, maintenance and storage of MidCity's unitholder register; and preparation of materials concerning fiscal period-end unitholder statistical data (number of unitholders, total units held, and distribution per geographic area). Monthly Standard Fees equal one sixth of the total amount of fees calculated in the manner below. There is a minimum monthly fee of 220,000 yen.

Number of unitholders	Fees per unitholder
first 5,000 unitholders	390 yen
over 5,000 to 10,000	330 yen
over 10,000 to 30,000	280 yen
over 30,000 to 50,000	230 yen
over 50,000 to 100,000	180 yen
over 100,000	150 yen

There is a 55 yen fee per unitholder disqualified during the month.

- Fees for Management and Payment of Distributions

These are fees for (i) administrative services such as the calculation of distribution; preparation of the distributions register, distributions receipts, deposit notices, distribution transfer receipts and magnetic tapes for transfers; book-keeping, which includes keeping record of distribution amounts paid, determining outstanding distribution amounts, keeping payment records; paying stamp taxes; as well as (ii) payment of distributions and management of the distributions register after the bank handling period. The fees paid are determined by calculating the total number of unitholders receiving distributions falling under each of the sections as shown below. There is a minimum fee of 350,000 yen fee per operation. MidCity also pays an additional fee for overdue payments to unitholders in the amount of 500 yen per payment and 5 yen per unpaid unitholder as of the end of each month.

Number of unitholders	Fees per unitholder
first 5,000 unitholders	120 yen
over 5,000 to 10,000	105 yen
over 10,000 to 30,000	90 yen
over 30,000 to 50,000	75 yen
over 50,000 to 100,000	60 yen
over 100,000	50 yen

- Other fees:

MidCity pays the unitholders' register other fees for various other services, including in connection with unitholders meetings.

Special Transfer Account Management Institution:

- Special Transfer Account Management Fee:

MidCity pays fees, or Special Transfer Account Management Fees, to the Special Account Management Institution for services rendered in connection with the administration of the special transfer accounts, pursuant to the fee schedule for special accounts administration and as detailed below. However, fees related to services not listed on such fee schedule are decided upon consultation with the Special Transfer Account Management Institution when the occasion arises.

1. Fees for Administration of Special Accounts

MidCity pays fees for administrative services including services related to the management of special accounts and the creation of transaction balance reports. The monthly fee is the sum of the fees calculated per special transfer account

holder as provided below based on the total number of special account holder as of the end of each month. There is a minimum monthly fee of 20,000 yen.

Number of unitholders	Fees per unitholder
first 3,000 unitholders	150 yen
over 3,000 to 10,000	125 yen
over 10,000 to 30,000	100 yen
over 30,000	75 yen

2. Fee for investigation and certification

MidCity pays fees for services related to the preparation of certification of balance of the unit on unitholder register and the investigation of transfer of the units.

MidCity pays 1,600 yen per preparation of a certification or investigation on transfer of the units, and 800 yen per preparation of a certification or investigation on the balance of the units.

3. Fee for Transfer

MidCity pays fees for implementing transfers to designated accounts. MidCity pays 1000 yen per transfer request.

Fiscal Agent:

- Fiscal Agent Fee:

Fiscal Agent Fee: Pursuant to the fiscal agency agreement, MidCity paid the fiscal agent the fiscal agent fee of ¥6.1 million, ¥9.6 million, ¥5.9 million and ¥9.8million in connection with the fiscal agent service and issuance and payment agent services respectively for MidCity's first, second, third and fourth series unsecured investment corporation bonds. Also, MidCity pays fees for principal and interest payments equivalent to 0.00075% of the amount of the principal payment or interest payment.

Auditor:

- Auditor Fee:

The amount of compensation for the Auditor is an amount determined by the board of directors that is no more than 15 million yen per fiscal period and is paid no later than three months after the settlement of accounts of the relevant fiscal period by depositing such amount into the account designated by accounting auditors.

MidCity may also incur other miscellaneous fees in connection with property management and the operation, acquisition or disposition of properties.

<b>Article 23(1) (j)</b>	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the Act on Investment Trusts and Investment Corporations of Japan, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
<b>Article 23(1) (k)</b>	
The latest annual report referred to in Article 22(1)	Additional information may be found in our most recent semi-annual report prepared in accordance with Article 22 of the AIFMD, which is available at the Asset Manager's office located at 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo.
<b>Article 23(1) (l)</b>	
The procedure and conditions for the issue and sale of the units	MidCity is authorized under the articles of incorporation to issue up to 2,000,000 units. Its units have been listed on the Tokyo Stock Exchange since August 29, 2006. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.
<b>Article 23(1) (m)</b>	
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	MidCity's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters), which can be viewed at <a href="http://www.reuters.com/finance/stocks/overview?symbol=3227.T">http://www.reuters.com/finance/stocks/overview?symbol=3227.T</a>
<b>Article 23(1) (n)</b>	
Details of the historical performance of the AIF, where available	The units of MidCity were listed on the Tokyo Stock Exchange on August 29, 2006.  The most recent five fiscal periods' performance of the units is as follows.



Fiscal period ended	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (JPY)
17th Fiscal Period (ended Dec. 31, 2014)	168,823	91,466	498,116
18th Fiscal Period (ended June 30, 2015)	174,117	94,045	489,757
19th Fiscal Period (ended Dec. 31, 2015)	266,099	117,180	440,484
20th Fiscal Period (ended June 30, 2016)	227,686	117,131	440,304
21st Fiscal Period (ended Dec. 31, 2016)	225,916	117,220	440,635

\* MidCity's trade name was changed from "MID REIT Inc." to "MCUBS MidCity Investment Corporation" as of June 16, 2015.

#### Article 23(1) (o)

Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist

No applicable prime broker.

#### Article 23(1) (p)

Description of how and when periodic

The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and other public disclosures.

disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	
<b>Article 23(2)</b>	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depository to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depository liability without delay	Not applicable.
<b>Article 23(4)(a)</b>	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.

How management and performance fees apply to such assets	There are no such special arrangements.
<b>Article 23(4)(b)</b>	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (i.e., there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	MidCity is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.

<p>Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included</p>	<p>There are no voting or other restrictions on the rights attaching to units.</p>
<p><b>Article 23(4)(c)</b></p>	
<p>The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks</p>	<p>Investment corporation bonds and loans are used to finance repayment of obligations, acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk. MidCity manages and limits such risk by spreading out the maturities of borrowings based on a cash management plan that is prepared and renewed on a timely basis.</p> <p>With respect to borrowings with floating interest rates exposed to the risk of increased interest rates, MidCity makes adjustments to the ratio of floating rate borrowings to all borrowings. Also, MidCity can trade in derivatives as hedging instruments.</p>
<p>Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed</p>	<p>No such measures have been implemented.</p>
<p>If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken</p>	<p>No such situation has occurred.</p>
<p><b>Article 23(5)(a)</b></p>	
<p>Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>

divided by the net asset value of the AIF.	
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
<b>Article 23(5)(b)</b>	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of debt with interest is JPY 94,100million as of December 31, 2016.