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For Translation Purpose Only

Investment Corporation

**MCUBS MidCity Investment Corporation**

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TSE Code: 3227, LEI Code: 353800WZPKHG2SQS1P32

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Asset Management Company

**MCUBS MidCity Inc.**

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

MCUBS MidCity Investment Corporation (hereafter “MCUBS MidCity”) announces that it today decided to issue new investment units and conduct a secondary offering of investment units as follows.

1. Issuance of New Investment Units through Public Offering (Primary Offering)

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|---|--|
| (1) Total number of units to be offered         | 152,000 units  |
| (2) Issue price (offer price)                   | To be determined<br>The price shall provisionally be calculated by multiplying the closing price of the investment units of MCUBS MidCity (the “Investment Units”) in a regular trading session at the Tokyo Stock Exchange, Inc. (the “TSE”) on a date between February 6, 2018 (Tuesday) and February 8, 2018 (Thursday) (the “Pricing Date”) (if the closing price is not available on such date, the closing price on the immediately preceding date) by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association, and then be determined at the board of directors’ meeting to be held on the Pricing Date. |
| (3) Total issue price (total offer price)       | To be determined   |
| (4) Amount to be paid (issue value)             | To be determined<br>The amount shall be determined at the board of directors’ meeting to be held on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association.  |
| (5) Total amount to be paid (total issue value) | To be determined   |
| (6) Method for offering                         | The offering of the Investment Units shall be through a public offering (primary offering), and underwritten in full by a group of underwriters (collectively referred to as the “Underwriters”) with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd. as the joint lead managers (collectively referred to as the “Joint Lead  |

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Managers”). The Underwriter other than the Joint Lead Manager will be UBS Securities Japan Co., Ltd. and SMBC Nikko Securities Inc.

- (7) Underwriting agreement      The Underwriters shall pay the total amount to be paid (total issue value) in the public offering to MCUBS MidCity on the payment date stated in (10) below. The difference between the total issue price (total offer price) and the total amount to be paid (total issue value) shall be the proceeds of the Underwriters. MCUBS MidCity will pay no underwriting fee to the Underwriters.
- (8) Application unit      One unit or more in multiples of one unit
- (9) Subscription period      From the business day immediately following the Pricing Date to the day two business days after the Pricing Date
- (10) Payment date      A date between February 14, 2018 (Wednesday) and February 16, 2018 (Friday). It shall be five business days after the Pricing Date.
- (11) Delivery date      The business day following the payment date stated in (10) above.
- (12) Issue price (offer price), amount to be paid (issue value) and other items necessary for the issuance of new investment units, through public offering shall be determined at a future board of directors’ meeting.
- (13) All of the matters in the above items are conditional on filing under the Financial Instruments and Exchange Act taking effect.

2. Secondary Offering of Investment Units (Over-Allotment) (Please refer to <Reference Information>1. below.)

- (1) Number of investment units to be offered      8,000 units  
The above-mentioned number indicates the maximum number of investment units to be offered through the secondary offering (over-allotment). There may be cases where this number is reduced or the secondary offering (over-allotment) itself is not conducted, depending on demand conditions of the public offering and other factors. The number of investment units to be offered through the secondary offering shall be determined at the board of directors’ meeting to be held on the Pricing Date taking into account the demand conditions of the primary offering and other factors.
- (2) Seller      Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- (3) Offer price      To be determined  
The offer price shall be determined on the Pricing Date, and shall be same as the issue price (offer price) for the primary offering.
- (4) Total offer price      To be determined
- (5) Offering method      In consideration of the demand and other factors of the primary offering, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the administrative lead manager of the primary offering, shall offer the Investment Units (up to 8,000 units) borrowed from Mitsubishi Corporation (“Mitsubishi Corporation”), a unitholder of MCUBS MidCity.
- (6) Application unit      One unit or more in multiples of one unit
- (7) Subscription period      Same as the subscription period for the primary offering.
- (8) Delivery date      The business day following the payment date for the primary offering.
- (9) If the primary offering is canceled, the secondary offering through over-allotment shall also be canceled.
- (10) The offer price and other items necessary for the secondary offering through over-allotment shall

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be determined at a future board of directors' meeting.

- (11) All of the matters in the above items are conditional on filing under the Financial Instruments and Exchange Act taking effect.

3. Issuance of new investment units through third-party allotment (Please refer to <Reference Information>1. below.)

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|--|---|
| (1) Number of investment units to be offered   | 8,000 units   |
| (2) Amount to be paid (Issue value)  | To be determined<br>The amount to be paid (issue value) shall be determined at the board of directors' meeting to be held on the Pricing Date, and shall be same as the amount to be paid (issue value) for the primary offering. |
| (3) Total amount to be paid (total issue value)  | To be determined  |
| (4) Allottees  | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  |
| (5) Application unit   | One unit or more in multiples of one unit   |
| (6) Subscription period (Subscription date)  | March 8, 2018 (Thursday)  |
| (7) Payment date   | March 9, 2018 (Friday)  |
| (8) Issuance of new investment units with no application for subscription on or before the subscription period (subscription date) described in (6) above shall be cancelled.                          |   |
| (9) If the primary offering is canceled, the issuance of new investment units through third-party allotment shall also be canceled.  |   |
| (10) The amount to be paid (issue value) and other items necessary for the issuance of new investment units through third-party allotment shall be determined at a future board of directors' meeting. |   |
| (11) All of the matters in the above items are conditional on filing under the Financial Instruments and Exchange Act taking effect.   |   |

<Reference Information>

1. Details of the Secondary Offering (Over-Allotment)

Taking into account the demand and other factors upon the primary offering, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the administrative lead manager of the primary offering, may implement a secondary offering of the Borrowed Investment Units (up to 8,000 units) (secondary offering through over-allotment) borrowed from Mitsubishi Corporation, a unitholder of MCUBS MidCity. The number of investment units to be offered in the secondary offering through over-allotment is 8,000 units which is the maximum amount. The number may decrease or the secondary offering through over-allotment itself may not take place at all, depending on the demand and other factors.

In order to allow Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. to acquire the Investment Units needed to return the investment units borrowed from a unitholder of MCUBS MidCity described above (the "Borrowed Investment Units") upon the secondary offering through over-allotment, MCUBS MidCity has resolved at its board of directors' meeting held on January 29, 2018 (Monday) to issue 8,000 units of the new Investment Units through third-party allotment (the "Third-Party Allotment"), to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the allottee with the payment date on March 9, 2018 (Friday).

For the purpose of returning the Borrowed Investment Units, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. may also purchase the Investment Units up to the number of units for the secondary offering (over-allotment) at the TSE (the "Syndicated Cover Transaction") during the period from the day following the close of the subscription period for the primary offering and the secondary offering (over-allotment) to

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March 2, 2018 (Friday) (the “Syndicated Cover Transaction Period”). All of the Investment Units purchased by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. through the Syndicated Cover Transaction shall be used to return the Borrowed Investment Units. There may be cases in which Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. does not conduct the Syndicated Cover Transaction at all or ends the Syndicated Cover Transaction with the number of Investment Units that is smaller than the number of the Investment Units offered through the secondary offering (over-allotment), at its sole discretion during the Syndicated Cover Transaction Period.

Moreover, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. may conduct stabilizing transactions in correlation with the primary offering and the secondary offering (over-allotment). The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Investment Units.

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. intends to agree to the Third-Party Allotment to acquire the Investment Units for the number of the Investment Units obtained by subtracting the number of Investment Units that are purchased through the stabilizing transactions and the Syndicated Cover Transaction and used to return the Borrowed Investment Units from the number of the Investment Units for the secondary offering (over-allotment). As a result, there may be cases in which there will be no subscription to the Investment Units offered through the Third-Party Allotment in whole or in part, and accordingly the final number of the Investment Units issued through the Third-Party Allotment will decrease to that extent (the number of the Investment Units that are purchased through the stabilizing transactions and the Syndicated Cover Transaction and used to return the Borrowed Investment Units) due to forfeiture of rights, or such issuance itself will not take place at all.

Whether or not the secondary offering (over-allotment) will be conducted, and the number of units to be sold if the secondary offering (over-allotment) is conducted, will be determined on the Pricing Date. In the case where the secondary offering (over-allotment) is not conducted, the above-mentioned borrowing of investment units by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. from the unitholder of MCUBS MidCity will not be conducted. Therefore, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will not accept and will not subscribe for the Third-Party Allotment, and the issuance of investment units through the Third-Party allotment itself will not be conducted at all. In addition, the syndicate covering transactions on the TSE will not be conducted.

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. shall conduct the transactions described above upon consultation with Nomura Securities Co., Ltd. and Mizuho Securities Co., Ltd.

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2. Changes in Number of Investment Units Issued and Outstanding after these Issuances of New Investment Units

Total number of Investment Units issued and outstanding at present	1,483,125 units
Number of new Investment Units to be issued through public offering	152,000 units
Total number of Investment Units issued and outstanding after new issuance through public offering	1,635,125 units
Number of new Investment Units to be issued through the Third-Party Allotment	8,000 units (Note)
Total number of Investment Units issued and outstanding after the Third-Party Allotment	1,643,125 units (Note)

Note:

The number is on the assumption that Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. subscribes to all the Investment Units to be issued through the Third-Party Allotment and all such units are issued.

3. Purpose of and Reason for the Issuance

Having considered the market trend and the level of distribution per unit, MCUBS MidCity has decided to issue new investment units for the purpose of improving earnings potential of the portfolio through acquisition of new specified assets and further reinforcing/stabilizing the financial base.

4. Total Amount to be Procured, Use of Proceeds and Scheduled Expenditure Date

- (1) Total amount to be procured (approximate net proceeds of MCUBS MidCity)  
11,846,000,000 yen (maximum)

Note:

The above-mentioned amount represents the sum of 11,254,000,000 yen as net proceeds MCUBS MidCity will receive from the primary offering and the maximum amount of the net proceeds of 592,000,000 yen MCUBS MidCity will receive from the Third-Party Allotment. Moreover, the amount is an estimate calculated on the basis of the closing price of the Investment Unit in a regular trading session at the TSE as of January 11, 2018 (Thursday).

- (2) Specific use of proceeds and scheduled expenditure date

The proceeds MCUBS MidCity will receive from the primary offering will be used for part of the funds for the acquisition of new specified assets (as defined in Article 2, paragraph 1 of Act on Investment Trusts and Investment Corporations; the same hereinafter) described in “Notice Regarding Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estates (Acquisition of Four Office Buildings)” separately announced today. Furthermore, the proceeds MCUBS MidCity will receive from issuance of new investment units through the Third-Party Allotment will be deposited at financial institutions until expenditure and be used for future acquisition of specified assets, etc.

5. Designation of the Allottee

Not applicable.

6. Outlook

Please refer to “Notice Regarding Revision of Business Outlook and Distributions Forecast for the 24th Period Ending June 30, 2018 and Notice Regarding Business Outlook and Distributions Forecast for the 25th Period Ending December 31, 2018” separately announced today.

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## 7. Operating Conditions of Equity Finance during the Three Most Recent Fiscal Periods

### (1) Operating conditions of the three most recent fiscal periods

	Fiscal period ended June 2016	Fiscal period ended December 2016	Fiscal period ended June 2017
Net income per unit (Note)	¥7,100	¥7,431	¥8,817
Distribution per unit	¥7,100	¥7,431	¥7,900
Payout ratio	100.0%	100.0%	92.7%
Net assets per unit	¥440,304	¥440,635	¥430,427

Note:

Net income per unit is obtained by dividing net income by the average number of investment units during each period (FP ended June 2016: 266,025 units, FP ended December 2016: 266,025 units, FP ended June 2017: 286,596 units).

### (2) Recent condition of unit price

#### a. Condition in the three most recent fiscal periods

	Fiscal period ended December 2016	Fiscal period ended June 2017	Fiscal period ended December 2017 (Note)
Opening	¥355,500	¥336,500	¥340,000 <input type="checkbox"/> ¥74,200
High	¥382,500	¥360,000	¥404,000 <input type="checkbox"/> ¥76,500
Low	¥311,000	¥322,500	¥312,000 <input type="checkbox"/> ¥73,300
Closing	¥337,000	¥336,500	¥380,500 <input type="checkbox"/> ¥75,000

Note:

MCUBS MidCity implemented a five-for-one split of the investment units with the record date on December 31, 2017 and the effective date on January 1, 2018. With regard to the fiscal period ended December 2017, units are being traded at ex-rights unit price since December 27, 2017, and the opening, high, low and closing ex-rights unit price after such investment unit split are marked with  in the above table.

#### b. Condition of the last six months

	August 2017	September	October	November	December (Note 1)	January 2018 (Note 2)
Opening	¥334,000	¥327,500	¥343,000	¥376,500	¥392,000 <input type="checkbox"/> ¥74,200	¥74,200
High	¥336,000	¥345,000	¥380,500	¥404,000	¥394,000 <input type="checkbox"/> ¥76,500	¥82,600
Low	¥320,500	¥317,000	¥334,000	¥360,000	¥378,000 <input type="checkbox"/> ¥73,300	¥73,900
Closing	¥327,000	¥343,000	¥376,500	¥396,000	¥380,500 <input type="checkbox"/> ¥75,000	¥79,800

Note:

- MCUBS MidCity implemented a five-for-one split of the investment units with the record date on December 31, 2017 and the effective date on January 1, 2018. With regard to the fiscal period ended on December 2017, units are being traded at ex-rights unit price since December 27, 2017, and the opening, high, low and closing ex-rights unit price after such investment unit split are marked with  in the above table.
- Figures for January 2018 are those as of January 26, 2018.

#### c. Unit price on the business day preceding the Issuance Resolution Date

	January 26, 2018
Opening	¥80,000
High	¥80,300
Low	¥79,300
Closing	¥79,800

### (3) Operating Conditions of Equity Finance during the Three Most Recent Fiscal Periods

#### a. Public Offering

Issue date	February 28, 2017
Total procured amount	¥9,419,786,400
Amount to be paid (Issue value)	¥323,704
Number of Investment Units issued and outstanding before the public offering	266,025 units
Number of Investment Units issued through the public offering	29,100 units
Total Number of Investment Units issued and	295,125 units

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outstanding after the public offering	
Initial use of funds at the time of issuance	Entire amount for part of funds to acquire new specified assets
Schedule of expenditure at the time of issuance	After March 2017
Status of expenditure to date	Entire amount has already been allocated by the scheduled date above

b. Third-party allotment

Issue date	March 27, 2017
Total procured amount	¥485,556,000
Amount to be paid (Issue value)	¥323,704
Number of Investment Units issued and outstanding before the third party allotment	295,125 units
Number of Investment Units issued through the third party allotment	1,500 units
Total Number of Investment Units issued and outstanding after the third party allotment	296,625 units
Allottees	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Initial use of funds at the time of issuance	Entire amount to be kept as cash on hands and be used for future acquisition of specified assets
Schedule of expenditure at the time of issuance	After March 2017
Status of expenditure to date	Entire amount has already been allocated by the scheduled date above

8. Lock-up

- (1) Concerning the primary offering, UBS AG and Kanden Realty & Development Co., Ltd. have reached an agreement with the Joint Lead Managers to the effect that, without the prior written consent of the Joint Lead Managers, no sale, etc. of the Investment Units shall be conducted during the period beginning on the Pricing Date and ending on the date that is the 180th day after the concerned offering's delivery date.
- (2) Concerning the primary offering, Mitsubishi Corporation has reached an agreement with the Joint Lead Managers to the effect that, without the prior written consent of the Joint Lead Managers, no sale, etc. of the Investment Units (provided, however, that this shall exclude lending, etc. of the Investment Units accompanying the secondary offering through over-allotment) shall be conducted during the period beginning on the Pricing Date and ending on the date that is the 180th day after the concerned offering's delivery date.
- (3) Concerning the primary offering, MCUBS MidCity has reached an agreement with the Joint Lead Managers to the effect that, without the prior written consent of the Joint Lead Managers, no issuance, etc. of the Investment Units (provided, however, that this shall exclude issuance, etc. of new investment units accompanying primary offering, the Third-Party Allotment and split of investment units) shall be conducted during the period beginning on the Pricing Date and ending on the date that is the 90th day after the concerned offering's delivery date.
- (4) In the event of the above (1) through (3), the Joint Lead Managers have the rights to cancel the agreed matters in part or in whole, or to shorten the period limitation, at their discretion.

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