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For Translation Purpose Only

Investment Corporation

MCUBS MidCity Investment Corporation

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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

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, 2018 (24th Fiscal Period: January 1, 2018 to June 30, 2018) announced on October 26, 2017. MCUBS MidCity also announces its business outlook and distributions forecasts for the fiscal period ending December 31, 2018 (25th Fiscal Period: July 1, 2018 to December 31, 2018).

1. Revised Business Outlook and Distributions Forecasts for Fiscal Period Ending June 30, 2018
(24th Fiscal Period: January 1, 2018 to June 30, 2018)

	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)	7,451	2,970	2,403	2,402	1,620	0
Revised forecast (B)	7,872	3,334	2,738	2,737	1,665	0
Difference (B - A)	421	363	334	334	45	—
Percentage change	5.7%	12.3%	13.9%	13.9%	2.8%	—

[Reference]

Forecast number of investment units issued and outstanding at end of the fiscal period ending June 30, 2018: 1,643,125 units

It is assumed that all of the investment units consisting of 152,000 new investment units, to be issued through the primary offering, and maximum 8,000 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 1,483,125 investment units issued and outstanding as of today, and that no additional new investment units are issued thereafter.

Notes:

- 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.
- MCUBS MidCity reserves the right to revise the aforementioned forecasts in the event that a significant discrepancy between actual results and forecasts is anticipated.
- 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, 2018
(25th Fiscal Period: July 1, 2018 to December 31, 2018)

	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, 2018	8,307	3,481	2,876	2,875	1,750	0

Note: This press release provides information regarding MCUBS MidCity's revision of business outlook and distributions forecast for the 24th Period Ending June 30, 2018 and business outlook and distributions forecast for the 25th Period Ending December 31, 2018 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.

[Reference]

Forecast number of investment units issued and outstanding at end of the fiscal period ending December 31, 2018: 1,643,125 units.

It is assumed that all of the investment units consisting of 152,000 new investment units, to be issued through the primary offering, and maximum 8,000 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 1,483,125 investment units issued and outstanding as of today, and that no additional new investment units are issued thereafter.

Notes:

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,” “Notice Regarding Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estates (Acquisition of Four Office Buildings)” and “Notice Concerning Debt Financing” as of today, scheduled to acquire trust beneficiary interests in USC Bldg. and Yoshiyasu Kanda Bldg. as respective entrusted asset on February 16, 2018, and trust beneficiary interest in SSP Bldg. and M-City Akasaka 1-chome Bldg. as respective entrusted asset on March 1, 2018, respectively, using funds to be raised through the issuance of new investment units, new borrowings, and cash reserves.

As a result, the business outlook and distributions forecast for the 24th period ending June 30, 2018 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 25th period ending December 31, 2018 will be disclosed based on the same assumptions.

No change has been made as of today to the business outlook and distributions forecast for the 23rd Fiscal Period ended in December 31, 2017 announced on August 15, 2017.

<Attachment>

Attachment:

Assumptions Regarding Business Outlook for the 24th Period Ending June 30, 2018 and the 25th Period Ending December 31, 2018

<Reference>

Other press releases announced today:

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

“Notice Regarding Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estates (Acquisition of Four Office Buildings)”

“Notice Concerning Debt Financing”

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Assumptions Regarding Business Outlook for the 24th Period Ending June 30, 2018 and the 25th
Period Ending December 31, 2018.

Item	Assumption(s)								
Assets under management	<ul style="list-style-type: none"> It is assumed that the following four properties are acquired (including one property which will be additionally acquired, the “Assets to be Acquired”), in addition to the 20 properties (including silent partnership interests) held by MCUBS MidCity as of December 31, 2017. With regard to all the Assets to be Acquired, 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. Acquisition dates of each property are scheduled as follows: <Assets to be Acquired> <table border="1" data-bbox="496 667 1445 792"> <thead> <tr> <th>To be Acquired on February 16, 2018</th> <th>To be Acquired on February 16, 2018</th> <th>To be Acquired on March 1, 2018</th> <th>To be Acquired on March 1, 2018</th> </tr> </thead> <tbody> <tr> <td>USC Bldg. (additional acquisition)</td> <td>Yoshiyasu Kanda Bldg.</td> <td>SSP Bldg.</td> <td>M-City Akasaka 1-chome 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, 2018, after the acquisition of the Assets to be Acquired. The actual assets under management may vary due to changes in the property portfolio and other factors. 	To be Acquired on February 16, 2018	To be Acquired on February 16, 2018	To be Acquired on March 1, 2018	To be Acquired on March 1, 2018	USC Bldg. (additional acquisition)	Yoshiyasu Kanda Bldg.	SSP Bldg.	M-City Akasaka 1-chome Bldg.
To be Acquired on February 16, 2018	To be Acquired on February 16, 2018	To be Acquired on March 1, 2018	To be Acquired on March 1, 2018						
USC Bldg. (additional acquisition)	Yoshiyasu Kanda Bldg.	SSP Bldg.	M-City Akasaka 1-chome Bldg.						
Operating revenue	<ul style="list-style-type: none"> Rent revenue (rent revenue – real estate) is calculated based on lease agreements effective as of today, 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. 								
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 ¥853 million and ¥882 million are expected for the 24th fiscal period and for the 25th fiscal period, respectively. Utilities expenses of ¥635 million and ¥736 million are expected for the 24th fiscal period and for the 25th fiscal period, respectively. Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) Property taxes, etc. of ¥634 million and ¥672 million are expected for the 24th fiscal period and for the 25th 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 24th fiscal period and the 25th 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 26th period. The amount expected to be necessary for building repair expenses in the respective fiscal period is recorded as expenses. Building repair expenses of ¥191 million and ¥261 million are expected for the 24th fiscal period and for the 25th 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. ¥1,326 million and ¥1,357 million are expected for the 24th fiscal period and for the 25th fiscal period, respectively. 								
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥423 million and ¥441 million are expected for the 24th fiscal period and for the 25th fiscal period, respectively. Borrowing-related expenses of ¥136 million and ¥136 million are expected for the 24th fiscal period and for the 25th 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 ¥115,975 million and ¥115,975 million as of the end of the 24th fiscal period and as of the end of the 25th fiscal period, respectively. It is assumed that ¥11,000 million will be newly borrowed as of February 28, 2018 for the purpose of acquiring the properties stated in “Assets under management” above. It is assumed that the borrowings of ¥15,300 million that will become due during the 25th fiscal period (on July 31, 2018) are to be refinanced. 								

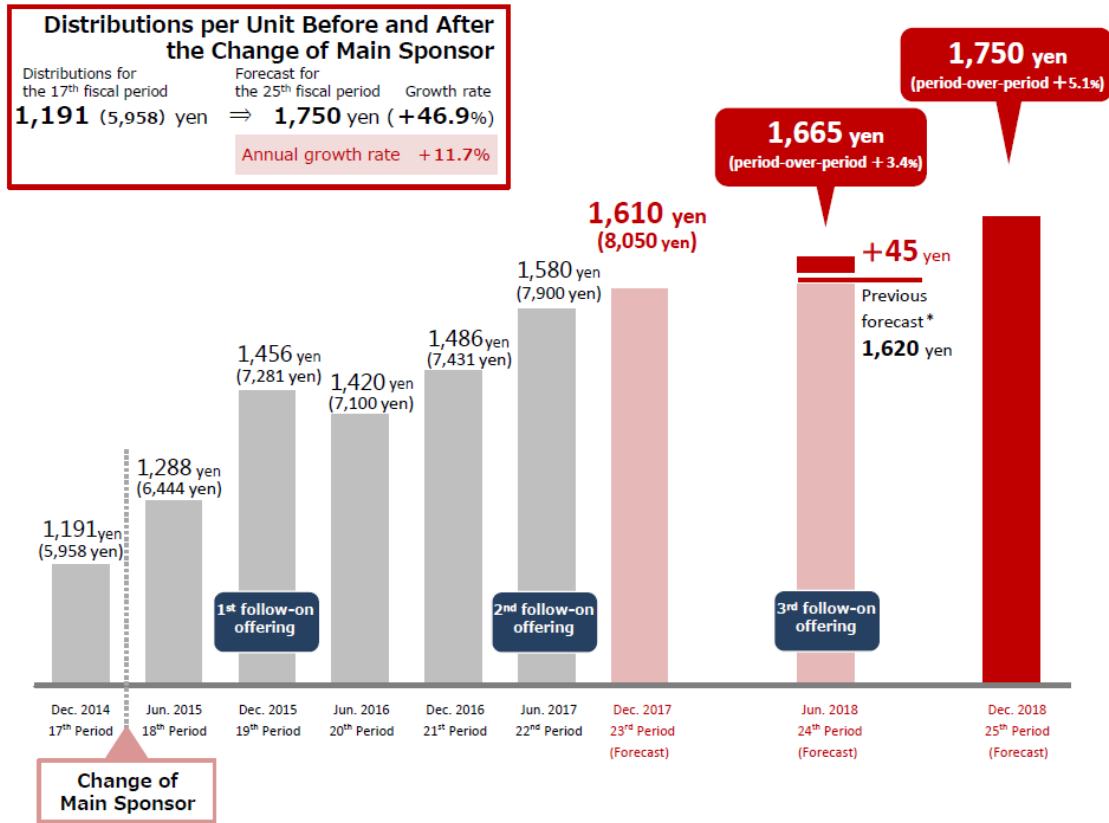
Note: This press release provides information regarding MCUBS MidCity’s revision of business outlook and distributions forecast for the 24th Period Ending June 30, 2018 and business outlook and distributions forecast for the 25th Period Ending December 31, 2018 and is not prepared as an inducement or 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.

<p>Number of investment units issued and outstanding</p>	<ul style="list-style-type: none"> It is assumed that all of the investment units consisting of 152,000 new investment units, to be issued through the public offering, and maximum 8,000 new investment units, to be issued through a third-party allotment accompanying the secondary offering (over-allotment), total of 160,000 units, which were resolved at the meeting of the board of directors held on January 29, 2018 (the “Third Offering”), are issued, in addition to 1,483,125 investment units issued and outstanding as of January 1, 2018, and that no additional new investment units are issued by the end of the 25th fiscal period.
<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.
<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.



*Previous forecast is the forecast announced on October 26, 2017.

Note:

- Based on the investment unit split with the effective date on January 1, 2018, one-fifths of the actual and forecast amounts of distributions per unit (rounded down) are indicated with the actual and forecast amounts before the unit split in parentheses.
- 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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