

August 20, 2018

To all concerned parties:

Investment Corporation

MCUBS MidCity Investment Corporation

Representative: Katsuhiko Tsuchiya, Executive Director

TSE Code: 3227, LEI Code: 353800WZPKHG2SQS1P32

URL: <http://www.midcity-reit.com/en/>

Asset Management Company

MCUBS MidCity Inc.

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Notice Regarding Acquisition, Leasing, Disposition and Cancellation of Leasing of
Trust Beneficiary Interests in Domestic Real Estates
(Acquisition of One Office Building and Disposition of Two Office Buildings)

MCUBS MidCity Investment Corporation (hereafter “MCUBS MidCity”) announces that, its asset management company, MCUBS MidCity Inc. (hereafter the “Asset Management Company”), decided today to acquire, lease, dispose and cancel leasing of assets, as detailed below (the acquisition of the asset will hereafter be referred to as the “Acquisition” and the disposition of the assets as the “Disposition”, and the “Transactions” collectively).

1. Overview of Transactions

(1) Overview of Acquisition (Asset to be Acquired)

Property Name	Yokohama i-land Tower
Type of Specified Asset	Trust beneficiary interest in real estate ^(Note 3)
Location	6-50-1, Honmachi, Naka-ku, Yokohama-shi
Planned Acquisition Price (A)	¥22,100 million
Appraisal Value (B)	¥23,700 million (Appraisal Date: July 1, 2018)
Difference between Planned Acquisition Price and Appraisal Value (B-A)	+ ¥1,600 million
NOI Yield/ NOI Yield after Depreciation ^(Note 1)	5.0% / 4.0%
Agreement Execution Date	August 20, 2018
Planned Acquisition Date	September 14, 2018
Seller ^(Note 2)	A domestic SPC

(2) Overview of Disposition (Assets to be Disposed)

Property Name	Matsushita IMP Bldg.	MID REIT Kyobashi Bldg.
Type of Specified Asset	Trust beneficiary interest in real estate	Trust beneficiary interest in real estate
Location	1-3-7, Shiromi, Chuo-ku, Osaka-shi	1-5-14, Higashinoda-machi, Miyakojima-ku, Osaka-shi
Planned Disposition Price	¥27,000 million	¥1,700 million
Book Value ^(Note 4)	¥22,434 million	¥2,063 million
Difference between Planned Disposition Price and Book Value	+ ¥4,565 million	- ¥363 million
Appraisal Value	¥22,300 million	¥1,460 million
NOI Yield/ NOI Yield after Depreciation ^(Note 5)	4.1% / 1.8%	3.4% / 2.1%
Agreement Execution Date	August 20, 2018	August 20, 2018
Planned Disposition Date	55% quasi co-ownership: September 5, 2018 45% quasi co-ownership: March 8, 2019 ^(Note 6)	September 4, 2018
Buyer ^(Note 2)	A domestic SPC	A domestic SPC

Notes:

1. “NOI Yield” indicates the ratio of the appraisal NOI (under the direct capitalization method) to the Planned Acquisition Price. “NOI Yield after Depreciation” indicates the ratio of NOI (under the direct capitalization method) after depreciation to the Planned Acquisition Price.
2. The names of the seller of Yokohama i-land Tower and buyers of Matsushita IMP Bldg. and MID REIT Kyobashi Bldg. are not disclosed because their approval has not been obtained.
3. As the property is a sectional ownership building, MCUBS MidCity is to obtain trust beneficiary interest of building’s sectional ownership (ratio of entire common area co-ownership: 93.41476%, partial high-rise common area co-ownership: 100%) and common area ownership of its land (ratio of co-ownership: 89.57%).
4. “Book Value” indicates book value as of the end of 24th Fiscal Period.
5. “NOI Yield” indicates the ratio of annualized actual NOI of the Assets to be Disposed for the 24th Fiscal Period to the acquisition price. “NOI Yield after depreciation” indicates the ratio of actual NOI after depreciation of the Assets to be Disposed to the acquisition price.
6. MCUBS MidCity and the buyer have agreed to dispose quasi co-ownership (45% quasi co-ownership) on March 8, 2019 or the date the parties agree on separate written agreement during the period from March 8, 2019 to March 15, 2019, based on the trust beneficiary right sales and purchase agreement, concluded on August 20, 2018. The same shall apply hereinafter.

2. Reason for Transactions

MCUBS MidCity is committed to managing assets from a medium- to long-term perspective to assure stable revenues and steady growth of assets under management and emphasizes investment in the three major metropolitan areas (the Tokyo metropolitan area, the Osaka metropolitan area and the Nagoya metropolitan area).

After the Transactions, the ratio of properties located in Tokyo metropolitan area to the overall portfolio (on a basis of (Planned) Acquisition Prices) will increase from 49.6% to 59.2%. MCUBS MidCity made the decision to conduct the Transactions because the Transactions would contribute to reinforcing earnings capacity of the portfolio with an increase in average NOI Yield after Depreciation and to enhancing the unitholder value, which is represented by distribution per unit, over a medium- to long-term. In addition, it is scheduled to dispose the Assets to be Disposed, 55% and 45% quasi co-ownership of trust beneficiary interests in Matsushita IMP Bldg. in two parts, on September 5, 2018 and March 8, 2019, respectively. Gains on disposition are to be paid out as distribution and a part to be retained for future stable distribution.

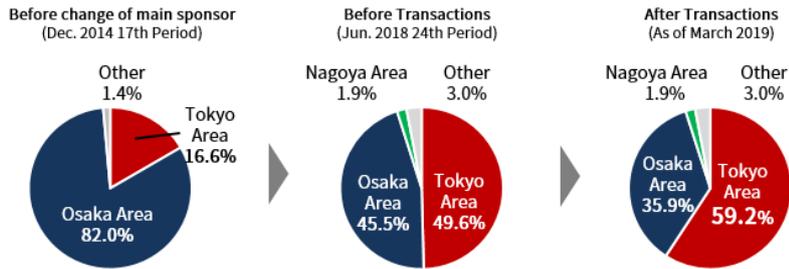
Regarding leasing of tenants for Asset to be Acquired, it is determined to meet the tenant selection standards indicated on “Report on guideline for issuer of real estate trust funds”, submitted on March 29, 2018.

For details of the individual Asset to be Acquired and Assets to be Disposed, please refer to “3. Details of Transactions” (Note 1) below.

	Before Transactions (24th Fiscal Period)	Asset to be Acquired	Assets to be Disposed	After Transactions
Asset Size (Planned acquisition price basis)	¥261.3 billion	¥22.1 billion	¥26.9 billion	¥256.5 billion
Average NOI Yield	4.3%	5.0%	4.1%	4.4%
Average NOI Yield after Depreciation	3.2%	4.0%	1.8%	3.5%
Ratio of Tokyo Area	49.6%	→		59.2%
Ratio of OBP	38.4%	→		28.3%

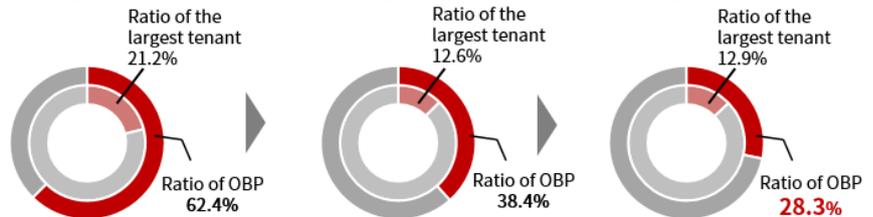
■ Area diversification

based on (planned) acquisition prices



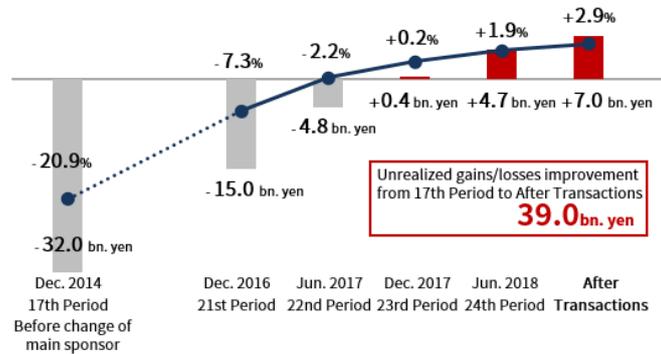
■ Tenant diversification

based on the rents and common-area fees



■ Unrealized gains/losses of the portfolio (ratio) ^(Note2)

the portfolio (ratio) ^(Note2)



Notes:

- Explanations of the descriptions in each column for the overview of Acquisition and Dispositions described in "3. Details of Transactions" below are as follows: Among the descriptions about the Asset to be Acquired and the Assets to be Disposed, "Land (Site Area)", "Building (Structure/Floors)", "Building (Total Floor Area)", "Building (Use)", and "Building (Completion Date)" are based on what is indicated in the registry. "Land (Zoning)" represents types of zoning stipulated in Article 8 paragraph 1 item 1 of the City Planning Act. "Land (Floor-Area Ratio)" represents the ratio of the total floor area of a building to the site area, as stipulated in Article 52 of the Building Standards Act, and indicates the figure applicable to individual trust property in accordance with the zoning, etc. (known as Base volume ratio). "Land (Building-to-Land Ratio)" represents the ratio of the building area to the site area, as stipulated in Article 53 of the Building Standards Act, and indicates the figure applicable for each individual real estate in trust in accordance with the zoning, etc. (known as Standard Building Coverage Ratio). With regard to the "Overview of Building Condition Evaluation (PML)", PML (Probable Maximum Loss) is defined as "probable loss for a building with a recurrence interval of 475 years" based on the risk curve showing the relationship between loss and annual exceedance probability as calculated by Engineering and Risk Services Corporation and OYO RMS Corporation. The probable loss for a building with a recurrence interval of 475 years represents "loss of 10% of exceedance probability over 50 years" under the BELCA's guidelines.

"Overview of Leasing" indicates the content of the lease agreement effective as of the end of June 2018 regarding Asset to be Acquired, based on the figures and information provided by the seller of the asset and actual figures as of 24th Fiscal Period regarding the Assets to be Disposed. "Overview of Leasing (Rentable Area)" indicates the rentable area of the building of the real estate in trust for each of the Asset to be Acquired and Assets to be Disposed (or total rentable area of respective buildings in the case where there are multiple buildings for each property; limited to the rental spaces, and not including the areas of warehouses, halls and parking lots, etc. However, it includes the area of the common area and parking lot area etc, if such area is leased). "Overview of Leasing (Rental Area)" indicates the total area presented in the lease agreements, etc. with end tenants that are effective as of the end of June 2018 (limited to the rental spaces, and not including the areas of warehouses, halls and parking lots, etc. However, it includes the area of the common area and parking lot area etc., if such area is leased). "Overview of Leasing (Total Tenants)" does not include the number of the end tenants that leases warehouses, halls, and parking lots, etc. only in the calculation. "Overview of Leasing (Total Annual Rent)" and "Overview of Leasing (Security Deposit/Guarantee, Etc.)" indicate the total amount of the monthly rent, monthly common area charge, parking lot usage fee, warehouse rent and facility usage fee, etc. (excluding utilities revenue) stated in the lease agreements that are effective as of the end of June 2018, multiplied by 12, and the balance of security deposits and guarantees (including those for the rental spaces, parking lots and warehouse lots, etc.), with amounts less than thousand yen rounded down, respectively.
- "Unrealized gain/loss on overall portfolio" indicates the sum of differences between book value and appraisal value of assets in our portfolio as of the end of the respective Fiscal Period. The "Unrealized gain/loss in the portfolio" after the Transactions is represented by an amount calculated by adding unrealized gain of the Asset to be Acquired to unrealized gain/loss of the overall portfolio as of the end of June 2018 (excluding the Assets to be Disposed). The "Ratio of unrealized gain/loss" indicates a ratio of the unrealized gain/loss of the overall portfolio to the total book value of the assets in the portfolio. The total book value of the assets in the portfolio after the Transactions is represented by an amount calculated by adding the planned acquisition price of the Asset to be Acquired the total book value of the assets in the portfolio as of the end of June 2018 (excluding the Assets to be Disposed).

3. Details of Transactions

(1) Overview of Acquisition (Asset to be Acquired)

[Yokohama i-land Tower]

Type of Specified Asset		Trust beneficiary interest in real estate	Planned Acquisition Price		¥22,100,000 thousand
			Planned Acquisition Date		September 14, 2018
Location (Indicated for Residence)		6-50-1, Honmachi, Naka-ku, Yokohama-shi, Kanagawa	Appraisal Value		¥23,700,000 thousand
			Appraiser		The Tanizawa Sōgō Appraisal Co., Ltd.
Land	Site Area	3,840.76 m ² (Note 1)	Overview of Building Condition Evaluation	Date of Preparation of Report	July 2018
	Zoning	Commercial zone		Evaluation Company	Sompo Risk Management & Health Care Inc.
	Type of Ownership	Fee simple		Short-term Repair Cost	¥0
	Floor-Area Ratio/ Building-to-Land Ratio (Note 2)	1080%/80%		Long-term Repair Cost (Note 5)	¥741,463 thousand
Building	Structure/ Floors	S/SRC/RC with flat roof, B3/27F	Overview of Leasing	PML	3.0%
	Total Floor Area	41,154.75 m ²		Rentable Area	25,496.88 m ²
	Type of Ownership	Sectional ownership (Note 3)		Rental Area	23,967.64 m ²
	Use	Office, shop, parking lot		Occupancy Rate	94.0%
	Completion Date	February 28, 2003		Total Tenants	5
Property Management Consignee		THE DAI-ICHI BUILDING CO., LTD.		Total Annual Rent	¥1,243,209 thousand
Building Management Consignee		THE DAI-ICHI BUILDING CO., LTD., Asahi Facilities Inc. (Note 4)		Security Deposit / Guarantee, Etc.	¥16,758 thousand
Trustee		Sumitomo Mitsui Trust Bank, Limited			
Special Notations		<p>1. The Investment Corporation shall not, during the period ending on the date on which ten (10) years will have elapsed since April 9, 2018, (i) transfer all or part of this property and trust beneficiary interest therein to any third party, (ii) establish, change or transfer any right for the purpose of use of or earnings from rights, superficies, emphyteusis, easement, rights of common wayleave, loan for use or rights of lease for the purpose of mortgage, pledge, right of retention, lien or security by way of assignment or any other security, and (iii) use this property for any other purpose other than office, shop or parking lot with certain exceptions, without approval from Urban Renaissance Agency (“hereinafter referred to as UR”).</p> <p>2. The Investment Corporation shall not, during the period ending on the date on which ten (10) year will have elapsed since April 9, 2018, change a party to which asset management regarding this property is entrusted or a party to which property management regarding this property is entrusted, without approval from UR.</p>			

Notes:

- Ratio of co-owner ship: 89.57%
- The property is located on both 800% and 600% Floor-Area Ratio zones; however, permissible Floor-Area Ratio is relaxed to 1080% due to Kita Naka-dori Minami district reconstruction plan. While restriction of building-to-land ration does not apply to the fire-resistant building located within an area that is zoned for commercial use and fire protection district in general, the ratio of 80% is applied to the land of this property due to Kita Naka-dori Minami district reconstruction plan.
- Ratio of entire common area co-ownership: 93.41476%, partial high-rise common area co-ownership: 100%
- While THE DAI-ICHI BUILDING CO., LTD. is entrusted with property management of exclusive elements of the building of this property, Asahi Facilities Inc. is entrusted with property management of common area of this building and part of common area of the high-rise part of this building, subject to the property management service agreement entered into between Yokohama i-land Tower Management Association consisted of unit owners of this property and Asahi Facilities Inc. on February 28, 2017 (contract period: from April 1, 2017 to March 31, 2022). Therefore, both THE DAI-ICHI BUILDING CO., LTD. and Asahi Facilities Inc. are indicated as Building Management Consignees.
- Calculated by multiplying the figure calculated for one entire building by the ratio of entire common area ownership by MCUBS MidCity (Ratio of entire common area co-ownership: 93.41476%, Partial high-rise common area co-ownership: 100%)

In the decision-making process of acquiring this property, among others, the following aspects were appreciated.

1. Location with traffic convenience

- High-rise building directly connected to the station, situated at a cross-point of the Minato Mirai 21 area and the Kannai area
- Located in an area with high growth potential as several redevelopment plans are under way in the neighborhood

2. One of the largest-sized office buildings in the area

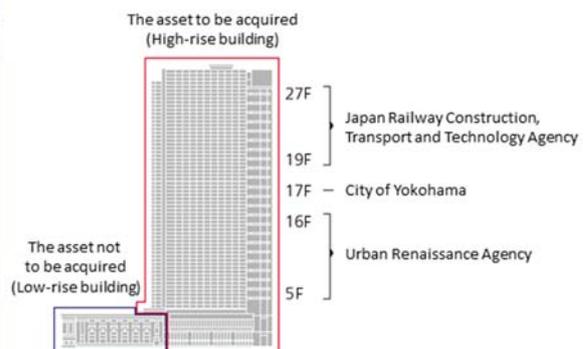
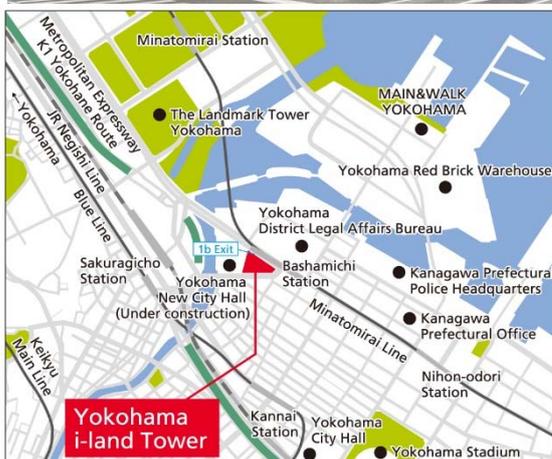
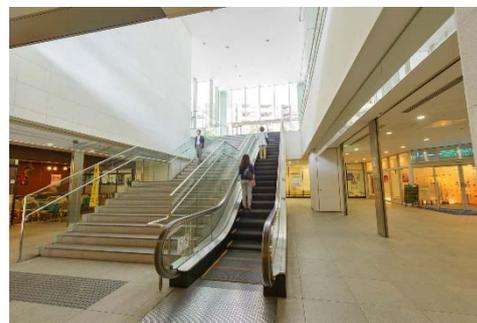
- Large-sized office building with total floor area of approximately 12,500 tsubo and standard floor area of approximately 320 tsubo, standing out in the area mainly filled with small-and medium-sized buildings and drawing potential tenants

3. Acquisition through PRE proposal for the first time for MCUBS MidCity, and stable relation with tenants

- Acquisition through PRE proposal (Note) by use of capability of the sponsor of MC-UBS Group
- Expected steady rent income based on the long-term lease agreement with UR, the main tenant

Note:

“PRE proposal” indicates a proposal of optimal and efficient use of public real estate (PRE), with an aim to promote proper and efficient management and operation thereof based on the public interest purposes.



(Note) As the property is a sectional ownership building, MCUBS MidCity is to obtain trust beneficiary interest of building's sectional ownership (ratio of entire common area co-ownership: 93.41476%, partial high-rise common area co-ownership: 100%) and common area ownership of its land (ratio of co-ownership: 89.57%).

(2) Overview of the Disposition (Assets to be Disposed)

[Matsushita IMP Bldg.]

Type of Specified Asset		Trust beneficiary interest in real estate	Planned Disposition Price	¥27,000,000 thousand		
Location (Indicated for Residence)		1-3-7, Shiromi, Chuo-ku, Osaka-shi	Planned Disposition Date	55% quasi co-ownership: September 5, 2018 45% quasi co-ownership: March 8, 2019		
Land	Site Area	14,968.25 m ²	Overview of Leasing	Rentable Area	37,299.98 m ²	
	Zoning	Commercial zone		Rental Area	35,732.90 m ²	
	Type of Ownership	Fee simple		Occupancy Rate	End of Jun. 2016	97.6%
	Floor-Area Ratio/ Building-to-Land Ratio	468.10%(Note 1) / 100%(Note 2)			End of Dec. 2016	98.9%
Building	Structure/ Floors	S/SRC with flat roof, B2/26F	End of Jun. 2017		98.3%	
	Total Floor Area	84,952.57 m ²	End of Dec. 2017	86.7%		
	Type of Ownership	Fee simple	End of Jun. 2018	95.8%		
	Use	Office, shop, parking lot	Total Tenants	57		
	Completion Date	Main: February 23, 1990 Extension: November 26, 2003	Total Annual Rent (Note 3)	¥ 865,891 thousand		
Trustee	Sumitomo Mitsui Trust Bank, Limited	Security Deposit / Guarantee, Etc. (Note 3)	¥ 1,498,632 thousand			
Special Notations	<ol style="list-style-type: none"> A sectional surface right held by Osaka City is established on part of the land of this property, for the right holder's ownership of the structure of facilities of Osaka Metro Co., Ltd. The regulations on the floor-area ratio applicable to this property is relaxed as stated in Note 1 below as part of the premises of this property is planned as public open spaces. Such public open spaces shall be available to general passage and properly managed and maintained. This building is connected to Twin 21 via Shiromi Chuo Pedestrian Bridge, a roofed connecting bridge. The trustee is obliged to bear the burden of such maintenance and management subject to the agreement on maintenance and management of the pedestrian bridge, which was concluded between Osaka City and the trustee. Although asbestos materials are used for part of this property, stability thereof is confirmed by periodic surveys on air condition and environment. It is necessary to manage the condition through surveys and recordings on a continued basis. 					

Notes:

- While the floor-area ratio of the land of the property is essentially 400%, due to application of the total design system, it is set at 468.10% after being expanded.
- While the building-to-land ratio of the property's land was originally 80%, because the location was within a commercial zone, since it was a fireproof building in a fire zone, its ratio was increased, and its applicable building-to-land ratio came to 100%.
- "Total Annual Rent" and "Security Deposit/ Guarantee, Etc." are figures as of 24th Fiscal Period.

Reason for disposition

MCUBS MidCity has decided to sell this property for the following reasons: (i) steady improvement in the profitability upon change of the main sponsor from Kanden Realty & Development Co., Ltd. to Mitsubishi Corp.-UBS Realty Inc. and spaces vacated by some large-lot tenants were immediately occupied by new tenants through leasing activities, which resulted in enhancement of the value of this property, and (ii) it is an appropriate time for the MCUBS MidCity to sell this property in the brisk real estate trading market these days.

[MID REIT Kyobashi Bldg.]

Type of Specified Asset		Trust beneficiary interest in real estate	Planned Disposition Price		¥1,700,000 thousand		
Location (Indicated for Residence)		1-5-14, Higashinoda-machi, Miyakojima-ku, Osaka-shi, Osaka	Planned Disposition Date		September 4, 2018		
Land	Site Area	1,062.53 m ²	Overview of Leasing	Rentable Area	4,833.88 m ²		
	Zoning	Commercial zone		Rental Area	4,833.88 m ²		
	Type of Ownership	Fee simple		Occupancy Rate	End of Jun. 2016	100%	
	Floor-Area Ratio/ Building-to-Land Ratio	458.94%(Note 1) / 90%(Note 2)			End of Dec. 2016	100%	
Building	Structure/ Floors	S with galvanized steel sheet roof, 9F			End of Jun. 2017	100%	
	Total Floor Area	4,833.88 m ²			End of Dec. 2017	100%	
	Type of Ownership	Fee simple		End of Jun. 2018	100%		
	Use	Office, parking lot		Total Tenant	1		
	Completion Date	February 29, 2000		Total Annual Rent	Not disclosed (Note 3)		
Trustee		Sumitomo Mitsui Trust Bank, Limited		Security Deposit / Guarantee, Etc.	Not disclosed (Note 3)		
Special Notations		Because a part of the Property is planned as public open space, it has obtained an easing in the floor-area ratio ^(Note 1) . Such public open spaces shall be available to general passage and properly managed and maintained.					

Notes:

1. While the floor-area ratio of the land of the property is essentially 400%, due to application of the total design system, is set at 458.94% after being expanded.
2. While the building-to-land ratio applied to the property is essentially 80%, because the property is located on the corner, it is expanded to 90%.
3. "Total Annual Rent" and "Security Deposit/ Guarantee, Etc." are not disclosed since consent has not been obtained from lessee.

Reason of disposition

MCUBS MidCity has decided to sell this property for the following reasons: (i) potential sale of this property and asset replacement will likely lead to improvement in profitability as this is one of the properties with lower NOI yield after depreciation, and (ii) it will be possible to sell the property at a price above appraisal value and the expected loss upon sale can offset by the gains on sale of Matsushita IMP Bldg.

4. Overview of Seller and Buyer

(1) Seller Overview

While the seller of Yokohama i-land Tower is a domestic SPC, its name and overview, etc. are not disclosed because the seller's approval has not been obtained. There are no capital, personal or transactional ties to be stated between the seller and MCUBS MidCity or the Asset Management Company. Except for those stated in "5. Status of the Property Owners", there are no capital, personal or transactional ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of the seller. The seller or the related parties/related companies of the seller do not fall under the related party of MCUBS MidCity or the Asset Management Company.

(2) Buyer Overview

While the buyer of Matsushita IMP Bldg. and MID REIT Kyobashi Bldg. are both a domestic SPC respectively, its name and overview, etc. are not disclosed because each buyer's approval has not been obtained. There are no capital, personal or transactional ties to be stated between each buyer and MCUBS MidCity or the Asset Management Company. There are no capital, personal or transactional ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of each buyer. Any of the buyer or the related parties/related companies of the buyer do not fall under the related party of MCUBS MidCity or the Asset Management Company.

5. Status of the Property Owner

While the seller of Yokohama i-land Tower which is a domestic SPC has no particular vested interest with MCUBS MidCity or the Asset Management Company, as described in "4. Overview of Seller and Buyer (1) Seller Overview", the seller entrusts the asset management business to MCUBS Japan Advisors Inc., ("MJA") a wholly-owned subsidiary of Mitsubishi Corp.-UBS Realty Inc., which is a parent company of the Asset Management Company. The MJA falls under interested party based on regulation of the Asset Management Company on transactions with interested parties. The acquisition of Yokohama i-land Tower follows internal regulations of the Asset Management Company, and approval by the compliance committee and discussion and determination by the investment committee and the board of directors have been obtained.

Transactions other than Yokohama i-land Tower are not to a party having particular vested interest with MCUBS MidCity or the Asset Management Company, as described in "4. Overview of Seller and Buyer (2) Buyer Overview".

6. Overview of Brokerage

(1) Status of Broker

Not applicable for Yokohama i-land Tower. Broker's names and overview, etc. of Matsushita IMP Bldg. and MID REIT Kyobashi Bldg. are not disclosed because each broker's approval has not been obtained. There are no capital, personal or transactional ties to be stated between each broker and MCUBS MidCity or the Asset Management Company. There are no capital, personal or transactional ties to be specified between the related parties/related companies of MCUBS MidCity or the Asset Management Company and the related parties/related companies of each broker. Any of the broker or the related parties/related companies of the broker do not fall under the related party of MCUBS MidCity or the Asset Management Company.

(2) Amount and Details of Commission

The information is not disclosed because disclosure of such information has not been approved by the broker of Matsushita IMP Bldg. and MID REIT Kyobashi Bldg. The amount of commission does not exceed the upper limit (acquisition price × 3% + ¥60,000, excluding consumption tax and local consumption tax) stipulated by the Building Lots and Buildings Transaction Business Act.

7. Settlement Method, etc.

MCUBS MidCity will cover the cost of the Acquisition with new borrowing and funds raised from disposition of Assets to be Disposed. MCUBS MidCity will dispose 55% quasi co-ownership and then 45% quasi co-ownership of trust beneficiary interests in Matsushita IMP Bldg. on September 5, 2018 and March 8, 2019, respectively, and MID REIT Kyobashi Bldg. on September 4, 2018. The proceeds MCUBS MidCity will receive from the second disposition will be used for early repayment of new borrowing and part of the funds for the acquisition of new specified assets. As for the new borrowing, please refer to “Notice Concerning Debt Financing” announced today. With regard to the settlement method, MCUBS MidCity plans to settle the Acquisition by making a single payment of the entire amount of the acquisition price upon delivery of each property.

8. Schedule for Transactions

(1) Schedule for Acquisition

Property Name	Agreement Execution Date	Planned Acquisition Date	Planned Payment Date
Yokohama i-land Tower	August 20, 2018	September 14, 2018	September 14, 2018

(2) Schedule for Disposition

Property Name	Agreement Execution Date	Planned Disposition Date	Planned Payment Date
Matsushita IMP Bldg.	August 20, 2018	55% quasi co-ownership: September 5, 2018 45% quasi co-ownership: March 8, 2019	55% quasi co-ownership: September 5, 2018 45% quasi co-ownership: March 8, 2019
MID REIT Kyobashi Bldg.	August 20, 2018	September 4, 2018	September 4, 2018

9. Outlook

As for the outlook of the business results for the 25th Fiscal Period (from July 1, 2018 to December 31, 2018) and the 26th Fiscal Period (from January 1, 2019 to June 30, 2019), gains/losses on sales are expected. For result of the Acquisition of the Asset to be Acquired and Disposition of the Assets to be Disposed, please refer to “Notice Regarding Revision of Business Outlook and Distributions Forecast for the 25th Period Ending December 31, 2018 and Notice Regarding Business Outlook and Distributions Forecast for the 26th Period Ending June 30, 2019” announced today.

10. Overview of Appraisal Report

(1) Overview of Appraisal Report of the Asset to be Acquired

[Yokohama i-land Tower]

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Final Appraisal Value	¥23,700,000 thousand
Appraisal Date	July 1, 2018

Item	Details (thousand yen)	Overview, etc.
Revenue price	23,700,000	-
Value Calculated Using Direct Capitalization (DC) Method	25,700,000	-
Operating revenues	1,635,708	-
Potential gross revenue	1,721,660	-
Vacancy loss, etc.	85,952	-
Operating expenses	541,504	-
Maintenance expenses	146,229	Assessed based on the building management operations outsourcing contract and considering actual results of revenue and expenditure, etc.
Utility expenses	237,774	Assessed considering disclosed material and actual results of revenue and expenditure, etc.
Repair expenses	17,400	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses and capital expenditures in the proportion of 3 to 7
PM fees	10,065	Assessed based on the PM operations outsourcing contract and memorandum, etc.
Tenant solicitation expenses, etc.	1,745	Assessed based on 5.0% annual tenant replacement
Real estate taxes	117,789	Assessed based on a list of amounts of payment of property taxes and city planning taxes for FY2018
Insurance premiums	2,320	Assessed considering actual results of revenue and expenditure, etc.
Other expenses	8,178	Assessed considering actual results of revenue and expenditure, etc.
Net operating income (NOI)	1,094,204	-
Gain on management of income from lump-sum payment	8,670	-
Capital expenditures	75,400	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses and capital expenditures in the proportion of 3 to 7. In addition, an amount equivalent to the expense for renewal of the common area is considered.
Net Cash Flows	1,027,474	-
Overall Capitalization Rate	4.0%	-
Value Calculated Using Discount Cash Flow (DCF) Method	22,900,000	-
Discount Rate	4.0%	-
Terminal Capitalization Rate	4.1%	-
Cost method value	22,300,000	-
Ratio of Land Price	66.5%	-
Ratio of Building Price	33.5%	-

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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(2) Overview of Appraisal Report of the Assets to be Disposed

[Matsushita IMP Bldg.]

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Final Appraisal Value	¥22,300,000 thousand
Appraisal Date	June 30, 2018

Item	Details (thousand yen)	Overview, etc.
Revenue price	22,300,000	-
Value Calculated Using Direct Capitalization (DC) Method	21,800,000	-
Operating revenues	2,067,296	-
Potential gross revenue	2,182,940	-
Vacancy loss, etc.	115,644	-
Operating expenses	957,777	-
Maintenance expenses	273,864	Assessed based on the memorandum of change of building management operations outsourcing contract
Utility expenses	260,312	Assessed considering actual results of revenue and expenditure, etc.
Repair expenses	74,700	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses and capital expenditures in the proportion of approximately 3 to 7
PM fees	66,629	Assessed based on the PM operations outsourcing contract and memorandum, etc.
Tenant solicitation expenses, etc.	9,545	Assessed based on 10.0% annual tenant replacement
Real estate taxes	243,290	Assessed based on property taxes and city planning taxes for FY2018
Insurance premiums	3,594	Assessed based on disclosed materials
Other expenses	25,841	Assessed based on actual results of revenue and expenditure of disclosed materials
Net operating income (NOI)	1,109,518	-
Gain on management of income from lump-sum payment	12,031	-
Capital expenditures	161,850	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses and capital expenditures in the proportion of approximately 3 to 7
Net Cash Flows	959,700	-
Overall Capitalization Rate	4.4%	-
Value Calculated Using Discount Cash Flow (DCF) Method	22,500,000	-
Discount Rate	4.5%	-
Terminal Capitalization Rate	4.6%	-
Cost method value	24,500,000	-
Ratio of Land Price	72.7%	-
Ratio of Building Price	27.3%	-

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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[MID REIT Kyobashi Bldg.]

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Final Appraisal Value	¥1,460,000 thousand
Appraisal Date	June 30, 2018

Item	Details (thousand yen)	Overview, etc.
Revenue price	1,460,000	-
Value Calculated Using Direct Capitalization (DC) Method	1,470,000	-
Operating revenues	Not disclosed	Note
Potential gross revenue	Not disclosed	
Vacancy loss, etc.	Not disclosed	
Operating expenses	Not disclosed	
Maintenance expenses	Not disclosed	
Utility expenses	Not disclosed	
Repair expenses	Not disclosed	
PM fees	Not disclosed	
Tenant solicitation expenses, etc.	Not disclosed	
Real estate taxes	Not disclosed	
Insurance premiums	Not disclosed	
Other expenses	Not disclosed	-
Net operating income (NOI)	82,185	-
Gain on management of income from lump-sum payment	979	-
Capital expenditures	9,800	Assessed by allocating the figure based on the engineering report and similar cases to repair expenses and capital expenditures in the proportion of approximately 3 to 7
Net Cash Flows	73,364	-
Overall Capitalization Rate	5.0%	-
Value Calculated Using Discount Cash Flow (DCF) Method	1,460,000	-
Discount Rate	5.1%	-
Terminal Capitalization Rate	5.2%	-
Cost method value	1,500,000	-
Ratio of Land Price	52.9%	-
Ratio of Building Price	47.1%	-

Other items considered by real estate appraisal agent upon appraisal	Not applicable.
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Note:

The asset manager has determined to not disclose as it may give a negative influence on MCUBS MidCity's performance, hence unitholders benefit, since the appraisal is based on actual figures.

<Reference>

Assumed NOI and depreciation of Asset to be Acquired

Property name	Assumed NOI ^(Note 1)	Depreciation ^(Note 2)
Yokohama i-land Tower	¥913 million per year	¥220 million per year

Notes:

1. Assumed NOI (Net Operating Income) is the estimated amount of property leasing revenue, less property leasing expenses, assuming the burden of property taxes and city planning taxes for the full year based on the lease agreement terms and conditions, etc. on the planned acquisition date. MCUBS MidCity's estimated figures for time of steady stable occupancy. Assumed NOI presented in the table above have been rounded down to the nearest million yen.
2. MCUBS MidCity's estimated figures for time of steady stable occupancy. Depreciation presented in the table above have been rounded down to the nearest million yen.

The figures above are not the forecast figures for the current period or subsequent periods.

Property Portfolio after the Transactions

Type	Region	Property Name	Acquisition Price (Planned) (Millions of Yen)	Investment Ratio	Acquisition Date (Planned)
Office Building					
Tokyo Metropolitan Area		Sumitomo Fudosan Ueno Bldg. No. 6	7,460	2.9%	May, 2015
		G-Square Shibuya Dogenzaka	12,220	4.8%	August, 2015
		Shibuya Sakuragaoka Square	17,130	6.7%	August 2015, etc.
		Yokohama Creation Square	7,080	2.8%	August, 2015
		Cube Kawasaki	20,050	7.8%	August, 2015
		Higashi-Nihombashi Green Bldg.	2,705	1.1%	December, 2015
		Sasazuka Center Bldg.	8,700	3.4%	March, 2017
		USC Bldg.	10,800	4.2%	April, 2017, etc.
		Yoshiyasu Kanda Bldg.	4,000	1.6%	February, 2018
		TOYOTA MOBILITY SERVICE Bldg.	9,200	3.6%	March, 2018
		M-City Akasaka 1-chome Bldg.	4,205	1.6%	March, 2018
	Yokohama i-land Tower	22,100	8.6%	September, 2018	
Osaka Metropolitan Area		Twin 21 ^(Note)	68,700	26.8%	August, 2006
		Matsushita IMP Bldg.	-	-	To be Disposed in September, 2018 (55% quasi co-ownership) March, 2019 (45% quasi co-ownership)
		MID REIT Kyobashi Bldg.	-	-	To be Disposed in September, 2018
		MID Imabashi Bldg.	3,270	1.3%	April, 2007
		Kitahama MID Bldg.	10,800	4.2%	April, 2008
		MID Nishihonmachi Bldg.	3,550	1.4%	October, 2008
		Higobashi MID Bldg.	3,000	1.2%	June, 2013
Other		Sendai Capital Tower	5,500	2.1%	February, 2017
Subtotal (18 properties)			220,470	85.9%	
Other than Office Building					
Tokyo Metropolitan Area		AEON MALL Tsudanuma	26,100	10.2%	August, 2006
Osaka Metropolitan Area		Konami Sports Club Kyobashi	2,780	1.1%	August, 2006
Other		Dormy Inn Hakata Gion	2,280	0.9%	September, 2013
Subtotal (3 properties)			31,160	12.1%	
Silent Partnership Interest for Office Building					
Nagoya Metropolitan Area		Nagoya Lucent Tower (Silent partnership interest)	4,919	1.9%	August, 2015
Subtotal (1 asset)			4,919	1.9%	
Total (22 properties)			256,549	100.0%	

Notes:

Data for Twin 21 includes the trust beneficiary interest in Twin 21 and Twin 21 (partial ownership of land with leasehold interest), collectively.