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To all concerned parties:

Investment Corporation

MCUBS MidCity Investment Corporation

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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

MCUBS MidCity Investment Corporation (hereafter “MCUBS MidCity”) announces that it has revised its business outlook and distributions forecasts for the 25th Fiscal Period (from July 1, 2018 to December 31, 2018) announced on February 20, 2018. MCUBS MidCity also announces its business outlook and distributions forecasts for the 26th Fiscal Period (from January 1, 2019 to June 30, 2019).

1. Revised Business Outlook and Distributions Forecasts for the 25th Fiscal Period (from 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)
Previous forecast (A)	8,365	3,491	2,876	2,875	1,750	0
Revised forecast (B)	10,780	5,281	4,577	4,576	2,520	0
Difference (B – A)	2,415	1,790	1,701	1,701	770	—
Percentage change	28.9%	51.3%	59.1%	59.2%	44.0%	—

[Reference]

Forecast number of investment units issued and outstanding at end of the 25th Fiscal Period: 1,643,125 units

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 the 26th Fiscal Period (from January 1, 2019 to June 30, 2019)

	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)
26th Fiscal Period	10,205	5,480	4,840	4,839	2,665	0

[Reference]

Forecast number of investment units issued and outstanding at end of the 26th Fiscal Period: 1,643,125 units.

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.

3. Reason for the Revision and Announcement

MCUBS MidCity is, as announced via the press releases “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)” and “Notice Concerning Debt Financing” as of today, scheduled to acquire a trust beneficiary interest in Yokohama i-land Tower as an entrusted asset on September 14, 2018, using new borrowing, and funds to be raised through the disposition of the assets to be disposed. In addition, MCUBS MidCity is scheduled to dispose 55%, and then the remaining 45% quasi co-ownership of trust beneficiary interests in Matsushita IMP Bldg. on September 5, 2018 and March 8, 2019, respectively, and is scheduled to dispose MID REIT Kyobashi Bldg. on September 4, 2018.

As a result, the business outlook and distributions forecasts for the 25th Fiscal Period are revised as the assumptions for the forecast of business outlook have been reviewed based on the expectation that operating revenue will surpass the previously announced forecast by at least 10%, ordinary income and net income by at least 30%, and distribution per unit by at least 5%, respectively. The results and distributions forecasts for the 26th Fiscal Period will be disclosed based on the same assumptions.

<Attachment>

Assumptions Regarding Business Outlook for the 25th Period Ending December 31, 2018 and the 26th Period Ending June 30, 2019

<Reference>

Other press releases announced today:

“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)”

“Notice Concerning Debt Financing”

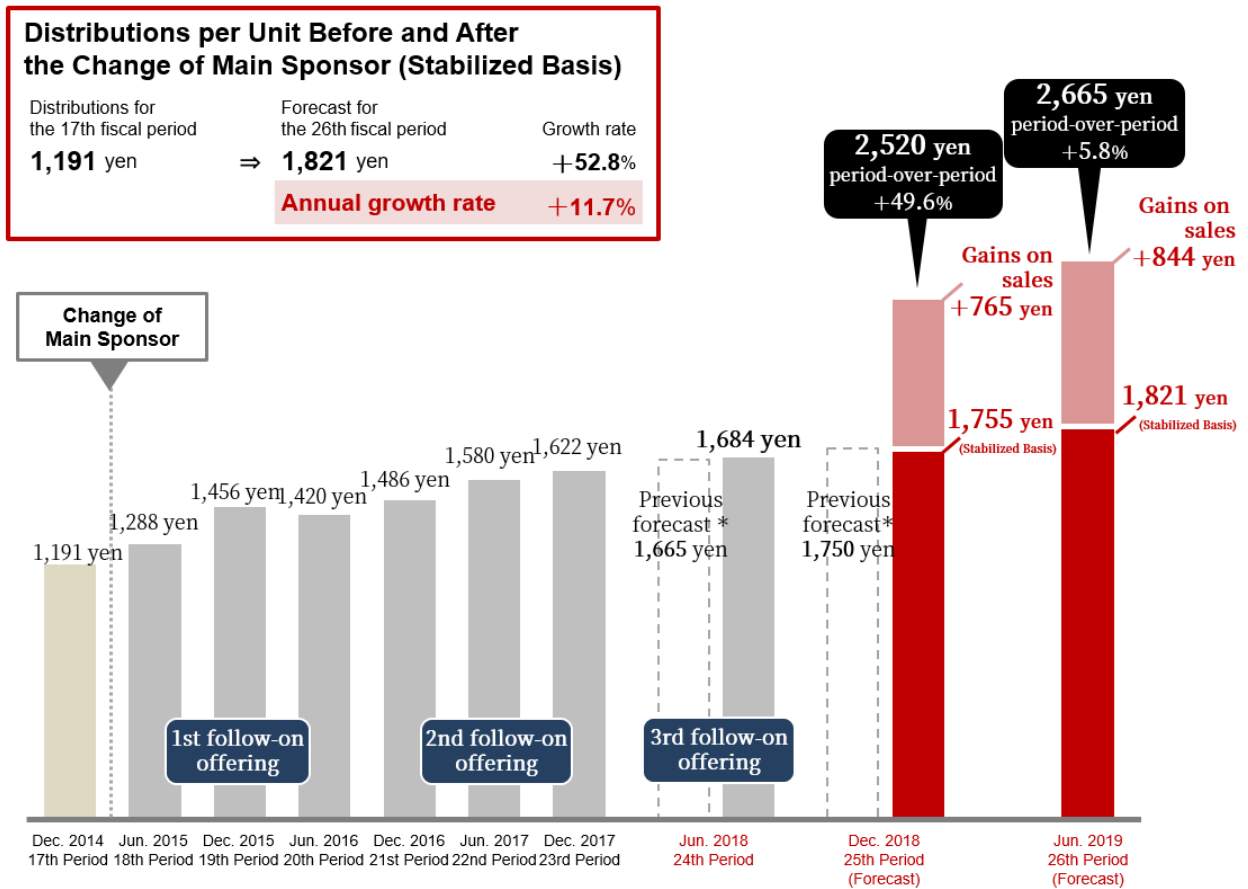
Assumptions Regarding Business Outlook for the 25th Period Ending December 31, 2018 and
 the 26th Period Ending June 30, 2019

Item	Assumptions								
Assets under management	<ul style="list-style-type: none"> It is assumed that the following property is acquired (the “Asset to be Acquired”) and the following two properties are disposed (the “Assets to be Disposed”), in addition to the 23 properties (including silent partnership interests) held by MCUBS MidCity as of June 30, 2018. With regard to all the Asset to be Acquired and the Assets to be Disposed, sale and purchase agreements have been executed. Planned acquisition/disposition date of each property is as follows: < Asset to be Acquired> <table border="1" data-bbox="483 678 1369 734"> <tr> <td>Yokohama i-land Tower</td> <td>To be acquired on September 14, 2018</td> </tr> </table> < Assets to be Disposed> <table border="1" data-bbox="483 775 1369 976"> <tr> <td>MID REIT Kyobashi Bldg.</td> <td>To be disposed on September 4, 2018</td> </tr> <tr> <td>Matsushita IMP Bldg. Beneficiary interest ratio: 55%</td> <td>To be disposed on September 5, 2018</td> </tr> <tr> <td>Matsushita IMP Bldg. Beneficiary interest ratio: 45%</td> <td>To be disposed on March 8, 2019</td> </tr> </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 June 30, 2019, excluding the acquisition of the Asset to be Acquired and the disposition of the Assets to be Disposed. The actual assets under management may vary due to changes in the property portfolio and other factors. 	Yokohama i-land Tower	To be acquired on September 14, 2018	MID REIT Kyobashi Bldg.	To be disposed on September 4, 2018	Matsushita IMP Bldg. Beneficiary interest ratio: 55%	To be disposed on September 5, 2018	Matsushita IMP Bldg. Beneficiary interest ratio: 45%	To be disposed on March 8, 2019
Yokohama i-land Tower	To be acquired on September 14, 2018								
MID REIT Kyobashi Bldg.	To be disposed on September 4, 2018								
Matsushita IMP Bldg. Beneficiary interest ratio: 55%	To be disposed on September 5, 2018								
Matsushita IMP Bldg. Beneficiary interest ratio: 45%	To be disposed on March 8, 2019								
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. As a result of disposition of trust beneficiary interest of Matsushita IMP Bldg. on September 5, 2018 (Beneficiary interest ratio : 55%) and March 8, 2019 (Beneficiary interest ratio : 45%) described in Assets under management above, gains on sales of property (expected difference between the disposition price and the planned book value on the planned disposition date – expected disposition-related expenses; the same shall apply hereinafter) of ¥2,263 million (planned) and ¥1,985 million (planned) are expected to arise for the 25th fiscal period and for the 26th fiscal period, respectively. The actual amount of gains on sales of property may vary. 								
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 ¥903 million and ¥854 million are expected for the 25th fiscal period and for the 26th fiscal period, respectively. Utilities expenses of ¥785 million and ¥672 million are expected for the 25th fiscal period and for the 26th fiscal period, respectively. Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) of ¥649 million and ¥640 million are expected for the 25th fiscal period and for the 26th 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 25th fiscal period because it will be included in the acquisition cost of such properties and those taxes are assumed to be ¥30 million (equivalent to three months) in the 26th fiscal period. The amount expected to be necessary for building repair expenses in the respective fiscal period is recorded as expenses. Building repair expenses of ¥370 million and ¥269 million are expected for 								

Item	Assumptions
	<p>the 25th fiscal period and for the 26th 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.</p> <ul style="list-style-type: none"> • Depreciation is calculated based on the straight-line method inclusive of associated costs and future additional capital expenditures. ¥1,338 million and ¥1,235 million are expected for the 25th fiscal period and for the 26th fiscal period, respectively. • As a result of disposition of MID REIT Kyobashi Bldg. on September 4, 2018 described in Assets under management above, loss on sales of property (absolute value of expected difference between the disposition price and the planned book value on the planned disposition date + expected disposition-related expenses) of ¥433 million (planned) is expected to arise for the 25th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses of ¥454 million and ¥446 million are expected for the 25th fiscal period and for the 26th fiscal period, respectively. • Borrowing-related expenses of ¥139 million and ¥128 million are expected for the 25th fiscal period and for the 26th fiscal period, respectively. • Amortization of investment unit issuance costs of ¥19 million and ¥17 million are expected for the 25th fiscal period and for the 26th 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 ¥122,875 million and ¥115,975 million as of the end of the 25th fiscal period and as of the end of the 26th fiscal period, respectively. • It is assumed that ¥6,900 million will be newly borrowed as of September 12, 2018 for the purpose of acquiring the properties stated in “Assets under management” above. • That short-term loans payable is assumed to be repaid at the end of March 2019 in advance of the maturity date by appropriating a part of proceeds from planned disposition of Matsushita IMP Bldg. (Beneficiary interest ratio: 45%) on March 8, 2019 described in Assets under management above.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> • It is assumed that the number of investment units issued and outstanding is 1,643,125, which is the number as of today, and that no additional new investment units are issued by the end of the 26th fiscal period.
Distribution per unit	<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 the issuance of additional investment units. • As to a part of gains on sales of property of ¥2,263 million (planned) and ¥1,985 million (planned) expected to arise for Matsushita IMP Bldg. described in Operating Revenue above, voluntary reserve of ¥434 million (planned) and ¥459 million (planned) is assumed to be recorded for the 25th fiscal period and for the 26th fiscal period, respectively, within the scope of application of “Special Provisions for Taxation on Investment Corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” (Article 65-7 of the Act on Special Measures Concerning Taxation). The actual amount of voluntary reserve may vary.
Distribution in excess of earnings per unit	<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).
Other	<ul style="list-style-type: none"> • It is assumed that no changes will be made to laws, the tax system, accounting standards, securities 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, real estate market conditions, etc.

<Reference>

Historical Distributions per Unit and Forecast of Distributions.



*Previous forecast is the forecast announced on February 20, 2018.

Note:

1. Based on the investment unit split with the effective date on January 1, 2018, one-fifths of the actual amounts of distributions per unit (rounded down) are indicated for Distribution per Unit prior to 24th Fiscal Period, and actual Distribution per Unit is indicated for 24th Fiscal Period.
2. 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, and, fluctuations in interest rates and the issuance of additional investment units, etc., and as a result, an actual distribution per unit may differ substantially from the above forecast.
3. "Distribution per Unit (Stabilized Basis)" is calculated by adjusting Distribution per Unit for 25th Fiscal Period and 26th Fiscal Period respectively for non-recurring gains and losses such as gains and losses arising from asset dispositions, etc.

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.