

November 5, 2019

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 27th Period Ending December 31, 2019 and the 28th Period Ending June 30, 2020

MCUBS MidCity Investment Corporation (hereafter "MCUBS MidCity") announces that it has revised its business outlook and distributions forecasts for the 27th Fiscal Period (from July 1, 2019 to December 31, 2019) and 28th Fiscal Period (from January 1, 2020 to June 30, 2020) announced in the "Summary of Financial Results" on August 15, 2019, as follows.

1. Revised Business Outlook and Distributions Forecasts

(1) Fiscal Period Ending December 31, 2019 (27th Fiscal Period: July 1, 2019 to December 31, 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)
Previous forecast (A)	8,340	3,802	3,214	3,213	1,955	0
Revised forecast (B)	8,514	3,889	3,289	3,288	1,955	0
Difference (B - A)	174	87	75	75	—	—
Percentage change	2.1%	2.3%	2.3%	2.3%	—	—

[Reference]

Forecast number of investment units issued and outstanding at end of the 27th Fiscal Period: 1,784,125 units

It is assumed that all of the investment units consisting of 134,000 new investment units, to be issued through the primary offering, and maximum 7,000 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 1,643,125 investment units issued and outstanding as of today, and that no additional new investment units are issued thereafter.

Notes:

- Distribution per unit differs from net earnings per unit because it is assumed that distribution per unit includes the reversals of a portion of reserve for reduction entry of property amounting to ¥199 million.
- 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.

Note: This press release provides information regarding MCUBS MidCity's revision of business outlook and distributions forecast for the 27th Period and the 28th Period and is not prepared as an inducement or invitation for investment. 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. This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be publicly offered or sold in the United States.

(2) Fiscal Period ending June 30, 2020 (28th Fiscal Period: from January 1, 2020 to June 30, 2020)

	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)	8,287	3,831	3,255	3,254	1,980	0
Revised forecast (B)	9,057	4,249	3,624	3,623	2,030	0
Difference (B - A)	769	418	369	369	50	—
Percentage change	9.3%	10.9%	11.3%	11.3%	2.5%	—

[Reference]

Forecast number of investment units issued and outstanding at end of the 28th Fiscal Period: 1,784,125 units.

It is assumed that all of the investment units consisting of 134,000 new investment units, to be issued through the primary offering, and maximum 7,000 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 1,643,125 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.

2. 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 Two Office Properties and One Hotel Property)” and “Notice Concerning Debt Financing” as of today, scheduled to acquire trust beneficiary interests in Osaka YM Bldg. and East Square Tokyo as respective entrusted assets on November 20, 2019, and trust beneficiary interest in Hotel Vista Premio Tokyo as entrusted assets on November 22, 2019, respectively, using funds to be raised through the issuance of new investment units and new borrowings ^(Note).

As a result, the business outlook and distributions forecast for the 27th Fiscal Period (from July 1, 2019 to December 31, 2019) and 28th Fiscal Period (from January 1, 2020 to June 30, 2020) 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.

Note: In the case that the Pricing Date indicated in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today is November 14, 2019, the anticipated acquisition dates of Osaka YM Bldg. and East Square Tokyo will be changed to November 21, 2019. In the case that the Pricing Date is November 15, 2019, the anticipated acquisition dates of Osaka YM Bldg. and East Square Tokyo will be changed to November 22, 2019. Also, in the case that the Pricing Date is November 18, 2019, the anticipated acquisition dates of Osaka YM Bldg. and East Square Tokyo will be changed to November 25, 2019.

<Attachment>

Attachment:

Assumptions Regarding Business Outlook for the 27th Period Ending December 31, 2019 and the 28th Period Ending June 30, 2020

<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 Two Office Properties and One Hotel Property)”

“Notice Concerning Debt Financing”

Note: This press release provides information regarding MCUBS MidCity's revision of business outlook and distributions forecast for the 27th Period and the 28th Period and is not prepared as an inducement or invitation for investment. 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. This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be publicly offered or sold in the United States.

Assumptions Regarding Business Outlook for the 27th Period Ending December 31, 2019 and
the 28th Period Ending June 30, 2020

Item	Assumption(s)						
Assets under management	<ul style="list-style-type: none"> It is assumed that the following three properties are acquired (the "Assets to be Acquired") in addition to the 23 properties (including silent partnership interests) held by MCUBS MidCity as of June 30, 2019. With regard to all the Assets to be Acquired, a sale and purchase agreement has been executed. Acquisition dates of each property are scheduled as follows: <Assets to be Acquired> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">To be Acquired on November 20, 2019</th> <th style="text-align: center;">To be Acquired on November 20, 2019</th> <th style="text-align: center;">To be Acquired on November 22, 2019</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Osaka YM Bldg.</td> <td style="text-align: center;">East Square Tokyo</td> <td style="text-align: center;">Hotel Vista Premio Tokyo</td> </tr> </tbody> </table> It is assumed that there will be no changes (new property acquisition, sale of existing property, etc.) in MCUBS MidCity's assets under management until June 30, 2020, excluding 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 November 20, 2019	To be Acquired on November 20, 2019	To be Acquired on November 22, 2019	Osaka YM Bldg.	East Square Tokyo	Hotel Vista Premio Tokyo
To be Acquired on November 20, 2019	To be Acquired on November 20, 2019	To be Acquired on November 22, 2019					
Osaka YM Bldg.	East Square Tokyo	Hotel Vista Premio Tokyo					
Operating revenue	<ul style="list-style-type: none"> Rent revenue 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 ¥863 million and ¥918 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. Utilities expenses of ¥656 million and ¥640 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. Fixed asset taxes, city planning taxes and depreciable assets taxes ("fixed asset taxes, etc.") of ¥678 million and ¥718 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. Settlement money for those taxes for the Assets to be Acquired stated in the column "Assets under management" above will not be recorded as expenses for the 27th 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 Assets to be Acquired will be expensed starting from the 28th period. The amount expected to be necessary for building repair expenses in the respective Fiscal Period is recorded as expenses. Building repair expenses of ¥265 million and ¥264 million are expected for the 27th Fiscal Period and for the 28th 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. ¥1,195 million and ¥1,266 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. 						
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses of ¥445 million and ¥469 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. Borrowing-related expenses of ¥126 million and ¥127 million are expected for the 27th Fiscal Period and for the 28th Fiscal Period, respectively. Investment units issuance expenses of ¥21 million and ¥22 million are expected for the 27th Fiscal Period and for the 28th 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 ¥126,975 million and ¥126,975 million as of the end of the 27th Fiscal Period and as of the end of the 28th Fiscal Period, respectively. It is assumed that long term borrowing ¥11,000 million will be newly borrowed as of November 21, 2019 for the purpose of acquiring the Assets to be Acquired stated in "Assets under management" above. 						

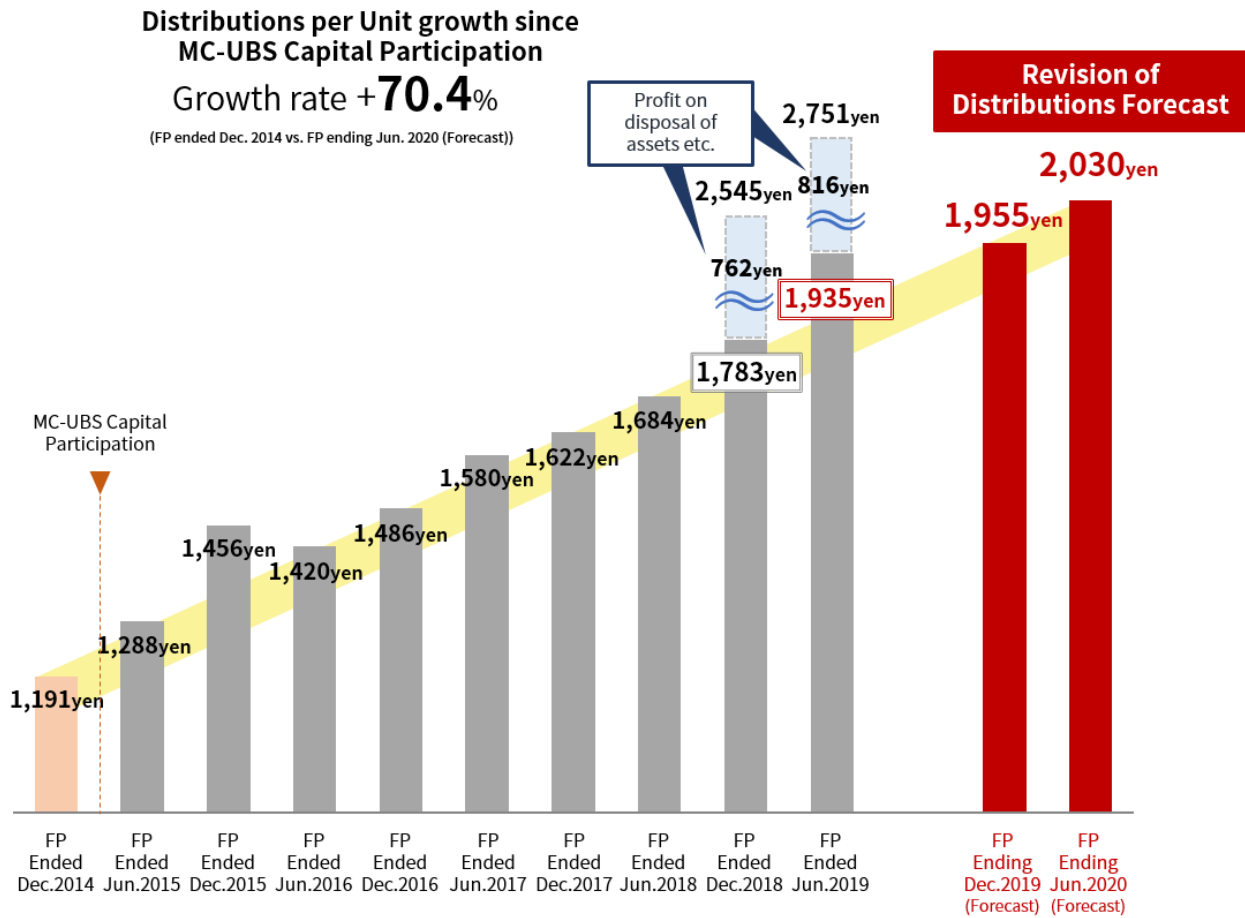
Note: This press release provides information regarding MCUBS MidCity's revision of business outlook and distributions forecast for the 27th Period and the 28th Period and is not prepared as an inducement or invitation for investment. Investors are advised to read Prospectus Concerning the Issue and 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. This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be publicly offered or sold in the United States.

Item	Assumption(s)
Number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed that all of the investment units consisting of 134,000 new investment units, to be issued through the public offering, and maximum 7,000 new investment units, to be issued through a third-party allotment accompanying the secondary offering (over-allotment), total of 141,000 units, which were resolved at the meeting of the board of directors held on November 5, 2019, are issued, in addition to 1,643,125 investment units issued and outstanding as of today, and that no additional new investment units are issued by the end of the 28th 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 issuance of additional investment units. Distribution per unit of the 27th Fiscal Period is calculated assuming the reversals of a portion of reserve for reduction entry of property amounting to ¥199 million for stable distribution payment. Reserve for reduction entry of property totaling ¥1,097 million were accumulated until the end of the 26th Fiscal Period, under the 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).
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 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.



Notes:

- 1 Based on the implementation of the investment unit split effective on January 1, 2018 (the "Investment Unit Split"), DPU for the fiscal period ended December 31, 2017 or before, prior to the Investment Unit Split, and that for the fiscal period ended June 30, 2018 and after, indicates one-fifth of the actual value (with amounts below the specified unit rounded down) and the actual value, respectively.
- 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.

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