

January 24, 2020

To all concerned parties:

Investment Corporation

MCUBS MidCity Investment Corporation

Representative: Katsuhiko Tsuchiya, Executive Director

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Asset Management Company

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Notice Concerning Debt Financing

MCUBS MidCity Investment Corporation (“MMI”) announced today that it has decided to obtain ¥8,550 million debt financing (“Borrowings”) as described below.

1. Details of Borrowings

Loan	Lender(s)	Amount outstanding	Debt term	Interest rate (Note 1, 2)		Execution date	Anticipated borrowing date	Method of borrowing, repayment of principal	Maturity date (Note 3)
Loan 1	Sumitomo Mitsui Trust Bank, Limited	¥1,600 million	9 years	Floating	Base interest rate (JBA 3-month yen TIBOR) +0.425%	Jan. 24, 2020	Jan. 31, 2020	Unsecured and unguaranteed, lump sum repayment	Jan. 31, 2029
Loan 2	Shinkin Central Bank, The Nishi-Nippon City Bank, Ltd.	¥2,600 million	7.5 years	Fixed	To be determined				July 31, 2027
Loan 3	Sumitomo Mitsui Banking Corporation	¥1,500 million	7 years	Floating	Base interest rate (JBA 3-month yen TIBOR) +0.355%				Jan. 31, 2027
Loan 4	The Hyakugo Bank, Ltd.	¥750 million	6.5 years	Fixed	To be determined				July 31, 2026
Loan 5	Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation	¥2,100 million	4.5 years	Floating	Base interest rate (JBA 3-month yen TIBOR) +0.260%				July 31, 2024
	Total / Average remaining borrowing period	¥8,550 million	6.9 years (Note 4)						

Notes:

- For Loan 1 and 3, although a borrowing contracts is based on a variable interest rate, we intend to enter into an interest rate swap agreement to fix the interest rate on or before the anticipated borrowing date. There is a possibility that interest rate swap agreement will not be concluded depending on the trend of interest rates. The base interest rate applied to the calculation period of Loan 1,3 and 5 interests to be paid on the interest payment date will be the 3-month Japanese yen TIBOR on the day two business days prior to such interest payment date. If such calculation period is less than three months, the base interest rate will be calculated using the methodology stipulated in the loan agreement. For JBA Japanese yen TIBOR, please check the website of JBATA (<http://www.jbatibor.or.jp/english/>). Interest rates applied to Loan 2 and 4 will be notified later upon determination.
- Interest payment dates are the last business days of January, April, July and October of every year and the principal repayment date (the next business day if the corresponding date falls on a non-business day, and the preceding business day if such next business day is included in the next month).
- The next business day if the corresponding date falls on a non-business day, and the preceding business day if such next business day is included in the next month.
- Average remaining borrowing period is calculated using the weighted average of the borrowing amounts.

2. Reason for Borrowings

The fund will be used for the repayment of ¥8,550 million borrowings which will be due on January 31, 2020. MMI will strive to improve the stability of its financial base by extending borrowing periods.

(Reference: Details of borrowings to be repaid)

	Lender(s)	Amount outstanding	Debt term	Interest rate		Borrowing date	Method of borrowing, repayment of principal	Maturity date
Loan A	Sumitomo Mitsui Banking Corporation, Shinkin Central Bank	¥3,700 million	3.5 years	Floating	Base interest rate (JBA 3-month yen TIBOR) +0.310%	July 29, 2016	Unsecured and unguaranteed, lump sum repayment	Jan. 31, 2020
Loan B	The Nishi-Nippon City Bank, Ltd. The Hyakugo Bank, Ltd.	¥2,250 million		Fixed	0.37315%			
Loan C	Sumitomo Mitsui Trust Bank, Limited	¥2,600 million		Fixed	0.37315%			
Total / Borrowing period		¥8,550 million	3.5 years					

3. Status of interest-bearing debt after the Borrowings (As of January 31, 2020)

(Millions of yen)

	Before	After	Change
Short-term borrowings	0	0	—
Long-term borrowings	118,975	118,975	—
Total borrowings	118,975	118,975	—
Investment corporation bonds	8,000	8,000	—
Total interest-bearing debt	126,975	126,975	—