

July 20, 2020

To all concerned parties:

Investment Corporation

MCUBS MidCity Investment Corporation

Representative: Katsuhiko Tsuchiya, Executive Director

TSE Code: 3227, LEI Code: 353800WZPKHG2SQS1P32

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Asset Management Company

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Notice Concerning Debt Financing

MCUBS MidCity Investment Corporation (hereafter “MMI”) announced today that it has decided to obtain ¥14,300 million debt financing (hereafter “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 | Mizuho Bank, Ltd., Aozora Bank, Ltd, Mizuho Trust & Banking Co., Ltd. | ¥3,350 million | 10 years | Fixed | To be determined | July 20, 2020 | July 31, 2020 | Unsecured and unguaranteed, lump sum repayment | July 31, 2030 |
| Loan 2 | MUFG Bank, Ltd. | ¥1,100 million | 10 years | Fixed | To be determined | | | | July 31, 2030 |
| Loan 3 | Mizuho Bank, Ltd., Development Bank of Japan, Inc., Resona Bank, Limited. | ¥3,700 million | 9.5 years | Fixed | To be determined | | | | Jan. 31, 2030 |
| Loan 4 | MUFG Bank, Ltd. | ¥700 million | 9.5 years | Fixed | To be determined | | | | Jan. 31, 2030 |
| Loan 5 | The Bank of Fukuoka, Ltd. | ¥750 million | 9 years | Fixed | To be determined | | | | July 31, 2029 |
| Loan 6 | Sumitomo Mitsui Trust Bank, Limited | ¥1,700 million | 8 years | Floating | Base interest rate (JBA 3-month yen TIBOR) +0.375% | | | | July 31, 2028 |
| Loan 7 | The Minato Bank, Ltd. | ¥800 million | 7.5 years | Fixed | To be determined | | | | Jan. 31, 2028 |
| Loan 8 | Sumitomo Mitsui Banking Corporation | ¥1,700 million | 5 years | Floating | Base interest rate (JBA 3-month yen TIBOR) +0.279% | | | | July 31, 2025 |
| Loan 9 | The Hiroshima Bank, Ltd. | ¥500 million | 4.5 years | Fixed | To be determined | | | | Jan. 31, 2025 |
| | Total / Average remaining borrowing period | ¥14,300 million | 8.6 years (Note 4) | | | | | | |

Notes:

- For Loan 6 and 8, 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 6 and 8 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 1,2,3,4,5,7 and 9 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 ¥14,300 million borrowings which will be due on July 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 | Development Bank of Japan, Inc., The Minato Bank, Ltd. | ¥1,800 million | 7 years | Fixed | 1.70875% | July 31, 2013 | Unsecured and unguaranteed, lump sum repayment | July 31, 2020 |
| Loan B | Mizuho Bank, Ltd., The Hiroshima Bank, Ltd., Sony Bank Incorporated | ¥2,000 million | 6 years | Fixed | 1.24000% (Note 1) | July 31, 2014 | | |
| Loan C | Development Bank of Japan, Inc. | ¥1,200 million | 5 years | Fixed | 0.90750% | July 31, 2015 | | |
| Loan D | Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Resona Bank, Limited., MUFG Bank, Ltd., Mizuho Trust & Banking Co., Ltd. | ¥9,300 million | 5 years | Fixed | 0.86545% (Note 1) | July 31, 2015 | | |
| | Total / Average remaining Borrowing period | ¥14,300 million | 5.4 years (Note 2) | | | | | |

Notes:

- The loan agreement provides for a floating interest rate. We concluded an interest-rate swap agreement to fix the interest rate.
- Average remaining borrowing period is calculated using the weighted average of the borrowing amounts.

3. Status of interest-bearing debt after the Borrowings (As of July 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 | — |

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