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## MTR Announces Financial Results for the Fiscal Period Ended March 31, 2018

**Tokyo, May 15, 2018** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended March 31, 2018 (from October 1, 2017 to March 31, 2018).

### 1. Operational/Asset Conditions for the fiscal period ended March 31, 2018 (October 1, 2017 – March 31, 2018)

(Amounts are rounded down to the nearest million yen)

#### (1) Operating results

(% shows change vs. previous period)

	Operating Revenues		Operating Income		Ordinary Income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended March 31, 2018	8,686	(25.2)	5,248	(32.7)	4,771	(34.5)	4,785	(32.1)
Fiscal period ended September 30, 2017	11,606	30.9	7,794	48.9	7,280	54.7	7,049	49.3

	Basic earnings per unit	Rate of return on equity	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended March 31, 2018	3,625	3.0	1.5	54.9
Fiscal period ended September 30, 2017	5,340	4.4	2.2	62.7

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## (2) Distributions

	Distributions per unit (excluding distributions in excess of profit)	Total Distributions (excluding total distributions in excess of profit)	Distributions in excess of profit per unit	Total distributions in excess of profit	Payout ratio	Ratio of distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended March 31, 2018	3,650	4,818	0	0	100.6	3.0
Fiscal period ended September 30, 2017	4,964	6,552	0	0	92.9	4.1

(Note 1) The difference between distributions per unit and profit per unit in the fiscal period ended March 31, 2018 is due to a reversal of the reserve for reductions entry (¥32 million).

(Note 2) The difference between distributions per unit and profit per unit in the fiscal period ended September 30, 2017 is due to a provision of reserves for reduction entry (¥497 million).

(Note 3) The payout ratio is rounded down to one decimal place.

## (3) Financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended March 31, 2018	328,079	159,891	48.7	121,130
Fiscal period ended September 30, 2017	327,438	161,658	49.4	122,468

## (4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended March 31, 2018	5,288	(8,465)	(3,552)	17,060
Fiscal period ended September 30, 2017	20,431	(1,170)	(12,255)	23,788

## 2. Forecast for the September 2018 period (April 1, 2018 to September 30, 2018) and the March 2019 period (October 1, 2018 to March 31, 2019)

(% shows change vs. previous period)

	Operating revenues		Operating income		Ordinary income		Profit		Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending September 30, 2018	8,780	1.1	5,201	(0.9)	4,727	(0.9)	4,755	(0.6)	3,650	0
Fiscal period ended March 31, 2019	8,630	(1.7)	5,172	(0.6)	4,698	(0.6)	4,735	(0.4)	3,650	0

(Reference) The profit per unit forecast is ¥3,602 for the fiscal period ending September 30, 2018 and ¥3,587 for the fiscal period ending March 31, 2019.

(Note 1) Distributions per unit for the fiscal period ending September 30, 2018 are calculated based on the assumption that part of the reserve for reduction entry (62 million yen) will be appropriated to distributions.

(Note 2) Distributions per unit for the fiscal period ending March 31, 2019 are calculated based on the assumption that part of the reserve for reduction entry (82 million yen) will be appropriated to distributions.

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### 3. Status of Asset Management

#### (a) Summary of results for the current fiscal period

##### (i) Transition of the Investment Corporation

The Investment Corporation was established on October 2, 2001, with Mori Trust Asset Management Co., Ltd. (changed trade name from Nihon Sogo Fund Co., Ltd. on November 1, 2003) as the organizer, pursuant to the Act on Investment Trusts and Investment Corporations.

On March 28, 2002, the Investment Corporation began asset management, starting with the acquisition of the trust beneficiary right in Frespo Inage, land related to leased land agreement for business use.

Since then the Investment Corporation has steadily expanded the size of its assets, and was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange (Stock Code: 8961).

As a result, the real estate held by the Investment Corporation as of March 31, 2018, numbered 15 properties, with a total acquisition price of ¥328,079 million.

##### (ii) Investment environment and performance

During the fiscal period under review, the Japanese economy remained on a moderate recovery path due to an increase in exports associated with the recovery of overseas economies and the rebound of capital investment on the back of a high level of corporate earnings.

In the real estate investment market, investment demand from domestic and foreign investors continued to be robust amid the continued accommodative monetary environment. However, the overheated competition to acquire properties continued because opportunities to acquire good properties were limited.

In the real estate leasing market, the supply and demand conditions continued to improve in the market for office buildings because demand from companies remained firm. In central Tokyo, the vacancy rate continued to decrease as in the previous fiscal period, given that contracts for new buildings remained steady and contracts for vacant rooms in existing buildings also made progress. In addition, the vacancy rate was also on a declining trend in other major cities in Japan.

In the market for commercial facilities, while sales were improving at supermarkets and large-scale specialty retailers for home electric appliances, there was a difference in performance depending on the type of facility.

In the market for luxury rental housing in Tokyo, the high occupancy rate continued due to solid demand amid limited supply, and rents also remained firm.

In terms of market conditions for hotels, high occupancy rates were maintained supported by robust accommodation demand from foreign guests visiting Japan that continued to increase against the backdrop of expanding airline routes.

Under these investment conditions, the Investment Corporation acquired Hiroo SK Building on January 19, 2018 to enhance its portfolio and continued to seek to secure stable revenues in its management of existing properties in the fiscal period under review. As a result, as of March 31, 2018, the Investment Corporation owned 15 properties with a total book value of ¥310,854 million, and the occupancy rate of the properties owned by the Investment Corporation as of March 31, 2018 was 99.8%.

##### (iii) Financing

In the fiscal period under review, the Investment Corporation borrowed ¥8,500 million in January 2018 to apply to funds for the acquisition of Hiroo SK Building.

In addition, the Investment Corporation also borrowed a total of ¥17,500 million to apply to funds on hand that had decreased by the repayment of a total of ¥19,000 million in existing loans payable that fell due during the fiscal period under review and the redemption of ¥4,000 million in investment corporation bonds that had matured. For the repayment of some existing loans payable, the Investment Corporation used funds on hand, including proceeds from the sales of properties.

As a result, interest-bearing debt as of March 31, 2018 amounted to ¥155,000 million, of which long-term loans payable amounted to ¥137,500 million (including long-term loans payable of ¥15,500 million due for repayment within 1 year) and investment corporation bonds amounted to ¥9,000 million (including investment corporation bonds of ¥3,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of March 31, 2018 was 47.2% (compared with 46.4% as of September 30, 2017).

As of March 31, 2018, the Investment Corporation has obtained a long-term issuer rating of AA (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR)

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#### **(iv) Overview of financial results and distributions**

As a result of the abovementioned operations, operating revenue came to ¥8,686 million, operating income came to ¥5,248 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥4,771 million, and profit came to ¥4,785 million.

With the intention that the maximum amount of profit distributions would be included in tax-deductible expenses under the application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation), the Investment Corporation decided to distribute all of the undistributed profit at the end of the fiscal period after the reversal of ¥32,346,879, part of the reserve for book entry reduction accumulated, using “Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010” of Article 66-2 of the Act on Special Measures Concerning Taxation, and the distribution per investment unit amounted to ¥3,650.

### **(b) Outlook for the next fiscal period**

#### **(i) Outlook for overall performance**

The Japanese economy is expected to remain on a moderate recovery path, mainly supported by an increase in capital investment on the back of strong corporate earnings, the recovery of exports associated with the growth of the global economy and a pickup in personal consumption due to improvement in the employment situation and income environment. On the other hand, it may be necessary to bear in mind the impact on the Japanese economy of the global situation including the policy operation in the United States, developments in negotiations over Brexit, and the geopolitical risk.

In the real estate investment market, investment demand is expected to remain robust in the accommodative financial environment. Against this backdrop, competition to acquire properties is likely to remain fierce amid a scarcity of opportunities to acquire good properties.

In the real estate leasing market, conditions are likely to continue to show general improvement supported by forward-looking office demand for new construction and expansion on the back of strong corporate earnings and job growth. In central Tokyo, while new supply is expected to increase until 2020, demand from companies is likely to remain solid thanks to steady progress in the attraction of tenants in many of the buildings that are to be completed by the end of 2018.

In the market for commercial facilities, while sales are expected to recover due to the pickup in personal consumption and resurgent inbound consumption, it will still be necessary to bear in mind the difference in performance depending on the type of facility and changes in inbound consumption.

As for luxury rental apartments in Tokyo, although both the occupancy rate and rent level are expected to remain firm, reflecting stable supply and demand, it may be necessary to keep an eye on future domestic and foreign economic conditions.

The occupancy rate of hotels is expected to remain at a high level driven by demand from the steadily increasing numbers of foreign guests visiting Japan.

#### **(ii) Future investment policy**

Regarding the form of lease agreements of the real estate owned by the Investment Corporation, the Investment Corporation will maintain the weight of fixed-term building lease agreements with fixed rent over the medium and long term at a certain percentage, to ensure that a drop in the level of market rents does not immediately have a major impact on the revenue of the real estate owned by the Investment Corporation.

However, when entering into a new lease agreement, the Investment Corporation will examine the agreement term and the fixing of rents in the medium or long term based on an assessment of the location and features of the real estate and will aim to maximize revenue.

In addition, the Investment Corporation will operate and manage real estate in accordance with the following policy to maintain and increase market competitiveness and to enable stable operation.

1. The Investment Corporation will work to improve the satisfaction of tenants and consider measures such as thoroughgoing implementation of preventive maintenance and safety management and enhancement of customer relations with tenants based on an assessment of the features of each portfolio real estate, and endeavor to maintain high occupancy rates of the real estate it owns. When real estate becomes vacant or is due to become vacant, the Investment Corporation will conduct well-aimed market research and then focus on leasing in cooperation with the Mori Trust Group,

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real estate agents and property management companies.

2. When entering into a new lease agreement, the Investment Corporation will endeavor to conclude a medium- or long-term fixed-term building lease agreement or an agreement that otherwise considers fixing the rent or lengthening the agreement term to ensure future rental revenue. In the case of portfolio real estate that can be expected to achieve stable internal growth, the Investment Corporation will also incorporate agreements designed to tap into growth in income gain.
3. Based on consideration of the aging and age of portfolio real estate, the Investment Corporation will endeavor to maintain stable occupancy rates by renovating aged facilities, etc. and actively making investments to increase market competitiveness so that portfolio real estate compares favorably with competing properties.

### **(iii) Investment strategy for new investment real estate**

The Investment Corporation's basic policy is to make investments based on the following investment strategies, with a focus on seeking to further develop and cultivate property information routes and endeavoring to gather high quality property information, to expand the size of its assets under management (AUM) and acquire new investment real estate.

1. The Investment Corporation will invest primarily in real estate in central Tokyo regardless of its use, aiming for an investment portfolio in which central Tokyo properties account for 60 -80% of total AUM. It will also invest in certain investment real estate located in other regions, such as office buildings located in areas with a high concentration of office buildings and convenient transport links and high-quality commercial facilities that are highly competitive within their trade area.
2. The Investment Corporation will invest in investment real estate intended for "office building" use, aiming to build a portfolio in which office buildings account for 70-90% of total AUM. Besides office buildings, it will also invest in commercial facilities (10-30% of total AUM) and "Others" (0-10% of total AUM). However, for the present time, it will invest only in residential properties and hotels in the "others" category.
3. The Investment Corporation's basic strategy is to conclude medium-to-long-term lease agreements with tenants. Also, where possible, it will endeavor to conclude fixed-term building lease agreements or other agreements that take fixing the rent or lengthening the agreement period into consideration. The agreement for the lease of investment real estate may take the form of leasing the investment real estate directly to the tenant or the form of using a master lessee as an intermediary between the Investment Corporation and tenants and leasing to the master lessee. The Investment Corporation will actively examine a master lease agreement in cases where, upon consideration of factors such as the size and use of the real estate and the characteristics of tenants, this arrangement is deemed to have certain benefits,

### **(iv) Financial strategy, etc.**

The Investment Corporation will endeavor to strike a good balance between short-term loans and long-term loans when raising funds, giving consideration to reducing financing costs and mitigating the impact of changes in the financing environment. The Investment Corporation will also consider issuing investment corporation bonds.

When selecting finance providers, the Investment Corporation will negotiate with a number of eligible financial institutions and compare the terms offered before making a decision.

### **(v) Significant events after balance sheet date**

Not applicable

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#### (vi) Forecasts of performance

The Investment Corporation forecasts that performance in the next fiscal period the fiscal period ending September 30, 2018 (from April 1, 2018 to September 30, 2018) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the fiscal period ending March 31, 2019 (from October 1, 2018 to March 31, 2019) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the Fiscal Period ending September 30, 2018 (from April 1, 2018 to September 30, 2018) and the fiscal period ending March 31, 2019 (from October 1, 2018 to March 31, 2019)” below for further details of the assumptions of forecasts of performance.

	the fiscal period ending September 30, 2018	the fiscal period ending March 31, 2019
Operating revenues	¥8,780 million	¥8,630 million
Operating income	¥5,201 million	¥5,172 million
Ordinary income	¥4,727 million	¥4,698 million
Profit	¥4,755 million	¥4,735 million
Distribution per unit	¥3,650	¥3,650

(Note 1) The above forecasts are based on certain assumptions and information currently available and are not a guarantee of actual operating revenues, operating income, ordinary income, profit, and distribution per unit, and such may differ according to circumstances occurring in the future.

(Note 2) The distributions for the fiscal period ending September 30, 2018 and the fiscal period ending March 31, 2019 are based on the assumption of internal reserves reduction.

#### Assumptions for Forecasts of Performance for the Fiscal Period ending September 30, 2018 (from April 1, 2018 to September 30, 2018) and the Fiscal Period ending March 31, 2019 (from October 1, 2018 to March 31, 2019)

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> <li>We assume that a total of 15 properties will be under management as of March 31, 2018.</li> <li>The actual portfolio may change due to the acquisition or disposal/transfer of other properties.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>We assume 1,320,000 investment units issued and outstanding as of March 31, 2018. The number of investment units issued and outstanding may change, however, for reasons such as the issuance of investment units during the fiscal period.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>Interest-bearing debt amounted to ¥155,000 million as of May 15, 2018.</li> <li>Concerning the repayment of loans payable of ¥19,500 million that will fall due during the fiscal period ending September 30, 2018, we assume the application of funds raised through refinancing. Concerning the repayment of loans payable of ¥4,500 million and the redemption of investment corporation bonds of ¥3,000 million that will fall due during the fiscal period ending March 31, 2019, we assume the application of funds raised through refinancing and the issuance of investment corporation bonds.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Concerning leasing business revenues, we take factors such as tenant movements into consideration.</li> <li>We assume that there will be no delayed payment or non-payment by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, the portion of the tax amount to be levied that corresponds to the relevant calculation period is recorded as leasing business expenses. However, the amount equivalent to fixed property tax, city planning tax, etc. for the fiscal year of acquisition reimbursed to the previous owner at the time of acquisition of the real estate, etc. is included in the cost of acquisition of the relevant real estate and is thus not recognized as expenses in the relevant calculation period.</li> <li>Concerning repair expenses, the estimated amount required is recorded as expenses. However, the actual repair expenses may significantly differ from the estimates since (i) an unforeseeable event may cause</li> </ul>

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	<p>damage to a building requiring emergency repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.</p> <ul style="list-style-type: none"> <li>• We estimate property and other taxes of ¥899 million for the fiscal period ending September 30, 2018 and ¥897 million for the fiscal period ending March 31, 2019 fiscal period.</li> <li>• We estimate property management fees of ¥452 million for the fiscal period ending September 30, 2018 and ¥421 million for the fiscal period ending March 31, 2019.</li> <li>• We estimate depreciation of ¥1,262 million for the fiscal period ending September 30, 2018 and ¥1,267 million for the fiscal period ending March 31, 2019.</li> <li>• We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥448 million for the fiscal period ending September 30, 2018 and ¥448 million for the fiscal period ending March 31, 2019.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥475 million for the fiscal period ending September 30, 2018 and ¥474 million for the fiscal period ending March 31, 2019. We assume that there will be no borrowing-related expenses.</li> </ul>
Distributions	<ul style="list-style-type: none"> <li>• Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation.</li> <li>• On calculation of the distribution for the fiscal period ending September 30, 2018, we assume that a portion worth ¥91 million (reserve for reduction entry of ¥62 million and relevant deferred tax liabilities of ¥28 million) of the internal reserves totaling ¥1,583 million (the total of reserve for reduction entry of ¥1,083 million and relevant deferred tax liabilities of ¥500 million) accumulated until the fiscal period ended March 31, 2018, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" will finance the distributions.</li> <li>• On calculation of the distribution for the fiscal period ending March 31, 2019, we assume that a portion worth ¥120 million (reserve for reduction entry of ¥82 million and relevant deferred tax liabilities of ¥37 million) of the internal reserves totaling ¥1,492 million (the total of reserve for reduction entry of ¥1,021 million and relevant deferred tax liabilities of ¥471 million) accumulated until the fiscal period ending September 30, 2018, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" will finance the distributions.</li> <li>• Distributions per unit may change due to a variety of factors, including changes in the assets under investment and changes in rental income as a result of changes in tenants, the occurrence of unforeseen repairs, fluctuation in the number of issued investment units and financing.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> </ul>

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## 4. FINANCIAL STATEMENTS

### (1) Balance sheet

Thousands of yen

	As of September 30, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	21,105,617	14,203,997
Cash and deposits in trust	2,683,202	2,856,068
Operating accounts receivable	68,100	57,780
Prepaid expenses	25,422	32,765
Deferred tax assets	21	13
Consumption tax receivable	—	9,474
Other	3,538	3,276
Total current assets	23,885,903	17,163,374
Non-current assets		
Property, plant and equipment		
Buildings	39,596,582	39,704,270
Accumulated depreciation	( 14,494,419)	(15,240,816)
Buildings, net	25,102,163	24,463,454
Structures	563,580	563,580
Accumulated depreciation	( 528,827)	(529,252)
Structures, net	34,752	34,327
Machinery and equipment	133,961	152,086
Accumulated depreciation	(105,359)	(106,985)
Machinery and equipment, net	28,601	45,100
Tools, furniture and fixtures	93,751	96,113
Accumulated depreciation	(60,371)	(63,199)
Tools, furniture and fixtures, net	33,380	32,913
Land	136,672,529	136,672,529
Buildings in trust	26,099,915	27,033,607
Accumulated depreciation	(7,881,161)	(8,407,649)
Buildings in trust, net	18,218,754	18,625,958
Structures in trust	114,715	117,972
Accumulated depreciation	(94,564)	(96,299)
Structures in trust, net	20,150	21,673
Machinery and equipment in trust	2,897	2,897
Accumulated depreciation	(2,233)	(2,261)
Machinery and equipment in trust, net	664	636
Tools, furniture and fixtures in trust	57,799	60,813
Accumulated depreciation	(30,605)	(33,849)
Tools, furniture and fixtures in trust, net	27,193	26,963
Land in trust	123,359,160	130,930,959
Total property, plant and equipment	303,497,351	310,854,517
Intangible assets		
Software	76	57
Other	240	240
Total intangible assets	316	297

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	As of September 30, 2017	As of March 31, 2018
<b>Investments and other assets</b>		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	562	16,287
Other	3,602	3,602
<b>Total investments and other assets</b>	<b>14,164</b>	<b>29,889</b>
<b>Total non-current assets</b>	<b>303,511,832</b>	<b>310,884,704</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	40,427	31,682
<b>Total deferred assets</b>	<b>40,427</b>	<b>31,682</b>
<b>Total assets</b>	<b>327,438,163</b>	<b>328,079,762</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	566,765	187,300
Short-term loans payable	5,500,000	8,500,000
Current portion of investment corporation bonds	4,000,000	3,000,000
Current portion of long-term loans payable	33,000,000	15,500,000
Accounts payable – other	237,354	114,199
Accrued expenses	555,704	500,934
Dividends payable	10,318	10,589
Income taxes payable	999	818
Accrued consumption taxes	359,769	—
Advances received	1,431,504	1,456,726
Deposits received	3,377	24,789
<b>Total current liabilities</b>	<b>45,665,793</b>	<b>29,295,358</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	9,000,064	6,000,050
Long-term loans payable	100,500,000	122,000,000
Tenant leasehold and security deposits	9,265,115	9,486,811
Tenant leasehold and security deposits in trust	833,453	905,569
Deferred tax liabilities	515,301	500,364
<b>Total non-current liabilities</b>	<b>120,113,934</b>	<b>138,892,795</b>
<b>Total liabilities</b>	<b>165,779,728</b>	<b>168,188,154</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	153,990,040	153,990,040
<b>Surplus</b>		
<b>Voluntary retained earnings</b>		
Reserve for reduction entry	618,592	1,115,915
<b>Total voluntary retained earnings</b>	<b>618,592</b>	<b>1,115,915</b>
Unappropriated retained earnings	7,049,802	4,785,653
<b>Total surplus</b>	<b>7,668,395</b>	<b>5,901,568</b>
<b>Total unitholders' equity</b>	<b>161,658,435</b>	<b>159,891,608</b>
<b>Total net assets</b>	<b>161,658,435</b>	<b>159,891,608</b>
<b>Total liabilities and net assets</b>	<b>327,438,163</b>	<b>328,079,762</b>

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(2) Statement of income

Thousands of yen

	For the period from April 1, 2017 to September 30, 2017	For the period from October 1, 2017 to March 31, 2018
Operating revenue		
Lease business revenue	8,504,468	8,406,855
Other lease business revenue	289,014	279,452
Gain on sale of investment property	2,813,198	—
Total operating revenue	11,606,680	8,686,308
Operating expenses		
Expenses related to rent business	3,285,231	2,990,885
Asset management fee	364,288	328,060
Asset custody fee	16,557	16,364
Administrative service fees	59,152	51,275
Directors' compensations	7,590	6,000
Other operating expenses	79,592	45,536
Total operating expenses	3,812,411	3,438,121
Operating income	7,794,268	5,248,186
Non-operating income		
Interest income	372	381
Reversal of dividends payable	1,112	1,658
Insurance income	286	6,259
Other	—	1,764
Total non-operating income	1,771	10,063
Non-operating expenses		
Interest expenses	490,019	462,695
Interest expenses on investment corporation bonds	16,115	15,208
Amortization of investment corporation bond issuance costs	9,402	8,745
Total non-operating expenses	515,538	486,648
Ordinary income	7,280,501	4,771,601
Profit before income taxes	7,280,501	4,771,601
Income taxes - current	1,056	876
Income taxes - deferred	229,642	(14,928)
Total income taxes	230,698	(14,051)
Profit	7,049,802	4,785,653
Unappropriated retained earnings	7,049,802	4,785,653

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### (3) Statement of changes in unitholders' equity

For the period from April 1, 2017 to September 30, 2017

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	153,990,040	652,218	652,218	4,722,333	5,374,552	159,364,592	159,364,592
Changes of items during period							
Reversal of reserve for reduction entry		(33,626)	(33,626)	33,626	—	—	—
Dividends of surplus				(4,755,960)	(4,755,960)	(4,755,960)	(4,755,960)
Profit				7,049,802	7,049,802	7,049,802	7,049,802
Total changes of items during period	—	(33,626)	(33,626)	2,327,469	2,293,842	2,293,842	2,293,842
Balance at end of current period	153,990,040	618,592	618,592	7,049,802	7,668,395	161,658,435	161,658,435

For the period from October 1, 2017 to March 31, 2018

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	153,990,040	618,592	618,592	7,049,802	7,668,395	161,658,435	161,658,435
Changes of items during period							
Reversal of reserve for reduction entry		497,322	497,322	(497,322)	—	—	—
Dividends of surplus				(6,552,480)	(6,552,480)	(6,552,480)	(6,552,480)
Profit				4,785,653	4,785,653	4,785,653	4,785,653
Total changes of items during period	—	497,322	497,322	(2,264,149)	(1,766,826)	(1,766,826)	(1,766,826)
Balance at end of current period	153,990,040	1,115,915	1,115,915	4,785,653	5,901,568	159,891,608	159,891,608

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(4) Statement of Cash Distributions

(Unit: yen)

	The Fiscal Period ended September 30, 2017 (April 1, 2017 to September 30, 2017)	The Fiscal Period ended March 31, 2018 (October 1, 2017 to March 31, 2018)
I. Unappropriated retained earnings	7,049,802,986	4,785,653,121
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	—	32,346,879
III. Distribution amount	6,552,480,000	4,818,000,000
(Distribution amount per unit)	(4,964)	(3,650)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	497,322,986	—
V. Retained earnings carried forward	0	0
Calculation method of distribution amount	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute the total balance of unappropriated retained earnings after deducting provision of the reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 6,552,480,000 yen. In addition, MTR does not distribute dividends in excess of accounting profit as set forth in Paragraph 2, Article 29 of the Investment Corporation's Articles of Incorporation.	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute the total sum of unappropriated retained earnings and the reversal of reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 4,818,000,000 yen. In addition, MTR does not distribute dividends in excess of accounting profit as set forth in Paragraph 2, Article 29 of the Investment Corporation's Articles of Incorporation.

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(5) Statement of cash flows

**STATEMENTS OF CASH FLOWS**

For the six-month periods ended September 30, 2017 and March 31, 2018

	Thousands of yen	
	For the period from April 1, 2017 to September 30, 2017	For the period from October 1, 2017 to March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,280,501	4,771,601
Depreciation	1,373,930	1,282,788
Amortization of investment corporation bond issuance costs	9,402	8,745
Interest income	(372)	(381)
Interest expenses	506,135	477,903
Increase in operating accounts receivable	11,296	10,319
Increase (decrease) in operating accounts payable	345,032	(379,346)
Increase in consumption tax refund receivable		(9,474)
Decrease in accrued consumption taxes	188,571	(359,769)
Increase (decrease) in advances received	(46,363)	25,221
Decrease due to sale of investment property	11,213,671	—
Other, net	67,582	(55,649)
<b>Subtotal</b>	<b>20,949,389</b>	<b>5,771,961</b>
Interest income received	372	381
Interest expenses paid	(516,897)	(482,803)
Income taxes paid	(908)	(1,057)
<b>Net cash provided by operating activities</b>	<b>20,431,955</b>	<b>5,288,481</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(233,430)	(240,569)
Purchase of property, plant and equipment in trust	(102,244)	(8,521,688)
Repayments of tenant leasehold and security deposits	(909,448)	(91,991)
Proceeds from tenant leasehold and security deposits	73,032	313,686
Repayments of tenant leasehold and security deposits in trust	(30,546)	(3,810)
Proceeds from tenant leasehold and security deposits in trust	32,172	79,345
<b>Net cash used in investing activities</b>	<b>(1,170,465)</b>	<b>(8,465,027)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(500,000)	3,000,000
Proceeds from long-term loans payable	12,500,000	22,500,000
Repayments of long-term loans payable	(19,500,000)	(18,500,000)
Proceeds from issuance of investment corporation bonds	—	(4,000,000)
Dividends paid	(4,755,373)	(6,552,208)
<b>Net cash used in financing activities</b>	<b>(12,255,373)</b>	<b>(3,552,208)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>7,006,117</b>	<b>(6,728,754)</b>
Cash and cash equivalents at beginning of period	16,782,701	23,788,819
<b>Cash and cash equivalents at end of period</b>	<b>23,788,819</b>	<b>17,060,065</b>

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## 5. Reference Information

### (1) Composition of assets

type	Region	As of September 30, 2017		As of March 31, 2018	
		Total of net book value (Note 1) (Millions of yen)	Ratio to total assets (Note 2) (%)	Total of net book value (Note 1) (Millions of yen)	Ratio to total assets (Note 2) (%)
Real property	Central Tokyo (Note 3)	137,751	42.1	137,161	41.8
	Other (Note 4)	24,120	7.4	24,086	7.3
Trust	Central Tokyo (Note 3)	106,068	32.4	114,241	34.8
	Other (Note 4)	35,557	10.9	35,364	10.8
Subtotal		303,497	92.7	310,854	94.7
other assets		23,940	7.3	17,225	5.3
Total		327,438	100.0	328,079	100.0

(Note 1) "Total of net book value" is based on the amounts presented in the balance sheets (book value after depreciation for real estate and real estate in trust) as of the settlement date.

(Note 2) "Ratio to total assets" is rounded to the first decimal place.

(Note 3) "Central Tokyo" refers to Chiyoda, Chuo, Minato, Shinagawa, Shibuya and Shinjuku Wards.

(Note 4) "Other" refers to greater Tokyo (Kanagawa, Chiba and Saitama Prefectures, and the Tokyo Metropolitan Area excluding central Tokyo) and other major regional cities.

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## (2) Investment Assets

The total number of real estate properties held by MTR and real estate properties in trust associated with the real estate trust's beneficiary rights held by MTR as of March 31, 2018 was 15, and all such real estate is leased by MTR or trust fiduciaries based on trust contracts in the case of real estate in trust.

### (i) List of details of real estate and real estate in trust

The overview of real estate held by MTR and real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, as of March 31, 2018 is as follows (real estate, real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, are hereinafter individually or collectively referred to as the "Portfolio").

#### Overview of the Portfolio

Property name	Location (Parcel number) (Note 1)	Area (Note 1)		Structure (Note 2) /number of floors(Note 1)	Ownership form	
		Land (㎡)	Building (㎡)		Land	Building
Tokyo Shiodome Building (Note 3)	1-12-1 Higashishinbashi, Minato-ku, Tokyo	17,847.73	191,394.06	SRC・RC・S B4/37F	Owned	Owned
ON Building (Note 4) (Note 5)	5-746-1 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	10,850.67	32,812.27	S・SRC B2/21F	Owned	Owned
Kioicho Building (Note 5) (Note 6)	3-3 Kioicho, Chiyoda-ku, Tokyo, etc.	9,291.93	63,535.55	SRC・S B4/26F	Owned	Owned
Osaki MT Building (Note 4)	5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	13,852.74	26,980.68	S・SRC B3/14F	Owned	Owned
Midosuji MTR Building (Note 5)	3-43-5 Awajimachi, Chuo-ku, Osaka City	1,560.98	15,129.16	S・SRC B2/13F	Owned	Owned
Hiroo SK Building (Note 5)	2-36-13, Ebisu, Shibuya-ku, Tokyo	1,671.79	6,709.80	SRC B 1 /7F	Owned	Owned
Tenjin Prime (Note 5) (Note 7)	2-138 Tenjin, Chuo-ku, Fukuoka City, etc.	1,110.73	7,722.04	S・RC B1/12F	Owned	Owned
Shin-Yokohama TECH Building (Note 8)	3-9-1 Shinyokohama, Kohoku-ku, Yokohama City, etc.	2,671.11	A-Wing : 11,636.35 B-Wing : 13,550.87 Total : 25,187.22	A-Wing : SRC B1/9F B-Wing : S・SRC B1/16F	Owned	Owned
SHIBUYA FLAG (Note 5)	81-11 Udagawacho, Shibuya-ku, Tokyo, etc.	1,026.44	7,766.49	S・SRC B2/9F	Owned	Owned
Shinbashi Ekimae MTR Building	2-28-2 Shinbashi, Minato-ku, Tokyo, etc.	1,069.88	7,820.45	S・SRC・RC B2/8F	Owned	Owned
Ito-Yokado Shonandai	6-2-1 Ishikawa, Fujisawa City, Kanagawa Prefecture	35,209.93	53,393.66	S 5 F	Owned	Owned
Kohnan Sagamihara-Nishihashimoto	5-4-4 Nishihashimoto, Midori-ku, Sagamihara City	19,878.57	40,283.77	S 5F	Owned	Owned
Frespo Inage (Note 5)	731-17 Naganumaracho, Inage-ku, Chiba City	39,556.71	—	—	Owned	—
Hotel Okura Kobe (Note 5)	48-1 Hatobacho, Chuo-ku, Kobe City, etc.	30,944.44	72,246.86	SRC・S B2/35F	Owned	Owned
Park Lane Plaza	2-30-6 Jingumae, Shibuya-ku, Tokyo	1,702.95	5,246.78	RC B1/7F	Owned	Owned

(Note 1) "Location (Parcel number)," "Area" and "Structure/number of floors" present the details stated in real estate registries.

(Note 2) In "Structure," "SRC" means steel-framed reinforced concrete construction, "RC" means reinforced construction and "S" means steel construction.

(Note 3) The land area of the Tokyo Shiodome Building is the area of land jointly owned by MTR, and it includes the area of co-owned interest jointly owned by MTR with other co-owners. In the relevant land, MTR's co-owned interest is a ratio of 50/100. Moreover, the Tokyo Shiodome Building is a co-owned building, and the floor area of 95,697.03m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio of 50/100) by the total floor space.

(Note 4) The land area of the ON Building is the total area (10,850.67m<sup>2</sup>) of the three sections of land in which trust fiduciaries for whom MTR is the sole trust beneficiary own a co-owned interest, and the trust fiduciaries own a co-owned interest of 840,139/1,000,000. The co-owned interest other than the one owned by the trust fiduciaries is owned by MTR as the site of the Osaki MT Building. As a result, the three sections of land in question (total area of 10,850.67m<sup>2</sup>) are stated separately as part of the land area of the Osaki MT Building and the land area of the ON Building. Moreover, the land area of the Osaki MT Building is the total area of all the 17 sections of land that MTR owns or jointly owns, which includes the co-owned interest of other co-owners. Of all the 17 sections of land in question, 13 sections of land (total area of 2,880.79m<sup>2</sup>) are solely owned by MTR. As for one section of land (area of 121.28m<sup>2</sup>), MTR owns a co-owned interest of 1/5 and, as for the three sections of land (total area of 10,850.67m<sup>2</sup>), MTR owns a co-owned interest of 159,861/1,000,000. In addition, the Osaki MT Building is a co-owned building, and the floor area of 24,495.21m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio of 907,880/1,000,000) by the total floor space.

(Note 5) Of the 15 properties listed above, the ON Building, the Kioicho Building, the Midosuji MTR Building, Hiroo SK Building, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other seven properties have been categorized as real estate. In addition, real estate in trust associated with Frespo Inage is only land, and the building is not included.

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- (Note 6) The land area of the Kioicho Building is the total area of the eight sections of land, the site of the relevant building, and it includes the interest of other owners (partial ownership). Of the eight sections of land in question, five sections of land (total area of 7,433.52m<sup>2</sup>) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary. MTR has acquired sectional ownership of the Kioicho Building. The total floor space stated is the total floor space for the portion of one building that represents the sectional ownership. The exclusive portion of the floor space owned by a fiduciary of the trust in which MTR is the sole beneficiary is 24,598.85 m<sup>2</sup>.
- (Note 7) The land area of Tenjin Prime is the total area of the seven sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the seven sections of land in question, six sections of land (total area of 1,081.75m<sup>2</sup>) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary, and a trust fiduciary for whom MTR is the sole trust beneficiary has the land lease right over the remaining section of land (area of 28.98m<sup>2</sup>).
- (Note 8) The Shin-Yokohama TECH Building is real estate that is comprised of two buildings, A-Wing and B-Wing, and the site for the buildings.

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Categories, prices and investment ratios of the Portfolio

Region	Use (Note 1)	Property name	Acquisition Price (Note 2) (Millions of yen)	Book value at the end of fiscal period (Millions of yen)	End-of-p eriod appraisal value (Note 3) (Millions of yen)	Direct reduction method		Discounted cash flow (DCF) method		Appraiser	Investment ratio (Note 4)
						Cap rate	Discount rate	Terminal cap rate			
Central Tokyo	Office buildings	Tokyo Shiodome Building	110,000	103,320	128,000	3.6%	3.6%	3.8%	Rich Appraisal Institute K.K.	34.9%	
		ON Building	39,900	39,471	30,700	3.9%	3.6%	4.1%	Japan Real Estate Institute	12.3%	
		Kioicho Building	34,300	33,785	36,800	3.3%	3.1%	3.5%	Daiwa Real Estate Appraisal Co., Ltd.	10.6%	
		Osaki MT Building	14,386 (Note5)	13,268	13,000	3.8%	3.5%	4.0%	Japan Real Estate Institute	4.4%	
		Hiroo SK Building	8,100	8,392	8,140	3.8%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	2.5%	
	Subtotal		206,686	198,238	216,640	—				63.8%	
	Retail facilities	SHIBUYA FLAG	32,040	32,591	39,200	3.3%	3.1%	3.5%	Japan Real Estate Institute	9.9%	
		Shinbashi Ekimae MTR Building	18,000	17,393	20,900	4.0%	3.8%	4.2%	Nippon Tochi-Tatemono Co., Ltd.	5.6%	
	Subtotal		50,040	49,985	60,100	—				15.4%	
	Other	Park Lane Plaza	3,200	3,178	3,470	3.9%	4.4%	3.6%	Nippon Tochi-Tatemono Co., Ltd.	1.0%	
Subtotal		3,200	3,178	3,470	—				1.0%		
Subtotal		259,926	251,402	280,210	—				80.2%		
Other	Office buildings	Midosuji MTR Building	10,170	10,168	10,400	3.7%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	
		Tenjin Prime	6,940	6,697	8,440	4.3%	4.0%	4.5%	Japan Real Estate Institute	2.1%	
		Shin-Yokohama TECH Building	6,900	6,758	5,650	5.1%	4.9%	5.4%	Nippon Tochi-Tatemono Co., Ltd.	2.1%	
	Subtotal		24,010	23,624	24,490	—				7.4%	
	Retail facilities	Ito-Yokado Shonandai	11,600	9,947	11,700	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.6%	
		Kohnan Sagamiyama- Nishihashimoto	7,460	7,381	8,500	5.2%	4.9%	5.4%	Japan Real Estate Institute	2.3%	
		Frespo Inage	2,100 (Note 6)	2,193	2,650	— (Note 7)	7.9%	— (Note 8)	Japan Real Estate Institute	0.6%	
	Subtotal		21,160	19,521	22,850	—				6.5%	
Other	Hotel Okura Kobe	19,000	16,305	16,700	4.9%	4.7%	5.0%	Rich Appraisal Institute K.K.	5.9%		
Subtotal		19,000	16,305	16,700	—				5.9%		
Subtotal		64,170	59,451	64,040	—				19.8%		
Total		324,096	310,854	344,250	—				100.0%		

(Note 1) The attribution of properties that have more than one use is judged based on their main use. The Tokyo Shiodome Building and the Kioicho Building are categorized as “Office buildings,” which is the main use of the buildings, and SHIBUYA FLAG is categorized as “Retail facilities,” which is the main use of the building. The same applies thereafter.

(Note 2) The “Acquisition price” stated is the amount (sales prices stated in sales contracts, etc.) that does not include various expenses (sales commission charges, property and other taxes, etc.) that were incurred when the relevant Portfolio was acquired. The same applies thereafter.

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- (Note 3) The “End-of-period appraisal value” stated is the value that was calculated based on the capitalization method (based on the price as of March 31, 2018) by real estate appraisers in accordance with MTR’s rules and the Investment Corporation Calculation Rules (Cabinet Office Ordinance No. 47, 2006; including revisions thereafter).
- (Note 4) The “Investment ratio” is the ratio of the acquisition prices of each asset against the total acquisition price of the Portfolio, and is rounded to the first decimal place.
- (Note 5) The acquisition price of the Osaki MT Building stated is the total amount of the acquisition prices on March 31, 2005 (7,870 million yen), October 28, 2005 (5,656 million yen) and January 30, 2015 (860 million yen).
- (Note 6) The acquisition price of Frespo Inage stated is the amount equivalent to 50% of 4,200 million yen, the acquisition price of the entire property in question, because 50% of the land in trust was transferred on February 29, 2012.
- (Note 7) The direct capitalization method is not adopted for Frespo Inage.
- (Note 8) The terminal cap rate of Frespo Inage has not been stipulated.

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## (ii) Details of the situation of leasing of the Portfolio

The situation of leasing of the Portfolio held by MTR as of March 31, 2018 is as follows.

Of the Portfolio held by MTR, the property in the Portfolio whose rental revenues account for 10% of the total rental revenues of the entire Portfolio or higher in the fiscal period ended March 31, 2018 (six months from October 1, 2017 to March 31, 2018) is two property, Tokyo Shiodome Building and Kioicho Building .

### Situation of leasing of the Portfolio

Region	Use	Property name	Rental revenues (Note 1) (Millions of yen)	Ratio to total rental revenues ratio(Note 2)	Rentable area (Note 3)(m <sup>2</sup> )	Rent area (Note 4)(m <sup>2</sup> )	Total number of tenants
Central Tokyo	Office buildings	Tokyo Shiodome Building	2,795	32.2%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	1,050	12.1%	24,748.48	24,722.48	37 (69)
		Osaki MT Building (Note 7)	312	3.6%	24,495.21	24,495.21	1 (12)
		Hiroo SK Building (Note 8)	98	1.1%	4,945.31	4,920.74	7
	Retail facilities	SHIBUYA FLAG (Note 8)	(Note 5)	(Note 5)	5,983.86	5,983.86	3
		Shinbashi Ekimae MTR Building	459	5.3%	8,055.00	8,055.00	1
Other	Park Lane Plaza (Note 9)	103	1.2%	4,443.03	4,302.33	17	
Other	Office buildings	Midosuji MTR Building (Note 10)	294	3.4%	15,129.16	15,129.16	1 (32)
		Tenjin Prime (Note 8)	278	3.2%	5,993.80	5,993.80	15
		Shin-Yokohama TECH Building	315	3.6%	18,238.86	17,452.32	9
	Retail facilities	Ito-Yokado Shonandai	395	4.5%	53,393.66	53,393.66	1
		Kohnan Sagamihara-Nishihashimoto	(Note 5)	(Note 5)	40,283.77	40,283.77	1
		Frespo Inage	123	1.4%	39,556.71	39,556.71	1
	Other	Hotel Okura Kobe	640	7.4%	72,246.86	72,246.86	1
Total (Note 11)			8,686	100.0%	433,865.34	432,887.53	97 (171)

(Note 1) “Rental revenues” stated are rental revenues (rent, common charges, other rental revenues, etc.) for the the fiscal period ended March 31, 2018 fiscal period.

(Note 2) The “Ratio to total rental revenues” is rounded to the first decimal place.

(Note 3) The “Rentable area” includes a rentable area that is able to be used for use other than the main use in question (offices, stores, warehouses, etc.), in addition to the rentable area that is able to be used for leasing, the main use of the Portfolio, and the “Rentable area” stated is the total area of the areas as described above (including common areas, etc. that are leased). The area of the Tokyo Shiodome Building stated is the area calculated by multiplying MTR’s co-owned interest (50/100) by the total rentable area of the building (191,394.06m<sup>2</sup>). In addition, the area of the Osaki MT Building stated is the area calculated by multiplying MTR’s co-owned interest (907,880/1,000,000) by the total rentable area of the building (26,980.68m<sup>2</sup>).

(Note 4) The “Rent area” stated is the area that includes the rentable area and the area for which lease contracts are actually concluded and the property is leased. The area of the Tokyo Shiodome Building stated is the area calculated by multiplying MTR’s co-owned interest (50/100) by the total rent area of the building (191,394.06m<sup>2</sup>). In addition, the area of the Osaki MT Building stated is the area calculated by multiplying MTR’s co-owned interest (907,880/1,000,000) by the total rent area of the building (26,980.68m<sup>2</sup>).

(Note 5) The “Rental revenues” and the “Ratio to total rental revenues” of the ON Building, SHIBUYA FLAG and Kohnan Sagamihara-Nishihashimoto are not disclosed because the agreements of the tenants about disclosing rents have not been able to be obtained.

(Note 6) Regarding the office portion of the Kioicho Building, MTR leases the office portion of the Kioicho Building from a fiduciary trust company under a master lease agreement and subleases it to tenants. Regarding the residential portion, the agreement used is the master lease pass-through model. The total number of tenants of the relevant properties stated above is that under the sublease agreement for the office portion and the master lease agreement for the residential portion. The figure in brackets for the total number of tenants is the total number of tenants based on the sublease agreements of the office and residential portions of the building.

(Note 7) A master lease agreement under which rent income is linked to rents under a sublease agreement has been concluded for the Osaki MT Building. The

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figure in brackets for the total number of tenants of the building is the total number of tenants based on the sublease agreements.

(Note 8) MTR leases the land and building of Hiroo SK Building, SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The total number of tenants of the above properties is that under the sublease agreements.

(Note 9) At Park Lane Plaza, if lease contracts for more than one residential unit are concluded with one tenant, the number of residential units is counted as the number of tenants.

(Note 10) The agreement used for the Midosuji MTR Building is the master lease pass-through model. The figure in brackets for the number of tenants of the building is the total number of tenants based on the sublease agreements.

(Note 11) The total number of tenants in brackets is the total number of tenants calculated based on the total number of tenants under the sublease agreements for the Osaki MT Building, the Kioicho Building and the Midosuji MTR Building.

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### Occupancy rate of the Portfolio

Region	Use	Property name	Occupancy rate over the last five years (%) (Note 1)									
			2018	2017		2016		2015		2014		2013
			End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.
Central Tokyo	Office buildings	Tokyo Shiodome Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		ON Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kioicho Building (Note 2)	99.9 (98.7)	99.9 (98.1)	99.9 (98.1)	96.7 (94.8)	66.1 (65.5)	60.6 (60.0)	91.4 (90.8)	—	—	—
		Osaki MT Building(Note 3)	100.0 (92.7)	100.0 (92.7)	100.0 (92.7)	100.0 (96.7)	100.0 (98.2)	100.0 (100.0)	100.0 (98.6)	100.0 (98.6)	100.0 (83.8)	100.0 (65.3)
		Hiroo SK Building (Note 4)	99.5	—	—	—	—	—	—	—	—	—
	Subtotal (Note 5)		99.9 (99.1)	99.9 (99.0)	99.9 (99.0)	99.5 (98.9)	94.9 (94.3)	94.1 (93.6)	98.8 (98.5)	99.9 (96.3)	99.9 (95.1)	99.9 (88.0)
	Retail facilities	SHIBUYA FLAG (Note 4)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Shinbashi Ekimae MTR Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Park Lane Plaza	100.0	100.0	100.0	93.5	92.7	96.7	100.0	92.7	100.0	95.9
Subtotal		100.0	100.0	100.0	93.5	92.7	96.7	100.0	92.7	100.0	95.9	
Subtotal (Note 5)		99.9 (99.2)	99.9 (99.1)	99.9 (99.1)	99.4 (98.8)	95.3 (94.8)	94.6 (94.2)	98.9 (98.6)	99.8 (96.5)	99.9 (95.6)	99.9 (89.1)	
Other	Office buildings	Midosuji MTR Building (Note 6)	100.0 (100.0)	100.0 (95.5)	100.0 (95.0)	100.0 (96.7)	100.0 (92.9)	100.0 (90.2)	—	—	—	
		Tenjin Prime (Note 4)	100.0	100.0	100.0	94.6	100.0	100.0	98.6	98.6	100.0	
		Shin-Yokohama TECH Building	95.7	92.6	98.8	97.8	90.5	90.5	90.5	89.5	89.5	
	Subtotal (Note 5)		98.0 (97.7)	96.6 (94.7)	99.5 (97.9)	98.2 (96.9)	95.6 (92.9)	95.6 (92.1)	92.7	92.3	92.7	
	Retail facilities	Ito-Yokado Shonandai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kohnan Sagamihara-Nishihashimoto	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Frespo Inage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Hotel Okura Kobe	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Subtotal (Note 5)		99.7 (99.7)	99.4 (99.2)	99.9 (99.8)	99.8 (99.6)	99.4 (99.2)	99.4 (99.1)	98.9	98.8	98.9	98.6	
Total (Note 5)		99.8 (99.5)	99.7 (99.2)	99.9 (99.5)	99.6 (99.3)	97.9 (97.5)	97.6 (97.3)	98.9 (98.8)	99.2 (98.0)	99.3 (97.7)	99.1 (95.2)	

(Note 1) The “Occupancy rate” is rounded to the first decimal place. The occupancy rate stated for each Portfolio is the percentage of the total rented area out of the total rentable area. The subtotal of the occupancy rate for each category (or the total occupancy rate of the entire Portfolio) is the percentage of the subtotal (or the total) rented area out of the subtotal (or the total) rentable area. The subtotal and total occupancy rates stated are the rates based on the Portfolio held by MTR as of the end of each fiscal period.

(Note 2) Regarding the office portion of the Kioicho Building, MTR leases the office portion of the Kioicho Building from a fiduciary trust company under a master lease agreement and subleases it to tenants. Regarding the residential portion, the agreement used is the master lease pass-through model. The occupancy rates of the relevant properties stated above are those under the sublease agreement for the office portion and the master lease agreement for the residential portion. The figures in brackets for the occupancy rates are the occupancy rates based on the sublease agreements of the office and residential portions of the building.

(Note 3) A master lease agreement under which rent income is linked to rents under a sublease agreement has been concluded for the Osaki MT Building. The figures in brackets for the occupancy rates of the building are the occupancy rates of tenants based on the sublease agreements.

(Note 4) MTR leases the land and building of Hiroo SK Building, SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rates of the above properties are those under the sublease agreements.

(Note 5) The subtotals and the total occupancy rates in brackets are the rates calculated based on the occupancy rates under the sublease agreements for the Kioicho Building, the Osaki MT Building and the Midosuji MTR Building.

(Note 6) The agreement used for the Midosuji MTR Building is the master lease pass-through model. The figures in brackets for the occupancy rates of the building are the occupancy rates based on the sublease agreement.

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**Disclaimer:**

This report contains translations of selected information described in the Financial Release (Kessan-Tanshin) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the fiscal period ended March 31, 2018 from October 1, 2017 to March 31, 2018, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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