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## MTR Announces Financial Results for its 30th Fiscal Period

**Tokyo, May 16, 2017** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for its 30th fiscal period (from October 1, 2016 to March 31, 2017).

### 1. Operational/Asset Conditions for the March 2017 period (October 1, 2016 – March 31, 2017)

(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, 2017	8,869	2.4	5,233	4.1	4,707	5.1	4,722	2.7
Fiscal period ended September 30, 2016	8,658	1.2	5,028	1.1	4,477	2.1	4,596	2.7

	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, 2017	3,577	3.0	1.4	53.1
Fiscal period ended September 30, 2016	3,481	2.9	1.3	51.7

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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, 2017	3,603	4,755	0	0	100.7	3.0
Fiscal period ended September 30, 2016	3,570	4,712	0	0	102.5	3.0

(Note 1) The difference between distributions per unit and profit per unit in the fiscal period ended March 31, 30, 2017 is due to a reversal of the reserve for reductions entry (¥33 million).

(Note 2) The difference between distributions per unit and profit per unit in the fiscal period ended September 30, 2016 is due to a reversal of the reserve for reductions entry (¥116 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, 2017	332,575	159,364	47.9	120,730
Fiscal period ended September 30, 2016	333,092	159,354	47.8	120,723

## (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, 2017	6,235	(166)	(5,240)	16,782
Fiscal period ended September 30, 2016	5,884	154	(5,645)	15,954

## 2. Forecast for the September 2017 period (April 1, 2017 to September 30, 2017) and the March 2018 period (October 1, 2017 to March 31, 2018)

(% 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, 2017	11,575	30.5	7,715	47.4	7,189	52.7	6,961	47.4	4,900	0
Fiscal period ending March 31, 2018	8,527	(26.3)	5,055	(34.5)	4,529	(37.0)	4,620	(33.6)	3,650	0

(Reference) The profit per unit forecast is ¥5,273 for the fiscal period ending September 30, 2017 and ¥3,500 for the fiscal period ending March 31, 2018,

(Note 1) Distributions per unit for the fiscal period ending September 30, 2017 are calculated based on the assumption that the amount obtained by deducting the expected reserve for reduction entry (491 million yen) relating to the gain on sale of real estate, etc. expected for the fiscal period ending September 30, 2017 from profit will be appropriated to distributions.

(Note 2) Distributions per unit for the fiscal period ending March 31, 2018 are calculated based on the assumption that part of the reserve for reduction entry (198 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, 2017, numbered 15 properties, with a total acquisition price of ¥ 332,575 million.

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

The Japanese economy in the fiscal period under review remained on a modest recovery path given continued improvement in the employment situation and income environment together with stronger corporate earnings due to the yen's further depreciation and the improvement of the global manufacturing business.

In the real estate investment market, encouraged by a favorable financing environment, domestic and foreign investors showed keenness to purchase; however, few good properties for sale were available, leading to a situation where sellers sought high sale prices and the competition for acquisition among diverse market participants was overheated, with acquisition prices remaining at a high level.

In the real estate leasing market, the improvement in the market for office buildings continued thanks to firm office demand throughout Japan. In central Tokyo, the vacancy rate gradually decreased, partly due to improving corporate earnings and employment, despite some vacancies of newly constructed large-scale buildings to be completed. The vacancy rates of other major cities in Japan were also largely on a downward trend.

In the market for commercial facilities, while sales at department stores were lower than a year earlier due to weak sales of clothing and changes in inbound consumption that led to luxury goods being less popular, there was a trend of recovery in personal consumption due to the continued improvement of the employment situation and income environment.

The market for luxury rental housing in Tokyo showed strong sales supported by solid demand especially for superior properties in central Tokyo, except for weak sales of properties in worse locations or of lower grades.

In terms of market conditions for hotels, the number of foreign visitors to Japan continued to rise despite the trend of the falling rate of the increase in the number of foreign visitors to Japan, with high occupancy rates maintained.

Under these investment conditions, the Investment Corporation continued to seek to secure stable revenues in its management of properties in the fiscal period under review. As a result, as of March 31, 2017, the Investment Corporation owned 15 properties with a total book value of ¥315,614 million, and the occupancy rate of the properties owned by the Investment Corporation as of March 31, 2017 was 99.9%.

##### (iii) Financing

In the fiscal period under review, the Investment Corporation borrowed ¥1,500 million in October 2016, ¥2,500 million in January 2017, and ¥3,000 million in February 2017 to apply to the repayment of existing loans that became due.

In addition to the above, the Investment Corporation issued the 8th/9th unsecured investment corporation bonds to appropriate the proceeds obtained from the said issuance to the funds for the redemption of the 4th unsecured investment corporation bonds that matured in February 2017 as follows.

Name: 8th unsecured investment corporation bonds of MORI TRUST Sogo Reit, Inc.

(with a special provision for equal treatment among the specific investment corporation bonds only)

Issuance value: 4,000 million yen

Interest rate: 0.001% per annum

Date of issuance: February 23, 2017

Maturity date: February 21, 2020

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Security and guarantee: no security and no guarantee

(The amount to be paid for the 8th unsecured investment corporation bonds is 100 yen 00 sen (1/100 yen) 2 rin (1/1000 yen) for each 100 yen of the price for the investment corporation bonds.)

Name: 9th unsecured investment corporation bonds of MORI TRUST Sogo Reit, Inc.

(with a special provision for equal treatment among the specific investment corporation bonds only)

Issuance value: 1,000 million yen

Interest rate: 1.084% per annum

Date of issuance: February 23, 2017

Maturity date: February 23, 2037

Security and guarantee: no security and no guarantee

As a result, interest-bearing debt amounted to ¥159,500 million, of which long-term loans payable amounted to ¥140,500 million (including long-term loans payable of ¥38,000 million due for repayment within 1 year) and investment corporation bonds amounted to ¥13,000 million (including investment corporation bonds of ¥4,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of March 31, 2017 was 48.0% (compared with 48.0% as of September 30, 2016).

As of March 31, 2017, the Investment Corporation has obtained a long-term issuer rating of AA (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR)

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

As a result of the above-mentioned operations, operating revenue came to ¥8,869 million, operating income came to ¥5,233 million, ordinary income after deduction of loan-related interest expenses from operating income, came to ¥4,707 million, and profit came to ¥4,722 million.

With the intention that the maximum amount of profit distributions would be included in tax deductible expenses under 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 a ¥33,626,155 yen reduction in the reserve for book entry reduction accumulated in accordance with “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 distribution per investment unit amounted to ¥3,603.

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

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

The Japanese economy is expected to remain on a modest recovery path, supported mainly by an increase in plant and equipment investment backed by improved corporate earnings, further improvement in the employment situation and income environment and an increase in public investment as a result of economic stimulus. On the other hand, it may be necessary to bear in mind the impact on the Japanese economy of global factors such as the movements of the new U.S. Administration in terms of policy operation, concerns over recession due to the stagnation of emerging economies, including China, and Britain’s exit from the EU.

In the real estate investment market, investment demand is expected to remain robust due to the favorable financial environment. Against this backdrop, competition to acquire properties is likely to remain tough, continuing to create a sense that the market is overheating, partly due to sellers who will try to seek high sale prices.

In the real estate leasing market, conditions are likely to continue to show general improvement, supported by firm office demand arising mainly from new entry, expansion, integration, etc. in the corporate sector. In central Tokyo, while new supply of a large quantity of large-scale buildings is expected in central Tokyo in the medium term, causing some companies to take a cautious attitude for relocation with an eye toward the future, solid office demand is expected against the backdrop of limited new supply and the improving corporate earnings and employment situation for the fiscal year of 2017, and it is therefore likely that the vacancy rate will decrease, especially for superior high-quality buildings.

In the market for commercial facilities, personal consumption is expected to remain on a recovery path, while

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improvements in the employment situation and income environment are likely to continue. However, it is necessary to pay attention to changes in inbound consumption and differences in performance, depending on the business type.

As for luxury rental apartments in Tokyo, although both the occupancy rate and rent level are expected to remain firm, it may be necessary to keep an eye on future international situations and economic developments.

The occupancy rate of hotels is expected to remain at a high level due to steady growth in the number of foreign visitors to Japan, although changes in inbound consumption need to be borne in mind.

### **(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, 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

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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**

Transfer of assets

On May 16, 2017, the Investment Corporation executed a sale and purchase agreement for the transfer of the following assets.

Ito-Yokado Shin-Urayasu

(i) Outline of the transfer

Assets to be transferred: real estate

Transfer price: 14,250 million yen

(exclusive of transfer costs, settlement of fixed property tax and city planning tax, and consumption taxes, among others)

Capital gain: the gain on sale of real estate, etc. in an amount of about 2.8 billion yen will be posted as operating income for the fiscal period ending September 30, 2017.

Scheduled date of transfer: July 31, 2017

(ii) Outline of the assets to be transferred

Address (indication of residential address): 4-1-1, Akemi, Urayasu, Chiba

Purpose of use: commercial facility

Acreage: 33,538.15 m<sup>2</sup>

Total floor area: 57,621.38 m<sup>2</sup>

Structure: steel construction with flat roof/five-story building

Date of construction: September 2000

**(vi) Forecasts of performance**

The Investment Corporation forecasts that performance in the next fiscal period 31st fiscal period (from April 1, 2017 to September 30, 2017) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the 32nd fiscal period (from October 1, 2017 to March 31, 2018) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the 31st Fiscal Period (from April 1, 2017 to September 30, 2017) and the 32nd Fiscal Period (from October 1, 2017 to March 31, 2018)” below for further details of the assumptions of forecasts of performance.

	31st fiscal period	32nd fiscal period
Operating revenues	¥11,575 million	¥8,527 million
Operating income	¥7,715 million	¥5,055 million
Ordinary income	¥7,189 million	¥4,529 million
Profit	¥6,961 million	¥4,620 million
Distribution per unit	¥4,900	¥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 the 32nd fiscal period is based on the assumption of internal reserves reduction.

The major causes of the increase or decrease in the distribution per unit for the 32nd fiscal period from that of the 31st fiscal period are projected to be as follows.

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(Causes of decrease)

- Reduction in the gain on sale of real estate, etc. upon the transfer of Ito-Yokado Shin-Urayasu for the 31st fiscal period

(Causes of increase)

- Reduction in retained earnings arising from part of the gain on sale of real estate, etc. for the 31st fiscal period
- Use of retained earnings for the 32nd fiscal period

**Assumptions for Forecasts of Performance for the 31st Fiscal Period (from April 1, 2017 to September 30, 2017) and the 32nd Fiscal Period (from October 1, 2017 to March 31, 2018)**

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> <li>• MTR assumes the sale of Ito-Yokado Shin-Urayasu scheduled to be made on July 31, 2017 is reflected in the 15 properties it holds as of March 31, 2017.</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, 2017. The number of investment 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 159,500 million yen as of May 16, 2017.</li> <li>• We assume that the funds for the repayment of the debt of 25,000 million yen that will become due and payable during the 31st fiscal period will be secured by refinancing. We also assume that the funds for the repayment of the debt of 19,000 million yen that will become due and payable during the 32nd fiscal period and the funds for the redemption of the investment corporation bonds of 4,000 million yen will be secured by refinancing and the issue 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 the gain on sale of real estate, etc. upon the transfer of Ito-Yokado Shin-Urayasu will be about 2.8 billion yen for the 31st fiscal period.</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 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.</li> <li>• We estimate property and other taxes of 929 million yen for the 31st fiscal period and 877 million yen for the 32nd fiscal period.</li> <li>• We estimate property management fees of 419 million yen for the 31st fiscal period and 419 million yen for the 32nd fiscal period.</li> <li>• We estimate depreciation of 1,389 million yen for the 31st fiscal period and 1,308 million yen for the 32nd fiscal period.</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 533 million yen for the 31st fiscal period and 440 million yen for the 32nd fiscal period.</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 527 million yen for the 31st fiscal period and 527 million yen for the 32nd fiscal period. 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</li> </ul>

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	<p>Investment Corporation's Articles of Incorporation.</p> <ul style="list-style-type: none"> <li>• We assume that part of the gain on sale of real estate, etc. upon the transfer of Ito-Yokado Shin-Urayasu that are expected for the 31st fiscal period, the amount of which is 718 million yen, will be posted as retained earnings by applying the treatment under the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" and that the reserve for reduction entry in an amount of 491 million yen and deferred tax liabilities in an amount of 227 million yen will be posted.</li> <li>• On calculation of the distribution for the 32nd fiscal period, we assume that a portion worth ¥290 million (reserve for reduction entry of ¥198 million and relevant deferred tax liabilities of ¥91 million) of the internal reserves totaling ¥1,623 million (the total of reserve for reduction entry of ¥1,110 million and relevant deferred tax liabilities of ¥512 million) accumulated until the 31st fiscal period, 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, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	13,490,324	14,206,209
Cash and deposits in trust	2,463,913	2,576,492
Operating accounts receivable	88,549	79,397
Accounts receivable - other	65,205	—
Prepaid expenses	71,161	33,816
Deferred tax assets	13	13
Other	1,601	—
Total current assets	16,180,769	16,895,929
Non-current assets		
Property, plant and equipment		
Buildings	42,791,256	42,823,570
Accumulated depreciation	(14,658,649)	(15,476,538)
Buildings, net	28,132,606	27,347,031
Structures	650,836	650,836
Accumulated depreciation	(591,046)	(594,032)
Structures, net	59,790	56,803
Machinery and equipment	133,961	133,961
Accumulated depreciation	(102,636)	(104,004)
Machinery and equipment, net	31,324	29,956
Tools, furniture and fixtures	109,514	110,757
Accumulated depreciation	(56,013)	(59,398)
Tools, furniture and fixtures, net	53,501	51,358
Land	146,060,266	146,060,266
Buildings in trust	25,871,458	25,987,771
Accumulated depreciation	(6,760,112)	(7,321,763)
Buildings in trust, net	19,111,345	18,666,008
Structures in trust	108,939	108,939
Accumulated depreciation	(89,141)	(93,046)
Structures in trust, net	19,798	15,892
Machinery and equipment in trust	2,897	2,897
Accumulated depreciation	(2,177)	(2,205)
Machinery and equipment in trust, net	719	692
Tools, furniture and fixtures in trust	52,793	54,485
Accumulated depreciation	(24,368)	(27,488)
Tools, furniture and fixtures in trust, net	28,424	26,997
Land in trust	123,359,160	123,359,160
Total property, plant and equipment	316,856,937	315,614,167
Intangible assets		
Software	114	95
Other	240	240
Total intangible assets	354	335

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	As of September 30, 2016	As of March 31, 2017
<b>Investments and other assets</b>		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	9,349	2,130
Other	3,602	3,602
<b>Total investments and other assets</b>	<b>22,951</b>	<b>15,732</b>
<b>Total non-current assets</b>	<b>316,880,244</b>	<b>315,630,235</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	31,382	49,830
<b>Total deferred assets</b>	<b>31,382</b>	<b>49,830</b>
<b>Total assets</b>	<b>333,092,395</b>	<b>332,575,995</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	233,975	218,194
Short-term loans payable	5,500,000	6,000,000
Current portion of investment corporation bonds	5,000,000	4,000,000
Current portion of long-term loans payable	27,000,000	38,000,000
Accounts payable – other	169,999	102,262
Accrued expenses	508,686	507,244
Dividends payable	10,198	9,731
Income taxes payable	847	852
Accrued consumption taxes	159,533	171,197
Advances received	1,471,681	1,477,868
Deposits received	1,316	4,964
<b>Total current liabilities</b>	<b>40,056,239</b>	<b>50,492,316</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	8,000,000	9,000,077
Long-term loans payable	114,500,000	102,500,000
Tenant leasehold and security deposits	10,030,504	10,101,531
Tenant leasehold and security deposits in trust	849,815	831,828
Deferred tax liabilities	301,177	285,650
<b>Total non-current liabilities</b>	<b>133,681,498</b>	<b>122,719,087</b>
<b>Total liabilities</b>	<b>173,737,737</b>	<b>173,211,403</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	768,588	652,218
<b>Total voluntary retained earnings</b>	<b>768,588</b>	<b>652,218</b>
Unappropriated retained earnings	4,596,029	4,722,333
<b>Total surplus</b>	<b>5,364,618</b>	<b>5,374,552</b>
<b>Total unitholders' equity</b>	<b>159,354,658</b>	<b>159,364,592</b>
<b>Total net assets</b>	<b>159,354,658</b>	<b>159,364,592</b>
<b>Total liabilities and net assets</b>	<b>333,092,395</b>	<b>332,575,995</b>

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(2) Statement of income

Thousands of yen

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
Operating revenue		
Lease business revenue	8,364,576	8,590,929
Other lease business revenue	294,344	278,455
Total operating revenue	8,658,921	8,869,384
Operating expenses		
Expenses related to rent business	3,191,562	3,195,970
Asset management fee	322,288	324,579
Asset custody fee	14,994	15,243
Administrative service fees	49,628	49,762
Directors' compensations	9,180	9,180
Other operating expenses	43,189	41,373
Total operating expenses	3,630,843	3,636,109
Operating income	5,028,078	5,233,274
Non-operating income		
Interest income	250	220
Reversal of dividends payable	1,030	1,153
Insurance income	36	1,448
Co-sponsor fee	—	1,000
Other	—	1,133
Total non-operating income	1,317	4,955
Non-operating expenses		
Interest expenses	524,833	504,325
Interest expenses on investment corporation bonds	16,703	16,474
Amortization of investment corporation bond issuance costs	9,887	9,737
Total non-operating expenses	551,423	530,538
Ordinary income	4,477,971	4,707,691
Extraordinary income		
Insurance proceeds due to disaster	65,205	—
Total extraordinary income	65,205	—
Profit before income taxes	4,543,177	4,707,691
Income taxes - current	885	885
Income taxes - deferred	(53,736)	(15,527)
Total income taxes	(52,851)	(14,642)
Profit	4,596,029	4,722,333
Unappropriated retained earnings	4,596,029	4,722,333

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

For the period from April 1, 2016 to September 30, 2016

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	937,646	937,646	4,477,342	5,414,988	159,405,028	159,405,028
Changes of items during period							
Provision of reserve for reduction entry		8,089	8,089	(8,089)	—	—	—
Reversal of reserve for reduction entry		(177,146)	(177,146)	177,146	—	—	—
Dividends of surplus				(4,646,400)	(4,646,400)	(4,646,400)	(4,646,400)
Profit				4,596,029	4,596,029	4,596,029	4,596,029
Total changes of items during period	—	(169,057)	(169,057)	118,687	(50,370)	(50,370)	(50,370)
Balance at end of current period	153,990,040	768,588	768,588	4,596,029	5,364,618	159,354,658	159,354,658

For the period from October 1, 2016 to March 31, 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	768,588	768,588	4,596,029	5,364,618	159,354,658	159,354,658
Changes of items during period							
Reversal of reserve for reduction entry		(116,370)	(116,370)	116,370	—	—	—
Dividends of surplus				(4,712,400)	(4,712,400)	(4,712,400)	(4,712,400)
Profit				4,722,333	4,722,333	4,722,333	4,722,333
Total changes of items during period	—	(116,370)	(116,370)	126,304	9,933	9,933	9,933
Balance at end of current period	153,990,040	652,218	652,218	4,722,333	5,374,552	159,364,592	159,364,592

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## (4) Statement of Cash Distributions

(Unit: yen)

	29th Fiscal Period (April 1, 2016 to September 30, 2016)	30th Fiscal Period (October 1, 2016 to March 31, 2017)
I. Unappropriated retained earnings	4,596,029,352	4,722,333,845
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	116,370,648	33,626,155
III. Distribution amount	4,712,400,000	4,755,960,000
(Distribution amount per unit)	(3,570)	(3,603)
IV. Retained earnings carried forward	0	0
Calculation method of distribution amount	<p>According to Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, we decided to distribute the total sum of unappropriated retained earnings and the reversal of reserve for reduction entry according to Article 66-2 of the Act on Special Measures Concerning Taxation, whose amount is 4,712,400,000 yen.</p> <p>In addition, we will not distribute funds in excess of the profit set forth in Paragraph 2, Article 29 of the Investment Corporation's Articles of Incorporation.</p>	<p>According to Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, we decided to distribute the total sum of unappropriated retained earnings and the reversal of reserve for reduction entry according to Article 66-2 of the Act on Special Measures Concerning Taxation, whose amount is 4,755,960,000 yen.</p> <p>In addition, we will not distribute funds in excess of the profit set forth in Paragraph 2, Article 29 of the Investment Corporation's Articles of Incorporation.</p>

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(5) Statement of cash flows

Thousands of yen

	For the period from April 1, 2016 to September 30, 2016	For the period from October 1, 2016 to March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,543,177	4,707,691
Depreciation	1,402,477	1,394,351
Amortization of investment corporation bond issuance costs	9,887	9,737
Interest income	(250)	(220)
Interest expenses	541,536	520,800
Increase in operating accounts receivable	(14,228)	9,152
Increase (decrease) in operating accounts payable	31,308	(15,781)
Decrease in accrued consumption taxes	(9,541)	11,664
Increase (decrease) in advances received	78,937	6,186
Other, net	(143,038)	115,426
Subtotal	6,440,267	6,759,009
Interest income received	250	220
Interest expenses paid	(555,667)	(522,653)
Income taxes paid	(625)	(880)
Net cash provided by operating activities	5,884,224	6,235,695
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(151,257)	(67,110)
Purchase of property, plant and equipment in trust	(141,651)	(152,188)
Repayments of tenant leasehold and security deposits	(91,521)	(46,171)
Proceeds from tenant leasehold and security deposits	545,501	117,198
Repayments of tenant leasehold and security deposits in trust	(43,513)	(32,758)
Proceeds from tenant leasehold and security deposits in trust	36,817	14,771
Net cash provided by (used in) investing activities	154,374	(166,258)
<b>Cash flows from financing activities</b>		
Net decrease in short-term loans payable	—	500,000
Proceeds from long-term loans payable	12,000,000	6,500,000
Repayments of long-term loans payable	(13,000,000)	(7,500,000)
Proceeds from issuance of investment corporation bonds	—	5,000,080
Redemption of investment corporation bonds	—	(5,000,000)
Payments for investment corporation bond issuance costs	—	(28,185)
Dividends paid	(4,645,880)	(4,712,867)
Net cash used in financing activities	(5,645,880)	(5,240,973)
Net increase (decrease) in cash and cash equivalents	392,719	828,463
Cash and cash equivalents at beginning of period	15,561,518	15,954,238
Cash and cash equivalents at end of period	15,954,238	16,782,701

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## 5. Reference Information

### (1) Composition of assets

type	Region	As of September 30, 2016		As of March 31, 2017	
		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)	138,942	41.7	138,345	41.6
	Other (Note 4)	35,394	10.6	35,199	10.6
Trust	Central Tokyo (Note 3)	106,631	32.0	106,339	32.0
	Other (Note 4)	35,888	10.8	35,729	10.7
Subtotal		316,856	95.1	315,614	94.9
other assets		16,235	4.9	16,961	5.1
Total		333,092	100.0	332,575	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, 2017 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, 2017 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
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 Shin-Urayasu	4-1-1 Akemi, Urayasu City, Chiba Prefecture, etc.	33,538.15	57,621.38	S 5 F	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 Sagami-hara-Nishihashimoto	5-4-4 Nishihashimoto, Midori-ku, Sagami-hara 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, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other eight 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-period appraisal value (Note 3) (Millions of yen)	Direct reduction method			Appraiser	Investment ratio (Note 4)
						Cap rate	Discounted cash flow (DCF) method			
						Discount rate	Terminal cap rate			
Central Tokyo	Office buildings	Tokyo Shiodome Building	110,000	104,333	125,000	3.7%	3.7%	3.9%	Rich Appraisal Institute K.K.	33.5%
		ON Building	39,900	39,592	29,900	4.0%	3.7%	4.2%	Japan Real Estate Institute	12.2%
		Kioicho Building	34,300	34,112	35,600	3.4%	3.2%	3.6%	Daiwa Real Estate Appraisal Co., Ltd.	10.5%
		Osaki MT Building	14,386 (Note 5)	13,379	12,700	3.9%	3.6%	4.1%	Japan Real Estate Institute	4.4%
	Subtotal		198,586	191,418	203,200	—				60.5%
	Retail facilities	SHIBUYA FLAG	32,040	32,634	38,100	3.4%	3.2%	3.6%	Japan Real Estate Institute	9.8%
		Shinbashi Ekimae MTR Building	18,000	17,433	20,900	4.0%	3.8%	4.2%	Nippon Tochi-Tatemono Co., Ltd.	5.5%
	Subtotal		50,040	50,068	59,000	—				15.2%
	Other	Park Lane Plaza	3,200	3,198	3,240	4.1%	4.5%	3.8%	Nippon Tochi-Tatemono Co., Ltd.	1.0%
	Subtotal		3,200	3,198	3,240	—				1.0%
Subtotal		251,826	244,684	265,440	—				76.7%	
Other	Office buildings	Midosuji MTR Building	10,170	10,235	10,200	3.9%	3.7%	4.1%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%
		Tenjin Prime	6,940	6,749	8,640	4.4%	4.1%	4.6%	Japan Real Estate Institute	2.1%
		Shin-Yokohama TECH Building	6,900	6,564	5,020	5.3%	5.1%	5.6%	Nippon Tochi-Tatemono Co., Ltd.	2.1%
	Subtotal		24,010	23,549	23,860	—				7.3%
	Retail facilities	Ito-Yokado Shin-Urayasu	12,150	11,245	8,940	5.8%	4.9%	5.4%	Japan Real Estate Institute	3.7%
		Ito-Yokado Shonandai	11,600	9,933	12,400	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.5%
		Kohnan Sagamihara-Nishihashimoto	7,460	7,456	8,320	5.4%	5.1%	5.6%	Japan Real Estate Institute	2.3%
		Frespo Inage	2,100 (Note 6)	2,193	2,650	— (Note 7)	8.0%	— (Note 8)	Japan Real Estate Institute	0.6%
	Subtotal		33,310	30,828	32,310	—				10.2%
	Other	Hotel Okura Kobe	19,000	16,551	16,200	4.9%	4.7%	5.0%	Rich Appraisal Institute K.K.	5.8%
Subtotal		19,000	16,551	16,200	—				5.8%	
Subtotal		76,320	70,929	72,370	—				23.3%	
Total		328,146	315,614	337,810	—				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, 2017) 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, 2017 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 30th fiscal period (six months from October 1, 2016 to March 31, 2017) 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	31.5%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	921	10.4%	24,748.48	24,722.48	38 (69)
		Osaki MT Building (Note 7)	307	3.5%	24,495.21	24,495.21	1 (12)
	Retail facilities	SHIBUYA FLAG (Note 8)	(Note 5)	(Note 5)	5,983.86	5,983.86	3
		Shinbashi Ekimae MTR Building	459	5.2%	8,055.00	8,055.00	1
	Other	Park Lane Plaza (Note 9)	95	1.1%	4,443.03	4,443.03	18
Other	Office buildings	Midosuji MTR Building (Note 10)	292	3.3%	15,129.16	15,129.16	1 (28)
		Tenjin Prime (Note 8)	270	3.0%	5,993.80	5,993.80	15
		Shin-Yokohama TECH Building	393	4.4%	18,359.46	18,144.11	8
	Retail facilities	Ito-Yokado Shin-Urayasu	378	4.3%	57,621.38	57,621.38	1
		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	628	7.1%	72,246.86	72,246.86	1
Total (Note 11)			8,869	100.0%	486,662.01	486,420.66	92 (161)

(Note 1) "Rental revenues" stated are rental revenues (rent, common charges, other rental revenues, etc.) for the 30th 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 figure in brackets for the total number of tenants of the building is the total number of tenants based on the sublease agreements.

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- (Note 8) MTR leases the land and building of 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)									
			2017	2016		2015		2014		2013		2012
			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 (98.1)	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 (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)	100.0 (85.9)	100.0 (96.9)
	Subtotal (Note 4)		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)	91.0	99.9
	Retail facilities	SHIBUYA FLAG (Note 5)	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	93.5	92.7	96.7	100.0	92.7	100.0	95.9	85.1	94.1
	Subtotal		100.0	93.5	92.7	96.7	100.0	92.7	100.0	95.9	85.1	94.1
Subtotal (Note 4)			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)	91.2	99.9
Other	Office buildings	Midosuji MTR Building (Note 6)	100.0 (95.0)	100.0 (96.7)	100.0 (92.9)	100.0 (90.2)	—	—	—	—	—	—
		Tenjin Prime (Note 5)	100.0	94.6	100.0	100.0	98.6	98.6	100.0	100.0	100.0	100.0
		Shin-Yokohama TECH Building	98.8	97.8	90.5	90.5	90.5	89.5	89.5	90.5	90.5	89.5
	Subtotal (Note 4)		99.5 (97.9)	98.2 (96.9)	95.6 (92.9)	95.6 (92.1)	92.7	92.3	92.7	91.0	89.0	97.1
	Retail facilities	Ito-Yokado Shin-Urayasu	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		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	—
		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 4)			99.9 (99.8)	99.8 (99.6)	99.4 (99.2)	99.4 (99.1)	98.9	98.8	98.9	98.6	98.3	99.3
Total (Note 4)			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)	95.7	99.5

(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) 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 5) MTR leases the land and building of 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 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.



**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 30th fiscal period from October 1, 2016 to March 31, 2017, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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