

## Independent Auditor's Report

The Board of Directors  
MORI TRUST Sogo Reit, Inc.

### Opinion

We have audited the accompanying financial statements of MORI TRUST Sogo Reit, Inc. (the Company), which comprise the balance sheet as at March 31, 2022, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Audited Financial Statements that contains audited financial statements but does not include the financial statements and our auditor's report thereon.

We have concluded that the other information did not exist. Accordingly, we have not performed any work related to the other information.

### Responsibilities of Management and the Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC  
Tokyo, Japan

June 23, 2022

吉田 雅彦

---

Masahiko Yoshida  
Designated Engagement Partner  
Certified Public Accountant

佐藤 賢治

---

Kenji Sato  
Designated Engagement Partner  
Certified Public Accountant

# FINANCIAL STATEMENTS

## BALANCE SHEETS

Thousands of yen

	As of September 30, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	18,883,962	14,680,828
Cash and deposits in trust	2,979,150	3,197,268
Operating accounts receivable	45,140	41,862
Accounts receivable - other	395	1,334
Prepaid expenses	54,831	47,914
Other	9,290	9,296
Total current assets	21,972,770	17,978,504
Non-current assets		
Property, plant and equipment		
Buildings	37,804,123	34,980,281
Accumulated depreciation	(18,705,404)	(17,770,794)
Buildings, net	19,098,719	17,209,486
Structures	507,685	443,976
Accumulated depreciation	(472,793)	(412,958)
Structures, net	34,892	31,017
Machinery and equipment	153,655	153,655
Accumulated depreciation	(122,606)	(125,012)
Machinery and equipment, net	31,048	28,642
Tools, furniture and fixtures	109,079	109,138
Accumulated depreciation	(82,993)	(85,331)
Tools, furniture and fixtures, net	26,086	23,807
Land	125,628,932	114,585,335
Buildings in trust	31,121,100	33,902,566
Accumulated depreciation	(12,126,841)	(12,761,396)
Buildings in trust, net	18,994,259	21,141,169
Structures in trust	156,605	187,292
Accumulated depreciation	(107,008)	(111,516)
Structures in trust, net	49,597	75,775
Machinery and equipment in trust	34,117	61,690
Accumulated depreciation	(4,195)	(6,234)
Machinery and equipment in trust, net	29,922	55,456
Tools, furniture and fixtures in trust	98,318	102,316
Accumulated depreciation	(61,410)	(65,339)
Tools, furniture and fixtures in trust, net	36,907	36,976
Land in trust	142,307,259	153,797,970
Total property, plant and equipment	306,237,624	306,985,638
Intangible assets		
Other	240	240

Thousands of yen

	As of September 30, 2021	As of March 31, 2022
Total intangible assets	240	240
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	16,004	38,968
Other	3,208	2,815
Total investments and other assets	29,212	51,783
Total non-current assets	306,267,077	307,037,662
Deferred assets		
Investment corporation bond issuance costs	48,777	55,401
Total deferred assets	48,777	55,401
Total assets	328,288,624	325,071,568
Liabilities		
Current liabilities		
Operating accounts payable	340,740	242,061
Short-term loans payable	6,000,000	6,000,000
Current portion of investment corporation bonds	3,000,000	4,000,000
Current portion of long-term loans payable	31,500,000	25,500,000
Accounts payable – other	95,457	110,421
Accrued expenses	518,246	429,156
Dividends payable	8,289	7,185
Income taxes payable	606	879
Accrued consumption taxes	9,626	108,676
Advances received	999,415	913,270
Deposits received	322	916
Total current liabilities	42,472,704	37,312,567
Non-current liabilities		
Investment corporation bonds	11,000,000	9,000,000
Long-term loans payable	103,500,000	109,500,000
Tenant leasehold and security deposits	9,618,022	7,565,023
Tenant leasehold and security deposits in trust	934,875	932,717
Deferred tax liabilities	656,564	803,422
Total non-current liabilities	125,709,462	127,801,163
Total liabilities	168,182,166	165,113,730
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,074,447	1,430,418
Total voluntary retained earnings	1,074,447	1,430,418
Unappropriated retained earnings	5,041,970	4,537,379

Thousands of yen

	As of September 30, 2021	As of March 31, 2022
Total surplus	6,116,418	5,967,798
Total unitholders' equity	160,106,458	159,957,838
Total net assets	160,106,458	159,957,838
Total liabilities and net assets	328,288,624	325,071,568

The accompanying notes form an integral part of these financial statements.





# STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six-month period ended October 1, 2021 and March 31, 2022

	Thousands of yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Operating revenue		
Lease business revenue	7,485,180	6,739,063
Other lease business revenue	283,283	337,252
Gain on sale of investment property	1,433,905	1,452,077
Total operating revenue	9,202,368	8,528,392
Operating expenses		
Expenses related to rent business	3,152,474	3,025,005
Asset management fee	335,797	329,091
Asset custody fee	12,893	13,102
Administrative service fees	58,358	45,869
Directors' compensations	3,600	3,600
Other operating expenses	75,764	69,376
Total operating expenses	3,638,888	3,486,044
Operating income	5,563,480	5,042,348
Non-operating income		
Interest income	107	104
Reversal of dividends payable	782	753
Interest on refund	-	110
Total non-operating income	890	969
Non-operating expenses		
Interest expenses	325,876	325,041
Interest expenses on investment corporation bonds	22,802	22,833
Amortization of investment corporation bond issuance costs	9,146	8,933
other	1,071	1,374
Total non-operating expenses	358,895	358,184
Ordinary income	5,205,474	4,685,132
Profit before income taxes	5,205,474	4,685,132
Income taxes - current	623	895
Income taxes - deferred	163,408	146,858
Total income taxes	164,031	147,753
Profit	5,041,443	4,537,379
Retained earnings at beginning of period	527	-
Unappropriated retained earnings	5,041,970	4,537,379

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS

For the six-month period from April 1, 2021 to September 30, 2021

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	1,074,447	1,074,447	5,115,527	6,189,975	160,180,015	160,180,015
Changes of items during period							
Dividends of surplus				(5,115,000)	(5,115,000)	(5,115,000)	(5,115,000)
Profit				5,041,443	5,041,443	5,041,443	5,041,443
Total changes of items during period	-	-	-	(73,556)	(73,556)	(73,556)	(73,556)
Balance at end of current period	153,990,040	1,074,447	1,074,447	5,041,970	6,116,418	160,106,458	160,106,458

The accompanying notes form an integral part of these financial statements.

For the six-month period ended October 1, 2021 and March 31, 2022

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	1,074,447	1,074,447	5,041,970	6,116,418	160,106,458	160,106,458
Changes of items during period							
Provision of reserve for reduction entry		490,085	490,085	(490,085)	-	-	-
Reversal of reserve for reduction entry		(134,114)	(134,114)	134,114	-	-	-
Dividends of surplus				(4,686,000)	(4,686,000)	(4,686,000)	(4,686,000)
Profit				4,537,379	4,537,379	4,537,379	4,537,379
Total changes of items during period	-	355,970	355,970	(504,591)	(148,620)	(148,620)	(148,620)
Balance at end of current period	153,990,040	1,430,418	1,430,418	4,537,379	5,967,798	159,957,838	159,957,838

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF CASH DISTRIBUTIONS

For the six-month period ended October 1, 2021 and March 31, 2022

Unit: yen

	The Fiscal Period ended September 30, 2021 (April 1, 2021 to September 30, 2021)	The Fiscal Period ended March 31, 2022 (October 1, 2021 to March 31, 2022)
I. Unappropriated retained earnings	5,041,970,716	4,537,379,582
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	134,114,736	134,114,736
III. Distribution amount	4,686,000,000	4,217,400,000
(Distribution amount per unit)	(3,550)	(3,195)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	490,085,452	454,094,318
V. Retained earnings carried forward	-	-
Calculation method of distribution amount	<p>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 adding the reversal of the reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation and deducting provision of the reserve for reduction entry under Article 65-7 of the Act on Special Measures Concerning Taxation, the amount of which is 4,686,000,000 yen.</p> <p>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.</p>	<p>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 adding the reversal of the reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation and deducting provision of the reserve for reduction entry under Article 65-7 of the Act on Special Measures Concerning Taxation, the amount of which is 4,217,400,000 yen.</p> <p>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.</p>

# STATEMENTS OF CASH FLOWS

For the six-month period ended October 1, 2021 and March 31, 2022

	Thousands of yen	
	For the period from April 1, 2021 to September 30, 2021	For the period from October 1, 2021 to March 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,205,474	4,685,132
Depreciation	1,113,968	1,125,735
Amortization of investment corporation bond issuance costs	9,146	8,933
Interest income	(107)	(104)
Interest expenses	348,678	347,875
Decrease (Increase) in operating accounts receivable	(1,727)	(522)
Increase (Decrease) in operating accounts payable	69,932	(80,181)
Increase (Decrease) in accrued consumption taxes	(187,887)	99,050
Increase (Decrease) in advances received	(10,782)	(86,145)
Decrease due to sale of investment property	12,538,270	12,520,098
Other, net	53,598	(106,676)
Subtotal	19,138,564	18,513,195
Interest income received	107	104
Interest expenses paid	(353,821)	(346,685)
Income taxes paid	(972)	(622)
Net cash provided by operating activities	18,783,877	18,165,991
Cash flows from investing activities		
Purchase of property, plant and equipment	(263,209)	(34,126)
Purchase of property, plant and equipment in trust	(14,180,295)	(14,344,757)
Repayments of tenant leasehold and security deposits	(195,043)	(2,385,217)
Proceeds from tenant leasehold and security deposits	250,001	326,611
Repayments of tenant leasehold and security deposits in trust	(55,395)	(16,369)
Proceeds from tenant leasehold and security deposits in trust	57,831	5,120
Other	393	393
Net cash used in investing activities	(14,385,718)	(16,448,345)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,000,000)	-
Proceeds from long-term loans payable	14,000,000	14,500,000
Repayments of long-term loans payable	(12,000,000)	(14,500,000)
Proceeds from issuance of investment corporation bonds	-	2,000,000
Redemption of investment corporation bonds	-	(3,000,000)
Payments for investment corporation bond issuance costs	-	(15,558)
Dividends paid	(5,114,632)	(4,687,104)
Net cash used in financing activities	(7,114,632)	(5,702,662)
Net increase (decrease) in cash and cash equivalents	(2,716,473)	(3,985,015)
Cash and cash equivalents at beginning of period	24,579,586	21,863,112
Cash and cash equivalents at end of period	21,863,112	17,878,096



The accompanying notes form an integral part of these financial statements.



## NOTES TO FINANCIAL STATEMENTS

For the six-month period from October 1, 2021 to March 31, 2022

### 1. ORGANIZATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### Organization

MORI TRUST Sogo Reit, Inc. (“MTR”), a Japanese real estate investment corporation, was incorporated on October 2, 2001 under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. MTR was originally formed by Mori Trust Co., Ltd., and commenced operations on March 28, 2002 by acquiring a property. MTR is provided professional asset management services of properties of various types by a licensed asset management company, MORI TRUST Asset Management Co., Ltd. (“MTAM”). MTAM is currently owned 95% by MORI TRUST Co., Ltd., and 5% by Mori Trust Hotels & Resorts Co., Ltd. On February 13, 2004, MTR was listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 8961). As of March 31, 2022, MTR owned a portfolio of 16 properties with a total rentable area of 417,675.34 sq. meters occupied by 103 tenants. The occupancy rate was 96.0%.

#### Basis of presentation of financial statements

MTR maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Law, the Financial Instruments and Exchange Law of Japan and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are a translation of the financial statements of MTR, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of MTR filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information. As permitted under the Japanese Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sum of the individual amounts. MTR does not prepare consolidated financial statements as it has no subsidiaries.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Property and equipment

Property and equipment is stated at cost less accumulated depreciation. The costs of land, buildings and building improvements include the purchase prices of properties, legal fees and acquisition costs. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the respective assets ranging as follows:

Buildings including trust accounts.....	3 - 81 years
Structures including trust accounts.....	2 - 45 years
Machinery and equipment including trust accounts.....	2 - 17 years
Tools, furniture and fixtures including trust accounts.....	2 - 18 years

Expenditures for repairs and maintenance are charged to income as incurred. Significant renewals and betterments are capitalized.

#### Intangible assets

Intangible assets are amortized on a straight-line basis.

#### Deferred assets

Deferred investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

#### Taxes on property and equipment

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally expensed during the period. The sellers of the properties were liable for property taxes for the calendar year including the period from the date of purchase by MTR through the end of the year since the taxes were imposed on the registered owners as of January 1, based on assessments made by local governments.

#### Revenue recognition

The main performance obligations related to revenue arising from contracts with customers of the MTR and the normal time for satisfying such performance obligations (the normal time for recognizing revenue) are as follows

- (1) Sales of real estate and other assets





MTR recognizes revenue from the sale of real estate and other assets when the buyer, as the customer, obtains control of the real estate and other assets by fulfilling the delivery obligations stipulated in the contract for the sale of real estate and other assets.

(2) Utility revenues

Utility revenues are recognized based on the supply of electricity, water, etc. to the lessee, the customer, in accordance with the terms of the real estate lease contract and related agreements.

With regard to utility charge reimbursements which MTR deems to fall under that for an agent, the net amount sought by subtracting the amount paid to another party from the amount that is received as charge for electric power, gas, etc. which is supplied by another concerned party is recognized as revenue.

**Accounting treatment of beneficiary interests in trust assets including real estate**

For trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust as well as all income generated and expenses incurred from assets in trust are recorded in the relevant balance sheets and statements of income and retained earnings accounts.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits with banks and short-term investments which are highly liquid, readily convertible to cash and with an insignificant risk of price fluctuation, and with an original maturity of three months or less.

### 3. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2021 and March 31, 2022 consisted of the following:

	Thousands of yen			
	As of September 30, 2021		As of March 31, 2022	
	Acquisition Cost	Book Value	Acquisition Cost	Book Value
Land	125,628,932	125,628,932	114,585,335	114,585,335
Buildings and structures	38,311,809		35,424,257	
Accumulated depreciation	(19,178,197)	19,133,611	(18,183,753)	17,340,504
Machinery and equipment	153,655		153,655	
Accumulated depreciation	(122,606)	31,048	(125,012)	28,642
Tools, furniture and fixtures	109,079		109,138	
Accumulated depreciation	(82,993)	26,086	(85,331)	23,807
Land in trust	142,307,259	142,307,259	153,797,970	153,797,970
Buildings and structures in trust	31,277,705		34,089,858	
Accumulated depreciation	(12,233,849)	19,043,856	(12,872,913)	21,216,945
Machinery and equipment in trust	34,117		61,690	
Accumulated depreciation	(4,195)	29,922	(6,234)	55,456
Tools, furniture and fixtures in trust	98,318		10,316	
Accumulated depreciation	(61,410)	36,907	(65,339)	36,976
Total		306,237,624		306,985,638

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥38,340 thousand at September 30, 2021 and ¥38,340 thousand at March 31, 2022.

#### 4. INVESTMENT CORPORATION BONDS

Investment corporation bonds at September 30, 2021 and March 31, 2022 consisted of the following:

	Thousands of yen					
	As of September 30, 2021	As of March 31, 2022	Average interest rate (%)	Due on	Use of funds	Note
Unsecured bonds due on February 22, 2019	3,000,000	3,000,000	0.07	February 22, 2022		
Unsecured bonds due on February 20, 2020	4,000,000	4,000,000	0.10	February 20, 2023		
Unsecured bonds due on February 25, 2021	3,000,000	3,000,000	0.17	February 22, 2024		
Unsecured bonds due on February 21, 2022	—	1,000,000	1.07	February 26, 2027		
Unsecured bonds due on February 26, 2015	1,000,000	1,000,000	0.50	February 25, 2031	(1)	(2)
Unsecured bonds due on February 25, 2021	1,000,000	1,000,000	0.75	February 25, 2036		
Unsecured bonds due on February 21, 2022	—	1,000,000	1.08	February 23, 2037		
Unsecured bonds due on February 25, 2021	1,000,000					
Unsecured bonds due on February 23, 2017	1,000,000					
Total	14,000,000	14,000,000	—	—	—	—

(1) Use of the above funds includes acquisition of real estate or beneficiary interests.

(2) The above loans are unsecured and non-guaranteed with floating rates.

(3) Investment corporation bonds repayable expected to be repaid during each of the 5 years subsequent to the current balance sheet date are summarized as follows (except for investment corporation bonds due within one year):

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Investment corporation bonds (Thousands of yen)	3,000,000	1,000,000	—	1,000,000

#### 5. SHORT-TERM LOANS PAYABLE

Short-term loans payable at September 30, 2021 and March 31, 2022 consisted of the following:

	Thousands of yen					
Lender	As of September 30, 2021	As of March 31, 2022	Average interest rate (%) (1)	Due on	Use of funds	Note
Sumitomo Mitsui Banking Corporation	2,500,000	—	—	—		
Resona Bank, Limited.	500,000	—	—	—		
Mizuho Bank, Ltd.	2,000,000	2,000,000	0.20	April 8, 2022		
Resona Bank, Limited	1,000,000	1,000,000	0.22	August 31, 2022	(2)	(3)
Sumitomo Mitsui Banking Corporation	—	2,500,000	0.22	October 7, 2022		
Resona Bank, Limited	—	500,000	0.22	October 14, 2022		
Total short-term loans	6,000,000	6,000,000	—	—	—	—

(1) Average interest rate for each loan has been rounded to the second decimal place.

(2) Use of the above funds includes acquisition of real estate or beneficiary interests.

(3) The above loans are unsecured and non-guaranteed with floating rates.

MTR has entered into line of credit loan agreements totaling ¥20,000 million with banks to reduce refinancing risk. The unused amount of such credit lines was ¥20,000 million at March 31, 2022.

#### 6. LONG-TERM LOANS PAYABLE

Long-term loans payable at September 30, 2021 and March 31, 2022 consisted of the following:

	Thousands of yen					
Lender	As of September 30, 2021	As of March 31, 2022	Average interest rate (%) (1)	Due on	Use of funds	Note
MUFG Bank, Ltd.	1,500,000	—	—	—		
Sumitomo Mitsui Banking Corporation.	1,000,000	—	—	—		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	—	—	—		
Aozora Bank, Ltd.	500,000	—	—	—		
Sumitomo Mitsui Banking Corporation.	2,500,000	—	—	—		
Mizuho Bank, Ltd	500,000	—	—	—		

The Bank of Fukuoka, Ltd.	2,000,000	—	—	—
Development Bank of Japan Inc.	3,000,000	—	—	—
Sumitomo Mitsui Banking Corporation.	1,500,000	—	—	—
MUFG Bank, Ltd.	500,000	—	—	—
The Dai-ichi Life Insurance Company, Limited	500,000	—	—	—
Mizuho Bank, Ltd	4,000,000	4,000,000	0.47	April 11, 2022
Aozora Bank, Ltd.	1,000,000	1,000,000	0.47	April 11, 2022
MUFG Bank, Ltd.	2,000,000	2,000,000	0.41	April 13, 2022
The Ashikaga Bank, Ltd.	1,000,000	1,000,000	0.44	April 22, 2022
Sumitomo Mitsui Banking Corporation.	2,000,000	2,000,000	0.80	April 28, 2022
Sumitomo Mitsui Trust Bank, Ltd.	500,000	500,000	0.43	August 30, 2022
Sumitomo Mitsui Trust Bank, Ltd.	3,500,000	3,500,000	0.44	August 31, 2022
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	2,000,000	0.40	August 31, 2022
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.47	September 30, 2022
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.44	January 19, 2023
Mizuho Bank, Ltd	500,000	500,000	0.44	January 19, 2023
MUFG Bank, Ltd.	2,500,000	2,500,000	0.49	February 28, 2023
Mizuho Bank, Ltd	2,000,000	2,000,000	0.49	February 28, 2023
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.45	February 28, 2023
Mizuho Trust & Banking Co., Ltd.	1,000,000	1,000,000	0.45	February 28, 2023
Mizuho Bank, Ltd	3,500,000	3,500,000	0.47	April 12, 2023
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.43	April 21, 2023
The Nishi-Nippon City Bank, Ltd.	500,000	500,000	0.49	April 24, 2023
Mizuho Bank, Ltd	1,500,000	1,500,000	0.54	August 31, 2023
Development Bank of Japan Inc.	1,000,000	1,000,000	0.46	August 31, 2023
Resona Bank, Limited.	1,000,000	1,000,000	0.17	August 31, 2023
MUFG Bank, Ltd.	500,000	500,000	0.64	August 31, 2023
Development Bank of Japan Inc.	500,000	500,000	0.54	September 29, 2023
Resona Bank, Limited.	1,000,000	1,000,000	0.57	October 18, 2023
Mizuho Bank, Ltd	3,000,000	3,000,000	0.27	February 29, 2024
The Bank of Fukuoka, Ltd.	1,500,000	1,500,000	0.36	February 29, 2024
Aozora Bank, Ltd.	2,000,000	2,000,000	0.36	March 11, 2024
Shinkin Central Bank	2,000,000	2,000,000	0.56	March 19, 2024
Sumitomo Mitsui Banking Corporation	3,000,000	3,000,000	0.56	April 9, 2024
Development Bank of Japan Inc.	2,000,000	2,000,000	0.29	April 11, 2024
Mizuho Bank, Ltd	1,000,000	1,000,000	0.30	April 11, 2024
Mizuho Bank, Ltd	3,000,000	3,000,000	0.43	April 24, 2024
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.54	May 31, 2024
Sumitomo Mitsui Banking Corporation.	3,000,000	3,000,000	0.46	October 9, 2024
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	0.17	October 9, 2024
The Nishi-Nippon City Bank, Ltd.	500,000	500,000	0.64	December 26, 2024
Mizuho Bank, Ltd	1,500,000	1,500,000	0.56	January 17, 2025
MUFG Bank, Ltd.	500,000	500,000	0.56	January 17, 2025
Sumitomo Mitsui Trust Bank, Ltd.	3,000,000	3,000,000	0.32	February 28, 2025
Mizuho Bank, Ltd	1,000,000	1,000,000	0.65	February 28, 2025
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	0.65	February 28, 2025
The 82 Bank, Ltd.	1,000,000	1,000,000	0.34	February 28, 2025
MUFG Bank, Ltd.	500,000	500,000	0.65	February 28, 2025
Development Bank of Japan Inc.	1,000,000	1,000,000	0.64	March 19, 2025
Sumitomo Mitsui Banking Corporation.	2,500,000	2,500,000	0.33	April 9, 2025
Sumitomo Mitsui Trust Bank, Ltd.	4,000,000	4,000,000	0.37	April 11, 2025
MUFG Bank, Ltd.	1,000,000	1,000,000	0.32	April 11, 2025
Sumitomo Mitsui Banking Corporation.	3,000,000	3,000,000	0.46	April 24, 2025
MUFG Bank, Ltd.	3,000,000	3,000,000	0.68	August 29, 2025
Sumitomo Mitsui Banking Corporation.	—	1,000,000	0.43	January 19, 2026
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.42	January 30, 2026
Sumitomo Mitsui Banking Corporation	—	1,500,000	0.47	February 27, 2026
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.41	February 27, 2026
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	0.52	February 27, 2026

(2) (3)



Development Bank of Japan Inc.	1,000,000	1,000,000	0.41	March 12, 2026
Nippon Life Insurance Company	500,000	500,000	0.36	March 31, 2026
Resona Bank, Limited.	1,000,000	1,000,000	0.39	April 22, 2026
Aozora Bank, Ltd.	500,000	500,000	0.72	April 24, 2026
Resona Bank, Limited.	500,000	500,000	0.39	May 29, 2026
Development Bank of Japan Inc.	1,000,000	1,500,000	0.33	August 31, 2026
The Nishi-Nippon City Bank, Ltd.	1,000,000	1,000,000	0.41	August 31, 2026
The 77 Bank, Ltd.	500,000	500,000	0.31	August 31, 2026
Nippon Life Insurance Company	500,000	500,000	0.40	September 18, 2026
Mitsui Sumitomo Insurance Company, Limited	500,000	500,000	0.39	September 30, 2026
Sumitomo Mitsui Trust Bank, Ltd.	—	1,000,000	0.42	December 24, 2026
MUFG Bank, Ltd.	1,000,000	1,000,000	0.40	December 25, 2026
Resona Bank, Limited.	500,000	500,000	0.56	December 25, 2026
The Bank of Fukuoka, Ltd.	500,000	500,000	0.56	December 25, 2026
Mizuho Bank, Ltd.	—	500,000	0.50	January 19, 2027
The Bank of Fukuoka, Ltd.	—	1,000,000	0.51	January 29, 2027
The Norinchukin Bank	3,000,000	3,000,000	0.38	February 26, 2027
Aozora Bank, Ltd.	—	500,000	0.45	June 24, 2027
SUMITOMO LIFE INSURANCE COMPANY	500,000	500,000	0.59	June 25, 2027
The Bank of Fukuoka, Ltd.	—	1,000,000	0.55	July 30, 2027
The Norinchukin Bank	1,500,000	1,500,000	0.38	August 31, 2027
The Nishi-Nippon City Bank, Ltd.	1,500,000	1,500,000	0.48	August 31, 2027
Resona Bank, Limited.	500,000	500,000	0.48	August 31, 2027
SUMITOMO LIFE INSURANCE COMPANY	500,000	500,000	0.38	August 31, 2027
The Dai-ichi Life Insurance Company, Limited	—	500,000	0.56	August 31, 2027
Development Bank of Japan Inc.	1,000,000	1,000,000	0.43	September 10, 2027
MUFG Bank, Ltd.	1,500,000	1,500,000	0.50	October 13, 2027
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.63	December 24, 2027
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.47	January 19, 2028
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.55	January 19, 2028
Development Bank of Japan Inc.	500,000	500,000	0.47	January 19, 2028
MUFG Bank, Ltd.	1,500,000	1,500,000	0.53	March 31, 2028
Sumitomo Mitsui Banking Corporation.	1,500,000	1,500,000	0.54	April 7, 2028
Sumitomo Mitsui Banking Corporation.	1,500,000	1,500,000	0.51	April 11, 2028
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.51	April 17, 2028
The 77 Bank, Ltd.	1,000,000	1,000,000	0.54	August 31, 2028
Shinsei Bank Limited	1,000,000	1,000,000	0.53	August 31, 2028
Mitsui Sumitomo Insurance Company, Limited	—	1,500,000	0.79	October 31, 2028
Development Bank of Japan Inc.	—	3,000,000	0.71	February 28, 2029
Aozora Bank, Ltd.	1,500,000	1,500,000	0.59	April 23, 2029
MUFG Bank, Ltd.	—	500,000	0.79	February 28, 2030
Sumitomo Mitsui Banking Corporation.	—	1,000,000	0.65	June 24, 2030
Sumitomo Mitsui Banking Corporation.	—	1,500,000	0.76	July 19, 2030
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.62	August 31, 2030
Mizuho Bank, Ltd.	500,000	500,000	0.63	August 31, 2030
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.66	February 28, 2031
Total long-term loans	135,000,000	135,000,000	—	—

- (1) Average interest rate for each loan has been rounded to the second decimal place.  
(2) Use of the above funds includes acquisition of real estate or beneficiary interests.  
(3) The above loans are unsecured and non-guaranteed with fixed interest rates.  
(4) The total amounts of long-term loans repayable expected to be repaid during each of the 5 years subsequent to the current balance sheet date are summarized as follows (except for long-term loans payable due within one year):

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount of loans (Thousands of yen)	19,000,000	24,000,000	21,000,000	13,000,000

## 7. NET ASSETS

MTR is required to maintain net assets of at least ¥50 million as required pursuant to the Investment Trust Law.

## 8. INCOME TAXES

At September 30, 2021 and March 31, 2022 MTR's deferred tax assets consisted mainly of enterprise tax payable, which is not deductible for tax purposes.

The significant components of deferred tax assets and liabilities as of September 30, 2021 and March 31, 2022 were as follows:

	As of September 30, 2021	As of March 31, 2022
	Thousands of yen	
<b>Deferred tax assets:</b>		
Accrued enterprise tax	0	13
Total deferred tax assets	0	13
<b>Deferred tax liabilities:</b>		
Reserve for advanced depreciation of non-current assets	656,582	803,436
Total deferred tax liabilities	656,582	803,436
<b>Net deferred tax assets (liabilities)</b>	<b>(656,581)</b>	<b>(803,422)</b>

A reconciliation of the tax rate differences between the adjusted statutory tax rate and the effective tax rates for the six months ended September 30, 2021 and March 31, 2022 was as follows:

	April 1, 2021 to September 30, 2021	October 1, 2021 to March 31, 2022
Statutory tax rate	31.46%	31.46%
Deductible dividend distribution	(28.32%)	(28.32%)
Others	0.01%	0.01%
Effective tax rates	3.15%	3.15%

MTR is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law (STML) of Japan, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of the investment corporation's distributable profit for the accounting period as stipulated in Article 67-15 of the STML. Based on the distribution policy provided by its Articles of Incorporation, MTR made a dividend distribution of approximately 100% of retained earnings in the amount of ¥4,217,400 thousand at March 31, 2022 and treated it as a tax-deductible distribution. MTR does not distribute dividends in excess of accounting profit in accordance with its Articles of Incorporation.

## 9. PER SHARE INFORMATION

The following table summarizes information about net assets per share and net income per share at September 30, 2021 and March 31, 2022 and for the six-month period then ended:

	Yen	
	April 1, 2021 to September 30, 2021	October 1, 2021 to March 31, 2022
Net assets per share at period end	121,292	121,190
Net income per share	3,819	3,437
Weighted-average number of shares	1,320,000 shares	1,320,000 shares

In calculating net assets per share, the amount of the net assets has been adjusted for the cash distribution declared in the subsequent period. Net income per share is computed by dividing net income by the weighted-average number of shares outstanding during each period. Diluted net income per share has not been presented since no warrants or convertible bonds were outstanding during the period.

## 10. RELATED PARTY TRANSACTIONS

MTR entered into the following related party transactions:

(1) Parent company and major corporate shareholders: None applicable

(2) Subsidiaries: None applicable

(3) Sister companies:

(For the six months ended September 30, 2021)

Party type	Subsidiary of other related company*
Party name	Mori Trust Co., Ltd.
Address	Minato-ku Tokyo, Japan
Capital	¥30,000,000 thousand
Business	Urban development; hotel management and investment business
Percentage of voting rights held	-
Concurrent board appointment	-
Business relationship	Leasing
Details of transactions	Buying property
Transaction amount	¥13,980,000 thousand
	Sale of property
	¥13,980,000 thousand
	Rental revenues
	¥2,243,104 thousand
	Property management revenues
	¥275,732 thousand
Account name and balance at period end	Rental and other receivables
	¥4,340 thousand
	Rents received in advance
	¥24,761 thousand
	Leasehold and security deposits including trust accounts
	¥876,412 thousand
	Trade accounts payable
	¥46,502 thousand
	Accrued expenses
	¥264 thousand

\* MTR deemed Mori Trust Co., Ltd. to be a “Subsidiary of other related company” under Article 8 of Regulations Concerning Financial Statements.

(For the six months ended March 31, 2022)

Party type	Subsidiary of other related company*
Party name	Mori Trust Co., Ltd.
Address	Minato-ku Tokyo, Japan
Capital	¥30,000,000 thousand
Business	Urban development; hotel management and investment business
Percentage of voting rights held	-
Concurrent board appointment	-
Business relationship	Leasing
Details of transactions	Buying property
Transaction amount	¥13,980,000 thousand
	Sale of property
	¥13,980,000 thousand



	Rental revenues
	¥1,752,122 thousand
	Property management revenues
	¥221,573 thousand
Account name and balance at period end	Rental and other receivables
	¥4,464 thousand
	Rents received in advance
	¥24,761 thousand
	Leasehold and security deposits including trust accounts
	¥964,671 thousand
	Trade accounts payable
	¥65,958 thousand
	Accrued expenses
	¥1,073 thousand

\* MTR deemed Mori Trust Co., Ltd. to be a “Subsidiary of other related company” under Article 8 of Regulations Concerning Financial Statements.

(4) Directors and major individual shareholders: None applicable



# 11. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

A breakdown of property-related revenues and expenses for the six-month period ended September 30, 2021 and March 31, 2022 is summarized as follows:

## (1) Rental revenues and property-related expenses

	Thousands of yen	
	April 1, 2021 to September 30, 2021	October 1, 2021 to March 31, 2022
Property-Related Revenues:	7,485,180	6,739,063
Property rental revenues	7,122,682	6,378,952
Common charges	238,888	236,502
Land rental revenues	123,609	123,609
Other rental revenues	283,283	337,252
Parking revenues	87,707	91,666
Utilities revenues	129,877	133,470
Penalty revenues	31,730	—
Other revenues	33,967	112,114
Property-Related Expenses:	3,152,474	3,025,005
Property management fees	721,885	694,543
Utilities expenses	186,415	212,236
Property and other taxes	958,141	872,062
Casualty insurance	17,371	18,494
Repairs and maintenance	126,339	72,707
Depreciation	1,113,968	1,125,735
Other rental expenses	28,353	29,225
Profit	4,615,989	4,051,310

## (2) Gain on sale of real estate

	Thousands of yen	
	April 1, 2021 to September 30, 2021	October 1, 2021 to March 31, 2022
	Tokyo Shiodome Building	Tokyo Shiodome Building
Income from sale of real estate	13,980,000	13,980,000
Cost of real estate sales	12,538,270	12,520,098
Other expenses on sale	7,824	7,824
Gain on sale of real estate	1,433,905	1,452,077

## 12. FINANCIAL INSTRUMENTS

### Overview

#### (1) Policy for financial instruments

For efficient and stable management operations, MTR raises funds required for acquisition and renovation of assets, payment of dividends and debt and regular operations mainly through bank borrowings, issuance of investment corporation bonds and issuance of new investment shares. MTR manages cash surpluses carefully in consideration of safety, liquidity, interest rate environment and cash flow plans.

#### (2) Types of financial instruments, related risk and risk management for financial instruments

Loans, issuance of investment corporation bonds and issuance of new investment shares are undertaken for acquisition of real estate or real estate trust beneficiary rights.

Loans and security deposits are exposed to liquidity risk. MTR prepares and updates its cash flow plans based on reports from each division and maintains the ready liquidity to manage liquidity risk.

In addition, MTR has established commitment lines of credit to ensure flexible fund procurement.

#### (3) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values.

### Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet as of September 30, 2021 and estimated fair value are shown in the following table. Notes to "Cash and deposits," "Cash and deposits in trust," and "Short-term loans payable" are omitted because their fair value approximates their book value due to cash and short term settlements.

Thousands of yen			
	Carrying Value	Estimated Fair Value (1)	Difference
1) Current portion of investment corporation bonds	3,000,000	2,994,430	(5,569)
2) Current portion of long-term loans payable	31,500,000	31,508,621	8,621
3) Investment corporation bonds	11,000,000	11,034,172	34,172
4) Long-term loans payable	103,500,000	103,083,644	(416,355)
5) Tenant leasehold and security deposits	9,618,022	9,374,160	(243,861)
6) Tenant leasehold and security deposits in trust	934,875	893,740	(41,134)
Total Liabilities	159,552,897	158,888,767	(664,126)

The carrying value of financial instruments on the balance sheet as of March 31, 2022 and estimated fair value are shown in the following table. Notes to "Cash and deposits," "Cash and deposits in trust," and "Short-term loans payable" are omitted because their fair value approximates their book value due to cash and short term settlements.

Thousands of yen			
	Carrying Value	Estimated Fair Value (1)	Difference
<b>Liabilities</b>			
1) Current portion of investment corporation bonds	4,000,000	3,973,298	(26,701)
2) Current portion of long-term loans payable	25,500,000	25,458,335	(41,664)
3) Investment corporation bonds	9,000,000	8,774,831	(225,168)
4) Long-term loans payable	109,500,000	107,550,641	(1,949,358)
5) Tenant leasehold and security deposits	7,565,023	7,114,959	(450,063)
6) Tenant leasehold and security deposits in trust	932,717	860,922	(71,794)
Total Liabilities	156,497,740	153,732,989	(2,764,751)

(1) Methods to determine the estimated fair value of financial instruments

*Current portion of investment corporation bonds and investment corporation bonds*

The fair value of investment corporation bonds is calculated based on the present value of the total of principal and interest discounted at the current interest rate estimated by taking into consideration the remaining term of the investment corporation bonds and their credit risk.

*Current portion of long-term loans payable and long-term loans payable*

The fair value of long-term loans is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.

*Tenant leasehold and security deposits and Tenant leasehold and security deposits in trust*

The fair value of tenant leasehold and security deposits including trust accounts is based on the present value of the total of cash flow discounted by an interest rate determined taking into account the remaining period of each item and current credit risk.

(2) The redemption schedule for loans

(As of September 30, 2021)

Thousands of yen						
	Due in 1 year or less	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due after 5 years
Current portion of investment corporation bonds	3,000,000	-	-	-	-	-
Current portion of long-term loans payable	31,500,000	-	-	-	-	-
Investment corporation bonds	-	4,000,000	3,000,000	-	-	4,000,000
Long-term loans payable	-	18,000,000	19,500,000	27,500,000	10,500,000	28,000,000

(As of March 31, 2022)

Thousands of yen						
	Due in 1 year or less	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due after 5 years
Current portion of investment corporation bonds	4,000,000	-	-	-	-	-
Current portion of long-term loans	25,500,000	-	-	-	-	-



payable						
Investment corporation bonds	-	3,000,000	1,000,000	-	1,000,000	4,000,000
Long-term loans payable	-	19,000,000	24,000,000	21,000,000	13,000,000	32,500,000



### 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2021 and March 31, 2022 were as follows:

	Thousands of yen	
	As of September 30, 2021	As of March 31, 2022
Cash and deposits	18,883,962	14,680,828
Cash and deposits in trust	2,979,150	3,197,268
Cash and cash equivalents	21,863,112	17,878,096

### 14. LEASES

MTR leases properties and earns rental revenues. Future lease revenues subsequent to September 30, 2021 and March 31, 2022 under non-cancelable operating leases were as follows:

	Thousands of yen	
	As of September 30, 2021	As of March 31, 2022
Due within one year	6,255,716	6,741,780
Due after one year	11,055,305	14,810,423
Total	17,311,021	21,552,203

### 15. REVENUE RECOGNITION

#### 1. Breakdown of revenue from contracts with customers

For the period from April 1, 2021 to September 30, 2021

	Thousands of yen	
	Revenue from contracts with customers *1	Revenue from external customers
Sales of real estate properties *2	13,980,000	1,433,905
Utilities income	130,040	130,040
Others	-	7,638,423
Total	14,110,040	9,202,368

For the period from October 1, 2021 to March 31, 2022

	Thousands of yen	
	Revenue from contracts with customers *1	Revenue from external customers
Sales of real estate properties *2	13,980,000	1,452,077
Utilities income	133,639	133,639
Others	-	6,942,676
Total	14,113,639	8,528,392

\*1 Rent revenues subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) are excluded from “Revenue from contracts with customers” as such revenues are not subject to Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents revenues from the sale of real estate and utilities.

\*2 Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income are retained earnings in accordance with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and therefore the amount represents the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.

#### 2. Information that provides a basis for understanding revenue from contracts with customers

For the period from April 1, 2021 to September 30, 2021

As described in the Summary of Significant Accounting Policies.

For the period from October 1, 2021 to March 31, 2022

As described in the Summary of Significant Accounting Policies.

3. Information about the relationship between the fulfillment of performance obligations under contracts with customers and cash flows arising from those contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of the current period

For the period from April 1, 2021 to September 30, 2021

(1) Balance of contract assets and contract liabilities

	Thousands of yen April 1, 2021 to September 30, 2021
Claims arising from contracts with customers (At beginning of period)	21,698
Claims arising from contracts with customers (At end of period)	26,233
Contract assets (At beginning of period)	-
Contract assets (At end of period)	-
Contract liabilities (At beginning of period)	-
Contract liabilities (At end of period)	-

(2) Transaction price allocated to remaining performance obligations

As of September 30, 2021, the total transaction price allocated to the remaining performance obligations for the sale of real estate is 13,980,000 thousand yen for the real estate for which a sale contract was executed on March 25, 2021.

MTR expects to recognize revenue for such remaining performance obligations upon delivery of such real estate properties, which is expected to occur on October 1, 2021.

In accordance with Paragraph 19 of the Guidance on Accounting Standard for Revenue Recognition, MTR recognizes utility revenues at the amount it has the right to charge, because MTR has the right to receive from the customer the amount of consideration that directly corresponds to the value to the customer, the lessee, of the portion of the performance completed by the end of the fiscal year. Accordingly, MTR has applied the provisions of paragraph 80-22(2) of the Accounting Standard for Revenue Recognition and has not included in the notes the transaction price allocated to the remaining performance obligations.

For the period from October 1, 2021 to March 31, 2022

(1) Balance of contract assets and contract liabilities

	Thousands of yen October 1, 2021 to March 31, 2022
Claims arising from contracts with customers (At beginning of period)	26,233
Claims arising from contracts with customers (At end of period)	24,828
Contract assets (At beginning of period)	-
Contract assets (At end of period)	-
Contract liabilities (At beginning of period)	-
Contract liabilities (At end of period)	-

(2) Transaction price allocated to remaining performance obligations

In accordance with Paragraph 19 of the Guidance on Accounting Standard for Revenue Recognition, MTR recognizes utility revenues at the amount it has the right to charge, because MTR has the right to receive from the customer the amount of consideration that directly corresponds to the value to the customer, the lessee, of the portion of the performance completed by the end of the fiscal year. Accordingly, MTR has applied the provisions of paragraph 80-22(2) of the Accounting Standard for Revenue Recognition and has not included in the notes the transaction price allocated to the remaining performance obligations.

## 16. INVESTMENT AND RENTAL PROPERTIES

MTR owns office buildings and retail facilities for lease mainly in Tokyo and other areas. The carrying value in the balance sheet and corresponding fair value of those properties are as follows:

Thousands of yen								
Use	Carrying Value (1)		Fair Value (3)		Carrying Value (1)		Fair Value (3)	
	As of March 31, 2021	Net Changes (2)	As of September 30, 2021	As of September 30, 2021	As of September 30, 2021	Net Changes (2)	As of March 31, 2022	As of March 31, 2022
Office buildings	217,600,132	952,841	218,552,974	235,040,000	218,552,974	1,070,360	219,623,334	239,390,000
Retail facilities	68,909,759	(94,357)	68,815,401	85,310,000	68,815,401	(127,710)	68,687,691	85,310,000
Others	19,034,596	(165,348)	18,869,248	20,980,000	18,869,248	(194,635)	18,674,613	21,110,000
Total	305,544,488	693,135	306,237,624	341,330,000	306,237,624	748,014	306,985,638	345,810,000

(1)The carrying value represents the acquisition cost less accumulated depreciation.

(2) In the previous and current period, the main reason for the increase was the acquisition of Kamiyacho Trust Tower, and the reason for the decrease was the transfer of Tokyo Shiodome Building and depreciation.

(3)The fair value is an appraisal value or a price estimated by real estate appraisers outside MTR.

The profit and loss for the six-month period ended September 30, 2021 and March 31, 2022 concerning rental properties is as follows:

Thousands of yen								
Use	April 1, 2021 to September 30, 2021				October 1, 2021 to March 31, 2022			
	Rental Revenues (1)	Property-related Expenses (1)	Net Income	Gain on Sale of Investment Property (2)	Rental Revenues (1)	Property-related Expenses (1)	Net Income	Gain on Sale of Investment Property (2)
Office buildings	5,099,521	2,437,616	2,661,904	1,433,905	4,551,268	2,372,315	2,178,953	1,452,077
Retail facilities	1,938,164	381,460	1,556,704	-	1,797,177	322,948	1,474,229	-
Others	730,777	333,397	397,380	-	727,869	329,741	398,127	-
Total	7,768,463	3,152,474	4,615,989	1,433,905	7,076,315	3,025,005	4,051,310	1,452,077

(1)“Rental revenues” and “Property-related expenses”, which are rental revenues and related expenses (depreciation, repairs and maintenance, casualty insurance, property and other taxes etc.), are presented in the statements of income and retained earnings as “Operating revenue” and “Operating expenses”.

(2)“Gain on sale of investment property” is presented in the statements of income and retained earnings under “Operating revenue”.

## 17. SEGMENT AND RELATED INFORMATION

### Segment Information

Since the business of MTR consists of only the “real estate leasing business”, there are no reporting segments. Therefore, segment disclosures have been omitted.

(For the six months ended September 30, 2021)

### Related Information

(1)Information about products and services

Since the proportion of operating revenues from external customers for each product and service exceeds 90% of operating revenues, product and service disclosures have been omitted.

(2) Information about geographical areas

① Operating revenues

Since the proportion of operating revenues from external customers in Japan exceeds 90% of operating revenues, geographic area disclosures have been omitted.

② Property and equipment

Since the proportion of property and equipment located in Japan exceeds 90% of property and equipment located in all countries, property and equipment disclosures have been omitted.

(3) Information about major customers

Thousands of yen		
Name of major customers	Operating Revenues	Related Segment
Mori Trust Co., Ltd.	3,677,009	Leasing Business

(For the six months ended March 31, 2022)

**Related Information**

(1) Information about products and services

Since the proportion of operating revenues from external customers for each product and service exceeds 90% of operating revenues, product and service disclosures have been omitted.

(2) Information about geographical areas

① Operating revenues

Since the proportion of operating revenues from external customers in Japan exceeds 90% of operating revenues, geographic area disclosures have been omitted.

② Property and equipment

Since the proportion of property and equipment located in Japan exceeds 90% of property and equipment located in all countries, property and equipment disclosures have been omitted.

(3) Information about major customers

Thousands of yen		
Name of major customers	Operating Revenues	Related Segment
Mori Trust Co., Ltd.	3,204,199	Leasing Business

**18. SUBSEQUENT EVENTS**

None applicable.