

Issuer of Real Estate Investment Trust Securities

MORI TRUST Sogo Reit, Inc.

4-3-1 Toranomom, Minato-ku, Tokyo

Masayuki Yagi,

Executive Director

(TSE code 8961)

Asset Management Company:

MORI TRUST Asset Management Co., Ltd.

Michio Yamamoto

President and Representative Director

Contact:

Hiroshi Naito

General Manager, Strategic Management Department,

Sogo REIT Management Division

Phone: +81-3-6435-7011

## MTR Announces Financial Results for the Fiscal Period Ended September 30, 2021

**Tokyo, November 18, 2021** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended September 30, 2021 (from April 1, 2021 to September 30, 2021).

### 1. Operational/Asset Conditions for the fiscal period ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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 September 30, 2021	9,202	4.7	5,563	1.8	5,205	1.7	5,041	(1.4)
Fiscal period ended March 31, 2021	8,789	(1.0)	5,464	0.5	5,116	1.1	5,115	1.1

	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 September 30, 2021	3,819	3.1	1.6	56.6
Fiscal period ended March 31, 2021	3,875	3.2	1.6	58.2

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## (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 September 30, 2021	3,550	4,686	—	—	92.9	2.9
Fiscal period ended March 31, 2021	3,875	5,115	—	—	100.0	3.2

(Note1) The difference between the distribution per unit and profit per unit for the fiscal period ended September 30, 2021, is a result of the reversal of the reserve for reduction entry (¥134 million) and reserve (¥490 million).

(Note2) 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 September 30, 2021	328,288	160,106	48.8	121,292
Fiscal period ended March 31, 2021	330,301	160,180	48.5	121,348

## (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 September 30, 2021	18,783	(14,385)	(7,114)	21,863
Fiscal period ended March 31, 2021	5,969	(582)	(3,089)	24,579

## 2. Forecast for the March 2022 period (October 1, 2021 to March 31, 2022) and the September 2022 period (April 1, 2022 to September 30, 2022)

(% 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 March 31, 2022	8,415	(8.6)	4,873	(12.4)	4,511	(13.3)	4,368	(13.4)	3,075	0
Fiscal period ending September 30, 2022	6,818	(19.0)	3,270	(32.9)	2,891	(35.9)	3,226	(26.1)	3,000	0

(Reference) The profit per unit forecast is ¥3,309 for the fiscal period ending March 31, 2022 and ¥2,444 for the fiscal period ending September 30, 2022.

(Note1) The distribution per unit for the fiscal period ending March 31, 2022 is calculated based on the assumption that the remainder from the subtraction of the provision for reserve for reduction entry (¥134 million) for a gain on the sale of real estate, etc. expected in the said fiscal period from the sum of the profit for the said period and the reversal of reserve for reduction entry (¥443 million) will be distributed.

(Note2) The distribution per unit for the fiscal period ending September 30, 2022, is calculated based on the assumption that the sum of the profit for the said period and the reversal of the reserve for reduction entry (¥733 million) will be distributed.

### Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

### 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 Fresno 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 September 30, 2021, numbered 16 properties, with a total assets price of ¥328,288 million.

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

During the fiscal period under review, the Japanese economy showed some signs of a recovery in consumer spending and export-related industries, despite the declaration of another state of emergency due to the resurgence of COVID-19 and continued challenging conditions.

In the real estate investment market, transaction prices remained high thanks to continued strength in investor confidence in Japan and abroad, which was backed by good financing conditions linked to monetary easing, while multiple operating companies sold assets to improve their financial positions.

In the real estate leasing market, the vacancy rate of office buildings continued to trend higher as a result of tenants' reduction of rented areas to shift to telecommuting or cut costs, together with a clear increase in the number of vacancies due to the cancellation of large contracts while combining offices at fewer locations. This produced a downward trend in contracted rents.

In the market for retail facilities, sales of food at supermarkets, housing-related products, and other goods remained strong while conditions remained harsh for urban commercial facilities and restaurants due to ongoing stay-at-home advisories under the state of emergency.

In the market for luxury rental housing in Tokyo, both the occupancy rate and the rent level remained high thanks to the limited impact of COVID-19.

The situation for the hotel market continues to be harsh due to the ongoing decrease in the number of domestic and international travelers as a result of the COVID-19 pandemic.

Under these investment conditions, MTR carried out investment management to ensure more stable profit by maintaining the occupancy rate of portfolio properties, purchasing part of Kamiyacho Trust Tower and selling part of Tokyo Shiodome Building as of July 1, 2021.

As a result, as of September 30, 2021, the Investment Corporation owned 16 properties with a total book value of ¥306,237 million. The occupancy rate for the properties owned by the Investment Corporation was 99.1% (91.9% (Note)) as of September 31, 2021.

MTR and the Asset Management Company are making progress in their efforts, which consider the environment and society based on the recognition that activities to raise sustainability, such as environmental considerations, social contribution, and improvement of organizational governance in asset management operations, are essential for achieving a medium- to long-term increase in the investor value of investment corporations.

In the fiscal period under review, MTR, in connection with "E: environment," installed LED for the lighting of the exclusive areas of all office floors and the first-floor lobby of Tokyo Shiodome Building and the first basement floor and first-floor common area of Midosuji MTR Building to increase the energy efficiency of the facilities. For "S: society," MTR continued its efforts to ensure tenants' safety and security, such as placing disinfectants at common areas of its properties as measures against COVID-19 and providing documents on preventive measures against infection. In addition, MTR supported the activities of Japanese Red Cross Society by placing posters on its properties to cooperate in the Red Cross promotion activities. For "G: governance," MTR provided all executives and employees of the Asset Management Company with training on privacy protection to raise their awareness of legal compliance.

As a result of efforts to achieve ESG goals, MTR received a Green Star, which is given to participants who excel in both

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

categories of the Management Component, which measures the entity's policies, organizational structure, and other processes of promoting ESG goals, and the Performance Component, which measures the environmental performance of the entity's asset portfolio, activities with tenants, and other efforts, for the fifth consecutive time in the 2021 GRESB Real Estate Assessments. Moreover, MTR received a "4 Stars" in the five-scale GRESB ratings based on the global rankings of total scores.

(Note) The figure in parentheses is the occupancy rate calculated based on sublease agreements for properties using a master lease agreement under which rent income is linked to rents under sublease agreements or a pass-through master lease agreement.

### **(iii) Financing**

MTR borrowed a total of ¥17,000 million for the repayment of existing borrowings that have matured.

As a result, interest-bearing debt as of September 30, 2021 amounted to ¥155,000 million, of which long-term loans payable amounted to ¥135,000 million (including long-term loans payable of ¥31,500 million due for repayment within 1 year) and investment corporation bonds amounted to ¥14,000 million (including investment corporation bonds of ¥3,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of September 30, 2021 was 47.2% (compared with 47.5% as of March 31, 2021).

As of September 30, 2021, 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 abovementioned operations, operating revenue came to ¥9,202 million, operating income came to ¥5,563 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥5,205 million, and profit came to ¥5,041 million.

With the intention that the maximum amount of profit distributions would be included in tax-deductible expenses under the application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation), MTR decided to distribute all undistributed profit at the end of the fiscal period under review after a partial reversal (¥134 million) of the reserve for reduction entry accumulated under the Special Provisions for Taxation in the Case of Advanced Acquisition of Land, etc. in 2009 and 2010 in Article 66-2 of the Act on Special Measures Concerning Taxation and the deduction of the reserve for reduction entry of ¥490 million accumulated using the Special Provisions for Taxation in Cases of Repurchase of Specified Assets in Article 65-7 of the Act on Special Measures Concerning Taxation. Consequently, the distribution per investment unit amounted to ¥3,550.

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

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

The Japanese economy is expected to gradually recover as activity restrictions will be relaxed in line with the progress of vaccination and with the support of an increase in foreign demand, relative easing of monetary policy, and effects of the government's economic measures. Meanwhile, the impact of COVID-19 continues to require attention.

In the real estate investment market, expected cap rates will likely remain low for the time being, given the continued strength in demand particularly of domestic and foreign investors while sale of properties available for investment remains limited.

In the real estate leasing market, the upward trend in the vacancy rate and the downward trend in rents for office buildings are projected to continue as a result of a significant shift to telecommuting and companies' cost reduction. Meanwhile, recovery in demand is also expected through an increase in employee office attendance after the state of emergency is lifted and a decrease in new property supply.

In the markets for retail facilities and hotels, while conditions will likely remain challenging due to the impact of COVID-19, a recovery in financial performance is expected as a result of the relaxation of restrictions on restaurant operation and domestic traveling.

In the market for luxury rental housing in Tokyo, both the occupancy rate and rent levels are backed by limited new supply and a continuously stable supply and demand environment, which are thus likely to remain steady.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## **(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 and use of the real estate and the characteristics of tenants, this arrangement is deemed to have certain benefits.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

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

The Investment Corporation will examine points such as the amounts of loans, borrowing periods and the fixation of interest rates, and work to arrive at the optimum financing balance, bearing in mind the need to curb the negative effects of changes in financing conditions and reduce financing costs. The Investment Corporation will also consider issuing investment corporation bonds.

In addition, MTR will consider diversifying lenders and issuing investment corporation bonds while focusing on its conventional, long-term relationships with financial institutions.

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

1. Transfer of property

MTR sold assets on October 1, 2021.

Tokyo Shiodome Building

(i) Outline of the transfer

Property to be transferred: Real estate trust's beneficiary interest (co-owned interest 62,411 of 1,000,000)  
 Transfer price: 13,980 million yen

(Excluding transfer cost, property taxes, city planning taxes and consumption taxes)

Gain on transfer: We are to record gain on sales of real estate of approximately 1.4 billion yen in fiscal period ending March 2022 as operating revenues.

Date of transfer: October 1, 2021

Buyer: MORI TRUST CO., LTD.

Remarks: MTR signed a buy-sell agreement dated March 25, 2021, to split the transfer into two parts, completed the first part of the transfer by creating a trust for a co-ownership interest of 6.2411% dated July 1, 2021, and the second part of the transfer by creating an additional trust for a co-ownership interest of 6.2411% dated October 1, 2021. (Note)

(Note) Real estate trust's beneficiary rights corresponding to the co-owned interest to be sold are established separately every time. This time, real estate trust's beneficiary rights different from the first real estate trust's beneficiary rights were sold.

(ii) Outline of the property to be transferred

Location: 9-1 Higashi Shimbashi 1-chome, Minato Ward, Tokyo (displayed address)

Usage: Office building (Type of registry entry: office, hotel, store, parking lot)

Acreage: 17,847.73 m<sup>2</sup> ( including co-owned interest of other co-owners)

Total floor space: One building : 191,394.06 m<sup>2</sup>

Structure: Steel-framed reinforced concrete, reinforced concrete, Steel construction, flat roofed/37 stories with 4 basement levels

Construction completion: January, 2005

2. Acquisition of property

MTR purchased assets on October 1, 2021.

Kamiyacho Trust Tower

(i) Outline of the acquisition

Property to be acquired: Real estate trust's beneficiary interest  
 Land Ownership and land lease rights (site ownership ratio: 3.33628617%)  
 Building Sectionally owned (No. 801)

Exclusive portion owned by MTR: 3,797.72 m<sup>2</sup>

Acquisition price: 13,980 million yen

(Excluding acquisition cost, property taxes, city planning taxes and consumption taxes)

Date of acquisition: October 1, 2021

Seller: MORI TRUST CO., LTD.

Remarks: MTR signed a buy-sell agreement dated March 25, 2021, to split the acquisition into two parts, completed the first part of the acquisition by creating a trust dated July 1, 2021, and the second part of the acquisition by creating an additional trust dated October 1, 2021. (Note1)

Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

(ii) Outline of property to be acquired

Location:	1-1 Toranomom 4-chome, Minato Ward, Tokyo (displayed address)
Usage:	Office building (Type of registry entry: office) (Note2)
Acreage:	Site of one building: 16,131.84 m <sup>2</sup>
Total floor space:	One building: 196,037.12 m <sup>2</sup>
Structure:	Steel-framed reinforced concrete, flat roofed/37 stories with 4 basement levels
Construction completion:	March 2020

(Note1) Real estate trust's beneficiary rights corresponding to the sectionally owned interest to be purchased are established separately every time. This time, real estate trust's beneficiary rights different from the first real estate trust's beneficiary rights were purchased.

(Note2) The property to be acquired is a mixed-use building including office space, stores, medical facilities, a hotel and residences, however, the real estate usage is the usage of the section to be acquired (office).

**(vi) Forecasts of performance**

The Investment Corporation forecasts that performance in the next fiscal period the fiscal period ending March 31, 2022(from October 1, 2021 to March 31, 2022) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the fiscal period ending September 30, 2022(from April 1, 2022 to September 30, 2022) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the fiscal period ending March 31, 2022(from October 1, 2021 to March 31, 2022) and the fiscal period ending September 30, 2022(from April 1, 2022 to September 30, 2022)” below for further details of the assumptions of forecasts of performance.

	the fiscal period ending March 31, 2022	the fiscal period ending September 30, 2022
Operating revenues	¥8,415 million	¥6,818 million
Operating income	¥4,873 million	¥3,270 million
Ordinary income	¥4,511 million	¥2,891 million
Profit	¥4,368 million	¥3,226 million
Distribution per unit	¥3,075	¥3,000

(Note1 ) 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.

(Note2 ) The distributions for the fiscal period ending March 31, 2022, are based on the assumption of a partial reversal and reserving of retained earnings. The distributions for the fiscal period ending September 30, 2022, are based on the assumption of a partial reversal of retained earnings.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

**Assumptions for Forecasts of Performance for the Fiscal Period ending March 31, 2022 (from October 1, 2021 to March 31, 2022) and the Fiscal Period ending September 30, 2022 (from April 1, 2022 to September 30, 2022)**

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> <li>MTR assumes that the 16 properties held as of September 30, 2021, reflect the partial acquisition of Kamiyacho Trust Tower and the partial transfer of Tokyo Shiodome Building on October 1, 2021.</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 September 30, 2021. 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 ¥155,000 million as of September 30, 2021.</li> <li>MTR assumes that it will appropriate funds raised through refinancing and the issuance of investment corporation bonds to repay loans of ¥17,500 million that will fall due during the fiscal period ending March 31, 2022, and redeem investment corporation bonds of ¥3,000 million. MTR assumes that it will use refinancing to repay loans of ¥20,000 million that will fall due during the fiscal period ending September 30, 2022.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Concerning leasing business revenues, we take factors such as tenant movements into consideration.</li> <li>We assume that there will be no delayed payment or non-payment by tenants.</li> <li>MTR assumes rents for the offices and stores in Tokyo Shiodome Building for the fiscal period ending March 31, 2022, and the fiscal period ending September 30, 2022, to be based on sublease agreements already signed at present.</li> <li>Shinbashi MTR Building is assumed to be vacant from January 2022 and during the fiscal period ending March 31, 2022, and the fiscal period ending September 30, 2022.</li> <li>MTR estimates gains on sales of real estate, etc. of approximately ¥1,400 million for the fiscal period ending March 31, 2022, due to the partial sale of Tokyo Shiodome Building.</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 ¥872 million for the fiscal period ending March 31, 2022 and ¥945 million for the fiscal period ending September 30, 2022 fiscal period.</li> <li>We estimate property management fees of ¥722 million for the fiscal period ending March 31, 2022 and ¥721 million for the fiscal period ending September 30, 2022.</li> <li>We estimate depreciation of ¥1,127 million for the fiscal period ending March 31, 2022 and ¥1,120 million for the fiscal period ending September 30, 2022.</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 ¥465 million for the fiscal period ending March 31, 2022 and ¥414 million for the fiscal period ending September 30, 2022.</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 ¥362 million for the fiscal period ending March 31, 2022 and ¥379 million for the fiscal period ending September 30, 2022.</li> </ul>
Distributions	<ul style="list-style-type: none"> <li>Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation.</li> <li>On calculating the distribution for the fiscal period ending March 31, 2022, MTR assumes reversal of a portion worth ¥195 million (reserve for reduction entry of ¥134 million and relevant deferred tax liabilities of ¥61 million) of the internal reserves totaling ¥2,086 million (the total of reserve for reduction entry of ¥1,430 million and relevant deferred tax liabilities of ¥656 million) to be accumulated until the fiscal period ending September 30, 2021, under the application of the Special Provisions for Taxation in the Case of Advanced Acquisition of Land, etc. in 2009 and 2010 and Special Provisions for Taxation in Cases of Repurchase of Specified Assets and the accumulation as internal reserves of a portion worth ¥647 million (reserve for reduction entry of ¥443 million and relevant deferred tax liabilities of ¥203 million) of gains on sales of real estate, etc. due to the partial transfer of Tokyo Shiodome Building, which</li> </ul>

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

	<p>are expected to arise in the fiscal period ending March 31, 2022, under the application of Special Provisions for Taxation in Cases of Repurchase of Specified Assets.</p> <ul style="list-style-type: none"> <li>• On calculating the distribution for the fiscal period ending September 30, 2022, MTR assumes reversal of a portion worth ¥1,069 million (reserve for reduction entry of ¥733 million and relevant deferred tax liabilities of ¥336 million) of the internal reserves totaling ¥2,538 million (the total of reserve for reduction entry of ¥1,739 million and relevant deferred tax liabilities of ¥798 million) to be accumulated until the fiscal period ending March 31, 2022, under the application of the Special Provisions for Taxation in the Case of Advanced Acquisition of Land, etc. in 2009 and 2010 and Special Provisions for Taxation in Cases of Repurchase of Specified Assets.</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>

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## 4. FINANCIAL STATEMENTS

### (1) Balance Sheets

Thousands of yen

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	21,460,919	18,883,962
Cash and deposits in trust	3,118,666	2,979,150
Operating accounts receivable	48,279	45,140
Accounts receivable - other	2,839	395
Prepaid expenses	33,639	54,831
Other	8,160	9,290
<b>Total current assets</b>	<b>24,672,505</b>	<b>21,972,770</b>
Non-current assets		
Property, plant and equipment		
Buildings	40,488,240	37,804,123
Accumulated depreciation	(19,566,409)	(18,705,404)
Buildings, net	20,921,830	19,098,719
Structures	571,395	507,685
Accumulated depreciation	(532,617)	(472,793)
Structures, net	38,778	34,892
Machinery and equipment	153,655	153,655
Accumulated depreciation	(120,200)	(122,606)
Machinery and equipment, net	33,454	31,048
Tools, furniture and fixtures	107,339	109,079
Accumulated depreciation	(80,265)	(82,993)
Tools, furniture and fixtures, net	27,073	26,086
Land	136,672,529	125,628,932
Buildings in trust	28,402,864	31,121,100
Accumulated depreciation	(11,555,430)	(12,126,841)
Buildings in trust, net	16,847,433	18,994,259
Structures in trust	125,323	156,605
Accumulated depreciation	(105,126)	(107,008)
Structures in trust, net	20,196	49,597
Machinery and equipment in trust	7,693	34,117
Accumulated depreciation	(3,508)	(4,195)
Machinery and equipment in trust, net	4,185	29,922
Tools, furniture and fixtures in trust	96,617	98,318
Accumulated depreciation	(57,541)	(61,410)
Tools, furniture and fixtures in trust, net	39,075	36,907
Land in trust	130,939,930	142,307,259
<b>Total property, plant and equipment</b>	<b>305,544,488</b>	<b>306,237,624</b>
Intangible assets		
Other	240	240
<b>Total intangible assets</b>	<b>240</b>	<b>240</b>

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

	As of March 31, 2021	As of September 30, 2021
<b>Investments and other assets</b>		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	12,402	16,004
Other	3,602	3,208
<b>Total investments and other assets</b>	<b>26,004</b>	<b>29,212</b>
<b>Total non-current assets</b>	<b>305,570,733</b>	<b>306,267,077</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	57,923	48,777
<b>Total deferred assets</b>	<b>57,923</b>	<b>48,777</b>
<b>Total assets</b>	<b>330,301,163</b>	<b>328,288,624</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	363,723	340,740
Short-term loans payable	10,000,000	6,000,000
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term loans payable	26,500,000	31,500,000
Accounts payable – other	193,587	95,457
Accrued expenses	446,312	518,246
Dividends payable	7,922	8,289
Income taxes payable	956	606
Accrued consumption taxes	197,513	9,626
Advances received	1,010,197	999,415
Deposits received	322	322
<b>Total current liabilities</b>	<b>41,720,536</b>	<b>42,472,704</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	11,000,000	11,000,000
Long-term loans payable	106,500,000	103,500,000
Tenant leasehold and security deposits	9,460,564	9,618,022
Tenant leasehold and security deposits in trust	946,890	934,875
Deferred tax liabilities	493,156	656,564
<b>Total non-current liabilities</b>	<b>128,400,610</b>	<b>125,709,462</b>
<b>Total liabilities</b>	<b>170,121,147</b>	<b>168,182,166</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	1,074,447	1,074,447
<b>Total voluntary retained earnings</b>	<b>1,074,447</b>	<b>1,074,447</b>
Unappropriated retained earnings	5,115,527	5,041,970
<b>Total surplus</b>	<b>6,189,975</b>	<b>6,116,418</b>
<b>Total unitholders' equity</b>	<b>160,180,015</b>	<b>160,106,458</b>
<b>Total net assets</b>	<b>160,180,015</b>	<b>160,106,458</b>
<b>Total liabilities and net assets</b>	<b>330,301,163</b>	<b>328,288,624</b>

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## (2) Statement of income

For the six-month period ended March 31, 2021 and September 30, 2021

	Thousands of yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
Operating revenue		
Lease business revenue	8,530,598	7,485,180
Other lease business revenue	259,331	283,283
Gain on sale of investment property	-	1,433,905
<b>Total operating revenue</b>	<b>8,789,929</b>	<b>9,202,368</b>
Operating expenses		
Expenses related to rent business	2,880,013	3,152,474
Asset management fee	334,798	335,797
Asset custody fee	13,129	12,893
Administrative service fees	48,455	58,358
Directors' compensations	3,600	3,600
Other operating expenses	45,200	75,764
<b>Total operating expenses</b>	<b>3,325,198</b>	<b>3,638,888</b>
Operating income	5,464,731	5,563,480
Non-operating income		
Interest income	110	107
Reversal of dividends payable	1,034	782
Insurance income	35,405	-
<b>Total non-operating income</b>	<b>36,550</b>	<b>890</b>
Non-operating expenses		
Interest expenses	334,045	325,876
Interest expenses on investment corporation bonds	15,410	22,802
Amortization of investment corporation bond issuance costs	8,994	9,146
other	26,661	1,071
<b>Total non-operating expenses</b>	<b>385,112</b>	<b>358,895</b>
Ordinary income	5,116,169	5,205,474
Profit before income taxes	5,116,169	5,205,474
Income taxes - current	973	623
Income taxes - deferred	△0	163,408
Total income taxes	972	164,031
Profit	5,115,197	5,041,443
Retained earnings at beginning of period	329	527
Unappropriated retained earnings	5,115,527	5,041,970

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

### (3) Statement of changes in Net Assets

For the six-month period from October 1, 2020 to March 31, 2021

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	1,074,447	1,074,447	5,058,569	6,133,017	160,123,057	160,123,057
Changes of items during period							
Dividends of surplus				(5,058,240)	(5,058,240)	(5,058,240)	(5,058,240)
Profit				5,115,197	5,115,197	5,115,197	5,115,197
Total changes of items during period	—	—	—	56,957	56,957	56,957	56,957
Balance at end of current period	153,990,040	1,074,447	1,074,447	5,115,527	6,189,975	160,180,015	160,180,015

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

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	
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
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.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

#### (4) Statement of Cash Distributions

For the six-month period ended March 31, 2021 and September 30, 2021

Unit: yen

	The Fiscal Period ended March 31, 2021 (October 1, 2020 to March 31, 2021)	The Fiscal Period ended September 30, 2021 (April 1, 2021 to September 30, 2021)
I. Unappropriated retained earnings	5,115,527,248	5,041,970,716
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	—	134,114,736
III. Distribution amount	5,115,000,000	4,686,000,000
(Distribution amount per unit)	(3,875)	(3,550)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	—	490,085,452
V. Retained earnings carried forward	329,966	—
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 5,115,000,000 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (1,320,000 units), not exceeding unappropriated retained earnings.</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 66-7 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>

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## (5) Statement of cash flows

For the six-month period ended March 31, 2021 and September 30, 2021

	Thousands of yen	
	For the period from October 1, 2020 to March 31, 2021	For the period from April 1, 2021 to September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,116,169	5,205,474
Depreciation	1,126,895	1,113,968
Amortization of investment corporation bond issuance costs	8,994	9,146
Interest income	(110)	(107)
Interest expenses	349,456	348,678
Decrease (Increase) in operating accounts receivable	209,847	(1,727)
Increase (Decrease) in operating accounts payable	83,620	69,932
Increase (Decrease) in accrued consumption taxes	(85,676)	(187,887)
Increase (Decrease) in advances received	(509,616)	(10,782)
Decrease due to sale of investment property	-	12,538,270
Other, net	24,911	53,598
Subtotal	6,324,491	19,138,564
Interest income received	110	107
Interest expenses paid	(353,711)	(353,821)
Income taxes paid	(964)	(972)
Net cash provided by operating activities	5,969,926	18,783,877
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(69,997)	(263,209)
Purchase of property, plant and equipment in trust	(296,347)	(14,180,295)
Repayments of tenant leasehold and security deposits	(405,972)	(195,043)
Proceeds from tenant leasehold and security deposits	161,616	250,001
Repayments of tenant leasehold and security deposits in trust	(17,528)	(55,395)
Proceeds from tenant leasehold and security deposits in trust	45,481	57,831
Other	-	393
Net cash used in investing activities	(582,747)	(14,385,718)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(3,000,000)	(4,000,000)
Proceeds from long-term loans payable	13,500,000	14,000,000
Repayments of long-term loans payable	(10,500,000)	(12,000,000)
Proceeds from issuance of investment corporation bonds	5,000,000	-
Redemption of investment corporation bonds	(3,000,000)	-
Payments for investment corporation bond issuance costs	(30,437)	-
Dividends paid	(5,059,009)	(5,114,632)
Net cash used in financing activities	(3,089,446)	(7,114,632)
Net increase (decrease) in cash and cash equivalents	2,297,733	(2,716,473)
Cash and cash equivalents at beginning of period	22,281,852	24,579,586
Cash and cash equivalents at end of period	24,579,586	21,863,112

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

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## 5. Reference Information

### (1) Composition of assets

type	Region	As of March 31, 2021		As of September 30, 2021	
		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)	133,892	40.5	121,134	36.9
	Other (Note 4)	23,801	7.2	23,685	7.2
Trust	Central Tokyo (Note 3)	113,135	34.3	126,922	38.7
	Other (Note 4)	34,715	10.5	34,495	10.5
Subtotal		305,544	92.5	306,237	93.3
Other assets		24,756	7.5	22,051	6.7
Total		330,301	100.0	328,288	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.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

## (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 September 30, 2021 was 16, 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 September 30, 2021 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
Kamiyacho Trust Tower (Note 5) (Note 7)	4-24-6 Toranomon, Minato-ku, Tokyo, etc.	16,131.84	196,037.12	SRC B4/37F	Owned	Owned
Osaki MT Building (Note 4)	5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	13,852.74	26,980.68	S・SRC B3/14F	Owned	Owned
Midosuji MTR Building (Note 5)	3-43-5 Awajimachi, Chuo-ku, Osaka City	1,560.98	15,129.16	S・SRC B2/13F	Owned	Owned
Hiroo MTR Building (Note 5)	2-91-1, Ebisu, Shibuya-ku, Tokyo	1,671.79	6,709.80	SRC B1/7F	Owned	Owned
Tenjin Prime (Note 5) (Note 8)	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 9)	3-9-1 Shinyokohama, Kohoku-ku, Yokohama City, etc.	2,671.11	A-Wing : 11,636.35 B-Wing : 13,550.87 Total : 25,187.22	A-Wing : SRC B1/9F B-Wing : S・ SRC B1/16F	Owned	Owned
SHIBUYA FLAG (Note 5)	81-11 Udagawacho, Shibuya-ku, Tokyo, etc.	1,026.44	7,766.49	S・SRC B2/9F	Owned	Owned
Shinbashi Ekimae MTR Building	2-28-2 Shinbashi, Minato-ku, Tokyo, etc.	1,069.88	7,820.45	S・SRC・RC B2/8F	Owned	Owned
Ito-Yokado Shonandai	6-2-1 Ishikawa, Fujisawa City, Kanagawa Prefecture	35,209.93	53,393.66	S 5F	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 437,589/1,000,000. Moreover, the Tokyo Shiodome Building is a co-owned building, and the floor area of 83,751.93m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio of 437,589/1,000,000) 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 3 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 3 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 3 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

#### Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

of 907,880/1,000,000) by the total floor space.

- (Note 5) Of the 16 properties listed above, the ON Building, the Kioicho Building, Kamiyacho Trust Tower, the Midosuji MTR Building, Hiroo MTR Building, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other 7 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.
- (Note 6) The land area of the Kioicho Building is the total area of the 8 sections of land, the site of the relevant building, and it includes the interest of other owners (partial ownership). Of the 8 sections of land in question, 5 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 Kamiyacho Trust Tower is the total of 14 plots comprising the site of the building, including leased land. The building of Kamiyacho Trust Tower is sectionally owned and the building area indicated is the total floor area of one building. The floor area for exclusive use owned by the trust fiduciary having MTR as the only trust beneficiary is 3,797.72 m<sup>2</sup>.
- (Note 8) The land area of Tenjin Prime is the total area of the 7 sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the 7 sections of land in question, 6 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 9) 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.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

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		Discounted cash flow (DCF) method		Appraiser	Investment ratio (Note 4)
						Cap rate	Discount rate	Terminal cap rate			
Central Tokyo	Office building	Tokyo Shiodome Building	96,269 (Note 5)	87,783	94,900	3.3%	3.2%	3.3%	Rich Appraisal Institute K.K.	29.7%	
		ON Building	39,900	38,982	33,800	3.5%	3.2%	3.7%	Japan Real Estate Institute	12.3%	
		Kioicho Building	34,300	33,112	38,000	3.2%	3.0%	3.4%	Daiwa Real Estate Appraisal Co., Ltd.	10.6%	
		Kamiyacho Trust Tower	13,980	14,036	15,550	2.6%	2.5%	2.7%	Daiwa Real Estate Appraisal Co., Ltd.	4.3%	
		Osaki MT Building	14,386 (Note 6)	12,954	16,800	3.4%	3.1%	3.6%	Japan Real Estate Institute	4.4%	
		Hiroo MTR Building	8,100	8,354	8,440	3.6%	3.4%	3.8%	Daiwa Real Estate Appraisal Co., Ltd.	2.5%	
	Subtotal		206,936	195,222	207,490	—				63.8%	
	Retail facility	SHIBUYA FLAG	32,040	32,437	40,500	3.2%	3.0%	3.4%	Japan Real Estate Institute	9.9%	
		Shinbashi Ekimae MTR Building	18,000	17,274	22,000	3.6%	3.4%	3.8%	Chuo-Nittochi Solutions Co., Ltd.	5.5%	
	Subtotal		50,040	49,711	62,500	—				15.4%	
	Other	Park Lane Plaza	3,200	3,133	4,080	3.4%	4.1%	3.1%	Chuo-Nittochi Solutions Co., Ltd.	1.0%	
	Subtotal		3,200	3,121	4,080	—				1.0%	
	Subtotal		260,176	248,056	274,070	—				80.2%	
Other	Office building	Midosuji MTR Building	10,170	9,949	10,500	3.6%	3.4%	3.8%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	
		Tenjin Prime	6,940	6,605	9,080	3.9%	3.6%	4.1%	Japan Real Estate Institute	2.1%	
		Shin-Yokohama TECH Building	6,900	6,774	7,970	4.6%	4.4%	4.9%	Chuo-Nittochi Solutions Co., Ltd.	2.1%	
	Subtotal		24,010	23,330	27,550	—				7.4%	
	Retail facility	Ito-Yokado Shonandai	11,600	9,779	11,700	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.6%	
		Kohnan Sagami-hara-Nishihashimoto	7,460	7,130	8,500	5.2%	4.9%	5.4%	Japan Real Estate Institute	2.3%	
		Frespo Inage	2,100 (Note 7)	2,193	2,610	— (Note 8)	7.9%	— (Note 9)	Japan Real Estate Institute	0.6%	
	Subtotal		21,160	19,103	22,810	—				6.5%	
	Other	Hotel Okura Kobe	19,000	15,747	16,900	4.9%	4.7%	5.0%	Rich Appraisal Institute K.K.	5.9%	
	Subtotal		19,000	15,747	16,900	—				5.9%	
Subtotal		64,170	58,181	67,260	—				19.8%		
Total		324,346	306,237	341,330	—				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, the Kamiyacho Trust Tower and the Kioicho Building are categorized as “Office building”, which is the main use of the buildings, and SHIBUYA FLAG is categorized as “Retail facility”, which is the main use of the building. The same applies thereafter.

Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

- (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.
- (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 September 30, 2021) 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 Tokyo Shiodome Building indicated is equivalent to 43.7589% of the co-ownership interest held by MTR as of September 30, 2021, out of ¥110,000 million, which is the acquisition price of 50% of the co-ownership interest of the property concerned, due to the sale of 6.2411% co-ownership interest on July 1, 2021.
- (Note 6) 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 7) 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 8) The direct capitalization method is not adopted for Frespo Inage.
- (Note 9) The terminal cap rate of Frespo Inage has not been stipulated.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

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

The situation of leasing of the Portfolio held by MTR as of September 30, 2021 is as follows.

Of the Portfolio held by MTR, the property in the Portfolio whose rental revenues account for 10% of the total rental revenues of the entire Portfolio or higher in the fiscal period ended September 30, 2021 (six months from April 1, 2021 to September 30, 2021) is 3 properties, Tokyo Shiodome Building, ON 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 building	Tokyo Shiodome Building (Note 5)	1,829	23.6%	83,751.93	83,751.93	1 (9)
		ON Building	(Note 6)	(Note 6)	20,654.60	20,654.60	1
		Kioicho Building (Note 7)	964	12.4%	24,748.48	22,196.69	34 (69)
		Kamiyacho Trust Tower (Note 8)	78	1.0%	3,851.27	3,851.27	1 (5)
		Osaki MT Building (Note 9)	334	4.3%	24,495.21	24,495.21	1 (13)
		Hiroo MTR Building (Note 10)	185	2.4%	4,946.36	4,329.33	8
	Retail Facility	SHIBUYA FLAG (Note 10)	(Note 6)	(Note 6)	5,983.86	5,514.88	2
		Shinbashi Ekimae MTR Building	460	5.9%	8,055.00	8,055.00	1
	Other	Park Lane Plaza (Note 11)	108	1.4%	4,443.03	4,443.03	18
Other	Office building	Midosuji MTR Building (Note 12)	302	3.9%	15,129.16	15,129.16	1 (32)
		Tenjin Prime (Note 10)	251	3.2%	5,990.40	5,990.40	14
		Shin-Yokohama TECH Building	354	4.6%	18,238.86	18,238.86	13
	Retail facility	Ito-Yokado Shonandai	375	4.8%	53,393.66	53,393.66	1
		Kohnan Sagami-hara-Nishihashimoto	(Note 6)	(Note 6)	40,283.77	40,283.77	1
		Frespo Inage	123	1.6%	39,556.71	39,556.71	1
	Other	Hotel Okura Kobe	622	8.0%	72,246.86	72,246.86	1
Total (Note 13)			7,768	100.0%	425,769.16	422,131.36	99 (189)

(Note 1) "Rental revenues" stated are rental revenues (rent, common charges, other rental revenues, etc.) for the fiscal period ended September 30, 2021 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 (437,589/1,000,000) 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 (437,589/1,000,000) 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) A master lease agreement, under which rent income is linked to rents under sublease agreements, is used for the office and store sections, and a master lease agreement specifying a fixed rent is used for the hotel section of Tokyo Shiodome Building. The numbers in parentheses of the total number of tenants of the property represent the total number of tenants based on sublease agreements for the office and store section and that based on the master lease agreement for the hotel section.

(Note 6) The "Rental revenues" and the "Ratio to total rental revenues" of the ON Building, SHIBUYA FLAG and Kohnan Sagami-hara-Nishihashimoto are not disclosed because the agreements of the tenants about disclosing rents have not been able to be obtained.

Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

- (Note 7) 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 8) A master lease agreement, under which rent income is linked to rents for joint management units, is used for Kamiyacho Trust Tower, and the number in parentheses of the total number of tenants of the property is the total number of tenants of the joint management units. Joint management is the system in which 25 floors from the sixth to the 30th floors are designated as joint management units, each unit owner signs a lease agreement with Mori Trust Co., Ltd., designating the unit owner as the lessor and Mori Trust Co., Ltd. as the lessee, and the lessee subleases each floor as a joint management unit. The lessee distributes the total income generated from these joint management units according to interest ratios based on the exclusively owned area owned by each unit owner.
- (Note 9) 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.
- (Note 10) MTR leases the land and building of Hiroo MTR Building, SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The total number of tenants of the above properties is that under the sublease agreements.
- (Note 11) 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 12) 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 13) The numbers in parentheses of the total number of tenants represent the total numbers of tenants based on sublease agreements for Kioicho Building, Osaki MT Building, and Midosuji MTR Building and the overall number of tenants in all joint management units for Kamiyacho Trust Tower. The total number of tenants in Tokyo Shiodome Building represents that based on Note 5.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

Occupancy rate of the Portfolio

Region	Use	Property name	2021		2020		2019		2018		2017	
			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.	End of Mar.
Central Tokyo	Office building	Tokyo Shiodome Building (Note 2)	100.0 (53.5)	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 3)	89.7 (89.7)	90.8 (89.5)	99.9 (98.7)	99.9 (98.7)	99.9 (98.5)	99.9 (99.9)	99.9 (99.9)	99.9 (98.7)	99.9 (98.1)	99.9 (98.1)
		Kamiyacho Trust Tower (Note 4)	100.0 (97.3)	—	—	—	—	—	—	—	—	—
		Osaki MT Building (Note 5)	100.0 (85.8)	100.0 (85.0)	100.0 (99.1)	100.0 (97.8)	100.0 (91.8)	100.0 (91.8)	100.0 (100.0)	100.0 (92.7)	100.0 (92.7)	100.0 (92.7)
		Hiroo MTR Building (Note 6)	87.5	100.0	100.0	100.0	100.0	100.0	84.2	99.5	—	—
	Subtotal (Note 7)		98.0 (75.1)	98.7 (97.1)	99.9 (99.7)	99.9 (99.6)	99.9 (99.0)	99.9 (99.3)	99.5 (99.5)	99.9 (99.1)	99.9 (99.0)	99.9 (99.0)
	Retail facility	SHIBUYA FLAG (Note 6)	92.2	92.2	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		96.7	96.7	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Park Lane Plaza	100.0	95.9	100.0	92.9	95.9	100.0	100.0	96.8	100.0	100.0
	Subtotal		100.0	95.9	100.0	92.9	95.9	100.0	100.0	96.8	100.0	100.0
Subtotal (Note 7)			98.0 (78.1)	98.5 (97.0)	99.9 (99.7)	99.8 (99.5)	99.9 (99.0)	99.9 (99.3)	99.6 (99.5)	99.9 (99.2)	99.9 (99.1)	99.9 (99.1)
Other	Office building	Midosuji MTR Building (Note 8)	100.0 (100.0)	100.0 (95.6)	100.0 (98.4)	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)	100.0 (96.4)	100.0 (100.0)	100.0 (95.5)	100.0 (95.0)
		Tenjin Prime (Note 6)	100.0	100.0	100.0	100.0	100.0	100.0	89.1	100.0	100.0	100.0
		Shin-Yokohama TECH Building	100.0	100.0	100.0	100.0	100.0	98.7	98.7	95.7	92.6	98.8
	Subtotal (Note 7)		100.0 (100.0)	100.0 (98.7)	100.0 (99.5)	100.0 (100.0)	100.0 (100.0)	99.4 (99.3)	97.7 (96.3)	98.0 (97.7)	96.6 (94.7)	99.5 (97.9)
	Retail facility	Ito-Yokado Shonandai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kohnan Sagami-hara-Nishihashimoto	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Frespo Inage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Hotel Okura Kobe	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Subtotal (Note 7)			100.0	100.0 (99.8)	100.0 (99.9)	100.0 (100.0)	100.0 (100.0)	99.9 (99.9)	99.6 (99.5)	99.7 (99.7)	99.4 (99.2)	99.9 (99.8)
Total (Note 7)			99.1 (91.9)	99.3 (98.6)	99.9 (99.9)	99.9 (99.8)	99.9 (99.6)	99.9 (99.7)	99.6 (99.5)	99.8 (99.2)	99.7 (99.5)	99.9 (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. If the result of rounding is 100.0%, however, the rate is indicated as 99.9% by rounding down the second decimal place to the nearest first decimal place.

(Note 2) A master lease agreement, under which rent income is linked to rents under sublease agreements, has been used for the office and store sections, and a master lease agreement specifying a fixed rent has been used for the hotel section of Tokyo Shiodome Building since April 1, 2021. Therefore, the numbers in parentheses of the occupancy rates of the properties as of September 30, 2021, represent occupancy rates based on sublease agreements for the office and store section and occupancy rates based on the master lease agreement for the hotel section.

(Note 3) 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 4) A master lease agreement, under which rent income is linked to the rents for joint management units, is used for Kamiyacho Trust Tower, and the number in parentheses of the occupancy rate of the property is the occupancy rate of the entire joint management units.

(Note 5) 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.

Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

- (Note 6) MTR leases the land and building of Hiroo MTR Building, SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rates of the above properties are those under the sublease agreements.
- (Note 7) The numbers in parentheses of subtotal and total occupancy rates represent occupancy rates based on sublease agreements for Kioicho Building, Osaki MT Building, and Midosuji MTR Building and the occupancy rate calculated based on the occupancy rate of the entire joint management units for Kamiyacho Trust Tower. The occupancy rate of Tokyo Shiodome Building as of September 30, 2021, was calculated according to Note 2.
- (Note 8) 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 English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.

**Disclaimer:**

This report contains translations of selected information described in the Financial Release (Kessan-Tanshin) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the fiscal period ended September 30, 2021 from April 1, 2021 to September 30, 2021, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

This English language document was prepared solely for the convenience of and reference by investors and neither corresponds to the original Japanese documents nor is intended to constitute a disclosure document. The Japanese language Kessan-Tanshin and the Financial Statements and the Performance Information Report for the aforementioned should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation.

None of MTR, MORI TRUST Asset Management Co., Ltd. (MTAM) or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by MTR, MTAM or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements are a translation of the unaudited financial statements of MTR, that were prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles and practices in other jurisdictions. In preparing the financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

MTR does not intend and is under no obligation to update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, November 18, 2021, and MTR does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.

**Disclaimer:**

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation.