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## Independent Auditor's Report

The Board of Directors  
MORI TRUST Sogo Reit, Inc.

We have audited the accompanying financial statements of MORI TRUST Sogo Reit, Inc., which comprise the balance sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MORI TRUST Sogo Reit, Inc. as at March 31, 2018, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC.*

June 21, 2018



FINANCIAL STATEMENTS  
BALANCE SHEETS

Thousands of yen

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

Thousands of yen

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

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



## STATEMENTS OF INCOME AND RETAINED EARNINGS

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

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

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, 2017 to September 30, 2017

Thousands of yen

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

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

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

Thousands of yen

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

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



## STATEMENTS OF CASH DISTRIBUTIONS

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

(Unit: yen)

	For the period from April 1, 2017 to September 30, 2017	For the period from October 1, 2017 to March 31, 2018
I. Unappropriated retained earnings	7,049,802,986	4,785,653,121
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	—	32,346,879
III. Distribution amount	6,552,480,000	4,818,000,000
(Distribution amount per unit)	(4,964)	(3,650)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	497,322,986	—
V. Retained earnings carried forward	0	0
Calculation method of distribution amount	<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 deducting provision of the reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 6,552,480,000 yen.</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 sum of unappropriated retained earnings and the reversal of reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 4,818,000,000 yen.</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 September 30, 2017 and March 31, 2018

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

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



## NOTES TO FINANCIAL STATEMENTS

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

### 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 75% by MORI TRUST Co., Ltd., 10% by Sompo Japan Nipponkoa Insurance Inc., 5% by Sumitomo Mitsui Banking Corporation, 5% by MUFG bank, Ltd., and 5% by Mizuho Bank, 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, 2018, MTR owned a portfolio of 15 properties with a total rentable area of 433,865.34 sq. meters occupied by 97 tenants. The occupancy rate was 99.8%.

#### 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 - 47 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.

#### Revenue recognition

Revenues from leasing of investment properties are recognized as rent accrued over the lease period.

#### 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.



### 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.

### 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.

### Consumption taxes

Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of income and retained earnings. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld is included in current assets and the excess of amounts withheld over payments is included in current liabilities.

## 3. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2017 and March 31, 2018 consisted of the following:

	Thousands of yen			
	As of September 30, 2017		As of March 31, 2018	
	Acquisition Cost	Book Value	Acquisition Cost	Book Value
Land	136,672,529	136,672,529	136,672,529	136,672,529
Buildings and structures	40,160,163		40,267,850	
Accumulated depreciation	(15,023,247)	25,136,915	(15,770,068)	24,497,781
Machinery and equipment	133,961		152,086	
Accumulated depreciation	(105,359)	28,601	(106,985)	45,100
Tools, furniture and fixtures	93,751		96,113	
Accumulated depreciation	(60,371)	33,380	(63,199)	32,913
Land in trust	123,359,160	123,359,160	130,930,959	130,930,959
Buildings and structures in trust	26,214,631		27,151,579	
Accumulated depreciation	(7,975,725)	18,238,905	(8,503,948)	18,647,631
Machinery and equipment in trust	2,897		2,897	
Accumulated depreciation	(2,233)	664	(2,261)	636
Tools, furniture and fixtures in trust	57,799		60,813	
Accumulated depreciation	(30,605)	27,193	(33,849)	26,963
Total		303,497,351		310,854,517

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥38,340 thousand at September 30, 2017 and ¥38,340 thousand at March 31, 2018.

#### 4. SHORT-TERM LOANS PAYABLE

Short-term loans payable at September 30, 2017 and March 31, 2018 consisted of the following:

Lender	Thousands of yen		Average interest rate (%) (1)	Due on	Use of funds	Note
	As of September 30, 2017	As of March 31, 2018				
Resona Bank, Limited	500,000	—	—	—		
Mizuho Bank, Ltd.	2,000,000	2,000,000	0.18	April 12, 2018		
Mitsubishi UFJ Trust & Banking Corporation (2)	3,000,000	3,000,000	0.18	August 31, 2018		
Resona Bank, Limited	—	500,000	0.18	October 18, 2018	(3)	(4)
Mizuho Bank, Ltd.	—	1,500,000	0.15	March 22, 2019		
Sumitomo Mitsui Trust Bank, Ltd.	—	1,500,000	0.15	March 22, 2019		
Total short-term loans	5,500,000	8,500,000	-	-	-	-

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

(2) Mitsubishi UFJ Trust and Banking Corporation transferred its corporate loan-related businesses to MUFG Bank, Ltd. effective April 16, 2018. The same applies hereinafter.

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

(4) 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, 2018.

#### 5. LONG-TERM LOANS PAYABLE

Long-term loans payable at September 30, 2017 and March 31, 2018 consisted of the following:

Lender	Thousands of yen		Average interest rate (%) (1)	Due on	Use of funds	Note
	As of September 30, 2017	As of March 31, 2018				
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	—	—	—		
Mitsubishi UFJ Trust & Banking Corporation (2)	1,000,000	—	—	—		
Sumitomo Mitsui Banking Corporation	5,000,000	—	—	—		
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	5,000,000	—	—	—		
Mizuho Bank, Ltd.	3,000,000	—	—	—		
ORIX Bank Corporation	2,000,000	—	—	—		
Development Bank of Japan Inc.	1,500,000	—	—	—		
Mitsubishi UFJ Trust & Banking Corporation (2)	4,500,000	4,500,000	0.47	April 13, 2018		
Mizuho Bank, Ltd.	3,000,000	3,000,000	0.85	April 24, 2018		
Aozora Bank, Ltd.	1,000,000	1,000,000	0.85	April 24, 2018		
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.63	May 31, 2018		
ORIX Bank Corporation	1,000,000	1,000,000	0.78	August 30, 2018		
Mitsubishi UFJ Trust & Banking Corporation (2)	3,000,000	3,000,000	0.44	August 31, 2018		
Development Bank of Japan Inc.	1,000,000	1,000,000	0.99	August 31, 2018		
Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000	0.72	February 28, 2019		
Development Bank of Japan Inc.	2,000,000	2,000,000	0.75	April 11, 2019		
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.75	April 11, 2019	(4)	(5)
Sumitomo Mitsui Banking Corporation	3,000,000	3,000,000	0.96	April 24, 2019		
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	2,000,000	2,000,000	1.04	August 30, 2019		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.53	August 30, 2019		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.69	August 30, 2019		
Development Bank of Japan Inc.	1,000,000	1,000,000	1.12	August 30, 2019		
Tokio Marine & Nichido Fire Insurance Co., Ltd.	500,000	500,000	0.17	August 30, 2019		
Sumitomo Mitsui Banking Corporation	5,000,000	5,000,000	1.04	October 11, 2019		
Sumitomo Mitsui Banking Corporation	2,000,000	2,000,000	0.97	October 11, 2019		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.64	October 17, 2019		
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.62	December 26, 2019		
The Bank of Fukuoka, Ltd.	500,000	500,000	0.62	December 26, 2019		
Resona Bank, Limited.	500,000	500,000	0.62	December 26, 2019		
Nippon Life Insurance Company	500,000	500,000	0.62	December 26, 2019		
The Nishi-Nippon City Bank, Ltd.	500,000	500,000	0.57	December 26, 2019		
The Bank of Fukuoka, Ltd.	500,000	500,000	0.33	January 31, 2020		
The Bank of Fukuoka, Ltd.	500,000	500,000	0.62	January 31, 2020		
Sumitomo Mitsui Trust Bank, Ltd.	3,000,000	3,000,000	0.63	February 28, 2020		
Mitsubishi UFJ Trust & Banking Corporation (2)	3,000,000	3,000,000	0.20	February 28, 2020		
The Hachijuni Bank, Ltd.	1,000,000	1,000,000	0.34	February 28, 2020		
Development Bank of Japan Inc.	1,000,000	1,000,000	0.88	March 12, 2020		

Sumitomo Mitsui Trust Bank, Ltd.	4,000,000	4,000,000	0.65	April 13, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	4,000,000	4,000,000	1.07	April 24, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	3,000,000	3,000,000	1.18	August 31, 2020
Nippon Life Insurance Company	500,000	500,000	0.63	August 31, 2020
Nippon Life Insurance Company	1,000,000	1,000,000	0.55	September 30, 2020
Sumitomo Mitsui Banking Corporation	3,000,000	3,000,000	1.09	October 9, 2020
Mitsubishi UFJ Trust & Banking Corporation (2)	—	1,000,000	0.34	December 25, 2020
Mizuho Bank, Ltd	—	1,000,000	0.32	January 19, 2021
Development Bank of Japan Inc.	—	500,000	0.32	January 19, 2021
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.27	February 26, 2021
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.27	February 26, 2021
Development Bank of Japan Inc.	1,000,000	1,000,000	1.02	March 12, 2021
Mitsubishi UFJ Trust & Banking Corporation (2)	1,500,000	1,500,000	0.30	March 31, 2021
Sumitomo Mitsui Banking Corporation	5,000,000	5,000,000	1.02	April 9, 2021
Resona Bank, Limited.	1,000,000	1,000,000	0.28	April 22, 2021
Resona Bank, Limited.	500,000	500,000	0.28	May 31, 2021
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.37	August 31, 2021
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.34	August 31, 2021
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	1,500,000	1,500,000	0.89	October 1, 2021
Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000	0.83	December 24, 2021
Sumitomo Mitsui Trust Bank, Ltd.	—	1,000,000	0.41	December 24, 2021
Aozora Bank, Ltd.	500,000	500,000	0.83	December 24, 2021
Sumitomo Mitsui Banking Corporation	—	2,500,000	0.38	January 19, 2022
Mizuho Bank, Ltd.	—	500,000	0.38	January 19, 2022
The Bank of Fukuoka, Ltd.	2,000,000	2,000,000	0.47	January 31, 2022
Development Bank of Japan Inc.	3,000,000	3,000,000	0.84	February 28, 2022
Sumitomo Mitsui Banking Corporation	—	1,500,000	0.42	February 28, 2022
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	—	500,000	0.42	February 28, 2022
The Dai-ichi Life Insurance Company, Limited	500,000	500,000	0.45	February 28, 2022
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
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.	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, Limited.	—	1,500,000	0.44	January 19, 2023
Mizuho Bank, Ltd.	—	500,000	0.44	January 19, 2023
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	—	2,500,000	0.49	February 28, 2023
Mizuho Bank, Ltd.	—	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
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.48	August 31, 2023
Resona Bank, Limited.	1,000,000	1,000,000	0.48	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	0.46	October 18, 2023
Development Bank of Japan Inc.	1,500,000	1,500,000	0.64	February 29, 2024
Aozora Bank, Ltd.	2,000,000	2,000,000	0.54	March 11, 2024
Shinkin Central Bank	—	2,000,000	0.57	March 19, 2024
Mizuho Bank, Ltd.	—	1,500,000	0.56	January 17, 2025
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	—	500,000	0.56	January 17, 2025
Mizuho Bank, Ltd.	—	1,000,000	0.65	February 28, 2025
Sumitomo Mitsui Banking Corporation	—	1,000,000	0.65	February 28, 2025
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3)	—	500,000	0.65	February 28, 2025
Development Bank of Japan Inc.	—	1,000,000	0.64	March 19, 2025
Total long-term loans	133,500,000	137,500,000	-	-

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

(2) Mitsubishi UFJ Trust and Banking Corporation transferred its corporate loan-related businesses to MUFG Bank, Ltd. effective April 16, 2018. The same applies hereinafter.

(3) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. effective April 1, 2018. The same applies hereinafter.

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

(5) The above loans are unsecured and non-guaranteed with fixed interest rates.



(6) 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:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount of loans (Thousands of yen)	33,000,000	23,000,000	23,500,000	23,000,000

## 6. INVESTMENT CORPORATION BONDS

Investment corporation bonds at September 30, 2017 and March 31, 2018 consisted of the following:

	Thousands of yen		Average interest rate (%)	Due on	Use of funds	Note
	As of September 30, 2017	As of March 31, 2018				
Unsecured bonds due on February 26, 2018	4,000,000	—	0.18	February 26, 2018		
Unsecured bonds due on February 25, 2019	3,000,000	3,000,000	0.11	February 25, 2019		
Unsecured bonds due on February 21, 2020	4,000,064	4,000,050	0.00 *	February 21, 2020	(1)	(2)
Unsecured bonds due on February 26, 2027	1,000,000	1,000,000	1.07	February 26, 2027		
Unsecured bonds due on February 23, 2037	1,000,000	1,000,000	1.08	February 23, 2037		
Total	13,000,064	9,000,050	-	-	-	-

\* The interest rate for the unsecured bonds due on February 21, 2020 is 0.001%. In addition, the bond was issued over par (at a price exceeding the par value), and thus the yield to maturity is about 0.0003% annually.

(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)	4,000,000	-	-	-

## 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, 2017 and March 31, 2018, 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, 2017 and March 31, 2018 were as follows:

	As of September 30, 2017	As of March 31, 2018
	Thousands of yen	
<b>Deferred tax assets:</b>		
Accrued enterprise tax	21	13
Total deferred tax assets	21	13
<b>Deferred tax liabilities:</b>		
Reserve for advanced depreciation of non-current assets	515,301	500,364
Total deferred tax liabilities	515,301	500,364
<b>Net deferred tax assets (liabilities)</b>	<b>(515,279)</b>	<b>(500,351)</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, 2017 and March 31, 2018 was as follows:

	April 1, 2017 to September 30, 2017	October 1, 2017 to March 31, 2018
Statutory tax rate	31.74%	31.74%
Deductible dividend distribution	(28.57%)	(32.05%)
Others	0.00%	0.02%
Effective tax rates	3.17%	(0.29%)

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 in the amount of ¥4,818,000 thousand at March 31, 2018 which is approximately 100% of retained earnings after deducting reserve for advanced depreciation of non-current assets associated with the gain on sales of land and treated it as a tax-deductible dividend. 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, 2017 and March 31, 2018 and for the six-month period then ended:

	Yen	
	April 1, 2017 to September 30, 2017	October 1, 2017 to March 31, 2018
Net assets per share at period end	122,468	121,130
Net income per share	5,340	3,625
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, 2017)

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	Rental revenues
Transaction amount	¥3,098,038 thousand
Account name and balance at period end	Rental and other receivables
	¥1,288 thousand
	Rents received in advance
	¥489,125 thousand
	Leasehold and security deposits including trust accounts
	¥833,929 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, 2018)

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	Rental revenues
Transaction amount	¥ 3,107,988 thousand
Account name and balance at period end	Rental and other receivables
	¥1,198 thousand
	Rents received in advance
	¥489,125 thousand
	Leasehold and security deposits including trust accounts
	¥840,460 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, 2017 and March 31, 2018 is summarized as follows:

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

	Thousands of yen	
	April 1, 2017 to September 30, 2017	October 1, 2017 to March 31, 2018
Property-Related Revenues:	8,504,468	8,406,855
Property rental revenues	8,102,436	8,029,007
Common charges	278,422	254,238
Land rental revenues	123,609	123,609
Other rental revenues	289,014	279,452
Parking revenues	79,534	81,258
Utilities revenues	178,272	166,123
Other revenues	31,207	32,070
Property-Related Expenses:	3,285,231	2,990,885
Property management fees	415,345	421,253
Utilities expenses	223,390	203,054
Property and other taxes	928,904	876,912
Casualty insurance	20,650	17,994
Repairs and maintenance	298,669	161,896
Depreciation	1,373,930	1,282,788
Other rental expenses	24,340	26,983
Profit	5,508,250	5,695,423

### (2) Gain on sale of investment property

[Ito-Yokado Shin-Urayasu]

	Thousands of yen	
	April 1, 2017 to September 30, 2017	October 1, 2017 to March 31, 2018
Revenues from sale of investment property	14,250,000	-
Cost of sale of investment property	11,213,671	-
Other sales expenses	223,129	-
Gain on sale of investment property	2,813,198	-

## 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, 2017 and estimated fair value are shown in the following table. The table does not include financial instruments for which it is extremely difficult to determine the fair value.

Thousands of yen			
	Carrying Value	Estimated Fair Value (1)	Difference
<b>Assets</b>			
1) Cash and deposits	21,105,617	21,105,617	-
2) Cash and deposits in trust	2,683,202	2,683,202	-
Total Assets	23,788,819	23,788,819	-
<b>Liabilities</b>			
1) Short-term loans payable	5,500,000	5,500,000	-
2) Current portion of investment corporation bonds	4,000,000	3,997,175	(2,824)
3) Current portion of long-term loans payable	33,000,000	33,067,124	67,124
4) Investment corporation bonds	9,000,064	9,082,278	82,214
5) Long-term loans payable	100,500,000	101,206,753	706,753
6) Tenant leasehold and security deposits	2,990,273	2,945,585	(44,687)
7) Tenant leasehold and security deposits in trust	247,752	241,332	(6,419)
Total Liabilities	155,238,089	156,040,250	802,161

The carrying value of financial instruments on the balance sheet as of March 31, 2018 and estimated fair value are shown in the following table. The table does not include financial instruments for which it is extremely difficult to determine the fair value.

Thousands of yen			
	Carrying Value	Estimated Fair Value (1)	Difference
<b>Assets</b>			
1) Cash and deposits	14,203,997	14,203,997	-



2) Cash and deposits in trust	2,856,068	2,856,068	-
<b>Total Assets</b>	<b>17,060,065</b>	<b>17,060,065</b>	<b>-</b>
<b>Liabilities</b>			
1) Short-term loans payable	8,500,000	8,500,000	-
2) Current portion of investment corporation bonds	3,000,000	2,994,633	(5,366)
3) Current portion of long-term loans payable	15,500,000	15,510,437	10,437
4) Investment corporation bonds	6,000,050	6,080,346	80,296
5) Long-term loans payable	122,000,000	122,558,519	558,519
6) Tenant leasehold and security deposits	3,206,175	3,138,446	(67,729)
7) Tenant leasehold and security deposits in trust	247,752	239,659	(8,092)
<b>Total Liabilities</b>	<b>158,453,977</b>	<b>159,022,043</b>	<b>568,066</b>

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

*Cash and deposits and Cash and deposits in trust*

Since these items are settled in a short period of time, their carrying value approximates fair value.

*Short-term loans payable*

Since these items are settled in a short period of time, their carrying value approximates fair value.

*Current portion of 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.

*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.

*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. Certain tenant leasehold and security deposits including trust accounts are not included the above table because it is difficult to predict their restoration time.

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

	Thousands of yen	
	As of September 30, 2017	As of March 31, 2018
Tenant leasehold and security deposits	6,274,842	6,280,635
Tenant leasehold and security deposits in trust	585,701	657,817

(2) The redemption schedule for monetary claims

(As of September 30, 2017)

	(Thousands of yen)	
	Cash and deposits	Cash and deposits in trust
1 year or less	21,105,617	2,683,202
1 to 2 years	-	-
2 to 3 years	-	-
3 to 4 years	-	-
4 to 5 years	-	-
Over 5 years	-	-



(As of March 31, 2018)

(Thousands of yen)

	Cash and deposits	Cash and deposits in trust
1 year or less	14,203,997	2,856,068
1 to 2 years	-	-
2 to 3 years	-	-
3 to 4 years	-	-
4 to 5 years	-	-
Over 5 years	-	-

(3) The redemption schedule for loans

(As of September 30, 2017)

		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
Short-term loans payable	(Thousands of yen)	5,500,000	-	-	-	-	-
Current portion of investment corporation bonds	(Thousands of yen)	4,000,000	-	-	-	-	-
Current portion of long-term loans payable	(Thousands of yen)	33,000,000	-	-	-	-	-
Investment corporation bonds	(Thousands of yen)	-	3,000,000	4,000,000	-	-	2,000,000
Long-term loans payable	(Thousands of yen)	-	13,500,000	33,000,000	17,000,000	23,000,000	14,000,000

(As of March 31, 2018)

		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
Short-term loans payable	(Thousands of yen)	8,500,000	-	-	-	-	-
Current portion of investment corporation bonds	(Thousands of yen)	3,000,000	-	-	-	-	-
Current portion of long-term loans payable	(Thousands of yen)	15,500,000	-	-	-	-	-
Investment corporation bonds	(Thousands of yen)	-	4,000,000	-	-	-	2,000,000
Long-term loans payable	(Thousands of yen)	-	33,000,000	23,000,000	23,500,000	23,000,000	19,500,000

### 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2017 and March 31, 2018 were as follows:

	Thousands of yen	
	As of September 30, 2017	As of March 31, 2018
Cash and deposits	21,105,617	14,203,997
Cash and deposits in trust	2,683,202	2,856,068
Cash and cash equivalents	23,788,819	17,060,065

#### 14. LEASES

MTR leases properties and earns rental revenues. Future lease revenues subsequent to September 30, 2017 and March 31, 2018 under non-cancelable operating leases were as follows:

	Thousands of yen	
	As of September 30, 2017	As of March 31, 2018
Due within one year	8,939,875	9,421,109
Due after one year	24,987,672	24,065,721
Total	33,927,547	33,486,831

#### 15. 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:

Use	(Thousands of yen)								
	Carrying Value (1)			Fair Value (3)		Carrying Value (1)			Fair Value (3)
	As of September 30, 2017	Net Changes (2)	As of March 31, 2017	As of September 30, 2017	As of March 31, 2018	Net Changes (2)	As of September 30, 2017	As of March 31, 2018	
Office buildings	214,318,810	(649,138)	214,967,949	232,810,000	221,862,967	7,544,157	214,318,810	241,130,000	
Retail facilities	69,561,327	(11,335,112)	80,896,439	83,620,000	69,507,222	(54,105)	69,561,327	82,950,000	
Others	19,617,213	(132,565)	19,749,778	20,140,000	19,484,327	(132,885)	19,617,213	20,170,000	
Total	303,497,351	(12,116,816)	315,614,167	336,570,000	310,854,517	7,357,166	303,497,351	344,250,000	

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

(2)The components of net change in carrying value included increases mainly due to renovation work on the properties and decreases mainly due to 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, 2017 and March 31, 2018 concerning rental properties is as follows:

Use	April 1, 2017 to September 30, 2017				October 1, 2017 to March 31, 2018			
	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	5,808,739	2,419,952	3,388,787	-	5,959,329	2,260,316	3,699,012	-
Retail facilities	2,241,337	470,277	1,771,059	2,813,198	1,982,826	358,850	1,623,975	-
Others	743,405	395,001	348,403	-	744,152	371,717	372,434	-
Total	8,793,482	3,285,231	5,508,250	2,813,198	8,686,308	2,990,885	5,695,423	-

(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.”

## 16. 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, 2017)

### 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.	3,098,038	Leasing Business

(For the six months ended March 31, 2018)

### 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.	3,107,988	Leasing Business

## 17. SUBSEQUENT EVENTS

### DISTRIBUTION OF RETAINED EARNINGS

On May 15, 2018, the Board of Directors of MTR approved a resolution for the payment of a cash distribution of ¥3,650 per share, aggregating to ¥4,818,000 thousand, to its shareholders of record as of March 31, 2018.