

Issuer of Real Estate Investment Trust Securities  
 MORI TRUST Sogo Reit, Inc.  
 4-3-1 Toranomom, Minato-ku, Tokyo  
 Satoshi Horino,  
 Executive Director  
 (TSE code 8961)  
 Asset Management Company:  
 MORI TRUST Asset Management Co., Ltd.  
 Satoshi Horino,  
 President and Representative Director  
 Contact:  
 Michio Yamamoto  
 Director and General Manager, Planning and Financial Department  
 Phone: +81-3-6435-7011

## MTR Announces Financial Results for its 29th Fiscal Period

**Tokyo, November 14, 2016** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for its 29th fiscal period (from April 1, 2016 to September 30, 2016).

### 1. Operational/Asset Conditions for the September 2016 period (April 1, 2016 – September 30, 2016)

(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, 2016	8,658	1.2	5,028	1.1	4,477	2.1	4,596	2.7
Fiscal period ended March 31, 2016	8,558	(34.0)	4,971	(31.5)	4,385	(34.0)	4,477	(30.4)

	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, 2016	3,481	2.9	1.3	51.7
Fiscal period ended March 31, 2016	3,391	2.8	1.3	51.2

**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, 2016	3,570	4,712	0	0	102.5	3.0
Fiscal period ended March 31, 2016	3,520	4,646	0	0	103.8	2.9

(Note 1) The difference between distributions per unit and profit per unit in the fiscal period ended September 30, 2016 is due to a reversal of the reserve for reductions entry (¥116 million).

(Note 2) The difference between distributions per unit and profit per unit in the fiscal period ended March 31, 30, 2016 is due to a reversal of the reserve for reductions entry (¥177 million) and provision of the reserve for reduction entry (¥8 million).

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

## (3) Financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended September 30, 2016	333,092	159,354	47.8	120,723
Fiscal period ended March 31, 2016	333,771	159,405	47.8	120,761

## (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, 2016	5,884	154	(5,645)	15,954
Fiscal period ended March 31, 2016	5,575	(740)	(9,996)	15,561

## 2. Forecast for the March 2017 period (October 1, 2016 to March 31, 2017) and the September 2017 (April 1, 2017 to September 30, 2017)

(% 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, 2017	8,869	2.4	5,199	3.4	4,663	4.1	4,691	2.1	3,600	0
Fiscal period ending September 30, 2017	8,845	(0.3)	5,073	(2.4)	4,543	(2.6)	4,609	(1.7)	3,600	0

(Reference) The profit per unit forecast is ¥3,553 for the fiscal period ending March 31, 2017 and ¥3,491 for the fiscal period ending September 30, 2017.

(Note 1) Distributions per unit for the fiscal period ending March 31, 2017 are calculated on the assumption of use of a reversal of the reserve for reductions entry (¥61 million).

(Note 2) Distributions per unit for the fiscal year ending September 30, 2017 are calculated on the assumption of use of a reversal of the reserve for reductions entry (¥143 million).

### 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 Frespo Inage, land related to leased land agreement for business use.

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

As a result, the real estate held by the Investment Corporation as of September 30, 2016, numbered 15 properties, with a total acquisition price of ¥333,092 million.

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

The Japanese economy in the fiscal period under review remained on a modest recovery path, mainly due to continued improvement in the employment situation and income environment, despite signs of a pause in the improvement of corporate earnings reflecting slowdown in emerging Asian economies, including China, and Britain's decision to leave the EU.

On the real estate investment market, the financing environment remained favorable but supply of properties suitable for investment was limited and, amid tight supply-and-demand conditions, the competition to acquire properties among diverse market participants remained overheated, and acquisition prices stayed at a high level.

On the real estate leasing market, generally the improvement in the market for office buildings continued thanks to firm office demand from the corporate sector. In central Tokyo, with limited new supply, decline in the vacancy rate continued thanks to firm demand for relocation to larger premises, expansion, etc., and rents were also in a modest upward trend. The vacancy rates of other major cities in Japan were also largely in a downward trend.

The market for commercial facilities appeared to weaken depending on the type of facility, partly because sales at department stores, etc. were lower than a year earlier due to changes in inbound consumption and a pause in consumer confidence.

On the market for luxury rental housing in Tokyo, the vacancy rate continued to show improvement, supported by solid demand especially for superior properties in central Tokyo.

Market conditions for hotels remained solid, with hotels continuing to maintain high occupancy rates despite signs of reduction in the rate of increase in the number of foreign visitors to Japan due mainly to the effects of the Kumamoto Earthquake and the appreciation of the yen.

Under these investment conditions, in the fiscal period under review, the Investment Corporation focused on the Kioichi Building, making progress with leasing to improve revenue and the occupancy rate. It also sought to secure stable revenues in its management of other properties. As a result, as of September 30, 2016, the Investment Corporation owned 15 properties, with a total book value of ¥316,856 million and the occupancy rate of the properties owned by the Investment Corporation as of September 30, 2016 was 99.6%.

##### (iii) Financing

In the fiscal period under review, the Investment Corporation borrowed ¥7,500 million in April 2016, ¥500 million in May 2016, and ¥9,500 million in August 2016 to apply to the repayment of existing loans that became due.

As a result, interest-bearing debt amounted to ¥160,000 million, of which long-term loans payable amounted to ¥141,500 million (including long-term loans payable of ¥27,000 million due for repayment within 1 year) and investment corporation bonds amounted to ¥13,000 million (including investment corporation bonds of ¥5,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of September 30, 2016 was 48.0% (compared with 48.2% as of March 31, 2016).

As of September 30, 2016, the Investment Corporation has obtained a long-term issuer rating of AA (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR)

**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) Overview of financial results and distributions**

As a result of the above-mentioned operations, operating revenue came to ¥8,658 million, operating income came to ¥5,028 million, ordinary income after deduction of loan-related interest expenses from operating income, came to ¥4,477 million, and profit came to ¥4,596 million.

With the intention that the maximum amount of profit distributions would be included in tax deductible expenses under application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation), the Investment Corporation decided to distribute all of the undistributed profit at the end of the fiscal period after a ¥116,370,648 yen reduction in the reserve for book entry reduction accumulated in accordance with “Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010” of Article 66-2 of the Act on Special Measures Concerning Taxation, and distribution per investment unit amounted to ¥3,570.

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

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

The Japanese economy is expected to remain on a modest recovery path, supported mainly by steady improvement in the employment situation and income environment and an increase in public investment as a result of economic stimulus, despite uncertainty over improvement in corporate earnings given factors such as a stronger yen. It may, however, be necessary to bear in mind the impact on the Japanese economy of global factors such as concerns over recession due to the stagnation of emerging economies, including China, economic developments in the US, and Britain’s exit from the EU.

On the real estate investment market, investment demand is expected to remain robust due to the favorable financial environment. Against this backdrop, competition to acquire properties is likely to remain strong, continuing to create a sense that the market is overheating.

On the real estate leasing market, conditions are likely to continue to show general improvement, supported by firm office demand arising mainly from business expansion in the corporate sector. In central Tokyo, solid office demand is expected against the backdrop of limited new supply and it is, therefore, likely that the improvement in the vacancy rate and the modest upward trend in rents will continue, especially for superior high-quality buildings.

On the market for commercial facilities, a difference in performance depending on the format or the characteristics of facilities, etc. is evident. However, given that the employment situation and income environment are expected to improve in the future, consumer confidence is expected to pick up.

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

The occupancy rate of hotels is expected to remain at a high level in the future due to steady growth in the number of foreign visitors to Japan. However, the impact of a stronger yen and changes in inbound demand need to be borne in mind.

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

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

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

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

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

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

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

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

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

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

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

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

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

Not applicable

### **(vi) Forecasts of performance**

The Investment Corporation forecasts that performance in the next fiscal period (30<sup>th</sup> fiscal period from October 1 2016 to March 31, 2017) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the 31<sup>st</sup> fiscal period (from April 1, 2017 to September 30, 2017) are as follows.

Please refer to "Assumptions for Forecasts of Performance for the 30<sup>th</sup> Fiscal Period (from October 1, 2016 to March 31, 2017) and the 31<sup>st</sup> Fiscal Period (from April 1, 2017 to September 30, 2017)" below for further details of the assumptions of forecasts of performance.

	30 <sup>th</sup> fiscal period	31 <sup>st</sup> fiscal period
Operating revenues	¥8,869 million	¥8,845 million

**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.

Operating income	¥5,199 million	¥5,073 million
Ordinary income	¥4,663 million	¥4,543 million
Profit	¥4,691 million	¥4,609 million
Distribution per unit	¥3,600	¥3,600

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

(Note 2) The distributions for the 30<sup>th</sup> fiscal period and the 31<sup>st</sup> fiscal period are based on the assumption of internal reserves reduction.

**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 30<sup>th</sup> Fiscal Period (from October 1, 2016 to March 31, 2017) and the 31<sup>st</sup> Fiscal Period (from April 1, 2017 to September 30, 2017)**

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> <li>We assume that a total of 15 properties will be under management as of September 30, 2016.</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, 2016. 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 160,000 million yen as of November 14, 2016.</li> <li>Concerning the repayment of loans payable of 7,500 million yen and the redemption of investment corporation bonds of 5,000 million yen that will become due during the 30<sup>th</sup> fiscal period, we assume the application of funds raised through refinancing, the issuance of investment corporation bonds and the use of own funds. Concerning the repayment of loans payable of 25,000 million yen that will become due during the 31<sup>st</sup> fiscal period, we assume application of funds raised through refinancing.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Concerning leasing business revenues, we take factors such as tenant movements into consideration.</li> <li>We assume that there will be no delayed payment or non-payment by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, the portion of the tax amount to be levied that corresponds to the relevant calculation period is recorded as leasing business expenses. However, the amount equivalent to fixed property tax, city planning tax, etc. for the fiscal year of acquisition reimbursed to the previous owner at the time of acquisition of the real estate, etc. is included in the cost of acquisition of the relevant real estate and is thus not recognized as expenses in the relevant calculation period.</li> <li>Concerning repair expenses, the estimated amount required is recorded as expenses. However, the actual repair expenses may significantly differ from the estimates since (i) an unforeseeable event may cause 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 920 million yen for the 30<sup>th</sup> fiscal period and 922 million yen for the 31<sup>st</sup> fiscal period.</li> <li>We estimate property management fees of 420 million yen for the 30<sup>th</sup> fiscal period and 422 million yen for the 31<sup>st</sup> fiscal period.</li> <li>We estimate depreciation of 1,404 million yen for the 30<sup>th</sup> fiscal period and 1,440 million yen for the 31<sup>st</sup> fiscal period.</li> <li>We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of 447 million yen for the 30<sup>th</sup> fiscal period and 457 million yen for the 31<sup>st</sup> fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of 537 million yen for the 30<sup>th</sup> fiscal period and 531 million yen for the 31<sup>st</sup> fiscal period. We assume that there will be no borrowing-related expenses.</li> </ul>
Distributions	<ul style="list-style-type: none"> <li>Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation.</li> <li>On calculation of the distribution for the 30<sup>th</sup> fiscal period, we assume that a portion worth ¥90 million (reserve for reduction entry of ¥61 million and relevant deferred tax liabilities of ¥28 million) of the internal reserves totaling ¥953 million (the total of reserve for reduction entry of ¥652 million and relevant deferred tax liabilities of ¥301 million) accumulated until the 29<sup>th</sup> fiscal period, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" will finance the distributions.</li> <li>On calculation of the distribution for the 31<sup>st</sup> fiscal period, we assume that a portion worth ¥210 million (reserve for reduction entry of ¥143 million and relevant deferred tax liabilities of ¥66 million) of the internal reserves totaling ¥863 million (the total of reserve for reduction entry of ¥590 million and</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>relevant deferred tax liabilities of ¥272 million) accumulated until the 30th fiscal period, under the application of the “Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010” will finance the distributions.</p> <ul style="list-style-type: none"> <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 sheet

Thousands of yen

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	13,295,827	13,490,324
Cash and deposits in trust	2,265,691	2,463,913
Operating accounts receivable	74,321	88,549
Accounts receivable - other	—	65,205
Prepaid expenses	34,917	71,161
Deferred tax assets	13	13
Other	1,601	1,601
Total current assets	15,672,372	16,180,769
Non-current assets		
Property, plant and equipment		
Buildings	42,720,582	42,791,256
Accumulated depreciation	(13,841,097)	(14,658,649)
Buildings, net	28,879,485	28,132,606
Structures	647,473	650,836
Accumulated depreciation	(585,957)	(591,046)
Structures, net	61,515	59,790
Machinery and equipment	133,961	133,961
Accumulated depreciation	(101,263)	(102,636)
Machinery and equipment, net	32,697	31,324
Tools, furniture and fixtures	95,360	109,514
Accumulated depreciation	(53,016)	(56,013)
Tools, furniture and fixtures, net	42,343	53,501
Land	146,060,266	146,060,266
Buildings in trust	25,725,804	25,871,458
Accumulated depreciation	(6,200,173)	(6,760,112)
Buildings in trust, net	19,525,631	19,111,345
Structures in trust	108,682	108,939
Accumulated depreciation	(76,688)	(89,141)
Structures in trust, net	31,993	19,798
Machinery and equipment in trust	2,277	2,897
Accumulated depreciation	(2,163)	(2,177)
Machinery and equipment in trust, net	113	719
Tools, furniture and fixtures in trust	51,599	52,793
Accumulated depreciation	(21,326)	(24,368)
Tools, furniture and fixtures in trust, net	30,273	28,424
Land in trust	123,359,160	123,359,160
Total property, plant and equipment	318,023,480	316,856,937
Intangible assets		
Software	133	114
Other	240	240
Total intangible assets	373	354

**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.

Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	20,856	9,349
Other	3,602	3,602
Total investments and other assets	34,458	22,951
Total non-current assets	318,058,313	316,880,244
Deferred assets		
Investment corporation bond issuance costs	41,269	31,382
Total deferred assets	41,269	31,382
Total assets	333,771,954	333,092,395
Liabilities		
Current liabilities		
Operating accounts payable	202,667	233,975
Short-term loans payable	5,500,000	5,500,000
Current portion of investment corporation bonds	5,000,000	5,000,000
Current portion of long-term loans payable	20,500,000	27,000,000
Accounts payable – other	228,293	169,999
Accrued expenses	519,370	508,686
Dividends payable	9,678	10,198
Income taxes payable	587	847
Accrued consumption taxes	169,074	159,533
Advances received	1,392,743	1,471,681
Deposits received	56,557	1,316
Total current liabilities	33,578,974	40,056,239
Non-current liabilities		
Investment corporation bonds	8,000,000	8,000,000
Long-term loans payable	122,000,000	114,500,000
Tenant leasehold and security deposits	9,576,525	10,030,504
Tenant leasehold and security deposits in trust	856,511	849,815
Deferred tax liabilities	354,914	301,177
Total non-current liabilities	140,787,951	133,681,498
Total liabilities	174,366,925	173,737,737
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	937,646	768,588
Total voluntary retained earnings	937,646	768,588
Unappropriated retained earnings	4,477,342	4,596,029
Total surplus	5,414,988	5,364,618
Total unitholders' equity	159,405,028	159,354,658
Total net assets	159,405,028	159,354,658
Total liabilities and net assets	333,771,954	333,092,395

**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

Thousands of yen

	For the period from October 1, 2015 to March 31, 2016	For the period from April 1, 2016 to September 30, 2016
Operating revenue		
Lease business revenue	8,310,050	8,364,576
Other lease business revenue	248,366	294,344
Total operating revenue	8,558,417	8,658,921
Operating expenses		
Expenses related to rent business	3,152,012	3,191,562
Asset management fee	318,031	322,288
Asset custody fee	15,107	14,994
Administrative service fees	48,950	49,628
Directors' compensations	9,180	9,180
Other operating expenses	43,311	43,189
Total operating expenses	3,586,593	3,630,843
Operating income	4,971,824	5,028,078
Non-operating income		
Interest income	2,021	250
Reversal of dividends payable	1,449	1,030
Insurance income	339	36
Total non-operating income	3,810	1,317
Non-operating expenses		
Interest expenses	552,351	524,833
Interest expenses on investment corporation bonds	26,202	16,703
Amortization of investment corporation bond issuance costs	11,490	9,887
Total non-operating expenses	590,044	551,423
Ordinary income	4,385,590	4,477,971
Extraordinary income		
Insurance proceeds due to disaster	—	65,205
Total extraordinary income	—	65,205
Profit before income taxes	4,385,590	4,543,177
Income taxes - current	892	885
Income taxes - deferred	(92,645)	( 53,736)
Total income taxes	(91,752)	(52,851)
Profit	4,477,342	4,596,029
Unappropriated retained earnings	4,477,342	4,596,029

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 unitholders' equity

For the period from October 1, 2015 to March 31, 2016

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus			
Reserve for reduction entry	Total voluntary retained earnings						
Balance at beginning of current period	153,990,040	488,665	488,665	6,428,581	6,917,246	160,907,286	160,907,286
Changes of items during period							
Provision of reserve for reduction entry		448,981	448,981	(448,981)	—	—	—
Dividends of surplus				(5,979,600)	(5,979,600)	(5,979,600)	(5,979,600)
Profit				4,477,342	4,477,342	4,477,342	4,477,342
Total changes of items during period	—	448,981	448,981	(1,951,238)	(1,502,257)	(1,502,257)	(1,502,257)
Balance at end of current period	153,990,040	937,646	937,646	4,477,342	5,414,988	159,405,028	159,405,028

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

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus			
Reserve for reduction entry	Total voluntary retained earnings						
Balance at beginning of current period	153,990,040	937,646	937,646	4,477,342	5,414,988	159,405,028	159,405,028
Changes of items during period							
Provision of reserve for reduction entry		8,089	8,089	(8,089)	—	—	—
Reversal of reserve for reduction entry		(177,146)	(177,146)	177,146	—	—	—
Dividends of surplus				(4,646,400)	(4,646,400)	(4,646,400)	(4,646,400)
Profit				4,596,029	4,596,029	4,596,029	4,596,029
Total changes of items during period	—	(169,057)	(169,057)	118,687	(50,370)	(50,370)	(50,370)
Balance at end of current period	153,990,040	768,588	768,588	4,596,029	5,364,618	159,354,658	159,354,658

**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 flows

Thousands of yen

	For the period from October 1, 2015 to March 31, 2016	For the period from April 1, 2016 to September 30, 2016
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,385,590	4,543,177
Depreciation	1,429,836	1,402,477
Amortization of investment corporation bond issuance costs	11,490	9,887
Interest income	(2,021)	(250)
Interest expenses	578,553	541,536
Increase in operating accounts receivable	(10,670)	(14,228)
Increase (decrease) in operating accounts payable	(126,799)	31,308
Decrease in accrued consumption taxes	(45,505)	(9,541)
Increase (decrease) in advances received	(2,585)	78,937
Other, net	(57,392)	(143,038)
Subtotal	6,160,495	6,440,267
Interest income received	2,021	250
Interest expenses paid	(586,028)	(555,667)
Income taxes paid	(865)	(625)
Net cash provided by operating activities	5,575,622	5,884,224
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(751,648)	(151,257)
Purchase of property, plant and equipment in trust	(226,057)	(141,651)
Repayments of tenant leasehold and security deposits	(41,170)	(91,521)
Proceeds from tenant leasehold and security deposits	338,869	545,501
Repayments of tenant leasehold and security deposits in trust	(62,701)	(43,513)
Proceeds from tenant leasehold and security deposits in trust	1,922	36,817
Net cash provided by (used in) investing activities	(740,786)	154,374
<b>Cash flows from financing activities</b>		
Net decrease in short-term loans payable	(2,500,000)	-
Proceeds from long-term loans payable	11,000,000	12,000,000
Repayments of long-term loans payable	(9,500,000)	(13,000,000)
Proceeds from issuance of investment corporation bonds	3,000,000	-
Redemption of investment corporation bonds	(6,000,000)	-
Payments for investment corporation bond issuance costs	(14,995)	-
Dividends paid	(5,981,584)	(4,645,880)
Net cash used in financing activities	(9,996,580)	(5,645,880)
Net increase (decrease) in cash and cash equivalents	(5,161,744)	392,719
Cash and cash equivalents at beginning of period	20,723,262	15,561,518
Cash and cash equivalents at end of period	15,561,518	15,954,238

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, 2016		As of September 30, 2016	
		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)	139,527	41.8	138,942	41.7
	Other (Note 4)	35,548	10.7	35,394	10.6
Trust	Central Tokyo (Note 3)	106,874	32.0	106,631	32.0
	Other (Note 4)	36,072	10.8	35,888	10.8
Subtotal		318,023	95.3	316,856	95.1
other assets		15,748	4.7	16,235	4.9
Total		333,771	100.0	333,092	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, 2016 was 15, and all such real estate is leased by MTR or trust fiduciaries based on trust contracts in the case of real estate in trust.

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

The overview of real estate held by MTR and real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, as of September 30, 2016 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 (m <sup>2</sup> )	Building (m <sup>2</sup> )		Land	Building
Tokyo Shiodome Building (Note 3)	1-12-1 Higashishinbashi, Minato-ku, Tokyo	17,847.73	191,394.06	SRC・RC・S B4/37F	Owned	Owned
ON Building (Note 4) (Note 5)	5-746-1 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	10,850.67	32,812.27	S・SRC B2/21F	Owned	Owned
Kioicho Building (Note 5) (Note 6)	3-3 Kioicho, Chiyoda-ku, Tokyo, etc.	9,291.93	63,535.55	SRC・S B4/26F	Owned	Owned
Osaki MT Building (Note 4)	5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	13,852.74	26,980.68	S・SRC B3/14F	Owned	Owned
Midosuji MTR Building (Note 5)	3-43-5 Awajimachi, Chuo-ku, Osaka City	1,560.98	15,129.16	S・SRC B2/13F	Owned	Owned
Tenjin Prime (Note 5) (Note 7)	2-138 Tenjin, Chuo-ku, Fukuoka City, etc.	1,110.73	7,722.04	S・RC B1/12F	Owned	Owned
Shin-Yokohama TECH Building (Note 8)	3-9-1 Shinyokohama, Kohoku-ku, Yokohama City, etc.	2,671.11	A-Wing : 11,636.35 B-Wing : 13,550.87 Total : 25,187.22	A-Wing : SRC B1/9F B-Wing : S・SRC B1/16F	Owned	Owned
SHIBUYA FLAG (Note 5)	81-11 Udagawacho, Shibuya-ku, Tokyo, etc.	1,026.44	7,766.49	S・SRC B2/9F	Owned	Owned
Shinbashi Ekimae MTR Building	2-28-2 Shinbashi, Minato-ku, Tokyo, etc.	1,069.88	7,820.45	S・SRC・RC B2/8F	Owned	Owned
Ito-Yokado Shin-Urayasu	4-1-1 Akemi, Urayasu City, Chiba Prefecture, etc.	33,538.15	57,621.38	S 5 F	Owned	Owned
Ito-Yokado Shonandai	6-2-1 Ishikawa, Fujisawa City, Kanagawa Prefecture	35,209.93	53,393.66	S 5 F	Owned	Owned
Kohnan Sagami-hara-Nishihashimoto	5-4-4 Nishihashimoto, Midori-ku, Sagami-hara City	19,878.57	40,283.77	S 5F	Owned	Owned
Frespo Inage (Note 5)	731-17 Naganumaracho, Inage-ku, Chiba City	39,556.71	—	—	Owned	—
Hotel Okura Kobe (Note 5)	48-1 Hatobacho, Chuo-ku, Kobe City, etc.	30,944.44	72,246.86	SRC・S B2/35F	Owned	Owned
Park Lane Plaza	2-30-6 Jingumae, Shibuya-ku, Tokyo	1,702.95	5,246.78	RC B1/7F	Owned	Owned

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

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

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

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

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

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

**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			Appraiser	Investment ratio (Note 4)
						Cap rate	Discounted cash flow (DCF) method			
						Discount rate	Terminal cap rate			
Central Tokyo	Office buildings	Tokyo Shiodome Building	110,000	104,842	125,000	3.7%	3.7%	3.9%	Rich Appraisal Institute K.K.	33.5%
		ON Building	39,900	39,673	29,700	4.1%	3.8%	4.3%	Japan Real Estate Institute	12.2%
		Kioicho Building	34,300	34,299	35,200	3.5%	3.3%	3.7%	Daiwa Real Estate Appraisal Co., Ltd.	10.5%
		Osaki MT Building	14,386 (Note 5)	13,436	12,400	4.0%	3.7%	4.2%	Japan Real Estate Institute	4.4%
	Subtotal		198,586	192,252	202,300	—				60.5%
	Retail facilities	SHIBUYA FLAG	32,040	32,658	37,500	3.5%	3.3%	3.7%	Japan Real Estate Institute	9.8%
		Shinbashi Ekimae MTR Building	18,000	17,455	20,900	4.1%	3.9%	4.3%	Nippon Tochi-Tatemono Co., Ltd.	5.5%
	Subtotal		50,040	50,113	58,400	—				15.2%
	Other	Park Lane Plaza	3,200	3,208	3,230	4.1%	4.6%	3.8%	Nippon Tochi-Tatemono Co., Ltd.	1.0%
	Subtotal		3,200	3,208	3,230	—				1.0%
Subtotal		251,826	245,574	263,930	—				76.7%	
Other	Office buildings	Midosuji MTR Building	10,170	10,253	10,200	4.0%	3.8%	4.2%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%
		Tenjin Prime	6,940	6,778	8,520	4.6%	4.4%	4.9%	Japan Real Estate Institute	2.1%
		Shin-Yokohama TECH Building	6,900	6,603	4,950	5.4%	5.2%	5.7%	Nippon Tochi-Tatemono Co., Ltd.	2.1%
	Subtotal		24,010	23,635	23,670	—				7.3%
	Retail facilities	Ito-Yokado Shin-Urayasu	12,150	11,294	8,940	5.9%	5.0%	5.5%	Japan Real Estate Institute	3.7%
		Ito-Yokado Shonandai	11,600	10,000	12,300	5.4%	5.1%	5.6%	Japan Real Estate Institute	3.5%
		Kohnan Sagamihara-Nishihashimoto	7,460	7,495	8,250	5.5%	5.2%	5.7%	Japan Real Estate Institute	2.3%
		Frespo Inage	2,100 (Note 6)	2,193	2,660	8.8%	8.4%	— (Note 7)	Japan Real Estate Institute	0.6%
	Subtotal		33,310	30,984	32,150	—				10.2%
	Other	Hotel Okura Kobe	19,000	16,662	16,600	5.2%	5.0%	5.3%	Rich Appraisal Institute K.K.	5.8%
Subtotal		19,000	16,662	16,600	—				5.8%	
Subtotal		76,320	71,282	72,420	—				23.3%	
Total		328,146	316,856	336,350	—				100.0%	

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

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

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 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, 2016) by real estate appraisers in accordance with MTR’s rules and the Investment Corporation Calculation Rules (Cabinet Office Ordinance No. 47, 2006; including revisions thereafter).
- (Note 4) The “Investment ratio” is the ratio of the acquisition prices of each asset against the total acquisition price of the Portfolio, and is rounded to the first decimal place.
- (Note 5) The acquisition price of the Osaki MT Building stated is the total amount of the acquisition prices on March 31, 2005 (7,870 million yen), October 28, 2005 (5,656 million yen) and January 30, 2015 (860 million yen).
- (Note 6) The acquisition price of Frespo Inage stated is the amount equivalent to 50% of 4,200 million yen, the acquisition price of the entire property in question, because 50% of the land in trust was transferred on February 29, 2012.
- (Note 7) The 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, 2016 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 29th fiscal period (six months from April 1, 2016 to September 30, 2016) is one property, the Tokyo Shiodome Building.

### Situation of leasing of the Portfolio

Region	Use	Property name	Rental revenues (Note 1) (Millions of yen)	Ratio to total rental revenues ratio(Note 2)	Rentable area (Note 3)(m <sup>2</sup> )	Rent area (Note 4)(m <sup>2</sup> )	Total number of tenants
Central Tokyo	Office buildings	Tokyo Shiodome Building	2,795	32.3%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	715	8.3%	24,748.48	23,939.35	37 (68)
		Osaki MT Building (Note 7)	310	3.6%	24,495.21	24,495.21	1 (12)
	Retail facilities	SHIBUYA FLAG (Note 8)	(Note 5)	(Note 5)	5,983.86	5,983.86	3
		Shinbashi Ekimae MTR Building	459	5.3%	8,055.00	8,055.00	1
	Other	Park Lane Plaza (Note 9)	93	1.1%	4,443.03	4,155.29	16
Other	Office buildings	Midosuji MTR Building (Note 10)	286	3.3%	15,129.16	15,129.16	1 (29)
		Tenjin Prime (Note 8)	269	3.1%	5,993.80	5,671.76	14
		Shin-Yokohama TECH Building	387	4.5%	18,359.46	17,955.15	8
	Retail facilities	Ito-Yokado Shin-Urayasu	378	4.4%	57,621.38	57,621.38	1
		Ito-Yokado Shonandai	395	4.6%	53,393.66	53,393.66	1
		Kohnan Sagamihara-Nishihashimoto	(Note 5)	(Note 5)	40,283.77	40,283.77	1
		Frespo Inage	123	1.4%	39,556.71	39,556.71	1
	Other	Hotel Okura Kobe	628	7.3%	72,246.86	72,246.86	1
	Total (Note 11)			8,658	100.0%	486,662.01	484,838.79

(Note 1) "Rental revenues" stated are rental revenues (rent, common charges, other rental revenues, etc.) for the 29th fiscal period.

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

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

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

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

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

(Note 7) A master lease agreement under which rent income is linked to rents under a sublease agreement has been concluded for the Osaki MT Building. The figure in brackets for the total number of tenants of the building is the total number of tenants based on the sublease agreements.

#### 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 8) MTR leases the land and building of SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The total number of tenants of the above properties is that under the sublease agreements.
- (Note 9) At Park Lane Plaza, if lease contracts for more than one residential unit are concluded with one tenant, the number of residential units is counted as the number of tenants.
- (Note 10) The agreement used for the Midosuji MTR Building is the master lease pass-through model. The figure in brackets for the number of tenants of the building is the total number of tenants based on the sublease agreements.
- (Note 11) The total number of tenants in brackets is the total number of tenants calculated based on the total number of tenants under the sublease agreements for the Osaki MT Building, the Kioicho Building and the Midosuji MTR Building.

**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	Occupancy rate over the last five years (%) (Note 1)									
			2016		2015		2014		2013		2012	
			End of Mar.	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 buildings	Tokyo Shiodome Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		ON Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kioicho Building (Note 2)	96.7 (94.8)	66.1 (65.5)	60.6 (60.0)	91.4 (90.8)	—	—	—	—	—	—
		Osaki MT Building(Note 3)	100.0 (96.7)	100.0 (98.2)	100.0 (100.0)	100.0 (98.6)	100.0 (98.6)	100.0 (83.8)	100.0 (65.3)	100.0 (85.9)	100.0 (96.9)	100.0 (92.7)
	Subtotal (Note 4)		99.5 (98.9)	94.9 (94.3)	94.1 (93.6)	98.8 (98.5)	99.9 (96.3)	99.9 (95.1)	99.9 (88.0)	91.0	99.9	99.9
	Retail facilities	SHIBUYA FLAG (Note 5)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—	—
		Shinbashi Ekimae MTR Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Park Lane Plaza	93.5	92.7	96.7	100.0	92.7	100.0	95.9	85.1	94.1	96.7
	Subtotal		93.5	92.7	96.7	100.0	92.7	100.0	95.9	85.1	94.1	96.7
Subtotal (Note 4)		99.4 (98.8)	95.3 (94.8)	94.6 (94.2)	98.9 (98.6)	99.8 (96.5)	99.9 (95.6)	99.9 (89.1)	91.2	99.9	99.9	
Other	Office buildings	Midosuji MTR Building (Note 6)	100.0 (96.7)	100.0 (92.9)	100.0 (90.2)	—	—	—	—	—	—	
		Tenjin Prime (Note 5)	94.6	100.0	100.0	98.6	98.6	100.0	100.0	100.0	100.0	
		Shin-Yokohama TECH Building	97.8	90.5	90.5	90.5	89.5	89.5	90.5	90.5	89.5	
	Subtotal (Note 4)		98.2 (96.9)	95.6 (92.9)	95.6 (92.1)	92.7	92.3	92.7	91.0	89.0	97.1	96.8
	Retail facilities	Ito-Yokado Shin-Urayasu	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Ito-Yokado Shonandai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kohnan Sagamihara-Nishihashimoto	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
		Frespo Inage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Hotel Okura Kobe	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Subtotal (Note 4)		99.8 (99.6)	99.4 (99.2)	99.4 (99.1)	98.9	98.8	98.9	98.6	98.3	99.3	99.3	
Total (Note 4)		99.6 (99.3)	97.9 (97.5)	97.6 (97.3)	98.9 (98.8)	99.2 (98.0)	99.3 (97.7)	99.1 (95.2)	95.7	99.5	99.5	

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

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

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

(Note 4) The subtotals and the total occupancy rates in brackets are the rates calculated based on the occupancy rates under the sublease agreements for the Kioicho Building, the Osaki MT Building and the Midosuji MTR Building.

(Note 5) MTR leases the land and building of SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rates of the above properties are those under the sublease agreements.

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

**Disclaimer:**

This 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 29th fiscal period from April 1, 2016 to September 30, 2016, 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 14, 2016, 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.