

Issuer of Real Estate Investment Trust Securities

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MTR Announces Financial Results for the Fiscal Period Ended March 31, 2019

Tokyo, May 22, 2019 – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended March 31, 2019 (from October 1, 2018 to March 31, 2019).

1. Operational/Asset Conditions for the fiscal period ended March 31, 2019 (October 1, 2018 – March 31, 2019)

(Amounts are rounded down to the nearest million yen)

(1) Operating results

(% shows change vs. previous period)

	Operating Revenues		Operating Income		Ordinary Income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended March 31, 2019	8,771	(0.5)	5,293	0.6	4,840	0.8	4,839	0.7
Fiscal period ended September 30, 2018	8,819	1.5	5,263	0.3	4,802	0.6	4,806	0.4

	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 March 31, 2019	3,666	3.0	1.5	55.2
Fiscal period ended September 30, 2018	3,641	3.0	1.5	54.5

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(2) Distributions

	Distributions per unit (excluding distributions in excess of profit)	Total Distributions (excluding total distributions in excess of profit)	Distributions in excess of profit per unit	Total distributions in excess of profit	Payout ratio	Ratio of distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended March 31, 2019	3,666	4,839	0	0	100.0	3.0
Fiscal period ended September 30, 2018	3,650	4,818	0	0	100.2	3.0

(Note 1) The difference between distributions per unit and profit per unit in the fiscal period ended September 30, 2018 is due to a reversal of the reserve for reductions entry (¥11 million).

(Note 2) The payout ratio is rounded down to one decimal place.

(3) Financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended March 31, 2019	328,557	159,901	48.7	121,137
Fiscal period ended September 30, 2018	328,770	159,880	48.6	121,121

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended March 31, 2019	5,665	(170)	(4,834)	19,408
Fiscal period ended September 30, 2018	6,646	(126)	(4,833)	18,746

2. Forecast for the September 2019 period (April 1, 2019 to September 30, 2019) and the March 2020 period (October 1, 2019 to March 31, 2020)

(% shows change vs. previous period)

	Operating revenues		Operating income		Ordinary income		Profit		Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending September 30, 2019	8,830	0.7	5,287	(0.1)	4,832	(0.2)	4,831	(0.2)	3,660	0
Fiscal period ending March 31, 2020	8,854	0.3	5,298	0.2	4,854	0.4	4,853	0.4	3,676	0

(Reference) The profit per unit forecast is ¥3,660 for the fiscal period ending September 30, 2019 and ¥3,676 for the fiscal period ending March 31, 2020.

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3. Status of Asset Management

(a) Summary of results for the current fiscal period

(i) Transition of the Investment Corporation

The Investment Corporation was established on October 2, 2001, with Mori Trust Asset Management Co., Ltd. (changed trade name from Nihon Sogo Fund Co., Ltd. on November 1, 2003) as the organizer, pursuant to the Act on Investment Trusts and Investment Corporations.

On March 28, 2002, the Investment Corporation began asset management, starting with the acquisition of the trust beneficiary right in Frespo Inage, land related to leased land agreement for business use.

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

As a result, the real estate held by the Investment Corporation as of March 31, 2019, numbered 15 properties, with a total assets price of ¥328,557 million.

(ii) Investment environment and performance

During the fiscal period under review, the Japanese economy continued to recover at a moderate pace thanks to a steady improvement in employment and income conditions and pickups in personal consumption and capital investment, despite signs of weakness in some exports and production activities.

In the real estate investment market, investors were still keen to invest amid favorable financing conditions. However, overheated competition to acquire properties continued given limited opportunities to invest in excellent opportunities, and real estate prices remained at a high level.

In the real estate leasing market, the supply and demand balance for office buildings remained tight on the back of strong demand as businesses expanded their business operations and workforces. In central Tokyo and other major cities in Japan, the vacancy rate stayed low and the uptrend in rents continued.

The market for commercial facilities was firm thanks to a recovery in personal consumption brought about by improvement in income and inbound demand. However, performance varied depending on the business category.

In the market for luxury rental housing in Tokyo, steady demand kept the occupancy rate and the rent level firm amid limited new supply.

Looking at market conditions for hotels, occupancy rates remained high, reflecting a steady increase in the number of foreign visitors to Japan despite natural disasters such as typhoons and earthquakes that occurred the previous fiscal period.

Under these investment conditions, during the fiscal period under review the Investment Corporation made progress with leasing, focusing on Osaki MT Building from which tenants were due to move out. At the same time, the Investment Corporation continued to make upward rent revisions and managed properties in a bid to secure stable revenues.

As a result, as of March 31, 2019, the Investment Corporation owned 15 properties with a total book value of ¥309,000 million. The occupancy rate for the properties owned by the Investment Corporation was 99.9% (99.7% (Note)) as of March 31, 2019.

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

(iii) Financing

In the fiscal period under review, the Investment Corporation borrowed a total of ¥1,500 million to apply the amount to the repayment of existing loans that became due. In addition to the sum stated above, the Investment Corporation issued the Eleventh Series Unsecured Investment Corporation Bonds described below to fund the redemption of the Seventh Series Unsecured Investment Corporation Bonds that matured in February 2019.

Name: MORI TRUST Sogo Reit, Inc. Eleventh Series Unsecured Investment Corporation Bonds (ranking pari passu among the specified Investment Corporation Bonds)

Issue amount: ¥3,000 million

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Interest rate: 0.070% per annum

Issue date: February 22, 2019

Redemption date: February 22, 2022

Collateral: no secured mortgage and no bond guarantee

As a result, interest-bearing debt as of March 31, 2019 amounted to ¥155,000 million, of which long-term loans payable amounted to ¥138,000 million (including long-term loans payable of ¥33,000 million due for repayment within 1 year) and investment corporation bonds amounted to ¥12,000 million (including investment corporation bonds of ¥4,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of March 31, 2019 was 47.2% (compared with 47.1% as of September 30, 2018).

As of March 31, 2019, the Investment Corporation has obtained a long-term issuer rating of AA (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR)

(iv) Overview of financial results and distributions

As a result of the abovementioned operations, operating revenue came to ¥8,771 million, operating income came to ¥5,293 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥4,840 million, and profit came to ¥4,839 million.

With the intention that the maximum amount of profit distributions would be included in tax-deductible expenses under the application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation), the Investment Corporation decided to distribute all of the undistributed profit at the end of the fiscal period except for a fraction of less than ¥1 of distributions per unit, and the distribution per investment unit amounted to ¥3,666.

(b) Outlook for the next fiscal period

(i) Outlook for overall performance

The Japanese economy is expected to sustain a modest recovery, backed by factors including a recovery in consumer spending amid a consistent improvement in employment and income conditions.

Meanwhile, the effects that global issues such as the US-China trade disputes and the BREXIT developments may have on the domestic economy and the possible impact of the upcoming consumption tax hike will require continued attention.

In the real estate investment market, investment demand is expected to remain strong under favorable financing conditions. Given this situation, expected yield rates are likely to remain low, and fierce competition for acquiring properties is set to continue in an environment of limited opportunities for property acquisition.

In the real estate leasing market, overall market conditions for office buildings are likely to keep improving, supported by strong corporate earnings, employment expansion and strong demand for setting up and expanding offices in response to increasingly diverse work styles. In central Tokyo, many of the office buildings scheduled for completion within 2019 have been successful in attracting tenants, and market conditions are expected to remain firm and steady.

In the market for commercial facilities, changes in the inbound tourism consumption and the expected impact of the upcoming consumption tax hike require continued attention. Meanwhile, consumer confidence is expected to remain firm with a steady improvement in employment and income conditions.

The occupancy rate and the rent level for luxury rental apartments in Tokyo are likely to remain firm, given the stable supply-demand situation. It will be necessary, however, to pay close attention to both domestic and international economic developments going forward.

The occupancy rate for hotels is expected to remain high, helped by the stable growth in demand associated with the increasing number of foreign visitors to Japan.

(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.

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

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

1. The Investment Corporation will work to improve the satisfaction of tenants and consider measures such as thoroughgoing implementation of preventive maintenance and safety management and enhancement of customer relations with tenants based on an assessment of the features of each portfolio real estate, and endeavor to maintain high occupancy rates of the real estate it owns. When real estate becomes vacant or is due to become vacant, the Investment Corporation will conduct well-aimed market research and then focus on leasing in cooperation with the Mori Trust Group, real estate agents and property management companies.
2. When entering into a new lease agreement, the Investment Corporation will endeavor to conclude a medium- or long-term fixed-term building lease agreement or an agreement that otherwise considers fixing the rent or lengthening the agreement term to ensure future rental revenue. In the case of portfolio real estate that can be expected to achieve stable internal growth, the Investment Corporation will also incorporate agreements designed to tap into growth in income gain.
3. Based on consideration of the aging and age of portfolio real estate, the Investment Corporation will endeavor to maintain stable occupancy rates by renovating aged facilities, etc. and actively making investments to increase market competitiveness so that portfolio real estate compares favorably with competing properties.

(iii) Investment strategy for new investment real estate

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

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

(iv) Financial strategy, etc.

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

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

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(vi) Forecasts of performance

The Investment Corporation forecasts that performance in the next fiscal period the fiscal period ending September 30, 2019 (from April 1, 2019 to September 30, 2019) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the fiscal period ending March 31, 2020 (from October 1, 2019 to March 31, 2020) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the fiscal period ending September 30, 2019 (from April 1, 2019 to September 30, 2019) and the fiscal period ending March 31, 2020 (from October 1, 2019 to March 31, 2020)” below for further details of the assumptions of forecasts of performance.

	the fiscal period ending September 30, 2019	the fiscal period ending March 31, 2020
Operating revenues	¥8,830 million	¥8,854 million
Operating income	¥5,287 million	¥5,298 million
Ordinary income	¥4,832 million	¥4,854 million
Profit	¥4,831 million	¥4,853 million
Distribution per unit	¥3,660	¥3,676

(Note) 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.

Assumptions for Forecasts of Performance for the Fiscal Period ending September 30, 2019 (from April 1, 2019 to September 30, 2019) and the Fiscal Period ending March 31, 2020 (from October 1, 2019 to March 31, 2020)

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> We assume that a total of 15 properties will be under management as of March 31, 2019. The actual portfolio may change due to the acquisition or disposal/transfer of other properties.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> We assume 1,320,000 investment units issued and outstanding as of March 31, 2019. The number of investment issued and outstanding may change, however, for reasons such as the issuance of investment units during the fiscal period.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> Interest-bearing debt amounted to ¥155,000 million as of May 22, 2019. Concerning the repayment of loans payable of ¥17,000 million that will fall due during the fiscal period ending September 30, 2019, we assume the application of funds raised through refinancing. Concerning the repayment of loans payable of ¥21,000 million and the redemption of investment corporation bonds of ¥3,000 million that will fall due during the fiscal period ending March 31, 2020, we assume the application of funds raised through refinancing and the issuance of investment corporation bonds.
Operating revenue	<ul style="list-style-type: none"> Concerning leasing business revenues, we take factors such as tenant movements into consideration. We assume that there will be no delayed payment or non-payment by tenants.
Operating expenses	<ul style="list-style-type: none"> 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. 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

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	<p>to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.</p> <ul style="list-style-type: none"> • We estimate property and other taxes of ¥948 million for the fiscal period ending September 30, 2019 and ¥946 million for the fiscal period ending March 31, 2020 fiscal period. • We estimate property management fees of ¥404 million for the fiscal period ending September 30, 2019 and ¥391 million for the fiscal period ending March 31, 2020. • We estimate depreciation of ¥1,284 million for the fiscal period ending September 30, 2019 and ¥1,305 million for the fiscal period ending March 31, 2020. • We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥469 million for the fiscal period ending September 30, 2019 and ¥458 million for the fiscal period ending March 31, 2020.
Non-operating expenses	<ul style="list-style-type: none"> • We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥456 million for the fiscal period ending September 30, 2019 and ¥446 million for the fiscal period ending March 31, 2020. We assume that there will be no borrowing-related expenses.
Distributions	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation. • 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.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • 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.

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4. FINANCIAL STATEMENTS

(1) Balance Sheets

Thousands of yen

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	15,874,564	16,508,717
Cash and deposits in trust	2,871,670	2,899,320
Operating accounts receivable	59,097	50,893
Accounts receivable - other	—	1,336
Prepaid expenses	39,147	31,434
Other	—	1,278
Total current assets	18,844,479	19,492,980
Non-current assets		
Property, plant and equipment		
Buildings	39,833,042	39,977,988
Accumulated depreciation	(15,984,523)	(16,730,811)
Buildings, net	23,848,519	23,247,176
Structures	563,960	566,654
Accumulated depreciation	(529,670)	(530,079)
Structures, net	34,289	36,574
Machinery and equipment	152,086	152,086
Accumulated depreciation	(109,155)	(111,325)
Machinery and equipment, net	42,930	40,760
Tools, furniture and fixtures	97,529	100,065
Accumulated depreciation	(66,003)	(68,799)
Tools, furniture and fixtures, net	31,525	31,266
Land	136,672,529	136,672,529
Buildings in trust	27,146,372	27,397,648
Accumulated depreciation	(8,915,528)	(9,426,482)
Buildings in trust, net	18,230,844	17,971,166
Structures in trust	125,153	125,153
Accumulated depreciation	(98,120)	(99,724)
Structures in trust, net	27,032	25,428
Machinery and equipment in trust	6,898	7,693
Accumulated depreciation	(2,319)	(2,533)
Machinery and equipment in trust, net	4,579	5,160
Tools, furniture and fixtures in trust	65,142	71,618
Accumulated depreciation	(37,309)	(41,187)
Tools, furniture and fixtures in trust, net	27,832	30,431
Land in trust	130,939,930	130,939,930
Total property, plant and equipment	309,860,013	309,000,426
Intangible assets		
Software	38	19
Other	240	240
Total intangible assets	278	259

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	As of September 30, 2018	As of March 31, 2019
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	13,219	5,229
Other	3,602	3,602
Total investments and other assets	26,821	18,831
Total non-current assets	309,887,113	309,019,516
Deferred assets		
Investment corporation bond issuance costs	39,245	45,053
Total deferred assets	39,245	45,053
Total assets	328,770,839	328,557,549
Liabilities		
Current liabilities		
Operating accounts payable	567,456	245,710
Short-term loans payable	5,000,000	5,000,000
Current portion of investment corporation bonds	3,000,000	4,000,024
Current portion of long-term loans payable	13,500,000	33,000,000
Accounts payable – other	153,933	225,529
Accrued expenses	505,657	486,841
Dividends payable	9,998	8,675
Income taxes payable	682	1,053
Accrued consumption taxes	281,978	154,912
Advances received	1,440,423	1,459,190
Deposits received	14,843	1,016
Total current liabilities	24,474,974	44,582,954
Non-current liabilities		
Investment corporation bonds	9,000,037	8,000,000
Long-term loans payable	124,500,000	105,000,000
Tenant leasehold and security deposits	9,545,984	9,682,602
Tenant leasehold and security deposits in trust	874,186	894,870
Deferred tax liabilities	495,206	495,189
Total non-current liabilities	144,415,414	124,072,661
Total liabilities	168,890,389	168,655,616
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,083,568	1,072,409
Total voluntary retained earnings	1,083,568	1,072,409
Unappropriated retained earnings	4,806,841	4,839,482
Total surplus	5,890,409	5,911,892
Total unitholders' equity	159,880,449	159,901,932
Total net assets	159,880,449	159,901,932
Total liabilities and net assets	328,770,839	328,557,549

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(2) Statement of income

Thousands of yen

	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2018 to March 31, 2019
Operating revenue		
Lease business revenue	8,428,133	8,475,783
Other lease business revenue	391,641	296,072
Total operating revenue	8,819,775	8,771,855
Operating expenses		
Expenses related to rent business	3,091,850	3,028,330
Asset management fee	334,082	338,276
Asset custody fee	16,408	13,092
Administrative service fees	53,228	50,460
Directors' compensations	6,000	6,000
Other operating expenses	54,538	41,878
Total operating expenses	3,556,168	3,478,037
Operating income	5,263,606	5,293,818
Non-operating income		
Interest income	209	88
Reversal of dividends payable	759	653
Interest on tax refund	219	—
Insurance income	1,989	6,341
Total non-operating income	3,178	7,083
Non-operating expenses		
Interest expenses	444,015	439,069
Interest expenses on investment corporation bonds	12,629	12,326
Amortization of investment corporation bond issuance costs	7,727	8,972
Total non-operating expenses	464,373	460,369
Ordinary income	4,802,411	4,840,532
Profit before income taxes	4,802,411	4,840,532
Income taxes - current	714	1,066
Income taxes - deferred	(5,144)	(17)
Total income taxes	(4,430)	1,049
Profit	4,806,841	4,839,482
Unappropriated retained earnings	4,806,841	4,839,482

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(3) Statement of changes in Net Assets

For the six-month period from April 1, 2018 to September 30, 2018

Thousands of yen

	Unitholders' equity					Total unitholders' equity	Total net assets
	Unitholders' capital	Surplus			Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)			
Balance at beginning of current period	153,990,040	1,115,915	1,115,915	4,785,653	5,901,568	159,891,608	159,891,608
Changes of items during period							
Reversal of reserve for reduction entry		(32,346)	(32,346)	32,346	—	—	—
Dividends of surplus				(4,818,000)	(4,818,000)	(4,818,000)	(4,818,000)
Profit				4,806,841	4,806,841	4,806,841	4,806,841
Total changes of items during period	—	(32,346)	(32,346)	21,188	(11,158)	(11,158)	(11,158)
Balance at end of current period	153,990,040	1,083,568	1,083,568	4,806,841	5,890,409	159,880,449	159,880,449

For the six-month period from October 1, 2018 to March 31, 2019

Thousands of yen

	Unitholders' equity					Total unitholders' equity	Total net assets
	Unitholders' capital	Surplus			Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)			
Balance at beginning of current period	153,990,040	1,083,568	1,083,568	4,806,841	5,890,409	159,880,449	159,880,449
Changes of items during period							
Reversal of reserve for reduction entry		(11,158)	(11,158)	11,158	—	—	—
Dividends of surplus				(4,818,000)	(4,818,000)	(4,818,000)	(4,818,000)
Profit				4,839,482	4,839,482	4,839,482	4,839,482
Total changes of items during period	—	(11,158)	(11,158)	32,641	21,482	21,482	21,482
Balance at end of current period	153,990,040	1,072,409	1,072,409	4,839,482	5,911,892	159,901,932	159,901,932

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(4) Statement of Cash Distributions

(Unit: yen)

	The Fiscal Period ended September 30, 2018 (April 1, 2018 to September 30, 2018)	The Fiscal Period ended March 31, 2019 (October 1, 2018 to March 31, 2019)
I. Unappropriated retained earnings	4, 806,841,700	4, 839,482,960
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	11,158,300	—
III. Distribution amount	4,818,000,000	4,839,120,000
(Distribution amount per unit)	(3,650)	(3,666)
IV. Retained earnings carried forward	0	362,960
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 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>	<p>In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute 4,839,120,000 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (1,320,000 units), not exceeding unappropriated retained earnings.</p> <p>In addition, MTR does not distribute dividends in excess of accounting profit as set forth in Paragraph 2, Article 29 of the Investment Corporation's Articles of Incorporation.</p>

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(5) Statement of cash flows

Thousands of yen

	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2018 to March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,802,411	4,840,532
Depreciation	1,262,337	1,268,330
Amortization of investment corporation bond issuance costs	7,727	8,972
Interest income	(209)	(88)
Interest expenses	456,645	451,396
Decrease (Increase) in operating accounts receivable	(1,316)	8,204
Increase (Decrease) in operating accounts payable	305,837	(331,441)
Decrease (Increase) in consumption tax refund receivable	9,474	—
Increase (Decrease) in accrued consumption taxes	281,978	(127,065)
Increase (Decrease) in advances received	(16,302)	18,766
Other, net	663	(18,625)
Subtotal	7,109,246	6,118,981
Interest income received	209	88
Interest expenses paid	(462,535)	(452,383)
Income taxes paid	(850)	(695)
Net cash provided by operating activities	6,646,069	5,665,991
Cash flows from investing activities		
Purchase of property, plant and equipment	(119,593)	(66,055)
Purchase of property, plant and equipment in trust	(108,533)	(271,026)
Repayments of tenant leasehold and security deposits	(412,708)	(210,224)
Proceeds from tenant leasehold and security deposits	409,145	356,536
Repayments of tenant leasehold and security deposits in trust	(8,139)	(150)
Proceeds from tenant leasehold and security deposits in trust	113,811	20,833
Net cash used in investing activities	(126,017)	(170,085)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,500,000)	—
Proceeds from long-term loans payable	15,000,000	1,000,000
Repayments of long-term loans payable	(14,500,000)	(1,000,000)
Proceeds from issuance of investment corporation bonds	3,000,000	3,000,000
Redemption of investment corporation bonds	—	(3,000,000)
Payments for investment corporation bond issuance costs	(15,290)	(14,780)
Dividends paid	(4,818,591)	(4,819,323)
Net cash used in financing activities	(4,833,882)	(4,834,103)
Net increase (decrease) in cash and cash equivalents	1,686,169	661,802
Cash and cash equivalents at beginning of period	17,060,065	18,746,235
Cash and cash equivalents at end of period	18,746,235	19,408,037

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5. Reference Information

(1) Composition of assets

type	Region	As of September 30, 2018		As of March 31, 2019	
		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)	136,579	41.5	135,995	41.4
	Other (Note 4)	24,050	7.3	24,032	7.3
Trust	Central Tokyo (Note 3)	114,022	34.7	113,853	34.7
	Other (Note 4)	35,207	10.7	35,118	10.7
Subtotal		309,860	94.2	309,000	94.0
Other assets		18,910	5.8	19,557	6.0
Total		328,770	100.0	328,557	100.0

(Note 1) "Total of net book value" is based on the amounts presented in the balance sheets (book value after depreciation for real estate and real estate in trust) as of the settlement date.

(Note 2) "Ratio to total assets" is rounded to the first decimal place.

(Note 3) "Central Tokyo" refers to Chiyoda, Chuo, Minato, Shinagawa, Shibuya and Shinjuku Wards.

(Note 4) "Other" refers to greater Tokyo (Kanagawa, Chiba and Saitama Prefectures, and the Tokyo Metropolitan Area excluding central Tokyo) and other major regional cities.

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(2) Investment Assets

The total number of real estate properties held by MTR and real estate properties in trust associated with the real estate trust's beneficiary rights held by MTR as of March 31, 2019 was 15, and all such real estate is leased by MTR or trust fiduciaries based on trust contracts in the case of real estate in trust.

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

The overview of real estate held by MTR and real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, as of March 31, 2019 is as follows (real estate, real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, are hereinafter individually or collectively referred to as the "Portfolio").

Overview of the Portfolio

Property name	Location (Parcel number) (Note 1)	Area (Note 1)		Structure (Note 2) /number of floors(Note 1)	Ownership form	
		Land (㎡)	Building (㎡)		Land	Building
Tokyo Shiodome Building (Note 3)	1-12-1 Higashishinbashi, Minato-ku, Tokyo	17,847.73	191,394.06	SRC・RC・S B4/37F	Owned	Owned
ON Building (Note 4) (Note 5)	5-746-1 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	10,850.67	32,812.27	S・SRC B2/21F	Owned	Owned
Kioicho Building (Note 5) (Note 6)	3-3 Kioicho, Chiyoda-ku, Tokyo, etc.	9,291.93	63,535.55	SRC・S B4/26F	Owned	Owned
Osaki MT Building (Note 4)	5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	13,852.74	26,980.68	S・SRC B3/14F	Owned	Owned
Midosuji MTR Building (Note 5)	3-43-5 Awajimachi, Chuo-ku, Osaka City	1,560.98	15,129.16	S・SRC B2/13F	Owned	Owned
Hiroo MTR Building (Note 5)	2-36-13, Ebisu, Shibuya-ku, Tokyo	1,671.79	6,709.80	SRC B 1 /7F	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 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 95,697.03m² 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 (10,850.67m²) of the 3 sections of land in which trust fiduciaries for whom MTR is the sole trust beneficiary own a co-owned interest, and the trust fiduciaries own a co-owned interest of 840,139/1,000,000. The co-owned interest other than the one owned by the trust fiduciaries is owned by MTR as the site of the Osaki MT Building. As a result, the 3 sections of land in question (total area of 10,850.67m²) 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 2,880.79m²) are solely owned by MTR. As for one section of land (area of 121.28m²), MTR owns a co-owned interest of 1/5 and, as for the 3 sections of land (total area of 10,850.67m²), 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 24,495.21m² 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, Hiroo MTR Building, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other 7 properties have been categorized as real estate. In addition, real estate in trust associated with Frespo Inage is only land, and the building is not included.

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- (Note 6) The land area of the Kioicho Building is the total area of the 8 sections of land, the site of the relevant building, and it includes the interest of other owners (partial ownership). Of the 8 sections of land in question, 5 sections of land (total area of 7,433.52m²) 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 m².
- (Note 7) The land area of Tenjin Prime is the total area of the 7 sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the 7 sections of land in question, 6 sections of land (total area of 1,081.75m²) 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 28.98m²).
- (Note 8) The Shin-Yokohama TECH Building is real estate that is comprised of two buildings, A-Wing and B-Wing, and the site for the buildings.

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Categories, prices and investment ratios of the Portfolio

Region	Use (Note 1)	Property name	Acquisition Price (Note 2) (Millions of yen)	Book value at the end of fiscal period (Millions of yen)	End-of-p eriod appraisal value (Note 3) (Millions of yen)	Direct reduction method		Discounted cash flow (DCF) method		Appraiser	Investment ratio (Note 4)
						Cap rate	Discount rate	Terminal cap rate			
Central Tokyo	Office building	Tokyo Shiodome Building	110,000	102,304	131,000	3.4%	3.4%	3.6%	Rich Appraisal Institute K.K.	33.9%	
		ON Building	39,900	39,341	32,000	3.7%	3.4%	3.9%	Japan Real Estate Institute	12.3%	
		Kioicho Building	34,300	33,578	37,400	3.3%	3.1%	3.5%	Daiwa Real Estate Appraisal Co., Ltd.	10.6%	
		Osaki MT Building	14,386 (Note5)	13,173	14,600	3.6%	3.3%	3.8%	Japan Real Estate Institute	4.4%	
		Hiroo MTR Building	8,100	8,388	8,190	3.8%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	2.5%	
	Subtotal		206,686	196,786	223,190	—				63.8%	
	Retail facility	SHIBUYA FLAG	32,040	32,544	40,700	3.2%	3.0%	3.4%	Japan Real Estate Institute	9.9%	
		Shinbashi Ekimae MTR Building	18,000	17,359	21,200	3.9%	3.7%	4.1%	Nippon Tochi-Tatemono Co., Ltd.	5.6%	
	Subtotal		50,040	49,904	61,900	—				15.4%	
	Other	Park Lane Plaza	3,200	3,157	3,740	3.6%	4.3%	3.3%	Nippon Tochi-Tatemono Co., Ltd.	1.0%	
Subtotal		3,200	3,157	3,740	—				1.0%		
Subtotal		259,926	249,849	288,830	—				80.2%		
Other	Office building	Midosuji MTR Building	10,170	10,109	10,500	3.7%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	
		Tenjin Prime	6,940	6,740	8,550	4.1%	3.8%	4.3%	Japan Real Estate Institute	2.1%	
		Shin-Yokohama TECH Building	6,900	6,797	6,730	4.8%	4.6%	5.1%	Nippon Tochi-Tatemono Co., Ltd.	2.1%	
	Subtotal		24,010	23,647	25,780	—				7.4%	
	Retail facility	Ito-Yokado Shonandai	11,600	9,925	11,700	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.6%	
		Kohnan Sagami-hara- Nishihashimoto	7,460	7,309	8,500	5.2%	4.9%	5.4%	Japan Real Estate Institute	2.3%	
		Frespo Inage	2,100 (Note 6)	2,193	2,650	— (Note 7)	7.9%	— (Note 8)	Japan Real Estate Institute	0.6%	
	Subtotal		21,160	19,428	22,850	—				6.5%	
Other	Hotel Okura Kobe	19,000	16,075	16,700	4.9%	4.7%	5.0%	Rich Appraisal Institute K.K.	5.9%		
Subtotal		19,000	16,075	16,700	—				5.9%		
Subtotal		64,170	59,149	65,330	—				19.8%		
Total		324,096	309,000	354,160	—				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 building”, which is the main use of the buildings, and SHIBUYA FLAG is categorized as “Retail facility”, which is the main use of the building. The same applies thereafter.

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

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- (Note 3) The “End-of-period appraisal value” stated is the value that was calculated based on the capitalization method (based on the price as of March 31, 2019) by real estate appraisers in accordance with MTR’s rules and the Investment Corporation Calculation Rules (Cabinet Office Ordinance No. 47, 2006; including revisions thereafter).
- (Note 4) The “Investment ratio” is the ratio of the acquisition prices of each asset against the total acquisition price of the Portfolio, and is rounded to the first decimal place.
- (Note 5) The acquisition price of the Osaki MT Building stated is the total amount of the acquisition prices on March 31, 2005 (7,870 million yen), October 28, 2005 (5,656 million yen) and January 30, 2015 (860 million yen).
- (Note 6) The acquisition price of Frespo Inage stated is the amount equivalent to 50% of 4,200 million yen, the acquisition price of the entire property in question, because 50% of the land in trust was transferred on February 29, 2012.
- (Note 7) The direct capitalization method is not adopted for Frespo Inage.
- (Note 8) The terminal cap rate of Frespo Inage has not been stipulated.

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

The situation of leasing of the Portfolio held by MTR as of March 31, 2019 is as follows.

Of the Portfolio held by MTR, the property in the Portfolio whose rental revenues account for 10% of the total rental revenues of the entire Portfolio or higher in the fiscal period ended March 31, 2019 (six months from October 1, 2018 to March 31, 2019) is 2 properties, Tokyo Shiodome Building and Kioicho Building.

Situation of leasing of the Portfolio

Region	Use	Property name	Rental revenues (Note 1) (Millions of yen)	Ratio to total rental revenues ratio(Note 2)	Rentable area (Note 3)(m ²)	Rent area (Note 4)(m ²)	Total number of tenants
Central Tokyo	Office building	Tokyo Shiodome Building	2,795	31.9%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	1,088	12.4%	24,748.48	24,722.48	35 (70)
		Osaki MT Building (Note 7)	336	3.8%	24,495.21	24,495.21	1 (15)
		Hiroo MTR Building (Note 8)	176	2.0%	4,946.36	4,946.36	8
	Retail Facility	SHIBUYA FLAG (Note 8)	(Note 5)	(Note 5)	5,983.86	5,983.86	3
		Shinbashi Ekimae MTR Building	459	5.2%	8,055.00	8,055.00	1
	Other	Park Lane Plaza (Note 9)	105	1.2%	4,443.03	4,443.03	18
	Other	Office building	Midotsuji MTR Building (Note 10)	293	3.3%	15,129.16	15,129.16
Tenjin Prime (Note 8)			235	2.7%	5,990.40	5,990.40	16
Shin-Yokohama TECH Building			346	4.0%	18,238.86	17,992.81	8
Retail facility		Ito-Yokado Shonandai	375	4.3%	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	618	7.0%	72,246.86	72,246.86	1
Total (Note 11)			8,771	100.0%	433,862.99	433,590.94	97 (179)

(Note 1) "Rental revenues" stated are rental revenues (rent, common charges, other rental revenues, etc.) for the fiscal period ended March 31, 2019 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 (191,394.06m²). 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 (26,980.68m²).

(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 (191,394.06m²). 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 (26,980.68m²).

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

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

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

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

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Occupancy rate of the Portfolio

Region	Use	Property name	2019	2018		2017		2016		2015		2014
			End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.	End of Mar.	End of Sep.
Central Tokyo	Office building	Tokyo Shiodome Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		ON Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kioicho Building (Note 2)	99.9 (99.9)	99.9 (99.9)	99.9 (98.7)	99.9 (98.1)	99.9 (98.1)	96.7 (94.8)	66.1 (65.5)	60.6 (60.0)	91.4 (90.8)	—
		Osaki MT Building(Note 3)	100.0 (91.8)	100.0 (100.0)	100.0 (92.7)	100.0 (92.7)	100.0 (92.7)	100.0 (96.7)	100.0 (98.2)	100.0 (100.0)	100.0 (98.6)	100.0 (98.6)
		Hiroo MTR Building (Note 4)	100.0	84.2	99.5	—	—	—	—	—	—	—
	Subtotal (Note 5)		99.9 (99.3)	99.5 (99.5)	99.9 (99.1)	99.9 (99.0)	99.9 (99.0)	99.5 (98.9)	94.9 (94.3)	94.1 (93.6)	98.8 (98.5)	99.9 (96.3)
	Retail facility	SHIBUYA FLAG (Note 4)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Shinbashi Ekimae MTR Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Park Lane Plaza	100.0	100.0	96.8	100.0	100.0	93.5	92.7	96.7	100.0	92.7
	Subtotal		100.0	100.0	96.8	100.0	100.0	93.5	92.7	96.7	100.0	92.7
Subtotal (Note 5)			99.9 (99.3)	99.6 (99.5)	99.9 (99.2)	99.9 (99.1)	99.9 (99.1)	99.4 (98.8)	95.3 (94.8)	94.6 (94.2)	98.9 (98.6)	99.8 (96.5)
Other	Office building	Midosuji MTR Building (Note 6)	100.0 (100.0)	100.0 (96.4)	100.0 (100.0)	100.0 (95.5)	100.0 (95.0)	100.0 (96.7)	100.0 (92.9)	100.0 (90.2)	—	—
		Tenjin Prime (Note 4)	100.0	89.1	100.0	100.0	100.0	94.6	100.0	100.0	98.6	98.6
		Shin-Yokohama TECH Building	98.7	98.7	95.7	92.6	98.8	97.8	90.5	90.5	90.5	89.5
	Subtotal (Note 5)		99.4 (99.3)	97.7 (96.3)	98.0 (97.7)	96.6 (94.7)	99.5 (97.9)	98.2 (96.9)	95.6 (92.9)	95.6 (92.1)	92.7	92.3
	Retail facility	Ito-Yokado Shonandai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kohnan Sagami-hara-Nishihashimoto	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Frespo Inage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Other	Hotel Okura Kobe	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Subtotal (Note 5)			99.9 (99.9)	99.6 (99.5)	99.7 (99.7)	99.4 (99.2)	99.9 (99.8)	99.8 (99.6)	99.4 (99.2)	99.4 (99.1)	98.9	98.8
Total (Note 5)			99.9 (99.7)	99.6 (99.5)	99.8 (99.5)	99.7 (99.2)	99.9 (99.5)	99.6 (99.3)	97.9 (97.5)	97.6 (97.3)	98.9 (98.8)	99.2 (98.0)

(Note 1) The “Occupancy rate” is rounded to the first decimal place. The occupancy rate stated for each Portfolio is the percentage of the total rented area out of the total rentable area. The subtotal of the occupancy rate for each category (or the total occupancy rate of the entire Portfolio) is the percentage of the subtotal (or the total) rented area out of the subtotal (or the total) rentable area. The subtotal and total occupancy rates stated are the rates based on the Portfolio held by MTR as of the end of each fiscal period. If the result of rounding is 100.0%, however, the rate is indicated as 99.9% by rounding down the second decimal place to the nearest first decimal place.

(Note 2) 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) MTR leases the land and building of Hiroo MTR Building, SHIBUYA FLAG and Tenjin Prime from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rates of the above properties are those under the sublease agreements.

(Note 5) 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 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.

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Disclaimer:

This report contains translations of selected information described in the Financial Release (Kessan-Tanshin) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the fiscal period ended March 31, 2019 from October 1, 2018 to March 31, 2019, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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