Independent Auditor’s Report

The Board of Directors

MORI TRUST Reit, Inc.

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MORI TRUST Reit, Inc. (the Company), which comprise the balance sheet as at August 31, 2026, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2026, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

The other information comprises the information included in disclosure documents that contain audited financial statements, but does not include the financial statements and our auditor’s report thereon.

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

Responsibilities of Management and the Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Fee-related Information

The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the six-month period ended August 31, 2026 are 13 million yen and 5 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

November 26, 2026

Kenji Sato
Designated Engagement Partner
Certified Public Accountant

Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant

MORI TRUST REIT

FINANCIAL STATEMENTS

BALANCE SHEETS

Thousands of yen

	As of February 28, 2026	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	22,987,669	22,841,350
Cash and deposits in trust	5,061,235	5,277,499
Operating accounts receivable	186,827	249,786
Prepaid expenses	109,396	126,242
Other	8,845	4,519
Total current assets	28,353,976	28,499,398
Non-current assets		
Property, plant and equipment		
Buildings	32,338,157	32,509,548
Accumulated depreciation	(18,188,112)	(18,391,010)
Buildings, net	14,150,045	14,118,537
Structures	406,656	406,656
Accumulated depreciation	(379,064)	(379,727)
Structures, net	27,591	26,929
Machinery and equipment	116,068	116,653
Accumulated depreciation	(78,847)	(82,005)
Machinery and equipment, net	37,220	34,647
Vehicles	194	194
Accumulated depreciation	(175)	(184)
Vehicles, net	19	9
Tools, furniture and fixtures	219,980	236,429
Accumulated depreciation	(133,203)	(143,768)
Tools, furniture and fixtures, net	86,777	92,661
Land	91,837,007	91,837,007
Construction in progress	-	50,600
Buildings in trust	62,124,455	62,686,627
Accumulated depreciation	(18,443,970)	(19,186,529)
Buildings in trust, net	43,680,484	43,500,097
Structures in trust	280,818	280,818
Accumulated depreciation	(173,859)	(183,034)
Structures in trust, net	106,958	97,783
Machinery and equipment in trust	221,302	232,275
Accumulated depreciation	(57,225)	(66,135)
Machinery and equipment in trust, net	164,077	166,140

Thousands of yen

	As of February 28, 2026	As of August 31, 2026
Tools, furniture and fixtures in trust	297,925	358,138
Accumulated depreciation	(123,449)	(138,669)
Tools, furniture and fixtures in trust, net	174,476	219,468
Land in trust	291,702,305	291,702,305
Total property, plant and equipment	441,966,964	441,846,188
Intangible assets		
Goodwill	534,867	519,136
Software	1,166	900
Other	240	240
Total intangible assets	536,274	520,276
Investments and other assets		
Guarantee deposits	10,000	10,000
Deferred tax assets	844	861
Long-term prepaid expenses	89,697	109,586
Other	2,815	2,815
Total investments and other assets	103,356	123,262
Total non-current assets	442,606,595	442,489,728
Deferred assets		
Investment corporation bond issuance costs	42,251	34,855
Total deferred assets	42,251	34,855
Total assets	471,002,822	471,023,981
Liabilities		
Current liabilities		
Operating accounts payable	518,721	906,970
Short-term loans payable	23,500,000	34,000,000
Current portion of investment corporation bonds	4,000,000	4,000,000
Current portion of long-term loans payable	37,500,000	43,000,000
Accounts payable – other	155,496	212,371
Accrued expenses	601,513	610,959
Dividends payable	9,614	10,005
Income taxes payable	5,991	2,499
Accrued consumption taxes	305,061	277,366
Advances received	1,472,160	1,456,705
Deposits received	30,896	26,466
Total current liabilities	68,099,455	84,503,345
Non-current liabilities		
Investment corporation bonds	10,000,000	10,000,000
Long-term loans payable	145,500,000	129,000,000
Tenant leasehold and security deposits	11,903,952	11,973,889

Thousands of yen

	As of February 28, 2026	As of August 31, 2026
Tenant leasehold and security deposits in trust	1,015,518	1,021,628
Total non-current liabilities	168,419,471	151,995,517
Total liabilities	236,518,926	236,498,862
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Capital surplus	69,736,000	69,736,000
Voluntary retained earnings		
Reserve for tax purpose reduction entry	4,219,162	4,216,070
Total voluntary retained earnings	4,219,162	4,216,070
Unappropriated retained earnings	6,538,693	6,583,008
Total surplus	80,493,855	80,535,079
Total unitholders' equity	234,483,895	234,525,119
Total net assets	234,483,895	234,525,119
Total liabilities and net assets	471,002,822	471,023,981

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

MORI TRUST REIT

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six-month period ended February 28, 2026 and August 31, 2026

Thousands of yen

	For the period from September 1, 2025 to February 28, 2026	For the period from March 1, 2026 to August 31, 2026
Operating revenue		
Lease business revenue	11,247,205	11,526,440
Other lease business revenue	337,731	304,092
Total operating revenue	11,584,936	11,830,532
Operating expenses		
Expenses related to rent business	3,558,722	3,647,889
Asset management fee	462,427	480,934
Asset custody fee	16,886	18,099
Administrative service fees	51,960	49,817
Directors' compensations	3,600	3,600
Amortization of goodwill	15,731	15,731
Other operating expenses	53,823	55,677
Total operating expenses	4,163,152	4,271,749
Operating income	7,421,783	7,558,782
Non-operating income		
Interest income	28,141	50,859
Reversal of dividends payable	798	705
Insurance claim income	-	468
Total non-operating income	28,940	52,033
Non-operating expenses		
Interest expenses	830,501	945,612
Interest expenses on investment corporation bonds	46,519	47,402
Amortization of investment corporation bond issuance costs	7,275	7,396
Other	18,818	19,265
Total non-operating expenses	903,115	1,019,676
Ordinary income	6,547,609	6,591,139
Profit before income taxes	6,547,609	6,591,139
Income taxes - current	10,246	10,213
Income taxes - deferred	40	(17)
Total income taxes	10,287	10,196
Profit	6,537,322	6,580,943
Retained earnings brought forward	1,370	2,065
Unappropriated retained earnings	6,538,693	6,583,008

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

MORI TRUST REIT

STATEMENTS OF CHANGES IN NET ASSETS

For the six-month period ended February 28, 2026

Thousands of yen

	Unitholders' equity								
	Unitholders' capital	Surplus						Total unitholders' equity	Total net assets
		Capital surplus		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Capital surplus	Capital surplus, net	Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	69,736,000	69,736,000	4,222,254	4,222,254	6,598,518	80,556,773	234,546,813	234,546,813
Changes of items during period									
Reversal of reserve for tax purpose reduction entry				(3,092)	(3,092)	3,092	–	–	–
Dividends of surplus						(6,600,240)	(6,600,240)	(6,600,240)	(6,600,240)
Profit						6,537,322	6,537,322	6,537,322	6,537,322
Total changes of items during period	–	–	–	(3,092)	(3,092)	(59,825)	(62,917)	(62,917)	(62,917)
Balance at end of current period	153,990,040	69,736,000	69,736,000	4,219,162	4,219,162	6,538,693	80,493,855	234,483,895	234,483,895

For the six-month period ended August 31, 2026

Thousands of yen

	Unitholders' equity								
	Unitholders' capital	Surplus						Total unitholders' equity	Total net assets
		Capital surplus		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Capital surplus	Capital surplus, net	Reserve for tax purpose reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	69,736,000	69,736,000	4,219,162	4,219,162	6,538,693	80,493,855	234,483,895	234,483,895
Changes of items during period									
Reversal of reserve for tax purpose reduction entry				(3,092)	(3,092)	3,092	–	–	–
Dividends of surplus						(6,539,720)	(6,539,720)	(6,539,720)	(6,539,720)
Profit						6,580,943	6,580,943	6,580,943	6,580,943
Total changes of items during period	–	–	–	(3,092)	(3,092)	44,315	41,223	41,223	41,223
Balance at end of current period	153,990,040	69,736,000	69,736,000	4,216,070	4,216,070	6,583,008	80,535,079	234,525,119	234,525,119

STATEMENTS OF CASH DISTRIBUTIONS

For the six-month period ended February 28, 2026 and August 31, 2026

Unit: yen

	For the period from September 1, 2025 to February 28, 2026	For the period from March 1, 2026 to August 31, 2026
I. Unappropriated retained earnings	6, 538, 693, 270	6, 583, 008, 885
II. Reversal of voluntary retained earnings		
Reversal of reserve for tax purpose reduction entry	3, 092, 177	3, 092, 177
III. Distribution amount	6, 539, 720, 000	6, 586, 000, 000
(Distribution amount per unit)	(1, 837)	(1, 850)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	–	–
IV. Retained earnings carried forward	2, 065, 447	101, 062
Calculation method of distribution amount	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute a distribution amount of 6,539,720,000 yen as the maximum integer multiple of the total number of issued investment units (3,560,000 units), not exceeding the total of unappropriated retained earnings for the current period plus reversal of reserve for reduction entry under Article 65-7 of the Special Taxation Measures Act. 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.	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute a distribution amount of 6,586,000,000 yen as the maximum integer multiple of the total number of issued investment units (3,560,000 units), not exceeding the total of unappropriated retained earnings for the current period plus reversal of reserve for reduction entry under Article 65-7 of the Special Taxation Measures Act. 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.

MORI TRUST REIT

STATEMENTS OF CASH FLOWS

For the six-month period ended February 28, 2026 and August 31, 2026

Thousands of yen

	For the period from September 1, 2025 to February 28, 2026	For the period from March 1, 2026 to August 31, 2026
Cash flows from operating activities		
Profit before income taxes	6,547,609	6,591,139
Depreciation	1,016,319	993,423
Amortization of goodwill	15,731	15,731
Amortization of investment corporation bond issuance costs	7,275	7,396
Interest income	(28,141)	(50,859)
Interest expenses	877,020	993,015
Decrease (Increase) in operating accounts receivable	(16,386)	(62,958)
Increase (Decrease) in operating accounts payable	(311,690)	327,733
Increase (Decrease) in accrued consumption taxes	65,549	(27,695)
Increase (Decrease) in advances received	5,158	(15,455)
Other, net	(32,875)	(29,835)
Subtotal	8,145,570	8,741,635
Interest income received	28,141	50,859
Interest expenses paid	(881,014)	(985,499)
Income taxes paid	(10,564)	(13,705)
Net cash provided by operating activities	7,282,132	7,793,289
Cash flows from investing activities		
Purchase of property, plant and equipment	(253,088)	(218,445)
Purchase of property, plant and equipment in trust	(399,063)	(602,133)
Repayments of tenant leasehold and security deposits	(310,024)	(109,631)
Proceeds from tenant leasehold and security deposits	225,927	246,186
Repayments of tenant leasehold and security deposits in trust	(8,024)	(116,027)
Proceeds from tenant leasehold and security deposits in trust	52,408	116,034
Net cash used in investing activities	(691,865)	(684,017)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,500,000	10,500,000
Proceeds from long-term loans payable	6,500,000	8,500,000
Repayments of long-term loans payable	(13,000,000)	(19,500,000)
Dividends paid	(6,600,248)	(6,539,328)
Net cash used in financing activities	(6,600,248)	(7,039,328)

Thousands of yen

	For the period from September 1, 2025 to February 28, 2026	For the period from March 1, 2026 to August 31, 2026
Net increase (decrease) in cash and cash equivalents	(9,981)	69,944
Cash and cash equivalents at beginning of period	28,058,887	28,048,905
Cash and cash equivalents at end of period	28,048,905	28,118,850

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

NOTES TO FINANCIAL STATEMENTS

For the six-month period ended February 28, 2026 and August 31, 2026

1.ORGANIZATION AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Organization

MORI TRUST Reit, Inc. (“MTR”), a Japanese real estate investment corporation, was incorporated on October 2, 2001 under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. MTR was originally formed by Mori Trust Co., Ltd., and commenced operations on March 28, 2002 by acquiring a property. MTR is provided professional asset management services of properties of various types by a licensed asset management company, MORI TRUST Asset Management Co., Ltd. (“MTAM”). MTAM is currently owned 95% by MORI TRUST Co., Ltd., and 5% by Mori Trust Hotels & Resorts Co., Ltd. On February 13, 2004, MTR was listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 8961). As of August 31, 2026 , MTR owned a portfolio of 20 properties with a total rentable area of 506,295.29 sq. meters occupied by 118 tenants. The occupancy rate was 99.5%.

Basis of presentation of financial statements

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

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and equipment

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

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

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

Intangible assets

Intangible assets are amortized on a straight-line basis.
Goodwill is amortized over 20 years on a straight-line basis.

Deferred assets

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

Taxes on property and equipment

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

Revenue recognition

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

(1) Sales of real estate and other assets

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

(2) Utility revenues

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

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

Accounting treatment of beneficiary interests in trust assets including real estate

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

Cash and cash equivalents

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

3. Accounting Standards Issued but Not Yet Effective

・“Accounting Standard for Leases” (ASBJ Statement No. 34, 13 September 2024)

・“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, 13 September 2024)

(1) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of adoption

The accounting standard and implementation guidance will be applied from the beginning of the fiscal period ending February 2028.

(3) The impact of applying the accounting standard and implementation guidance

The amount of impact of applying the “Accounting Standard for Leases” and the “Implementation Guidance on Accounting Standard for Leases” on the financial statements is being evaluated at present.

4. NET ASSETS

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

5. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

A breakdown of property-related revenues and expenses for the six-month period ended February 28, 2026 and August 31, 2026 is summarized as follows:

(1) Rental revenues and property-related expenses

	Thousands of yen	
	September 1, 2025 to February 28, 2026	March 1, 2026 to August 31, 2026
Property-Related Revenues:	11,247,205	11,526,440
Property rental revenues	10,887,934	11,172,710
Common charges	235,661	230,121
Land rental revenues	123,609	123,609
Other rental revenues	337,731	304,092
Parking revenues	122,732	123,906
Utilities revenues	135,883	138,753
Cancellation penalty income	35,344	2,844
Other revenues	43,770	38,586
Property-Related Expenses:	3,558,722	3,647,889
Property management fees	805,651	811,203
Utilities expenses	301,784	315,338
Property and other taxes	1,257,978	1,273,850
Casualty insurance	32,004	33,983
Repairs and maintenance	110,166	184,093
Depreciation	1,016,319	993,423
Other rental expenses	34,818	35,996
Profit	8,026,213	8,182,642

6. NUMBER OF INVESTMENT UNITS AUTHORIZED AND NUMBER OF INVESTMENT UNITS ISSUED AND OUTSTANDING

	As of February 28, 2026	As of August 31, 2026
Number of investment units authorized	20,000,000 units	20,000,000 units
Number of investment units issued and outstanding	3,560,000 units	3,560,000 units

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of February 28, 2026 and August 31, 2026 were as follows:

	Thousands of yen	
	As of February 28, 2026	As of August 31, 2026
Cash and deposits	22,987,669	22,841,350
Cash and deposits in trust	5,061,235	5,277,499
Cash and cash equivalents	28,048,905	28,118,850

8. LEASES

MTR leases properties and earns rental revenues.

Future lease revenues subsequent to February 28, 2026 and August 31, 2026 under non-cancelable operating leases were as follows:

	Thousands of yen	
	As of February 28, 2026	As of August 31, 2026
Due within one year	11,044,978	10,199,493
Due after one year	28,020,968	25,110,493
Total	39,065,946	35,309,986

9. FINANCIAL INSTRUMENTS

Overview

(1) Policy for financial instruments

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

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

Deposits are investments of the Investment Corporation's surplus funds and are exposed to credit risk, such as the failure of the depository financial institution, but credit risk is limited by restricting deposit periods to short-term and conducting transactions only with depository financial institutions possessing high credit ratings.

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

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

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

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

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

Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the balance sheet as of February 28, 2026 and estimated fair value are shown in the following table. Notes on "Cash and deposits," "Cash and deposits in trust," and "Short-term loans payable" are omitted because their fair value approximates their book value due to cash and short term settlements.

	Thousands of yen		
	Carrying Value	Estimated Fair Value (1)	Difference
1) Current portion of investment corporation bonds	4,000,000	3,933,936	(66,063)
2) Current portion of long-term loans payable	37,500,000	37,060,738	(439,261)
3) Investment corporation bonds	10,000,000	8,922,137	(1,077,862)
4) Long-term loans payable	145,500,000	138,292,663	(7,207,336)
5)Tenant leasehold and security deposits	11,903,952	9,131,422	(2,772,530)
6)Tenant leasehold and security deposits in trust	1,015,518	696,829	(318,689)
Total Liabilities	209,919,471	198,037,726	(11,881,744)

The carrying value of financial instruments on the balance sheet as of August 31, 2026 and estimated fair value are shown in the following table. Notes on "Cash and deposits," "Cash and deposits in trust," and "Short-term loans payable" are omitted because their fair value approximates their book value due to cash and short term settlements.

	Thousands of yen		
	Carrying Value	Estimated Fair Value (1)	Difference
1) Current portion of investment corporation bonds	4,000,000	3,960,021	(39,978)
2) Current portion of long-term loans payable	43,000,000	42,196,118	(803,881)
3) Investment corporation bonds	10,000,000	8,625,771	(1,374,228)
4) Long-term loans payable	129,000,000	120,668,700	(8,331,299)
5)Tenant leasehold and security deposits	11,973,889	8,345,845	(3,628,044)
6)Tenant leasehold and security deposits in trust	1,021,628	616,532	(405,095)
Total Liabilities	198,995,517	184,412,989	(14,582,528)

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

Current portion of investment corporation bonds and investment corporation bonds

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

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

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

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

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

(2) The redemption schedule for loans

(As of February 28, 2026)

	Thousands of yen					
	Due in 1 year or less	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due after 5 years
Current portion of investment corporation bonds	4,000,000	—	—	—	—	—
Current portion of long-term loans payable	37,500,000	—	—	—	—	—
Investment corporation bonds	—	2,000,000	4,000,000	—	1,000,000	3,000,000
Long-term loans payable	—	52,000,000	59,000,000	13,000,000	18,500,000	3,000,000

(As of August 31, 2026)

	Thousands of yen					
	Due in 1 year or less	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Due after 5 years
Current portion of investment corporation bonds	4,000,000	—	—	—	—	—
Current portion of long-term loans payable	43,000,000	—	—	—	—	—
Investment corporation bonds	—	2,000,000	4,000,000	—	1,000,000	3,000,000
Long-term loans payable	—	60,000,000	40,500,000	21,500,000	7,000,000	—

10. RELATED PARTY TRANSACTIONS

MTR entered into the following related party transactions:

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

(2) Subsidiaries: None applicable

(3) Sister companies:

(For the six-month period ended February 28, 2026)

Party type	Subsidiary of other related company*
Party name	Mori Trust Co., Ltd.
Address	Minato-ku, Tokyo, Japan
Capital	30,000,000 thousand yen
Business	Urban development; hotel management and investment business
Percentage of voting rights held	—
Concurrent board appointment	—
Business relationship	Leasing
Details of transactions Transaction amount	Rental revenues 5,823,806 thousand yen
	Property management expenses 310,333 thousand yen
Account name and balance at period end	Rental and other receivables 92,863 thousand yen
	Rents received in advance 434,259 thousand yen
	Tenant leasehold and security deposits 4,136,983 thousand yen
	Trade accounts payable 85,469 thousand yen
	Accounts payable – other 3,368 thousand yen

Party type	Subsidiary of other related company*
Party name	MORI TRUST Asset Management Co., Ltd.
Address	Minato-ku, Tokyo, Japan
Capital	400,000 thousand yen
Business	Investment management business
Percentage of voting rights held	—
Concurrent board appointment	Concurrently serving as
Business relationship	Outsourcing of asset management operations
Details of transactions Transaction amount	Payment of asset management fees 462,427 thousand yen
Account name and balance at period end	Accrued expenses 302,959 thousand yen

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

(For the six-month period ended August 31, 2026)

Party type	Subsidiary of other related company*
Party name	Mori Trust Co., Ltd.
Address	Minato-ku, Tokyo, Japan
Capital	30,000,000 thousand yen
Business	Urban development; hotel management and investment business
Percentage of voting rights held	—
Concurrent board appointment	—
Business relationship	Leasing
Details of transactions Transaction amount	Rental revenues 6,036,331 thousand yen Property management expenses 334,002 thousand yen
Account name and balance at period end	Rental and other receivables 94,013 thousand yen Rents received in advance 410,106 thousand yen Tenant leasehold and security deposits 4,170,145 thousand yen Trade accounts payable 159,904 thousand yen Accounts payable – other 4,610 thousand yen

Party type	Subsidiary of other related company*
Party name	MORI TRUST Asset Management Co., Ltd.
Address	Minato-ku, Tokyo, Japan
Capital	400,000 thousand yen
Business	Investment management business
Percentage of voting rights held	—
Concurrent board appointment	Concurrently serving as
Business relationship	Outsourcing of asset management operations
Details of transactions Transaction amount	Payment of asset management fees 480,934 thousand yen
Account name and balance at period end	Accrued expenses 307,754 thousand yen

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

(4) Directors and major individual unitholders:

(For the six-month period ended February 28, 2026)

Transactions conducted by MTR Executive Director Hiroshi Naitou on behalf of a third party (Mori Trust Asset Management Co., Ltd.) are as described in (3) Sister companies, etc., above.

(For the six-month period ended August 31, 2026)

Transactions conducted by MTR Executive Director Hiroshi Naitou on behalf of a third party (Mori Trust Asset Management Co., Ltd.) are as described in (3) Sister companies, etc., above.

11. INCOME TAXES

At February 28, 2026 and August 31, 2026 MTR's deferred tax assets consisted mainly of enterprise tax payable, which is not deductible for tax purposes.

The significant components of deferred tax assets and liabilities as of February 28, 2026 and August 31, 2026 were as follows:

	As of February 28, 2026	As of August 31, 2026
	Thousands of yen	
Deferred tax assets:		
Accrued enterprise tax	844	861
Total deferred tax assets	844	861
Deferred tax liabilities:		
Reserve for advanced depreciation of non-current assets	—	—
Total deferred tax liabilities	—	—
Net deferred tax assets (liabilities)	(844)	(861)

A reconciliation of the tax rate differences between the adjusted statutory tax rate and the effective tax rates for the six months ended February 28, 2026 and August 31, 2026 was as follows:

	September 1, 2025 to February 28, 2026	March 1, 2026 to August 31, 2026
Statutory tax rate	34.59%	34.59%
Deductible dividend distribution	(34.55%)	(34.56%)
Others	0.12%	0.13%
Effective tax rates	0.16%	0.16%

12. REVENUE RECOGNITION

1. Breakdown of revenue from contracts with customers

For the period from September 1, 2025 to February 28, 2026

	Thousands of yen	
	Revenue from contracts with customers*	Revenue from external customers
Sales of real estate properties	—	—
Utilities income	136,317	136,317
Others	—	11,448,618
Total	136,317	11,584,936

For the period from March 1, 2026 to August 31, 2026

	Thousands of yen	
	Revenue from contracts with customers*	Revenue from external customers
Sales of real estate properties	—	—
Utilities income	139,010	139,010
Others	—	11,691,522
Total	139,010	11,830,532

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

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

For the period from September 1, 2025 to February 28, 2026
As described in the Summary of Significant Accounting Policies.

For the period from March 1, 2026 to August 31, 2026
As described in the Summary of Significant Accounting Policies.

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

For the period from September 1, 2025 to February 28, 2026

(1) Balance of contract assets and contract liabilities

	Thousands of yen
	September 1, 2025 to February 28, 2026
Claims arising from contracts with customers (At beginning of period)	57,464
Claims arising from contracts with customers (At end of period)	49,358
Contract assets (At beginning of period)	—
Contract assets (At end of period)	—
Contract liabilities (At beginning of period)	—
Contract liabilities (At end of period)	—

(2) Transaction price allocated to remaining performance obligations

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

For the period from March 1, 2026 to August 31, 2026

(1) Balance of contract assets and contract liabilities

	Thousands of yen
	March 1, 2026 to August 31, 2026
Claims arising from contracts with customers (At beginning of period)	49,358
Claims arising from contracts with customers (At end of period)	54,935
Contract assets (At beginning of period)	—
Contract assets (At end of period)	—
Contract liabilities (At beginning of period)	—
Contract liabilities (At end of period)	—

(2) Transaction price allocated to remaining performance obligations

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

13. SEGMENT AND RELATED INFORMATION

Segment Information

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

(For the six-month period ended February 28, 2026)

Related Information

(1) Information about products and services

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

(2) Information about geographical areas

①Operating revenues

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

②Property and equipment

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

(3) Information about major customers

	Thousands of yen	
Name of major customers	Operating Revenues	Related Segment
Mori Trust Co., Ltd.	5,823,806	Leasing Business

(For the six-month period ended August 31, 2026)

Related Information

(1) Information about products and services

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

(2) Information about geographical areas

①Operating revenues

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

②Property and equipment

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

(3) Information about major customers

	Thousands of yen	
Name of major customers	Operating Revenues	Related Segment
Mori Trust Co., Ltd.	6,036,331	Leasing Business

14. INVESTMENT AND RENTAL PROPERTIES

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

	Thousands of yen			
	Carrying Value (1)			Fair Value(3)
Use	As of September 1, 2025	Net Changes(2)	As of February 28, 2026	As of February 28, 2026
Office buildings	257,841,248	(268,105)	257,573,142	285,700,000
Accommodations	137,559,096	(143,869)	137,415,226	190,039,500
Others	47,013,439	(34,845)	46,978,594	60,680,000
Total	442,413,784	(446,820)	441,966,964	536,419,500

	Thousands of yen			
	Carrying Value (1)			Fair Value(3)
Use	As of March 1, 2026	Net Changes(2)	As of August 31, 2026	As of August 31, 2026
Office buildings	257,573,142	(154,631)	257,418,511	291,150,000
Accommodations	137,415,226	19,549	137,434,776	193,918,000
Others	46,978,594	14,305	46,992,900	60,310,000
Total	441,966,964	(120,775)	441,846,188	545,378,000

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

(2) The main reason for the increases in both the previous and current periods was renovation work on properties owned, while the main reason for the decreases was depreciation.

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

The profit and loss for the six-month period ended February 28, 2026 and August 31, 2026 concerning rental properties is as follows:

	Thousands of yen		
	September 1, 2025 to February 28, 2026		
Use	Rental Revenues(1)	Property related Expenses(1)	Net Income
Office buildings	6,670,146	2,553,958	4,116,187
Accommodations	3,574,744	802,368	2,772,375
Others	1,340,045	202,394	1,137,650
Total	11,584,936	3,558,722	8,026,213

	Thousands of yen		
	March 1, 2026 to August 31, 2026		
Use	Rental Revenues(1)	Property related Expenses(1)	Net Income
Office buildings	6,717,256	2,578,721	4,138,535
Accommodations	3,757,098	836,759	2,920,339
Others	1,356,177	232,408	1,123,768
Total	11,830,532	3,647,889	8,182,642

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

15. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at February 28, 2026 and August 31, 2026 and for the six-month period then ended:

	Yen	
	September 1, 2025 to February 28, 2026	March 1, 2026 to August 31, 2026
Net assets per unit at period end	65,866	65,877
Net income per unit	1,836	1,848
Weighted-average number of units	3,560,000 units	3,560,000 units

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

16. SUBSEQUENT EVENTS

None applicable.

17. PROPERTY AND EQUIPMENT

Property and equipment at February 28, 2026 and August 31, 2026 consisted of the following:

	Thousands of yen			
	As of February 28, 2026		As of August 31, 2026	
	Acquisition Cost	Book Value	Acquisition Cost	Book Value
Land	91,837,007	91,837,007	91,837,007	91,837,007
Buildings and structures	32,744,813		32,916,204	
Accumulated depreciation	(18,567,176)	14,177,636	(18,770,737)	14,145,466
Machinery and equipment	116,068		116,653	
Accumulated depreciation	(78,847)	37,220	(82,005)	34,647
Vehicles	194		194	
Accumulated depreciation	(175)	19	(184)	9
Tools, furniture and fixtures	219,980		236,429	
Accumulated depreciation	(133,203)	86,777	(143,768)	92,661
Construction in progress	—	—	50,600	50,600
Land in trust	291,702,305	291,702,305	291,702,305	291,702,305
Buildings and structures in trust	62,405,273		62,967,445	
Accumulated depreciation	(18,617,830)	43,787,443	(19,369,564)	43,597,881
Machinery and equipment in trust	221,302		232,275	
Accumulated depreciation	(57,225)	164,077	(66,135)	166,140
Tools, furniture and fixtures in	297,925		358,138	
trust Accumulated depreciation	(123,449)	174,476	(138,669)	219,468
Total		441,966,964		441,846,188

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was 38,340 thousand yen at February 28, 2026 and 38,340 thousand yen at August 31, 2026.

18. SCHEDULE OF OTHER SPECIFIED ASSETS

Thousands of yen

Types of specified assets	Quantity	Book value		Appraised value		Unrealized gains and losses	Note
		Unit price	Amount	Unit price	Amount		
Monetary claims	1	2,365	2,365	2,365	2,365	—	—
Total	—	—	2,365	—	2,365	—	—

19. INVESTMENT CORPORATION BONDS

Investment corporation bonds at February 28, 2026 and August 31, 2026 consisted of the following:

Thousands of yen

	Issue date	As of February 28, 2026	As of August 31, 2026	Average interest rate (%)	Maturity date	Use of funds	Note
20th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	December 18, 2023	3,000,000	3,000,000	0.49	December 18, 2026	(1)	
6th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 26, 2015	1,000,000	1,000,000	1.06	February 26, 2027	(1)	
18th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	June 20, 2022	2,000,000	2,000,000	0.42	February 29, 2028	(1)	
21st Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds) (Green Bond)	December 18, 2023	1,000,000	1,000,000	0.82	December 18, 2028	(2)	(3)
19th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 17, 2023	3,000,000	3,000,000	0.79	February 28, 2029	(1)	
14th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 25, 2021	1,000,000	1,000,000	0.50	February 25, 2031	(1) (2)	

Thousands of yen

	Issue date	As of February 28, 2026	As of August 31, 2026	Average interest rate (%)	Maturity date	Use of funds	Note
17th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 21, 2022	1,000,000	1,000,000	0.50	February 27, 2032	(1)	
15th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 25, 2021	1,000,000	1,000,000	0.75	February 25, 2036	(1) (2)	(3)
9th Series Unsecured Investment Corporation Bond (with a pari passu clause among specified investment corporation bonds)	February 23, 2017	1,000,000	1,000,000	1.08	February 23, 2037	(1)	
Total	—	14,000,000	14,000,000	—	—	—	—

(1) For the redemption of investment corporation bonds.

(2) For the refinancing of existing loans.

(3) The investment corporation bonds are unsecured and unguaranteed.

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

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

20. SHORT-TERM LOANS PAYABLE

Short-term loans payable at February 28, 2026 and August 31, 2026 consisted of the following:

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	—	—	—	—	—
Mizuho Bank, Ltd.	500,000	—	—	—		
Resona Bank, Limited	1,500,000	—	—	—		
Resona Bank, Limited	—	—	—	—		
Mizuho Bank, Ltd.	1,000,000	—	—	—		
Sumitomo Mitsui Banking Corporation.	1,000,000	—	—	—		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	—	—	—		
Mizuho Trust & Banking Co., Ltd.	500,000	—	—	—		
Sumitomo Mitsui Banking Corporation.	2,500,000	2,500,000	1.16	September 30, 2026		
Resona Bank, Limited	1,500,000	1,500,000	1.16	September 30, 2026		
Sumitomo Mitsui Trust Bank, Ltd.	3,500,000	3,500,000	1.16	November 30, 2026		
Mizuho Bank, Ltd.	1,500,000	1,500,000	1.15	January 29, 2027		
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	1.16	January 29, 2027		
Sumitomo Mitsui Banking Corporation.	3,000,000	3,000,000	1.16	February 26, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	1.16	February 26, 2027		
Mizuho Bank, Ltd.	1,000,000	1,000,000	1.15	February 26, 2027		
The Chiba Bank,Ltd.	500,000	500,000	1.16	February 26, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	—	2,000,000	1.19	March 31, 2027	(2)	(3)
The Bank of Fukuoka, Ltd.	—	1,000,000	1.19	March 31, 2027		
Mizuho Bank, Ltd.	—	500,000	1.18	March 31, 2027		
Sumitomo Mitsui Banking Corporation.	—	2,000,000	1.23	May 31, 2027		
Resona Bank, Limited	—	1,500,000	1.23	May 31, 2027		
Mizuho Bank, Ltd.	—	1,000,000	1.22	May 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	—	1,000,000	1.23	May 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	—	4,000,000	1.33	August 31, 2027		
Mizuho Bank, Ltd.	—	1,000,000	1.32	August 31, 2027		
Mizuho Bank, Ltd.	—	1,000,000	1.32	August 31, 2027		
Resona Bank, Limited	—	1,500,000	— (4)	August 31, 2027		

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Sumitomo Mitsui Banking Corporation.	—	1,000,000	1.33	August 31, 2027	(2)	(3)
Mizuho Trust & Banking Co., Ltd.	—	500,000	1.32	August 31, 2027		
Total short-term loans	23,500,000	34,000,000	—	—	—	—

(1) The average interest rate is rounded to the second decimal place.

(2) For the acquisition of real estate or beneficiary interests and for the refinancing of existing loans

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

MTR has entered into line of credit loan agreements totaling 20,000 million yen with banks to reduce refinancing risk.

The unused amount of such credit lines was 20,000 million yen at August 31, 2026.

(4) The average interest rate is not presented because interest is calculated for the actual borrowing period and deducted in advance.

21. LONG-TERM LOANS PAYABLE

Long-term loans payable at February 28, 2026 and August 31, 2026 consisted of the following:

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Development Bank of Japan Inc.	1,000,000	—	—	—		
The Bank of Fukuoka, Ltd.	1,000,000	—	—	—		
The Nishi-Nippon City Bank, Ltd.	500,000	—	—	—		
Nippon Life Insurance Company	500,000	—	—	—		
Resona Bank, Limited.	1,000,000	—	—	—		
Aozora Bank, Ltd.	500,000	—	—	—		
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	—		
Mizuho Bank, Ltd.	1,000,000	—	—	—		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	—	—	—	—	—
Resona Bank, Limited.	500,000	—	—	—		
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	—	—	—		
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	—	—	—		
MUFG Bank, Ltd.	3,000,000	—	—	—		
Mizuho Bank, Ltd.	1,000,000	—	—	—		
Development Bank of Japan Inc.	1,000,000	—	—	—		
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	—		
The 77 Bank, Ltd.	500,000	—	—	—		
Nippon Life Insurance Company	500,000	500,000	0.40	September 18, 2026		
Mitsui Sumitomo Insurance Company, Limited	500,000	500,000	0.39	September 30, 2026		
Sumitomo Mitsui Banking Corporation	5,500,000	5,500,000	0.50	November 30, 2026		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.42	December 24, 2026		(3)
MUFG Bank, Ltd.	1,000,000	1,000,000	0.40	December 25, 2026		
Resona Bank, Limited.	500,000	500,000	0.56	December 25, 2026	(2)	
The Bank of Fukuoka, Ltd.	500,000	500,000	0.56	December 25, 2026		
Mizuho Bank, Ltd.	500,000	500,000	0.50	January 19, 2027		
Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000	1.16	January 29, 2027		(4)
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.51	January 29, 2027		(3)
The Norinchukin Bank	3,000,000	3,000,000	0.38	February 26, 2027		

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.59	February 26, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	1.08	February 26, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	2,000,000	0.90	March 31, 2027		
The Ashikaga Bank, Ltd.	1,000,000	1,000,000	0.63	April 22, 2027		
Sumitomo Mitsui Banking Corporation	3,000,000	3,000,000	0.79	May 31, 2027		
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.92	May 31, 2027		
Aozora Bank, Ltd.	500,000	500,000	0.45	June 24, 2027		
SUMITOMO LIFE INSURANCE COMPANY	500,000	500,000	0.59	June 25, 2027		
The Bank of Fukuoka, Ltd.	1,000,000	1,000,000	0.55	July 30, 2027		
MUFG Bank, Ltd.	3,000,000	3,000,000	0.84	August 31, 2027		
MUFG Bank, Ltd.	3,000,000	3,000,000	0.86	August 31, 2027		
MUFG Bank, Ltd.	2,000,000	2,000,000	1.18	August 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.63	August 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.84	August 31, 2027		
Resona Bank, Limited.	1,000,000	1,000,000	0.74	August 31, 2027		
Resona Bank, Limited.	500,000	500,000	0.48	August 31, 2027	(2)	(3)
The Norinchukin Bank	1,500,000	1,500,000	0.38	August 31, 2027		
The Nishi-Nippon City Bank, Ltd.	1,500,000	1,500,000	0.48	August 31, 2027		
SUMITOMO LIFE INSURANCE COMPANY	500,000	500,000	0.38	August 31, 2027		
The Dai-ichi Life Insurance Company, Limited	500,000	500,000	0.56	August 31, 2027		
Development Bank of Japan Inc.	1,000,000	1,000,000	0.43	September 10, 2027		
Sumitomo Mitsui Banking Corporation	2,500,000	2,500,000	0.80	September 30, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.74	September 30, 2027		
Resona Bank, Limited.	1,000,000	1,000,000	0.83	September 30, 2027		
MUFG Bank, Ltd.	500,000	500,000	1.08	September 30, 2027		
MUFG Bank, Ltd.	1,500,000	1,500,000	0.50	October 13, 2027		
Development Bank of Japan Inc.	1,500,000	1,500,000	0.87	November 30, 2027		
Development Bank of Japan Inc.	1,500,000	1,500,000	1.07	November 30, 2027		
MUFG Bank, Ltd.	500,000	500,000	1.27	November 30, 2027		
The Nishi-Nippon City Bank, Ltd.	500,000	500,000	1.05	November 30, 2027		

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.63	December 24, 2027		
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.47	January 19, 2028		
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.55	January 19, 2028		
Mizuho Bank, Ltd.	500,000	500,000	0.99	January 19, 2028		(3)
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	1,500,000	0.99	January 19, 2028		
Development Bank of Japan Inc.	500,000	500,000	0.47	January 19, 2028		
MUFG Bank, Ltd.	—	3,000,000	1.33	February 29, 2028		(4)
Development Bank of Japan Inc.	2,000,000	2,000,000	0.86	February 29, 2028		
Development Bank of Japan Inc.	1,500,000	1,500,000	0.84	February 29, 2028		
Shinkin Central Bank	2,000,000	2,000,000	0.83	February 29, 2028		
Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000	0.91	February 29, 2028		
Resona Bank, Limited.	1,000,000	1,000,000	0.91	February 29, 2028		
The Ashikaga Bank, Ltd.	1,000,000	1,000,000	0.91	February 29, 2028		
Hachijuni Nagano Bank, Ltd.	1,000,000	1,000,000	1.21	February 29, 2028		
MUFG Bank, Ltd.	500,000	500,000	1.21	February 29, 2028		
Development Bank of Japan Inc.	1,500,000	1,500,000	0.91	March 1, 2028	(2)	
Sumitomo Mitsui Banking Corporation (Green Loan)	4,000,000	4,000,000	0.93	March 31, 2028		
Mizuho Bank, Ltd. (Green Loan)	2,500,000	2,500,000	1.36	March 31, 2028		
MUFG Bank, Ltd.	1,500,000	1,500,000	0.53	March 31, 2028		(3)
MUFG Bank, Ltd.	1,000,000	1,000,000	1.00	March 31, 2028		
Development Bank of Japan Inc.	1,000,000	1,000,000	1.28	March 31, 2028		
The Nishi-Nippon City Bank, Ltd.	—	500,000	1.69	March 31, 2028		
Sumitomo Mitsui Banking Corporation.	1,500,000	1,500,000	0.54	April 7, 2028		
Sumitomo Mitsui Banking Corporation.	1,500,000	1,500,000	0.51	April 11, 2028		
Aozora Bank, Ltd.	1,000,000	1,000,000	0.71	April 11, 2028		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.51	April 17, 2028		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	1,000,000	0.84	May 31, 2028		
Mizuho Bank, Ltd.	5,500,000	5,500,000	0.96	August 31, 2028		
The 77 Bank, Ltd.	1,000,000	1,000,000	0.54	August 31, 2028		
The 77 Bank, Ltd. (Green Loan)	500,000	500,000	1.33	August 31, 2028		

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	1.26	August 31, 2028		
MUFG Bank, Ltd.	1,000,000	1,000,000	0.99	August 31, 2028		
SBI Shinsei Bank, Limited	1,000,000	1,000,000	0.53	August 31, 2028		
Nippon Life Insurance Company	1,000,000	1,000,000	0.76	August 31, 2028		
The Nishi-Nippon City Bank, Ltd. (Green Loan)	—	500,000	— (5)	August 31, 2028		
Sumitomo Mitsui Banking Corporation.	3,000,000	3,000,000	1.07	September 29, 2028		
Sumitomo Mitsui Banking Corporation.	2,500,000	2,500,000	1.03	September 29, 2028		
Development Bank of Japan Inc.	1,500,000	1,500,000	0.98	September 29, 2028		
Mitsui Sumitomo Insurance Company, Limited	1,500,000	1,500,000	0.59	October 31, 2028		
Mizuho Bank, Ltd.	1,500,000	1,500,000	1.02	November 30, 2028		
Mizuho Bank, Ltd.	5,000,000	5,000,000	0.97	February 28, 2029		
Mizuho Bank, Ltd.	2,000,000	2,000,000	1.07	February 28, 2029		
Mizuho Bank, Ltd.	1,000,000	1,000,000	1.07	February 28, 2029		
Development Bank of Japan Inc.	3,000,000	3,000,000	0.71	February 28, 2029		
Sumitomo Mitsui Trust Bank, Ltd.	2,500,000	2,500,000	1.71	February 28, 2029		
Mizuho Trust & Banking Co., Ltd.	1,000,000	1,000,000	1.07	February 28, 2029	(2)	(3)
Mizuho Trust & Banking Co., Ltd.	1,000,000	1,000,000	1.07	February 28, 2029		
Aozora Bank, Ltd.	1,000,000	1,000,000	1.07	February 28, 2029		
Aozora Bank, Ltd.	1,000,000	1,000,000	0.94	February 28, 2029		
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	1.71	February 28, 2029		
SBI Shinsei Bank, Limited (Green Loan)	1,000,000	1,000,000	1.71	February 28, 2029		
The Yamanashi Chuo Bank, Ltd. (Green Loan)	500,000	500,000	1.71	February 28, 2029		
Mizuho Bank, Ltd.	2,500,000	2,500,000	1.06	March 30, 2029		
Development Bank of Japan Inc.	—	1,000,000	1.75	March 30, 2029		
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.82	April 11, 2029		
Aozora Bank, Ltd.	1,500,000	1,500,000	0.59	April 23, 2029		
Shinkin Central Bank (Green Loan)	2,000,000	2,000,000	1.45	August 31, 2029		
Development Bank of Japan Inc.	—	1,000,000	2.30	August 31, 2029		
Mizuho Bank, Ltd.	500,000	500,000	1.02	August 31, 2029		
The Nishi-Nippon City Bank, Ltd. (Green Loan)	—	500,000	— (5)	August 31, 2029		

Thousands of yen

Lender	As of February 28, 2026	As of August 31, 2026	Average interest rate (%) (1)	Due on	Use of funds	Note
The 77 Bank, Ltd.	—	500,000	— (5)	August 31, 2029		
Mizuho Bank, Ltd.	1,500,000	1,500,000	1.17	November 30, 2029		
Mizuho Bank, Ltd.	1,500,000	1,500,000	1.23	February 28, 2030		
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	1.23	February 28, 2030		
Aozora Bank, Ltd.	1,000,000	1,000,000	1.08	February 28, 2030		
MUFG Bank, Ltd.	500,000	500,000	0.79	February 28, 2030		
Mizuho Bank, Ltd.	3,500,000	3,500,000	1.07	March 29, 2030		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.90	April 11, 2030		
MUFG Bank, Ltd.	2,000,000	2,000,000	0.92	April 12, 2030		
Sumitomo Mitsui Banking Corporation.	1,000,000	1,000,000	0.65	June 24, 2030		
Sumitomo Mitsui Banking Corporation.	1,500,000	1,500,000	0.76	July 19, 2030		
Mizuho Bank, Ltd.	2,500,000	2,500,000	1.18	August 30, 2030	(2)	(3)
Mizuho Bank, Ltd.	1,000,000	1,000,000	0.62	August 30, 2030		
Mizuho Bank, Ltd.	500,000	500,000	0.63	August 30, 2030		
MUFG Bank, Ltd.	1,500,000	1,500,000	1.18	August 30, 2030		
Sumitomo Mitsui Trust Bank, Ltd.	—	1,000,000	2.50	August 30, 2030		
Sumitomo Mitsui Banking Corporation.	2,000,000	2,000,000	0.98	October 28, 2030		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.66	February 28, 2031		
Aozora Bank, Ltd.	—	500,000	2.22	March 31, 2031		
Mizuho Bank, Ltd.	1,500,000	1,500,000	0.98	April 11, 2031		
Mizuho Trust & Banking Co., Ltd. (Green Loan)	1,000,000	1,000,000	1.69	August 29, 2031		
Development Bank of Japan Inc. (Green Loan)	500,000	500,000	1.69	August 29, 2031		
Total long-term loans	183,000,000	172,000,000	—	—	—	—

(1) The average interest rate is rounded to the second decimal place.

(2) For the acquisition of real estate or beneficiary interests and for the refinancing of existing loans.

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

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

(5) The average interest rate is not presented because interest is calculated for the actual borrowing period and deducted in advance.

(6) The total amounts of long-term loans repayable expected to be repaid during each of the 5 years subsequent to the current balance sheet date are summarized as follows (except for long-term loans payable due within one year):

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount of loans (Thousands of yen)	60,000,000	40,500,000	21,500,000	7,000,000