

Issuer of Real Estate Investment Trust Securities

MORI TRUST Sogo Reit, Inc.

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## MTR Announces Financial Results for the Fiscal Period Ended March 31, 2020

**Tokyo, May 21, 2020** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended March 31, 2020 (from October 1, 2019 to March 31, 2020).

### 1. Operational/Asset Conditions for the fiscal period ended March 31, 2020 (October 1, 2019 – March 31, 2020)

(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, 2020	8,869	0.4	5,398	1.1	4,996	2.0	4,995	2.0
Fiscal period ended September 30, 2019	8,831	0.7	5,341	0.9	4,897	1.2	4,898	1.2

	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, 2020	3,784	3.1	1.5	56.3
Fiscal period ended September 30, 2019	3,710	3.1	1.5	55.4

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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, 2020	3,785	4,996	—	—	100.0	0.1
Fiscal period ended September 30, 2019	3,709	4,895	—	—	99.9	3.1

(Note) 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, 2020	329,302	160,060	48.6	121,258
Fiscal period ended September 30, 2019	328,461	159,961	48.7	121,182

## (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, 2020	6,457	(9)	(4,914)	21,780
Fiscal period ended September 30, 2019	6,159	(482)	(4,838)	20,247

## 2. Forecast for the September 2020 period (April 1, 2020 to September 30, 2020) and the March 2021 period (October 1, 2020 to March 31, 2021)

(% 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, 2020	8,914	0.5	5,396	(0.0)	4,999	0.1	4,998	0.1	3,786	0
Fiscal period ending March 31, 2021	8,825	(1.0)	5,445	0.9	5,046	0.9	5,045	0.9	3,822	0

(Reference) The profit per unit forecast is ¥3,786 for the fiscal period ending September 30, 2020 and ¥3,822 for the fiscal period ending March 31, 2021.

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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 Fresno Inage, land related to leased land agreement for business use.

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

As a result, the real estate held by the Investment Corporation as of March 31, 2020, numbered 15 properties, with a total assets price of ¥329,302 million.

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

During the fiscal period under review, the Japanese economy staged a modest recovery, bolstered by continued improvement in employment and income conditions, despite signs of a deceleration in exports. However, the impact of the consumption tax hike in October 2019 and the global slowdown caused by the Covid-19 pandemic gave cause for concern.

In the real estate investment market, investment demand remained strong amid favorable financing conditions and, as a result, transaction prices, remained high.

In the real estate leasing market, favorable conditions were sustained on the back of solid leasing demand for office buildings from businesses. Particularly in central Tokyo and other major cities in Japan, the vacancy rate hovered at a low level and the uptrend in rents also continued.

In the market for commercial facilities, personal consumption showed signs of slowing down due to the Covid-19 outbreak in addition to the impact of the consumption tax hike.

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

Looking at market conditions for hotels, the number of foreign visitors to Japan reached a record high in 2019. However, the Covid-19 outbreak caused the number of Japanese and foreign tourists to fall sharply and hotel business results appear to have been severely hit.

As a result, as of March 31, 2020, the Investment Corporation owned 15 properties with a total book value of ¥307,346 million. The occupancy rate for the properties owned by the Investment Corporation was 99.9% (99.8% (Note)) as of March 31, 2020.

(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 ¥21,000 million to apply the amount to the repayment of existing loans that became due. The Investment Corporation also issued the Twelfth Series Unsecured Investment Corporation Bonds as detailed below to finance redemption of the Eighth Series Unsecured Investment Corporation Bonds, which reached maturity in February 2020.

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

Issue amount: ¥4,000 million

Interest rate: 0.100% per annum

Issue date: February 20, 2020

Redemption date: February 20, 2023

Collateral: no secured mortgage and no bond guarantee

As a result, interest-bearing debt as of March 31, 2020 amounted to ¥155,000 million, of which long-term loans payable amounted to ¥132,500 million (including long-term loans payable of ¥23,000 million due for repayment within 1 year) and investment corporation bonds amounted to ¥12,000 million (including investment corporation bonds of ¥3,000 million due for redemption within 1 year). The ratio of interest-bearing debt to total assets as of March 31, 2020 was 47.1% (compared with 47.2% as of September 30, 2019).

As of March 31, 2020, 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 ¥8,869 million, operating income came to ¥5,398 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥4,996 million, and profit came to ¥4,995 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, with the exception of a fraction of less than ¥1 of distributions per unit. Consequently, the distribution per investment unit amounted to ¥3,785.

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

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

The Japanese economy will need to be kept under careful observation amid fears that the Covid-19 pandemic will affect the global economy and push Japan and other economies around the world into recession.

In the real estate investment market, cap rates will remain low for the time being. However, deterioration in corporate earnings due to the Covid-19 pandemic is expected to lead to a rise in cap rates and moves by investors will need to be monitored.

In the real estate leasing market, leasing demand for office buildings from businesses will require continued attention because, although the vacancy rate will remain low, demand for expanding offices among tenants is expected to slow amid the shift to telework driven by the coronavirus outbreak and workstyle reform.

In the markets for commercial facilities and hotels, conditions will remain challenging due to decline in the number of foreign customers to Japan caused by the coronavirus outbreak and a slump in personal spending, and demands for rent reductions and payment holidays are expected to increase.

In the market for luxury rental housing in Tokyo, the occupancy rate and the rent level are likely to remain firm backed by a steady supply and demand environment, although future business trends in Japan and overseas will require close observation.

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

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

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

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

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

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

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

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

## **(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.

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

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

Not applicable

**(vi) Forecasts of performance**

The Investment Corporation forecasts that performance in the next fiscal period the fiscal period ending September 30, 2020 (from April 1, 2020 to September 30, 2020) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the fiscal period ending March 31, 2021 (from October 1, 2020 to March 31, 2021) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the fiscal period ending September 30, 2020 (from April 1, 2020 to September 30, 2020) and the fiscal period ending March 31, 2021 (from October 1, 2020 to March 31, 2021)” below for further details of the assumptions of forecasts of performance.

	the fiscal period ending September 30, 2020	the fiscal period ending March 31, 2021
Operating revenues	¥8,914 million	¥8,825 million
Operating income	¥5,396 million	¥5,445 million
Ordinary income	¥4,999 million	¥5,046 million
Profit	¥4,998 million	¥5,045 million
Distribution per unit	¥3,786	¥3,822

(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, 2020 (from April 1, 2020 to September 30, 2020) and the Fiscal Period ending March 31, 2021 (from October 1, 2020 to March 31, 2021)**

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> <li>We assume that a total of 15 properties will be under management as of March 31, 2020.</li> <li>The actual portfolio may change due to the acquisition or disposal/transfer of other properties.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>We assume 1,320,000 investment units issued and outstanding as of March 31, 2020. The number of investment issued and outstanding may change, however, for reasons such as the issuance of investment units during the fiscal period.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>Interest-bearing debt amounted to ¥155,000 million as of March 31, 2020.</li> <li>Concerning the repayment of loans payable of ¥17,000 million that will fall due during the fiscal period ending September 30, 2020, we assume the application of funds raised through refinancing. Concerning the repayment of loans payable of ¥16,500 million and the redemption of investment corporation bonds of ¥3,000 million that will fall due during the fiscal period ending March 31, 2021, we assume the application of funds raised through refinancing and the issuance of investment corporation bonds.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Concerning leasing business revenues, we take factors such as tenant movements into consideration.</li> <li>We assume that there will be no delayed payment or non-payment by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, the portion of the tax amount to be levied that corresponds to the relevant calculation period is recorded as leasing business expenses. However, the amount equivalent to fixed property tax, city</li> </ul>

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	<p>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.</p> <ul style="list-style-type: none"> <li>Concerning repair expenses, the estimated amount required is recorded as expenses. However, the actual repair expenses may significantly differ from the estimates since (i) an unforeseeable event may cause damage to a building requiring emergency repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period.</li> <li>We estimate property and other taxes of ¥966 million for the fiscal period ending September 30, 2020 and ¥964 million for the fiscal period ending March 31, 2021 fiscal period.</li> <li>We estimate property management fees of ¥402 million for the fiscal period ending September 30, 2020 and ¥400 million for the fiscal period ending March 31, 2021.</li> <li>We estimate depreciation of ¥1,312 million for the fiscal period ending September 30, 2020 and ¥1,141 million for the fiscal period ending March 31, 2021.</li> <li>We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥463 million for the fiscal period ending September 30, 2020 and ¥461 million for the fiscal period ending March 31, 2021.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥398 million for the fiscal period ending September 30, 2020 and ¥400 million for the fiscal period ending March 31, 2021. We assume that there will be no borrowing-related expenses.</li> </ul>
Distributions	<ul style="list-style-type: none"> <li>Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation.</li> <li>Distributions per unit may change due to a variety of factors, including changes in the assets under investment and changes in rental income as a result of changes in tenants, the occurrence of unforeseen repairs, fluctuation in the number of issued investment units and financing.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> </ul>

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## 4. FINANCIAL STATEMENTS

### (1) Balance Sheets

Thousands of yen

	As of September 30, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	17,274,430	18,802,219
Cash and deposits in trust	2,972,707	2,977,817
Operating accounts receivable	52,220	50,066
Accounts receivable - other	—	10,642
Prepaid expenses	59,176	34,537
Other	1,265	4,213
<b>Total current assets</b>	<b>20,359,800</b>	<b>21,879,495</b>
Non-current assets		
Property, plant and equipment		
Buildings	40,185,263	40,275,524
Accumulated depreciation	(17,485,358)	(18,241,656)
Buildings, net	22,699,904	22,033,867
Structures	571,395	571,395
Accumulated depreciation	(530,619)	(531,310)
Structures, net	40,775	40,084
Machinery and equipment	152,086	152,086
Accumulated depreciation	(113,495)	(115,664)
Machinery and equipment, net	38,590	36,421
Tools, furniture and fixtures	102,756	103,633
Accumulated depreciation	(71,545)	(74,426)
Tools, furniture and fixtures, net	31,210	29,207
Land	136,672,529	136,672,529
Buildings in trust	27,509,701	28,002,980
Accumulated depreciation	(9,943,096)	(10,467,369)
Buildings in trust, net	17,566,605	17,535,611
Structures in trust	125,153	125,153
Accumulated depreciation	(101,206)	(102,688)
Structures in trust, net	23,946	22,464
Machinery and equipment in trust	7,693	7,693
Accumulated depreciation	(2,776)	(3,020)
Machinery and equipment in trust, net	4,917	4,673
Tools, furniture and fixtures in trust	75,045	81,051
Accumulated depreciation	(45,216)	(49,448)
Tools, furniture and fixtures in trust, net	29,829	31,602
Land in trust	130,939,930	130,939,930
<b>Total property, plant and equipment</b>	<b>308,048,239</b>	<b>307,346,392</b>
Intangible assets		
Software	0	—
Other	240	240
<b>Total intangible assets</b>	<b>240</b>	<b>240</b>

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	As of September 30, 2019	As of March 31, 2020
<b>Investments and other assets</b>		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	3,577	17,683
Other	3,602	3,602
<b>Total investments and other assets</b>	<b>17,179</b>	<b>31,285</b>
<b>Total non-current assets</b>	<b>308,065,659</b>	<b>307,377,918</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	36,102	45,461
<b>Total deferred assets</b>	<b>36,102</b>	<b>45,461</b>
<b>Total assets</b>	<b>328,461,562</b>	<b>329,302,876</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	189,811	247,690
Short-term loans payable	5,000,000	10,500,000
Current portion of investment corporation bonds	4,000,010	3,000,000
Current portion of long-term loans payable	33,000,000	23,000,000
Accounts payable – other	121,763	550,927
Accrued expenses	481,366	459,108
Dividends payable	9,375	9,206
Income taxes payable	1,028	606
Accrued consumption taxes	172,226	324,346
Advances received	1,492,936	1,505,216
Deposits received	1,548	1,619
<b>Total current liabilities</b>	<b>44,470,066</b>	<b>39,598,721</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	8,000,000	9,000,000
Long-term loans payable	105,000,000	109,500,000
Tenant leasehold and security deposits	9,637,357	9,747,760
Tenant leasehold and security deposits in trust	899,903	902,342
Deferred tax liabilities	493,152	493,173
<b>Total non-current liabilities</b>	<b>124,030,413</b>	<b>129,643,276</b>
<b>Total liabilities</b>	<b>168,500,480</b>	<b>169,241,998</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	153,990,040	153,990,040
<b>Surplus</b>		
<b>Voluntary retained earnings</b>		
Reserve for reduction entry	1,072,409	1,074,447
<b>Total voluntary retained earnings</b>	<b>1,072,409</b>	<b>1,074,447</b>
Unappropriated retained earnings	4,898,632	4,996,390
<b>Total surplus</b>	<b>5,971,042</b>	<b>6,070,837</b>
<b>Total unitholders' equity</b>	<b>159,961,082</b>	<b>160,060,877</b>
<b>Total net assets</b>	<b>159,961,082</b>	<b>160,060,877</b>
<b>Total liabilities and net assets</b>	<b>328,461,562</b>	<b>329,302,876</b>

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(2) Statement of income

	Thousands of yen	
	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
<b>Operating revenue</b>		
Lease business revenue	8,520,574	8,574,620
Other lease business revenue	311,305	294,696
<b>Total operating revenue</b>	<b>8,831,880</b>	<b>8,869,317</b>
<b>Operating expenses</b>		
Expenses related to rent business	3,024,459	3,013,543
Asset management fee	343,448	348,561
Asset custody fee	13,094	13,104
Administrative service fees	56,182	47,193
Directors' compensations	4,800	3,600
Other operating expenses	47,975	45,256
<b>Total operating expenses</b>	<b>3,489,960</b>	<b>3,471,259</b>
<b>Operating income</b>	<b>5,341,919</b>	<b>5,398,058</b>
<b>Non-operating income</b>		
Interest income	92	97
Reversal of dividends payable	1,037	961
Insurance income	1,039	10,642
<b>Total non-operating income</b>	<b>2,170</b>	<b>11,701</b>
<b>Non-operating expenses</b>		
Interest expenses	425,825	383,678
Interest expenses on investment corporation bonds	12,038	12,405
Amortization of investment corporation bond issuance costs	8,950	9,023
other	—	8,334
<b>Total non-operating expenses</b>	<b>446,815</b>	<b>413,442</b>
<b>Ordinary income</b>	<b>4,897,275</b>	<b>4,996,317</b>
<b>Profit before income taxes</b>	<b>4,897,275</b>	<b>4,996,317</b>
Income taxes - current	1,042	620
Income taxes - deferred	(2,036)	20
<b>Total income taxes</b>	<b>(994)</b>	<b>641</b>
<b>Profit</b>	<b>4,898,269</b>	<b>4,995,675</b>
Retained earnings at beginning of period	362	714
<b>Unappropriated retained earnings</b>	<b>4,898,632</b>	<b>4,996,390</b>

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

For the six-month period from April 1, 2019 to September 30, 2019

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	1,072,409	1,072,409	4,839,482	5,911,892	159,901,932	159,901,932
Changes of items during period							
Dividends of surplus				(4,839,120)	(4,839,120)	(4,839,120)	(4,839,120)
Profit				4,898,269	4,898,269	4,898,269	4,898,269
Total changes of items during period	—	—	—	59,149	59,149	59,149	59,149
Balance at end of current period	153,990,040	1,072,409	1,072,409	4,898,632	5,971,042	159,961,082	159,961,082

For the six-month period from October 1, 2019 to March 31, 2020

Thousands of yen

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	153,990,040	1,072,409	1,072,409	4,898,632	5,971,042	159,961,082	159,961,082
Changes of items during period							
Provision of reserve for reduction entry		2,037	2,037	(2,037)	—	—	—
Dividends of surplus				(4,895,880)	(4,895,880)	(4,895,880)	(4,895,880)
Profit				4,995,675	4,995,675	4,995,675	4,995,675
Total changes of items during period	—	2,037	2,037	97,757	99,795	99,795	99,795
Balance at end of current period	153,990,040	1,074,447	1,074,447	4,996,390	6,070,837	160,060,877	160,060,877

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#### (4) Statement of Cash Distributions

(Unit: yen)

	The Fiscal Period ended September 30, 2019 (April 1, 2019 to September 30, 2019)	The Fiscal Period ended March 31, 2020 (October 1, 2019 to March 31, 2020)
I. Unappropriated retained earnings	4,898,632,198	4,996,390,036
II. Distribution amount	4,895,880,000	4,996,200,000
(Distribution amount per unit)	(3,709)	(3,785)
III Voluntary retained earnings		
Provision of reserve for reduction entry	2,037,908	—
IV. Retained earnings carried forward	714,290	190,036

Calculation method of distribution amount	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, transferring the revised amount for deferred tax liabilities, which accompanied changes to the statutory tax rate, to the reserve for reduction entry, MTR decided to distribute 4,895,880,000 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.  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 4,996,200,000 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.  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.

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(5) Statement of cash flows

	Thousands of yen	
	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,897,275	4,996,317
Depreciation	1,282,392	1,292,269
Amortization of investment corporation bond issuance costs	8,950	9,023
Interest income	(92)	(97)
Interest expenses	437,864	396,084
Decrease (Increase) in operating accounts receivable	(1,327)	2,154
Increase (Decrease) in operating accounts payable	(47,784)	19,413
Increase (Decrease) in accrued consumption taxes	17,313	152,119
Increase (Decrease) in advances received	33,745	12,280
Other, net	(16,974)	5,685
Subtotal	6,611,363	6,885,250
Interest income received	92	97
Interest expenses paid	(450,588)	(427,023)
Income taxes paid	(1,067)	(1,043)
Net cash provided by operating activities	6,159,799	6,457,281
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(306,121)	(32,240)
Purchase of property, plant and equipment in trust	(127,831)	(129,018)
Repayments of tenant leasehold and security deposits	(99,710)	(8,518)
Proceeds from tenant leasehold and security deposits	44,771	156,252
Repayments of tenant leasehold and security deposits in trust	(15,901)	(14,961)
Proceeds from tenant leasehold and security deposits in trust	22,514	18,536
Net cash used in investing activities	(482,279)	(9,951)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	—	5,500,000
Proceeds from long-term loans payable	12,500,000	15,000,000
Repayments of long-term loans payable	(12,500,000)	(20,500,000)
Proceeds from issuance of investment corporation bonds	—	4,000,000
Redemption of investment corporation bonds	—	(4,000,000)
Payments for investment corporation bond issuance costs	—	18,383
Dividends paid	(4,838,420)	(4,896,048)
Net cash used in financing activities	(4,838,420)	(4,914,432)
Net increase (decrease) in cash and cash equivalents	839,100	1,532,898
Cash and cash equivalents at beginning of period	19,408,037	20,247,138
Cash and cash equivalents at end of period	20,247,138	21,780,036

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## 5. Reference Information

### (1) Composition of assets

type	Region	As of September 30, 2019		As of March 31, 2020	
		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)	135,408	41.2	134,827	40.9
	Other (Note 4)	24,074	7.3	23,985	7.3
Trust	Central Tokyo (Note 3)	113,637	34.6	113,487	34.5
	Other (Note 4)	34,927	10.6	35,046	10.6
Subtotal		308,048	93.8	307,346	93.3
Other assets		20,413	6.2	21,956	6.7
Total		328,461	100.0	329,302	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, 2020 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, 2020 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)	2-91-1, 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 Sagamihara-Nishihashimoto	5-4-4 Nishihashimoto, Midori-ku, Sagamihara City	19,878.57	40,283.77	S 5F	Owned	Owned
Frespo Inage (Note 5)	731-17 Naganumaracho, Inage-ku, Chiba City	39,556.71	—	—	Owned	—
Hotel Okura Kobe (Note 5)	48-1 Hatobacho, Chuo-ku, Kobe City, etc.	30,944.44	72,246.86	SRC・S B2/35F	Owned	Owned
Park Lane Plaza	2-30-6 Jingumae, Shibuya-ku, Tokyo	1,702.95	5,246.78	RC B1/7F	Owned	Owned

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

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

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

(Note 4) The land area of the ON Building is the total area (10,850.67m<sup>2</sup>) of the 3 sections of land in which trust fiduciaries for whom MTR is the sole trust beneficiary own a co-owned interest, and the trust fiduciaries own a co-owned interest of 840,139/1,000,000. The co-owned interest other than the one owned by the trust fiduciaries is owned by MTR as the site of the Osaki MT Building. As a result, the 3 sections of land in question (total area of 10,850.67m<sup>2</sup>) are stated separately as part of the land area of the Osaki MT Building and the land area of the ON Building. Moreover, the land area of the Osaki MT Building is the total area of all the 17 sections of land that MTR owns or jointly owns, which includes the co-owned interest of other co-owners. Of all the 17 sections of land in question, 13 sections of land (total area of 2,880.79m<sup>2</sup>) are solely owned by MTR. As for one section of land (area of 121.28m<sup>2</sup>), MTR owns a co-owned interest of 1/5 and, as for the 3 sections of land (total area of 10,850.67m<sup>2</sup>), MTR owns a co-owned interest of 159,861/1,000,000. In addition, the Osaki MT Building is a co-owned building, and the floor area of 24,495.21m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio 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 7,433.52m<sup>2</sup>) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary. MTR has acquired sectional ownership of the Kioicho Building. The total floor space stated is the total floor space for the portion of one building that represents the sectional ownership. The exclusive portion of the floor space owned by a fiduciary of the trust in which MTR is the sole beneficiary is 24,598.85 m<sup>2</sup>.
- (Note 7) The land area of Tenjin Prime is the total area of the 7 sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the 7 sections of land in question, 6 sections of land (total area of 1,081.75m<sup>2</sup>) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary, and a trust fiduciary for whom MTR is the sole trust beneficiary has the land lease right over the remaining section of land (area of 28.98m<sup>2</sup>).
- (Note 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-period appraisal value (Note 3) (Millions of yen)	Direct reduction method		Discounted cash flow (DCF) method		Appraiser	Investment ratio (Note 4)
						Cap rate	Discount rate	Terminal cap rate			
Central Tokyo	Office building	Tokyo Shiodome Building	110,000	101,286	134,000	3.3%	3.3%	3.5%	Rich Appraisal Institute K.K.	33.9%	
		ON Building	39,900	39,208	33,600	3.5%	3.2%	3.7%	Japan Real Estate Institute	12.3%	
		Kioicho Building	34,300	33,394	38,000	3.2%	3.0%	3.4%	Daiwa Real Estate Appraisal Co., Ltd.	10.6%	
		Osaki MT Building	14,386 (Note 5)	13,071	16,300	3.4%	3.1%	3.6%	Japan Real Estate Institute	4.4%	
		Hiroo MTR Building	8,100	8,381	8,440	3.6%	3.4%	3.8%	Daiwa Real Estate Appraisal Co., Ltd.	2.5%	
	Subtotal		206,686	195,342	230,340	—				63.8%	
	Retail facility	SHIBUYA FLAG	32,040	32,503	40,200	3.2%	3.0%	3.4%	Japan Real Estate Institute	9.9%	
		Shinbashi Ekimae MTR Building	18,000	17,325	22,500	3.6%	3.4%	3.8%	Nippon Tochi-Tatemono Co., Ltd.	5.6%	
	Subtotal		50,040	49,828	62,700	—				15.4%	
	Other	Park Lane Plaza	3,200	3,143	4,010	3.4%	4.1%	3.1%	Nippon Tochi-Tatemono Co., Ltd.	1.0%	
Subtotal		3,200	3,143	4,010	—				1.0%		
Subtotal		259,926	248,314	297,050	—				80.2%		
Other	Office building	Midosuji MTR Building	10,170	10,034	10,600	3.6%	3.4%	3.8%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	
		Tenjin Prime	6,940	6,690	8,760	3.9%	3.6%	4.1%	Japan Real Estate Institute	2.1%	
		Shin-Yokohama TECH Building	6,900	6,859	7,530	4.6%	4.4%	4.9%	Nippon Tochi-Tatemono Co., Ltd.	2.1%	
	Subtotal		24,010	23,584	26,890	—				7.4%	
	Retail facility	Ito-Yokado Shonandai	11,600	9,881	11,700	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.6%	
		Kohnan Sagami-hara-Nishihashimoto	7,460	7,243	8,500	5.2%	4.9%	5.4%	Japan Real Estate Institute	2.3%	
		Frespo Inage	2,100 (Note 6)	2,193	2,630	— (Note 7)	7.9%	— (Note 8)	Japan Real Estate Institute	0.6%	
	Subtotal		21,160	19,318	22,830	—				6.5%	
Other	Hotel Okura Kobe	19,000	16,128	17,000	4.8%	4.6%	4.9%	Rich Appraisal Institute K.K.	5.9%		
Subtotal		19,000	16,128	17,000	—				5.9%		
Subtotal		64,170	59,032	66,720	—				19.8%		
Total		324,096	307,346	363,770	—				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

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charges, property and other taxes, etc.) that were incurred when the relevant Portfolio was acquired. The same applies thereafter.

(Note 3) The “End-of-period appraisal value” stated is the value that was calculated based on the capitalization method (based on the price as of March 31, 2020) 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, 2020 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, 2020 (six months from October 1, 2019 to March 31, 2020) 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)(㎡)	Rent area (Note 4)(㎡)	Total number of tenants
Central Tokyo	Office building	Tokyo Shiodome Building	2,795	31.5%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	1,106	12.5%	24,748.48	24,722.48	33 (66)
		Osaki MT Building (Note 7)	353	4.0%	24,495.21	24,495.21	1 (16)
		Hiroo MTR Building (Note 8)	199	2.2%	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	460	5.2%	8,055.00	8,055.00	1
Other	Park Lane Plaza (Note 9)	105	1.2%	4,443.03	4,125.99	16	
Other	Office building	Midosuji MTR Building (Note 10)	309	3.5%	15,129.16	15,129.16	1 (33)
		Tenjin Prime (Note 8)	249	2.8%	5,990.40	5,990.40	16
		Shin-Yokohama TECH Building	352	4.0%	18,238.86	18,238.86	10
	Retail facility	Ito-Yokado Shonandai	375	4.2%	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	625	7.1%	72,246.86	72,246.86	1
Total (Note 11)			8,869	100.0%	433,862.99	433,519.95	95 (175)

(Note 1) "Rental revenues" stated are rental revenues (rent, common charges, other rental revenues, etc.) for the fiscal period ended March 31, 2020 fiscal period.

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

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

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

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

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

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

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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	2020	2019		2018		2017		2016		2015
			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 (98.7)	99.9 (98.5)	99.9 (99.9)	99.9 (99.9)	99.9 (98.7)	99.9 (98.1)	99.9 (98.1)	96.7 (94.8)	66.1 (65.5)	60.6 (60.0)
		Osaki MT Building(Note 3)	100.0 (97.8)	100.0 (91.8)	100.0 (91.8)	100.0 (100.0)	100.0 (92.7)	100.0 (92.7)	100.0 (92.7)	100.0 (96.7)	100.0 (98.2)	100.0 (100.0)
		Hiroo MTR Building (Note 4)	100.0	100.0	100.0	84.2	99.5	—	—	—	—	—
	Subtotal (Note 5)		99.9 (99.6)	99.9 (99.0)	99.9 (99.3)	99.5 (99.5)	99.9 (99.1)	99.9 (99.0)	99.9 (99.0)	99.5 (98.9)	94.9 (94.3)	94.1 (93.6)
	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	92.9	95.9	100.0	100.0	96.8	100.0	100.0	93.5	92.7	96.7
Subtotal		92.9	95.9	100.0	100.0	96.8	100.0	100.0	93.5	92.7	96.7	
Subtotal (Note 5)			99.8 (99.5)	99.9 (99.0)	99.9 (99.3)	99.6 (99.5)	99.9 (99.2)	99.9 (99.1)	99.9 (99.1)	99.4 (98.8)	95.3 (94.8)	94.6 (94.2)
Other	Office building	Midosuji MTR Building (Note 6)	100.0 (100.0)	100.0 (100.0)	100.0 (100.0)	100.0 (96.4)	100.0 (100.0)	100.0 (95.5)	100.0 (95.0)	100.0 (96.7)	100.0 (92.9)	100.0 (90.2)
		Tenjin Prime (Note 4)	100.0	100.0	100.0	89.1	100.0	100.0	100.0	94.6	100.0	100.0
		Shin-Yokohama TECH Building	100.0	100.0	98.7	98.7	95.7	92.6	98.8	97.8	90.5	90.5
	Subtotal (Note 5)		100.0 (100.0)	100.0 (100.0)	99.4 (99.3)	97.7 (96.3)	98.0 (97.7)	96.6 (94.7)	99.5 (97.9)	98.2 (96.9)	95.6 (92.9)	95.6 (92.1)
	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 Sagamihara-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)			100.0 (100.0)	100.0 (100.0)	99.9 (99.9)	99.6 (99.5)	99.7 (99.7)	99.4 (99.2)	99.9 (99.8)	99.8 (99.6)	99.4 (99.2)	99.4 (99.1)
Total (Note 5)			99.9 (99.8)	99.9 (99.6)	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)

(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, 2020 from October 1, 2019 to March 31, 2020, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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

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