

Issuer of Real Estate Investment Trust Securities
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MTR Announces Financial Results for the Fiscal Period Ended September 30, 2018

Tokyo, November 14, 2018 – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended September 30, 2018 (from April 1, 2018 to September 30, 2018).

1. Operational/Asset Conditions for the fiscal period ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Amounts are rounded down to the nearest million yen)

(1) Operating results

(% shows change vs. previous period)

	Operating Revenues		Operating Income		Ordinary Income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended September 30, 2018	8,819	1.5	5,263	0.3	4,802	0.6	4,806	0.4
Fiscal period ended March 31, 2018	8,686	(25.2)	5,248	(32.7)	4,771	(34.5)	4,785	(32.1)

	Basic earnings per unit	Rate of return on equity	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended September 30, 2018	3,641	3.0	1.5	54.5
Fiscal period ended March 31, 2018	3,625	3.0	1.5	54.9

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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 September 30, 2018	3,650	4,818	0	0	100.2	3.0
Fiscal period ended March 31, 2018	3,650	4,818	0	0	100.6	3.0

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

(Note 2) The difference between distributions per unit and profit per unit in the fiscal period ended March 31, 2018 is due to a reversal of the reserve for reductions entry (¥32 million).

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

(3) Financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
Fiscal period ended September 30, 2018	328,770	159,880	48.6	121,121
Fiscal period ended March 31, 2018	328,079	159,891	48.7	121,130

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended September 30, 2018	6,646	(126)	(4,833)	18,746
Fiscal period ended March 31, 2018	5,288	(8,465)	(3,552)	17,060

2. Forecast for the March 2019 period (October 1, 2018 to March 31, 2019) and the September 2019 period (April 1, 2019 to September 30, 2019)

(% 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 ended March 31, 2019	8,759	(0.7)	5,268	0.1	4,813	0.2	4,814	0.1	3,650	0
Fiscal period ended September 30, 2019	8,780	0.2	5,270	0.1	4,813	0.0	4,814	0.0	3,650	0

(Reference) The profit per unit forecast is ¥3,647 for the fiscal period ending March 31, 2019 and ¥3,646 for the fiscal period ending September 30, 2019.

(Note 1) Distributions per unit for the fiscal period ending March 31, 2019 are calculated based on the assumption that part of the reserve for reduction entry (3 million yen) will be appropriated to distributions.

(Note 2) Distributions per unit for the fiscal period ending September 30, 2019 are calculated based on the assumption that part of the reserve for reduction entry (3 million yen) will be appropriated to distributions.

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3. Status of Asset Management

(a) Summary of results for the current fiscal period

(i) Transition of the Investment Corporation

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

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

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

As a result, the real estate held by the Investment Corporation as of September 30, 2018, numbered 15 properties, with a total assets price of ¥328,770 million.

(ii) Investment environment and performance

During the fiscal period under review, the Japanese economy sustained a moderate recovery thanks to a steady improvement in employment and income conditions and pickups in personal consumption and capital investment, even through exports and production activities grew weaker under the adverse effects of developments that included a series of natural disasters.

In the real estate investment market, investors in Japan and overseas retained a strong willingness to invest and financing conditions remained favorable. However, competition to acquire properties continued across a wide area given limited investment opportunities.

In the real estate leasing market, demand for leasing office buildings continued to rise, backed by strong corporate performance. The market continued to strengthen overall. In central Tokyo and other major cities in Japan, the vacancy rate stayed low and the uptrend in rents offered to new tenants continued.

In the market for commercial facilities, cosmetics and high-priced commodities performed strongly at department stores and other facilities. In the meantime, performance continued to vary depending on the business category.

In the market for luxury rental housing in Tokyo, steady demand kept the occupancy rate and the rent level firm even though houses for rent were limited in number.

Looking at market conditions for hotels, occupancy rates remained high, backed by an increase in the number of foreign visitors to Japan and stable demand among domestic travelers centered on senior people.

Under these investment conditions, the Investment Corporation advanced leasing centered on Tenjin Prime and Hiroo MTR Building (Note 1) during the fiscal period under review. At the same time, the Investment Corporation continued to make upward rent revisions and managed properties in a bid to secure stable revenues.

As a result, as of September 30, 2018, the Investment Corporation owned 15 properties with a total book value of ¥309,860 million. The occupancy rate for the properties owned by the Investment Corporation was 99.6% (99.5% (Note 2)) as of September 30, 2018.

(Note 1) The Investment Corporation changed the name of this building from Hiroo SK Building to Hiroo MTR Building effective as of August 1, 2018.

(Note 2) The figure stated in the parenthesis is the occupancy rate based on the same rates for Kioicho Building, Osaki MT Building and Midosuji MTR Building calculated on the basis of sublease contracts.

(iii) Financing

In the fiscal period under review, the Investment Corporation borrowed a total of ¥19,500 million to apply the amount to the repayment of existing loans that became due.

In addition to the sum stated above, the Investment Corporation issued the Tenth Series Unsecured Investment Corporation Bonds described below and prepaid existing loans totaling ¥3,000 million.

Name: MORI TRUST Sogo Reit, Inc. Tenth Series Unsecured Investment Corporation Bonds (ranking pari passu)

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among the specified Investment Corporation Bonds)

Issue amount: ¥3,000 million

Interest rate: 0.010% per annum

Issue date: June 21, 2018

Redemption date: February 26, 2021

Collateral: no secured mortgage and no bond guarantee

As a result, interest-bearing debt as of September 30, 2018 amounted to ¥155,000 million, of which long-term loans payable amounted to ¥138,000 million (including long-term loans payable of ¥13,500 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 September 30, 2018 was 47.1% (compared with 47.2% as of March 31, 2018).

As of September 30, 2018, 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 ¥8,819 million, operating income came to ¥5,263 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥4,802 million, and profit came to ¥4,806 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 after the reversal of ¥11,158,300, part of the reserve for book entry reduction accumulated, using “Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010” of Article 66-2 of the Act on Special Measures Concerning Taxation, and the distribution per investment unit amounted to ¥3,650.

(b) Outlook for the next fiscal period

(i) Outlook for overall performance

The Japanese economy is expected to sustain a modest recovery, backed by factors such as export expansion with a steady undertone in the global economy, capital investment growth driven by strong corporate performance and sound improvements in employment and income conditions.

In the meantime, the effects that trends in trade issues and interest rate hikes in the United States may have on the domestic economy and the protraction of the effects of the series of natural disasters that occurred, among other factors, will require continued attention.

In the real estate investment market, investment demand is anticipated to remain strong under favorable financing conditions. Fierce competition for acquiring properties is set to continue in an environment of limited opportunities for property acquisition.

In the real estate leasing market, overall market conditions for office buildings are likely to keep improving, supported by strong corporate performance, employment expansion and strong demand for setting up and expanding offices with working condition reviews for enhancing productivity in the background. In central Tokyo, many of the office buildings scheduled for completion by the end of this year have already finished attracting tenants. Market conditions are expected to remain strong.

In the market for commercial facilities, performance variations across different business categories and changes in inbound consumption require continued attention. However, the confidence of individual consumers is expected to recover with a steady improvement in employment and income conditions.

The occupancy rate and the rent level for luxury rental apartments in Tokyo are likely to remain firm. However, future business trends in Japan and overseas are assumed to require close observation.

The occupancy rate for hotels is expected to remain high, supported by an increase in the number of foreign visitors to Japan and stable demand among Japanese people.

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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

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(vi) Forecasts of performance

The Investment Corporation forecasts that performance in the next fiscal period the fiscal period ending March 31, 2019 (from October 1, 2018 to March 31, 2019) will be as follows. Assuming that the assumptions of forecasts of performance are correct, performance forecasts for the fiscal period ending September 30, 2019 (from April 1, 2019 to September 30, 2019) are as follows.

Please refer to “Assumptions for Forecasts of Performance for the fiscal period ending March 31, 2019 (from October 1, 2018 to March 31, 2019) and the fiscal period ending September 30, 2019 (from April 1, 2019 to September 30, 2019)” below for further details of the assumptions of forecasts of performance.

	the fiscal period ending March 31, 2019	the fiscal period ending September 30, 2019
Operating revenues	¥8,759 million	¥8,780 million
Operating income	¥5,268 million	¥5,270 million
Ordinary income	¥4,813 million	¥4,813 million
Profit	¥4,814 million	¥4,814 million
Distribution per unit	¥3,650	¥3,650

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

(Note 2) The distributions for the fiscal period ending March 31, 2019 and the fiscal period ending September 30, 2019 are based on the assumption of internal reserves reduction.

Assumptions for Forecasts of Performance for the Fiscal Period ending March 31, 2019 (from October 1, 2018 to March 31, 2019) and the Fiscal Period ending September 30, 2019 (from April 1, 2019 to September 30, 2019)

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> We assume that a total of 15 properties will be under management as of September 30, 2018. The actual portfolio may change due to the acquisition or disposal/transfer of other properties.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> We assume 1,320,000 investment units issued and outstanding as of September 30, 2018. The number of investment units issued and outstanding may change, however, for reasons such as the issuance of investment units during the fiscal period.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> Interest-bearing debt amounted to ¥155,000 million as of November 14, 2018. Concerning the repayment of loans payable of ¥1,500 million and the redemption of investment corporation bonds of ¥3,000 million that will fall due during the fiscal period ending March 31, 2019, we assume the application of funds raised through refinancing and the issuance of investment corporation bonds. Concerning the repayment of loans payable of ¥17,000 million that will fall due during the fiscal period ending September 30, 2019, we assume the application of funds raised through refinancing.
Operating revenue	<ul style="list-style-type: none"> Concerning leasing business revenues, we take factors such as tenant movements into consideration. We assume that there will be no delayed payment or non-payment by tenants.
Operating expenses	<ul style="list-style-type: none"> Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, the portion of the tax amount to be levied that corresponds to the relevant calculation period is recorded as leasing business expenses. However, the amount equivalent to fixed property tax, city planning tax, etc. for the fiscal year of acquisition reimbursed to the previous owner at the time of acquisition of the real estate, etc. is included in the cost of acquisition of the relevant real estate and is thus not recognized as expenses in the relevant calculation period. Concerning repair expenses, the estimated amount required is recorded as expenses. However, the actual repair expenses may significantly differ from the estimates since (i) an unforeseeable event may cause

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	<p>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.</p> <ul style="list-style-type: none"> • We estimate property and other taxes of ¥895 million for the fiscal period ending March 31, 2019 and ¥948 million for the fiscal period ending September 30, 2019 fiscal period. • We estimate property management fees of ¥411 million for the fiscal period ending March 31, 2019 and ¥409 million for the fiscal period ending September 30, 2019. • We estimate depreciation of ¥1,264 million for the fiscal period ending March 31, 2019 and ¥1,271 million for the fiscal period ending September 30, 2019. • We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥453 million for the fiscal period ending March 31, 2019 and ¥466 million for the fiscal period ending September 30, 2019.
Non-operating expenses	<ul style="list-style-type: none"> • We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥461 million for the fiscal period ending March 31, 2019 and ¥459 million for the fiscal period ending September 30, 2019. We assume that there will be no borrowing-related expenses.
Distributions	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation. • On calculation of the distribution for the fiscal period ending March 31, 2019, we assume that a portion worth ¥5 million (reserve for reduction entry of ¥3 million and relevant deferred tax liabilities of ¥1 million) of the internal reserves totaling ¥1,567 million (the total of reserve for reduction entry of ¥1,072 million and relevant deferred tax liabilities of ¥495 million) accumulated until the fiscal period ended September 30, 2018, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" will finance the distributions. • On calculation of the distribution for the fiscal period ending September 30, 2019, we assume that a portion worth ¥5 million (reserve for reduction entry of ¥3 million and relevant deferred tax liabilities of ¥1 million) of the internal reserves totaling ¥1,561 million (the total of reserve for reduction entry of ¥1,068 million and relevant deferred tax liabilities of ¥493 million) accumulated until the fiscal period ending March 31, 2019, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" will finance the distributions. • Distributions per unit may change due to a variety of factors, including changes in the assets under investment and changes in rental income as a result of changes in tenants, the occurrence of unforeseen repairs, fluctuation in the number of issued investment units and financing.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.

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4. FINANCIAL STATEMENTS

(1) Balance sheet

Thousands of yen

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	14,203,997	15,874,564
Cash and deposits in trust	2,856,068	2,871,670
Operating accounts receivable	57,780	59,097
Prepaid expenses	32,765	39,147
Consumption tax receivable	9,474	—
Other	3,276	—
Total current assets	17,163,361	18,844,479
Non-current assets		
Property, plant and equipment		
Buildings	39,704,270	39,833,042
Accumulated depreciation	(15,240,816)	(15,984,523)
Buildings, net	24,463,454	23,848,519
Structures	563,580	563,960
Accumulated depreciation	(529,252)	(529,670)
Structures, net	34,327	34,289
Machinery and equipment	152,086	152,086
Accumulated depreciation	(106,985)	(109,155)
Machinery and equipment, net	45,100	42,930
Tools, furniture and fixtures	96,113	97,529
Accumulated depreciation	(63,199)	(66,003)
Tools, furniture and fixtures, net	32,913	31,525
Land	136,672,529	136,672,529
Buildings in trust	27,033,607	27,146,372
Accumulated depreciation	(8,407,649)	(8,915,528)
Buildings in trust, net	18,625,958	18,230,844
Structures in trust	117,972	125,153
Accumulated depreciation	(96,299)	(98,120)
Structures in trust, net	21,673	27,032
Machinery and equipment in trust	2,897	6,898
Accumulated depreciation	(2,261)	(2,319)
Machinery and equipment in trust, net	636	4,579
Tools, furniture and fixtures in trust	60,813	65,142
Accumulated depreciation	(33,849)	(37,309)
Tools, furniture and fixtures in trust, net	26,963	27,832
Land in trust	130,930,959	130,939,930
Total property, plant and equipment	310,854,517	309,860,013
Intangible assets		
Software	57	38
Other	240	240
Total intangible assets	297	278

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	As of March 31, 2018	As of September 30, 2018
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	16,287	13,219
Other	3,602	3,602
Total investments and other assets	29,889	26,821
Total non-current assets	310,884,704	309,887,113
Deferred assets		
Investment corporation bond issuance costs	31,682	39,245
Total deferred assets	31,682	39,245
Total assets	328,079,749	328,770,839
Liabilities		
Current liabilities		
Operating accounts payable	187,300	567,456
Short-term loans payable	8,500,000	5,000,000
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term loans payable	15,500,000	13,500,000
Accounts payable – other	114,199	153,933
Accrued expenses	500,934	505,657
Dividends payable	10,589	9,998
Income taxes payable	818	682
Accrued consumption taxes	—	281,978
Advances received	1,456,726	1,440,423
Deposits received	24,789	14,843
Total current liabilities	29,295,358	24,474,974
Non-current liabilities		
Investment corporation bonds	6,000,050	9,000,037
Long-term loans payable	122,000,000	124,500,000
Tenant leasehold and security deposits	9,486,811	9,545,984
Tenant leasehold and security deposits in trust	905,569	874,186
Deferred tax liabilities	500,351	495,206
Total non-current liabilities	138,892,782	144,415,414
Total liabilities	168,188,140	168,890,389
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,115,915	1,083,568
Total voluntary retained earnings	1,115,915	1,083,568
Unappropriated retained earnings	4,785,653	4,806,841
Total surplus	5,901,568	5,890,409
Total unitholders' equity	159,891,608	159,880,449
Total net assets	159,891,608	159,880,449
Total liabilities and net assets	328,079,749	328,770,839

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(2) Statement of income

Thousands of yen

	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Operating revenue		
Lease business revenue	8,406,855	8,428,133
Other lease business revenue	279,452	391,641
Total operating revenue	8,686,308	8,819,775
Operating expenses		
Expenses related to rent business	2,990,885	3,091,850
Asset management fee	328,060	334,082
Asset custody fee	16,364	16,408
Administrative service fees	51,275	53,228
Directors' compensations	6,000	6,000
Other operating expenses	45,536	54,538
Total operating expenses	3,438,121	3,556,168
Operating income	5,248,186	5,263,606
Non-operating income		
Interest income	381	209
Reversal of dividends payable	1,658	759
Interest on tax refund	—	219
Insurance income	6,259	1,989
Other	1,764	—
Total non-operating income	10,063	3,178
Non-operating expenses		
Interest expenses	462,695	444,015
Interest expenses on investment corporation bonds	15,208	12,629
Amortization of investment corporation bond issuance costs	8,745	7,727
Total non-operating expenses	486,648	464,373
Ordinary income	4,771,601	4,802,411
Profit before income taxes	4,771,601	4,802,411
Income taxes - current	876	714
Income taxes - deferred	(14,928)	(5,144)
Total income taxes	(14,051)	(4,430)
Profit	4,785,653	4,806,841
Unappropriated retained earnings	4,785,653	4,806,841

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(3) Statement of changes in unitholders' equity

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

Thousands of yen

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

For the period from April 1, 2018 to September 30, 2018

Thousands of yen

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

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(4) Statement of Cash Distributions

(Unit: yen)

	The Fiscal Period ended March 31, 2018 (October 1, 2017 to March 31, 2018)	The Fiscal Period ended September 30, 2018 (April 1, 2018 to September 30, 2018)
I. Unappropriated retained earnings	4,785,653,121	4, 806,841,700
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	32,346,879	11,158,300
III. Distribution amount	4,818,000,000	4,818,000,000
(Distribution amount per unit)	(3,650)	(3,650)
IV. Retained earnings carried forward	0	0
Calculation method of distribution amount	In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute the total sum of unappropriated retained earnings and the reversal of reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 4,818,000,000 yen. 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 the total sum of unappropriated retained earnings and the reversal of reserve for reduction entry under Article 66-2 of the Act on Special Measures Concerning Taxation, the amount of which is 4,818,000,000 yen. 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

STATEMENTS OF CASH FLOWS

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

	Thousands of yen	
	For the period from October 1, 2017 to March 31, 2018	For the period from April 1, 2018 to September 30, 2018
Cash flows from operating activities		
Profit before income taxes	4,771,601	4,802,411
Depreciation	1,282,788	1,262,337
Amortization of investment corporation bond issuance costs	8,745	7,727
Interest income	(381)	(209)
Interest expenses	477,903	456,645
Increase in operating accounts receivable	10,319	(1,316)
Increase (decrease) in operating accounts payable	(379,346)	305,837
Increase in consumption tax refund receivable	(9,474)	9,474
Decrease in accrued consumption taxes	(359,769)	281,978
Increase (decrease) in advances received	25,221	(16,302)
Other, net	(55,649)	663
Subtotal	5,771,961	7,109,246
Interest income received	381	209
Interest expenses paid	(482,803)	(462,535)
Income taxes paid	(1,057)	(850)
Net cash provided by operating activities	5,288,481	6,646,069
Cash flows from investing activities		
Purchase of property, plant and equipment	(240,569)	(119,593)
Purchase of property, plant and equipment in trust	(8,521,688)	(108,533)
Repayments of tenant leasehold and security deposits	(91,991)	(412,708)
Proceeds from tenant leasehold and security deposits	313,686	409,145
Repayments of tenant leasehold and security deposits in trust	(3,810)	(8,139)
Proceeds from tenant leasehold and security deposits in trust	79,345	113,811
Net cash used in investing activities	(8,465,027)	(126,017)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,000,000	(3,500,000)
Proceeds from long-term loans payable	22,500,000	15,000,000
Repayments of long-term loans payable	(18,500,000)	(14,500,000)
Proceeds from issuance of investment corporation bonds	—	3,000,000
Redemption of investment corporation bonds	(4,000,000)	—
Payments for investment corporation bond issuance costs	—	(15,290)
Dividends paid	(6,552,208)	(4,818,591)
Net cash used in financing activities	(3,552,208)	(4,833,882)
Net increase in cash and cash equivalents	(6,728,754)	1,686,169
Cash and cash equivalents at beginning of period	23,788,819	17,060,065
Cash and cash equivalents at end of period	17,060,065	18,746,235

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5. Reference Information

(1) Composition of assets

type	Region	As of March 31, 2018		As of September 30, 2018	
		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)	137,161	41.8	136,579	41.5
	Other (Note 4)	24,086	7.3	24,050	7.3
Trust	Central Tokyo (Note 3)	114,241	34.8	114,022	34.7
	Other (Note 4)	35,364	10.8	35,207	10.7
Subtotal		310,854	94.7	309,860	94.2
other assets		17,225	5.3	18,910	5.8
Total		328,079	100.0	328,770	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 September 30, 2018 was 15, and all such real estate is leased by MTR or trust fiduciaries based on trust contracts in the case of real estate in trust.

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

The overview of real estate held by MTR and real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, as of September 30, 2018 is as follows (real estate, real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, are hereinafter individually or collectively referred to as the "Portfolio").

Overview of the Portfolio

Property name	Location (Parcel number) (Note 1)	Area (Note 1)		Structure (Note 2) /number of floors(Note 1)	Ownership form	
		Land (m ²)	Building (m ²)		Land	Building
Tokyo Shiodome Building (Note 3)	1-12-1 Higashishinbashi, Minato-ku, Tokyo	17,847.73	191,394.06	SRC・RC・S B4/37F	Owned	Owned
ON Building (Note 4) (Note 5)	5-746-1 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	10,850.67	32,812.27	S・SRC B2/21F	Owned	Owned
Kioicho Building (Note 5) (Note 6)	3-3 Kioicho, Chiyoda-ku, Tokyo, etc.	9,291.93	63,535.55	SRC・S B4/26F	Owned	Owned
Osaki MT Building (Note 4)	5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc.	13,852.74	26,980.68	S・SRC B3/14F	Owned	Owned
Midosuji MTR Building (Note 5)	3-43-5 Awajimachi, Chuo-ku, Osaka City	1,560.98	15,129.16	S・SRC B2/13F	Owned	Owned
Hiroo MTR Building (Note 5)	2-36-13, Ebisu, Shibuya-ku, Tokyo	1,671.79	6,709.80	SRC B 1 /7F	Owned	Owned
Tenjin Prime (Note 5) (Note 7)	2-138 Tenjin, Chuo-ku, Fukuoka City, etc.	1,110.73	7,722.04	S・RC B1/12F	Owned	Owned
Shin-Yokohama TECH Building (Note 8)	3-9-1 Shinyokohama, Kohoku-ku, Yokohama City, etc.	2,671.11	A-Wing : 11,636.35 B-Wing : 13,550.87 Total : 25,187.22	A-Wing : SRC B1/9F B-Wing : S・SRC B1/16F	Owned	Owned
SHIBUYA FLAG (Note 5)	81-11 Udagawacho, Shibuya-ku, Tokyo, etc.	1,026.44	7,766.49	S・SRC B2/9F	Owned	Owned
Shinbashi Ekimae MTR Building	2-28-2 Shinbashi, Minato-ku, Tokyo, etc.	1,069.88	7,820.45	S・SRC・RC B2/8F	Owned	Owned
Ito-Yokado Shonandai	6-2-1 Ishikawa, Fujisawa City, Kanagawa Prefecture	35,209.93	53,393.66	S 5 F	Owned	Owned
Kohnan Sagami-hara-Nishihashimoto	5-4-4 Nishihashimoto, Midori-ku, Sagami-hara City	19,878.57	40,283.77	S 5F	Owned	Owned
Frespo Inage (Note 5)	731-17 Naganumaracho, Inage-ku, Chiba City	39,556.71	—	—	Owned	—
Hotel Okura Kobe (Note 5)	48-1 Hatobacho, Chuo-ku, Kobe City, etc.	30,944.44	72,246.86	SRC・S B2/35F	Owned	Owned
Park Lane Plaza	2-30-6 Jingumae, Shibuya-ku, Tokyo	1,702.95	5,246.78	RC B1/7F	Owned	Owned

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

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

(Note 3) The land area of the Tokyo Shiodome Building is the area of land jointly owned by MTR, and it includes the area of co-owned interest jointly owned by MTR with other co-owners. In the relevant land, MTR's co-owned interest is a ratio of 50/100. Moreover, the Tokyo Shiodome Building is a co-owned building, and the floor area of 95,697.03m² is calculated by multiplying MTR's co-owned interest (ratio of 50/100) by the total floor space.

(Note 4) The land area of the ON Building is the total area (10,850.67m²) of the three sections of land in which trust fiduciaries for whom MTR is the sole trust beneficiary own a co-owned interest, and the trust fiduciaries own a co-owned interest of 840,139/1,000,000. The co-owned interest other than the one owned by the trust fiduciaries is owned by MTR as the site of the Osaki MT Building. As a result, the three sections of land in question (total area of 10,850.67m²) are stated separately as part of the land area of the Osaki MT Building and the land area of the ON Building. Moreover, the land area of the Osaki MT Building is the total area of all the 17 sections of land that MTR owns or jointly owns, which includes the co-owned interest of other co-owners. Of all the 17 sections of land in question, 13 sections of land (total area of 2,880.79m²) are solely owned by MTR. As for one section of land (area of 121.28m²), MTR owns a co-owned interest of 1/5 and, as for the three sections of land (total area of 10,850.67m²), MTR owns a co-owned interest of 159,861/1,000,000. In addition, the Osaki MT Building is a co-owned building, and the floor area of 24,495.21m² is calculated by multiplying MTR's co-owned interest (ratio of 907,880/1,000,000) by the total floor space.

(Note 5) Of the 15 properties listed above, the ON Building, the Kioicho Building, the Midosuji MTR Building, Hiroo MTR Building, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other seven 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 eight sections of land, the site of the relevant building, and it includes the interest of other owners (partial ownership). Of the eight sections of land in question, five sections of land (total area of 7,433.52m²) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary. MTR has acquired sectional ownership of the Kioicho Building. The total floor space stated is the total floor space for the portion of one building that represents the sectional ownership. The exclusive portion of the floor space owned by a fiduciary of the trust in which MTR is the sole beneficiary is 24,598.85 m².
- (Note 7) The land area of Tenjin Prime is the total area of the seven sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the seven sections of land in question, six sections of land (total area of 1,081.75m²) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary, and a trust fiduciary for whom MTR is the sole trust beneficiary has the land lease right over the remaining section of land (area of 28.98m²).
- (Note 8) The Shin-Yokohama TECH Building is real estate that is comprised of two buildings, A-Wing and B-Wing, and the site for the buildings.

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Categories, prices and investment ratios of the Portfolio

Region	Use (Note 1)	Property name	Acquisition Price (Note 2) (Millions of yen)	Book value at the end of fiscal period (Millions of yen)	End-of-p eriod appraisal value (Note 3) (Millions of yen)	Direct reduction method		Discounted cash flow (DCF) method		Appraiser	Investment ratio (Note 4)
						Cap rate	Discount rate	Terminal cap rate			
Central Tokyo	Office buildings	Tokyo Shiodome Building	110,000	102,811	131,000	3.4%	3.4%	3.6%	Rich Appraisal Institute K.K.	33.9%	
		ON Building	39,900	39,403	31,400	3.8%	3.5%	4.0%	Japan Real Estate Institute	12.3%	
		Kioicho Building	34,300	33,652	37,100	3.3%	3.1%	3.5%	Daiwa Real Estate Appraisal Co., Ltd.	10.6%	
		Osaki MT Building	14,386 (Note5)	13,222	13,700	3.7%	3.4%	3.9%	Japan Real Estate Institute	4.4%	
		Hiroo MTR Building	8,100	8,398	8,150	3.8%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	2.5%	
	Subtotal		206,686	197,488	221,350	—				63.8%	
	Retail facilities	SHIBUYA FLAG	32,040	32,568	40,600	3.2%	3.0%	3.4%	Japan Real Estate Institute	9.9%	
		Shinbashi Ekimae MTR Building	18,000	17,376	21,200	3.9%	3.7%	4.1%	Nippon Tochi-Tatemono Co., Ltd.	5.6%	
	Subtotal		50,040	49,945	61,800	—				15.4%	
	Other	Park Lane Plaza	3,200	3,168	3,630	3.7%	4.4%	3.4%	Nippon Tochi-Tatemono Co., Ltd.	1.0%	
Subtotal		3,200	3,168	3,630	—				1.0%		
Subtotal		259,926	250,602	286,780	—				80.2%		
Other	Office buildings	Midosuji MTR Building	10,170	10,149	10,400	3.7%	3.5%	3.9%	Daiwa Real Estate Appraisal Co., Ltd.	3.1%	
		Tenjin Prime	6,940	6,680	8,440	4.2%	3.9%	4.4%	Japan Real Estate Institute	2.1%	
		Shin-Yokohama TECH Building	6,900	6,768	6,160	4.9%	4.7%	5.2%	Nippon Tochi-Tatemono Co., Ltd.	2.1%	
	Subtotal		24,010	23,597	25,000	—				7.4%	
	Retail facilities	Ito-Yokado Shonandai	11,600	9,937	11,700	5.3%	5.0%	5.5%	Japan Real Estate Institute	3.6%	
		Kohnan Sagami-hara- Nishihashimoto	7,460	7,344	8,500	5.2%	4.9%	5.4%	Japan Real Estate Institute	2.3%	
		Frespo Inage	2,100 (Note 6)	2,193	2,650	— (Note 7)	7.9%	— (Note 8)	Japan Real Estate Institute	0.6%	
	Subtotal		21,160	19,475	22,850	—				6.5%	
Other	Hotel Okura Kobe	19,000	16,184	16,700	4.9%	4.7%	5.0%	Rich Appraisal Institute K.K.	5.9%		
Subtotal		19,000	16,184	16,700	—				5.9%		
Subtotal		64,170	59,257	64,550	—				19.8%		
Total		324,096	309,860	351,330	—				100.0%		

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

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

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- (Note 3) The “End-of-period appraisal value” stated is the value that was calculated based on the capitalization method (based on the price as of September 30, 2018) 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 September 30, 2018 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 September 30, 2018 (six months from April 1, 2018 to September 30, 2018) is two property, Tokyo Shiodome Building and Kioicho Building.

Situation of leasing of the Portfolio

Region	Use	Property name	Rental revenues (Note 1) (Millions of yen)	Ratio to total rental revenues ratio(Note 2)	Rentable area (Note 3)(m ²)	Rent area (Note 4)(m ²)	Total number of tenants
Central Tokyo	Office buildings	Tokyo Shiodome Building	2,795	31.7%	95,697.03	95,697.03	1
		ON Building	(Note 5)	(Note 5)	20,654.60	20,654.60	1
		Kioicho Building (Note 6)	1,071	12.2%	24,748.48	24,722.48	36 (70)
		Osaki MT Building (Note 7)	321	3.6%	24,495.21	24,495.21	1 (15)
		Hiroo MTR Building (Note 8)	175	2.0%	4,945.31	4,165.92	7
	Retail facilities	SHIBUYA FLAG (Note 8)	(Note 5)	(Note 5)	5,983.86	5,983.86	3
		Shinbashi Ekimae MTR Building	459	5.2%	8,055.00	8,055.00	1
	Other	Park Lane Plaza (Note 9)	104	1.2%	4,443.03	4,443.03	18
	Other	Office buildings	Midotsuji MTR Building (Note 10)	278	3.2%	15,129.16	15,129.16
Tenjin Prime (Note 8)			314	3.6%	5,992.14	5,339.81	15
Shin-Yokohama TECH Building			333	3.8%	18,238.86	17,992.81	8
Retail facilities		Ito-Yokado Shonandai	395	4.5%	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)			8,819	100.0%	433,863.68	432,159.91	96 (176)

(Note 1) “Rental revenues” stated are rental revenues (rent, common charges, other rental revenues, etc.) for the fiscal period ended September 30, 2018 fiscal period.

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

(Note 3) The “Rentable area” includes a rentable area that is able to be used for use other than the main use in question (offices, stores, warehouses, etc.), in addition to the rentable area that is able to be used for leasing, the main use of the Portfolio, and the “Rentable area” stated is the total area of the areas as described above (including common areas, etc. that are leased). The area of the Tokyo Shiodome Building stated is the area calculated by multiplying MTR’s co-owned interest (50/100) by the total rentable area of the building (191,394.06m²). In addition, the area of the Osaki MT Building stated is the area calculated by multiplying MTR’s co-owned interest (907,880/1,000,000) by the total rentable area of the building (26,980.68m²).

(Note 4) The “Rent area” stated is the area that includes the rentable area and the area for which lease contracts are actually concluded and the property is leased. The area of the Tokyo Shiodome Building stated is the area calculated by multiplying MTR’s co-owned interest (50/100) by the total rent area of the building (191,394.06m²). In addition, the area of the Osaki MT Building stated is the area calculated by multiplying MTR’s co-owned interest (907,880/1,000,000) by the total rent area of the building (26,980.68m²).

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

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

(Note 7) A master lease agreement under which rent income is linked to rents under a sublease agreement has been concluded for the Osaki MT Building. The

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figure in brackets for the total number of tenants of the building is the total number of tenants based on the sublease agreements.

(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	Occupancy rate over the last five years (%) (Note 1)									
			2018		2017		2016		2015		2014	
			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.	End of Mar.
Central Tokyo	Office buildings	Tokyo Shiodome Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		ON Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Kioicho Building (Note 2)	99.9 (99.9)	99.9 (98.7)	99.9 (98.1)	99.9 (98.1)	96.7 (94.8)	66.1 (65.5)	60.6 (60.0)	91.4 (90.8)	—	—
		Osaki MT Building (Note 3)	100.0 (100.0)	100.0 (92.7)	100.0 (92.7)	100.0 (92.7)	100.0 (96.7)	100.0 (98.2)	100.0 (100.0)	100.0 (98.6)	100.0 (98.6)	100.0 (83.8)
		Hiroo MTR Building (Note 4)	84.2	99.5	—	—	—	—	—	—	—	—
	Subtotal (Note 5)		99.5 (99.5)	99.9 (99.1)	99.9 (99.0)	99.9 (99.0)	99.5 (98.9)	94.9 (94.3)	94.1 (93.6)	98.8 (98.5)	99.9 (96.3)	99.9 (95.1)
	Retail facilities	SHIBUYA FLAG (Note 4)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
		Shinbashi Ekimae MTR Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Subtotal		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other	Park Lane Plaza	100.0	96.8	100.0	100.0	93.5	92.7	96.7	100.0	92.7	100.0
Subtotal		100.0	96.8	100.0	100.0	93.5	92.7	96.7	100.0	92.7	100.0	
Subtotal (Note 5)		99.6 (99.5)	99.9 (99.2)	99.9 (99.1)	99.9 (99.1)	99.4 (98.8)	95.3 (94.8)	94.6 (94.2)	98.9 (98.6)	99.8 (96.5)	99.9 (95.6)	
Other	Office buildings	Midosuji MTR Building (Note 6)	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)	89.1	100.0	100.0	100.0	94.6	100.0	100.0	98.6	98.6	100.0
		Shin-Yokohama TECH Building	98.7	95.7	92.6	98.8	97.8	90.5	90.5	90.5	89.5	89.5
	Subtotal (Note 5)		97.7 (96.3)	98.0 (97.7)	96.6 (94.7)	99.5 (97.9)	98.2 (96.9)	95.6 (92.9)	95.6 (92.1)	92.7	92.3	92.7
	Retail facilities	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)		99.6 (99.5)	99.7 (99.7)	99.4 (99.2)	99.9 (99.8)	99.8 (99.6)	99.4 (99.2)	99.4 (99.1)	98.9	98.8	98.9	
Total (Note 5)		99.6 (99.5)	99.8 (99.5)	99.7 (99.2)	99.9 (99.5)	99.6 (99.3)	97.9 (97.5)	97.6 (97.3)	98.9 (98.8)	99.2 (98.0)	99.3 (97.7)	

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

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

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

(Note 4) 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 September 30, 2018 from April 1, 2018 to September 30, 2018, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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