

Issuer of Real Estate Investment Trust Securities

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MTR Announces Financial Results for the Fiscal Period Ended September 30, 2019

Tokyo, November 18, 2019 – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for the fiscal period ended September 30, 2019 (from April 1, 2019 to September 30, 2019).

1. Operational/Asset Conditions for the fiscal period ended September 30, 2019 (April 1, 2019–September 30, 2019)

(Amounts are rounded down to the nearest million yen)

(1) Operating results

(% shows change vs. previous period)

| | Operating Revenues | | Operating Income | | Ordinary Income | | Profit | |
|--|--------------------|-------|------------------|-----|-----------------|-----|-----------------|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal period ended September 30, 2019 | 8,831 | 0.7 | 5,341 | 0.9 | 4,897 | 1.2 | 4,898 | 1.2 |
| Fiscal period ended March 31, 2019 | 8,771 | (0.5) | 5,293 | 0.6 | 4,840 | 0.8 | 4,839 | 0.7 |

| | 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, 2019 | 3,710 | 3.1 | 1.5 | 55.4 |
| Fiscal period ended March 31, 2019 | 3,666 | 3.0 | 1.5 | 55.2 |

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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, 2019 | 3,709 | 4,895 | — | — | 100.0 | 3.1 |
| Fiscal period ended March 31, 2019 | 3,666 | 4,839 | — | — | 100.0 | 3.0 |

(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 September 30, 2019 | 328,461 | 159,961 | 48.7 | 121,182 |
| Fiscal period ended March 31, 2019 | 328,557 | 159,901 | 48.7 | 121,137 |

(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, 2019 | 6,159 | (482) | (4,838) | 20,247 |
| Fiscal period ended March 31, 2019 | 5,665 | (170) | (4,834) | 19,408 |

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

(% shows change vs. previous period)

| | Operating revenues | | Operating income | | Ordinary income | | Profit | | Distributions per unit (excluding distributions in excess of profit) | Distributions in excess of profit per unit |
|---|--------------------|-----|------------------|-------|-----------------|-----|-----------------|-----|--|--|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| Fiscal period ending March 31, 2020 | 8,878 | 0.5 | 5,338 | (0.1) | 4,913 | 0.3 | 4,912 | 0.3 | 3,722 | 0 |
| Fiscal period ending September 30, 2020 | 8,916 | 0.4 | 5,347 | 0.2 | 4,917 | 0.1 | 4,916 | 0.1 | 3,724 | 0 |

(Reference) The profit per unit forecast is ¥3,722 for the fiscal period ending March 31, 2020 and ¥3,724 for the fiscal period ending September 30, 2020.

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3. Status of Asset Management

(a) Summary of results for the current fiscal period

(i) Transition of the Investment Corporation

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

On March 28, 2002, the Investment Corporation began asset management, starting with the acquisition of the trust beneficiary right in 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 September 30, 2019, numbered 15 properties, with a total assets price of ¥328,461 million.

(ii) Investment environment and performance

During the fiscal period under review, the Japanese economy continued to recover at a moderate pace thanks to a steady improvement in employment and income conditions and a pickup in capital investment, despite the effects of the deceleration in overseas economies, including exports and production activities and business sentiment.

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

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 continued.

In the market for commercial facilities, although consumer sentiment showed some weakness, sales are improving thanks to a recovery in personal consumption and inbound demand.

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, occupancy rates remained high, reflecting a steady increase in the number of foreign visitors to Japan, despite the downward trend in the number of tourists from Korea and certain other parts of Asia.

Under these investment conditions, during the fiscal period under review, the Investment Corporation made progress with leasing, focusing on Osaki MT Building and Shinyokohama TECH building. 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, 2019, the Investment Corporation owned 15 properties with a total book value of ¥308,048 million. The occupancy rate for the properties owned by the Investment Corporation was 99.9% (99.6% (Note)) as of September 30, 2019.

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

(iii) Financing

In the fiscal period under review, the Investment Corporation borrowed a total of ¥17,000 million to apply the amount to the repayment of existing loans that became due.

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

As of September 30, 2019, the Investment Corporation has obtained a long-term issuer rating of AA (rating outlook: stable) from Japan Credit Rating Agency, Ltd. (JCR)

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(iv) Overview of financial results and distributions

As a result of the abovementioned operations, operating revenue came to ¥8,831 million, operating income came to ¥5,341 million, ordinary income after the deduction of loan-related interest expenses from operating income came to ¥4,897 million, and profit came to ¥4,898 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, after transfer of the adjusted amount of deferred tax liabilities to the reserve for reduction entry based on changes in the effective statutory tax rates used to calculate deferred tax liabilities. Consequently, the distribution per investment unit amounted to ¥3,709.

(b) Outlook for the next fiscal period

(i) Outlook for overall performance

The Japanese economy is expected to sustain a modest recovery, supported by factors including a consistent improvement in employment and income conditions and an increase in capital spending on the back of steady growth in corporate earnings.

Meanwhile, the global economic effects of increased tensions from trade disputes, together with the impact of the consumption tax hike on consumer sentiment and income conditions, among other factors, will require continued attention.

In the real estate investment market, investment demand is set to remain strong under favorable financing conditions. Fierce competition for acquiring properties is expected 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 continue to improve, supported by strong corporate earnings, employment expansion and demand for setting up and expanding offices with the aim of improving the office environment for increased productivity. In central Tokyo, the new supply of leasing properties is set to increase until 2020, and many of these properties have been successful in attracting tenants. Accordingly, market conditions are expected to remain firm and steady.

In the market for commercial facilities, changes in inbound tourism consumption and the varying performance among different business categories require continued attention. Meanwhile, this segment of the market is expected to remain firm with expanding personal consumption, etc. supported by a steady improvement in employment and income conditions.

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.

Looking at market conditions for hotels, occupancy rates are expected to remain high, reflecting a steady increase in the number of foreign visitors to Japan and strong demand from Japanese tourists. However, the impact of relations between Japan and Korea, the unrest in Hong Kong, and the growing supply of accommodation facilities in Japan, among other factors, will require attention.

(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,

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real estate agents and property management companies.

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

(iii) Investment strategy for new investment real estate

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

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

(iv) Financial strategy, etc.

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

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

(v) Significant events after balance sheet date

Not applicable

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(vi) Forecasts of performance

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

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

| | the fiscal period ending March 31, 2020 | the fiscal period ending September 30, 2020 |
|-----------------------|--|--|
| Operating revenues | ¥8,878 million | ¥8,916 million |
| Operating income | ¥5,338 million | ¥5,347 million |
| Ordinary income | ¥4,913 million | ¥4,917 million |
| Profit | ¥4,912 million | ¥4,916 million |
| Distribution per unit | ¥3,722 | ¥3,724 |

(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 March 31, 2020 (from October 1, 2019 to March 31, 2020) and the Fiscal Period ending September 30, 2020 (from April 1, 2020 to September 30, 2020)

| Item | Assumptions |
|---|---|
| Portfolio properties | <ul style="list-style-type: none"> We assume that a total of 15 properties will be under management as of September 30, 2019. The actual portfolio may change due to the acquisition or disposal/transfer of other properties. |
| Number of investment units issued and outstanding | <ul style="list-style-type: none"> We assume 1,320,000 investment units issued and outstanding as of September 30, 2019. 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 September 30, 2019. Concerning the repayment of loans payable of ¥21,000 million and the redemption of investment corporation bonds of ¥4,000 million that will fall due during the fiscal period ending March 31, 2020, we assume the application of funds raised through refinancing and the issuance of investment corporation bonds. 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. |
| 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 ¥946 million for the fiscal period ending March 31, 2020 and ¥966 million for the fiscal period ending September 30, 2020 fiscal period. • We estimate property management fees of ¥391 million for the fiscal period ending March 31, 2020 and ¥408 million for the fiscal period ending September 30, 2020. • We estimate depreciation of ¥1,298 million for the fiscal period ending March 31, 2020 and ¥1,319 million for the fiscal period ending September 30, 2020. • We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥460 million for the fiscal period ending March 31, 2020 and ¥460 million for the fiscal period ending September 30, 2020. |
| Non-operating expenses | <ul style="list-style-type: none"> • We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥426 million for the fiscal period ending March 31, 2020 and ¥431 million for the fiscal period ending September 30, 2020. We assume that there will be no borrowing-related expenses. |
| Distributions | <ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation. • Distributions per unit may change due to a variety of factors, including changes in the assets under investment and changes in rental income as a result of changes in tenants, the occurrence of unforeseen repairs, fluctuation in the number of issued investment units and financing. |
| Distributions in excess of earnings per unit | <ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit). |
| Others | <ul style="list-style-type: none"> • Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. |

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4. FINANCIAL STATEMENTS

(1) Balance Sheets

Thousands of yen

| | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 16,508,717 | 17,274,430 |
| Cash and deposits in trust | 2,899,320 | 2,972,707 |
| Operating accounts receivable | 50,893 | 52,220 |
| Accounts receivable - other | 1,336 | — |
| Prepaid expenses | 31,434 | 59,176 |
| Other | 1,278 | 1,265 |
| Total current assets | 19,492,980 | 20,359,800 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 39,977,988 | 40,185,263 |
| Accumulated depreciation | (16,730,811) | (17,485,358) |
| Buildings, net | 23,247,176 | 22,699,904 |
| Structures | 566,654 | 571,395 |
| Accumulated depreciation | (530,079) | (530,619) |
| Structures, net | 36,574 | 40,775 |
| Machinery and equipment | 152,086 | 152,086 |
| Accumulated depreciation | (111,325) | (113,495) |
| Machinery and equipment, net | 40,760 | 38,590 |
| Tools, furniture and fixtures | 100,065 | 102,756 |
| Accumulated depreciation | (68,799) | (71,545) |
| Tools, furniture and fixtures, net | 31,266 | 31,210 |
| Land | 136,672,529 | 136,672,529 |
| Buildings in trust | 27,397,648 | 27,509,701 |
| Accumulated depreciation | (9,426,482) | (9,943,096) |
| Buildings in trust, net | 17,971,166 | 17,566,605 |
| Structures in trust | 125,153 | 125,153 |
| Accumulated depreciation | (99,724) | (101,206) |
| Structures in trust, net | 25,428 | 23,946 |
| Machinery and equipment in trust | 7,693 | 7,693 |
| Accumulated depreciation | (2,533) | (2,776) |
| Machinery and equipment in trust, net | 5,160 | 4,917 |
| Tools, furniture and fixtures in trust | 71,618 | 75,045 |
| Accumulated depreciation | (41,187) | (45,216) |
| Tools, furniture and fixtures in trust, net | 30,431 | 29,829 |
| Land in trust | 130,939,930 | 130,939,930 |
| Total property, plant and equipment | 309,000,426 | 308,048,239 |
| Intangible assets | | |
| Software | 19 | 0 |
| Other | 240 | 240 |
| Total intangible assets | 259 | 240 |

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| | As of March 31, 2019 | As of September 30, 2019 |
|---|----------------------|--------------------------|
| Investments and other assets | | |
| Guarantee deposits | 10,000 | 10,000 |
| Long-term prepaid expenses | 5,229 | 3,577 |
| Other | 3,602 | 3,602 |
| Total investments and other assets | 18,831 | 17,179 |
| Total non-current assets | 309,019,516 | 308,065,659 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 45,053 | 36,102 |
| Total deferred assets | 45,053 | 36,102 |
| Total assets | 328,557,549 | 328,461,562 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 245,710 | 189,811 |
| Short-term loans payable | 5,000,000 | 5,000,000 |
| Current portion of investment corporation bonds | 4,000,024 | 4,000,010 |
| Current portion of long-term loans payable | 33,000,000 | 33,000,000 |
| Accounts payable – other | 225,529 | 121,763 |
| Accrued expenses | 486,841 | 481,366 |
| Dividends payable | 8,675 | 9,375 |
| Income taxes payable | 1,053 | 1,028 |
| Accrued consumption taxes | 154,912 | 172,226 |
| Advances received | 1,459,190 | 1,492,936 |
| Deposits received | 1,016 | 1,548 |
| Total current liabilities | 44,582,954 | 44,470,066 |
| Non-current liabilities | | |
| Investment corporation bonds | 8,000,000 | 8,000,000 |
| Long-term loans payable | 105,000,000 | 105,000,000 |
| Tenant leasehold and security deposits | 9,682,602 | 9,637,357 |
| Tenant leasehold and security deposits in trust | 894,870 | 899,903 |
| Deferred tax liabilities | 495,189 | 493,152 |
| Total non-current liabilities | 124,072,661 | 124,030,413 |
| Total liabilities | 168,655,616 | 168,500,480 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 153,990,040 | 153,990,040 |
| Surplus | | |
| Voluntary retained earnings | | |
| Reserve for reduction entry | 1,072,409 | 1,072,409 |
| Total voluntary retained earnings | 1,072,409 | 1,072,409 |
| Unappropriated retained earnings | 4,839,482 | 4,898,632 |
| Total surplus | 5,911,892 | 5,971,042 |
| Total unitholders' equity | 159,901,932 | 159,961,082 |
| Total net assets | 159,901,932 | 159,961,082 |
| Total liabilities and net assets | 328,557,549 | 328,461,562 |

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(2) Statement of income

| | Thousands of yen | |
|--|---|---|
| | For the period from October 1, 2018 to March 31, 2019 | For the period From April 1, 2019 to September 30, 2019 |
| Operating revenue | | |
| Lease business revenue | 8,475,783 | 8,520,574 |
| Other lease business revenue | 296,072 | 311,305 |
| Total operating revenue | 8,771,855 | 8,831,880 |
| Operating expenses | | |
| Expenses related to rent business | 3,028,330 | 3,024,459 |
| Asset management fee | 338,276 | 343,448 |
| Asset custody fee | 13,092 | 13,094 |
| Administrative service fees | 50,460 | 56,182 |
| Directors' compensations | 6,000 | 4,800 |
| Other operating expenses | 41,878 | 47,975 |
| Total operating expenses | 3,478,037 | 3,489,960 |
| Operating income | 5,293,818 | 5,341,919 |
| Non-operating income | | |
| Interest income | 88 | 92 |
| Reversal of dividends payable | 653 | 1,037 |
| Insurance income | 6,341 | 1,039 |
| Total non-operating income | 7,083 | 2,170 |
| Non-operating expenses | | |
| Interest expenses | 439,069 | 425,825 |
| Interest expenses on investment corporation bonds | 12,326 | 12,038 |
| Amortization of investment corporation bond issuance costs | 8,972 | 8,950 |
| Total non-operating expenses | 460,369 | 446,815 |
| Ordinary income | 4,840,532 | 4,897,275 |
| Profit before income taxes | 4,840,532 | 4,897,275 |
| Income taxes - current | 1,066 | 1,042 |
| Income taxes - deferred | (17) | (2,036) |
| Total income taxes | 1,049 | (994) |
| Profit | 4,839,482 | 4,898,269 |
| Retained Earnings at beginning of period | — | 362 |
| Unappropriated retained earnings | 4,839,482 | 4,898,632 |

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(3) Statement of changes in Net Assets

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

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 | 1,083,568 | 1,083,568 | 4,806,841 | 5,890,409 | 159,880,449 | 159,880,449 |
| Changes of items during period | | | | | | | |
| Reversal of reserve for reduction entry | | (11,158) | (11,158) | 11,158 | — | — | — |
| Dividends of surplus | | | | (4,818,000) | (4,818,000) | (4,818,000) | (4,818,000) |
| Profit | | | | 4,839,482 | 4,839,482 | 4,839,482 | 4,839,482 |
| Total changes of items during period | — | (11,158) | (11,158) | 32,641 | 21,482 | 21,482 | 21,482 |
| Balance at end of current period | 153,990,040 | 1,072,409 | 1,072,409 | 4,839,482 | 5,911,892 | 159,901,932 | 159,901,932 |

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 | |
| | | Reserve for reduction entry | Total voluntary retained earnings | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of current period | 153,990,040 | 1,072,409 | 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 |

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(4) Statement of Cash Distributions

(Unit: yen)

| | The Fiscal Period ended March 31, 2019 (October 1, 2018 to March 31, 2019) | The Fiscal Period ended September 30, 2019 (April 1, 2019 to September 30, 2019) |
|--|--|--|
| I. Unappropriated retained earnings | 4,839,482,960 | 4,898,632,198 |
| II. Distribution amount | 4,839,120,000 | 4,895,880,000 |
| (Distribution amount per unit) | (3,666) | (3,709) |
| □. Voluntary retained earnings | | |
| Provision of reserve for reduction entry | — | 2,037,908 |
| □. Retained earnings carried forward | 362,960 | 714,290 |

| Calculation method of distribution amount | In accordance with Paragraph 1, Article 29 of the Investment Corporation's Articles of Incorporation, MTR decided to distribute 4,839,120,000 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (1,320,000 units), not exceeding unappropriated retained earnings. 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, 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. |
|---|---|--|
| | | |

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(5) Statement of cash flows

| | Thousands of yen | |
|---|---|---|
| | For the period from October 1, 2018 to March 31, 2019 | For the period from April 1, 2019 to September 30, 2019 |
| Cash flows from operating activities | | |
| Profit before income taxes | 4,840,532 | 4,897,275 |
| Depreciation | 1,268,330 | 1,282,392 |
| Amortization of investment corporation bond issuance costs | 8,972 | 8,950 |
| Interest income | (88) | (92) |
| Interest expenses | 451,396 | 437,864 |
| Decrease (Increase) in operating accounts receivable | 8,204 | (1,327) |
| Increase (Decrease) in operating accounts payable | (331,441) | (47,784) |
| Increase (Decrease) in accrued consumption taxes | (127,065) | 17,313 |
| Increase (Decrease) in advances received | 18,766 | 33,745 |
| Other, net | (18,625) | (16,974) |
| Subtotal | 6,118,981 | 6,611,363 |
| Interest income received | 88 | 92 |
| Interest expenses paid | (452,383) | (450,588) |
| Income taxes paid | (695) | (1,067) |
| Net cash provided by operating activities | 5,665,991 | 6,159,799 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (66,055) | (306,121) |
| Purchase of property, plant and equipment in trust | (271,026) | (127,831) |
| Repayments of tenant leasehold and security deposits | (210,224) | (99,710) |
| Proceeds from tenant leasehold and security deposits | 356,536 | 44,771 |
| Repayments of tenant leasehold and security deposits in trust | (150) | (15,901) |
| Proceeds from tenant leasehold and security deposits in trust | 20,833 | 22,514 |
| Net cash used in investing activities | (170,085) | (482,279) |
| Cash flows from financing activities | | |
| Proceeds from long-term loans payable | 1,000,000 | 12,500,000 |
| Repayments of long-term loans payable | (1,000,000) | (12,500,000) |
| Proceeds from issuance of investment corporation bonds | 3,000,000 | — |
| Redemption of investment corporation bonds | (3,000,000) | — |
| Payments for investment corporation bond issuance costs | (14,780) | — |
| Dividends paid | (4,819,323) | (4,838,420) |
| Net cash used in financing activities | (4,834,103) | (4,838,420) |
| Net increase (decrease) in cash and cash equivalents | 661,802 | 839,100 |
| Cash and cash equivalents at beginning of period | 18,746,235 | 19,408,037 |
| Cash and cash equivalents at end of period | 19,408,037 | 20,247,138 |

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5. Reference Information

(1) Composition of assets

| type | Region | As of March 31, 2019 | | As of September 30, 2019 | |
|---------------|------------------------|--|------------------------------------|--|------------------------------------|
| | | Total of net book value (Note 1) (Millions of yen) | Ratio to total assets (Note 2) (%) | Total of net book value (Note 1) (Millions of yen) | Ratio to total assets (Note 2) (%) |
| Real property | Central Tokyo (Note 3) | 135,995 | 41.4 | 135,408 | 41.2 |
| | Other (Note 4) | 24,032 | 7.3 | 24,074 | 7.3 |
| Trust | Central Tokyo (Note 3) | 113,853 | 34.7 | 113,637 | 34.6 |
| | Other (Note 4) | 35,118 | 10.7 | 34,927 | 10.6 |
| Subtotal | | 309,000 | 94.0 | 308,048 | 93.8 |
| Other assets | | 19,557 | 6.0 | 20,413 | 6.2 |
| Total | | 328,557 | 100.0 | 328,461 | 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, 2019 was 15, and all such real estate is leased by MTR or trust fiduciaries based on trust contracts in the case of real estate in trust.

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

The overview of real estate held by MTR and real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, as of September 30, 2019 is as follows (real estate, real estate trust's beneficiary rights and real estate in trust, properties in trust subject to such rights, are hereinafter individually or collectively referred to as the "Portfolio").

Overview of the Portfolio

| Property name | Location (Parcel number) (Note 1) | Area (Note 1) | | Structure (Note 2) /number of floors(Note 1) | Ownership form | |
|---|--|------------------|---|---|----------------|----------|
| | | Land (㎡) | Building (㎡) | | Land | Building |
| Tokyo Shiodome Building (Note 3) | 1-12-1 Higashishinbashi, Minato-ku, Tokyo | 17,847.73 | 191,394.06 | SRC・RC・S B4/37F | Owned | Owned |
| ON Building (Note 4) (Note 5) | 5-746-1 Kitashinagawa, Shinagawa-ku, Tokyo, etc. | 10,850.67 | 32,812.27 | S・SRC B2/21F | Owned | Owned |
| Kioicho Building (Note 5) (Note 6) | 3-3 Kioicho, Chiyoda-ku, Tokyo, etc. | 9,291.93 | 63,535.55 | SRC・S B4/26F | Owned | Owned |
| Osaki MT Building (Note 4) | 5-689-2 Kitashinagawa, Shinagawa-ku, Tokyo, etc. | 13,852.74 | 26,980.68 | S・SRC B3/14F | Owned | Owned |
| Midosuji MTR Building (Note 5) | 3-43-5 Awajimachi, Chuo-ku, Osaka City | 1,560.98 | 15,129.16 | S・SRC B2/13F | Owned | Owned |
| Hiroo MTR Building (Note 5) | 2-91-1, 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 95,697.03m² is calculated by multiplying MTR's co-owned interest (ratio of 50/100) by the total floor space.

(Note 4) The land area of the ON Building is the total area (10,850.67m²) of the 3 sections of land in which trust fiduciaries for whom MTR is the sole trust beneficiary own a co-owned interest, and the trust fiduciaries own a co-owned interest of 840,139/1,000,000. The co-owned interest other than the one owned by the trust fiduciaries is owned by MTR as the site of the Osaki MT Building. As a result, the 3 sections of land in question (total area of 10,850.67m²) are stated separately as part of the land area of the Osaki MT Building and the land area of the ON Building. Moreover, the land area of the Osaki MT Building is the total area of all the 17 sections of land that MTR owns or jointly owns, which includes the co-owned interest of other co-owners. Of all the 17 sections of land in question, 13 sections of land (total area of 2,880.79m²) are solely owned by MTR. As for one section of land (area of 121.28m²), MTR owns a co-owned interest of 1/5 and, as for the 3 sections of land (total area of 10,850.67m²), MTR owns a co-owned interest of 159,861/1,000,000. In addition, the Osaki MT Building is a co-owned building, and the floor area of 24,495.21m² is calculated by multiplying MTR's co-owned interest (ratio of 907,880/1,000,000) by the total floor space.

(Note 5) Of the 15 properties listed above, the ON Building, the Kioicho Building, the Midosuji MTR Building, Hiroo MTR Building, Tenjin Prime, SHIBUYA FLAG, Frespo Inage and Hotel Okura Kobe have been categorized as real estate in trust, and the other 7 properties have been categorized as real estate. In addition, real estate in trust associated with Frespo Inage is only land, and the building is not included.

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- (Note 6) The land area of the Kioicho Building is the total area of the 8 sections of land, the site of the relevant building, and it includes the interest of other owners (partial ownership). Of the 8 sections of land in question, 5 sections of land (total area of 7,433.52m²) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary. MTR has acquired sectional ownership of the Kioicho Building. The total floor space stated is the total floor space for the portion of one building that represents the sectional ownership. The exclusive portion of the floor space owned by a fiduciary of the trust in which MTR is the sole beneficiary is 24,598.85 m².
- (Note 7) The land area of Tenjin Prime is the total area of the 7 sections of land, the site of the relevant building, and part of the land in question includes leased land. Of the 7 sections of land in question, 6 sections of land (total area of 1,081.75m²) are solely owned by a trust fiduciary for whom MTR is the sole trust beneficiary, and a trust fiduciary for whom MTR is the sole trust beneficiary has the land lease right over the remaining section of land (area of 28.98m²).
- (Note 8) The Shin-Yokohama TECH Building is real estate that is comprised of two buildings, A-Wing and B-Wing, and the site for the buildings.

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Categories, prices and investment ratios of the Portfolio

| Region | Use (Note 1) | Property name | Acquisition Price (Note 2) (Millions of yen) | Book value at the end of fiscal period (Millions of yen) | End-of-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 | 101,795 | 134,000 | 3.3% | 3.3% | 3.5% | Rich Appraisal Institute K.K. | 33.9% | |
| | | ON Building | 39,900 | 39,273 | 33,000 | 3.6% | 3.3% | 3.8% | Japan Real Estate Institute | 12.3% | |
| | | Kioicho Building | 34,300 | 33,463 | 37,800 | 3.3% | 3.1% | 3.5% | Daiwa Real Estate Appraisal Co., Ltd. | 10.6% | |
| | | Osaki MT Building | 14,386 (Note 5) | 13,122 | 16,100 | 3.5% | 3.2% | 3.7% | Japan Real Estate Institute | 4.4% | |
| | | Hiroo MTR Building | 8,100 | 8,377 | 8,290 | 3.7% | 3.5% | 3.9% | Daiwa Real Estate Appraisal Co., Ltd. | 2.5% | |
| | Subtotal | | 206,686 | 196,031 | 229,190 | — | | | | 63.8% | |
| | Retail facility | SHIBUYA FLAG | 32,040 | 32,523 | 40,800 | 3.2% | 3.0% | 3.4% | Japan Real Estate Institute | 9.9% | |
| | | Shinbashi Ekimae MTR Building | 18,000 | 17,342 | 22,300 | 3.7% | 3.5% | 3.9% | Nippon Tochi-Tatemono Co., Ltd. | 5.6% | |
| | Subtotal | | 50,040 | 49,866 | 63,100 | — | | | | 15.4% | |
| | Other | Park Lane Plaza | 3,200 | 3,147 | 3,930 | 3.5% | 4.2% | 3.2% | Nippon Tochi-Tatemono Co., Ltd. | 1.0% | |
| | Subtotal | | 3,200 | 3,147 | 3,930 | — | | | | 1.0% | |
| | Subtotal | | 259,926 | 249,045 | 296,220 | — | | | | 80.2% | |
| Other | Office building | Midosuji MTR Building | 10,170 | 10,071 | 10,600 | 3.7% | 3.5% | 3.9% | Daiwa Real Estate Appraisal Co., Ltd. | 3.1% | |
| | | Tenjin Prime | 6,940 | 6,717 | 8,740 | 4.0% | 3.7% | 4.2% | Japan Real Estate Institute | 2.1% | |
| | | Shin-Yokohama TECH Building | 6,900 | 6,917 | 7,420 | 4.7% | 4.5% | 5.0% | Nippon Tochi-Tatemono Co., Ltd. | 2.1% | |
| | Subtotal | | 24,010 | 23,706 | 26,760 | — | | | | 7.4% | |
| | Retail facility | Ito-Yokado Shonandai | 11,600 | 9,884 | 11,700 | 5.3% | 5.0% | 5.5% | Japan Real Estate Institute | 3.6% | |
| | | Kohnan Sagami-hara-Nishihashimoto | 7,460 | 7,273 | 8,500 | 5.2% | 4.9% | 5.4% | Japan Real Estate Institute | 2.3% | |
| | | Frespo Inage | 2,100 (Note 6) | 2,193 | 2,640 | — (Note 7) | 7.9% | — (Note 8) | Japan Real Estate Institute | 0.6% | |
| | Subtotal | | 21,160 | 19,350 | 22,840 | — | | | | 6.5% | |
| | Other | Hotel Okura Kobe | 19,000 | 15,945 | 17,000 | 4.8% | 4.6% | 4.9% | Rich Appraisal Institute K.K. | 5.9% | |
| | Subtotal | | 19,000 | 15,945 | 17,000 | — | | | | 5.9% | |
| Subtotal | | 64,170 | 59,002 | 66,600 | — | | | | 19.8% | | |
| Total | | 324,096 | 308,048 | 362,820 | — | | | | 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 September 30, 2019) by real estate appraisers in accordance with MTR’s rules and the Investment Corporation Calculation Rules (Cabinet Office Ordinance No. 47, 2006; including revisions thereafter).

(Note 4) The “Investment ratio” is the ratio of the acquisition prices of each asset against the total acquisition price of the Portfolio, and is rounded to the first decimal place.

(Note 5) The acquisition price of the Osaki MT Building stated is the total amount of the acquisition prices on March 31, 2005 (7,870 million yen), October 28, 2005 (5,656 million yen) and January 30, 2015 (860 million yen).

(Note 6) The acquisition price of Frespo Inage stated is the amount equivalent to 50% of 4,200 million yen, the acquisition price of the entire property in question, because 50% of the land in trust was transferred on February 29, 2012.

(Note 7) The direct capitalization method is not adopted for Frespo Inage.

(Note 8) The terminal cap rate of Frespo Inage has not been stipulated.

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

The situation of leasing of the Portfolio held by MTR as of September 30, 2019 is as follows.

Of the Portfolio held by MTR, the property in the Portfolio whose rental revenues account for 10% of the total rental revenues of the entire Portfolio or higher in the fiscal period ended September 30, 2019 (six months from April 1, 2019 to September 30, 2019) is 2 properties, Tokyo Shiodome Building and Kioicho Building.

Situation of leasing of the Portfolio

| Region | Use | Property name | Rental revenues (Note 1) (Millions of yen) | Ratio to total rental revenues ratio(Note 2) | Rentable area (Note 3)(㎡) | Rent area (Note 4)(㎡) | Total number of tenants |
|-----------------|--------------------------|-------------------------------------|--|---|---------------------------------|-----------------------------|-------------------------------|
| Central Tokyo | Office building | Tokyo Shiodome Building | 2,795 | 31.6% | 95,697.03 | 95,697.03 | 1 |
| | | ON Building | (Note 5) | (Note 5) | 20,654.60 | 20,654.60 | 1 |
| | | Kioicho Building (Note 6) | 1,109 | 12.6% | 24,748.48 | 24,722.48 | 33 (66) |
| | | Osaki MT Building (Note 7) | 313 | 3.5% | 24,495.21 | 24,495.21 | 1 (15) |
| | | Hiroo MTR Building (Note 8) | 198 | 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 | 4,259.97 | 17 | |
| Other | Office building | Midosuji MTR Building (Note 10) | 301 | 3.4% | 15,129.16 | 15,129.16 | 1 (34) |
| | | Tenjin Prime (Note 8) | 251 | 2.8% | 5,990.40 | 5,990.40 | 16 |
| | | Shin-Yokohama TECH Building | 346 | 3.9% | 18,238.86 | 18,238.86 | 9 |
| | 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) | | | 8,831 | 100.0% | 433,862.99 | 433,653.93 | 95 (175) |

(Note 1) “Rental revenues” stated are rental revenues (rent, common charges, other rental revenues, etc.) for the fiscal period ended September 30, 2019 fiscal period.

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

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

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

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

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

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

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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 | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | |
|-------------------|-------------------|----------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | 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 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 (98.5) | 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) | 91.4 (90.8) |
| | | Osaki MT Building(Note 3) | 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) | 100.0 (98.6) |
| | | Hiroo MTR Building (Note 4) | 100.0 | 100.0 | 84.2 | 99.5 | — | — | — | — | — | — |
| | Subtotal (Note 5) | | 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) | 98.8 (98.5) |
| | 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 | 95.9 | 100.0 | 100.0 | 96.8 | 100.0 | 100.0 | 93.5 | 92.7 | 96.7 | 100.0 |
| Subtotal | | 95.9 | 100.0 | 100.0 | 96.8 | 100.0 | 100.0 | 93.5 | 92.7 | 96.7 | 100.0 | |
| Subtotal (Note 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) | 98.9 (98.6) | |
| Other | Office building | Midosuji MTR Building (Note 6) | 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 | 89.1 | 100.0 | 100.0 | 100.0 | 94.6 | 100.0 | 100.0 | 98.6 |
| | | Shin-Yokohama TECH Building | 100.0 | 98.7 | 98.7 | 95.7 | 92.6 | 98.8 | 97.8 | 90.5 | 90.5 | 90.5 |
| | Subtotal (Note 5) | | 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) | 92.7 |
| | 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) | 99.9 (99.9) | 99.6 (99.5) | 99.7 (99.7) | 99.4 (99.2) | 99.9 (99.8) | 99.8 (99.6) | 99.4 (99.2) | 99.4 (99.1) | 98.9 | |
| Total (Note 5) | | 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) | 98.9 (98.8) | |

(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 September 30, 2019 from April 1, 2019 to September 30, 2019, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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