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# **MORI TRUST Sogo Reit, Inc.**

**MORI TRUST Asset Management Co., LTD.**



**24th Fiscal Period**  
**(October 1, 2013 to March 31, 2014)**  
**Information Package**

*8961*

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## Part 1 24th Fiscal Period Highlights

## 24th Fiscal Period Highlights

## 24th Fiscal Period Highlights

## Dividend

- 24th fiscal period dividend: **¥17,233** (down ¥597 from the previous fiscal period)
  - It was by ¥33 higher than the forecast; however, given the revised assumptions for the forecast, **the effective dividend was higher by ¥425.**
    - **Cancellation of the reversal of internal reserves** down ¥68 million (down ¥258 in terms of dividend)
    - **Record of all costs for a capital increase that would otherwise have been amortized for the six fiscal periods** down ¥35 million (down ¥134 in terms of dividend)


- Forecast dividend for the 25th fiscal period: **¥3,480** (up ¥33 vs. the 24th fiscal period (after taking into account split of investment units))
  - It is the same as the previous forecast\*; however, given the decrease of ¥54 million due to the cancellation of the reversal of internal reserves, **the effective dividend is revised upward by about ¥40.**

\* Forecast dividend for the 25th fiscal period announced on November 13, 2013 (after taking into account split of investment units)

- Forecast dividend for the 26th fiscal period: **¥3,480**

## Topics

- Capital increase through public offering (October 2013):  
the second capital increase through public offering after listing and raising **approximately ¥17,300 million**
- Issuing of the fourth investment corporation bonds (February 2014):  
¥5 billion, 3 years, **interest rate of 0.241%** → issue at the same time of the year for the fourth consecutive year
- Split of investment units (April 2014):  
effective as of April 1, 2014, **split at the ratio of 1 unit to 5 units**

■ Number of issued investment units  
 (Before split) (After split)  
 264,000 units  1,320,000 units

## Topics: Pursuit of a Solid Financial Strategy

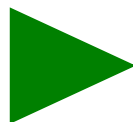
### Issue of the fourth investment corporation bonds

The issuing of investment corporation bonds at the same time of the year for the fourth consecutive year (their period is 3 years)

- Regular access to the bond market and diversification of fund raising avenues
- Fund raising at a lower rate than the first bond which matured

[Comparison of interest rate]

First bond  
**0.83%**



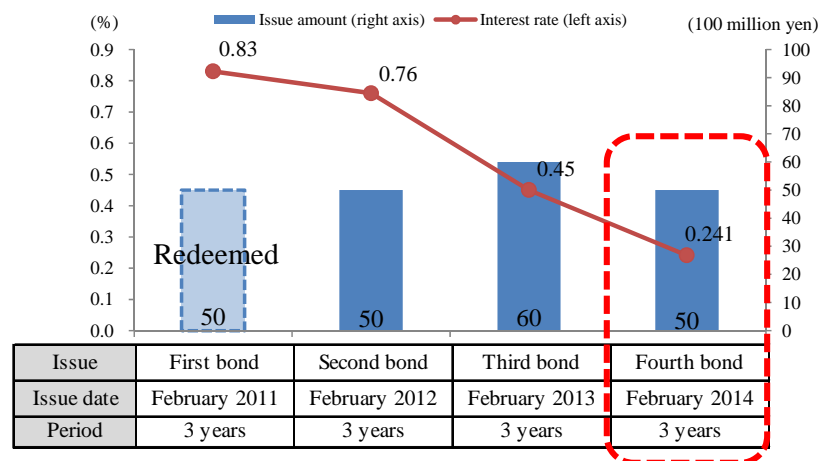
Fourth bond  
**0.241%**

[Fourth investment corporation bond]

Issue date	Issue amount	Period	Interest rate / spread
February 2014	¥5 billion	3 years	0.241% / T+14bp (L-3.9bp)

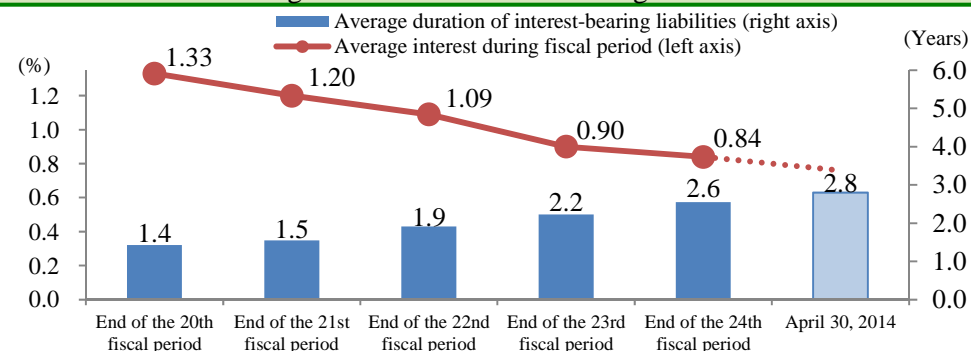
T: 3-year government bond yield L: 3-year yen interest rate swap rate

[Issue of investment corporation bonds]

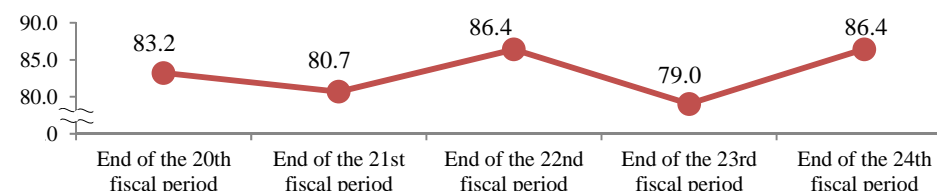


## 24th Fiscal Period Highlights

### Change in average interest rate during each fiscal period and average duration of interest-bearing liabilities

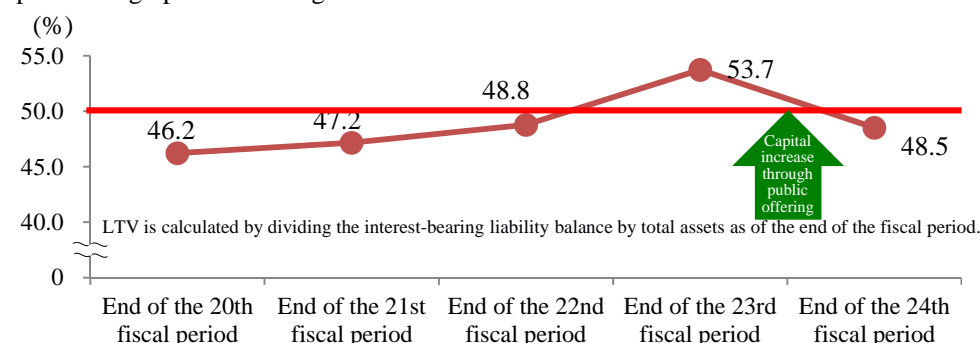


### Change in fixed interest-bearing liabilities ratio/ long-term interest-bearing liabilities ratio (including loans expected to be repaid or redeemed within one year)



### Change in LTV

Stabilization of financial base: lowering to the standard ratio (50%) or below by boosting capital through public offering



### October 2013: boosting capital through public offering

Number of issued investment units: 22,000 units (before split of investment units)  
Total amount of issue: ¥17,380 million

## Topics: Leasing of properties, etc.

## 24th Fiscal Period Highlights

### ■ Leasing of properties

- The overall occupancy rate of the portfolio was recovering.

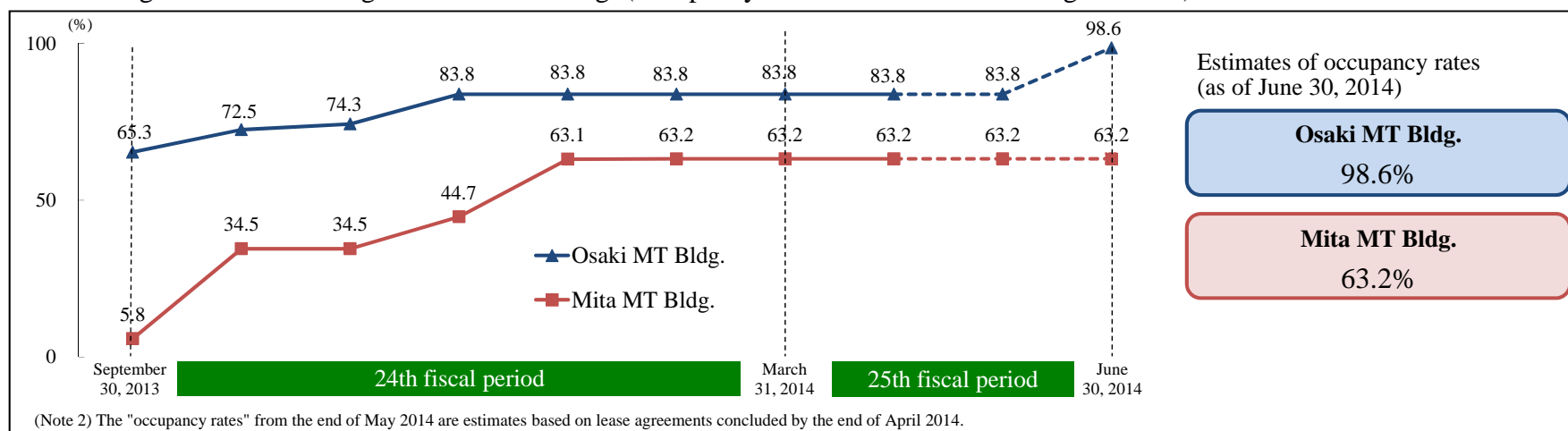
End of the 23rd fiscal period  
**95.2%**



End of the 24th fiscal period  
**97.7%**

(Note 1) For properties subject to the master lease agreement under which rent income is linked to rents under the sublease agreements, the occupancy rate calculated based on the occupancy rate under the sublease agreements is stated.

- Leasing of Osaki MT Bldg. and Mita MT Bldg. (occupancy ratio under the sublease agreements)



### ■ Planned vacation by major tenants

Despite the fact that major tenants will vacate the following properties, it will have no impact on rent income until the expiration of the term under the agreements because the leasing contracts prohibit early termination.

#### Ginza MTR Bldg.

Tenant name: Hanwa Co., Ltd.

Lease area: 7,913.80 m<sup>2</sup>

Ratio of the area to the rentable area of the property: 58.0%

Ratio of the area to the rentable area of the entire portfolio: 1.6%

Expiry date of the term: March 31, 2015

#### Osaka Marubeni Bldg.

Tenant name: Marubeni Community Co., Ltd.

Lease area: 13,808.60 m<sup>2</sup>

Ratio of the area to the rentable area of the property: 60.7%

Ratio of the area to the rentable area of the entire portfolio: 2.7%

Expiry date of the term: September 30, 2015

## Part 2

# Summary of the 24th Fiscal Period (ended March 31, 2014) Settlement

## Overview of the 24th Fiscal Period Settlement

## Summary of the 24th Fiscal Period Settlement

(Million yen)

	24th fiscal period Actual	23rd fiscal period Actual	Change (Over previous period)		24th fiscal period Forecast (Note)
Operating revenues	8,788	8,696	92	1.1%	8,772
Operating income	5,297	5,109	187	3.7%	5,220
Income before income taxes	4,550	4,315	234	5.4%	4,473
Net income	4,549	4,314	234	5.4%	4,495
Total distribution	4,549	4,314	234	5.4%	4,540
Dividend per share (yen)	17,233	17,830	-597	-3.3%	17,200
Number of shares issued	264,000	242,000	22,000	9.1%	264,000

(Note) Announced on November 13, 2013

(Major factors that contributed to the changes compared with the previous period)

- Full-period contributions: +¥108 million
- An increase in revenues of Osaka Marubeni Bldg.: +¥27 million
- A decrease in revenues of Osaki MT Bldg.: -¥32 million
- Reduction and exemption of property tax for Ito-Yokado Shin-Urayasu: +¥20 million
- A decrease in commission and other expenses for Mita MT Bldg.: +¥60 million
- A decrease in interest expenses: +¥88 million
- Costs for capital increase: -¥42 million



## Interest-Bearing Liabilities and Rating

Interest-bearing liabilities  
(as of the end of the 24th fiscal period)

Total interest-bearing liabilities (million yen)	162,000
Short-term loans	22,000
Long-term loans (including long-term loans due within one year)	124,000
Investment corporation bonds (including investment corporation bonds due within one year)	16,000
LTV (Loan To Value ratio)	48.5%
Long-term interest-bearing liabilities ratio (including loans expected to be repaid or redeemed within one year)	86.4%
Fixed interest-bearing liabilities ratio	86.4%
Average interest for borrowings during fiscal period	0.84%
Short-term loans	0.42%
Long-term loans and investment corporation bonds	0.92%
Average duration of interest-bearing liabilities (years)	2.6

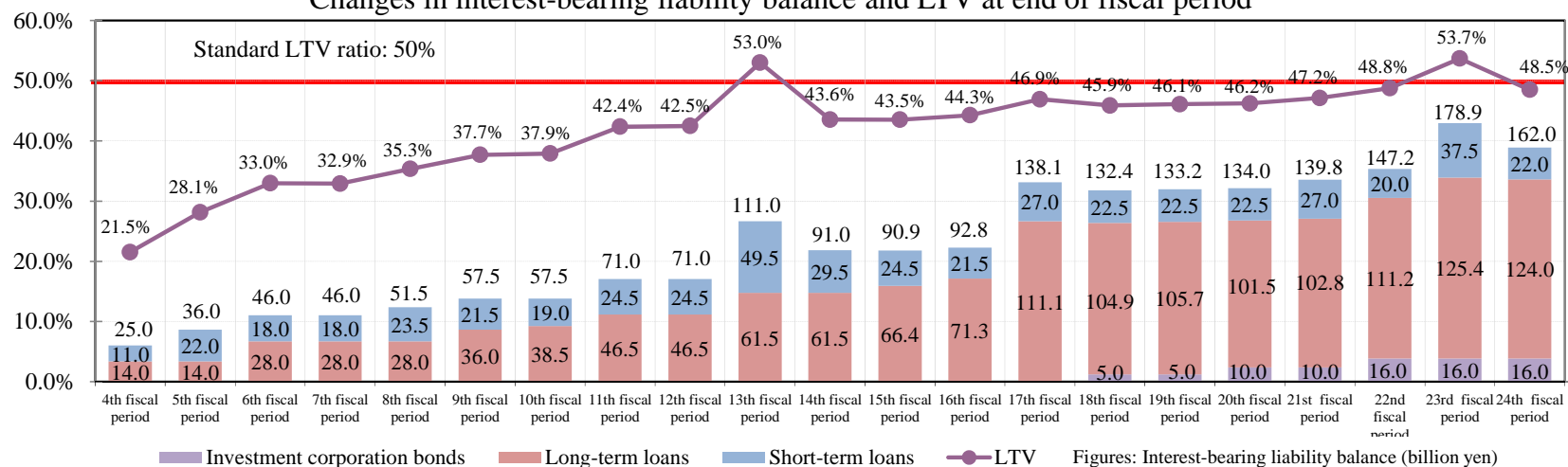
Rating  
(as of the end of the 24th fiscal period)

Rating
Rating agency: Japan Credit Rating Agency, Ltd. (JCR)
Liabilities rated: Long-Term Issuer Rating
Rating (outlook): AA (stable)

Summary of the 24th Fiscal Period Settlement  
Breakdown of interest-bearing liabilities  
(as of the end of the 24th fiscal period)

Classification	Lender	Balance of borrowings (million yen)	(%)
Loans	Mizuho Bank, Ltd.	31,000	19.1%
	Sumitomo Mitsui Banking Corporation	26,500	16.4%
	Sumitomo Mitsui Trust Bank, Limited.	18,500	11.4%
	Mitsubishi UFJ Trust and Banking Corporation	18,000	11.1%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,500	9.6%
	Development Bank of Japan Inc.	15,000	9.3%
	The Bank of Fukuoka, Ltd.	5,000	3.1%
	Aozora Bank, Ltd.	4,000	2.5%
	Resona Bank, Limited	4,000	2.5%
	ORIX Bank Corporation	3,000	1.9%
	Nippon Life Insurance Company	2,000	1.2%
	The Hachijuni Bank, Ltd.	1,000	0.6%
	Mizuho Trust & Banking Co., Ltd.	1,000	0.6%
	The Ashikaga Bank, Ltd.	1,000	0.6%
	The Dai-ichi Life Insurance Company, Limited	500	0.3%
	Subtotal	146,000	90.1%
Investment corporation bonds		16,000	9.9%
Total investment-bearing liabilities		162,000	100.0%

Changes in interest-bearing liability balance and LTV at end of fiscal period



## Investors

## Summary of the 24th Fiscal Period Settlement

### Top 10 Shareholders

End of 23rd Fiscal Period (242,000 shares issued)

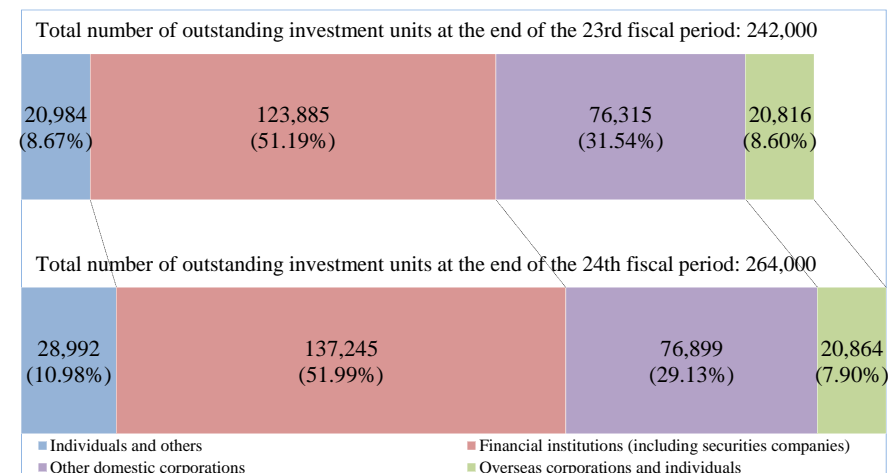
Shareholders	Number of shares held	Ownership ratio
MORI TRUST Holdings, Inc.	60,000	24.79%
Japan Trustee Services Bank, Ltd. (trust account)	54,608	22.57%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	14,399	5.95%
The Nomura Trust and Banking Co., Ltd. (investment trust)	12,620	5.21%
The Master Trust Bank of Japan, Ltd. (trust account)	10,876	4.49%
MA Platform, Inc.	10,000	4.13%
Nomura Bank (Luxembourg) S.A.	5,358	2.21%
North Pacific Bank, Ltd.	3,831	1.58%
MetLife Alico Life Insurance K.K. GA Company JPY	3,000	1.24%
Gibraltar Life Insurance Co., Ltd. (General account J-REIT's units)	2,074	0.86%
Total of top 10 shareholders	176,766	73.04%

End of 24th Fiscal Period (264,000 shares issued)

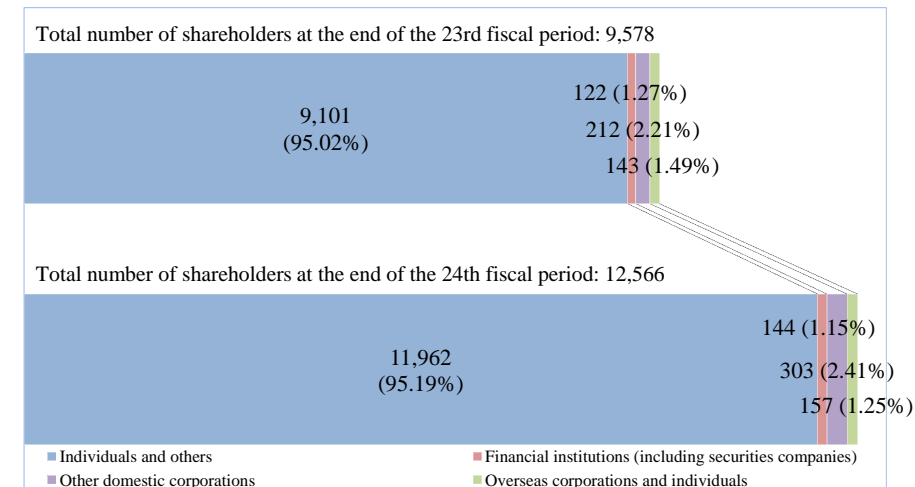
Shareholders	Number of shares held	Ownership ratio
Japan Trustee Services Bank, Ltd. (trust account)	62,766	23.78%
MORI TRUST Holdings, Inc.	60,000	22.73%
The Master Trust Bank of Japan, Ltd. (trust account)	17,315	6.56%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	13,125	4.97%
The Nomura Trust and Banking Co., Ltd. (investment trust)	13,059	4.95%
MA Platform, Inc.	10,014	3.79%
MetLife Alico Life Insurance K.K. GA Company JPY	3,000	1.14%
Nomura Bank (Luxembourg) S.A.	2,618	0.99%
Gibraltar Life Insurance Co., Ltd. (General account J-REIT's units)	2,057	0.78%
State Street Bank and Trust Company 505223	1,850	0.70%
Total of top 10 shareholders	185,804	70.38%

### Composition of Shareholders

#### Investment share ratios



#### Investment shareholder ratio



## Forecast for the 25th and 26th Fiscal Periods

## Summary of the 24th Fiscal Period Settlement

### Forecast for the 25th Fiscal Period

Forecast dividend for the 25th fiscal period: **¥3,480**

Forecast of +¥33 vs. the 24th fiscal period (taking into account the split of investment units)

- Increase in revenue from Mita MT Bldg., Osaki MT Bldg.
- Increase in repair expenses, record of costs for property tax and town planning tax imposed on SHIBUYA FLAG
- Decrease in interest expense, lapse of costs for capital increase

(Million yen)

	24th Fiscal Period Actual	25th Fiscal Period Forecast	Difference	
			Amount	%
Operating revenues (a)	8,788	8,924	135	1.5%
Property-related revenues (b)	8,788	8,924	135	1.5%
Rental revenues	8,523	8,620	96	
Other rental revenues	265	304	38	
Operating expenses (c)	3,491	3,687	196	5.6%
Property-related expenses (d)	3,072	3,262	189	6.2%
Rental expenses	3,072	3,262	189	
Property and other taxes	910	962	52	
Overhead expenses	724	850	126	
Depreciation and amortization (e)	1,438	1,448	10	
Service, general and administrative expenses	418	425	6	1.6%
Profit from real estate rental business (f)=(b)-(d)	5,716	5,662	-53	-0.9%
Earnings before depreciation and amortization (NOI) (e)+(f)	7,154	7,111	-43	-0.6%
Operating income (a)-(c)	5,297	5,237	-60	-1.1%
Non-operating revenues	10	0	-9	-95.2%
Non-operating expenses	757	643	-114	-15.1%
Ordinary income	4,550	4,594	44	1.0%
Income before income taxes	4,550	4,594	44	1.0%
Net income	4,549	4,593	44	1.0%

	24th Fiscal Period Actual	25th Fiscal Period Forecast	26th Fiscal Period Forecast
	(October 1, 2013 to March 31, 2014)	(April 1, 2014 to September 30, 2014)	(October 1, 2014 to March 31, 2015)
Operating revenues (million yen)	8,788	8,924	8,850
Operating income (million yen)	5,297	5,237	5,236
Ordinary income (million yen)	4,550	4,594	4,594
Net income (million yen)	4,549	4,593	4,593
Total distribution (million yen)	4,549	4,593	4,593
Dividend per share (yen)	17,233	3,480	3,480
(Note)	(3,446)		
No. of shares issued	264,000	1,320,000	1,320,000
(Note)	(1,320,000)		

(Note) Investment units were split (at a ratio of 1 to 5) as of April 1, 2014. Figures in parentheses are values taking into account the split of investment units.

### Assumptions

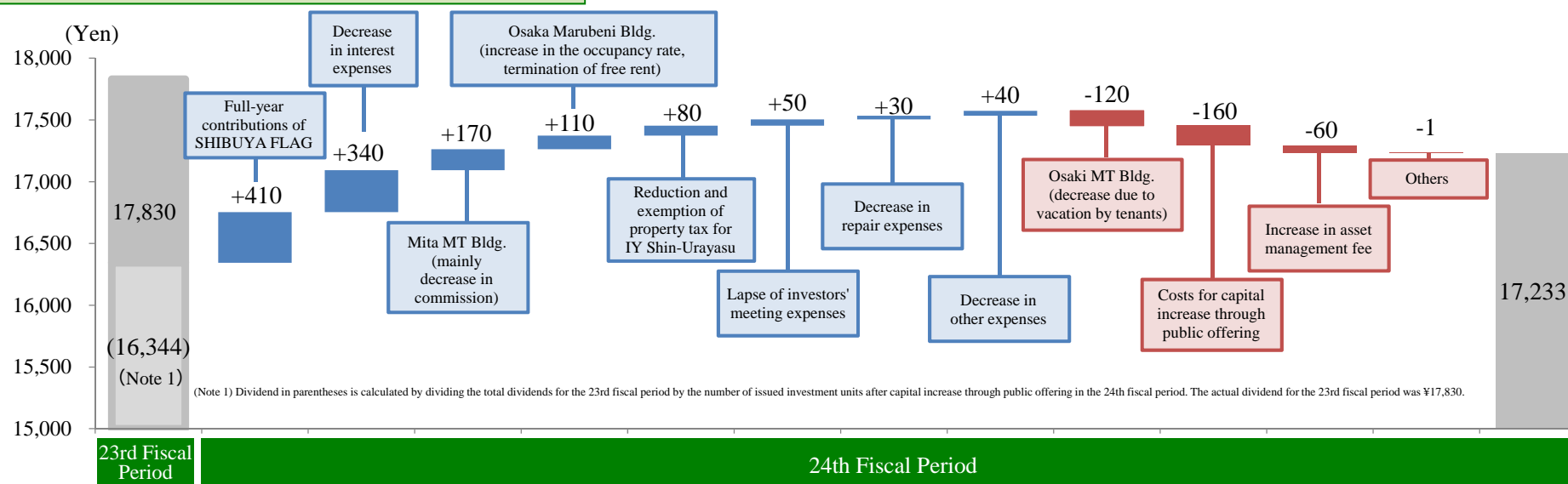
- Assumes that the portfolio will have the 16 properties owned by MTR as of March 31, 2014.
- Assumes 1,320,000 investment shares issued and outstanding as of May 14, 2014.

The business forecast for the 25th and 26th fiscal periods has been calculated based on the preceding assumptions. This is not a guarantee of actual operating revenues, operating income, ordinary income, net income, and/or per-share dividends, and such may differ according to circumstances occurring in the future.

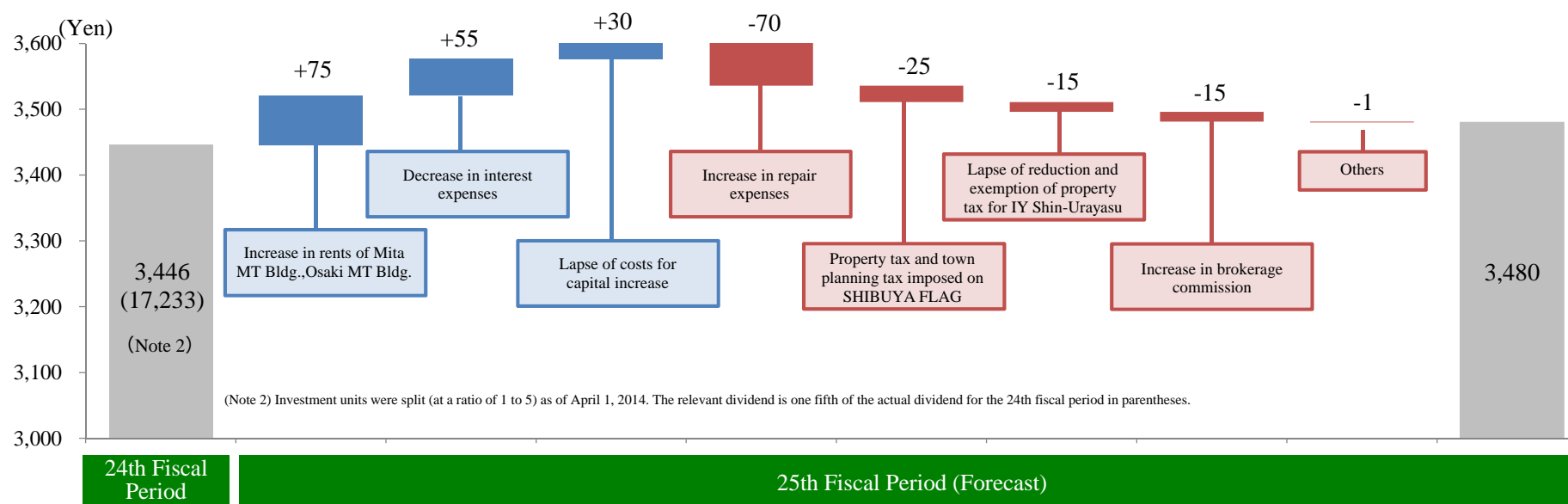
# Factors for Change in Dividend per Share

## Summary of the 24th Fiscal Period Settlement

### 23rd Fiscal Period Actual vs 24th Fiscal Period Actual



### 24th Fiscal Period Actual vs 25th Fiscal Period Forecast



## Issues and Actions for MTR

## Summary of the 24th Fiscal Period Settlement

### Current issues

Mita MT Bldg./ Ginza MTR Bldg./ Osaka Marubeni Bldg.  
The current issue is how we cope after vacation by major tenants.



All the properties described above **were acquired under the acquisition strategies** of MORI TRUST Sogo Reit, Inc. and meet the conditions for **location with potential of value for redevelopment**.

### Characteristics of MORI TRUST Sogo Reit, Inc.

#### 1. Selectively acquisition of properties

Emphasizing location (rather than building age), focusing on large properties with mainly single tenants

- ✓ High level dividends through efficient management
- ✓ Disadvantages
  - Substantial effects of vacation by tenants
  - Decrease in rent with old age of a building
  - Disadvantages will be covered by the following two points.

#### 2. Strong cooperation with MORI TRUST

- ✓ Use of leasing capability of MORI TRUST
- ✓ Replacement of properties considering value after redevelopment

#### 3. Solid financial strategy

Securing strong trust from financial institutions

- ✓ Maintenance of the system for financial support from financial institutions

### Policies for Actions

Future actions will be studied with MORI TRUST based on the following policies.

#### 1. It is assumed that the properties will be sold to third parties, including MORI TRUST, in the medium term.

- ✓ It is assumed that the properties will be sold at a price reflecting the value for redevelopment, rather than a price based on the current state and rent of the buildings.

#### 2. In the short term, in light of the medium-term assumption above, the best actions will be considered, dealing with any changes in the external circumstances.

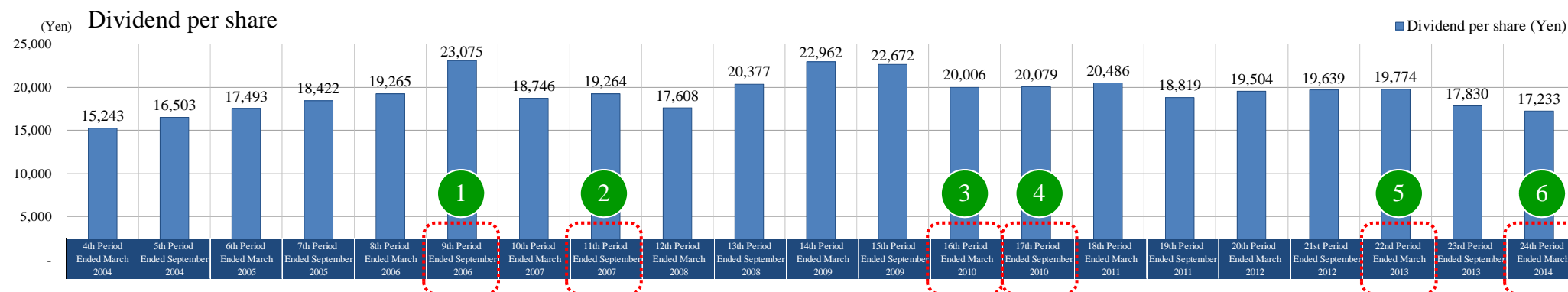
- ✓ Given the location viewed from a leasing standpoint, the relevant areas attract attention from many prospective tenants.

#### 3. Specifically both tenant leasing and disposal will be considered (taking into account the advantages and disadvantages of tenant availability), bearing time in mind.

- ✓ Mita MT Bldg. will be leased with an eye toward the redevelopment with the neighboring area expected to be carried out in the coming ten or so years by MORI TRUST.

## Past Examples and Actions

## Summary of the 24th Fiscal Period Settlement



	1 Hitachi Head Office Bldg.	2 Osaki MT Bldg.	3 Nissan Motor Co., Ltd. Head Office Bldg. New Tower (Currently Ginza MTR Bldg.)	4 Akasaka-mitsuke MT Bldg.	5 Mita MT Bldg.	6 Ginza MTR Bldg./ Osaka Marubeni Bldg.
Examples	2006/5 Vacation by the sublessee (Hitachi, Ltd.)	2007/9 Vacation by the sublessee (Sumitomo Heavy Industries, Ltd.)	2009/11 Vacation by the lessee (Nissan Motor Co., Ltd.)	2010/4 Proactive actions in light of the remaining term of the fixed term lease and the old age of the building	2012/11 Vacation by the lessee (Hitachi Systems, Ltd.)	[Ginza MTR Bldg.] 2015/3 Fixed term lease will be terminated (Hanwa Co., Ltd.) [Osaka Marubeni Bldg.] 2015/9 Fixed term lease will be terminated (Marubeni Community)
Actions	Replacement of properties 2006/5 Transfer of Hitachi Head Office Bldg.	Leasing 2007/9~ Renewal  2008/2~ Start of occupancy by new tenants	Leasing 2009/11~ Renewal  2010/2~ Start of occupancy by new tenants	Replacement of properties 2010/4 Transfer of Akasaka-mitsuke MT Bldg.	Leasing 2012/11~ Renewal  2013/4~ Master lease	
	2006/5 Acquisition of Akasaka-mitsuke MT Bldg.  2006/9 Acquisition of Hotel Okura Kobe			2010/4 Acquisition of Tokyo Shiodome Bldg.		
Cooperation with sponsors	Replacement of properties  Properties information provision (Hotel Okura Kobe)	Leasing (Master lease)	Leasing	Replacement of properties  Master lease (Tokyo Shiodome Bldg.)	Leasing (Master lease)	

Past examples

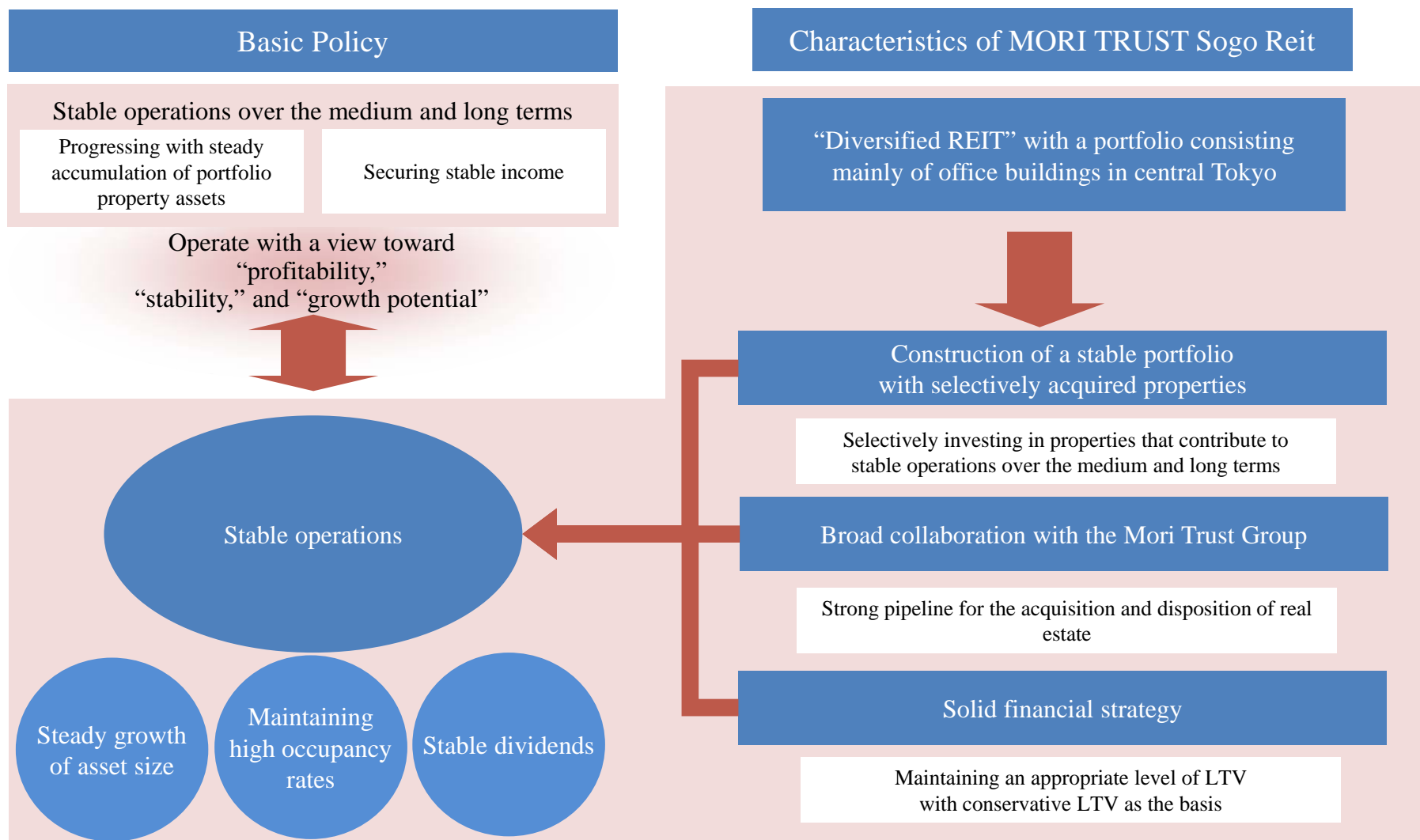
Current issues

## Part 3

# Basic Policy and Status of Operations

# Basic Policy and Characteristics of MORI TRUST Sogo Reit

Basic Policy and  
Status of Operations





# Portfolio Allocation Policy

Basic Policy and  
Status of Operations

## Target portfolio and actual performance

(as of the end of the 24th fiscal period)

		Region				Total	
		Central Tokyo (Note 1)		Other areas (Note 2)			
		Target	Actual	Target	Actual	Target	Actual
Use	Office Buildings	60 to 70%	59.7%	10 to 20%	8.0%	70 to 90%	67.8%
	Retail Facilities	0 to 10%	16.3%	10 to 20%	16.0%	10 to 30%	32.2%
	Other (Note 3)						
Total		60 to 80%	76.0%	20 to 40%	24.0%	100%	

(Note 1) “Central Tokyo” refers to Chiyoda, Chuo, Minato, Shinagawa, Shibuya and Shinjuku Wards.

(Note 2) “Other Areas” refers to greater Tokyo (Kanagawa, Chiba and Saitama Prefectures, and the Tokyo Metropolitan Area excluding central Tokyo) and other major regional cities.

(Note 3) Restricted to investments in residential properties and hotels for the foreseeable future.

(Note 4) The investment ratios are based on acquisition prices.

## Financial Policy and Strategy

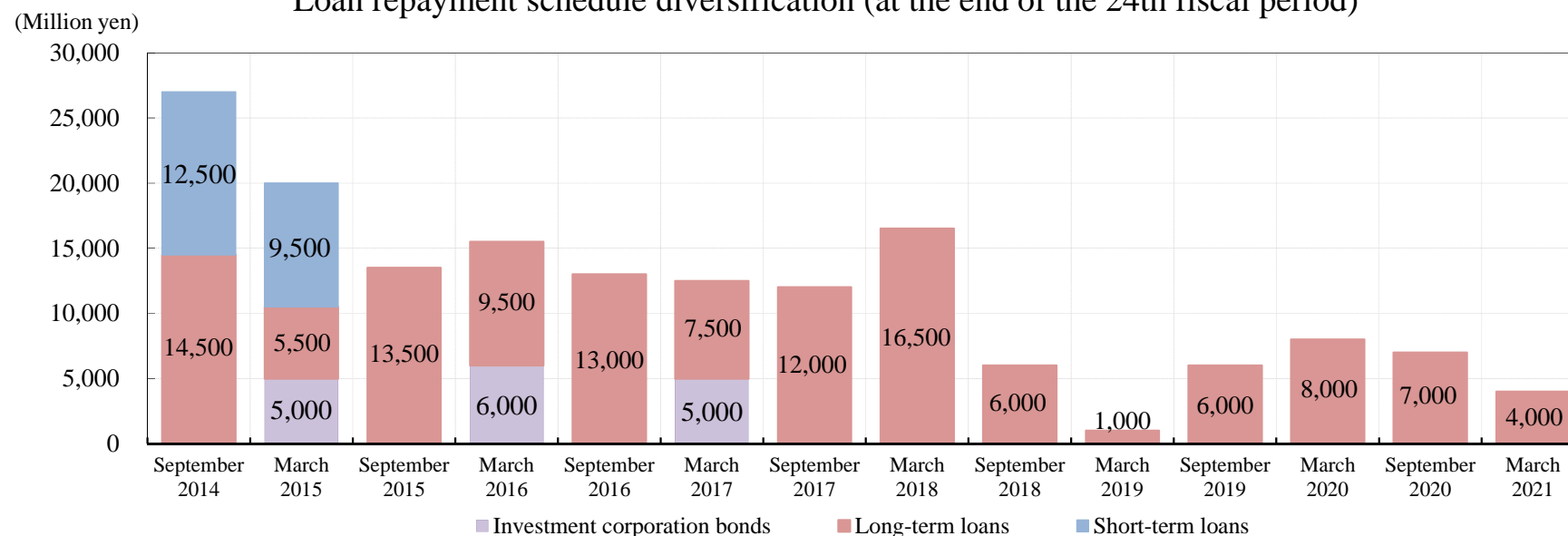
Basic Policy and  
Status of Operations

### Financial Policy and Strategy

- ◆ Conservative LTV is the basis, and the 50% upper limit of LTV is the benchmark.
- ◆ Diversify repayment maturities
- ◆ Procure short-term borrowings and long-term debt in a balanced manner, paying attention to reducing financing costs and the effect of changes in the financial environment
- ◆ Consider issuing investment corporation bonds
- ◆ Establish a credit line to ensure flexible fundraising

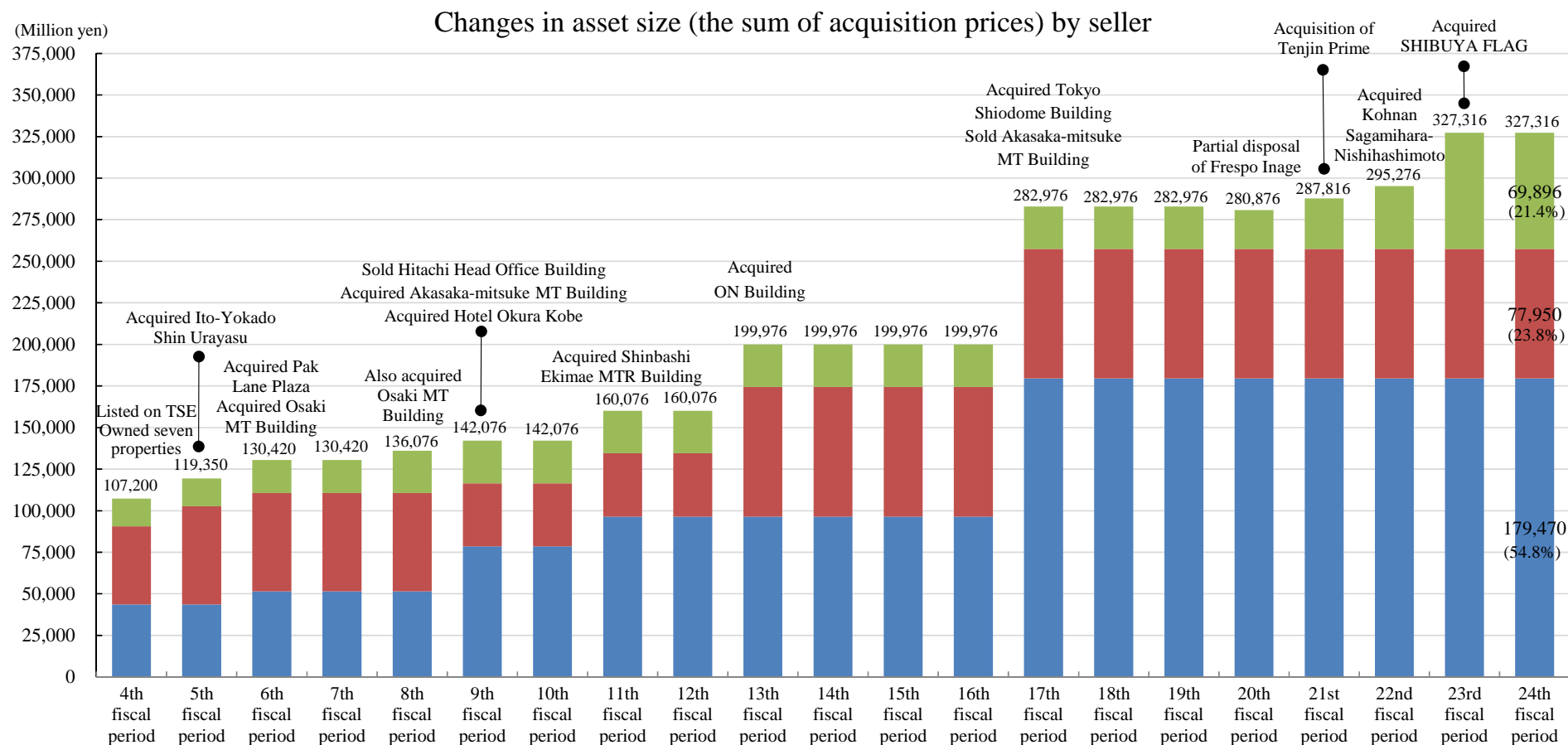
Mizuho Bank: 10 billion yen    Sumitomo Mitsui Banking: 10 billion yen

Loan repayment schedule diversification (at the end of the 24th fiscal period)



## Status of Operations 1: Changes in Asset Size

Basic Policy and  
Status of Operations



### Property acquisitions

Acquisitions from the Mori Trust Group	Acquisitions Based on Information Provided by the Mori Trust Group	Acquisitions through Proprietary Channels
Ginza MTR Bldg. Mita MT Bldg. Osaki MT Bldg. Ito-Yokado Shonandai Shinbashi Ekimae MTR Bldg. Tokyo Shiodome Building	Ito-Yokado Shin-Urayasu Shin-Yokohama TECH Bldg. Hotel Okura Kobe ON Bldg.	Osaka Marubeni Bldg. Frespo Inage Park Lane Plaza Osaki MT Bldg. (additional acquisition) Tenjin Prime Kohnan Sagami-hara-Nishihashimoto SHIBUYA FLAG

## Status of Operations 2: Portfolio Summary (At the end of the 24th Fiscal Period)

## Basic Policy and Status of Operations

Use	Name	Location	Construction completion	Acquisition date	Acquisition Price (Million yen)	24th fiscal period Book value at the end of fiscal period (Million yen)	24th fiscal period End-of-period calculation (Million yen)	Floor Area (m <sup>2</sup> )	PML (Note 6)	NOI yield (Note 7)
Office Buildings	Ginza MTR Bldg.	Chuo Ward, Tokyo	March 1982 (Renovated in 2010)	March 31, 2003	16,000	16,313	15,900	38,901.73 (Note 1)	8.1%	6.4%
	Mita MT Bldg.	Minato Ward, Tokyo	September 1974 (Renovated in 1997)	December 1, 2003	16,000	15,667	12,100	21,043.02	10.5%	-0.02%
	Osaka Marubeni Bldg.	Chuo Ward, Osaka	March 1984	September 30, 2002	12,500	12,658	6,900	41,574.47	3.4%	4.0%
	Shin-Yokohama TECH Bldg.	Kohoku Ward, Yokohama City	February 1986	November 14, 2003	6,900	6,716	4,590	25,187.22	8.7%	7.1%
	Osaki MT Bldg.	Shinagawa Ward, Tokyo	July 1994 (Renovated in 2008)	(1) March 31, 2005 (2) October 28, 2005 (Additional acquisition)	13,526	12,827	11,500	26,980.68 (Note 2)	11.5%	2.8%
	ON Bldg.	Shinagawa Ward, Tokyo	November 1990	August 29, 2008	39,900	39,940	28,100	32,812.27	8.0%	2.9%
	Tokyo Shiodome Building	Minato Ward, Tokyo	January 2005	April 13, 2010	110,000	106,857	116,200	191,394.06 (Note 3)	6.0%	4.4%
	Tenjin Prime	Chuo Ward, Fukuoka City	October 2008	July 12, 2012	6,940	6,906	7,280	7,722.04	6.4%	6.6%
Retail Facilities	Ito-Yokado Shonandai	Fujisawa City, Kanagawa Prefecture	November 2002	March 28, 2003	11,600	10,344	12,100	53,393.66	14.0%	6.0%
	Frespo Inage	Inage Ward, Chiba City	-	March 28, 2002	2,100 (Note 4)	2,193	2,680	(39,556.71) (Note 5)	-	11.0%
	Ito-Yokado Shin-Urayasu	Urayasu City, Chiba Prefecture	September 2000	July 30, 2004	12,150	11,420	11,400	57,621.38	18.9%	5.7%
	Shinbashi Ekimae MTR Bldg.	Minato Ward, Tokyo	April 1999	April 25, 2007	18,000	17,617	19,600	7,820.45	12.2%	4.8%
	Kohnan Sagami-hara-Nishihashimoto	Midori Ward, Sagami-hara City	August 2005	October 18, 2012	7,460	7,702	7,830	40,283.77	13.5%	6.1%
	SHIBUYA FLAG	Shibuya Ward, Tokyo	August 2009	April 24, 2013	32,040	32,771	35,000	7,766.49	11.9%	4.4%
Residential	Park Lane Plaza	Shibuya Ward, Tokyo	June 1988	December 24, 2004	3,200	3,257	3,000	5,246.78	14.9%	4.7%
Hotel	Hotel Okura Kobe	Chuo Ward, Kobe City	March 1989	September 20, 2006	19,000	17,247	15,700	72,246.86	17.8%	5.2%
Total	-	-	-	-	327,316	320,443	309,880	—	4.2%	4.4%

(Note 1) MTR has acquired part ownership of the Ginza MTR Building. The floor area owned by MTR totals 23,614.49 m<sup>2</sup>.

(Note 2) MTR has acquired co-ownership of the Osaki MT Building. The ownership share is calculated at the ratio of 838,899/1,000,000.

(Note 3) The Tokyo Shiodome Building is owned under joint ownership, with MTR owning a 50% interest.

(Note 4) As 50% of the land trust associated with Frespo Inage has been disposed, the price of Frespo Inage is the price equivalent to 50% of the acquisition price of the entire property or 4,200 million yen.

(Note 5) The floor area of Frespo Inage is the area of the real estate trust associated with the real estate trust's beneficiary rights.

(Note 6) Probable Maximum Loss (PML) refers to the expected maximum loss ratio caused by an earthquake based on a loss confidence value of 90%. The expected maximum-level earthquake refers to an earthquake that occurs once every 50 years with a 10% excess-probability. This means that an earthquake of this magnitude statistically occurs once every 475 years.

(Note 7) NOI earnings yield is calculated by converting NOI in the 24th fiscal period to an annual basis.

## Status of Operations 3: Appraisal Values of Portfolio Properties at the Fiscal Period-End

Basic Policy and  
Status of Operations

Use	Name	23rd fiscal period End-of-period appraisal value (Million yen)	24th fiscal period End-of-period appraisal value (Million yen)	Difference (Million yen)	Direct reduction method		Discounted cash flow (DCF) method		Appraiser
					Cap rate	Comparison with the previous fiscal period	Discount rate	Terminal cap rate	
Office Buildings	Ginza MTR Bldg.	15,700	15,900	200	4.3%	-0.1%	4.1%	4.6%	Japan Real Estate Institute
	Mita MT Bldg.	12,100	12,100	—	4.8%	-0.1%	4.3%	4.7%	Japan Real Estate Institute
	Osaka Marubeni Bldg.	7,140	6,900	-240	5.1%	-0.2%	5.1%	4.9%	Japan Real Estate Institute
	Shin-Yokohama TECH Bldg.	4,590	4,590	—	5.9%	-	5.7%	6.2%	Nippon Tochi-Tatemono Co., Ltd.
	Osaki MT Bldg.	12,200	11,500	-700	4.4%	-0.1%	4.1%	4.6%	Japan Real Estate Institute
	ON Bldg.	28,500	28,100	-400	4.5%	-0.1%	4.2%	4.7%	Japan Real Estate Institute
	Tokyo Shiodome Building	116,200	116,200	-	4.2%	-	4.2%	4.4%	Rich Appraisal Institute K.K.
	Tenjin Prime	7,400	7,280	-120	5.3%	-0.1%	5.1%	5.6%	Japan Real Estate Institute
Retail Facilities	Ito-Yokado Shonandai	12,100	12,100	-	5.5%	-	5.2%	5.7%	Japan Real Estate Institute
	Frespo Inage	2,680	2,680	-	8.8%	-	8.4%	- (Note)	Japan Real Estate Institute
	Ito-Yokado Shin-Urayasu	11,400	11,400	-	5.6%	-	5.4%	5.9%	Japan Real Estate Institute
	Shinbashi Ekimae MTR Bldg.	19,200	19,600	400	4.4%	-0.1%	4.2%	4.6%	Nippon Tochi-Tatemono Co., Ltd.
	Kohnan Sagamihara- Nishihashimoto	7,820	7,830	10	5.8%	-	5.5%	6.0%	Japan Real Estate Institute
	SHIBUYA FLAG	33,000	35,000	2,000	3.8%	-0.2%	3.6%	4.0%	Japan Real Estate Institute
Residential	Park Lane Plaza	2,990	3,000	10	4.3%	-	5.0%	4.0%	Nippon Tochi-Tatemono Co., Ltd.
Hotel	Hotel Okura Kobe	15,700	15,700	-	5.5%	-	5.3%	5.6%	Rich Appraisal Institute K.K.
		23rd fiscal period (Million yen)	24th fiscal period (Million yen)	Difference (Million yen)					
Total end-of-period appraisal value (1)		308,720	309,880	1,160					
Total end-of-period book value (2)		321,692	320,443	-1,249					
Difference (1) - (2)		-12,972	-10,563	2,409					

(Note) The terminal cap rate for Frespo Inage has not been established.

## Status of Operations 4: Overview of Lease Contracts (At the end of the 24th Fiscal Period)

### Basic Policy and Status of Operations

Use	Name	Total number of tenants	Occupancy rate (%)		Major tenant/master lessee		
					Type of lease contract		Lease contract expiry
Office Buildings	Ginza MTR Bldg.	5	99.9	Hanwa Co., Ltd.	Direct lease	Fixed-term building lease	March 31, 2015
	Mita MT Bldg.	(Note 1) 1	(Note 2) 100.0 (63.2)	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	March 31, 2016
	Osaka Marubeni Bldg.	15	93.4	Marubeni Community Co., Ltd.	Direct lease	Fixed-term building lease	September 30, 2015
	Shin-Yokohama TECH Bldg.	7	89.5	Fujitsu Co., Ltd.	Direct lease	Building lease	February 28, 2015
	Osaki MT Bldg.	(Note 1) 1	(Note 2) 100.0 (83.8)	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	March 31, 2016
	ON Bldg.	1	100.0	Kobe Steel Ltd.	Direct lease	Building lease	March 31, 2015
	Tokyo Shiodome Building	1	100.0	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	(Offices/retailers) April 12, 2020 (Hotel) December 31, 2035
	Tenjin Prime	(Note 3) 13	(Note 3) 100.0	Sumitomo Mitsui Banking Corporation	Direct lease (Note 3)	Fixed-term building lease	October 31, 2018
Retail Facilities	Ito-Yokado Shonandai	1	100.0	Ito-Yokado Co., Ltd.	Master lease	Building lease	November 20, 2022 (No cancellation prior to November 20, 2017)
	Frespo Inage	1	100.0	Daiwa Lease Co, Ltd.	Direct lease	Land lease	December 2, 2027
	Ito-Yokado Shin-Urayasu	1	100.0	Ito-Yokado Co., Ltd.	Master lease	Building lease	July 29, 2020 (No cancellation prior to July 29, 2017)
	Shinbashi Ekimae MTR Bldg.	1	100.0	Kimuraya Select	Direct lease	Building lease	May 31, 2015
	Kohnan Sagami-hara-Nishihashimoto	1	100.0	Kohnan Shoji Co., Ltd.	Master lease	Fixed-term building lease	September 27, 2023
	SHIBUYA FLAG	(Note 3) 2	(Note 3) 100.0	H&M Hennes & Mauritz Japan K.K.	Direct lease (Note 3)	- (Note 4)	- (Note 4)
Residential	Park Lane Plaza	18	100.0	-	-	-	-
Hotel	Hotel Okura Kobe	1	100.0	Hotel Okura Kobe	Direct lease	Fixed-term building lease	March 31, 2022
Total		70	(Note 2) 99.3 (97.7)				

(Note 1) A master lease agreement under which rent income is linked to rents under the sublease agreements has been concluded for Mita MT Bldg. and Osaki MT Bldg. The number of tenants under the sublease agreements is five for Mita MT Bldg. and eleven for Osaki MT Bldg.

(Note 2) A master lease agreement under which rent income is linked to rents under the sublease agreements has been concluded for Mita MT Bldg. and Osaki MT Bldg., and the figures in brackets for the occupancy rates of these buildings are the occupancy rates based on sublease agreements. Also the figure in brackets for the total occupancy rate is the total occupancy rate calculated using occupancy rates based on sublease agreements for these buildings.

(Note 3) MTR leases the land and building of Tenjin Prime and SHIBUYA FLAG from a fiduciary trust company under a master lease agreement and subleases it to tenants. The total number of tenants and the occupancy rate of the above properties are those under the sublease agreements. The type of lease contract above is that under the sublease agreements.

(Note 4) Lease contract expiry is not shown, as the consent of tenants has not been obtained.

# Status of Operations 5: The Current Real Estate Market and Our Strategy

## Basic Policy and Status of Operations

### Real Estate Market Conditions

#### Investment market

- ◆ Real estate investments for 2013 rose substantially year on year with record high REIT investment, including IPOs. Despite a small number of IPOs in 2014, the pace of investment at existing REITs remains the same.
- ◆ Reflecting the brisk investment market, the expected yield is declining notably, irrespective of areas and purpose of use. The investor base is broadening further, including high-net-worth individuals, foreign investors, private offering REITs, and funds. This trend is likely to continue with monetary easing.
- ◆ As some prices reflect overheated market conditions, not only the existing lease conditions but also more careful research and consideration are required for investment judgment.

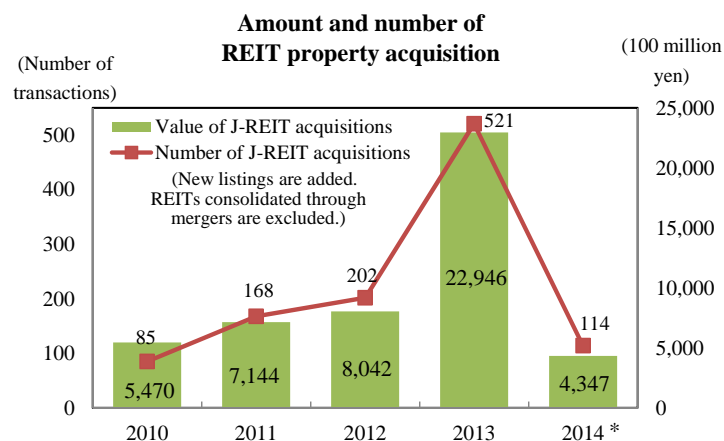
#### Leasing market

- ◆ The supply in central Tokyo in 2013 was the lowest in five years and the vacancy rate declined to about 6-7% after hitting 9% at one point, especially with the drop in vacancies in large office buildings. In some regions the vacancy rate of large buildings is about 3%, creating a sense of insufficient supply.
- ◆ While rent for office buildings in Tokyo metropolitan areas is expected to remain unchanged for the moment, the vacancy rate of relatively new A class buildings in good locations is falling and effective rents are rising. The overall rent level for buildings in convenient locations is expected to rise after the end of the year.

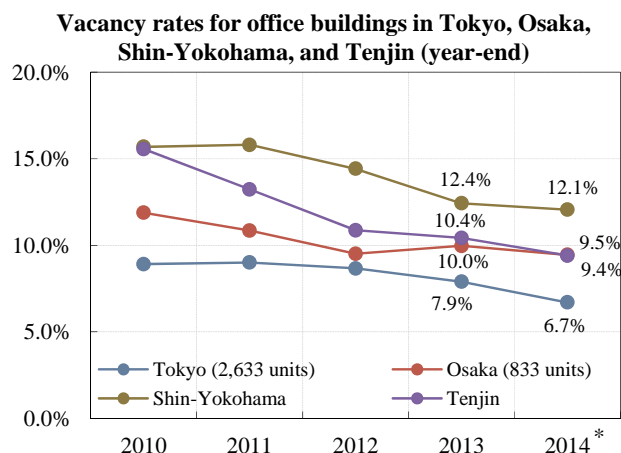


### Our Strategy

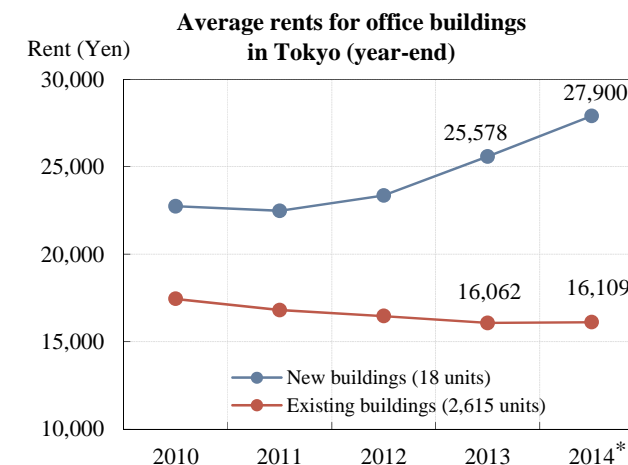
- We will aggressively seek opportunities to invest in large office buildings in central Tokyo, the core of our portfolio, with the greatest care. We will make decisions based on an assessment of the advantages and disadvantages of each property and the contributions that they will make to enhancing the value of the overall portfolio.
- When managing our portfolio, we will also bear in mind the appropriateness of the disposal of the properties we own from the viewpoint of factors such as their contribution to the overall portfolio, progress in the development of the surrounding areas and their future competitiveness.
- In leasing, we will strive to attract tenants for buildings with vacant spaces as quickly as possible, assessing market trends and responding flexibly to changes in the market, and we will take the opportunity to secure more favorable rents for properties that are almost full.



Source: Prepared by the Company based on published data



Source: Prepared by the Company based on published data of Miki Shoji Co., Ltd.



Source: Prepared by the Company based on published data of Miki Shoji Co., Ltd.

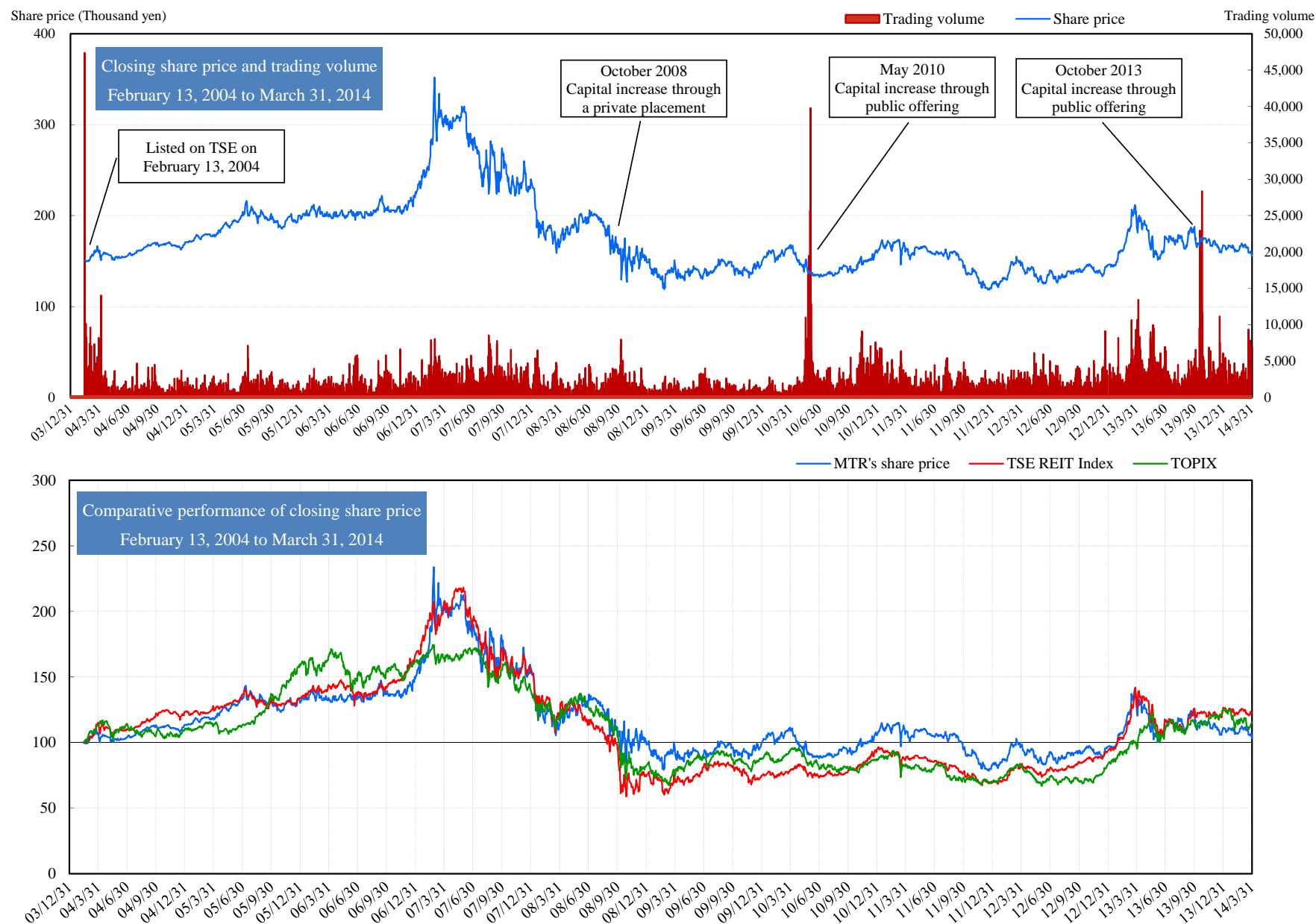
\* As of March 31, 2014

## Part 4 Reference



# Trends in Share Prices

Reference

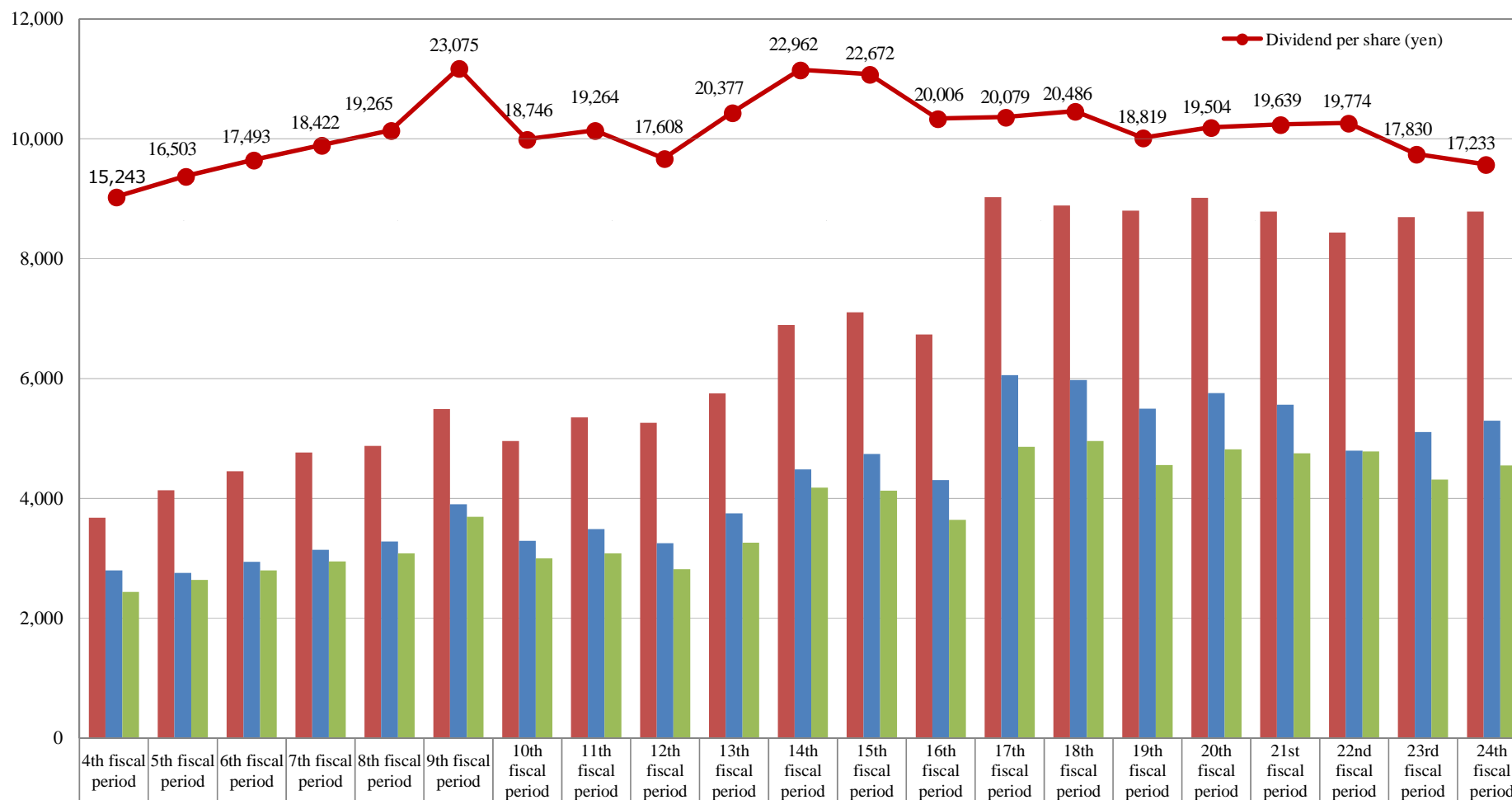


(Note) Share price and trading volume is revision to the figures before split of investment units (at the ratio of 1 to 5 units) on April 1, 2014, taking into account the split.

# Performance

Reference

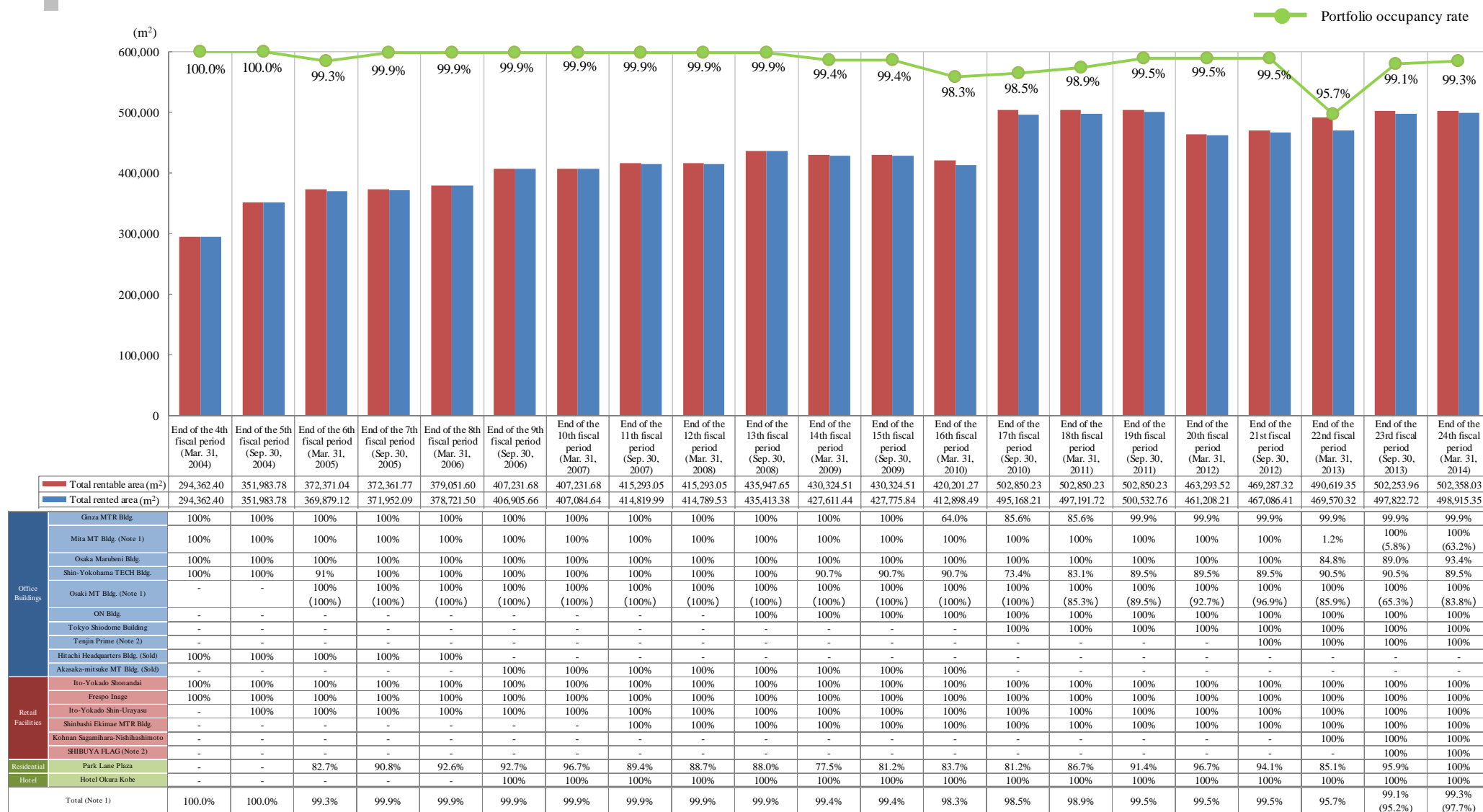
(Million yen)



Operating revenues (million yen)	3,675	4,136	4,451	4,764	4,876	5,489	4,957	5,351	5,260	5,753	6,895	7,105	6,736	9,027	8,886	8,801	9,014	8,786	8,436	8,696	8,788
Operating income (million yen)	2,797	2,754	2,940	3,139	3,279	3,901	3,290	3,489	3,252	3,751	4,481	4,742	4,304	6,056	5,976	5,497	5,756	5,563	4,794	5,109	5,297
Net income (million yen)	2,438	2,640	2,798	2,947	3,082	3,691	2,999	3,082	2,817	3,260	4,179	4,126	3,641	4,859	4,957	4,554	4,817	4,752	4,785	4,314	4,549

# Occupancy Rate

Reference



(Note 1) A master lease agreement under which rent income is linked to rents under the sublease agreements has been concluded for Mita MT Bldg. and Osaki MT Bldg., and the figures in brackets for the occupancy rates of these buildings are the occupancy rates based on sublease agreements. Also the figure in brackets for the total occupancy rate is the total occupancy rate calculated using occupancy rates based on sublease agreements for these buildings.

(Note 2) MTR leases the land and building of Tenjin Prime and SHIBUYA FLAG from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rate of the properties above is an occupancy rate under the sublease agreements.

# Breakdown of Property-Related Revenues and Expenses

Reference

(Thousand yen)

	Total		Ginza MTR Bldg.		Mita MT Bldg.		Osaka Marubeni Bldg.		Shin-Yokohama TECH Bldg.		Osaki MT Bldg.		ON Bldg.		Tokyo Shiodome Building		Tenjin Prime	
	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd
Rental revenues	8,788,962	8,696,852	(Note 1) -	(Note 1) -	42,452	38,510	480,779	451,792	405,181	410,172	233,838	266,192	(Note 1) -	(Note 1) -	2,795,000	2,795,000	277,673	279,337
Rent	8,107,854	8,000,146	-	-	42,452	38,304	406,505	378,593	257,383	258,195	233,585	265,944	-	-	2,795,000	2,795,000	235,935	235,935
Common charges	291,744	291,744	-	-	-	-	-	-	83,367	83,367	-	-	-	-	-	-	25,835	25,835
Land leasing revenues	123,609	123,612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other rental revenues	265,754	281,349	-	-	-	206	74,274	73,198	64,431	68,609	253	248	-	-	-	-	15,902	17,566
Property-related expenses	3,072,919	3,166,721	(Note 1) -	(Note 1) -	95,733	136,307	323,023	329,641	207,832	212,438	101,181	101,587	(Note 1) -	(Note 1) -	934,500	933,997	77,908	79,795
Property and other taxes	910,039	932,139	-	-	41,651	41,725	83,186	83,193	29,252	29,257	34,044	34,045	-	-	374,965	374,968	21,149	21,149
Property taxes	907,919	928,168	-	-	41,636	41,636	82,502	82,508	29,252	29,257	34,044	34,045	-	-	374,965	374,968	21,149	21,149
Other taxes	2,120	3,970	-	-	14	89	684	684	-	-	-	-	-	-	-	-	-	-
Overhead expenses	724,077	794,130	-	-	2,548	43,298	147,892	154,940	131,780	137,720	12,349	11,081	-	-	5,183	4,692	29,078	30,974
Property management fees	304,961	339,371	-	-	-	34,929	78,441	77,700	65,778	65,778	6,418	4,307	-	-	-	-	7,200	7,200
Utilities	274,053	296,313	-	-	-	1,115	63,027	66,488	59,960	65,165	-	-	-	-	-	-	13,516	14,791
Casualty insurance	26,180	30,351	-	-	810	899	1,957	2,153	997	1,097	844	902	-	-	4,363	4,692	297	341
Trust fees	5,400	5,317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750	750
Other expenses	113,482	122,776	-	-	1,737	6,352	4,465	8,598	5,043	5,678	5,086	5,871	-	-	820	-	7,313	7,891
Depreciation and amortization	1,438,802	1,440,451	-	-	51,533	51,284	91,944	91,508	46,799	45,459	54,787	56,461	-	-	554,352	554,336	27,681	27,671
Profits and losses from real estate business	5,716,042	5,530,130	447,322	447,705	-53,281	-97,797	157,756	122,151	197,349	197,734	132,657	164,604	501,919	494,700	1,860,499	1,861,002	199,764	199,541
Earnings before depreciation and amortization (NOI)	7,154,845	6,970,581	507,203	507,610	-1,747	-46,513	249,700	213,659	244,149	243,194	187,444	221,065	586,395	579,971	2,414,851	2,415,339	227,445	227,212

	Ito-Yokado Shonandai		Frespo Inage		Ito-Yokado Shin-Urayasu		Shinbashi Ekimae MTR Bldg.		Kohnan Sagami-hara-Nishihashimoto		SHIBUYA FLAG (Note 2)		Park Lane Plaza		Hotel Okura Kobe	
	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd	24th	23rd
Rental revenues	395,045	395,068	123,609	123,612	378,165	378,165	459,000	459,000	(Note 1) -	(Note 1) -	(Note 1) -	(Note 1) -	96,515	91,641	633,822	639,274
Rent	395,000	395,000	-	-	378,165	378,165	459,000	459,000	-	-	-	-	86,721	81,282	633,822	639,274
Common charges	-	-	-	-	-	-	-	-	-	-	-	-	9,043	9,043	-	-
Land leasing revenues	-	-	123,609	123,612	-	-	-	-	-	-	-	-	-	-	-	-
Other rental revenues	45	67	-	-	-	-	-	-	-	-	-	-	750	1,315	-	-
Property-related expenses	127,930	129,245	8,269	8,270	104,129	131,989	72,592	72,429	(Note 1) -	(Note 1) -	(Note 1) -	(Note 1) -	33,684	38,426	336,118	328,077
Property and other taxes	40,276	40,278	7,269	7,270	23,540	43,759	29,876	29,876	-	-	-	-	6,752	6,754	94,952	94,953
Property taxes	40,276	40,278	7,269	7,270	23,540	43,759	29,876	29,876	-	-	-	-	6,752	6,754	94,952	94,953
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead expenses	5,027	6,429	1,000	1,000	7,671	15,373	1,639	1,476	-	-	-	-	14,265	18,930	47,938	38,521
Property management fees	1,800	1,800	-	-	1,800	1,800	1,200	1,200	-	-	-	-	8,206	9,730	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	3,284	3,182	-	-
Casualty insurance	1,200	1,333	-	-	3,085	3,250	251	276	-	-	-	-	194	212	8,598	11,196
Trust fees	-	-	1,000	1,000	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Other expenses	2,027	3,295	-	-	2,786	10,322	187	-	-	-	-	-	2,579	5,803	37,339	25,325
Depreciation and amortization	82,626	82,537	-	-	72,917	72,856	41,076	41,076	-	-	-	-	12,666	12,741	193,228	194,602
Profits and losses from real estate business	267,114	265,822	115,339	115,341	274,035	246,175	386,407	386,570	186,997	185,363	681,623	576,800	62,831	53,215	297,703	311,196
Earnings before depreciation and amortization (NOI)	349,741	348,360	115,339	115,341	346,952	319,032	427,484	427,647	228,431	226,705	705,020	600,197	75,498	65,957	490,931	505,799

(Note 1) The rental revenues and property-related expenses of Ginza MTR Bldg., ON Bldg., Kohnan Sagami-hara-Nishihashimoto, and SHIBUYA FLAG are not disclosed due to unavoidable circumstances.

(Note 2) Shibuya Flag was acquired in the 23rd period (April 24, 2013).

# Interest-Bearing Liabilities at the End of the Period

Reference

## (1) Short-term loans

Lender	Outstanding balance at end of period (million yen)	Average interest rate	Drawdown date	Repayment date
Mizuho Bank, Ltd.	4,000	Floating	April 12, 2013	April 11, 2014
Resona Bank, Limited	500		May 31, 2013	May 30, 2014
Mitsubishi UFJ Trust and Banking Corporation	5,000		August 30, 2013	August 29, 2014
Mizuho Bank, Ltd.	1,500		August 30, 2013	August 29, 2014
Resona Bank, Limited	1,000		August 30, 2013	August 29, 2014
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500		August 30, 2013	August 29, 2014
Mizuho Bank, Ltd.	1,500		October 18, 2013	October 17, 2014
Sumitomo Mitsui Banking Corporation	1,500		October 18, 2013	October 17, 2014
Mizuho Bank, Ltd.	1,500		February 28, 2014	February 27, 2015
Sumitomo Mitsui Trust Bank, Limited.	1,500		March 31, 2014	February 27, 2015
Sumitomo Mitsui Trust Bank, Limited.	1,000		February 28, 2014	February 27, 2015
Mizuho Trust & Banking Co., Ltd.	1,000		February 28, 2014	February 27, 2015
Mitsubishi UFJ Trust and Banking Corporation	1,500		March 31, 2014	March 31, 2015
Total	22,000			

## (2) Long-term loans

Lender	Outstanding balance at end of period (million yen)	Average interest rate	Drawdown date	Repayment date
Sumitomo Mitsui Banking Corporation	5,000	Fixed	April 13, 2010	April 11, 2014
Development Bank of Japan Inc.	2,000		April 13, 2010	April 11, 2014
The Bank of Fukuoka, Ltd.	1,000		May 31, 2011	May 30, 2014
Sumitomo Mitsui Trust Bank, Limited.	5,500		August 31, 2011	August 29, 2014
Mitsubishi UFJ Trust and Banking Corporation	1,000		August 31, 2011	August 29, 2014
The Bank of Fukuoka, Ltd.	500		January 31, 2012	January 30, 2015
Development Bank of Japan Inc.	3,000		August 29, 2008	February 27, 2015
Sumitomo Mitsui Trust Bank, Limited.	2,000		February 29, 2012	February 27, 2015
Mitsubishi UFJ Trust and Banking Corporation	4,500		April 13, 2012	April 13, 2015
Sumitomo Mitsui Trust Bank, Limited.	4,000		April 13, 2012	April 13, 2015
Mitsubishi UFJ Trust and Banking Corporation	3,000		August 31, 2012	August 31, 2015
Mizuho Bank, Ltd.	1,500		August 31, 2011	August 31, 2015
Nippon Life Insurance Company	500		August 31, 2012	August 31, 2015
Nippon Life Insurance Company	1,000		October 29, 2010	October 30, 2015
Mitsubishi UFJ Trust and Banking Corporation	3,000		February 28, 2013	February 29, 2016
Sumitomo Mitsui Trust Bank, Limited.	2,500		February 28, 2013	February 29, 2016
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000		February 28, 2011	February 29, 2016
Aozora Bank, Ltd.	2,000		March 12, 2013	March 11, 2016
Mizuho Bank, Ltd.	5,000		April 12, 2013	April 12, 2016
The Bank of Fukuoka, Ltd.	1,000		April 24, 2013	April 22, 2016
Resona Bank, Limited	1,000		April 24, 2013	April 22, 2016
Sumitomo Mitsui Trust Bank, Limited.	2,000		August 31, 2012	August 31, 2016
Mizuho Bank, Ltd.	1,000		August 30, 2013	August 31, 2016
Mizuho Bank, Ltd.	1,000		August 31, 2011	August 31, 2016
Sumitomo Mitsui Banking Corporation	1,000		August 30, 2013	August 31, 2016
Development Bank of Japan Inc.	500		August 30, 2013	August 31, 2016
Nippon Life Insurance Company	500		February 28, 2011	August 31, 2016

Lender	Outstanding balance at end of period (million yen)	Average interest rate	Drawdown date	Repayment date
Resona Bank, Limited	1,500	Fixed	October 18, 2012	October 18, 2016
The Bank of Fukuoka, Ltd.	2,000		January 24, 2014	January 31, 2017
The Bank of Fukuoka, Ltd.	500		January 31, 2012	January 31, 2017
Development Bank of Japan Inc.	2,000		February 29, 2012	February 28, 2017
The Hachijuni Bank, Ltd.	1,000		February 28, 2014	February 28, 2017
The Dai-ichi Life Insurance Company, Limited	500		February 28, 2014	February 28, 2017
Mizuho Bank, Ltd.	4,000		October 11, 2013	April 11, 2017
Aozora Bank, Ltd.	1,000		October 11, 2013	April 11, 2017
The Ashikaga Bank, Ltd.	1,000		April 24, 2013	April 24, 2017
Mizuho Bank, Ltd.	4,000		August 31, 2012	August 31, 2017
Development Bank of Japan Inc.	2,000		October 18, 2012	September 29, 2017
Sumitomo Mitsui Banking Corporation	5,000		February 28, 2013	February 28, 2018
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000		February 28, 2013	February 28, 2018
Mizuho Bank, Ltd.	3,000		February 28, 2013	February 28, 2018
ORIX Bank Corporation	2,000		March 19, 2013	March 19, 2018
Development Bank of Japan Inc.	1,500		April 24, 2013	March 19, 2018
Mizuho Bank, Ltd.	3,000		April 24, 2013	April 24, 2018
Aozora Bank, Ltd.	1,000		April 24, 2013	April 24, 2018
ORIX Bank Corporation	1,000		August 30, 2013	August 30, 2018
Development Bank of Japan Inc.	1,000		August 31, 2012	August 31, 2018
Sumitomo Mitsui Banking Corporation	1,000		February 28, 2014	February 28, 2019
Sumitomo Mitsui Banking Corporation	3,000		April 24, 2013	April 24, 2019
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000		August 30, 2013	August 30, 2019
Development Bank of Japan Inc.	1,000		August 31, 2012	August 30, 2019
Sumitomo Mitsui Banking Corporation	5,000		April 12, 2013	October 11, 2019
Sumitomo Mitsui Banking Corporation	2,000		October 11, 2013	October 11, 2019
Development Bank of Japan Inc.	1,000		March 12, 2014	March 12, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000		April 24, 2013	April 24, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000		August 30, 2013	August 31, 2020
Sumitomo Mitsui Banking Corporation	3,000		October 11, 2013	October 9, 2020
Development Bank of Japan Inc.	1,000		March 12, 2014	March 12, 2021
Total	124,000			

## (3) Investment corporation bonds

Issue	Balance at end of period (million yen)	Interest rate	Issue date	Maturity date
Second unsecured investment corporation bonds	5,000	0.76%	February 28, 2012	February 27, 2015
Third unsecured investment corporation bonds	6,000	0.45%	February 27, 2013	February 26, 2016
Fourth unsecured investment corporation bonds	5,000	0.24%	February 24, 2014	February 24, 2017
Total	16,000			

(Note) The short-term loans, long-term loans, and investment corporation bonds above are all unsecured and unguaranteed.

Total interest-bearing liabilities at the end of the period:  
162,000 million yen

# BALANCE SHEETS (As of March 31, 2014 and September 30, 2013)

(Thousand yen)

Reference

	AS of March 31, 2014	AS of September 30, 2013
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	¥13,447,533	¥11,330,498
Rental and other receivables	50,902	66,852
Other current assets	32,827	61,020
Total current assets	13,531,262	11,458,370
<b>Property and Equipment, at Cost:</b>		
Buildings and structures including trust accounts	71,249,260	71,079,769
Machinery and equipment including trust accounts	131,582	131,582
Tools, furniture and fixtures including trust accounts	165,054	144,827
Land including trust accounts	267,972,607	267,972,607
Less: accumulated depreciation	(19,074,932)	(17,636,129)
Net property and equipment	320,443,571	321,692,656
<b>Investments and Other Assets:</b>		
Deposits	10,000	10,000
Long-term prepaid expenses	18,684	-
Deferred investment corporation bond issuance costs	45,905	35,550
Other	3,842	3,842
Total investments and other assets	78,431	49,392
<b>Total Assets</b>	<b>¥334,053,264</b>	<b>¥333,200,418</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	¥270,935	¥272,209
Short-term loans	22,000,000	37,500,000
Investment corporation bonds due within one year	5,000,000	5,000,000
Long-term loans due within one year	20,000,000	32,475,000
Distributions payable	12,549	13,863
Consumption taxes payable	189,834	103,420
Rents received in advance	1,460,865	1,435,497
Accrued expenses and other current liabilities	551,842	633,915
Total current liabilities	49,486,025	77,433,904
<b>Long-Term Liabilities:</b>		
Investment corporation bonds	11,000,000	11,000,000
Long-term loans	104,000,000	93,000,000
Leasehold and security deposits including trust accounts	10,879,672	10,694,084
Deferred tax liabilities	50,510	50,510
Total long-term liabilities	125,930,182	114,744,594
<b>Total Liabilities</b>	<b>175,416,207</b>	<b>192,178,498</b>
<b>NET ASSETS</b>		
Shareholders' equity:		
Shares authorized: 2,000,000 shares		
Shares issued and outstanding: 264,000 shares at March 31, 2014 and 242,000 shares at September 30, 2013	153,990,040	136,609,600
Voluntary reserve		
Reserve for reduction entry	97,353	97,353
Retained earnings	4,549,664	4,314,967
Total surplus	4,647,017	4,412,320
<b>Total Net Assets</b>	<b>158,637,057</b>	<b>141,021,920</b>
<b>Total Liabilities and Net Assets</b>	<b>¥334,053,264</b>	<b>¥333,200,418</b>

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

# STATEMENTS OF INCOME AND RETAINED EARNINGS

(For the six-month periods ended March 31, 2014 and September 30, 2013)

Reference

(Thousand yen)

	October 1, 2013 to March 31, 2014	April 1, 2013 to September 30, 2013
<b>Operating Revenues:</b>		
Rental revenues	¥8,788,962	¥8,696,852
<b>Operating Expenses:</b>		
Property-related expenses	3,072,920	3,166,721
Asset management fees	301,288	285,167
Custodian and administrative service fees	61,075	71,500
Other operating expenses	56,117	63,695
<b>Operating Income</b>	<b>5,297,562</b>	<b>5,109,769</b>
<b>Non-Operating Revenues:</b>		
Interest income	1,457	1,042
Penalty income	1,166	-
Reversal of distributions payable	1,882	1,891
Interest on tax refund	-	59
Receipt insurance	4,204	1,388
Co-sponsor fee	1,300	5,855
Other non-operating revenues	422	-
<b>Non-Operating Expenses:</b>		
Interest expense	652,694	738,158
Interest expense on investment corporation bonds	50,241	53,582
Investment share issuance expenses	42,302	-
Amortization of investment corporation bond issuance costs	12,217	12,294
<b>Income before Income Taxes</b>	<b>4,550,539</b>	<b>4,315,970</b>
<b>Income Taxes:</b>		
Current	979	1,015
Deferred	3	(4)
<b>Net Income</b>	<b>4,549,557</b>	<b>4,314,959</b>
<b>Retained Earnings at the Beginning of Period</b>	<b>107</b>	<b>8</b>
<b>Retained Earnings at the End of Period</b>	<b>¥4,549,664</b>	<b>¥4,314,967</b>

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

# STATEMENTS OF CASH FLOWS

(For the six-month periods ended March 31, 2014 and September 30, 2013)

Reference

(Thousand yen)

	October 1, 2013 to March 31, 2014	April 1, 2013 to September 30, 2013
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes	¥4,550,539	¥4,315,970
Depreciation and amortization	1,438,802	1,440,451
Amortization of investment corporation bond issuance costs	12,217	12,294
New share issuance costs	42,302	-
Interest income	(1,457)	(1,042)
Interest expense	702,936	791,740
Changes in assets and liabilities:		
Rental and other receivables	15,950	(22,091)
Accounts payable and accrued expenses	(24,946)	(200,625)
Consumption taxes payable	86,414	64,806
Rents received in advance	25,367	131,386
Other	(23,450)	43,848
Subtotal	6,824,674	6,576,737
Interest received	1,457	1,042
Interest paid	(752,042)	(786,801)
Income taxes paid	(1,099)	(891)
Net cash provided by operating activities	6,072,990	5,790,087
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment including trust accounts	(166,046)	(33,064,945)
Repayment of leasehold and security deposits including trust accounts	(26,788)	(311,175)
Proceeds from leasehold and security deposits including trust accounts	212,376	341,646
Net cash provided by (used in) investing activities	19,542	(33,034,474)
<b>Cash Flows from Financing Activities:</b>		
Net (decrease) increase in short-term loans	(15,500,000)	17,500,000
Proceeds from long-term loans	16,500,000	34,000,000
Repayment of long-term loans	(17,975,000)	(19,725,000)
Proceeds from issuance of investment corporation bonds	5,000,000	-
Redemption of investment corporation bonds	(5,000,000)	-
Payments of investment corporation bond issuance costs	(22,570)	-
Proceeds from issuance of shares	17,338,248	-
Distributions paid to shareholders	(4,316,175)	(4,787,497)
Net cash (used in) provided by financing activities	(3,975,497)	26,987,503
<b>Net Change in Cash and Cash Equivalents</b>	<b>2,117,035</b>	<b>(256,884)</b>
<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>11,330,498</b>	<b>11,587,382</b>
<b>Cash and Cash Equivalents at the End of Period</b>	<b>¥13,447,533</b>	<b>¥11,330,498</b>

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



# Indicators

Reference

		Unit	20th fiscal period	21st fiscal period	22nd fiscal period	23rd fiscal period	24th fiscal period
Total assets	(1)	Million yen	289,933	296,515	301,896	333,200	334,053
Interest-bearing liabilities	(2)	Million yen	134,000	139,825	147,200	178,975	162,000
Total net assets	(3)	Million yen	141,427	141,459	141,492	141,021	158,637
Profits from real estate rental business	(4)	Million yen	5,919	5,951	5,189	5,530	5,716
Gain on sale of real estate	(5)	Million yen	246	-	-	-	-
Depreciation and amortization	(6)	Million yen	1,292	1,305	1,412	1,440	1,438
NOI	(7) = (4) + (6)	Million yen	7,211	7,256	6,602	6,970	7,154
Capital improvements	(8)	Million yen	226	229	215	115	189
Net cash flows	(9) = (7) - (8)	Million yen	6,985	7,027	6,386	6,854	6,965
Income before income taxes	(10)	Million yen	4,868	4,753	4,017	4,315	4,550
Net income	(11)	Million yen	4,817	4,752	4,785	4,314	4,549
FFO	(12) = (11) + (6) - (5)	Million yen	5,862	6,058	6,197	5,755	5,988
Total distribution	(13)	Million yen	4,719	4,752	4,785	4,314	4,549
Shares issued and outstanding	(14)	Shares	242,000	242,000	242,000	242,000	264,000
Total net assets per share	(15) = (3) / (14)	Yen	584,409	584,544	584,678	582,735	600,897
Dividend per share	(16) = (13) / (14)	Yen	19,504	19,639	19,774	17,830	17,233
FFO per share	(17) = (12) / (14)	Yen	24,225	25,035	25,611	23,782	22,683
ROA (annualized)	(18) = (10) / (1) / 6 x 12		3.4%	3.2%	2.7%	2.6%	2.7%
ROE (annualized)	(19) = (11) / (3) / 6 x 12		6.8%	6.7%	6.8%	6.1%	5.7%
LTV ratio	(20) = (2) / (1)		46.2%	47.2%	48.8%	53.7%	48.5%

# Asset Management Company Remuneration Methods

Reference

	Agreement with MTR	Calculation rate for remuneration as of the end of the 24th fiscal period	Calculation method
Remuneration Method 1	For each operation period, the average amount of the total appraisal value of assets at the end of the settlement period under review and the total appraisal value of assets at the end of the previous settlement period shall be multiplied by up to 0.2%, being the percentage determined by the Board of Management meeting, multiplied by one half.	0.15% (Note 1)	(Total appraisal value of assets at relevant fiscal period-end + Total appraisal value of assets at prior fiscal period-end) ÷ 2 x 0.15% x 1/2
Remuneration Method 2	As determined at the Board of Management meeting, the amount of remuneration shall equal a maximum rate of 3% of distributable income for the relevant fiscal period. Based on standard accounting principles generally accepted in Japan, distributable income is determined as the sum of net income before income taxes and losses carried forward.	1.5% (Note 2)	Distributable income x 1.5%
Remuneration Method 3	In the event MTR acquires specified assets of securities backed by assets for investment primarily in real estate or other real estate, the rate of remuneration shall be a set percentage of the acquisition price of each property acquisition (excluding consumption tax, local consumption tax and transaction-related expenses), as listed below. The percentages listed below may be reduced depending upon surrounding circumstances.  - For acquisitions up to ¥15 billion, remuneration is 0.4% of the amount - For acquisitions from ¥15 billion to ¥30 billion, remuneration is 0.1% of the amount - For acquisitions above ¥30 billion, remuneration is 0.05% of the amount	Refer to left column	Total amount of the acquisition price percentage listed in the left column
Remuneration Method 4	In the event MTR transfers specified assets of securities backed by assets for investment primarily in real estate or other real estate, the rate of remuneration shall be 0.05% of the transfer amount of each asset transfer (excluding consumption tax, local consumption tax and transaction-related expenses).	Refer to left column	Transfer amount x 0.05%

(Note 1) At a Board of Management meeting held on September 29, 2003, it was decided that the calculation rate for remuneration in the rate stated above will be reduced.

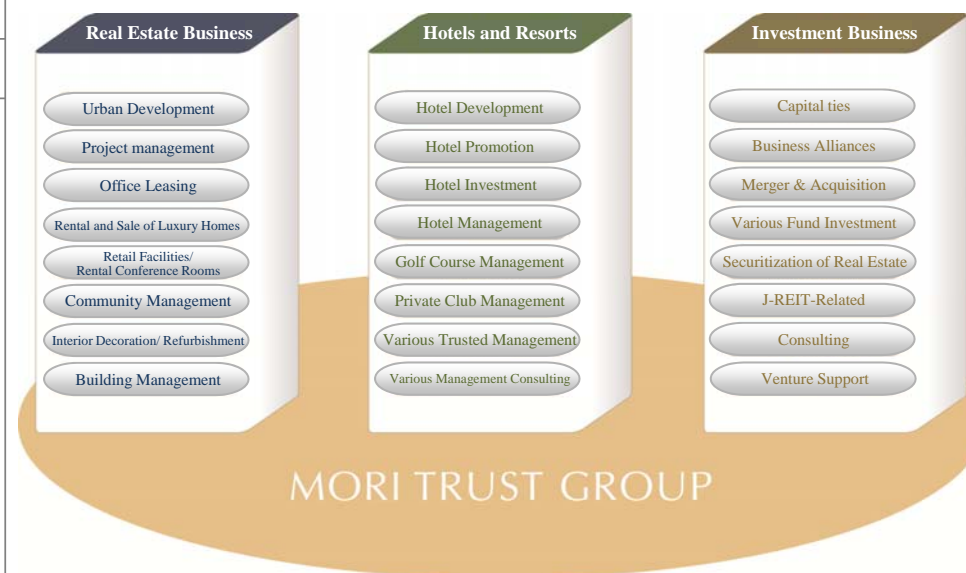
(Note 2) At a Board of Management meeting held on November 27, 2003, it was decided that the calculation rate for remuneration in the rate stated above will be reduced.

# Mori Trust Group

Reference

## Mori Trust Group Profile & Overview of Business Activities

Name	MORI TRUST Co., Ltd.
Consolidated Results	Operating revenues: ¥92 billion    Income before income taxes: ¥24.9 billion (Fiscal period ended March 31, 2013)
Leased Facilities	Rental properties: 88    Hotel and resort facilities: 30    (as of April 2, 2014)
Leased Area	Approx. 1,970,000 m <sup>2</sup> (Rental properties: approx. 1,270,000 m <sup>2</sup> , Hotel rooms: approx. 7,100) (as of April 2, 2014)
Principal Properties Owned	<ul style="list-style-type: none"> <li>• Urban Development Business <ul style="list-style-type: none"> <li>Marunouchi Trust City (Marunouchi Trust Tower Main Tower, North)</li> <li>Kyobashi Trust Tower</li> <li>Shiroyama Garden (Shiroyama Trust Tower, Shiroyama Trust Court, embassy, others)</li> <li>Gotenyama Trust City (Gotenyama Trust Tower, Gotenyama Trust Court, others)</li> <li>Sendai Trust City (Sendai Trust Tower, The Residence Ichiban-cho)</li> <li>(Tokyo Shiodome Building)</li> </ul> </li> <li>• Other Redevelopment Business (office buildings) <ul style="list-style-type: none"> <li>ATT New Tower, Toranomon 2-chome Tower, others</li> </ul> </li> <li>• Hotel/resort facilities <ul style="list-style-type: none"> <li>Laforet Hotels &amp; Resort (12 facilities nationwide, including Tokyo Marriott Hotel)</li> <li>Laforet &amp; Matsuo Golf Club</li> <li>Courtyard by Marriott Tokyo Station (Kyobashi Trust Tower)</li> <li>Westin Hotel Sendai (Sendai Trust Tower)</li> <li>Manpei Hotel (Karuzawa City)</li> <li>Conrad Tokyo (Tokyo Shiodome Bldg.)</li> <li>RIHGA Royal Hotel Group &amp; Associate Hotels (capital and business alliances among 11 hotels nationwide)</li> <li>(Shangri-La Hotel Tokyo (Marunouchi Trust Tower Main (Lease contract)),</li> <li>Hotel Sunroute Plaza Shinjuku (Lease contract))</li> </ul> </li> </ul>



## Contact Information

Asset Management Company: MORI TRUST Asset Management Co., Ltd.

(Financial instruments and exchange business registration with the Kanto Local Finance Bureau,  
License No. 407/ Member of the Investment Trusts Association, Japan)

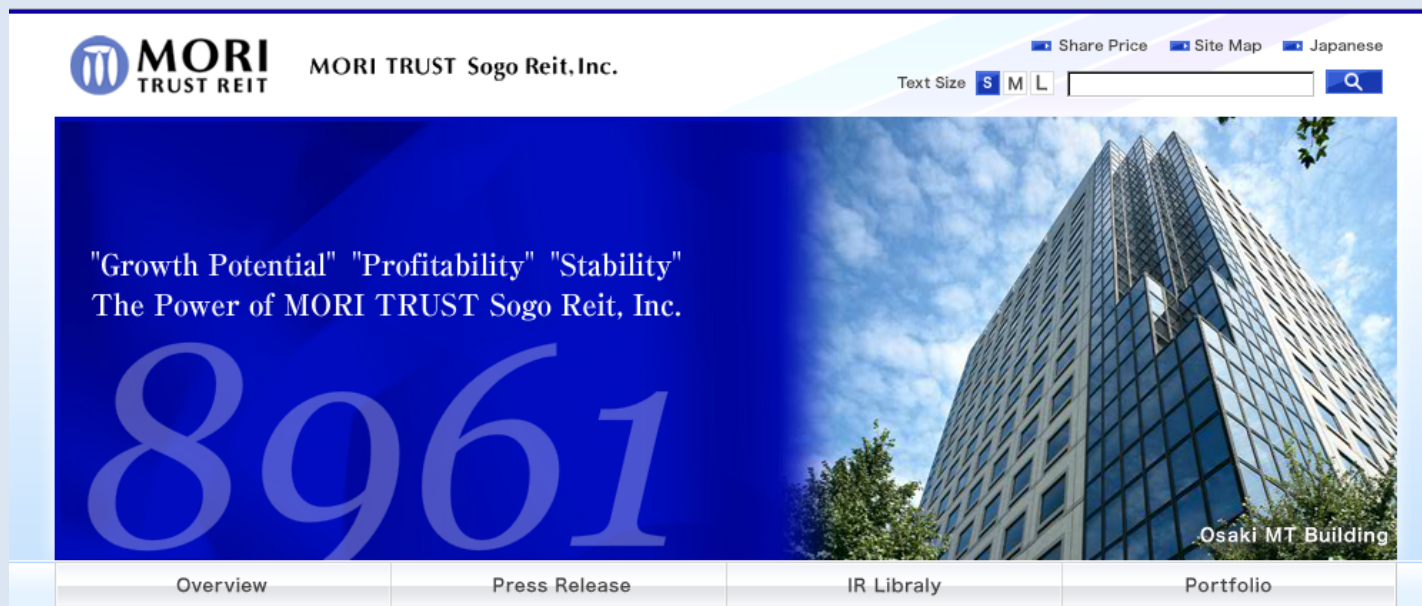
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### MORI TRUST Sogo Reit, Inc. Web Site

URL: <http://www.mt-reit.jp/english/>



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