



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

(Securities Code: 8961)

<http://www.mt-reit.jp/en/>

Fiscal Period Ended March 2018 (32nd Fiscal Period)  
Information Package

(Asset Management Company)

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

**MEMO**

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Cover picture: Hiroo SK Building

#### Disclaimer:

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# 1. Overview of the Settlement and Forecasts



## Distribution Per Unit

**¥3,650**

(Down ¥1,314 yen vs. the fiscal period ended September 2017, same as forecast)

**Including ¥35, down ¥129 from the forecast due to the portion appropriated from retained earnings;  
Up ¥201 or 5.9% from the previous fiscal period on a real performance basis excluding temporary factors related to Ito-Yokado Shin-Urayasu in the preceding fiscal period and the portion appropriated from retained earnings**

(March 31, 2018)

## Asset

**Number of property: 15 properties**

(up 1 property from the end of the previous fiscal period)

**Asset size: ¥324.0 billion**

(up ¥8.1 billion from the end of the previous fiscal period)

**Occupancy rate: 99.8%**

(up 0.1% from the end of the previous fiscal period)

**(99.5%)** (up 0.3% from the end of the previous fiscal period) \* Based on sublease

**Appraisal values of portfolio properties at the fiscal period end:**

**¥344.2 billion** (up ¥7.6 billion from the end of the previous fiscal period)

**Unrealized profit: ¥33.3 billion**

(up ¥0.3 billion from the end of the previous fiscal period)

**Investment ratio: (by area) Tokyo metropolitan area 80.2%**

(up 0.51% from the end of the previous fiscal period)

**(by use) Office building 71.2%**

(up 0.74% from the end of the previous fiscal period)

## Debt

**Balance of interest-bearing debt: ¥155.0 billion**

(up ¥3.0 billion from the end of the previous fiscal period)

**Average interest rate for borrowings during fiscal period:**

**0.62%** (down 0.01% from the previous fiscal period)

**LTV: 47.2%** (up 0.8% from the end of the previous fiscal period)

**Long-term rating of issuers: AA (stable)**

/ Japan Credit Rating Agency, Ltd. JCR

## Equity

**Number of units issued: 1,320,000 units**

(the same as the end of the previous fiscal period)

**NAV per unit: ¥146,429**

(down 0.7% from the end of the previous fiscal period)

**Investment unit price: ¥156,300**

(closing price on March 30, 2018)

(Note 1) Asset size is the total acquisition price.

(Note 2) The occupancy rate in parentheses shows the occupancy rate calculated based on the occupancy rate under the sublease contract for properties governed by the master lease contract or pass-through type master lease contract in which rent revenues are linked to rent under a sublease contract.

(Note 3) Unrealized profit is the difference between total appraisal value at the end of the fiscal period and total book value at the end of the fiscal period.

# Overview of the Settlement for the Fiscal Period Ended March 2018

1. Overview of the Settlement and Forecasts

**Rental revenues up ¥187 million or 3.4% from the previous fiscal period and up ¥165 million or 3.0% from the forecast, due chiefly to the acquisition of a new property**

(Unit: Million yen)

	Period ended September 2017 Actual	Period ended March 2018 Forecast	Period ended March 2018 Actual	Vs. Previous Fiscal Period (C-A)	Vs. Forecast (C-B)
	(A)	(B)	(C)		
Operating revenues	11,606	8,538	8,686	-2,920	148
Rental revenues (a)	8,793	8,538	8,686	-107	148
Gain on sale of real estate	2,813	—	—	-2,813	—
Operating expenses	3,812	3,450	3,438	-374	-12
Property-related expenses (b)	3,285	3,008	2,990	-294	-17
Property and other taxes	928	876	876	-51	—
Overhead expenses	982	849	831	-151	-18
Depreciation (c)	1,373	1,281	1,282	-91	1
Selling, general and administrative expenses	527	442	447	-79	4
Profits and losses from real estate business (d)=(a)-(b)	5,508	5,529	5,695	187	165
Earnings before depreciation and amortization (NOI) (d)+(c)	6,882	6,811	6,978	96	166
Operating income	7,794	5,087	5,248	-2,546	160
Non-operating revenues	1	1	10	8	8
Non-operating expenses	515	485	486	-28	1
Ordinary income	7,280	4,603	4,771	-2,508	167
Profit before income taxes	7,280	4,603	4,771	-2,508	167
Income taxes - current	1	1	0	-0	-0
Income taxes - deferred (*)	229	-68	-14	-244	53
Profit	7,049	4,671	4,785	-2,264	114
Reversal of reserves for reduction entry (*)	—	148	32	32	-115
Provision of reserves for reduction entry (*)	497	—	—	-497	—
Total distribution	6,552	4,818	4,818	-1,734	—
Distribution per unit (yen)	4,964	3,650	3,650	-1,314	—
Total number of outstanding investment units	1,320,000	1,320,000	1,320,000	—	—

## Internal reserves (\*)

(Unit: Million yen)

	Period ended September 2017 Actual	Period ended March 2018 Forecast	Period ended March 2018 Actual	Vs. Previous Fiscal Period	Vs. Forecast
Amount of reduction	—	216	47	47	-169
Amount of provision	726	—	—	-726	—

## Main factors for change

Vs. Previous Fiscal Period

(Unit: Million yen)

### Operating revenues

- Decrease in revenues upon sale of IY Shin-Urayasu (for four months) -250
- Increase in revenues upon acquisition of Hiroo SK Building 98
- Increase in revenues from Shin-Yokohama TECH Building and other existing properties 53
- Absence of capital gain on IY Shin-Urayasu -2,813

### Operating expenses

- Decrease in expenses upon sale of IY Shin-Urayasu -131
- Increase in expenses upon acquisition of Hiroo SK Building 21
- Decrease in utilities expenses due to seasonal fluctuation (existing properties) -26
- Decrease in repair expenses (existing properties) -137
- Decrease in depreciation (existing properties) -64
- Absence of expenses related to general meeting of unitholders -15

### Non-operating expenses

- Decrease in interest expenses -28

Vs. Forecast

(Unit: Million yen)

### Operating revenues

- Increase in revenues upon acquisition of Hiroo SK Building 98
- Higher-than-forecast revenues from Kioicho Building (tenant move-in, expansion of office space within building, etc.) 20
- Higher-than-forecast revenues from other properties 29

### Operating expenses

- Increase in expenses upon acquisition of Hiroo SK Building 21
- Lower-than-forecast repair expenses (existing properties) -25



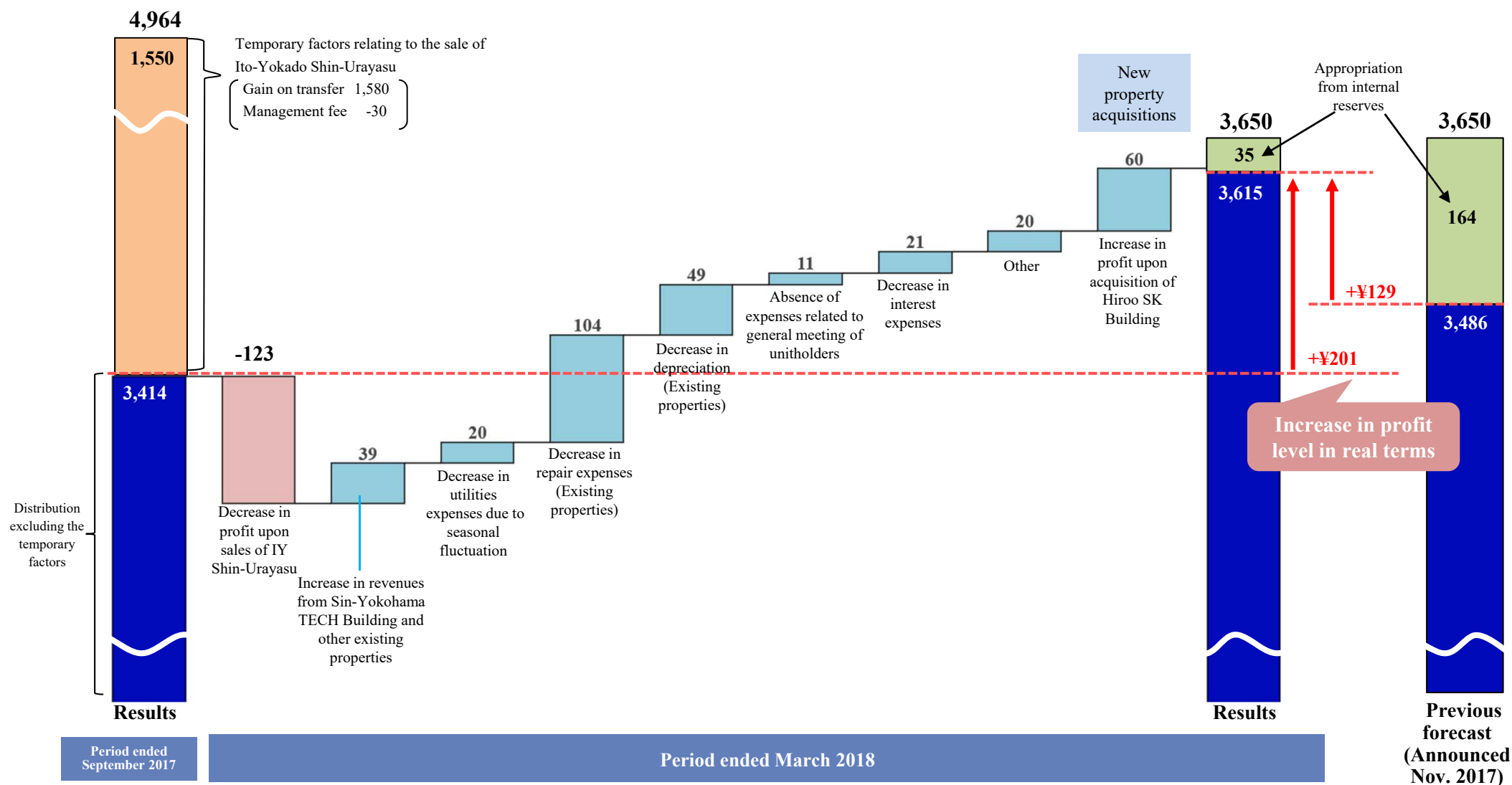
# Factors for Change in Distributions per Unit (the fiscal period ended March 2018)

Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Up ¥201 yen or 5.9% from the previous fiscal period on a real performance basis excluding temporary factors related to Ito-Yokado Shin-Urayasu in the preceding fiscal period and the portion appropriated from retained earnings

(Unit: Yen)



# Forecasts for the Fiscal Period ending September 2018

## 1. Overview of the Settlement and Forecasts

Operating revenues will increase ¥94 million from the previous fiscal period mainly because property acquired in the previous fiscal period will be occupied throughout the fiscal period.

Despite a slight profit decline forecast due to increases in fixed asset tax and repair and other expenses, distribution has been kept at the same level as the previous period, i.e. ¥3,650, with the use of retained earnings.

(Unit: Million yen)

	Period ended March 2018 Forecast (32nd fiscal period) (A)	Period ending September 2018 Forecast (33rd fiscal period) (B)	Change (B-A)
Operating revenues	8,686	8,780	94
Rental revenues (a)	8,686	8,780	94
Operating expenses	3,438	3,579	141
Property-related expenses (b)	2,990	3,130	139
Property and other taxes	876	899	22
Overhead expenses	831	968	137
Depreciation (c)	1,282	1,262	-19
Selling, general and administrative expenses	447	448	1
Profits and losses from real estate business (d)=(a)-(b)	5,695	5,650	-45
Earnings before depreciation and amortization (NOI) (d)+(c)	6,978	6,913	-64
Operating income	5,248	5,201	-46
Non-operating revenues	10	1	-8
Non-operating expenses	486	475	-11
Ordinary income	4,771	4,727	-43
Profit before income taxes	4,771	4,727	-43
Income taxes - current	0	1	0
Income taxes - deferred (*)	-14	-28	-13
Profit	4,785	4,755	-30
Reversal of reserves for reduction entry (*)	32	62	30
Total distribution	4,818	4,818	—
Distribution per unit (yen)	3,650	3,650	—
Total number of outstanding investment units	1,320,000	1,320,000	—

## ■ Internal reserves (\*)

(Unit: Million yen)

	Period ended March 2018 Actual	Period ending September 2018 Forecast	前期比
Amount of reduction	47	91	43

## ■ Main factors for change

(Unit: Million yen)

## Operating revenues

- Increase in revenues due to occupancy of Hiroo SK Building throughout the fiscal period 75
- Increase in revenues from Shin-Yokohama TECH Building 21

## Operating expenses

- Increase in expenses due to occupancy of Hiroo SK Building throughout the fiscal period 39
- Increase in fixed asset tax (existing properties) 22
- Increase in utilities expenses due to seasonal fluctuation (existing properties) 32
- Increase in repair expenses (existing properties) 53  
(Part of the repair work planned for the next period was brought forward)
- Decrease in depreciation (existing properties) -28

## Non-operating expenses

- Decrease in interest expenses -11





# Factors for Change in Distributions per Unit (the fiscal period ending September 2018)

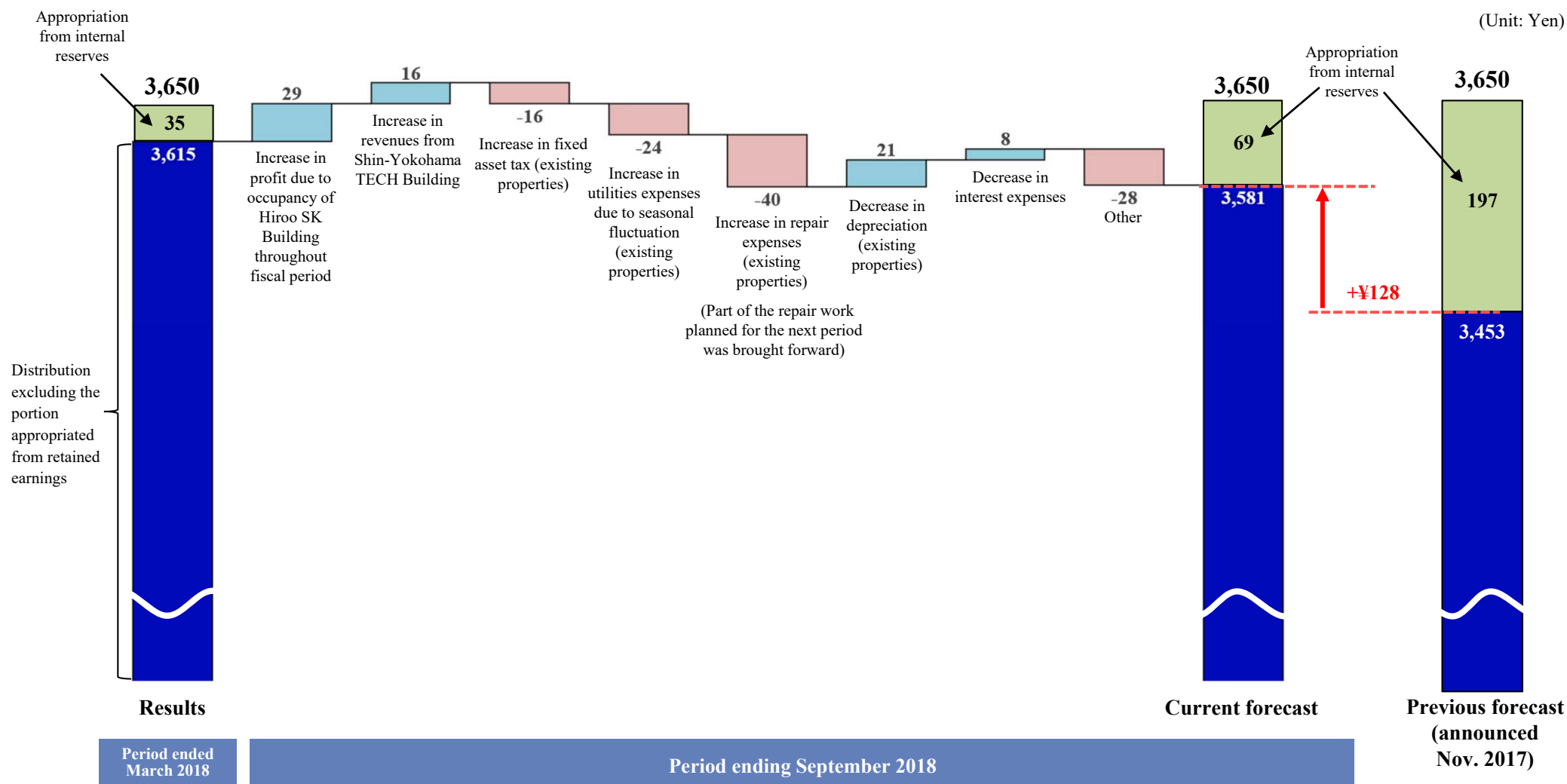
Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

## Distribution per Unit

**¥3,650** (Unchanged from the fiscal period ended March 2018)

**Including ¥69 (down ¥128 from the previous forecast) appropriated from retained earnings**



## (Fiscal Period Ending March 2019 Forecast)

### Distribution Per Unit

**¥3,650** (Unchanged from the forecast for the fiscal period ending September 2018)

Including ¥90 appropriated from retained earnings

Although revenues are expected to decrease temporarily due to the vacation of tenants, profit is expected to be mostly unchanged due to the control of repair expenses, etc.

(Unit: Million yen)

	Period ending September 2018 Forecast (33rd fiscal period) (A)	Period ending March 2019 Forecast (34th fiscal period) (B)	Change (B-A)
Operating revenues	8,780	8,630	-150
Operating income	5,201	5,172	-29
Ordinary income	4,727	4,698	-28
Profit	4,755	4,735	-20
Total distribution	4,818	4,818	—
Distribution per unit (yen)	3,650	3,650	—
Total number of outstanding investment units	1,320,000	1,320,000	—

### Main factors for change

(Unit: Million yen)

#### Operating revenues

- Temporary decrease in revenues due to vacation of tenant from Tenjin Prime -96
- Temporary decrease in revenues due to vacation of tenant from Hiroo SK Building -22
- Decrease in revenues upon revision of contract of IY Shonandai -20

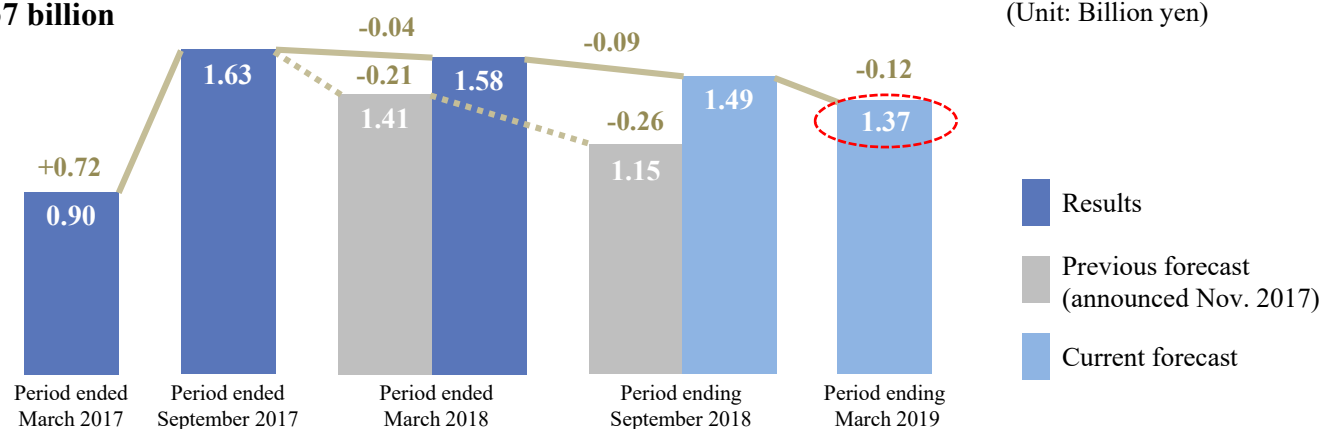
#### Operating expenses

- Reduction of repair expenses (partly brought forward from the previous period) -63
- Decrease of utilities expenses, etc. due to seasonal variations -62

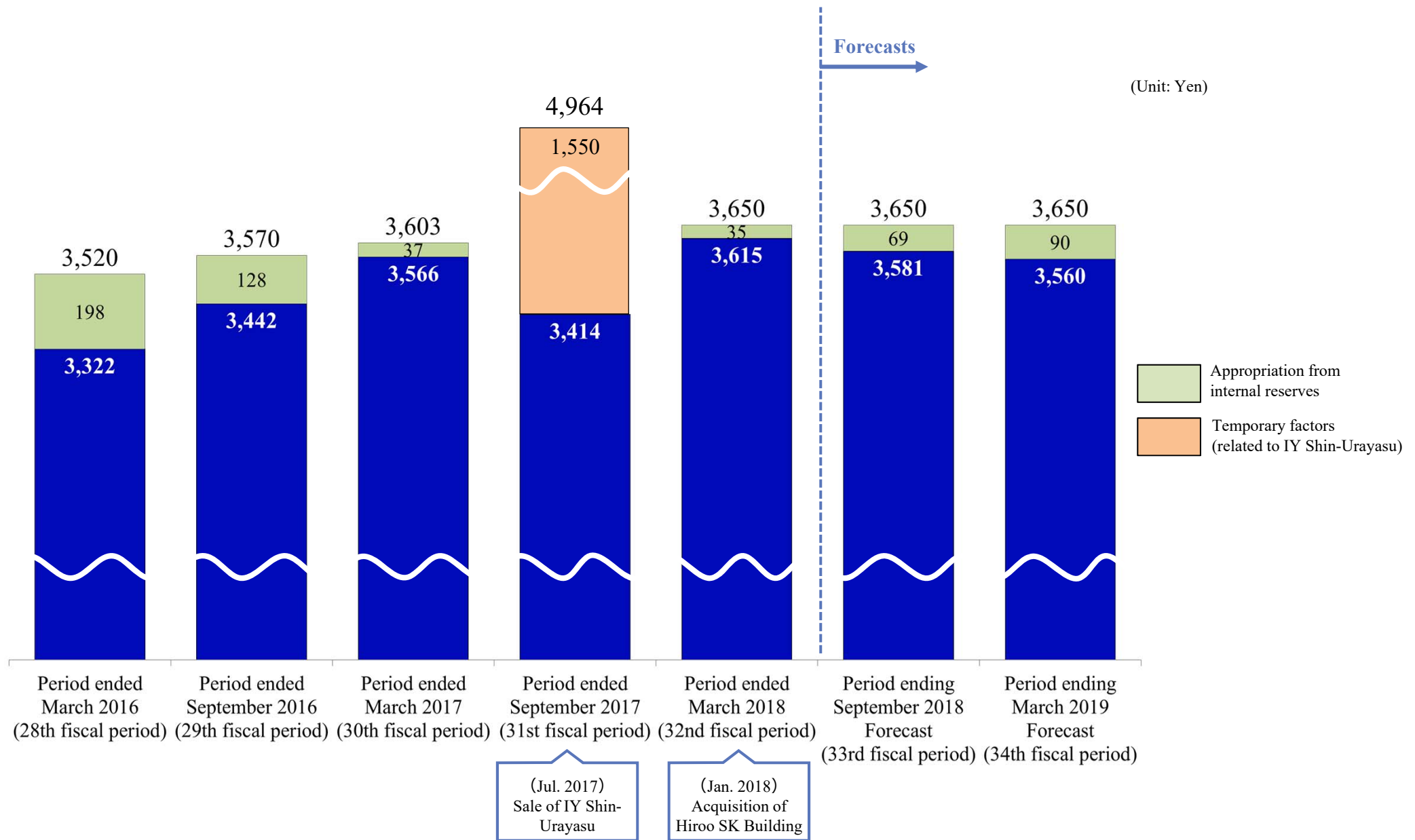
## (Internal Reserves)

Internal reserves are expected to amount to ¥1.37 billion (fiscal period ending March 2019)

(Unit: Billion yen)



The distribution on a real performance basis excluding the portion appropriated from retained earnings rallied to the level before the sale of Ito-Yokado Shin-Urayasu, i.e. the fiscal period ended March 2017.



# MEMO

## 2. Portfolio Operations Data



## Immediate Investment Strategy and Results

### (Immediate Investment Strategy)

(Cited from the Information Package for the Fiscal Period Ended Sep. 2017)

**According to the investment strategy focusing on quality, investments are made in the properties that produce stable revenues with flexibility in terms of scale, etc.**

- Investment in medium-scale buildings in the Tokyo metropolitan area shall be actively considered to increase investment opportunities.

- To supplement the yield, investment shall be sought in properties that produce stable revenues, located in the major provincial cities where the yield is relatively higher than that in the Tokyo metropolitan area.

### (Results)

**Hiroo SK Building  
acquired in  
January 2018**



+

**Increase in revenues  
from existing  
properties**

**Earning capacity has improved, chiefly after the acquisition of new properties. There is now a prospect of stable distribution for the medium and long term.**

## Recognition of Present Conditions

- Opportunities to acquire large-scale promising properties in central Tokyo are limited.
- Amid continued financial relaxation, domestic and overseas investors continue to have strong investment demand. In a situation where sellers have an advantage, transactions are continuously made at high value. This situation spreads from the Tokyo area to major provincial cities.
- Regarding the current state of the plateau, some consider that the real estate market has entered an unprecedented cycle.

## Future Investment Strategy

**In view of the present conditions and the current state of management,  
MTR will maintain the investment strategy focusing on quality (location and sense of grade).  
MTR will consider investing in properties that produce stable revenues while positively conducting sourcing activities  
for unfailingly capturing limited investment opportunities.**



# Acquisition of Hiroo SK Building and Conditions of Real Estate Investment Market

Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

## 2. Portfolio Operations Data

### Acquisition of Hiroo SK Building

Acquired Hiroo SK Building, a medium-scale office building in central Tokyo, in accordance with quality-focused investment strategy.

#### (Characteristics of this property)

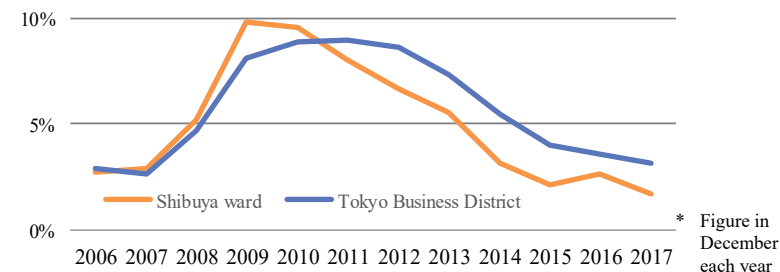
- A standard floor has an area of more than 180 tsubo. It is very competitive in the Hiroo area, where there are many small-sized buildings.
- A stable occupancy ratio has long been maintained. (The average occupancy ratio was about 95% in the period from April 2008 to March 2018.)



Real estate usage	Office building
Location	Ebisu, Shibuya Ward, Tokyo
Land area	1,671.79 m <sup>2</sup>
Total floor area	6,709.80 m <sup>2</sup>
Number of floors	Seven floors above ground and one underground floor
Completion date	November 1992
Acquisition date	January 19, 2018
Acquisition cost	¥8,100 million
Appraisal value	¥8,140 million (as of Nov. 30, 2017)
Assumed NOI	3.5% (Note)
Occupancy rate	99.5% (as of Mar. 31, 2018)

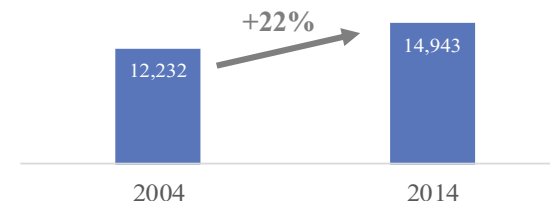
(Note) Assumed NOI is based on assumed occupancy rate of 95.0%.

### Vacancy Rate in Shibuya Ward



Source: Prepared by the Company based on data published by Miki Shoji Co., Ltd.  
Tokyo Business District: Tokyo 5 central wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards)

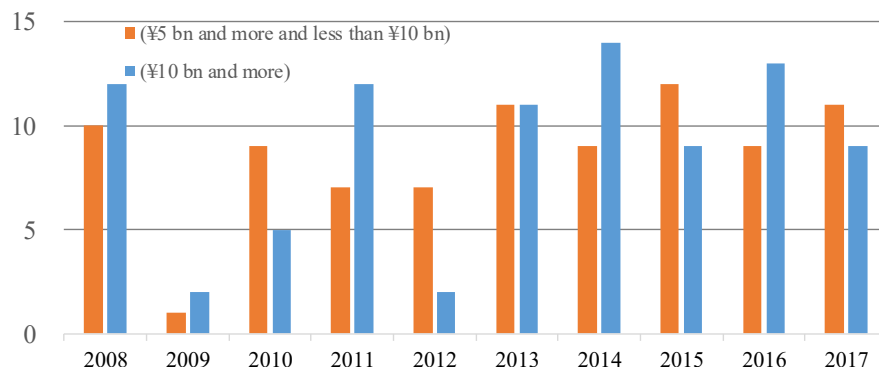
### Number of Employees in Hiroo Area



Source: Prepared by the Company based on 2004 Establishment and Enterprise Census of Japan and 2014 Economic Census of the Ministry of Internal Affairs and Communications  
Hiroo area: Hiroo 4 Chome and 5 Chome, Ebisu 2 Chome and Minami-Azabu 4 Chome and 5 Chome

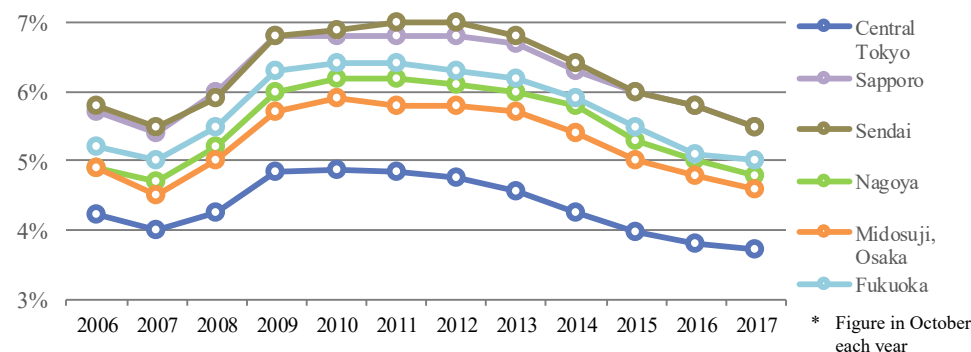
### Conditions of Real Estate Investment Market

#### Number of office buildings in central Tokyo acquired by J-REIT



Source: Japan REIT, Inc.: REITDB  
Central Tokyo refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards.

#### Trend in transaction yield of standard Class-A buildings

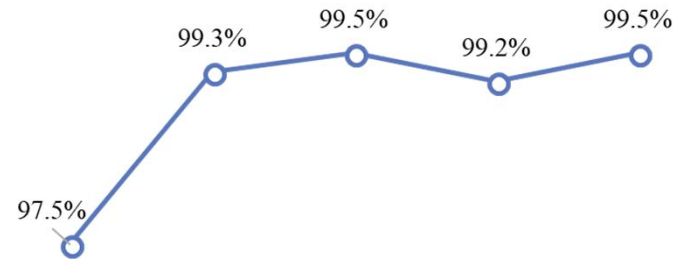


Source: Prepared by the Company based on Japan Real Estate Institute: *The Japanese Real Estate Investor Survey*  
The figure for Central Tokyo represents the simple mean value of the data obtained in the survey in Marunouchi-Otemachi, Nihonbashi, Toranomon, Nishishinjuku, Shibuya and Osaki.  
A standard Class-A building refers to the highest-class building in the local district in terms of location, architectural design and construction, facility materials, maintenance and management, tenants and amenities.

## Occupancy Rates

The occupancy rate of the entire portfolio (based on sublease contract) was 99.5%, remaining at a high level.

### Occupancy Rate



Period ended March 2016 (28th fiscal period)	Period ended September 2016 (29th fiscal period)	Period ended March 2017 (30th fiscal period)	Period ended September 2017 (31st fiscal period)	Period ended March 2018 (32nd fiscal period)
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### Tenant Move-ins and Move-outs

9 move-ins (2,848 m<sup>2</sup>)

6 move-outs (866 m<sup>2</sup>)

**Including 3 cases where new contracts commenced the day after cancellation  
(in all cases, expansion of office space in building by existing tenants)**

(Scope)

Move-ins: Tenants whose contracts commenced in the period from Oct. 2017 to Mar. 2018

Move-outs: Tenants whose contracts terminating in the period from Oct. 2017 to Mar. 2018

### Shin-Yokohama TECH Building

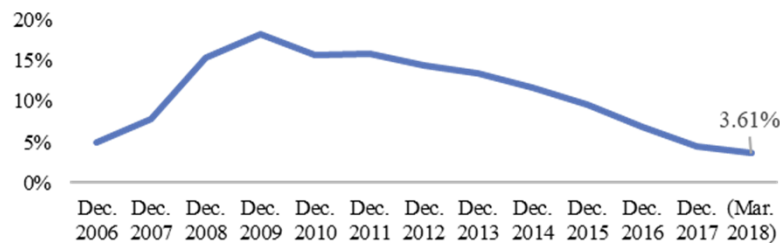
- Leasing activities to fill vacancies progressed well due to favorable rental market conditions in Shin-Yokohama area.

End of Sep. 2017  
92.6%

End of Oct. 2017  
89.4%

End of Mar. 2018  
95.7%

### ■ Vacancy Rate in Shin-Yokohama District (Note)



### Tenjin Prime

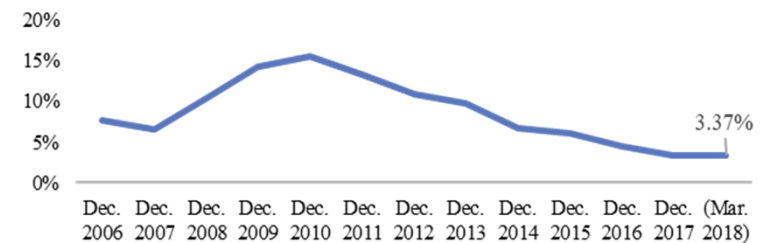
- Tenant leasing of first, second and third floors will terminate contract as of end of July 2018.

End of Mar. 2018  
100%

Aug. 2018  
69.6% (forecast)

- Aim to take advantage of favorable location of the property and tight rental market conditions to acquire tenants quickly

### ■ Vacancy rate in Tenjin District (Note)







## State of Revision to Rents of Multi-Tenant Properties Mainly for Office Use

An upward revision to rents is carried out on the basis of the brisk real estate lease market.

[Current Period]

Upward revision carried out for 27% of the contracts

Downward revision for none

Average rent increase ratio: 6.0%

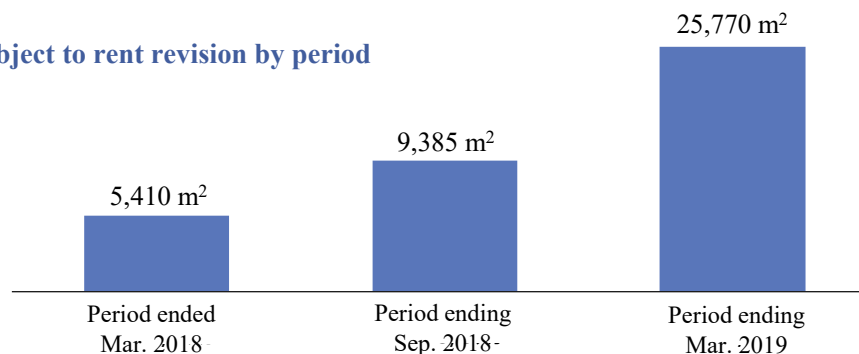
[Period Ending Sep. 2018] as of May 15, 2018

Upward revision fixed for 11% of contracts

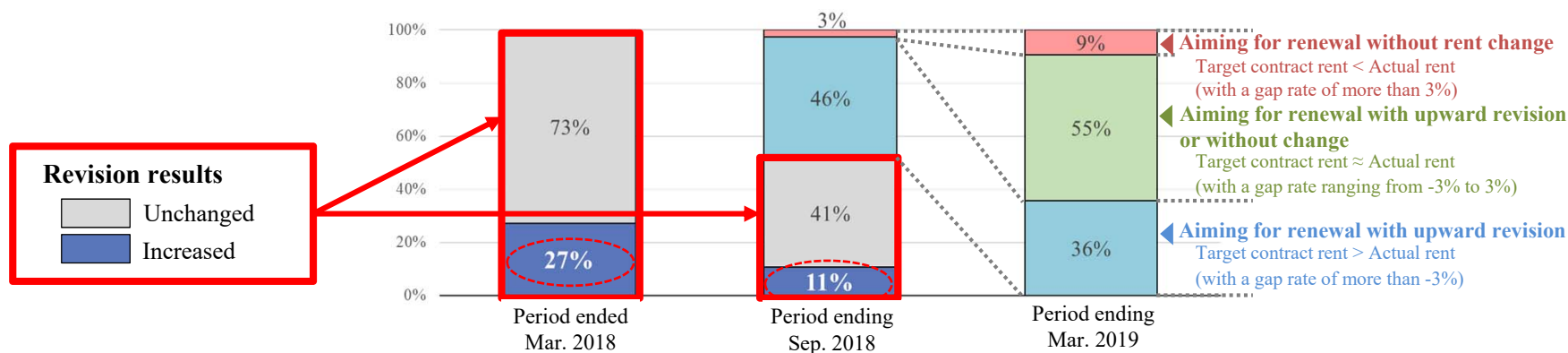
Downward revision for none

Average rent increase ratio: 4.9%

■ Area subject to rent revision by period



■ Rent gap between revision results and revision for contracts to be renewed (on an area basis)



Note 1: Multi-tenant properties mainly for office use refer to Kioicho Building, Osaki MT Building, Midosuji MTR Building, Hiroo SK Building, Tenjin Prime and Shin-Yokohama TECH Building.

Note 2: The diagram covers lease areas under sublease contracts for target properties as of the end of March 2018. These do not include areas to be vacated, residences and storage spaces.

Note 3: Target contract rent: A target rent at the time of attracting a new tenant presumed at the time by MTR's asset management company

Ito-Yokado Shonandai

- Revision to contract conditions: Agreement reached on the conditions according to which no cancellation is allowed until expiration on November 20, 2022, while the monthly rent applicable from October 2018 onwards is reduced by 5%

# Property Portfolio List as of the End of the Fiscal Period

## 2. Portfolio Operations Data

(Million yen)										
Use	Name	Location	Construction completion	Acquisition date	Acquisition price		Book value at end of 32nd fiscal period	Appraisal value at end of 32nd fiscal period	NOI	
						Ratio				Yield
Office Buildings	Tokyo Shiodome Building	Minato Ward, Tokyo	Jan. 2005	Apr. 2010	110,000	33.9%	103,320	128,000	2,409	4.4%
	ON Building	Shinagawa Ward, Tokyo	Nov. 1990	Aug. 2008	39,900	12.3%	39,471	30,700	646	3.2%
	Kioicho Building	Chiyoda Ward, Tokyo	Nov. 1989	Oct. 2014	34,300	10.6%	33,785	36,800	643	3.8%
	Osaki MT Building	Shinagawa Ward, Tokyo	Jul. 1994	Mar. 2005, etc.	14,386	4.4%	13,268	13,000	268	3.7%
	Midosuji MTR Building	Chuo Ward, Osaka	Mar. 1999	Apr. 2015	10,170	3.1%	10,168	10,400	195	3.9%
	Hiroo SK Building	Shibuya Ward, Tokyo	Nov. 1992	Jan. 2018	8,100	2.5%	8,392	8,140	85	5.4%
	Tenjin Prime	Chuo Ward, Fukuoka	Oct. 2008	Jul. 2012	6,940	2.1%	6,697	8,440	227	6.6%
	Shin-Yokohama TECH Building	Kohoku Ward, Yokohama	Feb. 1986, etc.	Nov. 2003	6,900	2.1%	6,758	5,650	172	5.0%
Retail Facilities	SHIBUYA FLAG	Shibuya Ward, Tokyo	Aug. 2009	Apr. 2013	32,040	9.9%	32,591	39,200	687	4.3%
	Shinbashi Ekimae MTR Building	Minato Ward, Tokyo	Apr. 1999	Apr. 2007	18,000	5.6%	17,393	20,900	427	4.7%
	Ito-Yokado Shonandai	Fujisawa City, Kanagawa	Nov. 2002	Mar. 2003	11,600	3.6%	9,947	11,700	309	5.3%
	Kohnan Sagami-hara-Nishihashimoto	Midori Ward, Sagami-hara	Aug. 2005	Oct. 2012	7,460	2.3%	7,381	8,500	225	6.1%
	Frespo Inage	Inage Ward, Chiba	—	Mar. 2002	2,100	0.6%	2,193	2,650	115	11.0%
Hotel	Hotel Okura Kobe	Chuo Ward, Kobe	Mar. 1989	Sep. 2006	19,000	5.9%	16,305	16,700	479	5.0%
Residential	Park Lane Plaza	Shibuya Ward, Tokyo	Jun. 1988	Dec. 2004	3,200	1.0%	3,178	3,470	83	5.2%
Total	—	—	—	—	324,096	100%	310,854	344,250	6,978	4.4%

(Note 1) For details, please refer to “Appraisal Value of Portfolio Properties at the Fiscal Period-End” and “Portfolio Summary and Breakdown of Property-Related Revenues/Expenses” described below.

(Note 2) NOI earnings yield: NOI in the fiscal period ended March 2018 (annual basis) / Acquisition price

# Appraisal Values of Portfolio Properties at the Fiscal Period-End

## 2. Portfolio Operations Data

(Million yen)

Use	Name	Acquisition price	End-of-period book value		End-of-period appraisal value			Direct reduction method			Discounted cash flow (DCF) method		Appraiser (Note 4)
			Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Difference	Cap rate		Comparison with the previous fiscal period	Discount rate	Terminal cap rate	
								Period ended September 2017	Period ended March 2018				
Office Buildings	Tokyo Shiodome Building	110,000	103,825	103,320	128,000	128,000	—	3.6%	3.6%	—	3.6%	3.8%	Richi Appraisal
	ON Building	39,900	39,528	39,471	30,700	30,700	—	3.9%	3.9%	—	3.6%	4.1%	Japan Real Estate
	Kioicho Building	34,300	33,925	33,785	36,600	36,800	200	3.3%	3.3%	—	3.1%	3.5%	Daiwa Real Estate
	Osaki MT Building	14,386	13,324	13,268	13,000	13,000	—	3.8%	3.8%	—	3.5%	4.0%	Japan Real Estate
	Midosuji MTR Building	10,170	10,213	10,168	10,200	10,400	200	3.8%	3.7%	-0.1%	3.5%	3.9%	Daiwa Real Estate
	Hiroo SK Building (Note 1)	8,100	—	8,392	—	8,140	8,140	—	3.8%	—	3.5%	3.9%	Daiwa Real Estate
	Tenjin Prime	6,940	6,723	6,697	8,810	8,440	-370	4.3%	4.3%	—	4.0%	4.5%	Japan Real Estate
	Shin-Yokohama TECH Building	6,900	6,777	6,758	5,500	5,650	150	5.2%	5.1%	-0.1%	4.9%	5.4%	Nippon Tochi-Tatemono
Retail Facilities	SHIBUYA FLAG	32,040	32,614	32,591	39,200	39,200	—	3.3%	3.3%	—	3.1%	3.5%	Japan Real Estate
	Shinbashi Ekimae MTR Building	18,000	17,411	17,393	20,900	20,900	—	4.0%	4.0%	—	3.8%	4.2%	Nippon Tochi-Tatemono
	Ito-Yokado Shonandai	11,600	9,923	9,947	12,400	11,700	-700	5.3%	5.3%	—	5.0%	5.5%	Japan Real Estate
	Kohnan Sagamihara-Nishihashimoto	7,460	7,418	7,381	8,470	8,500	30	5.3%	5.2%	-0.1%	4.9%	5.4%	Japan Real Estate
	Frespo Inage	2,100	2,193	2,193	2,650	2,650	—	— (Note 2)	— (Note 2)	—	7.9%	— (Note 3)	Japan Real Estate
Hotel	Hotel Okura Kobe	19,000	16,427	16,305	16,700	16,700	—	4.9%	4.9%	—	4.7%	5.0%	Richi Appraisal
Residential	Park Lane Plaza	3,200	3,189	3,178	3,440	3,470	30	3.9%	3.9%	—	4.4%	3.6%	Nippon Tochi-Tatemono

	Acquisition price	End-of-period book value		End-of-period appraisal value			Difference		
		Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Difference	Period ended September 2017	Period ended March 2018	Difference
		(A)	(B)	(C)	(D)		(C-A)	(D-B)	
Total	324,096	303,497	310,854	336,570	344,250	7,680	33,072	33,395	322

(Note 1) MORI TRUST Sogo Reit acquired Hiroo SK Building on January 19, 2018.

(Note 2) For Frespo Inage, the direct reduction method is not adopted.

(Note 3) For Frespo Inage, the cap rate and the terminal cap rate have not been established.

(Note 4) Richi Appraisal: Richi Appraisal Institute, Japan Real Estate: Japan Real Estate Institute, Daiwa Real Estate: Daiwa Real Estate Appraisal Co., Ltd., Nippon Tochi-Tatemono: Nippon Tochi-Tatemono Co., Ltd.

# Overview of Occupancy Rate and Lease Contracts at the Fiscal Period-End

Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

2. Portfolio Operations Data

Use	Name	Occupancy rate	Total number of tenants	Major tenant/master lessee			
					Type of lease contract		Lease contract expiry
Office Buildings	Tokyo Shiodome Building	100%	1	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	(Offices/retailers) April 12, 2020 (Hotel) December 31, 2035
	ON Building	100%	1	Kobe Steel Ltd.	Direct lease	Building lease	March 31, 2019
	Kioicho Building (Note 1)	99.9% (98.7%)	37 (69)	—	—	—	—
	Osaki MT Building (Note 2)	100% (92.7%)	1 (12)	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	March 31, 2019
	Midosuji MTR Building (Note 3)	100% (100%)	1 (32)	Japan Property Solutions Co., Ltd.	Master lease	Building lease	March 31, 2020
	Hiroo SK Building (Note 4)	99.5%	7	—	—	—	—
	Tenjin Prime (Note 4)	100%	15	Sumitomo Mitsui Banking Corporation	Direct lease (Note 4)	Fixed-term building lease	July 31, 2018 (Note 5)
	Shin-Yokohama TECH Building	95.7%	9	Fujitsu Co., Ltd.	Direct lease	Building lease	September 30, 2018
Retail Facilities	SHIBUYA FLAG (Note 4)	100%	3	H&M Hennes & Mauritz Japan KK	Direct lease (Note 4)	Undisclosed (Note 6)	Undisclosed (Note 6)
	Shinbashi Ekimae MTR Building	100%	1	Yamada Denki Co., Ltd.	Direct lease	Building lease	May 31, 2019
	Ito-Yokado Shonandai	100%	1	Ito-Yokado Co., Ltd.	Master lease	Building lease	November 20, 2022 (No cancellation)
	Kohnan Sagami-hara-Nishihashimoto	100%	1	Kohnan Shoji Co., Ltd.	Master lease	Fixed-term building lease	September 27, 2023
	Frespo Inage	100%	1	Daiwa Lease Co, Ltd.	Direct lease	Land lease	December 2, 2027
Hotel	Hotel Okura Kobe	100%	1	Hotel Okura Kobe	Direct lease	Fixed-term building lease	March 31, 2022
Residential	Park Lane Plaza	96.8%	17	—	—	—	—
Total (Note 7)		99.8% (99.5%)	97 (171)				

- (Note 1) 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 rate and the total number of tenants 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 rate and the total number of tenants are the occupancy rate and the total number of tenants based on the sublease agreements of the office and residential portions of the building.
- (Note 2) A master lease agreement under which rent income is linked to rents under a sublease agreement has been concluded for Osaki MT Building. The figure in brackets for the occupancy rate and the total number of tenants of the building is the occupancy rate and total number of tenants based on the sublease agreement.
- (Note 3) The agreement used for the Midosuji MTR Building is the master lease pass-through model. The figure in brackets for the occupancy rate and the number of tenants of the building is the occupancy rate and the total number of tenants based on the sublease agreement.
- (Note 4) For Hiroo SK Building, Tenjin Prime and Shibuya Flag Building, MORI TRUST Sogo Reit has adopted a scheme under which it subleases the land and the building it rents to tenants in accordance with the master lease contract with the trustee. The occupancy rate and the total number of tenants for each of these properties in the table above represent those under sublease contracts. The types of contracts with major tenants represent the types of sublease contracts.
- (Note 5) MTR has agreed with the tenant to move up the expiration date on the condition that it receives the amount equivalent to the rent until the contract expiration date, namely October 31, 2018.
- (Note 6) Lease contract expiry is not shown, as consent from tenants has not been obtained.
- (Note 7) The occupancy rate and the total number of tenants in brackets is the total that was calculated based on the occupancy rate and the total number of tenants in the sublease agreements for Kioicho Building, Osaki MT Building and the Midosuji MTR Building.

## ■ Initiatives Related to ESG (1)

### Sustainability Policy

The Investment Corporation's asset management company, MORI TRUST Asset Management Co., Ltd., established the policy for sustainability based on the recognition that the initiatives for increasing sustainability such as consideration for the environment in asset management operations, contribution to society and strengthening of the governance of organizations are essential for the enhancement of the unitholder value of the investment corporation in the medium to long term.

#### (1) Promoting energy savings and GHG emissions reduction

In our asset management operations, we make efforts to reduce CO2 emissions through energy conservation by promoting efficient energy use at our assets under management as well as introducing equipment and facilities that contribute to energy conservation and low carbonization.

#### (2) Contributing to recycling-oriented society

We strive to contribute to realizing a sustainable recycling-oriented society by implementing measures to make effective use of limited resources, such as water saving and the "3Rs" for reducing waste, i.e. reduce, reuse, recycle.

#### (3) Streamlining the internal management system and strengthening compliance

We have established an internal management system to effectively promote initiatives based on this policy and comply strictly with laws and regulations including environmental and social matters. In addition, we promote sustainability initiatives by improving employees' awareness and performance by continually implementing educational and awareness-raising activities focused on the environment, society, and governance (ESG).

#### (4) Collaborating with external stakeholders

We make efforts to contribute to reducing the environmental impact of our assets under management, improving tenants' satisfaction and developing sustainable local communities by engaging and collaborating with external stakeholders including our tenants/occupiers, suppliers (e.g. property management companies) and local communities.

#### (5) Disclosing ESG information

We strive to proactively disclose ESG information such as this policy and the status of sustainability initiatives to build good relationships and communicate with stakeholders including our unitholders, tenants and suppliers.

### Acquisition of Outsiders' Recognition

#### ■ Acquisition of DBJ Green Building certification

Among the properties owned by MTR, Tokyo Shiodome Building gained DBJ Green Building 2016 with four stars in recognition of exceptionally high environmental and social awareness.



#### ■ Participation in GRESB Real Estate Assessment

MTR took part in the GRESB Real Estate Assessment for the first time in 2017 and was highly regarded for the excellence of its environmental consideration and actions for sustainability in management and policy and in implementation and measurement. It thus gained a Green Star rating, which is the highest rating.

Rating

**Green Star**  
(The highest rating)

<GRESB Real Estate Assessment>

Annual benchmarking of environment, society and governance (ESG) performance of the real estate sector, established mainly by a group of European pension funds



## Initiatives Related to ESG (2)

### Consideration for the Environment

#### ■ Introduction of LED Lighting

In a bid to reduce the environmental impact, MTR is introducing LED lighting to common areas. It has introduced LED lighting to Hiroo SK Building, which it acquired in the period under review.

(ON Building, Kioicho Building, Osaki MT Building, Hiroo SK Building, etc.)



(Kioicho Building)

#### ■ Introduction of Heating Systems with High Efficiency

MTR replaces heating systems for air conditioning with highly efficient ones to increase energy efficiency and reduce energy consumption.



(Hotel Okura Kobe)

### Contribution to Society

MTR and its asset management company, MORI TRUST Asset Management Co., Ltd., engage in many different activities as part of their efforts to contribute to society.

#### ■ Participation in Community Cleaning Activities



(Around Shibuya Flag and Shibuya Station)

#### ■ Launch of public bicycle systems



(Kioicho Building)

### Increasing Tenants' Satisfaction

MTR strives to increase tenants' satisfaction through a range of activities.

#### ■ Invitation of Packed Meal Sellers



(Shin-Yokohama TECH Building)

#### ■ Installation of Christmas Tree



(Kioicho Building)

#### ■ Installation of Automated External Defibrillators (AEDs)

#### ■ Separation of Smoking Areas (Provision of outdoor smoking areas)

### 3. Financial Operations Data

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# Loans Made in the Fiscal Period Under Review and Loan Repayment Schedule Diversification

Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

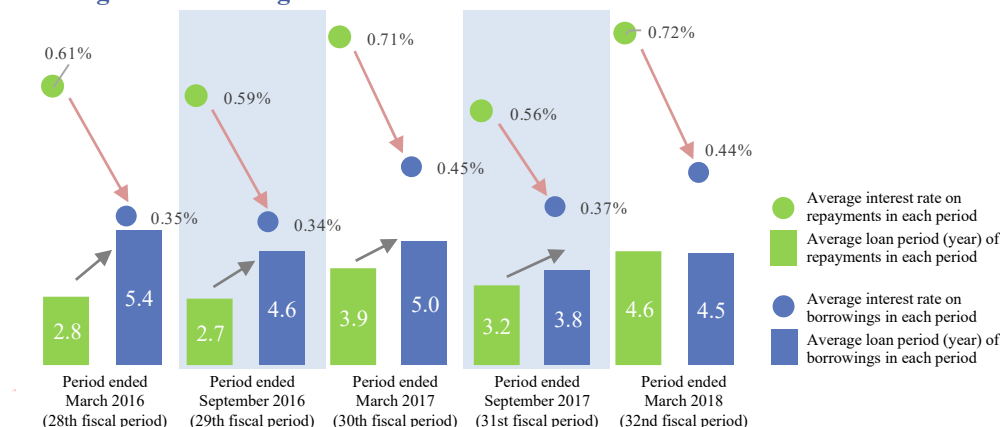
## 3. Financial Operations Data

Reduced the cost of financing using favorable financing condition

### Results of loans for the fiscal period under review

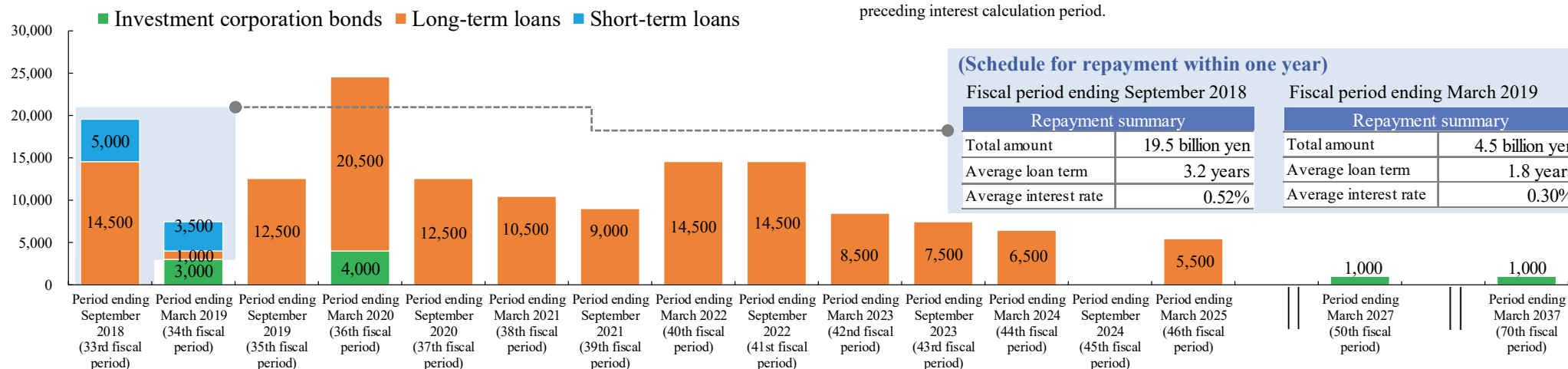
Repayment summary		Borrowing summary	
Total amount	19.0 billion yen	Total amount	26.0 billion yen
Average loan term	4.6 years	Average loan term	4.5 years
Average interest rate	0.72%	Average interest rate	0.44%

### Changes in borrowings



### Loan repayment schedule diversification

(Million yen)



### Breakdown of borrowings during the period under review

(Million yen)

Draw down date	Lender	Amount	Period	Fixed/ Floating	Interest rate
2017/10/18	Resona Bank, Limited	500	1 year	Floating	Standard interest (JBA JPY TIBOR) +0.13% (Note)
2017/12/26	Mitsubishi UFJ Trust and Banking Corporation	1,000	3 years	Fixed	0.34%
2017/12/26	Sumitomo Mitsui Trust Bank, Limited.	1,000	4 years	Fixed	0.41%
2018/1/19	Mizuho Bank, Ltd.	1,000	3 years	Fixed	0.32%
2018/1/19	Development Bank of Japan Inc.	500	3 years	Fixed	0.32%
2018/1/19	Sumitomo Mitsui Banking Corporation	2,500	4 years	Fixed	0.38%
2018/1/19	Mizuho Bank, Ltd.	500	4 years	Fixed	0.38%
2018/1/19	Sumitomo Mitsui Trust Bank, Limited.	1,500	5 years	Fixed	0.44%
2018/1/19	Mizuho Bank, Ltd.	500	5 years	Fixed	0.44%
2018/1/19	Mizuho Bank, Ltd.	1,500	7 years	Fixed	0.56%
2018/1/19	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	7 years	Fixed	0.56%
2018/2/28	Sumitomo Mitsui Banking Corporation	1,500	4 years	Fixed	0.42%
2018/2/28	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	4 years	Fixed	0.42%
2018/2/28	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	5 years	Fixed	0.49%
2018/2/28	Mizuho Bank, Ltd.	2,000	5 years	Fixed	0.49%
2018/2/28	Mizuho Bank, Ltd.	1,000	7 years	Fixed	0.65%
2018/2/28	Sumitomo Mitsui Banking Corporation	1,000	7 years	Fixed	0.65%
2018/2/28	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	7 years	Fixed	0.65%
2018/3/19	Shinkin Central Bank	2,000	6 years	Fixed	0.57%
2018/3/19	Development Bank of Japan Inc.	1,000	7 years	Fixed	0.64%
2018/3/23	Mizuho Bank, Ltd.	1,500	1 year	Floating	Standard interest (JBA JPY TIBOR) +0.13% (Note)
2018/3/23	Sumitomo Mitsui Trust Bank, Limited.	1,500	1 year	Floating	Standard interest (JBA JPY TIBOR) +0.13% (Note)
Total		26,000			

(Note) The base interest rate applicable to the calculation period for the interest payable on each interest payment date shall be the JBA TIBOR two business days prior to the interest payment date for the immediately preceding interest calculation period.

### (Schedule for repayment within one year)

Fiscal period ending September 2018		Fiscal period ending March 2019	
Repayment summary		Repayment summary	
Total amount	19.5 billion yen	Total amount	4.5 billion yen
Average loan term	3.2 years	Average loan term	1.8 years
Average interest rate	0.52%	Average interest rate	0.30%



# Interest-Bearing Liabilities and Rating

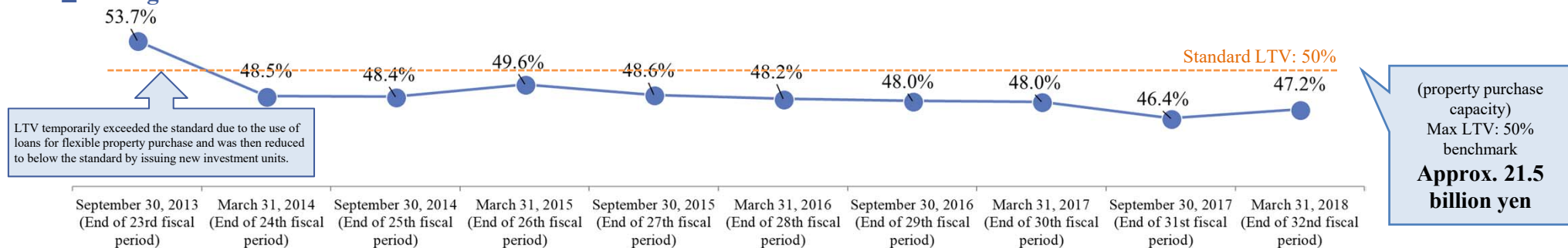
## Interest-bearing liabilities

	September 30, 2017 (End of the 31st fiscal period)	March 31, 2018 (End of the 32nd fiscal period)	(Million yen)
			Change
Total interest-bearing liabilities	152,000	155,000	3,000
Short-term loans	5,500	8,500	3,000
Long-term loans (including long-term loans due within one year)	133,500	137,500	4,000
Investment corporation bonds (including investment corporation bonds due within one year)	13,000	9,000	-4,000
LTV (Loan To Value ratio)	46.4%	47.2%	0.8%
Long-term interest-bearing liabilities ratio (including loans expected to be repaid or redeemed within one year)	96.4%	94.5%	-1.9%
Fixed interest-bearing liabilities ratio	96.4%	94.5%	-1.9%
Average interest for borrowings during fiscal period	0.64%	0.62%	-0.01%
Short-term loans	0.16%	0.18%	0.02%
Long-term loans and investment corporation bonds	0.66%	0.64%	-0.02%
Average duration of interest-bearing liabilities	2.7 years	2.9 years	0.2 years

## Rating

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

## Changes in LTV



## Breakdown of interest-bearing liabilities (as of the end of March 2018)

Classification	Lender	Balance of borrowings	(Million yen)
			(%)
Loans	Mizuho Bank, Ltd.	32,000	20.6%
	Sumitomo Mitsui Banking Corporation	27,000	17.4%
	Sumitomo Mitsui Trust Bank, Limited.	20,000	12.9%
	Mitsubishi UFJ Trust and Banking Corporation (Note 1)	16,000	10.3%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	14,500	9.4%
	Development Bank of Japan Inc.	12,500	8.1%
	The Bank of Fukuoka, Ltd.	5,500	3.5%
	Aozora Bank, Ltd.	4,500	2.9%
	Resona Bank, Limited	4,500	2.9%
	Nippon Life Insurance Company	2,000	1.3%
	Shinkin Central Bank	2,000	1.3%
	ORIX Bank Corporation	1,000	0.6%
	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%
	The Nishi-Nippon City Bank, Ltd.	500	0.3%
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	500	0.3%
	Subtotal	146,000	94.2%
	Investment corporation bonds	9,000	5.8%
Total		155,000	100.0%

(Note 1) Mitsubishi UFJ Trust and Banking Corporation transferred its corporate loan-related businesses to The Bank of Tokyo-Mitsubishi UFJ, Ltd. effective April 16, 2018. The same applies hereinafter.

(Note 2) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. effective April 1, 2018. The same applies hereinafter.

## Short-term loans

(Million yen)

Lender	Outstanding balance at end of period	Average interest rate	Draw down date	Repayment date
Mizuho Bank, Ltd.	2,000	0.18%	April 12, 2017	April 12, 2018
Mitsubishi UFJ Trust and Banking Corporation	3,000	0.18%	August 31, 2017	August 31, 2018
Resona Bank, Limited	500	0.18%	October 18, 2017	October 18, 2018
Mizuho Bank, Ltd.	1,500	0.15%	March 23, 2018	March 22, 2019
Sumitomo Mitsui Trust Bank, Limited.	1,500	0.15%	March 23, 2018	March 22, 2019
Total	8,500			

## Long-term loans

(Million yen)

Lender	Outstanding balance at end of period	Average interest rate	Draw down date	Repayment date
Mitsubishi UFJ Trust and Banking Corporation	4,500	0.47%	April 13, 2015	April 13, 2018
Mizuho Bank, Ltd.	3,000	0.85%	April 24, 2013	April 24, 2018
Aozora Bank, Ltd.	1,000	0.85%	April 24, 2013	April 24, 2018
The Bank of Fukuoka, Ltd.	1,000	0.63%	May 30, 2014	May 31, 2018
ORIX Bank Corporation	1,000	0.78%	August 30, 2013	August 30, 2018
Mitsubishi UFJ Trust and Banking Corporation	3,000	0.44%	August 31, 2015	August 31, 2018
Development Bank of Japan Inc.	1,000	0.99%	August 31, 2012	August 31, 2018
Sumitomo Mitsui Banking Corporation	1,000	0.72%	February 28, 2014	February 28, 2019
Development Bank of Japan Inc.	2,000	0.75%	April 11, 2014	April 11, 2019
Mizuho Bank, Ltd.	1,000	0.75%	April 11, 2014	April 11, 2019
Sumitomo Mitsui Banking Corporation	3,000	0.96%	April 24, 2013	April 24, 2019
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	1.04%	August 30, 2013	August 30, 2019
Mizuho Bank, Ltd.	1,500	0.53%	August 31, 2015	August 30, 2019
Mizuho Bank, Ltd.	1,500	0.69%	August 29, 2014	August 30, 2019
Development Bank of Japan Inc.	1,000	1.12%	August 31, 2012	August 30, 2019
Tokio Marine & Nichido Fire Insurance Co., Ltd.	500	0.17%	August 31, 2016	August 30, 2019
Sumitomo Mitsui Banking Corporation	5,000	1.04%	April 12, 2013	October 11, 2019
Sumitomo Mitsui Banking Corporation	2,000	0.97%	October 11, 2013	October 11, 2019
Mizuho Bank, Ltd.	1,500	0.64%	October 17, 2014	October 17, 2019
Mizuho Bank, Ltd.	1,000	0.62%	December 26, 2014	December 26, 2019
The Bank of Fukuoka, Ltd.	500	0.62%	December 26, 2014	December 26, 2019
Resona Bank, Limited	500	0.62%	December 26, 2014	December 26, 2019
Nippon Life Insurance Company	500	0.62%	December 26, 2014	December 26, 2019
The Nishi-Nippon City Bank, Ltd.	500	0.57%	December 26, 2014	December 26, 2019
The Bank of Fukuoka, Ltd.	500	0.33%	January 31, 2017	January 31, 2020
The Bank of Fukuoka, Ltd.	500	0.62%	January 30, 2015	January 31, 2020
Sumitomo Mitsui Trust Bank, Limited.	3,000	0.63%	February 27, 2015	February 28, 2020
Mitsubishi UFJ Trust and Banking Corporation	3,000	0.20%	February 29, 2016	February 28, 2020
The Hachijuni Bank, Ltd.	1,000	0.34%	February 28, 2017	February 28, 2020
Development Bank of Japan Inc.	1,000	0.88%	March 12, 2014	March 12, 2020
Sumitomo Mitsui Trust Bank, Limited.	4,000	0.65%	April 13, 2015	April 13, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000	1.07%	April 24, 2013	April 24, 2020
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	1.18%	August 30, 2013	August 31, 2020
Nippon Life Insurance Company	500	0.63%	August 31, 2015	August 31, 2020
Nippon Life Insurance Company	1,000	0.55%	September 30, 2015	September 30, 2020
Sumitomo Mitsui Banking Corporation	3,000	1.09%	October 11, 2013	October 9, 2020
Mitsubishi UFJ Trust and Banking Corporation	1,000	0.34%	December 26, 2017	December 25, 2020
Mizuho Bank, Ltd.	1,000	0.32%	January 19, 2018	January 19, 2021
Development Bank of Japan Inc.	500	0.32%	January 19, 2018	January 19, 2021
Sumitomo Mitsui Trust Bank, Limited.	1,500	0.27%	February 29, 2016	February 26, 2021
Mizuho Bank, Ltd.	1,000	0.27%	February 29, 2016	February 26, 2021
Development Bank of Japan Inc.	1,000	1.02%	March 12, 2014	March 12, 2021
Mitsubishi UFJ Trust and Banking Corporation	1,500	0.30%	March 31, 2016	March 31, 2021
Sumitomo Mitsui Banking Corporation	5,000	1.02%	April 11, 2014	April 9, 2021
Resona Bank, Limited	1,000	0.28%	April 22, 2016	April 22, 2021
Resona Bank, Limited	500	0.28%	May 31, 2016	May 31, 2021

Mizuho Bank, Ltd.	1,500
Mizuho Bank, Ltd.	1,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500
Sumitomo Mitsui Banking Corporation	1,000
Sumitomo Mitsui Trust Bank, Limited.	1,000
Aozora Bank, Ltd.	500
Sumitomo Mitsui Banking Corporation	2,500
Mizuho Bank, Ltd.	500
The Bank of Fukuoka, Ltd.	2,000
Development Bank of Japan Inc.	3,000
Sumitomo Mitsui Banking Corporation	1,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500
The Dai-ichi Life Insurance Company, Limited	500
Mizuho Bank, Ltd.	4,000
Aozora Bank, Ltd.	1,000
The Ashikaga Bank, Ltd.	1,000
Sumitomo Mitsui Banking Corporation	2,000
Sumitomo Mitsui Trust Bank, Limited.	3,500
Sumitomo Mitsui Trust Bank, Limited.	2,000
Sumitomo Mitsui Trust Bank, Limited.	1,000
Sumitomo Mitsui Trust Bank, Limited.	1,500
Mizuho Bank, Ltd.	500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500
Mizuho Bank, Ltd.	2,000
Sumitomo Mitsui Trust Bank, Limited.	1,000
Mizuho Trust & Banking, Co., Ltd.	1,000
Mizuho Bank, Ltd.	3,500
The Bank of Fukuoka, Ltd.	1,000
Mizuho Bank, Ltd.	1,500
Resona Bank, Limited	1,000
Development Bank of Japan Inc.	500
Resona Bank, Limited	1,000
Development Bank of Japan Inc.	1,500
Aozora Bank, Ltd.	2,000
Shinkin Central Bank	2,000
Mizuho Bank, Ltd.	1,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500
Mizuho Bank, Ltd.	1,000
Sumitomo Mitsui Banking Corporation	1,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500
Development Bank of Japan Inc.	1,000
Total	137,500

Fixed

0.37%	August 31, 2017	August 31, 2021
0.34%	August 31, 2016	August 31, 2021
0.89%	October 1, 2014	October 1, 2021
0.83%	December 26, 2014	December 24, 2021
0.41%	December 26, 2017	December 24, 2021
0.83%	December 26, 2014	December 24, 2021
0.38%	January 19, 2018	January 19, 2022
0.38%	January 19, 2018	January 19, 2022
0.47%	January 31, 2017	January 31, 2022
0.84%	February 27, 2015	February 28, 2022
0.42%	February 28, 2018	February 28, 2022
0.42%	February 28, 2018	February 28, 2022
0.45%	February 28, 2017	February 28, 2022
0.47%	April 11, 2017	April 11, 2022
0.47%	April 11, 2017	April 11, 2022
0.44%	April 24, 2017	April 22, 2022
0.80%	April 30, 2015	April 28, 2022
0.44%	August 31, 2017	August 31, 2022
0.40%	August 31, 2016	August 31, 2022
0.47%	September 29, 2017	September 30, 2022
0.44%	January 19, 2018	January 19, 2023
0.44%	January 19, 2018	January 19, 2023
0.49%	February 28, 2018	February 28, 2023
0.49%	February 28, 2018	February 28, 2023
0.45%	February 29, 2016	February 28, 2023
0.45%	February 29, 2016	February 28, 2023
0.47%	April 12, 2016	April 12, 2023
0.43%	April 22, 2016	April 21, 2023
0.48%	August 31, 2016	August 31, 2023
0.48%	August 31, 2016	August 31, 2023
0.54%	September 29, 2017	September 29, 2023
0.46%	October 18, 2016	October 18, 2023
0.64%	February 28, 2017	February 29, 2024
0.54%	March 11, 2016	March 11, 2024
0.57%	March 19, 2018	March 19, 2024
0.56%	January 19, 2018	January 17, 2025
0.56%	January 19, 2018	January 17, 2025
0.65%	February 28, 2018	February 28, 2025
0.65%	February 28, 2018	February 28, 2025
0.65%	February 28, 2018	February 28, 2025
0.64%	March 19, 2018	March 19, 2025

## Investment corporation bonds

(Million yen)

Issue	Balance at end of period	Interest rate	Issue date	Maturity date
Seventh unsecured investment corporation bonds	3,000	0.11%	February 25, 2016	February 25, 2019
Eighth unsecured investment corporation bonds	4,000	0.00%	February 23, 2017	February 21, 2020
Sixth unsecured investment corporation bonds	1,000	1.07%	February 26, 2015	February 26, 2027
Ninth unsecured investment corporation bonds	1,000	1.08%	February 23, 2017	February 23, 2037
Total	9,000			

(Note 1) The short-term loans, long-term loans, and investment corporation bonds are all unsecured and unguaranteed.  
 (Note 2) The interest rate for the 8th unsecured investment corporation bond is 0.001%. In addition, the bond is issued over par (at a price exceeding the par value), and thus the yield to maturity is about 0.0003% annually.

**Total interest-bearing liabilities at the end of the period:**  
**¥155,000 million**

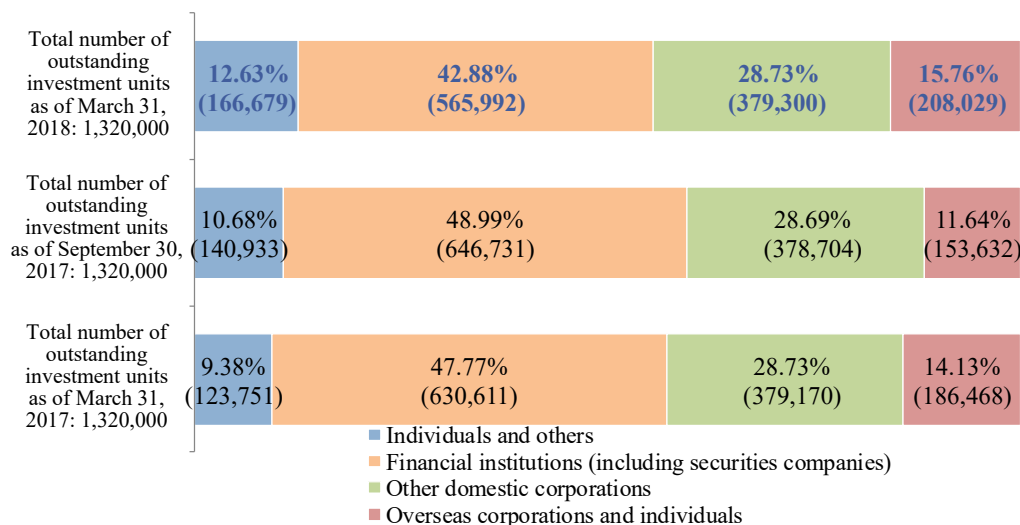
Borrowed during the 32nd period ended March 2018

■ Top 10 Unitholders (Total number of outstanding investment units: 1,320,000)

(As of March 31, 2018)

Unitholders	Number of units held	Ownership ratio
MORI TRUST Holdings, Inc.	350,070	26.52%
Japan Trustee Services Bank, Ltd. (trust account)	204,795	15.51%
The Master Trust Bank of Japan, Ltd. (trust account)	119,425	9.05%
The Nomura Trust and Banking Co., Ltd. (investment trust)	43,089	3.26%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	31,005	2.35%
NOMURA BANK (LUXEMBOURG)	18,364	1.39%
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	18,067	1.37%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	14,585	1.10%
STATE STREET BANK WEST CLIENT - TREATY 505234	13,799	1.05%
LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	11,461	0.87%
Total of top 10 unitholders	824,660	62.47%

■ Changes in investment unitholder ratio by owner  
(End of each fiscal period)



■ Changes in number of investment unitholders by owner  
(End of each fiscal period)

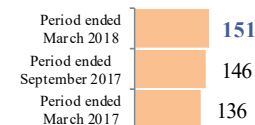
■ Total number of investment unitholders



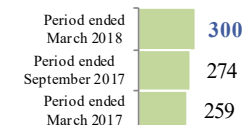
■ Individuals and others



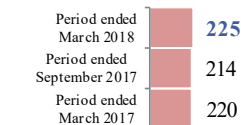
■ Financial institutions (incl. securities companies)



■ Other domestic corporations



■ Overseas corporations and individuals

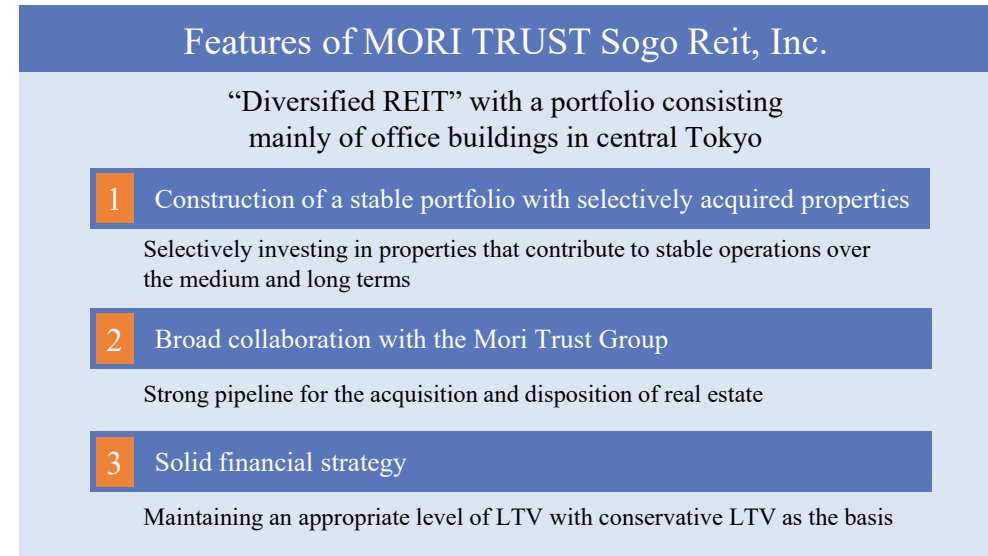
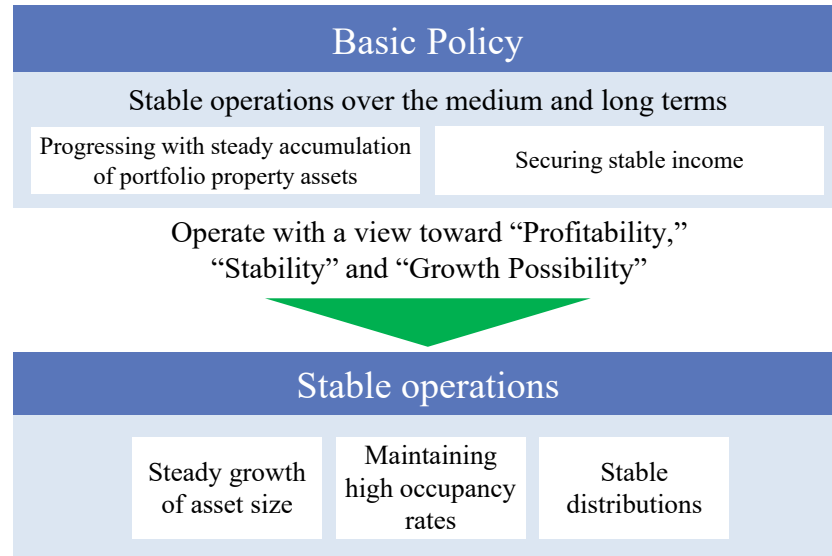


## 4. Characteristics of MORI TRUST Sogo Reit, Inc.



# Basic Policy and Characteristics of MORI TRUST Sogo Reit, Inc. (1)

4. Characteristics of MORI TRUST Sogo Reit, Inc.

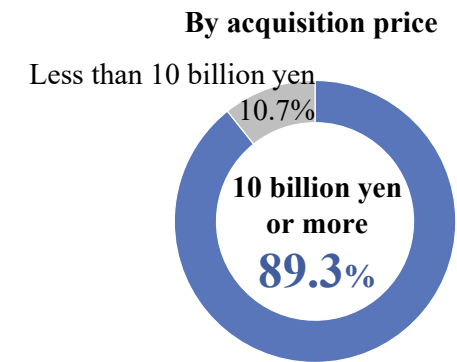
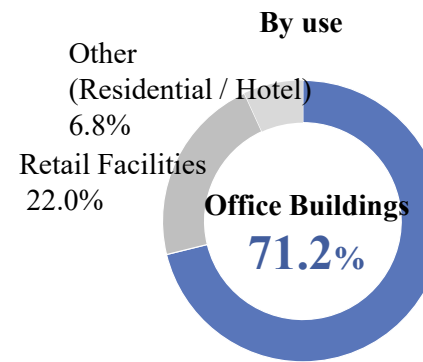
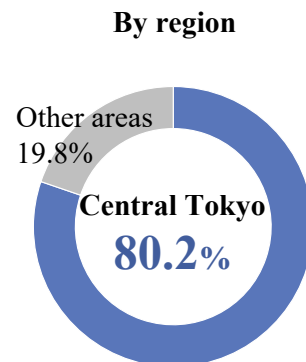


## 1 Construction of a stable portfolio with selectively acquired properties

### Investments (as of March 31, 2018)

**Number of properties: 15 properties**

**Asset size: 324.0 billion yen**  
(Total acquisition price)



### Target portfolio and actual performance

		Region				Total	
		Central Tokyo (Note 1)		Other areas (Note 2)			
		Target	Actual	Target	Actual	Target	Actual
Use	Office Buildings	60 to 70%	63.8%	10 to 20%	7.4%	70 to 90%	71.2%
	Retail Facilities / Other (Note 3)	0 to 10%	16.4%	10 to 20%	12.4%	10 to 30%	28.8%
Total		60 to 80%	80.2%	20 to 40%	19.8%	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.

# Basic Policy and Characteristics of MORI TRUST Sogo Reit, Inc. (2)

4. Characteristics of MORI TRUST Sogo Reit, Inc.

## 2 Broad collaboration with the Mori Trust Group

Investment units held by the Mori Trust Group

**350,070 units (26.5%) held** (as of March 31, 2018)

Pipeline for the acquisition and disposition of real estate

The Investment Corporation and Mori Trust Co., Ltd. have entered into an agreement on the provision of information on real estate, etc. between the Investment Corporation and three companies of the Mori Trust Group.

### Acquisitions (as of March 31, 2018)

#### Acquisitions Based on Information Provided by the Mori Trust Group



ON Building



Kioicho Building

Shin-Yokohama  
TECH Building

Hotel Okura Kobe

**31.2%**Acquisitions through  
Proprietary Channels

23.3%

Acquisitions  
involving the  
Mori Trust Group**76.7%**

\* Percentage based on acquisition price

#### Acquisitions from the Mori Trust Group

**45.5%**Tokyo Shiodome  
Building

Osaki MT Building

Shinbashi Ekimae  
MTR BuildingIto-Yokado  
Shonandai

### Recent dispositions

#### Dispositions to the Mori Trust Group:

Akasaka-Mitsuke MT Building (2010), Mita MT Building (2014)

#### Dispositions based on information provided by the Mori Trust Group:

Ginza MTR Building (2014 and 2015), Osaka Marubeni Building (2015),  
Ito-Yokado Shin-Urayasu (2017)

### Harnessing the real estate leasing and management knowhow of the Mori Trust Group

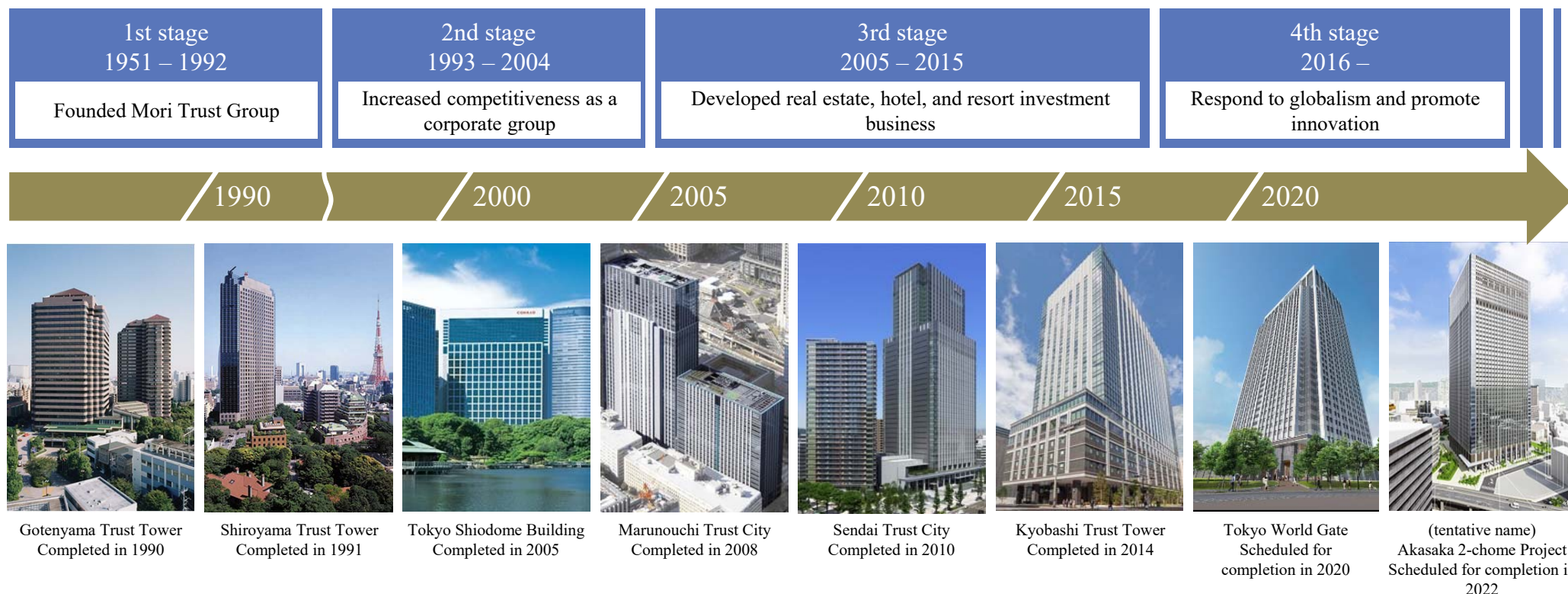
The Investment Corporation seeks to increase the profitability of the portfolio by harnessing the real estate leasing and management knowhow of the Mori Trust Group.

## 3 Solid financial 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
- Establish a credit line to ensure flexible fundraising (Mizuho Bank: ¥10 billion; Sumitomo Mitsui Banking: ¥10 billion)



Since its founding in 1951, the Mori Trust Group has engaged in large urban development projects primarily in the central Tokyo area, with property holding, leasing, operation, and management. Through the success of this core business, in which the Group has envisioned the future of cities and continued to provide functions truly needed by people, the Group ensures high profitability and stable income and is building a strong financial foundation.



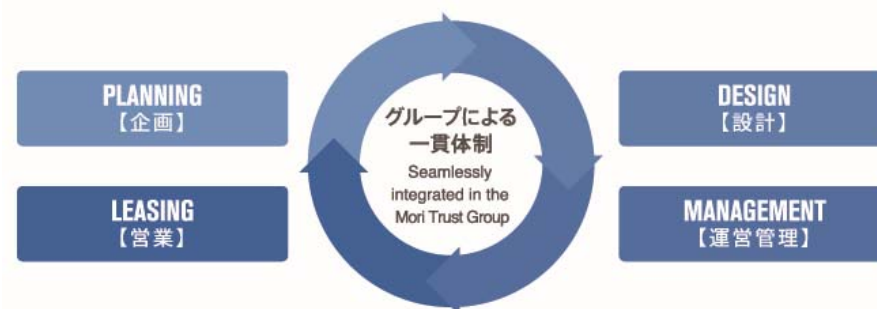
### ■ Mori Trust Group lease operation facilities

Holds and operates a large number of properties in central Tokyo and central areas of major cities (Sendai and Osaka)

Total number of facilities: <b>174</b>	Operated area: Approx. <b>1,560,000</b> sq. meters
Buildings for lease: <b>157</b> buildings, approx. <b>1,360,000</b> sq. meters	

### ■ System of real estate development

Applies expertise built in property marketing, operation, and management to building planning and design



(As of December 31, 2017)





# Major Properties Held, Developed, etc. in Central Tokyo by Mori Trust Group

Fiscal Period Ended March 2018 (32nd Fiscal Period) Information Package

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



Note: As of the end of April 2018, there is not plan for the Investment Corporation to acquire the above properties.

**MORI TRUST Sogo Reit, Inc.**



## 5. Reference

A blue parallelogram graphic, tilted slightly upwards from left to right, positioned below the section header.



			(Unit: thousand yen)		
			Period ended	Period ended	
			September 2017	March 2018	
			(As of September 30, 2017)	(As of March 31, 2018)	
<b>Assets</b>					
Current assets					
Cash and deposits	21,105,617	14,203,997			
Cash and deposits in trust	2,683,202	2,856,068			
Operating accounts receivable	68,100	57,780			
Prepaid expenses	25,422	32,765			
Deferred tax assets	21	13			
Consumption tax receivable	—	9,474			
Other	3,538	3,276			
Total current assets	23,885,903	17,163,374			
Non-current assets					
Property, plant and equipment					
Buildings	25,102,163	24,463,454			
Structures	34,752	34,327			
Machinery and equipment	28,601	45,100			
Tools, furniture and fixtures	33,380	32,913			
Land	136,672,529	136,672,529			
Buildings in trust	18,218,754	18,625,958			
Structures in trust	20,150	21,673			
Machinery and equipment in trust	664	636			
Tools, furniture and fixtures in trust	27,193	26,963			
Land in trust	123,359,160	130,930,959			
Total property, plant and equipment	303,497,351	310,854,517			
Intangible assets					
Software	76	57			
Other	240	240			
Total intangible assets	316	297			
Investments and other assets					
Guarantee deposits	10,000	10,000			
Long-term prepaid expenses	562	16,287			
Other	3,602	3,602			
Total investments and other assets	14,164	29,889			
Total non-current assets	303,511,832	310,884,704			
Deferred assets					
Investment corporation bond issuance costs	40,427	31,682			
Total deferred assets	40,427	31,682			
Total assets	327,438,163	328,079,762			
<b>Liabilities</b>					
Current liabilities					
Operating accounts payable	566,765	187,300			
Short-term loans payable	5,500,000	8,500,000			
Current portion of investment corporation bonds	4,000,000	3,000,000			
Current portion of long-term loans payable	33,000,000	15,500,000			
Accounts payable – other	237,354	114,199			
Accrued expenses	555,704	500,934			
Dividends payable	10,318	10,589			
Income taxes payable	999	818			
Accrued consumption taxes	359,769	—			
Advances received	1,431,504	1,456,726			
Deposits received	3,377	24,789			
Total current liabilities	45,665,793	29,295,358			
Non-current liabilities					
Investment corporation bonds	9,000,064	6,000,050			
Long-term loans payable	100,500,000	122,000,000			
Tenant leasehold and security deposits	9,265,115	9,486,811			
Tenant leasehold and security deposits in trust	833,453	905,569			
Deferred tax liabilities	515,301	500,364			
Total non-current liabilities	120,113,934	138,892,795			
Total liabilities	165,779,728	168,188,154			
<b>Net assets</b>					
Unitholders' equity					
Unitholders' capital	153,990,040	153,990,040			
Surplus					
Voluntary retained earnings					
Reserve for reduction entry	618,592	1,115,915			
Total voluntary retained earnings	618,592	1,115,915			
Unappropriated retained earnings	7,049,802	4,785,653			
Total surplus	7,668,395	5,901,568			
Total unitholders' equity	161,658,435	159,891,608			
Total net assets	161,658,435	159,891,608			
Total liabilities and net assets	327,438,163	328,079,762			



## Statements of Income

	(Unit: thousand yen)	
	Period ended September 2017 (April 1, 2017 to September 30, 2017)	Period ended March 2018 (October 1, 2017 to March 31, 2018)
Operating revenue		
Lease business revenue	8,504,468	8,406,855
Other lease business revenue	289,014	279,452
Gain on sale of investment property	2,813,198	—
Total operating revenue	11,606,680	8,686,308
Operating expenses		
Expenses related to rent business	3,285,231	2,990,885
Asset management fee	364,288	328,060
Asset custody fee	16,557	16,364
Administrative service fees	59,152	51,275
Directors' compensations	7,590	6,000
Other operating expenses	79,592	45,536
Total operating expenses	3,812,411	3,438,121
Operating income	7,794,268	5,248,186
Non-operating income		
Interest income	372	381
Reversal of dividends payable	1,112	1,658
Insurance income	286	6,259
Other	—	1,764
Total non-operating income	1,771	10,063
Non-operating expenses		
Interest expenses	490,019	462,695
Interest expenses on investment corporation bonds	16,115	15,208
Amortization of investment corporation bond issuance costs	9,402	8,745
Total non-operating expenses	515,538	486,648
Ordinary income	7,280,501	4,771,601
Profit before income taxes	7,280,501	4,771,601
Income taxes - current	1,056	876
Income taxes - deferred	229,642	(14,928)
Total income taxes	230,698	(14,051)
Profit	7,049,802	4,785,653
Unappropriated retained earnings	7,049,802	4,785,653

## (Breakdown of Real Estate Leasing Business Income)

	(Unit: thousand yen)	
	Period ended September 2017 (April 1, 2017 to September 30, 2017)	Period ended March 2018 (October 1, 2017 to March 31, 2018)
A. Rental revenues		
Lease business revenue		
Rent	8,102,436	8,029,007
Common charges	278,422	254,238
Land leasing revenues	123,609	123,609
Other lease business revenue	289,014	279,452
Total rental revenues	8,793,482	8,686,308
B. Property-related expenses		
Property management expenses		
Property management fees	415,345	421,253
Utilities	223,390	203,054
Property and other taxes	928,904	876,912
Casualty insurance	20,650	17,994
Repair expenses	298,669	161,896
Depreciation and amortization	1,373,930	1,282,788
Other expenses	24,340	26,983
Total property-related expenses	3,285,231	2,990,885
C. Profit and losses from real estate business (A-B)	5,508,250	5,695,423



# Statement of Cash Distributions / Statements of Cash Flows

5. Reference

## Statement of Cash Distributions

	(Unit: yen)	
	Period ended September 2017 (April 1, 2017 to September 30, 2017)	Period ended March 2018 (October 1, 2017 to March 31, 2018)
I. Unappropriated retained earnings	7,049,802,986	4,785,653,121
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	—	32,346,879
III. Distribution amount	6,552,480,000	4,818,000,000
(Distribution amount per unit)	(4,964)	(3,650)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	497,322,986	—
V. Retained earnings carried forward	0	0

## Statements of Cash Flows

	(Unit: thousand yen)	
	Period ended September 2017 (April 1, 2017 to September 30, 2017)	Period ended March 2018 (October 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	7,280,501	4,771,601
Depreciation	1,373,930	1,282,788
Amortization of investment corporation bond issuance costs	9,402	8,745
Interest income	(372)	(381)
Interest expenses	506,135	477,903
Increase in operating accounts receivable	11,296	10,319
Increase (decrease) in operating accounts payable	345,032	(379,346)
Increase in consumption tax refund receivable	—	(9,474)
Decrease in accrued consumption taxes	188,571	(359,769)
Increase (decrease) in advances received	(46,363)	25,221
Decrease due to sale of investment property	11,213,671	—
Other, net	67,582	(55,649)
Subtotal	20,949,389	5,771,961
Interest income received	372	381
Interest expenses paid	(516,897)	(482,803)
Income taxes paid	(908)	(1,057)
Net cash provided by operating activities	20,431,955	5,288,481
Cash flows from investing activities		
Purchase of property, plant and equipment	(233,430)	(240,569)
Purchase of property, plant and equipment in trust	(102,244)	(8,521,688)
Repayments of tenant leasehold and security deposits	(909,448)	(91,991)
Proceeds from tenant leasehold and security deposits	73,032	313,686
Repayments of tenant leasehold and security deposits in trust	(30,546)	(3,810)
Proceeds from tenant leasehold and security deposits in trust	32,172	79,345
Net cash used in investing activities	(1,170,465)	(8,465,027)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(500,000)	3,000,000
Proceeds from long-term loans payable	12,500,000	22,500,000
Repayments of long-term loans payable	(19,500,000)	(18,500,000)
Proceeds from issuance of investment corporation bonds	—	(4,000,000)
Dividends paid	(4,755,373)	(6,552,208)
Net cash used in financing activities	(12,255,373)	(3,552,208)
Net increase(decrease) in cash and cash equivalents	7,006,117	(6,728,754)
Cash and cash equivalents at beginning of period	16,782,701	23,788,819
Cash and cash equivalents at end of period	23,788,819	17,060,065

(Million yen)

	Period ended March 2016 (28th fiscal period)	Period ended September 2016 (29th fiscal period)	Period ended March 2017 (30th fiscal period)	Period ended September 2017 (31st fiscal period)	Period ended March 2018 (32nd fiscal period)	Formula
Operating revenues	8,558	8,658	8,869	11,606	8,686	
Gain on sale of real estate	—	—	—	2,813	—	
Operating expenses	3,586	3,630	3,636	3,812	3,438	
Operating income	4,971	5,028	5,233	7,794	5,248	
Ordinary income	4,385	4,477	4,707	7,280	4,771	
Profit	4,477	4,596	4,722	7,049	4,785	
Total distribution	4,646	4,712	4,755	6,552	4,818	
Total assets	333,771	333,092	332,575	327,438	328,079	
Interest-bearing liabilities	161,000	160,000	159,500	152,000	155,000	
Total net assets	159,405	159,354	159,364	161,658	159,891	
Unrealized gain/loss	20,336	19,493	22,195	33,072	33,395	
NAV	179,741	178,847	181,560	194,731	193,287	NAV = Total net assets + Unrealized gain/loss
Profits from real estate rental business	5,406	5,467	5,673	5,508	5,695	
Depreciation and amortization	1,429	1,402	1,394	1,373	1,282	
NOI	6,836	6,869	7,067	6,882	6,978	NOI = Profits from real estate rental business + Depreciation and amortization
FFO	5,907	5,998	6,116	5,610	6,068	FFO = Profit + Depreciation and amortization – Gain/loss on sale of real estate
Capital improvements	315	235	151	470	237	
Net cash flows	6,521	6,633	6,916	6,411	6,740	NCF = NOI – Capital improvements
ROA (annualized)	2.6%	2.7%	2.8%	4.4%	2.9%	ROA = (Ordinary income / Total assets) / 6 × 12 * Annualized
ROE (annualized)	5.6%	5.8%	5.9%	8.7%	6.0%	ROE = (Profit / Total net assets) / 6 × 12 * Annualized
LTV ratio	48.2%	48.0%	48.0%	46.4%	47.2%	LTV = Interest-bearing liabilities / Total assets
Total number of outstanding investment units	1,320,000 units	1,320,000 units	1,320,000 units	1,320,000 units	1,320,000 units	
Distribution per unit	3,520 yen	3,570 yen	3,603 yen	4,964 yen	3,650 yen	
Total net assets per unit	120,761 yen	120,723 yen	120,730 yen	122,468 yen	121,130 yen	
NAV per unit	136,167 yen	135,490 yen	137,545 yen	147,523 yen	146,429 yen	
FFO per unit	4,475 yen	4,544 yen	4,633 yen	4,250 yen	4,597 yen	

## Changes in Occupancy Rate

### Monthly Occupancy Rates for Each Use Category (from end of previous period to end of current period)

Use	(Period ended September 2017) September 30, 2017	Oct. 31, 2017	Nov. 30, 2017	Dec. 31, 2017	Jan. 31, 2018	Feb. 28, 2018	(Period ended March 2018) March 31, 2018
Office Buildings Master lease basis (Sublease basis)	99.3% (98.2%)	99.0% (98.1%)	99.0% (98.3%)	99.3% (98.6%)	99.3% (98.6%)	99.6% (98.9%)	99.6% (98.9%)
Retail Facilities	100%	100%	100%	100%	100%	100%	100%
Other	100%	100%	100%	100%	100%	100%	99.8%
Total Master lease basis (Sublease basis)	99.7% (99.2%)	99.5% (99.1%)	99.5% (99.2%)	99.7% (99.4%)	99.7% (99.4%)	99.8% (99.5%)	99.8% (99.5%)

### Property-Related Occupancy Rate (Most Recent 5 Fiscal Periods)

Use	Name	March 31, 2016 (End of 28th fiscal period)	September 30, 2016 (End of 29th fiscal period)	March 31, 2017 (End of 30th fiscal period)	September 30, 2017 (End of 31st fiscal period)	March 31, 2018 (End of 32nd fiscal period)
Office Buildings	Tokyo Shiodome Building	100%	100%	100%	100%	100%
	ON Building	100%	100%	100%	100%	100%
	Kioicho Building (Note 2)	66.1% (65.5%)	96.7% (94.8%)	99.9% (98.1%)	99.9% (98.1%)	99.9% (98.7%)
	Osaki MT Building (Note 3)	100% (98.2%)	100% (96.7%)	100% (92.7%)	100% (92.7%)	100% (92.7%)
	Midosuji MTR Building (Note 4)	100% (92.9%)	100% (96.7%)	100% (95.0%)	100% (95.5%)	100% (100%)
	Hiroo SK Building (Note 5)	—	—	—	—	99.5%
	Tenjin Prime (Note 5)	100%	94.6%	100%	100%	100%
	Shin-Yokohama TECH Building	90.5%	97.8%	98.8%	92.6%	95.7%
Retail Facilities	SHIBUYA FLAG (Note 5)	100%	100%	100%	100%	100%
	Shinbashi Ekimae MTR Building	100%	100%	100%	100%	100%
	Ito-Yokado Shonandai	100%	100%	100%	100%	100%
	Kohnan Sagamiyara-Nishihashimoto	100%	100%	100%	100%	100%
	Frespo Inage	100%	100%	100%	100%	100%
Hotel	Hotel Okura Kobe	100%	100%	100%	100%	100%
Residential	Park Lane Plaza	92.7%	93.5%	100%	100%	96.8%
Total (Note 6)		97.9% (97.5%)	99.6% (99.3%)	99.9% (99.5%)	99.7% (99.2%)	99.8% (99.5%)

(Note 1) The occupancy rate for each asset, such as real estate, is the percentage of the total rented area out of the total rentable area. The total occupancy rate is based on assets, such as real estate, held by MTR as of the end of each fiscal period.

(Note 2) Regarding the office portion of the Kioicho Building, MTR leases the building portion of the Kioicho Building from a fiduciary trust company under a master lease agreement and subleases it to tenants. For the residential section, MTR enters into a pass-through master lease agreement. The occupancy rates stated above are those under the sublease agreement for the office portion and the master lease agreement for the residential portion. The figure in brackets for the occupancy rate of the building is the occupancy rate 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 Osaki MT Building, and the figure in brackets for the occupancy rate of the building is the occupancy rate based on the sublease agreement.

(Note 4) The agreement used for the Midosuji MTR Building is the master lease pass-through model, and the occupancy rate in brackets for the building is that based on the sublease agreement.

(Note 5) MTR leases the land and building of Hiroo SK Building, Tenjin Prime and SHIBUYA FLAG from a fiduciary trust company under a master lease agreement and subleases it to tenants. The occupancy rates of the above properties are for those under the sublease agreements.

(Note 6) The occupancy rate in brackets is the total that was calculated based on occupancy rates in the sublease agreements for Kioicho Building, Osaki MT Building and the Midosuji MTR Building.



# Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (1)

5. Reference

Office Buildings												
	Tokyo Shiodome Building		ON Building		Kioicho Building		Osaki MT Building		Midosuji MTR Building		Hiroo SK Building (Note 7)	
												
Location	Minato Ward, Tokyo		Shinagawa Ward, Tokyo		Chiyoda Ward, Tokyo		Shinagawa Ward, Tokyo		Chuo Ward, Osaka		Shibuya Ward, Tokyo	
Construction completion	January 2005		November 1990		November 1989		July 1994 (Renovated in 2008)		March 1999		November 1992	
Acquisition date	April 2010		August 2008		October 2014		March 2005, and other		April 2015		January 2018	
Acquisition price	110,000 million yen		39,900 million yen		34,300 million yen		14,386 million yen		10,170 million yen		8,100 million yen	
Book value	103,320 million yen		39,471 million yen		33,785 million yen		13,268 million yen		10,168 million yen		8,392 million yen	
Appraisal value	128,000 million yen		30,700 million yen		36,800 million yen		13,000 million yen		10,400 million yen		8,140 million yen	
Total floor space	191,394.06 m <sup>2</sup> (Note 1)		32,812.27 m <sup>2</sup>		63,535.55 m <sup>2</sup> (Note 2)		26,980.68 m <sup>2</sup> (Note 3)		15,129.16 m <sup>2</sup>		6,709.80m <sup>2</sup>	
PML (Note 4)	6.0%		8.0%		11.3%		11.5%		2.1%		7.3%	
Rental revenues (thousand yen)	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018
Rental revenues	2,795,000	2,795,000	Undisclosed (Note 5)	Undisclosed (Note 5)	1,051,349	1,050,664	302,502	312,794	286,388	294,525	—	98,982
Rent	2,795,000	2,795,000			934,607	942,255	301,381	311,813	226,845	241,208	—	69,148
Common charges	—	—			10,648	10,168	—	—	21,478	21,478	—	17,973
Land leasing revenues	—	—			—	—	—	—	—	—	—	—
Other rental revenues	—	—			106,093	98,240	1,120	980	38,064	31,838	—	11,861
Property-related expenses	894,988	895,059			599,923	559,437	102,579	101,281	181,335	153,397	—	21,599
Property and other taxes	382,520	382,515			86,705	86,705	36,283	36,276	37,617	37,617	—	—
Property taxes	382,520	382,515			85,380	85,379	36,283	36,276	37,617	37,617	—	—
Other taxes	—	—			1,325	1,325	—	—	—	—	—	—
Overhead expenses	3,390	3,391			322,893	320,337	9,567	8,386	90,773	60,975	—	13,437
Property management fees	—	—			235,098	241,882	—	—	28,553	29,869	—	3,670
Utilities	—	—			72,603	58,700	—	—	27,561	26,486	—	6,166
Casualty insurance	3,250	3,391			1,215	1,246	680	713	476	499	—	117
Trust fees	—	—			800	800	—	—	500	500	—	157
Other expenses	140	—			13,176	17,708	8,886	7,672	33,682	3,620	—	3,325
Depreciation and amortization	509,077	509,152			190,324	152,394	56,728	56,618	52,944	54,804	—	8,161
Profits and losses from real estate business	1,900,011	1,899,940	534,469	562,036	451,426	491,227	199,922	211,512	105,052	141,127	—	77,383
Earnings before depreciation and amortization (NOI)	2,409,089	2,409,092	619,642	646,979	641,751	643,622	256,651	268,131	157,997	195,932	—	85,545
NOI yield (Note 6)	4.4%		3.2%		3.8%		3.7%		3.9%		5.4%	

(Note 1) The Tokyo Shiodome Building is a co-owned building and the floor area of 95,697.03m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio of 50/100) with the total floor space.

(Note 2) MTR has acquired sectional ownership of the Kioicho Building. The total floor space stated is the total floor space for the portion of one building that represents the sectional ownership. The exclusive portion of the floor space owned by a fiduciary of the trust in which MTR is the sole beneficiary is 24,598.85 m<sup>2</sup>.

(Note 3) The Osaki MT Building is a co-owned building, and the floor area of 24,495.21m<sup>2</sup> is calculated by multiplying MTR's co-owned interest (ratio of 907,880/1,000,000) with the total floor space.

(Note 4) 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 5) The rental revenues and property-related expenses of ON Building are not disclosed because tenants' consent to disclosure has not been obtained.

(Note 6) NOI earnings yield: NOI in the fiscal period ended March 2018 (annual basis) / Acquisition price

(Note 7) MORI TRUST Sogo Reit acquired Hiroo SK Building on January 19, 2018.

# Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (2)

5. Reference

	Office Buildings				Retail Facilities							
	Tenjin Prime		Shin-Yokohama TECH Building		SHIBUYA FLAG		Shinbashi Ekimae MTR Building		Ito-Yokado Shonandai		Kohnan Sagamihara-Nishihashimoto	
												
Location	Chuo Ward, Fukuoka		Kohoku Ward, Yokohama		Shibuya Ward, Tokyo		Minato Ward, Tokyo		Fujisawa City, Kanagawa		Midori Ward, Sagamihara	
Construction completion	October 2008		Building A: February 1986 Building B: February 1988		August 2009		April 1999		November 2002		August 2005	
Acquisition date	July 2012		November 2003		April 2013		April 2007		March 2003		October 2012	
Acquisition price	6,940 million yen		6,900 million yen		32,040 million yen		18,000 million yen		11,600 million yen		7,460 million yen	
Book value	6,697 million yen		6,758 million yen		32,591 million yen		17,393 million yen		9,947 million yen		7,381 million yen	
Appraisal value	8,440 million yen		5,650 million yen		39,200 million yen		20,900 million yen		11,700 million yen		8,500 million yen	
Total floor space	7,722.04 m <sup>2</sup>		25,187.22 m <sup>2</sup>		7,766.49 m <sup>2</sup>		7,820.45 m <sup>2</sup>		53,393.66 m <sup>2</sup>		40,283.77 m <sup>2</sup>	
PML (Note 4)	6.4%		8.7%		11.9%		12.2%		14.0%		13.5%	
Rental revenues (thousand yen)	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018
Rental revenues	279,222	278,307	288,147	315,870	Undisclosed (Note 8)		459,000	459,000	395,045	395,045	Undisclosed (Note 8)	
Rent	239,918	240,684	202,864	279,666			459,000	459,000	395,000	395,000		
Common charges	20,560	20,560	43,192	1,515			—	—	—	—		
Land leasing revenues	—	—	—	—			—	—	—	—		
Other rental revenues	18,743	17,062	42,089	34,687			—	—	45	45		
Property-related expenses	82,762	79,107	286,703	199,284			53,919	49,551	163,135	148,377		
Property and other taxes	22,445	22,445	29,490	29,488			30,593	30,589	39,750	39,744		
Property taxes	22,445	22,445	29,490	29,488			30,593	30,589	39,750	39,744		
Other taxes	—	—	—	—			—	—	—	—		
Overhead expenses	31,978	28,390	205,749	114,259			1,380	1,387	36,343	45,308		
Property management fees	7,315	7,423	62,670	58,087	1,200	1,200	1,620	1,620				
Utilities	13,841	12,652	40,131	37,147	—	—	—	—				
Casualty insurance	177	185	689	723	180	187	857	893				
Trust fees	750	750	—	—	—	—	—	—				
Other expenses	9,893	7,378	102,258	18,300	—	—	33,865	42,795				
Depreciation and amortization	28,337	28,271	51,462	55,536	21,945	17,574	87,041	63,324				
Profits and losses from real estate business	196,460	199,200	1,444	116,585	671,356	663,928	405,080	409,448	231,910	246,667	188,057	188,340
Earnings before depreciation and amortization (NOI)	224,797	227,471	52,906	172,122	694,873	687,490	427,026	427,022	318,952	309,992	225,461	225,711
NOI yield	6.6%		5.0%		4.3%		4.7%		5.3%		6.1%	

(Note 8) The rental revenues and property-related expenses of SHIBUYA FLAG and Kohnan Sagami-hara-Nishihashimoto are not disclosed because tenants' consent to disclosure has not been obtained.

# Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (3)

5. Reference

	Retail Facilities Frespo Inage		Hotel Hotel Okura Kobe		Residential Park Lane Plaza		Total (Note 10)		(Property transferred in the previous period) Retail Facilities Ito-Yokado Shin-Urayasu	
										
Location	Inage Ward, Chiba		Chuo Ward, Kobe		Shibuya Ward, Tokyo		—		Urayasu City, Chiba	
Construction completion	—		March 1989 (Expanded March 1995)		June 1988		—		September 2000	
Acquisition date	March 2002		September 2006		December 2004		—		July 2004	
Acquisition price	2,100 million yen		19,000 million yen		3,200 million yen		324,096 million yen		—	
Book value	2,193 million yen		16,305 million yen		3,178 million yen		310,854 million yen		—	
Appraisal value	2,650 million yen		16,700 million yen		3,470 million yen		344,250 million yen		—	
Total floor space	(39,556.71 m <sup>2</sup> ) (Note 9)		72,246.86 m <sup>2</sup>		5,246.78 m <sup>2</sup>		—		—	
PML (Note 4)	—		17.8%		14.9%		5.4% (Note 11)		—	
Rental revenues (thousand yen)	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018	Period ended September 2017	Period ended March 2018
Rental revenues	123,609	123,609	640,584	640,599	102,820	103,553	8,793,482	8,686,308	250,076	—
Rent	—	—	640,584	640,599	92,923	93,836	8,102,436	8,029,007	250,076	—
Common charges	—	—	—	—	9,043	9,043	278,422	254,238	—	—
Land leasing revenues	123,609	123,609	—	—	—	—	123,609	123,609	—	—
Other rental revenues	—	—	—	—	853	672	289,014	279,452	—	—
Property-related expenses	8,497	8,019	360,078	340,381	34,922	31,336	3,285,231	2,990,885	90,532	—
Property and other taxes	7,270	7,269	88,516	88,514	6,907	6,902	928,904	876,912	50,003	—
Property taxes	7,270	7,269	88,516	88,514	6,907	6,902	925,627	875,584	50,003	—
Other taxes	—	—	—	—	—	—	3,276	1,328	—	—
Overhead expenses	1,227	750	87,798	72,509	16,271	12,718	982,396	831,183	6,064	—
Property management fees	—	—	—	—	8,321	7,823	415,345	421,253	1,080	—
Utilities	—	—	—	—	2,438	2,267	223,390	203,054	—	—
Casualty insurance	—	—	8,294	8,248	138	144	20,650	17,994	3,121	—
Trust fees	1,175	750	2,000	2,000	—	—	6,875	6,607	—	—
Other expenses	52	—	77,503	62,261	5,373	2,482	316,135	182,272	1,862	—
Depreciation and amortization	—	—	183,764	179,356	11,743	11,716	1,373,930	1,282,788	34,465	—
Profits and losses from real estate business	115,111	115,589	280,505	300,218	67,898	72,216	5,508,250	5,695,423	159,544	—
Earnings before depreciation and amortization (NOI)	115,111	115,589	464,269	479,574	79,641	83,932	6,882,181	6,978,212	194,009	—
NOI yield	11.0%		5.0%		5.2%		4.4%		—	

(Note 9) The floor area of Frespo Inage is the area of the real estate trust associated with the real estate trust's beneficiary rights.

(Note 10) The total rental revenues for the fiscal period ended September 2017 include rental revenues from the property transferred in the said period.

(Note 11) Portfolio PML is calculated by assuming an earthquake with an epicenter close to Tokyo's Minato Ward out of multiple earthquake scenarios.

# ■ (Reference) Large-Scale Office Building Supply in the 23 Wards of Tokyo (1)

5. Reference

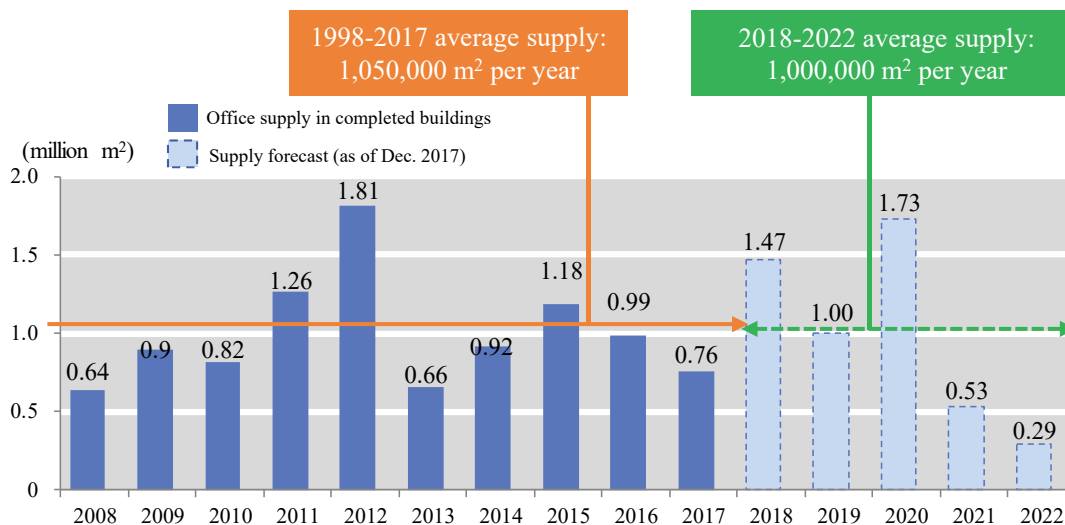
Cited from Mori Trust Co., Ltd.: *Survey of Large-scale Office Building Market in Tokyo's 23 Wards 2018*

**Supply will increase in 2018-2020 and decline thereafter. Supply in 2021-2022 will be half of the past average or less.**

In 2017, the supply fell below the past average supply. Vacancies in newly built office buildings decreased steadily. The vacancy rate of existing buildings continued to decline. The office market is currently solid. With regard to the forecast for the coming five years, massive supply is expected in the three-year period commencing in 2018. However, many buildings have stopped attracting tenants. In 2021 and 2022, supply will plummet to nearly half of the past average level. Supported by strong demand, the market is forecast to remain brisk.

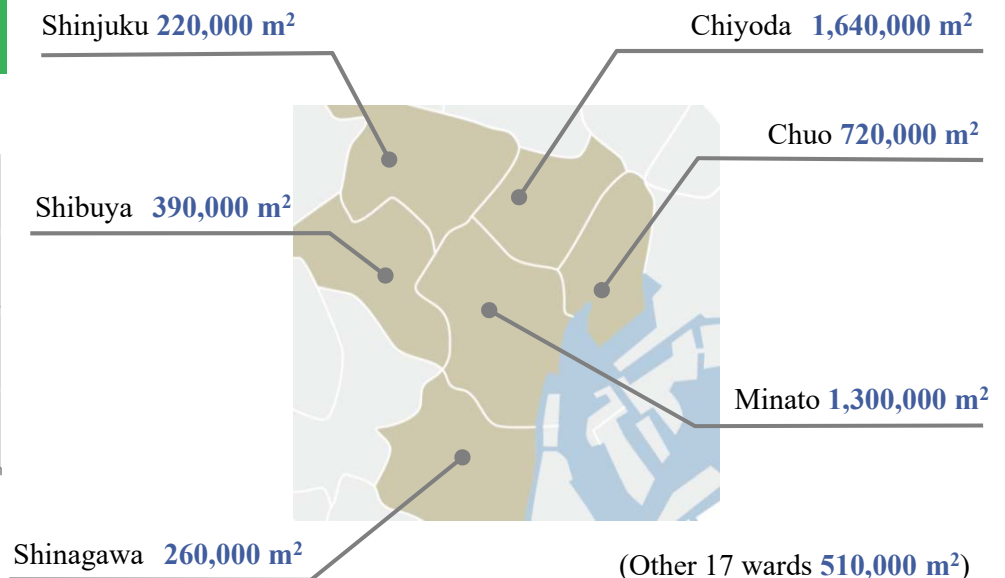
The strong demand is attributed to the actions for seeking diverse work styles and an environment supporting creative activities chiefly among companies carrying out work style reform to increase productivity. These actions are expected to spread further in the future. To meet these needs, future offices will need to serve as urban creative platforms that help provide comfort, progressiveness, diversity and exchange functions by means of the latest technologies and open communities, and that produce new encounters and ideas. It is an urban function that is significant for attracting businesses and competent persons from around the world. It is a task to be positively addressed in collaboration between the government and private sectors for boosting international competitiveness.

## ■ Supply trends for large-scale office buildings in Tokyo's 23 wards



(Note) A large-scale office building refers to a building with a total office floor area of 10,000 m² or larger.

## ■ Supply of large-scale office space by ward (2018-2022)



[Survey Date: December 2017]

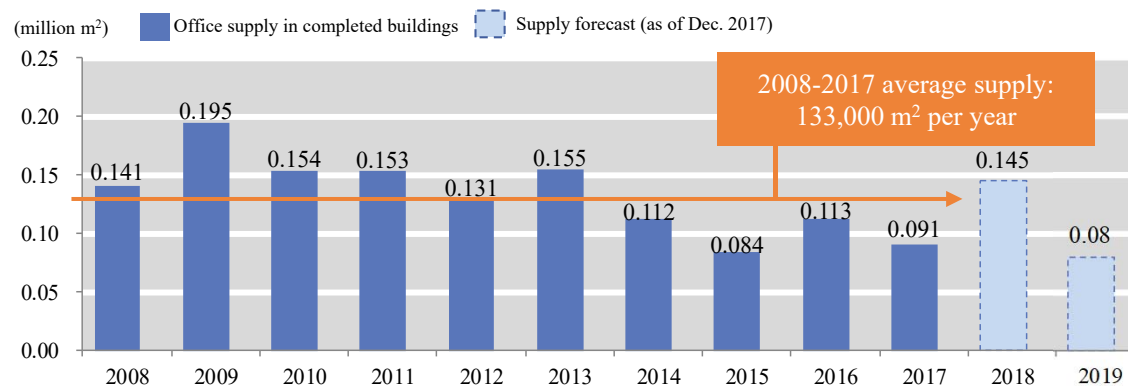
# ■ (Reference) Large-Scale Office Building Supply in the 23 Wards of Tokyo (2)

5. Reference

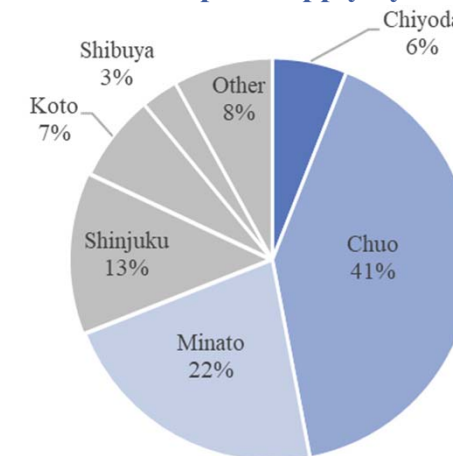
## ■ Trends of Medium-Scale Office Building Supply in the 23 Wards of Tokyo

Medium-scale office building supply in 2017 was 91,000 m<sup>2</sup>, remaining below the average level of 133,000 m<sup>2</sup> over the past ten years for the fourth straight year. Supply is forecast to exceed the average in 2018 and to fall below the average in 2019. The supply of medium-scale office buildings will be limited.

### ■ Supply trends for medium-scale office buildings in Tokyo's 23 wards



### ■ Ratio of office space supply by ward



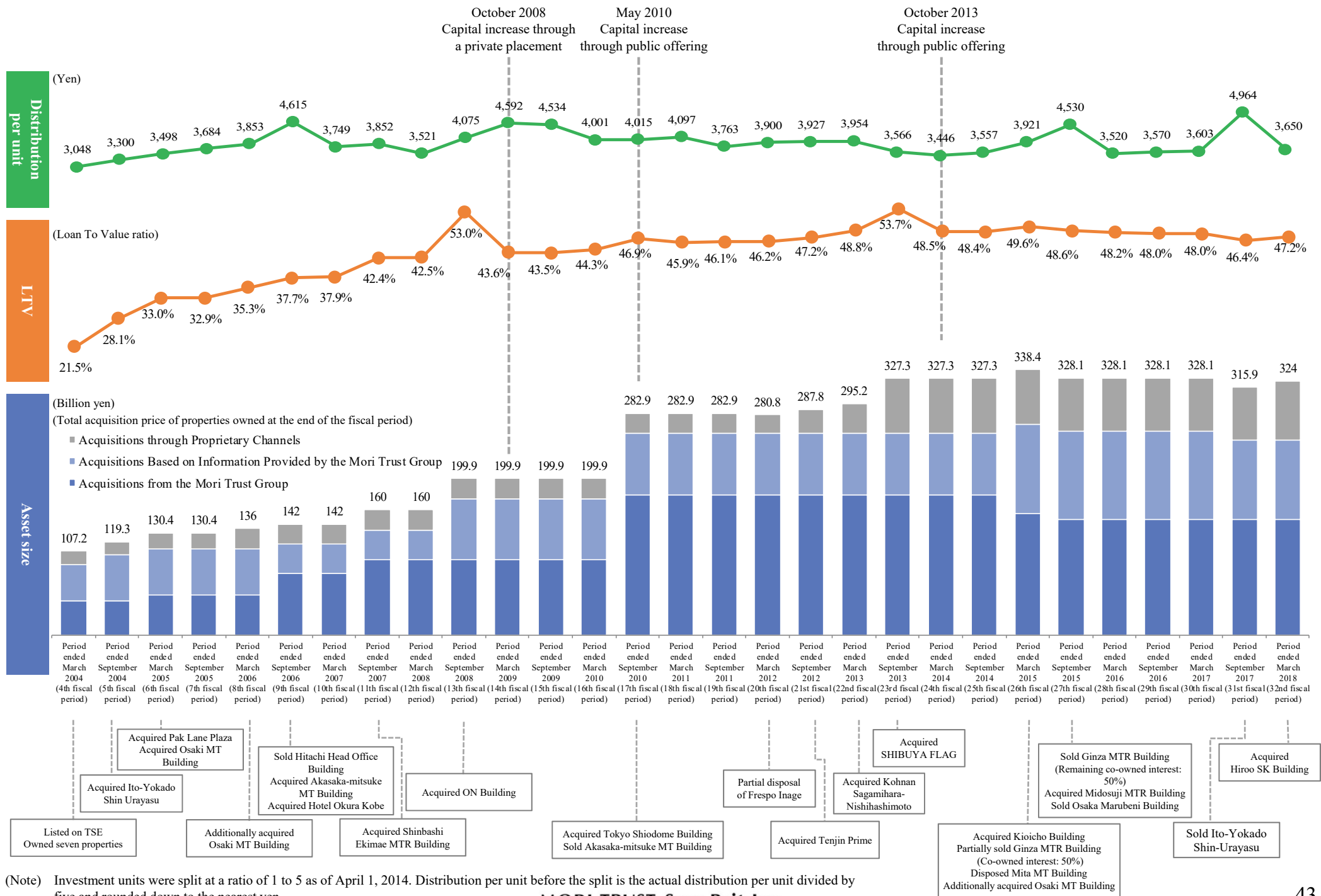
(Note) A medium-scale office building refers to a building with a total office floor area of 5,000 m<sup>2</sup> or larger and less than 10,000 m<sup>2</sup>.

Three central wards:	149,000 m <sup>2</sup> (68%)
Other wards:	69,000 m <sup>2</sup> (32%)



# Changes in Asset Size, LTV and Distribution Per Unit

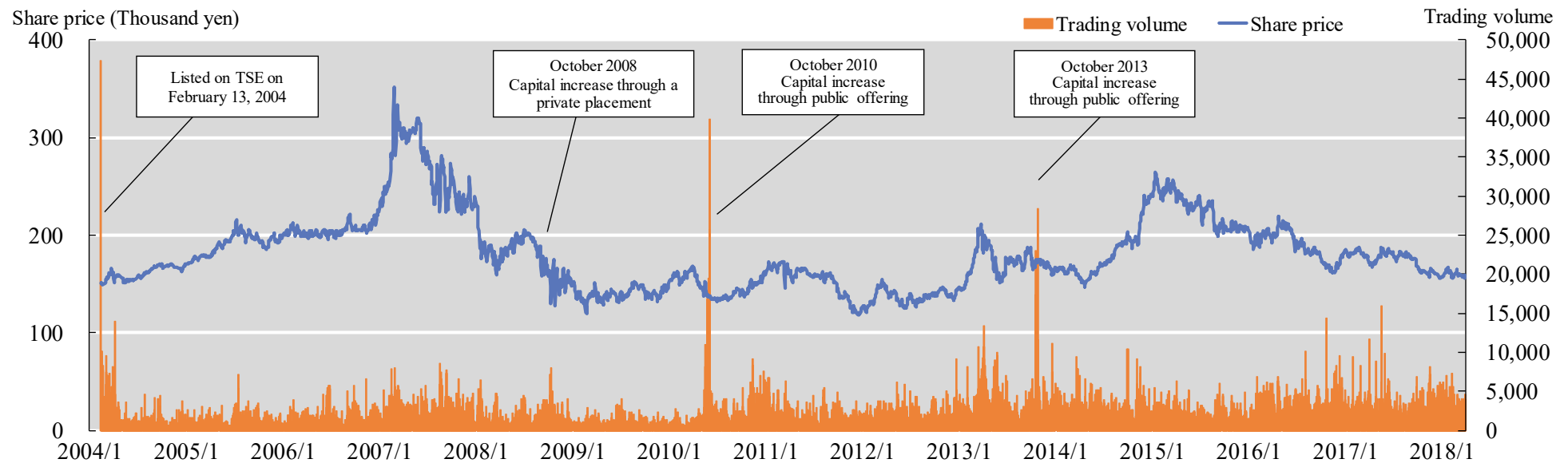
5. Reference





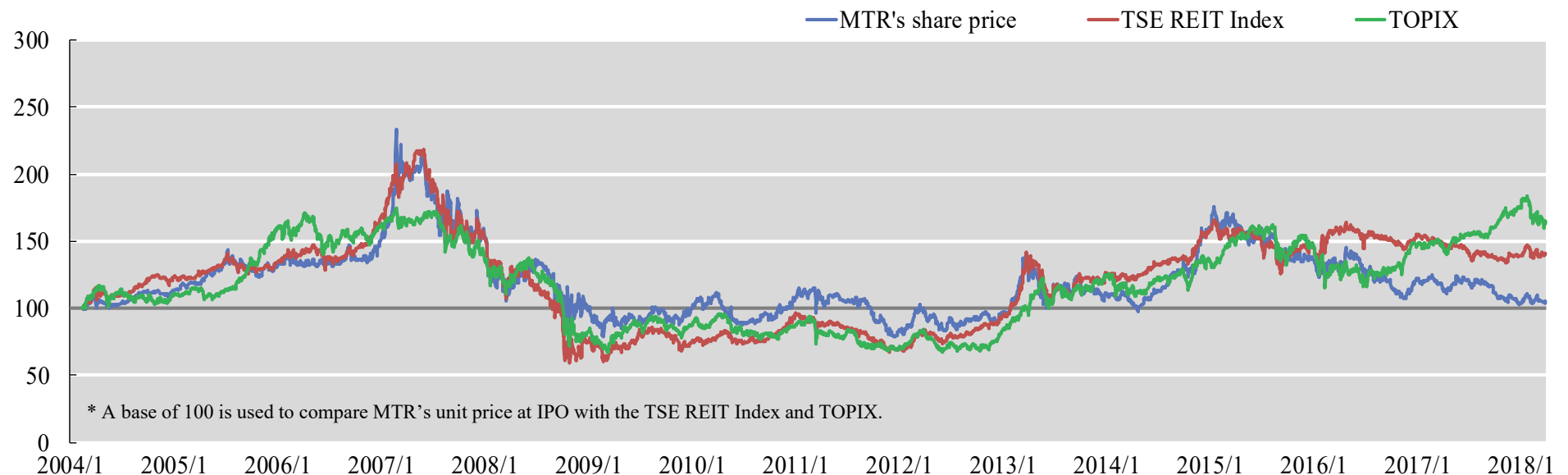
## Changes in Unit Prices

### Closing share price and trading volume February 13, 2004 to March 31, 2018



(Note) Unit price and trading volume take into account the split of investment units (at the ratio of 1 to 5 units) on April 1, 2014, and figures prior to April 1, 2014 are revised accordingly.

### Comparative performance of closing share price February 13, 2004 to March 31, 2018



(The end of the fiscal period ended March 2018)

Agreement		Calculation rate for remuneration	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 profit 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.

## ■ Disclaimer / Contact Information

### ■ Disclaimer

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### ■ Contact Information

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