



MORI TRUST Sogo Reit, Inc.

Fiscal Period Ended March 2019 (34th Fiscal Period)

Information Package



(Securities Code: 8961)

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

(Asset Management Company)

MORI TRUST Asset Management Co., LTD.

MEMO

Contents

1. Overview of the Settlement and Forecasts	3	4. Initiatives Related to ESG	23
Fiscal Period Ended March 2019 Settlement Highlights	4	Initiatives Related to ESG	24
Overview of the Settlement for the Fiscal Period Ended March 2019	5	5. Characteristics of MORI TRUST Sogo Reit, Inc.	28
Factors for Change in Distributions per Unit (the fiscal period ended March 2019)	6	Basic Policy and Characteristics of MORI TRUST Sogo Reit, Inc.	29
Forecasts for the Fiscal Period ending September 2019	7	Mori Trust Group	31
Factors for Change in Distributions per Unit (the fiscal period ending September 2019)	8	6. Reference	32
Fiscal Period Ending March 2020 Forecasts and Changes in Internal Reserves	9	Balance Sheets	33
Changes in Distributions	10	Statements of Income and Retained Earnings	34
2. Portfolio Operations Data	11	Statement of Cash Distributions / Statements of Cash Flows	35
Investment Strategy	12	Changes in Indicators	36
Initiatives for Internal Growth (Situation of Rent Revision)	13	Changes in Occupancy Rate	37
Recent Situations of Individual Properties	14	Portfolio Summary and Breakdown of Property-Related Revenues/Expenses	38
Property Portfolio List as of the End of the Fiscal Period	15	Changes in Asset Size, LTV and Distribution Per Unit	41
Appraisal Values of Portfolio Properties at the Fiscal Period-End	16	Changes in Unit Prices	42
Overview of Occupancy Rate and Lease Contracts at the Fiscal Period-End	17	Asset Management Company Remuneration Methods	43
3. Financial Operations Data	18	Disclaimer / Contact Information	
Management Results for the Fiscal Period Under Review and Loan Repayment Schedule Diversification	19		
Interest-Bearing Liabilities and Rating	20		
Interest-Bearing Liabilities	21		
(Reference) Investors	22		

Disclaimer:

This document is intended to provide information about the business performance and strategies of MORI TRUST Sogo Reit, Inc. (MTR). It is not intended and should not be construed as an inducement or invitation to purchase or invest in the products or investment units of MTR. We caution readers to contact their securities company representative if intending to acquire or sell any of MTR's investment products or investment units, and to undertake investment decisions subject to individual determination. Statements in this document that are not historical facts are "forward-looking statements." While MTR takes all reasonable care in the preparation of this document, it does not guarantee the accuracy and completeness of its content. Readers are also cautioned that the contents of this document may be changed or deleted without prior notice.

1. Overview of the Settlement and Forecasts

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Fiscal Period Ended March 2019 Settlement Highlights

Distribution Per Unit

¥3,666

(up ¥16 vs. the fiscal period ended September 2018, up ¥16 vs. forecast,
up ¥21 vs. the forecast which reflected the deduction of the use of retained earnings)

Distribution per unit exceeded ¥3,650, the near-term goal, without the use of retained earnings.

As of March, 2019 (change from the previous fiscal period in parentheses)

Asset

Number of property: 15 properties (–)

Asset size: ¥324.0 billion (–) (Note 1)

Occupancy rate: 99.9% (up 0.3%)

* Sublease basis **99.7%** (up 0.2%) (Note 2)

Appraisal values of portfolio properties at the fiscal period end: ¥354.1 billion (up ¥2.8 billion)

Unrealized profit: ¥45.1 billion (up ¥3.6 billion) (Note 3)

Investment ratio: [by area] **Tokyo metropolitan area 80.2%** (–)
[by use] **Office building 71.2%** (–)

Debt

Balance of interest-bearing debt: ¥155.0 billion (–)

Average interest rate for borrowings during fiscal period: 0.58% (down 0.00%)

LTV: 47.2% (up 0.0%)

Long-term rating of issuers: AA (stable)
/ Japan Credit Rating Agency, Ltd.

Equity

Number of units issued: 1,320,000 units (–)

NAV per unit: ¥155,349 (up 1.8%)

Investment unit price: ¥172,200
/ closing price on March 29, 2019)

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

(Note 2) For the properties that adopt the master lease contract with the system of linking rental revenue with rents under the sublease contract or the master lease contract of the pass-through type, the occupancy rate calculated based on the occupancy rate under the sublease contract is stated.

(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 2019

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Although operating revenues fell mainly due to the absence of temporary factors that arose in the previous fiscal period, income increased mainly due to upward rent revisions and the reduction of repair expenses.

(Unit: Million yen)

	Period ended September 2018 actual (A)	Period ended March 2019 forecast (B)	Period ended March 2019 actual (C)	Vs. previous fiscal period (C-A)	Vs. forecast (C-B)
Operating revenues	8,819	8,759	8,771	-47	12
Rental revenues (a)	8,819	8,759	8,771	-47	12
Operating expenses	3,556	3,491	3,478	-78	-13
Property-related expenses (b)	3,091	3,038	3,028	-63	-9
Property and other taxes	898	895	896	-1	0
Overhead expenses	931	877	863	-67	-13
Depreciation (c)	1,262	1,264	1,268	5	3
Selling, general and administ	464	453	449	-14	-3
Profits and losses from real estatebusiness (d)=(a)-(b)	5,727	5,721	5,743	15	22
Earnings before depreciation and amortization (NOI) (d)+(c)	6,990	6,986	7,011	21	25
Operating income	5,263	5,268	5,293	30	25
Non-operating revenues	3	6	7	3	0
Non-operating expenses	464	461	460	-4	-1
Ordinary income	4,802	4,813	4,840	38	27
Profit before income taxes	4,802	4,813	4,840	38	27
Income taxes - current	0	1	1	0	0
Income taxes - deferred (*)	-5	-1	-0	5	1
Profit	4,806	4,814	4,839	32	25
Reversal of reserves for reduction entry (*)	11	3	-	-11	-3
Total distribution	4,818	4,818	4,839	21	21
Distribution per unit (yen)	3,650	3,650	3,666	16	16
Total number of outstanding investment units	1,320,000	1,320,000	1,320,000	-	-

Internal reserves (*)

(Unit: Million yen)

	Period ended September 2018 actual	Period ended March 2019 forecast	Period ended March 2019 actual	Vs. previous fiscal period	Vs. forecast
Amount of reduction	16	5	-	-16	-5

Main factors for change

Vs. previous fiscal period

(Unit: Million yen)

Operating revenues

- Increase in revenues due to new occupation and rent revisions, among others 36
- Temporary decrease in revenues due to the replacement of tenants in Tenjin Prime -12
- Decrease in revenues upon the revision of the contract of Ito Yokado (IY) Shonandai -20
- Decrease in utilities revenues, etc. -13
- Absence of temporary factors relating to Tenjin Prime (penalty due to vacation of tenant, etc.) -30

Operating expenses

- Decrease in brokerage fees, etc. -39
- Decrease in utilities expenses -32
- Increase in repair expenses 7

Vs. forecast

(Unit: Million yen)

Operating revenues

- Higher than forecast due to the absence of the vacation of residential tenants 6
- Higher than forecast due to rent revisions, etc. 3
- Higher-than-forecast utilities revenues, etc. 3

Operating expenses

- Higher-than-forecast brokerage fees, etc 7
- Higher-than-forecast utilities expenses 9
- Lower-than-forecast repair expenses -31

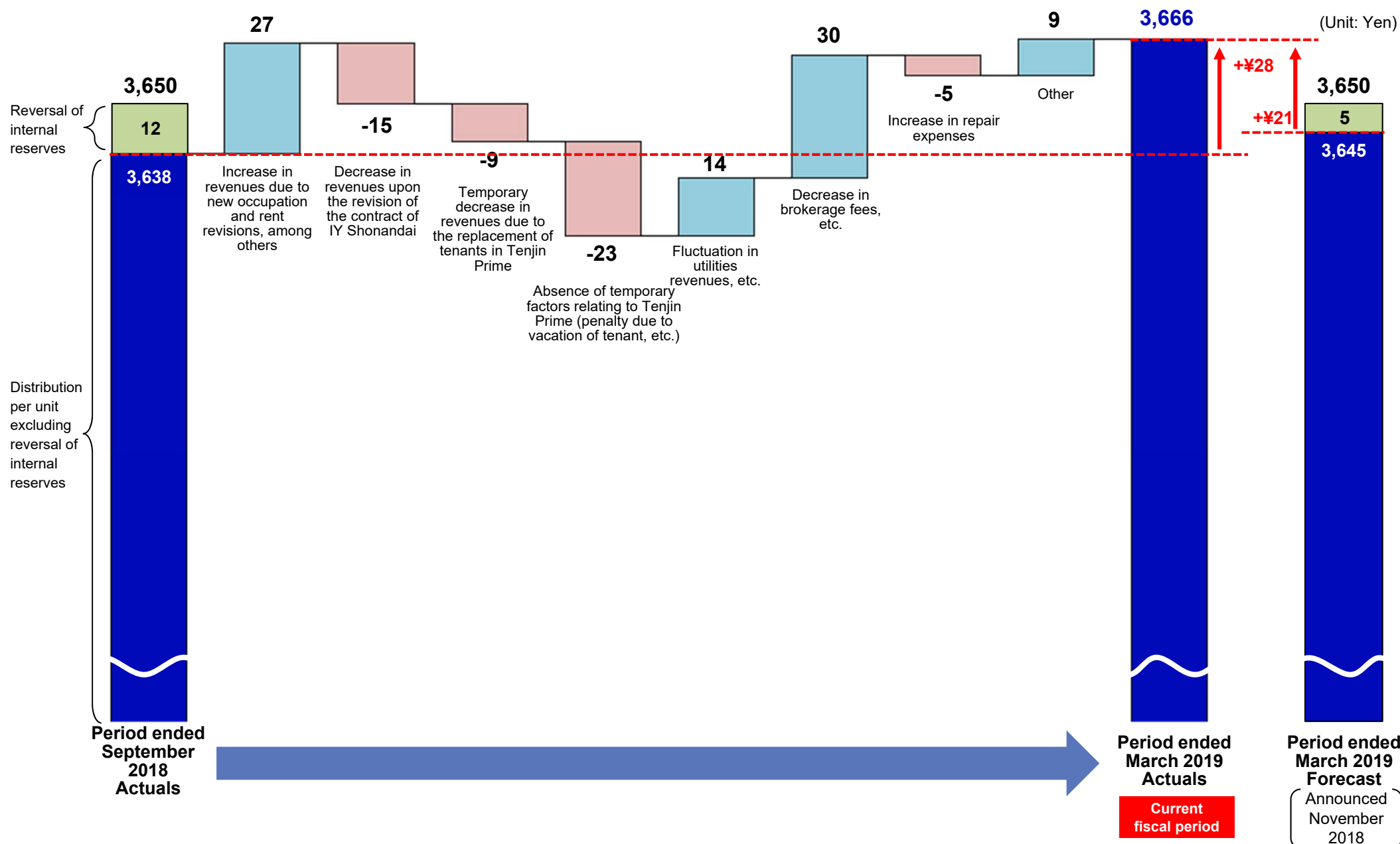


Factors for Change in Distributions per Unit (the fiscal period ended March 2019)

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Distribution per unit excluding reversal of internal reserves was up ¥28 from the previous fiscal period and up ¥21 from the forecast.





Forecasts for the Fiscal Period ending September 2019

1. Overview of the Settlement and Forecasts

Both operating revenues and ordinary income are revised upward from the previous forecast mainly due to the early filling of vacated spaces and upward rent revisions (operating revenues: up ¥49 million; ordinary income: up ¥19 million).

(Unit: Million yen)

	Period ended March 2019 actual (A)	Previous forecast for the fiscal period ending September 2019 (B)	New forecast for the fiscal period ending September 2019 (C)	Vs. previous fiscal period (C-A)	Change from the previous forecast (C-B)
Operating revenues	8,771	8,780	8,830	58	49
Rental revenues (a)	8,771	8,780	8,830	58	49
Operating expenses	3,478	3,510	3,542	64	32
Property-related expenses (b)	3,028	3,043	3,073	44	30
Property and other taxes	896	948	948	52	-0
Overhead expenses	863	823	840	-23	16
Depreciation (c)	1,268	1,271	1,284	16	13
Selling, general and administ	449	466	469	19	2
Profits and losses from real estatebusiness (d)=(a)-(b)	5,743	5,737	5,756	13	19
Earnings before depreciation and amortization (NOI) (d)+(c)	7,011	7,009	7,041	30	32
Operating income	5,293	5,270	5,287	-6	16
Non-operating revenues	7	1	1	-5	-
Non-operating expenses	460	459	456	-3	-2
Ordinary income	4,840	4,813	4,832	-7	19
Profit before income taxes	4,840	4,813	4,832	-7	19
Income taxes - current	1	1	1	-0	-
Income taxes - deferred (*)	-0	-1	-	0	1
Profit	4,839	4,814	4,831	-7	17
Reversal of reserves for reduction entry (*)	-	3	-	-	-3
Total distribution	4,839	4,818	4,831	-7	13
Distribution per unit (yen)	3,666	3,650	3,660	-6	10
Total number of outstanding investment units	1,320,000	1,320,000	1,320,000	-	-

Internal reserves (*)

(Unit: Million yen)

	Period ended March 2019 actual	Previous forecast for the fiscal period ending September 2019	New forecast for the fiscal period ending September 2019	Vs. previous fiscal period	Change from the previous forecast
Amount of reduction	-	5	-	-	-5

Main factors for change

Vs. previous fiscal period

(Unit: Million yen)

Operating revenues

- Increase in revenues mainly due to the occupancy of a tenant who moved in the previous fiscal period throughout the fiscal period and rent revisions 65
- Temporary decrease in revenues due to the vacation of tenant from Osaki MT Building -28
- Assumption of downtime due to vacation of residential tenants -5
- Increase in utilities revenues, etc. 26

Operating expenses

- Increase in fixed asset tax, etc. (including fixed asset tax incurred on Hiroo MTR Building) 52
- Decrease in brokerage fees, etc. -15
- Increase in utilities expenses 46
- Decrease in repair expenses -56
- Increase in depreciation and amortization 16
- Expenses for general meeting of unitholders 12

Non-operating expenses

- Decrease in interest paid -3

Vs. previous forecast

(Unit: Million yen)

Operating revenues

- Operating revenues higher than forecast due to new occupation of Osaki MT Building 32
- Operating revenues higher than forecast due to rent revisions, etc. 16

Operating expenses

- Higher-than-forecast utilities expenses 19

Non-operating expenses

- Lower-than-forecast interest expenses -2



Factors for Change in Distributions per Unit (the fiscal period ending September 2019)

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

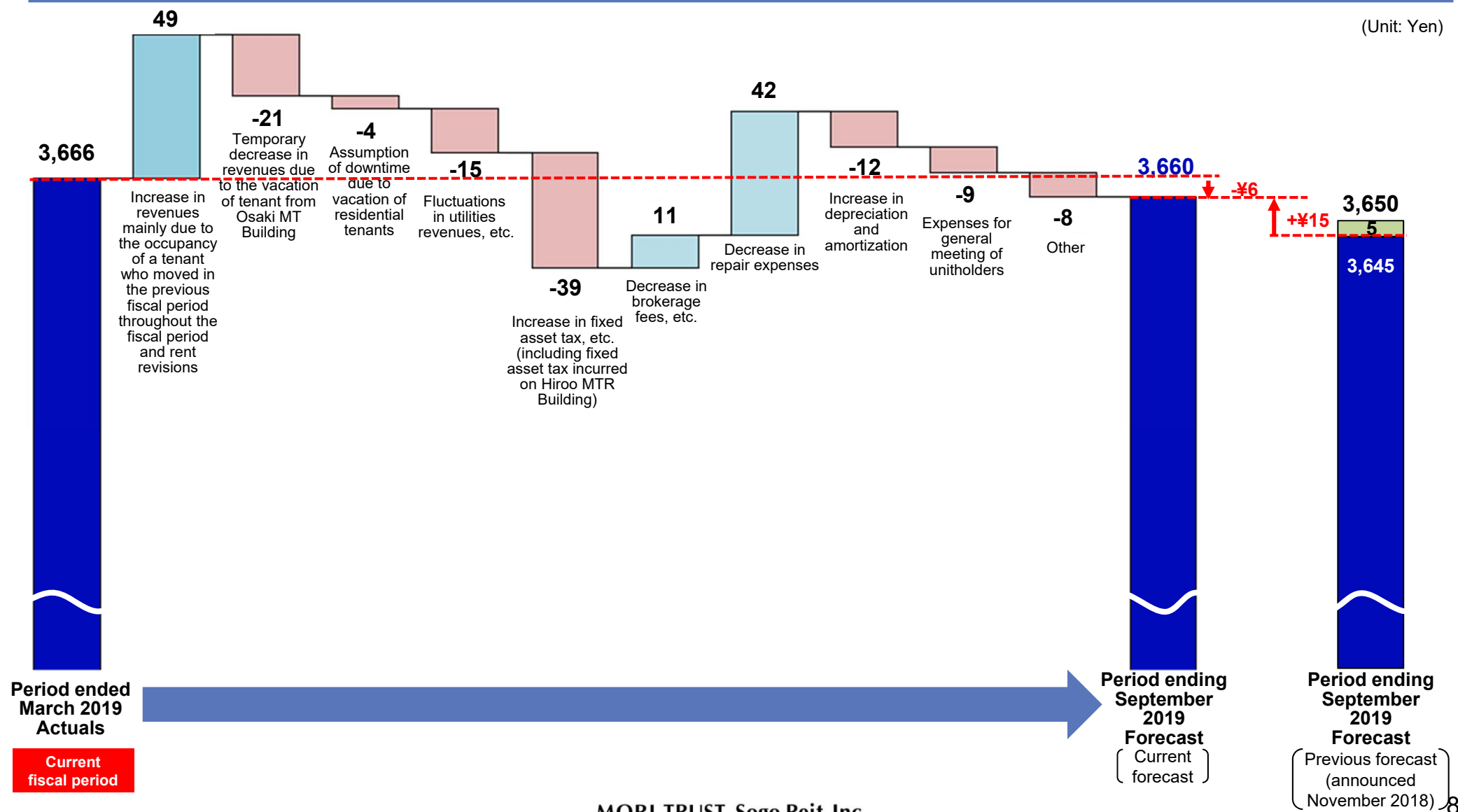
1. Overview of the Settlement and Forecasts

Distribution Per Unit

¥3,660

(down ¥6 from the previous fiscal period, up ¥10 vs. previous forecast,
up ¥15 vs. previous forecast after deduction of reversal of internal reserves)

Continue to achieve distribution per unit exceeding ¥3,650 without reversal of internal reserves





(Fiscal Period Ending March 2020 Forecast)

Distribution Per Unit

¥3,676 (up ¥16 vs. forecast for fiscal period ending September 2019)

Operating income will increase by ¥11 million mainly due to the occupancy of tenants who moved in the previous fiscal period throughout the fiscal period and upward rent revisions, despite higher repair and other expenses, and ordinary income will increase by ¥21 million due to lower interest expenses.

(Unit: Million yen)

	Period ending September 2019 Forecast (35th fiscal period)	Period ending March 2020 Forecast (36th fiscal period)	Change (B-A)
	(A)	(B)	(B-A)
Operating revenues	8,830	8,854	24
Operating income	5,287	5,298	11
Ordinary income	4,832	4,854	21
Profit	4,831	4,853	21
Distribution per unit (yen)	3,660	3,676	16
Total number of outstanding investment units	1,320,000	1,320,000	—

Main factors for change

(Unit: Million yen)

Operating revenues

- Increase in revenues due to the occupancy of tenants who moved in the previous fiscal period through the fiscal and upward rent revision, etc. 53
- Decrease in utilities revenues due to seasonal factors, etc. -27

Operating expenses

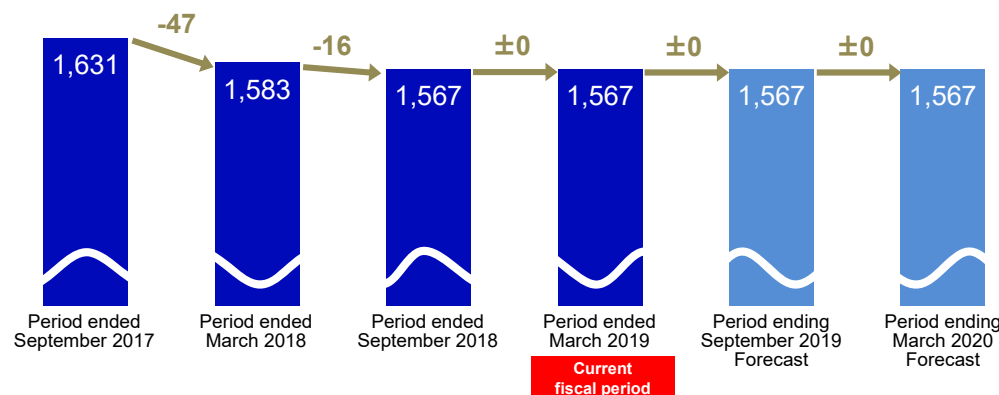
- Decrease in brokerage fees, etc. -12
- Decrease in utilities expenses due to seasonal factors, etc. -39
- Increase in repair expenses 57
- Increase in depreciation and amortization 20
- Absence of expenses for general meeting of unitholders -12

Non-operating expenses

- Decrease in interest expenses -10

(Internal Reserves)

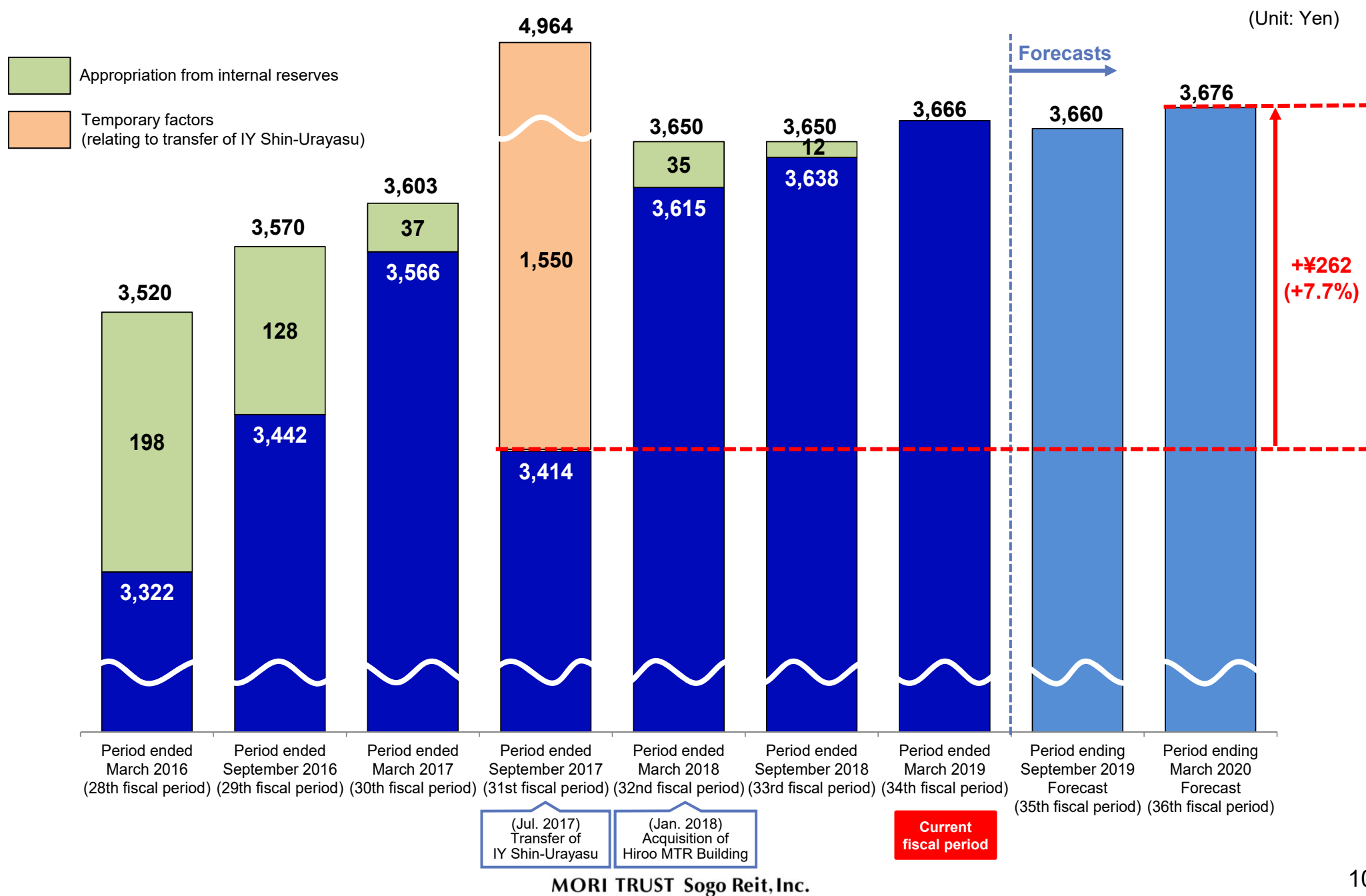
The balance of internal reserves at the end of the current fiscal period is ¥1,567 million and we expect the balance to remain at the same level in the fiscal period ending September 2019 and the fiscal period ending March 2020.



■ Actuals
■ Current forecast



Accumulation in flow revenues has been achieved steadily since the transfer of Ito Yokado Shin-Urayasu



2. Portfolio Operations Data

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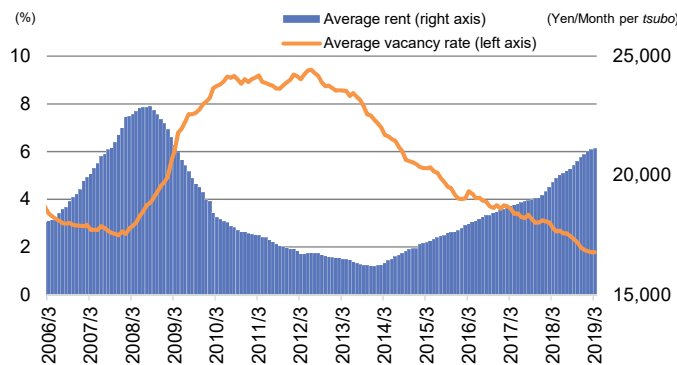
Investment Strategy

Recognition of Present Conditions

- Transaction opportunities for large-scale promising properties in central Tokyo and major provincial cities continue to be limited.
- Partly due to brisk lease market conditions for real estate, including offices in particular, the transaction yield has declined to the level equal to or lower than that in 2007. This also applies to major provincial cities.
- On the other hand, there is no change in the situation where most consider that the market cycle has reached its peak.

Conditions of Lease Market

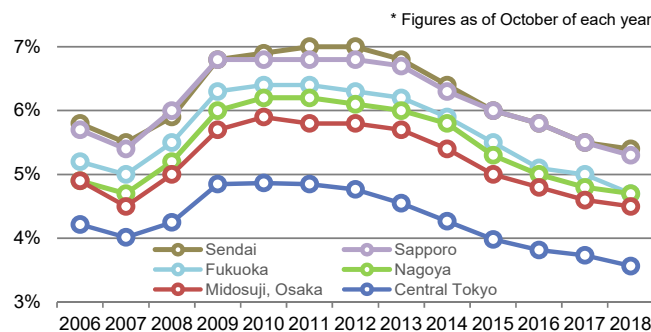
■ Trend in vacancy rate and rent per unit for office buildings in five wards in central Tokyo



Source: Prepared by the Company based on the data announced by Miki Shoji Co., Ltd.
Five wards in central Tokyo: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku

Conditions of Investment Market

■ Trend in transaction yield of standard Class-A buildings

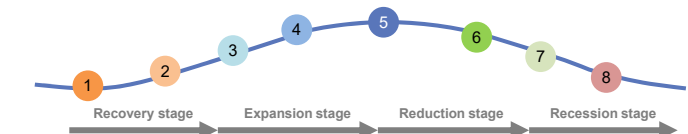
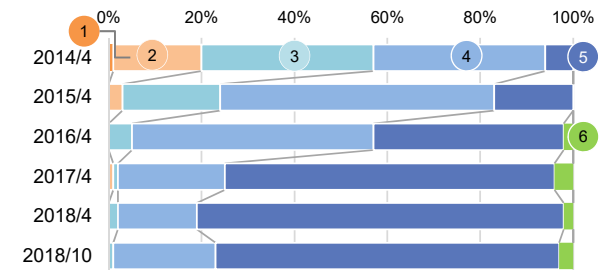


Source: Prepared by the Company based on Japan Real Estate Institute: *The Japanese Real Estate Investor Survey*

The figure for Central Tokyo represents the simple mean value of the data obtained in the survey in Marunouchi-Otemachi, Nihonbashi, Toranomon, Nishi-Shinjuku, Shibuya and Osaka.

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.

■ Situations of recognition of the market cycle among real estate investors



Source: Prepared by the Company based on Japan Real Estate Institute: *The Japanese Real Estate Investor Survey*

* Recognition of the market cycle (market trends) in relation to Tokyo (Marunouchi/Otemachi districts)

Future Investment Strategy

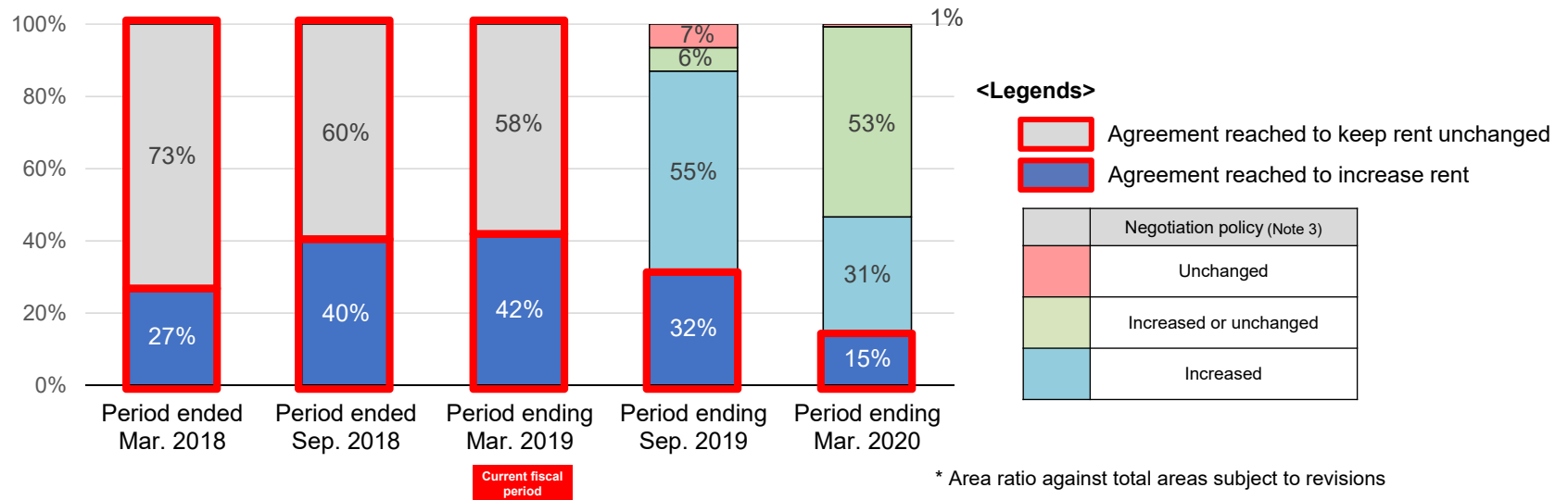
- Sourcing activities will be promoted by watching environmental changes closely.
- An investment strategy of careful selection focusing on the quality improvement of portfolios rather than the expansion of scale will be continued.

Initiatives for Internal Growth (Situation of Rent Revision)

Situation of Rent Revision for Multi-tenant Properties Mainly for Office Use

- Of the tenants subject to revision during the current fiscal period, upward revisions were made for 42% of them (9,489 m²) (average rent increase ratio: 7%). No downward revisions were made.
- Of the tenants subject to revision within one year, upward revisions were determined for 32% (3,146 m²) and 15% (1,715 m²) in the periods ending September 2019 and March 2020, respectively. (Average rent increase ratio: 10% for the periods ending September 2019 and March 2020, respectively)

Actual revisions and negotiation policy for contracts that will be revised



Area subject to revision (Note 2)
Average rent increase ratio
(Agreement reached to increase rent)

Note 1: Multi-tenant properties mainly for office use refer to Kioicho Building, Osaki MT Building, Midosuji MTR Building, Hiroo MTR Building, Tenjin Prime, and Shin-Yokohama TECH Building.
Note 2: For the properties that adopt the master lease contract, the diagram covers lease areas under sublease contracts. These do not include areas to be vacated, residences and storage spaces.
Note 3: Negotiation policy determined mainly by factoring in the gap between the target rent at the time of attracting a new tenant and the current rent.



Recent Situations of Individual Properties

Osaki MT Building

- Sought to invite successor tenants for vacated areas with a focus on contract conditions rather than the recovery of the occupancy rate.
- New contracts were determined for approximately 70% of areas immediately after vacation.

– **Rent increase ratio after tenant replacement: approx. 8%**

ON Building

- An agreement was reached with the lessee (Kobe Steel, Ltd.) on the conditions according to which no cancellation is allowed between the period from April 1, 2019 until March 31, 2023.

Tokyo Shiodome Building

SoftBank Group Corp and SoftBank Corp, sublessees, announced on January 29, 2019 the transfer of the headquarters in their fiscal year 2020 (April 1, 2020 to March 31, 2021).



Considering an operation policy for the property after the expiry of the master lease contract (valid until April 12, 2020), which includes the possibility of resigning a contract with Mori Trust Co., Ltd.

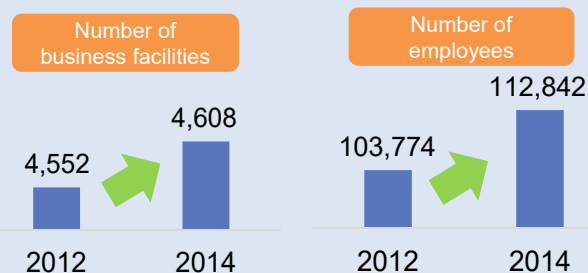
<Overview of the property>

- The Property has good transport accessibility, located 6 minutes' walk from Shinbashi Station, where the JR Line, Ginza Line and Asakusa Line stop, and 1 minute's walk from Shiodome Station, where the Oedo Line and the Yurikamome Line stop.
- The Property is reached through a underground pathway or a pedestrian deck and, therefore, has a comfortable approach that is not susceptible to the weather.
- A space created to feature a large area exceeding 1,000 *tsubo* per floor and high facility specifications.
- The Property has a high-grade external appearance and interior and commands a sweeping view of Hama-rikyu Gardens and Tokyo Bay.

<Situation of the surrounding areas>

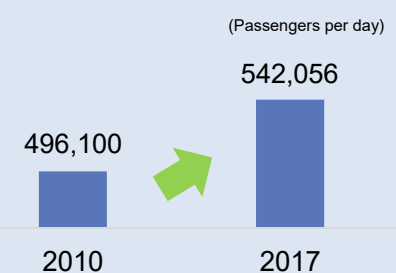
- The Shidome area where the property is located is an area featuring a concentration of high-level operations because many large corporations have their head offices there.

■ Trend in the number of business facilities and employees in the surrounding areas



Sources: Economic Census 2012 and Economic Census 2014 by the Ministry of Internal Affairs and Communications
Surrounding areas: from 1-chome to 6-chome in Shimbashi and 1-chome and 2-chome in Higashi-Shimbashi

■ Trend in the number of passengers using JR Shimbashi Station



Sources: Survey on Current Situation of Urban Development Plans 2010 and Survey on Current Situation of Urban Development Plans 2017 issued by the Ministry of Land, Infrastructure, Transport and Tourism



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 34th fiscal period	Appraisal value at end of 34th fiscal period	NOI	
						Ratio				Yield
Office Building	Tokyo Shiodome Building	Minato Ward, Tokyo	Jan. 2005	Apr. 2010	110,000	33.9%	102,304	131,000	2,384	4.3%
	ON Building	Shinagawa Ward, Tokyo	Nov. 1990	Aug. 2008	39,900	12.3%	39,341	32,000	630	3.2%
	Kioicho Building	Chiyoda Ward, Tokyo	Nov. 1989	Oct. 2014	34,300	10.6%	33,578	37,400	704	4.1%
	Osaki MT Building	Shinagawa Ward, Tokyo	Jul. 1994	Mar. 2005, etc.	14,386	4.4%	13,173	14,600	276	3.8%
	Midosuji MTR Building	Chuo Ward, Osaka	Mar. 1999	Apr. 2015	10,170	3.1%	10,109	10,500	193	3.8%
	Hiroo MTR Building	Shibuya Ward, Tokyo	Nov. 1992	Jan. 2018	8,100	2.5%	8,388	8,190	135	3.3%
	Tenjin Prime	Chuo Ward, Fukuoka	Oct. 2008	Jul. 2012	6,940	2.1%	6,740	8,550	175	5.1%
	Shin-Yokohama TECH Building	Kohoku Ward, Yokohama	Feb. 1986, etc.	Nov. 2003	6,900	2.1%	6,797	6,730	173	5.0%
Retail Facility	SHIBUYA FLAG	Shibuya Ward, Tokyo	Aug. 2009	Apr. 2013	32,040	9.9%	32,544	40,700	680	4.2%
	Shinbashi Ekimae MTR Building	Minato Ward, Tokyo	Apr. 1999	Apr. 2007	18,000	5.6%	17,359	21,200	425	4.7%
	Ito-Yokado Shonandai	Fujisawa City, Kanagawa	Nov. 2002	Mar. 2003	11,600	3.6%	9,925	11,700	328	5.7%
	Kohnan Sagami-hara-Nishihashimoto	Midori Ward, Sagami-hara	Aug. 2005	Oct. 2012	7,460	2.3%	7,309	8,500	215	5.8%
	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%	16,075	16,700	485	5.1%
Residential	Park Lane Plaza	Shibuya Ward, Tokyo	Jun. 1988	Dec. 2004	3,200	1.0%	3,157	3,740	85	5.4%
Total	—	—	—	—	324,096	100%	309,000	354,160	7,011	4.3%

(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 2019 (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 3)
			Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Difference	Cap rate		Comparison with the previous fiscal period	Discount rate	Terminal cap rate	
								Period ended September 2018	Period ended March 2019				
Office Building	Tokyo Shiodome Building	110,000	102,811	102,304	131,000	131,000	—	3.4%	3.4%	—	3.4%	3.6%	Richi Appraisal
	ON Building	39,900	39,403	39,341	31,400	32,000	600	3.8%	3.7%	-0.1%	3.4%	3.9%	Japan Real Estate
	Kioicho Building	34,300	33,652	33,578	37,100	37,400	300	3.3%	3.3%	—	3.1%	3.5%	Daiwa Real Estate
	Osaki MT Building	14,386	13,222	13,173	13,700	14,600	900	3.7%	3.6%	-0.1%	3.3%	3.8%	Japan Real Estate
	Midosuji MTR Building	10,170	10,149	10,109	10,400	10,500	100	3.7%	3.7%	—	3.5%	3.9%	Daiwa Real Estate
	Hiroo MTR Building	8,100	8,398	8,388	8,150	8,190	40	3.8%	3.8%	—	3.5%	3.9%	Daiwa Real Estate
	Tenjin Prime	6,940	6,680	6,740	8,440	8,550	110	4.2%	4.1%	-0.1%	3.8%	4.3%	Japan Real Estate
	Shin-Yokohama TECH Building	6,900	6,768	6,797	6,160	6,730	570	4.9%	4.8%	-0.1%	4.6%	5.1%	Nippon Tochi-Tatemono
Retail Facility	SHIBUYA FLAG	32,040	32,568	32,544	40,600	40,700	100	3.2%	3.2%	—	3.0%	3.4%	Japan Real Estate
	Shinbashi Ekimae MTR Building	18,000	17,376	17,359	21,200	21,200	—	3.9%	3.9%	—	3.7%	4.1%	Nippon Tochi-Tatemono
	Ito-Yokado Shonandai	11,600	9,937	9,925	11,700	11,700	—	5.3%	5.3%	—	5.0%	5.5%	Japan Real Estate
	Kohnan Sagamihara-Nishihashimoto	7,460	7,344	7,309	8,500	8,500	—	5.2%	5.2%	—	4.9%	5.4%	Japan Real Estate
	Frespo Inage	2,100	2,193	2,193	2,650	2,650	—	—(Note 1)	—(Note 1)	—	7.9%	—(Note 2)	Japan Real Estate
Hotel	Hotel Okura Kobe	19,000	16,184	16,075	16,700	16,700	—	4.9%	4.9%	—	4.7%	5.0%	Richi Appraisal
Residential	Park Lane Plaza	3,200	3,168	3,157	3,630	3,740	110	3.7%	3.6%	-0.1%	4.3%	3.3%	Nippon Tochi-Tatemono

	Acquisition price	End-of-period book value		End-of-period appraisal value			Difference		
		Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Difference	Period ended September 2018	Period ended March 2019	Difference
		(A)	(B)	(C)	(D)		(C-A)	(D-B)	
Total	324,096	309,860	309,000	351,330	354,160	2,830	41,469	45,159	3,689

(Note 1) For Frespo Inage, the direct reduction method is not adopted.

(Note 2) For Frespo Inage, the cap rate and the terminal cap rate have not been established.

(Note 3) 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

2. Portfolio Operations Data

Use	Name	Occupancy rate	Total number of tenants	Major tenant/master lessee			
				Type of lease contract		Lease contract expiry	
Office Building	Tokyo Shiodome Building	100%	1	Mori Trust Co., Ltd.	Master lease	Fixed-term building lease	(Offices/retailers) April 12, 2020 (Hotel) December 31, 2035 (Note 7)
	ON Building	100%	1	Kobe Steel Ltd.	Direct lease	Building lease	March 31, 2023 (Note 7)
	Kioicho Building (Note 1)	99.9% (99.9%)	35 (70)	—	—	—	—
	Osaki MT Building (Note 2)	100% (91.8%)	1 (15)	Mori Trust Co., Ltd.	Master lease (Note 2)	Fixed-term building lease	March 31, 2022 (Note 7)
	Midosuji MTR Building (Note 3)	100% (100%)	1 (34)	Japan Property Solutions Co., Ltd.	Master lease (Note 3)	Building lease	March 31, 2020
	Hiroo MTR Building (Note 4)	100%	8	—	—	—	—
	Tenjin Prime (Note 4)	100%	16	—	—	—	—
	Shin-Yokohama TECH Building	98.7%	8	Fujitsu Co., Ltd.	Direct lease	Building lease	September 30, 2020
Retail Facility	SHIBUYA FLAG (Note 4)	100%	3	H&M Hennes & Mauritz Japan KK	Direct lease (Note 4)	Undisclosed (Note 5)	Undisclosed (Note 5)
	Shinbashi Ekimae MTR Building	100%	1	Yamada Denki Co., Ltd.	Direct lease	Building lease	May 31, 2021
	Ito-Yokado Shonandai	100%	1	Ito-Yokado Co., Ltd.	Master lease	Building lease	November 20, 2022 (Note 7)
	Kohnan Sagamihara-Nishihashimoto	100%	1	Kohnan Shoji Co., Ltd.	Master lease	Fixed-term building lease	September 27, 2023 (Note 7)
	Frespo Inage	100%	1	Daiwa Lease Co, Ltd.	Direct lease	Land lease	December 2, 2027 (Note 7)
Hotel	Hotel Okura Kobe	100%	1	Hotel Okura Kobe	Direct lease	Fixed-term building lease	March 31, 2022 (Note 7)
Residential	Park Lane Plaza	100%	18	—	—	—	—
Total (Note 6)		99.9% (99.7%)	97 (179)				

(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 MTR Building, Tenjin Prime and SHIBUYA FLAG, 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) Lease contract expiry is not shown, as consent from tenants has not been obtained.

(Note 6) 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.

(Note 7) No cancellation

3. Financial Operations Data

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Management Results for the Fiscal Period Under Review and Loan Repayment Schedule Diversification

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

3. Financial Operations Data

Management results for the fiscal period under review

(Issuance of the 11th investment corporation bonds)

- Issued investment corporation bonds of approximately 3 years for **9 consecutive years**.
- Succeeded in financing with low interest rates (0.070%) **equivalent to those of top-rated companies in Japan** by capturing demand from a wide range of investors, including repeating investors.

● Outline of the issuance

Bond name	Term	Issuance amount	Interest rate	Issuance date
11th unsecured investment corporation bonds	3 years	3,000 million yen	0.070%	February 22, 2019

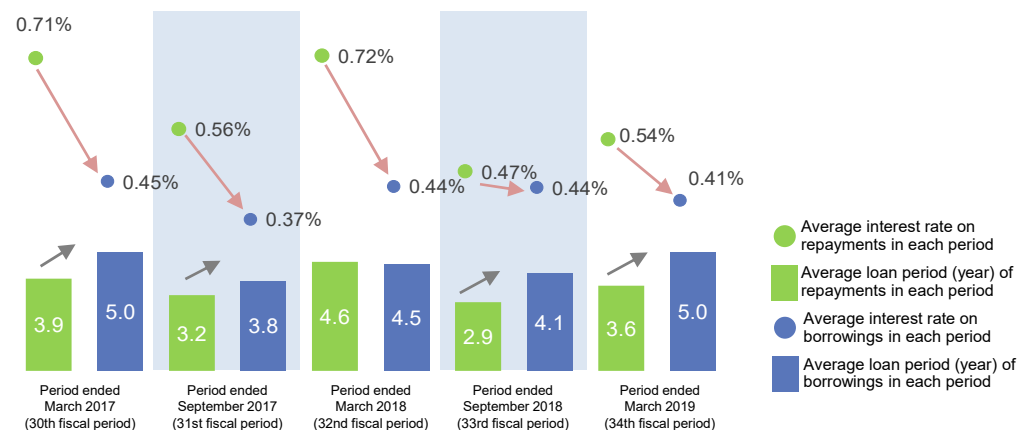
(Results of loans)

Succeeded in extending a loan term while simultaneously reducing financing costs.

Repayment summary		Borrowing summary	
Total amount	1,500 million yen	Total amount	1,500 million yen
Average loan term	3.6 years	Average loan term	5.0 years
Average interest rate	0.54%	Average interest rate	0.41%

(Note) Average interest rates are weighted rates applied when repayments and borrowings are undertaken.

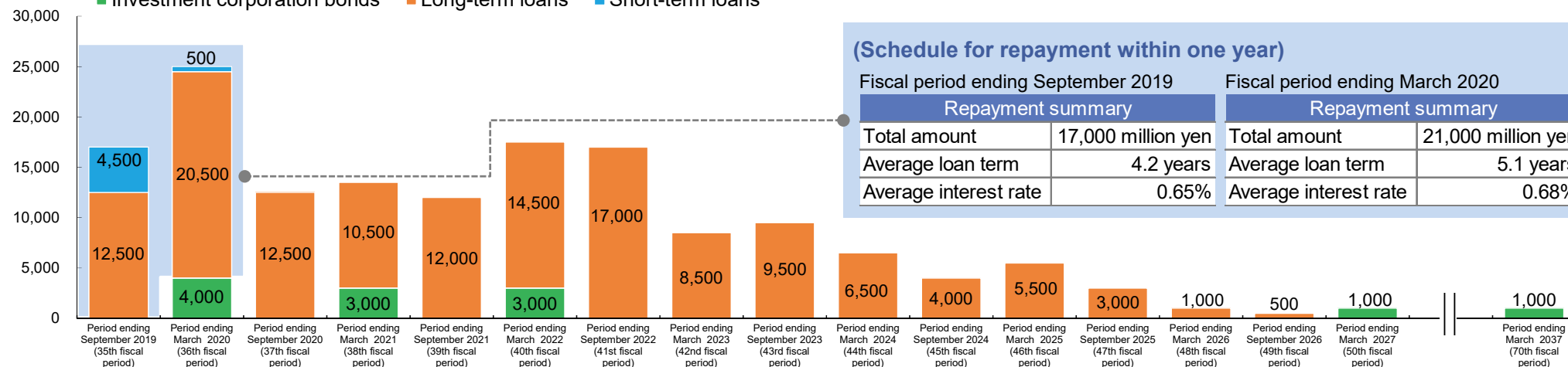
● Changes in borrowings



Loan repayment schedule diversification

(Million yen)

■ Investment corporation bonds ■ Long-term loans ■ Short-term loans



(Schedule for repayment within one year)

Fiscal period ending September 2019		Fiscal period ending March 2020	
Repayment summary		Repayment summary	
Total amount	17,000 million yen	Total amount	21,000 million yen
Average loan term	4.2 years	Average loan term	5.1 years
Average interest rate	0.65%	Average interest rate	0.68%



Interest-Bearing Liabilities and Rating

Interest-bearing liabilities

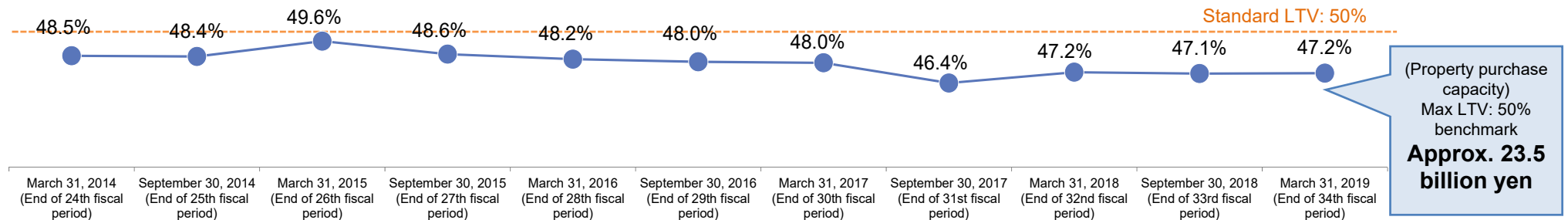
(Million yen)

	September 30, 2018 (End of the 33rd fiscal period)	March 31, 2019 (End of the 34th fiscal period)	Change
Total interest-bearing liabilities	155,000	155,000	—
Short-term loans	5,000	5,000	—
Long-term loans (including long-term loans due within one year)	138,000	138,000	—
Investment corporation bonds (including investment corporation bonds due within one year)	12,000	12,000	—
LTV (Loan To Value ratio)	47.1%	47.2%	0.0%
Long-term interest-bearing liabilities ratio (including loans expected to be repaid or redeemed within one year)	96.8%	96.8%	—
Fixed interest-bearing liabilities ratio	96.8%	96.8%	—
Average interest for borrowings during fiscal period	0.59%	0.58%	-0.00%
Short-term loans	0.18%	0.19%	0.00%
Long-term loans and investment corporation bonds	0.61%	0.60%	-0.01%
Average duration of interest-bearing liabilities	3.0 years	2.6 years	-0.4 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 2019)

(Million yen)

Classification	Lender	Balance of borrowings	(%)
Loans	Mizuho Bank, Ltd.	31,000	20.0%
	MUFG Bank, Ltd.	28,000	18.1%
	Sumitomo Mitsui Banking Corporation	27,000	17.4%
	Sumitomo Mitsui Trust Bank, Limited.	19,000	12.3%
	Development Bank of Japan Inc.	12,500	8.1%
	The Bank of Fukuoka, Ltd.	5,500	3.5%
	Resona Bank, Limited.	5,500	3.5%
	Aozora Bank, Ltd.	4,000	2.6%
	The Nishi-Nippon City Bank, Ltd.	2,500	1.6%
	Nippon Life Insurance Company	2,000	1.3%
	Shinkin Central Bank	2,000	1.3%
	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%
	Tokio Marine & Nichido Fire Insurance Co. Ltd.	500	0.3%
	Subtotal	143,000	92.3%
Investment corporation bonds		12,000	7.7%
Total		155,000	100.0%



Interest-Bearing Liabilities

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

3. Financial Operations Data

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, 2018	April 12, 2019
THE NISHI-NIPPON CITY BANK, LTD.	1,500	0.19%	August 31, 2018	August 30, 2019
Resona Bank, Limited	1,000	0.19%	August 31, 2018	August 30, 2019
Resona Bank, Limited	500	0.19%	October 18, 2018	October 18, 2019
Total	5,000			

Long-term loans

(Million yen)

Lender	Outstanding balance at end of period	Average interest rate	Draw down date	Repayment date
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
MUFG Bank, 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
MUFG Bank, Ltd.	3,000	0.20%	February 29, 2016	February 28, 2020
Sumitomo Mitsui Trust Bank, Limited.	3,000	0.63%	February 27, 2015	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
MUFG Bank, Ltd.	4,000	1.07%	April 24, 2013	April 24, 2020
MUFG Bank, 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 09, 2020
MUFG Bank, Ltd.	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
MUFG Bank, Ltd.	1,500	0.30%	March 31, 2016	March 31, 2021
Sumitomo Mitsui Banking Corporation	5,000	1.02%	April 11, 2014	April 09, 2021
MUFG Bank, Ltd.	2,500	0.34%	April 13, 2018	April 13, 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.	500	0.35%	August 30, 2018	August 30, 2021
Mizuho Bank, Ltd.	1,500	0.37%	August 31, 2017	August 31, 2021
Mizuho Bank, Ltd.	1,000	0.34%	August 31, 2016	August 31, 2021
MUFG Bank, Ltd.	1,500	0.89%	October 01, 2014	October 01, 2021
Sumitomo Mitsui Banking Corporation	1,000	0.83%	December 26, 2014	December 24, 2021
Sumitomo Mitsui Trust Bank, Limited.	1,000	0.41%	December 26, 2017	December 24, 2021
Aozora Bank, Ltd.	500	0.83%	December 26, 2014	December 24, 2021
Sumitomo Mitsui Banking Corporation	2,500	0.38%	January 19, 2018	January 19, 2022
Mizuho Bank, Ltd.	500	0.38%	January 19, 2018	January 19, 2022
The Bank of Fukuoka, Ltd.	2,000	0.47%	January 31, 2017	January 31, 2022

Development Bank of Japan Inc.	3,000	0.84%	February 27, 2015	February 28, 2022
Sumitomo Mitsui Banking Corporation	1,500	0.42%	February 28, 2018	February 28, 2022
MUFG Bank, Ltd.	500	0.42%	February 28, 2018	February 28, 2022
The Dai-ichi Life Insurance Company, Limited	500	0.45%	February 28, 2017	February 28, 2022
Mizuho Bank, Ltd.	4,000	0.47%	April 11, 2017	April 11, 2022
Aozora Bank, Ltd.	1,000	0.47%	April 11, 2017	April 11, 2022
MUFG Bank, Ltd.	2,000	0.41%	April 13, 2018	April 13, 2022
The Ashikaga Bank, Ltd.	1,000	0.44%	April 24, 2017	April 22, 2022
Sumitomo Mitsui Banking Corporation	2,000	0.80%	April 30, 2015	April 28, 2022
Sumitomo Mitsui Trust Bank, Limited.	500	0.43%	August 30, 2018	August 30, 2022
Sumitomo Mitsui Trust Bank, Limited.	3,500	0.44%	August 31, 2017	August 31, 2022
Sumitomo Mitsui Trust Bank, Limited.	2,000	0.40%	August 31, 2016	August 31, 2022
Sumitomo Mitsui Trust Bank, Limited.	1,000	0.47%	September 29, 2017	September 30, 2022
Sumitomo Mitsui Trust Bank, Limited.	1,500	0.44%	January 19, 2018	January 19, 2023
Mizuho Bank, Ltd.	500	0.44%	January 19, 2018	January 19, 2023
MUFG Bank, Ltd.	2,500	0.49%	February 28, 2018	February 28, 2023
Mizuho Bank, Ltd.	2,000	0.49%	February 28, 2018	February 28, 2023
Sumitomo Mitsui Trust Bank, Limited.	1,000	0.45%	February 29, 2016	February 28, 2023
Mizuho Trust & Banking, Co., Ltd.	1,000	0.45%	February 29, 2016	February 28, 2023
Mizuho Bank, Ltd.	3,500	0.47%	April 12, 2016	April 12, 2023
The Bank of Fukuoka, Ltd.	1,000	0.43%	April 22, 2016	April 21, 2023
THE NISHI-NIPPON CITY BANK, LTD.	500	0.49%	April 24, 2018	April 24, 2023
Mizuho Bank, Ltd.	1,500	0.48%	August 31, 2016	August 31, 2023
Development Bank of Japan Inc.	1,000	0.51%	August 31, 2018	August 31, 2023
Resona Bank, Limited	1,000	0.48%	August 31, 2016	August 31, 2023
MUFG Bank, Ltd.	500	0.43%	August 31, 2018	August 31, 2023
Development Bank of Japan Inc.	500	0.54%	September 29, 2017	September 29, 2023
Resona Bank, Limited	1,000	0.46%	October 18, 2016	October 18, 2023
Development Bank of Japan Inc.	1,500	0.64%	February 28, 2017	February 29, 2024
Aozora Bank, Ltd.	2,000	0.54%	March 11, 2016	March 11, 2024
Shinkin Central Bank	2,000	0.57%	March 19, 2018	March 19, 2024
Mizuho Bank, Ltd.	3,000	0.56%	April 24, 2018	April 24, 2024
The Bank of Fukuoka, Ltd.	1,000	0.56%	May 31, 2018	May 31, 2024
Mizuho Bank, Ltd.	1,500	0.56%	January 19, 2018	January 17, 2025
MUFG Bank, Ltd.	500	0.56%	January 19, 2018	January 17, 2025
Mizuho Bank, Ltd.	1,000	0.65%	February 28, 2018	February 28, 2025
Sumitomo Mitsui Banking Corporation	1,000	0.65%	February 28, 2018	February 28, 2025
MUFG Bank, Ltd.	500	0.65%	February 28, 2018	February 28, 2025
Development Bank of Japan Inc.	1,000	0.64%	March 19, 2018	March 19, 2025
MUFG Bank, Ltd.	3,000	0.68%	August 31, 2018	August 29, 2025
Sumitomo Mitsui Banking Corporation	1,000	0.52%	February 28, 2019	February 27, 2026
Aozora Bank, Ltd.	500	0.72%	April 24, 2018	April 24, 2026
Total	138,000			

Investment corporation bonds

(Million yen)

Issue	Balance at end of period	Interest rate	Issue date	Maturity date
8th unsecured investment corporation bonds	4,000	0.00%	February 23, 2017	February 21, 2020
10th unsecured investment corporation bonds	3,000	0.01%	June 21, 2018	February 26, 2021
11th unsecured investment corporation bonds	3,000	0.07%	February 22, 2019	February 22, 2022
6th unsecured investment corporation bonds	1,000	1.07%	February 26, 2015	February 26, 2027
9th unsecured investment corporation bonds	1,000	1.08%	February 23, 2017	February 23, 2037
Total	12,000			

(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

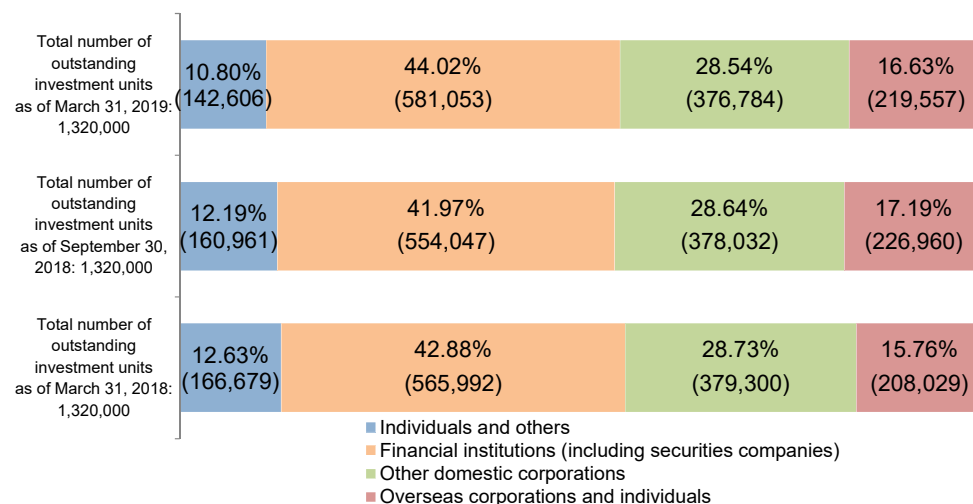
Borrowed and issued during the 34th period ended March 2019.

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

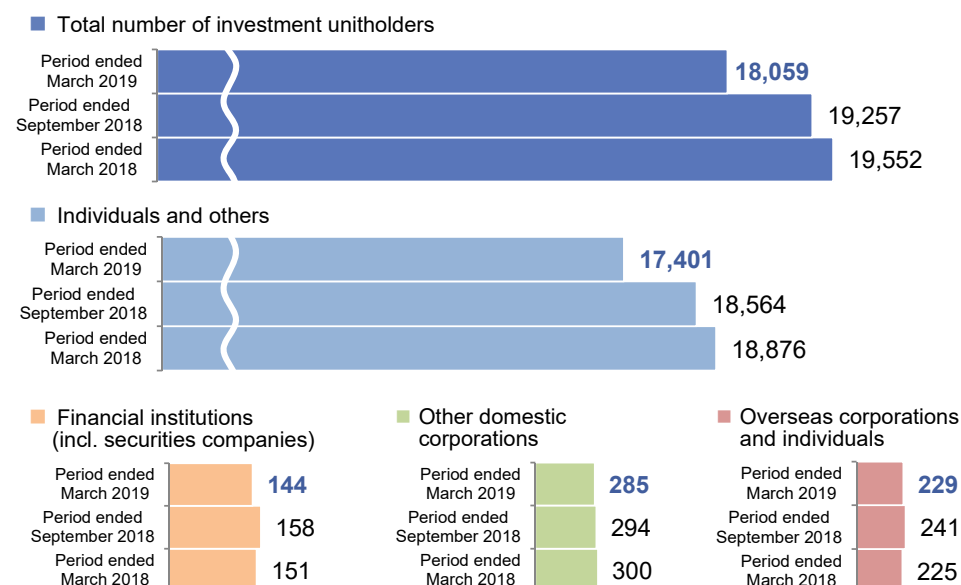
(As of March 31, 2019)

Unitholders	Number of units held	Ownership ratio
MORI TRUST Holdings, Inc.	350,070	26.52%
Japan Trustee Services Bank, Ltd. (trust account)	187,739	14.22%
The Master Trust Bank of Japan, Ltd. (trust account)	129,445	9.81%
The Nomura Trust and Banking Co., Ltd. (investment trust)	38,702	2.93%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	29,303	2.22%
STATE STREET BANK WEST CLIENT - TREATY 505234	13,776	1.04%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	13,342	1.01%
JP MORGAN CHASE BANK 385771	12,089	0.92%
The Hachijuni Bank, Ltd.	11,485	0.87%
STATE STREET BANK AND TRUST COMPANY 505103	11,332	0.86%
Total of top 10 unitholders	797,283	60.40%

■ 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)



4. Initiatives Related to ESG



Initiatives Related to ESG (1)

Sustainability Policy/System for Promotion of Sustainability

The asset management company of MTR establishes the "sustainability policy" and proceeds with the initiatives for environmental consideration, contribution to society, strengthening of governance in organizations and others in asset management operations to enhance the value of unitholders of the investment corporation in the medium to long term.

■ Sustainability Policy

1. Promoting energy savings and GHG emissions reduction

Promotion of efficient use of energy in assets under management, introduction of facilities conducive to energy saving and low carbonization

2. Contributing to recycling-oriented society

Promotion of initiatives for effective use of limited resources, including 3R for water saving and waste reduction

3. Streamlining the internal management system and strengthening compliance

Establishment of the internal system for the effective promotion of initiatives under this policy, compliance with laws and regulations, educational and awareness-raising activities concerning ESG directed at employees

4. Collaborating with external stakeholders

Construction of good relationships with tenants, customers, local communities and other external stakeholders

5. Disclosing ESG information

Broad disclosure of this policy and information regarding the situations of initiatives for sustainability, among others

■ Meeting for promotion of sustainability

To systematically promote initiatives for ESG, the "meeting for promotion of sustainability" is held periodically. Specific future goals are set, progress is checked, and environmental monitoring evaluations of properties held are conducted continuously, among other activities.

■ Employee training on sustainability

To spread the awareness of sustainability among employees, employee training on sustainability is provided periodically by inviting outside consulting companies as part of the environmental educational and awareness-raising activities.

Acquisition of Outsiders' Recognition

■ Acquisition of DBJ Green Building certification

Certification program under the five-grade evaluation for real estate with environmental/social consideration that uses the scoring model developed independently by Development Bank of Japan Inc. Tokyo Shiodome Building acquired "DBJ Green Building certification (2018)." The building is regarded as a building with exceptionally high environmental and social awareness (four stars).



Building with exceptionally high environmental and social awareness



■ 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.

MTR was highly regarded for its excellent environmental consideration and actions for sustainability in management and policy and in implementation and measurement in this assessment in 2018. It thus gained a **Green Star** rating for the second consecutive year.



Initiatives Related to ESG (2)

Consideration for the Environment

Measures to improve environmental performance through renewal of systems

<Introduction of LED Lighting>

MTR introduced LED lighting and lighting equipment with human sensors successively in rooms for rent and common areas of the properties held. Energy saving activities for reducing the environmental burden are promoted.

(Examples of introduction)

- ON Building
- Kioicho Building
- Osaki MT Building
- Midosuji MTR Building
- Hiroo MTR Building
- Tenjin Prime
- Shin-Yokohama TECH Building
- SHIBUYA FLAG
- Hotel Okura Kobe
- Park Lane Plaza
- etc.



Introduction of LED lighting to entrance hall
(Hiroo MTR Building)

<Introduction of Highly Efficient Heating Systems/ Renewal of air-conditioning systems>

MTR is working on increasing comfort and reducing CO2 through the introduction of highly efficient heating systems whose energy efficiency is excellent and renewal with highly efficient air-conditioning systems whose energy saving performance is high upon the replacement of air-conditioning systems.

(Examples of introduction)

- Shin-Yokohama TECH Building
- Hotel Okura Kobe
- etc.



Installation of high-efficiency heat-source system
(Shin-Yokohama TECH Building)

Introduction of green lease

MTR concluded a memorandum for a green lease for the purpose of reducing the environmental burden with the tenants of some of the properties it held. Information sharing about electricity, gas and water consumption and discussions on the improvement of environmental performance will be conducted on a regular basis.

Reduction of waste

When carrying out construction work, MTR is continuously working to reduce waste in collaboration with contractors.

Stakeholder engagement

Contribution to local communities

MTR endeavors to contribute to the sustainable development of local communities, including participating in regular community cleaning activities, providing a public cycle system, and participating and cooperating in community events.



Provision of community cycle system
(Kioicho Building)



Midosuji Illuminations
(Midosuji MTR Building)

Improvement of tenant satisfaction

<Tenant satisfaction surveys>

MTR is constantly seeking to improve tenant satisfaction by conducting surveys of tenants who occupy offices and retail properties, etc. and sharing the survey results with building management companies, etc. for use in improving building operation and management.

<Improvement of tenant comfort>

MTR carries out work to renew common areas to improve the comfort of tenants who occupy the properties.



Entrance hall renewal work (Shin-Yokohama TECH Building)

Training of asset management company employees

MTR encourages employees to gain qualifications to improve their specialist skills and pays for them to take part in training and exams to gain the wide range of knowledge and skills required for their work.

Initiatives Related to ESG (3)

Corporate Governance

Same boat investment by Mori Trust Group

MTR aims to improve unitholder value by aligning sponsor interests with those of unitholders.

Percentage of investment units
owned by Mori Trust Group

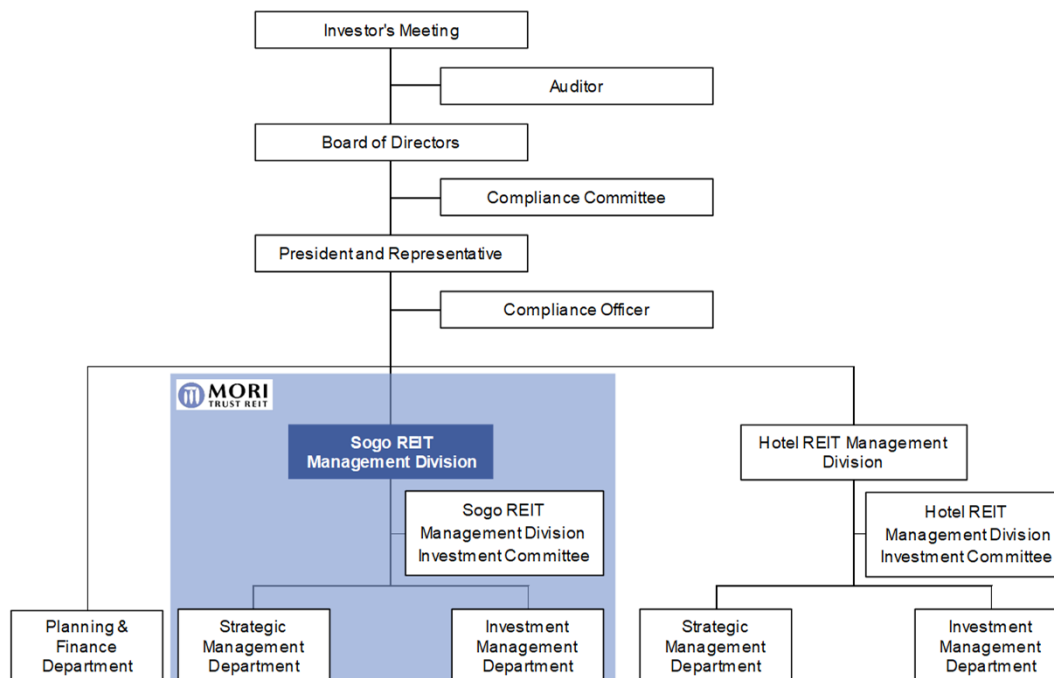
26.5%

(as of March 31, 2019)

MTR's Operational Structure

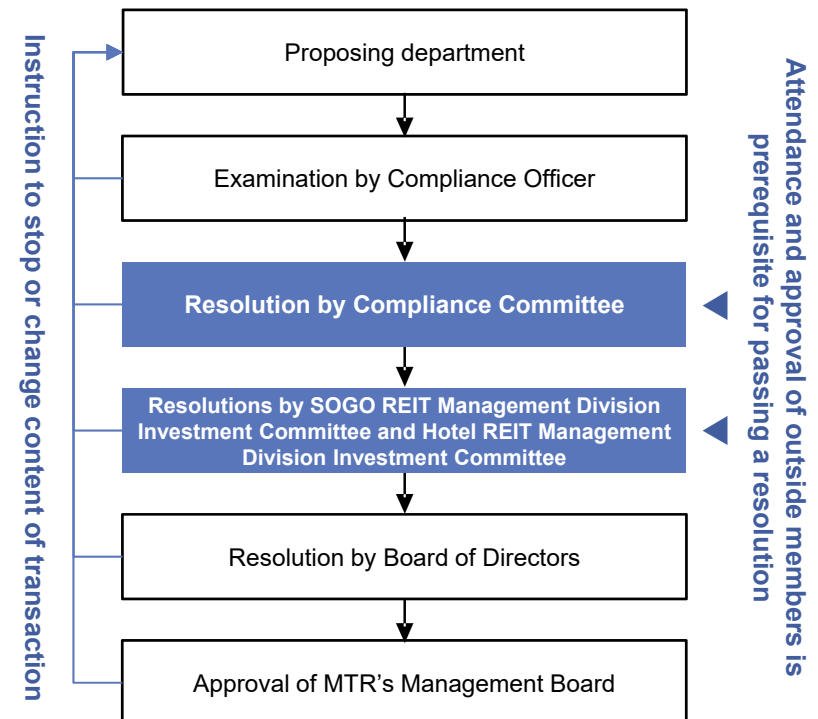
MTR entrusts asset management to MORI TRUST Asset Management Co., Ltd., which is the asset management company. The organizational structure of the asset management company is as shown below.

<Organization Chart>



Procedural flow for related party transactions

MORI TRUST Asset Management Co., Ltd., which is the asset management company, has established a governance structure that prioritizes compliance to ensure prevention of conflicts of interest, risk management and legal compliance. The asset management company has established a Compliance Committee and an Investment Committee and elected outside members to both, and if the acquisition of an asset, etc. is classed as a related party transaction, the approval of the outside members of both committees and the approval of MRT's Board of Management is required.



Provision of regular compliance training

Employees are provided with regular training to raise their awareness of compliance.

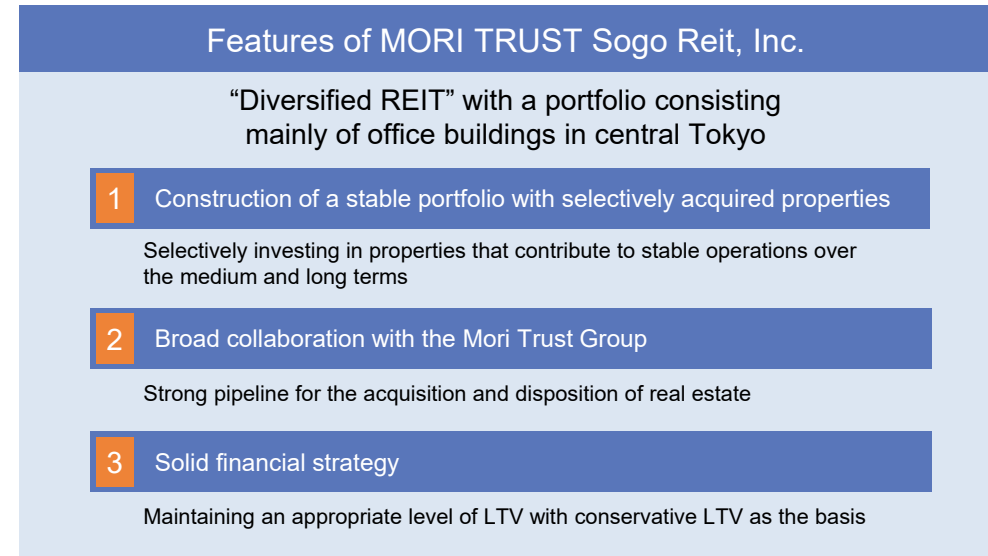
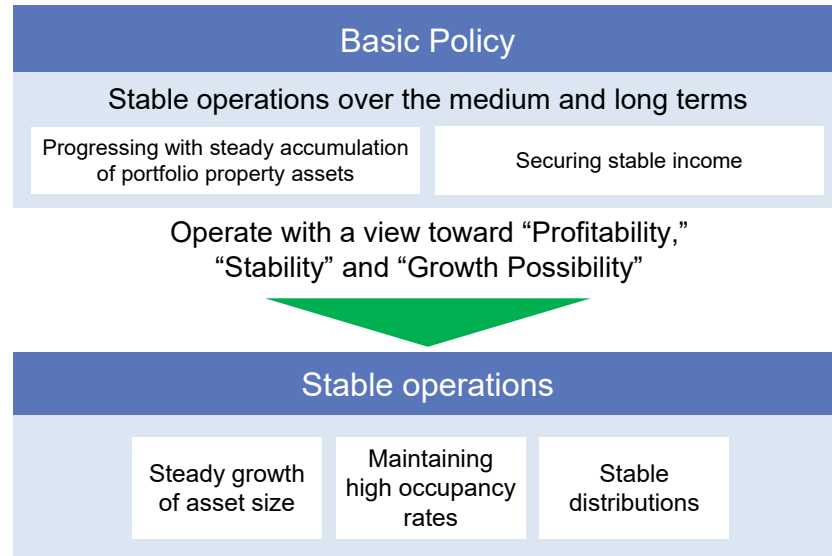
MEMO

5. Characteristics of MORI TRUST Sogo Reit, Inc.

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

5. Characteristics of MORI TRUST Sogo Reit, Inc.



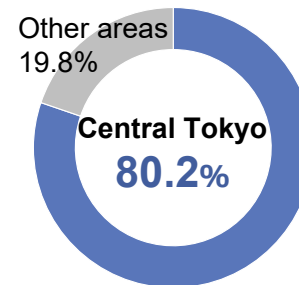
1 Construction of a stable portfolio with selectively acquired properties

Investments (as of March 31, 2019)

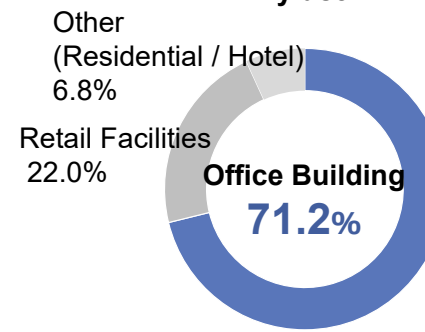
Number of properties: 15 properties

Asset size: 324.0 billion yen
(Total acquisition price)

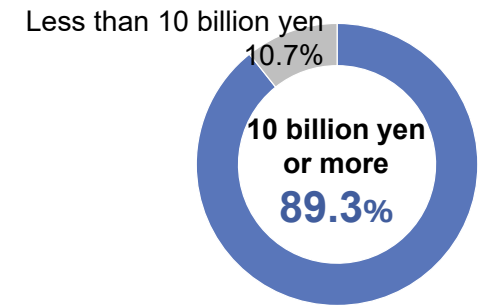
By region



By use



By 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 Building	60–70%	63.8%	10–20%	7.4%	70–90%	71.2%
	Retail Facility / Other (Note 3)	0–10%	16.4%	10–20%	12.4%	10–30%	28.8%
Total		60–80%	80.2%	20–40%	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.

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, 2019)

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, 2019)

Acquisitions Based on Information Provided by the Mori Trust Group



ON Building



Kioicho Building



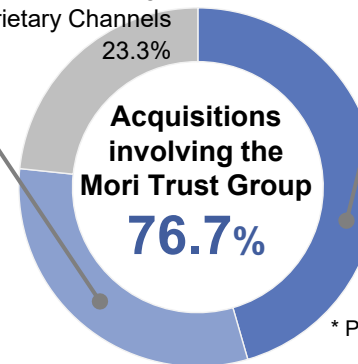
Shin-Yokohama
TECH Building



Hotel Okura Kobe

31.2%

Acquisitions through
Proprietary Channels
23.3%



Acquisitions from the Mori Trust Group

45.5%



Tokyo Shiodome
Building



Osaki MT Building



Shinbashi Ekimae
MTR Building



Ito-Yokado
Shonandai

* Percentage based on acquisition price

Recent dispositions

Dispositions to the Mori Trust Group:

Dispositions based on information provided by the Mori Trust Group:

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

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

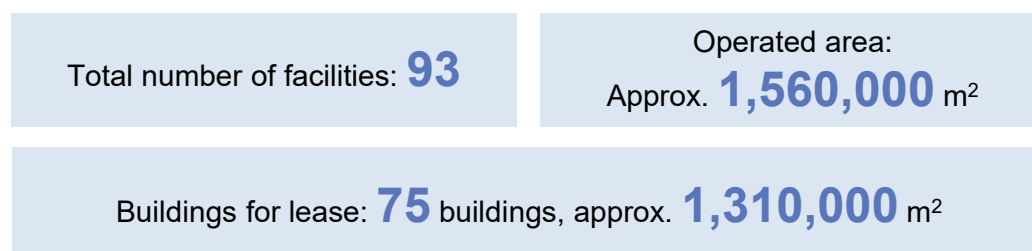
- Conservative LTV is the basis, and the 50% upper limit of LTV is the benchmark.
- Diversify repayment maturities
- Procure short-term borrowings and long-term debt in a balanced manner, paying attention to reducing financing costs and the effect of changes in the financial environment
- Establish a 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.



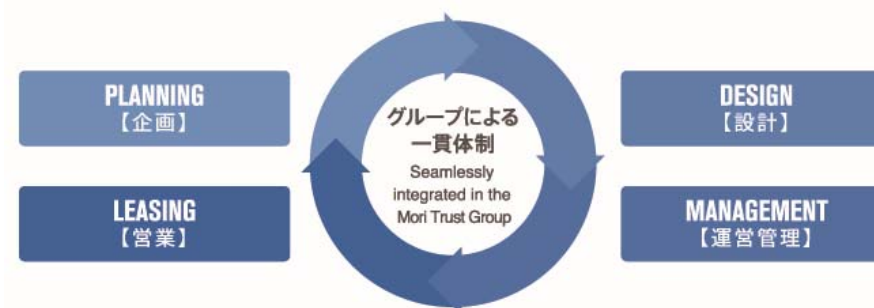
■ Mori Trust Group lease operation facilities

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



■ System of real estate development

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



(As of December 31, 2018)

6. Reference





Balance Sheets

Fiscal Period Ended March 2019 (34th Fiscal Period) Information Package

6. Reference

(Unit: thousand yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	15,874,564	16,508,717
Cash and deposits in trust	2,871,670	2,899,320
Operating accounts receivable	59,097	50,893
Accounts receivable - other	—	1,336
Prepaid expenses	39,147	31,434
Other	—	1,278
Total current assets	18,844,479	19,492,980
Non-current assets		
Property, plant and equipment		
Buildings	23,848,519	23,247,176
Structures	34,289	36,574
Machinery and equipment	42,930	40,760
Tools, furniture and fixtures	31,525	31,266
Land	136,672,529	136,672,529
Buildings in trust	18,230,844	17,971,166
Structures in trust	27,032	25,428
Machinery and equipment in trust	4,579	5,160
Tools, furniture and fixtures in trust	27,832	30,431
Land in trust	130,939,930	130,939,930
Total property, plant and equipment	309,860,013	309,000,426
Intangible assets		
Software	38	19
Other	240	240
Total intangible assets	278	259
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	13,219	5,229
Other	3,602	3,602
Total investments and other assets	26,821	18,831
Total non-current assets	309,887,113	309,019,516
Deferred assets		
Investment corporation bond issuance costs	39,245	45,053
Total deferred assets	39,245	45,053
Total assets	328,770,839	328,557,549

	As of September 30, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Operating accounts payable	567,456	245,710
Short-term loans payable	5,000,000	5,000,000
Current portion of investment corporation bonds	3,000,000	4,000,024
Current portion of long-term loans payable	13,500,000	33,000,000
Accounts payable – other	153,933	225,529
Accrued expenses	505,657	486,841
Dividends payable	9,998	8,675
Income taxes payable	682	1,053
Accrued consumption taxes	281,978	154,912
Advances received	1,440,423	1,459,190
Deposits received	14,843	1,016
Total current liabilities	24,474,974	44,582,954
Non-current liabilities		
Investment corporation bonds	9,000,037	8,000,000
Long-term loans payable	124,500,000	105,000,000
Tenant leasehold and security deposits	9,545,984	9,682,602
Tenant leasehold and security deposits in trust	874,186	894,870
Deferred tax liabilities	495,206	495,189
Total non-current liabilities	144,415,414	124,072,661
Total liabilities	168,890,389	168,655,616
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,083,568	1,072,409
Total voluntary retained earnings	1,083,568	1,072,409
Unappropriated retained earnings	4,806,841	4,839,482
Total surplus	5,890,409	5,911,892
Total unitholders' equity	159,880,449	159,901,932
Total net assets	159,880,449	159,901,932
Total liabilities and net assets	328,770,839	328,557,549



Statements of Income and Retained Earnings

Statements of Income

	(Unit: thousand yen)	
	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2018 to March 31, 2019
Operating revenue		
Lease business revenue	8,428,133	8,475,783
Other lease business revenue	391,641	296,072
Total operating revenue	8,819,775	8,771,855
Operating expenses		
Expenses related to rent business	3,091,850	3,028,330
Asset management fee	334,082	338,276
Asset custody fee	16,408	13,092
Administrative service fees	53,288	50,460
Directors' compensations	6,000	6,000
Other operating expenses	54,538	41,878
Total operating expenses	3,556,168	3,478,037
Operating income	5,263,606	5,293,818
Non-operating income		
Interest income	209	88
Reversal of dividends payable	759	653
Interest on tax refund	219	—
Insurance income	1,989	6,341
Total non-operating income	3,178	7,083
Non-operating expenses		
Interest expenses	444,015	439,069
Interest expenses on investment corporation bonds	12,629	12,326
Amortization of investment corporation bond issuance costs	7,727	8,972
Total non-operating expenses	464,373	460,369
Ordinary income	4,802,411	4,840,532
Profit before income taxes	4,802,411	4,840,532
Income taxes - current	714	1,066
Income taxes - deferred	(5,144)	(17)
Total income taxes	(4,430)	1,049
Profit	4,806,841	4,839,482
Unappropriated retained earnings	4,806,841	4,839,482

(Breakdown of Real Estate Leasing Business Income)

	(Unit: thousand yen)	
	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2018 to March 31, 2019
A. Rental revenues		
Lease business revenue		
Rent	8,048,072	8,107,574
Common charges	256,451	244,600
Land leasing revenues	123,609	123,609
Other lease business revenue	391,641	296,072
Total rental revenues	8,819,775	8,771,855
B. Property-related expenses		
Property management expenses		
Property management fees	459,139	419,442
Utilities	256,830	224,455
Property and other taxes	898,027	896,120
Casualty insurance	19,156	19,132
Repair expenses	166,918	174,517
Depreciation and amortization	1,262,337	1,268,330
Other expenses	29,441	26,331
Total property-related expenses	3,091,850	3,028,330
C. Profit and losses from real estate business (A-B)	5,727,924	5,743,525



■ Statement of Cash Distributions

(Unit: yen)

	The Fiscal Period ended September 30, 2018 (April 1, 2018 to September 30, 2018)	The Fiscal Period ended March 31, 2019 (October 1, 2018 to March 31, 2019)
I. Unappropriated retained earnings	4,806,841,700	4,839,482,960
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	11,158,300	—
III. Distribution amount	4,818,000,000	4,839,120,000
(Distribution amount per unit)	(3,650)	(3,666)
IV. Retained earnings carried forward	0	362,960

■ Statements of Cash Flows

(Unit: thousand yen)

	For the period from April 1, 2018 to September 30, 2018	For the period from October 1, 2018 to March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,802,411	4,840,532
Depreciation	1,262,337	1,268,330
Amortization of investment corporation bond issuance costs	7,727	8,972
Interest income	(209)	(88)
Interest expenses	456,645	451,396
Decrease (increase) in operating accounts receivable	(1,316)	8,204
Increase (decrease) in operating accounts payable	305,837	(331,441)
Decrease (increase) in consumption tax refund receivable	9,474	—
Increase (decrease) in accrued consumption taxes	281,978	(127,065)
Increase (decrease) in advances received	(16,302)	18,766
Other, net	663	(18,625)
Subtotal	7,109,246	6,118,981
Interest income received	209	88
Interest expenses paid	(462,535)	(452,383)
Income taxes paid	(850)	(695)
Net cash provided by operating activities	6,646,069	5,665,991
Cash flows from investing activities		
Purchase of property, plant and equipment	(119,593)	(66,055)
Purchase of property, plant and equipment in trust	(108,533)	(271,026)
Repayments of tenant leasehold and security deposits	(412,708)	(210,224)
Proceeds from tenant leasehold and security deposits	409,145	356,536
Repayments of tenant leasehold and security deposits in trust	(8,139)	(150)
Proceeds from tenant leasehold and security deposits in trust	113,811	20,833
Net cash used in investing activities	(126,017)	(170,085)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,500,000)	—
Proceeds from long-term loans payable	15,000,000	1,000,000
Repayments of long-term loans payable	(14,500,000)	(1,000,000)
Proceeds from issuance of investment corporation bonds	3,000,000	3,000,000
Redemption of investment corporation bonds	—	(3,000,000)
Payments for investment corporation bond issuance costs	(15,290)	(14,780)
Dividends paid	(4,818,591)	(4,819,323)
Net cash used in financing activities	(4,833,882)	(4,834,103)
Net increase (decrease) in cash and cash equivalents	1,686,169	661,802
Cash and cash equivalents at beginning of period	17,060,065	18,746,235
Cash and cash equivalents at end of period	18,746,235	19,408,037



(Million yen)

	Period ended March 2017 (30th fiscal period)	Period ended September 2017 (31st fiscal period)	Period ended March 2018 (32nd fiscal period)	Period ended September 2018 (33rd fiscal period)	Period ended March 2019 (34th fiscal period)	Formula
Operating revenues	8,869	11,606	8,686	8,819	8,771	
Gain on sale of real estate	—	2,813	—	—	—	
Operating expenses	3,636	3,812	3,438	3,556	3,478	
Operating income	5,233	7,794	5,248	5,263	5,293	
Ordinary income	4,707	7,280	4,771	4,802	4,840	
Profit	4,722	7,049	4,785	4,806	4,839	
Total distribution	4,755	6,552	4,818	4,818	4,839	
Total assets	332,575	327,438	328,079	328,770	328,557	
Interest-bearing liabilities	159,500	152,000	155,000	155,000	155,000	
Total net assets	159,364	161,658	159,891	159,880	159,901	
Unrealized gain/loss	22,195	33,072	33,395	41,469	45,159	
NAV	181,560	194,731	193,287	201,350	205,061	NAV = Total net assets + Unrealized gain/loss
Profits from real estate rental business	5,673	5,508	5,695	5,727	5,743	
Depreciation and amortization	1,394	1,373	1,282	1,262	1,268	
NOI	7,067	6,882	6,978	6,990	7,011	NOI = Profits from real estate rental business + Depreciation and amortization
FFO	6,116	5,610	6,068	6,069	6,107	FFO = Profit + Depreciation and amortization – Gain/loss on sale of real estate
Capital improvements	151	470	237	253	408	
Net cash flows	6,916	6,411	6,740	6,736	6,603	NCF = NOI – Capital improvements
ROA (annualized)	2.8%	4.4%	2.9%	2.9%	2.9%	ROA = (Ordinary income / Total assets) / 6 × 12 * Annualized
ROE (annualized)	5.9%	8.7%	6.0%	6.0%	6.1%	ROE = (Profit / Total net assets) / 6 × 12 * Annualized
LTV ratio	48.0%	46.4%	47.2%	47.1%	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	3,603 yen	4,964 yen	3,650 yen	3,650 yen	3,666 yen	
Total net assets per unit	120,730 yen	122,468 yen	121,130 yen	121,121 yen	121,137 yen	
NAV per unit	137,545 yen	147,523 yen	146,429 yen	152,538 yen	155,349 yen	
FFO per unit	4,633 yen	4,250 yen	4,597 yen	4,597 yen	4,627 yen	



Changes in Occupancy Rate

6. Reference

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

Use	(Period ended September 2018) September 30, 2018	October 31, 2018	November 30, 2018	December 31, 2018	January 31, 2019	February 28, 2019	(Period ended March 2019) March 31, 2019
Office Building Master lease basis (Sublease basis)	99.2% (98.9%)	99.5% (99.5%)	99.9% (99.9%)	99.8% (99.8%)	99.8% (99.8%)	99.9% (99.9%)	99.9% (99.3%)
Retail Facility	100%	100%	100%	100%	100%	100%	100%
Other	100%	100%	100%	100%	100%	100%	100%
Total Master lease basis (Sublease basis)	99.6% (99.5%)	99.8% (99.7%)	99.9% (99.9%)	99.9% (99.9%)	99.9% (99.9%)	99.9% (99.9%)	99.9% (99.7%)

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

Use	Name	March 31, 2017 (End of 30th fiscal period)	September 30, 2017 (End of 31st fiscal period)	March 31, 2018 (End of 32nd fiscal period)	September 30, 2018 (End of 33rd fiscal period)	March 31, 2019 (End of 34th fiscal period)
Office Building	Tokyo Shiodome Building	100%	100%	100%	100%	100%
	ON Building	100%	100%	100%	100%	100%
	Kioicho Building (Note 2)	99.9% (98.1%)	99.9% (98.1%)	99.9% (98.7%)	99.9% (99.9%)	99.9% (99.9%)
	Osaki MT Building (Note 3)	100% (92.7%)	100% (92.7%)	100% (92.7%)	100% (100%)	100% (91.8%)
	Midosuji MTR Building (Note 4)	100% (95.0%)	100% (95.5%)	100% (100%)	100% (96.4%)	100% (100%)
	Hiroo MTR Building (Note 5)	—	—	99.5%	84.2%	100%
	Tenjin Prime (Note 5)	100%	100%	100%	89.1%	100%
	Shin-Yokohama TECH Building	98.8%	92.6%	95.7%	98.7%	98.7%
Retail Facility	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	100%	100%	96.8%	100%	100%
Total (Note 6)		99.9% (99.5%)	99.7% (99.2%)	99.8% (99.5%)	99.6% (99.5%)	99.9% (99.7%)

(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 MTR 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)

Office Building												
	Tokyo Shiodome Building		ON Building		Kioicho Building		Osaki MT Building		Midosuji MTR Building		Hiroo MTR Building	
												
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	102,304 million yen		39,341 million yen		33,578 million yen		13,173 million yen		10,109 million yen		8,388 million yen	
Appraisal value	131,000 million yen		32,000 million yen		37,400 million yen		14,600 million yen		10,500 million yen		8,190 million yen	
Total floor space	191,394.06 m ² (Note 1)		32,812.27 m ²		63,535.55 m ² (Note 2)		26,980.68 m ² (Note 3)		15,129.16 m ²		6,709.80 m ²	
PML (Note 4)	6.0%		8.0%		11.3%		11.5%		2.1%		7.3%	
Rental revenues (thousand yen)	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019
Rental revenues	2,795,000	2,795,000	Undisclosed (Note 5)	Undisclosed (Note 5)	1,071,612	1,088,092	321,235	336,347	278,719	293,352	175,069	176,016
Rent	2,795,000	2,795,000			947,800	978,421	320,090	333,174	230,658	252,182	122,621	128,750
Common charges	—	—			10,168	10,168	—	—	14,959	8,440	28,123	22,888
Land leasing revenues	—	—			—	—	—	—	—	—	—	—
Other rental revenues	—	—			113,643	99,501	1,144	3,172	33,101	32,729	24,324	24,377
Property-related expenses	919,404	919,379			567,024	519,906	113,525	115,665	160,424	148,337	57,729	57,376
Property and other taxes	406,295	406,289			88,343	88,343	36,618	36,610	39,308	39,308	40	122
Property taxes	406,295	406,289			87,018	87,018	36,618	36,610	39,308	39,308	—	—
Other taxes	—	—			1,325	1,325	—	—	—	—	40	122
Overhead expenses	3,744	3,724			343,977	295,520	20,811	22,798	71,330	60,975	41,257	40,481
Property management fees	—	—			240,997	218,297	6,670	14,128	35,264	29,559	7,687	10,572
Utilities	—	—			86,575	59,803	—	—	27,421	25,999	17,746	18,339
Casualty insurance	3,744	3,724			1,352	1,353	795	790	557	554	230	229
Trust fees	—	—			800	800	—	—	500	500	400	400
Other expenses	—	—			14,252	15,267	13,345	7,878	7,585	4,360	15,192	10,940
Depreciation and amortization	509,364	509,365			134,703	136,042	56,094	56,257	49,785	48,053	16,431	16,772
Profits and losses from real estate business	1,875,595	1,875,620	539,781	544,151	504,587	568,185	207,709	220,681	118,295	145,014	117,340	118,639
Earnings before depreciation and amortization (NOI)	2,384,959	2,384,986	625,200	630,494	639,291	704,228	263,804	276,939	168,080	193,068	133,771	135,412
NOI yield (Note 6)	4.3%		3.2%		4.1%		3.8%		3.8%		3.3%	

(Note 1) The Tokyo Shiodome Building is a co-owned building and the floor area of 95,697.03m² is calculated by multiplying MTR's co-owned interest (ratio of 50/100) 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 m².

(Note 3) The Osaki MT Building is a co-owned building, and the floor area of 24,495.21m² is calculated by multiplying MTR's co-owned interest (ratio of 907,880/1,000,000) 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 is calculated by converting NOI in the fiscal period ended March 2019 to an annual basis.



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

6. Reference

	Office Building				Retail Facility							
	Tenjin Prime		Shin-Yokohama TECH Building		SHIBUYA FLAG		Shinbashi Ekimae MTR Building		Ito-Yokado Shonandai		Kohnan Sagami-hara-Nishihashimoto	
												
Location	Chuo Ward, Fukuoka		Kohoku Ward, Yokohama		Shibuya Ward, Tokyo		Minato Ward, Tokyo		Fujisawa City, Kanagawa		Midori Ward, Sagami-hara	
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	6,740 million yen		6,797 million yen		32,544 million yen		17,359 million yen		9,925 million yen		7,309 million yen	
Appraisal value	8,550 million yen		6,730 million yen		40,700 million yen		21,200 million yen		11,700 million yen		8,500 million yen	
Total floor space	7,722.04 m ²		25,187.22 m ²		7,766.49 m ²		7,820.45 m ²		53,393.66 m ²		40,283.77 m ²	
PML	6.4%		8.7%		11.9%		12.2%		14.0%		13.5%	
Rental revenues (thousand yen)	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019
Rental revenues	314,229	235,104	333,273	346,969	Undisclosed (Note 7)	Undisclosed (Note 7)	459,000	459,600	395,045	375,045	Undisclosed (Note 7)	Undisclosed (Note 7)
Rent	198,092	198,648	296,687	310,866			459,000	459,000	395,000	375,000		
Common charges	20,560	20,560	96	—			—	—	—	—		
Land leasing revenues	—	—	—	—			—	—	—	—		
Other rental revenues	95,576	15,895	36,488	36,102			—	600	45	45		
Property-related expenses	110,179	89,604	198,902	232,536			51,149	51,065	130,737	106,886		
Property and other taxes	24,036	24,036	29,989	29,982			32,636	32,633	39,186	39,180		
Property taxes	24,036	24,036	29,989	29,982			32,636	32,633	39,186	39,180		
Other taxes	—	—	—	—			—	—	—	—		
Overhead expenses	57,710	35,191	111,248	143,407			1,485	1,403	31,662	6,912		
Property management fees	27,978	7,440	58,453	57,930			1,200	1,200	1,620	1,620		
Utilities	12,170	13,188	39,231	38,790			—	—	—	—		
Casualty insurance	206	204	806	801			205	203	982	977		
Trust fees	750	750	—	—			—	—	—	—		
Other expenses	16,605	13,608	12,757	45,884			80	—	29,060	4,315		
Depreciation and amortization	28,432	30,376	57,664	59,146			17,027	17,027	59,888	60,793		
Profits and losses from real estate business	204,050	145,499	134,370	114,433	664,765	656,560	407,850	408,534	264,308	268,159	185,104	178,416
Earnings before depreciation and amortization (NOI)	232,482	175,876	192,035	173,579	688,355	680,166	424,878	425,562	324,196	328,952	222,480	215,823
NOI yield	5.1%		5.0%		4.2%		4.7%		5.7%		5.8%	

(Note 7) 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.

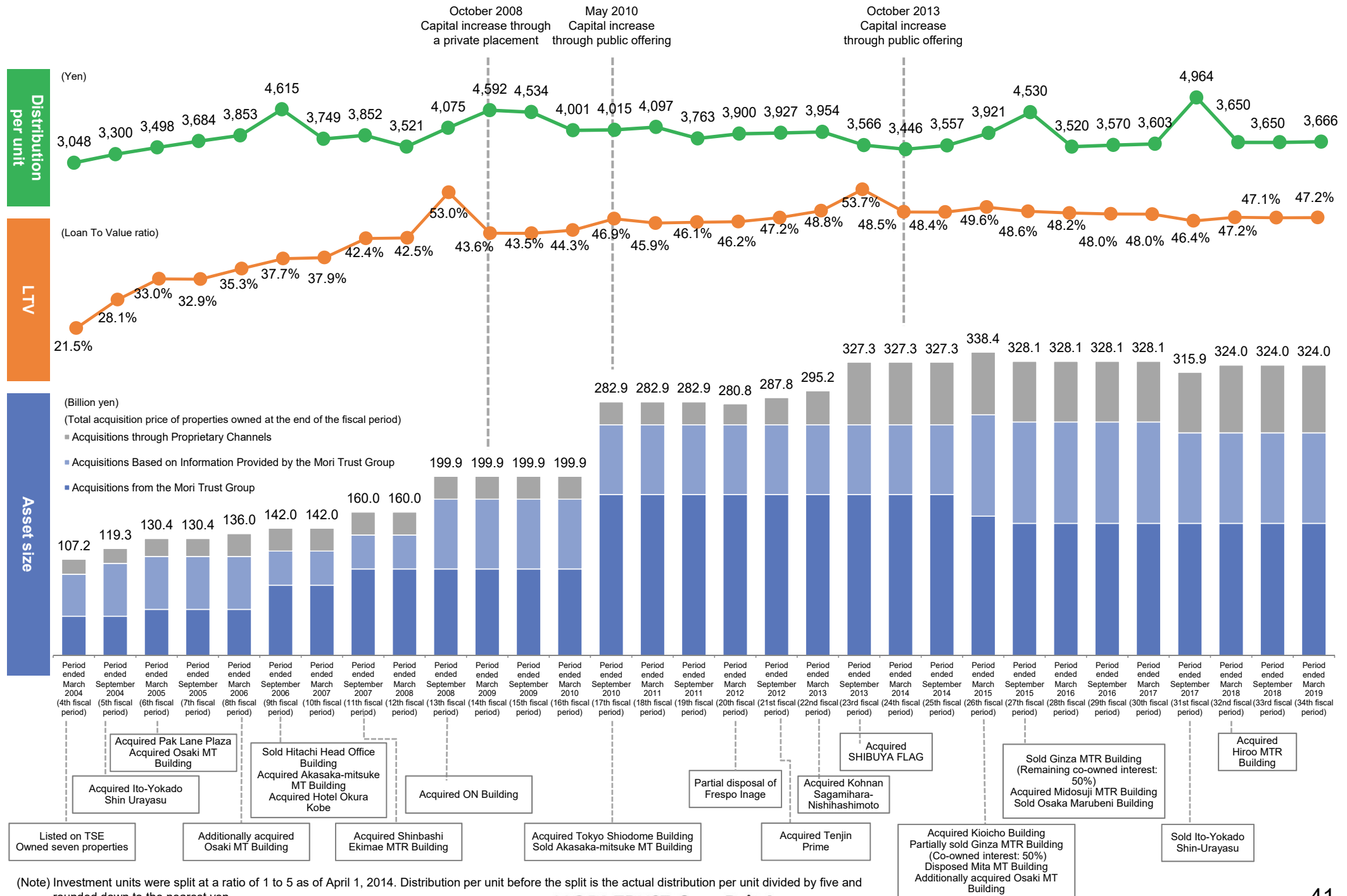
Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (3)

	Retail Facility Frespo Inage		Hotel Hotel Okura Kobe		Residential Park Lane Plaza		Total	
								
Location	Inage Ward, Chiba		Chuo Ward, Kobe		Shibuya Ward, Tokyo		—	
Construction completion	—		March 1989 (Expanded March 1995)		June 1988		—	
Acquisition date	March 2002		September 2006		December 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		16,075 million yen		3,157 million yen		309,000 million yen	
Appraisal value	2,650 million yen		16,700 million yen		3,740 million yen		354,160 million yen	
Total floor space	(39,556.71 m ²) (Note 8)		72,246.86 m ²		5,246.78 m ²		—	
PML	—		17.8%		14.9%		5.4% (Note 9)	
Rental revenues (thousand yen)	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019	Period ended September 2018	Period ended March 2019
Rental revenues	123,609	123,609	625,493	618,018	104,103	105,876	8,819,775	8,771,855
Rent	—	—	625,493	618,018	94,376	96,076	8,048,072	8,107,574
Common charges	—	—	—	—	9,043	9,043	256,451	244,600
Land leasing revenues	123,609	123,609	—	—	—	—	123,609	123,609
Other rental revenues	—	—	—	—	683	755	391,641	296,072
Property-related expenses	8,019	8,019	306,227	308,089	34,794	31,767	3,091,850	3,028,330
Property and other taxes	7,269	7,269	73,428	73,427	7,187	7,182	898,027	896,120
Property taxes	7,269	7,269	73,428	73,427	7,187	7,182	894,709	894,669
Other taxes	—	—	—	—	—	—	3,317	1,451
Overhead expenses	750	750	57,941	59,207	15,904	12,902	931,485	863,878
Property management fees	—	—	—	—	8,580	8,015	459,139	419,442
Utilities	—	—	—	—	2,446	2,374	256,830	224,455
Casualty insurance	—	—	8,291	8,318	160	160	19,156	19,132
Trust fees	750	750	2,000	2,000	—	—	6,850	6,850
Other expenses	—	—	47,649	48,889	4,716	2,352	189,509	193,998
Depreciation and amortization	—	—	174,857	175,454	11,701	11,682	1,262,337	1,268,330
Profits and losses from real estate business	115,589	115,589	319,266	309,929	69,308	74,109	5,727,924	5,743,525
Earnings before depreciation and amortization (NOI)	115,589	115,589	494,123	485,383	81,010	85,792	6,990,261	7,011,855
NOI yield	11.0%		5.1%		5.4%		4.3%	

(Note 8) The floor area of Frespo Inage is the area of the real estate trust associated with the real estate trust's beneficiary rights.

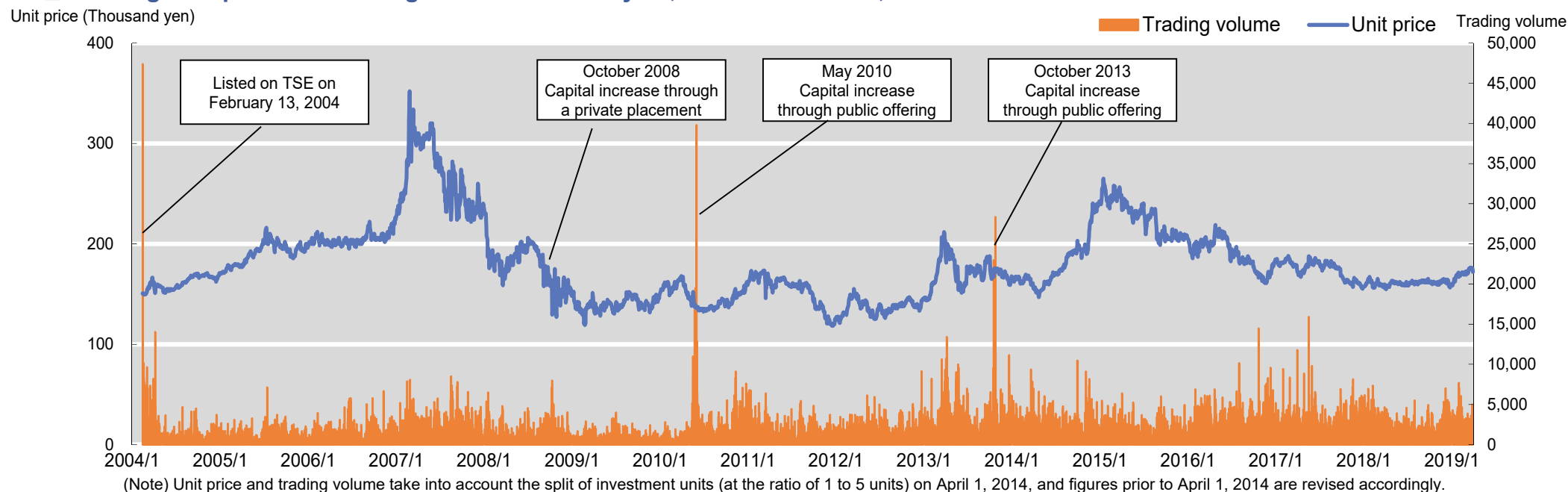
(Note 9) Portfolio PML is calculated by assuming an earthquake with an epicenter close to Tokyo's Minato Ward out of multiple earthquake scenarios.

Changes in Asset Size, LTV and Distribution Per Unit

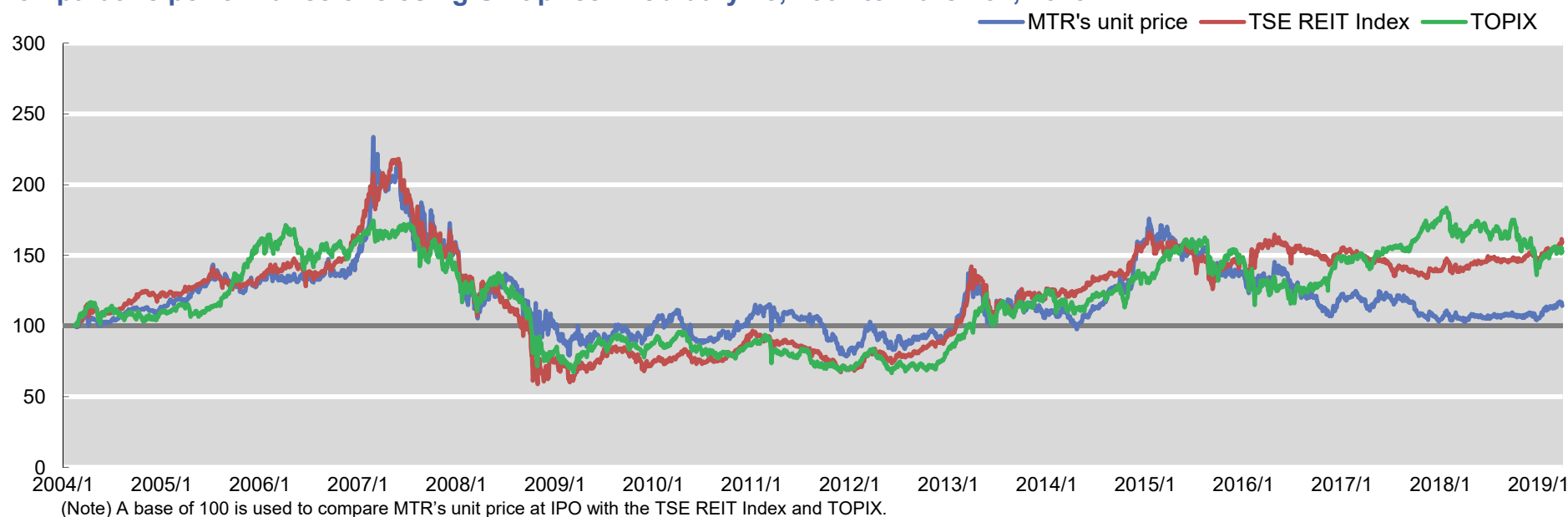




■ Closing Unit price and trading volume February 13, 2004 to March 31, 2019



■ Comparative performance of closing Unit price February 13, 2004 to March 31, 2019





Asset Management Company Remuneration Methods

(The end of the fiscal period ended March 2019)

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.

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