



MORI TRUST Sogo Reit, Inc.

Fiscal Period Ended September 2019 (35th Fiscal Period)

Information Package



(Securities Code: 8961)

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

(Asset Management Company)

MORI TRUST Asset Management Co., LTD.

MEMO

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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





Fiscal Period Ended September 2019 Settlement Highlights

1. Overview of the Settlement and Forecasts

Distribution Per Unit

¥3,709 (up ¥43 vs. the fiscal period ended March 2019, up ¥49 vs. forecast)

Distribution per unit steadily increased through continuous accumulation of flow revenues.

As of September, 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 0.0%)
 * Sublease basis **99.6%** (down 0.1%) (Note 2)

Appraisal values of portfolio properties at the fiscal period end: **¥362.8 billion** (up ¥8.6 billion)

Unrealized profit: **¥54.7 billion** (up ¥9.6 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: **0.56%** (down 0.02%)

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: **¥162,676** (up 4.7%)
 (Note 4)

Investment unit price: **¥193,800**
 / closing price on September 30, 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.

(Note 4) NAV per unit: (Year-end net asset value + Unrealized profit and loss) ÷ Number of investment units issued

Sales and income increased year on year, primarily due to the filling of vacated spaces, upward rent revisions and the reduction of repair expenses.

(Unit: Million yen)

	Period ended March 2019 actual (A)	Period ended September 2019 (B)	Period ended September 2019 actual (C)	Vs. previous fiscal period (C-A)	Vs. forecast (C-B)
Operating revenues	8,771	8,830	8,831	60	1
Rental revenues (a)	8,771	8,830	8,831	60	1
Operating expenses	3,478	3,542	3,489	11	-52
Property-related expenses (b)	3,028	3,073	3,024	-3	-48
Property and other taxes	896	948	948	52	0
Overhead expenses	863	840	793	-70	-46
Depreciation (c)	1,268	1,284	1,282	14	-2
Selling, general and admin	449	469	465	15	-3
Profits and losses from real estate business (d)=(a)-(b)	5,743	5,756	5,807	63	50
Earnings before depreciation and amortization (NOI) (d)+(c)	7,011	7,041	7,089	77	47
Operating income	5,293	5,287	5,341	48	54
Non-operating revenues	7	1	2	-4	0
Non-operating expenses	460	456	446	-13	-9
Ordinary income	4,840	4,832	4,897	56	64
Profit before income taxes	4,840	4,832	4,897	56	64
Income taxes - current	1	1	1	-0	0
Income taxes - deferred	▲0	—	▲2	-2	-2
Profit	4,839	4,831	4,898	58	66
Total distribution	4,839	4,831	4,895	56	64
Distribution per unit (yen)	3,666	3,660	3,709	43	49
Total number of outstanding investment units	1,320,000	1,320,000	1,320,000	—	—

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 71
- Temporary decrease in revenues due to the vacation of tenant from Osaki MT Building -22
- Assumption of downtime due to vacation of residential tenants -3
- Increase in utilities revenues, etc. due to seasonal factors 15

Operating expenses

- Increase in fixed asset tax, etc. (payment adjustment due to revaluation and fixed asset tax incurred on Hiroo MTR Building) 52
- Decrease in property management fees, etc. -22
- Increase in utilities expenses due to seasonal factors 19
- Decrease in repair expenses -70
- Increase in depreciation and amortization 14
- Expenses for general meeting of unitholders 11

Non-operating expenses

- Decrease in interest paid -13

Vs. forecast

(Unit: Million yen)

Operating revenues

- Higher than forecast due to new occupancy, rent revisions, etc. 10
- Lower than forecast for vacation of housing tenants 3
- Lower-than-forecast utilities revenues -12

Operating expenses

- Lower-than-forecast utilities expenses -26
- Lower-than-forecast repair expenses -14
- Property management fees for Kioicho Building lower than forecast due to an increase in common-area charges refunded -7

Non-operating expenses

- Lower-than-forecast interest expenses -9



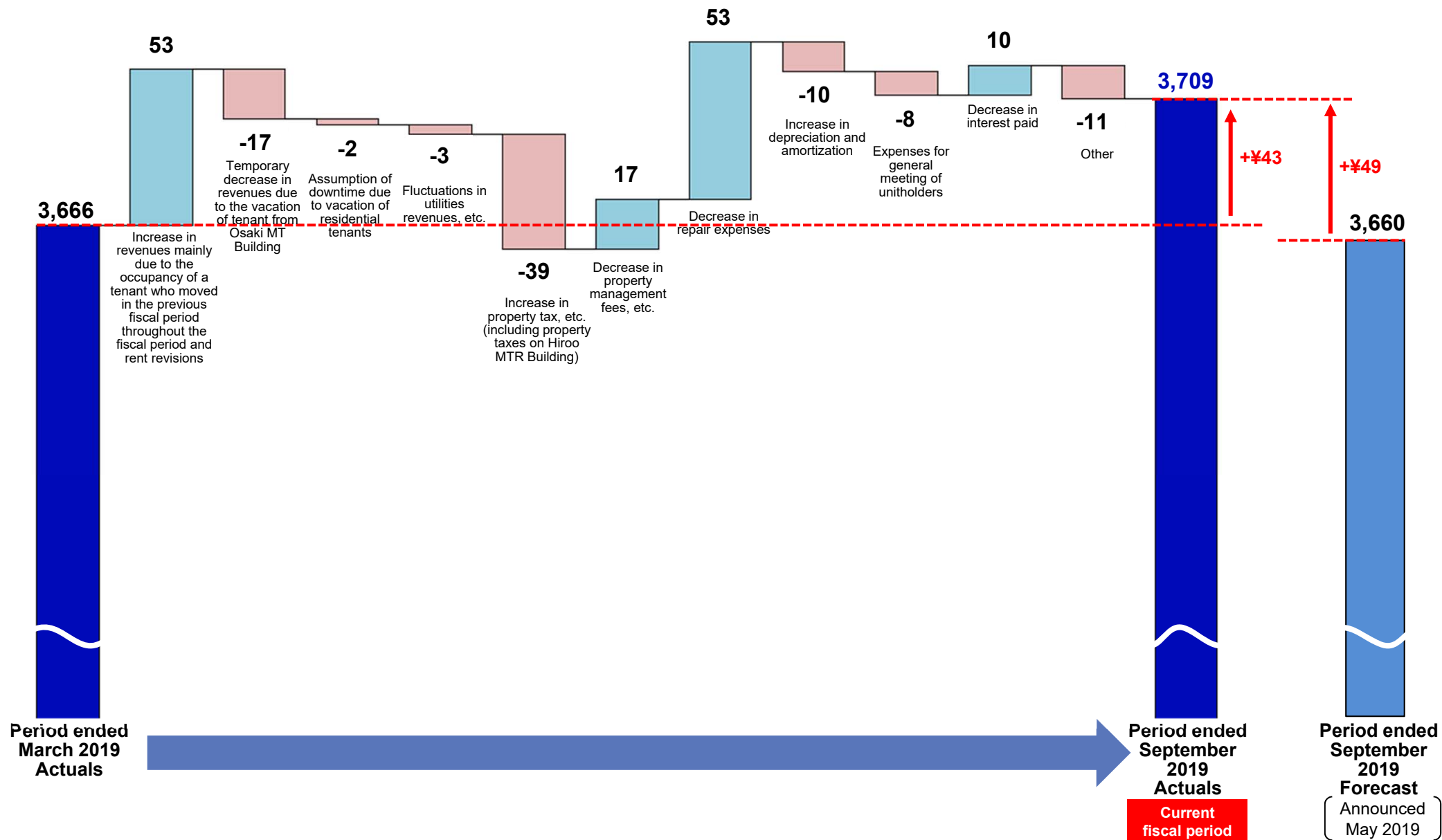
Factors for Change in Distributions per Unit (the fiscal period ended September 2019)

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Distribution per unit was up ¥43 from the previous fiscal period and up ¥49 from the forecast.

(Unit: Yen)





Forecasts for the Fiscal Period ending March 2020

1. Overview of the Settlement and Forecasts

Forecasts for both operating income and profit were revised upward, mainly due to new tenancy, progress on rent revisions and interest expenses lower than the forecast (operating revenue: up ¥23 million; profit: up ¥59 million).

(Unit: Million yen)

	Period ended September 2019 Actuals (A)	Previous forecast for the fiscal period ending March 2020 (B)	New forecast for the fiscal period ending March 2020 (C)	Vs. previous fiscal period (C-A)	Change from the previous forecast (C-B)
Operating revenues	8,831	8,854	8,878	46	23
Rental revenues (a)	8,831	8,854	8,878	46	23
Operating expenses	3,489	3,555	3,539	49	-15
Property-related expenses (b)	3,024	3,097	3,079	54	-18
Property and other taxes	948	946	946	-2	0
Overhead expenses	793	845	833	40	-11
Depreciation (c)	1,282	1,305	1,298	16	-6
Selling, general and adminis	465	458	460	-4	2
Profits and losses from real estatebusiness (d)=(a)-(b)	5,807	5,757	5,799	-8	41
Earnings before depreciation and amortization (NOI) (d)+(c)	7,089	7,062	7,098	8	35
Operating income	5,341	5,298	5,338	-3	39
Non-operating revenues	2	1	1	-0	—
Non-operating expenses	446	446	426	-20	-19
Ordinary income	4,897	4,854	4,913	16	59
Profit before income taxes	4,897	4,854	4,913	16	59
Income taxes - current	1	1	1	-0	—
Income taxes - deferred (*)	-2	—	—	2	—
Profit	4,898	4,853	4,912	14	59
Total distribution	4,895	4,852	4,913	17	60
Distribution per unit (yen)	3,709	3,676	3,722	13	46
Total number of outstanding investment units	1,320,000	1,320,000	1,320,000	—	—

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 56
- Decrease in utilities revenues due to seasonal factors, etc. -17
- Contract cancellation fees received from tenants 6

Operating expenses

- Decrease in property management fees, etc. -5
- Decrease in utilities expenses due to seasonal factors -15
- Increase in repair expenses, etc. 61
- Increase in depreciation and amortization 16
- Absence of expenses related to general meeting of investors -11

Non-operating expenses

- Decrease in interest paid -20

Vs. previous forecast

(Unit: Million yen)

Operating revenues

- Higher than forecast due to new occupancy, rent revisions, etc. 16
- Contract cancellation fees received from tenants 6

Operating expenses

- Downward revision of repair expenses -9
- Downward revision of depreciation -6

Non-operating expenses

- Lower-than-forecast interest expenses -19



Factors for Change in Distributions per Unit (the fiscal period ending March 2020)

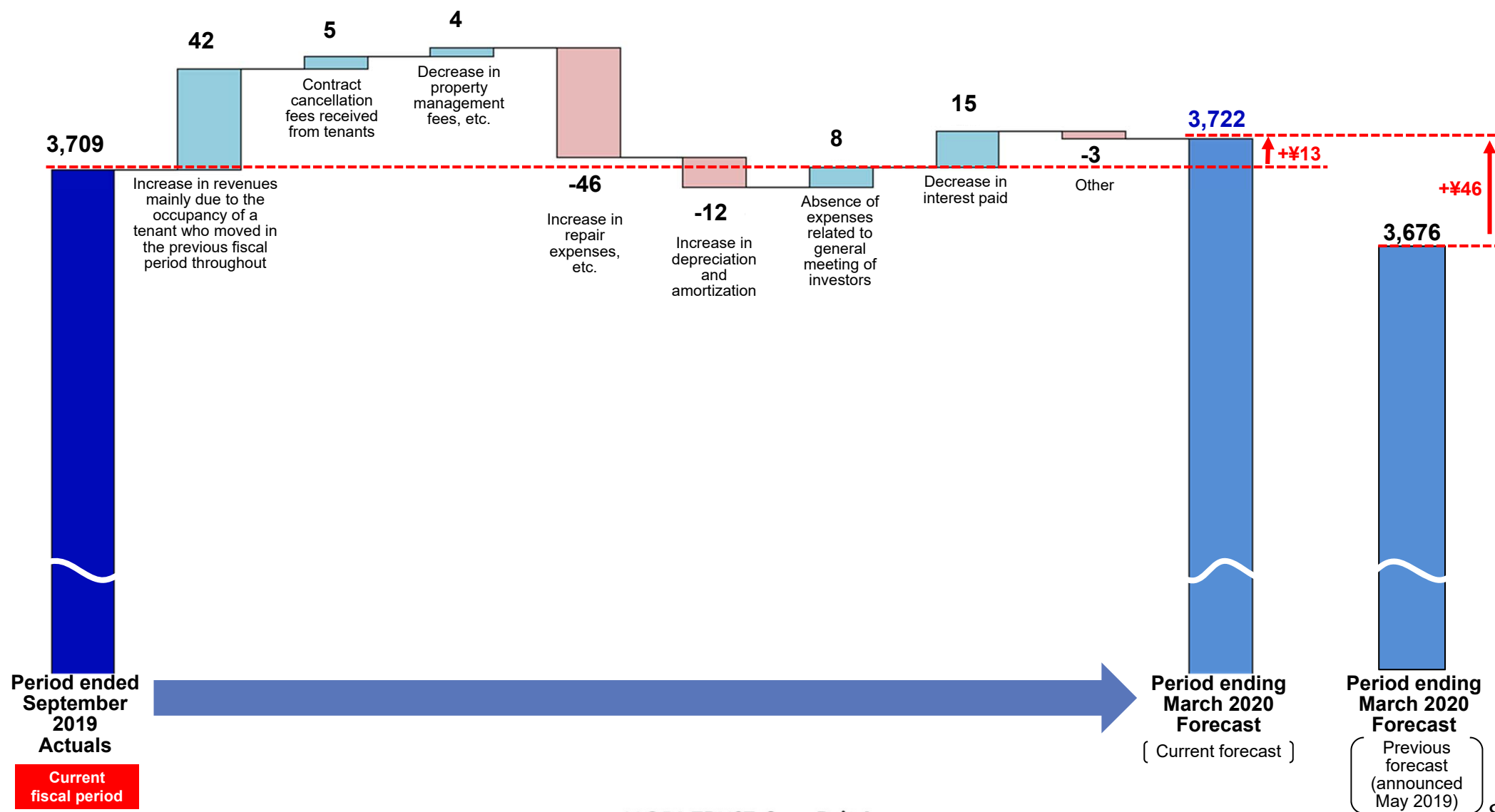
Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Forecast Distribution Per Unit

¥3,722 (up ¥13 from the previous fiscal period, up ¥46 vs. previous forecast)

(Unit: Yen)





Forecast Distribution Per Unit

¥3,724 (up ¥2 vs. forecast for fiscal period ending March 2020)

Both revenues and income are expected to exceed the level of the fiscal period ending March 2020 mainly due to full-year occupancy of tenants who moved in the previous fiscal period, upward rent revisions and a decrease in repair expenses.

(Unit: Million yen)

	Period ending March 2020 Forecast (36th fiscal period)	Period ending September 2020 Forecast (37th fiscal period)	Change (B-A)
	(A)	(B)	
Operating revenues	8,878	8,916	37
Operating income	5,338	5,347	9
Ordinary income	4,913	4,917	3
Profit	4,912	4,916	3
Distribution per unit (yen)	3,722	3,724	2
Total number of outstanding investment units	1,320,000	1,320,000	—

Main factors for change

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. 21
- Increase in utilities revenues due to seasonal factors 27
- Absence of tenant contract cancellation fees -6

Operating expenses

- Increase in fixed asset tax (payment adjustment due to revaluation), etc. 18
- Increase in property management fees for Kioicho Building due to a decrease in the common-area charges refunded 17
- Increase in utilities expenses due to seasonal factors 41
- Decrease in repair expenses -67
- Increase in depreciation and amortization 20

Reference

Balance of internal reserves at the end of the fiscal period ended September 2019: ¥1,567 million
(the same amount is expected at the end of March 2020 and September 2020).



Changes in Distributions per Unit

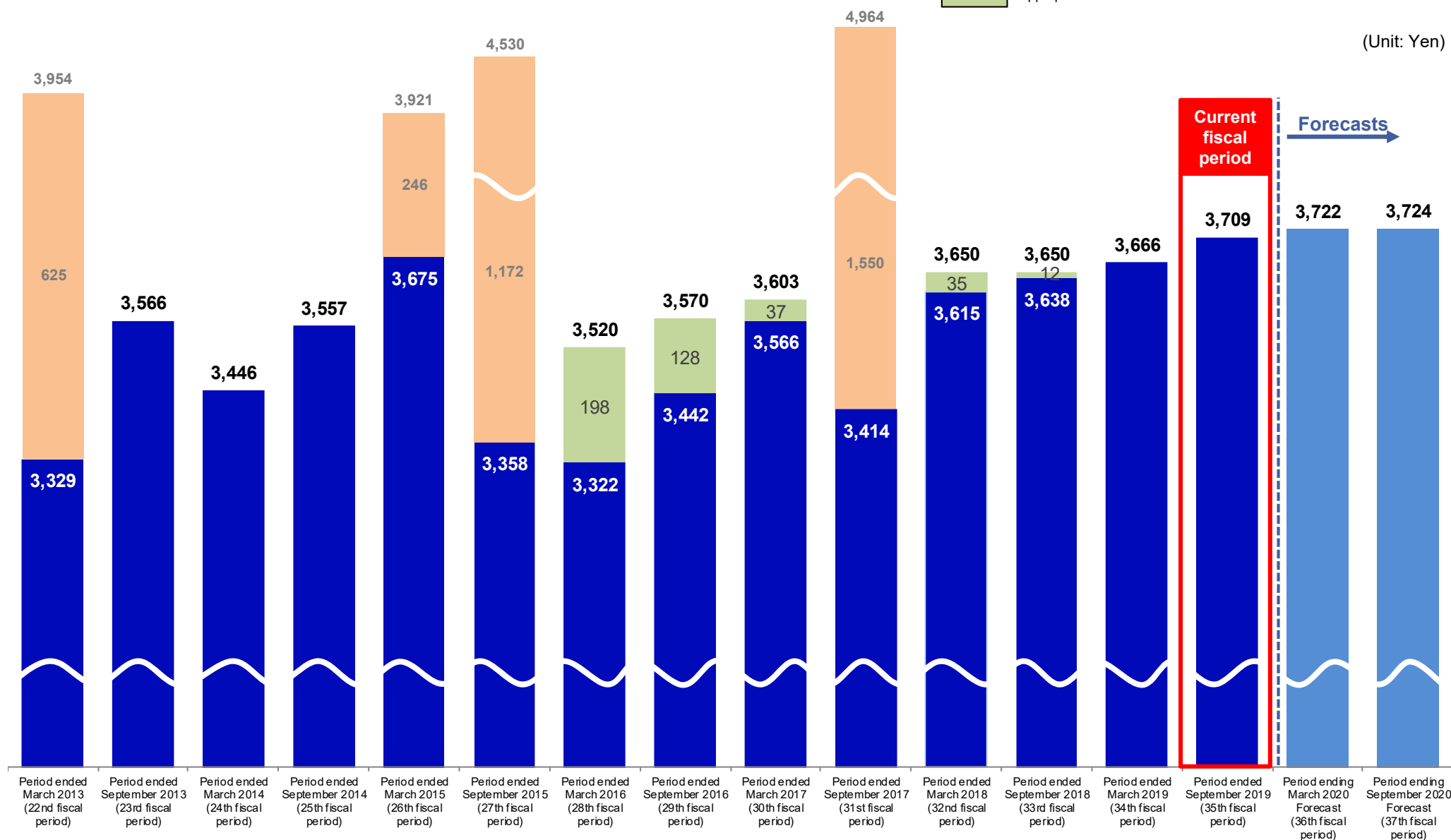
Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

1. Overview of the Settlement and Forecasts

Flow-based real distributions reached the highest standards after the fiscal period ended March 2013.

- Real distributions: Amount after subtracting the amount allocated from internal reserves and amount of distribution related to temporary factors from the amount of distribution per unit
- Temporary factors (relating to property transfer and gains on donation of noncurrent assets)
- Appropriation from internal reserves

(Unit: Yen)



(Note) Investment units were split at a ratio of 1 to 5 as of April 1, 2014. The amount of distribution per unit before the split has also been divided by five and rounded down to the nearest yen.

2. Portfolio Operations Data

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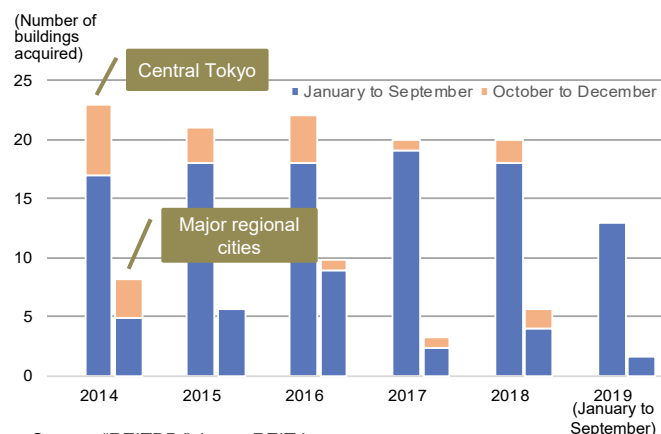


Recognition of Present Conditions

- Transaction opportunities for large-scale promising properties in central Tokyo and major provincial cities are limited.
- The transaction yield remains very low both in central Tokyo and major provincial cities.
- Most consider that the market cycle is beginning to reach its peak.

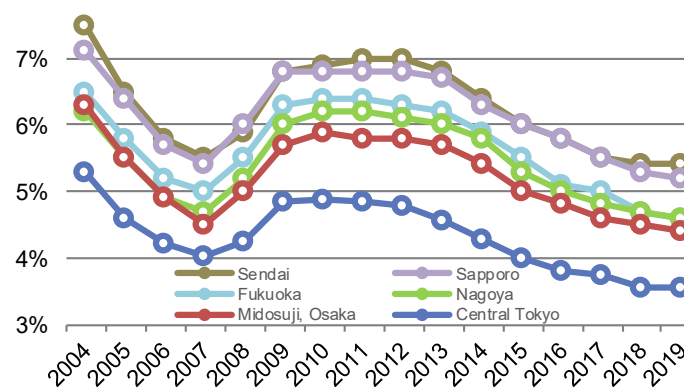
Conditions of Investment Market

■ Trend in the number of office buildings acquired through J-REIT
(¥5 billion or above in central Tokyo and ¥3 billion or above in major regional cities)



Source: "REITDB." Japan REIT Inc.
Central Tokyo: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, Shibuya-ku, and Shinagawa-ku
Major regional cities: Sapporo, Sendai, Nagoya, Osaka, and Fukuoka

■ Trend in transaction yield of standard Class-A buildings



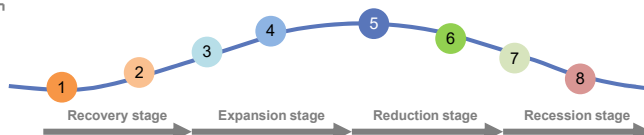
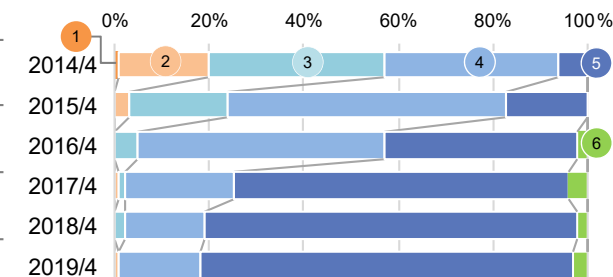
Source: Prepared by the Company based on Japan Real Estate Institute: *The Japanese Real Estate Investor Survey*

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.

* The data were current as of October of each year. The data for 2019 were current as of April.

■ 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.

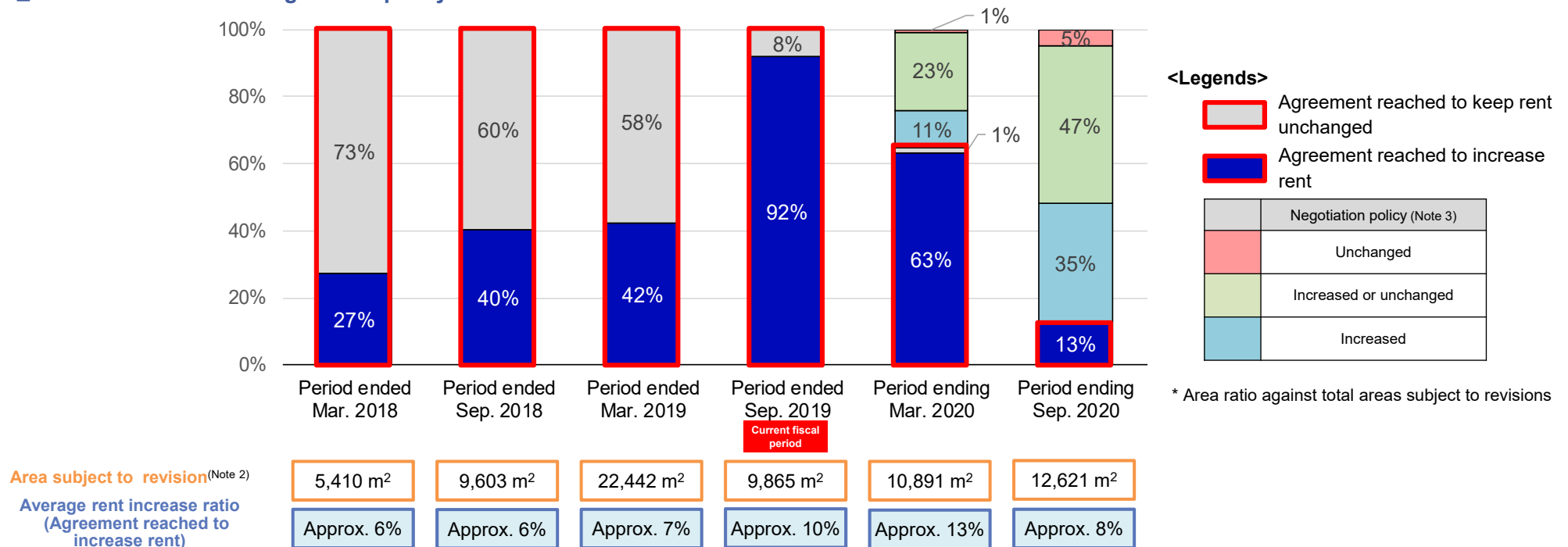
Initiatives for Internal Growth (Situation of Rent Revision)

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 92%* of them. No downward revisions were made.
(Average rent increase ratio: 10% for the period ended September 2019)
- Of the tenants subject to revision within one year, upward revisions were determined for 63%* and 13%* in the periods ending March 2020 and September 2020, respectively.
(Average rent increase ratio: 13% and 8% for the periods ending March 2020 and September 2020, respectively)

* Area ratio against total areas subject to revisions

Actual revisions and negotiation policy for contracts that will be revised



(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.



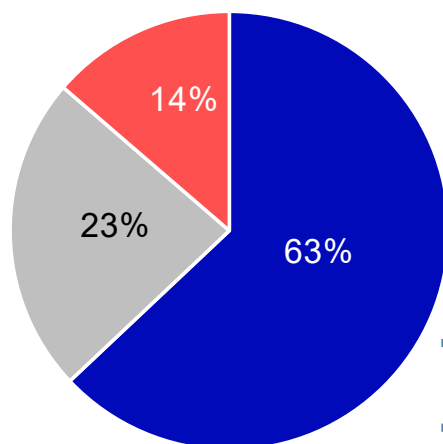
Initiatives for Internal Growth (Tenant Change) and Key Operation Status of Individual Properties

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

2. Portfolio Operations Data

Change in rent at the time of tenant replacement at multi-tenant properties whose principal use is an office (percentage based on area size)

Period ended September 2019



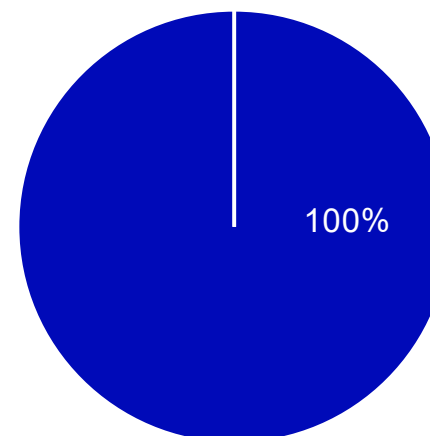
New tenant area^(Note 2): **1,798 m²**

Average percent increase in rent^(Note 3): **7%**

■ Increase ■ Unchanged ■ Decrease

Period ending March 2020

* Contracts signed by September 30, 2019



New tenant area^(Note 2): **1,349 m²**

Average percent increase in rent^(Note 3): **17%**

(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) The sum of room areas rented to tenants whose new contract started during the period under review. This excludes the house and warehouse.

(Note 3) Average percent increase in rent: (Total amount of rent after tenant change – Total amount of rent before tenant change) / Total amount of rent before tenant change

Key operation status of individual properties

Tokyo Shiodome Building

- The term of the master lease agreement for the office and store sections signed with Mori Trust Co., Ltd. was **extended to March 2021**.

Osaki MT Building

- Implemented tenant solicitation focusing on the conditions and **raised the rent for new tenants moving in from October 2019 by 15% from the rent charged to former tenants** (occupancy rate increased from 91.8% to 97.8%).



Property Portfolio List as of the End of the Fiscal Period

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

2. Portfolio Operations Data

(Million yen)										
Use	Name	Location	Construction completion	Acquisition date	Acquisition price		Book value at end of 35th fiscal period	Appraisal value at end of 35th fiscal period	NOI	
						Ratio				Yield
Office Building	Tokyo Shiodome Building	Minato Ward, Tokyo	Jan. 2005	Apr. 2010	110,000	33.9%	101,795	134,000	2,357	4.3%
	ON Building	Shinagawa Ward, Tokyo	Nov. 1990	Aug. 2008	39,900	12.3%	39,273	33,000	627	3.1%
	Kioicho Building	Chiyoda Ward, Tokyo	Nov. 1989	Oct. 2014	34,300	10.6%	33,463	37,800	724	4.2%
	Osaki MT Building	Shinagawa Ward, Tokyo	Jul. 1994	Mar. 2005, etc.	14,386	4.4%	13,122	16,100	260	3.6%
	Midosuji MTR Building	Chuo Ward, Osaka	Mar. 1999	Apr. 2015	10,170	3.1%	10,071	10,600	191	3.8%
	Hiroo MTR Building	Shibuya Ward, Tokyo	Nov. 1992	Jan. 2018	8,100	2.5%	8,377	8,290	155	3.8%
	Tenjin Prime	Chuo Ward, Fukuoka	Oct. 2008	Jul. 2012	6,940	2.1%	6,717	8,740	193	5.6%
	Shin-Yokohama TECH Building	Kohoku Ward, Yokohama	Feb. 1986, etc.	Nov. 2003	6,900	2.1%	6,917	7,420	206	6.0%
Retail Facility	SHIBUYA FLAG	Shibuya Ward, Tokyo	Aug. 2009	Apr. 2013	32,040	9.9%	32,523	40,800	691	4.3%
	Shinbashi Ekimae MTR Building	Minato Ward, Tokyo	Apr. 1999	Apr. 2007	18,000	5.6%	17,342	22,300	424	4.7%
	Ito-Yokado Shonandai	Fujisawa City, Kanagawa	Nov. 2002	Mar. 2003	11,600	3.6%	9,884	11,700	323	5.6%
	Kohnan Sagami-hara-Nishihashimoto	Midori Ward, Sagami-hara	Aug. 2005	Oct. 2012	7,460	2.3%	7,273	8,500	226	6.1%
	Frespo Inage	Inage Ward, Chiba	—	Mar. 2002	2,100	0.6%	2,193	2,640	115	11.0%
Hotel	Hotel Okura Kobe	Chuo Ward, Kobe	Mar. 1989	Sep. 2006	19,000	5.9%	15,945	17,000	508	5.4%
Residential	Park Lane Plaza	Shibuya Ward, Tokyo	Jun. 1988	Dec. 2004	3,200	1.0%	3,147	3,930	83	5.2%
Total		—	—	—	324,096	100%	308,048	362,820	7,089	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 September 2019 (annual basis) / Acquisition price



Appraisal Values of Portfolio Properties at the Fiscal Period-End

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

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 March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Difference	Cap rate		Comparison with the previous fiscal period	Discount rate	Terminal cap rate	
								Period ended March 2019	Period ended September 2019				
Office Building	Tokyo Shiodome Building	110,000	102,304	101,795	131,000	134,000	3,000	3.4%	3.3%	-0.1%	3.3%	3.5%	Richi Appraisal
	ON Building	39,900	39,341	39,273	32,000	33,000	1,000	3.7%	3.6%	-0.1%	3.3%	3.8%	Japan Real Estate
	Kioicho Building	34,300	33,578	33,463	37,400	37,800	400	3.3%	3.3%	—	3.1%	3.5%	Daiwa Real Estate
	Osaki MT Building	14,386	13,173	13,122	14,600	16,100	1,500	3.6%	3.5%	-0.1%	3.2%	3.7%	Japan Real Estate
	Midosuji MTR Building	10,170	10,109	10,071	10,500	10,600	100	3.7%	3.7%	—	3.5%	3.9%	Daiwa Real Estate
	Hiroo MTR Building	8,100	8,388	8,377	8,190	8,290	100	3.8%	3.7%	-0.1%	3.5%	3.9%	Daiwa Real Estate
	Tenjin Prime	6,940	6,740	6,717	8,550	8,740	190	4.1%	4.0%	-0.1%	3.7%	4.2%	Japan Real Estate
	Shin-Yokohama TECH Building	6,900	6,797	6,917	6,730	7,420	690	4.8%	4.7%	-0.1%	4.5%	5.0%	Nippon Tochi-Tatemono
Retail Facility	SHIBUYA FLAG	32,040	32,544	32,523	40,700	40,800	100	3.2%	3.2%	—	3.0%	3.4%	Japan Real Estate
	Shinbashi Ekimae MTR Building	18,000	17,359	17,342	21,200	22,300	1,100	3.9%	3.7%	-0.2%	3.5%	3.9%	Nippon Tochi-Tatemono
	Ito-Yokado Shonandai	11,600	9,925	9,884	11,700	11,700	—	5.3%	5.3%	—	5.0%	5.5%	Japan Real Estate
	Kohnan Sagamihara-Nishihashimoto	7,460	7,309	7,273	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	2,640	-10	— (Note1)	— (Note1)	—	7.9%	— (Note2)	Japan Real Estate
Hotel	Hotel Okura Kobe	19,000	16,075	15,945	16,700	17,000	300	4.9%	4.8%	-0.1%	4.6%	4.9%	Richi Appraisal
Residential	Park Lane Plaza	3,200	3,157	3,147	3,740	3,930	190	3.6%	3.5%	-0.1%	4.2%	3.2%	Nippon Tochi-Tatemono

	Acquisition price	End-of-period book value		End-of-period appraisal value			Difference		
		Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Difference	Period ended March 2019	Period ended September 2019	Difference
Total	324,096	309,000	308,048	354,160	362,820	8,660	45,159	54,771	9,612

(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

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

2. Portfolio Operations Data

Use	物件名称	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) March 31, 2021 (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% (98.5%)	33 (66)	—	—	—	—
	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	100%	9	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 Sagami-hara-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	95.9%	17	—	—	—	—
Total (Note 6)		99.9% (99.6%)	95 (175)				

- (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. If the result of rounding is 100.0%, however, the rate is indicated as 99.9% by rounding down the second decimal place to the nearest first decimal place.
- (Note 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 September 2019 (35th Fiscal Period) Information Package

3. Financial Operations Data

Management results for the fiscal period under review

(Results of loans)

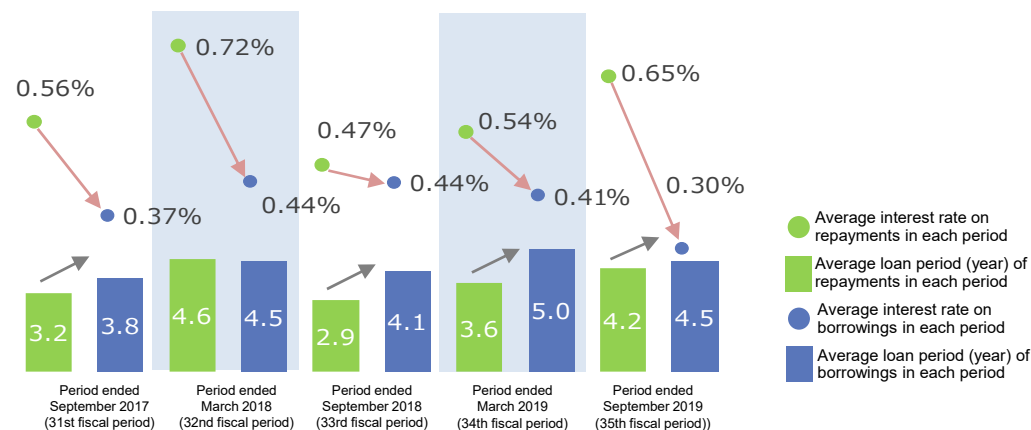
Succeeded in extending a loan term while simultaneously reducing financing costs.

Repayment summary	
Total amount	17,000 million yen
Average loan term	4.2 years
Average interest rate	0.65%

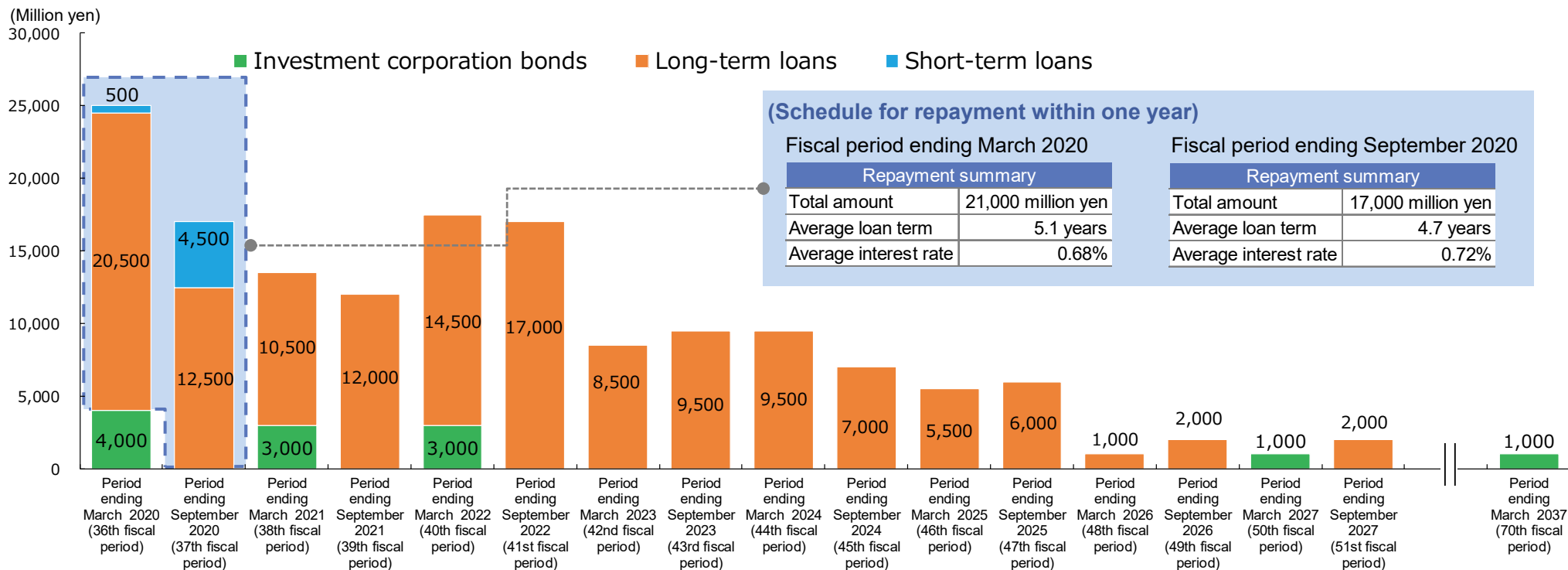
Borrowing summary	
Total amount	17,000 million yen
Average loan term	4.5 years
Average interest rate	0.30%

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

● Outline of the issuance



Loan repayment schedule diversification





Interest-bearing liabilities

(Million yen)

	March 31, 2019 (End of the 34th fiscal period)	September 30, 2019 (End of the 35th 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)	47.2%	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	0.58%	0.56%	-0.02%
Short-term loans	0.19%	0.20%	0.01%
Long-term loans and investment corporation bonds	0.60%	0.58%	-0.02%
Average duration of interest-bearing liabilities	2.6 year	2.6 year	0.0 year

Rating

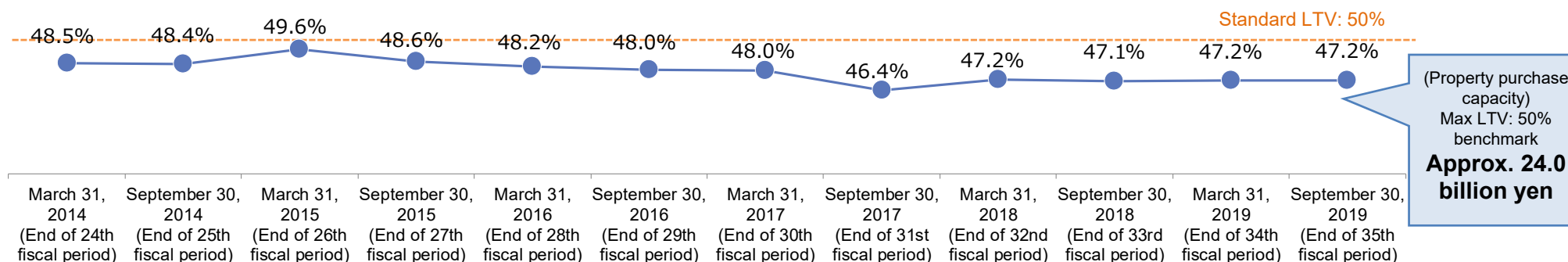
Rating agency	Japan Credit Rating Agency, Ltd. (JCR)
Liabilities rated	Long-Term Issuer Rating
Rating (outlook)	AA (stable)

Breakdown of interest-bearing liabilities (as of the end of September 2019)

(Million yen)

Classification	Lender	Balance of borrowings	(%)
Loans	Mizuho Bank, Ltd.	31,000	20.0%
	Sumitomo Mitsui Banking Corporation	27,000	17.4%
	MUFG Bank, Ltd.	26,000	16.8%
	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 Norinchukin Bank	1,500	1.0%
	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 77 Bank, Ltd.	500	0.3%
	Sumitomo Life Insurance Company	500	0.3%
Subtotal		143,000	92.3%
Investment corporation bonds		12,000	7.7%
Total		155,000	100.0%

Changes in LTV





Interest-Bearing Liabilities

Fiscal Period Ended September 2019 (35th 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
Resona Bank, Limited	500	0.20%	October 18, 2018	October 18, 2019
Mizuho Bank, Ltd.	2,000	0.20%	April 12, 2019	April 10, 2020
The Nishi-Nippon City Bank, Ltd.	1,500	0.21%	August 30, 2019	August 31, 2020
Resona Bank, Limited	1,000	0.21%	August 30, 2019	August 31, 2020
Total	5,000			

Long-term loans

(Million yen)				
Lender	Outstanding balance at end of period	Interest rate	Draw down date	Repayment date
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 9, 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 9, 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 1, 2014	October 1, 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
Mizuho Bank, Ltd.	3,000	0.17%	August 30, 2019	February 29, 2024
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
Development Bank of Japan Inc.	2,000	0.36%	April 11, 2019	April 11, 2024
Mizuho Bank, Ltd.	1,000	0.36%	April 11, 2019	April 11, 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
Sumitomo Mitsui Banking Corporation	3,000	0.46%	April 24, 2019	April 24, 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
Development Bank of Japan Inc.	1,000	0.33%	August 30, 2019	August 31, 2026
The 77 Bank, Ltd.	500	0.31%	August 30, 2019	August 31, 2026
The Norinchukin Bank	1,500	0.38%	August 30, 2019	August 31, 2027
Sumitomo Life Insurance Company	500	0.38%	August 30, 2019	August 31, 2027
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.

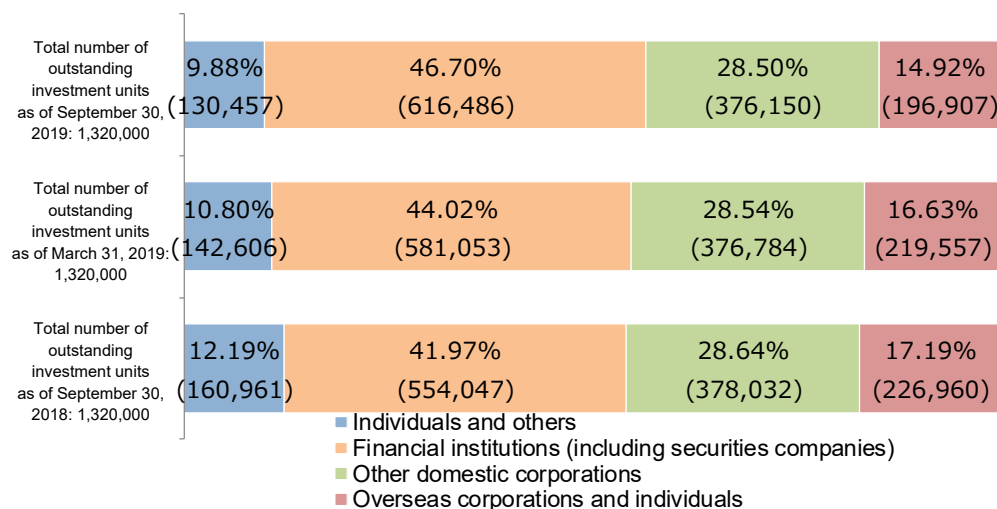
Total interest-bearing liabilities at the end of the period:
¥155,000 million

Borrowed and issued during the 35th period ended September 2019.

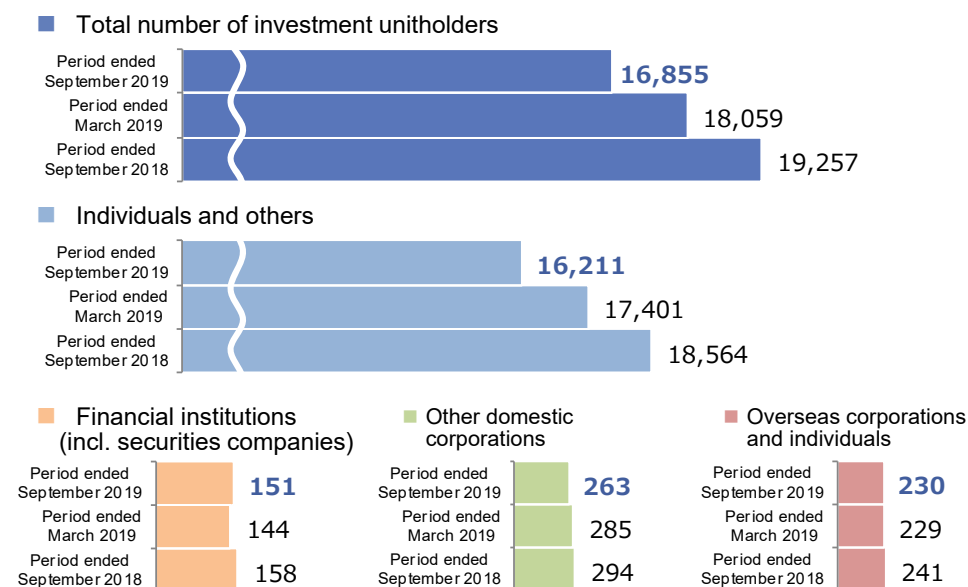
■ Top 10 Unitholders (Total number of outstanding investment units: 1,320,000) (As of September 30, 2019)

Unitholders	Number of units held	Ownership ratio
MORI TRUST Holdings, Inc.	350,070	26.52%
Japan Trustee Services Bank, Ltd. (trust account)	209,757	15.89%
The Master Trust Bank of Japan, Ltd. (trust account)	130,677	9.90%
The Nomura Trust and Banking Co., Ltd. (investment trust)	38,417	2.91%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	28,957	2.19%
STATE STREET BANK WEST CLIENT - TREATY 505234	13,716	1.04%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	12,622	0.96%
JPMorgan Securities Japan Co., Ltd.	11,644	0.88%
The Hachijuni Bank, Ltd.	11,485	0.87%
Rakuten General Insurance Co., Ltd.	11,290	0.86%
Total of top 10 unitholders	818,635	62.02%

■ 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





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 2019. It thus gained a **Green Star** rating for the third consecutive year.





Initiatives for Environmental Protection

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

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-Yokoyama TECH Building)

<Water-saving through reduction of water consumption and toilet equipment renewal>

MTR is working to conserve water in the common areas of the properties it owns by installing automatic sink faucets and replacing hygiene equipment with products with high water-saving performance.

(Examples of introduction)

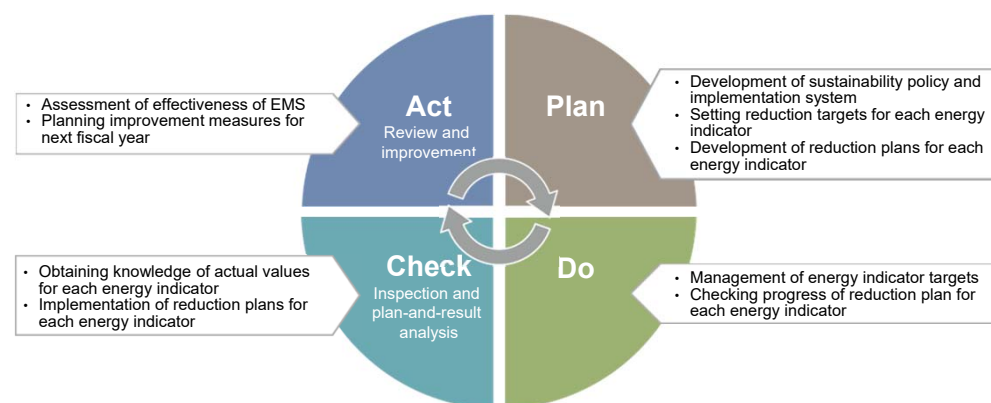
- ON Building
- Osaki MT Building
- Shin-Yokohama TECH Building

etc.

■ Environmental Management System (EMS)

MTR's asset management company has built an environmental management system to promote energy saving, reduction of greenhouse gas (GHG) emissions, and effective use of resources.

MTR sets targets for energy consumption, CO2 emissions, and water consumption, observes the results, carries out plan-and-result management, and takes measures to contribute to the creation of a sustainable recycling society through the reduction of the environmental burden.



■ Introduction of green lease

MTR and tenants of some of the properties owned have concluded a memorandum of understanding for a green lease, aiming to reduce the environmental burden. Information sharing about electricity, gas and water consumption and discussions on the improvement of environmental performance will be conducted on a regular basis.

■ Supply chain management

When selecting a property management company, MTR assessed the candidates' activities related to sustainability in addition to their facility operation and management, lease operation and management, and leasing operations.

■ Reduction of waste

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



Social Contribution Activities

■ Contribution to local communities

MTR endeavors to contribute to the sustainable development of local communities, including participating in regular community cleaning activities, attending various meetings on town creation, providing a public cycle system, and joining and cooperating in community events.



Provision of community cycle system
(Kioicho Building)



Midosuji Illuminations
(Midosuji MTR Building)

■ Improvement of tenant satisfaction

<Tenant satisfaction surveys>

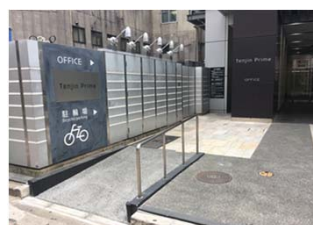
MTR is constantly seeking to improve tenant satisfaction by conducting surveys of tenants who occupy offices and retail properties, etc. and sharing the survey results with building management companies, etc. for use in improving building operation and management.

<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)



Barrier-free renovation construction
(Tenjin Prime)

■ Training of asset management company employees

MTR pays for employees to take part in training and exams to gain qualifications to improve their specialist skills and gain the knowledge and skills required for their work. Some employees participate in Mori Trust's human resource development programs such as MT TALK and MT ACADEMY with an aim to promote internal innovation and active career development.

(Ref.) Mori Trust's personnel system

Mori Trust, the sponsor of the asset management company, considers the work-life balance of its employees to help maximize each employee's abilities and strives to create a comfortable environment for them to work.

(1) Promotion of work-life balance and women's participation

MTR has introduced various programs, such as childcare leave, to help employees manage both their work and childcare. Recently, the percentage of employees taking childcare leave and returning to work has reached 100%.

(1) Percentage of female recruitment	32.0%
(2) Percentage of female employees	24.0%
(3) Percentage of female managers	7.7%
(4) Percentage of paid leave taken	84.6%
(5) Percentage of employees taking childcare leave and returning to work	100.0%

(Note) Item (1): FY2016 – FY2018, items (2) and (3) as of April 1, 2019, items (4) and (5): FY2018

(2) Certification as a childcare supporting company and start of childcare business

MTR is recognized as a company supporting childcare and promoting women's activities by the Ministry of Health, Labour and Welfare (MHLW) and certified Kurumin and Eruboshi (two stars).

MTR opened a company-sponsored nursery, Nursery Room Mirai's, in Shiroyama Trust Tower in November 2019, which is available for use of the building's tenants and employees.



(3) Implementation of work-style reforms

- Participation in "Time Difference Biz" led by the Tokyo Metropolitan Government
- Provides free breakfast to promote working in the early morning
- Uses telecommuting and mobile workplace

Initiatives Related to ESG (Governance)

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

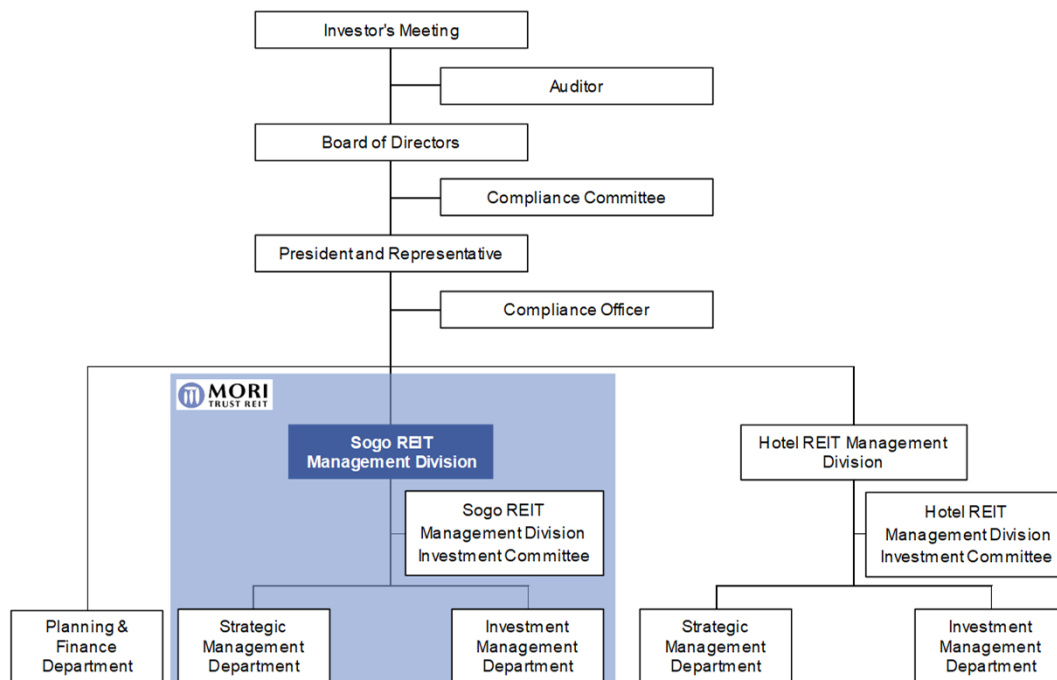
26.5%

(as of September 30, 2019)

MTR's Operational Structure

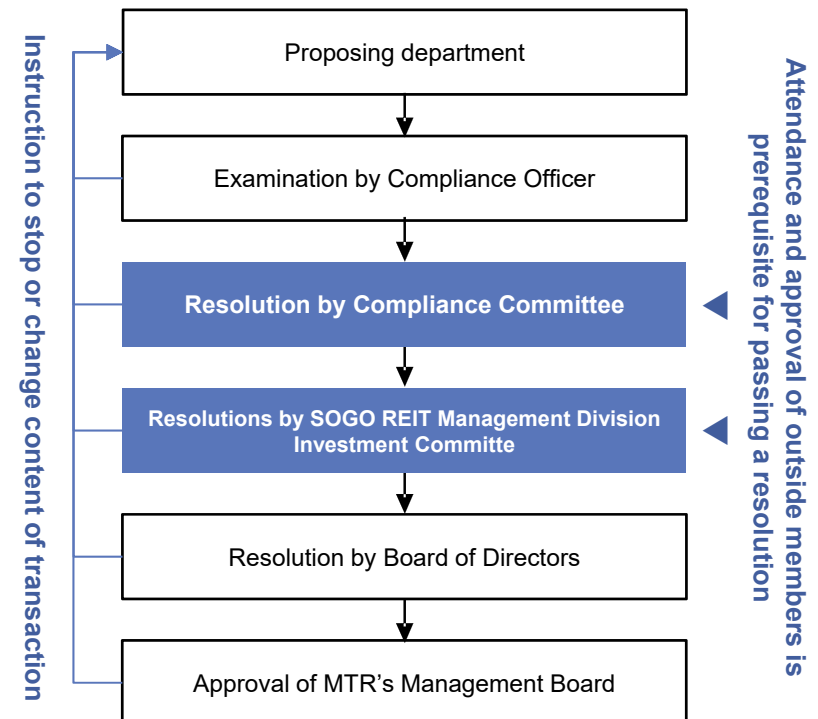
MTR entrusts asset management to MORI TRUST Asset Management Co., Ltd., which is the asset management company. The organizational structure of the asset management company is as shown below.

<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.

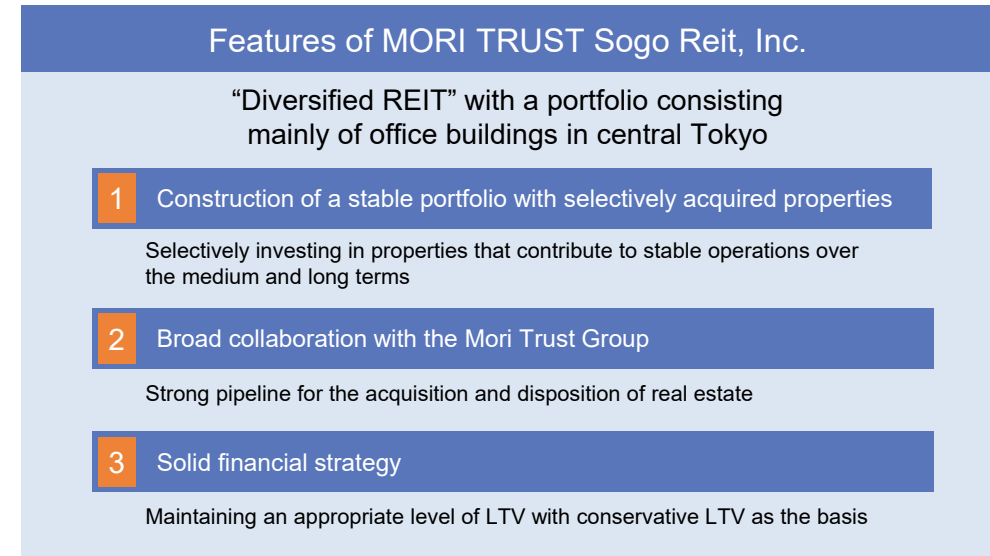
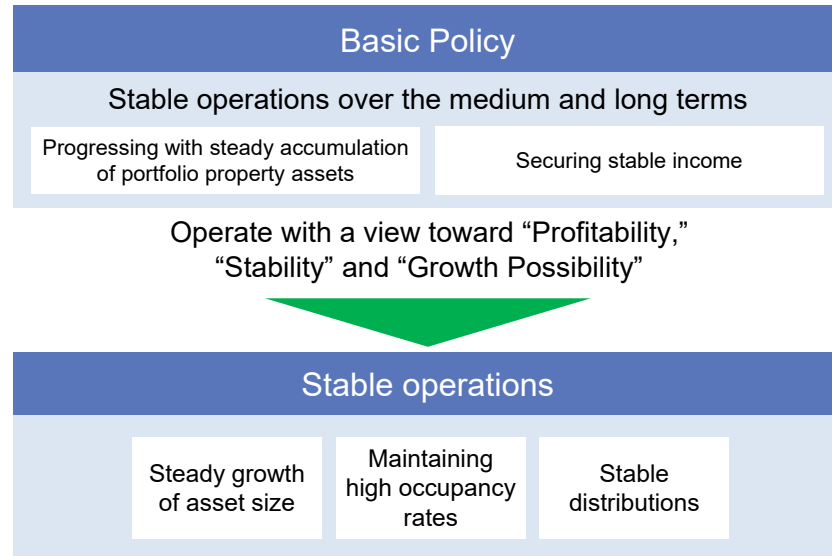
5. Characteristics of MORI TRUST Sogo Reit, Inc.

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

5. Characteristics of MORI TRUST Sogo Reit, Inc.



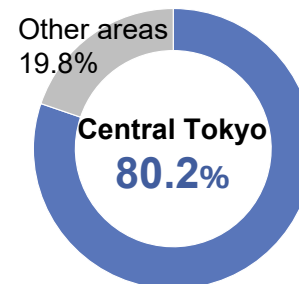
1 Construction of a stable portfolio with selectively acquired properties

Investments (as of September 30, 2019)

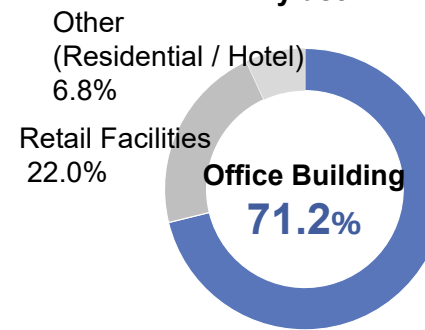
Number of properties: 15 properties

Asset size: 324.0 billion yen
(Total acquisition price)

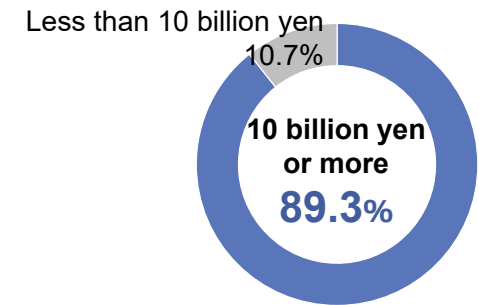
By region



By use



By acquisition price



Target portfolio and actual performance

		Region				Total	
		Central Tokyo (Note 1)		Other areas (Note 2)		Target	Actual
Use	Office Building	Target	Actual	Target	Actual		
	Retail Facility / Other (Note 3)	60–70%	63.8%	10–20%	7.4%	70–90%	71.2%
	Total	0–10%	16.4%	10–20%	12.4%	10–30%	28.8%
		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 September 30, 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 September 30, 2019)

Acquisitions Based on Information Provided by the Mori Trust Group



ON Building



Kioicho Building



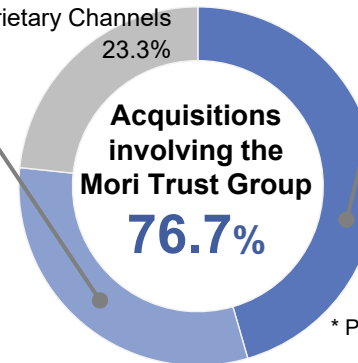
Shin-Yokohama
TECH Building



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)

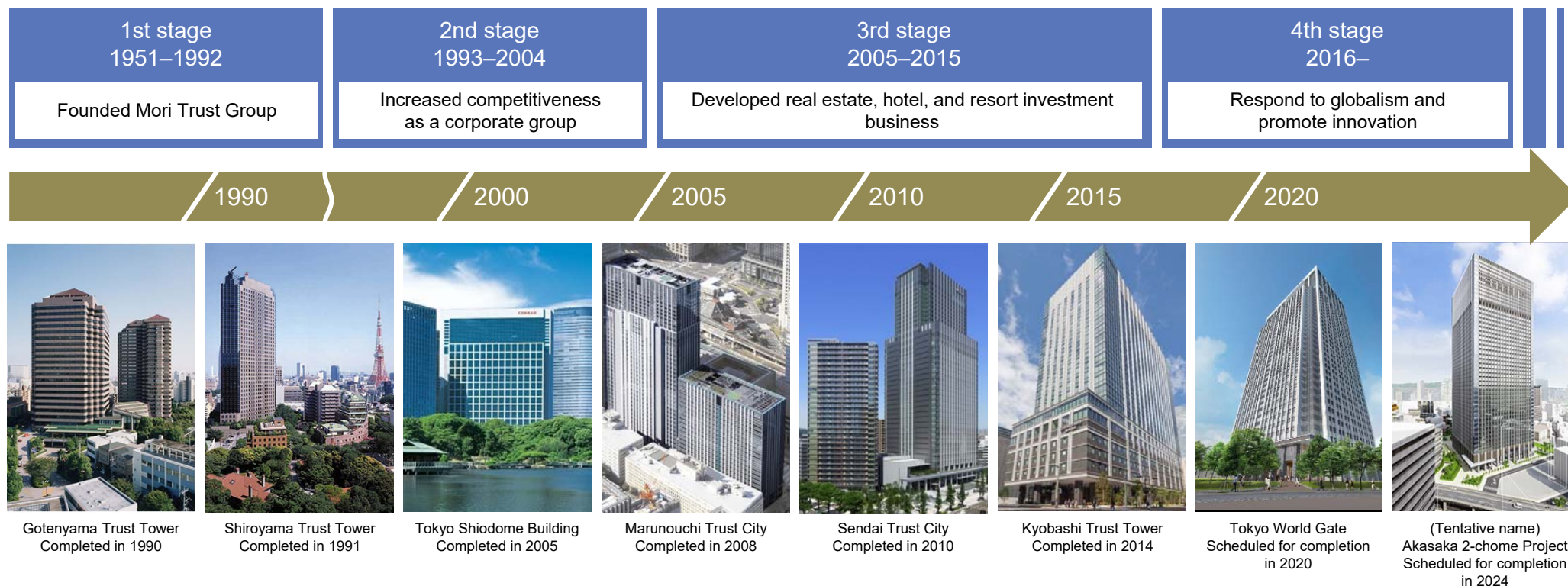
Harnessing the real estate leasing and management knowhow of the Mori Trust Group

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

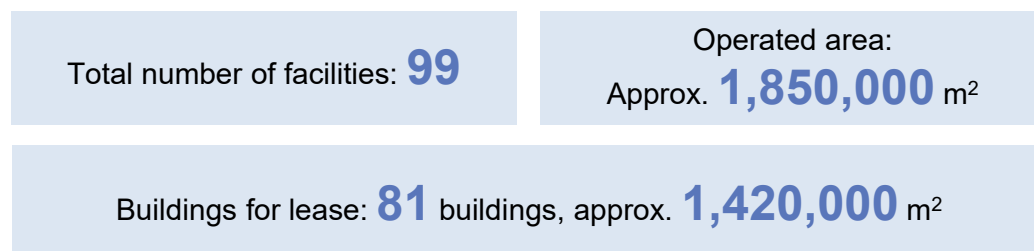
- Conservative LTV is the basis, and the 50% upper limit of LTV is the benchmark.
- Diversify repayment maturities
- Procure short-term borrowings and long-term debt in a balanced manner, paying attention to reducing financing costs and the effect of changes in the financial environment
- Establish a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



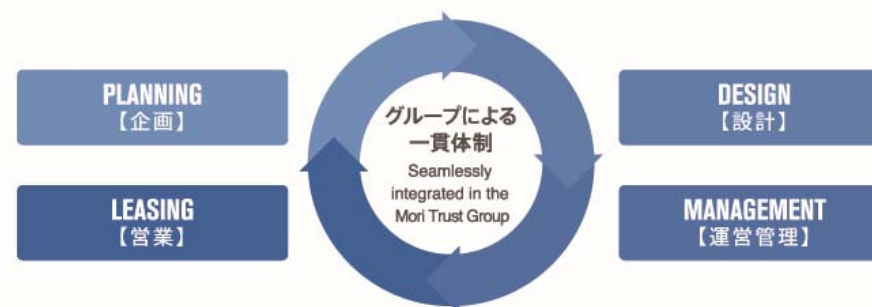
■ Mori Trust Group lease operation facilities

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 June 30, 2019)

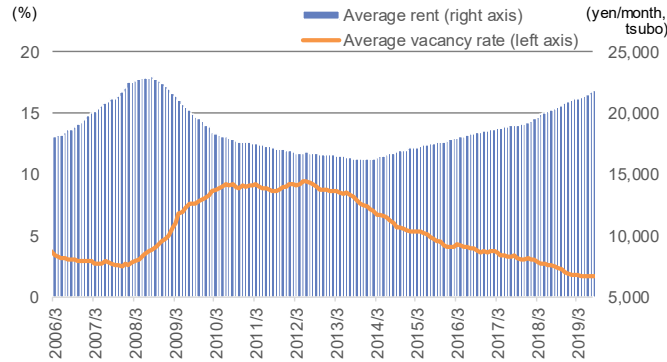
6. Reference





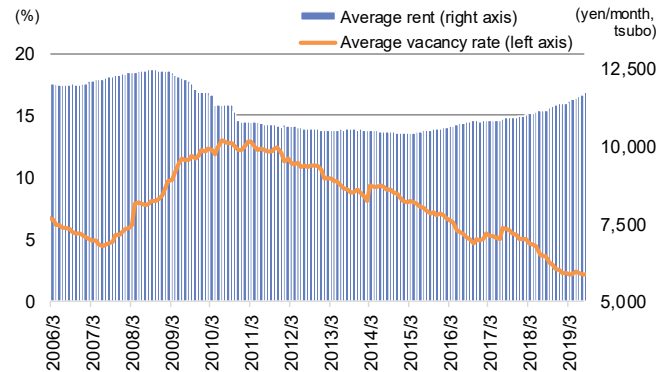
Changes in Vacancy Rate and Rent per Unit in Major Cities

Tokyo business districts



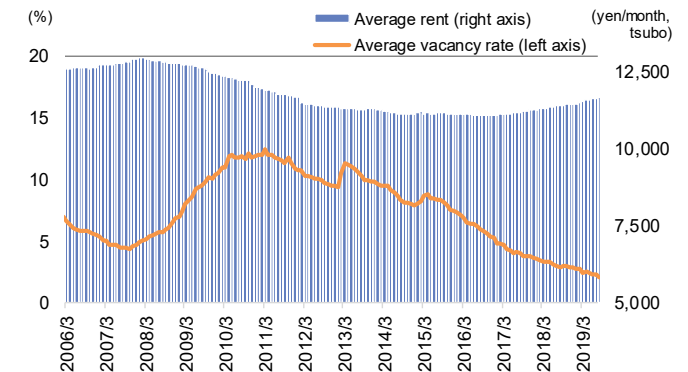
Tokyo business districts: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku

Yokohama business districts



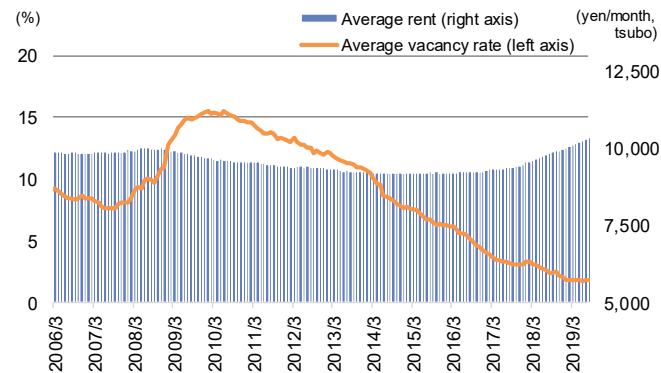
Yokohama business districts: Kannai, Yokohama Station, Shin-Yokohama, and Minato Mirai 21

Osaka business districts



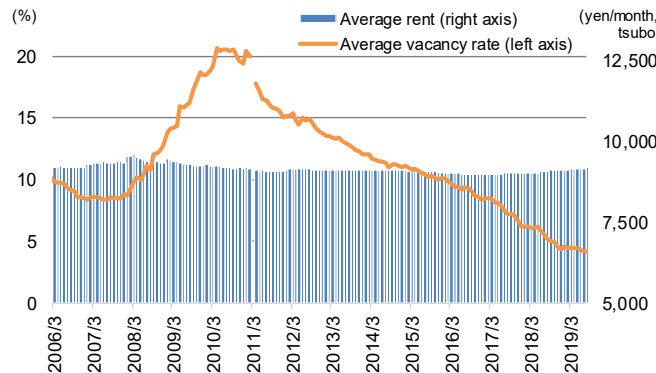
Osaka business districts: Umeda, Minami-Morimachi, Yodoyabashi and Honmachi, Senba, Shinsaibashi and Namba, and Shin-Osaka

Fukuoka business districts



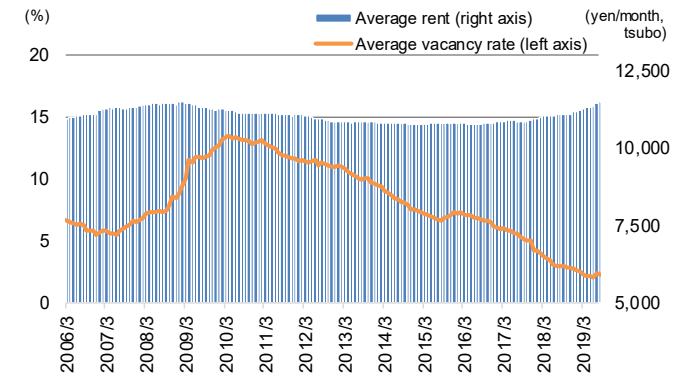
Fukuoka business districts: Akasaka Daimyo, Tenjin, Yakuin and Watanabe Dori, Gion and Gofukumachi, Hakata Station front, Hakata Station East and South

Sendai business districts



Sendai business districts: Station front area, area around Ichibancho, area around prefectural government and city hall, area east of the station, and neighboring office

Nagoya business districts



Nagoya business districts: Meieki, Fushimi, Sakae, and Marunouchi

Source: Prepared by MTR based on data published by Miki Shoji Co., Ltd.



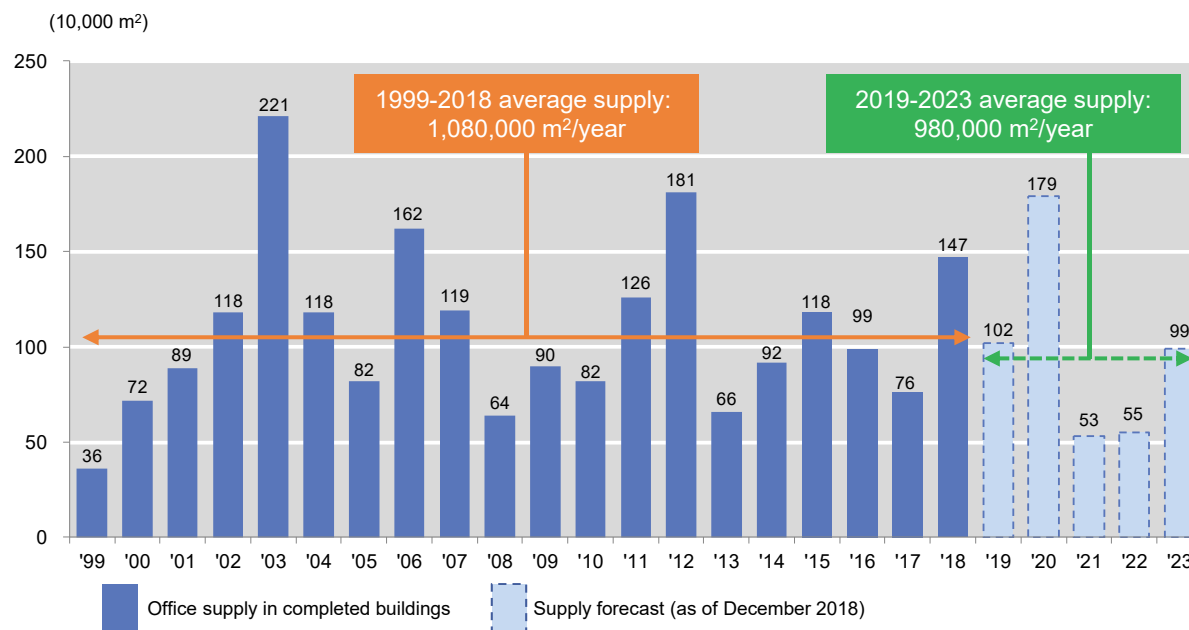
Volume of Large Office Supply in the 23 Wards of Tokyo

6. Reference

Extract from “Survey of Large-Scale Office Building Supply in Tokyo’s 23 Wards 2019” by Mori Trust

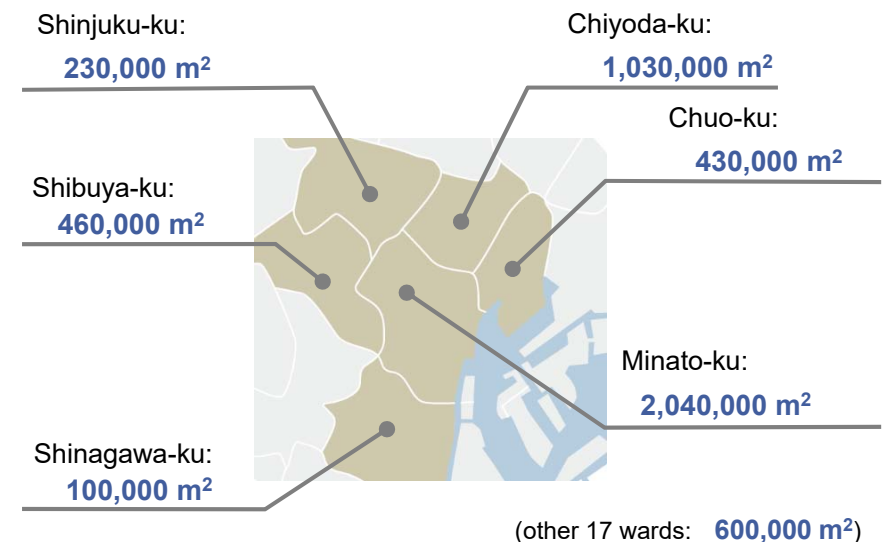
In 2018, nearly all space in new, large-scale office buildings was pre-leased before the buildings opened. Buildings scheduled to be completed in 2019 are also no longer seeking tenants. Even buildings scheduled to be completed in 2020 are attracting tenants. The supply of new office space in 2021 and 2022 is projected to tighten to around half the average in the recent past. Some buildings scheduled for completion in 2021 already have tenants lined up. These trends suggest that the new office building market will remain firm. In addition, vacancies in existing buildings from tenants relocating to new buildings (secondary vacancies) are steadily being filled due to robust expansion in demand. The market for space in older buildings is projected to maintain its strength. The figure for new space introduced in 2023 is projected to return to average levels in the recent past, following the decline in response to the glut of new space subsidies.

Supply trends for large-scale office buildings in Tokyo’s 23 wards



(Note) A large-scale office building is an office building with a total floor area of 100,000 m² or larger.

Supply of large-scale office space by ward (2019–2023)



[Time of survey: December 2018]

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	16,508,717	17,274,430
Cash and deposits in trust	2,899,320	2,972,707
Operating accounts receivable	50,893	52,220
Accounts receivable - other	1,336	—
Prepaid expenses	31,434	59,176
Other	1,278	1,265
Total current assets	19,492,980	20,359,800
Non-current assets		
Property, plant and equipment		
Buildings	23,247,176	22,699,904
Structures	36,574	40,775
Machinery and equipment	40,760	38,590
Tools, furniture and fixtures	31,266	31,210
Land	136,672,529	136,672,529
Buildings in trust	17,971,166	17,566,605
Structures in trust	25,428	23,946
Machinery and equipment in trust	5,160	4,917
Tools, furniture and fixtures in trust	30,431	29,829
Land in trust	130,939,930	130,939,930
Total property, plant and equipment	309,000,426	308,048,239
Intangible assets		
Software	19	0
Other	240	240
Total intangible assets	259	240
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	5,229	3,577
Other	3,602	3,602
Total investments and other assets	18,831	17,179
Total non-current assets	309,019,516	308,065,659
Deferred assets		
Investment corporation bond issuance costs	45,053	36,102
Total deferred assets	45,053	36,102
Total assets	328,557,549	328,461,562

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

Statements of Income

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

(Breakdown of Real Estate Leasing Business Income)

	(Unit: thousand yen)	
	For the period from October 1, 2018 to March 31, 2019	For the period from April 1, 2019 to September 30, 2019
A. Rental revenues		
Lease business revenue		
Rent	8,107,574	8,154,060
Common charges	244,600	242,904
Land leasing revenues	123,609	123,609
Other lease business revenue	296,072	311,305
Total rental revenues	8,771,855	8,831,880
B. Property-related expenses		
Property management expenses		
Property management fees	419,442	396,861
Utilities	224,455	244,336
Property and other taxes	896,120	948,768
Casualty insurance	19,132	19,240
Repair expenses	174,517	103,871
Depreciation and amortization	1,268,330	1,282,392
Other expenses	26,331	28,988
Total property-related expenses	3,028,330	3,024,459
C. Profit and losses from real estate business (A-B)	5,743,525	5,807,420



■ Statement of Cash Distributions

(Unit: yen)

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

■ Statements of Cash Flows

(Unit: thousand yen)

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



Changes in Indicators

(Million yen)

	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)	Period ended September 2019 (35th fiscal period)	Formula
Operating revenues	11,606	8,686	8,819	8,771	8,831	
Gain on sale of real estate	2,813	—	—	—	—	
Operating expenses	3,812	3,438	3,556	3,478	3,489	
Operating income	7,794	5,248	5,263	5,293	5,341	
Ordinary income	7,280	4,771	4,802	4,840	4,897	
Profit	7,049	4,785	4,806	4,839	4,898	
Total distribution	6,552	4,818	4,818	4,839	4,895	
Total assets	327,438	328,079	328,770	328,557	328,461	
Interest-bearing liabilities	152,000	155,000	155,000	155,000	155,000	
Total net assets	161,658	159,891	159,880	159,901	159,961	
Unrealized gain/loss	33,072	33,395	41,469	45,159	54,771	
NAV	194,731	193,287	201,350	205,061	214,732	NAV = Total net assets + Unrealized gain/loss
Profits from real estate rental business	5,508	5,695	5,727	5,743	5,807	
Depreciation and amortization	1,373	1,282	1,262	1,268	1,282	
NOI	6,882	6,978	6,990	7,011	7,089	NOI = Profits from real estate rental business + Depreciation and amortization
FFO	5,610	6,068	6,069	6,107	6,180	FFO = Profit + Depreciation and amortization – Gain/loss on sale of real estate
Capital improvements	470	237	253	408	330	
Net cash flows	6,411	6,740	6,736	6,603	6,759	NCF = NOI – Capital improvements
ROA (annualized)	4.4%	2.9%	2.9%	2.9%	3.0%	ROA = (Ordinary income / Total assets) / 6 × 12 * Annualized
ROE (annualized)	8.7%	6.0%	6.0%	6.1%	6.1%	ROE = (Profit / Total net assets) / 6 × 12 * Annualized
LTV ratio	46.4%	47.2%	47.1%	47.2%	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	4,964 yen	3,650 yen	3,650 yen	3,666 yen	3,709 yen	
Total net assets per unit	122,468 yen	121,130 yen	121,121 yen	121,137 yen	121,182 yen	
NAV per unit	147,523 yen	146,429 yen	152,538 yen	155,349 yen	162,676 yen	
FFO per unit	4,250 yen	4,597 yen	4,597 yen	4,627 yen	4,682 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 March 2019) March 31, 2019	April 28, 2019	May 31, 2019	June 30, 2019	July 31, 2019	August 31, 2019	(Period ended September 2019) September 30, 2019
Office Building Master lease basis (Sublease basis)	99.9% (99.3%)	99.9% (99.2%)	99.9% (99.3%)	99.9% (99.3%)	99.9% (99.3%)	99.9% (99.3%)	99.9% (99.2%)
Retail Facility	100%	100%	100%	100%	100%	100%	100%
Other	100%	100%	100%	100%	100%	99.8%	99.8%
Total Master lease basis (Sublease basis)	99.9% (99.7%)	99.9% (99.6%)	99.9% (99.7%)	99.9% (99.7%)	99.9% (99.7%)	99.9% (99.6%)	99.9% (99.6%)

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

Use	Name	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)	September 30, 2019 (End of 35th 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% (98.7%)	99.9% (99.9%)	99.9% (99.9%)	99.9% (98.5%)
	Osaki MT Building (Note 3)	100% (92.7%)	100% (92.7%)	100% (100%)	100% (91.8%)	100% (91.8%)
	Midosuji MTR Building (Note 4)	100% (95.5%)	100% (100%)	100% (96.4%)	100% (100%)	100% (100%)
	Hiroo MTR Building (Note 5)	—	99.5%	84.2%	100%	100%
	Tenjin Prime (Note 5)	100%	100%	89.1%	100%	100%
	Shin-Yokohama TECH Building	92.6%	95.7%	98.7%	98.7%	100%
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 Sagamihara-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%	96.8%	100%	100%	95.9%
Total (Note 6)		99.7% (99.2%)	99.8% (99.5%)	99.6% (99.5%)	99.9% (99.7%)	99.9% (99.6%)

(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. If the result of rounding is 100.0%, however, the rate is indicated as 99.9% by rounding down the second decimal place to the nearest first decimal place.

(Note 2) Regarding the office portion of the Kioicho Building, MTR leases the 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)

Fiscal Period Ended September 2019 (35th Fiscal Period) Information Package

6. Reference

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	101,795 million yen		39,273 million yen		33,463 million yen		13,122 million yen		10,071 million yen		8,377 million yen	
Appraisal value	134,000 million yen		33,000 million yen		37,800 million yen		16,100 million yen		10,600 million yen		8,290 million yen	
Total floor space	191,394.06㎡(Note 1)		32,812.27㎡		63,535.55㎡(Note 2)		26,980.68㎡(Note 3)		15,129.16㎡		6,709.80㎡	
PML (Note 4)	6.0%		8.0%		11.3%		11.5%		2.1%		7.3%	
Rental revenues (thousand yen)	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019
Rental revenues	2,795,000	2,795,000	Undisclosed (Note 5)	Undisclosed (Note 5)	1,088,092	1,109,498	336,347	313,365	293,352	301,581	176,016	198,401
Rent	2,795,000	2,795,000			978,421	991,110	333,174	312,474	252,182	259,297	128,750	149,928
Common charges	—	—			10,168	10,168	—	—	8,440	6,745	22,888	22,888
Land leasing revenues	—	—			—	—	—	—	—	—	—	—
Other rental revenues	—	—			99,501	108,219	3,172	891	32,729	35,538	24,377	25,585
Property-related expenses	919,379	946,643			519,906	522,821	115,665	109,528	148,337	156,949	57,376	59,865
Property and other taxes	406,289	433,517			88,343	89,397	36,610	37,658	39,308	40,883	122	11,691
Property taxes	406,289	433,517			87,018	88,072	36,610	37,658	39,308	40,883	—	11,568
Other taxes	—	—			1,325	1,325	—	—	—	—	122	122
Overhead expenses	3,724	3,744			295,520	295,965	22,798	15,616	60,975	69,659	40,481	31,045
Property management fees	—	—			218,297	208,117	14,128	7,210	29,559	30,173	10,572	6,051
Utilities	—	—			59,803	73,194	—	—	25,999	28,982	18,339	19,090
Casualty insurance	3,724	3,744			1,353	1,367	790	795	554	557	229	230
Trust fees	—	—			800	800	—	—	500	500	400	400
Other expenses	—	—			15,267	12,485	7,878	7,610	4,360	9,445	10,940	5,272
Depreciation and amortization	509,365	509,380			136,042	137,458	56,257	56,253	48,053	46,406	16,772	17,128
Profits and losses from real estate business	1,875,620	1,848,356	544,151	540,130	568,185	586,676	220,681	203,837	145,014	144,632	118,639	138,536
Earnings before depreciation and amortization (NOI)	2,384,986	2,357,737	630,494	627,448	704,228	724,135	276,939	260,090	193,068	191,038	135,412	155,665
NOI yield (Note 6)	4.3%		3.1%		4.2%		3.6%		3.8%		3.8%	

(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 September 2019 to an annual basis.

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

	Office Building				Retail Facility							
	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	6,717 million yen		6,917 million yen		32,523 million yen		17,342 million yen		9,884 million yen		7,273 million yen	
Appraisal value	8,740 million yen		7,420 million yen		40,800 million yen		22,300 million yen		11,700 million yen		8,500 million yen	
Total floor space	7,722.04㎡		25,187.22㎡		7,766.49㎡		7,820.45㎡		53,393.66㎡		40,283.77㎡	
PML	6.4%		8.7%		11.9%		12.2%		14.0%		13.5%	
Rental revenues (thousand yen)	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019
Rental revenues	235,104	251,406	346,969	346,682	Undisclosed (Note 7)	Undisclosed (Note 7)	459,600	460,000	375,045	375,067	Undisclosed (Note 7)	Undisclosed (Note 7)
Rent	198,648	211,687	310,866	311,478			459,000	459,000	375,000	375,000		
Common charges	20,560	20,560	—	—			—	—	—	—		
Land leasing revenues	—	—	—	—			—	—	—	—		
Other rental revenues	15,895	19,158	36,102	35,204			600	1,000	45	67		
Property-related expenses	89,604	88,201	232,536	206,357			51,065	52,910	106,886	113,571		
Property and other taxes	24,036	25,714	29,982	30,415			32,633	34,477	39,180	39,288		
Property taxes	24,036	25,714	29,982	30,415			32,633	34,477	39,180	39,288		
Other taxes	—	—	—	—			—	—	—	—		
Overhead expenses	35,191	32,131	143,407	109,832			1,403	1,405	6,912	12,252		
Property management fees	7,440	7,509	57,930	56,560			1,200	1,200	1,620	1,620		
Utilities	13,188	14,310	38,790	34,166			—	—	—	—		
Casualty insurance	204	206	801	806			203	205	977	982		
Trust fees	750	750	—	—			—	—	—	—		
Other expenses	13,608	9,355	45,884	18,299			—	—	4,315	9,650		
Depreciation and amortization	30,376	30,355	59,146	66,108			17,027	17,027	60,793	62,030		
Profits and losses from real estate business	145,499	163,204	114,433	140,325	656,560	668,144	408,534	407,089	268,159	261,496	178,416	188,948
Earnings before depreciation and amortization (NOI)	175,876	193,560	173,579	206,433	680,166	691,801	425,562	424,117	328,952	323,526	215,823	226,463
NOI yield	5.6%		6.0%		4.3%		4.7%		5.6%		6.1%	

(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.

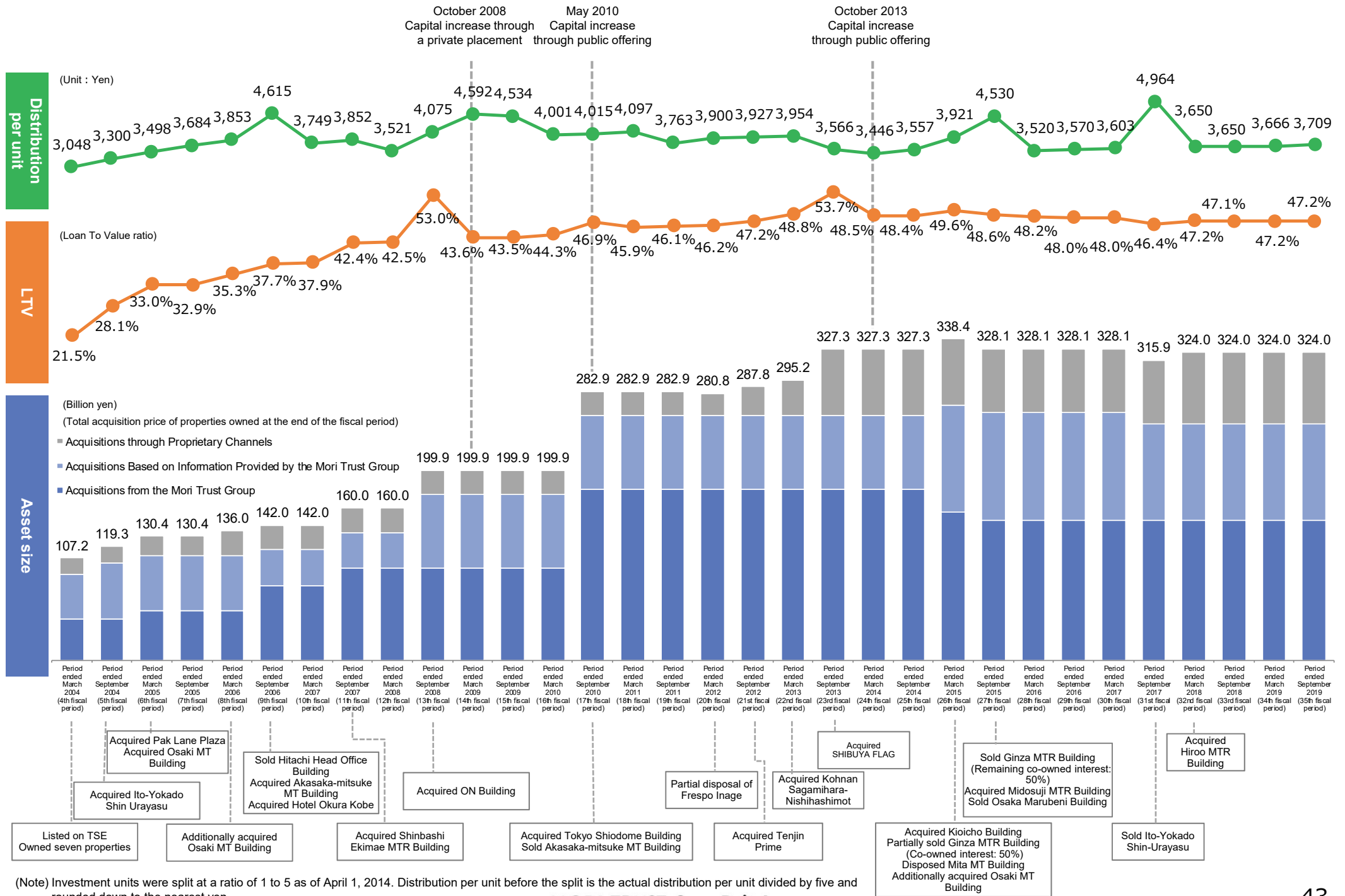
Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (3)

	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		15,945 million yen		3,147 million yen		308,048 million yen	
Appraisal value	2,640 million yen		17,000 million yen		3,930 million yen		362,820 million yen	
Total floor space	(39,556.71m ²) (Note 8)		72,246.86m ²		5,246.78m ²		—	
PML	—		17.8%		14.9%		5.4% (Note 9)	
Rental revenues (thousand yen)	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019	Period ended March 2019	Period ended September 2019
Rental revenues	123,609	123,609	618,018	625,479	105,876	105,051	8,771,855	8,831,880
Rent	—	—	618,018	625,479	96,076	95,139	8,107,574	8,154,060
Common charges	—	—	—	—	9,043	9,043	244,600	242,904
Land leasing revenues	123,609	123,609	—	—	—	—	123,609	123,609
Other rental revenues	—	—	—	—	755	868	296,072	311,305
Property-related expenses	8,019	8,020	308,089	296,690	31,767	33,387	3,028,330	3,024,459
Property and other taxes	7,269	7,270	73,427	73,420	7,182	7,398	896,120	948,768
Property taxes	7,269	7,270	73,427	73,420	7,182	7,398	894,669	945,368
Other taxes	—	—	—	—	—	—	1,451	3,399
Overhead expenses	750	750	59,207	43,223	12,902	14,282	863,878	793,298
Property management fees	—	—	—	—	8,015	7,934	419,442	396,861
Utilities	—	—	—	—	2,374	2,236	224,455	244,336
Casualty insurance	—	—	8,318	8,360	160	160	19,132	19,240
Trust fees	750	750	2,000	2,000	—	—	6,850	6,850
Other expenses	—	—	48,889	32,863	2,352	3,951	193,998	126,009
Depreciation and amortization	—	—	175,454	180,046	11,682	11,706	1,268,330	1,282,392
Profits and losses from real estate business	115,589	115,588	309,929	328,788	74,109	71,664	5,743,525	5,807,420
Earnings before depreciation and amortization (NOI)	115,589	115,588	485,383	508,834	85,792	83,370	7,011,855	7,089,813
NOI yield	11.0%		5.4%		5.2%		4.4%	

(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.

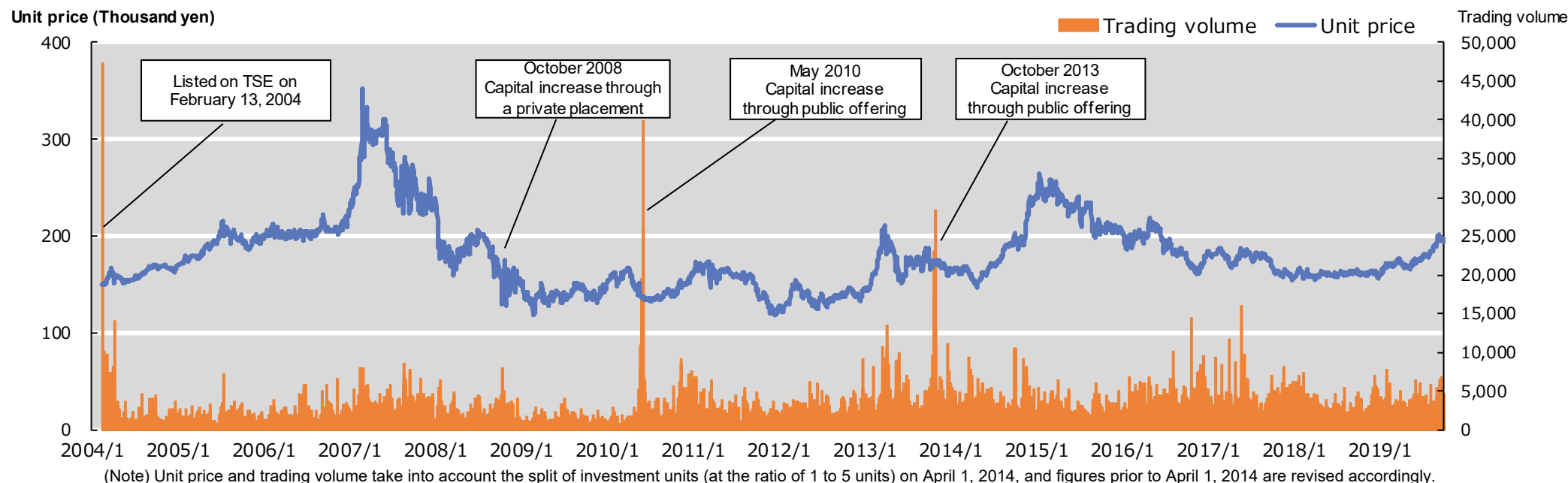
(Note 9) Portfolio PML is calculated by assuming an earthquake with an epicenter close to Tokyo's Minato Ward out of multiple earthquake scenarios.

Changes in Asset Size, LTV and Distribution Per Unit

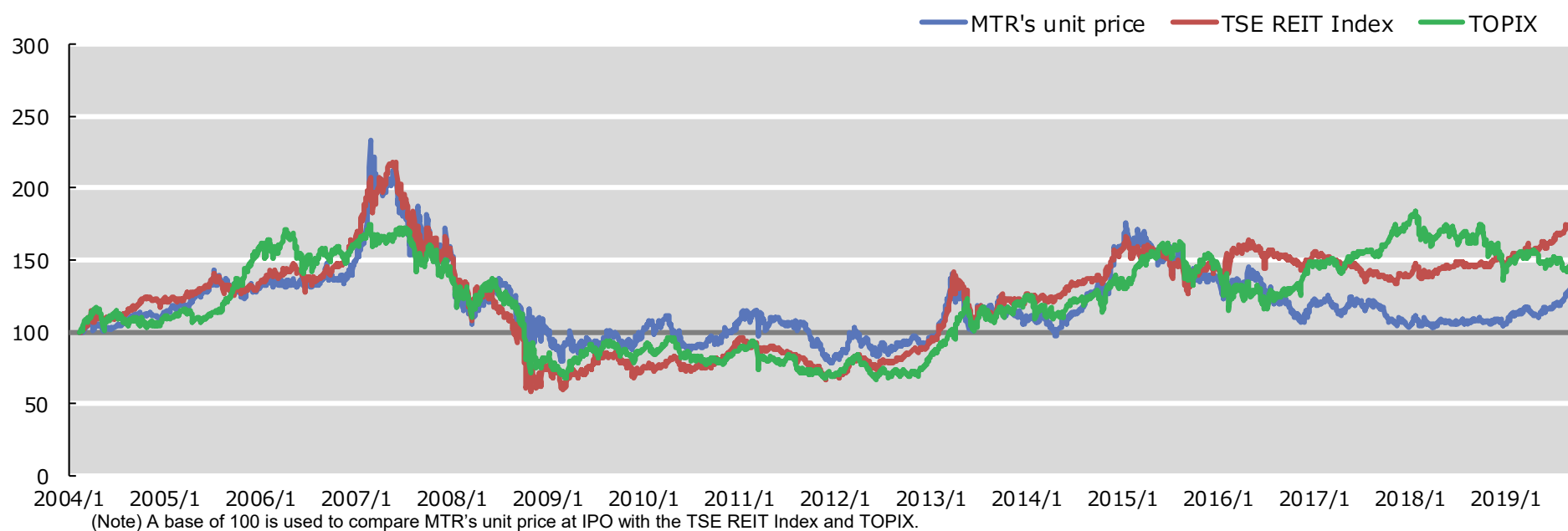




■ Closing Unit price and trading volume February 13, 2004 to September 30, 2019



■ Comparative performance of closing Unit price February 13, 2004 to September 30, 2019





Asset Management Company Remuneration Methods

(The end of the fiscal period ended September 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 stipulated in the agreement, the rate of remuneration shall be a set percentage of the acquisition price of each property (excluding consumption tax, local consumption tax and transaction-related expenses), as listed below. The percentages below may be reduced depending on the 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 stipulated in its agreement, the rate of remuneration shall be 0.05% of the transfer amount of each asset transferred (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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■ Contact Information

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