MORI TRUST REIT

MORI TRUST Sogo Reit, Inc.

Fiscal Period Ended March 2020 (36th 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 / Contact Information

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 March 2020 Settlement Highlights

Distribution Per Unit

¥3,785 (up ¥76 vs. the fiscal period ended September 2019, up ¥63 vs. forecast)

Distribution per unit steadily increased through accumulation of flow revenues.

As of March 31, 2020 (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% (down 0.0%)
* Sublease basis **99.8%** (up 0.2%) (Note 2)

Appraisal values of portfolio properties at the fiscal period end: ¥363.7 billion (up ¥0.9 billion)
Unrealized profit: ¥56.4 billion (up ¥1.6 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: 0.51% (down 0.05%)

LTV: 47.1% (down 0.1%)

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

Equity

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

NAV per unit: ¥164,003 (up 0.8%)
(Note 4)

Investment unit price: ¥130,600
/ closing price on March 31, 2020)

(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

Overview of the Settlement for the Fiscal Period Ended March 2020

Sales and income increased period on period on the back of steady growth driven by rent revisions. Income was higher than forecast mainly due to reduction of repair expenses and lower-than-forecast interest paid.

(Unit: Million yen)

		Period ended September 2019 actual (A)	Period ended March 2020 forecast (B)	Period ended March 2020 actual (C)	Vs. previous fiscal period (C-A)	Vs. forecast (C-B)
Operating revenues		8,831	8,878	8,869	37	- 8
Rental revenues	(a)	8,831	8,878	8,869	37	- 8
Operating expenses		3,489	3,539	3,471	- 18	- 68
Property-related expenses	(b)	3,024	3,079	3,013	- 10	- 65
Property and other taxes		948	946	946	- 2	—
Overhead expenses		793	833	774	- 18	- 58
Depreciation	(c)	1,282	1,298	1,292	9	- 6
Selling, general and administrative expenses		465	460	457	- 7	- 3
Profits and losses from real estatebusiness	(d)=(a)-(b)	5,807	5,799	5,855	48	56
Earnings before depreciation and amortization (NOI)	(d)+(c)	7,089	7,098	7,148	58	50
Operating income		5,341	5,338	5,398	56	59
Non-operating revenues		2	1	11	9	10
Non-operating expenses		446	426	413	- 33	- 12
Ordinary income		4,897	4,913	4,996	99	82
Profit before income taxes		4,897	4,913	4,996	99	82
Income taxes - current		1	1	0	-0	-0
Income taxes - deferred		- 2	—	0	2	0
Profit		4,898	4,912	4,995	97	83
Total distribution		4,895	4,913	4,996	100	83
Distribution per unit (yen)		3,709	3,722	3,785	76	63
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 due to the occupancy of tenants who moved in the previous fiscal period throughout the fiscal period and rent revisions 54
- Decrease in utilities revenues due to seasonal factors -21
- Contract cancellation fees received from tenants +7

Operating expenses

- Decrease in property management fees -7
- Decrease in utilities expenses due to seasonal factors -32
- Increase in repair expenses 23
- Increase in depreciation and amortization 9
- Absence of expenses related to general meeting of investors -11

Non-operating revenues

- Insurance claim income 9

Non-operating expenses

- Decrease in interest paid -41
- Work covered by insurance 8

Vs. forecast

(Unit: Million yen)

Operating revenues

- Lower-than-forecast utilities revenues -6

Operating expenses

- Lower-than-forecast repair expenses -39
- Lower-than-forecast utilities expenses -17

Non-operating revenues

- Insurance claim income 10

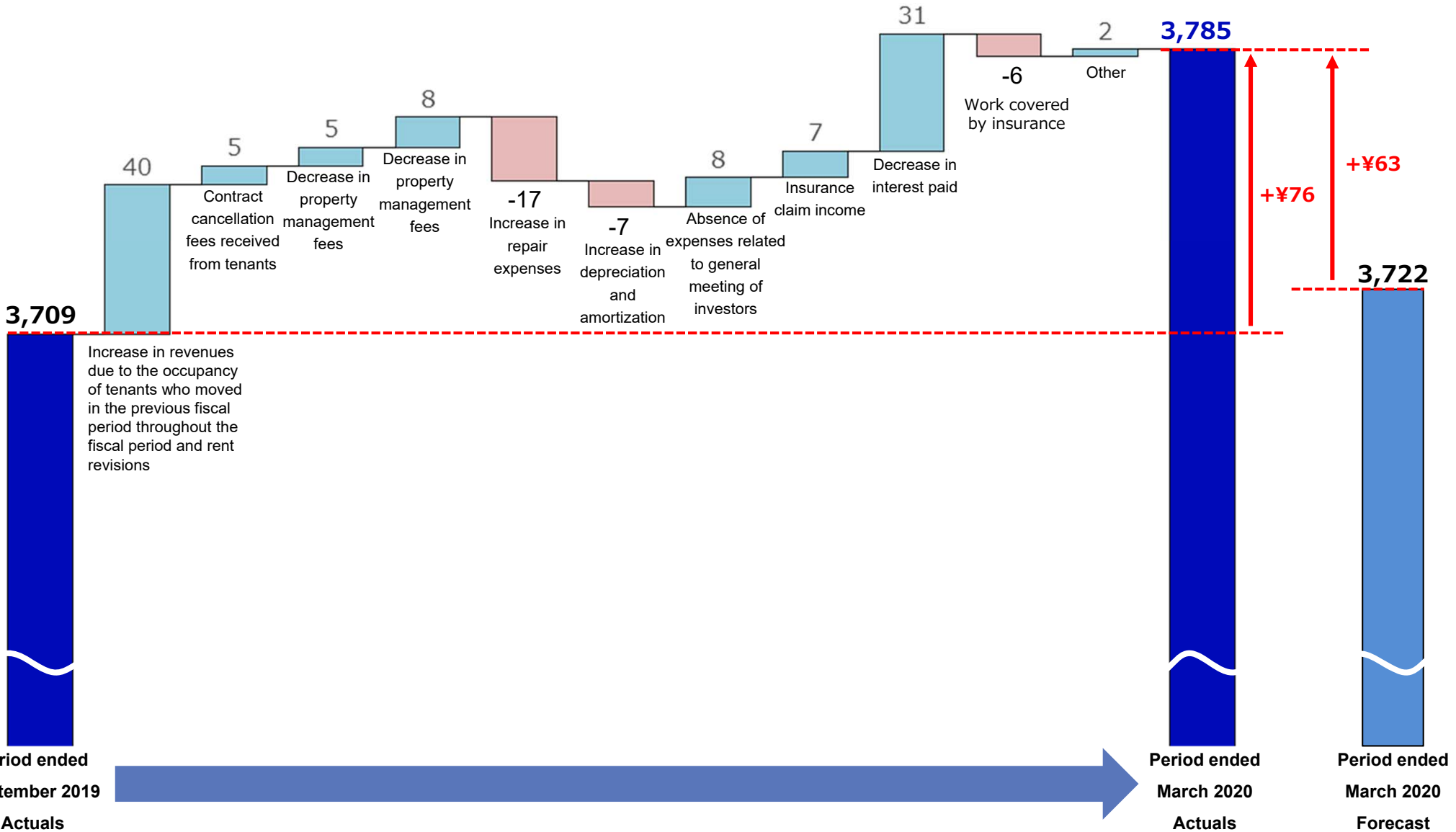
Non-operating expenses

- Lower-than-forecast interest expenses -21
- Work covered by insurance 8

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

Distribution per unit was up ¥76 from the previous fiscal period and up ¥63 from the forecast.

(Unit: Yen)



Forecasts for the Fiscal Period Ending September 2020

Forecasts for operating income, ordinary income and profit were revised upward mainly due to a reassessment of repair expenses and lower-than-forecast interest paid.

(Unit: Million yen)

		Period ended March 2020 Actuals (A)	Previous forecast for the fiscal period ending September 2020 (B)	New forecast for the fiscal period ending September 2020 (C)	Vs. previous fiscal period (C-A)	Change from the previous forecast (C-B)
Operating revenues		8,869	8,916	8,914	45	- 1
Rental revenues	(a)	8,869	8,916	8,914	45	- 1
Operating expenses		3,471	3,568	3,518	47	- 50
Property-related expenses	(b)	3,013	3,107	3,055	41	- 52
Property and other taxes		946	966	966	20	—
Overhead expenses		774	821	775	0	- 46
Depreciation	(c)	1,292	1,319	1,312	20	- 6
Selling, general and administrative expenses		457	460	463	5	2
Profits and losses from real estatebusiness	(d)=(a)-(b)	5,855	5,808	5,859	3	51
Earnings before depreciation and amortization (NOI)	(d)+(c)	7,148	7,127	7,172	24	44
Operating income		5,398	5,347	5,396	- 1	48
Non-operating revenues		11	1	1	- 10	—
Non-operating expenses		413	431	398	- 15	- 33
Ordinary income		4,996	4,917	4,999	3	82
Profit before income taxes		4,996	4,917	4,999	3	82
Income taxes - current		0	1	1	0	—
Income taxes - deferred		0	—	—	-0	—
Profit		4,995	4,916	4,998	2	82
Total distribution		4,996	4,915	4,997	1	81
Distribution per unit (yen)		3,785	3,724	3,786	1	62
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 tenants who moved in the previous fiscal period through the fiscal and upward rent revision 24
- Increase in utilities revenues due to seasonal factors 29
- Absence of contract cancellation fees received from tenants -7

Operating expenses

- Increase in fixed asset tax (payment adjustment due to previous revaluation) 18
- Increase in property management fees for Kioicho Building due to a decrease in the common-area charges refunded 13
- Increase in utilities expenses due to seasonal factors 46
- Decrease in repair expenses -57
- Increase in depreciation and amortization 20

Non-operating revenues

- Absence of in insurance claim income -10

Non-operating expenses

- Decrease in interest paid -6
- Absence of work covered by insurance -8

Vs. previous forecast

(Unit: Million yen)

Operating expenses

- Decrease in interest paid -28
- Downward revision of utilities expenses -11
- Downward revision of property management fees -5

Non-operating expenses

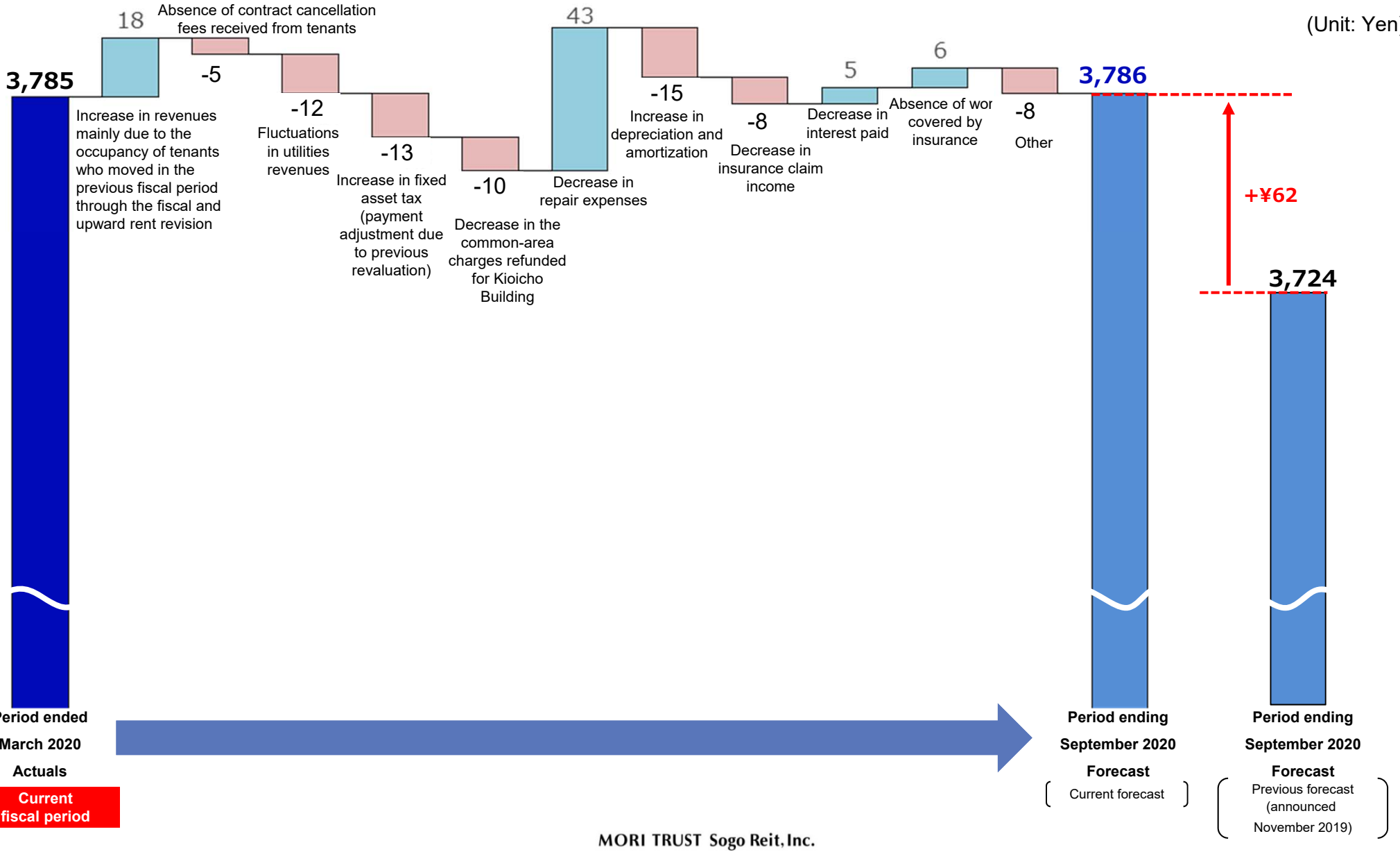
- Downward revision of interest expenses -33

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

Forecast Distribution Per Unit

¥3,786 (up ¥1 from the previous fiscal period, up ¥62 vs. previous forecast)

(Unit: Yen)



Fiscal Period Ending March 2021 Forecasts

Forecast Distribution Per Unit

¥3,822 (up ¥36 vs. forecast for fiscal period ending September 2020)

Although revenues are expected to fall as a result of vacation by some tenants and lower rents, income is expected to grow mainly due to a decrease in depreciation and amortization.

(Unit: Million yen)

	Period ending September 2020 Forecast (37th fiscal period) (A)	Period ending March 2021 Forecast (38th fiscal period) (B)	Change (B-A)
Operating revenues	8,914	8,825	-88
Operating income	5,396	5,445	49
Ordinary income	4,999	5,046	46
Profit	4,998	5,045	46
Distribution per unit (yen)	3,786	3,822	36
Total number of outstanding investment units	1,320,000	1,320,000	—

Main factors for change

(Unit: Million yen)

Operating revenues

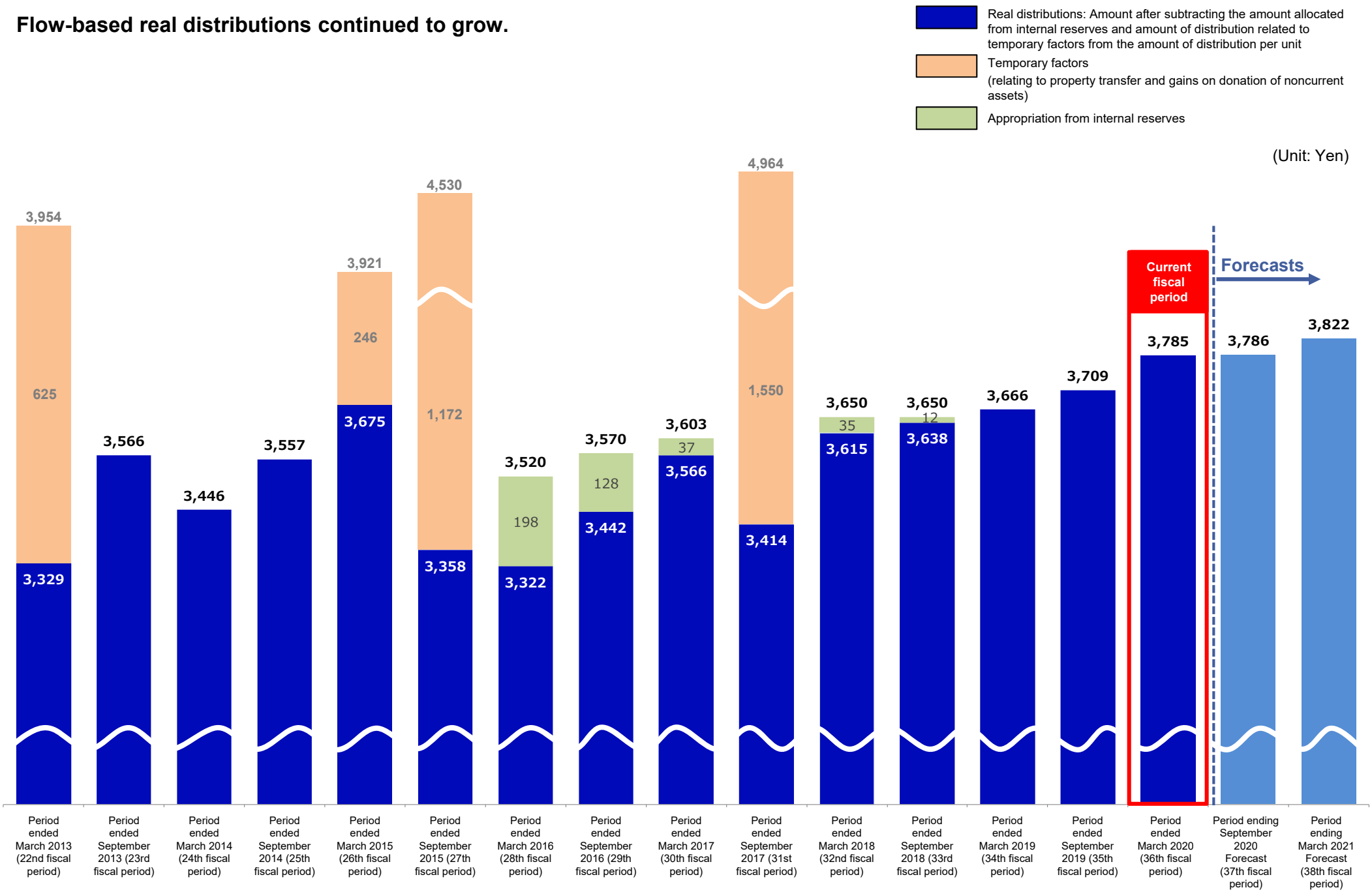
- Decrease mainly due to termination of tenancy agreements and lower rents -59
- Decrease in utilities revenues due to seasonal factors -26

Operating expenses

- Decrease in depreciation and amortization (end of period over which certain assets are depreciated or amortized) -171
- Decrease in utilities expenses due to seasonal factors -39
- Increase in repair expenses 78

Changes in Distributions per Unit

Flow-based real distributions continued to grow.



(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. Operation Status

Internal Growth (Recognition of Conditions and Future Policies)

Recognition of Present Conditions

- **Rents will continue to trend upward in central Tokyo and other major cities in Japan.**
- **Vacancy rates will remain low in central Tokyo and other major cities in Japan despite sporadic increases associated with the completion of new buildings.**
- **However, the impact of the long-lasting fallout from the COVID-19 pandemic on corporate earnings and the resulting decline in leasing demand need to be taken into consideration.**

Future Policies

- **Continue aiming for correction of the rent gap in cases where there is scope for upward rent revisions.**
- **Comprehensively assess any requests received for rent reductions and suchlike, taking social circumstances and unitholder interests into consideration.**
  (Consider each request individually, taking into consideration factors such as tenant business results, the rent gap, leasing difficulty and impact on portfolio revenue.)

(Factors taken into consideration in forecasts)

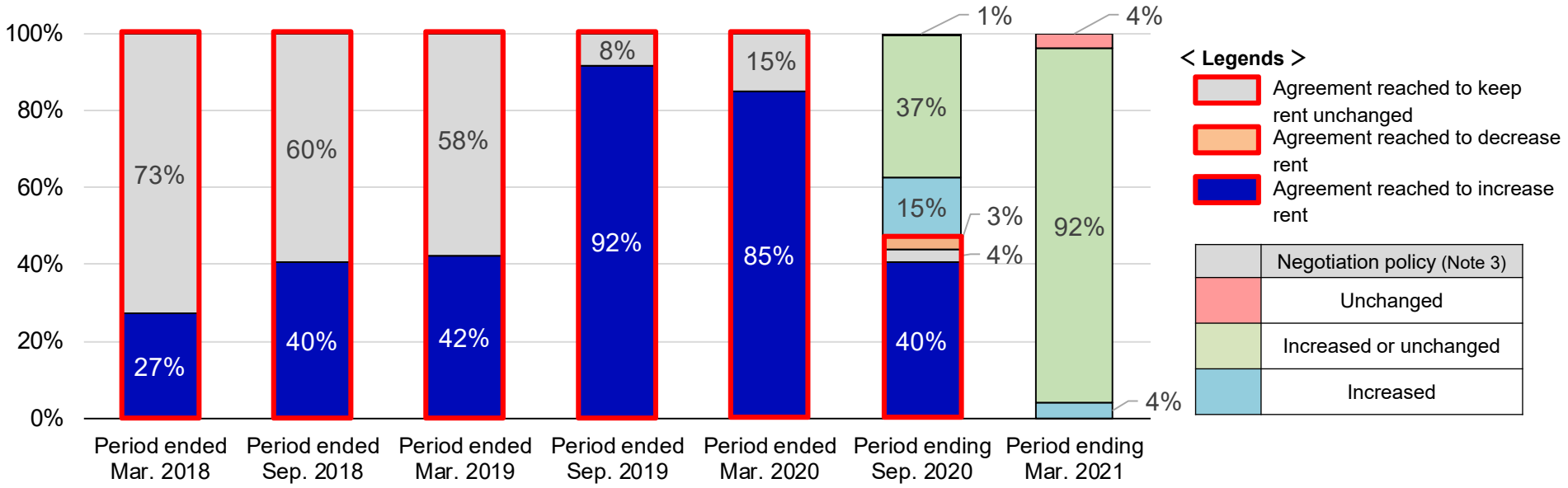
- Forecasts reflect vacation by tenants and rent reductions which are currently anticipated.
- Vacant spaces (including spaces due to become vacancy) are not expected to be filled.
- In the case of tenants whose rent is due for revision, a more conservative estimated range for the revised rent was set. (The forecasts are based on the lower bound of the range.)
- In the case of agreements with a variable rent component based on a percentage of sales, only fixed rent is taken into consideration.

Internal Growth (Situation of Rent Revision)

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

- **Steady progress was made on revisions for rent increases in the current period. Upward rent revisions were made with 85% of tenants whose contracts were required to be revised (on a floor area basis). (Average rent increase ratio: Approx. 12%).**

Actual revisions and negotiation policy for contracts that will be revised



	Period ended Mar. 2018	Period ended Sep. 2018	Period ended Mar. 2019	Period ended Sep. 2019	Period ended Mar. 2020 (Current fiscal period)	Period ending Sep. 2020	Period ending Mar. 2021
Area subject to revision (Note2)	5,410㎡	9,603㎡	22,442㎡	9,865㎡	10,891㎡	12,293㎡	26,421㎡
Average rent increase ratio (Agreement reached to increase rent)	Approx. 6%	Approx. 6%	Approx. 7%	Approx. 10%	Approx. 12%	Approx. 11%	–

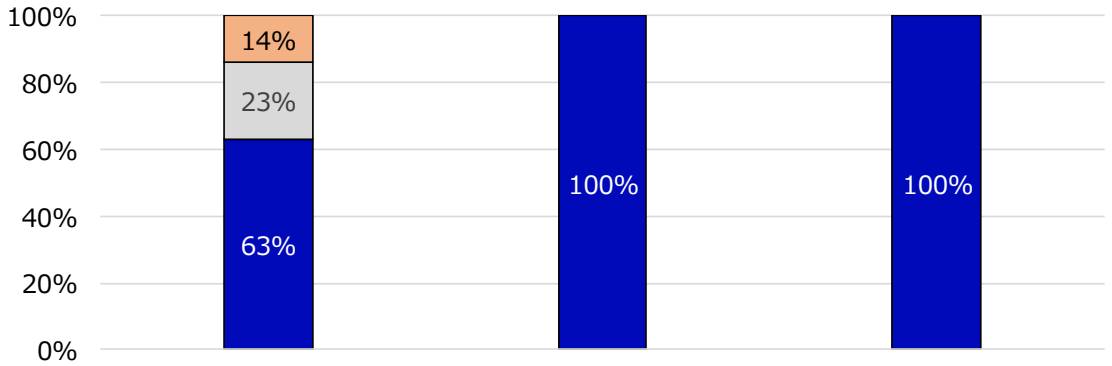
* Area ratio against total areas subject to revisions

(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.

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

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

・An increase in rent was achieved for all new tenants during the current fiscal period. (Average percent increase in rent: 14%)



	Period ended Sep. 2019	Period ended Mar. 2020 (Current fiscal period)	Period ending Sep. 2020
New tenant area (Note2)	1,798㎡	2,210㎡	79㎡
Average percent increase in rent (Note3)	Approx. 7%	Approx. 14%	Approx. 10%

(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 after tenant change) / Total amount of rent after tenant change

< Key operation status of individual properties >

Tokyo Shiodome Building

・The operation policy for this property after expiration of the master lease agreement with the sponsor (which runs to the end of March 2021) is currently under examination, including renewal of agreement with the sponsor.

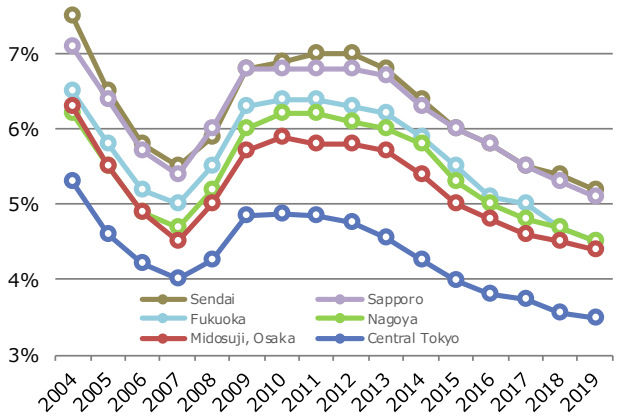
External Growth (Recognition of Conditions and Future Policies)

Recognition of Present Conditions

- **Transaction yields in central Tokyo and other major cities in Japan will remain at a very low level.**
- **Although the number and total value of real estate investment transactions is also trending up, opportunities to acquire high-grade properties which meet MTR's investment standards are limited.**
- **Changes in investor trends stemming from the economic slowdown triggered by the COVID-19 pandemic will require attention.**

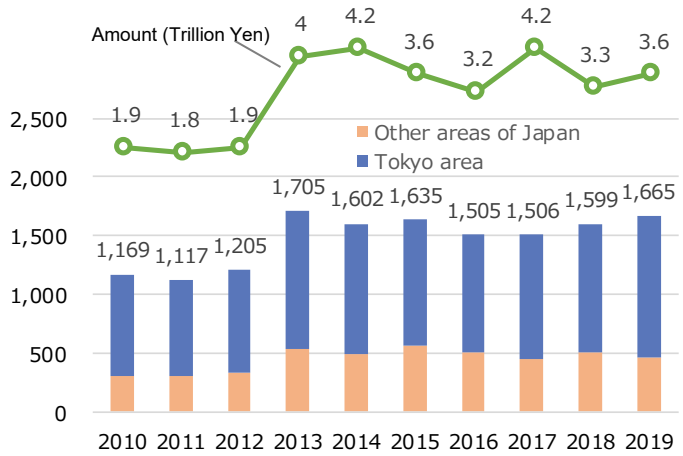
Conditions of Investment Market

■ 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 Osaki.

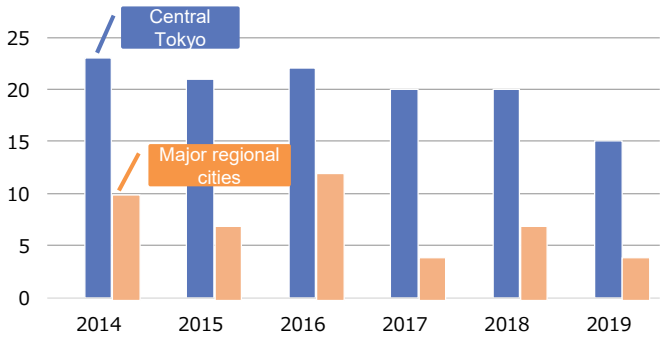
■ Number and amount of real estate investment transactions



Source: Prepared by the Company based on Nikkei Business Publications, Inc.: *The Nikkei Real Estate Market Report : February 2020*
＊Based on data in *The Nikkei Real Estate Market Report*

■ 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

Future Policies

- **Monitor changes in investment conditions, taking into consideration the possibility of a real estate price adjustment phase.**
- **An investment strategy of careful selection focusing on the medium-to-long term value of portfolios rather than hasty expansion of scale will be continued.**

Financial Status
(Management Results for the Fiscal Period Under Review and Loan Repayment Schedule Diversification)

Management results for the fiscal period under review

(Issuance of Twelfth Series Investment Corporation Bonds)

- Issued investment corporation bonds in the three-year zone for a **tenth consecutive year.**
- Leveraged high creditworthiness to tap into demand from a wide range of investors including repeat investors, raising funds at a rate of interest **almost as low as that of the corporate bonds of Japanese non-financial companies with high credit ratings.**

●Outline of the issuance

Bond name	Term	Issuance amount	Interest rate	Issuance date
12th unsecured investment corporation bonds	3 years	4,000 million	0.100%	February 20, 2020

(Results of loans)

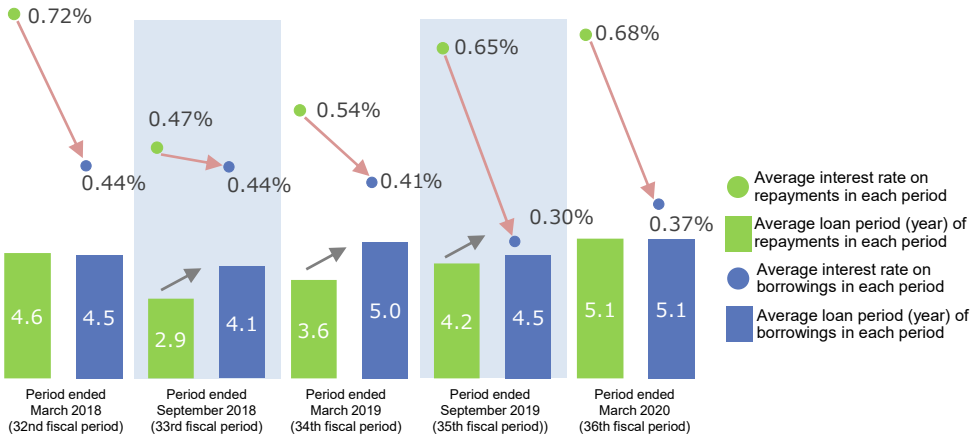
Took advantage of the favorable financing environment to reduce financing costs.

Repayment summary	
Total amount	21,000 million yen
Average loan term	5.1 years
Average interest rate	0.68%

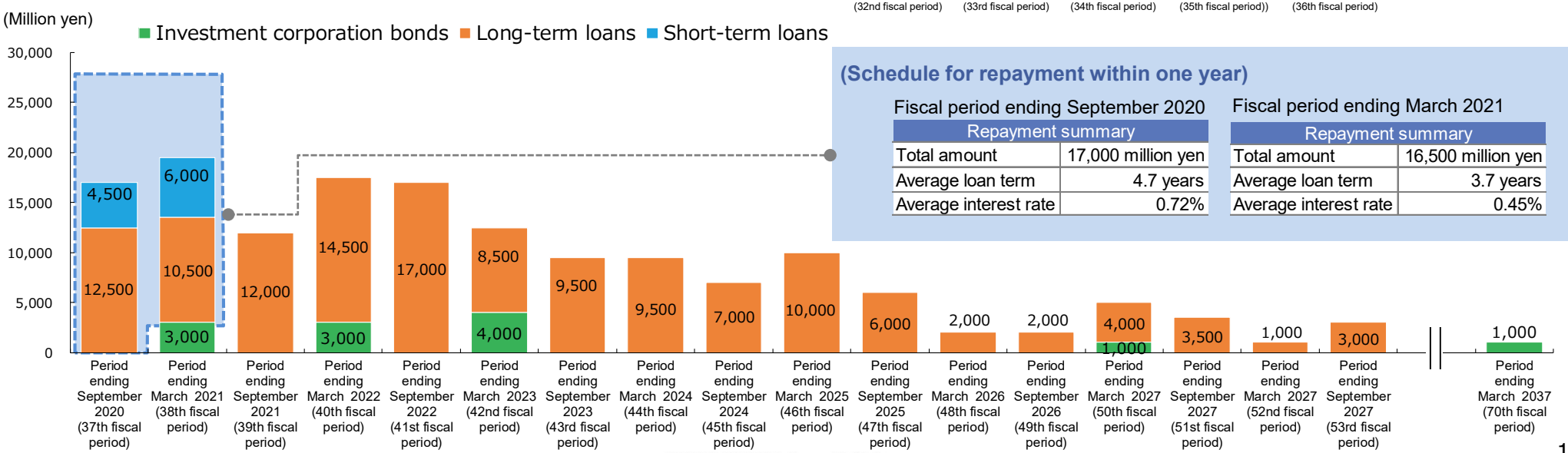
Borrowing summary	
Total amount	21,000 million yen
Average loan term	5.1 years
Average interest rate	0.37%

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

●Changes in borrowings



Loan repayment schedule diversification



(Schedule for repayment within one year)

Fiscal period ending September 2020

Repayment summary	
Total amount	17,000 million yen
Average loan term	4.7 years
Average interest rate	0.72%

Fiscal period ending March 2021

Repayment summary	
Total amount	16,500 million yen
Average loan term	3.7 years
Average interest rate	0.45%

Financial Status (Status of Interest-Bearing Liabilities and Rating)

Interest-bearing liabilities

(Million yen)

	September 30, 2019 (End of the 35th fiscal period)	March 31, 2020 (End of the 36th fiscal period)	Change
Total interest-bearing liabilities	155,000	155,000	–
Short-term loans	5,000	10,500	5,500
Long-term loans (including long-term loans due within one year)	138,000	132,500	-5,500
Investment corporation bonds (including investment corporation bonds due within one year)	12,000	12,000	–
LTV (Loan To Value ratio)	47.2%	47.1%	-0.1%
Long-term interest-bearing liabilities ratio (including loans expected to be repaid or redeemed within one year)	96.8%	93.2%	-3.5%
Fixed interest-bearing liabilities ratio	96.8%	93.2%	-3.5%
Average interest for borrowings during fiscal period	0.56%	0.51%	-0.05%
Short-term loans	0.20%	0.20%	0.01%
Long-term loans and investment corporation bonds	0.58%	0.53%	-0.04%
Average duration of interest-bearing liabilities	2.6year	2.8year	0.2year

Rating

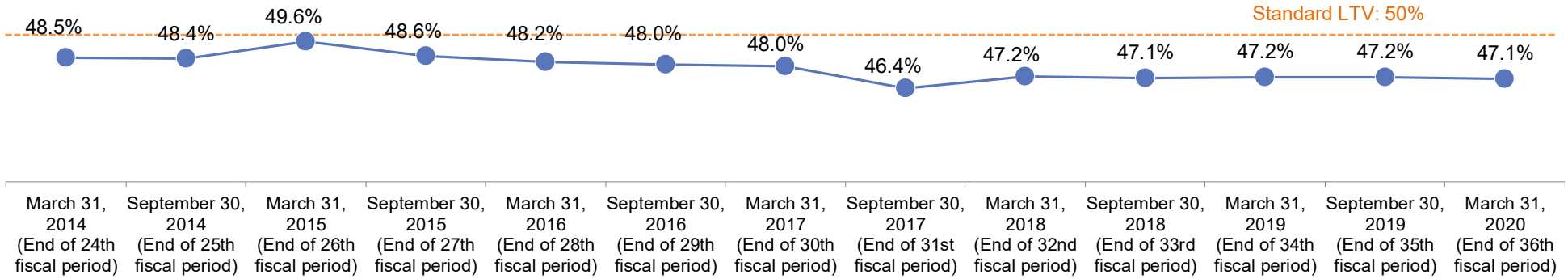
Rating agency	Japan Credit Rating Agency, Ltd. (JCR)
Liabilities rated	Long-Term Issuer Rating
Rating (outlook)	AA (stable)

Breakdown of interest-bearing liabilities (as of the end of March 2020)

(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.	23,000	14.8%
	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%
	The Norinchukin Bank	4,500	2.9%
	Aozora Bank, Ltd.	4,000	2.6%
	The Nishi-Nippon City Bank, Ltd.	2,500	1.6%
	Shinkin Central Bank	2,000	1.3%
	Nippon Life Insurance Company	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%
	Sumitomo Life Insurance Company	1,000	0.6%
	The Dai-ichi Life Insurance Company, Limited.	500	0.3%
	The 77 Bank, Ltd.	500	0.3%
	Subtotal	143,000	92.3%
Investment corporation bonds		12,000	7.7%
Total		155,000	100.0%

Changes in LTV



3. Initiatives Related to ESG

Initiatives Related to ESG
(Sustainability Policy/System for Promotion of Sustainability, Acquisition of Outsiders' Recognition)

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. **Promoting health and comfort**
   Asset management that seeks improvement in health, safety, and comfort of tenants and facility users,
   as well as creation of effective working environments for employees
5. **Collaborating with external stakeholders**
   Construction of good relationships with tenants, customers, local communities and other external stakeholders
6. **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

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).



Properties with exceptionally high environmental & social awareness

DBJ Green Building 2018

GRESB Real Estate Assessment

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.**

GRESB REAL ESTATE

Issuance of Sustainability Report

MTR and the asset management company issued a sustainability report which provides stakeholders with information about their ESG approach and activities and posted the report on MTR's website.

Initiatives Related to ESG (Environment)

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
- 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-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.

Properly Dealing with Environmental Issues such as Contamination

When acquiring real estate, assessing beforehand whether there are harmful substances such as PCBs or asbestos, soil contamination or other environmental issues is an integral part of the process.

We deal with any issues with real estate held such as the presence of harmful substances through appropriate measures, management or treatment in accordance with laws and regulations.

Collaboration with Tenants and Suppliers

<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.

<Reduction of waste>

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

<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.

Protection of Biodiversity

ON Building and Osaki MT Building, which are owned by MTR, have formed Osaki Business Garden, a large-scale redevelopment project. The site has an open space full of greenery, worthy of the name "Garden", and contributes to symbiosis and coexistence with nature and the protection of biodiversity.

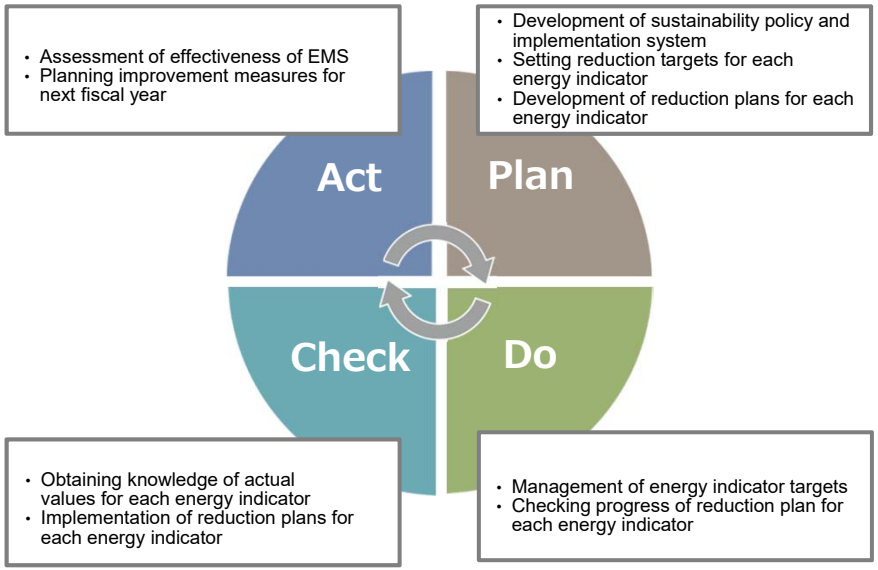


Initiatives Related to ESG (Environment)

Environmental Performance Data

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.



Environmental Performance Targets

MTAM has set reduction targets for total energy consumption, GHG emissions and water consumption across the portfolio, as shown below.

	Short Term	Medium-to-long term (For 5 years from 2016)
Energy	Annual average reduction of 1% in rate throughout period covered by medium-to-long term target	5% reduction in rate from baseline
GHGs		
Water	Maintain previous year's level	Maintenance of status quo

* Energy: Electricity, gas, fuel, DHC, etc./Water: Water supply and recycled water
* Baseline: Average in 2014 and 2015
* Rate is consumption rate or emissions rate per unit floor area. Adjusted based on the period of holding and utilization rate of each property.

Environmental Performance Data

		Baseline	2017	2018	Increase/Decrease (from baseline)
Energy	Consumption (MWh)	101,814	103,771	102,433	–
	Consumption rate (MWh/㎡)	0.246	0.239	0.236	-4.1%
GHGs	Emissions (t-CO2)	39,327	37,836	37,296	–
	Emissions rate (t-CO2/㎡)	0.095	0.087	0.086	-9.7%
Water	Consumption (㎥)	546,827	527,347	526,507	–
	Consumption rate (㎥/㎡)	1.317	1.217	1.211	-8.0%

* All real estate held by MTR at the time the baseline was determined (except sold properties and land with leasehold interest) is included in the aggregation of data. However, areas for which it is difficult to understand data (exclusive use areas of residential properties, etc.) are excluded.
* Aggregation period is one year from April 1 each year to March 31 of the following year.

Initiatives Related to ESG (Society)

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 of the asset management company participate in human resource development programs of the asset management company's sponsor Mori Trust Co., Ltd., such as MT TALK and MT.

(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	20.8%
(2) Percentage of female employees	24.7%
(3) Percentage of female managers	7.8%
(4) Percentage of paid leave taken	75.6%
(5) Percentage of employees taking childcare leave and returning to work	100.0%

(Note) Item (1)and(4)and(5): FY2019, items (2) and (3) as of March 30, 2020

(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

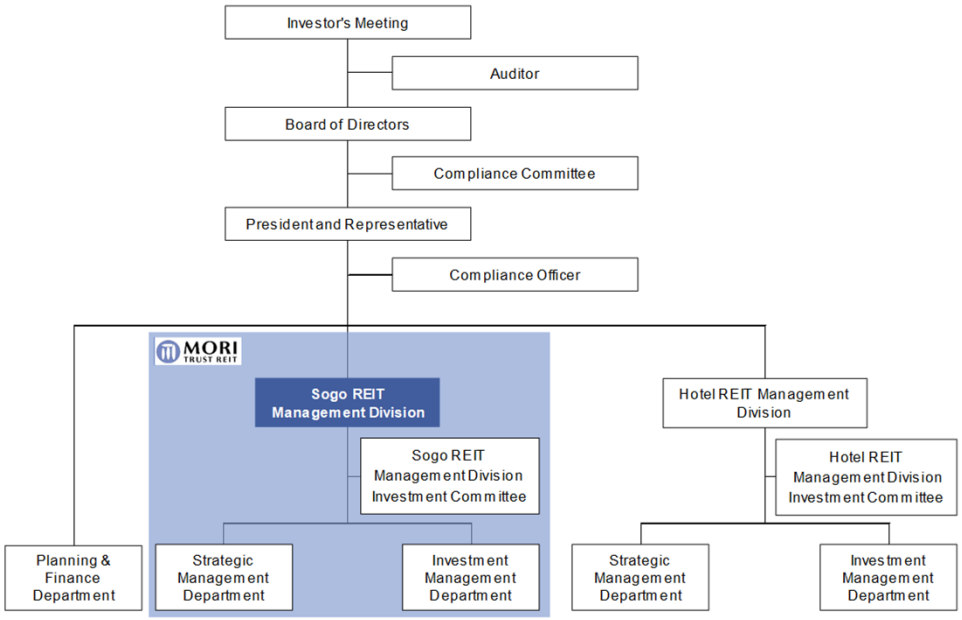
MTR aims to improve unitholder value by aligning sponsor interests with those of unitholders.

Percentage of investment units owned by Mori Trust Group
26.5% (as of March 31, 2020)

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>

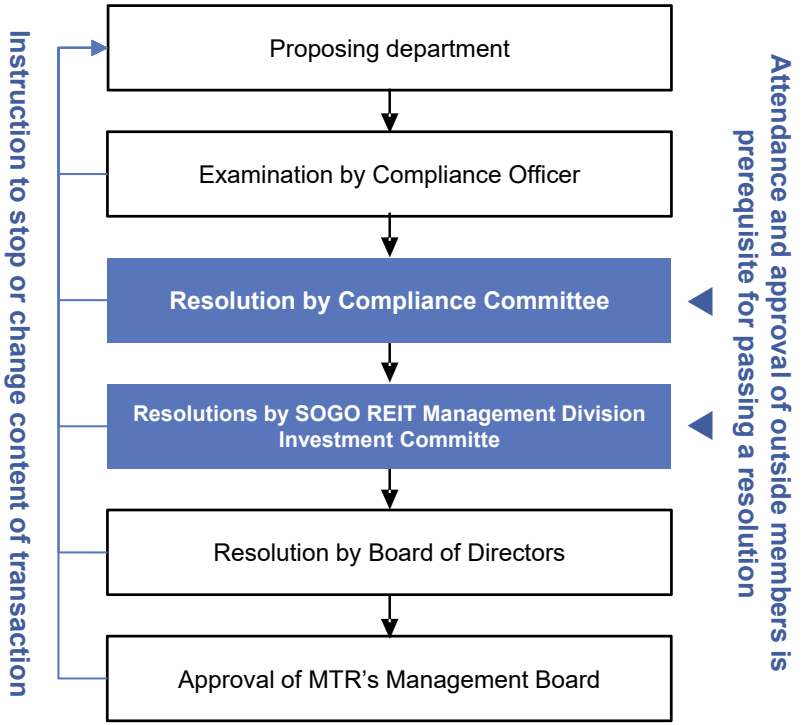


Provision of regular compliance training

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

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 commities and the approval of MRT's Board of Management is required.



Information Security

MTAM enacted the Information Management Rules with the aim of properly utilizing company information and preventing information incidents including unauthorized access and the loss or leak of company information.

The rules aim to ensure information management by providing for training and audits on the management of confidential information, restriction of unauthorized access, prevention of information leaks, maintenance of information systems and information system.

4. Characteristics of MORI TRUST Sogo Reit, Inc.

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

Basic Policy

Stable operations over the medium and long terms

- Progressing with steady accumulation of portfolio property assets
- Securing stable income

Operate with a view toward “Profitability,” “Stability” and “Growth Possibility”

Stable operations

- Steady growth of asset size
- Maintaining high occupancy rates
- Stable distributions

Features of MORI TRUST Sogo Reit, Inc.

“Diversified REIT” with a portfolio consisting mainly of office buildings in central Tokyo

1. Construction of a stable portfolio with selectively acquired properties
   Investment in carefully selected properties, with emphasis on “quality” in terms of “location” and “building grade”
2. Broad collaboration with the Mori Trust Group
   Collaboration over the acquisition and sale of real estate and utilization of real estate leasing and management knowhow
3. Solid financial strategy
   Utilization of creditworthiness to raise funds at low interest rates and solid bank formation including three megabanks

1 Construction of a stable portfolio with selectively acquired properties

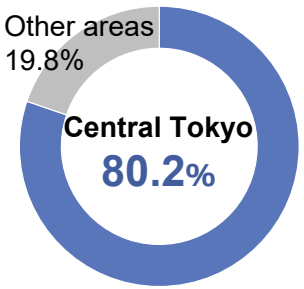
Investment in carefully selected properties which will contribute to stable operations over the medium and long term rather than pursuing hasty expansion in scale
Implementation of an investment strategy focusing on “quality” in terms of “location” and “building grade”

Investments (as of March 31, 2020)

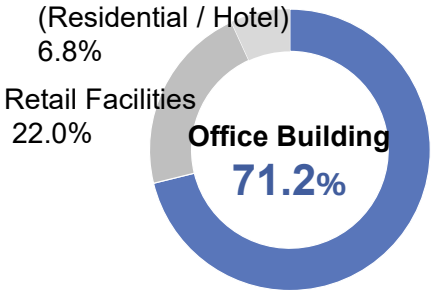
Number of properties: 15 properties

Asset size: 324.0 billion yen
(Total acquisition price)

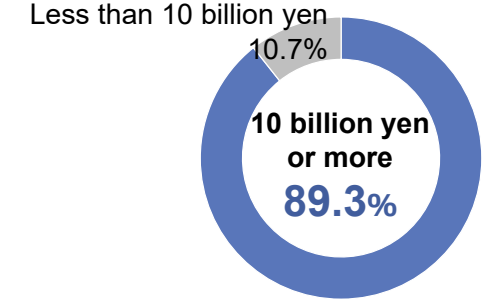
By region



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.

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

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, 2020)

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.

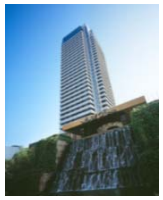
Acquisitions (as of March 31, 2020)

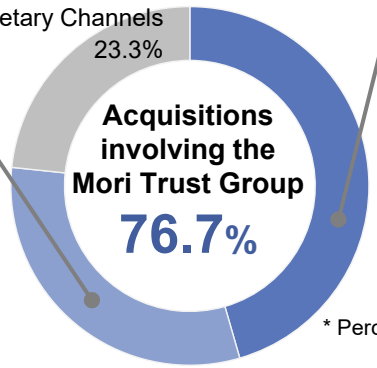
Acquisitions Based on Information Provided by the Mori Trust Group **31.2%**


ON Building

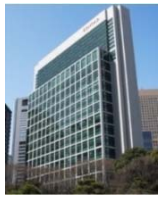

Kioicho Building


Shin-Yokohama TECH Building


Hotel Okura Kobe



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

Dispositions based on information provided by the Mori Trust Group: Ginza MTR Building (2014 and 2015), Osaka Marubeni Building (2015), Ito-Yokado Shin-Urayasu (2017)

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

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

3 Solid financial strategy

- Utilization of creditworthiness to raise funds at low interest rates
- Solid bank formation including three megabanks
- Strike a balance between short-term and long-term debt, taking reduction of financing costs and mitigation of the impact of changes in the financial environment into consideration.

Rating	**AA (stable)** JCR / Long-Term Issuer Rating (as of the end of March 2020)
Bank formation	Establishment of solid bank formation (18 companies in total), including three megabanks

Mori Trust Group

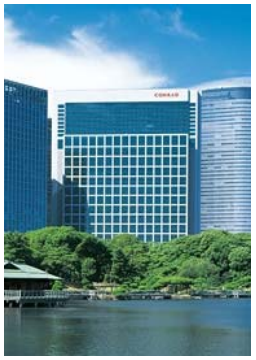
Since its founding in 1951, the Mori Trust Group has engaged in large urban development projects primarily in the central Tokyo area, with property holding, leasing, operation, and management. Through the success of this core business, in which the Group has envisioned the future of cities and continued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

1st stage 1951–1992	2nd stage 1993–2004	3rd stage 2005–2015	4th stage 2016–
Founded Mori Trust Group	Increased competitiveness as a corporate group	Developed real estate, hotel, and resort investment business	Respond to globalism and promote innovation

1990 / 2000 / 2005 / 2010 / 2015 / 2020


Gotenyama Trust Tower
Completed in 1990


Shiroyama Trust Tower
Completed in 1991


Tokyo Shiodome Building
Completed in 2005


Marunouchi Trust City
Completed in 2008


Sendai Trust City
Completed in 2010


Kyobashi Trust Tower
Completed in 2014


Tokyo World Gate
Completed in 2020


(Tentative name)
Akasaka 2-chome Project
Scheduled for completion in 2024

Mori Trust Group lease operation facilities

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

Total number of facilities: **99**

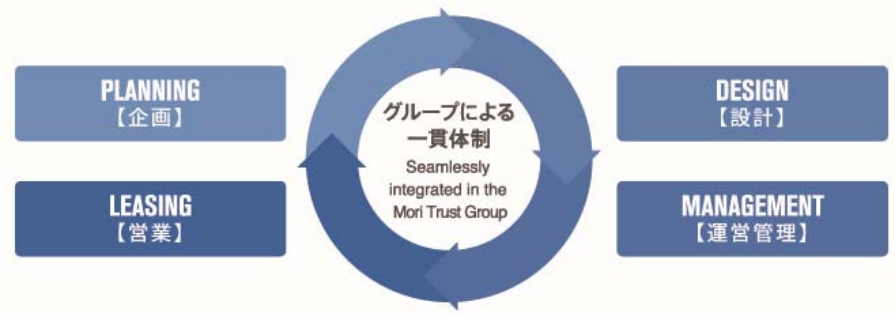
Operated area:
Approx. **1,850,000** m²

Buildings for lease: **81** buildings, approx. **1,420,000** m²

(As of June 30, 2019)

System of real estate development

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



5. Reference

Balance Sheets

(Unit: thousand yen)

	As of September 30, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	17,274,430	18,802,219
Cash and deposits in trust	2,972,707	2,977,817
Operating accounts receivable	52,220	50,066
Accounts receivable - other	—	10,642
Prepaid expenses	59,176	34,537
Other	1,265	4,213
Total current assets	20,359,800	21,879,495
Property, plant and equipment		
Buildings		
Buildings	22,699,904	22,033,867
Structures	40,775	40,084
Machinery and equipment	38,590	36,421
Tools, furniture and fixtures	31,210	29,207
Land	136,672,529	136,672,529
Buildings in trust	17,566,605	17,535,611
Structures in trust	23,946	22,464
Machinery and equipment in trust	4,917	4,673
Tools, furniture and fixtures in trust	29,829	31,602
Land in trust	130,939,930	130,939,930
Total property, plant and equipment	308,048,239	307,346,392
Intangible assets		
Software	0	—
Other	240	240
Total intangible assets	240	240
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	3,577	17,683
Other	3,602	3,602
Total investments and other assets	17,179	31,285
Total non-current assets	308,065,659	307,377,918
Deferred assets		
Investment corporation bond issuance costs	36,102	45,461
Total deferred assets	36,102	45,461
Total assets	328,461,562	329,302,876

	As of September 30, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	189,811	247,690
Short-term loans payable	5,000,000	10,500,000
Current portion of investment corporation bonds	4,000,010	3,000,000
Current portion of long-term loans payable	33,000,000	23,000,000
Accounts payable – other	121,763	550,927
Accrued expenses	481,366	459,108
Dividends payable	9,375	9,206
Income taxes payable	1,028	606
Accrued consumption taxes	172,226	324,346
Advances received	1,492,936	1,505,216
Deposits received	1,548	1,619
Total current liabilities	44,470,066	39,598,721
Non-current liabilities		
Investment corporation bonds	8,000,000	9,000,000
Long-term loans payable	105,000,000	109,500,000
Tenant leasehold and security deposits	9,637,357	9,747,760
Tenant leasehold and security deposits in trust	899,903	902,342
Deferred tax liabilities	493,152	493,173
Total non-current liabilities	124,030,413	129,643,276
Total liabilities	168,500,480	169,241,998
Net assets		
Unitholders' equity		
Unitholders' capital	153,990,040	153,990,040
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,072,409	1,074,447
Total voluntary retained earnings	1,072,409	1,074,447
Unappropriated retained earnings	4,898,632	4,996,390
Total surplus	5,971,042	6,070,837
Total unitholders' equity	159,961,082	160,060,877
Total net assets	159,961,082	160,060,877
Total liabilities and net assets	328,461,562	329,302,876

*The balance of internal reserves as of March 31, 2020 was 1,567 million yen (total amount of deferred tax liabilities and a reserve for reduction entry)

Statements of Income and Retained Earnings

Statements of Income

(Unit: thousand yen)

	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
Operating revenue		
Lease business revenue	8,520,574	8,574,620
Other lease business revenue	311,305	294,696
Total operating revenue	8,831,880	8,869,317
Operating expenses		
Expenses related to rent business	3,024,459	3,013,543
Asset management fee	343,448	348,561
Asset custody fee	13,094	13,104
Administrative service fees	56,182	47,193
Directors' compensations	4,800	3,600
Other operating expenses	47,975	45,256
Total operating expenses	3,489,960	3,471,259
Operating income	5,341,919	5,398,058
Non-operating income		
Interest income	92	97
Reversal of dividends payable	1,037	961
Insurance income	1,039	10,642
Total non-operating income	2,170	11,701
Non-operating expenses		
Interest expenses	425,825	383,678
Interest expenses on investment corporation bonds	12,038	12,405
Amortization of investment corporation bond issuance costs	8,950	9,023
other	—	8,334
Total non-operating expenses	446,815	413,442
Ordinary income	4,897,275	4,996,317
Profit before income taxes	4,897,275	4,996,317
Income taxes - current	1,042	620
Income taxes - deferred	(2,036)	20
Total income taxes	(994)	641
Profit	4,898,269	4,995,675
Retained Earnings at beginning of period	362	714
Unappropriated retained earnings	4,898,632	4,996,390

(Breakdown of Real Estate Leasing Business Income)

(Unit: thousand yen)

	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
A. Rental revenues		
Lease business revenue		
Rent	8,154,060	8,208,106
Common charges	242,904	242,905
Land leasing revenues	123,609	123,609
Other lease business revenue	311,305	294,696
Total rental revenues	8,831,880	8,869,317
B. Property-related expenses		
Property management expenses		
Property management fees	396,861	389,626
Utilities	244,336	211,610
Property and other taxes	948,768	946,759
Casualty insurance	19,240	19,258
Repair expenses	103,871	127,149
Depreciation and amortization	1,282,392	1,292,269
Other expenses	28,988	26,869
Tota property-related expenses	3,024,459	3,013,543
C. Profit and losses from real estate business (A-B)	5,807,420	5,855,774

Statement of Cash Distributions / Statements of Cash Flows

Statement of Cash Distributions

(Unit: thousand yen)

	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
I. Unappropriated retained earnings	4,898,632,198	4,996,390,036
II. Distribution amount	4,895,880,000	4,996,200,000
(Distribution amount per unit)	(3,709)	(3,785)
III. Voluntary retained earnings		
Provision of reserve for reduction entry	2,037,908	—
IV. Retained earnings carried forward	714,290	190,036

Statements of Cash Flows

(Unit: thousand yen)

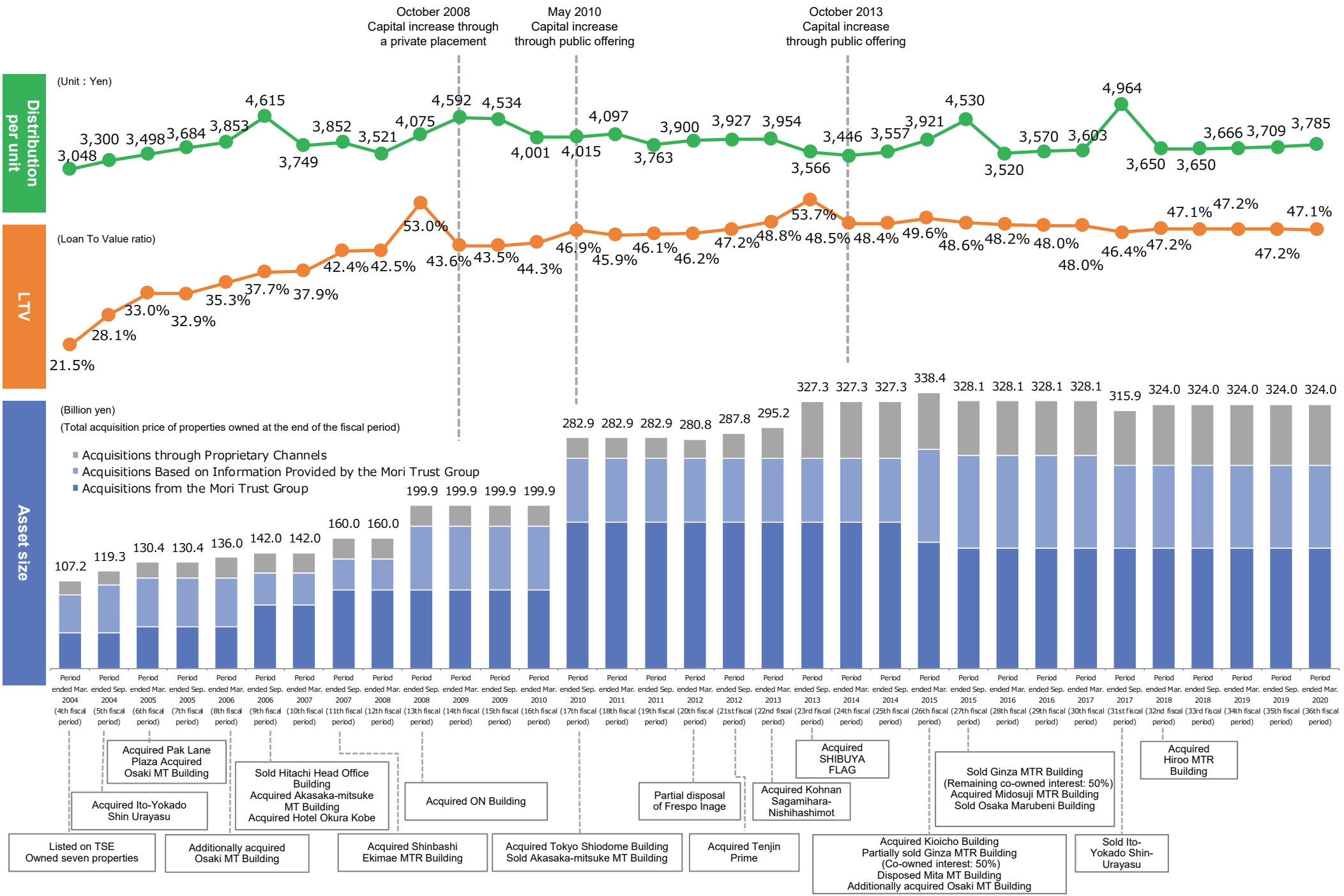
	For the period from April 1, 2019 to September 30, 2019	For the period from October 1, 2019 to March 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,897,275	4,996,317
Depreciation	1,282,392	1,292,269
Amortization of investment corporation bond issuance costs	8,950	9,023
Interest income	(92)	(97)
Interest expenses	437,864	396,084
Decrease (Increase) in operating accounts receivable	(1,327)	2,154
Increase (Decrease) in operating accounts payable	(47,784)	19,413
Increase (Decrease) in accrued consumption taxes	17,313	152,119
Increase (Decrease) in advances received	33,745	12,280
Other, net	(16,974)	5,685
Subtotal	6,611,363	6,885,250
Interest income received	92	97
Interest expenses paid	(450,588)	(427,023)
Income taxes paid	(1,067)	(1,043)
Net cash provided by operating activities	6,159,799	6,457,281
Cash flows from investing activities		
Purchase of property, plant and equipment	(306,121)	(32,240)
Purchase of property, plant and equipment in trust	(127,831)	(129,018)
Repayments of tenant leasehold and security deposits	(99,710)	(8,518)
Proceeds from tenant leasehold and security deposits	44,771	156,252
Repayments of tenant leasehold and security deposits in trust	(15,901)	(14,961)
Proceeds from tenant leasehold and security deposits in trust	22,514	18,536
Net cash used in investing activities	(482,279)	(9,951)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	5,500,000
Proceeds from long-term loans payable	12,500,000	15,000,000
Repayments of long-term loans payable	(12,500,000)	(20,500,000)
Proceeds from issuance of investment corporation bonds	—	4,000,000
Redemption of investment corporation bonds	—	(4,000,000)
Payments for investment corporation bond issuance costs	—	(18,383)
Dividends paid	(4,838,420)	(4,896,048)
Net cash used in financing activities	(4,838,420)	(4,914,432)
Net increase (decrease) in cash and cash equivalents	839,100	1,532,898
Cash and cash equivalents at beginning of period	19,408,037	20,247,138
Cash and cash equivalents at end of period	20,247,138	21,780,036

Changes in Indicators

(Unit:million yen)

	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)	Period ended March 2020 (36th fiscal period)	Formula
Operating revenues	8,686	8,819	8,771	8,831	8,869	
Operating expenses	3,438	3,556	3,478	3,489	3,471	
Operating income	5,248	5,263	5,293	5,341	5,398	
Ordinary income	4,771	4,802	4,840	4,897	4,996	
Profit	4,785	4,806	4,839	4,898	4,995	
Total distribution	4,818	4,818	4,839	4,895	4,996	
Total assets	328,079	328,770	328,557	328,461	329,302	
Interest-bearing liabilities	155,000	155,000	155,000	155,000	155,000	
Total net assets	159,891	159,880	159,901	159,961	160,060	
Unrealized gain/loss	33,395	41,469	45,159	54,771	56,423	
NAV	193,287	201,350	205,061	214,732	216,484	NAV = Total net assets + Unrealized gain/loss
Profits from real estate rental business	5,695	5,727	5,743	5,807	5,855	
Depreciation and amortization	1,282	1,262	1,268	1,282	1,292	
NOI	6,978	6,990	7,011	7,089	7,148	NOI = Profits from real estate rental business + Depreciation and amortization
FFO	6,068	6,069	6,107	6,180	6,287	FFO = Profit + Depreciation and amortization – Gain/loss on sale of real estate
Capital improvements	237	253	408	330	590	
Net cash flows	6,740	6,736	6,603	6,759	6,557	NCF = NOI – Capital improvements
ROA (annualized)	2.9%	2.9%	2.9%	3.0%	3.0%	ROA = (Ordinary income / Total assets) / 6 × 12 * Annualized
ROE (annualized)	6.0%	6.0%	6.1%	6.1%	6.2%	ROE = (Profit / Total net assets) / 6 × 12 * Annualized
LTV ratio	47.2%	47.1%	47.2%	47.2%	47.1%	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	3,650 yen	3,650 yen	3,666 yen	3,709 yen	3,785 yen	
Total net assets per unit	121,130 yen	121,121 yen	121,137 yen	121,182 yen	121,258 yen	
NAV per unit	146,429 yen	152,538 yen	155,349 yen	162,676 yen	164,003 yen	
FFO per unit	4,597 yen	4,597 yen	4,627 yen	4,682 yen	4,763 yen	

Changes in Asset Size, LTV and Distribution Per Unit



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

Property Portfolio List as of the End of the Fiscal Period

(Million yen)

Use	Name	Location	Construction completion	Acquisition date	Acquisition price	Ratio	Book value at end of 36th fiscal period	Appraisal value at end of 36th fiscal period	NOI	Yield
Office Building	Tokyo Shiodome Building	Minato Ward, Tokyo	Jan. 2005	Apr. 2010	110,000	33.9%	101,286	134,000	2,357	4.3%
	ON Building	Shinagawa Ward, Tokyo	Nov. 1990	Aug. 2008	39,900	12.3%	39,208	33,600	634	3.2%
	Kioicho Building	Chiyoda Ward, Tokyo	Nov. 1989	Oct. 2014	34,300	10.6%	33,394	38,000	721	4.2%
	Osaki MT Building	Shinagawa Ward, Tokyo	Jul. 1994	Mar. 2005, etc.	14,386	4.4%	13,071	16,300	311	4.3%
	Midosuji MTR Building	Chuo Ward, Osaka	Mar. 1999	Apr. 2015	10,170	3.1%	10,034	10,600	206	4.1%
	Hiroo MTR Building	Shibuya Ward, Tokyo	Nov. 1992	Jan. 2018	8,100	2.5%	8,381	8,440	149	3.7%
	Tenjin Prime	Chuo Ward, Fukuoka	Oct. 2008	Jul. 2012	6,940	2.1%	6,690	8,760	192	5.6%
	Shin-Yokohama TECH Building	Kohoku Ward, Yokohama	Feb. 1986, etc.	Nov. 2003	6,900	2.1%	6,859	7,530	225	6.5%
Retail Facility	SHIBUYA FLAG	Shibuya Ward, Tokyo	Aug. 2009	Apr. 2013	32,040	9.9%	32,503	40,200	682	4.3%
	Shinbashi Ekimae MTR Building	Minato Ward, Tokyo	Apr. 1999	Apr. 2007	18,000	5.6%	17,325	22,500	423	4.7%
	Ito-Yokado Shonandai	Fujisawa City, Kanagawa	Nov. 2002	Mar. 2003	11,600	3.6%	9,881	11,700	316	5.5%
	Kohnan Sagamihara-Nishihashimoto	Midori Ward, Sagamihara	Aug. 2005	Oct. 2012	7,460	2.3%	7,243	8,500	229	6.2%
	Frespo Inage	Inage Ward, Chiba	–	Mar. 2002	2,100	0.6%	2,193	2,630	115	11.0%
Hotel	Hotel Okura Kobe	Chuo Ward, Kobe	Mar. 1989	Sep. 2006	19,000	5.9%	16,128	17,000	496	5.2%
Residential	Park Lane Plaza	Shibuya Ward, Tokyo	Jun. 1988	Dec. 2004	3,200	1.0%	3,143	4,010	82	5.2%
Total		–	–	–	324,096	100%	307,346	363,770	7,148	4.4%

(Note 1) For details, please refer to “Appraisal Value of Portfolio Properties at the Fiscal Period-End” and “Portfolio Summary and Breakdown of Property-Related Revenues/Expenses” described below.
(Note 2) NOI earnings yield: NOI in the fiscal period ended March 2020 (annual basis) / Acquisition price

Appraisal Values of Portfolio Properties at the Fiscal Period-End

(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 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Difference	Cap rate		Comparison with the previous fiscal period	Discount rate	Terminal cap rate	
								Period ended September 2019	Period ended March 2020				
Office Building	Tokyo Shiodome Building	110,000	101,795	101,286	134,000	134,000	—	3.3%	3.3%	—	3.3%	3.5%	Richi Appraisal
	ON Building	39,900	39,273	39,208	33,000	33,600	600	3.6%	3.5%	-0.1%	3.2%	3.7%	Japan Real Estate
	Kioicho Building	34,300	33,463	33,394	37,800	38,000	200	3.3%	3.2%	-0.1%	3.0%	3.4%	Daiwa Real Estate
	Osaki MT Building	14,386	13,122	13,071	16,100	16,300	200	3.5%	3.4%	-0.1%	3.1%	3.6%	Japan Real Estate
	Midosuji MTR Building	10,170	10,071	10,034	10,600	10,600	—	3.7%	3.6%	-0.1%	3.4%	3.8%	Daiwa Real Estate
	Hiroo MTR Building	8,100	8,377	8,381	8,290	8,440	150	3.7%	3.6%	-0.1%	3.4%	3.8%	Daiwa Real Estate
	Tenjin Prime	6,940	6,717	6,690	8,740	8,760	20	4.0%	3.9%	-0.1%	3.6%	4.1%	Japan Real Estate
	Shin-Yokohama TECH Building	6,900	6,917	6,859	7,420	7,530	110	4.7%	4.6%	-0.1%	4.4%	4.9%	Nippon Tochi-Tatemono
Retail Facility	SHIBUYA FLAG	32,040	32,523	32,503	40,800	40,200	-600	3.2%	3.2%	—	3.0%	3.4%	Japan Real Estate
	Shinbashi Ekimae MTR Building	18,000	17,342	17,325	22,300	22,500	200	3.7%	3.6%	-0.1%	3.4%	3.8%	Nippon Tochi-Tatemono
	Ito-Yokado Shonandai	11,600	9,884	9,881	11,700	11,700	—	5.3%	5.3%	—	5.0%	5.5%	Japan Real Estate
	Kohnan Sagamihara-Nishihashimoto	7,460	7,273	7,243	8,500	8,500	—	5.2%	5.2%	—	4.9%	5.4%	Japan Real Estate
	Frespo Inage	2,100	2,193	2,193	2,640	2,630	-10	— (Note1)	— (Note1)	—	7.9%	— (Note2)	Japan Real Estate
Hotel	Hotel Okura Kobe	19,000	15,945	16,128	17,000	17,000	—	4.8%	4.8%	—	4.6%	4.9%	Richi Appraisal
Residential	Park Lane Plaza	3,200	3,147	3,143	3,930	4,010	80	3.5%	3.4%	-0.1%	4.1%	3.1%	Nippon Tochi-Tatemono

	Acquisition price	End-of-period book value		End-of-period appraisal value			Difference		
		Period ended September 2019 (A)	Period ended March 2020 (B)	Period ended September 2019 (C)	Period ended March 2020 (D)	Difference	Period ended September 2019 (C-A)	Period ended March 2020 (D-B)	Difference
Total	324,096	308,048	307,346	362,820	363,770	950	54,771	56,423	1,651

(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.

Changes in Occupancy Rate

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

Use		(Period ended September 2019) September 30, 2019	October 31, 2019	November 30, 2019	December 31, 2019	January 31, 2020	February 29, 2020	(Period ended March 2020) March 31, 2020
Office Building	Master lease basis	99.9%	99.9%	99.9%	99.8%	99.8%	99.9%	99.9%
	(Sublease basis)	(99.2%)	(99.7%)	(99.7%)	(99.5%)	(99.5%)	(99.7%)	(99.7%)
Retail Facility		100%	100%	100%	100%	100%	100%	100%
Other		99.8%	99.8%	100%	100%	100%	100%	99.6%
Total	Master lease basis	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
	(Sublease basis)	(99.6%)	(99.8%)	(99.9%)	(99.7%)	(99.7%)	(99.8%)	(99.8%)

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

Use	Name	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)	March 31, 2020 (End of 36th 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% (98.7%)	99.9% (99.9%)	99.9% (99.9%)	99.9% (98.5%)	99.9% (98.7%)
	Osaki MT Building (Note 3)	100% (92.7%)	100% (100%)	100% (91.8%)	100% (91.8%)	100% (97.8%)
	Midosuji MTR Building (Note 4)	100% (100%)	100% (96.4%)	100% (100%)	100% (100%)	100% (100%)
	Hiroo MTR Building (Note 5)	99.5%	84.2%	100%	100%	100%
	Tenjin Prime (Note 5)	100%	89.1%	100%	100%	100%
	Shin-Yokohama TECH Building	95.7%	98.7%	98.7%	100%	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	96.8%	100%	100%	95.9%	92.9%
Total (Note 6)		99.8% (99.5%)	99.6% (99.5%)	99.9% (99.7%)	99.9% (99.6%)	99.9% (99.8%)

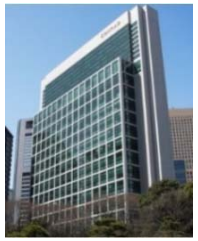
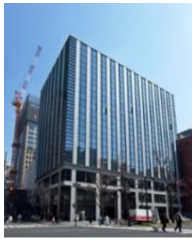
(Note 1) The occupancy rate for each asset, such as real estate, is the percentage of the total rented area out of the total rentable area. The total occupancy rate is based on assets, such as real estate, held by MTR as of the end of each fiscal period. If the result of rounding is 100.0%, however, 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.

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

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) March 31, 2021 (Hotel) December 31, 2035
	ON Building	100%	1	Kobe Steel Ltd.	Direct lease	Building lease	March 31, 2023
	Kioicho Building (Note 1)	99.9% (98.7%)	33 (66)	—	—	—	—
	Osaki MT Building (Note 2)	100% (97.8%)	1 (16)	Mori Trust Co., Ltd.	Master lease (Note 2)	Fixed-term building lease	March 31, 2022
	Midosuji MTR Building (Note 3)	100% (100%)	1 (33)	Japan Property Solutions Co., Ltd.	Master lease (Note 3)	Building lease	March 31, 2021
	Hiroo MTR Building (Note 4)	100%	8	—	—	—	—
	Tenjin Prime (Note 4)	100%	16	—	—	—	—
	Shin-Yokohama TECH Building	100%	10	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
	Kohnan Sagamihara-Nishihashimoto	100%	1	Kohnan Shoji Co., Ltd.	Master lease	Fixed-term building lease	September 27, 2023
	Frespo Inage	100%	1	Daiwa Lease Co, Ltd.	Direct lease	Land lease	December 2, 2027
Hotel	Hotel Okura Kobe	100%	1	Hotel Okura Kobe	Direct lease	Fixed-term building lease	March 31, 2022
Residential	Park Lane Plaza	92.9%	16	—	—	—	—
Total (Note 6)		99.9% (99.8)	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

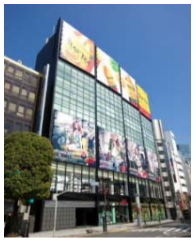
Portfolio Summary and Breakdown of Property-Related Revenues/Expenses (1)

	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	101,286 million yen	39,208 million yen	33,394 million yen	13,071 million yen	10,034 million yen	8,381 million yen
Appraisal value	134,000 million yen	33,600 million yen	38,000 million yen	16,300 million yen	10,600 million yen	8,440 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 Sep. 2019	Period ended Mar. 2020	Period ended Sep. 2019	Period ended Mar. 2020	Period ended Sep. 2019	Period ended Mar. 2020	Period ended Sep. 2019	Period ended Mar. 2020	Period ended Sep. 2019	Period ended Mar. 2020	Period ended Sep. 2019	Period ended Mar. 2020
Rental revenues	2,795,000	2,795,000			1,109,498	1,106,796	313,365	353,844	301,581	309,043	198,401	199,220
Rent	2,795,000	2,795,000			991,110	999,027	312,474	345,898	259,297	270,061	149,928	150,275
Common charges	—	—			10,168	10,168	—	—	6,745	6,745	22,888	22,888
Land leasing revenues	—	—			—	—	—	—	—	—	—	—
Other rental revenues	—	—			108,219	97,600	891	7,945	35,538	32,236	25,585	26,056
Property-related expenses	946,643	946,616			522,821	525,696	109,528	99,011	156,949	147,609	59,865	66,913
Property and other taxes	433,517	433,512			89,397	89,387	37,658	37,649	40,883	40,883	11,691	11,691
Property taxes	433,517	433,512	Undisclosed (Note 5)	Undisclosed (Note 5)	88,072	88,062	37,658	37,649	40,883	40,883	11,568	11,568
Other taxes	—	—			1,325	1,325	—	—	—	—	122	122
Overhead expenses	3,744	3,742			295,965	295,471	15,616	4,925	69,659	61,428	31,045	37,701
Property management fees	—	—			208,117	211,287	7,210	—	30,173	28,679	6,051	5,214
Utilities	—	—			73,194	61,753	—	—	28,982	24,720	19,090	17,905
Casualty insurance	3,744	3,742			1,367	1,411	795	794	557	557	230	230
Trust fees	—	—			800	800	—	—	500	500	400	400
Other expenses	—	—			12,485	20,218	7,610	4,130	9,445	6,970	5,272	13,950
Depreciation and amortization	509,380	509,361			137,458	140,838	56,253	56,437	46,406	45,297	17,128	17,521
Profits and losses from real estate business	1,848,356	1,848,383	540,130	545,257	586,676	581,099	203,837	254,832	144,632	161,433	138,536	132,306
Earnings before depreciation and amortization (NOI)	2,357,737	2,357,745	627,448	634,762	724,135	721,937	260,090	311,269	191,038	206,730	155,665	149,827
NOI yield (Note 6)	4.3%		3.2%		4.2%		4.3%		4.1%		3.7%	

(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 2020 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	6,690 million yen		6,859 million yen		32,503 million yen		17,325 million yen		9,881 million yen		7,243 million yen	
Appraisal value	8,760 million yen		7,530 million yen		40,200 million yen		22,500 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 (Note 4)	6.4%		8.7%		11.9%		12.2%		14.0%		13.5%	
Rental revenues (thousand yen)	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020
Rental revenues	251,406	249,702	346,682	352,618			460,000	460,200	375,067	375,049		
Rent	211,687	212,496	311,478	317,195			459,000	459,000	375,000	375,000		
Common charges	20,560	20,560	—	—			—	—	—	—		
Land leasing revenues	—	—	—	—			—	—	—	—		
Other rental revenues	19,158	16,645	35,204	35,423			1,000	1,200	67	49		
Property-related expenses	88,201	87,593	206,357	194,173			52,910	53,358	113,571	120,767		
Property and other taxes	25,714	25,714	30,415	30,408			34,477	34,475	39,288	39,282		
Property taxes	25,714	25,714	30,415	30,408	Undisclosed (Note 7)	Undisclosed (Note 7)	34,477	34,475	39,288	39,282	Undisclosed (Note 7)	Undisclosed (Note 7)
Other taxes	—	—	—	—			—	—	—	—		
Overhead expenses	32,131	31,303	109,832	96,319			1,405	1,855	12,252	19,258		
Property management fees	7,509	7,848	56,560	54,970			1,200	1,200	1,620	1,620		
Utilities	14,310	12,396	34,166	30,819			—	—	—	—		
Casualty insurance	206	205	806	806			205	205	982	981		
Trust fees	750	750	—	—			—	—	—	—		
Other expenses	9,355	10,103	18,299	9,724			—	450	9,650	16,657		
Depreciation and amortization	30,355	30,575	66,108	67,445			17,027	17,027	62,030	62,226		
Profits and losses from real estate business	163,204	162,109	140,325	158,445	668,144	658,346	407,089	406,841	261,496	254,282	188,948	192,068
Earnings before depreciation and amortization (NOI)	193,560	192,684	206,433	225,891	691,801	682,213	424,117	423,869	323,526	316,508	226,463	229,636
NOI yield	5.6%		6.5%		4.3%		4.7%		5.5%		6.2%	

(Note 7) The rental revenues and property-related expenses of SHIBUYA FLAG and Kohnan Sagamihara-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		Hotel		Residential		Total	
	Frespo Inage		Hotel Okura Kobe		Park Lane Plaza			
								
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		16,128 million yen		3,143 million yen		307,346 million yen	
Appraisal value	2,630 million yen		17,000 million yen		4,010 million yen		363,770 million yen	
Total floor space	(39,556.71㎡) (Note 8)		72,246.86㎡		5,246.78㎡		–	
PML (Note 4)	–		17.8%		14.9%		5.4% (Note 9)	
Rental revenues (thousand yen)	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020	Period ended September 2019	Period ended March 2020
Rental revenues	123,609	123,609	625,479	625,605	105,051	105,290	8,831,880	8,869,317
Rent	–	–	625,479	625,605	95,139	95,376	8,154,060	8,208,106
Common charges	–	–	–	–	9,043	9,043	242,904	242,905
Land leasing revenues	123,609	123,609	–	–	–	–	123,609	123,609
Other rental revenues	–	–	–	–	868	869	311,305	294,696
Property-related expenses	8,020	8,019	296,690	311,719	33,387	34,397	3,024,459	3,013,543
Property and other taxes	7,270	7,269	73,420	73,409	7,398	7,394	948,768	946,759
Property taxes	7,270	7,269	73,420	73,409	7,398	7,394	945,368	945,308
Other taxes	–	–	–	–	–	–	3,399	1,451
Overhead expenses	750	750	43,223	55,683	14,282	15,030	793,298	774,514
Property management fees	–	–	–	–	7,934	9,373	396,861	389,626
Utilities	–	–	–	–	2,236	2,064	244,336	211,610
Casualty insurance	–	–	8,360	8,339	160	160	19,240	19,258
Trust fees	750	750	2,000	2,000	–	–	6,850	6,850
Other expenses	–	–	32,863	45,344	3,951	3,432	126,009	147,168
Depreciation and amortization	–	–	180,046	182,626	11,706	11,972	1,282,392	1,292,269
Profits and losses from real estate business	115,588	115,589	328,788	313,885	71,664	70,892	5,807,420	5,855,774
Earnings before depreciation and amortization (NOI)	115,588	115,589	508,834	496,512	83,370	82,865	7,089,813	7,148,044
NOI yield	11.0%		5.2%		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.

Interest-Bearing Liabilities

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	Floating	0.20%	April 12, 2019	April 10, 2020
The Nishi-Nippon City Bank, Ltd.	1,500		0.20%	August 30, 2019	August 31, 2020
Resona Bank, Limited	1,000		0.20%	August 30, 2019	August 31, 2020
Sumitomo Mitsui Banking Corporation	5,500		0.20%	October 11, 2019	October 9, 2020
Resona Bank, Limited	500		0.20%	October 18, 2019	October 16, 2020
Total	10,500				

Long-term loans

(Million yen)

Lender	Outstanding balance at end of period		interest rate	Draw down date	Repayment date
Sumitomo Mitsui Trust Bank, Limited.	4,000	Fixed	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
The Nishi-Nippon City Bank, Ltd.	500		0.43%	December 26, 2019	December 26, 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
Sumitomo Mitsui Trust Bank, Limited.	3,000		0.32%	February 28, 2020	February 28, 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
The Hachijuni Bank, Ltd.	1,000		0.34%	February 28, 2020	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
The Bank of Fukuoka, Ltd.	1,000		0.42%	January 31, 2020	January 30, 2026
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 Bank of Fukuoka, Ltd.	500		0.56%	December 26, 2019	December 25, 2026
Resona Bank, Limited	500		0.56%	December 26, 2019	December 25, 2026
The Norinchukin Bank	3,000		0.38%	February 28, 2020	February 26, 2027
Sumitomo Life Insurance Company	500		0.59%	December 26, 2019	June 25, 2027
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
Development Bank of Japan Inc.	1,000		0.43%	March 12, 2020	September 10, 2027
Mizuho Bank, Ltd.	1,000		0.63%	December 26, 2019	December 24, 2027
Sumitomo Mitsui Banking Corporation	1,500		0.51%	October 11, 2019	April 11, 2028
Mizuho Bank, Ltd.	1,500		0.51%	October 17, 2019	April 17, 2028
Total	132,500				

Investment corporation bonds

(Million yen)

Issue	Balance at end of period	Interest rate	Issue date	Maturity date
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
12th unsecured investment corporation bonds	4,000	0.10%	February 20, 2020	February 20, 2023
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) The short-term loans, long-term loans, and investment corporation bonds are all unsecured and unguaranteed.

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

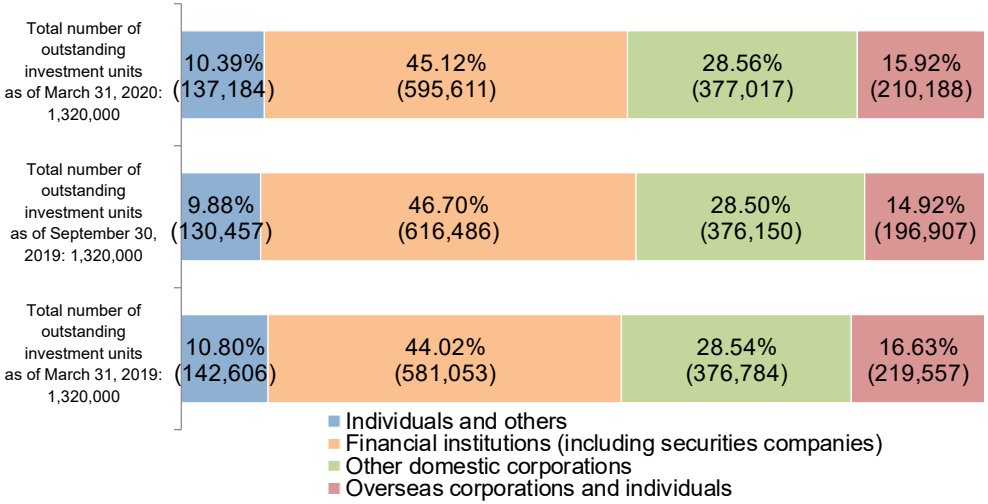
Borrowed and issued during the 36th period ended March 2020.

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

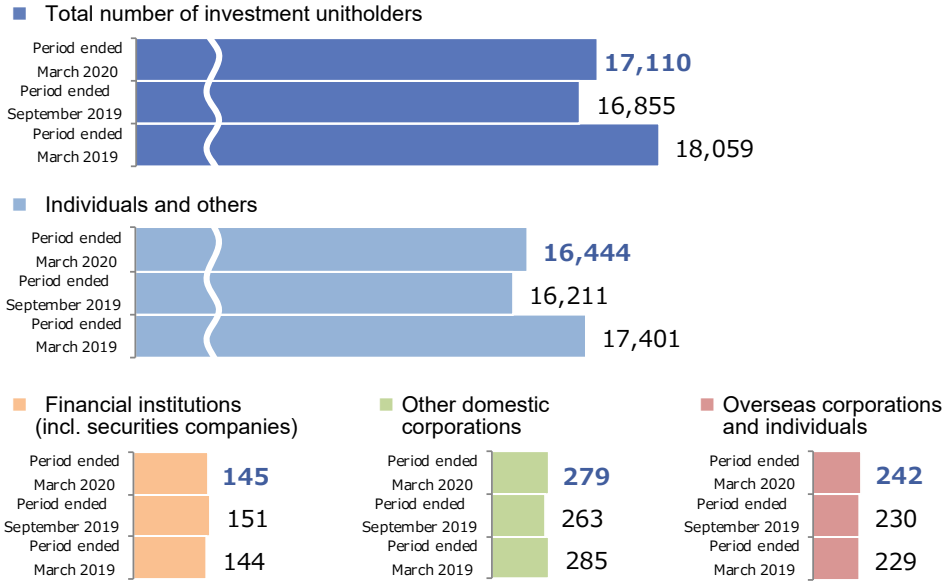
(As of March 31, 2020)

Unitholders	Number of units held	Ownership ratio
MORI TRUST Holdings, Inc.	350,070	26.52%
Japan Trustee Services Bank, Ltd. (trust account)	197,498	14.96%
The Master Trust Bank of Japan, Ltd. (trust account)	123,387	9.35%
The Nomura Trust and Banking Co., Ltd. (investment trust)	46,540	3.53%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	26,216	1.99%
STATE STREET BANK WEST CLIENT - TREATY 505234	14,859	1.13%
The Hachijuni Bank, Ltd.	13,085	0.99%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	12,723	0.96%
LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	12,343	0.94%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	12,232	0.93%
Total of top 10 unitholders	808,953	61.28%

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

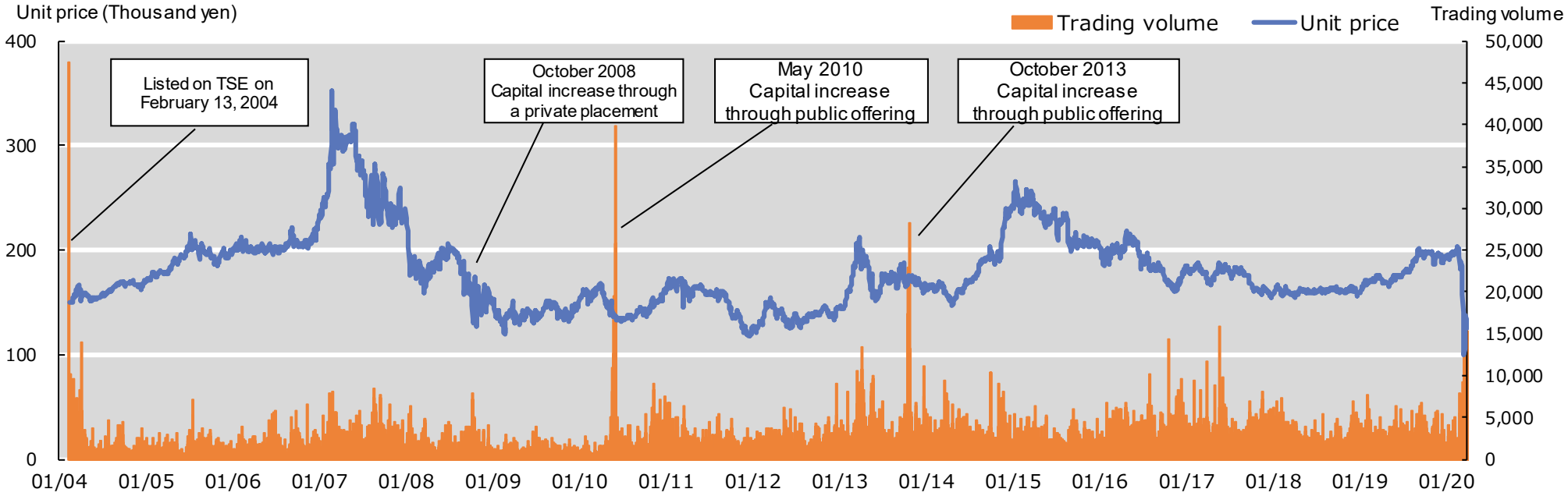


Changes in number of investment unitholders by owner (End of each fiscal period)



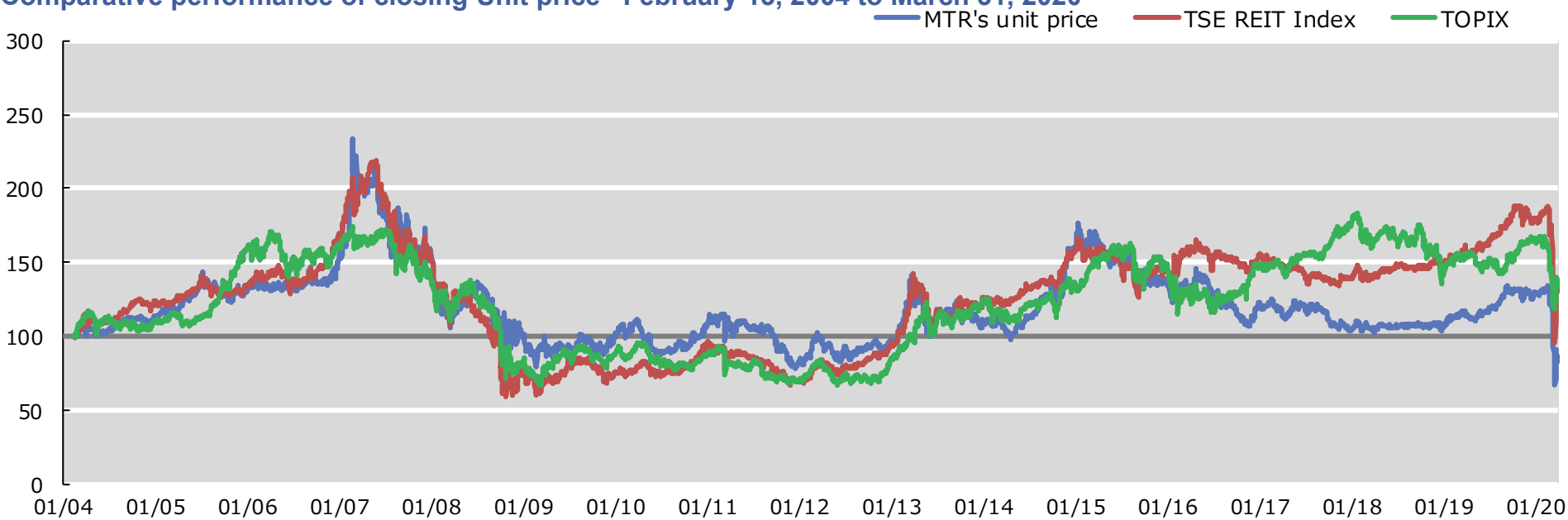
Changes in Unit Prices

Closing Unit price and trading volume February 13, 2004 to March 31, 2020



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

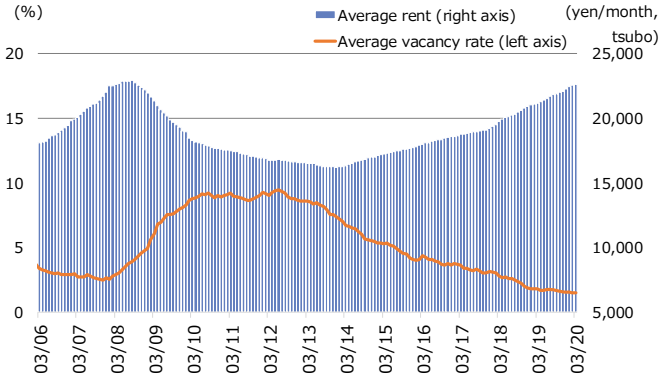
Comparative performance of closing Unit price February 13, 2004 to March 31, 2020



(Note) A base of 100 is used to compare MTR's unit price at IPO with the TSE REIT Index and TOPIX.

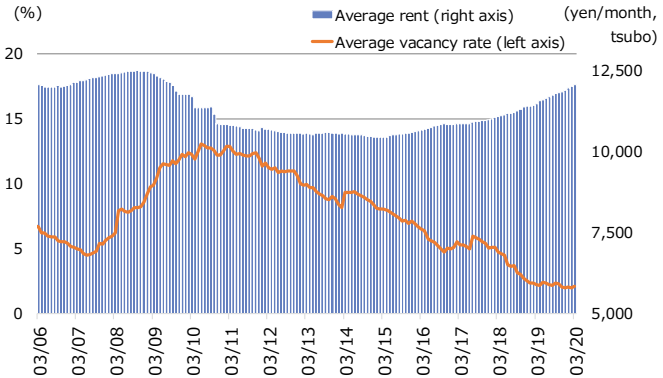
Changes in Vacancy Rate and Rent per Unit in Major Cities

Tokyo business districts



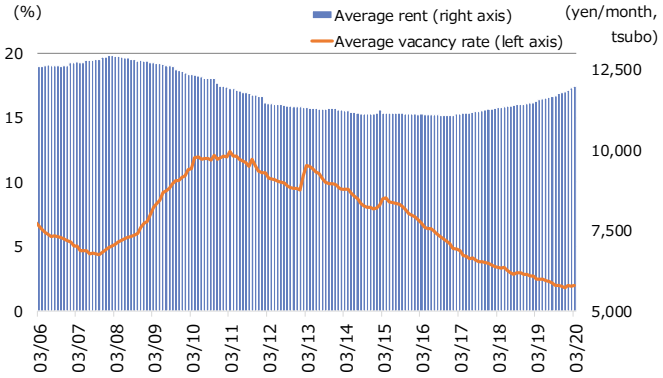
Tokyo business districts: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku

Yokohama business districts



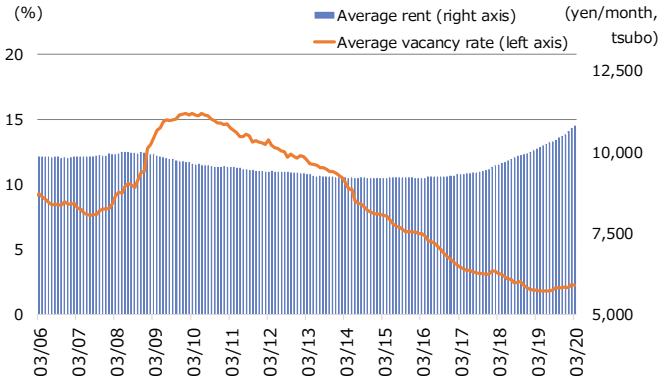
Yokohama business districts: Kannai, Yokohama Station, Shin-Yokohama, and Minato Mirai 21

Osaka business districts



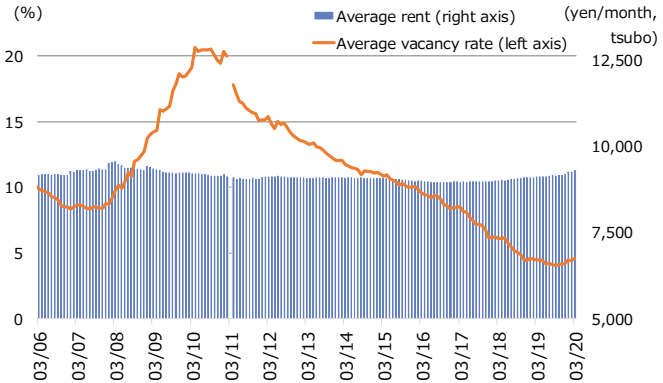
Osaka business districts: Umeda, Minami-Morimachi, Yodoyabashi and Honmachi, Senba, Shinsaibashi and Namba, and Shin-Osaka

Fukuoka business districts



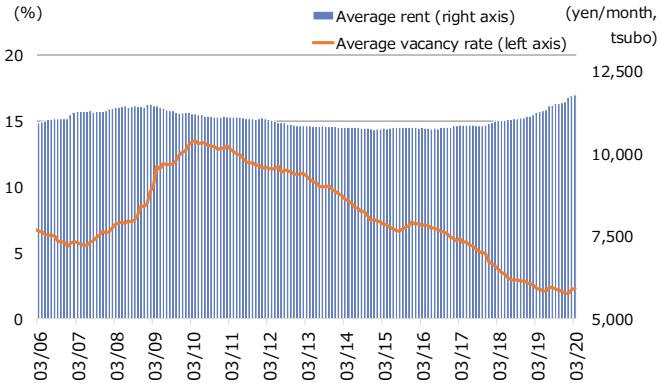
Fukuoka business districts: Akasaka Daimyo, Tenjin, Yakuin and Watanabe Dori, Gion and Gofukumachi, Hakata Station front, Hakata Station East and South

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.

Asset Management Company Remuneration Methods

(The end of the fiscal period ended March 2020)

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.

Disclaimer / Contact Information

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