



March 15, 2013

**FINANCIAL REPORT
FOR THE THIRTEENTH FISCAL PERIOD ENDED JANUARY 31, 2013**

Mori Hills REIT Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 3234.

Representative: Hideyuki Isobe, Executive Director

URL: <http://www.mori-hills-reit.co.jp/en>

Asset Manager: Mori Building Investment Management Co., Ltd.

Representative: Hideyuki Isobe, President & CEO

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Planned submission of semiannual securities report: April 26, 2013

Planned start of dividend payments: April 15, 2013

Preparation of supplementary explanatory materials on financial results: Yes

Holding of briefing session on financial results: Yes (for institutional investors and analysts)

This financial report has been prepared in accordance with Japanese accounting standards, Japanese laws and other relevant regulations in Japan.

Figures are rounded down to the nearest one million yen.

1. PERFORMANCE FOR THE THIRTEENTH FISCAL PERIOD ENDED JANUARY 31, 2013

(August 1, 2012 – January 31, 2013)

(1) Business Results

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Thirteenth Fiscal Period	¥4,676	(2.5%)	¥3,125	(1.8%)	¥2,123	0.2%	¥2,122	0.2%
Twelfth Fiscal Period	¥4,797	0.7%	¥3,183	2.4%	¥2,120	6.2%	¥2,119	6.2%

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Thirteenth Fiscal Period	¥9,169	2.0%	1.0%	45.4%
Twelfth Fiscal Period	¥9,154	2.0%	1.0%	44.2%

(2) Dividend

	Dividend per Unit (excluding dividend in excess of earnings)	Total Dividends	Dividend in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Thirteenth Fiscal Period	¥9,169	¥2,122 million	¥0	¥0	99.9%	2.0%
Twelfth Fiscal Period	¥8,700	¥2,014 million	¥0	¥0	95.0%	1.9%

(Notes)

- The dividend payout ratio is calculated by using the formula below and is rounded down to the first decimal place.
Dividend Payout Ratio = [Total Dividends ÷ Net Income] × 100
- Dividend per unit for the twelfth fiscal period is calculated by deducting reserve for reduction entry (¥105 million) from unappropriated retained earnings, and dividing the amount by the number of units outstanding. In addition, the main difference between dividend per unit and net income per unit is attributable to calculation of dividend per unit involving deduction of reserve for reduction entry as described above.

(3) Financial Position

	Total Assets	Net Assets	Total Net Assets to Total Assets	Net Assets per Unit
Thirteenth Fiscal Period	¥218,813 million	¥104,239 million	47.6%	¥450,237
Twelfth Fiscal Period	¥219,405 million	¥104,130 million	47.5%	¥449,768

(4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Thirteenth Fiscal Period	¥2,551 million	(¥610 million)	(¥2,113 million)	¥9,479 million
Twelfth Fiscal Period	¥28,248 million	(¥25,782 million)	(¥2,106 million)	¥9,651 million

2. FORECAST OF RESULTS FOR THE FOURTEENTH FISCAL PERIOD ENDING JULY 31, 2013
(February 1, 2013 – July 31, 2013)

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Fourteenth Fiscal Period	¥5,046	7.9%	¥3,424	9.6%	¥2,394	12.7%	¥2,393	12.7%

	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Fourteenth Fiscal Period	¥9,400	¥0

(Reference) Estimated net income per unit for the fourteenth fiscal period: ¥9,400

3. OTHER

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

- (a) Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- (b) Changes in accounting policies other than (a): None
- (c) Changes in accounting estimates: None
- (d) Corrections of errors: None

(2) Number of Units Outstanding

- (a) Number of units outstanding at end of period (including own units)

Thirteenth fiscal period: 231,520 units Twelfth fiscal period: 231,520 units

- (b) Number of own units at end of period

Thirteenth fiscal period: 0 units Twelfth fiscal period: 0 units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to "Notes on Per Unit Information" on page 35.

***Presentation of the status of implementation of audit procedures**

At the time of disclosure of the original Japanese language Financial Release (*Kessan-Tanshin*), from which information is translated in this document, audit procedures pursuant to the Financial Instruments and Exchange Act have not been completed.

***Explanation on the appropriate use of the forecast of results, and other matters of special note**

The forecast of results and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Mori Hills REIT Investment Corporation (the Company). Accordingly, actual results, etc. may differ materially due to a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts. For the assumptions underlying the forecasts of results, please refer to "Assumptions of Forecasts of Results for the Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)" presented on pages 14 to 15.

1. AFFILIATED CORPORATIONS OF THE INVESTMENT CORPORATION

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” in the most recent semiannual securities report (submitted on October 25, 2012).

2. MANAGEMENT POLICY AND MANAGEMENT STATUS

(1) Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” in the most recent semiannual securities report (submitted on October 25, 2012).

(2) Management Status

(A) Overview of the Fiscal Period under Review

(a) Brief Background of the Investment Corporation

Mori Hills REIT Investment Corporation (the Company) was incorporated by Mori Building Investment Management Co., Ltd. (the Company’s Asset Manager) on February 2, 2006 with 100 million yen in capital (200 units), and registration was approved based on Article 187 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the “Investment Trust Act”) on March 6, 2006 (Registration No. 51 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Company was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on November 30, 2006 (Securities Code: 3234).

The Company later issued new investment units through a third-party allotment (29,400 units) on September 29, 2008, issued new investment units through a public offering (67,000 units) on March 23, 2010, and issued new investment units through a third-party allotment (over-allotment) (5,320 units) on April 23, 2010. As of the end of the Company’s fiscal period under review (thirteenth fiscal period: August 1, 2012 to January 31, 2013), the total number of investment units outstanding was 231,520 units.

(b) Investment Environment and Business Performance

i) Investment Environment

In the thirteenth fiscal period, the Japanese economy grew steadily due to strong public investment and housing construction bolstered by demand stemming from reconstruction from the Great East Japan Earthquake. However, Japan’s economy didn’t reach full-scale recovery due to slowdown in the global growth resulting from factors such as the European debt crisis.

Within this economic environment, the rental office building market is starting to see signs of improvement in vacancy rates centering on large blue-chip properties in central Tokyo. As after a surge in supply in 2012, the new supply volume in 2013 is well below the long-term average. The luxury rental housing market did not see a full-scale recovery in demand from non-Japanese tenants, but as the rent levels have become competitive, occupancy rates have remained at stable levels. In the real estate trading market, with steady investment unit prices and a favorable fund procurement environment, new J-REIT listings and existing J-REITs’ raising capital through public offerings were steadily implemented. There was also a series of transactions of large properties.

ii) Business Performance

In the thirteenth fiscal period, the Company strove to enhance tenant satisfaction through such measures as meticulous operational management and systematic maintenance and repair of properties in its portfolio. Moreover, the Company maintained and enhanced occupancy rates by proactively launching marketing activities targeting new and existing tenants based on a flexible price policy while taking into account the quality of tenants.

The Company's real estate portfolio as of the end of the thirteenth fiscal period was comprised of 9 properties (Note 1) under management with a total leasable floor area of 97,498.53m². The Company has already invested 210,816 million yen (based on acquisition price) into this portfolio. The occupancy rate at the end of the thirteenth fiscal period (Note 2) was 98.7%.

(Notes)

1. For Roppongi View Tower, the Company acquired the trust beneficial interests pertaining to 6% co-ownership interest on March 22, 2006 and the trust beneficial interests pertaining to 40% co-ownership interest on April 13, 2006. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereafter. Regarding ARK Mori Building, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereafter.

- 1) Trust beneficial interests pertaining to sectional ownership for the 13th floor portion on March 22, 2006.
- 2) 75% quasi co-ownership interest of the trust beneficial interests pertaining to sectional ownership for the 12th and 22nd floor portions on March 28, 2008.
- 3) The remaining 25% quasi co-ownership interest of the trust beneficial interests pertaining to sectional ownership for the 12th and 22nd floor portions on September 30, 2008.
- 4) 50% co-ownership interest in sectional ownership for the 23rd floor portion on March 23, 2010. The Company holds trust beneficial interests from adding this co-ownership interest as a trust asset of 5) on March 18, 2011.
- 5) Trust beneficial interests pertaining to the remaining 50% co-ownership interest in sectional ownership for the 23rd floor portion and trust beneficial interests pertaining to sectional ownership for the 25th floor portion on March 18, 2011.
- 6) Trust beneficial interests pertaining to sectional ownership for the 4th, 15th and 24th floor portions on August 1, 2011.

Regarding Akasaka Tameike Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereafter.

- 1) Trust beneficial interests pertaining to the office and shop portions (including parts of storage areas, parking lots, etc.) (approx. 35.5% of total exclusive floor area) on September 30, 2008.
- 2) Trust beneficial interests pertaining to residential portion (including parts of parking lots, etc.) (approx. 30% of total exclusive floor area) on March 18, 2011.

Regarding Roppongi Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereafter.

- 1) 50% co-ownership interest in sectional ownership for the 24th floor portion on March 23, 2010. The Company holds trust beneficial interests from adding this co-ownership interest as a trust asset of 2) on August 1, 2011.
- 2) Trust beneficial interests pertaining to sectional ownership for the 23rd floor portion and trust beneficial interests pertaining to the remaining 50% co-ownership interest in sectional ownership for the 24th floor portion on August 1, 2011.

For Atago Green Hills, the Company acquired 45% quasi co-ownership interest of the trust beneficial interests pertaining to co-ownership interest in sectional ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approx. 20.0% of total exclusive floor area) on May 1, 2012. The Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereafter.

2. The occupancy rate at the end of the fiscal period expresses the sum total of the total leased floor area at the end of the fiscal period as a percentage of the sum total of the total leasable floor area at the end of the fiscal period, rounded to the first decimal place.

(c) Overview of Fund Procurement

During the thirteenth fiscal period, the Company took out short-term loans payable in the amount of 1,000 million yen, long-term loans payable in the amount of 17,500 million yen and issued investment corporation bonds in the amount of 7,000 million yen. Proceeds from these loans and bonds were used for the refinancing of existing short-term loans payable in the amount of 5,500 million yen and long-term loans payable in the amount of 13,000 million yen and the redemption of investment corporation bonds in the amount of 7,000 million yen. The Company also made a previously agreed repayment in the amount of 62 million yen on existing long-term loans payable during the thirteenth fiscal period.

As a result, as of the end of the thirteenth fiscal period, the balance of loans payable stands at 81,825 million yen (long-term loans payable: 77,347 million yen (of which, current portion of long-term loans payable: 15,125 million yen); and short-term loans payable: 4,478 million yen), the balance of investment corporation bonds stands at 25,000 million yen (of which, current portion of investment corporation bonds: 5,000 million yen) and the balance of interest-bearing debt stands at 106,825 million yen.

Of the loans payable, in addition to the 25,000 million yen in investment corporation bonds and 7,725 million yen in long-term loans payable that have fixed interest rates, the Company utilizes interest rate swaps to in effect convert the interest rates for loans payable that have variable interest rates into fixed interest rates in order to hedge against the risk of upward fluctuations in interest rates. Such measures have been taken for 16,500 million yen of the 69,622 million yen in long-term loans payable that have variable interest rates. Concerning future loans payable, the Company will strive to minimize refinancing risks by diversifying repayment dates for loans payable.

As of the end of the thirteenth fiscal period, the Company has obtained AA- long-term issuer rating (rating outlook: stable) from Japan Credit Rating Agency, Ltd.

(Note) Short-term loans payable are loans payable with a period of one year or less until the repayment date at the time of drawdown, and long-term loans payable are loans payable with a period of over one year until the repayment date at the time of drawdown. The same shall apply hereafter.

(d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording 4,676 million yen in operating revenue, 3,125 million yen in operating income, 2,123 million yen in ordinary income and 2,122 million yen in net income in the thirteenth fiscal period.

In regard to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto), the Company decided to pay out the entire amount of unappropriated retained earnings, excluding fractions of the dividend per unit that are less than 1 yen. Consequently, the Company declared a dividend per unit of 9,169 yen.

(B) Outlook for the Next Fiscal Period

(a) Future Management Policy

Pursuant to the Company's investment policy, the Company will seek to grow and increasingly enhance the profitability and asset value of assets under management by focusing on the competitiveness and the ability to create value attributable to "urban" areas (central Tokyo being the core area) and concentrating investment into "urban" areas. Specifically, the Company will seek to develop an urban portfolio centered on office buildings and residential and retail properties that are situated in "Premium Areas" and that are capable of maintaining competitiveness in the future due to attributes such as quality, size and specifications ("Premium Properties" (Note)). The quintessential example is the "Hills" brand of large redevelopment properties exhibiting high creativity and added-value in a manner perfected over the years by the Mori Building Group.

With respect to the management of properties in the portfolio, the Company will seek to ensure stable revenue over the medium to long term and maintain and enhance the asset value of its portfolio by adopting the basic policy of enhancing tenant satisfaction and conducting rational, efficient and systematic asset management and administration.

In addition, the Company will seek to maximize investor value through continuously conducting dividend-oriented management, by pursuing further enhancement of the portfolio NOI cap rate through external growth and by further strengthening its financial standing - primarily by reducing borrowing costs and extending the average duration of loans payable.

(Note) Premium Properties refer to properties that are situated in "Premium Areas" (central five wards of Tokyo (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward and Shibuya Ward) and their vicinity; the same hereafter), where the Mori Building Group (Mori Building Co., Ltd., Mori Building Co., Ltd.'s consolidated subsidiaries and, of affiliated companies accounted for by the equity method, companies that are engaged in business in Japan; the same hereafter) can fully demonstrate its brand/marketing strength and facilities management capabilities, etc. and that are capable of maintaining competitiveness in the future due to attributes such as quality, size and specifications. The same shall apply hereafter.

(b) Significant Subsequent Events

Issuance of New Investment Units

Issuance of new investment units was approved at the Board of Directors' meetings held on February 15, 2013 and February 25, 2013 as follows and the payments pertaining to the issuance of new investment units through public offering was completed on March 4, 2013.

As a result of the issuance of new investment units through public offering, unitholders' capital and the total number of investment units outstanding as of March 15, 2013 are 112,444,747,410 yen and 253,520 units, respectively.

i. Issuance of New Investment Units through Public Offering (Primary Offering)

Number of new investment units issued:	22,000 units
Issued price (offering price):	491,400 yen per unit
Total amount of issued price (offering price):	10,810,800,000 yen
Amount contributed in (issued value):	474,264 yen per unit
Total amount contributed in (issued value):	10,433,808,000 yen
Payment date:	March 4, 2013
Dividend calculation date:	February 1, 2013

ii. Issuance of New Investment Units through Third-Party Allotment

Number (ceiling) of units to be issued:	1,100 units
Amount to be contributed in (issued value):	474,264 yen per unit
Total amount (ceiling) to be contributed in (issued value):	521,690,400 yen
Allottee:	Mizuho Securities Co., Ltd.
Subscription period (subscription date):	April 2, 2013
Payment date:	April 3, 2013
Dividend calculation date:	February 1, 2013

(Note) There may be cases where there will be no subscription to the investment units to be issued in the third-party allotment, in whole or in part, and accordingly the final number of investment units issued by the third-party allotment would decrease to that extent due to forfeiture, or such issuance itself will not take place at all.

iii. Use of Funds

The funds provided through issuance of new investment units through public offering (primary offering) and through third-party allotment were used as a part of the funds for the acquisition of assets (part of Atago Green Hills and part of ARK Mori Building), etc.

(Reference Information)

i) Acquisition of Asset

The Company adopted a resolution at a meeting of its Board of Directors held on February 15, 2013 to conduct additional acquisitions of Atago Green Hills and ARK Mori Building.

The seller Mori Building Co., Ltd. constitutes an interested party, etc. of the Company's Asset Manager, and the transaction constitutes a transaction with an interested party, etc. as defined in the Investment Trust Act. Accordingly, to comply with applicable laws and regulations and with the asset management agreement, as well as to prevent the interests of the Company from being negatively impacted with respect to the acquisition price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.

i. Overview of Acquisition

(1) Atago Green Hills

1) Asset-to-be-acquired:	Trust beneficial interests (Note 1)
2) Property name:	Atago Green Hills
3) Acquisition price:	16,490 million yen (Note 3)
4) Appraisal value:	17,900 million yen
5) Agreement date:	February 15, 2013
6) Acquisition date:	April 1, 2013 (planned)
7) Seller:	Mori Building Co., Ltd.
8) Acquisition financing:	Capital acquired through the issuance of new investment units, borrowings, and cash on hand (planned)

(2) ARK Mori Building

1) Asset-to-be-acquired:	Trust beneficial interests (Note 2)
2) Property name:	ARK Mori Building
3) Acquisition price:	3,510 million yen (Note 3)
4) Appraisal value:	3,550 million yen
5) Agreement date:	February 15, 2013
6) Acquisition date:	April 1, 2013 (planned)
7) Seller:	Mori Building Co., Ltd.
8) Acquisition financing:	Capital acquired through the issuance of new investment units, borrowings, and cash on hand (planned)

(Notes)

1. Of Atago Green Hills, 46.5% co-ownership interest in a sectional ownership of three buildings (MORI Tower, Forest Tower and Plaza) and co-ownership interest in ownership of the site, as well as quasi co-ownership interest in leasehold right and easement, (hereafter, the “Co-Ownership Interest”) for the building which were solely owned by Mori Building Co., Ltd., the seller, are trust assets. The Company is planning to additionally acquire 29% quasi co-ownership interest of the trust beneficial interests (hereafter, the “Quasi Co-Ownership Interest”) to own 74% combining with existing 45%. The remaining 26% of the quasi co-ownership interest of the trust beneficial interests continues to be owned by Mori Building Co., Ltd.
2. Trust beneficial interests which places sectional ownership of the building used as District Heating and Cooling (hereafter, “DHC”) from the 4th basement floor through the 1st floor of the building and the ownership of its site as a trust asset.
3. The indicated acquisition price does not include acquisition-related costs, consumption taxes and other expenses. The same shall apply hereafter.

ii. Details of the Asset-to-be-Acquired

(1) Atago Green Hills

Property name		Atago Green Hills
Type of specified asset		Trust beneficial interests (29% of quasi co-ownership interest)
Trust fiduciary		Mitsubishi UFJ Trust and Banking Corporation
Trust beneficiary		Mori Hills REIT Investment Corporation and Mori Building Co., Ltd.
Trust establishment		May 1, 2012
Trust maturity date		April 30, 2027
Location	Lot number	1-10-2 Atago, Minato-ku, Tokyo, etc. (total: 71 lots)
	Residential indication	MORI Tower: 2-5-1 Atago, Minato-ku, Tokyo Forest Tower: 2-3-1 Atago, Minato-ku, Tokyo Plaza: 3-21-5 Toranomom, Minato-ku, Tokyo
	Use	Offices, Residences, Shops
Area (Note 1)	Land	13,014.36m ²
	Building	MORI Tower: 85,266.30m ² Forest Tower: 60,815.71m ² Plaza: 2,083.60m ²
Structure		MORI Tower: Steel-framed and steel-framed reinforced concrete structure, 42 floors above ground and 2 floors below ground Forest Tower: Steel-framed and steel-framed reinforced concrete structure, 43 floors above ground and 4 floors below ground Plaza: Reinforced concrete structure, 2 floors above ground and 1 floor below ground
Construction completion		MORI Tower and Plaza: July 2001 Forest Tower: October 2001
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		MORI Tower and Plaza: A consortium of Takenaka Corporation and Kumagai Gumi Co., Ltd. Forest Tower: Toda Corporation
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land (Note 2)	Ownership (co-ownership: approx. 46.1%) Leasehold right (quasi co-ownership interest: approx. 46.5%) Easement (quasi co-ownership interest: approx. 46.1%)
	Building (Note 3)	Sectional ownership (co-ownership interest: 46.5%)

Former owner	Mori Building Co., Ltd.	
Acquisition price	16,490 million yen	
Acquisition date	April 1, 2013 (planned)	
Appraisal	Appraisal value	17,900 million yen
	Appraisal date	January 1, 2013
	Appraiser	Japan Real Estate Institute
PML (Note 4)	MORI Tower: 1.66% Forest Tower: 0.99% Plaza: 9.84%	
Collateral	None	
Property manager	Mori Building Co., Ltd.	
Details of tenants (as of February 15, 2013)		
Total number of end tenants	1 (Note 5)	
Gross rent income (annual rent)	871,383,613 yen (Note 6)	
Deposits/Guarantees	580,922,408 yen (Note 7)	
Total leasable floor area	11,626.48m ² (Note 8)	
Total leased floor area	11,626.48m ² (Note 9)	
Other special consideration	Transfer of quasi co-ownership interest of trust beneficial interests to a third party (with the exception of transfer to Mori Building Co., Ltd.) or the trust assets (with the exception of transfer to the Company upon maturity of the trust agreement) requires the approval of the owners of adjacent land. In addition, transfer of the trust assets (with the exception of transfer to the Company upon maturity of the trust agreement) requires the approval of the land owners that are the lessors of the leased land.	

(Notes)

1. Area (building) is the total floor area of the entire building included in trust assets of the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry, and area (land) is the area of the entire site for which land use rights for the building are in place based on the Atago Green Hills Operational Council Bylaws (hereafter, the "Council Bylaws"); hereafter the same.
2. With regard to the land, sites are designated for each building in the Council Bylaws. The area of the site for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company is planned to acquire calculated based on the provisions of the Council Bylaws is approx. 1,467.32m². The site area of the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company is to own after the acquisition calculated based on the provisions of the Council Bylaws is approx. 3,744.20m².
3. The exclusive floor area for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company plans to acquire as indicated in the real estate registry is approx. 13,475.59m². The exclusive floor area interest ratio is approx. 12.9%. Furthermore, the exclusive floor area for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is approx. 34,385.99m². The exclusive floor area interest ratio is approx. 32.9%
4. PML refers to the probability of the maximum loss expected to result from an earthquake. There is no standardized precise definition. Rather, definitions vary depending on the intended purpose and use. Herein, however, PML is defined as "the percentage of losses against building price which will not be exceeded based on a 90% probability, should the greatest earthquake that has a 10% probability occurring within the average useful life of a building of 50 years, occur." The value as indicated on the earthquake risk PML assessment report dated December 19, 2012 by Tokyo Bldg-Tech Center Co., Ltd. is shown.
5. The Company will grant the property's lease rights to Mori Building Co., Ltd., the co-owner of the property and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Therefore, Mori Building Co., Ltd. is treated as the end tenant.
6. The gross rent income (annual income) represents the figure obtained by multiplying the monthly rents described in the memorandum between co-owners (contract that grants Mori Building Co., Ltd., one of the co-owners) by 12, and multiplying that amount by the 29% quasi co-ownership interest.

7. Deposits/Guarantees is the amount arrived at when the monetary balance described in the memorandum between co-owners (contract that grants Mori Building Co., Ltd., one of the co-owners) is multiplied by the 29% quasi co-ownership interest.
8. Total leasable floor area which is the floor area deemed leasable to end tenants (excluding storage, parking lots, mechanical rooms, etc.) is multiplied by the 29% quasi co-ownership interest.
9. Total leased floor area which is the floor area to be leased to end tenants (excluding storage, parking lots, mechanical rooms, etc.) is multiplied by the 29% quasi co-ownership interest.

(2) ARK Mori Building

Property name		ARK Mori Building
Type of specified asset		Trust beneficial interests
Trust fiduciary		Sumitomo Mitsui Trust Bank, Limited
Trust beneficiary		Mori Hills REIT Investment Corporation
Trust establishment		April 1, 2013 (planned)
Trust maturity date		March 31, 2028 (planned)
Location	Lot number	1-1 Akasaka, Minato-ku, Tokyo, and 1-1 Roppongi, Minato-ku, Tokyo
	Residential indication	1-12-32 Akasaka, Minato-ku, Tokyo
Use		District Heating and Cooling
Area	Land	39,602.42m ²
	Building	177,486.95m ²
Structure		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof, 37 floors above ground and 4 floors below ground
Construction completion		March 1986
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		A consortium of Kajima Corporation, Toda Corporation and Fujita Engineering Co. Ltd.
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (Note 1)
	Building	Sectional ownership (Note 2)
Former owner		Mori Building Co., Ltd.
Acquisition price		3,510 million yen
Acquisition date		April 1, 2013 (planned)
Appraisal	Appraisal value	3,550 million yen
	Appraisal date	January 1, 2013
	Appraiser	Japan Real Estate Institute
PML		0.38%
Collateral		None
Property manager		Mori Building Co., Ltd.
Leasing scheme		Fixed master lease
Master lessee		Mori Building Co., Ltd.
Details of tenants (as of April 1, 2013)		
Total number of end tenants		1 (Note 3)
Gross rent income (annual rent)		215,538,816 yen
Deposits/Guarantees		107,769,408 yen
Total leasable floor area		3,212.41m ²
Total leased floor area		3,212.41m ²
Other special consideration		None

(Notes)

1. Land use rights for the building are in place. The site area corresponding to the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry is approx. 7.02m². The land use right interest ratio is approx. 0.02%. Moreover, site area corresponding to the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is approx. 4,332.54m² and the land use right interest ratio is approx. 10.9%.
2. The exclusive floor area corresponding to the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry is 3,212.41m². The exclusive floor area interest ratio is approx. 2.3%. Moreover, exclusive floor area corresponding to the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is 24,850.89m² and the exclusive floor area interest ratio is approx. 17.9%.
3. With regard to the property, the Company will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant.

ii) Borrowing of Funds

The Company resolved at its Board of Directors' Meeting held on March 15, 2013, the following with regard to agreements on borrowings to be used as part of the funds for acquiring (part of Atago Green Hills and part of ARK Mori Building) and refinancing of 1,000 million yen and 500 million yen in short-term loans payable due March 29, 2013.

i. Long-Term Loan Payable

Lenders	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., Development Bank of Japan, Inc. and Mizuho Trust & Banking Co., Ltd.
Borrowing amount	10,000 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.55% (Note)
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2018 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

(Note) The Company plans to convert interest rate payments to a virtual fixed rate by concluding an interest rate swap agreement separately.

ii. Long-Term Loan Payable

Lender	ORIX Bank Corporation
Borrowing amount	1,000 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.45%
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2016 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

iii. Long-Term Loan Payable

Lender	The Hiroshima Bank, Ltd.
Borrowing amount	500 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.45%
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2016 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

(c) Outlook of Business Results

The Company expects the following business results for the fourteenth fiscal period (February 1, 2013 to July 31, 2013) and the fifteenth fiscal period (August 1, 2013 to January 31, 2014). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)” presented below.

[Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013)]

Operating revenue	¥5,046 million
Operating income	¥3,424 million
Ordinary income	¥2,394 million
Net income	¥2,393 million
Dividend per unit	¥9,400
Dividend in excess of earnings per unit	¥0

[Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)]

Operating revenue	¥5,208 million
Operating income	¥3,508 million
Ordinary income	¥2,547 million
Net income	¥2,546 million
Dividend per unit	¥10,000
Dividend in excess of earnings per unit	¥0

(Note) The forecasted figures above are calculated as of today based on certain assumptions. Forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ from actual results due to changes in operating conditions and a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

**Assumptions of Forecasts of Results for the Fourteenth Fiscal Period Ending July 31, 2013
(February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014
(August 1, 2013 – January 31, 2014)**

Item	Assumptions
Accounting Period	Fourteenth fiscal period: February 1, 2013 – July 31, 2013 (181 days) Fifteenth fiscal period: August 1, 2013 – January 31, 2014 (184 days)
Investment Portfolio	<ul style="list-style-type: none"> • In addition to the 9 properties in its portfolio as of the end of the thirteenth fiscal period (January 31, 2013), the Company is scheduled to acquire Atago Green Hills and ARK Mori Building (hereafter, “assets-to-be-acquired”) on April 1, 2013 (planned). • The Company assumes the investment portfolio for the period from February 1, 2013 to March 31, 2013 is comprised of the 9 properties in its portfolio as of the end of the thirteenth fiscal period (January 31, 2013), and that for and after April 1, 2013, the Company assumes it acquires the assets-to-be-acquired on the planned acquisition date above, and there will be no change in the investment portfolio (acquisition of new properties, transfers of existing properties, etc.) until the end the fifteenth fiscal period ending January 31, 2014. • In actual practice, however, the forecast is subject to change due to changes in the investment portfolio and other factors.
Operating Revenue	<ul style="list-style-type: none"> • Rent revenue of real estate is estimated based on lease agreements, etc. of the above assets under management (lease agreements planned to be concluded at the same time as the acquisition by the Company for the assets-to-be-acquired), taking into account the market environment, the trends of individual tenants and other factors. • The Company assumes there will be no delinquencies or unpaid rent by tenants.
Operating Expenses	<ul style="list-style-type: none"> • For expenses of real estate rent, which account for the majority of operating expenses, 1,374 million yen is expected for the period ending July 31, 2013, and 1,405 million yen is expected for the period ending January 31, 2014. The expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> A) For property taxes, city planning taxes, etc. the amount of taxation during the fourteenth fiscal period is expected to total 286 million yen (for six months) and the amount during the fifteenth fiscal period is expected to total 311 million yen (for six months). Furthermore, for property taxes, city planning taxes, etc. associated with the acquisition of the assets-to-be-acquired, the Company shall incorporate these amounts into the cost of acquisition and, thus, shall not recognize them as operating expenses for the fourteenth and fifteenth fiscal periods. Additionally, since part of the property taxes, city planning taxes, etc. associated with the acquisition of Atago Green Hills in the twelfth fiscal period are incorporated into the cost of acquisition, 21 million yen (for three months) are expected to be recognized as operating expenses for the fourteenth fiscal period. B) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods: (43 million yen for the fourteenth fiscal period; 20 million yen for the fifteenth fiscal period). However, please note that actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to a building and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount of variation may vary significantly from one period to the next. C) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 727 million yen in the fourteenth fiscal period and 750 million yen in the fifteenth fiscal period. D) For property management fees, 104 million yen is expected for the fourteenth fiscal period and 105 million yen is expected for the fifteenth fiscal period.

Item	Assumptions
	<ul style="list-style-type: none"> For the operating expenses other than expenses for real estate rent (asset management fee, asset custody fee, administrative service fees, etc.), 247 million yen is expected for the fourteenth fiscal period and 294 million yen is expected for the fifteenth fiscal period.
Non-Operating Expenses	<ul style="list-style-type: none"> The Company expects to incur 542 million yen for the fourteenth fiscal period and 537 million yen for the fifteenth fiscal period in interest expenses, 168 million yen for the fourteenth fiscal period and 161 million yen for the fifteenth fiscal period in interest expenses on investment corporation bonds, and 249 million yen for the fourteenth fiscal period and 244 million yen for the fifteenth fiscal period in borrowing expenses. Expenses of 53 million yen are expected for the fourteenth fiscal period for the cost of issuance of new investment units (hereafter, "issuance of new investment units").
Interest-Bearing Debt	<ul style="list-style-type: none"> The Company's balance of interest-bearing debt as of the end of the thirteenth fiscal period is 106,825 million yen. The Company plans new borrowing of 10 billion yen in March 2013, as part of funds for the acquisition of the assets-to-be-acquired, etc. recorded in the investment portfolio above. The balance of loans payable outstanding as of the end of the thirteenth fiscal period was 81,825 million yen. The Company assumes that regarding 19,603 million yen remaining of loans payable due for repayment by the end of the fifteenth fiscal period, agreed repayments of 62 million yen will be concluded in May 2013 for the 2,125 million yen of a long-term loan payable (due for repayment on November 30, 2013), and the refinancing are planned by a 62 million yen reduction in the repayment period, and for the remaining 17,478 million yen the Company assumes it will be refinanced in the entire amount. The Company also assumes that combined with the new loans payable above, the balance will be 91,762 million yen at the end of the fourteenth fiscal period and 91,700 million yen at the end of the fifteenth fiscal period. The balance of investment corporation bonds as of the end of the thirteenth fiscal period was 25,000 million yen. The Company assumes that of that amount, 5,000 million yen due for repayment by the end of the fifteenth fiscal period will be redeemed through issuing investment corporation bonds of the same value.
Issuance of Investment Units	<ul style="list-style-type: none"> The number of investment units outstanding as of the end of the thirteenth fiscal period (January 31, 2013) was 231,520 units. The Company assumes that a total of 23,100 units, 22,000 units additionally issued through public offering and 1,100 units additionally issued through third-party allotment, will all be issued. The Company assumes that there will be no additional issuance of investment units until the end of the fifteenth fiscal period.
Dividend per Unit (excluding dividend in excess of earnings)	<ul style="list-style-type: none"> Dividend per unit is calculated based on the assumption that the Company will make distributions in accordance with the cash distribution policy set forth in its Articles of Incorporation. Dividend per unit may vary due to numerous factors, including changes in the investment portfolio, changes in rent income caused by the moving-in/out of tenants, unplanned repairs, changes in interest rates, or additional issuance of new investment units.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> The Company assumes at present that it will not make any cash distributions in excess of earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> The Company assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, rules, etc. provided by the Investment Trusts Association Japan that would affect the above forecasts. The Company assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.

3. FINANCIAL STATEMENTS**(1) Balance Sheets**

(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Assets		
Current assets		
Cash and deposits	2,222,988	2,633,516
Cash and deposits in trust	7,428,489	6,845,858
Operating accounts receivable	74,451	73,626
Prepaid expenses	401,810	431,022
Deferred tax assets	13	18
Consumption taxes receivable	-	81,821
Other	2	-
Total current assets	10,127,757	10,065,863
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	41,547,821	41,650,705
Accumulated depreciation	(4,032,223)	(4,673,002)
Buildings in trust, net	37,515,597	36,977,703
Structures in trust	393,266	393,266
Accumulated depreciation	(102,690)	(118,078)
Structures in trust, net	290,575	275,188
Machinery and equipment in trust	448,442	449,066
Accumulated depreciation	(37,837)	(48,222)
Machinery and equipment in trust, net	410,604	400,844
Tools, furniture and fixtures in trust	53,465	60,940
Accumulated depreciation	(18,620)	(22,826)
Tools, furniture and fixtures in trust, net	34,845	38,114
Land in trust	122,721,231	122,721,231
Construction in progress in trust	2,090	273
Total property, plant and equipment	183,049,106	182,487,516
Intangible assets		
Leasehold rights in trust	25,825,688	25,825,688
Other intangible assets in trust	973	398
Other	2,496	1,996
Total intangible assets	25,829,158	25,828,083
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	344,619	357,936
Total investments and other assets	354,619	367,936
Total noncurrent assets	209,232,884	208,683,536
Deferred assets		
Investment corporation bond issuance costs	44,993	63,781
Total deferred assets	44,993	63,781
Total assets	219,405,635	218,813,181

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(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	89,784	160,700
Short-term loans payable	8,978,000	4,478,000
Current portion of investment corporation bonds	12,000,000	5,000,000
Current portion of long-term loans payable	13,125,000	15,125,000
Accounts payable – other	26,112	22,280
Accrued expenses	418,948	357,230
Income taxes payable	720	809
Accrued consumption taxes	114,466	43,594
Advances received	681,719	678,529
Deposits received	763,744	99,762
Total current liabilities	36,198,496	25,965,907
Noncurrent liabilities		
Investment corporation bond	13,000,000	20,000,000
Long-term loans payable	59,784,500	62,222,000
Lease and guarantee deposited in trust	6,292,231	6,386,240
Total noncurrent liabilities	79,076,731	88,608,240
Total liabilities	115,275,228	114,574,147
Net assets		
Unitholders' equity		
Unitholders' capital	102,010,939	102,010,939
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	-	105,244
Total voluntary retained earnings	-	105,244
Unappropriated retained earnings (undisposed loss)	2,119,468	2,122,849
Total surplus	2,119,468	2,228,093
Total unitholders' equity	104,130,407	104,239,033
Total net assets	104,130,407	104,239,033
Total liabilities and net assets	219,405,635	218,813,181

(2) Statements of Income and Retained Earnings

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)		Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)	
Operating revenue				
Rent revenue of real estate	*1, 2	4,467,826	*1, 2	4,568,819
Other rent revenue of real estate	*1	128,597	*1	107,776
Gain on sales of real estate properties	*2, 3	201,158		-
Total operating revenue		4,797,582		4,676,596
Operating expenses				
Expenses of real estate rent	*1, 2	1,294,704	*1, 2	1,257,009
Asset management fee		231,891		220,361
Directors' compensation		5,400		5,400
Asset custody fee		5,477		5,485
Administrative service fees		14,807		14,096
Other operating expenses		61,870	*2	48,831
Total operating expenses		1,614,152		1,551,184
Operating income		3,183,429		3,125,411
Non-operating income				
Interest income		976		866
Exclusion gain of unpaid dividend		2,502		2,178
Income from settlement of management association accounts		14,052		-
Other		789		-
Total non-operating income		18,320		3,044
Non-operating expenses				
Interest expenses		612,172		553,240
Interest expenses on investment corporation bonds		196,650		188,041
Amortization of investment corporation bond issuance cost		16,287		17,556
Borrowing expenses		254,573		243,935
Other		1,802		1,855
Total non-operating expenses		1,081,486		1,004,628
Ordinary income		2,120,263		2,123,827
Income before income taxes		2,120,263		2,123,827
Income taxes - current		913		982
Income taxes - deferred		4		(4)
Total income taxes		918		977
Net income		2,119,344		2,122,849
Retained earnings brought forward		123		-
Unappropriated retained earnings (undisposed loss)		2,119,468		2,122,849

(3) Statements of Unitholders' Equity

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the start of the period	102,010,939	102,010,939
Change during the period		
Total changes of items during the period	-	-
Balance at the end of the period	102,010,939	102,010,939
Surplus		
Voluntary retained earnings		
Provision for reduction entry		
Balance at the start of the period	-	-
Change during the period		
Provision of reserve for reduction entry	-	105,244
Total changes of items during the period	-	105,244
Balance at the end of the period	-	105,244
Total voluntary retained earnings		
Balance at the start of the period	-	-
Change during the period		
Provision of reserve for reduction entry	-	105,244
Total changes of items during the period	-	105,244
Balance at the end of the period	-	105,244
Unappropriated retained earnings (undisposed loss)		
Balance at the start of the period	1,996,288	2,119,468
Change during the period		
Provision of reserve for reduction entry	-	(105,244)
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	3,381
Balance at the end of the period	2,119,468	2,122,849
Total surplus		
Balance at the start of the period	1,996,288	2,119,468
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	2,119,468	2,228,093
Total unitholders' equity		
Balance at the start of the period	104,007,228	104,130,407
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	104,130,407	104,239,033
Total net assets		
Balance at the start of the period	104,007,228	104,130,407
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	104,130,407	104,239,033

(4) Statements of Cash Distributions

(Unit: yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
I. Unappropriated retained earnings	2,119,468,036	2,122,849,651
II. Amount of dividends [Amount of dividends per unit]	2,014,224,000 [8,700]	2,122,806,880 [9,169]
III. Voluntary retained earnings Provision of reserve for reduction entry	105,244,036	-
IV. Retained earnings carried forward	-	42,771
Method of calculating the amount of dividends	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Act on Special Measures Concerning Taxation of Japan, but not in excess of the amount of earnings. Based on such policy, the Company decided to pay out dividends of earnings in the amount remaining after recognizing a reduction entry pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation of Japan, which is deducted from unappropriated retained earnings. The Company has declared the total dividends to be 2,014,224,000 yen, which is the largest integral multiple of the number of investment units issued and outstanding (231,520 units). In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Act on Special Measures Concerning Taxation of Japan, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 2,122,806,880 yen, which is the largest integral multiple of the number of investment units issued and outstanding (231,520 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.

(5) Statements of Cash Flows

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	2,120,263	2,123,827
Depreciation and amortization	658,512	672,023
Amortization of investment corporation bond issuance cost	16,287	17,556
Increase (decrease) in provision for loss on disaster	(6,813)	-
Interest income	(976)	(866)
Exclusion gain of unpaid dividend	(2,502)	(2,178)
Interest expenses	808,822	741,282
Decrease (increase) in operating accounts receivable	(605)	825
Decrease (increase) in consumption taxes refund receivable	83,882	(81,746)
Increase (decrease) in operating accounts payable	(35,664)	9,028
Increase (decrease) in accounts payable – other	797	(1,349)
Increase (decrease) in accrued expenses	10,350	(15,639)
Increase (decrease) in accrued consumption taxes	53,559	(70,872)
Increase (decrease) in advances received	101,606	(3,189)
Increase (decrease) in deposits received	(629)	(7,069)
Decrease (increase) in prepaid expenses	(23,912)	(29,211)
Decrease (increase) in long-term prepaid expenses	(45,273)	(13,316)
Decrease in carrying amounts of property, plant and equipment in trust due to sale	25,332,951	-
Other, net	40	140
Subtotal	29,070,696	3,339,245
Interest income received	976	866
Interest expenses paid	(821,748)	(787,361)
Income taxes paid	(982)	(894)
Net cash provided by (used in) operating activities	28,248,941	2,551,856
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(18,525,271)	(47,706)
Purchase of intangible assets in trust	(7,415,731)	-
Repayments of lease and guarantee deposited in trust	(2,022,994)	(672,226)
Proceeds from lease and guarantee deposited in trust	2,181,982	109,323
Net cash provided by (used in) investing activities	(25,782,014)	(610,609)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	3,478,000	1,000,000
Decrease in short-term loans payable	(11,500,000)	(5,500,000)
Proceeds from long-term loans payable	22,722,000	17,500,000
Repayment of long-term loans payable	(14,812,500)	(13,062,500)
Proceeds from issuance of investment corporation bonds	-	6,963,659
Redemption of investment corporation bonds	-	(7,000,000)
Cash dividends paid	(1,994,379)	(2,014,508)
Net cash provided by (used in) financing activities	(2,106,879)	(2,113,349)
Net increase (decrease) in cash and cash equivalents	360,047	(172,102)
Cash and cash equivalents at beginning of period	9,291,430	9,651,478
Cash and cash equivalents at end of period	*1 9,651,478	*1 9,479,375

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust)</p> <p>Depreciation of property, plant and equipment of the Company is calculated principally by the straight-line method based on the following estimated useful lives determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.</p> <table border="0"> <tr> <td>Buildings</td> <td>3~66 years</td> </tr> <tr> <td>Structures</td> <td>3~41 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>8~31 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>3~15 years</td> </tr> </table> <p>(2) Intangible assets (including assets in trust)</p> <p>Intangible assets are amortized by the straight-line method based on the estimated useful lives.</p> <p>(3) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized by the straight-line method based on the estimated useful lives.</p>	Buildings	3~66 years	Structures	3~41 years	Machinery and equipment	8~31 years	Tools, furniture and fixtures	3~15 years
Buildings	3~66 years								
Structures	3~41 years								
Machinery and equipment	8~31 years								
Tools, furniture and fixtures	3~15 years								
2. Accounting for deferred assets	<p>Investment corporation bonds issuance cost</p> <p>Investment corporation bonds issuance cost is amortized using the straight-line method over the term of the bonds.</p>								
3. Standards for recognition of revenue and expenses	<p>Accounting for property taxes</p> <p>For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses of real estate rent.</p> <p>Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes included in the cost of acquisition of real estate are 52,735 thousand yen and none as of July 31, 2012 and January 31, 2013, respectively.</p>								
4. Hedge accounting approach	<p>(1) Hedge accounting approach</p> <p>Deferred hedge accounting is adopted for interest rate swap transactions. However, special treatment is adopted for interest rate swaps when the requirements for special treatment are fulfilled.</p> <p>(2) Hedging instruments and hedged items</p> <table border="0"> <tr> <td>Hedging instruments:</td> <td>Interest rate swap transactions</td> </tr> <tr> <td>Hedged items:</td> <td>Borrowing interest rates</td> </tr> </table> <p>(3) Hedging policy</p> <p>The Company conducts derivative transactions to hedge risks as stipulated in the Company's Articles of Incorporation in accordance with the Company's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging</p> <p>The Company evaluates by comparing the cumulative change in market rates of hedged items and hedging instruments and based on the amount of change in both during the period from the start of hedging to when the effectiveness is being determined.</p> <p>However, assessment of the effectiveness is omitted for interest rate swaps when the requirements for special treatment are fulfilled.</p>	Hedging instruments:	Interest rate swap transactions	Hedged items:	Borrowing interest rates				
Hedging instruments:	Interest rate swap transactions								
Hedged items:	Borrowing interest rates								

<p>5. Other significant matters serving as the basis for preparing financial statements</p>	<p>(1) Accounting for trust beneficial interest in real estate</p> <p>For trust beneficial interest in real estate owned by the Company, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheet and statement of income and retained earnings.</p> <p>The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; leasehold rights in trust; and other intangible assets in trust</p> <p>(c) Lease and guarantee deposited in trust</p> <p>(2) Accounting for consumption taxes</p> <p>Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.</p>
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Other than the method of depreciation of noncurrent assets, accounting for deferred assets, standards for recognition of revenue and expenses, hedge accounting approach and other significant matters serving as the basis for preparing financial statements above, disclosure is omitted because there are no significant changes from those stated in the most recent semiannual securities report (submitted on October 25, 2012).

(8) Notes to Financial Statements**(Omission of Disclosure)**

Disclosure of notes to the balance sheet and statement of unitholders' equity and notes on securities, retirement benefits and asset retirement obligations is omitted because there is thought to be no large necessity for disclosure in the financial report.

(Notes to Statement of Income)***1. Breakdown of property operating income**

(Unit: thousands of yen)					
		Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)		Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)	
A.	Property operating revenue				
	Rent revenue of real estate				
	Rent and common area revenue	4,448,949		4,565,601	
	Other rent revenue	18,876	4,467,826	3,218	4,568,819
	Other rent revenue of real estate				
	Parking revenue	25,821		14,268	
	Utilities and other revenue	100,319		92,907	
	Cancellation penalty	2,457		-	
	Key money income	-	128,597	600	107,776
	Total property operating revenue	4,596,423		4,676,596	
B.	Property operating expenses				
	Expenses of real estate rent				
	Property management fees	154,179		103,933	
	Utilities	97,024		84,335	
	Property taxes	249,554		260,799	
	Rent expenses	87,546		90,053	
	Custodian fees	6,294		5,635	
	Maintenance and repairs	17,845		21,950	
	Insurance premium	11,703		11,519	
	Depreciation and amortization	658,012		671,523	
	Other lease business expenses	12,543	1,294,704	7,259	1,257,009
	Total property operating expenses	1,294,704		1,257,009	
C.	Property operating income [A - B]	3,301,719		3,419,586	

***2. Transactions with major unitholders**

(Unit: thousands of yen)					
		Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)		Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)	
From operating transactions					
	Rent revenue of real estate	2,774,633		3,112,728	
	Other rent revenue of real estate	-		2,074	
	Gain on sales of real estate properties	201,158		-	
	Expenses of real estate rent	111,040		95,038	
	Other operating expenses	-		552	

*3. Breakdown of gain on sales of real estate properties

(Unit: thousands of yen)

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

Roppongi First Building

Proceeds from sales of real estate properties	20,460,000
Cost of sales of real estate properties	20,219,989
Other expenses on sales	48,615
<u>Gain on sales of real estate properties</u>	<u>191,395</u>

ARK Forest Terrace

Proceeds from sales of real estate properties	5,140,000
Cost of sales of real estate properties	5,112,961
Other expenses on sales	17,274
<u>Gain on sales of real estate properties</u>	<u>9,763</u>

(Notes to Statement of Cash Flows)

- *1. Relationship between cash and cash equivalents at end of the period in the statement of cash flows and cash and deposits stated in the balance sheet

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Cash and deposits	2,222,988	2,633,516
Cash and deposits in trust	7,428,489	6,845,858
Cash and cash equivalents	9,651,478	9,479,375

(Notes on Lease Transactions)

Operating lease transactions (as lessor)

Future minimum rental revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Due within 1 year	2,343,700	2,428,639
Due after 1 year	22,149,306	21,574,368
Total	24,493,006	24,003,007

(Notes on Financial Instruments)

1. Policy for financial instruments

(a) Policy for holding financial instruments

The Company makes use of various financial instruments in order to invest surplus funds efficiently. In addition, concerning fund procurement, the Company adopts a policy of undertaking such fund raising primarily through the issuance of investment units, the borrowing of funds and the issuance of investment corporation bonds. The Company limits derivative transactions to those that are entered into for the purpose of hedging the risk of future fluctuations in interest rates on loans payable, and does not engage in speculative transactions.

(b) Description of financial instruments and associated risks, and risk management structure

Deposits used for investing the Company's surplus funds are exposed to credit risks, for example, failure of the financial institutions that are holding the deposits, but the Company limits the risks by diversifying financial institutions.

Investment corporation bonds and long-term loans payable are used for fund procurement associated with the acquisition of real estate related assets or repayment of loans payable. Of these, loans payable with variable interest rates are exposed to the risk of fluctuations in interest rates, but derivative transactions are utilized as hedging instruments.

Interest rate swaps are utilized with the Company seeking to, in effect, convert fluctuating interest rates on fund procurement into fixed interest rates. For information on the method of hedge accounting approach, hedging instruments and hedged items, hedging policy and method for assessing the effectiveness of hedging, please refer to “Notes on Matters Concerning Significant Accounting Policies; 4. Hedge accounting approach.”

Concerning derivative transactions, risks are managed pursuant to the risk management policy set forth by the Company.

(c) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when no market price exists. Certain assumptions are used for the estimation of fair value. Accordingly, the results of such estimation may change if different assumptions are used. In addition, concerning the contract amount of derivative transactions in “Notes on Derivative Transactions” below the amount itself does not represent the value of the market risks associated with the derivative transactions.

2. Fair value of financial instruments

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2012.

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Cash and deposits	2,222,988	2,222,988	-
(b) Cash and deposits in trust	7,428,489	7,428,489	-
Assets total	9,651,478	9,651,478	-
(c) Short-term loans payable	8,978,000	8,978,000	-
(d) Current portion of investment corporation bonds	12,000,000	12,034,900	34,900
(e) Current portion of long-term loans payable	13,125,000	13,156,404	31,404
(f) Investment corporation bonds	13,000,000	13,166,500	166,500
(g) Long-term loans payable	59,784,500	59,859,176	74,676
Liabilities total	106,887,500	107,194,981	307,481
Derivative transactions	-	-	-

The following are the carrying amount, fair value and the difference between them of financial instruments as of January 31, 2013.

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Cash and deposits	2,633,516	2,633,516	-
(b) Cash and deposits in trust	6,845,858	6,845,858	-
Assets total	9,479,375	9,479,375	-
(c) Short-term loans payable	4,478,000	4,478,000	-
(d) Current portion of investment corporation bonds	5,000,000	5,011,500	11,500
(e) Current portion of long-term loans payable	15,125,000	15,168,163	43,163
(f) Investment corporation bonds	20,000,000	20,199,000	199,000
(g) Long-term loans payable	62,222,000	62,223,152	1,152
Liabilities total	106,825,000	107,079,816	254,816
Derivative transactions	-	-	-

(Note 1) Method of calculating the fair value of financial instruments, and derivative transactions

Assets

(a) Cash and deposits; (b) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

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Liabilities

(c) Short-term loans payable

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(d) Current portion of investment corporation bonds; (f) Investment corporation bonds

The fair value of these is based on market prices.

(e) Current portion of long-term loans payable; (g) Long-term loans payable

Of long-term loans payable, as those with variable interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value (However, long-term loans payable with variable interest rates that are subject to special treatment for interest rate swaps (please refer to "Notes on Derivative Transactions" below) are based on a calculation method of discounting the sum total amount of principal and interest accounted for together with said interest rate swaps by the rate reasonably estimated as being applicable in the event of a similar transaction.). Meanwhile, those with fixed interest rates are based on a calculation method of discounting the sum total amount of principal and interest by the rate reasonably estimated as being applicable in the event of a similar transaction.

Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2012)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	2,222,988	-	-	-	-	-
Cash and deposits in trust	7,428,489	-	-	-	-	-
Total	9,651,478	-	-	-	-	-

Redemption of monetary claims scheduled to be due after the balance sheet date (as of January 31, 2013)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	2,633,516	-	-	-	-	-
Cash and deposits in trust	6,845,858	-	-	-	-	-
Total	9,479,375	-	-	-	-	-

(Note 3) Short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2012)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	8,978,000	-	-	-	-	-
Investment corporation bonds	12,000,000	5,000,000	8,000,000	-	-	-
Long-term loans payable	13,125,000	28,084,500	31,700,000	-	-	-
Total	34,103,000	33,084,500	39,700,000	-	-	-

Short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2013)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	4,478,000	-	-	-	-	-
Investment corporation bonds	5,000,000	8,000,000	10,000,000	-	2,000,000	-
Long-term loans payable	15,125,000	30,022,000	30,200,000	2,000,000	-	-
Total	24,603,000	38,022,000	40,200,000	2,000,000	2,000,000	-

(Notes on Derivative Transactions)

1. Transactions for which hedge accounting is not applied

Twelfth Fiscal Period (as of July 31, 2012)

Not applicable.

Thirteenth Fiscal Period (as of January 31, 2013)

Not applicable.

2. Transactions for which hedge accounting is applied

Twelfth Fiscal Period (as of July 31, 2012)

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on the each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	16,500,000	5,000,000	*	

* Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term loans payable that are the hedged items and the fair value is included in the fair value of those long-term loans payable (please refer to Liabilities (e) and (g) of (Note 1) Method of calculating the fair value of financial instruments, and derivative transactions of “Notes on Financial Instruments; 2. Fair value of financial instruments” above).

Thirteenth Fiscal Period (as of January 31, 2013)

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on the each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	16,500,000	16,500,000	*	

* Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term loans payable that are the hedged items and the fair value is included in the fair value of those long-term loans payable (please refer to Liabilities (e) and (g) of (Note 1) Method of calculating the fair value of financial instruments, and derivative transactions of “Notes on Financial Instruments; 2. Fair value of financial instruments” above).

(Notes on Related Party Transactions)

1. Parent company and major corporate unitholders

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	21.1% directly held by related party	Leasing and management of real estate	Acquisition of property (Note 2) (Note 6)	25,600,000	-	-
							Sales of properties (Note 3) (Note 7)	25,600,000	-	-
							Leasing of properties (Note 4) (Note 8)	2,774,633	Operating accounts receivable	373
									Advances received	541,029
									Lease and guarantee deposited in trust	5,032,190
							Payment of property operation and management fees (Note 9)	112,583 (Note 5)	Operating accounts receivable	276
Prepaid expenses	1,858									
		Operating accounts payable	24,249							

(Note 1) The amount does not include consumption taxes.

(Note 2) Atago Green Hills

(Note 3) Roppongi First Building and ARK Forest Terrace

(Note 4) Roppongi Hills Mori Tower, ARK Mori Building, Akasaka Tameike Tower, Atago Green Hills and a portion of Koraku Mori Building

(Note 5) The amount includes construction fees (540 thousand yen) and construction management fees (1,002 thousand yen) that are not charged to expenses but recognized as assets.

[Transaction terms and conditions and related policies]

(Note 6) Acquisition decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager. Furthermore, acquisitions are not made at a value exceeding the appraisal value as determined by an independent third-party real estate appraiser (including corporations).

(Note 7) Sale decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager. Furthermore, sales are not made at a value below the appraisal value as determined by an independent third-party real estate appraiser (including corporations)

(Note 8) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 9) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	21.1% directly held by related party	Leasing and management of real estate	Leasing of properties (Note 2) (Note 5)	3,114,802	Operating accounts receivable	670
									Advances received	541,079
									Lease and guarantee deposited in trust	5,023,359
							Payment of property operation and management fees (Note 6)	100,755 (Note 3)	Prepaid expenses	1,858
									Operating accounts payable	25,927
Payment of other operating expenses (IR related expenses) (Note 4) (Note 7)	552	-	-							

(Note 1) The amount does not include consumption taxes.

(Note 2) Roppongi Hills Mori Tower, ARK Mori Building, Akasaka Tameike Tower, Atago Green Hills and a portion of Koraku Mori Building

(Note 3) The amount includes construction fees (4,083 thousand yen) and construction management fees (1,634 thousand yen) that are not charged to expenses but recognized as assets.

(Note 4) The venue expenses for the twelfth fiscal period financial results briefing.

[Transaction terms and conditions and related policies]

(Note 5) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 6) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 7) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

2. Subsidiaries and affiliates

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

Not applicable.

Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)

Not applicable.

3. Subsidiaries of parent company

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficial interests and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	257,491 (Note 3)	Accrued expenses	243,486

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

(Note 3) The amount of management fees includes 25,600 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficial interests and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 3)	220,361	Accrued expenses	231,379

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

4. Directors and major individual unitholders

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	-	-	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	257,491 (Note 3)	Accrued expenses	243,486

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hideyuki Isobe as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

(Note 3) The amount of management fees includes 25,600 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	-	-	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 3)	220,361	Accrued expenses	231,379

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hideyuki Isobe as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Notes on Tax-Effect Accounting)

1. Breakdown of significant components of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Deferred tax assets		
Current assets		
Accrued enterprise tax excluded from expenses	13	18
Total deferred tax assets [current]	13	18
Net deferred tax assets [current]	13	18

2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Statutory tax rate	39.33%	36.59%
[Adjustments]		
Deductible cash distributions	(37.36%)	(36.57%)
Provision of reserve for reduction entry	(1.95%)	-
Other	0.03%	0.03%
Effective tax rate	0.04%	0.05%

(Notes on Investment and Rental Properties)

The Company owns real estate (primarily office buildings and residential and retail properties) available for lease in Tokyo. The following are the carrying amount, amount of increase (decrease) during the period and fair value at end of the period for these investment and rental properties.

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Carrying amount		
Balance at beginning of the period	208,918,622	208,875,768
Amount of increase (decrease) during the period	(42,853)	(562,164)
Balance at end of the period	208,875,768	208,313,604
Fair value at end of the period	195,070,000	194,870,000

(Note 1) The carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) during the twelfth fiscal period, the amount of increase is primarily attributable to the acquisition of one property (Atago Green Hills (about 20.0% of total property)) (25,903,464 thousand yen), while the amount of decrease is primarily attributable to the sales of two properties (Roppongi First Building and ARK Forest Terrace) (25,332,951 thousand yen) and recognition of depreciation and amortization. Of the amount of increase (decrease) during the thirteenth fiscal period, the amount of increase is primarily attributable to renewal of the central monitoring system at Akasaka Tameike Tower (56,988 thousand yen), while the amount of decrease is primarily attributable to the recognition of depreciation and amortization.

(Note 3) The fair value at the end of the period is the appraisal value by a real estate appraiser (according to the "Real Estate Appraisal Report" with the date of settlement of accounts as the appraisal date) pursuant to the method of and standards for asset valuation provided in the Company's Articles of Incorporation and the rules provided by The Investment Trusts Association, Japan.

The income (loss) for investment and rental properties is as presented in the "Notes to Statement of Income."

(Notes on Segment and Related Information)

[Segment Information]

Disclosure is omitted because the Company operates as a single segment – the real estate leasing business.

[Related Information]

Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)

1. Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

2. Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

3. Information about each major tenant

(Unit: thousands of yen)

Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	2,978,095	Real estate leasing business
Mori Building Ryutsu System Co., Ltd.	662,683	Real estate leasing business

Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)

1. Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

2. Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

3. Information about each major tenant

(Unit: thousands of yen)

Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	3,114,802	Real estate leasing business
Mori Building Ryutsu System Co., Ltd.	646,800	Real estate leasing business

(Notes on Per Unit Information)

(Unit: yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Net assets per unit	449,768	450,237
Net income per unit	9,154	9,169

(Note 1) Net income per unit was calculated by dividing the net income by the daily weighted average number of investment units during the period.

Diluted net income per unit has not been stated as there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Net income (thousands of yen)	2,119,344	2,122,849
Amounts not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	2,119,344	2,122,849
Average number of investment units during the period (units)	231,520	231,520

(Significant Subsequent Events)**Issuance of New Investment Units**

Issuance of new investment units was approved at the Board of Directors' meetings held on February 15, 2013 and February 25, 2013 as follows and the payments pertaining to the issuance of new investment units through public offering was completed on March 4, 2013.

As a result of the issuance of new investment units through public offering, unitholders' capital and the total number of investment units outstanding as of March 15, 2013 are 112,444,747,410 yen and 253,520 units, respectively.

1. Issuance of New Investment Units through Public Offering (Primary Offering)

Number of new investment units issued:	22,000 units
Issued price (offering price):	491,400 yen per unit
Total amount of issued price (offering price):	10,810,800,000 yen
Amount contributed in (issued value):	474,264 yen per unit
Total amount contributed in (issued value):	10,433,808,000 yen
Payment date:	March 4, 2013
Dividend calculation date:	February 1, 2013

2. Issuance of New Investment Units through Third-Party Allotment

Number (ceiling) of units to be issued:	1,100 units
Amount to be contributed in (issued value):	474,264 yen per unit
Total amount (ceiling) to be contributed in (issued value):	521,690,400 yen
Allottee:	Mizuho Securities Co., Ltd.
Subscription period (subscription date):	April 2, 2013
Payment date:	April 3, 2013
Dividend calculation date:	February 1, 2013

(Note) There may be cases where there will be no subscription to the investment units to be issued in the third-party allotment, in whole or in part, and accordingly the final number of investment units issued by the third-party allotment would decrease to that extent due to forfeiture, or such issuance itself will not take place at all.

3. Use of Funds

The funds provided through issuance of new investment units through public offering (primary offering) and through third-party allotment were used as a part of the funds for the acquisition of assets (part of Atago Green Hills and part of ARK Mori Building), etc.

(9) Increase (Decrease) in Number of Investment Units Issued and Outstanding

There was no increase (decrease) in the number of investment units issued and outstanding and unitholders' capital in the thirteenth fiscal period.

The following are the changes in the number of investment units issued and outstanding and unitholders' capital through to the thirteenth fiscal period and twelfth fiscal period.

Date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (millions of yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
February 2, 2006	Incorporation through private placement	200	200	100	100	(Note 1)
March 20, 2006	Capital increase through private placement	24,770	24,970	12,385	12,485	(Note 2)
April 13, 2006	Capital increase through private placement	61,882	86,852	30,941	43,426	(Note 3)
July 31, 2006	Capital increase through private placement	8,398	95,250	4,239	47,665	(Note 4)
November 29, 2006	Capital increase through public offering	34,550	129,800	25,005	72,671	(Note 5)
September 29, 2008	Capital increase through private placement	29,400	159,200	14,700	87,371	(Note 6)
March 23, 2010	Capital increase through public offering	67,000	226,200	13,562	100,934	(Note 7)
April 23, 2010	Capital increase through private placement	5,320	231,520	1,076	102,010	(Note 8)

(Note 1) The Company was incorporated at an issued price of 500,000 yen per unit.

(Note 2) New investment units were issued through private placement at an issued price of 500,000 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 3) New investment units were issued through private placement at an issued price of 500,000 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 4) New investment units were issued through private placement at an issued price of 504,865 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 5) New investment units were issued through public offering at an issued value of 723,750 yen per unit for repayment of short-term loans payable.

(Note 6) New investment units were issued through private placement at an issued value of 500,000 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 7) New investment units were issued through public offering at an issued value of 202,427 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 8) New investment units were issued through private placement at an issued value of 202,427 yen per unit for loan repayment and other purposes.

4. CHANGE IN DIRECTORS**(1) Directors of the Company**

There was no change in directors in the thirteenth fiscal period.

A proposal on appointment of directors pertaining to the following change in directors will be submitted at the Company's general meeting of unitholders to be held on April 5, 2013. Please refer to "MHR Announces Amendment of Part of the Articles of Incorporation and Appointment of Directors" separately announced on February 15, 2013 for details.

Before change (as at January 31, 2013)	After change (scheduled to assume office on April 9, 2013)
Executive directors: Hideyuki Isobe and Toshifumi Saito	Executive director: Hideyuki Isobe Substitute executive director: Toshifumi Saito
Supervisory directors: Noboru Yanai, Takeo Kosugi and Masakuni Tamura	Supervisory directors: Noboru Yanai, Takeo Kosugi and Masakuni Tamura

(2) Directors of the Company's Asset Manager

There was no change in directors in the thirteenth fiscal period.

Timely disclosure is made when a change in directors is finalized.

5. REFERENCE INFORMATION

(1) Investment Status

Type of asset	Main type of use	Region	Twelfth Fiscal Period (as of July 31, 2012)		Thirteenth Fiscal Period (as of January 31, 2013)		
			Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%)	Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%)	
Real estate	Office	Central five wards of Tokyo and their vicinity	-	-	-	-	
		Tokyo area	-	-	-	-	
		Major local cities	-	-	-	-	
	Residential	Central five wards of Tokyo and their vicinity	-	-	-	-	
		Tokyo area	-	-	-	-	
		Major local cities	-	-	-	-	
	Retail	Central five wards of Tokyo and their vicinity	22,074	10.1	22,074	10.1	
		Tokyo area	22,074	10.1	22,074	10.1	
		Major local cities	-	-	-	-	
	Subtotal			22,074	10.1	22,074	10.1
	Real estate in trust	Office	Central five wards of Tokyo and their vicinity	179,012	81.6	178,441	81.5
			Tokyo area	179,012	81.6	178,441	81.5
Major local cities			-	-	-	-	
Residential		Central five wards of Tokyo and their vicinity	7,788	3.6	7,797	3.6	
		Tokyo area	7,788	3.6	7,797	3.6	
		Major local cities	-	-	-	-	
Retail		Central five wards of Tokyo and their vicinity	-	-	-	-	
		Tokyo area	-	-	-	-	
		Major local cities	-	-	-	-	
Subtotal			186,801	85.1	186,239	85.1	
Deposits, etc. and other assets			10,529	4.8	10,499	4.8	
Total assets			219,405	100.0	218,813	100.0	

(Note 1) Monetary amounts are rounded down to the nearest specified unit and percentage figures are rounded to the first decimal place (the same shall apply hereafter unless otherwise stated).

(Note 2) Total amount held is the carrying amount (book value less depreciation and amortization) as of July 31, 2012 for the twelfth fiscal period and as of January 31, 2013 for the thirteenth fiscal period.

	Twelfth Fiscal Period (as of July 31, 2012)		Thirteenth Fiscal Period (as of January 31, 2013)	
	Carrying amount (millions of yen)	As a percentage of total assets (%)	Carrying amount (millions of yen)	As a percentage of total assets (%)
Total liabilities	115,275	52.5	114,574	52.4
Total net assets	104,130	47.5	104,239	47.6
Total assets	219,405	100.0	218,813	100.0

(2) Investment Assets**(A) Major Issue of Investment Securities**

Not applicable.

(B) Investment Real Estate Properties

An overview, etc. of investment real estate properties held by the Company is presented together with “(C) Major Other Investment Assets” below.

(C) Major Other Investment Assets

The Company holds the following real estate and trust beneficial interests in a trust that holds title to primarily real estate listed in the tables in (a) as of January 31, 2013. Mori Building Co., Ltd. led the development of all of the following real estate.

(a) Overview of Real Estate and Real Estate in Trust

The following are the real estate and real estate in trust held by the Company as of January 31, 2013.

i) Overview of Assets by Main Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction completion (YYYY/MM) (Note 2)	Structure and number of floors (Note 2)	Site area (m ²) (Note 2) (Note 3)	Gross floor area (m ²) (Note 2) (Note 3)	Form of ownership (Note 4)		Opinion of value at end of period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Investment ratio (%) (Note 6)		
									Land	Bldg						
Real estate in trust	Office	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	2003/04	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	S	29,600	25,284	25,490	12.1		
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	1986/03	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	S	55,400	58,472	58,970	28.0		
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	2000/03	SRC/S B6F/19F	6,611.58	46,154.65	L	S	21,000	25,864	27,200	12.9		
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	2000/09	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	S	30,100	43,087	43,930	20.8		
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	2001/07	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	27,800	25,732	25,600	12.1	
				Forest Tower (residential building)	Atago, Minato-ku	2001/10	S/SRC B4F/43F		60,815.71							
				Plaza (retail building)	Toranomon, Minato-ku	2001/07	RC B1F/2F		2,083.60							
		Subtotal											163,900	178,441	181,190	85.9
		Real estate	Residential	R-1 Premium	Moto-Azabu Hills (Note 12)	Moto-Azabu, Minato-ku	2002/05 2002/09 (Note 13)	S/SRC/RC B4F/29F (Note 13)	12,199.65	54,006.76	C (Note 7)	S	1,730	1,655	1,706	0.8
				R-3 Premium	Roppongi First Plaza	Roppongi, Minato-ku	1993/10	RC B1F/20F	4,357.88 (Note 14)	22,906.74 (Note 14)	C (Note 14)	S (Note 15)	1,510	2,240	2,100	1.0
R-4	Roppongi View Tower			Roppongi, Minato-ku	1993/10	RC B1F/20F	C (Note 14)	C (Note 15)			2,830	3,901	4,000	1.9		
Subtotal											6,070	7,797	7,806	3.7		
Real estate	Retail	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	-	-	2,565.06	-	O	-	24,900	22,074	21,820	10.4		
Subtotal											24,900	22,074	21,820	10.4		
Portfolio total											194,870	208,313	210,816	100.0		

- (Note 1) “Property number” is the number assigned to real estate and real estate in trust held by the Company by classifying into the following main types of use. The alphabet on the left represents the main type of use, where “O” is for office, “R” is for residential and “S” is for retail. In addition, Premium Properties are denoted by “Premium.” The same shall apply hereafter.
- (Note 2) “Construction completion,” “Structure and number of floors,” “Site area” and “Gross floor area” are as stated in the real estate registry. “Structure and number of floors” use the following abbreviations.
RC: Reinforced concrete structure; SRC: Steel-framed reinforced concrete structure; S: Steel-framed structure;
B: Basement; F: Number of floors
- (Note 3) “Site area” and “Gross floor area” are the area of the entire site and the gross floor area of the entire building as stated in the real estate registry, regardless of the form of ownership.
- (Note 4) “Form of ownership” is the type of rights, where “O” is for ownership, “C” is for ownership of co-ownership interest, “S” is for ownership of exclusive elements of a building under sectional ownership (sectional ownership), and “L” is for leasehold rights.
- (Note 5) “Opinion of value at end of period” is as stated in the real estate appraisal report prepared by Japan Real Estate Institute with January 31, 2013 as the date of valuation.
- (Note 6) “Investment ratio” is the acquisition price expressed as a percentage of the portfolio total.
- (Note 7) Co-ownership interest held in the land use rights ratio.
- (Note 8) Regarding the land pertaining to Akasaka Tameike Tower, which consists of land owned by another owner (parcel number 1705-1) and land co-owned by six parties, including the trust fiduciary Sumitomo Mitsui Trust Bank, Ltd. (parcel number 1701-1), ownership is subdivided. Sumitomo Mitsui Trust Bank, Ltd.’s co-ownership interest ratio for the land (parcel number 1701-1) is about 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m². The same shall apply hereafter.
- (Note 9) “Site area” for Atago Green Hills is the area of the entire site for which land use rights for the building have been established pursuant to the Atago Green Hills Operational Council Bylaws.
- (Note 10) Regarding the land pertaining to Atago Green Hills, which consists of land owned by another owner and land co-owned by and leasehold rights and easement under quasi co-ownership of the trust fiduciary Mitsubishi UFJ Trust and Banking Corporation with Mori Building Co., Ltd., sites are designated for each building in the Atago Green Hills Operational Council Bylaws.
- (Note 11) The buildings pertaining to Atago Green Hills consist of sectional ownership owned by another owner and sectional ownership co-owned by the trust fiduciary Mitsubishi UFJ Trust and Banking Corporation with Mori Building Co., Ltd.
- (Note 12) Real estate pertaining to trust beneficial interests, excluding the assets in trust transferred on October 31, 2008, September 15, 2010 and March 18, 2011. The same shall apply hereafter.
- (Note 13) Moto-Azabu Hills is registered as a single establishment in the real estate registry, but consists of three establishments, which are Forest Tower (steel-framed reinforced concrete structure; 29 floors above ground and 3 floors below ground), Forest Terrace East (reinforced concrete structure; 6 floors above ground and 1 floor below ground) and Forest Terrace West (reinforced concrete structure; 5 floors above ground and 1 floor below ground), according to the Building Standards Act, with construction completion of the buildings being May 2002 for Forest Tower and Forest Terrace East and September 2002 for Forest Terrace West.
- (Note 14) Roppongi First Plaza and Roppongi View Tower share the site and are registered as a single establishment that is under sectional ownership in the real estate registry. The site area and gross floor area pertaining to both real estate in trust are thus shown combined. Regarding the land of both real estate in trust, sites are designated for each building as provided by the Management Bylaws, with the site held in the land use rights ratio for Roppongi First Plaza and the co-ownership interest of the site held for Roppongi View Tower.
- (Note 15) Roppongi First Plaza and Roppongi View Tower are registered as a single establishment that is under sectional ownership in the real estate registry, but the form of ownership of the buildings differs. Regarding Roppongi First Plaza, sectional ownership for 42 residential units out of the total of 90 residential units in the property is held. Regarding Roppongi View Tower, co-ownership interest of the sectional ownership for all 202 residential units in the property is held.

ii) Overview of Lease Conditions (as of January 31, 2013)

Property number	Property name	Leasing scheme (Note 1)	Total leasable floor area (m ²) (Note 2)	Total leased floor area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Total number of end tenants (Note 4)	Gross rent income (annual rent) (millions of yen) (Note 5)	Deposits/Guarantees (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed master lease	8,993.45	8,993.45	100.0	1	1,207	1,006
O-1	ARK Mori Building	Fixed master lease	21,376.02	21,376.02	100.0	1	2,327	1,996
O-4	Koraku Mori Building	Pass-through master lease	16,197.45	15,271.52	94.3	16	1,200	1,197
O-6	Akasaka Tameike Tower	Fixed master lease	19,698.54	19,698.54	100.0	1	1,333	946
O-7	Atago Green Hills	Fixed master lease	18,041.10	18,041.10	100.0	1	1,352	901
R-1	Moto-Azabu Hills	Pass-through master lease	1,325.30	1,325.30	100.0	7	126	51
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,642.78	89.4	39	128	46
R-4	Roppongi View Tower (Note 7)	Fixed master lease	6,344.84	6,344.84	100.0	1	218	-
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,293	-
Portfolio total			97,498.53	96,258.61	98.7	68	9,188	6,147

(Note 1) Cases where a co-owner is granted lease rights and pays a fixed amount as compensation for such are deemed fixed master leases. The same shall apply hereafter.

(Note 2) "Total leasable floor area" is the floor area deemed leasable to end tenants. In cases where the entire property is leased as a fixed master lease to a tenant or in cases where a co-owner is granted lease rights and pays a fixed amount as compensation for such, that tenant or co-owner is deemed as the end tenant. The same shall apply hereafter. "Total leased floor area" is the sum total of the contracted floor area indicated in the lease agreement, etc. with end tenants. However, regarding Roppongi View Tower, the floor area arrived at when the total leasable floor area and total leased floor area pertaining to real estate in trust is multiplied by the ratio of co-ownership interest (46%) and, regarding Koraku Mori Building, the floor area arrived at when the total leasable floor area and total leased floor area pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (80%) and, regarding Atago Green Hills, the floor area arrived at when the total leasable floor area and total leased floor area pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (45%), and each are rounded to the second decimal place.

The total leasable floor area and total leased floor area, with the exception of Roppongi View Tower, does not include the floor area of storage areas, parking lots, mechanical rooms, etc. The same shall apply hereafter.

(Note 3) "Occupancy rate" is the total leased floor area expressed as a percentage of the total leasable floor area. The portfolio total is the sum total of the total leased floor area expressed as a percentage of the sum total of the total leasable floor area.

(Note 4) "Total number of end tenants" is counted as 1 tenant for fixed master lease properties and Laforet Harajuku (Land) and, for other properties, is counted as 1 tenant when a single tenant leases multiple rental units within a single property in the case of tenants of office buildings and retail properties and is counted as 1 tenant per residential unit in the case of tenants of residential properties. The same shall apply hereafter.

(Note 5) "Gross rent income (annual rent)" is the amount of the monthly rent indicated in the lease agreement, etc. with end tenants (However, in cases where a period of free rent has been set at the beginning of the agreement period, the monthly rent after the end of the free-rent period. In addition, percentage-of-sales rent is the amount invoiced to end tenants from January 1, 2013 to January 31, 2013.) multiplied by 12. However, regarding Roppongi View Tower, the amount arrived at when the gross rent income (annual rent) pertaining to real estate in trust is multiplied by the ratio of co-ownership interest (46%) and, regarding Koraku Mori Building, the amount arrived at when the gross rent income (annual rent) pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (80%) and, regarding Atago Green Hills, the amount arrived at when the gross rent income (annual rent) pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (45%).

(Note 6) "Deposits/Guarantees" is the balance of the amount indicated in the lease agreement, etc. with end tenants. However, regarding Roppongi View Tower, the amount arrived at when the deposits/guarantees pertaining to real estate in trust is multiplied by the ratio of co-ownership interest (46%) and, regarding Koraku Mori Building, the amount arrived at when the deposits/guarantees pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (80%) and, regarding Atago Green Hills, the amount arrived at when the deposits/guarantees pertaining to real estate in trust is multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (45%).

(Note 7) An advance notice of termination of a lease agreement (fixed master lease) upon expiration of the agreement (notice stating non-renewal) was received on December 4, 2009 from the end tenant of Roppongi View Tower, Urban Renaissance Agency. The date of expiration of the agreement is October 31, 2013.

iii) Status of Income and Expenditures

(Unit: thousands of yen)

Property number	O-0 Premium		O-1 Premium		O-3 Premium	
	Roppongi Hills Mori Tower		ARK Mori Building		Roppongi First Building (Note 2)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	182	184	90	-
Rent revenue of real estate	603,955	603,955	1,163,923	1,163,923	183,966	-
Other rent revenue of real estate	-	-	-	-	24,563	-
Total property operating revenue	603,955	603,955	1,163,923	1,163,923	208,530	-
Property management fees	1,200	1,200	4,800	4,800	35,404	-
Utilities	-	-	-	-	15,136	-
Property taxes	25,295	40,336	51,129	70,723	23,752	-
Maintenance and repairs	-	-	-	-	-	-
Insurance premium	1,104	1,088	1,998	1,985	1,104	-
Depreciation and amortization	98,872	98,872	120,233	120,274	30,471	-
Other lease business expenses	27	27	2,673	2,674	2,257	-
Total property operating expenses	126,499	141,525	180,835	200,457	108,127	-
NOI	576,328	561,302	1,103,322	1,083,740	130,875	-

(Unit: thousands of yen)

Property number	O-4 Premium		O-6 Premium		O-7 Premium	
	Koraku Mori Building		Akasaka Tameike Tower		Atago Green Hills (Note 3)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	182	184	92	184
Rent revenue of real estate	562,774	578,680	666,446	666,446	338,036	676,073
Other rent revenue of real estate	96,290	105,815	289	289	-	-
Total property operating revenue	659,065	684,495	666,735	666,735	338,036	676,073
Property management fees	63,642	67,638	3,000	3,000	810	1,620
Utilities	76,182	84,040	-	-	-	-
Property taxes	32,959	31,560	37,283	43,441	-	-
Maintenance and repairs	8,572	10,525	-	-	-	-
Insurance premium	2,173	2,198	2,563	2,578	1,386	2,772
Depreciation and amortization	128,913	128,979	172,758	173,230	59,820	119,958
Other lease business expenses	76,150	68,732	905	905	12,257	21,888
Total property operating expenses	388,595	393,675	216,511	223,157	74,273	146,239
NOI	399,383	419,799	622,983	616,809	323,583	649,792

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(Unit: thousands of yen)

Property number	R-1		R-2		R-3		R-4		S-1	
	Premium		Premium		Premium				Premium	
Property name	Moto-Azabu Hills		ARK Forest Terrace (Note 2)		Roppongi First Plaza		Roppongi View Tower		Laforet Harajuku (Land)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	90	-	182	184	182	184	182	184
Rent revenue of real estate	57,631	63,039	63,055	-	71,807	60,474	109,426	109,426	646,800	646,800
Other rent revenue of real estate	803	1,071	6,100	-	550	600	-	-	-	-
Total property operating revenue	58,435	64,110	69,155	-	72,357	61,074	109,426	109,426	646,800	646,800
Property management fees	11,428	8,852	17,472	-	12,682	13,083	3,738	3,738	-	-
Utilities	49	12	5,537	-	119	282	-	-	-	-
Property taxes	3,306	2,069	5,298	-	7,091	6,954	10,975	10,755	52,462	54,958
Maintenance and repairs	4,224	6,186	2,479	-	2,568	5,238	-	-	-	-
Insurance premium	157	158	458	-	319	321	436	415	-	-
Depreciation and amortization	6,395	6,395	17,281	-	10,210	10,757	13,055	13,055	-	-
Other lease business expenses	3,661	3,875	3,752	-	4,242	4,388	455	455	-	-
Total property operating expenses	29,223	27,550	52,281	-	37,233	41,025	28,660	28,419	52,462	54,958
NOI	35,606	42,955	34,155	-	45,334	30,805	93,821	94,062	594,337	591,842

(Note 1) The twelfth fiscal period was from February 1, 2012 to July 31, 2012.

The thirteenth fiscal period was from August 1, 2012 to January 31, 2013.

(Note 2) Sold on May 1, 2012.

(Note 3) Acquired on May 1, 2012.

Explanation Concerning “Status of Income and Expenditures”

The status of income and expenditures of the Company state the figures on an accrual basis in principle. The following are the items concerning the status of income and expenditures of the Company.

- i. “Rent revenue of real estate” include rent and common area revenue.
- ii. “Other rent revenue of real estate” include rental unit cleaning fees, parking lot use fees, utilities revenue, etc.
- iii. “Property management fees” include management company consignment expenses, property management fees, etc.
- iv. “Utilities” recognize the amount of utilities expenses paid in the relevant period.
- v. “Property taxes” include property tax, city planning tax and depreciable assets tax.
- vi. “Maintenance and repairs” state the expenses incurred for routine maintenance required to restore noncurrent assets to the original state in cases of depreciation of the value in use due to damage, defacement or aging.
- vii. “Insurance premium” recognize the amount of insurance expenses payable prorated for the relevant period.
- viii. “Depreciation and amortization” recognize the amount of depreciation and amortization of noncurrent assets by the straight-line method.
- ix. “Other lease business expenses” include rent expenses, custodian fees and other lease business expenses (residential property management costs and other property-related miscellaneous expenses).
- x. “NOI” state the amount arrived at when total property operating expense (excluding depreciation and amortization) is subtracted from total property operating revenue.

iv) Overview of Tenants**Top 5 Tenants by Leased Floor Area**

The following are the end tenants ranking in the top five in terms of leased floor area for real estate and real estate in trust held by the Company as of January 31, 2013.

Name of end tenant	Property name	Leased floor area (m ²) (Note 1)	Share of floor area (%) (Note 2)
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills	68,401.33	71.1
Urban Renaissance Agency	Roppongi View Tower	6,344.84	6.6
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	2.7
Showa Leasing Co., Ltd.	Koraku Mori Building	2,544.34	2.6
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	2.2
Total for top 5 end tenants		81,972.45	85.2

(Note 1) "Leased floor area" is the contracted floor area indicated in the lease agreement, etc. with each end tenant. However, regarding Roppongi View Tower, the floor area arrived at when multiplied by the ratio of co-ownership interest (46%) and, regarding Koraku Mori Building, the floor area arrived at when multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (80%) and, regarding Atago Green Hills, the floor area arrived at when multiplied by the ratio of quasi co-ownership interest of the trust beneficial interests (45%), and each are rounded to the second decimal place. The leased floor area, with the exception of Roppongi View Tower, does not include the floor area of storage areas, parking lots, mechanical rooms, etc.

(Note 2) "Share of floor area" is the leased floor area expressed as a percentage of the sum total of the total leased floor area of each real estate and real estate in trust held by the Company as of January 31, 2013.

(b) Overview of Trust Beneficial Interests

(as of January 31, 2013)

Main type of use	Property number	Property name	Trust fiduciary	Trust establishment date (YYYY/MM/DD)	Trust maturity date (YYYY/MM/DD)	Description
	Office	O-0 Premium	Roppongi Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31
O-1 Premium		ARK Mori Building	Mizuho Trust & Banking Co., Ltd.	2006/03/22	2016/03/31	Trust beneficial interests pertaining to sectional ownership for 13F portion
			Mizuho Trust & Banking Co., Ltd.	2008/03/28	2018/03/31	Trust beneficial interests pertaining to sectional ownership for 12F and 22F portions
			Mizuho Trust & Banking Co., Ltd.	2011/03/18	2021/01/31	Trust beneficial interests pertaining to sectional ownership for 23F and 25F portions
			Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31	Trust beneficial interests pertaining to sectional ownership for 4F, 15F and 24F portions
O-4 Premium		Koraku Mori Building	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficial interests representing 80% interest of the assets in trust; Trust beneficial interests representing the remaining 20% interest of the assets in trust are held by Mori Building Co., Ltd.
O-6 Premium		Akasaka Tameike Tower	Sumitomo Mitsui Trust Bank, Ltd.	2008/09/30	2026/03/31	Trust beneficial interests pertaining to office and shop portions (including parts of storage areas, parking lots, etc.)
			Sumitomo Mitsui Trust Bank, Ltd.	2011/03/18	2026/03/31	Trust beneficial interests pertaining to residential portion (including parts of parking lots, etc.)
O-7 Premium		Atago Green Hills	Mitsubishi UFJ Trust and Banking Corporation	2012/05/01	2027/04/30	Trust beneficial interests representing 45% interest of the assets in trust; Trust beneficial interests representing the remaining 55% interest of the assets in trust are held by Mori Building Co., Ltd.
Residential		R-1 Premium	Moto-Azabu Hills	Sumitomo Mitsui Trust Bank, Ltd.	2006/03/22	2026/03/31
	R-3 Premium	Roppongi First Plaza	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	-
	R-4	Roppongi View Tower	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficial interests pertaining to 40% co-ownership interest of Roppongi View Tower
			Sumitomo Mitsui Trust Bank, Ltd.	2006/03/22	2023/03/03	Trust beneficial interests pertaining to 6% co-ownership interest of Roppongi View Tower

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated March 15, 2013 of Mori Hills REIT Investment Corporation (the Company) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange.

This English language document was prepared solely for the convenience of and reference by investors and does not necessarily correspond to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language *Kessan-Tanshin* for the aforementioned should always be referred to as the original of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation.

None of the Company, Mori Building Investment Management Co., Ltd. (MIM) or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by the Company, MIM or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Act on Investment Trusts and Investment Corporations and the Financial Instruments and Exchange Act of Japan as well as related regulations, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions.

These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

The forward-looking statements contained in this document express information only as of the date of release, March 15, 2013, and the Company does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.

The version posted on the website is the latest version. Accordingly, the content may vary depending on the timing of release.