

For Translation Purposes Only

FINANCIAL REPORT FOR THE TWENTY-FOURTH FISCAL PERIOD ENDED JULY 31, 2018

September 13, 2018

Name of issuer :	Mori Hills REIT Investment Corporation
Stock exchange listing :	Tokyo Stock Exchange
Securities code :	3234
Website :	http://www.mori-hills-reit.co.jp/en
Representative of the investment corporation :	Hideyuki Isobe, Executive Director
Name of asset manager :	Mori Building Investment Management Co., Ltd.
Representative of the asset manager :	Hideyuki Isobe, President & CEO
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Supplementary materials for financial results :	Otherwise prepared
Analyst meeting :	Scheduled

1. PERFORMANCE FOR THE TWENTY-FOURTH FISCAL PERIOD ENDED JULY 31, 2018 (February 1, 2018 – July 31, 2018)

(1) Business Results

(Millions of yen except Net Income per Unit; Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Twenty-fourth Fiscal Period	¥8,751	3.0%	¥5,432	2.7%	¥4,820	3.5%	¥4,819	3.5%
Twenty-third Fiscal Period	¥8,495	0.0%	¥5,287	(2.0%)	¥4,657	(2.1%)	¥4,655	(2.1%)

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Twenty-fourth Fiscal Period	¥2,753	2.7%	1.3%	55.1%
Twenty-third Fiscal Period	¥2,659	2.6%	1.3%	54.8%

(2) Dividends

	Dividends per Unit (excluding dividends in excess of earnings)	Total Dividends (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Twenty-fourth Fiscal Period	¥2,753	¥4,819 million	¥0	¥0 million	99.9%	2.7%
Twenty-third Fiscal Period	¥2,659	¥4,654 million	¥0	¥0 million	99.9%	2.6%

(Note) Dividend Payout Ratio is calculated by using the formula below and is rounded down to one decimal place.

Dividend Payout Ratio = [Total Dividends ÷ Net Income] × 100

(3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
Twenty-fourth Fiscal Period	¥362,345 million	¥179,366 million	49.5%	¥102,457
Twenty-third Fiscal Period	¥354,740 million	¥179,202 million	50.5%	¥102,363

(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 the Period
Twenty-fourth Fiscal Period	¥6,050 million	(¥7,620 million)	¥2,247 million	¥9,748 million
Twenty-third Fiscal Period	¥5,263 million	(¥13,754 million)	¥631 million	¥9,071 million

2. FORECAST OF RESULTS FOR THE TWENTY-FIFTH FISCAL PERIOD ENDING JANUARY 31, 2019 (August 1, 2018 – January 31, 2019) AND THE TWENTY-SIXTH FISCAL PERIOD ENDING JULY 31, 2019 (February 1, 2019 – July 31, 2019)

(Millions of yen except Dividends per Unit and Dividends in Excess of Earnings per Unit; Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Twenty-fifth Fiscal Period	¥9,372	7.1%	¥5,884	8.3%	¥5,232	8.5%	¥5,231	8.5%
Twenty-sixth Fiscal Period	¥9,455	0.9%	¥5,871	(0.2%)	¥5,250	0.4%	¥5,249	0.4%

	Dividends per Unit (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit
Twenty-fifth Fiscal Period	¥2,790	¥0
Twenty-sixth Fiscal Period	¥2,800	¥0

(Reference) Estimated net income per unit for the twenty-fifth fiscal period: ¥2,790
Estimated net income per unit for the twenty-sixth fiscal period: ¥2,800

*OTHER

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

- (a) Changes in accounting policies in accordance with 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 Issued and Outstanding

(a) Number of units issued and outstanding at end of the period (including own units)

Twenty-fourth fiscal period: 1,750,640 units Twenty-third fiscal period: 1,750,640 units

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

Twenty-fourth fiscal period: 0 units Twenty-third fiscal period: 0 units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to "Per unit Information" on page 32.

* 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 this document is translated, audit procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) 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 dividends. For the assumptions underlying the forecasts of results, please refer to "Assumptions of Forecasts of Results for the Twenty-Fifth Fiscal Period Ending January 31, 2019 (August 1, 2018 – January 31, 2019) and the Twenty-Sixth Fiscal Period Ending July 31, 2019 (February 1, 2019 – July 31, 2019)" presented on pages 11 to 12.

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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 securities report (submitted on April 25, 2018).

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 securities report (submitted on April 25, 2018).

(2) Management Status

(a) Overview of the Fiscal Period

a) Brief Background of the Investment Corporation

The Company was incorporated by Mori Building Investment Management Co., Ltd. (the Company's Asset Manager) on February 2, 2006 under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the “Investment Trust Act”), and was listed on the Real Estate Investment Trust Section of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on November 30, 2006 (Securities Code: 3234).

In the fiscal period under review (twenty-fourth fiscal period: February 1, 2018 to July 31, 2018), as of the end of the twenty-fourth fiscal period, the total number of investment units issued and outstanding was 1,750,640.

b) Investment Environment and Business Performance

(i) Investment Environment

In the twenty-fourth fiscal period, the Japanese economy saw continued improvements in corporate earnings as well as in the employment and income environments backed by favorable economic circumstances both domestically and abroad, while maintaining a gradual upward trend.

Within this economic environment, the vacancy rate decreased steadily and the supply-demand balance remained tight in the rental office building market due to the ongoing demand for expansion and relocation driven by the strong employment situation as well as due to the steady lease up of tenants into new buildings. In the luxury rental housing market, occupancy rates remained solid and there was a steady rise in rent levels driven by the ongoing demand for quality housing in central Tokyo and an increasing sense of shortage. In the real estate trading market, transaction prices continue to be high and successive large transactions occurred in central Tokyo backed by the strong investment appetite from investors at home and abroad.

(ii) Business Performance

In the twenty-fourth fiscal period, the Company strove to maintain and enhance tenant satisfaction through measures such as efficient and systematic operational management and maintenance and repair of properties in its portfolio by better understanding tenant needs. Moreover, the Company maintained and enhanced occupancy rates and rents by proactively launching leasing activities targeting new and existing tenants while foreseeing trends in rental market conditions.

The Company's real estate portfolio, as of the end of the twenty-fourth fiscal period, was comprised of 11 properties (Note 1) under management with a total leasable area of 163,064.94m². The Company has already invested 360,050 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the twenty-fourth fiscal period (Note 2) was 99.6%.

(Note 1) With regard to Roppongi View Tower, the Company acquired the trust beneficiary interest in 6% co-ownership interest on March 22, 2006 and the trust beneficiary interest in 40% co-ownership interest on April 13, 2006. However, the Company treats these as one property for the purpose of calculating the number of properties in the portfolio. On April 1, 2014, a split of co-owned property by the method of division in kind was conducted, resulting in the trust beneficiary interest in 6% co-ownership interest becoming trust beneficiary interest in compartmentalized ownership for 12 units and the trust beneficiary interest in 40% co-ownership interest becoming trust beneficiary interest in compartmentalized ownership for 80 units. The same applies hereafter.

With regard to ARK Mori Building, the Company made acquisitions as follows to date. However, the Company treats these as one property for the purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) Trust beneficiary interest in compartmentalized ownership for the 13th floor portion on March 22, 2006.
- ii) 75% trust beneficiary interest quasi co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on March 28, 2008.
- iii) The remaining 25% trust beneficiary interest quasi co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on September 30, 2008.
- iv) 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion on March 23, 2010. On March 18, 2011, the co-ownership interest was subsequently entrusted and the Company has held trust beneficiary interest therein.
- v) Trust beneficiary interest in the remaining 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion and compartmentalized ownership for the 25th floor portion on March 18, 2011.
- vi) Trust beneficiary interest in compartmentalized ownership for the 4th, 15th and 24th floor portions on August 1, 2011.
- vii) Trust beneficiary interest in compartmentalized ownership for the area used as district heating and cooling on the 1st floor and below ground 1st to 4th floor portions on April 1, 2013.

With regard to Akasaka Tameike Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) Trust beneficiary interest in office and shop areas (including parts of storage areas, parking lots, etc.) (approximately 35.5% of total exclusive floor area) on September 30, 2008.
- ii) Trust beneficiary interest in residential area (including parts of parking lots, etc.) (approximately 30.0% of total exclusive floor area) on March 18, 2011.

With regard to Roppongi Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on March 23, 2010. On August 1, 2011, the co-ownership interest was subsequently entrusted and the Company has held trust beneficiary interest therein.
- ii) Trust beneficiary interest in compartmentalized ownership for the 23rd floor portion and the remaining 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on August 1, 2011.
- iii) Trust beneficiary interest in compartmentalized ownership for the 19th and 22nd floor portions on October 1, 2013.
- iv) Trust beneficiary interest in compartmentalized ownership for the 20th floor portion on August 1, 2014.
- v) Trust beneficiary interest in compartmentalized ownership for the 28th floor portion on September 16, 2015.
- vi) Trust beneficiary interest in compartmentalized ownership for the 25th floor portion on February 1, 2016.
- vii) Trust beneficiary interest in compartmentalized ownership for the 26th, 27th and 29th floor portions on April 1, 2016.

With regard to Atago Green Hills, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 45% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized 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 (approximately 20.0% of total exclusive floor area) on May 1, 2012.
- ii) 29% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized 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 (approximately 12.9% of total exclusive floor area) on April 1, 2013.

With regard to Toranomom Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 7% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 1.0% of total exclusive floor area) on August 1, 2017.
- ii) 7% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 1.0% of total exclusive floor area) on March 1, 2018.

With regard to Holland Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 57% quasi co-ownership interest in the trust beneficial interests in compartmentalized ownership of the 3rd-4th, part of the 5th, 14-18th and 22nd-24th floors (approximately 27.6% of total exclusive floor area) on August 1, 2017.
- ii) 15% quasi co-ownership interest in the trust beneficial interests in compartmentalized ownership of the 3rd-4th, part of the 5th, 14-18th and 22nd-24th floors (approximately 7.3% of total exclusive floor area) on March 1, 2018.

(Note 2) The occupancy rate at the end of the fiscal period is calculated by dividing the aggregate of the total leased area for all properties at the end of the fiscal period by the aggregate of the total leasable area for all properties at the end of the fiscal period, which is rounded off to one decimal place.

c) Overview of Fund Procurement

During the twenty-fourth fiscal period, the Company took out long-term loans payable in the amount of 6,900 million yen to be used as funds for the acquisition of new properties. In addition, the Company received new borrowings of 13,000 million yen for refinancing long-term loans payable of 10,000 million yen and redemption of investment corporation bonds of 3,000 million yen.

As a result, as of the end of the twenty-fourth fiscal period, a) the balance of loans payable stands at 143,122 million yen (all of these are long-term loans payable (of which, the current portion of long-term loans payable is 22,500 million yen)), b) the balance of investment corporation bonds stands at 25,000 million yen (of which, the current portion of investment corporation bonds is 3,000 million yen), and c) the balance of interest-bearing debt stands at 168,122 million yen.

Of the debt, in addition to the 25,000 million yen in investment corporation bonds and 6,700 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 floating 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 87,022 million yen of the 136,422 million yen in long-term loans payable that have such floating interest rates (the ratio of fixed rate debt against total interest-bearing debt as of the end of the twenty-fourth fiscal period is 70.6%). With respect to future debt, the Company will strive to minimize refinancing risks by diversifying repayment dates for such debt.

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

(Note) Short-term loans payable are loans payable with a term of one year or less (from the drawdown date to the repayment date) and long-term loans payable are loans payable with a term of over one year (from the drawdown date to the repayment date). The same applies hereafter.

d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording in the twenty-fourth fiscal period 8,751 million yen in operating revenue, 5,432 million yen in operating income, 4,820 million yen in ordinary income and 4,819 million yen in net income.

With regard to dividends, it is stipulated that the amount shall be no more than the amount of profits as specified in Article 37, Item 1 of the policy for cash distributions in the Investment Corporation's articles of incorporation, and shall exceed the amount equivalent to 90% of the amount of its profits available for distribution as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. On that basis, the Company decided to pay out dividends of earnings (4,819,511,920 yen), which is integral multiple of the total number of investment units issued and outstanding (1,750,640 units) out of the amount remaining after reserving part of retained earnings, not in excess of unappropriated retained earnings for the twenty-fourth fiscal period.

As a result, the Company declared dividends per unit of 2,753 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 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, residential properties, and retail and other facilities with competitive advantages in terms of quality, scale, and other specifications that can maintain a strong competitive position into the future and that are situated in "Premium Areas" ("Premium Properties" (Note)). The quintessential example is the "Hills" brand of large redevelopment properties exhibiting high creativity and added-value in a manner that has been developed and 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 continue to seek to maximize unitholder value through further improvements in profitability and stability by progressively achieving steady internal growth with a close watch on rental market trends while actively pursuing external growth utilizing Mori Building Groups' property pipeline.

(Note) Premium Properties refer to properties with competitive advantages in terms of quality, scale, and other specifications that can maintain a superior competitive position into the future and that are situated in "Premium Areas" (Tokyo's five central wards (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward and Shibuya Ward) and their vicinity; the same applies hereafter), where the Mori Building Group (Mori Building Co., Ltd., Mori Building Co., Ltd.'s consolidated subsidiaries and equity-method affiliates of Mori Building Co., Ltd., that conduct business in Japan; the same applies hereafter) can fully demonstrate its brand/marketing strength and facilities management capabilities, etc.

b) Significant Subsequent Events

Issuance of New Investment Units

The issuance of new investment units was resolved at the Company's Board of Directors Meetings held on July 12, 2018 and July 24, 2018. Furthermore, the cash contribution to new investment units through public offering was completed on August 1, 2018 and the cash contribution to new investment units through third-party allotment was completed on August 22, 2018.

As a result, unitholders' capital is 190,460,106,090 yen, with the number of investment units issued and outstanding is 1,874,960 units as of August 22, 2018.

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

Number of new investment units issued	:	118,400 units
Issue price (offer price)	:	134,823 yen per unit
Total amount of issue price (offer price)	:	15,963,043,200 yen
Amount contributed in (issued value)	:	130,536 yen per unit
Total amount contributed in (issued value)	:	15,455,462,400 yen
Contribution date	:	August 1, 2018

(ii) Issuance of New Investment Units through Third-Party Allotment

Number of new investment units issued	:	5,920 units
Amount contributed in (issued value)	:	130,536 yen per unit
Total amount contributed in (issued value)	:	772,773,120 yen
Contribution date	:	August 22, 2018
Allottee	:	Mizuho Securities Co., Ltd.

(iii) Use of Funds

The funds procured through the issuance of new investment units through the above public offering (Primary Offering) and through the above third-party allotment were used the funds for the acquisition of assets (a portion of Toranomom Hills Mori Tower and a portion of Holland Hills Mori Tower) acquired on September 3, 2018 and acquisition-related costs.

(Reference Information)

(i) Asset acquisitions and Lease

The Company acquired the following assets on September 3, 2018.

Overview of Acquisitions and Lease

Property name	Toranomon Hills Mori Tower	Holland Hills Mori Tower
Assets acquisition	Trust beneficial interests (Note 1)	Trust beneficial interests (Note 2)
Acquisition price	26,070 million yen (Note 3)	4,570 million yen (Note 3)
Appraisal value	28,836 million yen (Note 4)	5,264 million yen (Note 4)
Sales agreement date	July 12, 2018	
Acquisition date	September 3, 2018	
Seller	Mori Building Co., Ltd.	
Acquisition financing	Funds procured through the issuance of new investment units, borrowings and cash on hand	
Lessee	Mori Building Co., Ltd.	

(Note 1) The Company acquired the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership of the 28-35th floors and the co-ownership interest in the land use rights. The Company acquired an additional 36% quasi co-ownership interest of the trust beneficial interests and holds 50% together with the 14% already acquired. The remaining 50% of the quasi co-ownership interest in the trust beneficial interests is to be held by Mori Building Co., Ltd.

(Note 2) The Company acquired the trust beneficial interests in compartmentalized ownership of the 3-4th, part of 5th, 14-18th and 22-24th floors and the co-ownership interest in the land use rights. The Company acquired an additional 28% quasi co-ownership interest in the trust beneficial interests and holds 100%, together with the 72% already acquired.

(Note 3) The indicated acquisition price does not include acquisition-related costs, consumption taxes and other expenses. The same shall apply hereinafter.

(Note 4) The appraisal value as of June 1, 2018 as described in the real estate appraisal report prepared by Japan Real Estate Institute.

(ii) Borrowing of Funds

To be used as part of the funds for assets acquired on September 3, 2018 (a portion of Toranomori Hills Mori Tower and a portion of Holland Hills Mori Tower), and to make a 10,500 million yen prepayment of long-term loans payable due September 28, 2018, the Company borrowed the funds described below.

i.) Details of Borrowings

Lender	Borrowing amount (million yen)	Interest rate (Note 1)	Drawdown date	Repayment date (Note 2)	Method of repayment	Collateral
The Nishi-Nippon City Bank, Ltd.	800	Base interest rate +0.10% (Note 3)	August 31, 2018	August 31, 2022	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
Sumitomo Mitsui Trust Bank, Limited	2,400	Base interest rate +0.14% (Note 4)		August 31, 2023		
Mizuho Bank, Ltd.	3,000	Base interest rate +0.20% (Note 5)		August 31, 2024		
The Bank of Fukuoka, Ltd	1,300	Base interest rate +0.15% (Note 6)		August 31, 2024		
The Norinchukin Bank	1,300	Base interest rate +0.20% (Note 5)		August 31, 2024		
Shinsei Bank, Limited	1,300	Base interest rate +0.25% (Note 7)		August 31, 2025		
Mizuho Trust & Banking Co., Ltd.	1,300	Base interest rate +0.20% (Note 8)		August 31, 2025		
Sumitomo Mitsui Banking Corporation	3,600	Base interest rate +0.25% (Note 9)		August 31, 2026		
Sumitomo Mitsui Trust Bank, Ltd.	1,400	Base interest rate +0.30% (Note 10)		August 31, 2027		
Development Bank of Japan, Inc.	500	Base interest rate +0.30% (Note 10)		August 31, 2027		

Lender	Borrowing amount (million yen)	Interest rate (Note 1)	Drawdown date	Repayment date (Note 2)	Method of repayment	Collateral
MUFG Bank, Ltd.	5,000	Base interest rate +0.225%	August 31, 2018	February 29, 2028	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
Resona Bank, Limited.	1,300	Base interest rate +0.25%		August 31, 2028		
Mizuho Bank, Ltd.	1,400	Base interest rate +0.35%		August 31, 2029		

(Note 1) The first payment date shall be the last day of September 2018 and subsequent payment dates shall be the last day of every month thereafter. If the date is not a business day, the next business day shall be the date and if this next business day falls into the following month, the business day prior shall be the payment date. Base interest rate to be applied will be the 1-month JBA Japanese Yen TIBOR announced by the Japanese Bankers Association two business days prior to the last payment day (The first payment date shall be the drawdown date).

(Note 2) If the repayment date is not a business day, the next business day shall be the repayment date. If this next business day falls into the following month, the business day prior shall be the repayment date.

(Note 3) Substantially fixed at 0.25700% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 4) Substantially fixed at 0.33150% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 5) Substantially fixed at 0.42600% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 6) Substantially fixed at 0.37600% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 7) Substantially fixed at 0.52000% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 8) Substantially fixed at 0.47000% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 9) Substantially fixed at 0.56400% with the conclusion of interest rate swap agreement as of August 30, 2018.

(Note 10) Substantially fixed at 0.66700% with the conclusion of interest rate swap agreement as of August 30, 2018.

ii.) Details of Prepayment of Borrowings

Lender	Borrowing amount (million yen)	Interest rate	Drawdown date	Repayment date	Scheduled Prepayment date
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Ltd The Norinchukin Bank Development Bank of Japan, Inc. Resona Bank, Ltd. Shinsei Bank, Ltd. Aozora Bank, Ltd. Mizuho Trust & Banking Co., Ltd.	10,500	0.77600% (Note)	September 30, 2013	September 28, 2018	August 31, 2018

(Note) Although it is borrowed at a fluctuating interest rate, the interest rate after converting into a fixed interest rate is stated because the interest payment rate is substantially fixed by the interest rate swap agreement.

c) Outlook of Business Results

The Company expects the following business results for the twenty-fifth fiscal period (August 1, 2018 to January 31, 2019) and the twenty-sixth fiscal period (February 1, 2019 to July 31, 2019). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Twenty-Fifth Fiscal Period Ending January 31, 2019 (August 1, 2018 – January 31, 2019) and the Twenty-Sixth Fiscal Period Ending July 31, 2019 (February 1, 2019 – July 31, 2019)” presented below.

Twenty-Fifth Fiscal Period Ending January 31, 2019 (August 1, 2018 – January 31, 2019)

Operating revenue	¥9,372 million
Operating income	¥5,884 million
Ordinary income	¥ 5,232 million
Net income	¥ 5,231 million
Dividends per unit	¥ 2,790
Dividends in excess of earnings per unit	¥0

Twenty-Sixth Fiscal Period Ending July 31, 2019 (February 1, 2019 – July 31, 2019)

Operating revenue	¥ 9,455 million
Operating income	¥ 5,871 million
Ordinary income	¥ 5,250 million
Net income	¥ 5,249 million
Dividends per unit	¥ 2,800
Dividends 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, dividends per unit and dividends 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 dividends.

Assumptions of Forecasts of Results for the Twenty-Fifth Fiscal Period Ending January 31, 2019 (August 1, 2018 – January 31, 2019) and the Twenty-Sixth Fiscal Period Ending July 31, 2019 (February 1, 2019 – July 31, 2019)

Item	Assumptions
Accounting Period	Twenty-Fifth fiscal period: August 1, 2018 – January 31, 2019 (184 days) Twenty-Sixth fiscal period: February 1, 2019 – July 31, 2019 (181 days)
Portfolio Assets	<ul style="list-style-type: none"> • The Company's portfolio assets consisted of 11 properties as of the end of the fiscal period ended July 31, 2018. The Company assumes that the additional acquisition of Toranomom Hills Mori Tower and Holland Hills Mori Tower (collectively, the "Assets Acquired") on September 3, 2018 are reflected. • The actual portfolio assets may differ from this assumption due to additional changes.
Operating Revenue	<ul style="list-style-type: none"> • Rent revenues are estimated based on lease agreements, etc., taking into account the market environment, the trends of individual tenants and other factors. • The Company assumes that there will be no delinquencies or non-payment of rents by tenants.
Operating Expenses	<ul style="list-style-type: none"> • For expenses related to properties, major operating expenses of 3,168 million yen and 3,276million yen are expected for the fiscal periods ending January 31, 2019 and July 31, 2019, respectively. Expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> (i) For property taxes, city planning taxes, etc., 608 million yen (for six months) and 661 million yen (for six months) are expected for the fiscal period ending January 31, 2019 and July 31, 2019, respectively. Therefore, the property taxes, city planning taxes, etc. associated with Assets Acquired were calculated at the time of acquisition with the seller using a prorated adjusted amount and the Company has capitalized these amounts as part of the cost of the acquisition. No amount is expected to be recognized as operating expenses for the fiscal period ending January 31, 2019, and, part of the amount will be capitalized as part of the cost of acquisitions and 26 million yen (for three months) is expected to be recognized as operating expenses for the fiscal period ending July 31, 2019. (ii) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods as 74 million yen for the fiscal period ending January 31, 2019 and 119 million yen for the fiscal period ending July 31, 2019. However, please note that the actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from the 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. (iii) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 1,100 million yen in the fiscal period ending January 31, 2019 and 1,087 million yen in the fiscal period ending July 31, 2019. (iv) For property management fees, 1,076 million yen is expected for the fiscal period ending January 31, 2019 and 1,108 million yen is expected for the fiscal period ending July 31, 2019. • For the operating expenses other than expenses related to properties (asset management fee, asset custody fee, administrative service fees, etc.), 320 million yen is expected for the fiscal period ending January 31, 2019 and 306 million yen is expected for the fiscal period ending July 31, 2019.

Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> • The Company expects to incur 363 million yen for the fiscal period ending January 31, 2019 and 361 million yen for the fiscal period ending July 31, 2019 in interest expenses, 73 million yen for the fiscal period ending January 31, 2019 and 75 million yen for the fiscal period ending July 31, 2019 in interest expenses on investment corporation bonds, and 174 million yen for the fiscal period ending January 31, 2019 and 164 million yen for the fiscal period ending July 31, 2019 in borrowing expenses. • The Company expects to incur 28 million yen for the fiscal period ending January 31, 2019 and 6 million yen for the fiscal period ending July 31, 2019 in amortization of investment unit issuance expenses.
Interest-Bearing Debt	<ul style="list-style-type: none"> • The Company's balance of interest-bearing debt as of the end of the fiscal period ended July 31, 2018 is 168,122 million yen. • The Company took out new loans payment in the amount of 14,100 million yen in August 2018 as part of the funds for the acquisition of Assets Acquired described in the portfolio assets above. As a result the Company's balance of interest-bearing debt as of the date of this report is 182,222 million yen. • The balance of loans payable outstanding as of the end of the fiscal period ended July 31, 2018 is 143,122 million yen. The Company assumes that, of that amount, the 22,500 million yen balance of loans payable due for repayment by the end of the fiscal period ending July 31, 2019 will be refinanced in the entire amount. • The balance of investment corporation bonds as of the end of the fiscal period ended July 31, 2018 is 25,000 million yen. The Company assumes that, of the amount the 3,000 million yen balance of investment corporation bonds due for redemption by the end of the fiscal period ending July 31, 2019 will be redeemed through issuance of investment corporation bonds of the same amount.
Issuance of Investment Units	<ul style="list-style-type: none"> • The number of investment units issued and outstanding as of the date of this document is 1,874,960 units. The Company assumes that there will be no additional issuance of investment units until the end of the fiscal period ending July 31, 2019.
Dividends per Unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> • Dividends per unit are calculated based on the assumption that the Company will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation. • Dividends per unit may vary due to various factors, including changes in the portfolio assets, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.
Dividends in Excess of Earnings per Unit	<ul style="list-style-type: none"> • At present, the Company has no plan to make any cash distributions in excess of earnings (dividends 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, the Investment Trusts Association's rule, etc. 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 sheet

(Unit: thousands of yen)

	As of	
	January 31, 2018	July 31, 2018
Assets		
Current assets		
Cash and deposits	1,475,138	3,738,489
Cash and deposits in trust	7,596,522	6,010,142
Operating accounts receivable	381,165	450,960
Prepaid expenses	463,592	434,675
Deferred tax assets	40	20
Consumption taxes receivable	121,627	-
Other	13	2
Total current assets	10,038,101	10,634,290
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	72,407,178	74,559,278
Accumulated depreciation	(13,103,174)	(14,086,495)
Buildings in trust, net	59,304,004	60,472,782
Structures in trust	782,883	829,241
Accumulated depreciation	(268,115)	(283,616)
Structures in trust, net	514,767	545,624
Machinery and equipment in trust	798,696	811,497
Accumulated depreciation	(202,727)	(221,563)
Machinery and equipment in trust, net	595,968	589,934
Tools, furniture and fixtures in trust	213,594	220,769
Accumulated depreciation	(103,946)	(117,521)
Tools, furniture and fixtures in trust, net	109,647	103,247
Land in trust	230,442,284	236,217,189
Construction in progress in trust	30,561	1,711
Total property, plant and equipment	313,071,395	320,004,650
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Other intangible assets in trust	1,857	1,336
Other	1,096	709
Total intangible assets	30,653,917	30,653,009
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	816,379	924,947
Derivatives	1	2,312
Total investments and other assets	826,381	937,260
Total noncurrent assets	344,551,694	351,594,919
Deferred assets		
Investment corporation bonds issuance cost	108,129	95,364
Investment unit issuance cost	42,823	21,411
Total deferred assets	150,953	116,776
Total assets	354,740,749	362,345,987

(Unit: thousands of yen)

	As of	
	January 31, 2018	July 31, 2018
Liabilities		
Current liabilities		
Operating accounts payable	194,977	158,142
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term loans payable	20,500,000	22,500,000
Accounts payable – other	12,118	12,268
Accrued expenses	276,605	300,925
Income taxes payable	1,385	1,016
Accrued consumption taxes	-	162,954
Advances received	1,095,433	1,111,772
Deposits received	36,521	29,156
Total current liabilities	25,117,041	27,276,235
Noncurrent liabilities		
Investment corporation bonds	25,000,000	22,000,000
Long-term loans payable	112,722,000	120,622,000
Lease and guarantee deposits in trust	12,699,579	13,078,440
Derivatives liabilities	-	2,328
Total noncurrent liabilities	150,421,579	155,702,768
Total liabilities	175,538,621	182,979,004
Net assets		
Unitholders' equity		
Unitholders' capital	174,231,870	174,231,870
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	105,244	291,944
Reserve for special account for reduction entry	186,700	-
Total voluntary retained earnings	291,944	291,944
Unappropriated retained earnings	4,678,311	4,843,183
Total surplus	4,970,255	5,135,127
Total unitholders' equity	179,202,125	179,366,998
Valuation and translation adjustments		
Deferred gains or losses on hedges	1	(15)
Total valuation and translation adjustments	1	(15)
Total net assets	179,202,127	179,366,982
Total liabilities and net assets	354,740,749	362,345,987

(2) Statement of income and retained earnings

(Unit: thousands of yen)

	For the six months ended	
	January 31, 2018	July 31, 2018
Operating revenue		
Rent revenues	* 1, * 2 8,284,596	* 1, * 2 8,533,727
Other operating revenues	* 1, * 2 211,201	* 1, * 2 217,357
Total operating revenue	8,495,797	8,751,085
Operating expenses		
Expenses related to properties	* 1, * 2 2,910,598	* 1, * 2 2,995,757
Asset management fee	201,565	227,001
Directors' compensation	4,200	4,200
Asset custody fee	8,716	8,868
Administrative service fees	19,264	19,154
Other operating expenses	64,449	63,888
Total operating expenses	3,208,795	3,318,870
Operating income	5,287,002	5,432,215
Non-operating income		
Interest income	67	45
Gain on forfeiture of unclaimed dividends	1,549	1,929
Insurance income	-	90
Interest on refund	-	522
Other	32	0
Total non-operating income	1,649	2,587
Non-operating expenses		
Interest expenses	329,221	319,643
Interest expenses on investment corporation bonds	93,013	81,964
Amortization of investment corporation bonds issuance cost	14,185	12,765
Borrowing expenses	171,628	176,197
Amortization of investment unit issuance cost	21,411	21,411
Other	1,960	1,952
Total non-operating expenses	631,420	613,934
Ordinary income	4,657,232	4,820,868
Income before income taxes	4,657,232	4,820,868
Income taxes-current	1,395	1,023
Income taxes-deferred	(40)	20
Total income taxes	1,354	1,043
Net income	4,655,877	4,819,824
Retained earnings brought forward	22,433	23,359
Unappropriated retained earnings (undisposed loss)	4,678,311	4,843,183

(3) Statement of changes in net assets
For the six months ended January 31, 2018

(Unit: thousands of yen)

	Surplus						Total unitholders' equity
	Unitholders' capital	Voluntary retained earnings			Unappropriated retained earnings	Total surplus	
		Reserve for reduction entry	Reserve for special account for reduction entry	Total voluntary retained earnings			
Balance at August 1, 2017	174,231,870	105,244	-	105,244	4,778,304	4,883,548	179,115,418
Change during the period							
Provision of reserve for special account for reduction entry			186,700	186,700	(186,700)	-	-
Dividends from surplus					(4,569,170)	(4,569,170)	(4,569,170)
Net income					4,655,877	4,655,877	4,655,877
Net changes of items other than owners' equity							
Total changes of items during the period	-	-	186,700	186,700	(99,992)	86,707	86,707
Balance at January 31, 2018	174,231,870	105,244	186,700	291,944	4,678,311	4,970,255	179,202,125
	Valuation and translation adjustments			Total net assets			
	Deferred gains or losses on hedges	Total valuation and translation adjustments					
Balance at August 1, 2017	-	-		179,115,418			
Change during the period							
Provision of reserve for special account for reduction entry				-			
Dividends from surplus				(4,569,170)			
Net income				4,655,877			
Net changes of items other than owners' equity	1	1		1			
Total changes of items during the period	1	1		86,709			
Balance at January 31, 2018	1	1		179,202,127			

For the six months ended July 31, 2018

(Unit: thousands of yen)

	Surplus						Total unitholders' equity
	Unitholders' capital	Voluntary retained earnings			Unappropriated retained earnings	Total surplus	
		Reserve for reduction entry	Reserve for special account for reduction entry	Total voluntary retained earnings			
Balance at February 1, 2018	174,231,870	105,244	186,700	291,944	4,678,311	4,970,255	179,202,125
Change during the period							
Reversal of reserve for special account for reduction entry			(186,700)	(186,700)	186,700	-	-
Provision of reserve for reduction entry		186,700		186,700	(186,700)	-	-
Dividends from surplus					(4,654,951)	(4,654,951)	(4,654,951)
Net income					4,819,824	4,819,824	4,819,824
Net changes of items other than owners' equity							
Total changes of items during the period	-	186,700	(186,700)	-	164,872	164,872	164,872
Balance at July 31, 2018	174,231,870	291,944	-	291,944	4,843,183	5,135,127	179,366,998

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at February 1, 2018	1	1	179,202,127
Change during the period			
Reversal of reserve for special account for reduction entry			-
Provision of reserve for reduction entry			-
Dividends from surplus			(4,654,951)
Net income			4,819,824
Net changes of items other than owners' equity	(17)	(17)	(17)
Total changes of items during the period	(17)	(17)	164,854
Balance at July 31, 2018	(15)	(15)	179,366,982

(4) Statement of cash distributions

(Unit: yen)

	For the six months ended January 31, 2018	For the six months ended July 31, 2018
Unappropriated retained earnings	4,678,311,114	4,843,183,642
Reversal of voluntary retained earnings		
Reversal of reserve for special account for reduction entry	186,700,069	-
Amount of dividends	4,654,951,760	4,819,511,920
Amount of dividends per unit	2,659	2,753
Voluntary retained earnings		
Reserve for reduction entry	186,700,069	-
Retained earnings carried forward	23,359,354	23,671,722
Method of calculating the amount of dividends	<p>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 Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company decided to pay out dividends of earnings (4,654,951,760yen), which is the integral multiple of the total number of investment units issued and outstanding (1,750,640 units) out of the amount remaining after reserving part of retained earnings, not in excess of unappropriated retained earnings for the twenty-third fiscal period. 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.</p>	<p>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 Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company decided to pay out dividends of earnings (4,819,511,920yen), which is the integral multiple of the total number of investment units issued and outstanding (1,750,640 units) out of the amount remaining after reserving part of retained earnings, not in excess of unappropriated retained earnings for the twenty-fourth fiscal period. 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.</p>

(5) Statement of cash flows

(Unit: thousands of yen)

	For the six months ended	
	January 31, 2018	July 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes	4,657,232	4,820,868
Depreciation and amortization	1,032,744	1,032,141
Amortization of investment corporation bonds issuance cost	14,185	12,765
Amortization of investment unit issuance cost	21,411	21,411
Interest income	(67)	(45)
Gain on forfeiture of unclaimed dividends	(1,549)	(1,929)
Interest expenses	422,234	401,607
Decrease (increase) in operating accounts receivable	(172,413)	(69,794)
Decrease (increase) in consumption taxes receivable	(121,627)	121,627
Increase (decrease) in operating accounts payable	(25,097)	(3,385)
Increase (decrease) in accounts payable – other	(2,733)	(32)
Increase (decrease) in accrued expenses	840	28,008
Increase (decrease) in accrued consumption taxes	(163,774)	164,429
Increase (decrease) in advances received	31,127	16,338
Increase (decrease) in deposits received	8,977	(7,364)
Decrease (increase) in prepaid expenses	(15,019)	28,916
Decrease (increase) in long-term prepaid expenses	(947)	(108,567)
Other, net	3,579	10
Subtotal	5,689,102	6,457,006
Interest income received	67	45
Interest expenses paid	(425,229)	(405,296)
Income taxes paid	(606)	(1,392)
Net cash provided by (used in) operating activities	5,263,334	6,050,362
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(14,653,244)	(7,999,413)
Repayments of lease and guarantee deposits in trust	(31,978)	(180,582)
Proceeds from lease and guarantee deposits in trust	930,628	559,444
Net cash provided by (used in) investing activities	(13,754,595)	(7,620,552)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	9,800,000	19,900,000
Repayments of long-term loans payable	(2,600,000)	(10,000,000)
Redemption of investment corporation bonds	(2,000,000)	(3,000,000)
Cash dividends paid	(4,568,145)	(4,652,840)
Net cash provided by (used in) financing activities	631,854	2,247,159
Net increase (decrease) in cash and cash equivalents	(7,859,405)	676,969
Cash and cash equivalents at beginning of the period	16,931,067	9,071,661
Cash and cash equivalents at end of the period	* 1 9,071,661	* 1 9,748,631

(6) Notes to assumption of going concern

Not applicable.

(7) Summary of significant accounting policies

(a) Property, plant and equipment (including assets in trust) and depreciation

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.

Buildings	3~68 years
Structures	3~68 years
Machinery and equipment	8~33 years
Tools, furniture and fixtures	3~15 years

(b) Intangible assets (including assets in trust)

Intangible assets are amortized by the straight-line method based on the estimated useful lives.

(c) Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method based on the estimated useful lives.

(d) Investment corporation bonds issuance cost

Investment corporation bonds issuance cost is amortized using the straight-line method over the term of the bonds.

(e) Investment unit issuance cost

Investment unit issuance cost is amortized using the straight-line method over three years.

(f) Accounting for property taxes

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 related to properties.

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 amount equivalent to property taxes included in the cost of acquisition of real estate was 21,373 thousand yen as of January 31, 2018, and 20,932 thousand yen as of July 31, 2018, respectively.

(g) Hedge accounting approach

a) Hedge accounting approach

Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swaps when the requirements for special treatment are fulfilled.

b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Borrowing interest rates

c) Hedging policy

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.

d) Method for assessing the effectiveness of hedging

The Company evaluates by comparing the cumulative change in market rates of hedged items and hedging instruments or cash flow and based on the amount of change in both during the period from the start of hedging to when the effectiveness is being determined.

However, assessment of the effectiveness is omitted if the important conditions regarding hedging instruments and hedged items are identical and if it can be assumed that fluctuations of market rates or cash flow can be completely offset from when the hedge begins. Moreover, assessment of the effectiveness is omitted for interest rate swaps when the requirements for special treatment are fulfilled.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand and deposits in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of

three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(i) Accounting for trust beneficial interest in real estate

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.

The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.

a) Cash and deposits in trust

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

c) Lease and guarantee deposits in trust

(j) Consumption taxes

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.

(8) Notes to Financial Statements

(Omission of disclosure)

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

1. Breakdown of property-related revenue and expenses

*1 Breakdown of property operating income

	(Unit: thousands of yen)			
	For the six months ended			
	January 31, 2018		July 31, 2018	
A. Property operating revenue				
Rent revenues				
Rent and common area revenue	8,279,445		8,528,198	
Other rent revenue	5,150	8,284,596	5,529	8,533,727
Other operating revenues				
Parking revenue	48,740		50,845	
Utilities and other revenue	161,900		165,697	
Cancellation penalty	502		815	
Key money income	57	211,201	-	217,357
Total property operating revenue		8,495,797		8,751,085
B. Property operating expenses				
Expenses related to properties				
Property management fees	980,712		1,002,543	
Property taxes	555,906		584,918	
Utilities	136,588		132,723	
Maintenance and repairs	55,682		94,728	
Insurance premium	15,597		15,787	
Custodian fees	5,811		5,841	
Depreciation and amortization	1,032,357		1,031,754	
Rent expenses	112,673		112,821	
Other lease business expenses	15,268	2,910,598	14,638	2,995,757
Total property operating expenses		2,910,598		2,995,757
C. Property operating income [A - B]		5,585,199		5,755,328

*2 Transactions with major unitholders

(Unit: thousands of yen)

	For the six months ended	
	January 31, 2018	July 31, 2018
From operating transactions		
Rent revenues	5,420,960	5,516,494
Other operating revenues	2,438	2,355
Expenses related to properties	223,196	236,825

2. Cash and cash equivalents

*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)

	For the six months ended	
	January 31, 2018	July 31, 2018
Cash and deposits	1,475,138	3,738,489
Cash and deposits in trust	7,596,522	6,010,142
Cash and cash equivalents	9,071,661	9,748,631

3. Leases

Operating lease transactions (as lessor)

Future minimum rent revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	As of	
	January 31, 2018	July 31, 2018
Due within 1 year	4,253,411	4,409,351
Due after 1 year	14,630,053	14,000,653
Total	18,883,465	18,410,004

4. 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, the 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 "Summary of significant accounting policies; (g) 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 "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 January 31, 2018.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	1,475,138	1,475,138	-
(b) Cash and deposits in trust	7,596,522	7,596,522	-
Total	9,071,661	9,071,661	-
(c) Current portion of investment corporation bonds	3,000,000	3,006,600	6,600
(d) Current portion of long-term loans payable	20,500,000	20,544,378	44,378
(e) Investment corporation bonds	25,000,000	25,153,015	153,015
(f) Long-term loans payable	112,722,000	113,074,395	352,395
Total	161,222,000	161,778,388	556,388
Derivative transactions (Note1)	1	1	-

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2018.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	3,738,489	3,738,489	-
(b) Cash and deposits in trust	6,010,142	6,010,142	-
Total	9,748,631	9,748,631	-
(c) Current portion of investment corporation bonds	3,000,000	3,003,975	3,975
(d) Current portion of long-term loans payable	22,500,000	22,508,794	8,794
(e) Investment corporation bonds	22,000,000	22,152,900	152,900
(f) Long-term loans payable	120,622,000	120,870,924	248,924
Total	168,122,000	168,536,594	414,594
Derivative transactions (Note1)	(15)	(15)	-

(Note 1) Claims and liabilities from derivative transactions on a net basis are indicated in net amounts and items where the total is liability on a net basis are indicated in parentheses.

(Note 2) 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.

Liabilities

(c) Current portion of investment corporation bonds; (e) Investment corporation bonds

The fair value of these is based on market prices.

(d) Current portion of long-term loans payable; (f) 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 "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 "Derivative transactions" below.

(Note 3) Redemption of monetary claims scheduled to be due after the balance sheet date (as of January 31, 2018)

(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	1,475,138	-	-	-	-	-
Cash and deposits in trust	7,596,522	-	-	-	-	-
Total	9,071,661	-	-	-	-	-

Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2018)

(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	3,738,489	-	-	-	-	-
Cash and deposits in trust	6,010,142	-	-	-	-	-
Total	9,748,631	-	-	-	-	-

(Note 4) Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2018)

(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
Investment corporation bonds	3,000,000	3,000,000	8,500,000	2,000,000	-	11,500,000
Long-term loans payable	20,500,000	27,900,000	13,022,000	19,000,000	11,700,000	41,100,000
Total	23,500,000	30,900,000	21,522,000	21,000,000	11,700,000	52,600,000

Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2018)

(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
Investment corporation bonds	3,000,000	5,000,000	5,500,000	-	-	11,500,000
Long-term loans payable	22,500,000	22,922,000	12,500,000	22,000,000	14,400,000	48,800,000
Total	25,500,000	27,922,000	18,000,000	22,000,000	14,400,000	60,300,000

5. Derivative transactions

(1) Transactions for which hedge accounting is not applied

As of January 31, 2018

Not applicable.

As of July 31, 2018

Not applicable.

(2) Transactions for which hedge accounting is applied

As of January 31, 2018

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		
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	5,000,000	5,000,000	1	Based on the quoted price obtained from counterparty financial institutions.
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	64,000,000	43,500,000	*	-

* 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 (d) and (f) of (Note 2) Method of calculating the fair value of financial instruments, and derivative transactions of "Financial instruments; (2) Fair value of financial instruments" above).

As of July 31, 2018

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		
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	33,022,000	33,022,000	(15)	Based on the quoted price obtained from counterparty financial institutions.
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	54,000,000	43,500,000	*	-

* 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 (d) and (f) of (Note 2) Method of calculating the fair value of financial instruments, and derivative transactions of "Financial instruments; (2) Fair value of financial instruments" above).

6. Related party transactions

(1) Parent company and major corporate unitholders

For the six months ended January 31, 2018

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	15.0% directly held by related party	Leasing and management of real estate	Acquisition of Property (Note 2) (Note 6)	14,400,000	-	-
							Leasing of properties (Note 3) (Note 7)	5,423,399	Operating accounts receivable	799
									Advances received	968,529
									Lease and guarantee deposits in trust	8,678,475
							Payment of property operation and management fees (Note 8)	230,610 (Note 4)	Prepaid expenses	5,039
									Operating accounts payable	47,669
Deposit of lease and guarantee (Note 5) (Note 9)	-	Lease and guarantee deposits in trust	53,886							

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

(Note 2) A portion of Toranomon Hills Mori Tower and a portion of Holland Hills Mori Tower

(Note 3) Roppongi Hills Mori Tower, ARK Mori Building, Atago Green Hills, a portion of ARK Hills South Tower, Toranomon Hills Mori Tower and a portion of Koraku Mori Building

(Note 4) The amount includes fees (7,413 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[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 and compliance regulations. 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) 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 8) 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 9) 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.

For the six months ended July 31, 2018

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	15.0% directly held by related party	Leasing and management of real estate	Acquisition of Property (Note 2) (Note 6)	7,500,000	-	-
							Leasing of properties (Note 3) (Note 7)	5,518,849	Operating accounts receivable	1,437
									Advances received	989,645
									Lease and guarantee deposits in trust	8,867,893
							Payment of property operation and management fees (Note 8)	250,123 (Note 4)	Prepaid expenses	5,807
									Operating accounts payable	46,186
Deposit of lease and guarantee (Note 5) (Note 9)	-	Lease and guarantee deposits in trust	53,886							

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

(Note 2) A portion of Toranomon Hills Mori Tower and a portion of Holland Hills Mori Tower

(Note 3) Roppongi Hills Mori Tower, ARK Mori Building, Atago Green Hills, Toranomon Hills Mori Tower, a portion of Koraku Mori Building, a portion of ARK Hills South Tower, a portion of Roppongi First Plaza and a portion of Roppongi View Tower

(Note 4) The amount includes fees (13,297 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[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 and compliance regulations. 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) 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 8) 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 9) 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.

(2) Subsidiaries and affiliates

For the six months ended January 31, 2018

Not applicable.

For the six months ended July 31, 2018

Not applicable.

(3) Subsidiaries of parent company

For the six months ended January 31, 2018

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 beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	215,965 (Note 3)	Accrued expenses	217,691

(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 14,400 thousand yen in acquisition fees pertaining to a 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.

For the six months ended July 31, 2018

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 beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	234,501 (Note 3)	Accrued expenses	245,161

(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 7,500 thousand yen in acquisition fees pertaining to a 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.

(4) Directors and major individual unitholders

For the six months ended January 31, 2018

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)	215,965 (Note 3)	Accrued expenses	217,691

(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 14,400 thousand yen in acquisition fees pertaining to a 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.

For the six months ended July 31, 2018

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)	234,501 (Note 3)	Accrued expenses	245,161

(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 7,500 thousand yen in acquisition fees pertaining to a 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.

7. Income taxes

(1) Breakdown of significant components of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	As of	
	January 31, 2018	July 31, 2018
Deferred tax assets		
Accrued enterprise tax excluded from expenses	40	20
Total deferred tax assets	40	20
Net deferred tax assets	40	20

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

	As of	
	January 31, 2018	July 31, 2018
Statutory tax rate	31.74%	31.74%
[Adjustments]		
Deductible cash distributions	(31.72%)	(31.73%)
Others	0.01%	0.01%
Effective tax rate	0.03%	0.02%

8. 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)

	For the six months ended	
	January 31, 2018	July 31, 2018
Carrying amount		
Balance at beginning of the period	330,068,181	343,724,215
Amount of increase (decrease) during the period	13,656,034	6,932,734
Balance at end of the period	343,724,215	350,656,949
Fair value at end of the period	370,446,000	389,452,000

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

(Note 2) Of the increase (decrease) during the period ended January 31, 2018, the increase is primarily attributable to the acquisition of two properties (Toranomom Hills Mori Tower (approximately 1.0% of total exclusive floor area) (5,090,943 thousand yen) and Holland Hills Mori Tower (approximately 27.6% of total exclusive floor area) (9,377,795 thousand yen)), the decrease is primarily attributable to depreciation and amortization.

Of the increase (decrease) during the period ended July 31, 2018, the increase is primarily attributable to the acquisition of two properties (Toranomom Hills Mori Tower (approximately 1.0% of total exclusive floor area) (5,091,395 thousand yen) and Holland Hills Mori Tower (approximately 7.3% of total exclusive floor area) (2,444,066 thousand yen)), the decrease is primarily attributable to depreciation and amortization.

(Note 3) The fair value at 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.

Income and loss for investment and rental properties is presented in "Breakdown of property-related revenue and expenses."

9. Segment and related information

[Segment information]

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

[Related information]

For the six months ended January 31, 2018

(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.	5,423,399	Real estate leasing business

For the six months ended July 31, 2018

(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.	5,518,849	Real estate leasing business

10. Per unit Information

	For the six months ended	
	January 31, 2018	July 31, 2018
Net assets per unit (yen)	102,363	102,457
Net income per unit (yen)	2,659	2,753

(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.

	For the six months ended	
	January 31, 2018	July 31, 2018
Net income (thousands of yen)	4,655,877	4,819,824
Amounts not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	4,655,877	4,819,824
Average number of investment units during the period (units)	1,750,640	1,750,640

11. Subsequent events

Issuance of New Investment Units

The issuance of new investment units was resolved at the Company's Board of Directors Meetings held on July 12, 2018 and July 24, 2018. Furthermore, the cash contribution to new investment units through public offering was completed on August 1, 2018 and the cash contribution to new investment units through third-party allotment was completed on August 22, 2018.

As a result, unitholders' capital is 190,460,106,090 yen, with the number of investment units issued and outstanding is 1,874,960 units as of August 22, 2018.

(a) Issuance of New Investment Units through Public Offering (Primary Offering)

Number of new investment units issued	:	118,400 units
Issue price (offer price)	:	134,823 yen per unit
Total amount of issue price (offer price)	:	15,963,043,200 yen
Amount contributed in (issued value)	:	130,536 yen per unit
Total amount contributed in (issued value)	:	15,455,462,400 yen
Contribution date	:	August 1, 2018

(b) Issuance of New Investment Units through Third-Party Allotment

Number of new investment units issued	:	5,920 units
Amount contributed in (issued value)	:	130,536 yen per unit
Total amount contributed in (issued value)	:	772,773,120 yen
Contribution date	:	August 22, 2018
Allottee	:	Mizuho Securities Co., Ltd.

(c) Use of Funds

The funds procured through the issuance of new investment units through the above public offering (Primary Offering) and through the above third-party allotment were used the funds for the acquisition of assets (a portion of Toranomon Hills Mori Tower and a portion of Holland Hills Mori Tower) acquired on September 3, 2018 and acquisition-related costs.

(9) Changes in unit issued and outstanding

There was no increase (decrease) in the number of investment units issued and outstanding and unitholders' capital in the twenty-fourth fiscal period. The outline of changes in unitholders' capital for the previous five years was as follows:

Date	Type of issue	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
September 4, 2013	Public offering	21,300	275,920	10,823	123,789	(Note 1)
October 2, 2013	Third-party allotment	1,065	276,985	541	124,330	(Note 2)
February 1, 2014	Split of investment units	-	1,384,925	-	124,330	(Note 3)
August 1, 2014	Public offering	176,300	1,561,225	24,844	149,175	(Note 4)
August 27, 2014	Third-party allotment	8,815	1,570,040	1,242	150,418	(Note 5)
February 1, 2016	Public offering	172,000	1,742,040	22,679	173,097	(Note 6)
February 24, 2016	Third-party allotment	8,600	1,750,640	1,133	174,231	(Note 7)

(Note 1) New investment units were issued at a price of 508,140 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 2) New investment units were issued at a price of 508,140 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 3) The Company implemented a 5-for-1 split of investment units on January 31, 2014 as the record date and February 1, 2014 as the effective date.

(Note 4) New investment units were issued at a price of 140,924 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 5) New investment units were issued at a price of 140,924 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 6) New investment units were issued at a price of 131,859 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 7) New investment units were issued at a price of 131,859 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

4. CHANGES IN OFFICERS

(1) Directors of the Company

There was no change in directors in the twenty-fourth fiscal period.

Changes in directors had been otherwise disclosed under the rule of timely disclosure.

(2) Directors of the Company's Asset Manager

There were changes in Directors as follows as of June 14, 2018.

New appointment

Director Kojiro Segawa

Auditor Atsushi Suginobu

Resignation

Director Toshifumi Saito

Auditor Koichi Shibayama

Changes in directors had been otherwise disclosed under the rule of timely disclosure.

5. REFERENCE INFORMATION

(1) Investment Status

(as of July 31, 2018)

Type of asset	Main type of use	Region	Total amount held (millions of yen) (Note 1)	Percentage of total assets (%)
Real estate	Office Buildings	Tokyo's five central wards and their vicinity	-	-
		Tokyo metropolitan area	-	-
		Principal regional cities	-	-
	Residential Properties	Tokyo's five central wards and their vicinity	-	-
		Tokyo metropolitan area	-	-
		Principal regional cities	-	-
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	22,074	6.1
		Tokyo metropolitan area	22,074	6.1
		Principal regional cities	-	-
	Subtotal			22,074
Real estate in trust	Office Buildings	Tokyo's five central wards and their vicinity	322,304	88.9
		Tokyo metropolitan area	322,304	88.9
		Principal regional cities	-	-
	Residential Properties	Tokyo's five central wards and their vicinity	6,278	1.7
		Tokyo metropolitan area	6,278	1.7
		Principal regional cities	-	-
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	-	-
		Tokyo metropolitan area	-	-
		Principal regional cities	-	-
	Subtotal			328,582
Deposits and other assets (Note 2)			11,689	3.2
Total assets			362,345	100.0

(Note 1) Total amount held is the carrying amount (book value less depreciation and amortization).

(Note 2) Deposits and other assets include deposits within the assets in trust in the amount of 6,010 million yen. Trust beneficiary interest in assets which are primarily comprised of real estate, etc., do not include deposits within the assets in trust.

(as of July 31, 2018)

	Carrying amount (millions of yen)	Percentage of total assets (%)
Total liabilities	182,979	50.5
Total net assets	179,366	49.5
Total assets	362,345	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 beneficiary interest in real estate listed in the tables in a) below as of July 31, 2018. Mori Building Co., Ltd. led the development of all of the following real estate and real estate in trust.

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 July 31, 2018.

(i) Overview of Assets by Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction date (Note 2)	Structure/ Total number of floors (Note 2)	Land area (m ²) (Note 2)	Gross floor area (m ²) (Note 3)	Form of ownership (Note 4)		Appraisal value at the end of fiscal period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%) (Note 6)	
									Land	Bldg.					
Real estate in trust	Office Buildings	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	Apr. 2003	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	CO	138,500	112,621	115,380	32.0	
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	Mar. 1986	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	CO	59,400	61,573	62,480	17.4	
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	Mar. 2000	SRC/S B6F/19F	6,611.58	46,154.65	L	CO	24,100	24,891	27,200	7.6	
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	Sep. 2000	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	CO	31,100	41,878	43,930	12.2	
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	Jul. 2001	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	43,800	40,548	42,090	11.7
				Forest Tower (residential building)	Atago, Minato-ku	Oct. 2001	S/SRC B4F/43F		60,815.71						
				Plaza (retail building)	Toranomon, Minato-ku	Jul. 2001	RC B1F/2F		2,083.60						
		O-8 Premium	ARK Hills South Tower	Roppongi, Minato-ku	Jul. 2013	S/SRC/RC B4F/20F	5,846.69	53,043.48	C (Note 12)	C (Note 12)	24,500	18,875	19,150	5.3	
		O-9 Premium	Toranomon Hills Mori Tower	Toranomon, Minato-ku	May 2014	S/SRC B5F/52F	17,068.95	241,581.95	C (Note 7)	C	11,606	10,136	10,140	2.8	
		O-10 Premium	Holland Hills Mori Tower	Toranomon, Minato-ku	Jan. 2005	S/SRC/RC B2F/24F	3,487.61	35,076.12	C (Note 13)	CO	13,896	11,778	11,760	3.3	
Subtotal											346,902	322,304	332,130	92.2	
Real estate	Residential Properties	R-3 Premium	Roppongi First Plaza	Roppongi, Minato-ku	Oct. 1993	RC B1F/20F	4,357.88 (Note 14)	22,906.74 (Note 14)	C (Note 14)	CO (Note 15)	2,170	2,254	2,100	0.6	
		R-4	Roppongi View Tower	Roppongi, Minato-ku	Oct. 1993	RC B1F/20F			C (Note 14)	CO (Note 15)	2,780	4,024	4,000	1.1	
		Subtotal											4,950	6,278	6,100
Real estate	Retail and Other Facilities	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	-	-	2,565.06	-	O	-	37,600	22,074	21,820	6.1	
		Subtotal											37,600	22,074	21,820
Total											389,452	350,656	360,050	100.0	

- (Note 1) "Property number" is the number assigned to real estate and real estate in trust held by the Company classified into the following main types of use. The alphabet on the left represents the main type of use, where "O" represents an office building, "R" represents a residential property and "S" represents a retail and other facility. In addition, Premium Properties are denoted by "Premium." The same applies hereafter.
- (Note 2) "Construction date," "Structure/Total number of floors," "Land area" and "Gross floor area" are as described in the property registry. As for "Structure/Total number of floors," the following abbreviations are used.
RC: Reinforced concrete; SRC: Steel frame and reinforced concrete; S: Steel frame;
B: Number of basement floor; F: Number of floor above ground level
- (Note 3) "Land area" and "Gross floor area" indicate the area of the entire site and the total area floor of the entire building based on the description of the property registry, regardless of the form of ownership.
- (Note 4) "Form of ownership" is the type of rights, where "O" represents ownership rights, "C" represents a co-ownership interest in ownership rights, "CO" represents compartmentalized ownership of exclusive portion of a building, and "L" represents leasehold rights.
- (Note 5) "Appraisal value at the end of fiscal period" for properties except for ARK Hills South Tower is the appraisal value as of July 31, 2018 as described in the real estate appraisal report prepared by Japan Real Estate Institute. The figure for ARK Hills South Tower is the appraisal value as of July 31, 2018 as described in the real estate appraisal report prepared by DAIWA REAL ESTATE APPRAISAL CO., LTD.
- (Note 6) "Percentage of total portfolio acquisition price" is calculated as a percentage of the aggregate acquisition price of the Company's portfolio.
- (Note 7) Co-ownership interest as a portion of the land use rights.
- (Note 8) The land of Akasaka Tameike Tower is composed of the land owned by a third party (parcel number 1705-1) and the land jointly owned by the trustee and Mori Building Co.,Ltd. (parcel number 1701-1). The trustee's co-ownership interest ratio of the land (parcel number 1701-1) is approximately 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m². The same applies hereafter.
- (Note 9) "Land area" for Atago Green Hills is the area of the entire land over which land use rights for the building have been established pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 10) The land of Atago Green Hills is composed of the land owned by third parties and the land jointly owned by the trustee and Mori Building Co., Ltd. and leasehold rights and easement jointly owned by the trustee and Mori Building Co., Ltd. The land corresponding to each building is determined pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 11) The buildings of Atago Green Hills are composed of parts owned by third parties through compartmentalized ownership and other parts jointly owned by the trustee and Mori Building Co., Ltd. through direct ownership and compartmentalized ownership.
- (Note 12) The Company owns 25% co-ownership interest of the building and the site.
- (Note 13) The land of Holland Hills Mori Tower is composed of the land owned by the Tokyo Metropolitan Government (3-802-2 Shibakoen and 1-224-28 Azabudai) and the land jointly owned by the trustee and Mori Building Co., Ltd. under joint ownership (5-124-1 Toranomom and 3-803-3. Shibakoen). The trustee's co-ownership interest ratio of the land (5-124-1 Toranomom and 3-803-3. Shibakoen) is approximately 62.9% and the area corresponding to the co-ownership interest ratio is 1,910.96m². The same applies hereafter.
- (Note 14) As Roppongi First Plaza and Roppongi View Tower are on the same site and are described in the property registry as one building owned through compartmentalized ownership, the land area and the gross floor area for these properties are added together. The land corresponding to each building has been determined pursuant to its management rules and is owned in the land use rights ratio.
- (Note 15) Roppongi First Plaza and Roppongi View Tower are described in the property registry as one building owned through compartmentalized ownership. 42 residential units out of the total of 90 residential units in Roppongi First Plaza are owned through compartmentalized ownership. 92 residential units out of the total of 202 residential units in Roppongi View Tower are owned through compartmentalized ownership.

(ii) Overview of Lease Conditions (as of July 31, 2018)

Property number	Property name	Type of lease (Note 1)	Total leasable area (m ²) (Note 2)	Total leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual contracted rent (millions of yen) (Note 5)	Security deposits (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed-rent master lease	43,041.54	43,041.54	100.0	1	5,886	4,905
O-1	ARK Mori Building	Fixed-rent master lease	24,588.43	24,588.43	100.0	1	2,702	2,241
O-4	Koraku Mori Building	Pass-through master lease	16,197.44	16,197.44	100.0	23	1,314	1,297
O-6	Akasaka Tameike Tower	Pass-through master lease	19,790.68	19,388.51	98.0	140	1,547	1,105
O-7	Atago Green Hills	Fixed-rent master lease	29,667.58	29,667.58	100.0	1	2,024	1,349
O-8	ARK Hills South Tower	Pass-through master lease	9,004.82	8,850.77	98.3	42	998	912
O-9	Toranomon Hills Mori Tower	Fixed-rent master lease	3,418.54	3,418.54	100.0	1	434	361
O-10	Holland Hills Mori Tower	Pass-through master lease	7,318.83	7,318.83	100.0	24	747	663
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,880.84	97.4	41	168	61
R-4	Roppongi View Tower	Pass-through master lease	4,515.25	4,423.02	98.0	90	207	53
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,258	-
Total			163,064.94	162,340.56	99.6	365	17,291	12,953

(Note 1) We treat as a fixed-rent master lease when we grant the authority to lease the property to other co-owner and receive a fixed amount in consideration. The same applies hereafter.

(Note 2) "Total leasable area" is the area of the space deemed to be available for the end-tenants. In the case where we lease the entire space to any one tenant in the form of a fixed-rent master lease or where we grant the authority to lease the property to other co-owner and a fixed amount is paid to us in consideration of such granting, such tenant or co-owner is deemed to be the end-tenant. The same applies hereafter. "Total leased area" is equivalent to total floor area of leased space set out in the lease agreements, etc. with the end-tenants. In the case of Koraku Mori Building, Atago Green Hills, Toranomon Hills Mori Tower and Holland Hills Mori Tower, this indicates 80%, 74%, 14% and 72% of the proportionate ownership ratio, respectively, of the foregoing total leasable area and total leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the total leasable area and total leased area of the building, which is rounded off to two decimal places. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying Total leasable area and Total leased area concerning the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (ratio stated in the agreement to amend building lease agreement concluded on July 29, 2016) (65.9%), and the residential portion is calculated by multiplying Total leasable area and Total leased area concerning the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (ratio stated in the agreement to amend building lease agreement concluded on January 6, 2016) (67%), and is indicated by rounding off to two decimal places. The same applies hereafter.

The total leasable area and total leased area do not include the area of storage space, flat parking lots and machinery, etc. The same applies hereafter.

(Note 3) "Occupancy rate" is calculated by dividing the total leased area for each property by the total leasable area of the property. The total indicates the ratio of the aggregate total leased area for all properties to the aggregate total leasable area for all properties.

(Note 4) "Number of tenants" is computed by counting the number of tenants as to the properties with fixed-rent master lease agreement and Laforet Harajuku (Land) as one. As for other properties, in the case of offices and shops, any one tenant which occupies more than one leased premise within the same property shall be counted as one, and in the case of residence, each residential unit shall be counted as one. The same applies hereafter.

(Note 5) "Annual contracted rent" for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenant (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from July 1, 2018 to July 31, 2018 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building, Atago Green Hills, Toranomon Hills Mori Tower and

Holland Hills Mori Tower, this indicates 80%, 74%, 14% and 72% (i.e., the ownership ratio), respectively, of the amount so calculated. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the annual contracted rent. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying annual contracted rent from the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (65.9%), and the residential portion is calculated by multiplying annual contracted rent from the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (67%). The same applies hereafter.

(Note 6) "Security Deposits" indicates the remaining amount of the security deposit set forth in the relevant lease agreement, etc. with the end-tenant. With regard to Roppongi View Tower, this indicates the amount set forth in the lease agreement with Mori Building Co., Ltd., as master lessee. In the case of Koraku Mori Building, Atago Green Hills, Toranomori Hills Mori Tower and Holland Hills Mori Tower, this indicates 80%, 74%, 14% and 72% (i.e., the ownership ratio), respectively, of such remaining amount of the security deposit. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the security deposits. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying security deposits from the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (65.9%), and the residential portion is calculated by multiplying security deposits from the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (67%). The same applies hereafter.

(iii) Overview of Lease to Major Tenants

The following table provides certain information regarding a key tenant, which leases 10% or more of the total leased area for the properties in the Company's portfolio as of July 31, 2018 and brief summary of the lease conditions to such tenant.

Tenant name	Business type	Property name	Annual contracted rent (millions of yen)	Security Deposits (millions of yen)	Leased area (m ²) (Note 1)	Percentage of total leased area (%) (Note 2)	Lease expiration date	Lease renewal	Notes
Mori Building Co., Ltd.	Real estate business	Roppongi Hills Mori Tower	5,886	4,905	43,041.54	26.5	Jul. 31, 2021	Auto-renewed every 5 years	23/24 floors
							Sep. 30, 2018	Auto-renewed every 5 years	19/22 floors
							Jul. 31, 2019	Auto-renewed every 5 years	20 floor
							Sep. 15, 2020	Auto-renewed every 5 years	28 floor
							Jan. 31, 2021	Auto-renewed every 5 years	25 floor
							Mar. 31, 2021	Auto-renewed every 5 years	26/27/29 floors
		ARK Mori Building	2,702	2,241	24,588.43	15.1	Jan. 31, 2021	Auto-renewed every 5 years	13 floor
							Jan. 31, 2021	Auto-renewed every 5 years	12/22 floors
							Jan. 31, 2021	Auto-renewed every 5 years	23/25 floors
							Jan. 31, 2021	Auto-renewed every 5 years	4/15/24 floors
							Mar. 31, 2023	Auto-renewed every 5 years	1 floor/Basement 1 through 4/ The area used as district heating and cooling
		Koraku Mori Building	1,314	1,297	16,197.44	10.0	Mar. 3, 2023	Fixed-term lease	-
		Akasaka Tameike Tower	1,547	1,105	19,388.51	11.9	Mar. 31, 2026	Auto-renewed every 5 years	Office and shop areas (including parts of storage areas, parking lots, etc.)
							Mar. 31, 2021	Auto-renewed every 5 years	Residential area (including parts of parking lots, etc.)
		Atago Green Hills	2,024	1,349	29,667.58	18.3	Apr. 30, 2022	Auto-renewed every 5 years	-
ARK Hills South Tower	998	912	8,850.77	5.5	Jul. 31, 2034	Auto-renewed every year	-		
Toranomon Hills Mori Tower	434	361	3,418.54	2.1	Jul. 31, 2022	Auto-renewed every 5 years	-		
Holland Hills Mori Tower	747	663	7,318.83	4.5	Jul. 31, 2032	Auto-renewed every 10 years	-		
Roppongi First Plaza	168	61	2,880.84	1.8	Mar. 3, 2023	Fixed-term lease	-		
Roppongi View Tower	207	53	4,423.02	2.7	Mar. 3, 2023	Fixed-term lease	-		
Total			16,032	12,953	159,775.50	98.4			

(Note 1) "Leased area" is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building, Atago Green Hills, Toranomom Hills Mori Tower and Holland Hills Mori Tower, this indicates 80%, 74%, 14% and 72% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying leased area from the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (65.9%), and the residential portion is calculated by multiplying leased area from the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (67%), and is indicated by rounding off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) "Percentage of total leased area" indicates the ratio of the total leased area of each property to the aggregate total leased area for all properties held by the Company as of July 31, 2018. The same applies hereafter.

(iv) Five Largest Tenants

The following table shows the Company's five largest tenants by leased area for the Company's properties as of July 31, 2018.

Name of end tenant	Property name	Leased area (m ²) (Note 1)	Percentage of total portfolio (%) (Note 2)
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Atago Green Hills ARK Hills South Tower Toranomom Hills Mori Tower Roppongi First Plaza Roppongi View Tower	101,818.41	62.7
Showa Leasing Co., Ltd.	Koraku Mori Building	2,683.90	1.7
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.6
Mylan Seiyaku Ltd.	Holland Hills Mori Tower	2,490.14	1.5
Mitsubishi UFJ Research and Consulting Co.,Ltd.	Holland Hills Mori Tower	2,300.84	1.4
Total for top 5 end tenants		111,858.35	68.9

(Note 1) "Leased area" is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building, Atago Green Hills, Toranomom Hills Mori Tower and Holland Hills Mori Tower, this indicates 80%, 74%, 14% and 72% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) "Percentage of total portfolio" indicates the ratio of the leased area attributable to each end-tenant to the aggregate total leased area for all properties held by the Company as of July 31, 2018. The same applies hereafter.

(v) Overview of Lease to Interested Parties

The following table provides an overview of lease to the end-tenants who are interested parties for the properties held by the Company as of July 31, 2018.

Name of end tenant	Name of occupied property	Leased area (m ²)	Percentage of total portfolio (%)	Annual contracted rent (thousands of yen)	Lease expiration date	Lease renewal	Type of lease	Notes
Mori Building Co., Ltd.	Roppongi Hills Mori Tower	43,041.54	26.5	5,886,901	Jul. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	23/24 floors
					Sep. 30, 2018	Auto-renewed every 5 years	Fixed-rent master lease	19/22 floors
					Jul. 31, 2019	Auto-renewed every 5 years	Fixed-rent master lease	20 floor
					Sep. 15, 2020	Auto-renewed every 5 years	Fixed-rent master lease	28 floor
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	25 floor
					Mar. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	26/27/29 floors
	ARK Mori Building	24,588.43	15.1	2,702,973	Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	13 floor
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	12/22 floors
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	23/25 floors
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	4/15/24 floors
					Mar. 31, 2023	Auto-renewed every 5 years	Fixed-rent master lease	1 floor/Basement 1 through 4/ The area used as district heating and cooling
	Koraku Mori Building	292.22	0.2	4,048	Mar. 31, 2020	-	Memorandum on self-use	-
	Atago Green Hills	29,667.58	18.3	2,024,640	Apr. 30, 2022	Auto-renewed every 5 years	Fixed-rent master lease	-
	ARK Hills South Tower	46.88	0.0	6,000	May 16, 2021	-	Memorandum on self-use	-
	Toranomon Hills Mori Tower	3,418.54	2.1	434,325	Jul. 31, 2022	Auto-renewed every 5 years	Fixed-rent master lease	-
Roppongi First Plaza	429.32	0.3	25,345	Dec. 31, 2018	-	Memorandum on self-use	-	
				Feb. 28, 2019	-	Memorandum on self-use	-	
Roppongi View Tower	333.90	0.2	15,813	Feb. 28, 2019	-	Memorandum on self-use	-	
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.6	1,258,800	Sep. 14, 2030	-	Business-use fixed-term land lease	-
Total		104,383.47	64.3	12,358,847				

(vi) Overview of Properties

The following table provides an overview of the properties for which annual contracted rent accounts for 10% or more of the total annual contracted rent for properties held by the Company as of July 31, 2018.

Property number	Property name	Annual contracted rent (millions of yen)	Percentage of annual contracted rent (%) (Note 1)	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note 2)	Number of tenants
O-0	Roppongi Hills Mori Tower	5,886	34.0	43,041.54	43,041.54	100.0	1
O-1	ARK Mori Building	2,702	15.6	24,588.43	24,588.43	100.0	1
O-7	Atago Green Hills	2,024	11.7	29,667.58	29,667.58	100.0	1
Total		10,614	61.4	97,297.55	97,297.55	100.0	3

(Note 1) This indicates the ratio of the annual contracted rent for each property to the aggregate total annual contracted rent for all properties held by the Company as of July 31, 2018.

(Note 2) "Occupancy rate" is calculated by dividing the total leased area for each property by the total leasable area of the property. The total indicates the ratio of the aggregate total leased area for all properties to the aggregate total leasable area for all properties.

(vii) Overview of Matters Concerning Design, Etc.

The following table provides the designers, structural designers, contractors, building verification agencies and structural examination agencies for properties held by the Company as of July 31, 2018.

Property number	Property name	Designer	Structural designer	Contractor	Building verification agency	Structural examination agency (Note)
O-0	Roppongi Hills Mori Tower	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Kozo Keikaku Engineering Inc.	Consortium of Obayashi Corporation and Kajima Corporation	Tokyo Metropolitan Government	The Building Center of Japan
O-1	ARK Mori Building	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Consortium of Kajima Corporation, Toda Corporation and Fujita Engineering Co. Ltd.	Tokyo Metropolitan Government	The Building Center of Japan
O-4	Koraku Mori Building	Mori Building Co., Ltd., first class architect office, and GKK Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Orimoto Structural Engineers	Consortium of Shimizu Corporation and Sato Kogyo Co., Ltd.	Tokyo Metropolitan Government	The Building Center of Japan
O-6	Akasaka Tameike Tower	Shimizu Corporation, first class architect office	Shimizu Corporation, first class architect office	Consortium of Shimizu Corporation and Takenaka Corporation	Tokyo Metropolitan Government	The Building Center of Japan
O-7	Atago Green Hills	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Kozo Keikaku Engineering Inc.	(office building / retail building) Consortium of Takenaka Corporation and Kumagai Gumi Co., Ltd. (residential building) Toda Corporation	Tokyo Metropolitan Government	(office building / residential building) The Building Center of Japan (retail building) Tokyo Metropolitan Government
O-8	ARK Hills South Tower	Mori Building Co., Ltd., first class architect office and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, Irie Miyake Architects & Engineers and Shimizu Corporation, first class architect office	Shimizu Corporation	The Building Center of Japan	The Building Center of Japan
O-9	Toranomon Hills Mori Tower	Nihon Sekkei, Inc.	Nihon Sekkei, Inc. and Obayashi Corporation first class architect office	Obayashi Corporation	The Building Center of Japan	The Building Center of Japan
O-10	Holland Hills Mori Tower	Yamashita Sekkei, Inc.	Yamashita Sekkei, Inc.	Obayashi Corporation	Tokyo Metropolitan Government	The Building Center of Japan
R-3	Roppongi First Plaza	Urban Renaissance Agency, and Irie Miyake Architects & Engineers	Urban Renaissance Agency, and Kozo Keikaku Engineering Inc.	Consortium of Shimizu Corporation and ANDO Corporation	Tokyo Metropolitan Government	The Building Center of Japan
R-4	Roppongi View Tower					

(Note) With regard to structures constructed by special structural methods, such as super high-rise structures or seismic isolated structures, a structural evaluation involving a more detailed examination than general standards must be obtained pursuant to building standards laws and regulations (performance assessment under the Building Standards Act from 2000). In addition, there are cases where it is obtained in accordance with the instructions, etc. of administrative authorities.

(viii) Overview of Engineering Reports

The Company engages an engineering firm to investigate the status of the building (including earthquake risk analysis) and obtains an engineering report from the firm for each property. The following table shows the status of properties held by the Company as of July 31, 2018. “Estimated amount of emergency repair expenses” is the emergency repair expenses estimated by the engineering firm. “Estimated amount of long-term repair expenses” is the annual average amount of repair and renovation expenses over a period of 15 years estimated by the engineering firm.

The report provides a mere opinion of the engineering firm and no guarantee is provided as to the accuracy of the opinion.

No earthquake insurance has been taken out for properties held by the Company.

Property number	Property name		Preparation date	Estimated amount of emergency repair expenses (thousands of yen)	Estimated amount of long-term repair expenses (thousands of yen) (Note 1)(Note 2) (Note 3)(Note 4) (Note 5)	PML (%) (Note 6)	Engineering firm
O-0	Roppongi Hills Mori Tower		Nov. 2015	-	43,102	0.59	Tokyo Bldg-Tech Center Co., Ltd.
O-1	ARK Mori Building		Dec. 2017	-	104,793	0.78	Tokyo Bldg-Tech Center Co., Ltd.
O-4	Koraku Mori Building		Jan. 2017	-	61,275	0.73	Tokyo Bldg-Tech Center Co., Ltd.
O-6	Akasaka Tameike Tower		Jan. 2017	-	47,412	1.79	Tokyo Bldg-Tech Center Co., Ltd.
O-7	Atago Green Hills	MORI Tower (office building)	Jan. 2018	-	140,220	2.35	Tokio Marine & Nichido Risk Consulting Co., Ltd.
		Forest Tower (residential building)		-	75,281	2.34	
		Plaza (retail building)		-	3,104	5.94	
O-8	ARK Hills South Tower		May 2014	-	6,186	1.56	Tokyo Bldg-Tech Center Co., Ltd.
O-9	Toranomom Hills Mori Tower		Aug. 2017	-	2,469	0.50	Tokyo Bldg-Tech Center Co., Ltd.
O-10	Holland Hills Mori Tower		Aug. 2017	-	32,059	0.85	Tokyo Bldg-Tech Center Co., Ltd.
R-3	Roppongi First Plaza		Jan. 2017	-	7,310	2.20	Tokyo Bldg-Tech Center Co., Ltd.
R-4	Roppongi View Tower		Jan. 2017	-	10,906	2.20	Tokyo Bldg-Tech Center Co., Ltd.
S-1	Laforet Harajuku (Land) (Note 7)		-	-	-	-	-
Total				-	534,117	0.97	

(Note 1) With regard to Roppongi Hills Mori Tower, this amount is calculated by multiplying the estimated amount for the entire property by the percentage share of the costs pertaining to the portion in trust provided under the Roppongi Hills Mori Tower Management Rules.

(Note 2) With regard to ARK Mori Building, this amount is calculated by multiplying the estimated amount for the entire property by the percentage share of the costs pertaining to the portion in trust pursuant to the ARK Mori Building Management Rules.

(Note 3) With regard to Atago Green Hills, this amount is calculated by multiplying the estimated amount for the entire property in each building by the percentage share of the costs pertaining to the Company’s share in the trust beneficiary interest pursuant to the Atago Green Hills Management Rules.

(Note 4) With regard to Toranomom Hills Mori Tower, this amount is calculated by multiplying the estimated amount for the entire real estate in trust by quasi co-ownership ratio for the trust beneficiary interest owned the Company.

(Note 5) With regard to Holland Hills Mori Tower, this amount is calculated by multiplying the estimated amount for the entire real estate in trust by quasi co-ownership ratio for the trust beneficiary interest owned the Company.

(Note 6) This indicates the figure described in the “Report on evaluation of seismic PML for portfolio” dated August 18, 2017 by Sompo Risk Management & Health Care Inc.

(Note 7) With regard to Laforet Harajuku (Land), no investigation is implemented because the Company does not hold any buildings, etc.

(ix) Status of Capital Expenditures

i) Status of Implementation of Capital Expenditures

The following table shows the major construction work falling under the category of capital expenditures that were conducted during the twenty-fourth fiscal period. Capital expenditures during the twenty-fourth fiscal period amounted to 457 million yen for the entire portfolio and, combined with 94 million yen in maintenance and repairs and 2 million yen in construction management fees charged to expenses for the twenty-fourth fiscal period, construction work in a total of 554 million yen was implemented.

Name of real estate, etc. (Location)	Purpose	Period	Amount of capital expenditures (millions of yen)
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	VAV for air-conditioning system upgrading work in exclusive area	From: Jan. 2018 To: Feb. 2018	29
	Security system upgrading work	From: Sep. 2017 To: Mar. 2018	17
	Air-conditioning monitoring and control system upgrading work	From: Sep. 2017 To: Mar. 2018	11
	Standard floor air-conditioning equipment control parts upgrading work	From: Oct. 2017 To: Mar. 2018	21
	Sprinkler upgrading work in exclusive area	From: Mar. 2017 To: Mar. 2018	25
ARK Mori Building (Minato-ku, Tokyo)	Emergency power generator upgrading work	From: Dec. 2016 To: Apr. 2018	58
	Waterfall equipment upgrading work at ARK Karajan Plaza	From: Oct. 2017 To: Feb. 2018	12
Koraku Mori Building (Bunkyo-ku, Tokyo)	VAV for air-conditioning equipment upgrading work in exclusive area	From: May 2018 To: Jul. 2018	14
Akasaka Tameike Tower (Minato-ku, Tokyo)	Exterior wall painting upgrading work of the first section	From: Jul. 2017 To: Feb. 2018	57
	HEATS heat source equipment upgrading work	From: Dec. 2017 To: Feb. 2018	15
Atago Green Hills (Minato-ku, Tokyo)	Office building security system controller upgrading work	From: Jan. 2018 To: Mar. 2018	11
Roppongi View Tower (Minato-ku, Tokyo)	Residential unit remodeling work	From: Feb. 2018 To: Jul. 2018	34
Other	-	-	148
Entire portfolio			457

(Note) The projects shown above are those for which capital expenditure exceeds 10 million yen per project.

ii) Schedule of Capital Expenditures

The following table shows the amounts of capital expenditures conducted after the end of the twenty-fourth fiscal period and the expected amounts of capital expenditures associated with the major renovation construction work, etc. planned as of the date of this document for properties held by the Company as of July 31, 2018. A portion of the total “Expected amount of capital expenditures” detailed below may be treated as expenses for accounting purposes depending on the form of construction work.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Expected amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during the twenty-fourth fiscal period	Total amount already paid
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	Sprinkler upgrading work in exclusive area	From: Mar. 2018 To: Mar. 2019	38	-	-
	Security system upgrading work	From: Sep. 2018 To: Mar. 2019	32	-	-
	Electrical monitoring and control system upgrading work	From: Oct. 2018 To: Mar. 2019	10	-	-
ARK Mori Building (Minato-ku, Tokyo)	Emergency power generator upgrading work	From: Dec. 2016 To: Aug. 2018	20	-	-
	Graywater equipment upgrading work	From: Nov. 2018 To: May 2019	14	-	-
	Lower floor elevator upgrading work	From: Sep. 2018 To: Mar. 2019	50	-	-
	Office entrance, etc. remodeling work	From: Jul. 2018 To: Mar. 2019	13	-	-
	ITV system upgrading work	From: Nov. 2018 To: Mar. 2019	13	-	-
Koraku Mori Building (Bunkyo-ku, Tokyo)	Parking lots management system upgrading work	From: Sep. 2018 To: Dec. 2018	16	-	-
	Toilet renovation work on each floor	From: Aug. 2018 To: Feb. 2019	12	-	-
	Central circulation-type hot water supply facility upgrading work	From: Aug. 2018 To: Feb. 2019	25	-	-
	Air balance unit upgrading work	From: Aug. 2018 To: Feb. 2019	38	-	-
	Rental room door security card remodeling work	From: Aug. 2018 To: Feb. 2019	16	-	-
Akasaka Tameike Tower (Minato-ku, Tokyo)	Air balance unit upgrading work in exclusive area	From: Aug. 2018 To: Jul. 2019	55	-	-
	LED installation of lights for office exclusive area	From: Aug. 2018 To: Jul. 2019	27	-	-
	Parking lots fare adjustment machine upgrading work	From: Aug. 2018 To: Jan. 2019	10	-	-
	Exterior wall painting upgrading work of the second section	From: Mar. 2018 To: Apr. 2019	83	-	-
	Residential balcony planting renovation work	From: Aug. 2018 To: Mar. 2019	31	-	-
Atago Green Hills (Minato-ku, Tokyo)	Office building window side air conditioner upgrading work	From: Jul. 2018 To: Aug. 2018	24	-	-
Holland Hills Mori Tower (Minato-ku, Tokyo)	Air-conditioning facility device upgrading work	From: Aug. 2018 To: Jul. 2019	12	-	-
Roppongi View Tower (Minato-ku, Tokyo)	Residential unit remodeling work	From: Aug. 2018 To: Jul. 2019	85	-	-

(Note) The projects shown are those for which the expected amount exceeds 10 million yen per project.

b) Overview of Trust Beneficiary Interest

(as of July 31, 2018)

Main type of use	Property number	Property name	Trustee	Trust establishment date	Trust maturity date	Notes
Office buildings	O-0 Premium	Roppongi Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	Aug. 1, 2011	Jul. 31, 2026	Trust beneficiary interest in compartmentalized ownership for 23rd and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	Oct. 1, 2013	Sep. 30, 2028	Trust beneficiary interest in compartmentalized ownership for 19th and 22nd floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	Aug. 1, 2014	Jul. 31, 2029	Trust beneficiary interest in compartmentalized ownership for 20th floor portion
			Sumitomo Mitsui Trust Bank, Ltd.	Sep. 16, 2015	Sep. 15, 2030	Trust beneficiary interest in compartmentalized ownership for 28th floor portion
			Sumitomo Mitsui Trust Bank, Ltd.	Feb. 1, 2016	Jan. 31, 2031	Trust beneficiary interest in compartmentalized ownership for 25th floor portion
			Mitsubishi UFJ Trust and Banking Corporation	Apr. 1, 2016	Mar. 31, 2036	Trust beneficiary interest in compartmentalized ownership for 26th, 27th and 29th floor portions
	O-1 Premium	ARK Mori Building	Mizuho Trust & Banking Co., Ltd.	Mar. 22, 2006	Mar. 31, 2026	Trust beneficiary interest in compartmentalized ownership for 13th floor portion
			Mizuho Trust & Banking Co., Ltd.	Mar. 28, 2008	Mar. 31, 2026	Trust beneficiary interest in compartmentalized ownership for 12th and 22nd floor portions
			Mizuho Trust & Banking Co., Ltd.	Mar. 18, 2011	Mar. 31, 2026	Trust beneficiary interest in compartmentalized ownership for 23rd and 25th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	Aug. 1, 2011	Jul. 31, 2026	Trust beneficiary interest in compartmentalized ownership for 4th, 15th and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	Apr. 1, 2013	Mar. 31, 2028	Trust beneficiary interest in compartmentalized ownership for the area used as district heating and cooling on the 1st floor and the 1st through 4th floor below ground portions
	O-4 Premium	Koraku Mori Building	Sumitomo Mitsui Trust Bank, Ltd.	Mar. 4, 2003	Mar. 3, 2023	Trust beneficiary interest representing 80% interest in the assets in trust; Trust beneficiary interest representing the remaining 20% interest in the assets in trust is held by Mori Building Co., Ltd.
	O-6 Premium	Akasaka Tameike Tower	Sumitomo Mitsui Trust Bank, Ltd.	Sep. 30, 2008	Mar. 31, 2026	Trust beneficiary interest in office and shop areas (including parts of storage areas, parking lots, etc.)
			Sumitomo Mitsui Trust Bank, Ltd.	Mar. 18, 2011	Mar. 31, 2026	Trust beneficiary interest in residential area (including parts of parking lots, etc.)
	O-7 Premium	Atago Green Hills	Mitsubishi UFJ Trust and Banking Corporation	May 1, 2012	Apr. 30, 2027	Trust beneficiary interest representing 74% interest in the assets in trust; Trust beneficiary interest representing the remaining 26% interest in the assets in trust is held by Mori Building Co., Ltd.
O-8 Premium	ARK Hills South Tower	Mitsubishi UFJ Trust and Banking Corporation	Aug. 1, 2014	Jul. 31, 2034	Trust beneficiary interest in the 25% co-ownership	

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Main type of use	Property number	Property name	Trustee	Trust establishment date	Trust maturity date	Notes
Office buildings	O-9 Premium	Toranomon Hills Mori Tower	Mitsubishi UFJ Trust and Banking Corporation	Jun. 26, 2014	Jul. 31, 2037	Trust beneficiary interest representing 14% interest in the assets in trust; Trust beneficiary interest representing the remaining 86% interest in the assets in trust is held by Mori Building Co., Ltd.
	O-10 Premium	Holland Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	Aug. 1, 2017	Jul. 31, 2032	Trust beneficiary interest representing 72% interest in the assets in trust; Trust beneficiary interest representing the remaining 28% interest in the assets in trust is held by Mori Building Co., Ltd.
Residential properties	R-3 Premium	Roppongi First Plaza	Sumitomo Mitsui Trust Bank, Ltd.	Mar. 4, 2003	Mar. 3, 2023	-
	R-4	Roppongi View Tower	Sumitomo Mitsui Trust Bank, Ltd.	Mar. 4, 2003	Mar. 3, 2023	Trust beneficiary interest in compartmentalized ownership for 80 units in Roppongi View Tower
	Sumitomo Mitsui Trust Bank, Ltd.		Mar. 22, 2006	Mar. 3, 2023	Trust beneficiary interest in compartmentalized ownership for 12 units in Roppongi View Tower	

c) Status of Portfolio

(i) Investment Ratio by Property Quality

(as of July 31, 2018)

Quality category (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Premium Properties	10	356,050	98.9
Other Properties	1	4,000	1.1
Portfolio total	11	360,050	100.0

(Note) For the Premium Properties in the quality category, please refer to “2. Investment Policy; (1) Investment Policy; (B) Management Strategy; (a) Key Strategy; a. Development of Urban Portfolio with Premium Properties at the Core; i. Investments that Focus on Premium Properties” in the most recent securities report (submitted on April 25, 2018).

(ii) Investment Ratio by Main Type of Use

(as of July 31, 2018)

Main type of use	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Office buildings	8	332,130	92.2
Residential properties	2	6,100	1.7
Retail Facility	1	21,820	6.1
Portfolio total	11	360,050	100.0

(iii) Investment Ratio by Region

(as of July 31, 2018)

Region		Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Tokyo metropolitan area	Tokyo's five central wards and their vicinity	11	360,050	100.0
	Minato Ward	9	311,030	86.4
	Bunkyo Ward	1	27,200	7.6
	Shibuya Ward	1	21,820	6.1
	Tokyo, Kanagawa, Chiba and Saitama Prefectures	11	360,050	100.0
Principal regional cities	Cities designated by Cabinet Order and their equivalent principal cities in Japan other than those located in Tokyo metropolitan area	-	-	-
Portfolio total		11	360,050	100.0

(iv) Investment Ratio by Property Age

(as of July 31, 2018)

Property age	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Less than 10 years	2	29,290	8.7
Equal to or more than 10 years but less than 15 years	1	11,760	3.5
Equal to or more than 15 years	7	297,180	87.9
Portfolio total	10	338,230	100.0

(Note) In aggregate calculation, Atago Green Hills is deemed to have been constructed on July 30, 2001, and Laforet Harajuku (Land) falls outside the calculations. The same applies to “(v) Investment Ratio by Property Size” below. The average age of the properties in the Company’s portfolio, calculated as the weighted average of the building age based on the acquisition price is 18.5 years which is rounded off to the nearest decimal place.

(v) Investment Ratio by Property Size

(as of July 31, 2018)

Property Size (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Equal to or more than 30,000m ²	8	332,130	98.2
Equal to or more than 10,000m ² but less than 30,000m ²	2	6,100	1.8
Less than 10,000m ²	-	-	-
Portfolio total	10	338,230	100.0

(Note) “Property Size” is based on the total floor area of the entire building, regardless of the form of ownership. With regard to Roppongi First Plaza and Roppongi View Tower, the total floor area for each property is deemed to be 22,906.74 m² and calculated as a separate building.

d) Status of Income and Expenditures

(Unit: thousands of yen)

Property number	O-0			O-1		
Property name	Roppongi Hills Mori Tower			ARK Mori Building		
Period	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	1	1	0
Rent revenues	2,943,450	2,943,450	-	1,351,486	1,351,486	-
Other operating revenues	-	-	-	-	-	-
Total property operating revenue	2,943,450	2,943,450	-	1,351,486	1,351,486	-
Property management fees	412,351	412,351	-	181,872	181,872	-
Property taxes (Note 1)	221,761	227,619	5,857	74,177	76,060	1,882
Utilities	-	-	-	-	-	-
Maintenance and repairs	-	-	-	370	-	(370)
Insurance premium	4,179	4,111	(68)	1,873	1,842	(30)
Depreciation and amortization (1)	437,774	417,419	(20,355)	60,214	62,408	2,193
Other expenses (Note 2)	377	379	1	2,795	2,794	(0)
Total property operating expenses	1,076,445	1,061,880	(14,564)	321,302	324,978	3,676
Property operating income (2)	1,867,005	1,881,570	14,564	1,030,184	1,026,507	(3,676)
NOI (3) ((1)+(2))	2,304,780	2,298,989	(5,791)	1,090,399	1,088,916	(1,482)
Capex (4)	15,597	137,992	122,395	11,782	92,418	80,635
NCF (3)-(4)	2,289,183	2,160,996	(128,186)	1,078,616	996,498	(82,117)

(Note 1) 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 property operating expenses. 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 and city planning 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.

(Note 2) "Other expenses" denotes the sum of custodian fees, rent expenses, and other lease business expenses (residential property management costs, and other property-related miscellaneous expenses) in aggregate.

(Note 3) Acquired in the fiscal period(Additional acquisition)

(Unit: thousands of yen)

Property number	O-4			O-6		
Property name	Koraku Mori Building			Akasaka Tameike Tower		
Period	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	97.6%	100.0%	2.4PT	95.4%	98.0%	2.6PT
Number of tenants	22	23	1	136	140	4
Rent revenues	630,403	642,408	12,004	726,325	751,972	25,646
Other operating revenues	92,597	93,443	846	79,325	75,894	(3,430)
Total property operating revenue	723,000	735,851	12,851	805,650	827,866	22,215
Property management fees	60,418	67,488	7,069	163,544	167,487	3,942
Property taxes (Note 1)	30,669	32,878	2,209	41,705	42,041	336
Utilities	72,608	68,070	(4,537)	28,329	27,482	(846)
Maintenance and repairs	19,756	8,238	(11,517)	27,729	75,008	47,278
Insurance premium	1,714	1,686	(27)	2,027	2,178	150
Depreciation and amortization (1)	97,048	92,784	(4,264)	136,517	138,629	2,111
Other expenses (Note 2)	75,412	75,413	0	11,082	10,623	(458)
Total property operating expenses	357,627	346,559	(11,067)	410,937	463,453	52,515
Property operating income (2)	365,372	389,291	23,918	394,712	364,412	(30,299)
NOI (3) ((1)+(2))	462,421	482,075	19,654	531,230	503,042	(28,187)
Capex (4)	71,907	19,078	(52,828)	45,024	103,650	58,625
NCF (3)-(4)	390,513	462,997	72,483	486,205	399,392	(86,813)

(Unit: thousands of yen)

Property number	O-7			O-8		
Property name	Atago Green Hills			ARK Hills South Tower		
Period	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	100.0%	100.0%	0.0PT	92.8%	98.3%	5.5PT
Number of tenants	1	1	0	39	42	3
Rent revenues	1,012,320	1,012,320	-	419,036	463,094	44,057
Other operating revenues	-	-	-	25,844	28,477	2,632
Total property operating revenue	1,012,320	1,012,320	-	444,881	491,572	46,690
Property management fees	2,664	2,664	-	60,749	48,585	(12,164)
Property taxes (Note 1)	68,889	68,774	(114)	32,741	33,755	1,013
Utilities	-	-	-	29,824	29,826	2
Maintenance and repairs	-	-	-	2,214	2,359	145
Insurance premium	3,426	3,370	(55)	1,048	1,031	(17)
Depreciation and amortization (1)	183,660	184,545	885	44,142	44,198	56
Other expenses (Note 2)	37,825	37,973	148	1,621	1,529	(91)
Total property operating expenses	296,465	297,328	862	172,341	161,286	(11,055)
Property operating income (2)	715,854	714,991	(862)	272,540	330,285	57,745
NOI (3) ((1)+(2))	899,515	899,537	22	316,682	374,484	57,801
Capex (4)	11,765	44,730	32,965	1,900	1,910	10
NCF (3)-(4)	887,749	854,807	(32,942)	314,782	372,574	57,791

(Unit: thousands of yen)

Property number	O-9			O-10		
Property name	Toranomom Hills Mori Tower			Holland Hills Mori Tower		
Period	Twenty-third fiscal period ended January 2018 (Note 3)	Twenty-fourth fiscal period ended July 2018 (Note 3)	Difference	Twenty-third fiscal period ended January 2018 (Note 3)	Twenty-fourth fiscal period ended July 2018 (Note 3)	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	100.0%	100.0%	0.0PT	96.3%	100.0%	3.7PT
Number of tenants	1	1	0	23	24	1
Rent revenues	108,581	199,065	90,484	288,486	357,587	69,100
Other operating revenues	-	-	-	13,234	19,196	5,962
Total property operating revenue	108,581	199,065	90,484	301,721	376,783	75,062
Property management fees	12,652	23,196	10,543	59,560	73,403	13,842
Property taxes (Note 1)	-	4,018	4,018	-	9,947	9,947
Utilities	-	-	-	3,559	5,292	1,732
Maintenance and repairs	-	-	-	399	1,026	626
Insurance premium	174	308	134	565	680	114
Depreciation and amortization (1)	16,537	28,867	12,330	27,453	33,506	6,052
Other expenses (Note 2)	9	18	9	117	146	28
Total property operating expenses	29,374	56,410	27,035	91,657	124,002	32,345
Property operating income (2)	79,206	142,655	63,448	210,064	252,781	42,717
NOI (3) ((1)+(2))	95,744	171,523	75,778	237,517	286,287	48,769
Capex (4)	-	-	-	6,012	11,304	5,292
NCF (3)-(4)	95,744	171,523	75,778	231,504	274,982	43,477

(Unit: thousands of yen)

Property number	R-3			R-4		
Property name	Roppongi First Plaza			Roppongi View Tower		
Period	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	98.3%	97.4%	(0.9PT)	95.8%	98.0%	2.2PT
Number of tenants	41	41	0	88	90	2
Rent revenues	79,990	82,092	2,101	95,114	100,850	5,735
Other operating revenues	-	-	-	200	346	146
Total property operating revenue	79,990	82,092	2,101	95,314	101,196	5,881
Property management fees	13,229	12,609	(620)	13,669	12,885	(783)
Property taxes (Note 1)	7,126	7,311	184	10,879	11,156	276
Utilities	1,251	1,080	(171)	1,015	970	(45)
Maintenance and repairs	4,191	7,248	3,057	1,020	846	(173)
Insurance premium	235	231	(3)	352	346	(5)
Depreciation and amortization (1)	12,414	12,545	130	16,592	16,847	255
Other expenses (Note 2)	3,820	3,832	11	690	589	(100)
Total property operating expenses	42,271	44,859	2,587	44,219	43,642	(576)
Property operating income (2)	37,719	37,232	(486)	51,094	57,553	6,458
NOI (3) ((1)+(2))	50,134	49,778	(355)	67,687	74,401	6,713
Capex (4)	1,181	10,873	9,692	24,304	35,917	11,613
NCF (3)-(4)	48,952	38,904	(10,048)	43,383	38,483	(4,899)

(Unit: thousands of yen)

Property number	S-1			Portfolio total		
Property name	Laforet Harajuku (Land)					
Period	Twenty-third fiscal period ended January 2018	Twenty-fourth fiscal period ended July 2018	Difference	Twenty-third fiscal period ended January 2018 (Note 3)	Twenty-fourth fiscal period ended July 2018 (Note 3)	Difference
Operation days	184 days	181 days	(3 days)	184 days	181 days	(3 days)
Occupancy rate	100.0%	100.0%	0.0PT	98.5%	99.6%	1.1PT
Number of tenants	1	1	0	354	365	11
Rent revenues	629,400	629,400	-	8,284,596	8,533,727	249,131
Other operating revenues	-	-	-	211,201	217,357	6,156
Total property operating revenue	629,400	629,400	-	8,495,797	8,751,085	255,287
Property management fees	-	-	-	980,712	1,002,543	21,830
Property taxes (Note 1)	67,956	71,354	3,398	555,906	584,918	29,011
Utilities	-	-	-	136,588	132,723	(3,865)
Maintenance and repairs	-	-	-	55,682	94,728	39,046
Insurance premium	-	-	-	15,597	15,787	190
Depreciation and amortization (1)	-	-	-	1,032,357	1,031,754	(603)
Other expenses (Note 2)	-	-	-	133,753	133,301	(451)
Total property operating expenses	67,956	71,354	3,398	2,910,598	2,995,757	85,159
Property operating income (2)	561,444	558,045	(3,398)	5,585,199	5,755,328	170,128
NOI (3) ((1)+(2))	561,444	558,045	(3,398)	6,617,557	6,787,082	169,525
Capex (4)	-	-	-	189,475	457,876	268,401
NCF (3)-(4)	561,444	558,045	(3,398)	6,428,082	6,329,205	(98,876)

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated September 13, 2018 of Mori Hills REIT Investment Corporation (the Company) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange.

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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 the 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.

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

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