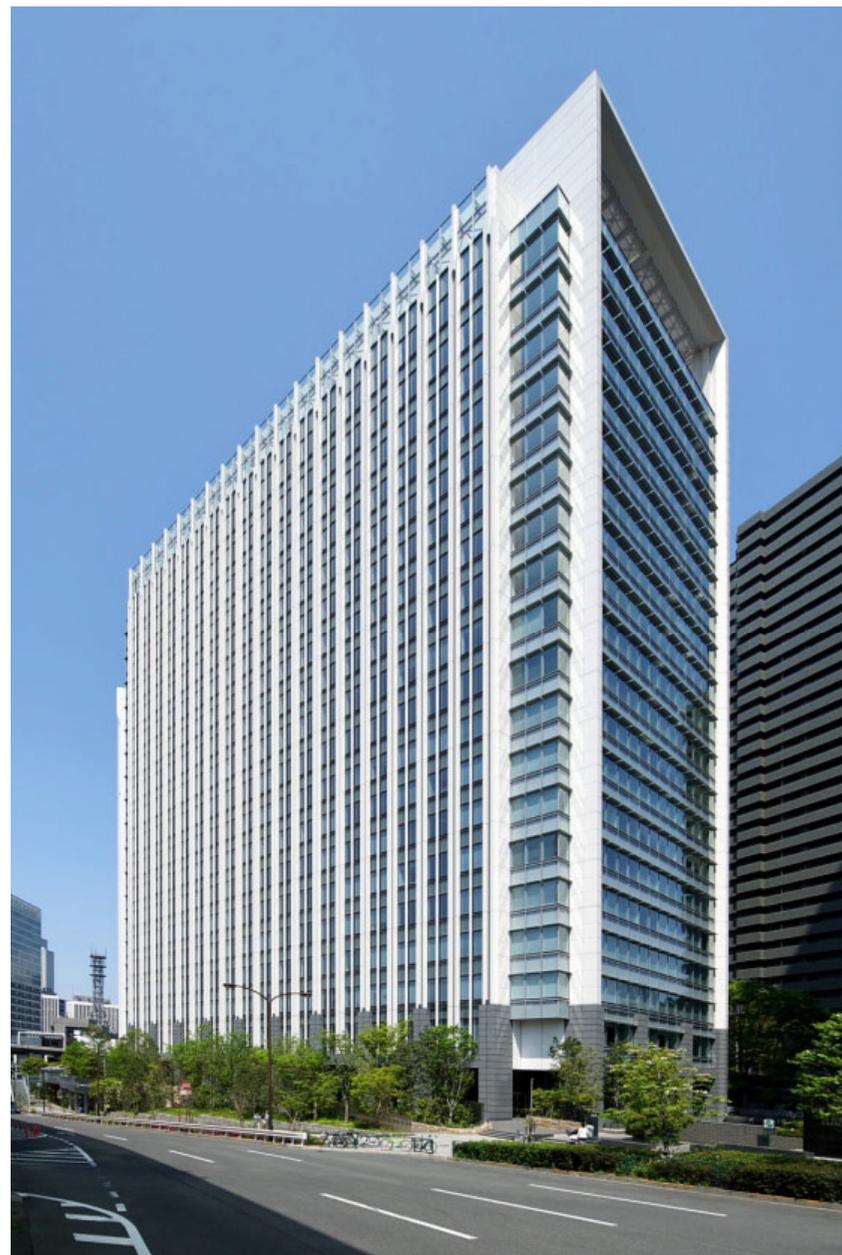




MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 16th Fiscal Period (Ended July 31, 2014)



MORI HILLS REIT INVESTMENT CORPORATION
<http://www.mori-hills-reit.co.jp/en>

Mori Building Investment Management Co., Ltd.
<http://www.morifund.co.jp/english/>

1. Investment highlights	2
2. 16th period (ended July 2014) financial highlights	18
3. Operation highlights	23
4. Business environment recognition & MHR's strategy	32
5. Appendix	40

This document has been prepared by MORI HILLS REIT INVESTMENT CORPORATION ("MHR") for informational purposes only and should not be construed as an offer of any transactions or the solicitation of an offer of any transactions. Please inquire with the various securities companies concerning the purchase of MHR investment units. This document's content includes forward-looking statements about business performance; however, no guarantees are implied concerning future business performance.

Although the data and opinions contained in this document are derived from what we believe are reliable and accurate sources, we do not guarantee their accuracy or completeness. The contents contained herein may change or cease to exist without prior notice. Regardless of the purpose, any reproduction and/or use of this document in any shape or form without the prior written consent from MHR is prohibited.

We will send invitations to future financial results briefings to those who participated in the financial results briefing for the fifteenth period based on the personal information they have shared with us; we guarantee that we make every effort to adequately manage and/or use and protect the information in accordance with the private policy posted on the official website of Mori Building Investment Management Co., Ltd.

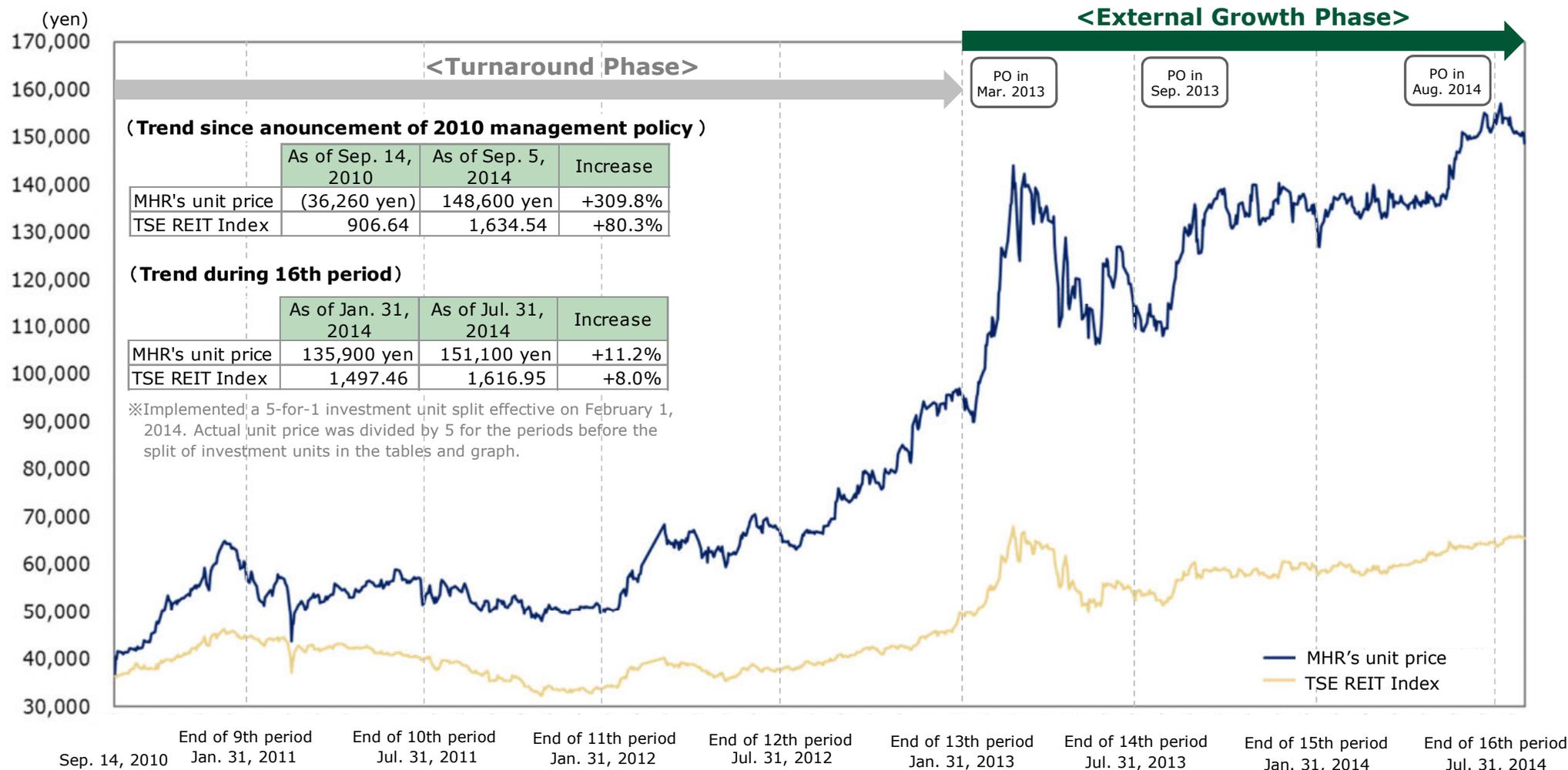
This document contains charts, data, etc. that were prepared by Mori Building Investment Management Co., Ltd. (hereafter, the "asset manager") based on charts, data, indicators, etc. released by third parties. Furthermore, this document includes statements based on analyses, judgments, and other observations concerning such matters by the asset manager as of the date of preparation.

1. Investment highlights



1-1 Investment highlights Unit price performance

Unit price performance



(Note 1) Unless otherwise stated in this document, all amounts of less than a unit are omitted and all fractions are rounded up to one digit below decimal point.

(Note 2) TSE REIT Index is adjusted to MHR's unit price on the announcement date of the management policy (Sep. 14, 2010) and shows the relative performance vs. MHR's unit price performance.

1-2 Investment highlights Offering highlight(1)

Procured 26.0 billion yen in MHR's first global offering

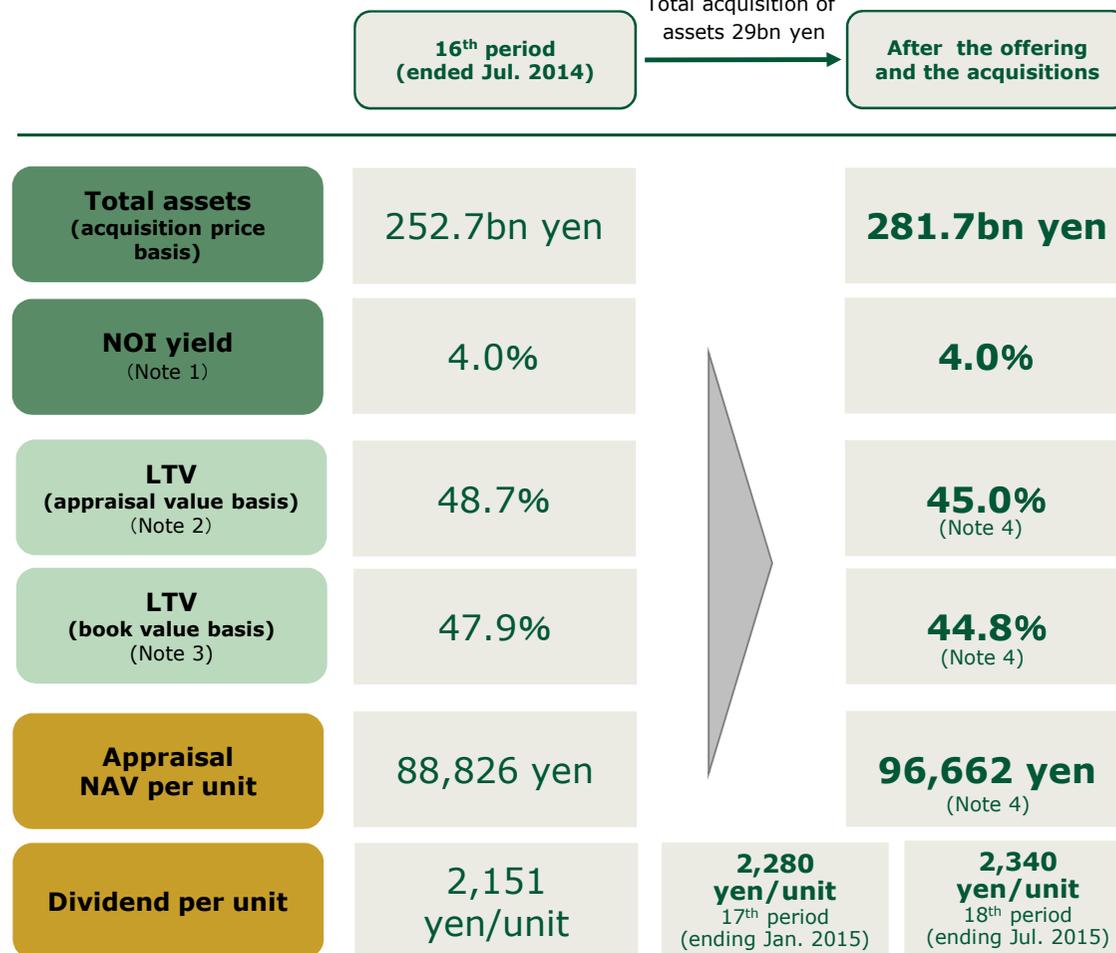
Total PO amount paid-in 26bn yen

Total acquisition of assets 29bn yen

Overview of public offering

Offering method	Simultaneous offering in Japan and overseas (144A+Reg. S)
Issuance resolution date	July 9, 2014
Pricing date	July 23, 2014
Payment date	Primary offering: August 1, 2014 Third-party allotment: August 27, 2014
Number of units issued and outstanding	1,384,925 units (as of issuance resolution date)
Number of units newly issued	185,115 units (of this, third-party allotment: 8,815 units)
Number of units issued and outstanding	1,570,040 units
Issue price	146,016 yen per unit
Issued value	140,924 yen per unit
Total issued value	26,087,146,260 yen (including third-party allotment)

Implemented for the expansion of the overseas investor base
(Ratio of overseas investors as of the end of Jan. 2014: 14.7%)



(Note 1) Figures are average NOI yields of the entire portfolio.

(Note 2) LTV (appraisal value basis) is calculated as [Total interest-bearing debt/Appraisal value based total assets (Total assets + Total appraised value - Total book value)]

(Note 3) LTV (book value basis) is calculated as [Total interest-bearing debt/Total assets]

(Note 4) The figures are calculated by taking into consideration the effects of the proceeds through the offering, the acquisition of assets as of August 1, 2014 and the new borrowings of 7 billion yen to the figures as of the end of the 16th period.

1-3 Investment highlights Offering highlight(2)

Overview of the property acquisitions on August 1, 2014

Roppongi Hills Mori Tower (1 floor:20th floor)



Acquisition price

9,890mn yen

Appraisal value

11,400mn yen

NOI yield

4.0%

Location 10-1, Roppongi 6-chome,
(Residential indication) Minato-ku, Tokyo

Construction date April 2003

Total number of floors 54 floors above ground,
6 floors below ground

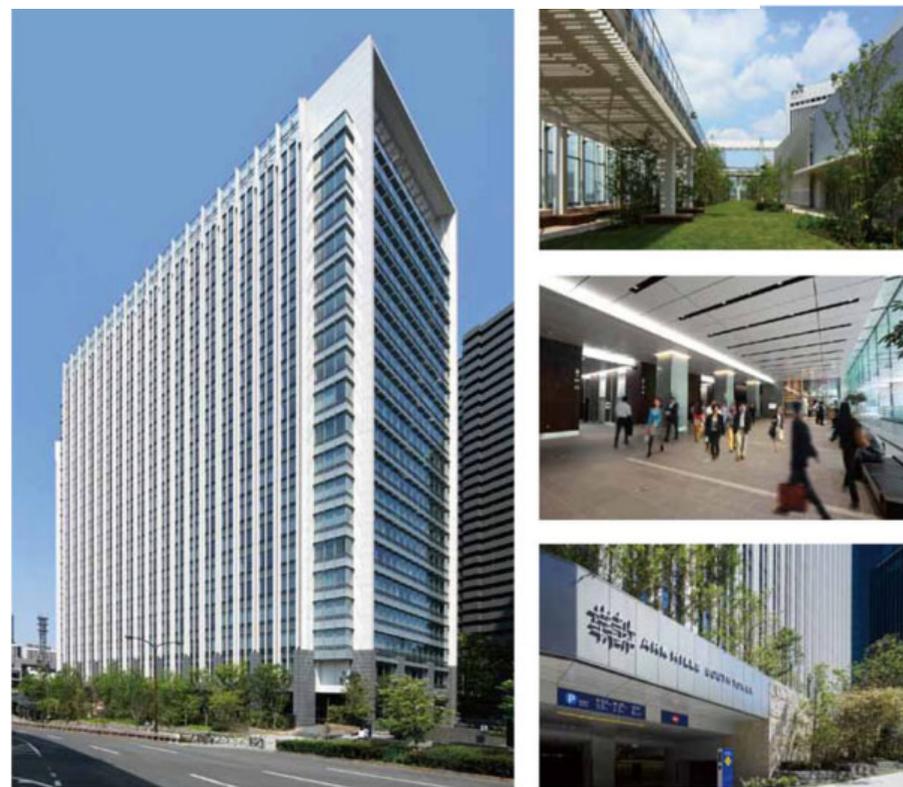
Gross floor area 442,150.70㎡

Leasable floor area 3,879.19㎡ (acquired portion)

PML

0.29%

ARK Hills South Tower (25% interest)



Acquisition price

19,150mn yen

Appraisal value

20,300mn yen

NOI yield

4.0%

Location 4-5, Roppongi 1-chome,
(Residential indication) Minato-ku, Tokyo

Construction date July 2013

Total number of floors 20 floors above ground,
4 floors below ground

Gross floor area 53,043.48㎡

Leasable floor area 9,007.33㎡ (acquired portion)

PML

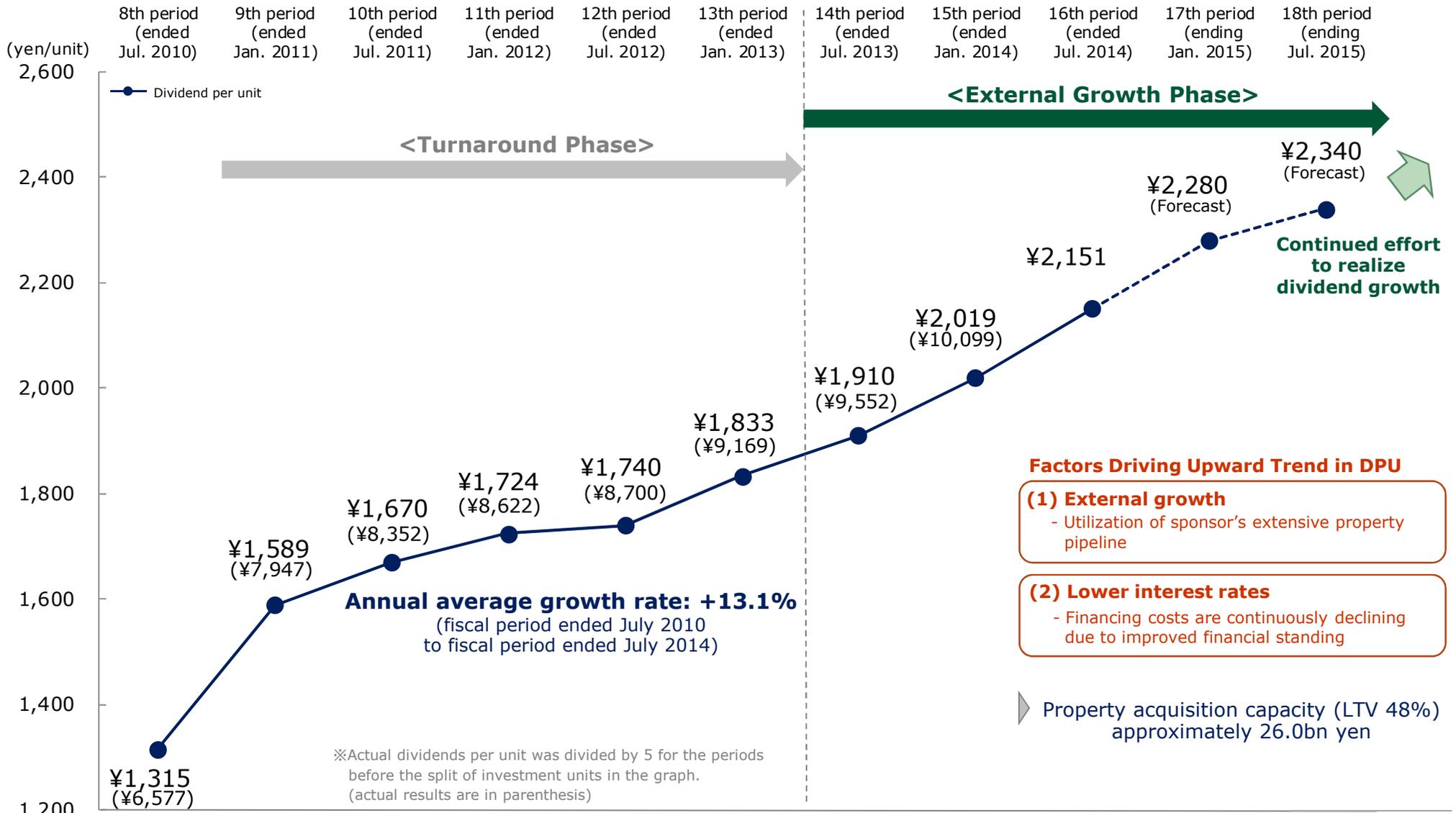
1.72%

1-4 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential



Change in dividends per unit



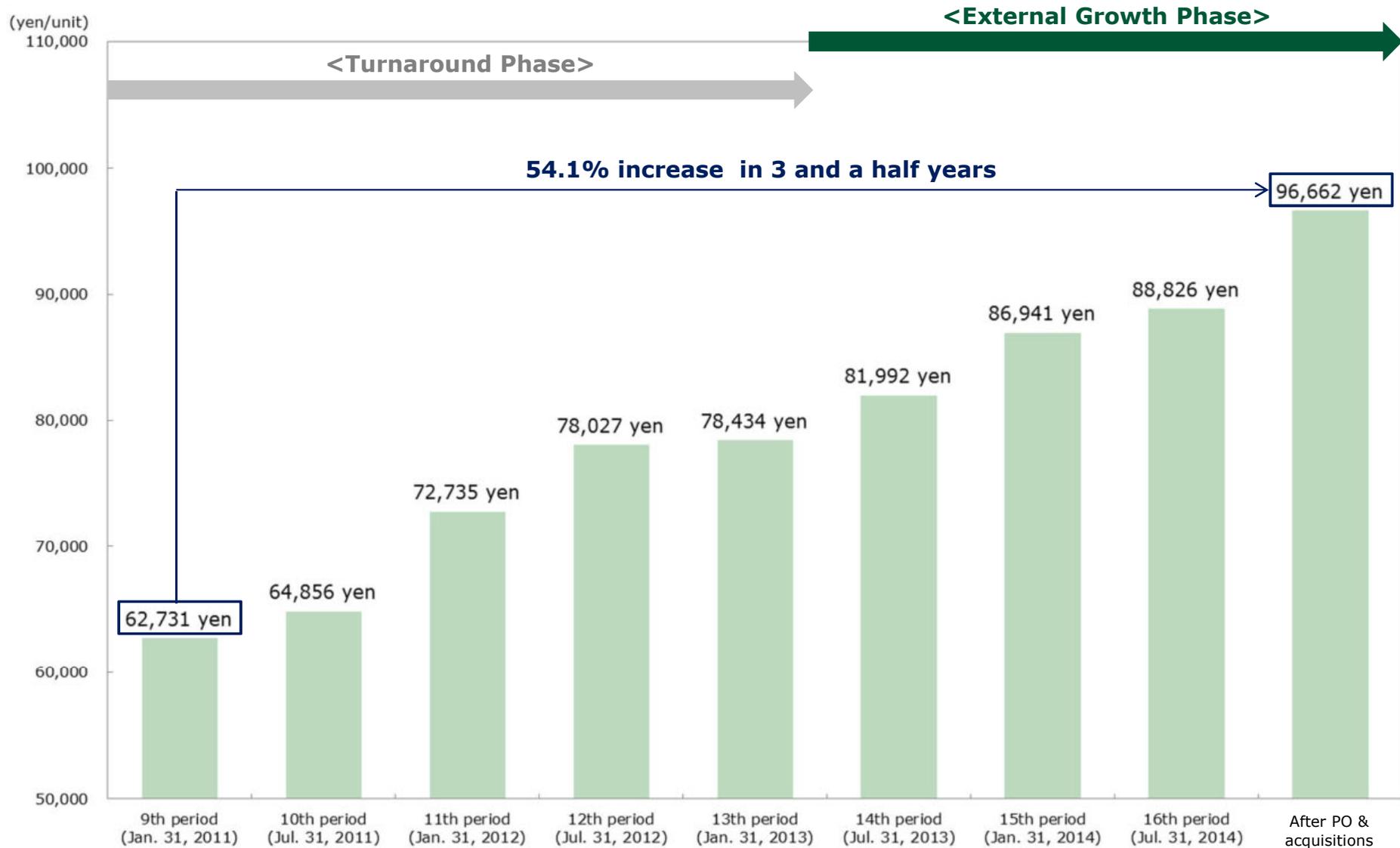
PBR	0.4x	1.1x	1.6x
NOI yield	3.7%	3.8%	4.0%

1-5 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential



Change in Appraisal NAV



※Actual NAV was divided by 5 for the periods before the split of investment units in the graph.

1-6 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential



Driving force for external growth

Mori Building's extensive property pipeline

- Total assets of 1.7 trillion yen (as of March 2014)
- Property management for 112 buildings (as of March 2014)

When Mori Building sells properties,
MHR has "preferential negotiation rights" (Note 1)

New redevelopment projects promoted by Mori Building Group

A Toranomon Hills



- a) Approx. 17,069㎡
- b) Approx. 244,360㎡
- c) Office/Residential/Hotel/
Retail/Conference/Parking
- d) Tokyo Metropolitan Government
(Note 2)
- e) June 2014

B Ginza 6-chome District 10 Category 1 Urban Redevelopment Project



- a) Approx. 9,080㎡
- b) Approx. 147,900㎡
- c) Retail/Office/Cultural and exchange
facilities/District heating and cooling
facility/Parking
- d) Ginza 6-chome District 10 Urban
Redevelopment Consortium (Note 3)
- e) November 2016 (Anticipated)

a) Land area b) Total floor area c) Uses d) Operator e) Completion date

(Note 1) Some exceptions included.

(Note 2) Mori Building was appointed as a distinct developer.

(Note 3) Mori Building is investing in the "Special purpose company of Ginza 6-chome District 10 Category 1 Urban Redevelopment Project" which is comprised of the participating members of the association of the project.

Properties owned by Mori Building Group

1 Roppongi Hills (Partly owned by MHR)



<Office/Residential/Retail, etc.>

2 ARK Hills (Partly owned by MHR)



<Office/Residential/Retail, etc.>

3 Atago Green Hills (Partly owned by MHR)



<Office/Residential/Retail>

4 Holland Hills



<Office/Residential/Retail>

5 Roppongi Hills Cross Point



<Office/Residential/Retail>

6 Moto-Azabu Hills (Partly owned by MHR)



<Residential>

7 Roppongi Sakura- zaka Residence



<Residential>

8 Omotesando Hills



<Retail/Residential>

9 Laforet Harajuku (Land owned by MHR)

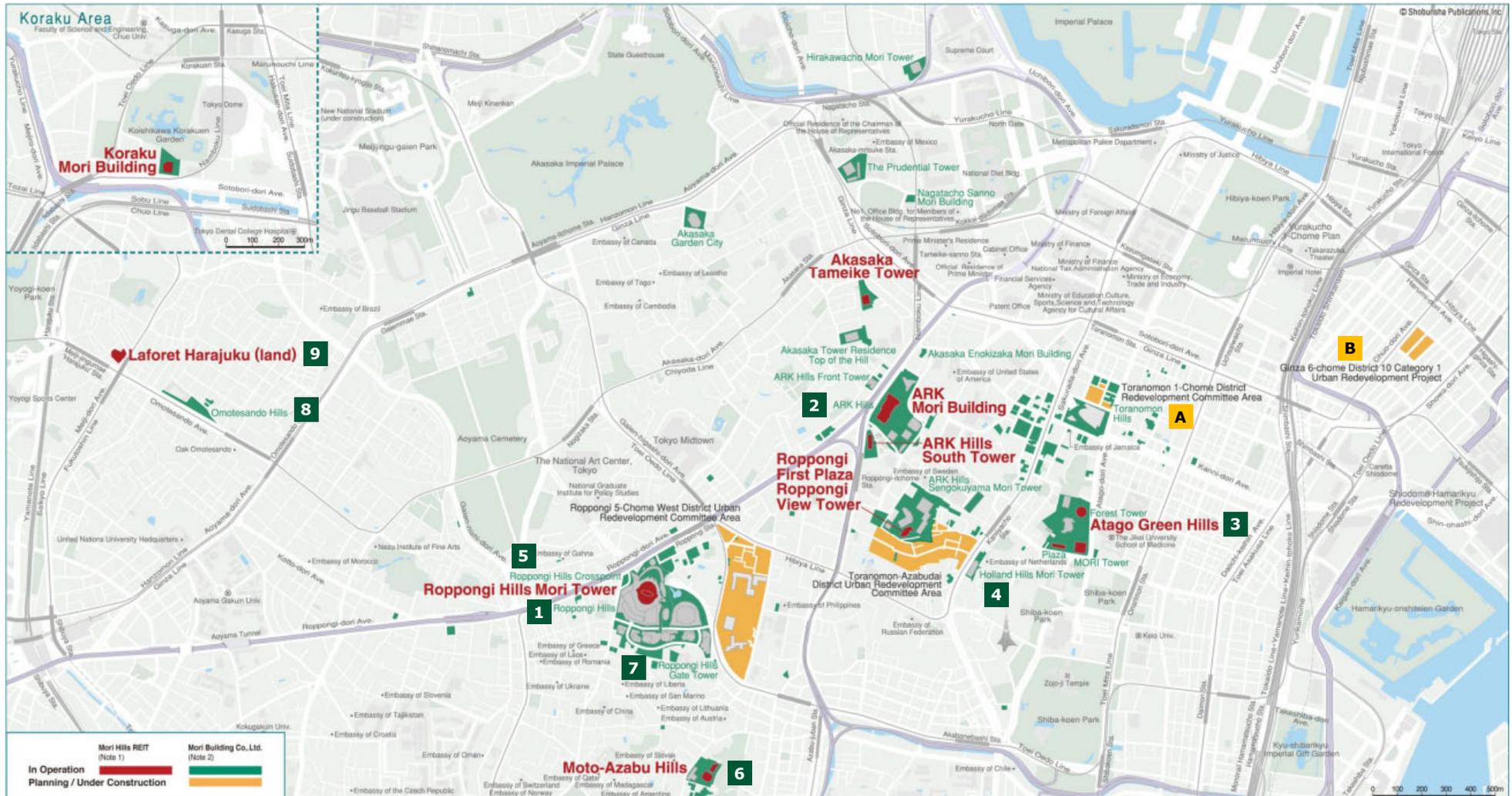


<Retail>

1-7 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential

Mori Building's involvement



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2014."

(Note 1) Some of the properties have been partially acquired and held by MHR.

(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

1-8 Investment highlights Advantage of Mori Hills REIT

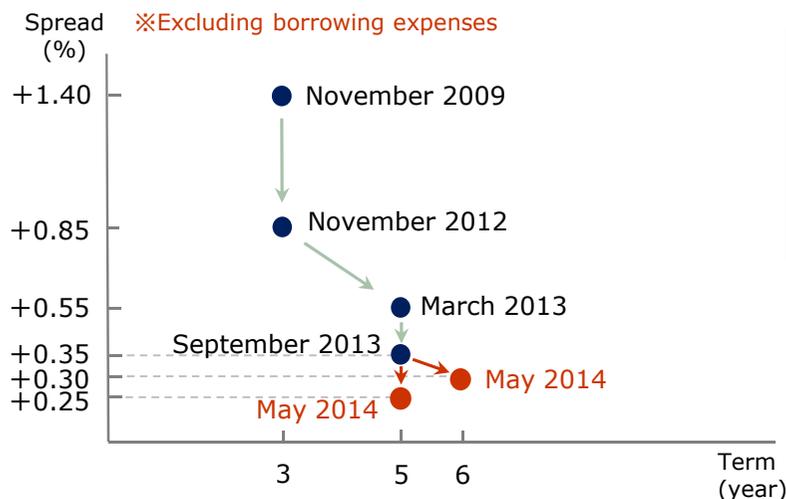
(1) Upward trend in DPU + growth potential



Improved LTV enabled MHR to negotiate lower interest rates

Financing trend

Debt



Investment corporation bonds

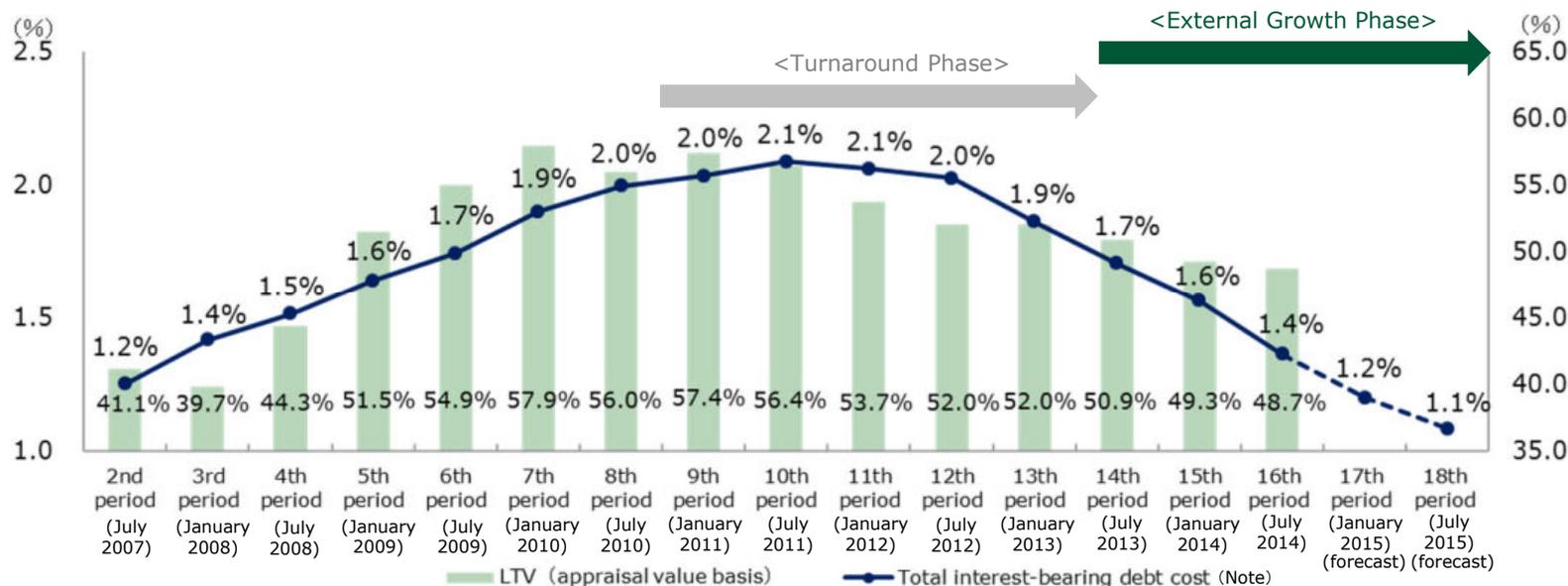
5-year-bonds

Issue Date	Amount	Maturity	Rate of Interest
May 2010	5,000mn yen	5 years	1.95%
Nov. 2012	2,000mn yen	5 years	0.97%
May 2013	3,000mn yen	5 years	0.85%
Feb. 2014	3,000mn yen	5 years	0.41%

7-year-bonds

Issue Date	Amount	Maturity	Rate of Interest
May 2013	2,000mn yen	7 years	1.26%
Feb. 2014	2,000mn yen	7 years	0.69%

Change in LTV (appraisal value basis) and total interest-bearing debt cost



(Note) "Total interest-bearing debt cost" is calculated as sum of interest expenses, interest expenses on investment corporation bonds, borrowing expenses, and amortization of investment corporation bond issuance costs, annualized and divided by average interest-bearing debt balance during each period.

1-9 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential

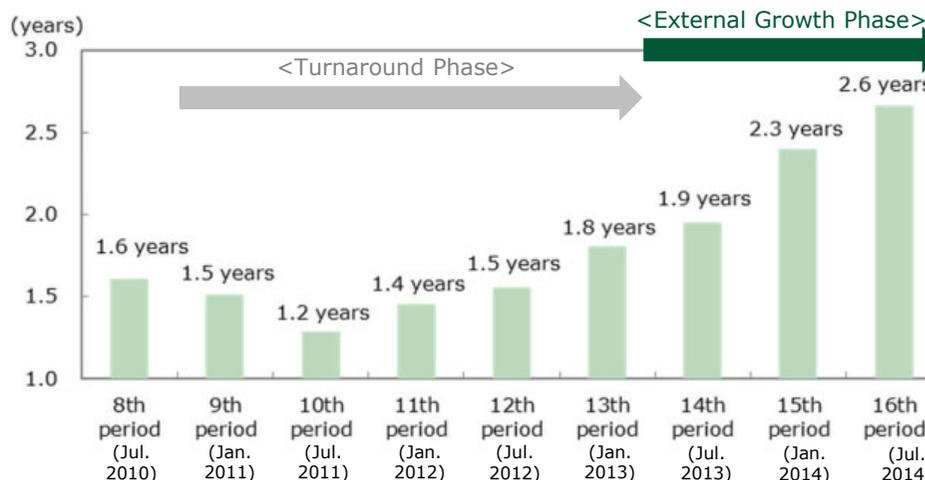


Overview of debt financing

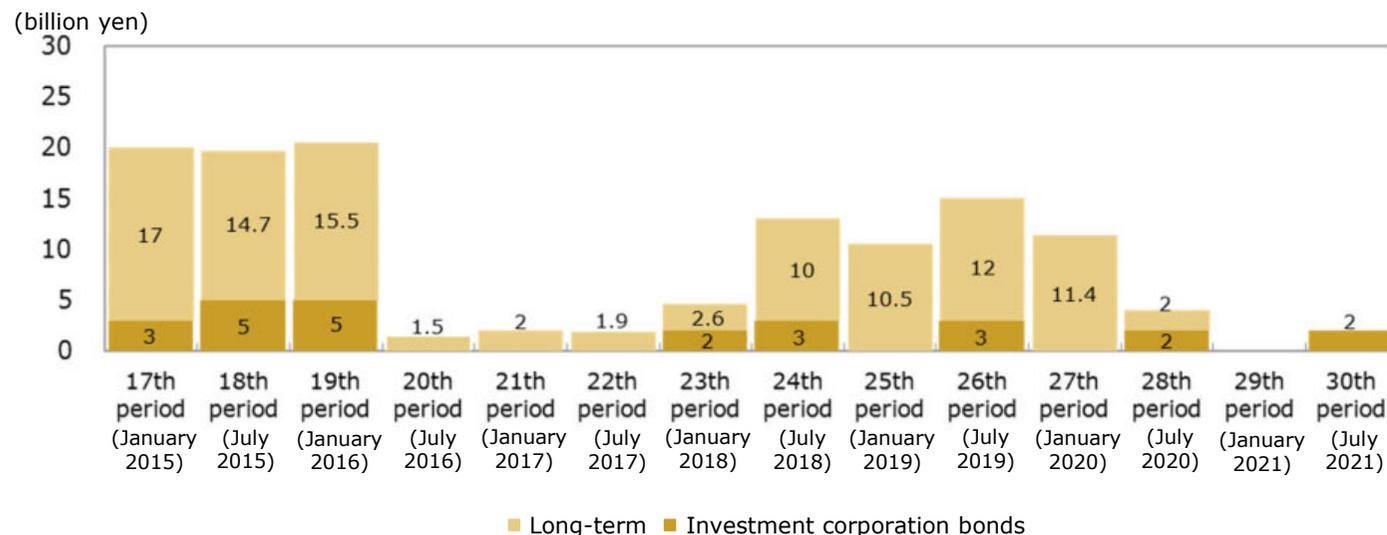
	End of 15th period Jan. 31, 2014	End of 16th period Jul. 31, 2014
Debt Balance	126,200mn yen	126,200mn yen
LTV(total assets basis) ^(Note 1)	48.0%	47.9%
LTV(appraisal value basis) ^(Note 2)	49.3%	48.7%
Avg. remaining duration	2.3 years	2.6 years

(Note 1) LTV(book value basis) is calculated as [Interest bearing debt/Total assets]
 (Note 2) LTV(appraisal value basis) is calculated as [Interest-bearing debt/Appraisal value based total assets (Total assets+Total appraisal value–Total book value)]

Change in remaining duration of debt



Overview of maturity (as of July 31, 2014)



Rating

Japan Credit Rating (JCR)
 Long-term issuer rating:
 AA- (Stable)

1-10 Investment highlights Advantage of Mori Hills REIT

(1) Upward trend in DPU + growth potential



Overview of fixed rent master lease properties by the sponsor

- Contributes to stabilization of revenues
- Plan to reduce the ratio in the medium to long term while increasing the portfolio size

Property	Monthly rent (mn yen)	% of portfolio total rent (Note 1)	Breakdown of property	Monthly rent (mn yen)	Next rent revision	Expiration of the lease agreement
Roppongi Hills Mori Tower (5 floors)	238.5	22.4%	23th & 24th	100.6	Aug. 2016	Jul. 2021
			19th & 22th	95.0	-	Sep. 2018
			20th	42.8	-	Jul. 2019
ARK Mori Building (8 floors + DHC)	211.9	19.9%	13th / 12th & 22th	72.1	Feb. 2016	Jan. 2021
			23th & 25th	52.1	Apr. 2016	Jan. 2021
			4th & 15th & 24th	69.7	Aug. 2016	Jan. 2021
			DHC	17.9	Apr. 2018	Mar. 2023
Akasaka Tameike Tower (8 office floors + 88 residential units)	111.1	10.4%	Residential	34.5	Apr. 2016	Mar. 2021
			Office	76.5	Aug. 2016	Mar. 2026
Atago Green Hills (approx. 32.9% of entire property)	185.2	17.4%	-	-	May. 2017	Apr. 2022
ARK Hills South Tower (25% of entire property)	75.7	7.1%	-	-	-	Jul. 2015
Total	822.6	77.2%	▶ 70.1% (Excluding ARK Hills South Tower)			

(Note 1) Figures reflect property acquisitions in the 17th period. In addition, figures reflect the situation of tenants as of August 28, 2014 including move in/out and rent revision using the monthly rent after rent revision in the calculation.

(Note 2) While the expiration date of the lease agreement is July 31, 2034, since it is a pass-through type agreement in which fixed rent is paid in the initial year up to July 31, 2015 regardless of the status of agreement with the end tenant and the rent in the remaining period starting August 1, 2015 shall be the same amount as the end tenant's rent, the end of the fixed-rent period in the initial year is indicated.

1-11 Investment highlights Advantage of Mori Hills REIT

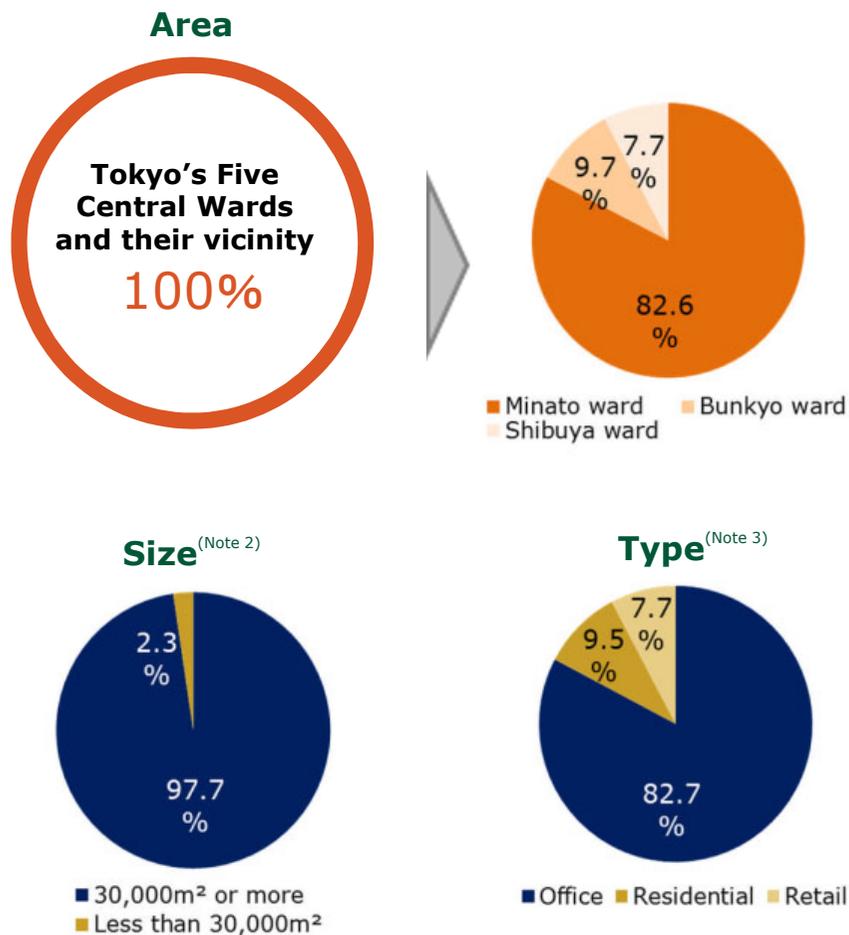
(2) High quality of portfolio



HILLS REIT

Portfolio focused on large properties in Central Tokyo

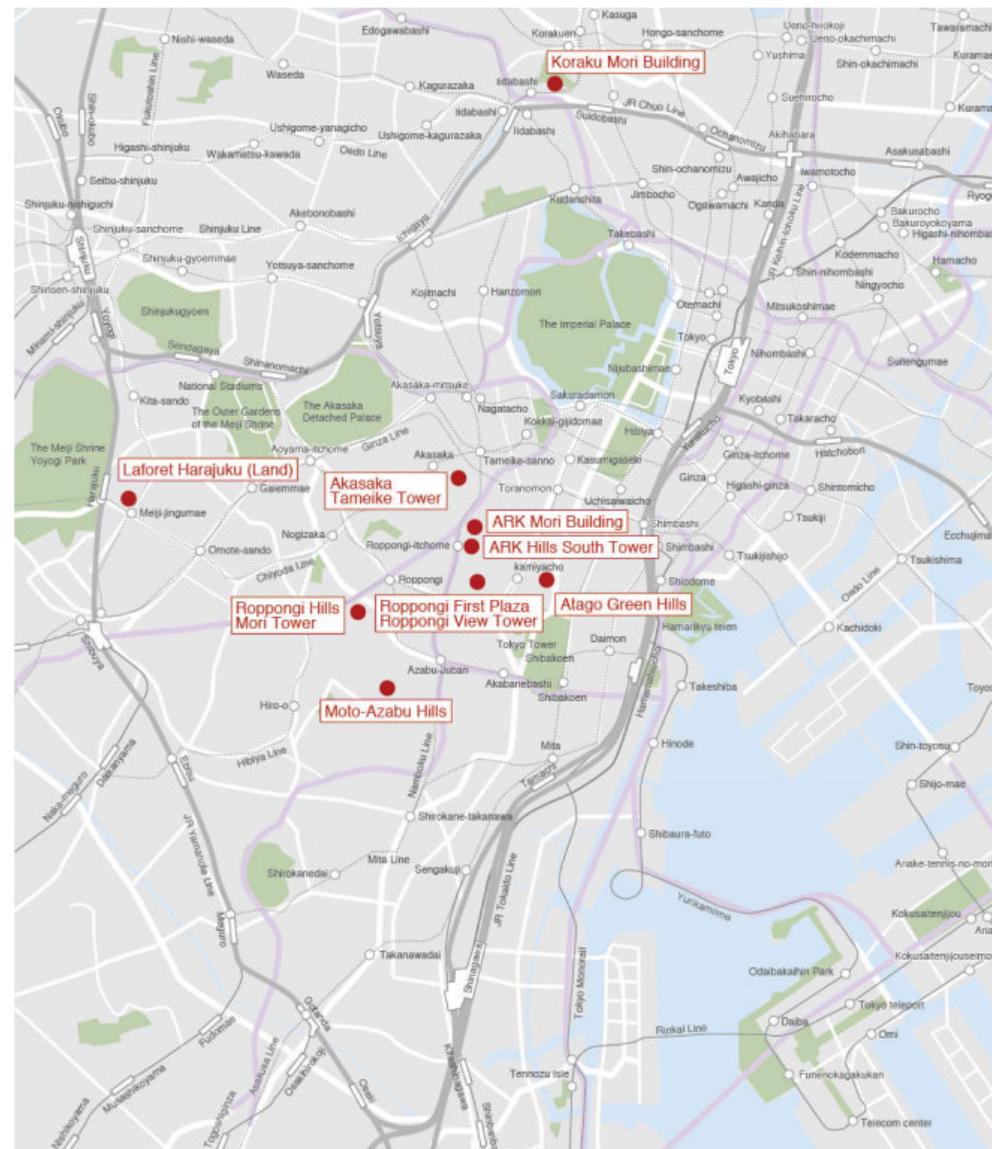
Portfolio diversification (as of August 1, 2014)



(Note 1) The ratios represent proportion of acquisition price to total acquisition price.

(Note 2) Chart showing "Size" does not include Laforet Harajuku (Land).

(Note 3) For calculation of breakdown by type, acquisition price for Akasaka Tameike Tower and Atago Green Hills are divided into offices and residences.



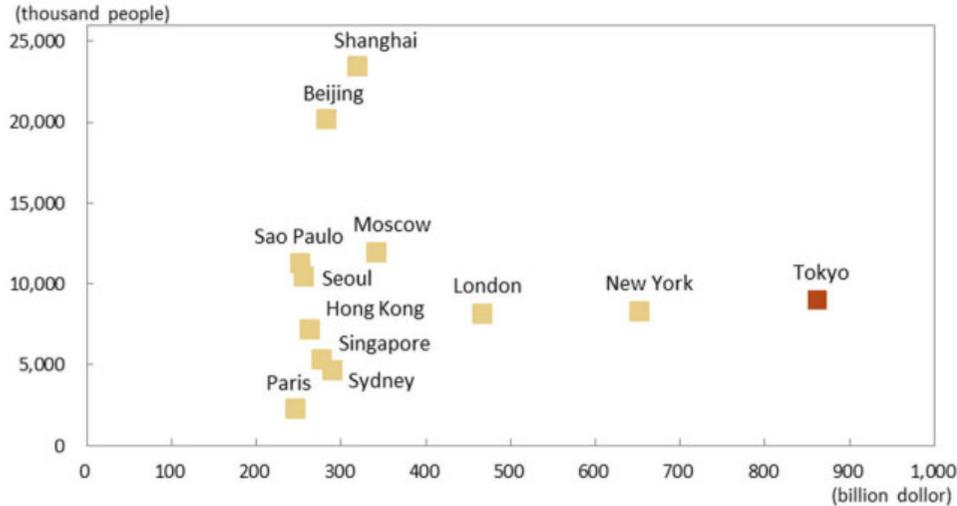
1-12 Investment highlights Advantage of Mori Hills REIT

(2) High quality of portfolio



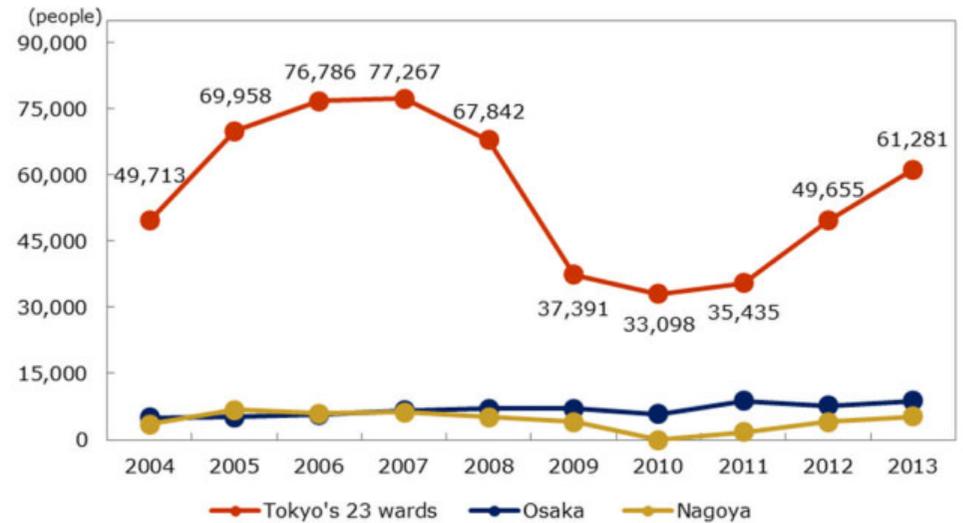
Competitive strength of Central Tokyo

Comparison of GDP and population among major cities around the world



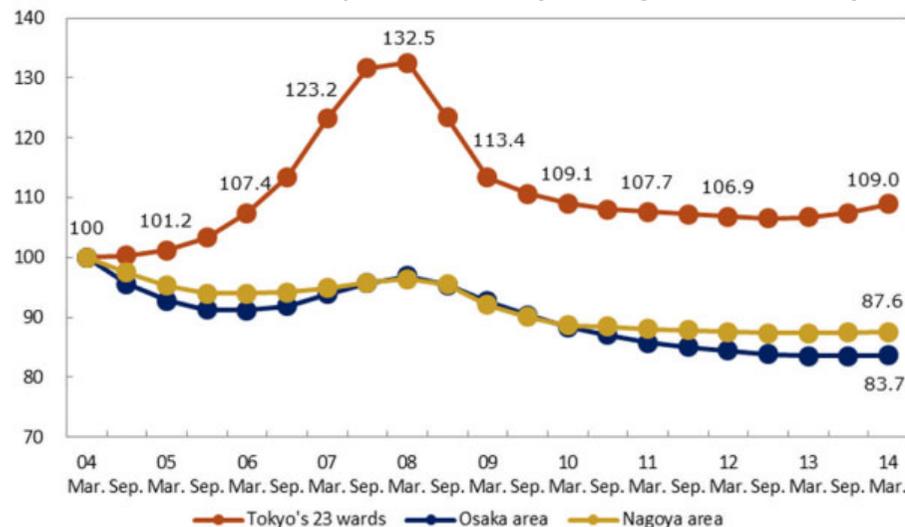
(Source) Prepared by the Asset Manager based on "Global Power City Index Yearbook 2013" by Institute for Urban Strategies, the Mori Memorial Foundation
 (Note) Targeted areas of the cities are administrative districts and the "23 wards" for "Tokyo."

Trend of net migration



(Source) Prepared by the Asset Manager based on "Report on Internal Migration in Japan" of Statistics Bureau, the Ministry of Internal Affairs and Communications

Trend of urban land price index (average of all uses)



(Source) Prepared by the Asset Manager based on "Urban Land Price Index" of Japan Real Estate Institute

- Tokyo is one of the largest cities in the world in terms of GDP and population
- Tokyo's 23 wards consistently achieve net population growth and continue to attract migration from other parts of Japan
- However, caution is required when making investments at times of significant increase in asset prices and MHR intends to take a cautious acquisition stance

Competitive strength of Central Tokyo

Tokyo 2020 Olympic Economic Impact

Economic impact (Economic production generated: analysis by Tokyo Metropolitan Government)

Tokyo prefecture	Rest of Japan	Japan total amount
1,675bn yen	1,285bn yen	2,960bn yen

(Source) Prepared by the Asset Manager based on the website of Tokyo Metropolitan Government

Additional economic impact (Economic production generated: analysis by Institute for Urban Strategies, the Mori Memorial Foundation)

Item	Breakdown	Japan total amount
Direct increases in demand	Net increase in foreign tourist visits	335bn yen
	Construction of accommodations	1,030bn yen
Accelerated urban development	Infrastructure construction	1,259bn yen
	Private sector real estate development	1,183bn yen
New business creation	Net increase in employment	2,798bn yen
	New business creation by overseas entities	2,279bn yen
"Feel good factor" impact on consumer confidence and spending	Personal consumption expansion	7,504bn yen
Total		16,391bn yen

(Source) Prepared by the Asset Manager based on "2020 Tokyo Olympics' National Economic Impact" by Institute for Urban Strategies, the Mori Memorial Foundation

Creation of National Strategic Special Zones

- ✓ As a breakthrough to force through bold regulatory reforms, etc. and to realize the Japanese government's growth strategy, the government created National Strategic Special Zones
- ✓ In May 2014, "Tokyo metropolitan area" including Tokyo's nine central wards was designated
- ✓ 2020 Tokyo Olympics targeted as a mid-term goal for government effort to create world's number one business-friendly environment

[Matters on specified business and related regulatory reform expected to be implemented]

- Development of buildings that contribute to the formation of an international business hub (floor area ratio)
- Provision of accommodations more in line with the duration of stay of foreigners (Hotel and Ryokan Management Law)
- Development of employment terms for global corporations, etc. (employment terms)
- Provision of medical care targeting foreigners (foreign doctors)
- Simplification and speeding up of incorporation procedures (English correspondence for documents, establishment of centralized windows, etc.)

(Source) Prepared by the Asset Manager based on the website of Prime Minister of Japan and his Cabinet

"20 trillion yen combined total economic impact for Japan"
"Acceleration of infrastructure development in Central Tokyo"

Create platform for international business to attract capital, human resources and companies

1-14 Investment highlights Advantage of Mori Hills REIT

(2) High quality of portfolio

Superior earthquake-resistance

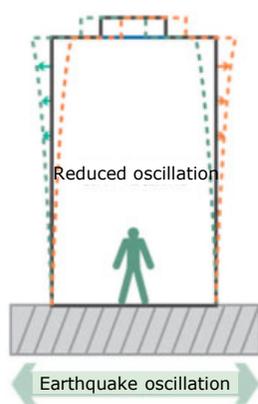
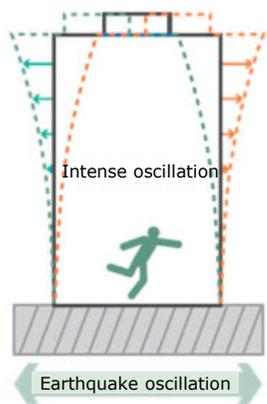
MHR properties' PML and earthquake-resistant features (as of August 1, 2014)

Lowest portfolio PML of all listed J-REITs : 0.78%

Property Name	Office building				Office building (Partly residential)				Residential				
	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	ARK Hills South Tower	Akasaka Tameike Tower	Atago Green Hills			Moto-Azabu Hills		Roppongi First Plaza	Roppongi View Tower	
						MORI Tower	Forest Tower	Plaza		Forest Tower	Forest Terrace East		
PML	0.29%	0.38%	0.42%	1.72%	2.15%	1.66%	0.99%	9.84%	1.16%	1.72%	3.53%	3.53%	
Earthquake-resistant feature	Seismic damping	Seismic damping	Seismic damping	Seismic damping	Seismic damping	Seismic damping	Seismic damping	-	Seismic isolators	Seismic isolators	-	-	

Seismic damping

Minimize the level of oscillation



Seismic damping reduces earthquake magnitude of oscillation by approx. 20%



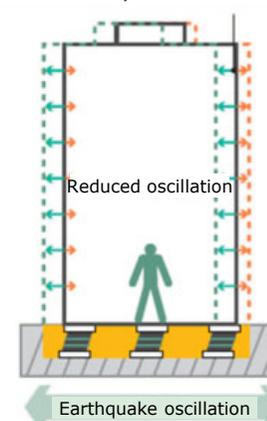
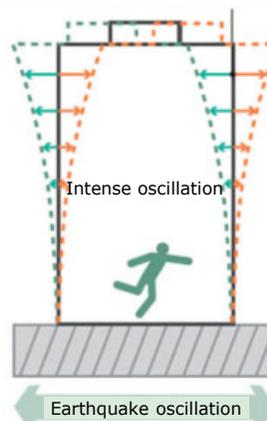
Viscous seismic damping wall

<Normal earthquake resistant building>

<Building with seismic damping>

Seismic isolators

Oscillate slowly and horizontally



Seismic Isolators reduce the magnitude of oscillation to approx. 1/2 or 1/3 especially in case of large earthquakes



Seismic isolators

<Normal earthquake resistant building>

<Building with Seismic Isolators>

Superior environmental performance

Acquisition of Highest Rank in CASBEE Real Estate Certification System

- The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) was established under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism to appropriately identify and evaluate profit-oriented real estate such as office buildings which have high environmental performance and value.
- MHR acquired rank S (the highest rank) ratings for Roppongi Hills Mori Tower, ARK Mori Building and Atago Green Hills (MORI Tower) and a rank A rating for Koraku Mori Building.



Roppongi Hills Mori Tower
Rank S: ★★★★★



ARK Mori Building
Rank S: ★★★★★



Atago Green Hills MORI Tower
Rank S: ★★★★★



Koraku Mori Building
Rank A: ★★★★★

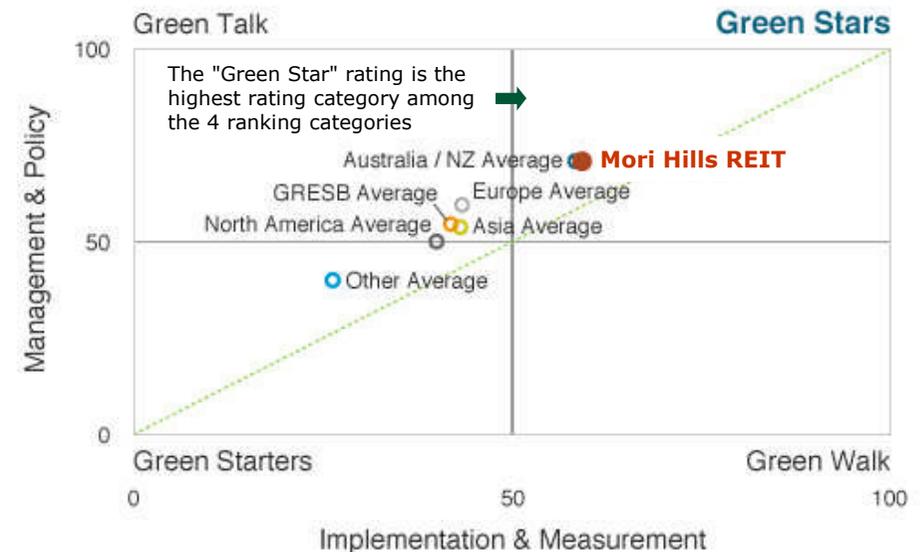
Acquired GRESB Green Star Rating

For the third consecutive year, MHR received the Green Star rating in the Global Real Estate Sustainability Benchmark (GRESB) survey.



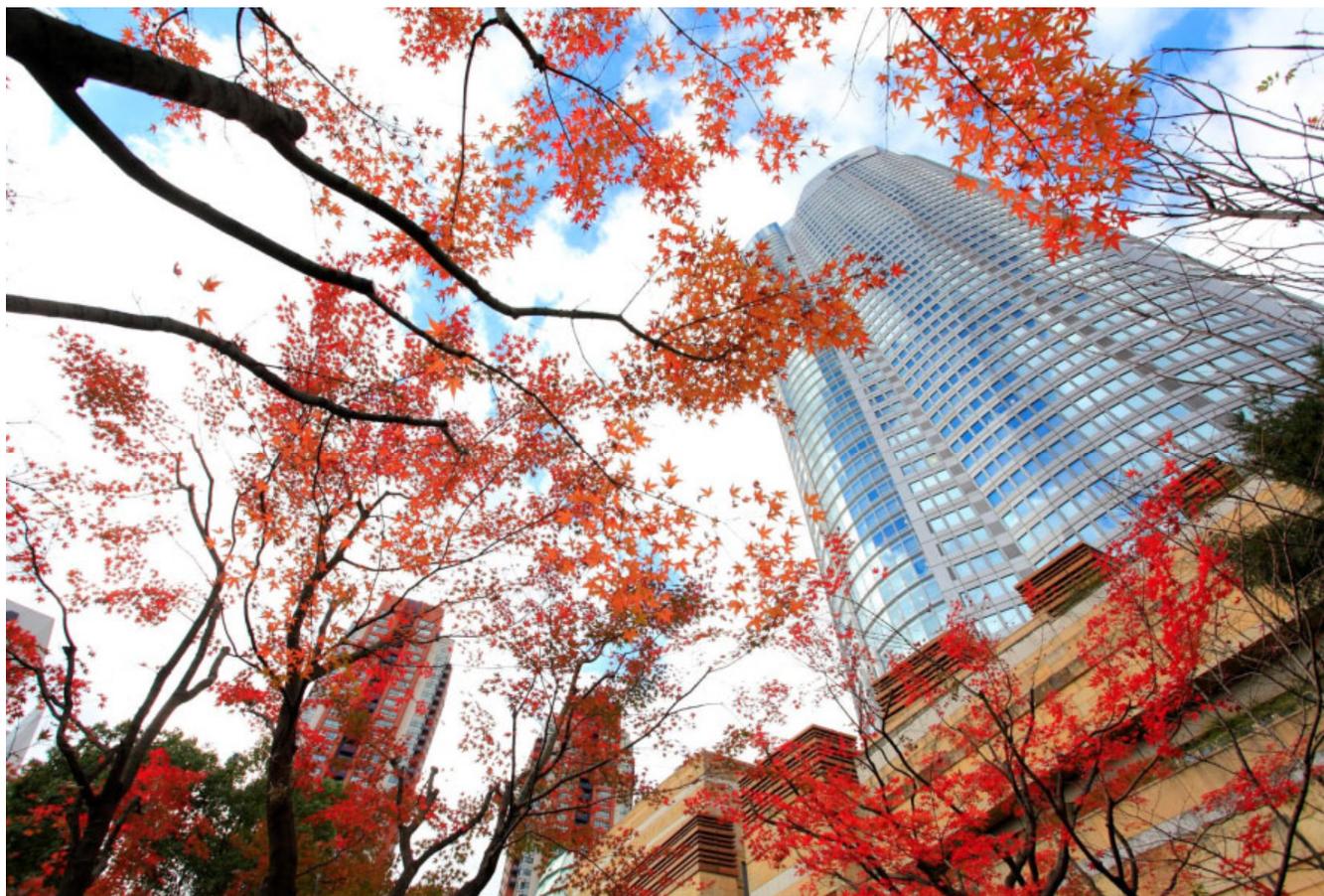
GRESB is a benchmark that measures the sustainability performance of real estate companies and real estate management institutions based on a questionnaire survey conducted by the GRESB foundation, composed primarily of European pension fund groups.

<GRESB Four-Quadrant Model Scores by Region>



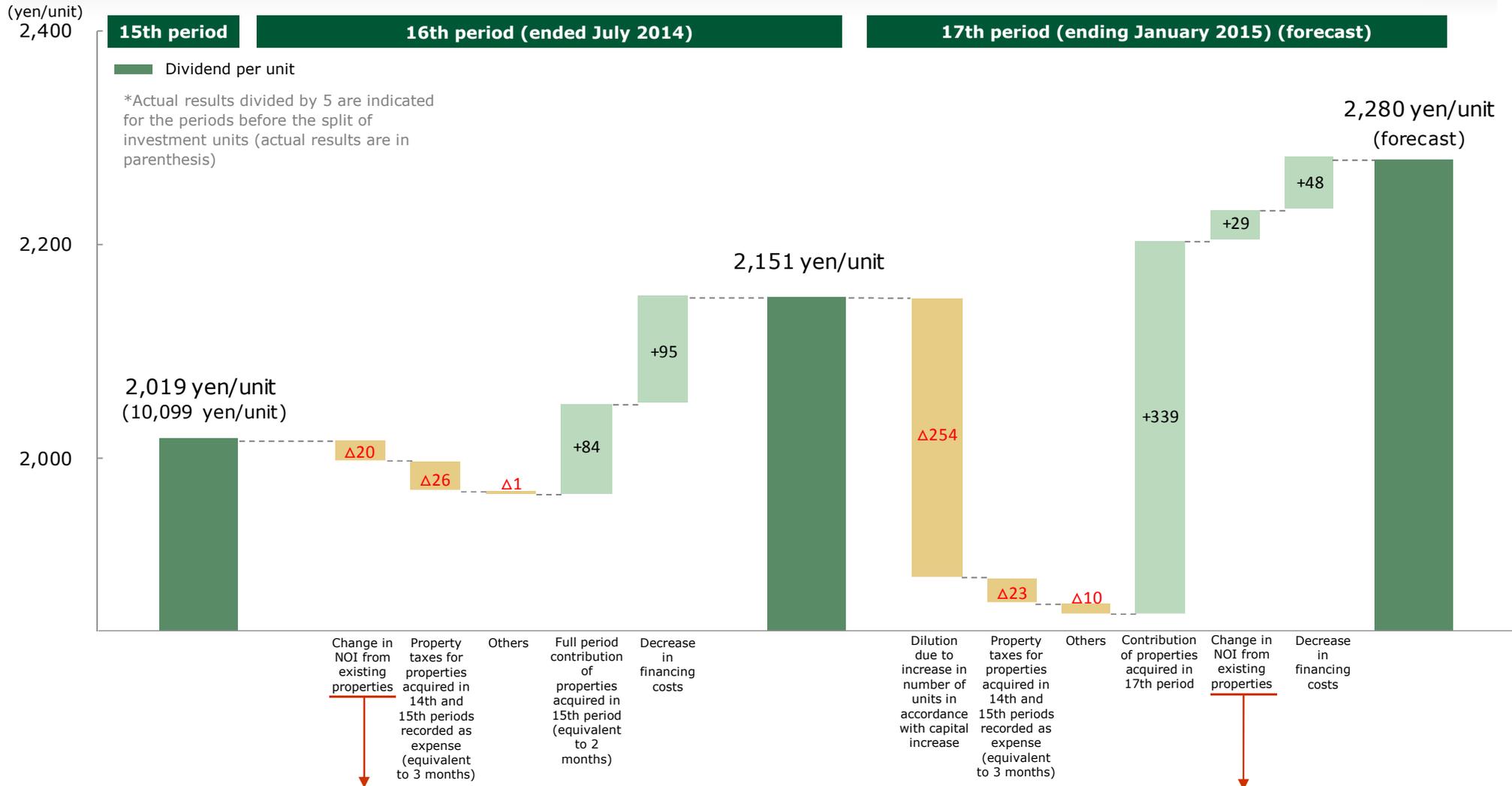
(Source) Created by the Asset Manager based on the "2014 GRESB Report" of the Global Real Estate Sustainability Benchmark (GRESB)

2. 16th period (ended July 2014) financial highlights



2-1 16th period (ended July 2014) financial highlights

Factors that led to changes in dividend per unit from the previous fiscal period



Major factors behind change in NOI from existing properties:

- + End of free rent period at Koraku Mori Building
- Full period contribution of downward revision of land fee from Laforet Harajuku
- Full period contribution of reduction of NOI due to change in scheme for Roppongi View Tower
- Incurrence of registration related expenses associated with split of co-owned property for Roppongi View Tower

Major factors behind change in NOI from existing properties:

- + End of free rent period and upward rent revision at Koraku Mori Building
- + Decrease in depreciation and amortization
- Factoring out previous period's registration related expenses (Roppongi View Tower)
- Tenant lease cancellation at Koraku Mori Building

(Note 1) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,384,925 units for 16th fiscal period and 1,570,040 units for 17th fiscal period and indicated as approximate figure in yen.

(Note 2) Dilution due to increase in number of units in accordance with the capital increase are arrived at by multiplying the dividend for the 16th period by the number of units newly issued in the 17th period (185,115 units) and dividing by 1,570,040 units and indicated as approximate figure in yen.

2-2 16th period (ended July 2014) financial highlights

Financial summary



(million yen)

	Actual		Difference		
	15th period	16th period	16th - 15th period		
	184	181			
Operating revenue	5,610	5,788	178	3.2%	
Rent revenue of real estate	5,489	5,670	180	3.3%	
Rent and common area revenue	5,486	5,666	180	3.3%	
Office	4,057	4,258	200	4.9%	
Residential	738	730	△ 8	△ 1.2%	
Retail	64	64	△ 0	△ 0.0%	
Land	625	614	△ 10	△ 1.7%	
Other rent revenue	3	3	△ 0	△ 7.0%	
Other rent revenue of real estate	120	117	△ 2	△ 2.1%	
Operating expenses	1,819	1,955	135	7.5%	
Expenses of real estate rent	1,529	1,641	111	7.3%	
SG&A	290	314	23	8.2%	
Operating income	3,790	3,832	42	1.1%	
Non-operating income	10	2	△ 7	△ 71.3%	
Non-operating expenses	1,002	855	△ 147	△ 14.7%	
Interest expenses	704	616	△ 88	△ 12.5%	
Other non-operating expenses	297	239	△ 58	△ 19.8%	
Non-operating income/expenses	△ 991	△ 852	139	14.1%	
Ordinary income	2,798	2,980	182	6.5%	
Income before income taxes	2,798	2,980	182	6.5%	
Total income taxes	0	1	0	18.5%	
Net income	2,797	2,979	181	6.5%	
Profit on real estate rental	4,080	4,146	66	1.6%	
Depreciation and amortization (Expenses of real estate rent)	810	836	26	3.2%	
NOI	4,890	4,983	92	1.9%	
NOI yield	4.0%	4.0%	0.0PT	0.6%	
Acquisition price (weighted average based on the number of operating days during the period) (Note)	245,456	252,716	7,260	3.0%	
Total units outstanding (units)	276,985	1,384,925	1,107,940	400.0%	
Dividend/unit (yen)	(before split)	10,099	(10,755)	656	6.5%
	(after split)	(2,019)	2,151	132	6.5%

Acquisition of Roppongi Hills Mori Tower in 15th period (Difference in operating days) +190

Koraku Mori Building +10

Roppongi View Tower △11

Laforet Harajuku (Land) △10

Acquisition of Roppongi Hills Mori Tower in 15th period (Difference in operating days) +59

Roppongi View Tower operating expenses +18
(of which, registration related expenses +13)

Property taxes, etc. +41
(Properties acquired in 14th & 15th period +36)
Maintenance and repairs +7
Utilities △7

Asset management fees +6
Consumption tax rate increase +4
Legal, etc. +3

Interest expenses (Difference in operating days of new borrowings in 15th period) +12
Interest expenses (Existing borrowings) △84
Interest on investment corporation bonds △16

Borrowing expenses △28
Investment unit issuance expenses △31

(Note) If properties are acquired during the period, the acquisition price is the weighted average based on the number of operating days.

2-3 16th period (ended July 2014) financial highlights

Comparison between forecast and results



(million yen)

	16th period			
	Forecasted	Actual	Actual - Forecasted	
	181 days	181 days		
Operating revenue	5,785	5,788	3	0.1%
Rent revenue of real estate	5,674	5,670	Δ 4	Δ 0.1%
Rent and common area revenue	5,671	5,666	Δ 4	Δ 0.1%
Office	4,258	4,258	0	0.0%
Residential	734	730	Δ 4	Δ 0.6%
Retail	64	64	0	0.0%
Land	614	614	—	—
Other rent revenue	3	3	Δ 0	Δ 7.6%
Other rent revenue of real estate	110	117	7	6.9%
Operating expenses	1,944	1,955	10	0.5%
Expenses of real estate rent	1,646	1,641	Δ 4	Δ 0.3%
SG&A	298	314	15	5.1%
Operating income	3,840	3,832	Δ 7	Δ 0.2%
Non-operating income	3	2	Δ 0	Δ 22.1%
Non-operating expenses	879	855	Δ 23	Δ 2.7%
Interest expenses	639	616	Δ 22	Δ 3.6%
Other non-operating expenses	240	239	Δ 1	Δ 0.4%
Non-operating income/expenses	Δ 875	Δ 852	23	2.6%
Ordinary income	2,964	2,980	15	0.5%
Income before income taxes	2,964	2,980	15	0.5%
Total income taxes	1	1	0	0.0%
Net income	2,963	2,979	15	0.5%
Profit on real estate rental	4,139	4,146	7	0.2%
Depreciation and amortization (Expenses of real estate rent)	839	836	Δ 3	Δ 0.4%
NOI	4,978	4,983	4	0.1%
NOI yield	4.0%	4.0%	0.0PT	0.1%
Acquisition price (weighted average based on the number of operating days during the period)	252,716	252,716	—	—
Total units outstanding (units)	1,384,925	1,384,925	—	—
Dividend/unit (yen)	2,140	2,151	11	0.5%

Moto-Azabu Hills	+3
Roppongi First Plaza	Δ3
Roppongi View Tower	Δ3
Utilities revenue, etc.	+8
Registration related expenses for Roppongi View Tower	+13
Property management fees	Δ4
Maintenance and repairs	Δ10
Asset management fees	+10
Legal, etc.	+4
Interest expenses (Existing borrowings)	Δ18
Interest on investment corporation bonds	Δ4

2-4 16th period (ended July 2014) financial highlights Projection

(million yen)

	Actual	Forecast	Difference	
	16th period	17th period	17th - 16th period	
	181 days	184 days		
Operating revenue	5,788	6,511	723	12.5%
Rent revenue of real estate	5,670	6,385	715	12.6%
Other rent revenue of real estate	117	125	7	6.7%
Operating expenses	1,955	2,098	142	7.3%
Expenses of real estate rent	1,641	1,795	154	9.4%
SG&A	314	302	△ 11	△ 3.8%
Operating income	3,832	4,413	580	15.2%
Non-operating income	2	2	△ 0	△ 32.1%
Non-operating expenses	855	834	△ 20	△ 2.4%
Interest expenses	616	574	△ 41	△ 6.7%
Other non-operating expenses	239	259	20	8.6%
Non-operating income/expenses	△ 852	△ 832	19	2.3%
Ordinary income	2,980	3,580	600	20.1%
Income before income taxes	2,980	3,580	600	20.1%
Total income taxes	1	1	△ 0	△ 0.0%
Net income	2,979	3,579	600	20.2%
Profit on real estate rental	4,146	4,715	568	13.7%
Depreciation and amortization (Expenses of real estate rent)	836	895	58	7.0%
NOI	4,983	5,610	627	12.6%
NOI yield	4.0%	4.0%	△ 0.0PT	△ 0.7%
Acquisition price (weighted average based on the number of operating days during the period)	252,716	281,756	29,040	11.5%
Total units outstanding (units)	1,384,925	1,570,040	185,115	13.4%
Dividend/unit (yen)	2,151	2,280	129	6.0%

Acquisition of Roppongi Hills Mori Tower in 17th period +256
Acquisition of ARK Hills South Tower in 17th period +454

Koraku Mori Building (Upward rent revision, etc.) +12
Koraku Mori Building (Tenant lease cancellation) △5

Utilities revenue, etc. +5

Acquisition of Roppongi Hills Mori Tower in 17th period +71
Acquisition of ARK Hills South Tower in 17th period +79

Property taxes, etc. +37
(Properties acquired in 14th and 15th period +36)
Utilities +7
Depreciation and amortization △19
Registration related expenses for Roppongi View Tower △13
Maintenance and repairs △6

Interest expenses
(New borrowings in 17th period) +13
Interest expenses (Existing borrowings) △49
Interest on investment corporation bonds △6

Borrowing expenses △7
Investment unit issuance expenses +29

	Forecast	Forecast	Difference	
	17th period	18th period	18th - 17th period	
	184 days	181 days		
Operating revenue	6,511	6,500	△ 11	△ 0.2%
Operating expenses	2,098	2,083	△ 15	△ 0.7%
Operating income	4,413	4,417	3	0.1%
Non-operating income	2	2	0	29.1%
Non-operating expenses	834	744	△ 89	△ 10.8%
Ordinary income	3,580	3,674	94	2.6%
Net income	3,579	3,673	94	2.6%
Total units outstanding (units)	1,570,040	1,570,040	—	—
Dividend/unit (yen)	2,280	2,340	60	2.6%

Utilities revenue, etc. △12

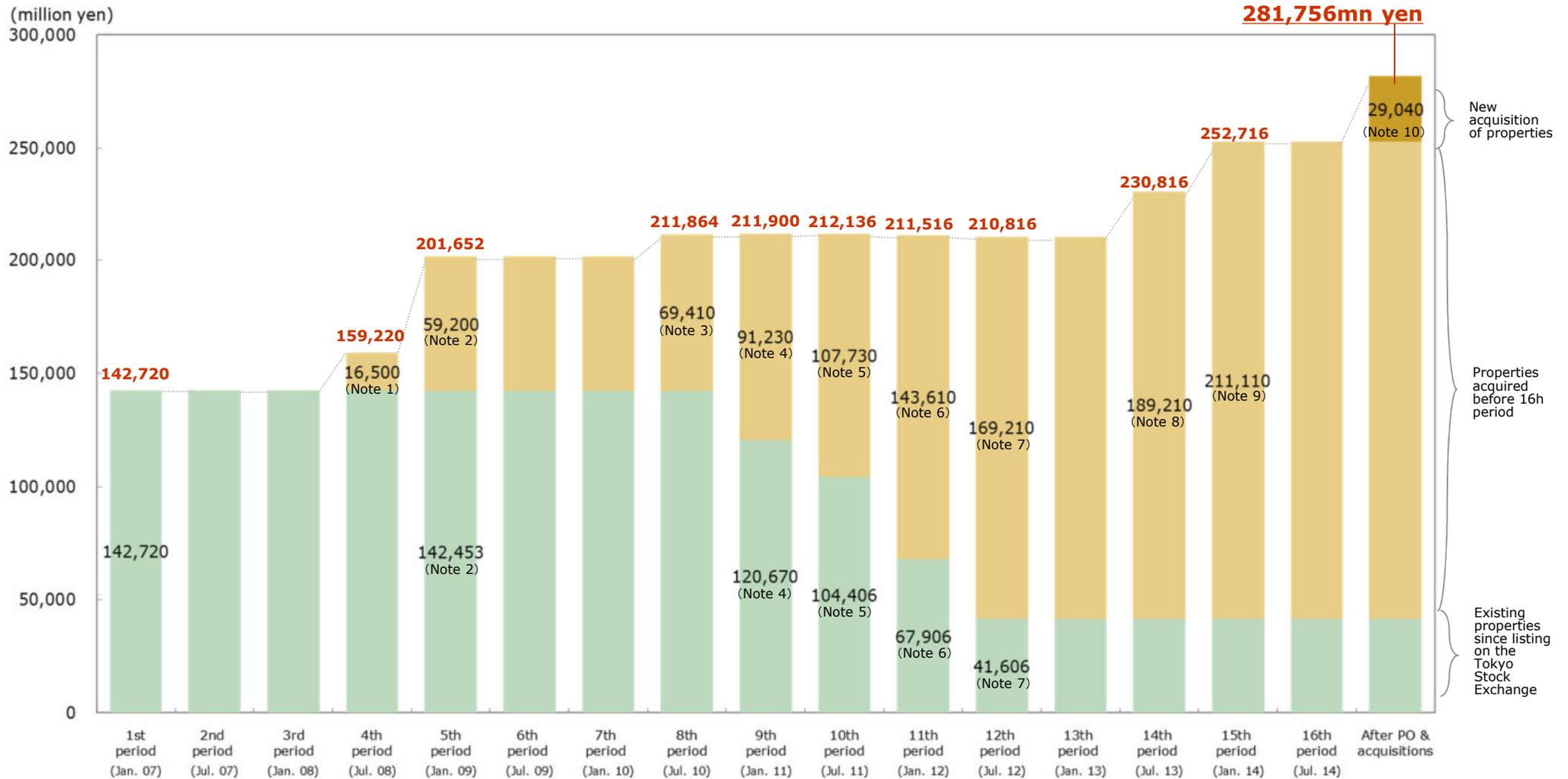
Property taxes, etc. +34
(Properties acquired in 17th period +27)
Depreciation and amortization △33
Utilities △7

Interest expenses △48
Interest on investment corporation bonds △18
Borrowing expenses △23

3. Operation highlights



3-1 Operation highlights Change in assets under management



(Note 1) MHR acquired ARK Mori Building in the 4th fiscal period.

(Note 2) MHR acquired ARK Mori Building and Akasaka Tameike Tower and sold Moto-Azabu Hills (one residential unit) in the 5th fiscal period.

(Note 3) MHR acquired Roppongi Hills Mori Tower and ARK Mori Building in the 8th fiscal period.

(Note 4) MHR acquired Laforet Harajuku (Land) and sold Toranomon 35 Mori Building and Moto-Azabu Hills (42 residential units) in the 9th fiscal period.

(Note 5) MHR acquired ARK Mori Building and Akasaka Tameike Tower (residential) and sold Moto-Azabu Hills (86 residential units) in the 10th fiscal period.

(Note 6) MHR acquired Roppongi Hills Mori Tower and ARK Mori Building and sold Roppongi Hills Gate Tower in the 11th fiscal period.

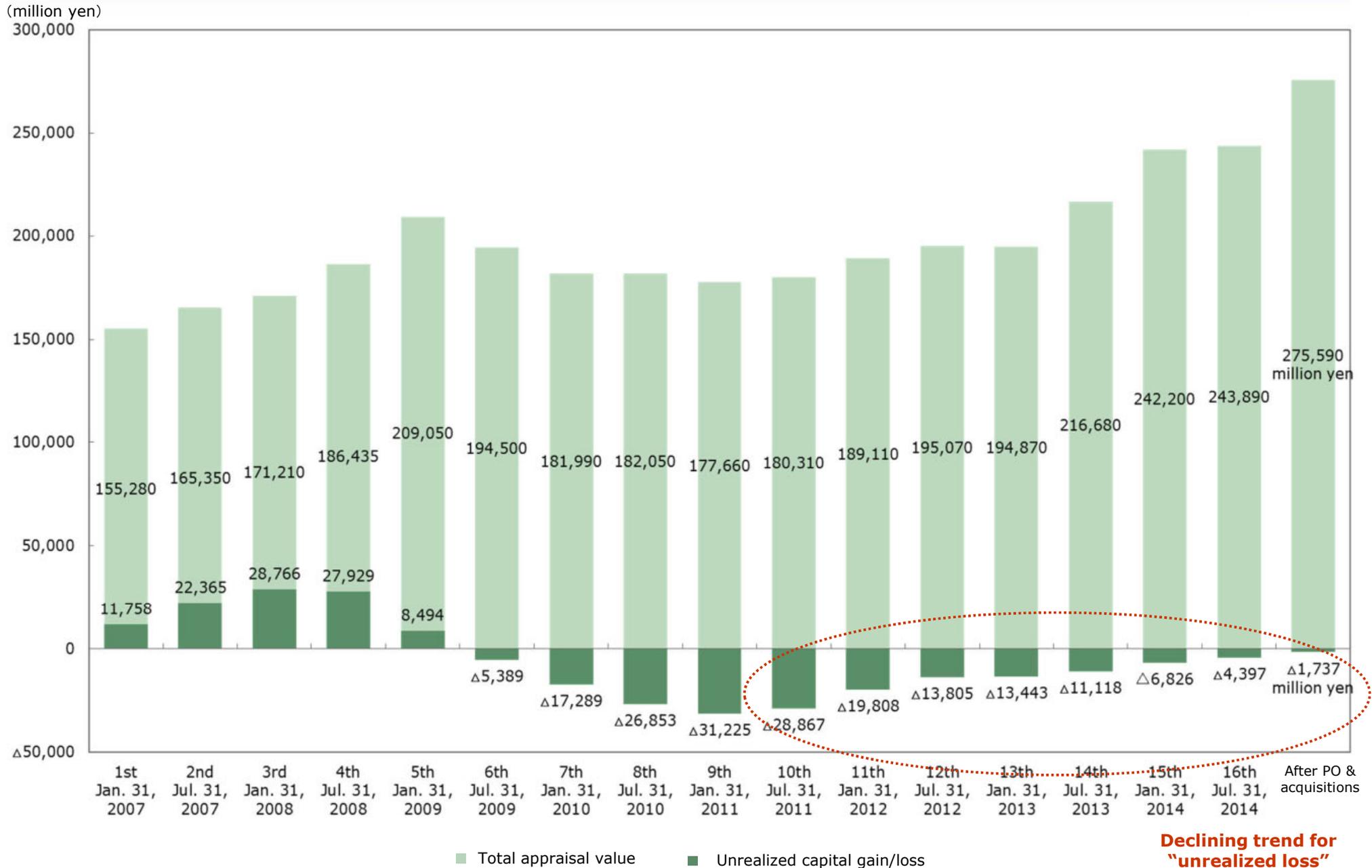
(Note 7) MHR acquired Atago Green Hills and sold Roppongi First Building and ARK Forest Terrace in the 12th fiscal period.

(Note 8) MHR acquired ARK Mori Building and Atago Green Hills in the 14th fiscal period.

(Note 9) MHR acquired Roppongi Hills Mori Tower in the 15th fiscal period.

(Note 10) MHR acquired Roppongi Hills Mori Tower and ARK Hills South Tower on August 1, 2014.

3-2 Operation highlights Change in total appraisal value



3-3 Operation highlights Appraisal value

(million yen)

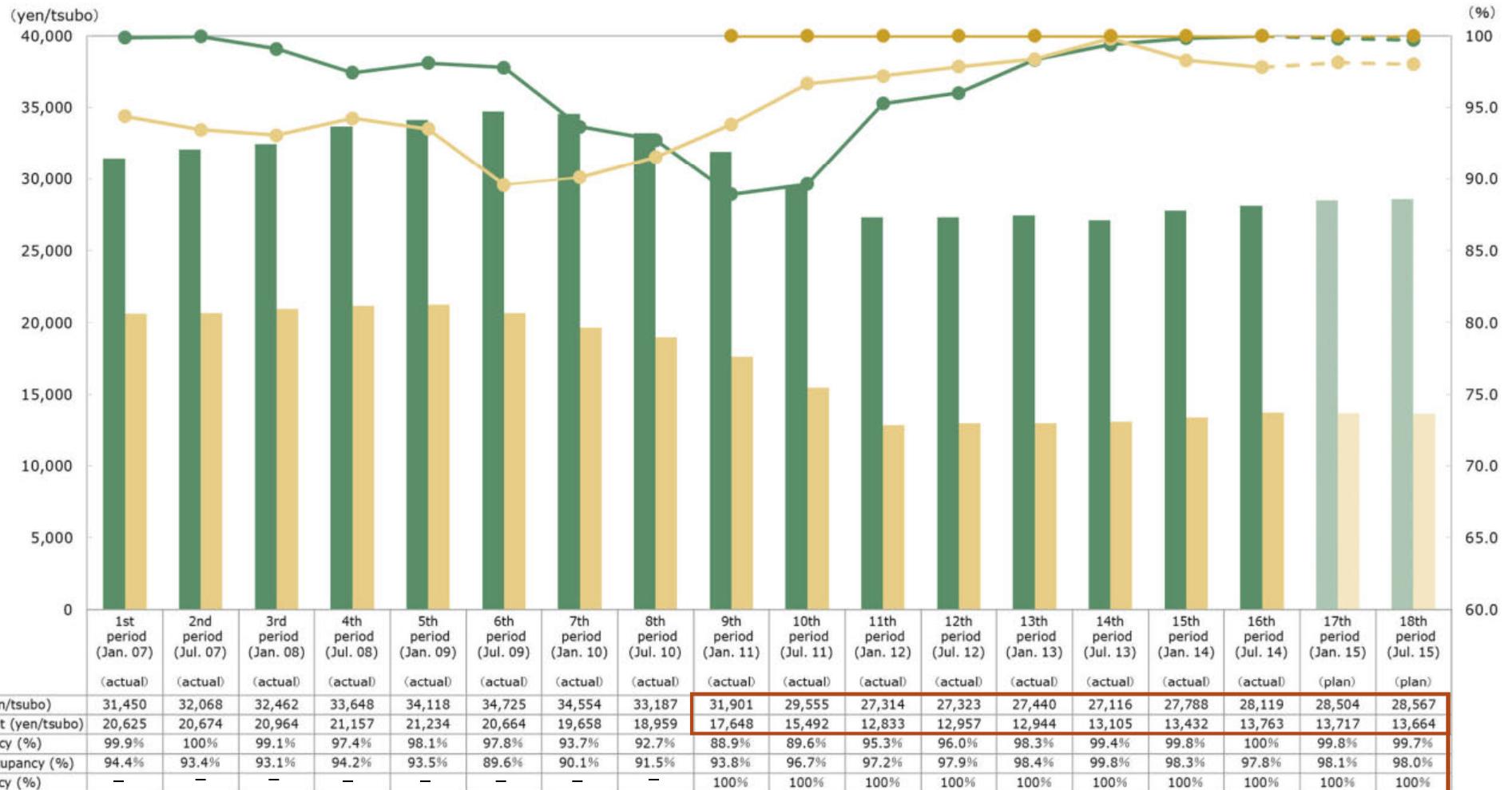
Principal use	Property name	Property No.	Acquisition price	Book value	As of end of 15th period (Jan. 31, 2014)		As of end of 16th period (Jul. 31, 2014)				Difference (B) - (A)	Difference (B)/(A) - 1	Unrealized capital gain (B) - book value	
					(A) Appraisal value	Yield (direct capitalization method)	(B) Appraisal value	Yield (direct capitalization method)	Discount (DCF)	Terminal yield (DCF)				
Office	Roppongi Hills Mori Tower	O-0	47,390	46,828	54,200	3.7%	53,900	3.7%	3.4%	3.9%	△ 300	△ 0.6%	7,071	
	ARK Mori Building	O-1	62,480	61,676	59,000	3.9%	59,000	3.9%	3.6%	4.1%	0	0.0%	△ 2,676	
	Koraku Mori Building	O-4	27,200	25,501	21,600	4.4%	22,200	4.3%	3.9%	4.6%	600	2.8%	△ 3,301	
	Akasaka Tameike Tower	O-6	43,930	42,587	30,200	4.0%	30,200	4.0%	3.7%	4.2%	0	0.0%	△ 12,387	
	Atago Green Hills	O-7	42,090	41,851	45,800	4.1%	45,800	4.1%	3.6%	4.3%	0	0.0%	3,948	
	Sub total			223,090	218,446	210,800	—	211,100	—	—	—	300	0.1%	△ 7,346
Residential	Moto-Azabu Hills	R-1	1,706	1,642	1,760	4.5%	1,800	4.4%	4.0%	4.6%	40	2.3%	157	
	Roppongi First Plaza	R-3	2,100	2,251	1,560	5.0%	1,560	4.9%	4.7%	5.1%	0	0.0%	△ 691	
	Roppongi View Tower	R-4	4,000	3,873	2,280	5.1%	2,330	5.0%	4.8%	5.2%	50	2.2%	△ 1,543	
	Sub total			7,806	7,767	5,600	—	5,690	—	—	—	90	1.6%	△ 2,077
Retail and other	Laforet Harajuku (land) (Note 2)	S-1	21,820	22,074	25,800	4.7%	27,100	—	4.6%	—	1,300	5.0%	5,025	
	Sub total			21,820	22,074	25,800	—	27,100	—	—	—	1,300	5.0%	5,025
Total				252,716	248,287	242,200	—	243,890	—	—	—	1,690	0.7%	△ 4,397

(Note 1) "Appraisal values" as of end of each period are based on the REIT's calculation rules, asset valuation methods & standards defined by the Business Regulation Rules (Kiyaku), defined by the Investment Trust Association, and the property appraisal reports created by Japan Real Estate Institute.

(Note 2) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 15th period shows the discount rate used in the DCF analysis.

3-4 Operation highlights

Changes in the rent and occupancy rates



(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant periods.

- Due to change in composition of properties and lease methods starting in the 9th period, the rent data is less comparable
- Increase in the number of fixed-rent properties with master lease contract from the 9th period helped stabilize and increase rents and occupancy rates

3-5 Operation highlights

Breakdown of rent income and office leasing overview

Result of rent revision - Office

	Monthly rent prior to rent change	Monthly rent after rent change	Increase/decrease in monthly rent	Rate of revision
12th (ended Jul. 2012)	N/A	-	-	-
13th (ended Jan. 2013)	N/A	-	-	-
14th (ended Jul. 2013)	36.5mn yen	34.3mn yen	Δ2.1mn yen	Δ 6.0%
15th (ended Jan. 2014)	12.9mn yen	12.1mn yen	Δ0.7mn yen	Δ 6.0%
16th (ended Jul. 2014)	18.1mn yen	19.6mn yen	+1.4mn yen	+ 8.1%
17th (ending Jan. 2015) or after	26.1mn yen	27.3mn yen	+1.1mn yen	+ 4.5%

Breakdown of monthly rent revenue and agreement renewal timing

(million yen)

Tenant	Type of lease contract	Total rent per month	Ratio	Agreement renewal timing				
				17th period	18th period	19th period	20th period	21th period-
Office tenant	Limited term	102.3	9.6%	-	14.7	17.6	23.0	46.9
	Traditional	709.5	66.6%	-	-	75.7	124.2	509.5
	Total	811.9	76.2%	-	14.7	93.3	147.3	556.5
Residential tenant	Limited term	30.0	2.8%	2.6	5.2	3.9	3.6	14.5
	Traditional	90.7	8.5%	2.0	1.7	0.8	34.5	51.4
	Total	120.7	11.3%	4.7	7.0	4.8	38.2	65.9
Retail tenant	Corporate land	102.4	9.6%	-	-	-	-	102.4
	Traditional	17.9	1.7%	-	-	-	-	17.9
	Total	120.3	11.3%	-	-	-	-	120.3
Sub total		1,053.0	98.8%	4.7	21.7	98.1	185.5	742.8
Retail, parking, and others		12.8	1.2%					
Total		1,065.8	100%					

(Note) Property acquisitions in the 17th fiscal period are reflected. In addition, move ins/outs confirmed as of August 28, 2014 are reflected and rent revisions are calculated using the monthly rent after revision.

Difference in current office rent and market rent

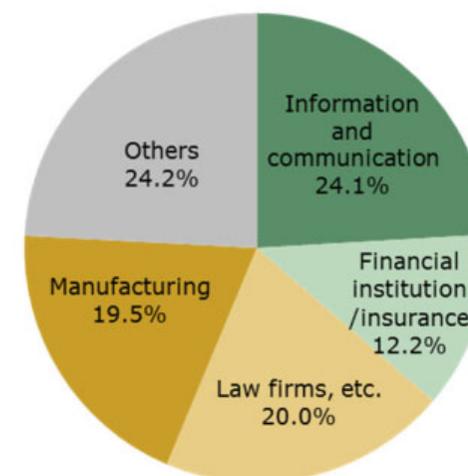
(million yen)

	Comparison to market rents More than +10%	Comparison to market rents +10%~-10%	Comparison to market rents Less than -10%	Total
Total rent per month	-	767.3	44.5	811.9
Ratio	-	94.5%	5.5%	100%

(Note 1) Property acquisitions in the 17th fiscal period are reflected. In addition, move ins/outs confirmed as of August 28, 2014 are reflected and rent revisions are calculated using the monthly rent after revision.

(Note 2) Market rents are determined by the asset manager based on the capitalized value used for appraisal of properties at the end of the 16th period as reported in the research report.

Tenant Contribution by Industry Type (Office)



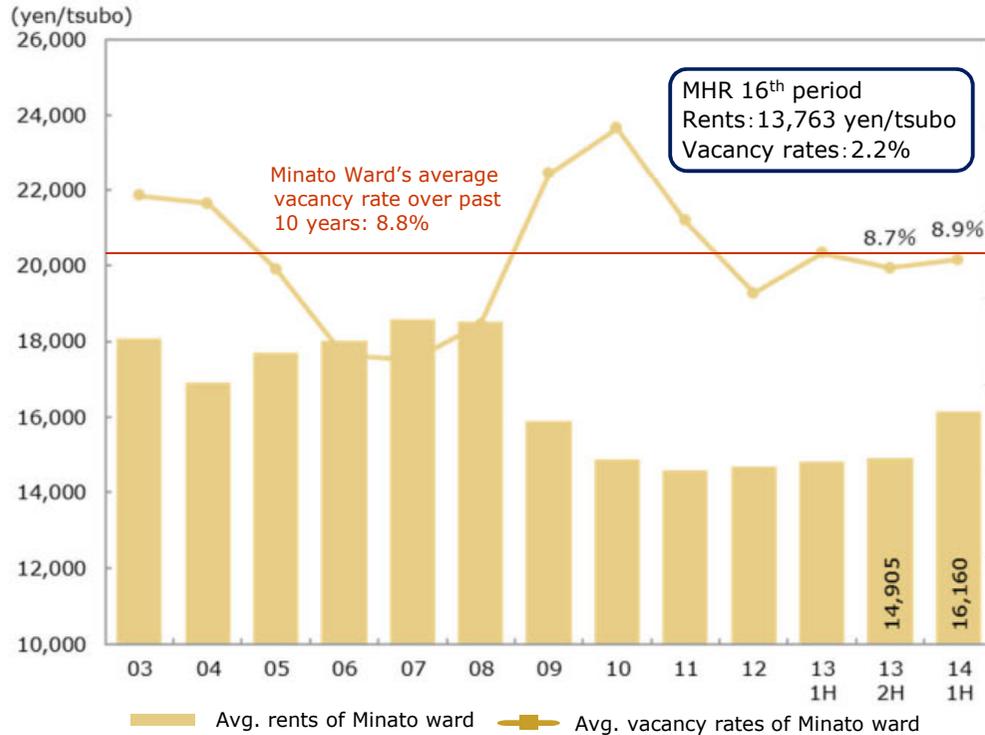
(Note 1) Property acquisitions in the 17th fiscal period are reflected. In addition, move ins/outs confirmed as of August 28, 2014 are reflected and rent revisions are calculated using the monthly rent after revision.

(Note 2) As for fixed rent master lease, ratios are based on monthly rents of tenants who are actually using the floor areas as of July 31, 2014. As for properties jointly owned with third parties, ratios are calculated by multiplying by co-ownership interest.

(Note 3) Business types are classified by the Asset Manager.

3-6 Operation highlights Luxury residential market

Change in rents and vacancy rates of luxury housing

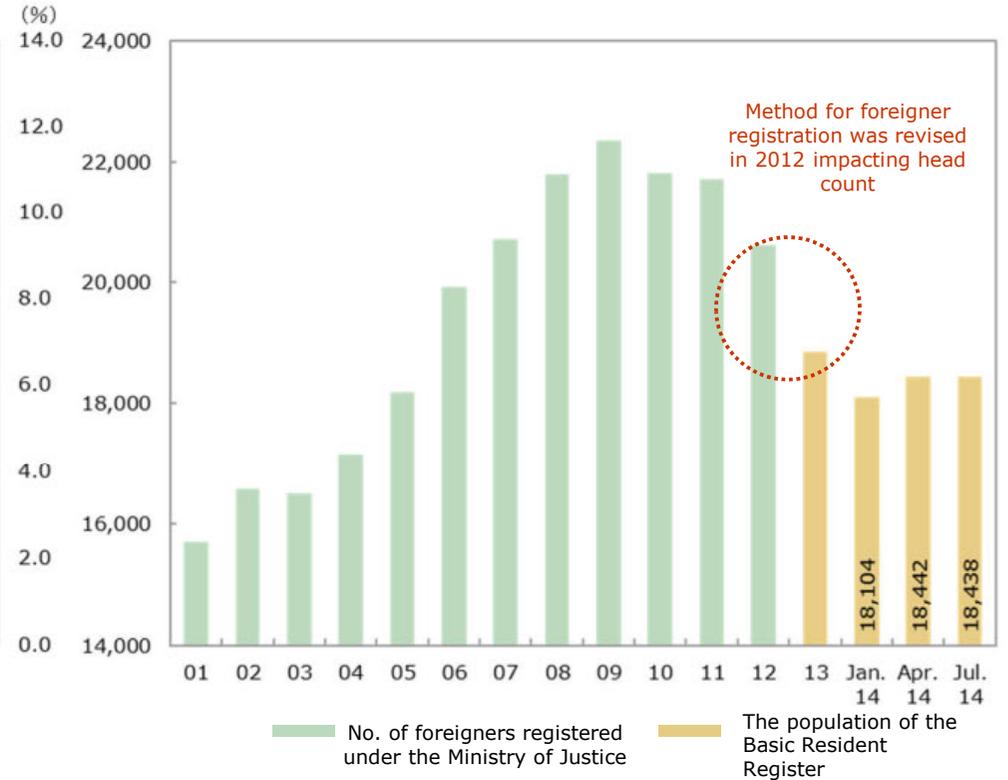


(Source) Created by the asset manager based on Ken Real Estate Investment Advisors' "Ken Residential Market Report" included in real estate appraisal reports by Japan Real Estate Institute regarding properties held by MHR.

(Note 1) Includes data on rental housing with monthly rent of more than JPY 300,000 or exclusively owned area of more than 30 tsubo. Average vacancy rate of Minato ward (annualized) indicates the average during the period from Jan. to Mar., from Apr. to Jun., from Jul. to Sep., and from Oct. to Dec. each year. Average contracted rent of Minato ward indicates annual average. As for average rent and average vacancy rate of Minato ward on a half-year basis, the period from Jan. to Jun. is indicated as 1H, and the period from Jul. to Dec. as 2H. As for 1H, average of the period from Jan. to Mar. and that of the period from Apr. to Jun. is indicated, and as for 2H, average of the period from Jul. to Sep. and that of the period from Oct. to Dec. is indicated.

- The vacancy rate of the luxury housing rental market in Minato Ward has gravitated to around the average of the past 10 years, and rents are increasing.

Change in number of foreign residents in Minato ward



(Source) Created by the asset manager based on "Number of registered foreign residents" prepared by Statistics Division Bureau of General Affairs of Tokyo

(Note 1) "Number of foreign residents" was the number of foreigners registered under the Ministry of Justice until July 2012. However, as the foreigner registration system was abolished based on revision of the law, the figure is the population of the Basic Resident Register from October 2012. Therefore, the data may not be consistent.

(Note 2) Number of foreign residents as of January 1 of each year is used for the year-based figures.

- The population of foreigners has recently stabilized, and MHR's residential properties are capitalizing on demand from both foreigners and Japanese.

3-7 Operation highlights

Financial overview (As of July 31, 2014)

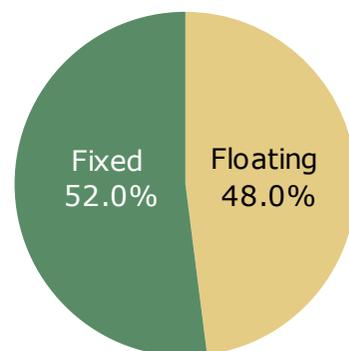


Long and short-term debt ratio/Fixed rate ratio

Long and short-term
debt ratio
(End of 16th period)



Fixed rate ratio
(End of 16th period)



Major financial indicator

	End of 15th period (January 31, 2014)	End of 16th period (July 31, 2014)
Debt Balance	126,200mn yen	126,200mn yen
Short-term loan	—	—
Long-term loan	101,200mn yen	101,200mn yen
Investment corporation bonds	25,000mn yen	25,000mn yen
LTV (total assets basis) (Note 1)	48.0%	47.9%
LTV (appraisal value basis) (Note 2)	49.3%	48.7%
DSCR (Note 3)	6.1x	7.2x
Avg. remaining duration	2.3 years	2.6 years
Weighted avg. interest rate	1.03%	0.93%

Outstanding balances

Lenders	Balance	Ratio
Mizuho Bank, Ltd.	14,864mn yen	14.7%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,864mn yen	14.7%
Mitsubishi UFJ Trust and Banking Corporation	14,864mn yen	14.7%
Sumitomo Mitsui Banking Corporation	14,241mn yen	14.1%
Sumitomo Mitsui Trust Bank, Limited	12,067mn yen	11.9%
Aozora Bank, Ltd.	5,250mn yen	5.2%
Development Bank of Japan, Inc.	4,950mn yen	4.9%
The Norinchukin Bank	4,700mn yen	4.6%
The Bank of Fukuoka, Ltd.	4,500mn yen	4.4%
Resona Bank, Limited.	3,000mn yen	3.0%
Shinsei Bank, Ltd.	2,900mn yen	2.9%
The Hiroshima Bank, Ltd.	1,500mn yen	1.5%
Mizuho Trust & Banking Co., Ltd.	1,500mn yen	1.5%
The Oita Bank, Ltd.	1,000mn yen	1.0%
ORIX Bank Corporation	1,000mn yen	1.0%
Total borrowings	101,200mn yen	100%
Investment corporation bonds	25,000mn yen	
Total interest-bearing debt	126,200mn yen	

(Note 1) LTV(book value basis) is calculated as [Interest bearing debt/Total assets]

(Note 2) LTV(appraisal value basis) is calculated as [Interest-bearing debt/Appraisal value based total assets (Total assets + Total appraisal value - Total book value)]

(Note 3) DSCR is calculated as [Net income before interest expenses + Depreciation/Interest expenses]

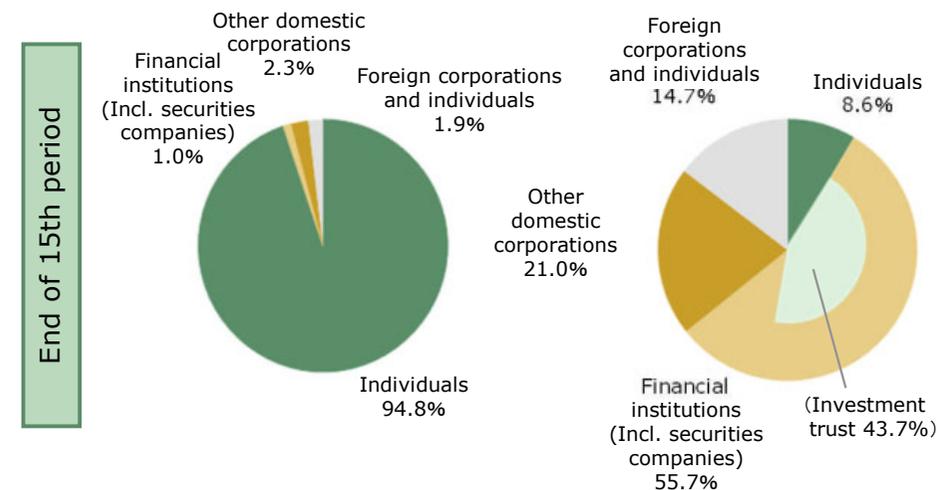
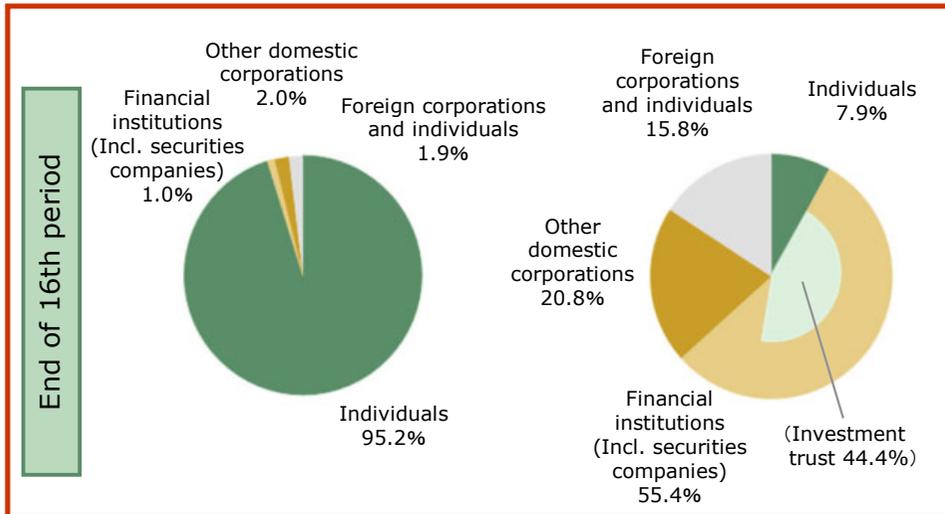
3-8 Operation highlights

Unitholders breakdown (As of July 31, 2014)

Unitholders breakdown

Number of unitholders

Number of investment units



Top 10 unitholders

Rank	Name	No. of units held	Ratio
1	Japan Trustee Service Bank (Trust account)	313,068	22.6%
2	Mori Building Co., Ltd.	244,590	17.7%
3	The Master Trust Bank of Japan, Ltd. (Trust account)	162,051	11.7%
4	Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account)	110,296	8.0%
5	The Nomura Trust & Banking (Trust account)	62,829	4.5%
6	Nomura Bank (Luxembourg) S.A.	26,157	1.9%
7	Shikoku Railway Company	16,620	1.2%
8	State Street Bank and Trust Company	15,492	1.1%
9	Trust & Custody Service Bank of Japan, Ltd. (Taxable money trust account)	14,578	1.1%
10	The Gibraltar Life Insurance Co., Ltd. (General account J-REIT)	11,185	0.8%
Top 10 unitholders total		976,866	70.5%

4. Business environment recognition & MHR's strategy



Real estate market / Leasing attitude

- Decrease of vacancy rate and gradual increase of rents of office buildings in central Tokyo is ongoing
(Forecast of Office Market Trends Research Committee for Tokyo's five central wards)
 - ⇒ Vacancy rate: 6.1% in 2014 → 4.8% in 2018
 - ⇒ Rent index: 101 in 2014 → 121 in 2018
- Cap rate is on a downward trend but not as overheated as before the global financial crisis
(Japan Real Estate Institute's "The Japanese Real Estate Investor Survey")
 - ⇒ Class A buildings in Marunouchi
Cap rate: 4.0% in October 2013 → 3.8% in April 2014
- Lending attitude toward the real estate industry continues to be at a high positive level

- Rents of office buildings in central Tokyo are forecast to continue increasing gradually for the time being
- With regard to property acquisitions, selective investment is necessary with the overheating of the market

Interest rate trends / Macro environment

- Long-term interest rates are low and stable due to the monetary easing policy and CPI is on an upward trend
 - ⇒ 10-year bond rates: 0.49% (August 29, 2014)
 - ⇒ Core CPI: +1.3% excluding impact of consumption tax rate increase (July 2014)
- In the July 2014 preliminary business conditions composite index, the leading index was at 106.5 (0.6 PT increase from previous month) and the coincident index was at 109.9 (0.2 PT increase from previous month) . Figures in and after July are being watched for the impact of the consumption tax rate increase.
- The growth of money stock is slightly slowing down. Moreover, the issue of wage increases can be seen from the consumer confidence survey and the monthly labor survey. Future trends will be scrutinized.

- CPI is on an upward trend, but will probably take some time to reach and maintain a certain level and be accompanied by a sustained increase in wages. Increase in long-term interest rates are also forecast to be limited for the time being. (→positive environment for strengthening MHR's financial status.)

MHR's strategy ⇒ Continue "New 2013 Management Policy"

- Actively pursue external growth utilizing sponsors' property pipeline → Property acquisition capacity (LTV 48%) approximately 26.0bn yen
- Promote the extending of average duration of debt; Gradually increase the fixed rate ratio
- Maintain emphasis on the "continued increase" of dividend/NAV per unit and market value

New 2013 Management Policy

Basic policy "Dividend-driven management"

Policy Strive for external growth

- Primarily seek premium properties in central Tokyo
- Utilization of sponsors' property pipeline
- Further increase portfolio NOI yield
- Further improvement of unrealized gains/losses

Policy Further strengthening of our financial position

- Extending the average duration of loans payable
- Reducing borrowing costs

Policy Continued increase of dividend per unit, NAV per unit and market value

At start of New 2013 Management Policy
13th period
(ended Jan. 2013)

Latest figures
(2014)

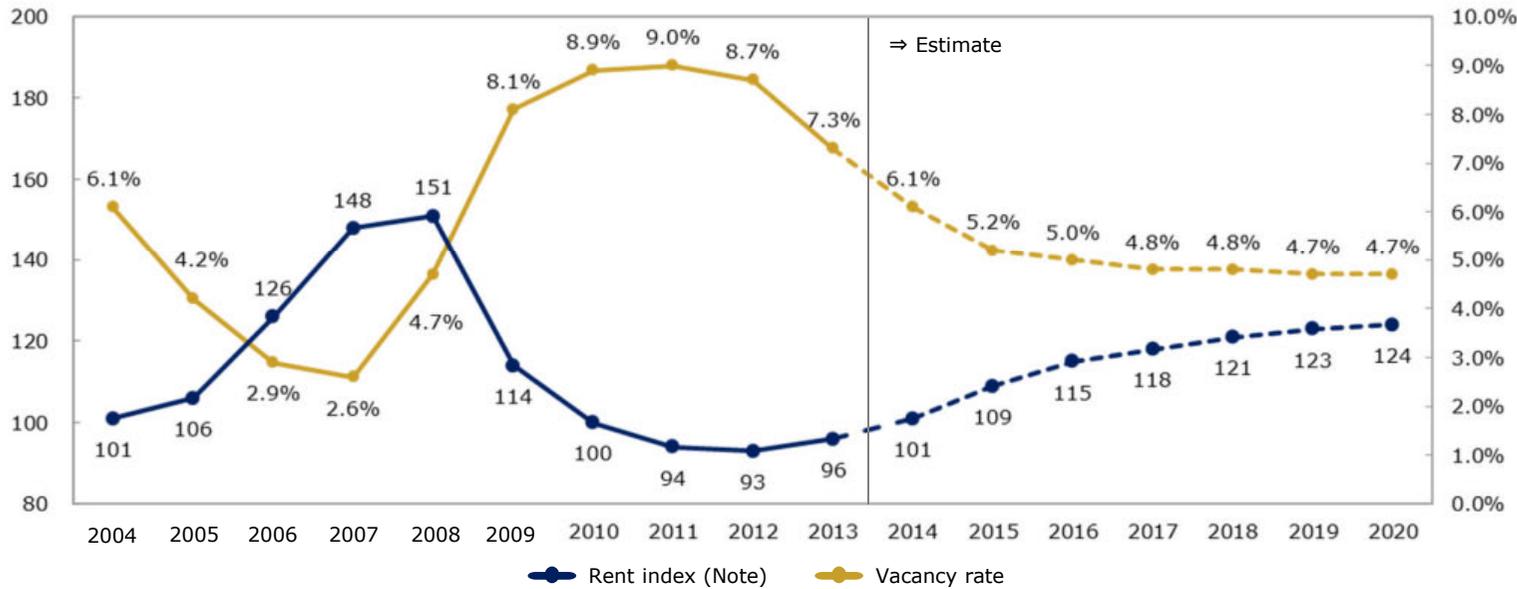
Total assets (acquisition basis)	210.8bn yen	→	281.7bn yen (After public offering & acquisitions in Aug.)
Portfolio NOI yield	3.8%	→	4.0% (After public offering & acquisitions in Aug.)
Unrealized gains/losses	△13.4bn yen	→	△1.7bn yen (After public offering & acquisitions in Aug.)
Remaining duration of debt	1.8 years	→	2.6 years 16 th period (ended Jul. 2014)
Interest-bearing debt costs	1.9%	→	1.4% 16 th period (ended Jul. 2014)
Dividend per unit	1,833 yen/unit	→	2,340 yen/unit Forecast: 18 th period (ending Jul. 2015)
NAV per unit	78,434 yen	→	96,662 yen (After public offering & acquisitions in Aug.)
Market value	112.2bn yen	→	233.3bn yen (Sep. 5, 2014)

4-3 Business environment recognition & MHR's strategy

Market-related information (1)



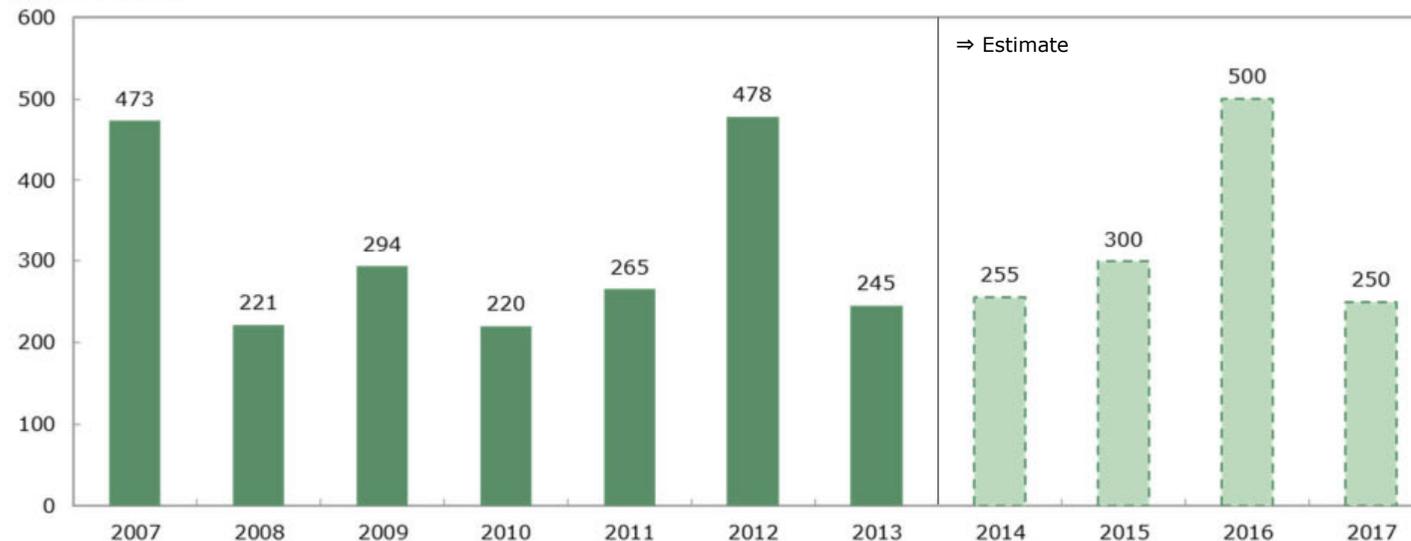
Change in rent and vacancy rate of office buildings (Tokyo's five central wards)



(Source)
 Prepared by the Asset Manager based on "Office Rent Forecast in Tokyo, Osaka and Nagoya" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).
 (Note)
 The rent index targets large and medium buildings (standard floor area of 100 tsubo or more) in Tokyo's five central wards. The rent index is rebased to 100 as of 2010.

New supply area for office buildings (Tokyo's five central wards)

(thousand tsubo)



(Source)
 Prepared by the Asset Manager based on the "Spring 2014 Office Rent Forecast in Tokyo, Osaka and Nagoya (2014-2020, 2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).

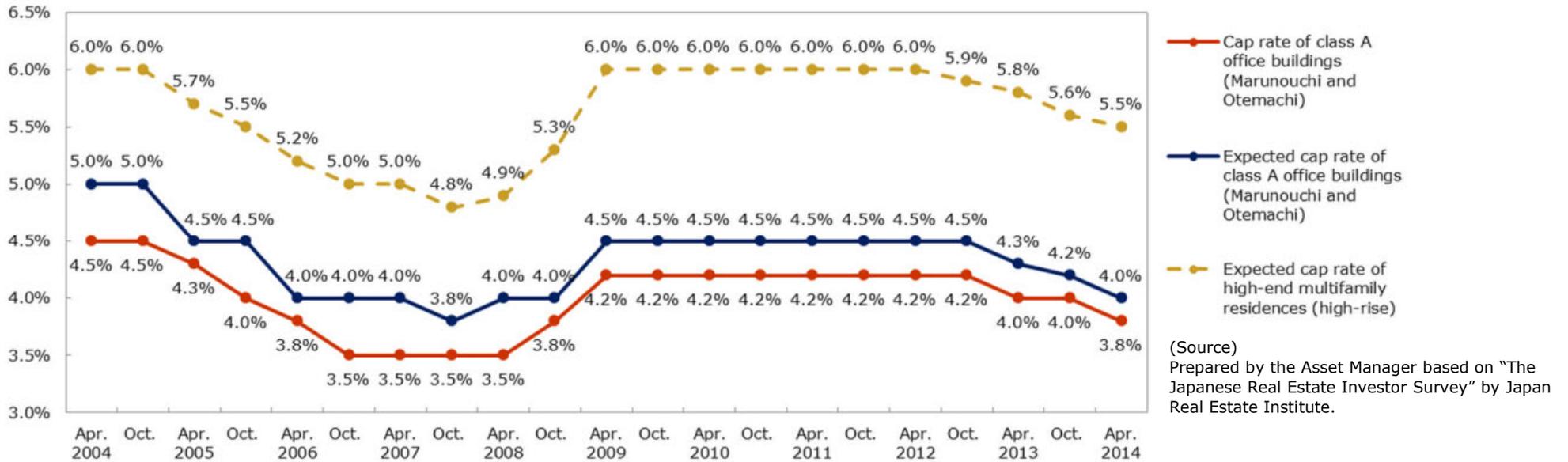
4-4 Business environment recognition & MHR's strategy

Market-related information (2)

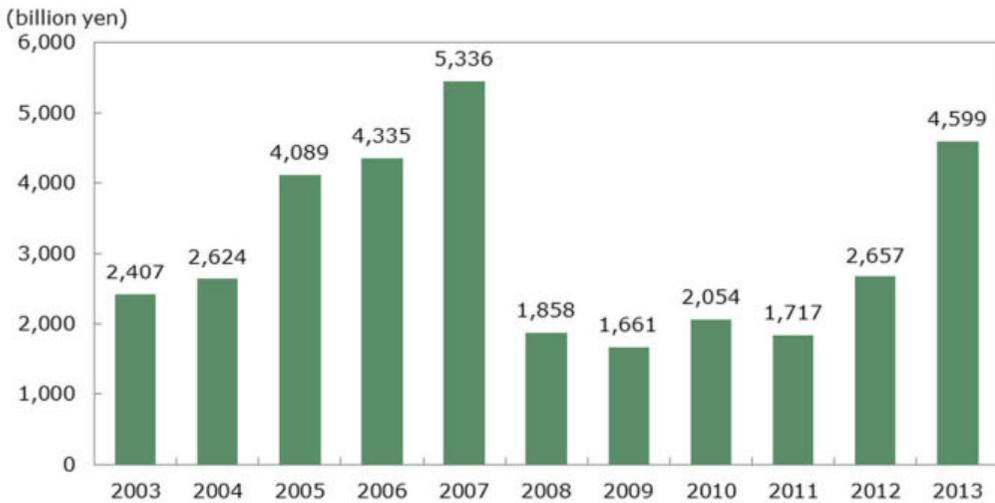


HILLS REIT

Change in return on real estate investment

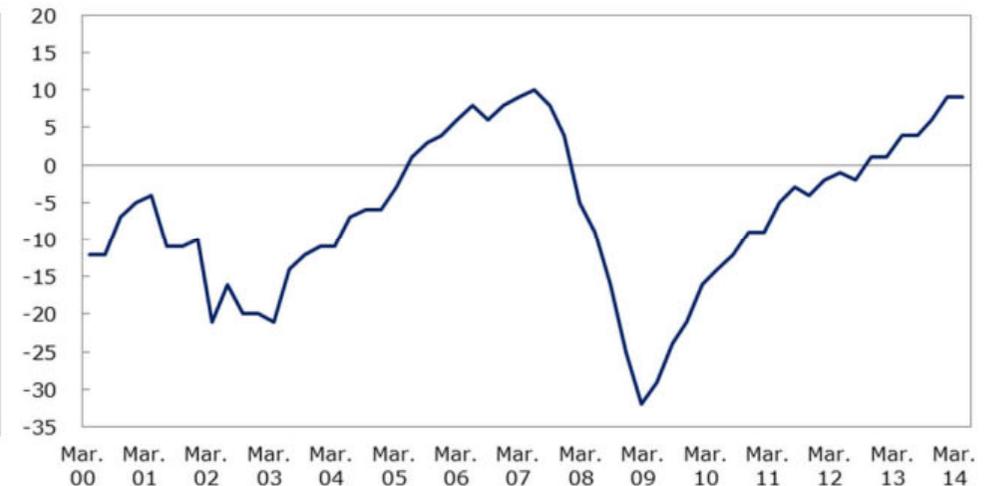


Change in real estate transaction amount



(Source) Prepared by the Asset Manager based on the "Real Estate Transaction Survey" by the Urban Research Institute.

Lending attitude DI (real estate industry)



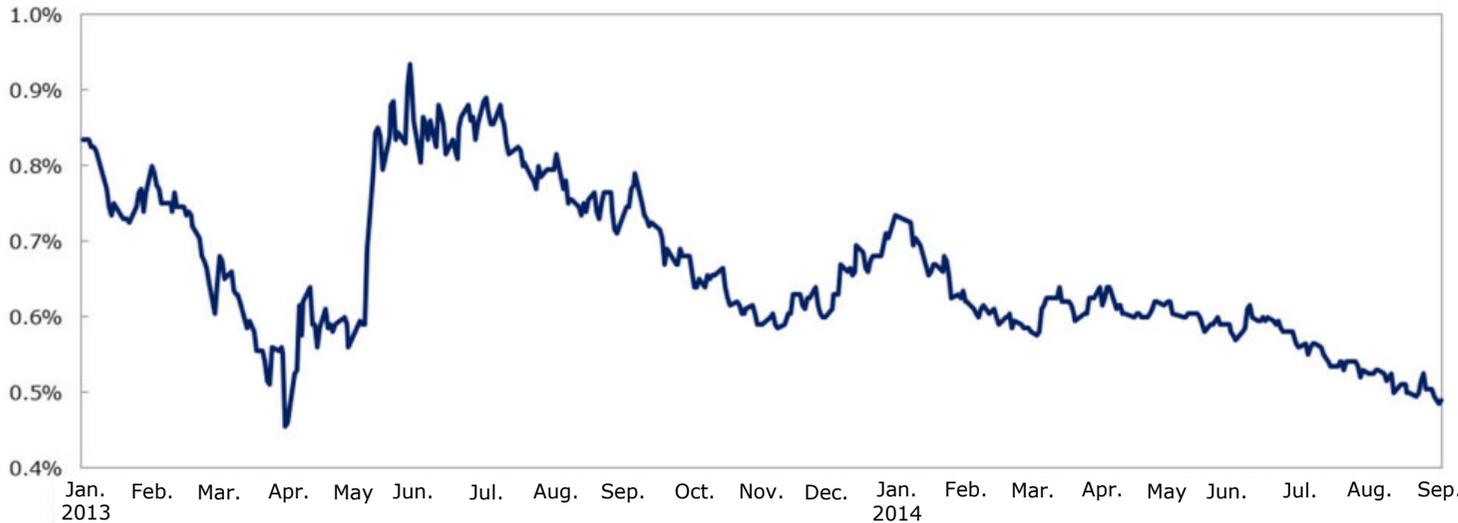
(Source) Prepared by the Asset Manager based on "National Short-Term Economic Survey on Enterprises in Japan" by the Bank of Japan. Difference between the proportion of firms feeling the lending attitude to be accommodative less firms feeling the lending attitude to be restrictive.

4-5 Business environment recognition & MHR's strategy

Market-related information (3)

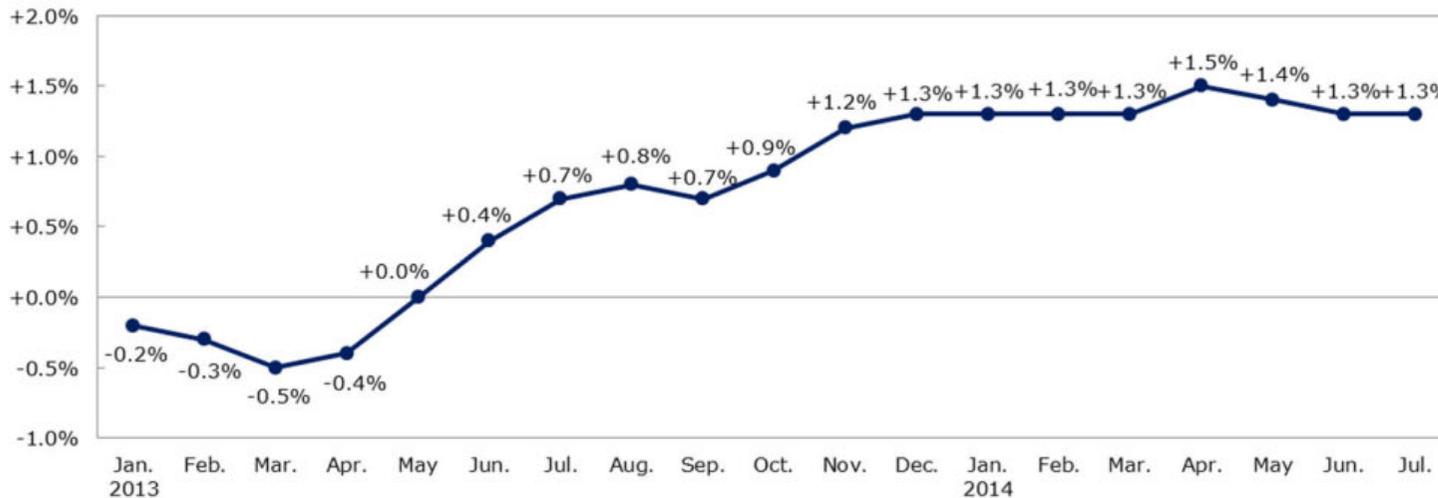


Change in 10-year bond interest rates



(Source)
Prepared by the Asset Manager based on Bloomberg.

Change in core CPI (year-on-year comparison)



Based on figures excluding the direct effects of the consumption tax rate increase

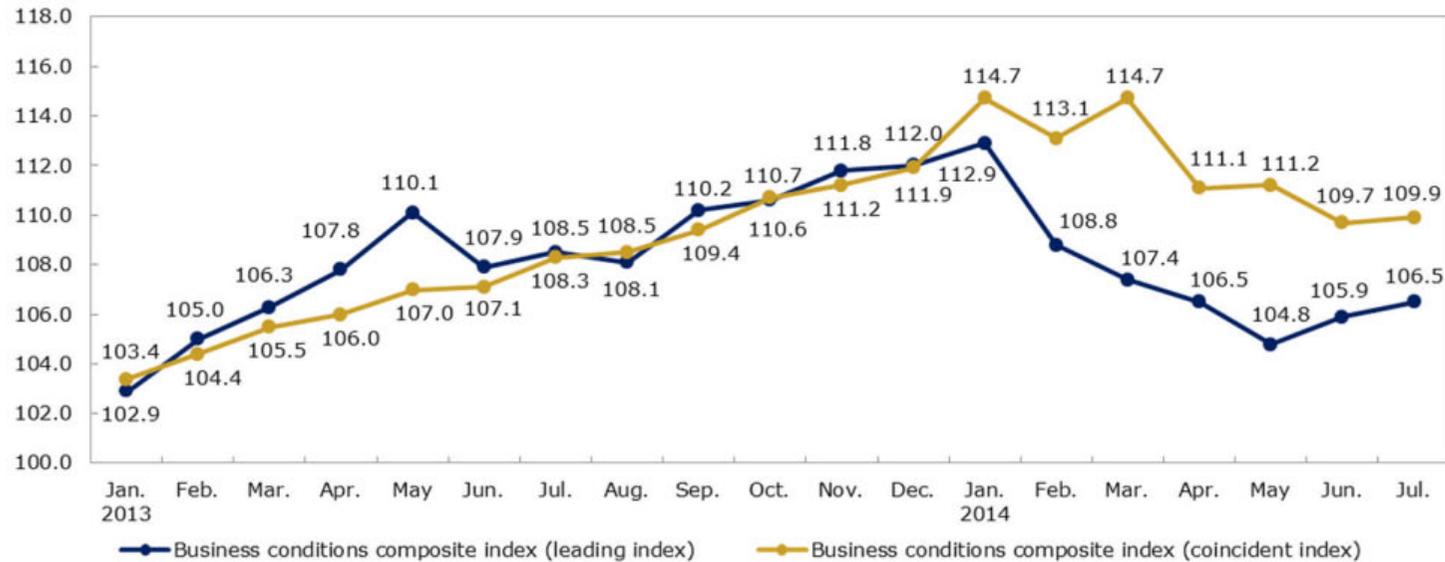
(Source)
Prepared by the Asset Manager based on "Consumer Price Index" by Statistic Bureau, Ministry of Internal Affairs and Communications and "Economic Statistics Monthly" by the Bank of Japan.
(Note)
Figures for April 2014 forward are derived on "the basis of excluding the direct impact of the consumption tax rate increase" (Bank of Japan's "Economic Statistics Monthly").

4-6 Business environment recognition & MHR's strategy

Market-related information (4)



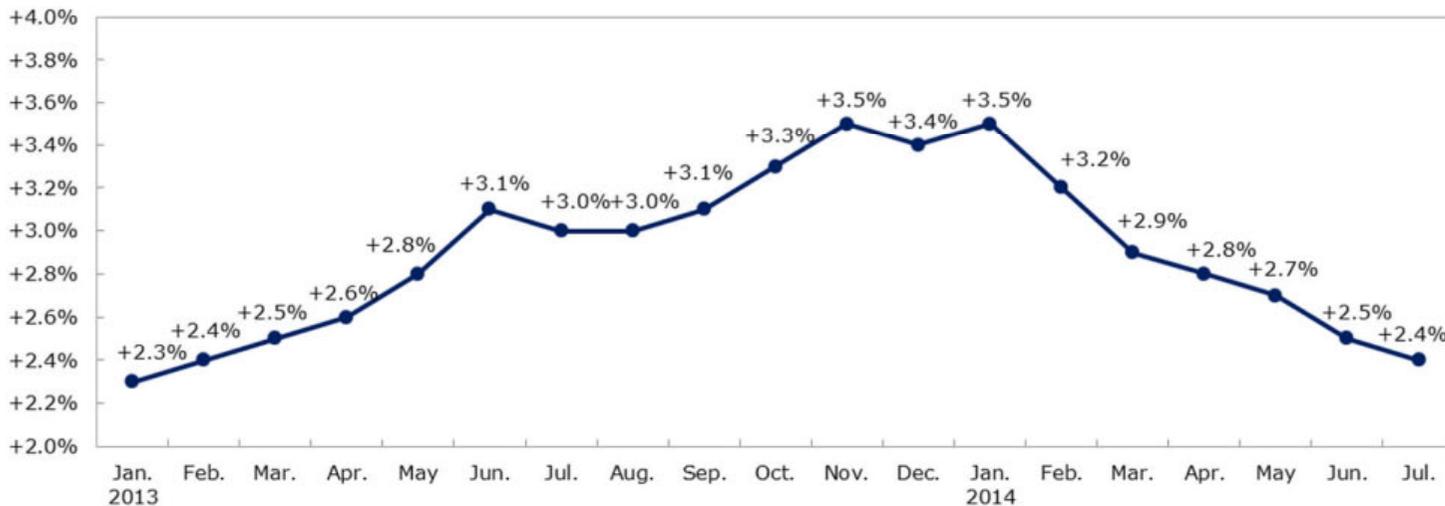
Business conditions composite index



July 2014 figures are based on preliminary data

(Source)
Prepared by the Asset Manager based on the "Business Conditions Composite Index" by the Cabinet Office.
(Note)
The index is rebased to 100 as of 2010.

Money stock (M3: year-on-year comparison)

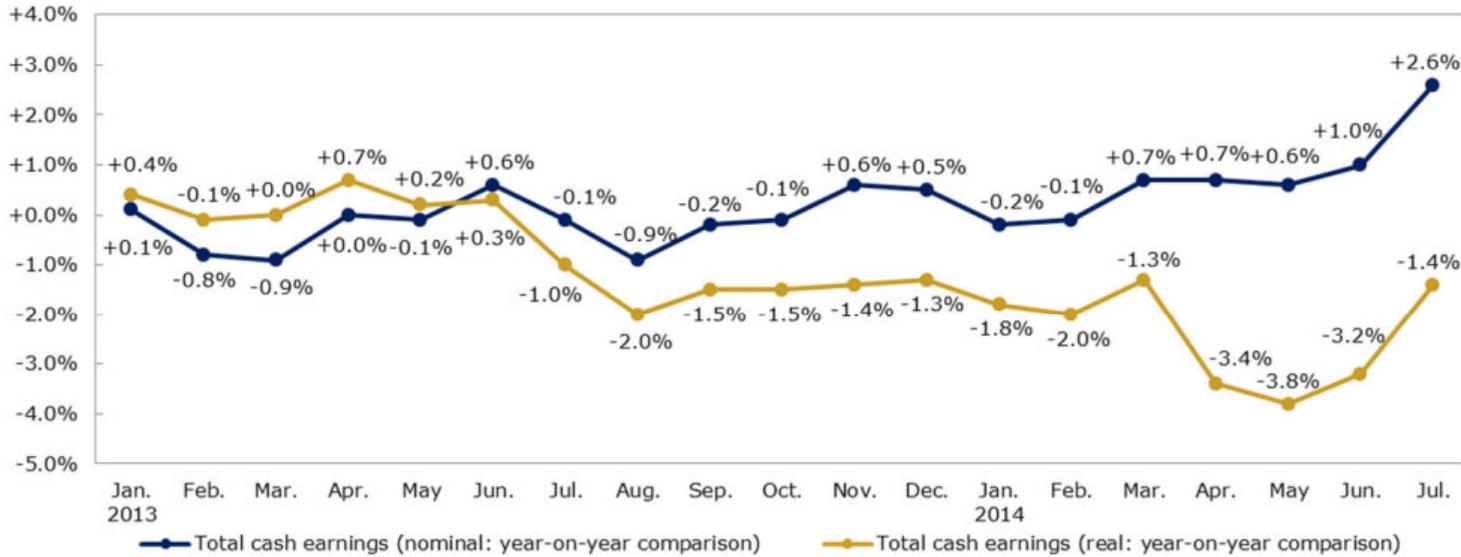


(Source)
Prepared by the Asset Manager based on "Money Stock Statistics" by the Bank of Japan.

4-7 Business environment recognition & MHR's strategy

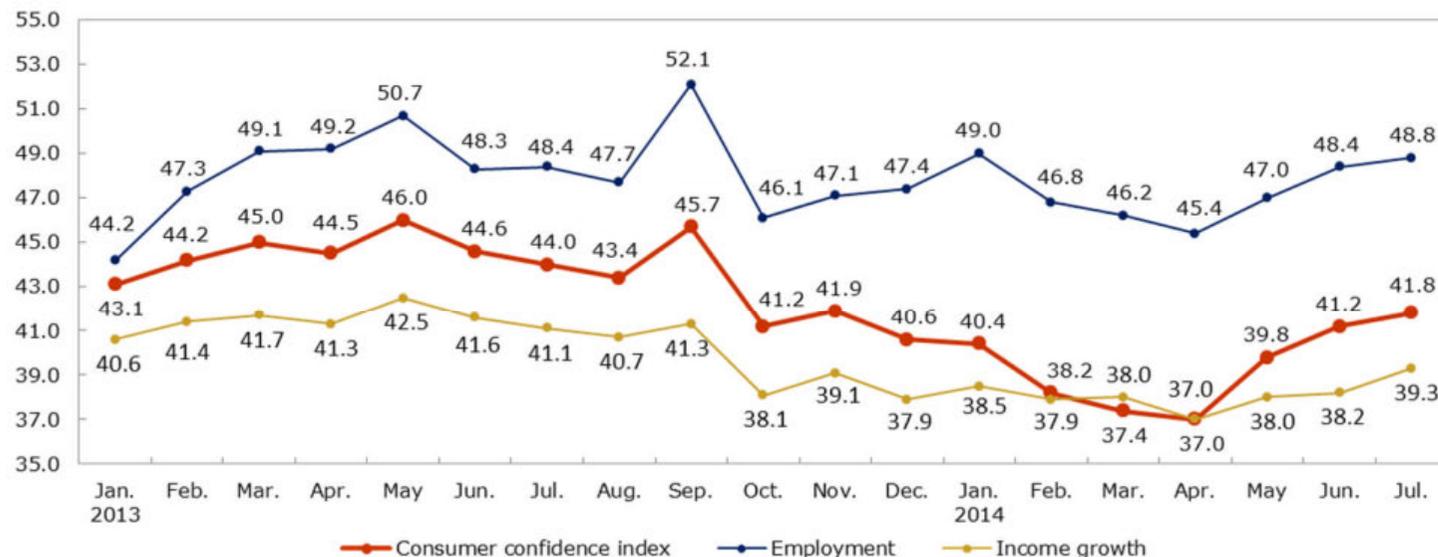
Market-related information (5)

Total cash earnings



(Source)
Prepared by the Asset Manager based on "Monthly Labour Survey (establishments with 5 or more employees)" by the Ministry of Health, Labour and Welfare.

Consumer confidence survey



(Source)
Prepared by the Asset Manager based on "Consumer Confidence Survey" by the Cabinet Office.

5. Appendix



5-1 Sustainability Policy

Sustainability Policy

Mori Hills REIT Investment Corporation and Mori Building Investment Management Co., Ltd. will engage in real estate investment and management, taking into consideration "the environment," "Business Continuity Planning (BCP)" and "maintaining and enhancing asset value," based on the Mori Building Group's "Vertical Garden City" urban design philosophy as the ideal model.

The environment

- Promotion of cities and nature existing in harmony by creating microcosms of nature through promotion of landscaping
- Promotion of low carbon cities by introducing various energy-efficient systems
- Promotion of resource recycling based on the 3Rs (reduce, reuse, and recycle)

Business continuity planning ("BCP")

- Enhancement of earthquake resistance, disaster supply storage facilities, emergency power sources and other tangible measures
- Enhancement of the property management structure in the event of a disaster and other intangible measures

Maintaining and enhancing asset value

- Investment in high-quality real estate
- Implementation of appropriate asset value enhancement construction work

Common policies

- Compliance and maintenance of management system
- Implementation of sustainability education and awareness of building activities
- Disclosure of sustainability information

Roppongi Hills and ARK Hills certified as "urban oasis" in inaugural year

Roppongi Hills and ARK Hills were selected as certified greenery areas under the "urban oasis" certification system of Organization for Landscape and Urban Green Infrastructure, which evaluates openness, community and contribution to the environment, in the first fiscal year of the system.



<Environmental Policy >

1. Cities and nature existing in harmony

We create pleasant, verdant spaces where the chirping of birds and the singing of insects can be heard by leveraging the vertical plane in cities and creating microcosms of nature on the ground where people can commune with nature. Through these spaces we will foster environmental communities for people.

2. Low carbon cities

We will create cities with excellent environmental performance by matching energy-efficient systems to compact cities in which diverse urban functions are combined into vertical infrastructure. We will continue efforts to lower carbon emissions from operation through comprehensive, quality management of communities.

3. Resource recycling

We aim to build resource-recycling cities by promoting the 3Rs (reduce, reuse, and recycle).

4. Compliance and maintenance of an environmental management system

We will always keep our eyes on the trends in environment-related laws and regulations and adapt to any changes. Also, we will put in place and maintain an environmental management system in order to continuously improve our environmental enhancement activities.

5. Environmental education and awareness building activities

We will implement environmental education and awareness building activities for employees in order to improve the effectiveness of our environmental enhancement activities. We will also use our facilities to conduct environmental awareness building activities aimed at facility users.

6. Disclosure of environmental information

We will communicate with society by making efforts to disclose information, such as the environmental philosophy and policy, and information about environmental activities.

5-2 Financial highlights

Indices	Previous period (15th period) From August 1, 2013 to January 31, 2014		Current period (16th period) From February 1, 2014 to July 31, 2014	
	Before split	After split		
Net income	2,797mn yen	2,797mn yen	2,979mn yen	
Depreciation and amortization	811mn yen	811mn yen	837mn yen	
CAPEX	59mn yen	59mn yen	100mn yen	
Total assets	262,881mn yen	262,881mn yen	263,310mn yen	
Total net assets	127,233mn yen	127,233mn yen	127,415mn yen	
Total net assets/unit (BPS)	459,351 yen	91,870 yen	92,001 yen	Total net assets/Total units outstanding
Unit price (as of end of period)	679,500 yen	135,900 yen	151,100 yen	
Total units outstanding	276,985 yen	1,384,925 yen	1,384,925 yen	
Total dividends	2,797mn yen	2,797mn yen	2,978mn yen	
Dividend/unit	10,099 yen	2,019 yen	2,151 yen	
Dividend yield	2.9%	2.9%	2.9%	Dividend per unit (annualized)/Unit price as of end of period
FFO	3,608mn yen	3,608mn yen	3,816mn yen	Net income + Depreciation and amortization
FFO/unit	13,027 yen	2,605 yen	2,755 yen	(Net income + Depreciation and amortization)/Total units outstanding
Annualized	25,842 yen	5,168 yen	5,557 yen	
FFO multiple	26.3x	26.3x	27.2x	Unit price as of end of period/FFO per unit (annualized)
PER	33.4x	33.4x	34.8x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.5x	1.5x	1.6x	Unit price as of end of period/Net assets per unit
ROA	1.1%	1.1%	1.1%	Ordinary income/Average of total assets during the period
Annualized	2.2%	2.2%	2.3%	
ROE	2.3%	2.3%	2.3%	Net income/Average of total net assets during the period
Annualized	4.6%	4.6%	4.7%	
NAV	120,407mn yen	120,407mn yen	123,017mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	434,706 yen	86,941 yen	88,826 yen	
NAV multiple	1.6x	1.6x	1.7x	Unit price as of end of period/NAV per unit
Interest-bearing debt	126,200mn yen	126,200mn yen	126,200mn yen	
LTV (book value basis)	48.0%	48.0%	47.9%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	49.3%	49.3%	48.7%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	184 days	184 days	181 days	

(Note 1) 5-for-1 split of investment units has been implemented by setting January 31, 2014 as the record date and February 1, 2014 as the effective date.

(Note 2) Annualized values are calculated based on a period of 365 days.

5-3 Balance sheet

(thousand yen)

	Previous period (15th period) As of January 31, 2014	Current period (16th period) As of July 31, 2014
Assets		
Current assets	13,232,269	14,378,067
Cash and deposits	3,531,963	4,767,774
Cash and deposits in trust	9,164,640	9,217,094
Other	535,665	393,198
Noncurrent assets	249,588,604	248,855,850
Property, plant and equipment	218,374,316	217,635,641
Intangible assets	30,652,990	30,656,554
Investments and other assets	561,297	563,654
Deferred assets	60,873	76,143
Total assets	262,881,748	263,310,061

(thousand yen)

	Previous period (15th period) As of January 31, 2014	Current period (16th period) As of July 31, 2014
Liabilities		
Current liabilities	39,425,010	41,333,123
Current portion of investment corporation bonds	8,000,000	8,000,000
Current portion of long-term loans payable	30,022,000	31,700,000
Other	1,403,010	1,633,123
Noncurrent liabilities	96,223,199	94,561,446
Investment corporation bonds	17,000,000	17,000,000
Long-term loans payable	71,178,000	69,500,000
Lease and guarantee deposited in trust	8,045,199	8,061,446
Total liabilities	135,648,210	135,894,570
Net assets		
Unitholders' equity	127,233,537	127,415,490
Unitholders' capital	124,330,988	124,330,988
Total surplus	2,902,549	3,084,501
Voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	2,797,305	2,979,257
Total net assets	127,233,537	127,415,490
Total liabilities and net assets	262,881,748	263,310,061

5-4 Income statement

(thousand yen)

	Previous period (15th period) From August 1, 2013 to January 31, 2014	Current period (16th period) From February 1, 2014 to July 31, 2014	
Operating revenue	5,610,034	5,788,116	
Rent revenue of real estate	5,489,850	5,670,408	
Other rent revenue of real estate	120,184	117,707	Parking revenue 16,293
Operating expenses	1,819,992	1,955,650	Utilities and other revenue 100,355
Expenses of real estate rent	1,529,666	1,641,610	Cancellation penalty 1,057
Asset management fee	210,042	216,982	
Directors' compensation	5,400	5,400	
Asset custody fee	6,017	6,572	
Administrative service fees	15,309	15,405	
Other operating expenses	53,558	69,680	
Operating income	3,790,042	3,832,466	
Non-operating income	10,297	2,958	
Interest income	1,186	1,287	
Exclusion gain of unpaid dividend	7,847	1,596	
Interest on refund	1,256	74	
Other	7	—	
Non-operating expenses	1,002,182	855,099	
Interest expenses	542,095	470,283	Property management fees 199,275
Interest expenses on investment corporation bonds	162,100	145,793	Property taxes 351,879
Amortization of investment corporation bonds issuance cost	16,235	15,202	Utilities 85,490
Borrowing expenses	248,417	220,154	Maintenance and repairs 27,632
Investment unit issuance cost	31,128	—	Insurance premium 11,621
Other	2,206	3,664	Custodian fees 6,368
Ordinary income	2,798,156	2,980,324	Depreciation and amortization 836,678
Income before income taxes	2,798,156	2,980,324	Rent expenses 103,794
Net income	2,797,228	2,979,224	Other lease business expenses 18,868
Unappropriated retained earnings	2,797,305	2,979,257	

5-5 Statement of cash flows/Retained earnings

Statement of cash flows

(thousand yen)

Account	Previous period (15th period) From August 1, 2013 to January 31, 2014	Current period (16th period) From February 1, 2014 to July 31, 2014
I Net cash provided by (used in) operating activities	3,639,332	4,216,668
Income before income taxes	2,798,156	2,980,324
Depreciation and amortization	811,127	837,243
Amortization of investment corporation bonds issuance cost	16,235	15,202
Investment unit issuance cost	31,128	—
Interest income	△ 1,186	△ 1,287
Exclusion gain of unpaid dividend	△ 7,847	△ 1,596
Interest expenses	704,195	616,077
Decrease (increase) in operating accounts receivable	30,751	18,872
Decrease (increase) in consumption taxes refund receivable	48,230	67,754
Increase (decrease) in operating accounts payable	4,592	15,353
Increase (decrease) in accounts payable—other	1,263	11,921
Increase (decrease) in accrued expenses	26,889	14,804
Increase (decrease) in accrued consumption taxes	△ 22,692	200,785
Increase (decrease) in advances received	87,653	21,725
Increase (decrease) in deposits received	△ 7,792	△ 1,792
Decrease (increase) in prepaid expenses	△ 769	55,831
Decrease (increase) in long-term prepaid expenses	△ 165,238	△ 2,356
Other, net	7,374	30
Subtotal	4,362,072	4,848,895
Interest income received	1,186	1,287
Interest expenses paid	△ 722,898	△ 632,552
Income taxes paid	△ 1,027	△ 961

(thousand yen)

Account	Previous period (15th period) From August 1, 2013 to January 31, 2014	Current period (16th period) From February 1, 2014 to July 31, 2014
II Net cash provided by (used in) investing activities	△ 21,069,888	△ 100,576
Purchase of property, plant and equipment in trust	△ 22,065,808	△ 108,542
Purchase of intangible assets in trust	—	△ 446
Repayments of lease and guarantee deposited in trust	△ 24,894	△ 14,502
Proceeds from lease and guarantee deposited in trust	1,020,814	22,914
III Net cash provided by (used in) financing activities	18,340,528	△ 2,827,827
Repayments of short-term loans payable	△ 1,000,000	—
Proceeds from long-term loans payable	25,500,000	13,022,000
Repayments of long-term loans payable	△ 15,062,500	△ 13,022,000
Proceeds from issuance of investment corporation bonds	—	4,969,527
Redemption of investment corporation bonds	—	△ 5,000,000
Proceeds from issuance of investment units	11,333,422	—
Dividends paid	△ 2,430,394	△ 2,797,354
IV Net increase (decrease) in cash and cash equivalents	909,972	1,288,264
V Cash and cash equivalents at beginning of the period	11,786,631	12,696,604
VI Cash and cash equivalents at the end of the period	12,696,604	13,984,868

Retained earnings

(yen)

Item	Previous period (15th period) From August 1, 2013 to January 31, 2014	Current period (16th period) From February 1, 2014 to July 31, 2014
I Unappropriated retained earnings	2,797,305,040	2,979,257,797
II Amount of dividends	2,797,271,515	2,978,973,675
Amount of dividends per unit	10,099	2,151
III Retained earnings carried forward	33,525	284,122

5-6 16th period (ended July 2014) results breakdown by property(1)

(thousand yen)

Property number	O-0			O-1			O-4			O-6		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Koraku Mori Building			Akasaka Tameike Tower		
Period	15th (Note 3) (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference
Operation days	184days	181days	△ 3days	184days	181days	△ 3days	184days	181days	△ 3days	184days	181days	△ 3days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	100%	100%	0.0PT	100%	100%	0.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	99.2%	100%	0.8PT	100%	100%	0.0PT
Total end tenants	1	1	0	1	1	0	18	18	0	1	1	0
Acquisition price	47,390,000			62,480,000			27,200,000			43,930,000		
Rent revenue of real estate	984,192	1,174,311	190,118	1,271,693	1,271,693	—	606,805	616,903	10,097	666,446	666,446	—
Other rent revenue of real estate	—	—	—	—	—	—	118,591	115,488	△ 3,102	289	289	—
Total property operating revenue	984,192	1,174,311	190,118	1,271,693	1,271,693	—	725,396	732,392	6,995	666,735	666,735	—
Property management fees	57,040	84,982	27,941	6,000	6,000	—	62,460	64,089	1,629	3,000	3,000	—
Property taxes (Note 1)	41,977	64,385	22,408	70,424	72,258	1,834	31,434	31,390	△ 44	42,574	42,560	△ 13
Utilities	—	—	—	—	—	—	93,081	83,756	△ 9,325	—	—	—
Maintenance and repairs	—	—	—	370	—	△ 370	4,998	11,737	6,738	—	—	—
Insurance premium	1,394	1,624	229	1,817	1,788	△ 29	1,773	1,744	△ 28	2,073	2,039	△ 33
Depreciation and amortization ①	161,817	193,785	31,967	120,411	112,852	△ 7,559	128,693	128,920	226	174,847	175,513	666
Other lease business expenses (Note 2)	56	71	14	2,753	2,747	△ 6	68,794	68,749	△ 45	905	906	0
Total property operating expense	262,286	344,849	82,562	201,777	195,646	△ 6,130	391,235	390,387	△ 848	223,401	224,020	619
Property operating income ②	721,905	829,461	107,556	1,069,915	1,076,046	6,130	334,160	342,004	7,843	443,334	442,715	△ 619
NOI ③ (①+②)	883,723	1,023,246	139,523	1,190,326	1,188,898	△ 1,428	462,854	470,925	8,070	618,182	618,229	46
Annualized NOI	2,070,200	2,063,453	△ 6,746	2,361,246	2,397,503	36,256	918,162	949,655	31,493	1,226,285	1,246,705	20,419
Annualized NOI/ Acquisition price	4.4%	4.4%	△ 0.0PT	3.8%	3.8%	0.1PT	3.4%	3.5%	0.1PT	2.8%	2.8%	0.0PT
Capex ④	—	22,468	22,468	1,102	19,916	18,814	841	19,177	18,335	12,896	8,051	△ 4,845
NCF ③-④	883,723	1,000,778	117,055	1,189,224	1,168,982	△ 20,242	462,012	451,747	△ 10,264	605,285	610,177	4,892

(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 expenses of real estate rent. 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.

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

(Note 3) Properties acquired or sold during the relevant period. "Annualized NOI/ Acquisition price" was calculated by taking into consideration the changes in acquisition price during the relevant period. "Annualized NOI" denotes the value which is based on the acquisition price as of end of relevant period.

5-7 16th period (ended July 2014) results breakdown by property(2)

(thousand yen)

Property number	O-7			R-1			R-3			R-4		
Property name	Atago Green Hills			Moto-Azabu Hills			Roppongi First Plaza			Roppongi View Tower		
Period	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Jan. 2014)	16th (Jul. 2014)	Difference
Operation days	184days	181days	Δ 3days	184days	181days	Δ 3days	184days	181days	Δ 3days	184days	181days	Δ 3days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	92.3%	95.5%	3.2PT	91.2%	91.1%	Δ 0.1PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	99.0%	100%	1.0PT	91.9%	91.7%	Δ 0.2PT	94.9%	91.0%	Δ 3.9PT
Total end tenants	1	1	0	7	7	0	39	40	1	83	84	1
Acquisition price	42,090,000			1,706,440			2,100,000			4,000,000		
Rent revenue of real estate	1,111,765	1,111,765	—	61,936	62,948	1,011	65,747	67,193	1,446	96,062	84,747	Δ 11,315
Other rent revenue of real estate	—	—	—	974	871	Δ 102	330	1,057	727	—	—	—
Total property operating revenue	1,111,765	1,111,765	—	62,910	63,819	909	66,077	68,251	2,173	96,062	84,747	Δ 11,315
Property management fees	2,664	2,664	—	9,070	9,904	833	13,399	13,742	342	15,436	14,892	Δ 544
Property taxes(Note 1)	43,277	57,091	13,813	2,057	2,069	12	6,989	7,016	27	10,781	13,912	3,131
Utilities	—	—	—	22	0	Δ 21	240	981	740	3	752	748
Maintenance and repairs	—	—	—	4,254	4,632	378	5,560	5,914	353	24	5,348	5,323
Insurance premium	3,775	3,714	Δ 61	127	125	Δ 2	258	254	Δ 4	335	329	Δ 5
Depreciation and amortization ①	194,993	195,408	415	6,550	6,680	130	11,178	11,288	110	12,134	12,228	94
Other lease business expenses (Note 2)	36,988	37,031	43	3,817	3,730	Δ 86	4,839	4,380	Δ 459	1,728	11,415	9,686
Total property operating expense	281,699	295,910	14,210	25,900	27,145	1,245	42,466	43,577	1,111	40,444	58,879	18,434
Property operating income ②	830,065	815,855	Δ 14,210	37,010	36,674	Δ 335	23,611	24,673	1,062	55,618	25,867	Δ 29,750
NOI ③ (①+②)	1,025,059	1,011,264	Δ 13,795	43,560	43,355	Δ 205	34,789	35,962	1,172	67,752	38,096	Δ 29,656
Annualized NOI	2,033,406	2,039,289	5,883	86,410	87,429	1,018	69,012	72,521	3,508	134,400	76,824	Δ 57,576
Annualized NOI/ Acquisition price	4.8%	4.8%	0.0PT	5.1%	5.1%	0.1PT	3.3%	3.5%	0.2PT	3.4%	1.9%	Δ 1.4PT
Capex ④	1,946	13,536	11,589	3,153	3,146	Δ 7	33,447	6,790	Δ 26,657	5,826	3,048	Δ 2,777
NCF ③-④	1,023,112	997,727	Δ 25,385	40,407	40,209	Δ 198	1,342	29,172	27,829	61,926	35,048	Δ 26,878

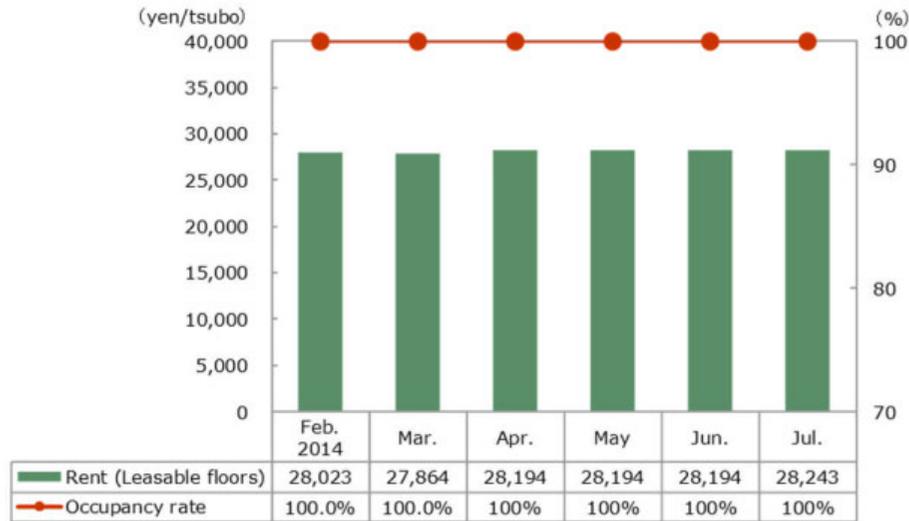
5-8 16th period (ended July 2014) results breakdown by property(3)

(thousand yen)

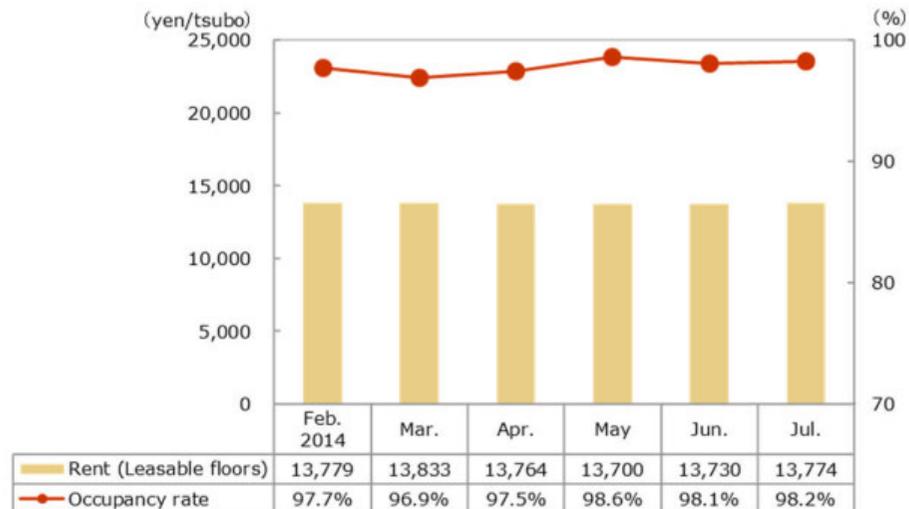
Property number	S-1			Total		
Property name	Laforet Harajuku (Land)					
Period	15th (Jan. 2014)	16th (Jul. 2014)	Difference	15th (Note 3) (Jan. 2014)	16th (Jul. 2014)	Difference
Operation days	184days	181days	△ 3days	184days	181days	△ 3days
Occupancy rate	100%	100%	0.0PT	99.5%	99.5%	0.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	99.4%	99.5%	0.1PT
Total end tenants	1	1	0	152	154	2
Acquisition price	21,820,000			252,716,440		
Rent revenue of real estate	625,200	614,400	△ 10,800	5,489,850	5,670,408	180,558
Other rent revenue of real estate	—	—	—	120,184	117,707	△ 2,477
Total property operating revenue	625,200	614,400	△ 10,800	5,610,034	5,788,116	178,081
Property management fees	—	—	—	169,071	199,275	30,203
Property taxes (Note 1)	60,454	61,193	739	309,970	351,879	41,909
Utilities	—	—	—	93,347	85,490	△ 7,857
Maintenance and repairs	—	—	—	15,208	27,632	12,424
Insurance premium	—	—	—	11,557	11,621	64
Depreciation and amortization ①	—	—	—	810,627	836,678	26,051
Other lease business expenses (Note 2)	—	—	—	119,883	129,031	9,148
Total property operating expense	60,454	61,193	739	1,529,666	1,641,610	111,943
Property operating income ②	564,746	553,206	△ 11,539	4,080,368	4,146,505	66,137
NOI ③ (①+②)	564,746	553,206	△ 11,539	4,890,995	4,983,184	92,188
Annualized NOI	1,120,284	1,115,581	△ 4,702	9,989,228	10,048,963	59,734
Annualized NOI/ Acquisition price	5.1%	5.1%	△ 0.0PT	4.0%	4.0%	0.0PT
Capex ④	—	—	—	59,214	96,135	36,920
NCF ③-④	564,746	553,206	△ 11,539	4,831,780	4,887,049	55,268

5-9 Tenant status during the 16th period (ended July 2014)

Office: Rent and occupancy rate



Residential: Rent and occupancy rate



Top 5 tenants (as of August 28, 2014)

End tenants	Property name	Leased space (Note 1)(Note 2)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills ARK Hills South Tower	104,736.21 m ²	80.0%
Syowa Leasing Co., Ltd.	Koraku Mori Building	2,683.90 m ²	2.0%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m ²	2.0%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m ²	1.6%
Japan Worker's Credit Fund Association	Koraku Mori Building	1,851.87 m ²	1.4%
Total of top 5 tenants		113,953.92 m ²	87.0%

(Note 1) Property acquisitions in the 17th fiscal period are reflected. In addition, move ins/outs confirmed as of August 28, 2014 are reflected.

(Note 2) Leased space is the lease area stated in the lease contract with the end tenant. Leased space for co-owned properties is calculated by multiplying by the relevant percentage of co-ownership interest.

5-10 Debt status (as of July 31, 2014)

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Long-term	Aozora Bank, Ltd.	2,000	1.35%	Aug. 31, 2011	Aug. 31, 2014
	Resona Bank, Limited.	2,500	1.35%	Aug. 31, 2011	Aug. 31, 2014
	Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation	12,500	1.35%	Nov. 30, 2011	Nov. 30, 2014
	Sumitomo Mitsui Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited				
	Development Bank of Japan, Inc. Sumitomo Mitsui Banking Corporation	1,700	1.43%	Mar. 27, 2012	Mar. 27, 2015
	Mizuho Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	8,000	1.00%	May 31, 2012	May 31, 2015
	Sumitomo Mitsui Trust Bank, Limited				
	Sumitomo Mitsui Banking Corporation				
	Mizuho Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	5,000	1.23% (Note)	May 31, 2012	May 31, 2015
	Sumitomo Mitsui Trust Bank, Limited				
	Sumitomo Mitsui Banking Corporation				
	Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	6,000	1.00%	Aug. 31, 2012	Aug. 31, 2015
	Sumitomo Mitsui Banking Corporation				
	Aozora Bank, Ltd.	2,000	1.19% (Note)	Aug. 31, 2012	Aug. 31, 2016
	Shinsei Bank, Ltd. Mizuho Bank, Ltd.	9,500	1.04% (Note)	Nov. 30, 2012	Nov. 30, 2015
	Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation	10,000	0.84% (Note)	Mar. 29, 2013	Mar. 31, 2018
	Mizuho Bank, Ltd.				
	Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited				
	Aozora Bank, Ltd. Development Bank of Japan, Inc. Mizuho Trust & Banking Co., Ltd.				
	ORIX Bank Corporation	1,000	0.60%	Mar. 29, 2013	Mar. 31, 2016
	Hiroshima Bank, Ltd.	500	0.60%	Mar. 29, 2013	Mar. 31, 2016
	Sumitomo Mitsui Trust Bank, Limited	1,978	0.75% (Note)	May 31, 2013	May 31, 2017
	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	10,500	0.78% (Note)	Sep. 30, 2013	Sep. 30, 2018
	Sumitomo Mitsui Trust Bank, Limited				
	Aozora Bank, Ltd.				
	Development Bank of Japan, Inc.				
	The Norinchukin Bank				
	The Bank of Fukuoka, Ltd.				
Resona Bank, Limited.					
Shinsei Bank, Ltd. Mizuho Trust & Banking Co., Ltd.					

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date	
Long-term	The Norinchukin Bank The Hiroshima Bank, Ltd. Oita Bank Co. Ltd.	2,600	0.40%	Nov. 29, 2013	Nov. 30, 2017	
	Sumitomo Mitsui Banking Corporation					
	Mizuho Bank, Ltd. Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	1,000	0.45%	Nov. 29, 2013	May 31, 2019	
	Sumitomo Mitsui Banking Corporation					
	Mizuho Bank, Ltd.					
	Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	11,400	0.50%	Nov. 29, 2013	Nov. 30, 2019	
	Sumitomo Mitsui Trust Bank, Limited					
	Development Bank of Japan, Inc.					
	The Norinchukin Bank					
	The Bank of Fukuoka, Ltd. Shinsei Bank, Ltd. Mizuho Bank, Ltd.	11,000	0.40%	May. 30, 2014	May. 31, 2019	
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Norinchukin Bank The Bank of Fukuoka, Ltd. Mizuho Bank, Ltd.	2,022	0.45%	May. 30, 2014	May. 31, 2020	
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	Total		101,200	-	-	-

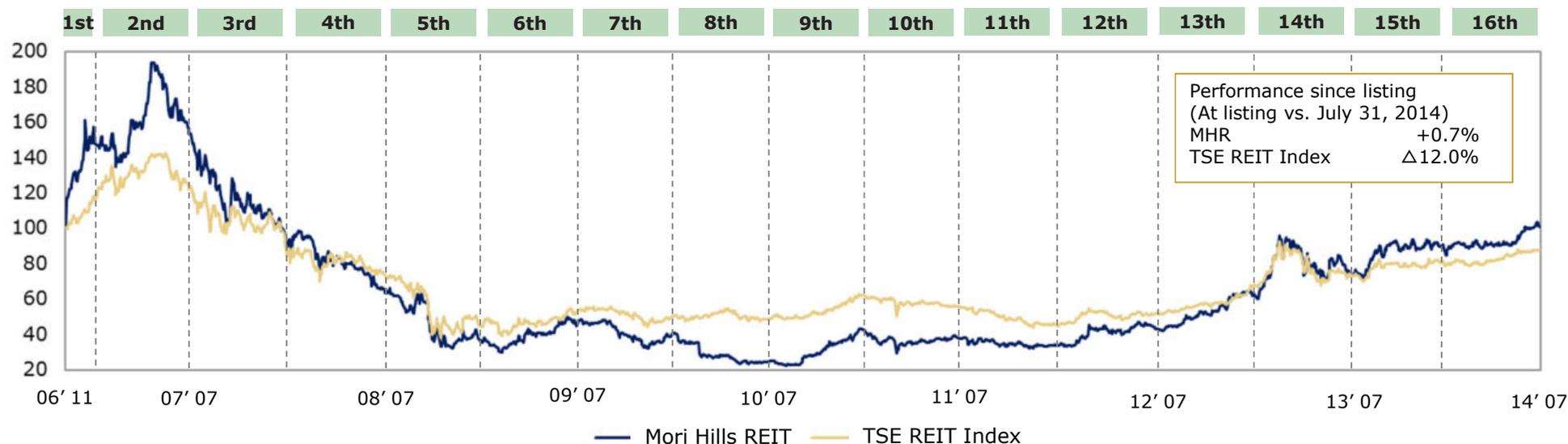
(Note) MHR has entered an interest swap agreement with a floating rate for a notional principal. The interest rates above are the actual fixed interest rates that will be paid.

Investment corporation bonds

	Bond	Amount (mn yen)	Rate of Interest	Payment date	Maturity date
Investment Corporation Bonds	2nd Series (Unsecured)	3,000	1.77%	Nov. 29, 2007	Nov. 28, 2014
	4th Series (Unsecured)	5,000	1.95%	May 27, 2010	May 27, 2015
	6th Series (Unsecured)	5,000	0.78%	Nov. 28, 2012	Nov. 27, 2015
	7th Series (Unsecured)	2,000	0.97%	Nov. 28, 2012	Nov. 28, 2017
	8th Series (Unsecured)	3,000	0.85%	May 24, 2013	May 24, 2018
	9th Series (Unsecured)	2,000	1.26%	May 24, 2013	May 22, 2020
	10th Series (Unsecured)	3,000	0.41%	Feb 24, 2014	Feb 22, 2019
	11th Series (Unsecured)	2,000	0.69%	Feb 24, 2014	Feb 24, 2021
Total		25,000	-	-	-

5-11 Unit price performance

Relative price performance (Since IPO~July 31, 2014)



(Source) Bloomberg

(Note) Rebased to 100 as per IPO price

Since IPO ~ July 31, 2014

Period	Unit price	Period	Unit price	Period	Unit price	Period	Unit price
1st (January 2007)	1,100,000 yen	6th (July 2009)	352,000 yen	11th (January 2012)	252,200 yen	16th (July 2014)	151,100 yen
2nd (July 2007)	1,080,000 yen	7th (January 2010)	264,900 yen	12th (July 2012)	330,500 yen		
3rd (January 2008)	716,000 yen	8th (July 2010)	177,300 yen	13th (January 2013)	485,000 yen		
4th (July 2008)	465,000 yen	9th (January 2011)	281,000 yen	14th (July 2013)	548,000 yen		
5th (January 2009)	265,000 yen	10th (July 2011)	258,100 yen	15th (January 2014)	135,900 yen		

(Reference: before split of investment units)

IPO Price	750,000 yen	High (in trade)	1,460,000 yen (May 8, 2007)
Opening price at listing	874,000 yen	Low (in trade)	168,200 yen (August 12, 2010)

(Reference: after split of investment units)

High (in trade)	156,500 yen (July 28, 2014)
Low (in trade)	122,300 yen (February 6, 2014)

(Note) Implemented a 5-for-1 investment unit split on February 1, 2014 (effective date)

5-12 Investment criteria

Investments focusing on Premium Properties for development of urban-type portfolio

Investments focusing on Premium Properties

Among properties that are located in Tokyo's five central wards and in surrounding areas, our investments mainly focus on "Premium Properties" that are able to maintain their competitiveness going forward based on their quality, size and specification

Focus on Premium Properties

Premium properties

50% or more

〈Office Buildings〉
 〈Residential Properties〉
 〈Retail Facilities〉

Premium Properties

Type	Location	Scale
Office Buildings	Tokyo's five central wards and their vicinity	Gross floor area of 10,000㎡ or more per building Standard leasable floor area of 1,000㎡ or more
Residential Properties	Tokyo's five central wards and their vicinity (Primarily in the "three-A" area)	Gross floor area of 2,000㎡ or more per building
Retail Facilities	〈Department stores, downtown shopping centers, large specialty stores & retail complexes, etc.〉	
	Flourishing areas of Tokyo's five central wards and their vicinity	Gross floor area of 10,000㎡ or more per-building
	〈Street front luxury brand shops, etc.〉	
	Exclusive, well-known retail destinations such as Ginza area, Aoyama area, and Omotesando area	Gross floor area of 1,000㎡ or more per building

(Note 1) Tokyo's five central wards: Minato, Chiyoda, Chuo, Shinjuku and Shibuya ward
 (Note 2) Three-A area: Akasaka and Roppongi area, Aoyama and Harajuku area and Azabu and Hiroo area
 (Note 3) Ratios are based on the acquisition prices.
 (Note 4) Tokyo Metropolitan Area: Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture
 (Note 5) Principal Regional Cities: Government-designated cities outside the Tokyo metropolitan area and other major cities nationwide

Office building focus

Office building

50% or more

Tokyo's five central wards focus

Tokyo's five central wards and their vicinity

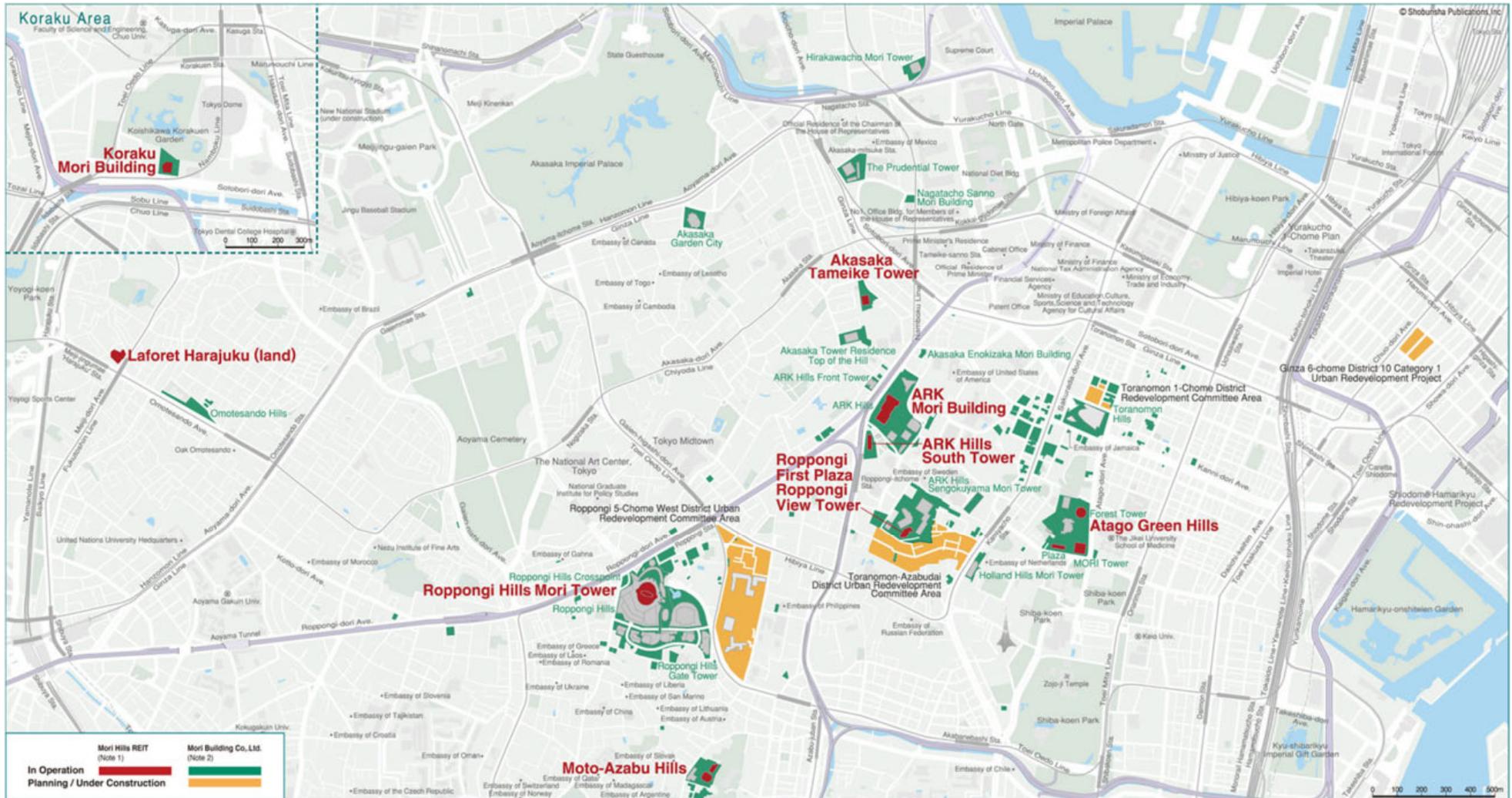
50% or more

(Tokyo Metropolitan Area: 80% or more)

Earthquake-resistance focus

Investment focused on properties' earthquake resistance, the safety of the area, disaster countermeasures, etc.

5-13 Portfolio Map



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2014."

(Note 1) Some of the properties have been partially acquired and held by us.

(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by us.

5-14 Portfolio overview (as of August 1, 2014)

Type	Office building			Office building (Partly residential)			Office building	Residential			Retail		
Photo													
Premium	Premium	Premium	Premium	Premium	Premium			Premium	Premium	Premium	-	Premium	
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	Akasaka Tameike Tower	Atago Green Hills MORI Tower Forest Tower Plaza			ARK Hills South Tower	Moto-Azabu Hills Forest Tower Forest Terrace	Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (Land)	
	O-0	O-1	O-4	O-6	O-7			O-8	R-1	R-3	R-4	S-1	
Location	Roppongi, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Atago, Minato-ku, Tokyo		Toranomon, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		Jingumae, Shibuya-ku, Tokyo	
Completion	Apr.2003	Mar.1986 <small>(large-scale renovation in 2005)</small>	Mar.2000	Sep.2000	Jul.2001	Oct.2001	Jul.2001	Jul.2013	May.2002	Oct.1993		-	
Building age	11years4months	28years4months	14years4months	13years10months	13years0months	12years9months	13years0months	1years0months	12years2months	20years9months		-	
Number of stories	54 above ground, 6 below	37 above ground, 4 below	19 above ground, 6 below	25 above ground, 2 below	42 above ground, 2 below	43 above ground, 4 below	2 above ground, 1 below	20 above ground, 4 below	29 above ground, 3 below	6 above ground, 1 below	20 above ground, 1 below	-	
Gross floor area	approx. 442,150㎡	approx. 177,486㎡	approx. 46,154㎡	approx. 46,971㎡	approx. 85,266㎡	approx. 60,815㎡	approx. 2,083㎡	approx. 53,043㎡	approx. 54,006㎡	approx. 22,906㎡		-	
Ownership (Note 1)	Land	Co-ownership (approx. 8.8%)	Co-ownership (approx. 10.9%)	Leased	Co-ownership (approx. 56.4%)	Co-ownership (approx. 28.8%)		Co-ownership (approx. 25%)	Co-ownership (approx. 3.9%)	Co-ownership (approx. 47%)	Co-ownership (approx. 46%)	Ownership (100%)	
	Building	Compartmentalized ownership (approx. 6.8%)	Compartmentalized ownership (approx. 17.9%)	Compartmentalized ownership (approx. 57.9%)	Compartmentalized ownership (approx. 65.5%)	Co-ownership (approx. 32.9%)		Co-ownership (approx. 25%)	Compartmentalized ownership (approx. 3.2%)	Compartmentalized ownership (approx. 46.4%)	Compartmentalized ownership (approx. 44.7%)	-	
PML	0.29%	0.38%	0.42%	2.15%	1.66%	0.99%	9.84%	1.72%	1.16%	1.72%	3.53%	3.53%	-
Earthquake-resistant feature (Note 2)	Seismic Damping	Seismic Damping	-	Seismic Damping	Seismic Isolators	Seismic Isolators	-	-	-				
Acquisition price (mn yen)	57,280	62,480	27,200	43,930	42,090			19,150	1,706	2,100	4,000	21,820	
Occupancy rate (Note 3)	100%	100%	100%	100%	100%			100%	100%	95.5%	91.1%	100%	

Average building age
15.9 years (Note 4)

Portfolio PML
0.78%

Total acquisition price
281,756mn yen

(Note 1) "Type of ownership" denotes the type of rights held by MHR or the Trustee. "Ownership" stands for ownership, "Co-ownership" stands for the ownership of beneficiary interests, "Compartmentalized ownership" denotes ownership and right for exclusive use in or over parts of a building, and "Leased land" denotes Leasehold land. The land site of Atago Green Hills includes joint ownership in quasi-undivided interests of leasehold land and easement.

(Note 2) ARK Mori Building adopts "slitwall" as earthquake-resistant feature.

(Note 3) "Occupancy rate" of Koraku Mori Building, Moto-Azabu Hills, Roppongi First Plaza and Roppongi View Tower are based on the rates as of July 31, 2014.

(Note 4) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on Jul. 30, 2001.