



Mori Hills REIT Investment Corporation

Results of 20th Fiscal Period ended July 31, 2016

Presentation Material

September 15, 2016



TSE Code: 3234

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

(Asset Manager) Mori Building Investment Management Co., Ltd.

<http://www.morifund.co.jp/en/>

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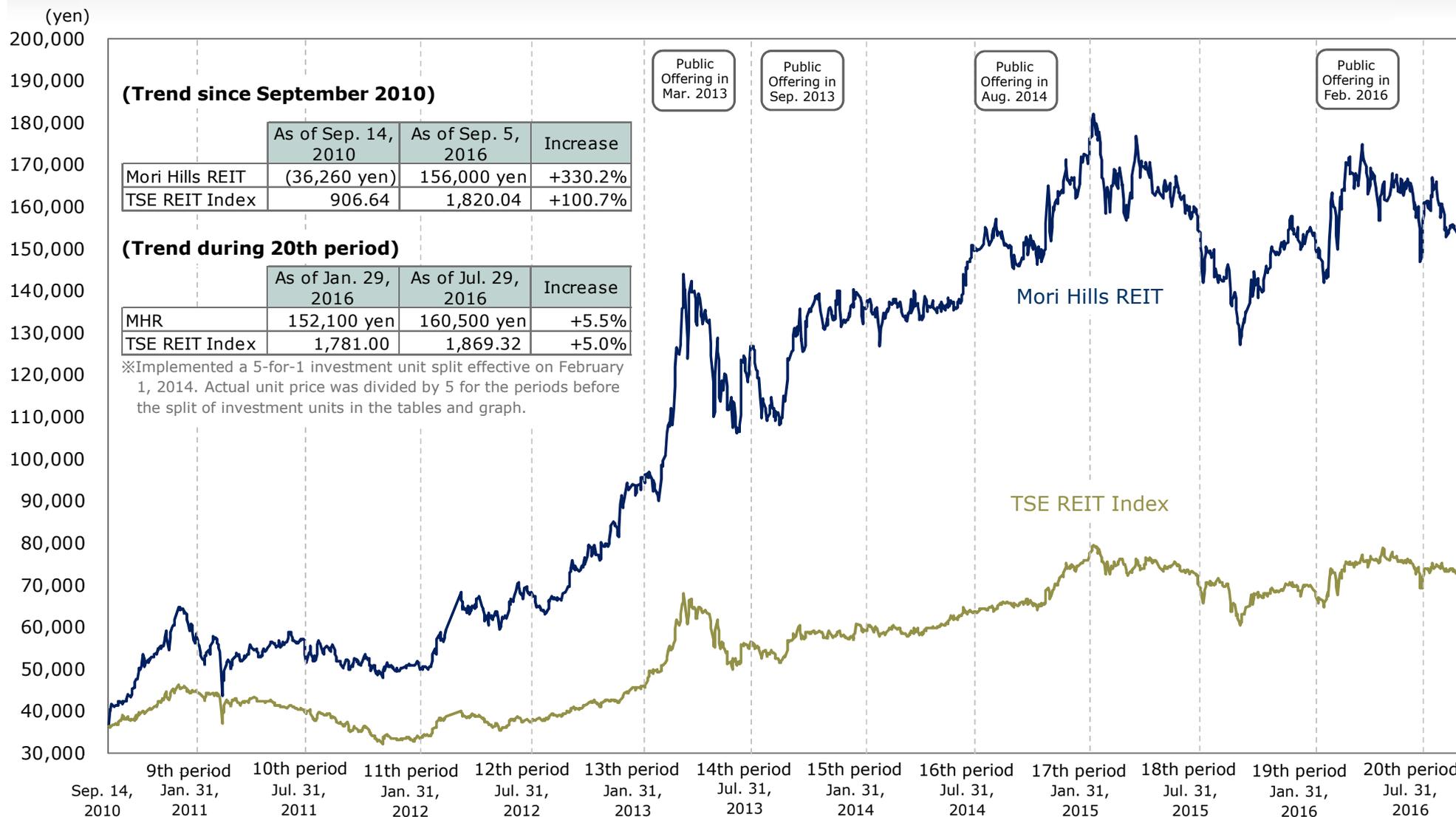
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1. Investment highlights



1-1 Unit price performance



Market value

41.9 bn yen
(Sep. 14, 2010)

273.0 bn yen
(Sep. 5, 2016)

(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 the 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 Financial results

	19th period	20th period		20th period
	Jan. 31, 2016	Jul. 31, 2016		Jul. 31, 2016
	Actual	Actual	Difference	Forecasted
Operating Highlights (million yen)				
Operating revenue	6,748	7,740	+ 992	7,757
Rent revenues	6,622	7,618	+ 996	7,626
Other operating revenues	126	122	△ 4	130
Operating expenses	2,181	2,600	+ 418	2,643
Expenses related to properties	1,874	2,295	+ 421	2,345
SG&A	307	304	△ 2	297
Operating income	4,566	5,140	+ 573	5,114
Non-operating income	2	3	+ 0	2
Non-operating expenses	640	648	+ 8	704
Ordinary income	3,928	4,495	+ 566	4,412
Net income	3,927	4,494	+ 566	4,411
DPU				
Total units outstanding (units)	1,570,040	1,750,640	180,600	1,750,640
DPU (yen)	2,502	2,567	+ 65	2,520
Other Indices (million yen)				
Profit on real estate rental	4,873	5,445	+ 571	5,412
Depreciation	852	966	+ 113	964
NOI	5,726	6,411	+ 684	6,377
NOI yield	3.9%	3.9%	0.0PT	3.9%
Acquisition price (weighted average based on the number of operating days during the period) (Note)	290,756	328,350	+ 37,594	328,350

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

Increase/decrease factor (19th – 20th)

• Operating revenue (+992 mn yen)

- Roppongi Hills Mori Tower (Acquisition in 20th period) +846
- Full period contribution of property acquisition in 19th period +73
- "Fixed rent ML" revision/change (20th period) +88

• Operating expenses (+418 mn yen)

- Roppongi Hills Mori Tower (Acquisition in 20th period) +248
- Full period contribution of property acquisition in 19th period +18
- "Fixed rent ML" revision/change (20th period) +156

• Non-operating expenses (+8 mn yen)

- Interest expenses, etc. (New borrowings in 20th period) +41
- Amortization of investment corporation bonds issuance cost +21
- Interest expenses, etc. (Existing borrowings) △49
- Interest on investment corporation bonds △5

Increase/decrease factor for 20th period (Forecasted – Actual)

• Operating income (+25 mn yen)

- Akasaka Tameike Tower (Residence) +8
- Moto-Azabu Hills +8
- Roppongi First Plaza +6

• Non-operating expenses (△56 mn yen)

- Interest expenses, etc. (New borrowings in 20th period) △32
- Interest expenses, etc. (Existing borrowings) △21

1-3 Forecasts

	20th period Jul. 31, 2016	21st period Jan. 31, 2017	
	Actual	Forecast	Difference
Operating Highlights (million yen)			
Operating revenue	7,740	8,235	+ 495
Rent revenues	7,618	8,029	+ 410
Other operating revenues	122	206	+ 84
Operating expenses	2,600	3,040	+ 440
Expenses related to properties	2,295	2,730	+ 434
SG&A	304	310	+ 5
Operating income	5,140	5,195	+ 54
Non-operating income	3	1	Δ 1
Non-operating expenses	648	643	Δ 4
Ordinary income	4,495	4,552	+ 57
Net income	4,494	4,551	+ 57

DPU

Total units outstanding (units)	1,750,640	1,750,640	—
DPU (yen)	2,567	2,600	+ 33

Other Indices (million yen)

Profit on real estate rental	5,445	5,505	+ 60
Depreciation	966	996	+ 30
NOI	6,411	6,502	+ 90
NOI yield	3.9%	3.8%	Δ 0.1PT
Acquisition price (weighted average based on the number of operating days during the period)	328,350	339,856	+ 11,505

Increase/decrease factor (20th – 21st)

• Operating revenue (+495 mn yen)

- Full period contribution of property acquisition in 20th period +285
- "Fixed rent ML" revision/change (21st period) +195
- Full period contribution of "fixed rent ML" revision/change in 20th period +26

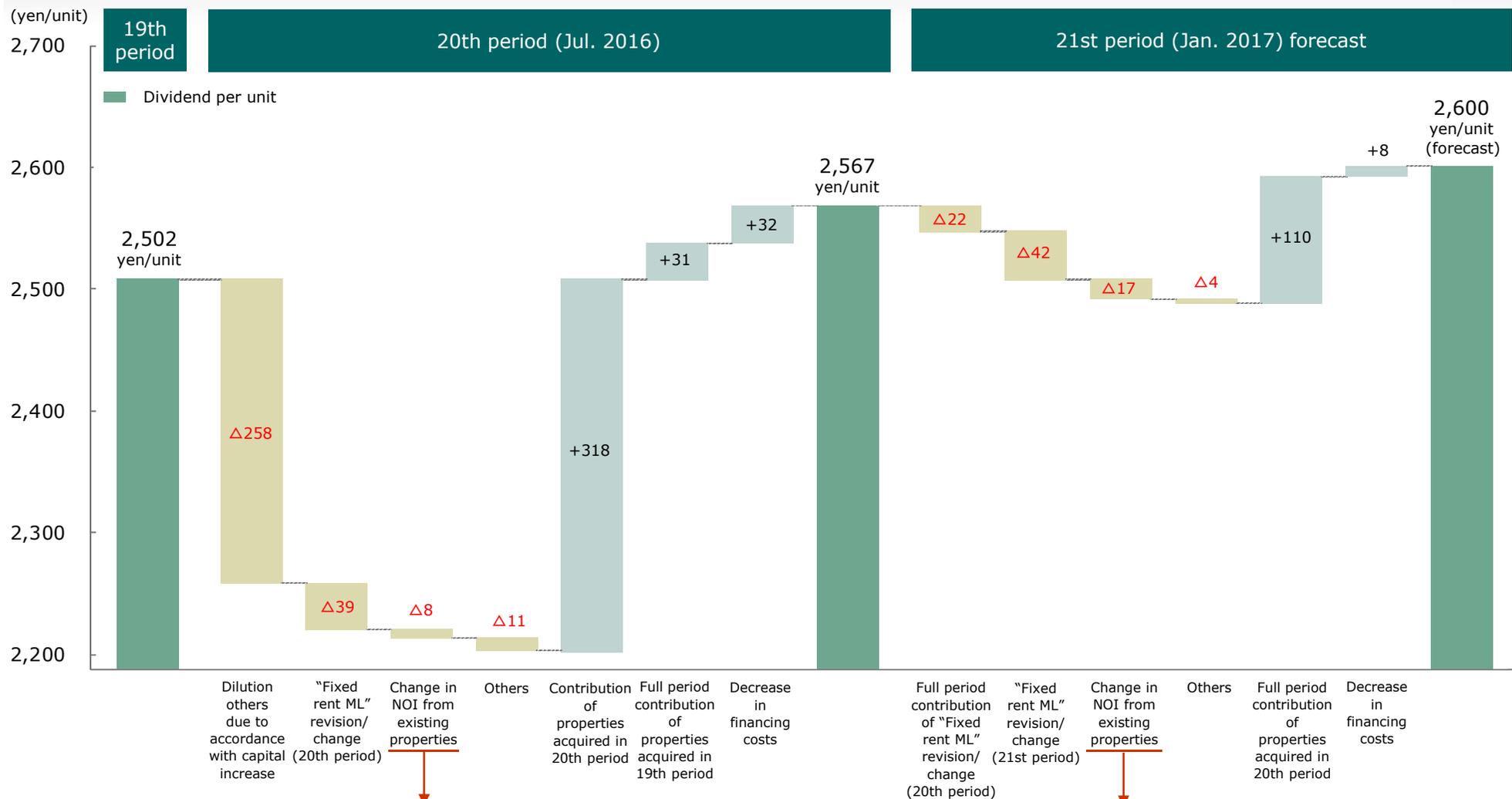
• Operating expenses (+440 mn yen)

- Full period contribution of property acquisition in 20th period +83
- "Fixed rent ML" revision/change (21st period) +268
- Full period contribution of "fixed rent ML" revision/change in 20th period +64

• Non-operating expenses (Δ4 mn yen)

- Interest expenses, etc.
(Full period contribution of new borrowings in 20th period) +9
- Interest on investment corporation bonds +3
- Interest expenses, etc. (Existing borrowings) Δ17

1-4 Factors that led to changes in dividend per unit from the previous fiscal period



Major factors behind change in NOI from existing properties :

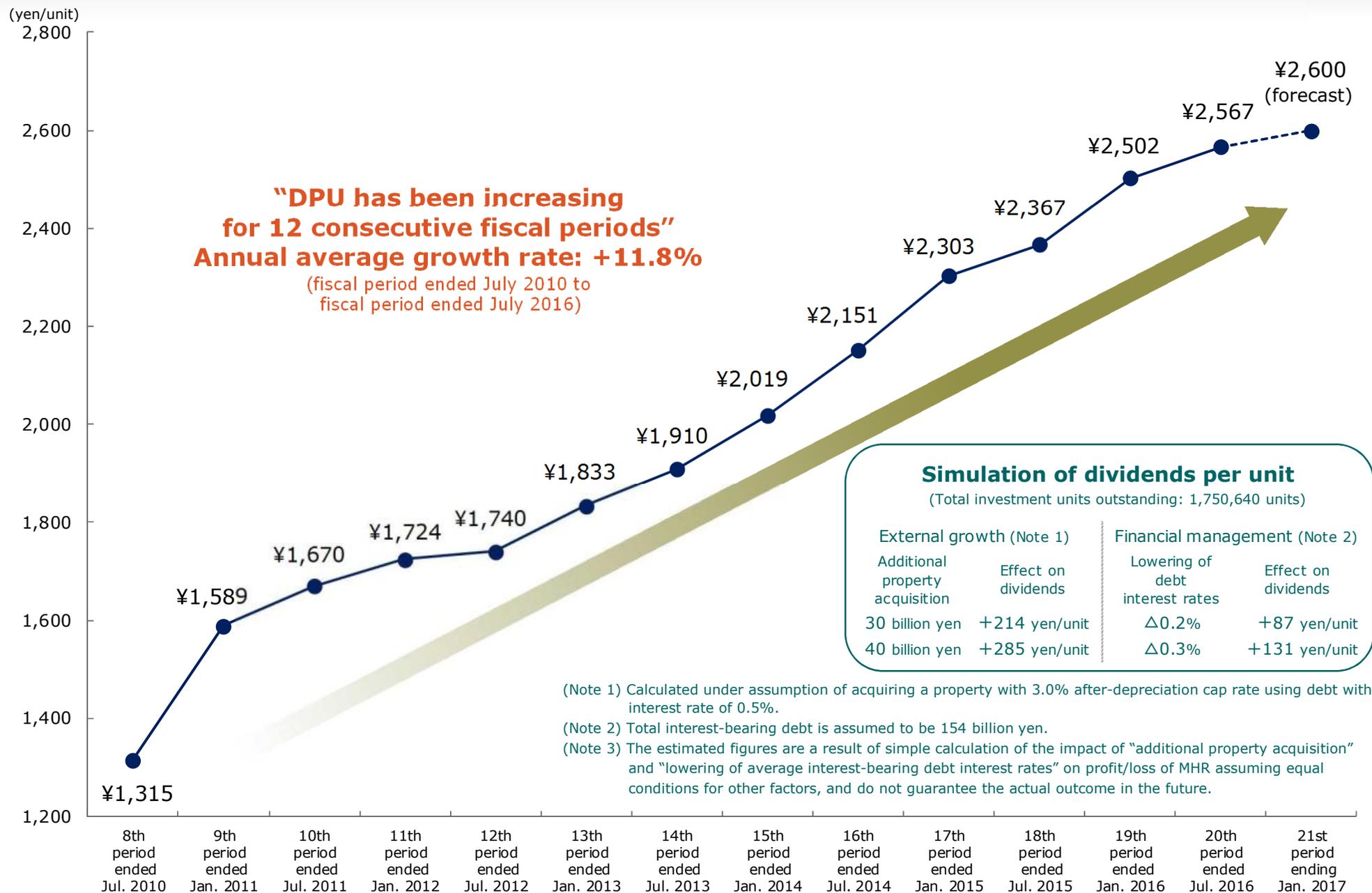
+ Decrease in depreciation and amortization	+11
- Property taxes for properties acquired in 19th period recorded as expense (equivalent to 3 months)	Δ7
- Net tenant lease activities and upward rent revision at Koraku Mori Building	Δ7
- Net tenant lease activities and upward rent revision at Roppongi View Tower	Δ4

Major factors behind change in NOI from existing properties:

+ Net tenant lease activities and upward rent revision at Koraku Mori Building	+13
+ Decrease in depreciation and amortization	+8
+ Upward land rent revision at Laforet Harajuku (Land)	+6
- Net tenant lease activities and upward rent revision at ARK Hills South Tower	Δ26
- Property taxes for properties acquired in 19th period recorded as expense (equivalent to 3 months)	Δ7
- Increase in maintenance and repairs	Δ7

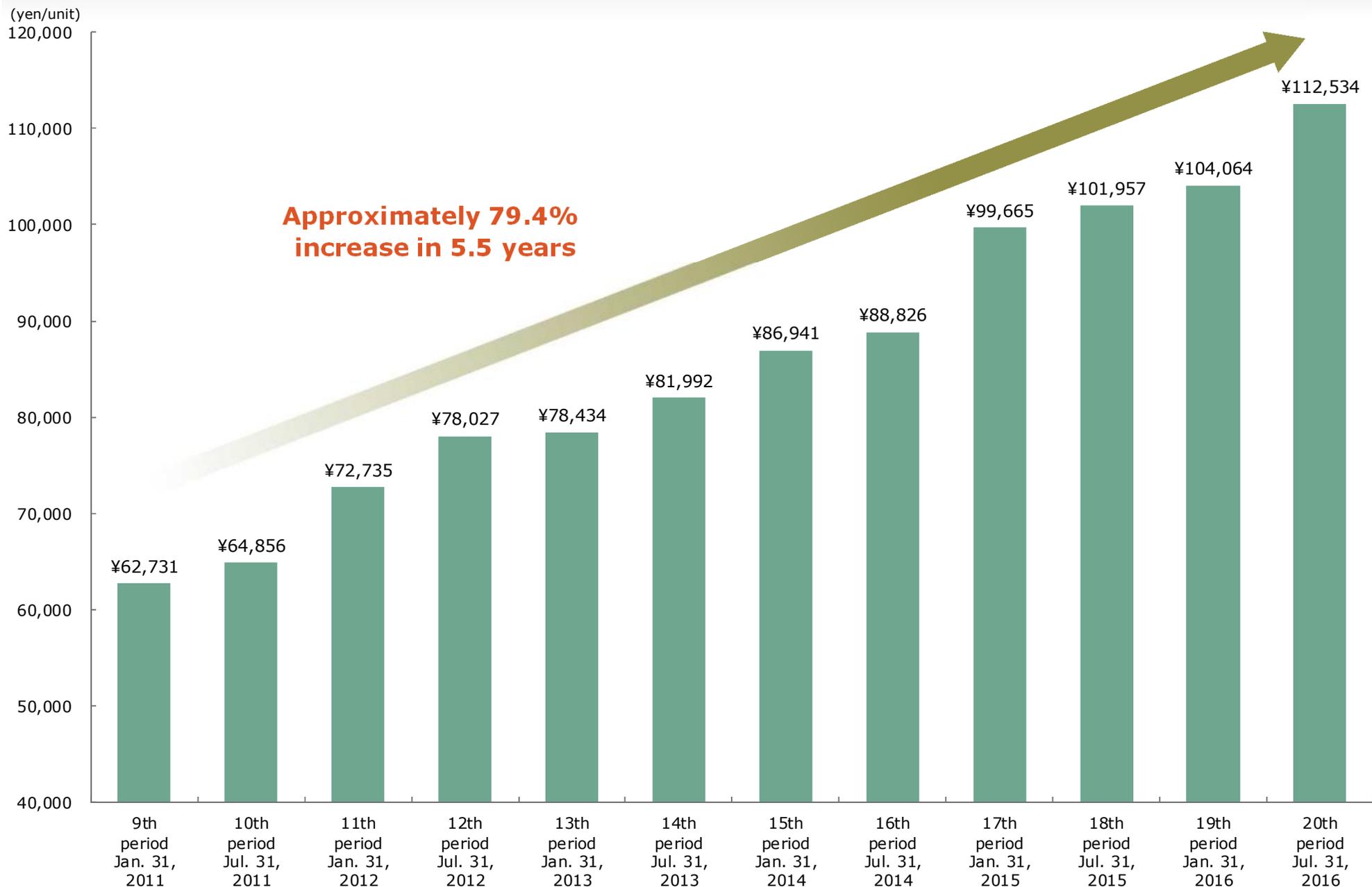
(Note) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,750,640 units and indicated as an approximate figure in yen.

1-5 Dividends per unit growth record



※ Implemented a 5-for-1 investment unit split effective on February 1, 2014.
 Actual dividends per unit was divided by 5 for the periods before the split of investment units in the graph.

1-6 Increase in appraisal NAV per unit



※ Implemented a 5-for-1 investment unit split effective on February 1, 2014.
Actual NAV was divided by 5 for the periods before the split of investment units in the graph.

1-7 External growth

Business environment recognition

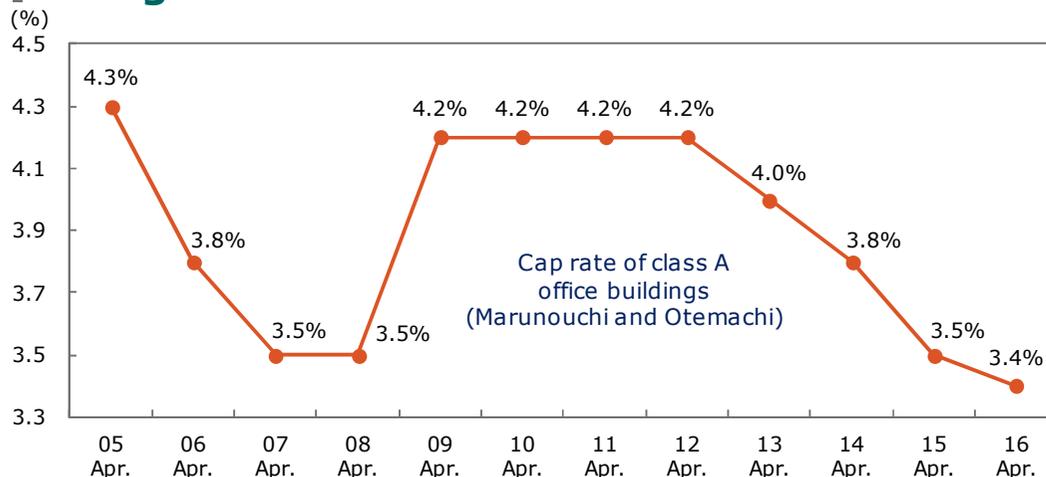
Closely watching the acquisition price level as property acquisition competitions are overheated

External growth policy

Focus on external growth utilizing sponsors' abundant property pipeline

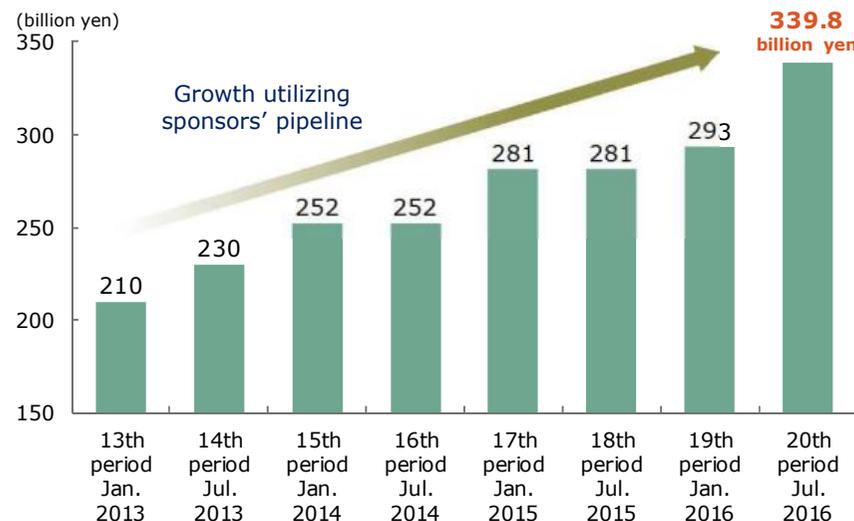
(Note) Please refer to "3. Business environment recognition and MHR's policy/strategy" for details.

Change in return on real estate investment

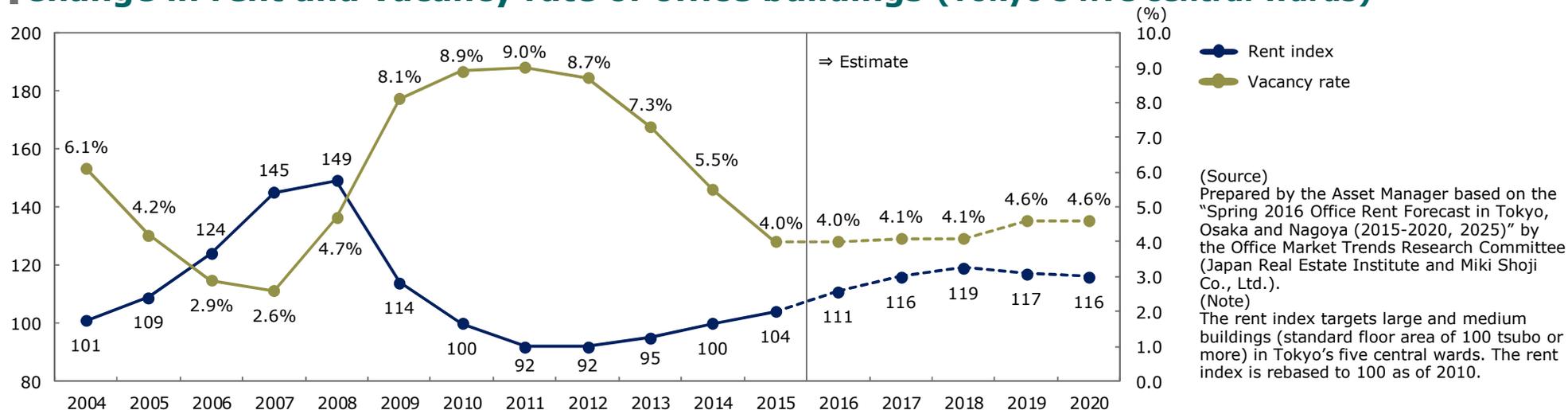


(Source) Prepared by the Asset Manager based on "The Japanese Real Estate Investor Survey" by the Japan Real Estate Institute.

Change in assets under management



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



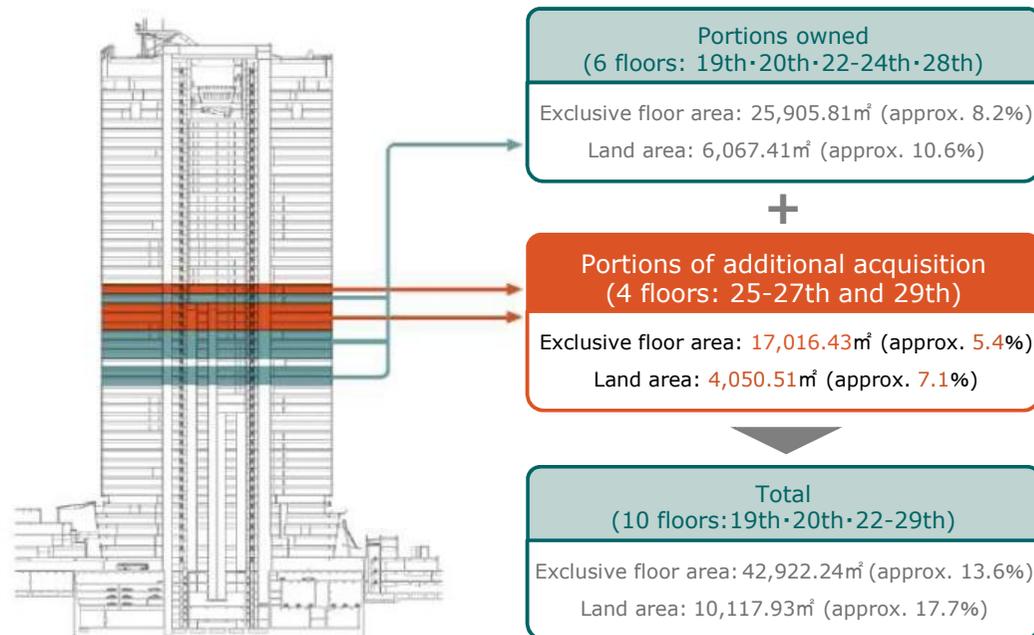
(Source) Prepared by the Asset Manager based on the "Spring 2016 Office Rent Forecast in Tokyo, Osaka and Nagoya (2015-2020, 2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).
(Note) The rent index targets large and medium buildings (standard floor area of 100 tsubo or more) in Tokyo's five central wards. The rent index is rebased to 100 as of 2010.

1-8 External growth

Overview of the property acquisition in 20th period (Roppongi Hills Mori Tower: 4 floors)



<Cross-section view>



Acquisition price

46.1 bn yen

Appraisal value

52.7 bn yen

NOI yield

3.8%

Property Number	O-0
Location (Residential indication)	10-1, Roppongi 6-chome, 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㎡

PML

0.59%

<Breakdown>

(upper rows: million yen/ lower rows: thousand yen)

Portions	25th (February 1, 2016)	26th, 27th, 29th (April 1, 2016)	Total
Leasable floor area	4,156.66㎡	12,942.64㎡	17,099.30㎡
Acquisition price (A)	11,200	34,900	46,100
Appraisal value	12,800	39,900	52,700
Projected property income ①	550,736	1,714,835	2,265,571
Projected property expenses ②	123,800	385,073	508,873
Projected NOI (B) : ①-②	426,936	1,329,762	1,756,698
Projected NOI yield (B)÷(A)	3.8%	3.8%	3.8%

(Note) The figures above are the annual income and expense after excluding factors specific to the fiscal year of acquisition, and the figures are not forecasted figures for the next fiscal period. The projected property expenses do not include depreciation.

1-9 External growth

Mori Building's extensive property pipeline | Properties owned by Mori Building Group

- Total assets:
1.8 trillion yen (as of March 31, 2016)
- Number of properties under management:
108 buildings (as of April, 2016)

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

Recent redevelopment projects (Toranomon Hills area)

A Toranomon 1-chome District
Category 1 Urban
Redevelopment Project



B Atagoyama District
Development Project (I District)



- a) Approx. 10,100m²
- b) Approx. 173,000m²
- c) Office/Retail/Business support facility/Parking
- d) Toranomon 1-chome District Urban Redevelopment Association (Note 2)
- e) Fiscal 2019 (Anticipated)

- a) Approx. 6,530m²
- b) Approx. 122,000m²
- c) Residential/Retail/Parenting support facility/SPA and others
- d) Mori Building Co., Ltd.
- e) Fiscal 2019 (Anticipated)

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

(Note 1) Some exceptions included.

(Note 2) Mori Building Co., Ltd. is participating in the project as one of participating consortium members.

1 Roppongi Hills
(Partly owned by MHR)



〈Office/Residential/Retail, etc.〉

2 Toranomom Hills



〈Office/Residential/Hotel, etc.〉

3 ARK Hills
(Partly owned by MHR)



〈Office/Residential/Retail, etc.〉

4 Atago Green Hills
(Partly owned by MHR)



〈Office/Residential/Retail〉

5 Holland Hills



〈Office/Residential/Retail〉

6 Moto-Azabu Hills
(Partly owned by MHR)



〈Residential〉

7 Forest Terrace
Toriizaka



〈Residential〉

8 Omotesando Hills



〈Retail/Residential〉

9 Laforet Harajuku
(Land owned by MHR)



〈Retail〉

Mori Building Group's involvement



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2016."

(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.

1-11 Internal growth

Business environment recognition

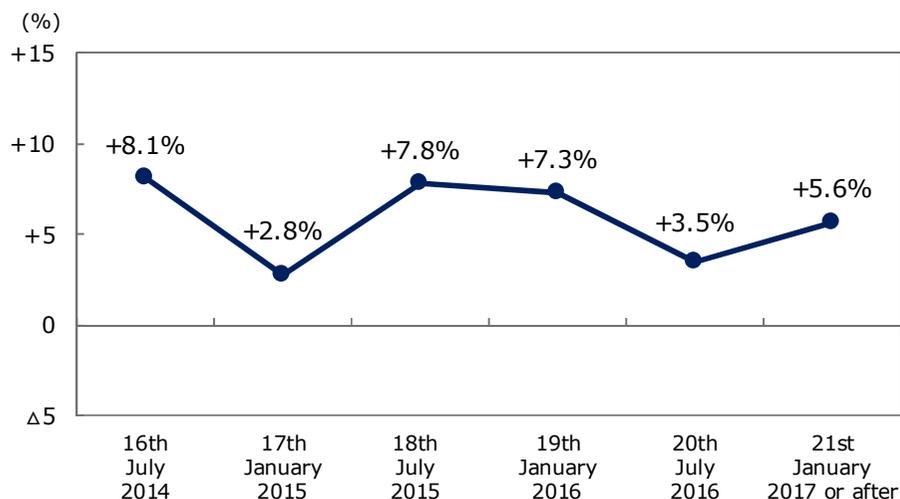
Rents of office buildings in central Tokyo are forecast to continue increasing moderately

Internal growth policy

Promote steady upward rent revisions and consider changes to pass-through type agreements depending on the market environment

(Note) Please refer to "3. Business environment recognition and MHR's policy/strategy" for details.

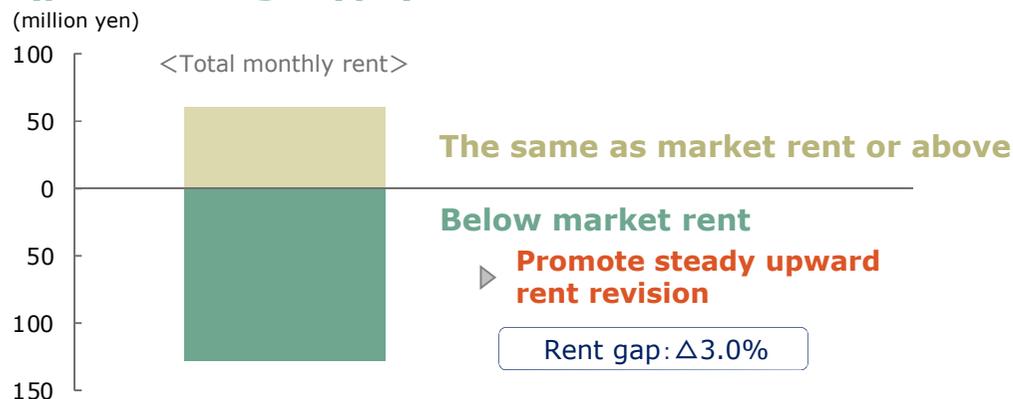
Result of office tenants' rent revision (pass-through type)



	Monthly rent prior to rent change	Monthly rent after rent change	Increase/decrease in monthly rent	Rate of revision
16th (ended Jul. 2014)	18.1 mn yen	19.6 mn yen	+1.4 mn yen	+ 8.1%
17th (ended Jan. 2015)	21.0 mn yen	21.6 mn yen	+0.5 mn yen	+ 2.8%
18th (ended Jul. 2015)	19.8 mn yen	21.4 mn yen	+1.5 mn yen	+ 7.8%
19th (ended Jan. 2016)	2.8 mn yen	3.1 mn yen	+0.2 mn yen	+ 7.3%
20th (ended Jul. 2016)	23.7 mn yen	24.6 mn yen	+0.8 mn yen	+ 3.5%
21st (ending Jan. 2017) or after	25.9 mn yen	27.3 mn yen	+1.4 mn yen	+ 5.6%

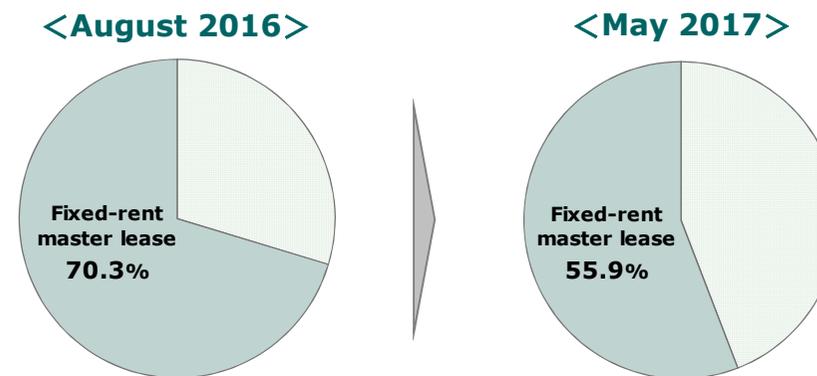
(Note) The figure reflects a change to a pass-through type agreement for Akasaka Tameike Tower (office).

Comparison with office market rent (pass-through type)



(Note 1) Market rent is based on the report by Sanko Estate Co., Ltd.
 (Note 2) Rent gap = Total tenants' rent ÷ "Total market rent" - 1
 (Note 3) The figures reflect a change to a pass-through type agreement for Akasaka Tameike Tower (office) and move outs of end tenants confirmed as of July 31, 2016.

Ratio of fixed rent master lease



(Note) The figures reflect move outs of end tenants confirmed as of July 31, 2016.

Case of lease agreement for Atago Green Hills changed to pass-through type.

1-12 Internal growth

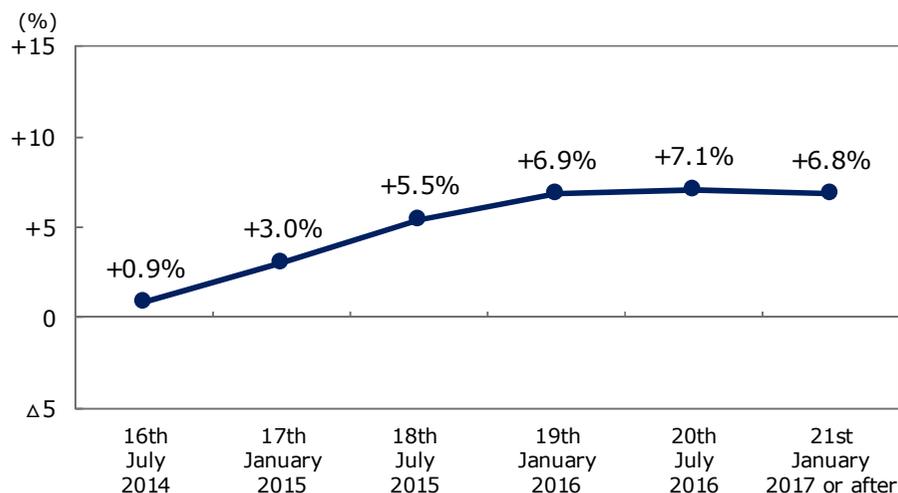
Breakdown of monthly rent revenue and agreement renewal timing

(million yen)

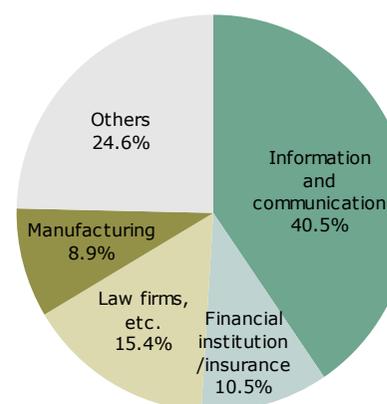
Tenant	Type of lease contract	Total rent per month	Ratio	Agreement renewal timing				
				21st period	22nd period	23rd period	24th period	25th period-
Office tenant	Limited term	172.7	13.5%	29.5	51.2	18.8	35.2	37.7
	Traditional	833.0	65.0%	—	124.7	—	—	708.3
	Total	1,005.7	78.5%	29.5	176.0	18.8	35.2	746.0
Residential tenant	Limited term	78.4	6.1%	11.2	12.0	15.5	11.6	27.9
	Traditional	55.3	4.3%	1.9	53.0	0.4	—	—
	Total	133.8	10.4%	13.2	65.0	15.9	11.6	27.9
Retail tenant	Limited term (Land)	102.4	8.0%	102.4	—	—	—	—
	Traditional	17.9	1.4%	—	—	—	17.9	—
	Total	120.3	9.4%	102.4	—	—	17.9	—
Sub total		1,259.9	98.4%	145.2	241.0	34.8	64.8	773.9
Retail, parking and others		20.9	1.6%					
Total		1,280.9	100.0%					

(Note) Figures reflect rent revision/change in payer of the building management fee for "Roppongi Hills Mori Tower (23rd and 24th floors) and ARK Mori Building (4th, 15th and 24th floors), a change to a pass-through type agreement for Akasaka Tameike Tower (office) and move outs of end tenants confirmed as of July 31, 2016.

Result of residential tenants' rent revision (Reference) (pass-through type)



Tenant Contribution by Industry Type-Office (Reference)



(Note 1) 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, 2016.

As for properties jointly owned with third parties, ratios are calculated by multiplying by co-ownership interest.

(Note 2) Business types are classified by the Asset Manager.

1-13 Financial management

Business environment recognition

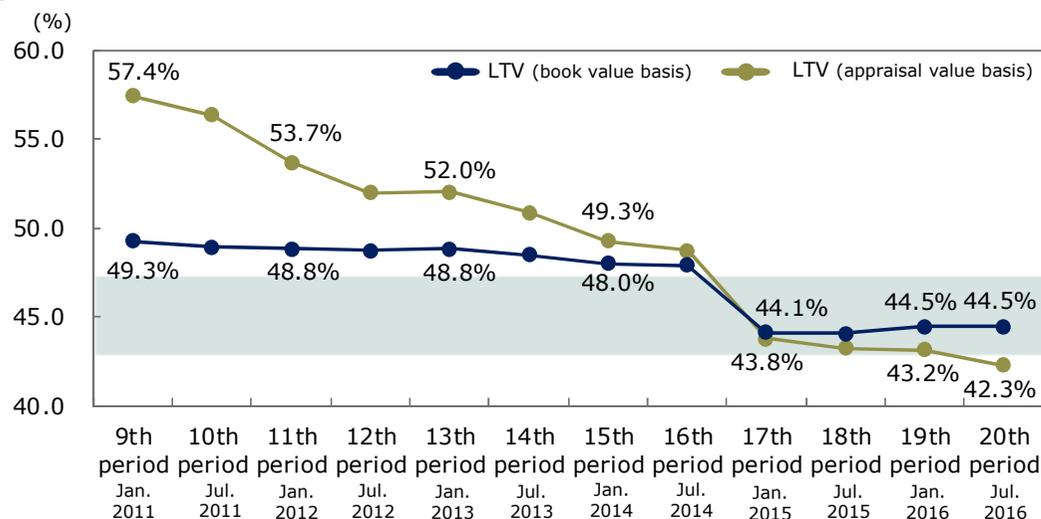
Interest rate level is expected to remain low considering economic conditions and monetary policies

Financial management policy

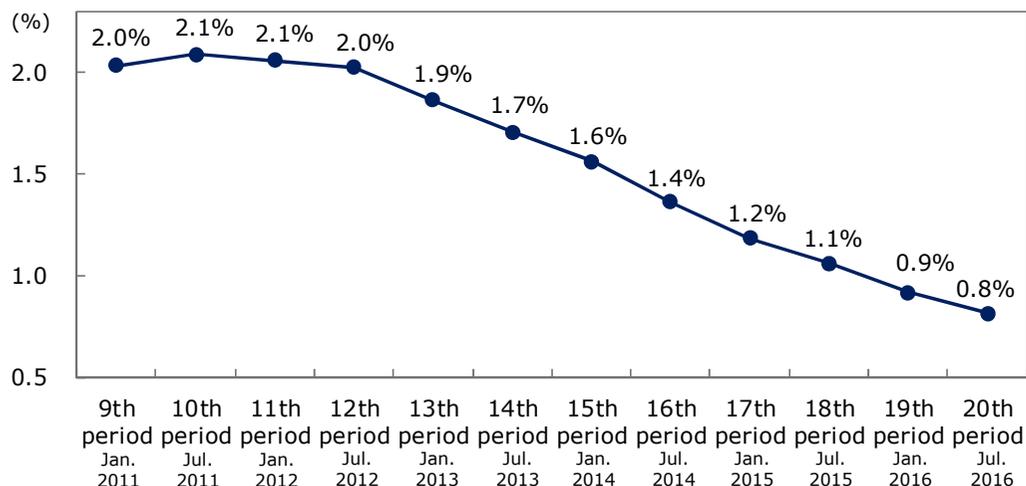
Move to lower interest rates targeting mid 40% range LTV (book value basis) and 4 years or longer average remaining duration of debt

(Note) Please refer to "3. Business environment recognition and MHR's policy/strategy" for details.

Reduction in LTV



Reduction in average interest rate (including borrowing expenses)



Overview of debt financing

	End of 19th period Jan. 31, 2016	End of 20th period Jul. 31, 2016
Debt Balance	132,700 mn yen	154,000 mn yen
LTV (book value basis) (Note 1)	44.5%	44.5%
LTV (appraisal value basis) (Note 2)	43.2%	42.3%
Avg. remaining duration	4.4 years	4.5 years

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

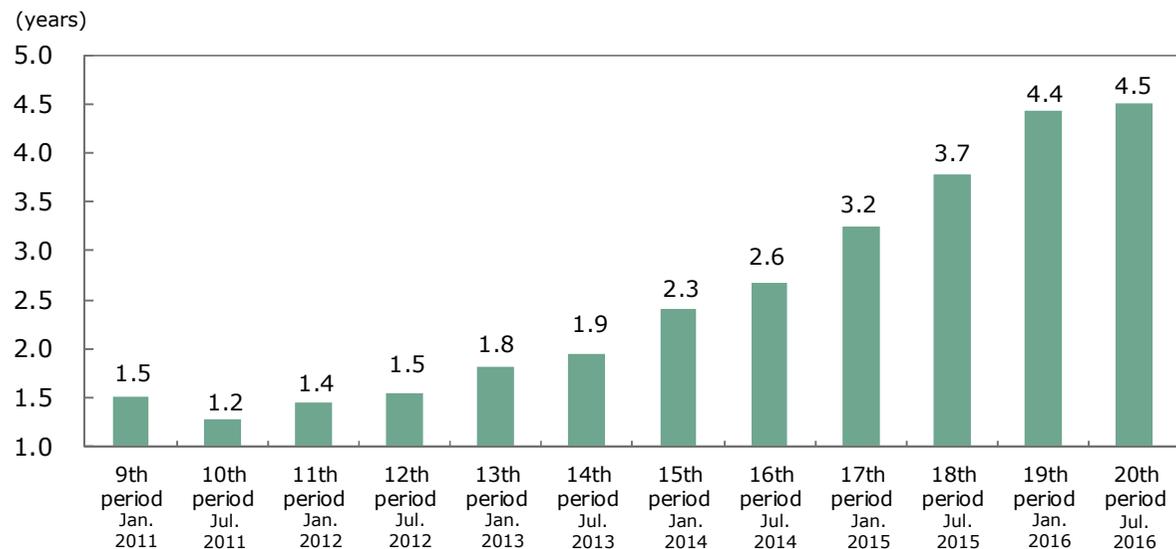
(Note 2) LTV (appraisal value basis) is calculated as [Interest-bearing debt / Appraisal value based total assets (Total assets + Total appraisal value - Total book value)].

Issuance status of the investment corporation bonds

Issue Date	Amount	Maturity	Rate of Interest
Aug. 2016	2,000 mn yen	10 years	0.34%

(Note) Total interest-bearing debt cost is calculated as [(interest expenses + interest expenses on investment corporation bonds + borrowing expenses + amortization of investment corporation bond issuance costs) × 365 ÷ operating days during each period ÷ average interest-bearing debt balance during each period].

Extension in remaining duration of debt



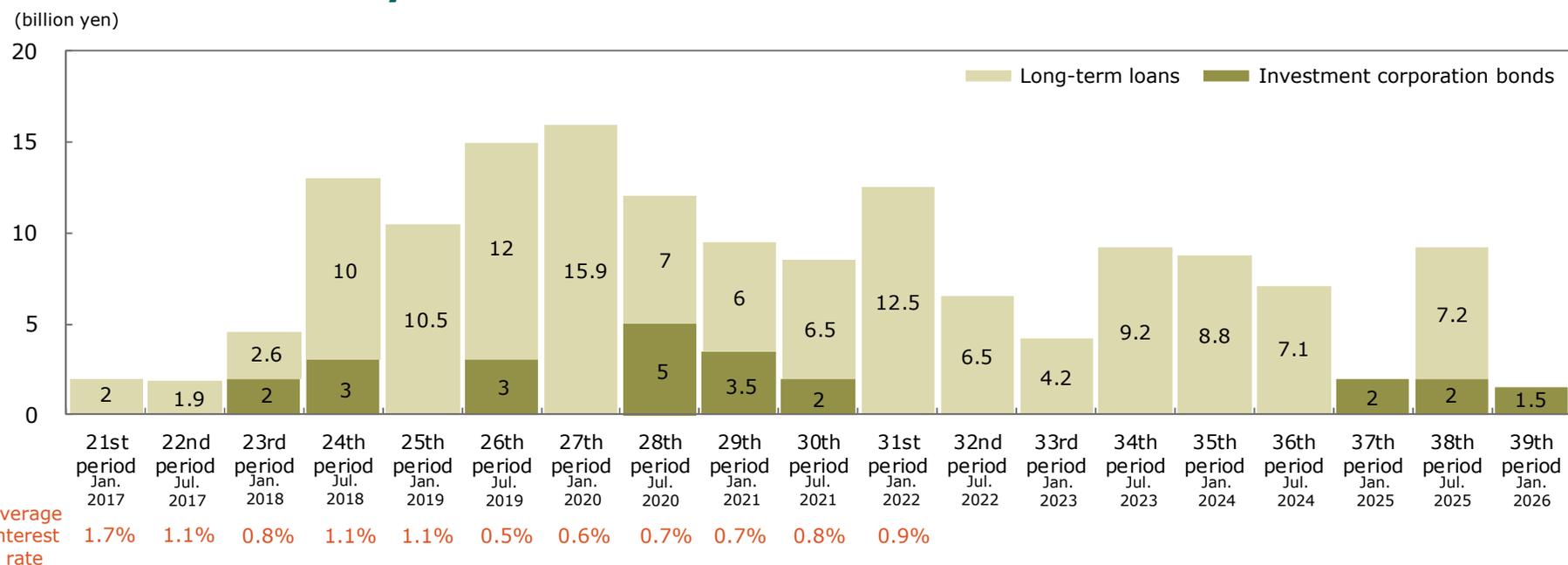
Rating

Japan Credit Rating (JCR)

Long-term issuer rating:
AA- (Positive)

Outlook changed on
May 23, 2016 from
"Stable" to "Positive"

Overview of maturity (as of July 31, 2016)

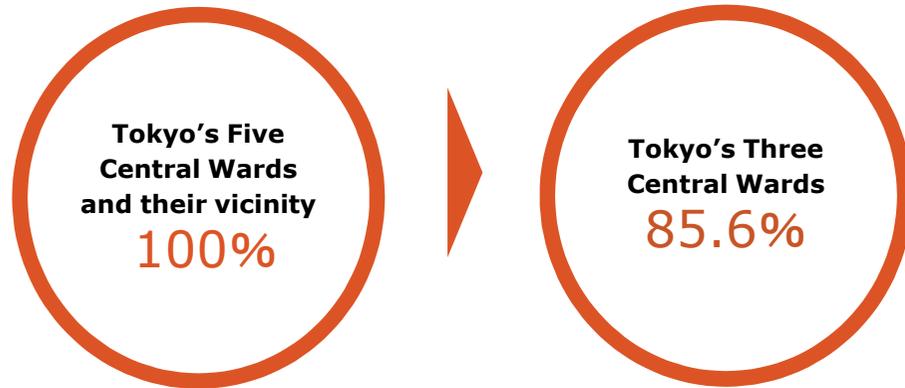


1-15 Invest in premium properties in Central Tokyo

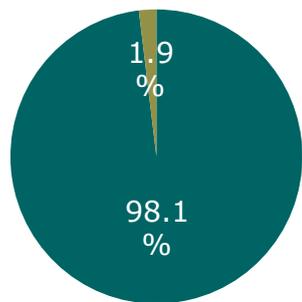
(1) Location

No. 1 property percentage in Central Tokyo (Total assets: 339.8 bn yen)

Area

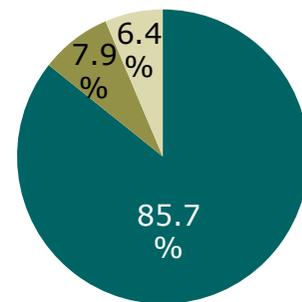


Size

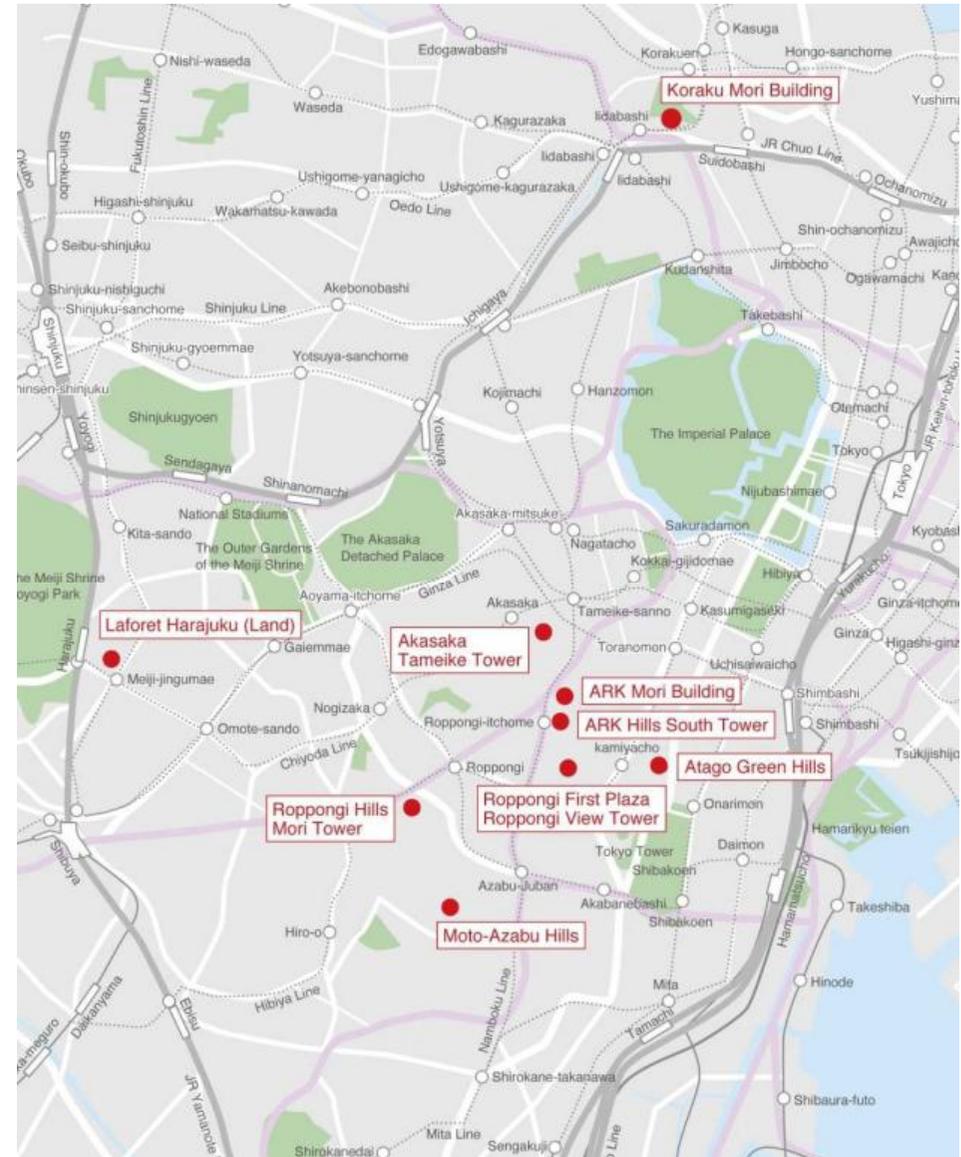


■ 30,000m² or more
■ Under 30,000m²

Type



■ Office ■ Residential ■ Retail



(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.

1-16 Invest in premium properties in Central Tokyo

(2) Earthquake-resistance capability

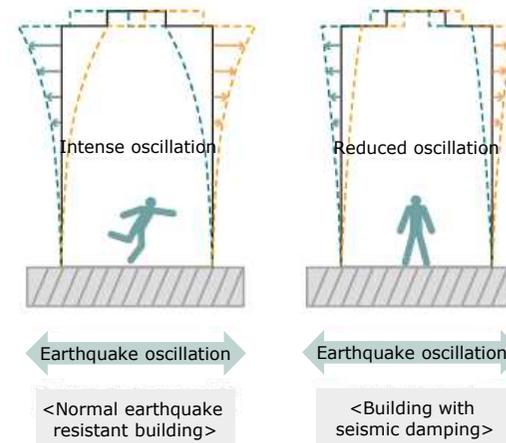
Pursue No. 1 earthquake-resistance capability

**Lowest portfolio
PML of all listed
J-REITs**
1.00%

※ PML refers to the probable maximum loss expected to result from an earthquake.
A smaller figure indicates superiority in earthquake-resistance.

Property name		Type	PML	Earthquake-resistant feature
Roppongi Hills Mori Tower		Office	0.59%	Seismic damping
ARK Mori Building			0.78%	Seismic damping
Koraku Mori Building			0.73%	Seismic damping
ARK Hills South Tower			1.56%	Seismic damping
Akasaka Tameike Tower		Office (Partly residential)	1.79%	Seismic damping
Atago Green Hills	MORI Tower		2.35%	Seismic damping
	Forest Tower		2.34%	Seismic damping
	Plaza		5.94%	—
Moto-Azabu Hills	Forest Tower	Residential	0.57%	Seismic isolators
	Forest Terrace East		1.27%	Seismic isolators
Roppongi First Plaza			2.20%	—
Roppongi View Tower			2.20%	—

Seismic damping

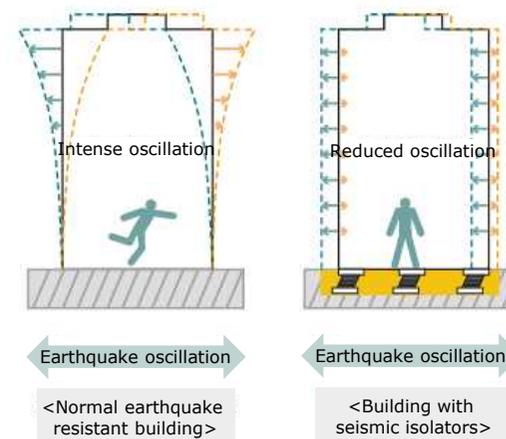


Seismic damping reduces earthquake magnitude of oscillation by approx. 20%



Viscous seismic damping wall

Seismic isolators



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



Seismic isolators

1-17 Invest in premium properties in Central Tokyo

(3) Environmental performance

Pursue No. 1 environmental performance



CASBEE for Market Promotion: Rank S



Roppongi Hills Mori Tower



ARK Mori Building



Atago Green Hills (Mori Tower)

DBJ Green Building Certification: Five stars



ARK Hills South Tower



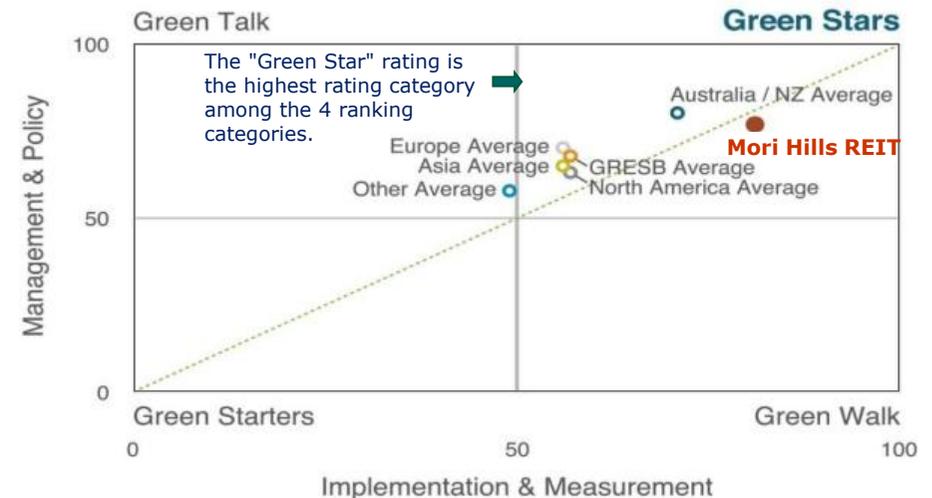
<Acquired GRESB Green Star Rating>

In the 2016 GRESB Survey, MHR received a Green Star rating for the fifth consecutive year, and earned a score that ranks it No. 1 out of the participants investing mainly in offices in Japan. In addition, MHR received 5 Stars in the GRESB Rating (note).



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

<GRESB Four-Quadrant Model Scores by Region>



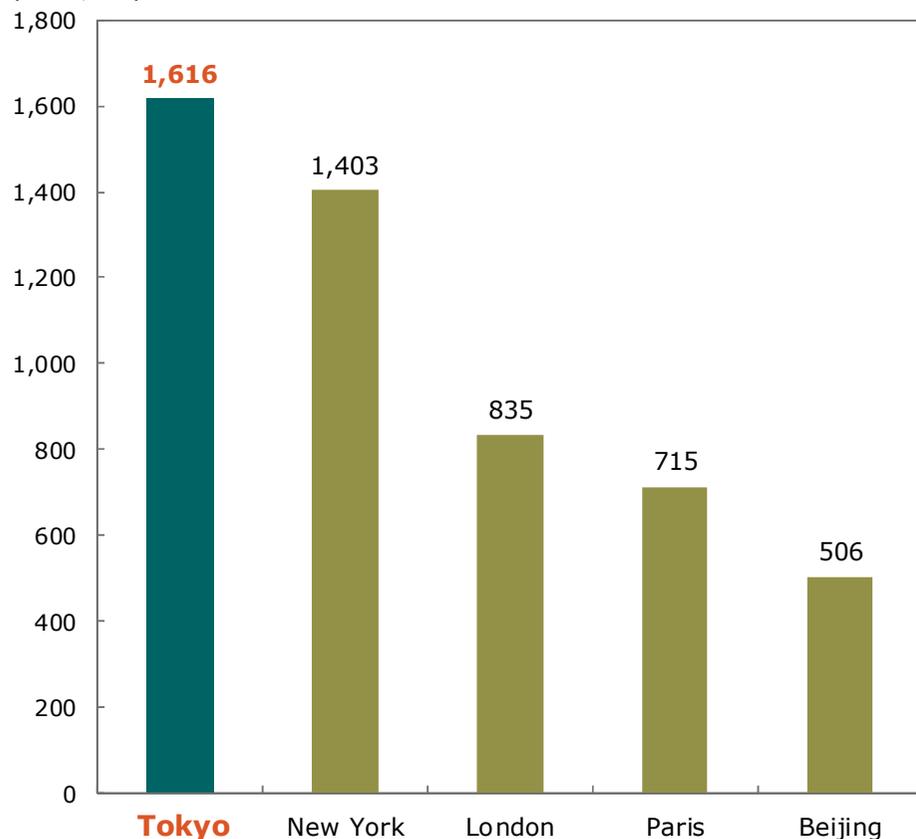
(Source) Prepared by the Asset Manager based on the "2016 GRESB Report" of the Global Real Estate Sustainability Benchmark (GRESB).

(Note) The comparative assessment of the overall score was initially introduced in 2016. It is a global ranking utilizing a five-star scale ("5 Stars" as the highest rank).

1-18 Competitive strength of Central Tokyo

GDP of major metropolitan areas

(billion, PPP)



(Source) Prepared by the Asset Manager based on "Global Metro Monitor 2014" published by the Brookings Institution

Population of urban concentration areas

(in thousands)

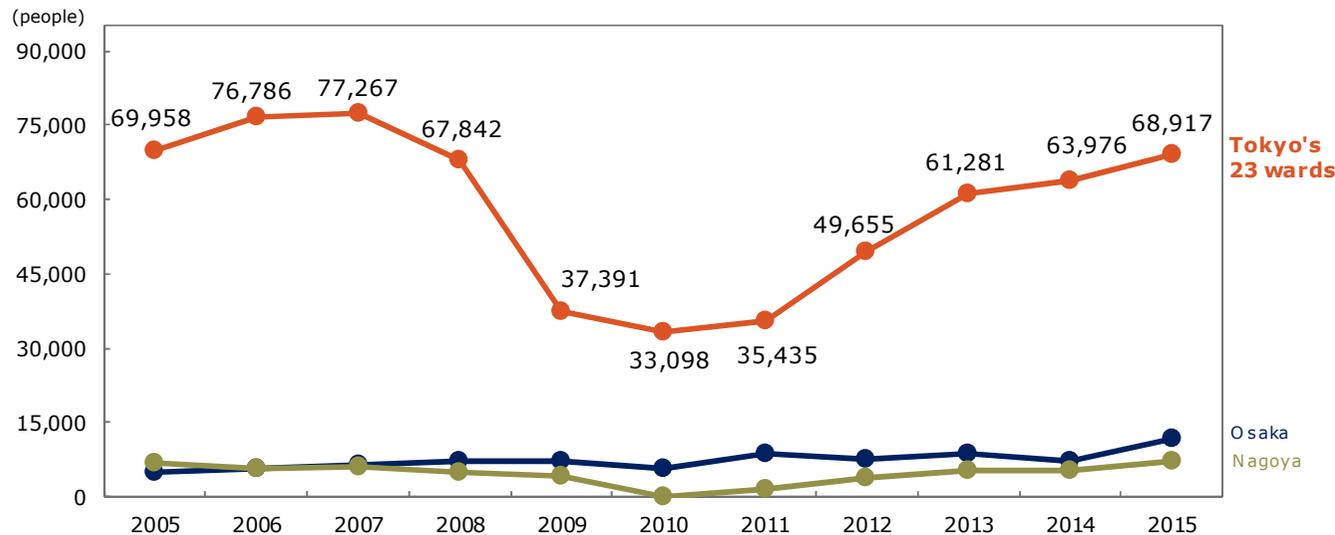
2014			2030		
Rank	Urban concentration area	Population	Rank	Urban concentration area	Population
1	Tokyo (Japan)	37,833	1	Tokyo (Japan)	37,190
2	Delhi (India)	24,953	2	Delhi (India)	36,060
3	Shanghai (China)	22,991	3	Shanghai (China)	30,751
4	Mexico City (Mexico)	20,843	4	Mumbai (India)	27,797
5	São Paulo (Brazil)	20,831	5	Beijing (China)	27,706
6	Mumbai (India)	20,741	6	Dhaka (Bangladesh)	27,374
7	Osaka (Japan)	20,123	7	Karachi (Pakistan)	24,838
8	Beijing (China)	19,520	8	Cairo (Egypt)	24,502
9	New York (USA)	18,591	9	Lagos (Nigeria)	24,239
10	Cairo (Egypt)	18,419	10	Mexico City (Mexico)	23,865

(Source) Prepared by the Asset Manager based on "World Urbanization Prospects: The 2014 Revision" by the Population Division of the Department of Economic and Social Affairs of the United Nations.

- In a comparison of GDP among the world's metropolitan areas, Tokyo outperformed New York and London to rank as the world's largest.
- In terms of the world's urban population, Tokyo is projected to maintain its rank as the world's largest metropolitan area.

1-19 Competitive strength of Central Tokyo

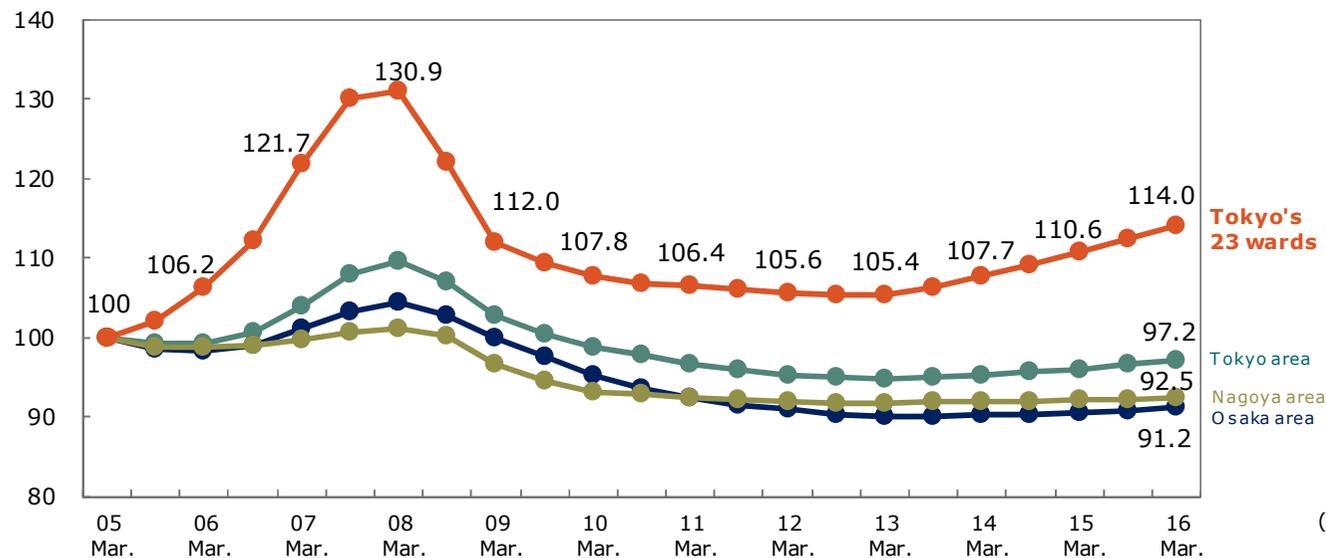
Trend of net migration



- Tokyo's 23 wards have experienced net population growth for 19 consecutive years since 1997, indicating a high level of consistent net population growth even in comparison with the other major cities in Japan.

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

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



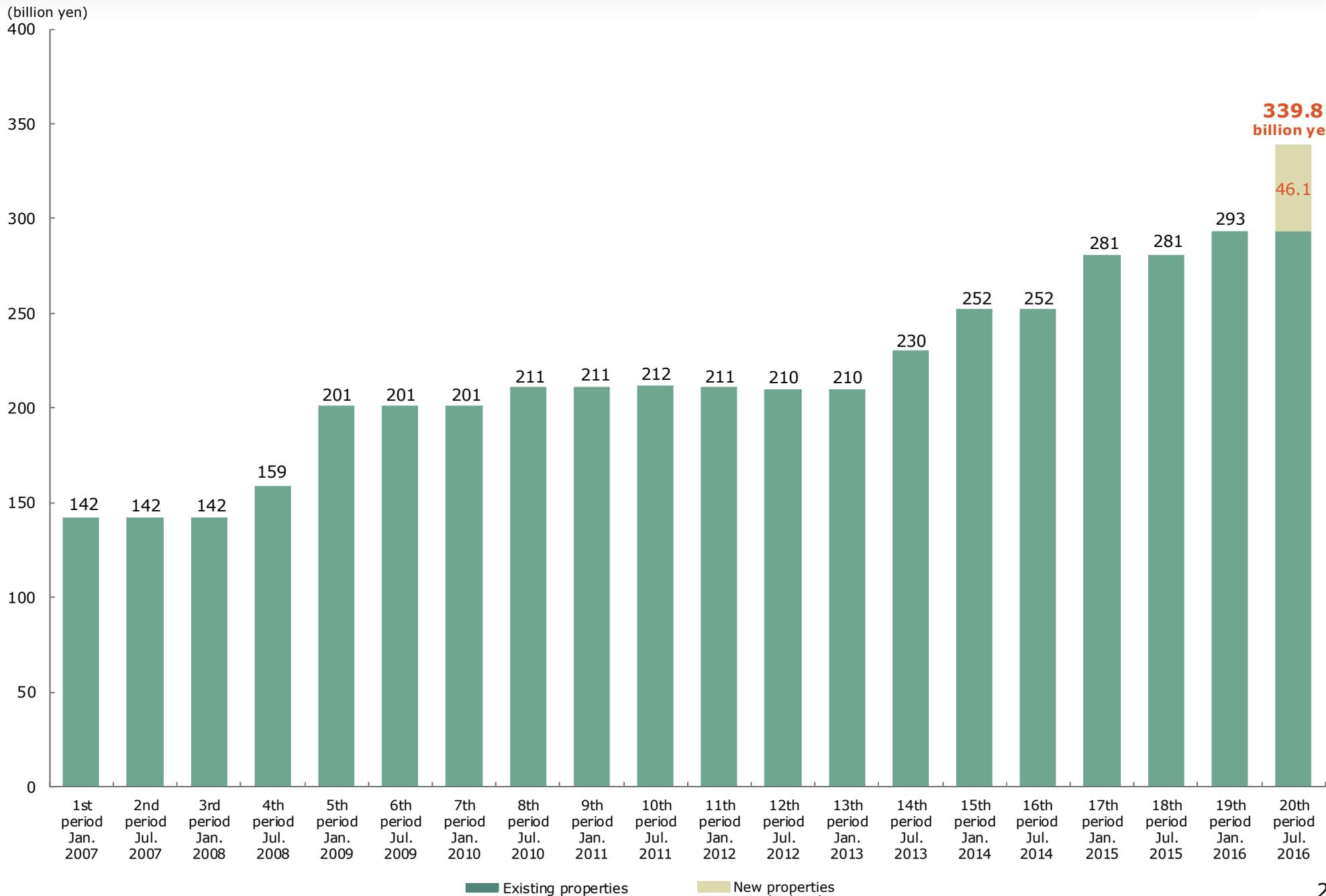
- Land price level of central Tokyo has consistently surpassed the level of March 2005, showing a clear difference from those of other metropolitan areas in Japan that have been on a declining trend.
- However, since investment should be made carefully after asset values have surged, we intend to exercise prudence concerning investment prices.

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

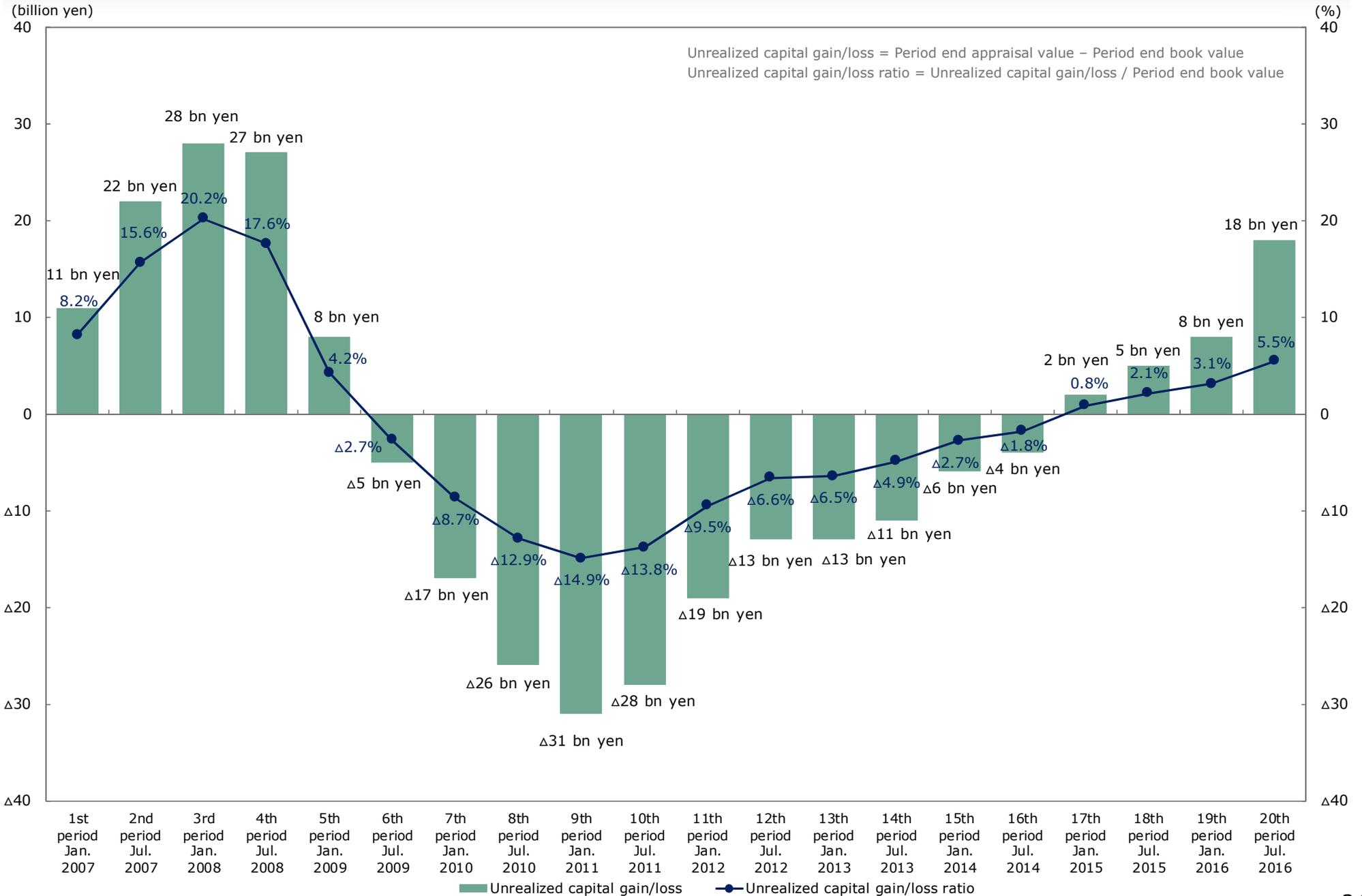
2. Operation highlights



2-1 Change in assets under management



2-2 Change in unrealized capital gain/loss



2-3 Appraisal value

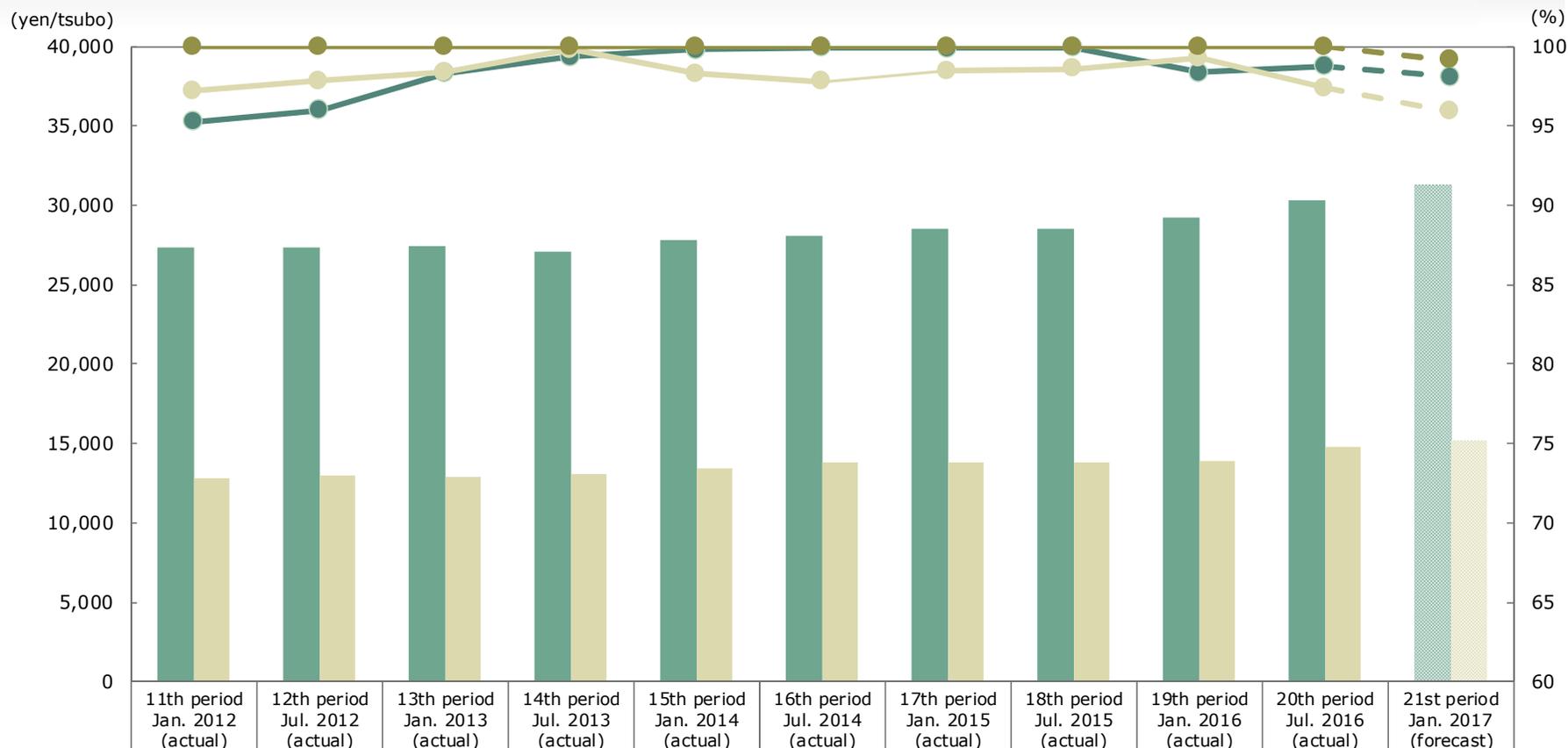
Impact of additional acquisition (million yen)

Principal use	Property name	Property No.	Acquisition price	Book value	As of end of 19th period Jan. 31, 2016		As of end of 20th period Jul. 31, 2016				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 rate (DCF)	Terminal yield (DCF)					
Office	Roppongi Hills Mori Tower	O-0	115,380	114,076	80,900	3.5%	134,300	3.4%	3.1%	3.6%	53,400	66.0%	20,223		
	ARK Mori Building	O-1	62,480	61,565	57,000	3.7%	57,000	3.7%	3.4%	3.9%	0	0.0%	△ 4,565		
	Koraku Mori Building	O-4	27,200	25,084	23,400	4.0%	23,400	4.0%	3.6%	4.3%	0	0.0%	△ 1,684		
	Akasaka Tameike Tower	O-6	43,930	42,134	29,300	4.0%	28,800	3.8%	3.5%	4.0%	△ 500	△ 1.7%	△ 13,334		
	Atago Green Hills	O-7	42,090	41,181	45,800	4.1%	45,800	4.1%	3.6%	4.3%	0	0.0%	4,618		
	ARK Hills South Tower	O-8	19,150	19,046	22,100	3.6%	22,900	3.5%	3.3%	3.7%	800	3.6%	3,853		
	Sub total			310,230	303,089	258,500	–	312,200	–	–	–	53,700	20.8%	9,110	
Residential	Moto-Azabu Hills	R-1	1,706	1,623	1,990	4.0%	1,990	4.0%	3.6%	4.2%	0	0.0%	366		
	Roppongi First Plaza	R-3	2,100	2,266	1,770	4.5%	1,790	4.5%	4.3%	4.7%	20	1.1%	△ 476		
	Roppongi View Tower	R-4	4,000	3,960	2,580	4.6%	2,610	4.6%	4.4%	4.8%	30	1.2%	△ 1,350		
	Sub total			7,806	7,850	6,340	–	6,390	–	–	–	50	0.8%	△ 1,460	
Retail and other	Laforet Harajuku (Land) (Note 2)	S-1	21,820	22,074	31,500	4.3%	32,600	–	4.3%	–	1,100	3.5%	10,525		
	Sub total			21,820	22,074	31,500	–	32,600	–	–	–	1,100	3.5%	10,525	
Total					339,856	333,014	296,340	–	351,190	–	–	–	54,850	18.5%	18,175

(Note 1) "Appraisal values" at the end of each fiscal period are based on the Ordinance Concerning Calculation of Investment Corporations, asset valuation methods and standards defined in the Articles of Incorporation of the Company and rules defined by the Investment Trust Association. Figures in the property appraisal reports created by Japan Real Estate Institute are indicated for properties other than ARK Hills South Tower and figures in the property appraisal report created by Daiwa Real Estate Appraisal Co., Ltd. are indicated for ARK Hills South Tower, respectively.

(Note 2) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 19th period shows the discount rate used in the DCF analysis.

2-4 Changes in the rent and occupancy rates



	11th period Jan. 2012 (actual)	12th period Jul. 2012 (actual)	13th period Jan. 2013 (actual)	14th period Jul. 2013 (actual)	15th period Jan. 2014 (actual)	16th period Jul. 2014 (actual)	17th period Jan. 2015 (actual)	18th period Jul. 2015 (actual)	19th period Jan. 2016 (actual)	20th period Jul. 2016 (actual)	21st period Jan. 2017 (forecast)
Office rent (yen/tsubo)	27,314	27,323	27,440	27,116	27,788	28,119	28,482	28,536	29,253	30,306	31,268
Residential rent (yen/tsubo)	12,833	12,957	12,944	13,105	13,432	13,763	13,782	13,765	13,894	14,750	15,159
Office occupancy	95.3%	96.0%	98.3%	99.4%	99.8%	100%	99.9%	100%	98.4%	98.8%	98.1%
Residential occupancy	97.2%	97.9%	98.4%	99.8%	98.3%	97.8%	98.5%	98.6%	99.3%	97.4%	95.9%
Retail occupancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99.2%

(Reference: Actual results in 10th period and before)

	1st period Jan. 2007	2nd period Jul. 2007	3rd period Jan. 2008	4th period Jul. 2008	5th period Jan. 2009	6th period Jul. 2009	7th period Jan. 2010	8th period Jul. 2010	9th period Jan. 2011	10th period Jul. 2011
Office rent (yen/tsubo)	31,450	32,068	32,462	33,648	34,118	34,725	34,554	33,187	31,901	29,555
Residential rent (yen/tsubo)	20,625	20,674	20,964	21,157	21,234	20,664	19,658	18,959	17,648	15,492
Office occupancy	99.9%	100%	99.1%	97.4%	98.1%	97.8%	93.7%	92.7%	88.9%	89.6%
Residential occupancy	94.4%	93.4%	93.1%	94.2%	93.5%	89.6%	90.1%	91.5%	93.8%	96.7%
Retail occupancy	-	-	-	-	-	-	-	-	100%	100%

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

2-5 Overview of fixed rent master lease properties

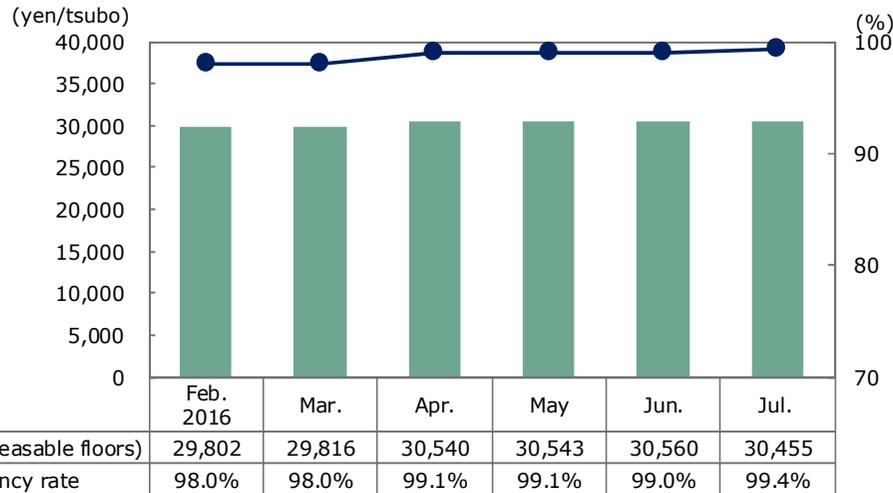
Overview of fixed rent master lease properties by the sponsor

Property name	Total monthly rent (mn yen)	% of portfolio total rent (Note)	Breakdown of property	Leased floor area (m ²)	Monthly rent (mn yen)	Payer of the management association fee	Next rent revision	Expiration of the lease agreement
Roppongi Hills Mori Tower (10 floors)	490.5	38.3%	23rd & 24th	8,993.45	114.6	MHR	—	Jul. 2021
			19th & 22nd	8,609.47	95.0			Sep. 2018
			20th	3,879.19	42.8			Jul. 2019
			28th	4,460.13	49.2			Sep. 2020
			25th	4,156.66	45.8			Jan. 2021
			26th & 27th & 29th	12,942.64	142.9			Mar. 2021
ARK Mori Building (8 floors + DHC)	225.2	17.6%	13th / 12th & 22nd	7,952.55	77.9	MHR	—	Jan. 2021
			23rd & 25th	5,742.95	55.5			Jan. 2021
			4th & 15th & 24th	7,680.52	73.8			Jan. 2021
			DHC	3,212.41	17.9	Master lessee	Apr. 2018	Mar. 2023
Atago Green Hills (approx. 32.9% of entire property)	185.2	14.5%	Office/residential /retail	29,667.58	185.2	Master lessee	May 2017	Apr. 2022
Total	901.1	70.3%						

(Note) Figures reflect rent revision/change in payer of the building management fee for "Roppongi Hills Mori Tower (23rd and 24th floors) and ARK Mori Building (4th, 15th and 24th floors), a change to a pass-through type agreement for Akasaka Tameike Tower (office) and move outs of end tenants confirmed as of July 31, 2016.

2-6 Tenant status by month and tenants with large leased space

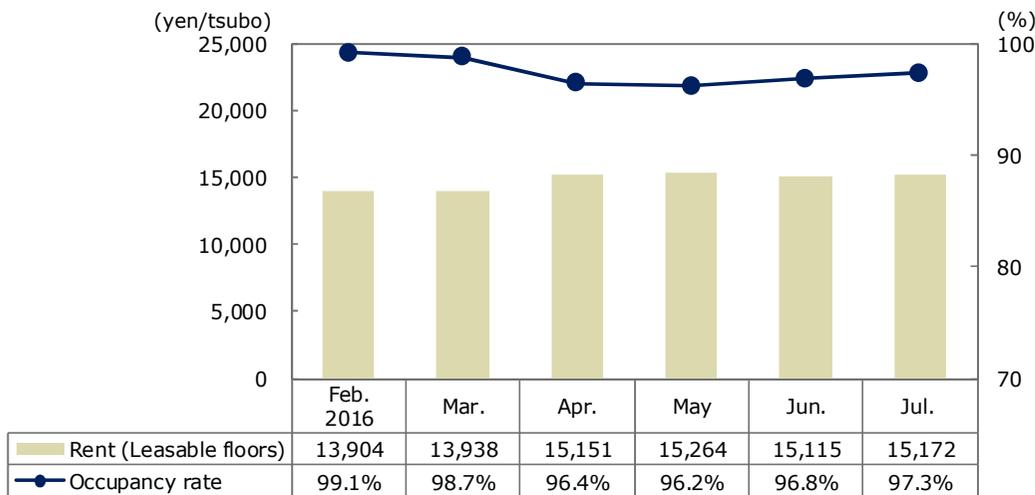
Office: Rent and occupancy rate



Top 5 tenants

End tenants	Property name	Leased space (Note)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Atago Green Hills ARK Hills South Tower	97,636.65 m ²	64.2%
Yahoo Japan Corporation	ARK Hills South Tower	3,841.53 m ²	2.5%
Syowa Leasing Co., Ltd.	Koraku Mori Building	2,683.90 m ²	1.8%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m ²	1.7%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m ²	1.4%
Total of top 5 tenants		108,844.02 m ²	71.6%

Residential: Rent and occupancy rate



(Note 1) 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.

(Note 2) The figure reflects a change to a pass-through type agreement for Akasaka Tameike Tower (office).

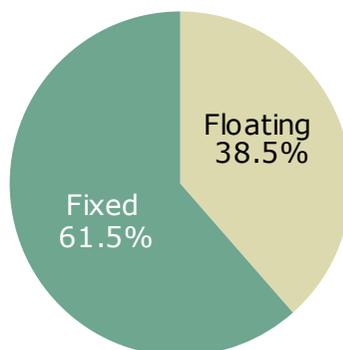
2-7 Financial overview (as of July 31, 2016)

Long and short-term debt ratio/ Fixed rate ratio

<Long and short-term debt ratio>



<Fixed rate ratio>



Major financial indicator

	End of 19th period Jan. 31, 2016	End of 20th period July 31, 2016
Debt Balance	132,700 mn yen	154,000 mn yen
Short-term loan	—	—
Long-term loan	108,700 mn yen	130,000 mn yen
Investment corporation bonds	24,000 mn yen	24,000 mn yen
LTV (book value basis) (Note 1)	44.5%	44.5%
LTV (appraisal value basis) (Note 2)	43.2%	42.3%
DSCR (Note 3)	12.1x	14.2x
Avg. remaining duration	4.4 years	4.5 years
Weighted avg. interest rate	0.62%	0.54%

(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].

Outstanding balances

Lenders	Balance	Ratio
Mizuho Bank, Ltd.	19,198 mn yen	14.8%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,198 mn yen	14.8%
Mitsubishi UFJ Trust and Banking Corporation	19,198 mn yen	14.8%
Sumitomo Mitsui Banking Corporation	18,575 mn yen	14.3%
Sumitomo Mitsui Trust Bank, Limited	16,401 mn yen	12.6%
Aozora Bank, Ltd.	6,250 mn yen	4.8%
Development Bank of Japan Inc.	5,950 mn yen	4.6%
The Norinchukin Bank	5,700 mn yen	4.4%
The Bank of Fukuoka	5,500 mn yen	4.2%
Resona Bank, Limited.	4,630 mn yen	3.6%
Shinsei Bank, Limited	3,400 mn yen	2.6%
The Hiroshima Bank, Ltd.	2,000 mn yen	1.5%
Mizuho Trust & Banking Co., Ltd.	2,000 mn yen	1.5%
Oita Bank Co. Ltd.	1,000 mn yen	0.8%
Shinkin Central Bank	1,000 mn yen	0.8%
Total borrowings	130,000 mn yen	100%
Investment corporation bonds	24,000 mn yen	
Total interest-bearing debt	154,000mn yen	

2-8 Debt status (as of July 31, 2016)

Debt

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Aozora Bank, Ltd.	2,000	1.19% (Note)	2012/8/31	2016/8/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd., Development Bank of Japan, Inc. Mizuho Trust & Banking Co., Ltd.	10,000	0.84% (Note)	2013/3/29	2018/3/31
Sumitomo Mitsui Trust Bank, Limited	1,978	0.75% (Note)	2013/5/31	2017/5/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd. Development Bank of Japan Inc., The Norinchukin Bank The Bank of Fukuoka, Resona Bank, Limited., Shinsei Bank, Limited, Mizuho Trust & Banking Co., Ltd.	10,500	0.78% (Note)	2013/9/30	2018/9/30
The Norinchukin Bank, The Hiroshima Bank, Ltd. Oita Bank Co. Ltd.	2,600	0.28%	2013/11/29	2017/11/30
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation	1,000	0.33%	2013/11/29	2019/5/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc., The Norinchukin Bank, The Bank of Fukuoka, Shinsei Bank, Limited	11,400	0.38%	2013/11/29	2019/11/30
Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Banking Corporation The Norinchukin Bank, The Bank of Fukuoka	11,000	0.28%	2014/5/30	2019/5/31
Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Banking Corporation	2,022	0.33%	2014/5/30	2020/5/31
Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited.	5,000	0.33%	2014/8/1	2020/5/31
Aozora Bank, Ltd.	2,000	0.28%	2014/8/29	2019/8/31
Resona Bank, Limited.	2,500	0.28%	2014/8/29	2019/8/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	6,000	0.62% (Note)	2014/11/28	2020/11/30
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	6,500	0.75% (Note)	2014/11/28	2021/11/30
Development Bank of Japan Inc.	1,700	0.80%	2015/3/27	2023/3/27
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	6,500	0.57% (Note)	2015/5/29	2021/5/31

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	6,500	0.70% (Note)	2015/5/29	2022/5/31
Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Banking Corporation	6,000	0.49% (Note)	2015/8/31	2021/8/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	2,500	0.65% (Note)	2015/9/16	2023/8/31
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,200	0.50% (Note)	2015/11/30	2022/11/30
Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited	6,300	0.62% (Note)	2015/11/30	2023/11/30
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Norinchukin Bank, Resona Bank, Limited. Shinsei Bank, Limited, The Hiroshima Bank, Ltd. Mizuho Trust & Banking Co., Ltd.	7,500	0.23%	2016/3/31	2023/3/31
Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd., Development Bank of Japan, Inc. The Bank of Fukuoka	7,100	0.28%	2016/3/31	2024/3/31
Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	7,200	0.28%	2016/3/31	2025/3/31
Shinkin Central Bank	1,000	0.18%	2016/3/31	2022/9/30
Total	130,000			

(Note) The interest rates above are the interest rates actually fixed following the conclusion of an interest swap agreement.

Investment corporation bonds

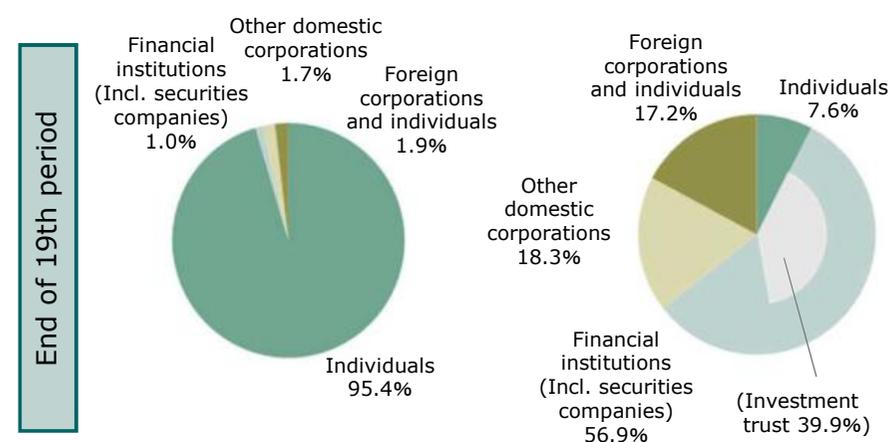
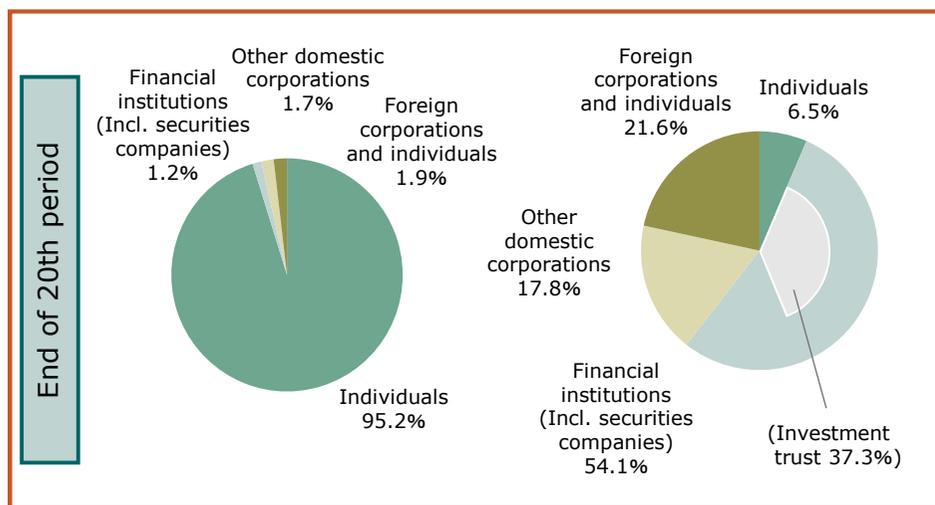
Bond	Amount (mn yen)	Rate of Interest	Payment date	Maturity date
7th Series Unsecured Corporation Bond (5 years)	2,000	0.97%	2012/11/28	2017/11/28
8th Series Unsecured Corporation Bond (5 years)	3,000	0.85%	2013/5/24	2018/5/24
9th Series Unsecured Corporation Bond (7 years)	2,000	1.26%	2013/5/24	2020/5/22
10th Series Unsecured Corporation Bond (5 years)	3,000	0.41%	2014/2/24	2019/2/22
11th Series Unsecured Corporation Bond (7 years)	2,000	0.69%	2014/2/24	2021/2/24
12th Series Unsecured Corporation Bond (10 years)	2,000	0.87%	2014/11/27	2024/11/27
13th Series Unsecured Corporation Bond (5 years)	3,000	0.32%	2015/5/26	2020/5/26
14th Series Unsecured Corporation Bond (10 years)	2,000	0.82%	2015/5/26	2025/5/26
15th Series Unsecured Corporation Bond (5 years)	3,500	0.38%	2015/11/26	2020/11/26
16th Series Unsecured Corporation Bond (10 years)	1,500	0.89%	2015/11/26	2025/11/26
Total	24,000			

2-9 Unitholders breakdown (as of July 31, 2016)

Unitholders breakdown

<Number of unitholders>

<Number of investment units>



Top 10 unitholders

Rank	Name	Number of units held	Ratio
1	Japan Trustee Service Bank (Trust account)	404,998	23.1%
2	Mori Building Co., Ltd.	262,772	15.0%
3	Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account)	140,154	8.0%
4	The Master Trust Bank of Japan, Ltd. (Trust account)	123,109	7.0%
5	The Nomura Trust & Banking Co., Ltd. (Trust account)	64,639	3.7%
6	STATE STREET BANK AND TRUST COMPANY 505223	27,653	1.6%
7	THE BANK OF NEW YORK MELLON SA/NV 10	26,043	1.5%
8	STATE STREET BANK AND TRUST COMPANY	19,389	1.1%
9	JP MORGAN CHASE BANK 385632	17,736	1.0%
10	Shikoku Railway Company	16,620	0.9%
Top 10 unitholders total		1,103,113	63.0%

3. Business environment recognition & MHR's policy/strategy



3-1 Business environment recognition

Real estate market / Lending attitude

- Low vacancy rates 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 (forecast): 4.0% in 2016 → 4.1% in 2018
 - ⇒ Rent index (forecast): 111 in 2016 → 119 in 2018
- Although cap rates remain at historically low levels, the rate of decrease seems more moderate.
(Japan Real Estate Institute's "The Japanese Real Estate Investor Survey")
 - ⇒ Class A buildings in Marunouchi
Cap rate: 3.5% in October 2015 → 3.4% in April 2016
- Lending attitude toward the real estate industry continues to be highly positive.

- Rents of office buildings in central Tokyo are forecast to continue increasing gradually.
- With regard to property acquisitions, selective investment is necessary with the highly competitive acquisition market.

Interest rate trends / Macro environment

- Long-term interest rates remain low due to the monetary easing policy and the core CPI rate of increase is at a low level partly due to the impact of the decrease in crude oil prices.
 - ⇒ 10-year bond rates: $\Delta 0.070\%$ (August 31, 2016)
 - ⇒ Core CPI: $\Delta 0.5\%$ (July 2016)
- In the July 2016 preliminary business conditions composite index, the leading index was at 100.0 (0.7 PT decrease from previous month) and the coincident index was at 112.8 (0.7 PT increase from previous month). Figures show a downward trend partly due to concerns over global business sentiment.
- The growth of money stock is limited.
The issue of wage increases can be seen from the consumer confidence survey and the monthly labor survey. Future trends will be scrutinized.

- Caution should be exercised as there is concern over the possible weakening in global business sentiment.
- Interest rate level is expected to remain low for the time being partially due to the introduction of negative interest rates by the Bank of Japan.

Continues to "MHR's policy/strategy" on the next page

3-2 MHR's policy/strategy

External growth policy

- Target premium properties in Central Tokyo and aim for annual external growth of 30 billion to 50 billion yen by best utilizing sponsors' pipeline. (Set target yield at the upper 3% range for NOI-based yield and 3.0% or higher for after-depreciation-based yield.)
- Focus on portfolio size expansion in order to further enhance stability and liquidity as an investment corporation while also considering disposition depending on conditions.

Internal growth policy

- Steadily implement upward rent revision. Consider further lowering of the fixed rent master lease ratio while monitoring the market environment.
- Properly implement office property repairs as necessary and conduct value-enhancement renovation for residential properties if such is judged to be cost-effective (there are no office properties that require large-scale renewal in terms of building age or competitiveness.).

Financial management policy

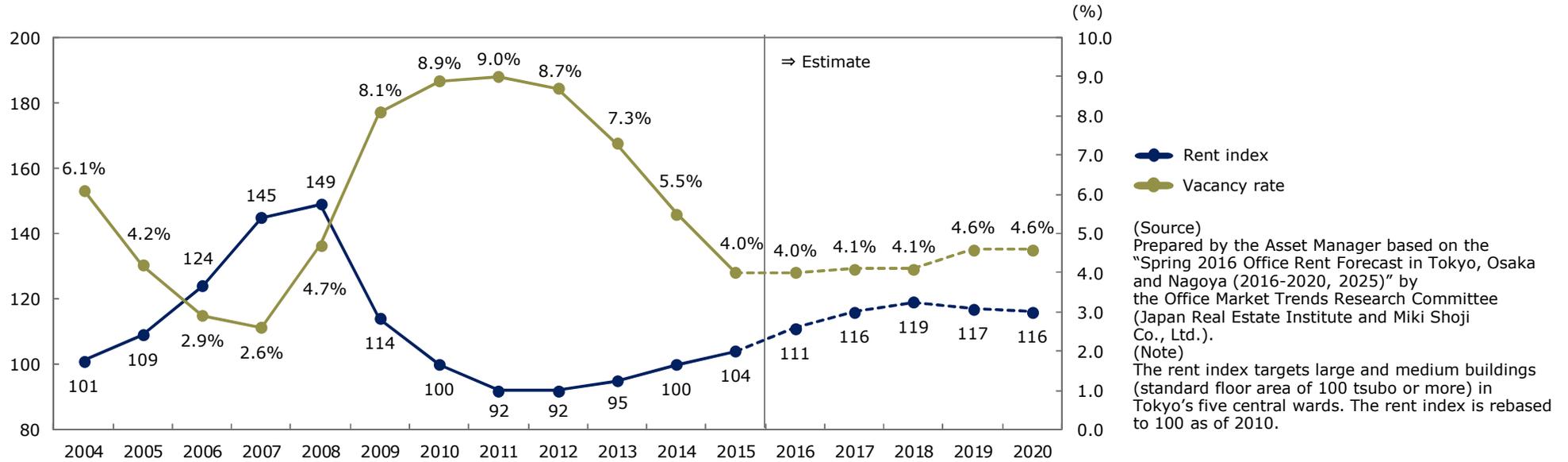
- Target LTV (book value basis) in the mid 40% range (though it may temporarily exceed the target level as necessary) in order to secure property acquisition capacity while maintaining a durable position for times of economic slowdown.
- Target average remaining duration of debt of 4 years or longer, and gradually increase the fixed rate ratio at the appropriate timing.
- Seek to raise ROA by utilizing free cash for property acquisition rather than reserving it more than necessary.

Policy regarding the entire investment corporation

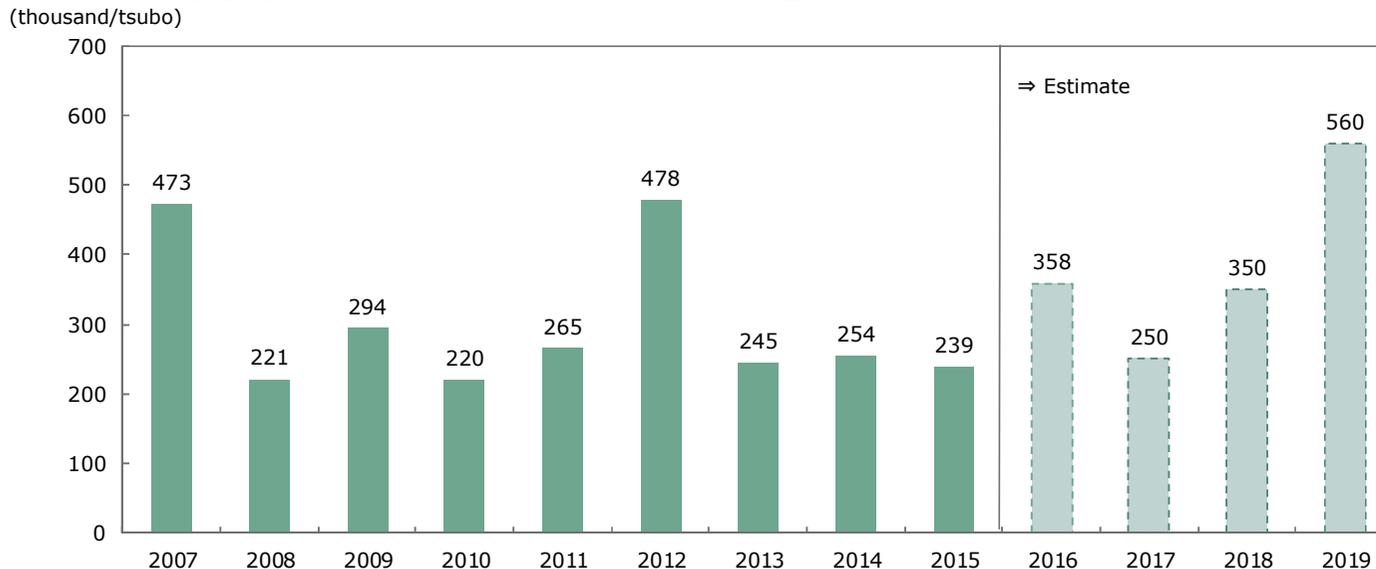
- **Promote portfolio size expansion while maintaining an asset quality level that is one of the best in the industry**
- **Aim for continuous improvement of dividends and NAV per unit by setting "dividend-driven management" as the basic policy**

3-3 Market-related information (1)

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



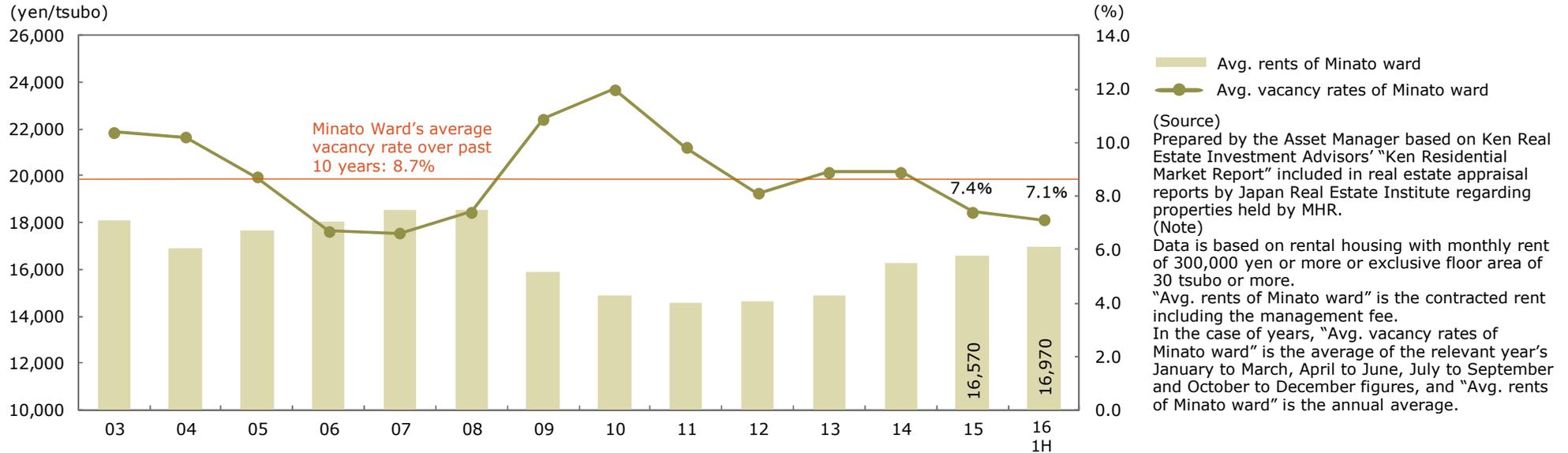
New supply area for office buildings (Tokyo's five central wards)



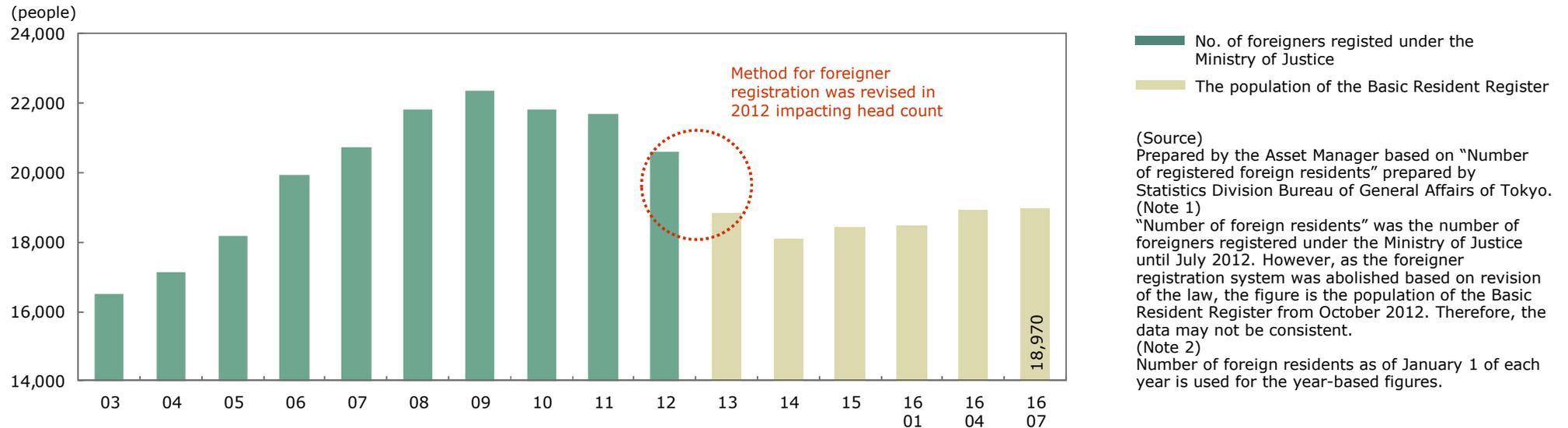
(Source)
Prepared by the Asset Manager based on the "Spring 2016 Office Rent Forecast in Tokyo, Osaka and Nagoya (2016-2020, 2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).

3-4 Market-related information (2)

Change in rents and vacancy rates of luxury housing (Minato ward)

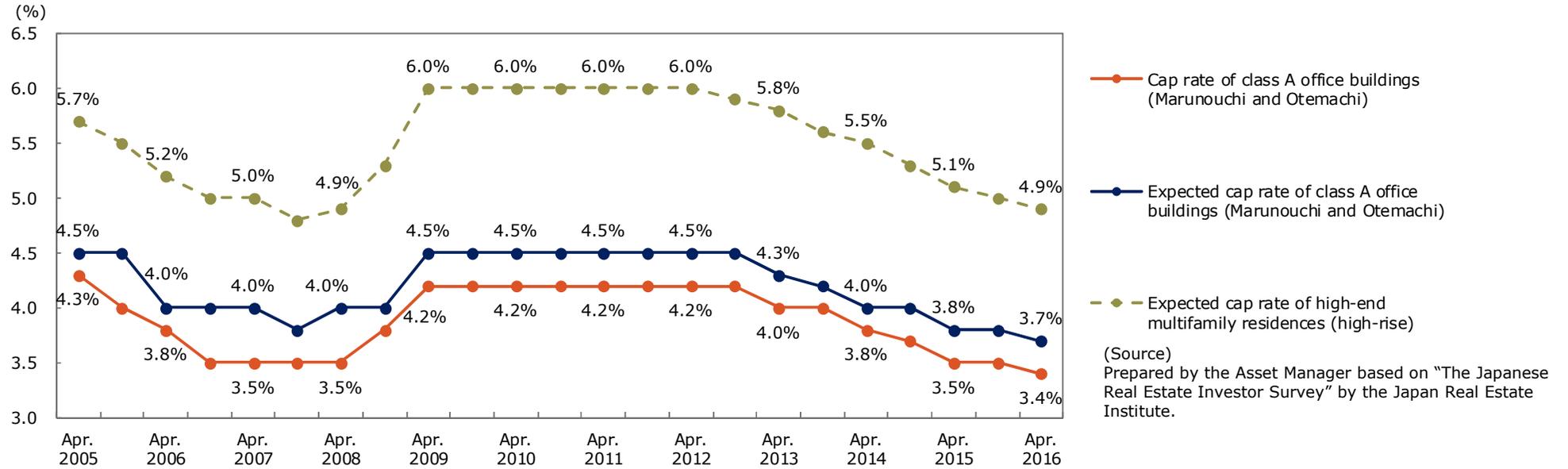


Change in number of foreign residents in Minato ward

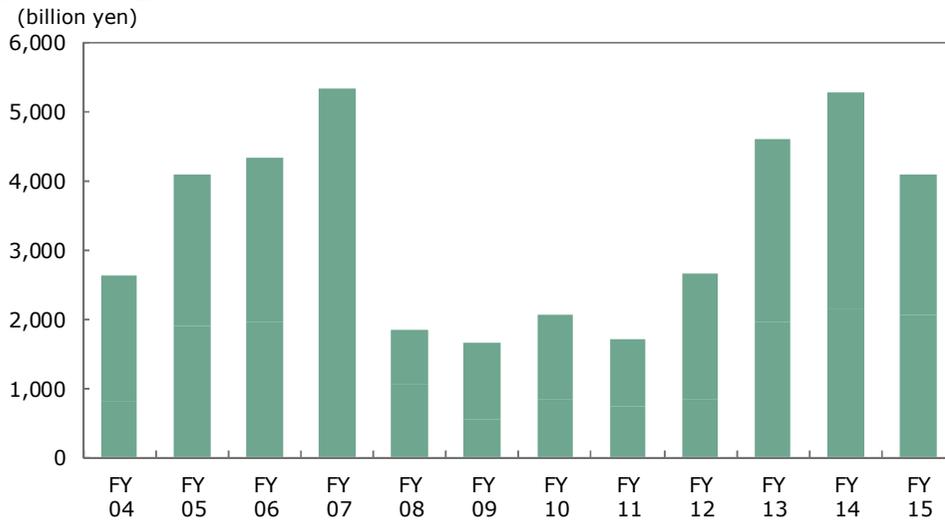


3-5 Market-related information (3)

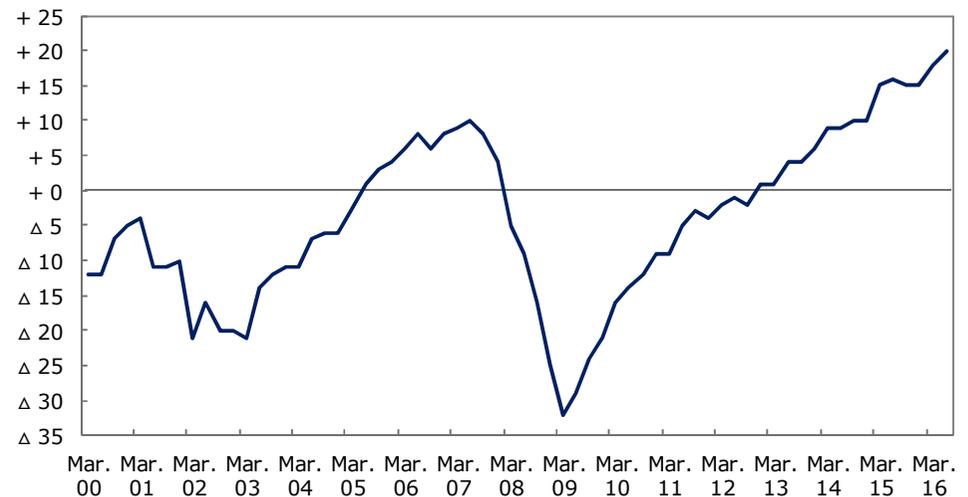
Change in return on real estate investment



Change in real estate transaction amount



Lending attitude DI (real estate industry)



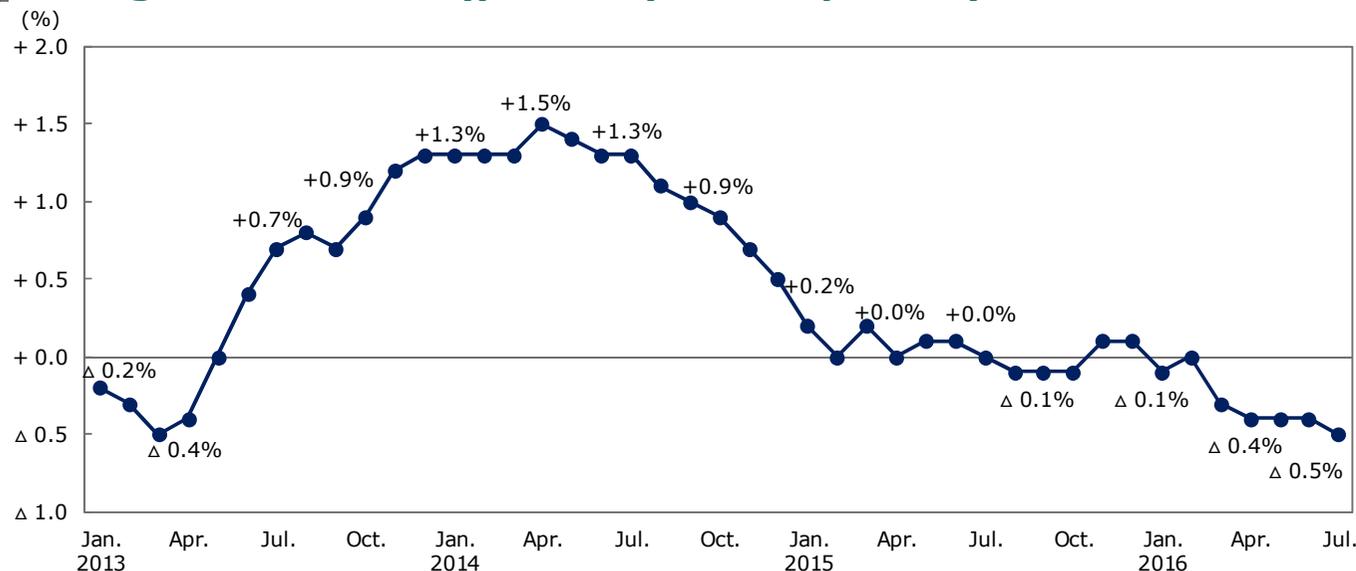
3-6 Market-related information (4)

Change in 10-year bond interest rates



(Source)
Prepared by the Asset Manager based on Thomson Reuters.

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

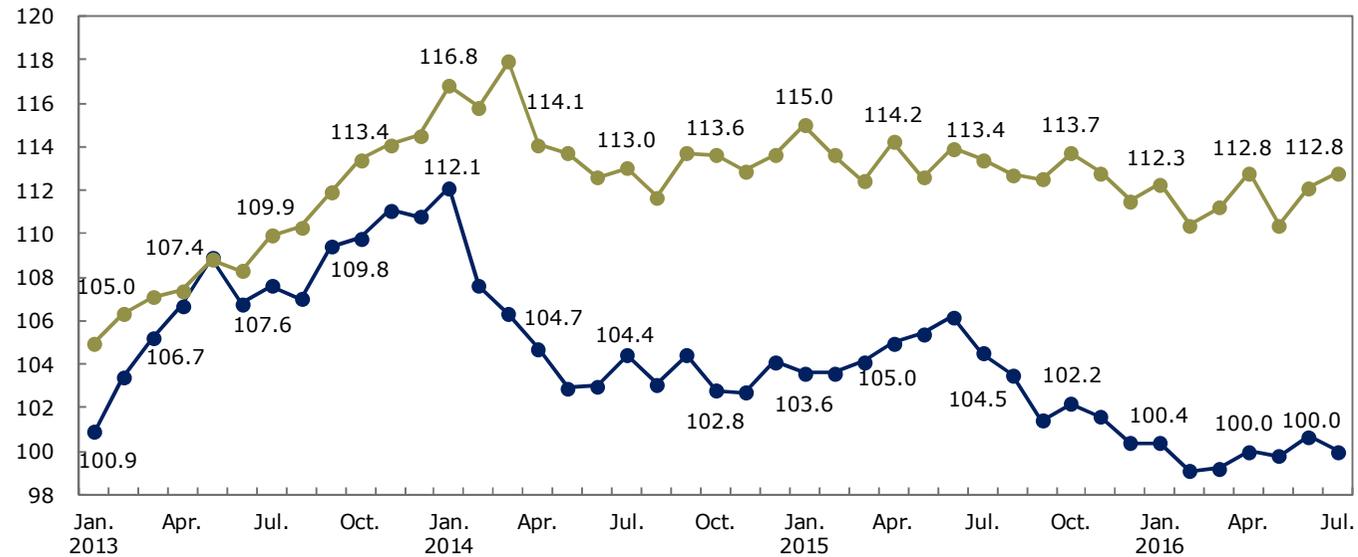


Based on figures excluding the direct effects of the consumption tax rate increase

(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 from April 2014 to April 2015 are derived on "the basis of excluding the direct impact of the consumption tax rate increase" (Bank of Japan's "Economic Statistics Monthly").

3-7 Market-related information (5)

Business conditions composite index



July 2016 figures are based on preliminary data

- Leading index
- Coincident index

(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.

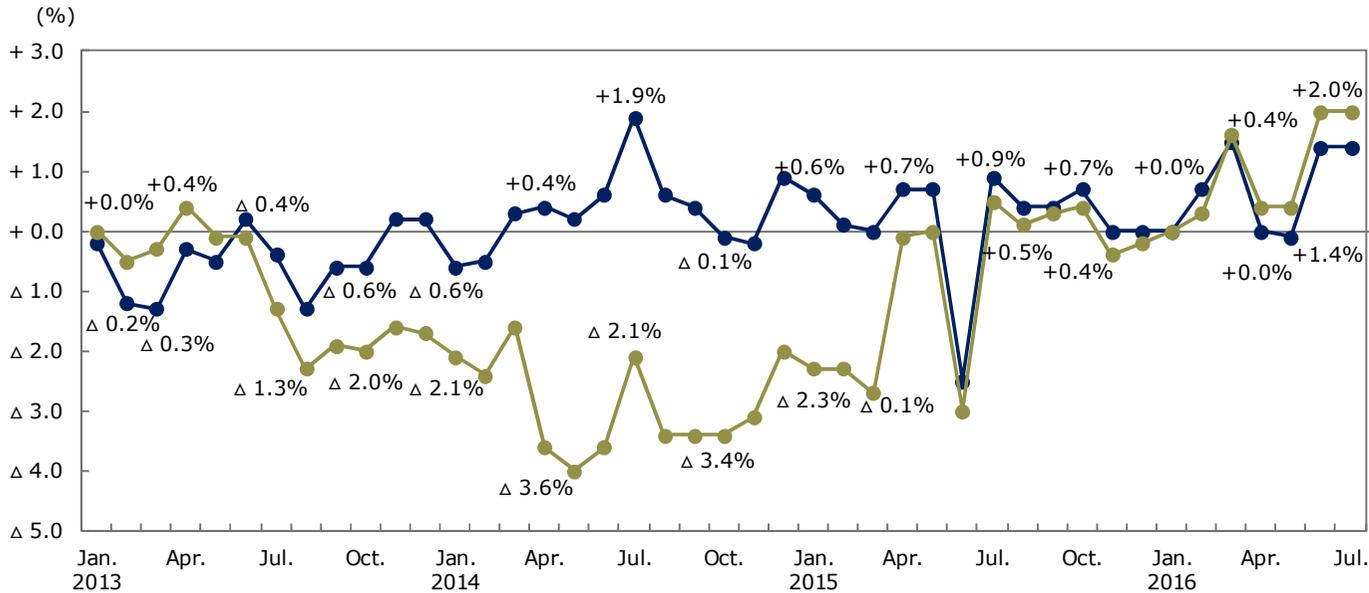
Money stock (M3: year-on-year comparison)



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

3-8 Market-related information (6)

Total cash earnings

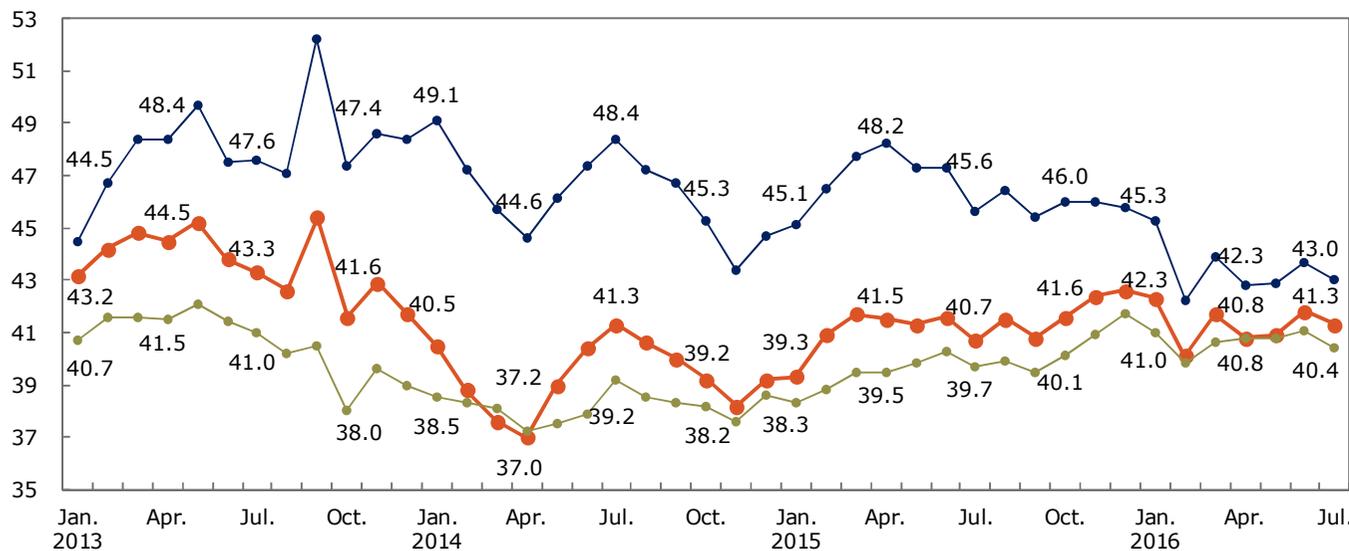


July 2016 figures are based on preliminary data

● Nominal
● Real

(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



● Employment
● Consumer confidence index
● Income growth

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

4. Appendix



4-1 Financial highlights

Indices	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016	Calculation formula
Net income	3,927 mn yen	4,494 mn yen	
Depreciation and amortization	853 mn yen	966 mn yen	
CAPEX	223 mn yen	230 mn yen	
Total assets	298,450 mn yen	346,165 mn yen	
Total net assets	154,452 mn yen	178,831 mn yen	
Total net assets/unit (BPS)	98,374 yen	102,152 yen	Total net assets/Total units outstanding
Unit price (as of end of each period)	152,100 yen	160,500 yen	
Total units outstanding	1,570,040 units	1,750,640 units	
Total dividends	3,928 mn yen	4,493 mn yen	
Dividend/unit	2,502 yen	2,567 yen	
Dividend yield	3.3%	3.2%	Dividend per unit (annualized)/Unit price as of end of period
FFO	4,781 mn yen	5,460 mn yen	Net income + Depreciation and amortization
FFO/unit	3,045 yen	3,119 yen	(Net income + Depreciation and amortization)/Total units outstanding
Annualized	6,040 yen	6,255 yen	
FFO multiple	25.2x	25.7x	Unit price as of end of period/FFO per unit (annualized)
PER	30.6x	31.2x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.5x	1.6x	Unit price as of end of period/Net assets per unit
ROA	1.3%	1.4%	Ordinary income/Average of total assets during the period
Annualized	2.6%	2.8%	
ROE	2.5%	2.7%	Net income/Average of total net assets during the period
Annualized	5.0%	5.4%	
NAV	163,385 mn yen	197,007 mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	104,064 yen	112,534 yen	
NAV multiple	1.5x	1.4x	Unit price as of end of period/NAV per unit
Interest-bearing debt	132,700 mn yen	154,000 mn yen	
LTV (book value basis)	44.5%	44.5%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	43.2%	42.3%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	184 days	182 days	

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

4-2 Balance sheet

(thousand yen)

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016
Assets		
Current assets	9,912,586	11,772,147
Cash and deposits	4,086,351	3,405,993
Cash and deposits in trust	5,352,905	7,467,924
Other	473,328	898,229
Noncurrent assets	288,342,239	334,130,032
Property, plant and equipment	256,751,061	302,359,556
Intangible assets	30,657,963	30,656,948
Investments and other assets	933,214	1,113,527
Deferred assets	195,315	262,902
Total assets	298,450,140	346,165,083

(thousand yen)

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016
Liabilities		
Current liabilities	5,102,527	5,590,619
Current portion of long-term loans payable	3,500,000	3,978,000
Other	1,602,527	1,612,619
Noncurrent liabilities	138,895,569	161,742,828
Investment corporation bonds	24,000,000	24,000,000
Long-term loans payable	105,200,000	126,022,000
Lease and guarantee deposited in trust	9,695,569	11,720,828
Total liabilities	143,998,096	167,333,448
Net assets		
Unitholders' equity	154,452,044	178,831,634
Unitholders' capital	150,418,135	174,231,870
Total surplus	4,033,909	4,599,764
Voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	3,928,664	4,494,520
Total net assets	154,452,044	178,831,634
Total liabilities and net assets	298,450,140	346,165,083

4-3 Income statement

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016	
Operating revenue	6,748,411	7,740,823	
Rent revenues	6,622,059	7,618,621	Office 6,133,075
Other operating revenues	126,352	122,201	Residential 778,063
Operating expenses	2,181,920	2,600,364	Retail 88,120
Expenses related to properties	1,874,559	2,295,784	Land 614,400
Asset management fee	208,022	209,974	Other rent revenue 4,962
Directors' compensation	5,400	5,400	
Asset custody fee	7,383	7,461	
Administrative service fees	18,470	19,407	
Other operating expenses	68,083	62,335	
Operating income	4,566,491	5,140,458	
Non-operating income	2,468	3,102	
Interest income	1,599	1,118	Parking revenue 22,914
Gain on forfeiture of unclaimed dividends	869	1,310	Utilities and other revenue 98,241
Other	—	673	Cancellation penalty 753
Non-operating expenses	640,344	648,475	Key money income 112
Interest expenses	345,231	331,612	
Interest expenses on investment corporation bonds	87,183	83,115	
Amortization of investment corporation bonds issuance cost	13,569	12,217	
Borrowing expenses	165,215	170,999	
Amortization of investment unit issuance cost	27,253	48,664	
Other	1,890	1,865	
Ordinary income	3,928,615	4,495,085	
Income before income taxes	3,928,615	4,495,085	
Net income	3,927,887	4,494,095	
Unappropriated retained earnings	3,928,664	4,494,520	

4-4 Statement of cash flows/Retained earnings

Statement of cash flows

(thousand yen)

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016
Net cash provided by (used in) operating activities	4,400,633	5,064,636
Income before income taxes	3,928,615	4,495,085
Depreciation and amortization	853,221	966,879
Amortization of investment corporation bonds issuance cost	13,569	12,217
Amortization of investment unit issuance cost	27,253	48,664
Interest income	△ 1,599	△ 1,118
Gain on forfeiture of unclaimed dividends	△ 869	△ 1,310
Interest expenses	432,415	414,727
Decrease (increase) in operating accounts receivable	△ 4,066	△ 20,110
Decrease (increase) in consumption taxes refund receivable	△ 96,412	△ 323,694
Increase (decrease) in operating accounts payable	4,247	9,219
Increase (decrease) in accounts payable—other	△ 352	△ 2,390
Increase (decrease) in accrued expenses	8,258	2,385
Increase (decrease) in accrued consumption taxes	△ 257,464	—
Increase (decrease) in advances received	38,901	132,817
Increase (decrease) in deposits received	△ 4,310	6,393
Decrease (increase) in prepaid expenses	△ 22,346	△ 81,308
Decrease (increase) in long-term prepaid expenses	△ 88,533	△ 180,313
Other, net	76	226
Subtotal	4,830,603	5,478,372
Interest income received	1,599	1,118
Interest expenses paid	△ 431,009	△ 414,056
Income taxes paid	△ 560	△ 797

(thousand yen)

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016
Net cash provided by (used in) investing activities	△ 11,751,111	△ 44,687,794
Purchase of property, plant and equipment in trust	△ 176,807	△ 235,994
Repayments of lease and guarantee deposited in trust	626,917	2,259,814
Proceeds from lease and guarantee deposited in trust	0	0
Net cash provided by (used in) financing activities	△ 1,244,338	41,057,818
Proceeds from long-term loans payable	18,000,000	22,800,000
Repayments of long-term loans payable	△ 15,500,000	△ 1,500,000
Proceeds from issuance of investment corporation bonds	4,970,206	—
Redemption of investment corporation bonds	△ 5,000,000	—
Proceeds from issuance of investment units	—	23,685,265
Dividends paid	△ 3,714,545	△ 3,927,446
Net increase (decrease) in cash and cash equivalents	△ 8,594,816	1,434,660
Cash and cash equivalents at beginning of the period	18,034,073	9,439,257
Cash and cash equivalents at the end of the period	9,439,257	10,873,917

Retained earnings

(yen)

	19th period Period ended Jan. 31, 2016	20th period Period ended Jul. 31, 2016
I Unappropriated retained earnings	3,928,664,978	4,494,520,366
II Amount of dividends	3,928,240,080	4,493,892,880
Amount of dividends per unit	2,502	2,567
III Retained earnings carried forward	424,898	627,486

4-5 Status of income and expenditures (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		
Acquisition price	115,380,000 (before acquisition: 69,280,000)			62,480,000			27,200,000			43,930,000		
Period	19th Jan. 2016	20th (Note 3) Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	88.6%	96.7%	8.1PT	100%	97.9%	△ 2.1PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	91.5%	92.8%	1.3PT	100%	98.6%	△ 1.4PT
Number of tenants	1	1	0	1	1	0	17	19	2	1	123	122
Rent revenues	1,652,901	2,573,750	920,848	1,271,693	1,319,704	48,011	579,268	573,632	△ 5,636	666,446	702,979	36,532
Other operating revenues	—	—	—	—	—	—	99,907	90,271	△ 9,635	289	4,013	3,724
Total property operating revenue	1,652,901	2,573,750	920,848	1,271,693	1,319,704	48,011	679,176	663,904	△ 15,272	666,735	706,993	40,257
Property management fees	154,824	287,430	132,606	6,000	103,496	97,496	60,718	71,383	10,665	3,000	47,975	44,975
Property taxes (Note 1)	110,225	122,303	12,078	72,982	73,004	22	32,907	32,936	29	42,013	41,859	△ 154
Utilities	—	—	—	—	—	—	81,212	70,452	△ 10,760	—	2,990	2,990
Maintenance and repairs	—	—	—	370	—	△ 370	9,040	7,795	△ 1,245	—	4,790	4,790
Insurance premium	2,407	3,586	1,179	1,949	1,928	△ 21	1,778	1,758	△ 19	2,039	2,017	△ 22
Depreciation (1)	266,518	399,939	133,420	68,253	61,709	△ 6,543	102,174	95,765	△ 6,408	142,762	133,790	△ 8,972
Other expenses (Note 2)	199	362	162	2,698	3,792	1,093	76,008	76,575	566	1,707	7,384	5,677
Total property operating expenses	534,174	813,621	279,447	152,254	243,931	91,677	363,840	356,669	△ 7,171	191,522	240,809	49,286
Property operating income (2)	1,118,727	1,760,128	641,400	1,119,438	1,075,772	△ 43,666	315,335	307,234	△ 8,100	475,213	466,183	△ 9,029
NOI (3) ((1)+(2))	1,385,245	2,160,067	774,821	1,187,692	1,137,482	△ 50,210	417,509	403,000	△ 14,509	617,975	599,973	△ 18,001
Annualized NOI	2,872,282	4,811,830	1,939,547	2,356,020	2,281,214	△ 74,805	828,212	808,215	△ 19,996	1,225,875	1,203,243	△ 22,631
Annualized NOI/ Acquisition price	4.1%	4.2%	0.0PT	3.8%	3.7%	△ 0.1PT	3.0%	3.0%	△ 0.1PT	2.8%	2.7%	△ 0.1PT
CAPEX (4)	—	28,960	28,960	22,630	7,000	△ 15,629	27,765	9,985	△ 17,779	22,408	63,562	41,154
NCF (3)-(4)	1,385,245	2,131,106	745,861	1,165,062	1,130,481	△ 34,580	389,744	393,014	3,270	595,567	536,411	△ 59,156

(Note 1) For property tax, city planning tax and depreciable assets tax, MHR 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 MHR were liable for property taxes for the calendar year, including the period from the date of the acquisition by MHR until the end of the year. MHR 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) Property acquired 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.

4-6 Status of income and expenditures (2)

(thousand yen)

Property number	O-7			O-8			R-1			R-3		
Property name	Atago Green Hills			ARK Hills South Tower			Moto-Azabu Hills			Roppongi First Plaza		
Acquisition price	42,090,000			19,150,000			1,706,440			2,100,000		
Period	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	100%	100%	0.0PT	98.3%	97.9%	△ 0.4PT	100.0%	100%	0.0PT	98.0%	93.2%	△ 4.8PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	98.0%	98.2%	0.2PT	100.0%	100%	0.0PT	98.3%	95.0%	△ 3.3PT
Number of tenants	1	1	0	34	33	△ 1	7	7	0	41	39	△ 2
Rent revenues	1,111,765	1,111,765	—	493,333	496,726	3,393	65,359	65,359	—	74,944	73,151	△ 1,792
Other operating revenues	—	—	—	24,138	25,821	1,683	1,549	1,422	△ 127	288	520	231
Total property operating revenue	1,111,765	1,111,765	—	517,471	522,548	5,077	66,909	66,781	△ 127	75,232	73,671	△ 1,560
Property management fees	2,664	2,664	—	43,955	44,201	245	10,370	9,318	△ 1,052	13,209	12,492	△ 716
Property taxes (Note 1)	69,332	69,373	40	33,107	33,545	437	2,081	2,104	22	7,134	7,130	△ 3
Utilities	—	—	—	24,509	28,095	3,586	41	—	△ 41	1,408	1,191	△ 216
Maintenance and repairs	—	—	—	1,332	816	△ 515	2,664	2,533	△ 130	1,548	3,416	1,867
Insurance premium	3,546	3,507	△ 38	1,096	1,084	△ 11	151	150	△ 1	268	265	△ 2
Depreciation (1)	197,635	196,793	△ 841	44,314	44,319	5	7,162	7,178	15	11,009	11,892	883
Other expenses (Note 2)	37,879	37,558	△ 320	2,006	1,190	△ 815	4,175	4,088	△ 86	3,778	3,773	△ 4
Total property operating expenses	311,057	309,896	△ 1,160	150,322	153,254	2,931	26,647	25,373	△ 1,274	38,358	40,164	1,806
Property operating income (2)	800,707	801,868	1,160	367,148	369,294	2,145	40,261	41,408	1,146	36,873	33,506	△ 3,367
NOI (3) ((1)+(2))	998,343	998,662	318	411,463	413,614	2,150	47,424	48,586	1,162	47,883	45,399	△ 2,484
Annualized NOI	1,980,408	2,002,811	22,402	816,217	829,500	13,282	94,075	97,440	3,364	94,986	91,048	△ 3,937
Annualized NOI/ Acquisition price	4.7%	4.8%	0.1PT	4.3%	4.3%	0.1PT	5.5%	5.7%	0.2PT	4.5%	4.3%	△ 0.2PT
CAPEX (4)	78,176	20,072	△ 58,104	980	171	△ 808	1,456	—	△ 1,456	10,766	28,559	17,792
NCF (3)-(4)	920,166	978,589	58,423	410,483	413,442	2,959	45,968	48,586	2,618	37,116	16,840	△ 20,276

4-7 Status of income and expenditures (3)

(thousand yen)

Property number	R-4			S-1			Portfolio total		
Property name	Roppongi View Tower			Laforet Harajuku (Land)					
Acquisition price	4,000,000			21,820,000			339,856,440 (before acquisition: 293,756,440)		
Period	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th Jul. 2016	Difference	19th Jan. 2016	20th (Note 3) Jul. 2016	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	95.3%	95.9%	0.6PT	100%	100%	0.0PT	98.3%	99.0%	0.7PT
Avg. Occupancy rate (during period)	96.3%	92.2%	△ 4.1PT	100%	100%	0.0PT	98.7%	98.6%	△ 0.1PT
Number of tenants	87	88	1	1	1	0	191	313	122
Rent revenues	91,946	87,152	△ 4,793	614,400	614,400	—	6,622,059	7,618,621	996,562
Other operating revenues	180	152	△ 28	—	—	—	126,352	122,201	△ 4,151
Total property operating revenue	92,126	87,304	△ 4,821	614,400	614,400	—	6,748,411	7,740,823	992,411
Property management fees	12,098	14,264	2,166	—	—	—	306,841	593,227	286,386
Property taxes (Note 1)	10,832	10,846	14	67,590	67,774	184	448,207	460,878	12,671
Utilities	1,318	1,049	△ 268	—	—	—	108,490	103,781	△ 4,709
Maintenance and repairs	655	2,015	1,360	—	—	—	15,611	21,369	5,757
Insurance premium	311	308	△ 3	—	—	—	13,549	14,607	1,058
Depreciation (1)	12,956	15,099	2,142	—	—	—	852,787	966,487	113,700
Other expenses (Note 2)	618	705	87	—	—	—	129,072	135,432	6,360
Total property operating expenses	38,790	44,289	5,498	67,590	67,774	184	1,874,559	2,295,784	421,225
Property operating income (2)	53,335	43,015	△ 10,320	546,810	546,625	△ 184	4,873,852	5,445,038	571,186
NOI (3) ((1)+(2))	66,291	58,114	△ 8,177	546,810	546,625	△ 184	5,726,639	6,411,526	684,886
Annualized NOI	131,502	116,548	△ 14,954	1,084,704	1,096,254	11,549	11,477,119	13,308,837	1,831,717
Annualized NOI/ Acquisition price	3.3%	2.9%	△ 0.4PT	5.0%	5.0%	0.1PT	3.9%	3.9%	0.0PT
CAPEX (4)	59,727	71,753	12,025	—	—	—	223,910	230,065	6,155
NCF (3)-(4)	6,563	△ 13,639	△ 20,203	546,810	546,625	△ 184	5,502,728	6,181,460	678,731

4-8 Unit price performance since IPO

Relative price performance (Since IPO~July 31, 2016)



(Source) Prepared by the Asset Manager based on Thomson Reuters.
 (Note) Rebased to 100 as per IPO price

Since IPO ~ July 31, 2016

Accounting period	Unit price
1st (January 2007)	1,100,000 yen
2nd (July 2007)	1,080,000 yen
3rd (January 2008)	716,000 yen
4th (July 2008)	465,000 yen
5th (January 2009)	265,000 yen
6th (July 2009)	352,000 yen
7th (January 2010)	264,900 yen
8th (July 2010)	177,300 yen
9th (January 2011)	281,000 yen
10th (July 2011)	258,100 yen

Accounting period	Unit price
11th (January 2012)	252,200 yen
12th (July 2012)	330,500 yen
13th (January 2013)	485,000 yen
14th (July 2013)	548,000 yen
15th (January 2014)	135,900 yen
16th (July 2014)	151,100 yen
17th (January 2015)	166,600 yen
18th (July 2015)	145,300 yen
19th (January 2016)	152,100 yen
20th (July 2016)	160,500 yen

(Reference: before split of investment units)

IPO Price	750,000 yen
Opening price at listing	874,000 yen

High (in trade)	1,460,000 yen (May 8, 2007)
Low (in trade)	168,200 yen (August 12, 2010)

(Reference: after split of investment units)

High (in trade)	183,600 yen (January 15, 2015)
Low (in trade)	122,300 yen (February 6, 2014)

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

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
<p>Premium properties</p> <p>50% or more</p> <p>〈Office buildings〉 〈Residential properties〉 〈Retail facilities〉</p>

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

Office building focus
<p>Office building</p> <p>50% or more</p>

Tokyo's five central wards focus
<p>Tokyo's five central wards and their vicinity</p> <p>50% or more</p> <p>(Tokyo Metropolitan Area: 80% or more)</p>

Earthquake-resistance focus
<p>Investment focused on properties' earthquake resistance, the safety of the area, disaster countermeasures, etc.</p>

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

ARK Hills South Tower receives fiscal 2015 Award for Minato City Local Green City Development

The "Award for Minato City Local Green City Development" was established in fiscal 2004 to recognize residents and business operators with environmental consideration and outstanding landscape planning as well as maintaining greenery. The award expresses gratitude for such cooperation in community landscaping and hopes to promote further development of a green city.



Rooftop garden "sky park"

<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.

Corporate governance

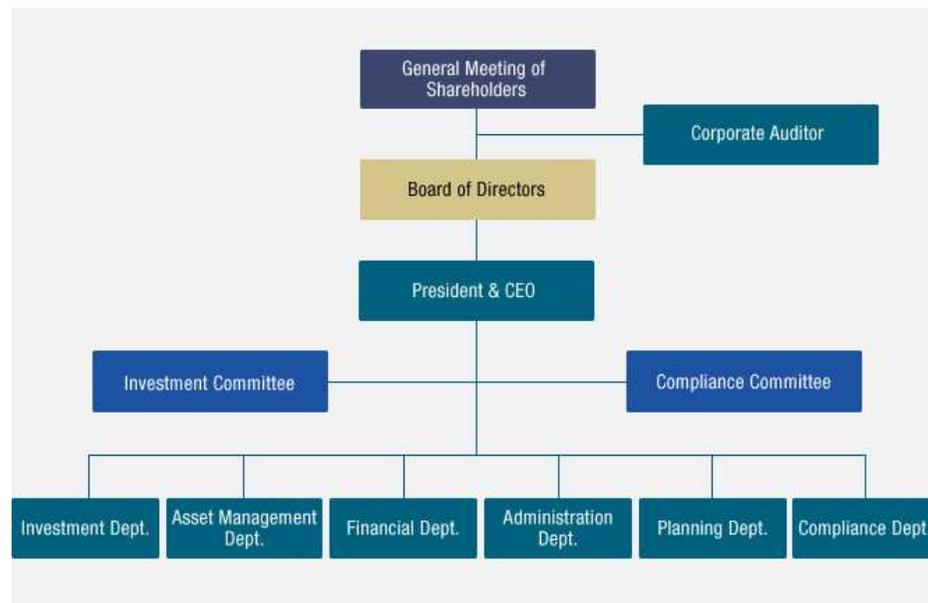
Corporate governance

MHR shall have at least one executive director and at least two supervisory directors (or, at least one more than the number of the executive directors), and the board of directors shall be comprised of the executive directors and supervisory directors.

In addition to a general meeting of unitholders, which shall be composed of unitholders, MHR's structure consists of one executive director, three supervisory directors, the board of directors and an accounting auditor.

Structure of asset manager for the Investment Corporation

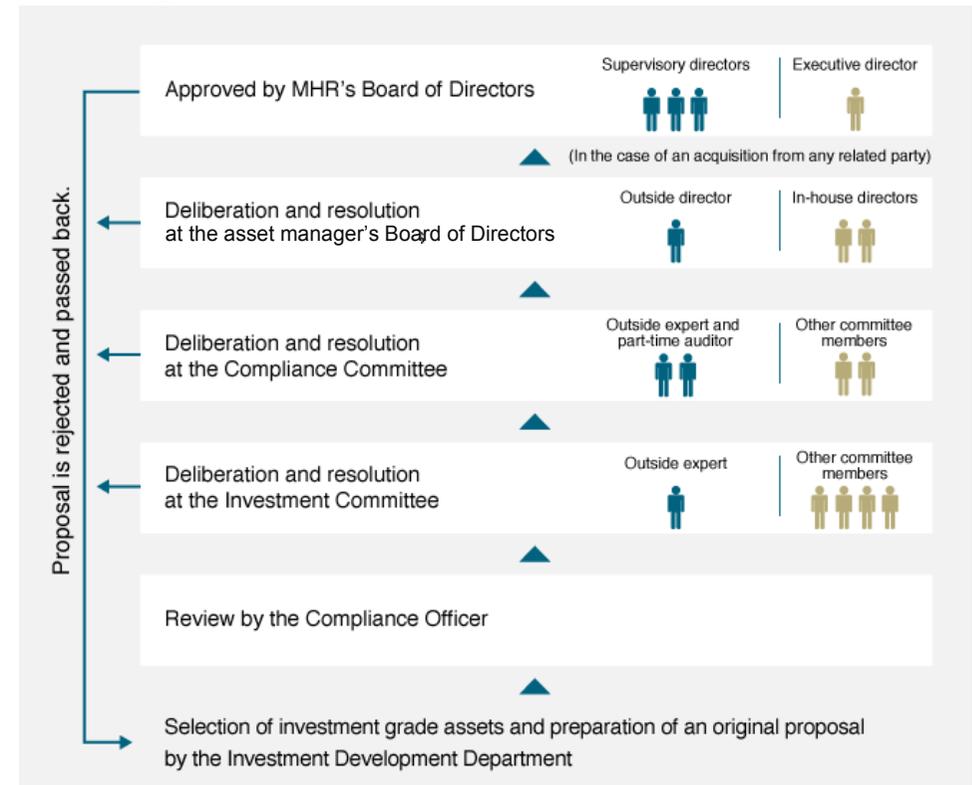
MHR entrusts the management of its assets to the asset manager. The following is the organizational structure of the asset manager.



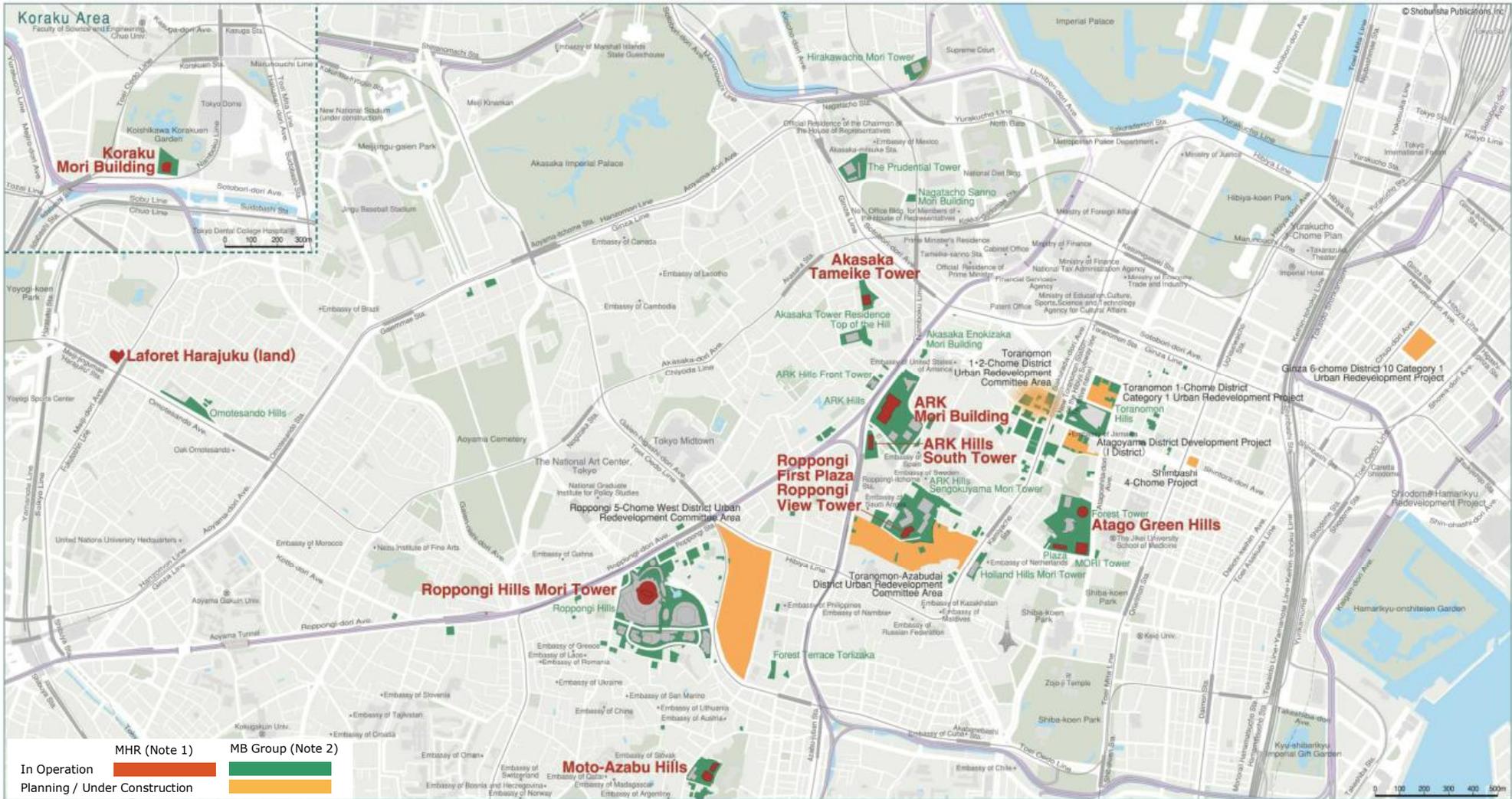
Compliance

The asset manager shall perform its business in good faith and with the due care of a prudent manager for MHR in line with the purpose of the investment management business, and be well aware that failure to ensure thorough compliance, especially inappropriate transactions or transactions involving conflicts of interest with the sponsor company group, may undermine investors' trust in the securities markets, the corporate management base of MHR and the asset manager. Therefore, the asset manager will use its efforts to prevent any negative impact from transactions involving conflicts of interest and carry out strict compliance as follows.

Process to Counter Transactions Involving Conflicts of Interest



4-12 Portfolio Map



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2016."

(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.

4-13 Portfolio overview

Type	Office building			Office building (Party 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			ARK Hills South Tower	Moto-Azabu Hills		Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (Land)
	O-0	O-1	O-4	O-6	MORI Tower	Forest Tower	Plaza	O-8	Forest Tower	Forest Terrace	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 (large-scale renovation in 2005)	Mar. 2000	Sep. 2000	Jul. 2001	Oct. 2001	Jul. 2001	Jul. 2013	May 2002	Oct. 1993		-	
Building age	13 years 3 months	30 years 4 months	16 years 4 months	15 years 10 months	15 years 0 months	14 years 9 months	15 years 0 months	3 years 0 months	14 years 2 months	22 years 9 months		-	
Total number of floors	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. 17.7%)	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
	Building	Compartmentalized ownership (approx. 13.6%)	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 (Note 2)	0.59%	0.78%	0.73%	1.79%	2.35%	2.34%	5.94%	1.56%	0.57%	1.27%	2.20%	2.20%	-
Earthquake-resistant feature (Note 3)	Seismic Damping	Seismic Damping	-	Seismic Damping	Seismic Isolators	Seismic Isolators	-	-	-				
Acquisition price (mn yen)	115,380	62,480	27,200	43,930	42,090			19,150	1,706	2,100	4,000	21,820	
Occupancy rate (Note 4)	100%	100%	96.7%	97.9%	100%			97.9%	100%	93.2%	95.9%	100%	

Average building age (Note 5)
17.1 years

Portfolio PML (Note 2)
1.00%

Total acquisition price
339,856 mn 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) This indicates the figure described in the "Report on evaluation of seismic PML for portfolio" dated November 11, 2015 by Sompo Japan Nipponkoa Risk Management Inc.
- (Note 3) ARK Mori Building adopts "slitwall" as earthquake-resistant feature.
- (Note 4) For calculation of the "Occupancy rate" is based on the occupancy rate of July 31, 2016.
- (Note 5) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on July 30, 2001.