

For Translation Purposes Only

## FINANCIAL REPORT

### FOR THE TWENTY-NINTH FISCAL PERIOD ENDED JANUARY 31, 2021

March 17, 2021

Name of issuer:	Mori Hills REIT Investment Corporation
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	3234
Website:	<a href="https://www.mori-hills-reit.co.jp/en">https://www.mori-hills-reit.co.jp/en</a>
Representative of the investment corporation:	Hideyuki Isobe, Executive Director
Name of asset manager:	Mori Building Investment Management Co., Ltd.
Representative of the asset manager:	Hideyuki Isobe, President & CEO
Contact:	Akira Nemoto, General Manager of Financial Department TEL: +81-3-6234-3234
Scheduled date for filing of securities report:	April 28, 2021
Scheduled date for dividends payment:	April 16, 2021
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

#### 1. PERFORMANCE FOR THE TWENTY-NINTH FISCAL PERIOD ENDED JANUARY 31, 2021 (August 1, 2020 – January 31, 2021)

##### (1) Business Results

(Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Twenty-ninth Fiscal Period	9,820	2.3	6,173	2.4	5,576	2.6	5,575	2.6
Twenty-eighth Fiscal Period	9,602	(0.3)	6,028	0.0	5,434	0.5	5,433	0.5

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	Yen	%	%	%
Twenty-ninth Fiscal Period	2,919	2.8	1.4	56.8
Twenty-eighth Fiscal Period	2,898	2.8	1.4	56.6

##### (2) Dividends

	Dividends per Unit (excluding dividends in excess of earnings)	Total Dividends (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividends per Unit (including dividends in excess of earnings)	Total Dividends (including dividends in excess of earnings)	Dividend Payout Ratio	Dividend Ratio to Net Assets
	Yen	Millions of yen	Yen	Millions of yen	Yen	Millions of yen	%	%
Twenty-ninth Fiscal Period	2,838	5,438	71	136	2,909	5,574	97.5	2.7
Twenty-eighth Fiscal Period	2,898	5,433	—	—	2,898	5,433	99.9	2.8

(Note 1) Total Dividends in Excess of Earnings is entirely the amount attributable to allowance for temporary difference adjustments.

(Note 2) Dividend Payout Ratio is calculated by using the formula below and is rounded down to one decimal place.  
 $\text{Dividend Payout Ratio} = [\text{Total Dividends (excluding dividends in excess of earnings)} \div \text{Net Income}] \times 100$   
 Dividend Payout Ratio when calculated by using the formula below is 99.9% for the twenty-ninth fiscal period.  
 $\text{Dividend Payout Ratio} = [\text{Total Dividends (including dividends in excess of earnings)} \div \text{Net Income}] \times 100$

(Note 3) Dividend Ratio to Net Assets is calculated by using the formula below.  
 $\text{Dividend Ratio to Net Assets} = \text{Dividends per Unit (excluding dividends in excess of earnings)} \div [(\text{Net Assets per Unit at Beginning of the Period} + \text{Net Assets per Unit at End of the Period}) \div 2] \times 100$

### (3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen	%	Yen
Twenty-ninth Fiscal Period	402,887	200,763	49.8	104,764
Twenty-eighth Fiscal Period	392,258	195,503	49.8	104,270

### (4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Twenty-ninth Fiscal Period	6,672	(12,383)	4,971	10,820
Twenty-eighth Fiscal Period	6,452	(595)	(5,404)	11,559

## 2. FORECAST OF RESULTS FOR THE THIRTIETH FISCAL PERIOD ENDING JULY 31, 2021 (February 1, 2021 – July 31, 2021) AND THE THIRTY-FIRST FISCAL PERIOD ENDING JANUARY 31, 2022 (August 1, 2021 – January 31, 2022)

(Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Thirtieth Fiscal Period	9,820	0.0	6,153	(0.3)	5,578	0.0	5,577	0.0
Thirty-First Fiscal Period	9,899	0.8	6,163	0.2	5,579	0.0	5,577	0.0

	Dividends per Unit (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit
	Yen	Yen
Thirtieth Fiscal Period	2,910	—
Thirty-First Fiscal Period	2,910	—

(Reference) Estimated net income per unit = [Estimated net income ÷ Estimated number of units issued and outstanding at the end of the period]

Thirtieth fiscal period : ¥2,910

Thirty-First fiscal period : ¥2,910

**\*OTHER**

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

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

(2) Number of Units Issued and Outstanding

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

Twenty-ninth fiscal period: 1,916,330 units	Twenty-eighth fiscal period: 1,874,960 units
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(b) Number of own units at end of the period

Twenty-ninth fiscal period: 0 units	Twenty-eighth fiscal period: 0 units
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(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Per unit Information” on page 32

\* This financial report is not subject to audit procedures by certified public accountants or accounting firms.

**\* Special note**

The forecast of results and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Mori Hills REIT Investment Corporation (the “Company”). Accordingly, actual results, etc. may differ materially due to a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividends. For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Thirtieth Fiscal Period Ending July 31, 2021 (February 1, 2021 – July 31, 2021) and the Thirty-First Fiscal Period Ending January 31, 2022 (August 1, 2021 – January 31, 2022)” presented on pages 9 to 10.

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## 1. MANAGEMENT STATUS

### (1) Management Status

#### (a) Overview of the Fiscal Period

##### a) Brief Background of the Investment Corporation

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

In the fiscal period under review (twenty-ninth fiscal period: August 1, 2020 to January 31, 2021), the Company held a public offering, etc. (41,370 units were offered including a third-party allotment through an over-allotment). As of the end of the twenty-ninth fiscal period, the total number of investment units issued and outstanding was 1,916,330.

##### b) Investment Environment and Business Performance

###### (i) Investment Environment

In the twenty-ninth fiscal period, the Japanese economy saw lasting improvement centered on consumer spending due to the effects of various policies as more economic activities resumed after the lifting of the state of emergency, but it again started to weaken from the end of the year when COVID-19 spread once more.

In such an economic environment, the vacancy rate in the rental office building market continued to rise against the backdrop of the spread of remote work triggered by the pandemic and the weakening business sentiment, and these conditions also resulted in stagnant growth in rent levels.

As for the luxury rental housing market, occupancy rates and rent levels remained solid, driven by the ongoing stable demand for quality housing in central Tokyo amid new supply remaining at a certain level. In terms of the real estate trading market, transaction prices continued to be high due to the increase in transactions centered on large properties backed by the ongoing favorable fund-raising environment and investors inside and outside of Japan showing no change in their investment appetite.

###### (ii) Business Performance

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

The Company's real estate portfolio, as of the end of the twenty-ninth fiscal period, was comprised of 11 properties (Note 1) under management with a total leasable area of 178,845.68m<sup>2</sup>. The Company has already invested 402,910 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the twenty-ninth fiscal period (Note 2) was 98.8 %.

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

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

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

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

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

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

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

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

- i) 45% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 20.0% of total exclusive floor area) on May 1, 2012.
- ii) 29% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 12.9% of total exclusive floor area) on April 1, 2013.

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

- i) 7% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 1.0% of total exclusive floor area) on August 1, 2017.
- ii) 7% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 1.0% of total exclusive floor area) on March 1, 2018.
- iii) 36% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 5.0% of total exclusive floor area) on September 3, 2018.
- iv) 17% quasi co-ownership interest in the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership for the 28th to 35th floor portions (approximately 2.4% of total exclusive floor area) on September 1, 2020.

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

- i) 57% quasi co-ownership interest in the trust beneficial interests in compartmentalized ownership of the 3rd-4th, part of the 5th, 14-18th and 22nd-24th floors (approximately 27.6% of total exclusive floor area) on August 1, 2017.
- ii) 15% quasi co-ownership interest in the trust beneficial interests in compartmentalized ownership of the 3rd-4th, part of the 5th, 14-18th and 22nd-24th floors (approximately 7.3% of total exclusive floor area) on March 1, 2018.
- iii) 28% quasi co-ownership interest in the trust beneficial interests in compartmentalized ownership of the 3rd-4th, part of the 5th, 14-18th and 22nd-24th floors (approximately 13.6% of total exclusive floor area) on September 3, 2018.

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

### c) Overview of Fund Procurement

During the twenty-ninth fiscal period, the Company issued investment units in the amount of 5,258 million yen (the amount which was contributed to the Company) and took out long-term loans payable in the amount of 5,200 million yen to be used as funds for the acquisition of new property. The Company took out long-term loans payable in the amount of 6,000 million yen and issued investment corporation bonds in the amount of 3,500 million yen for the refinancing of existing long-term loans payable in the amount of 6,000 million yen and redemption of investment corporation bonds in the amount of 3,500 million yen.

As a result, as of the end of the twenty-ninth fiscal period, a) the balance of loans payable stands at 167,422 million yen (all of these are long-term loans payable (of which, the current portion of long-term loans payable is 19,000 million yen)), b) the balance of investment corporation bonds stands at 17,000 million yen (of which, the current portion of investment corporation bonds is 2,000 million yen), and c) the balance of interest-bearing debt stands at 184,422 million yen.

Of the debt, in addition to the 17,000 million yen in investment corporation bonds and 7,700 million yen in long-term loans payable that have fixed interest rates, the Company utilizes interest rate swaps to in effect convert the interest rates for loans payable that have floating interest rates into fixed interest rates in order to hedge against the risk of upward fluctuations in interest rates. Such measures have been taken for 144,466 million yen of the 159,722 million yen in long-term loans payable that have such floating interest rates (the ratio of fixed rate debt against total interest-bearing debt as of the end of the twenty-ninth fiscal period is 91.7%). With respect to future debt, the Company will strive to minimize refinancing risks by diversifying repayment dates for such debt.

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

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

d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording in the twenty-ninth fiscal period 9,820 million yen in operating revenue, 6,173 million yen in operating income, 5,576 million yen in ordinary income and 5,575 million yen in net income.

With regard to dividends, pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act. Based on such policy, the Company decided to pay out dividends of earnings (5,438,544,540 yen), which is the integral multiple of the total number of investment units issued and outstanding (1,916,330 units) out of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act.

In addition, pursuant to the terms of the distribution policy set forth in Article 37 (2) of the Company's Articles of Incorporation, the Company decided to pay out dividends attributable to allowance for temporary difference adjustments (136,059,430 yen), which is the integral multiple of the total number of investment units issued and outstanding (1,916,330 units) in due consideration of the impact of the items of deduction from net assets (as defined in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) on dividends.

As a result, the Company declared dividends per unit of 2,909 yen.

(b) Outlook for the Next Fiscal Period

a) Future Management Policy

Pursuant to the Company's investment policy, the Company will seek to grow and increasingly enhance the profitability and value of assets under management by focusing on the competitiveness and the ability to create value attributable to "urban" areas (central Tokyo being the core area) and concentrating investment into "urban" areas. Specifically, the Company will seek to develop an urban portfolio centered on office buildings, residential properties, and retail and other facilities with competitive advantages in terms of quality, scale, and other specifications that can maintain a strong competitive position into the future and that are situated in "Premium Areas" ("Premium Properties" (Note)). The quintessential example is the "Hills" brand of large redevelopment properties exhibiting high creativity and added-value in a manner that has been developed and perfected over the years by the Mori Building Group.

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

In addition, the Company will continue to seek maximization of unitholder value by maintaining and increasing dividends continuously while retaining stability of earnings through fixed-rent master leases alongside actively pursuing external growth utilizing the property pipeline of Mori Building Group.

Furthermore, although there is a concern that office demand will decrease amidst an increase in the number of companies adopting decentralization of workload between headquarters functions and remote work due to the impact of COVID-19, the Company believes that premium properties in central Tokyo, its principal investment target, will not be adversely impacted by such concerns as they will continue to demonstrate a high competitive advantage with their ability to attract steady office demand for headquarters functions.

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

b) Significant Subsequent Events

Not applicable.

(Reference Information)

(i) Asset acquisitions and Lease

The Company resolved at its Board of Directors' Meeting held on February 19, 2021 to conduct acquisitions at a portion of Toranomom Hills Mori Tower.

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

i) Overview of Acquisitions and Lease

Property name	Toranomom Hills Mori Tower
Asset to be acquired	Trust beneficiary interest (Note 1)
Anticipated acquisition price	7,870 million yen (Note 2)
Appraisal value	9,856 million yen (Note 3)
Sales agreement date	February 19, 2021
Acquisition date	August 2, 2021 (anticipated)
Seller	Mori Building Co., Ltd.
Acquisition financing	Borrowings and cash on hand (anticipated)
Lessee	Mori Building Co., Ltd. (Note 4)

(Note 1) The Company plans to acquire trust beneficiary interest in 87.95% co-ownership interest in compartmentalized ownership of the 28th-35th floors and co-ownership interest in the land use rights. The Company plans to acquire an additional 11% quasi co-ownership interest of the trust beneficiary interest and as a result, it will hold 78% together with the 67% already acquired. The remaining 22% of the quasi co-ownership interest in the trust beneficiary interest is to be held by Mori Building Co., Ltd.

(Note 2) The indicated anticipated acquisition price does not include acquisition-related costs, consumption taxes and other expenses. The same shall apply hereinafter.

(Note 3) The appraisal value as of February 1, 2021 as described in the real estate appraisal report prepared by Japan Real Estate Institute.

(Note 4) Please see "ii) Details of the Assets to be Acquired and Lease" for leasing terms and conditions, and other details.

ii) Details of the Assets to be Acquired and Lease

Details of the Asset to Be Acquired		
Property name	Toranomom Hills Mori Tower	
Type of specified asset	Trust beneficiary interest (87.95% of co-ownership of the 28th to 35th floors) (11% of quasi co-ownership interest)	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Trust establishment period	From June 26, 2014 to July 31, 2037	
Location (Residential indication)	1-23-1 Toranomom, Minato-ku, Tokyo	
Use	Offices, Shops, Hotel, Residences	
Area (Note 1)	Land	17,068.95 m <sup>2</sup>
	Building	241,581.95 m <sup>2</sup>
Structure	Steel-framed and steel-framed reinforced concrete structure with flat roof, 52 floors above ground and 5 floors below ground	
Construction completion	May 2014	
Designer	Nihon Sekkei, Inc.	
Contractor	Obayashi Corporation	
Building verification agency	The Building Center of Japan	

Form of ownership	Land	Ownership (Note 2)
	Building	Compartmentalized ownership (Note 3)
Anticipated acquisition price		7,870 million yen
Acquisition date		August 2, 2021 (anticipated)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	9,856 million yen (Appraisal date: February 1, 2021)
PML (Note 4)		0.50%
Collateral		None
Property manager		Mori Building Co., Ltd.
Content of lease (As of January 31, 2021)		
Lessee (Note 5)		Mori Building Co., Ltd.
Type of agreement		Regular building lease agreement
Term of agreement		From August 1, 2017 to July 31, 2022
Gross rent income (annual rent) (Note 6)		341,255,844 yen
Deposits/ Guarantees (Note 7)		284,379,879 yen
Total leasable floor area (Note 8)		2,686.00 m <sup>2</sup>
Total leased floor area (Note 9)		2,686.00 m <sup>2</sup>
Other special consideration		Transfer of Quasi co-ownership interest to a third party requires the written approval of Mori Building Co., Ltd.

(Note 1) Area (land) is the area of the entire site, and area (building) is the total floor area of the entire building, as indicated in the real estate registry. The same shall apply hereinafter.

(Note 2) As for land, land use rights for the property are established. The site area corresponding to the quasi co-ownership interest in the trust beneficiary interest that the Company plans to acquire equivalent to the ratio of interest in the building is approximately 476.61m<sup>2</sup> (approximately 2.8%). Also, the site area corresponding to the quasi co-ownership interest in the trust beneficiary interest that the Company plans to own equivalent to the ratio of interest in the building will be approximately 3,379.65m<sup>2</sup> (approximately 19.8%) after this acquisition.

(Note 3) The exclusive floor area corresponding to the quasi co-ownership interest in the trust beneficiary interest that the Company plans to acquire as indicated in the real estate registry is approximately 2,686.65m<sup>2</sup> (approximately 1.5%). Also, the exclusive floor area corresponding to the quasi co-ownership interest in the trust beneficiary interest that the Company plans to own as indicated in the real estate registry will be approximately 19,050.82m<sup>2</sup> (approximately 10.8%) after this acquisition.

(Note 4) PML means the expected maximum loss rate due to an earthquake, but it is not strictly defined as a unified definition and is variously defined according to purpose or usage. In this document, it is equivalent to the extent of damage by an earthquake that causes loss of exceedance probability of 10% during the assumed planned usage period (50 years = useful life for buildings in general) as indicated by the expected loss equivalent to the 90% non-exceedance probability to the replacement price of the expected loss amount to the replacement price. However, the expected loss amount evaluates the direct loss of the building (structure, finishing and architectural equipment) due to liquefaction of the ground and earthquake vibration. Therefore, any loss in operation or loss in working time from the unavailability of equipment, furniture, fixtures, building occupancy and the secondary damage such as loss of lives is not included. PML figures are reported from Sompo Risk Management Inc. as of February 15, 2021.

(Note 5) With regard to the property, the Company will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant in the Acquisition.

(Note 6) The gross rent income (annual income) represents the figure obtained by multiplying the monthly consideration for granting leasing rights described in the agreement to change the co-owned property usage agreement and property management operation agreement entirely by the 11% quasi co-ownership interest in the trust beneficiary interest rounded down below the unit and multiplying that amount by 12.

(Note 7) Deposits/Guarantees represents the figure obtained by multiplying the amount of deposits described in the agreement to change the co-owned property usage agreement and property management operation agreement entirely by the 11% quasi co-ownership interest in the trust beneficiary interest rounded down below the unit.

(Note 8) Total leasable floor area represents the figure obtained by multiplying the floor area deemed leasable to the lessee by the 11% quasi co-ownership interest in the trust beneficiary interest, rounded to the second decimal place.

(Note 9) Total leased floor area represents the figure obtained by multiplying the floor area leased to the lessee by the 11% quasi co-ownership interest in the trust beneficiary interest, rounded to the second decimal place. Total leasable floor area and total leased floor area do not include storage, parking lots, mechanical rooms, etc.

(ii) Issuance of Investment Corporation Bond

The Company issued investment corporation bond as follows.

MHR Twenty-first Series Unsecured Investment Corporation Bond (subject to a limited pari passu clause between specified investment corporation bonds) (green bond)

- i) Total issue amount of the investment corporation bond  
2,000 million yen
- ii) Payment price  
100 yen per face value of 100 yen for each investment corporation bond
- iii) Interest rate  
0.500% per annum
- iv) Payment date  
February 22, 2021
- v) Maturity date  
February 21, 2031
- vi) Use of Funds  
It will be allocated to part of funds for redemption of MHR Eleventh Series Unsecured Investment Corporation Bond of 2,000 million yen.

c) Outlook of Business Results

The Company expects the following business results for the thirtieth fiscal period (February 1, 2021 to July 31, 2021) and the thirty-first fiscal period (August 1, 2021 to January 31, 2022). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Thirtieth Fiscal Period Ending July 31, 2021 (February 1, 2021 – July 31, 2021) and the Thirty-First Fiscal Period Ending January 31, 2022 (August 1, 2021 – January 31, 2022)” presented below.

Thirtieth Fiscal Period Ending July 31, 2021 (February 1, 2021 – July 31, 2021)

Operating revenue	¥ 9,820 million
Operating income	¥ 6,153 million
Ordinary income	¥ 5,578 million
Net income	¥ 5,577 million
Dividends per unit	¥ 2,910
Dividends in excess of earnings per unit	¥—

Thirty-First Fiscal Period Ending January 31, 2022 (August 1, 2021 – January 31, 2022)

Operating revenue	¥ 9,899 million
Operating income	¥ 6,163 million
Ordinary income	¥ 5,579 million
Net income	¥ 5,577 million
Dividends per unit	¥ 2,910
Dividends in excess of earnings per unit	¥—

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

Assumptions of Forecasts of Results for the Thirtieth Fiscal Period Ending July 31, 2021 (February 1, 2021 – July 31, 2021) and the Thirty-First Fiscal Period Ending January 31, 2022 (August 1, 2021 – January 31, 2022)

Item	Assumptions
Accounting Period	<p>Thirtieth fiscal period: February 1, 2021 – July 31, 2021 (181 days)</p> <p>Thirty-First fiscal period: August 1, 2021 – January 31, 2022 (184 days)</p>
Portfolio Assets	<ul style="list-style-type: none"> <li>• Regarding the 11 properties held as of the end of the fiscal period ended January 31, 2021, the Company assumes that the additional acquisition of a portion of Toranomom Hills Mori Tower (hereinafter, the “Asset to Be Acquired”) on August 2, 2021 are reflected.</li> <li>• The actual portfolio assets may differ from this assumption due to additional changes.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Rent revenues are estimated based on lease agreements, etc., taking into account the market environment, the trends of individual tenants and other factors.</li> <li>• For the properties owned, the Company assumes that the renewal of the fixed master lease for part of floors at Roppongi Hills Mori Tower on August 1, 2021 are reflected.</li> <li>• The Company assumes that there will be no delinquencies or non-payment of rents by tenants.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• For expenses related to properties, major operating expenses of 3,354 million yen and 3,420 million yen are expected for the fiscal periods ending July 31, 2021 and January 31, 2022, respectively. Expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> <li>(i) For property taxes, city planning taxes, etc., 750 million yen (for six months) and 755 million yen (for six months) are expected for the fiscal period ending July 31, 2021 and January 31, 2022, respectively. Therefore, the property taxes, city planning taxes, etc. associated with Asset to Be Acquired will be calculated at the time of acquisition with the seller using a prorated adjusted amount and the Company shall capitalize these amounts as part of the cost of the acquisition. No amount is expected to be recognized as operating expenses for the fiscal period ending January 31, 2022.</li> <li>(ii) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods as 78 million yen for the fiscal period ending July 31, 2021 and 83 million yen for the fiscal period ending January 31, 2022. However, please note that the actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from the estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to a building and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount of variation may vary significantly from one period to the next.</li> <li>(iii) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 1,069 million yen in the fiscal period ending July 31, 2021 and 1,085 million yen in the fiscal period ending January 31, 2022.</li> <li>(iv) For property management fees, 1,168 million yen is expected for the fiscal period ending July 31, 2021 and 1,176 million yen is expected for the fiscal period ending January 31, 2022.</li> </ul> </li> <li>• For the operating expenses other than expenses related to properties (asset management fee, asset custody fee, administrative service fees, etc.), 312 million yen is expected for the fiscal period ending July 31, 2021 and 315 million yen is expected for the fiscal period ending January 31, 2022.</li> </ul>

Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• The Company expects to incur 370 million yen for the fiscal period ending July 31, 2021 and 384 million yen for the fiscal period ending January 31, 2022 in interest expenses, 46 million yen for the fiscal period ending July 31, 2021 and 46 million yen for the fiscal period ending January 31, 2022 in interest expenses on investment corporation bonds, and 137 million yen for the fiscal period ending July 31, 2021 and 139 million yen for the fiscal period ending January 31, 2022 in borrowing expenses.</li> <li>• The Company expects to incur 12 million yen for the fiscal period ending July 31, 2021 and 5 million yen for the fiscal period ending January 31, 2022 in amortization of investment unit issuance expenses.</li> </ul>
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>• The Company's balance of interest-bearing debt as of the end of the fiscal period ended January 31, 2021 is 184,422 million yen.</li> <li>• The Company assumes that it will newly borrow 7,870 million yen in August 2021 as part of the funds for the acquisition of the Asset to Be Acquired in the Portfolio Assets as described above.</li> <li>• The balance of loans payable outstanding as of the end of the fiscal period ended January 31, 2021 is 167,422 million yen. The Company assumes that, of that amount, the 19,000 million yen balance of loans payable due for repayment by the end of the fiscal period ending January 31, 2022 will be refinanced in the entire amount.</li> <li>• The balance of investment corporation bonds as of the end of the fiscal period ended January 31, 2021 is 17,000 million yen. The Company assumes that, of that amount, the 2,000 million yen due for redemption by February 2021 was redeemed through issuance of investment corporation bonds of the same amount.</li> </ul>
Issuance of Investment Units	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding as of the date of this report is 1,916,330 units. The Company assumes that there will be no additional issuance of investment units until the end of the fiscal period ending January 31, 2022.</li> </ul>
Dividends per Unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> <li>• Dividends per unit are calculated based on the assumption that the Company will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation.</li> <li>• Dividends per unit may vary due to various factors, including changes in the portfolio assets, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.</li> <li>• Dividends per unit are calculated based on the assumption that changes will not arise in deferred losses on hedges, which is an item of deduction from net assets (as defined in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) arising from interest rate swap transactions.</li> </ul>
Dividends in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• As dividends in excess of earnings per unit are calculated based on the assumption that changes will not arise in fair value from interest rate swap transactions, the Company does not plan to make distributions in excess of earnings (allowance for temporary difference adjustments) for the fiscal periods ending July 31, 2021 and January 31, 2022.</li> <li>• Of dividends in excess of earnings, none falling under the category of distributions accompanying decrease in capital, etc. under tax law is planned at this point in time.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• The Company assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, the Investment Trusts Association's rule, etc. that would affect the above forecasts.</li> <li>• The Company assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.</li> </ul>

## 2. FINANCIAL STATEMENTS

### (1) Balance sheet

(Unit: thousands of yen)

	As of	
	July 31, 2020	January 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,575,310	5,479,946
Cash and deposits in trust	4,984,129	5,340,188
Operating accounts receivable	292,705	262,390
Prepaid expenses	418,683	399,805
Consumption taxes receivable	—	21,946
Other	—	24
Total current assets	12,270,828	11,504,301
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	82,735,523	85,286,897
Accumulated depreciation	(18,110,310)	(19,121,190)
Buildings in trust, net	64,625,213	66,165,707
Structures in trust	929,677	964,111
Accumulated depreciation	(325,377)	(334,274)
Structures in trust, net	604,300	629,836
Machinery and equipment in trust	933,374	954,633
Accumulated depreciation	(308,755)	(332,281)
Machinery and equipment in trust, net	624,619	622,352
Tools, furniture and fixtures in trust	271,676	286,086
Accumulated depreciation	(171,265)	(184,581)
Tools, furniture and fixtures in trust, net	100,411	101,505
Land in trust	260,234,866	270,106,484
Construction in progress in trust	2,526	4,809
Total property, plant and equipment	348,266,097	359,704,855
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Total intangible assets	30,650,962	30,650,962
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	965,213	915,537
Deferred tax assets	14	23
Derivatives	26,359	1,013
Total investments and other assets	1,001,587	926,574
Total noncurrent assets	379,918,648	391,282,393
Deferred assets		
Investment corporation bonds issuance cost	54,624	67,300
Investment unit issuance cost	13,904	33,746
Total deferred assets	68,529	101,047
Total assets	392,258,006	402,887,742

(Unit: thousands of yen)

	As of	
	July 31, 2020	January 31, 2021
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	241,338	288,253
Current portion of investment corporation bonds	5,500,000	2,000,000
Current portion of long-term loans payable	12,500,000	19,000,000
Accounts payable – other	20,040	14,464
Accrued expenses	297,799	311,302
Income taxes payable	901	1,087
Accrued consumption taxes	145,114	–
Advances received	1,213,975	1,258,454
Deposits received	21,562	21,327
Total current liabilities	19,940,732	22,894,889
Noncurrent liabilities		
Investment corporation bonds	11,500,000	15,000,000
Long-term loans payable	149,722,000	148,422,000
Lease and guarantee deposits in trust	14,856,183	14,957,614
Derivatives liabilities	735,791	849,472
Total noncurrent liabilities	176,813,975	179,229,087
Total liabilities	196,754,707	202,123,976
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	190,460,106	195,718,191
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*1 (408,492)	*1 (393,340)
Total deduction from unitholders' capital	(408,492)	(393,340)
Unitholders' capital, net	190,051,613	195,324,850
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	291,944	291,944
Total voluntary retained earnings	291,944	291,944
Unappropriated retained earnings	5,869,173	5,995,429
Total surplus	6,161,117	6,287,373
Total unitholders' equity	196,212,731	201,612,224
Valuation and translation adjustments		
Deferred gains or losses on hedges	(709,432)	(848,458)
Total valuation and translation adjustments	(709,432)	(848,458)
Total net assets	195,503,298	200,763,766
Total liabilities and net assets	392,258,006	402,887,742

(2) Statement of income and retained earnings

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
Operating revenue		
Rent revenues	*1, *2 9,389,038	*1, *2 9,614,085
Other operating revenues	*1, *2 213,218	*1, *2 206,546
Total operating revenue	9,602,257	9,820,632
Operating expenses		
Expenses related to properties	*1, *2 3,251,861	*1, *2 3,315,661
Asset management fee	224,815	229,246
Directors' compensation	4,200	4,200
Asset custody fee	9,805	9,806
Administrative service fees	18,528	18,996
Other operating expenses	64,155	68,791
Total operating expenses	3,573,365	3,646,701
Operating income	6,028,891	6,173,930
Non-operating income		
Interest income	48	54
Gain on forfeiture of unclaimed dividends	1,379	941
Total non-operating income	1,428	995
Non-operating expenses		
Interest expenses	370,700	383,400
Interest expenses on investment corporation bonds	61,175	49,526
Amortization of investment corporation bonds issuance cost	9,022	7,757
Borrowing expenses	145,882	143,930
Amortization of investment unit issuance cost	6,952	12,310
Other	1,922	1,873
Total non-operating expenses	595,654	598,798
Ordinary income	5,434,665	5,576,128
Income before income taxes	5,434,665	5,576,128
Income taxes-current	909	1,095
Income taxes-deferred	22	(8)
Total income taxes	931	1,086
Net income	5,433,733	5,575,042
Retained earnings brought forward	435,439	420,387
Unappropriated retained earnings (undisposed loss)	5,869,173	5,995,429

(3) Statement of changes in net assets  
For the six months ended July 31, 2020

(Unit: thousands of yen)

	Unitholders' equity					
	Unitholders' capital			Surplus		
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Voluntary retained earnings	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital		Reserve for reduction entry	Total voluntary retained earnings
Balance at February 1, 2020	190,460,106	(468,740)	(468,740)	189,991,366	291,944	291,944
Change during the period						
Dividends from surplus						
Reversal of allowance for temporary difference adjustments		60,247	60,247	60,247		
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during the period	—	60,247	60,247	60,247	—	—
Balance at July 31, 2020	190,460,106	(408,492)	(408,492)	190,051,613	291,944	291,944

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus				
Balance at February 1, 2020	5,901,196	6,193,140	196,184,506	(724,583)	(724,583)	195,459,922
Change during the period						
Dividends from surplus	(5,405,509)	(5,405,509)	(5,405,509)			(5,405,509)
Reversal of allowance for temporary difference adjustments	(60,247)	(60,247)	—			—
Net income	5,433,733	5,433,733	5,433,733			5,433,733
Net changes of items other than unitholders' equity				15,151	15,151	15,151
Total changes of items during the period	(32,023)	(32,023)	28,224	15,151	15,151	43,375
Balance at July 31, 2020	5,869,173	6,161,117	196,212,731	(709,432)	(709,432)	195,503,298

For the six months ended January 31, 2021

(Unit: thousands of yen)

	Unitholders' equity					
	Unitholders' capital			Surplus		
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Voluntary retained earnings	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital		Reserve for reduction entry	Total voluntary retained earnings
Balance at August 1, 2020	190,460,106	(408,492)	(408,492)	190,051,613	291,944	291,944
Change during the period						
Issuance of new investment units	5,258,085			5,258,085		
Dividends from surplus						
Reversal of allowance for temporary difference adjustments		15,151	15,151	15,151		
Net income						
Net changes of items other than unitholders' equity						
Total changes of items during the period	5,258,085	15,151	15,151	5,273,237	—	—
Balance at January 31, 2021	195,718,191	(393,340)	(393,340)	195,324,850	291,944	291,944

	Unitholders' equity			Valuation and translation adjustments		
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
	Unappropriated retained earnings	Total surplus				
Balance at August 1, 2020	5,869,173	6,161,117	196,212,731	(709,432)	(709,432)	195,503,298
Change during the period						
Issuance of new investment units			5,258,085			5,258,085
Dividends from surplus	(5,433,634)	(5,433,634)	(5,433,634)			(5,433,634)
Reversal of allowance for temporary difference adjustments	(15,151)	(15,151)	—			—
Net income	5,575,042	5,575,042	5,575,042			5,575,042
Net changes of items other than unitholders' equity				(139,026)	(139,026)	(139,026)
Total changes of items during the period	126,256	126,256	5,399,493	(139,026)	(139,026)	5,260,467
Balance at January 31, 2021	5,995,429	6,287,373	201,612,224	(848,458)	(848,458)	200,763,766

(4) Statement of cash distributions

(Unit: yen)

	For the six months ended July 31, 2020	For the six months ended January 31, 2021
I Unappropriated retained earnings	5,869,173,511	5,995,429,871
II Addition of dividends in excess of earnings	—	136,059,430
Allowance for temporary difference adjustments	—	136,059,430
III Capitalization	15,151,632	—
Reversal of allowance for temporary difference adjustments	15,151,632	—
IV Amount of Dividends	5,433,634,080	5,574,603,970
Amount of dividends per unit	2,898	2,909
Dividends of earnings	5,433,634,080	5,438,544,540
Dividends of earnings per unit	2,898	2,838
Allowance for temporary difference adjustments	—	136,059,430
Dividends in excess of earnings per unit (allowance for temporary difference adjustments)	—	71
V Retained earnings carried forward	420,387,799	556,885,331
Method of calculating the amount of dividends	<p>Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act. Based on such policy, the Company decided to pay out dividends of earnings (5,433,634,080 yen), which is the integral multiple of the total number of investment units issued and outstanding (1,874,960 units), out of the amount obtained by subtracting the reversal of allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations) from the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act.</p> <p>As a result, the Company declared dividends per unit of 2,898 yen.</p>	<p>Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act. Based on such policy, the Company decided to pay out dividends of earnings (5,438,544,540 yen), which is the integral multiple of the total number of investment units issued and outstanding (1,916,330 units) out of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act.</p> <p>In addition, pursuant to the terms of the distribution policy set forth in Article 37 (2) of the Company's Articles of Incorporation, the Company decided to pay out dividends attributable to allowance for temporary difference adjustments (136,059,430 yen), which is the integral multiple of the total number of investment units issued and outstanding (1,916,330 units) in due consideration of the impact of the items of deduction from net assets (as defined in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations) on dividends.</p> <p>As a result, the Company declared dividends per unit of 2,909 yen.</p>

(5) Statement of cash flows

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	5,434,665	5,576,128
Depreciation and amortization	1,041,061	1,056,619
Amortization of investment corporation bonds issuance cost	9,022	7,757
Amortization of investment unit issuance cost	6,952	12,310
Interest income	(48)	(54)
Gain on forfeiture of unclaimed dividends	(1,379)	(941)
Interest expenses	431,875	432,926
Decrease (increase) in operating accounts receivable	41,003	25,640
Decrease (increase) in consumption taxes receivable	—	(21,946)
Increase (decrease) in operating accounts payable	16,969	40,657
Increase (decrease) in accounts payable – other	(10,796)	(4,251)
Increase (decrease) in accrued expenses	(46,766)	4,902
Increase (decrease) in accrued consumption taxes	(71,498)	(145,114)
Increase (decrease) in advances received	(10,545)	44,479
Increase (decrease) in deposits received	(7,595)	(235)
Decrease (increase) in prepaid expenses	16,485	18,878
Decrease (increase) in long-term prepaid expenses	37,110	49,676
Other, net	(71)	(24)
Subtotal	6,886,443	7,097,409
Interest income received	48	54
Interest expenses paid	(432,597)	(424,325)
Income taxes paid	(1,339)	(909)
Net cash provided by (used in) operating activities	6,452,555	6,672,228
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(693,420)	(12,478,273)
Repayments of lease and guarantee deposits in trust	(117,924)	(364,315)
Proceeds from lease and guarantee deposits in trust	215,570	459,574
Net cash provided by (used in) investing activities	(595,774)	(12,383,015)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	12,022,000	11,200,000
Repayments of long-term loans payable	(7,022,000)	(6,000,000)
Proceeds from issuance of investment corporation bonds	—	3,479,567
Redemption of investment corporation bonds	(5,000,000)	(3,500,000)
Proceeds from issuance of investment units	—	5,225,932
Cash dividends paid	(5,404,873)	(5,434,018)
Net cash provided by (used in) financing activities	(5,404,873)	4,971,481
Net increase (decrease) in cash and cash equivalents	451,906	(739,304)
Cash and cash equivalents at beginning of the period	11,107,533	11,559,439
Cash and cash equivalents at end of the period	* <sub>1</sub> 11,559,439	* <sub>1</sub> 10,820,134

(6) Notes to assumption of going concern

Not applicable.

(7) Summary of significant accounting policies

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

Depreciation of property, plant and equipment of the Company is calculated principally by the straight-line method based on the following estimated useful lives determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

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

(b) Intangible assets (including assets in trust)

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

(c) Long-term prepaid expenses

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

(d) Investment corporation bonds issuance cost

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

(e) Investment unit issuance cost

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

(f) Accounting for property taxes

For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses related to properties.

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amount equivalent to property taxes included in the cost of acquisition of real estate was none for the period ended July 31, 2020, and 13,256 thousand yen for the period ended January 31, 2021, respectively.

(g) Hedge accounting approach

a) Hedge accounting approach

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

b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Borrowing interest rates

c) Hedging policy

The Company conducts derivative transactions to hedge risks as stipulated in the Company's Articles of Incorporation in accordance with the Company's risk management policy.

d) Method for assessing the effectiveness of hedging

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

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

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand and deposits in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(i) Accounting for trust beneficial interest in real estate

For trust beneficial interest in real estate owned by the Company, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheet and statement of income and retained earnings.

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

a) Cash and deposits in trust

b) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; leasehold rights in trust; and other intangible assets in trust

c) Lease and guarantee deposits in trust

(j) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.

Additional Information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments

For the six months ended July 31, 2020

1. Reason for reversal, and related asset, etc. and amount of reversal

(Unit: thousands of yen)

Related asset, etc.	Reason for reversal	Reversal of allowance for temporary difference adjustments
Deferred gains or losses on hedges	Changes in fair value of derivative transactions	15,151

2. Specific method of reversal

Deferred gains or losses on hedges

Reversal in line with changes in fair value of derivative transactions that are the hedging instruments is planned.

For the six months ended January 31, 2021

1. Reason for provision, and related asset, etc. and amount of provision

(Unit: thousands of yen)

Related asset, etc.	Reason for provision	Allowance for temporary difference adjustments
Deferred gains or losses on hedges	Incurrence of loss on valuation of interest swaps	136,059

2. Specific method of reversal

Deferred gains or losses on hedges

Reversal in line with changes in fair value of derivative transactions that are the hedging instruments is planned.

(8) Notes to Financial Statements

(Omission of disclosure)

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

1. Net assets

\*1 Allowance for temporary difference adjustments

For the six months ended July 31, 2020

1. Reason and related asset, etc. and amount of provision

(Unit: thousands of yen)

Related asset, etc.	Reason	Initial amount	Balance at beginning of the period	Allowance set aside during period	Reversal during period	Balance at the end of the period	Reason for reversal
Deferred gains or losses on hedges	Loss on valuation of interest swaps	468,740	468,740	—	60,247	408,492	Changes in fair value of derivative transactions

2. Specific method of reversal

Deferred gains or losses on hedges

Reversal in line with changes in fair value of derivative transactions that are the hedging instruments is planned.

For the six months ended January 31, 2021

1. Reason and related asset, etc. and amount of provision

(Unit: thousands of yen)

Related asset, etc.	Reason	Initial amount	Balance at beginning of the period	Allowance set aside during period	Reversal during period	Balance at the end of the period	Reason for reversal
Deferred gains or losses on hedges	Loss on valuation of interest swaps	468,740	408,492	—	15,151	393,340	Changes in fair value of derivative transactions

2. Specific method of reversal

Deferred gains or losses on hedges

Reversal in line with changes in fair value of derivative transactions that are the hedging instruments is planned.

2. Breakdown of property-related revenue and expenses

\*1 Breakdown of property operating income

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
A. Property operating revenue		
Rent revenues		
Rent and common area revenue	9,383,153	9,608,272
Other rent revenue	5,884	5,812
Other operating revenues		
Parking revenue	53,667	51,171
Utilities and other revenue	145,224	149,697
Cancellation penalty	13,797	5,677
Key money income	529	—
Total property operating revenue	9,602,257	9,820,632
B. Property operating expenses		
Expenses related to properties		
Property management fees	1,122,870	1,172,247
Property taxes	725,205	736,413
Utilities	115,650	116,730
Maintenance and repairs	79,298	65,319
Insurance premium	17,313	17,877
Custodian fees	5,950	5,968
Depreciation and amortization	1,041,061	1,056,619
Rent expenses	129,153	129,800
Other lease business expenses	15,358	14,684
Total property operating expenses	3,251,861	3,315,661
C. Property operating income [A – B]	6,350,396	6,504,970

\*2 Transactions with major unitholders

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
From operating transactions		
Rent revenues	6,086,486	6,305,587
Other operating revenues	970	7
Expenses related to properties	245,141	269,644

3. Cash and cash equivalents

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

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
Cash and deposits	6,575,310	5,479,946
Cash and deposits in trust	4,984,129	5,340,188
Cash and cash equivalents	11,559,439	10,820,134

4. Leases

Operating lease transactions (as lessor)

Future minimum rent revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	As of	
	July 31, 2020	January 31, 2021
Due within 1 year	5,088,603	4,921,687
Due after 1 year	12,183,640	11,515,840
Total	17,272,243	16,437,527

5. Financial instruments

(1) Policy for financial instruments

(a) Policy for holding financial instruments

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

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

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

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

Interest rate swaps are utilized with the Company seeking to, in effect, convert fluctuating interest rates on fund procurement into fixed interest rates. For information on the method of hedge accounting approach, hedging instruments and hedged items, hedging policy and method for assessing the effectiveness of hedging, please refer to "Summary of significant accounting policies; (g) Hedge accounting approach."

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

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

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

(2) Fair value of financial instruments

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2020.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	6,575,310	6,575,310	—
(b) Cash and deposits in trust	4,984,129	4,984,129	—
Total	11,559,439	11,559,439	—
(c) Current portion of investment corporation bonds	5,500,000	5,503,590	3,590
(d) Current portion of long-term loans payable	12,500,000	12,533,139	33,139
(e) Investment corporation bonds	11,500,000	11,471,300	(28,700)
(f) Long-term loans payable	149,722,000	149,824,801	102,801
Total	179,222,000	179,332,830	110,830
Derivative transactions (Note1)	(709,432)	(709,432)	—

The following are the carrying amount, fair value and the difference between them of financial instruments as of January 31, 2021.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	5,479,946	5,479,946	—
(b) Cash and deposits in trust	5,340,188	5,340,188	—
Total	10,820,134	10,820,134	—
(c) Current portion of investment corporation bonds	2,000,000	2,000,340	340
(d) Current portion of long-term loans payable	19,000,000	19,058,944	58,944
(e) Investment corporation bonds	15,000,000	15,045,700	45,700
(f) Long-term loans payable	148,422,000	148,440,141	18,141
Total	184,422,000	184,545,126	123,126
Derivative transactions (Note1)	(848,458)	(848,458)	—

(Note 1) Assets and liabilities from derivative transactions are indicated in net amounts and net liabilities are indicated in parentheses.

(Note 2) Method of calculating the fair value of financial instruments, and derivative transactions

Assets

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

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

Liabilities

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

The fair value of these is based on market prices.

(d) Current portion of long-term loans payable; (f) Long-term loans payable

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

Derivative transactions

Please refer to “Derivative transactions” below.

(Note 3) Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2020)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	6,575,310	-	-	-	-	-
Cash and deposits in trust	4,984,129	-	-	-	-	-
Total	11,559,439	-	-	-	-	-

Redemption of monetary claims scheduled to be due after the balance sheet date (as of January 31, 2021)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	5,479,946	-	-	-	-	-
Cash and deposits in trust	5,340,188	-	-	-	-	-
Total	10,820,134	-	-	-	-	-

(Note 4) Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2020)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	5,500,000	-	-	-	4,000,000	7,500,000
Long-term loans payable	12,500,000	22,000,000	15,200,000	18,800,000	17,334,000	76,388,000
Total	18,000,000	22,000,000	15,200,000	18,800,000	21,334,000	83,888,000

Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2021)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	2,000,000	-	-	2,000,000	7,000,000	6,000,000
Long-term loans payable	19,000,000	15,500,000	20,400,000	15,800,000	17,194,000	79,528,000
Total	21,000,000	15,500,000	20,400,000	17,800,000	24,194,000	85,528,000

6. Derivative transactions

(1) Transactions for which hedge accounting is not applied

As of July 31, 2020

Not applicable.

As of January 31, 2021

Not applicable.

(2) Transactions for which hedge accounting is applied

As of July 31, 2020

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	95,766,000	95,766,000	(709,432)	Based on the quoted price obtained from counterparty financial institutions.
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	43,500,000	31,000,000	*	—

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

As of January 31, 2021

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	106,966,000	106,966,000	(848,458)	Based on the quoted price obtained from counterparty financial institutions.
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	37,500,000	18,500,000	*	—

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

7. Related party transactions

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2020

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	79,500,000	Real estate business	15.0% directly held by related party	Leasing and management of real estate	Leasing of properties (Note 2) (Note 5)	6,087,456	Operating accounts receivable	551
									Advances received	1,093,271
									Lease and guarantee deposits in trust	9,790,142
							Payment of property operation and management fees (Note 6)	283,110 (Note 3)	Prepaid expenses	3,018
									Operating accounts payable	56,266
Deposit of lease and guarantee (Note 4) (Note 7)	—	Lease and guarantee deposits in trust	53,886							

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

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

(Note 3) The amount includes fees (37,969 thousand yen) that are not charged to expenses but recognized as assets.

(Note 4) Roppongi View Tower

[Transaction terms and conditions and related policies]

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

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

(Note 7) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

For the six months ended January 31, 2021

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	79,500,000	Real estate business	15.0% directly held by related party	Leasing and management of real estate	Acquisition of Property (Note 2) (Note 6)	12,220,000	—	—
							Leasing of properties (Note 3) (Note 7)	6,305,594	Operating accounts receivable	1
									Advances received	1,147,885
									Lease and guarantee deposits in trust	10,229,638
							Payment of property operation and management fees (Note 8)	277,454 (Note 4)	Prepaid expenses	3,198
									Operating accounts payable	58,519
Deposit of lease and guarantee (Note 5) (Note 9)	—	Lease and guarantee deposits in trust	53,886							

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

(Note 2) A portion of Toranomon Hills Mori Tower

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

(Note 4) The amount includes fees (7,809 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[Transaction terms and conditions and related policies]

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

(Note 7) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 8) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 9) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(2) Subsidiaries and affiliates

For the six months ended July 31, 2020

Not applicable.

For the six months ended January 31, 2021

Not applicable.

(3) Subsidiaries of parent company

For the six months ended July 31, 2020

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 3)	224,815	Accrued expenses	247,296

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

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

[Transaction terms and conditions and related policies]

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

For the six months ended January 31, 2021

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	241,466 (Note 3)	Accrued expenses	252,170

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

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

(Note 3) The amount of management fees includes 12,220 thousand yen in acquisition fees pertaining to a real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

(4) Directors and major individual unitholders

For the six months ended July 31, 2020

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 3)	224,815	Accrued expenses	247,296

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

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

[Transaction terms and conditions and related policies]

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

For the six months ended January 31, 2021

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	241,466 (Note 3)	Accrued expenses	252,170

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

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

(Note 3) The amount of management fees includes 12,220 thousand yen in acquisition fees pertaining to a real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

## 8. Income taxes

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

(Unit: thousands of yen)

	As of	
	July 31, 2020	January 31, 2021
Deferred tax assets		
Accrued enterprise tax excluded from expenses	14	23
Deferred gains or losses on hedges	231,480	267,244
Subtotal deferred tax assets	231,494	267,267
Valuation allowance	(231,480)	(267,244)
Total deferred tax assets	14	23
Net deferred tax assets	14	23

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

	As of	
	July 31, 2020	January 31, 2021
Statutory tax rate	31.46%	31.46%
[Adjustments]		
Deductible cash distributions	(31.45%)	(31.45%)
Others	0.01%	0.01%
Effective tax rate	0.02%	0.02%

## 9. Investment and rental properties

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

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2020	January 31, 2021
Carrying amount		
Balance at beginning of the period	379,226,176	378,917,060
Amount of increase (decrease) during the period	(309,115)	11,438,757
Balance at end of the period	378,917,060	390,355,818
Fair value at end of the period	457,890,000	471,642,000

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

(Note 2) Of the decrease during the period ended July 31, 2020, the decrease is primarily attributable to depreciation and amortization. Of the increase (decrease) during the period ended January 31, 2021, the increase is primarily attributable to the acquisition of property (Toranomori Hills Mori Tower (approximately 2.4% of total exclusive floor area) (12,252,606 thousand yen)), the decrease is primarily attributable to depreciation and amortization.

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

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

10. Segment and related information

[Segment information]

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

[Related information]

For the six months ended July 31, 2020

(1) Information about each product and service

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

(2) Information about each geographical area

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information about each major tenant

(Unit: thousands of yen)		
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	6,087,456	Real estate leasing business

For the six months ended January 31, 2021

(1) Information about each product and service

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

(2) Information about each geographical area

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information about each major tenant

(Unit: thousands of yen)		
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	6,305,594	Real estate leasing business

## 11. Per unit Information

	For the six months ended	
	July 31, 2020	January 31, 2021
Net assets per unit (yen)	104,270	104,764
Net income per unit (yen)	2,898	2,919
(Note 1) Net income per unit was calculated by dividing the net income by the daily weighted average number of investment units during the period.		
Diluted net income per unit has not been stated as there are no diluted investment units.		
(Note 2) The following is the basis for calculating net income per unit.		

	For the six months ended	
	July 31, 2020	January 31, 2021
Net income (thousands of yen)	5,433,733	5,575,042
Amounts not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	5,433,733	5,575,042
Average number of investment units during the period (units)	1,874,960	1,909,317

## 12. Subsequent events

Not applicable.

### (9) Changes in unit issued and outstanding

New investment units were issued on August 31, 2020 and September 25, 2020 (capital increase through public offering of 39,400 units and capital increase through third-party allotment of 1,970 units), procuring 5,258 million yen.

The outline of changes in unitholders' capital for the previous five years was as follows:

Date	Type of issue	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
February 1, 2016	Public offering	172,000	1,742,040	22,679	173,097	(Note 2)
February 24, 2016	Third-party allotment	8,600	1,750,640	1,133	174,231	(Note 3)
August 1, 2018	Public offering	118,400	1,869,040	15,455	189,687	(Note 4)
August 22, 2018	Third-party allotment	5,920	1,874,960	772	190,460	(Note 5)
August 31, 2020	Public offering	39,400	1,914,360	5,007	195,467	(Note 6)
September 25, 2020	Third-party allotment	1,970	1,916,330	250	195,718	(Note 7)

(Note 1) Fluctuation of unitholders' capital in line with implementation of dividends in excess of earnings from allowance for temporary difference adjustments is not considered.

(Note 2) New investment units were issued at a price of 131,859 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 3) New investment units were issued at a price of 131,859 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 4) New investment units were issued at a price of 130,536 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 5) New investment units were issued at a price of 130,536 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 6) New investment units were issued at a price of 127,099 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 7) New investment units were issued at a price of 127,099 yen per unit through a third-party allotment in order to raise funds for part of future acquisitions.

### 3. REFERENCE INFORMATION

#### (1) Investment Status

(as of January 31, 2021)

Type of asset	Main type of use	Region	Total amount held (millions of yen) (Note 1)	Percentage of total assets (%)	
Real estate	Office Buildings	Tokyo's five central wards and their vicinity	—	—	
		Tokyo metropolitan area	—	—	
		Principal regional cities	—	—	
	Residential Properties	Tokyo's five central wards and their vicinity	—	—	
		Tokyo metropolitan area	—	—	
		Principal regional cities	—	—	
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	22,074	5.5	
		Tokyo metropolitan area	22,074	5.5	
		Principal regional cities	—	—	
	Subtotal			22,074	5.5
	Real estate in trust	Office Buildings	Tokyo's five central wards and their vicinity	361,979	89.8
			Tokyo metropolitan area	361,979	89.8
Principal regional cities			—	—	
Residential Properties		Tokyo's five central wards and their vicinity	6,302	1.6	
		Tokyo metropolitan area	6,302	1.6	
		Principal regional cities	—	—	
Retail and Other Facilities		Tokyo's five central wards and their vicinity	—	—	
		Tokyo metropolitan area	—	—	
		Principal regional cities	—	—	
Subtotal			368,281	91.4	
Deposits and other assets (Note 2)			12,531	3.1	
Total assets			402,887	100.0	

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

(Note 2) Deposits and other assets include deposits within the assets in trust in the amount of 5,340 million yen. Trust beneficiary interest in assets which are primarily comprised of real estate, etc., do not include deposits within the assets in trust.

(as of January 31, 2021)

	Carrying amount (millions of yen)	Percentage of total assets (%)
Total liabilities	202,123	50.2
Total net assets	200,763	49.8
Total assets	402,887	100.0

(2) Investment Assets

(a) Major Issue of Investment Securities

Not applicable.

(b) Investment Real Estate Properties

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

(c) Major Other Investment Assets

The Company holds the following real estate and trust beneficiary interest in real estate listed in the tables in a) below as of January 31, 2021. Mori Building Co., Ltd. led the development of all of the following real estate and real estate in trust.

a) Overview of Real Estate and Real Estate in Trust

The following are the real estate and real estate in trust held by the Company as of January 31, 2021.

(i) Overview of Assets by Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction date (Note 2)	Structure/ Total number of floors (Note 2)	Land area (m <sup>2</sup> ) (Note 2)	Gross floor area (m <sup>2</sup> ) (Note 2)	Form of ownership (Note 4)		Appraisal value at the end of fiscal period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%) (Note 6)	
									Land	Bldg.					
Real estate in trust	Office Buildings	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	Apr. 2003	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	CO	146,300	111,330	115,380	28.6	
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	Mar. 1986	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	CO	63,900	61,479	62,480	15.5	
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	Mar. 2000	SRC/S B6F/19F	6,611.58	46,154.65	L	CO	25,500	24,728	27,200	6.8	
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	Sep. 2000	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	CO	34,800	41,453	43,930	10.9	
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	Jul. 2001	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	47,100	40,085	42,090	10.4
				Forest Tower (residential building)	Atago, Minato-ku	Oct. 2001	S/SRC B4F/43F		60,815.71						
				Plaza (retail building)	Toranomon, Minato-ku	Jul. 2001	RC B1F/2F		2,083.60						
		O-8 Premium	ARK Hills South Tower	Roppongi, Minato-ku	Jul. 2013	S/SRC/RC B4F/20F	5,846.69	53,043.48	C (Note 12)	C (Note 12)	25,200	18,663	19,150	4.8	
		O-9 Premium	Toranomon Hills Mori Tower	Toranomon, Minato-ku	May 2014	S/SRC B5F/52F	17,068.95	241,581.95	C (Note 7)	C	60,032	47,998	48,430	12.0	
		O-10 Premium	Holland Hills Mori Tower	Toranomon, Minato-ku	Jan. 2005	S/SRC/RC B2F/24F	3,487.61	35,076.12	C (Note 13)	CO	21,800	16,239	16,330	4.1	
Subtotal											424,632	361,977	374,990	93.1	
Real estate	Residential Properties	R-3 Premium	Roppongi First Plaza	Roppongi, Minato-ku	Oct. 1993	RC B1F/20F	4,357.88 (Note 14)	22,906.74 (Note 14)	C (Note 14)	CO (Note 15)	2,610	2,228	2,100	0.5	
		R-4	Roppongi View Tower	Roppongi, Minato-ku	Oct. 1993	RC B1F/20F			C (Note 14)	CO (Note 15)	3,400	4,074	4,000	1.0	
		Subtotal											6,010	6,302	6,100
Real estate	Retail and Other Facilities	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	—	—	2,565.06	—	O	—	41,000	22,074	21,820	5.4	
		Subtotal											41,000	22,074	21,820
Total											471,642	390,355	402,910	100.0	

- (Note 1) "Property number" is the number assigned to real estate and real estate in trust held by the Company classified into the following main types of use. The alphabet on the left represents the main type of use, where "O" represents an office building, "R" represents a residential property and "S" represents a retail and other facility. In addition, Premium Properties are denoted by "Premium." The same applies hereafter.
- (Note 2) "Construction date," "Structure/Total number of floors," "Land area" and "Gross floor area" are as described in the property registry. As for "Structure/Total number of floors," the following abbreviations are used.  
RC: Reinforced concrete; SRC: Steel frame and reinforced concrete; S: Steel frame;  
B: Number of basement floor; F: Number of floor above ground level
- (Note 3) "Land area" and "Gross floor area" indicate the area of the entire site and the total area floor of the entire building based on the description of the property registry, regardless of the form of ownership.
- (Note 4) "Form of ownership" is the type of rights, where "O" represents ownership rights, "C" represents a co-ownership interest in ownership rights, "CO" represents compartmentalized ownership of exclusive portion of a building, and "L" represents leasehold rights.
- (Note 5) "Appraisal value at the end of fiscal period" for properties except for ARK Hills South Tower is the appraisal value as of January 31, 2021 as described in the real estate appraisal report prepared by Japan Real Estate Institute. The figure for ARK Hills South Tower is the appraisal value as of January 31, 2021 as described in the real estate appraisal report prepared by DAIWA REAL ESTATE APPRAISAL CO., LTD.
- (Note 6) "Percentage of total portfolio acquisition price" is calculated as a percentage of the aggregate acquisition price of the Company's portfolio.
- (Note 7) Co-ownership interest as a portion of the land use rights.
- (Note 8) The land of Akasaka Tameike Tower is composed of the land owned by a third party (parcel number 1705-1) and the land jointly owned by the trustee and Mori Building Co.,Ltd. (parcel number 1701-1). The trustee's co-ownership interest ratio of the land (parcel number 1701-1) is approximately 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m<sup>2</sup>. The same applies hereafter.
- (Note 9) "Land area" for Atago Green Hills is the area of the entire land over which land use rights for the building have been established pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 10) The land of Atago Green Hills is composed of the land owned by third parties and the land jointly owned by the trustee and Mori Building Co., Ltd. and leasehold rights and easement jointly owned by the trustee and Mori Building Co., Ltd. The land corresponding to each building is determined pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 11) The buildings of Atago Green Hills are composed of parts owned by third parties through compartmentalized ownership and other parts jointly owned by the trustee and Mori Building Co., Ltd. through direct ownership and compartmentalized ownership.
- (Note 12) The Company owns 25% co-ownership interest of the building and the site.
- (Note 13) The land of Holland Hills Mori Tower is composed of the land owned by the Tokyo Metropolitan Government (3-802-2 Shibakoen and 1-224-28 Azabudai) and the land jointly owned by the trustee and Mori Building Co., Ltd. under joint ownership (5-124-1 Toranomom and 3-803-3. Shibakoen). The trustee's co-ownership interest ratio of the land (5-124-1 Toranomom and 3-803-3. Shibakoen) is approximately 62.9% and the area corresponding to the co-ownership interest ratio is 1,910.96m<sup>2</sup>. The same applies hereafter.
- (Note 14) As Roppongi First Plaza and Roppongi View Tower are on the same site and are described in the property registry as one building owned through compartmentalized ownership, the land area and the gross floor area for these properties are added together. The land corresponding to each building has been determined pursuant to its management rules and is owned in the land use rights ratio.
- (Note 15) Roppongi First Plaza and Roppongi View Tower are described in the property registry as one building owned through compartmentalized ownership. 42 residential units out of the total of 90 residential units in Roppongi First Plaza are owned through compartmentalized ownership. 92 residential units out of the total of 202 residential units in Roppongi View Tower are owned through compartmentalized ownership.

(ii) Overview of Lease Conditions (as of January 31, 2021)

Property number	Property name	Type of lease (Note 1)	Total leasable area (m <sup>2</sup> ) (Note 2)	Total leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual contracted rent (millions of yen) (Note 5)	Security deposits (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed-rent master lease	43,041.54	43,041.54	100.0	1	5,886	4,905
O-1	ARK Mori Building	Fixed-rent master lease	24,588.43	24,588.43	100.0	1	2,702	2,241
O-4	Koraku Mori Building	Pass-through master lease	16,195.42	16,097.43	99.4	23	1,367	1,373
O-6	Akasaka Tameike Tower	Pass-through master lease	19,790.68	18,638.11	94.2	129	1,594	1,152
O-7	Atago Green Hills	Fixed-rent master lease	29,667.58	29,667.58	100.0	1	2,024	1,349
O-8	ARK Hills South Tower	Pass-through master lease	8,999.75	8,495.97	94.4	43	990	908
O-9	Toranomon Hills Mori Tower	Fixed-rent master lease	16,360.16	16,360.16	100.0	1	2,078	1,732
O-10	Holland Hills Mori Tower	Pass-through master lease	10,165.04	10,165.04	100.0	23	1,084	969
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,856.57	96.6	40	175	63
R-4	Roppongi View Tower	Pass-through master lease	4,515.25	4,204.88	93.1	85	208	53
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,335	—
Total			178,845.68	176,680.77	98.8	348	19,450	14,751

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

(Note 2) “Total leasable area” is the area of the space deemed to be available for the end-tenants. In the case where we lease the entire space to any one tenant in the form of a fixed-rent master lease or where we grant the authority to lease the property to other co-owner and a fixed amount is paid to us in consideration of such granting, such tenant or co-owner is deemed to be the end-tenant. The same applies hereafter. “Total leased area” is equivalent to total floor area of leased space set out in the lease agreements, etc. with the end-tenants. In the case of Koraku Mori Building, Atago Green Hills and Toranomon Hills Mori Tower, this indicates 80%, 74% and 67% of the proportionate ownership ratio, respectively, of the foregoing total leasable area and total leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the total leasable area and total leased area of the building, which is rounded off to two decimal places. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying Total leasable area and Total leased area concerning the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (ratio stated in the agreement to amend building lease agreement concluded on July 29, 2016) (65.9%), and the residential portion is calculated by multiplying Total leasable area and Total leased area concerning the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (ratio stated in the agreement to amend building lease agreement concluded on January 6, 2016) (67%), and is indicated by rounding off to two decimal places. The same applies hereafter. The total leasable area and total leased area do not include the area of storage space, flat parking lots and machinery, etc. The same applies hereafter.

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

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

- (Note 5) “Annual contracted rent” for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenant (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from January 1, 2021 to January 31, 2021 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building, Atago Green Hills and Toranomom Hills Mori Tower, this indicates 80%, 74% and 67% (i.e., the ownership ratio), respectively, of the amount so calculated. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the annual contracted rent. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying annual contracted rent from the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (65.9%), and the residential portion is calculated by multiplying annual contracted rent from the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (67%). The same applies hereafter.
- (Note 6) “Security Deposits” indicates the remaining amount of the security deposit set forth in the relevant lease agreement, etc. with the end-tenant. With regard to Roppongi View Tower, this indicates the amount set forth in the lease agreement with Mori Building Co., Ltd., as master lessee. In the case of Koraku Mori Building, Atago Green Hills and Toranomom Hills Mori Tower, this indicates 80%, 74% and 67% (i.e., the ownership ratio), respectively, of such remaining amount of the security deposit. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the security deposits. In the case of Akasaka Tameike Tower, the office and shop portions are calculated by multiplying security deposits from the private-use areas of sectional ownership owned by the trustee, the Asahi Shimbun Company and Mori Building Co., Ltd (all of the relevant portions under these uses) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (65.9%), and the residential portion is calculated by multiplying security deposits from the private-use areas of sectional ownership owned by the trustee and the Asahi Shimbun Company (128 units) by the distribution ratio for the trust beneficiary interest owned by Mori Hills REIT Investment Corporation (67%). The same applies hereafter.

(iii) Overview of Lease to Major Tenant

The following table provides certain information regarding a key tenant, which leases 10% or more of the total leased area for the properties in the Company's portfolio as of January 31, 2021 and a brief summary of the lease conditions for such tenant.

Tenant name	Business type	Property name	Annual contracted rent (millions of yen)	Security Deposits (millions of yen)	Leased area (m <sup>2</sup> ) (Note 1)	Percentage of total leased area (%) (Note 2)	Lease expiration date	Lease renewal	Notes
Mori Building Co., Ltd.	Real estate business	Roppongi Hills Mori Tower	5,886	4,905	43,041.54	24.4	Jul. 31, 2021	Auto-renewed every 5 years	23/24 floors
							Sep. 30, 2023	Auto-renewed every 5 years	19/22 floors
							Jul. 31, 2024	Auto-renewed every 5 years	20 floor
							Sep. 30, 2025	Auto-renewed every 5 years	28 floor
							Jan. 31, 2021	Auto-renewed every 5 years	25 floor
							Mar. 31, 2021	Auto-renewed every 5 years	26/27/29 floors
		ARK Mori Building	2,702	2,241	24,588.43	13.9	Jan. 31, 2021	Auto-renewed every 5 years	13 floor
							Jan. 31, 2021	Auto-renewed every 5 years	12/22 floors
							Jan. 31, 2021	Auto-renewed every 5 years	23/25 floors
							Jan. 31, 2021	Auto-renewed every 5 years	4/15/24 floors
							Mar. 31, 2023	Auto-renewed every 5 years	1 floor/Basement 1 through 4/ The area used as district heating and cooling
		Koraku Mori Building	1,367	1,373	16,097.43	9.1	Mar. 3, 2023	Fixed-term lease	—
		Akasaka Tameike Tower	1,594	1,152	18,638.11	10.5	Mar. 31, 2026	Auto-renewed every 5 years	Office and shop areas (including parts of storage areas, parking lots, etc.)
							Mar. 31, 2021	Auto-renewed every 5 years	Residential area (including parts of parking lots, etc.)
Atago Green Hills	2,024	1,349	29,667.58	16.8	Apr. 30, 2022	Auto-renewed every 5 years	—		
ARK Hills South Tower	990	908	8,495.97	4.8	Jul. 31, 2034	Auto-renewed every year	—		
Toranomon Hills Mori Tower	2,078	1,732	16,360.16	9.3	Jul. 31, 2022	Auto-renewed every 5 years	—		
Holland Hills Mori Tower	1,084	969	10,165.04	5.8	Jul. 31, 2032	Auto-renewed every 10 years	—		
Roppongi First Plaza	175	63	2,856.57	1.6	Mar. 3, 2023	Fixed-term lease	—		
Roppongi View Tower	208	53	4,204.88	2.4	Mar. 3, 2023	Fixed-term lease	—		
Total			18,114	14,751	174,115.71	98.5			

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

(Note 2) “Percentage of total leased area” indicates the ratio of the total leased area of each property to the aggregate total leased area for all properties held by the Company as of January 31, 2021. The same applies hereafter.

(iv) Five Largest Tenants

The following table shows the Company’s five largest tenants by leased area for the Company’s properties as of January 31, 2021.

Name of end tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Percentage of total portfolio (%) (Note 2)
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Atago Green Hills ARK Hills South Tower Toranomom Hills Mori Tower	113,996.81	64.5
Mylan Seiyaku Ltd.	Holland Hills Mori Tower	3,458.53	2.0
Mitsubishi UFJ Research and Consulting Co.,Ltd.	Holland Hills Mori Tower	3,436.90	1.9
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.5
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	1.2
Total for top 5 end tenants		125,574.18	71.1

(Note 1) “Leased area” is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building, Atago Green Hills and Toranomom Hills Mori Tower, this indicates 80%, 74% and 67% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) “Percentage of total portfolio” indicates the ratio of the leased area attributable to each end-tenant to the aggregate total leased area for all properties held by the Company as of January 31, 2021. The same applies hereafter.

(v) Overview of Lease to Interested Parties

The following table provides an overview of lease to the end-tenants who are interested parties for the properties held by the Company as of January 31, 2021.

Name of end tenant	Name of occupied property	Leased area (m <sup>2</sup> )	Percentage of total portfolio (%)	Annual contracted rent (thousands of yen)	Lease expiration date	Lease renewal	Type of lease	Notes
Mori Building Co., Ltd.	Roppongi Hills Mori Tower	43,041.54	24.4	5,886,901	Jul. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	23/24 floors
					Sep. 30, 2023	Auto-renewed every 5 years	Fixed-rent master lease	19/22 floors
					Jul. 31, 2024	Auto-renewed every 5 years	Fixed-rent master lease	20 floor
					Sep. 30, 2025	Auto-renewed every 5 years	Fixed-rent master lease	28 floor
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	25 floor
					Mar. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	26/27/29 floors
	ARK Mori Building	24,588.43	13.9	2,702,973	Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	13 floor
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	12/22 floors
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	23/25 floors
					Jan. 31, 2021	Auto-renewed every 5 years	Fixed-rent master lease	4/15/24 floors
					Mar. 31, 2023	Auto-renewed every 5 years	Fixed-rent master lease	1 floor/Basement 1 through 4/ The area used as district heating and cooling
	Koraku Mori Building	292.22	0.2	—	Mar. 31, 2022	—	Memorandum on self-use	—
	Atago Green Hills	29,667.58	16.8	2,024,640	Apr. 30, 2022	Auto-renewed every 5 years	Fixed-rent master lease	—
ARK Hills South Tower	46.88	0.0	6,000	May 16, 2021	—	Memorandum on self-use	—	
Toranomon Hills Mori Tower	16,360.16	9.3	2,078,558	Jul. 31, 2022	Auto-renewed every 5 years	Fixed-rent master lease	—	
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.5	1,335,600	Sep. 14, 2030	—	Business-use fixed-term land lease	—
Total		116,561.87	66.0	14,034,673				

(vi) Overview of Properties

The following table provides an overview of the properties for which annual contracted rent accounts for 10% or more of the total annual contracted rent for properties held by the Company as of January 31, 2021.

Property number	Property name	Annual contracted rent (millions of yen)	Percentage of annual contracted rent (%) (Note 1)	Total leasable area (m <sup>2</sup> )	Total leased area (m <sup>2</sup> )	Occupancy rate (%) (Note 2)	Number of tenants
O-0	Roppongi Hills Mori Tower	5,886	30.3	43,041.54	43,041.54	100.0	1
O-1	ARK Mori Building	2,702	13.9	24,588.43	24,588.43	100.0	1
O-9	Toranomon Hills Mori Tower	2,078	10.7	16,360.16	16,360.16	100.0	1
O-7	Ata go Green Hills	2,024	10.4	29,667.58	29,667.58	100.0	1
	Total	12,693	65.3	113,657.71	113,657.71	100.0	4

(Note 1) This indicates the ratio of the annual contracted rent for each property to the aggregate total annual contracted rent for all properties held by the Company as of January 31, 2021.

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

(vii) Overview of Matters Concerning Design, Etc.

The following table provides the designers, structural designers, contractors, building verification agencies and structural examination agencies for properties held by the Company as of January 31, 2021.

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

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

(viii) Overview of Engineering Reports

The Company engages an engineering firm to investigate the status of the building (including earthquake risk analysis) and obtains an engineering report from the firm for each property. The following table shows the status of properties held by the Company as of January 31, 2021. “Estimated amount of emergency repair expenses” is the emergency repair expenses estimated by the engineering firm. “Estimated amount of long-term repair expenses” is the annual average amount of repair and renovation expenses over a period of 15 years estimated by the engineering firm.

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

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

Property number	Property name	Preparation date	Estimated amount of emergency repair expenses (thousands of yen)	Estimated amount of long-term repair expenses (thousands of yen) (Note 1)(Note 2) (Note 3)(Note 4) (Note 5)	PML (%) (Note 6)	Engineering firm	
O-0	Roppongi Hills Mori Tower	Jan. 2021	—	81,196	0.59	Tokyo Bldg-Tech Center Co., Ltd.	
O-1	ARK Mori Building	Dec. 2017	—	104,793	0.78	Tokyo Bldg-Tech Center Co., Ltd.	
O-4	Koraku Mori Building	Jan. 2017	—	61,275	0.73	Tokyo Bldg-Tech Center Co., Ltd.	
O-6	Akasaka Tameike Tower	Jan. 2017	—	47,412	1.79	Tokyo Bldg-Tech Center Co., Ltd.	
O-7	Atago Green Hills	Jan. 2018	MORI Tower (office building)	—	140,220	2.35	Tokio Marine & Nichido Risk Consulting Co., Ltd.
			Forest Tower (residential building)	—	75,281	2.34	
			Plaza (retail building)	—	3,104	5.94	
O-8	ARK Hills South Tower	Jul. 2019	—	33,905	1.56	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
O-9	Toranomon Hills Mori Tower	Jul. 2020	—	13,849	0.50	Tokyo Bldg-Tech Center Co., Ltd.	
O-10	Holland Hills Mori Tower	Jun. 2018	—	48,211	0.85	Tokyo Bldg-Tech Center Co., Ltd.	
R-3	Roppongi First Plaza	Jan. 2017	—	7,310	2.20	Tokyo Bldg-Tech Center Co., Ltd.	
R-4	Roppongi View Tower	Jan. 2017	—	10,906	2.20	Tokyo Bldg-Tech Center Co., Ltd.	
S-1	Laforet Harajuku (Land) (Note 7)	—	—	—	—	—	
Total			—	627,462	0.91		

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

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

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

(Note 4) With regard to ARK Hills South Tower, this amount is calculated by multiplying the estimated amount for the entire property by the co-ownership interest ratio.

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

(Note 6) This indicates the figure described in the “Report on evaluation of seismic PML for portfolio” dated July 13, 2020 by Sampo Risk Management Inc.

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

(ix) Status of Capital Expenditures

i) Status of Implementation of Capital Expenditures

The following table shows the major construction work falling under the category of capital expenditures that were conducted during the twenty-ninth fiscal period. Capital expenditures during the twenty-ninth fiscal period amounted to 240 million yen for the entire portfolio and, combined with 65 million yen in maintenance and repairs and 2 million yen in construction management fees charged to expenses for the twenty-ninth fiscal period, construction work in a total amount of 307 million yen was implemented.

Name of real estate, etc. (Location)	Purpose	Period	Amount of capital expenditures (millions of yen)
ARK Mori Building (Minato-ku, Tokyo)	Air-conditioning monitoring and control system upgrading work	From: Dec. 2020 To: Jan. 2021	12
	Elevator upgrading work	From: Apr. 2020 To: Jan. 2021	16
	Sprinkler upgrading work in exclusive area	From: Jul. 2020 To: Aug. 2020	16
Koraku Mori Building (Bunkyo-ku, Tokyo)	Air balance unit upgrading work in exclusive area	From: Aug. 2020 To: Oct. 2020	25
	Air-conditioning facility device upgrading work	From: Aug. 2020 To: Jan. 2021	25
Akasaka Tameike Tower (Minato-ku, Tokyo)	Residential unit home appliances upgrading work	From: Aug. 2020 To: Jan. 2021	12
Atago Green Hills (Minato-ku, Tokyo)	Office building window side air conditioner upgrading work	From: Jul. 2020 To: Sep. 2020	31
	Office building LED installation of lights in exclusive area	From: Jul. 2020 To: Sep. 2020	10
Other	—	—	90
Entire portfolio			240

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

ii) Schedule of Capital Expenditures

The following table shows the amounts of capital expenditures conducted after the end of the twenty-ninth fiscal period and the expected amounts of capital expenditures associated with the major renovation construction work, etc. planned as of the date of this document for properties held by the Company as of January 31, 2021. A portion of the total “Expected amount of capital expenditures” detailed below may be treated as expenses for accounting purposes depending on the form of construction work.

Name of real estate, etc. (Location)	Purpose	Scheduled period	Expected amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during the twenty-ninth fiscal period	Total amount already paid
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	Work to upgrade steam piping	From: Jun. 2020 To: Mar. 2021	14	—	—
	Toilet upgrading work	From: Apr. 2020 To: Mar. 2021	212	—	—
	Sprinkler upgrading work in common area	From: Apr. 2020 To: Mar. 2021	23	—	—
	Work to upgrade video system	From: Apr. 2020 To: Mar. 2021	16	—	—
	Security system upgrading work	From: Apr. 2020 To: Mar. 2021	37	—	—
	Air-conditioning monitoring and control system upgrading work	From: Apr. 2020 To: Mar. 2021	12	—	—
	Electrical monitoring and control system upgrading work	From: Apr. 2020 To: Mar. 2021	36	—	—
	Work to upgrade VAV automatic control equipment in exclusive area	From: Jun. 2020 To: Mar. 2022	206	—	—
	LED installation of lights in exclusive area	From: Jun. 2020 To: Mar. 2022	233	—	—
	Work to upgrade lighting operation equipment in exclusive area	From: Jun. 2020 To: Mar. 2022	39	—	—
	Installation of LED guide lights in exclusive area	From: Apr. 2021 To: Mar. 2022	19	—	—
	LED installation of lights in common area for each floor	From: Apr. 2021 To: Mar. 2022	13	—	—
	Installation of LED guide lights in common hallway	From: Apr. 2021 To: Mar. 2022	19	—	—
ARK Mori Building (Minato-ku, Tokyo)	Remodeling work for common areas of lower floors	From: Jul. 2020 To: Mar. 2021	11	—	—
	Repair work for fire-resistant covering of machine room rea	From: Jul. 2020 To: Mar. 2021	23	—	—
	LED installation of lights in common area for each floor	From: Sep. 2021 To: Mar. 2022	11	—	—
Koraku Mori Building (Bunkyo-ku, Tokyo)	LED installation of lights in exclusive area	From: Mar. 2021 To: May. 2021	10	—	—
	Work to renew mechanical parking equipment	From: Apr. 2021 To: Jun. 2021	13	—	—
	Air balance unit upgrading work in exclusive area	From: Mar. 2021 To: Jul. 2021	35	—	—
	LED installation of lights for common area	From: Dec. 2020 To: Feb. 2021	10	—	—

Name of real estate, etc. (Location)	Purpose	Scheduled period	Expected amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during the twenty-ninth fiscal period	Total amount already paid
Akasaka Tameike Tower (Minato-ku, Tokyo)	Residential balcony planting renovation work	From: Feb. 2021 To: Jul. 2022	22	—	—
	Work to upgrade disaster prevention equipment	From: Oct. 2020 To: Feb. 2021	96	—	—
	Residential unit remodeling work	From: Feb. 2021 To: Jul. 2022	28	—	—
	Residential unit home appliances upgrading work	From: Feb. 2021 To: Jul. 2022	46	—	—
	Air balance unit upgrading work in exclusive area	From: Feb. 2021 To: Jul. 2022	75	—	—
	LED installation of lights for office exclusive area	From: Feb. 2021 To: Jul. 2022	38	—	—
	Work to implement safety measures for mechanical parking	From: Feb. 2021 To: Dec. 2021	41	—	—
	Work to change mechanical parking control	From: Sep. 2021 To: Dec. 2021	36	—	—
Atago Green Hills (Minato-ku, Tokyo)	Office building LED installation of lights in common area	From: Jun. 2020 To: Feb. 2021	28	—	—
	Work to support the visually impaired in the office building	From: Oct. 2020 To: Mar. 2021	12	—	—
	Residential building standard floor hall interior upgrading work	From: Oct. 2019 To: Mar. 2021	80	—	—
	Power source installation work for residential building in order to charge electric vehicles in the parking lot	From: Aug. 2020 To: Feb. 2021	10	—	—
Holland Hills Mori Tower (Minato-ku, Tokyo)	Security system upgrading work	From: Mar. 2021 To: Mar. 2021	32	—	—
	Central monitoring and control system upgrading work	From: Mar. 2021 To: Mar. 2021	17	—	—
	Upgrade work for water heater room	From: Feb. 2021 To: Mar. 2021	12	—	—
	LED installation of lights for office exclusive area	From: Jul. 2021 To: Aug. 2021	26	—	—
Roppongi View Tower (Minato-ku, Tokyo)	Residential unit remodeling work	From: Feb. 2021 To: Jul. 2021	15	—	—

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

b) Overview of Trust Beneficiary Interest

(as of January 31, 2021)

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

Main type of use	Property number	Property name	Trustee	Trust establishment date	Trust maturity date	Notes
Office buildings	O-9	Toranomon Hills Mori Tower	Mitsubishi UFJ Trust and Banking Corporation	Jun. 26, 2014	Jul. 31, 2037	Trust beneficiary interest representing 67% interest in the assets in trust; Trust beneficiary interest representing the remaining 33% interest in the assets in trust is held by Mori Building Co., Ltd.
	Premium					
	O-10	Holland Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	Aug. 1, 2017	Jul. 31, 2032	Trust beneficiary interest in compartmentalized ownership for 3rd-4th, part of the 5th, 14-18th and 22nd-24th floor portions
	Premium					
Residential properties	R-3	Roppongi First Plaza	Sumitomo Mitsui Trust Bank, Ltd.	Mar. 4, 2003	Mar. 3, 2023	—
	Premium					
	R-4	Roppongi View Tower	Sumitomo Mitsui Trust Bank, Ltd.	Mar. 4, 2003	Mar. 3, 2023	Trust beneficiary interest in compartmentalized ownership for 80 units in Roppongi View Tower
	Sumitomo Mitsui Trust Bank, Ltd.		Mar. 22, 2006	Mar. 3, 2023	Trust beneficiary interest in compartmentalized ownership for 12 units in Roppongi View Tower	

c) Status of Portfolio

(i) Investment Ratio by Property Quality

(as of January 31, 2021)

Quality category (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Premium Properties	10	398,910	99.0
Other Properties	1	4,000	1.0
Portfolio total	11	402,910	100.0

(Note) For the Premium Properties in the quality category, please refer to “2. Investment Policy; (1) Investment Policy; (B) Management Strategy; (a) Key Strategy; a. Development of Urban Portfolio with Premium Properties at the Core; i. Investments that Focus on Premium Properties” in the most recent securities report (submitted on October 28, 2020).

(ii) Investment Ratio by Main Type of Use

(as of January 31, 2021)

Main type of use	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Office buildings	8	374,990	93.1
Residential properties	2	6,100	1.5
Retail Facility	1	21,820	5.4
Portfolio total	11	402,910	100.0

(iii) Investment Ratio by Region

(as of January 31, 2021)

Region		Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Tokyo metropolitan area	Tokyo's five central wards and their vicinity	11	402,910	100.0
	Minato Ward	9	353,890	87.8
	Bunkyo Ward	1	27,200	6.8
	Shibuya Ward	1	21,820	5.4
	Tokyo, Kanagawa, Chiba and Saitama Prefectures	11	402,910	100.0
Principal regional cities	Cities designated by Cabinet Order and their equivalent principal cities in Japan other than those located in Tokyo metropolitan area	—	—	—
Portfolio total		11	402,910	100.0

(iv) Investment Ratio by Property Age

(as of January 31, 2021)

Property age	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Less than 10 years	2	67,580	17.7
Equal to or more than 10 years but less than 15 years	—	—	—
Equal to or more than 15 years	8	313,510	82.3
Portfolio total	10	381,090	100.0

(Note) In aggregate calculation, Atago Green Hills is deemed to have been constructed on July 30, 2001, and Laforet Harajuku (Land) falls outside the calculations. The same applies to “(v) Investment Ratio by Property Size” below. The average age of the properties in the Company’s portfolio, calculated as the weighted average of the building age based on the acquisition price is 19.5 years which is rounded off to the nearest decimal place.

(v) Investment Ratio by Property Size

(as of January 31, 2021)

Property Size (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Equal to or more than 30,000m <sup>2</sup>	8	374,990	98.4
Equal to or more than 10,000m <sup>2</sup> but less than 30,000m <sup>2</sup>	2	6,100	1.6
Less than 10,000m <sup>2</sup>	—	—	—
Portfolio total	10	381,090	100.0

(Note) “Property Size” is based on the total floor area of the entire building, regardless of the form of ownership. With regard to Roppongi First Plaza and Roppongi View Tower, the total floor area for each property is deemed to be 22,906.74 m<sup>2</sup> and calculated as a separate building.

d) Status of Income and Expenditures

(Unit: thousands of yen)

Property number	O-0			O-1		
Property name	Roppongi Hills Mori Tower			ARK Mori Building		
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	1	1	0
Rent revenues	2,943,450	2,943,450	—	1,351,486	1,351,486	—
Other operating revenues	—	—	—	—	—	—
Total property operating revenue	2,943,450	2,943,450	—	1,351,486	1,351,486	—
Property management fees	447,868	447,868	—	164,853	164,853	—
Property taxes (Note 1)	255,651	263,478	7,826	84,237	84,968	730
Utilities	—	—	—	—	—	—
Maintenance and repairs	—	—	—	355	—	(355)
Insurance premium	4,050	4,094	44	1,912	1,933	21
Depreciation and amortization (1)	332,052	333,285	1,233	66,946	67,914	968
Other expenses (Note 2)	376	374	(1)	2,789	2,788	(1)
Total property operating expenses	1,039,999	1,049,101	9,102	321,094	322,458	1,364
Property operating income (2)	1,903,451	1,894,349	(9,102)	1,030,392	1,029,028	(1,364)
NOI (3) ((1)+(2))	2,235,503	2,227,635	(7,868)	1,097,338	1,096,943	(395)
Capex (4)	272,162	—	(272,162)	36,507	59,337	22,829
NCF (3)-(4)	1,963,341	2,227,635	264,293	1,060,830	1,037,605	(23,225)

(Note 1) For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to property operating expenses. Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes and city planning taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate.

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

(Note 3) Additionally acquired on September 1, 2020.

(Unit: thousands of yen)

Property number	O-4			O-6		
Property name	Koraku Mori Building			Akasaka Tameike Tower		
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	86.1%	99.4%	13.3PT	95.7%	94.2%	(1.5PT)
Number of tenants	22	23	1	135	129	(6)
Rent revenues	644,277	649,547	5,270	791,134	787,242	(3,891)
Other operating revenues	73,750	73,945	195	78,130	78,054	(76)
Total property operating revenue	718,027	723,493	5,465	869,264	865,297	(3,967)
Property management fees	68,962	94,719	25,756	167,722	175,610	7,887
Property taxes (Note 1)	32,972	30,774	(2,197)	43,804	42,321	(1,482)
Utilities	54,720	55,685	965	26,743	26,094	(649)
Maintenance and repairs	31,736	10,773	(20,963)	29,026	45,061	16,034
Insurance premium	1,661	1,679	18	2,068	2,092	23
Depreciation and amortization (1)	97,657	97,199	(457)	135,262	127,520	(7,742)
Other expenses (Note 2)	83,971	83,953	(18)	10,624	10,623	(0)
Total property operating expenses	371,681	374,785	3,104	415,253	429,324	14,071
Property operating income (2)	346,346	348,707	2,361	454,011	435,972	(18,039)
NOI (3) ((1)+(2))	444,003	445,907	1,904	589,274	563,492	(25,781)
Capex (4)	149,962	62,364	(87,598)	42,051	45,212	3,160
NCF (3)-(4)	294,040	383,543	89,503	547,222	518,280	(28,942)

(Unit: thousands of yen)

Property number	O-7			O-8		
Property name	Atago Green Hills			ARK Hills South Tower		
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	94.4%	(5.6PT)
Number of tenants	1	1	0	44	43	(1)
Rent revenues	1,012,320	1,012,320	—	482,942	475,084	(7,857)
Other operating revenues	—	—	—	26,518	33,349	6,831
Total property operating revenue	1,012,320	1,012,320	—	509,460	508,434	(1,025)
Property management fees	2,664	2,664	—	47,605	45,754	(1,850)
Property taxes (Note 1)	69,230	69,503	273	35,944	36,025	81
Utilities	—	—	—	26,486	27,659	1,173
Maintenance and repairs	—	—	—	2,346	5,226	2,879
Insurance premium	3,627	3,667	39	1,018	1,030	11
Depreciation and amortization (1)	185,657	186,107	450	44,245	44,323	78
Other expenses (Note 2)	45,765	46,411	646	2,235	1,593	(641)
Total property operating expenses	306,945	308,355	1,410	159,882	161,614	1,731
Property operating income (2)	705,374	703,964	(1,410)	349,578	346,820	(2,757)
NOI (3) ((1)+(2))	891,032	890,072	(960)	393,823	391,144	(2,679)
Capex (4)	144,950	54,297	(90,652)	149	3,352	3,203
NCF (3)-(4)	746,081	835,774	89,692	393,674	387,792	(5,882)

(Unit: thousands of yen)

Property number	O-9			O-10		
Property name	Toranomom Hills Mori Tower			Holland Hills Mori Tower		
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021 (Note 3)	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	23	23	0
Rent revenues	775,581	995,329	219,748	530,636	537,654	7,017
Other operating revenues	—	—	—	34,819	20,085	(14,733)
Total property operating revenue	775,581	995,329	219,748	565,456	557,739	(7,716)
Property management fees	88,742	113,885	25,143	106,416	100,636	(5,780)
Property taxes (Note 1)	60,874	62,147	1,273	35,604	35,636	32
Utilities	—	—	—	5,380	5,104	(276)
Maintenance and repairs	—	—	—	1,308	—	(1,308)
Insurance premium	1,305	1,693	387	1,098	1,110	12
Depreciation and amortization (1)	101,038	126,385	25,346	49,477	45,380	(4,096)
Other expenses (Note 2)	71	92	21	210	209	(1)
Total property operating expenses	252,031	304,204	52,173	199,496	188,077	(11,418)
Property operating income (2)	523,549	691,124	167,574	365,959	369,662	3,702
NOI (3) ((1)+(2))	624,588	817,509	192,921	415,437	415,042	(394)
Capex (4)	—	—	—	66,564	6,905	(59,658)
NCF (3)-(4)	624,588	817,509	192,921	348,872	408,136	59,264

(Unit: thousands of yen)

Property number	R-3			R-4		
Property name	Roppongi First Plaza			Roppongi View Tower		
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	94.6%	96.6%	2.0PT	98.1%	93.1%	(5.0PT)
Number of tenants	40	40	0	90	85	(5)
Rent revenues	81,416	87,568	6,152	107,992	106,600	(1,392)
Other operating revenues	—	450	450	—	661	661
Total property operating revenue	81,416	88,018	6,602	107,992	107,261	(731)
Property management fees	13,880	13,293	(587)	14,153	12,960	(1,193)
Property taxes (Note 1)	8,159	8,376	217	12,387	12,729	341
Utilities	1,231	1,181	(49)	1,087	1,005	(82)
Maintenance and repairs	12,316	3,108	(9,208)	2,208	1,150	(1,058)
Insurance premium	228	230	2	340	344	3
Depreciation and amortization (1)	11,405	11,424	19	17,318	17,076	(241)
Other expenses (Note 2)	3,830	3,818	(11)	588	588	(0)
Total property operating expenses	51,051	41,433	(9,617)	48,086	45,856	(2,230)
Property operating income (2)	30,364	46,584	16,220	59,905	61,405	1,499
NOI (3) ((1)+(2))	41,770	58,009	16,239	77,224	78,482	1,257
Capex (4)	13,689	1,819	(11,869)	6,629	7,198	568
NCF (3)-(4)	28,080	56,189	28,109	70,594	71,284	689

(Unit: thousands of yen)

Property number	S-1			Portfolio total		
Property name	Laforet Harajuku (Land)					
Period	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference	Twenty-eighth fiscal period ended July 2020	Twenty-ninth fiscal period ended January 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100.0%	100.0%	0.0PT	98.1%	98.8%	0.7PT
Number of tenants	1	1	0	359	348	(11)
Rent revenues	667,800	667,800	—	9,389,038	9,614,085	225,047
Other operating revenues	—	—	—	213,218	206,546	(6,672)
Total property operating revenue	667,800	667,800	—	9,602,257	9,820,632	218,375
Property management fees	—	—	—	1,122,870	1,172,247	49,376
Property taxes (Note 1)	86,339	90,450	4,111	725,205	736,413	11,207
Utilities	—	—	—	115,650	116,730	1,080
Maintenance and repairs	—	—	—	79,298	65,319	(13,978)
Insurance premium	—	—	—	17,313	17,877	564
Depreciation and amortization (1)	—	—	—	1,041,061	1,056,619	15,558
Other expenses (Note 2)	—	—	—	150,462	150,453	(8)
Total property operating expenses	86,339	90,450	4,111	3,251,861	3,315,661	63,800
Property operating income (2)	581,461	577,350	(4,111)	6,350,396	6,504,970	154,574
NOI (3) ((1)+(2))	581,461	577,350	(4,111)	7,391,457	7,561,590	170,132
Capex (4)	—	—	—	732,668	240,488	(492,180)
NCF (3)-(4)	581,461	577,350	(4,111)	6,658,788	7,321,102	662,313

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated March 17, 2021 of Mori Hills REIT Investment Corporation (the Company) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange.

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

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

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

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