



March 14, 2014

**FINANCIAL REPORT
FOR THE FIFTEENTH FISCAL PERIOD ENDED JANUARY 31, 2014**

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

Representative: Hideyuki Isobe, Executive Director

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

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

Representative: Hideyuki Isobe, President & CEO

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Planned submission of semiannual securities report: April 28, 2014

Planned start of dividend payments: April 15, 2014

Preparation of supplementary explanatory materials on financial results: Yes

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

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

Figures are rounded down to the nearest one million yen.

1. PERFORMANCE FOR THE FIFTEENTH FISCAL PERIOD ENDED JANUARY 31, 2014

(August 1, 2013 – January 31, 2014)

(1) Business Results

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

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Fifteenth Fiscal Period	¥5,610	11.0%	¥3,790	10.5%	¥2,798	15.0%	¥2,797	15.0%
Fourteenth Fiscal Period	¥5,052	8.0%	¥3,430	9.8%	¥2,433	14.6%	¥2,432	14.6%

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Fifteenth Fiscal Period	¥2,052	2.3%	1.1%	49.9%
Fourteenth Fiscal Period	¥1,942	2.2%	1.1%	48.2%

(Note) A five-for-one split of investment units has been made by setting January 31, 2014 as the record date and February 1, 2014 as the effective date. Net income per unit is calculated by assuming that the split of investment units was effective as of the beginning of the fourteenth fiscal period ended July 2013.

(2) Dividends

	Dividends per Unit (excluding dividends in excess of earnings)	Total Dividends	Dividends in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Fifteenth Fiscal Period	¥10,099	¥2,797 million	¥0	¥0	100.0%	2.2%
Fourteenth Fiscal Period	¥9,552	¥2,432 million	¥0	¥0	99.9%	2.1%

(Note) The dividend payout ratio is calculated by using the formula below and is rounded down to the first decimal place.
Dividend Payout Ratio = [Total Dividends ÷ Net Income] × 100

(3) Financial Position

	Total Assets	Net Assets	Total Net Assets to Total Assets	Net Assets per Unit
Fifteenth Fiscal Period	¥262,881 million	¥127,233 million	48.4%	¥91,870
Fourteenth Fiscal Period	¥240,681 million	¥115,503 million	48.0%	¥90,726

(Note) A five-for-one split of investment units has been made by setting January 31, 2014 as the record date and February 1, 2014 as the effective date. Net assets per unit is calculated by assuming that the split of investment units was effective as of the beginning of the fourteenth fiscal period ended July 2013.

(4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Fifteenth Fiscal Period	¥3,639 million	(¥21,069 million)	¥18,340 million	¥12,696 million
Fourteenth Fiscal Period	¥3,198 million	(¥19,592 million)	¥18,700 million	¥11,786 million

2. FORECAST OF RESULTS FOR THE SIXTEENTH FISCAL PERIOD ENDING JULY 31, 2014
(February 1, 2014 – July 31, 2014)

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

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Sixteenth Fiscal Period	¥5,785	3.1%	¥3,840	1.3%	¥2,964	6.0%	¥2,963	6.0%

	Dividends per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Sixteenth Fiscal Period	¥2,140	¥0

(Reference) Estimated net income per unit for the sixteenth fiscal period: ¥2,140

3. 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 Outstanding

- (a) Number of units outstanding at end of period (including own units)
 Fifteenth fiscal period: 276,985 units Fourteenth fiscal period: 254,620 units
- (b) Number of own units at end of period
 Fifteenth fiscal period: 0 units Fourteenth fiscal period: 0 units

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

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

At the time of disclosure of the original Japanese language Financial Release (*Kessan-Tanshin*), from which this document is translated, audit procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) have not been completed.

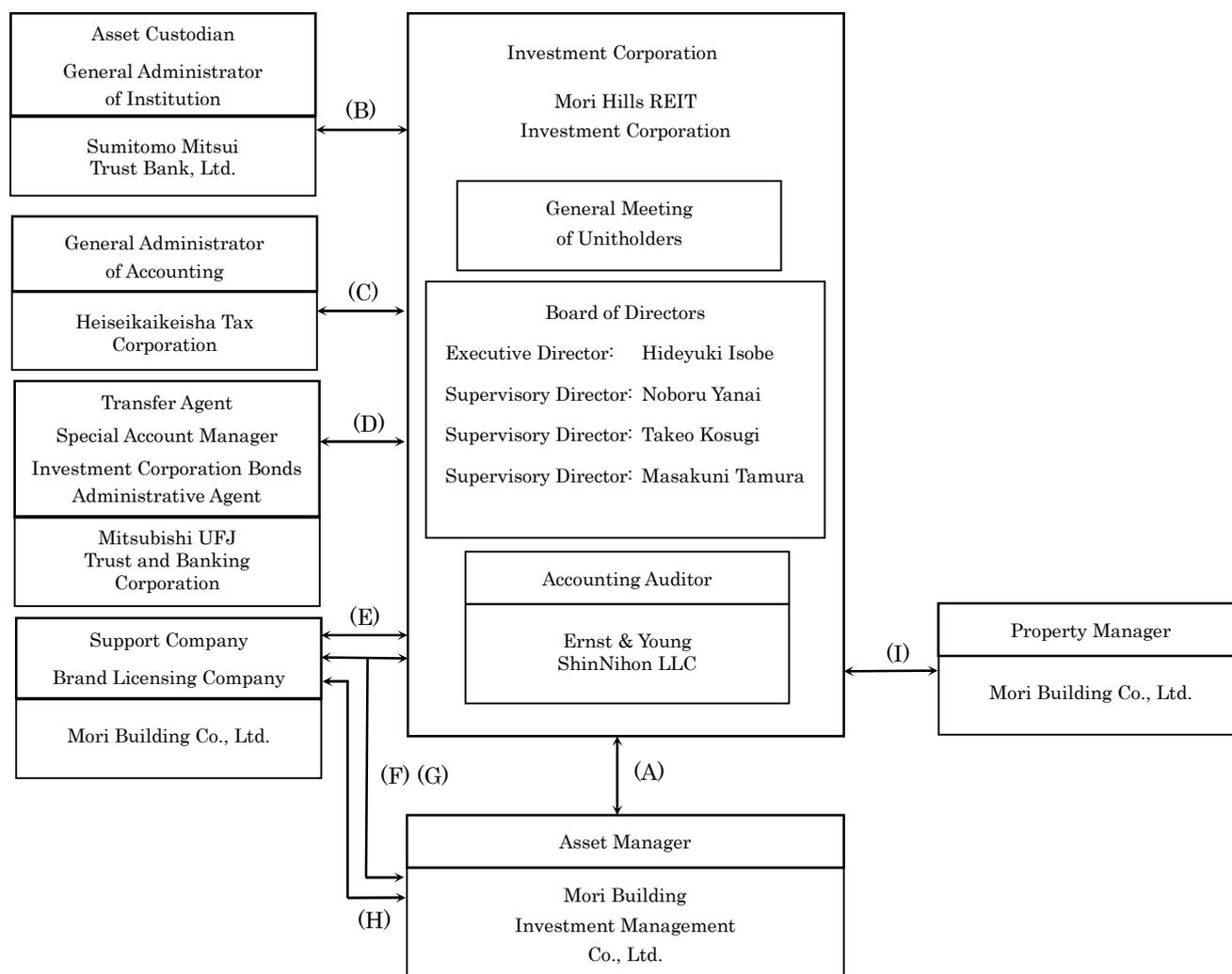
***Explanation on the appropriate use of the forecast of results, and other matters of special note**

- The forecast of results and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Mori Hills REIT Investment Corporation (the “Company”). Accordingly, actual results, etc. may differ materially due to a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts. For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Sixteenth Fiscal Period Ending July 31, 2014 (February 1, 2014 – July 31, 2014) and the Seventeenth Fiscal Period Ending January 31, 2015 (August 1, 2014 – January 31, 2015)” presented on pages 14 to 15.
- The Company made a five-for-one split of investment units by setting January 31, 2014 as the record date and February 1, 2014 as the effective date. “2. Forecast of Results for the Sixteenth Fiscal Period Ending July 31, 2014 (February 1, 2014 – July 31, 2014)” is based on the number of investment units issued and outstanding after the split of investment units (1,384,925 units).

1. AFFILIATED CORPORATIONS OF THE INVESTMENT CORPORATION

The following are the affiliated corporations of the Company as of the date of this document.

(1) Structure of the Investment Corporation



<Name of Agreements>

- (A) Asset Manager Agreement
- (B) Asset Custodian Agreement / General Administrator of Institution Agreement
- (C) General Administrator of Accounting Agreement
- (D) Investment Unit Administration Agency Agreement / Special Account Management Agreement / Fiscal Agency Agreement
- (E) Brand License Agreement
- (F) Support Agreement
- (G) Informal Information Agreement
- (H) Advisory Agreement
- (I) Property Management Agreement (Note)

(Note) In the case where the Company owns trust beneficial interests, the parties to the contract are the trustee of the real estate management disposal trust and Mori Building Co., Ltd.

(2) Name, Operational Roles and Content of Affiliated Business Operations of the Investment Corporation and the Investment Corporation's Affiliated Corporations

Operational Roles	Name	Content of Affiliated Business Operations
Investment Corporation	Mori Hills REIT Investment Corporation	Pursuant to its Articles of Incorporation, funds or such other contribution by unitholders are managed by making investments primarily in real estate, etc. and real estate-backed securities.
Asset Manager	Mori Building Investment Management Co., Ltd.	An asset management agreement was entered into with the Company on February 2, 2006. Pursuant to the agreement, the asset management business (Article 198, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the "Investment Trust Act")) is operated in accordance with the Company's Articles of Incorporation as a financial instrument business operator under the Financial Instruments and Exchange Act. The business operations entrusted to the Asset Manager are (a) business operations pertaining to asset management for the Company, (b) business operations pertaining to procurement of funds of the Company, (c) reporting to the Company, and (d) other business operations related or incidental to the preceding (a) through (c) as so entrusted by the Company (as necessary).
Asset Custodian Administrative Agent for administration of internal bodies	Sumitomo Mitsui Trust Bank, Ltd.	An asset custodian agreement and an administrative agent agreement for administration of internal bodies were entered into with the Company on February 2, 2006. Pursuant to the asset custodian agreement, business pertaining to the custody of assets held by the Investment Corporation (Article 208, Paragraph 1 of the Investment Trust Act) is operated on the basis that it is an asset custody company under the Investment Trust Act. In addition, based on the administrative agent agreement for administration of internal bodies, business affairs related to the administration of the internal bodies of the Company (however, excluding business affairs conducted by the Unitholders' Register Agent) are conducted on the basis that it is an administrative agent under the Investment Trust Act (Article 117, Item 4 of the Investment Trust Act).
Administrative Agent for administration of accounting matters	Heiseikaikeisha Tax Corporation	An administrative agent agreement for administration of accounting matters was entered into with the Company on February 2, 2006. (a) administration of accounting matter, (b) preparation of financial documents, and (c) administration of tax payments are conducted on the basis that it is an administrative agent under the Investment Trust Act (Article 117, Item 5 and Item 6 of the Investment Trust Act; Article 169, Paragraph 2, Item 6 and Item 7 of the Ordinance for Enforcement of the Investment Trust Act).
Unitholders' Register Agent Special Accounts and Bond Fiscal Agent	Mitsubishi UFJ Trust and Banking Corporation	A unitholder register administrative agency agreement and a special account administrative agency agreement were entered into with the Company on December 26, 2008.

		<p>Pursuant to the unitholder register administrative agency agreement and the special account administrative agency agreement, business affairs concerning (a) the unitholder registry, (b) issuance of the Company's investment securities, (c) payment of cash distributions to unitholders, (d) receipt of unitholder requests including a claim in relation to exercise of its rights, etc., are operated on the basis that it is an administrative agent under the Investment Trust Act (Article 117, Item 2, Item 3 and Item 6 of the Investment Trust Act; Article 169, Paragraph 2, Item 1 and Item 3 of the Ordinance for Enforcement of the Investment Trust Act). However, the aforementioned does not apply to business affairs concerning investment corporation bonds.</p> <p>An investment corporation bond fiscal agent agreement for the Second Series Unsecured Investment Corporation Bond with the Company on November 22, 2007, an investment corporation bond fiscal agent agreement for the Fourth Series Unsecured Investment Corporation Bond with the Company on May 20, 2010, an investment corporation bond fiscal agent agreement for the Sixth Series Unsecured Investment Corporation Bond and an investment corporation bond fiscal agent agreement for the Seventh Series Unsecured Investment Corporation Bond with the Company on November 16, 2012, an investment corporation bond fiscal agent agreement for the Eighth Series Unsecured Investment Corporation Bond and an investment corporation bond fiscal agent agreement for the Ninth Series Unsecured Investment Corporation Bond with the Company on May 15, 2013, and, an investment corporation bond fiscal agent agreement for the Tenth Series Unsecured Investment Corporation Bond and an investment corporation bond fiscal agent agreement for the Eleventh Series Unsecured Investment Corporation Bond with the Company on February 7, 2014 were entered into.</p> <p>Pursuant to these agreements, business affairs concerning (a) the investment corporation bond registry, (b) payment of interest or redemption cash to bondholders, and (c) issuance of investment corporation bond of the Company, etc., are operated on the basis that it is an administrative agent under the Investment Trust Act (Article 117, Item 2, Item 3 and Item 6 of the Investment Trust Act; Article 169, Paragraph 2, Item 4 and Item 5 of the Ordinance for Enforcement of the Investment Trust Act). However, the aforementioned applies only to business affairs concerning investment corporation bonds.</p>
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(3) Main Affiliated Parties of the Company Other Than Above

Operational Roles	Name	Content of Affiliated Business Operations
Support Company	Mori Building Co., Ltd.	<p>A support agreement was entered into with the Company and the Asset Manager on August 10, 2006, and an advisory business consignment agreement was entered into with the Asset Manager on the same date. Pursuant to the agreements, Mori Building Co., Ltd. grants first negotiating rights on sale of properties owned by Mori Building Co., Ltd., provides third-party property information, provides research-related services, and provides real estate acquisition and management advisory and support services, etc. for the Company and the Asset Manager.</p> <p>An agreement regarding provision of information was entered into with the Company and the Asset Manager on May 24, 2007. Pursuant to the agreement, if the Company and the Asset Manager obtain property information but the Company finally does not acquire such property, the Company and the Asset Manager provide Mori Building Co., Ltd. with such property information.</p>
Brand Licensing Company	Mori Building Co., Ltd.	<p>A brand mark licensing agreement (sometimes referred to as the “brand license agreement”) was entered into with the Company on June 29, 2006. Pursuant to the agreement, Mori Building Co., Ltd. grants the license to use the brand name “Mori Hills REIT” and the “m” brand mark to the Company.</p>
Property Manager	Mori Building Co., Ltd.	<p>Mori Building Co., Ltd. provides following services for each of the Company’s properties, except for Laforet Harajuku (Land), as of the date of this document.</p> <ul style="list-style-type: none"> (a) Leasing (b) Property management and monitoring (c) Building construction management (d) Support for accounting including payment of expenses (e) Other related support (f) Other services incidental to the above

2. MANAGEMENT POLICY AND MANAGEMENT STATUS

(1) Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” in the most recent semiannual securities report (submitted on October 30, 2013).

(2) Management Status

(A) Overview of the Fiscal Period

(a) Brief Background of the Investment Corporation

The Company was incorporated by Mori Building Investment Management Co., Ltd. (the Company’s Asset Manager) on February 2, 2006, 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 (fifteenth fiscal period: August 1, 2013 to January 31, 2014), the Company held a public offering, etc. (22,365 units were offered including a third-party allotment through an over-allotment). As of the end of the fifteenth fiscal period, the total number of investment units outstanding was 276,985.

(b) Investment Environment and Business Performance

i) Investment Environment

In the fifteenth fiscal period, the Japanese economy experienced a trend of modest recovery supported by the effects of Japanese government’s financial measures and the Bank of Japan’s monetary measures. In addition to the steadiness of private consumption and housing investment due to the improved employment environment as well as last-minute demand before the consumption tax rate increase, capital investment also showed signs of recovery along with the improvement of corporate performance, which was driven by the recovery of overseas economies and the depreciation of the yen.

Within this economic environment, the rental office building market showed signs of increases in rents centering on large blue-chip properties as the supply of additional large-scale office buildings in central Tokyo continued to be limited and vacancy rates improved due to strong demand for floor space. In the luxury rental housing market, occupancy rates and rents have remained at stable levels despite no clear recovery in demand from foreigners, as solid demand from Japanese was fueled by the relatively low price and the recovery of the domestic economy. As for the real estate trading market, property acquisitions continued to be active along with the listings of new J-REITs and public offerings of existing J-REITs, partially due to the fund procurement environment remaining favorable.

ii) Business Performance

In the fifteenth fiscal period, the Company strove to maintain and enhance tenant satisfaction through measures such as efficient operational management and systematic 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 marketing activities targeting new and existing tenants based on a flexible price policy in response to changes in rental market conditions.

The Company’s real estate portfolio, as at the end of the fifteenth fiscal period, was comprised of 9 properties (Note 1) under management with a total leasable area of 119,117.30m². The Company has already invested 252,716 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the fifteenth fiscal period (Note 2) was 99.5%.

(Notes)

1. For Roppongi View Tower, the Company acquired the trust beneficiary interest in 6% co-ownership interest on March 22, 2006 and the beneficiary interest in 40% co-ownership interest on April 13, 2006. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. 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 purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- 1) Trust beneficiary interest in compartmentalized ownership for the 13th floor portion on March 22, 2006.
- 2) 75% trust beneficiary interest co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on March 28, 2008.
- 3) The remaining 25% trust beneficiary interest co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on September 30, 2008.
- 4) 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.

- 5) 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.
- 6) Trust beneficiary interest in compartmentalized ownership for the 4th, 15th and 24th floor portions on August 1, 2011.
- 7) Trust beneficiary interest in compartmentalized ownership for the area used as district heating and cooling on 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.

- 1) Trust beneficiary interest in the office and shop areas (including parts of storage areas, parking lots, etc.) (approximately 35.5% of total exclusive floor area) on September 30, 2008.
- 2) 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.

- 1) 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.

- 2) 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.
- 3) Trust beneficiary interest in compartmentalized ownership for the 19th and 22nd floor portions on October 1, 2013.

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.

- 1) 45% trust beneficiary interest co-ownership interest in a portion of compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as trust beneficiary interest co-ownership interest in ownership of the sites and trust beneficiary interest co-ownership interest in leasehold right and easement of the sites (approximately 20.0% of total exclusive floor area) on May 1, 2012.
- 2) 29% trust beneficiary interest co-ownership interest in a portion of compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as trust beneficiary interest co-ownership interest in ownership of the sites and trust beneficiary interest co-ownership interest in leasehold right and easement of the sites (approximately 12.9% of total exclusive floor area) on April 1, 2013.

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 fifteenth fiscal period, the Company issued investment units in the amount of 11,364 million yen (the amount which was contributed to the Company) and took out long-term loans payable in the amount of 10,500 million yen to be used as funds for the acquisition of new properties. Furthermore, the Company repaid all existing short-term loans payable in the amount of 1,000 million yen using cash in hand on the relevant due dates and took out long-term loans payable in the amount of 15,000 million yen for the refinancing of existing long-term loans (payable in the amount of 15,062 million yen) while using cash in hand in the amount of 62 million yen for the repayment.

As a result, as of the end of the fifteenth fiscal period, a) the balance of loans payable stands at 101,200 million yen (all of these are long-term loans payable (of which, the current portion of long-term loans payable is 30,022 million yen), b) the balance of investment corporation bonds stands at 25,000 million yen (of which, the current portion of investment corporation bonds is 8,000 million yen), and c) the balance of interest-bearing debt stands at 126,200 million yen.

Of the loans payable, in addition to the 25,000 million yen in investment corporation bonds and 1,700 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 38,978 million yen of the 99,500 million yen 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 fifteenth fiscal period is 52.0%). With respect to future loans payable, the Company will strive to minimize refinancing risks by diversifying repayment dates for such loans payable.

As of the end of the fifteenth 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 fifteenth fiscal period 5,610 million yen in operating revenue, 3,790 million yen in operating income, 2,798 million yen in ordinary income and 2,797 million yen in net income.

With regard to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended), the Company decided to pay out the entire amount of unappropriated retained earnings, excluding fractions of the dividend per unit that are less than 1 yen, and declared a dividend per unit of 10,099 yen.

Furthermore, the Company made a five-for-one split of investment units by setting January 31, 2014 as the record date and February 1, 2014 as the effective date for its investment units with the aim to create a more favorable investment environment for investors by lowering the per unit market price of investment units in line with the introduction of the Japanese version of the Individual Savings Account (NISA) on January 1, 2014.

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

(Note) Premium Properties refer to properties with competitive advantages in terms of quality, scale, and other specifications that are expected to continue 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

Split of Investment Units

The Company implemented a 5-for-1 split of investment units by setting January 31, 2014 as the record date and February 1, 2014 as the effective date.

i) Purpose of Split

The Company aims to expand the investor base and improve the liquidity of its investment units by creating an environment favorable to investors by lowering the per /unit market price of investment units in line with the introduction of the Japanese version of the Individual Savings Account (NISA) on January 1, 2014.

ii) Method of Split

With January 31, 2014 (Friday) established as the record date, the Company implemented a 5-for-1 split of the Company's investment units owned by unitholders indicated or recorded on that date's final unitholder registry.

iii) Increase in Number of Investment Units through Split, etc.

a. Number of investment units issued before split	:	276,985 units
b. Increase in number of investment units through split	:	1,107,940 units
c. Number of investment units issued after split	:	1,384,925 units
d. Total number of investment units authorized after split	:	10,000,000 units

(Note) The Articles of Incorporation of the Company was partially amended in order to increase the total number of investment units authorized in accordance with the ratio of investment units split based on the stipulation of Article 184 Paragraph 2 of the Companies Act which is applied mutatis mutandis pursuant to Article 81-3 Paragraph 2 of the Act on Investment Trusts and Investment Corporations.

Please refer to “Notes on Per Unit Information” for the figures of per unit information when calculated by assuming that the split of investment units had been implemented at the beginning of the fourteenth fiscal period.

(Reference Information)

Issuance of Investment Corporation Bonds

The Company decided to issue investment corporation bonds as follows on February 7, 2014 based on the resolution adopted at a meeting of its board of directors held on January 22, 2014. Payment was completed on February 24, 2014.

i) Name of investment corporation bonds

MHR Tenth Series Unsecured Investment Corporation Bond (subject to a limited pari passu clause between specified investment corporation bonds) (hereafter, “Tenth Series Investment Corporation Bond”).

MHR Eleventh Series Unsecured Investment Corporation Bond (subject to a limited pari passu clause between specified investment corporation bonds) (hereafter, “Eleventh Series Investment Corporation Bond”).

ii) Total issue amount of the investment corporation bonds

Tenth Series Investment Corporation Bond: 3 billion yen
 Eleventh Series Investment Corporation Bond: 2 billion yen
 Total: 5 billion yen

iii) Interest rate

Tenth Series Investment Corporation Bond: 0.414% per annum
 Eleventh Series Investment Corporation Bond: 0.688% per annum

iv) Payment date

February 24, 2014

v) Collateral and guarantee

The Investment Corporation Bonds are unsecured and unguaranteed. There is also no particular asset retained for the Investment Corporation Bonds.

vi) Redemption method and maturity

Tenth Series Investment Corporation Bond: The total amount of the Investment Corporation Bond will be redeemed on February 22, 2019.
 Eleventh Series Investment Corporation Bond: The total amount of the Investment Corporation Bond will be redeemed on February 24, 2021.

- vii) Credit rating**
Japan Credit Rating Agency, Ltd.: AA-
- viii) Fiscal agent, issuing agent and paying agent**
Mitsubishi UFJ Trust and Banking Corporation
- ix) Underwriting securities companies**
Mizuho Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
- x) Specific use of funds**
For allocation to the redemption of 5 billion yen in Fifth Series Unsecured Investment Corporation Bond whose redemption date is February 25, 2014

(c) Outlook of Business Results

The Company expects the following business results for the sixteenth fiscal period (February 1, 2014 to July 31, 2014) and the seventeenth fiscal period (August 1, 2014 to January 31, 2015). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Sixteenth Fiscal Period Ending July 31, 2014 (February 1, 2014 – July 31, 2014) and the Seventeenth Fiscal Period Ending January 31, 2015 (August 1, 2014 – January 31, 2015)” presented below.

[Sixteenth Fiscal Period Ending July 31, 2014 (February 1, 2014 – July 31, 2014)]

Operating revenue	¥5,785 million
Operating income	¥3,840 million
Ordinary income	¥2,964 million
Net income	¥2,963 million
Dividend per unit	¥2,140
Dividend in excess of earnings per unit	¥0

[Seventeenth Fiscal Period Ending January 31, 2015 (August 1, 2014 – January 31, 2015)]

Operating revenue	¥5,797 million
Operating income	¥3,845 million
Ordinary income	¥3,047 million
Net income	¥3,046 million
Dividend per unit	¥2,200
Dividend in excess of earnings per unit	¥0

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

(Note 2) The forecasted figures above are calculated as of today based on certain assumptions. Forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ from actual results due to changes in operating conditions and a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

**Assumptions of Forecasts of Results for the Sixteenth Fiscal Period Ending July 31, 2014
(February 1, 2014 – July 31, 2014) and the Seventeenth Fiscal Period Ending January 31, 2015
(August 1, 2014 – January 31, 2015)**

Item	Assumptions
Accounting Period	Sixteenth fiscal period: February 1, 2014 – July 31, 2014 (181 days) Seventeenth fiscal period: August 1, 2014 – January 31, 2015 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> • The Company assumes there will be no change in the portfolio assets (e.g., no acquisition of new properties nor transfers of existing properties) until the end of the seventeenth fiscal period ending January 31, 2015 (currently there are nine properties held by the Company as of the end of fifteenth fiscal period ended January 31, 2014). • However, in actual practice, the forecast may differ due to changes in the portfolio assets and other factors.
Operating Revenue	<ul style="list-style-type: none"> • Rent revenue of real estate is estimated based on lease agreements, etc. of portfolio assets above, taking into account market environment, the trends of individual tenants and other factors. • The Company assumes that there will be no delinquencies or non-payment of rents by tenants.
Operating Expenses	<ul style="list-style-type: none"> • For expenses related to the real estate leasing business which are major operating expenses, 1,646 million yen is expected for the period ending July 31, 2014, and 1,656 million yen is expected for the period ending January 31, 2015. The expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> A) For property taxes and city planning taxes, etc., 347 million yen (for six months) and 385 million yen (for six months) are expected for the period ending July 31, 2014 and the period ending January 31, 2015, respectively. Furthermore, property taxes and city planning taxes, etc. associated with the further acquisitions of i) Atago Green Hills and ARK Mori Building in the period ended July 31, 2013, and ii) Roppongi Hills Mori Tower in the period ended January 31, 2014, will be settled with the seller on a pro rata basis. As the Company shall include the settled amount paid to the seller in the acquisition cost of real estate, 36 million yen (for three months) is expected to be recognized as operating expenses for the period ending July 31, 2014. B) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods (38 million yen for the period ending July 31, 2014; 29 million yen for the period ending January 31, 2015). However, please note that the actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to buildings 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 may vary significantly from one period to the next. C) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 839 million yen in the period ending July 31, 2014 and 817 million yen in the period ending January 31, 2015. D) For property management fees, 204 million yen is expected for the period

Item	Assumptions
	<p>ending July 31, 2014 and 198 million yen is expected for the period ending January 31, 2015.</p> <ul style="list-style-type: none"> For the operating expenses other than expenses related to the real estate leasing business (asset management fee, asset custody fee, administrative service fees, etc.), 298 million yen is expected for the period ending July 31, 2014 and 296 million yen is expected for the period ending January 31, 2015.
Non-Operating Expenses	<ul style="list-style-type: none"> The Company expects to incur 488 million yen for the period ending July 31, 2014 and 436 million yen for the period ending January 31, 2015 in interest expenses, 150 million yen for the period ending July 31, 2014 and 143 million yen for the period ending January 31, 2015 in interest expenses on investment corporation bonds, and 220 million yen for the period ending July 31, 2014 and 202 million yen for the period ending January 31, 2015 in borrowing expenses.
Interest-Bearing Debt	<ul style="list-style-type: none"> The Company's balance of interest-bearing debt as of the end of the period ended January 31, 2014 is 126,200 million yen. The balance of loans payable that are outstanding as of the end of the period ended January 31, 2014 is 101,200 million yen. The Company assumes that 30,022 million yen loans payable due for repayment by the end of the period ending January 31, 2015 will be refinanced in their entirety amount. The balance of investment corporation bonds is 25,000 million yen (as of the end of the period ended January 31, 2014). The Company assumes that 8,000 million yen investment corporation bonds due for repayment by the end of the period ending January 31, 2015 will be redeemed through the issuance of new investment corporation bonds of the same amount.
Issuance of Investment Units	<ul style="list-style-type: none"> The number of investment units outstanding as of the end of the period ended January 31, 2014 was 1,384,925 units. The Company assumes that there will be no additional issuance of investment units until the end of the period ending January 31, 2015.
Dividends per Unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> Dividends per unit are calculated based on the assumption that the Company will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation. Dividends per unit may vary due to various factors, including changes in the portfolio assets, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.
Dividends in Excess of Earnings per Unit	<ul style="list-style-type: none"> At present, the Company has no plan to make any cash distributions in excess of earnings (dividends in excess of earnings per unit).
Other	<ul style="list-style-type: none"> The Company assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, the Investment Trusts Association's rule, etc. that would affect the above forecasts. The Company assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.

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

(Unit: thousands of yen)

	Fourteenth Fiscal Period (as of July 31, 2013)	Fifteenth Fiscal Period (as of January 31, 2014)
Assets		
Current assets		
Cash and deposits	3,960,756	3,531,963
Cash and deposits in trust	7,825,875	9,164,640
Operating accounts receivable	74,073	43,321
Prepaid expenses	423,788	424,558
Deferred tax assets	17	15
Consumption taxes receivable	115,985	67,754
Other	7,229	15
Total current assets	12,407,726	13,232,269
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	46,868,973	51,625,833
Accumulated depreciation	(5,366,193)	(6,138,615)
Buildings in trust, net	41,502,780	45,487,218
Structures in trust	495,486	519,318
Accumulated depreciation	(134,290)	(152,661)
Structures in trust, net	361,195	366,657
Machinery and equipment in trust	529,870	584,421
Accumulated depreciation	(60,477)	(74,462)
Machinery and equipment in trust, net	469,392	509,959
Tools, furniture and fixtures in trust	63,545	84,102
Accumulated depreciation	(27,545)	(33,094)
Tools, furniture and fixtures in trust, net	35,999	51,008
Land in trust	132,702,890	149,879,429
Construction in progress in trust	273	5,882
Total property, plant and equipment	197,146,693	218,374,316
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Other intangible assets in trust	1,208	1,031
Other	1,496	996
Total intangible assets	30,653,667	30,652,990
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	386,058	551,297
Total investments and other assets	396,058	561,297
Total noncurrent assets	228,196,420	249,588,604
Deferred assets		
Investment corporation bonds issuance cost	77,108	60,873
Total deferred assets	77,108	60,873
Total assets	240,681,255	262,881,748

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(Unit: thousands of yen)

	Fourteenth Fiscal Period (as of July 31, 2013)	Fifteenth Fiscal Period (as of January 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	82,343	84,175
Short-term loans payable	1,000,000	-
Current portion of investment corporation bonds	5,000,000	8,000,000
Current portion of long-term loans payable	28,084,500	30,022,000
Accounts payable – other	56,817	27,155
Accrued expenses	316,669	324,855
Income taxes payable	801	700
Accrued consumption taxes	22,692	-
Advances received	790,266	877,919
Deposits received	99,711	88,203
Total current liabilities	35,453,802	39,425,010
Noncurrent liabilities		
Investment corporation bonds	20,000,000	17,000,000
Long-term loans payable	62,678,000	71,178,000
Lease and guarantee deposits in trust	7,045,564	8,045,199
Total noncurrent liabilities	89,723,564	96,223,199
Total liabilities	125,177,367	135,648,210
Net assets		
Unitholders' equity		
Unitholders' capital	112,966,437	124,330,988
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	105,244	105,244
Total voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	2,432,207	2,797,305
Total surplus	2,537,451	2,902,549
Total unitholders' equity	115,503,888	127,233,537
Total net assets	115,503,888	127,233,537
Total liabilities and net assets	240,681,255	262,881,748

(2) Statement of Income and Retained Earnings

(Unit: thousands of yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Operating revenue		
Rent revenue of real estate	*1, *2 4,949,170	*1, *2 5,489,850
Other rent revenue of real estate	*1, *2 103,034	*1, *2 120,184
Total operating revenue	5,052,204	5,610,034
Operating expenses		
Expenses of real estate rent	*1, *2 1,358,705	*1, *2 1,529,666
Asset management fee	184,957	210,042
Directors' compensation	5,400	5,400
Asset custody fee	5,470	6,017
Administrative service fees	15,444	15,309
Other operating expenses	*2 51,430	53,558
Total operating expenses	1,621,408	1,819,992
Operating income	3,430,796	3,790,042
Non-operating income		
Interest income	840	1,186
Exclusion gain of unpaid dividend	2,230	7,847
Interest of refund	607	1,256
Other	860	7
Total non-operating income	4,539	10,297
Non-operating expenses		
Interest expenses	532,111	542,095
Interest expenses on investment corporation bonds	168,407	162,100
Amortization of investment corporation bonds issuance cost	17,558	16,235
Borrowing expenses	243,582	248,417
Investment unit issuance cost	38,699	31,128
Other	1,840	2,206
Total non-operating expenses	1,002,199	1,002,182
Ordinary income	2,433,136	2,798,156
Income before income taxes	2,433,136	2,798,156
Income taxes - current	972	926
Income taxes - deferred	0	2
Total income taxes	972	928
Net income	2,432,164	2,797,228
Retained earnings brought forward	42	76
Unappropriated retained earnings	2,432,207	2,797,305

(3) Statement of Unitholders' Equity

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

(Unit: thousands of yen)

	Unitholders' equity					Total net assets
	Unitholders' capital	Surplus			Total unitholders' equity	
		Voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of the period	102,010,939	105,244	2,122,849	2,228,093	104,239,033	104,239,033
Change during the period						
Issuance of new investment units	10,955,498	-	-	-	10,955,498	10,955,498
Dividends from surplus	-	-	(2,122,806)	(2,122,806)	(2,122,806)	(2,122,806)
Net income	-	-	2,432,164	2,432,164	2,432,164	2,432,164
Total changes of items during the period	10,955,498	-	309,357	309,357	11,264,855	11,264,855
Balance at end of the period	112,966,437	105,244	2,432,207	2,537,451	115,503,888	115,503,888

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

(Unit: thousands of yen)

	Unitholders' equity					Total net assets
	Unitholders' capital	Surplus			Total unitholders' equity	
		Voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of the period	112,966,437	105,244	2,432,207	2,537,451	115,503,888	115,503,888
Change during the period						
Issuance of new investment units	11,364,551	-	-	-	11,364,551	11,364,551
Dividends from surplus	-	-	(2,432,130)	(2,432,130)	(2,432,130)	(2,432,130)
Net income	-	-	2,797,228	2,797,228	2,797,228	2,797,228
Total changes of items during the period	11,364,551	-	365,098	365,098	11,729,649	11,729,649
Balance at end of the period	124,330,988	105,244	2,797,305	2,902,549	127,233,537	127,233,537

(4) Statement of Cash Distributions

(Unit: yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
I. Unappropriated retained earnings	2,432,207,002	2,797,305,040
II. Amount of dividends	2,432,130,240	2,797,271,515
[Amount of dividends per unit]	[9,552]	[10,099]
III. Retained earnings carried forward	76,762	33,525
Method of calculating the amount of dividends	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 2,432,130,240 yen, which is the largest integral multiple of the number of investment units issued and outstanding (254,620 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 2,797,271,515 yen, which is the largest integral multiple of the number of investment units issued and outstanding (276,985 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.

(5) Statement of Cash Flows

(Unit: thousands of yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	2,433,136	2,798,156
Depreciation and amortization	727,293	811,127
Amortization of investment corporation bonds issuance cost	17,558	16,235
Investment unit issuance cost	38,699	31,128
Interest income	(840)	(1,186)
Exclusion gain of unpaid dividend	(2,230)	(7,847)
Interest expenses	700,519	704,195
Decrease (increase) in operating accounts receivable	(447)	30,751
Decrease (increase) in consumption taxes refund receivable	(34,164)	48,230
Increase (decrease) in operating accounts payable	(10,709)	4,592
Increase (decrease) in accounts payable – other	(792)	1,263
Increase (decrease) in accrued expenses	(36,989)	26,889
Increase (decrease) in accrued consumption taxes	(20,902)	(22,692)
Increase (decrease) in advances received	111,736	87,653
Increase (decrease) in deposits received	9,267	(7,792)
Decrease (increase) in prepaid expenses	7,233	(769)
Decrease (increase) in long-term prepaid expenses	(28,122)	(165,238)
Other, net	(7,229)	7,374
Subtotal	3,903,014	4,362,072
Interest income received	840	1,186
Interest expenses paid	(704,090)	(722,898)
Income taxes paid	(979)	(1,027)
Net cash provided by (used in) operating activities	3,198,785	3,639,332
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(15,415,551)	(22,065,808)
Purchase of intangible assets in trust	(4,826,500)	-
Repayments of lease and guarantee deposits in trust	(92,181)	(24,894)
Proceeds from lease and guarantee deposits in trust	742,187	1,020,814
Net cash provided by (used in) investing activities	(19,592,045)	(21,069,888)
Net cash provided by (used in) financing activities		
Repayments of short-term loans payable	(3,478,000)	(1,000,000)
Proceeds from long-term loans payable	13,478,000	25,500,000
Repayments of long-term loans payable	(62,500)	(15,062,500)
Proceeds from issuance of investment corporation bonds	4,969,110	-
Redemption of investment corporation bonds	(5,000,000)	-
Proceeds from issuance of investment unit	10,916,798	11,333,422
Cash dividends paid	(2,122,893)	(2,430,394)
Net cash provided by (used in) financing activities	18,700,516	18,340,528
Net increase (decrease) in cash and cash equivalents	2,307,256	909,972
Cash and cash equivalents at beginning of the period	9,479,375	11,786,631
Cash and cash equivalents at end of the period	*1 11,786,631	*1 12,696,604

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust)</p> <p>Depreciation of property, plant and equipment of the Company is calculated principally by the straight-line method based on the following estimated useful lives determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.</p> <table border="0"> <tr> <td>Buildings</td> <td>3~66 years</td> </tr> <tr> <td>Structures</td> <td>3~41 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>8~31 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>3~15 years</td> </tr> </table> <p>(2) Intangible assets (including assets in trust)</p> <p>Intangible assets are amortized by the straight-line method based on the estimated useful lives.</p> <p>(3) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized by the straight-line method based on the estimated useful lives.</p>	Buildings	3~66 years	Structures	3~41 years	Machinery and equipment	8~31 years	Tools, furniture and fixtures	3~15 years
Buildings	3~66 years								
Structures	3~41 years								
Machinery and equipment	8~31 years								
Tools, furniture and fixtures	3~15 years								
2. Accounting for deferred assets	<p>(1) Investment corporation bonds issuance cost</p> <p>Investment corporation bonds issuance cost is amortized using the straight-line method over the term of the bonds.</p> <p>(2) Investment unit issuance cost</p> <p>Investment unit issuance cost is recognized as expenses when incurred.</p>								
3. Standards for recognition of revenue and expenses	<p>Accounting for property taxes</p> <p>For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses of real estate rent.</p> <p>Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes included in the cost of acquisition of real estate are 43,496 thousand yen and 19,446 thousand yen as of July 31, 2013 and January 31, 2014, respectively.</p>								
4. Hedge accounting approach	<p>(1) Hedge accounting approach</p> <p>Deferred hedge accounting is adopted for interest rate swap transactions. However, special treatment is adopted for interest rate swaps when the requirements for special treatment are fulfilled.</p> <p>(2) Hedging instruments and hedged items</p> <table border="0"> <tr> <td>Hedging instruments:</td> <td>Interest rate swap transactions</td> </tr> <tr> <td>Hedged items:</td> <td>Borrowing interest rates</td> </tr> </table> <p>(3) Hedging policy</p> <p>The Company conducts derivative transactions to hedge risks as stipulated in the Company's Articles of Incorporation in accordance with the Company's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging</p> <p>The Company evaluates by comparing the cumulative change in market rates of hedged items and hedging instruments and based on the amount of change in both during the period from the start of hedging to when the effectiveness is being determined.</p> <p>However, assessment of the effectiveness is omitted for interest rate swaps when the requirements for special treatment are fulfilled.</p>	Hedging instruments:	Interest rate swap transactions	Hedged items:	Borrowing interest rates				
Hedging instruments:	Interest rate swap transactions								
Hedged items:	Borrowing interest rates								

<p>5. Scope of funds in the statement of cash flows</p>	<p>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.</p>
<p>6. Other significant matters serving as the basis for preparing financial statements</p>	<p>(1) Accounting for trust beneficial interest in real estate</p> <p>For trust beneficial interest in real estate owned by the Company, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheet and statement of income and retained earnings.</p> <p>The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.</p> <p>(a) Cash and deposits in trust</p> <p>(b) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; leasehold rights in trust; and other intangible assets in trust</p> <p>(c) Lease and guarantee deposits in trust</p> <p>(2) Accounting for consumption taxes</p> <p>Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.</p>

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

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

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

		(Unit: thousands of yen)			
		Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)		Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)	
A.	Property operating revenue				
	Rent revenue of real estate				
	Rent and common area revenue	4,945,540		5,486,055	
	Other rent revenue	3,629	4,949,170	3,794	5,489,850
	Other rent revenue of real estate				
	Parking revenue	16,366		18,858	
	Utilities and other revenue	86,283		100,995	
	Cancellation penalty	384	103,034	330	120,184
	Total property operating revenue		5,052,204		5,610,034
B.	Property operating expenses				
	Expenses of real estate rent				
	Property management fees	103,752		169,071	
	Property taxes	285,171		309,970	
	Utilities	79,748		93,347	
	Maintenance and repairs	39,096		15,208	
	Insurance premium	11,193		11,557	
	Custodian fees	5,696		6,955	
	Depreciation and amortization	726,793		810,627	
	Rent expenses	98,966		103,750	
	Other lease business expenses	8,286	1,358,705	9,177	1,529,666
	Total property operating expenses		1,358,705		1,529,666
C.	Property operating income [A - B]		3,693,499		4,080,368

***2. Transactions with major unitholders**

		(Unit: thousands of yen)			
		Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)		Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)	
From operating transactions					
	Rent revenue of real estate		3,475,048		4,036,470
	Other rent revenue of real estate		2,111		2,353
	Expenses of real estate rent		92,073		101,008
	Other operating expenses		735		-

(Notes to Statement of Cash Flows)

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

(Unit: thousands of yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Cash and deposits	3,960,756	3,531,963
Cash and deposits in trust	7,825,875	9,164,640
Cash and cash equivalents	11,786,631	12,696,604

(Notes on Lease Transactions)

Operating lease transactions (as lessor)

Future minimum rental revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	Fourteenth Fiscal Period (as of July 31, 2013)	Fifteenth Fiscal Period (as of January 31, 2014)
Due within 1 year	2,407,440	2,406,219
Due after 1 year	19,813,506	19,196,586
Total	22,220,947	21,602,806

(Notes on Financial Instruments)

1. Policy for financial instruments

(a) Policy for holding financial instruments

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

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

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

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

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

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

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

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

2. Fair value of financial instruments

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

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Cash and deposits	3,960,756	3,960,756	-
(b) Cash and deposits in trust	7,825,875	7,825,875	-
Assets total	11,786,631	11,786,631	-
(c) Short-term loans payable	1,000,000	1,000,000	-
(d) Current portion of investment corporation bonds	5,000,000	5,025,500	25,500
(e) Current portion of long-term loans payable	28,084,500	28,101,989	17,489
(f) Investment corporation bonds	20,000,000	20,272,100	272,100
(g) Long-term loans payable	62,678,000	62,659,028	(18,971)
Liabilities total	116,762,500	117,058,617	296,117
Derivative transactions	-	-	-

The following are the carrying amount, fair value and the difference between them of financial instruments as of January 31, 2014.

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Cash and deposits	3,531,963	3,531,963	-
(b) Cash and deposits in trust	9,164,640	9,164,640	-
Assets total	12,696,604	12,696,604	-
(c) Short-term loans payable	-	-	-
(d) Current portion of investment corporation bonds	8,000,000	8,038,100	38,100
(e) Current portion of long-term loans payable	30,022,000	30,022,000	-
(f) Investment corporation bonds	17,000,000	17,259,900	259,900
(g) Long-term loans payable	71,178,000	71,251,051	73,051
Liabilities total	126,200,000	126,571,051	371,051
Derivative transactions	-	-	-

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

Assets

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

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

Liabilities

(c) Short-term loans payable

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

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

The fair value of these is based on market prices.

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

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

Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2013)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	3,960,756	-	-	-	-	-
Cash and deposits in trust	7,825,875	-	-	-	-	-
Total	11,786,631	-	-	-	-	-

Redemption of monetary claims scheduled to be due after the balance sheet date (as of January 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	3,531,963	-	-	-	-	-
Cash and deposits in trust	9,164,640	-	-	-	-	-
Total	12,696,604	-	-	-	-	-

(Note 3) Short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2013)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	1,000,000	-	-	-	-	-
Investment corporation bonds	5,000,000	8,000,000	5,000,000	-	5,000,000	2,000,000
Long-term loans payable	28,084,500	31,700,000	17,000,000	3,978,000	10,000,000	-
Total	34,084,500	39,700,000	22,000,000	3,978,000	15,000,000	2,000,000

Short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	-	-	-	-	-	-
Investment corporation bonds	8,000,000	10,000,000	-	2,000,000	3,000,000	2,000,000
Long-term loans payable	30,022,000	30,200,000	3,500,000	4,578,000	20,500,000	12,400,000
Total	38,022,000	40,200,000	3,500,000	6,578,000	23,500,000	14,400,000

(Notes on Derivative Transactions)

1. Transactions for which hedge accounting is not applied

Fourteenth Fiscal Period (as of July 31, 2013)

Not applicable.

Fifteenth Fiscal Period (as of January 31, 2014)

Not applicable.

2. Transactions for which hedge accounting is applied

Fourteenth Fiscal Period (as of July 31, 2013)

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	28,478,000	28,478,000	*	-

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

Fifteenth Fiscal Period (as of January 31, 2014)

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	38,978,000	38,978,000	*	-

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

(Notes on Related Party Transactions)

1. Parent company and major corporate unitholders

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	19.2% directly held by related party	Leasing and management of real estate	Acquisition of property (Note 2) (Note 6)	20,000,000	-	-
							Leasing of properties (Note 3) (Note 7)	3,477,159	Operating accounts receivable	778
									Advances received	635,177
									Lease and guarantee deposits in trust	5,712,051
							Payment of property operation and management fees (Note 8)	93,009 (Note 5)	Prepaid expenses	2,251
Payment of other operating expenses (IR related expenses) (Note 4) (Note 9)	735	-	-							
								Operating accounts payable	20,986	

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

(Note 2) A portion of Atago Green Hills and a portion of ARK Mori Building

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

(Note 4) The venue expenses for the thirteenth fiscal period financial results briefing and the expenses for the fifth general meeting of unitholders.

(Note 5) The amount includes construction fees (637 thousand yen) and construction management fees (298 thousand yen) that are not charged to expenses but recognized as assets.

[Transaction terms and conditions and related policies]

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

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

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	17.7% directly held by related party	Leasing and management of real estate	Acquisition of property (Note 2) (Note 6)	21,900,000	-	-
							Leasing of properties (Note 3) (Note 7)	4,038,824	Operating accounts receivable	738
									Advances received	734,989
									Lease and guarantee deposits in trust	6,663,711
							Payment of property operation and management fees (Note 8)	107,687 (Note 4)	Prepaid expenses	2,461
Receipt of deposits (Note 5) (Note 9)	53,886	Operating accounts payable	23,528							
								Lease and guarantee deposits in trust	53,886	

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

(Note 2) A portion of Roppongi Hills Mori Tower

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

(Note 4) The amount includes construction fees (5,743 thousand yen) and construction management fees (936 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. 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

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

Not applicable.

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

Not applicable.

3. Subsidiaries of parent company

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficial interests and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	204,957 (Note 3)	Accrued expenses	194,205

(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 20,000 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficial interests and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	231,942 (Note 3)	Accrued expenses	220,544

(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 21,900 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

4. Directors and major individual unitholders

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	-	-	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	204,957 (Note 3)	Accrued expenses	194,205

(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 20,000 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

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)	231,942 (Note 3)	Accrued expenses	220,544

(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 21,900 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

(Notes on Tax-Effect Accounting)

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

(Unit: thousands of yen)

	Fourteenth Fiscal Period (as of July 31, 2013)	Fifteenth Fiscal Period (as of January 31, 2014)
Deferred tax assets		
Current assets		
Accrued enterprise tax excluded from expenses	17	15
Total deferred tax assets [current]	17	15
Net deferred tax assets [current]	17	15

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

	Fourteenth Fiscal Period (as of July 31, 2013)	Fifteenth Fiscal Period (as of January 31, 2014)
Statutory tax rate	36.59%	36.59%
[Adjustments]		
Deductible cash distributions	(36.57%)	(36.58%)
Other	0.02%	0.02%
Effective tax rate	0.04%	0.03%

(Notes on Investment and Rental Properties)

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

(Unit: thousands of yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Carrying amount		
Balance at beginning of the period	208,313,604	227,798,865
Amount of increase (decrease) during the period	19,485,261	21,227,445
Balance at end of the period	227,798,865	249,026,311
Fair value at end of the period	216,680,000	242,200,000

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

(Note 2) Of the amount of increase (decrease) during the fourteenth fiscal period, the amount of increase is primarily attributable to the acquisition of two properties (Atago Green Hills (about 12.9% of total property) (16,658,414 thousand yen) and ARK Mori Building (the area used as District Heating and Cooling) (3,526,027 thousand yen)), while the amount of decrease is primarily attributable to the recognition of depreciation and amortization. Of the amount of increase (decrease) during the fifteenth fiscal period, the amount of increase is primarily attributable to the acquisition of one property (Roppongi Hills Mori Tower (19th and 22nd floor portions) (21,973,409 thousand yen)), while the amount of decrease is primarily attributable to the recognition of depreciation and amortization.

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

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

(Notes on Segment and Related Information)

[Segment Information]

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

[Related Information]

Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)

1. Information about each product and service

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

2. Information about each geographical area

(a) Operating revenue

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

(b) Property, plant and equipment

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

3. Information about each major tenant

(Unit: thousands of yen)

Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	3,477,159	Real estate leasing business
Mori Building Ryutsu System Co., Ltd.	646,800	Real estate leasing business

Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)

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.	4,038,824	Real estate leasing business
Mori Building Ryutsu System Co., Ltd.	625,200	Real estate leasing business

(Notes on Per Unit Information)

(Unit: yen)

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Net assets per unit	90,726	91,870
Net income per unit	1,942	2,052

(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) A 5-for-1 split of investment units has been implemented by setting January 31, 2014 as the record date and February 1, 2014 as the effective date. Net assets per unit and net income per unit are calculated by assuming that the split of investment units had been implemented at the beginning of the fourteenth fiscal period.

(Note 3) The following is the basis for calculating net income per unit.

	Fourteenth Fiscal Period (February 1, 2013 to July 31, 2013)	Fifteenth Fiscal Period (August 1, 2013 to January 31, 2014)
Net income (thousands of yen)	2,432,164	2,797,228
Amounts not attributable to common unitholders (thousands of yen)	-	-
Net income attributable to common investment units (thousands of yen)	2,432,164	2,797,228
Average number of investment units during the period (units)	1,252,407	1,363,451

(Significant Subsequent Events)**Split of Investment Units**

The Company implemented a 5-for-1 split of investment units by setting January 31, 2014 as the record date and February 1, 2014 as the effective date.

1. Purpose of Split

The Company aims to expand the investor base and improve the liquidity of its investment units by creating an environment favorable to investors by lowering the per unit market price of investment units in line with the introduction of the Japanese version of the Individual Savings Account (NISA) on January 1, 2014.

2. Method of Split

With January 31, 2014 (Friday) established as the record date, the Company implemented a 5-for-1 split of the Company's investment units owned by unitholders indicated or recorded on that date's final unitholder registry.

3. Increase in Number of Investment Units through Split, etc.

a. Number of investment units issued before split	:	276,985 units
b. Increase in number of investment units through split	:	1,107,940 units
c. Number of investment units issued after split	:	1,384,925 units
d. Total number of investment units authorized after split	:	10,000,000 units

(Note) The Articles of Incorporation of the Company was partially amended in order to increase the total number of investment units authorized in accordance with the ratio of investment units split based on the stipulation of Article 184 Paragraph 2 of the Companies Act which is applied mutatis mutandis pursuant to Article 81-3 Paragraph 2 of the Act on Investment Trusts and Investment Corporations.

Please refer to "Notes on Per Unit Information" for the figures of per unit information when calculated by assuming that the split of investment units had been implemented at the beginning of the fourteenth fiscal period.

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

New investment units were issued on September 4, 2013 and October 2, 2013 (capital increase through public offering of 21,300 units and capital increase through private placement of 1,065 units), procuring 11,364 million yen. The following is the increase (decrease) in the number of investment units issued and outstanding and unitholders' capital over the most recent five years through to the end of the fifteenth fiscal period.

Date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (millions of yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
March 23, 2010	Capital increase through public offering	67,000	226,200	13,562	100,934	(Note 1)
April 23, 2010	Capital increase through private placement	5,320	231,520	1,076	102,010	(Note 2)
March 4, 2013	Capital increase through public offering	22,000	253,520	10,433	112,444	(Note 3)
April 3, 2013	Capital increase through private placement	1,100	254,620	521	112,966	(Note 4)
September 4, 2013	Capital increase through public offering	21,300	275,920	10,823	123,789	(Note 5)
October 2, 2013	Capital increase through private placement	1,065	276,985	541	124,330	(Note 6)

(Note 1) New investment units were issued through public offering at an issued value of 202,427 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 2) New investment units were issued through private placement at an issued value of 202,427 yen per unit for loan repayment and other purposes.

(Note 3) New investment units were issued through public offering at an issued value of 474,264 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 4) New investment units were issued through private placement at an issued value of 474,264 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 5) New investment units were issued through public offering at an issued value of 508,140 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 6) New investment units were issued through private placement at an issued value of 508,140 yen per unit for procurement of funds for new property acquisitions and other purposes.

(Note 7) A 5-for-1 split of investment units has been implemented by setting January 31, 2014 as the record date and February 1, 2014 as the effective date. Accordingly, the number of investment units issued and outstanding as of the date of this document is 1,384,925 units.

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

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

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

(2) Directors of the Company's Asset Manager

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

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

5. REFERENCE INFORMATION

(1) Investment Status

(as of January 31, 2014)

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	8.4
		Tokyo metropolitan area	22,074	8.4
		Principal regional cities	-	-
	Subtotal			22,074
Real estate in trust	Office Buildings	Tokyo's five central wards and their vicinity	219,167	83.4
		Tokyo metropolitan area	219,167	83.4
		Principal regional cities	-	-
	Residential Properties	Tokyo's five central wards and their vicinity	7,784	3.0
		Tokyo metropolitan area	7,784	3.0
		Principal regional cities	-	-
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	-	-
		Tokyo metropolitan area	-	-
		Principal regional cities	-	-
	Subtotal			226,952
Deposits and other assets (Note 2)			13,855	5.3
Total assets			262,881	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 9,164 million yen. Trust beneficiary interest in assets which primarily comprise of real estate, etc., does not include deposits within the assets in trust.

(as of January 31, 2014)

	Carrying amount (millions of yen)	Percentage of total assets (%)
Total liabilities	135,648	51.6
Total net assets	127,233	48.4
Total assets	262,881	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, 2014. 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, 2014.

i) Overview of Assets by Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction date (YYYY/MM) (Note 2)	Structure/ Total number of floors (Note 2)	Land area (m ²) (Note 3)	Gross floor area (m ²) (Note 2) (Note 3)	Form of ownership (Note 4)		Appraisal value at the end of fiscal period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Percent age of total portfolio of acquisition price (%) (Note 6)	
									Land	Bldg					
Real estate in trust	Office Buildings	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	2003/04	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	CO	54,200	46,999	47,390	18.8	
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	1986/03	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	CO	59,000	61,768	62,480	24.7	
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	2000/03	SRC/S B6F/19F	6,611.58	46,154.65	L	CO	21,600	25,611	27,200	10.8	
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	2000/09	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	CO	30,200	42,755	43,930	17.4	
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	2001/07	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	45,800	42,031	42,090	16.7
				Forest Tower (residential building)	Atago, Minato-ku	2001/10	S/SRC B4F/43F		60,815.71						
	Plaza (retail building)			Toranomon, Minato-ku	2001/07	RC B1F/2F	2,083.60								
	Subtotal											210,800	219,167	223,090	88.3
	Real estate	Residential Properties	R-1 Premium	Moto-Azabu Hills (Note 12)	Moto-Azabu, Minato-ku	2002/05 2002/09 (Note 13)	S/SRC/RC B4F/29F (Note 13)	12,199.65	54,006.76	C (Note 7)	CO	1,760	1,646	1,706	0.7
			R-3 Premium	Roppongi First Plaza	Roppongi, Minato-ku	1993/10	RC B1F/20F	4,357.88 (Note 14)	22,906.74 (Note 14)	C (Note 14)	CO (Note 15)	1,560	2,256	2,100	0.8
R-4			Roppongi View Tower	Roppongi, Minato-ku	1993/10	RC B1F/20F	C (Note 14)			C (Note 15)	2,280	3,882	4,000	1.6	
Subtotal											5,600	7,784	7,806	3.1	
Real estate	Other	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	-	-	2,565.06	-	O	-	25,800	22,074	21,820	8.6	

Subtotal	25,800	22,074	21,820	8.6
Total	242,200	249,026	252,716	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" is the appraisal value as of January 31, 2014 as described in the real estate appraisal report prepared by Japan Real Estate Institute.
- (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 six owners including the trustee (parcel number 1701-1). The trustee's co-ownership interest ratio of the land (parcel number 1701-1) is approximately 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m². The same applies hereafter.
- (Note 9) "Land area" for Atago Green Hills is the area of the entire land over which land use rights for the building have been established pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 10) The land of Atago Green Hills is composed of the land owned by third parties and the land jointly owned by the trustee and Mori Building Co., Ltd. and leasehold rights and easement jointly owned by the trustee and Mori Building Co., Ltd. The land corresponding to each building is determined pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 11) The buildings of Atago Green Hills are composed of parts owned by third parties through compartmentalized ownership and other parts jointly owned by the trustee and Mori Building Co., Ltd. through direct ownership and compartmentalized ownership.
- (Note 12) This refers to the portion of the property in trust which does not include the assets in trust disposed on October 31, 2008, September 15, 2010 and March 18, 2011. The same applies hereafter.
- (Note 13) Although Moto-Azabu Hills is described in the property registry as one building, under the Building Standards Act, it consists of three buildings, Forest Tower (S; 29F and B3), Forest Terrace East (RC; 6F and B1) and Forest Terrace West (RC; 5F and B1), which were constructed in May 2002, May 2002 and September 2002, respectively.
- (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. The land of Roppongi First Plaza is owned in the land use rights ratio and the land of Roppongi View Tower is jointly owned with third parties.
- (Note 15) Although Roppongi First Plaza and Roppongi View Tower are described in the property registry as one building owned through compartmentalized ownership, the forms of ownership of each building are different. 42 residential units out of the total of 90 residential units in Roppongi First Plaza are owned through compartmentalized ownership. The compartmentalized ownership for entire building (202 residential units) in Roppongi View Tower is jointly owned with third parties.

ii) Overview of Lease Conditions (as of January 31, 2014)

Property number	Property name	Type of lease (Note 1)	Total leasable area (m ²) (Note 2)	Total leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual contracted rent (millions of yen) (Note 5)	Security deposits (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed-rent master lease	17,602.92	17,602.92	100.0	1	2,348	1,957
O-1	ARK Mori Building	Fixed-rent master lease	24,588.43	24,588.43	100.0	1	2,543	2,104
O-4	Koraku Mori Building	Pass-through master lease	16,197.45	16,197.45	100.0	18	1,233	1,217
O-6	Akasaka Tameike Tower	Fixed-rent master lease	19,698.54	19,698.54	100.0	1	1,333	946
O-7	Atago Green Hills	Fixed-rent master lease	29,667.58	29,667.58	100.0	1	2,223	1,482
R-1	Moto-Azabu Hills	Pass-through master lease	1,325.30	1,325.30	100.0	7	125	47
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,730.36	92.3	39	136	49
R-4	Roppongi View Tower (Note 7)	Pass-through master lease	4,515.25	4,118.97	91.2	83	169	53
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,228	-
Total			119,117.30	118,494.61	99.5	152	11,342	7,858

(Note 1) We treat as a fixed-rent master lease when we grant the authority to lease the property to other co-owner(s) 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 lease to 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(s) and a fixed amount is paid to us in consideration of such granting, such tenant or co-owner(s) 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 and Atago Green Hills, this indicates 80% and 74% of the proportionate ownership ratio, respectively, of the foregoing total leasable area and total leased area, which is rounded off to two decimal places.

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, 2014 to January 31, 2014 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the amount so calculated.

(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 and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of such remaining amount of the security deposit.

(Note 7) Type of lease has been changed from fixed-rent master lease to pass-through master lease on November 1, 2013. For details, please refer to the press release "the Company Announces Change in Leasing Scheme, etc. for Roppongi View Tower and Transaction with Interested Parties (Mori Building Co., Ltd. and Roppongi First Building Co., Ltd.)" separately announced on October 30, 2013.

iii) Overview of Lease to Major Tenants

The following table provides certain information regarding a key tenant, which leases 10% or more of the total leased area for the properties in the Company's portfolio as of January 31, 2014 and brief summary of the lease conditions to such tenant.

Tenant name	Business type	Property name	Annual contracted rent (millions of yen)	Security Deposits (millions of yen)	Leased area (m ²) (Note 1)	Percentage of total leased area (%) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Notes
Mori Building Co., Ltd.	Real estate business	Roppongi Hills Mori Tower	2,348	1,957	17,602.92	14.9	2021/07/31	Auto-renewed every 5 years	23/24 floors
							2018/09/30	Auto-renewed every 5 years	19/22 floors
		ARK Mori Building	2,543	2,104	24,588.43	20.8	2021/01/31	Auto-renewed every 5 years	13 floor
							2021/01/31	Auto-renewed every 5 years	12/22 floors
							2021/01/31	Auto-renewed every 5 years	23/25 floors
							2021/01/31	Auto-renewed every 5 years	4/15/24 floors
							2023/03/31	Auto-renewed every 5 years	1 floor/Basement 1 through 4/ Heating and Cooling supply facilities
		Koraku Mori Building	1,233	1,217	16,197.45	13.7	2023/03/03	Fixed-term lease	-
		Akasaka Tameike Tower	1,333	946	19,698.54	16.6	2026/03/31	Auto-renewed every 5 years	Office and retail portion (including certain parking/storage space)
							2021/03/31	Auto-renewed every 5 years	Residential portion (including certain parking space)
		Atago Green Hills	2,223	1,482	29,667.58	25.0	2022/04/30	Auto-renewed every 5 years	-
		Moto-Azabu Hills	125	47	1,325.30	1.1	2026/03/31	Fixed-term lease	-
		Roppongi First Plaza	136	49	2,730.36	2.3	2023/03/03	Fixed-term lease	-
Roppongi View Tower	169	53	4,118.97	3.5	2023/03/03	Fixed-term lease	-		
Total			10,113	7,858	115,929.55	97.8	-	-	-

(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 and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the foregoing leased area, 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 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, 2014. 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, 2014.

Name of end tenant	Property name	Leased area (m ²) (Note 1)	Percentage of total portfolio (%) (Note 2)
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Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills	91,849.69	77.5
Showa Leasing Co., Ltd.	Koraku Mori Building	2,683.90	2.3
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	2.2
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	1.8
Japan Worker's Credit Fund Association	Koraku Mori Building	1,851.87	1.6
Total for top 5 end tenants		101,067.40	85.3

(Note 1) "Leased area" is equal to the aggregate leased area attributable to each end-tenant as described in the relevant lease agreements, etc. with the end-tenants. In the case of leased area for such end-tenants of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the leased area described in the relevant lease agreements, 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, 2014. 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, 2014.

Name of end tenant	Name of occupied property	Leased area (m ²) (Note 1)	Percentage of total portfolio (%)	Annual contracted rent (thousands of yen) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Type of lease	Notes
Mori Building Co., Ltd.	Roppongi Hills Mori Tower	17,602.92	14.9	2,348,622	2021/07/31	Auto-renewed every 5 years	Fixed-rent master lease	23/24 floors
					2018/09/30	Auto-renewed every 5 years	Fixed-rent master lease	19/22 floors
	ARK Mori Building	24,588.43	20.8	2,543,386	2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	13 floor
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	12/22 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	23/25 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	4/15/24 floors
					2023/03/31	Auto-renewed every 5 years	Fixed-rent master lease	1 floor/Basement 1 through 4/ Heating and Cooling supply facilities
	Koraku Mori Building	292.22	0.2	4,955	2014/03/31	-	Memorandum on self use	-
	Akasaka Tameike Tower	19,698.54	16.6	1,333,500	2026/03/31	Auto-renewed every 5 years	Fixed-rent master lease	Office and Retail portion (including certain parking/storage space)
					2021/03/31	Auto-renewed every 5 years	Fixed-rent master lease	Residential portion (including certain parking space)
Atago Green Hills	29,667.58	25.0	2,223,530	2022/04/30	Auto-renewed every 5 years	Fixed-rent master lease	-	
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	2.2	1,228,800	2030/09/14	-	Business-use fixed-term land lease	-
Total		94,414.75	79.7	9,682,795				

(Note 1) "Leased area" is equivalent to floor area of lease space set out in the lease agreement, etc. with the end-tenants. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the foregoing leased area, 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) "Annual contracted rent" for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenants (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, 2014 to January 31, 2014 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the amount so calculated.

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, 2014.

Property number	Property name	Annual contracted rent (millions of yen)	Percentage of annual contracted rent (%) (Note 1)	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note 2)	Number of tenants
O-1	ARK Mori Building	2,543	22.4	24,588.43	24,588.43	100.0	1
O-0	Roppongi Hills Mori Tower	2,348	20.7	17,602.92	17,602.92	100.0	1
O-7	Atago Green Hills	2,223	19.6	29,667.58	29,667.58	100.0	1
O-6	Akasaka Tameike Tower	1,333	11.8	19,698.54	19,698.54	100.0	1
O-4	Koraku Mori Building	1,233	10.9	16,197.45	16,197.45	100.0	18
S-1	Laforet Harajuku (Land)	1,228	10.8	2,565.06	2,565.06	100.0	1
Total		10,911	96.2	110,319.98	110,319.98	100.0	23

(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, 2014.

(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, 2014.

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
R-1	Moto-Azabu Hills	Takenaka Corporation, Tokyo first class architect office	Takenaka Corporation, Tokyo first class architect office	Takenaka 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, 2014. “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 (YYYY/MM)	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)	PML (%) (Note 4)	Engineering firm
O-0	Roppongi Hills Mori Tower		2013/07	-	8,756	0.29	Tokyo Bldg-Tech Center Co., Ltd.
O-1	ARK Mori Building		2012/12	-	127,769	0.38	Tokyo Bldg-Tech Center Co., Ltd.
O-4	Koraku Mori Building		2011/12	-	57,533	0.42	Tokio Marine & Nichido Risk Consulting Co., Ltd.
O-6	Akasaka Tameike Tower	Office and shop portions (including parts of storage areas, parking lots, etc.)	2013/11	-	30,273	2.15	Tokyo Bldg-Tech Center Co., Ltd.
		Residential portion (including parts of parking lots, etc.)	2011/02	-	27,631		
O-7	Atago Green Hills	MORI Tower (office building)	2012/02	-	101,932	1.66	Takenaka Corporation
		Forest Tower (residential building)		-	86,456	0.99	
		Plaza (retail building)		-	2,594	9.84	
R-1	Moto-Azabu Hills	Forest Tower	2011/12	-	2,223	1.16	Tokio Marine & Nichido Risk Consulting Co., Ltd.
		Forest Terrace East				1.72	
R-3	Roppongi First Plaza		2011/12	-	9,316	3.53	Tokio Marine & Nichido Risk Consulting Co., Ltd.
R-4	Roppongi View Tower		2011/12	-	6,279	3.53	Tokio Marine & Nichido Risk Consulting Co., Ltd.
S-1	Laforet Harajuku (Land) (Note 5)		-	-	-	-	-
Total				-	460,762	0.71	-

(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) This indicates the figure described in the portfolio earthquake PML report dated July 9, 2013 issued by Tokyo Bldg-Tech Center Co., Ltd.

(Note 5) 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 fifteenth fiscal period. Capital expenditures during the fifteenth fiscal period amounted to 59 million yen for the entire portfolio and, combined with the 15 million yen in maintenance and repairs and 0.2 million yen in construction management fees charged to expenses for the fifteenth fiscal period, construction work in a total of 74 million yen was implemented.

Name of real estate, etc. (Location)	Purpose	Period (YYYY/MM)	Amount of capital expenditures (millions of yen)
ARK Mori Building (Minato-ku, Tokyo)	2F Karajan Place side entrance air-conditioning equipment work	From: 2013/07 To: 2013/08	1
Akasaka Tameike Tower (Minato-ku, Tokyo)	Safety net installation work	From: 2013/09 To: 2013/12	11
	Automatic control parts upgrading work	From: 2013/10 To: 2013/10	1
Moto-Azabu Hills (Minato-ku, Tokyo)	Residential unit home appliances upgrading work	From: 2013/10 To: 2013/11	2
Roppongi First Plaza (Minato-ku, Tokyo)	Residential unit remodeling work	From: 2013/08 To: 2014/01	17
	HEATS heat exchanger upgrading work	From: 2013/11 To: 2013/12	5
	Intercom upgrading work	From: 2013/09 To: 2013/10	9
Roppongi View Tower (Minato-ku, Tokyo)	Intercom upgrading work	From: 2013/01 To: 2013/11	5
Other			4
Entire portfolio			59

(Note) The projects shown above are those for which capital expenditure exceeds 1 million yen per project.

ii. Schedule of Capital Expenditures

The following table shows the amounts of capital expenditures conducted after the end of the fifteenth 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, 2014. 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 (YYYY/MM)	(Expected) Amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during period	Total amount already paid
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	Standard floors air-conditioning equipment control parts upgrading work	From: 2013/10 To: 2014/02	7	-	-
Koraku Mori Building (Bunkyo-ku, Tokyo)	3F perimeter air-conditioning equipment upgrading work	From: 2014/04 To: 2014/05	7	-	-
Akasaka Tameike Tower (Minato-ku, Tokyo)	Electronic lock contactless key system upgrading work	From: 2014/02 To: 2014/02	6	-	-
Atago Green Hills (Minato-ku, Tokyo)	Standard floors common corridor downlight upgrading work	From: 2013/11 To: 2014/02	8	-	-
	Office building telephone switchboard replacement work	From: 2014/10 To: 2014/12	8	-	-
	Residential building telephone switchboard replacement work	From: 2014/01 To: 2014/02	6	-	-
Roppongi First Plaza (Minato-ku, Tokyo)	Residential unit remodeling work	From: 2014/02 To: 2014/07	20	-	-

(Note) The projects shown are those for which the (expected) amount exceeds 5 million yen per project.

(b) Overview of Trust Beneficiary Interest

(as of January 31, 2014)

Main type of use	Property number	Property name	Trustee	Trust establishment date (YYYY/MM/DD)	Trust maturity date (YYYY/MM/DD)	Notes
Office building	O-0 Premium	Roppongi Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31	Trust beneficiary interest in compartmentalized ownership for 23rd and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2013/10/01	2028/09/30	Trust beneficiary interest in compartmentalized ownership for 19th and 22nd floor portions
	O-1 Premium	ARK Mori Building	Mizuho Trust & Banking Co., Ltd.	2006/03/22	2016/03/31	Trust beneficiary interest in compartmentalized ownership for 13th floor portion
			Mizuho Trust & Banking Co., Ltd.	2008/03/28	2018/03/31	Trust beneficiary interest in compartmentalized ownership for 12th and 22nd floor portions
			Mizuho Trust & Banking Co., Ltd.	2011/03/18	2021/01/31	Trust beneficiary interest in compartmentalized ownership for 23rd and 25th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31	Trust beneficiary interest in compartmentalized ownership for 4th, 15th and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2013/04/01	2028/03/31	Trust beneficiary interest in compartmentalized ownership for 1st floor and basement 1 through 4 heating and cooling supply facilities
	O-4 Premium	Koraku Mori Building	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficiary interest representing 80% interest in the assets in trust; Trust beneficiary interest representing the remaining 20% interest in the assets in trust is held by Mori Building Co., Ltd.
	O-6 Premium	Akasaka Tameike Tower	Sumitomo Mitsui Trust Bank, Ltd.	2008/09/30	2026/03/31	Trust beneficiary interest in office and retail portion (including certain parking/storage space)
			Sumitomo Mitsui Trust Bank, Ltd.	2011/03/18	2026/03/31	Trust beneficiary interest in residential portion (including certain parking space)
O-7 Premium	Atago Green Hills	Mitsubishi UFJ Trust and Banking Corporation	2012/05/01	2027/04/30	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.	
Residential property	R-1 Premium	Moto-Azabu Hills	Sumitomo Mitsui Trust Bank, Ltd.	2006/03/22	2026/03/31	-
	R-3 Premium	Roppongi First Plaza	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	-
	R-4	Roppongi View Tower	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficiary interest in 40% co-ownership interest in Roppongi View Tower
Sumitomo Mitsui Trust Bank, Ltd.			2006/03/22	2023/03/03	Trust beneficiary interest in 6% co-ownership interest in Roppongi View Tower	

(c) Status of Portfolio**i) Investment Ratio by Property Quality**

(as of January 31, 2014)

Quality category (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Premium Properties	8	248,716	98.4
Other Properties	1	4,000	1.6
Portfolio total	9	252,716	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 semiannual securities report (submitted on October 30, 2013).

ii) Investment Ratio by Main Type of Use

(as of January 31, 2014)

Main type of use	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Office	5	223,090	88.3
Residential	3	7,806	3.1
Retail	1	21,820	8.6
Portfolio total	9	252,716	100.0

iii) Investment Ratio by Region

(as of January 31, 2014)

Region		Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Tokyo metro polita n area	Tokyo's five central wards and their vicinity	9	252,716	100.0
	Minato Ward	7	203,696	80.6
	Bunkyo Ward	1	27,200	10.8
	Shibuya Ward	1	21,820	8.6
	Tokyo, Kanagawa, Chiba and Saitama Prefectures	9	252,716	100.0
Princi pal region al cities	Cities designated by Cabinet Order and their equivalent principal cities in Japan other than those located in Tokyo metropolitan area	-	-	-
Portfolio total		9	252,716	100.0

iv) Investment Ratio by Property Age

(as of January 31, 2014)

Property age	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Less than 10 years	-	-	-
Equal to or more than 10 years but less than 15 years	5	162,316	70.3
Equal to or more than 15 years	3	68,580	29.7
Portfolio total	8	230,896	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 16.8 years which is rounded to the nearest decimal place.

v) Investment Ratio by Property Size

(as of January 31, 2014)

Property Size (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Equal to or more than 30,000m ²	6	224,796	97.4
Equal to or more than 10,000m ² but less than 30,000m ²	2	6,100	2.6
Less than 10,000m ²	-	-	-
Portfolio total	8	230,896	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 22,906.74m² 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	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014 (Note 3)	Difference	Fourteenth fiscal period ended July 2013 (Note 3)	Fifteenth fiscal period ended January 2014	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	1	1	0
Rent revenue of real estate	603,955	984,192	380,237	1,235,770	1,271,693	35,923
Other rent revenue of real estate	-	-	-	-	-	-
Total property operating revenue	603,955	984,192	380,237	1,235,770	1,271,693	35,923
Property management fees	1,200	57,040	55,840	5,600	6,000	400
Property taxes (Note 1)	41,157	41,977	820	70,574	70,424	(149)
Utilities	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	370	370
Insurance premium	945	1,394	449	1,873	1,817	(56)
Depreciation and amortization (1)	99,022	161,817	62,795	123,776	120,411	(3,365)
Other expenses (Note 2)	27	56	28	2,731	2,753	22
Total property operating expense	142,352	262,286	119,933	204,556	201,777	(2,778)
Property operating income (2)	461,602	721,905	260,303	1,031,214	1,069,915	38,701
NOI (3) ((1)+(2))	560,624	883,723	323,098	1,154,990	1,190,326	35,336
Capex (4)	3,075	-	(3,075)	7,555	1,102	(6,453)
NCF (3)-(4)	557,549	883,723	326,174	1,147,434	1,189,224	41,789

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

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

(Note 3) Properties acquired during the relevant period.

(Unit: thousands of yen)

Property number	O-4			O-6		
Property name	Koraku Mori Building			Akasaka Tameike Tower		
Period	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	97.6%	100.0%	2.4PT	100.0%	100.0%	0.0PT
Number of tenants	17	18	1	1	1	0
Rent revenue of real estate	586,812	606,805	19,993	666,446	666,446	-
Other rent revenue of real estate	101,173	118,591	17,417	289	289	-
Total property operating revenue	687,986	725,396	37,410	666,735	666,735	-
Property management fees	66,156	62,460	(3,696)	3,000	3,000	-
Property taxes (Note 1)	31,499	31,434	(64)	43,008	42,574	(433)
Utilities	79,604	93,081	13,476	-	-	-
Maintenance and repairs	6,875	4,998	(1,876)	-	-	-
Insurance premium	1,910	1,773	(137)	2,237	2,073	(163)
Depreciation and amortization (1)	128,760	128,693	(66)	174,612	174,847	235
Other expenses (Note 2)	67,844	68,794	949	906	905	(0)
Total property operating expense	382,651	391,235	8,584	223,764	223,401	(363)
Property operating income (2)	305,334	334,160	28,826	442,971	443,334	363
NOI (3) ((1)+(2))	434,094	462,854	28,759	617,583	618,182	598
Capex (4)	3,345	841	(2,503)	3,981	12,896	8,914
NCF (3)-(4)	430,749	462,012	31,263	613,601	605,285	(8,316)

(Unit: thousands of yen)

Property number	O-7			R-1		
Property name	Atago Green Hills			Moto-Azabu Hills		
Period	Fourteenth fiscal period ended July 2013 (Note 3)	Fifteenth fiscal period ended January 2014	Difference	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	7	7	0
Rent revenue of real estate	966,534	1,111,765	145,230	63,039	61,936	(1,103)
Other rent revenue of real estate	-	-	-	1,186	974	(212)
Total property operating revenue	966,534	1,111,765	145,230	64,226	62,910	(1,315)
Property management fees	2,316	2,664	348	9,905	9,070	(834)
Property taxes (Note 1)	21,419	43,277	21,857	2,063	2,057	(6)
Utilities	-	-	-	-	22	22
Maintenance and repairs	-	-	-	2,760	4,254	1,494
Insurance premium	3,447	3,775	327	137	127	(9)
Depreciation and amortization (1)	170,035	194,993	24,958	6,412	6,550	137
Other expenses (Note 2)	32,424	36,988	4,564	3,956	3,817	(139)
Total property operating expense	229,642	281,699	52,056	25,235	25,900	665
Property operating income (2)	736,892	830,065	93,173	38,991	37,010	(1,980)
NOI (3) ((1)+(2))	906,927	1,025,059	118,132	45,403	43,560	(1,843)
Capex (4)	4,379	1,946	(2,432)	347	3,153	2,806
NCF (3)-(4)	902,547	1,023,112	120,565	45,056	40,407	(4,649)

(Unit: thousands of yen)

Property number	R-3			R-4		
Property name	Roppongi First Plaza			Roppongi View Tower		
Period	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	95.4%	92.3%	(3.1PT)	100.0%	91.2%	(8.8PT)
Number of tenants	40	39	(1)	1	83	82
Rent revenue of real estate	70,384	65,747	(4,637)	109,426	96,062	(13,363)
Other rent revenue of real estate	384	330	(54)	-	-	-
Total property operating revenue	70,769	66,077	(4,692)	109,426	96,062	(13,363)
Property management fees	11,836	13,399	1,562	3,738	15,436	11,698
Property taxes (Note 1)	6,972	6,989	17	10,769	10,781	12
Utilities	144	240	96	-	3	3
Maintenance and repairs	29,461	5,560	(23,900)	-	24	24
Insurance premium	278	258	(20)	361	335	(25)
Depreciation and amortization (1)	11,118	11,178	59	13,055	12,134	(920)
Other expenses (Note 2)	4,559	4,839	279	499	1,728	1,229
Total property operating expense	64,371	42,466	(21,905)	28,422	40,444	12,021
Property operating income (2)	6,397	23,611	17,213	81,003	55,618	(25,385)
NOI (3) ((1)+(2))	17,516	34,789	17,273	94,058	67,752	(26,306)
Capex (4)	4,927	33,447	28,520	-	5,826	5,826
NCF (3)-(4)	12,589	1,342	(11,246)	94,058	61,926	(32,132)

(Unit: thousands of yen)

Property number	S-1			Portfolio total		
Property name	Laforet Harajuku (Land)					
Period	Fourteenth fiscal period ended July 2013	Fifteenth fiscal period ended January 2014	Difference	Fourteenth fiscal period ended July 2013 (Note 3)	Fifteenth fiscal period ended January 2014 (Note 3)	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	99.5%	99.5%	0.0PT
Number of tenants	1	1	0	70	152	82
Rent revenue of real estate	646,800	625,200	(21,600)	4,949,170	5,489,850	540,680
Other rent revenue of real estate	-	-	-	103,034	120,184	17,149
Total property operating revenue	646,800	625,200	(21,600)	5,052,204	5,610,034	557,829
Property management fees	-	-	-	103,752	169,071	65,319
Property taxes (Note 1)	57,708	60,454	2,746	285,171	309,970	24,799
Utilities	-	-	-	79,748	93,347	13,598
Maintenance and repairs	-	-	-	39,096	15,208	(23,888)
Insurance premium	-	-	-	11,193	11,557	363
Depreciation and amortization (1)	-	-	-	726,793	810,627	83,833
Other expenses (Note 2)	-	-	-	112,949	119,883	6,933
Total property operating expense	57,708	60,454	2,746	1,358,705	1,529,666	170,960
Property operating income (2)	589,092	564,746	(24,346)	3,693,499	4,080,368	386,869
NOI (3) ((1)+(2))	589,092	564,746	(24,346)	4,420,292	4,890,995	470,703
Capex (4)	-	-	-	27,612	59,214	31,602
NCF (3)-(4)	589,092	564,746	(24,346)	4,392,679	4,831,780	439,101

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated March 14, 2014 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.

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

The forward-looking statements contained in this document express information only as of the date of release, March 14, 2014, and the Company does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.

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