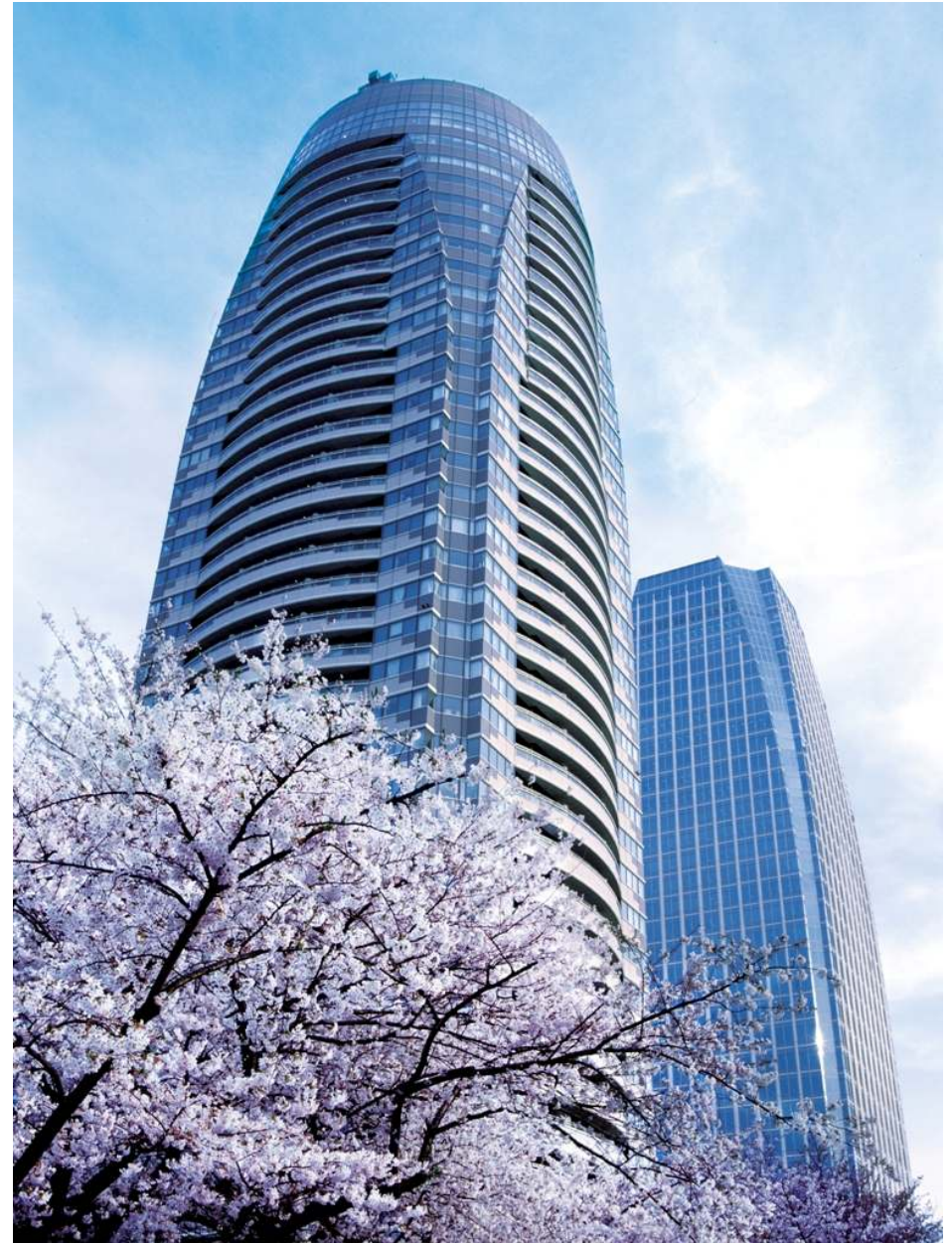




HILLS REIT

MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 11th Fiscal Period (Ended January 31, 2012)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co., Ltd.

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

1. Investment highlights	2
2. 11th period financial highlights	14
3. Operation highlights	18
4. Real estate investment environment	26
5. Appendix	33

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

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

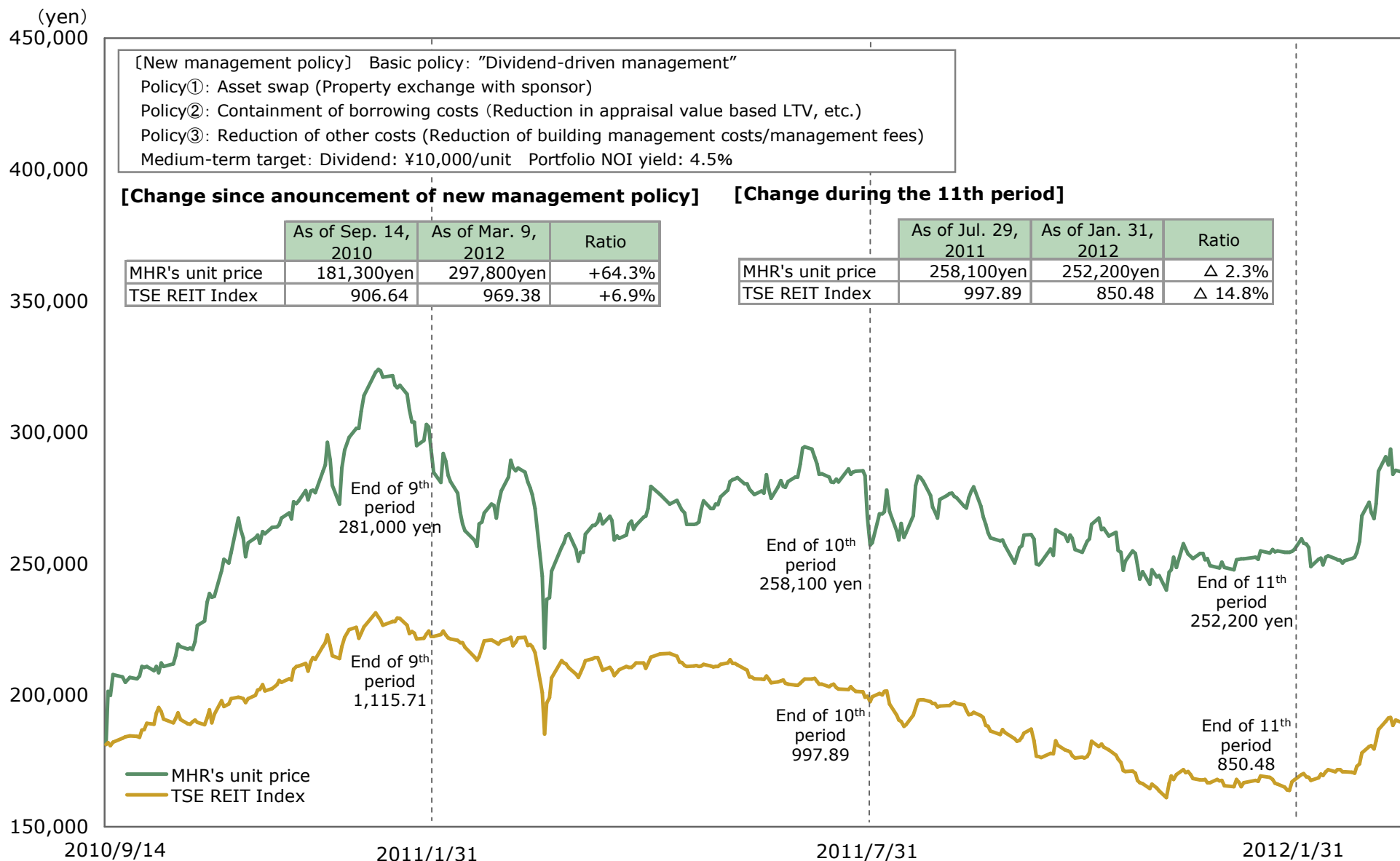
We will send invitations to future financial results briefings to those who participated in the financial results briefing for the eleventh period based on the personal information they have shared with us; we guarantee that we make every effort to adequately manage and/or use and protect the information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

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

1. Investment highlights

1-1 Investment highlights Unit price performance

Unit price performance

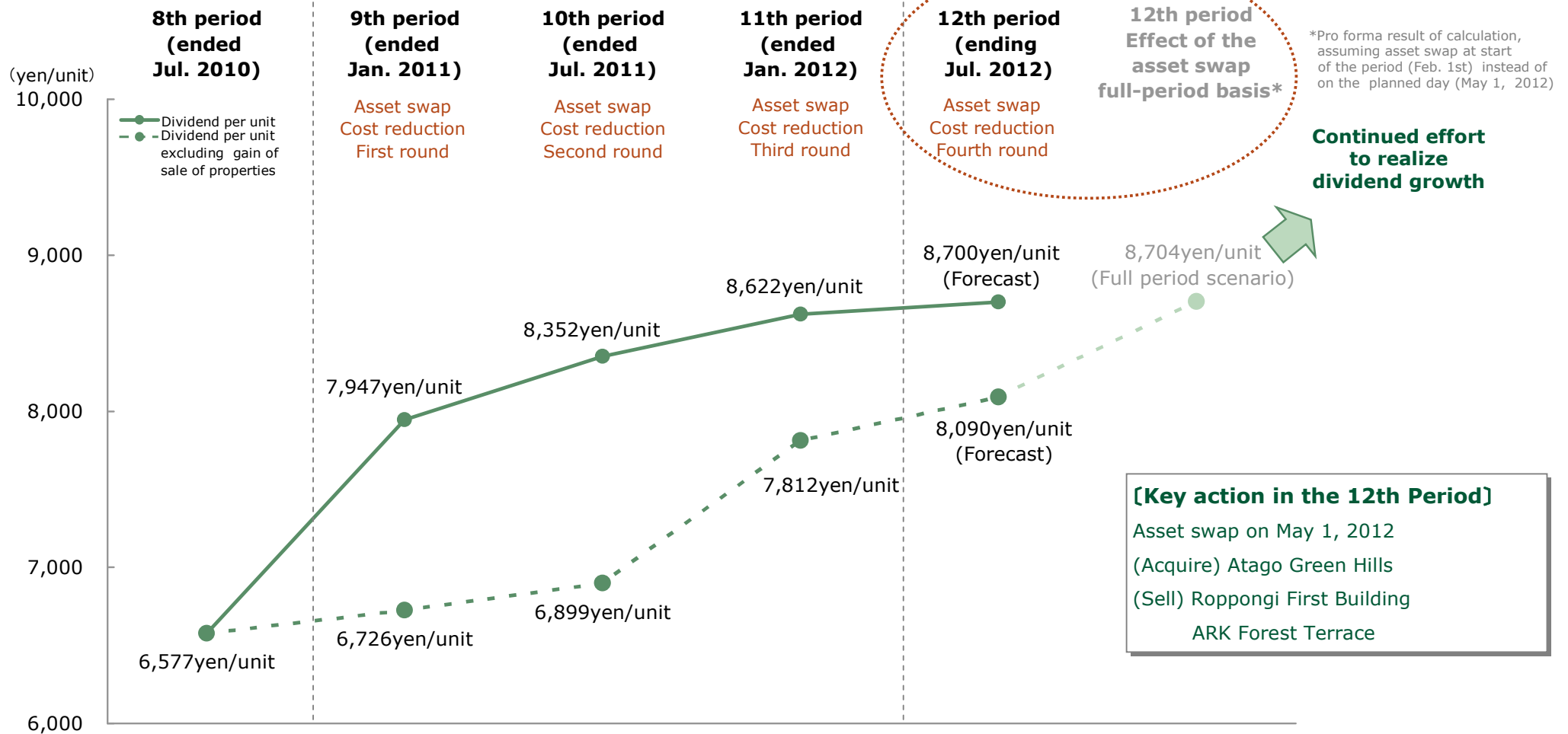


(Note 1) Unless otherwise stated in this document, all amounts of less than a unit are omitted and all fractions are rounded up to one digit below decimal point

(Note 2) TSE REIT Index is rebased to the announcement date of the 8th period results (Sep. 14, 2010) and shows the relative performance vs. MHR's unit price performance

1-2 Investment highlights Change and forecast in dividend

Change in dividend per unit



(Change in NOI yield)






(Change in the ratio of the fixed rent type)



Policy on contract type for property lease
 Increase the ratio of "fixed rent type" until rental market recovers, and then acquire "pass-through" property again after market strengthens

1-3 Investment highlights Policy①: Asset swap

The asset swap (Planned on May 1, 2012)

Sell	Acquire	Effect																							
<div style="text-align: center; background-color: #cccccc; padding: 5px;">Roppongi First Building</div>  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Transfer price</td><td style="text-align: right;">20,460mn yen</td></tr> <tr><td>Appraisal value</td><td style="text-align: right;">18,600mn yen</td></tr> <tr><td>Book value (Note 1)</td><td style="text-align: right;">20,221mn yen</td></tr> <tr><td>NOI yield (Note 2)</td><td style="text-align: right;">2.2%</td></tr> </table>	Transfer price	20,460mn yen	Appraisal value	18,600mn yen	Book value (Note 1)	20,221mn yen	NOI yield (Note 2)	2.2%	<div style="text-align: center; background-color: #4f81bd; color: white; padding: 5px;">Atago Green Hills (20.0% of total property)</div>  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Acquisition price</td><td style="text-align: right;">25,600mn yen</td></tr> <tr><td>Appraisal value</td><td style="text-align: right;">27,600mn yen</td></tr> <tr><td>Estimated NOI yield (Note 3)</td><td style="text-align: right;">4.7%</td></tr> </table>	Acquisition price	25,600mn yen	Appraisal value	27,600mn yen	Estimated NOI yield (Note 3)	4.7%	<ul style="list-style-type: none"> ■ Effect on dividends (Note 5) +¥599/unit(12th Period) +¥1,125/unit(full-period basis) +¥138mn(12th Period) +¥260mn(full-period basis) ■ Contribution to improvement of unrealized gains/losses +¥5,775mn <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Roppongi First Building</td> <td style="width: 30%;">unrealized loss(Note 6)</td> <td style="width: 40%; text-align: right;">△¥1,621mn</td> </tr> <tr> <td>ARK Forest Terrace</td> <td>unrealized loss(Note 6)</td> <td style="text-align: right;">△¥2,154mn</td> </tr> <tr> <td>Atago Green Hills</td> <td>unrealized gains(Note 7)</td> <td style="text-align: right;">+¥2,000mn</td> </tr> </table> ■ Gains on sale(after deduction of transfer expenses) +¥198mn(Note 8) 	Roppongi First Building	unrealized loss(Note 6)	△¥1,621mn	ARK Forest Terrace	unrealized loss(Note 6)	△¥2,154mn	Atago Green Hills	unrealized gains(Note 7)	+¥2,000mn
Transfer price	20,460mn yen																								
Appraisal value	18,600mn yen																								
Book value (Note 1)	20,221mn yen																								
NOI yield (Note 2)	2.2%																								
Acquisition price	25,600mn yen																								
Appraisal value	27,600mn yen																								
Estimated NOI yield (Note 3)	4.7%																								
Roppongi First Building	unrealized loss(Note 6)	△¥1,621mn																							
ARK Forest Terrace	unrealized loss(Note 6)	△¥2,154mn																							
Atago Green Hills	unrealized gains(Note 7)	+¥2,000mn																							
<div style="text-align: center; background-color: #cccccc; padding: 5px;">ARK Forest Terrace</div>  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Transfer price</td><td style="text-align: right;">5,140mn yen</td></tr> <tr><td>Appraisal value</td><td style="text-align: right;">2,960mn yen</td></tr> <tr><td>Book value (Note 1)</td><td style="text-align: right;">5,114mn yen</td></tr> <tr><td>NOI yield (Note 2)</td><td style="text-align: right;">2.1%</td></tr> </table>	Transfer price	5,140mn yen	Appraisal value	2,960mn yen	Book value (Note 1)	5,114mn yen	NOI yield (Note 2)	2.1%		<p>(Note 5) Calculation does not reflect special factors in the year in which the properties are to be acquired</p> <p>(Note 6) Difference between appraisal value and book value of property to be sold calculated</p> <p>(Note 7) Difference between appraisal value and acquisition price of properties to be acquired calculated</p> <p>(Note 8) A certain portion of gain on sales of real estate properties will be accumulated as provision of reserve for reduction entry</p>															
Transfer price	5,140mn yen																								
Appraisal value	2,960mn yen																								
Book value (Note 1)	5,114mn yen																								
NOI yield (Note 2)	2.1%																								
		<ul style="list-style-type: none"> • Sell low-yielding property (Roppongi First Building and ARK Forest Terrace) at higher price than the Book Value/ Appraisal value, while acquiring relatively high-yielding premium property (Note 4) (Atago Green Hills) for lower price than appraisal value • Realize improvement of NOI yield and containment of borrowing cost through reduction in appraisal value based LTV 																							

(Note 1) Book value stated shows the pro forma value on the planned date of sale based on the book value as of Jan. 31, 2012

(Note 2) NOI = Rent revenue (real estate) + Other lease business revenue-Expenses related to rent business+ Depreciation, while NOI yield is based on annualized estimated income in the 11th period

(Note 3) Estimated NOI yield doesn't reflect special factors in the year in which the properties to be acquired

(Note 4) Premium properties are defined as properties located in prime areas (Tokyo's Central 5 wards and its surrounding areas) that enable Mori Building Group to demonstrate its brand/marketing strength and facilities management capabilities based on the outstanding quality, size, and specification which are expected to maintain their competitive strength over a long time. In case building on land with leasehold satisfies criteria for Premium properties, land shall also be positioned as premium properties



■ MHR (Note 1)
 ■ Mori Bldg Group (Note 2)
 ■ Major properties under development in the neighborhood (Note 2)

(Note 1) Some portion of the building or a stake in it acquired by MHR
 (Note 2) As of date of this document, we have no plans to acquire it in whole or in part

Overview of properties acquiring



Atago Green Hills

MORI Tower (Office)

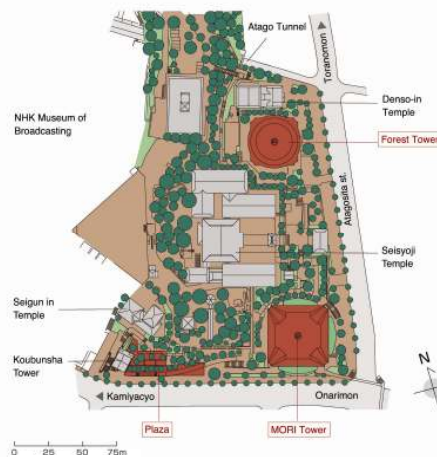
Location	2-5-1, Atago, Minato-ku, Tokyo
Completion	July 2001
Number of stories	42 floors above ground, 2 floors below
Gross floor area	85,266.30㎡

Forest Tower (Residential)

Location	2-3-1, Atago, Minato-ku, Tokyo
Completion	October 2001
Number of stories	43 floors above ground, 4 floors below
Gross floor area	60,815.71㎡

Plaza (Retail)

Location	3-21-5, Toranomon, Minato-ku, Tokyo
Completion	July 2001
Number of stories	2 floors above ground, 1 floor below
Gross floor area	2,083.60㎡



Portion to be acquired (45% quasi co-ownership of beneficiary rights)

Occupancy area	20,910.40㎡ (approx. 20.0% of total property)
Land area	2,276.88㎡ (approx. 17.5% of total property)

- A large-scale urban development well located in Tokyo CBD
- Symbolic exterior designed by worldwide renowned architect César Pelli
- Awarded certification as "Specified prime facilities providing countermeasures against global warming" in recognition of environmental protection efforts

1-5 Investment highlights

Policy②: Containment of borrowing costs



Refinancing of long-term loans in Nov. 2011

(Refinance in the 11th period)

	Bank loan in Nov. 2011
Loan amount	12,500mn yen
Interest rate (Note)	1.38% (floating rate)
Loan period	3 years

(Reference)

	Bank loan in Mar. 2009	Bank loan in Nov. 2009
Loan amount	2,000mn yen	9,500mn yen
Interest rate (Note)	2.04% (fixed rate)	2.02% (fixed rate)
Loan period	3 years	3 years

(Note) Interest rate for the new loan is set at execution of borrowing. Figures are rounded up to two digits below decimal point

Key financials

	End of 10th period Jul. 31, 2011	End of 11th period Jan. 31, 2012	After the asset swap May 1, 2012
Debt Balance	107,112mn yen	107,000mn yen	106,950mn yen
Short-term loan	17,000mn yen	17,000mn yen	17,000mn yen
Long-term loan	65,112mn yen	65,000mn yen	64,950mn yen
Investment corporation bonds	25,000mn yen	25,000mn yen	25,000mn yen
LTV (total assets basis) (Note 1)	48.9%	48.8%	48.8% (Note 4)
LTV (appraisal value basis) (Note 2)	56.4%	53.7%	52.1% (Note 4)
DSCR (Note 3)	4.0x	4.2x	-
Avg. remaining duration	1.29 years	1.46 years	-
Weighted avg. interest rate	1.58%	1.56%	-

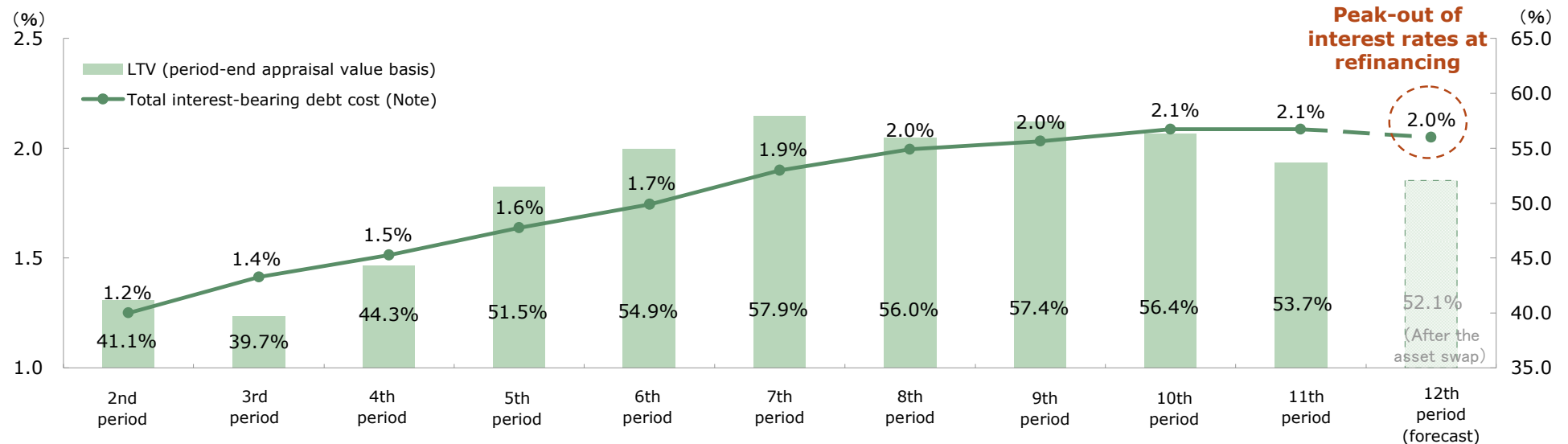
(Note 1) LTV (book value basis) is calculated as [Interest bearing debt/Total assets]

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

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

(Note 4) Estimated value after the asset swap with the sponsor in the 12th period

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



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

1-6 Investment highlights

Medium-term goals and DPU simulations

Present forecast

DPU (Period ending Jul. 2012: forecast) 8,700 yen/unit

Medium-term goals

Dividend: 10,000 yen/unit

DPU simulations

(1) Asset swap (Increase NOI by asset swap with sponsors) (Note 1)

		Amount of asset swap			
		¥15,000mn		¥25,000mn	
		Distributable profit/period	DPU	Distributable profit/period	DPU
Difference in NOI yield between assets to be acquired and assets to be transferred	+2.5%	+¥187mn	+¥809	+¥312mn	+¥1,349
	+2.0%	+¥150mn	+¥647	+¥250mn	+¥1,079

Properties for potential sale (Note 2)

	Book Value	NOI yield
Koraku Mori Building	¥26,117mn	2.9%
Roppongi First Plaza	¥2,204mn	3.8%
Total	¥28,321mn	2.9%

(2) Containment of borrowing costs (Decrease interest rate by improving LTV (MV basis) with asset swap: assuming interest-bearing debt of 107.0 billion yen) (Note 1)

Decrease in interest rate									
△0.1%		△0.2%		△0.3%		△0.4%		△0.5%	
Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU
+¥53mn	+¥231	+¥107mn	+¥462	+¥160mn	+¥693	+¥214mn	+¥924	+¥267mn	+¥1,155



- Sponsor provides various support to achieve the original ideal for "Mori Building Co., Ltd., an unlisted company, and MHR to grow together" (the advantage of an unlisted sponsor company is flexible support such as asset swaps, while enabling Mori Building to pursue long-term, strategic vision).
- Mori Building Co., Ltd. has extensive property pipeline (total assets of 1.1 trillion yen as of March 2011 and 113 buildings for lease as of April 2011), and MHR is able to acquire properties based on preferential negotiation rights without going through a competitive bidding process.

(Note 1) This simulation shows the impact of asset swaps or change in financial costs on MHR's earnings with a simplified calculation assuming the other conditions remained constant. The actual results may differ from this simulation. The simulation is based on the number of units outstanding of 231,520 units as of March 16, 2012.

(Note 2) NOI yield is projected NOI yield for the 12th period based on the acquisition price.

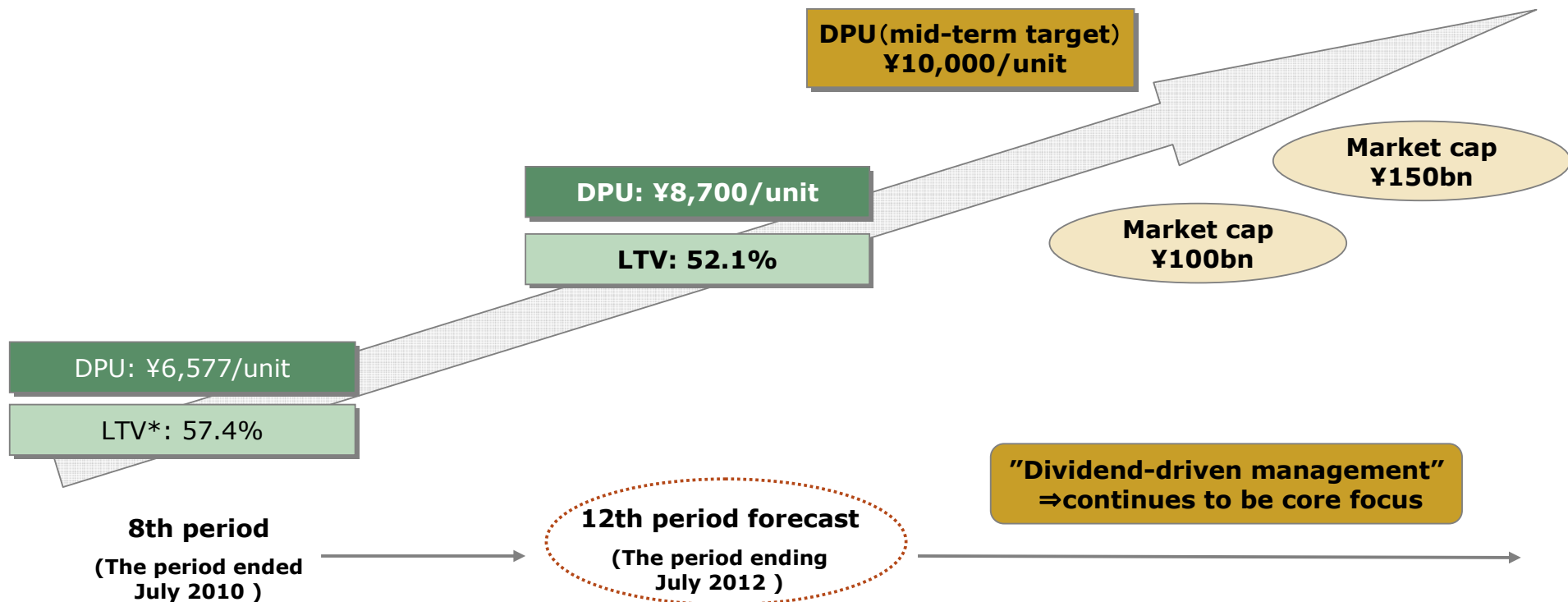
1-7 Investment highlights Outlook for the future

1st step: "Turnaround" based on the "New Management Policy"

- "Increase dividends" + "Improve financial structure"
 - Asset swaps with the sponsor (the 4th asset swap to be exercised in May 1, 2012)
 - Rent stabilization with fixed leases (Increase in the ratio of fixed-rent properties from 10.0% to 84.7%)
 - Improvement of MV based LTV + Containment of borrowing costs
 - Cost reduction (PM/BM costs, AM fees, etc.)

2nd step: Increase market value

- "First Look Rights" of Mori Building's properties in its strong pipeline
(Total assets of 1.1 trillion yen as of March 2011 and 113 buildings for lease as of April 2011)
- Expand the scope of investment targets
- M&A



*Market value based LTV denotes the "LTV based on appraisal value"; value for the 8th period shows the value at the end of 9th Period (period ended Jan. 2011) which was the highest since introduction of the new management policy

1-8 Investment highlights MHR's earthquake-resistance features

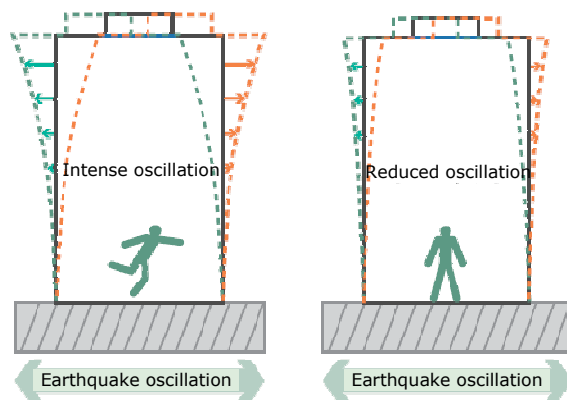
MHR properties' PML and earthquake-resistant features (After the asset swap)

Lowest portfolio PML of all J-REITs : 0.71%

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

Seismic damping

Minimize the level of oscillation



<Normal earthquake resistant building>

<Building with seismic damping>

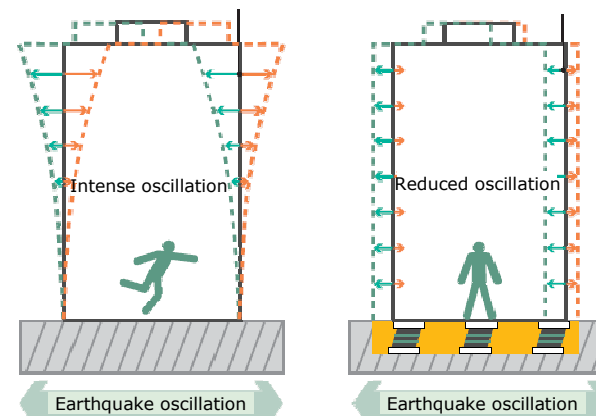
Seismic damping reduces earthquake magnitude of oscillation by approx. 20%



Viscous seismic damping wall

Seismic isolators

Oscillate slowly and horizontally



<Normal earthquake resistant building>

<Building with Seismic Isolators>

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



Seismic isolators

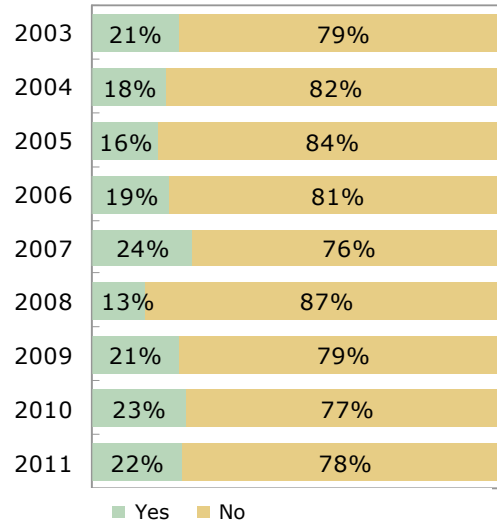
(Reference)

Impact of the Tohoku earthquake	Earthquake restoration expenses very minor: 13mn yen (ratio to total acquisition price of properties*: 0.006%)
---------------------------------	--

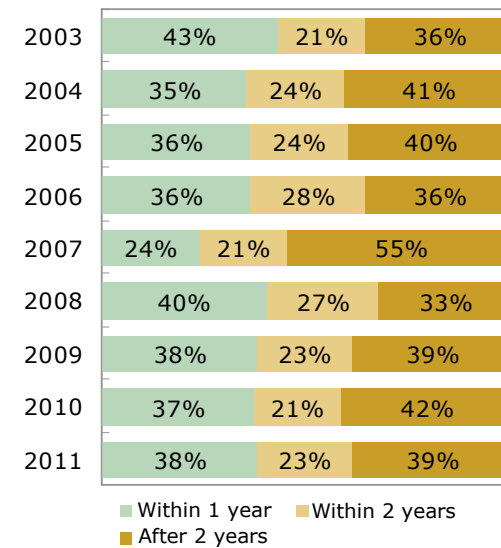
*Ratio to total acquisition price of properties is based on the total acquisition price in the end of 10th period

Survey of office space requirements in Tokyo's 23 wards

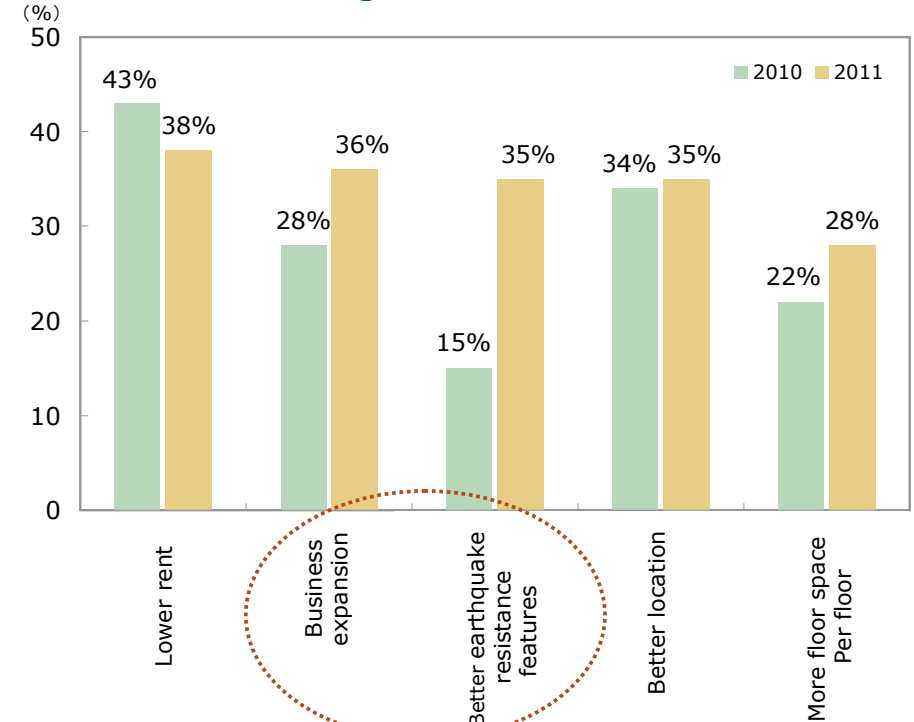
Interested in relocating to a new office



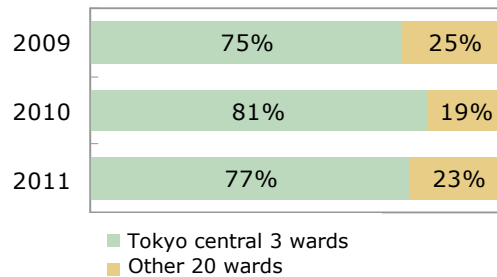
Timing to relocate



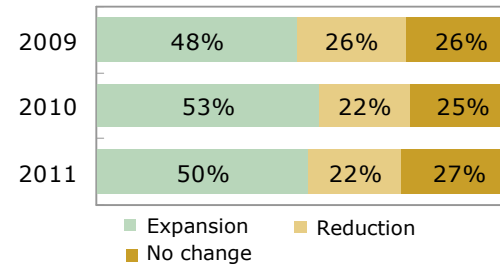
Reason for relocating to a new office



Location of new office



Planned space expansion/reduction

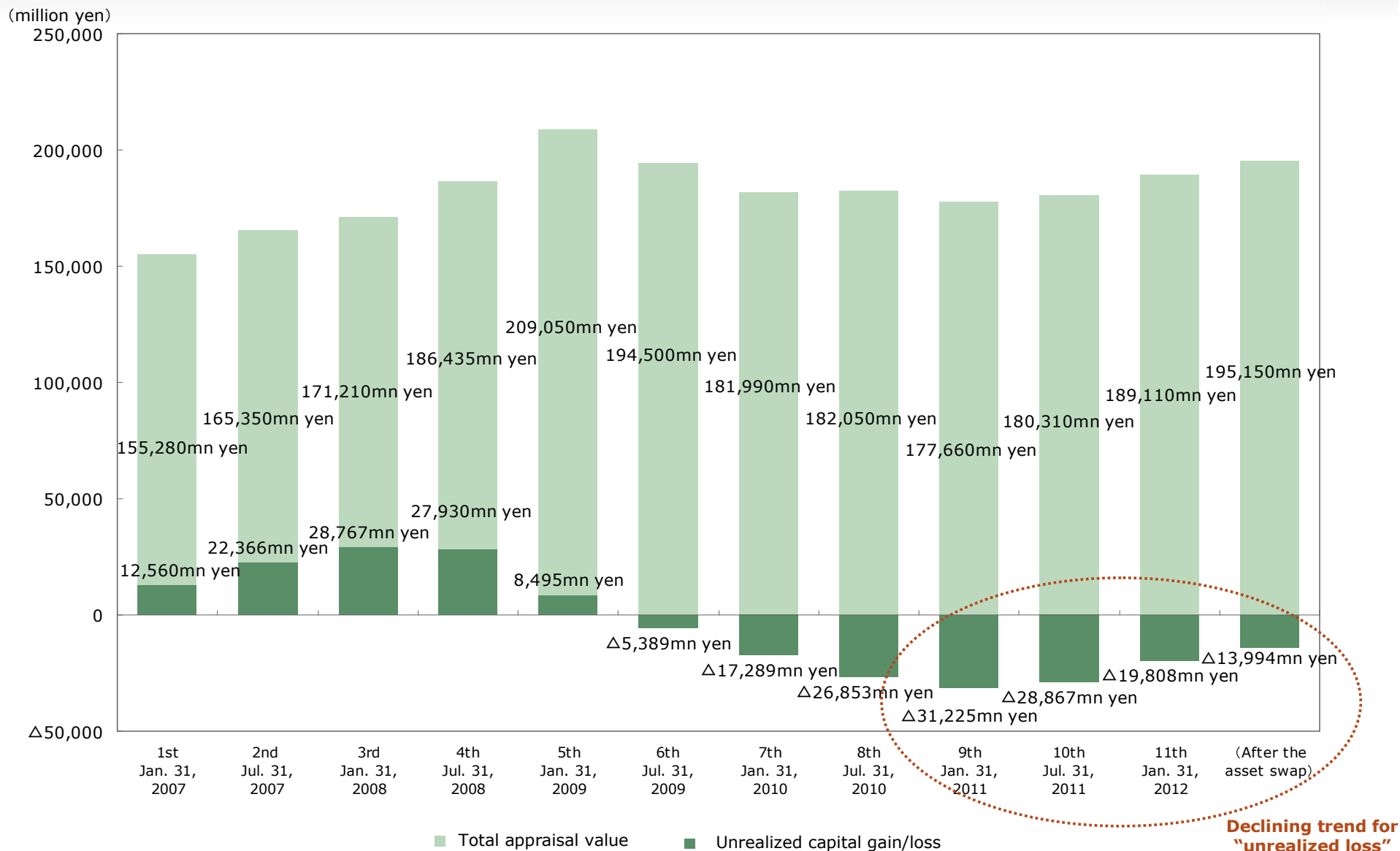


(Source) Mori Building "Market Trend Survey of the Large-scale Office Buildings in Tokyo's 23 wards, 2011"

(Note) Survey conducted from mid Nov. to early Dec. 2011; survey covered top 10,000 companies by capital with headquarters in Tokyo 23 wards. 2,060 companies responded (e.g. response rate was 20.6%)

- ① Continued interest in relocation within Tokyo. Companies planning to relocate remains above 20% for three consecutive years
- ② Demand focused on Tokyo's central 3 wards (77% of companies planning to lease new space prefer locations in Tokyo's central 3 wards)
- ③ 50% of companies which intend to move their offices are planning to expand the GFA of their offices
- ④ Huge jump in desire for buildings with earthquake resistance - "want to relocate into an earthquake resistant building" increased dramatically from 15% to 35%

1-10 Investment highlights Change in total appraisal value



(Note1) Asset swap during the 11th Period, under which MHR sold Roppongi Hills Gate Tower and acquired 1.5 floors of Roppongi Hills Mori Tower (23rd floor and 50% of 24th floor) and 3 floors of ARK Mori Building (4th floor, 15th floor and 24th floor)
 (Note2) Asset swap during the 12th Period, under which MHR is selling Roppongi First Building and ARK Forest Terrace and acquiring Atago Green Hills (20.0% of total)

1-11 Investment highlights Appraisal value

(million yen)

Type	Property name	Property No.	Acquisition price	Book value	As of end of 10th period (Jul. 31, 2011)		As of end of 11th period (Jan. 31, 2012)				Difference (B) - (A)	Difference (B)/(A) - 1	Unrealized capital gain (B)-book value	
					(A) Appraisal value	Yield (direct capitalization method)	(B) Appraisal value	Yield (direct capitalization method)	Discount (DCF)	Terminal yield (DCF)				
Office	Roppongi Hills Mori Tower (Note 2)	O-0	25,490	25,479	7,370	3.8%	29,600	3.8%	3.5%	4.0%	22,230	301.6%	4,120	
	ARK Mori Building (Note 3)	O-1	58,970	58,709	35,500	3.8%	55,300	3.8%	3.5%	4.0%	19,800	55.8%	△ 3,409	
	Roppongi Hills Gate Tower (Note 4)	O-2	-	-	31,900	3.9%	-	-	-	-	△ 31,900	-	-	
	Roppongi First Building	O-3	21,000	20,246	19,400	4.3%	18,600	4.2%	3.9%	4.4%	△ 800	△ 4.1%	△ 1,646	
	Koraku Mori Building (Note 5)	O-4	27,200	26,117	22,080	4.7%	21,680	4.6%	4.2%	4.9%	△ 400	△ 1.8%	△ 4,437	
	Akasaka Tameike Tower	O-6	43,930	43,363	30,000	4.0%	30,000	4.0%	3.7%	4.2%	0	0.0%	△ 13,363	
	Sub total			176,590	173,916	146,250	-	155,180	-	-	-	8,930	6.1%	△ 18,736
Residential	Moto-Azabu Hills	R-1	1,706	1,668	1,700	4.7%	1,720	4.6%	4.2%	4.8%	20	1.2%	51	
	ARK Forest Terrace	R-2	5,300	5,127	3,040	5.0%	2,960	4.9%	4.7%	5.1%	△ 80	△ 2.6%	△ 2,167	
	Roppongi First Plaza	R-3	2,100	2,204	1,650	5.2%	1,620	5.1%	4.9%	5.3%	△ 30	△ 1.8%	△ 584	
	Roppongi View Tower	R-4	4,000	3,927	3,170	5.3%	3,130	5.2%	5.0%	5.4%	△ 40	△ 1.3%	△ 797	
	Sub total			13,106	12,928	9,560	-	9,430	-	-	-	△ 130	△ 1.4%	△ 3,498
Retail	Laforet Harajuku (Land) (Note 6)	S-1	21,820	22,074	24,500	5.1%	24,500	-	5.1%	-	0	0.0%	2,425	
	Sub total			21,820	22,074	24,500	-	24,500	-	-	0	0.0%	2,425	
Total				211,516	208,918	180,310	-	189,110	-	-	-	8,800	4.9%	△ 19,808

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

(Note 2) Additional portion of Roppongi Hills Mori Tower (50% of the 23th floor and the 24th floor) was acquired during the 11th period

(Note 3) Additional portion of ARK Mori Building (4th floor, 15th floor and the 24th floor) was acquired during the 11th period

(Note 4) Roppongi Hills Gate Tower was sold during the 11th Period. Difference of the property is omitted

(Note 5) Koraku Mori Building's acquisition price and book value are based on the appraisal value stated in the research report multiplied by the REIT's portion of Joint ownership in the quasi-undivided interests of the Trust beneficiary interests (80%)

(Note 6) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 10th period shows the discount rate used in the DCF analysis

2. 11th period financial highlights

2-1 11th period financial highlights Financial summary



	Actual		Difference	
	10th period	11th period	11th - 10th period	
	181 days	184 days		
Operating days				
Operating revenue	5,257	4,765	△ 492	△ 9.4%
Rent revenue-real estate	4,586	4,417	△ 169	△ 3.7%
Rents incl. CAM fees	4,541	4,383	△ 158	△ 3.5%
Office	2,932	3,151	218	7.5%
Residential	804	573	△ 231	△ 28.7%
Retail	157	11	△ 146	△ 92.6%
Land	646	646	-	-
Other rent revenue	45	34	△ 10	△ 23.4%
Other lease business revenue	334	160	△ 174	△ 52.1%
Gain on sales of real estate properties	336	187	△ 148	△ 44.2%
Operating expenses	2,197	1,656	△ 541	△ 24.6%
Expenses related to rent business	1,878	1,348	△ 530	△ 28.2%
Profit on real estate rental	3,043	3,229	186	6.1%
Depreciation and amortization	670	647	△ 22	△ 3.4%
NOI	3,713	3,877	163	4.4%
NOI yield	3.5%	3.6%	0.1PT	4.7%
SG&A	319	308	△ 11	△ 3.5%
Operating income	3,059	3,108	49	1.6%
Non-operating income	3	1	△ 1	△ 52.8%
Non-operating expenses	1,115	1,113	△ 2	△ 0.2%
Interest expenses	861	837	△ 24	△ 2.8%
Other non-operating expenses	254	276	22	8.7%
Non-operating income/expenses	△ 1,111	△ 1,111	0	0.0%
Ordinary income	1,947	1,997	49	2.5%
Extraordinary loss	13	-	△ 13	-
Income before income taxes	1,934	1,997	62	3.2%
Total income taxes	1	0	△ 0	△ 1.7%
Net income	1,933	1,996	62	3.2%
Total units outstanding (units)	231,520	231,520	-	-
Dividend/unit (yen)	8,352	8,622	270	3.2%
Total acquisition price	212,136	211,516	△ 620	△ 0.3%

- Additional acquisition of ARK Mori Building +418
- Additional acquisition of Roppongi Hills Mori Tower +452
- Sale of Roppongi Hills Gate Tower △654
- ARK Mori Building acquired in 10th period (difference of operating days) +61

- Akasaka Tameike Tower (office) change to fixed master lease contract +16

- Roppongi First Building △24
- Koraku Mori Building △50

- Sale of Roppongi Hills Gate Tower △121

- Moto-Azabu Hills sold in 10th period (difference of operating days) △109

- Sale of Roppongi Hills Gate Tower △139

- Sale of Roppongi Hills Gate Tower △105

- Akasaka Tameike Tower (office) change to fixed master lease contract △66

- Additional acquisition of Roppongi Hills Mori Tower +73
- Additional acquisition of ARK Mori Building +50
- Sale of Roppongi Hills Gate Tower △447

- Akasaka Tameike Tower (office) change to fixed master lease contract △120

- Moto-Azabu Hills sold in 10th period (difference of operating days) △72

- Interest expenses △28
- Interest on investment corporation bonds +4

- Borrowing expenses +22

2-2 11th period financial highlights

Comparison between forecast and results

(million yen)

	11th period			
	Forecast	Actual	Actual - Forecast	
	184 days	184 days		
Operating revenue	4,761	4,765	3	0.1%
Rent revenue-real estate	4,407	4,417	10	0.2%
Rents incl. CAM fees	4,372	4,383	10	0.2%
Office	3,148	3,151	3	0.1%
Residential	566	573	7	1.3%
Retail	11	11	0	0.2%
Land	646	646	-	-
Other rent revenue	34	34	△ 0	△ 0.4%
Other lease business revenue	169	160	△ 8	△ 5.3%
Gain on sales of real estate properties	185	187	2	1.2%
Operating expenses	1,652	1,656	4	0.2%
Expenses related to rent business	1,362	1,348	△ 14	△ 1.0%
Profit on real estate rental	3,214	3,229	15	0.5%
Depreciation and amortization	636	647	10	1.7%
NOI	3,850	3,877	26	0.7%
NOI yield	3.6%	3.6%	0.0PT	0.7%
SG&A	290	308	18	6.3%
Operating income	3,109	3,108	△ 0	△ 0.0%
Non-operating income	2	1	△ 1	△ 41.3%
Non-operating expenses	1,142	1,113	△ 29	△ 2.6%
Interest expenses	852		△ 15	△ 1.8%
Other non-operating expenses	290		△ 13	△ 4.8%
Non-operating income/expenses	△ 1,140	△ 1,111	28	△ 2.5%
Ordinary income	1,969	1,997	28	1.4%
Income before income taxes	1,969	1,997	28	1.4%
Total income taxes	1	0	△ 0	△ 10.2%
Net income	1,967	1,996	28	1.4%
Total units outstanding (units)	231,520	231,520	-	-
Dividend/unit (yen)	8,500	8,622	122	1.4%
Total acquisition price	211,516	211,516	-	-

ARK Forest Terrace +7
Roppongi First Plaza +5
Moto-Azabu Hills △5

Heating/cooling usage, etc. △14

Leasing fee +4
Repair expenses △12
Utilities △19
Depreciation and amortization +10

Interest expenses △15

Borrowing expenses △13

2-3 11th period financial highlights Projection

			(million yen)			
	Actual	Forecast	Difference			
	11th period	12th period	12th - 11th period			
Operating days	184 days	182 days				
Operating revenue	4,765	4,814	49	1.0%	Acquisition of Atago Green Hills	+228
Rent revenue-real estate	4,417	4,465	48	1.1%	Sale of Roppongi First Building	△191
Rents incl. CAM fees	4,383	4,447	64	1.5%	Koraku Mori Building	△16
Office	3,151	3,171	19	0.6%		
Residential	573	602	29	5.1%	Acquisition of Atago Green Hills	+93
Retail	11	27	15	132.8%	Sale of ARK Forest Terrace	△66
Land	646	646	-	-		
Other rent revenue	34	18	△ 16	△ 47.3%	Acquisition of Atago Green Hills	+16
Other lease business revenue	160	150	△ 9	△ 5.9%		
Gain on sales of real estate properties	187	198	10	5.8%	Sale of Roppongi First Building	△15
Operating expenses	1,656	1,650	△ 6	△ 0.4%		
Expenses related to rent business	1,348	1,350	2	0.2%		
Profit on real estate rental	3,229	3,266	36	1.1%	Acquisition of Atago Green Hills	+90
Depreciation and amortization	647	673	25	3.9%	Sale of Roppongi First Building	△88
NOI	3,877	3,939	61	1.6%	Sale of ARK Forest Terrace	△52
NOI yield	3.6%	3.7%	0.1PT	2.9%	Property taxes, etc	+46
SG&A	308	299	△ 8	△ 2.8%		
Operating income	3,108	3,164	55	1.8%		
Non-operating income	1	2	0	59.5%		
Non-operating expenses	1,113	1,094	△ 18	△ 1.7%		
Interest expenses	837	822	△ 14	△ 1.7%	Interest expenses	△14
Other non-operating expenses	276	272	△ 4	△ 1.4%		
Non-operating income/expenses	△ 1,111	△ 1,092	19	1.7%		
Ordinary income	1,997	2,072	75	3.8%		
Income before income taxes	1,997	2,072	75	3.8%		
Total income taxes	0	1	0	11.3%		
Net income	1,996	2,071	75	3.8%		
Provision of reserve for reduction entry	-	57	57	-		
Total units outstanding (units)	231,520	231,520	-	-		
Dividend/unit (yen)	8,622	8,700	78	0.9%		
Total acquisition price	211,516	210,816	△ 700	△ 0.3%		

(Note 1) Property taxes for properties acquired for each period have not been charged in respective years but included in acquisition costs. Property taxes for properties acquired during the 10th and 11th periods are charged in the 12th period for three months

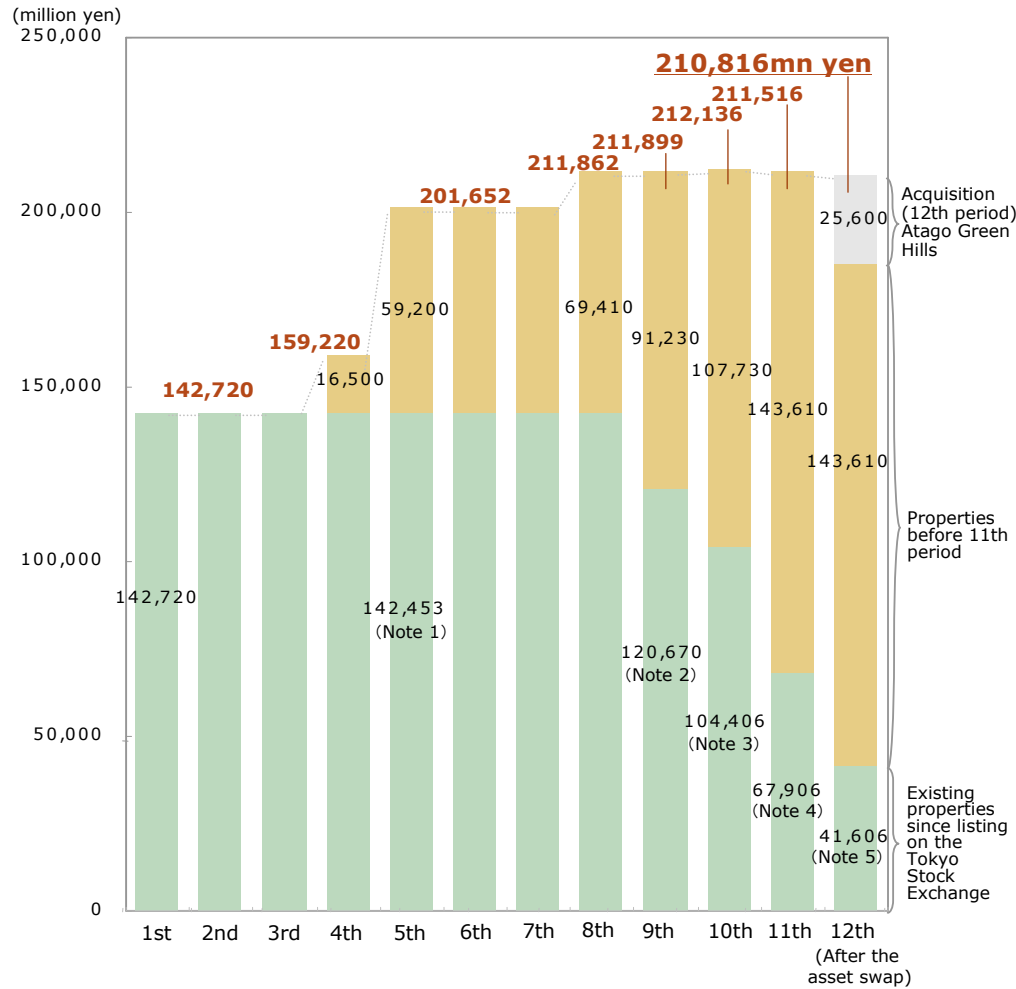
(Note 2) We intend to distribute the remainder of Net income less Provision of reserve for reduction entry (part of gain on sales of real estate properties) in the 12th period

3. Operation highlights

3-1 Operation highlights Portfolio overview

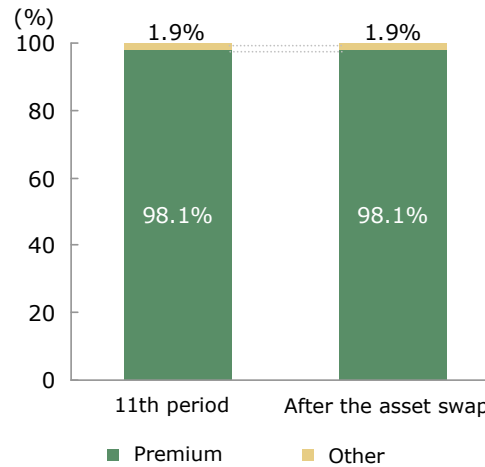


Change in assets under management

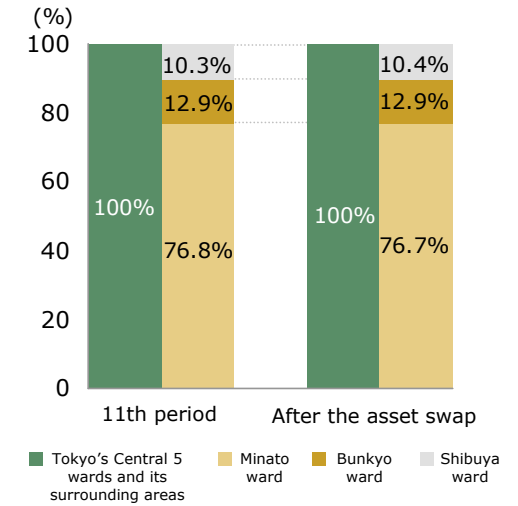


- (Note 1) MHR sold Moto-Asabi Hills (one residential unit) in the 5th period.
- (Note 2) MHR sold Toranomon 35 Mori Building and Moto-Azabu Hills (42 residential units) in the 9th period.
- (Note 3) MHR sold Moto-Azabu Hills (86 residential units) in the 10th period.
- (Note 4) MHR sold Roppongi Hills Gate Tower in the 11th period.
- (Note 5) MHR plan to sell Roppongi First Building and ARK Forest Terrace.

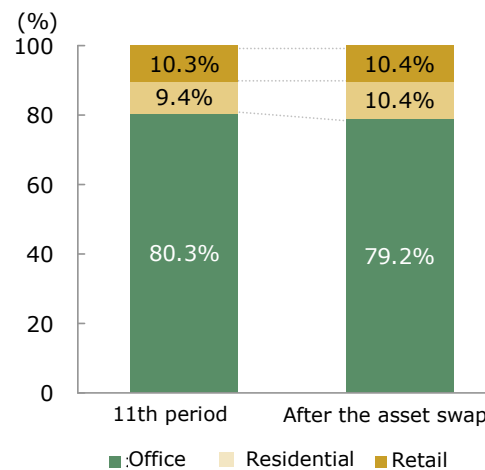
Quality



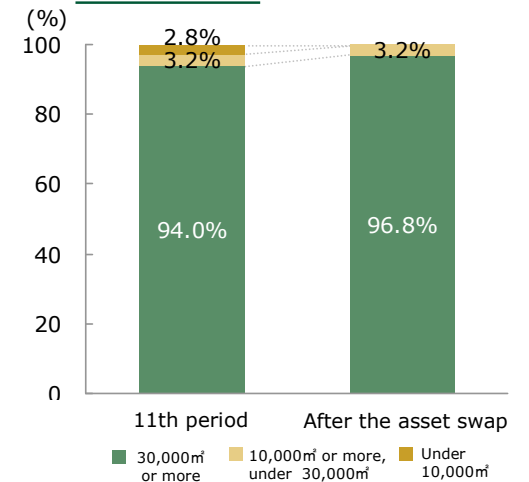
Area



Type



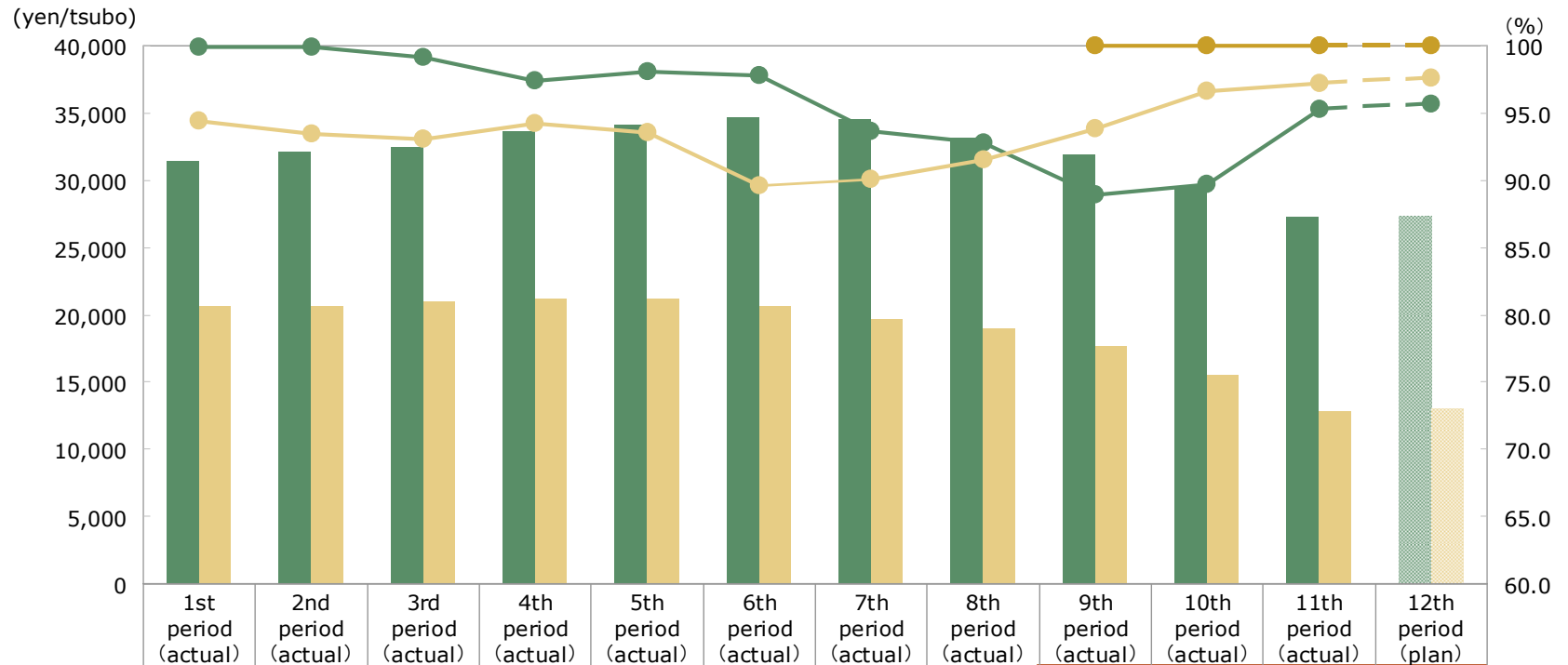
Size (Note 3)



- (Note 1) The ratios represent proportions of acquisition price to total acquisition price.
- (Note 2) For calculation of breakdown by type, acquisition price for Akasaka Tameike Tower and Atago Green Hills are divided into offices and residences
- (Note 3) Chart showing "Size" does not include Laforet Harajuku (land).

3-2 Operation highlights

Changes in the rent and occupancy rates



	1st period (actual)	2nd period (actual)	3rd period (actual)	4th period (actual)	5th period (actual)	6th period (actual)	7th period (actual)	8th period (actual)	9th period (actual)	10th period (actual)	11th period (actual)	12th period (plan)
Office unit rent (yen/tsubo)	31,450	32,068	32,462	33,648	34,118	34,725	34,554	33,187	31,901	29,555	27,314	27,403
Residential unit rent (yen/tsubo)	20,625	20,674	20,964	21,157	21,234	20,664	19,658	18,959	17,648	15,492	12,833	12,979
Office occupancy (%)	99.9%	100%	99.1%	97.4%	98.1%	97.8%	93.7%	92.7%	88.9%	89.6%	95.3%	95.7%
Residential occupancy (%)	94.4%	93.4%	93.1%	94.2%	93.5%	89.6%	90.1%	91.5%	93.8%	96.7%	97.2%	97.6%
Retail occupancy (%)	-	-	-	-	-	-	-	-	100%	100%	100%	100%

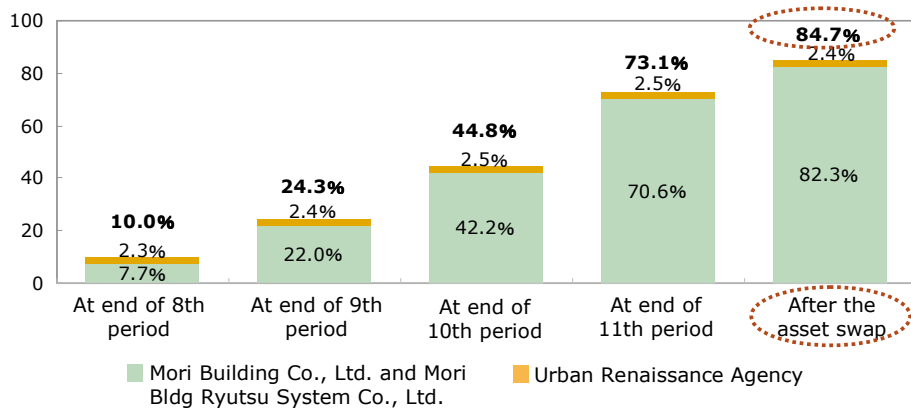
(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant periods.

- Due to change in composition of properties and lease methods starting in the 9th period, the rent data is less comparable – particularly, a substantial decline in residential per/unit rent after the 9th period resulted from the sale of numerous, luxury Moto-Azabu Hills units
- Increase in the number of fixed-rent properties with master lease contract from the 9th period helped stabilize and increase rents and occupancy rates

3-3 Operation highlights

Breakdown of rent income and office leasing overview①

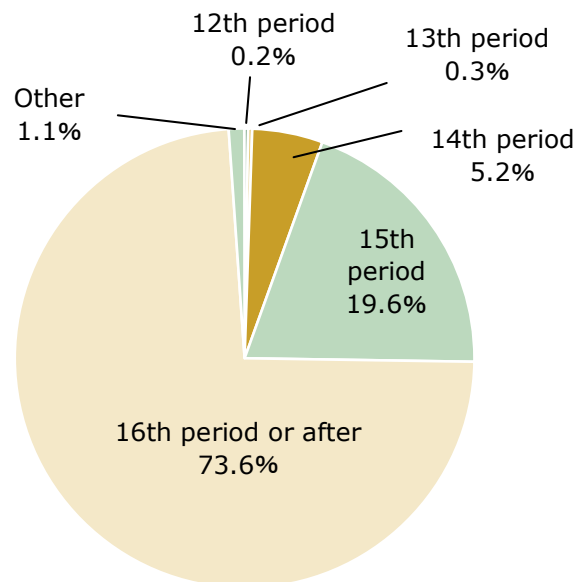
Ratio of fixed rent property



(Note 1) Laforet Harajuku (land) is leased to Mori Bldg Ryutsu System Co., Ltd. and Roppongi View Tower is leased to Urban Renaissance Agency

(Note 2) Figures in the charts represent the ratio of rent revenue from fixed rent property based on monthly rents at the last month of the 8th period, 9th period, 10th period, 11th period and after the asset swap, which reflect the situation of tenants as of February 24, 2012 including move in/out and revision to the rent revenue from all property (excluding revenue from parking lot and other income)

Rent revenue breakdown by timing of renewal-Office



Difference in current office rent and market rent

		Comparison to market rents					Total
		Higher		Equivalent	Lower		
		Over 10%	10%~0%	0%	0%~ Δ 10%	Δ 10%~ Δ 20%	
12th period	Limited term	-	-	-	-	-	-
	Traditional	-	-	-	-	-	-
13th period	Limited term	-	-	-	-	-	-
	Traditional	-	-	-	-	-	-
14th period	Limited term	16.8	-	-	14.7	-	39.4
	Traditional	-	-	-	-	-	-
15th period	Limited term	-	12.9	-	-	-	16.4
	Traditional	-	-	-	-	-	-
After 16th period	Limited term	-	-	-	16.2	-	38.1
	Traditional	-	-	447.1	-	-	447.1
Total		16.8	12.9	447.1	31.0	-	541.2
Average of the difference		18.3%	2.0%	0.0%	Δ 4.2%	-	Δ 31.7%
Ratio		3.1%	2.4%	82.6%	5.7%	-	6.1%
		5.5%		82.6%		11.9%	

(Note 1) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of February 24, 2012 including move in/out and rent revision, that are classified by % divergence from market rent levels

(Note 2) Market rents are determined by the asset manager based on the capitalized value used for appraisal of properties at the end of the 11th period as reported in the research report

(Note 3) Roppongi First Building is excluded and Atago Green Hills included following the planned asset swap in the 12th period

Result of rent revision - Office

		No. of tenants	Monthly rent prior to rent change	Monthly rent after rent change	Increase/decrease in monthly rent	Rate of revision
Already agreed	7th period	9	103.0mn yen	90.5mn yen	△12.5mn yen	△ 12.1%
	8th period	12	134.6mn yen	114.5mn yen	△20.1mn yen	△ 15.0%
	9th period	3	5.7mn yen	4.3mn yen	△1.4mn yen	△ 24.7%
	10th period	4	154.8mn yen	115.7mn yen	△39.1mn yen	△ 25.3%
	11th period	5	50.3mn yen	40.3mn yen	△10.0mn yen	△ 20.0%
	12th period	0	-	-	-	-

(Note 1) Roppongi First Building is excluded from the 12th period on, following the planned asset swap in the 12th period

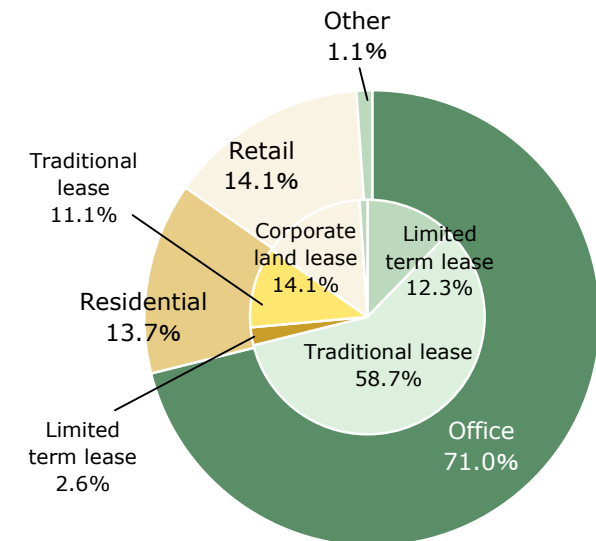
(Note 2) There are no tenants who are due to renew their rents in the 12th and 13th period

Breakdown of monthly rent revenue and agreement renewal timing

Tenant type	Type of lease contract	Total rent per month	Ratio	Agreement renewal timing (million yen)				
				12th period	13th period	14th period	15th period	16th period-
Office tenant	Limited term	94.0	12.3%	-	-	39.4	16.4	38.1
	Traditional	447.1	58.7%	-	-	-	-	447.1
	Total	541.2	71.0%	-	-	39.4	16.4	485.3
Residential tenant	Limited term	20.0	2.6%	1.5	1.5	0.3	6.6	9.9
	Traditional	84.7	11.1%	0.0	0.3	0.0	18.6	65.6
	Total	104.7	13.7%	1.5	1.9	0.3	25.2	75.6
Retail tenant	Corporate land	107.8	14.1%	-	-	-	107.8	-
	Total	107.8	14.1%	-	-	-	107.8	-
Sub total		753.7	98.9%	1.5	1.9	39.7	149.4	561.0
Others	Retail	7.1	0.9%					
	Parking	0.7	0.1%					
	Others	0.4	0.1%					
Sub total		8.3	1.1%					
Total		762.0	100%					

(Note) Situation of tenants reflects actual move in/out and revised rents as of Aug. 26, 2011

Rent revenue breakdown by types of lease contract

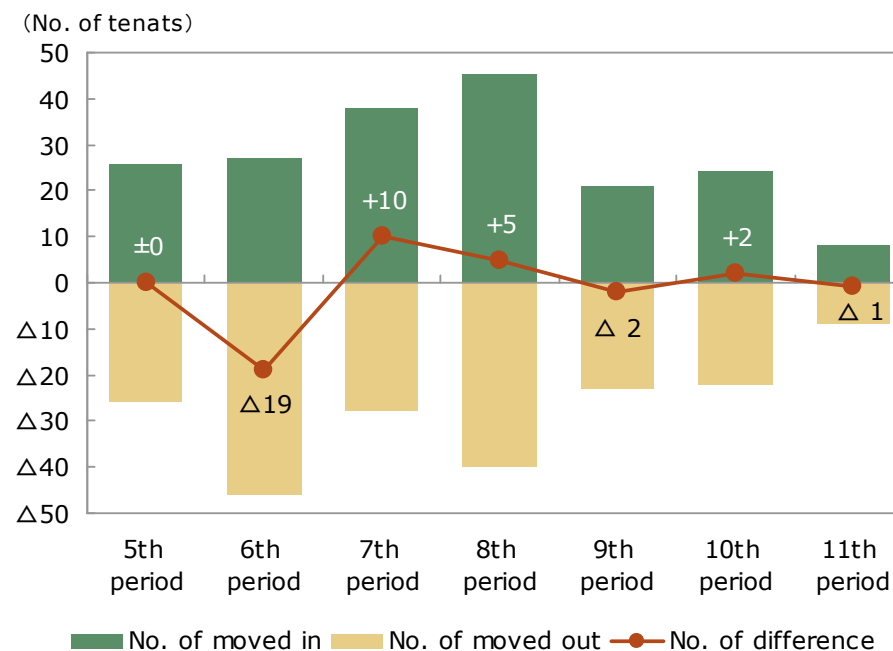


Adjustments-residential

	Moved in	Moved out	Difference
5th period	26	26	±0
	24,607	25,466	△ 859
6th period	27	46	△ 19
	20,183	23,223	△ 3,040
7th period	38	28	+10
	18,045	23,702	△ 5,657
8th period	45	40	+5
	18,456	22,450	△ 3,994
9th period	21	23	△ 2
	14,292	22,281	△ 7,989
10th period	24	22	+2
	16,989	19,878	△ 2,889
11th period	8	9	△ 1
	19,814	19,433	+382

(Note) Upper line: No. of moved in/moved out. Lower line: Average rent (yen/tsubo per month)

Change in moved in and moved out

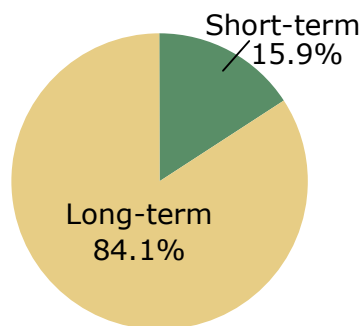


3-6 Operation highlights

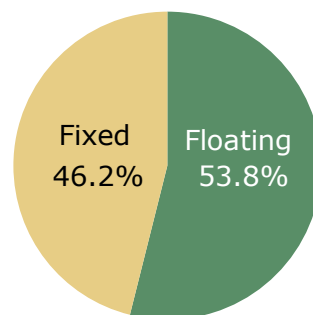
Financial overview (As of January 31, 2012)

Long and short-term debt ratio/Fixed rate ratio

**Long and short-term debt ratio
(End of 11th period)**



**Fixed rate ratio
(End of 11th period)**

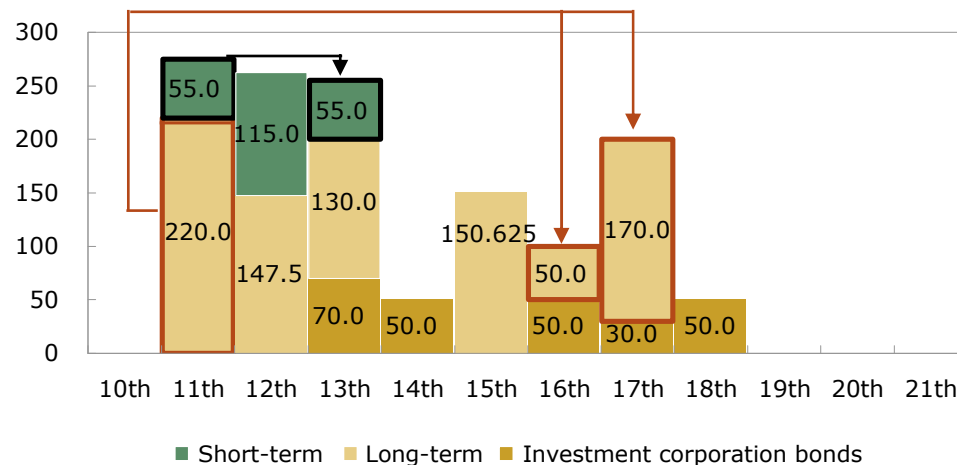


Outstanding balances

Lenders	Balance	Ratio
Mizuho Corporate Bank, Ltd.	12,055mn yen	14.7%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,055mn yen	14.7%
Mitsubishi UFJ Trust and Banking Corporation	12,055mn yen	14.7%
Sumitomo Mitsui Banking Corporation	11,279mn yen	13.8%
The Sumitomo Trust & Banking Co., Ltd.	10,456mn yen	12.8%
The Norinchukin Bank	4,200mn yen	5.1%
Development Bank of Japan, Inc.	4,000mn yen	4.9%
Aozora Bank, Ltd.	4,000mn yen	4.9%
The Bank of Fukuoka, Ltd.	4,000mn yen	4.9%
Resona Bank, Limited.	2,500mn yen	3.0%
Shinsei Bank, Ltd.	2,400mn yen	2.9%
The Oita Bank, Ltd.	1,000mn yen	1.2%
ShinGinko Tokyo, Limited	1,000mn yen	1.2%
The Hiroshima Bank, Ltd.	1,000mn yen	1.2%
Total borrowings	82,000mn yen	100%
Investment corporation bonds	25,000mn yen	
Total interest-bearing debt	107,000mn yen	

Overview of maturity

(100mn yen)



Ratings

Japan Credit Rating Agency, Ltd. (JCR)
Senior long-term credit rating AA- (Negative)

Moody's Japan K.K.
Issuer rating Baa1(Note)

(Note) Moody's Japan K.K. announced on Dec. 20, 2011 that it has put the rating of MHR on review for possible downgrade

3-7 Operation highlights

Unitholders breakdown (As of January 31, 2012)



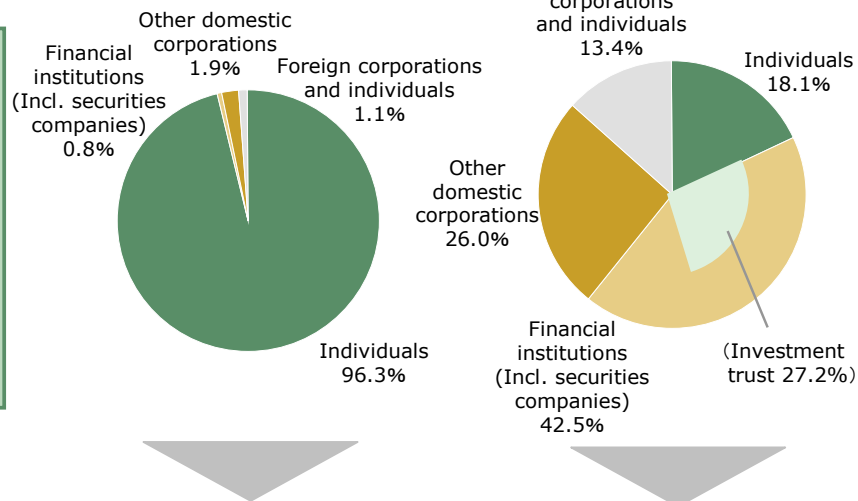
HILLS REIT

Unitholders breakdown

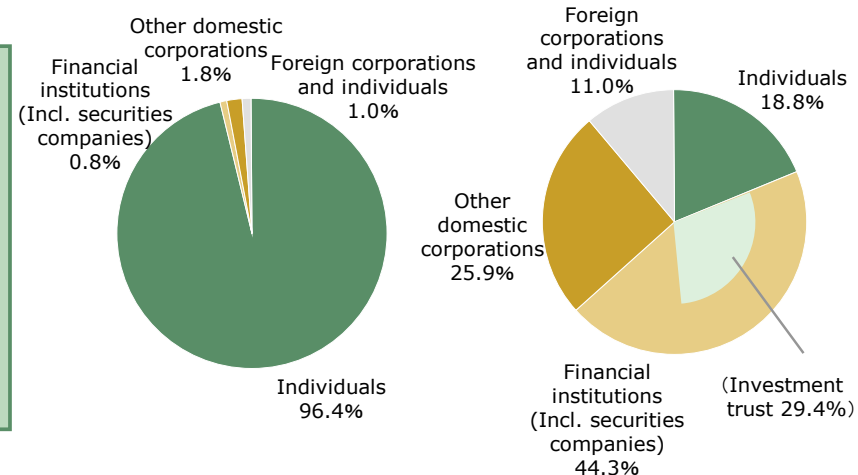
Number of unitholders

Number of investment units

End of 10th period



End of 11th period



Top 10 unitholders

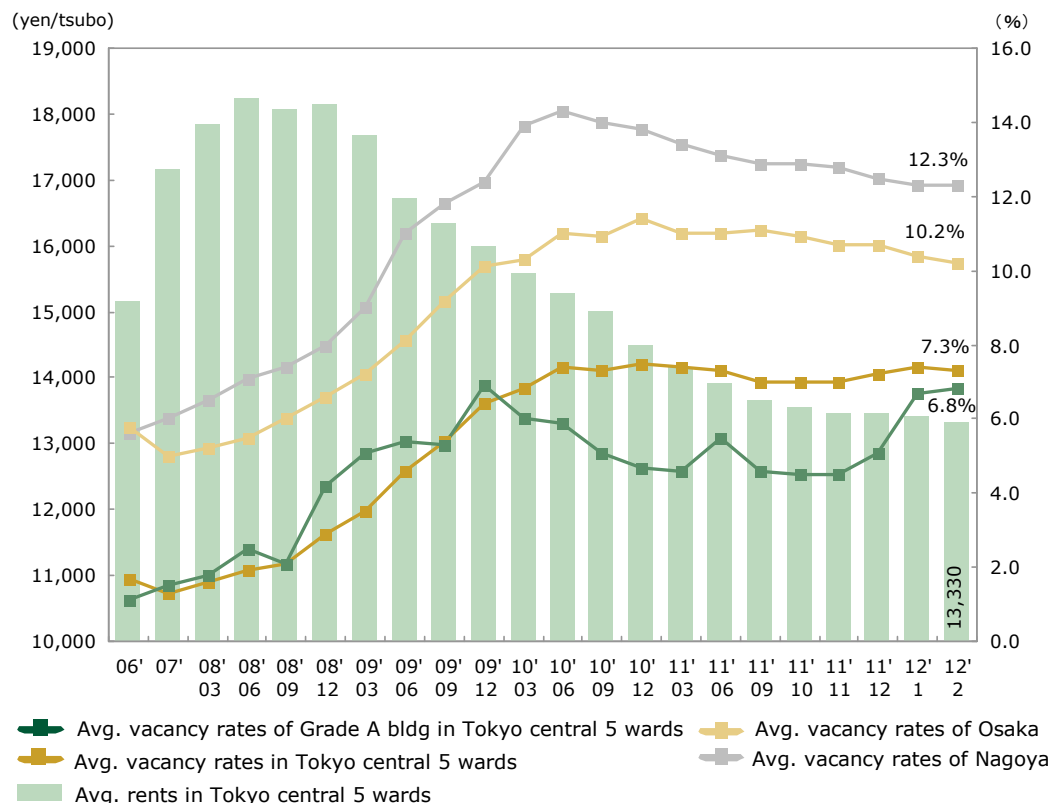
Rank	Name	No. of units held	Ratio
1	Mori Building Co., Ltd.	48,918	21.1%
2	Japan Trustee Service Bank (Trust account)	30,277	13.1%
3	The Nomura Trust & Banking (Trust account)	16,424	7.1%
4	Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account)	14,532	6.3%
5	The Master Trust Bank of Japan, Ltd. (Trust account)	11,109	4.8%
6	The Fuji Fire and Marine Insurance Co., Ltd.	8,213	3.5%
7	JP Morgan Chase Bank 385174	6,240	2.7%
8	Nomura Bank (Luxembourg) S.A.	3,690	1.6%
9	Shikoku Railway Company	3,324	1.4%
10	Trust & Custody Service Bank of Japan, Ltd. (Taxable money trust account)	3,214	1.4%
Top 10 unitholders total		145,941	63.0%

4. Real estate investment environment

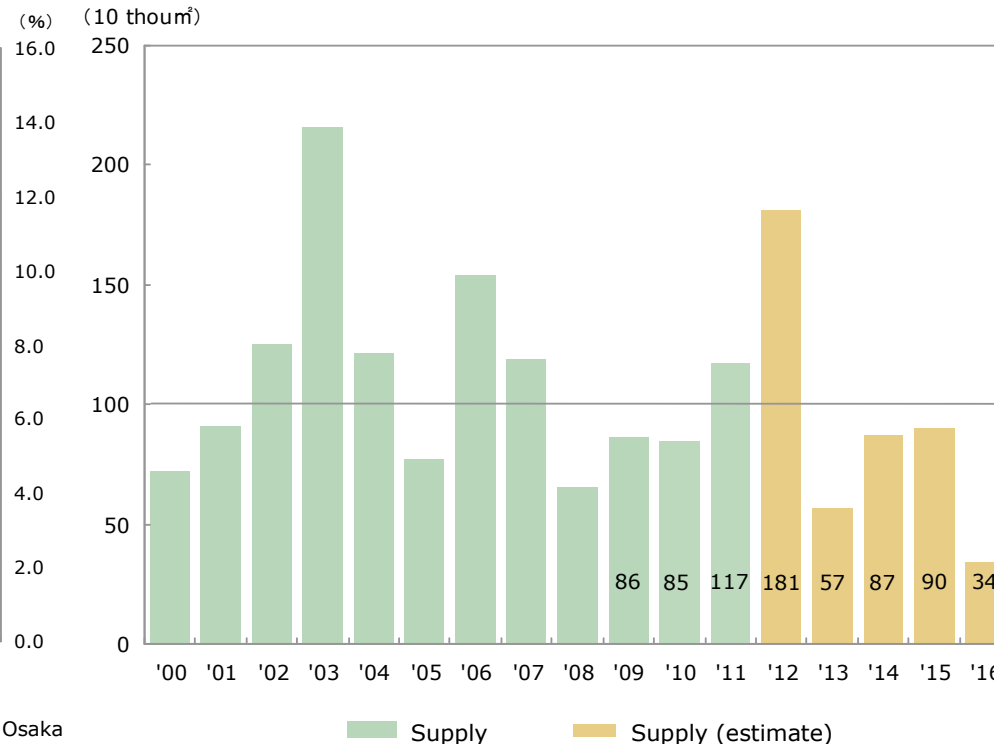
4-1 Real estate investment environment

Rental office market trends

Change in rents and vacancy rates



Supply volume of large-scale office (Tokyo 23's wards)



(Source) Created by the asset manager based on the "OFFICE MARKET REPORT" of CB Richard Ellis.
 (Note 1) Annual rent covers rents from Jan. to Dec., and quarterly rent covers rents from Jan. to Mar., from April to June, from July to Sep. and from Oct. to Dec. Offered rents do not include common area service fees.
 (Note 2) Vacancy rate is as of the end of each period

(Source) Prepared by the asset manager based on Mori Building Co., Ltd.'s "Survey on large-scale office building market trends in Tokyo's 23 wards" (March 2012 issue)

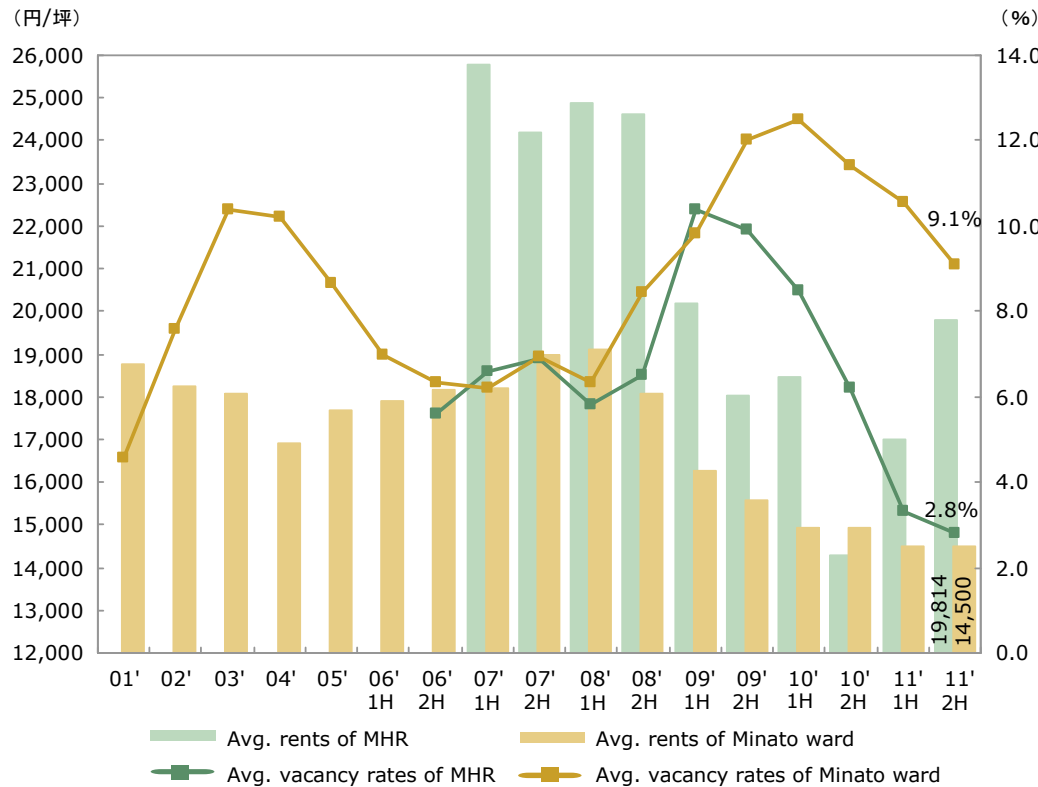
- Vacancy rates for "Grade A buildings" were improving, but reflecting the large new supply, vacancy has increased modestly in 2012
- Rent per sqm is still declining, but considering that the rate of rent decline is contracting, we believe that it will start recovering reflecting declining vacancy rates going forward starting with Grade A buildings

- Delayed completion of a number of buildings originally planned in 2011 due to the Great East Japan Earthquake caused even larger increase in 2012 supply
- Supply over the next 5 years (0.9mn sqm/year, including 2012) is expected to fall below historical average (1.03mn sqm/year)

4-2 Real estate investment environment

Luxury residential market

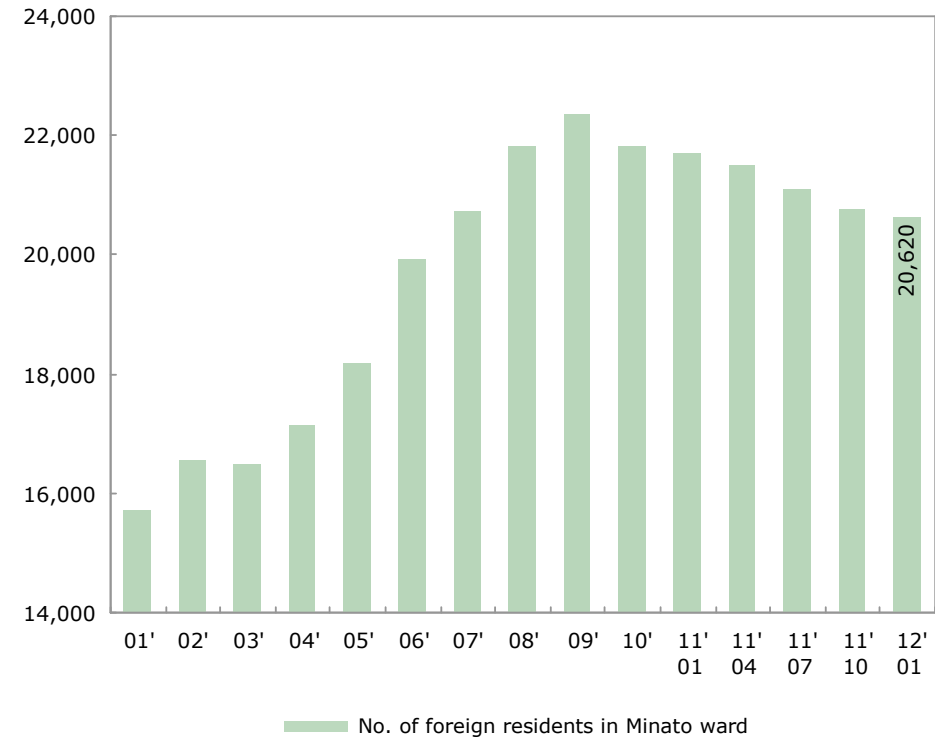
Change in rents and vacancy rates of luxury housing



(Source) Created by the asset manager based on Ken Real Estate Investment Advisors' "Ken Data Press" included in real estate appraisal reports by Japan Real Estate Institute regarding properties held by MHR.
 (Note 1) Includes data on rental housing with monthly rent of more than JPY 300,000 or exclusively owned area of more than 30 tsubo.
 (Note 2) Annual rent covers rents from Jan. to Dec. and vacancy rate is annual average.
 (Note 3) For MHR, average of even periods is indicated as 1H, and average of odd periods is indicated as 2H.
 (Note 4) Vacancy rates of MHR show the average during the relevant period.
 (Note 5) The average rent for '10.2H shows a significant decline from the previous period primarily due to partial sale of Moto-Azabu Hills during the 9th period.

•Vacancy rates in overall luxury housing market is decreasing and rents seem to be bottoming out

Change in number of foreign residents in Minato ward



(Source) Created by the asset manager based on "Number of registered foreign residents" prepared by Statistics Division Bureau of General Affairs of Tokyo.
 (Note) Figures indicate the number of registered foreign residents as of January 1 of each year.

•The number of registered foreign residents remains steady since 2008 with no drastic decrease due to the earthquakes etc

4-3 Real estate investment environment Development in Akasaka, Roppongi & Toranomon area

Properties owned by MHR (including assets to be acquired) and Development Projects (including future plans) in the Akasaka/Roppongi and Toranomon Areas



■ MHR (Note 1)
 ■ Mori Building (Note 2)
 ■ Others (Note 2,3)

(Note 1) Some of the above were partially acquired or are held by MHR.
 (Note 2) MHR does not have plans to acquire these properties as of the date this document was created.
 (Note 3) Properties "C" through "E" that are located in redevelopment areas have not yet been completed as of the date this document was created.

New redevelopment plans promoted by Mori Building Group (Note1)

Synergistic effects and virtuous cycle of various municipal functions generated by Mori Building Group's new development projects

A. Toranomon Roppongi Category-1 Redevelopment Project



- a) C-1Area: Approx. 15,370㎡
C-2Area: Approx. 510㎡
- b) Approx. 143,550㎡
- c) Office/retail/residential
- d) Redevelopment association (Note 2)
- e) Aug. 2012 (planned)

B. ARK Hills South Tower



- a) Approx. 5,843㎡
- b) Approx. 55,052㎡
- c) Office/retail
- d) Mori Building Co., Ltd.
- e) Jun. 2013 (planned)

C. Shinbashi & Toranomon Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project III urban area



- a) Approx. 17,069㎡
- b) Approx. 244,305㎡
- c) Office/residential/hotel/retail/conference
- d) Tokyo Metropolitan Government (Note 3)
- e) 2014 (planned)

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

(Note1) MHR does not have plans to acquire these redevelopment properties as of the date this document was created.
 (Note2) Mori Building serves as the organizer of the association.
 (Note3) Mori Building was appointed as a distinct developer.

4-4 Real estate investment environment

Urban revitalization initiatives under the government's growth strategy

Designation of Priority Development Area for the Urban Renaissance Project

Under the government's and MLIT's growth strategy, the Special Measures Concerning Urban Renaissance Act was revised in 2011 to include a scheme for designation of a "Priority Development Area for the Urban Renaissance Project" for areas that are considered especially effective for reinforcing international competitiveness of large cities

In January 2012, the Central Tokyo & Rinkai (waterfront) area including the areas around Loop Line No.2 in Shimbashi, and Akasaka & Roppongi area was designated a "Priority Development Area for the Urban Renaissance Project"

【Outline of efforts in the Central Tokyo & Rinkai area】

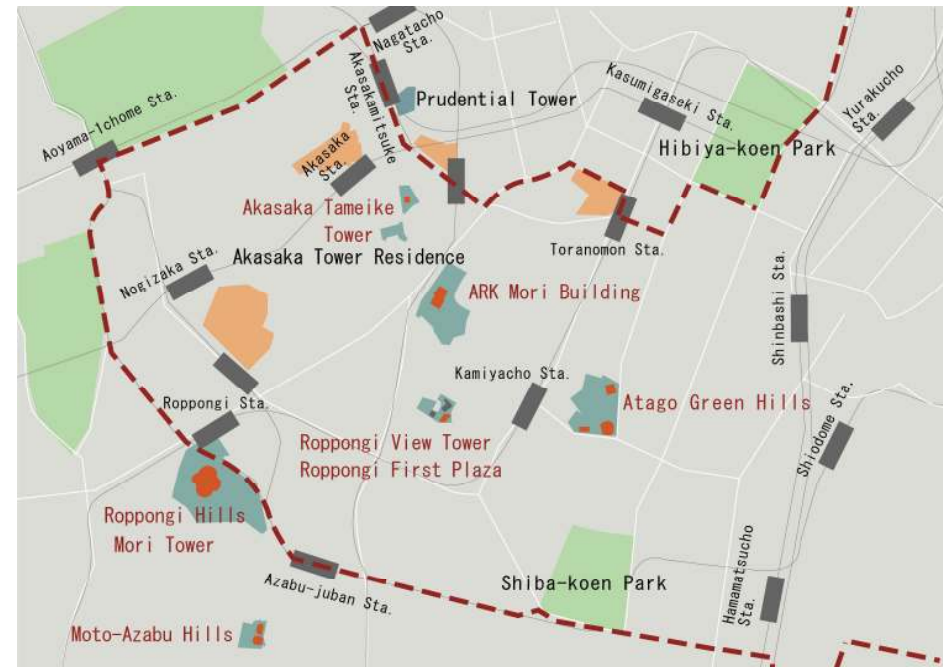
Comprehensive efforts for implementing advanced business support functions to increase international competitiveness and development of a convenient residential environment for foreigners by utilizing concentration of head office operations, domestic and international accessibility and the international atmosphere of the region in the Central Tokyo & Rinkai area which is the center of the Japanese economy

【Urban Rejuvenation Headquarters material, Jan 2012】

Designation of an "Asia Headquarter District"

To achieve the targets in the new growth strategy plan, the Integrated Special Zone scheme was established in 2011 and the Special International Strategic Zone "Asia Headquarter district" was designated in Dec 2011

With the aim of developing Tokyo into "Asia's Headquarters" by attracting European, US and Asian global corporations, a strategic invitation plan that combines a favorable tax scheme, deregulation and city planning will be implemented in the "Asia Headquarter District"



Indicates a "Priority Development Area for the Urban Renaissance Project" based on the Special Measures Act Concerning Urban Renaissance

【Concrete measures for attracting foreign companies】

- Invite businesses to the area and promote networking (total exemption of local taxes)
- Business support (provision of one-stop business services)
- Improvement of living environment (establishment of schools that teach in their respective native languages)
- Improvement of urban environment to ensure business continuity (deregulation of maximum floor area ratio (FAR))

【Tokyo Metropolitan Government material, Dec 2011】

Commencement of work for the category 1 urban redevelopment project in Toranomon and Roppongi area

The whole block including MHR's Roppongi First Plaza & Roppongi View Tower are scheduled to become a new base in area

Jotoshiki (ridgepole raising ceremony) was held in December 2011. We expect that the value of our portfolio properties will increase further by becoming an integral part of the new "green city center residential area"

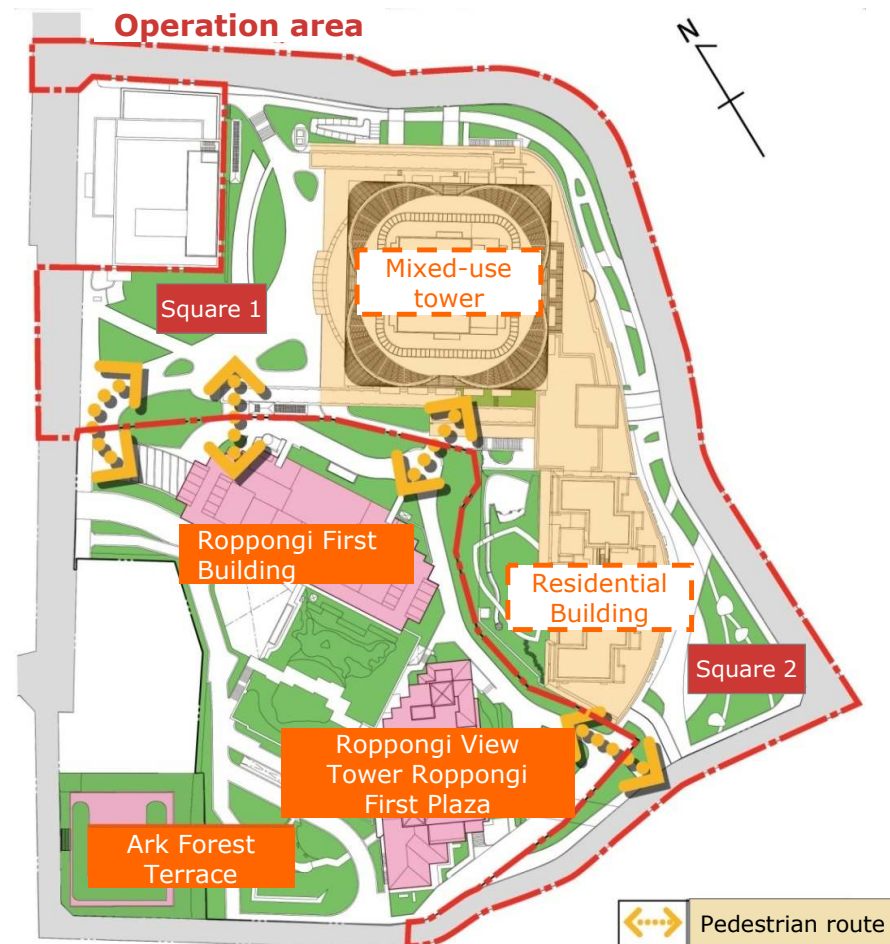


As of December 2011



After completion

New landscaping, shops and restaurants enhance the vibrancy of the area surrounding MHR properties



Overview of plan

Operation area	Approx. 2.0ha
Total floor area	Approx.143,550m ²
Floors	(Mixed-use tower) 47 floors above ground and 4 floors below *Residence: 3-24 floors, Office: 25-47 floors (Residential building) 6 floors above ground and 2 floors below
Uses	Office/retail/residential
Operator	Toranomon-Roppongi District Urban Redevelopment Association (Mori Building Co. Ltd will organize the redevelopment association and acquire the floor area that are not reserved by land owners and leaseholders of the building rebuilt as its participating member)
Construction to be started	Oct. 2009
Completion date	Aug. 2012 (Planned)

4-6 Real estate investment environment

Mori Building Group's Urban development in Toranomom area

Commencement of work for Shinbashi & Toranomom Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project III urban area

Contribution to improved traffic and logistics functions by providing a main route connecting the Bay Area and central Tokyo

The Construction for Shinbashi & Toranomom Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project III urban area which Tokyo Municipal City, as a project owner, and Mori Building, as a distinct developer (Note 1), engage in was commenced in April 2011. Toranomom area is expected to become more attractive than ever upon completion of the project



High rise building (note 2)



Main entrance (Note 2)

Key points of the Project

The ultra high-rise building which is to be Japan's second highest building, will have a hotel, offices, conference halls, and a retail facility.

Based on the "multilevel motorway plan", Loop Line #2 will pass through the building. Mori Building as a distinct developer will also construct the underground tunnel based on consignment by Tokyo Construction Bureau.

Concept of the Project

■Environment-friendly

At the crossing of the "East-West environment axis" formed by the trees of the ground level of Loop Line #2 and the "North-South environment axis" connecting Shiba Park, Atagoyama and Hibiya Park, Mori Building will develop an environment with lush greenery, open space and beautiful landscaping which is not only environment-friendly but also provides a place to rest in a natural environment by implementing diversified measures for reducing CO2 emission

■International Business center "Compound facility"

Creation of an urban space that enables diversified urban activities by providing the multiple functions required by a knowledge-based and information-based society

■Safety & Security -Transformation from "run away from" to "escape into" town

Mori Building is aiming to develop a safe community where safety is not limited to the area to be developed but also helps prevent disaster in the surrounding areas



Redeveloped Loop Line #2 (Note 2)

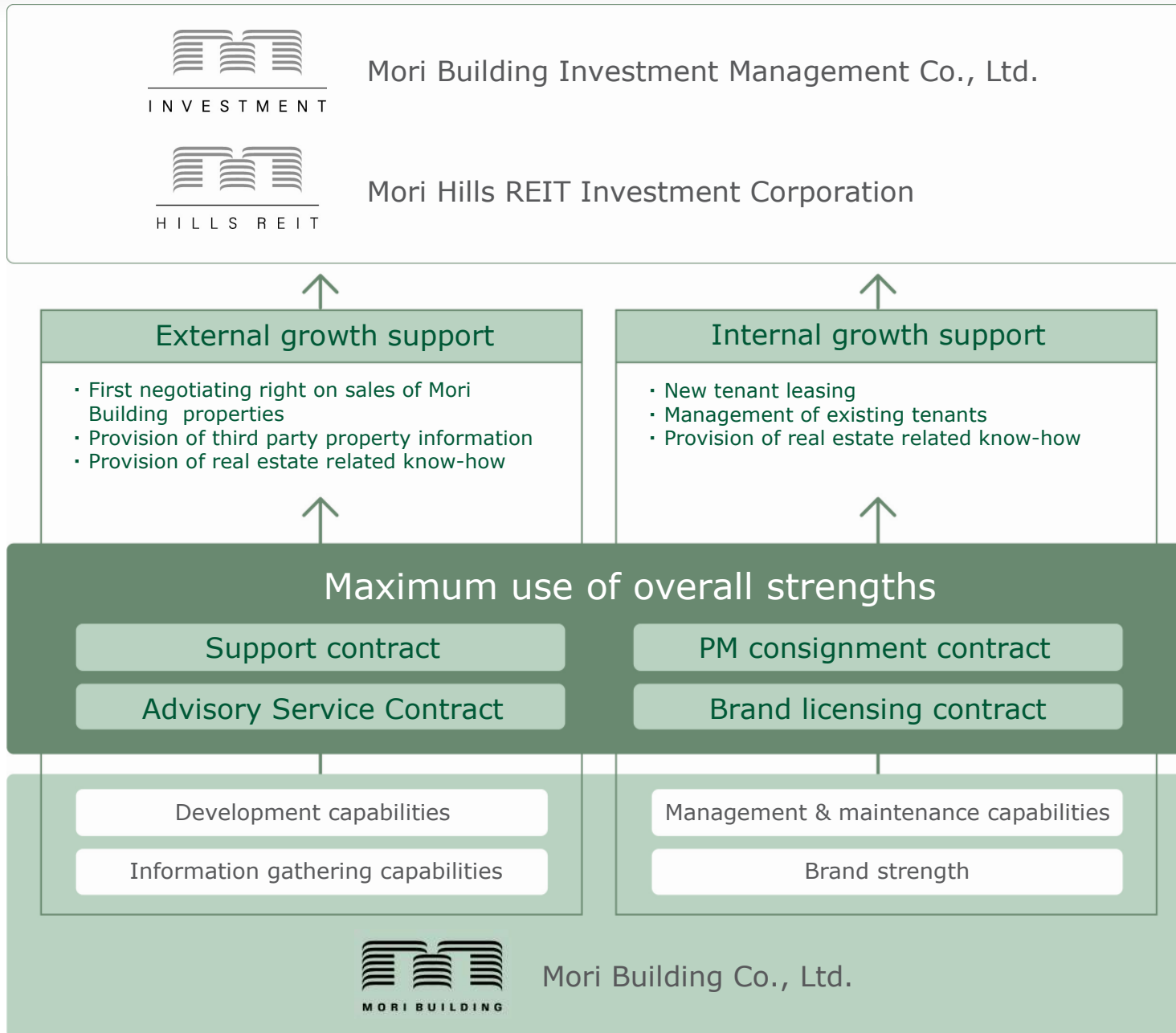
Operation area	Approx. 17,069m ²
Total floor area	Approx. 244,305m ²
Floors	(Complex wing) 52 floors above ground and 5 floors below
Height	247m
Uses	Office, residential, hotel, retail, conference and parking
Client	Tokyo Metropolitan Government (Mori Building was appointed as a "prospective distinct developer")
Construction to be started	April 2011
Completion date	2014 (planned)

(Note 1) "Distinct developers" are a method for utilizing private sector companies as defined under the "Urban Development Law". After Mori Building's appointment to distinct developer, they will develop the plan and undertake the construction of the "Specified building facility" based on our business plan and acquire remaining floor area portions of the facility.

(Note 2) Illustrations are those included in the proposal material created by Mori Building.

5. Appendix

5-1 Collaborative relationship with Mori Building



Environmental initiatives – trend towards strict regulations

Initiatives to address urban environmental issues have become regulated due to the partial amendment of the Amended Act on Energy Conservation and implementation of Tokyo Metropolitan Ordinance on Environmental Preservation, and the Mori Building Group is quick to undertake measures to address environmental issues, and is further strengthening systems to cooperate with tenants.

Strengthening systems to cooperate with tenants

Conserving electricity, air conditioning and water

Promote saving electricity, reviewing air conditioning settings, saving water and awareness of energy saving.

Environmental Measures Council

Established environmental measures councils at each facility, and started initiatives together with tenants.

Activities to promote energy conservation

We strive to promote energy conservation by creating environmental posters.

"A city that is comfortable to live in is also an eco-city" urban development for a richer life

Lights Down Campaign 2011

To express support for the "Lights Down (energy-saving) Campaign" hosted by the Ministry of Environment, Mori Buildings implemented lights down at 62 facilities from Jun 22, 2011 to Aug 31, 2011. On June 22 ("Midsummer Lights Down") and July 7 ("Tanabata (Star Festival) Lights Down"), all lights in the office areas of tenants were either turned off or reduced, and lights in the shop areas were either turned off or replaced by candles. Energy saved during the campaign period was approx. 3.80 million kWh, equivalent to reduction of CO2 emission by approx. 1,430 tons.

Participating MHR properties

Roppongi Hills Mori Tower
ARK Mori Building
Koraku Mori Building
Akasaka Tameike Tower
Atago Green Hills
Moto-Azabu Hills



Roppongi Hills, ARK Mori Bldg., and Atago Green Hills etc. were awarded certification as "Specified prime facilities providing countermeasures against global warming" in recognition of environmental protection efforts

5 buildings of Mori Building groups were recognized for outstanding efforts fighting global warming by the Tokyo Metropolitan Government



Roppongi Hills, ARK Hills and Atago Green Hills ranked in the "top 100 biodiversity focused properties"

The 3 properties of Mori Building were recognized for their efforts for maintenance, creation and usage of familiar plants for greening by the Organization for Landscape and Urban Green Infrastructure

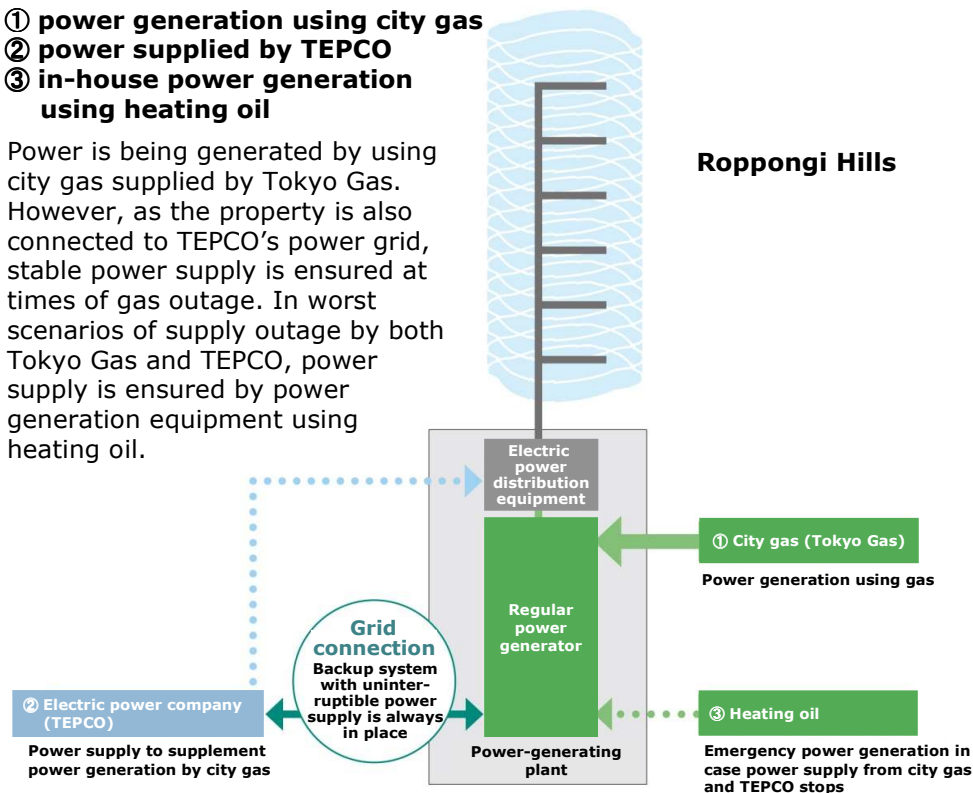
Electric power facility at Roppongi Hills

A proprietary city gas fueled energy plant (specified electricity business facility) is used for generation and power supply to the area. In addition, a "large-size co-generation system" that uses by-product heat emitted when generating power with a gas turbine is used for cooling and heating.

3 types of highly reliable power sources to secure power supply through back up power system

- ① power generation using city gas
- ② power supplied by TEPCO
- ③ in-house power generation using heating oil

Power is being generated by using city gas supplied by Tokyo Gas. However, as the property is also connected to TEPCO's power grid, stable power supply is ensured at times of gas outage. In worst scenarios of supply outage by both Tokyo Gas and TEPCO, power supply is ensured by power generation equipment using heating oil.



Supply of power generated at Roppongi Hills to TEPCO

Mori Building has supplied power generated at Roppongi Hills to TEPCO to mitigate power constraints as announced by the Japanese government resulting from the Great East Japan Earthquake.

	1st	2nd
Period	From Mar. 18, 2011 to Apr. 30, 2011	From July 1, 2011 to September 22, 2011
Time	24 hours	24 hours
Power supply	From 8:00 to 22:00:4,000kW From 22:00 to 8:00:3,000kW	From 8:00 to 22:00:5,000kW From 22:00 to 8:00:4,000kW

※No power supply in May and June due to lower power demand
※4,000kW = Equivalent to power for 1,100 standard households

In-house power generation facilities using city gas were selected as the emergency power generation system in the redevelopment project in the Toranomon and Roppongi area (see page 31).

5-4 Financial highlights

Indices	Previous period (10th period) From February 1, 2011 to July 31, 2011	Current period (11th period) From August 1, 2011 to January 31, 2012	
Net income	1,933mn yen	1,996mn yen	
Depreciation and amortization	670mn yen	648mn yen	
CAPEX	126mn yen	53mn yen	
Total assets	218,950mn yen	219,119mn yen	
Total net assets	103,944mn yen	104,007mn yen	
Total net assets/unit (BPS)	448,966yen	449,236yen	Total net assets/Total units outstanding
Unit price (as of end of period)	258,100yen	252,200yen	
Total units outstanding	231,520units	231,520units	
Total dividends	1,933mn yen	1,996mn yen	
Dividend/unit	8,352yen	8,622yen	
Dividend yield	6.5%	6.8%	Dividend per unit (annualized)/Unit price as of end of period
FFO	2,604mn yen	2,644mn yen	Net income + Depreciation and amortization
FFO/unit	11,249yen	11,421yen	(Net income + Depreciation and amortization)/Total units outstanding
Annualized	22,684yen	22,655yen	
FFO multiple	11.4x	11.1x	
PER	15.3x	14.7x	Unit price as of end of period/Net income per unit (annualized)
PBR	0.6x	0.6x	Unit price as of end of period/Net assets per unit
ROA	0.9%	0.9%	Ordinary income/Average of total assets during the period
Annualized	1.8%	1.8%	
ROE	1.9%	1.9%	Net income/Average of total net assets during the period
Annualized	3.8%	3.8%	
NAV	75,077mn yen	84,198mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	324,280yen	363,677yen	
NAV multiple	0.8x	0.7x	Unit price as of end of period/NAV per unit
Interest-bearing debt	107,112mn yen	107,000mn yen	
LTV (book value basis)	48.9%	48.8%	Interest-bearing debt/Total assets
LTV(appraisal value basis)	56.4%	53.7%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	181days	184days	

(Note) Calculated as 10th period figures/181 days x 365 days and 11th period figures/184 days x 365 days.

5-5 Balance sheet

(thousand yen)

	Previous period (10th period) As of Jul. 31, 2011	Current period (11th period) As of Jan. 31, 2012
Assets		
Current assets	9,499,894	9,827,076
Cash and deposits	1,470,106	2,321,952
Cash and deposits in trust	7,580,028	6,969,478
Other	449,760	535,645
Noncurrent assets	209,373,339	209,230,964
Property, plant and equipment	190,765,064	190,507,117
Intangible assets	18,415,665	18,414,500
Investments and other assets	192,609	309,346
Deferred assets	77,569	61,281
Total assets	218,950,803	219,119,322

	Previous period (10th period) As of Jul. 31, 2011	Current period (11th period) As of Jan. 31, 2012
Liabilities		
Current liabilities	55,216,019	53,778,850
Short-term loans payable	17,000,000	17,000,000
Current portion of long-term loans payable	—	7,000,000
Current portion of investment corporation bond	36,925,000	27,875,000
Other	1,291,019	1,903,850
Noncurrent liabilities	59,790,053	61,333,244
Investment corporation bond	25,000,000	18,000,000
Long-term loans payable	28,187,500	37,125,000
Tenant leasehold and security deposits	302,040	—
Tenant leasehold and security deposits in trust	6,300,513	6,208,244
Total liabilities	115,006,073	115,112,094
Net assets		
Unitholders' equity	103,944,730	104,007,228
Unitholders' capital	102,010,939	102,010,939
Total surplus	1,933,790	1,996,288
Unappropriated retained earnings (undisposed loss)	1,933,790	1,996,288
Total net assets	103,944,730	104,007,228
Total liabilities and net assets	218,950,803	219,119,322

5-6 Income statement

(thousand yen)

	Previous period (10th period) From February 1, 2011 to July 31, 2011	Current period (11th period) From August 1, 2011 to January 31, 2012	
Operating revenue	5,257,791	4,765,566	
Rent revenue-real estate	4,586,939	4,417,829	
Other lease business revenue	334,661	160,306	Parking revenue 38,026
Gain on sales of real estate properties	336,190	187,430	Utilities and other revenue 118,693
Operating expenses	2,197,968	1,656,716	Cancellation penalty 1,286
Expenses related to rent business	1,878,299	1,348,255	Security deposit income 2,300
Asset management fee	220,665	222,580	
Directors' compensation:	6,300	5,400	
Asset custody fee	5,497	5,473	
Administrative service fees	15,574	15,374	
Other operating expenses	71,631	59,633	
Operating income	3,059,822	3,108,850	
Non-operating income	3,465	1,636	
Interest income	1,149	988	
Exclusion gain of unpaid dividend	2,032	648	
Other	283	—	
Non-operating expenses	1,115,427	1,113,345	
Interest expenses	669,327	640,371	Property management fees 206,833
Interest expenses on investment corporation bonds	191,967	196,650	Utilities 118,150
Amortization of investment corporation bond issuance costs	16,287	16,287	Property taxes 235,387
Borrowing expenses	236,080	258,234	Lease fees 75,673
Other	1,765	1,802	Custodian fees 7,708
Ordinary income	1,947,860	1,997,140	Repair charges 29,689
Extraordinary loss	13,186	—	Insurance premium 11,524
Loss on disaster	4,767	—	Depreciation and amortization 647,558
Provision for allowance for loss on disaster	8,418	—	Other property expenses 15,729
Income before income taxes	1,934,674	1,997,140	
Net income	1,933,668	1,996,152	
Unappropriated retained earnings (undisposed loss)	1,933,790	1,996,288	
Dividend/unit (yen)	8,352	8,622	

5-7 Statement of cash flows/Retained earnings

Statement of cash flows

(thousand yen)

Account	Previous period (10th period) From February 1, 2011 to July 31, 2011	Current period (11th period) From August 1, 2011 to January 31, 2012
I Net cash provided by (used in) operating activities	18,532,882	38,142,289
Income before income taxes	1,934,674	1,997,140
Depreciation and amortization	670,782	648,058
Amortization of investment corporation bond issuance costs	16,287	16,287
Increase (Decrease) in allowance for loss on disaster	8,418	△ 1,605
Interest income	△ 1,149	△ 988
Gain on exclusion of distribution payable	△ 2,032	△ 648
Interest expenses	861,294	837,021
Decrease (increase) in operating accounts receivable	△ 1,542	20,352
Decrease (increase) in consumption taxes refund receivable	-	△ 83,882
Increase (decrease) in operating accounts payable	30,716	△ 116,533
Increase (decrease) in accounts payable-other	1,876	△ 2,704
Increase (decrease) in accrued expenses	3,041	229,729
Increase (decrease) in accrued consumption taxes	△ 233,691	△ 52,632
Increase (decrease) in advance received	△ 153,959	196,982
Increase (decrease) in deposits received	234,071	△ 202,199
Decrease (increase) in prepaid expenses	40,543	△ 23,436
Decrease (increase) in long-term prepaid expenses	118,291	△ 116,736
Decrease in carrying amounts of property, plant and equipment in trust due to sale	15,877,281	35,678,698
Decrease in carrying amounts of intangible assets in trust due to sale	210	90
Other, net	185	1,183
Subtotal	19,405,299	39,024,177
Interest income received	1,149	988
Interest expenses paid	△ 872,683	△ 881,902
Income taxes paid	△ 883	△ 973

(thousand yen)

Account	Previous period (10th period) From February 1, 2011 to July 31, 2011	Current period (11th period) From August 1, 2011 to January 31, 2012
II Net cash provided by (used in) investing activities	△ 16,864,289	△ 35,856,777
Purchase of property, plant and equipment	△ 323	-
Purchase of intangible assets	△ 287	-
Purchase of property, plant and equipment in trust	△ 16,832,549	△ 36,074,543
Repayments of tenant leasehold and security deposits in trust	△ 1,390,190	△ 2,076,289
Proceeds from tenant leasehold and security deposits in trust	1,359,062	2,294,056
III Net cash provided by (used in) financing activities	△ 3,488,674	△ 2,044,216
Increase in short-term loans payable	11,500,000	18,000,000
Decrease in short-term loans payable	△ 3,010,000	△ 18,000,000
Proceeds from long-term loans payable	-	22,000,000
Repayment of long-term loans payable	△ 15,112,500	△ 22,112,500
Proceeds from issuance of investment corporation bonds	4,972,870	-
Dividends paid	△ 1,839,044	△ 1,931,716
IV Net increase (decrease) in cash and cash equivalents	△ 1,820,080	241,296
V Cash and cash equivalents at beginning of period	10,870,215	9,050,134
VI Cash and cash equivalents at end of period	9,050,134	9,291,430

Retained earnings

(yen)

	Previous period (10th period) From February 1, 2011 to July 31, 2011	Current period (11th period) From August 1, 2011 to January 31, 2012
I Unappropriated retained earnings	1,933,790,907	1,996,288,616
II Amount of dividends	1,933,655,040	1,996,165,440
Amount of dividend per unit	8,352	8,622
III Retained earnings carried forward	135,867	123,176

5-8 11th period results breakdown by property^①

(thousand yen)

Property number	O-0			O-1			O-2			O-3		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Roppongi Hills Gate Tower			Roppongi First Building		
Period	10th period	11th period (Note 3)	Difference	10th period (Note 3)	11th period (Note 3)	Difference	10th period	11th period (Note 3)	Difference	10th period	11th period	Difference
Operation days	181days	184days	3days	181days	184days	3days	181days	-	△181days	181days	184days	3days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	95.7%	-	△95.7PT	81.4%	83.4%	2.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	97.6%	-	△97.6PT	80.3%	80.9%	0.6PT
Number of tenants	1	1	0	1	1	0	41	-	△41	14	14	0
Acquisition price	25,490,000 (Before asset swap: 6,810,000)			58,970,000 (Before asset swap: 41,770,000)			36,500,000			21,000,000		
Rent revenue- real estate	151,020	603,955	452,935	684,686	1,163,923	479,237	920,143	-	△ 920,143	415,767	391,601	△ 24,166
Other lease business revenue	-	-	-	2,641	-	△ 2,641	105,305	-	△ 105,305	48,208	47,401	△ 806
Operating Income	151,020	603,955	452,935	687,327	1,163,923	476,596	1,025,449	-	△ 1,025,449	463,976	439,003	△ 24,973
Maintenance expenses	1,200	1,200	-	1,956	4,800	2,843	158,161	-	△ 158,161	71,640	67,825	△ 3,815
Utilities	-	-	-	1,160	-	△ 1,160	43,706	-	△ 43,706	23,271	27,890	4,619
Property taxes (Note 1)	5,130	10,253	5,122	28,521	31,534	3,013	73,278	-	△ 73,278	45,127	45,691	563
Maintenance and repairs	-	-	-	-	-	-	16,318	-	△ 16,318	-	538	538
Insurance premium	235	1,142	906	1,110	2,045	935	2,218	-	△ 2,218	1,857	1,942	84
Depreciation ①	27,206	98,808	71,601	81,544	123,509	41,964	118,811	-	△ 118,811	60,471	60,646	175
Other property expense (Note 2)	-	166	166	2,609	3,387	777	34,764	-	△ 34,764	1,180	2,923	1,742
Property expense	33,773	111,570	77,797	116,901	165,276	48,374	447,259	-	△ 447,259	203,549	207,457	3,907
Operating profit ②	117,247	492,384	375,137	570,425	998,647	428,221	578,190	-	△ 578,190	260,427	231,546	△ 28,880
NOI ③ (①+②)	144,453	591,192	446,738	651,970	1,122,156	470,186	697,001	-	△ 697,001	320,898	292,192	△ 28,705
Annualized NOI	291,301	1,172,746	881,444	1,395,921	2,226,016	830,094	1,405,555	-	△ 1,405,555	647,115	579,620	△ 67,494
Annualized NOI/ Acquisition price	4.3%	4.6%	0.3PT	3.3%	3.8%	0.5PT	3.9%	-	△ 3.9PT	3.1%	2.8%	△ 0.3PT
Capex ④	323	-	△ 323	-	1,646	1,646	8,516	-	△ 8,516	-	29,716	29,716
NCF ③-④	144,130	591,192	447,062	651,970	1,120,509	468,539	688,485	-	△ 688,485	320,898	262,476	△ 58,421

(Note 1) We have adopted the method of including with expenses the amount of taxes which were actually paid out of the levies and taxes imposed on the company, such as the Property tax, City planning tax, and Depreciable property tax on properties owned by the company, with the exception of Property tax, City planning tax and Depreciable property tax levied on properties in the year of their acquisition, as they are included in acquisition costs. The same shall apply hereinafter

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

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

5-9 11th period results breakdown by property②

(thousand yen)

Property number	O-4			O-6			R-1			R-2		
Property name	Koraku Mori Building			Akasaka Tameike Tower			Moto-Azabu Hills			ARK Forest Terrace		
Period	10th period	11th period	Difference	10th period (Note 3)	11th period	Difference	10th period (Note 3)	11th period	Difference	10th period	11th period	Difference
Operation days	181days	184days	3days	181days	184days	3days	181days	184days	3days	181days	184days	3days
Occupancy rate	100%	89.3%	△ 10.7PT	92.3%	100%	7.7PT	100%	100%	0.0PT	91.5%	88.3%	△ 3.2PT
Avg. Occupancy rate (during period)	86.4%	94.1%	7.7PT	89.7%	100%	10.3PT	98.0%	93.2%	△ 4.8PT	96.0%	91.6%	△ 4.4PT
Number of tenants	15	14	△ 1	12	1	△ 11	7	7	0	37	34	△ 3
Acquisition price	27,200,000			43,930,000			1,706,440			5,300,000		
Rent revenue- real estate	629,774	578,308	△ 51,465	651,026	666,446	15,420	171,316	55,989	△ 115,327	139,671	130,121	△ 9,549
Other lease business revenue	83,862	93,721	9,858	73,299	6,524	△ 66,774	12,124	2,237	△ 9,886	8,629	10,420	1,791
Operating Income	713,636	672,029	△ 41,607	724,326	672,971	△ 51,354	183,440	58,227	△ 125,213	148,301	140,542	△ 7,758
Maintenance expenses	83,913	61,808	△ 22,105	144,047	5,899	△ 138,148	36,703	12,739	△ 23,964	38,948	36,605	△ 2,343
Utilities	67,023	75,493	8,470	24,216	5,308	△ 18,907	1,374	97	△ 1,276	9,544	9,255	△ 288
Property taxes (Note 1)	34,398	34,353	△ 44	31,390	31,124	△ 265	16,664	4,544	△ 12,120	9,465	9,502	37
Maintenance and repairs	1,323	7,403	6,079	2,206	46	△ 2,160	10,198	7,824	△ 2,373	12,760	10,824	△ 1,935
Insurance premium	2,080	2,165	85	2,251	2,576	324	548	157	△ 391	671	697	25
Depreciation ①	127,620	128,746	1,125	166,058	172,193	6,134	31,830	6,325	△ 25,504	33,673	34,177	504
Other property expense (Note 2)	76,552	76,186	△ 365	2,790	924	△ 1,866	10,740	3,760	△ 6,979	8,128	7,506	△ 621
Property expense	392,912	386,158	△ 6,753	372,961	218,072	△ 154,888	108,060	35,449	△ 72,610	113,192	108,570	△ 4,621
Operating profit ②	320,724	285,870	△ 34,853	351,365	454,899	103,534	75,380	22,777	△ 52,602	35,108	31,972	△ 3,136
NOI ③ (①+②)	448,345	414,617	△ 33,727	517,423	627,092	109,669	107,210	29,103	△ 78,107	68,782	66,150	△ 2,632
Annualized NOI	904,121	822,474	△ 81,647	1,084,738	1,243,961	159,222	64,164	57,732	△ 6,432	138,704	131,221	△ 7,483
Annualized NOI/ Acquisition price	3.3%	3.0%	△ 0.3PT	2.5%	2.8%	0.3PT	3.8%	3.4%	△ 0.4PT	2.6%	2.5%	△ 0.1PT
Capex ④	83,435	4,391	△ 79,043	-	329	329	1,319	1,209	△ 109	13,510	11,575	△ 1,934
NCF ③-④	364,910	410,225	45,315	517,423	626,763	109,339	105,891	27,893	△ 77,997	55,271	54,574	△ 697

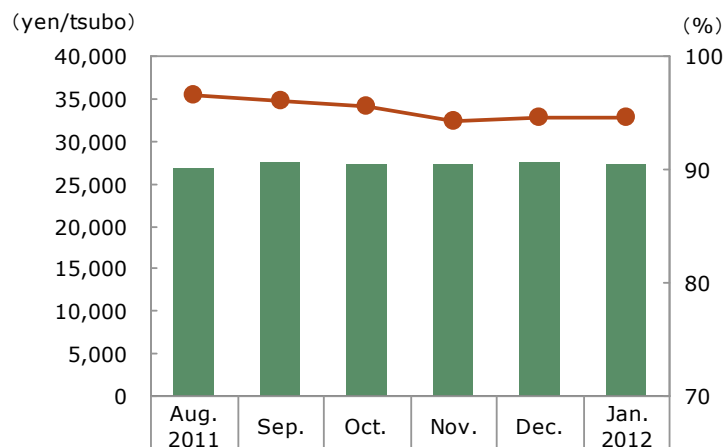
5-10 11th period results breakdown by property③

(thousand yen)

Property number	R-3			R-4			S-1			Total		
Property name	Roppongi First Plaza			Roppongi View Tower			Laforet Harajuku (Land)					
Period	10th period	11th period	Difference	10th period	11th period	Difference	10th period	11th period	Difference	10th period (Note 3)	11th period (Note 3)	Difference
Operation days	181days	184days	3days	181days	184days	3days	181days	184days	3days	181days	184days	3days
Occupancy rate	92.3%	97.4%	5.1PT	100%	100%	0.0PT	100%	100%	0.0PT	94.9%	95.5%	0.6PT
Avg. Occupancy rate (during period)	89.6%	94.2%	4.6PT	100%	100%	0.0PT	100%	100%	0.0PT	92.5%	96.0%	3.5PT
Number of tenants	39	41	2	1	1	0	1	1	0	169	115	△ 54
Acquisition price	2,100,000			4,000,000			21,820,000			211,516,440 (Before asset swap: 212,136,440)		
Rent revenue- real estate	67,305	71,256	3,951	109,426	109,426	-	646,800	646,800	-	4,586,939	4,417,829	△ 169,109
Other lease business revenue	590	-	△ 590	-	-	-	-	-	-	334,661	160,306	△ 174,354
Operating Income	67,895	71,256	3,361	109,426	109,426	-	646,800	646,800	-	4,921,600	4,578,136	△ 343,463
Maintenance expenses	12,561	12,217	△ 344	3,738	3,738	-	-	-	-	552,872	206,833	△ 346,038
Utilities	144	105	△ 39	-	-	-	-	-	-	170,439	118,150	△ 52,288
Property taxes (Note 1)	7,079	7,228	149	10,967	11,192	224	24,982	49,962	24,979	287,005	235,387	△ 51,617
Maintenance and repairs	1,631	3,052	1,421	-	-	-	-	-	-	44,438	29,689	△ 14,748
Insurance premium	307	321	13	457	474	16	-	-	-	11,740	11,524	△ 216
Depreciation ①	10,016	10,096	80	13,055	13,055	-	-	-	-	670,287	647,558	△ 22,729
Other property expense (Note 2)	3,843	3,799	△ 43	905	455	△ 450	-	-	-	141,514	99,110	△ 42,404
Property expense	35,583	36,821	1,238	29,124	28,916	△ 208	24,982	49,962	24,979	1,878,299	1,348,255	△ 530,043
Operating profit ②	32,312	34,434	2,122	80,302	80,510	208	621,817	596,838	△ 24,979	3,043,301	3,229,881	186,580
NOI ③ (①+②)	42,328	44,531	2,203	93,357	93,565	208	621,817	596,838	△ 24,979	3,713,588	3,877,439	163,850
Annualized NOI	85,358	88,336	2,978	188,262	185,605	△ 2,656	1,253,941	1,183,944	△ 69,996	7,490,808	7,691,660	200,851
Annualized NOI/ Acquisition price	4.1%	4.2%	0.1PT	4.7%	4.6%	△ 0.1PT	5.7%	5.4%	△ 0.3PT	3.5%	3.6%	0.1PT
Capex ④	19,257	4,240	△ 15,017	-	-	-	-	-	-	126,362	53,109	△ 73,252
NCF ③-④	23,070	40,291	17,220	93,357	93,565	208	621,817	596,838	△ 24,979	3,587,226	3,824,330	237,103

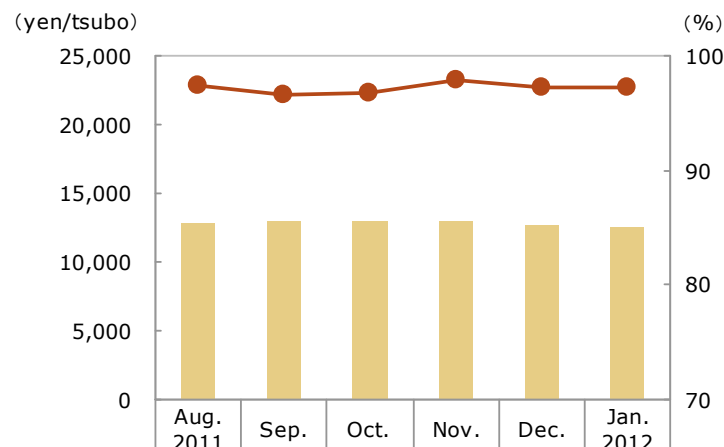
5-11 Tenant status during the 11th period

Office: Rent and occupancy rate



	Aug. 2011	Sep.	Oct.	Nov.	Dec.	Jan. 2012
Rent (leasable floors)	26,882	27,570	27,247	27,294	27,511	27,386
Occupancy rate	96.5%	96.1%	95.6%	94.3%	94.5%	94.5%

Residential: Rent and occupancy rate



	Aug. 2011	Sep.	Oct.	Nov.	Dec.	Jan. 2012
Rent (leasable floors)	12,837	12,953	12,935	12,992	12,649	12,635
Occupancy rate	97.4%	96.6%	96.7%	97.9%	97.3%	97.3%

Top 10 tenants (After the planned asset swap)

Tenant	Property name	Leased space (Note 1)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower, Koraku Mori Building, ARK Mori Building, Akasaka Tameike Tower, Atago Green Hills (Note 2)	68,401.32 m ²	71.5%
Urban Renaissance Agency (Note 3)	Roppongi View Tower	6,344.84 m ²	6.6%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m ²	2.7%
Showa Leasing Co., Ltd.	Koraku Mori Building	2,544.34 m ²	2.7%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m ²	2.2%
Japan Worker's Credit Fund Association	Koraku Mori Building	1,851.87 m ²	1.9%
Cybozu, Inc.	Koraku Mori Building	1,712.30 m ²	1.8%
NTT DATA Corporation	Koraku Mori Building	1,458.68 m ²	1.5%
The Mortgage Corporation of Japan, Limited.	Koraku Mori Building	925.94 m ²	1.0%
Marubeni Plax Co., Ltd.	Koraku Mori Building	925.94 m ²	1.0%
Total of top 10 tenants		88,847.17 m ²	92.8%

- (Note 1) Total leased area is calculated by multiplying the lease area stated in the lease contract with the end tenant times the relevant percentage of co-ownership interest
 (Note 2) Total leased area of Atago Green Hills was calculated by excluding the floor area of the warehouse, parking lot and machine room
 (Note 3) Agreement is expected to be terminated on October 31, 2013
 (Note 4) Value shows the changes to total leased area as of Jan. 31, 2012 by taking into consideration the planned asset swap in the 12th period

5-12 Debt status (as of January 31, 2012)



HILLS REIT

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date	Remarks
Short-term	Sumitomo Mitsui Banking Corporation	1,500	1.18%	Mar. 29, 2011	Mar. 29, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust & Banking Co., Ltd.					
	Mizuho Corporate Bank, Ltd.	10,000	1.18%	May 31, 2011	May 31, 2012	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Sumitomo Trust & Banking Co., Ltd.	5,500	1.18%	Aug. 31, 2011	Aug. 31, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
Sumitomo Mitsui Banking Corporation						
The Sumitomo Trust & Banking Co., Ltd.	Sub total	17,000	-	-	-	-
Long-term	Aozora Bank, Ltd.	2,000	1.62% (Note1)	Sep. 30, 2008	Aug. 31, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.	5,000	2.16% (Note1)	Nov. 28, 2008	May 31, 2012	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust & Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Development Bank of Japan, Inc.	1,750 (Note2)	2.04%	Mar. 27, 2009	Mar. 27, 2012	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	1.58%	Aug. 31, 2009	Aug. 31, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.	8,000	1.48%	Nov. 30, 2009	May 31, 2012	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust & Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Shinsei Bank, Ltd.	9,500	2.02% (Note1)	Nov. 30, 2009	Nov. 30, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation						
The Sumitomo Trust & Banking Co., Ltd.						
Sumitomo Mitsui Banking Corporation	2,250 (Note3)	2.34%	Nov. 30, 2009	Nov. 30, 2013	Unsecured, non-guaranteed	
The Bank of Fukuoka, Ltd.	2,000	1.58%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed	

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date	Remarks
Long-term	Sumitomo Mitsui Banking Corporation	7,100	1.58%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust & Banking Co., Ltd.					
	The Norinchukin Bank	3,900	1.68%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed
	Shinsei Bank, Ltd.					
	The Oita Bank, Ltd.					
	ShinGinko Tokyo, Limited	2,000	1.38%	Aug. 31, 2011	Aug. 31, 2014	Unsecured, non-guaranteed
	The Hiroshima Bank, Ltd.					
	Aozora Bank, Ltd.	2,500	1.38%	Aug. 31, 2011	Aug. 31, 2014	Unsecured, non-guaranteed
	Resona Bank, Limited.	12,500	1.38%	Nov. 30, 2011	Nov. 30, 2014	Unsecured, non-guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	1.33%	Nov. 30, 2011	May 31, 2014	Unsecured, non-guaranteed	
Mizuho Corporate Bank, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation						
Sumitomo Mitsui Banking Corporation	3,000	1.33%	Nov. 30, 2011	May 31, 2014	Unsecured, non-guaranteed	
The Sumitomo Trust & Banking Co., Ltd.	3,000	1.33%	Nov. 30, 2011	May 31, 2014	Unsecured, non-guaranteed	
The Bank of Fukuoka, Ltd.	Sub total	65,000	-	-	-	-
	Total	82,000	-	-	-	-

(Note 1) MHR has entered an interest swap agreement with a floating rate for a notional principal. The interest rates above are the actual fixed interest rates that will be paid.

(Note 2) Planning to repay JPY50mn every 6 months up to repayment deadline, and JPY1,750mn at the repayment deadline

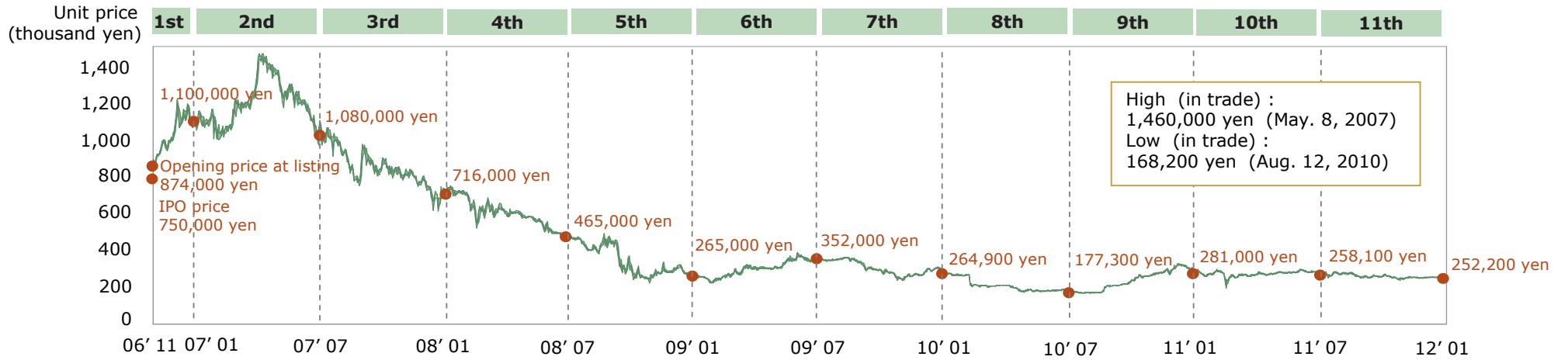
(Note 3) Planning to repay JPY62.5mn every 6 months up to repayment deadline, and JPY2,062.5mn at the repayment deadline

Investment corporation bonds

	Bond	Amount (mn yen)	Rate of Interest	Payment date	Maturity date
Investment corporation bonds	1st Series (Unsecured)	7,000	1.56%	Nov. 29, 2007	Nov. 29, 2012
	2nd Series (Unsecured)	3,000	1.77%	Nov. 29, 2007	Nov. 28, 2014
	3rd Series (Unsecured)	5,000	1.38%	May 27, 2010	May 27, 2013
	4th Series (Unsecured)	5,000	1.95%	May 27, 2010	May 27, 2015
	5th Series (Unsecured)	5,000	1.29%	Feb. 25, 2011	Feb. 25, 2014
	Total	25,000	-	-	-

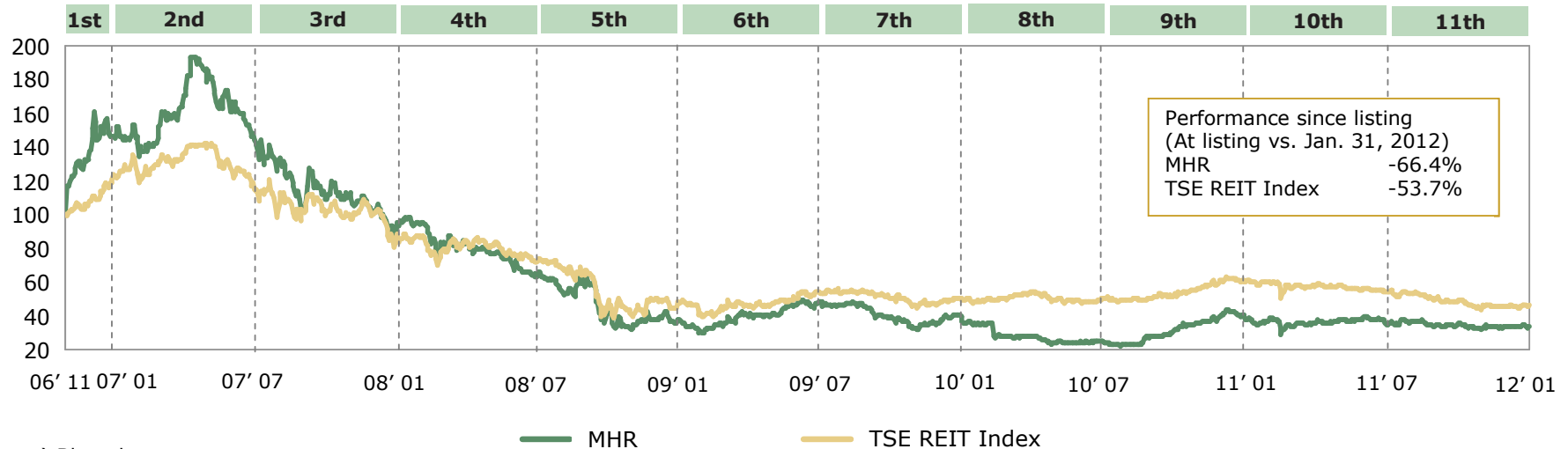
5-13 Unit price performance

Since IPO ~ End of the 11th period (Jan. 31, 2012)



(Source) Bloomberg

Relative price performance (Since IPO~Jan. 31, 2012)



(Source) Bloomberg

(Note) Rebased to 100 as per IPO price

5-14 Investment criteria

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

Investments focusing on Premium Properties

Among properties that are located in Tokyo's central 5 wards and in surrounding areas, our investments mainly focus on "Premium Properties" that are able to maintain their competitiveness going forward based on their quality, size and specification

Focus on Premium Properties

Premium properties
50% or more

〈Office buildings〉
〈Residential〉
〈Retail〉

Non-Premium Properties 50% or less
〈Office building/Residential〉

	Location	Scale
Office building	Central five wards in Tokyo and their vicinity	Gross floor area of 10,000m ² or more per-building Standard rentable floor area of 1,000m ² or more
Residential	Central five wards in Tokyo and their vicinity (Primarily in the "three-A" area)	Gross floor area of 2,000m ² or more
Retail	〈Department stores, downtown shopping centers, large specialty stores & retail complexes〉	
	Flourishing areas of central five wards in Tokyo and their vicinity	Gross floor area of 10,000m ² or more per-building
	〈Street front luxury brand shops, etc.〉	
	Exclusive, well-known retail destinations	Gross floor area of 1,000m ² or more per-building

(Note 1) Tokyo's central 5 wards: Minato-ku, Chiyoda-ku, Chuo-ku, Shinjuku-ku and Shibuya-ku
 (Note 2) Three-A areas: Akasaka/Roppongi area, Aoyama/Harajuku area and Azabu/Hiroo area
 (Note 3) Portfolio weighting is based on acquisition price
 (Note 4) Tokyo Metropolitan Area: Tokyo, Kanagawa, Chiba and Saitama
 (Note 5) Major local cities: major local cities designated by government ordinance in non-Tokyo Metropolitan areas and other major local cities in Japan

Office building focus

Office building
50% or more

Residential and retail 50% or less

Tokyo central five wards focus

Central five wards in Tokyo and their vicinity
50% or more

Tokyo Area (Tokyo/Kanagawa/Chiba/Saitama) 80% or more
 Other major cities (Major cities in areas other than Tokyo area) 20% or less

Earthquake-resistance

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

5-15 Overview of New Management Policy (announced in September 2010)

Basic policy:

“Dividend-driven management”

[Medium term target]

Dividend: 10,000 yen/unit Portfolio NOI yield:4.5%

Policy①: Asset swap with the sponsor

- Increase NOI yield by selling low-yield properties and acquiring high-yield properties simultaneously.
- Properties for potential sale are those with NOI yield of less than 4.0%. In principle, sale price must exceed book value to avoid recording loss on sale. (Current yield may be low, but, in many cases, sponsor tends to place higher value over the mid- to long-term yield, taking into consideration potential redevelopment projects).
- Properties to be acquired are “Premium properties with higher yield” and “High-yield non-premium properties” in order to maintain current portfolio composition consisting primarily of premium properties.

Policy②: Containment of financial costs

- Reduce borrowing costs by decreasing MV basis LTV (appraisal value basis LTV) which can be achieved through “sales for price exceeding appraisal value” and “acquisition for price less than appraisal value” through asset swap.
- Reduce financial costs by refinancing with investment corporation bonds and extending relationships with various financial institutions.

Policy③: Reduction of other costs

- Reduce management fees (change the calculation base of management fee from “total assets” to “appraisal value + distributable earnings”)
- Reduce building management costs and other miscellaneous management costs.

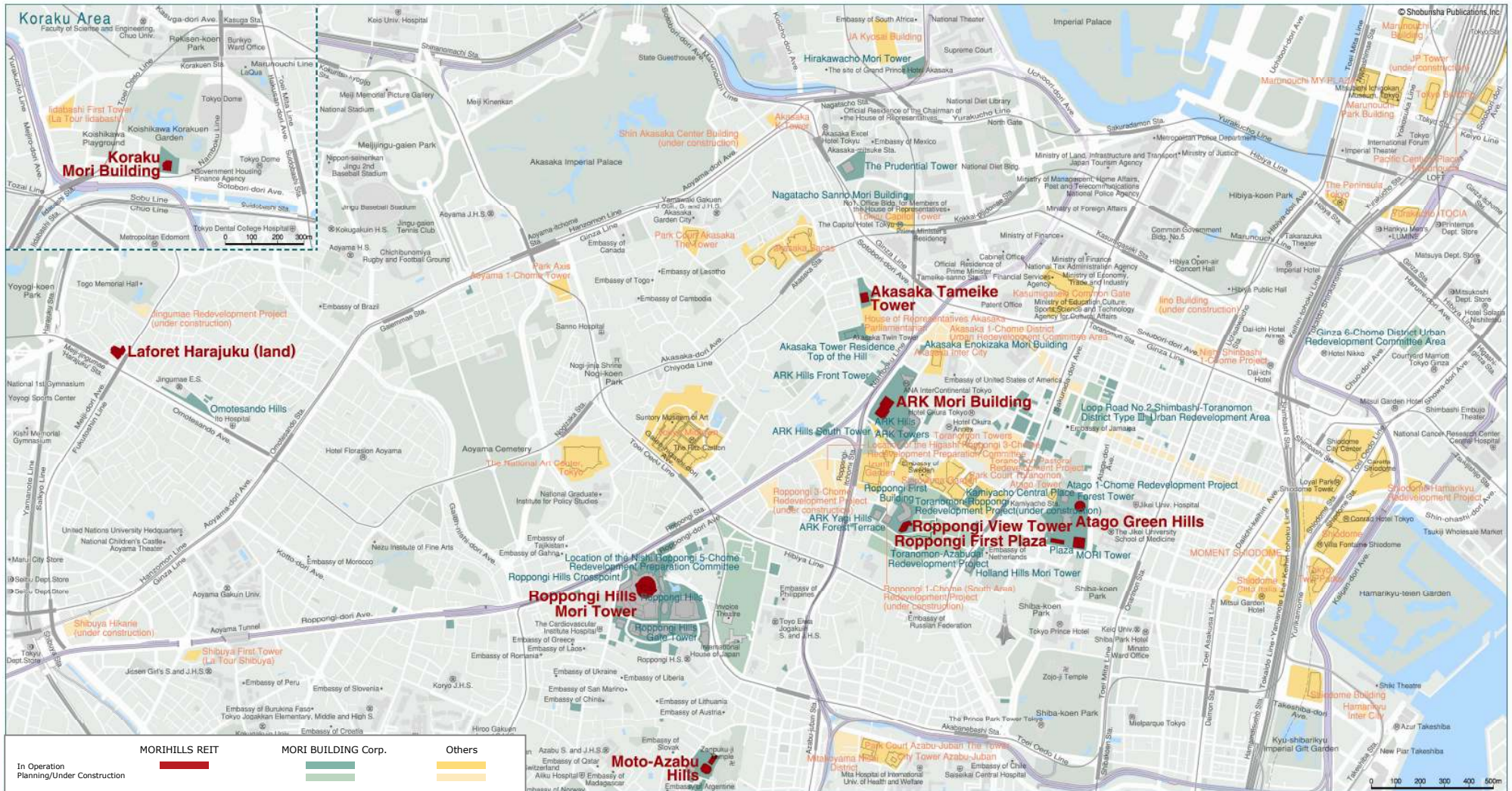
Policy④: Cooperation with the sponsor

- Seek cooperation in implementing new management policy in such forms as “asset swaps” and “master lease to stabilize revenues from property”.









Correlation between
“Target of portfolio NOI
yield” and “Dividend
Target”

Note that the portfolio NOI yield and Dividend Target may not reconcile under simple calculations – specifically using 12th period’s projection, when NOI yield reaches 4.2%, dividends (excluding gain on sale of properties) exceed 10,000 yen/unit. MHR maintains both targets, though initial target is 10,000 yen/unit

5-16 Portfolio Map



5-17 Portfolio overview (After the planned asset swap)

Type	Office building			Office building (partly residential)			Residential			Retail		
Premium	Premium	Premium	Premium	Premium	Premium		Premium	Premium	-	Premium		
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	Akasaka Tameike Tower	Atago Green Hills		Moto-Azabu Hills	Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (land)		
	O-0	O-1	O-4	O-6	MORI Tower	Forest Tower	Plaza	Forest Tower	Forest Terrace	R-1	R-3	R-4
Photo												
Location	Roppongi, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Atago, Minato-ku, Tokyo		Toranomon, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		Jingumae, Sibuya-ku, Tokyo	
Completion	Apr.2003	Mar.1986 (large-scale renovation in 2005)	Mar.2000	Sep.2000	Jul.2001	Oct.2001	Jul.2001	May.2002	Oct.1993		-	
Building age	9years1months	26years1months	12years1months	11years7months	10years9months	10years6months	10years9months	9years11months	18years6months		-	
Number of stories	54 above ground, 6 below	37 above ground, 4 below	19 above ground, 6 below	25 above ground, 2 below	42 above ground, 2 below	43 above ground, 4 below	2 above ground, 1 below	29 above ground, 4 below	6 above ground, 1 below	20 above ground, 1 below		
Gross floor area	c.442,150m ²	c.177,486m ²	c.46,154m ²	c.46,971m ²	c.85,266m ²	c.60,815m ²	c.2,083m ²	c.54,006m ²		c.22,906m ²		
Owner-ship (Note 1)	Land	Co-ownership (c.3.7%)	Co-ownership (c.10.9%)	Leased land	Co-ownership (c.56.4%)	Co-ownership (c.17.5%)		Co-ownership (c.3.9%)	Co-ownership (c.47%)	Co-ownership (c.46%)	Ownership (100%)	
	Building	Compartmentalized ownership (c.2.8%)	Compartmentalized ownership (c.15.6%)	Compartmentalized ownership (c.57.9%)	Compartmentalized ownership (c.65.5%)	Co-ownership (c.20.0%)		Compartmentalized ownership (c.3.2%)	Compartmentalized ownership (c.46.4%)	Co-ownership (c.46%)	-	
PML	0.29%	0.38%	0.42%	2.15%	1.66%	0.99%	9.84%	1.16%	1.72%	3.53%	3.53%	-
Earthquake-resistant feature	Seismic Damping	-	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	-	Seismic Isolators	Seismic Isolators	-	-	-
Acquisition price (Note 2) (mn yen)	25,490	58,970	27,200	43,930	25,600		1,706	2,100	4,000	21,820		
Occupancy rate (Note 2) (End of the 11th period)	100%	100%	89.3%	100%	100%		100%	97.4%	100%	100%		

Average building age
15.9 years (Note 3)

Portfolio PML
0.71%

Total acquisition price
210,816mn yen

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

(Note 2) "Acquisition price" and "Occupancy rate" as of Jan. 31, 2012 except for Atago Green Hills

(Note 3) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on Jul. 30, 2001