



# MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 3rd Fiscal Period (Ended January 31, 2008)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co.,Ltd.

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

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# 1. 3<sup>rd</sup> period financial highlights(1)

## Financial summary and projections



							(Amount: mn yen)	
	Actual		Forecast			Difference		
	2 <sup>nd</sup> period	3 <sup>rd</sup> period	4 <sup>th</sup> period			3 <sup>rd</sup> -2 <sup>nd</sup> period	4 <sup>th</sup> -3 <sup>rd</sup> period	
Days of operation	181 days	184 days	Existing Properties 182 days	Ark Mori Building additional acquisition 126 days	Total 182 days			
Operating revenue	4,553	4,628	4,559	198	4,758	75	130	
Operating profit	2,381	2,349	2,235	135	2,371	▲32	21	
Net profit	1,935	1,842	1,693	59	1,752	▲92	▲90	
Dividend per unit (yen)	14,912 yen	14,197 yen			13,500 yen	▲715 yen	▲697 yen	
Average occupancy rate	96.8%	96.5%	95.4%	98.2%	95.5%			
No. of properties	9 properties	9 properties	9 properties	(Additional acquisition)	9 properties			
Total acquisition price	142,720	142,720	142,720	16,500	159,220			
Total debt	73,000	73,000	73,000	15,000	88,000			
Total unitholders' equity	72,671	72,671			72,671			
LTV	47.0%	47.1%			51.8%			
No. of outstanding units	129,800 units	129,800 units			129,800 units			
Total assets	155,165	154,891			169,891 <sup>(Note)</sup>			

(Note) Calculated with an increase in total assets reflecting JPY15.0bn in borrowings (planned) for a larger stake in the Ark Mori Bldg.

### External growth

- 4<sup>th</sup> fiscal period: Increase holding in Ark Mori Bldg. (purchase price: ¥16.5bn acquisition data: Mar. 28, 2008)
- Total assets ¥159.2bn (acquisition price basis)
- Premium property ratio 88.3%→89.5%

### Internal growth

- 3<sup>rd</sup> fiscal period: Above-target operational, increase operating revenue (+¥75mn +1.7%)
- 4<sup>th</sup> fiscal period: Expect rents to strengthen, despite some office bldg. contract terminations

### Financial strategy

- 3<sup>rd</sup> fiscal period: Successful corporate bond issue (¥10bn) despite difficult environment, little optimism
- 4<sup>th</sup> fiscal period: Expect to steadily raise financing for further property acquisitions

# 1. 3<sup>rd</sup> period financial highlights(2)

## Financial summary 【Revenue breakdown】

(Amount: mn yen)

	Actual		Difference		
	2 <sup>nd</sup> period	3 <sup>rd</sup> period	3 <sup>rd</sup> -2 <sup>nd</sup> period		
	Days of operation				
	181 days	184 days			
Operating revenues	4,553	4,628	75	1.7%	
Revenues from real-estate rental business	4,135	4,176	41	1.0%	
Rents incl. CAM fees	4,090	4,130	40	1.0%	Koraku Mori Building +39 Roppongi First Building ▲16
Office	2,636	2,659	22	0.9%	
Residential	1,276	1,290	13	1.1%	Moto-Azabu Hills +25 Other residential properties ▲12
Commercial	177	180	3	2.0%	
Other rent revenues	44	46	1	2.8%	
Other revenues from real-estate rental business	417	451	33	8.1%	Revenue from after-hours heating/cooling usage, etc. +26
Operating expenses	2,171	2,279	107	5.0%	
Expenses for real-estate rental business	1,809	1,929	120	6.7%	Taxes and other charges (six-month total) 120
Profit on real-estate rental business.	2,743	2,698	▲ 45	▲ 1.7%	
Depreciation expense	570	572	1	0.2%	
NOI	3,314	3,270	▲ 43	▲ 1.3%	
NOI (annualized)/real estates acquisition price	4.7%	4.5%	▲ 0.1%	▲ 2.9%	
SG&A	362	349	▲ 13	▲ 3.6%	
Operating profit	2,381	2,349	▲ 32	▲ 1.4%	
Nonoperating revenues	14	21	7	51.8%	
Nonoperating expenses	459	527	67	14.8%	
Interest expense	414	473	59	14.3%	Reflects an increase in long-term debt following the shift of some borrowings to long-term debt (November 2007)
Other nonoperating expenses	44	53	8	19.2%	
Nonoperating income/loss	▲ 444	▲ 505	▲ 60	13.6%	
Ordinary profit	1,936	1,843	▲ 92	▲ 4.8%	
Profit before tax	1,936	1,843	▲ 92	▲ 4.8%	
Corporate income, inhabitant and business taxes	1	1	0	▲ 3.6%	
Net profit	1,935	1,842	▲ 92	▲ 4.8%	
Undistributed income per unit (yen)	14,912	14,197	▲ 715	▲ 4.8%	
Dividend per unit (yen)	14,912	14,197	▲ 715	▲ 4.8%	
Real estates acquisition price	142,720	142,720			

# 1. 3<sup>rd</sup> period financial highlights(3)

## Comparison between projections and results



(Amount: mn yen)

	3 <sup>rd</sup> period				
	Plan	Result	Comparison between projections and results		
	184 days	184 days			
Operating revenues	4,527	4,628	101	2.2%	
Revenues from real-estate rental business	4,108	4,176	67	1.7%	
Rents incl. CAM fees	4,064	4,130	66	1.6%	
Office	2,630	2,659	29	1.1%	Roppongi First Building: +16 Koraku Mori Building: +12
Residential	1,258	1,290	31	2.5%	Moto-Azabu Hills +31
Commercial	175	180	4	2.8%	Seasonal adjustment to revenue from after-hours heating/cooling usage, etc. +24
Other rent revenues	44	46	1	4.3%	
Other revenues from real-estate rental business	418	451	33	8.0%	
Operating expenses	2,337	2,279	▲ 57	▲ 2.5%	
Expenses for real-estate rental business	1,961	1,929	▲ 32	▲ 1.6%	Maintenance expenses brought forward: ▲15
Profit on real-estate rental business	2,565	2,698	133	5.2%	
Depreciation expense	573	572	▲ 1	▲ 0.2%	
NOI	3,138	3,270	132	4.2%	
NOI (annualized)/real estates acquisition price	4.4%	4.5%	0.2%	4.2%	
SG&A	375	349	▲ 25	▲ 6.9%	Lower miscellaneous expenses (lawyers' fees, various charges, IR costs, etc.)
Operating profit	2,189	2,349	159	7.3%	
Nonoperating revenues	12	21	9	75.4%	
Nonoperating expenses	565	527	▲ 38	▲ 6.8%	
Interest expense	520	473	▲ 46	▲ 9.0%	Lower interest rate than projections ▲75
Other nonoperating expenses	45	53	8	17.9%	
Nonoperating income/loss	▲ 553	▲ 505	47	▲ 8.7%	
Ordinary profit	1,636	1,843	207	12.7%	
Profit before tax	1,636	1,843	207	12.7%	
Corporate income, inhabitant and business taxes	0	0	0	2.2%	
Net profit	1,636	1,843	207	12.7%	
Undistributed income/per unit (yen)	12,600	14,197	1,597	12.7%	
Dividend per unit (yen)	12,600	14,197	1,597	12.7%	
Real estates acquisition price	142,720	142,720			

(Note) Forecasts for the 3rd period are as of the announcement of results for the 2nd period (the period ending July 2007). The outlook for undistributed income/investment unit was revised (to JPY13,900) on January 18, 2008

# 1. 3<sup>rd</sup> period financial highlights(4)

## Projection 【Revenue breakdown】



(Amount: mn yen)

	Actual 3 <sup>rd</sup> period	Projection			Difference		
		Days of operation 184 days	4 <sup>th</sup> period		4 <sup>th</sup> -3 <sup>rd</sup> period		
			Existing properties 182 days	Additional acquisition Ark Mori Building 126 days	Total 182 days	Existing properties	
Operating revenues	4,628	4,559	199	4,758	▲ 68	130	
Revenues from real-estate rental business	4,176	4,163	188	4,352	▲ 13	175	Roppongi First Building +9 Toranomom 35 Mori Building +3 Koraku Mori Building ▲15
Rents incl. CAM fees	4,130	4,113	188	4,301	▲ 17	171	
Office	2,659	2,657	188	2,845	▲ 2	185	
Residential	1,290	1,278	0	1,278	▲ 11	▲ 11	Normalization of occupancy rates
Commercial	180	177	0	177	▲ 3	▲ 3	
Other rent revenues	46	50	0	50	4	4	
Other revenues from real-estate rental business	451	396	10	406	▲ 55	▲ 45	Seasonal adjustment to revenue from after-hours heating/cooling usage, etc. ▲29
Operating expenses	2,279	2,324	63	2,387	45	108	
Expenses for real-estate rental business	1,929	1,982	62	2,044	52	114	Marketing for tenant replacements: +38 Maintenance and repairs following departures: +13 Maintenance brought forward from previous period: +15 Utilities: ▲17
Profit on real-estate rental business.	2,698	2,577	136	2,714	▲ 120	15	
Depreciation expense	572	572	22	594	0	22	
NOI	3,270	3,149	159	3,309	▲ 120	38	
NOI (annualized)/real estates acquisition price	4.5%	4.4%	2.8% <sup>(Note)</sup>	4.2% <sup>(Note)</sup>	▲0.1%	▲0.4%	
SG&A	349	342	0	343	▲ 6	▲ 5	
Operating profit	2,349	2,235	135	2,371	▲ 113	21	
Nonoperating revenues	21	16	0	16	▲ 5	▲ 5	
Nonoperating expenses	527	557	76	634	30	107	
Interest expense	473	508	62	570	34	96	Long-term debt increases on the conversion of some borrowings to long-term debt (November 2007)
Other nonoperating expenses	53	49	14	64	▲ 3	10	
Nonoperating income/loss	▲ 505	▲ 541	▲ 76	▲ 617	▲ 35	▲ 112	
Ordinary profit	1,843	1,694	59	1,753	▲ 149	▲ 90	
Profit before tax	1,843	1,694	59	1,753	▲ 149	▲ 90	
Corporate income, inhabitant and business taxes	0	0	-	0	0	0	
Net profit	1,842	1,693	59	1,752	▲ 149	▲ 90	
Undistributed income per unit (yen)	14,197	13,044	456	13,500	▲ 1,153	▲ 697	
Dividend per unit (yen)	14,197	13,044	456	13,500	▲ 1,153	▲ 697	
Real estates acquisition price	142,720	142,720	16,500	159,220			

(Note) Figures do not include property taxes and city planning taxes for an additional stake in the Ark Mori Bldg., expected to be acquired in the 4th period.  
Based on figures for 2007, property taxes and city planning taxes for the additional stake in the Ark Mori Bldg. would be approximately JPY25mn for the full year.

## 2. Operational strategy

### Further promotion of 'investment in the city'

#### Basic concept

##### Further execution of 'investment in the city'

- Growth in portfolio value is driven by 'urban growth/town management' and not simply 'a collection of profitable buildings'
- Acquire/manage first-class properties in dynamic growth areas as typified by central Tokyo
- Make the most of Mori Building Group's development/project management skills to achieve internal and external growth over the medium-to-long term

#### External growth

##### External growth focused on quality

- Continue property acquisition as defined in the basic concept
- Strong pipeline and support from our sponsor Mori Building Co., Ltd.
- Aiming to build a portfolio worth ¥300bn combined with external property acquisitions



#### Internal growth

##### Maintain, further improve earning power

- Maintain, improve operating capacity (understand tenant needs, flexible leasing strategy)
- Raise rents (ongoing amendments to raise rents, attract new tenants)
- Ensure properties are competitive (appropriate refurbishments, service systems)



#### Financing strategy

##### Healthy and appropriate financial management

- Understand financial/capital market trends, raise funds appropriately
- Employ longer-term debt, diversified duration, fixed interest rate vehicles in light of low-interest rate climate
- Flexible operations focused on a LTV of 45–55% (maximum 65%)



# 3. External growth(1)

## Property acquisition in line with basic concept (4<sup>th</sup> period)

### Further acquisition at Ark Mori Bldg. (4<sup>th</sup> period) Development of Ark Hills surrounding area

- Property acquisition using Mori Building Co., Ltd. pipeline
- Additional acquisition of flagship office buildings that symbolize the Mori Building Group
- Develop area around Ark Hills, with future potential for results from urban growth/maturity

Following the development of Ark Hills, the surrounding area saw a series of major redevelopment projects. This contributed to generating added value for the area as a whole.



- Acquiring additional space equivalent to 1.5 floors of the Ark Mori Bldg. (note 1) (Increasing total stake to 2.5 floors from 1 floor.)

#### Overview: Acquiring additional stake in Ark Mori Bldg.

	Existing portion	New portion	Total
Acquired from	Mori Building Co., Ltd.	Mori Building Co., Ltd.	
Floors (sectional ownership ratio)	13 (100%)	12, 22 (75%)	12, 13, 22
Land usage rights **	537.75m <sup>2</sup>	786.24m <sup>2</sup>	1,324.04m <sup>2</sup>
Percentage of total land usage rights	1.3%	1.9%	3.3%
Total leasable floor area **	2,698.42m <sup>2</sup>	3,956.19m <sup>2</sup>	6,654.61m <sup>2</sup>
Sectional ownership	1.9%	2.8%	4.7%
Appraisal price ***	9.63 bn yen	15.08 bn yen	24.71 bn yen
Acquisition price	6.60 bn yen	16.50 bn yen	23.10 bn yen
Leasing scheme	Fixed master lease	Pass-through master lease	

#### Ark Mori Building overview

Gross floor area **	177,486.95m <sup>2</sup>
Site area**	39,602.42m <sup>2</sup>
Leasable floor area **	142,854.71m <sup>2</sup>
Number of stories	37 above ground, 4 below
Completion	March 1986 (large-scale renovation completed in 2005)

- (Note) \* MHR plans to conclude a purchase agreement and take control of an additional stake in the Ark Mori Bldg on March 28, 2008. MHR will acquire 75% of the trust certificate pertaining to the joint ownership portion for sectional ownership of portions of the 12th and 22nd floors (equivalent to 1.5 floors) and Mori Building will continue holding the rest.
- (Note) \*\* Measurements as officially registered
- (Note) \*\*\* Date of appraisal for existing stake: January 31, 2008; date of appraisal for new stake: February 29, 2008



①Ark Towers



②Akasaka 1-chome plan



③Roppongi First Bldg. Roppongi First Plaza Roppongi View Tower

In operation

Planned/Under construction



⑦Akasaka Tower Residence Top of the Hill



⑥ Akasaka Tameike Tower



⑤Suntory Hall



④Ark Forest Terrace

# 3. External growth(2)

## Town management at Ark Mori Building

### Ark Mori Building: Creating cities

In addition to excellent property management operations, Mori Building supports a variety of initiatives and activities to promote city branding and development



#### ARK Garden

Promoting the harmony between the urban and natural environment, the ARK Garden allows urban dwellers to enjoy the four seasons and experience nature



#### Suntory Hall

This renowned concert hall is an oasis, providing busy urban dwellers a chance to relax, learn, and express themselves in a state-of-the-art atmosphere



#### Cherry Blossom Festival

Over 700m of around 150 cherry trees decorate three sides of the property



#### Rose Festival

Rose Market, with over 200 types of roses on display, presentations and work shops on rose planting and care, and live concerts

### Governor's award in recognition of Global Environment Award

'Vertical Garden City' concept places great emphasis on greenery and the environment; Mori Building has transformed newly opened spaces and building rooftops into lush, green landscapes

### Promoting the harmony between the urban and natural environment



Ark Hills: A true 'vertical garden city'



Line of cherry trees along ARK Hills

### 'Hanging Gardens' is developed over 20 years



Rich green at rooftop of Suntory Hall

### Community building through greenery and gardening



ARK Gardening Club

# 4. Internal growth(1)

## Tenant leasing overview(1)



### Office

		No. of tenants	Monthly rent prior to rent change	Revision in monthly rent	Rate of revision
3 <sup>rd</sup> period actual	Tenants that revised rent during the 3 <sup>rd</sup> period	6 tenants	70.8 mn yen	10.5 mn yen	<b>14.8%</b>
	Tenant turnover during the 3 <sup>rd</sup> period	1 tenant	5.5 mn yen	0.8 mn yen	<b>14.9%</b>
	Total	7 tenants	76.3 mn yen	11.3 mn yen	<b>14.8%</b>

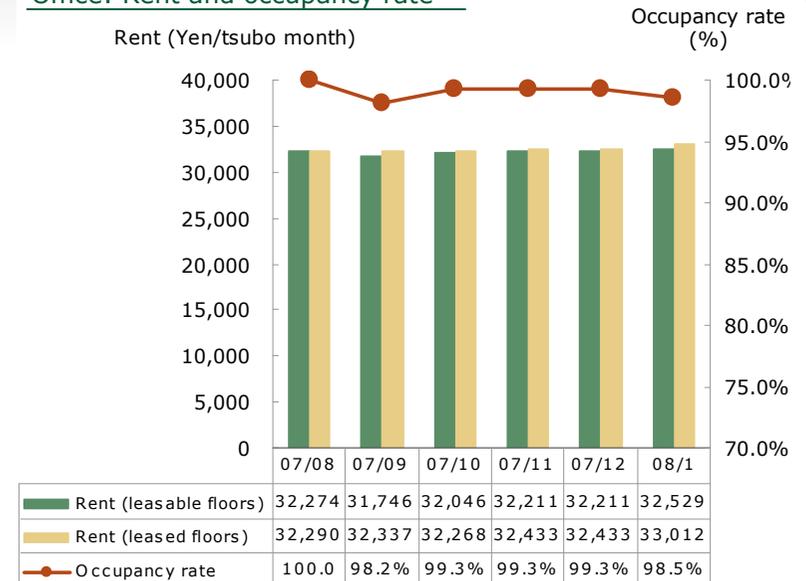
		No. of tenants	Current rent (Monthly)	Room for rent increase
4 <sup>th</sup> period	Tenants facing rent revision in the 4 <sup>th</sup> period	5 tenants	105 mn yen	-
	Rent revision completed	3 tenants	83 mn yen	<b>5 mn yen (5.8%)</b>
	Rent revisions under negotiation	2 tenants	22 mn yen	Approx. 10%

		No. of tenants	Current rent (Monthly)	Room for rent increase
5 <sup>th</sup> period	Tenants facing rent revision in the 5 <sup>th</sup> period	4 tenants	17 mn yen	Approx. 5%~10%

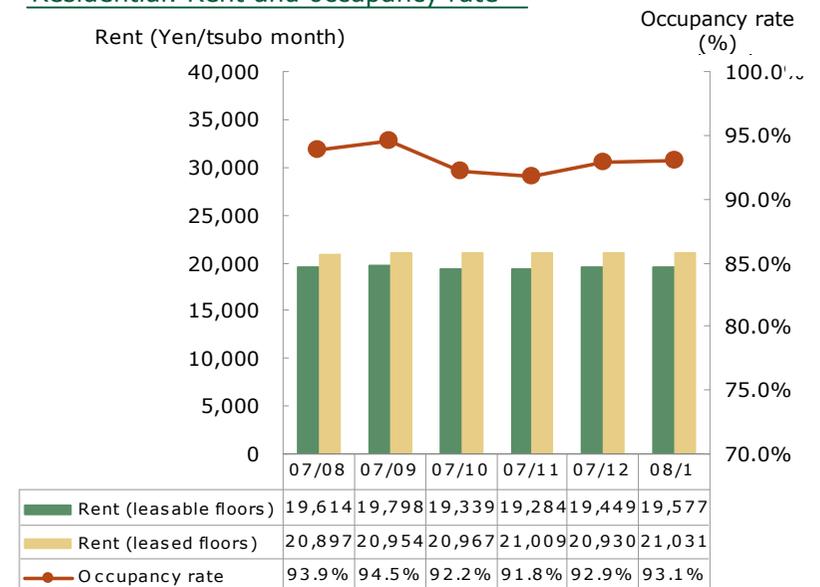
### Residential

		Moved in	Moved out	Difference
3 <sup>rd</sup> period actual	Number of tenants	38	39	<b>▲ 1</b>
	Average rent (Yen/tsubo)	24,210 yen	23,639 yen	<b>571 yen</b>

### Office: Rent and occupancy rate



### Residential: Rent and occupancy rate



(Note 1) The definitions of the Office and Residential categories used in these materials differ from those used in discussions of operating rates on Mori Hills REIT Investment Corporation's website (<http://mori-hills-reit.co.jp/cms/operate.html>)

(Note 2) In these materials, Office and Residential figures are compiled using individual figures for all office and residential properties in which Mori Hills REIT Investment Corporation has invested

(Note 3) Figures on Mori Hills REIT Investment Corporation's website are defined as per Portfolio Overview (page 28)

# 4. Internal growth(2)

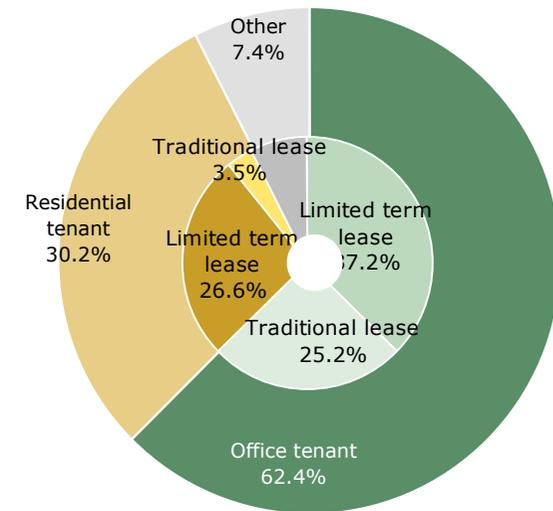
## Tenant leasing overview(2)

Breakdown of monthly rent revenue (as of January 31, 2008)

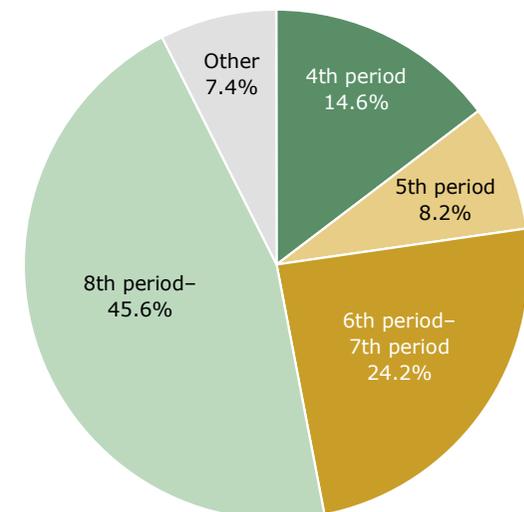
(mn yen)

Tenant type	Type of lease contract	Total	Agreement renewal timing			
			4 <sup>th</sup> period	5 <sup>th</sup> period	6 <sup>th</sup> period- 7 <sup>th</sup> period	8 <sup>th</sup> period-
Office tenant	Limited term lease	267	71	5	44	147
		37.2%	10.0%	0.6%	6.2%	20.5%
	Traditional lease	14 tenants	2 tenants	1 tenant	6 tenants	5 tenants
		180	28	31	96	25
		25.2%	4.0%	4.3%	13.4%	3.5%
		20 tenants	4 tenants	4 tenants	11 tenants	1 tenant
Total	447	100	36	140	171	
	62.4%	13.9%	5.0%	19.6%	23.9%	
Residential tenant	Limited term lease	191	5	19	30	137
		26.6%	0.7%	2.6%	4.2%	19.1%
	Traditional lease	193 tenants	7 tenants	16 tenants	34 tenants	136 tenants
		25	0	4	3	18
		3.5%	0.0%	0.6%	0.4%	2.5%
		20 tenants	0 tenants	11 tenants	8 tenants	1 tenants
Total	216	5	23	33	155	
	30.2%	0.7%	3.2%	4.6%	21.7%	
Sub total	663	105	58	173	327	
	92.6%	14.6%	8.2%	24.2%	45.6%	
Others	Retail	28				
	Parking	17				
	Others	8				
Sub total	53					
	7.4%					
Total	716					
	100.0%					

Rent revenue breakdown by types of lease contract



Rent revenue breakdown by timing of renewal



Upper row: Monthly rent (as of Jan. 31, 2008)  
 Middle row: Percentage of total tenants  
 Lower row: Number of tenants

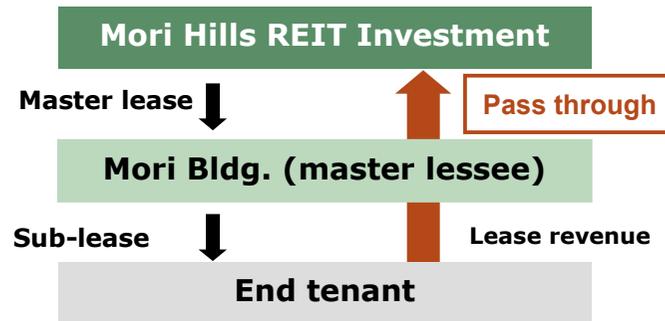
# 4. Internal growth(3)

## Ark Mori Building lease scheme



### Lease scheme for stake increase Pass through master lease

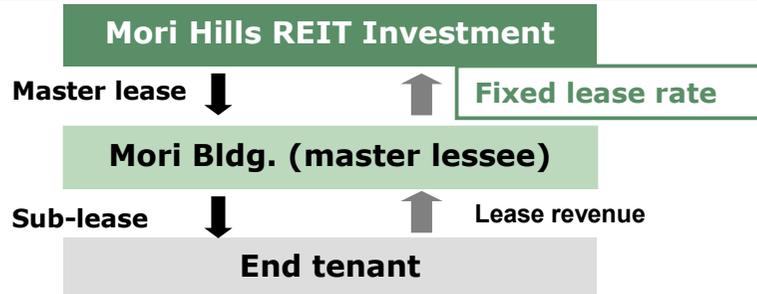
Rent paid by master lessee is always the same as rent paid by end tenant



**Merit: Benefit from higher lease rates**

### Lease scheme for original stake Fixed master lease

Rent paid by master lessee is fixed regardless of amount paid by the end-tenant to the master lessee



**Merit: Stable lease revenue**

### Ark Mori Bldg: Tenant status

(Number of tenants)

Lease type	Lease renewal schedule				Total
	4 <sup>th</sup> period	5 <sup>th</sup> period	6 <sup>th</sup> period	7 <sup>th</sup> period	
Fixed	4	2	1	6	13
Regular	1	2	0	0	2
<b>Total</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>6</b>	<b>15</b>

(Note) Tenant lease status and tenant revision status as of the date of the decision to acquire an additional stake in the ARK Mori Bldg.

<b>Rent revision completed</b>	Revision in monthly rent: Approx. 30% (2.5mn yen) UP
<b>Tenants turnover</b>	Revision in monthly rent: Approx. 30-40% (0.7-0.9 mn yen) UP

**Pass through master leases take advantage of steady lease renewal schedule to benefit from higher rent rates**

# 5. Financial strategy

## Flexible, conservative approach

### Core policy

- Maintain flexible, prudent financing policy; remain abreast of financial and capital market trends and conditions
- Taking advantage of low interest rate environment by shifting to longer, fixed-rate debt
- Maintain LTV ratio between 45-55%, with conservative investment approach (max. 65%)

### Debt data

	End of 2 <sup>nd</sup> period Jul. 31, 2007	End of 3 <sup>rd</sup> period Jan. 31, 2008	Ark Mori Bldg (after stake increase)
Debt balance	73 bn yen	73 bn yen	88 bn yen
LTV	47.0%	47.1%	51.8% <sup>(1)</sup>
DSCR	7.0x	6.1x	-
Avg remaining duration	1.23yr	2.16yr	-
Weighted avg interest rate	1.17%	1.40%	-

(Note 1) LTV is calculated assuming an increase in total assets reflecting JPY15.0bn in borrowings (planned) for a larger stake in the Ark Mori Bldg

### Investment corporation bonds

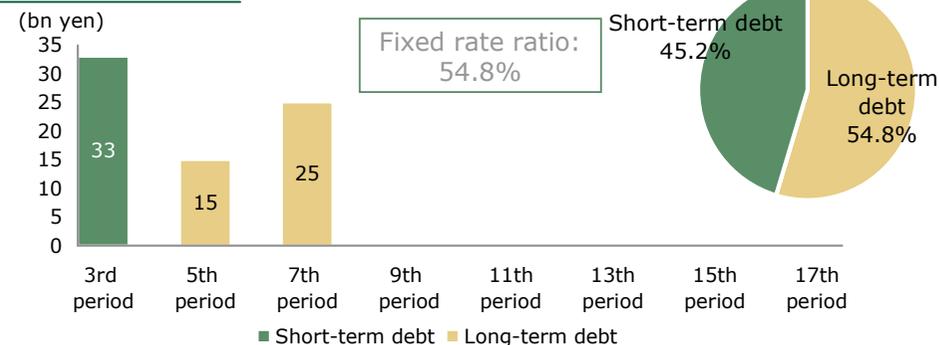
#### Debt shelf registration filing

Planned issue amount	Filing date
100 bn yen	Nov. 7, 2007

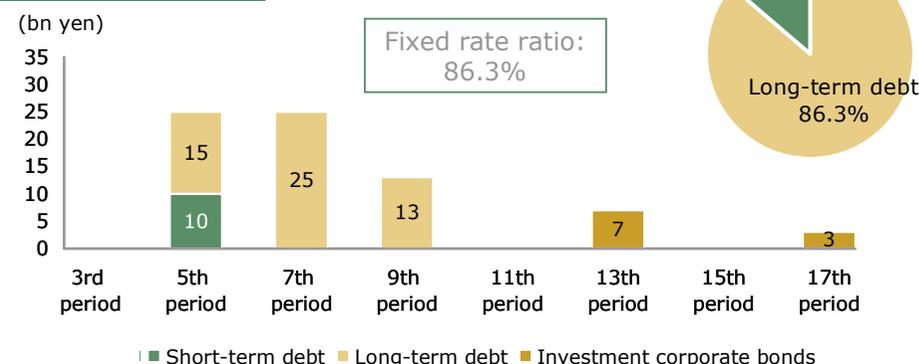
#### Unsecured investment corporation bonds

	Issue date	Amount	Rate	Maturity	Credit rating
1 <sup>st</sup>	Nov. 29, 2007	7 bn yen	1.56%	5yr	AA- (JCR) A3 (Moody's)
2 <sup>nd</sup>	Nov. 29, 2007	3 bn yeb	1.77%	7yr	AA- (JCR) A3 (Moody's)

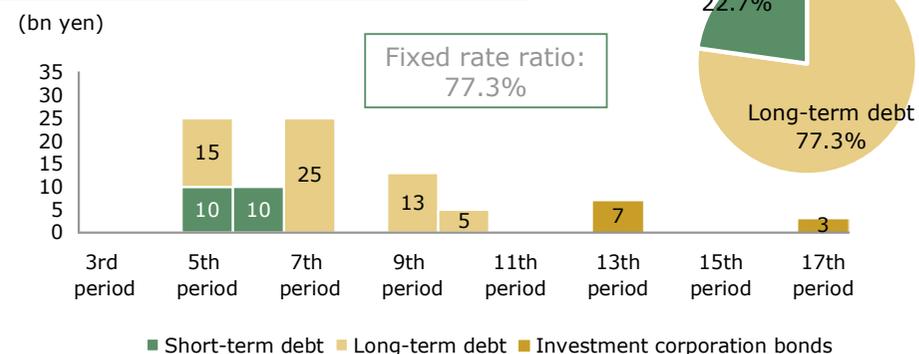
#### End of 2<sup>nd</sup> Period



#### End of 3<sup>rd</sup> Period



#### Ark Mori Bldg. (after stake increase)



**Financial data for the 3rd period**



# Financial highlights



Indices	Previous period (2 <sup>nd</sup> period: Feb. 1, 2007–Jul. 31, 2007)	Current period (3 <sup>rd</sup> period: Aug. 1, 2007–Jan. 31, 2008)	
Net profit	1,935 mn yen	1,842 mn yen	
FFO	2,506 mn yen	2,414 mn yen	Net profit + Depreciation & Amortization
Depreciation & Amortization	570 mn yen	572 mn yen	
CAPEX	33 mn yen	31 mn yen	
Total assets	155,165 mn yen	154,891 mn yen	
Interest-bearing debt	73,000 mn yen	73,000 mn yen	
Net asset value	74,607 mn yen	74,514 mn yen	
Dividend	1,935 mn yen	1,842 mn yen	
Total units outstanding	129,800 units	129,800 units	
Book value per unit	574,784 yen	574,069 yen	Net asset value at end of period/Total units outstanding
Dividend per unit	14,912 yen	14,197 yen	Dividend/Total units outstanding
FFO per unit	19,308 yen	18,603 yen	FFO/Weighted average number of investment units for the period
ROA	1.25%	1.19%	Ordinary profit/Average of total assets during the period
Annualized*	2.50%	2.36%	
ROE	2.60%	2.47%	Net profit/Average of NAV during the period
Annualized*	5.20%	4.90%	
LTV	47.00%	47.13%	LTV=Interest-bearing debt/Total assets
Dividend yield (annualized*)	2.78%	3.93%	Dividend per unit/Unit price
Number of operating days in the period	181 days	184 days	
PER (annualized*)	35.9x	25.4x	Unit price/Net profit per unit
PBR	1.9x	1.2x	Unit price/Book value per unit

(Note) \* Calculated as 2nd period figure/181 days x 365 days and 3rd period figure/184 days x 365 days

# Balance sheet

Item	As of the end of 2 <sup>nd</sup> fiscal period (Jul. 31, 2007)		As of the end of 3 <sup>rd</sup> fiscal period (Jan. 31, 2008)	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
<b>Asset</b>				
Current assets	12,094,388	7.8	12,298,130	7.9
Cash and deposit	4,688,388		6,013,529	
Entrusted cash and deposits	7,214,625		6,072,304	
Other	191,373		212,295	
Fixed assets	143,035,705	92.2	142,507,614	92.0
Tangible fixed asset	124,574,091	80.3	124,033,486	80.1
Intangible fixed assets	18,409,956	11.9	18,409,956	11.9
Investment and other assets	51,656	0.0	64,170	0.0
Deferred assets	35,779	0.0	85,542	0.1
<b>Total assets</b>	<b>155,165,873</b>	<b>100.0</b>	<b>154,891,286</b>	<b>100.0</b>

Item	As of the end of 2 <sup>nd</sup> fiscal period (Jul. 31, 2007)		As of the end of 3 <sup>rd</sup> fiscal period (Jan. 31, 2008)	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
<b>Liabilities</b>				
Current liabilities	34,312,274	22.1	26,154,281	16.9
Payable-trade	271,778		253,426	
Short-term debt	33,000,000		10,000,000	
Current installments of long-term debt	-		15,000,000	
Other	1,040,496		900,855	
Fixed liabilities	46,246,570	29.8	54,222,814	35.0
Investment corporation bond	-		10,000,000	
Long-term debt	40,000,000		38,000,000	
Tenant leasehold and security deposit	6,246,570		6,222,814	
<b>Total liabilities</b>	<b>80,558,844</b>	<b>51.9</b>	<b>80,377,095</b>	<b>51.9</b>
<b>Unitholders' equity</b>				
Unitholders' equity	72,671,418	46.8	72,671,418	46.9
Retained earnings	1,935,609	1.3	1,842,772	1.2
<b>Total unitholders' equity</b>	<b>74,607,028</b>	<b>48.1</b>	<b>74,514,191</b>	<b>48.1</b>
<b>Total liabilities and unitholders' equity</b>	<b>155,165,873</b>	<b>100.0</b>	<b>154,891,286</b>	<b>100.0</b>

# Income statement

Item	Previous period (2 <sup>nd</sup> period: Feb. 1, 2007–Jul. 31, 2007)		Current period (3 <sup>rd</sup> period: Aug. 1, 2007–Jan. 31, 2008)	
	Amount (Yen thousand)	Percentage (%)	Amount (Yen thousand)	Percentage (%)
Operating revenue	4,553,168	100.0	4,628,405	100.0
Property revenue	4,135,555		4,176,880	
Other property revenue	417,613		451,525	
Operating expenses	2,171,673	47.7	2,279,207	49.2
Property expenses	1,809,353		1,929,934	
Asset management fees	247,707		251,812	
Director's compensation	10,400		7,200	
Asset custody fees	3,883		3,879	
Administration fees	11,411		11,160	
Other operating expenses	88,918		75,220	
Operating profit	2,381,495	52.3	2,349,198	50.8
Non-operating revenue	14,252	0.3	21,636	0.4
Interest revenue	4,814		19,975	
Other	9,438		1,660	
Non-operating expenses	459,132	10.1	527,115	11.4
Interest expenses	414,336		445,265	
Interest in investment corporation bonds	–		28,458	
Amortization of bond issue cost	–		2,812	
Amortization of initial expenses	5,111		5,111	
Loan related expenses	38,139		43,923	
Other non-operating expenses	1,545		1,545	
Ordinary profit	1,936,615	42.5	1,843,719	39.8
Profit before tax	1,936,615	42.5	1,843,719	39.8
Net profit	1,935,601	42.5	1,842,740	39.8
Unappropriated retained earnings for the period	1,935,609		1,842,772	
Dividend per unit (yen)	14,912		14,197	

(Yen: thousand)	
Parking revenue	163,871
Incidental revenue	280,118
Early termination penalty	7,535

(Yen: thousand)	
Property management fees	644,795
Property taxes	240,220
Utilities	200,376
Custodian fees	6,970
Maintenance & repairs	85,329
Insurance premium	13,971
Depreciation & Amortization	572,007
Other property expenses	166,262

# Cashflow statement / Retained earnings



Amount (Yen thousand)

Item	Previous period (2 <sup>nd</sup> period: Feb. 1, 2007– Jul. 31, 2007)	Current period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)
<b>I Cashflow from operating activities</b>	<b>3,897,987</b>	<b>2,221,540</b>
EBIT	1,936,615	1,843,719
Depreciation & Amortization	570,637	572,007
Amortization of long-term prepaid expenses	5,111	5,111
Amortization of issue costs of new units	-	2,812
Interest income	▲4,814	▲19,975
Interest expenses	414,336	473,723
Increase/decrease in notes receivable	8,181	▲12,927
Increase/decrease in consumption taxes receivable	1,193,776	-
Increase/decrease in trade accounts payable	48,604	▲26,113
Increase/decrease in other accounts payable	▲15,923	▲1,714
Increase/decrease in accrued expenses	▲1,985	▲26
Increase/decrease in accrued consumption taxes	117,541	▲78,671
Increase/decrease in rent received in advance	15,848	▲7,923
Increase/decrease in other current liabilities	▲11,975	▲85,540
Increase/decrease in prepaid expenses	5,543	▲4,016
Increase/decrease in long-term prepaid expenses	21,293	▲12,813
Other	▲1,955	▲848
Sub total	4,300,834	2,647,802
Interest received	4,814	17,144
Interest paid	▲405,655	▲441,427
Income taxes paid	▲2,006	▲979
<b>II Cashflow from investing activities</b>	<b>3,789</b>	<b>▲47,396</b>
Purchases of property and equipment	▲73,678	▲23,640
Receipt of tenant leasehold and security deposits	292,691	374,857
Security deposits	▲215,223	▲398,613

Item	Previous period (2 <sup>nd</sup> period: Feb. 1, 2007– Jul. 31, 2007)	Current period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)
<b>III Cashflow from financing activities</b>	<b>▲2,656,496</b>	<b>▲1,991,323</b>
Proceed from short-term debt	-	10,000,000
Repayment of short-term debt	-	▲33,000,000
Proceeds from long-term debt	-	13,000,000
Proceeds from issuance of investment corporation bonds	-	10,000,000
Issue costs of investment corporation bonds	-	▲56,349
Payment of dividend	▲2,656,496	▲1,934,973
<b>IV Increase/decrease in cash &amp; equivalents</b>	<b>1,245,279</b>	<b>182,820</b>
<b>V Cash &amp; equivalents at start of period</b>	<b>10,657,734</b>	<b>11,903,014</b>
<b>VI Cash &amp; equivalents at end of period</b>	<b>11,903,014</b>	<b>12,085,834</b>

## Retained earnings

Amount (Yen)

	Previous period (2 <sup>nd</sup> period: Feb. 1, 2007– Jul. 31, 2007)	Current period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)
<b>I Retained earnings</b>	<b>1,935,609,421</b>	<b>1,842,772,497</b>
<b>II Dividend</b>	<b>1,935,577,600</b>	<b>1,842,770,600</b>
(Dividend per unit)	(14,912)	(14,197)
<b>III Earnings carried forward</b>	<b>31,821</b>	<b>1,897</b>

# The 3<sup>rd</sup> period results breakdown by property①



(Yen mn)

Property name	Ark Mori Building			Roppongi Hills Gate Tower			Roppongi First Building			Koraku Mori Building			Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)		
	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference ***	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference
Days of operations	181	184	3	181	184	3	181	184	3	181	184	3	181	184	3
Occupancy rate	100.0%	100.0%	0.0%	97.7%	97.0%	▲0.7%	99.8%	94.2%	▲5.6%	99.3%	100.0%	0.7%	100.0%	100.0%	0.0%
Number of tenants	1	1	0	44	42	▲2	16	15	▲1	16	16	0	1	1	0
Acquisition price (Yen mn)	6,600			36,500			21,000			27,200			12,720		
Operating revenue	148	148	-	1,114	1,125	10	693	675	▲17	964	1,013	48	409	409	-
Rental revenue	148	148	-	986	982	▲4	606	590	▲16	847	885	37	400	400	-
Other	-	-	-	127	142	15	86	85	0	116	128	11	9	9	-
Property expenses	24	28	4	404	466	61	244	266	21	378	410	32	147	124	▲23
Maintenance expense	1	1	0	150	164	13	80	82	2	87	88	1	66	65	▲1
Property taxes*	4	8	4	33	66	33	21	43	21	17	35	17	11	22	11
Utilities	-	-	-	56	62	6	34	34	0	77	88	10	-	-	-
Maintenance and repairs	-	0	0	9	16	7	6	3	▲2	4	6	2	32	-	▲32
Insurance premium	0	0	0	2	1	0	1	1	0	1	1	0	0	0	0
Depreciation ①	17	17	0	116	116	0	99	99	0	123	123	0	35	35	0
Other property expenses	0	0	0	37	38	0	1	1	0	65	66	0	0	0	0
Operating profit ②	124	120	▲4	709	658	▲50	448	409	▲38	586	602	16	261	285	23
NOI ③ (①+②)	142	137	▲4	825	775	▲50	547	508	▲38	709	725	16	297	320	23
Annualized NOI ④	286	273	▲13	1,665	1,538	▲127	1,104	1,009	▲95	1,430	1,439	8	599	636	36
④ /Acquisition price	4.3%	4.1%	▲0.2%	4.6%	4.2%	▲0.4%	5.3%	4.8%	▲0.5%	5.3%	5.3%	0.0%	4.7%	5.0%	0.3%
Capex ⑤	-	-	-	11	2	▲8	-	1	1	4	8	3	5	0	▲5
NCF ③-⑤	142	137	▲4	814	773	▲41	547	507	▲40	704	716	12	292	320	28
Annualized NOI adjusted for property taxes**⑥	278	273	▲4	1,598	1,538	▲60	1,061	1,009	▲51	1,394	1,439	44	577	636	58
⑥ /Acquisition price	4.2%	4.1%	▲0.1%	4.4%	4.2%	▲0.2%	5.1%	4.8%	▲0.2%	5.1%	5.3%	0.2%	4.5%	5.0%	0.5%

(Note) \* We account for property taxes and urban planning taxes on land and buildings on a cash basis; as a result, for the 2nd period, we have expensed the amount which corresponds to the latter three months and for the current period, expensed the amount corresponding to the six month period

\*\* The annualized NOI adjusted for property taxes are annualized NOI inclusive of fully expensed property taxes and urban planning taxes

\*\*\* Difference between current and 2nd period

# The 3<sup>rd</sup> period results breakdown by property②



(Yen mn)

Property name	Moto-Azabu Hills			Ark Forest Terrace			Roppongi First Plaza			Roppongi View Tower			Total		
	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference ***	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference	2 <sup>nd</sup> period	3 <sup>rd</sup> period	Difference
Days of operations	181	184	3	181	184	3	181	184	3	181	184	3	-	-	-
Occupancy rate	92.8%	93.2%	0.4%	88.2%	93.8%	5.6%	87.1%	84.9%	▲2.2%	100.0%	100.0%	0.0%	96.7%	96.3%	▲0.4%
Number of tenants	107	106	▲1	34	37	3	37	35	▲2	1	1	0	257	254	▲3
Acquisition price	27,300			5,300			2,100			4,000			142,720		
Operating revenue	848	885	36	185	184	▲1	79	76	▲2	109	109	-	4,553	4,628	75
Rental revenue	782	813	30	174	171	▲3	78	76	▲2	109	109	-	4,135	4,176	41
Other	66	72	6	10	12	2	0	0	0	-	-	-	417	451	33
Property expenses	445	453	7	97	106	8	37	39	1	28	33	4	1,809	1,929	120
Maintenance expense	189	184	▲5	36	38	2	13	13	0	6	6	-	631	644	13
Property taxes*	19	39	19	4	9	4	3	6	3	4	9	4	120	240	120
Utilities	3	3	0	8	10	1	0	0	0	-	-	-	181	200	18
Maintenance and repairs	55	47	▲8	6	5	0	6	5	▲1	-	-	-	121	85	▲35
Insurance premium	4	4	0	1	1	0	0	0	0	0	0	0	13	13	0
Depreciation ①	122	122	0	31	31	0	9	9	0	15	15	-	570	572	1
Other property expenses	50	50	0	9	9	0	4	4	0	0	0	-	170	173	2
Operating profit ②	402	432	29	87	77	▲10	41	37	▲4	80	75	▲4	2,743	2,698	▲45
NOI ③ (①+②)	524	554	29	119	109	▲10	50	46	▲4	96	91	▲4	3,314	3,270	▲43
Annualized NOI ④	1,058	1,099	41	240	216	▲23	102	92	▲10	194	181	▲12	6,683	6,487	▲196
④ /Acquisition price	3.9%	4.0%	0.2%	4.5%	4.1%	▲0.4%	4.9%	4.4%	▲0.5%	4.9%	4.5%	▲0.3%	4.7%	4.5%	▲0.1%
Capex ⑤	2	9	6	2	1	0	7	8	0	-	-	-	33	31	▲1
NCF ③-⑤	522	545	22	117	107	▲9	42	37	▲5	96	91	▲4	3,281	3,239	▲42
Annualized NOI adjusted for property taxes**⑥	1,018	1,099	81	231	216	▲14	96	92	▲3	184	181	▲3	6,441	6,487	45
⑥ /Acquisition price	3.7%	4.0%	0.3%	4.4%	4.1%	▲0.3%	4.6%	4.4%	▲0.2%	4.6%	4.5%	▲0.1%	4.5%	4.5%	0.0%

(Note) \* We account for property taxes and urban planning taxes on land and buildings on a cash basis; as a result, for the 2nd period, we have expensed the amount which corresponds to the latter three months and for the current period, expensed the amount corresponding to the six month period

\*\* The annualized NOI adjusted for property taxes are annualized NOI inclusive of fully expensed property taxes and urban planning taxes

\*\*\* Difference between current and 2nd period

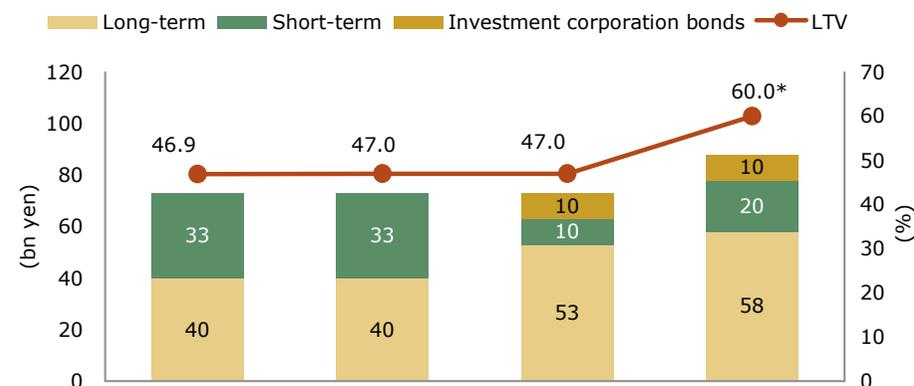
# Debt status

	Lender	Lender Loan balance (Yen mn)	Rate of interest	Borrowing date	Maturity date	Remarks
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	1.11%	Nov. 30, '07	Nov. 30, '08	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Sumitomo Mitsui Banking Corporation					
	Sub-total	10,000	-	-	-	-
Current installments of long-term debt	Mizuho Corporate Bank, Ltd.	15,000	1.29%	Dec. 04, '06	Nov. 30, '08	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Sub-total	15,000	-	-	-	-
Long-term	Mizuho Corporate Bank, Ltd.	25,000	1.50%	Dec. 04, '06	Nov. 30, '09	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	The Norinchukin Bank					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,000	1.38%	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Shinsei Bank, Limited					
The Norinchukin Bank						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000	1.35%	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed	
The Sumitomo Trust and Banking Co., Ltd.						
Sumitomo Mitsui Banking Corporation						
	Sub-total	38,000	-	-	-	-
	Total	63,000	-	-	-	-

(Note 1) As of Jan. 31, 2008

(Note 2) Current installments of long-term debt and Long-term debt have been procured with a floating rate, but has been fixed through interest rate swap. Rate of interest is the rate after being fixed

## Aiming for stable financial strength



(bn yen)		1st period	2nd period	3rd period	4th period
Debt	Long-term	40	40	38	43
	Short-term	33	33	25	35
Investment Corporation bonds		-	-	10	10
[1st Period]		[2nd Period]		[3rd Period]	
<ul style="list-style-type: none"> <li>Oct 31 06 Received A3 rating from Moody's</li> <li>Nov 30 06 Listed on TSE</li> </ul>		<ul style="list-style-type: none"> <li>Feb 23 07 Received AA- from JCR</li> </ul>		<ul style="list-style-type: none"> <li>Nov 29 07 Issued 1st &amp; 2nd Series of investment corporation bonds</li> </ul>	
[4th Period]		<ul style="list-style-type: none"> <li>Mar 28 08 Will acquire one new property</li> <li>Ark Mori Bldg scheduled to raise investment stake</li> </ul>			

		Issue amount (mn yen)	Rate of interest	Payment date	Maturity date
Investment corporation bonds	1st	7,000	1.56%	Nov. 29, '07	Nov. 29, '12
	2nd	3,000	1.77%	Nov. 29, '07	Nov. 28, '14
Total		10,000	-	-	-
Debt total		73,000	-	-	-

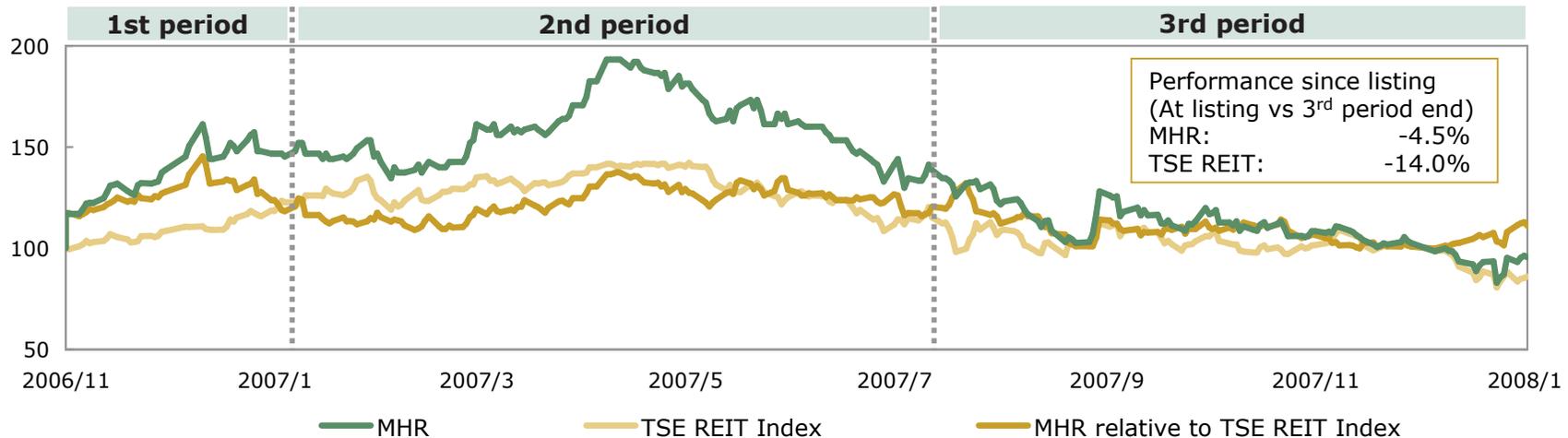
# Unit price performance

Since IPO~End of 3<sup>rd</sup> period (Jan. 31, 2008)



Source: Bloomberg

Relative price performance (Since IPO~End of 3<sup>rd</sup> period (Jan. 31, 2008))



Source: Bloomberg

(Note) Rebased to 100 as per IPO price

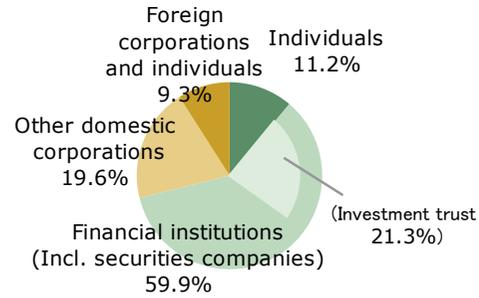
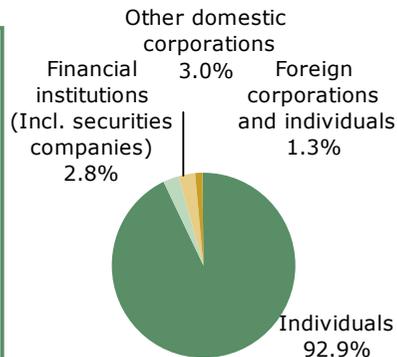
# Unitholder breakdown (As of January 31, 2008)

## Number of unitholders

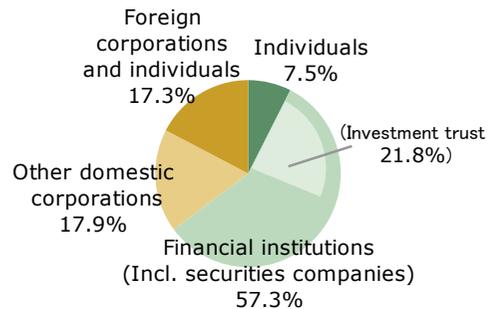
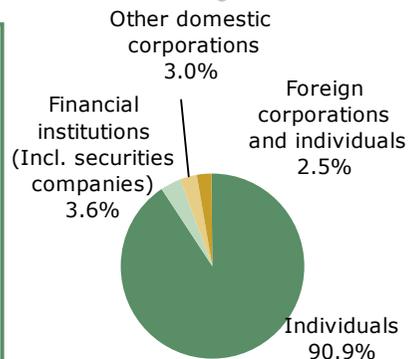
## Number of investment units

## Unitholder ownership categories

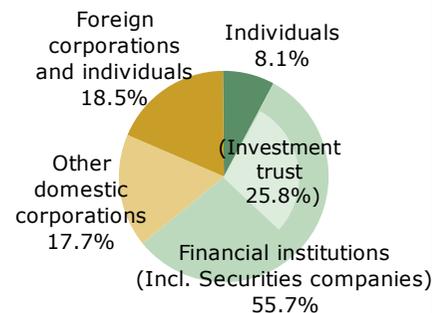
1st period



2nd period



3rd period



Type of unitholder	Unitholders		Investment units	
	# of unitholder	(%)	# of units	(%)
Individuals	4,130	91.6	10,560	8.1
Financial institutions (Incl. securities companies)	140	3.1	72,292	55.7
Other domestic corporation	123	2.7	22,942	17.7
Foreign corporations and individuals	114	2.5	24,006	18.5
<b>Total</b>	<b>4,507</b>	<b>100.0</b>	<b>129,800</b>	<b>100.0</b>

## Top 10 unitholders

Rank	Name	# of units held	(%)
1	Mori Building Co., Ltd.	19,518	15.0
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	9,770	7.5
3	Trust & Custody Services Bank of Japan, Ltd. (Securities Investment Trust unit)	8,482	6.5
4	Japan Trustee Service Bank (Trust account)	8,235	6.3
5	The Master Trust Bank of Japan, Ltd. (Trust account)	6,841	5.3
6	The Norinchukin Bank	5,600	4.3
7	The Bank of New York Ltd.	4,001	3.1
8	The Fuji Fire Marine Insurance, Co., Ltd.	3,527	2.7
9	The Nomura Trust & Banking (Trust account)	2,661	2.1
10	Sumitomo Mitsui Banking Corporation	2,222	1.7
<b>Top 10 unitholders total</b>		<b>70,857</b>	<b>54.6</b>

Using various methods to communicate with a wide range of investors

## Briefing session for retail investors



←Oct.22, 2007  
J-REIT forum for retail investors  
(Tokyo)



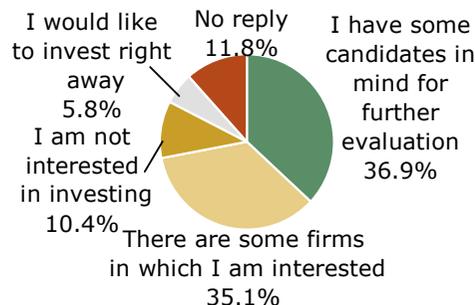
Jan. 22, 2008 →  
Seminar at securities  
company's branches  
(Yokohama)

## Displayed at 2<sup>nd</sup> NIKKEI Real Estate Finance Fair



Dec.3 (Mon), 2007  
Venue: Tokyo International Forum  
No. of visitors: 7,559

### Are you interested in investing in a firm or fund?



## Number of meetings with institutional investors

Category	No. of institutions
Regional banks	22
City banks and Insurance companies	16
Investment trusts, etc.	23
Domestic investment corporation bonds investors	9
Overseas investors	14
<b>Total</b>	<b>84</b>

Note: 6 months from Aug. 1, 2007 through Jan. 31, 2008

## Disclosure via Homepage

Contents	No. of views
Press release	7,428
Dividend	5,910
List of portfolios	4,361
Disclosed materials	4,228
Top page of the management company's website	3,996
Occupancy rate	2,927
Financial reports	2,917
Borrowings	1,574
Portfolio map	1,533
Investments with emphasis on premium properties	1,389
Portfolio summary	1,301
Top page of the company's English website	910
Support by Mori Building Co., Ltd.	481
<b>Total number of views</b>	<b>38,955</b>

Note: 6 months from Aug. 1, 2007 through Jan. 31, 2008



**Appendix**



# Investment criteria

Focus on premium properties

## Premium property focus

**Premium properties = Located mainly in central five wards in Tokyo (especially Minato-ku) + Large scale + High-grade specifications**

Premium properties **50%** or more

**Office building**

**Residential**

**Retail**

Location	Scale
Central five wards in Tokyo and their vicinity	Gross floor area 10,000 m <sup>2</sup> or more per-building Standard rentable floor area of 1,000 m <sup>2</sup> or more
Central five wards in Tokyo and their vicinity (mostly "three-A" areas*)	Gross floor area of 2,000 m <sup>2</sup> or more per-building
① Department stores, downtown shopping centers, large specialty stores & retail complexes	
Flourishing areas of central five wards in Tokyo and their vicinity	Gross floor area 10,000 m <sup>2</sup> or more per-building
② Street front luxury brand shops, etc.	
Exclusive, well-known retail destination	Gross floor area 1,000 m <sup>2</sup> or more per-building

Premium properties **50%** or less

**Office building·Residential**

## Office building focus

Property type	Composition
Office building	<b>50% or more</b>
Residential and retail	<b>50% or less</b>

## Tokyo central five wards focus

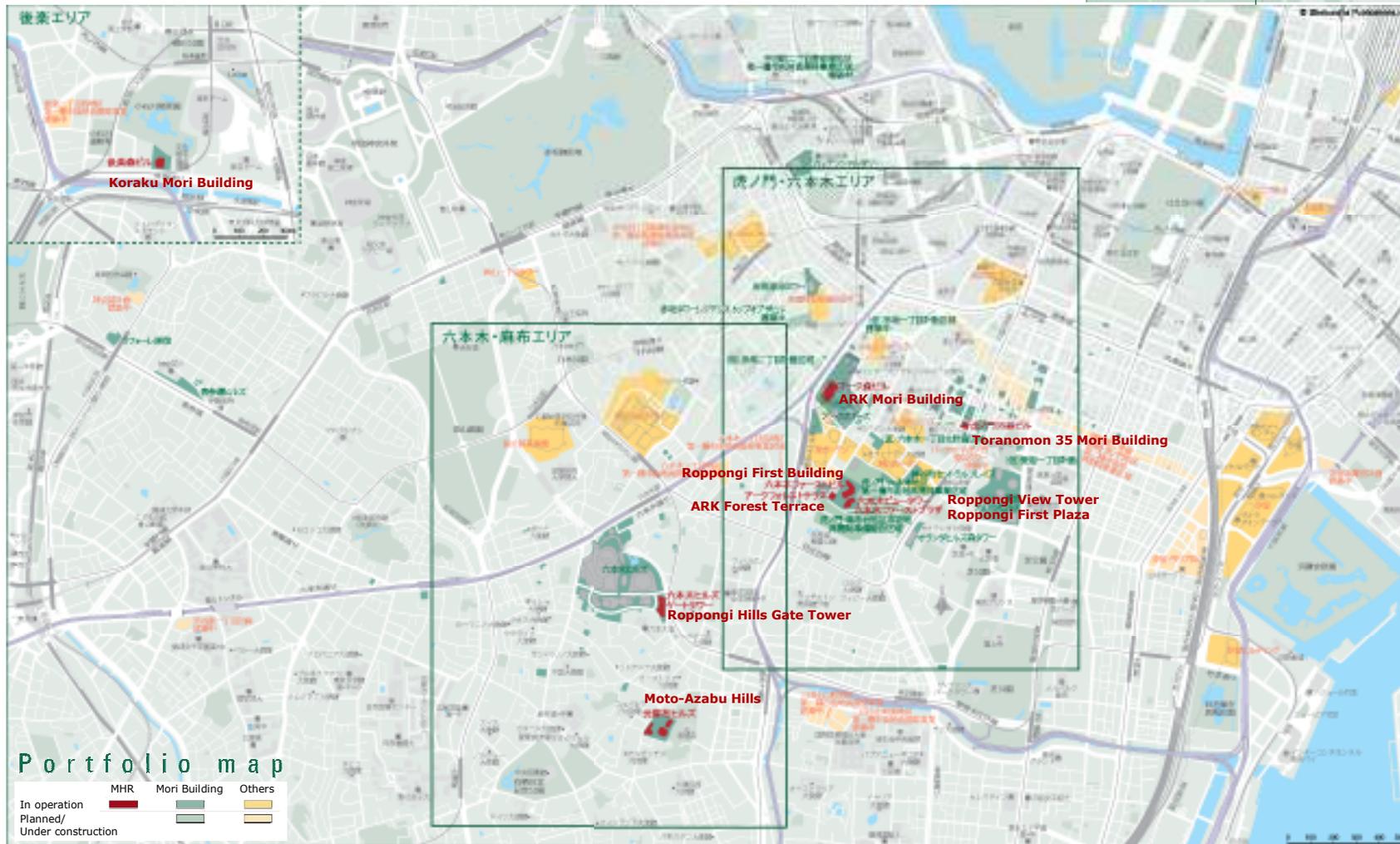
Target Area	Composition	
Tokyo Area	Central five wards in Tokyo and their vicinity	<b>50% or more</b>
	Tokyo/Kanagawa/Chiba/Saitama	<b>80% or more</b>
Other major cities	Major cities in areas other than Tokyo area	<b>20% or less</b>

## Earthquake-resistance focus

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

\* "Three-A" areas include: Akasaka/Roppongi area, Aoyama/Harajuku area, and Azabu/Hiroo area

# Portfolio map



# Portfolio overview (As of Jan.31, 2008)



Type	Office building	Office building	Office building	Office building	Office building	Residential			Residential	Residential	Residential	
Premium	Premium	Premium	Premium	Premium	—	Premium			Premium	Premium	—	
Property name	Ark Mori Building	Roppongi Hills Gate Tower	Roppongi First Building	Koraku Mori Building	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Moto-Azabu Hills			Ark Forest Terrace	Roppongi First Plaza	Roppongi View Tower	
						Forest Tower	Forest Terrace East	Forest Terrace West				
Location	Akasaka, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo			Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		
Completion	Mar.1986 (large-scale renovation in 2005)	Oct. 2001	Oct. 1993	Mar. 2000	Aug.1981 (large-scale renovation in 2001)	May 2002	Sep. 2002	Jan. 2001	Oct. 1993			
Building age	21.9 years	6.3 years	14.3 years	7.9 years	26.5 years	5.8 years	5.4 years	7.1 years	14.3 years			
Number of stories	37 above ground, 4 below	15 above ground, 2 below	20 above ground, 4 below	19 above ground, 6 below	9 above ground, 1 below	29 above ground, 3 below	6 above ground, 1 below	5 above ground, 1 below	11 above ground, 2 below	20 above ground, 1 below		
Gross floor area	c. 177,486m <sup>2</sup>	c. 29,111m <sup>2</sup>	c. 45,753m <sup>2</sup>	c. 46,154m <sup>2</sup>	c. 10,299m <sup>2</sup>	c. 54,006m <sup>2</sup>			c. 9,125m <sup>2</sup>	c. 22,906m <sup>2</sup>		
Ownership	Land	Ownership 1.3%	Ownership 100%	Co-ownership 46%	Leased land	Ownership 89.5%	Ownership 56%			Ownership 100%	Ownership 47%	Co-ownership
	Building	Compartmentalized ownership 1.9%	Compartmentalized Ownership 100%	Co-ownership 46%	Co-ownership of trust beneficiary interests 80%	Compartmentalized ownership 91.1%	Compartmentalized ownership 64.5%			Compartmentalized ownership 100%	Compartmentalized ownership 46.4%	Co-ownership of compartmentalized Title 46%
PML	0.38%	1.29%	2.07%	0.42%	6.90%	1.16%	1.72%	5.78%	1.60%	3.53%		
Earthquake-resistant feature	—	Seismic Damping	—	Seismic Damping	—	Seismic Isolators	Seismic Isolators	—	Seismic Isolators	—		
Occupancy rate (as of Jul.31,2007)	100.0%	97.0%	94.2%	100.0%	100.0%	93.2%			93.8%	84.9%	100.0%	
Acquisition price (Yen mn)	6,600	36,500	21,000	27,200	12,720	27,300			5,300	2,100	4,000	

(Note) MHR plans to conclude a purchase agreement and take control of an additional stake in the Ark Mori Bldg on March 28, 2008. The acquisition price will be JPY16,500mn. After the acquisition, MHR's portfolio value (acquisition price basis) will total JPY159,220mn

**Total acquisition price: 142,720 mn yen**

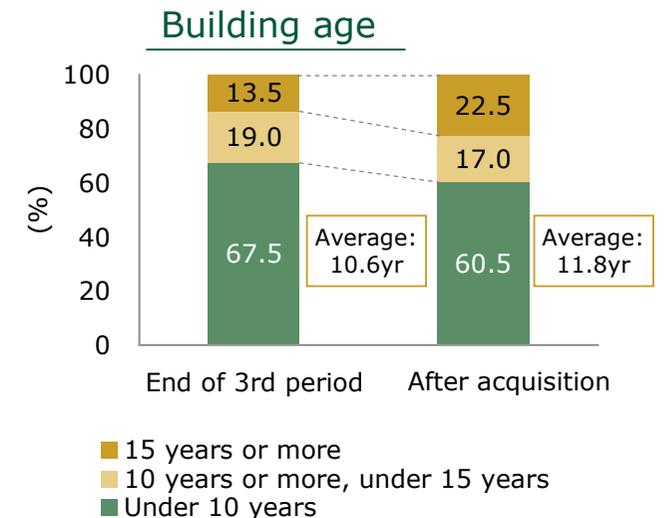
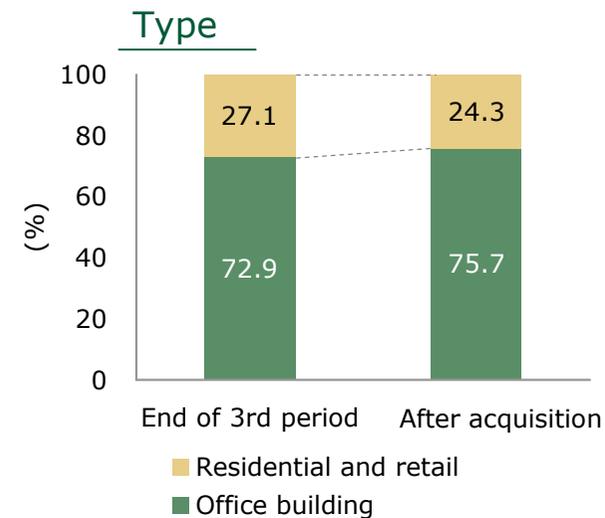
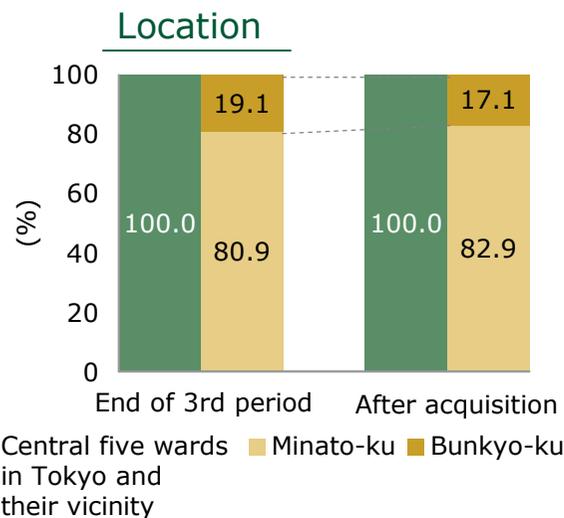
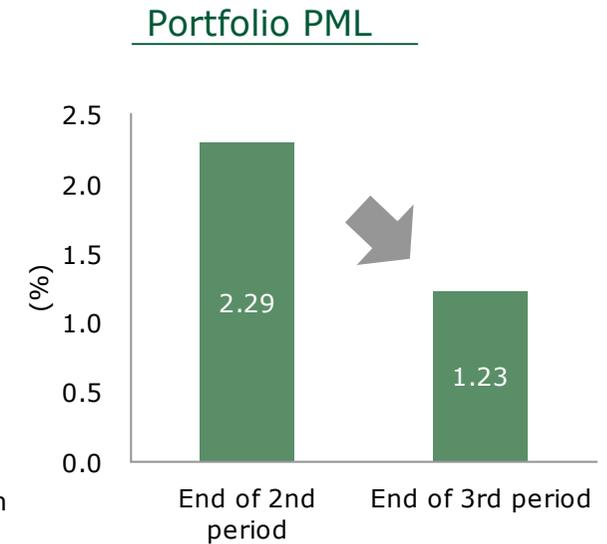
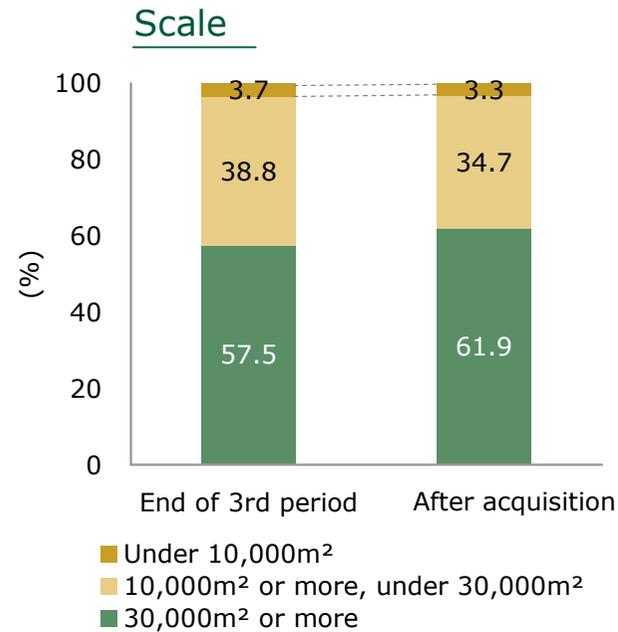
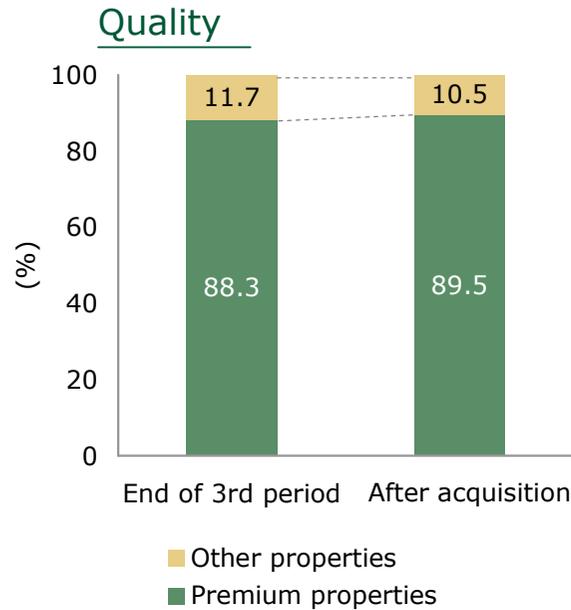
# Portfolio value

Appraisal value increased 3.5% compared to previous period

Type	Property name	Acquisition price (Yen mn)	As of acquisition		As of end of 2 <sup>nd</sup> period		As of end of 3 <sup>rd</sup> period				Difference (②-①) (Yen mn)	Difference (②/①-1) (%)	Book value (Yen mn)
			Appraisal value as of acquisition (Yen mn)	Yield (direct capitalization method)	①Appraisal value as of acquisition (Yen mn)	Yield (direct capitalization method)	②Appraisal value as of acquisition (Yen mn)	Yield (direct capitalization method)	Discount (DCF)	Terminal yield (DCF)			
Office building	Ark Mori Building	6,600	6,600	4.2%	8,970	3.9%	9,630	3.8%	3.4%	3.9%	660	7.4	6,584
	Roppongi Hills Gate Tower	36,500	36,500	4.1%	43,700	3.7%	43,900	3.7%	3.4%	3.9%	200	0.5	36,446
	Roppongi First Building	21,000	21,000	4.5%	25,600	4.0%	27,300	4.0%	3.7%	4.2%	1,700	6.6	20,806
	Koraku Mori Building	27,200	27,200	4.6%	32,160	4.3%	34,720	4.3%	3.9%	4.6%	2,560	8.0	26,952
	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	12,720	12,800	4.7%	14,600	4.1%	15,300	4.1%	3.8%	4.3%	700	4.8	12,726
	Sub total	104,020	104,100	-	125,030	-	130,850	-	-	-	5,820	4.7	103,517
Residential	Moto-Azabu Hills	27,300	27,300	4.2%	28,600	4.2%	28,600	4.2%	3.8%	4.4%	0	0.0	27,410
	Ark Forest Terrace	5,300	5,300	4.4%	5,400	4.4%	5,410	4.4%	4.2%	4.6%	10	0.2	5,339
	Roppongi First Plaza	2,100	2,100	4.6%	2,310	4.6%	2,330	4.6%	4.3%	4.8%	20	0.9	2,136
	Roppongi View Tower	4,000	4,000	4.6%	4,010	4.6%	4,020	4.6%	4.3%	4.8%	10	0.2	4,039
	Sub total	38,700	38,700	-	40,320	-	40,360	-	-	-	40	0.1	38,925
<b>Total</b>		<b>142,720</b>	<b>142,800</b>	<b>-</b>	<b>165,350</b>	<b>-</b>	<b>171,210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,860</b>	<b>3.5</b>	<b>142,443</b>

Note: Appraisal values are based on the appraisal reports by Japan Real Estate Institute which are compliant with the rules laid down by the Investment Trust Association

# Portfolio competitiveness



(Note) The second decimal place is rounded off

(Note) Data for After acquisition: February 29, 2008 at Ark Mori Bldg. additional acquisition

# Tenant status (As of January 31, 2008)



## Top 10 tenants

Tenant	Property name	Leased space (m <sup>2</sup> )	% of total space
Japan Racing Association	Roppongi Hills Gate Tower	9,821.62	11.6
OMRON Corporation	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building )	6,720.34	7.9
Urban Renaissance Agency	Roppongi View Tower	6,344.84	7.5
Mori Building Co., Ltd.	Ark Mori Building, Koraku Mori Building, Moto-Azabu Hills	3,072.52	3.6
Mercedes-Benz Japan Co., Ltd.	Roppongi First Building	2,965.03	3.5
Nippon Ericsson K.K.	Koraku Mori Building	2,690.82	3.2
McKinsey & Company, Inc Japan	Roppongi First Building	2,344.21	2.8
AstraZeneca K.K.	Koraku Mori Building	2,245.06	2.7
NTT Data Corporation	Koraku Mori Building	1,851.87	2.2
NTT Communications Corporation	Koraku Mori Building	1,851.87	2.2
<b>Total</b>		<b>39,908.18</b>	<b>47.3</b>

## Breakdown of office tenants

(mn yen)

	Domestic companies	Foreign affiliated companies	Total
Manufacturing	67	88	155
	14.9%	19.6%	34.6%
	1 tenant	5 tenants	6 tenants
Non-manufacturing	120	41	161
	26.9%	9.2%	36.1%
	14 tenants	6 tenants	20 tenants
Public institution	131	0	131
	29.4%	0.0%	29.4%
	3 tenants	0 tenants	3 tenants
<b>Total</b>	<b>318</b>	<b>129</b>	<b>447</b>
	<b>71.2%</b>	<b>28.8%</b>	<b>100.0%</b>
	<b>18 tenants</b>	<b>11 tenants</b>	<b>29 tenants</b>

Upper row: Monthly rent  
Middle row: Percentage of total tenants  
Lower row: Number of tenants

## Breakdown of residential tenants

(mn yen)

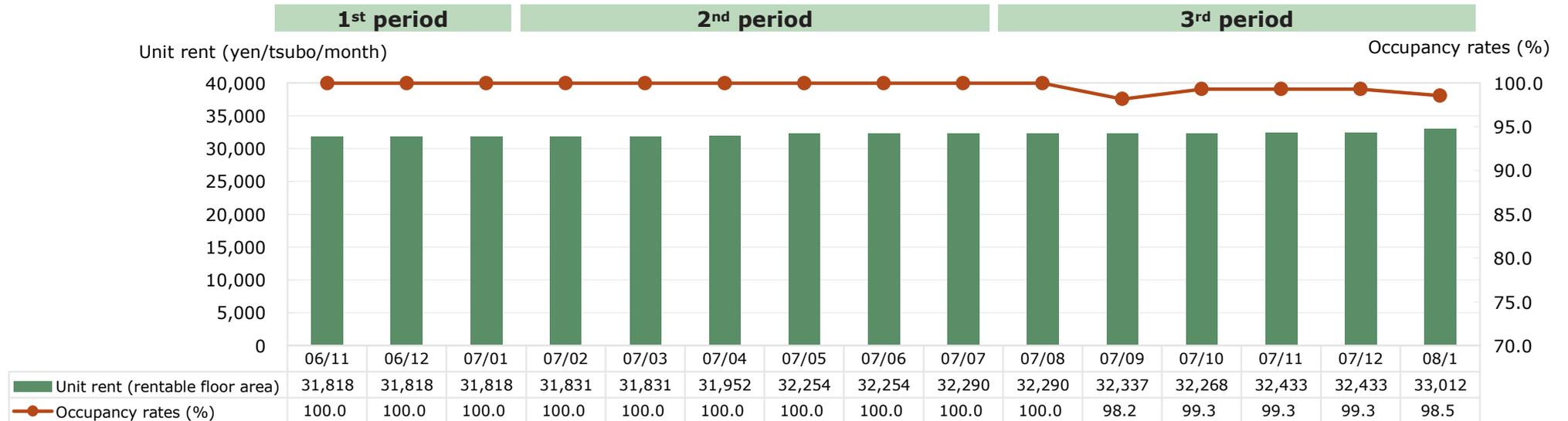
	Tenant nationality		Total
	Japanese	Foreign	
Corporate	62	105	167
	31.4%	53.1%	84.5%
	71 tenants	108 tenants	179 tenants
Individual	25	6	31
	12.6%	2.9%	15.5%
	27 tenants	6 tenants	33 tenants
<b>Total</b>	<b>87</b>	<b>111</b>	<b>198</b>
	<b>44.0%</b>	<b>56.0%</b>	<b>100.0%</b>
	<b>98 tenants</b>	<b>114 tenants</b>	<b>212 tenants</b>

Upper row: Monthly rent  
Middle row: Percentage of total tenants  
Lower row: Number of tenants  
Note: This table excludes Roppongi View Tower which is leased to the Urban Renaissance Agency

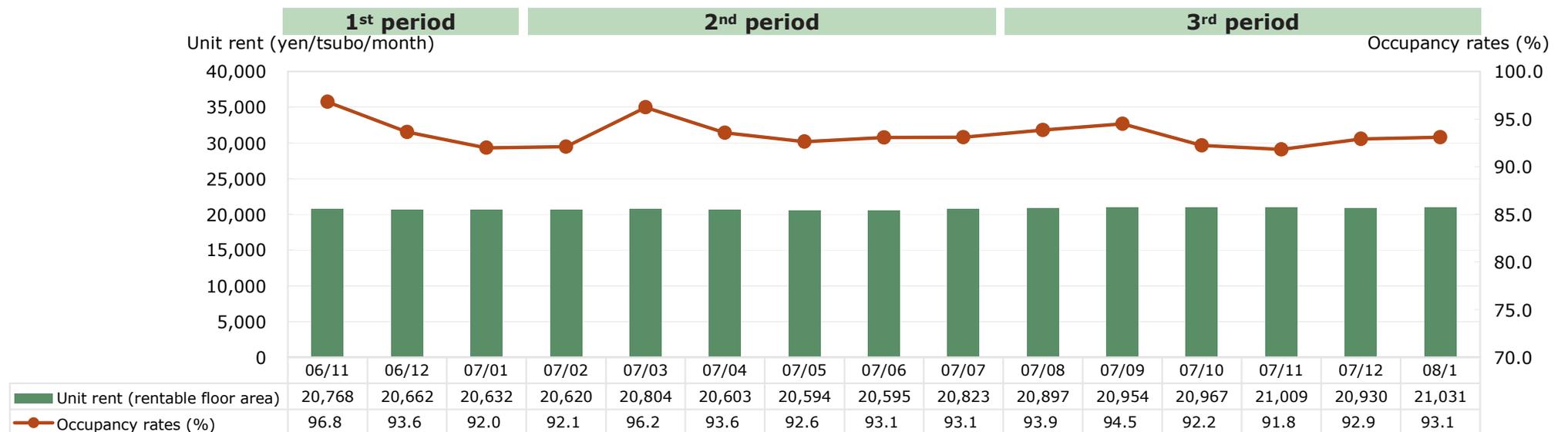
# Historical occupancy rates



## Office tenants



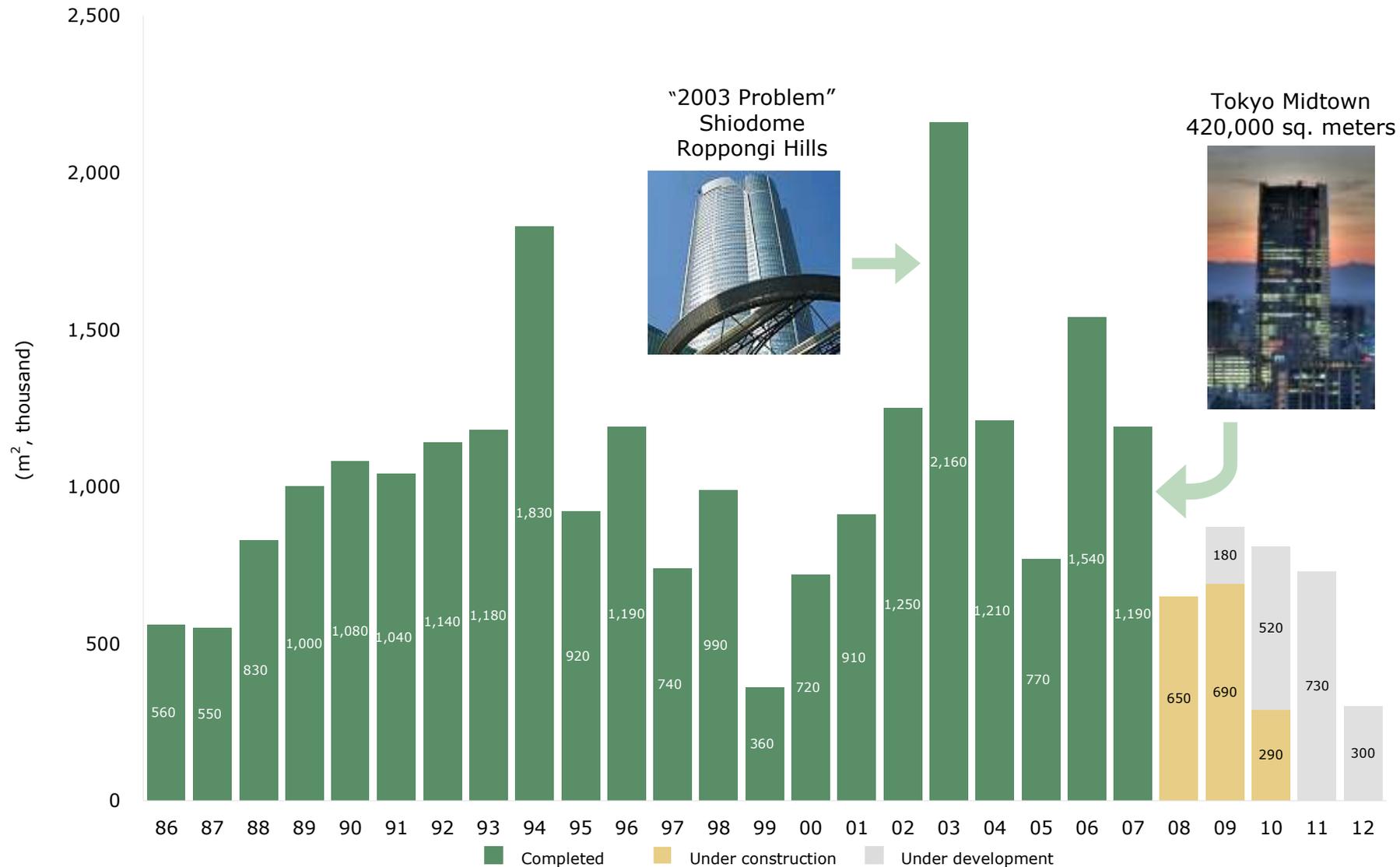
## Residential tenants



# Limited pipeline of class A office buildings

## Office building supply (10,000 square meters or larger) in Tokyo's 23 wards

### Tokyo 23 wards -- Large-scale office building supply



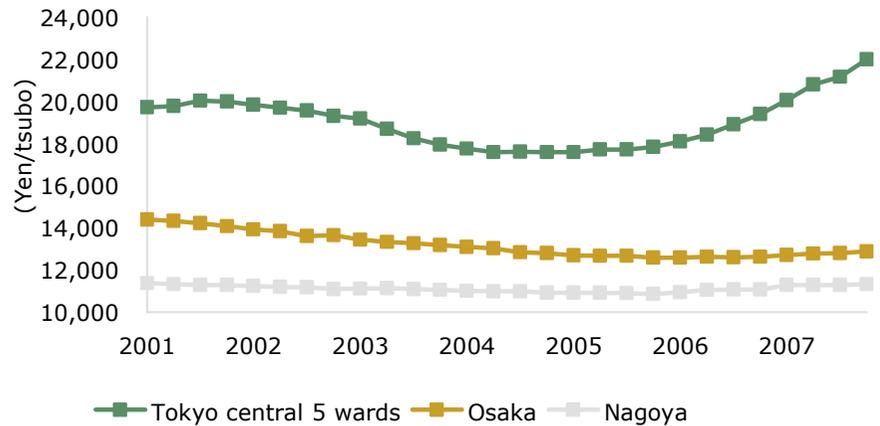
Source: Mori Building survey as of December 2007

# Competitive strengths of central 5 wards of Tokyo



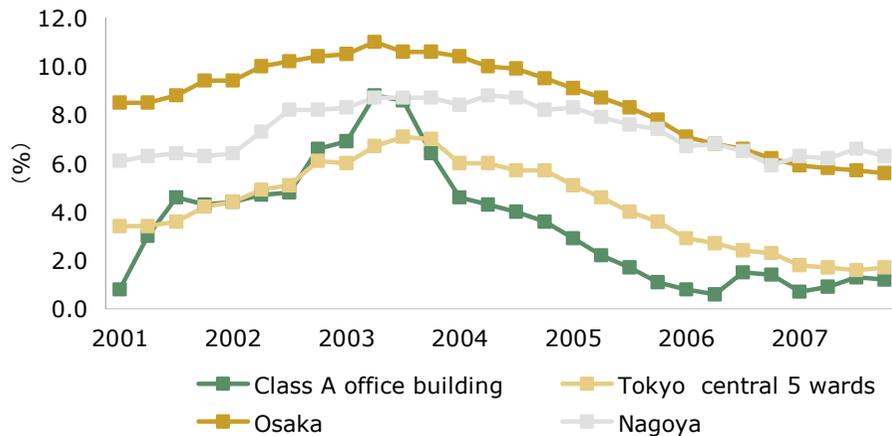
## ■ Office demand: Robust and stable

Trend of average rents for rental office buildings



Source: "The Latest Office Market Trend" compiled by Miki Shoji Co., Ltd.

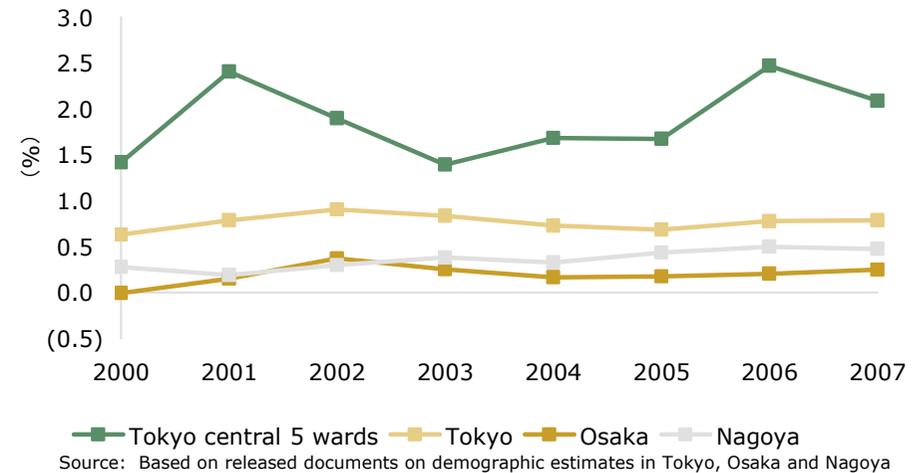
Trend of average vacancy rates for rental office buildings



Source: "OFFICE MARKET REPORT" compiled by CB Richard Ellis K.K.

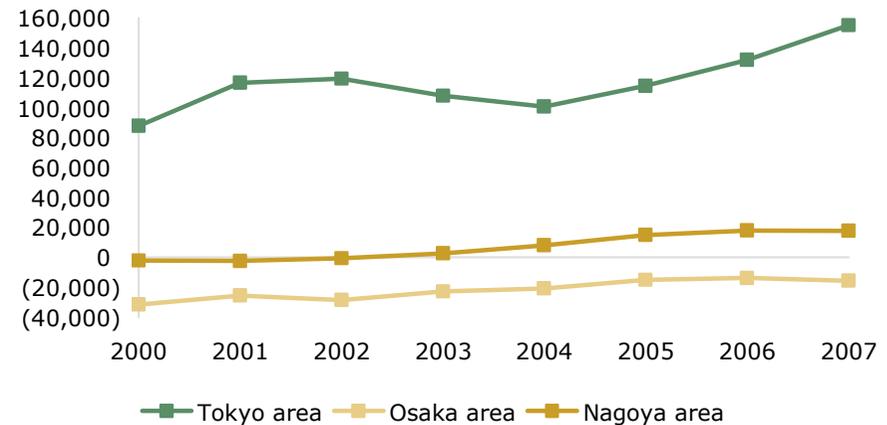
## ■ Residential demand: Steady population growth

Comparison of population growth in major cities



Source: Based on released documents on demographic estimates in Tokyo, Osaka and Nagoya

(For reference) Trend of net population growth in three major cities



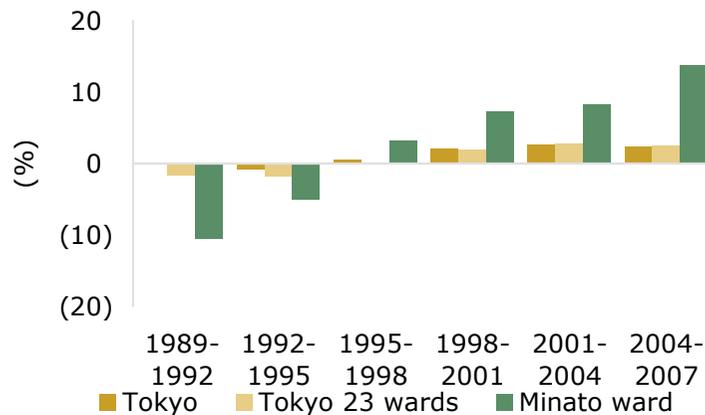
Source: "Annual report on the internal migration in Japan derived from the basic resident registers" of Ministry of Internal Affairs and Communications

Note: Each area consists of the prefectures as follows:  
 Tokyo area: Tokyo, Kanagawa, Saitama and Chiba  
 Osaka area: Osaka, Hyogo, Kyoto and Nara  
 Nagoya area: Aichi, Gifu and Mie

# Competitive strengths of Minato ward (1)

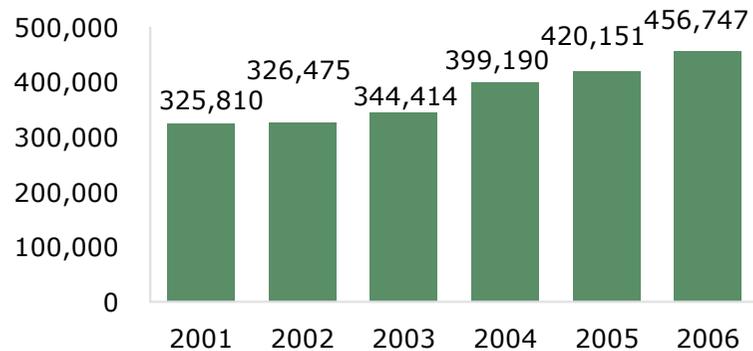
## Economic trend of Minato ward

Population in Minato ward  
⇒ From decline to growth



Source: Statistics Division Bureau of General Affairs, 2006

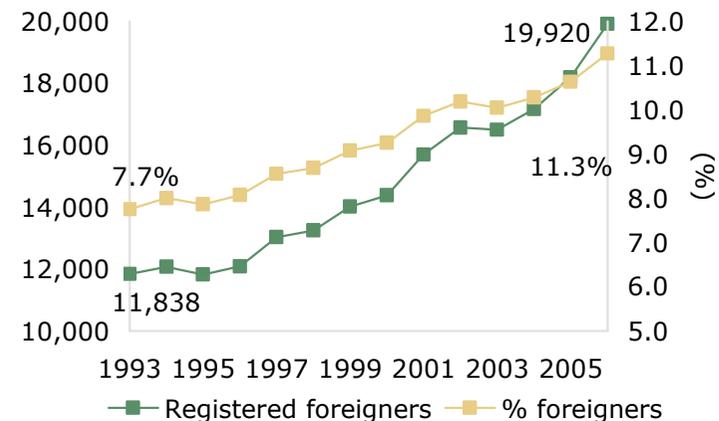
Changes in the number of outgoing and incoming passengers  
⇒ Number of passengers on the rise



Source: Circulation transit outdoor, the company website

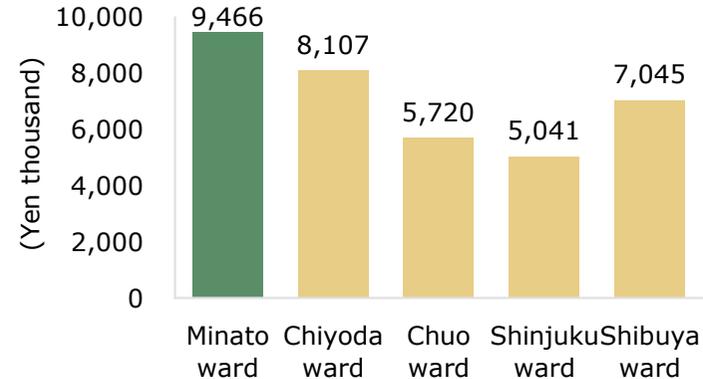
Note: The above figures are the total number of passengers getting on and off at Roppongi Station, Kamiya-cho Station on Hibiya Line, Roppongi Station, Azabu-Juban Station, Akabanebashi Station on Toei Oedo Line, Azabu-Juban Station, Roppongi 1-chome Station on Namboku Line, Nogizaka Station on Chiyoda Line

Increasing number of foreigners officially registered and  
foreigner's ratio of population  
⇒ Accelerated growth of foreign residents



Source: Second Basic Housing Plan for Minato ward

Per-capita income for Minato ward  
⇒ Among the most affluent communities in Japan



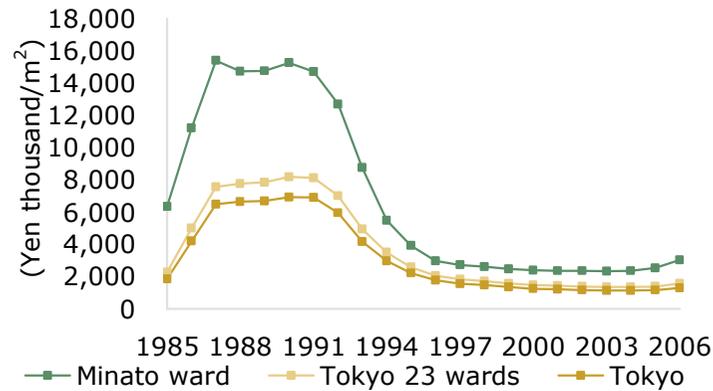
Source: Statistics Division Bureau of General Affairs, 2006

# Competitive strengths of Minato ward (2)

## Trend of real estate in Minato ward

### Changes in land prices (commercial districts)

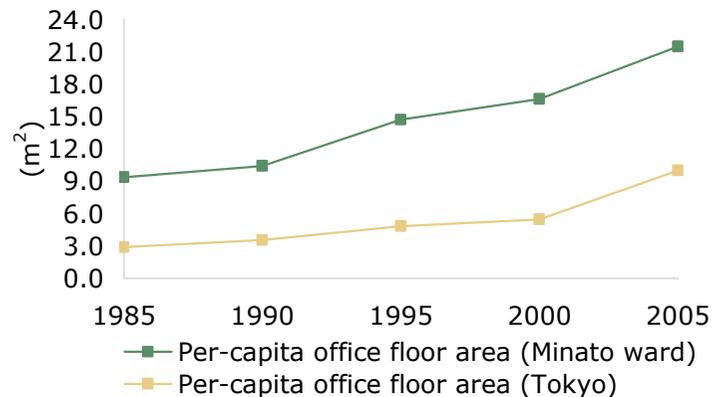
⇒ Land prices in Minato Ward have remained higher than Tokyo's average



Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

### Changes in per-capita office floor area

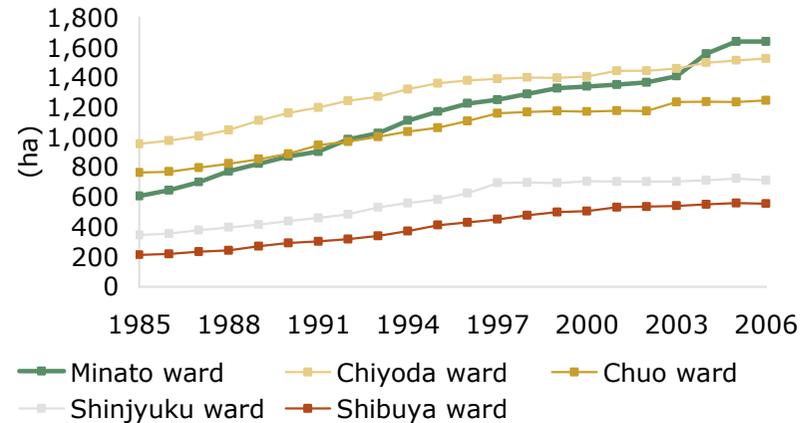
⇒ Per-capita office floor area has been expanding



Source: Tokyo Metropolitan Government

### Floor area for offices in central 5 wards of Tokyo

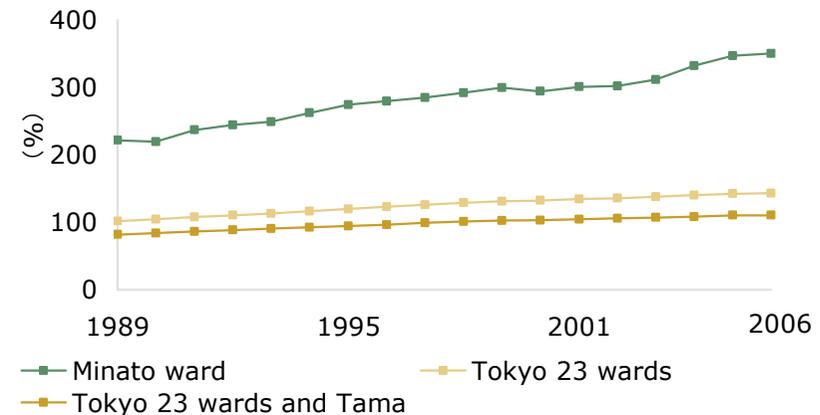
⇒ Floor area in Minato ward has been expanding to exceed that of the other 4 wards



Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

### Changes in floor-area ratio

⇒ Buildings in Minato ward are growing higher year by year

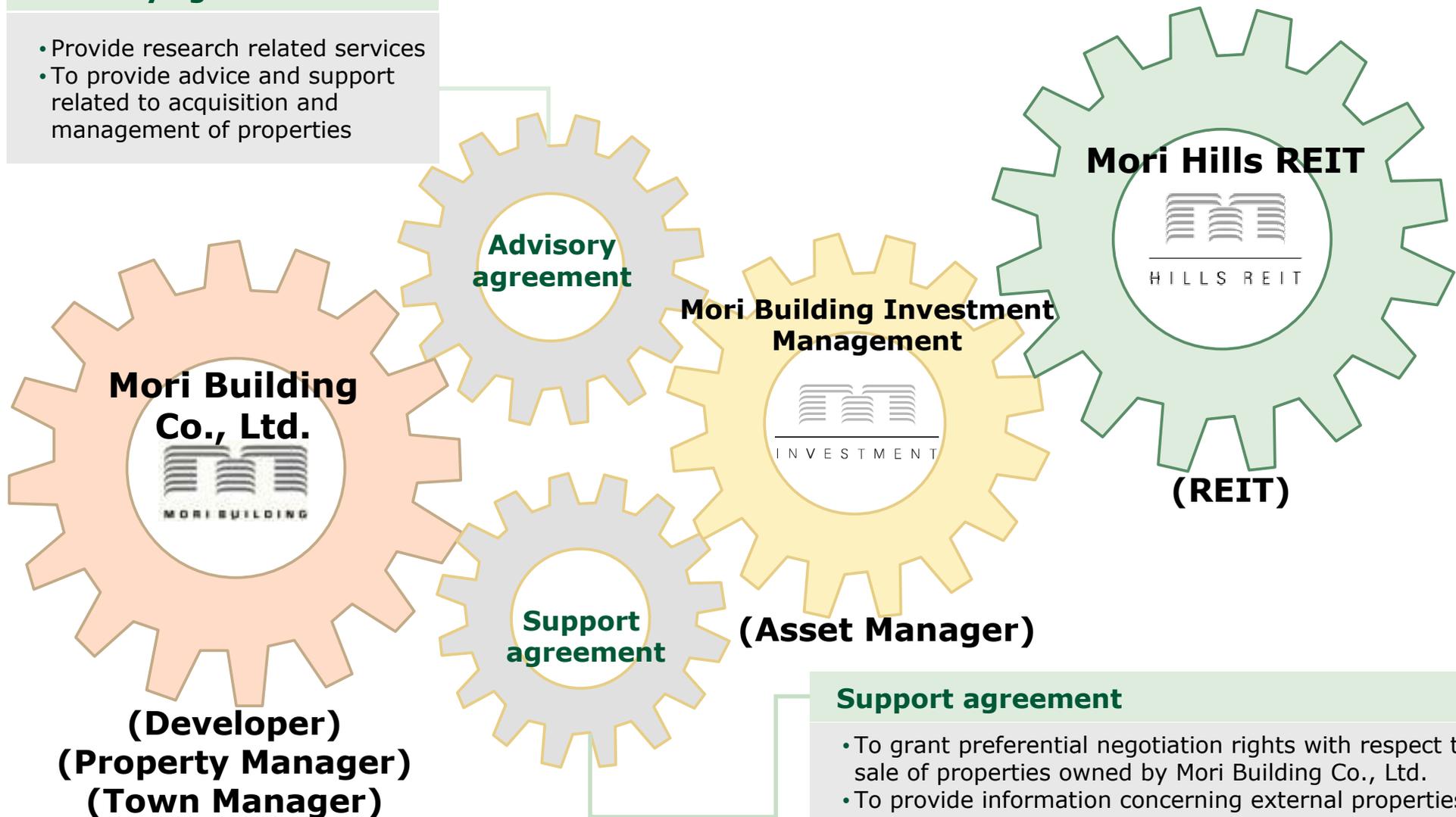


Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

# Collaboration with Mori Building Co., Ltd.

## Advisory agreement

- Provide research related services
- To provide advice and support related to acquisition and management of properties



## Support agreement

- To grant preferential negotiation rights with respect to sale of properties owned by Mori Building Co., Ltd.
- To provide information concerning external properties
- To dispatch personnel and provide necessary supports

# Development projects by Mori Building Co., Ltd.



## 1985-1990

- ◆ Mar. 1986 Ark Mori Building completed



## 1990-1995

- ◆ Oct. 1993 Roppongi First Bldg. completed
- ◆ Roppongi First Plaza completed
- ◆ Roppongi View Tower completed



## 1995-2000

- ◆ Jul. 1997 Palette Town "Sun Walk" opened
- ◆ Aug. 1999 Palette Town "Venus Fort" opened
- ◆ Mar. 2000 Koraku Mori Building completed
- ◆ Apr. 2000 Construction of Roppongi Hills started
- ◆ Sep. 2000 Akasaka Tameike Tower Residence completed

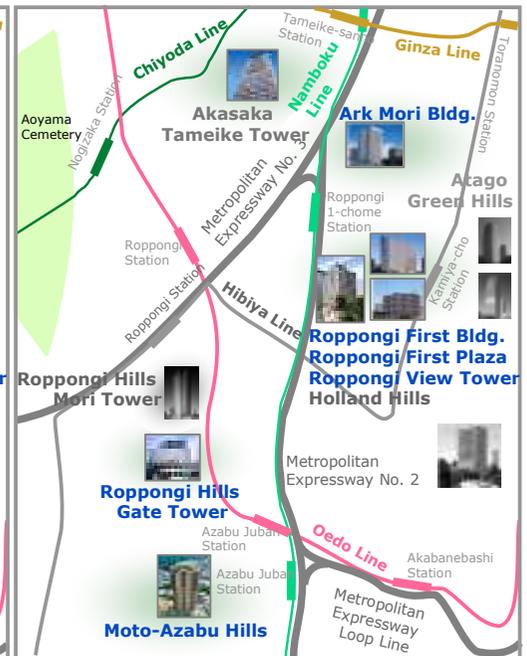
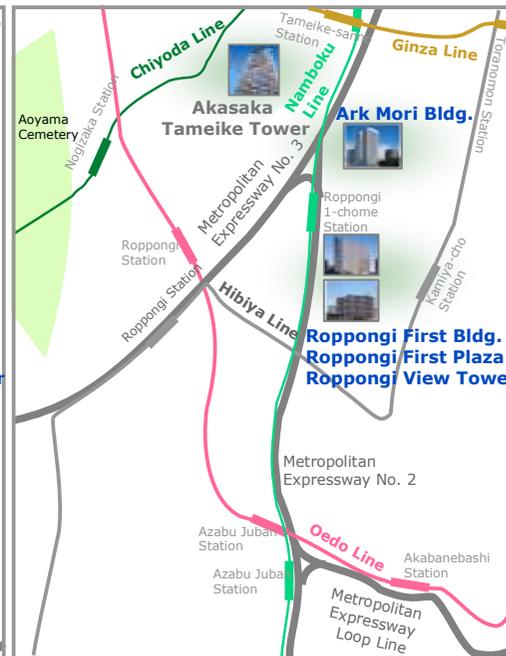
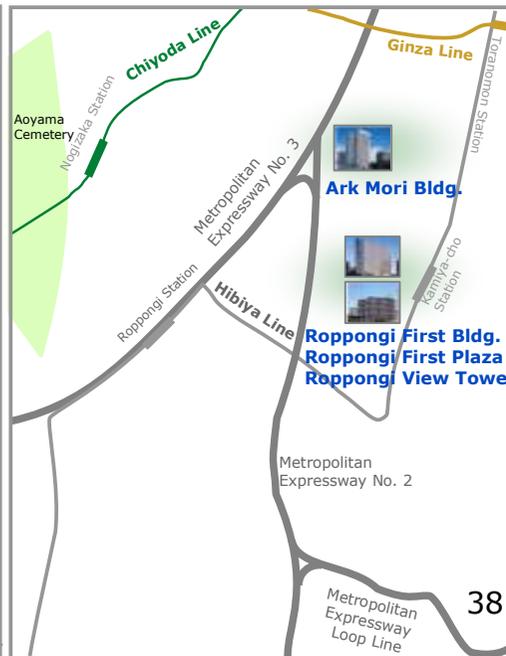
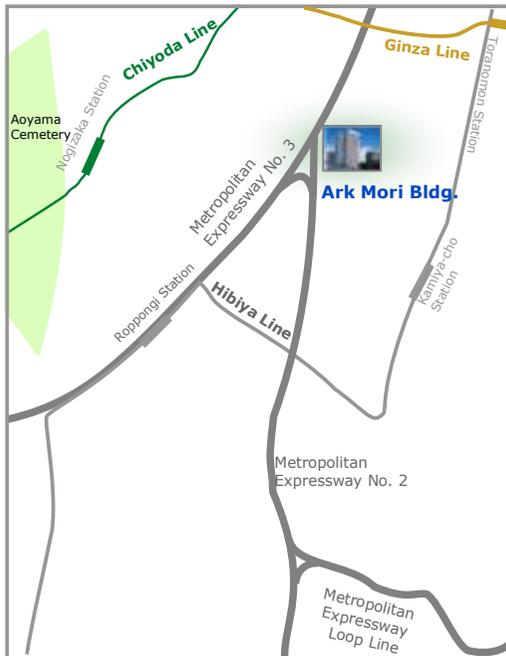


## 2001-

- ◆ Jan. 2001 Ark Forest Terrace completed
- ◆ Jun. 2001 Ark Yagi Hills completed
- ◆ Jul. 2001 Roppongi Hills Gate Tower completed
- ◆ Jul. 2001 Atago Green Hills MORI Tower completed
- ◆ Oct. 2001 Atago Green Hills Forest Tower completed
- ◆ Sep. 2002 Moto-Azabu Hills completed
- ◆ Nov. 2002 Prudential Tower completed
- ◆ Apr. 2003 Roppongi Hills Mori Tower opened
- ◆ Feb. 2005 Holland Hills completed
- ◆ Feb. 2006 Omotesando Hills opened



## Urban developments by Mori Building Co., Ltd. and properties owned by Mori Hills REIT Investment Corporation



## Ongoing projects

### Hirakawa-cho 2-chome



#### **Project Overview**

**Gross floor area: c. 51,900m<sup>2</sup>**  
**Planned completion: Dec. 2009**

**A complex redevelopment project underway near Japan's core central government agencies**

### Redevelopment of the Toranomom & Roppongi Area



#### **Project Overview**

**Gross floor area: c. 143,600m<sup>2</sup>**  
**Plan approved: Aug. 2007**

**Development of an international and cultural city based on the concept of "Green residential city"**

### Redevelopment of the north side of Kitanaka-dori, Yokohama



#### **Project Overview**

**Planned floor area: c. 330,000m<sup>2</sup>**  
**Planned completion: 2010**

**An area that complements both the adjacent Minatomirai high rise buildings, and preserves the history and culture of the Kannai area**

### Shanghai World Financial Center



#### **Project Overview**

**Gross floor area: c. 381,600m<sup>2</sup>**  
**Planned completion: 2008**

**"A vertical complex city" developed from Mori Building's know-how and expertise in urban developments**

Note: As of Mar. 3, 2008

# Addressing safety

(Countermeasures against earthquake disaster)

## A town to flee into

### Comprehensive earthquake disaster drill (at Roppongi Hills on August 30, 2007)

⇒All employees of Mori Building Group participate in this large-scale disaster drill to help ensure the safety of tenants and residents in surrounding areas and the early recovery of building functions after a disaster; the disaster drill has been conducted every year since the 1995 Great Hanshin-Awaji Earthquake.



Smoke drill



Experiencing the quake

### • Training items

Operation of emergency wells  
First aid  
Rescue  
Emergency transportation  
Smoke drill

Cardiopulmonary resuscitation using AED  
Rope training  
Preparation of meals outdoors  
Experiencing the quake

### Other countermeasures against earthquakes



Water well



Storage warehouse



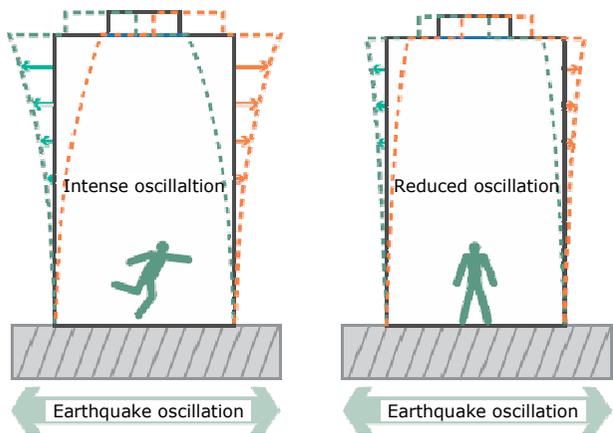
Power generator for emergency purposes

# Addressing safety (Earthquake resistance)

## Earthquake-resistant features

### Seismic damping

Minimize the level of oscillation



Viscous seismic damping wall

<Normal earthquake resistant building> <Building with seismic damping>

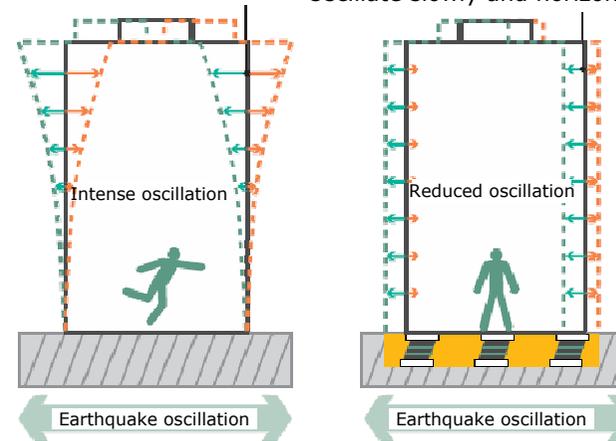
- Seismic damping reduces earthquake magnitude of oscillation by approx. 20%

#### MHR properties using this feature

- Roppongi Hills Gate Tower
- Koraku Mori Building

### Seismic isolators

Oscillate slowly and horizontally



Seismic isolators

<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 big earthquake

#### MHR properties using this feature

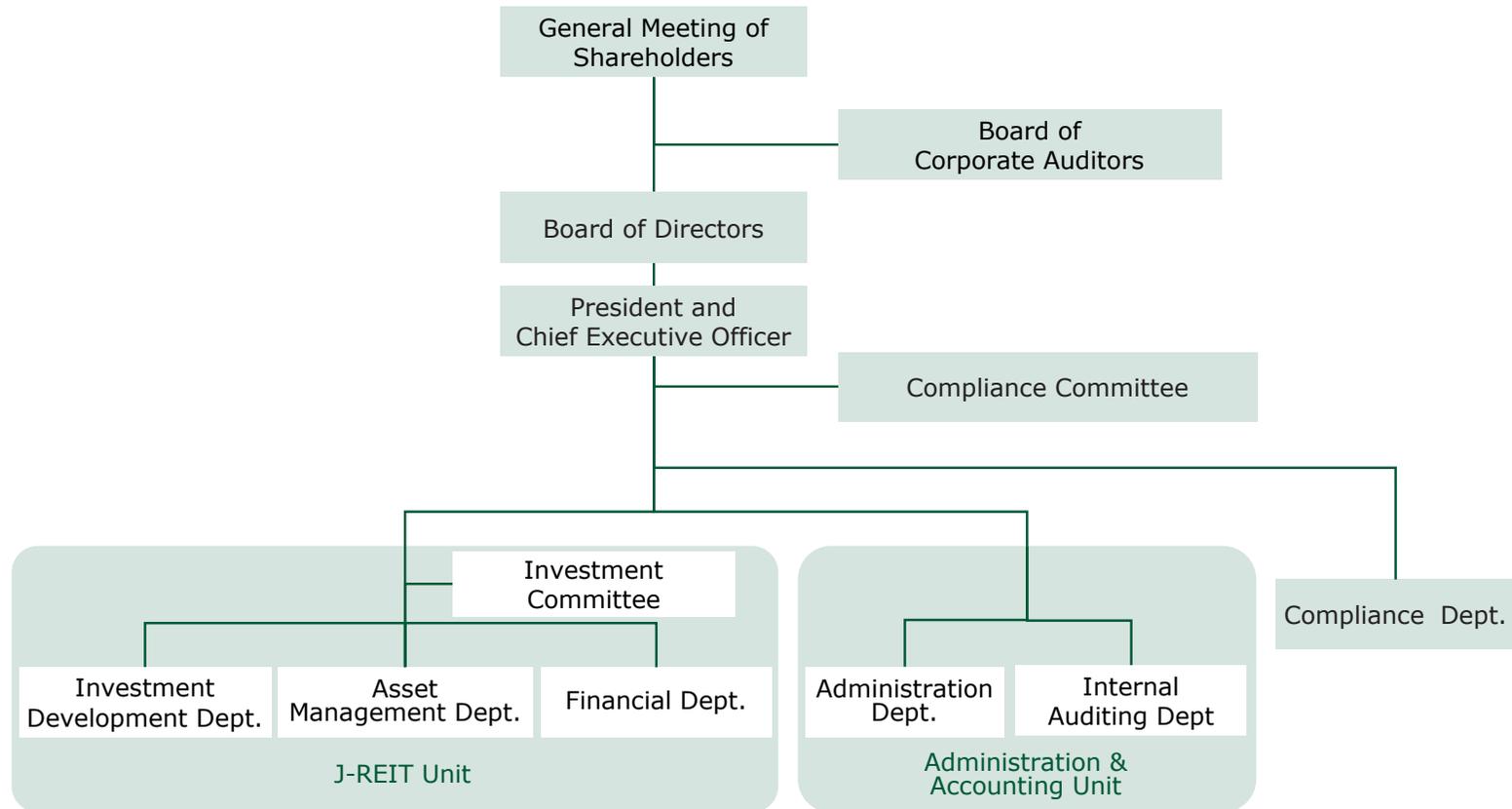
- Moto-Azabu Hills (Forest Tower) (Forest Terrace East)
- Ark Forest Terrace

## Support originated with Building Automation

⇒ Preventive maintenance and emergency care utilizing Building Automation system (BA system)

- Central supervisory control system
- Distributed electricity supervisory system
- Engine/Lighting control system
- Security equipment
- Emergency broadcasting system
- Mechanical parking
- Automated control
- Disaster prevention equipment
- ITV
- ELV

# Organizational structure



Company name	Mori Building Investment Management Co., Ltd.	Registered capital	200 mn yen
Established	March 30, 1984	Shareholder	Mori Building Co., Ltd. 100%

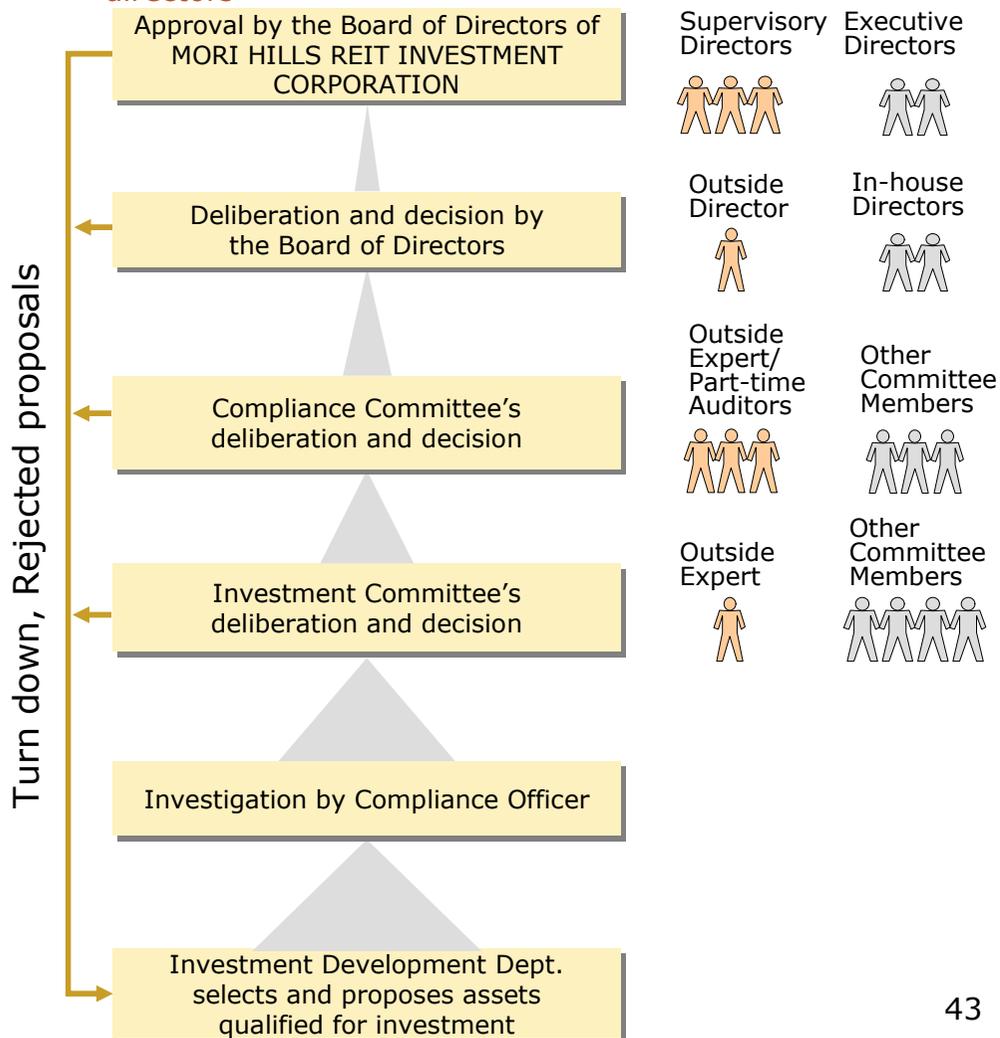
# Governance structure



## Conflict of interest countermeasures

### Acquisition of assets from related parties

Rigorous multi-stage process requiring deliberation and approval by outside experts and investment corporation directors



## Compliance system

We are aware that lack of compliance would damage investors' trust and would undermine our business. We regard full compliance with relevant regulations and ethics as one of the most important managerial principles.

The board of directors, the President and CEO, the Compliance Committee, the Compliance Department and Compliance Officer implement relevant measures under their authority and responsibility to ensure business integrity and compliance of MIM.

Related parties transactions are required to follow MIM's "Rules for Related Parties Transactions". Terms and conditions of such related parties transactions are rigorously examined in order not to cause damage to the interests of MHR.