



# Mori Hills REIT Investment Corporation

Results of the 28th Fiscal Period ended July 31, 2020

Presentation Material

September 15, 2020



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

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

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

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Asset Management Company : Mori Building Investment Management Co., Ltd.  
(Registered as a financial instruments business, Kanto Local Finance Bureau registration no. 408  
Member of The Investment Trusts Association, Japan)

<b>1. Executive summary</b>	3	<b>3. Operation highlights</b>	35
<b>2. Investment highlights</b>	4	Factors that led to changes in dividends per unit from the previous fiscal period	36
Unit price performance	5	Change in assets under management	37
Financial results	6	Change in unrealized capital gain/loss	38
Offering highlights	7	Appraisal value	39
Overview of new acquisitions (Acquired as of September 1, 2020)	8	Change in the rent and occupancy rates	40
Dividends per unit growth record	9	Tenant status by month and major tenants	41
Impact of COVID-19 on office demand over the medium to long term	10	Financial overview (as of July 31, 2020)	42
Increase in appraisal NAV per unit	11	Debt status (as of July 31, 2020)	43
Forecasts	12	Unitholders breakdown (as of July 31, 2020)	44
Highest Property Portfolio among all J-REITs	13	<b>4. Business environment recognition &amp; MHR's policy/strategy</b>	45
External growth	22	Business environment recognition	46
Internal growth	25	MHR's policy/strategy	47
Financial management	29	Market-related information	49
MHR's representative property	31	<b>5. Appendix</b>	55

# 1. Executive summary

## Financial summary 28th period (Jul. 2020)

- Operating revenue: 9,602 million yen, operating income: 6,028 million yen, net income: 5,433 million yen **Decreased revenue and increased income period-over-period**
- DPU: 2,898 yen (+0.5% from 27th period) **Increasing for 20 consecutive fiscal periods**
- NAV per unit: 146,390 yen (+0.6% from 27th period) **Increasing for 19 consecutive fiscal periods**
- COVID-19 has not impacted office rents, and while it did result in a temporary reduction of rents at restaurants, this has had a negligible impact with the ratio of rent reduction to total revenue being quite small

## Public Offering External growth

- Procured 5.2 billion yen in public offering as of August 2020 and additionally acquired Toranomori Hills Mori Tower for 12.2 billion yen as of September 1, 2020
- DPU (forecast): 2,900 yen (29th period), 2,910 yen (30th period) **Increasing forecast for 22 consecutive fiscal periods**
- We believe that the proliferation of telecommuting will not impact office demand for premium properties in central Tokyo and that these properties will continue to be competitive
- Possible to acquire premium properties in central Tokyo by utilizing our high-quality sponsor pipeline

## Internal growth

- Occupancy ratio continued to be strong, office 99.7% and residential 96.1%. Steady internal growth due to rent revision and replacement
- Office rent gap ratio decreased from  $\Delta 6.2\%$  in 27th period to  $\Delta 4.2\%$  in 28th period

## Financial management

- Maintained the target level by book value basis LTV 45.7%, appraisal value basis LTV 38.0%, remaining duration of debt 4.7 years
- Fixed interest rate ratio at the end of the period was 91.5%

## 2. Investment highlights

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## 2-2 Financial results

	27th period	28th period		28th period
	Jan. 31, 2020	Jul. 31, 2020		Jul. 31, 2020
	Actual	Actual	Difference	Forecasted
<b>Operating Highlights (million yen)</b>				
Operating revenue	9,631	9,602	△ 29	9,621
Rent revenues	9,377	9,389	+ 11	9,386
Other operating revenues	253	213	△ 40	235
Operating expenses	3,605	3,573	△ 31	3,606
Expenses related to properties	3,224	3,251	+ 27	3,265
SG&A	380	321	△ 59	340
Operating income	6,026	6,028	+ 2	6,015
Non-operating income	1	1	+ 0	1
Non-operating expenses	619	595	△ 23	596
Ordinary income	5,407	5,434	+ 26	5,420
Net income	5,406	5,433	+ 27	5,419
Total dividends	5,405	5,433	+ 28	5,418
<b>DPU</b>				
Total units outstanding (units)	1,874,960	1,874,960	—	1,874,960
DPU (yen)	2,883	2,898	+ 15	2,890
<b>Other Indices (million yen)</b>				
Profit on real estate rental	6,407	6,350	△ 56	6,356
Depreciation	1,034	1,041	+ 6	1,044
NOI	7,441	7,391	△ 50	7,400
NOI yield	3.8%	3.8%	0.0PT	3.8%
Acquisition price (weighted average based on the number of operating days during the period) (Note)	390,690	390,690	—	390,690

### Increase/decrease factor (27th – 28th)

#### • Operating revenue (△29 mn yen)

- Full period contribution of rent revision of land (Laforet Harajuku)	+12
- Cancellation penalty	+12
- Office rent (Pass-Through)	+6
- Utilities and other revenue	△49
- Rent exemption for restaurants	△5

#### • Operating expenses (△31 mn yen)

- Property management fee	+18
- Maintenance and repairs	+18
- Property taxes	+16
- Depreciation	+6
- Asset management fee	△41
- Utilities	△36
- Other operating expenses	△17

#### • Non-operating expenses (△23 mn yen)

- Interest expenses, etc.	△23
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### Increase/decrease factor for 28th period (Forecasted - Actual)

#### • Operating income (+12 mn yen)

- Asset management fee	+22
- Office rent (Pass-Through)	+3
- Residential rent (Pass-Through)	+3
- Maintenance and repairs	△9
- Rent exemption for restaurants	△5

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

# 2-3 Offering highlights

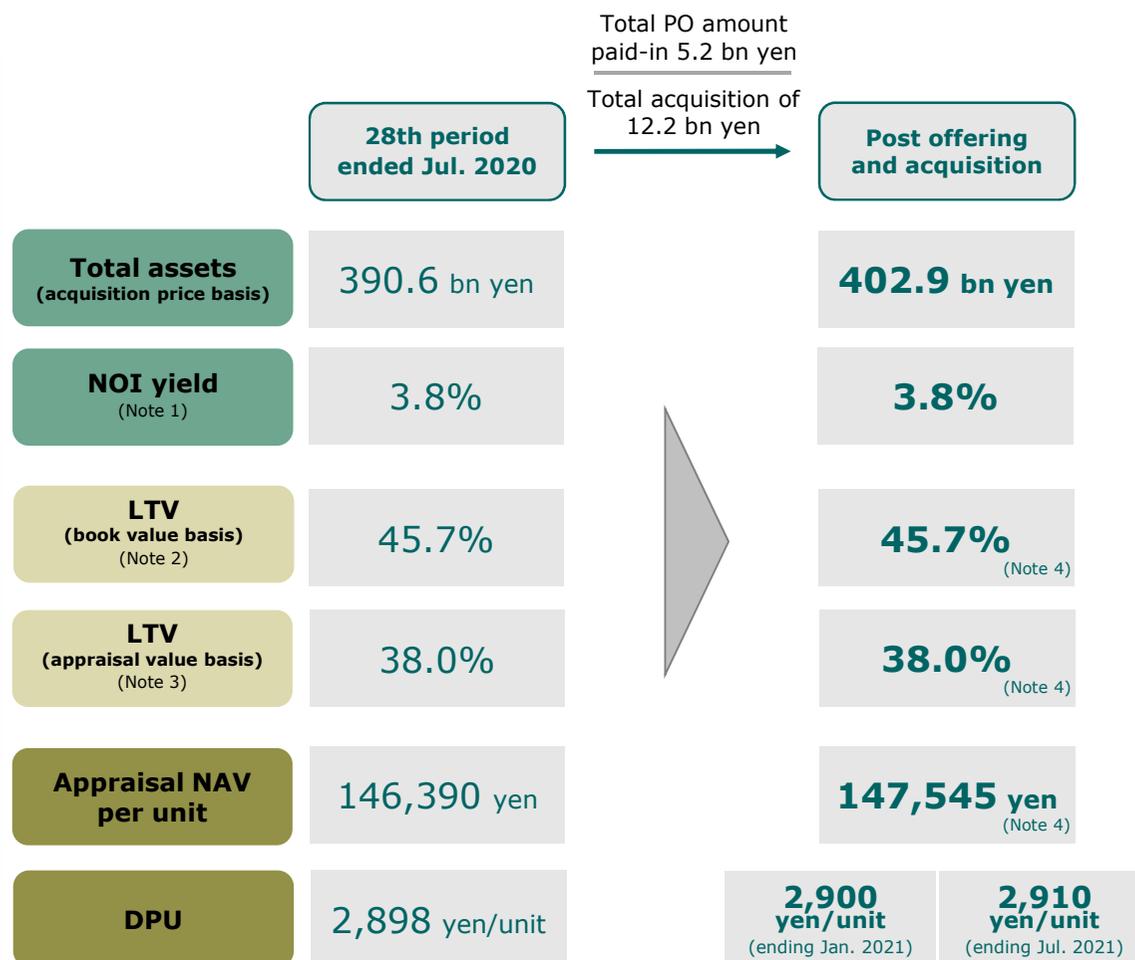
## Procured 5.2 billion yen in public offering

### Overview of public offering

<b>Offering method</b>	Domestic offering
<b>Issuance resolution date</b>	August 17, 2020
<b>Pricing date</b>	August 25, 2020
<b>Payment date</b>	Primary offering: August 31, 2020 Third-party allotment: September 25, 2020
<b>Number of units newly issued</b>	41,370 units (of this, third-party allotment: 1,970 units)
<b>Number of units after offering</b>	1,916,330 units
<b>Offering price</b>	131,435 yen per unit
<b>Issued value</b>	127,099 yen per unit
<b>Total issued value</b>	5,258,085,630 yen (including third-party allotment)

### Trend of unit price

	From issuance resolution date to pricing date	From issuance resolution date to 2 weeks after pricing date
<b>MHR</b>	+3.28%	+1.52%
<b>TSE REIT Index</b>	+3.34%	+1.44%



(Note 1) Figures are average NOI yields of the entire portfolio.

(Note 2) LTV (book value basis) is calculated as [Total interest-bearing debt/Total assets]

(Note 3) LTV (appraisal value basis) is calculated as [Total interest-bearing debt/Appraisal value based total assets (Total assets + Total appraised value - Total book value)]

(Note 4) The figures are calculated by taking into consideration the effects of the proceeds through the offering, the scheduled asset acquisitions on September 1, 2020 and adding the new borrowings of 5.2 billion yen to the figures as of the end of the 28th period.

## Toranomon Hills Mori Tower (Additional acquisition)



<b>Acquisition price</b>	<b>Appraisal value</b>	<b>NOI yield</b>
<b>12,220 mn yen</b>	<b>15,230 mn yen</b>	<b>3.4%</b>
Property Number	O-9	
Location (Residential indication)	23-1, Toranomon 1-chome, Minato-ku, Tokyo	
Construction date	May 2014	
Total number of floors	52 floors above ground, 5 floors below ground	
Gross floor area	241,581.95 m <sup>2</sup>	
Portions of acquisition	17% quasi-co-ownership interest in trust beneficial interests	

**Earthquake PML**  
**0.50%**

Total acquired: 67% quasi-co-ownership interest including past acquisition

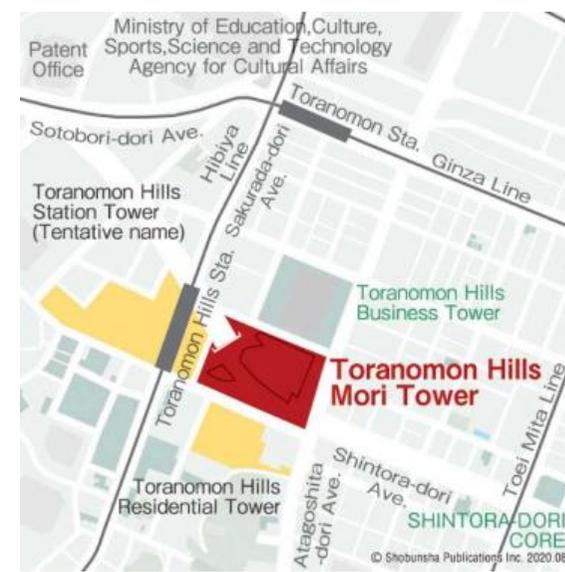
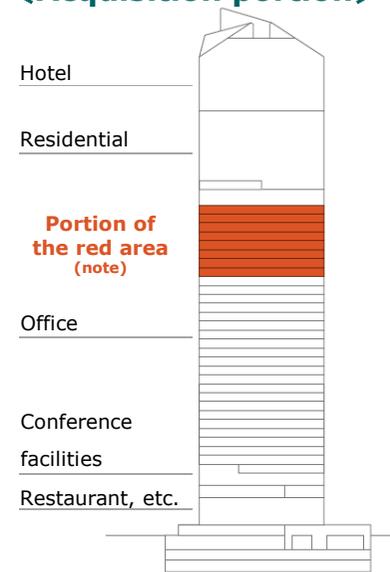
### 1. Super high rise tower - Tokyo's new landmark

- Quake-resistance structure with 52 floors and 247 meters above ground.
- High-specification offices with a broad floor plate of approx. 1,000 tsubo, international-standard conference facilities, Japan's first Andaz hotel "the Andaz Tokyo", retail facilities and residences.

### 2. Located in the center of the Toranomon area where further development is expected

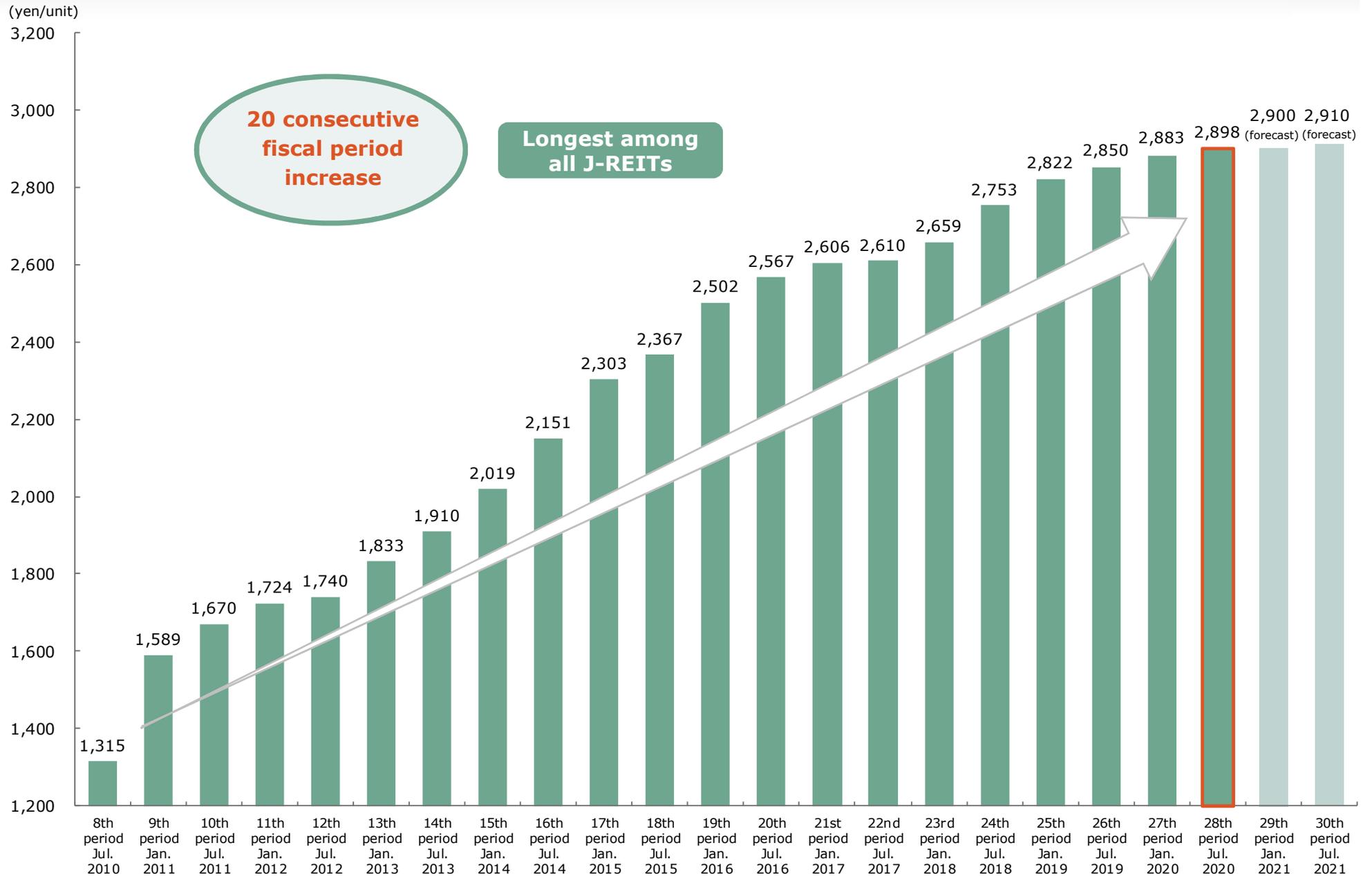
- Directly connected to "Toranomon Hills Station" on the Hibiya subway line and 6 transit stations and 11 lines are nearby. It is easily accessible from Haneda Airport and ideal as a new hub for international business.
- As a result of a number of redevelopment projects currently in progress around the building, the Toranomon area has begun to rapidly evolve into an international urban center.

### <Acquisition portion>



(Note) MHR acquired the trust beneficial interests in 87.95% co-ownership interest in compartmentalized ownership of the 28-35th floors

# 2-5 Dividends per unit growth record



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

## 2-6 Impact of COVID-19 on office demand over the medium to long term

### Considerations on the state of the office

- While remote work continues to proliferate, the office is essential for companies in numerous ways, including fostering corporate culture, brand identity, value creation through informal communication, operational efficiency, training and recruiting, etc. In the future, it is expected that there will be greater value attached to offices that are worth commuting to and possess charm.
- As a rising number of companies are using hybrid systems that permit employees to both commute and work remotely, it is likely that companies will try to reduce costs by transitioning to flexible spaces for employees who commute infrequently, although the size of such space is expected to vary greatly from one company to another.
- From the perspective of physical distancing, each person will require a larger amount of space than before, and from the perspective of fostering culture and encouraging collaboration increasing common areas will be desired. These factors will increase the area needed by companies.

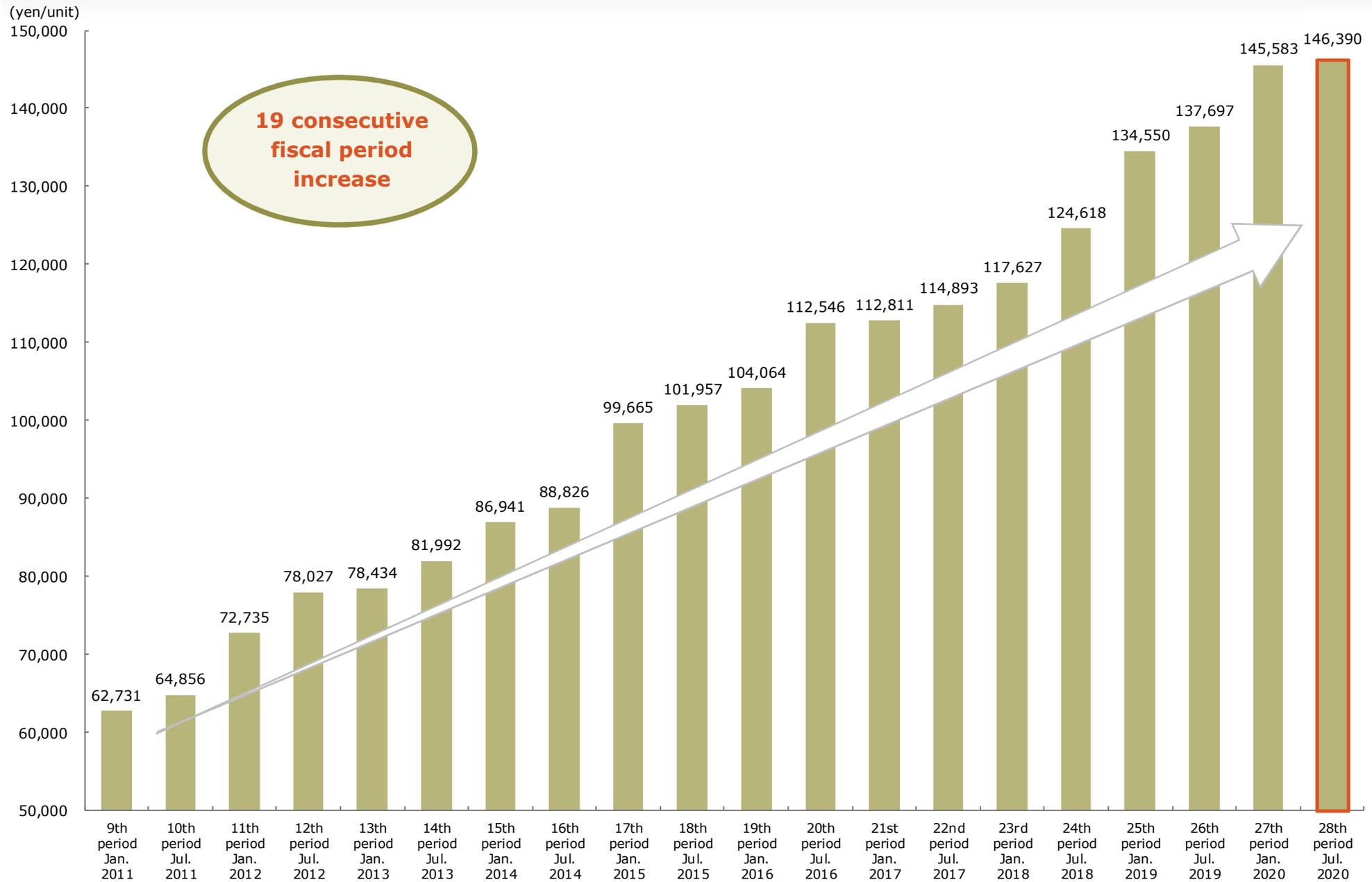
### Considerations for office demand

- We believe that there could be an increase in the “hub-and-spokes” approach that separates headquarter functions from remote working, and this could decrease the number of employees who commute but may have limited impact on contracted space.
- However, even if total demand decreases, high-quality properties should capture demand as “hubs,” and as offices that are worth commuting to and possess charm are further sought, demand is expected to rise for more symbolic, convenient, comfortable, and safe properties.
- The elements that make up high-quality properties include prime locations (Tokyo’s Three or Five Central Wards), a large space with a flexible layout, an advanced IT environment, a comfortable, open space with lush greenery, a full range of restaurants, shops, hotels, and cultural facilities, excellent earthquake resistance and environmental performance, and professional building management.

### Impact on MHR and MHR’s response

- MHR’s portfolio is primarily composed of premium properties in central Tokyo, which integrate many of the above elements to a high degree, and we believe that they will be competitive even under a new paradigm.
- Apart from the medium- to long-term impacts mentioned above, there is the possibility that total office demand could decline due to a downturn in business sentiment in the short term. In response to this, MHR is maintaining stable distributions through its high-quality properties, superior property pipeline, stable revenues provided through fixed-rent master leases, and relatively high financial ratings, etc.

# 2-7 Increase in appraisal NAV per unit



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

# 2-8 Forecasts

	28th period	29th period		30th period
	Jul. 31, 2020	Jan. 31, 2021		Jul. 31, 2021
	Actual	Forecast	Difference	Forecast
<b>Operating Highlights (million yen)</b>				
Operating revenue	9,602	9,826	+ 223	9,874
Rent revenues	9,389	9,603	+ 214	9,662
Other operating revenues	213	222	+ 9	212
Operating expenses	3,573	3,665	+ 92	3,704
Expenses related to properties	3,251	3,354	+ 102	3,394
SG&A	321	310	△ 10	310
Operating income	6,028	6,160	+ 131	6,170
Non-operating income	1	0	△ 0	1
Non-operating expenses	595	603	+ 7	593
Ordinary income	5,434	5,558	+ 123	5,577
Net income	5,433	5,557	+ 123	5,576
Total dividends	5,433	5,557	+ 123	5,576
<b>DPU</b>				
Total units outstanding (units)	1,874,960	1,916,330	+ 41,370	1,916,330
DPU (yen)	2,898	2,900	+ 2	2,910
<b>Other Indices (million yen)</b>				
Profit on real estate rental	6,350	6,471	+ 121	6,480
Depreciation	1,041	1,059	+ 18	1,077
NOI	7,391	7,531	+ 139	7,557
NOI yield	3.8%	3.7%	△ 0.1PT	3.8%
Acquisition price (weighted average based on the number of operating days during the period)	390,690	400,851	+ 10,161	402,910

## Increase/decrease factor (28th – 29th)

<b>• Operating revenue (+223 mn yen)</b>	
- Property acquisition in 29th period	+219
- Utilities and other revenue	+21
- Residential Rent (Pass-Through)	△13
- Cancellation penalty	△9
<b>• Operating expenses (+92 mn yen)</b>	
- Property acquisition in 29th period	+50
- Property management fee	+26
- Property taxes	+16
- Utilities	+14
- Depreciation	△6
<b>• Non-operating expenses (+7 mn yen)</b>	
- Interest expenses, etc.	
(New borrowings in 29th period)	+12
- Amortization of investment unit issuance cost	+5
- Interest expenses, etc.	△10

## Increase/decrease factor (29th – 30th)

<b>• Operating revenue (+48 mn yen)</b>	
- Full period contribution of property acquired in 29th period	+43
- Office Rent (Pass-Through)	+11
<b>• Operating expenses (+39 mn yen)</b>	
- Property taxes	+17
- Depreciation	+12
- Full period contribution of property acquired in 29th period	+10
- Property taxes for property acquired in 29th period	+10
- Property management fee	△15
<b>• Non-operating expenses (△9 mn yen)</b>	
- Interest expenses, etc.	△11

# 2-9 Highest quality property portfolio among all J-REITs

## Investment strategy based on long-term perspective

### (1) Responding to demographics

Responding to the declining population and change of working style

Investment in central Tokyo

Location

### (2) Responding to economic trends and disasters

Responding to tenant demand during economic downturns and to disasters

Investing in high-quality assets

Property with excellent facilities, earthquake resistance and environmental performance

Quality of assets

### (3) Addressing aging assets

Responding to asset value decline due to aging

Creating added value

Area management, peripheral development and renovation

Value creation

# 2-10 (1) Location

## Highest property percentage in Central Tokyo among J-REITs

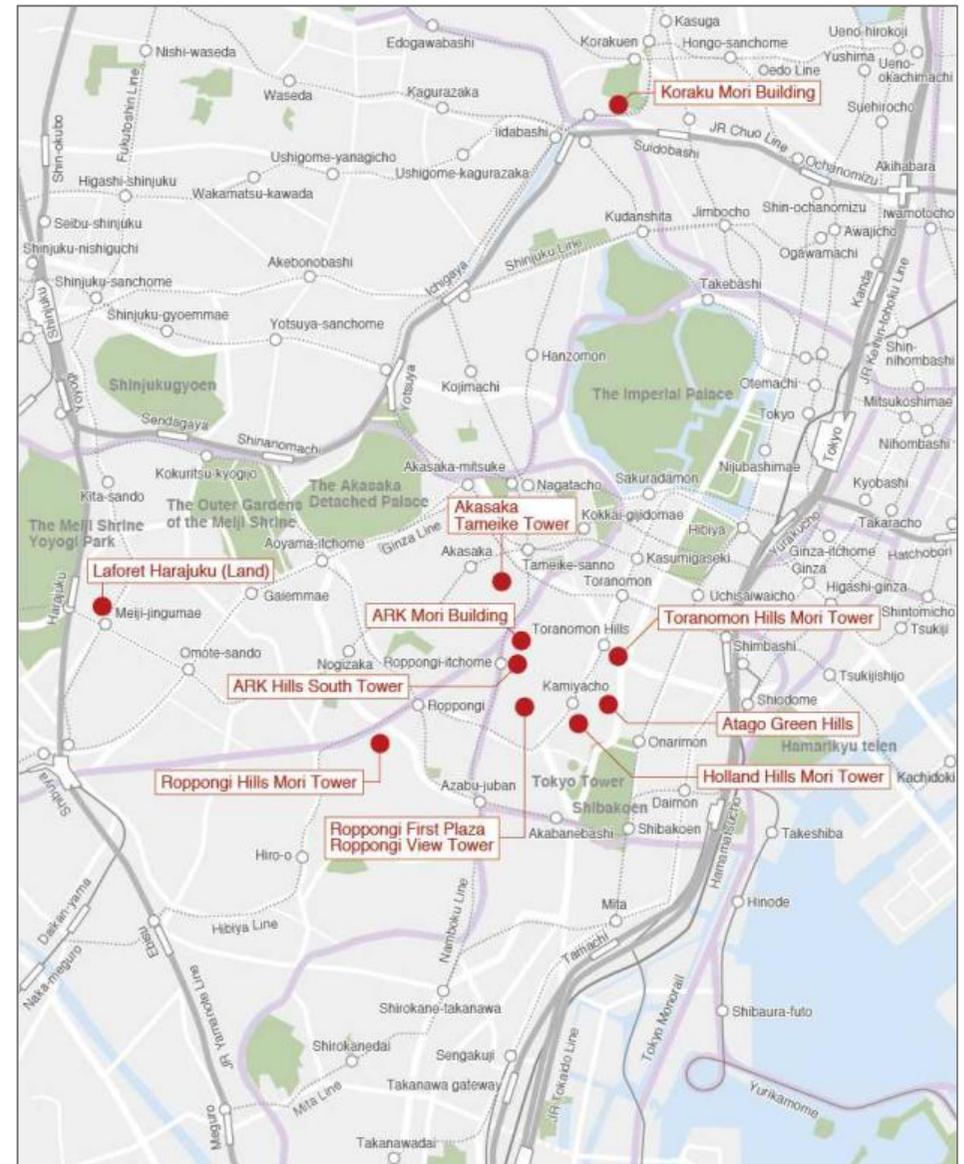


(Note) The ratios represent proportion of acquisition price to total acquisition price.

## Estimated population in central Tokyo

Area	Population in 2015	Estimated population in 2045	Change
3 central wards in Tokyo	442,000	594,000	+34.3%
5 central wards in Tokyo	1,000,000	1,175,000	+17.5%
Tokyo	13,515,000	13,606,000	+0.7%
Osaka	8,839,000	7,335,000	△ 17.0%
Aichi	7,483,000	6,899,000	△ 7.8%
Nationwide	127,094,000	106,421,000	△ 16.3%

(Source) Prepared by the Asset Manager based on the "Regional Population Projections for Japan (estimated in 2018)" by the National Institute of Population and Social Security Research.



## 2-11 (2) Quality of assets

### High-grade properties with extensive facilities

#### <Overview and facilities of representative properties>

Property name	Gross floor area	Access from the nearest station	Number of shops & restaurants	Hotel (spa)	Cultural facility Observatory	Conference	Share office	Residential	Green coverage of the site
Roppongi Hills	758,203㎡	Connected to Roppongi Station	228	Grand Hyatt Tokyo (NAGOMI SPA AND FITNESS)	Mori Art Museum Tokyo City View TOHO Cinemas	Academyhills Ropponngi Hills Club	○	○	30.1%
Toranomon Hills (After total project completion)	793,585㎡	Connected to Toranomon Hills Station	Not fixed (approx. 8,000 tsubo)	Andaz Tokyo (AO SPA AND CLUB)	-	Toranomon Hills Forum	○	○	30.4%
ARK Hills	310,979㎡	2-minute walk from Roppongi 1-chome Station	55	ANA InterContinental (THANN SANCTUARY SPA AKASAKA)	Suntory Hall	ARK Hills Club	○	○	43.3%
Atago Green Hills	151,106㎡	3-minute walk from Onarimon Station	18	(Atago Green Hills SPA)	-	-	-	○	51.9%

(Source) Prepared by the Asset Manager based on disclosed materials as of August 31, 2020.

(Note 1) Describes the outline of the entire areas and facilities including properties owned by MHR.

(Note 2) "Connected" under the "Access from the nearest station" describes the possible direct connection by concourse etc..



## Earthquake-resistant feature



Best among all J-REITs

## Environmental performance



Highest quality among all J-REITs

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

※ In acquisition price base by excluding Laforet Harajuku (Land)

Property name		Type	PML	Earthquake-resistant feature
Roppongi Hills Mori Tower		Office	0.59%	Seismic damping
ARK Mori Building			0.78%	Seismic damping
Koraku Mori Building			0.73%	Seismic damping
ARK Hills South Tower			1.56%	Seismic damping
Toranomom Hills Mori Tower			0.50%	Seismic damping
Holland Hills Mori Tower			0.85%	Seismic damping
Akasaka Tameike Tower		Office (Partly residential)	1.79%	Seismic damping
Atago Green Hills	MORI Tower		2.35%	Seismic damping
	Forest Tower		2.34%	Seismic damping
	Plaza	5.94%	—	
Roppongi First Plaza		Residential	2.20%	—
Roppongi View Tower			2.20%	—

### CASBEE for Existing Buildings: Rank S



### CASBEE for Existing Buildings: Rank A



### DBJ Green Building Certification: Four stars



# 2-13 (3) Value creation

## Developments around MHR's properties (Toranomon Hills area)



## Shintora-Dori CORE (Completed Sep. 2018)



### Mixed use Tower located at the center of future grand boulevard in Tokyo

- A 15-story mixed use tower with commercial facilities with a total rental floor area of approximately 10,000m<sup>2</sup>
- Cafe/dining and event space "THE CORE KITCHEN/SPACE" which faces the Shintora-Dori aims to be a creator's hub where creative industry people gather, interact, and create ideas.
- Incubation offices with shared lounges and meeting rooms are located on the 3rd floor and start-ups expanding into Japan from overseas and venture companies have moved in.

## Toranomon Hills Business Tower (Completion Jan. 2020)



### An international-standard, large-scale office building with an innovation center

- Business Tower is a 36-story office tower, featuring international-standard, large-scale office space of approximately 96,000m<sup>2</sup>, and retail facility area of approximately 7,600m<sup>2</sup>.
- The tower is directly connected to the new Toranomon Hills station on the Hibiya subway line as well as the existing Toranomon station on the Ginza subway. A bus terminal is located on the first floor to function as a "Gateway to Tokyo" via various bus lines including the BRT (Bus Rapid Transit) connecting city center and waterfront areas, and via airport limousine buses.
- Offices occupy 32 floors from the 5th floor to the 36th floor with the standard rentable floor area of 3,000 m<sup>2</sup>. Refreshment corners are provided in the common area on each floor aimed at promoting communication. In addition, prepare for an emergency by arranging a disaster stockpiling warehouse on each floor.
- An original energy plant that supplies electricity and heat is installed in the Toranomon Hills area on the third basement floor. It also provides the electricity and heat sufficient to continue urban functions even in the event of a disaster, contributing to the safety and security of the Global Business Center.



### <Retail>

From the first basement floor to the 3rd floor, commercial spaces with a total of 60 restaurants and stores will support global lifestyles. The 3rd floor will house Toranomon Yokocho, a landmark dining facility featuring offerings from famous stores from all over Tokyo.



### <Innovation center>

On the 4th floor will be a large membership-based incubation center "ARCH," which was established especially to support large enterprises' internal business reforms and new business creation. It boasts around 3,800 m<sup>2</sup> of office work space and aims to become a base for Japan's unique innovation ecosystem.

## Development around MHR's properties (Toranomon-Azabudai Project: projected completion Mar. 2023)



### The future version of "Hills" boasts an astonishing scale and impact

- Large central square of approx. 6,000m<sup>2</sup> is set in the center of the city and various city functions such as offices, residences, hotel, an international school, retail facilities and cultural facilities will be tightly integrated.
- Total floor area will be 860,400m<sup>2</sup>, with 213,900m<sup>2</sup> of office space, approx. 1,400 residential units. Approx. 20,000 office workers and 25-30 million people per year are expected to visit.
- The main tower will soar 64 stories and 330m in height. Offices in the main tower, the West Tower and Podium Building will encourage free and creative work.



### "Modern Urban Village", a city-within-a-city full of greenery and connects people

- The core concept of the "Toranomon-Azabudai Project" is a "Modern Urban Village," a unique neighborhood that will combine the sophistication of a megalopolis with the intimacy of a small village. It will be a completely new city like no other in the world. It will cover an area of approx. 8.1 ha and will feature extensive greenery totaling approx. 2.4 ha including a 6,000m<sup>2</sup> central square.



## Creating community and innovation through the Area Management by sponsor

### Toranomon Hills Area



Thursday Gathering  
(Toranomon Hills Mori Tower)

#### Partnership with world's largest innovation center

"Thursday Gathering" by Venture Café, a sister organization of Cambridge Innovation Center, promotes exchanges between participants to support the creation of new innovations.



ELLE Cinema Night  
(Toranomon Hills Mori Tower)

#### Events "OUR PARKS"

Various events such as "Our Parks" are held in the open spaces, Oval Plaza and Atrium, where a vast lawn spreads out. It creates a third place for community and activates the area of Toranomon.



DLX Design Academy  
(Shintora-Dori CORE)

#### Collaboration with Royal College of Art

"DLX Design Academy" in collaboration with the Royal College of Art, provides educational programs to spur creation of new values with an environmental focus and world-class learning and interacting opportunities.



Traveling stand  
(Shintora-Dori)

#### Enjoy the charm of Japanese Market

The dining facility "Touring Stand" has been installed along the road for the first time in Tokyo. It offers sales of gourmet cuisine using seasonal ingredients from around Japan and various workshops to experience community activities.

## Creating community and innovation through the Area Management by sponsor

### ARK Hills Area



KaleidWorks  
(ARK Mori Building)

#### Workplace where venture capital gathers

"KaleidWorks" consists of an office area where independent venture capitalists representing Japan are located and a lounge area. People who want to innovate in a wide range of fields can interact on common grounds in shared spaces.



Hills Marche  
(ARK Mori Building)

#### Pioneer of urban markets: Hills Marche

Hills Marche is the first Marche Japon Project of the Ministry of Agriculture, Forestry and Fisheries. Based on the concept that "the best ingredients are in the city," through fresh, local food we reinforce the rich lifestyle of ARK Hills.

### Roppongi Hills Area



HAB-YU platform  
(ARK Hills South Tower)

#### Co-creation platform HAB-YU platform

HAB-YU, operated jointly with the Fujitsu Group, is a platform for co-creation. It aims to create new value by bringing together the issues, ideas and technologies from people "Human", region "Area", and company "Business" (= HAB) and forging ties ("YU") among them in a variety of ways.



(c) Roppongi Art Night Execution Committee

Roppongi Art Night  
(Roppongi Mori Tower)

#### Art Festival representing Tokyo

Tokyo-based art festival "Roppongi Art Night" integrates the art and the city to improve the cultural image of Roppongi and create a pioneering model of urban development in Tokyo.

# 2-18 External growth

**Business environment recognition**

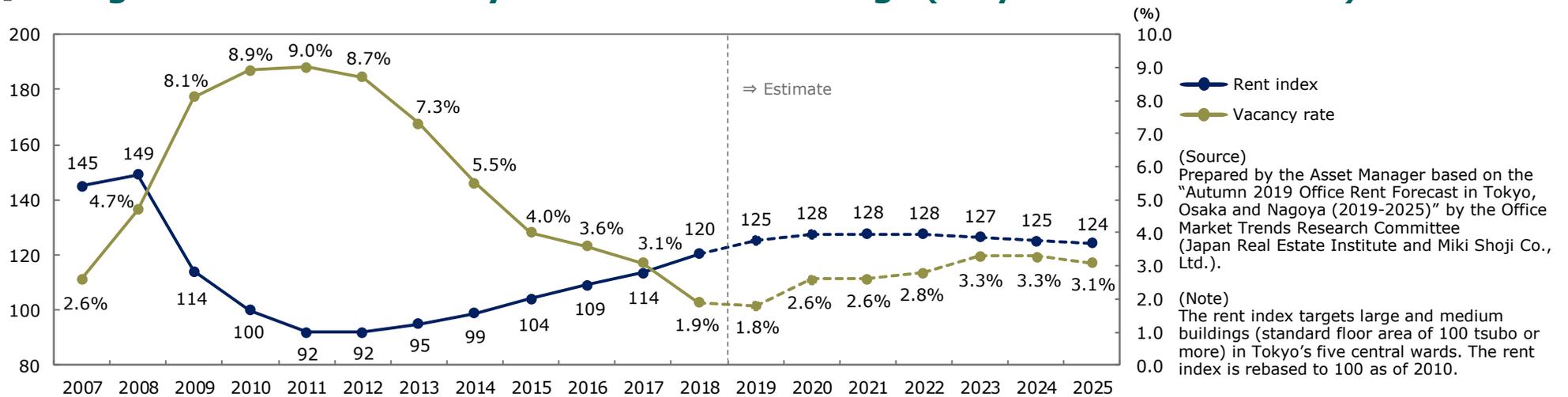
We believe that the structural changes to office demand will not impact premium properties in central Tokyo

(Note) Please refer to "Section 4. Business environment recognition and MHR's policy/strategy" for details.

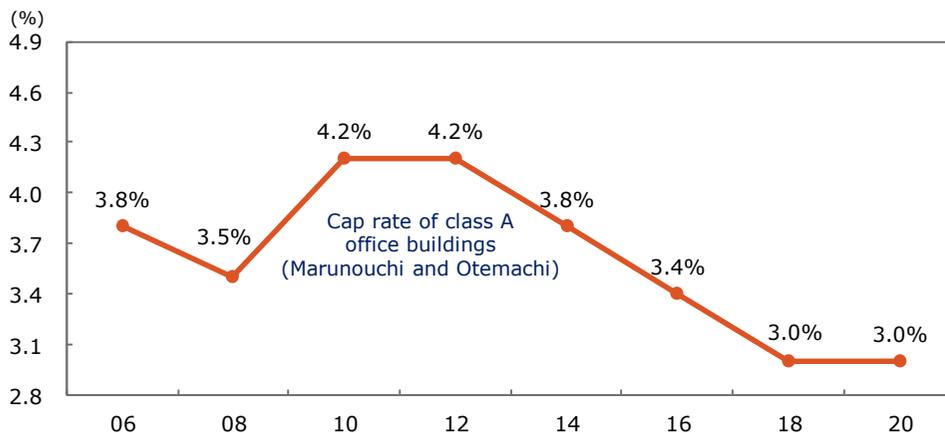
**External growth policy**

Proceed with external growth utilizing sponsors' abundant property pipeline

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



## Change in return on real estate investment



## Mori Building's extensive property pipeline

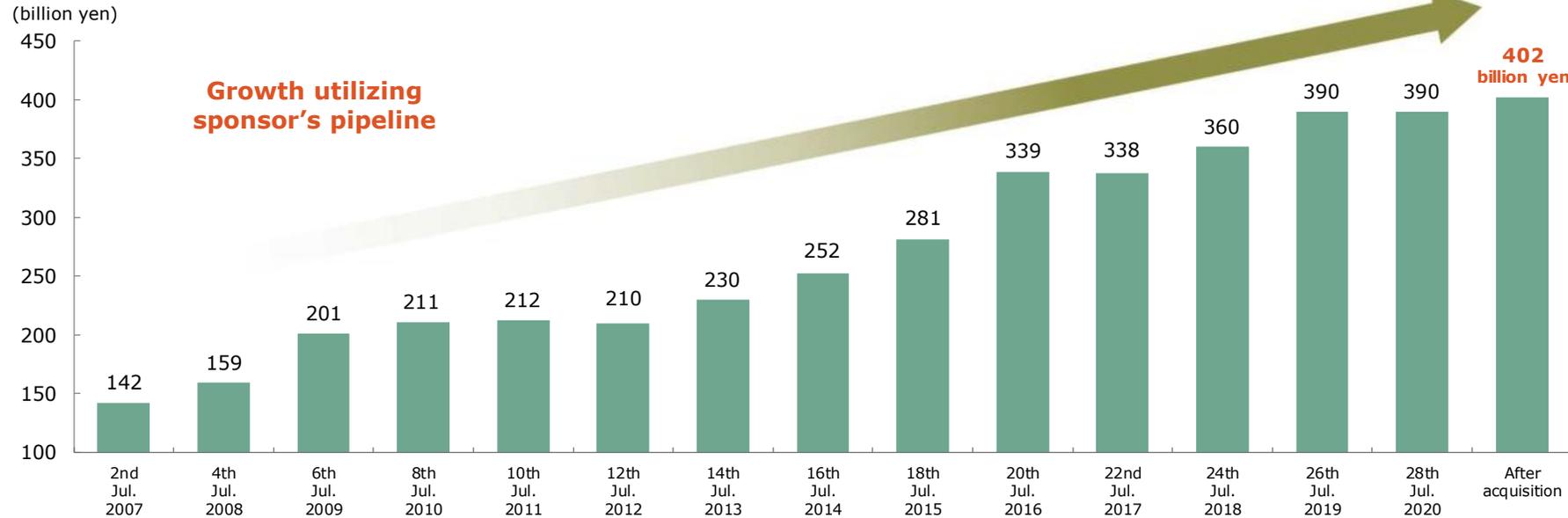
Total assets:  
**2.2 trillion yen**  
(as of the end of March, 2020)

Number of properties under management: **96 buildings**  
(as of April, 2020)

MHR has "preferential negotiation rights"

# 2-19 External growth

## Trend in assets under management (based on acquisition price)



## Acquired premium properties in central Tokyo lower than appraisal values (Acquired as of September 1, 2020)

Toranomon Hills Mori Tower

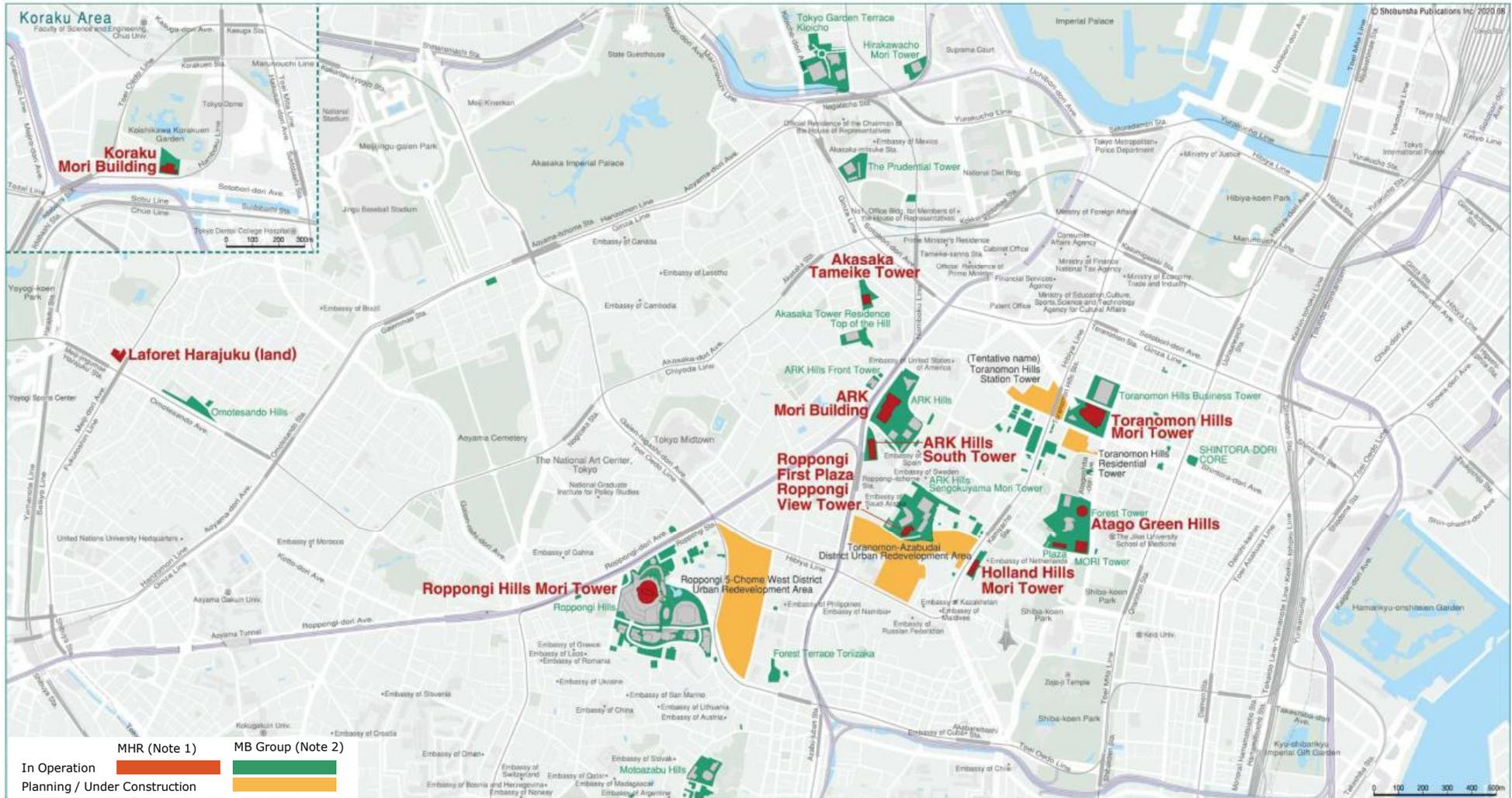


Acquisition price 12,220 million yen  
 Appraisal value 15,230 million yen  
 Location Minato-ku, Tokyo

	Toranomon Hills Mori Tower	Recent office acquisition by listed REITs (Note 1)
Discount of acquisition price to appraisal value (Note 2)	△ 19.8%	△ 6.1%
Building age	6.3 years	16.8 years
PML	0.50%	3.86%

(Note 1) Average based on information of acquisitions (24 properties) disclosed from January to July 2020.  
 (Note 2) Discount of acquisition price to appraisal value = (Acquisition price – appraisal value) / appraisal value

## Mori Building Group's involvement



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2020."

(Note 1) Some of the properties have been partially acquired and held by MHR.

(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

# 2-21 Internal growth

**Business environment recognition**

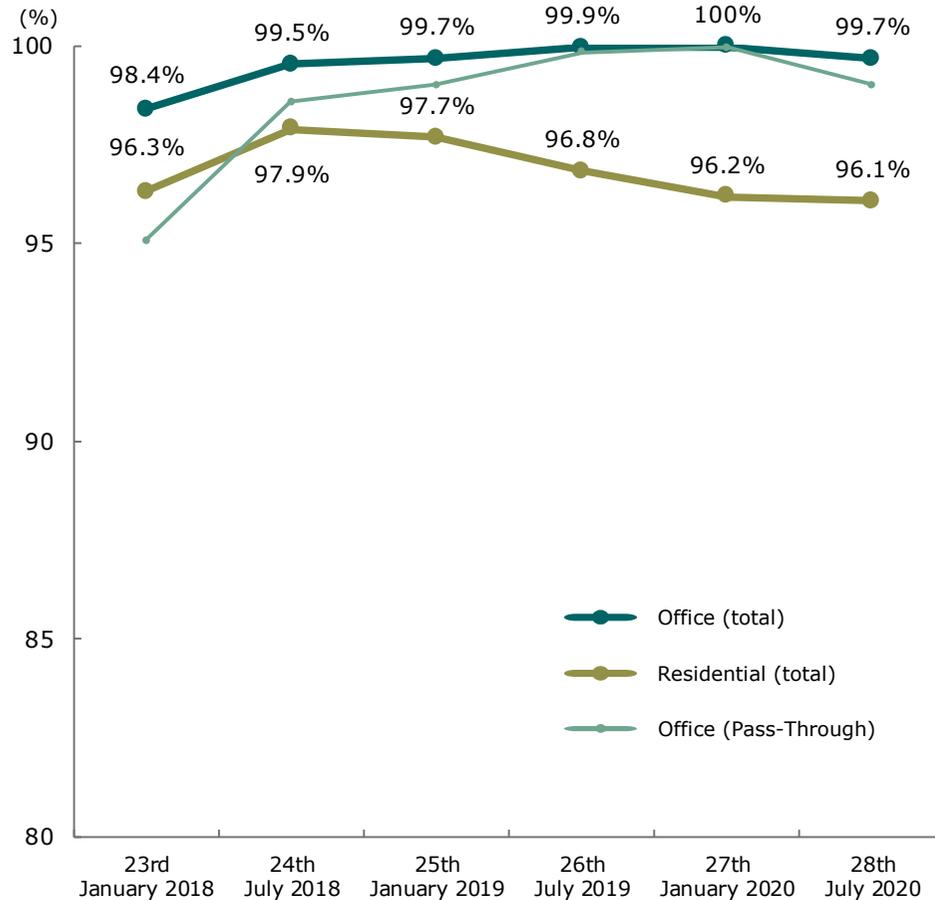
While demand may decline to a certain extent due to a downturn in business sentiment, rent trends will depend on vacancy rates

(Note) Please refer to "Section 4. Business environment recognition and MHR's policy/strategy" for details.

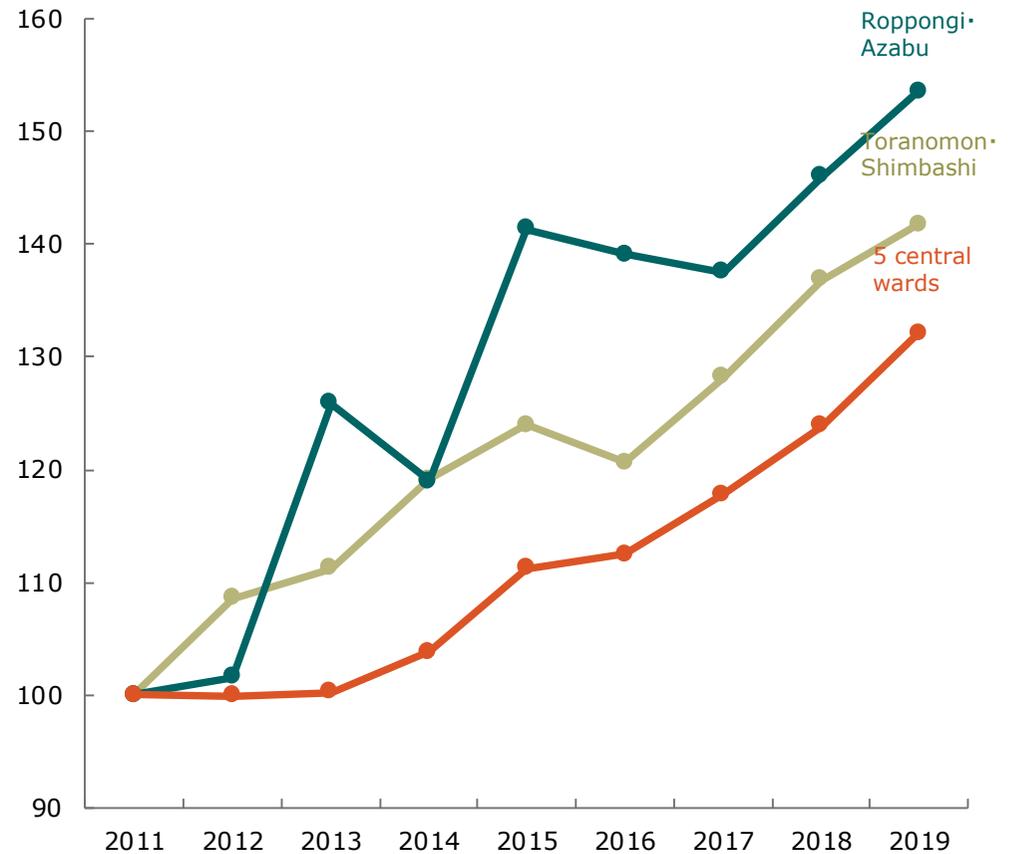
**Internal growth policy**

Maintain stability of cash flow through fixed rent master leases, while striving for revenue growth with pass-through type leases

## Trend in occupancy rates



## Trend in asking rent



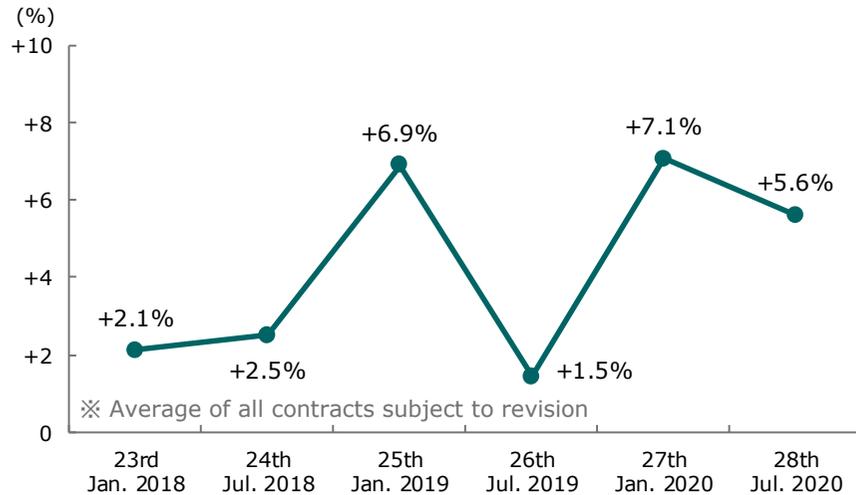
(Source) Prepared by the Asset Manager based on "Office Market Report" by Sanko Estate Co., Ltd.

(Note) The average of asking rent (including common area revenue) that targets a large scale building with a standard floor area of 200 tsubo or more is rebased to 100 as of 2011.

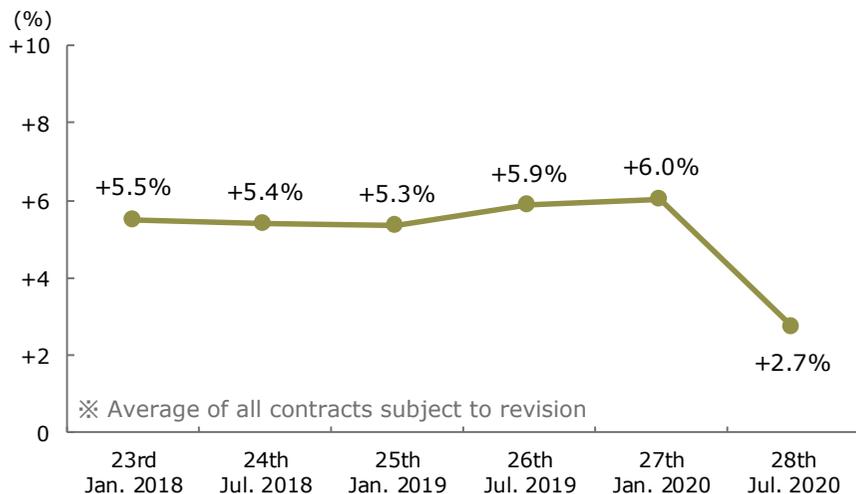
# 2-22 Internal growth

## Result of rent revision and tenant replacement (pass-through type)

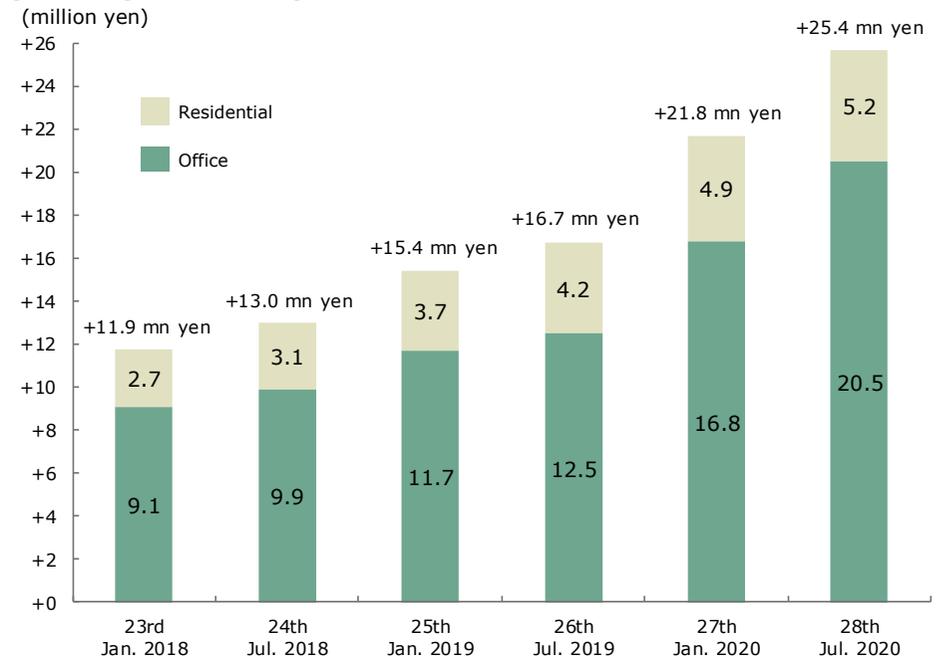
### Rent revision rate (Office)



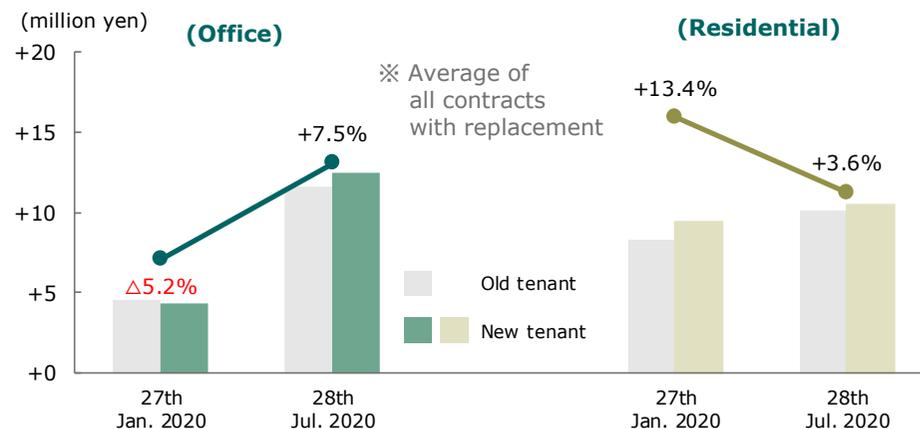
### Rent revision rate (Residential)



### Net impact of rent revisions accumulated since 23rd period (Monthly rent basis)

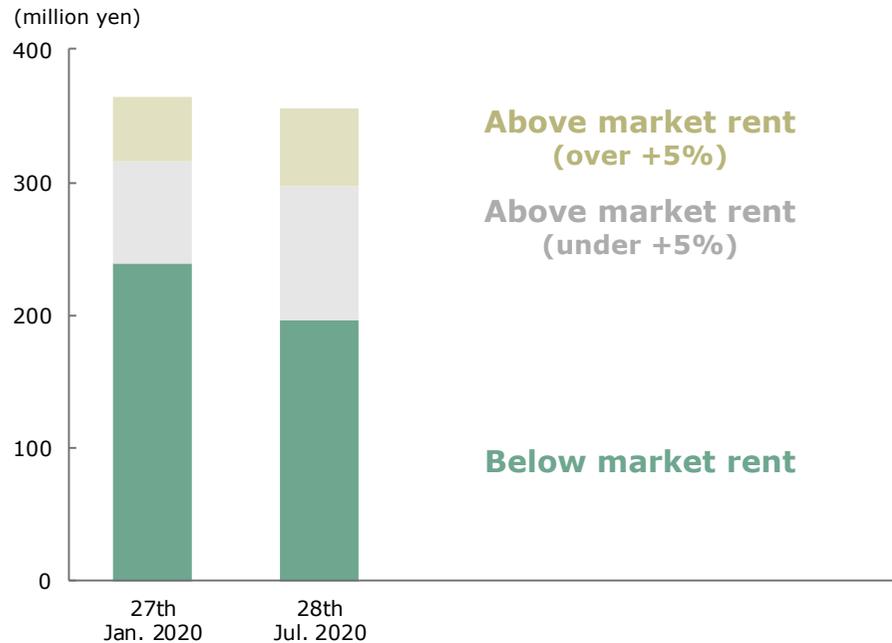


### Net impact on increase/decrease of tenant replacement (Monthly rent basis)

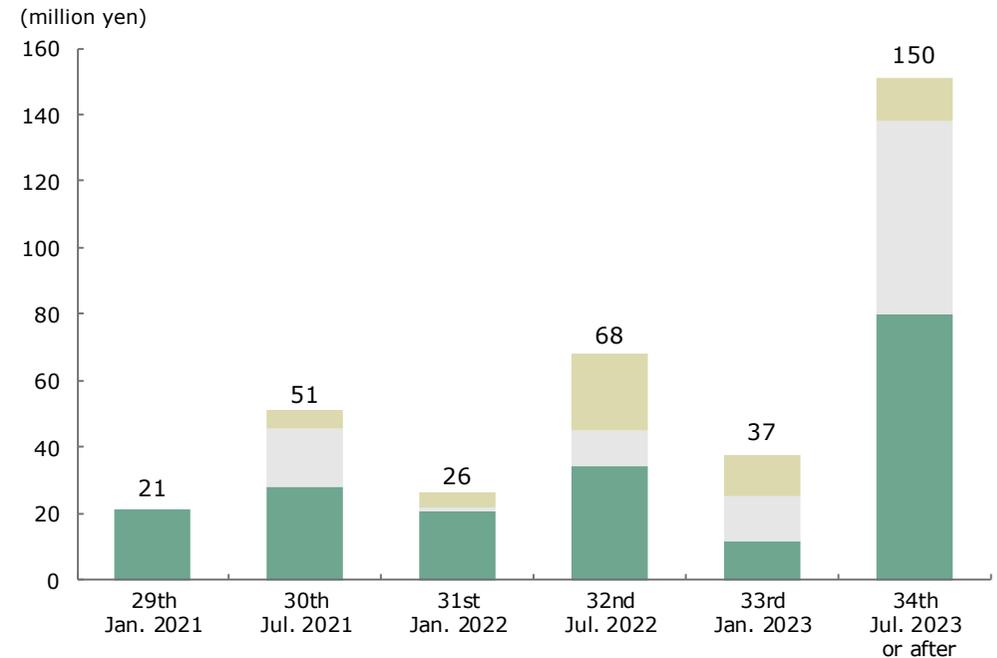


## Comparison with office market rent (pass-through type)

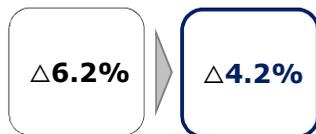
### Rent gap (Total monthly rent)



### Rent gap by revision (Total monthly rent)



### Rate of rent gap



This indicates that contracts have not reached market rent levels and have room for upside

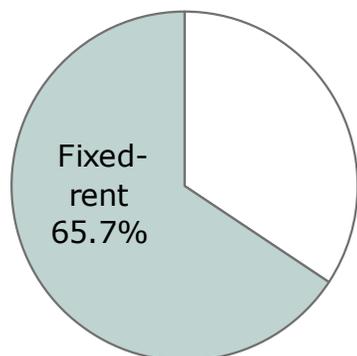
- Occupancy rate remained at high level due to vigorous office demand
- The rent gap has narrowed due to progress in revisions to raise rents
- Even after the outbreak of COVID-19, while taking into consideration the circumstances, tenants whose rent gap is large will be targeted for revisions to raise rent

(Note 1) Market rent is based on the report by CBRE K.K.  
 (Note 2) Rent gap = Total tenants' rent ÷ "Total market rent" - 1  
 (Note 3) Figures reflect move outs of end tenants confirmed as of July 31, 2020

# 2-24 Internal growth

## Overview of fixed rent master lease

### Ratio of fixed rent master lease (after new acquisition)



Seeking revisions to raise rents with pass-through-type properties

● Structural changes to office demand will not impact premium properties in central Tokyo

● Display a defensive posture to the downturn in business sentiment in the short term

Realize stable cashflow

### Monthly rent by contract expiration

Property name	Total monthly rent (mn yen)	% of portfolio total rent	Breakdown of property	Leased floor area (m <sup>2</sup> )	Payer of management associated fee	Monthly rent by contract expiration (mn yen)				Expiration of the lease agreement
						2021	2022	2023	2024 or after	
Roppongi Hills Mori Tower (10 floors)	490.5	30.5%	23rd & 24th	8,993.45	MHR	114.6	—	—	—	Jul. 2021
			19th & 22nd	8,609.47		—	—	95.0	—	Sep. 2023
			20th	3,879.19		—	—	—	42.8	Jul. 2024
			28th	4,460.13		—	—	—	49.2	Sep. 2025
			25th	4,156.66		—	—	—	45.8	Jan. 2026
			26th, 27th & 29th	12,942.64		—	—	—	142.9	Mar. 2026
ARK Mori Building (8 floors + DHC)	225.2	14.0%	13th/12th & 22nd	7,952.55	MHR	—	—	—	77.9	Jan. 2026
			23rd & 25th	5,742.95		—	—	—	55.5	Jan. 2026
			4th, 15th & 24th	7,680.52		—	—	—	73.8	Jan. 2026
			DHC	3,212.41	Master lessee	—	—	17.9	—	Mar. 2023
Atago Green Hills (approx. 32.9% of entire property)	168.7	10.5%	Office, residential & retail	29,667.58	Master lessee	—	168.7	—	—	Apr. 2022
Toranomon Hills Mori Tower (approx. 9.3% of entire property)	173.2	10.8%	Part of 28th to 35th floors	16,360.16	MHR	—	173.2	—	—	Jul. 2022
<b>Total</b>	<b>1,057.7</b>	<b>65.7%</b>				<b>114.6</b> (10.8%)	<b>341.9</b> (32.3%)	<b>113.0</b> (10.7%)	<b>488.1</b> (46.2%)	

(Note) Figures reflect the acquisition as of September 1, 2020.

# 2-25 Financial management

**Business environment recognition**

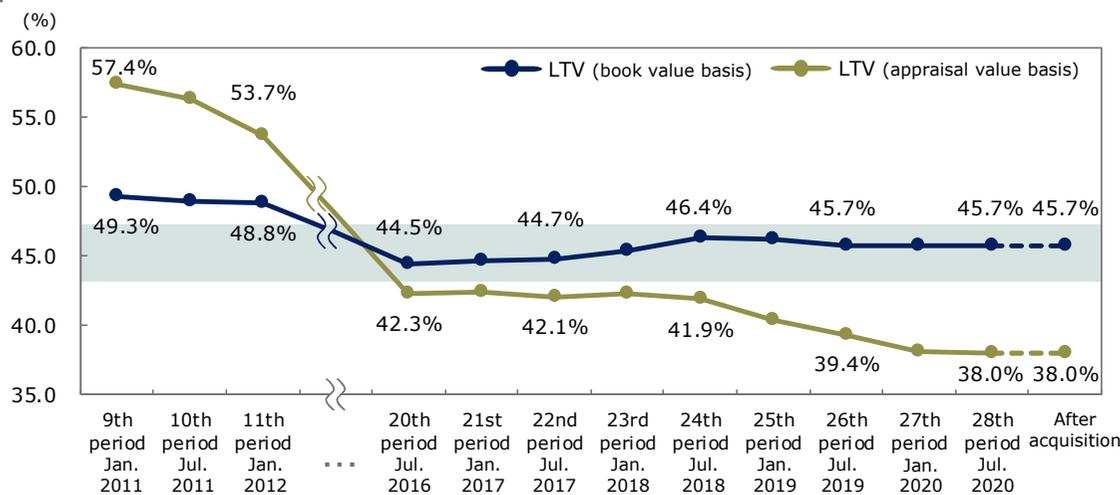
Interest rates are expected to remain low considering monetary policies and assuming rise over the medium to long term

(Note) Please refer to "Section 4. Business environment recognition and MHR's policy/strategy" for details.

**Financial management policy**

Maintain mid 40% range LTV (book value basis) and 4 years or longer average remaining duration of debt

## Reduction in LTV

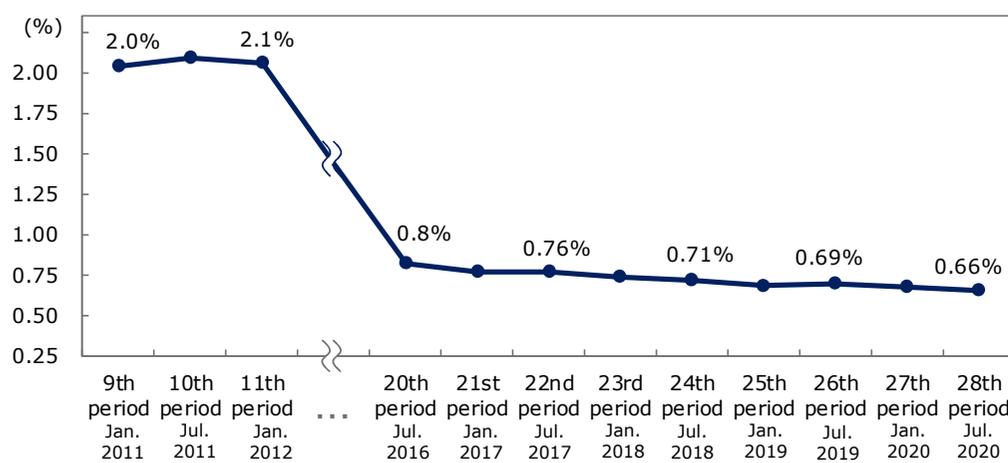


## Overview of debt financing

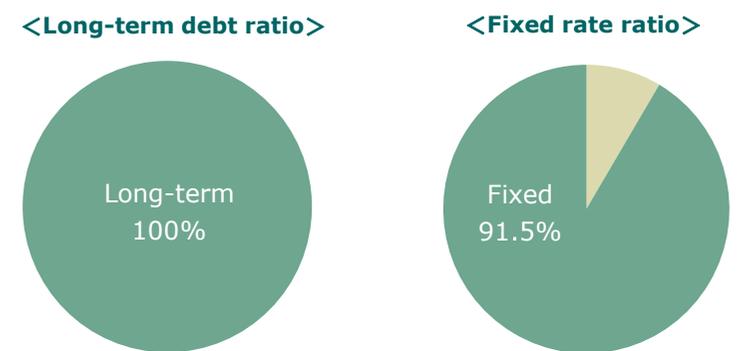
	End of 27th period Jan. 31, 2020	End of 28th period Jul. 31, 2020
Debt Balance	179,222 mn yen	179,222 mn yen
LTV (book value basis) <sup>(Note 1)</sup>	45.7%	45.7%
LTV (appraisal value basis) <sup>(Note 2)</sup>	38.2%	38.0%
Avg. remaining duration	4.6 years	4.7 years

(Note 1) LTV (book value basis) is calculated as [Interest bearing debt / Total assets].  
 (Note 2) LTV (appraisal value basis) is calculated as [Interest-bearing debt / Appraisal value based total assets (Total assets + Total appraisal value - Total book value)].

## Reduction in average interest rate (including borrowing expenses)

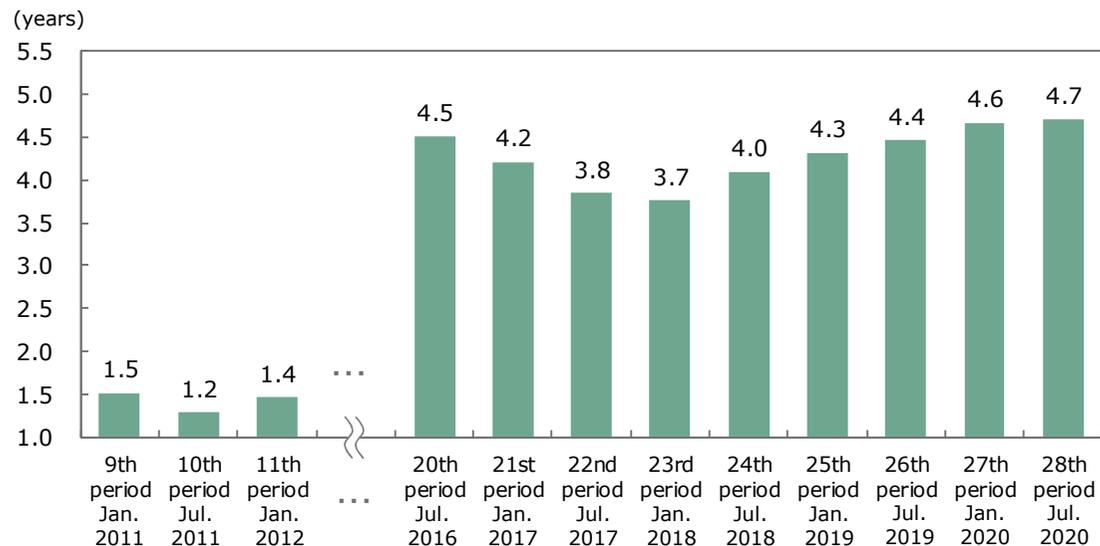


## Long-term debt ratio / Fixed rate ratio



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

## Extension in remaining duration of debt

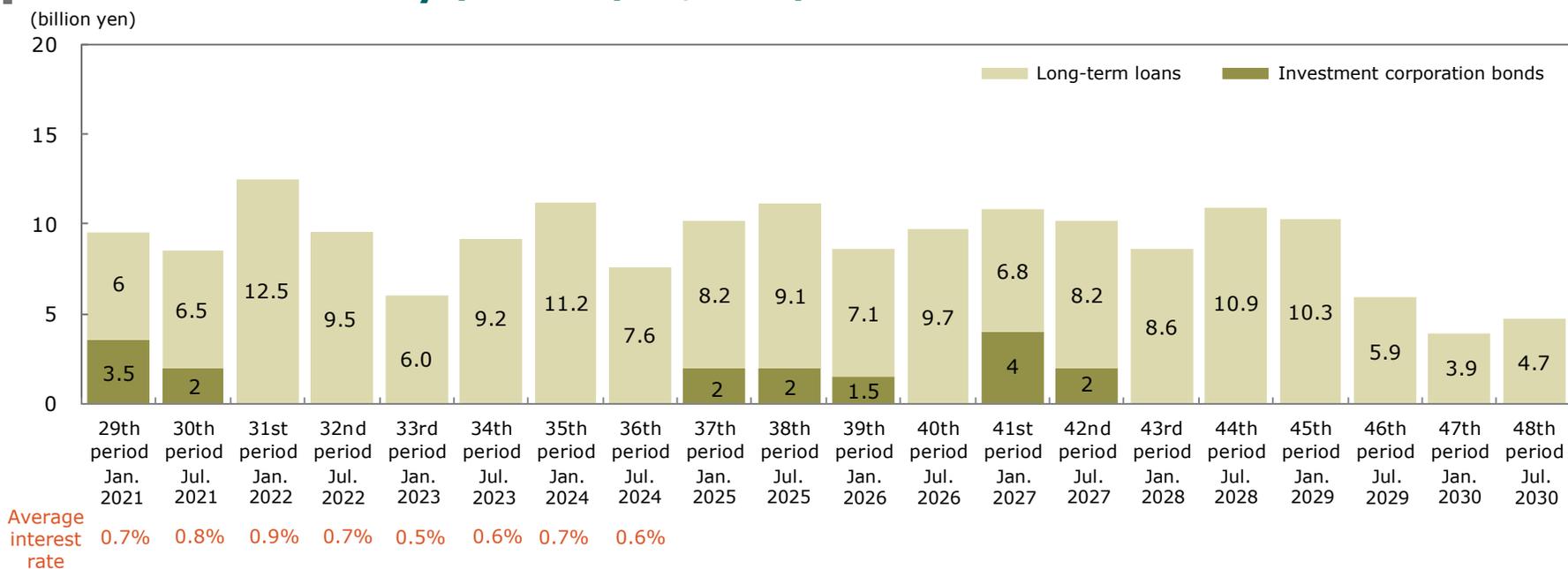


## Rating

Japan Credit Rating (JCR)

Long-term issuer rating:  
AA (Stable)

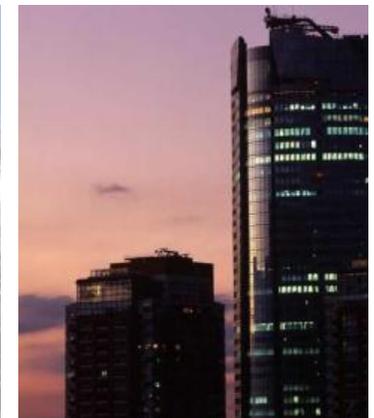
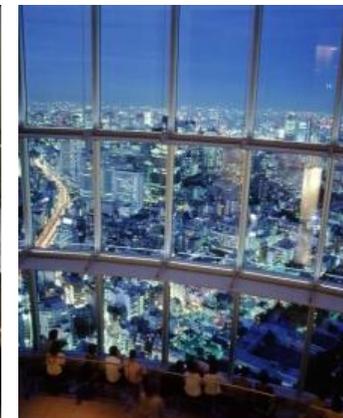
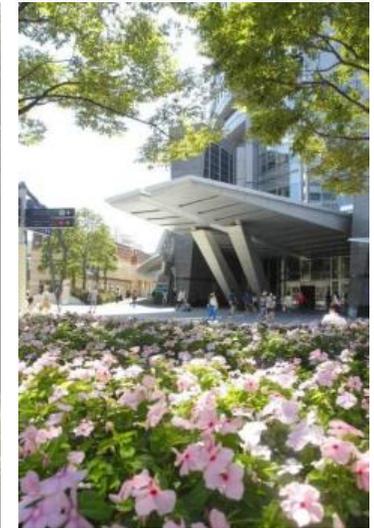
## Overview of maturity (as of July 31, 2020)



# 2-27 MHR's representative property (1) Roppongi Hills



Roppongi Hills Mori Tower



## Roppongi Hills

Since its opening in 2003 as Japan's largest ever urban redevelopment at about 11.6 hectares, more than 40 million people have visited Roppongi Hills each year from all over the world. As this community has matured, Roppongi Hills has only multiplied its global magnetic attraction. Japan real estate development had been limited by an economic perspective until Mori Building revolutionized the concept by creating a community where humanity, culture, interaction and vision toward the next era is born.

## Office

## Roppongi Hills Mori Tower

Roppongi Hills Mori Tower is the main tower of Roppongi Hills and is 54 floors above ground and 238 meters high and has established itself as a landmark of Tokyo. Offices located from the 8th floor to the 48th floor boast floor plates of about 1,360 tsubo (about 4,500m<sup>2</sup>), among the largest floor areas of skyscrapers in Japan. It is a state-of-the-art office building with an ultra high-speed network, outstanding earthquake resistance performance and thorough security.



## Residence Roppongi Hills Residence

In Roppongi Hills where international cultural is fostered and people come to interact, Mori Building designed these residences with the comfort of the people as a top priority, to provide the template for a “new life overflowing with affluence and warmth”.



## Retail Shops and Restaurants

Retail facilities are comprised of more than 200 “only one” shops and restaurants divided into four areas with different concepts. There are many shops on the lower floors of the buildings and on the street so visitors can enjoy shopping, eating and drinking while walking around the open spaces that are full of greenery.



## Hotel Grand Hyatt Tokyo

Grand Hyatt Tokyo offers a dynamic city space featuring 10 highly distinctive restaurants and bars, 387 guestrooms designed for the highest level of relaxation, 16 banquet facilities and much more. The wide range of facilities inside the hotel and in Roppongi Hills enable guests to enjoy leisurely time at the hotel to the fullest extent.



## Cinema TOHO Cinemas Roppongi Hills

One of the top cinema complexes in Japan, TOHO offers nine movie screens, a variety of daily show times and facilities with unprecedented comfort and functions. These theaters ushered in a whole new culture of movie going in Roppongi.



## Museum Mori Art Museum

“The world’s nearest art museum to the sky”, the museum collaborates with a network of highly respected international art museums to create a space to appreciate the world’s top modern art. It is open until 10 pm during exhibitions to welcome visitors after work or dinner.



## Stable Supply of Power from the Independent Power Station

Roppongi Hills uses its own energy plant (a specially designated power supply business facility) to supply electrical power to the area. Because this plant uses city gas (medium pressure gas) as the fuel, it is not affected by power restrictions on the use of electricity and is able to provide an extremely stable supply of electricity. The use of a power supply with triple redundant safety allows the building to construct a power supply system with high reliability.

# 2-28 MHR's representative property (2) Toranomon Hills



Toranomon Hills Mori Tower



## Toranomon Hills

Toranomon Hills is located in the "Special Zone for Asian Headquarters" where Tokyo Metropolitan Government seeks to attract foreign companies. This building is Tokyo's new landmark and consists of Japan's first Andaz hotel "Andaz Tokyo", high-specification offices, a high class residential area with outstanding views where hotel services are available, international-standard conference facilities and commercial facilities to supports various urban functions, along with an open space of about 6,000m<sup>2</sup>.

## Office

## Toranomon Hills Mori Tower

Offices occupy the 6th to the 35th floors of "Toranomon Hills Mori Tower", a super high rise tower with 52 floors rising 247 meters above ground with a gross floor area of 30,000 tsubo. Standard rent floors' average size are about 1,000 tsubo (about 3,300m<sup>2</sup>) with a ceiling height of 2.8 meters and they provide flexible and comfortable workspaces without pillars. Six transit stations and 11 lines are nearby and provide access to Haneda Airport which makes this building an optimal global business base.



## Residence Toranomon Hills Residence

Pleasant views of central Tokyo such as Tokyo Tower, Rainbow Bridge, Tokyo Sky Tree and the open green space of the Imperial Palace can be viewed from residences located on the 37th to 46th floors. Hotel services in cooperation with Andaz Tokyo are available.



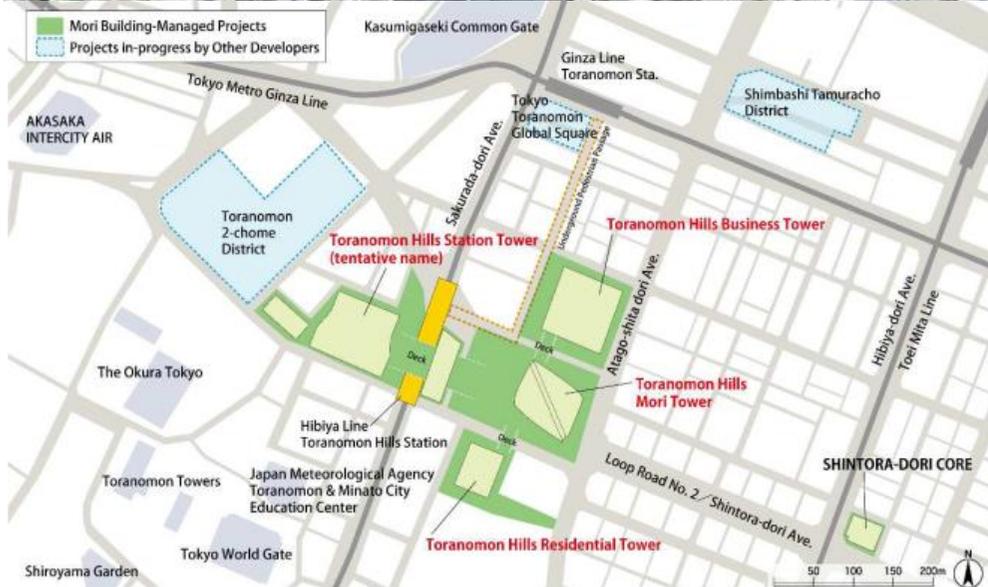
## Retail Shops and Restaurants

With the concept of "Communication Hub", restaurants are designed to provide international cuisine that satisfy customers from Japan and overseas. Various people such as office workers, conference attendees and hotel guests gather in this space uniquely designed to facilitate communication.



## Hotel Andaz Tokyo

Hyatt's boutique lifestyle hotel "Andaz Tokyo" is Japan's first Andaz. Andaz means "personal style" in Hindi. The hotel values the individuality of the area and incorporates the charm of the land into design and its' service.



## Evolving as an International Urban Center and a Global Business Hub

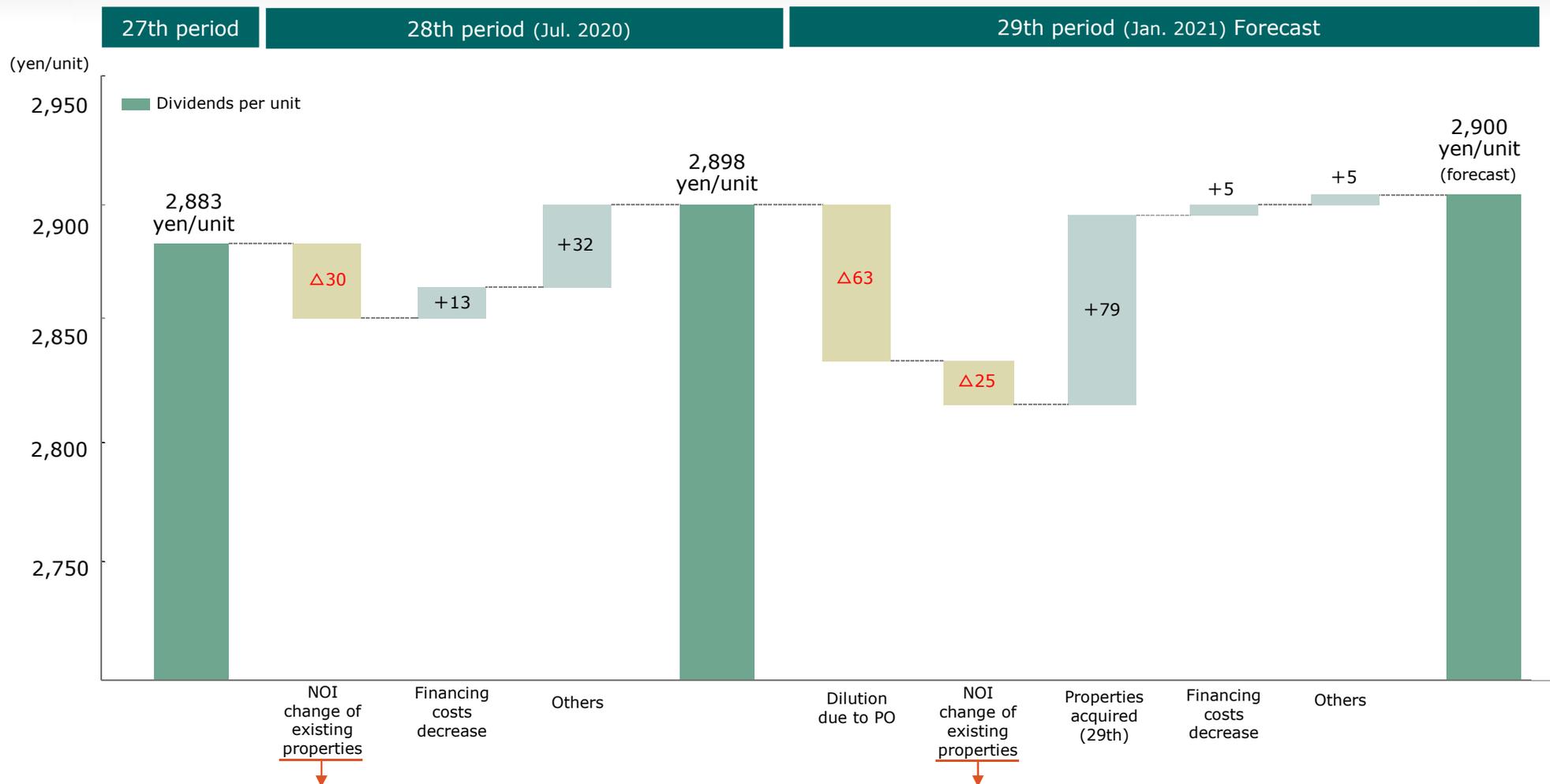
Upon completion of Toranomon Hills Business Tower, Toranomon Hills Residential Tower and the currently planned Toranomon Hills Station Tower (Tentative name), the total area of the Toranomon Hills complex including Toranomon Hills Mori Tower will reach about 7.5 hectares and about 800,000m<sup>2</sup> of the total floor space. The area will evolve into a true "international urban center and a global business hub" with integrated functions such as international standard offices, residences, hotels, retail facilities and transportation infrastructure.

### 3. Operation highlights

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# 3-1 Factors that led to changes in dividends per unit from the previous fiscal period



### Major factors behind change in NOI from existing properties:

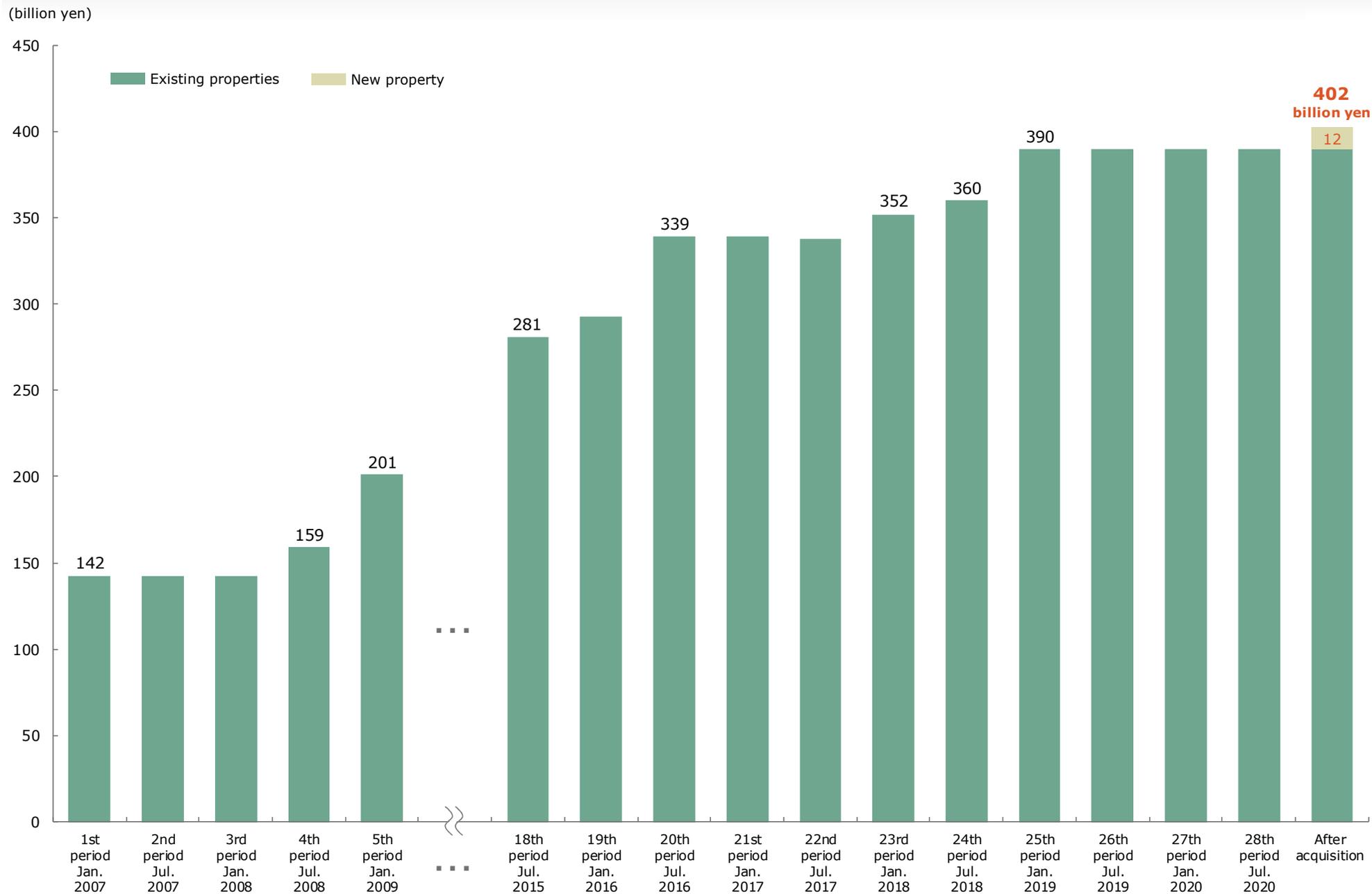
+ Full period contribution of rent revision of land (Laforet Harajuku)	+7
+ Increase in cancellation penalty	+7
- Increase in property management fee	Δ10
- Increase in maintenance and repairs	Δ10
- Increase in property taxes	Δ9
- Utilities and other revenue (net)	Δ7
- Increase in depreciation	Δ4

### Major factors behind change in NOI from existing properties:

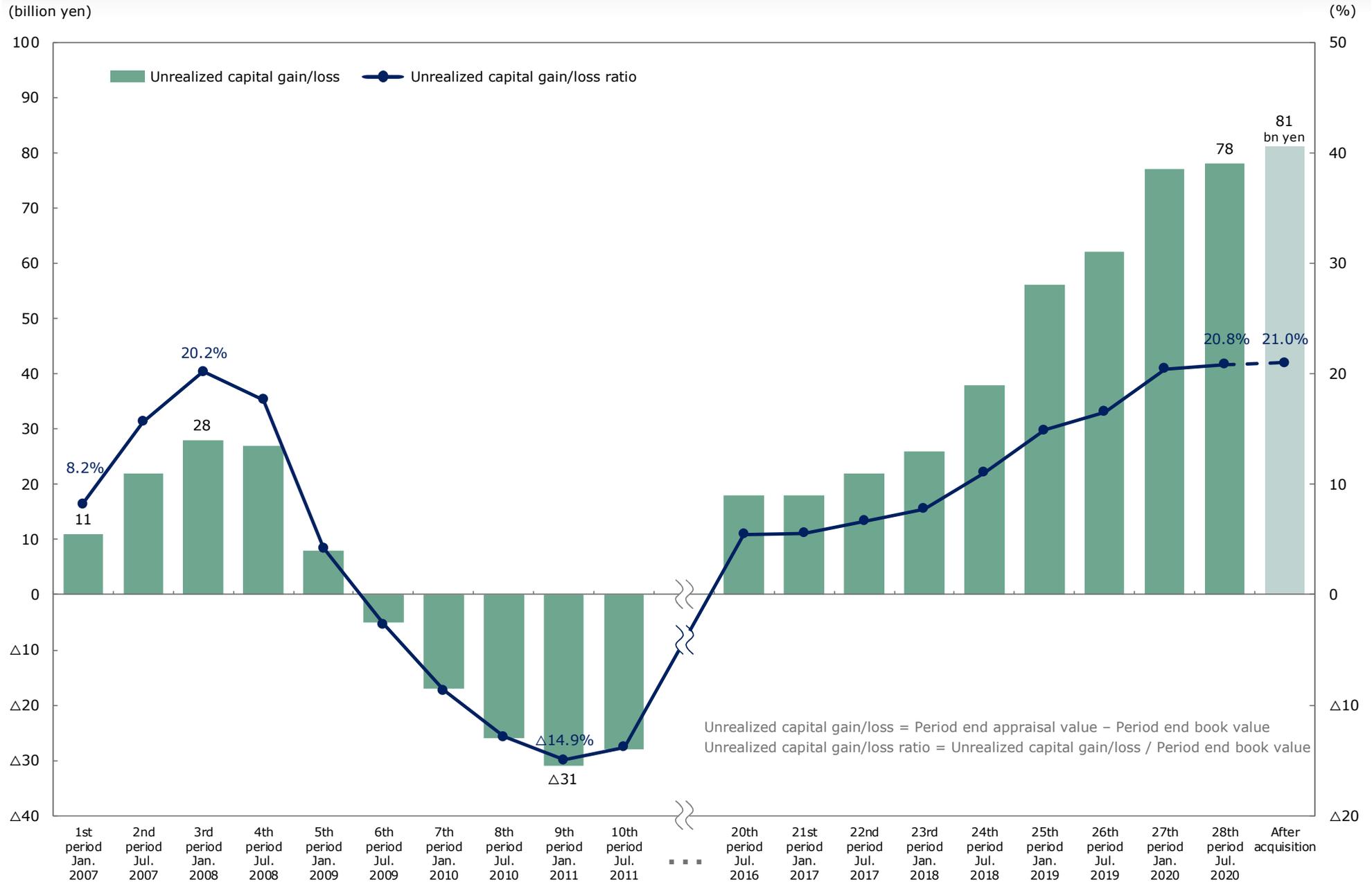
+ Utilities and other revenue (net)	+4
+ Decrease in depreciation	+4
- Increase in property management fee	Δ14
- Increase in property taxes	Δ8
- Residential rent (Pass-Through)	Δ7
- Decrease in cancellation penalty	Δ5

(Note) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,874,960 units for the 28th period (July 2020) and 1,916,330 units for the 29th period (January 2021) indicated as an approximate figure in yen.

# 3-2 Change in assets under management



# 3-3 Change in unrealized capital gain/loss



# 3-4 Appraisal value

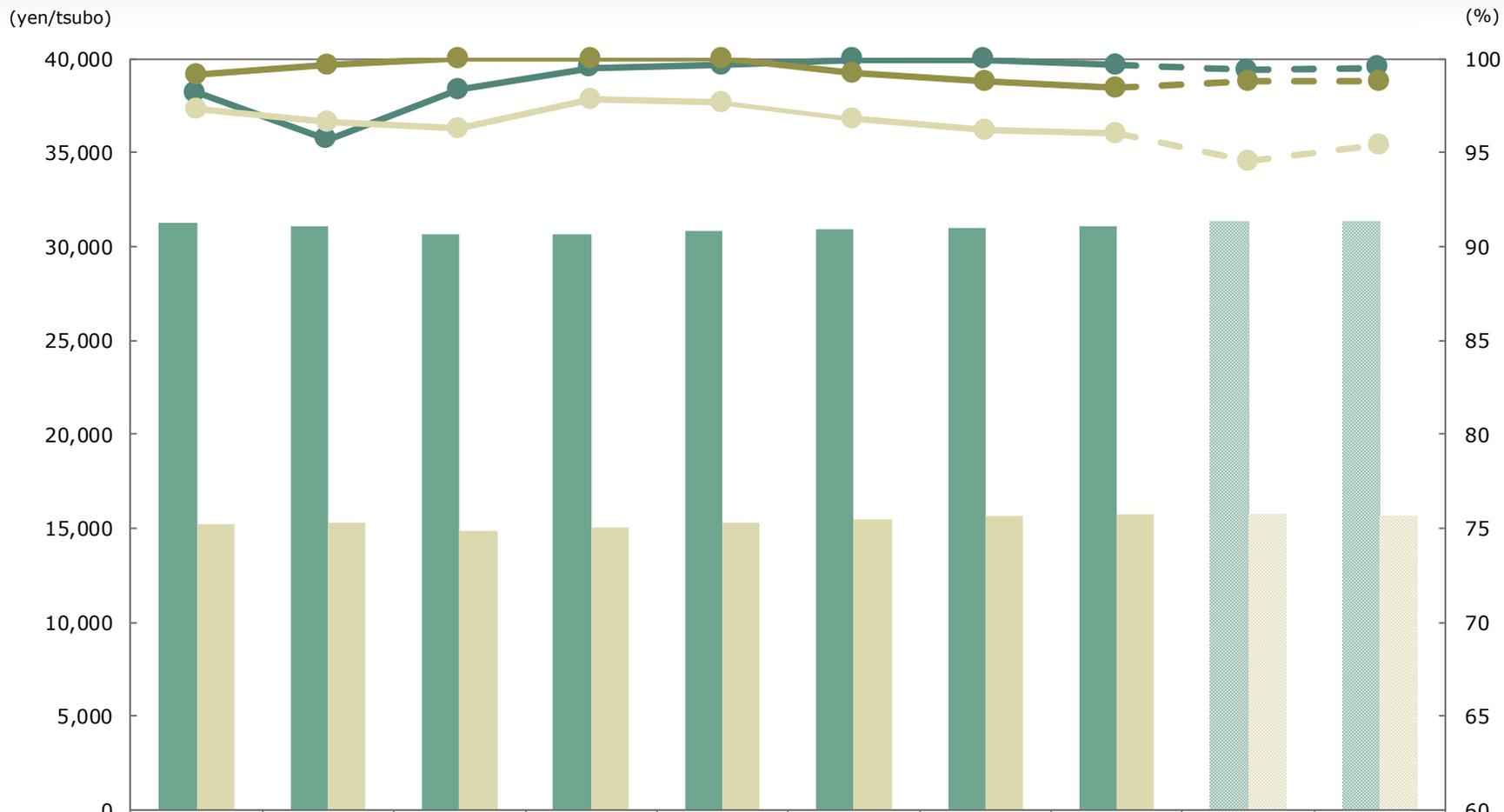
(million yen)

Principal use	Property name	Property No.	Acquisition price	Book value	As of end of 27th period Jan. 31, 2020		As of end of 28th period July 31, 2020				Difference (B) – (A)	Difference (B)/(A) – 1	Unrealized capital gain (B)-book value
					(A) Appraisal value (Note 1)	Yield (Direct capitalization method)	(B) Appraisal value (Note 1)	Yield (Direct capitalization method)	Discount rate (DCF)	Terminal yield (DCF)			
Office	Roppongi Hills Mori Tower	O-0	115,380	111,663	148,100	2.9%	148,100	2.9%	2.6%	3.1%	0	0.0%	36,436
	ARK Mori Building	O-1	62,480	61,488	63,700	3.2%	63,700	3.2%	2.9%	3.4%	0	0.0%	2,211
	Koraku Mori Building	O-4	27,200	24,761	26,200	3.4%	26,500	3.4%	3.0%	3.7%	300	1.1%	1,738
	Akasaka Tameike Tower	O-6	43,930	41,535	34,100	3.2%	34,500	3.2%	2.9%	3.4%	400	1.2%	△ 7,035
	Atago Green Hills	O-7	42,090	40,217	46,900	3.4%	46,900	3.4%	2.9%	3.6%	0	0.0%	6,682
	ARK Hills South Tower	O-8	19,150	18,704	25,100	3.0%	25,200	3.0%	2.8%	3.2%	100	0.4%	6,495
	Toranomon Hills Mori Tower	O-9	36,210	35,872	44,800	2.6%	44,800	2.6%	2.3%	2.8%	0	0.0%	8,927
	Holland Hills Mori Tower	O-10	16,330	16,278	21,700	3.2%	21,800	3.2%	2.8%	3.4%	100	0.5%	5,521
Sub total			362,770	350,521	410,600	—	411,500	—	—	—	900	0.2%	60,978
Residential	Roppongi First Plaza	R-3	2,100	2,237	2,530	3.9%	2,530	3.9%	3.7%	4.1%	0	0.0%	292
	Roppongi View Tower	R-4	4,000	4,083	3,200	4.0%	3,260	4.0%	3.8%	4.2%	60	1.9%	△ 823
	Sub total			6,100	6,321	5,730	—	5,790	—	—	—	60	1.0%
Retail and others	Laforet Harajuku (Land) (Note 2)	S-1	21,820	22,074	40,400	3.8%	40,600	—	3.8%	—	200	0.5%	18,525
	Sub total			21,820	22,074	40,400	—	40,600	—	—	—	200	0.5%
Total			390,690	378,917	456,730	—	457,890	—	—	—	1,160	0.3%	78,972

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

(Note 2) For Laforet Harajuku (Land), value in the "Yield (Direct capitalization method)" column for the 27th period shows the discount rate used in the DCF analysis.

# 3-5 Changes in the rent and occupancy rates

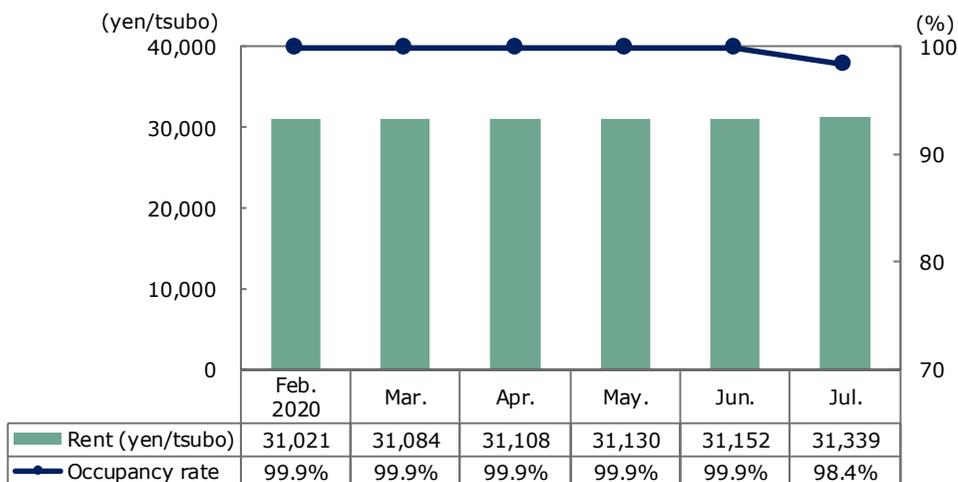


	21st period Jan. 2017 (actual)	22nd period Jul. 2017 (actual)	23rd period Jan. 2018 (actual)	24th period Jul. 2018 (actual)	25th period Jan. 2019 (actual)	26th period Jul. 2019 (actual)	27th period Jan. 2020 (actual)	28th period Jul. 2020 (actual)	29th period Jan. 2021 (forecast)	30th period Jul. 2021 (forecast)
Office rent (yen/tsubo)	31,281	31,069	30,642	30,629	30,842	30,924	31,020	31,139	31,325	31,349
Residential rent (yen/tsubo)	15,272	15,278	14,858	15,095	15,302	15,498	15,698	15,766	15,721	15,650
Office occupancy	98.2%	95.7%	98.4%	99.5%	99.7%	99.9%	100%	99.7%	99.4%	99.6%
Residential occupancy	97.3%	96.7%	96.3%	97.9%	97.7%	96.8%	96.2%	96.1%	94.5%	95.4%
Retail occupancy	99.2%	99.7%	100%	100%	100%	99.2%	98.8%	98.5%	98.9%	98.9%

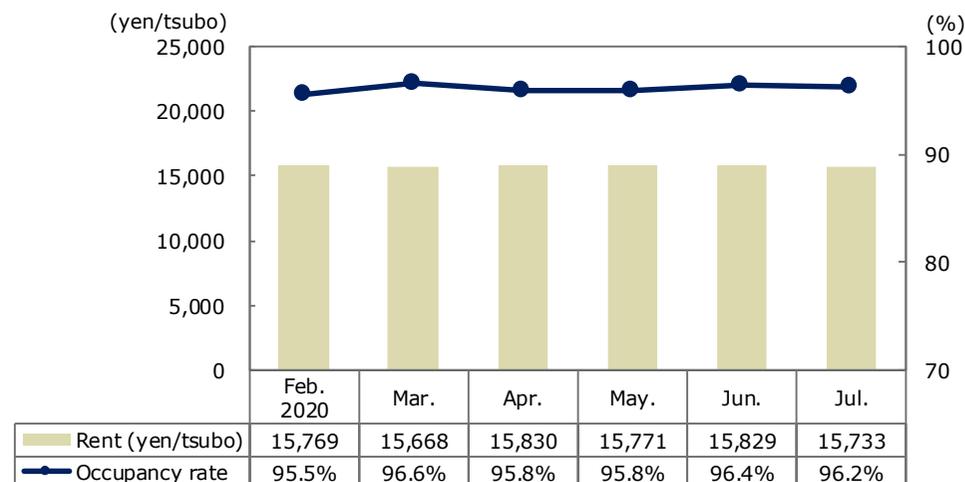
(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant fiscal periods.

# 3-6 Tenant status by month and major tenants

## Office: Rent and occupancy rate



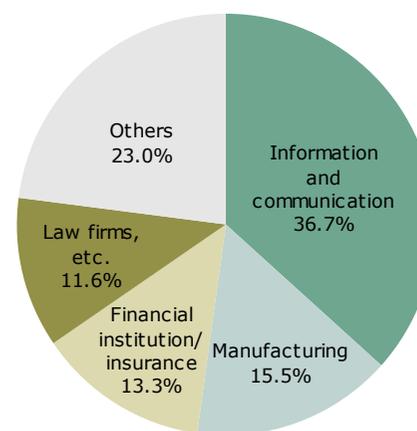
## Residential: Rent and occupancy rate



## Top 5 tenants

End tenants	Property name	Leased space (Note 1)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Atago Green Hills ARK Hills South Tower Toranomon Hills Mori Tower	109,845.73 m <sup>2</sup>	64.1%
Mylan Seiyaku Ltd.	Holland Hills Mori Tower	3,458.53 m <sup>2</sup>	2.0%
Mitsubishi UFJ Research and Consulting Co.,Ltd.	Holland Hills Mori Tower	3,436.90 m <sup>2</sup>	2.0%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m <sup>2</sup>	1.5%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m <sup>2</sup>	1.2%
Total of top 5 tenants		121,423.10 m <sup>2</sup>	70.9%

## Tenant Contribution by Industry Type-Office



(Note 1) Leased space is the lease area stated in the lease contract with the end tenant. It is multiplied by the relevant percentage of ownership for each properties.  
 (Note 2) This indicates the figures as of July 31, 2020.

(Note 1) As for fixed rent master lease, ratios are based on monthly rents of tenants who are actually using the floor areas as of July 31, 2020. It is multiplied by the relevant percentage of ownership for each property.  
 (Note 2) Business types are classified by the Asset Manager.

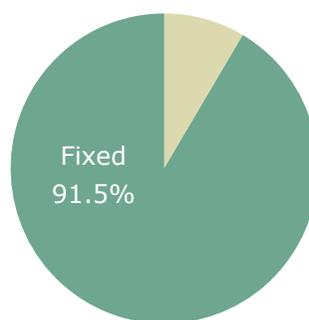
# 3-7 Financial overview (as of July 31, 2020)

## Long-term debt ratio/Fixed rate ratio

### <Long-term debt ratio>



### <Fixed rate ratio>



## Major financial indicator

	End of 27th period Jan. 31, 2020	End of 28th period Jul. 31, 2020
Debt balance	179,222 mn yen	179,222 mn yen
Long-term loan	157,222 mn yen	162,222 mn yen
Investment corporation bonds	22,000 mn yen	17,000 mn yen
LTV (Book value basis) <sup>(Note 1)</sup>	45.7%	45.7%
LTV (Appraisal value basis) <sup>(Note 2)</sup>	38.2%	38.0%
DSCR <sup>(Note 3)</sup>	15.5x	16.0x
Avg. remaining duration	4.6 years	4.7 years
Weighted avg. interest rate	0.49%	0.48%

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

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

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

## Outstanding balances

Lenders	Balance	Ratio
MUFG Bank, Ltd.	42,296 mn yen	26.1%
Mizuho Bank, Ltd.	28,498 mn yen	17.6%
Sumitomo Mitsui Banking Corporation	23,025 mn yen	14.2%
Sumitomo Mitsui Trust Bank, Limited	20,923 mn yen	12.9%
The Bank of Fukuoka	8,300 mn yen	5.1%
The Norinchukin Bank	7,000 mn yen	4.3%
Resona Bank, Limited.	6,430 mn yen	4.0%
Development Bank of Japan Inc.	5,950 mn yen	3.7%
Shinsei Bank, Limited	5,200 mn yen	3.2%
Mizuho Trust & Banking Co., Ltd.	4,800 mn yen	3.0%
The Nishi-Nippon City Bank, Ltd.	3,300 mn yen	2.0%
The Chugoku Bank, Limited.	1,500 mn yen	0.9%
Aozora Bank, Ltd.	1,000 mn yen	0.6%
The Hiroshima Bank, Ltd.	1,000 mn yen	0.6%
Oita Bank Co. Ltd.	1,000 mn yen	0.6%
Shinkin Central Bank	1,000 mn yen	0.6%
Nippon Life Insurance Company	1,000 mn yen	0.6%
<b>Total borrowings</b>	<b>162,222 mn yen</b>	<b>100%</b>
Investment corporation bonds	17,000 mn yen	
<b>Total interest-bearing debt</b>	<b>179,222 mn yen</b>	

# 3-8 Debt status (as of July 31, 2020)

## Debt

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	6,000	0.62%	2014/11/28	2020/11/30
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	6,500	0.75%	2014/11/28	2021/11/30
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	1,700	0.80%	2015/3/27	2023/3/27
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	6,500	0.57%	2015/5/29	2021/5/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	6,500	0.70%	2015/5/29	2022/5/31
Sumitomo Mitsui Banking Corporation	6,000	0.49%	2015/8/31	2021/8/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	2,500	0.65%	2015/9/16	2023/8/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited	3,200	0.50%	2015/11/30	2022/11/30
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited	6,300	0.62%	2015/11/30	2023/11/30
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. The Norinchukin Bank, Resona Bank, Limited. Shinsei Bank, Limited, Mizuho Trust & Banking Co., Ltd. The Hiroshima Bank, Ltd.	7,500	0.33%	2016/3/31	2023/3/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Development Bank of Japan, Inc. Aozora Bank, Ltd.	7,100	0.41%	2016/3/31	2024/3/31
MUFG Bank, Ltd., Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	7,200	0.50%	2016/3/31	2025/3/31
Shinkin Central Bank	1,000	0.18%	2016/3/31	2022/9/30
The Norinchukin Bank	500	0.37%	2017/8/1	2024/7/31
Sumitomo Mitsui Banking Corporation	1,100	0.47%	2017/8/1	2025/7/31
Sumitomo Mitsui Trust Bank, Limited	1,000	0.52%	2017/8/1	2026/7/31
The Bank of Fukuoka	500	0.52%	2017/8/1	2026/7/31
Resona Bank, Limited.	500	0.61%	2017/8/1	2027/7/31
Sumitomo Mitsui Trust Bank, Limited	2,000	0.48%	2017/8/1	2028/7/31
Mizuho Bank, Ltd.	1,100	0.58%	2017/8/1	2029/7/31
Mizuho Trust & Banking Co., Ltd.	500	0.58%	2017/8/1	2029/7/31
Oita Bank Co. Ltd.	1,000	0.23%	2017/11/30	2022/11/30
The Norinchukin Bank	600	0.49%	2017/11/30	2024/11/30
The Nishi-Nippon City Bank, Ltd.	1,000	0.49%	2017/11/30	2024/11/30
The Bank of Fukuoka	500	0.47%	2018/2/28	2025/8/31
Resona Bank, Limited.	500	0.47%	2018/2/28	2025/8/31
Mizuho Trust & Banking Co., Ltd.	1,500	0.47%	2018/2/28	2025/8/31
Shinsei Bank, Limited	500	0.54%	2018/2/28	2025/8/31
The Nishi-Nippon City Bank, Ltd.	500	0.54%	2018/2/28	2025/8/31
Sumitomo Mitsui Banking Corporation	2,650	0.55%	2018/2/28	2026/2/28
Sumitomo Mitsui Trust Bank, Limited	2,600	0.58%	2018/2/28	2027/2/28
Development Bank of Japan Inc.	750	0.64%	2018/2/28	2027/2/28
MUFG Bank, Ltd.	4,700	0.41%	2018/2/28	2027/8/31
Mizuho Bank, Ltd.	2,700	0.60%	2018/2/28	2030/2/28
Mizuho Bank, Ltd.	3,000	0.19%	2018/5/23	2022/5/23
The Nishi-Nippon City Bank, Ltd.	800	0.26%	2018/8/31	2022/8/31
Sumitomo Mitsui Trust Bank, Limited	2,400	0.33%	2018/8/31	2023/8/31
Mizuho Bank, Ltd.	3,000	0.43%	2018/8/31	2024/8/31
The Bank of Fukuoka	1,300	0.38%	2018/8/31	2024/8/31
The Norinchukin Bank	1,300	0.43%	2018/8/31	2024/8/31

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Shinsei Bank, Limited	1,300	0.52%	2018/8/31	2025/8/31
Mizuho Trust & Banking Co., Ltd.	1,300	0.47%	2018/8/31	2025/8/31
Sumitomo Mitsui Banking Corporation	3,600	0.56%	2018/8/31	2026/8/31
Sumitomo Mitsui Trust Bank, Limited	1,400	0.67%	2018/8/31	2027/8/31
Development Bank of Japan Inc.	500	0.67%	2018/8/31	2027/8/31
MUFG Bank, Ltd.	5,000	0.43%	2018/8/31	2028/2/29
Resona Bank, Limited.	1,300	0.48%	2018/8/31	2028/8/31
Mizuho Bank, Ltd.	1,400	0.41%	2018/8/31	2029/8/31
The Bank of Fukuoka	2,000	0.17%	2019/5/31	2026/5/31
The Norinchukin Bank	3,000	0.27%	2019/5/31	2026/5/31
Sumitomo Mitsui Banking Corporation	1,144	0.40%	2019/5/31	2027/11/30
MUFG Bank, Ltd.	3,904	0.29%	2019/5/31	2028/11/30
Mizuho Bank, Ltd.	1,952	0.41%	2019/5/31	2029/5/31
Mizuho Bank, Ltd.	1,000	0.20%	2019/8/30	2025/8/31
The Chugoku Bank, Limited.	1,000	0.22%	2019/8/30	2026/8/31
Resona Bank, Limited.	2,500	0.31%	2019/8/30	2029/8/31
Sumitomo Mitsui Trust Bank, Limited	1,000	0.14%	2019/11/29	2024/11/30
The Norinchukin Bank	600	0.26%	2019/11/29	2026/5/31
MUFG Bank, Ltd.	2,200	0.19%	2019/11/29	2026/11/30
Mizuho Bank, Ltd.	1,100	0.33%	2019/11/29	2027/5/31
Shinsei Bank, Limited	900	0.36%	2019/11/29	2027/11/30
Sumitomo Mitsui Banking Corporation	1,600	0.47%	2019/11/29	2028/5/31
The Bank of Fukuoka	2,000	0.26%	2019/11/29	2028/11/30
Development Bank of Japan Inc.	2,000	0.41%	2019/11/29	2028/11/30
The Chugoku Bank, Limited.	500	0.32%	2020/5/20	2027/5/20
Shinsei Bank, Limited	500	0.36%	2020/5/20	2028/5/20
Nippon Life Insurance Company	1,000	0.48%	2020/5/20	2028/5/20
Mizuho Trust & Banking Co., Ltd.	1,000	0.45%	2020/5/20	2029/5/20
The Bank of Fukuoka	1,000	0.29%	2020/5/20	2030/5/20
The Nishi-Nippon City Bank, Ltd.	1,000	0.57%	2020/5/20	2030/5/20
Sumitomo Mitsui Trust Bank, Limited	834	0.27%	2020/5/29	2025/5/31
MUFG Bank, Ltd.	2,816	0.26%	2020/5/29	2027/5/31
Resona Bank, Limited.	830	0.30%	2020/5/29	2028/5/31
Sumitomo Mitsui Banking Corporation	1,134	0.48%	2020/5/29	2028/11/30
Mizuho Bank, Ltd.	1,408	0.40%	2020/5/29	2029/5/31
<b>Total</b>	<b>162,222</b>			

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

## Investment corporation bonds

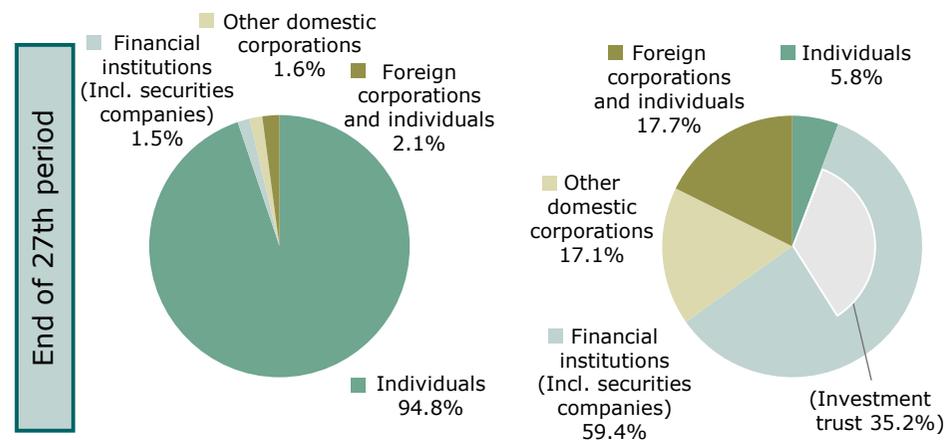
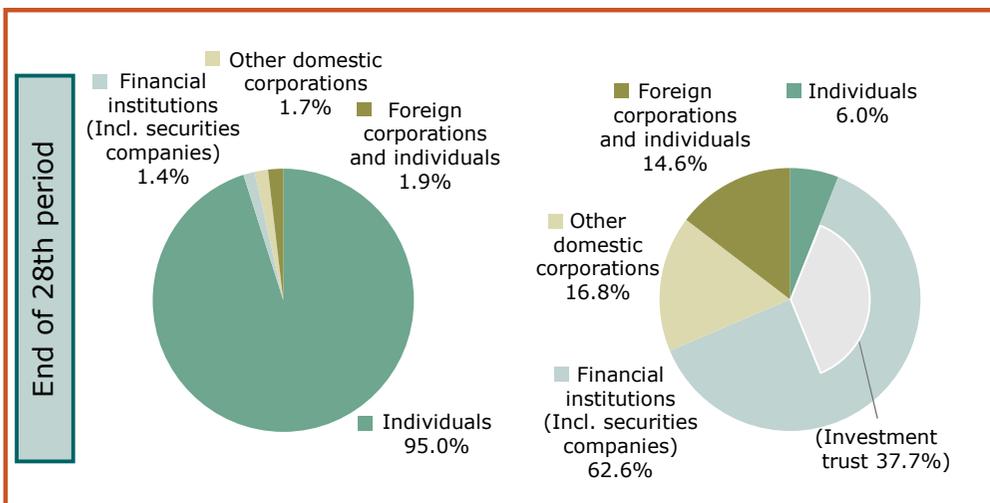
Bond	Amount (mn yen)	Rate of Interest	Payment date	Maturity date
11th Series Unsecured Corporation Bond (7 years)	2,000	0.69%	2014/2/24	2021/2/24
12th Series Unsecured Corporation Bond (10 years)	2,000	0.87%	2014/11/27	2024/11/27
14th Series Unsecured Corporation Bond (10 years)	2,000	0.82%	2015/5/26	2025/5/26
15th Series Unsecured Corporation Bond (5 years)	3,500	0.38%	2015/11/26	2020/11/26
16th Series Unsecured Corporation Bond (10 years)	1,500	0.89%	2015/11/26	2025/11/26
17th Series Unsecured Corporation Bond (10 years)	2,000	0.34%	2016/8/30	2026/8/28
18th Series Unsecured Corporation Bond (10 years)	2,000	0.49%	2017/1/31	2027/1/29
19th Series Unsecured Corporation Bond (10 years)	2,000	0.50%	2017/6/30	2027/6/30
<b>Total</b>	<b>17,000</b>			

# 3-9 Unitholders breakdown (as of July 31, 2020)

## Unitholders breakdown

<Number of unitholders>

<Number of investment units>

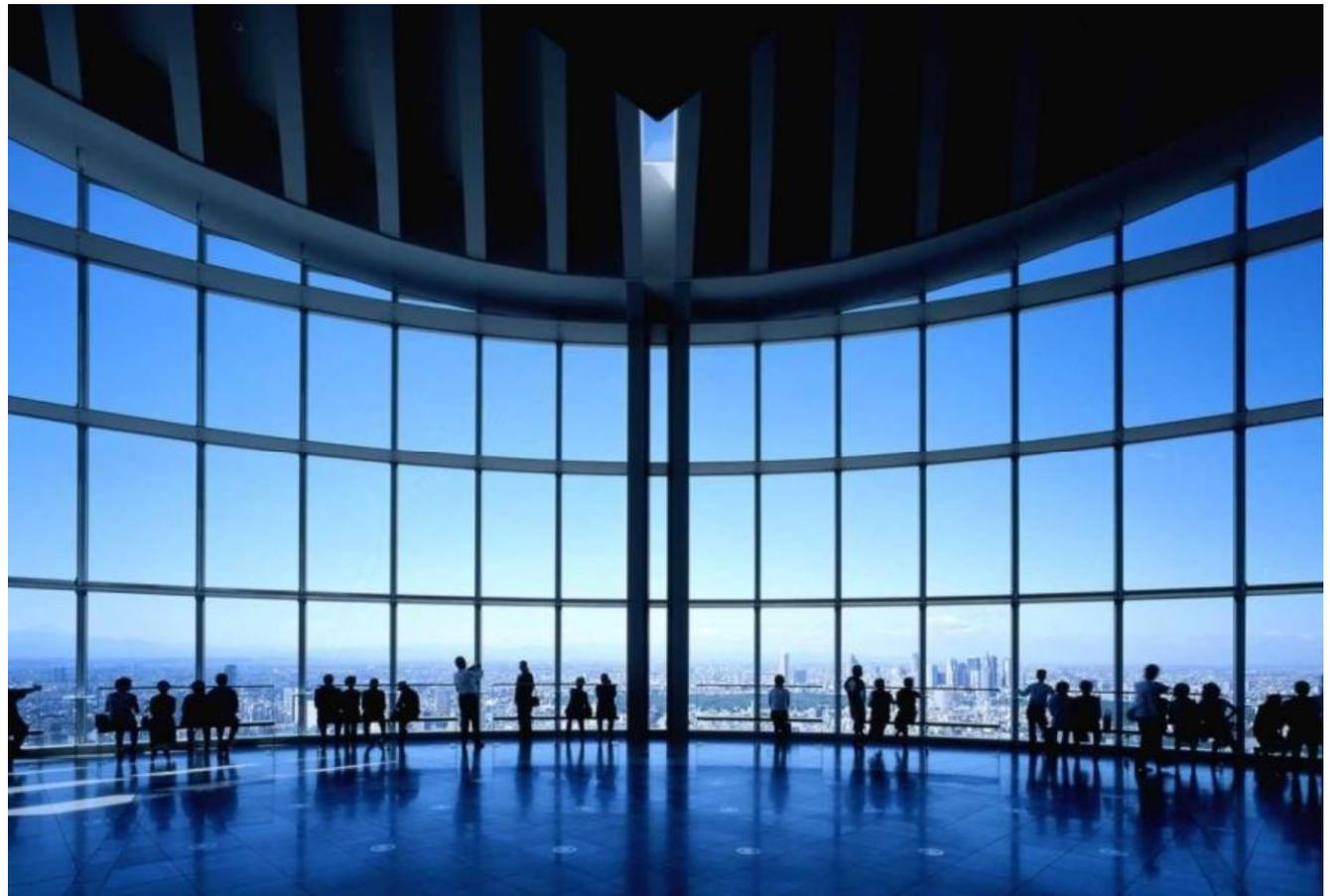


## Top 10 unitholders

Rank	Name	Number of units held	Ratio
1	Custody Bank of Japan, Ltd. (Trust account)	437,247	23.3%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	293,142	15.6%
3	Mori Building Co., Ltd.	281,272	15.0%
4	The Nomura Trust & Banking Co., Ltd. (Investment trust account)	85,241	4.5%
5	Custody Bank of Japan, Ltd. (Securities investment trust account)	47,087	2.5%
6	STATE STREET BANK WEST CLIENT - TREATY 505234	21,749	1.2%
7	Custody Bank of Japan, Ltd. (Money trust taxable account)	19,159	1.0%
8	JAPAN SECURITIES FINANCE CO., LTD.	17,365	0.9%
9	JP MORGAN CHASE BANK 385771	17,324	0.9%
10	The Gunma Bank, Ltd.	16,986	0.9%
Total of top 10 unitholders		1,236,572	66.0%

## 4. Business environment recognition & MHR's policy/strategy

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# 4-1 Business environment recognition

## Real estate market / Lending attitude

- Low vacancy rates bottomed out and turned upward, while the rent increase trend moderated.  
(Forecast of Office Market Trends Research Committee for Tokyo's five central wards)
  - ⇒ Vacancy rate (forecast): 2.6% in 2020 → 2.6% in 2021
  - ⇒ Rent index (forecast): 128 in 2020 → 128 in 2021
- Cap rates have remained at historically low levels.  
(Japan Real Estate Institute's "The Japanese Real Estate Investor Survey")
  - ⇒ Class A buildings in Marunouchi  
Cap rate: 3.0% in Oct. 2019 → 3.0% in Apr. 2020
- Lending attitude toward the real estate industry continues to be highly positive.

## Interest rate trends / Macro environment

- Long-term interest rates remain low due to the monetary easing policy and the core CPI rate of increase is at a low level.
  - ⇒ 10-year bond rates: 0.045% (August 31, 2020)
  - ⇒ Core CPI: +0.0% (July 2020)
- In the June 2020 preliminary business conditions composite index, the leading index was at 84.4 (+6.1 PT increase from previous month) and the coincident index was at 76.6 (+3.7 PT increase from previous month).  
After the spread of COVID-19, both leading and coincidental indices have deteriorated significantly. Statistical surveys show that the issue of wage increase persists.
- Investors across the world have become more interested in ESG and the amount of funds directed to companies with high ESG evaluation is on the rise.

- We believe that the proliferation of telecommuting will not impact office demand for premium properties in central Tokyo and that these properties will continue to be competitive.
- While office demand may decline to a certain extent due to a downturn in business sentiment in the future, rent trends will depend on vacancy rates.

- Global business sentiment has deteriorated significantly due to COVID-19.
- The interest rate level is expected to remain low for a while, but it is necessary to assume an interest rate rise in the medium to long term.
- Inflow of funds to companies with high ESG ratings is expected to increase further in the future.

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

## MHR's Medium- to Long-Term Vision

**The best portfolio quality**

By focusing primarily on premium properties in central Tokyo developed by the sponsor, MHR seeks to maintain a highly competitive portfolio quality while further expanding the scale of the portfolio.

**The highest ESG assessment**

By making positive social and environmental contributions, MHR will position itself to benefit from the long-term trend of funds flowing into companies with high ESG ratings and build competitiveness as an investment corporation.

**Dividend-driven Management**

By aiming for a continuous improvement of dividends and NAV per unit, and developing the culture, policies and systems necessary to realize the vision, MHR will continue to foster the trust of unitholders.

**Optimal REIT investment**

# 4-3 MHR's policy/strategy

## External growth policy

- Target premium properties in Central Tokyo and aim for annual external growth of approximately 30 billion yen by best utilizing sponsors' pipeline. (Set target yield at the mid 3% range or higher for NOI-based yield and around 3.0% or higher for after-depreciation-based yield.)
- We believe that the proliferation of telecommuting will not impact office demand for premium properties in central Tokyo and that these properties will remain competitive.
- Focus on portfolio size expansion in order to further enhance stability and liquidity as an investment corporation while also considering disposition depending on conditions.

## Internal growth policy

- Maintain stable revenue through fixed-rent master leases, and aim to continually maintain and improve rent levels at pass-through-type properties.
- Properly implement office property repairs as necessary and conduct value-enhancement renovation for residential properties if such is judged to be cost-effective (there are no office properties that require large-scale renewal in terms of building age or competitiveness).

## Financial management policy

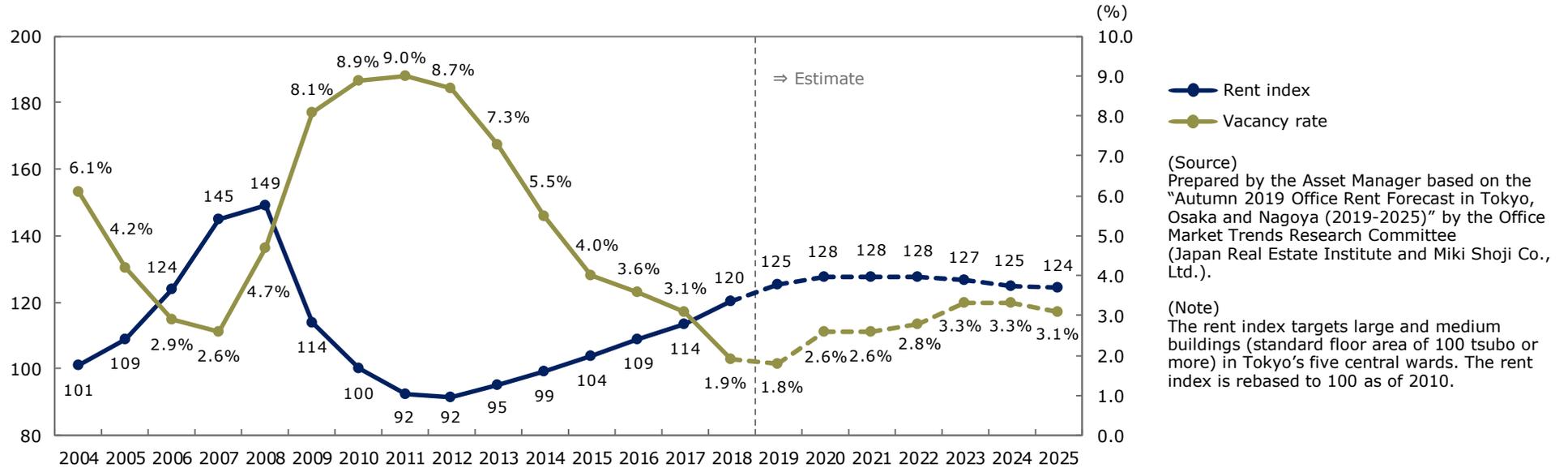
- Set the current LTV level (book value basis: in the mid 40% range; appraisal value basis: in the upper 30% range) as the target in order to secure property acquisition capacity while maintaining a durable position for times of economic slowdown.
- Target average remaining duration of debt of 4 years or longer, and gradually increase the fixed rate ratio at the appropriate timing.

## ESG policy

- Contribute to the improvement of various social and environmental issues by positioning ESG initiatives as an integral part of management policy, and steadily implement them in actual management operations leading to improved ESG ratings and stronger competitiveness.
- Implement proactive information disclosure through publication of ESG reports organizing various policies and efforts.

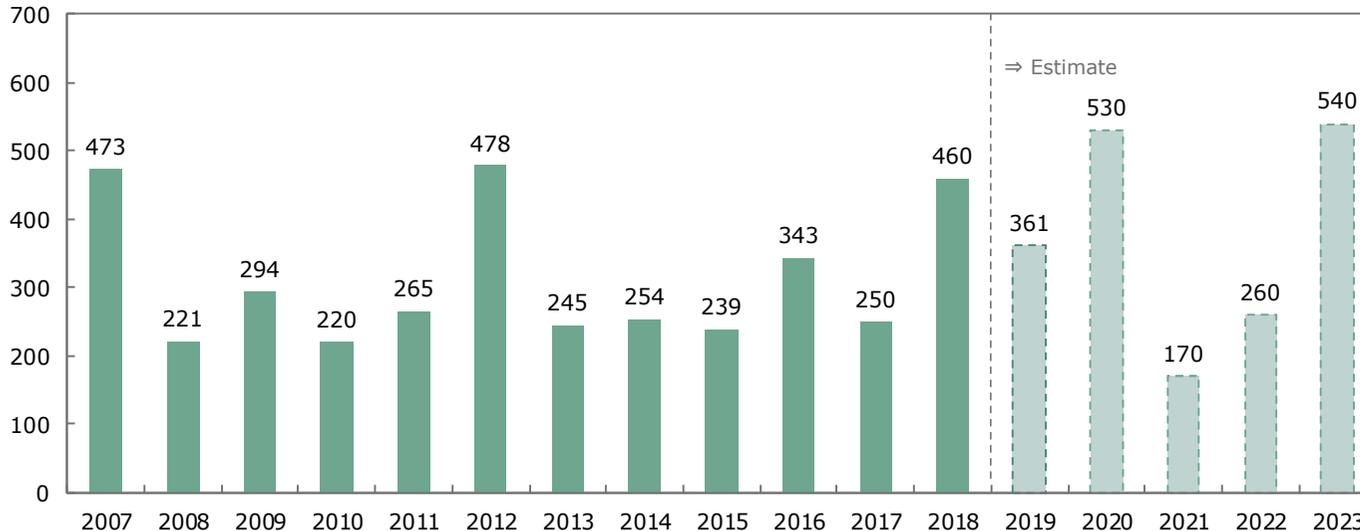
# 4-4 Market-related information (1)

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



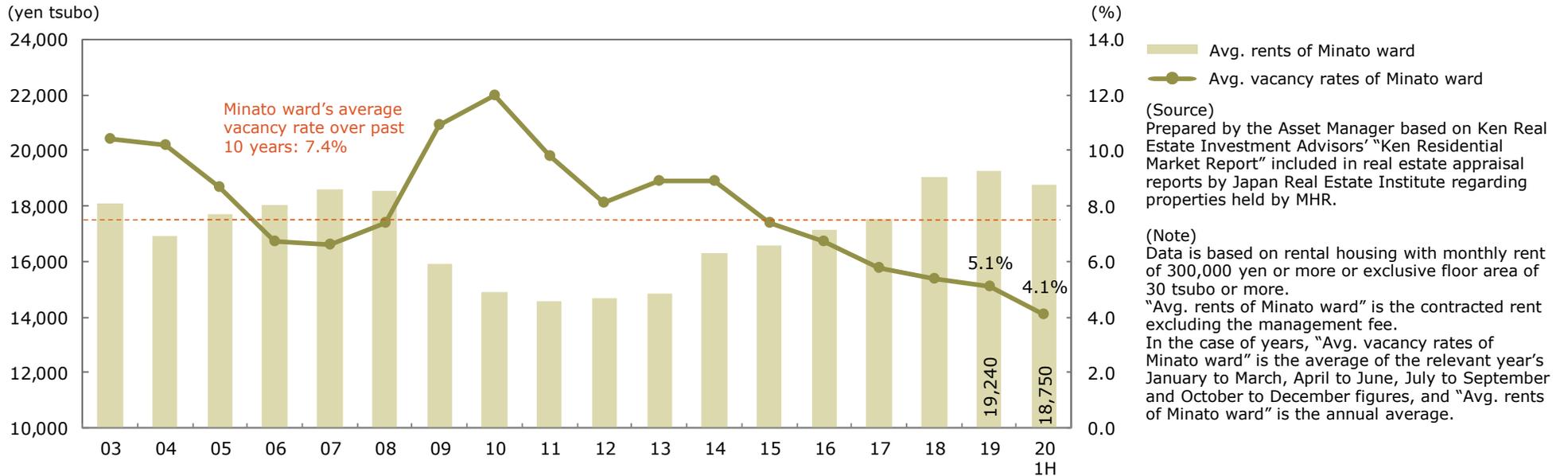
## New supply of office buildings (Tokyo's five central wards)

(thousand tsubo)

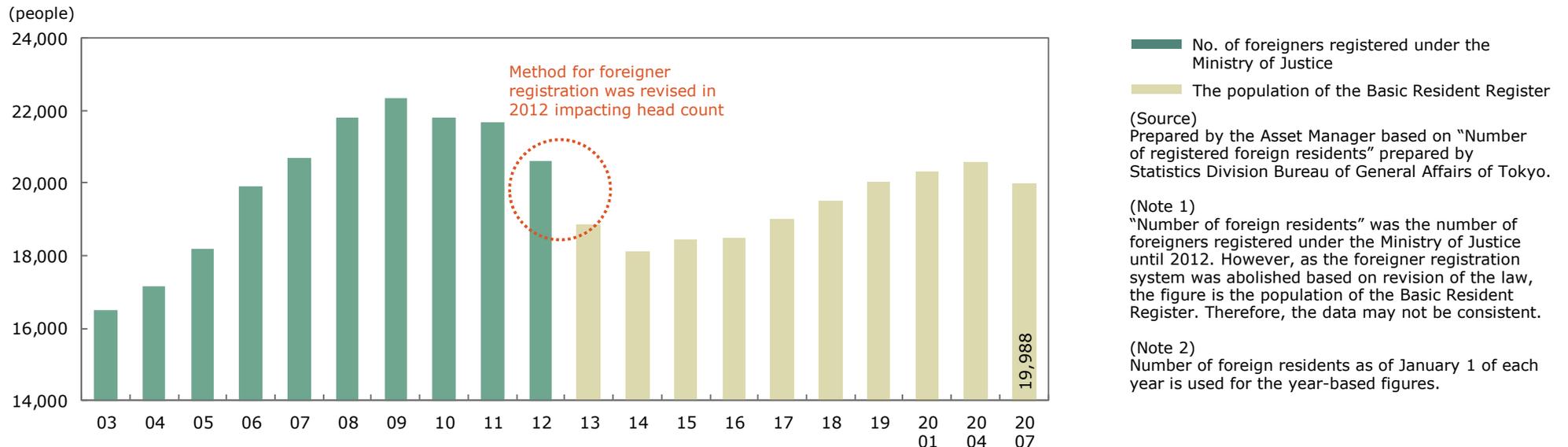


# 4-5 Market-related information (2)

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

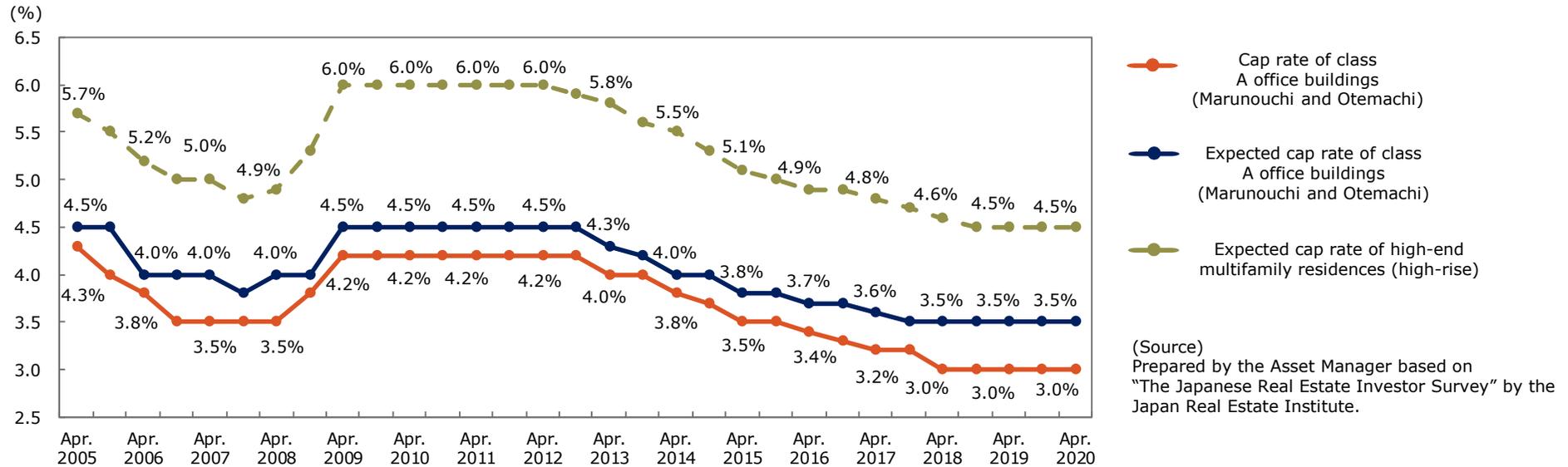


## Change in number of foreign residents in Minato ward



# 4-6 Market-related information (3)

## Change in return on real estate investment

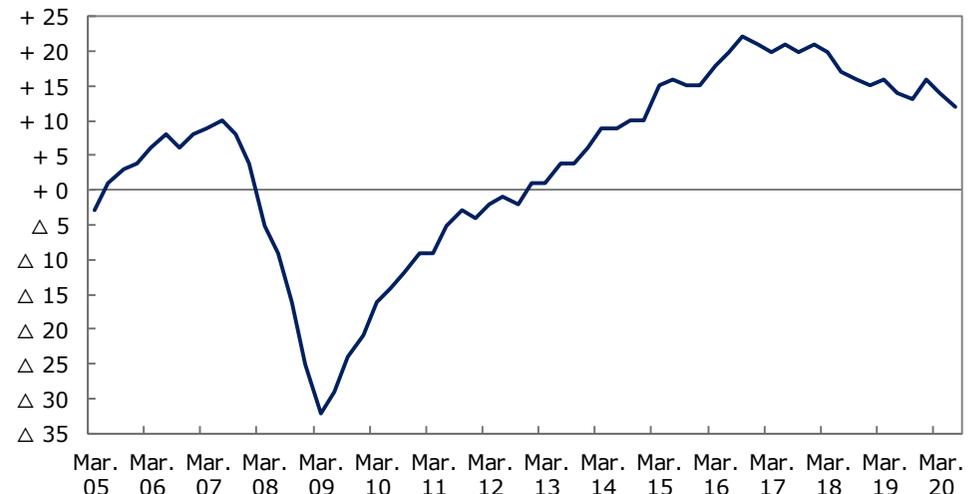


## Change in real estate transaction amount



(Source) Prepared by the Asset Manager based on the "Real Estate Transaction Survey" (Estimated amount of domestic real estate transactions publicized by listed companies) by the Urban Research Institute.

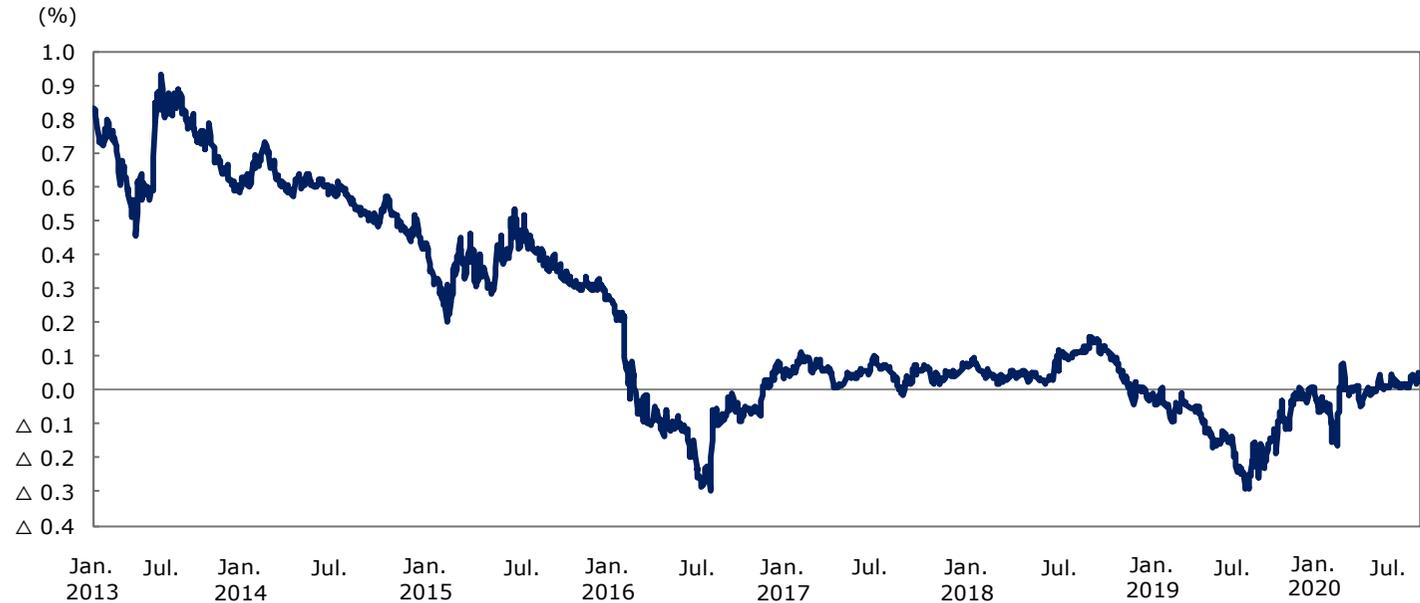
## Lending attitude DI (Real estate industry)



(Source) Prepared by the Asset Manager based on "National Short-Term Economic Survey on Enterprises in Japan" by the Bank of Japan. Difference between the proportion of firms feeling the lending attitude to be accommodative less firms feeling the lending attitude to be restrictive.

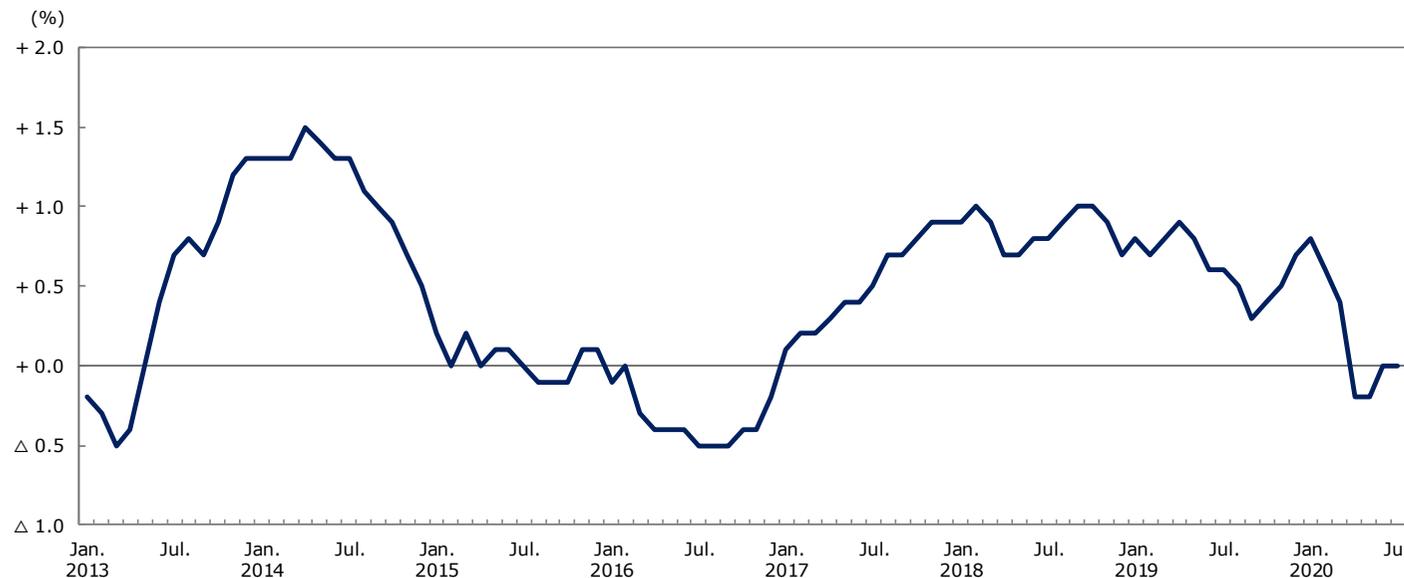
# 4-7 Market-related information (4)

## Change in 10-year bond interest rates



(Source)  
Prepared by the Asset Manager based on Refinitiv.

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



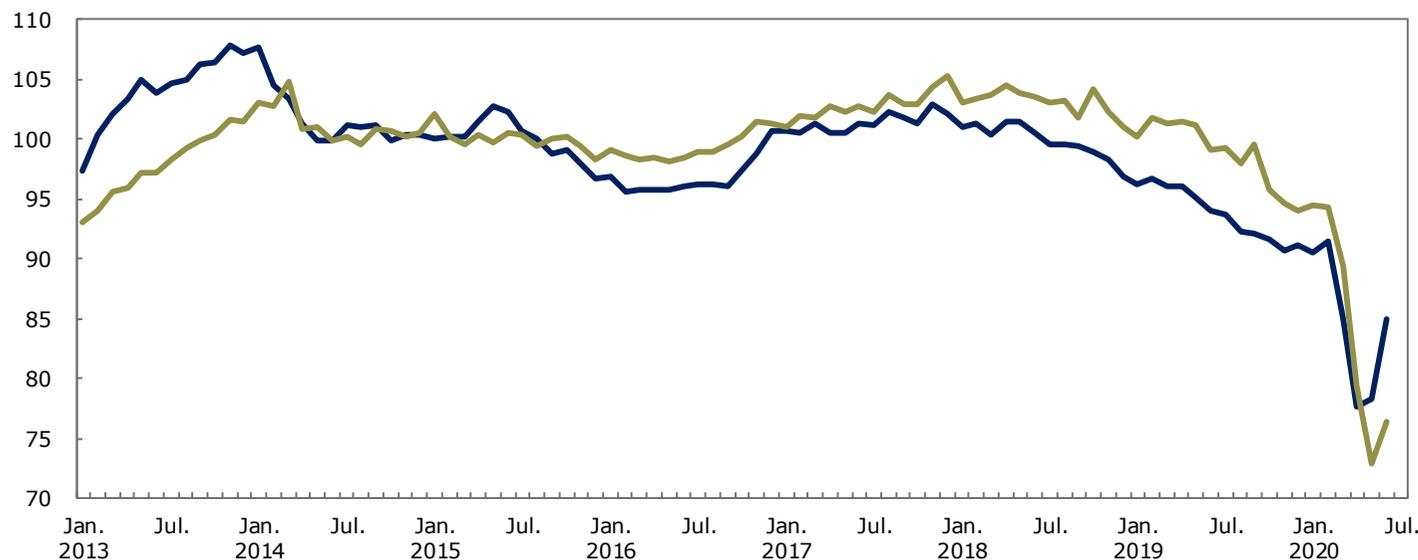
Based on figures excluding the direct effects of the consumption tax rate increase

(Source)  
Prepared by the Asset Manager based on "Consumer Price Index" by Statistic Bureau, Ministry of Internal Affairs and Communications and "Economic Statistics Monthly" by the Bank of Japan.

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

# 4-8 Market-related information (5)

## Business conditions composite index

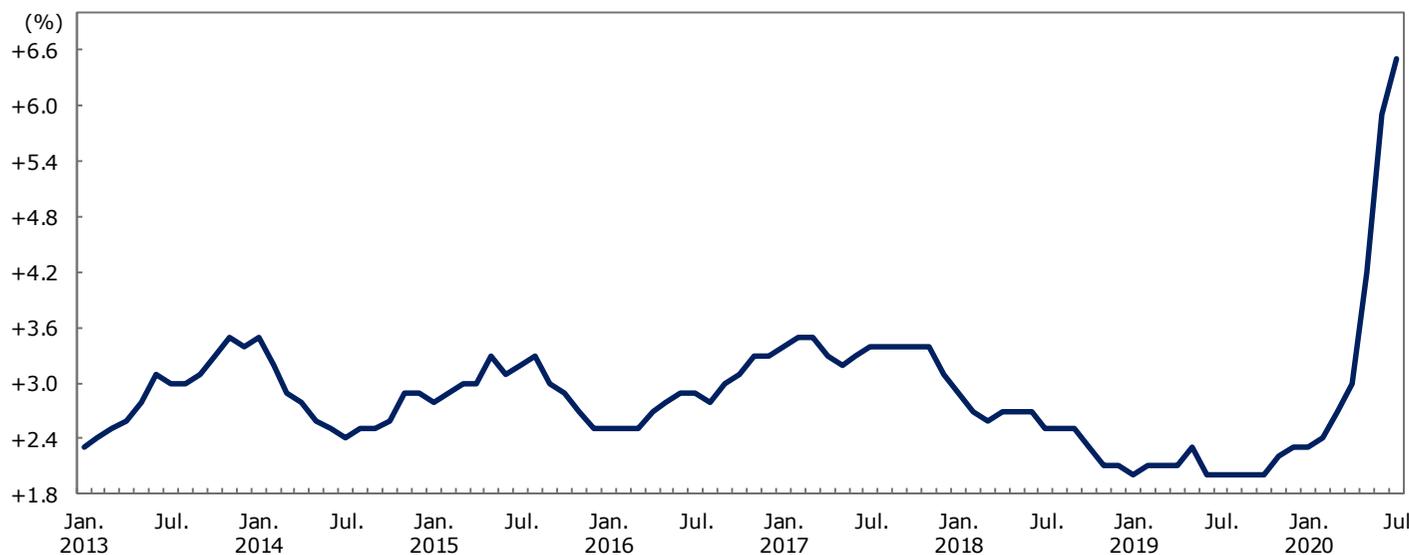


- Leading index
- Coincident index

(Source)  
Prepared by the Asset Manager based on the "Business Conditions Composite Index" by the Cabinet Office.

(Note)  
The index is rebased to 100 as of 2015.

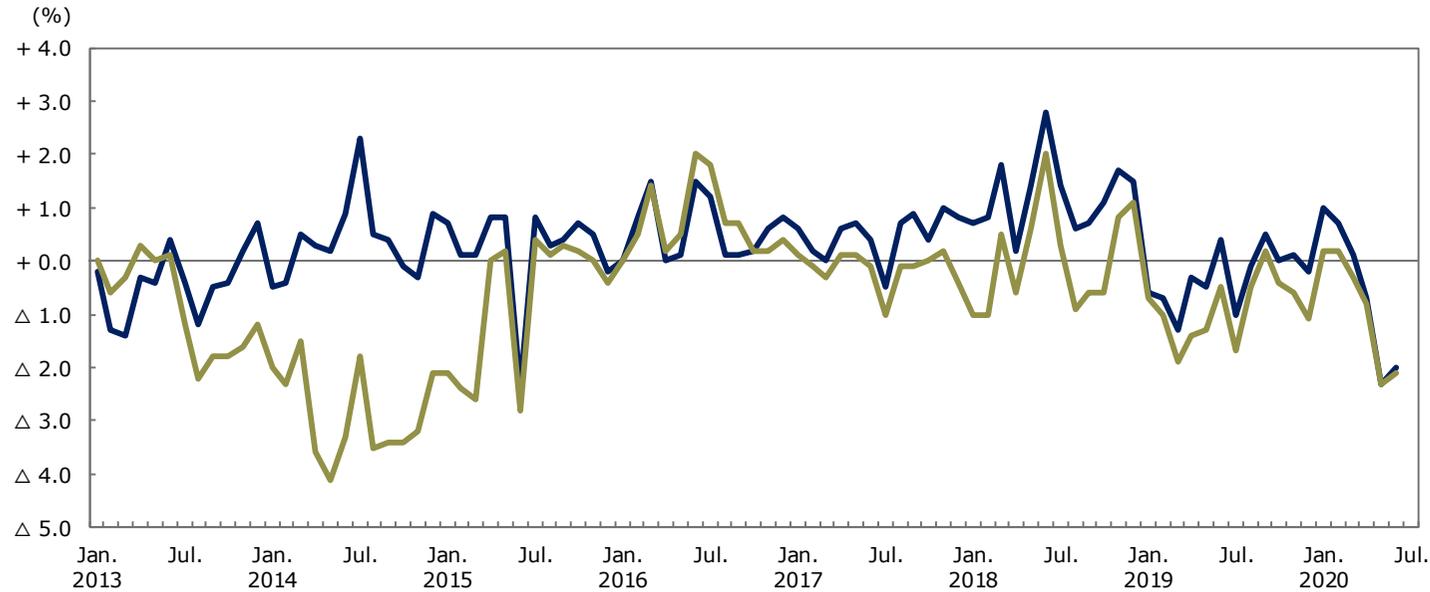
## Money stock (M3: year-on-year comparison)



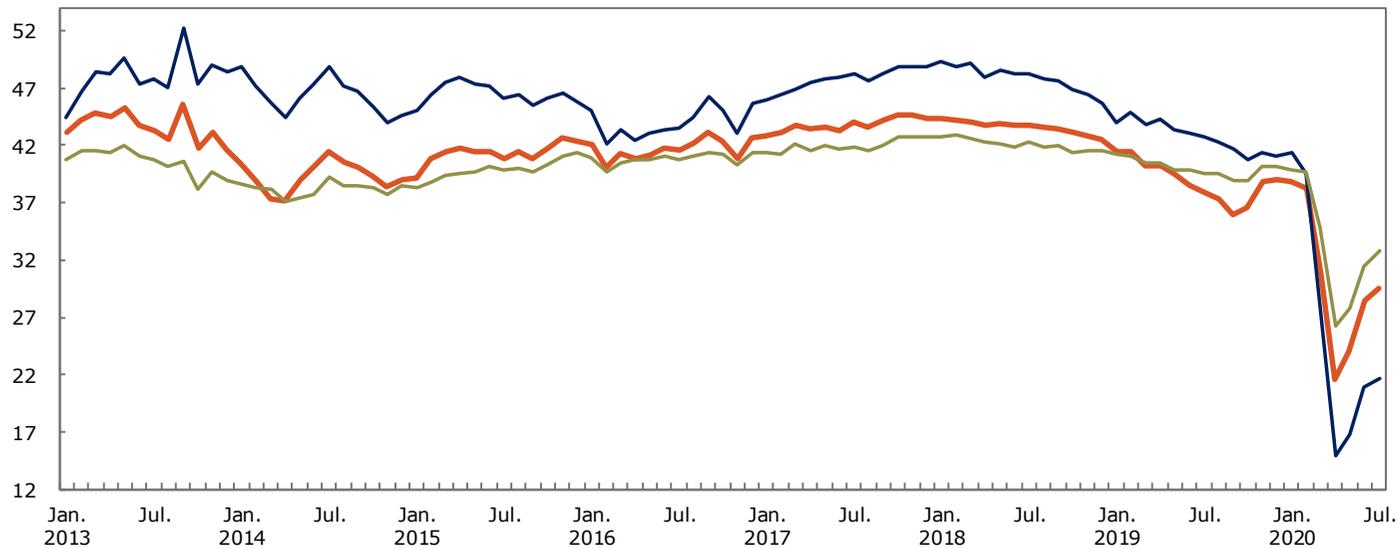
(Source)  
Prepared by the Asset Manager based on "Money Stock Statistics" by the Bank of Japan.

# 4-9 Market-related information (6)

## Total cash earnings (Year-on-year comparison)



## Consumer confidence survey



## 5. Appendix

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# 5-1 Financial highlights

Indices	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020	Calculation formula
Net income	5,406 mn yen	5,433 mn yen	
Depreciation and amortization	1,034 mn yen	1,041 mn yen	
CAPEX	149 mn yen	732 mn yen	
Total assets	392,217 mn yen	392,258 mn yen	
Total net assets	195,459 mn yen	195,503 mn yen	
Total net assets/unit (BPS)	104,247 yen	104,270 yen	Total net assets/Total units outstanding
Unit price (as of end of each period)	181,700 yen	137,100 yen	
Total units outstanding	1,874,960 units	1,874,960 units	
Total dividends	5,405 mn yen	5,433 mn yen	
Dividends/unit	2,883 yen	2,898 yen	
Dividend yield	3.1%	4.2%	Dividends per unit (annualized)/Unit price as of end of period
FFO	6,440 mn yen	6,474 mn yen	Net income + Depreciation and amortization - Gain or loss on sales of real estate properties
FFO/unit	3,435 yen	3,453 yen	FFO/Total units outstanding
Annualized	6,814 yen	6,925 yen	Based on a period of 365 days
FFO multiple	26.7x	19.8x	Unit price as of end of period/FFO per unit (annualized)
PER	31.8x	23.6x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.7x	1.3x	Unit price as of end of period/Net assets per unit
ROA	1.4%	1.4%	Ordinary income/Average of total assets during the period
Annualized	2.7%	2.8%	Based on a period of 365 days
ROE	2.8%	2.8%	Net income/Average of total net assets during the period
Annualized	5.5%	5.6%	Based on a period of 365 days
NAV	272,963 mn yen	274,476 mn yen	Total assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	145,583 yen	146,390 yen	
NAV multiple	1.2x	0.9x	Unit price as of end of period/NAV per unit
Interest-bearing debt	179,222 mn yen	179,222 mn yen	
LTV (book value basis)	45.7%	45.7%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	38.2%	38.0%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	184 days	182 days	

# 5-2 Balance sheet

(thousand yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020
<b>Assets</b>		
Current assets	11,875,571	12,270,828
Cash and deposits	5,646,194	6,575,310
Cash and deposits in trust	5,461,338	4,984,129
Other	768,037	711,388
Noncurrent assets	380,257,896	379,918,648
Property, plant and equipment	348,575,213	348,266,097
Intangible assets	30,650,962	30,650,962
Investments and other assets	1,031,720	1,001,587
Deferred assets	84,503	68,529
<b>Total assets</b>	<b>392,217,971</b>	<b>392,258,006</b>

(thousand yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020
<b>Liabilities</b>		
Current liabilities	23,586,464	19,940,732
Current portion of investment corporation bonds	8,500,000	5,500,000
Current portion of long-term loans payable	13,022,000	12,500,000
Other	2,064,464	1,940,732
Noncurrent liabilities	173,171,584	176,813,975
Investment corporation bonds	13,500,000	11,500,000
Long-term loans payable	144,200,000	149,722,000
Lease and guarantee deposited in trust	14,727,643	14,856,183
Other	743,940	735,791
<b>Total liabilities</b>	<b>196,758,048</b>	<b>196,754,707</b>
<b>Net assets</b>		
Unitholders' equity	196,184,506	196,212,731
Unitholders' capital, net	(Note) 189,991,366	(Note) 190,051,613
Total surplus	6,193,140	6,161,117
Voluntary retained earnings	291,944	291,944
Unappropriated retained earnings	5,901,196	5,869,173
Valuation and translation adjustments	△ 724,583	△ 709,432
Deferred gains or losses on hedges	△ 724,583	△ 709,432
<b>Total net assets</b>	<b>195,459,922</b>	<b>195,503,298</b>
<b>Total liabilities and net assets</b>	<b>392,217,971</b>	<b>392,258,006</b>

(Note) Figure after deducting allowance for temporary difference adjustments.

# 5-3 Income statement

(thousand yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020	
Operating revenue	9,631,462	9,602,257	
Rent revenues	9,377,544	9,389,038	Office 7,858,977
Other operating revenues	253,917	213,218	Residential 782,985
Operating expenses	3,605,057	3,573,365	Retail 73,390
Expenses related to properties	3,224,074	3,251,861	Land 667,800
Asset management fee	266,704	224,815	Other rent revenue 5,884
Directors' compensation	4,200	4,200	
Asset custody fee	9,806	9,805	
Administrative service fees	18,799	18,528	
Other operating expenses	81,473	64,155	
Operating income	6,026,404	6,028,891	
Non-operating income	1,079	1,428	
Interest income	44	48	Parking revenue 53,667
Gain on forfeiture of unclaimed dividends	1,035	1,379	Utilities and other revenue 145,224
Non-operating expenses	619,654	595,654	Cancellation penalty 13,797
Interest expenses	377,420	370,700	Key money 529
Interest expenses on investment corporation bonds	67,755	61,175	
Amortization of investment corporation bonds issuance cost	9,909	9,022	
Borrowing expenses	155,732	145,882	
Amortization of investment unit issuance cost	6,952	6,952	
Other	1,885	1,922	
Ordinary income	5,407,830	5,434,665	
Income before income taxes	5,407,830	5,434,665	
Net income	5,406,483	5,433,733	
Unappropriated retained earnings	5,901,196	5,869,173	

Office	7,858,977
Residential	782,985
Retail	73,390
Land	667,800
Other rent revenue	5,884

Parking revenue	53,667
Utilities and other revenue	145,224
Cancellation penalty	13,797
Key money	529

Property management fees	1,122,870
Property taxes	725,205
Utilities	115,650
Maintenance and repairs	79,298
Insurance premium	17,313
Custodian fees	5,950
Depreciation	1,041,061
Rent expenses	129,153
Other lease business expenses	15,358

# 5-4 Statement of cash flows / Retained earnings

## Statement of cash flows

(thousand yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020
Net cash provided by (used in) operating activities	6,240,351	6,452,555
Income before income taxes	5,407,830	5,434,665
Depreciation and amortization	1,034,455	1,041,061
Amortization of investment corporation bonds issuance cost	9,909	9,022
Amortization of investment unit issuance cost	6,952	6,952
Interest income	△ 44	△ 48
Gain on forfeiture of unclaimed dividends	△ 1,035	△ 1,379
Interest expenses	445,175	431,875
Decrease (increase) in accounts receivable	40,505	41,003
Increase (decrease) in accounts payable	△ 237,457	△ 65,325
Increase (decrease) in accrued expenses	12,285	△ 46,766
Increase (decrease) in advances received	1,697	△ 10,545
Decrease (increase) in prepaid expenses	7,564	53,595
Other, net	△ 40,881	△ 7,666
Subtotal	6,686,957	6,886,443
Interest income received	44	48
Interest expenses paid	△ 445,198	△ 432,597
Income taxes paid	△ 1,452	△ 1,339
Net cash provided by (used in) investing activities	△ 10,461	△ 595,774
Purchase of property, plant and equipment in trust	△ 205,905	△ 693,420
Repayments of lease and guarantee deposited in trust	△ 26,233	△ 117,924
Proceeds from lease and guarantee deposited in trust	221,677	215,570

(thousand yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020
Net cash provided by (used in) financing activities	△ 5,341,870	△ 5,404,873
Proceeds from long-term loans payable	15,900,000	12,022,000
Repayments of long-term loans payable	△ 15,900,000	△ 7,022,000
Redemption of investment corporation bonds	—	△ 5,000,000
Dividends paid	△ 5,341,870	△ 5,404,873
Net increase (decrease) in cash and cash equivalents	888,019	451,906
Cash and cash equivalents at beginning of the period	10,219,514	11,107,533
Cash and cash equivalents at the end of the period	11,107,533	11,559,439

## Retained earnings

(yen)

	27th period Period ended Jan. 31, 2020	28th period Period ended Jul. 31, 2020
I Unappropriated retained earnings	5,901,196,611	5,869,173,511
II Capitalization	60,247,403	15,151,632
Reversal of allowance for temporary difference adjustments	60,247,403	15,151,632
III Amount of Dividends	5,405,509,680	5,433,634,080
Amount of dividends per unit	2,883	2,898
Dividends of earnings	5,405,509,680	5,433,634,080
Dividends of earnings per unit	2,883	2,898
Allowance for temporary difference adjustments	—	—
Dividends in excess of earnings per unit (allowance for temporary difference adjustments)	—	—
IV Retained earnings carried forward	435,439,528	420,387,799

# 5-5 Status of income and expenditures (1)

(thousand yen)

Property number	O-0			O-1			O-4			O-6		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Koraku Mori Building			Akasaka Tameike Tower		
Acquisition price	115,380,000			62,480,000			27,200,000			43,930,000		
Period	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	99.4%	86.1%	△ 13.3PT	96.7%	95.7%	△ 1.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	99.4%	96.9%	△ 2.5PT	97.6%	96.4%	△ 1.2PT
Number of tenants	1	1	0	1	1	0	22	22	0	138	135	△ 3
Rent revenues	2,943,450	2,943,450	—	1,351,486	1,351,486	—	654,930	644,277	△ 10,653	783,923	791,134	7,210
Other operating revenues	—	—	—	—	—	—	97,217	73,750	△ 23,466	86,447	78,130	△ 8,316
Total property operating revenue	2,943,450	2,943,450	—	1,351,486	1,351,486	—	752,147	718,027	△ 34,119	870,370	869,264	△ 1,105
Property management	436,029	447,868	11,838	165,834	164,853	△ 980	61,679	68,962	7,282	166,546	167,722	1,176
Property taxes (Note 1)	247,825	255,651	7,826	83,506	84,237	730	30,716	32,972	2,255	42,282	43,804	1,522
Utilities	—	—	—	—	—	—	74,146	54,720	△ 19,426	30,929	26,743	△ 4,186
Maintenance and repairs	—	—	—	—	355	355	9,819	31,736	21,916	34,461	29,026	△ 5,434
Insurance premium	4,094	4,050	△ 44	1,933	1,912	△ 21	1,679	1,661	△ 18	2,091	2,068	△ 23
Depreciation (1)	326,258	332,052	5,794	65,771	66,946	1,174	96,318	97,657	1,338	141,676	135,262	△ 6,413
Other expenses (Note 2)	558	376	△ 182	3,322	2,789	△ 532	83,951	83,971	20	10,853	10,624	△ 229
Total property operating expenses	1,014,766	1,039,999	25,232	320,368	321,094	726	358,312	371,681	13,368	428,841	415,253	△ 13,588
Property operating income (2)	1,928,684	1,903,451	△ 25,232	1,031,118	1,030,392	△ 726	393,835	346,346	△ 47,488	441,529	454,011	12,482
NOI (3) ((1)+(2))	2,254,942	2,235,503	△ 19,438	1,096,890	1,097,338	448	490,153	444,003	△ 46,150	583,205	589,274	6,068
Annualized NOI	4,473,119	4,483,290	10,171	2,175,896	2,200,706	24,810	972,315	890,446	△ 81,869	1,156,902	1,181,786	24,883
Annualized NOI/ Acquisition price	3.9%	3.9%	0.0PT	3.5%	3.5%	0.0PT	3.6%	3.3%	△ 0.3PT	2.6%	2.7%	0.1PT
CAPEX (4)	—	272,162	272,162	36,271	36,507	236	13,642	149,962	136,320	22,512	42,051	19,539
NCF (3)-(4)	2,254,942	1,963,341	△ 291,600	1,060,619	1,060,830	211	476,511	294,040	△ 182,471	560,693	547,222	△ 13,470

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

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

# 5-6 Status of income and expenditures (2)

(thousand yen)

Property number	O-7			O-8			O-9			O-10		
Property name	Atago Green Hills			ARK Hills South Tower			Toranomon Hills Mori Tower			Holland Hills Mori Tower		
Acquisition price	42,090,000			19,150,000			36,210,000			16,330,000		
Period	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	100%	100%	0.0PT	100%	100%	0.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	99.8%	△ 0.2PT	100%	100%	0.0PT	99.7%	99.4%	△ 0.3PT
Number of tenants	1	1	0	43	44	1	1	1	0	23	23	0
Rent revenues	1,012,320	1,012,320	—	487,104	482,942	△ 4,162	775,581	775,581	—	529,958	530,636	678
Other operating revenues	—	—	—	33,849	26,518	△ 7,330	—	—	—	36,013	34,819	△ 1,194
Total property operating revenue	1,012,320	1,012,320	—	520,953	509,460	△ 11,493	775,581	775,581	—	565,972	565,456	△ 515
Property management	2,664	2,664	—	49,820	47,605	△ 2,215	89,286	88,742	△ 544	104,494	106,416	1,922
Property taxes (Note 1)	68,953	69,230	277	34,798	35,944	1,145	59,600	60,874	1,273	35,569	35,604	35
Utilities	—	—	—	35,934	26,486	△ 9,447	—	—	—	9,203	5,380	△ 3,822
Maintenance and repairs	—	—	—	4,419	2,346	△ 2,073	—	—	—	7,090	1,308	△ 5,782
Insurance premium	3,667	3,627	△ 39	1,030	1,018	△ 11	1,319	1,305	△ 13	1,110	1,098	△ 12
Depreciation (1)	181,821	185,657	3,835	44,219	44,245	25	101,038	101,038	—	47,356	49,477	2,121
Other expenses (Note 2)	44,274	45,765	1,491	1,494	2,235	741	71	71	0	209	210	1
Total property operating expenses	301,380	306,945	5,564	171,717	159,882	△ 11,835	251,315	252,031	715	205,034	199,496	△ 5,537
Property operating income (2)	710,939	705,374	△ 5,564	349,236	349,578	341	524,265	523,549	△ 715	360,938	365,959	5,021
NOI (3) ((1)+(2))	892,761	891,032	△ 1,728	393,456	393,823	367	625,303	624,588	△ 715	408,294	415,437	7,142
Annualized NOI	1,770,967	1,786,961	15,994	780,497	789,811	9,314	1,240,412	1,252,607	12,195	809,931	833,156	23,225
Annualized NOI/ Acquisition price	4.2%	4.2%	0.0PT	4.1%	4.1%	0.1PT	3.4%	3.5%	0.0PT	5.0%	5.1%	0.1PT
CAPEX (4)	31,468	144,950	113,482	3,106	149	△ 2,957	—	—	—	5,124	66,564	61,439
NCF (3)-(4)	861,293	746,081	△ 115,211	390,349	393,674	3,325	625,303	624,588	△ 715	403,169	348,872	△ 54,296

# 5-7 Status of income and expenditures (3)

(thousand yen)

Property number	R-3			R-4			S-1			Portfolio total		
Property name	Roppongi First Plaza			Roppongi View Tower			Laforet Harajuku (Land)					
Acquisition price	2,100,000			4,000,000			21,820,000			390,690,000		
Period	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference	27th Jan. 2020	28th Jul. 2020	Difference
Operation days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days	184 days	182 days	△ 2 days
Occupancy rate	82.0%	94.6%	12.6PT	98.1%	98.1%	0.0PT	100%	100%	0.0PT	99.2%	98.1%	△ 1.1PT
Avg. Occupancy rate (during period)	87.0%	90.7%	3.7PT	95.0%	97.0%	2.0PT	100%	100%	0.0PT	99.3%	99.0%	△ 0.3PT
Number of tenants	35	40	5	90	90	0	1	1	0	356	359	3
Rent revenues	79,639	81,416	1,776	104,148	107,992	3,843	655,000	667,800	12,800	9,377,544	9,389,038	11,493
Other operating revenues	—	—	—	390	—	△ 390	—	—	—	253,917	213,218	△ 40,698
Total property operating revenue	79,639	81,416	1,776	104,538	107,992	3,453	655,000	667,800	12,800	9,631,462	9,602,257	△ 29,204
Property management	13,080	13,880	800	14,741	14,153	△ 587	—	—	—	1,104,176	1,122,870	18,693
Property taxes (Note 1)	7,941	8,159	217	12,046	12,387	341	82,226	86,339	4,113	705,466	725,205	19,738
Utilities	1,360	1,231	△ 129	1,050	1,087	36	—	—	—	152,625	115,650	△ 36,975
Maintenance and repairs	3,690	12,316	8,625	1,218	2,208	990	—	—	—	60,700	79,298	18,597
Insurance premium	230	228	△ 2	344	340	△ 3	—	—	—	17,503	17,313	△ 190
Depreciation (1)	12,164	11,405	△ 759	17,829	17,318	△ 511	—	—	—	1,034,455	1,041,061	6,606
Other expenses (Note 2)	3,821	3,830	8	590	588	△ 1	—	—	—	149,146	150,462	1,316
Total property operating expenses	42,289	51,051	8,761	47,821	48,086	264	82,226	86,339	4,113	3,224,074	3,251,861	27,786
Property operating income (2)	37,349	30,364	△ 6,985	56,717	59,905	3,188	572,774	581,461	8,687	6,407,387	6,350,396	△ 56,991
NOI (3) ((1)+(2))	49,514	41,770	△ 7,744	74,546	77,224	2,677	572,774	581,461	8,687	7,441,842	7,391,457	△ 50,385
Annualized NOI	98,222	83,769	△ 14,452	147,878	154,873	6,994	1,136,209	1,166,116	29,907	14,762,351	14,823,527	61,175
Annualized NOI/ Acquisition price	4.7%	4.0%	△ 0.7PT	3.7%	3.9%	0.2PT	5.2%	5.3%	0.1PT	3.8%	3.8%	0.0PT
CAPEX (4)	7,410	13,689	6,278	29,783	6,629	△ 23,153	—	—	—	149,319	732,668	583,349
NCF (3)-(4)	42,103	28,080	△ 14,023	44,763	70,594	25,831	572,774	581,461	8,687	7,292,523	6,658,788	△ 633,734

# 5-8 Unit price performance since IPO

## Relative price performance (Since IPO - July 31, 2020)



(Source) Prepared by the Asset Manager based on Refinitiv.

(Note) Rebased to 100 as per IPO price

## Unit price per period-end (Closing price)

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

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

Accounting period	Unit price
21st (January 2017)	153,500 yen
22nd (July 2017)	138,900 yen
23rd (January 2018)	137,100 yen
24th (July 2018)	138,100 yen
25th (January 2019)	144,500 yen
26th (July 2019)	160,300 yen
27th (January 2020)	181,700 yen
28th (July 2020)	137,100 yen

### (Reference)

IPO Price (November 30, 2006)	750,000 yen
(Split adjusted)	(150,000 yen)

High (May 8, 2007: in trade)	1,460,000 yen
(Split adjusted)	(292,000 yen)

Low (August 12, 2010: in trade)	168,200 yen
(Split adjusted)	(33,640 yen)

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

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

### Investments focusing on Premium Properties

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

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

#### Premium Properties

Type	Location	Scale
Office buildings	Tokyo's five central wards and their vicinity	Gross floor area of 10,000㎡ or more per building Standard leasable floor area of 1,000㎡ or more
Residential properties	Tokyo's five central wards and their vicinity (Primarily in the "three-A" area)	Gross floor area of 2,000㎡ or more per building
Retail facilities	〈Department stores, downtown shopping centers, large specialty stores & retail complexes, etc.〉	
	Flourishing areas of Tokyo's five central wards and their vicinity	Gross floor area of 10,000㎡ or more per building
	〈Street front luxury brand shops, etc.〉	
	Exclusive, well-known retail destinations such as Ginza area, Aoyama area, and Omotesando area	Gross floor area of 1,000㎡ or more per building

(Note 1) Tokyo's five central wards: Minato, Chiyoda, Chuo, Shinjuku and Shibuya ward

(Note 2) Three-A area: Akasaka and Roppongi area, Aoyama and Harajuku area and Azabu and Hiroo area

(Note 3) Ratios are based on the acquisition prices

(Note 4) Tokyo Metropolitan Area: Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture

#### Office building focus

Office building

**50%** or more

#### Tokyo's five central wards focus

Tokyo's five central wards and their vicinity

**50%** or more  
(Tokyo Metropolitan Area: 80% or more)

#### Earthquake-resistance focus

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

# 5-10 Sustainability initiatives

## Approach and System of Sustainability

Mori Hills REIT Investment Corporation (MHR) and Mori Building Investment Management Co., Ltd. (MIM) aim to contribute to the creation and development of cities by providing investment opportunities in high-quality urban assets to investors, as stated in the Basic Policy of MHR and Company Mission of MIM.

MHR and MIM aim to contribute to the realization of a sustainable society and maximization of unitholder value in the medium to long term by emphasizing ESG (Environment, Social and Governance) and investing in high-quality urban assets while striving to improve various environmental and social performance levels.

## Sustainability Promotion System

Operations connected to sustainability will be promoted primarily by the Sustainability Committee established by MIM. The Chairperson of the Committee shall be the President & CEO while all directors and some administration staff shall comprise the committee members. Various initiatives will be implemented based on the Sustainability Promotion Program which is established every fiscal year.

In principle, the Committee shall meet four times a year and shall formulate policies and the Sustainability Promotion Program, monitor progress of programs, deliberate various suggestions from departments, etc. in light of social conditions and the operating status of MHR. The President & CEO approves the policies and promotion programs, constantly monitors the thorough promotion of sustainability, and establishes and maintains a sustainability promotion structure as a responsible party in promoting sustainability.

Moreover, sustainability-related efforts shall be reported on periodically to the Board of Directors of both MHR and MIM. Each Board oversees the status of initiatives for important issues related to ESG and the status of compliance and risk management.

## Initiatives Throughout the Entire Supply Chain

Promotion of sustainability operations, whether environmental or social, requires initiatives that involve the whole supply chain. We believe that joint initiatives with various stakeholders with aligned values are necessary.

By actively stimulating interactive communication with stakeholders such as tenants, local residents, property management companies and our sponsor Mori Building that provides the property pipeline, and aligning our values, we aim to contribute to the realization of a sustainable society.

## <Green Building Certification and External Assessment>

### ○ Green Building Certified Properties

Property Name	Type of Assessment	Rating
Roppongi Hills Mori Tower	CASBEE for Existing Buildings	Rank S
ARK Mori Building		Rank S
Koraku Mori Building		Rank A
Akasaka Tameike Tower		Rank A
Atago Green Hills MORI Tower		Rank S
ARK Hills South Tower	DBJ Green Building Certification	4 stars
Toranomon Hills Mori Tower	CASBEE for Existing Buildings	Rank S
Holland Hills Mori Tower		Rank S

(Certificates Coverage Ratio)

	Certified Properties	Portfolio Data	Ratio
In acquisition price	355.9 bn yen	381.0 bn yen	93.4%
In leasable floor area	147,736 m <sup>2</sup>	176,280 m <sup>2</sup>	83.8%
In number of properties	8 properties	10 properties	80.0%

※ Excluding Laforet Harajuku (Land)

### ○ GRESB Real Estate Rating



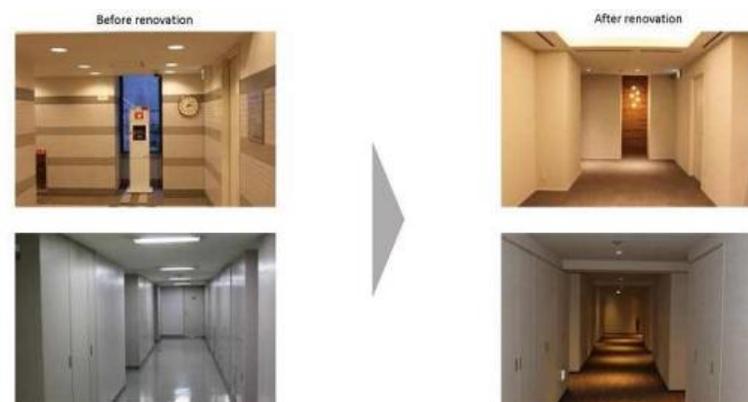
In the 2019 GRESB Survey, MHR received a **"Green Star"** rating for the eighth consecutive year, and received **"4 Stars"** in the GRESB Rating.

## <Reduction of Environmental Loads>

### ○ Promotion of Energy-conservation

MHR promotes energy-conservation through initiatives such as replacement of LED lighting in common areas and repair work of air-conditioning. MHR also makes active efforts to reduce environmental loads through proper separation and disposal of waste.

(Roppongi View Tower: Renovation of common area with LED lighting)



### ○ Collaborating with Tenants

MHR holds an **"environmental countermeasure council"** once or twice a year depending on the office building. The council generates a report on the efforts to improve sustainability and raises awareness for power saving methods.

MHR also promotes environmental initiatives by communicating with tenants. MHR provides **"WEB cloud services"** as a tool to make tenants' energy usage visible, and offers helpful measures for tenants' energy conservation.

In addition to these efforts, MHR is further deepening relationships with tenants by introducing **"green leases"** which serve to align financial incentives and secure commitments from both parties. MHR is gradually expanding this approach since the introduction of the first green lease in ARK Hills South Tower.

## <Initiatives with Employees>

### ○ Talent Development

To cultivate human resources with flexible thinking and high ethical standards together with a high degree of expertise, mainly in real estate and finance, MHR introduces essential knowledge and skills through on-the-job-training (OJT) and conventional training to improve staff effectiveness, to clarify company issues and to constantly improve management methods. MHR conducts a semi-annual staff assessment program - "Personnel Assessment and Feedback" as a core component of our talent development strategy. MHR also subsidizes the expense for acquiring licenses and qualifications by public and private organizations necessary for work to improve employees' skills as professionals in the real estate fund business.

(Qualifications held by employees as of the end of August 2020)

- ARES Certified Master: 8
- Real Estate Appraiser: 2
- Real Estate Transaction Agent: 8
- Certified Building Administrator: 2
- Certified Public Accountant: 3
- Chartered Member of Securities Analysts Association of Japan: 1

### ○ Employee Stock Ownership Plan (ESOP)

MHR established the "**ESOP**" by aligning interests of MHR's investors and MIM's employees aiming to improve unitholders' value over the medium to long term, and to improve welfare benefits for MIM's employees.

### ○ Promoting Women's Participation

MHR is aiming for a workplace environment where each employee can fully demonstrate their individuality and abilities and MHR is working on creating a pleasant working environment for women. A child-care leave system and flexible working hours are provided and MHR promotes active use of a short-time work system and paid holidays.

## <Initiatives with Tenants and Local Communities>

### ○ Tenant Satisfaction Surveys

MHR conducts "**tenant satisfaction surveys**" once every two years in office buildings and once a year in most residential properties.

The survey content starts with general matters such as location and image and extends to matters related to facilities and other hard aspects as well as soft aspects such as management systems. The thoughts of the tenants are used as a reference in our property management.

### ○ Local Communities

MHR aims to foster a rich environment for the local community through various communication activities. In MHR's properties such as Roppongi Hills and ARK Hills, events and activities are held like the "**Hills Marche**" and "**Hills Machi-Iku Project**" in which local people can participate.



## <Initiatives with Investors>

### ○ All Japanese Listed Companies' Website Ranking

Nikko Investor Relations Co., Ltd. announces a valuation of websites of all listed companies by investigating the degree of information disclosure based on objective evaluation items from its unique perspective. MHR's website has received "**Total Ranking: The Best Site**" for the fifth consecutive year.

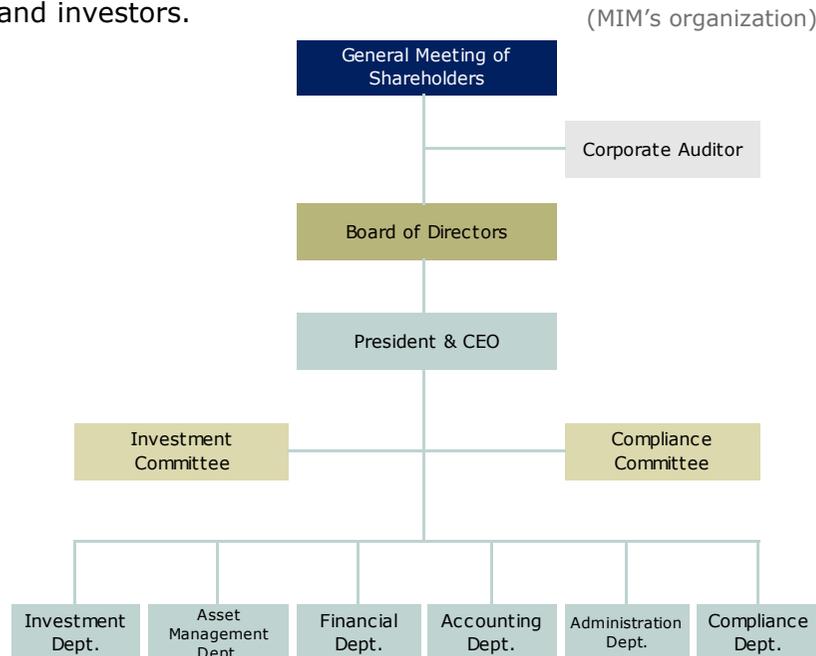


# 5-13 Sustainability initiatives: Governance

## <Corporate Governance>

MHR shall have at least one executive director and at least two supervisory directors (or, at least one more than the number of the executive directors), and the board of directors shall be comprised of the executive directors and supervisory directors. In addition to a general meeting of all unitholders, MHR's governance structure consists of one executive director, two supervisory directors, the board of directors and an accounting auditor, and entrusts its operation to the asset management company.

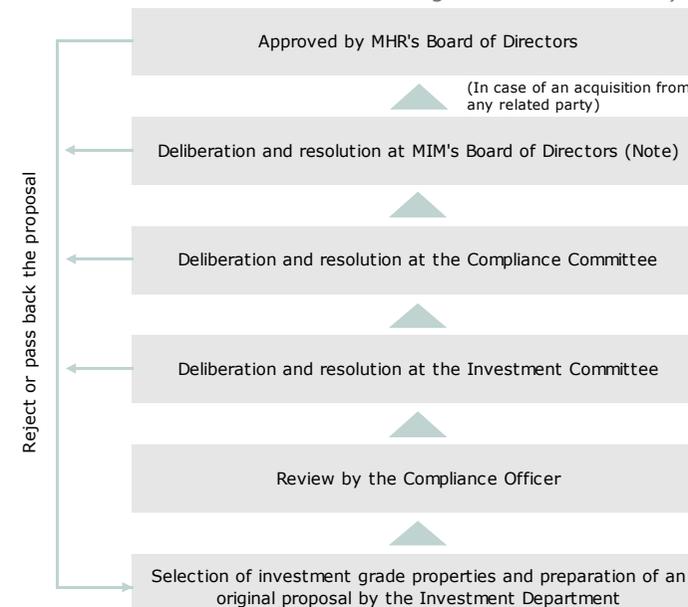
MIM is required to perform its business operations in good faith and with due care of a prudent manager for MHR in line with the purpose of the investment management business, and accordingly performs conscientious asset investment and management pertaining to real estate properties based on an appropriate compliance structure and internal control structure in order for MHR to gain high trust from the securities market and investors.



## <Compliance>

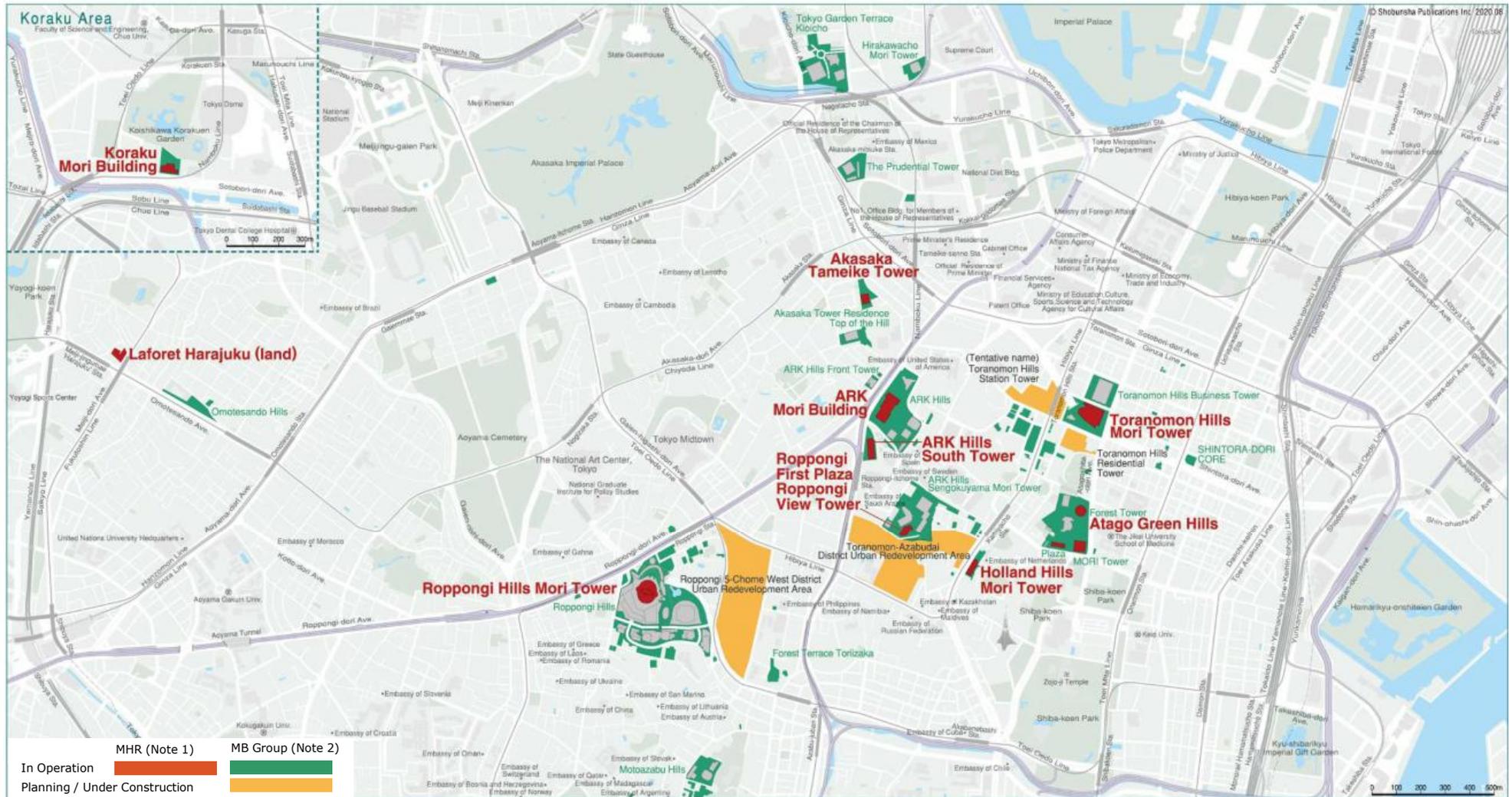
The Compliance Department conducts inspections on legal compliance and confirms consistency with internal rules. MIM confirms whether there are any conflict of interest transactions with related parties. In this way, MIM is striving to ensure comprehensive internal control, while also striving to enhance its risk management structure as well as its effectiveness. Furthermore, MIM has a set of internal rules (self-imposed regulations) which stipulate rules such as its Related Parties Transaction Guidelines. These Guidelines stipulate matters concerning transactions, etc. with related parties. Through MIM's compliance with these Guidelines, MIM has established a structure which ensures that the aforementioned transactions are managed appropriately and that MIM sufficiently executes the duty of care of a good manager and duty of loyalty to MHR.

(Process to counter transactions involving conflicts of interest)



(Note) A director who is classified as a related party officer is not able to participate in the resolution when acquiring an asset from a related party.

# 5-14 Portfolio map (as of September 1, 2020)



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2020."

(Note 1) Some of the properties have been partially acquired and held by MHR.

(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

# 5-15 Portfolio overview (as of September 1, 2020)

Type	Office building						Office building (Partly residential)				Residential		Retail	
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	ARK Hills South Tower	Toranomon Hills Mori Tower	Holland Hills Mori Tower	Akasaka Tameike Tower	Atago Green Hills			Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (Land)	
	O-0	O-1	O-4	O-8	O-9	O-10	O-6	MORI Tower	Forest Tower	Plaza	R-3	R-4	S-1	
Photo														
Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium			Premium	-	Premium	
Location	Roppongi, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Atago, Minato-ku, Tokyo		Toranomon, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		Jingumae, Shibuya-ku, Tokyo	
Completion	Apr. 2003	Mar. 1986 (Large-scale renovation in 2005)	Mar. 2000	Jul. 2013	May. 2014	Jan. 2005	Sep. 2000	Jul. 2001	Oct. 2001	Jul. 2001	Oct. 1993		-	
Building age	17 years 5 months	34 years 5 months	20 years 5 months	7 years 1 month	6 years 3 months	15 years 7 months	19 years 11 months	19 years 1 month	18 years 10 months	19 year 1 month	26 years 10 months		-	
Total number of floors	54 above ground, 6 below	37 above ground, 4 below	19 above ground, 6 below	20 above ground, 4 below	52 above ground, 5 below	24 above ground, 2 below	25 above ground, 2 below	42 above ground, 2 below	43 above ground, 4 below	2 above ground, 1 below	20 above ground, 1 below		-	
Gross floor area	approx. 442,150㎡	approx. 177,486㎡	approx. 46,154㎡	approx. 53,043㎡	approx. 241,581㎡	approx. 35,076㎡	approx. 46,971㎡	approx. 85,266㎡	approx. 60,815㎡	approx. 2,083㎡	approx. 22,906㎡		-	
Ownership (Note 1)	Land	Co-ownership (approx. 17.7%)	Co-ownership (approx. 10.9%)	Leased	Co-ownership (25%)	Co-ownership (approx. 17.0%)	Co-ownership (approx. 62.9%)	Co-ownership (approx. 56.4%)	Co-ownership (approx. 28.8%)			Co-ownership (47%)	Co-ownership (46%)	Ownership
	Building	Compartmentalized ownership (approx. 13.6%)	Compartmentalized ownership (approx. 17.9%)	Compartmentalized ownership (approx. 57.9%)	Co-ownership (25%)	Co-ownership (approx. 9.3%)	Compartmentalized ownership (approx. 48.5%)	Compartmentalized ownership (approx. 65.5%)	Co-ownership (approx. 32.9%)			Compartmentalized ownership (approx. 46.4%)	Compartmentalized ownership (approx. 44.7%)	-
PML (Note 2)	0.59%	0.78%	0.73%	1.56%	0.50%	0.85%	1.79%	2.35%	2.34%	5.94%	2.20%	2.20%	-	
Earthquake-resistant feature (Note 3)	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	-	-	-						
Acquisition price (mn yen)	115,380	62,480	27,200	19,150	48,430	16,330	43,930	42,090			2,100	4,000	21,820	
Occupancy rate (Note 4)	100%	100%	86.1%	100%	100%	100%	95.7%	100%			94.6%	98.1%	100%	

**Average building age**  
19.0 years (Note 5)

**Portfolio PML**  
0.91% (Note 2)

**Total acquisition price**  
402,910 mn yen

## 5-15 Portfolio overview (Note)

- (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 the rights for exclusive use in or over parts of a building, and "Leased land" denotes Leasehold land. The land site of Atago Green Hills includes joint ownership in quasi-undivided interests of leasehold land and easement.
- (Note 2) This indicates the figure described in the "Report on evaluation of seismic PML for portfolio" dated July 13, 2020 by Sompo Risk Management Inc.
- (Note 3) ARK Mori Building adopts "slitwall" as an earthquake-resistant feature.
- (Note 4) "Occupancy rate" indicates the figures as of July 31, 2020.
- (Note 5) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on July 30, 2001.