



HILLS REIT

MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 7th Fiscal Period (Ended Jan. 31, 2010)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co.,Ltd.

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

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1-1 Investment highlights

Financial summary



Overview of Equity Finance

- Strengthen the financial foundation and implement public offerings to pave the way for external growth
- Accept proactive support from the sponsor and acquire high-quality properties at less than appraisal values
- Halt increase in finances expenses by improving LTV

Offering Format	Domestic issuance of new investment units and secondary offering (over-allotment)		
Total Units Outstanding	159,200 units		
Number of Units Issued	Primary offering	67,000 units	
	Secondary offering (over-allotment)	6,700 units	
Offered Amount	Primary offering	14,070,335,000 yen	Issue Price 210,005 yen per unit
	Secondary offering (over-allotment)	1,407,033,500 yen	
Acquired Amount	Primary offering	13,562,609,000 yen	Purchase Price 202,427 yen per unit
	Third-party allotment through green shoe option ("GSO")	1,356,260,900 yen (maximum)	
Lock-up	Lock-up agreement with issuer	A period of three months after the additional listing date	
	Lock-up agreement with sponsor	Agreement with Mori Building Co., Ltd., the sponsor, for a period of three months after the Additional Listing Date	
Use of Funds	Acquisition funds for specified assets (part of Roppongi Hills Mori Tower and ARD Mori Building) (the remainder will be used for repayment of loans, etc.)		
Issuance Resolution Day	March 5, 2010 (Friday)		
Day of Determining Details	March 15, 2010 (Monday)		
Payment Date	March 23, 2010 (Tuesday)		
Additional Listing Date (Primary Offering)	March 24, 2010 (Wednesday)		
Subscription Period for Third-party Allotment through GSO	April 22, 2010 (Thursday)		
Underwriters	Mizuho Securities Co., Ltd. (lead manager), Daiwa Securities Capital Markets Co., Ltd., Nikko Cordial Securities Inc. and UBS Securities Japan Ltd. (collectively as "syndicate of underwriters")		

Comparison between 8th Period Dividend Forecasts and 7th Period Results

- By acquiring high-quality properties with fixed lease rates, help increase average NOI yield
- Repay loans with the use of part of funds obtained from capital increases and reduce interest expenses
- Although dividends will decrease due to the increase in number of investment units, we will strive to increase future dividends by making the expected dividend for the 8th Period of 6,550 yen the lower limit

(Amount: mn yen)

	Actual	Forecast			
		7th Period	8th Period		
			No. of Properties at End of 7th Period	Roppongi Hills Mori Tower	ARK Mori Building (Fixed II)
Acquisition Price	201,654	201,654	6,810	3,400	211,864
NOI (Note 1)	3,960	3,654	106	53	3,814
Days of Operation	184 days	181 days	131 days	131 days	181 days
NOI Yield	3.90%	3.65%	3.14%(Note 2)	3.18% (Note 2)	3.63%
Projected NOI Yield	3.90%	3.65%	4.12%(Note 3)	4.20% (Note 3)	3.68%

	7th Period	8th Period			
		No. of Properties at End of 7th Period	8th Period Finance		Total
Unitholders' Capital	87,371	87,371	14,919	102,290	
Interest-bearing Debt	111,010	110,897	▲ 3,406 (Note 4)	107,491	
Interest Expenses	890	877	▲ 11 (Note 5)	865	
Average Interest Rate	1.55%	1.59%		1.60%	
LTV (Note 6)	53.1%			48.8%	
Total Assets	208,893	208,781	11,512	220,090	
Total Units Outstanding	159,200 units	159,200 units	73,700 units (Note 7)	232,900 units	
BPS (Note 8)	549,000 yen per unit			439,000 yen per unit	
Net Profit	1,728	1,401	124	1,525	
Dividend per Unit	10,857 per unit			6,550 per unit	

(Note 1) Calculated as [NOI=Rent revenue-real estate + Other lease business revenue - Expenses related to rent business + Depreciation]. NOI for properties acquired during the 8th period do not include real estate taxes and public charges.

(Note 2) Annualized NOI yield for the 8th period excluding real estate taxes and public charges is indicated

(Note 3) Annualized yield of projected NOI including real estate taxes and public charges is indicated

(Note 4) We are projecting to make repayment using proceeds from issuance of new investment units in relation to third-party allotment up to the maximum amount

(Note 5) Interest expense with respect to repayments of loans are estimated values

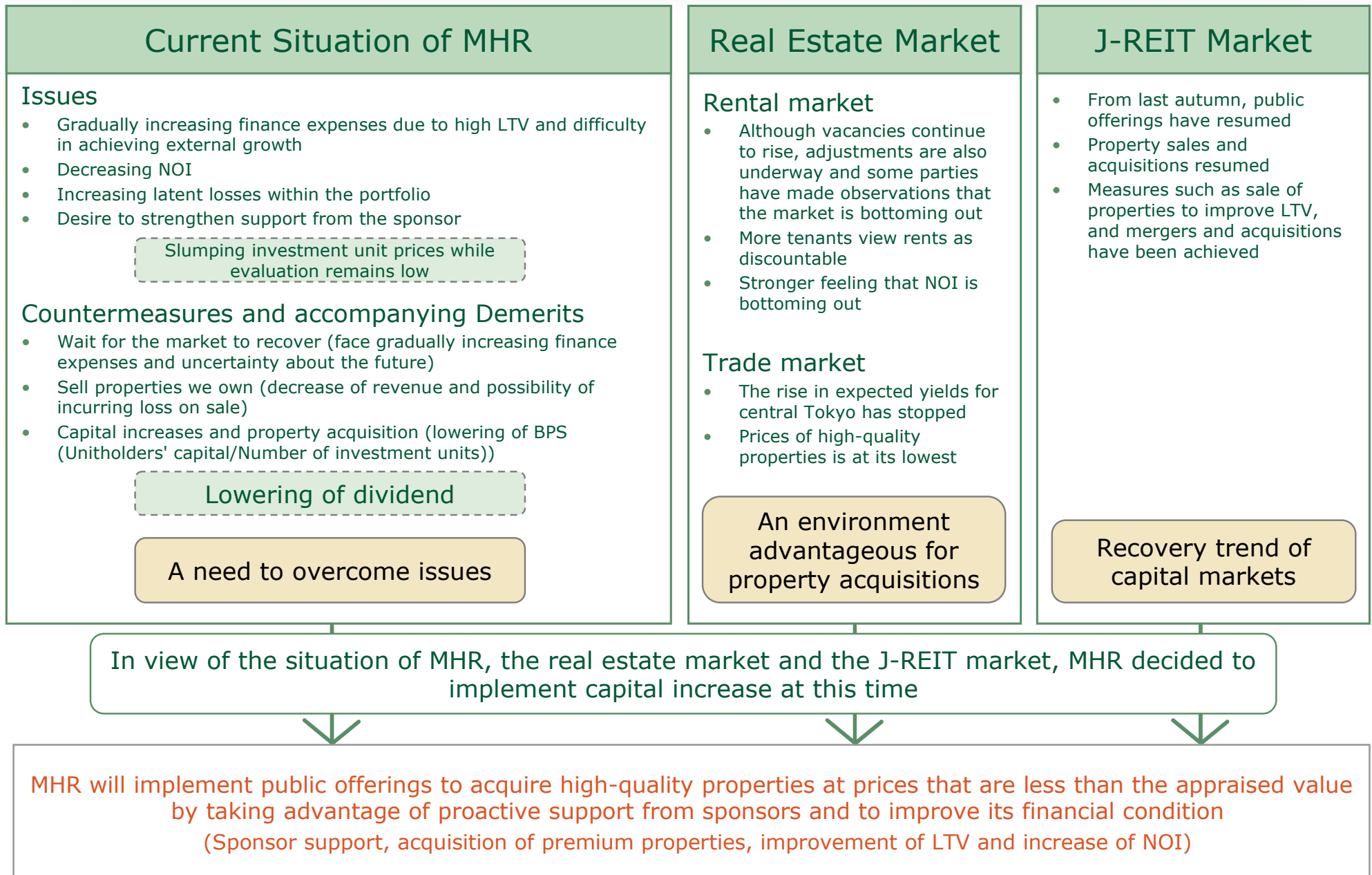
(Note 6) LTV=Interest-bearing debt/Total assets

(Note 7) Number of units in the case that issuance of new investment units in relation to third-party allotment is fully executed (maximum)

(Note 8) BPS= Unitholders' capital/Number of investment units

1-2 Investment highlights

Rationale behind Public Offerings



1-3 Investment highlights

Property acquisition

O-0 Roppongi Hills Mori Tower



Property number	O-0	
Location (address)	6-10-1 Roppongi, Minato-ku, Tokyo	
Construction completion	April 2003	
Number of stories	Steel frame, steel-framed reinforced concrete structure; 54 floors above ground and six floors below ground	
Gross floor area	442150.7m ² *The above figure indicates the floor area of the whole property including the gross floor area of the property's hotel tower (53,358.16m ²)	
Exclusively owned area	314,912.68m ²	
Land area	57,177.66m ²	
Acquisition portion	Form of ownership	Co-ownership
	Total leasable floor area	2,249.04m ²
	PML	0.29% (Tokyo Bldg-Tech Center Co., Ltd.)
	Appraisal value	7,400 million yen
	Acquisition price	6,810 million yen
Projected NOI yield	4.1%	



Acquisition date	New	Mar.23,2010
Seller	Mori Building Co., Ltd.	
Floors acquired (ownership equivalent)	Non-disclosure	0.5 floor
Leasing schemes	Fixed	
Exclusively owned area (ownership interest)	2,222.095m ²	0.7%
Land use right interest ratio	0.9%	



O-1-3 ARK Mori Building (Fixed II)



Property number	O-1-3	
Location (address)	1-12-32 Akasaka, Minato-ku, Tokyo	
Construction completion	March 1986 (Large-scale renovation in2005)	
Number of stories	Reinforced concrete, steel-framed reinforced concrete and steel-framed structure; 37 floors above ground and four floors below ground	
Gross floor area	177,486.95m ²	
Exclusively owned area	138,703.31m ²	
Land area	39,602.42m ²	
Acquisition portion	Form of ownership	Co-ownership
	Total leasable floor area	1,399.60m ²
	PML	0.38% (Tokyo Bldg-Tech Center Co., Ltd.)
	Appraisal value	3,710 million yen
	Acquisition price	3,400 million yen
Projected NOI yield	4.2%	



	Existing	Existing	Additional	Total
Acquisition date	Mar. 22, 2006	Mar. 28, 2008 Sep. 30, 2008	Mar. 23, 2010	
Seller	Mori Building Co., Ltd.	Mori Building Co., Ltd.	Mori Building Co., Ltd.	
Floors acquired (ownership equivalent)	13th floor 1 floor	12th · 22th floor 2 floors	Non-disclosure 0.5 floor	3.5 floors
Leasing schemes	Fixed	Pass-through	Fixed	
Exclusively owned area (ownership interest)	2,698.42m ² 1.9%	5,274.92m ² 3.8%	1,366.23m ² 0.9%	9,339.57m ² 6.7%
Land use right interest ratio	1.3%	2.6%	0.6%	4.6%

2-1 7th period financial highlights

Financial summary and projections



(Amount: mn yen)

	Actual			Forecast	
	6th period (Feb. 1, 2009 – Jul. 31, 2009)	7th period (Aug. 1, 2009 – Jan. 31, 2010)	7th – 6th period	8th period (Feb. 1, 2010 – Jul. 31, 2010)	8th – 7th period
Days of operation	181 days	184 days		181 days	
Operating Revenue	5,789	5,520	▲ 268	5,425	▲ 95
Operating income	3,004	2,821	▲ 182	2,646	▲ 175
Net income	2,026	1,728	▲ 297	1,525	▲ 202
Dividend per unit (yen)	12,726	10,857	▲ 1,869	6,550	▲ 4,307
Average occupancy rate	95.0%	92.7%		91.8%	
No. of properties	10 properties	10 properties		11 properties	
Total acquisition price	201,654	201,654		211,864	
Total debt	114,000	111,010		107,491	
Unitholders' capital	87,371	87,371		102,290	
LTV	53.6%	53.1%		48.8%	
No. of outstanding units	159,200	159,200		232,900(at most)	
Total assets	212,860	208,893		220,090	

External growth

Utilized a great opportunity to acquire premium properties

8th Period Newly acquired Roppongi Hills Mori Tower (Acquisition price: JPY 6.81 bn) and additional portion of ARK Mori Building (Acquisition price: JPY 3.4 bn)

Management highlights

Continued implementing defensive property management by placing focus on occupancy rates

7th and 8th Periods Continued defensive property management by placing focus on occupancy rates to suppress the decrease of cash flow

Financial strategy

Improved LTV for future external growth

7th Period Successful refinancing for a total of JPY 34.94 bn

After withdrawing cash on hand, MHR repaid JPY 2.94 bn of short-term debt and improved LTV

8th Period With funds procured from public offerings, MHR repaid JPY 2.05 bn of existing borrowings in March and improved LTV

7th period financial highlights

Financial summary 【Revenue breakdown】

(Amount: mn yen)

	Actual		Difference		
	6th period	7th period	7th - 6th period		
	181 days	184 days			
Operating revenue	5,789	5,520	▲ 268	▲ 4.6%	
Rent revenue—real estate	5,217	4,983	▲ 234	▲ 4.5%	Akasaka Tameike Tower +17
Rents incl. CAM fees	5,161	4,927	▲ 234	▲ 4.5%	ARK Mori Building (Pass-through) ▲28
Office	3,759	3,585	▲ 174	▲ 4.6%	Roppongi First Building ▲72
Residential	1,224	1,164	▲ 60	▲ 4.9%	Koraku Mori Building ▲90
Commercial	177	177	0	0.1%	
Other rent revenue	56	56	▲0	▲ 0.2%	
Other lease business revenue	571	537	▲ 34	▲ 6.0%	Roppongi Hills Gate Tower ▲17
Operating expenses	2,784	2,699	▲ 85	▲ 3.1%	Ark Forest Terrace ▲17
Expenses related to rent business	2,367	2,277	▲ 90	▲ 3.8%	Moto-Azabu Hills ▲22
Profit on real estate rental	3,421	3,243	▲ 178	▲ 5.2%	Revenue from after-hours heating/cooling usage, etc. +12
Depreciation expense	740	716	▲ 23	▲ 3.2%	Revenue from parking fee ▲5
NOI _(Note)	4,162	3,960	▲ 202	▲ 4.9%	Electricity ▲33
NOI (annualized)/real estate acquisition price	4.2%	3.9%	▲ 0.3PT	▲ 6.4%	Repair charges ▲44
SG&A	417	421	4	1.2%	Utilities ▲31
Operating income	3,004	2,821	▲ 182	▲ 6.1%	Depreciation expenses ▲23
Non-operating income	15	5	▲ 9	▲ 62.4%	PM fee ▲12
Non-operating expenses	992	1,097	104	10.6%	Rent revenue +8
Interest expenses	846	890	44	5.2%	Real estate taxes and public charges +24
Other non-operating expenses	146	206	60	41.5%	
Non-operating income/expenses	▲ 977	▲ 1,091	▲ 114	▲ 11.7%	Refinancing cost +46
Ordinary income	2,027	1,729	▲ 297	▲ 14.7%	Difference in number of days +6
Income before income taxes	2,027	1,729	▲ 297	▲ 14.7%	Lowering of floating interest rates ▲8
Corporate income, inhabitant and business taxes	1	1	0	1.6%	
Net income	2,026	1,728	▲ 297	▲ 14.7%	
Dividend per unit (yen)	12,726	10,857	▲ 1,869	▲ 14.7%	Expenses related to the capital increase +60
Real estate acquisition price	201,654	201,654	0	0.0%	

(Note) Calculated as [NOI=Rent revenue – real estate + Other lease business revenue – Expenses related to rent business + Depreciation].
This same shall apply hereinafter.

7th period financial highlights

Comparison between projections and results

(Amount: mn yen)

	Days of operation	7th period		
		Plan 184 days	Actual 184 days	Comparison between projections and results
Operating revenue		5,504	5,520	16 0.3%
Rent revenue—real estate		4,952	4,983	31 0.6%
Rents incl. CAM fees		4,896	4,927	30 0.6%
Office		3,569	3,585	15 0.4%
Residential		1,149	1,164	15 1.3%
Commercial		177	177	▲0 ▲0.0%
Other rent revenue		55	56	0 0.9%
Other lease business revenue		552	537	▲14 ▲2.7%
Operating expenses		2,775	2,699	▲76 ▲2.7%
Expenses related to rent business		2,333	2,277	▲55 ▲2.4%
Profit on real estate rental business		3,171	3,243	72 2.3%
Depreciation expense		712	716	3 0.5%
NOI		3,884	3,960	75 2.0%
NOI (annualized) /real estate acquisition price		3.8%	3.9%	0.1PT 1.8%
SG&A		442	421	▲20 ▲4.6%
Operating income		2,728	2,821	92 3.4%
Non-operating income		6	5	▲1 ▲15.9%
Non-operating expenses		1,094	1,097	2 0.3%
Interest expenses		892	890	▲1 ▲0.2%
Other non-operating expenses		202	206	4 2.4%
Non-operating income/expenses		▲1,087	▲1,091	▲3 ▲0.4%
Ordinary income		1,640	1,729	88 5.4%
Income before income taxes		1,640	1,729	88 5.4%
Corporate income, inhabitant and business taxes		1	1	▲0 ▲6.6%
Net income		1,639	1,728	88 5.4%
Dividend per unit (yen)		10,300	10,857	557 5.4%
Real estate acquisition price		201,654	201,654	0 0.0%

Roppongi First Building	+13
Moto-Azabu Hills	+16
Roppongi Hills Gate Tower	▲5
Revenue from after-hours heating/cooling usage	▲6
Electricity	▲7
Repair charges	▲42
Utilities	▲18
PM fee	+7
IR expenses	▲9
Lawyers' fees	▲5

(Note) "Planned profit and loss for 7th period" was released in 6th period and disclosed as an amendment to the expected dividend per unit (10,800 yen) as of Jan. 18, 2010.

2-4

7th period financial highlights

Projection 【Revenue breakdown】

	(Amount: mn yen)						
	Actual	Forecast				Difference	
	7th period	8th period				8th - 7th period	
		Existing properties as of July 31, 2010	Additional Acquisition Roppongi Hills Mori Tower	Additional Acquisition Ark Mori Building (Fixed master lease II)	Total	Existing properties as of July 31, 2010	Total
Days of operation	184 days	181 days	131days (Note2)	131days (Note2)	181 days	181 days	
Operating revenue	5,520	5,264	107	54	5,425	▲ 256	▲ 95
Rent revenue-real estate	4,983	4,751	107	54	4,912	▲ 232	▲ 71
Rents incl. CAM fees	4,927	4,697	107	54	4,858	▲ 230	▲ 68
Office	3,585	3,391	107	54	3,552	▲ 194	▲ 32
Residential	1,164	1,128	0	0	1,128	▲ 36	▲ 36
Commercial	177	177	0	0	177	▲ 0	▲ 0
Other rent revenue	56	54	0	0	54	▲ 2	▲ 2
Other lease business revenue	537	512	0	0	512	▲ 24	▲ 24
Operating expenses	2,699	2,743	36		2,779	43	79
Expenses related to rent business	2,277	2,329	21	10	2,362	52	84
Profit on real estate rental business	3,243	2,934	85	43	3,063	▲ 309	▲ 180
Depreciation expense	716	720	20	10	750	3	34
NOI(Note1)	3,960	3,654	106	53	3,814	▲ 305	▲ 145
NOI (annualized) /real estate acquisition price	3.9%	3.7%	3.1%(Note3)	3.2%(Note3)	3.6%	▲ 0.2PT	▲ 0.3PT
SG&A	421	413	3		417	▲ 8	▲ 4
Operating income	2,821	2,520	125		2,646	▲ 300	▲ 175
Non-operating income	5	2	0		2	▲ 3	▲ 3
Non-operating expenses	1,097	1,120	0		1,121	22	23
Interest expenses	890	877	▲ 11		865	▲ 13	▲ 25
Other non-operating expenses	206	243	12		255	36	48
Non-operating income/expenses	▲ 1,091	▲ 1,118	0		▲ 1,119	▲ 26	▲ 27
Ordinary income	1,729	1,402	124		1,526	▲ 327	▲ 202
Income before income taxes	1,729				1,526		▲ 202
Corporate income, inhabitant and business taxes	1				1		0
Net income	1,728				1,525		▲ 202
Dividend per unit (yen)	10,857				6,550		▲ 4,307
Real estate acquisition price	201,654	201,654	6,810	3,400	211,864	0	10,210

Akasaka Tameike Tower	▲38
ARK Mori Building (Pass-through)	▲41
Roppongi First Building	▲43
Koraku Mori Building	▲70

Roppongi Hills Gate Tower	+12
Ark Forest Terrace	▲10
Moto-Azabu Hills	▲35

Revenue from after-hours heating/cooling usage, etc.	▲23
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PM fee	▲14
Utilities	▲5
Building management fee	+5
Leasing fee	+7
Repairs	+36

Effect of repayment of JPY2.94bn	▲19
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Effect of repayment of borrowings by use of public offering surplus	▲11
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Lowering of floating interest rates, difference in number of days	▲8
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Refinancing cost (Nov. 2009)	+19
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Effect of repayment of JPY2.94bn	▲13
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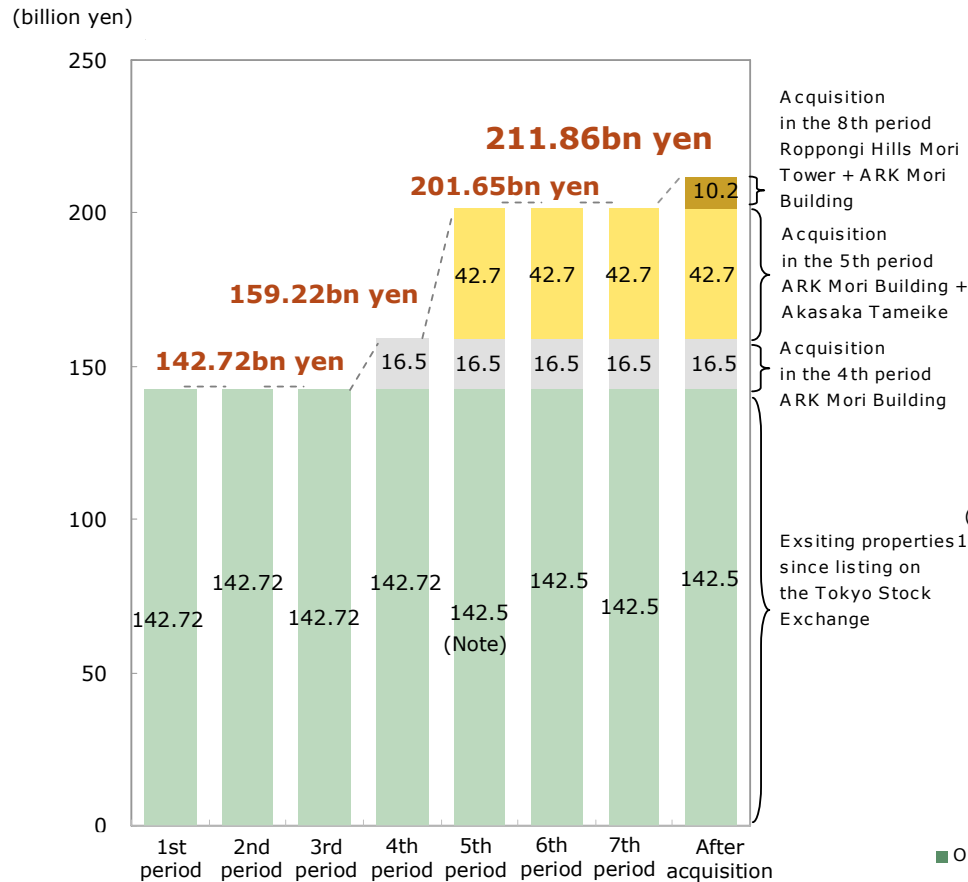
Effect of decrease in expenses by use of public offering surplus	▲5
PO cost (3-year depreciation)	+17

Expenses related to the refinancing	+53
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3-1 Management highlights

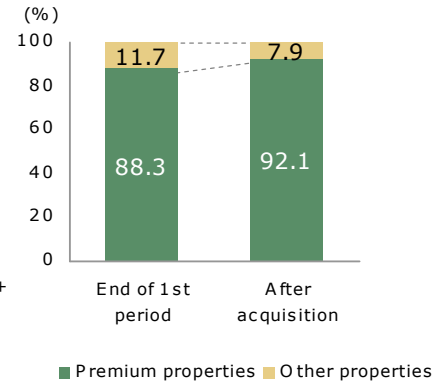
Strengthening of MHR's portfolio

Change in assets under management

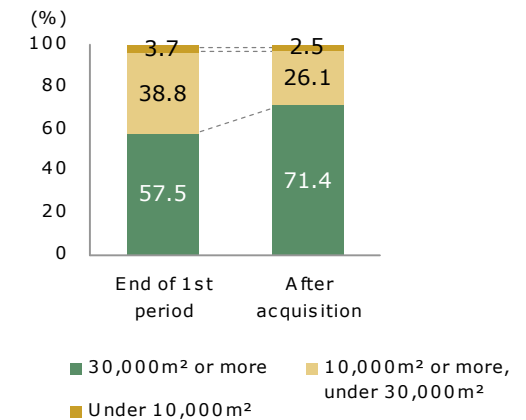


(Note) MHR sold one residential unit in the 5th period.

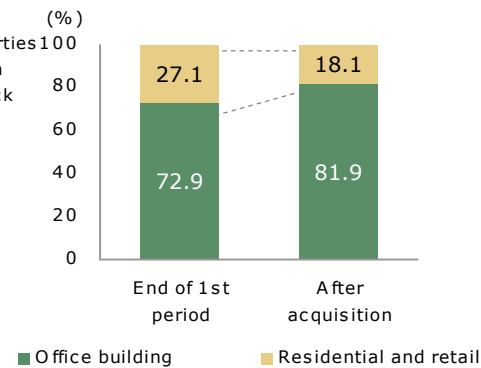
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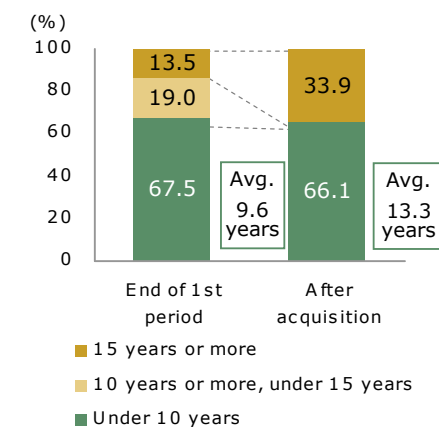
Scale



Type



Building age



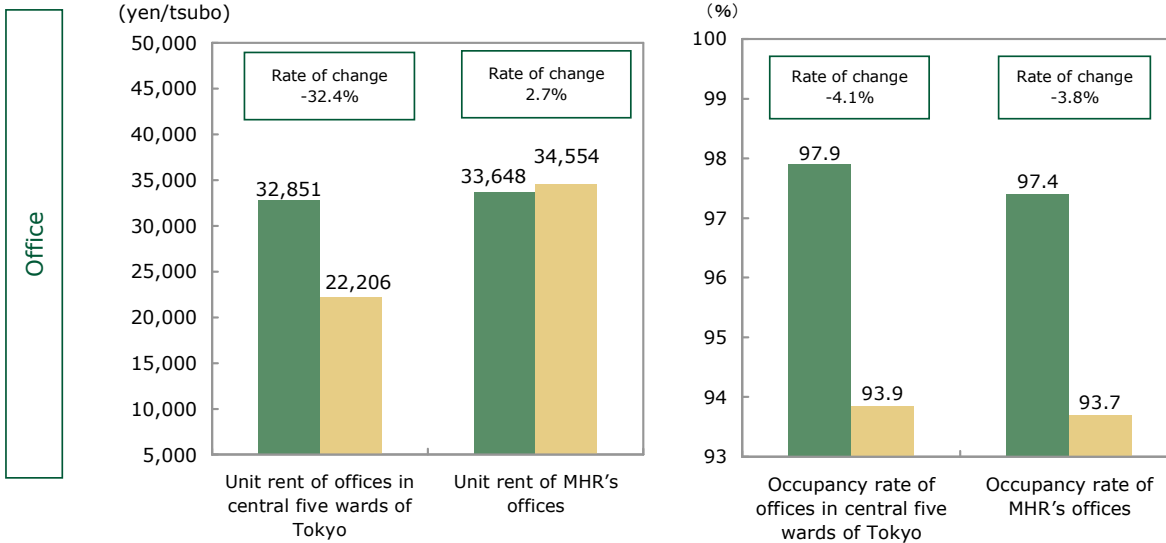
(Note 1) The ratios represent proportions of Acquisition price to Total acquisition price. Figures are rounded up to one digit below decimal point

(Note 2) Prime core properties are defined as properties located in prime areas (Tokyo's Central 5 wards and its surrounding areas) that enable Mori Building Group to demonstrate its brand/marketing strength and facilities management capabilities based on the outstanding quality, size, and specification which are expected to maintain their competitive strength over a long time

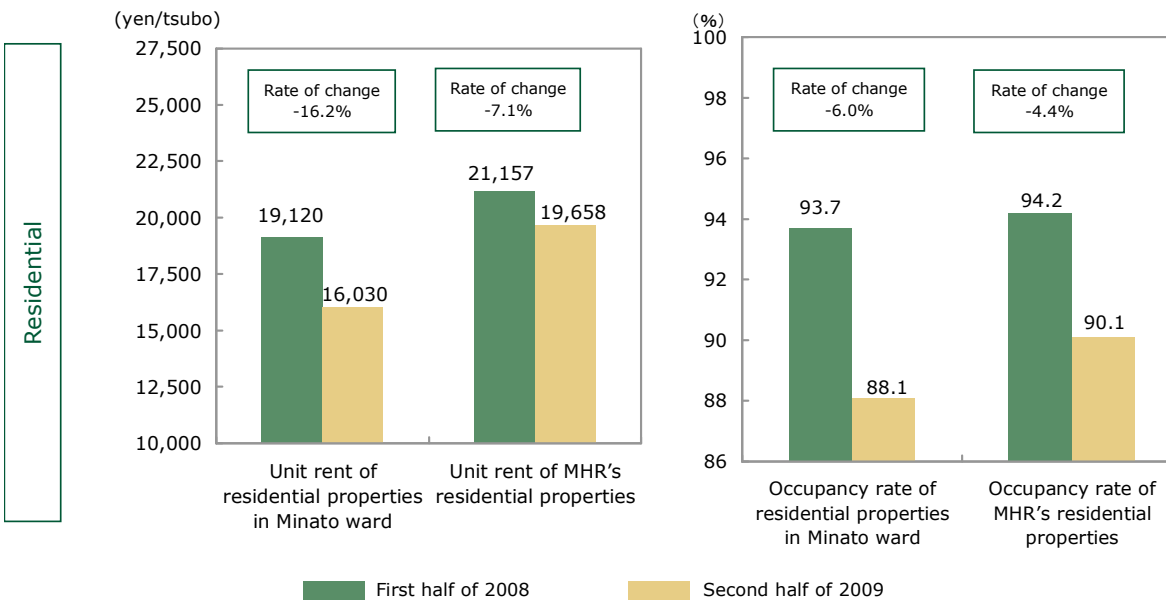
3-2 Management highlights

Stability from premium properties

Rate of Change of Monthly Rents per Tsubo and Occupancy Rates



• As a result of MHR's core strength-stability from premium properties, changes in rents and occupancy rates for properties owned by MHR have remained stable compared to the average market levels in surrounding areas



(Source) The asset manager created the "Unit rent of offices in central five wards of Tokyo" based on Nikkei Business Publications' "Nikkei Real Estate Market Report," the "Occupancy rate of offices in central five wards of Tokyo" based on CB Richard Ellis K.K.'s "Office Market Report" and the "Unit rent of residential properties in Minato ward" and the "Occupancy rate of residential properties in Minato ward" based on Ken Real Estate Investment Advisors Ltd.'s "Ken Data Press."

(Note 1) Offices in the "Nikkei Real Estate Market Report" refers to offices in the central five wards of Tokyo (Minato ward, Chiyoda ward, Chuo ward, Shinjuku ward and Shibuya ward) whose standard floor space is 100 tsubo or greater. Unit rent is the conclusion rent which includes common service fees. Data from January to June 2008 are deemed as the first half of 2008, while data from July to December 2009 are deemed as the second half of 2009.

(Note 2) Offices in the "Office Market Report" refers to offices in the central five wards of Tokyo (Minato ward, Chiyoda ward, Chuo ward, Shinjuku ward and Shibuya ward). The average of data from March to June 2008 is deemed as the first half of 2008 while the average of data from September to December 2009 is deemed as the second half of 2009.

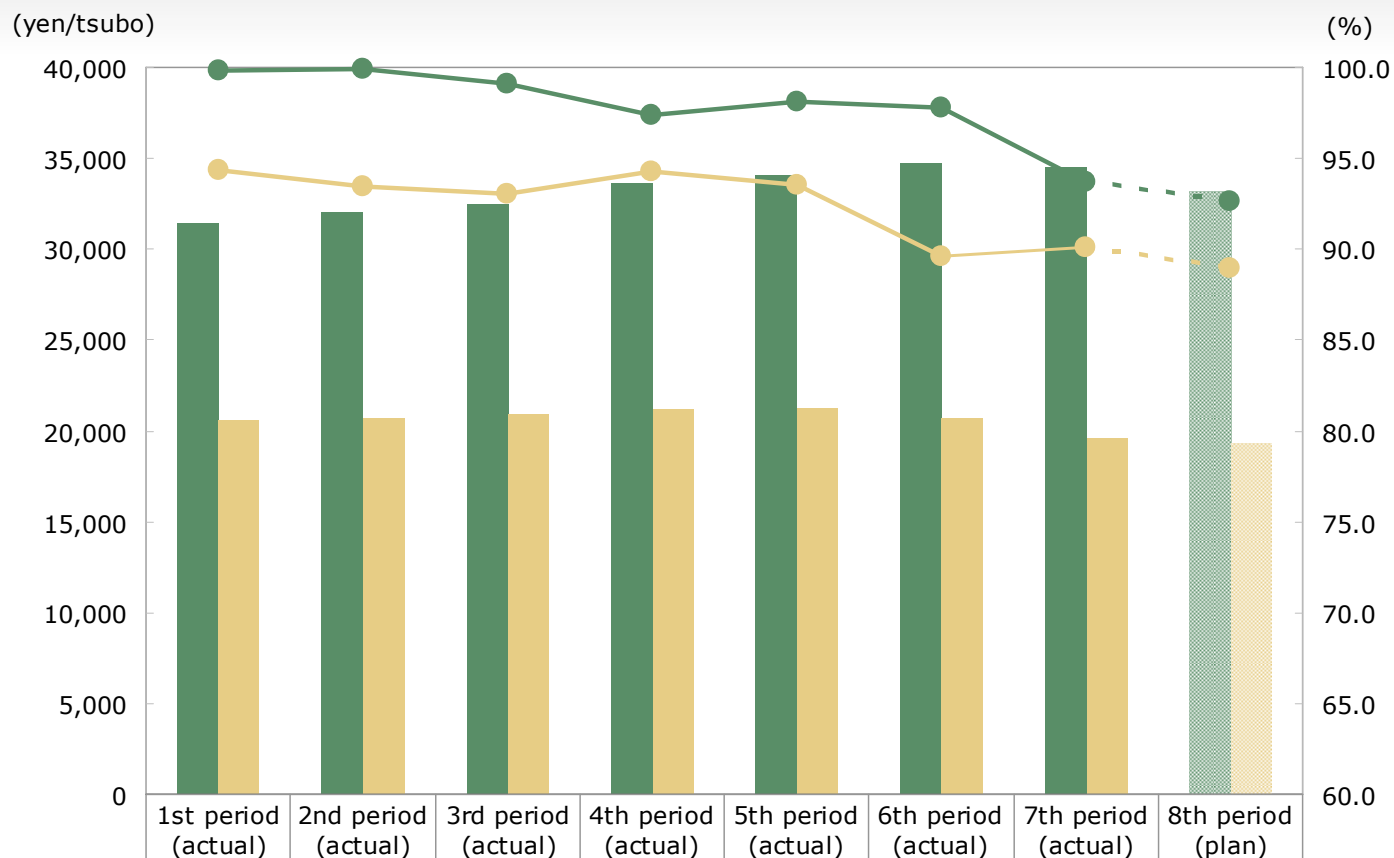
(Note 3) Rental housing in the "Ken Data Press" refers to rental housing with monthly rent of JPY 300,000 or more or rental housing with 30 tsubo or more of exclusively owned area. Furthermore, unit rent is the conclusion rent which includes management fees. The average of data for the 1Q (January to March 2008) and 2Q of 2008 (April to June 2008) is deemed as the first half of 2008 and data for 3Q (July to September 2009) of 2009 is deemed as the second half of 2009.

(Note 4) For MHR data, the average of data for the 4th fiscal period is deemed as the first half of 2008, while the average of data for the 7th fiscal period is deemed as the second half of 2009. Data indicates the actual average unit rent and occupancy rate during the respective period. "Unit rent" is the conclusion rent which includes common service fees and figures of less than 1 yen are rounded up. For "Occupancy rate" and "Rate of revision," the figures are rounded up to one decimal place.

3-3 Management highlights



Changes in the rent per tsubo and occupancy rates of the REIT



Office unit rent	31,450	32,068	32,462	33,648	34,118	34,725	34,554	33,248
Residential unit rent	20,625	20,674	20,964	21,157	21,234	20,664	19,658	19,265
Office occupancy rates	99.9	100.0	99.1	97.4	98.1	97.8	93.7	92.7
Residential occupancy rates	94.4	93.4	93.1	94.2	93.5	89.6	90.1	89.0

8th Period (Plan)

Vacancy rates are projected to bottom out during the second half of this year and rents are projected to recover from next year

Focus on defensive property management by placing focus on occupancy rates

(Note1) The definitions of the Office and Residential categories used in these materials differ from those used in discussions of operating rates on Mori Hills REIT Investment Corporation's website (<http://www.mori-hills-reit.co.jp/eng/cms/operate.html>). In these materials, Office and Residential figures are compiled using individual figures for all office and residential properties in which Mori Hills REIT Investment Corporation has invested. Figures on Mori Hills REIT Investment Corporation's website are defined as per Portfolio Overview (page 48)

(Note 2) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant periods

3-4 Management highlights

Tenant leasing overview (as of Mar. 26, 2010)

Result of rent revision

(million yen)

		No. of tenants	Monthly rent prior to rent change	Monthly rent after rent change	Increase/decrease in monthly rent	Rate of revision
Rent revision completed	2nd period	7 tenants	62.9	69.1	6.2	9.9
	3rd period	6 tenants	70.8	81.3	10.5	14.8
	4th period	7 tenants	102.5	110.9	8.4	8.2
	5th period	12 tenants	78.0	87.1	9.0	11.6
	6th period	14 tenants	162.4	170.1	7.7	4.7
	7th period	9 tenants	103.0	90.5	-12.5	-12.1
	8th period	8 tenants	75.7	67.1	-8.6	-11.4
	9th period	0 tenants	-	-	-	-
	Tenants facing rent revision	7th period	0 tenants	-	-	-
	8th period	4 tenants	47.0	-	-	-10~20 (Note 1)
	9th period	6 tenants	36.3	-	-	-10~20 (Note 1)

(Note1) For tenants with ongoing negotiations, the rate changes are based on estimates by asset manager

·7th ~ 9th Period
While responding to requests for rent decreases at time of rent revision, focus on preventing contract terminations by securing lease periods when contract terminations are prohibited, and through other means
·62.1% of all contracts are within the range of surrounding market rents (±10%)

Difference in current office rent and market rent

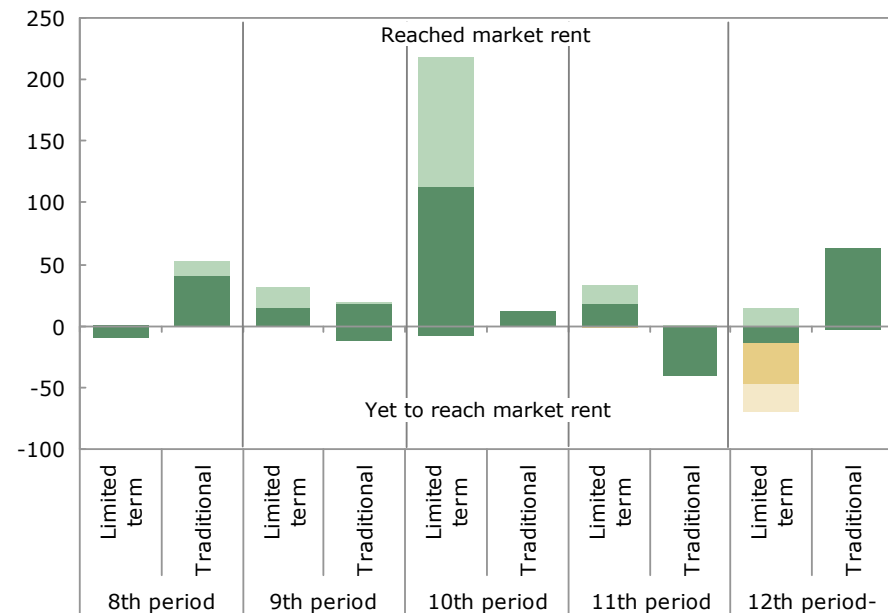
(million yen)

		Reached market rent		Yet to reach market rent			Total
		~+10%	+10%~0%	0%~-10%	-10%~-20%	-20%~	
8th period	Limited term	-	1.0	9.4	-	-	10.4
	Traditional	11.9	40.3	-	-	-	52.1
9th period	Limited term	17.4	14.6	-	-	-	31.9
	Traditional	1.8	17.1	12.8	-	-	31.7
10th period	Limited term	104.5	113.2	8.4	-	-	226.1
	Traditional	-	12.4	-	-	-	12.4
11th period	Limited term	15.4	17.1	-	2.2	-	34.8
	Traditional	1.7	-	40.5	-	-	42.2
12th period-	Limited term	14.8	-	14.4	32.6	22.2	84.0
	Traditional	-	62.6	3.3	-	-	66.0
Total		167.5	278.3	88.8	34.9	22.2	591.6
Ratio		28.3%	47.0%	15.0%	5.9%	3.7%	100.0%
		28.3%	62.1%		9.6%		

(Note1) Figures in the charts are based on data that show rent by Month/Period which reflects the situation of tenants at that particular time including move in/out and rent revision that are classified by % divergence from market rent levels

(Note 2) Market rents are determined by the asset manager based on the capitalized value used for appraisal of properties at the end of the 7th Period as appears in the research report

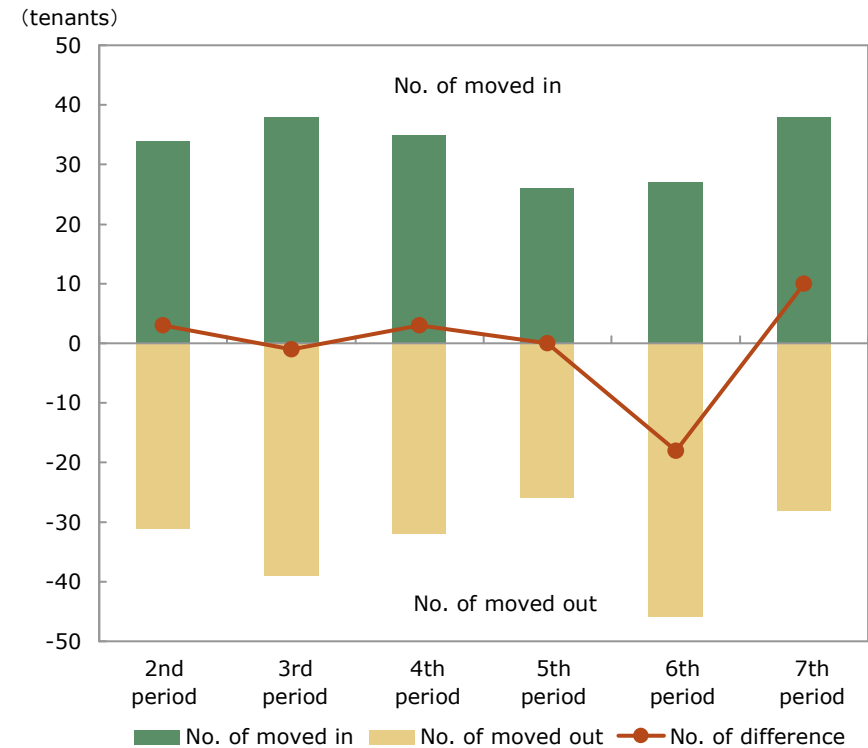
(million yen)



Rent revision - residential

		Moved in	Moved out	Difference
2nd period	Number of tenants	34	31	3
	Average rent (yen/tsubo month)	25,776	24,639	1,137
3rd period	Number of tenants	38	39	-1
	Average rent (yen/tsubo month)	24,210	23,639	571
4th period	Number of tenants	35	32	3
	Average rent (yen/tsubo month)	24,885	23,648	1,237
5th period	Number of tenants	26	26	0
	Average rent (yen/tsubo month)	24,607	25,466	-859
6th period	Number of tenants	28	46	-18
	Average rent (yen/tsubo month)	20,183	23,223	-3,040
7th period	Number of tenants	38	28	10
	Average rent (yen/tsubo month)	18,045	23,702	-5,657

Change in moved in and moved out



By establishing terms and conditions flexibly, (1) Secured the same level in number of move-ins as prior to the Lehman shock and (2) Suppressed the number of move outs as a result of negotiating rent revisions

3-6 Management highlights

Tenant status (As of Jan. 31, 2010)

Classification of office tenants

		6th period		7th period		Difference	
		Monthly rent (mn yen)	Ratio (%)	Monthly rent (mn yen)	Ratio (%)	7th-6th (mn yen)	Change (%)
Manufacturing	Domestic companies	75	12.1	75	12.9	0	0.0
	Foreign affiliated companies	143	23.0	126	21.5	-17	-11.9
Non-manufacturing	Domestic companies	124	20.0	121	20.7	-3	-2.5
	Foreign affiliated companies	85	13.6	76	13.0	-9	-10.5
Financial institution	Domestic companies	23	3.6	15	2.6	-8	-32.6
	Foreign affiliated companies	35	5.6	35	5.9	0	0.0
Public institution	Domestic companies	137	22.1	137	23.4	0	0.0
	Foreign affiliated companies	0	0	0	0	0	0.0
Total		622	100.0	585	100.0	-37	-5.9

		6th period		7th period		Difference	
		Tenants (No. of tenants)	Ratio (%)	Tenants (No. of tenants)	Ratio (%)	7th-6th (No. of tenants)	Change (%)
Manufacturing	Domestic companies	2	4.3	2	4.4	0	0.0
	Foreign affiliated companies	10	21.3	10	22.2	0	0.0
Non-manufacturing	Domestic companies	15	31.9	14	31.1	-1	-6.7
	Foreign affiliated companies	6	12.8	6	13.3	0	0.0
Financial institution	Domestic companies	4	8.5	3	6.7	-1	-25.0
	Foreign affiliated companies	7	14.9	7	15.6	0	0.0
Public institution	Domestic companies	3	6.4	3	6.7	0	0.0
	Foreign affiliated companies	0	0	0	0	0	0.0
Total		47	100.0	45	100.0	-2	-4.3

Classification of residential tenants

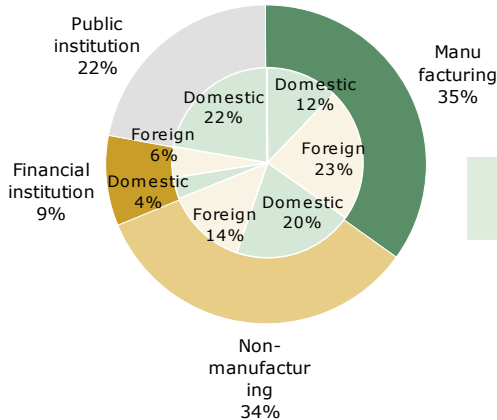
		6th period		7th period		Difference	
		Monthly rent (mn yen)	Ratio (%)	Monthly rent (mn yen)	Ratio (%)	7th-6th (mn yen)	Change (%)
Corporate (Foreign financial institution)	Japanese	8	4.2	12	7.1	4	56.1
	Foreign	27	15.2	28	16.0	1	4.1
Corporate (Others)	Japanese	57	32.0	53	29.9	-4	-7.9
	Foreign	57	31.5	50	28.6	-7	-11.8
Individual	Japanese	24	13.4	26	14.6	2	7.0
	Foreign	6	3.6	7	3.8	1	9.9
Total		180	100.0	176	100.0	-4	-2.4

		6th period		7th period		Difference	
		Tenants (No. of tenants)	Ratio (%)	Tenants (No. of tenants)	Ratio (%)	7th-6th (No. of tenants)	Change (%)
Corporate (Foreign financial institution)	Japanese	11	5.6	19	9.3	8	72.7
	Foreign	29	14.9	32	15.7	3	10.3
Corporate (Others)	Japanese	61	31.3	58	28.4	-3	-4.9
	Foreign	54	27.7	51	25.0	-3	-5.6
Individual	Japanese	31	15.9	34	16.7	3	9.7
	Foreign	9	4.6	10	4.9	1	11.1
Total		195	100.0	204	100.0	9	4.6

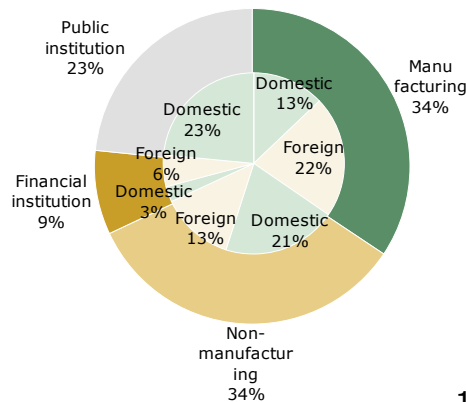
(Note) This table excludes Roppongi View Tower which is leased to the Urban Renaissance Agency

-In the office market, a cost reduction trend has been observed, especially among foreign affiliated companies
-In residential, we succeeded in boosting Japanese citizens' demand for switching residential properties

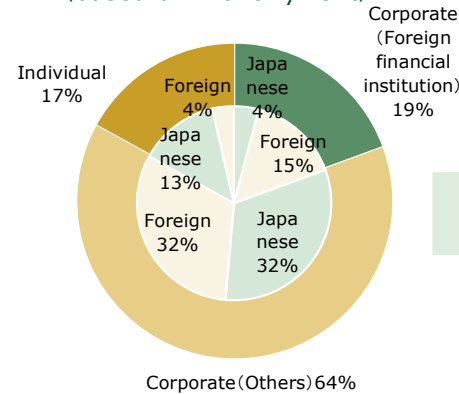
Breakdown of office tenants for the 6th period (based on monthly rent)



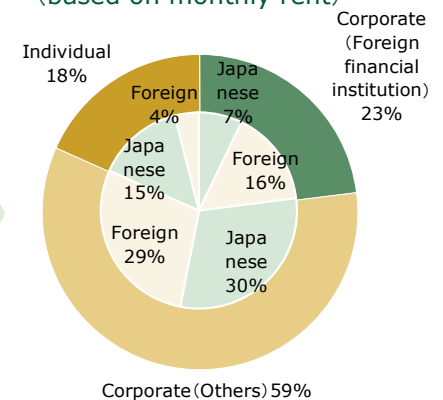
Breakdown of office tenants for the 7th period (based on monthly rent)



Breakdown of residential tenants for the 6th period (based on monthly rent)



Breakdown of residential tenants for the 7th period (based on monthly rent)



4-1 Financial strategy

Financial management in the 7th period

Equity Financing during 7th period

Aug. 2009	Term	Loan amount (100mn yen)	Spread	Expected borrowing date	Expected maturity date	Remarks
Short-term debt (Note)	1 yr	5,500	100bp	Aug. 31, 2009	Aug. 31, 2010	Unsecured, non-guaranteed
Long-term debt The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3 yr	1,500	140bp	Aug. 31, 2009	Aug. 31, 2012	
Total		7,000				

Nov. 2009	Term	Loan amount (100mn yen)	Spread	Expected borrowing date	Expected maturity date	Remarks
Short-term debt	4 months	2,940	100bp	Nov. 30, 2009	Mar. 27, 2010	Unsecured, non-guaranteed
Long-term debt The Bank of Fukuoka, Ltd.	2 yr	2,000	120bp	Nov. 30, 2009	Nov. 30, 2011	
Long-term debt The Norinchukin Bank	2 yr	3,000	120bp	Nov. 30, 2009	Nov. 30, 2011	
Long-term debt	2.5 yr	8,000	130bp	Nov. 30, 2009	May. 31, 2012	
Long-term debt	3 yr	9,500	140bp	Nov. 30, 2009	Nov. 30, 2012	
Long-term debt Development Bank of Jpn Inc.	4 yr	2,500 (Note)	160bp	Nov. 30, 2009	Nov. 29, 2013	
Total		27,940				

(Note) Repayment of JPY50mn to each bank every 6 months. Scheduled repayment of JPY1,750mn on each repayment day

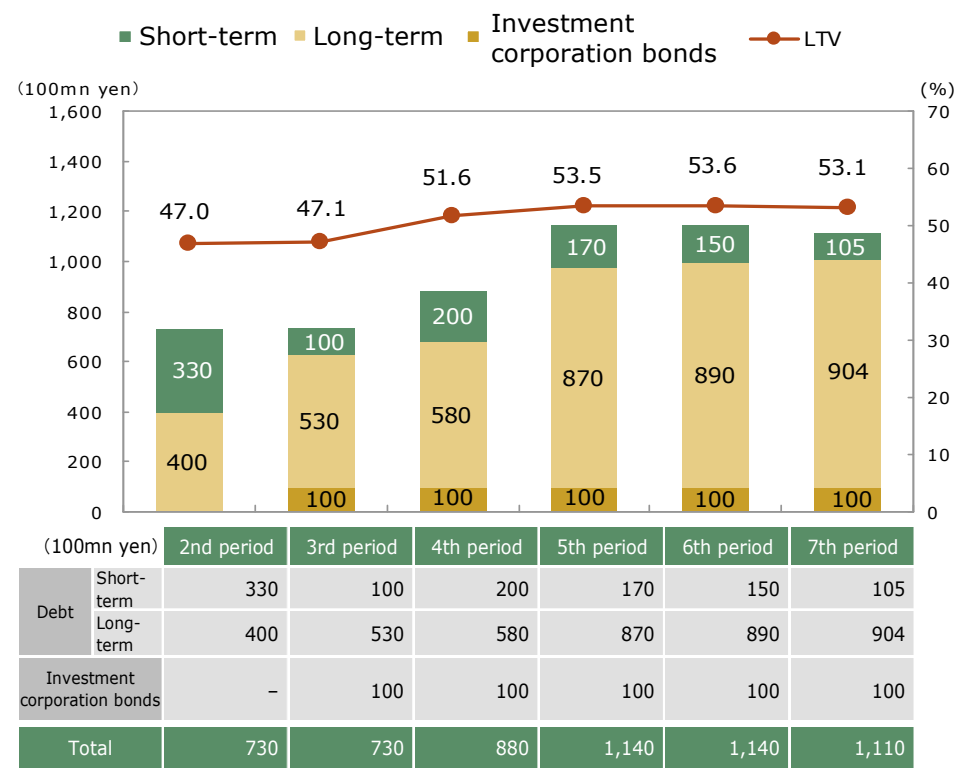
Jan. 2010 Made prepayment of short-term debt (JPY 2,940 mn, borrowing date November 30, 2009) on January 29, 2010

Outstanding Balances

(Amount: mn yen)

	End of 6th period	End of 7th period	Difference
Mizuho Corporate Bank, Ltd.	17,382	16,760	▲ 622
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,382	16,760	▲ 622
Mitsubishi UFJ Trust and Banking Corporation	17,382	16,760	▲ 622
The Sumitomo Trust and Banking Co., Ltd.	15,107	14,570	▲ 537
Sumitomo Mitsui Banking Corporation	15,097	14,560	▲ 537
The Norinchukin Bank	8,000	5,000	▲ 3,000
Development Bank of Japan Inc.	2,000	4,450	2,450
Aozora Bank, Ltd.	4,000	4,000	0
Shinsei Bank, Limited	5,150	3,650	▲ 1,500
Resona Bank, Ltd.	2,500	2,500	0
The Bank of Fukuoka, Ltd.	-	2,000	2,000
Total	104,000	101,010	▲ 2,990

Aiming for stable financing strength



Ratings

Moody's Investors Service, Inc.
Issuer rating Baa1 (Note)

Japan Credit Rating Agency, Ltd. (JCR)

Senior long-term credit rating AA-

(Note) Moody's downgraded MHR rating from A3 to Baa1 on April 21, 2009

4-2 Financial strategy

Flexible, conservative approach

Overview of refinancing Aug. 2009

Used JPY 2,050mn of the surplus from funds procured from capital increase for repaying borrowings

Term	Lender	Lender Loan balance	Spread	Expected borrowing date	Expected maturity date
1 yr	Mizuho Corporate Bank, Ltd.	3,010	100bp	Mar. 29, 2010	Mar. 29, 2011
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Banking Corporation				
	The Sumitomo Trust and Banking Co., Ltd.				

Outstanding Balances

(Amount: mn yen)

	End of 7th period	Repayment amount	End of Mar. 2010	
Mizuho Corporate Bank, Ltd.	16,760	16.6%	466	16,294 16.5%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,760	16.6%	466	16,294 16.5%
Mitsubishi UFJ Trust and Banking Corporation	16,760	16.6%	466	16,294 16.5%
Sumitomo Mitsui Banking Corporation	14,560	14.4%	257	14,303 14.5%
The Sumitomo Trust and Banking Co., Ltd.	14,570	14.4%	395	14,175 14.3%
The Norinchukin Bank	5,000	5.0%	0	5,000 5.1%
Development Bank of Japan Inc.	4,450	4.4%	50 (Note)	4,400 4.4%
Aozora Bank, Ltd.	4,000	4.0%	0	4,000 4.0%
Shinsei Bank, Limited	3,650	3.6%	0	3,650 3.7%
Resona Bank, Ltd.	2,500	2.5%	0	2,500 2.5%
The Bank of Fukuoka, Ltd.	2,000	2.0%	0	2,000 2.0%
Total	101,010	100.0%	2,100	98,910 100.0%

(Note) Indicates principal repayment amount during period

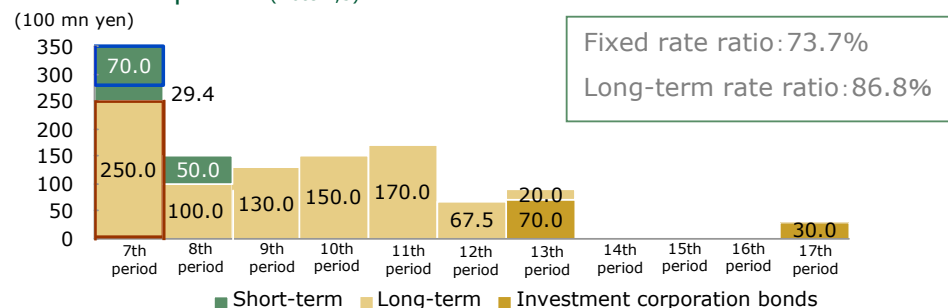
Key financial indicators

(Amount: mn yen)

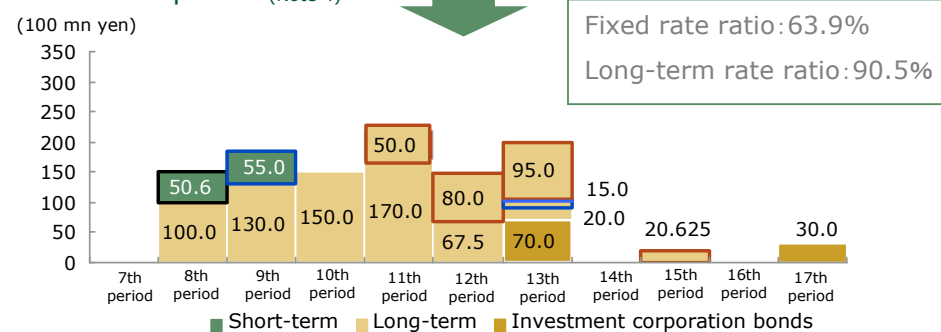
	End of 6th period Jul. 31, 2009	End of 7th period Jan. 31, 2010	After refinancing (Mar. 2010)
Debt balance	114,000	111,010	108,910
Sort-term debt	15,000	10,560	8,510
Long-term debt	89,000	90,450	90,400
Investment corporation bonds	10,000	10,000	10,000
LTV	53.6%	53.1%	49.4% (Note)
DSCR	4.3x	3.7x	-
Avg. remaining duration	1.45 yr	1.68 yr	-
Weighted avg. interest rate	1.50%	1.60%	-

(Note) Figures stated under "After refinancing (Mar. 2010)" are results of pro forma calculation based on the above overview including primary offering.

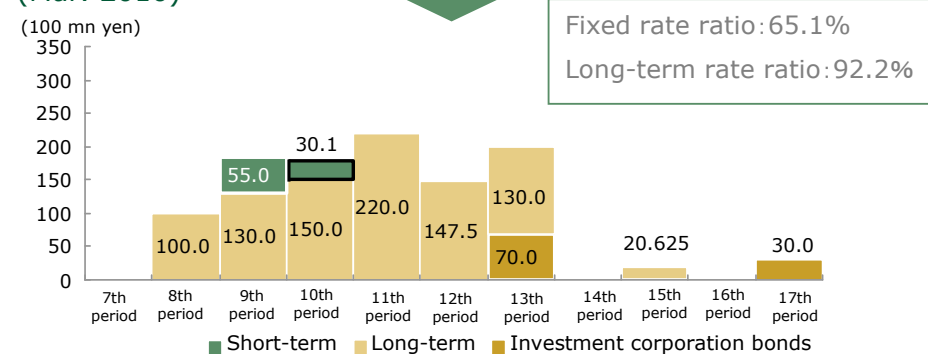
End of 6th period (Note 2,3)



End of 7th period (Note 4)



After refinancing (Mar. 2010)



(Note 1) Excluding a portion of a previously agreed repayment of long-term loans payable during period

(Note 2) indicate diversification of maturity for the JPY7bn refinanced in August 2009.

(Note 3) indicate diversification of maturity for the JPY25bn refinanced in November 2009.

(Note 4) indicate diversification of maturity for the JPY3.01bn refinanced in March 2010.

5-1 Investor relations

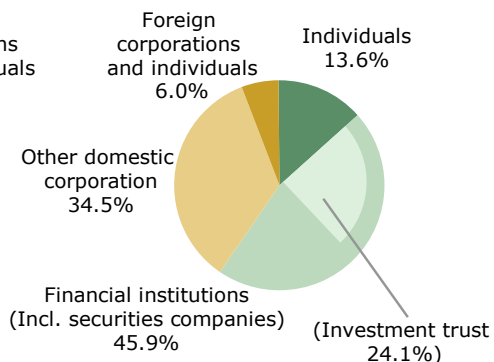
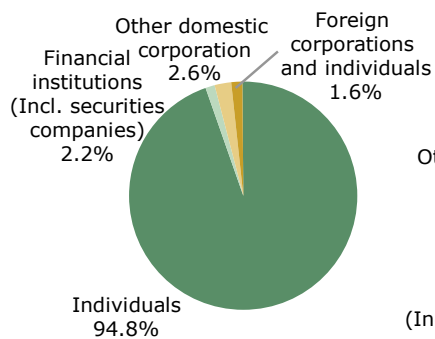
Unitholder breakdown (As of Jan. 31, 2010)

Number of unitholders

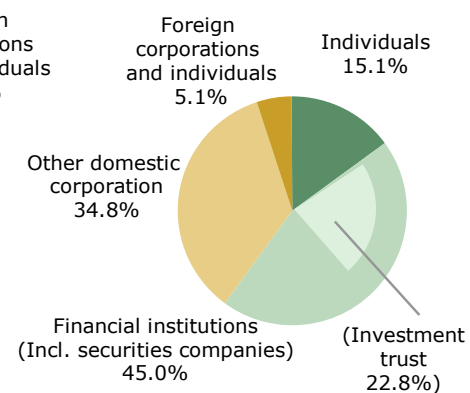
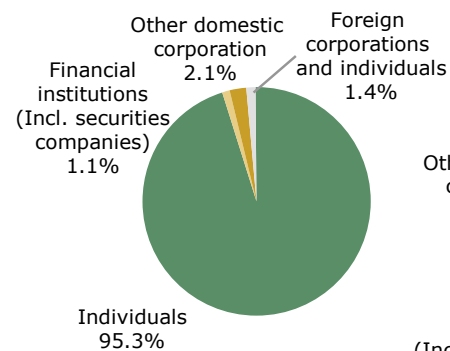
Number of investment units

Unitholder ownership categories

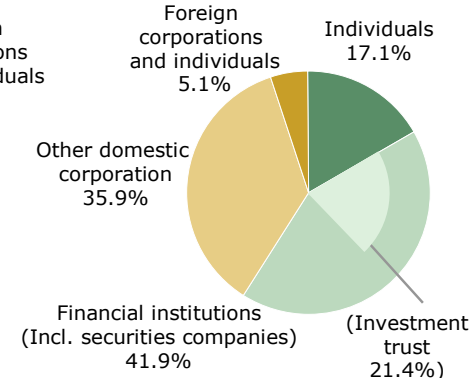
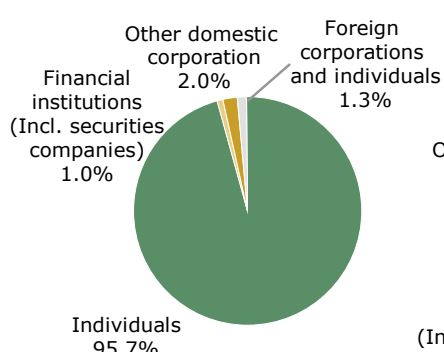
5th period



6th period



7th period



Type of unitholder	Unitholders		Investment units	
	# of unitholder	(%)	# of units	(%)
Individuals	7,942	95.7	27,185	17.1
Financial Institutions (Incl. securities companies)	87	1.0	66,737	41.9
Other domestic corporation	169	2.0	57,139	35.9
Foreign corporations and individuals	105	1.3	8,139	5.1
Total	8,303	100.0	159,200	100.0

Top 10 unitholders

Rank	Name	# of units held	(%)
1	Mori Building Co., Ltd.	48,918	30.7
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	12,825	8.1
3	The Fuji Fire and Marine Insurance Co., Ltd.	10,450	6.6
4	Japan Trustee Service Bank (Trust account)	10,051	6.3
5	The Nomura Trust & Banking (Trust account)	5,203	3.3
6	The Master Trust Bank of Japan, Ltd. (Trust account)	4,088	2.6
7	Shikoku Railway Company	3,324	2.1
8	The Norinchukin Bank	3,000	1.9
9	Trust & Custody Service Bank of Japan, Ltd. (Securities Investment Trust unit)	2,870	1.8
10	Trust & Custody Service Bank of Japan, Ltd. (Securities Investment Trust unit)	2,479	1.6
Top 10 unitholders total		103,208	64.8

5-2 Investor relations

Varied approaches to access diversified investor base

Strengthening of individual IR



←November 15, 2009
Participated in a retail investors' seminar hosted by a securities company



Website renewal

Sep 14, 2009 More user-friendly, Japanese website launched. First-major renewal since listing



Implementation of 3rd General Meeting of Unitholders

MHR held its 3rd General Meeting of Unitholders on October 9, 2009



↑ Over 80 unitholders attended the briefing session on management highlights held after the general meeting of unitholders

Implementation of investor survey

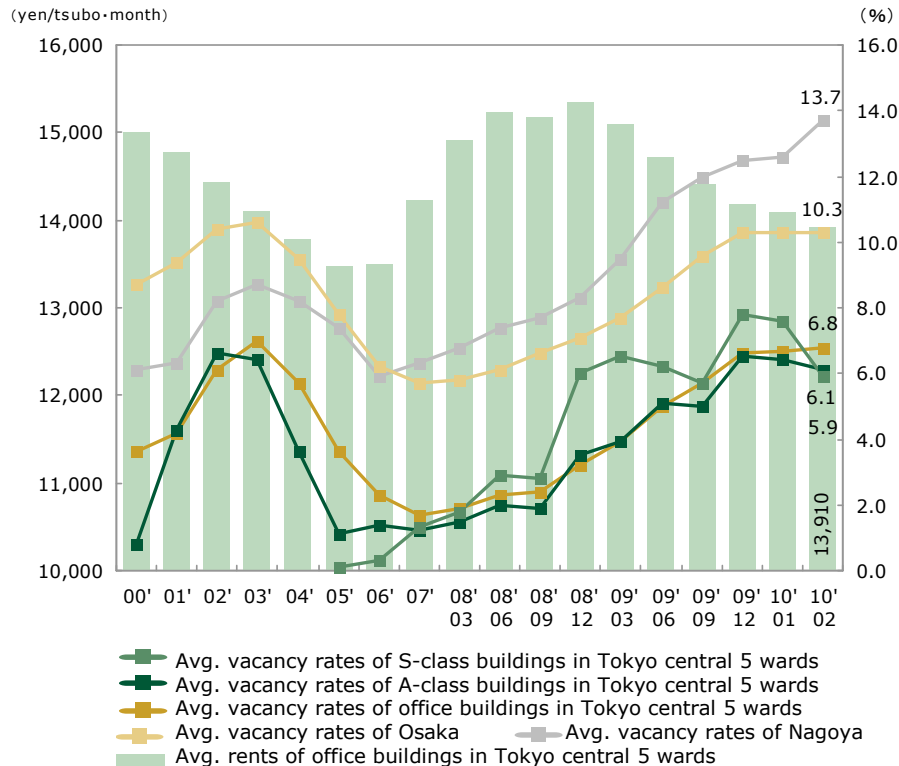
Investor survey enclosed in the Asset Management Report for the 6th Period to collect the opinion of MHR unitholders for improved IR going forward

Object	7,580 unitholders of 6th period (as of Jul. 31, 2009)
Method	Questionnaire with postcard
No. of returns	854
Ratio of returns	11.3%



6-1 Investment environment Rental office market

Change in the rents and vacancy rates of rental office buildings

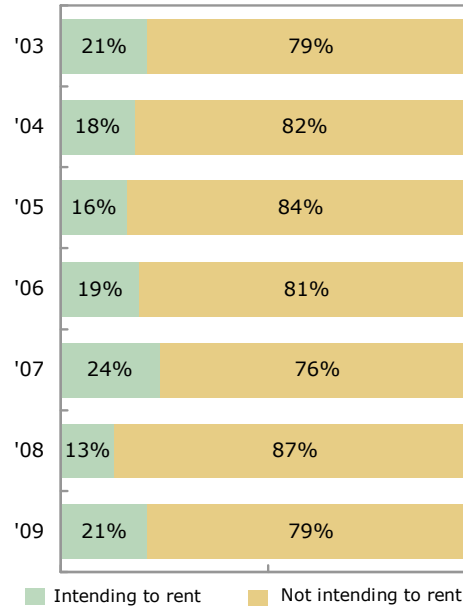


(Source) Created by the asset manager based on the "OFFICE MARKET REPORT" of CB Richard Ellis
 (Note 1) Offered rents do not include common service fee
 (Note 2) Annual rent covers rents from Jan-Dec, and Occupancy rate is as of end of Dec in each year

- Average vacancy rates of Class S and Class A buildings in the central five wards of Tokyo continue to decline ahead of others
- Outlook for 2010 is that rents will continue to be adjusted

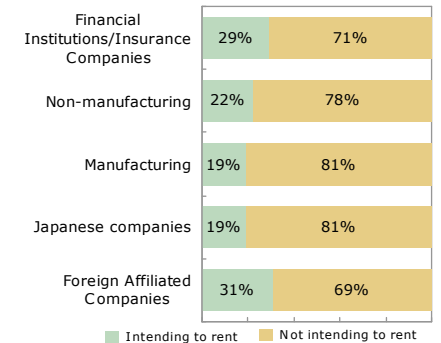
Office Needs Survey for the 23 Wards of Tokyo

Plans to Rent New Property

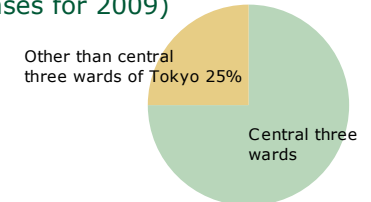


Breakdown by Industry

(Responses for 2009)



Target Areas for Renting New Property (Responses for 2009)

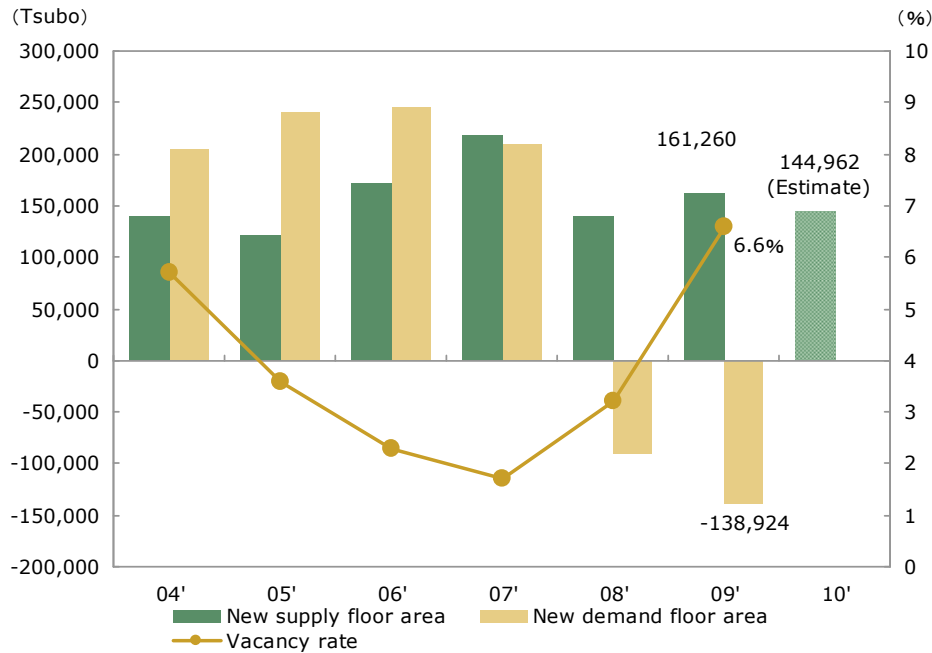


(Source) Mori Building Co., Ltd.'s "2009 Office Needs Survey for the 23 Wards of Tokyo" released on March 2010
 (Note) Survey period was from the middle of November 2009 to the middle of December 2009 and the main target of the survey (places where questionnaires were sent) was the top 10,000 companies in terms of capital whose headquarters are located in Tokyo's 23 wards. Furthermore, 1,917 companies returned the questionnaires (ratio of return of 19.2%).

- Office demand is recovering centering on the central three wards of Tokyo
 The percentage of companies who responded that they are planning to rent new property recovered to 21% (13% in the 2008 survey)
 75% of the companies who responded that they are planning to rent new property are targeting the central three wards of Tokyo
- Office needs from foreign affiliated companies, financial institutions and insurance companies are strong
 The percentage of foreign affiliated companies who responded that they are planning to rent new property rose to 31%
 The percentage of financial institutions and insurance companies who responded that they are planning to rent new property rose to 29%

Based on "2009 Office Needs Survey for the 23 Wards of Tokyo"

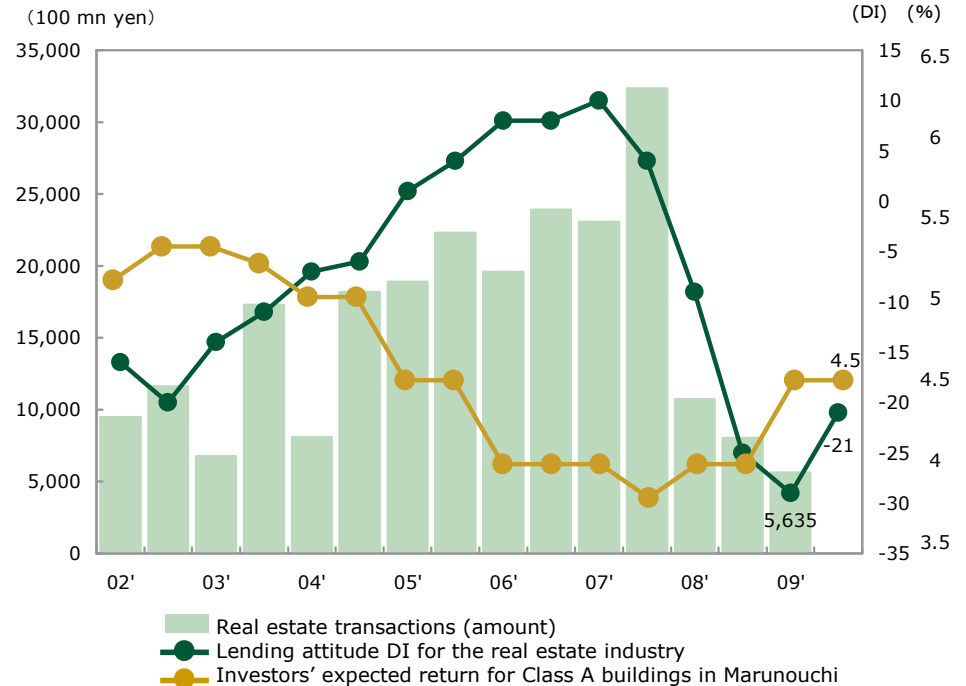
Changes in Office Demand and Supply Balance in Major 5 Wards of Tokyo



(Source) CB Richard Ellis Research Institute's "Japan Office MarketView: The Outlook of the Office Market in 2010" released on February 2010
 (Note 1) "Major Five Wards of Tokyo" refers to Chiyoda ward, Chuo ward, Minato ward, Shinjuku ward and Shibuya wards
 (Note 2) "New supply floor area" is the sum of total rentable floor area in rental office buildings that were completed between January and December of the respective year.
 (Note 3) For "New demand floor area," first the floor area (which is total rentable floor area multiplied by the occupancy rate of the respective year) is calculated. That floor area's difference from the previous year is then shown as new demand floor area.
 (Note 4) "Vacancy rate" is as of December of the respective year.

- Demand for Class A buildings is growing more than in 2008, partly because rents were further adjusted during the second half of 2009 with the shift to tenant relocations
 - As demand for high-quality buildings such as Class A buildings recovers, a full-fledged recovery of demand is thought to be approaching, raising expectations for a further flow of demand
 - New supply of floor area in 2010 is projected to be lower than 2009
- Based on "Japan Office MarketView: The Outlook of the Office Market in 2010"

Real Estate Transactions, Lending Attitude DI, and Investors' Expected Returns

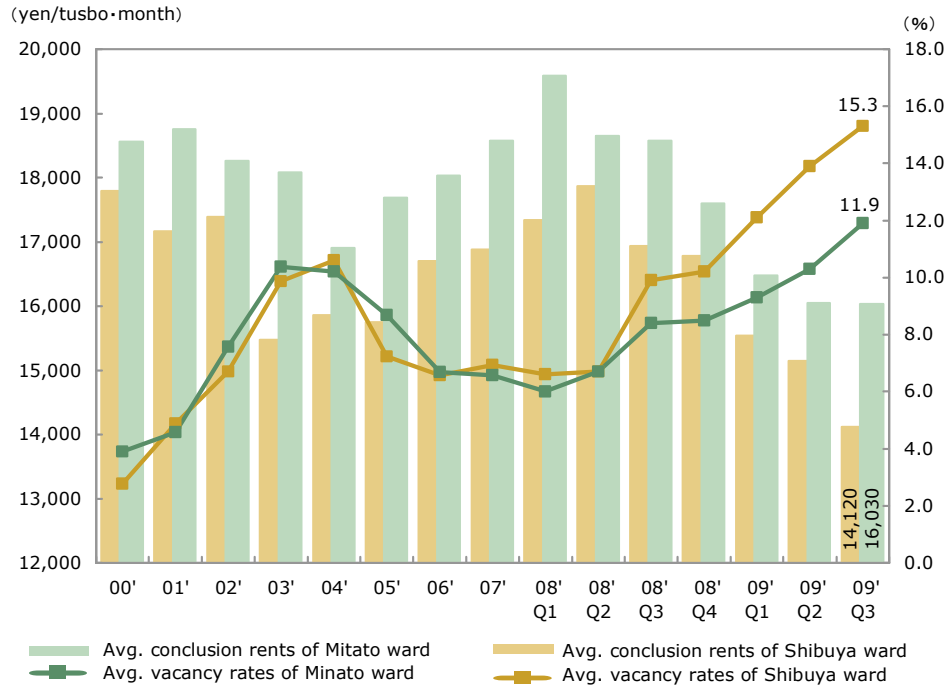


(Source) The asset manager created the "Real estate transactions (amount)" based on Urban Research Institute's "Actual Condition Survey on Real Estate Transactions," the "Lending attitude DI for the real estate industry" based on Bank of Japan's "TANKAN" and the "Investors' expected return for Class A buildings in Marunouchi" based on Japan Real Estate Institute's "The Japanese Real Estate Investor Survey."
 (Note) "Class A buildings" in "The Japanese Real Estate Investor Survey" refers to buildings that are less than 5 years of age, more than 50,000m2 of total floor area and other conditions.

- After peaking out at the second half of 2007, real estate transactions (amount) have continued to decline. However, some indicators are suggesting a period of recovery.
 Financial institutions' "Lending attitude DI for the real estate industry" bottomed out on June 2009 and has since recovered
 "Investors' expected return for Class A buildings in Marunouchi" is unchanged from before
- The real estate transaction market is now in the middle of a transition toward a phase where buyers must be aware of an increase in competitors

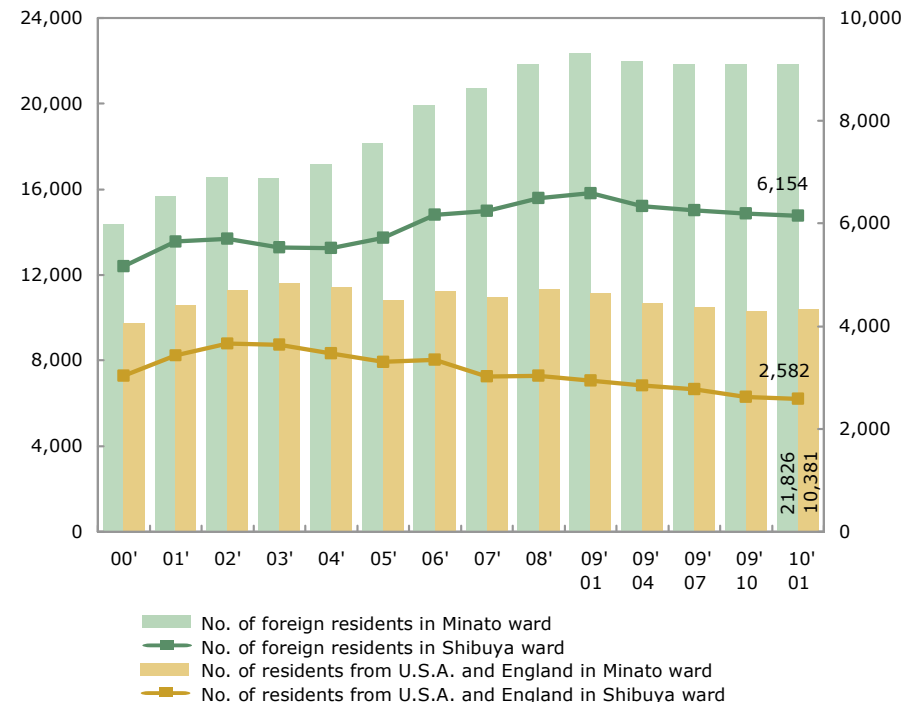
6-3 Investment environment Luxury residential market

Change in the rents and vacancy rates of high-rent housing



(Source) Created by the asset manager based on Ken Real Estate Investment Advisors' "Ken Data Press"
 (Note 1) Includes data on rental housing with monthly rent of more than JPY300,000 or housing with more than 30 tsubo exclusively owned area
 (Note 2) Annual rent covers rents from Jan. Dec, and occupancy rate is annual average

Change in number foreign residents



(Source) Created by asset manager based on the material prepared by Tokyo Municipal Government
 (Note) Figures indicate the number of registered foreigners as of Jan 1 in each year

• The overall luxury residential market still shows no signs of improvement with the increase of vacancy rates and decrease of unit rents. However, occupancy rates of MHR's residential properties improved for 6 consecutive months during the 7th fiscal period, suggesting that it has bottomed out.

• Compared to when the vacancy rates rose around 2003, the population of foreign residents in Minato ward remains stable.

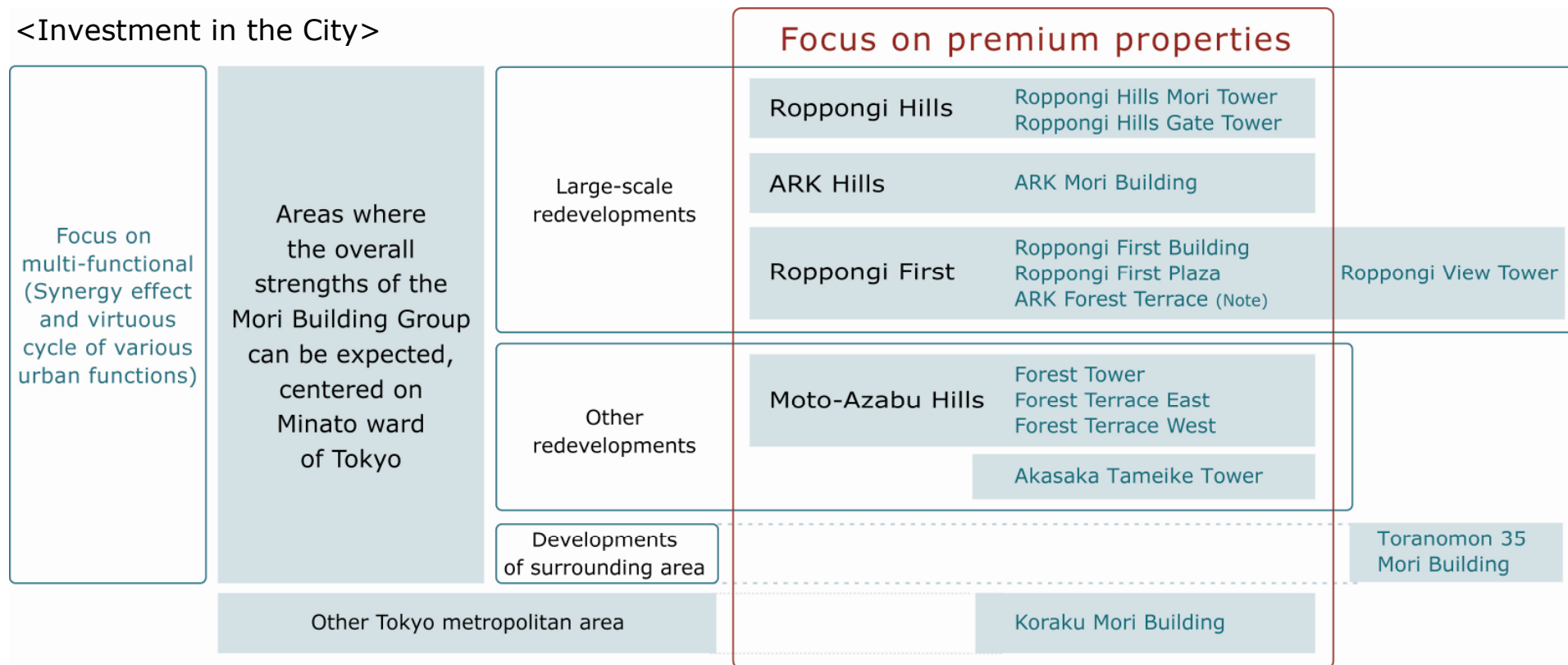
7-1 Operational Policy 1

Investment Strategy and Positioning of MHR's Portfolio based on the Basic Philosophy, "Investment in the City"

Investment with a "Focus on premium properties" and a "Focus on multi-functional"

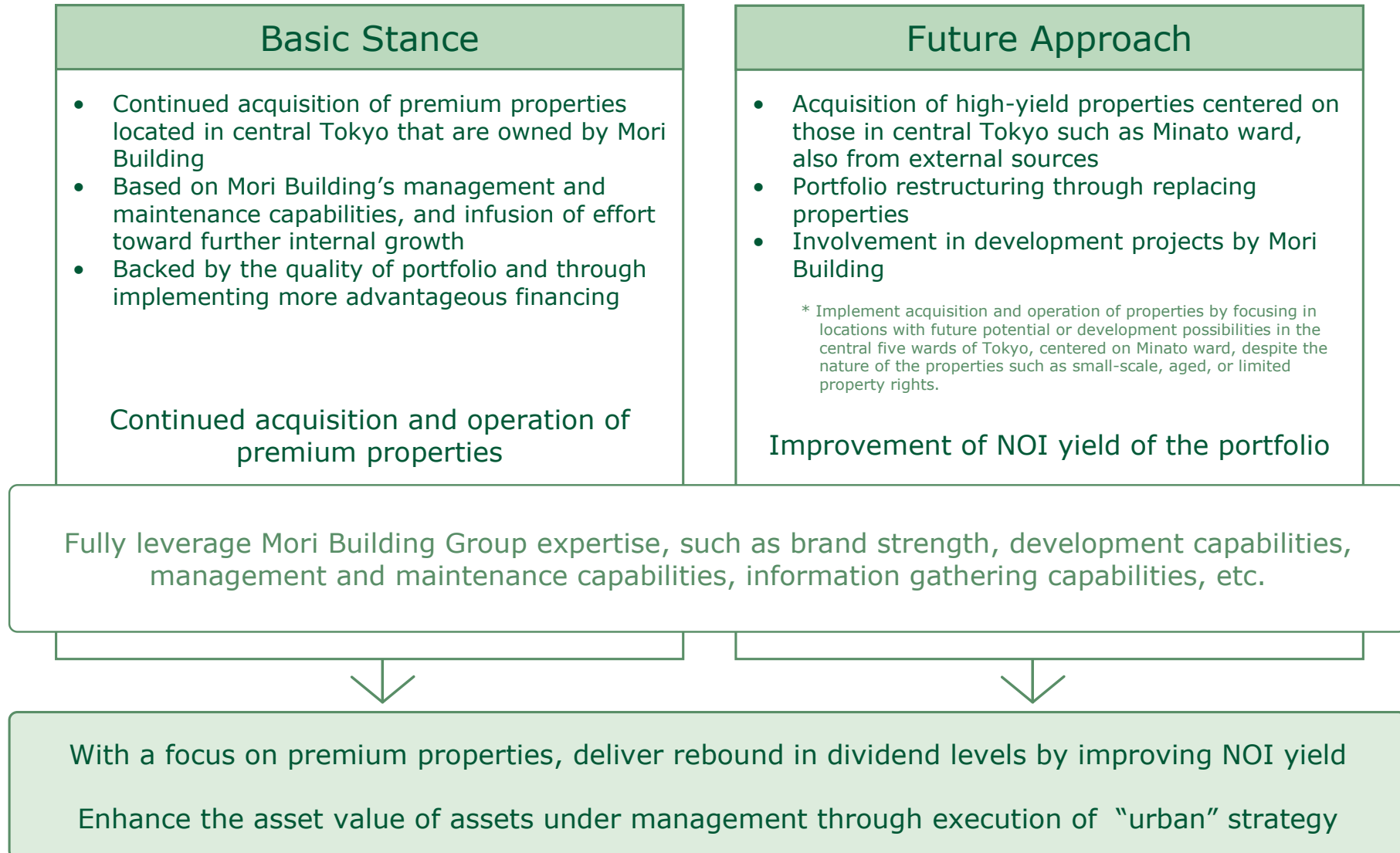
Through maximum use of the overall strengths of the Mori Building Group, which has realized many large-scale redevelopments one after another in central Tokyo, MHR seeks to enhance the profitability and asset value of assets under management.

<Investment in the City>

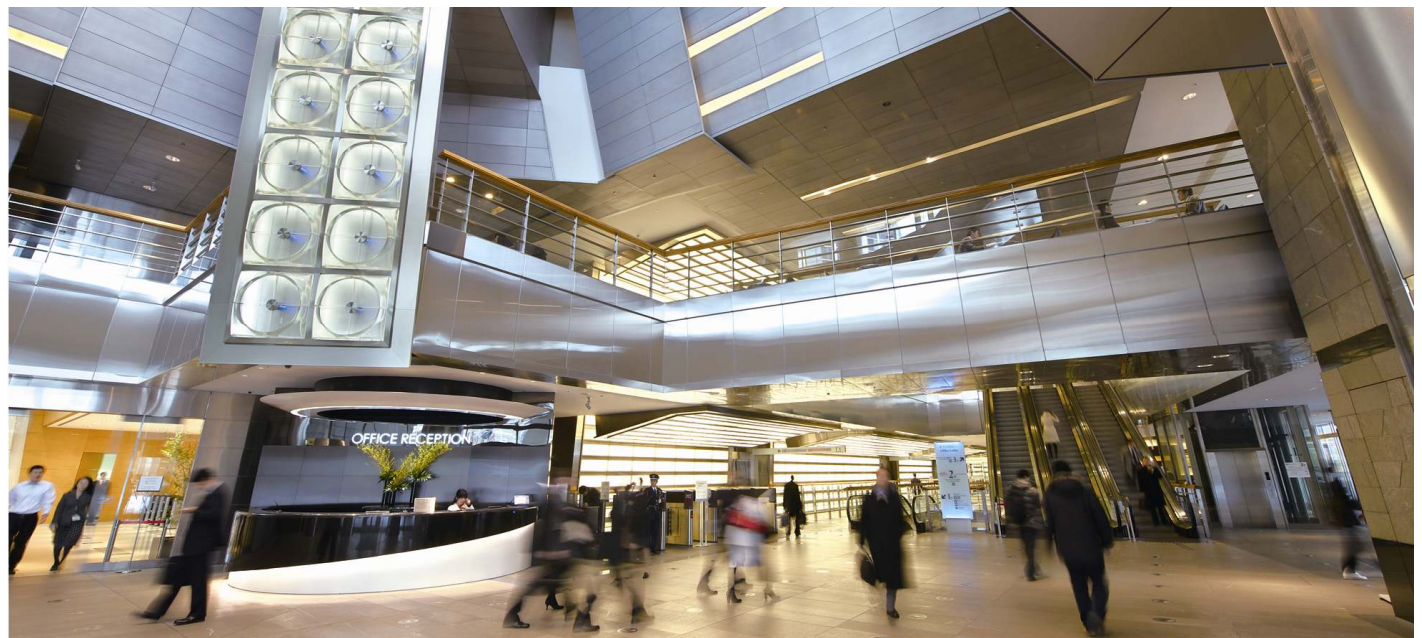


(Note) Site, facility management and maintenance and rights of ARK Forest Terrace are separate from that of Roppongi First Building, etc. However, due to the establishment of sidewalks beside roads and greenery, these buildings environmentally and in terms of scenery form a unified space. Therefore, in the above figure, ARK Forest Terrace has been positioned as part of "Roppongi First."

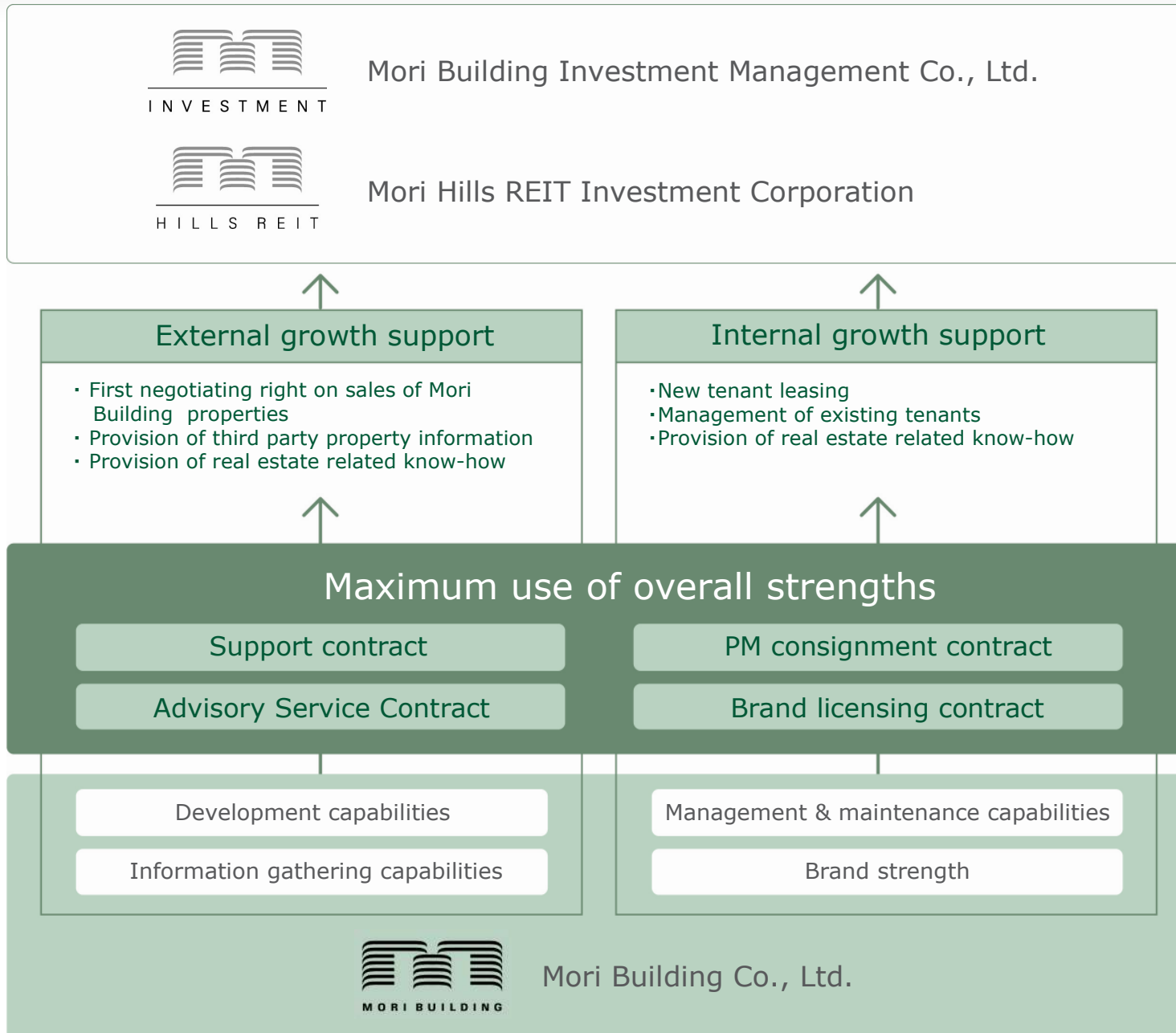
Basic Stance and Future Approach



Appendix



8-1 Collaborative relationship with Mori Building



8-2 Development projects by Mori Building Co., Ltd.



1985-1990

- ◆ **Mar. 1986 Ark Mori Building completed**



1990-1995

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



1995-2000

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

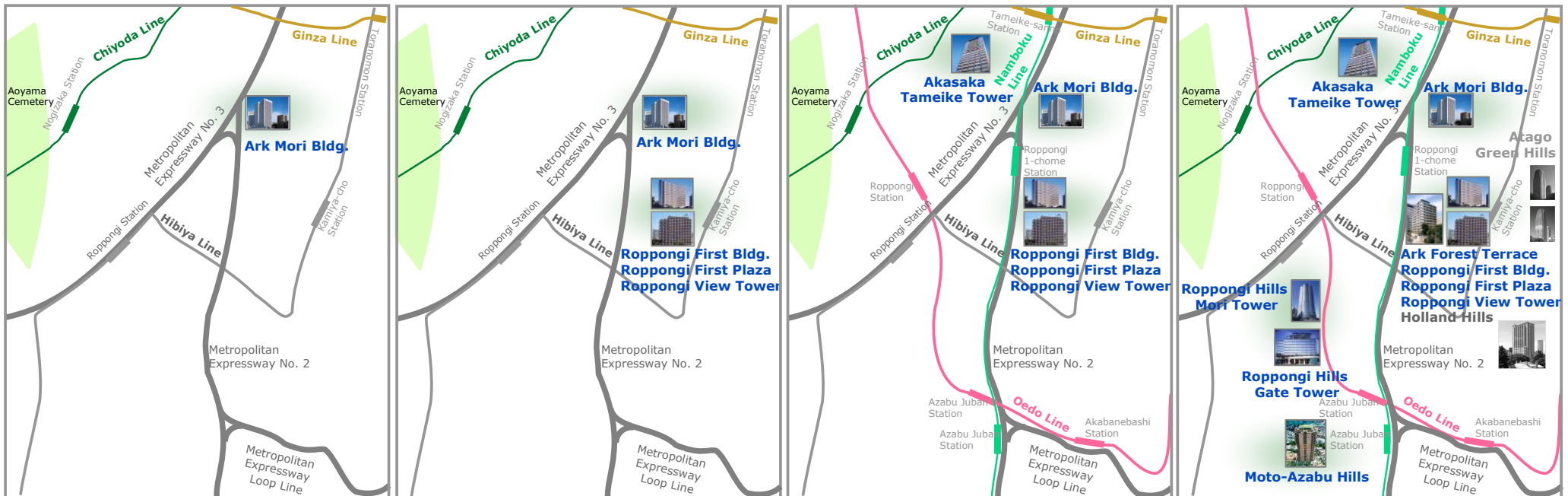


2001-

- ◆ **Jan. 2001 Ark Forest Terrace completed**
- ◆ Jun. 2001 Ark Yagi Hills completed
- ◆ **Jul. 2001 Roppongi Hills Gate Tower completed**
- ◆ Jul. 2001 Atago Green Hills MORI Tower completed
- ◆ Oct. 2001 Atago Green Hills Forest Tower completed
- ◆ **Sep. 2002 Moto-Azabu Hills completed**
- ◆ Nov. 2002 Prudential Tower completed
- ◆ **Apr. 2003 Roppongi Hills Mori Tower opened**
- ◆ Feb. 2005 Holland Hills completed
- ◆ Feb. 2006 Omotesando Hills opened
- ◆ Aug. 2008 Shanghai World Financial Center opened



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



8-3 Development areas: Akasaka/Roppongi, & Toranomom

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



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

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



A Hirakawacho Mori Tower/
Hirakawacho Mori Tower Residence

a) Approx. 5,600m²
 b) Approx. 51,800m²
 c) Office/residential/retail, etc.
 d) Redevelopment association(Note)
 e) Dec. 2009



B Nagatacho Sanno Mori Building

a) Approx. 950m²
 b) Approx. 5,200m²
 c) Office
 d) Mori Building Co., Ltd.
 e) Jan. 2010



C Akasaka 2-chome Plan (Fukuyoshicho)

a) Approx. 2,000m²
 b) Approx. 24,900m²
 c) Residential/retail
 d) Mori Building Co., Ltd.
 e) Jan. 2011 (planned)



D Roppongi 6-chome 3 banchi plan

a) Approx. 1,003m²
 b) Approx. 7,513m²
 c) Office/retail/residential, etc.
 d) Mori Building Co., Ltd.
 e) Mar. 2011(planned)

E Plan to rebuild 21 & 25 Mori Buildings

A plan to rebuild 21 Mori Building and 25 Mori Building into a single skyscraper complex. It is situated 1 minute by foot from Roppongi 1-chome Station on the Tokyo Metro Namboku Line and closely located to ARK Mori Building, which MHR partially owns.



a) Approx. 5,850m²
 b) Approx. 55,000m²
 c) Office/retail
 d) Mori Building Co., Ltd.
 e) Apr. 2011(planned)

F Toranomom Roppongi Redevelopment Project

A redevelopment project for which preparations are underway to becoming the new center of the Toranomom/Roppongi area. Properties owned by MHR, such as Roppongi First, are adjacently located.



a) C-1 Area: 15, 370m²
 C-2 Area: 510 m²
 b) Approx. 143,360m²
 c) Office/retail/residential
 d) Redevelopment association(Note)
 e) 2012 (planned)

G Shinbashi & Toranomom Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project

A redevelopment project expected to function as the main route connecting the Bay Area and central Tokyo, along with being a new business center. In the vicinity is a property owned by MHR.



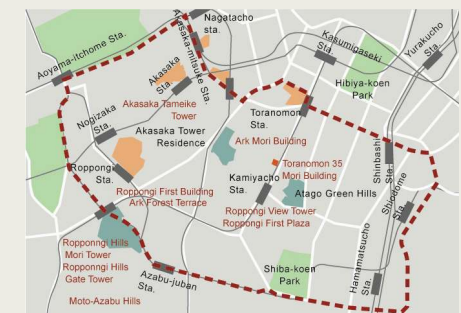
a) Approx. 17,100m² (III urban area)
 b) Approx. 253,000m² (III urban area)
 c) Retail/residential/office, etc.
 d) Tokyo Metropolitan Government
 e) 2014 (planned)

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

(Note) Mori Building serves as the organizer of the association

"Function Enhancement Plan for International Finance Base (plan)" Projected as predecessor development area

- ✓ "Regional Revitalization Headquarters" (Cabinet Office) selected Akasaka-Roppongi for enhancing international competitiveness in view of future implementation in other parts of Tokyo. A plan for focused policy-making was developed
- ✓ Future development is expected in the Akasaka-Roppongi area. The core base area is shown in the figure below



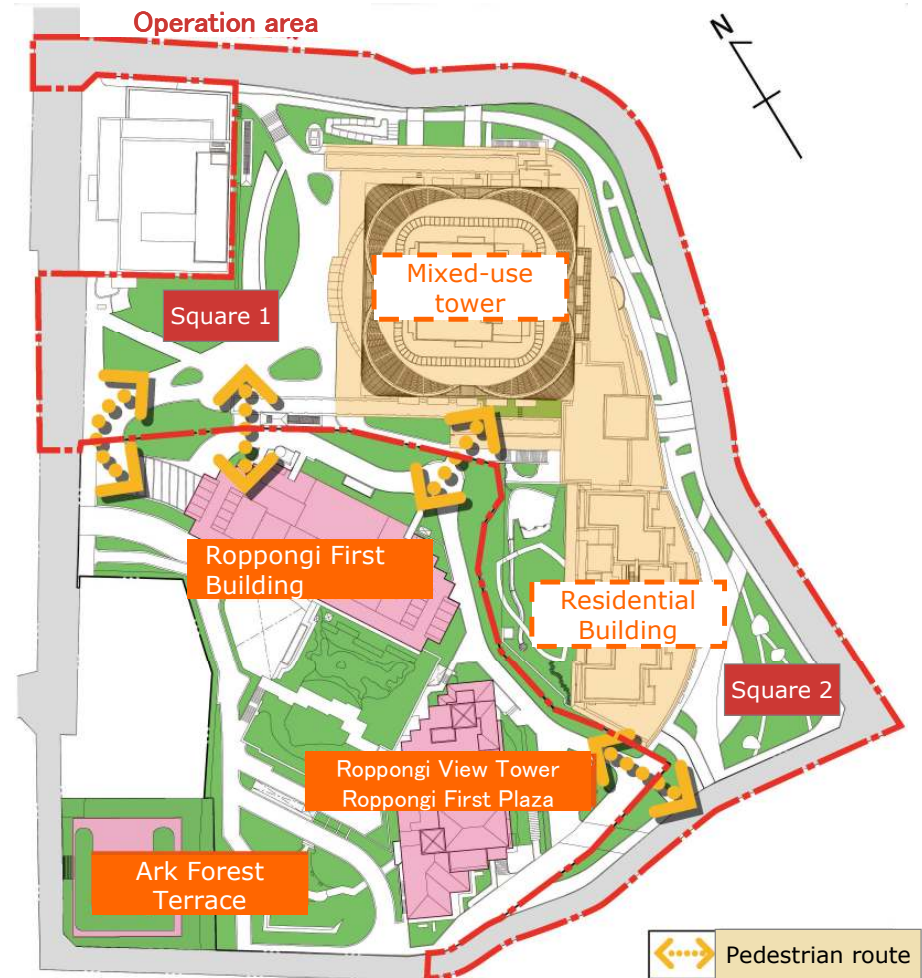
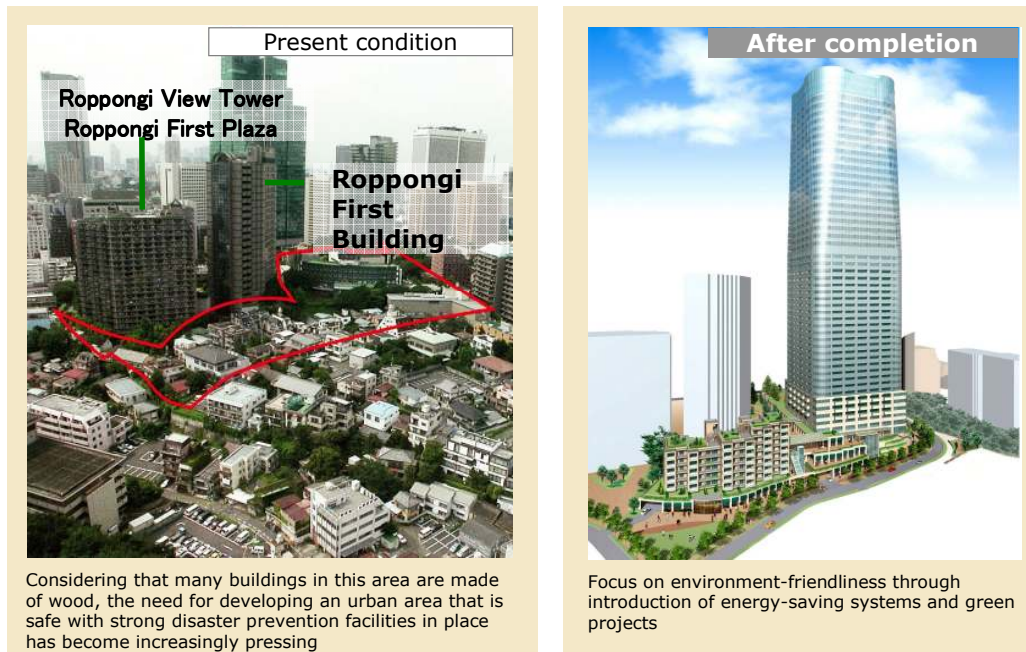
"Shinbashi/Akasaka/Roppongi areas along Ring Road No.2 (590ha)

8-4 Mori Building Group's urban development in Akasaka/Roppongi area

Start of construction for the category 1 urban redevelopment project in Toranomon and Roppongi area

~The whole block including Roppongi First Ark Forest Terrace is scheduled to become a new base in Roppongi/Akasaka area ~

The Rights Conversion Plan was approved in Feb 2009, and preparations for starting construction work are currently ongoing. We expect that the value of our portfolio properties will increase further by becoming an integral part of the new "green city center residential area"



Overview of plan

Operation area	Approx. 2.0ha
Total floor area	Approx.143,400㎡
Floors	(Mixed-use tower)Above ground: 46 / Basement levels: 4 (Residential building)Above ground: 6 / Basement levels: 2
Uses	Office/residential/retail
Construction to be started	Oct. 2009
Planned completion date	Jun. 2012 (Planned)

8-5 Mori Building Group's urban development in Toranomon area

Appointed as a distinct developer for Toranomon District Redevelopment Project

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

Mori Building was appointed as a "prospective distinct developer" in the auction for selecting "distinct developer" for Block 3 (Toranomon Area) of the Loop Line #2 Shinbashi/Toranomon Class 2 Redevelopment Project by Tokyo Municipal Government. Once realized, the project will further increase the value of MHR properties located in the Toranomon area



High rise building (Note2)



Main entrance (image) (Note2)

Key points of the Project

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

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

Concept of the Project

■Environment-friendly

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

■International Business center "Compound facility"

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

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

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



Redeveloped Loop Line #2 (Illustrated) (Note2)

Site area	17,069m ²
Gross floor area	252,993m ²
Number of floors	(Complex wing) 53 floors above the ground and 5 underground floors
Height	247m
Uses	Office, commercial, residential, hotel, conference and parking
Client	Tokyo Metropolitan Government (Mori Building was appointed as a "prospective distinct developer")
Commencement of construction	November 2010 (planned)
Completion of construction	May 2014 (planned)

(Note1) "Distinct developers" are a method for utilizing private sector companies as defined under the "Urban Development Law". After Mori Building's appointment to distinct developer, they will develop the plan and undertake the construction of the "Specified building facility" based on our business plan and acquire remaining floor area portions of the facility.

(Note2) Illustrations are those included in the proposal material created by Mori Building

City creation by Mori Building Group

The Mori Building Group coordinates branding and promotional activities of the city as a whole in addition to the general operation and management of facilities.



“Roppongi Hills Arena”

Roppongi Hills Arena is an urban-style outdoor entertainment space. This partially roofed open space can host diverse events including live concerts on the circular stage and other performances that use the entire plaza. In the summer, the “Roppongi Hills Bon Festival Dance” is held as an annual event.



“Keyaki-zaka Complex Rooftop Garden”

At the rice fields of Keyaki-zaka Complex Rooftop Garden, events are held regularly to provide the experience of traditional Japanese rice culture. This garden is generally not open to the public, but is specially provided for use as a community location for Roppongi Hills.

Town management at “Ark Hills” owned by MHR



“Suntory Hall”

Suntory Hall contributes to creating a city with leisure of space and time, where people can enjoy, cultivate and communicate culture in a fascinating atmosphere.



“Cherry Blossom Festival”

150 Someiyoshino cherry blossom trees line three sides of the premise (Sakura-zaka to Spanish slope) stretching as far as 700 meters to decorate the metropolis in the spring.



“Rose Festival”

At the Rose festival, many different events relating to roses are held, including the “Rose Market” which gathers 200 kinds of roses, workshops that teach enthusiasts how to grow roses, and live string instrument concerts.



Hills Marche

Mori Building was selected to be an operator of impromptu farm stands called “Marche (food market)” which is part of the “Marche Japon Project” initiated by the Ministry of Agriculture, Forestry and Fisheries of Japan with services launched on Sep 26, 2009.

8-7 Environmental undertakings of the Mori Building Group

Highly valued environmental undertakings

Based on the concept “Vertical Garden City”, the Mori Building Group advocates “Environment and Greenery” as one of the missions in city creation and has committed to the formation of a green environment, which contributes to alleviating the environmental challenges of the metropolis.

“Ark Hills” ~Lush natural environment nurtured in the city~



“Ark Hills” --- the Vertical Garden City

A mature lush environment is formed by continuous maintenance and management efforts. At the “Ark Garden”, environmental approaches are taken to create a place for wild birds, such as introducing fruit trees and placing birdhouses



Cherry blossom trees lining Ark Hills

A line of 150 Someiyoshino cherry blossom trees stretches 700 meters around Ark Hills, creating a site known for its blooming beauty that attracts about 100,000 visitors every year

Cool Earth Day 2009 CO₂ Reduction/Light-down Campaign

This year again, MHR has participated in the “CO₂ reduction/Light-down Campaign” aimed to prevent global warming. MHR has participated in the nationwide lights out campaign on June 21, 2009 called “Black Illumination 2009”, and on Jul 7, 2009 called “Tanabata Star Festival Light-down”, putting lights out for 2 hours from 8pm to 10pm at facilities that are usually lit up and at individual residences

Participating properties

- Roppongi Hills Mori Tower
- ARK Mori Building
- Roppongi Hills Gate Tower
- Roppongi First Building
- Koraku Mori Building
- Moto-Azabu Hills
- ARK Forest Terrace



Tokyo Tower



Alleviating the heat island phenomenon with “Dry Mist”

“Dry Mist”, an energy-saving cooling system for cooling outdoor air, is operated at Roppongi Hills to improve the comfort of visitors and promote energy conservation



Residents’ community “Hills Gardening Club”

“Hills Gardening Club” contributes to the vitalization of the area through events using greenery and provides a place for the local community to touch and enjoy green life

8-8 Addressing safety - a town to flee into (Countermeasures against earthquake disaster)

Comprehensive earthquake disaster drill (at Roppongi Hills on September 1, 2009)

Preparatory training for earthquakes focus on the safety of tenants and occupants of the properties managed by the Mori Building Group including Mori Hills Reit, and the local residents as well as on the early recovery of building functions after a disaster.



Smoke drill



Experiencing the quake



First aid in emergency

Training items

- | | |
|------------------------------|---|
| Operation of emergency wells | Cardiopulmonary resuscitation using AED |
| First aid | Rope training |
| Rescue | Preparation of meals outdoors |
| Emergency transportation | Experiencing the quake |
| Smoke drill | |

Other countermeasures against earthquakes



Water well



Storage warehouse



Power generator for emergency purposes

Hills Urban Training Project: MHR hosted a tour for exploration of Roppongi Hills' safety measures for "Parent's and children's training to prepare for disaster"

They arranged a tour for children to experience and learn about disaster prevention as our missions for urban development includes "safety and security". We have hosted a learning-through-experiencing event for elementary school children to provide an opportunity for learning how to be prepared for an earthquake and to consider required measures where Roppongi Hills is positioned as their "Refugee Town"

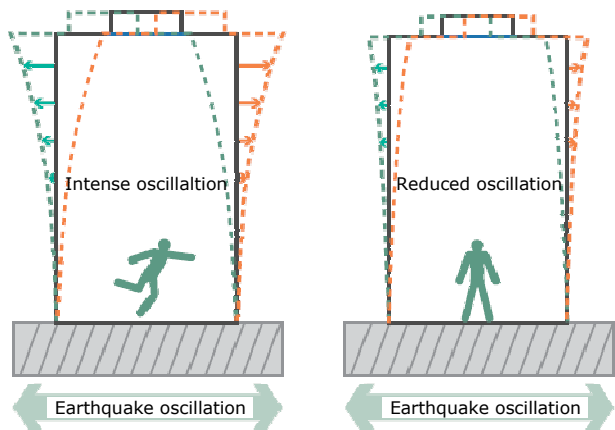


8-9 Addressing safety (Countermeasures against earthquake disaster)

Earthquake-resistant features

Seismic damping

Minimize the level of oscillation



Viscous seismic damping wall

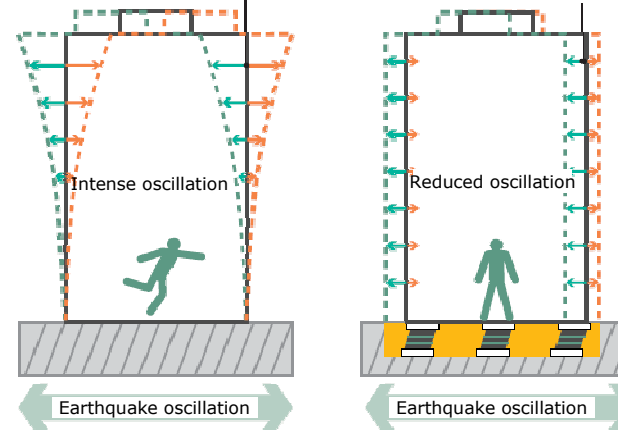
MHR properties using this feature

- Roppongi Hills Mori Tower
- Roppongi Hills Gate Tower
- Koraku Mori Building
- Akasaka Tameike Tower

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

Seismic isolators

Oscillate slowly and horizontally



Seismic isolators

MHR properties using this feature

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

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

Support originated with building automation

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

Control of BA system

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

8-10 Financial highlights

Indices	Previous period (6th period: Feb. 1, 2009–Jul. 31, 2009)	Current period (7th period: Aug. 1, 2009–Jan. 31, 2010)	
Net income	2,026 mn yen	1,728 mn yen	
FFO	2,766 mn yen	2,445 mn yen	Net profit + Depreciation & Amortization
Depreciation & amortization	740 mn yen	716 mn yen	
CAPEX	75 mn yen	106 mn yen	
Total assets	212,860 mn yen	208,893 mn yen	
Interest-bearing debt	114,000 mn yen	111,010 mn yen	
Net asset value	89,383 mn yen	89,081 mn yen	
Dividend	2,025mn yen	1,728 mn yen	
Total units outstanding	159,200 units	159,200 units	
Book value per unit	561,451 yen	559,560 yen	Net asset value at end of period/ Total units outstanding
Dividend per unit	12,726 yen	10,857 yen	
FFO per unit	17,378 yen	15,359 yen	FFO/Weighted average number of investment units for the period
ROA	0.95%	0.82%	Ordinary profit/Average of total assets during the period
Annualized	1.92%	1.63%	
ROE	2.26%	1.94%	Net profit/Average of NAV during the period
Annualized	4.57%	3.84%	
LTV	53.56%	53.14%	LTV=Interest-bearing debt/Total assets
Dividend yield (annualized)	7.29%	8.13%	Dividend per unit/Unit price
Number of operating days in the period	181 days	184 days	
PER (annualized)	13.7x	12.3x	Unit price/Net profit per unit
PBR	0.6x	0.5x	Unit price/Book value per unit

(Note) Calculated as 6th period figures/181 days x 365 days and 7th period figures/181 days x 365 days.

8-11 Balance sheet

	Previous period (6th period) Jul. 31, 2009	Current period (7th period) Jan. 31, 2010
	Amount (Yen thousand)	Amount (Yen thousand)
Assets		
Current assets	12,744,969	9,169,664
Cash and deposits	7,321,675	2,028,490
Cash and deposits in trust	5,061,722	6,642,068
Other	361,571	499,105
Noncurrent assets	200,060,595	199,679,279
Property, plant and equipment	181,474,821	180,865,434
Intangible assets	18,414,561	18,416,019
Investment and other assets	171,212	397,825
Deferred assets	54,817	44,575
Total assets	212,860,382	208,893,519

	Previous period (6th period) Jul. 31, 2009	Current period (7th period) Jan. 31, 2010
	Amount (Yen thousand)	Amount (Yen thousand)
Liabilities		
Current liabilities	51,653,243	35,349,830
Operating accounts payable	270,689	228,509
Short-term loans payable	15,000,000	10,560,000
Current portion of long-term loans payable	35,100,000	23,225,000
Other	1,282,554	1,336,321
Noncurrent liabilities	71,824,012	84,461,713
Investment corporation bond	10,000,000	10,000,000
Long-term loans payable	53,900,000	67,225,000
Tenant leasehold and security deposit in trust	7,900,409	7,207,088
Derivatives liabilities	23,603	29,624
Total liabilities	123,477,256	119,811,543
Unitholders' equity		
Unitholders' capital	87,371,418	87,371,418
Unappropriated retained earnings (undisposed loss)	2,026,027	1,728,530
Deferred gains or losses on hedges	▲ 14,320	▲ 17,973
Total net assets	89,383,126	89,081,975
Total liabilities and net assets	212,860,382	208,893,519

8-12 Income statement

	Previous period (6th period: Feb. 1, 2009–Jul. 31, 2009)	Current period (7th period: Aug. 1, 2009–Jan. 31, 2010)	
	Amount (Yen thousand)	Amount (Yen thousand)	
Operating revenue	5,789,150	5,520,854	
Rent revenue-real estate	5,217,909	4,983,676	(Yen: thousand)
Other lease business revenue	571,241	537,178	
Operating expenses	2,784,762	2,699,449	
Expenses related to rent business	2,367,640	2,277,513	
Asset management fees	314,994	320,215	
Director's compensation	7,950	7,200	
Asset custody fees	5,322	5,296	
Administration fees	12,750	13,356	
Other operating expenses	76,104	75,867	(Yen: thousand)
Operating income	3,004,388	2,821,404	
Non-operating income	15,393	5,786	
Interest income	13,341	5,709	
Compensation income	1,894	8	
Other	157	68	
Non-operating expenses	992,768	1,097,682	
Interest expenses	765,394	809,674	
Interest expenses on investment corporation bonds	81,149	81,150	
Amortization of investment corporation bond issuance costs	5,130	5,130	
Amortization of deferred organization expenses	5,111	5,111	
Borrowing expenses	134,062	194,673	
Other	1,920	1,943	
Ordinary income	2,027,012	1,729,508	
Income before income taxes	2,027,012	1,729,508	
Net income	2,026,001	1,728,481	
Unappropriated retained earnings (undisposed loss)	2,026,027	1,728,530	
Dividend per unit (yen)	12,726	10,857	

Parking revenue	172,486
Incidental revenue	360,333
Early termination penalty	3,279
Security deposit income	1,079

Property management fees	770,374
Property taxes	294,170
Utilities	210,856
Lease fees	74,580
Custodian fees	8,820
Maintenance & repairs	97,913
Insurance premium	16,471
Depreciation & Amortization	716,663
Other property expenses	87,663

8-13 Statement of cash flow/Retained earnings

Statement of cash flow

(Amount: thousand yen)

Item	Previous period (6th period: Feb. 1, 2009–Jul. 31, 2009)	Current period (7th period: Aug. 1, 2009–Jan. 31, 2010)
I Net cash provided by (used in) operating activities	3,362,976	2,107,108
Income before income taxes	2,027,012	1,729,508
Depreciation & amortization	740,587	716,821
Amortization of deferred organization expenses	5,111	5,111
Amortization of issue business commencement expenses	5,130	5,130
Interest income	▲ 13,341	▲ 5,709
Interest expenses	846,544	890,824
Decrease (increase) in notes receivable-trade	▲ 2,649	13,590
Decrease (increase) in consumption taxes refund receivable	363,741	▲ 3,587
Increase (decrease) in accounts payable	▲ 2,824	▲ 38,016
Increase (decrease) in accounts payable-other	▲ 2,259	1,472
Increase (decrease) in accrued expenses	2,531	▲ 343
Increase (decrease) in accrued consumption taxes	148,003	▲ 111,499
Increase (decrease) in advances received	46,338	▲ 30,255
Increase (decrease) in deposits received	▲ 45,473	216,157
Decrease (increase) in prepaid expenses	5,384	▲ 150,560
Decrease in carrying amounts of property, plant and equipment in trust due to sale	70,081	▲ 224,245
Other	985	1,760
Sub total	4,194,904	3,016,158
Interest income received	13,626	7,274
Interest expenses paid	▲ 844,742	▲ 915,315
Income taxes paid	▲ 812	▲ 1,009
II Net cash provided by (used in) investing activities	▲ 784,469	▲ 206,262
Payments into time deposits	▲ 600,000	-
Proceeds from withdrawal of time deposit	-	600,000
Purchase of intangible assets	-	▲ 1,814
Purchase of property, plant and equipment in trust	▲ 84,423	▲ 111,128
Purchases of intangible assets in trust	▲ 520	-
Proceeds from tenant leasehold and security deposits in trust	▲ 704,347	▲ 1,089,193
Payment of tenant leasehold and security deposits in trust	604,821	395,873

(Amount: thousand yen)

Item	Previous period (6th period: Feb. 1, 2009–Jul. 31, 2009)	Current period (7th period: Aug. 1, 2009–Jan. 31, 2010)
III Net cash provided by (used in) financing activities	▲ 2,172,570	▲ 5,013,685
Increase in short-term loan payable	8,000,000	8,440,000
Decrease in short-term loan payable	▲ 10,000,000	▲ 12,880,000
Proceeds from long-term loan payable	2,000,000	26,500,000
Repayment of long-term loan payable	-	▲ 25,050,000
Dividends paid	▲ 2,172,570	▲ 2,023,685
IV Net Increase/decrease in cash & equivalents	405,936	▲ 3,112,839
V Cash and cash equivalents at beginning of period	11,377,462	11,783,398
VI Cash and cash equivalents at end of period	11,783,398	8,670,558

Retained earnings

(Amount: thousand yen)

Item	Previous period (6th period: Feb. 1, 2009–Jul. 31, 2009)	Current period (7th period: Aug. 1, 2009–Jan. 31, 2010)
I Retained earnings	2,026,027,879	1,728,530,369
II Dividend	2,025,979,200	1,728,434,400
(Dividend per unit)	12,726	10,857
III Earnings carried forward	48,679	95,969

8-14 7th period results breakdown by property①

(Amount: mn yen)

Property Number	O-1-1			O-1-2			O-2			O-3			O-4			O-5			O-6					
Property Name	Ark Mori Building (fixed)			Ark Mori Building (pass-through)			Roppongi Hills Gate Tower			Roppongi First Building			Koraku Mori Building			Toranomom 35 Mori Building			Akasaka Tameike Tower					
Period	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference			
Days of operation (days)	181	184	3	181	184	3	181	184	3	181	184	3	181	184	3	181	184	3	181	184	3	181	184	3
Occupancy rate (%)	100.0%	100.0%	0.0PT	94.3%	88.6%	▲5.7PT	93.8%	96.0%	▲2.2PT	90.6%	84.0%	▲6.6PT	94.1%	88.6%	▲5.5PT	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT	100.0%	98.1%	▲1.9PT
Occupancy rate (during period) (%)	100.0%	100.0%	0.0PT	94.3%	88.6%	▲5.7PT	95.8%	95.3%	▲0.5PT	93.6%	85.8%	▲7.8PT	98.1%	90.1%	▲8.0PT	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT	100.0%	99.7%	▲0.3PT
Number of tenants	1	1	0	11	10	▲1	35	40	5	13	13	0	14	14	0	1	1	0	13	12	▲1	13	12	▲1
Acquisition price	6,600			22,000			36,500			21,000			27,200			12,720			37,200					
Rent revenue-real estate	148	148	-	366	338	▲28	967	950	▲17	612	540	▲72	953	862	▲90	421	421	-	635	652	17	635	652	17
Other lease business revenue	-	-	-	22	22	0	126	127	1	62	61	▲1	111	109	▲2	9	9	-	160	134	▲25	160	134	▲25
Operating Income	148	148	-	388	360	▲27	1,093	1,077	▲16	675	601	▲73	1,064	971	▲93	430	430	-	795	787	▲8	795	787	▲8
Maintenance expenses	1	1	-	61	63	1	158	161	3	75	65	▲9	87	79	▲8	65	65	-	98	98	0	98	98	0
Utilities	-	-	-	7	8	0	57	50	▲6	31	26	▲5	83	75	▲7	-	-	-	47	35	▲12	47	35	▲12
Property taxes (Note1)	8	8	▲0	8	16	8	68	69	0	43	43	0	34	34	▲0	22	22	0	15	31	15	15	31	15
Maintenance and repairs	1	0	▲0	2	2	▲0	22	9	▲12	1	0	▲1	6	14	7	-	-	-	0	3	2	0	3	2
Insurance premium	0	0	0	0	0	0	2	2	0	2	2	0	2	2	0	0	0	0	2	2	0	2	2	0
Depreciation ①	14	12	▲2	46	46	0	117	117	0	87	66	▲21	124	125	1	35	35	▲0	135	135	0	135	135	0
Other property expense (Note2)	1	0	▲0	1	1	0	34	35	1	1	1	0	66	75	9	1	0	▲0	0	0	0	0	0	0
Property expense	26	22	▲4	127	137	10	461	447	▲13	242	205	▲37	405	407	1	125	124	▲0	300	307	6	300	307	6
Operating profit ②	121	126	4	261	222	▲38	632	629	▲3	432	396	▲36	658	563	▲95	305	305	0	495	480	▲15	495	480	▲15
NOI ③ (①+②)	136	138	1	307	268	▲38	750	747	▲2	520	462	▲57	782	689	▲93	341	340	▲0	630	615	▲15	630	615	▲15
Annualized NOI	275	274	▲1	619	533	▲86	1,512	1,483	▲29	1,049	918	▲131	1,578	1,366	▲211	687	676	▲11	1,272	1,221	▲50	1,272	1,221	▲50
Annualized NOI/Acquisition price	4.2%	4.2%	0.0PT	2.8%	2.4%	▲0.4PT	4.1%	4.1%	0.0PT	5.0%	4.4%	▲0.6PT	5.8%	5.0%	▲0.8PT	5.4%	5.3%	▲0.1PT	3.4%	3.3%	▲0.1PT	3.4%	3.3%	▲0.1PT
Capex ④	-	-	-	-	0	0	25	4	▲20	0	3	2	5	61	56	-	1	1	0	4	4	0	4	4
NCF ③-④	136	138	1	307	268	▲38	725	742	17	519	459	▲59	777	627	▲149	341	339	▲1	630	611	▲19	630	611	▲19

(Note 1) Out of the amount of taxes imposed on portfolio properties including Property & City Planning Tax and Depreciable Property Tax, the amount of taxes paid in the 6th and 7th period were included as expenses.

Under this accounting treatment, taxes for 6 months were included as expenses in each respective period

(However, since an additional portion of ARK Mori Building (pass-through) and Akasaka Tameike Tower were acquired during the 5th Period, 3 months worth of taxes were included as expenses for the 6th Period for these two)

(Note 2) Other property expenses include sum of rental expenses, trust fees and other leasing expenses (residential property management fee and general leasing expenses)

8-15 7th period results breakdown by property②

(Amount: mn yen)

Property Number	R-1			R-2			R-3			R-4			Total		
Property Name	Moto-Azabu Hills			Ark Forest Terrace			Roppongi First Plaza			Roppongi View Tower			Total		
Period	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference	6th period	7th period	Difference
Days of operation (days)	181	184	3	181	184	3	181	184	3	181	184	3	-	-	-
Occupancy rate (%)	90.7%	95.2%	4.5PT	82.9%	78.3%	▲4.6PT	84.4%	85.8%	1.4PT	100.0%	100.0%	0.0PT	93.7%	92.6%	▲1.1PT
Occupancy rate (during period) (%)	90.0%	92.8%	2.8PT	84.8%	78.1%	▲6.7PT	85.5%	85.5%	0.0PT	100.0%	100.0%	0.0PT	95.0%	92.7%	▲2.3PT
Number of tenants	101	104	3	32	32	0	35	36	1	1	1	0	257	264	7
Acquisition price	27,034			5,300			2,100			4,000			201,654		
Rent revenue-real estate	765	743	▲22	162	144	▲17	75	72	▲2	109	109	-	5,217	4,983	▲234
Other lease business revenue	69	62	▲6	9	9	0	0	-	▲0	-	-	-	571	537	▲34
Operating Income	834	805	▲28	171	154	▲17	75	72	▲3	109	109	-	5,789	5,520	▲268
Maintenance expenses	185	181	▲4	38	37	▲0	17	12	▲5	3	3	-	793	770	▲22
Utilities	4	5	0	10	8	▲1	0	0	0	-	-	-	242	210	▲31
Property taxes (Note1)	42	42	▲0	9	9	0	6	6	0	10	10	0	269	294	24
Maintenance and repairs	79	56	▲23	19	7	▲11	9	3	▲5	-	-	-	142	97	▲44
Insurance premium	3	3	0	0	0	0	0	0	0	0	0	0	16	16	0
Depreciation ①	122	123	0	32	32	0	10	9	▲0	14	13	▲1	740	716	▲23
Other property expense (Note2)	43	42	▲0	8	7	▲0	3	3	▲0	0	0	▲0	162	171	8
Property expense	482	454	▲27	118	104	▲14	47	36	▲11	30	28	▲1	2,367	2,277	▲90
Operating profit ②	352	351	▲1	53	50	▲2	28	36	8	79	80	1	3,421	3,243	▲178
NOI ③ (①+②)	475	474	▲0	85	83	▲2	38	45	7	94	93	▲0	4,162	3,960	▲202
Annualized NOI	958	941	▲17	172	164	▲7	77	90	13	189	186	▲3	8,393	7,855	▲537
Annualized NOI/Acquisition price	3.5%	3.5%	0.0PT	3.3%	3.1%	▲0.2PT	3.7%	4.3%	0.6PT	4.7%	4.7%	0.0PT	4.2%	3.9%	▲0.3PT
Capex ④	10	9	▲0	4	6	2	29	14	▲14	-	-	-	75	106	31
NCF ③-④	465	464	▲0	80	76	▲4	9	31	21	94	93	▲0	4,086	3,853	▲233

(Note 1) Out of the amount of taxes imposed on portfolio properties including Property & City Planning Tax and Depreciable Property Tax, the amount of taxes paid in the 6th and 7th period were included as expenses.
Under this accounting treatment, taxes for 6 months were included as expenses in each respective period
(However, since an additional portion of ARK Mori Building (pass-through) and Akasaka Tameike Tower were acquired during the 5th Period, 3 months worth of taxes were included as expenses for the 6th Period for these two)

(Note 2) Other property expenses include sum of rental expenses, trust fees and other leasing expenses (residential property management fee and general leasing expenses)

8-16 Portfolio value

(Amount: mn yen)

Type	Property name	Property No.	Acquisition price	Book value	At IPL		As of end of 4th period (Jul. 31, 2008)		As of end of 5th period (Jan. 31, 2009)		As of end of 6th period (Jul. 31, 2009)		As of end of 7th period (Jan. 31, 2010)				Difference (②-①)	Difference (②/①-1) (%)	Unrealized capital gain (②-book value)
					Portfolio	Yield (direct capitalization method)	Portfolio	Yield (direct capitalization method)	Portfolio	Yield (direct capitalization method)	①Portfolio	Yield (direct capitalization method)	②Portfolio	Yield (direct capitalization method)	Discount (DCF)	Terminal yield (DCF)			
Office building	Ark Mori Building (fixed)	O-1-1	6,600	6,522	6,600	4.2%	9,790	3.7%	8,470	3.8%	7,890	3.7%	7,330	3.8%	3.7%	4.2%	▲ 560	▲ 7.1	808
	Ark Mori Building (pass-through)	O-1-2	22,000	21,992	-	-	15,075	3.5%	17,100	3.6%	15,100	3.7%	13,700	3.8%	3.7%	4.2%	▲ 1,400	▲ 9.3	▲ 8,292
	Roppongi Hills Gate Tower	O-2	36,500	36,022	36,500	4.1%	43,500	3.7%	39,900	3.9%	37,500	3.9%	35,100	3.9%	3.7%	4.2%	▲ 2,400	▲ 6.4	▲ 922
	Roppongi First Building	O-3	21,000	20,458	21,000	4.5%	27,500	4.0%	25,700	4.2%	24,100	4.3%	22,500	4.3%	4.0%	4.5%	▲ 1,600	▲ 6.6	2,042
	Koraku Mori Building (Note2)	O-4	27,200	26,529	27,200	4.6%	34,960	4.3%	34,160	4.5%	32,000	4.6%	29,920	4.6%	4.2%	4.9%	▲ 2,080	▲ 6.5	3,391
	Toranomon 35 Mori Building	O-5	12,720	12,588	12,800	4.7%	15,300	4.1%	13,800	4.4%	12,800	4.5%	11,700	4.5%	4.2%	4.7%	▲ 1,100	▲ 8.6	▲ 888
	Akasaka Tameike Tower	O-6	37,200	37,075	-	-	-	-	33,500	3.9%	31,300	3.9%	29,600	3.9%	3.6%	4.1%	▲ 1,700	▲ 5.4	▲ 7,475
	Sub total			163,220	161,188	104,100	-	146,125	-	172,630	-	160,690	-	149,850	-	-	-	▲ 10,840	▲ 6.7
Residential	Moto-Azabu Hills	R-1	27,034	26,699	27,300	4.2%	28,800	4.2%	26,100	4.6%	23,900	4.7%	22,800	4.7%	4.3%	4.9%	▲ 1,100	▲ 4.6	▲ 3,899
	Ark Forest Terrace	R-2	5,300	5,226	5,300	4.4%	5,180	4.4%	4,640	4.8%	4,350	4.9%	4,110	4.9%	4.7%	5.1%	▲ 240	▲ 5.5	▲ 1,116
	Roppongi First Plaza	R-3	2,100	2,184	2,100	4.6%	2,320	4.6%	2,070	5.1%	1,960	5.2%	1,950	5.2%	5.0%	5.4%	▲ 10	▲ 0.5	▲ 234
	Roppongi View Tower	R-4	4,000	3,980	4,000	4.6%	4,010	4.6%	3,610	5.1%	3,600	5.2%	3,280	5.3%	5.1%	5.5%	▲ 320	▲ 8.9	▲ 700
	Sub total			38,434	38,090	38,700	-	40,310	-	36,420	-	33,810	-	32,140	-	-	-	▲ 1,670	▲ 4.9
Total			201,654	199,279	142,800	-	186,435	-	209,050	-	194,500	-	181,990	-	-	-	▲ 12,510	▲ 6.4	▲ 17,289

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

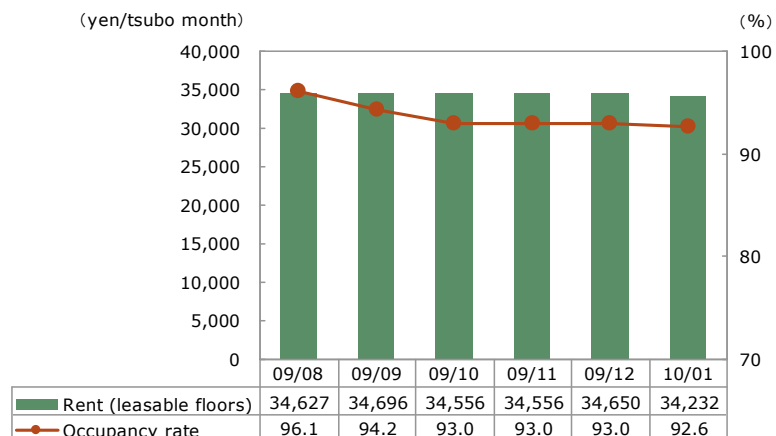
(Note 2) Koraku Mori Bldg's Acquisition price and Book value are based on the appraisal value stated in the research report multiplied by the REIT's portion of Joint ownership in the quasi-undivided interests of the Trust beneficiary interests (80%)

(Note 3) During the 4th Period, we have acquired 75% of the Joint ownership in the quasi-undivided interests of the Trust beneficiary interests, and in the 5th period, the remaining 25%

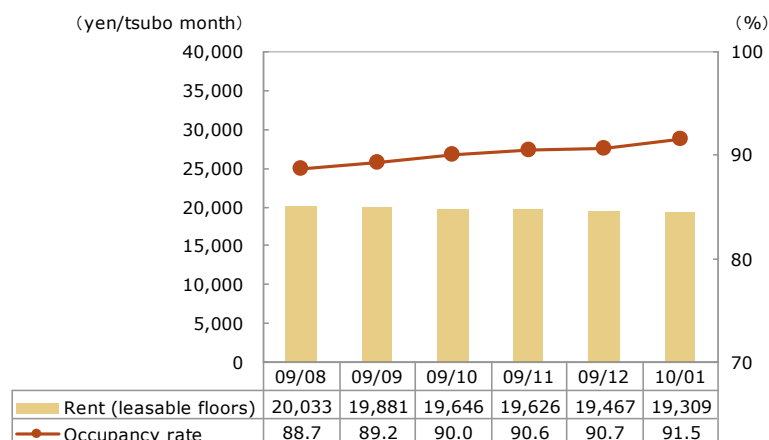
(Note 4) Sale of some dwelling units during the 5th period (Appraisal value of the block: JPN400mn) was key factor for the decline in value compared to the 4th period

8-17 Tenant status during the 6th period

Office: Rent and occupancy rate



Residential: Rent and occupancy rate



Top 10 tenants

Tenant	Property name	Leased space (m ²)	% of total space
Japan Racing Association	Roppongi Hills Gate Tower	9,821.62	10.3
OMRON Corporation	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	6,720.34	7.0
Urban Renaissance Agency	Roppong View Tower	6,344.84	6.6
Mori Building Co., Ltd	Ark Mori Building (fixed), Koraku Mori Building, Moto-Azabu Hills	3,072.52	3.2
Mercedes-Benz Japan Co., Ltd.	Roppongi First Building	2,733.49	2.9
Regus Japan	Ark Mori Building (pass-through)	2,673.21	2.8
Alcon Japan Ltd.	Akasaka Tameike Tower	2,635.02	2.8
AstraZeneca K.K.	Koraku Mori Building	2,245.06	2.4
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	2.2
Nippon Ericsson K.K.	Koraku Mori Building	1,851.87	1.9
Total		40,214.85	42.1

(Note) As of Jan. 31, 2010

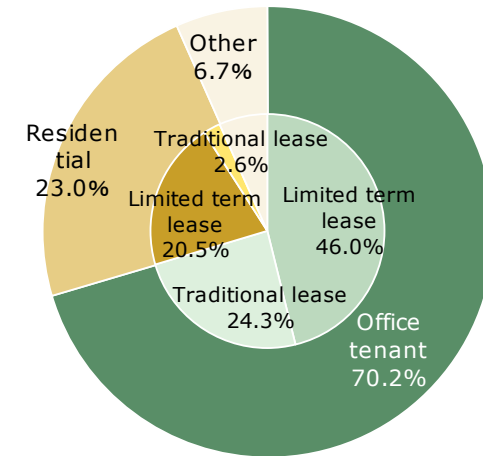
(Note) The definitions of the Office and Residential categories used in these materials differ from those used in discussions of operating rates on Mori Hills REIT Investment Corporation's website. In these materials, Office and Residential figures are compiled using individual figures for all office and residential properties in which Mori Hills REIT Investment Corporation has invested. Figures on Mori Hills REIT Investment Corporation's website are defined as per Portfolio Overview (page 48)

Breakdown of monthly rent revenue

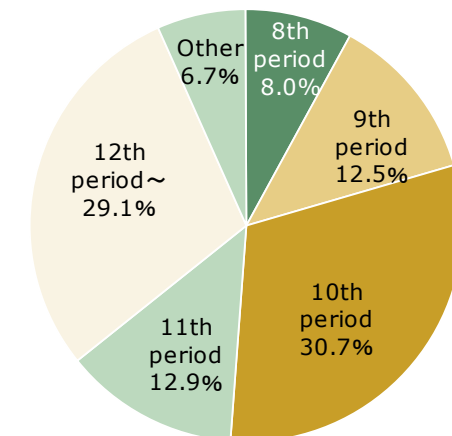
(Amount: million yen)

Tenant type	Type of lease contract	Total	Agreement renewal timing				
			8th period	9th period	10th period	11th period	12th period-
Office tenant	Limited term lease	387.3	10.4	31.9	226.1	34.8	84.0
		46.0%	1.2%	3.8%	26.8%	4.1%	10.0%
		26 tenants	4 tenants	5 tenants	5 tenants	5 tenants	7 tenants
	Traditional lease	204.3	52.1	31.7	12.4	42.2	66.0
		24.3%	6.2%	3.8%	1.5%	5.0%	7.8%
		17 tenants	5 tenants	3 tenants	2 tenants	3 tenants	4 tenants
Total	591.6	62.6	63.6	238.5	77.0	150.0	
	70.2%	7.4%	7.5%	28.3%	9.1%	17.8%	
	43 tenants	9 tenants	8 tenants	7 tenants	8 tenants	11 tenants	
Residential tenant	Limited term lease	172.4	4.6	40.2	19.9	30.5	77.2
		20.5%	0.5%	4.8%	2.4%	3.6%	9.2%
		195 tenants	5 tenants	42 tenants	21 tenants	26 tenants	101 tenants
	Traditional lease	21.5	0.0	1.7	-	1.5	18.2
		2.6%	0.0%	0.2%	-	0.2%	2.2%
		10 tenants	0 tenants	5 tenants	-	4 tenants	1 tenants
Total	193.9	4.6	41.9	19.9	32.0	95.5	
	23.0%	0.5%	5.0%	2.4%	3.8%	11.3%	
	205 tenants	5 tenants	47 tenants	21 tenants	30 tenants	102 tenants	
Sub total		785.5	67.2	105.5	258.4	109.0	245.5
		93.3%	8.0%	12.5%	30.7%	12.9%	29.1%
		248 tenants	14 tenants	55 tenants	28 tenants	38 tenants	113 tenants
Others	Retail	29.2					
		3.5%					
	Parking	18.2					
		2.2%					
	Others	9.3					
		1.1%					
Sub total		56.8					
		6.7%					
Total		842.3					
		100%					

Rent revenue breakdown by types of lease contract



Rent revenue breakdown by timing of renewal



(Note 1) First line: monthly rent; Second line: ratio of monthly rent to total rent; Third line: number of leasing contracts

(Note 2) Situation of tenants reflects actual move in/out and revised rents as of Mar. 26, 2010

8-19 Debt status (as of Jan. 31, 2010)

	Lender	Lender Loan balance	Rate of interest	Borrowing date	Maturity date	Remarks
Short-term	Sumitomo Mitsui Banking Corporation	5,060	1.26%	Mar. 27, '09	Mar. 27, '10	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation	5,500	1.26%	Sep. 31, '09	Sep. 31, '10	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	The Sumitomo Trust and Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Sub-total	10,560	-	-	-	-
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,000	1.38% (Note1)	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Shinsei Bank, Limited					
	The Norinchukin Bank	5,000	1.35% (Note1)	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	The Sumitomo Trust and Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Mitsubishi UFJ Trust and Banking Corporation	5,000	1.23% (Note1)	Mar. 28, '08	Feb. 28, '11	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mizuho Corporate Bank, Ltd.					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Sumitomo Mitsui Banking Corporation	17,000	1.50% (Note1)	Sep. 30, '08	Aug. 31, '11	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation					
	Mizuho Corporate Bank, Ltd.					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation	2,000	1.62% (Note1)	Sep. 30, '08	Aug. 31, '12	Unsecured, non-guaranteed
	The Sumitomo Trust and Banking Co., Ltd.					
	Aozora Bank, Ltd.					
Resona Bank, Ltd.						
Aozora Bank, Ltd.	10,000	1.58%	Nov. 28, '08	May. 31, '10	Unsecured, non-guaranteed	
Mizuho Corporate Bank, Ltd.						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation						
The Sumitomo Trust and Banking Co., Ltd.						
Sumitomo Mitsui Banking Corporation	10,000	1.62%	Nov. 28, '08	May. 31, '11	Unsecured, non-guaranteed	
Mizuho Corporate Bank, Ltd.						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation						
The Sumitomo Trust and Banking Co., Ltd.						
Sumitomo Mitsui Banking Corporation						

	Lender	Lender Loan balance	Rate of interest	Borrowing date	Maturity date	Remarks
Long-term	Mizuho Corporate Bank, Ltd.	5,000	2.16% (Note1)	Nov. 28, '08	May. 31, '12	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
	Development Bank of Japan Inc.	1,950 (Note2)	2.04%	Mar. 27, '09	Mar. 27, '12	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	1.66%	Aug. 31, '09	Aug. 31, '12	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	2,000	1.46%	Nov. 30, '09	Nov. 30, '11	Unsecured, non-guaranteed
	The Norinchukin Bank	3,000	1.46%	Nov. 30, '09	Nov. 30, '11	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.	8,000	1.56%	Nov. 30, '09	May. 31, '12	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation	9,500	2.02% (Note1)	Nov. 30, '09	Nov. 30, '12	Unsecured, non-guaranteed
	Shinsei Bank, Limited					
Mizuho Corporate Bank, Ltd.						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation	2,500 (Note3)	2.34%	Nov. 30, '09	Nov. 29, '13	Unsecured, non-guaranteed	
The Sumitomo Trust and Banking Co., Ltd.						
Sumitomo Mitsui Banking Corporation						
Development Bank of Japan Inc.						
	Sub-total	90,450	-	-	-	-
	Total	101,010	-	-	-	-

(Note 1) MHR has entered an interest swap agreement with a floating rate for a notional principal.

The interest rates above are the actual fixed interest rates that will be paid.

(Note 2) Current installments of long-term debt have been procured with a floating rate, but rate of long-term debt (Note 1) has been fixed through interest rate swap. Rate of interest is the rate after being fixed

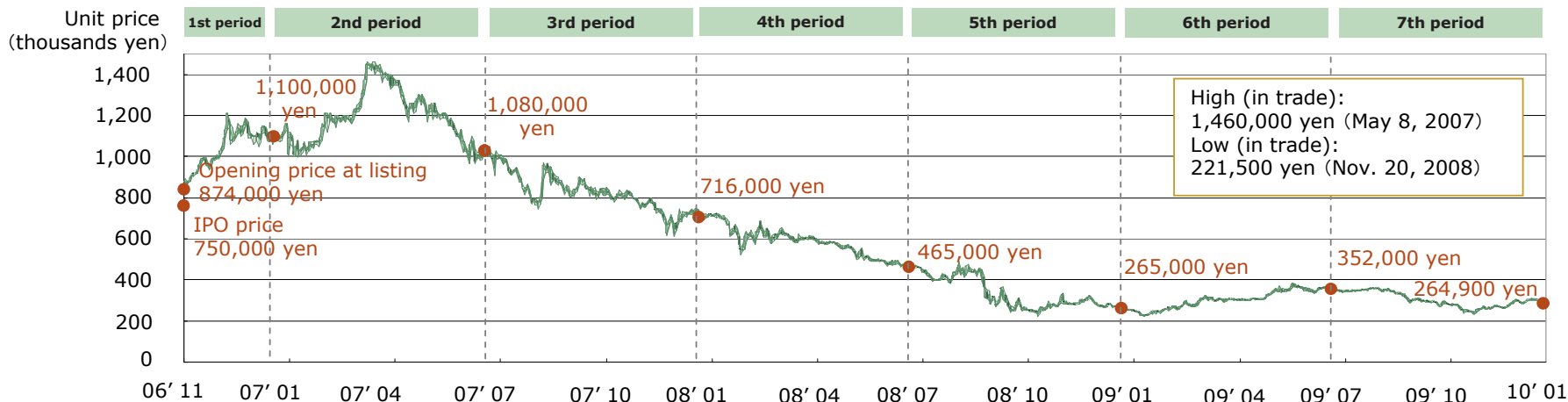
(Note 3) Planning to repay JPY50mn every 6 months up to repayment deadline, and JPY1,750mn at the repayment deadline

Past issuance of investment corporation bonds

		Issue amount	Rate of Interest	Payment date	Maturity date
Investment corporation bonds	1st	7,000	1.56%	Nov. 29, '07	Nov. 29, '12
	2nd	3,000	1.77%	Nov. 29, '07	Nov. 28, '14
	Total	10,000	-	-	-

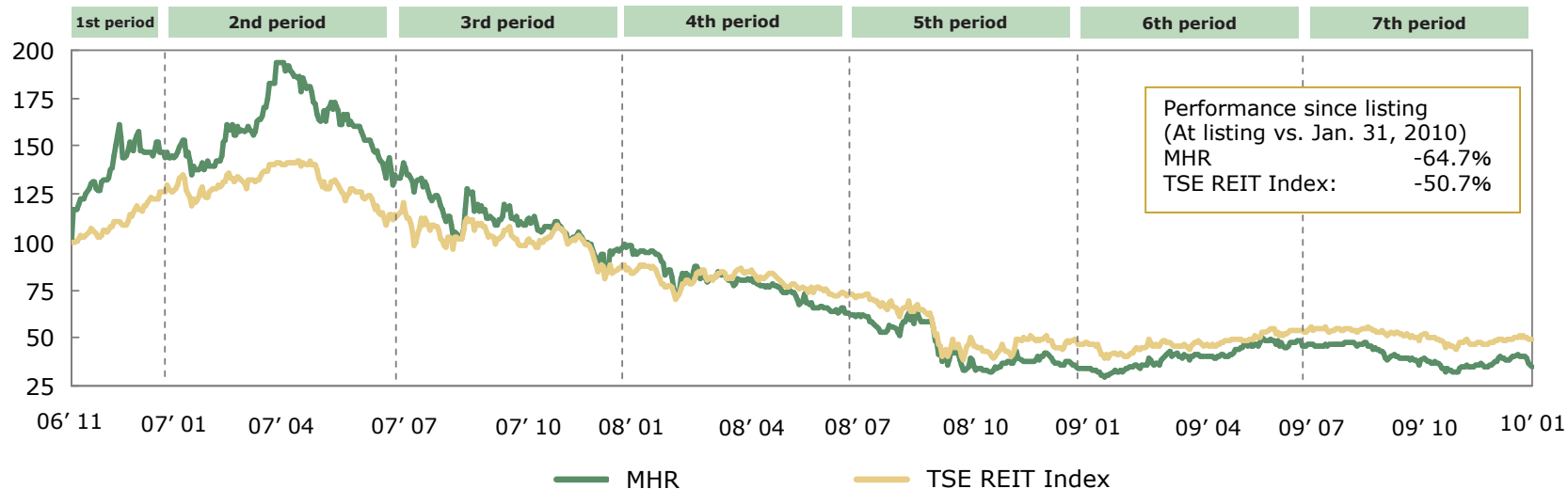
8-20 Unit price performance

Since IPO ~ End of the 7th period (Jan. 31, 2010)



Source: Bloomberg

Relative price performance (Since IPO ~ End of Jan. 31, 2010)



Source: Bloomberg

Note: Rebased to 100 as per IPO price

8-21 Investment criteria

Focus on Premium Properties

MHR seeks to maintain the exceptional level of quality of its portfolio while aggressively expanding. To that end, MHR has established a high standard for "Premium Properties" which are to comprise at least 50% of the portfolio.

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

Focus on Premium Properties

Premium properties
50% or more

〈Office buildings〉
〈Residential〉
〈Retail〉

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

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

* "Tokyo central five wards" include: Minato-ku, Chiyoda-ku, Chuo-ku, Shinjuku-ku and Shibuya-ku

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

* Ratios are based on the acquisition price.

Office building focus

Office building
50% or more

Residential and retail 50% or less

Tokyo central five wards focus

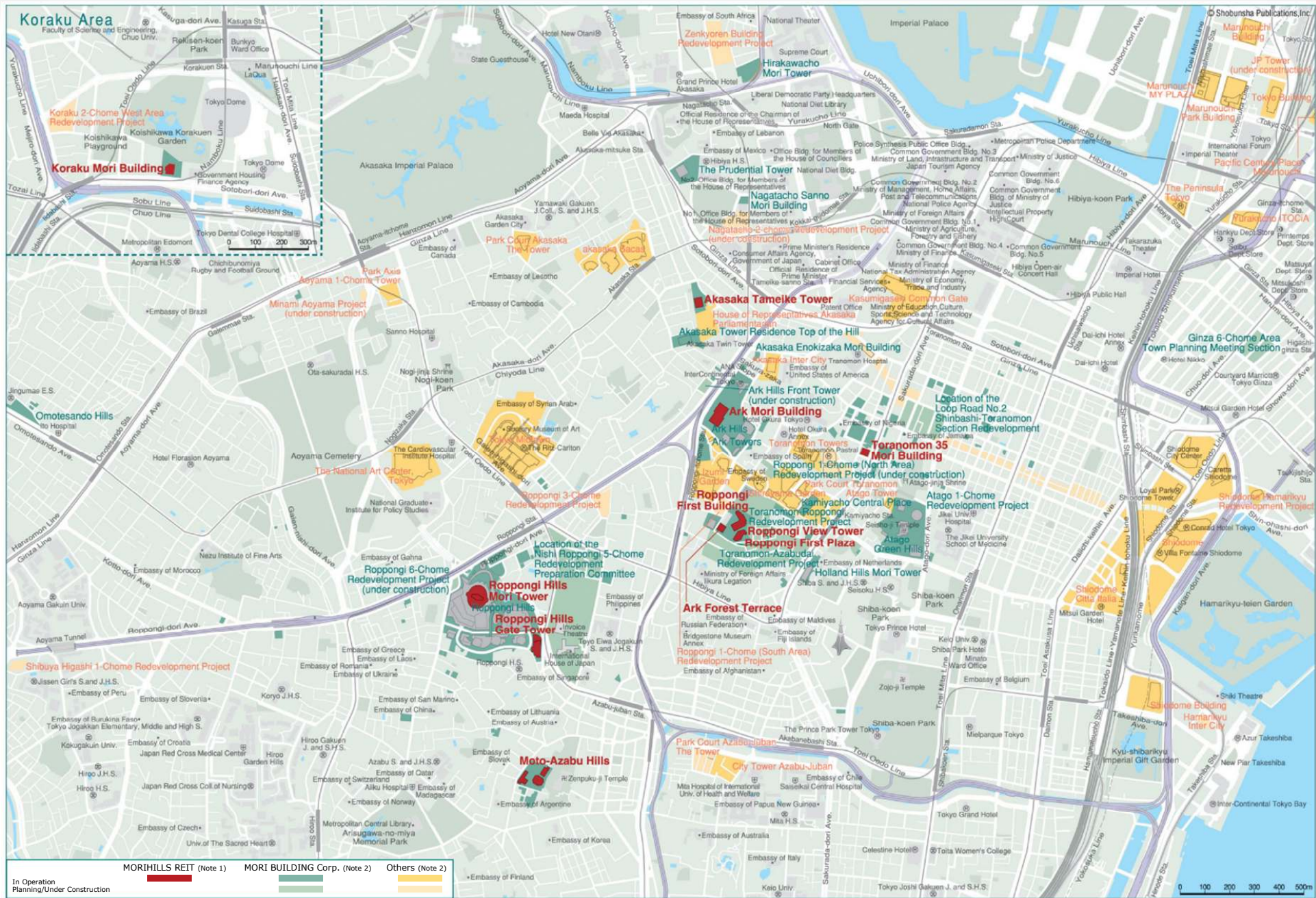
Central five wards in Tokyo and their vicinity
50% or more

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

Earthquake-resistance

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

8-22 Portfolio Map



(Note 1) The properties include properties in which MHR's ownership is partial.
 (Note 2) As of the date this document is issued, we have no plans to acquire these properties. The same applies hereafter.

8-23 Portfolio overview (As of March 26, 2010)

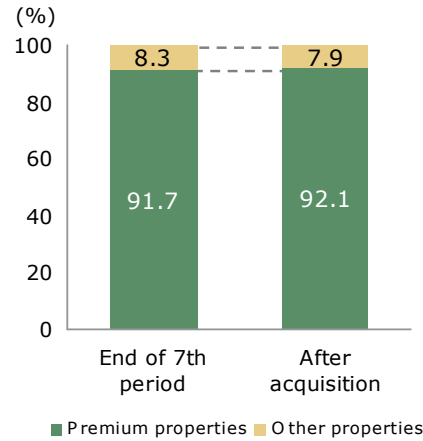
Type	Office building								Residential						
Premium	Premium	Premium			Premium	Premium	Premium	-	Premium	Premium		Premium	Premium	-	
Property name	Roppongi Hills Mori Tower	ARK Mori Building (Fixed) (pass-through) (Fixed II)			Roppongi Hills Gate Tower	Roppongi First Building	Koraku Mori Building	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Akasaka Tameike Tower	Moto-Azabu Hills Forest Tower Forest Terrace East Forest Terrace West			Ark Forest Terrace	Roppongi First Plaza	Roppongi View Tower
	O-0	O-1-1	O-1-2	O-1-3	O-2	O-3	O-4	O-5	O-6	R-1			R-2	R-3	R-4
Photo															
Location	Akasaka, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo			Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo		Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		
Completion	Apr.2003	Mar.1986 (large-scale renovation in 2005)			Oct. 2001	Oct. 1993	Mar. 2000	Aug.1981 (large-scale renovation in 2001)	Sep. 2000	May. 2002	Sep. 2002	Jan. 2001	Oct. 1993		
Building age	6 years and 11 months	23 years and 11 months			8 years and 4 months	16 years and 4 months	9 years and 11 months	28 years and 6 months	9 years and 6 months	7 years and 10 months	7 years and 6 months	9 years and 1 month	16 years and 5 months		
Number of stories	54 above ground, 6 below	37 above ground, 4 below			15 above ground, 2 below	20 above ground, 4 below	19 above ground, 6 below	9 above ground, 1 below	25 above ground, 2 below	29 above ground, 3 below	6 above ground, 1 below	5 above ground, 1 below	11 above ground, 2 below	20 above ground, 1 below	
Gross floor area	c. 442,150m ²	c. 177,486m ²			c. 29,111m ²	c. 45,753m ²	c. 46,154m ²	c. 10,299m ²	c. 46,971m ²	c. 54,006m ²		c. 9,125m ²	c. 22,906m ²		
Owner-ship	Land	Co-ownership (c. 0.9%)	Co-ownership (c. 1.3%)	Co-ownership (c. 2.6%)	Co-ownership (c. 0.6%)	Ownership (100%)	Co-ownership (46%)	Leased land	Ownership (c. 89.5%)	Co-ownership (c. 35.5%)	Co-ownership (56%)		Ownership (100%)	Co-ownership (c. 47%)	Co-ownership (46%)
	Building	Co-ownership (c. 0.7%)	Compartmentalized ownership (c. 1.9%)	Compartmentalized ownership (c. 3.8%)	Co-ownership (c. 0.9%)	Compartmentalized ownership (100%)	Co-ownership (46%)	Compartmentalized ownership (c. 57.9%)	Compartmentalized ownership (c. 91.1%)	Co-ownership of compartmentalized (35.4%)	Compartmentalized ownership (c. 64.5%)		Compartmentalized ownership (100%)	Compartmentalized ownership (c. 46.4%)	Co-ownership of compartmentalized (46%)
PML	0.29%	0.38%			1.29%	2.07%	0.42%	6.90%	2.15%	1.16%	1.72%	5.78%	1.60%	3.53%	3.53%
Earthquake-resistant feature	Seismic Damping	-			Seismic Damping	-	Seismic Damping	-	Seismic Damping	Seismic Isolators	Seismic Isolators	-	Seismic Isolators	-	
Acquisition price (mn yen)	6,810	6,600	22,000	3,400	36,500	21,000	27,200	12,720	37,200	27,034		5,300	2,100	4,000	
Occupancy rate	-	100%	88.6%	-	96.0%	84.0%	88.6%	100%	98.1%	95.2%		78.3%	85.8%	100%	

Total acquisition price 211,864 mn yen

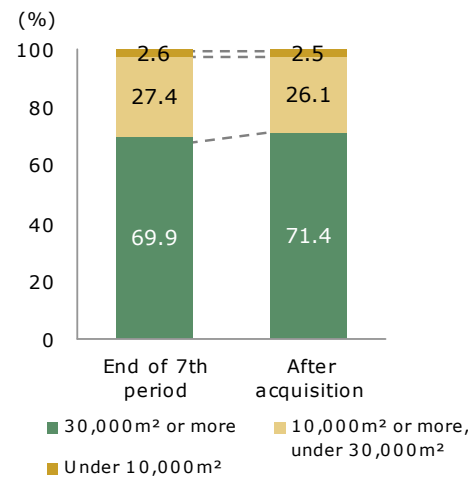
(Note) "Ownership" indicates the type of rights owned by MHR or the trust fiduciary. Moreover, "Ownership" indicates ownership, "Co-ownership" indicates co-ownership, "Compartmentalized ownership" indicates ownership of exclusive use areas of compartmentalized ownership buildings (i.e. compartmentalized ownership) and "Leased" indicates leasehold rights.

8-24 Portfolio competitiveness

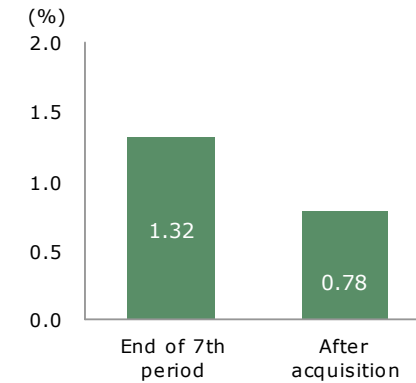
Quality



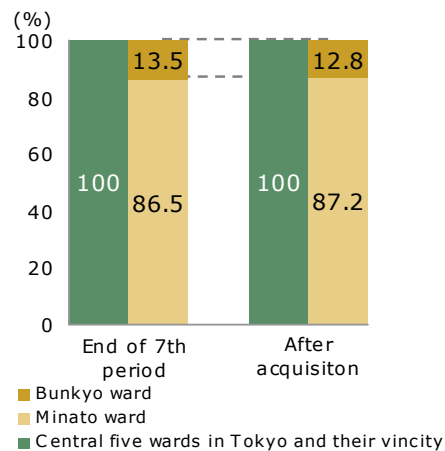
Scale



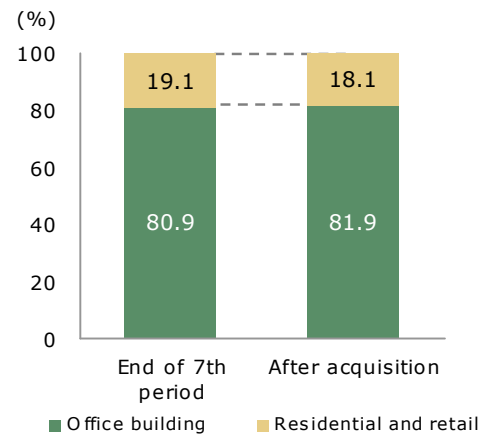
Portfolio PML



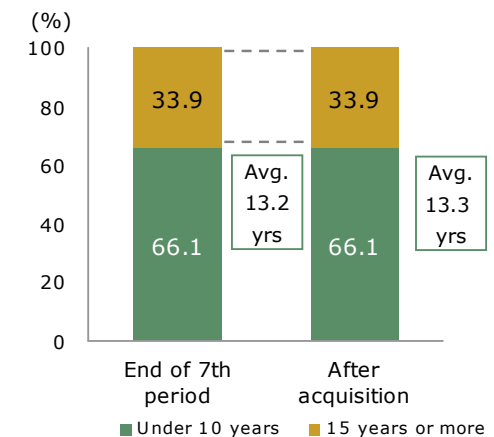
Location



Type



Building age



(Note) The second decimal place is rounded off

(Note) Data as of term-end is used for "End of 7th period" and data as "After acquisition" is used for the data of March 26, 2010