



Mori Hills REIT Investment Corporation

Results of the 29th Fiscal Period ended January 31, 2021

Presentation Material

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

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

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

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

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1. Executive summary

Financial summary 29th period (Jan. 2021)

- Operating revenue: 9,820 million yen, operating income: 6,173 million yen, net income: 5,575 million yen **Increased revenue and income period-over-period**
- DPU: 2,909 yen (+0.4% from 28th period) **Increasing for 21 consecutive fiscal periods**
- NAV per unit: 147,182 yen (+0.5% from 28th period) **Increasing for 20 consecutive fiscal periods**
- Conducted a public offering and additionally acquired Toranomon Hills Mori Tower. Due in part to the fact that the acquisition took place at a price significantly below the appraisal value, DPU and NAV per unit continued to increase.

External growth

- Additionally acquired Toranomon Hills Mori Tower for 12.2 billion yen as of September 1, 2020
- While the contract for the only master lease for which fixed rent significantly deviates from the market rent will be renewed at a lower level in the 31st period, because the Toranomon Hills Mori Tower (7.8 billion yen) will be additionally acquired at the same time, the DPU (forecast) will remain the same period-over-period.
- Going forward, premium properties in central Tokyo are expected to continuously demonstrate competitive advantages even after the spread of telecommuting, as these properties can capture office demand by functioning as headquarters.

Internal growth

- Even as office vacancy rates rise in central Tokyo, the office occupancy rate for the 29th period maintained a high level of 99.6% due in part to the excellent location and quality of MHR's properties. Rent increases have continued for both rent revision and tenant replacement.
- The residential occupancy rate for the current period was 94.9%, and while this was a slight decline from the previous period, the overall portfolio impact has been minimal.

Financial management

- The fund procurement environment has not changed despite the COVID-19 pandemic. Maintained the target level by book value basis LTV 45.8%, appraisal value basis LTV 38.1%, remaining duration of debt 4.6 years. (After the property acquisition in the 31st period, LTV based on book value is forecast at 46.8% and LTV based on appraisal value is forecast at 38.9%)
- New green bonds were issued. (November 2020: 3.5 billion yen, February 2021: 2.0 billion yen)

2. Investment highlights



2-2 Financial results

The 29th period (January 2021) saw increased revenue and income compared with the 28th period and posted a DPU increase for the 21st consecutive fiscal period

- A public offering was conducted, and Toranomom Hills Mori Tower (12.2 billion yen) was additionally acquired in September 2020. The acquisition took place at a price significantly below the appraisal value, and both DPU and NAV increased.
- A high occupancy rate has been maintained even as vacancy rates rise for offices in central Tokyo, and rent increases have continued for both rent revision and tenant replacement.

	28th period	29th period		29th period
	Jul. 31, 2020	Jan. 31, 2021	Difference	Jan. 31, 2021
	Actual	Actual		Forecasted
Operating Highlights (million yen)				
Operating revenue	9,602	9,820	+ 218	9,826
Rent revenues	9,389	9,614	+ 225	9,603
Other operating revenues	213	206	△ 6	222
Operating expenses	3,573	3,646	+ 73	3,665
Expenses related to properties	3,251	3,315	+ 63	3,354
SG&A	321	331	+ 9	310
Operating income	6,028	6,173	+ 145	6,160
Non-operating income	1	0	△ 0	0
Non-operating expenses	595	598	+ 3	603
Ordinary income	5,434	5,576	+ 141	5,558
Net income	5,433	5,575	+ 141	5,557
Total dividends	5,433	5,574	+ 140	5,557
DPU				
Total units outstanding (units)	1,874,960	1,916,330	41,370	1,916,330
DPU (yen)	2,898	2,909	+ 11	2,900
Other Indices (million yen)				
NOI	7,391	7,561	+ 170	7,531
NOI yield	3.8%	3.7%	△ 0.1PT	3.7%
Acquisition price (weighted average based on the number of operating days during the period) (Note)	390,690	400,851	+ 10,161	400,851

Increase/decrease factor (28th – 29th)

•Operating revenue (+218 mn yen)

- Property acquisition in 29th period	+219
- Office rent (pass-through)	+9
- Utilities and other revenue	+4
- Residential Rent (pass-through)	△8
- Cancellation penalty	△8

•Operating expenses (+73 mn yen)

- Property acquisition in 29th period	+50
- Property management fee	+24
- Property taxes	+16
- Asset management fee	+4
- Maintenance and repairs	△13
- Depreciation	△9

•Non-operating expenses (+3 mn yen)

- Interest expenses, etc. (new borrowings in 29th period)	+11
- Amortization of investment unit issuance cost	+5
- Interest expenses, etc.	△13

Increase/decrease factor for 29th period (Forecasted - Actual)

•Operating income (+13 mn yen)

- Maintenance and repairs	+20
- Office rent (pass-through)	+7
- Residential rent (pass-through)	+4
- Depreciation	+3
- Asset management fee	△20

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

2-3 Overview of new acquisition (Scheduled as of August 2, 2021)

Toranomon Hills Mori Tower (Additional acquisition)

Office



Location	23-1, Toranomon 1-chome, Minato-ku, Tokyo
Construction date	May 2014
Total number of floors	52 floors above ground, 5 floors below ground
Gross floor area	241,581.95 m ²

Portions of acquisition 11% quasi-co-ownership interest in trust beneficial interests

	Acquisition price	Appraisal value	NOI yield
Acquired as of September 1, 2020	12,220 mn yen	15,232 mn yen	3.4%
To be acquired on August 2, 2021	7,870 mn yen	9,856 mn yen	3.4%

Total acquired: 78% quasi-co-ownership interest including past acquisition

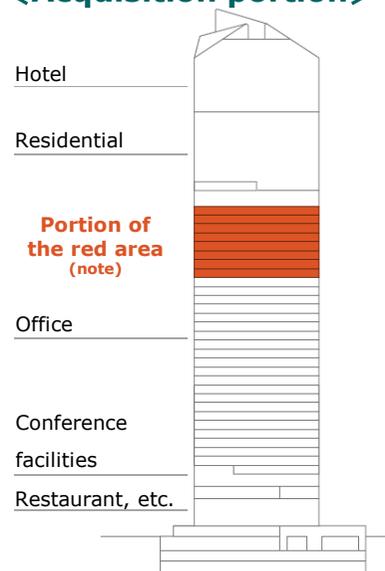
1. Super high rise tower - Tokyo's new landmark

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

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

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

<Acquisition portion>



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



Residence Toranomon Hills Residence

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



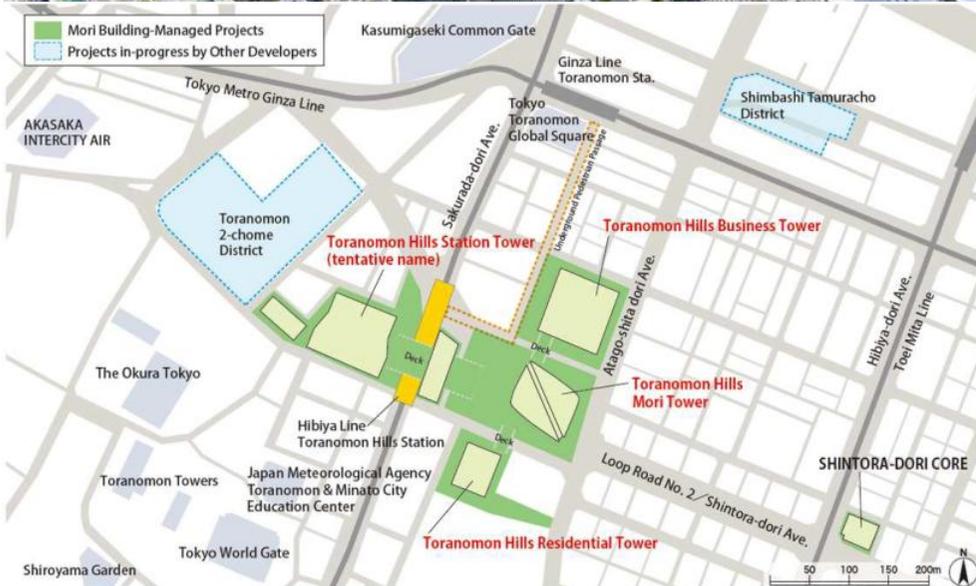
Retail Shops and Restaurants

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



Hotel Andaz Tokyo

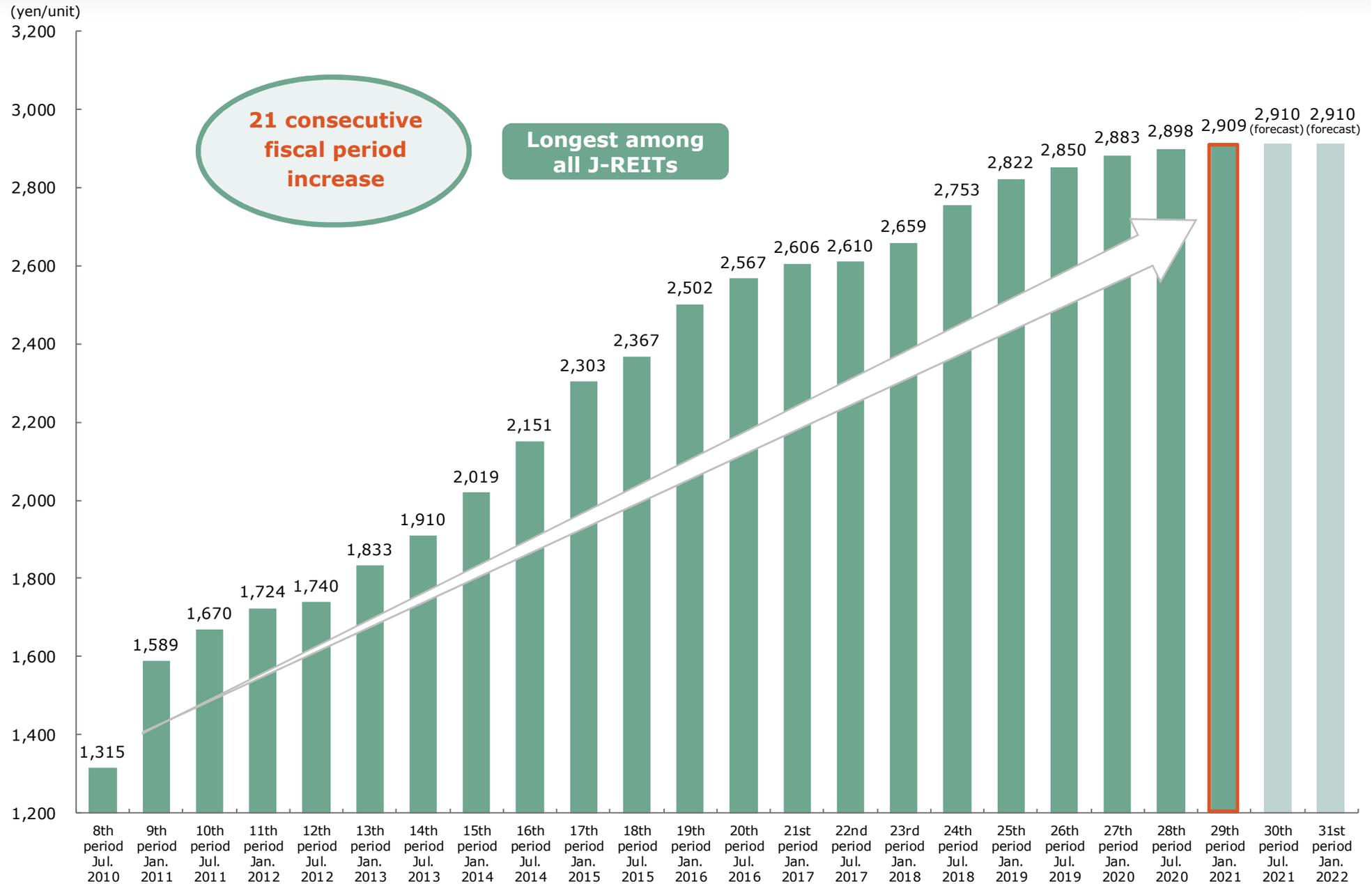
Hyatt's boutique lifestyle hotel "Andaz Tokyo" is Japan's first Andaz. Andaz means "personal style" in Hindi. The hotel values the individuality of the area and incorporates the charm of the land into design and its' service.



Evolving as an International Urban Center and a Global Business Hub

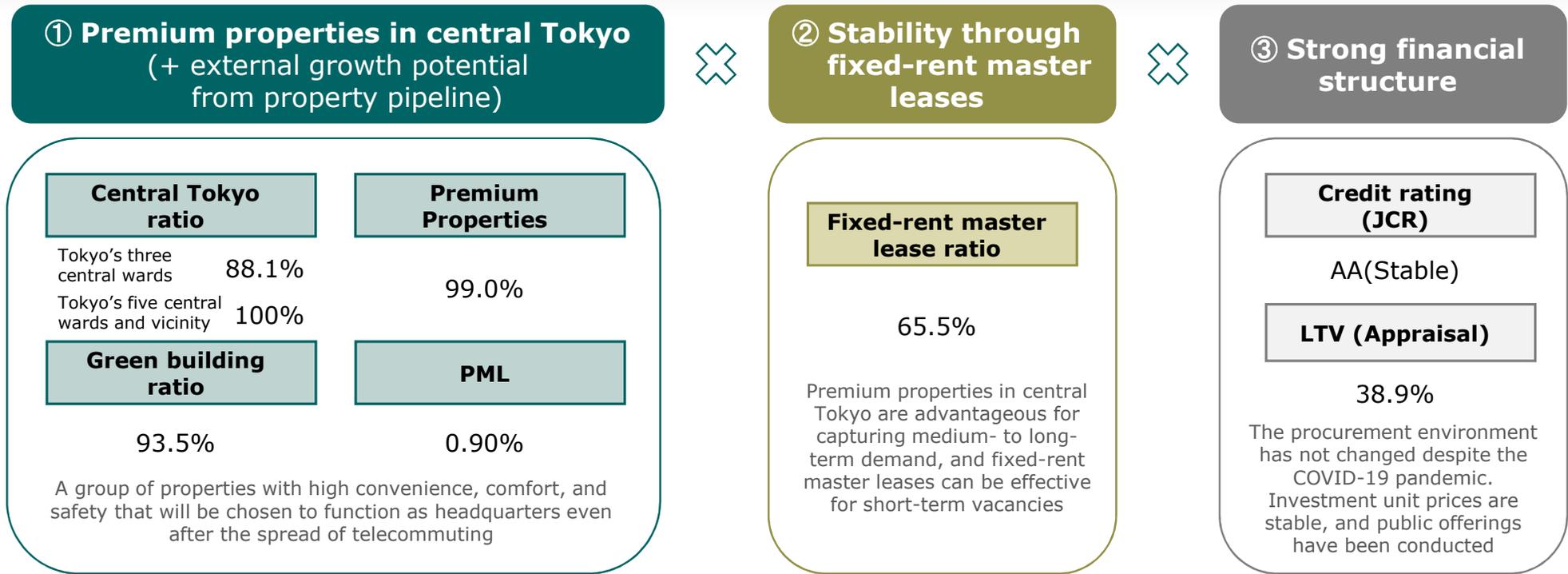
Upon completion of Toranomon Hills Business Tower, Toranomon Hills Residential Tower and the currently planned Toranomon Hills Station Tower (tentative name), the total area of the Toranomon Hills complex including Toranomon Hills Mori Tower will reach about 7.5 hectares and about 800,000m² of the total floor space. The area will evolve into a true "international urban center and a global business hub" with integrated functions such as international standard offices, residences, hotels, retail facilities and transportation infrastructure.

2-4 Dividends per unit growth record



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

2-5 Strengths of continuous growth in DPU and NAV



*The figure above is for after the acquisition of the new property

Impact of COVID-19 on business performance (29th period)

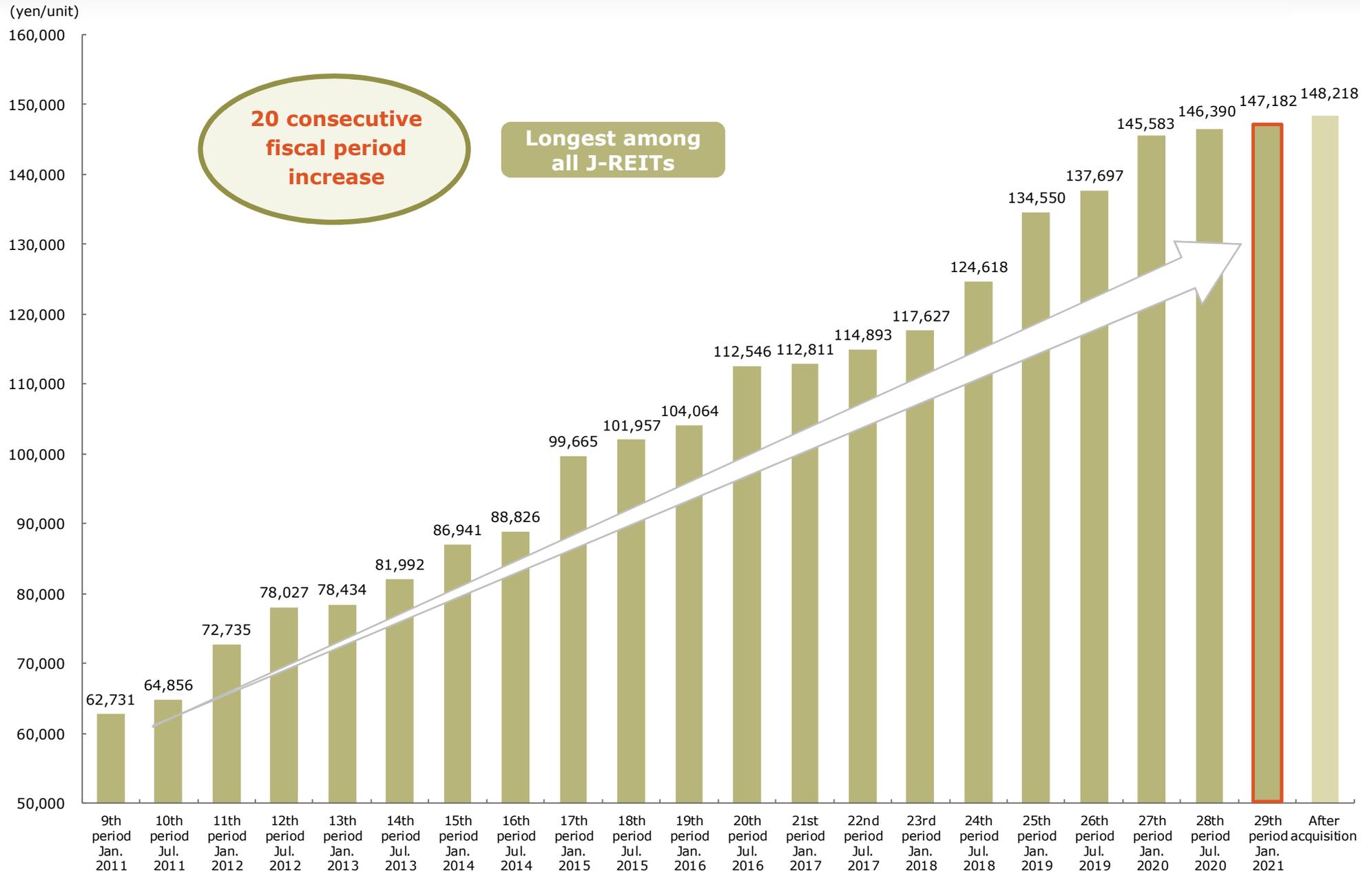
Office: No significant impact. Maintained high occupancy rates

- **Occupancy Rate** 99.7% in the 28th period and 99.6% in the 29th period
Even as office vacancy rates rose in the five central wards, including Minato Ward, a high occupancy rate was maintained due in part to the excellent location and quality of MHR's properties
- **Rent trends**
Rent increases have continued for both rent revision and tenant replacement. As a result, the rent gap has narrowed
- **Rent exemption and non-payment**
No incidents

Residential: Occupancy rates have declined at some properties, but the impact has been minimal

- **Occupancy Rate** decreased from 96.1% in the 28th period to 94.9% in the 29th period
While occupancy rates have declined at some properties, the overall portfolio impact has been minimal
- **Rent trends**
Rent increase upon rent revision has continued to result in increases. New rents have declined temporarily at some properties where occupancy rates declined
- **Rent exemption and non-payment**
No incidents

2-6 Increase in appraisal NAV per unit



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

2-7 Forecasts

The 30th period is forecast to have increased revenue, income, and DPU compared with the 29th period. The 31st period is expected to end at around the same level as the 30th period

- While the contract for the only master lease for which fixed rent significantly deviates from the market rent will be renewed at a lower level in the 31st period, a property acquisition will be conducted at the same time to maintain the DPU (forecast) at the same level of the 30th period
- Cancellations have not particularly increased due to COVID-19, and the occupancy rate is expected to remain at a high level

	29th period Jan. 31, 2021	30th period Jul. 31, 2021		31st period Jan. 31, 2022
	Actual	Forecast	Difference	Forecast
Operating Highlights (million yen)				
Operating revenue	9,820	9,820	+ 0	9,899
Rent revenues	9,614	9,620	+ 6	9,664
Other operating revenues	206	200	△ 6	235
Operating expenses	3,646	3,667	+ 20	3,736
Expenses related to properties	3,315	3,354	+ 38	3,420
SG&A	331	312	△ 18	315
Operating income	6,173	6,153	△ 20	6,163
Non-operating income	0	1	+ 0	0
Non-operating expenses	598	576	△ 22	585
Ordinary income	5,576	5,578	+ 2	5,579
Net income	5,575	5,577	+ 2	5,577
Total dividends	5,574	5,576	+ 1	5,576
DPU				
Total units outstanding (units)	1,916,330	1,916,330	—	1,916,330
DPU (yen)	2,909	2,910	+ 1	2,910
Other Indices (million yen)				
NOI	7,561	7,535	△ 26	7,564
NOI yield	3.7%	3.8%	0.0PT	3.7%
Acquisition price (weighted average based on the number of operating days during the period)	400,851	402,910	+ 2,058	410,737

Increase/decrease factor (29th – 30th)

• Operating revenue (+0 mn yen)

- Full period contribution of property acquired in 29th period	+43
- Office Rent (pass-through)	△25
- Residential (pass-through)	△7
- Cancellation penalty	△5
- Utilities and other revenue	△3

• Operating expenses (+20 mn yen)

- Maintenance and repairs	+12
- Full period contribution of property acquired in 29th period	+10
- Property taxes for property acquired in 29th period	+10
- Depreciation	+7
- Asset management fee	△15
- Property management fee	△8

• Non-operating expenses (△22 mn yen)

- Interest expenses, etc.	△18
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Increase/decrease factor (30th – 31st)

• Operating revenue (+79 mn yen)

- Property acquisition in 31st period	+169
- Utilities and other revenue	+32
- Residential Rent (pass-through)	+4
- Office Rent (fixed rent master lease)	△92
- Office Rent (pass-through)	△41

• Operating expenses (+69 mn yen)

- Property acquisition in 31st period	+40
- Utilities	+28
- Property taxes for property acquired in 29th period	+10
- Property management fee	△11

• Non-operating expenses (+9 mn yen)

- Interest expenses, etc. (new borrowings in 31st period)	+22
- Interest expenses, etc.	△5
- Amortization of investment unit issuance cost	△6

2-8 Highest quality portfolio among all J-REITs

Investment strategy based on long-term perspective

- Invest in properties that can be expected to maintain and improve asset value over the long run
- True premium properties in central Tokyo are sure to capture office demand by functioning as headquarters, even after the spread of telecommuting that has been triggered by COVID-19
- Invest in properties that are located in areas that can expect improved asset value for the entire area based on regional development and area management, instead of only focusing on the value of individual properties

① Investment in central Tokyo
"Truly central and excellent location" even within central Tokyo

Even amidst Japan's declining population and changes to work styles that have been triggered by COVID-19, premium properties in central Tokyo that are "truly central" and in "excellent locations" are sure to capture office demand by functioning as headquarters

Location

② Investing in premium properties
Property with excellent facilities, earthquake resistance and environmental performance

Premium properties with excellent facilities, high earthquake resistance, and environmental performance that offer excellent convenience, comfort, and safety will provide competitive advantages, regardless of economic trends or the spread of telecommuting that has been triggered by COVID-19

Quality of assets

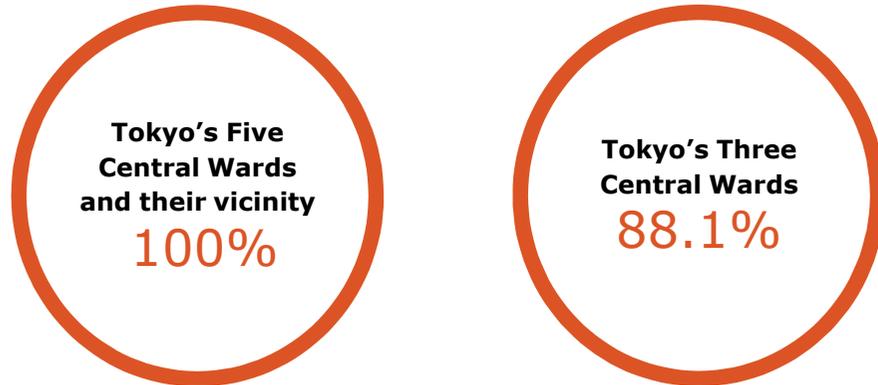
③ Value creation
Value improvement through regional development and area management

Invest in properties that can be expected to further improve profitability and asset value by continuously developing over time alongside the entire region through excellent regional development and area management, instead of only focusing on the value of individual properties

Value Creation

2-9 (1) Location

Highest property percentage in Central Tokyo among J-REITs

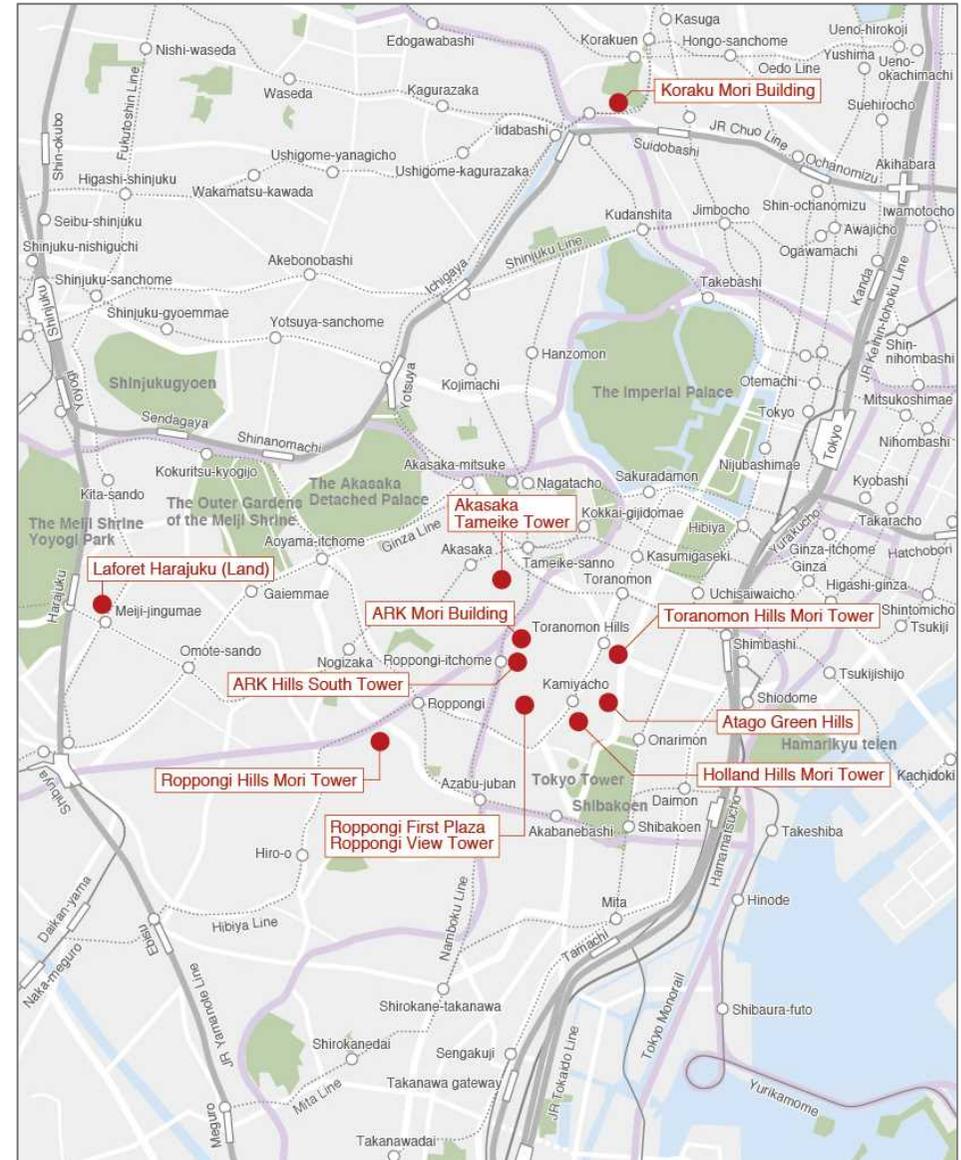


(Note) The ratios represent proportion of acquisition price to total acquisition price.

Estimated population in central Tokyo

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

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



2-10 (2) Quality of assets

Premium Properties (Excellent comfort and safety with extensive facilities)

<Overview and facilities of representative properties>

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

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

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

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



Earthquake-resistant feature



Best among all J-REITs

Environmental performance



Highest quality among all J-REITs

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

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

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

CASBEE for Existing Buildings: Rank S



CASBEE for Existing Buildings: Rank A

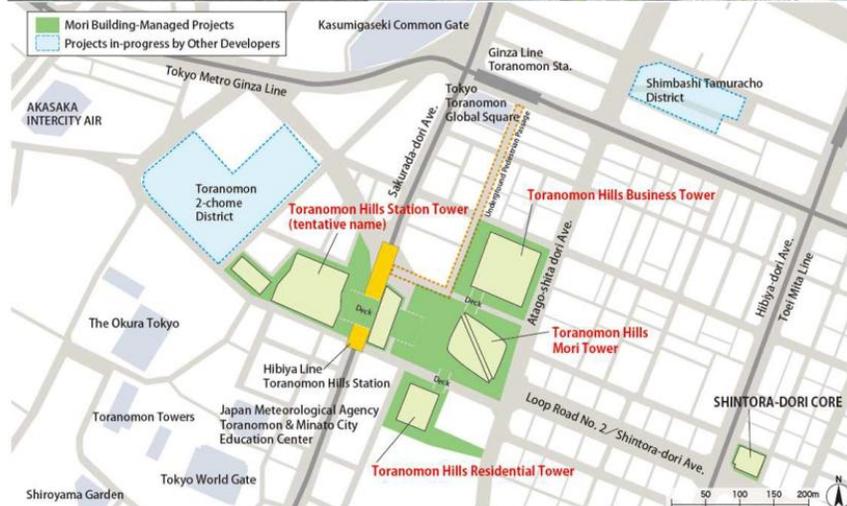


DBJ Green Building Certification: Four stars



2-12 (3) Value creation

Developments around MHR's properties (Toranomon Hills area)



Shintora-Dori CORE (Completed Sep. 2018)



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

- A 15-story mixed use tower with commercial facilities with a total rental floor area of approximately 10,000m²
- Cafe/dining and event space "THE CORE KITCHEN/SPACE" which faces the Shintora-Dori aims to be a creator's hub where creative industry people gather, interact, and generate ideas.
- An "incubation center" with shared lounges and meeting rooms is located on the 3rd floor and start-ups expanding into Japan from overseas and venture companies have moved in.

Toranomon Hills Business Tower (Completed Jan. 2020)



(c) Mariko Mori «Cycloid V»

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

- Business Tower is a 36-story office tower, featuring international-standard, large-scale office space of approximately 96,000m², and retail facility area of approximately 7,600m².
- The tower is directly connected to Toranomon Hills station on the Hibiya subway line as well as Toranomon station on the Ginza subway. A bus terminal is located on the first floor to function as a "Gateway to Tokyo" via various bus lines including the BRT (Bus Rapid Transit) connecting city center and waterfront areas, and via airport limousine buses.
- Offices occupy 32 floors from the 5th floor to the 36th floor with the standard rentable floor area of 3,000m². Refreshment corners are provided in the common area on each floor aimed at promoting communication. In addition, preparation for an emergency has been arranged through a disaster stockpiling warehouse on each floor.
- An original energy plant that supplies electricity and heat is installed in the Toranomon Hills area on the third basement floor. It also provides the electricity and heat sufficient to continue urban functions even in the event of a disaster, contributing to the safety and security of the Global Business Center.



<Retail>

From the first basement floor to the 3rd floor, commercial spaces with a total of 58 restaurants and stores will support global lifestyles. The 3rd floor will house Toranomon Yokocho, a landmark dining facility featuring offerings from famous stores from all over Tokyo.



<Innovation center>

On the 4th floor will be a large membership-based incubation center "ARCH," which was established especially to support large enterprises' internal business reforms and new business creation. It boasts around 3,800m² of office work space and aims to become a base for Japan's unique innovation ecosystem.

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



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

- Large central square of approx. 6,000m² is set in the center of the city and various city functions such as offices, residences, hotel, an international school, retail facilities and cultural facilities will be tightly integrated.
- Total floor area will be 861,500m², with 213,900m² of office space, approx. 1,400 residential units. Approx. 20,000 office workers and 25-30 million people per year are expected to visit.
- The main tower will soar 64 stories and 330m in height. Offices in the main tower, the West Tower and Podium Building will encourage free and creative work.



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

- The core concept of the "Toranomon-Azabudai Project" is a "Modern Urban Village," a unique neighborhood that will combine the sophistication of a megalopolis with the intimacy of a small village. It will be a completely new city like no other in the world. It will cover an area of approx. 8.1 ha and will feature extensive landscaping totaling approx. 2.4 ha including a 6,000m² central square.



Creating community and innovation through the Area Management by sponsor

Toranomon Hills Area



Thursday Gathering
(Toranomon Hills)

Partnership with world's largest innovation center

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



TORANOMON FLOWER MART
(Toranomon Hills Mori Tower)

Community connected by flowers

"Toranomon Flower Mart," a new market unique to Toranomon Hills serves as an intersection connecting prominent greenery in central Tokyo including Atagoyama and Hibiya Park. Unique and popular flower shops that do not usually get together gather at the same place, and workshops, etc. are also held.



ARCH
(Toranomon Hills Business Tower)

Incubation Center "ARCH"

"ARCH," a large membership-based incubation center was established especially to support large enterprises' internal business reforms and new business creation. It boasts around 3,800 m² of office work space and aims to become a base for Japan's unique innovation ecosystem.



Touring stand
(Shintora-Dori)

Understanding attractiveness across Japan

"Touring Stand" is a collection of dining facilities standing side by side along the road where people can enjoy seasonal ingredients and local cuisine from across Japan including at the special event "Touring Ippinichi."

Creating community and innovation through the Area Management by sponsor

ARK Hills Area



KaleidWorks
(ARK Mori Building)

Workplace where venture capital gathers

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



Hills Marche
(ARK Karajan Place)

Pioneer of urban markets: Hills Marche

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

Roppongi Hills Area



ARK Hills Music Week
(ARK Karajan Place)

Close experience of high-quality music

“ARK Hills Music Week” is a unique music festival where people can casually enjoy high-quality music. Many specially selected music events where people of various ages and nationalities can interact with each other in the city are held during the period.



(c) Roppongi Art Night Execution Committee

Roppongi Art Night
(Roppongi Hills Arena)

Art Festival representing Tokyo

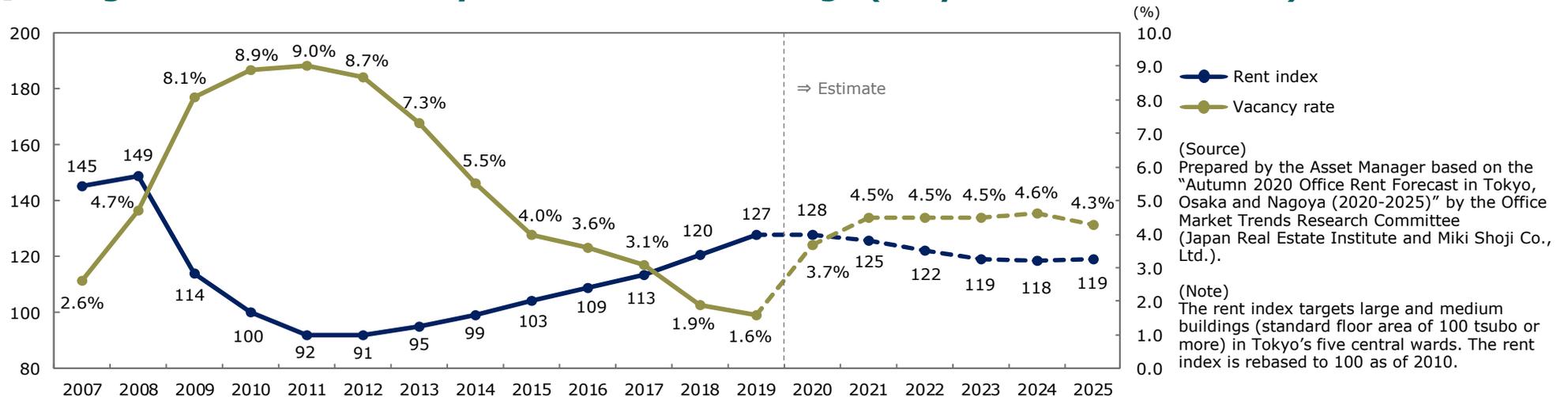
“Roppongi Art Night,” an art festival representing Tokyo, integrates art and the city to improve the cultural image of Roppongi and create a pioneering model of urban development through art in the metropolis Tokyo.

2-17 External growth

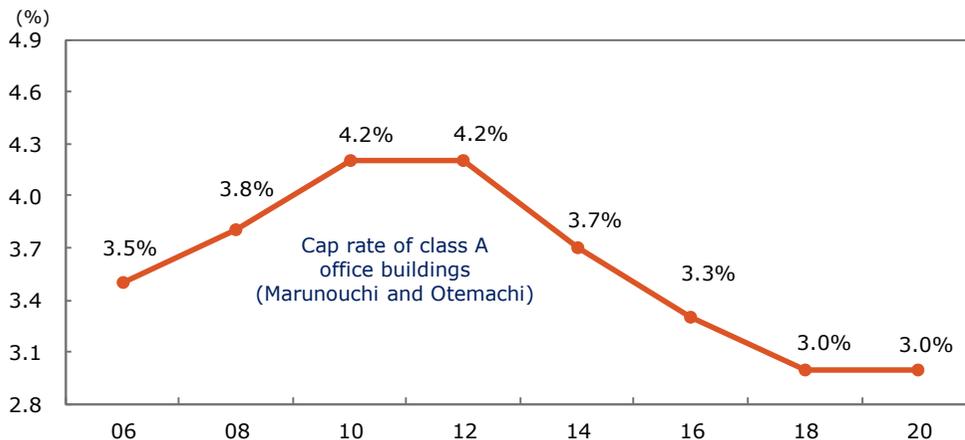
Realized growth in DPU and NAV by acquiring premium property in central Tokyo

- Additional acquisition of Toranomon Hills (September 2020, 12.2 billion yen), with additional acquisition planned (August 2021, 7.8 billion yen). Acquisitions made at a cost lower than appraisal value, leading to growth in DPU and NAV
- Ability to acquire premium properties in central Tokyo without competitive bidding by utilizing the abundant and extensive property pipeline of Mori Building, the sponsor

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



Change in return on real estate investment



(Source) Prepared by the Asset Manager based on "The Japanese Real Estate Investor Survey" by the Japan Real Estate Institute.

(Note) Figures reflect the time of survey as of October each year.

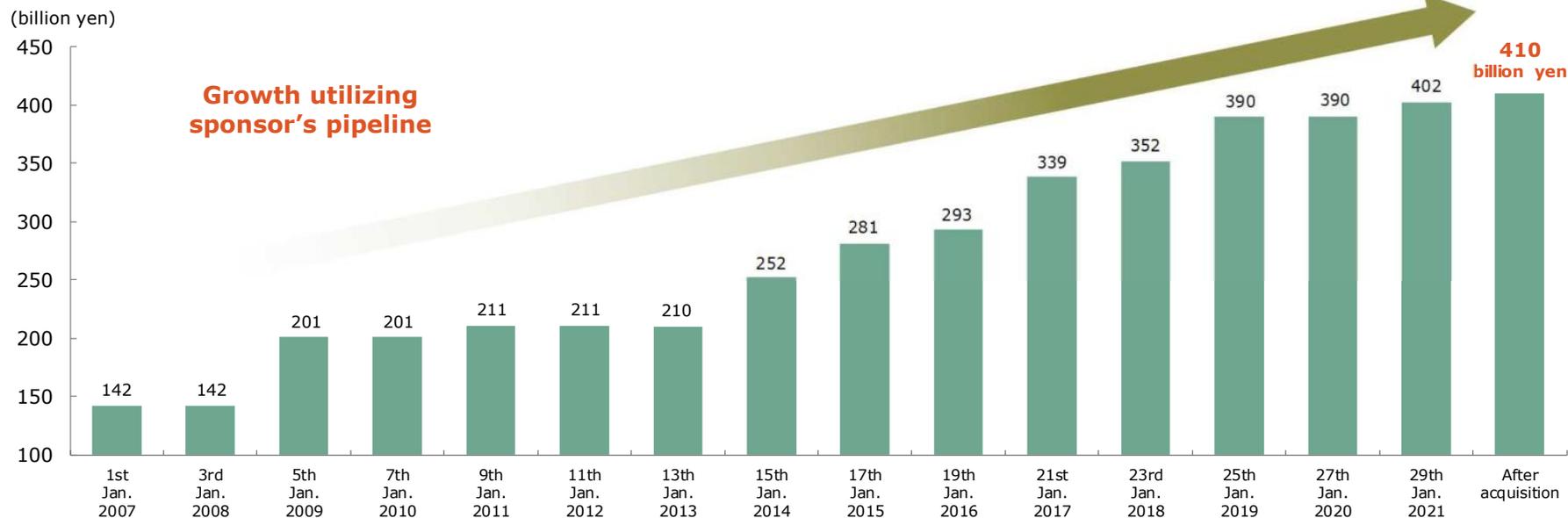
Mori Building's extensive property pipeline

Total assets: 2.2 trillion yen (as of the end of September, 2020)	Number of properties under management: 96 buildings (as of April, 2020)
--	---

MHR has "preferential negotiation rights"

2-18 External growth

Trend in assets under management (based on acquisition price)



Acquired premium properties in central Tokyo lower than appraisal values (Scheduled as of August 2, 2021)

Toranomon Hills Mori Tower

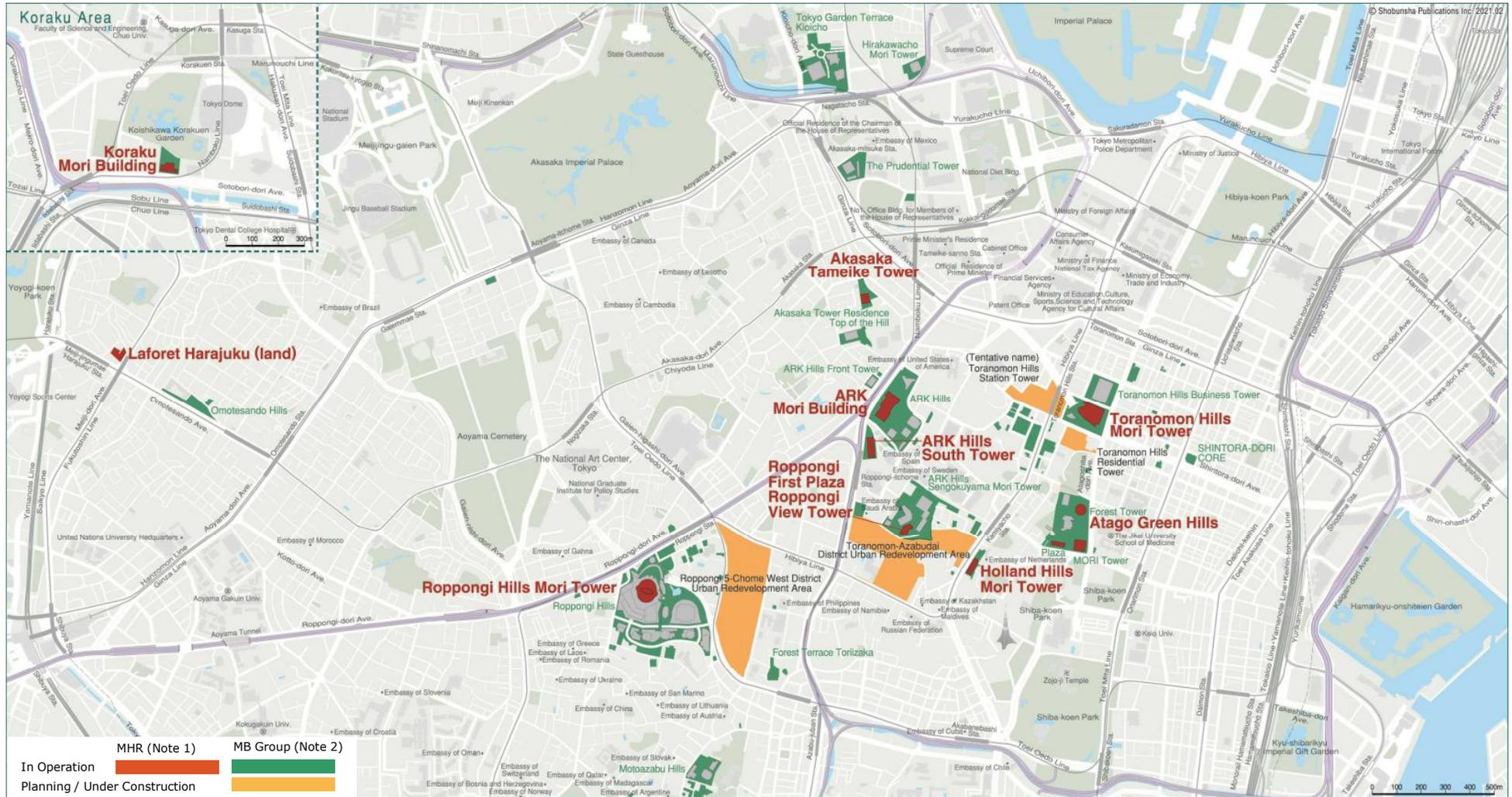


Anticipated acquisition price	7,870 million yen
Appraisal value	9,856 million yen
Location	Minato-ku, Tokyo

	Toranomon Hills Mori Tower	Recent office acquisition by listed REITs (Note 1)
Discount of acquisition price to appraisal value (Note 2)	△ 20.2%	△ 6.2%
Building age	6.6 years	22.0 years
PML	0.50%	4.33%

(Note 1) Average based on information of acquisitions (23 properties) disclosed from August 2020 to January 2021.
 (Note 2) Discount of acquisition price to appraisal value = (Acquisition price – appraisal value) / appraisal value

Mori Building Group's involvement



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2021."

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

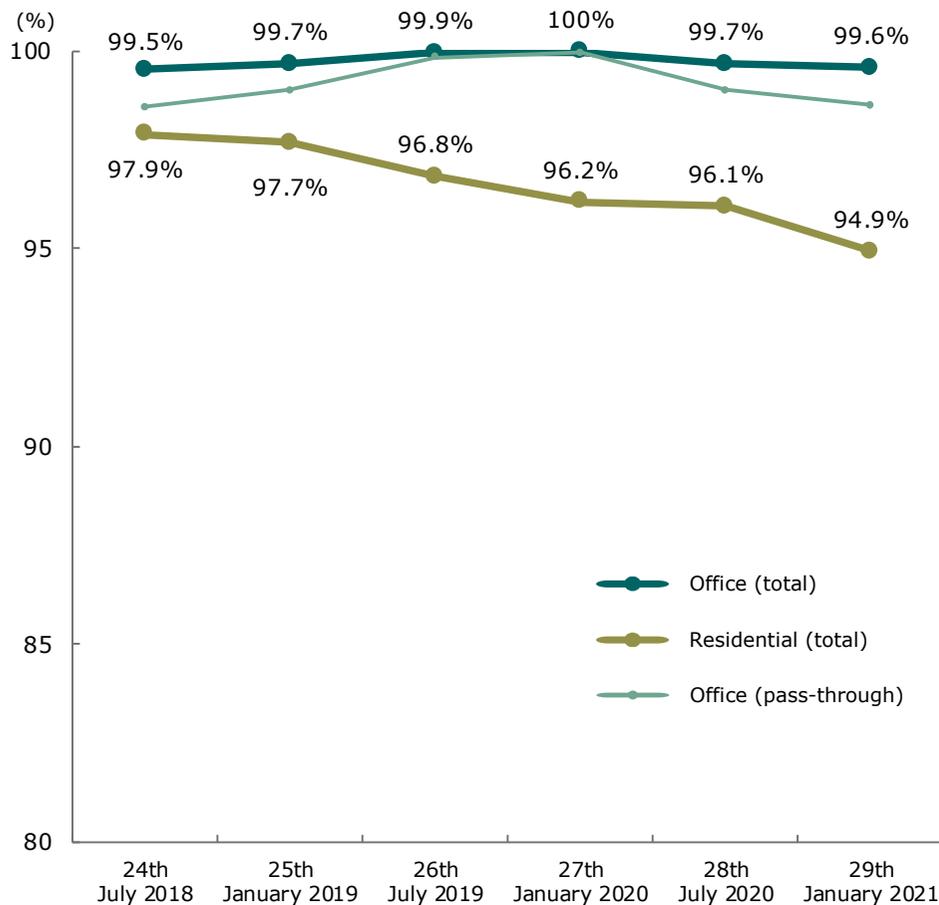
(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

2-20 Internal growth

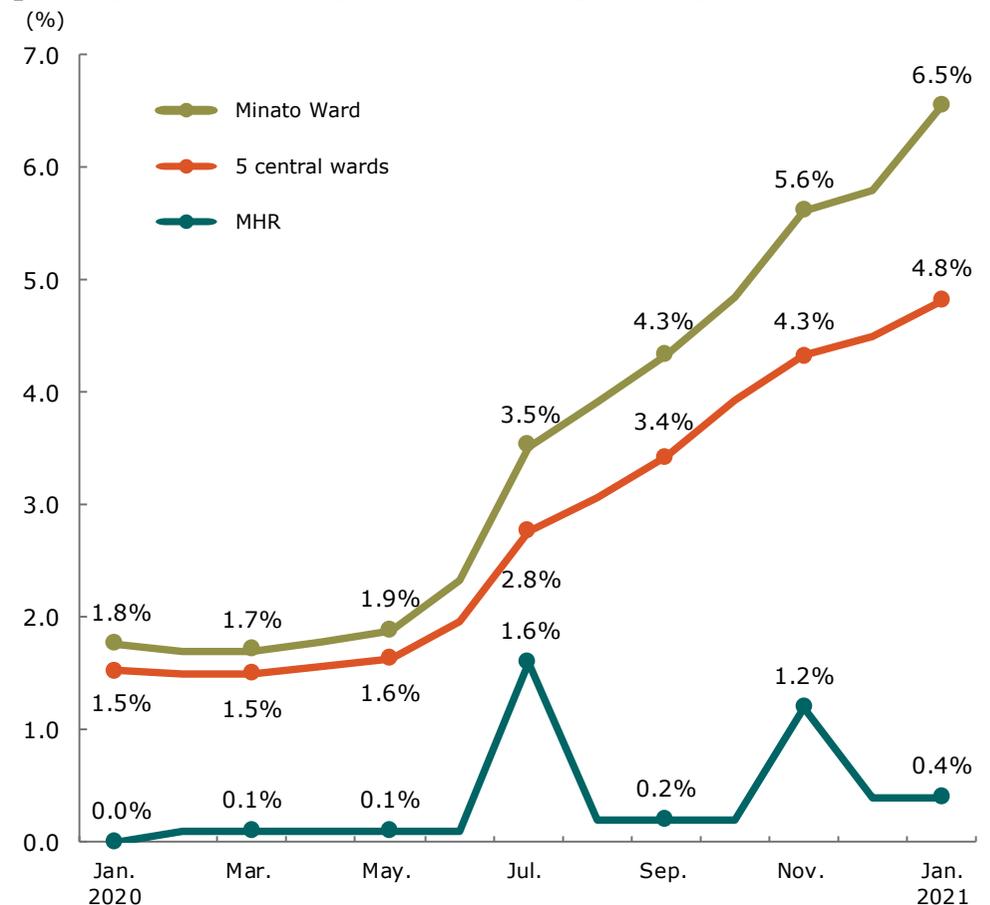
Maintained high occupancy rate amidst COVID-19 pandemic

- Even as office vacancy rates rose in the five central wards, including Minato Ward, MHR's properties have not been impacted due to their excellent location and quality
- Office rents (pass-through type) in the 29th period have continued to increase for both rent revision and tenant replacement. While the occupancy rates for some residential properties decreased, the overall portfolio impact has been minimal

Trend in occupancy rates



Comparison of Vacancy Rates in Central Tokyo Offices (since January 2020)

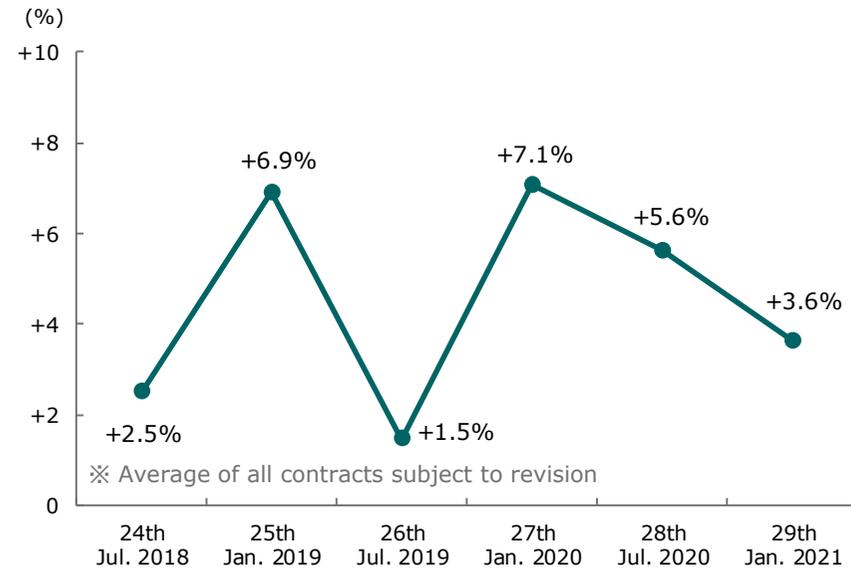


(Source) Prepared by the Asset Manager based on "Office Market Data" by Miki Shoji Co., Ltd.

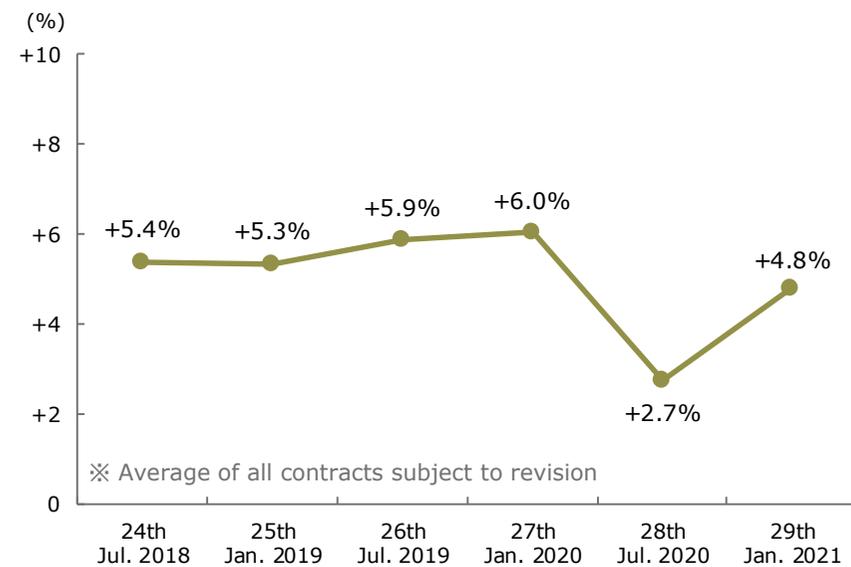
(Note) Figures of "Mori Hills REIT" are the total figures for the office sections of all owned properties.

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

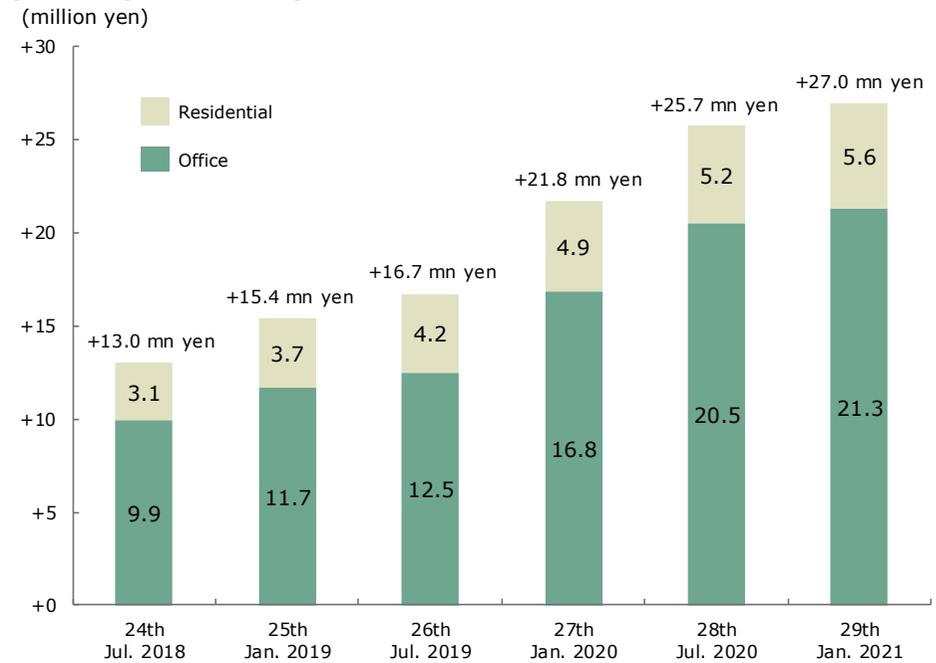
Rent revision rate (Office)



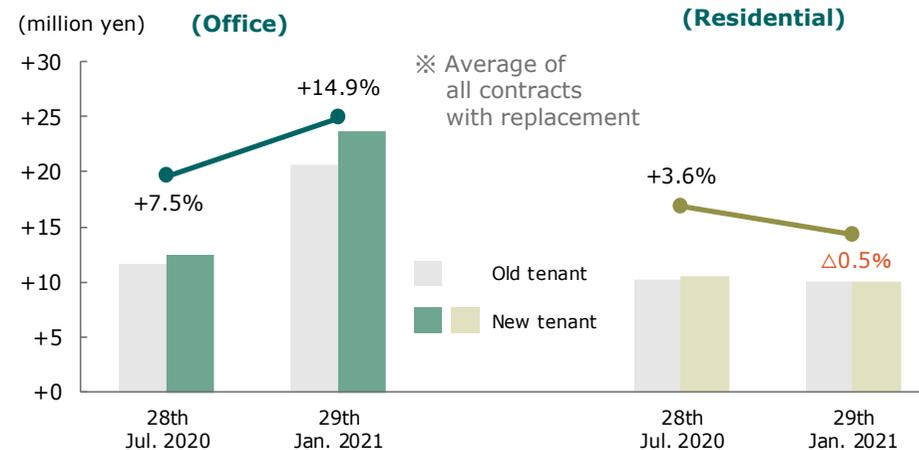
Rent revision rate (Residential)



Net impact of rent revisions accumulated since 24th period (Monthly rent basis)

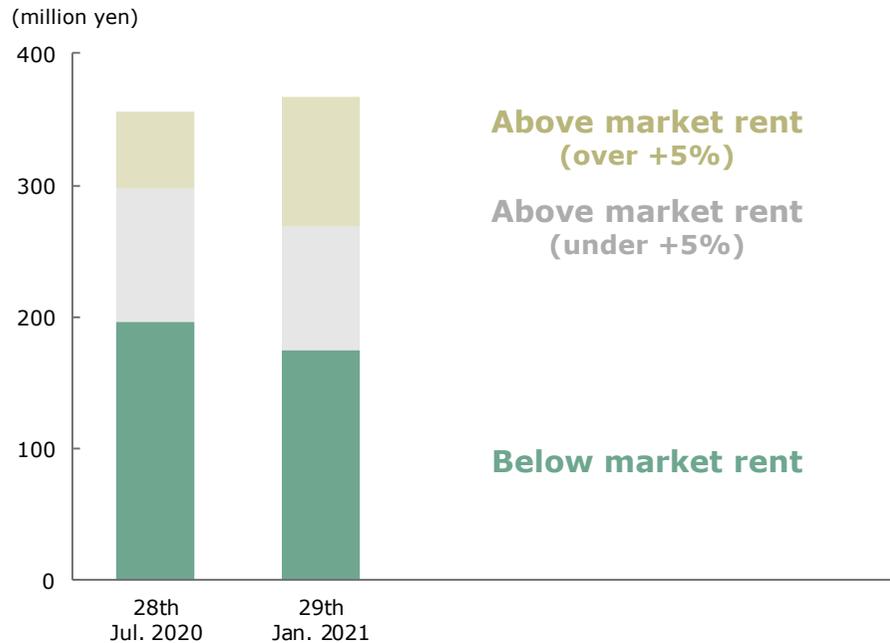


Net impact on increase/decrease of tenant replacement (Monthly rent basis)

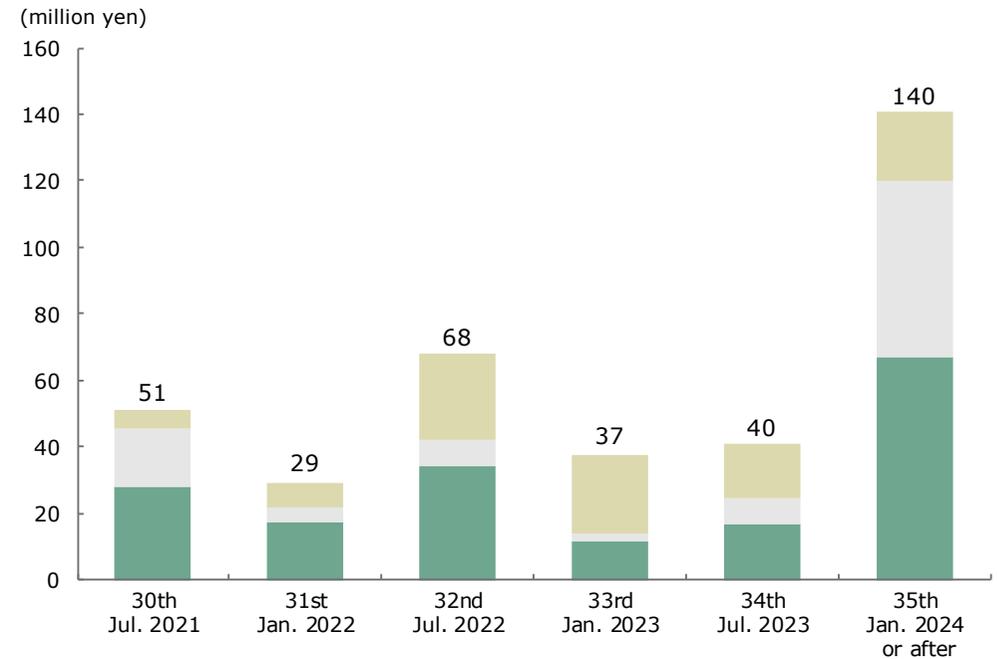


Comparison with office market rent (pass-through type)

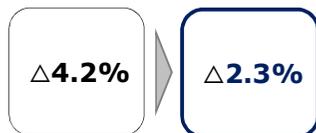
Rent gap (Total monthly rent)



Rent gap by revision (Total monthly rent)



Rate of rent gap



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

- The rent gap has narrowed due to the continued rent increases for both rent revision and tenant replacement and only the slight decrease in new rents at some properties
- Aim for the maintenance and improvement of overall rental income, while considering the upward revision of rents for tenants with a large rent gap

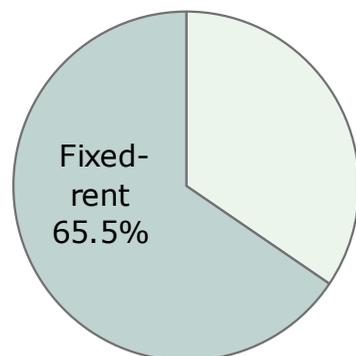
(Note 1) Market rent is based on the report by CBRE K.K.

(Note 2) Rent gap = Total tenants' rent ÷ "Total market rent" - 1

(Note 3) Figures reflect move outs of end tenants confirmed as of January 31, 2021

Overview of fixed rent master lease

Ratio of fixed rent master lease (after new acquisition)



Realize stable
cash flow

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

● Display a defensive posture to the temporary uptick in vacancy

Realize stable cash flow in both the short term and the mid to long term

Monthly rent by contract expiration

Property name	Total monthly rent (mn yen)	% of portfolio total rent	Breakdown of property	Leased floor area (m ²)	Payer of management associated fee	Monthly rent by contract expiration (mn yen)				Expiration of the lease agreement
						2022	2023	2024	2025 or after	
Roppongi Hills Mori Tower (10 floors)	475.2	29.1%	23rd & 24th	8,993.45	MHR	—	—	—	99.2	Jul. 2026
			19th & 22nd	8,609.47		—	95.0	—	Sep. 2023	
			20th	3,879.19		—	—	42.8	—	Jul. 2024
			28th	4,460.13		—	—	—	49.2	Sep. 2025
			25th	4,156.66		—	—	—	45.8	Jan. 2026
			26th, 27th & 29th	12,942.64		—	—	—	142.9	Mar. 2026
ARK Mori Building (8 floors + DHC)	225.2	13.8%	13th/12th & 22nd	7,952.55	MHR	—	—	—	77.9	Jan. 2026
			23rd & 25th	5,742.95		—	—	—	55.5	Jan. 2026
			4th, 15th & 24th	7,680.52		—	—	—	73.8	Jan. 2026
			DHC	3,212.41	Master lessee	—	17.9	—	—	Mar. 2023
Atago Green Hills (approx. 32.9% of entire property)	168.7	10.3%	Office, residential & retail	29,667.58	Master lessee	168.7	—	—	—	Apr. 2022
Toranomon Hills Mori Tower (approx. 10.8% of entire property)	201.6	12.3%	Part of 28th to 35th floors	19,046.16	MHR	201.6	—	—	—	Jul. 2022
Total	1,070.8	65.5%				370.3 (34.6%)	113.0 (10.6%)	42.8 (4.0%)	544.6 (50.9%)	

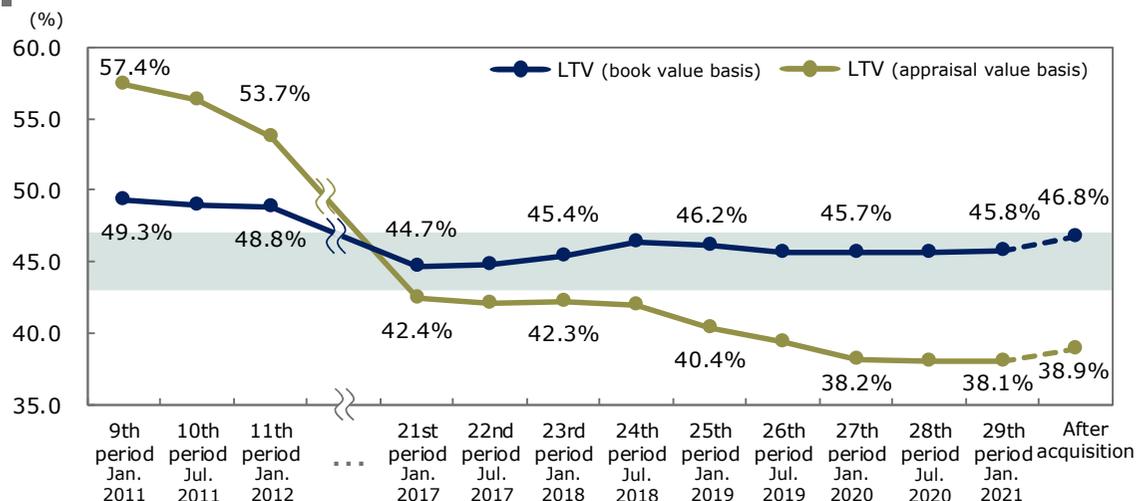
(Note) Figures reflect the acquisition as of August 2, 2021.

2-24 Financial management

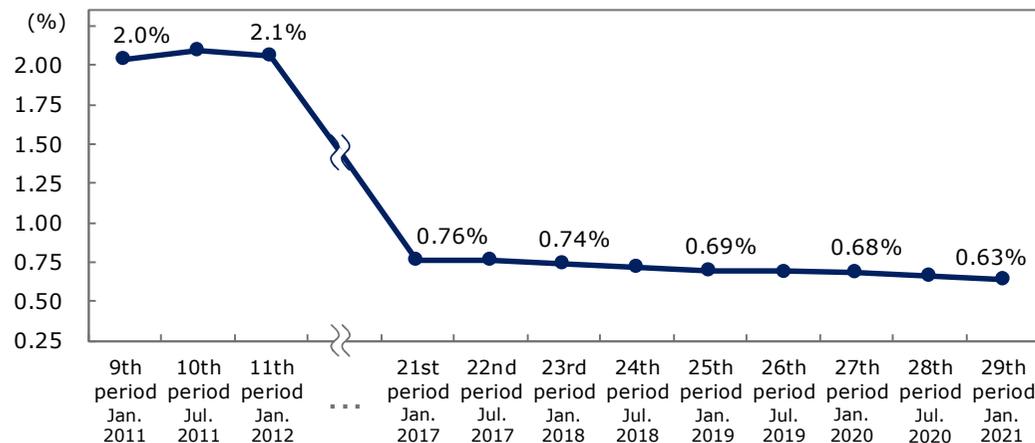
Maintaining a strong financial structure with a credit rating (JCR) of AA (stable), and LTV (appraisal-value basis) of 38.1%

- The fund procurement environment has not changed despite the COVID-19 pandemic, and because the interest rate for new debt is below the interest rates of existing debt, financial costs are expected to decline upon refinancing
- The policy is to continue to maintain LTV (book-value basis) in the mid-40% range and the average remaining duration of debt at 4.0 years or longer. New green bonds have been issued (November 2020: 3.5 billion yen, February 2021: 2.0 billion yen)

Reduction in LTV



Reduction in average interest rate (including borrowing expenses)



Overview of debt financing

	End of 28th period Jul. 31, 2020	End of 29th period Jan. 31, 2021
Debt Balance	179,222 mn yen	184,422 mn yen
LTV (book value basis) ^(Note 1)	45.7%	45.8%
LTV (appraisal value basis) ^(Note 2)	38.0%	38.1%
Avg. remaining duration	4.7 years	4.6 years

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

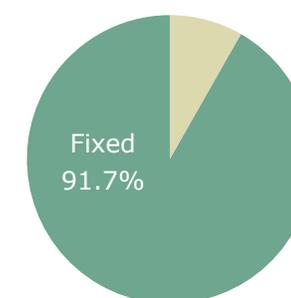
(Note 2) LTV (appraisal value basis) is calculated as [Interest-bearing debt / Appraisal value based total assets (Total assets + Total appraisal value - Total book value)].

Long-term debt ratio / Fixed rate ratio

<Long-term debt ratio>

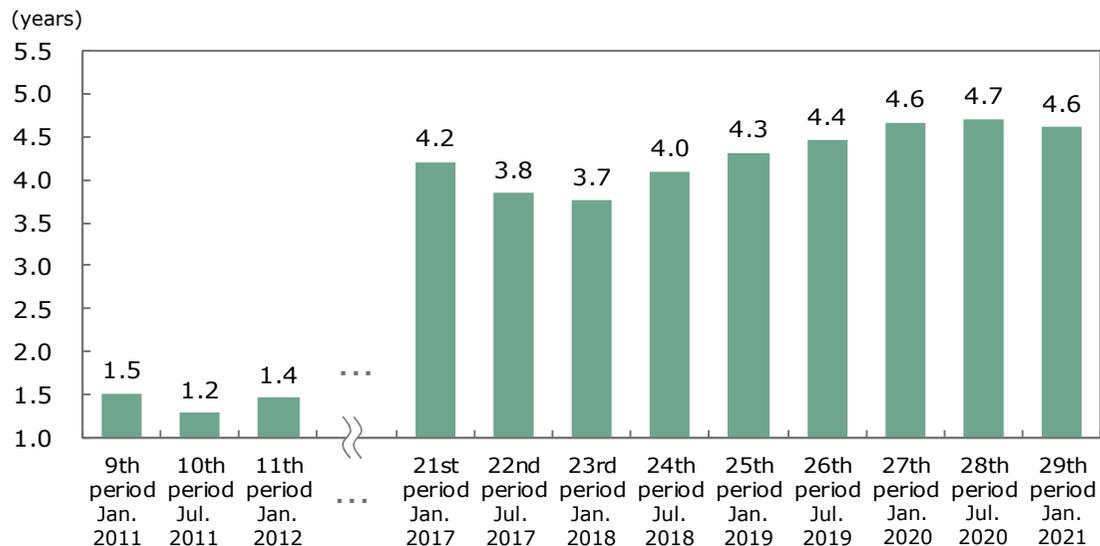


<Fixed rate ratio>



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

Extension in remaining duration of debt

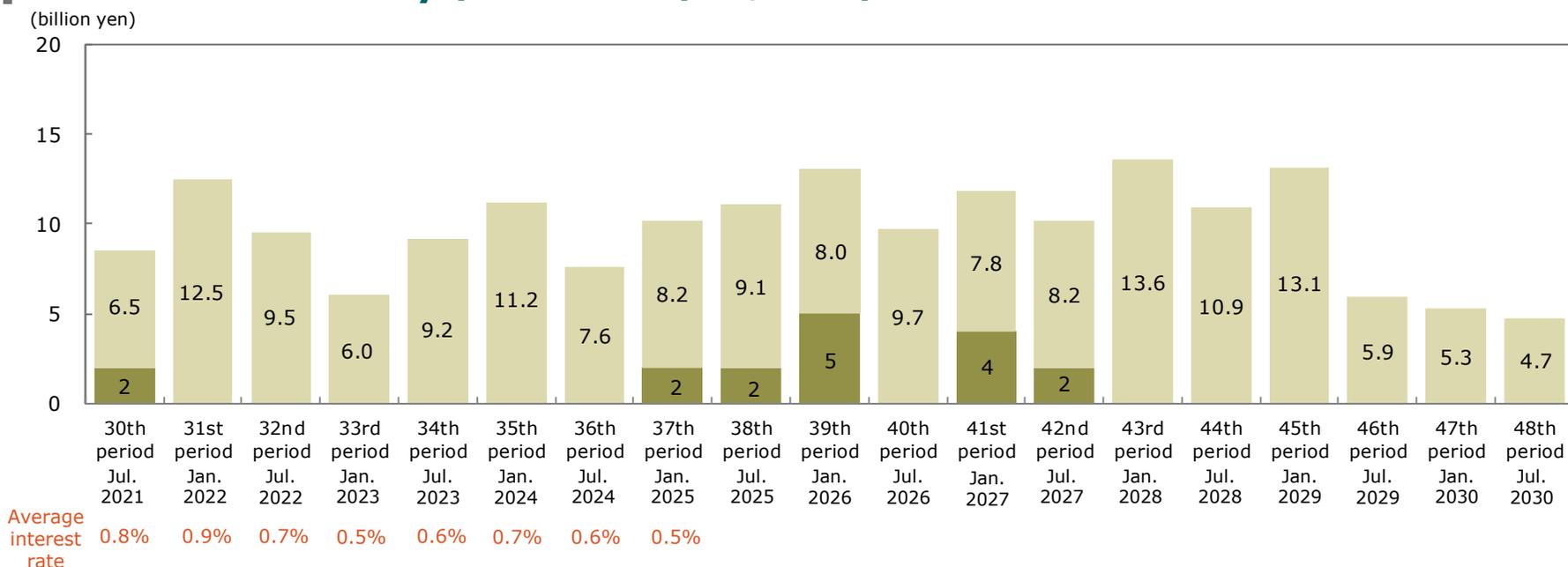


Rating

Japan Credit Rating (JCR)

Long-term issuer rating:
AA (Stable)

Overview of maturity (as of January 31, 2021)



2-26 Sustainability initiatives

Important ESG Issues (Materiality)

	Materiality	Main Initiatives	Main related SDGs
E Environment 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions and promote energy saving at owned properties Use of renewable energy 	<ul style="list-style-type: none"> Participate in Japan Climate Initiative Support the TCFD recommendations Promote energy savings (such as introducing the energy saving technologies) Expand use of renewable energy 	   
	<ul style="list-style-type: none"> Coexist with nature 	<ul style="list-style-type: none"> Promote greenery and take measures against heat island Protection of biodiversity 	 
	<ul style="list-style-type: none"> Response to sustainability certifications 	<ul style="list-style-type: none"> Various initiatives to obtain Green Building certifications and make improvements Implement training regarding Green Building 	   
S Social 	<ul style="list-style-type: none"> BCP measures (disaster prevention and building resilience) Tenants' health, comfort and convenience 	<ul style="list-style-type: none"> Enhance BCP Measures Strengthen emergency management systems and implement general disaster-readiness training Initiative for barrier-free access Due diligence when acquiring real estate Conduct Tenant Satisfaction Survey 	  
	<ul style="list-style-type: none"> Respect for human rights Promote diversity 	<ul style="list-style-type: none"> Create an appropriate environment for a whistleblower system Implement human rights and diversity training (including LGBT) Create a pleasant working environment for women 	 
	<ul style="list-style-type: none"> Talent development 	<ul style="list-style-type: none"> Provide personnel evaluations and feedback from diverse perspectives including compliance and ESG initiatives Provide various training and qualification acquisition systems based on courses 	 
	<ul style="list-style-type: none"> Promote a healthy and comfortable work environment and improve employee's work/life balance Increase employee's satisfaction 	<ul style="list-style-type: none"> Promote paid holiday acquisition and overtime work reduction Maintain systems for employee safety and health management Implement health checks Conduct Employee Satisfaction Survey 	 
	<ul style="list-style-type: none"> Mutual communication with Stakeholders 	See "ESG Report"	
G Governance 	<ul style="list-style-type: none"> Strive for fair and effective corporate governance Adhere to compliance and corporate ethics Prevent conflict-of-interest transactions Identify risks and manage responses Respond to requests for ESG information disclosure 	<ul style="list-style-type: none"> Implement evaluation of the effectiveness of the board of directors Conduct compliance training including fraud prevention Regularly expose risks, as well as monitor and respond to risks appropriately Enhance ESG information disclosure on the website Issuance of ESG Report 	

GRESB Assessment



In the 2020 GRESB Real Estate Assessment, MHR received a “Green Star” rating for the ninth consecutive year, and received the highest evaluation of “5 Stars” in the GRESB Rating (Note).

(Note) The comparative assessment of the overall score was initially introduced in 2016. It is a global ranking utilizing a five-star scale (“5 Stars” as the highest rank).

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).

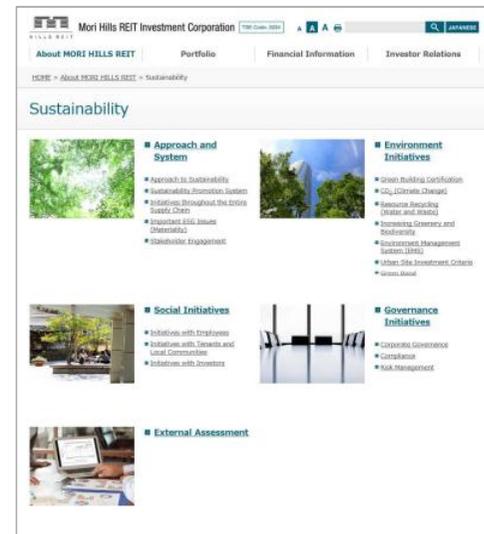
ESG Report (Japanese)



This report describes the overall efforts of MHR and the Asset Manager Mori Building Investment Management Co., Ltd. to contribute to the realization of a sustainable society and to maximize unitholder value over the medium to long term.

URL: https://www.mori-hills-reit.co.jp/Portals/0/images/ir/ir_pdf/ESG_Report_2020.pdf

MHR's Website



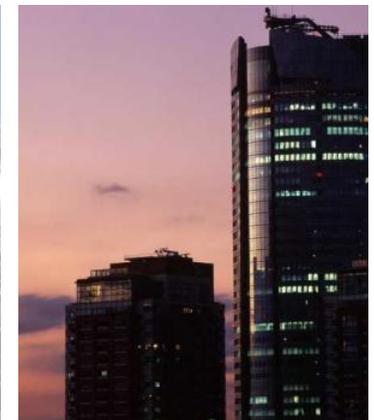
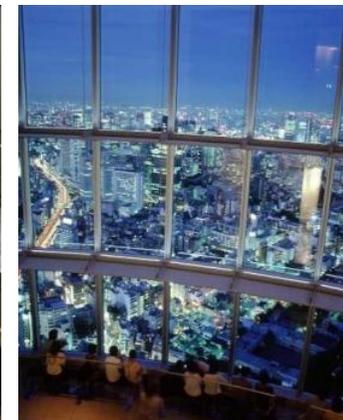
The pages dedicated to ESG have expanded, and information is proactively disclosed.

URL: <https://www.mori-hills-reit.co.jp/en/outline/Sustainability/tabid/171/Default.aspx>

2-28 MHR's representative property (1) Roppongi Hills



Roppongi Hills Mori Tower



Roppongi Hills

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

Office

Roppongi Hills Mori Tower

Roppongi Hills Mori Tower is the main tower of Roppongi Hills and is 54 floors above ground and 238 meters high and has established itself as a landmark of Tokyo. Offices located from the 8th floor to the 48th floor boast floor plates of about 1,360 tsubo (about 4,500m²), among the largest floor areas of skyscrapers in Japan. It is a state-of-the-art office building with an ultra high-speed network, outstanding earthquake resistance performance and thorough security.



Residence Roppongi Hills Residence

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



Retail Shops and Restaurants

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



Hotel Grand Hyatt Tokyo

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



Cinema TOHO Cinemas Roppongi Hills

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



Museum Mori Art Museum

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



Stable Supply of Power from Independent Power Station

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

2-29 MHR's representative property (2) Toranomom Hills



Toranomom Hills

Toranomom Hills is located in the "Special Zone for Asian Headquarters" where Tokyo Metropolitan Government seeks to attract foreign companies. This building is Tokyo's new landmark and consists of Japan's first Andaz hotel "Andaz Tokyo", high-specification offices, a high class residential area with outstanding views where hotel services are available, international-standard conference facilities and commercial facilities to supports various urban functions, along with an open space of about 6,000m².

Office Toranomom Hills Mori Tower

Offices occupy the 6th to the 35th floors of "Toranomom Hills Mori Tower", a super high rise tower with 52 floors rising 247 meters above ground with a gross floor area of 30,000 tsubo. Standard rent floors' average size are about 1,000 tsubo (about 3,300m²) with a ceiling height of 2.8 meters and they provide flexible and comfortable workspaces without pillars. Six transit stations and 11 lines are nearby and provide access to Haneda Airport which makes this building an optimal global business base.



Residence Toranomon Hills Residence

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



Retail Shops and Restaurants

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



Hotel Andaz Tokyo

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



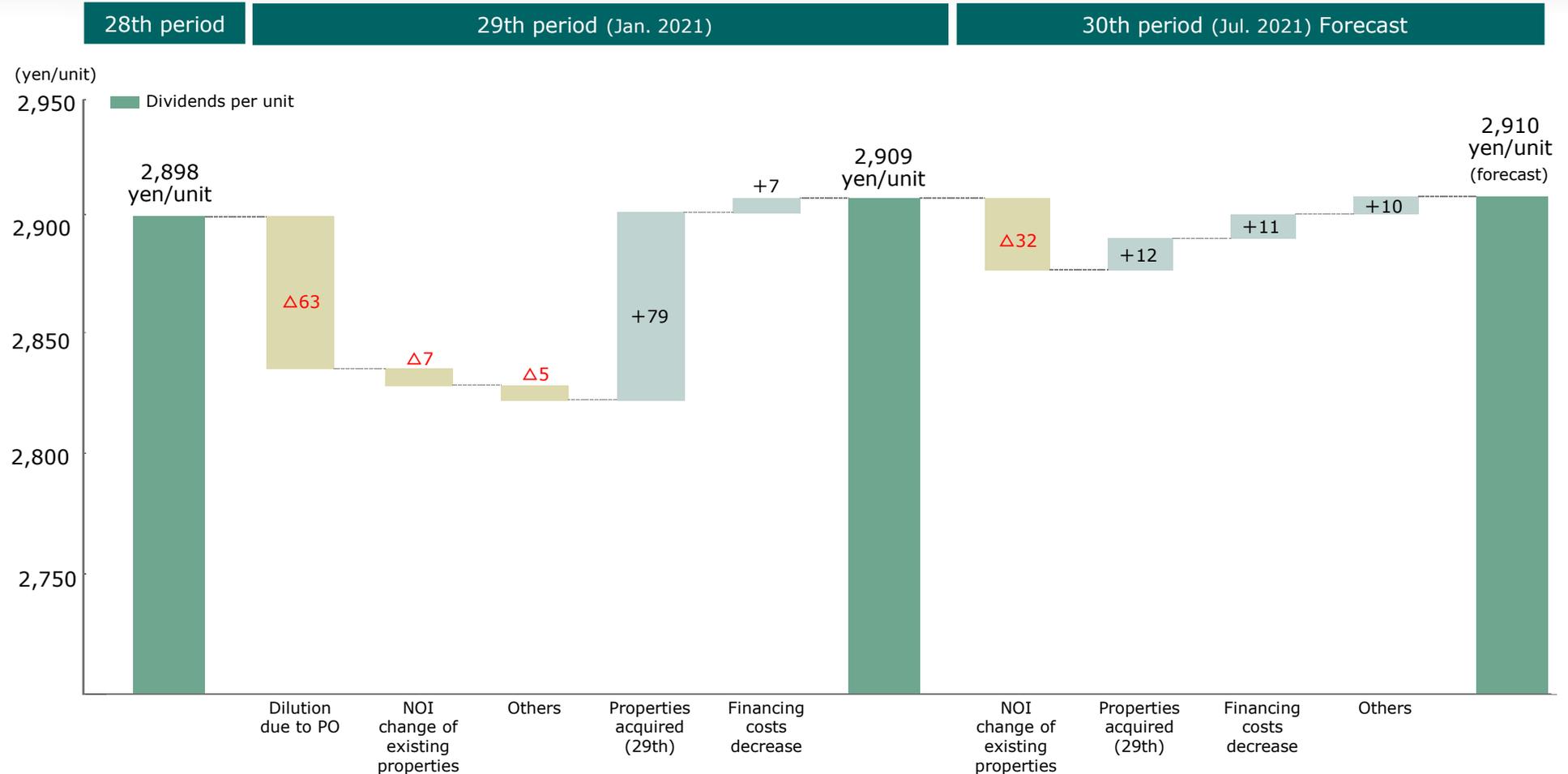
Evolving as an International Urban Center and a Global Business Hub

Upon completion of Toranomon Hills Business Tower, Toranomon Hills Residential Tower and the currently planned Toranomon Hills Station Tower (tentative name), the total area of the Toranomon Hills complex including Toranomon Hills Mori Tower will reach about 7.5 hectares and about 800,000m² of the total floor space. The area will evolve into a true "international urban center and a global business hub" with integrated functions such as international standard offices, residences, hotels, retail facilities and transportation infrastructure.

3. Operation highlights



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



Major factors behind change in NOI from existing properties:

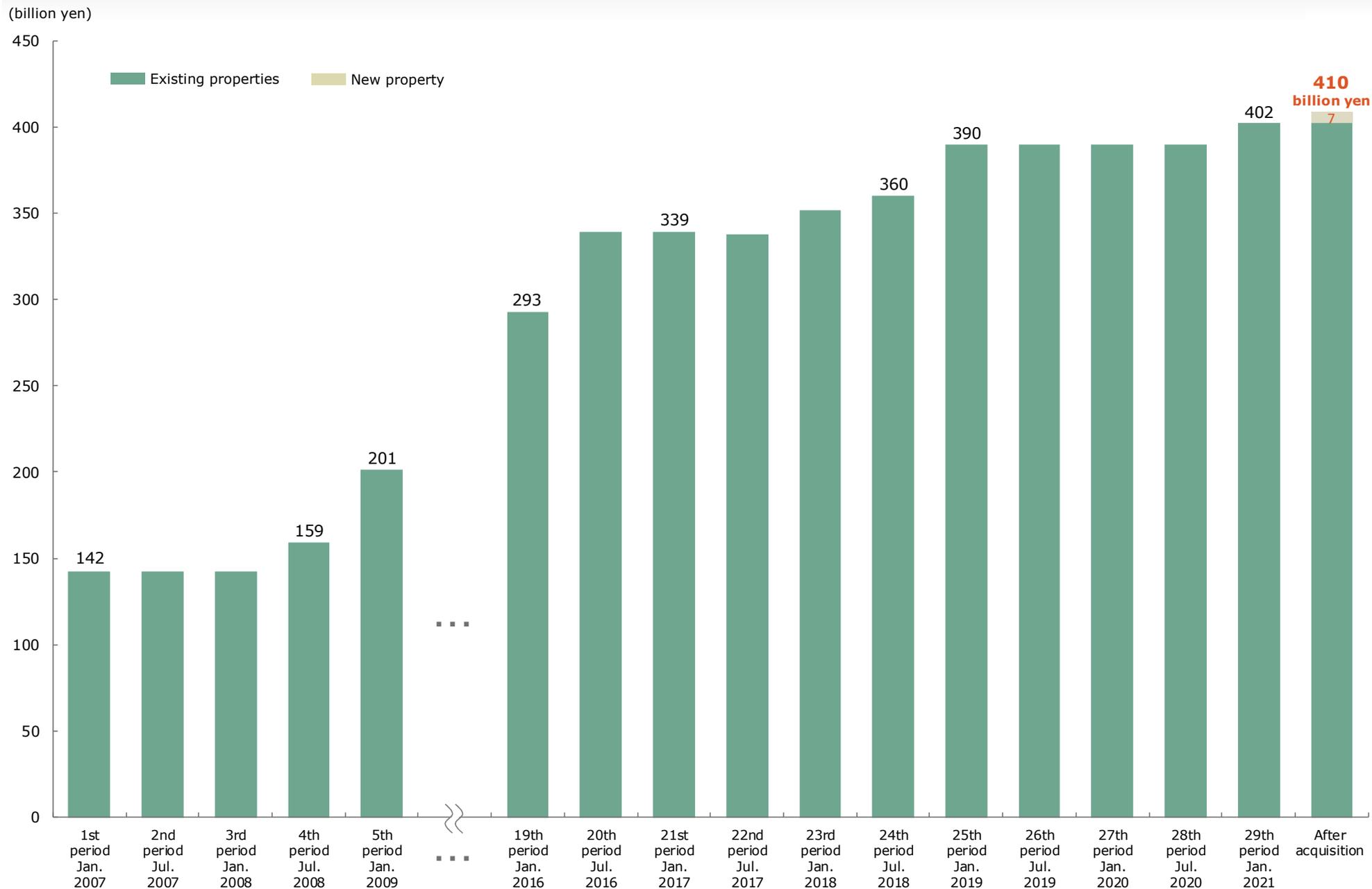
+ Decrease in maintenance and repairs	+7
+ Decrease in depreciation	+5
+ Office rent (pass-through)	+5
+ Utilities and other revenue (net)	+2
- Increase in property management fee	△13
- Increase in property taxes	△8
- Residential rent (pass-through)	△5

Major factors behind change in NOI from existing properties:

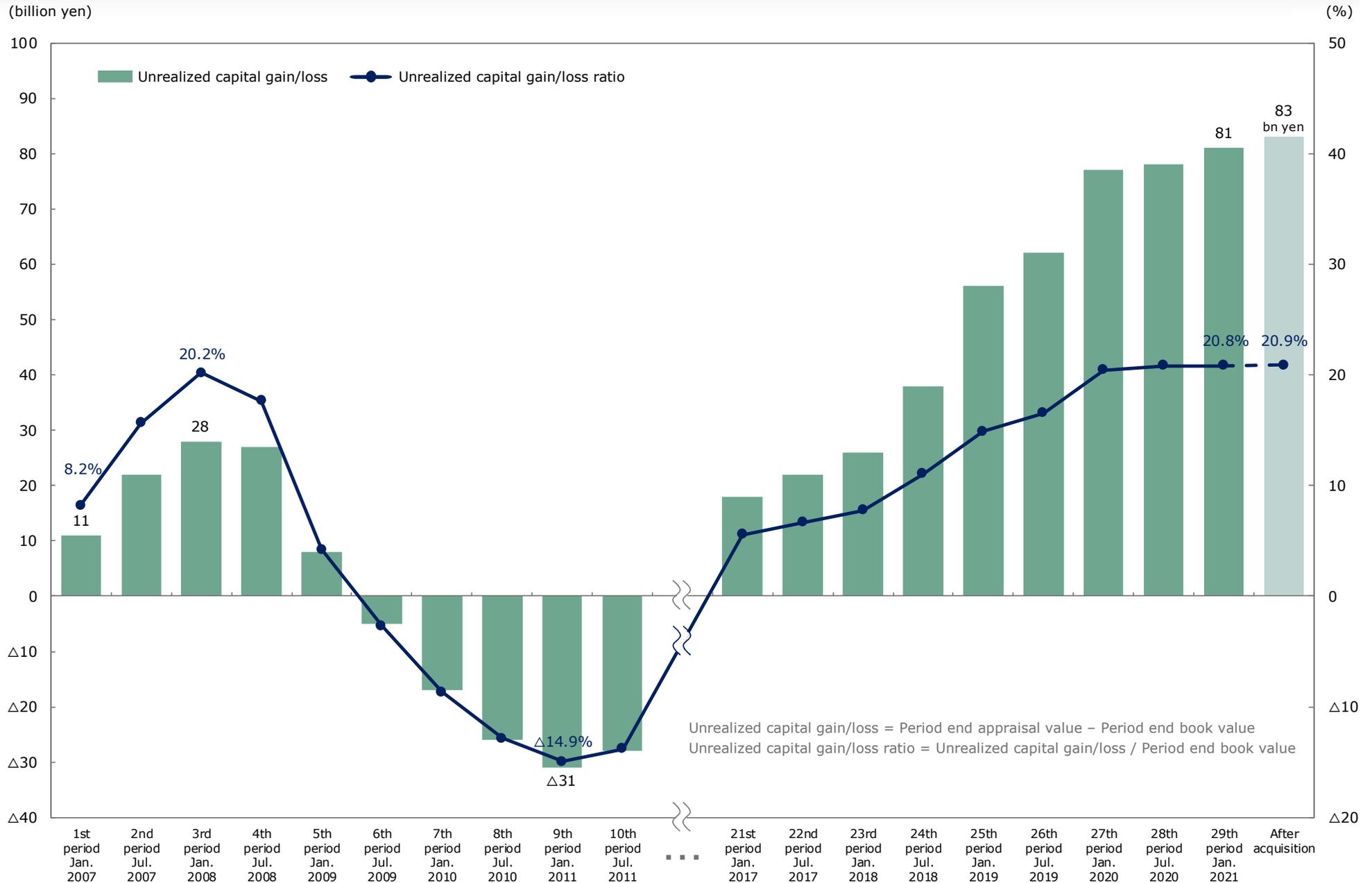
+ Decrease in property management fee	+4
- Office rent (pass-through)	△13
- Increase in maintenance and repairs	△7
- Increase in depreciation	△4
- Residential rent (pass-through)	△4
- Decrease in cancellation penalty	△3

(Note) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,916,330 units and indicated as an approximate figure in yen.

3-2 Change in assets under management



3-3 Change in unrealized capital gain/loss



3-4 Appraisal value

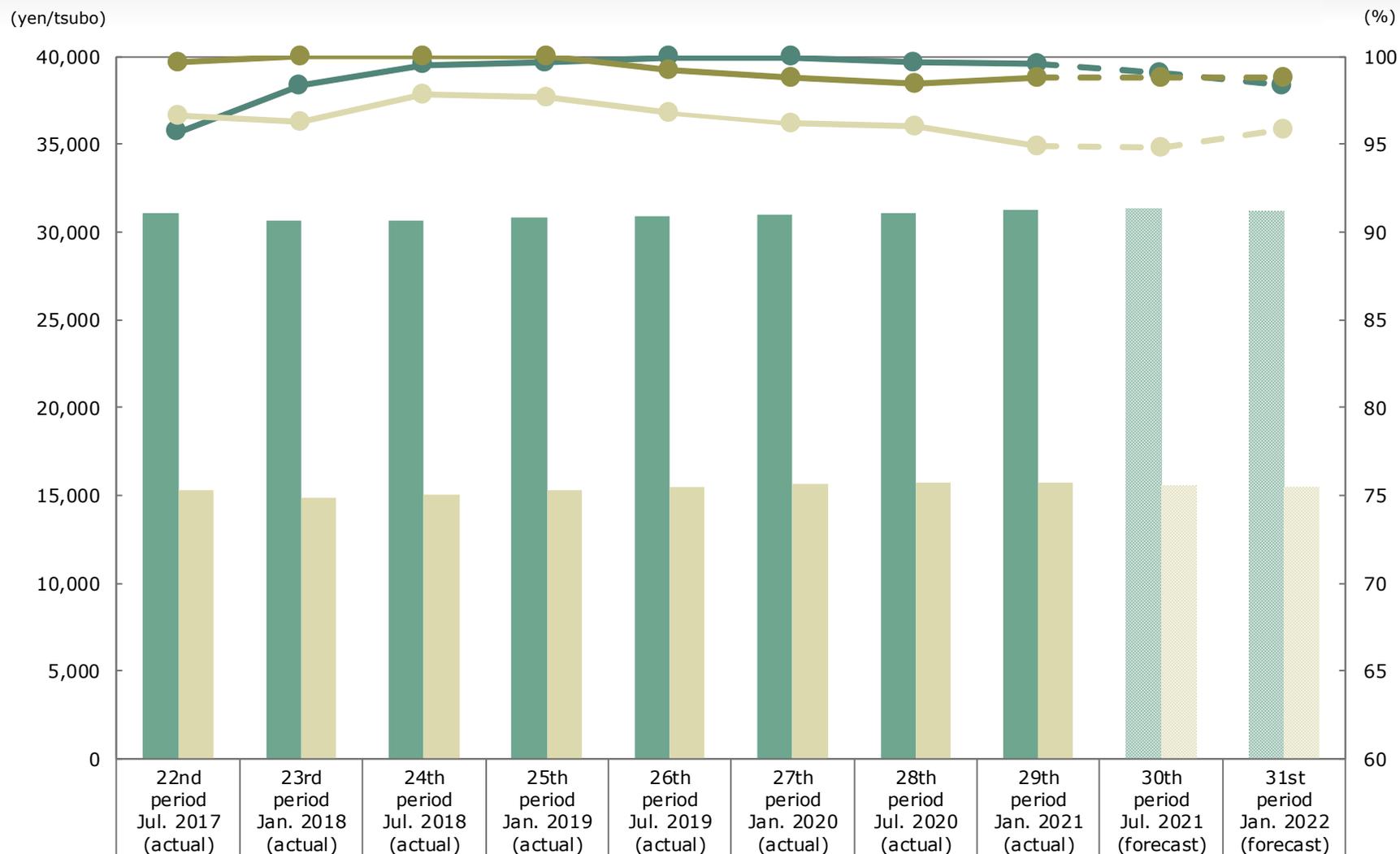
Principal use	Property name	Property No.	Acquisition price	Book value	As of end of 28th period Jul. 31, 2020		As of end of 29th period Jan. 31, 2021				Difference (B) – (A)	Difference (B)/(A) – 1	Unrealized capital gain/loss (B)-book value
					(A) Appraisal value (Note 1)	Yield (Direct capitalization method)	(B) Appraisal value (Note 1)	Yield (Direct capitalization method)	Discount rate (DCF)	Terminal yield (DCF)			
Office	Roppongi Hills Mori Tower	O-0	115,380	111,330	148,100	2.9%	146,300	2.8%	2.5%	3.0%	△ 1,800	△ 1.2%	34,969
	ARK Mori Building	O-1	62,480	61,479	63,700	3.2%	63,900	3.2%	2.9%	3.4%	200	0.3%	2,420
	Koraku Mori Building	O-4	27,200	24,728	26,500	3.4%	25,500	3.4%	3.0%	3.7%	△ 1,000	△ 3.8%	771
	Akasaka Tameike Tower	O-6	43,930	41,453	34,500	3.2%	34,800	3.2%	2.9%	3.4%	300	0.9%	△ 6,653
	Atago Green Hills	O-7	42,090	40,085	46,900	3.4%	47,100	3.4%	2.9%	3.6%	200	0.4%	7,014
	ARK Hills South Tower	O-8	19,150	18,663	25,200	3.0%	25,200	3.0%	2.8%	3.2%	0	0.0%	6,536
	Toranomon Hills Mori Tower	O-9	48,430	47,998	44,800	2.6%	60,032	2.6%	2.3%	2.8%	15,232	34.0%	12,033
	Holland Hills Mori Tower	O-10	16,330	16,239	21,800	3.2%	21,800	3.2%	2.8%	3.4%	0	0.0%	5,560
Sub total			374,990	361,979	411,500	—	424,632	—	—	—	13,132	3.2%	62,652
Residential	Roppongi First Plaza	R-3	2,100	2,228	2,530	3.9%	2,610	3.8%	3.6%	4.0%	80	3.2%	381
	Roppongi View Tower	R-4	4,000	4,074	3,260	4.0%	3,400	3.9%	3.7%	4.1%	140	4.3%	△ 674
	Sub total			6,100	6,302	5,790	—	6,010	—	—	—	220	3.8%
Retail and others	Laforet Harajuku (Land) (Note 2)	S-1	21,820	22,074	40,600	3.8%	41,000	—	3.8%	—	400	1.0%	18,925
	Sub total			21,820	22,074	40,600	—	41,000	—	—	—	400	1.0%
Total			402,910	390,355	457,890	—	471,642	—	—	—	13,752	3.0%	81,286

Reflects the impact of additional acquisition (million yen)

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

(Note 2) For Laforet Harajuku (Land), value in the "Yield (Direct capitalization method)" column for the 28th period shows the discount rate used in the DCF analysis.

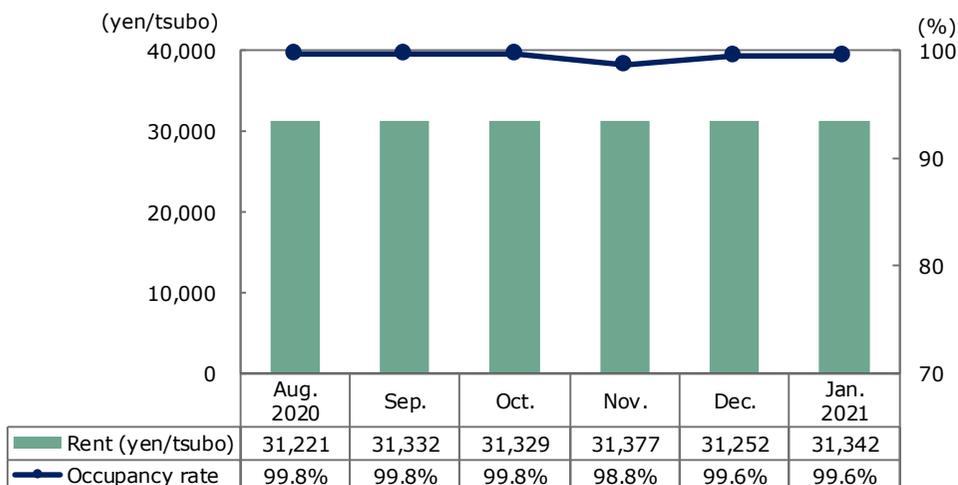
3-5 Changes in the rent and occupancy rates



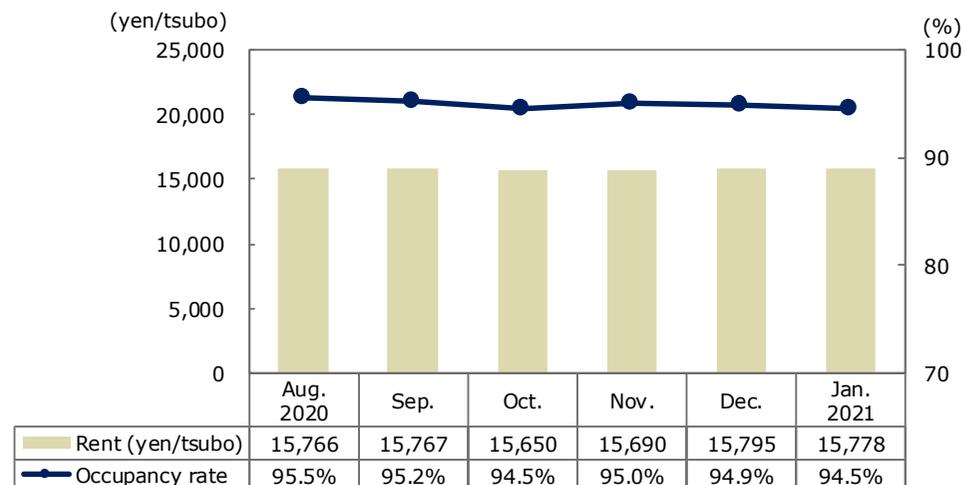
(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant fiscal periods.

3-6 Tenant status by month and major tenants

Office: Rent and occupancy rate



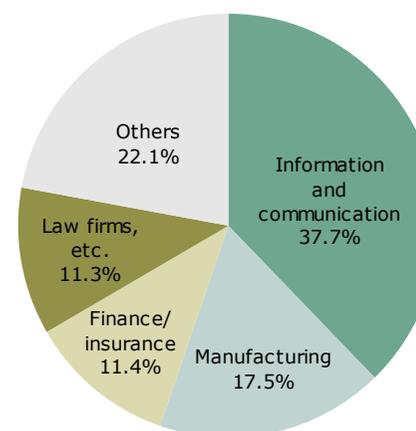
Residential: Rent and occupancy rate



Top 5 tenants

End tenants	Property name	Leased space (Note 1)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Atago Green Hills ARK Hills South Tower Toranomon Hills Mori Tower	113,996.81 m ²	64.5%
Mylan Seiyaku Ltd.	Holland Hills Mori Tower	3,458.53 m ²	2.0%
Mitsubishi UFJ Research and Consulting Co.,Ltd.	Holland Hills Mori Tower	3,436.90 m ²	1.9%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m ²	1.5%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m ²	1.2%
Total of top 5 tenants		125,574.18 m ²	71.1%

Tenant Contribution by Industry Type-Office



(Note 1) Leased space is the lease area stated in the lease contract with the end tenant.

It is multiplied by the relevant percentage of ownership for each properties.

(Note 2) This indicates the figures as of January 31, 2021.

(Note 1) As for fixed rent master lease, ratios are based on monthly rents of tenants who are actually using the floor areas as of January 31, 2021.

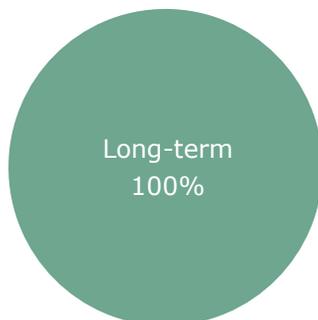
It is multiplied by the relevant percentage of ownership for each property.

(Note 2) Business types are classified by the Asset Manager.

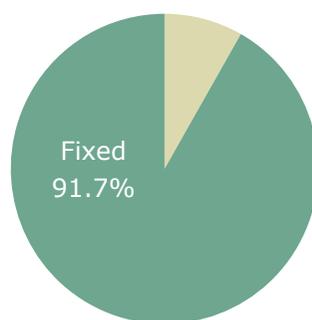
3-7 Financial overview (as of January 31, 2021)

Long-term debt ratio/Fixed rate ratio

<Long-term debt ratio>



<Fixed rate ratio>



Major financial indicator

	End of 28th period Jul. 31, 2020	End of 29th period Jan. 31, 2021
Debt balance	179,222 mn yen	184,422 mn yen
Long-term loan	162,222 mn yen	167,422 mn yen
Investment corporation bonds	17,000 mn yen	17,000 mn yen
LTV (Book value basis) ^(Note 1)	45.7%	45.8%
LTV (Appraisal value basis) ^(Note 2)	38.0%	38.1%
DSCR ^(Note 3)	16.0x	16.3x
Avg. remaining duration	4.7 years	4.6 years
Weighted avg. interest rate	0.48%	0.46%

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

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

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

Outstanding balances

Lenders	Balance	Ratio
MUFG Bank, Ltd.	43,696 mn yen	26.1%
Mizuho Bank, Ltd.	29,898 mn yen	17.9%
Sumitomo Mitsui Banking Corporation	24,425 mn yen	14.6%
Sumitomo Mitsui Trust Bank, Limited	20,923 mn yen	12.5%
The Bank of Fukuoka	8,300 mn yen	5.0%
Resona Bank, Limited.	7,430 mn yen	4.4%
The Norinchukin Bank	7,000 mn yen	4.2%
Development Bank of Japan Inc.	5,950 mn yen	3.6%
Shinsei Bank, Limited	5,200 mn yen	3.1%
Mizuho Trust & Banking Co., Ltd.	4,800 mn yen	2.9%
The Nishi-Nippon City Bank, Ltd.	3,300 mn yen	2.0%
The Chugoku Bank, Limited.	1,500 mn yen	0.9%
Aozora Bank, Ltd.	1,000 mn yen	0.6%
The Hiroshima Bank, Ltd.	1,000 mn yen	0.6%
Oita Bank Co. Ltd.	1,000 mn yen	0.6%
Shinkin Central Bank	1,000 mn yen	0.6%
Nippon Life Insurance Company	1,000 mn yen	0.6%
Total borrowings	167,422 mn yen	100%
Investment corporation bonds	17,000 mn yen	
Total interest-bearing debt	184,422 mn yen	

3-8 Debt status (as of January 31, 2021)

Debt

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	6,500	0.75%	2014/11/28	2021/11/30
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	1,700	0.80%	2015/3/27	2023/3/27
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	6,500	0.57%	2015/5/29	2021/5/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	6,500	0.70%	2015/5/29	2022/5/31
Mizuho Bank, Ltd., MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	6,000	0.49%	2015/8/31	2021/8/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	2,500	0.65%	2015/9/16	2023/8/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited	3,200	0.50%	2015/11/30	2022/11/30
MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited	6,300	0.62%	2015/11/30	2023/11/30
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. The Norinchukin Bank, Resona Bank, Limited. Shinsei Bank, Limited, Mizuho Trust & Banking Co., Ltd. The Hiroshima Bank, Ltd.	7,500	0.33%	2016/3/31	2023/3/31
Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited The Bank of Fukuoka, Development Bank of Japan, Inc. Aozora Bank, Ltd.	7,100	0.41%	2016/3/31	2024/3/31
MUFG Bank, Ltd., Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	7,200	0.50%	2016/3/31	2025/3/31
Shinkin Central Bank	1,000	0.18%	2016/3/31	2022/9/30
The Norinchukin Bank	500	0.37%	2017/8/1	2024/7/31
Sumitomo Mitsui Banking Corporation	1,100	0.47%	2017/8/1	2025/7/31
Sumitomo Mitsui Trust Bank, Limited	1,000	0.52%	2017/8/1	2026/7/31
The Bank of Fukuoka	500	0.52%	2017/8/1	2026/7/31
Resona Bank, Limited.	500	0.61%	2017/8/1	2027/7/31
Sumitomo Mitsui Trust Bank, Limited	2,000	0.48%	2017/8/1	2028/7/31
Mizuho Bank, Ltd.	1,100	0.58%	2017/8/1	2029/7/31
Mizuho Trust & Banking Co., Ltd.	500	0.58%	2017/8/1	2029/7/31
Oita Bank Co. Ltd.	1,000	0.23%	2017/11/30	2022/11/30
The Norinchukin Bank	600	0.49%	2017/11/30	2024/11/30
The Nishi-Nippon City Bank, Ltd.	1,000	0.49%	2017/11/30	2024/11/30
The Bank of Fukuoka	500	0.47%	2018/2/28	2025/8/31
Resona Bank, Limited.	500	0.47%	2018/2/28	2025/8/31
Mizuho Trust & Banking Co., Ltd.	1,500	0.47%	2018/2/28	2025/8/31
Shinsei Bank, Limited	500	0.54%	2018/2/28	2025/8/31
The Nishi-Nippon City Bank, Ltd.	500	0.54%	2018/2/28	2025/8/31
Sumitomo Mitsui Banking Corporation	2,650	0.55%	2018/2/28	2026/2/28
Sumitomo Mitsui Trust Bank, Limited	2,600	0.58%	2018/2/28	2027/2/28
Development Bank of Japan Inc.	750	0.64%	2018/2/28	2027/2/28
MUFG Bank, Ltd.	4,700	0.41%	2018/2/28	2027/8/31
Mizuho Bank, Ltd.	2,700	0.60%	2018/2/28	2030/2/28
Mizuho Bank, Ltd.	3,000	0.19%	2018/5/23	2022/5/23
The Nishi-Nippon City Bank, Ltd.	800	0.26%	2018/8/31	2022/8/31
Sumitomo Mitsui Trust Bank, Limited	2,400	0.33%	2018/8/31	2023/8/31
Mizuho Bank, Ltd.	3,000	0.43%	2018/8/31	2024/8/31
The Bank of Fukuoka	1,300	0.38%	2018/8/31	2024/8/31
The Norinchukin Bank	1,300	0.43%	2018/8/31	2024/8/31
Shinsei Bank, Limited	1,300	0.52%	2018/8/31	2025/8/31
Mizuho Trust & Banking Co., Ltd.	1,300	0.47%	2018/8/31	2025/8/31
Sumitomo Mitsui Banking Corporation	3,600	0.56%	2018/8/31	2026/8/31
Sumitomo Mitsui Trust Bank, Limited	1,400	0.67%	2018/8/31	2027/8/31
Development Bank of Japan Inc.	500	0.67%	2018/8/31	2027/8/31
MUFG Bank, Ltd.	5,000	0.43%	2018/8/31	2028/2/29
Resona Bank, Limited.	1,300	0.48%	2018/8/31	2028/8/31
Mizuho Bank, Ltd.	1,400	0.43%	2018/8/31	2029/8/31

Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
The Bank of Fukuoka	2,000	0.17%	2019/5/31	2026/5/31
The Norinchukin Bank	3,000	0.27%	2019/5/31	2026/5/31
Sumitomo Mitsui Banking Corporation	1,144	0.40%	2019/5/31	2027/11/30
MUFG Bank, Ltd.	3,904	0.30%	2019/5/31	2028/11/30
Mizuho Bank, Ltd.	1,952	0.43%	2019/5/31	2029/5/31
Mizuho Bank, Ltd.	1,000	0.20%	2019/8/30	2025/8/31
The Chugoku Bank, Limited.	1,000	0.22%	2019/8/30	2026/8/31
Resona Bank, Limited.	2,500	0.33%	2019/8/30	2029/8/31
Sumitomo Mitsui Trust Bank, Limited	1,000	0.14%	2019/11/29	2024/11/30
The Norinchukin Bank	600	0.26%	2019/11/29	2026/5/31
MUFG Bank, Ltd.	2,200	0.19%	2019/11/29	2026/11/30
Mizuho Bank, Ltd.	1,100	0.33%	2019/11/29	2027/5/31
Shinsei Bank, Limited	900	0.36%	2019/11/29	2027/11/30
Sumitomo Mitsui Banking Corporation	1,600	0.47%	2019/11/29	2028/5/31
The Bank of Fukuoka	2,000	0.28%	2019/11/29	2028/11/30
Development Bank of Japan Inc.	2,000	0.43%	2019/11/29	2028/11/30
The Chugoku Bank, Limited.	500	0.32%	2020/5/20	2027/5/20
Shinsei Bank, Limited	500	0.38%	2020/5/20	2028/5/20
Nippon Life Insurance Company	1,000	0.48%	2020/5/20	2028/5/20
Mizuho Trust & Banking Co., Ltd.	1,000	0.45%	2020/5/20	2029/5/20
The Bank of Fukuoka	1,000	0.31%	2020/5/20	2030/5/20
The Nishi-Nippon City Bank, Ltd.	1,000	0.57%	2020/5/20	2030/5/20
Sumitomo Mitsui Trust Bank, Limited	834	0.27%	2020/5/29	2025/5/31
MUFG Bank, Ltd.	2,816	0.26%	2020/5/29	2027/5/31
Resona Bank, Limited.	830	0.30%	2020/5/29	2028/5/31
Sumitomo Mitsui Banking Corporation	1,134	0.48%	2020/5/29	2028/11/30
Mizuho Bank, Ltd.	1,408	0.40%	2020/5/29	2029/5/31
Resona Bank, Limited.	1,000	0.24%	2020/8/31	2026/8/31
MUFG Bank, Ltd.	1,400	0.21%	2020/8/31	2027/8/31
Sumitomo Mitsui Banking Corporation	1,400	0.38%	2020/8/31	2028/8/31
Mizuho Bank, Ltd.	1,400	0.36%	2020/8/31	2029/8/31
Sumitomo Mitsui Trust Bank, Limited	960	0.21%	2020/11/30	2025/11/30
MUFG Bank, Ltd.	2,400	0.22%	2020/11/30	2027/11/30
Mizuho Bank, Ltd.	1,200	0.24%	2020/11/30	2027/11/30
Sumitomo Mitsui Banking Corporation	1,440	0.39%	2020/11/30	2028/11/30
Total	167,422			

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

Investment corporation bonds

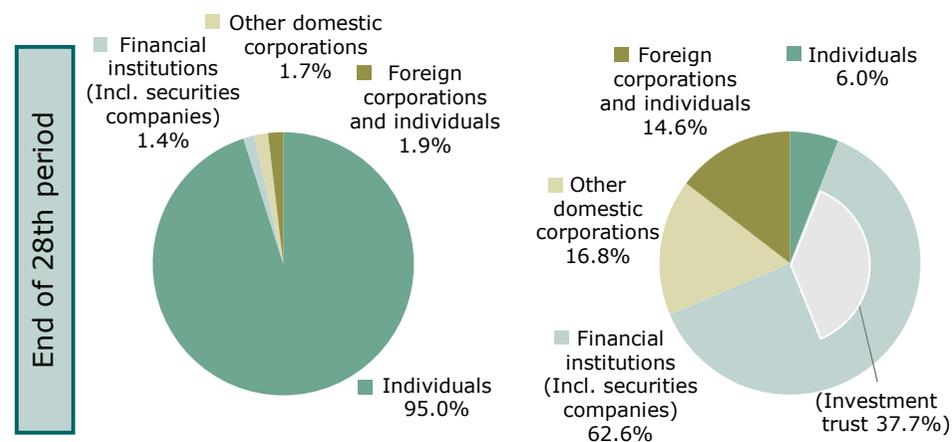
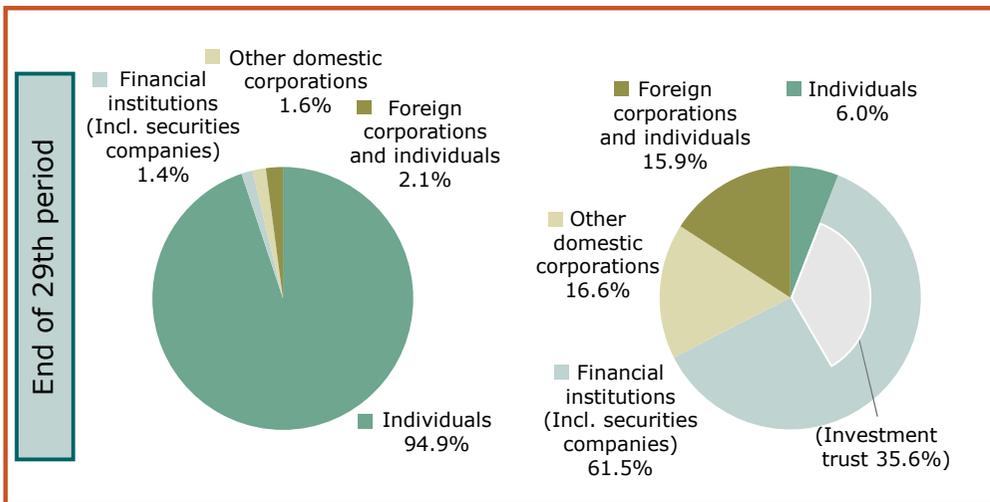
Bond	Amount (mn yen)	Rate of Interest	Payment date	Maturity date
11th Series Unsecured Corporation Bond (7 years)	2,000	0.69%	2014/2/24	2021/2/24
12th Series Unsecured Corporation Bond (10 years)	2,000	0.87%	2014/11/27	2024/11/27
14th Series Unsecured Corporation Bond (10 years)	2,000	0.82%	2015/5/26	2025/5/26
16th Series Unsecured Corporation Bond (10 years)	1,500	0.89%	2015/11/26	2025/11/26
17th Series Unsecured Corporation Bond (10 years)	2,000	0.34%	2016/8/30	2026/8/28
18th Series Unsecured Corporation Bond (10 years)	2,000	0.49%	2017/1/31	2027/1/29
19th Series Unsecured Corporation Bond (10 years)	2,000	0.50%	2017/6/30	2027/6/30
20th Series Unsecured Corporation Bond (5 years) (Green Bond)	3,500	0.25%	2020/11/25	2025/11/25
Total	17,000			

3-9 Unitholders breakdown (as of January 31, 2021)

Unitholders breakdown

<Number of unitholders>

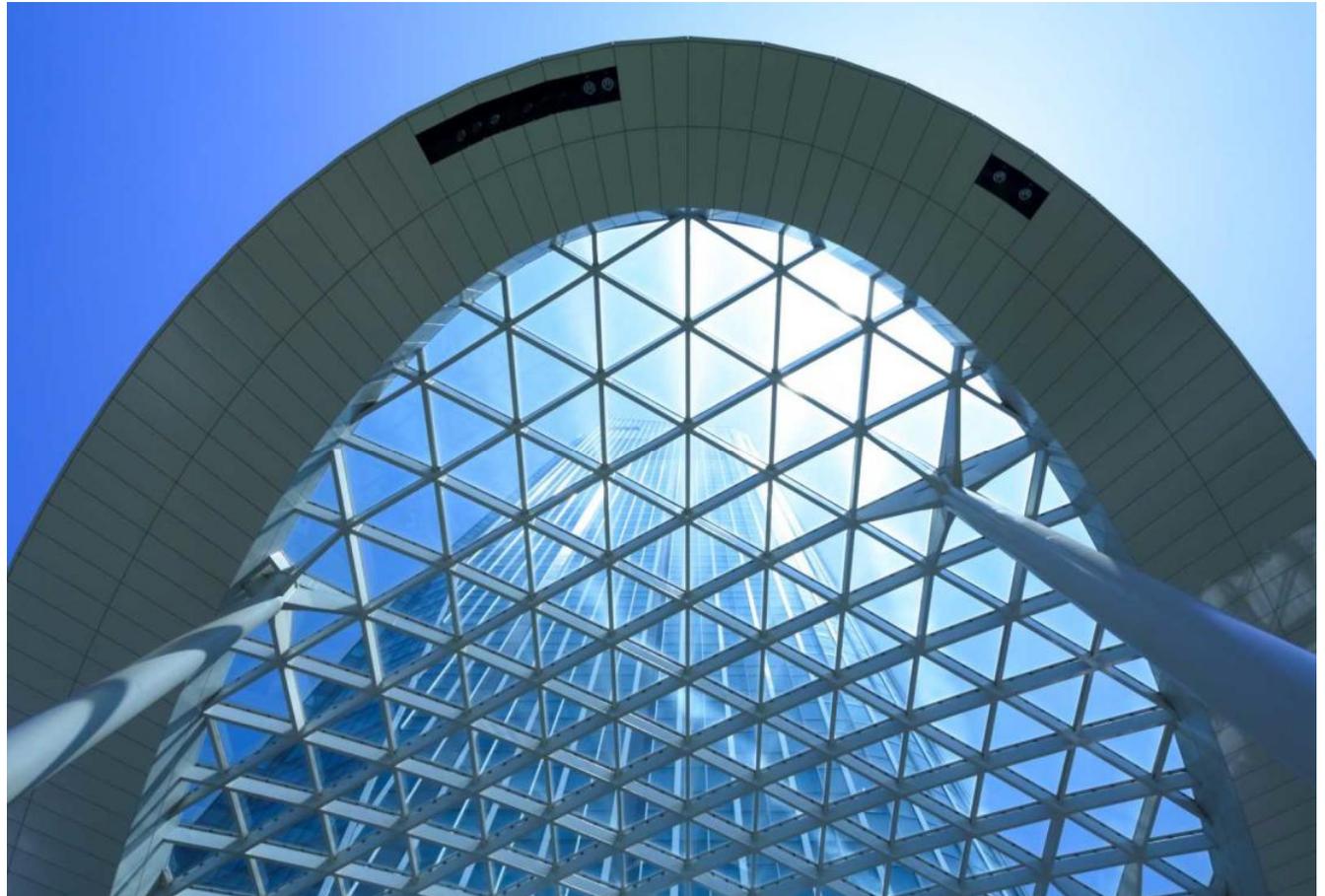
<Number of investment units>



Top 10 unitholders

Rank	Name	Number of units held	Ratio
1	Custody Bank of Japan, Ltd. (Trust account)	424,199	22.1%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	301,227	15.7%
3	Mori Building Co., Ltd.	287,472	15.0%
4	The Nomura Trust & Banking Co., Ltd. (Investment trust account)	74,557	3.9%
5	Custody Bank of Japan, Ltd. (Securities investment trust account)	44,095	2.3%
6	Custody Bank of Japan, Ltd. (Money trust taxable account)	23,874	1.2%
7	STATE STREET BANK WEST CLIENT - TREATY 505234	23,203	1.2%
8	JAPAN SECURITIES FINANCE CO., LTD.	19,146	1.0%
9	LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	17,699	0.9%
10	The Gunma Bank, Ltd.	16,986	0.9%
Total of top 10 unitholders		1,232,458	64.3%

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



Real estate market / Lending attitude

- Vacancy rates for office buildings in central Tokyo turned upwards while new rents trended down.
(Forecast of Office Market Trends Research Committee for Tokyo's five central wards)
 - ⇒ Vacancy rate (forecast): 4.5% in 2021 → 4.5% in 2022
 - ⇒ Rent index (forecast): 125 in 2021 → 122 in 2022
- Cap rates have remained at historically low levels.
(Japan Real Estate Institute's "The Japanese Real Estate Investor Survey")
 - ⇒ Class A buildings in Marunouchi
Cap rate: 3.0% in Apr. 2020 → 3.0% in Oct. 2020
- Lending attitude toward the real estate industry has temporarily soured but remains at a highly positive level.

- The office market is expected to remain weak for the time being due to the impact of the proliferation of telecommuting and the downturn in business sentiment.
- On the other hand, premium properties in central Tokyo are expected to demonstrate continued competitive advantages even after the proliferation of telecommuting, as these properties can capture office demand by functioning as headquarters.

Interest rate trends / Macro environment

- Long-term interest rates remain low due to the monetary easing policy, and although the money supply grew significantly amid carrying out countermeasures against COVID-19, the core CPI rate of increase remains at a low level.
 - ⇒ 10-year bond rates: 0.15% (February 26, 2021)
 - ⇒ Core CPI: $\Delta 0.6\%$ (January 2021)
- In the December 2020 preliminary business conditions composite index, the leading index was at 95.3 ($\Delta 0.8$ PT decrease from previous month) and the coincident index was at 88.3 ($\Delta 0.7$ PT decrease from previous month).

While both leading and coincidental indices deteriorated significantly after the spread of COVID-19, these are currently on a recovery trend.
- Investors across the world have become more interested in ESG and the amount of funds directed to companies with high ESG evaluation is on the rise.

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

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

MHR's Medium- to Long-Term Vision

The best portfolio quality

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

The highest ESG assessment

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

Dividend-driven Management

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

Optimal REIT investment

4-3 MHR's policy/strategy

External growth policy

- Target premium properties in Central Tokyo and aim for annual external growth of approximately 30 billion yen by best utilizing sponsors' pipeline. (Set target yield at the mid 3% range or higher for NOI-based yield and around 3.0% or higher for after-depreciation-based yield.)
- Going forward, premium properties in central Tokyo are expected to continuously demonstrate competitive advantages even after the spread of telecommuting, as these properties can capture office demand by functioning as headquarters.
- Focus on portfolio size expansion in order to further enhance stability and liquidity as an investment corporation while also considering disposition depending on conditions.

Internal growth policy

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

Financial management policy

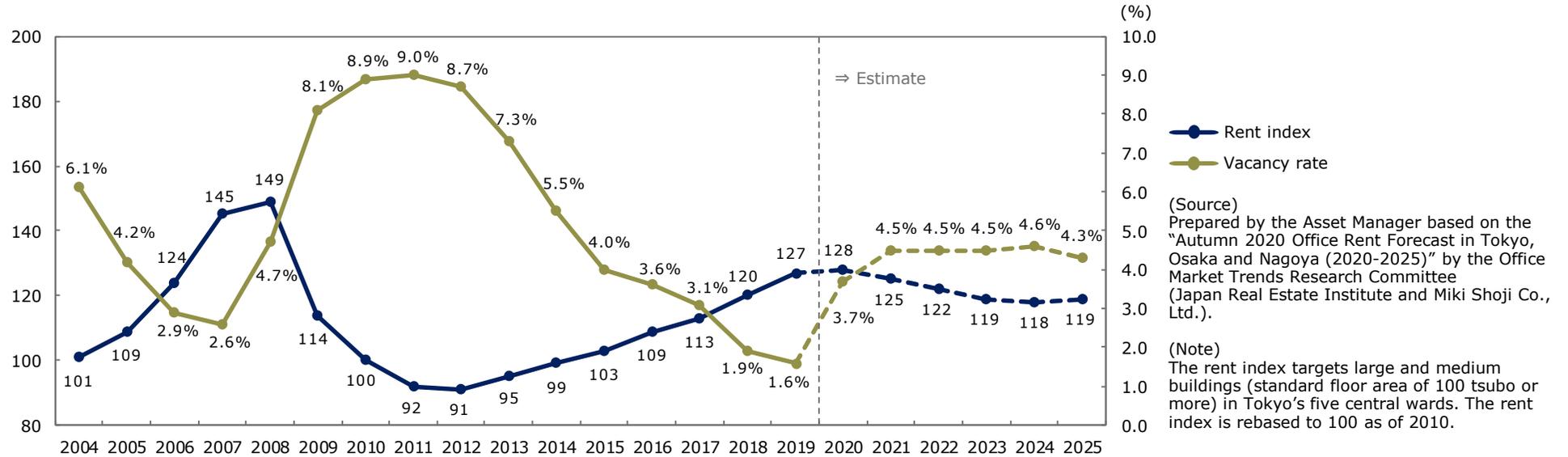
- Set the current LTV level (book value basis: in the mid 40% range; appraisal value basis: in the upper 30% range) as the target in order to secure property acquisition capacity while maintaining a durable position for times of economic slowdown.
- Target average remaining duration of debt of 4 years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

ESG policy

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

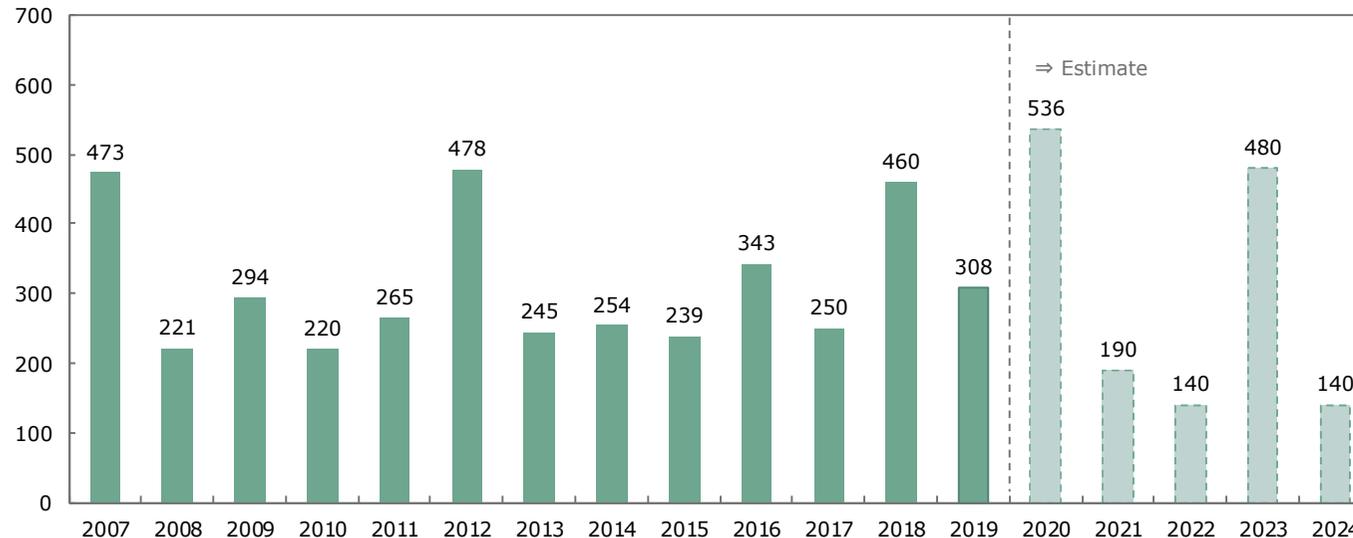
4-4 Market-related information (1)

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



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

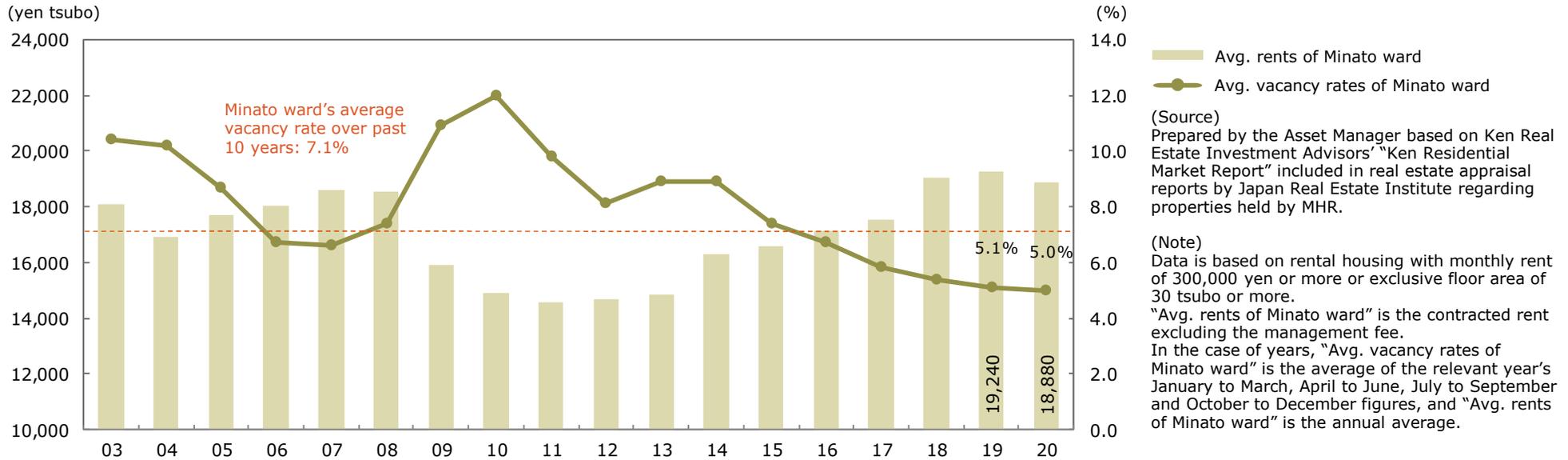
(thousand tsubo)



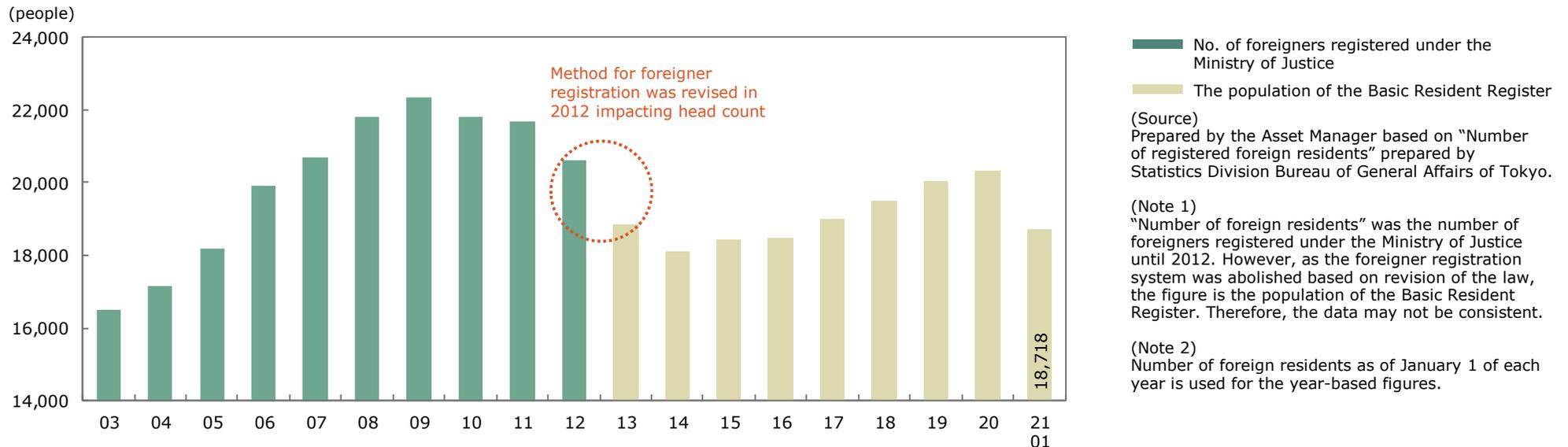
(Source)
Prepared by the Asset Manager based on the "Autumn 2020 Office Rent Forecast in Tokyo, Osaka and Nagoya (2020-2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).

4-5 Market-related information (2)

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

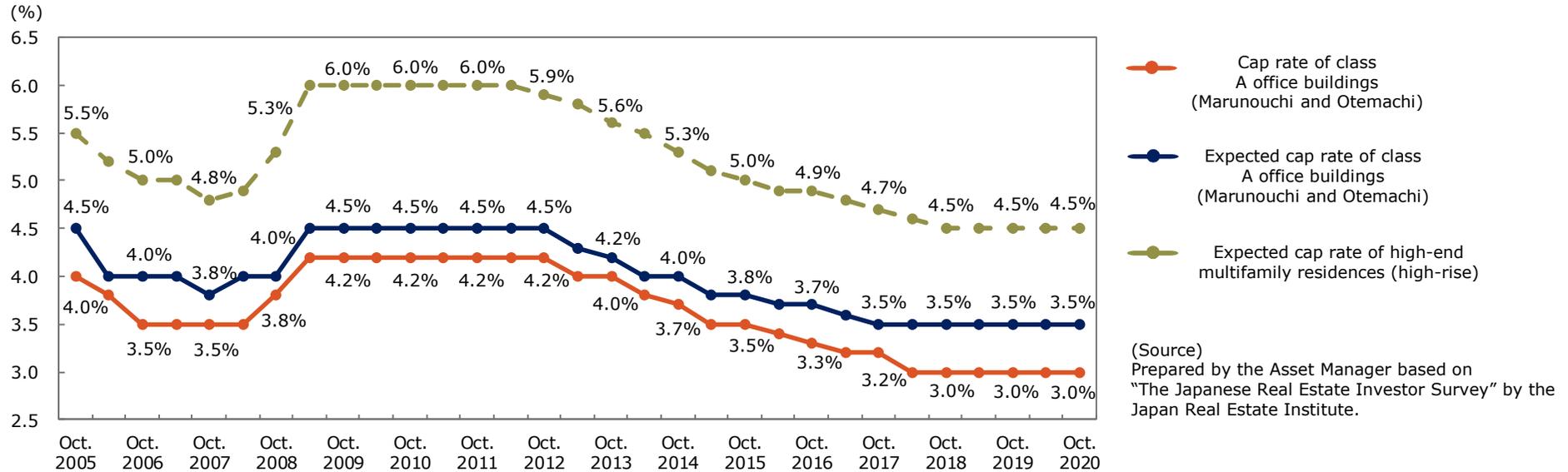


Change in number of foreign residents in Minato ward

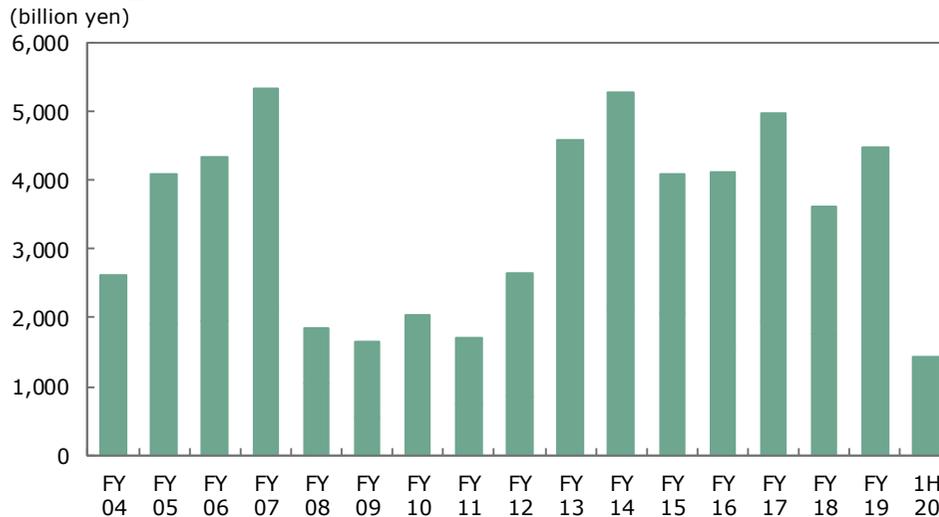


4-6 Market-related information (3)

Change in return on real estate investment

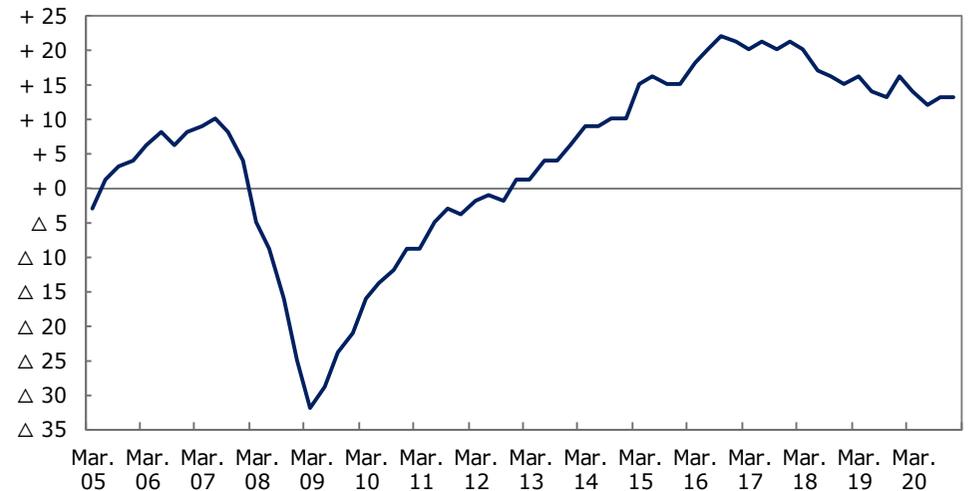


Change in real estate transaction amount



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

Lending attitude DI (Real estate industry)



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

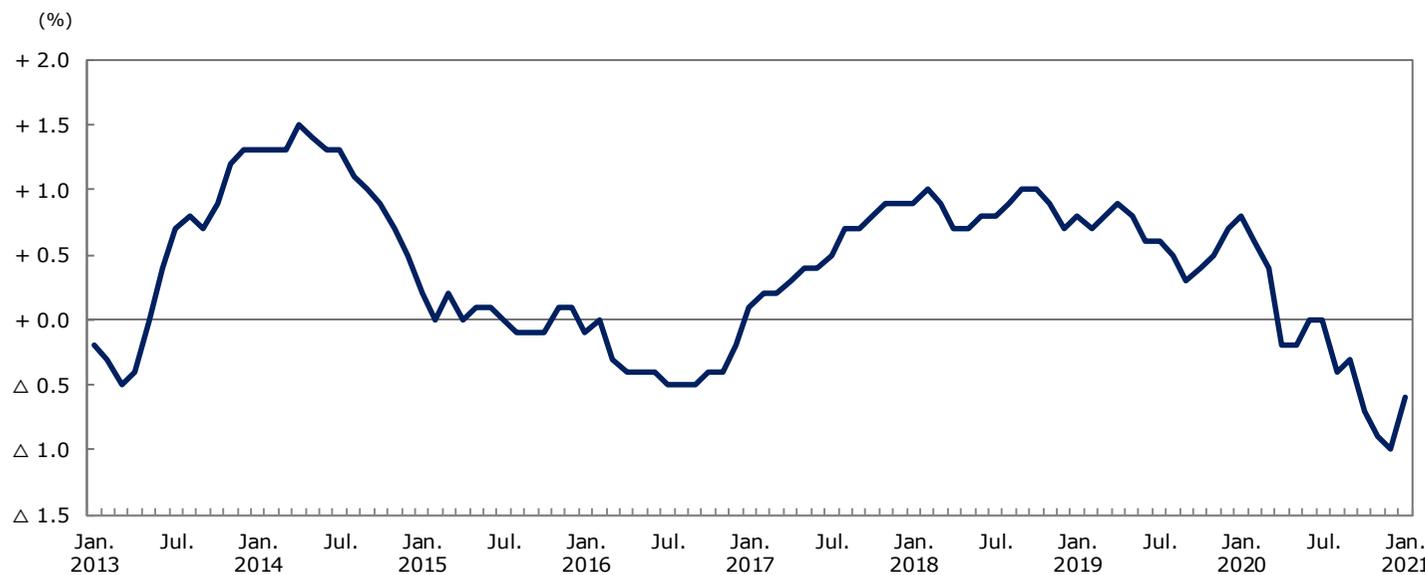
4-7 Market-related information (4)

Change in 10-year bond interest rates



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

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



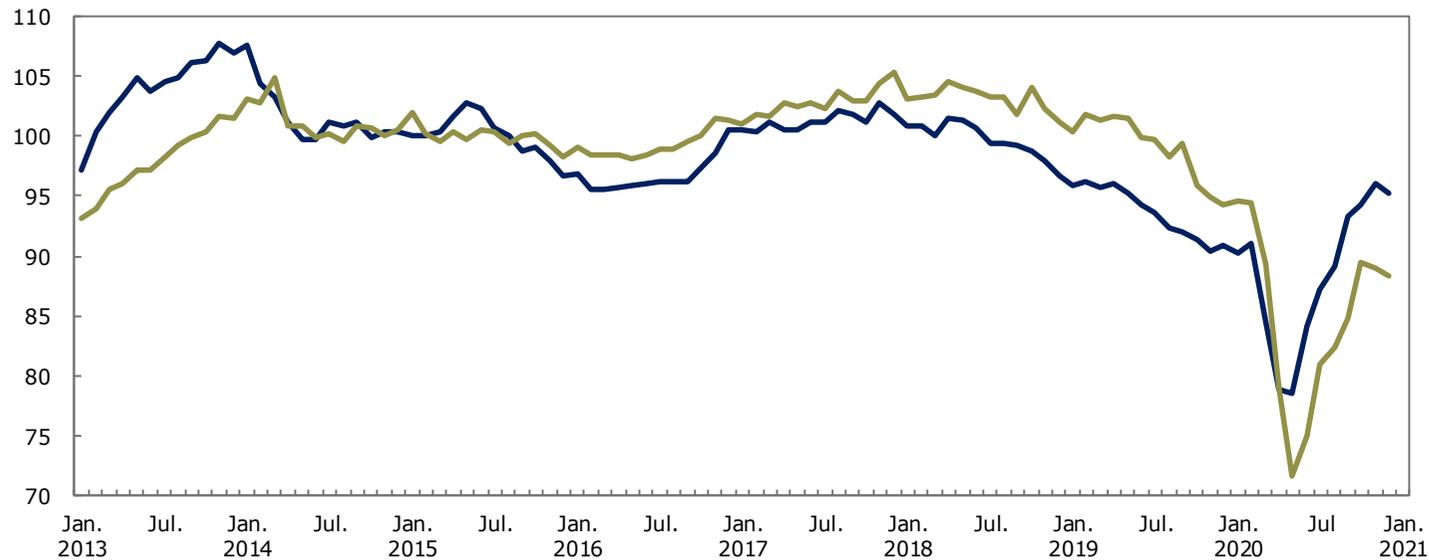
Based on figures excluding the direct effects of the consumption tax rate increase

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

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

4-8 Market-related information (5)

Business conditions composite index

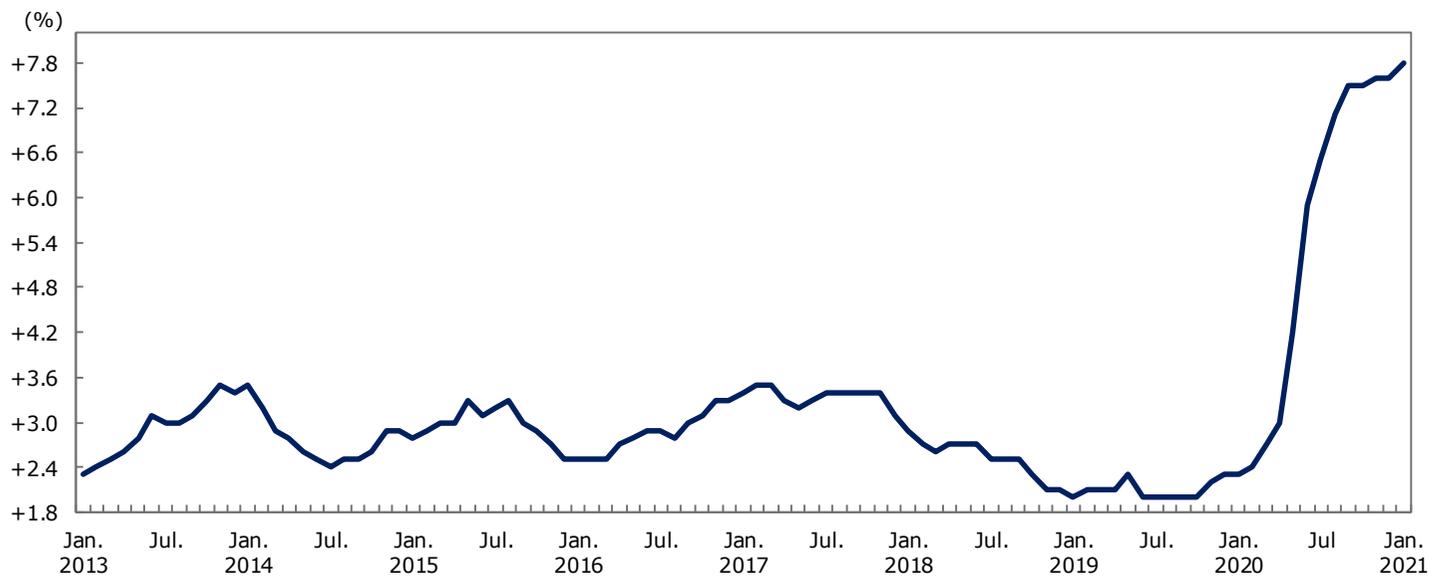


● Leading index
● Coincident index

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

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

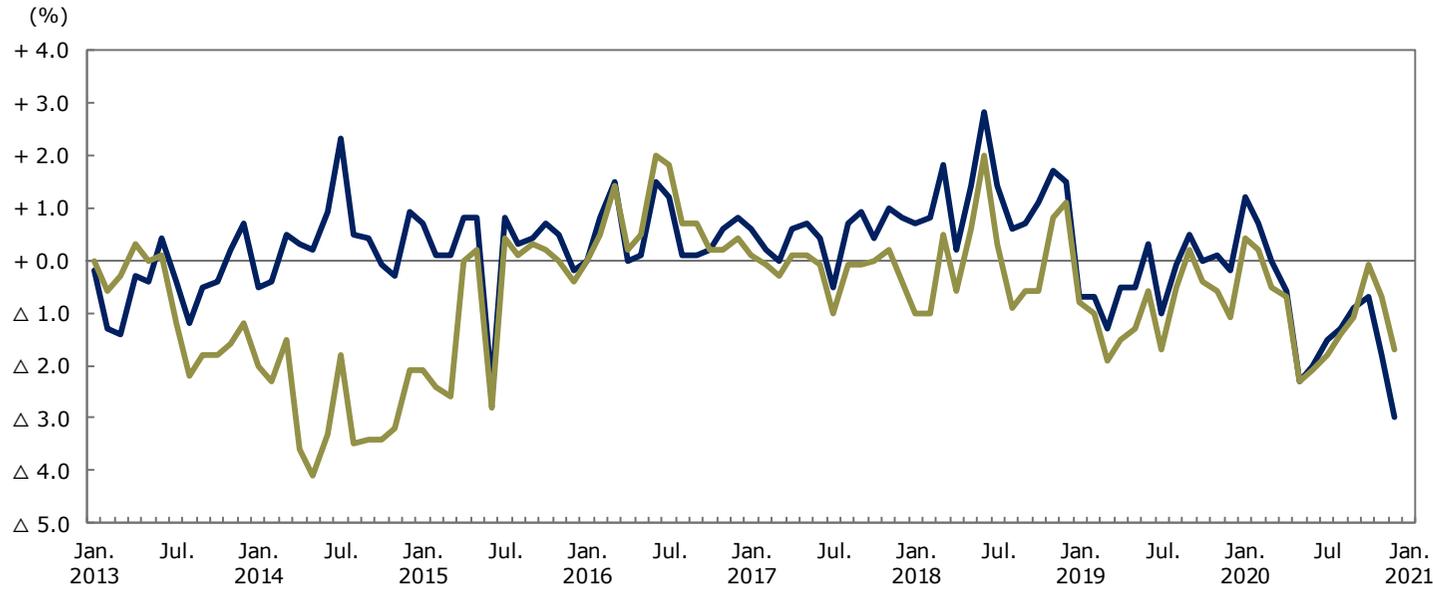
Money stock (M3: year-on-year comparison)



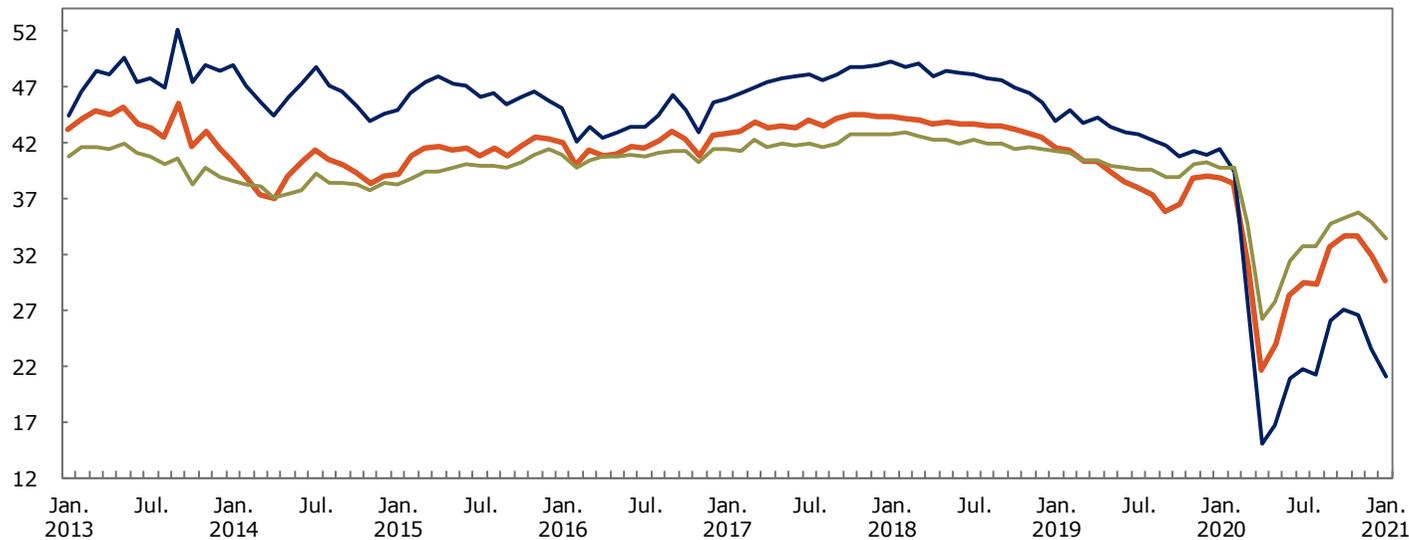
(Source)
Prepared by the Asset Manager based on "Money Stock Statistics" by the Bank of Japan.

4-9 Market-related information (6)

Total cash earnings (Year-on-year comparison)



Consumer confidence survey



5. Appendix



5-1 Financial highlights

Indices	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021	Calculation formula
Net income	5,433 mn yen	5,575 mn yen	
Depreciation and amortization	1,041 mn yen	1,056 mn yen	
CAPEX	732 mn yen	240 mn yen	
Total assets	392,258 mn yen	402,887 mn yen	
Total net assets	195,503 mn yen	200,763 mn yen	
Total net assets/unit (BPS)	104,270 yen	104,764 yen	Total net assets/Total units outstanding
Unit price (as of end of each period)	137,100 yen	145,800 yen	
Total units outstanding	1,874,960 units	1,916,330 units	
Total dividends	5,433 mn yen	5,574 mn yen	
Dividends/unit	2,898 yen	2,909 yen	
Dividend yield	4.2%	4.0%	Dividends per unit (annualized)/Unit price as of end of period
FFO	6,474 mn yen	6,631 mn yen	Net income + Depreciation and amortization - Gain or loss on sales of real estate properties
FFO/unit	3,453 yen	3,460 yen	FFO/Total units outstanding
Annualized	6,925 yen	6,864 yen	Based on a period of 365 days
FFO multiple	19.8x	21.2x	Unit price as of end of period/FFO per unit (annualized)
PER	23.6x	25.2x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.3x	1.4x	Unit price as of end of period/Net assets per unit
ROA	1.4%	1.4%	Ordinary income/Average of total assets during the period
Annualized	2.8%	2.8%	Based on a period of 365 days
ROE	2.8%	2.8%	Net income/Average of total net assets during the period
Annualized	5.6%	5.6%	Based on a period of 365 days
NAV	274,476 mn yen	282,049 mn yen	Total assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	146,390 yen	147,182 yen	
NAV multiple	0.9x	1.0x	Unit price as of end of period/NAV per unit
Interest-bearing debt	179,222 mn yen	184,422 mn yen	
LTV (book value basis)	45.7%	45.8%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	38.0%	38.1%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	182 days	184 days	

5-2 Balance sheet

(thousand yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021
Assets		
Current assets	12,270,828	11,504,301
Cash and deposits	6,575,310	5,479,946
Cash and deposits in trust	4,984,129	5,340,188
Other	711,388	684,166
Noncurrent assets	379,918,648	391,282,393
Property, plant and equipment	348,266,097	359,704,855
Intangible assets	30,650,962	30,650,962
Investments and other assets	1,001,587	926,574
Deferred assets	68,529	101,047
Total assets	392,258,006	402,887,742

(thousand yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021
Liabilities		
Current liabilities	19,940,732	22,894,889
Current portion of investment corporation bonds	5,500,000	2,000,000
Current portion of long-term loans payable	12,500,000	19,000,000
Other	1,940,732	1,894,889
Noncurrent liabilities	176,813,975	179,229,087
Investment corporation bonds	11,500,000	15,000,000
Long-term loans payable	149,722,000	148,422,000
Lease and guarantee deposited in trust	14,856,183	14,957,614
Other	735,791	849,472
Total liabilities	196,754,707	202,123,976
Net assets		
Unitholders' equity	196,212,731	201,612,224
Unitholders' capital, net	(Note) 190,051,613	(Note) 195,324,850
Total surplus	6,161,117	6,287,373
Voluntary retained earnings	291,944	291,944
Unappropriated retained earnings	5,869,173	5,995,429
Valuation and translation adjustments	△ 709,432	△ 848,458
Deferred gains or losses on hedges	△ 709,432	△ 848,458
Total net assets	195,503,298	200,763,766
Total liabilities and net assets	392,258,006	402,887,742

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

5-3 Income statement

(thousand yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021	
Operating revenue	9,602,257	9,820,632	
Rent revenues	9,389,038	9,614,085	Office 8,088,239
Other operating revenues	213,218	206,546	Residential 774,130
Operating expenses	3,573,365	3,646,701	Retail 78,102
Expenses related to properties	3,251,861	3,315,661	Land 667,800
Asset management fee	224,815	229,246	Other rent revenue 5,812
Directors' compensation	4,200	4,200	
Asset custody fee	9,805	9,806	
Administrative service fees	18,528	18,996	
Other operating expenses	64,155	68,791	
Operating income	6,028,891	6,173,930	
Non-operating income	1,428	995	
Interest income	48	54	Parking revenue 51,171
Gain on forfeiture of unclaimed dividends	1,379	941	Utilities and other revenue 149,697
Non-operating expenses	595,654	598,798	Cancellation penalty 5,677
Interest expenses	370,700	383,400	
Interest expenses on investment corporation bonds	61,175	49,526	
Amortization of investment corporation bonds issuance cost	9,022	7,757	
Borrowing expenses	145,882	143,930	
Amortization of investment unit issuance cost	6,952	12,310	
Other	1,922	1,873	
Ordinary income	5,434,665	5,576,128	
Income before income taxes	5,434,665	5,576,128	
Net income	5,433,733	5,575,042	
Unappropriated retained earnings	5,869,173	5,995,429	

Office	8,088,239
Residential	774,130
Retail	78,102
Land	667,800
Other rent revenue	5,812
Parking revenue	51,171
Utilities and other revenue	149,697
Cancellation penalty	5,677
Property management fees	1,172,247
Property taxes	736,413
Utilities	116,730
Maintenance and repairs	65,319
Insurance premium	17,877
Custodian fees	5,968
Depreciation	1,056,619
Rent expenses	129,800
Other lease business expenses	14,684

5-4 Statement of cash flows / Retained earnings

Statement of cash flows

(thousand yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021
Net cash provided by (used in) operating activities	6,452,555	6,672,228
Income before income taxes	5,434,665	5,576,128
Depreciation and amortization	1,041,061	1,056,619
Amortization of investment corporation bonds issuance cost	9,022	7,757
Amortization of investment unit issuance cost	6,952	12,310
Interest income	△ 48	△ 54
Gain on forfeiture of unclaimed dividends	△ 1,379	△ 941
Interest expenses	431,875	432,926
Decrease (increase) in accounts receivable	41,003	3,694
Increase (decrease) in accounts payable	△ 65,325	△ 108,707
Increase (decrease) in accrued expenses	△ 46,766	4,902
Increase (decrease) in advances received	△ 10,545	44,479
Increase (decrease) in deposits received	△ 7,595	△ 235
Decrease (increase) in prepaid expenses	16,485	18,878
Decrease (increase) in long-term prepaid expenses	37,110	49,676
Other, net	△ 71	△ 24
Subtotal	6,886,443	7,097,409
Interest income received	48	54
Interest expenses paid	△ 432,597	△ 424,325
Income taxes paid	△ 1,339	△ 909
Net cash provided by (used in) investing activities	△ 595,774	△ 12,383,015
Purchase of property, plant and equipment in trust	△ 693,420	△ 12,478,273
Repayments of lease and guarantee deposited in trust	△ 117,924	△ 364,315
Proceeds from lease and guarantee deposited in trust	215,570	459,574

(thousand yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021
Net cash provided by (used in) financing activities	△ 5,404,873	4,971,481
Proceeds from long-term loans payable	12,022,000	11,200,000
Repayments of long-term loans payable	△ 7,022,000	△ 6,000,000
Proceeds from issuance of investment corporation bonds	—	3,479,567
Redemption of investment corporation bonds	△ 5,000,000	△ 3,500,000
Proceeds from issuance of investment units	—	5,225,932
Dividends paid	△ 5,404,873	△ 5,434,018
Net increase (decrease) in cash and cash equivalents	451,906	△ 739,304
Cash and cash equivalents at beginning of the period	11,107,533	11,559,439
Cash and cash equivalents at the end of the period	11,559,439	10,820,134

Retained earnings

(yen)

	28th period Period ended Jul. 31, 2020	29th period Period ended Jan. 31, 2021
I Unappropriated retained earnings	5,869,173,511	5,995,429,871
II Addition of dividends in excess of earnings Allowance for temporary difference adjustments	—	136,059,430
III Capitalization Reversal of allowance for temporary difference adjustments	15,151,632	—
IV Amount of Dividends Amount of dividends per unit	5,433,634,080	5,574,603,970
Dividends of earnings Dividends of earnings per unit	2,898	2,909
Dividends of earnings per unit	5,433,634,080	5,438,544,540
Dividends of earnings per unit	2,898	2,838
Allowance for temporary difference adjustments	—	(Note) 136,059,430
Dividends in excess of earnings per unit (allowance for temporary difference adjustments)	—	71
V Retained earnings carried forward	420,387,799	556,885,331

(Note) Due to consideration of the impact of the items of deduction from net assets (deferred gains or losses on hedges).

5-5 Status of income and expenditures (1)

(thousand yen)

Property number	O-0			O-1			O-4			O-6		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Koraku Mori Building			Akasaka Tameike Tower		
Acquisition price	115,380,000			62,480,000			27,200,000			43,930,000		
Period	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	86.1%	99.4%	13.3PT	95.7%	94.2%	△ 1.5PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	96.9%	97.2%	0.3PT	96.4%	94.2%	△ 2.2PT
Number of tenants	1	1	0	1	1	0	22	23	1	135	129	△ 6
Rent revenues	2,943,450	2,943,450	—	1,351,486	1,351,486	—	644,277	649,547	5,270	791,134	787,242	△ 3,891
Other operating revenues	—	—	—	—	—	—	73,750	73,945	195	78,130	78,054	△ 76
Total property operating revenue	2,943,450	2,943,450	—	1,351,486	1,351,486	—	718,027	723,493	5,465	869,264	865,297	△ 3,967
Property management	447,868	447,868	—	164,853	164,853	—	68,962	94,719	25,756	167,722	175,610	7,887
Property taxes (Note 1)	255,651	263,478	7,826	84,237	84,968	730	32,972	30,774	△ 2,197	43,804	42,321	△ 1,482
Utilities	—	—	—	—	—	—	54,720	55,685	965	26,743	26,094	△ 649
Maintenance and repairs	—	—	—	355	—	△ 355	31,736	10,773	△ 20,963	29,026	45,061	16,034
Insurance premium	4,050	4,094	44	1,912	1,933	21	1,661	1,679	18	2,068	2,092	23
Depreciation (1)	332,052	333,285	1,233	66,946	67,914	968	97,657	97,199	△ 457	135,262	127,520	△ 7,742
Other expenses (Note 2)	376	374	△ 1	2,789	2,788	△ 1	83,971	83,953	△ 18	10,624	10,623	△ 0
Total property operating expenses	1,039,999	1,049,101	9,102	321,094	322,458	1,364	371,681	374,785	3,104	415,253	429,324	14,071
Property operating income (2)	1,903,451	1,894,349	△ 9,102	1,030,392	1,029,028	△ 1,364	346,346	348,707	2,361	454,011	435,972	△ 18,039
NOI (3) ((1)+(2))	2,235,503	2,227,635	△ 7,868	1,097,338	1,096,943	△ 395	444,003	445,907	1,904	589,274	563,492	△ 25,781
Annualized NOI	4,483,290	4,418,949	△ 64,340	2,200,706	2,176,001	△ 24,705	890,446	884,545	△ 5,901	1,181,786	1,117,797	△ 63,988
Annualized NOI/ Acquisition price	3.9%	3.8%	△ 0.1PT	3.5%	3.5%	△ 0.0PT	3.3%	3.3%	△ 0.0PT	2.7%	2.5%	△ 0.2PT
CAPEX (4)	272,162	—	△ 272,162	36,507	59,337	22,829	149,962	62,364	△ 87,598	42,051	45,212	3,160
NCF (3)-(4)	1,963,341	2,227,635	264,293	1,060,830	1,037,605	△ 23,225	294,040	383,543	89,503	547,222	518,280	△ 28,942

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

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

(Note 3) Property acquired during the relevant period. "Annualized NOI/ Acquisition price" was calculated by taking into consideration the changes in acquisition price during the relevant period.

"Annualized NOI" denotes the value which is based on the acquisition price as of the end of the relevant period.

5-6 Status of income and expenditures (2)

(thousand yen)

Property number	O-7			O-8			O-9			O-10		
Property name	Atago Green Hills			ARK Hills South Tower			Toranomori Hills Mori Tower			Holland Hills Mori Tower		
Acquisition price	42,090,000			19,150,000			48,430,000 (before acquisition 36,210,000)			16,330,000		
Period	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	100%	100%	0.0PT	100%	94.4%	△ 5.6PT	100%	100%	0.0PT	100%	100%	0.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	99.8%	97.1%	△ 2.7PT	100%	100%	0.0PT	99.4%	100%	0.6PT
Number of tenants	1	1	0	44	43	△ 1	1	1	0	23	23	0
Rent revenues	1,012,320	1,012,320	—	482,942	475,084	△ 7,857	775,581	995,329	219,748	530,636	537,654	7,017
Other operating revenues	—	—	—	26,518	33,349	6,831	—	—	—	34,819	20,085	△ 14,733
Total property operating revenue	1,012,320	1,012,320	—	509,460	508,434	△ 1,025	775,581	995,329	219,748	565,456	557,739	△ 7,716
Property management	2,664	2,664	—	47,605	45,754	△ 1,850	88,742	113,885	25,143	106,416	100,636	△ 5,780
Property taxes (Note 1)	69,230	69,503	273	35,944	36,025	81	60,874	62,147	1,273	35,604	35,636	32
Utilities	—	—	—	26,486	27,659	1,173	—	—	—	5,380	5,104	△ 276
Maintenance and repairs	—	—	—	2,346	5,226	2,879	—	—	—	1,308	—	△ 1,308
Insurance premium	3,627	3,667	39	1,018	1,030	11	1,305	1,693	387	1,098	1,110	12
Depreciation (1)	185,657	186,107	450	44,245	44,323	78	101,038	126,385	25,346	49,477	45,380	△ 4,096
Other expenses (Note 2)	45,765	46,411	646	2,235	1,593	△ 641	71	92	21	210	209	△ 1
Total property operating expenses	306,945	308,355	1,410	159,882	161,614	1,731	252,031	304,204	52,173	199,496	188,077	△ 11,418
Property operating income (2)	705,374	703,964	△ 1,410	349,578	346,820	△ 2,757	523,549	691,124	167,574	365,959	369,662	3,702
NOI (3) ((1)+(2))	891,032	890,072	△ 960	393,823	391,144	△ 2,679	624,588	817,509	192,921	415,437	415,042	△ 394
Annualized NOI	1,786,961	1,765,633	△ 21,327	789,811	775,911	△ 13,899	1,252,607	1,693,691	441,083	833,156	823,318	△ 9,838
Annualized NOI/ Acquisition price	4.2%	4.2%	△ 0.1PT	4.1%	4.1%	△ 0.1PT	3.5%	3.5%	0.0PT	5.1%	5.0%	△ 0.1PT
CAPEX (4)	144,950	54,297	△ 90,652	149	3,352	3,203	—	—	—	66,564	6,905	△ 59,658
NCF (3)-(4)	746,081	835,774	89,692	393,674	387,792	△ 5,882	624,588	817,509	192,921	348,872	408,136	59,264

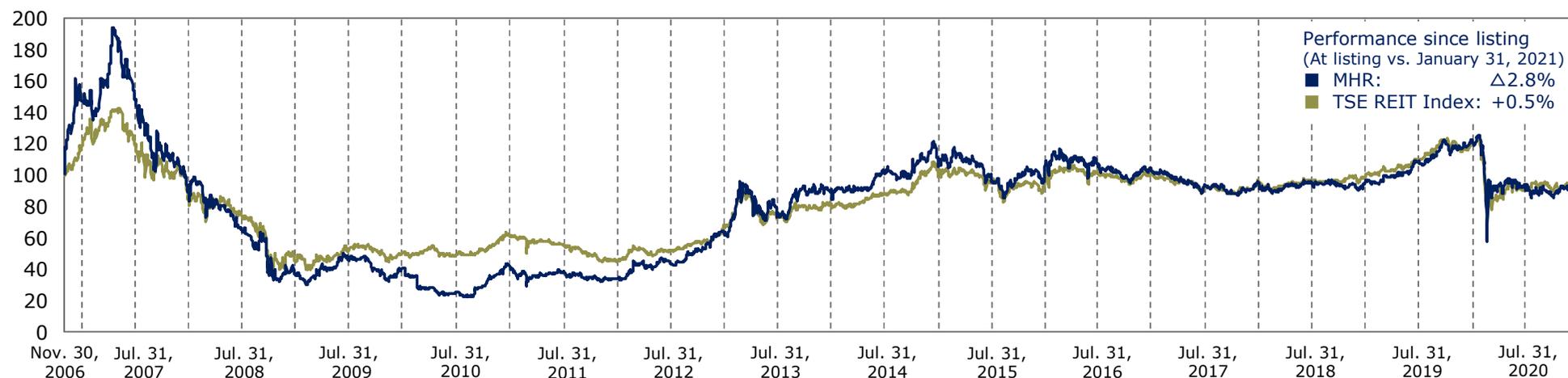
5-7 Status of income and expenditures (3)

(thousand yen)

Property number	R-3			R-4			S-1			Portfolio total		
Property name	Roppongi First Plaza			Roppongi View Tower			Laforet Harajuku (Land)					
Acquisition price	2,100,000			4,000,000			21,820,000			402,910,000 (before acquisition 390,690,000)		
Period	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference	28th Jul. 2020	29th Jan. 2021	Difference
Operation days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days	182 days	184 days	2 days
Occupancy rate	94.6%	96.6%	2.0PT	98.1%	93.1%	△ 5.0PT	100%	100%	0.0PT	98.1%	98.8%	0.7PT
Avg. Occupancy rate (during period)	90.7%	97.3%	6.6PT	97.0%	95.0%	△ 2.0PT	100%	100%	0.0PT	99.0%	98.8%	△ 0.2PT
Number of tenants	40	40	0	90	85	△ 5	1	1	0	359	348	△ 11
Rent revenues	81,416	87,568	6,152	107,992	106,600	△ 1,392	667,800	667,800	—	9,389,038	9,614,085	225,047
Other operating revenues	—	450	450	—	661	661	—	—	—	213,218	206,546	△ 6,672
Total property operating revenue	81,416	88,018	6,602	107,992	107,261	△ 731	667,800	667,800	—	9,602,257	9,820,632	218,375
Property management	13,880	13,293	△ 587	14,153	12,960	△ 1,193	—	—	—	1,122,870	1,172,247	49,376
Property taxes (Note 1)	8,159	8,376	217	12,387	12,729	341	86,339	90,450	4,111	725,205	736,413	11,207
Utilities	1,231	1,181	△ 49	1,087	1,005	△ 82	—	—	—	115,650	116,730	1,080
Maintenance and repairs	12,316	3,108	△ 9,208	2,208	1,150	△ 1,058	—	—	—	79,298	65,319	△ 13,978
Insurance premium	228	230	2	340	344	3	—	—	—	17,313	17,877	564
Depreciation (1)	11,405	11,424	19	17,318	17,076	△ 241	—	—	—	1,041,061	1,056,619	15,558
Other expenses (Note 2)	3,830	3,818	△ 11	588	588	△ 0	—	—	—	150,462	150,453	△ 8
Total property operating expenses	51,051	41,433	△ 9,617	48,086	45,856	△ 2,230	86,339	90,450	4,111	3,251,861	3,315,661	63,800
Property operating income (2)	30,364	46,584	16,220	59,905	61,405	1,499	581,461	577,350	△ 4,111	6,350,396	6,504,970	154,574
NOI (3) ((1)+(2))	41,770	58,009	16,239	77,224	78,482	1,257	581,461	577,350	△ 4,111	7,391,457	7,561,590	170,132
Annualized NOI	83,769	115,073	31,304	154,873	155,684	811	1,166,116	1,145,286	△ 20,830	14,823,527	15,076,934	253,407
Annualized NOI/ Acquisition price	4.0%	5.5%	1.5PT	3.9%	3.9%	0.0PT	5.3%	5.2%	△ 0.1PT	3.8%	3.7%	△ 0.1PT
CAPEX (4)	13,689	1,819	△ 11,869	6,629	7,198	568	—	—	—	732,668	240,488	△ 492,180
NCF (3)-(4)	28,080	56,189	28,109	70,594	71,284	689	581,461	577,350	△ 4,111	6,658,788	7,321,102	662,313

5-8 Unit price performance since IPO

Relative price performance (Since IPO - January 31, 2021)



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

(Note) Rebased to 100 as per IPO price

Unit price per period-end (Closing price)

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

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

Accounting period	Unit price
21st (January 2017)	153,500 yen
22nd (July 2017)	138,900 yen
23rd (January 2018)	137,100 yen
24th (July 2018)	138,100 yen
25th (January 2019)	144,500 yen
26th (July 2019)	160,300 yen
27th (January 2020)	181,700 yen
28th (July 2020)	137,100 yen
29th (January 2021)	145,800 yen

(Reference)

IPO Price (November 30, 2006) (Split adjusted)	750,000 yen (150,000 yen)
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High (May 8, 2007: in trade) (Split adjusted)	1,460,000 yen (292,000 yen)
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Low (August 12, 2010: in trade) (Split adjusted)	168,200 yen (33,640 yen)
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(Note) Implemented a 5-for-1 investment unit split on February 1, 2014 (effective date).

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

Investments focusing on Premium Properties

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

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

Premium Properties

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

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

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

(Note 3) Ratios are based on the acquisition prices

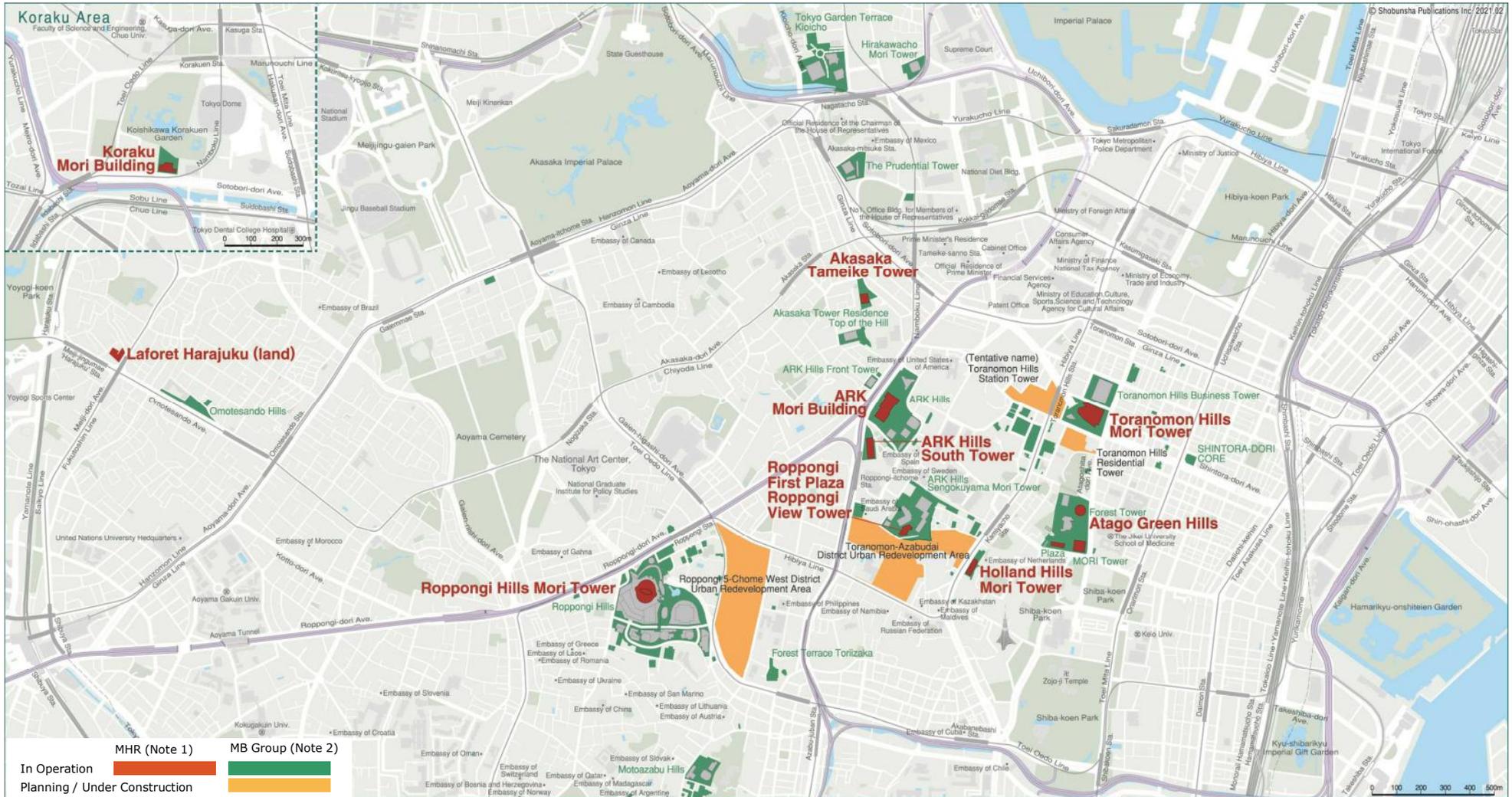
(Note 4) Tokyo Metropolitan Area: Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture

Office building focus
<p>Office building</p> <p>50% or more</p>

Tokyo' five central wards focus
<p>Tokyo's five central wards and their vicinity</p> <p>50% or more</p> <p>(Tokyo Metropolitan Area: 80% or more)</p>

Earthquake-resistance focus
<p>Investment focused on properties' earthquake resistance, the safety of the area, disaster countermeasures, etc.</p>

5-10 Portfolio map (as of January 31, 2021)



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Route Support Map 2021."

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

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

5-11 Portfolio overview (as of January 31, 2021)

Type	Office building						Office building (Partly residential)				Residential	Retail		
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	ARK Hills South Tower	Toranomon Hills Mori Tower	Holland Hills Mori Tower	Akasaka Tameike Tower	Atago Green Hills			Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (Land)	
	O-0	O-1	O-4	O-8	O-9	O-10	O-6	MORI Tower	Forest Tower	Plaza	R-3	R-4	S-1	
Photo														
Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium	Premium			Premium	-	Premium	
Location	Roppongi, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Atago, Minato-ku, Tokyo		Toranomon, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		Jingumae, Shibuya-ku, Tokyo	
Completion	Apr. 2003	Mar. 1986 (Large-scale renovation in 2005)	Mar. 2000	Jul. 2013	May. 2014	Jan. 2005	Sep. 2000	Jul. 2001	Oct. 2001	Jul. 2001	Oct. 1993		-	
Building age	17 years 9 months	34 years 10 months	20 years 10 months	7 years 6 month	6 years 8 months	16 years 0 months	20 years 4 months	19 years 6 months	19 years 3 months	19 year 6 months	27 years 3 months		-	
Total number of floors	54 above ground, 6 below	37 above ground, 4 below	19 above ground, 6 below	20 above ground, 4 below	52 above ground, 5 below	24 above ground, 2 below	25 above ground, 2 below	42 above ground, 2 below	43 above ground, 4 below	2 above ground, 1 below	20 above ground, 1 below		-	
Gross floor area	approx. 442,150㎡	approx. 177,486㎡	approx. 46,154㎡	approx. 53,043㎡	approx. 241,581㎡	approx. 35,076㎡	approx. 46,971㎡	approx. 85,266㎡	approx. 60,815㎡	approx. 2,083㎡	approx. 22,906㎡		-	
Ownership (Note 1)	Land	Co-ownership (approx. 17.7%)	Co-ownership (approx. 10.9%)	Leased	Co-ownership (25%)	Co-ownership (approx. 17.0%)	Co-ownership (approx. 62.9%)	Co-ownership (approx. 56.4%)	Co-ownership (approx. 28.8%)			Co-ownership (47%)	Co-ownership (46%)	Ownership
	Building	Compartmentalized ownership (approx. 13.6%)	Compartmentalized ownership (approx. 17.9%)	Compartmentalized ownership (approx. 57.9%)	Co-ownership (25%)	Co-ownership (approx. 9.3%)	Compartmentalized ownership (approx. 48.5%)	Compartmentalized ownership (approx. 65.5%)	Co-ownership (approx. 32.9%)			Compartmentalized ownership (approx. 46.4%)	Compartmentalized ownership (approx. 44.7%)	-
PML (Note 2)	0.59%	0.78%	0.73%	1.56%	0.50%	0.85%	1.79%	2.35%	2.34%	5.94%	2.20%	2.20%	-	
Earthquake-resistant feature (Note 3)	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	-	-	-	-					
Acquisition price (mn yen)	115,380	62,480	27,200	19,150	48,430	16,330	43,930	42,090			2,100	4,000	21,820	
Occupancy rate (Note 4)	100%	100%	99.4%	94.4%	100%	100%	94.2%	100%			96.6%	93.1%	100%	

Average building age
19.5 years (Note 5)

Portfolio PML
0.91% (Note 2)

Total acquisition price
402,910 mn yen

5-12 Portfolio overview (Note)

- (Note 1) "Type of ownership" denotes the type of rights held by MHR or the Trustee. "Ownership" stands for ownership, "Co-ownership" stands for the ownership of beneficiary interests, "Compartmentalized ownership" denotes ownership and the rights for exclusive use in or over parts of a building, and "Leased land" denotes Leasehold land. The land site of Atago Green Hills includes joint ownership in quasi-undivided interests of leasehold land and easement.
- (Note 2) This indicates the figure described in the "Report on evaluation of seismic PML for portfolio" dated July 13, 2020 by Sompo Risk Management Inc.
- (Note 3) ARK Mori Building adopts "slitwall" as an earthquake-resistant feature.
- (Note 4) "Occupancy rate" indicates the figures as of January 31, 2021.
- (Note 5) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on July 30, 2001.