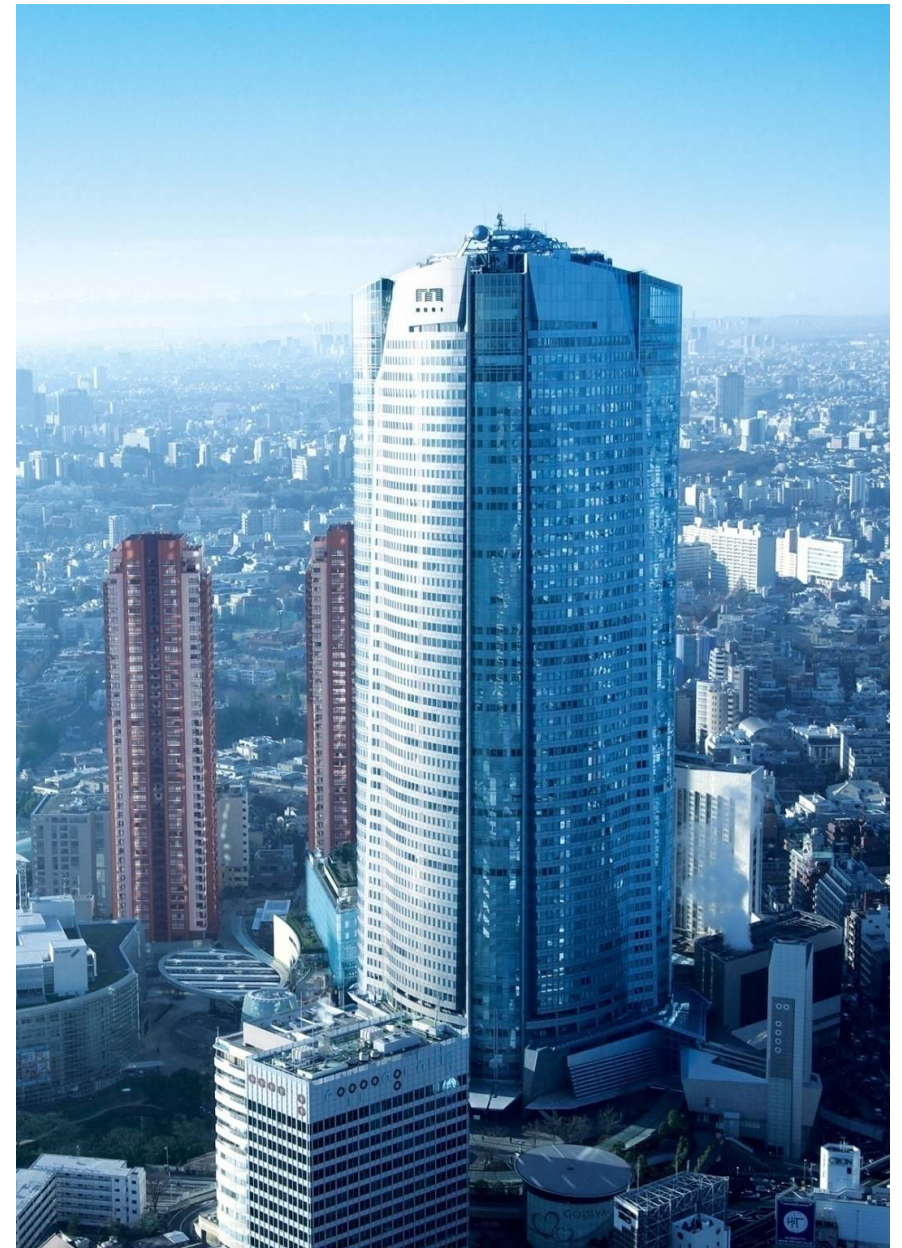




HILLS REIT

# MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 12th Fiscal Period (Ended July 31, 2012)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co., Ltd.

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

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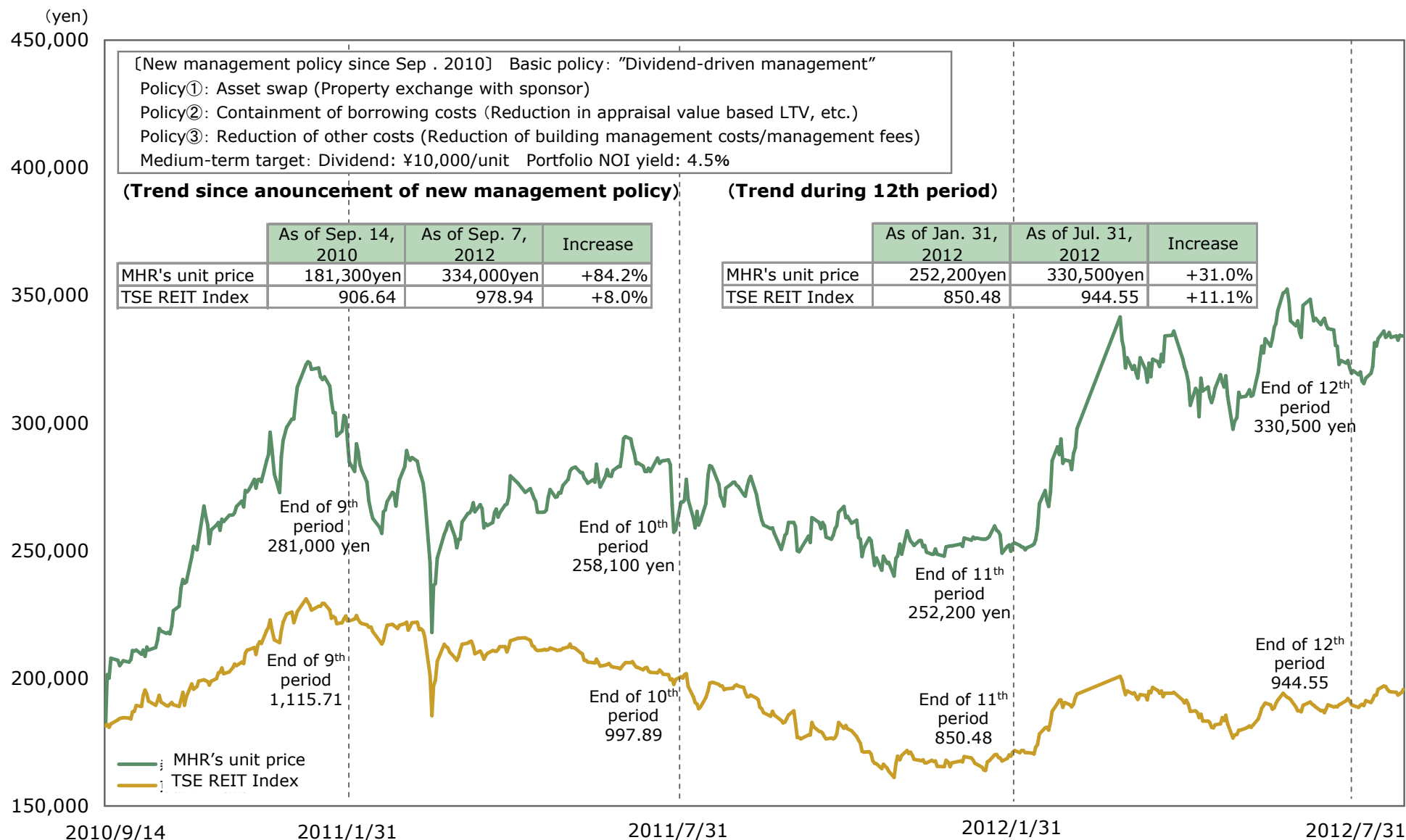
We will send invitations to future financial results briefings to those who participated in the financial results briefing for the twelfth period based on the personal information they have shared with us; we guarantee that we make every effort to adequately manage and/or use and protect the information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

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

# **1. Investment highlights**

# 1-1 Investment highlights Unit price performance

## Unit price performance



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

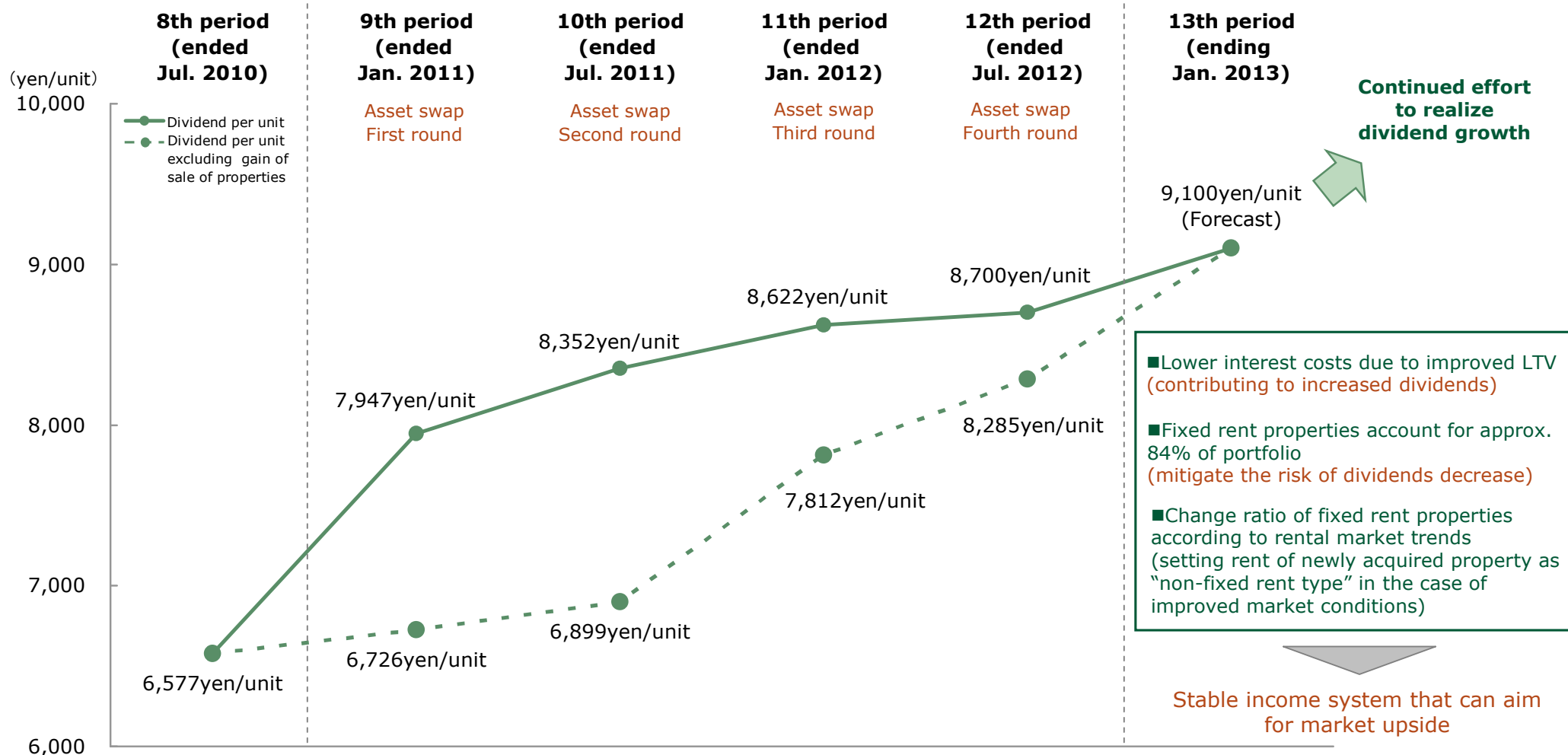
(Note 2) TSE REIT Index is based to the announcement date of the 8th period results (Sep. 14, 2010) and shows the relative performance vs. MHR's unit price performance

# 1-2 Investment highlights

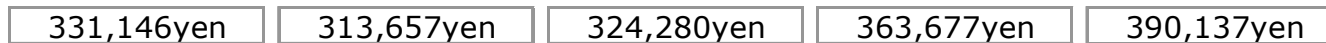
## Advantage of Mori Hills REIT (1) Upward trend in dividends



### Change in dividend per unit



#### (Change in NAV per unit)



#### (Change in the ratio of the fixed rent type)

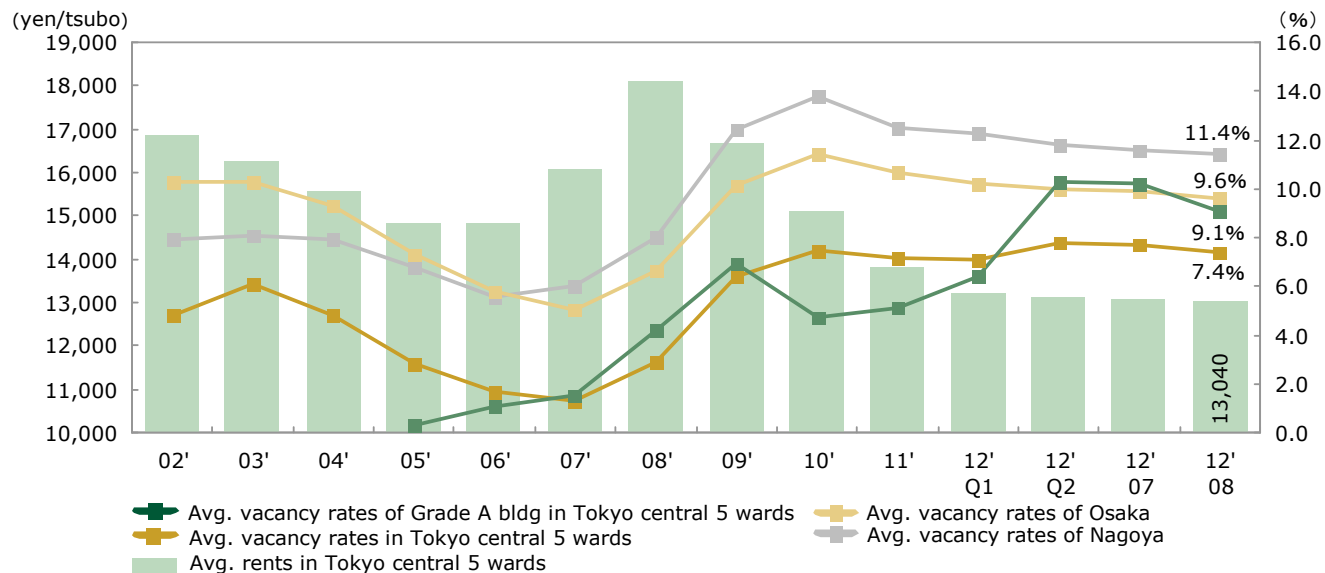


# 1-3 Investment highlights

## Advantage of Mori Hills REIT (1) Upward trend in dividends



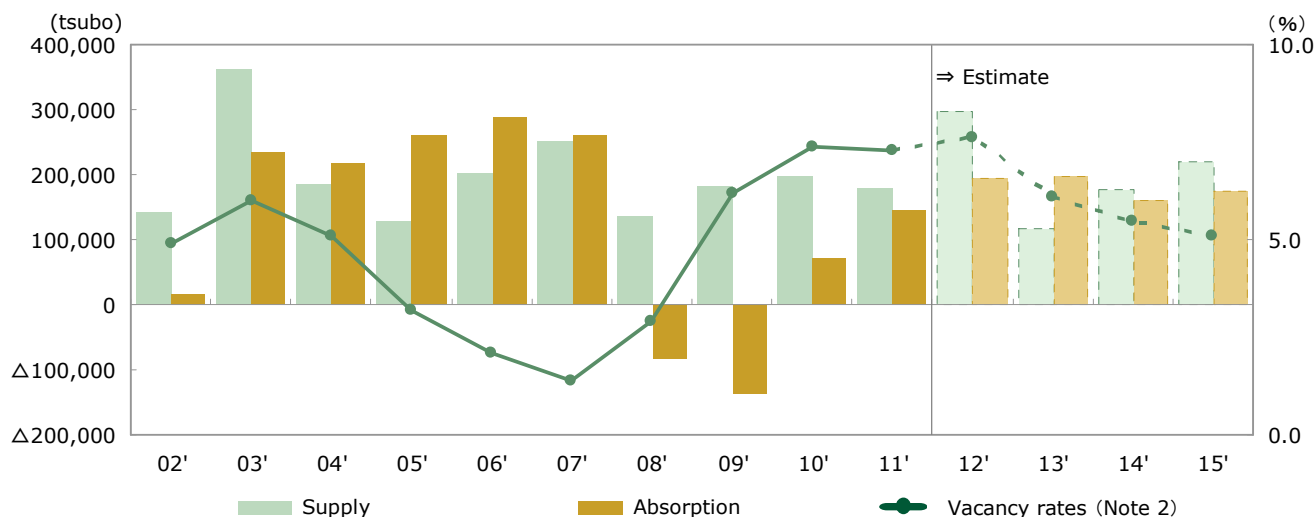
### Change in rents and vacancy rates (Note 1)



### Outlook for office rental market trend and action plan

- Supply added during 2013 is expected to be relatively low in Central Tokyo which will contribute to an improvement in vacancy rates. New rents are expected to turn around gradually starting with high-grade properties
- However, the degree of improvement in the rental market depends on future demand. If the demand increase is insufficient due to the impact of the global economy, the area of improvement could be limited to Grade S and A properties

### Supply volume and absorption capacity (Tokyo 23's wards)



- Change the ratio of fixed rent properties according to the rental market trends (Setting rent of the newly acquired property as "non-fixed rent type" in the case of improved market conditions)

(Source) "Change in rents and vacancy rates" is created by the asset manager based on the "Japan Office Market View" and "CREIS Japan" of CB Richard Ellis. "Supply volume and absorption capacity (Tokyo 23's wards)" is created by the asset manager based on the "Mid-tem Office Market Forecast of Tokyo 23's wards in 2012 (Standard scenario)" of the same company

(Note 1) Annual rent covers rents from Jan. to Dec., and quarterly rent covers rents from Jan. to Mar., from April to June, from July to Sep. and from Oct. to Dec. Offered rents do not include common area service fees. Vacancy rate is as of the end of each period

(Note 2) Vacancy rates is calculated in consideration of the amount of demolition

# 1-4 Investment highlights

## Advantage of Mori Hills REIT (1) Upward trend in dividends



Improved LTV enabled MHR to negotiate lower interest rates (contributing to increased dividends)

### Refinancing of long-term loans in 12<sup>th</sup> period

	(12th period)	
	Bank loan in Nov. 2009	Bank loan in May 2012
Loan amount	9,500mn yen	5,000mn yen
Interest rate (Note 1)	2.02%(fixed rate)	1.23%(fixed rate)
Loan period	3 years	3 years

### LTV

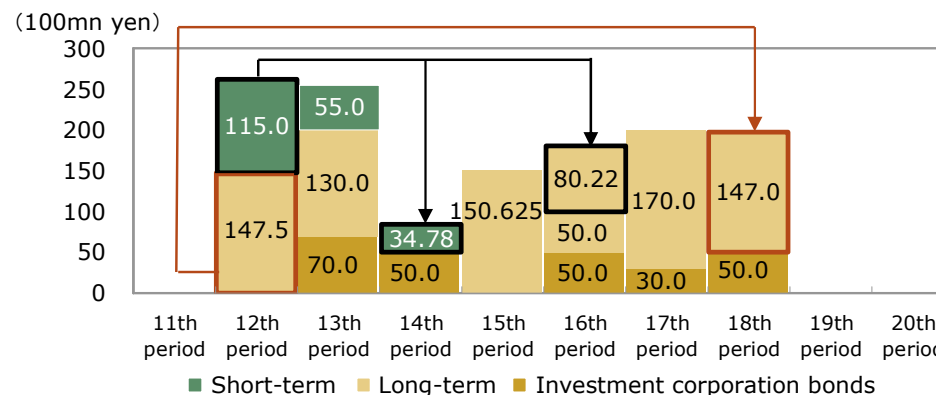
	End of 11th period	End of 12th period
Debt Balance	107,000mn yen	106,887mn yen
LTV(total assets basis) (Note 2)	48.8%	48.7%
LTV(appraisal value basis) (Note 3)	53.7%	52.0%
Avg. remaining duration	1.46 years	1.56 years

(Note 1) Interest rate for the new loan is set at execution of borrowing. Figures are rounded up to two digits below decimal point

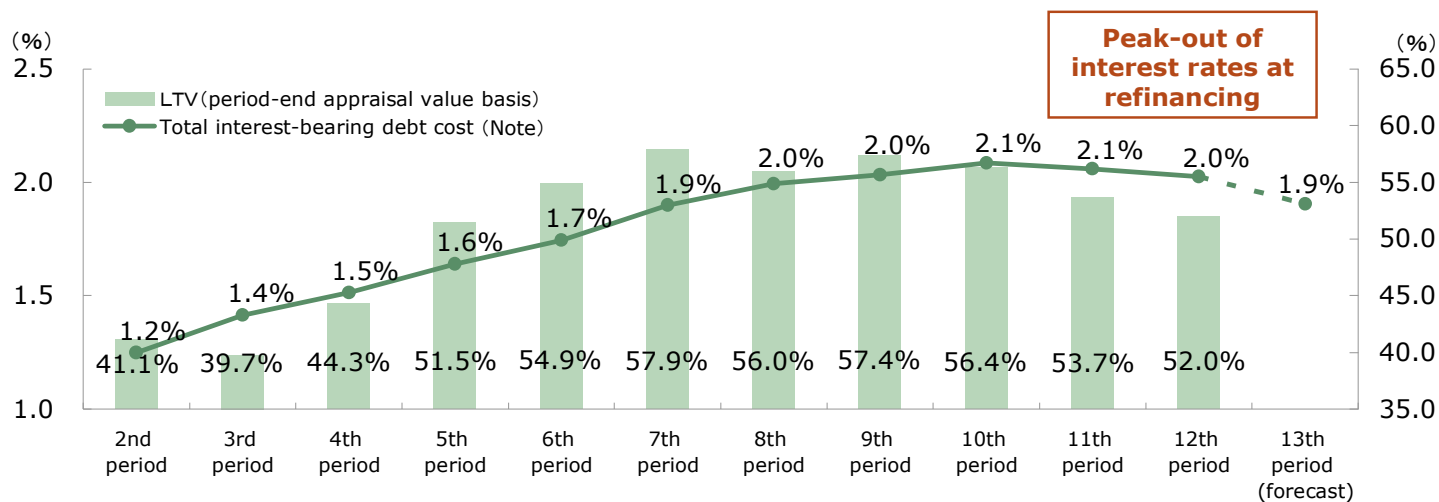
(Note 2) LTV(book value basis) is calculated as [Interest bearing debt/Total assets]

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

### Overview of maturity (as of Jul. 31, 2012)



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



### Rating (as of Sep. 14, 2012)

Japan Credit Rating (JCR)  
Senior long-term credit rating:  
AA- (Stable)

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

# 1-5 Investment highlights

Advantage of Mori Hills REIT (1) Upward trend in dividends



## Present forecast

**DPU (Period ending Jan. 2013: forecast) 9,100 yen/unit**

## Medium-term goals

**Dividend: 10,000 yen/unit**

## DPU simulations

### ■ Impact of lower interest rates due to improved LTV (assuming interest-bearing debt of 106.8 billion yen) (Note 1)

Decrease in interest rate									
△0.1%		△0.2%		△0.3%		△0.4%		△0.5%	
Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU	Distributable profit/period	DPU
+¥53mn	+¥230	+¥106mn	+¥461	+¥160mn	+¥692	+¥213mn	+¥923	+¥267mn	+¥1,154

### ■ Asset swap (Increase NOI by asset swap with sponsor) (Note 1)

		Amount of asset swap			
		¥15,000mn		¥25,000mn	
		Distributable profit/period	DPU	Distributable profit/period	DPU
Difference in NOI yield between assets to be acquired and assets to be transferred	+2.0%	+¥150mn	+¥647	+¥250mn	+¥1,079
	+1.5%	+¥112mn	+¥485	+¥187mn	+¥809

### Properties for potential sale (Note 2)

	Book Value	NOI yield
Koraku Mori Building	¥25,992mn	3.1%
Roppongi First Plaza	¥2,212mn	3.1%
Total	¥28,204mn	3.1%

(Note 1) This simulation shows the impact of asset swaps or change in financial costs on MHR's earnings with a simplified calculation assuming the other conditions remained constant. The actual results may differ from this simulation. The simulation is based on the number of units outstanding of 231,520 units as of Sep. 14, 2012

(Note 2) NOI yield is projected NOI yield for the 13th period based on the acquisition price



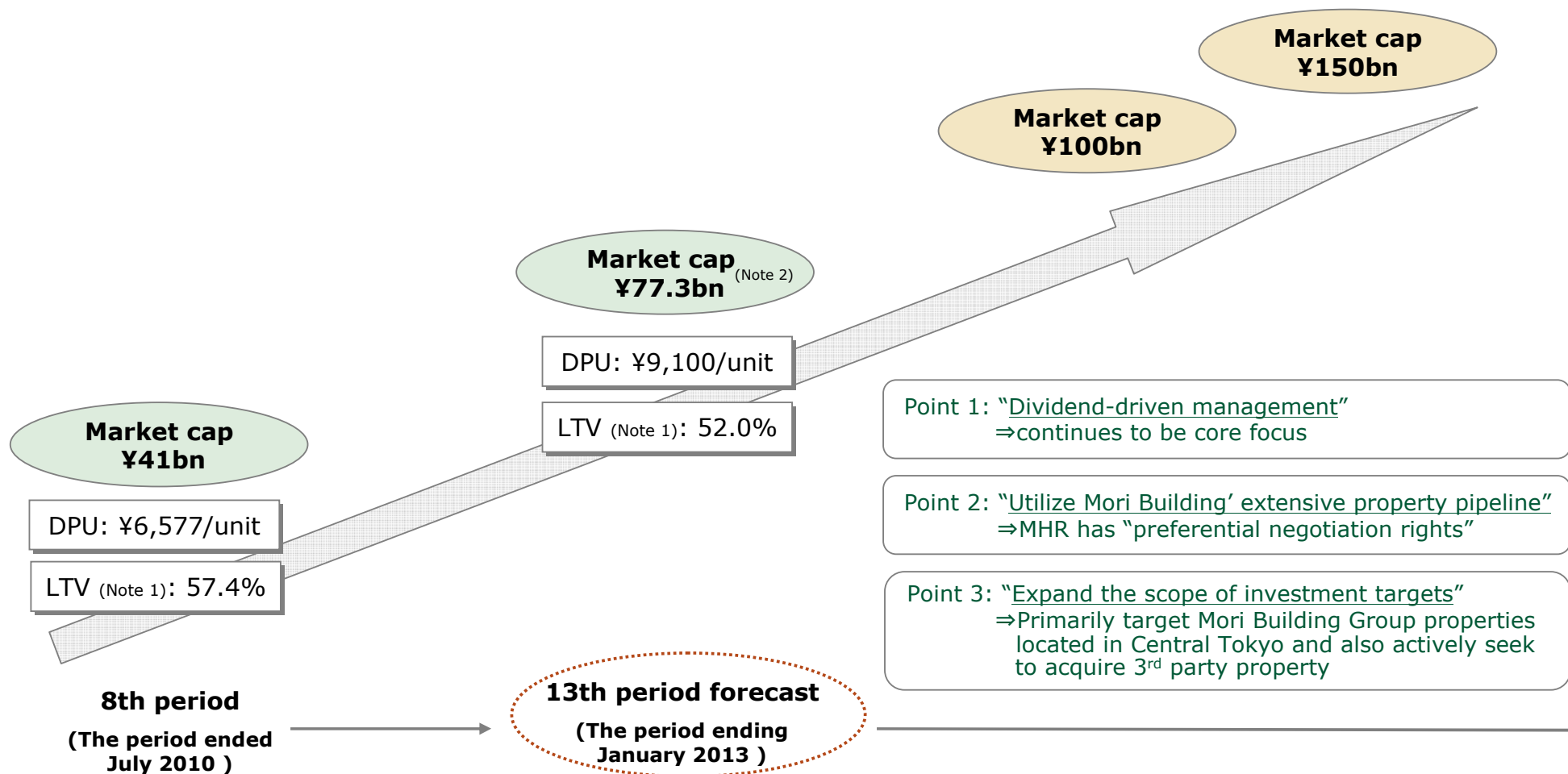
# 1-6 Investment highlights

Advantage of Mori Hills REIT (2) Increasing trend in market value



**1st step:**  
**“Turnaround” based on the “New Management Policy”**

**2nd step:**  
**Increase market value**



(Note 1) Market value based LTV denotes the “LTV based on appraisal value”; value for the 8th period shows the value at the end of 9th period (period ended Jan. 2011) which was the highest since introduction of the new management policy. Value for the 13th period shows the value at the end of 12th period (period ended Jul. 2012)

(Note 2) Market cap is based on MHR's unit price of Sep. 7, 2012

# 1-7 Investment highlights

## Advantage of Mori Hills REIT (2) Increasing trend in market value



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### Mori Building's properties in its strong pipeline

- Total assets of 1.2 trillion yen as of March 2012
- 110 buildings for lease as of April 2012



MHR has "preferential negotiation rights"

### New redevelopment by Mori Building

#### A. ARK Hills South Tower



- |    |                              |
|----|------------------------------|
| a) | Approx. 5,843m <sup>2</sup>  |
| b) | Approx. 55,052m <sup>2</sup> |
| c) | Office/retail                |
| d) | Mori Building Co., Ltd.      |
| e) | Jun. 2013 (planned)          |

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

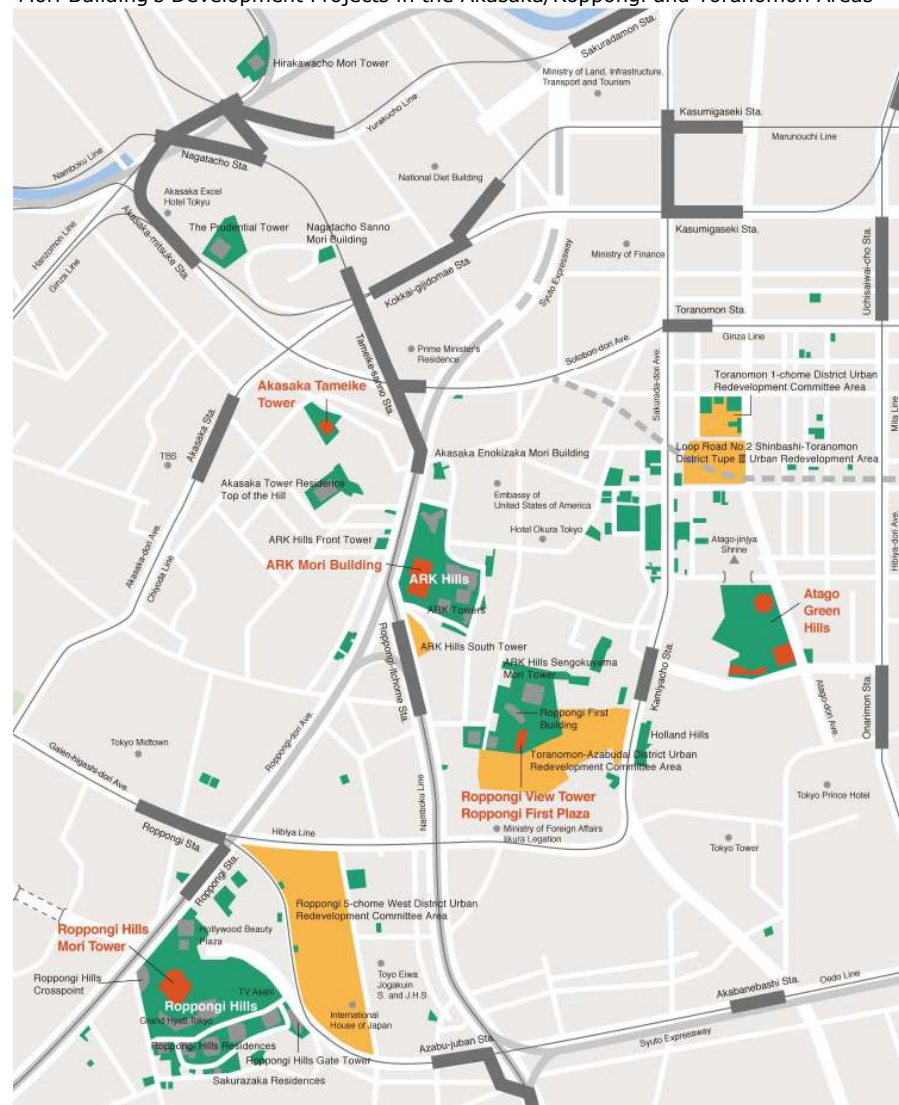


- |    |  |
|----|--|
| a) | Approx. 17,069m <sup>2</sup>               |
| b) | Approx. 244,305m <sup>2</sup>              |
| c) | Office/residential/hotel/retail/conference |
| d) | Tokyo Metropolitan Government (Note 1)     |
| e) | 2014 (planned)                             |

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

(Note 1) Mori Building was appointed as a distinct developer  
 (Note 2) Some of the above were partially acquired or are held by MHR  
 (Note 3) MHR does not have plans to acquire these properties as of the date this document was created

Mori Building's Development Projects in the Akasaka/Roppongi and Toranomon Areas



In operation █ MHR (Note 2)  
 Planning / Under construction █ Mori Building Group (Note 3)

# 1-8 Investment highlights

Advantage of Mori Hills REIT (2) Increasing trend in market value



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## Extensive property pipeline

### Properties owned by Mori Building Group

Office/Residential/Retail, etc.



**Roppongi Hills**

(Portion of property owned by MHR)

Office/Residential/Retail, etc.



**ARK Hills**

(Portion of property owned by MHR)

Office/Residential/Retail



**Atago Green Hills**

(Portion of property owned by MHR)

Residential



**Moto-Azabu Hills**

(Portion of property owned by MHR)

Retail



**Laforet Harajuku**

(Land owned by MHR)

Office/Residential/Retail



**ARK Hills Sengokuyama Mori Tower**

Office/Residential/Retail



**Holland Hills**

Office/Retail



**Keyaki-zaka Terrace**

Office



**Shiba Mita Mori Building**

Office/Residential



**ARK Hills Front Tower**

Office/Residential/Retail



**Roppongi Hills Cross Point**

Office



**Toranomom 1-chome Mori Building**

Office



**Toranomom 37 Mori Building**

Residential



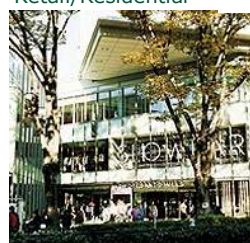
**Forest Terrace Shoto**

Residential



**Roppongi Sakura-zaka Residence**

Retail/Residential



**Omotesando Hills**

Retail



**VenusFort Hills**

### Overseas properties



**Shanghai World Financial Center**



**Hang Seng Bank Tower**



**Senmao Dalian**

(Note) MHR does not have plans to acquire these properties as of the date this document was created

# 1-9 Investment highlights

Advantage of Mori Hills REIT (2) Increasing trend in market value



Conduct DPU accretive property acquisition (while maintaining portfolio quality) by exploiting the large difference between “yields from existing portfolio” and “yields from properties to be acquired”

**Projected portfolio NOI yield for the current 13th period: 3.9%**



Yield difference: more than 30%

**Target NOI yield for properties to be acquired: over 5.0% on average**

## Properties acquired after the announcement of “New management policy”

Acquisition date	Sep. 15, 2010	Mar. 18, 2011		Aug. 1, 2011		May 1, 2012
Property name	Laforet Harajuku (land)	ARK Mori Building (1.5 floors: 23F 50%, 25F)	Akasaka Tameike Tower (residential bldg and a carpark etc.)	Roppongi Hills Mori Tower (1.5 floors:23F, 24F 50%)	ARK Mori Building (3 floors:4, 15, 24F)	Atago Green Hills (20.0% of total property)
Photo						
Acquisition price	21,820mn yen	9,770mn yen	6,730mn yen	18,680mn yen	17,200mn yen	25,600mn yen
NOI yield (Note)	5.5%	4.5%	5.4%	4.5%	4.5%	4.7%

(Note) NOI yield estimated NOI yield when the properties were acquired

# 1-10 Investment highlights

Advantage of Mori Hills REIT (3) High quality of properties owned



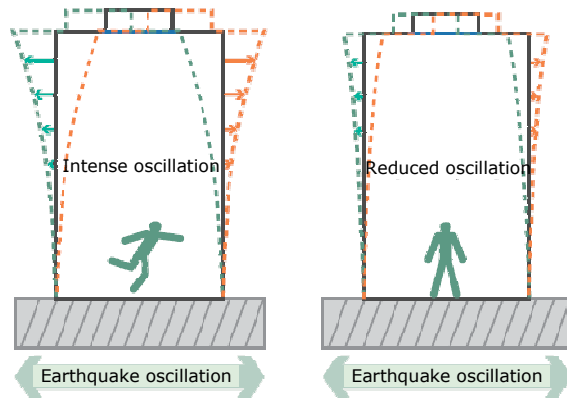
## MHR properties' PML and earthquake-resistant features

### Lowest portfolio PML of all J-REITs : 0.71%

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

### Seismic damping

Minimize the level of oscillation



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

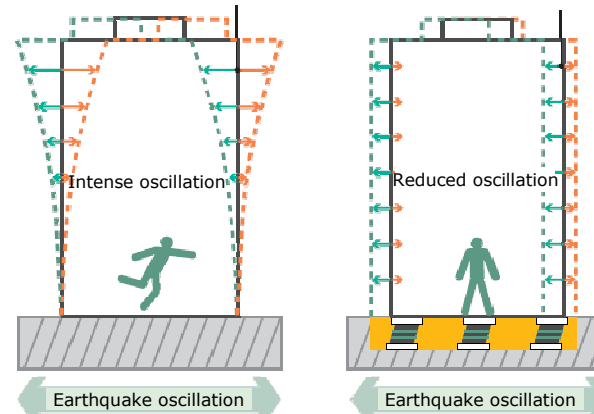
Seismic damping reduces earthquake magnitude of oscillation by approx. 20%



Viscous seismic damping wall

### Seismic isolators

Oscillate slowly and horizontally



<Normal earthquake resistant building> <Building with Seismic Isolators>

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



Seismic isolators

### (Reference)

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

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

### Three buildings were awarded certification as "Excellent Specified Global Warming Countermeasure Offices"

- Business facilities that have made "outstanding progress in the implementation of measures against global warming" were recognized by the Tokyo Metropolitan Government
- Offices so recognized are granted moderation in the reduction rates imposed in the "obligations to reduce total global-warming gas emissions for large-scale business facilities" based on the Ordinance on Environmental Protection
- As of August 31, 2012, 18 office buildings were recognized as Top Level Facilities and 30 office buildings were recognized as 2nd-Top-Level Facilities

#### Top Level Facility



Roppongi Hills Mori Tower

#### 2nd-Top-Level Facilities



ARK Mori Building

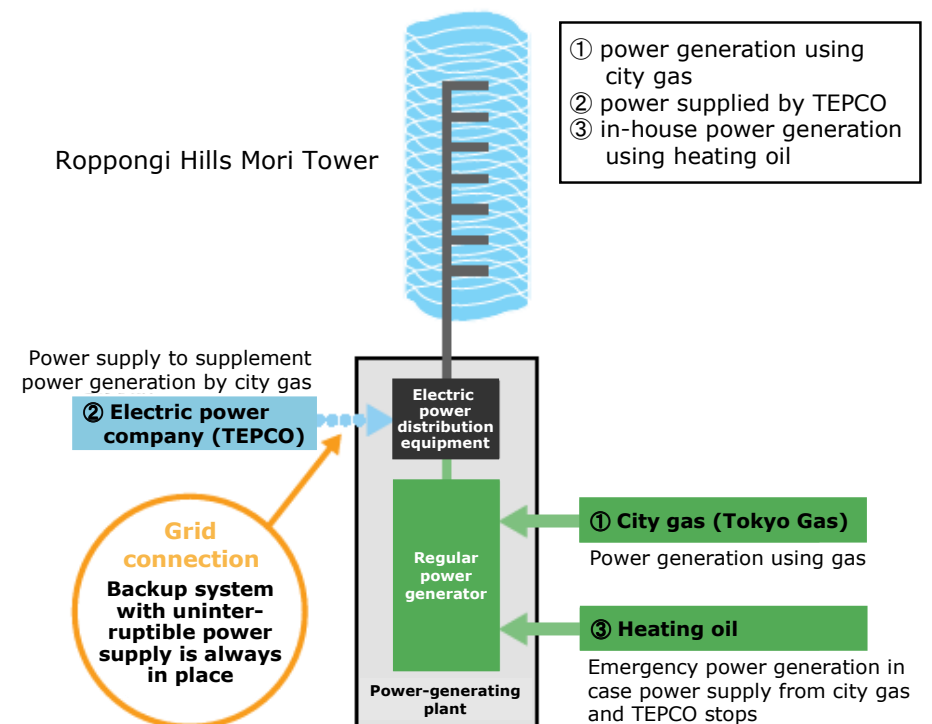


Atago Green Hills

### Electric power facility at Roppongi Hills

**A proprietary city gas fueled energy plant is used for generation and power supply to the area**

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



## **2. 12th period financial highlights**

# 2-1 12th period financial highlights Financial summary

(million yen)

	Actual		Difference	
	11th period	12th period	12th - 11th period	
	Operating days 184 days	182 days		
Operating revenue	4,765	4,797	32	0.7%
Rent revenue-real estate	4,417	4,467	49	1.1%
Rent incl. CAM fees	4,383	4,448	65	1.5%
Office	3,151	3,172	21	0.7%
Residential	573	601	28	5.0%
Retail	11	27	15	134.7%
Land	646	646	-	-
Other rent revenue	34	18	△ 15	△ 45.4%
Other lease business revenue	160	128	△ 31	△ 19.8%
Gain on sales of real estate properties	187	201	13	7.3%
Operating expenses	1,656	1,614	△ 42	△ 2.6%
Expenses related to rent business	1,348	1,294	△ 53	△ 4.0%
SG&A	308	319	10	3.6%
Operating income	3,108	3,183	74	2.4%
Non-operating income	1	18	16	1,019.5%
Non-operating expenses	1,113	1,081	△ 31	△ 2.9%
Interest expenses	837	808	△ 28	△ 3.4%
Other non-operating expenses	276	272	△ 3	△ 1.3%
Non-operating income/expenses	△ 1,111	△ 1,063	48	4.4%
Ordinary income	1,997	2,120	123	6.2%
Income before income taxes	1,997	2,120	123	6.2%
Total income taxes	0	0	△ 0	△ 7.1%
Net income	1,996	2,119	123	6.2%
Profit on real estate rental	3,229	3,301	71	2.2%
Depreciation and amortization	647	658	10	1.6%
NOI	3,877	3,959	82	2.1%
NOI yield	3.6%	3.8%	0.1PT	3.6%
Total acquisition price	211,516	210,816	△ 700	△ 0.3%
Reserve for reduction entry	-	105	105	-
Total units outstanding (units)	231,520	231,520	-	-
Dividend/unit (yen)	8,622	8,700	78	0.9%

- Acquisition of Atago Green Hills +227
- Sale of Roppongi First Building △191
- Koraku Mori Building △14
- Acquisition of Atago Green Hills +93
- Sale of ARK Forest Terrace △66
- Acquisition of Atago Green Hills +16
- Sale of Roppongi First Building △15
- Sale of Roppongi First Building △22
- Sale of ARK Forest Terrace △4
- Acquisition of Atago Green Hills +74
- Sale of Roppongi First Building △99
- Sale of ARK Forest Terrace △56
- Property taxes, etc +40  
(Properties acquired in 10<sup>th</sup> and 11<sup>th</sup> period +40)
- Interest expenses △28



# 2-2 12th period financial highlights

## Comparison between forecast and results

(million yen)

	12th period			
	Forecast	Actual	Actual - Forecast	
Operating days	182 days	182 days		
Operating revenue	4,814	4,797	Δ 17	Δ 0.4%
Rent revenue-real estate	4,465	4,467	1	0.0%
Rent incl. CAM fees	4,447	4,448	1	0.0%
Office	3,171	3,172	1	0.1%
Residential	602	601	Δ 0	Δ 0.1%
Retail	27	27	0	0.8%
Land	646	646	-	-
Other rent revenue	18	18	0	3.6%
Other lease business revenue	150	128	Δ 22	Δ 14.7%
Gain on sales of real estate properties	198	201	2	1.5%
Operating expenses	1,650	1,614	Δ 36	Δ 2.2%
Expenses related to rent business	1,350	1,294	Δ 55	Δ 4.1%
SG&A	299	319	19	6.6%
Operating income	3,164	3,183	18	0.6%
Non-operating income	2	18	15	602.3%
Non-operating expenses	1,094	1,081	Δ 13	Δ 1.2%
Interest expenses	822	808	Δ 13	Δ 1.7%
Other non-operating expenses	272	272	0	0.1%
Non-operating income/expenses	Δ 1,092	Δ 1,063	29	2.7%
Ordinary income	2,072	2,120	47	2.3%
Income before income taxes	2,072	2,120	47	2.3%
Total income taxes	1	0	Δ 0	Δ 16.5%
Net income	2,071	2,119	48	2.3%
Profit on real estate rental	3,266	3,301	35	1.1%
Depreciation and amortization	673	658	Δ 15	Δ 2.2%
NOI	3,939	3,959	20	0.5%
NOI yield	3.7%	3.8%	0.0PT	0.5%
Total acquisition price	210,816	210,816	-	-
Reserve for reduction entry	57	105	48	84.5%
Total units outstanding (units)	231,520	231,520	-	-
Dividend/unit (yen)	8,700	8,700	-	-

Utilities revenue, etc. Δ14

Repair expenses Δ16  
 Depreciation and amortization Δ15  
 Utilities Δ8  
 Leasing fee Δ5  
 Other expenses Δ8

Interest expenses Δ13

# 2-3 12th period financial highlights Projection

(million yen)

	Actual	Forecast	Difference	
	12th period	13th period	13th - 12th period	
	182 days	184 days		
Operating revenue	4,797	4,673	Δ 123	Δ 2.6%
Rent revenue-real estate	4,467	4,569	101	2.3%
Rent incl. CAM fees	4,448	4,566	117	2.6%
Office	3,172	3,248	75	2.4%
Residential	601	628	26	4.4%
Retail	27	42	15	56.3%
Land	646	646	-	-
Other rent revenue	18	2	Δ 16	Δ 86.4%
Other lease business revenue	128	104	Δ 24	Δ 18.7%
Gain on sales of real estate properties	201	-	Δ 201	-
Operating expenses	1,614	1,539	Δ 74	Δ 4.6%
Expenses related to rent business	1,294	1,252	Δ 42	Δ 3.3%
SG&A	319	287	Δ 32	Δ 10.0%
Operating income	3,183	3,134	Δ 49	Δ 1.6%
Non-operating income	18	2	Δ 15	Δ 86.7%
Non-operating expenses	1,081	1,028	Δ 52	Δ 4.9%
Interest expenses	808	762	Δ 45	Δ 5.7%
Other non-operating expenses	272	265	Δ 7	Δ 2.6%
Non-operating income/expenses	Δ 1,063	Δ 1,026	37	3.5%
Ordinary income	2,120	2,107	Δ 12	Δ 0.6%
Income before income taxes	2,120	2,107	Δ 12	Δ 0.6%
Total income taxes	0	1	0	19.8%
Net income	2,119	2,106	Δ 12	Δ 0.6%
Profit on real estate rental	3,301	3,421	119	3.6%
Depreciation and amortization	658	671	13	2.1%
NOI	3,959	4,093	133	3.4%
NOI yield	3.8%	3.9%	0.1PT	2.2%
Total acquisition price	210,816	210,816	-	-
Reserve for reduction entry	105	-	Δ 105	-
Total units outstanding (units)	231,520	231,520	-	-
Dividend/unit (yen)	8,700	9,100	400	4.6%

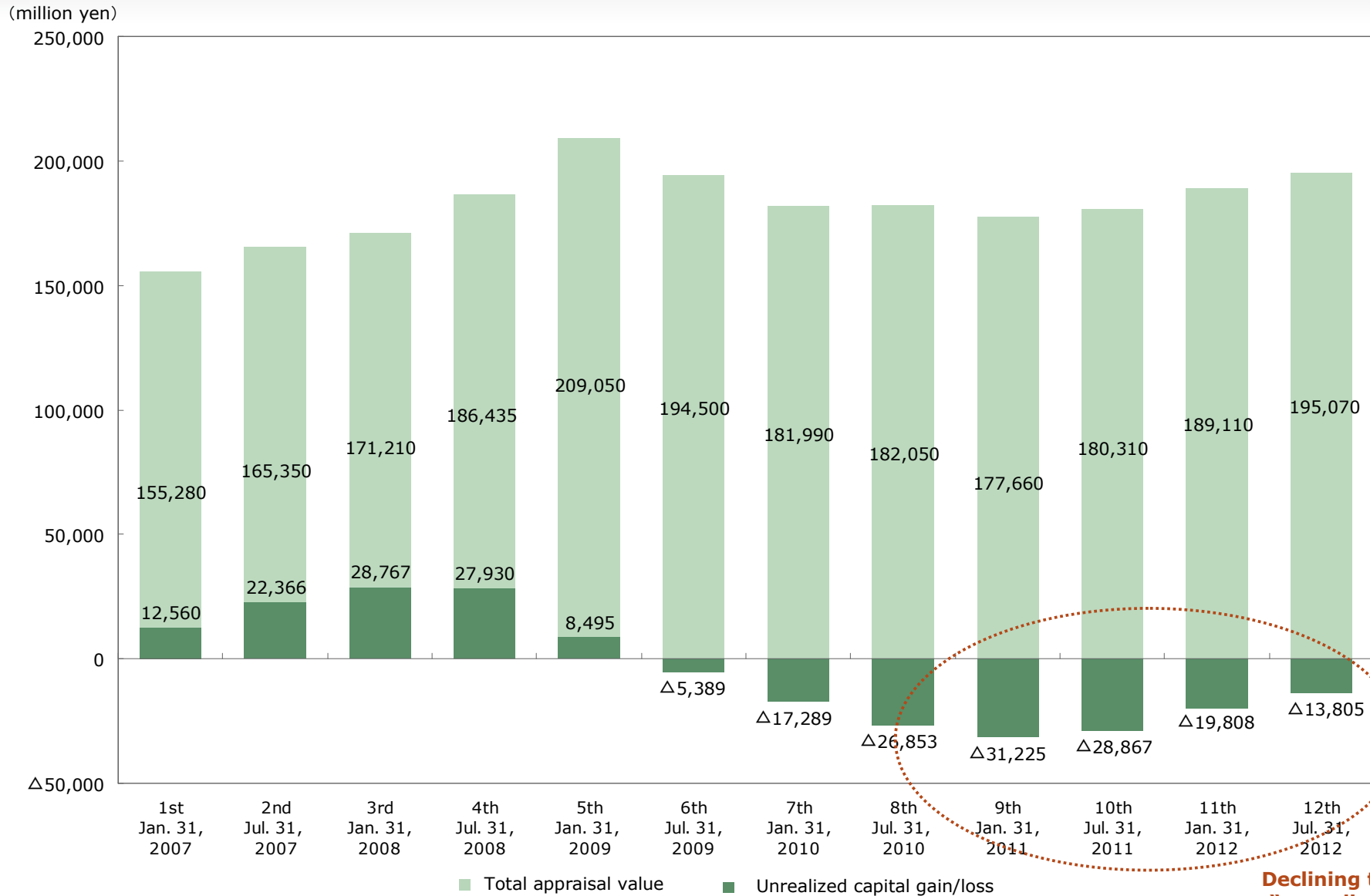
Acquisition of Atago Green Hills in 12 <sup>th</sup> period (difference in operating days)	+227
Sale of Roppongi First Building (difference in operating days)	Δ167
Koraku Mori Building	+15
Acquisition of Atago Green Hills in 12 <sup>th</sup> period (difference in operating days)	+93
Sale of ARK Forest Terrace (difference in operating days)	Δ62
Roppongi First Plaza	Δ6
Acquisition of Atago Green Hills in 12 <sup>th</sup> period (difference in operating days)	+16
Sale of Roppongi First Building (difference in operating days)	Δ15
Sale of Roppongi First Building (difference in operating days)	Δ24
Acquisition of Atago Green Hills in 12 <sup>th</sup> period (difference in operating days)	+72
Sale of Roppongi First Building (difference in operating days)	Δ108
Sale of ARK Forest Terrace (difference in operating days)	Δ52
Property taxes, etc (Properties acquired in 10 <sup>th</sup> and 11 <sup>th</sup> period)	+40 +40
Interest expenses	Δ44
Interest on investment corporation bonds	Δ1

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

(Note 2) We distributed the remainder of Net income less Reserve for reduction entry (part of gain on sales of real estate properties) in the 12th period

## **3. Operation highlights**

# 3-1 Operation highlights Change in total appraisal value



**Declining trend for "unrealized loss"**

(Note) Asset swap during the 12th period, under which MHR sold Roppongi First Building and ARK Forest Terrace and acquired Atago Green Hills (20.0% of total)

## 3-2 Operation highlights Appraisal value

(million yen)

Main type	Property name	Property No.	Acquisition price	Book value	As of end of 11th period (Jan. 31, 2012)		As of end of 12th period (Jul. 31, 2012)				Difference (B)–(A)	Difference (B)/(A)–1	Unrealized capital gain (B)-book value	
					(A) Appraisal value	Yield (direct capitalization method)	(B) Appraisal value	Yield (direct capitalization method)	Discount (DCF)	Terminal yield (DCF)				
Office	Roppongi Hills Mori Tower	O-0	25,490	25,383	29,600	3.8%	29,600	3.8%	3.5%	4.0%	0	0.0%	4,216	
	ARK Mori Building	O-1	58,970	58,591	55,300	3.8%	55,400	3.8%	3.5%	4.0%	100	0.2%	△ 3,191	
	Roppongi First Building (Note 2)	O-3	-	-	18,600	4.2%	-	-	-	-	△ 18,600	-	-	
	Koraku Mori Building	O-4	27,200	25,992	21,680	4.6%	21,200	4.6%	4.2%	4.9%	△ 480	△ 2.2%	△ 4,792	
	Akasaka Tameike Tower	O-6	43,930	43,201	30,000	4.0%	30,100	4.0%	3.7%	4.2%	100	0.3%	△ 13,101	
	Atago Green Hills (Note 2)	O-7	25,600	25,843	-	-	27,800	4.1%	3.6%	4.3%	27,800	-	1,956	
	Sub total			181,190	179,012	155,180	-	164,100	-	-	-	8,920	5.7%	△ 14,912
Residential	Moto-Azabu Hills	R-1	1,706	1,662	1,720	4.6%	1,730	4.6%	4.2%	4.8%	10	0.6%	67	
	ARK Forest Terrace (Note 4)	R-2	-	-	2,960	4.9%	-	-	-	-	△ 2,960	-	-	
	Roppongi First Plaza	R-3	2,100	2,212	1,620	5.1%	1,570	5.1%	4.9%	5.3%	△ 50	△ 3.1%	△ 642	
	Roppongi View Tower	R-4	4,000	3,914	3,130	5.2%	2,970	5.2%	5.0%	5.4%	△ 160	△ 5.1%	△ 944	
	Sub total			7,806	7,788	9,430	-	6,270	-	-	-	△ 3,160	△ 33.5%	△ 1,518
Retail	Laforet Harajuku (land) (Note 5)	S-1	21,820	22,074	24,500	5.1%	24,700	-	5.1%	-	200	0.8%	2,625	
	Sub total			21,820	22,074	24,500	-	24,700	-	-	-	200	0.8%	2,625
Total				210,816	208,875	189,110	-	195,070	-	-	-	5,960	3.2%	△ 13,805

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

(Note 2) Roppongi First Building was sold during the 12th period. Difference of the property is omitted

(Note 3) Atago Green Hills was acquired during the 12th period

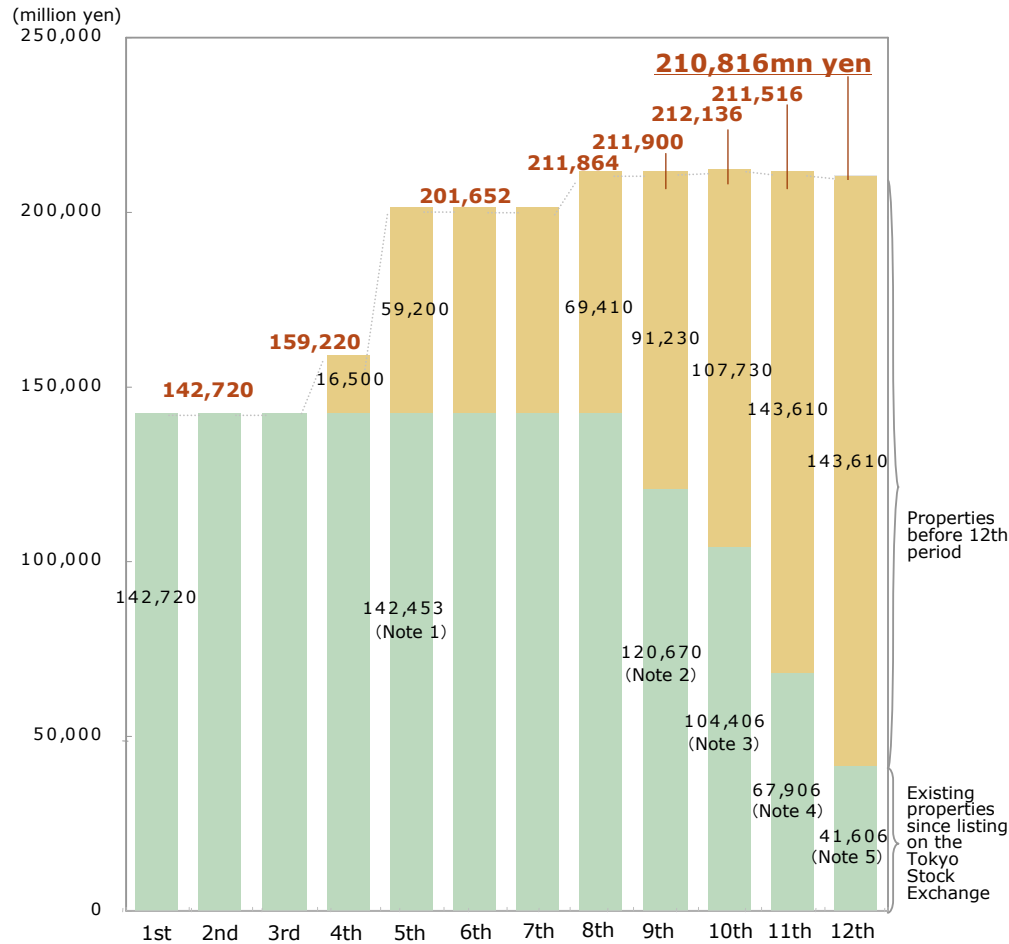
(Note 4) ARK Forest Terrace was sold during the 12th period. Difference of the property is omitted

(Note 5) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 11th period shows the discount rate used in the DCF analysis

# 3-3 Operation highlights Portfolio overview

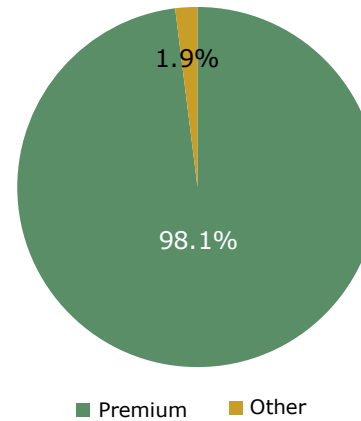


## Change in assets under management

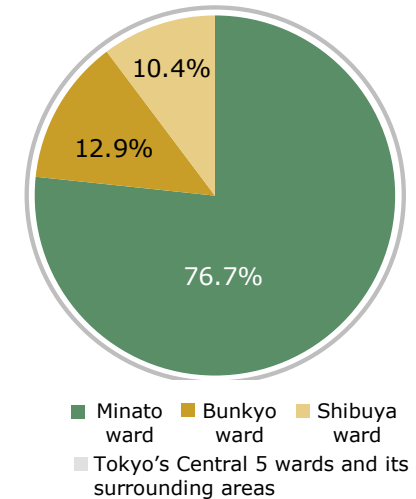


- (Note 1) MHR sold Moto-Azabu Hills (one residential unit) in the 5th period
- (Note 2) MHR sold Toranomon 35 Mori Building and Moto-Azabu Hills (42 residential units) in the 9th period
- (Note 3) MHR sold Moto-Azabu Hills (86 residential units) in the 10th period
- (Note 4) MHR sold Roppongi Hills Gate Tower in the 11th period
- (Note 5) MHR sold Roppongi First Building and ARK Forest Terrace in the 12 period

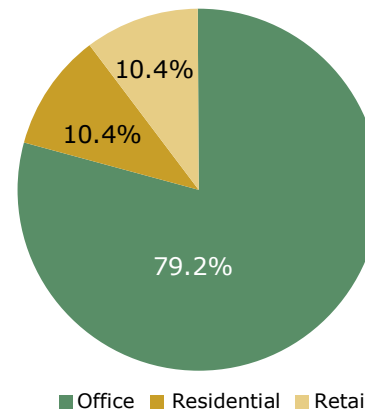
## Quality



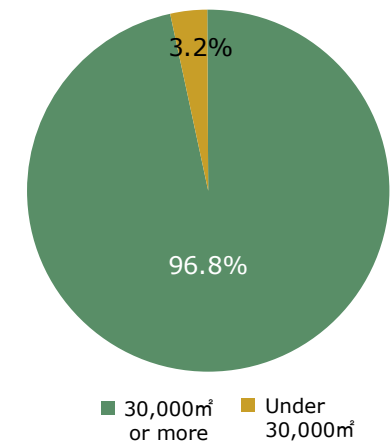
## Area



## Type



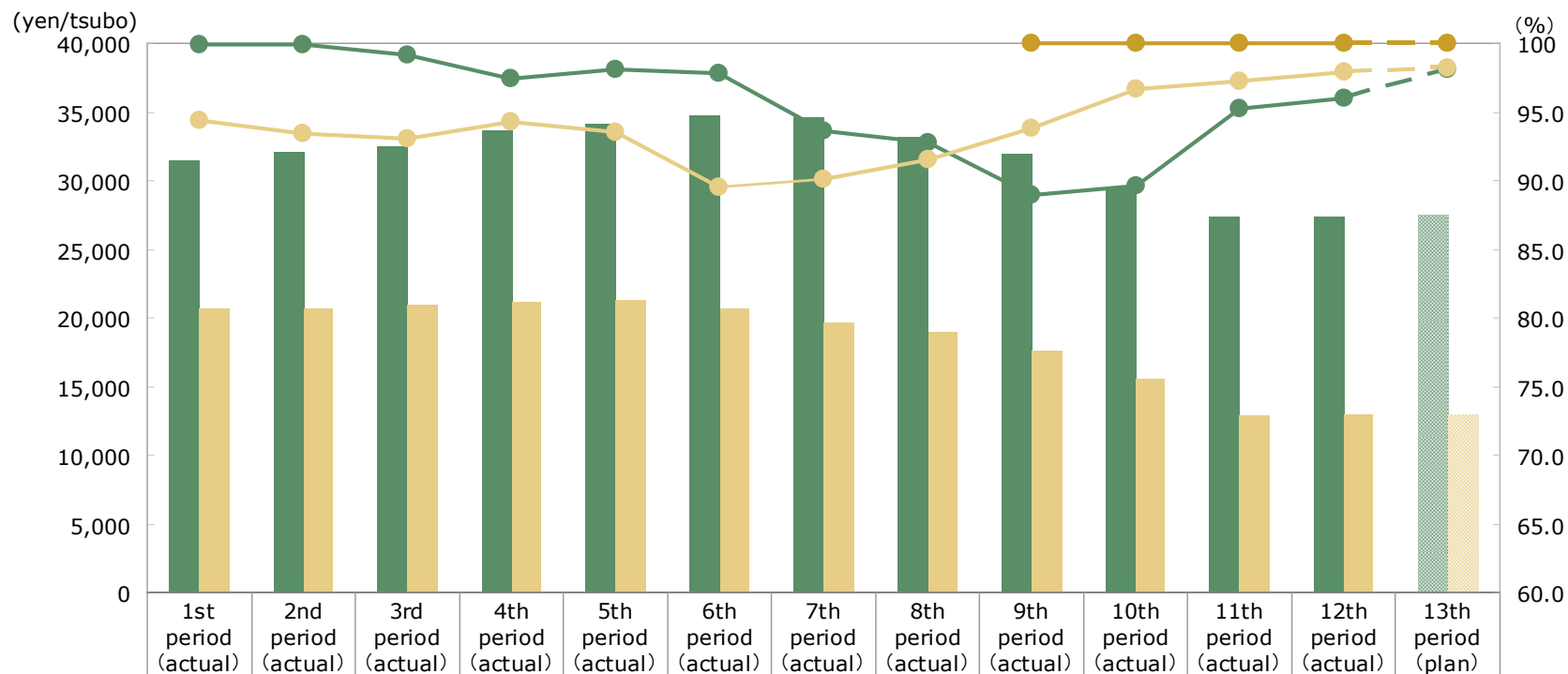
## Size (Note 3)



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

# 3-4 Operation highlights

## Changes in the rent and occupancy rates



	1st period (actual)	2nd period (actual)	3rd period (actual)	4th period (actual)	5th period (actual)	6th period (actual)	7th period (actual)	8th period (actual)	9th period (actual)	10th period (actual)	11th period (actual)	12th period (actual)	13th period (plan)
Office Unit rent (yen/tsubo)	31,450	32,068	32,462	33,648	34,118	34,725	34,554	33,187	31,901	29,555	27,314	27,323	27,499
Residential Unit rent (yen/tsubo)	20,625	20,674	20,964	21,157	21,234	20,664	19,658	18,959	17,648	15,492	12,833	12,957	12,996
Office occupancy (%)	99.9%	100%	99.1%	97.4%	98.1%	97.8%	93.7%	92.7%	88.9%	89.6%	95.3%	96.0%	98.1%
Residential occupancy (%)	94.4%	93.4%	93.1%	94.2%	93.5%	89.6%	90.1%	91.5%	93.8%	96.7%	97.2%	97.9%	98.2%
Retail occupancy (%)	—	—	—	—	—	—	—	—	100%	100%	100%	100%	100%

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

- Due to change in composition of properties and lease methods starting in the 9th period, the rent data is less comparable
- Increase in the number of fixed-rent properties with master lease contract from the 9th period helped stabilize and increase rents and occupancy rates

# 3-5 Operation highlights

## Breakdown of rent income and office leasing overview

### Result of rent revision - Office

	No. of tenants	Monthly rent prior to rent change	Monthly rent after rent change	Increase/decrease in monthly rent	Rate of revision
8th period	12	134.6mn yen	114.5mn yen	△20.1mn yen	△ 15.0%
9th period	3	5.7mn yen	4.3mn yen	△1.4mn yen	△ 24.7%
10th period	4	154.8mn yen	115.7mn yen	△39.1mn yen	△ 25.3%
11th period	5	50.3mn yen	40.3mn yen	△10.0mn yen	△ 20.0%
12th period	0	0.0mn yen	-	-	-

(Note) No tenants were due for rent renewal in the 12th period

### Difference in current office rent and market rent

	Comparison to market rents			Total
	More than 10%	10%~△10%	Less than △10%	
Total rent per month	16.8	491.0	34.6	542.4
Ratio	3.1%	90.5%	6.4%	100%

- (Note 1) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of Aug. 27, 2012 including move in/out and rent revision
- (Note 2) Market rents are determined by the asset manager based on the capitalized value used for appraisal of properties at the end of the 12th period as reported in the research report

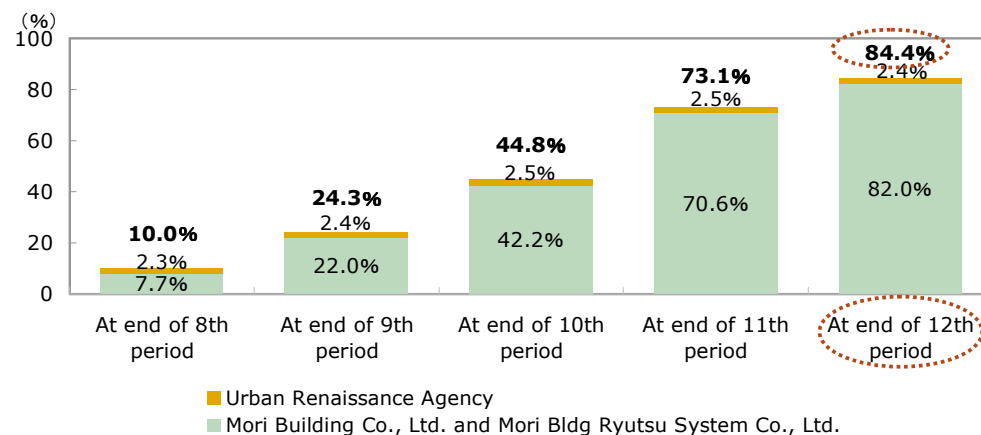
### Breakdown of monthly rent revenue and agreement renewal timing

(million yen)

Tenant	Type of lease contract	Total rent per month	Ratio	Agreement renewal timing				
				13th period	14th period	15th period	16th period	17th period-
Office tenant	Limited term	95.3	12.5%	-	39.4	16.4	13.9	25.5
	Traditional	447.0	58.6%	-	-	-	-	447.0
	Total	542.4	71.1%	-	39.4	16.4	13.9	472.6
Residential tenant	Limited term	19.5	2.6%	1.5	0.3	6.2	1.0	10.3
	Traditional	84.5	11.1%	0.0	0.0	18.6	0.0	65.8
	Total	104.0	13.6%	1.5	0.3	24.9	1.0	76.1
Retail tenant	Corporate land	107.8	14.1%	-	-	107.8	-	-
	Total	107.8	14.1%	-	-	107.8	-	-
Sub total		754.2	98.9%	1.5	39.7	149.1	15.0	548.8
Retail, parking, and others		8.4	1.1%					
Total		762.7	100%					

(Note) Situation of tenants reflects actual move in/out and revised rents as of Aug. 27, 2012

### Ratio of fixed rent property



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

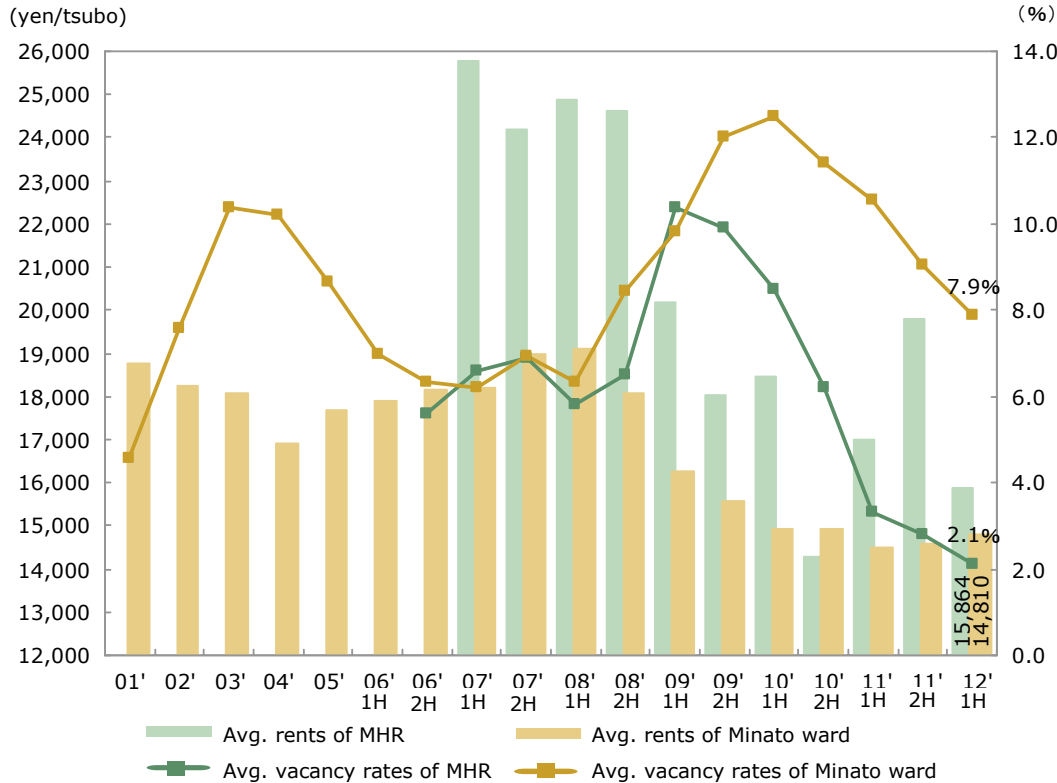
(Note 2) Figures in the charts represent the ratio of rent revenue from fixed rent property based on monthly rents at the last month of each period including move in/out and revision to the rent revenue from all property (excluding revenue from parking lot and other income)



# 3-6 Operation highlights Luxury residential market

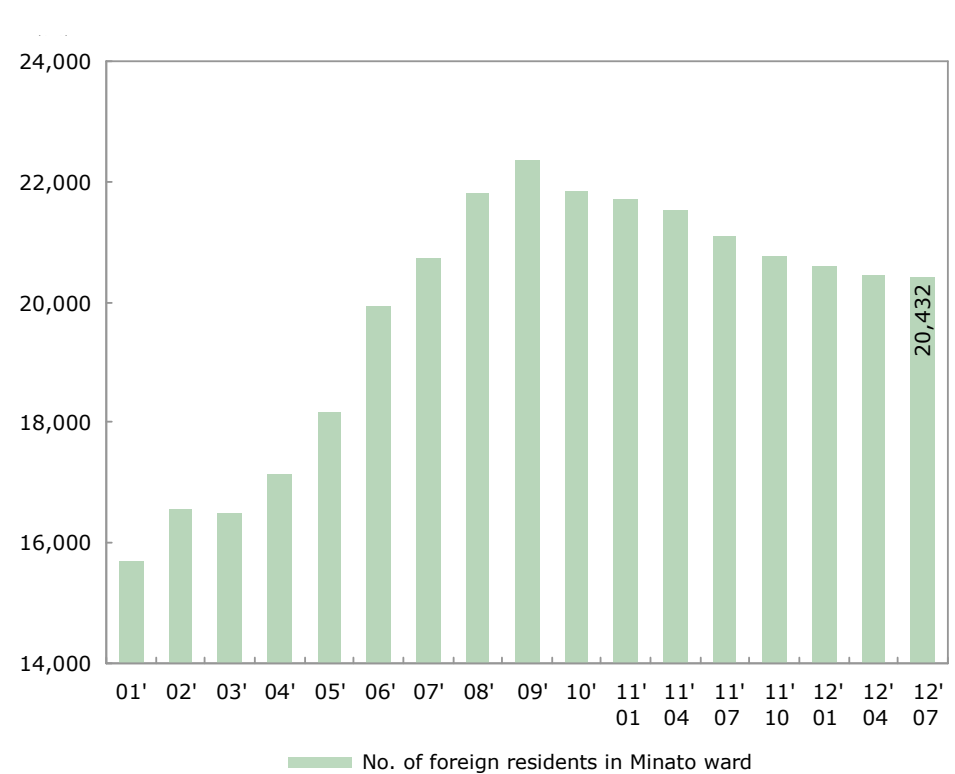


## Change in rents and vacancy rates of luxury housing



(Source) Created by the asset manager based on Ken Real Estate Investment Advisors' "Ken Data Press" included in real estate appraisal reports by Japan Real Estate Institute regarding properties held by MHR  
 (Note 1) Includes data on rental housing with monthly rent of more than JPY 300,000 or exclusively owned area of more than 30 tsubo  
 (Note 2) Annual rent covers rents from Jan. to Dec. and vacancy rate is annual average  
 (Note 3) For MHR, average of even periods is indicated as 1H, and average of odd periods is indicated as 2H  
 (Note 4) Vacancy rates of MHR show the average during the relevant period  
 (Note 5) Due to change in composition of properties after the 9th period, the data of MHR is less comparable

## Change in number of foreign residents in Minato ward



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

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

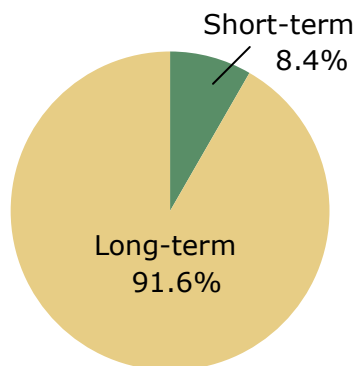
**•The number of registered foreign residents remains steady since 2008 with no drastic decrease due to the earthquakes etc**

# 3-7 Operation highlights

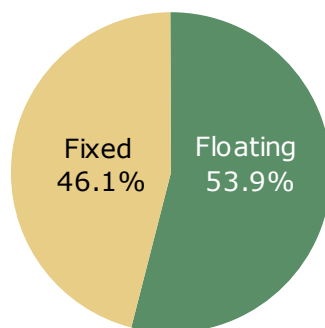
## Financial overview (As of July 31, 2012)

### Long and short-term debt ratio/Fixed rate ratio

#### Long and short-term debt ratio (End of 12th period)



#### Fixed rate ratio (End of 12th period)



	End of 11th period Jan. 31, 2012	End of 12th period Jul. 31, 2012
Debt Balance	107,000mn yen	106,887mn yen
Short-term loan	17,000mn yen	8,978mn yen
Long-term loan	65,000mn yen	72,909mn yen
Investment corporation bonds	25,000mn yen	25,000mn yen
LTV (total assets basis) (Note 1)	48.8%	48.7%
LTV (appraisal value basis) (Note 2)	53.7%	52.0%
DSCR (Note 3)	4.2x	4.4x
Avg. remaining duration	1.46 years	1.56 years
Weighted avg. interest rate	1.56%	1.44%

### Outstanding balances

Lenders	Balance	Ratio
Mizuho Corporate Bank, Ltd.	11,714mn yen	14.3%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,714mn yen	14.3%
Mitsubishi UFJ Trust and Banking Corporation	11,714mn yen	14.3%
Sumitomo Mitsui Banking Corporation	11,091mn yen	13.5%
Sumitomo Mitsui Trust Bank, Limited	10,167mn yen	12.4%
The Norinchukin Bank	4,200mn yen	5.1%
Aozora Bank, Ltd.	4,000mn yen	4.9%
The Bank of Fukuoka, Ltd.	4,000mn yen	4.9%
Development Bank of Japan, Inc.	3,887mn yen	4.7%
Resona Bank, Limited.	2,500mn yen	3.1%
Shinsei Bank, Ltd.	2,400mn yen	2.9%
The Hiroshima Bank, Ltd.	1,500mn yen	1.8%
The Oita Bank, Ltd.	1,000mn yen	1.2%
ShinGinko Tokyo, Limited	1,000mn yen	1.2%
ORIX Bank Corporation	1,000mn yen	1.2%
<b>Total borrowings</b>	<b>81,887mn yen</b>	<b>100%</b>
Investment corporation bonds	25,000mn yen	
<b>Total interest-bearing debt</b>	<b>106,887mn yen</b>	

(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]

# 3-8 Operation highlights

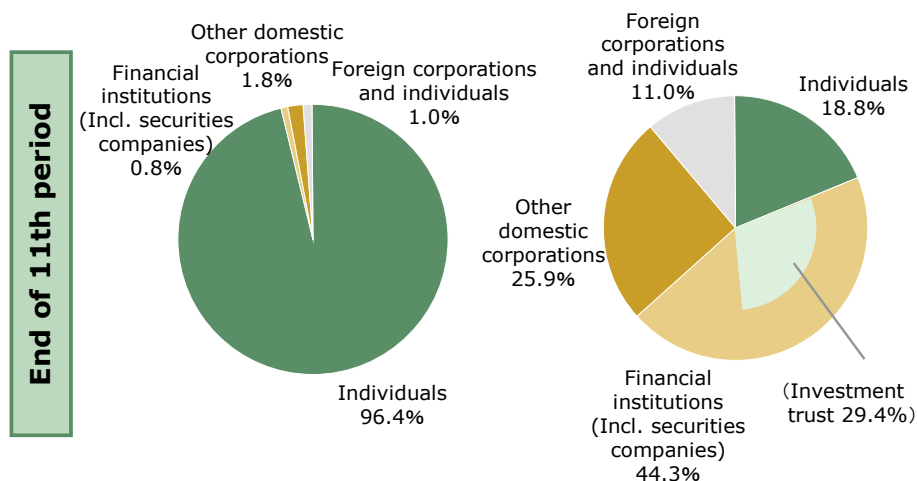
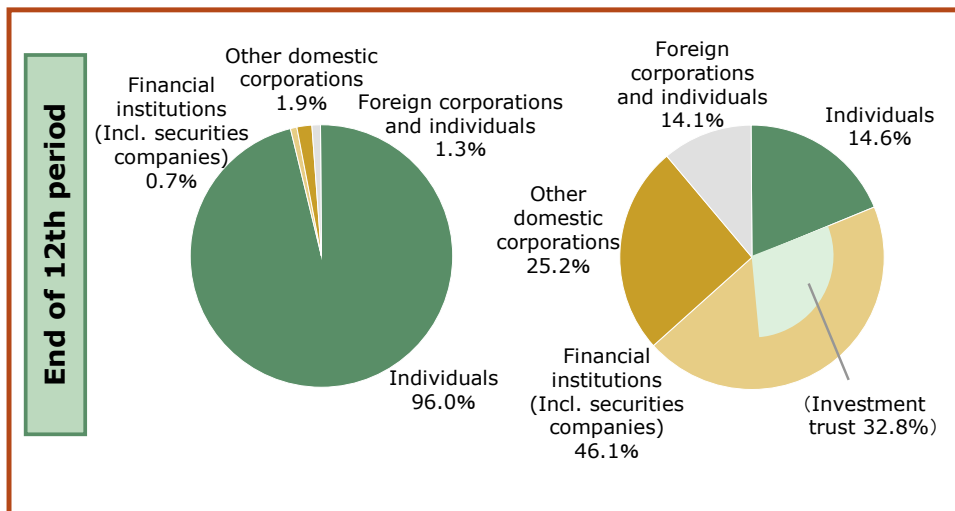
## Unitholders breakdown (As of July 31, 2012)

### Unitholders breakdown

### Top 10 unitholders

Number of unitholders

Number of investment units



Rank	Name	No. of units held	Ratio
1	Mori Building Co., Ltd.	48,918	21.1%
2	Japan Trustee Service Bank (Trust account)	48,672	21.0%
3	Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account)	15,904	6.9%
4	The Nomura Trust & Banking (Trust account)	14,255	6.2%
5	The Master Trust Bank of Japan, Ltd. (Trust account)	11,642	5.0%
6	JP Morgan Chase Bank 385174	6,140	2.7%
7	Nomura Bank (Luxembourg) S.A.	4,599	2.0%
8	Shikoku Railway Company	3,324	1.4%
9	Trust & Custody Service Bank of Japan, Ltd. (Taxable money trust account)	3,290	1.4%
10	The Gibraltar Life Insurance Co., Ltd. (General account J-REIT)	2,591	1.1%
Top 10 unitholders total		159,335	68.8%

## **4. Appendix**

# 4-1 Urban revitalization initiatives under the government's growth strategy

## Designation of Priority Development Area for the Urban Renaissance Project

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

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

### **[Outline of efforts in the Central Tokyo & Rinkai area ]**

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


**[Urban Rejuvenation Headquarters material, Jan 2012]**

## Designation of an "Asia Headquarter District"

As a measure of solving policy-related issues in achieving the New Growth Strategy Plan, the Comprehensive Special Zones Scheme was established in 2011. Also, the Comprehensive Special Zone for International Competitiveness Development "Special Zone for Asian Headquarters" applied by Tokyo Metropolitan Government was designated in Dec 2011 and the Comprehensive Special Zone Plan was approved in July 2012

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



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

### **[Concrete measures for attracting foreign companies ]**

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

**[Tokyo Metropolitan Government material, Dec 2011]**

## Sustainability Policy

Mori Hills REIT Investment Corporation and Mori Building Investment Management Co., Ltd. will engage in real estate investment and management, taking into consideration "the environment," "Business Continuity Planning (BCP)" and "maintaining and enhancing asset value," based on the Mori Building Group's "Vertical Garden City" urban design philosophy as the ideal model.

### The environment

- Promotion of cities and nature existing in harmony (creation of microcosms of nature through promotion of landscaping, etc.)
- Promotion of low carbon cities (introduction of various energy-efficient systems, etc.)
- Promotion of resource recycling (the 3Rs: reduce, reuse, and recycle)

### BCP

- Enhancement of earthquake resistance, disaster supply storage facilities, emergency power sources and other tangible measures
- Enhancement of the property management structure in the event of a disaster and other intangible measures

### Maintaining and enhancing asset value

- Investment in high-quality real estate
- Implementation of appropriate asset value enhancement construction work

### Common policies

- Compliance and maintenance of management system
- Implementation of sustainability education and awareness of building activities
- Disclosure of sustainability information

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

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



## <Environmental Policy >

### 1. Cities and nature existing in harmony

We create pleasant, verdant spaces where the chirping of birds and the singing of insects can be heard by leveraging the vertical plane in cities and creating microcosms of nature on the ground where people can commune with nature. Through these spaces we will foster environmental communities for people

### 2. Low carbon cities

We will create cities with excellent environmental performance by matching energy-efficient systems to compact cities in which diverse urban functions are combined into vertical infrastructure. We will continue efforts to lower carbon emissions from operation through comprehensive, quality management of communities

### 3. Resource recycling

We aim to build resource-recycling cities by promoting the 3Rs (reduce, reuse, and recycle)

### 4. Compliance and maintenance of an environmental management system

We will always keep our eyes on the trends in environment-related laws and regulations and adapt to any changes. Also, we will put in place and maintain an environmental management system in order to continuously improve our environmental enhancement activities

### 5. Environmental education and awareness building activities

We will implement environmental education and awareness building activities for employees in order to improve the effectiveness of our environmental enhancement activities. We will also use our facilities to conduct environmental awareness building activities aimed at facility users

### 6. Disclosure of environmental information

We will communicate with society by making efforts to disclose information, such as the environmental philosophy and policy, and information about environmental activities

## 4-3 Financial highlights

Indices	Previous period (11th period) From August 1, 2011 to January 31, 2012	Current period (12th period) From February 1, 2012 to July 31, 2012	
Net income	1,996mn yen	2,119mn yen	
Depreciation and amortization	648mn yen	658mn yen	
CAPEX	53mn yen	42mn yen	
Total assets	219,119mn yen	219,405mn yen	
Total net assets	104,007mn yen	104,130mn yen	
Total net assets/unit (BPS)	449,236yen	449,768yen	Total net assets/Total units outstanding
Unit price (as of end of period)	252,200yen	330,500yen	
Total units outstanding	231,520units	231,520units	
Total dividends	1,996mn yen	2,014mn yen	
Dividend/unit	8,622yen	8,700yen	
Dividend yield	6.8%	5.3%	Dividend per unit (annualized)/Unit price as of end of period
FFO	2,644mn yen	2,777mn yen	Net income + Depreciation and amortization
FFO/unit	11,421yen	11,998yen	(Net income + Depreciation and amortization)/Total units outstanding
Annualized	22,655yen	24,062yen	
FFO multiple	11.1x	13.7x	
PER	14.7x	18.0x	Unit price as of end of period/Net income per unit (annualized)
PBR	0.6x	0.7x	Unit price as of end of period/Net assets per unit
ROA	0.9%	1.0%	Ordinary income/Average of total assets during the period
Annualized	1.8%	1.9%	
ROE	1.9%	2.0%	Net income/Average of total net assets during the period
Annualized	3.8%	4.1%	
NAV	84,198mn yen	90,324mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	363,677yen	390,137yen	
NAV multiple	0.7x	0.8x	Unit price as of end of period/NAV per unit
Interest-bearing debt	107,000mn yen	106,887mn yen	
LTV (book value basis)	48.8%	48.7%	Interest-bearing debt/Total assets
LTV(appraisal value basis)	53.7%	52.0%	Interest-bearing debt/(Total assets + Total appraisal value - Total book value)
Operating days	184days	182days	

(Note) Calculated as 11th period figures/184 days x 365 days and 12th period figures/182 days x 365 days

## 4-4 Balance sheet

(thousand yen)

	Previous period (11th period) As of Jan. 31, 2012	Current period (12th period) As of Jul. 31, 2012
<b>Assets</b>		
Current assets	9,827,076	10,127,757
Cash and deposits	2,321,952	2,222,988
Cash and deposits in trust	6,969,478	7,428,489
Other	535,645	476,279
Noncurrent assets	209,230,964	209,232,884
Property, plant and equipment	190,507,117	183,049,106
Intangible assets	18,414,500	25,829,158
Investments and other assets	309,346	354,619
Deferred assets	61,281	44,993
<b>Total assets</b>	<b>219,119,322</b>	<b>219,405,635</b>

	Previous period (11th period) As of Jan. 31, 2012	Current period (12th period) As of Jul. 31, 2012
<b>Liabilities</b>		
Current liabilities	53,778,850	36,198,496
Short-term loans payable	17,000,000	8,978,000
Current portion of investment corporation bond	7,000,000	12,000,000
Current portion of long-term loans payable	27,875,000	13,125,000
Other	1,903,850	2,095,496
Noncurrent liabilities	61,333,244	79,076,731
Investment corporation bond	18,000,000	13,000,000
Long-term loans payable	37,125,000	59,784,500
Tenant leasehold and security deposits	6,208,244	6,292,231
<b>Total liabilities</b>	<b>115,112,094</b>	<b>115,275,228</b>
<b>Net assets</b>		
Unitholders' equity	104,007,228	104,130,407
Unitholders' capital	102,010,939	102,010,939
Total surplus	1,996,288	2,119,468
Unappropriated retained earnings (undisposed loss)	1,996,288	2,119,468
<b>Total net assets</b>	<b>104,007,228</b>	<b>104,130,407</b>
<b>Total liabilities and net assets</b>	<b>219,119,322</b>	<b>219,405,635</b>



# 4-5 Income statement

(thousand yen)

	Previous period (11th period) From August 1, 2011 to January 31, 2012	Current period (12th period) From February 1, 2012 to July 31, 2012
Operating revenue	4,765,566	4,797,582
Rent revenue-real estate	4,417,829	4,467,826
Other lease business revenue	160,306	128,597
Gain on sales of real estate properties	187,430	201,158
Operating expenses	1,656,716	1,614,152
Expenses related to rent business	1,348,255	1,294,704
Asset management fee	222,580	231,891
Directors' compensation	5,400	5,400
Asset custody fee	5,473	5,477
Administrative service fees	15,374	14,807
Other operating expenses	59,633	61,870
Operating income	3,108,850	3,183,429
Non-operating income	1,636	18,320
Interest income	988	976
Exclusion gain of unpaid dividend	648	2,502
Income from settlement of management association accounts	—	14,052
Other	—	789
Non-operating expenses	1,113,345	1,081,486
Interest expenses	640,371	612,172
Interest expenses on investment corporation bonds	196,650	196,650
Amortization of investment corporation bond issuance costs	16,287	16,287
Borrowing expenses	258,234	254,573
Other	1,802	1,802
Ordinary income	1,997,140	2,120,263
Income before income taxes	1,997,140	2,120,263
Net income	1,996,152	2,119,344
Unappropriated retained earnings (undisposed loss)	1,996,288	2,119,468

Parking revenue	25,821
Utilities and other revenue	100,319
Cancellation penalty	2,457

Property management fees	154,179
Utilities	97,024
Property taxes	249,554
Lease fees	87,546
Custodian fees	6,294
Repair charges	17,845
Insurance premium	11,703
Depreciation and amortization	658,012
Other property expenses	12,543

# 4-6 Statement of cash flows/Retained earnings

## Statement of cash flows

(thousand yen)

Account	Previous period (11th period) From August 1, 2011 to January 31, 2012	Current period (12th period) From February 1, 2012 to July 31, 2012
<b>I Net cash provided by (used in) operating activities</b>	<b>38,142,289</b>	<b>28,248,941</b>
Income before income taxes	1,997,140	2,120,263
Depreciation and amortization	648,058	658,512
Amortization of investment corporation bond issuance costs	16,287	16,287
Increase (Decrease) in allowance for loss on disaster	△ 1,605	△ 6,813
Interest income	△ 988	△ 976
Gain on exclusion of distribution payable	△ 648	△ 2,502
Interest expenses	837,021	808,822
Decrease (increase) in operating accounts receivable	20,352	△ 605
Decrease (increase) in consumption taxes refund receivable	△ 83,882	83,882
Increase (decrease) in operating accounts payable	△ 116,533	△ 35,664
Increase (decrease) in accounts payable-other	△ 2,704	797
Increase (decrease) in accrued expenses	229,729	10,350
Increase (decrease) in accrued consumption taxes	△ 52,632	53,559
Increase (decrease) in advance received	196,982	101,606
Increase (decrease) in deposits received	△ 202,199	△ 629
Decrease (increase) in prepaid expenses	△ 23,436	△ 23,912
Decrease (increase) in long-term prepaid expenses	△ 116,736	△ 45,273
Decrease in carrying amounts of property, plant and equipment in trust due to sale	35,678,698	25,332,951
Decrease in carrying amounts of intangible assets in trust due to sale	90	-
Other, net	1,183	40
Subtotal	39,024,177	29,070,696
Interest income received	988	976
Interest expenses paid	△ 881,902	△ 821,748
Income taxes paid	△ 973	△ 982

(thousand yen)

Account	Previous period (11th period) From August 1, 2011 to January 31, 2012	Current period (12th period) From February 1, 2012 to July 31, 2012
<b>II Net cash provided by (used in) investing activities</b>	<b>△ 35,856,777</b>	<b>△ 25,782,014</b>
Purchase of property, plant and equipment in trust	△ 36,074,543	△ 18,525,271
Purchase of intangible asset in trust	-	△ 7,415,731
Repayments of tenant leasehold and security deposits in trust	△ 2,076,289	△ 2,022,994
Proceeds from tenant leasehold and security deposits in trust	2,294,056	2,181,982
<b>III Net cash provided by (used in) financing activities</b>	<b>△ 2,044,216</b>	<b>△ 2,106,879</b>
Increase in short-term loans payable	18,000,000	3,478,000
Decrease in short-term loans payable	△ 18,000,000	△ 11,500,000
Proceeds from long-term loans payable	22,000,000	22,722,000
Repayment of long-term loans payable	△ 22,112,500	△ 14,812,500
Dividends paid	△ 1,931,716	△ 1,994,379
<b>IV Net increase (decrease) in cash and cash equivalents</b>	<b>241,296</b>	<b>360,047</b>
<b>V Cash and cash equivalents at beginning of period</b>	<b>9,050,134</b>	<b>9,291,430</b>
<b>VI Cash and cash equivalents at end of period</b>	<b>9,291,430</b>	<b>9,651,478</b>

## Retained earnings

(yen)

Item	Period	Previous period (11th period) From August 1, 2011 to January 31, 2012	Current period (12th period) From February 1, 2012 to July 31, 2012
<b>I Unappropriated retained earnings</b>		<b>1,996,288,616</b>	<b>2,119,468,036</b>
<b>II Amount of dividends</b>		<b>1,996,165,440</b>	<b>2,014,224,000</b>
Amount of dividend per unit		8,622	8,700
<b>III Voluntary retained earnings</b>			
Reserve for reduction entry		-	105,244,036
<b>IV Retained earnings carried forward</b>		<b>123,176</b>	<b>-</b>

# 4-7 12th period results breakdown by property①

(thousand yen)

Property number	O-0			O-1			O-3			O-4		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Roppongi First Building			Koraku Mori Building		
Period	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period	Difference
Operation days	184days	182days	△ 2days	184days	182days	△ 2days	184days	90days	△ 94days	184days	182days	△ 2days
Occupancy rate	100%	100%	0.0PT	100%	100%	0.0PT	83.4%	-	△ 83.4PT	89.3%	91.0%	1.7PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	80.9%	80.0%	△ 0.9PT	94.1%	90.7%	△ 3.4PT
Number of tenants	1	1	0	1	1	0	14	-	△ 14	14	15	1
Acquisition price	25,490,000			58,970,000			21,000,000			27,200,000		
Rent revenue- real estate	603,955	603,955	-	1,163,923	1,163,923	-	391,601	183,966	△ 207,634	578,308	562,774	△ 15,533
Other lease business revenue	-	-	-	-	-	-	47,401	24,563	△ 22,838	93,721	96,290	2,569
Operating Income	603,955	603,955	-	1,163,923	1,163,923	-	439,003	208,530	△ 230,472	672,029	659,065	△ 12,964
Maintenance expenses	1,200	1,200	-	4,800	4,800	-	67,825	35,404	△ 32,421	61,808	63,642	1,833
Utilities	-	-	-	-	-	-	27,890	15,136	△ 12,753	75,493	76,182	688
Property taxes (Note 1)	10,253	25,295	15,041	31,534	51,129	19,594	45,691	23,752	△ 21,939	34,353	32,959	△ 1,393
Maintenance and repairs	-	-	-	-	-	-	538	-	△ 538	7,403	8,572	1,168
Insurance premium	1,142	1,104	△ 38	2,045	1,998	△ 47	1,942	1,104	△ 837	2,165	2,173	7
Depreciation ①	98,808	98,872	64	123,509	120,233	△ 3,275	60,646	30,471	△ 30,174	128,746	128,913	167
Other property expense (Note 2)	166	27	△ 139	3,387	2,673	△ 713	2,923	2,257	△ 666	76,186	76,150	△ 35
Property expense	111,570	126,499	14,928	165,276	180,835	15,558	207,457	108,127	△ 99,329	386,158	388,595	2,436
Operating profit ②	492,384	477,455	△ 14,928	998,647	983,088	△ 15,558	231,546	100,403	△ 131,142	285,870	270,470	△ 15,400
NOI ③ (①+②)	591,192	576,328	△ 14,863	1,122,156	1,103,322	△ 18,834	292,192	130,875	△ 161,317	414,617	399,383	△ 15,233
Annualized NOI	1,172,746	1,155,824	△ 16,921	2,226,016	2,212,706	△ 13,309	579,620	530,771	△ 48,849	822,474	800,962	△ 21,512
Annualized NOI/Acquisition price	4.6%	4.5%	△ 0.1PT	3.8%	3.8%	0.0PT	2.8%	2.5%	△ 0.3PT	3.0%	2.9%	△ 0.1PT
Capex ④	-	2,344	2,344	1,646	1,971	325	29,716	4,025	△ 25,691	4,391	4,317	△ 73
NCF ③-④	591,192	573,984	△ 17,208	1,120,509	1,101,350	△ 19,159	262,476	126,850	△ 135,626	410,225	395,066	△ 15,159

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

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

# 4-8 12th period results breakdown by property②

(thousand yen)

Property number	O-6			O-7			R-1			R-2		
Property name	Akasaka Tameike Tower			Atago Green Hills			Moto-Azabu Hills			ARK Forest Terrace		
Period	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period	Difference
Operation days	184days	182days	△ 2days	-	92days	92日	184days	182days	△ 2days	184days	90days	△ 94days
Occupancy rate	100%	100%	0.0PT	-	100%	100PT	100%	100%	0.0PT	88.3%	-	△ 88.3PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	-	100%	100PT	93.2%	90.0%	△ 3.2PT	91.6%	91.4%	△ 0.2PT
Number of tenants	1	1	0	-	1	1	7	7	0	34	-	△ 34
Acquisition price	43,930,000			25,600,000			1,706,440			5,300,000		
Rent revenue- real estate	666,446	666,446	-	-	338,036	338,036	55,989	57,631	1,642	130,121	63,055	△ 67,066
Other lease business revenue	6,524	289	△ 6,235	-	-	-	2,237	803	△ 1,434	10,420	6,100	△ 4,320
Operating Income	672,971	666,735	△ 6,235	-	338,036	338,036	58,227	58,435	208	140,542	69,155	△ 71,386
Maintenance expenses	5,899	3,000	△ 2,899	-	810	810	12,739	11,428	△ 1,310	36,605	17,472	△ 19,132
Utilities	5,308	-	△ 5,308	-	-	-	97	49	△ 48	9,255	5,537	△ 3,717
Property taxes(Note 1)	31,124	37,283	6,158	-	-	-	4,544	3,306	△ 1,237	9,502	5,298	△ 4,203
Maintenance and repairs	46	-	△ 46	-	-	-	7,824	4,224	△ 3,599	10,824	2,479	△ 8,345
Insurance premium	2,576	2,563	△ 12	-	1,386	1,386	157	157	△ 0	697	458	△ 239
Depreciation ①	172,193	172,758	565	-	59,820	59,820	6,325	6,395	69	34,177	17,281	△ 16,896
Other property expense (Note 2)	924	905	△ 18	-	12,257	12,257	3,760	3,661	△ 99	7,506	3,752	△ 3,753
Property expense	218,072	216,511	△ 1,560	-	74,273	74,273	35,449	29,223	△ 6,225	108,570	52,281	△ 56,288
Operating profit ②	454,899	450,224	△ 4,675	-	263,762	263,762	22,777	29,211	6,433	31,972	16,874	△ 15,097
NOI ③ (①+②)	627,092	622,983	△ 4,109	-	323,583	323,583	29,103	35,606	6,503	66,150	34,155	△ 31,994
Annualized NOI	1,243,961	1,249,389	5,427	-	1,283,780	1,283,780	57,732	71,409	13,677	131,221	138,519	7,298
Annualized NOI/ Acquisition price	2.8%	2.8%	0.0PT	-	5.0%	5.0PT	3.4%	4.2%	0.8PT	2.5%	2.6%	0.1PT
Capex ④	329	9,474	9,145	-	-	-	1,209	-	△ 1,209	11,575	2,345	△ 9,230
NCF ③-④	626,763	613,508	△ 13,254	-	323,583	323,583	27,893	35,606	7,713	54,574	31,809	△ 22,764

# 4-9 12th period results breakdown by property③

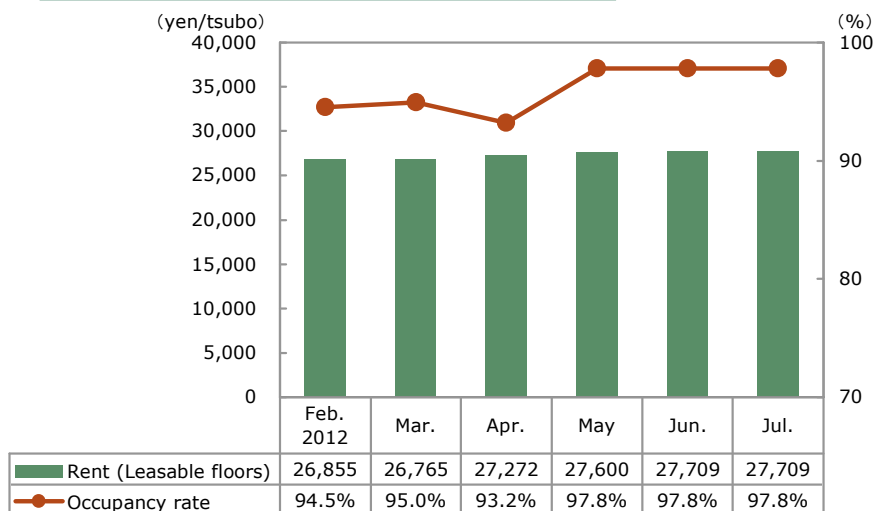
(thousand yen)

Property number	R-3			R-4			S-1			Total		
Property name	Roppongi First Plaza			Roppongi View Tower			Laforet Harajuku (Land)					
Period	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period	Difference	11th period	12th period (Note 3)	Difference
Operation days	184days	182days	△ 2days	184days	182days	△ 2days	184days	182days	△ 2days	184days	182days	△ 2days
Occupancy rate	97.4%	87.7%	△ 9.7PT	100%	100%	0.0PT	100%	100%	0.0PT	95.5%	98.1%	2.6PT
Avg. Occupancy rate (during period)	94.2%	93.1%	△ 1.1PT	100%	100%	0.0PT	100%	100%	0.0PT	96.0%	96.7%	0.7PT
Number of tenants	41	37	△ 4	1	1	0	1	1	0	115	65	△ 50
Acquisition price	2,100,000			4,000,000			21,820,000			210,816,440 (Before asset swap: 211,516,440)		
Rent revenue- real estate	71,256	71,807	551	109,426	109,426	-	646,800	646,800	-	4,417,829	4,467,826	49,996
Other lease business revenue	-	550	550	-	-	-	-	-	-	160,306	128,597	△ 31,709
Operating Income	71,256	72,357	1,101	109,426	109,426	-	646,800	646,800	-	4,578,136	4,596,423	18,287
Maintenance expenses	12,217	12,682	464	3,738	3,738	-	-	-	-	206,833	154,179	△ 52,654
Utilities	105	119	13	-	-	-	-	-	-	118,150	97,024	△ 21,126
Property taxes(Note 1)	7,228	7,091	△ 137	11,192	10,975	△ 217	49,962	52,462	2,500	235,387	249,554	14,167
Maintenance and repairs	3,052	2,568	△ 484	-	-	-	-	-	-	29,689	17,845	△ 11,844
Insurance premium	321	319	△ 1	474	436	△ 38	-	-	-	11,524	11,703	179
Depreciation ①	10,096	10,210	113	13,055	13,055	△ 0	-	-	-	647,558	658,012	10,454
Other property expense (Note 2)	3,799	4,242	442	455	455	-	-	-	-	99,110	106,384	7,273
Property expense	36,821	37,233	412	28,916	28,660	△ 255	49,962	52,462	2,500	1,348,255	1,294,704	△ 53,550
Operating profit ②	34,434	35,124	689	80,510	80,766	255	596,838	594,337	△ 2,500	3,229,881	3,301,719	71,838
NOI ③ (①+②)	44,531	45,334	803	93,565	93,821	255	596,838	594,337	△ 2,500	3,877,439	3,959,731	82,292
Annualized NOI	88,336	90,918	2,581	185,605	188,157	2,551	1,183,944	1,191,941	7,996	7,691,660	7,928,202	236,542
Annualized NOI/ Acquisition price	4.2%	4.3%	0.1PT	4.6%	4.7%	0.1PT	5.4%	5.5%	0.1PT	3.6%	3.8%	0.2PT
Capex ④	4,240	18,391	14,151	-	-	-	-	-	-	53,109	42,871	△ 10,238
NCF ③-④	40,291	26,942	△ 13,348	93,565	93,821	255	596,838	594,337	△ 2,500	3,824,330	3,916,860	92,530

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

# 4-10 Tenant status during the 12th period

## Office: Rent and occupancy rate

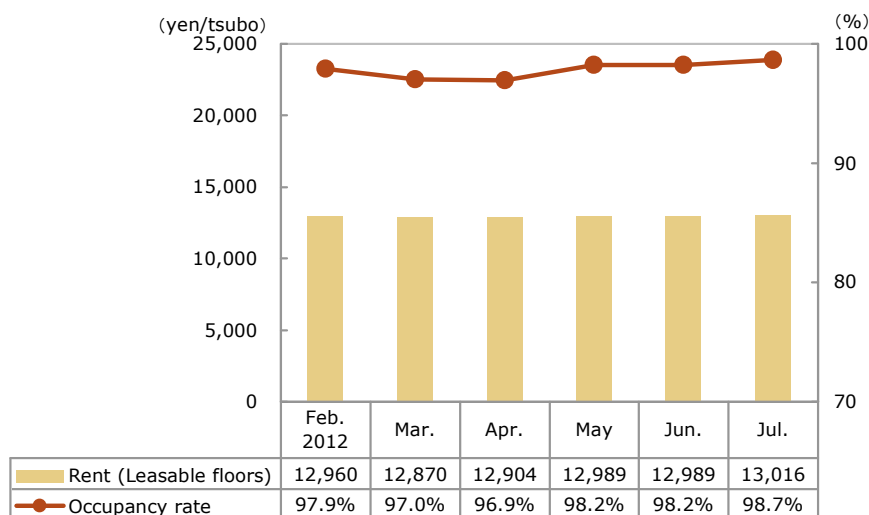


## Top 5 tenants

Tenant	Property name	Leased space (Note 1)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills	68,401.33 m <sup>2</sup>	71.5%
Urban Renaissance Agency (Note 2)	Roppongi View Tower	6,344.84 m <sup>2</sup>	6.6%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m <sup>2</sup>	2.7%
Syowa Leasing Co., Ltd.	Koraku Mori Building	2,544.34 m <sup>2</sup>	2.7%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m <sup>2</sup>	2.2%
Total of top 5 tenants		81,972.45 m <sup>2</sup>	85.7%

(Note 1) Total leased area is calculated by multiplying the lease area stated in the lease contract with the end tenant times the relevant percentage of co-ownership interest  
 (Note 2) Agreement is expected to be terminated on Oct. 31, 2013

## Residential: Rent and occupancy rate



# 4-11 Debt status (as of July 31, 2012)

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date	Remarks
Short-term	Mizuho Corporate Bank, Ltd.	5,500	1.18%	Aug. 31, 2011	Aug. 31, 2012	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	Sumitomo Mitsui Trust Bank, Limited					
	ORIX Bank Corporation	1,000	0.78%	Mar. 29, 2012	Mar. 29, 2013	Unsecured, non-guaranteed
	Hiroshima Bank, Ltd	500	0.78%	Mar. 29, 2012	Mar. 29, 2013	Unsecured, non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,978	0.88%	May 31, 2012	Mar. 31, 2013	Unsecured, non-guaranteed
	Sub total	8,978	-	-	-	-
Long-term	Aozora Bank, Ltd.	2,000	1.62% (Note1)	Sep. 30, 2008	Aug. 31, 2012	Unsecured, non-guaranteed
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	1.58%	Aug. 31, 2009	Aug. 31, 2012	Unsecured, non-guaranteed
	Shinsei Bank, Ltd.	9,500	2.02% (Note1)	Nov. 30, 2009	Nov. 30, 2012	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Trust Bank, Limited					
	Sumitomo Mitsui Banking Corporation					
	Development Bank of Japan, Inc.	2,187.5 (Note 2)	2.34%	Nov. 30, 2009	Nov. 30, 2013	Unsecured, non-guaranteed
	The Bank of Fukuoka, Ltd.	2,000	1.58%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	7,100	1.58%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Trust Bank, Limited					
	The Norinchukin Bank	3,900	1.68%	Nov. 30, 2010	Nov. 30, 2013	Unsecured, non-guaranteed
	Shinsei Bank, Ltd.					
	The Oita Bank Ltd.					
ShinGinko Tokyo, Limited						
The Hiroshima Bank, Ltd.	2,000	1.38%	Aug. 31, 2011	Aug. 31, 2014	Unsecured, non-guaranteed	
Aozora Bank, Ltd.						
Resona Bank, Limited.						
		2,500	1.38%	Aug. 31, 2011	Aug. 31, 2014	Unsecured, non-guaranteed

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date	Remarks
Long-term	Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,500	1.38%	Nov. 30, 2011	Nov. 30, 2014	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	Sumitomo Mitsui Trust Bank, Limited					
	The Bank of Fukuoka, Ltd.	2,000	1.33%	Nov. 30, 2011	May 31, 2014	Unsecured, non-guaranteed
	The Norinchukin Bank	3,000	1.33%	Nov. 30, 2011	May 31, 2014	Unsecured, non-guaranteed
	Development Bank of Japan, Inc.	1,700	1.43%	Mar. 27, 2012	Mar. 27, 2015	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation	8,022	0.98%	May 31, 2012	May 31, 2014	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation	8,000	1.03%	May 31, 2012	May 31, 2015	Unsecured, non-guaranteed
	Sumitomo Mitsui Banking Corporation					
	Mizuho Corporate Bank, Ltd.					
	Bank of Tokyo-Mitsubishi UFJ, Ltd.					
Mitsubishi UFJ Trust and Banking Corporation						
Sumitomo Mitsui Trust Bank, Limited	5,000	1.23% (Note 1)	May 31, 2012	May 31, 2015	Unsecured, non-guaranteed	
Sumitomo Mitsui Banking Corporation						
Mizuho Corporate Bank, Ltd.						
Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mitsubishi UFJ Trust and Banking Corporation	72,909.5	-	-	-	-	
Sumitomo Mitsui Trust Bank, Limited						
Sub total		72,909.5	-	-	-	-
Total		81,887.5	-	-	-	-

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

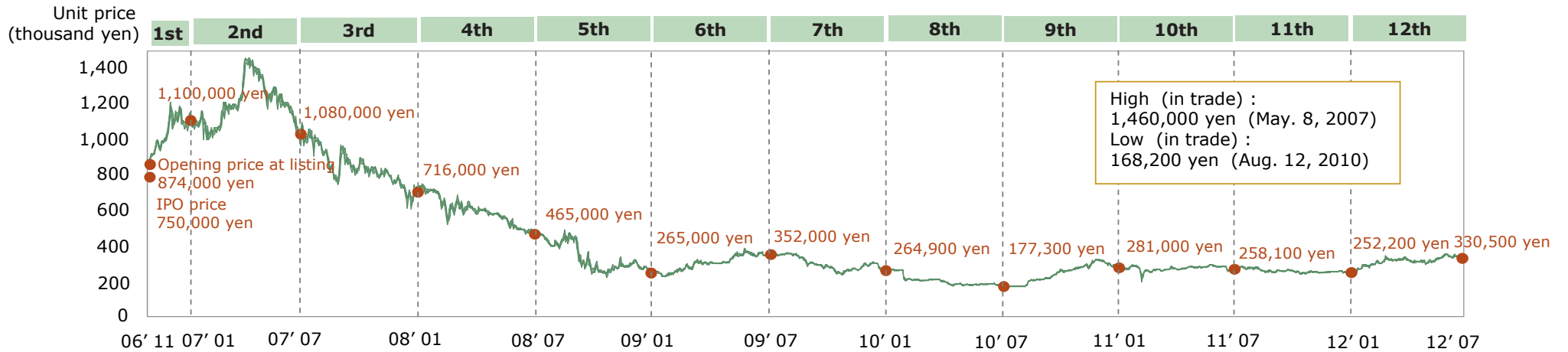
(Note 2) Planning to repay 62.5mn yen every 6 months up to repayment deadline, and 2,062.5mn yen at the repayment deadline

## Investment corporation bonds

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

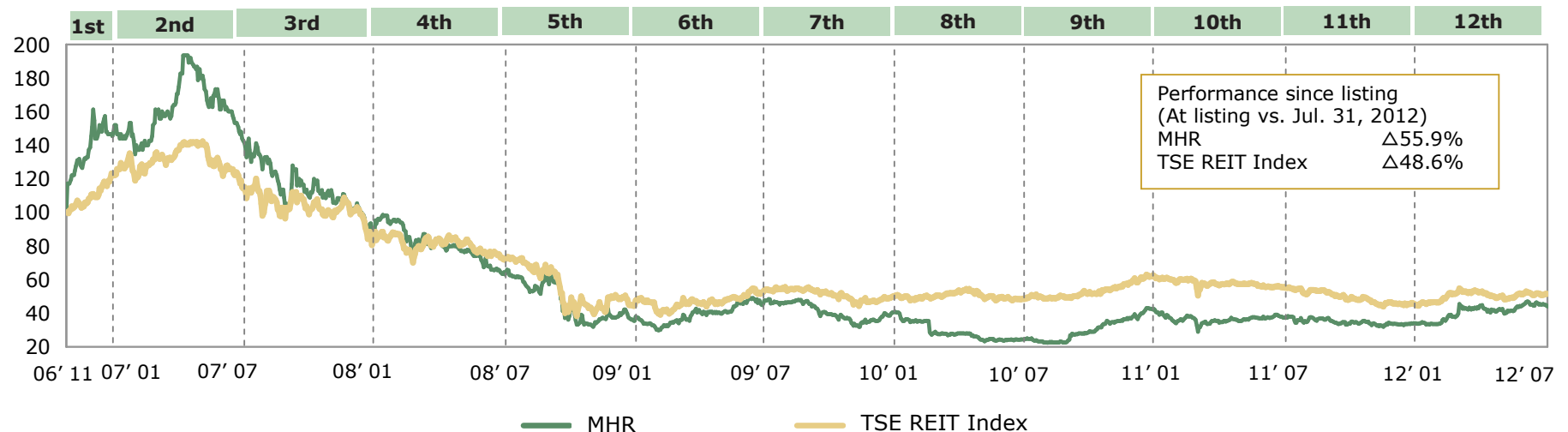
# 4-12 Unit price performance

## Since IPO ~ End of the 12th period (Jul. 31, 2012)



(Source) Bloomberg

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






(Source) Bloomberg

(Note) Rebased to 100 as per IPO price



# 4-13 Fourth round asset swap on May 1, 2012

## The asset swap with sponsor

Sell	Acquire	Effect																							
<b>Roppongi First Building</b>  <table border="1"> <tr><td>Transfer price</td><td>20,460mn yen</td></tr> <tr><td>Appraisal value</td><td>18,600mn yen</td></tr> <tr><td>Book value (Note 1)</td><td>20,221mn yen</td></tr> <tr><td>NOI yield (Note 2)</td><td>2.2%</td></tr> </table>	Transfer price	20,460mn yen	Appraisal value	18,600mn yen	Book value (Note 1)	20,221mn yen	NOI yield (Note 2)	2.2%	<b>Atago Green Hills (20.0% of total property)</b>  <table border="1"> <tr><td>Acquisition price</td><td>25,600mn yen</td></tr> <tr><td>Appraisal value</td><td>27,600mn yen</td></tr> <tr><td>Estimated NOI yield (Note 3)</td><td>4.7%</td></tr> </table>	Acquisition price	25,600mn yen	Appraisal value	27,600mn yen	Estimated NOI yield (Note 3)	4.7%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">                     Reproduced by "Results of 11<sup>th</sup> Fiscal Period (Ended Jan. 31, 2012)"                      * This may differ from the actual results                 </div> <div style="background-color: #fff9c4; padding: 10px;"> <ul style="list-style-type: none"> <li>■ Effect on dividends (Note 5)                              +¥599/unit(12<sup>th</sup> Period)  <b>+¥1,125/unit</b>(full-period basis)</li> <li>+¥138mn(12<sup>th</sup> Period)  <b>+¥260mn</b>(full-period basis )</li> <li>■ Contribution to improvement of unrealized gains/losses                              +¥5,775mn</li> <table border="0" style="width: 100%;"> <tr> <td>Roppongi First Building</td> <td>unrealized loss(Note 6)</td> <td>△¥1,621mn</td> </tr> <tr> <td>ARK Forest Terrace</td> <td>unrealized loss(Note 6)</td> <td>△¥2,154mn</td> </tr> <tr> <td>Atago Green Hills</td> <td>unrealized gains(Note 7)</td> <td>+¥2,000mn</td> </tr> </table> <li>■ Gains on sale(after deduction of transfer expenses)                              +¥198mn(Note 8)</li> </ul> </div> <div style="margin-top: 10px;">                     (Note 5) Calculation does not reflect special factors in the year in which the properties are to be acquired                      (Note 6) Difference between appraisal value and book value of property to be sold calculated                      (Note 7) Difference between appraisal value and acquisition price of properties to be acquired calculated                      (Note 8) A certain portion of gain on sales of real estate properties will be accumulated as provision of reserve for reduction entry                 </div> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>● <b>Sell low-yielding property (Roppongi First Building and ARK Forest Terrace) at higher price than the Book Value/ Appraisal value, while acquiring relatively high-yielding premium property (Note 4) (Atago Green Hills) for lower price than appraisal value</b></li> <li>● <b>Realize improvement of NOI yield and containment of borrowing cost through reduction in appraisal value based LTV</b></li> </ul> </div>	Roppongi First Building	unrealized loss(Note 6)	△¥1,621mn	ARK Forest Terrace	unrealized loss(Note 6)	△¥2,154mn	Atago Green Hills	unrealized gains(Note 7)	+¥2,000mn
Transfer price	20,460mn yen																								
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<b>ARK Forest Terrace</b>  <table border="1"> <tr><td>Transfer price</td><td>5,140mn yen</td></tr> <tr><td>Appraisal value</td><td>2,960mn yen</td></tr> <tr><td>Book value (Note 1)</td><td>5,114mn yen</td></tr> <tr><td>NOI yield (Note 2)</td><td>2.1%</td></tr> </table>	Transfer price	5,140mn yen	Appraisal value	2,960mn yen	Book value (Note 1)	5,114mn yen	NOI yield (Note 2)	2.1%																	
Transfer price	5,140mn yen																								
Appraisal value	2,960mn yen																								
Book value (Note 1)	5,114mn yen																								
NOI yield (Note 2)	2.1%																								

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

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

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

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

# 4-14 Investment criteria

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

### Investments focusing on Premium Properties

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

**Focus on Premium Properties**

**Premium properties**  
**50% or more**

〈Office buildings〉  
〈Residential〉  
〈Retail, etc.〉

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

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

**Office building focus**

Office building  
**50% or more**

Residential and retail, etc. 50% or less

**Tokyo central five wards focus**

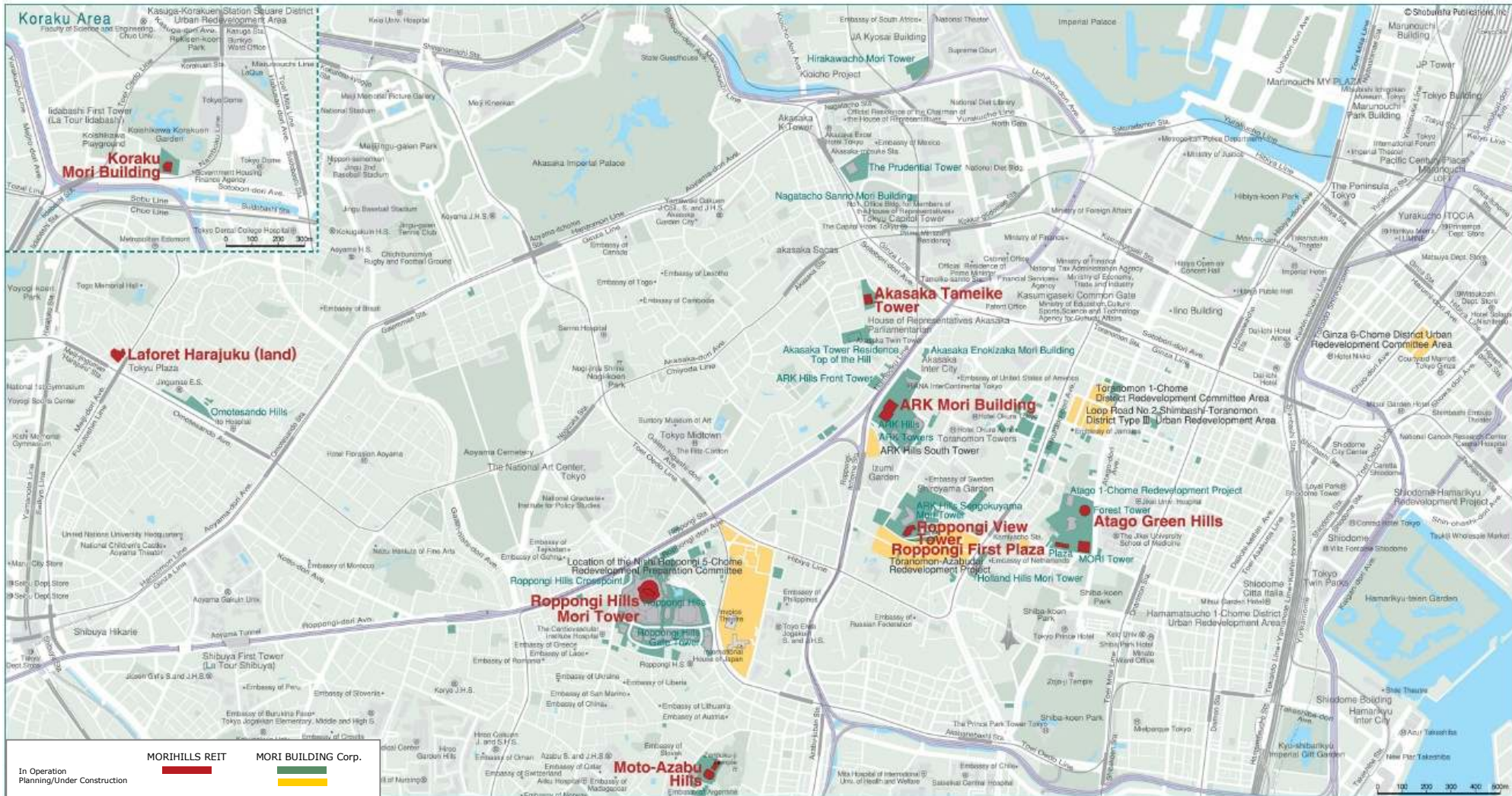
Central five wards in Tokyo and their vicinity  
**50% or more**

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










**Earthquake-resistance**

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

# 4-15 Portfolio Map



# 4-16 Portfolio overview (as of July 31, 2012)

Type	Office building			Office building (partly residential)			Residential			Retail		
Premium	Premium	Premium	Premium	Premium	Premium		Premium	Premium	-	Premium		
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	Akasaka Tameike Tower	Atago Green Hills MORI Tower Forest Tower Plaza		Moto-Azabu Hills Forest Tower Forest Terrace	Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (land)		
	O-0	O-1	O-4	O-6	O-7		R-1	R-3	R-4	S-1		
Photo												
Location	Roppongi, Minato-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Akasaka, Minato-ku, Tokyo	Atago, Minato-ku, Tokyo		Toranomon, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Jingumae, Shibuya-ku, Tokyo		
Completion	Apr.2003	Mar.1986 (large-scale renovation in 2005)	Mar.2000	Sep.2000	Jul.2001	Oct.2001	Jul.2001	May.2002	Oct.1993	-		
Building age	9years3months	26years4months	12years4months	11years10months	11years0months	10years9months	11years0months	10years2months	18years9months	-		
Number of stories	54 above ground, 6 below	37 above ground, 4 below	19 above ground, 6 below	25 above ground, 2 below	42 above ground, 2 below	43 above ground, 4 below	2 above ground, 1 below	29 above ground, 4 below 6 above ground, 1 below	20 above ground, 1 below	-		
Gross floor area	c.442,150m <sup>2</sup>	c.177,486m <sup>2</sup>	c.46,154m <sup>2</sup>	c.46,971m <sup>2</sup>	c.85,266m <sup>2</sup>	c.60,815m <sup>2</sup>	c.2,083m <sup>2</sup>	c.54,006m <sup>2</sup>	c.22,906m <sup>2</sup>	-		
Owner-ship (Note 1)	Land	Co-ownership (c.3.7%)	Co-ownership (c.10.9%)	Leased land	Co-ownership (c.56.4%)	Co-ownership (c.17.5%)		Co-ownership (c.3.9%)	Co-ownership (c.47%)	Co-ownership (c.46%)	Ownership (100%)	
	Building	Compartmentalized ownership (c.2.8%)	Compartmentalized ownership (c.15.6%)	Compartmentalized ownership (c.57.9%)	Compartmentalized ownership (c.65.5%)	Co-ownership (c.20.0%)		Compartmentalized ownership (c.3.2%)	Compartmentalized ownership (c.46.4%)	Co-ownership (c.46%)	-	
PML	0.29%	0.38%	0.42%	2.15%	1.66%	0.99%	9.84%	1.16%	1.72%	3.53%	3.53%	-
Earthquake-resistant feature (Note 2)	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	Seismic Damping	-	Seismic Isolators	Seismic Isolators	-	-	-
Acquisition price (mn yen)	25,490	58,970	27,200	43,930	25,600			1,706	2,100	4,000	21,820	
Occupancy rate (End of the 12th period)	100%	100%	91.0%	100%	100%			100%	87.7%	100%	100%	

**Average building age**  
**16.2 years (Note 3)**

**Portfolio PML**  
**0.71%**

**Total acquisition price**  
**210,816mn yen**

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

(Note 2) ARK Mori Building adopts "slitwall" as earthquake-resistant feature

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