



# MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 4<sup>th</sup> Fiscal Period (Ended Jul. 31, 2008)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co.,Ltd.

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

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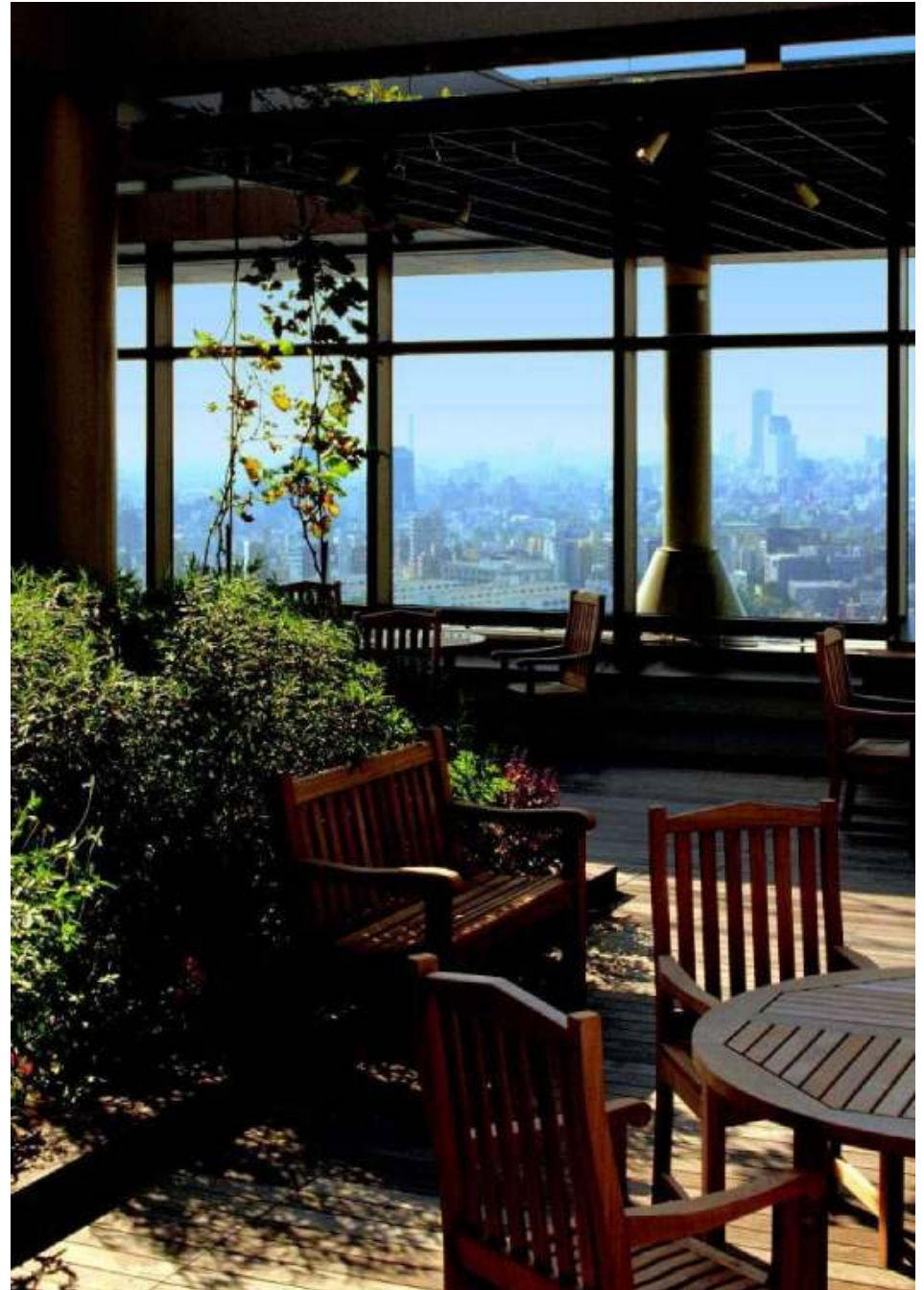
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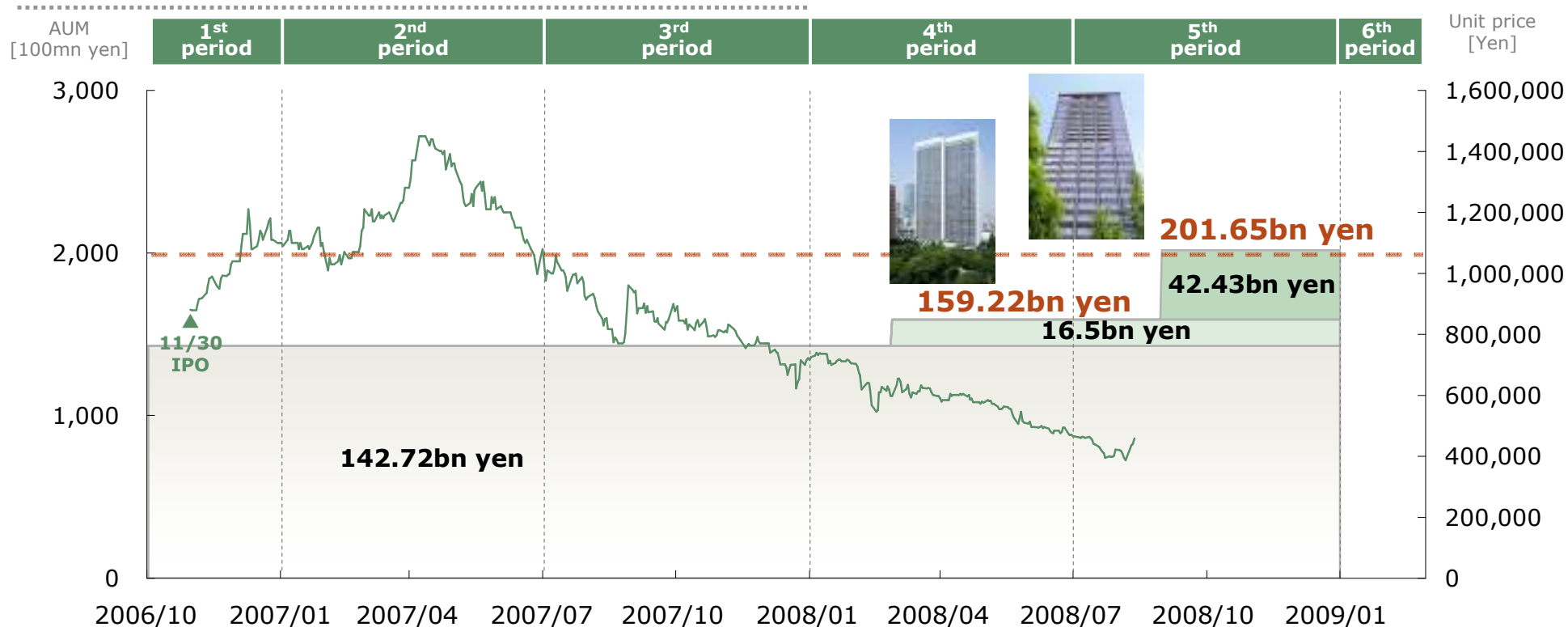
## 1. Investment highlights



# 1-1 Investment highlights—Historical external growth

Assets under Management (AUM) have grown to 200bn yen with acquisitions of premium office properties in central Tokyo

Changes in AUM (Note 1) and investment unit price (Note 2)



AUM for each period

	End of 1 <sup>st</sup> to 3 <sup>rd</sup> period	End of 4 <sup>th</sup> period	End of 5 <sup>th</sup> period
AUM (Note 1)	<b>142.72bn yen</b>	<b>JPY159.22bn yen</b>	<b>201.65bn yen (Note 3)</b>
Premium properties	88.3%	89.5%	<b>91.7%</b>
Office buildings	72.9%	75.7%	<b>80.9%</b>
Properties in and around central 5 wards of Tokyo	100%	100%	<b>100%</b>
Properties in Minato ward	80.9%	82.9%	<b>86.5%</b>

The qualitative indicators have significantly improved.

# 1-2 Deal summary

## MHR grows portfolio of premium property and minimizes dividend reduction with sponsor support in property sourcing and finances

### Property acquisition

Expanded our **"Premium Portfolio"** of Tokyo Grade A office properties. By premium we refer to both quality and scale

#### Akasaka Tameike Tower Price: 37.2bn yen

- Newly acquired office space (8 floors)

#### Ark Mori Building Price: 5.5bn yen

- Acquired office in March 2008 (1.5 floors) and this time acquired the remaining space (0.5 floors)

### Property disposition

Timely profit realization thanks to our focus on the market value of Tokyo metropolitan **high-end lease housing**

#### Moto-Azabu Hills Price: 423mn yen

- Sold 1 residence out of 110 owned by Mori Hills Reit
- No change in policy to own and operate leasing of major shares



### Equity finance

In environment where public stock offerings are difficult, MHR implemented a **"Market Value Premium Offering"** through third-party allotment to sponsor

Total issue price: 14.7bn yen  
Issued units available for investment: 29,400 units  
Issue price: 500,000 yen per unit

(105.7% to 473,000 yen, closing price at business day immediately before issuance resolution)

Shares of Mori Building in outstanding units

Before public offering: 15.0%  
After public offering: 30.7%

### Debt financing

Completed a **syndicate loan** with existing lenders and 2 newly added lender banks

Total borrowings 26bn yen  
Short-term (1 year) 7bn yen  
Long-term (3 years) 17bn yen  
Long-term (4 years) 2bn yen

Ending LTV level  
Before the borrowing 51.6%  
After the borrowing 53.9%

# 1-3 Developing into an international finance base

## Akasaka-Roppongi area map



<p><b>① Akasaka Enokizaka Mori Building</b></p> <p>a) Approx. 1,400㎡ b) Approx. 9,300㎡ c) Office/retail, etc. d) Mori Building Co., Ltd. e) Jan. 2009 (planned)</p> 	<p><b>② Akasaka 2-chome Project (tentative name)</b></p> <p>a) Approx. 2,000㎡ b) Approx. 24,900㎡ c) Residential/retail d) Mori Building Co., Ltd. e) Oct. 2010 (planned)</p> 	<p><b>③ Planned reconstruction on former Akasaka Tokyo Capital Hotel site</b></p> <p>a) Approx. 7,900㎡ b) Approx. 88,000㎡ c) Hotel/office/residential d) Tokyu Corp., etc. e) Fall of 2010 (planned)</p> 
<p><b>④ Hirakawa-cho 2-chome Eastern South Area Category -1 Urban Redevelopment Project</b></p> <p>a) Approx. 5,600㎡ b) Approx. 52,000㎡ c) Office/residential/retail, etc. d) Redevelopment association (Note 1) e) Within FY2009 (planned)</p> 	<p><b>⑤ Toranomom Roppongi Area Category-1 Urban Redevelopment Project</b></p> <p>a) Approx. 15,400㎡ b) Approx. 143,500㎡ c) Office/retail/residential d) Redevelopment association (Note 1) e) End of FY2011 (planned)</p> 	<p><b>⑥ Shinbashi &amp; Toranomom Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project</b></p> <p>a) Approx. 17,100㎡ (III urban area) b) Approx. 249,000㎡ (III urban area) c) Retail/residential/office, etc. d) Tokyo Metropolitan Government e) End of FY2011 (planned)</p> 

(Note 1) Mori Building serves as the organizer of the association (Note a) Land area b) Total floor area c) Uses d) Operator e) Planned completion date

### “Function Enhancement Plan for International Finance Base (plan)” Projected as predecessor development area

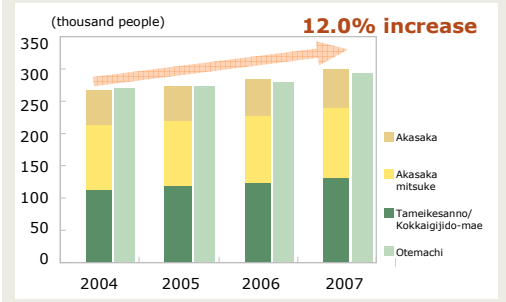
- ✓ “Regional Revitalization Headquarters” (Cabinet Office) selected Akasaka-Roppongi for enhancing international competitiveness in view of future implementation in other parts of Tokyo. A plan for focused policy-making was developed
- ✓ Future development is expected in the Akasaka-Roppongi area. The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



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

### Akasaka area (3 stations) Sees increase in the average number of passengers per day

- ✓ The total number of passengers at the 3 stations in the Akasaka area is similar in scale to the number of passengers at the Tokyo Metro Otemachi Station (Tokyo’s traditional finance hub)
- ✓ The number of passengers is increasing yearly, in keeping with the developments in the area



(※) Total numbers of passengers for Tokyo Metro Marunouchi Line, Tozai Line, Hanzomon Line and Chiyoda Line

# 1-4 New acquisition <Akasaka Tameike Tower>

- High-quality office-residence complex building representative of the Akasaka area
- MHR acquired 8 floors of office space
- Acquisition price (37.2bn yen) makes this the largest asset in the MHR portfolio

## Facility overview

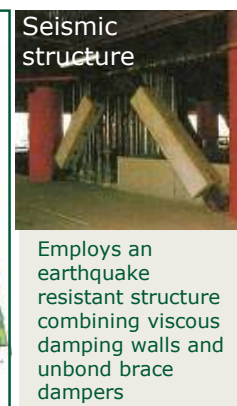
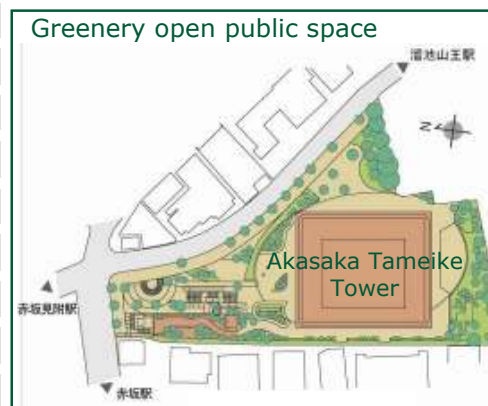
Land area <sup>(Note 1)</sup>	(A)	5,694.16㎡
Total floor area		46,971.43㎡
Proprietary floor area	(B)	31,953.05㎡
Rentable floor area	Office	15,709.79㎡
	Retail	259.51㎡
	(C)	15,969.30㎡
Number of stories	25 floors above the ground and 2 basement floors	
Uses	Office, residential, retail	
Year built	Aug. 2000	

## Ownership and rent management scheme <sup>(Note 3)</sup>

### Overview of the assets to be acquired

Assets to be acquired	Trust	
Planned acquisition date	Sep. 30, 2008	
Seller	Mori Building Co., Ltd.	
Floors to be acquired	6th to 13th floors (8 office floors) and other	
Leasing scheme	Pass-through master lease	
Land	Ownership (co-ownership)	
	Owned land area <sup>(Note 2)</sup>	(D) 2,011.30㎡
	Percentage	(D)/(A) 35.3%
Building	Sectional ownership	
	Proprietary floor area	(E) 11,338.12㎡
	Percentage	(E)/(B) 35.4%
Percentage of master lease rent <sup>(Note 3)</sup>	(F)	65.9%
Rentable floor area	(C) × (F)	10,523.77㎡
Appraisal price <sup>(as of July 31, 2008)</sup>	35.6bn yen	
Acquisition price	37.2bn yen	

25F	Residential	A company / M company, other (sectional ownership)
24F		
23F		
22F		
21F		
20F		
19F		
18F		
17F	Office	MHR (sectional ownership)
16F		
15F		
14F		
13F		
12F		
11F		
10F		
9F	Retail	A company / M company (co-ownership)
8F		
7F		
6F		
5F		
4F		
3F		
2F		
1F	Retail	MHR (sectional ownership)
GLF		



(Note 1) The subject land consists of 2 lots (1701-1 and 1701-5 Akasaka 2-chome, Minato-ward, Tokyo)  
 (Note 2) Represents the co-owned land area of the 1701-1 lot (one of the two constituent lots)

- (Note 3) Efficient building leasing management and operation**
- ✓ Operate and manage an integrated, efficient leasing scheme while preventing disparity among section owners, with goal of maximizing NOI
  - ✓ With the agreements among the section owners, profits and expenses from the integrated leasing management and operation scheme will be collected and borne according to the distribution ratio specified in the master lease agreement with the Mori Building

Revenues and expenses shared based on the predefined share percentages

Master lease by Mori Building

End tenant

End tenant

End tenant

End tenant

End tenant

End tenant

End tenant

End tenant

End tenant

End tenant

## Constituent office tenants <sup>(Note 4)</sup> Steady internal growth will be achieved

Monthly rents by contract type as of acquisition date (end of Sep 2008)	Breakdown by the period of rent revision (mn yen)							
	5 <sup>th</sup> period		6 <sup>th</sup> period		7 <sup>th</sup> period		8 <sup>th</sup> period	
Number of tenants	Agreed upon		Agreed upon		Agreed upon		Agreed upon	
Limited term lease	-	-	24.8	18.9	5.9	1.7	-	39.7
			Increased amount	6.1	Under negotiation	Under negotiation		
			32.0%	20~30%	20~30%			
Traditional lease	21.4	9.3	12.1	-	-	-	-	9.9
	Increased amount	1.5	Under negotiation					
		15.7%	15~20%					
Total	11 tenants	97.5	24.8	1.7	49.6			
Occupancy rate	100%							

(Note 4) Values obtained by multiplying the total rents for all office spaces by the proportion of the master lease contract (65.9%)



# 1-5 Acquisition <Ark Mori Building> and disposition <Moto-Azabu Hills>



## Additional acquisition at the Ark Mori Building

- Additionally acquired the remaining parts (0.5 floors) of those acquired in March 2008 (1.5 floors)
- The Ark Mori Building is a landmark in the area, and further expands the shareholding of Mori Hills Reit as the core property with high quality and brand attraction

### Overview of additional acquisitions



	Assets already owned		Additional assets to be acquired	Total
	Mar. 22, 2006	Mar. 28, 2008	Sep. 30, 2008 (planned)	
Acquisition date	Mar. 22, 2006	Mar. 28, 2008	Sep. 30, 2008 (planned)	
Seller	Mori Building Co., Ltd.			
Floors acquired	13 <sup>th</sup> floor	12 <sup>th</sup> & 22 <sup>nd</sup> floors		12 <sup>th</sup> , 13 <sup>th</sup> and 22 <sup>nd</sup> floors
(Percentage of ownership)	1.0 floor (100%)	1.5 floors (75%)	0.5 floor (25%)	3.0 floors
Leasing scheme	Fixed master lease	Pass-through master lease		
Land ownership	537.75m <sup>2</sup>	786.29m <sup>2</sup>	262.10m <sup>2</sup>	1,586.14m <sup>2</sup>
Percentage of land ownership	1.3%	1.9%	0.6%	4.0%
Proprietary floor area	2,698.42m <sup>2</sup>	3,956.19m <sup>2</sup>	1,318.73m <sup>2</sup>	7,973.34m <sup>2</sup>
Percentage of proprietary floor area ownership	1.8%	2.7%	0.9%	5.5%
Appraisal price (as of July 31, 2008)	9.79bn yen	15.08bn yen	5.03bn yen	29.89bn yen
Acquisition price	6.6bn yen	16.5bn yen	5.5bn yen	28.6bn yen

### Facility overview

Total floor area	177,486.95m <sup>2</sup>
Land area covered by relevant land-use right	39,602.42m <sup>2</sup>
Proprietary floor area	142,854.71m <sup>2</sup>
Number of stories	37 floors above the ground and 4 basement floors
Year built	March 1986 (full-scale renovation in 2005)

### (Pass-through type) State of office tenants<sup>(Note 1)</sup> Actualization of steady internal growth


Monthly rents by contract type	Number of tenants		Breakdown by the period of rent revision (mn yen)			
	Number of tenants	(mn yen)	5 <sup>th</sup> period	6 <sup>th</sup> period	7 <sup>th</sup> period	8 <sup>th</sup> period-
Limited term lease	57.8		3.5	4.2	19.2	31.0
Traditional lease	2.1		2.1	-	-	-
<b>Total</b>	<b>11 tenants</b>	<b>59.9</b>	<b>5.6</b>	<b>4.2</b>	<b>19.2</b>	<b>31.0</b>
Occupancy rate		94.3%				

(Note 1) Represent values corresponding to all floors including the 12th and 22nd floors (100%)

## Disposition at Moto-Azabu Hills

- Agile profit realization through sale of residence. Benefiting from focus on the market value of Tokyo metropolitan high-end lease housing
- Continued holding of major shares and ongoing leasing operation

### Outline of property sale and MHR shares



	Before sale <sup>(A)</sup>	Portion sold	After sale <sup>(B)</sup>	(B)/(A)
Dwelling units	110unit	1unit	109unit	99%
Rentable floor area	19,251.84m <sup>2</sup>	209.11m <sup>2</sup>	19,042.73m <sup>2</sup>	99%
Land ownership	56.8%	0.6%	56.2%	99%
Book value	27,291mn yen	264mn yen <sup>(Note 2)</sup>	27,026mn yen	99%
Transfer price <sup>(C)</sup>		423mn yen		
Appraisal value <sup>(D)</sup>		400mn yen	105.8%	(C)/(D)
Book value (estimate) <sup>(Note 2)(E)</sup>		264mn yen	160.0%	(C)/(E)
Capital gain (estimate) <sup>(Note 3)</sup>		155mn yen		
(Reference) Income approach value		260mn yen		
Planned date of transfer		End of the 5th		

(Note 2) Shows the estimated value as of July 31, 2008. Final value will be the amount after calculation of depreciation up to the selling date

(Note 3) Deducted approximate transfer expenses of 4mn yen as well as book value

### Revision of the operation guidelines

The operating guidelines were revised to enable timely profits and returns to investors by taking into consideration the influence of latent gains in the portfolio based on our understanding of the market for Tokyo metropolitan premium property. It is considered to be one of the new options in asset management.

# 1-6 Financing

## Outline of third-party allotment

- Third-party allocation of new units to sponsor company under circumstances where public offerings are difficult
- Procurement of equity funds from “Market Value Premium Offering”

Overview		
(1)	Number of new investment units issued	29,400 units
(2)	Issue value	JPY500,000 per unit
(3)	Total issue value	JPY14,700,000,000
(4)	Date for submitting registration statement	Sep. 16, 2008
(5)	Subscription period	Sep. 25, 2008
(6)	Payment period	Sep. 29, 2008
(7)	Allottee and number of units	(Allottee) Mori Building Co., Ltd. (Number of units) 29,400 units (Paid amount) 14,700,000,000 yen
(8)	Method of subscription/allotment	Third-party allotment
(9)	Administrative agent for new unit issue	Mizuho Securities Co., Ltd.

## Outline of new loans

- Implement steady financing under stringent conditions
- Increase in the number of lending banks; 2 additional banks joined our lenders
- Implement capital increase simultaneously with borrowing and control LTV within permissible range

	Period	Amounts (mn yen)	Borrowing dates	Repayment dates	Security	LTV	
Short-term	1 year	7,000	Sep. 30, 2008	Aug. 31, 2009	Unsecured Non-guarantee	End of 4 <sup>th</sup> period	51.6%
						End of 5 <sup>th</sup> period	53.9%
Long-term	3 year	17,000	Sep. 30, 2008	Aug. 31, 2011		Upper limit	65%
	4 year	2,000	Sep. 30, 2008	Aug. 31, 2012			
Total		26,000					

## Calculation of issue price of new units

The issue price of investable shares per unit is 105.7% of the closing price at the Tokyo Stock Exchange on the business day immediately before issuance resolution

Issue price per unit	(A)	500,000yen		
Closing price on the last business day before resolution of the new unit issue	①	473,000yen	105.7%	A/①
(Reference)	Last 1 month	②	420,870yen	118.8% A/②
Simple average price (closing price basis)	Last 2 month	③	445,636yen	112.2% A/③
	Last 3 month	④	468,908yen	106.6% A/④
	Last 4 month	⑤	498,102yen	100.4% A/⑤
	Last 5 month	⑥	516,538yen	96.8% A/⑥
	Last 6 month	⑦	532,150yen	94.0% A/⑦

## Units of shareholding of Mori Building

	Units owned by Mori Building		Total number of units issued
Before the new unit issue	19,518units	15.0%	129,800units
Incremental units	29,400units		29,400units
After the new unit issue	48,918units	30.7%	159,200units

# 1-7 Outline of economic conditions and NOI yield



## ■ 5<sup>th</sup> Period (Aug. 1, 2008~Jan. 31, 2009) Breakdown of expected dividend

					As of the end of 5 <sup>th</sup> period
	Existing properties	Akasaka Tameike Tower	Ark Mori Building	Moto-Azabu Hills	
Acquisition price	159.2bn yen	37.2bn yen (Acquired)	5.5bn yen (Acquired)	-0.266bn yen (Disposition portion)	201.65bn yen
NOI <sup>(Note 1)</sup>	3,490mn yen	415mn yen	51mn yen	-	3,956mn yen
Operating days <sup>(Note 2)</sup>	184 days	123 days	123 days		
Yield <sup>(Note 3)</sup> / Acquisition price	4.38%	3.31%	2.75%		4.12%
Depreciation	607mn yen	86mn yen	7mn yen	-	701mn yen
Other costs	460mn yen	53mn yen			513mn yen
Interest on borrowings	624mn yen 1.42%	131mn yen <sup>(Note 4)</sup> 1.48%			754mn yen
Net income	1,799mn yen 13,860/unit <sup>(Note 5)</sup>	196mn yen (Excl. capital gain)		154mn yen (Capital gain)	1,955mn yen (Excl. capital gain) 12,531yen/unit <b>13,500 yen/unit</b>
Total number of investment units issued	129,800 units	29,400 units			159,200 units
BPS <sup>(Note 6)</sup>	560,000yen /unit	500,000yen/unit			549,000 yen/unit
Amounts invested	72.7bn yen	14.7bn yen			87.4bn yen
Amounts borrowed LTV	88.0bn yen 51.6%	26.0bn yen			114.0bn yen 53.9%
Total assets	170.6bn yen (End of 4th period)	40.7bn yen			211.6bn yen <sup>(Note 7)</sup>

- (Note 1) Tax and public charges is not included in NOI of properties acquired during term  
Residence at Moto-Azabu Hills which is planned to sell is currently unoccupied and therefore no influence on NOI
- (Note 2) Operation duration of additionally acquired properties is 123 days
- (Note 3) NOI yield with consideration of operation duration of additionally acquired properties
- (Note 4) Interests regarding new borrowings are estimated values (Day count: 124 days)
- (Note 5) Value divided by number of investable units issued before offerings
- (Note 6) BPS=Total investment value/Number of investable units
- (Note 7) Total assets as of end of 4th term + Newly financed value + Net profit of current term from additionally acquired properties (196mn yen) + Transfer profit from Moto-Azabu Hills (154mn yen)

Expected dividend of the 5 <sup>th</sup> period:	<b>13,500 yen</b>
<b>The following approaches have suppressed the reduction of dividend:</b>	
<ul style="list-style-type: none"> <li>✓ Third-party allotments to sponsors allowed for an increase in capital that most efficiently suppressed the decrease of BPS (▲2.0%)</li> <li>✓ Control of LTV within a permissible range</li> <li>✓ Transfer profit without damaging the balance or quality of portfolio</li> </ul>	

## ■ Property NOI yield

	Existing properties	Acquired properties			
		Akasaka Tameike Tower	Ark Mori Building	Moto-Azabu Hills	
Acquisition price	159.2bn yen	37.2bn yen (Acquired)	5.5bn yen (Acquired)	-0.266bn yen (Disposition portion)	201.65bn yen
Present NOI (Annualized)	6,980mn yen 4.38%	1,192mn yen 3.20% <sup>(Note 8)</sup>	145mn yen 2.64% <sup>(Note 8)</sup>		8,317mn yen 4.12%
Appraisal NOI (Annualized) <sup>(Note 9)</sup>	7,509mn yen 4.72%	1,329mn yen 3.57%	179mn yen 3.25%		9,017mn yen 4.47%

- (Note 8) "Present NOI" is calculated based on the annual income and expenditure without considering special factors of the acquired fiscal year
- (Note 9) "Appraisal NOI" states the values listed in the Profit Value Calculation Materials of the Appraisal Report (created by Japan Real Estate Institute) as of Jul. 31, 2008, for all properties

Goal of operating company:

Internal growth exceeding the industry standard

## Fundamental framework

### Continued acquisition of premium properties

- Continue acquiring properties from Mori Building renowned for quality and brand
- Proactively consider the acquisition of external properties
- Backed by the quality of portfolio, achieve more favorable financing

## Future approach

### Improvement of NOI yield

- 1) Infusion of effort toward internal growth
- 2) Commitment to development projects
- 3) Acquisition of high-yield properties in the metropolitan area including Minato-ku

e.g. Implement acquisition and operation within a specific target area (premium area) despite the nature of the properties such as small-scale, aged, or limited property rights.  
(Focus on future location potential and development possibilities)

Maximize use of real estate and development know-how, broad business base and information network of Mori Building Group in both strategic and day-to-day matters

**A “Premium Portfolio” that grows with the development of “International Finance City” Tokyo**

## 2. 4th period financial highlights



# 2-1 4<sup>th</sup> period financial highlights

## Financial summary and projections



(Amount: mn yen)

		Actual			Forecast				
		3 <sup>rd</sup> period	4 <sup>th</sup> period	4 <sup>th</sup> -3 <sup>rd</sup> period	5 <sup>th</sup> period			Total 184 days	5 <sup>th</sup> -4 <sup>th</sup> period
Days of operation		184 days	182 days		Existing Properties as of July 31, 2008 (Note 1) 184 days	Additional acquisition Akasaka Tameike Tower 123 days	Ark Mori Building additional acquisition (pass-through) 123 days		
Operating revenue	Revenue from real-estate rental business	4,628	4,823	194	4,979	517	63	5,561	737
	Disposition income	-	-	-	154	-	-	154	154
Operating profit		2,349	2,442	93	2,649	327	43	3,020	578
Net profit		1,842	1,832	▲ 10	1,778	327	43	2,149	316
Dividend per unit (yen)		14,197	14,117	▲ 80				13,500	▲ 617
Average occupancy rate		96.5%	96.2%		95.7%	100.0%	94.3%	96.0%	
No. of properties		9 properties	9 properties		9 properties	1 property (Additional acquisition)		10 properties	
Total acquisition price		142,720	159,220		158,954	37,200	5,500	201,654	
Total debt		73,000	88,000					114,000	
Total unitholders' equity		72,671	72,671					87,371	
LTV		47.1%	51.6%					53.9%	
No. of outstanding units		129,800 units	129,800 units					159,200 units	
Total assets		154,891	170,626					211,679	

(Note 1) Calculated with an increase in total assets at the end of 4<sup>th</sup> period and reflecting partial sale of unit at Moto-Azabu Hills

	4 <sup>th</sup> period	5 <sup>th</sup> period
<b>External growth</b>	Additional acquisition of Ark Mori Building (pass-through type; 1.5 floors) Acquisition price 16.5bn yen Acquisition date: Mar. 28, 2008	Acquisition plan for Akasaka Tameike Tower (8 floors) and Ark Mori Building (0.5 floors) Expected acquisition price: 42.7bn yen Expected acquisition date: Sep. 30, 2008 Anticipate surpassing 200bn yen asset value of portfolio (based on acquisition price)
<b>Internal growth</b>	Steady recovery from in-term withdrawal from Koraku Mori Building Operation rate of Koraku Mori Building: 81.2% (immediately after withdrawal) →94.3% (as of end of 4 <sup>th</sup> period) Increased by 13.1 points	Expectation of increased profits from tenant replacement and revisions under steady operation
<b>Financial strategy</b>	Smooth implementation of borrowings associated with property acquisition (15.0bn yen)	Expectation of steady implementation of financing property acquisition under stringent financial conditions Capital increase by third-party allotment (14.7bn yen) and new loans (26.0bn yen)

# 2-2 4<sup>th</sup> period financial highlights

## Financial summary [Revenue breakdown]



(Amount: mn yen)

	Actual				Difference			
	3 <sup>rd</sup> period	4 <sup>th</sup> period		Total	4 <sup>th</sup> -3 <sup>rd</sup> period			
	Existing properties as of January 31, 2008	Additional acquisition Ark Mori Building (pass-through)	Existing properties as of January 31, 2008		Total			
Days of operation	184 days	182 days	126 days	182 days				
Operating revenues	4,628	4,624	198	4,823	▲ 3	194	4.2%	
Revenues from real-estate rental business	4,176	4,218	188	4,407	42	230	5.5%	Roppongi First Building +15 Koraku Mori Building ▲4
Rents incl. CAM fees	4,130	4,166	188	4,355	36	224	5.4%	
Office	2,659	2,674	188	2,863	14	203	7.6%	Roppongi Hills Gate Tower +14
Residential	1,290	1,316	0	1,316	26	26	2.0%	
Commercial	180	176	0	176	▲ 4	▲ 4	▲ 2.5%	
Other rent revenues	46	51	0	51	5	5	12.9%	
Other revenues from real-estate rental business	451	406	9	415	▲ 45	▲ 36	▲ 8.0%	Revenue from after-hours heating/cooling usage, etc. ▲29
Operating expenses	2,279	2,312	68	2,380	33	101	4.4%	
Expenses for real-estate rental business	1,929	1,976	68	2,044	46	114	6.0%	Repair charges +31 Leasing fees +12
Profit on real-estate rental business	2,698	2,648	130	2,778	▲ 50	79	3.0%	
Depreciation expense	572	573	28	602	1	30	5.3%	
NOI	3,270	3,221	158	3,380	▲ 48	110	3.4%	
NOI (annualized)/real estates acquisition price	4.5%	4.5%	2.8%	4.3% (Note)	0.0PT	▲ 0.2PT	—	
SG&A	349	335	0	335	▲ 13	▲ 13	▲ 3.9%	Lower miscellaneous expenses (lawyers' fees, various charges, etc.)
Operating profit	2,349	2,312	130	2,442	▲ 36	93	4.0%	
Nonoperating revenues	21	35		35		13	64.1%	
Nonoperating expenses	527	641		641		113	21.6%	
Interest expense	473	506	57	564		90	19.1%	
Other nonoperating expenses	53	57	19	76		23	44.1%	Ark Mori Building (pass-through type) Interest paid on loans for property acquisitions +57 Effect of extended loan maturity on Jul. 11, 2008 +33
Nonoperating income/loss	▲ 505	▲ 605		▲ 605		▲ 100	19.8%	
Ordinary profit	1,843	1,837		1,837		▲ 6	▲ 0.4%	
Profit before tax	1,843	1,837		1,837		▲ 6	▲ 0.4%	
Corporate income, inhabitant and business taxes	0	4		4		3	395.6%	
Net profit	1,842	1,832		1,832		▲ 10	▲ 0.6%	Loan handling commission +15
Undistributed income per unit (yen)	14,197	14,117		14,117		▲ 80	▲ 0.6%	
Dividend per unit (yen)	14,197	14,117		14,117		▲ 80	▲ 0.6%	
Real estates acquisition price	142,720	142,720	16,500	159,220		16,500	11.6%	

(Note) NOI yield considering the operation duration of newly acquired properties

# 2-3 4<sup>th</sup> period financial highlights

## Comparison between projections and results



(Amount: mn yen)

	Days of operation	4 <sup>th</sup> period		
		Plan 182 days	Result 182 days	Comparison between projections and results
Operating revenues		4,758	4,823	64 1.4%
Revenues from real-estate rental business		4,352	4,407	55 1.3%
Rents incl. CAM fees		4,301	4,355	53 1.2%
Office		2,845	2,863	17 0.6%
Residential		1,278	1,316	37 2.9%
Commercial		177	176	▲ 0 ▲ 0.5%
Other rent revenues		50	51	1 2.9%
Other revenues from real-estate rental business		406	415	9 2.3%
Operating expenses		2,387	2,380	▲ 7 ▲ 0.3%
Expenses for real-estate rental business		2,044	2,044	0 0.0%
Profit on real-estate rental business		2,714	2,778	63 2.4%
Depreciation expense		594	602	7 1.2%
NOI		3,309	3,380	71 2.2%
NOI (annualized)/ real estates acquisition price		4.3% <sup>(Note 1)</sup>	4.3% <sup>(Note 1)</sup>	0.1PT -
SG&A		343	335	▲ 7 ▲ 2.3%
Operating profit		2,371	2,442	71 3.0%
Nonoperating revenues		16	35	18 113.8%
Nonoperating expenses		634	641	6 1.1%
Interest expense		570	564	▲ 6 ▲ 1.1%
Other nonoperating expenses		64	76	12 20.2%
Nonoperating income/loss		▲ 617	▲ 605	12 ▲ 2.0%
Ordinary profit		1,753	1,837	83 4.8%
Profit before tax		1,753	1,837	83 4.8%
Corporate income, inhabitant and business taxes		0	4	3 406.5%
Net profit		1,752	1,832	80 4.6%
Undistributed income/per unit (yen)		13,500	14,117	616 4.6%
Dividend per unit (yen)		13,500 <sup>(Note 2)</sup>	14,117	617 4.6%
Real estates acquisition price		159,220	159,220	

Koraku Mori Building +11  
Roppongi First Building +5

Moto-Azabu Hills +22

Compensation received, interest received

Loan handling commission +7  
(after combined with interest paid+1)

(Note 1) NOI yield considering the operation duration of newly acquired properties

(Note 2) "Planned profit and loss for 4<sup>th</sup> period" was released in 3<sup>rd</sup> period and disclosed as an amendment to the expected dividend per unit (14,100 yen) as of Jul. 16, 2008.



# 2-4 4<sup>th</sup> period financial highlights

## Projection [Revenue breakdown]



(Amount: mn yen)

	Actual 4 <sup>th</sup> period (Note 1)	Projection				Difference		
		5 <sup>th</sup> period				5 <sup>th</sup> -4 <sup>th</sup> period		
		Existing properties as of July 31, 2008 (Note 2)	Additional acquisition Akasaka Tameike Tower	Additional acquisition Ark Mori Building (pass-through)	Total	Existing properties as of July 31, 2008 (Note 2)	Total	
Days of operation	182 days	184 days	123 days	123 days	184 days			
Operating revenues	4,823	5,134	517	63	5,715	310	892	Ark Mori Building (pass-through) Difference in operating days +80 Kouraku Mori Building +37 Toranomori 35 Mori Building +17 Roppongi First Building +13
Revenues from real-estate rental business	4,407	4,532	410	60	5,003	124	595	
Rents incl. CAM fees	4,355	4,482	403	60	4,946	126	590	
Office	2,863	3,012	401	60	3,474	149	611	
Residential	1,316	1,290	0	0	1,290	▲ 25	▲ 25	Normalization of occupancy rates
Commercial	176	178	2	-	181	2	4	
Other rent revenues	51	50	6	0	56	▲ 1	4	
Other revenues from real-estate rental business	415	447	106	3	557	31	142	Seasonal adjustment to revenue from after-hours heating/cooling usage, etc. +31
Disposal income	0	154	-	-	154	154	154	
Operating expenses	2,380	2,484	190	20	2,694	103	314	
Expenses for real-estate rental business	2,044	2,096	188	20	2,305	51	260	Repairing charges +27 Utilities +18 Ark Mori Building (pass-through) Difference in operating days +12 Leasing fee ▲9
Profit on real-estate rental business	2,778	2,883	328	43	3,255	104	477	
Depreciation expense	602	607	86	7	701	4	99	
NOI <sup>(Note 3)</sup>	3,380	3,490	415	51	3,956	109	576	
NOI (annualized)/real estates acquisition price	4.3%	4.4%	3.3%	2.8%	4.1% <sup>(Note 4)</sup>	0.0PT	▲0.2PT	
SG&A	335	387	1	0	389	52	53	Ark Mori Building (pass-through) Additional AM fee +32 IR expense +8
Operating profit	2,442	2,649	327	43	3,020	207	578	
Nonoperating revenues	35	10	0	0	10	▲ 24	▲ 24	
Nonoperating expenses	641	705	175	0	881	64	240	
Interest expense	564	624	130	0	754	60	190	
Other nonoperating expenses	76	81	45	0	126	4	49	Decrease in interest, insurance benefit, compensation received for the previous period
Nonoperating income/loss	▲ 605	▲ 695	▲ 175	0	▲ 870	▲ 89	▲ 265	
Ordinary profit	1,837	1,954	195	43	2,150	117	313	
Profit before tax	1,837	1,954	195	43	2,150	117	313	
Corporate income, inhabitant and business taxes	4	1	-	0	1	▲ 3	▲ 3	Ark Mori Building (pass-through) Difference in maturity (number of days) +29 Refinance +26 Difference in borrowing dates for existing loans +3
Net profit	1,832	1,953	195	43	2,149	121	316	
Undistributed income per unit (yen)	14,117				13,500		▲ 616	
Dividend per unit (yen)	14,117				13,500		▲ 617	
Real estates acquisition price	159,220	158,954	37,200	5,500	201,654		42,434	

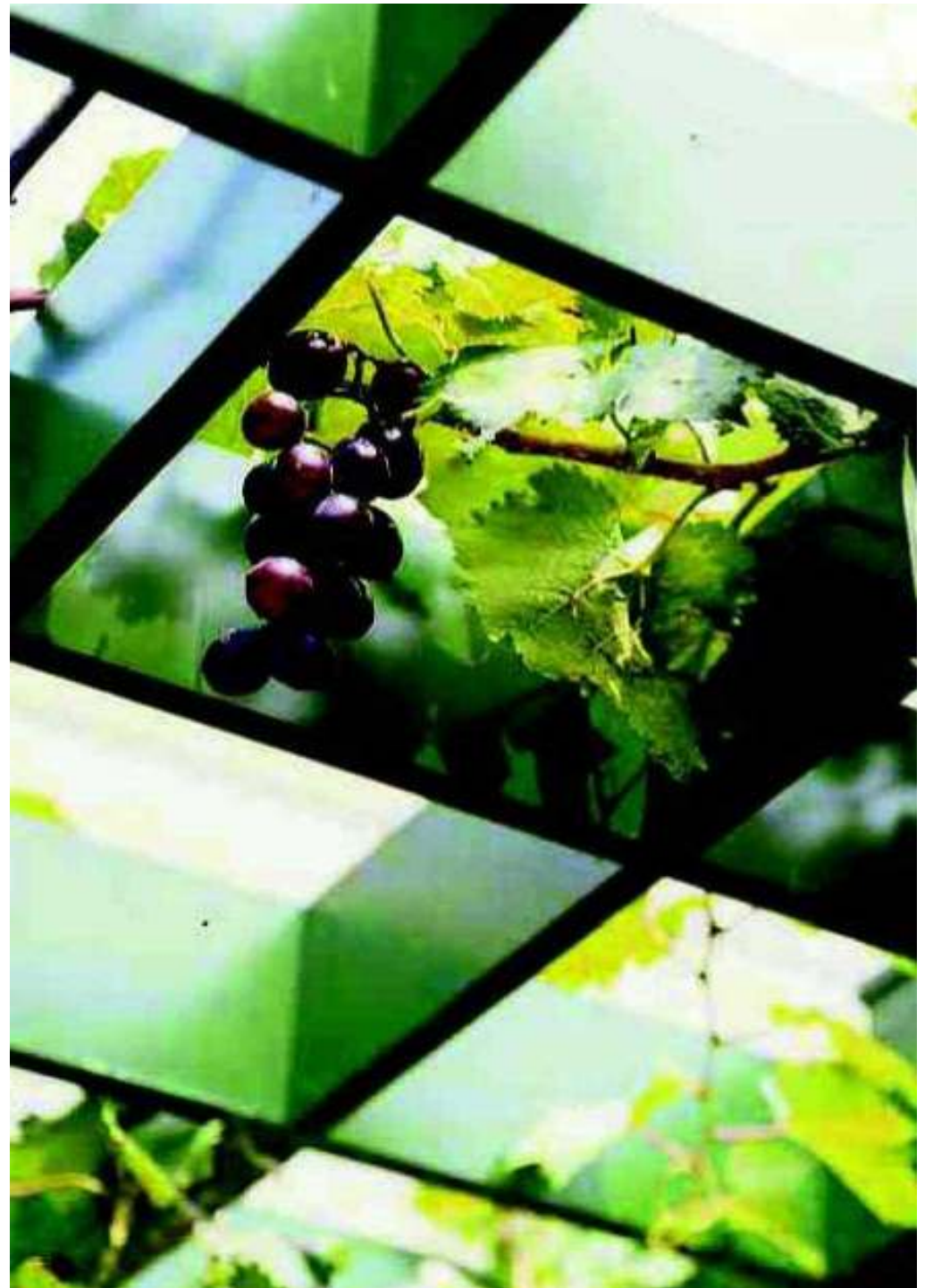
(Note 1) In the 4<sup>th</sup> period, the operation duration of Ark Mori Building (pass-through type), newly acquired on Mar. 28, 2008, was 126 days.

(Note 2) "Properties as of end of 4<sup>th</sup> period" records the partial transfer of Moto-Azabu Hills, disclosed as of Sep. 16, 2008, as well as acquired properties as of the end of 4<sup>th</sup> period.

(Note 3) Calculated as [NOI=Leasing business profits + Other leasing business profits - Leasing business expenses + Depreciation] and does not include the profit on the sale of real estate associated with the partial transfer of Moto-Azabu Hills.

(Note 4) NOI yield considers the operation duration of additionally acquired properties.

### 3. Internal growth



# 3-1 Internal growth

## Tenant leasing overview

### Office

		No. of tenants	Monthly rent prior to rent change	Increase in monthly rent	Rate of revision
4 <sup>th</sup> period actual	Tenants that revised rent during the 4 <sup>th</sup> period	7 tenants	103mn yen	8mn yen	<b>8.2%</b>
	Tenant turnover during the 4 <sup>th</sup> period	4 tenants	22mn yen	5mn yen	<b>20.4%</b>
	Total	11 tenants	125mn yen	13mn yen	<b>10.3%</b>

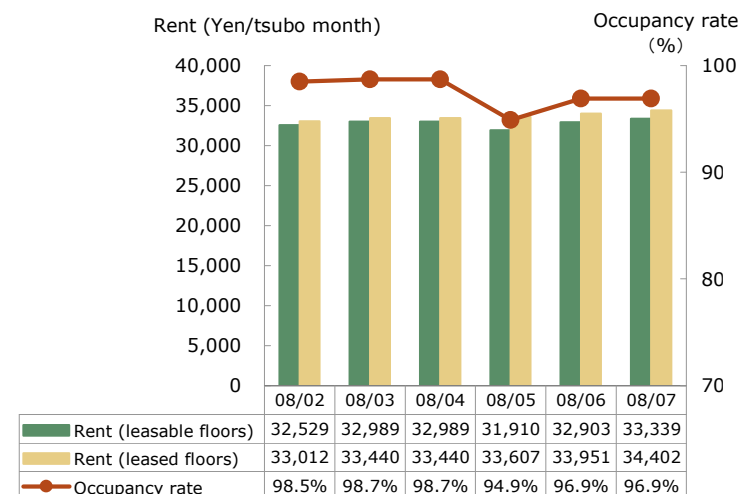
		No. of tenants	Current rent (Monthly)	Room for rent increase
5 <sup>th</sup> period	Tenants facing rent revision in the 5 <sup>th</sup> period	5 tenants	16mn yen	<b>3 mn yen (19.6%)</b>
	Rent revision completed	4 tenants	30mn yen	Approx. 5~10%
	Rent revisions under negotiation	9 tenants	45mn yen	-

		No. of tenants	Current rent (Monthly)	Room for rent increase
6 <sup>th</sup> period	Tenants facing rent revision in the 6 <sup>th</sup> period	9 tenants	66mn yen	Approx. 5~10%

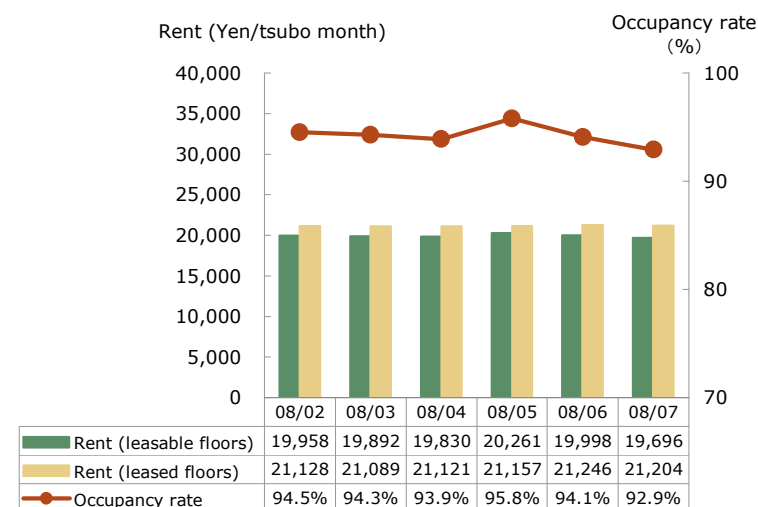
### Residential

		Moved in	Moved out	Difference
4 <sup>th</sup> period actual	Number of tenants	35 tenants	32 tenants	<b>3 tenants</b>
	Average rent (Yen/tsubo)	24,885 yen	23,648 yen	<b>1,237 yen</b>

### Office: Rent and occupancy rate



### Residential: Rent and occupancy rate



(Note) The definitions of the Office and Residential categories used in these materials differ from those used in discussions of operating rates on Mori Hills REIT Investment Corporation's website (<http://www.mori-hills-reit.co.jp/eng/cms/operate.html>). In these materials, Office and Residential figures are compiled using individual figures for all office and residential properties in which Mori Hills REIT Investment Corporation has invested. Figures on Mori Hills REIT Investment Corporation's website are defined as per Portfolio Overview (page 44)

# 3-2 Internal growth

## Tenant leasing overview

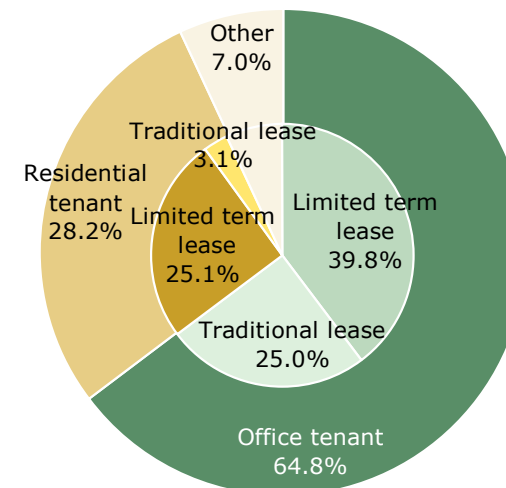
### Breakdown of monthly rent revenue (as of Jul. 31, 2008)

(mn yen)

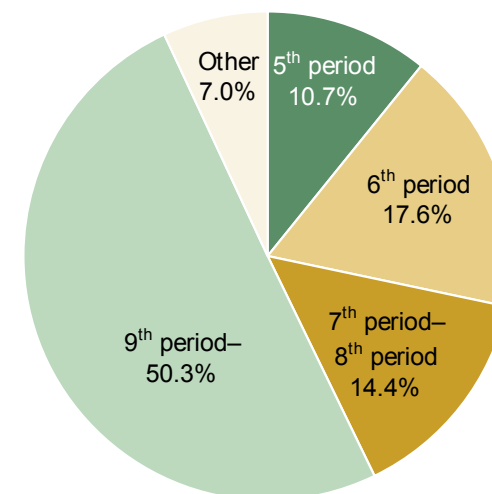
Tenant type	Type of lease contract	Total	Agreement renewal timing			
			5 <sup>th</sup> period	6 <sup>th</sup> period	7 <sup>th</sup> -8 <sup>th</sup> period	9 <sup>th</sup> period-
Office tenant	Limited term lease	306	32	97	16	161
		39.8%	4.2%	12.6%	2.1%	20.9%
	Traditional lease	22 tenants	4 tenants	4 tenants	5 tenants	9 tenants
		193	33	35	75	50
		25.0%	4.3%	4.5%	9.7%	6.5%
		17 tenants	5 tenants	4 tenants	5 tenants	3 tenants
Total	499	65	132	91	211	
	64.8%	8.5%	17.1%	11.8%	27.4%	
	39 tenants	9 tenants	8 tenants	10 tenants	12 tenants	
Residential tenant	Limited term lease	194	14	4	17	159
		25.1%	1.8%	0.5%	2.2%	20.6%
	Traditional lease	199 tenants	11 tenants	5 tenants	19 tenants	164 tenants
		24	3	0	3	18
		3.1%	0.4%	0.0%	0.4%	2.3%
		16 tenants	8 tenants	0 tenants	7 tenants	1 tenant
Total	218	17	4	20	177	
	28.2%	2.1%	0.5%	2.6%	22.9%	
	215 tenants	18 tenants	5 tenants	26 tenants	165 tenants	
Sub total		717	82	136	111	388
		93.0%	10.7%	17.6%	14.4%	50.3%
		254 tenants	28 tenants	13 tenants	36 tenants	177 tenants
Others	Retail	28				
		3.7%				
	Parking	18				
		2.3%				
	Others	8				
		1.0%				
Sub total		54				
		7.0%				
Total		771				
		100.0%				

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

#### Rent revenue breakdown by types of lease contract

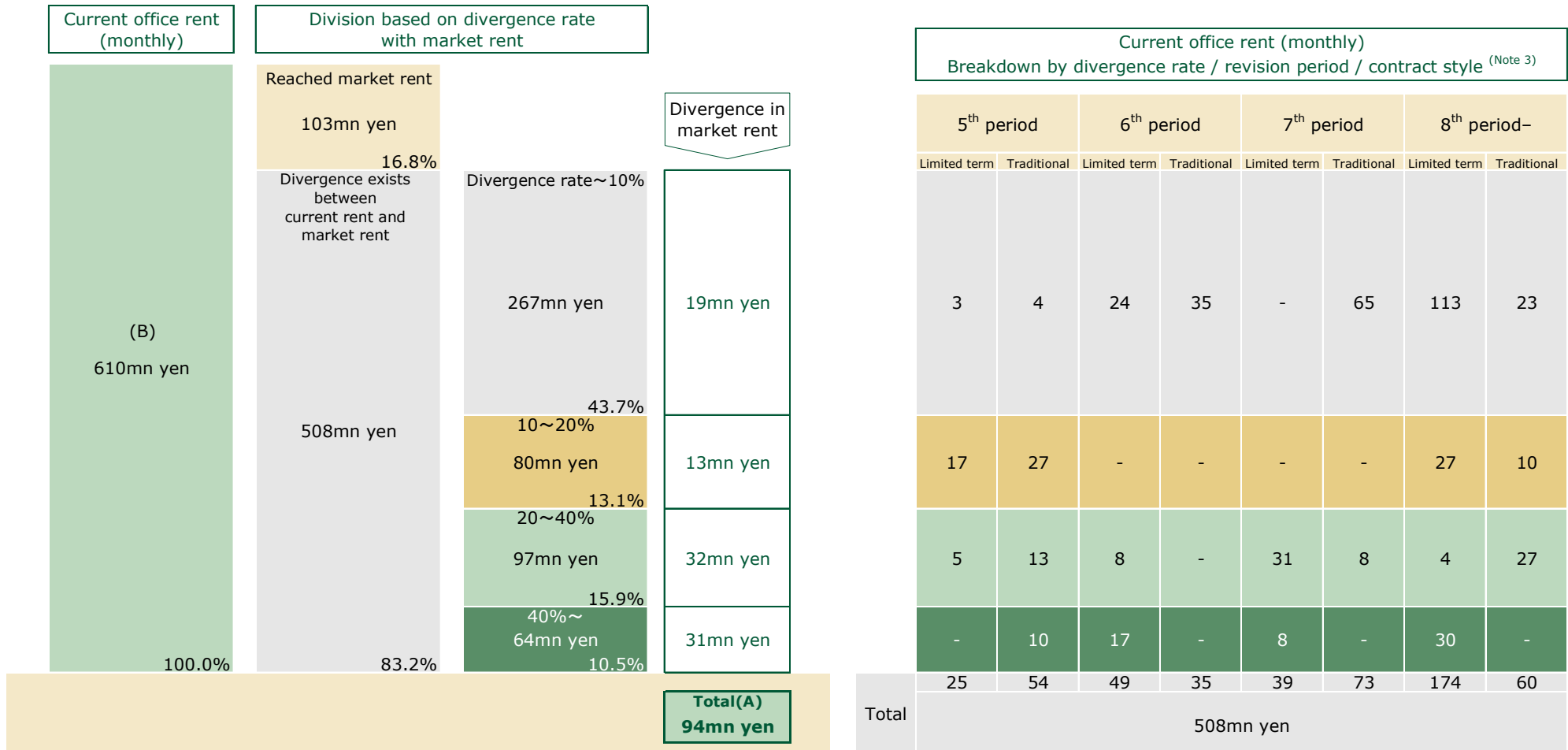


#### Rent revenue breakdown by timing of renewal



# 3-3 Office rent

## Divergence in current rent and market rent



- ✓ Possibility of rent increase for approximately 83% of the current office portfolio (Note 1)
- ✓ Total amount of divergence with market rent (Note 2) is 94mn yen  
Ratio of divergence amount in current office rent (A/B) = 15.4%

- (Note 1) Breakdown of current office rent is as follows:  
a) Agreed rent as of Jul. 31, 2008 for properties owned as of end of 4<sup>th</sup> period (Ark Mori Building 12F and 22F is calculated as 100% ownership)  
b) Akasaka Tameike Tower --- agreed rent as of Sep. 30, 2008
- (Note 2) "Market rent" is set based on the values listed for the calculation of profit price as of end of 4<sup>th</sup> period. Appraisal Report (created by Japan Real Estate Institute) and market reports (created by Sanko Estate).
- (Note 3) States the breakdown for contracts that deviate from the market rent

# 4. Financial strategy



# 4-1 Financial strategy

## Flexible, conservative approach



### Core policy

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

### Debt data

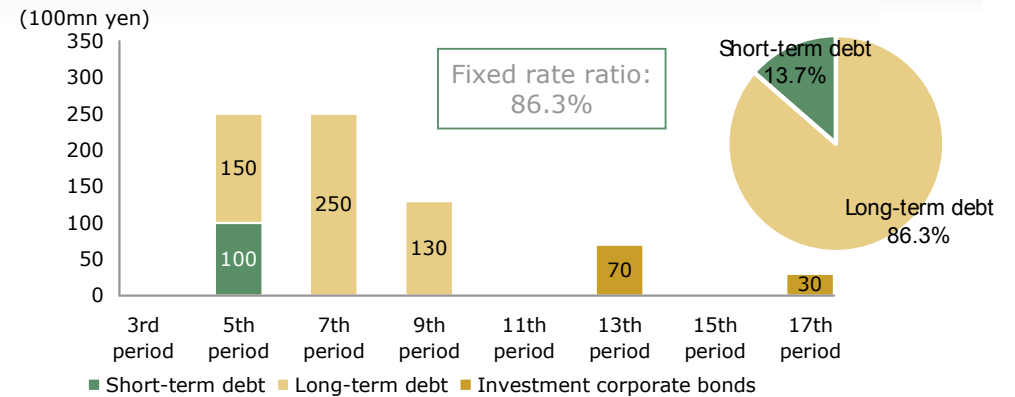
	End of 3 <sup>rd</sup> period Jan. 31, 2008	End of 4 <sup>th</sup> period Jul. 31, 2008	After acquisition (Sep.30, 2008)
Debt balance	73bn yen	88bn yen	114bn yen
LTV	47.1%	51.6%	53.9% <sup>(Note 1)</sup>
DSCR	6.1x	5.3x	—
Avg remaining duration	2.16yr	1.60yr	—
Weighted avg interest rate	1.40%	1.34%	—

(Note 1) The borrowing of 26.0bn yen (planned) and a 14.7bn yen capital increase from third-party allotment (planned) associated with the additional acquisition of Ark Mori Building (pass-through type) and Akasaka Tameike Tower is calculated as an increase in total assets

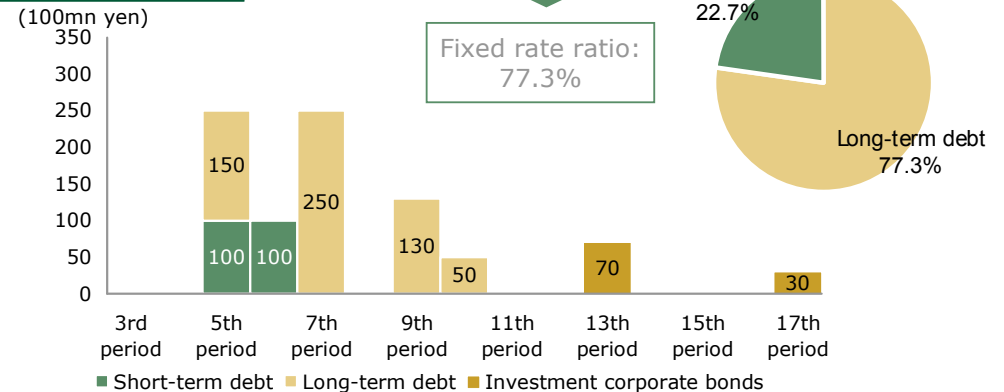
### Borrowing associated with additional acquisition

- Plans to implement steady financing despite the adverse global debt market
- Efforts to increase the number of lender banks, including trying to bring in new Japanese financial institutions to join the syndicate of lender banks
- Fixed rates on all long-term loans with consideration to the dispersion of repayment dates to reduce future financial risk

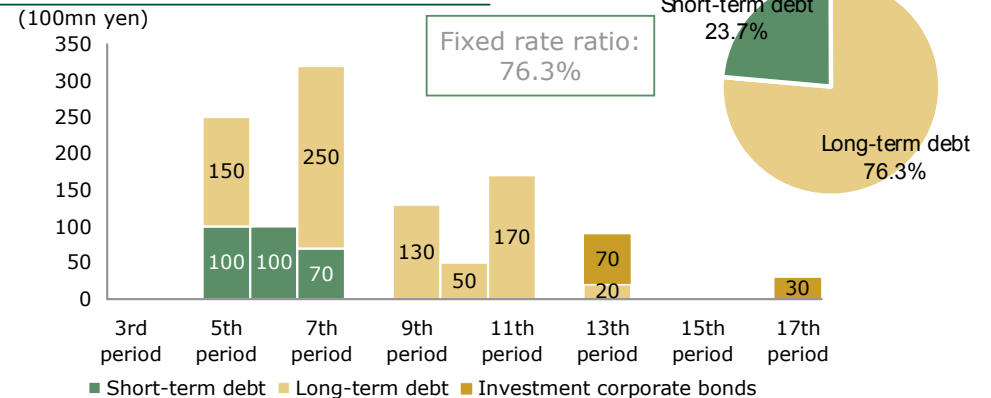
### End of 3<sup>rd</sup> period



### End of 4<sup>th</sup> period



### After acquisition (Sep.30, 2008)



# 4-2 Debt status

## Past issuance of investment corporation bonds

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

## Ratings

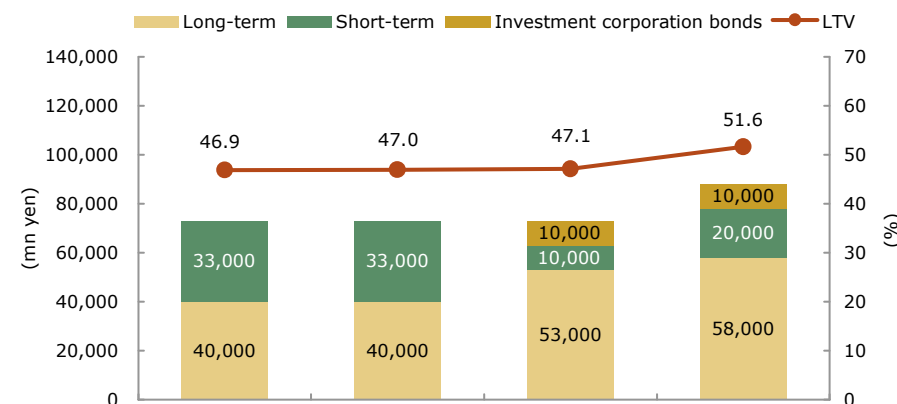
Moody's Investors Service, Inc.

Issuer rating **A3**

Japan Credit Rating Agency, Ltd. (JCR)

Senior long-term credit rating **AA-**

## Aiming for stable financial strength



(Amount: mn yen)		1st period	2nd period	3rd period	4th period
Debt	Long-term	40,000	40,000	53,000	58,000
	Short-term	33,000	33,000	10,000	20,000
Investment corporation bonds		-	-	10,000	10,000
Debt total		73,000	73,000	73,000	88,000

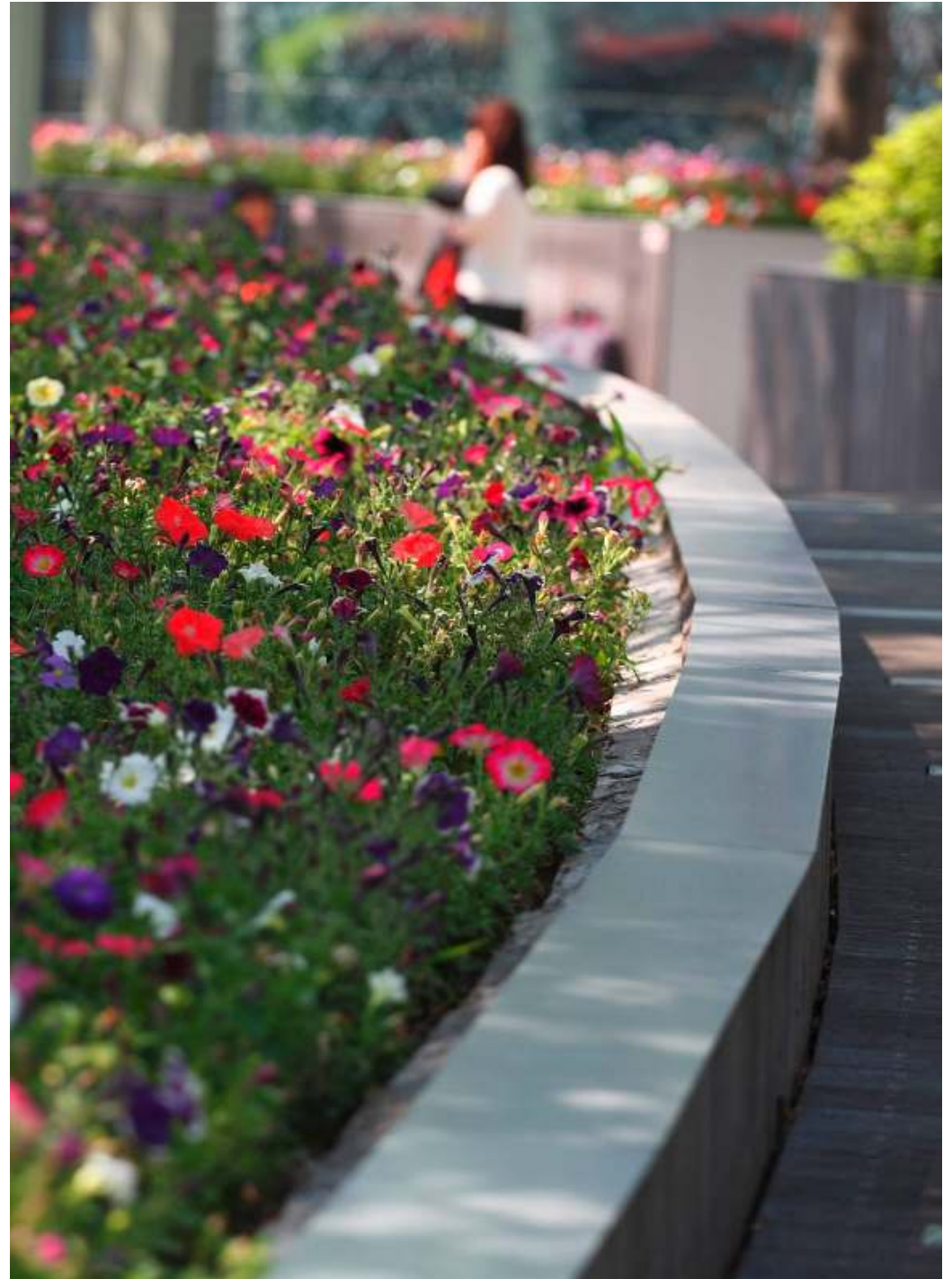
	Lender	Lender Loan balance (mn yen)	Rate of interest	Borrowing date	Maturity date	Remarks
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	1.04%	Nov. 30, '07	Nov. 30, '08	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Sumitomo Mitsui Banking Corporation					
	Mitsubishi UFJ Trust and Banking Corporation	10,000	1.04%	Mar. 28, '08	Mar. 27, '09	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mizuho Corporate Bank, Ltd.					
	The Sumitomo Trust and Banking Co., Ltd.					
Shinsei Bank, Limited						
Sumitomo Mitsui Banking Corporation						
Sub-total		20,000	-	-	-	-
Current installments of long-term debt	Mizuho Corporate Bank, Ltd.	15,000	1.29%	Dec. 04, '06	Nov. 30, '08	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
Sub-total		15,000	-	-	-	-
Long-term	Mizuho Corporate Bank, Ltd.	25,000	1.50%	Dec. 04, '06	Nov. 30, '09	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	The Norinchukin Bank					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,000	1.38%	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed
	Mizuho Corporate Bank, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Shinsei Bank, Limited					
	The Norinchukin Bank					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,000	1.35%	Nov. 30, '07	Nov. 30, '10	Unsecured, non-guaranteed
	The Sumitomo Trust and Banking Co., Ltd.					
	Sumitomo Mitsui Banking Corporation					
Mitsubishi UFJ Trust and Banking Corporation						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
Mizuho Corporate Bank, Ltd.	5,000	1.23%	Mar. 28, '08	Feb. 28, '11	Unsecured, non-guaranteed	
The Sumitomo Trust and Banking Co., Ltd.						
Shinsei Bank, Limited						
Sumitomo Mitsui Banking Corporation						
Sub-total						43,000
Total		78,000	-	-	-	-

(Note 1) As of Jul. 31, 2008

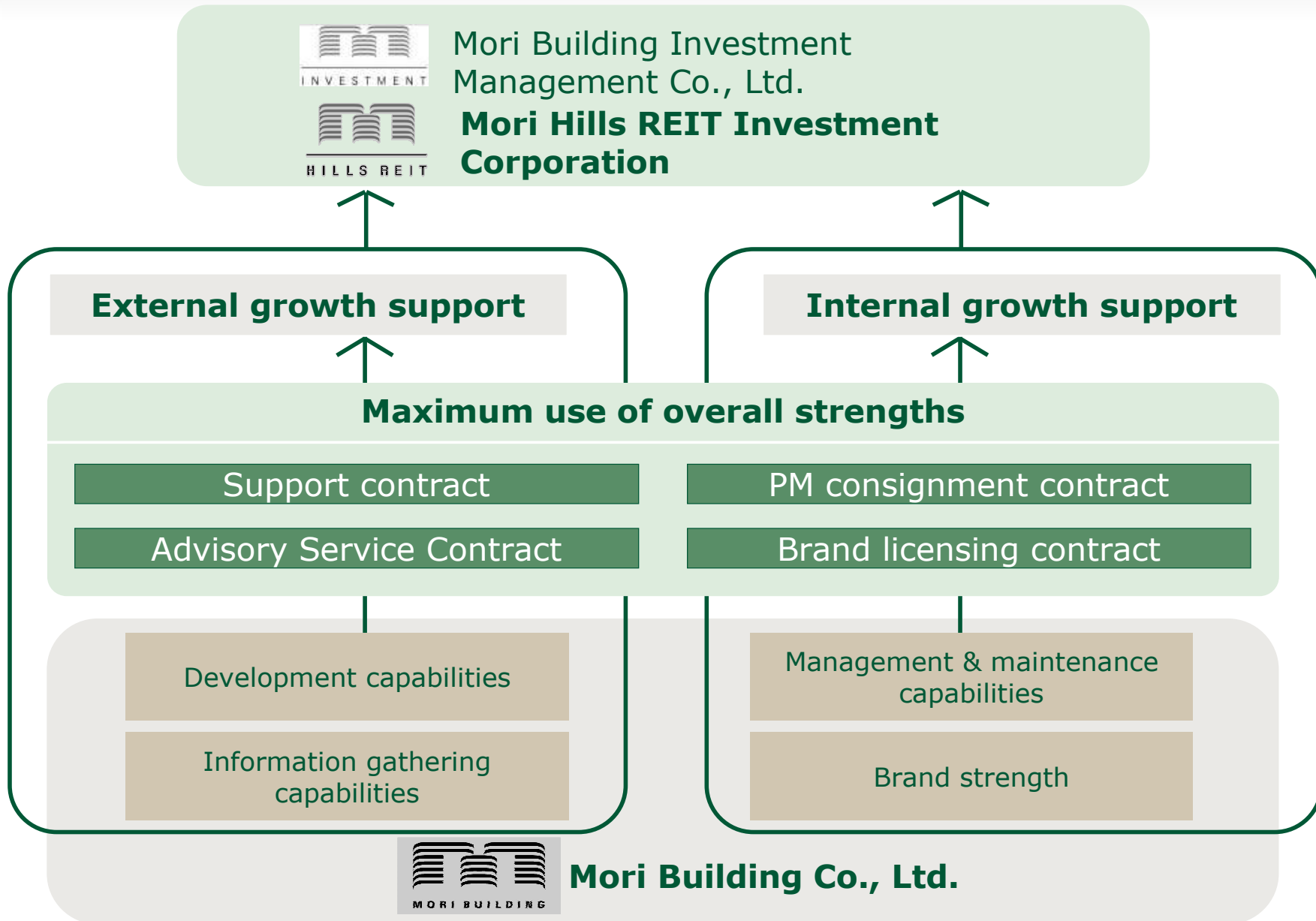
(Note 2) Current installments of long-term debt and Long-term debt have been procured with a floating rate, but rate has been fixed through interest rate swap. Rate of interest is the rate after being fixed



## 5. Collaborative relationship with Mori Building



# 5-1 Collaborative relationship with Mori Building



# Development projects by Mori Building Co., Ltd.



## 1985-1990

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



## 1990-1995

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



## 1995-2000

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

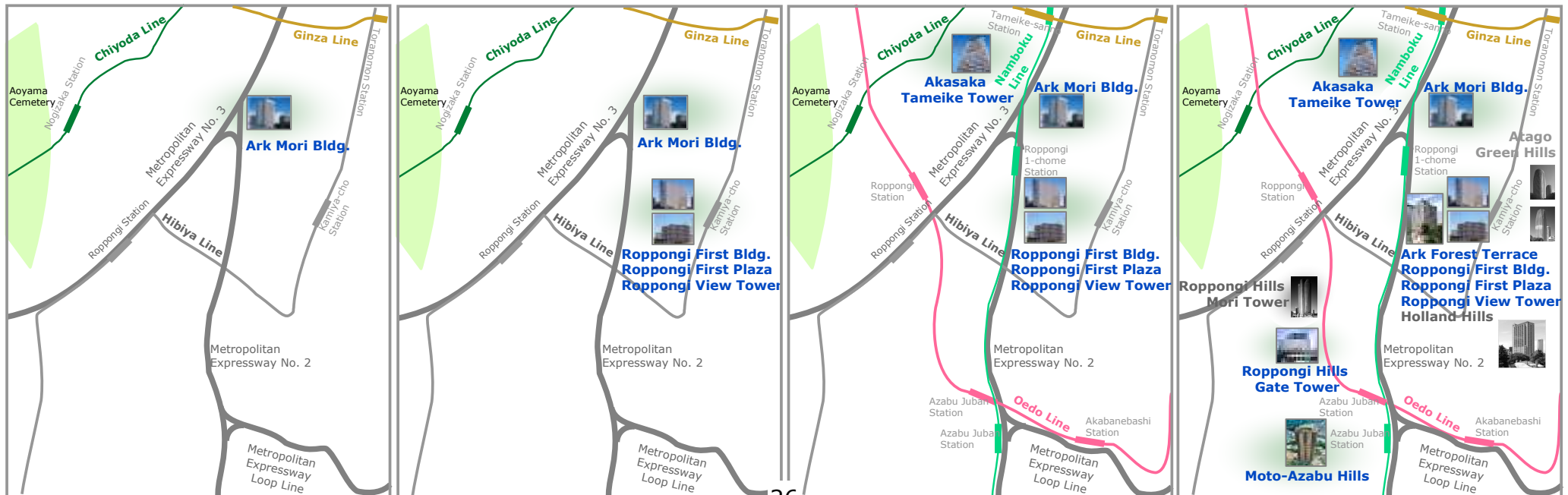


## 2001-

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



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



## Ongoing projects

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### The north side of Roppongi 1-chome



**Project overview**  
**Gross floor area: c. 18,425m<sup>2</sup>**  
**Planned completion: Jul. 2010**

**Environmental improvements are implemented with due consideration to peripheral businesses as building is located within "Roppongi/Toranomon District Planning Area"**

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



**Project overview**  
**Planned floor area: c. 180,450m<sup>2</sup>**  
**Planned completion: 2012**

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

### Waterfront subcenter project of Aomi District, P Area



**Project overview**  
**Planned floor area: c. 117,592m<sup>2</sup>**  
**Planned completion: Aug. 2012**

**Creation of an "Asian Exchange Hub" that integrates business, cultural and commercial facilities in a sophisticated way based on the "Tokyo Contents Factory" concept**

### Shanghai World Financial Center



**Project overview**  
**Gross floor area: c. 381,600m<sup>2</sup>**  
**Completion: Aug. 2008**

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

# 5-4 Town management by Mori Building Group

## City creation by Mori Building Group

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



### “Roppongi Hills Arena”

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



### “Keyaki-zaka Complex Rooftop Garden”

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

## Town management at “Ark Hills” owned by MHR



### “Suntory Hall”

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



### “Cherry Blossom Festival”

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



### “Rose Festival”

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



### “Cinema Week”

Cinema Week accommodates a 400-inch screen and 400 terrace seats. Featuring short films as well as the latest movies, it covers a wide cinematographic selection. Enjoy the refreshing outdoor breeze on a summer night while watching a show. Free of charge.

## Highly valued environmental undertakings

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

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



### “Ark Hills” --- the Vertical Garden City

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



### “Hanging Garden”, the fruit of over 20 years of development

The rooftop of Suntory Hall was made into a garden. It was a pioneering effort in growing greenery on rooftops in the metropolis



### Cherry blossom trees lining Ark Hills

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



### Residents’ community “Hills Gardening Club”

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



### Alleviating the heat island phenomenon with “Dry Mist”

“Dry Mist”, an energy-saving cooling system for cooling outdoor air, is operated at Roppongi Hills from the perspectives of improving the comfort of visitors and promotion of energy conservation

#### Corresponding properties

Ark Mori Building
Roppongi Hills Gate Tower
Roppongi First Building
Koraku Mori Building
Moto-azabu Hills
Ark Forrest Terrace

### Light-down campaign

In supporting the “CO<sub>2</sub> Light-Down Campaign” promoted by the Ministry of the Environment, lights were turned off at Roppongi Hills and other related facilities during a given period

# 5-6 Addressing safety

(Countermeasures against earthquake disaster)

“A town to flee into”

## Comprehensive earthquake disaster drill (at Roppongi Hills on September 1, 2008)

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



Smoke drill



Experiencing the quake



First aid in emergency

### • Training items

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

## Other countermeasures against earthquakes



Water well



Storage warehouse



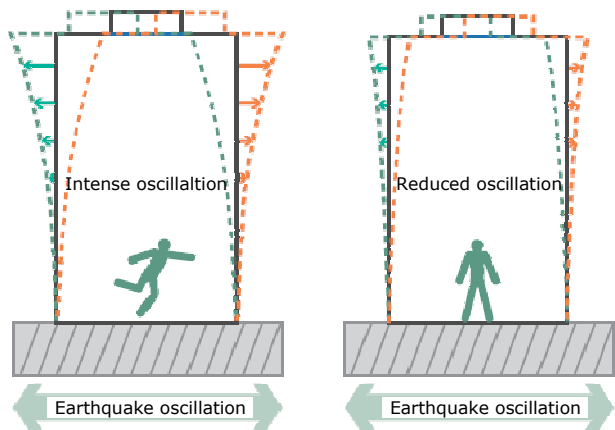
Power generator for emergency purposes

# Addressing safety (Earthquake resistance)

## Earthquake-resistant features

### Seismic damping

Minimize the level of oscillation



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

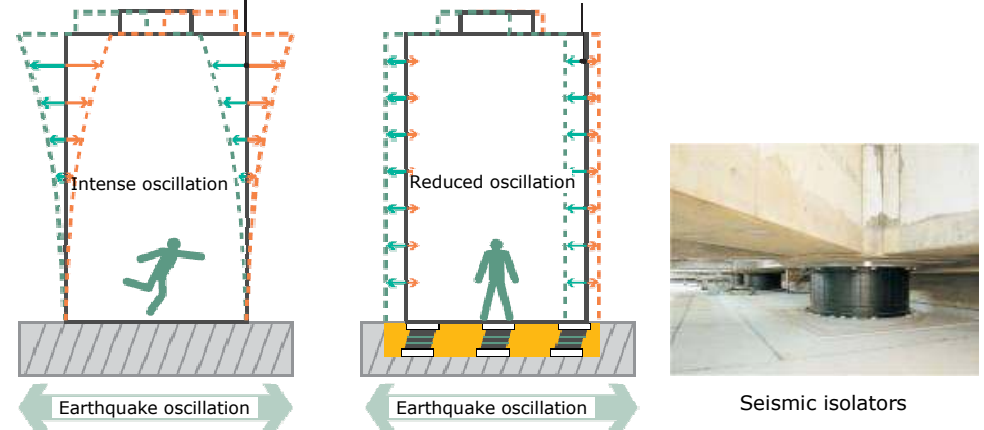
Seismic damping reduces earthquake magnitude of oscillation by approx. 20%

#### MHR properties using this feature

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

### 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 big earthquake

#### MHR properties using this feature

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

## Support originated with building automation

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

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



## 6. Financial data



# 6-1 Financial highlights



Indices	Previous period (3 <sup>rd</sup> period: Aug. 1, 2007–Jan. 31, 2008)	Current period (4 <sup>th</sup> period: Feb. 1, 2008–Jul. 31, 2008)	
Net profit	1,842 mn yen	1,832 mn yen	
FFO	2,414 mn yen	2,434 mn yen	Net profit + Depreciation & Amortization
Depreciation & Amortization	572 mn yen	602 mn yen	
CAPEX	31 mn yen	42 mn yen	
Total assets	154,891 mn yen	170,626 mn yen	
Interest-bearing debt	73,000 mn yen	88,000 mn yen	
Net asset value	74,514 mn yen	74,503 mn yen	
Dividend	1,842 mn yen	1,832 mn yen	
Total units outstanding	129,800 units	129,800 units	
Book value per unit	574,069 yen	573,989 yen	Net asset value at end of period/ Total units outstanding
Dividend per unit	14,197 yen	14,117 yen	
FFO per unit	18,603 yen	18,757 yen	FFO/Weighted average number of investment units for the period
ROA	1.19%	1.13%	Ordinary profit/Average of total assets during the period
Annualized <sup>(Note)</sup>	2.36%	2.26%	
ROE	2.47%	2.46%	Net profit/Average of NAV during the period
Annualized <sup>(Note)</sup>	4.90%	4.93%	
LTV	47.13%	51.57%	LTV=Interest-bearing debt/Total assets
Dividend yield (annualized <sup>(Note)</sup> )	3.93%	6.09%	Dividend per unit/Unit price
Number of operating days in the period	184 days	182 days	
PER (annualized <sup>(Note)</sup> )	25.4x	16.4x	Unit price/Net profit per unit
PBR	1.2x	0.8x	Unit price/Book value per unit

(Note) Calculated as 3rd period figure/184 days x 365 days and 4th period figure/182 days x 365 days. MHR Unit price at the end of 4th period was 465,000yen.

# 6-2 Balance sheet

Item	Previous period (3 <sup>rd</sup> period) Jan. 31, 2008		Current period (4 <sup>th</sup> period) Jul. 31, 2008	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
<b>Asset</b>				
Current assets	12,298,130	7.9	11,980,745	7.0
Cash and deposit	6,013,529		5,205,753	
Entrusted cash and deposits	6,072,304		6,496,459	
Other	212,295		278,531	
Fixed assets	142,507,614	92.0	158,570,146	93.0
Tangible fixed asset	124,033,486	80.1	140,090,147	82.2
Intangible fixed assets	18,409,956	11.9	18,415,167	10.8
Investment and other assets	64,170	0.0	64,832	0.0
Deferred assets	85,542	0.1	75,300	0.0
<b>Total assets</b>	<b>154,891,286</b>	<b>100.0</b>	<b>170,626,192</b>	<b>100.0</b>

Item	Previous period (3 <sup>rd</sup> period) Jan. 31, 2008		Current period (4 <sup>th</sup> period) Jul. 31, 2008	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
<b>Liabilities</b>				
Current liabilities	26,154,281	16.9	36,280,784	21.3
Payable-trade	253,426		262,434	
Short-term debt	10,000,000		20,000,000	
Current installments of long-term debt	15,000,000		15,000,000	
Other	900,855		1,018,349	
Fixed liabilities	54,222,814	35.0	59,841,592	35.0
Investment corporation bond	10,000,000		10,000,000	
Long-term debt	38,000,000		43,000,000	
Tenant leasehold and security deposit	6,222,814		6,841,592	
<b>Total liabilities</b>	<b>80,377,095</b>	<b>51.9</b>	<b>96,122,376</b>	<b>56.3</b>
<b>Unitholders' equity</b>				
Unitholders' equity	72,671,418	46.9	72,671,418	42.6
Retained earnings	1,842,772	1.2	1,832,397	1.1
<b>Total unitholders' equity</b>	<b>74,514,191</b>	<b>48.1</b>	<b>74,503,815</b>	<b>43.7</b>
<b>Total liabilities and unitholders' equity</b>	<b>154,891,286</b>	<b>100.0</b>	<b>170,626,192</b>	<b>100.0</b>

# 6-3 Income statement

Item	Previous period (4 <sup>th</sup> period: Feb. 1, 2008–Jul. 31, 2008)		Current period (3 <sup>rd</sup> period: Aug. 1, 2007–Jan. 31, 2008)	
	Amount (Yen thousand)	Percentage (%)	Amount (Yen thousand)	Percentage (%)
Operating revenue	4,628,405	100.0	4,823,159	100.0
Property revenue	4,176,880		4,407,694	
Other property revenue	451,525		415,465	
Operating expenses	2,279,207	49.2	2,380,399	49.4
Property expenses	1,929,934		2,044,806	
Asset management fees	251,812		249,075	
Director's compensation	7,200		8,100	
Asset custody fees	3,879		4,198	
Administration fees	11,160		11,336	
Other operating expenses	75,220		62,883	
Operating profit	2,349,198	50.8	2,442,759	50.6
Non-operating revenue	21,636	0.4	35,500	0.8
Interest revenue	19,975		16,132	
Compensation received	-		16,033	
Other	1,660		3,333	
Non-operating expenses	527,115	11.4	641,017	13.3
Interest expenses	445,265		483,361	
Interest in investment corporation bonds	28,458		80,705	
Amortization of bond issue cost	2,812		5,130	
Amortization of initial expenses	5,111		5,111	
Loan related expenses	43,923		59,901	
Other non-operating expenses	1,545		6,807	
Ordinary profit	1,843,719	39.8	1,837,242	38.1
Profit before tax	1,843,719	39.8	1,837,242	38.1
Net profit	1,842,740	39.8	1,832,395	38.0
Unappropriated retained earnings for the period	1,842,772		1,832,397	
Dividend per unit (yen)	14,197		14,117	

(Yen: thousand)	
Parking revenue	160,378
Incidental revenue	253,491
Early termination penalty	260
Security deposit income	1,335

(Yen: thousand)	
Property management fees	709,005
Property taxes	242,650
Utilities	186,362
Custodian fees	7,746
Maintenance & repairs	117,934
Insurance premium	14,074
Depreciation & Amortization	602,293
Other property expenses	164,738

# 6-4 Cashflow statement/Retained earnings



## Cashflow statement

Item	Amount (Yen: thousand)	
	Previous period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)	Current period (4 <sup>th</sup> period: Feb. 1, 2008– Jul. 31, 2008)
<b>I Cashflow from operating activities</b>	<b>2,221,540</b>	<b>2,503,995</b>
EBIT	1,843,719	1,837,242
Depreciation & Amortization	572,007	602,293
Amortization of long-term prepaid expenses	5,111	5,111
Amortization of issue costs of new units	2,812	5,130
Interest income	▲ 19,975	▲ 16,132
Interest expenses	473,723	564,066
Increase/decrease in notes receivable	▲ 12,927	2,771
Increase/decrease in consumption taxes receivable	-	▲ 39,956
Increase/decrease in trade accounts payable	▲ 26,113	14,055
Increase/decrease in other accounts payable	▲ 1,714	▲ 4,138
Increase/decrease in accrued expenses	▲ 26	8,481
Increase/decrease in accrued consumption taxes	▲ 78,671	▲ 19,331
Increase/decrease in rent received in advance	▲ 7,923	86,136
Increase/decrease in other current liabilities	▲ 85,540	22,231
Increase/decrease in prepaid expenses	▲ 4,016	▲ 34,016
Increase/decrease in long-term prepaid expenses	▲ 12,813	▲ 661
Other	▲ 848	3,102
Sub total	2,646,802	3,036,386
Interest received	17,144	18,214
Interest paid	▲ 441,427	▲ 546,310
Income taxes paid	▲ 979	▲ 4,294
<b>II Cashflow from investing activities</b>	<b>▲ 47,396</b>	<b>▲ 16,050,432</b>
Payment for purchases of tangible assets entrusted	▲ 23,640	▲ 16,663,710
Payment for purchases of intangible assets entrusted	-	▲ 5,500
Proceeds from tenant leasehold and security deposits	374,857	1,232,988
Payment of tenant leasehold and security deposits	▲ 398,613	▲ 614,210

Item	Amount (Yen)	
	Previous period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)	Current period (4 <sup>th</sup> period: Feb. 1, 2008– Jul. 31, 2008)
<b>III Cashflow from financing activities</b>	<b>▲ 1,991,323</b>	<b>13,162,815</b>
Proceed from short-term debt	10,000,000	10,000,000
Repayment of short-term debt	▲ 33,000,000	-
Proceeds from long-term debt	13,000,000	5,000,000
Proceeds from issuance of investment corporation bonds	10,000,000	-
Issue costs of investment corporation bonds	▲ 56,349	-
Payment of dividend	▲ 1,934,973	▲ 1,837,184
<b>IV Increase/decrease in cash &amp; equivalents</b>	<b>182,820</b>	<b>▲ 383,621</b>
<b>V Cash &amp; equivalents at start of period</b>	<b>11,903,014</b>	<b>12,085,834</b>
<b>VI Cash &amp; equivalents at end of period</b>	<b>12,085,834</b>	<b>11,702,213</b>

## Retained earnings

Item	Amount (Yen)	
	Previous period (3 <sup>rd</sup> period: Aug. 1, 2007– Jan. 31, 2008)	Current period (4 <sup>th</sup> period: Feb. 1, 2008– Jul. 31, 2008)
<b>I Retained earnings</b>	<b>1,842,772,497</b>	<b>1,832,397,221</b>
<b>II Dividend</b>	<b>1,842,770,600</b>	<b>1,832,386,600</b>
(Dividend per unit)	(14,197)	(14,117)
<b>III Earnings carried forward</b>	<b>1,897</b>	<b>10,621</b>

# 6-5 Portfolio value

Type	Property name	Property No.	Acquisition price (mn yen)	Book value (mn yen)	At IPO		As of end of 2nd period (Jul.31, 2007)		As of end of 3rd period (Jan.31, 2008)		As of end of 4th period (Jul.31, 2007)				Difference (②-①) (mn yen)	Difference (②/①-1) (%)	Unrealized capital gain (②-Acquisition price) (mn yen)
					Portfolio (mn yen)	Yield(direct capitalization on method)	Portfolio (mn yen)	Yield(direct capitalization on method)	①Portfolio (mn yen)	Yield(direct capitalization on method)	②Portfolio (mn yen)	Yield(direct capitalization on method)	Discount (DCF)	Terminal yield (DCF)			
Office building	Ark Mori Building (fixed)	O-1-1	6,600	6,567	6,600	4.2%	8,970	3.9%	9,630	3.8%	9,790	3.7%	3.4%	3.9%	160	1.7	3,190
	Ark Mori Building (pass-through)	O-1-2	16,500	16,593	-	-	-	-	-	-	15,075	3.5%	3.4%	3.9%	15,075	-	▲ 1,425
	Roppongi Hills Gate Tower	O-2	36,500	36,340	36,500	4.1%	43,700	3.7%	43,900	3.7%	43,500	3.7%	3.4%	3.9%	▲ 400	▲ 0.9	7,000
	Roppongi First Building	O-3	21,000	20,707	21,000	4.5%	25,600	4.0%	27,300	4.0%	27,500	4.0%	3.7%	4.2%	200	0.7	6,500
	Koraku Mori Building	O-4	27,200	26,834	27,200	4.6%	32,160	4.3%	34,720	4.3%	34,960	4.3%	3.9%	4.6%	240	0.7	7,760
	Toranomon 35 Mori Building	O-5	12,720	12,692	12,800	4.7%	14,600	4.1%	15,300	4.1%	15,300	4.1%	3.8%	4.3%	0	0.0	2,580
	Sub total			120,520	119,735	104,100	-	125,030	-	130,850	-	146,125	-	-	-	15,275	-
Residential	Moto-Azabu Hills	R-1	27,300	27,290	27,300	4.2%	28,600	4.2%	28,600	4.2%	28,800	4.2%	3.8%	4.4%	200	0.7	1,500
	Ark Forest Terrace	R-2	5,300	5,310	5,300	4.4%	5,400	4.4%	5,410	4.4%	5,180	4.4%	4.2%	4.6%	▲ 230	▲ 4.3	▲ 120
	Roppongi First Plaza	R-3	2,100	2,145	2,100	4.6%	2,310	4.6%	2,330	4.6%	2,320	4.6%	4.3%	4.8%	▲ 10	▲ 0.4	220
	Roppongi View Tower	R-4	4,000	4,023	4,000	4.6%	4,010	4.6%	4,020	4.6%	4,010	4.6%	4.3%	4.8%	▲ 10	▲ 0.2	10
	Sub total			38,700	38,770	38,700	-	40,320	-	40,360	-	40,310	-	-	-	▲ 50	▲ 0.1
<b>Total</b>			<b>159,220</b>	<b>158,505</b>	<b>142,800</b>	<b>-</b>	<b>165,350</b>	<b>-</b>	<b>171,210</b>	<b>-</b>	<b>186,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,225</b>	<b>-</b>	<b>27,215</b>

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

# 6-6 4th period results breakdown by property①



(Amount: mn yen)

Property number	O-1-1			O-1-2			O-2			O-3			O-4			O-5		
Property name	Ark Mori Building (fixed)			Ark Mori Building (pass-through)			Roppongi Hills Gate Tower			Roppongi First Building			Koraku Mori Building			Toranomom 35 Mori Building		
	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference
Days of operations	184 days	182 days	▲2 days	-	126 days	126 days	184 days	182 days	▲2 days	184 days	182 days	▲2 days	184 days	182 days	▲2 days	184 days	182 days	▲2 days
Occupancy rate	100.0%	100.0%	0.0PT	-	94.3%	94.3PT	97.0%	99.0%	2.0PT	94.2%	96.7%	2.5PT	100.0%	94.3%	▲5.7PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	-	11	11	42	46	4	15	15	0	16	13	▲3	1	1	0
Acquisition price	6,600			16,500			36,500			21,000			27,200			12,720		
Rental revenue	148	148	-	-	188	188	982	989	7	590	610	20	885	881	▲3	400	403	3
Other rental revenue	-	-	-	-	9	9	142	131	▲11	85	75	▲10	128	109	▲18	9	9	-
Operating revenue	148	148	-	-	198	198	1,125	1,121	▲3	675	686	10	1,013	990	▲22	409	413	3
Maintainance expense	1	1	-	-	34	34	164	165	1	82	86	4	88	112	23	65	65	-
Utilities	-	-	-	-	2	2	62	55	▲6	34	35	0	88	77	▲11	-	-	-
Property taxes <sup>(Note1)</sup>	8	8	▲0	-	<sup>(Note 2)</sup> -	-	66	67	0	43	43	▲0	35	35	▲0	22	21	▲0
Maintainance and repairs	0	-	▲0	-	0	0	16	17	1	3	-	▲3	6	22	15	-	0	0
Insurance premium	0	0	▲0	-	0	0	1	2	0	1	2	0	1	2	0	0	0	▲0
Depreciation ①	17	17	-	-	28	28	116	116	0	99	99	0	123	123	0	35	35	0
Other property expense	0	0	▲0	-	0	0	38	36	▲1	1	1	▲0	66	66	▲0	0	0	0
Property expenses	28	28	▲0	-	68	68	466	462	▲4	266	268	1	410	440	29	124	125	0
Operating profit ②	120	120	0	-	130	130	658	659	0	409	418	8	602	550	▲51	285	287	2
NOI ③ (①+②)	137	138	0	-	158	158	775	776	0	508	517	8	725	674	▲51	320	323	2
Annualized NOI ④	273	277	3	-	459	459	1,538	1,556	18	1,009	1,038	28	1,439	1,352	▲87	636	648	12
④/Acquisition price	4.1%	4.2%	0.1PT	-	2.8%	2.8PT	4.2%	4.3%	0.1PT	4.8%	4.9%	0.1PT	5.3%	5.0%	▲0.3PT	5.0%	5.1%	0.1PT
Capex ⑤	-	-	-	-	-	-	2	11	8	1	-	▲1	8	6	▲2	-	1	1
NCF ③-⑤	137	138	0	③-	158	158	773	765	▲7	507	517	9	716	668	▲48	320	322	1

- (Note 1) In recording the fixed assets tax, city planning tax, and depreciable assets tax relating to the real estates owned, taxes paid in the 4<sup>th</sup> period out of the tax amounts imposed are calculated as expenses. For 4<sup>th</sup> period, taxes for 6 months are recorded as expense (excluding Ark Mori Building (pass-through type)).
- (Note 2) The 18 million yen for fixed assets tax equivalent paid to the transferor as amount due, associated with the acquisition of Ark Mori Building (pass-through type), is included in the acquisition cost instead of being recorded as an expense. Furthermore, the annual amount of NOI when recording the fixed assets tax equivalent as an expense for 126-day operating duration for the current period is 436 mn yen (same as acquisition price: 2.6%).
- (Note 3) Difference between 3<sup>rd</sup> and 4<sup>th</sup> period

# 6-7 4th period results breakdown by property②



(Amount: mn yen)

Property number	R-1			R-2			R-3			R-4			Total		
Property name	Moto-Azabu Hills			Ark Forest Terrace			Roppongi First Plaza			Roppongi View Tower			Total		
	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference	3 <sup>rd</sup> period	4 <sup>th</sup> period	Difference
Days of operations	184 days	182 days	▲2 days	184 days	182 days	▲2 days	184 days	182 days	▲2 days	184 days	182 days	▲2 days	-	-	-
Occupancy rate	93.2%	91.5%	▲1.7PT	93.8%	89.2%	▲4.6PT	84.9%	90.4%	5.5PT	100.0%	100.0%	0.0PT	96.3%	95.4%	▲0.9PT
Number of tenants	106	104	▲2	37	34	▲3	35	38	3	1	1	0	254	264	10
Acquisition price	27,300			5,300			2,100			4,000			142,720	159,220	16,500
Rental revenue	813	819	5	171	178	6	76	78	1	109	109	-	4,176	4,407	230
Other rental revenue	72	68	▲4	12	10	▲1	0	0	▲0	-	-	-	451	415	▲36
Operating revenue	885	887	1	184	189	5	76	78	1	109	109	-	4,628	4,823	194
Maintenance expense	184	183	▲0	38	38	▲0	13	14	1	6	6	-	644	709	64
Utilities	3	4	0	10	11	0	0	0	▲0	-	-	-	200	186	▲14
Property taxes <sup>(Note1)</sup>	39	41	1	9	9	0	6	6	0	9	9	0	240	242	2
Maintenance and repairs	47	56	9	5	8	2	5	10	5	-	-	-	85	117	32
Insurance premium	4	3	▲0	1	0	▲0	0	0	▲0	0	0	▲0	13	14	0
Depreciation ①	122	122	0	31	31	0	9	9	0	15	15	-	572	602	30
Other property expense	50	50	0	9	9	0	4	4	▲0	0	0	-	173	172	▲0
Property expenses	453	463	9	106	109	2	39	46	7	33	33	▲0	1,929	2,044	114
Operating profit ②	432	424	▲7	77	79	2	37	32	▲5	75	76	0	2,698	2,778	79
NOI ③ (①+②)	554	546	▲7	109	111	2	46	41	▲4	91	91	0	3,270	3,380	110
Annualized NOI ④	1,099	1,096	▲3	216	224	7	92	83	▲8	181	183	2	6,487	6,921	433
④/Acquisition price	4.0%	4.0%	0.0PT	4.1%	4.2%	0.1PT	4.4%	4.0%	▲0.4PT	4.5%	4.6%	0.1PT	4.5%	4.3%	▲0.2PT
Capex ⑤	9	3	▲6	1	2	1	8	18	9	-	-	-	31	42	10
NCF ③-⑤	545	543	▲1	107	109	1	37	23	▲14	91	91	0	3,238	3,338	99

(Note 1) In recording the fixed assets tax, city planning tax, and depreciable assets tax relating to the real estates owned, taxes paid in the 4<sup>th</sup> period out of the tax amounts imposed are calculated as expenses. For the 4<sup>th</sup> period, taxes for 6 months are recorded as expense (excluding Ark Mori Building (pass-through type)).

(Note 2) Difference between 3<sup>rd</sup> and 4<sup>th</sup> period

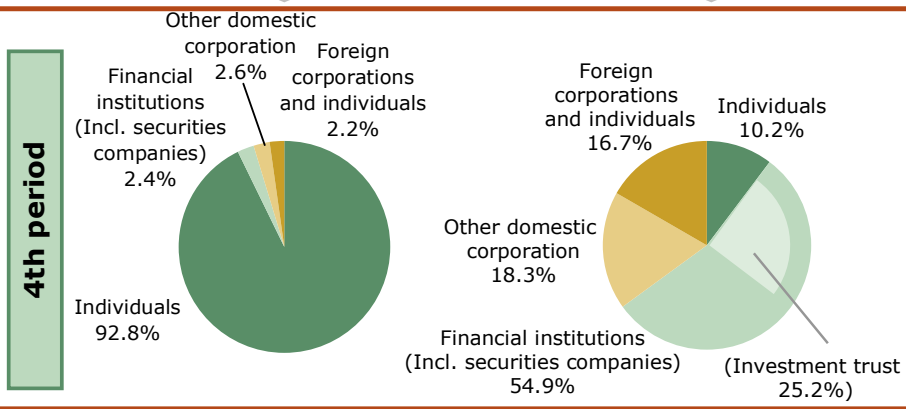
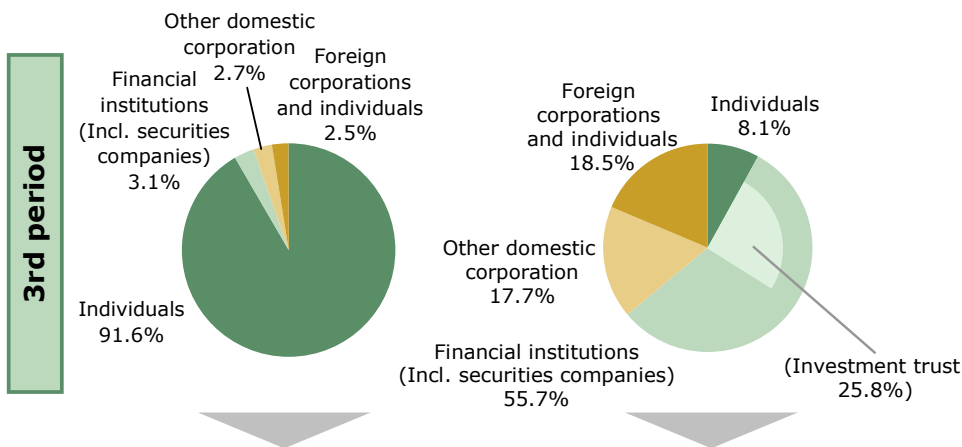
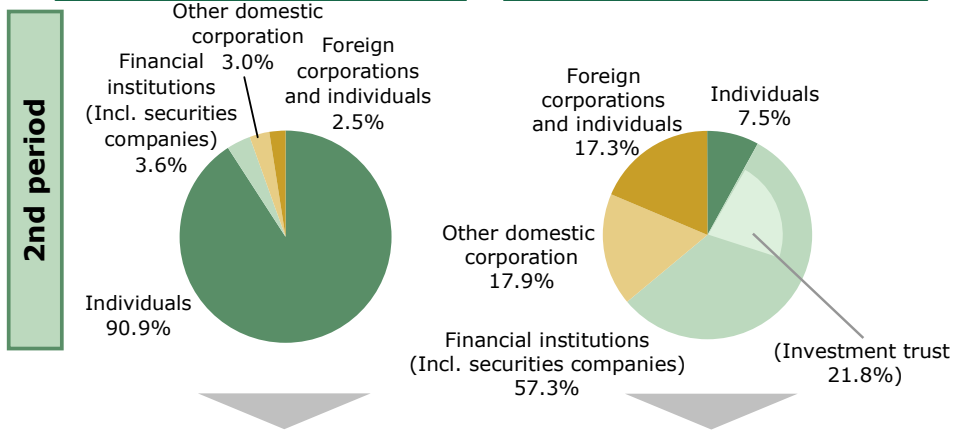


# Unitholder breakdown (As of July 31, 2008)

## Number of unitholders

## Number of investment units

## Unitholder ownership categories



Type of unitholder	Unitholders		Investment units	
	# of unitholder	(%)	# of units	(%)
Individuals	4,817	92.8	13,188	10.2
Financial institutions (Incl. securities companies)	126	2.4	71,278	54.9
Other domestic corporation	133	2.6	23,683	18.3
Foreign corporations and individuals	115	2.2	21,651	16.7
<b>Total</b>	<b>5,191</b>	<b>100.0</b>	<b>129,800</b>	<b>100.0</b>

## Top 10 unitholders

Rank	Name	# of units held	(%)
1	Mori Building Co., Ltd.	19,518	15.0
2	NikkoCiti Trust and Banking Corporation (Investment trust account)	10,129	7.8
3	Trust & Custody Services Bank of Japan, Ltd. (Securities Investment Trust unit)	8,175	6.3
4	The Fuji Fire and Marine Insurance Company, Limit	7,882	6.1
5	Japan Trustee Service Bank (Trust account)	7,064	5.4
6	The Master Trust Bank of Japan, Ltd. (Trust account)	6,543	5.0
7	The bank of New York (Treaty JASDEC account)	3,562	2.7
8	The Norinchukin Bank	3,000	2.3
9	UBS AG (London account IPB segregated client account)	2,549	2.0
10	The Nomura Trust & Banking (Trust account)	2,438	1.9
<b>Top 10 unitholders total</b>		<b>70,860</b>	<b>54.5</b>

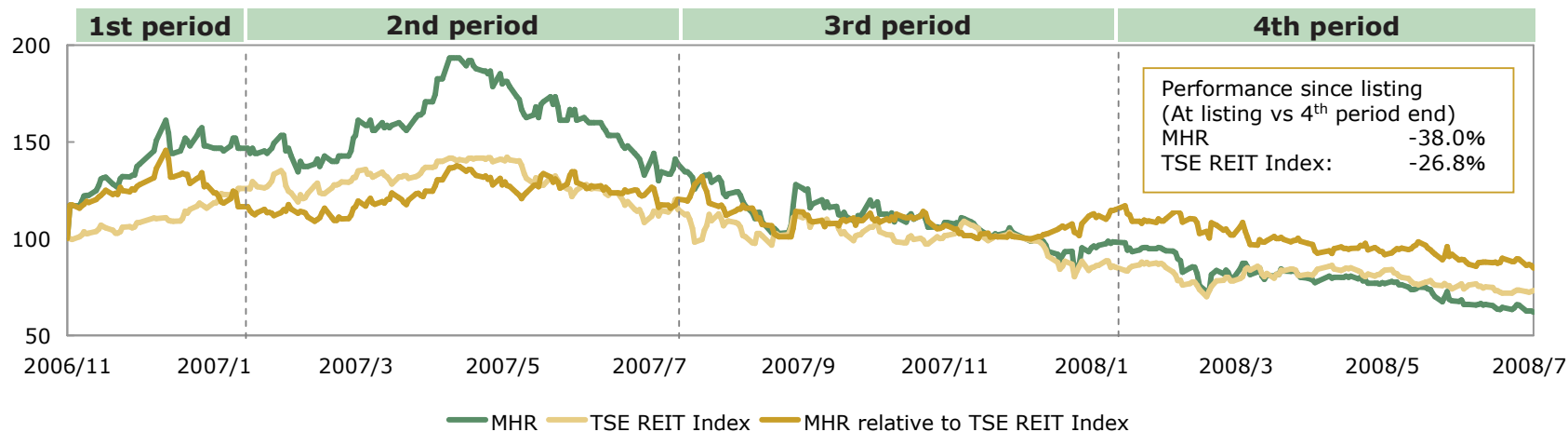
# 6-9 Unit price performance

Since IPO~End of 4th period (Jul. 31, 2008)



Source: Bloomberg

Relative price performance (Since IPO~End of 4th period (Jul. 31, 2008))



Source: Bloomberg

(Note) Rebased to 100 as per IPO price

## 7. Portfolio overview





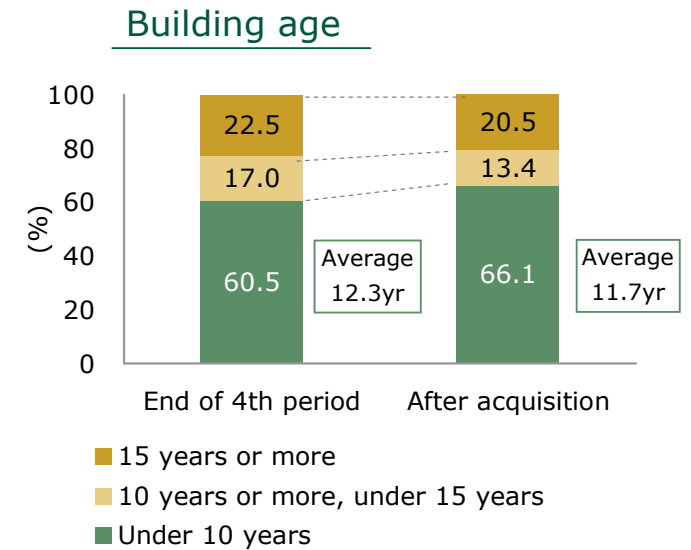
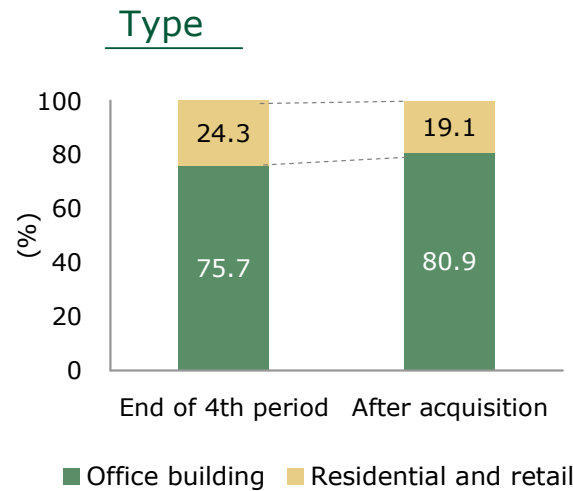
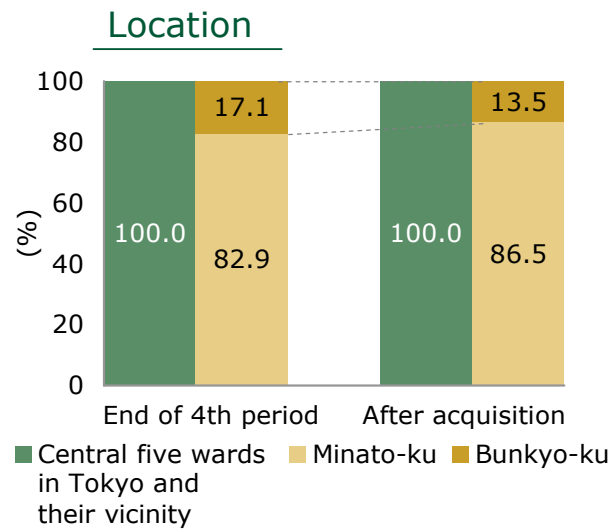
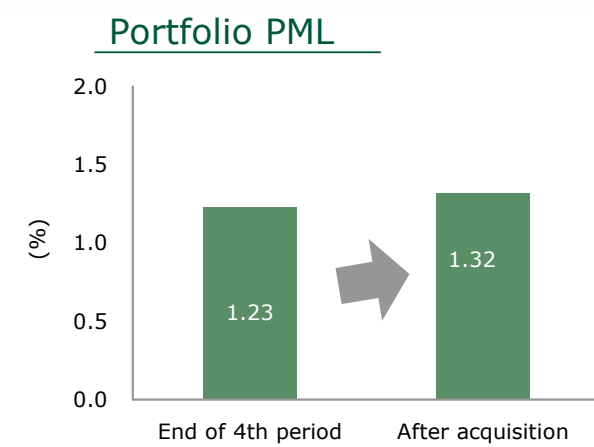
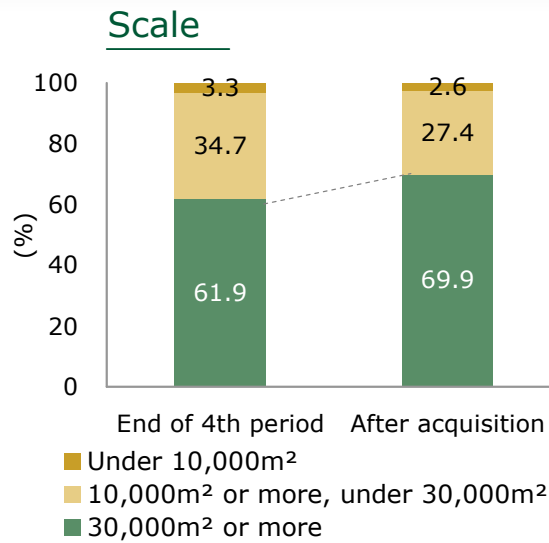
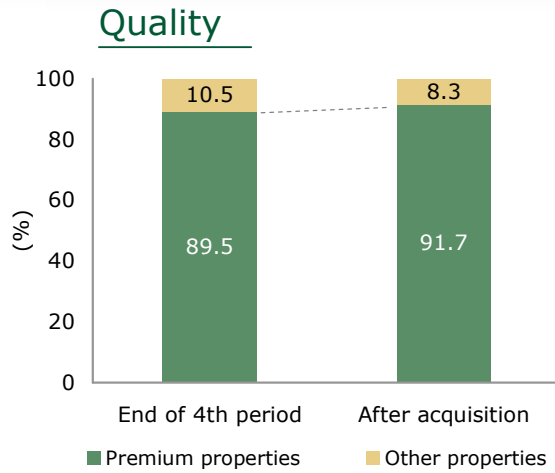
# 7-2 Portfolio overview (As of Jul.31, 2008)

Type	Office building		Office building	Office building	Office building	Office building	Residential			Residential	Residential	Residential	
Premium	Premium		Premium	Premium	Premium	-	Premium			Premium	Premium	-	
Property name	Ark Mori Building		Roppongi Hills Gate Tower	Roppongi First Building	Koraku Mori Building	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Moto-Azabu Hills			Ark Forest Terrace	Roppongi First Plaza	Roppongi View Tower	
	(Fixed)	(pass-through)					Forest Tower	Forest Terrace East	Forest Terrace West				
	O-1-1	O-1-2	O-2	O-3	O-4		O-5	R-1			R-2	R-3	R-4
													
Location	Akasaka, Minato-ku, Tokyo		Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo			Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		
Completion	Mar.1986 (large-scale renovation in 2005)		Oct. 2001	Oct. 1993	Mar. 2000	Aug.1981 (large-scale renovation in 2001)	May. 2002		Sep. 2002	Jan. 2001	Oct. 1993		
Building age	22.4 years		6.8 years	14.8 years	8.4 years	27.0 years	6.3 years		5.9 years	7.6 years	14.8 years		
Number of stories	37 above ground, 4 below		15 above ground, 2 below	20 above ground, 4 below	19 above ground, 6 below	9 above ground, 1 below	29 above ground, 3 below	6 above ground, 1 below	5 above ground, 1 below	11 above ground, 2 below	20 above ground, 1 below		
Gross floor area	c. 177,486m <sup>2</sup>		c. 29,111m <sup>2</sup>	c. 45,753m <sup>2</sup>	c. 46,154m <sup>2</sup>	c. 10,299m <sup>2</sup>	c. 54,006m <sup>2</sup>			c. 9,125m <sup>2</sup>	c. 22,906m <sup>2</sup>		
Ownership	Land	Ownership (1.3%)	Ownership (1.9%)	Ownership (100%)	Co-ownership (46%)	Leased land	Ownership (89.5%)	Ownership (56%)			Ownership (100%)	Ownership (47%)	Co-ownership
	Building	Compartmentalized ownership (1.8%)	Compartmentalized ownership (2.7%)	Compartmentalized ownership (100%)	Co-ownership (46%)	Co-ownership of trust beneficiary interests 80%	Compartmentalized ownership (91.1%)	Compartmentalized ownership (64.5%)			Compartmentalized ownership (100%)	Compartmentalized ownership (46.4%)	Co-ownership of compartmentalized Title (46%)
PML	0.38%		1.29%	2.07%	0.42%	6.90%	1.16%	1.72%	5.78%	1.60%	3.53%		
Earthquake-resistant feature	-		Seismic Damping	-	Seismic Damping	-	Seismic Isolators	Seismic Isolators	-	Seismic Isolators	-		
Occupancy rate (as of Jul.31,2008)	100.0%	94.3%	99.0%	96.7%	94.3%	100.0%	91.5%			89.2%	90.4%	100.0%	
Acquisition price (Yen mn)	6,600	16,500	36,500	21,000	27,200	12,720	27,300			5,300	2,100	4,000	

(Note) MHR plans to conclude a purchase agreement and take control of Akasaka Tameike Tower and an additional stake in the Ark Mori Bldg (pass-through) on September. 30, 2008, and transfer a portion of Moto-Azabu Hills at a price of 423 million yen. The acquisition price will be 42,700mn yen. After the acquisition and transfer, MHR's portfolio value (acquisition price basis) will total 201,654 million yen

**Total acquisition price 159,220 mn yen**

# 7-3 Portfolio competitiveness



(Note) The second decimal place is rounded off

(Note) Data as of term-end is used for "End of 3rd period" and "End of 4th period". Figures for "After additional acquisition" are based on data regarding the additional acquisition of Ark Mori Building (pass-through type) and Akasaka Tameike Tower and the partial transfer of Moto-Azabu Hills. Furthermore, the figures for "After additional acquisition" under "Dispersion by age of building" are, from a comparative perspective, based on data that presumes the implementation of acquisitions and transfer at the end of 4th period.

# 7-4 Tenant status (As of July 31, 2008)

## Top 10 tenants

Tenant	Property name	Leased space (m <sup>2</sup> )	% of total space
Japan Racing Association	Roppongi Hills Gate Tower	9,821.62	11.2
OMRON Corporation	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	6,720.34	7.7
Urban Renaissance Agency	Roppongi View Tower	6,344.84	7.3
Nippon Ericsson K.K.	Koraku Mori Building	3,616.76	4.1
Mori Building Co., Ltd.	Ark Mori Building (fixed), Koraku Mori Building, Moto-Azabu Hills	3,072.52	3.5
Mercedes-Benz Japan Co., Ltd.	Roppongi First Building	2,965.03	3.4
McKinsey & Company, Inc Japan	Roppongi First Building	2,344.21	2.7
AstraZeneca K.K.	Koraku Mori Building	2,245.06	2.6
Itochu Techno-solutions Corporation	Koraku Mori Building	2,116.88	2.4
Regus Japan	Ark Mori Building (pass-through)	2,004.91	2.3
<b>Total</b>		<b>41,252.17</b>	<b>47.2</b>

## Breakdown of office tenants

(Amount: mn yen)

	Domestic companies	Foreign affiliated companies	Total
Manufacturing	73	108	181
	14.6%	21.7%	36.3%
	2 tenants	7 tenants	9 tenants
Non-manufacturing	114	65	179
	22.9%	13.1%	36.0%
	15 tenants	10 tenants	25 tenants
Public institution	138	0	138
	27.7%	0.0%	27.7%
	3 tenants	0 tenant	3 tenants
<b>Total</b>	<b>325</b>	<b>173</b>	<b>498</b>
	<b>65.2%</b>	<b>34.8%</b>	<b>100.0%</b>
	<b>20 tenants</b>	<b>17 tenants</b>	<b>37 tenants</b>

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

## Breakdown of residential tenants

(Amount: mn yen)

	Tenant nationality		Total
	Japanese	Foreign	
Corporate	64	103	167
	32.2%	51.6%	83.8%
	75 tenants	104 tenants	179 tenants
Individual	26	6	32
	13.2%	3.0%	16.2%
	28 tenants	7 tenants	35 tenants
<b>Total</b>	<b>90</b>	<b>109</b>	<b>199</b>
	<b>45.4%</b>	<b>54.6%</b>	<b>100.0%</b>
	<b>103 tenants</b>	<b>111 tenants</b>	<b>214 tenants</b>

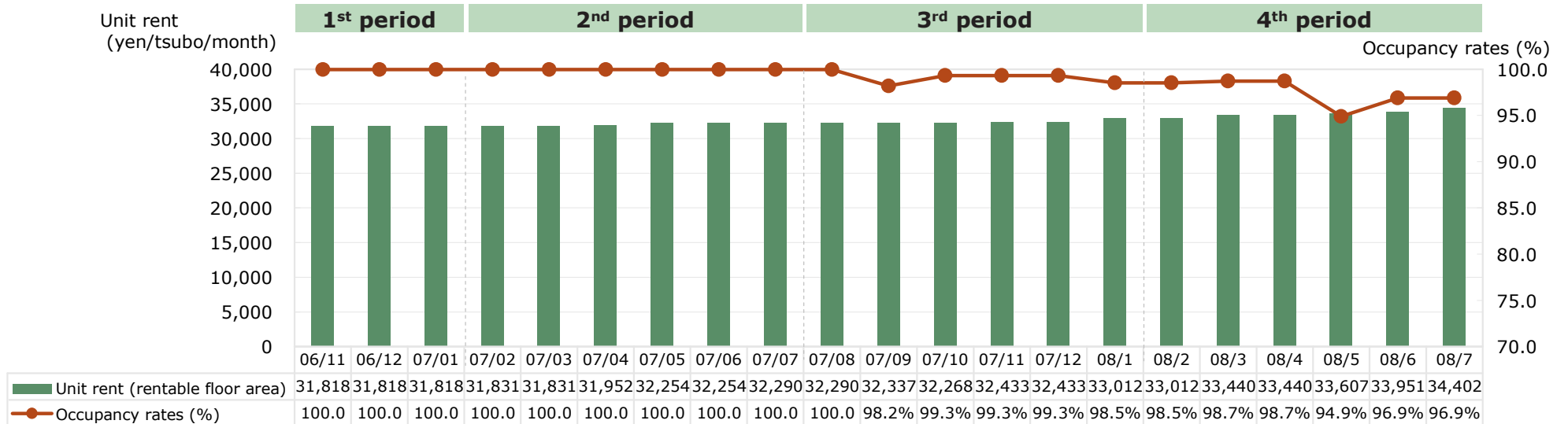
Upper row: Monthly rent  
Middle row: Percentage of total tenants  
Lower row: Number of tenants

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

# 7-5 Historical occupancy rates



## Office tenants



## Residential tenants

