

For Translation Purposes Only

## FINANCIAL REPORT FOR THE NINETEENTH FISCAL PERIOD ENDED JANUARY 31, 2016

March 15, 2016

Name of issuer :	Mori Hills REIT Investment Corporation
Stock exchange listing :	Tokyo Stock Exchange
Securities code :	3234
Website :	<a href="http://www.mori-hills-reit.co.jp/en">http://www.mori-hills-reit.co.jp/en</a>
Representative of the investment corporation :	Hideyuki Isobe, Executive Director
Name of asset manager :	Mori Building Investment Management Co., Ltd.
Representative of the asset manager :	Hideyuki Isobe, President & CEO
Contact :	Ryosuke Kanazawa, General Manager of Planning Department TEL: +81-3-6234-3234
Scheduled date for filing of securities report :	April 27, 2016
Scheduled date for dividends payment :	April 15, 2016
Supplementary materials for financial results :	Otherwise prepared
Analyst meeting :	Scheduled

### 1. PERFORMANCE FOR THE NINETEENTH FISCAL PERIOD ENDED JANUARY 31, 2016 (August 1, 2015 – January 31, 2016)

#### (1) Business Results

(Millions of yen except Net Income per Unit; Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Nineteenth Fiscal Period	¥6,748	3.6%	¥4,566	3.1%	¥3,928	5.7%	¥3,927	5.7%
Eighteenth Fiscal Period	¥6,516	0.1%	¥4,428	(0.1%)	¥3,716	2.7%	¥3,716	2.8%

  

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Nineteenth Fiscal Period	¥2,502	2.5%	1.3%	58.2%
Eighteenth Fiscal Period	¥2,367	2.4%	1.3%	57.0%

#### (2) Dividends

	Dividends per Unit (excluding dividends in excess of earnings)	Total Dividends (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Nineteenth Fiscal Period	¥2,502	¥3,928 million	¥0	¥0 million	100.0%	2.5%
Eighteenth Fiscal Period	¥2,367	¥3,716 million	¥0	¥0 million	100.0%	2.4%

(Note) Dividend Payout Ratio is calculated by using the formula below and is rounded down to one decimal place.  
Dividend Payout Ratio = [Total Dividends ÷ Net Income] × 100

### (3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
Nineteenth Fiscal Period	¥298,450 million	¥154,452 million	51.8%	¥98,374
Eighteenth Fiscal Period	¥295,332 million	¥154,240 million	52.2%	¥98,239

### (4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of the Period
Nineteenth Fiscal Period	¥4,400 million	(¥11,751 million)	(¥1,244 million)	¥9,439 million
Eighteenth Fiscal Period	¥5,139 million	(¥133 million)	(¥3,646 million)	¥18,034 million

## 2. FORECAST OF RESULTS FOR THE TWENTIETH FISCAL PERIOD ENDING JULY 31, 2016 (February 1, 2016 – July 31, 2016) AND THE TWENTY-FIRST FISCAL PERIOD ENDING JANUARY 31, 2017 (August 1, 2016 – January 31, 2017)

(Millions of yen except Dividends per Unit and Dividends in Excess of Earnings per Unit; Percentage change represents a period-on-period comparison)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Amount	Percentage change	Amount	Percentage change	Amount	Percentage change	Amount	Percentage change
Twentieth Fiscal Period	¥7,757	15.0%	¥5,114	12.0%	¥4,412	12.3%	¥4,411	12.3%
Twenty-first Fiscal Period	¥8,193	5.6%	¥5,226	2.2%	¥4,500	2.0%	¥4,499	2.0%

	Dividends per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Twentieth Fiscal Period	¥2,520	¥0
Twenty-first Fiscal Period	¥2,570	¥0

(Reference) Estimated net income per unit for the twentieth fiscal period: ¥2,520  
Estimated net income per unit for the twenty-first fiscal period: ¥2,570

\*OTHER

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

- (a) Changes in accounting policies in accordance with amendments to accounting standards, etc.: None
- (b) Changes in accounting policies other than (a): None
- (c) Changes in accounting estimates: None
- (d) Corrections of errors: None

(2) Number of Units Issued and Outstanding

(a) Number of units issued and outstanding at end of the period (including own units)

Nineteenth fiscal period:	1,570,040 units	Eighteenth fiscal period:	1,570,040 units
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(b) Number of own units at end of the period

Nineteenth fiscal period:	0 units	Eighteenth fiscal period:	0 units
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(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Per unit Information” on page 34.

\* Presentation of the status of implementation of audit procedures

At the time of disclosure of the original Japanese language Financial Release (*Kessan-Tanshin*), from which this document is translated, audit procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) have not been completed.

\* Explanation on the appropriate use of the forecast of results, and other matters of special note

The forecast of results and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Mori Hills REIT Investment Corporation (the “Company”). Accordingly, actual results, etc. may differ materially due to a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts. For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Twentieth Fiscal Period Ending July 31, 2016 (February 1, 2016 – July 31, 2016) and the Twenty-First Fiscal Period Ending January 31, 2017 (August 1, 2016 – January 31, 2017)” presented on pages 13 to 15.

## 1. AFFILIATED CORPORATIONS OF THE INVESTMENT CORPORATION

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” in the most recent securities report (submitted on October 29, 2015).

## 2. MANAGEMENT POLICY AND MANAGEMENT STATUS

### (1) Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” in the most recent securities report (submitted on October 29, 2015).

### (2) Management Status

#### (a) Overview of the Fiscal Period

##### a) Brief Background of the Investment Corporation

The Company was incorporated by Mori Building Investment Management Co., Ltd. (the Company’s Asset Manager) on February 2, 2006 under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the “Investment Trust Act”), and was listed on the Real Estate Investment Trust Section of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on November 30, 2006 (Securities Code: 3234).

In the fiscal period under review (nineteenth fiscal period: August 1, 2015 to January 31, 2016), As of the end of the nineteenth fiscal period, the total number of investment units issued and outstanding was 1,570,040.

##### b) Investment Environment and Business Performance

###### (i) Investment Environment

In the nineteenth fiscal period, the Japanese economy continued to moderately recover with steady corporate earnings due to the continuing weak yen, the drop in crude oil prices and low interest rates, as well as the improvements in employment and income environments. This recovery continued despite unstable moves in capital markets against the backdrop of the slowdown in emerging economies, the drop in crude oil prices, a shift in U.S. monetary policies and other factors.

Within this economic environment, the rental office building market continued its ongoing improvement in supply-demand balance. The improvement was largely due to the ongoing demand for expansion and relocation driven by strong corporate earnings in addition to the limited supply of large-scale buildings in central Tokyo. In the luxury rental housing market, vacancy rates continued to improve and rent levels remained solid while the volume of new supply remains at a stable level and steady demand driven by improvement in business sentiment continues. In the real estate trading market, despite the increasingly competitive property acquisition environment, transaction amounts remained at a high level backed by the strong investment appetite from investors inside and outside Japan as the favorable fund procurement environment continued.

###### (ii) Business Performance

In the nineteenth fiscal period, the Company strove to maintain and enhance tenant satisfaction through measures such as efficient and systematic operational management and maintenance and repair of properties in its portfolio by better understanding tenant needs. Moreover, the Company maintained and enhanced occupancy rates and rents by proactively launching leasing activities targeting new and existing tenants while foreseeing trends in rental market conditions.

The Company’s real estate portfolio, as of the end of the nineteenth fiscal period, was comprised of 10 properties (Note 1) under management with a total leasable area of 136,463.95m<sup>2</sup>. The Company has already invested 293,756 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the nineteenth fiscal period (Note 2) was 98.3%.

(Note 1) With regard to Roppongi View Tower, the Company acquired the trust beneficiary interest in 6% co-ownership interest on March 22, 2006 and the trust beneficiary interest in 40% co-ownership interest on April 13, 2006. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. On April 1, 2014, a split of co-owned property by the method of division in kind was conducted, resulting in the trust beneficiary interest in 6% co-ownership interest becoming trust beneficiary interest in compartmentalized ownership for 12 units and the trust beneficiary interest in 40% co-ownership interest becoming trust beneficiary interest in compartmentalized ownership for 80 units. The same applies hereafter.

With regard to ARK Mori Building, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) Trust beneficiary interest in compartmentalized ownership for the 13th floor portion on March 22, 2006.
- ii) 75% trust beneficiary interest quasi co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on March 28, 2008.
- iii) The remaining 25% trust beneficiary interest quasi co-ownership interest in compartmentalized ownership for the 12th and 22nd floor portions on September 30, 2008.
- iv) 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion on March 23, 2010. On March 18, 2011, the co-ownership interest was subsequently entrusted and the Company has held trust beneficiary interest therein.
- v) Trust beneficiary interest in the remaining 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion and compartmentalized ownership for the 25th floor portion on March 18, 2011.
- vi) Trust beneficiary interest in compartmentalized ownership for the 4th, 15th and 24th floor portions on August 1, 2011.
- vii) Trust beneficiary interest in compartmentalized ownership for the area used as district heating and cooling on the 1st floor and below ground 1st to 4th floor portions on April 1, 2013.

With regard to Akasaka Tameike Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) Trust beneficiary interest in the office and shop areas (including portion of the storage areas, parking lots, etc.) (approximately 35.5% of total exclusive floor area) on September 30, 2008.
- ii) Trust beneficiary interest in the residential area (including portion of the parking lots, etc.) (approximately 30.0% of total exclusive floor area) on March 18, 2011.

With regard to Roppongi Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on March 23, 2010. On August 1, 2011, the co-ownership interest was subsequently entrusted and the Company has held trust beneficiary interest therein.
- ii) Trust beneficiary interest in compartmentalized ownership for the 23rd floor portion and the remaining 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on August 1, 2011.
- iii) Trust beneficiary interest in compartmentalized ownership for the 19th and 22nd floor portions on October 1, 2013.
- iv) Trust beneficiary interest in compartmentalized ownership for the 20th floor portion on August 1, 2014.
- v) Trust beneficiary interest in compartmentalized ownership for the 28th floor portion on September 16, 2015.

With regard to Atago Green Hills, the Company made acquisitions as follows to date. However, the Company treats these as one property for purpose of calculating the number of properties in the portfolio. The same applies hereafter.

- i) 45% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 20.0% of total exclusive floor area) on May 1, 2012.

- ii) 29% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 12.9% of total exclusive floor area) on April 1, 2013.

(Note 2) The occupancy rate at the end of the fiscal period is calculated by dividing the aggregate of the total leased area for all properties at the end of the fiscal period by the aggregate of the total leasable area for all properties at the end of the fiscal period, which is rounded off to one decimal place.

#### c) Overview of Fund Procurement

During the nineteenth fiscal period, the Company took out long-term loans payable in the amount of 2,500 million yen to be used as funds for the acquisition of new properties, and took out long-term loans payable in the amount of 15,500 million yen and issued investment corporation bonds in the amount of 5,000 million yen for the refinancing of existing long-term loans payable in the amount of 15,500 million yen and redemption of investment corporation bonds in the amount of 5,000 million yen.

As a result, as of the end of the nineteenth fiscal period, a) the balance of loans payable stands at 108,700 million yen (all of these are long-term loans payable (of which, the current portion of long-term loans payable is 3,500 million yen)), b) the balance of investment corporation bonds stands at 24,000 million yen, and c) the balance of interest-bearing debt stands at 132,700 million yen.

Of the debt, in addition to the 24,000 million yen in investment corporation bonds and 1,700 million yen in long-term loans payable that have fixed interest rates, the Company utilizes interest rate swaps to in effect convert the interest rates for loans payable that have floating interest rates into fixed interest rates in order to hedge against the risk of upward fluctuations in interest rates. Such measures have been taken for 67,978 million yen of the 107,000 million yen in long-term loans payable that have such floating interest rates (the ratio of fixed rate debt against total interest-bearing debt as of the end of the nineteenth fiscal period is 70.6%). With respect to future debt, the Company will strive to minimize refinancing risks by diversifying repayment dates for such debt.

As of the end of the nineteenth fiscal period, the Company has obtained an AA- long-term issuer rating (rating outlook: stable) from Japan Credit Rating Agency, Ltd.

(Note) Short-term loans payable are loans payable with a term of one year or less (from the drawdown date to the repayment date) and long-term loans payable are loans payable with a term of over one year (from the drawdown date to the repayment date). The same applies hereafter.

#### d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording in the nineteenth fiscal period 6,748 million yen in operating revenue, 4,566 million yen in operating income, 3,928 million yen in ordinary income and 3,927 million yen in net income.

With regard to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended), the Company decided to pay out the entire amount of unappropriated retained earnings, excluding fractions of the dividend per unit that are less than 1 yen, and declared a dividend per unit of 2,502 yen.

#### (b) Outlook for the Next Fiscal Period

##### a) Future Management Policy

Pursuant to the Company's investment policy, the Company will seek to grow and increasingly enhance the profitability and value of assets under management by focusing on the competitiveness and the ability to create value attributable to "urban" areas (central Tokyo being the core area) and concentrating investment into "urban" areas. Specifically, the Company will seek to develop an urban portfolio centered on office buildings, residential properties, and retail and other facilities with competitive advantages in terms of quality, scale, and other specifications that can maintain a strong competitive position into the future and that are situated in "Premium Areas" ("Premium Properties" (Note)). The quintessential example is the

“Hills” brand of large redevelopment properties exhibiting high creativity and added-value in a manner that has been developed and perfected over the years by the Mori Building Group.

With respect to the management of properties in the portfolio, the Company will seek to ensure stable revenue over the medium to long term and maintain and enhance the asset value of its portfolio by adopting the basic policy of enhancing tenant satisfaction and conducting rational, efficient and systematic asset management and administration.

In addition, the Company will continue to seek to maximize investor value through conducting dividend-oriented management, by progressively achieving steady internal growth with a close watch on rental market trends while actively pursuing external growth utilizing Mori Building Groups’ property pipeline.

(Note) Premium Properties refer to properties with competitive advantages in terms of quality, scale, and other specifications that can maintain a superior competitive position into the future and that are situated in “Premium Areas” (Tokyo’s five central wards (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward and Shibuya Ward) and their vicinity; the same applies hereafter), where the Mori Building Group (Mori Building Co., Ltd., Mori Building Co., Ltd.’s consolidated subsidiaries and equity-method affiliates of Mori Building Co., Ltd., that conduct business in Japan; the same applies hereafter) can fully demonstrate its brand/marketing strength and facilities management capabilities, etc.

#### b) Significant Subsequent Events

##### Issuance of New Investment Units

The issuance of new investment units was resolved at the Company’s Board of Directors Meetings held on January 6, 2016 and January 20, 2016. Furthermore, the cash contribution to new investment units through public offering was completed on February 1, 2016 and the cash contribution to new investment units through third-party allotment was completed on February 24, 2016.

As a result, unitholders’ capital is 174,231,870,570 yen, with the number of investment units issued and outstanding is 1,750,640 units as of February 24, 2016.

- i) Issuance of New Investment Units through Japanese Offering and International Offering (however, in the United States, only to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933)

Number of new investment units issued	:	Japanese Primary Offering	90,791 units
	:	International Offering	81,209 units
Issue price (offer price)	:	136,334 yen per unit	
Total amount of issue price (offer price)	:	23,449,448,000 yen	
Amount contributed in (issued value)	:	131,859 yen per unit	
Total amount contributed in (issued value)	:	22,679,748,000 yen	
Contribution date	:	February 1, 2016	
Initial date of dividends calculation	:	February 1, 2016	

- ii) Issuance of New Investment Units through Third-Party Allotment

Number of new investment units issued	:	8,600 units
Amount contributed in (issued value)	:	131,859 yen per unit
Total amount contributed in (issued value)	:	1,133,987,400 yen
Contribution date	:	February 24, 2016
Initial date of dividends calculation	:	February 1, 2016
Allottee	:	Mizuho Securities Co., Ltd.

- iii) Use of Funds

The funds procured through issuance of new investment units through the above public offering were used as the funds for the acquisition of an asset (Roppongi Hills Mori Tower: 1 floor) acquired on February 1, 2016 and acquisition-related costs. The remaining funds together with the funds provided through the

above third-party allotment will be used as part of funds for the acquisition of an asset (Roppongi Hills Mori Tower: 3 floors) to be acquired on April 1, 2016 and acquisition-related costs.

(Reference Information)

(i) Asset acquisition and Lease

The Company resolved at its Board of Directors' Meeting held on January 6, 2016 to conduct an additional acquisition at Roppongi Hills Mori Tower.

The seller Mori Building Co., Ltd. constitutes an interested party, etc. of the Company's Asset Manager, and the transaction constitutes a transaction with an interested party, etc. as defined in the Investment Trust Act. Accordingly, to comply with applicable laws and regulations and with the asset management agreement, as well as to prevent the interests of the Company from being negatively impacted with respect to the acquisition price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.

i) Overview of Acquisition and Lease

Property name	Roppongi Hills Mori Tower	
(Anticipated) Asset acquisition	Trust beneficial interests (Note 1)	Trust beneficial interests (Note 2)
(Anticipated) Acquisition price	11,200 million yen (Note 3)	34,900 million yen (Note 3)
Appraisal value	12,800 million yen	39,900 million yen
Sales agreement date	January 6, 2016	
Acquisition date	February 1, 2016	April 1, 2016 (anticipated)
Seller	Mori Building Co., Ltd.	
Acquisition financing	Funds procured through the issuance of new investment units	Funds procured through the issuance of new investment units, borrowings and cash on hand (anticipated)
Lessee	Mori Building Co., Ltd. (Note 4)	

(Note 1) The Company plans to acquire the trust beneficial interests in compartmentalized ownership of the 25th floor and the co-ownership interest in the land use rights. (Hereafter the "Asset acquisition on February 1, 2016.")

(Note 2) The Company plans to acquire the trust beneficial interests in compartmentalized ownership of the 26th, 27th and 29th floors and the co-ownership interest in the land use rights. (Hereafter the "Anticipated asset acquisition on April 1, 2016.")

(Note 3) The indicated (Anticipated) Acquisition price does not include acquisition-related costs, consumption taxes and other expenses.

(Note 4) Please see "ii) Details of the (Anticipated) Asset acquisition and Lease" for leasing terms and conditions, and other details.

ii) Details of the (Anticipated) Asset acquisition and Lease

Asset acquisition on February 1, 2016

Details of the Asset acquisition		
Property name		Roppongi Hills Mori Tower
Type of specified asset		Trust beneficial interests (25th floor)
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust establishment period		From February 1, 2016 to January 31, 2031
Location (Residential indication)		6-10-1 Roppongi, Minato-ku, Tokyo
Use		Offices, Shops, Museum
Area (Note 1)	Land	57,177.66m <sup>2</sup>
	Building	442,150.70m <sup>2</sup>
Structure		Steel-framed and steel-framed reinforced concrete structure with flat roof, 54 floors above ground and 6 floors below ground
Construction completion		April 2003
Designers		Mori Building Co., Ltd., first class architect office Irie Miyake Architects & Engineers
Contractors		A consortium of Obayashi Corporation and Kajima Corporation
Building verification agency		Tokyo Metropolitan Government
Form of Ownership	Land	Ownership (Note 2)
	Building	Compartmentalized ownership (Note 3)
Acquisition price		11,200 million yen
Acquisition date		February 1, 2016
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	12,800 million yen (Appraisal date: November 1, 2015)
PML (Note 4)		0.59%
Collateral		None
Property manager		Mori Building Co., Ltd.
Content of lease		
Lessee (Note 5)		Mori Building Co., Ltd.
Type of agreement		Regular building lease agreement
Term of agreement		From February 1, 2016 to January 31, 2021
Gross rent income (annual rent)		550,736,664 yen
Deposits/Guarantees		458,947,220 yen
Total leasable floor area (Note 6)		4,156.66m <sup>2</sup>
Total leased floor area (Note 7)		4,156.66m <sup>2</sup>
Other special consideration		None

(Note 1) Area (land) is the area of the entire site, and Area (building) is the total floor area of the entire building, as indicated in the real estate registry. The same shall apply hereafter.

(Note 2) As for land, land use rights for the property are established. The site area corresponding to the trust beneficial interests that the Company plans to acquire (25th floor) equivalent to the ratio of interest in the building is approximately 968.34m<sup>2</sup> (approximately 1.7%).

(Note 3) The exclusive floor area corresponding to the trust beneficial interests that the Company plans to acquire (25th floor) as indicated in the real estate registry is 4,098.62m<sup>2</sup> (approximately 1.3%).

(Note 4) PML is the probable maximum loss that a property will experience over the next 50 years (useful life for buildings in general), due to a large-scale earthquake (event of a scale expected to occur with a 10% probability in the next 50 years). This PML is typically the estimated total cost associated with restoring a property damaged in connection with such an earthquake event to its condition prior to that event, expressed as a percentage of the replacement cost associated with that property. Such estimated total cost includes direct damages from earthquakes taking into account factors such as historical frequencies

and magnitudes of earthquake events, building construction, site soils and site distances to known fault lines, however does not include estimates for secondary damage from items such as fires after earthquake events. PML figures are reported from Sompo Japan Nipponkoa Risk Management Inc. as of November 13, 2015.

(Note 5) With regard to the property, the Company will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant in the Acquisition.

(Note 6) Total leasable floor area is the floor area deemed leasable to end tenants. The same shall apply hereafter.

(Note 7) Total leased floor area is the floor area being leased to end tenants as set out in the lease agreement. Moreover, total leasable floor area and total leased floor area exclude storage, parking lots, mechanical rooms, etc. The same shall apply hereafter.

Anticipated asset acquisition on April 1, 2016

Details of the Asset acquisition		
Property name		Roppongi Hills Mori Tower
Type of specified asset		Trust beneficial interests (26th, 27th and 29th floors)
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment period		From April 1, 2016 to March 31, 2036 (anticipated)
Location (Residential indication)		6-10-1 Roppongi, Minato-ku, Tokyo
Use		Offices, Shops, Museum
Area	Land	57,177.66m <sup>2</sup>
	Building	442,150.70m <sup>2</sup>
Structure		Steel-framed and steel-framed reinforced concrete structure with flat roof, 54 floors above ground and 6 floors below ground
Construction completion		April 2003
Designers		Mori Building Co., Ltd., first class architect office Irie Miyake Architects & Engineers
Contractors		A consortium of Obayashi Corporation and Kajima Corporation
Building verification agency		Tokyo Metropolitan Government
Form of Ownership	Land	Ownership (Note 1)
	Building	Compartmentalized ownership (Note 2)
Anticipated acquisition price		34,900 million yen
Acquisition date		April 1, 2016 (anticipated)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	39,900 million yen (Appraisal date: November 1, 2015)
PML		0.59%
Collateral		None
Property manager		Mori Building Co., Ltd.
Content of lease		
Lessee (Note 3)		Mori Building Co., Ltd.
Type of agreement		Regular building lease agreement
Term of agreement		From April 1, 2016 to March 31, 2021 (anticipated)
Gross rent income (annual rent)		1,714,835,088 yen
Deposits/Guarantees		1,429,029,240 yen
Total leasable floor area		12,942.64m <sup>2</sup>
Total leased floor area		12,942.64m <sup>2</sup>
Other special consideration		None

(Note 1) As for land, land use rights for the property are established. The site area corresponding to the trust beneficial interests that the Company plans to acquire (26th, 27th and 29th floors) equivalent to the ratio of interest in the building is approximately 3,082.17m<sup>2</sup> (approximately 5.4%). The site area equivalent to the ratio of interest in the building in the trust beneficial interests that the Company will own following the acquisition of the asset on February 1, 2016 and the anticipated acquisition of the asset on April 1, 2016 is scheduled to be about 10,117.93m<sup>2</sup> (approximately 17.7%).

(Note 2) The exclusive floor area corresponding to the trust beneficial interests that the Company plans to acquire (26th, 27th and 29th floors) as indicated in the real estate registry is 12,917.81m<sup>2</sup> (approximately 4.1%). Moreover, exclusive floor area corresponding to the trust beneficial interests that the Company is to own following the acquisition of the asset on February 1, 2016 and the anticipated acquisition of the asset on April 1, 2016, as indicated in the real estate registry, is 42,922.24m<sup>2</sup> (approximately 13.6%).

(Note 3) With regard to the property, the Company will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant in the Acquisition.

(ii) Borrowing of Funds

The Company resolved the following at its Board of Directors' Meeting held on March 15, 2016, with regard to agreements on borrowings to be used as part of the funds for acquisition of the asset (part of Roppongi Hills Mori Tower) and refinancing of 1,000 million yen and 500 million yen in long-term loans payable due March 31, 2016.

i) Long-term loans payable (maturity of 7 years)

Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Norinchukin Bank, Resona Bank, Limited., Shinsei Bank, Limited, The Hiroshima Bank, Ltd., Mizuho Trust & Banking Co., Ltd.
Borrowing amount	: 7,500 million yen
Interest rate	: Base Interest Rate(1-month JBA Japanese Yen TIBOR)+0.20%
Drawdown date	: March 31, 2016
Principal repayment date	: March 31, 2023 (Note)
Method of repayment	: To be repaid in full on the principal repayment date.
Collateral	: Unsecured/Unguaranteed

ii) Long-term loans payable (maturity of 8 years)

Lender	: Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd.
Borrowing amount	: 7,100 million yen
Interest rate	: Base Interest Rate(1-month JBA Japanese Yen TIBOR)+0.25%
Drawdown date	: March 31, 2016
Principal repayment date	: March 31, 2024 (Note)
Method of repayment	: To be repaid in full on the principal repayment date.
Collateral	: Unsecured/Unguaranteed

iii) Long-term loans payable (maturity of 9 years)

Lender	: Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
Borrowing amount	: 7,200 million yen
Interest rate	: Base Interest Rate(1-month JBA Japanese Yen TIBOR)+0.25%
Drawdown date	: March 31, 2016
Principal repayment date	: March 31, 2025 (Note)
Method of repayment	: To be repaid in full on the principal repayment date.
Collateral	: Unsecured/Unguaranteed

iv) Long-term loans payable (maturity of 6.5 years)

Lender (anticipated)	: Shinkin Central Bank
Borrowing amount	: 1,000 million yen
Interest rate	: Undecided (Fixed-rate)
Scheduled drawdown date	: March 31, 2016
Principal repayment date	: September 30, 2022 (Note)
Method of repayment	: To be repaid in full on the principal repayment date.
Collateral	: Unsecured/Unguaranteed

(Note) However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.

c) Outlook of Business Results

The Company expects the following business results for the twentieth fiscal period (February 1, 2016 to July 31, 2016) and the twenty-first fiscal period (August 1, 2016 to January 31, 2017). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Twentieth Fiscal Period Ending July 31, 2016 (February 1, 2016 – July 31, 2016) and the Twenty-First Fiscal Period Ending January 31, 2017 (August 1, 2016 – January 31, 2017)” presented below.

Twentieth Fiscal Period Ending July 31, 2016 (February 1, 2016 – July 31, 2016)

Operating revenue	¥7,757 million
Operating income	¥5,114 million
Ordinary income	¥4,412 million
Net income	¥4,411 million
Dividend per unit	¥2,520
Dividend in excess of earnings per unit	¥0

Twenty-First Fiscal Period Ending January 31, 2017 (August 1, 2016 – January 31, 2017)

Operating revenue	¥8,193 million
Operating income	¥5,226 million
Ordinary income	¥4,500 million
Net income	¥4,499 million
Dividend per unit	¥2,570
Dividend in excess of earnings per unit	¥0

(Note) The forecasted figures above are calculated as of today based on certain assumptions. Forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ from actual results due to changes in operating conditions and a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

Assumptions of Forecasts of Results for the Twentieth Fiscal Period Ending July 31, 2016  
 (February 1, 2016 – July 31, 2016) and the Twenty-First Fiscal Period Ending January 31, 2017  
 (August 1, 2016 – January 31, 2017)

Item	Assumptions
Accounting Period	Twentieth fiscal period: February 1, 2016 – July 31, 2016 (182 days) Twenty-First fiscal period: August 1, 2016 – January 31, 2017 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> <li>• Other than the additional acquisition of a portion of Roppongi Hills Mori Tower on February 1, 2016 and the additional anticipated acquisition of a portion of Roppongi Hills Mori Tower on April 1, 2016 (hereafter, the “(Anticipated) asset acquisition”), to the 10 properties held as of the end of the fiscal period ended January 31, 2016, the Company assumes there will be no change in the portfolio assets (e.g., no acquisition of new properties nor transfer of existing properties) until the end of the fiscal period ending January 31, 2017.</li> <li>• However, in actual practice, the forecast may differ due to changes in the portfolio assets and other factors.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Rent revenue of real estate is estimated based on lease agreements, etc., taking into account the market environment, the trends of individual tenants and other factors.</li> <li>• Regarding the properties owned, rent revisions in connection with the fixed-rent master lease and change in the cost burden for part of the floors at ARK Mori Building and a change in leasing scheme to a pass-through master lease for Akasaka Tameike Tower (Residence) will be implemented in the fiscal period ending July 31, 2016. Regarding properties for which rent revisions of fixed-rent master leases are expected to take place in the fiscal period ending January 31, 2017, although revised terms and conditions, etc. are presently yet to be determined, the Company assumes that rent revisions will be implemented under the same terms and conditions as current rent revisions for Roppongi Hills Mori Tower (for a portion of the floors), and that rent revisions and changes in the cost burden will be implemented under the same terms and conditions as those for some other floors of the property which will undergo revisions in the fiscal period ending July 31, 2016 for ARK Mori Building (for a portion of the floors) and that a change of leasing schemes to a pass-through master lease for Akasaka Tameike Tower (Office) will be implemented.</li> <li>• The Company assumes that there will be no delinquencies or non-payment of rents by tenants.</li> </ul>

Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> <li>• For expenses related to the real estate leasing business, major operating expenses of 2,345 million yen and 2,678 million yen are expected for the fiscal periods ending July 31, 2016 and January 31, 2017, respectively. Expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors.                         <ul style="list-style-type: none"> <li>(i) For property taxes, city planning taxes, etc., 460 million yen (for six months) and 474 million yen (for six months) are expected for the fiscal periods ending July 31, 2016 and January 31, 2017, respectively. Furthermore, property taxes, city planning taxes, etc. associated with the (Anticipated) asset acquisition, will be calculated at the time of acquisition with the seller using a prorated adjusted amount; however, the Company shall capitalize these amounts as part of the cost of the acquisitions and, thus, shall not recognize them as operating expenses for the fiscal periods ending July 31, 2016 and January 31, 2017. The property taxes, city planning taxes, etc. associated with the portion of Roppongi Hills Mori Tower that was acquired in the fiscal period ended January 31, 2016, were calculated at the time of acquisition with the seller using a prorated adjusted amount and the Company has capitalized these amounts as part of the cost of the acquisitions. Therefore, part of the amount will be capitalized as part of the cost of acquisitions and 11 million yen (for three months) is expected to be recognized as operating expenses for the fiscal period ending July 31, 2016.</li> <li>(ii) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods as 40 million yen for the fiscal period ending July 31, 2016 and 57 million yen for the fiscal period ending January 31, 2017. However, please note that the actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from the estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to a building and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount of variation may vary significantly from one period to the next.</li> <li>(iii) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 964 million yen in the fiscal period ending July 31, 2016 and 992 million yen in the fiscal period ending January 31, 2017.</li> <li>(iv) For property management fees, 599 million yen is expected for the fiscal period ending July 31, 2016 and 835 million yen is expected for the fiscal period ending January 31, 2017.</li> </ul> </li> <li>• For the operating expenses other than expenses related to the real estate leasing business (asset management fee, asset custody fee, administrative service fees, etc.), 297 million yen is expected for the period ending July 31, 2016 and 288 million yen is expected for the fiscal period ending January 31, 2017.</li> </ul>

Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• The Company expects to incur 382 million yen for the fiscal period ending July 31, 2016 and 408 million yen for the fiscal period ending January 31, 2017 in interest expenses, 83 million yen for the fiscal period ending July 31, 2016, and 83 million yen for the fiscal period ending January 31, 2017 in interest expenses on investment corporation bonds, and 173 million yen for the fiscal period ending July 31, 2016 and 172 million yen for the fiscal period ending January 31, 2017 in borrowing expenses.</li> <li>• The Company expects to incur 50 million yen for the fiscal period ending July 31, 2016 and 50 million yen for the fiscal period ending January 31, 2017 in amortization of investment unit issuance expenses including the issuance of new investment units for which contribution was completed in February 2016.</li> </ul>
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>• The Company's balance of interest-bearing debt as of the end of the fiscal period ended January 31, 2016 is 132,700 million yen.</li> <li>• The Company assumes that it will newly borrow 21,300 million yen in March 2016 as part of the funds for the anticipated additional acquisition of a portion of Roppongi Hills Mori Tower on April 1, 2016.</li> <li>• The balance of loans payable outstanding as of the end of the fiscal period ended January 31, 2016 is 108,700 million yen. The Company assumes that the remaining 3,500 million yen of loans payable due for repayment by the end of the fiscal period ending January 31, 2017 will be refinanced in the entire amount.</li> <li>• The Company assumes that there will be no change to the balance of 24,000 million yen of investment corporation bonds as of the end of the fiscal period ended January 31, 2016 through the end of the fiscal period ending January 31, 2017.</li> </ul>
Issuance of Investment Units	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding as of the date of this document is 1,750,640 units. The Company assumes that there will be no additional issuance of investment units until the end of the fiscal period ending January 31, 2017.</li> </ul>
Dividends per Unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> <li>• Dividends per unit are calculated based on the assumption that the Company will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation.</li> <li>• Dividends per unit may vary due to various factors, including changes in the portfolio assets, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.</li> </ul>
Dividends in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• At present, the Company has no plan to make any cash distributions in excess of earnings (dividends in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• The Company assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, the Investment Trusts Association's rule, etc. that would affect the above forecasts.</li> <li>• The Company assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.</li> </ul>

### 3. FINANCIAL STATEMENTS

#### (1) Balance sheet

(Unit: thousands of yen)

	As of	
	July 31, 2015	January 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	7,332,973	4,086,351
Cash and deposits in trust	10,701,100	5,352,905
Operating accounts receivable	17,554	21,322
Prepaid expenses	332,994	355,341
Deferred tax assets	9	5
Consumption taxes receivable	—	96,432
Other	—	226
Total current assets	18,384,631	9,912,586
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	57,523,607	60,040,031
Accumulated depreciation	(8,603,623)	(9,418,673)
Buildings in trust, net	48,919,983	50,621,357
Structures in trust	700,568	708,982
Accumulated depreciation	(205,901)	(219,135)
Structures in trust, net	494,667	489,846
Machinery and equipment in trust	660,007	683,370
Accumulated depreciation	(119,986)	(135,978)
Machinery and equipment in trust, net	540,020	547,392
Tools, furniture and fixtures in trust	118,530	122,518
Accumulated depreciation	(53,740)	(61,526)
Tools, furniture and fixtures in trust, net	64,789	60,992
Land in trust	173,099,029	182,814,887
Construction in progress in trust	45,196	142,424
Total property, plant and equipment	245,237,847	256,751,061
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Other intangible assets in trust	4,973	4,350
Other	3,084	2,649
Total intangible assets	30,659,021	30,657,963
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	834,680	923,214
Total investments and other assets	844,680	933,214
Total noncurrent assets	276,741,549	288,342,239
Deferred assets		
Investment corporation bonds issuance cost	97,331	113,556
Investment unit issuance cost	109,012	81,759
Total deferred assets	206,343	195,315
<b>Total assets</b>	<b>295,332,524</b>	<b>298,450,140</b>

(Unit: thousands of yen)

	As of	
	July 31, 2015	January 31, 2016
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	92,402	260,831
Current portion of investment corporation bonds	5,000,000	—
Current portion of long-term loans payable	17,000,000	3,500,000
Accounts payable – other	15,760	16,278
Accrued expenses	274,289	283,955
Income taxes payable	461	626
Accrued consumption taxes	257,464	—
Advances received	944,388	983,289
Deposits received	61,980	57,545
Total current liabilities	23,646,747	5,102,527
Noncurrent liabilities		
Investment corporation bonds	19,000,000	24,000,000
Long-term loans payable	89,200,000	105,200,000
Lease and guarantee deposits in trust	9,245,335	9,695,569
Total noncurrent liabilities	117,445,335	138,895,569
Total liabilities	141,092,082	143,998,096
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	150,418,135	150,418,135
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	105,244	105,244
Total voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	3,717,062	3,928,664
Total surplus	3,822,306	4,033,909
Total unitholders' equity	154,240,441	154,452,044
Total net assets	154,240,441	154,452,044
Total liabilities and net assets	295,332,524	298,450,140

(2) Statement of income and retained earnings

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
<b>Operating revenue</b>		
Rent revenue of real estate	*1,*2 6,405,171	*1,*2 6,622,059
Other rent revenue of real estate	*1,*2 110,840	*1,*2 126,352
<b>Total operating revenue</b>	<b>6,516,011</b>	<b>6,748,411</b>
<b>Operating expenses</b>		
Expenses of real estate rent	*1,*2 1,788,573	*1,*2 1,874,559
Asset management fee	200,382	208,022
Directors' compensation	5,400	5,400
Asset custody fee	7,375	7,383
Administrative service fees	18,585	18,470
Other operating expenses	*2 67,218	*2 68,083
<b>Total operating expenses</b>	<b>2,087,535</b>	<b>2,181,920</b>
<b>Operating income</b>	<b>4,428,476</b>	<b>4,566,491</b>
<b>Non-operating income</b>		
Interest income	1,709	1,599
Exclusion gain of unpaid dividend	1,623	869
Interest on refund	752	—
<b>Total non-operating income</b>	<b>4,085</b>	<b>2,468</b>
<b>Non-operating expenses</b>		
Interest expenses	373,009	345,231
Interest expenses on investment corporation bonds	112,389	87,183
Amortization of investment corporation bonds issuance cost	14,313	13,569
Borrowing expenses	186,779	165,215
Amortization of investment unit issuance cost	27,253	27,253
Other	1,867	1,890
<b>Total non-operating expenses</b>	<b>715,612</b>	<b>640,344</b>
<b>Ordinary income</b>	<b>3,716,949</b>	<b>3,928,615</b>
Income before income taxes	3,716,949	3,928,615
Income taxes-current	809	724
Income taxes-deferred	23	3
<b>Total income taxes</b>	<b>832</b>	<b>728</b>
<b>Net income</b>	<b>3,716,116</b>	<b>3,927,887</b>
Retained earnings brought forward	945	777
Unappropriated retained earnings	3,717,062	3,928,664

(3) Statement of changes in net assets

For the six months ended July 31, 2015

(Unit: thousands of yen)

	Unitholders' capital	Surplus		Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings	Unappropriated retained earnings			
Balance at February 1, 2015	150,418,135	105,244	3,616,747	3,721,991	154,140,126	154,140,126
Change during the period						
Dividends from surplus			(3,615,802)	(3,615,802)	(3,615,802)	(3,615,802)
Net income			3,716,116	3,716,116	3,716,116	3,716,116
Total changes of items during the period	—	—	100,314	100,314	100,314	100,314
Balance at July 31, 2015	150,418,135	105,244	3,717,062	3,822,306	154,240,441	154,240,441

For the six months ended January 31, 2016

(Unit: thousands of yen)

	Unitholders' capital	Surplus		Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings	Unappropriated retained earnings			
Balance at August 1, 2015	150,418,135	105,244	3,717,062	3,822,306	154,240,441	154,240,441
Change during the period						
Dividends from surplus			(3,716,284)	(3,716,284)	(3,716,284)	(3,716,284)
Net income			3,927,887	3,927,887	3,927,887	3,927,887
Total changes of items during the period	—	—	211,602	211,602	211,602	211,602
Balance at January 31, 2016	150,418,135	105,244	3,928,664	4,033,909	154,452,044	154,452,044

(4) Statement of cash distributions

(Unit: yen)

	For the six months ended July 31, 2015	For the six months ended January 31, 2016
I Unappropriated retained earnings	3,717,062,508	3,928,664,978
II Amount of dividends	3,716,284,680	3,928,240,080
Amount of dividends per unit	2,367	2,502
III Retained earnings carried forward	777,828	424,898
Method of calculating the amount of dividends	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 3,716,284,680 yen, which is the largest integral multiple of the number of investment units issued and outstanding (1,570,040 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 3,928,240,080 yen, which is the largest integral multiple of the number of investment units issued and outstanding (1,570,040 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.

(5) Statement of cash flows

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	3,716,949	3,928,615
Depreciation and amortization	858,200	853,221
Amortization of investment corporation bonds issuance cost	14,313	13,569
Amortization of investment unit issuance cost	27,253	27,253
Interest income	(1,709)	(1,599)
Exclusion gain of unpaid dividend	(1,623)	(869)
Interest expenses	485,398	432,415
Decrease (increase) in operating accounts receivable	2,738	(4,066)
Decrease (increase) in consumption taxes receivable	403,028	(96,412)
Increase (decrease) in operating accounts payable	6,049	4,247
Increase (decrease) in accounts payable – other	150	(352)
Increase (decrease) in accrued expenses	4,842	8,258
Increase (decrease) in accrued consumption taxes	223,573	(257,464)
Increase (decrease) in advances received	2,839	38,901
Increase (decrease) in deposits received	929	(4,310)
Decrease (increase) in prepaid expenses	9,317	(22,346)
Decrease (increase) in long-term prepaid expenses	(99,006)	(88,533)
Other, net	–	76
Subtotal	5,653,245	4,830,603
Interest income received	1,709	1,599
Interest expenses paid	(514,271)	(431,009)
Income taxes paid	(1,361)	(560)
Net cash provided by (used in) operating activities	5,139,322	4,400,633
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(124,785)	(12,201,221)
Purchase of intangible assets in trust	(3,656)	–
Repayments of lease and guarantee deposits in trust	(34,718)	(176,807)
Proceeds from lease and guarantee deposits in trust	29,777	626,917
Net cash provided by (used in) investing activities	(133,381)	(11,751,111)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	14,700,000	18,000,000
Repayments of long-term loans payable	(14,700,000)	(15,500,000)
Proceeds from issuance of investment corporation bonds	4,968,145	4,970,206
Redemption of investment corporation bonds	(5,000,000)	(5,000,000)
Cash dividends paid	(3,614,179)	(3,714,545)
Net cash provided by (used in) financing activities	(3,646,033)	(1,244,338)
Net increase (decrease) in cash and cash equivalents	1,359,907	(8,594,816)
Cash and cash equivalents at beginning of the period	16,674,166	18,034,073
Cash and cash equivalents at end of the period	*1 18,034,073	*1 9,439,257

(6) Notes to assumption of going concern

Not applicable.

(7) Summary of significant accounting policies

(a) Property, plant and equipment (including assets in trust) and depreciation

Depreciation of property, plant and equipment of the Company is calculated principally by the straight-line method based on the following estimated useful lives determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

Buildings	3~68 years
Structures	3~68 years
Machinery and equipment	8~33 years
Tools, furniture and fixtures	3~15 years

(b) Intangible assets (including assets in trust)

Intangible assets are amortized by the straight-line method based on the estimated useful lives.

(c) Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method based on the estimated useful lives.

(d) Investment corporation bonds issuance cost

Investment corporation bonds issuance cost is amortized using the straight-line method over the term of the bonds.

(e) Investment unit issuance cost

Investment unit issuance cost is amortized using the straight-line method over three years.

(f) Accounting for property taxes

For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses of real estate rent.

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes and included in the cost of acquisition of real estate are none and 12,937 thousand yen, as of July 31, 2015 and January 31, 2016, respectively.

(g) Hedge accounting approach

a) Hedge accounting approach

Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swaps when the requirements for special treatment are fulfilled.

b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Borrowing interest rates

c) Hedging policy

The Company conducts derivative transactions to hedge risks as stipulated in the Company's Articles of Incorporation in accordance with the Company's risk management policy.

d) Method for assessing the effectiveness of hedging

The Company evaluates by comparing the cumulative change in market rates of hedged items and hedging instruments and based on the amount of change in both during the period from the start of hedging to when the effectiveness is being determined.

However, assessment of the effectiveness is omitted for interest rate swaps when the requirements for special treatment are fulfilled.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand and deposits in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(i) Accounting for trust beneficial interest in real estate

For trust beneficial interest in real estate owned by the Company, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheet and statement of income and retained earnings.

The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.

a) Cash and deposits in trust

b) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; leasehold rights in trust; and other intangible assets in trust

c) Lease and guarantee deposits in trust

(j) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Nondeductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.

(8) Notes to financial Statements

(Omission of disclosure)

Note to the balance sheet, statement of unitholders' equity, securities, retirement benefits and asset retirement obligations are omitted because there is thought to be no large necessity for disclosure in this financial report.

1. Breakdown of property-related revenue and expenses

\*1 Breakdown of property operating income

(Unit: thousands of yen)

		For the six months ended			
		July 31, 2015		January 31, 2016	
A.	Property operating revenue				
	Rent revenue of real estate				
	Rent and common area revenue	6,401,886		6,617,068	
	Other rent revenue	3,284	6,405,171	4,991	6,622,059
	Other rent revenue of real estate				
	Parking revenue	16,780		22,364	
	Utilities and other revenue	93,870		103,519	
	Cancellation penalty	190	110,840	468	126,352
	Total property operating revenue	6,516,011		6,748,411	
B.	Property operating expenses				
	Expenses of real estate rent				
	Property management fees	269,168		306,841	
	Property taxes	416,594		448,207	
	Utilities	91,734		108,490	
	Maintenance and repairs	21,720		15,611	
	Insurance premium	13,174		13,549	
	Custodian fees	6,718		6,771	
	Depreciation and amortization	857,712		852,787	
	Rent expenses	103,842		111,903	
	Other lease business expenses	7,906	1,788,573	10,397	1,874,559
	Total property operating expenses	1,788,573		1,874,559	
C.	Property operating income [A – B]	4,727,438		4,873,852	

\*2 Transactions with major unitholders

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
From operating transactions		
Rent revenue of real estate	4,937,684	4,707,446
Other rent revenue of real estate	2,268	2,294
Expenses of real estate rent	132,099	142,568
Other operating expenses	1,181	670

2. Cash and cash equivalents

\*1 Relationship between cash and cash equivalents at end of the period in the statement of cash flows and cash and deposits stated in the balance sheet

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
Cash and deposits	7,332,973	4,086,351
Cash and deposits in trust	10,701,100	5,352,905
Cash and cash equivalents	18,034,073	9,439,257

3. Leases

Operating lease transactions (as lessor)

Future minimum rental revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	As of	
	July 31, 2015	January 31, 2016
Due within 1 year	3,096,823	3,074,536
Due after 1 year	17,353,386	16,738,986
Total	20,450,209	19,813,522

4. Financial instruments

(1) Policy for financial instruments

(a) Policy for holding financial instruments

The Company makes use of various financial instruments in order to invest surplus funds efficiently. In addition, concerning fund procurement, the Company adopts a policy of undertaking such fund raising primarily through the issuance of investment units, the borrowing of funds and the issuance of investment corporation bonds. The Company limits derivative transactions to those that are entered into for the purpose of hedging the risk of future fluctuations in interest rates on loans payable, and does not engage in speculative transactions.

(b) Description of financial instruments and associated risks, and risk management structure

Deposits used for investing the Company's surplus funds are exposed to credit risks, for example, the failure of the financial institutions that are holding the deposits, but the Company limits the risks by diversifying financial institutions.

Investment corporation bonds and long-term loans payable are used for fund procurement associated with the acquisition of real estate related assets or repayment of loans payable. Of these, loans payable with variable interest rates are exposed to the risk of fluctuations in interest rates, but derivative transactions are utilized as hedging instruments.

Interest rate swaps are utilized with the Company seeking to, in effect, convert fluctuating interest rates on fund procurement into fixed interest rates. For information on the method of hedge accounting approach, hedging instruments and hedged items, hedging policy and method for assessing the effectiveness of hedging, please refer to "Summary of significant accounting policies; (g) Hedge accounting approach."

Concerning derivative transactions, risks are managed pursuant to the risk management policy set forth by the Company.

(c) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when no market price exists. Certain assumptions are used for the estimation of fair value. Accordingly, the results of such estimation may change if different assumptions are used. In addition, concerning the contract amount of derivative transactions in “Derivative transactions” below the amount itself does not represent the value of the market risks associated with the derivative transactions.

(2) Fair value of financial instruments

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2015.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	7,332,973	7,332,973	—
(b) Cash and deposits in trust	10,701,100	10,701,100	—
Total	18,034,073	18,034,073	—
(c) Current portion of investment corporation bonds	5,000,000	5,009,000	9,000
(d) Current portion of long-term loans payable	17,000,000	17,003,170	3,170
(e) Investment corporation bonds	19,000,000	19,168,200	168,200
(f) Long-term loans payable	89,200,000	89,290,208	90,208
Total	130,200,000	130,470,579	270,579
Derivative transactions	—	—	—

The following are the carrying amount, fair value and the difference between them of financial instruments as of January 31, 2016.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	4,086,351	4,086,351	—
(b) Cash and deposits in trust	5,352,905	5,352,905	—
Total	9,439,257	9,439,257	—
(c) Current portion of investment corporation bonds	—	—	—
(d) Current portion of long-term loans payable	3,500,000	3,503,775	3,775
(e) Investment corporation bonds	24,000,000	24,222,815	222,815
(f) Long-term loans payable	105,200,000	105,809,369	609,369
Total	132,700,000	133,535,959	835,959
Derivative transactions	—	—	—

(Note 1) Method of calculating the fair value of financial instruments, and derivative transactions

Assets

(a) Cash and deposits; (b) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

Liabilities

(c) Current portion of investment corporation bonds; (e) Investment corporation bonds

The fair value of these is based on market prices.

(d) Current portion of long-term loans payable; (f) Long-term loans payable

Of long-term loans payable, as those with variable interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value (However, long-term loans payable with variable interest rates that are subject to special treatment for interest rate swaps (please refer to “Derivative transactions” below) are based on a calculation method of discounting the sum total amount of principal and interest accounted for together with said interest rate swaps by the rate reasonably estimated as being applicable in the event of a similar transaction.). Meanwhile, those with fixed interest rates are based on a calculation method of discounting the sum total amount of principal and interest by the rate reasonably estimated as being applicable in the event of a similar transaction.

Derivative transactions

Please refer to “Derivative transactions” below.

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2015)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	7,332,973	—	—	—	—	—
Cash and deposits in trust	10,701,100	—	—	—	—	—
Total	18,034,073	—	—	—	—	—

Redemption of monetary claims scheduled to be due after the balance sheet date (as of January 31, 2016)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	4,086,351	—	—	—	—	—
Cash and deposits in trust	5,352,905	—	—	—	—	—
Total	9,439,257	—	—	—	—	—

(Note 3) Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2015)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	5,000,000	—	5,000,000	3,000,000	5,000,000	6,000,000
Long-term loans payable	17,000,000	3,978,000	12,600,000	22,500,000	22,922,000	27,200,000
Total	22,000,000	3,978,000	17,600,000	25,500,000	27,922,000	33,200,000

Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2016)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	2,000,000	3,000,000	3,000,000	8,500,000	7,500,000
Long-term loans payable	3,500,000	4,578,000	20,500,000	27,900,000	13,022,000	39,200,000
Total	3,500,000	6,578,000	23,500,000	30,900,000	21,522,000	46,700,000

5. Derivative transactions

(1) Transactions for which hedge accounting is not applied

As of July 31, 2015

Not applicable.

As of January 31, 2016

Not applicable.

(2) Transactions for which hedge accounting is applied

As of July 31, 2015

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on the each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	59,478,000	49,978,000	*	—

\* Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term loans payable that are the hedged items and the fair value is included in the fair value of those long-term loans payable (please refer to Liabilities (d) and (f) of (Note 1) Method of calculating the fair value of financial instruments, and derivative transactions of “Financial instruments; (2) Fair value of financial instruments” above).

As of January 31, 2016

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on the each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	67,978,000	65,978,000	*	—

\* Derivative transactions that are subject to special treatment for interest rate swaps are accounted for together with long-term loans payable that are the hedged items and the fair value is included in the fair value of those long-term loans payable (please refer to Liabilities (d) and (f) of (Note 1) Method of calculating the fair value of financial instruments, and derivative transactions of “Financial instruments; (2) Fair value of financial instruments” above).

6. Related party transactions

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	15.6% directly held by related party	Leasing and management of real estate	Leasing of properties (Note 2) (Note 5)	4,939,952	Operating accounts receivable	774
									Advances received	785,262
									Lease and guarantee deposits in trust	7,836,129
							Payment of property operation and management fees (Note 6)	138,373 (Note 3)	Prepaid expenses	2,747
									Operating accounts payable	26,244
									Payment of other operating expenses (Note 7)	1,181
Deposit of lease and guarantee (Note 4) (Note 8)	—	Lease and guarantee deposits in trust	53,886							

(Note 1) The amount does not include consumption taxes.

(Note 2) Roppongi Hills Mori Tower, ARK Mori Building, Akasaka Tameike Tower, Atago Green Hills, ARK Hills South Tower and a portion of Koraku Mori Building

(Note 3) The amount includes fees (6,273 thousand yen) that are not charged to expenses but recognized as assets.

(Note 4) Roppongi View Tower

[Transaction terms and conditions and related policies]

(Note 5) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 6) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 7) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 8) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

For the six months ended January 31, 2016

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	15.6% directly held by related party	Leasing and management of real estate	Acquisition of property (Note 2) (Note 6)	12,000,000	—	—
							Leasing of properties (Note 3) (Note 7)	4,709,740	Operating accounts receivable	764
									Advances received	847,672
									Lease and guarantee deposits in trust	7,636,285
							Payment of property operation and management fees (Note 8)	151,949 (Note 4)	Prepaid expenses	2,963
									Operating accounts payable	28,785
							Payment of other operating expenses (Note 9)	670	—	—
Deposit of lease and guarantee (Note 5) (Note 10)	—	Lease and guarantee deposits in trust	53,886							

(Note 1) The amount does not include consumption taxes.

(Note 2) A portion of Roppongi Hills Mori Tower

(Note 3) Roppongi Hills Mori Tower, ARK Mori Building, Akasaka Tameike Tower, Atago Green Hills, a portion of ARK Hills South Tower and a portion of Koraku Mori Building

(Note 4) The amount includes fees (9,381 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[Transaction terms and conditions and related policies]

(Note 6) Acquisition decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations. Furthermore, acquisitions are not made at a value exceeding the appraisal value as determined by an independent third-party real estate appraiser (including corporations).

(Note 7) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 8) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 9) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 10) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(2) Subsidiaries and affiliates

For the six months ended July 31, 2015

Not applicable.

For the six months ended January 31, 2016

Not applicable.

(3) Subsidiaries of parent company

For the six months ended July 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 3)	200,382	Accrued expenses	216,412

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

For the six months ended January 31, 2016

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	220,022 (Note 3)	Accrued expenses	224,664

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

(Note 3) The amount of management fees includes 12,000 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(4) Directors and major individual unitholders

For the six months ended July 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 3)	200,382	Accrued expenses	216,412

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hideyuki Isobe as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the “Asset Management Contract” concluded between the Company and the Company’s Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

For the six months ended January 31, 2016

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	220,022 (Note 3)	Accrued expenses	224,664

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hideyuki Isobe as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the “Asset Management Contract” concluded between the Company and the Company’s Asset Manager.

(Note 3) The amount of management fees includes 12,000 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

## 7. Income taxes

### (1) Breakdown of significant components of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	As of	
	July 31, 2015	January 31, 2016
Deferred tax assets		
Current assets		
Accrued enterprise tax excluded from expenses	9	5
Total deferred tax assets [current]	9	5
Net deferred tax assets [current]	9	5

### (2) Reconciliation of significant differences between the statutory tax rate and the effective tax rate

	As of	
	July 31, 2015	January 31, 2016
Statutory tax rate	34.15%	32.31%
[Adjustments]		
Deductible cash distributions	(34.14%)	(32.31%)
Others	0.02%	0.02%
Effective tax rate	0.02%	0.02%

## 8. Investment and rental properties

The Company owns real estate (primarily office buildings and residential and retail properties) available for lease in Tokyo. The following are the carrying amount, amount of increase (decrease) during the period and fair value at end of the period for these investment and rental properties.

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
Carrying amount		
Balance at beginning of the period	276,620,994	275,893,784
Amount of increase (decrease) during the period	(727,210)	11,512,590
Balance at end of the period	275,893,784	287,406,374
Fair value at end of the period	281,730,000	296,340,000

(Note 1) The carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) Of the increase (decrease) during the period ended July 31, 2015, the decrease is primarily attributable to depreciation and amortization.

Of the increase during the period ended January 31, 2016, the increase is primarily attributable to the acquisition of one property (Roppongi Hills Mori Tower (28th floor) (12,044,244 thousand yen), while the decrease is primarily attributable to depreciation and amortization.

(Note 3) The fair value at end of the period is the appraisal value by a real estate appraiser (according to the "Real Estate Appraisal Report" with the date of settlement of accounts as the appraisal date) pursuant to the method of and standards for asset valuation provided in the Company's Articles of Incorporation and the rules provided by The Investment Trusts Association, Japan.

Income and loss for investment and rental properties is presented in "Breakdown of property-related revenue and expenses."

9. Segment and related information

[Segment information]

Disclosure is omitted because the Company operates as a single segment – the real estate leasing business.

[Related information]

For the six months ended July 31, 2015

(1) Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major tenant

	(Unit: thousands of yen)	
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	4,939,952	Real estate leasing business

For the six months ended January 31, 2016

(1) Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major tenant

	(Unit: thousands of yen)	
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	4,709,740	Real estate leasing business

10. Per unit Information

(Unit: yen)

	For the six months ended	
	July 31, 2015	January 31, 2016
Net assets per unit	98,239	98,374
Net income per unit	2,367	2,502

(Note 1) Net income per unit was calculated by dividing the net income by the daily weighted average number of investment units during the period.

Diluted net income per unit has not been stated as there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	For the six months ended	
	July 31, 2015	January 31, 2016
Net income (thousands of yen)	3,716,116	3,927,887
Amounts not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	3,716,116	3,927,887
Average number of investment units during the period (units)	1,570,040	1,570,040

11. Subsequent events

Issuance of New Investment Units

The issuance of new investment units was resolved at the Company's Board of Directors Meetings held on January 6, 2016 and January 20, 2016. Furthermore, the cash contribution to new investment units through public offering was completed on February 1, 2016 and the cash contribution to new investment units through third-party allotment was completed on February 24, 2016.

As a result, unitholders' capital is 174,231,870,570 yen, and the number of investment units issued and outstanding is 1,750,640 units as of February 24, 2016.

- i) Issuance of New Investment Units through Japanese Offering and International Offering (however, in the United States, only to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933)

Number of new investment units issued	:	Japanese Primary Offering	90,791 units
	:	International Offering	81,209 units
Issue price (offer price)	:	136,334 yen per unit	
Total amount of issue price (offer price)	:	23,449,448,000 yen	
Amount contributed in (issued value)	:	131,859 yen per unit	
Total amount contributed in (issued value)	:	22,679,748,000 yen	
Contribution date	:	February 1, 2016	
Initial date of dividends calculation	:	February 1, 2016	

- ii) Issuance of New Investment Units through Third-Party Allotment

Number of new investment units issued	:	8,600 units
Amount contributed in (issued value)	:	131,859 yen per unit
Total amount contributed in (issued value)	:	1,133,987,400 yen
Contribution date	:	February 24, 2016
Initial date of dividends calculation	:	February 1, 2016
Allottee	:	Mizuho Securities Co., Ltd.

iii) Use of Funds

The funds procured through issuance of new investment units through the above public offering were used as the funds for the acquisition of an asset (Roppongi Hills Mori Tower: 1 floor) acquired on February 1, 2016 and acquisition-related costs. The remaining funds together with the funds provided through the above third-party allotment will be used as part of funds for the acquisition of an asset (Roppongi Hills Mori Tower: 3 floors) to be acquired on April 1, 2016 and for acquisition-related costs.

(9) Changes in unit issued and outstanding

There was no increase (decrease) in the number of investment units issued and outstanding and unitholders' capital in the nineteenth fiscal period. The outline of changes in unitholders' capital for the previous five years was as follows:

Date	Type of issue	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 4, 2013	Public offering	22,000	253,520	10,433	112,444	(Note 1)
April 3, 2013	Third-party allotment	1,100	254,620	521	112,966	(Note 2)
September 4, 2013	Public offering	21,300	275,920	10,823	123,789	(Note 3)
October 2, 2013	Third-party allotment	1,065	276,985	541	124,330	(Note 4)
February 1, 2014	Split of investment units	—	1,384,925	—	124,330	(Note 5)
August 1, 2014	Public offering	176,300	1,561,225	24,844	149,175	(Note 6)
August 27, 2014	Third-party allotment	8,815	1,570,040	1,242	150,418	(Note 7)

(Note 1) New investment units were issued at a price of 474,264 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 2) New investment units were issued at a price of 474,264 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 3) New investment units were issued at a price of 508,140 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 4) New investment units were issued at a price of 508,140 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 5) The Company implemented a 5-for-1 split of investment units on January 31, 2014 as the record date and February 1, 2014 as the effective date.

(Note 6) New investment units were issued at a price of 140,924 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 7) New investment units were issued at a price of 140,924 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

#### 4. CHANGES IN OFFICERS

(1) Directors of the Company

There was no change in directors in the nineteenth fiscal period.

Changes in directors had been otherwise disclosed under the rule of timely disclosure.

(2) Directors of the Company's Asset Manager

There was no change in directors in the nineteenth fiscal period.

Changes in directors had been otherwise disclosed under the rule of timely disclosure.

## 5. REFERENCE INFORMATION

### (1) Investment Status

(as of January 31, 2016)

Type of asset	Main type of use	Region	Total amount held (millions of yen) (Note 1)	Percentage of total assets (%)
Real estate	Office Buildings	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Residential Properties	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	22,074	7.4
		Tokyo metropolitan area	22,074	7.4
		Principal regional cities	—	—
	Subtotal			22,074
Real estate in trust	Office Buildings	Tokyo's five central wards and their vicinity	257,547	86.3
		Tokyo metropolitan area	257,547	86.3
		Principal regional cities	—	—
	Residential Properties	Tokyo's five central wards and their vicinity	7,784	2.6
		Tokyo metropolitan area	7,784	2.6
		Principal regional cities	—	—
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Subtotal			265,332
Deposits and other assets (Note 2)			11,043	3.7
Total assets			298,450	100.0

(Note 1) Total amount held is the carrying amount (book value less depreciation and amortization).

(Note 2) Deposits and other assets include deposits within the assets in trust in the amount of 5,352 million yen. Trust beneficiary interest in assets which are primarily comprised of real estate, etc., do not include deposits within the assets in trust.

(as of January 31, 2016)

	Carrying amount (millions of yen)	Percentage of total assets (%)
Total liabilities	143,998	48.2
Total net assets	154,452	51.8
Total assets	298,450	100.0

(2) Investment Assets

(a) Major Issue of Investment Securities

Not applicable.

(b) Investment Real Estate Properties

An overview, etc. of investment real estate properties held by the Company is presented together with “(c) Major Other Investment Assets” below.

(c) Major Other Investment Assets

The Company holds the following real estate and trust beneficiary interest in real estate listed in the tables in a) below as of January 31, 2016. Mori Building Co., Ltd. led the development of all of the following real estate and real estate in trust.

a) Overview of Real Estate and Real Estate in Trust

The following are the real estate and real estate in trust held by the Company as of January 31, 2016.

(i) Overview of Assets by Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction date (YYYY/MM) (Note 2)	Structure/ Total number of floors (Note 2)	Land area (m <sup>2</sup> ) (Note 3)	Gross floor area (m <sup>2</sup> ) (Note 3)	Form of ownership (Note 4)		Appraisal value at the end of fiscal period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%) (Note 6)		
									Land	Bldg.						
Real estate in trust	Office Buildings	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	2003/04	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	CO	80,900	68,108	69,280	23.6		
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	1986/03	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	CO	57,000	61,614	62,480	21.3		
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	2000/03	SRC/S B6F/19F	6,611.58	46,154.65	L	CO	23,400	25,170	27,200	9.3		
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	2000/09	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	CO	29,300	42,205	43,930	15.0		
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	2001/07	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	45,800	41,358	42,090	14.3	
				Forest Tower (residential building)	Atago, Minato-ku	2001/10	S/SRC B4F/43F		60,815.71							
				Plaza (retail building)	Toranomon, Minato-ku	2001/07	RC B1F/2F		2,083.60							
		O-8 Premium	ARK Hills South Tower	Roppongi, Minato-ku	2013/07	S/SRC/RC B4F/20F	5,846.69	53,043.48	C (Note 12)	C (Note 12)	22,100	19,090	19,150	6.5		
		Subtotal											258,500	257,547	264,130	89.9
		Real estate	Residential Properties	R-1 Premium	Moto-Azabu Hills (Note 13)	Moto-Azabu, Minato-ku	2002/05 2002/09 (Note 14)	S/SRC/RC B4F/29F (Note 14)	12,199.65	54,006.76	C (Note 7)	CO	1,990	1,630	1,706	0.6
R-3 Premium	Roppongi First Plaza			Roppongi, Minato-ku	1993/10	RC B1F/20F	4,357.88 (Note 15)	22,906.74 (Note 15)	C (Note 15)	CO (Note 16)	1,770	2,249	2,100	0.7		
R-4	Roppongi View Tower			Roppongi, Minato-ku	1993/10	RC B1F/20F			C (Note 15)	CO (Note 16)	2,580	3,904	4,000	1.4		
Subtotal											6,340	7,784	7,806	2.7		
Real estate	Retail and Other Facilities	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	—	—	2,565.06	—	O	—	31,500	22,074	21,820	7.4		
		Subtotal											31,500	22,074	21,820	7.4
Total											296,340	287,406	293,756	100.0		

- (Note 1) “Property number” is the number assigned to real estate and real estate in trust held by the Company classified into the following main types of use. The alphabet on the left represents the main type of use, where “O” represents an office building, “R” represents a residential property and “S” represents a retail and other facility. In addition, Premium Properties are denoted by “Premium.” The same applies hereafter.
- (Note 2) “Construction date,” “Structure/Total number of floors,” “Land area” and “Gross floor area” are as described in the property registry. As for “Structure/Total number of floors,” the following abbreviations are used.  
RC: Reinforced concrete; SRC: Steel frame and reinforced concrete; S: Steel frame;  
B: Number of basement floor; F: Number of floor above ground level
- (Note 3) “Land area” and “Gross floor area” indicate the area of the entire site and the total area floor of the entire building based on the description of the property registry, regardless of the form of ownership.
- (Note 4) “Form of ownership” is the type of rights, where “O” represents ownership rights, “C” represents a co-ownership interest in ownership rights, “CO” represents compartmentalized ownership of exclusive portion of a building, and “L” represents leasehold rights.
- (Note 5) “Appraisal value at the end of fiscal period” for properties except for ARK Hills South Tower is the appraisal value as of January 31, 2016 as described in the real estate appraisal report prepared by Japan Real Estate Institute. The figure for ARK Hills South Tower is the appraisal value as of January 31, 2016 as described in the real estate appraisal report prepared by DAIWA REAL ESTATE APPRAISAL CO., LTD.
- (Note 6) “Percentage of total portfolio acquisition price” is calculated as a percentage of the aggregate acquisition price of the Company’s portfolio.
- (Note 7) Co-ownership interest as a portion of the land use rights.
- (Note 8) The land of Akasaka Tameike Tower is composed of the land owned by a third party (parcel number 1705-1) and the land jointly owned by five owners including the trustee (parcel number 1701-1). The trustee’s co-ownership interest ratio of the land (parcel number 1701-1) is approximately 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m<sup>2</sup>. The same applies hereafter.
- (Note 9) “Land area” for Atago Green Hills is the area of the entire land over which land use rights for the building have been established pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 10) The land of Atago Green Hills is composed of the land owned by third parties and the land jointly owned by the trustee and Mori Building Co., Ltd. and leasehold rights and easement jointly owned by the trustee and Mori Building Co., Ltd. The land corresponding to each building is determined pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 11) The buildings of Atago Green Hills are composed of parts owned by third parties through compartmentalized ownership and other parts jointly owned by the trustee and Mori Building Co., Ltd. through direct ownership and compartmentalized ownership.
- (Note 12) The Company owns 25% co-ownership interest of the building and the site.
- (Note 13) This refers to the portion of the property in trust which does not include the assets in trust disposed on October 31, 2008, September 15, 2010 and March 18, 2011. The same applies hereafter.
- (Note 14) Although Moto-Azabu Hills is described in the property registry as one building, under the Building Standards Act, it consists of three buildings, Forest Tower (SRC; 29F and B3), Forest Terrace East (RC; 6F and B1) and Forest Terrace West (RC; 5F and B1), which were constructed in May 2002, May 2002 and September 2002, respectively.
- (Note 15) As Roppongi First Plaza and Roppongi View Tower are on the same site and are described in the property registry as one building owned through compartmentalized ownership, the land area and the gross floor area for these properties are added together. The land corresponding to each building has been determined pursuant to its management rules and is owned in the land use rights ratio.
- (Note 16) Roppongi First Plaza and Roppongi View Tower are described in the property registry as one building owned through compartmentalized ownership. 42 residential units out of the total of 90 residential units in Roppongi First Plaza are owned through compartmentalized ownership. 92 residential units out of the total of 202 residential units in Roppongi View Tower are owned through compartmentalized ownership.

(ii) Overview of Lease Conditions (as of January 31, 2016)

Property number	Property name	Type of lease (Note 1)	Total leasable area (m <sup>2</sup> ) (Note 2)	Total leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual contracted rent (millions of yen) (Note 5)	Security deposits (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed-rent master lease	25,942.24	25,942.24	100.0	1	3,453	2,877
O-1	ARK Mori Building	Fixed-rent master lease	24,588.43	24,588.43	100.0	1	2,543	2,104
O-4	Koraku Mori Building	Pass-through master lease	16,197.45	14,345.59	88.6	17	1,130	1,121
O-6	Akasaka Tameike Tower (Note 7)	Fixed-rent master lease	19,698.54	19,698.54	100.0	1	1,333	946
O-7	Atago Green Hills	Fixed-rent master lease	29,667.58	29,667.58	100.0	1	2,223	1,482
O-8	ARK Hills South Tower	Pass-through master lease	9,007.33	8,853.27	98.3	34	962	770
R-1	Moto-Azabu Hills	Pass-through master lease	1,325.30	1,325.30	100.0	7	130	47
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,897.91	98.0	41	151	55
R-4	Roppongi View Tower	Pass-through master lease	4,515.25	4,303.25	95.3	87	184	53
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,228	—
Total			136,463.95	134,187.17	98.3	191	13,341	9,461

(Note 1) We treat as a fixed-rent master lease when we grant the authority to lease the property to other co-owner and receive a fixed amount in consideration. The same applies hereafter.

(Note 2) “Total leasable area” is the area of the space deemed to be available for the end-tenants. In the case where we lease the entire space to any one tenant in the form of a fixed-rent master lease or where we grant the authority to lease the property to other co-owner and a fixed amount is paid to us in consideration of such granting, such tenant or co-owner is deemed to be the end-tenant. The same applies hereafter. “Total leased area” is equivalent to total floor area of leased space set out in the lease agreements, etc. with the end-tenants. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% of the proportionate ownership ratio, respectively, of the foregoing total leasable area and total leased area, which is rounded off to two decimal places. The same applies hereafter. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the total leasable area and total leased area of the building, which is rounded off to two decimal places. The same applies hereafter. The total leasable area and total leased area do not include the area of storage space, flat parking lots and machinery, etc. The same applies hereafter.

(Note 3) “Occupancy rate” is calculated by dividing the total leased area for each property by the total leasable area of the property. The total indicates the ratio of the aggregate total leased area for all properties to the aggregate total leasable area for all properties.

(Note 4) “Number of tenants” is computed by counting the number of tenants as to the properties with fixed-rent master lease agreement and Laforet Harajuku (Land) as one. As for other properties, in the case of offices and shops, any one tenant which occupies more than one leased premise within the same property shall be counted as one, and in the case of residence, each residential unit shall be counted as one. The same applies hereafter.

(Note 5) “Annual contracted rent” for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenant (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from January 1, 2016 to January 31, 2016 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the amount so calculated. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the annual contracted rent.

(Note 6) “Security Deposits” indicates the remaining amount of the security deposit set forth in the relevant lease agreement, etc. with the end-tenant. With regard to Roppongi View Tower, this indicates the amount set forth in the lease agreement with Mori Building Co., Ltd., as master lessee. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of such remaining amount of the security deposit. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the security deposits.

(Note 7) The leasing scheme for the residential portion (including certain parking spaces) will be changed from a fixed-rent master lease to a pass-through master lease from April 1, 2016. For details, please refer to the press release “MHR Announces Transaction with a Related Party (Mori Building Co., Ltd.) (Akasaka Tameike Tower (Residence))” released on January 6, 2016. The same applies hereafter.

(iii) Overview of Lease to Major Tenants

The following table provides certain information regarding a key tenant, which leases 10% or more of the total leased area for the properties in the Company's portfolio as of January 31, 2016 and brief summary of the lease conditions to such tenant.

Tenant name	Business type	Property name	Annual contracted rent (millions of yen)	Security Deposits (millions of yen)	Leased area (m <sup>2</sup> ) (Note 1)	Percentage of total leased area (%) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Notes
Mori Building Co., Ltd.	Real estate business	Roppongi Hills Mori Tower	3,453	2,877	25,942.24	19.3	2021/07/31	Auto-renewed every 5 years	23/24 floors
							2018/09/30	Auto-renewed every 5 years	19/22 floors
							2019/07/31	Auto-renewed every 5 years	20 floor
							2020/09/15	Auto-renewed every 5 years	28 floor
		ARK Mori Building	2,543	2,104	24,588.43	18.3	2021/01/31	Auto-renewed every 5 years	13 floor
							2021/01/31	Auto-renewed every 5 years	12/22 floors
							2021/01/31	Auto-renewed every 5 years	23/25 floors
							2021/01/31	Auto-renewed every 5 years	4/15/24 floors
							2023/03/31	Auto-renewed every 5 years	1 floor/Basement 1 through 4/ The area used as district heating and cooling
		Koraku Mori Building	1,130	1,121	14,345.59	10.7	2023/03/03	Fixed-term lease	—
		Akasaka Tameike Tower	1,333	946	19,698.54	14.7	2026/03/31	Auto-renewed every 5 years	Office and Retail portion (including certain parking/storage space)
							2021/03/31	Auto-renewed every 5 years	Residential portion (including certain parking space)
		Atago Green Hills	2,223	1,482	29,667.58	22.1	2022/04/30	Auto-renewed every 5 years	—
		ARK Hills South Tower	962	770	8,853.27	6.6	2034/07/31	Auto-renewed every year	—
Moto-Azabu Hills	130	47	1,325.30	1.0	2026/03/31	Fixed-term lease	—		
Roppongi First Plaza	151	55	2,897.91	2.2	2023/03/03	Fixed-term lease	—		
Roppongi View Tower	184	53	4,303.25	3.2	2023/03/03	Fixed-term lease	—		
Total			12,113	9,461	131,622.11	98.1	—	—	—

(Note 1) "Leased area" is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) "Percentage of total leased area" indicates the ratio of the total leased area of each property to the aggregate total leased area for all properties held by the Company as of January 31, 2016. The same applies hereafter.

(iv) Five Largest Tenants

The following table shows the Company's five largest tenants by leased area for the Company's properties as of January 31, 2016.

Name of end tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Percentage of total portfolio (%) (Note 2)
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills ARK Hills South Tower	100,235.89	74.7
Yahoo Japan Corporation	ARK Hills South Tower	3,841.53	2.9
Showa Leasing Co., Ltd.	Koraku Mori Building	2,683.90	2.0
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.9
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	1.6
Total for top 5 end tenants		111,443.26	83.1

(Note 1) "Leased area" is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) "Percentage of total portfolio" indicates the ratio of the leased area attributable to each end-tenant to the aggregate total leased area for all properties held by the Company as of January 31, 2016. The same applies hereafter.

(v) Overview of Lease to Interested Parties

The following table provides an overview of lease to the end-tenants who are interested parties for the properties held by the Company as of January 31, 2016.

Name of end tenant	Name of occupied property	Leased area (m <sup>2</sup> ) (Note 1)	Percentage of total portfolio (%)	Annual contracted rent (thousands of yen) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Type of lease	Notes
Mori Building Co., Ltd.	Roppongi Hills Mori Tower	25,942.24	19.3	3,453,540	2021/07/31	Auto-renewed every 5 years	Fixed-rent master lease	23/24 floors
					2018/09/30	Auto-renewed every 5 years	Fixed-rent master lease	19/22 floors
					2019/07/31	Auto-renewed every 5 years	Fixed-rent master lease	20 floor
					2020/09/15	Auto-renewed every 5 years	Fixed-rent master lease	28 floor
	ARK Mori Building	24,588.43	18.3	2,543,386	2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	13 floor
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	12/22 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	23/25 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	4/15/24 floors
					2023/03/31	Auto-renewed every 5 years	Fixed-rent master lease	1 floor/Basement 1 through 4/ The area used as district heating and cooling
	Koraku Mori Building	292.22	0.2	5,073	2016/03/31	—	Memorandum on self-use	—
	Akasaka Tameike Tower	19,698.54	14.7	1,333,500	2026/03/31	Auto-renewed every 5 years	Fixed-rent master lease	Office and Retail portion (including certain parking/storage space)
					2021/03/31	Auto-renewed every 5 years	Fixed-rent master lease	Residential portion (including certain parking space)
	Atago Green Hills	29,667.58	22.1	2,223,530	2022/04/30	Auto-renewed every 5 years	Fixed-rent master lease	—
	ARK Hills South Tower	46.88	0.0	4,764	2016/05/16	—	Memorandum on self-use	—
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.9	1,228,800	2030/09/14	—	Business-use fixed-term land lease	—
Total		102,800.95	76.6	10,792,596	—————			

(Note 1) "Leased area" is equivalent to floor area of leased space set out in the lease agreement, etc. with the end-tenant. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% of the proportionate ownership ratio, respectively, of the foregoing leased area, which is rounded off to two decimal places. In the case of ARK Hills South Tower, it indicates 25% of co-ownership interest ratio of the leased area of the building, which is rounded off to two decimal places. The leased area does not include the area of storage space, flat parking lots, and machinery, etc.

(Note 2) “Annual contracted rent” for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenants (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from January 1, 2016 to January 31, 2016 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (of the proportionate ownership ratio), respectively, of the amount so calculated. In the case of ARK Hills South Tower, it indicates the 25% co-ownership interest ratio of the annual contracted rent.

(vi) Overview of Properties

The following table provides an overview of the properties for which annual contracted rent accounts for 10% or more of the total annual contracted rent for properties held by the Company as of January 31, 2016.

Property number	Property name	Annual contracted rent (millions of yen)	Percentage of annual contracted rent (%) (Note 1)	Total leasable area (m <sup>2</sup> )	Total leased area (m <sup>2</sup> )	Occupancy rate (%) (Note 2)	Number of tenants
O-0	Roppongi Hills Mori Tower	3,453	25.9	25,942.24	25,942.24	100.0	1
O-1	ARK Mori Building	2,543	19.1	24,588.43	24,588.43	100.0	1
O-7	Atago Green Hills	2,223	16.7	29,667.58	29,667.58	100.0	1
Total		8,220	61.6	80,198.25	80,198.25	100.0	3

(Note 1) This indicates the ratio of the annual contracted rent for each property to the aggregate total annual contracted rent for all properties held by the Company as of January 31, 2016.

(Note 2) “Occupancy rate” is calculated by dividing the total leased area for each property by the total leasable area of the property. The total indicates the ratio of the aggregate total leased area for all properties to the aggregate total leasable area for all properties.

(vii) Overview of Matters Concerning Design, Etc.

The following table provides the designers, structural designers, contractors, building verification agencies and structural examination agencies for properties held by the Company as of January 31, 2016.

Property number	Property name	Designer	Structural designer	Contractor	Building verification agency	Structural examination agency (Note)
O-0	Roppongi Hills Mori Tower	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Kozo Keikaku Engineering Inc.	Consortium of Obayashi Corporation and Kajima Corporation	Tokyo Metropolitan Government	The Building Center of Japan
O-1	ARK Mori Building	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Consortium of Kajima Corporation, Toda Corporation and Fujita Engineering Co. Ltd.	Tokyo Metropolitan Government	The Building Center of Japan
O-4	Koraku Mori Building	Mori Building Co., Ltd., first class architect office, and GKK Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Orimoto Structural Engineers	Consortium of Shimizu Corporation and Sato Kogyo Co., Ltd.	Tokyo Metropolitan Government	The Building Center of Japan
O-6	Akasaka Tameike Tower	Shimizu Corporation, first class architect office	Shimizu Corporation, first class architect office	Consortium of Shimizu Corporation and Takenaka Corporation	Tokyo Metropolitan Government	The Building Center of Japan
O-7	Atago Green Hills	Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, and Kozo Keikaku Engineering Inc.	(office building / retail building) Consortium of Takenaka Corporation and Kumagai Gumi Co., Ltd. (residential building) Toda Corporation	Tokyo Metropolitan Government	(office building / residential building) The Building Center of Japan (retail building) Tokyo Metropolitan Government
O-8	ARK Hills South Tower	Mori Building Co., Ltd., first class architect office and Irie Miyake Architects & Engineers	Mori Building Co., Ltd., first class architect office, Irie Miyake Architects & Engineers and Shimizu Corporation, first class architect office	Shimizu Corporation	The Building Center of Japan	The Building Center of Japan
R-1	Moto-Azabu Hills	Takenaka Corporation, Tokyo first class architect office	Takenaka Corporation, Tokyo first class architect office	Takenaka Corporation	Tokyo Metropolitan Government	The Building Center of Japan
R-3	Roppongi First Plaza	Urban Renaissance Agency, and Irie Miyake Architects & Engineers	Urban Renaissance Agency, and Kozo Keikaku Engineering Inc.	Consortium of Shimizu Corporation and ANDO Corporation	Tokyo Metropolitan Government	The Building Center of Japan
R-4	Roppongi View Tower					

(Note) With regard to structures constructed by special structural methods, such as super high-rise structures or seismic isolated structures, a structural evaluation involving a more detailed examination than general standards must be obtained pursuant to building standards laws and regulations (performance assessment under the Building Standards Act from 2000). In addition, there are cases where it is obtained in accordance with the instructions, etc. of administrative authorities.

(viii) Overview of Engineering Reports

The Company engages an engineering firm to investigate the status of the building (including earthquake risk analysis) and obtains an engineering report from the firm for each property. The following table shows the status of properties held by the Company as of January 31, 2016. “Estimated amount of emergency repair expenses” is the emergency repair expenses estimated by the engineering firm. “Estimated amount of long-term repair expenses” is the annual average amount of repair and renovation expenses over a period of 15 years estimated by the engineering firm.

The report provides a mere opinion of the engineering firm and no guarantee is provided as to the accuracy of the opinion.

No earthquake insurance has been taken out for properties held by the Company.

Property number	Property name		Preparation date (YYYY/MM)	Estimated amount of emergency repair expenses (thousands of yen)	Estimated amount of long-term repair expenses (thousands of yen) (Note 1) (Note 2) (Note 3)	PML (%) (Note 4)	Engineering firm
O-0	Roppongi Hills Mori Tower		2015/11	—	25,735	0.59	Tokyo Bldg-Tech Center Co., Ltd.
O-1	ARK Mori Building		2012/12	—	127,769	0.78	Tokyo Bldg-Tech Center Co., Ltd.
O-4	Koraku Mori Building		2011/12	—	57,533	0.73	Tokio Marine & Nichido Risk Consulting Co., Ltd.
O-6	Akasaka Tameike Tower	Office and Retail portion (including certain parking/storage space)	2013/11	—	30,273	1.79	Tokyo Bldg-Tech Center Co., Ltd.
		Residential portion (including certain parking space)	2011/02	—	27,631		
O-7	Atago Green Hills	MORI Tower (office building)	2012/02	—	101,932	2.35	Takenaka Corporation
		Forest Tower (residential building)		—	86,456	2.34	
		Plaza (retail building)		—	2,594	5.94	
O-8	ARK Hills South Tower		2014/05	—	6,186	1.56	Tokyo Bldg-Tech Center Co., Ltd.
R-1	Moto-Azabu Hills	Forest Tower	2011/12	—	2,223	0.57	Tokio Marine & Nichido Risk Consulting Co., Ltd.
		Forest Terrace East				1.27	
R-3	Roppongi First Plaza		2011/12	—	9,316	2.20	Tokio Marine & Nichido Risk Consulting Co., Ltd.
R-4	Roppongi View Tower		2011/12	—	6,279	2.20	Tokio Marine & Nichido Risk Consulting Co., Ltd.
S-1	Laforet Harajuku (Land) (Note 5)		—	—	—	—	—
Total				—	483,927	1.10	—

(Note 1) With regard to Roppongi Hills Mori Tower, this amount is calculated by multiplying the estimated amount for the entire property by the percentage share of the costs pertaining to the portion in trust provided under the Roppongi Hills Mori Tower Management Rules.

(Note 2) With regard to ARK Mori Building, this amount is calculated by multiplying the estimated amount for the entire property by the percentage share of the costs pertaining to the portion in trust pursuant to the ARK Mori Building Management Rules.

(Note 3) With regard to Atago Green Hills, this amount is calculated by multiplying the estimated amount for the entire property in each building by the percentage share of the costs pertaining to the Company’s share in the trust beneficiary interest pursuant to the Atago Green Hills Management Rules.

(Note 4) This indicates the figure described in the “Report on evaluation of seismic PML for portfolio” dated August 7, 2015 by Sampo Japan Nipponkoa Risk Management Inc.

(Note 5) With regard to Laforet Harajuku (Land), no investigation is implemented because the Company does not hold any buildings, etc.

(ix) Status of Capital Expenditures

i) Status of Implementation of Capital Expenditures

The following table shows the major construction work falling under the category of capital expenditures that were conducted during the nineteenth fiscal period. Capital expenditures during the nineteenth fiscal period amounted to 223 million yen for the entire portfolio and, combined with the 15 million yen in maintenance and repairs and 0.2 million yen in construction management fees charged to expenses for the nineteenth fiscal period, construction work in a total of 239 million yen was implemented.

Name of real estate, etc. (Location)	Purpose	Period (YYYY/MM)	Amount of capital expenditures (millions of yen)
ARK Mori Building (Minato-ku, Tokyo)	Sprinkler pipe upgrading work in exclusive area	From: 2015/07 To: 2016/01	12
	LED installation of lights for exclusive area	From: 2015/11 To: 2015/11	5
Koraku Mori Building (Bunkyo-ku, Tokyo)	3F perimeter air-conditioning equipment upgrading work	From: 2015/09 To: 2015/10	5
	LED installation of lights for exclusive area	From: 2015/09 To: 2015/10	12
Akasaka Tameike Tower (Minato-ku, Tokyo)	HEATS heat exchanger upgrading work	From: 2015/09 To: 2015/11	15
Atago Green Hills (Minato-ku, Tokyo)	Office building air conditioning building automation system upgrading work	From: 2015/04 To: 2015/11	63
	Office building air balance unit upgrading work	From: 2015/05 To: 2015/06	9
Roppongi First Plaza (Minato-ku, Tokyo)	HEATS heat exchanger upgrading work	From: 2015/09 To: 2015/09	5
Roppongi View Tower (Minato-ku, Tokyo)	Common area renewal work	From: 2015/10 To: 2015/12	40
	Residential unit remodeling work	From: 2015/08 To: 2016/01	17
Other			35
Entire portfolio			223

(Note) The projects shown above are those for which capital expenditure exceeds 5 million yen per project.

ii) Schedule of Capital Expenditures

The following table shows the amounts of capital expenditures conducted after the end of the nineteenth fiscal period and the expected amounts of capital expenditures associated with the major renovation construction work, etc. planned as of the date of this document for properties held by the Company as of January 31, 2016. A portion of the total “(Expected) Amount of capital expenditures” detailed below may be treated as expenses for accounting purposes depending on the form of construction work.

Name of real estate, etc. (Location)	Purpose	(Scheduled) Period (YYYY/MM)	(Expected) Amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during the nineteenth fiscal period	Total amount already paid
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	Standard floors air-conditioning equipment control parts upgrading work	From: 2015/09 To: 2016/02	11	—	—
	Elevator air-conditioner upgrading work	From: 2014/07 To: 2015/08	5	—	—
ARK Mori Building (Minato-ku, Tokyo)	Power generating/transforming equipment upgrading work	From: 2013/11 To: 2016/06	190	—	134
	Office entrance, etc. remodeling work	From: 2015/12 To: 2016/04	71	—	—
	1F toilet area upgrading work	From: 2015/10 To: 2016/03	11	—	—
Koraku Mori Building (Bunkyo-ku, Tokyo)	Standard floor air-conditioning equipment control parts upgrading work	From: 2015/10 To: 2016/02	5	—	—
Akasaka Tameike Tower (Minato-ku, Tokyo)	Residential unit home appliances upgrading work	From: 2016/04 To: 2016/07	12	—	—
	Exterior lighting equipment upgrading work	From: 2016/01 To: 2016/02	7	—	—
	Modular replacement for switchboards	From: 2015/12 To: 2016/02	19	—	—
	Residential unit intercom system upgrading work	From: 2015/10 To: 2016/02	30	—	—
Atago Green Hills (Minato-ku, Tokyo)	Office building security system controller upgrading work	From: 2016/03 To: 2016/03	8	—	—
Roppongi First Plaza (Minato-ku, Tokyo)	Automatic fire alarm facility upgrading work	From: 2015/11 To: 2016/04	21	—	—
	Residential unit remodeling work	From: 2016/02 To: 2016/07	6	—	—
Roppongi View Tower (Minato-ku, Tokyo)	Automatic fire alarm facility upgrading work	From: 2015/11 To: 2016/04	31	—	—
	Residential unit remodeling work	From: 2016/02 To: 2016/07	23	—	—

(Note) The projects shown are those for which the (expected) amount exceeds 5 million yen per project.

b) Overview of Trust Beneficiary Interest

(as of January 31, 2016)

Main type of use	Property number	Property name	Trustee	Trust establishment date (YYYY/MM/DD)	Trust maturity date (YYYY/MM/DD)	Notes
Office buildings	O-0 Premium	Roppongi Hills Mori Tower	Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31	Trust beneficiary interest in compartmentalized ownership for 23rd and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2013/10/01	2028/09/30	Trust beneficiary interest in compartmentalized ownership for 19th and 22nd floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2014/08/01	2029/07/31	Trust beneficiary interest in compartmentalized ownership for 20th floor portion
			Sumitomo Mitsui Trust Bank, Ltd.	2015/09/16	2030/09/15	Trust beneficiary interest in compartmentalized ownership for 28th floor portion
	O-1 Premium	ARK Mori Building	Mizuho Trust & Banking Co., Ltd.	2006/03/22	2016/03/31	Trust beneficiary interest in compartmentalized ownership for 13th floor portion
			Mizuho Trust & Banking Co., Ltd.	2008/03/28	2018/03/31	Trust beneficiary interest in compartmentalized ownership for 12th and 22nd floor portions
			Mizuho Trust & Banking Co., Ltd.	2011/03/18	2021/01/31	Trust beneficiary interest in compartmentalized ownership for 23rd and 25th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2011/08/01	2026/07/31	Trust beneficiary interest in compartmentalized ownership for 4th, 15th and 24th floor portions
			Sumitomo Mitsui Trust Bank, Ltd.	2013/04/01	2028/03/31	Trust beneficiary interest in compartmentalized ownership for 1st floor and basement 1 through 4 the area used as district heating and cooling
	O-4 Premium	Koraku Mori Building	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficiary interest representing 80% interest in the assets in trust; Trust beneficiary interest representing the remaining 20% interest in the assets in trust is held by Mori Building Co., Ltd.
	O-6 Premium	Akasaka Tameike Tower	Sumitomo Mitsui Trust Bank, Ltd.	2008/09/30	2026/03/31	Trust beneficiary interest in office and retail portion (including certain parking/storage space)
			Sumitomo Mitsui Trust Bank, Ltd.	2011/03/18	2026/03/31	Trust beneficiary interest in residential portion (including certain parking space)
	O-7 Premium	Atago Green Hills	Mitsubishi UFJ Trust and Banking Corporation	2012/05/01	2027/04/30	Trust beneficiary interest representing 74% interest in the assets in trust; Trust beneficiary interest representing the remaining 26% interest in the assets in trust is held by Mori Building Co., Ltd.
O-8 Premium	ARK Hills South Tower	Mitsubishi UFJ Trust and Banking Corporation	2014/08/01	2034/07/31	Trust beneficiary interest in the 25% co-ownership	
Residential properties	R-1 Premium	Moto-Azabu Hills	Sumitomo Mitsui Trust Bank, Ltd.	2006/03/22	2026/03/31	—
	R-3 Premium	Roppongi First Plaza	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	—
	R-4	Roppongi View Tower	Sumitomo Mitsui Trust Bank, Ltd.	2003/03/04	2023/03/03	Trust beneficiary interest in compartmentalized ownership for 80 units in Roppongi View Tower
			Sumitomo Mitsui Trust Bank, Ltd.	2006/03/22	2023/03/03	Trust beneficiary interest in compartmentalized ownership for 12 units in Roppongi View Tower

c) Status of Portfolio

(i) Investment Ratio by Property Quality

(as of January 31, 2016)

Quality category (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Premium Properties	9	289,756	98.6
Other Properties	1	4,000	1.4
Portfolio total	10	293,756	100.0

(Note) For the Premium Properties in the quality category, please refer to “2. Investment Policy; (1) Investment Policy; (B) Management Strategy; (a) Key Strategy; a. Development of Urban Portfolio with Premium Properties at the Core; i. Investments that Focus on Premium Properties” in the most recent securities report (submitted on October 29, 2015).

(ii) Investment Ratio by Main Type of Use

(as of January 31, 2016)

Main type of use	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Office buildings	6	264,130	89.9
Residential properties	3	7,806	2.7
Retail Facility	1	21,820	7.4
Portfolio total	10	293,756	100.0

(iii) Investment Ratio by Region

(as of January 31, 2016)

Region		Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Tokyo metropolitan area	Tokyo's five central wards and their vicinity	10	293,756	100.0
	Minato Ward	8	244,736	83.3
	Bunkyo Ward	1	27,200	9.3
	Shibuya Ward	1	21,820	7.4
	Tokyo, Kanagawa, Chiba and Saitama Prefectures	10	293,756	100.0
Principal regional cities	Cities designated by Cabinet Order and their equivalent principal cities in Japan other than those located in Tokyo metropolitan area	—	—	—
Portfolio total		10	293,756	100.0

(iv) Investment Ratio by Property Age

(as of January 31, 2016)

Property age	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Less than 10 years	1	19,150	7.0
Equal to or more than 10 years but less than 15 years	3	113,076	41.6
Equal to or more than 15 years	5	139,710	51.4
Portfolio total	9	271,936	100.0

(Note) In aggregate calculation, Atago Green Hills is deemed to have been constructed on July 30, 2001, Moto-Azabu Hills is deemed to have been constructed on May 9, 2002, and Laforet Harajuku (Land) falls outside the calculations. The same applies to “(v) Investment Ratio by Property Size” below. The average age of the properties in the Company’s portfolio, calculated as the weighted average of the building age based on the acquisition price is 17.2 years which is rounded off to the nearest decimal place.

(v) Investment Ratio by Property Size

(as of January 31, 2016)

Property Size (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Equal to or more than 30,000m <sup>2</sup>	7	265,836	97.8
Equal to or more than 10,000m <sup>2</sup> but less than 30,000m <sup>2</sup>	2	6,100	2.2
Less than 10,000m <sup>2</sup>	—	—	—
Portfolio total	9	271,936	100.0

(Note) “Property Size” is based on the total floor area of the entire building, regardless of the form of ownership. With regard to Roppongi First Plaza and Roppongi View Tower, the total floor area for each property is deemed to be 22,906.74m<sup>2</sup> and calculated as a separate building.

d) Status of Income and Expenditures

(Unit: thousands of yen)

Property number	O-0			O-1		
Property name	Roppongi Hills Mori Tower			ARK Mori Building		
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	1	1	0
Rent revenue of real estate	1,431,297	1,652,901	221,604	1,271,693	1,271,693	—
Other rent revenue of real estate	—	—	—	—	—	—
Total property operating revenue	1,431,297	1,652,901	221,604	1,271,693	1,271,693	—
Property management fees	122,722	154,824	32,101	6,000	6,000	—
Property taxes (Note 1)	98,509	110,225	11,715	73,537	72,982	(554)
Utilities	—	—	—	—	—	—
Maintenance and repairs	—	—	—	—	370	370
Insurance premium	2,060	2,407	346	1,886	1,949	62
Depreciation and amortization (1)	230,096	266,518	36,421	79,995	68,253	(11,742)
Other expenses (Note 2)	358	199	(158)	2,844	2,698	(146)
Total property operating expense	453,747	534,174	80,426	164,265	152,254	(12,010)
Property operating income (2)	977,549	1,118,727	141,177	1,107,428	1,119,438	12,010
NOI (3) ((1)+(2))	1,207,646	1,385,245	177,599	1,187,424	1,187,692	268
Capex (4)	29,482	—	(29,482)	15,004	22,630	7,626
NCF (3)-(4)	1,178,163	1,385,245	207,081	1,172,420	1,165,062	(7,357)

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

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

(Unit: thousands of yen)

Property number	O-4			O-6		
Property name	Koraku Mori Building			Akasaka Tameike Tower		
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	88.6%	(11.4PT)	100.0%	100.0%	0.0PT
Number of tenants	18	17	(1)	1	1	0
Rent revenue of real estate	635,028	579,268	(55,759)	666,446	666,446	—
Other rent revenue of real estate	109,606	99,907	(9,698)	289	289	—
Total property operating revenue	744,634	679,176	(65,458)	666,735	666,735	—
Property management fees	64,563	60,718	(3,845)	3,000	3,000	—
Property taxes (Note 1)	31,049	32,907	1,857	42,274	42,013	(261)
Utilities	88,828	81,212	(7,615)	—	—	—
Maintenance and repairs	5,991	9,040	3,049	—	—	—
Insurance premium	1,766	1,778	11	2,042	2,039	(2)
Depreciation and amortization (1)	129,376	102,174	(27,201)	146,854	142,762	(4,092)
Other expenses (Note 2)	68,795	76,008	7,213	1,051	1,707	655
Total property operating expense	390,371	363,840	(26,530)	195,223	191,522	(3,700)
Property operating income (2)	354,263	315,335	(38,927)	471,512	475,213	3,700
NOI (3) ((1)+(2))	483,639	417,509	(66,129)	618,367	617,975	(391)
Capex (4)	688	27,765	27,077	35,407	22,408	(12,999)
NCF (3)-(4)	482,951	389,744	(93,207)	582,959	595,567	12,607

(Unit: thousands of yen)

Property number	O-7			O-8		
Property name	Atago Green Hills			ARK Hills South Tower		
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	98.3%	(1.7PT)
Number of tenants	1	1	0	1	34	33
Rent revenue of real estate	1,111,765	1,111,765	—	454,287	493,333	39,046
Other rent revenue of real estate	—	—	—	—	24,138	24,138
Total property operating revenue	1,111,765	1,111,765	—	454,287	517,471	63,184
Property management fees	2,664	2,664	—	33,968	43,955	9,987
Property taxes (Note 1)	69,900	69,332	(567)	16,556	33,107	16,551
Utilities	—	—	—	—	24,509	24,509
Maintenance and repairs	—	—	—	—	1,332	1,332
Insurance premium	3,618	3,546	(71)	1,076	1,096	19
Depreciation and amortization (1)	196,421	197,635	1,214	44,299	44,314	14
Other expenses (Note 2)	37,079	37,879	799	95	2,006	1,911
Total property operating expense	309,682	311,057	1,374	95,995	150,322	54,326
Property operating income (2)	802,082	800,707	(1,374)	358,291	367,148	8,857
NOI (3) ((1)+(2))	998,503	998,343	(160)	402,591	411,463	8,872
Capex (4)	18,582	78,176	59,593	1,046	980	(66)
NCF (3)-(4)	979,920	920,166	(59,754)	401,544	410,483	8,938

(Unit: thousands of yen)

Property number	R-1			R-3		
Property name	Moto-Azabu Hills			Roppongi First Plaza		
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	82.8%	100.0%	17.2PT	95.4%	98.0%	2.6PT
Number of tenants	6	7	1	40	41	1
Rent revenue of real estate	57,010	65,359	8,348	73,282	74,944	1,661
Other rent revenue of real estate	755	1,549	794	—	288	288
Total property operating revenue	57,766	66,909	9,143	73,282	75,232	1,949
Property management fees	10,560	10,370	(190)	12,537	13,209	671
Property taxes (Note 1)	2,080	2,081	1	7,088	7,134	45
Utilities	93	41	(52)	1,421	1,408	(13)
Maintenance and repairs	10,973	2,664	(8,308)	1,437	1,548	110
Insurance premium	141	151	10	263	268	5
Depreciation and amortization (1)	6,941	7,162	220	11,081	11,009	(72)
Other expenses (Note 2)	3,698	4,175	476	3,871	3,778	(93)
Total property operating expense	34,489	26,647	(7,841)	37,703	38,358	655
Property operating income (2)	23,276	40,261	16,984	35,579	36,873	1,294
NOI (3) ((1)+(2))	30,218	47,424	17,205	46,661	47,883	1,222
Capex (4)	6,720	1,456	(5,264)	17,700	10,766	(6,933)
NCF (3)-(4)	23,498	45,968	22,470	28,961	37,116	8,155

(Unit: thousands of yen)

Property number	R-4			S-1		
Property name	Roppongi View Tower			Laforet Harajuku (Land)		
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	97.0%	95.3%	(1.7PT)	100.0%	100.0%	0.0PT
Number of tenants	89	87	(2)	1	1	0
Rent revenue of real estate	89,959	91,946	1,986	614,400	614,400	—
Other rent revenue of real estate	190	180	(10)	—	—	—
Total property operating revenue	90,149	92,126	1,976	614,400	614,400	—
Property management fees	13,151	12,098	(1,052)	—	—	—
Property taxes (Note 1)	10,837	10,832	(5)	64,759	67,590	2,830
Utilities	1,391	1,318	(73)	—	—	—
Maintenance and repairs	3,317	655	(2,662)	—	—	—
Insurance premium	319	311	(7)	—	—	—
Depreciation and amortization (1)	12,644	12,956	311	—	—	—
Other expenses (Note 2)	672	618	(54)	—	—	—
Total property operating expense	42,335	38,790	(3,544)	64,759	67,590	2,830
Property operating income (2)	47,814	53,335	5,520	549,640	546,810	(2,830)
NOI (3) ((1)+(2))	60,459	66,291	5,832	549,640	546,810	(2,830)
Capex (4)	5,600	59,727	54,127	—	—	—
NCF (3)-(4)	54,858	6,563	(48,294)	549,640	546,810	(2,830)

(Unit: thousands of yen)

Property number	Portfolio total		
Property name			
Period	Eighteenth fiscal period ended July 2015	Nineteenth fiscal period ended January 2016	Difference
Operation days	181 days	184 days	3 days
Occupancy rate	99.6%	98.3%	(1.3PT)
Number of tenants	159	191	32
Rent revenue of real estate	6,405,171	6,622,059	216,888
Other rent revenue of real estate	110,840	126,352	15,511
Total property operating revenue	6,516,011	6,748,411	232,399
Property management fees	269,168	306,841	37,672
Property taxes (Note 1)	416,594	448,207	31,612
Utilities	91,734	108,490	16,755
Maintenance and repairs	21,720	15,611	(6,108)
Insurance premium	13,174	13,549	374
Depreciation and amortization (1)	857,712	852,787	(4,925)
Other expenses (Note 2)	118,467	129,072	10,604
Total property operating expense	1,788,573	1,874,559	85,986
Property operating income (2)	4,727,438	4,873,852	146,413
NOI (3) ((1)+(2))	5,585,150	5,726,639	141,488
Capex (4)	130,232	223,910	93,677
NCF (3)-(4)	5,454,917	5,502,728	47,810

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated March 15, 2016 of Mori Hills REIT Investment Corporation (the Company) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange.

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The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Act on Investment Trusts and Investment Corporations and the Financial Instruments and Exchange Act of Japan as well as related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions.

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