



H I L L S R E I T

MORI HILLS REIT INVESTMENT CORPORATION

(CODE: 3234)

Results of 2nd Fiscal Period (Ended July 31, 2007)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co.,Ltd.

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

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

1. Introduction of New President





Background

Apr. 1982	Joined Hankyu Corporation
Jun. 2003	Hankyu Realty Co., Ltd., Executive Director and Head of Business Management Office
Apr. 2004	Hankyu REIT Asset Management, Director and General Manager of Financial Planning Div.
Apr. 2007	Joined Mori Building Investment Management Co., Ltd.
Jun. 2007	Mori Building Investment Management Co., Ltd., Representative Director and President

As the new Representative Director and President of Mori Building Investment Management Co., Ltd., an asset management company for MORI HILLS REIT INVESTMENT CORPORATION (MHR), officially appointed at the general shareholders' meeting in June this year, I would like to report on the financial results of MHR for the second period.

In the second period, MHR has recorded operating revenues of JPY4,553 million, ordinary profit of JPY1,936 million and net profit of JPY1,935 million through management of 9 properties acquired during the first period (at the total price of JPY142.7 billion). As a result, we are reporting a dividend per investment unit of JPY14,912.

MHR has focused on two management strategies: "Growing a portfolio based on urban premium properties" and "Leveraging overall strengths of Mori Building Group." Based on these management strategies, the corporation is committed to maximizing unitholder value by ensuring steady growth of the portfolio and stable income for the medium to long term (through "Investment in the City").

I would like to take this opportunity to express my appreciation for your continued support and encouragement.

September 2007

**Hiroshi Mori
Representative Director and President
Mori Building Investment Management Co., Ltd.**

2. Overview of Financial Results for the Second Period



Second Period Highlights

Period ending July 31, 2007—Actual vs. forecast

Item	Forecasts ① (Yen mn)	Actual ② (Yen mn)	②—① (Yen mn)	Difference (%)
Operating revenue	4,477	4,553	76	1.7
Operating profit	2,352	2,381	29	1.2
Ordinary profit	1,870	1,936	66	3.5
Net profit	1,869	1,935	66	3.5
Dividend per unit (Yen)	14,400	14,912	512	3.6

Differences between actual and forecast:

- ◆ Operating revenue was JPY76mn higher due mainly to higher than expected occupancy at the residential properties.
- ◆ Ordinary profit was JPY66mn higher due mainly to lower than expected cost of debt.

Comparison with the first period

Item	1st period (Ending Jan. 31, 2007)* (Yen mn) (316 days in operation)	2nd period (Ending Jul. 31, 2007) (Yen mn) (181 days in operation)
Operating revenue	7,012	4,553
Operating profit	3,862	2,381
Ordinary profit	2,664	1,936
Net profit	2,662	1,935
Dividend per unit (Yen)	20,511	14,912

* Properties acquired during the 1st period:

- March 22, 2006 4 properties for JPY 37.1bn
- April 13, 2006 6 properties for JPY92.8bn
- August 1, 2006 1 property for JPY12.7bn

Highlights for the second period

Dividend per unit for the second period stands at JPY14,912 (+3.6% compared to the initial forecast)

Office: Revised unit rent was up 9.9%
Residential: Conducted renovation for upside potential

The appraisal value was up 6.5% from the previous period and up 15.8% from the time of listing

Obtained issuer credit rating from Moody's (A3) and a senior long-term credit rating from JCR (AA-)

Income Statement

Item	Previous period (1st period: Feb. 2, 2006–Jan.31, 2007)		Current period (2nd period: Feb. 1, 2007–Jul. 31, 2007)	
	Amount (Yen thousand)	Percentage (%)	Amount (Yen thousand)	Percentage (%)
Operating revenue	7,012,311	100.0	4,553,168	100.0
Property revenue				
Rental revenue	6,246,493		4,090,761	
Other	96,078		44,794	
Other property revenue	669,739		417,613	
Operating expenses	3,150,043	44.9	2,171,673	47.7
Property expenses	2,654,151		1,809,353	
Asset management fees	396,775		247,707	
Director's compensational	22,800		10,400	
Asset custody fees	6,499		3,883	
Administration fees	11,891		11,411	
Other operating expenses	57,926		88,918	
Operating profit	3,862,267	55.1	2,381,495	52.3
Non-operating revenue	1,031	0.0	14,252	0.3
Interest revenue	1,031		4,814	
Other	-		9,438	
Non-operating expenses	1,199,130	17.1	459,132	10.1
Interest expenses	554,327		414,336	
Amortization of initial expenses	10,222		5,111	
Loan related expenses	237,265		38,139	
Issue costs of new units	47,122		-	
Expenses related to listing of new units	349,990		-	
Other non-operating expenses	202		1,545	
Ordinary profit	2,664,169	38.0	1,936,615	42.5
Profit before tax	2,664,169	38.0	1,936,615	42.5
Net profit	2,662,335	38.0	1,935,601	42.5
Unappropriate retained earnings brought forward	-		7	
Unappropriate retained earnings for the period	2,662,335		1,935,609	
Dividend per unit (yen)	20,511		14,912	

(Yen: thousand)	
Parking revenue	160,615
Incidental revenue	248,180
Early termination penalty	8,817

(Yen: thousand)	
Property management fees	631,406
Utilities	181,712
Property taxes	120,105
Rent	65,445
Custodian fees	6,970
Maintenance & repairs	121,161
Insurance premium	13,689
Depreciation & Amortization	570,637
Other property expenses	98,223

Balance Sheet

Item	As of the end of 1st fiscal period (Jan. 31, 2007)		As of the end of 2nd fiscal period (Jul. 31, 2007)	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
Asset				
Current assets	12,054,672	7.7	12,094,388	7.8
Cash and deposit	3,494,526		4,688,388	
Entrusted cash and deposits	7,163,207		7,214,625	
Other	1,396,938		191,373	
Fixed assets	143,594,260	92.3	143,035,705	92.2
Tangible fixed asset	125,111,353	80.4	124,574,091	80.3
Intangible fixed assets	18,409,956	11.8	18,409,956	11.9
Investment and other assets	72,949	0.1	51,656	0.0
Deferred assets	40,890	0.0	35,779	0.0
Total assets	155,689,823	100.0	155,165,873	100.0

Item	As of the end of 1st fiscal period (Jan. 31, 2007)		As of the end of 2nd fiscal period (Jul. 31, 2007)	
	Amount (Yen thousand)	(%)	Amount (Yen thousand)	(%)
Liabilities				
Current liabilities	34,186,967	22.0	34,312,274	22.1
Payable-trade	263,476		271,778	
Short-term debt	33,000,000		33,000,000	
Other	923,491		1,040,496	
Fixed liabilities	46,169,101	29.6	46,246,570	29.8
Long-term debt	40,000,000		40,000,000	
Tenant leasehold and security deposit	6,169,101		6,246,570	
Total liabilities	80,356,069	51.6	80,558,844	51.9
Unitholders' equity				
Unitholders' equity	72,671,418	46.7	72,671,418	46.8
Retained earnings	2,662,335	1.7	1,935,609	1.3
Total unitholders' equity	75,333,754	48.4	74,607,028	48.1
Total liabilities and unitholders' equity	155,689,823	100.0	155,165,873	100.0

Cashflow Statement / Retained Earnings



Cashflow statement

Amount (Yen thousand)

Item	Previous period (1st period: Feb. 2, 2006–Jan.31, 2007)	Current period (2nd period: Feb. 1, 2007–Jul. 31, 2007)
I Cashflow from operating activities	3,285,086	3,897,987
EBIT	2,664,169	1,936,615
Depreciation & Amortization	949,193	570,637
Amortization of long-term prepaid expenses	10,222	5,111
Amortization of issue costs of new units	47,122	-
Interest income	▲1,031	▲4,814
Interest expenses	554,327	414,336
Increase/decrease in notes receivable	▲95,703	8,181
Increase/decrease in consumption taxes receivable	▲1,193,776	1,193,776
Increase/decrease in trade accounts payable	203,423	48,604
Increase/decrease in other accounts payable	21,177	▲15,923
Increase/decrease in accrued expenses	10,240	▲1,985
Increase/decrease in accrued consumption taxes	-	117,541
Increase/decrease in rent received in advance	601,606	15,848
Increase/decrease in other current liabilities	155,093	▲11,975
Initial expenses	▲51,113	-
Increase/decrease in prepaid expenses	▲107,420	5,543
Increase/decrease in long-term prepaid expenses	▲62,649	21,293
Other	-	▲1,955
Sub total	3,704,880	4,300,834
Interest received	1,031	4,814
Interest paid	▲420,619	▲405,655
Income taxes paid	▲206	▲2,006
II Cashflow from investing activities	▲138,251,648	3,789
Purchases of property and equipment	▲126,000,493	▲73,678
Payment for purchases of intangible assets	▲18,409,956	-
Receipt of tenant leasehold and security deposits	7,474,141	292,691
Expenditure of tenant leasehold and security deposits	▲1,305,039	▲215,223
Security deposits	▲10,300	-

Amount (Yen thousand)

Item	Previous period (1st period: Feb. 2, 2006–Jan.31, 2007)	Current period (2nd period: Feb. 1, 2007–Jul. 31, 2007)
III Cashflow from financing activities	145,624,296	▲2,656,496
Proceed from short-term debt	161,841,000	-
Issue costs of short-term debt	▲128,841,000	-
Proceeds from long-term debt	40,000,000	-
Proceeds from issuance of new units	72,671,418	-
Issue costs of new units	▲47,122	-
Payment of dividend	-	▲2,656,496
IV Increase/decrease in cash & equivalents	10,657,734	1,245,279
V Cash & equivalents at start of period	-	10,657,734
VI Cash & equivalents at end of period	10,657,734	11,903,014

Retained earnings

Amount (Yen)

	Previous period (1st period: Feb. 2, 2006–Jan.31, 2007)	Current period (2nd period: Feb. 1, 2007–Jul. 31, 2007)
I Retained earnings	2,662,335,436	1,935,609,421
II Dividend	2,662,327,800	1,935,577,600
(Dividend per unit)	(20,511)	(14,912)
III Earnings carried forward	7,636	31,821

Financial Highlights



Indices	Previous period (1st period: Feb. 2, 2006–Jan. 31, 2007)	Current period (2nd period: Feb. 1, 2007–Jul. 31, 2007)	
Net profit	2,662mn yen	1,935mn yen	
FFO	3,611mn yen	2,506mn yen	Net profit + Depreciation & Amortization
Depreciation & Amortization	949mn yen	570mn yen	
CAPEX	19mn yen	33mn yen	
Total assets	155,689mn yen	155,165mn yen	
Interest-bearing debt	73,000mn yen	73,000mn yen	
Net asset value	75,333mn yen	74,607mn yen	
Dividend	2,662mn yen	1,935mn yen	
Total units outstanding	129,800 units	129,800 units	
Book value per unit	580,383 yen	574,784 yen	Net asset value at end of period/Total units outstanding
Dividend per unit	20,511 yen	14,912 yen	Dividend/Total units outstanding
FFO per unit	27,823 yen	19,308 yen	FFO/Weighted average number of investment units for the period
ROA	2.70%	1.25%	Ordinary profit/Average of total assets during the period
Annualized*	3.20%	2.50%	
ROE	6.10%	2.60%	Net profit/Average of NAV during the period
Annualized*	7.00%	5.20%	
LTV	46.90%	47.00%	LTV=Interest-bearing debt/Total assets
Dividend yield (annualized*)	2.15%	2.78%	Dividend per unit/Unit price**
Number of operating days in the period	316 days	181 days	
PER (annualized*)	46.4 x	35.9 x	Unit price**/Net profit per unit
PBR	1.9 x	1.9 x	Unit price**/Book value per unit

Note: * Calculated as 1st period figure/316 days x 365 days, 2nd period figure/181 days x 365 days

** Closing price in July. 31, 2007

Forecast

Item	2nd period Actual (Feb.1, 2007–Jul. 31, 2007) (Yen mn) (181 days in operation)	3rd period Forecast (Aug.1, 2007–Jan. 31, 2008) (Yen mn) (184 days in operation)	Difference (Yen mn)	
Operating revenue	4,553	4,527	▲26	Office ◆ Rise in rent: +JPY33mn ◆ Decrease in operating revenue due to tenant departure at Roppongi First Bldg.: -JPY38mn
Operating profit	2,381	2,189	▲191	Base increase in personnel cost, increase in management outsourcing fees for improvement in system maintenance (as of Sept. 2007) ◆ Increase per fiscal period: JPY28mn ◆ Increase for 3rd period: JPY23mn
Ordinary profit	1,936	1,636	▲300	Property Tax, City Planning Tax 2nd period JPY120mn (3 months) 3rd period JPY249mn (6 months)
Net profit	1,935	1,635	▲300	Cost of debt expected to rise by JPY106mn due to refinancing of short term debt of JPY33bn which is partially expected to shift to fixed long term debt
Dividend per unit (Yen)	14,912	12,600	▲2,312	

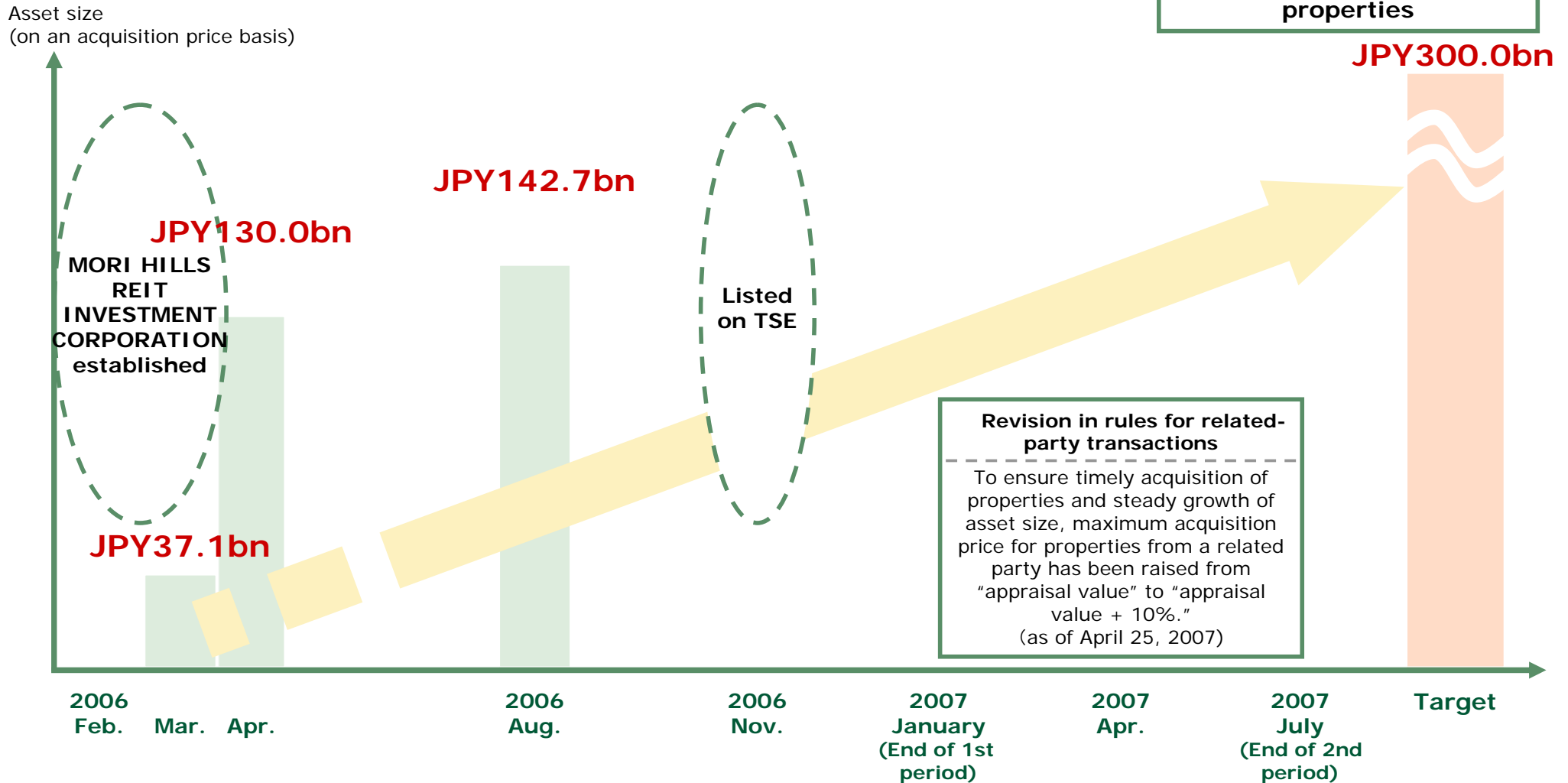
[Assumption]
Property Tax, City Planning Tax: 249mn yen
Depreciation & Amortization: 573mn yen

3. External Growth Strategies



External Growth Strategies

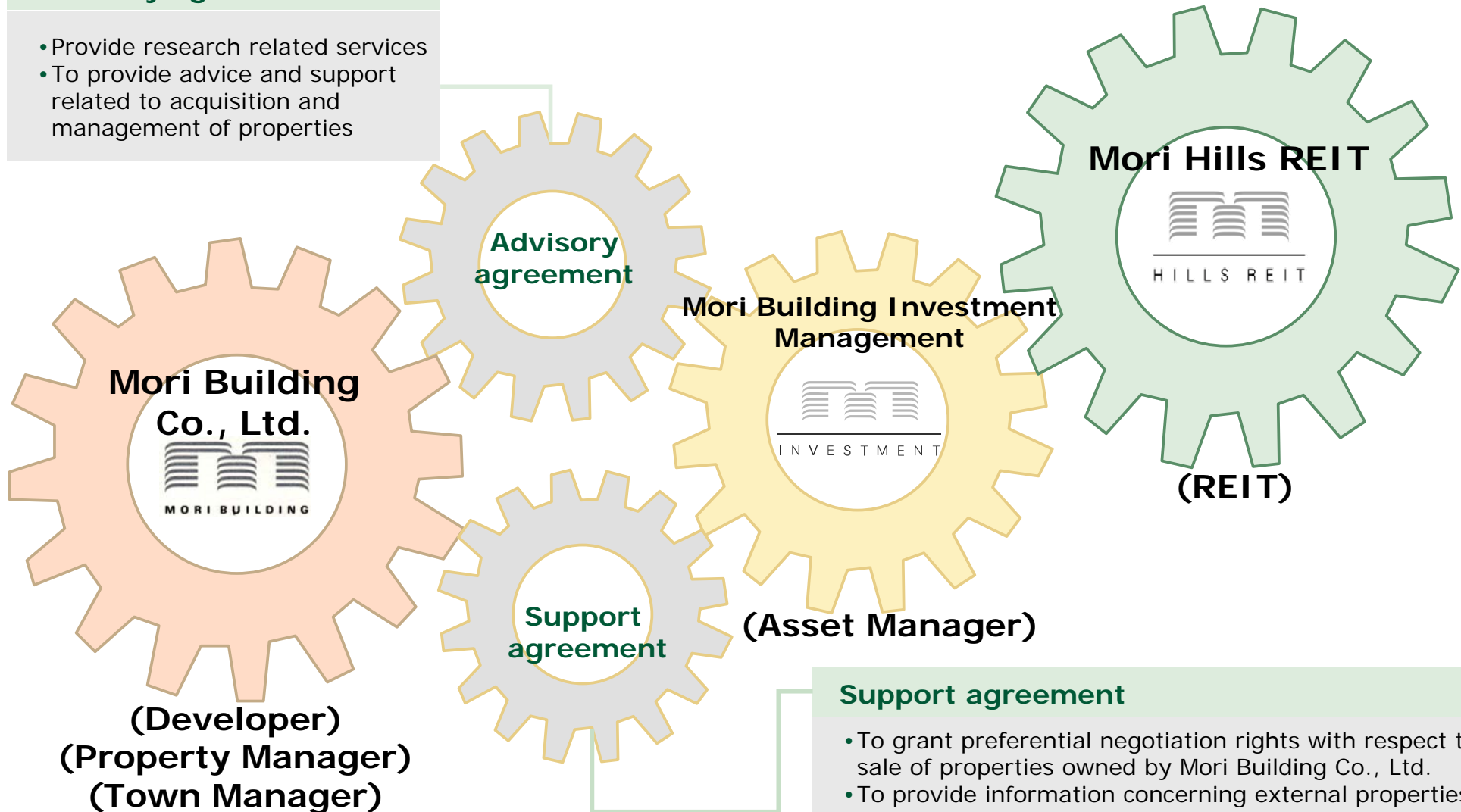
Steady Growth in Asset Size



Note: The target asset size is the estimate as of today, and thus, no guarantee is given as to its realizability

Advisory agreement

- Provide research related services
- To provide advice and support related to acquisition and management of properties



Development projects by Mori Building Co., Ltd.



1985–1990

- ◆ Mar. 1986 Ark Mori Building completed



1990–1995

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



1995–2000

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

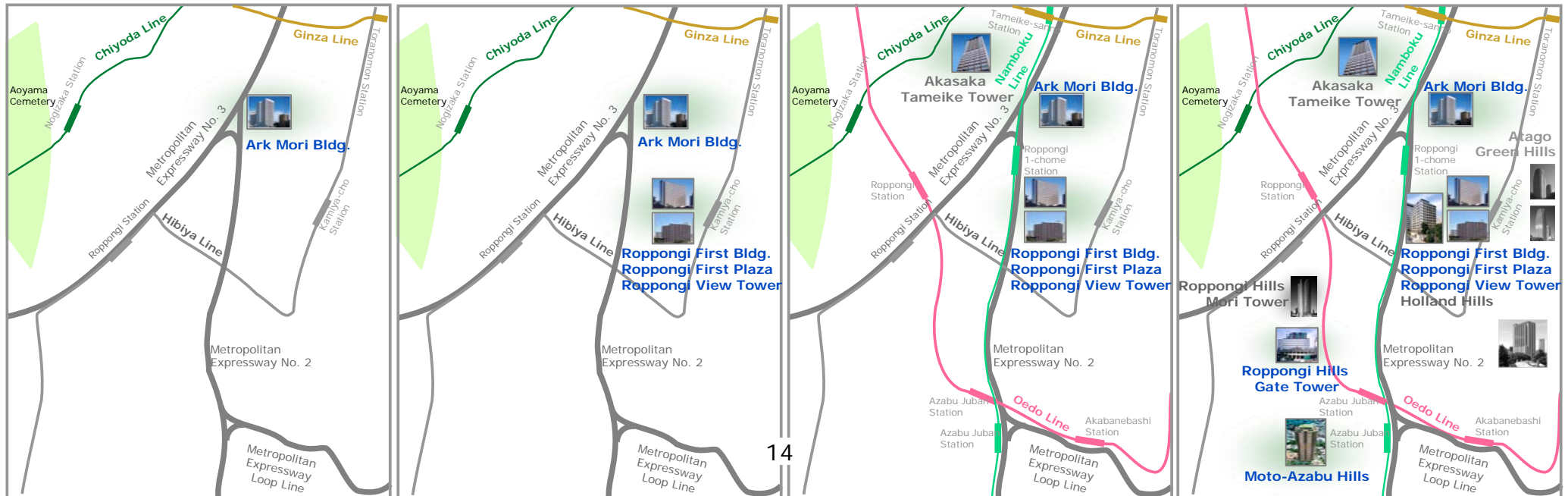


2001–

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



Urban developments by Mori Building Co., Ltd. and Properties Owned by Mori Hills REIT Investment Corporation



Ongoing Projects

Hirakawa-cho 2-chome



Project Overview
Gross floor area: c. 51,900m²
Planned completion: Dec. 2009

A complex redevelopment project underway near Japan's core central government agencies

Redevelopment of the Toranomon & Roppongi Area



Project Overview
Gross floor area: c. 143,600m²
Plan approved: Aug. 2007

Development of an international and cultural city based on the concept of "Green residential city"

Redevelopment of the north side of Kitanaka-dori, Yokohama



Project Overview
Land area: c.2.0ha
Planned completion: 2010

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

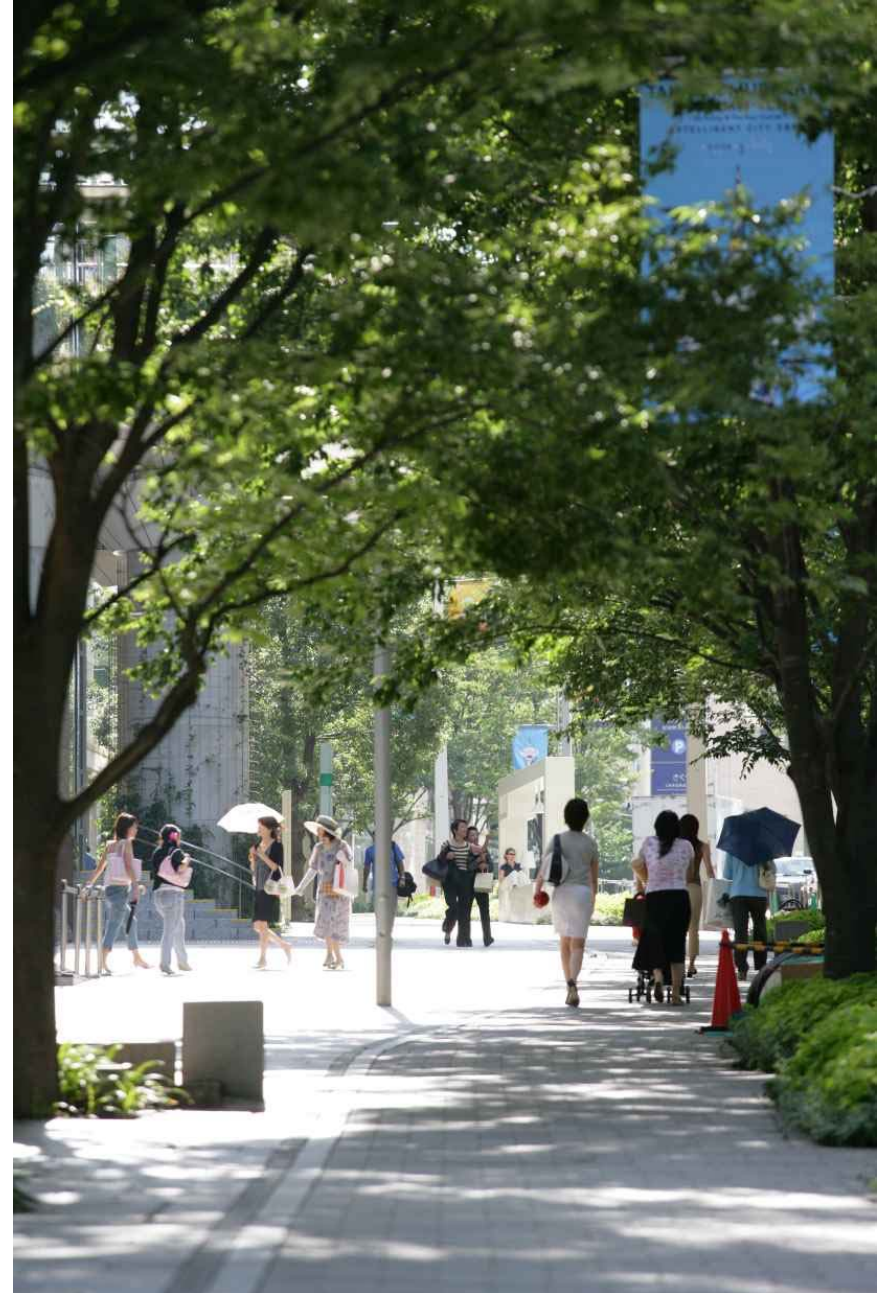
Shanghai World Financial Center



Project Overview
Gross floor area: c. 381,600m²
Planned completion: 2008

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

4. Internal Growth Strategies

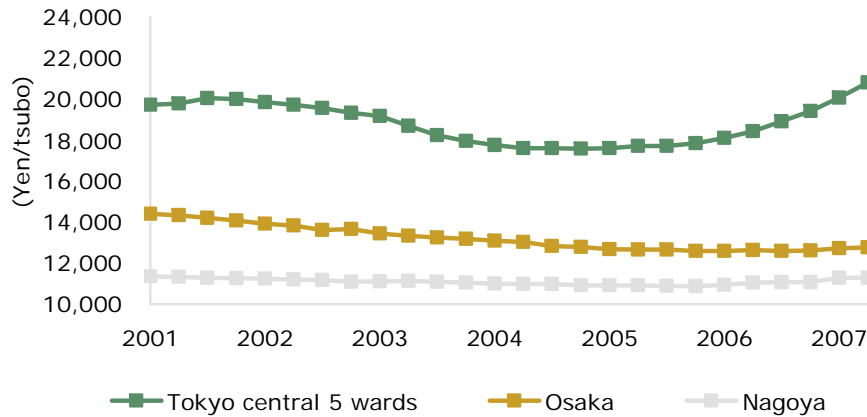


Competitive Strengths of Central 5 Wards of Tokyo



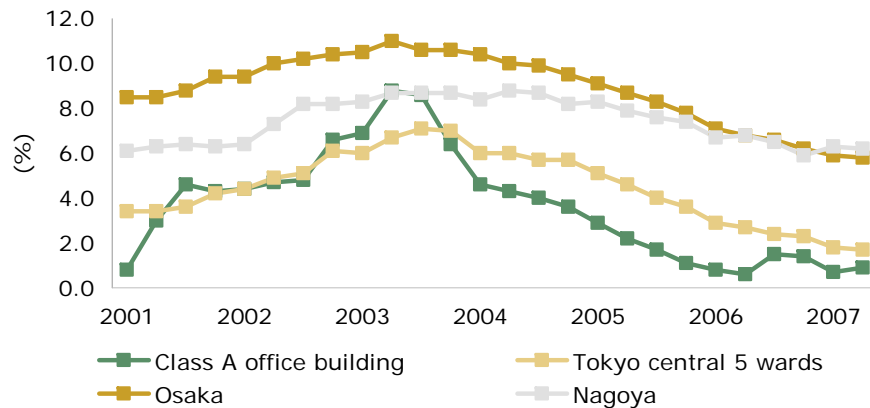
■ Office demand: Robust and stable

- Trend of average rents for rental office buildings



Source: "The Latest Office Market Trend" compiled by Miki Shoji Co., Ltd.

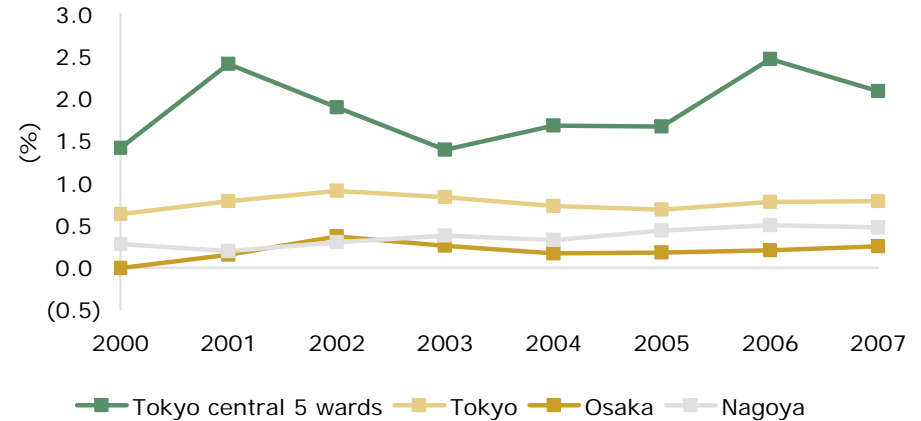
- Trend of average vacancy rates for rental office buildings



Source: "OFFICE MARKET REPORT" compiled by CB Richard Ellis K.K.

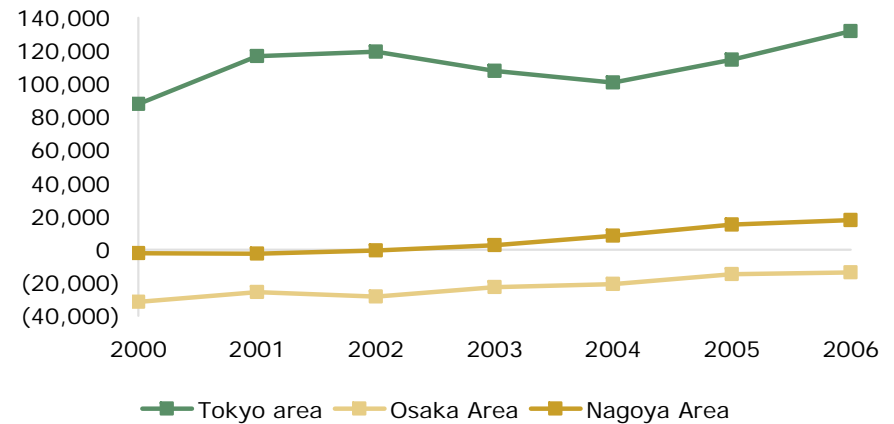
■ Residential demand: Steady population growth

- Comparison of population growth in major cities



Source: Compiled by Urban Research Institute, Corp. based on released documents on demographic estimates in Tokyo, Osaka and Nagoya

- (For reference) Trend of net population growth in three major cities



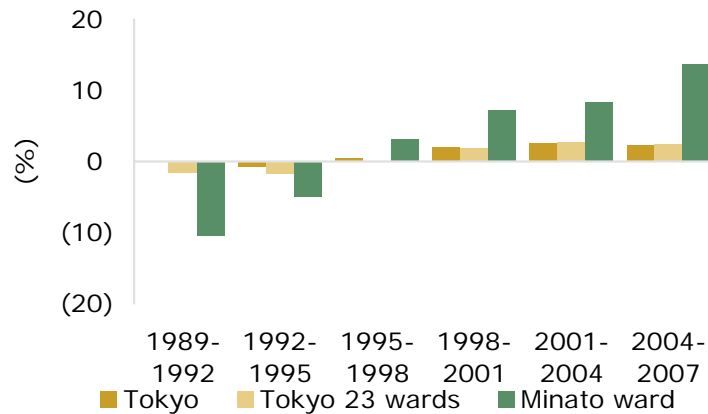
Source: Compiled by Urban Research Institute, Corp. based on "Annual report on the internal migration in Japan derived from the basic resident registers" of Ministry of Internal Affairs and Communications

Note: Each area consists of the prefectures as follows:
 Tokyo area: Tokyo, Kanagawa, Saitama and Chiba
 Osaka area: Osaka, Hyogo, Kyoto and Nara
 Nagoya area: Aichi, Gifu and Mie

Competitive Strengths of Minato Ward (1)

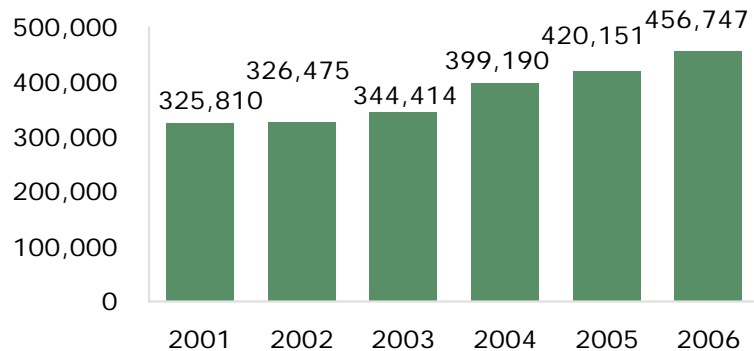
Economic Trend of Minato Ward

- Population in Minato Ward
⇒ From decline to growth



Source: Statistics Division Bureau of General Affairs, 2006

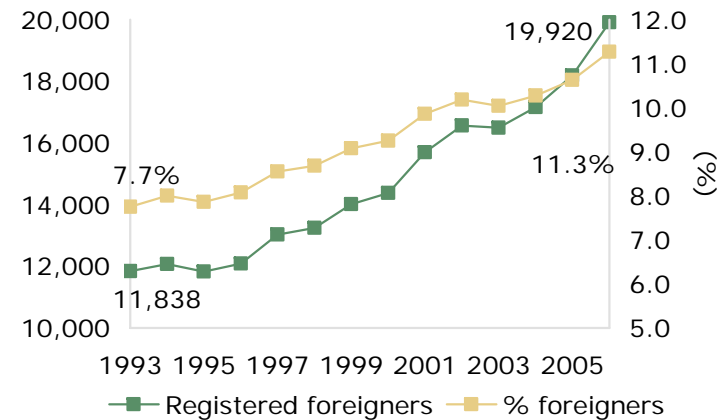
- Changes in the number of outgoing and incoming passengers
⇒ Number of passengers on the rise



Source: Circulation transit outdoor, the company website

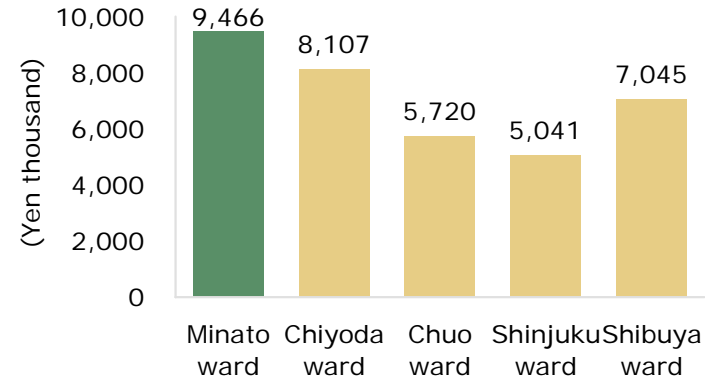
Note: The above figures are the total number of passengers getting on and off at Roppongi Station, Kamiya-cho Station on Hibiya Line, Roppongi Station, Azabu-Juban Station, Akabanebashi Station on Toei Oedo Line, Azabu-Juban Station, Roppongi 1-chome Station on Namboku Line, Nogizaka Station on Chiyoda Line

- Increasing number of foreigners officially registered and foreigner's ratio of population
⇒ Accelerated growth of foreign residents



Source: Second Basic Housing Plan for Minato Ward

- Per-capita income for Minato Ward
⇒ Among the most affluent communities in Japan

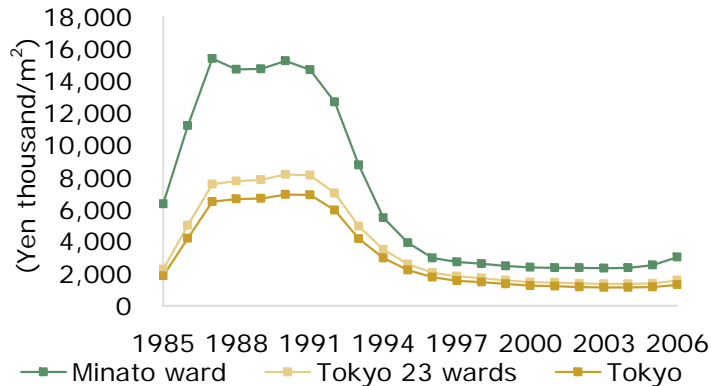


Source: Statistics Division Bureau of General Affairs, 2006

Competitive Strengths of Minato Ward (2)

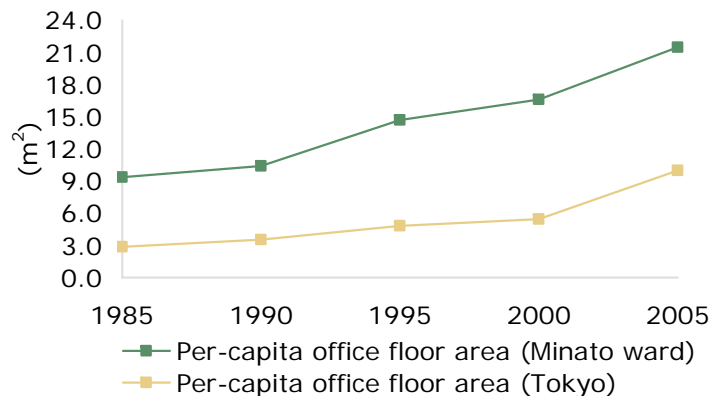
Trend of Real Estate in Minato Ward

- Changes in land prices (commercial districts)
⇒ Land prices in Minato Ward have remained higher than Tokyo's average



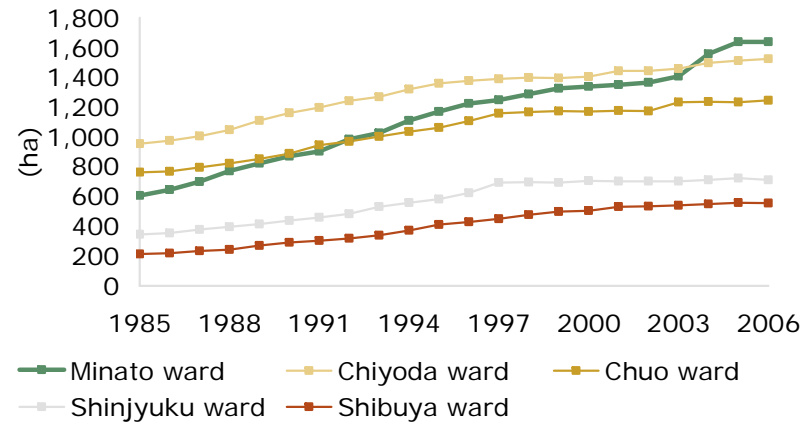
Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

- Changes in per-capita office floor area
⇒ Per-capita office floor area has been expanding



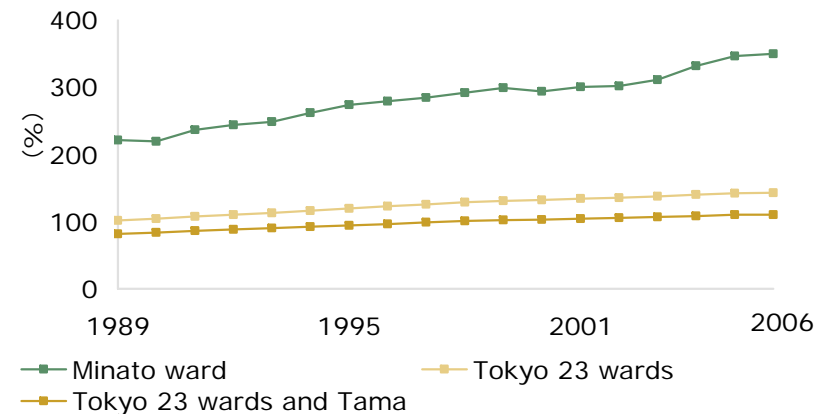
Source: Tokyo Metropolitan Government

- Floor area for offices in central 5 wards of Tokyo
⇒ Floor area in Minato Ward has been expanding to exceed that of the other 4 wards



Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

- Changes in floor-area ratio
⇒ Buildings in Minato Ward are growing higher year by year

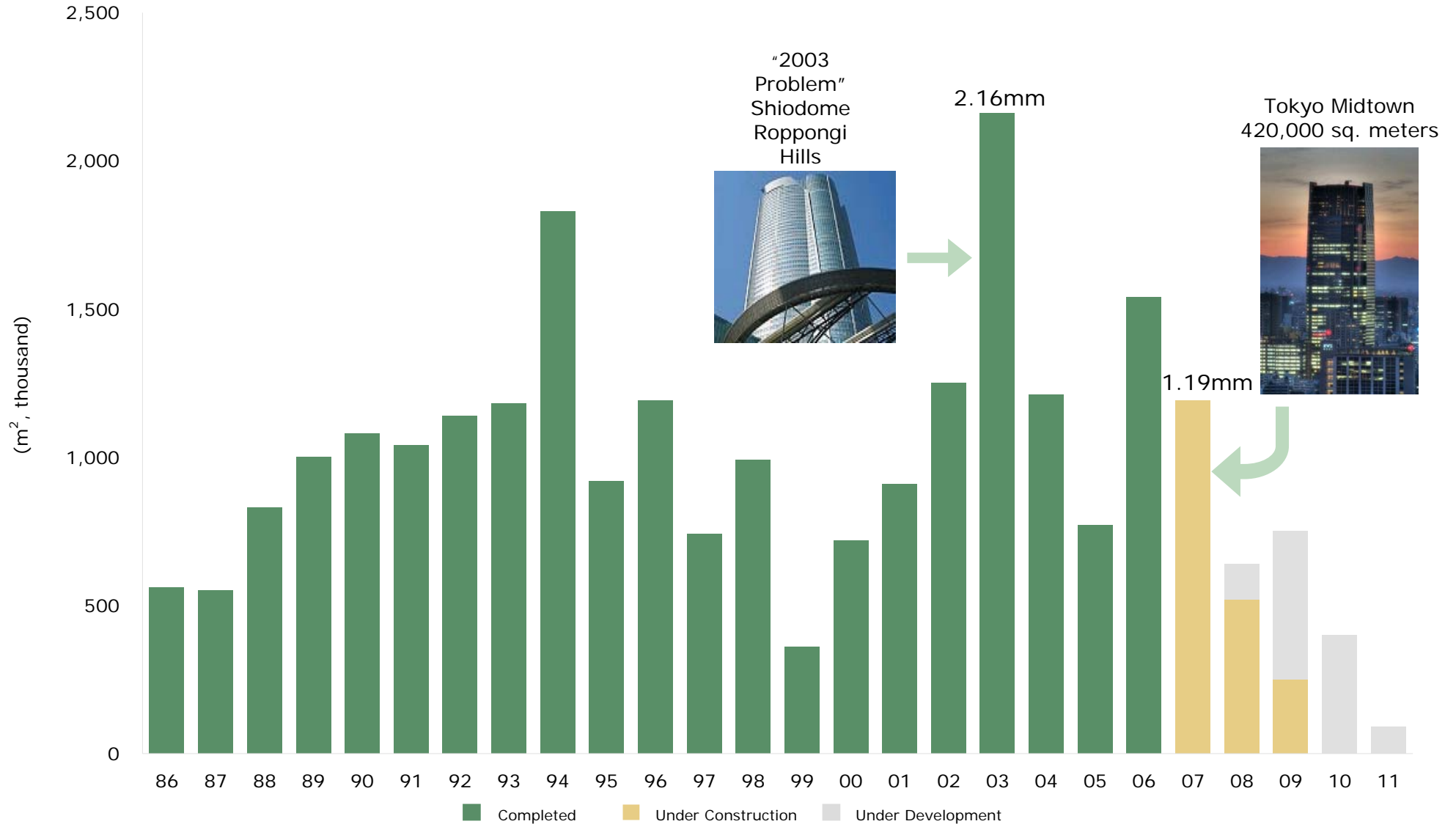


Source: "Lands of Tokyo" issued by Tokyo Metropolitan Government

Limited Pipeline of Class A Office Buildings

Office Building Supply (10,000 square meters or larger) in Tokyo's 23 Wards

Tokyo 23 Wards -- Large-scale Office Building Supply



Source: Mori Building Survey as of December 2006

Pursuit of Further Upside through Renovation

Renovation of Roppongi First Plaza

- Renovation to increase earnings capability



Location: 1-9-39 Roppongi, Minato Ward, Tokyo

Years since completion: 13 years (completed in Oct. 1993)

Number of rentable units: 42 (portion owned by MHR)

Upgraded entrance

Renovation inside the residential units

A new contract at a higher rent than before the renovation

Renovation for residential units will continue to be carried out following tenant departures

- Entrance renovation

Before



After



Furniture, blind, lighting fixtures replaced
The entire wall repapered, floor stone polished, etc.

- Renovation inside a residential unit

Before



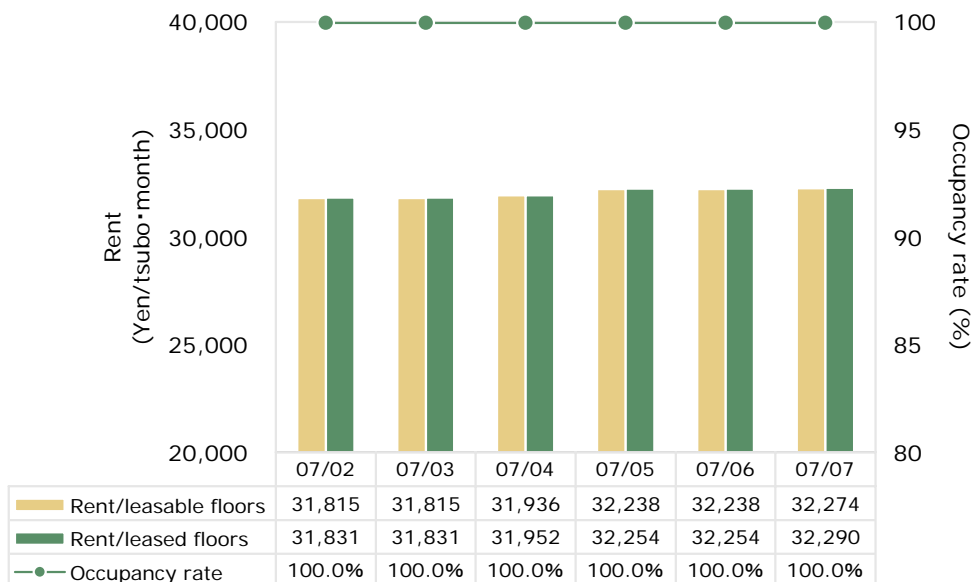
After



Renovation of bath unit, lavatory basin, kitchen and bathroom facilities
Carpet and wallpaper materials upgraded, lighting fixtures, doors and metal fittings replaced

Tenant leasing overview of the Second Period (1)

Office: Rent and occupancy rate



Residential: Rent and occupancy rate



Office tenant renewals

	No. of tenants	Monthly rent prior to rent change	Revision in monthly rent	Rate of revision
Tenants that revised rent during the 2nd period	7	62.9mn yen	6.2mn yen	9.9%
Tenants turnover during the 2nd period	1	1.7mn yen*	0.3mn yen	15.6%
Total	8	64.5mn yen	6.5mn yen	10.0%

Residential tenant turnover and renewals

	Moved in	Moved out	Difference
Number of tenants	34	31	3
Average rent (Yen/tsubo)	25,776 yen	24,639 yen	1,137 yen

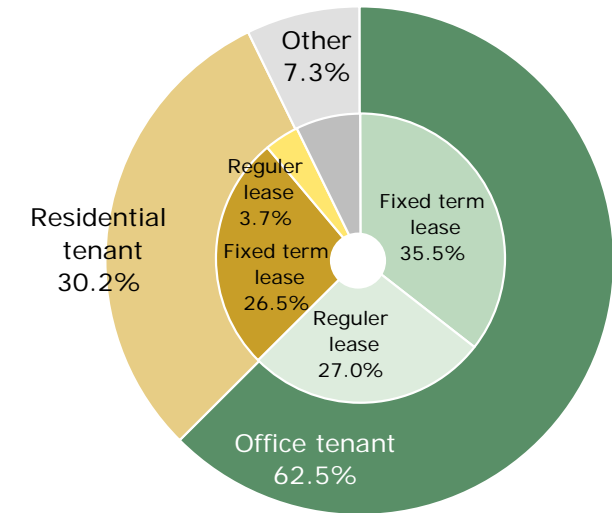
Note: *ex-monthly rent on office tenant turnover

Tenant leasing overview of the Second Period (2)

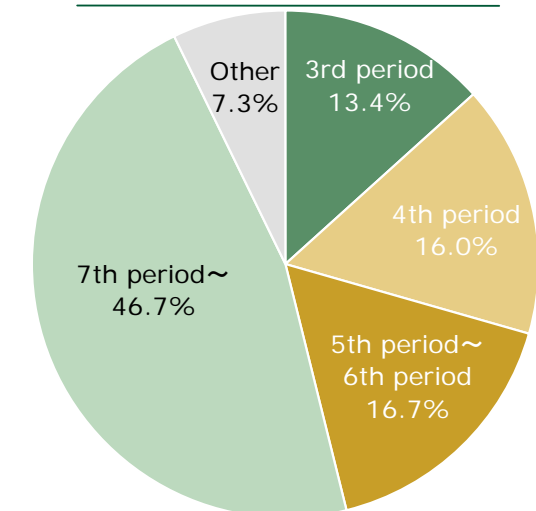
Breakdown of monthly rent revenue (as of July 31, 2007)

By tenant type	By type of lease contract	Total	By agreement renewal timing			
			3rd period	4th period	5th period~6th period	7th period~
Office tenant	Fixed term lease	252 mn yen	7 mn yen	71 mn yen	21 mn yen	152 mn yen
		35.5%	1.0%	10.1%	3.0%	21.5%
		10 tenants	1 tenant	2 tenants	2 tenants	5 tenants
	Regular lease	191 mn yen	64 mn yen	37 mn yen	65 mn yen	25 mn yen
		27.0%	9.0%	5.2%	9.2%	3.5%
		20 tenants	5 tenants	4 tenants	10 tenants	1 tenant
Residential tenant	Fixed term lease	188 mn yen	20 mn yen	5 mn yen	27 mn yen	135 mn yen
		26.5%	2.9%	0.7%	3.8%	19.1%
		192 tenants	20 tenants	7 tenants	27 tenants	138 tenants
	Regular lease	26 mn yen	3 mn yen	0 mn yen	5 mn yen	18 mn yen
		3.7%	0.5%	0.0%	0.7%	2.6%
		24 tenants	10 tenants	0 tenants	13 tenants	1 tenant
Sub total		656 mn yen	95 mn yen	113 mn yen	118 mn yen	330 mn yen
		92.7%	13.4%	16.0%	16.7%	46.7%
		246 tenants	36 tenants	13 tenants	52 tenants	145 tenants
Others	Retail	27 mn yen				
		3.8%				
	Parking	17 mn yen				
		2.4%				
	Others	8 mn yen				
		1.1%				
Sub total		51 mn yen				
		7.3%				
Total		708 mn yen				
		100.0%				

Rent revenue breakdown by types of lease contract



Rent revenue breakdown by timing of renewal



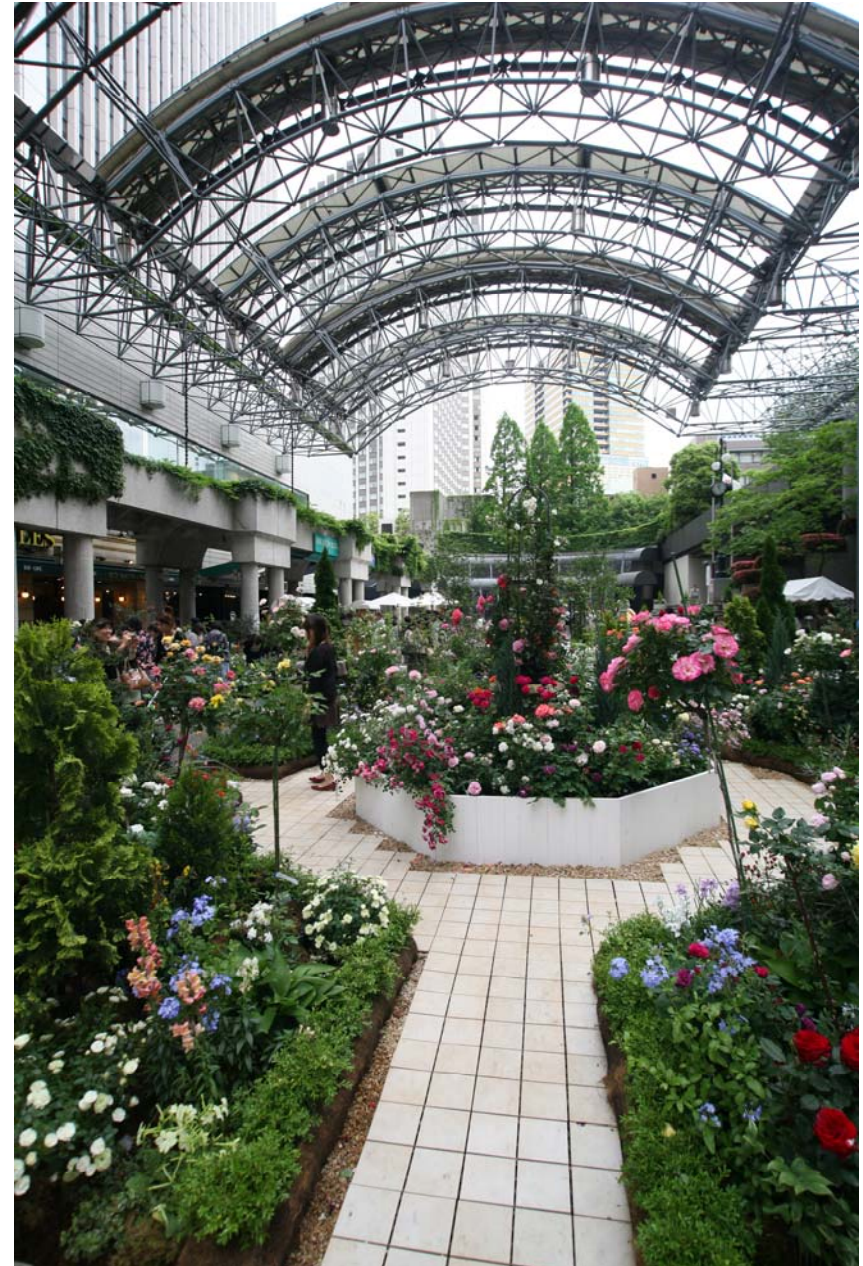
Upward rent revisions

Office tenant leasing

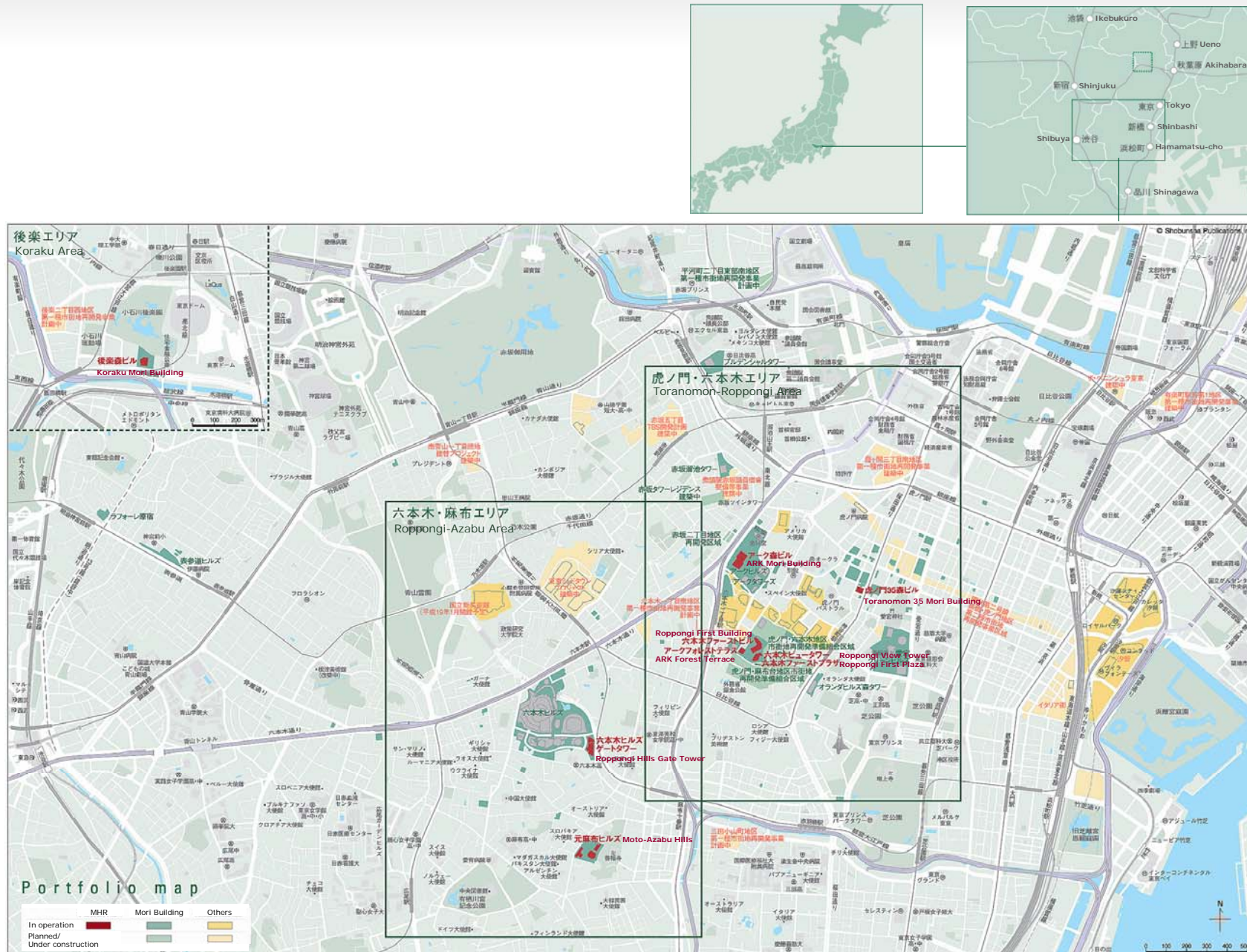
• 3rd period, 4th period rent revision status

	No. of tenants	Current rent (Monthly)	Room for rent increase
Tenants facing rent revision in the 3rd period	6	71mn yen	-
Rent revision completed	2	18mn yen	3mn yen (18.6%)
Rent revisions under negotiation	4	53mn yen	Approx. 5%~10% (expected)
	No. of tenants	Current rent (Monthly)	Room for rent increase
Tenants facing rent revision in the 4th period	6	117mn yen	Approx. 5%~15% (expected)

5. Portfolio Overview



Portfolio map



Portfolio overview

Type	Office building	Office building	Office building	Office building	Office building	Residential			Residential	Residential	Residential
Premium	Premium	Premium	Premium	Premium	—	Premium			Premium	Premium	—
Property name	ARK Mori Building	Roppongi Hills Gate Tower	Roppongi First Building	Koraku Mori Building	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Moto-Azabu Hills			ARK Forest Terrace	Roppongi First Plaza	Roppongi View Tower
						Forest Tower	Forest Terrace East	Forest Terrace West			
Location	Akasaka, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	Koraku, Bunkyo-ku, Tokyo	Toranomon, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo			Roppongi, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo	
Completion	Mar. 1986 (large-scale renovation in 2005)	Oct. 2001	Oct. 1993	Mar. 2000	Aug. 1981 (large-scale renovation in 2001)	May 2002		Sep. 2002	Jan. 2001	Oct. 1993	
Building age	21.4 years	5.8 years	13.8 years	7.4 years	26.0 years	5.3 years		4.9 years	6.6 years	13.8 years	
Number of stories	37 above ground, 4 below	15 above ground, 2 below	20 above ground, 4 below	19 above ground, 6 below	9 above ground, 1 below	29 above ground, 3 below	6 above ground, 1 below	5 above ground, 1 below	11 above ground, 2 below	20 above ground, 1 below	
Gross floor area	c. 177,486m ²	c. 29,111m ²	c. 45,753m ²	c. 46,154m ²	c. 10,299m ²	c. 54,006m ²			c. 9,125m ²	c. 22,906m ²	
Ownership	Land	Ownership	Ownership	Ownership	Leased land	Ownership			Ownership	Ownership	Ownership
	Building	Sectional ownership	Sectional ownership	Ownership	Sectional ownership	Sectional ownership			Sectional ownership	Sectional ownership	Joint ownership
PML	0.36%	1.90%	3.40%	0.33%	9.00%	3.33%	3.60%	7.78%	3.15%	7.65%	
Earthquake-resistant feature	—	Seismic Damping	—	Seismic Damping	—	Seismic Isolators	Seismic Isolators	—	Seismic Isolators	—	
Occupancy rate (as of Jul.31,2007)	100.0%	97.7%	99.8%	99.3%	100.0%	92.8%			88.2%	87.1%	100.0%
Acquisition price (Yen mn)	6,600	36,500	21,000	27,200	12,720	27,300			5,300	2,100	4,000

Portfolio value

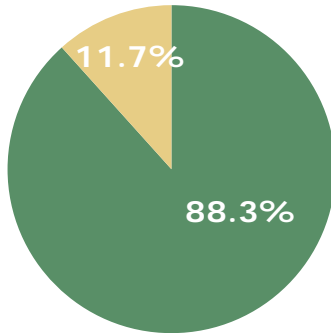
Appraisal value increased 6.5% compared to previous period

Type	Property name	Acquisition price (Yen mn)	Appraisal value as of acquisition (Yen mn)	①Appraisal value as of Jan. 31, 2007 (Yen mn)	②Appraisal value as of Jul. 31, 2007 (Yen mn)	Difference ②-① (Yen mn)	Difference (%)	Book value (Yen mn)
Office building	ARK Mori Building	6,600	6,600	7,960	8,970	1,010	12.7	6,602
	Roppongi Hills Gate Tower	36,500	36,500	40,000	43,700	3,700	9.3	36,561
	Roppongi First Building	21,000	21,000	24,000	25,600	1,600	6.7	20,905
	Koraku Mori Building	27,200	27,200	30,400	32,160	1,760	5.8	27,067
	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	12,720	12,800	13,700	14,600	900	6.6	12,762
	Sub total	104,020	104,100	116,060	125,030	8,970	7.7	103,898
Residential	Moto-Azabu Hills	27,300	27,300	27,600	28,600	1,000	3.6	27,523
	ARK Forest Terrace	5,300	5,300	5,330	5,400	70	1.3	5,369
	Roppongi First Plaza	2,100	2,100	2,290	2,310	20	0.9	2,137
	Roppongi View Tower	4,000	4,000	4,000	4,010	10	0.2	4,054
	Sub total	38,700	38,700	39,220	40,320	1,100	2.8	39,085
Total		142,720	142,800	155,280	165,350	10,070	6.5	142,984

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

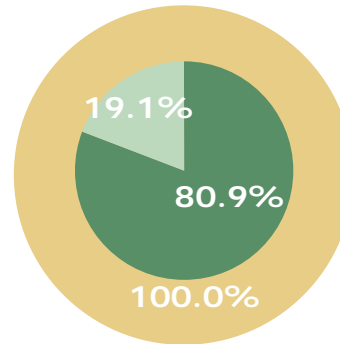
Portfolio competitiveness

• Quality



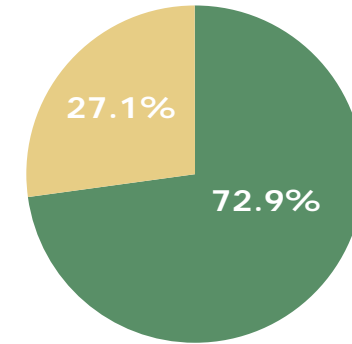
■ Premium properties
■ Other properties

• Location



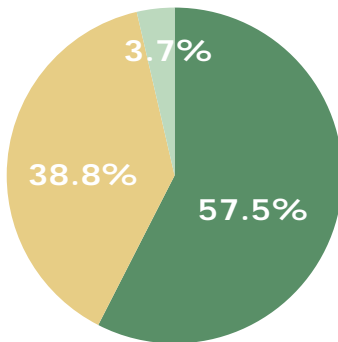
■ Central five wards in Tokyo and their vicinity
■ Minato-ku
■ Bunkyo-ku

• Type



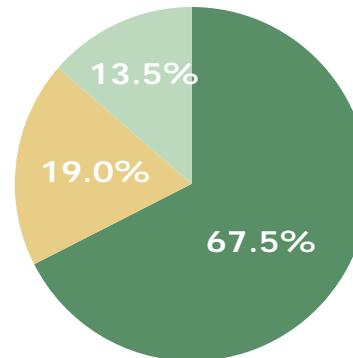
■ Office building
■ Residential and retail

• Scale



■ 30,000m² or more
■ 10,000m² or more, under 30,000m²
■ Under 10,000m²

• Building age



■ Under 10years
■ 10years or more, under 15years
■ 15years or more

Avg. building age
10.1 years

• Portfolio PML

2.29%

• Portfolio occupancy rate

96.7%

Note: As of Jul. 31, 2007

The Second Period results breakdown by property



(Yen mn)

Property name	ARK Mori Building	Roppongi Hills Gate Tower	Roppongi First Building	Koraku Mori Building	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Moto-Azabu Hills	ARK Forest Terrace	Roppongi First Plaza	Roppongi View Tower	Total
Days of operations	181	181	181	181	181	181	181	181	181	-
Occupancy rate	100.0%	97.7%	99.8%	99.3%	100.0%	92.8%	88.2%	87.1%	100.0%	96.7%
Number of tenants	1	44	16	16	1	107	34	37	1	257
Acquisition price (Yen mn)	6,600	36,500	21,000	27,200	12,720	27,300	5,300	2,100	4,000	142,720
Operating revenue	148	1,114	693	964	409	848	185	79	109	4,553
Rental revenue	148	986	606	847	400	782	174	78	109	4,135
Other	-	127	86	116	9	66	10	0	-	417
Property expenses	24	404	244	378	147	445	97	37	28	1,809
Maintenance expense	1	150	80	87	66	189	36	13	6	631
Utilities	-	56	34	77	-	3	8	0	-	181
Maintenance and repairs	-	9	6	4	32	55	6	6	-	121
Insurance premium	0	2	1	1	0	4	1	0	0	13
Property taxes*	4	33	21	17	11	19	4	3	4	120
Other property expenses	0	37	1	65	0	50	9	4	0	170
Depreciation ①	17	116	99	123	35	122	31	9	15	570
Operating profit ②	125	710	448	586	261	402	87	41	80	2,743
NOI ③ (①+②)	142	825	547	709	297	524	119	50	96	3,314
Annualized NOI ④	286	1,665	1,104	1,430	599	1,058	240	102	194	6,683
④ /Acquisition price	4.3%	4.6%	5.3%	5.3%	4.7%	3.9%	4.5%	4.9%	4.9%	4.7%
Capex ⑤	-	11	-	4	5	2	2	7	-	33
NCF ③-⑤	142	814	547	704	292	522	117	42	96	3,281
Annualized NOI adjusted for property taxes**⑥	278	1,598	1,061	1,394	577	1,018	231	96	184	6,441
⑥ /Acquisition price	4.2%	4.4%	5.1%	5.1%	4.5%	3.7%	4.4%	4.6%	4.6%	4.5%

Note: * We account for property taxes and urban planning taxes on land and buildings on a cash basis; as a result, for the 2nd period, we have expensed the amount which correspond to the latter three months

** The annualized NOI adjusted for property taxes are annualized NOI rest of fully expensed property taxes and urban planning taxes

6. Safety & Security



Addressing safety (Countermeasures against Earthquake Disaster)

A town to flee into

- Comprehensive earthquake disaster drill (at Roppongi Hills on August 30, 2007)

⇒ All employees of Mori Building Group participate in this large-scale disaster drill to help ensure the safety of tenants and residents in surrounding areas and the early recovery of building functions after a disaster; the disaster drill has been conducted every year since the 1995 Great Hanshin-Awaji Earthquake.



Smoke drill



Experiencing the quake

• Training items

Operation of an emergency wells
First aid
Rescue
Emergency transportation
Smoke drill

Cardiopulmonary resuscitation using AED
Rope training
Preparation of meals outdoors
Experiencing the quake

- Other countermeasures against earthquakes



Water well



Storage warehouse



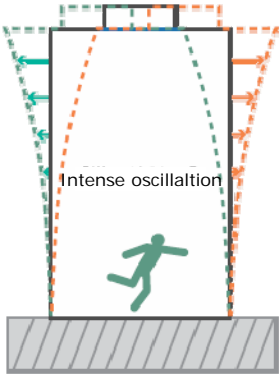
Power generator for emergency purposes

Addressing safety (Earthquake Resistance)

- Earthquake-resistant features

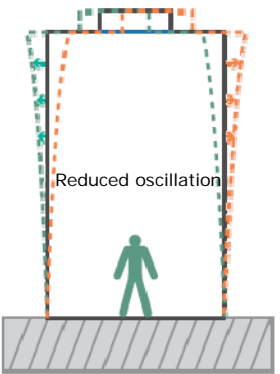
Seismic Damping

Minimize the level of oscillation




Intense oscillation

<Normal earthquake resistant building>



Reduced oscillation

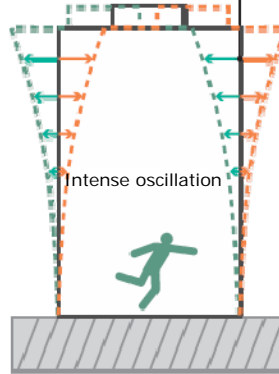
<Building with Seismic Damping>



Viscous Seismic Damping wall

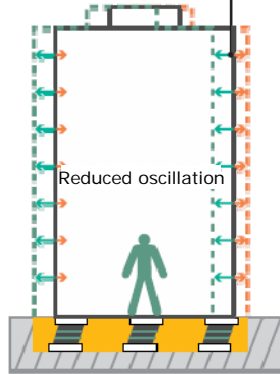
Seismic Isolators

Oscillate slowly and horizontally




Intense oscillation

<Normal earthquake resistant building>



Reduced oscillation

<Building with Seismic Isolators>



Seismic Isolators

■ Seismic Damping reduces earthquake magnitude of oscillation by approx. 20%

MHR properties using this feature

- Roppongi Hills Gate Tower
- Koraku Mori Building

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

MHR properties using this feature

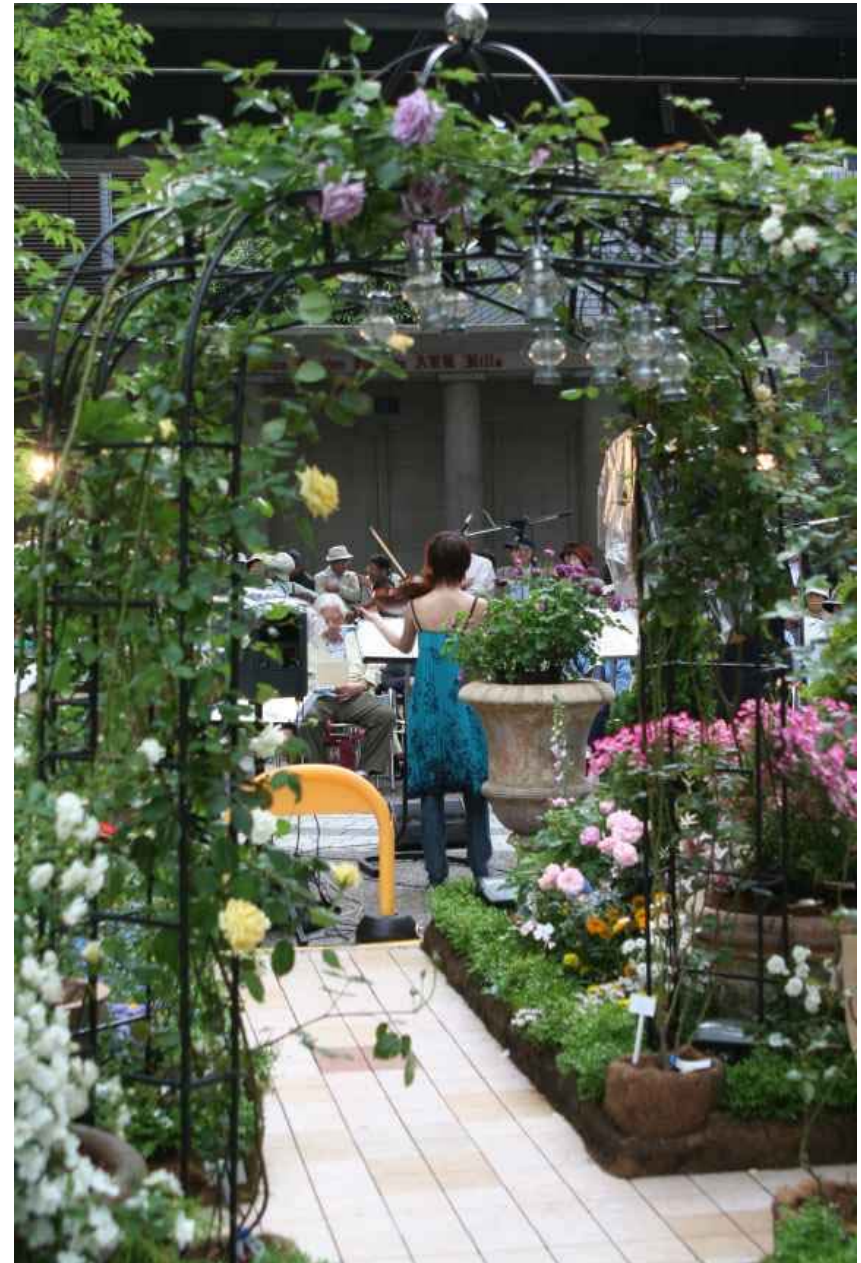
- Moto-Azabu Hills (Forest Tower) (Forest Terrace East)
- ARK Forest Terrace

- Support originated with Building Automation

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

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

7. Financial Policies & IR Strategies



Borrowing status

	Lender	Loan balance (Yen mn)	Rate of interest	Borrowing date	Maturity Date	Remarks
Short-term	Mizuho Corporate Bank, Ltd.	33,000	0.86%	Dec. 4, 2006	Nov. 30, 2007	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Sub-total	33,000				
Long-term	Mizuho Corporate Bank, Ltd.	15,000	1.29%	Dec. 4, 2006	Nov. 30, 2008	Unsecured, non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Mitsubishi UFJ Trust and Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	Mizuho Corporate Bank, Ltd.					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,000	1.50%	Dec. 4, 2006	Nov. 30, 2009	Unsecured, non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation					
	Sumitomo Mitsui Banking Corporation					
	The Sumitomo Trust and Banking Co., Ltd.					
	Shinsei Bank, Limited					
	The Norinchukin Bank					
	Sub-total	40,000	-	-	-	-
	Total	73,000	-	-	-	-

Note: Long-term debt has been procured in floating rate but has been fixed through interest rate swap
As of Jul. 31, 2007

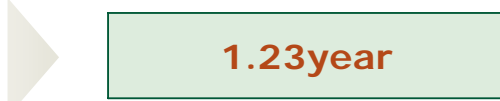
Interest-bearing debt

Major credit status

- LTV



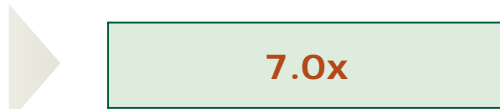
- Average remaining duration



- Weighted average interest rate

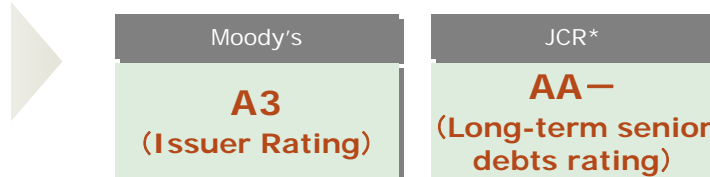


- DSCR*



* DSCR=(Net income before interest expense plus depreciation) /Interest expense

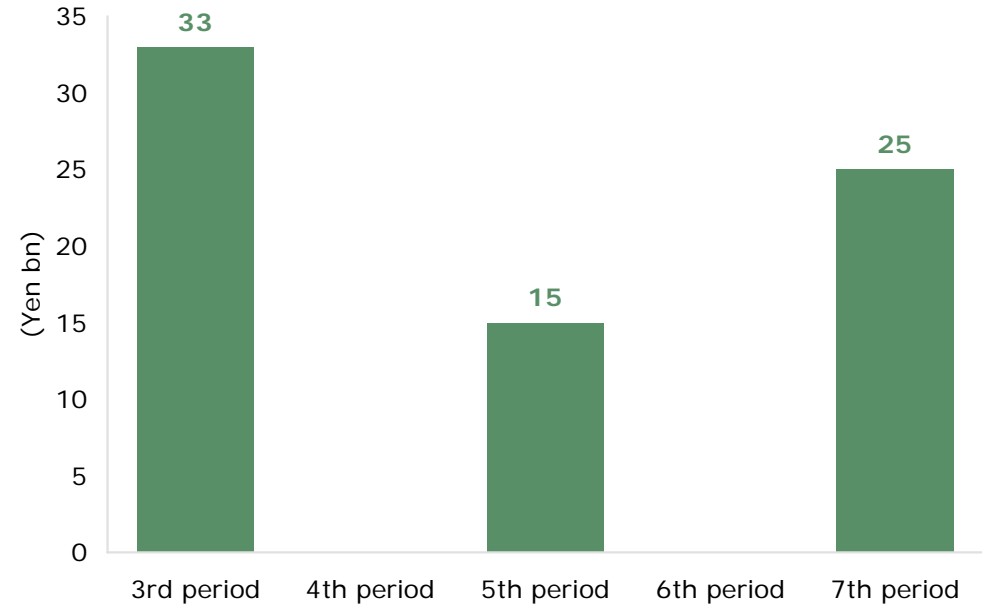
- Credit rating



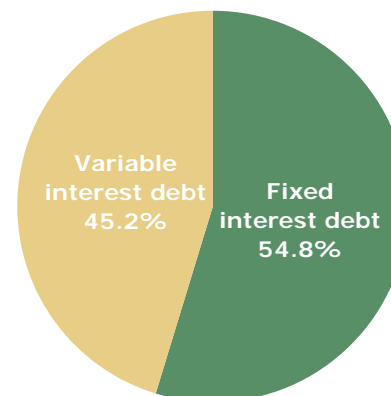
*JCR = Japan Credit Rating Agency, Ltd.

Note: As of Jul. 31, 2007

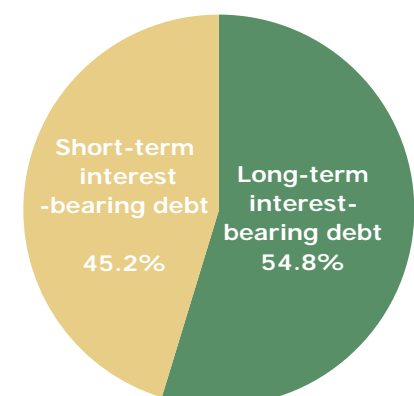
Diversification of debt maturity



Breakdown of fixed/floating rate



Breakdown of long-term/short-term debt



IR Strategies: Institutional Investors

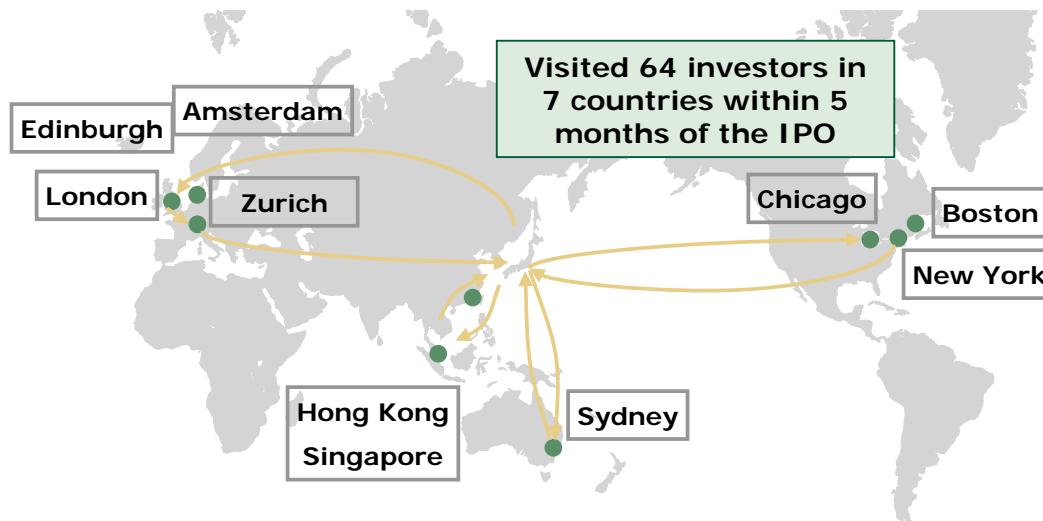
Using various methods to communicate with a wide range of investors

Number of meetings with institutional investors

Visits to domestic investors		Visits to overseas investors	
Category	No. of institutions	Regional	No. of institutions
Regional banks	16	North America	20
City banks and Insurance companies	16	Europe	23
Investment trusts, etc.	25	Others	21
Total	57	Total	64

Note: IR meetings for 1st period results

Proactive IR activities both overseas and in Japan



Produced an IR DVD visualizing our portfolio and investment policy



Disclosure via HP

Contents	No. of views
Press release	9,433
Dividend	7,724
List of portfolios	5,351
Disclosed materials	4,299
Top page of the management company's website	4,057
Occupancy rate	3,584
Financial reports	3,520
Borrowings	1,997
Portfolio map	1,965
Portfolio summary	1,595
Investments with emphasis on premium properties	1,551
Supports by Mori Building Co., Ltd.	600
Top page of the company's English website	467
Total number of views	37,266



Note: 6 months from Feb. 1 through Jul. 31, 2007

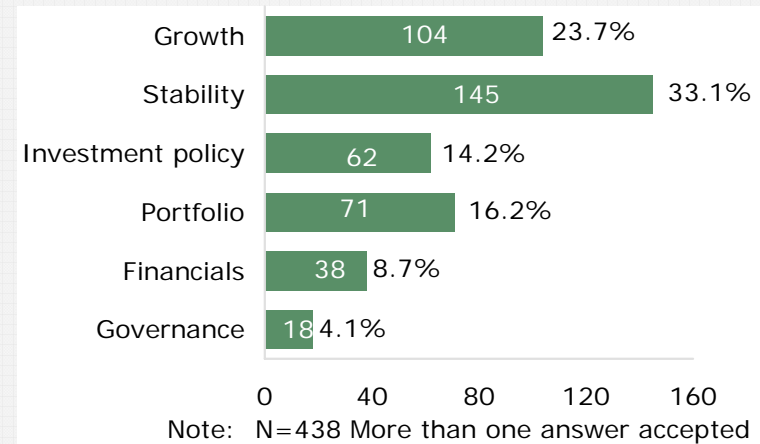
Briefing session for retail investors

- In Osaka, July 2007

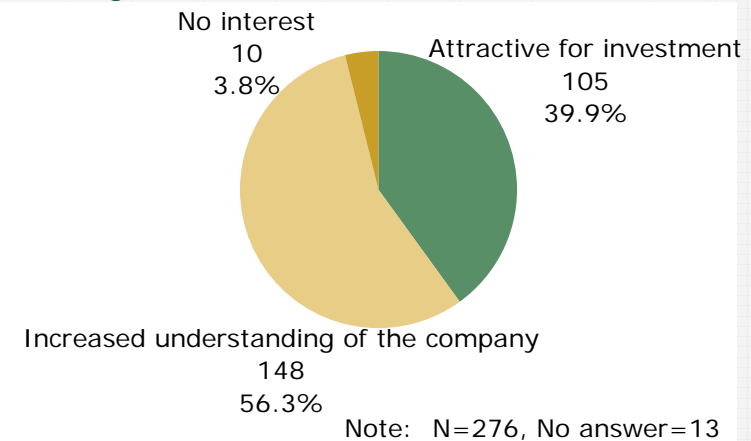


- Questionnaire result

- Main appeal of MHR



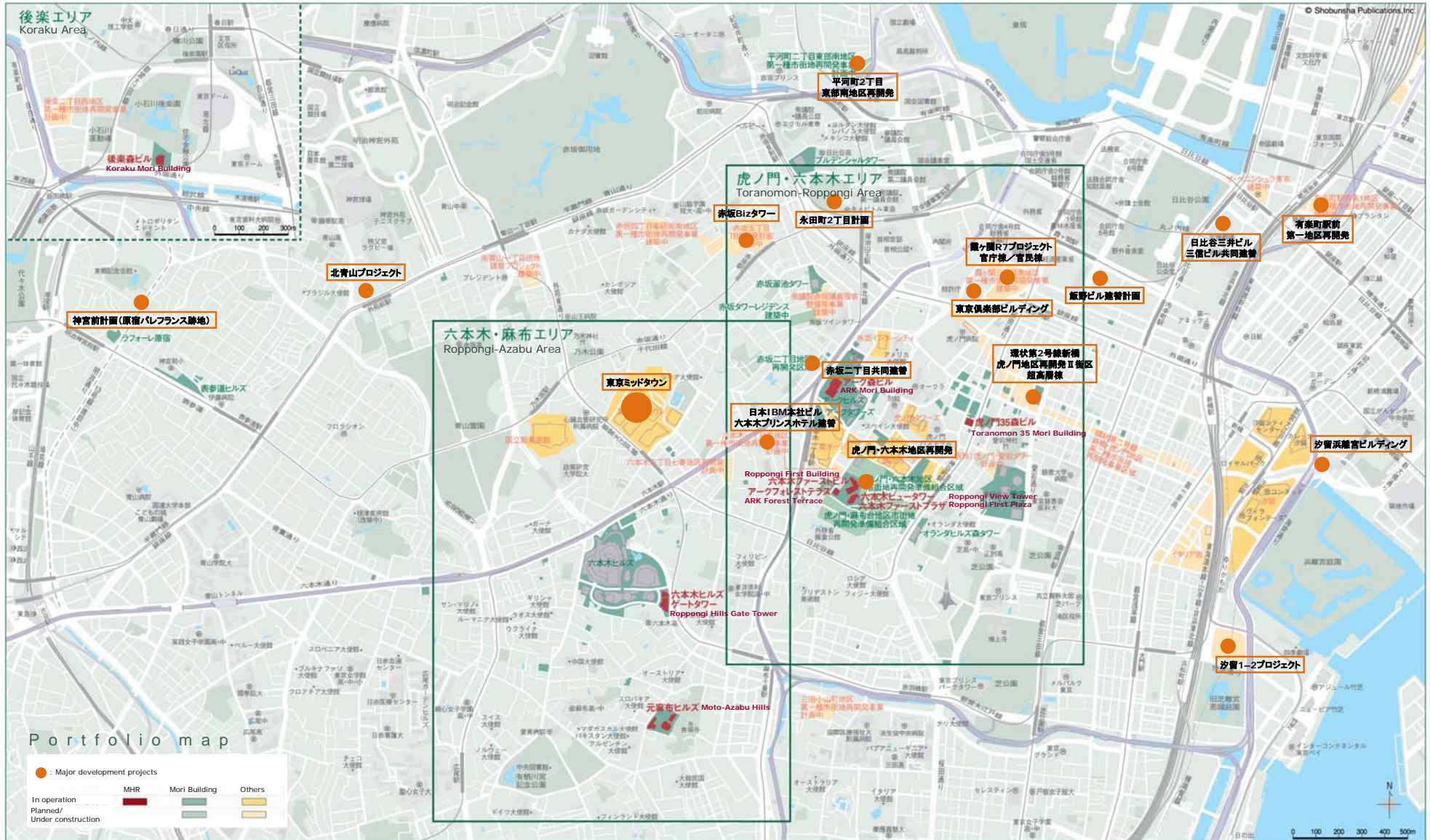
- Participants' impression of MHR after the briefing session



Appendix



Major development projects in the vicinity of MHR properties



Tenant Status

• Top 10 tenants

Tenant	Property name	Leased space (m ²)	% of total space
Japan Racing Association	Roppongi Hills Gate Tower	9,821.62	11.6
OMRON Corporation	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	6,720.34	7.9
Urban Renaissance Agency	Roppongi View Tower	6,344.84	7.5
Mori Building Co., Ltd.	ARK Mori Building, Koraku Mori Building, Moto-Azabu Hills	3,072.52	3.6
DaimlerChrysler Japan Co., Ltd.	Roppongi First Building	2,965.03	3.5
Nippon Ericsson K.K.	Koraku Mori Building	2,690.82	3.2
McKinsey & Company, Inc Japan	Roppongi First Building	2,344.21	2.8
AstraZeneca K.K.	Koraku Mori Building	2,245.06	2.6
NTT Data Corporation	Koraku Mori Building	1,851.87	2.2
NTT Communications Corporation	Koraku Mori Building	1,851.87	2.2
Total		39,908.18	47.1

• Breakdown of office tenants

	Domestic companies	Foreign affiliated companies	Total
Manufacturing	67mn yen	81mn yen	148mn yen
	15.1%	18.3%	33.4%
Non-manufacturing	1 tenant	5 tenants	6 tenants
	124mn yen	41mn yen	165mn yen
Public institution	28.0%	9.2%	37.2%
	15 tenants	6 tenants	21 tenants
Public institution	130mn yen	0mn yen	130mn yen
	29.4%	0.0%	29.4%
Total	3 tenants	0 tenants	3 tenants
	321mn yen	122mn yen	442mn yen
Total	72.5%	27.5%	100.0%
	19 tenants	11 tenants	30 tenants

Upper row: Monthly rent (as of Jul. 31, 2007)
 Middle row: Percentage of total tenants
 Lower row: Number of tenants

• Breakdown of residential tenants

	Tenant nationality		Total
	Japanese	Foreign	
Corporate	63mn yen	103mn yen	167mn yen
	32.4%	52.7%	85.1%
Individual	73 tenants	108 tenants	181 tenants
	25mn yen	4mn yen	29mn yen
Total	12.8%	2.1%	14.9%
	29 tenants	5 tenants	34 tenants
Total	88mn yen	107mn yen	196mn yen
	45.3%	54.7%	100.0%
Total	102 tenants	113 tenants	215 tenants

Upper row: Monthly rent (as of July 31, 2007)
 Middle row: Percentage of total tenants
 Lower row: Number of tenants

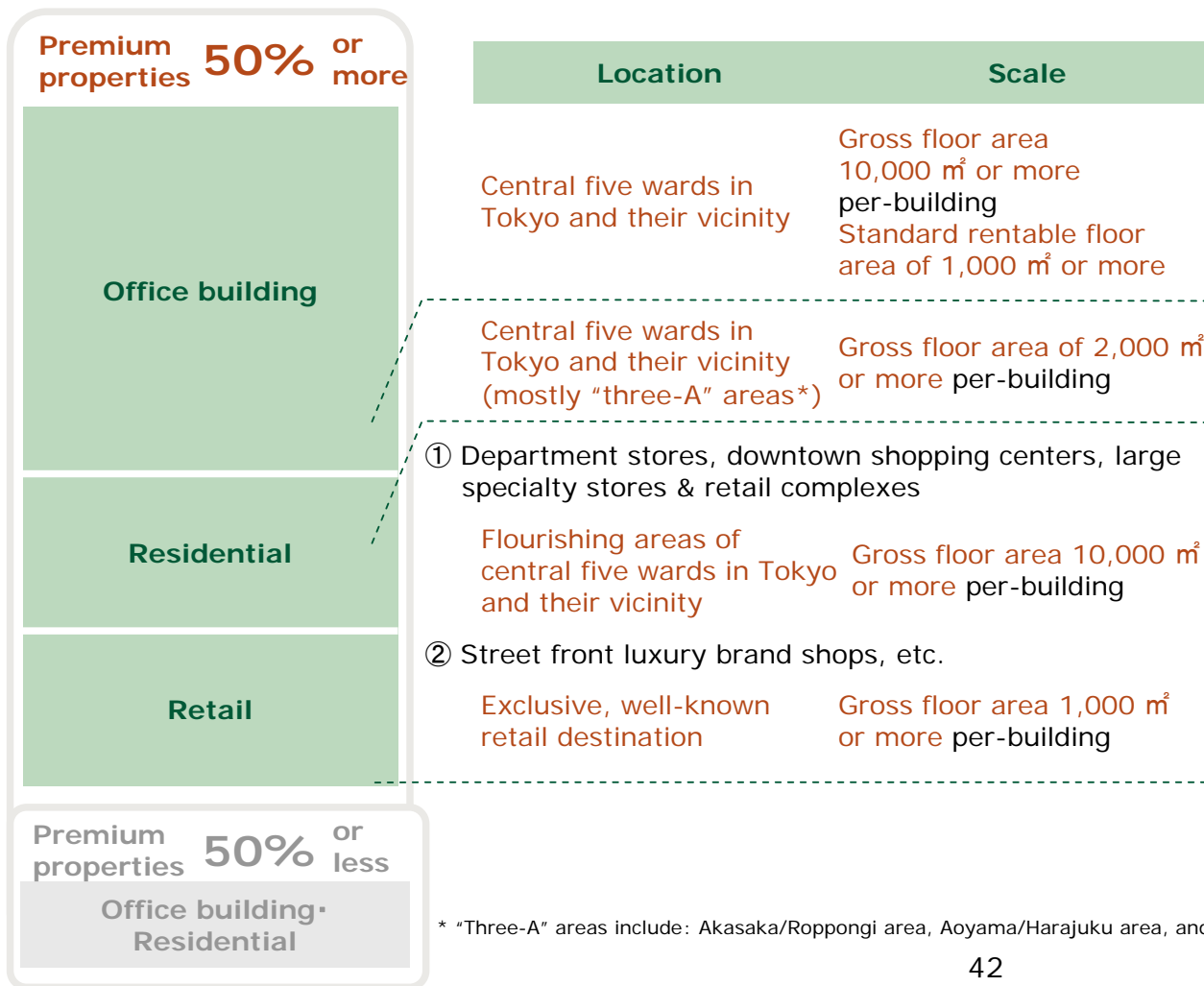
Note: This table excludes Roppongi View Tower which is leased to the Urban Renaissance Agency

Investment Criteria

Focus on premium properties

• Premium property focused

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



• Office building focused

Property type	Composition
Office building	50% or more
Residential and retail	50% or less

• Tokyo central five wards focused

Target Area		Composition
Tokyo Area	Central five wards in Tokyo and their vicinity	50% or more
	Tokyo/Kanagawa/Chiba/Saitama	80% or more
Other major cities	Major cities in areas other than Tokyo area	20% or less

• Earthquake-resistance focused

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

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

Premium Properties in Local Regions

The terminal cap rates realized by properties located at prime locations in local regions have remained higher than those in central Tokyo

- Expected cap rates and terminal cap rates for standard A-class buildings in each region

Urban regions		
Region	Expected cap rates	Terminal cap rates
Nihonbashi	4.3%	4.0%
Kanda	4.7%	4.4%
Akihabara	4.6%	4.2%
Toranomon	4.3%	4.0%
Shiodome	4.5%	4.0%
Akasaka	4.3%	4.0%
Roppongi	4.3%	4.0%
Konan	4.5%	4.2%
Nishi Shinjyuku	4.5%	4.1%
Shibuya	4.5%	4.0%
Ikebukuro	4.9%	4.5%
Ueno	5.0%	4.7%
Osaki	4.9%	4.5%

Local regions		
Region	Expected cap rates	Terminal cap rates
Sapporo	5.8%	5.5%
Sendai	5.8%	5.5%
Saitama	5.5%	5.2%
Chiba	6.0%	5.5%
Yokohama	5.3%	4.9%
Nagoya	5.0%	4.7%
Osaka	5.0%	4.6%
Kobe	5.8%	5.5%
Hiroshima	6.0%	5.7%
Fukuoka	5.5%	5.0%
Second-Tier Cities*	7.0%	6.5%

Source: "The Japanese Real Estate Investor Survey" compiled by Japan Real Estate Institute, As of Apr. 2007

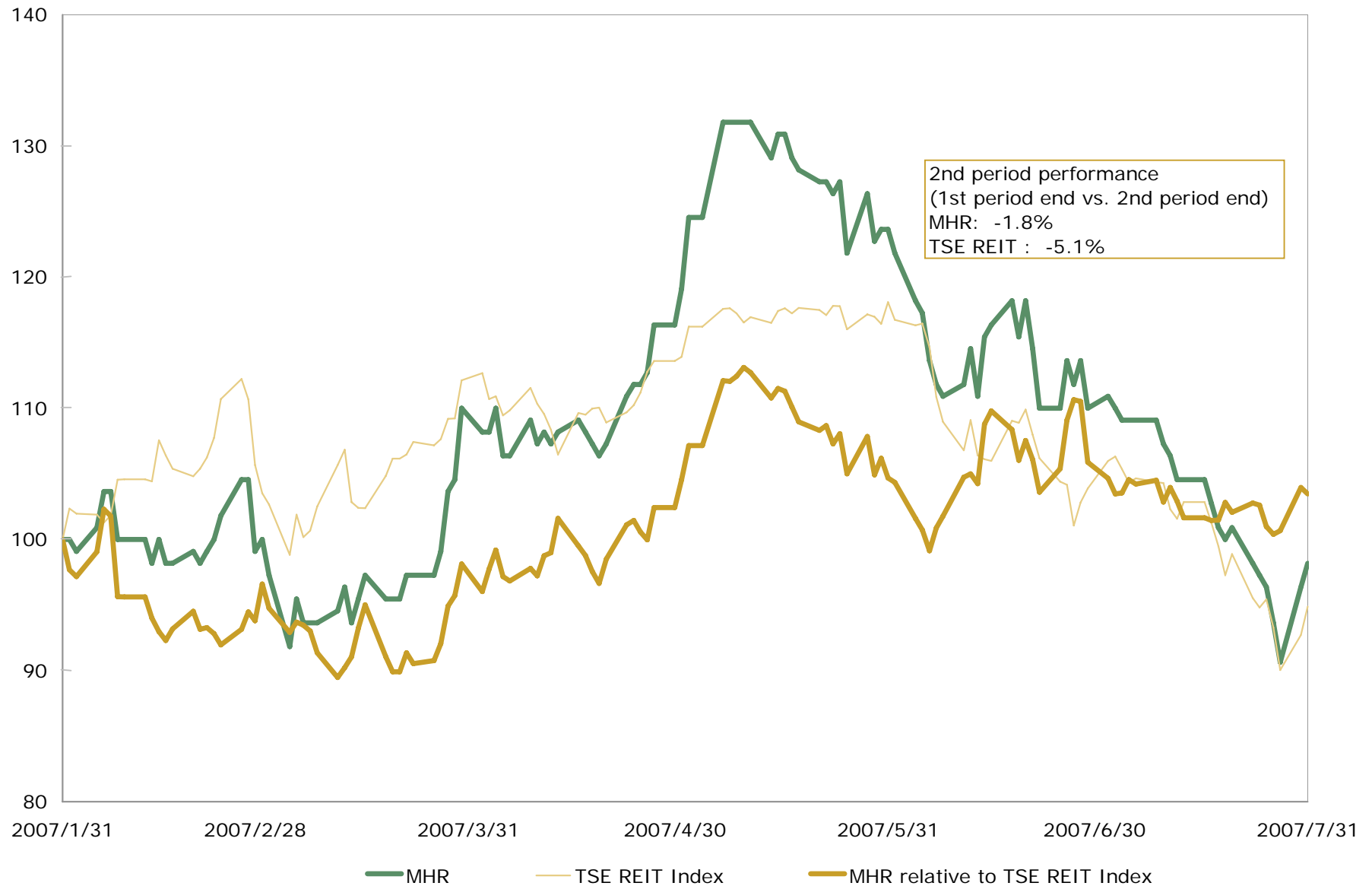
Note: * E.g., Akita, Utsunomiya, Niigata, and Kumamoto

Unit price performance (Nov.30, 2006–Jul. 31, 2007)



Source: FactSet

Relative price performance (Jan.31, 2007–Jul. 31, 2007)

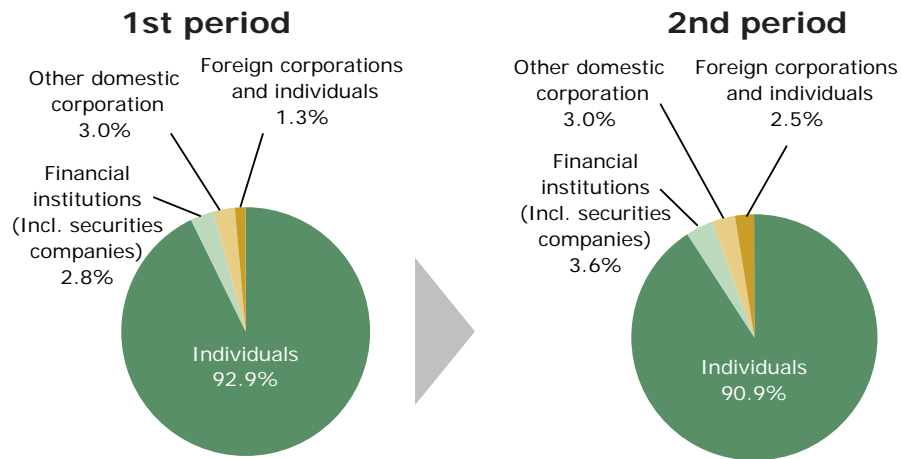


Source: FactSet

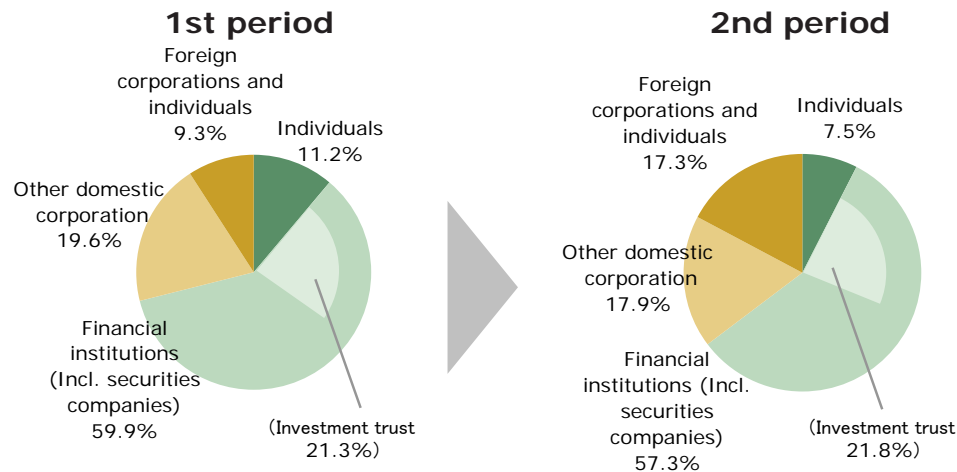
Note: Rebased to 100 as of Jan. 31, 2007

Unitholder Breakdown

• Number of unitholders



• Number of investment units



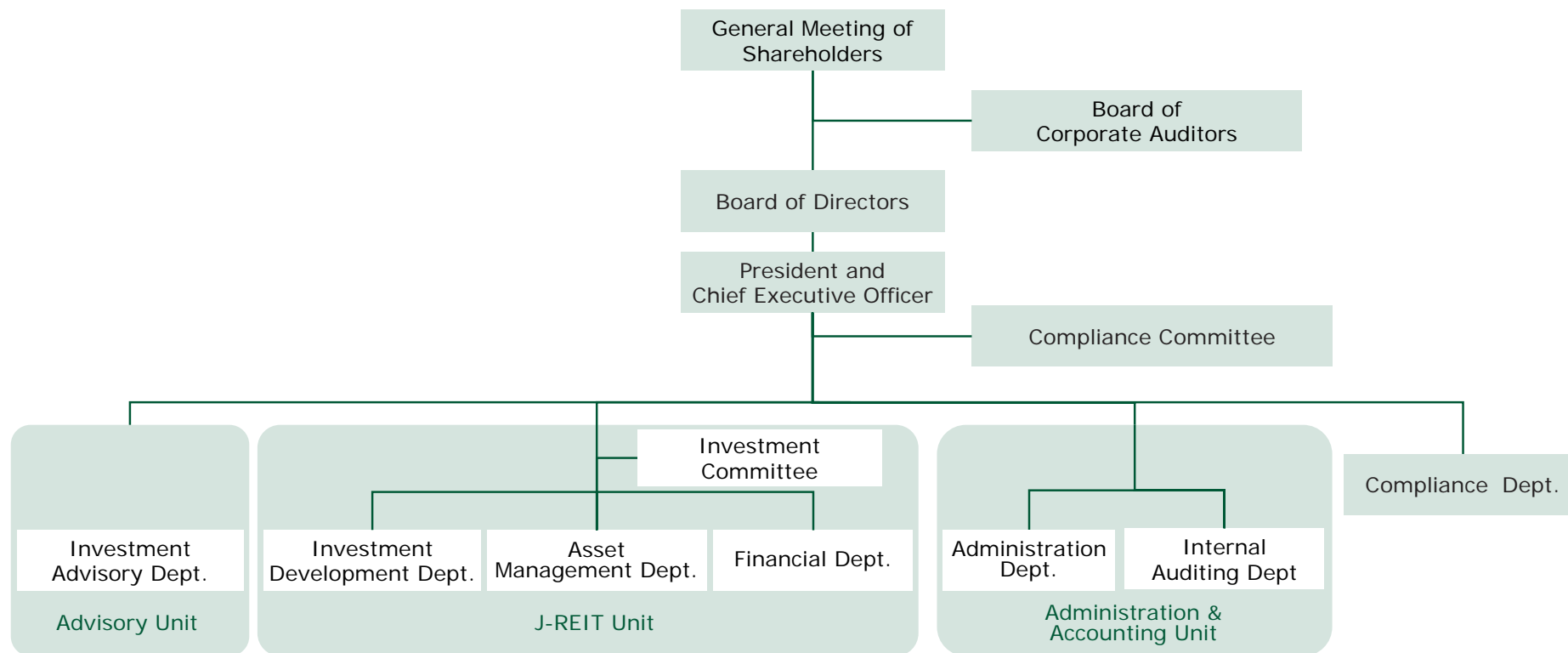
• Unitholder ownership categories

Type of unitholder	Unitholders		Investment units	
	# of unitholder	(%)	# of units	(%)
Individuals	3,812	90.9	9,677	7.5
Financial institutions (Incl. securities companies)	151	3.6	74,373	57.3
Other domestic corporation	126	3.0	23,241	17.9
Foreign corporations and individuals	105	2.5	22,509	17.3
Total	4,194	100.0	129,800	100.0

• Top 10 unitholders

Rank	Name	# of units held	(%)
1	Mori Building Co., Ltd.	19,518	15.0
2	Japan Trustee Services Bank (Trust account)	9,136	7.0
3	NikkoCiti Trust and Banking Corporation (Investment trust account)	8,458	6.5
4	Trust & Custody Services Bank of Japan, Ltd. (Securities Investment Trust unit)	7,286	5.6
5	The Norinchukin Bank	6,100	4.7
6	The Master Trust Bank of Japan, Ltd. (Trust account)	4,997	3.8
7	Resona Bank, Limited	3,771	2.9
8	The Hiroshima Bank, Ltd.	3,500	2.7
9	Aioi Insurance Co., Ltd.	2,600	2.0
10	The Bank of New York Ltd.	2,479	1.9

Organizational structure



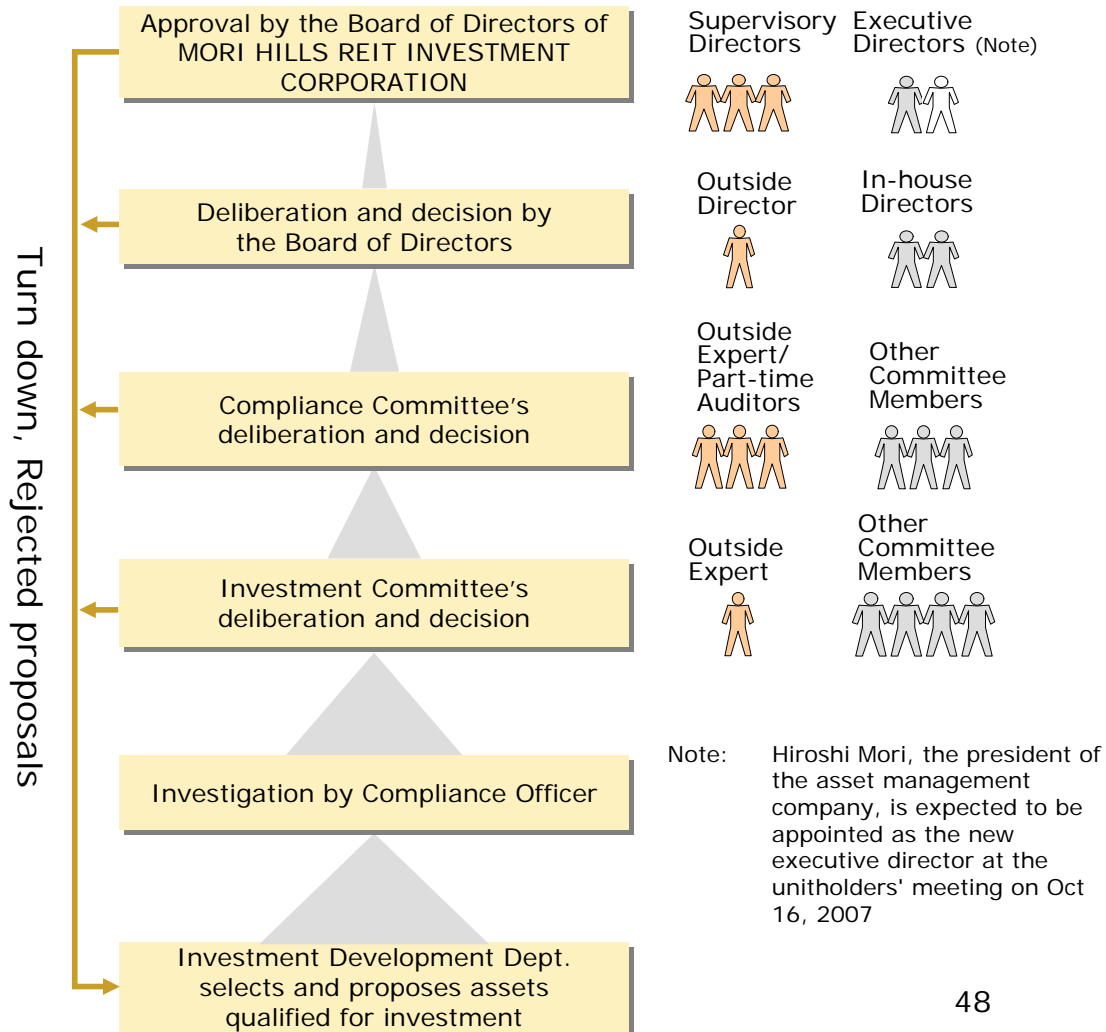
Company name	Mori Building Investment Management Co., Ltd.	Registered capital	200 mn yen
Established	March 30, 1984	Shareholder	Mori Building Co., Ltd. 100%

Governance Structure

Conflict of interest countermeasures

- Acquisition of assets from related parties

Rigorous two-stage process requiring deliberation and approval by outside experts and investment corporation directors



Compliance system

We are aware that lack of compliance would damage investors' trust and would undermine our business. We regard full compliance with relevant regulations and ethics as one of the most important managerial principles.

The board of directors, the President and CEO, the Compliance Committee, the Compliance Department and Compliance Officer implement relevant measures under their authority and responsibility to ensure business integrity and compliance of MIM.

Related parties transactions are required to follow MIM's "Rules for Related Parties Transactions". Terms and conditions of such related parties transactions are rigorously examined in order not to cause damage to the interests of MHR.