



HILLS REIT

MORI HILLS REIT INVESTMENT CORPORATION (CODE:3234)

Results of 14th Fiscal Period (Ended July 31, 2013)



MORI HILLS REIT INVESTMENT CORPORATION

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

Mori Building Investment Management Co., Ltd.

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

| | |
|--|-----------|
| 1. Investment highlights | 2 |
| 2. 14th period (ended July 2013) financial highlights | 16 |
| 3. Operation highlights | 20 |
| 4. Appendix | 29 |

This document has been prepared by MORI HILLS REIT INVESTMENT CORPORATION (“MHR”) for informational purposes only and should not be construed as an offer of any transactions or the solicitation of an offer of any transactions. Please inquire with the various securities companies concerning the purchase of MHR investment units. This document’s content includes forward-looking statements about business performance; however, no guarantees are implied concerning future business performance.

Although the data and opinions contained in this document are derived from what we believe are reliable and accurate sources, we do not guarantee their accuracy or completeness. The contents contained herein may change or cease to exist without prior notice. Regardless of the purpose, any reproduction and/or use of this document in any shape or form without the prior written consent from MHR is prohibited.

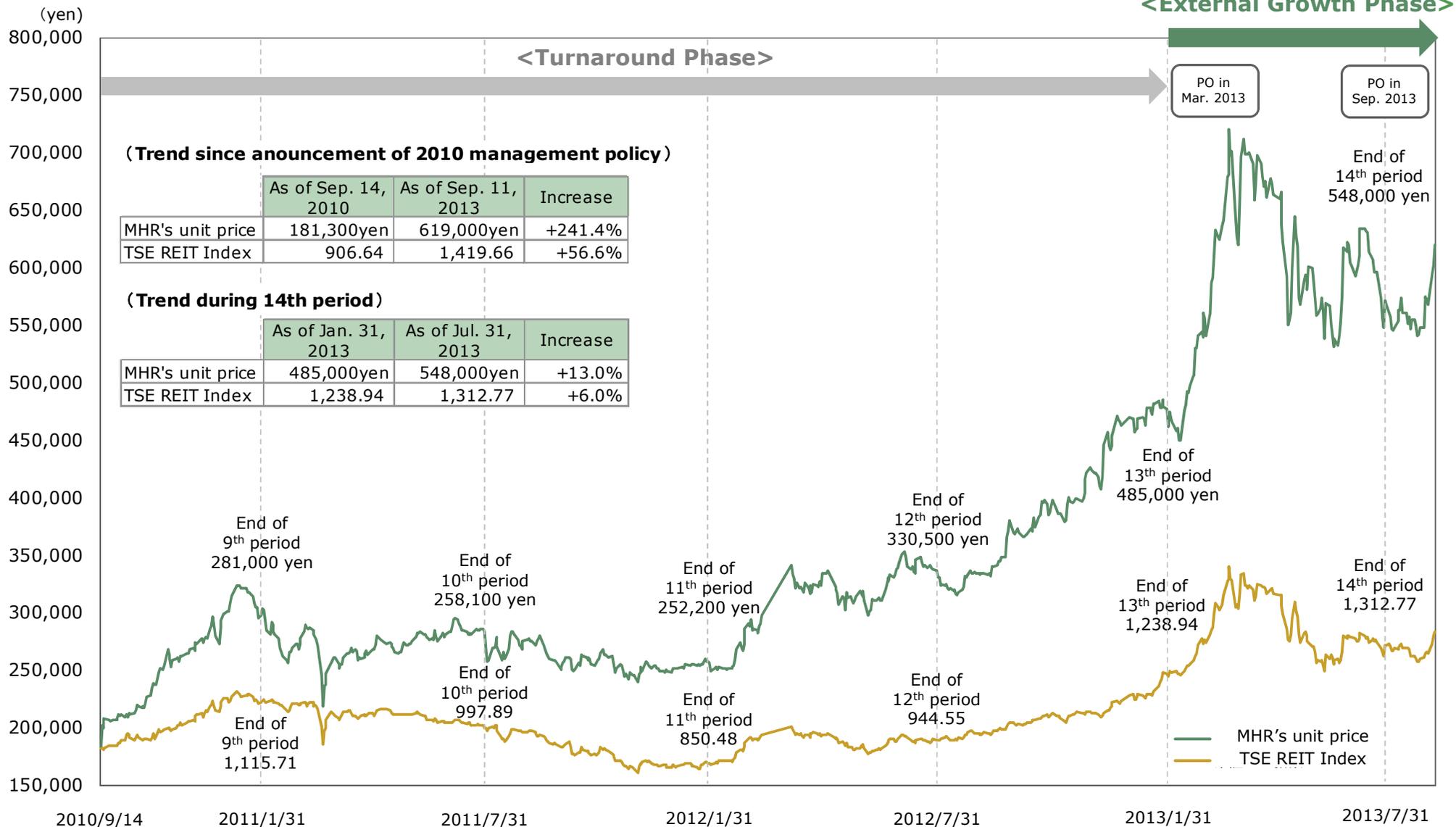
We will send invitations to future financial results briefings to those who participated in the financial results briefing for the fourteenth period based on the personal information they have shared with us; we guarantee that we make every effort to adequately manage and/or use and protect the information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

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

1. Investment highlights

1-1 Investment highlights Unit price performance

Unit price performance



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

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

1-2 Investment highlights

New 2013 Management Policy and Summary of Public Offering



We announced the New Management Policy on February 15, 2013, and have transitioned to an "External Growth Phase."

New 2013 Management Policy

Basic policy "Dividend-driven management"

Policy Strive for external growth

Policy Further strengthening of our financial position

Policy Continued increase of dividend per unit, NAV and market value

Strive for external growth

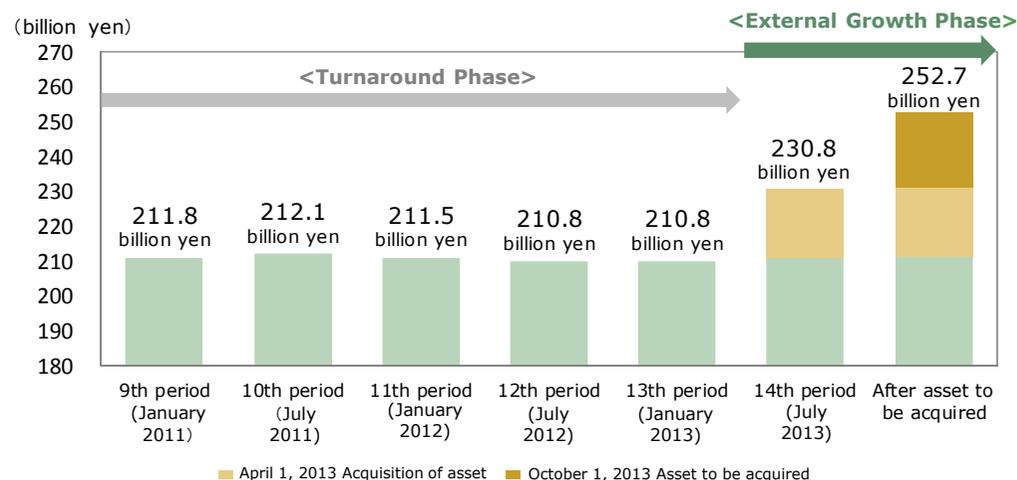
- Primarily seek premium properties in central Tokyo
- Utilization of sponsors' property pipeline
- Further increase portfolio NOI yield
- Further improvement of unrealized gains/losses

Further strengthening of our financial position

- Extending the average duration of loans payable
- Reducing borrowing costs

Continued increase of dividend per unit, NAV and market value

Change in total assets (acquisition price basis)



Overview of public offering

| | |
|---------------------------------|--|
| Issuance resolution day | August 19, 2013 |
| Price Determination Date | August 28, 2013 |
| Payment date | September 4, 2013 and October 2, 2013 |
| Total units outstanding | 254,620 units (as of Issuance Resolution Day) |
| Number of units issued | 22,365 units (Including third-party allotment: 1,065 units) |
| Issue price | 526,500 yen per unit |
| Purchase price | 508,140 yen per unit |
| Total amount paid in | 11,364,551,100 yen (maximum) |

1-3 Investment highlights Offering Highlights



Resume the expansion of asset size with acquisitions of assets through public offering resulting in increased DPU.

| | 13th period (ended Jan. 2013) | April 1, 2013 Acquired asset | 14th period (ended Jul. 2013) | October 1, 2013 Asset to be acquired | After acquisition of asset to be acquired (Forecast of 15th period) |
|---|----------------------------------|--|----------------------------------|--|---|
| | | Total PO amount paid in 10.9 billion yen | | Total PO amount to be paid in 11.3 billion yen | |
| Total assets (acquisition price basis) | 210.8 billion yen | 20.0 billion yen | 230.8 billion yen | 21.9 billion yen | 252.7 billion yen |
| NOI yield (Note 1) | 3.8% | 4.9% | 4.0% | 4.0% | 4.0% |
| Unrealized capital gain | | +1.45 billion yen | | +2.6 billion yen | |
| LTV (appraisal value basis) (Note 2) | 52.0% | | 50.9% | | 49.7% (Note 4) |
| LTV (book value basis) (Note 3) | 48.8% | | 48.5% | | 48.1% (Note 4) |
| NAV per unit | 392,170 yen | | 409,963 yen | | 427,277 yen (Note 4) |
| Dividend per unit | 9,169 yen/unit | | 9,552 yen/unit | | 10,000 yen/unit (Forecast of 15th period) |
| | | | | | 10,700 yen/unit (Forecast of 16th period) |

(Note 1) Figures for the 13th, 14th periods and forecast of 15th period are average NOI yields of the entire portfolio.

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

(Note 3) LTV (book value basis) is calculated as [Interest bearing debt/Total assets]

(Note 4) The figures are calculated by taking into consideration the effects of the loan repayment amount of 1 billion yen (as of Aug. 2013), the proceeds through the public offering (maximum amount), the acquisition of asset-to-be-acquired and the new borrowings of 10.5 billion yen to the figures as of the end of the 14th period. In addition, NAV per unit is calculated based on 276,985 investment units outstanding on the assumption that the entire issuance of investment units through third-party allotment, of which contribution is scheduled for October 2, 2013, is conducted.

1-4 Investment highlights

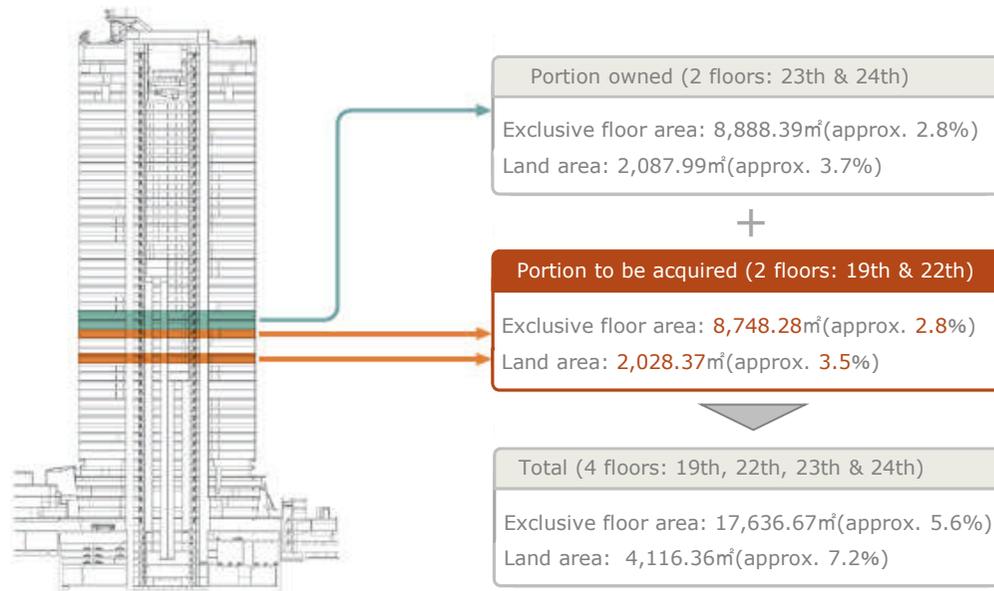
Asset to be acquired on October 1, 2013

Overview of property we are acquiring

Roppongi Hills Mori Tower



<Cross-section view>



<Details of the asset to be acquired>

| | | | |
|-------------------------|--|----------------------------------|---|
| Property No. | O-0 | Type of specified asset | Sectional ownership |
| Location | 6-10-1, Roppongi, Minato-ku, Tokyo | Leasable floor area | 8,609.47㎡ |
| Completion | April 2003 | Planned acquisition price | 21,900 million yen |
| Structure | 54 floors above ground, 6 floors below | Appraisal value | 24,500 million yen (as of Jun. 1, 2013) |
| Gross floor area | 442,150.70㎡ | | |

<Income & expense projections>

| | (thousand yen) |
|---|----------------|
| Projected property income (1) | 1,140,711 |
| Projected property expenses (2) | 259,430 |
| Projected NOI ((3): (1)-(2)) | 881,280 |
| NOI yield ((3)/ planned acquisition price)) | 4.0% |

<PML as of Jul. 9, 2013>

| |
|-------|
| PML |
| 0.29% |

<Fixed rent master lease>

(thousand yen)

| | Portion to be acquired (estimate/period) | Portion owned (14th period results) |
|-----------------------------------|---|---|
| | Building management expenses borne by owner | Building management expenses borne by master lessee |
| Total leasable floor area | 8,609.47 m ² | 8,993.45 m ² |
| Rent revenue of real estate | 570,355 | 603,955 |
| Other rent revenue of real estate | — | — |
| Operating Income | 570,355 | 603,955 |
| Building management costs, etc. | 87,888 | 1,200 |
| Property taxes | 41,010 | 41,157 |
| Utilities | — | — |
| Maintenance and repairs | — | — |
| Insurance premium | 767 | 945 |
| Depreciation and amortization | 90,069 | 99,022 |
| Other lease business expenses | 49 | 27 |
| Property expenses | 219,784 | 142,352 |
| Operating profit | 350,571 | 461,602 |

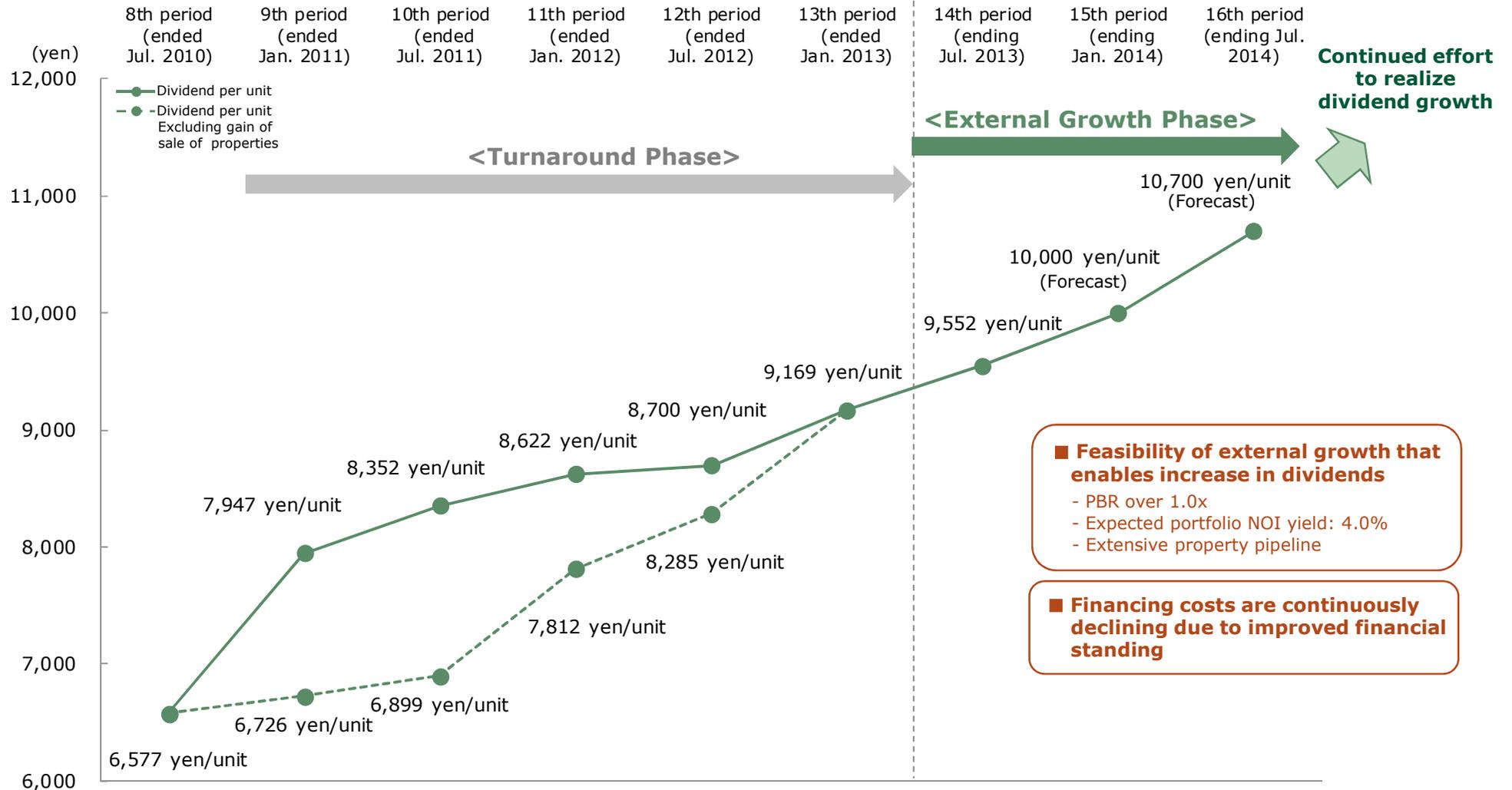
(Note) The figures above are the annual income and expense after excluding factors specific to the fiscal year of acquisition, and the figures are not forecasted figures for the next fiscal period. The projected property expenses do not include depreciation and amortization.

1-5 Investment highlights

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



Change in dividend per unit



- Feasibility of external growth that enables increase in dividends**
 - PBR over 1.0x
 - Expected portfolio NOI yield: 4.0%
 - Extensive property pipeline
- Financing costs are continuously declining due to improved financial standing**

| | | | | |
|--------------|-------------|-------------|-------------|----------------------|
| NAV per unit | 331,146 yen | 392,170 yen | 409,963 yen | 427,277 yen (Note 1) |
| PBR | 0.4x | 1.1x | 1.2x | 1.4x (Note 2) |
| NOI yield | 3.7% | 3.8% | 4.0% | 4.0% |

(Note 1) Please refer to (Note 4) on page 5.

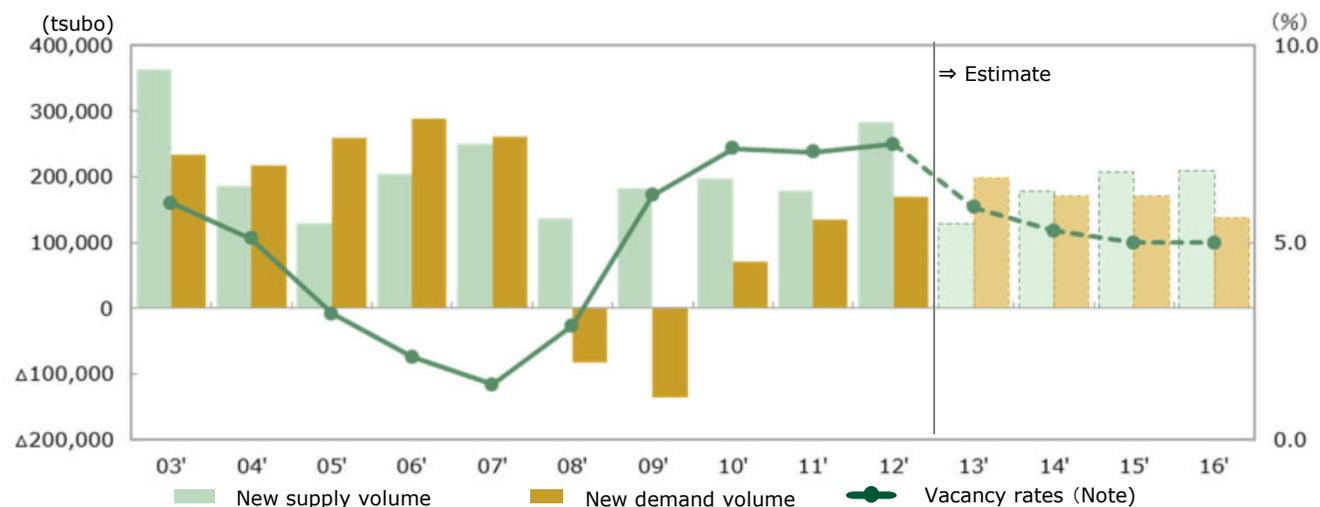
(Note 2) It is calculated based on "Unit price as of Sep. 11, 2013 ÷ Net assets per unit (divided sum of net assets of 14th period and the proceeds (maximum amount) through the public offering by 276,985 investment units outstanding on the assumption that the entire issuance of investment units through third-party allotment, of which contribution is scheduled for October 2, 2013, is conducted."

1-6 Investment highlights

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



New supply & demand volume (Tokyo 23's wards)



(Source) Created by the asset manager based on the "Mid-term Office Market Forecast of Tokyo 23's wards in 2013 (Standard scenario)" of CBRE K.K.

(Note) Vacancy rate is the figure that indicates the balance between supply and demand as of each December. Specifically, it is calculated using the formula $(\text{Vacant floor area} / \text{Leased floor area}) \times 100$ (vacant floor area is limited to where tenants can move in immediately).

Outlook for office rental market trend and MHR action plan

- Central Tokyo office supply will steadily increase over the next several years. New demand is relatively solid as well, and so the vacancy rate is expected to continue decreasing taking into account the space reduction resulting from reconstruction.
- Recently, increase in new rents has been concentrated in S and A class buildings, and rents are expected to remain on an upward trend. However, the rate of increase will be constrained by the supply/demand dynamic described above.
- MHR's intention is to expand the portfolio and decrease the ratio of fixed-rent master lease in the mid-long term.

Overview of fixed rent master lease properties by the sponsor (After the acquisitions of Oct. 1, 2013)

| | Property | Monthly rent (mn yen) | % of portfolio total rent | Next rent revision | Expiration of the lease agreement | No. of end tenants (office) (Note 2) |
|----------------------|--|-----------------------|---------------------------|------------------------------|-----------------------------------|--------------------------------------|
| Asset to be acquired | Roppongi Hills Mori Tower (2 floors) | 95.0 | 10.0% | - | Sep. 2018 | 6 |
| Existing properties | Roppongi Hills Mori Tower (2 floors) | 100.6 | 10.6% | Aug 2016 | Jul. 2021 | 1 |
| | ARK Mori Building (8 floors + DHC) | 211.9 | 22.3% | Feb/Apr/Aug 2016 Apr 2018 | Jan. 2021 Mar. 2023 | 40 |
| | Akasaka Tameike Tower (8 office floors+88 residential units) | 111.1 | 11.7% | Apr/Aug 2016 | Mar. 2021 Mar. 2026 | 7 |
| | Atago Green Hills (approx. 32.9% of entire property) | 185.2 | 19.5% | May 2017 | Apr. 2022 | 62 |
| | Total | 704.0 | 74.1% | | | |

(Note 1) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of August 28, 2013 including move in/out and rent revision. It also reflects the planned acquisition in the 15th period.

(Note 2) Status as of July 31, 2013.

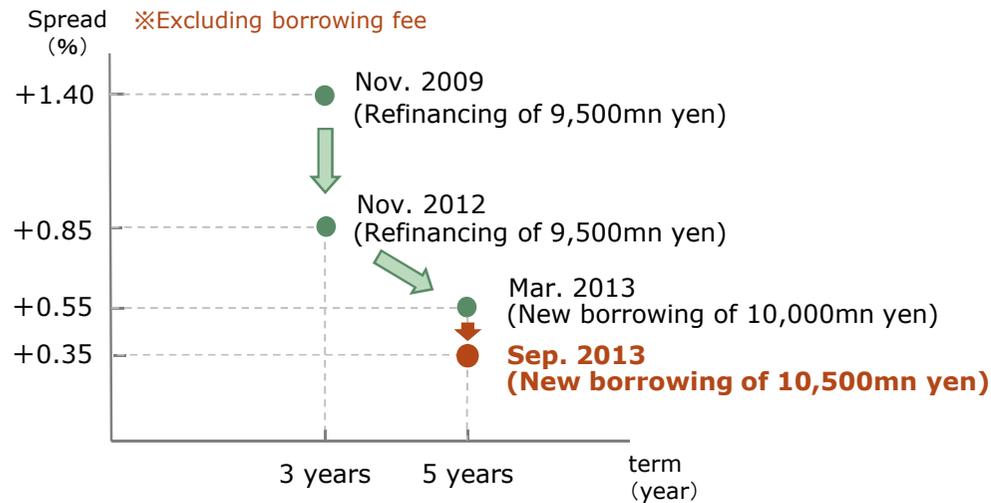
1-7 Investment highlights

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



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

Financing trend

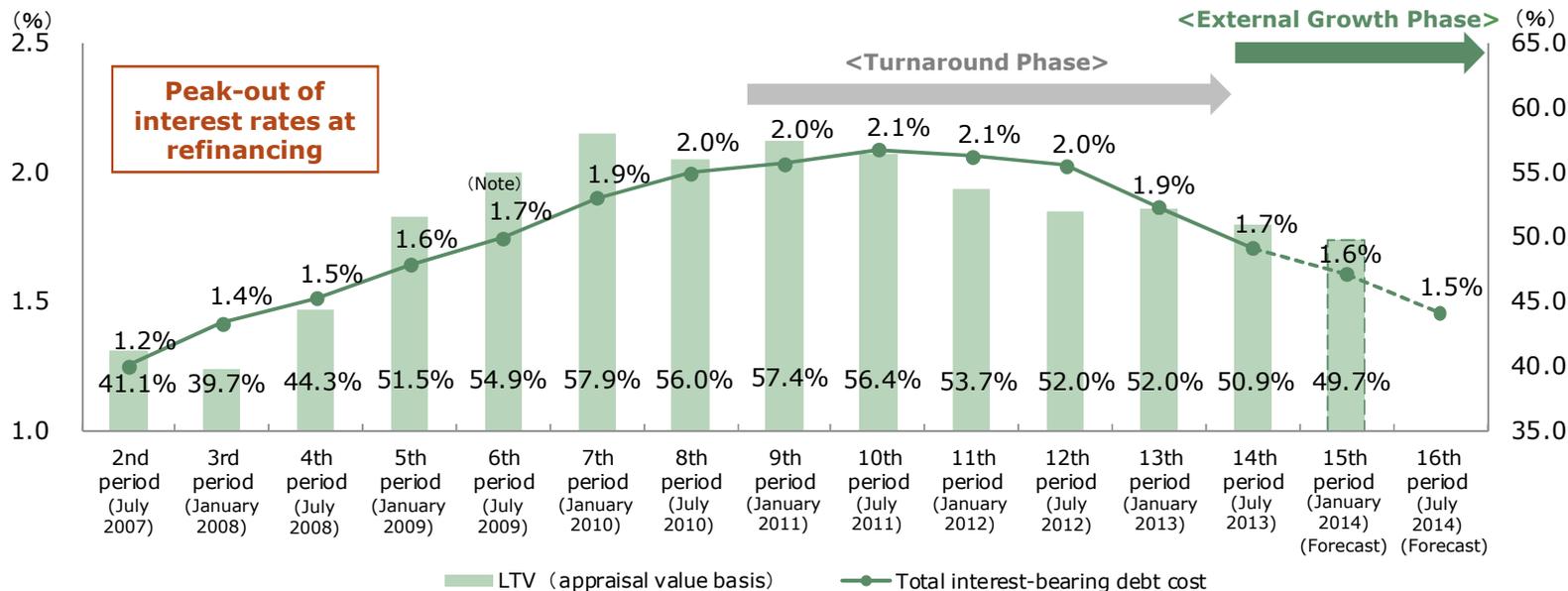


Financing figures

| | End of 10th period | End of 13th period | End of 14th period |
|--------------------------------------|--------------------|--------------------|--------------------|
| Debt Balance | 107,112mn yen | 106,825mn yen | 116,762mn yen |
| LTV (total assets basis) (Note 1) | 48.9% | 48.8% | 48.5% |
| LTV (appraisal value basis) (Note 2) | 56.4% | 52.0% | 50.9% |
| Avg. remaining duration | 1.29 years | 1.81 years | 1.95 years |

(Note 1) LTV(book value basis) is calculated as [Interest bearing debt/Total assets]
 (Note 2) LTV(appraisal value basis) is calculated as [Interest-bearing debt/Appraisal value based total assets (Total assets+Total appraisal value—Total book value)]

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



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

1-8 Investment highlights

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



DPU simulations (as of Sep. 13, 2013)

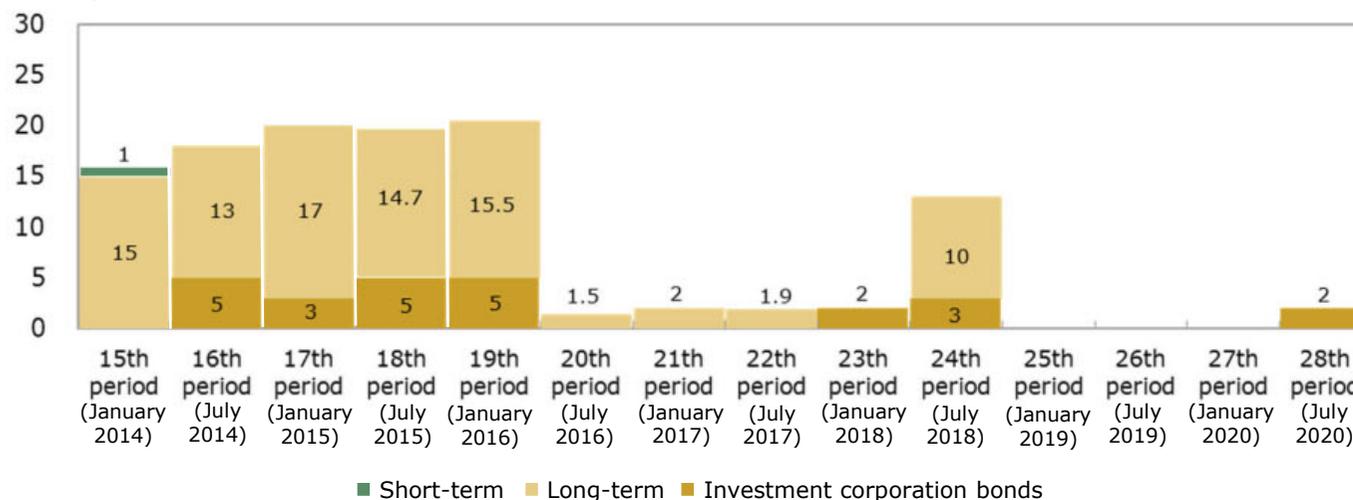
■ Impact of lower interest rates due to improved LTV (assuming interest-bearing debt of 126.2 billion yen) (Note)

| Decrease in interest rate | | | | | | | | | |
|-----------------------------|-------|-----------------------------|-------|-----------------------------|-------|-----------------------------|-------|-----------------------------|---------|
| △0.1% | | △0.2% | | △0.3% | | △0.4% | | △0.5% | |
| Distributable profit/period | DPU |
| +63mn | +¥227 | +126mn | +¥455 | +189mn | +¥683 | +252mn | +¥911 | +315mn | +¥1,139 |

(Note) This simulation shows the change in financial costs on MHR's earnings with a simplified calculation assuming the other conditions remained constant. The actual results may differ from this simulation. It is calculated based on 276,985 investment units outstanding on the assumption that the entire issuance of investment units through third-party allotment, of which contribution is scheduled for October 2, 2013, is conducted.

Overview of maturity (as of Jul. 31, 2013)

(billion yen)



Rating

Japan Credit Rating (JCR)
Long-term issuer rating:
AA- (Stable)

1-9 Investment highlights

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



“Turnaround Phase”

“External Growth Phase” based on the New 2013 Management Policy

Aim for further expansion of market value for “improving liquidity”

Market cap ¥300bn

Market cap ¥200bn

Market cap ¥171.4bn
(Note)

DPU: ¥10,700/unit

Market cap ¥112.2bn

DPU: ¥9,169/unit

Market cap ¥41bn

DPU: ¥6,577/unit

■ Utilize Mori Building’s extensive property pipeline
⇒ MHR has “preferential negotiation rights”

■ “Expand the scope of investment targets”
⇒ Primarily target Mori Building Group properties located in Central Tokyo and also actively seek to acquire 3rd party property

8th period
(ended Jul. 2010)

13th period
(ended Jan. 2013)

16th period forecast
(ending Jul. 2014)

(Note) Market cap is based on MHR’s unit price of Sep. 11, 2013. It is calculated based on 276,985 investment units outstanding on the assumption that the entire issuance of investment units through third-party allotment, of which contribution is scheduled for October 2, 2013, is conducted.

1-10 Investment highlights

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



Mori Building's extensive property pipeline

- Total assets of 1.3 trillion yen as of March 2013
- 111 buildings for lease as of March 2013

MHR has "preferential negotiation rights" (Note 1)

New redevelopment by Mori Building

A. ARK Hills South Tower



- a) Approx. 5,846m²
- b) Approx. 55,033m²
- c) Office/retail/parking
- d) Mori Building Co., Ltd.
- e) Sep. 2013

B. Toranomon Hills



- a) Approx. 17,069m²
- b) Approx. 244,360m²
- c) Office/residential/hotel/
retail/conference/parking
- d) Tokyo Metropolitan Government (Note 2)
- e) 2014 (planned)

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

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



In operation
Planning /Under construction

MHR (Note 3) █

Mori Building Group (Note 4) █

(Source) Prepared by the Asset Management Company based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2013"

(Note 1) Some exemptions included.

(Note 2) Mori Building was appointed as a distinct developer.

(Note 3) Some of the above were partially acquired or are held by MHR.

(Note 4) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties to be acquired as of the date of this material, excluding Roppongi Hills Mori Tower to be acquired on October 1, 2013.

1-11 Investment highlights

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



Extensive property pipeline

Properties owned by Mori Building Group

Office/Residential/Retail, etc.



Roppongi Hills

(Portion of property owned by MHR)

Office/Residential/Retail, etc.



ARK Hills

(Portion of property owned by MHR)

Office/Residential/Retail



Atago Green Hills

(Portion of property owned by MHR)

Residential



Moto-Azabu Hills

(Portion of property owned by MHR)

Retail



Laforet Harajuku

(Land owned by MHR)

Office/Residential/Retail



Holland Hills

Office/Retail



Keyaki-zaka Terrace

Office



Shiba Mita Mori Building

Office/Residential



ARK Hills Front Tower

Office/Residential/Retail



Roppongi Hills Cross Point

Office



Toranomon 1-chome Mori Building

Office



Toranomon 37 Mori Building

Residential



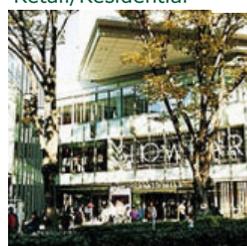
Forest Terrace Shoto

Residential



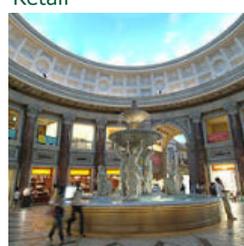
Roppongi Sakura-zaka Residence

Retail/Residential



Omotesando Hills

Retail



VenusFort

Overseas properties



Shanghai World Financial Center



Hang Seng Bank Tower



Senmao Dalian

(Note) There are no properties to be acquired as of the date of this material, excluding Roppongi Hills Mori Tower to be acquired on October 1, 2013.

1-12 Investment highlights

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



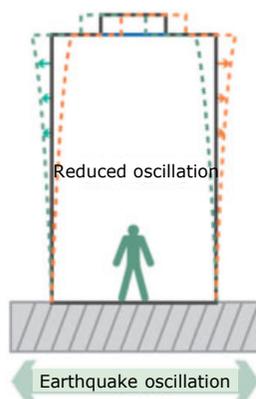
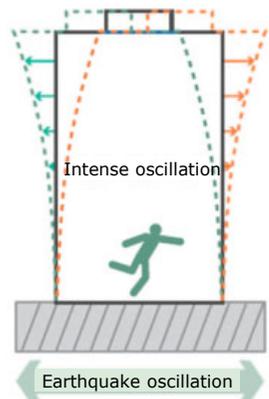
MHR properties' PML and earthquake-resistant features (After the acquisition of Oct. 1, 2013)

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

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

Seismic damping

Minimize the level of oscillation



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



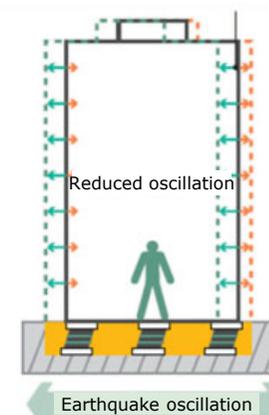
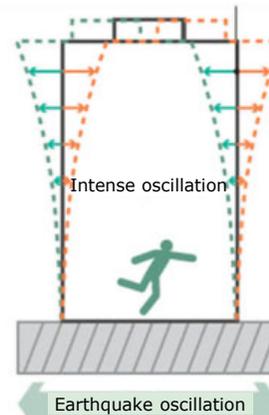
Viscous seismic damping wall

<Normal earthquake resistant building>

<Building with seismic damping>

Seismic isolators

Oscillate slowly and horizontally



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



Seismic isolators

<Normal earthquake resistant building>

<Building with Seismic Isolators>

1-13 Investment highlights

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



Acquisition of Highest Rank in CASBEE Real Estate Certification System for Pilot Evaluation

- The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) was established under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism to appropriately identify and evaluate profit-oriented real estate such as office buildings which are well managed and have high environmental performance and value.
- In the pilot evaluation before full-fledged operation in fiscal 2013, MHR acquired rank S (the highest rank) ratings for Roppongi Hills Mori Tower, ARK Mori Building and Atago Green Hills (MORI Tower) and a rank A rating for Koraku Mori Building.



Roppongi Hills Mori Tower

Rank S: ★★★★★



ARK Mori Building

Rank S: ★★★★★



Atago Green Hills MORI Tower

Rank S: ★★★★★



Koraku Mori Building

Rank A: ★★★★★

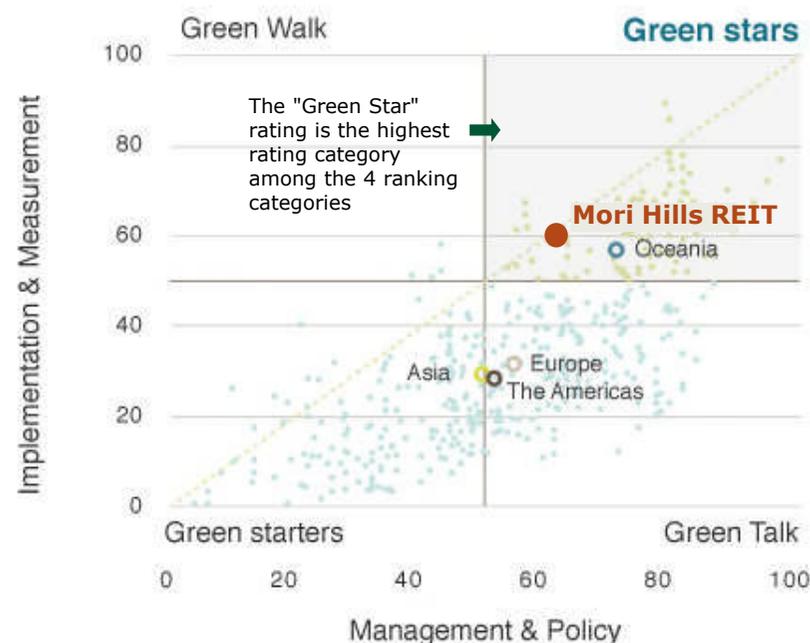
Acquired GRESB Green Star Rating

While achieving Green Star rating in the 2012 Global Real Estate Sustainability Benchmark (GRESB) survey, the top score was also received among the participants whose main investment target is offices in Japan and 2nd place among 51 Asian-based companies was attained.



GRESB is a benchmark that measures the sustainability performance of real estate companies and real estate management institutions based on a questionnaire survey conducted by the GRESB foundation, composed primarily of European pension fund groups, and aims to improve shareholder value (economic performance) by increasing the transparency of the environmental and social aspects of the real estate sector.

<GRESB Four-Quadrant Model Scores by Region>



(Source) Created by the asset manager based on the "2012 GRESB Report" of the Global Real Estate Sustainability Benchmark (GRESB)

2. 14th period (ended July 2013) financial highlights

2-1 14th period (ended July 2013) financial highlights

Financial summary



(million yen)

| | Actual | | Difference | |
|--|-------------|-------------|--------------------|---------|
| | 13th period | 14th period | 14th - 13th period | |
| | 184 days | 181 days | | |
| Operating revenue | 4,676 | 5,052 | 375 | 8.0% |
| Rent revenue of real estate | 4,568 | 4,949 | 380 | 8.3% |
| Rent and common area revenue | 4,565 | 4,945 | 379 | 8.3% |
| Office | 3,248 | 3,524 | 275 | 8.5% |
| Residential | 627 | 717 | 90 | 14.4% |
| Retail | 42 | 57 | 14 | 33.4% |
| Land | 646 | 646 | — | — |
| Other rent revenue | 3 | 3 | 0 | 12.7% |
| Other rent revenue of real estate | 107 | 103 | △ 4 | △ 4.4% |
| Operating expenses | 1,551 | 1,621 | 70 | 4.5% |
| Expenses of real estate rent | 1,257 | 1,358 | 101 | 8.1% |
| SG&A | 294 | 262 | △ 31 | △ 10.7% |
| Operating income | 3,125 | 3,430 | 305 | 9.8% |
| Non-operating income | 3 | 4 | 1 | 49.1% |
| Non-operating expenses | 1,004 | 1,002 | △ 2 | △ 0.2% |
| Interest expenses | 741 | 700 | △ 40 | △ 5.5% |
| Other non-operating expenses | 263 | 301 | 38 | 14.6% |
| Non-operating income/expenses | △ 1,001 | △ 997 | 3 | 0.4% |
| Ordinary income | 2,123 | 2,433 | 309 | 14.6% |
| Income before income taxes | 2,123 | 2,433 | 309 | 14.6% |
| Total income taxes | 0 | 0 | △ 0 | △ 0.5% |
| Net income | 2,122 | 2,432 | 309 | 14.6% |
| Profit on real estate rental | 3,419 | 3,693 | 273 | 8.0% |
| Depreciation and amortization | 671 | 726 | 55 | 8.2% |
| NOI | 4,091 | 4,420 | 329 | 8.0% |
| NOI yield | 3.8% | 4.0% | 0.1PT | 3.2% |
| Acquisition price (weighted average based on the number of operating days during the period) (Note) | 210,816 | 224,297 | 13,480 | 6.4% |
| Total units outstanding (units) | 231,520 | 254,620 | 23,100 | 10.0% |
| Dividend/unit (yen) | 9,169 | 9,552 | 383 | 4.2% |

| | |
|--|------------|
| Acquisition of Atago Green Hills in 14 th period | +195 |
| Acquisition of ARK Mori Building in 14 th period | +71 |
| Koraku Mori Building | +8 |
| Acquisition of Atago Green Hills in 14 th period | +80 |
| Roppongi First Plaza | +9 |
| Acquisition of Atago Green Hills in 14 th period | +14 |
| Acquisition of Atago Green Hills in 14 th period | +61 |
| Acquisition of ARK Mori Building in 14 th period | +7 |
| Property taxes, etc. (Properties acquired in 12 th period) | +24 +21 |
| Maintenance and repairs | +17 |
| Asset management fee | △35 |
| Interest expenses | △21 |
| Interest on investment corporation bonds | △19 |
| Investment unit issuance expenses | +38 |

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

2-2 14th period (ended July 2013) financial highlights

Comparison between forecast and results



(million yen)

| | 14th period | | | | | |
|---|-------------|----------|---------------------|---------|-----------------------------------|------|
| | Forecasted | Actual | Actual - Forecasted | | | |
| | 181 days | 181 days | | | | |
| Operating revenue | 5,046 | 5,052 | 6 | 0.1% | | |
| Rent revenue of real estate | 4,940 | 4,949 | 8 | 0.2% | | |
| Rent and common area revenue | 4,937 | 4,945 | 8 | 0.2% | | |
| Office | 3,521 | 3,524 | 2 | 0.1% | | |
| Residential | 711 | 717 | 5 | 0.8% | Moto-Azabu Hills | +3 |
| Retail | 56 | 57 | 0 | 0.3% | Roppongi First Plaza | +2 |
| Land | 646 | 646 | — | — | | |
| Other rent revenue | 3 | 3 | 0 | 12.7% | | |
| Other rent revenue of real estate | 105 | 103 | △ 2 | △ 2.6% | Utilities revenue, etc. | △ 4 |
| Operating expenses | 1,621 | 1,621 | △ 0 | △ 0.0% | | |
| Expenses of real estate rent | 1,374 | 1,358 | △ 15 | △ 1.1% | Utilities | △ 7 |
| SG&A | 247 | 262 | 15 | 6.2% | Maintenance and repairs | △ 4 |
| Operating income | 3,424 | 3,430 | 6 | 0.2% | | |
| Non-operating income | 2 | 4 | 2 | 94.8% | Asset management fee | +20 |
| Non-operating expenses | 1,032 | 1,002 | △ 30 | △ 2.9% | | |
| Interest expenses | 710 | 700 | △ 10 | △ 1.4% | Interest expenses | △ 10 |
| Other non-operating expenses | 321 | 301 | △ 20 | △ 6.2% | | |
| Non-operating income/expenses | △ 1,030 | △ 997 | 32 | 3.1% | | |
| Ordinary income | 2,394 | 2,433 | 38 | 1.6% | Borrowing expenses | △ 5 |
| Income before income taxes | 2,394 | 2,433 | 38 | 1.6% | Investment unit issuance expenses | △ 14 |
| Total income taxes | 1 | 0 | △ 0 | △ 11.6% | | |
| Net income | 2,393 | 2,432 | 38 | 1.6% | | |
| Profit on real estate rental | 3,672 | 3,693 | 21 | 0.6% | | |
| Depreciation and amortization | 727 | 726 | △ 0 | △ 0.1% | | |
| NOI | 4,399 | 4,420 | 20 | 0.5% | | |
| NOI yield | 4.0% | 4.0% | 0.0PT | 0.5% | | |
| Acquisition price (weighted average based on the number of operating days during the period) | 224,297 | 224,297 | — | — | | |
| Total units outstanding (units) | 254,620 | 254,620 | — | — | | |
| Dividend/unit (yen) | 9,400 | 9,552 | 152 | 1.6% | | |

2-3 14th period (ended July 2013) financial highlights

Projection



(million yen)

| | Actual | Forecast | Difference | |
|---|-------------|-------------|--------------------|---------|
| | 14th period | 15th period | 15th - 14th period | |
| | 181 days | 184 days | | |
| Operating revenue | 5,052 | 5,617 | 564 | 11.2% |
| Rent revenue of real estate | 4,949 | 5,497 | 547 | 11.1% |
| Other rent revenue of real estate | 103 | 120 | 16 | 16.5% |
| Operating expenses | 1,621 | 1,816 | 194 | 12.0% |
| Expenses of real estate rent | 1,358 | 1,539 | 180 | 13.3% |
| SG&A | 262 | 277 | 14 | 5.5% |
| Operating income | 3,430 | 3,800 | 369 | 10.8% |
| Non-operating income | 4 | 1 | △ 2 | △ 61.8% |
| Non-operating expenses | 1,002 | 1,031 | 29 | 2.9% |
| Interest expenses | 700 | 729 | 28 | 4.1% |
| Other non-operating expenses | 301 | 302 | 0 | 0.2% |
| Non-operating income/expenses | △ 997 | △ 1,029 | △ 32 | △ 3.2% |
| Ordinary income | 2,433 | 2,770 | 337 | 13.9% |
| Income before income taxes | 2,433 | 2,770 | 337 | 13.9% |
| Total income taxes | 0 | 1 | 0 | 13.1% |
| Net income | 2,432 | 2,769 | 337 | 13.9% |
| Profit on real estate rental | 3,693 | 4,077 | 384 | 10.4% |
| Depreciation and amortization | 726 | 810 | 83 | 11.5% |
| NOI | 4,420 | 4,888 | 467 | 10.6% |
| NOI yield | 4.0% | 4.0% | △ 0.0PT | △ 0.6% |
| Acquisition price (weighted average based on the number of operating days during the period) | 224,297 | 245,456 | 21,159 | 9.4% |
| Total units outstanding (units) | 254,620 | 276,985 | 22,365 | 8.8% |
| Dividend/unit (yen) | 9,552 | 10,000 | 448 | 4.7% |

| | Forecast | Forecast | Difference | |
|---------------------------------|-------------|-------------|--------------------|---------|
| | 15th period | 16th period | 16th - 15th period | |
| | 181 days | 184 days | | |
| Operating revenue | 5,617 | 5,780 | 163 | 2.9% |
| Operating expenses | 1,816 | 1,905 | 89 | 4.9% |
| Operating income | 3,800 | 3,874 | 73 | 1.9% |
| Non-operating income | 1 | 1 | — | — |
| Non-operating expenses | 1,031 | 911 | △ 120 | △ 11.6% |
| Ordinary income | 2,770 | 2,964 | 193 | 7.0% |
| Net income | 2,769 | 2,963 | 193 | 7.0% |
| Total units outstanding (units) | 276,985 | 276,985 | — | — |
| Dividend/unit (yen) | 10,000 | 10,700 | 700 | 7.0% |

Acquisition of Roppongi Hills Mori Tower in 15th period +380

Acquisition of Atago Green Hills in 14th period (Difference in operating days) +145
Acquisition of ARK Mori Building in 14th period (Difference in operating days) +35

Koraku Mori Building +19
Roppongi View Tower △9
Laforet Harajuku (Land) △21

Acquisition of Roppongi Hills Mori Tower in 15th period +119

Acquisition of Atago Green Hills in 14th period (Difference in operating days) +30

Property taxes, etc. +24
(Properties acquired in 12th period +21)
Roppongi View Tower +12

Interest expenses in 15th period (New borrowings) +30
Interest expenses in 14th period (Difference in operating days of new borrowings) +13
Interest expenses (Existing borrowings) △8
Interest on investment corporation bonds △6

Acquisition of Roppongi Hills Mori Tower in 15th period (Difference in operating days) +190

Koraku Mori Building +9
Roppongi View Tower △10
Laforet Harajuku (Land) △10

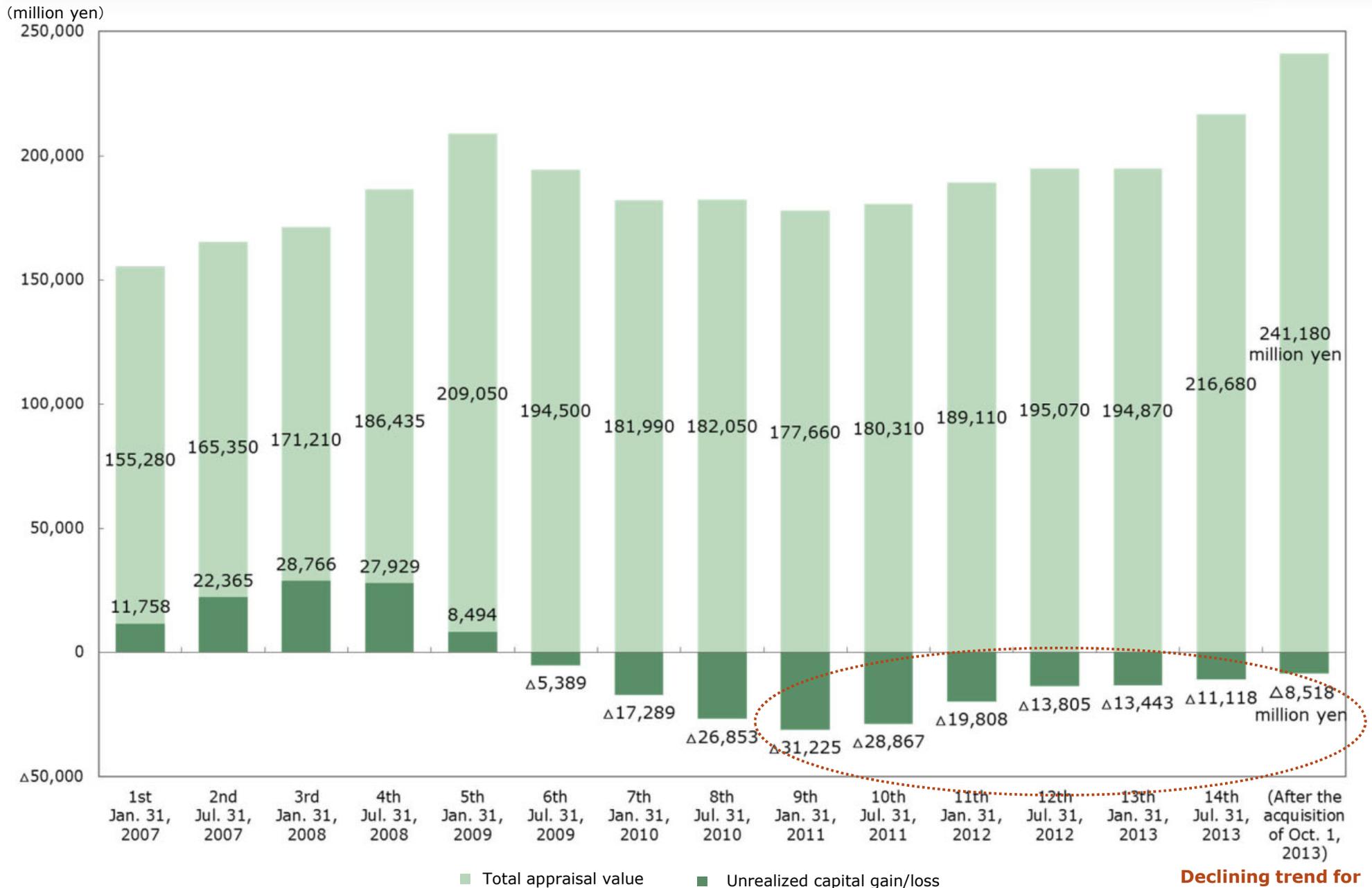
Acquisition of Roppongi Hills Mori Tower in 15th period (Difference in operating days) +59

Property taxes, etc. +38
(Properties acquired in 14th & 15th periods +36)
Roppongi View Tower +12

Interest expenses in 15th period (Difference in operating days of new borrowings) +13
Interest expenses (Existing borrowings) △65
Interest on investment corporation bonds △10
Borrowing expenses △20
Investment unit issuance expenses △37

3. Operation highlights

3-1 Operation highlights Change in total appraisal value



Declining trend for "unrealized loss"

3-2 Operation highlights Appraisal value

(million yen)

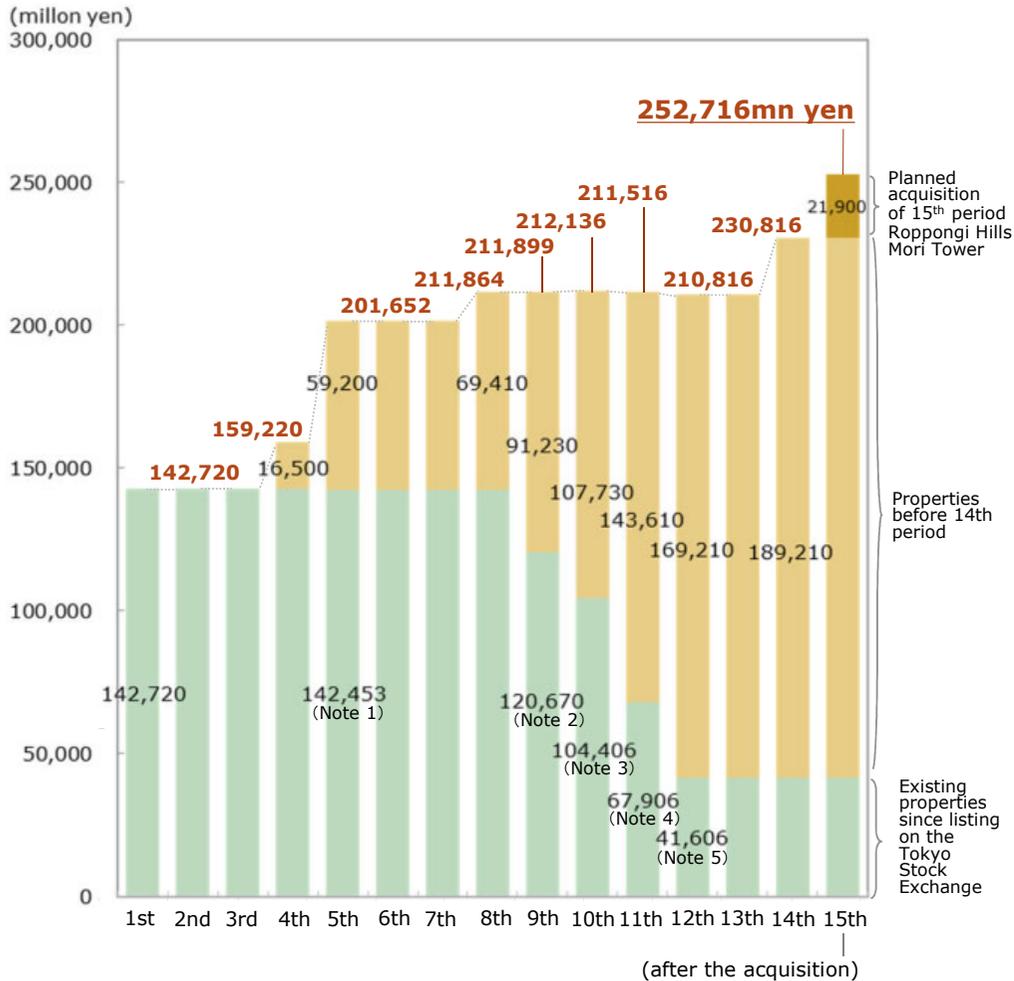
| Main type | Property name | Property No. | Acquisition price | Book value | As of end of 13th period (Jan. 31, 2013) | | As of end of 14th period (Jul. 31, 2013) | | | | Difference (B) - (A) | Difference (B)/(A) - 1 | Unrealized capital gain (B)-book value | |
|--------------|-------------------------------------|--------------|-------------------|------------|---|--------------------------------------|---|--------------------------------------|----------------|----------------------|-------------------------|---------------------------|---|----------|
| | | | | | (A) Appraisal value | Yield (direct capitalization method) | (B) Appraisal value | Yield (direct capitalization method) | Discount (DCF) | Terminal yield (DCF) | | | | |
| Office | Roppongi Hills Mori Tower | O-0 | 25,490 | 25,188 | 29,600 | 3.8% | 29,500 | 3.8% | 3.5% | 4.0% | △ 100 | △ 0.3% | 4,311 | |
| | ARK Mori Building | O-1 | 62,480 | 61,882 | 55,400 | 3.8% | 59,000 | 3.9% | 3.6% | 4.1% | 3,600 | 6.5% | △ 2,882 | |
| | Koraku Mori Building | O-4 | 27,200 | 25,739 | 21,000 | 4.6% | 21,200 | 4.5% | 4.1% | 4.8% | 200 | 1.0% | △ 4,539 | |
| | Akasaka Tameike Tower | O-6 | 43,930 | 42,917 | 30,100 | 4.0% | 30,100 | 4.0% | 3.7% | 4.2% | 0 | 0.0% | △ 12,817 | |
| | Atago Green Hills | O-7 | 42,090 | 42,224 | 27,800 | 4.1% | 45,800 | 4.1% | 3.6% | 4.3% | 18,000 | 64.7% | 3,575 | |
| | Sub total | | | 201,190 | 197,952 | 163,900 | - | 185,600 | - | - | - | 21,700 | 13.2% | △ 12,352 |
| Residential | Moto-Azabu Hills | R-1 | 1,706 | 1,649 | 1,730 | 4.6% | 1,730 | 4.6% | 4.2% | 4.8% | 0 | 0.0% | 80 | |
| | Roppongi First Plaza | R-3 | 2,100 | 2,234 | 1,510 | 5.1% | 1,510 | 5.1% | 4.9% | 5.3% | 0 | 0.0% | △ 724 | |
| | Roppongi View Tower | R-4 | 4,000 | 3,888 | 2,830 | 5.2% | 2,640 | 5.2% | 5.0% | 5.4% | △ 190 | △ 6.7% | △ 1,248 | |
| | Sub total | | | 7,806 | 7,772 | 6,070 | - | 5,880 | - | - | - | △ 190 | △ 3.1% | △ 1,892 |
| Retail, etc. | Laforet Harajuku (land) (Note 2) | S-1 | 21,820 | 22,074 | 24,900 | 5.1% | 25,200 | - | 5.0% | - | 300 | 1.2% | 3,125 | |
| | Sub total | | | 21,820 | 22,074 | 24,900 | - | 25,200 | - | - | - | 300 | 1.2% | 3,125 |
| Total | | | | 230,816 | 227,798 | 194,870 | - | 216,680 | - | - | - | 21,810 | 11.2% | △ 11,118 |

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

(Note 2) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 13th period shows the discount rate used in the DCF analysis.

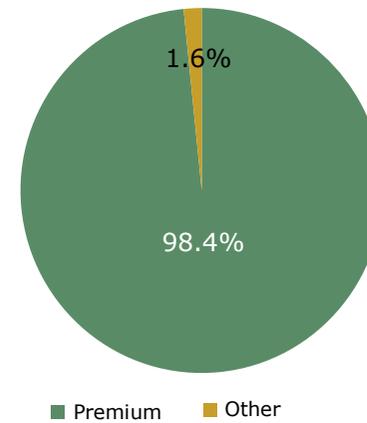
3-3 Operation highlights Portfolio overview

Change in assets under management

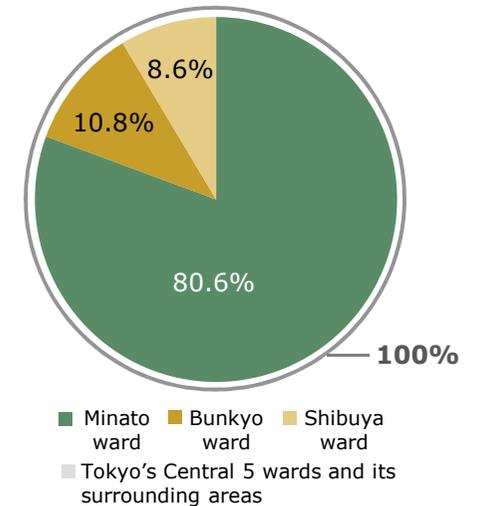


- (Note 1) MHR sold Moto-Azabu Hills (one residential unit) in the 5th period.
- (Note 2) MHR sold Toranomon 35 Mori Building and Moto-Azabu Hills (42 residential units) in the 9th period.
- (Note 3) MHR sold Moto-Azabu Hills (86 residential units) in the 10th period.
- (Note 4) MHR sold Roppongi Hills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

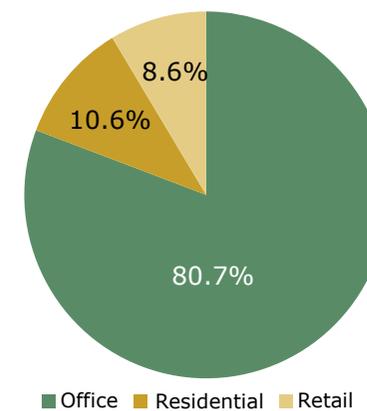
Quality



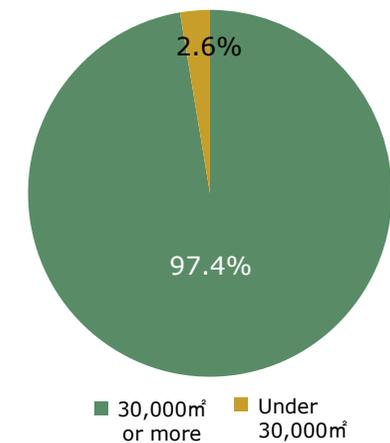
Area



Type



Size (Note 3)



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

3-4 Operation highlights

Changes in the rent and occupancy rates



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

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

3-5 Operation highlights

Breakdown of rent income and office leasing overview

Result of rent revision - Office

| | No. of tenants | Monthly rent prior to rent change | Monthly rent after rent change | Increase/decrease in monthly rent | Rate of revision |
|----------------------|----------------|-----------------------------------|--------------------------------|-----------------------------------|------------------|
| 10th period | 4 | 154.8mn yen | 115.7mn yen | Δ39.1mn yen | Δ 25.3% |
| 11th period | 5 | 50.3mn yen | 40.3mn yen | Δ10.0mn yen | Δ 20.0% |
| 12th period | 0 | 0.0mn yen | - | - | - |
| 13th period | 0 | 0.0mn yen | - | - | - |
| 14th period | 3 | 36.5mn yen | 34.3mn yen | Δ2.1mn yen | Δ 6.0% |
| 15th period or after | 2 | 16.4mn yen | 15.8mn yen | Δ0.5mn yen | Δ 3.2% |

Difference in current office rent and market rent

| | Comparison to market rents (million yen) | | | Total |
|----------------------|--|----------|----------------|-------|
| | More than 10% | 10%~Δ10% | Less than Δ10% | |
| Total rent per month | - | 648.6 | 43.7 | 692.4 |
| Ratio | - | 93.7% | 6.3% | 100% |

(Note 1) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of August 28, 2013 including move in/out and rent revision. It also reflects the planned acquisition in the 15th period.

(Note 2) Market rents are determined by the asset manager based on the capitalized value used for appraisal of properties at the end of the 14th period as reported in the research report.

Breakdown of monthly rent revenue and agreement renewal timing

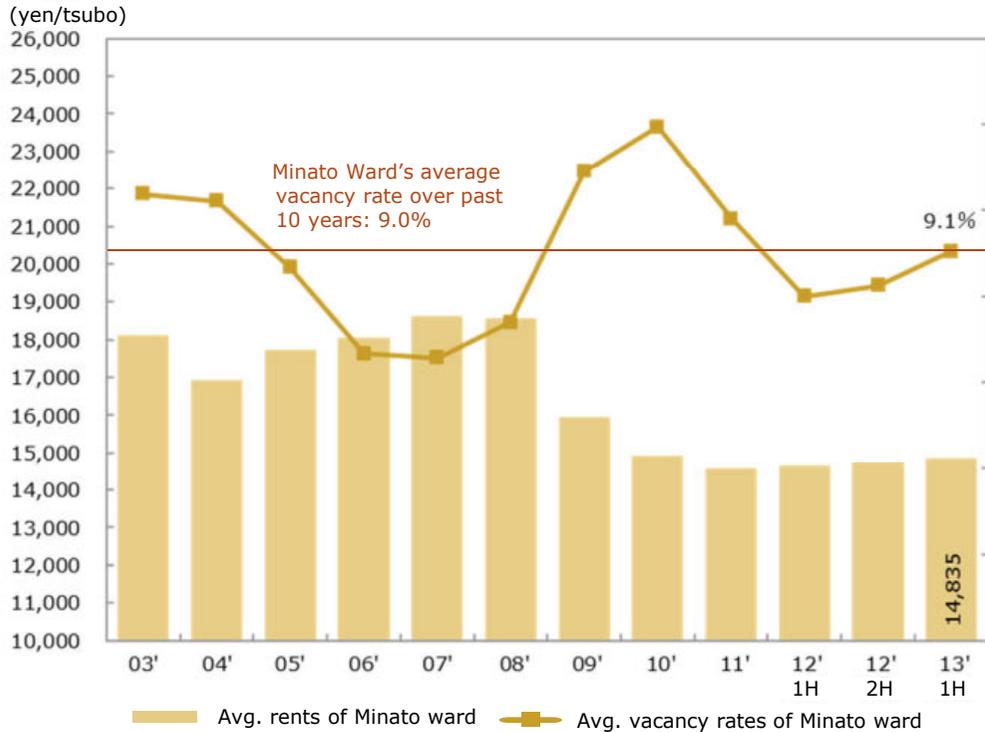
(million yen)

| Tenant | Type of lease contract | Total rent per month | Ratio | Agreement renewal timing | | | | |
|-----------------------------|------------------------|----------------------|-------|--------------------------|-------------|-------------|--------------|--------------|
| | | | | 15th period | 16th period | 17th period | 18th period- | 19th period- |
| Office tenant | Limited term | 101.4 | 10.7% | - | 11.7 | 21.0 | 21.2 | 47.5 |
| | Traditional | 590.9 | 62.2% | - | - | - | - | 590.9 |
| | Total | 692.4 | 72.9% | - | 11.7 | 21.0 | 21.2 | 638.4 |
| Residential tenant | Limited term | 19.7 | 2.1% | 5.2 | 0.3 | 2.5 | 5.2 | 6.3 |
| | Traditional | 104.6 | 11.0% | 18.6 | - | - | - | 86.0 |
| | Total | 124.4 | 13.1% | 23.9 | 0.3 | 2.5 | 5.2 | 92.3 |
| Retail tenant | Corporate land | 102.4 | 10.8% | - | - | - | - | 102.4 |
| | Traditional | 17.9 | 1.9% | - | - | - | - | 17.9 |
| | Total | 120.3 | 12.7% | - | - | - | - | 120.3 |
| Sub total | | 937.2 | 98.7% | 23.9 | 12.0 | 23.5 | 26.4 | 851.1 |
| Retail, parking, and others | | 12.6 | 1.3% | | | | | |
| Total | | 949.8 | 100% | | | | | |

(Note) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of August 28, 2013 including move in/out and rent revision. It also reflects the planned acquisition in the 15th period.

3-6 Operation highlights Luxury residential market

Change in rents and vacancy rates of luxury housing



(Source) Created by the asset manager based on Ken Real Estate Investment Advisors' "Ken Residential Market Report" included in real estate appraisal reports by Japan Real Estate Institute regarding properties held by MHR.

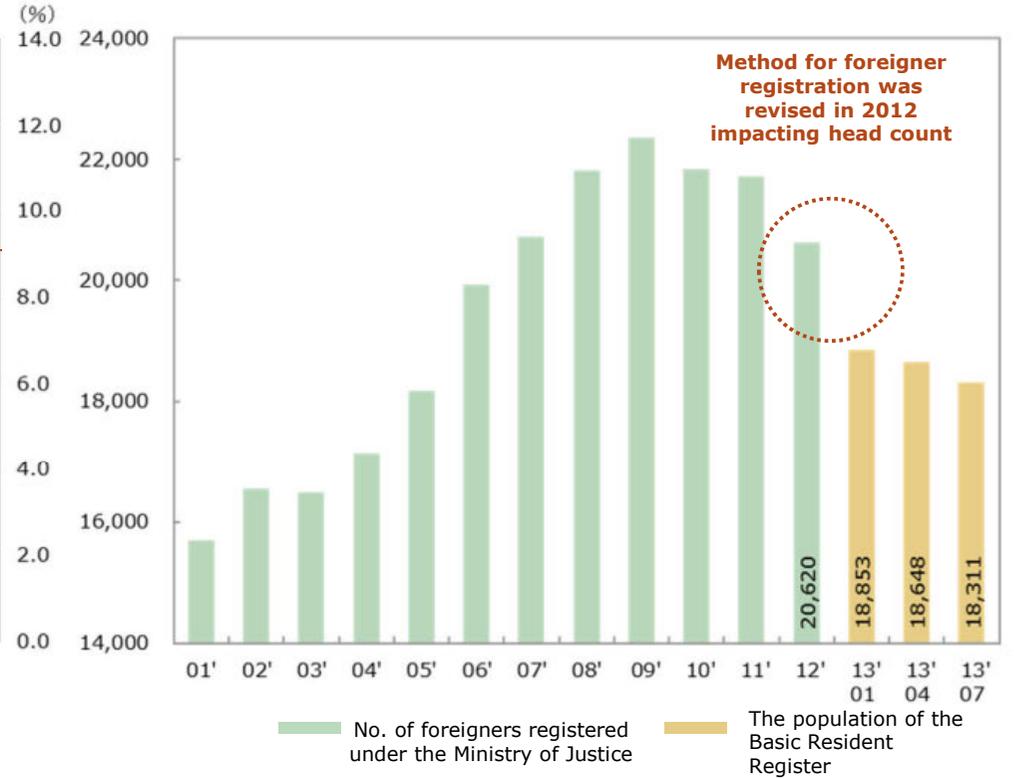
(Note 1) Includes data on rental housing with monthly rent of more than JPY 300,000 or exclusively owned area of more than 30 tsubo.

(Note 2) Average vacancy rate of Minato ward (annualized) indicates the average during the period from Jan. to Mar., from Apr. to Jun., from Jul. to Sep., and from Oct. to Dec. each year. Average contracted rent of Minato ward indicates annual average.

As for average rent and average vacancy rate of Minato ward on a quarter basis, the period from Jan. to Jun. is indicated as 1H, and the period from Jul. to Dec. as 2H. As for 1H, average of the period from Jan. to Mar. and that of the period from Apr. to Jun. is indicated, and as for 2H, average of the period from Jul. to Sep. and that of the period from Oct. to Dec. is indicated. Average rent of Minato ward is indicated annual average.

• The vacancy rate in the luxury rental market has gravitated to around the average level of the past 10 years, and is now seeing preliminary moves to increase rents.

Change in number of foreign residents in Minato ward



(Source) Created by the asset manager based on "Number of registered foreign residents" prepared by Statistics Division Bureau of General Affairs of Tokyo

(Note 1) "Population of foreigners" was the number of foreigners registered under the Ministry of Justice until July 2012. However, as the foreigner registration system was abolished based on revision of the law, the figure is the population of the Basic Resident Register from October 2012. Therefore, the data may not be consistent.

(Note 2) Population of foreigners as of January 1 of each year is used for the year-based figures.

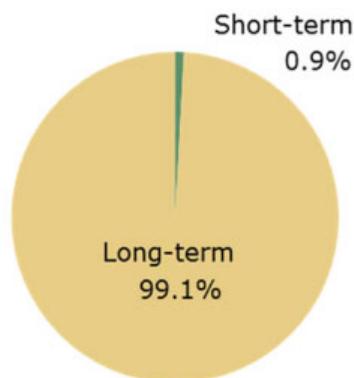
• Although the population of foreigners is on a declining trend, MHR's residential properties are maintaining occupancy rates by capitalizing on demand from Japanese.

3-7 Operation highlights

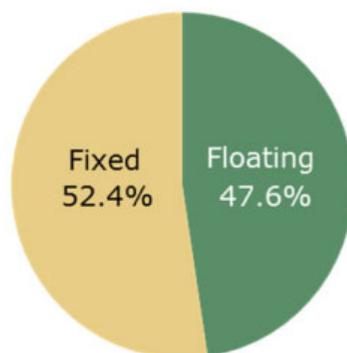
Financial overview (As of July 31, 2013)

Long and short-term debt ratio/Fixed rate ratio

Long and short-term debt ratio (End of 14th period)



Fixed rate ratio (End of 14th period)



Major financial indicator

| | End of 13th period Jan. 31, 2013 | End of 14th period Jul. 31, 2013 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Debt Balance | 106,825mn yen | 116,762mn yen |
| Short-term loan | 4,478mn yen | 1,000mn yen |
| Long-term loan | 77,347mn yen | 90,762mn yen |
| Investment corporation bonds | 25,000mn yen | 25,000mn yen |
| LTV (total assets basis) (Note 1) | 48.8% | 48.5% |
| LTV (appraisal value basis) (Note 2) | 52.0% | 50.9% |
| DSCR (Note 3) | 4.8x | 5.5x |
| Avg. remaining duration | 1.81 years | 1.95 years |
| Weighted avg. interest rate | 1.28% | 1.21% |

Outstanding balances

| Lenders | Balance | Ratio |
|--|----------------------|-------------|
| Mizuho Bank, Ltd. | 13,214mn yen | 14.4% |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 13,214mn yen | 14.4% |
| Mitsubishi UFJ Trust and Banking Corporation | 13,214mn yen | 14.4% |
| Sumitomo Mitsui Banking Corporation | 12,591mn yen | 13.7% |
| Sumitomo Mitsui Trust Bank, Limited | 11,667mn yen | 12.7% |
| Aozora Bank, Ltd. | 4,750mn yen | 5.2% |
| Development Bank of Japan, Inc. | 4,512mn yen | 4.9% |
| The Norinchukin Bank | 4,200mn yen | 4.6% |
| The Bank of Fukuoka, Ltd. | 4,000mn yen | 4.4% |
| Resona Bank, Limited. | 2,500mn yen | 2.7% |
| Shinsei Bank, Ltd. | 2,400mn yen | 2.6% |
| The Hiroshima Bank, Ltd. | 1,500mn yen | 1.6% |
| The Oita Bank, Ltd. | 1,000mn yen | 1.1% |
| ShinGinko Tokyo, Limited | 1,000mn yen | 1.1% |
| ORIX Bank Corporation | 1,000mn yen | 1.1% |
| Mizuho Trust & Banking Co., Ltd. | 1,000mn yen | 1.1% |
| Total borrowings | 91,762mn yen | 100% |
| Investment corporation bonds | 25,000mn yen | |
| Total interest-bearing debt | 116,762mn yen | |

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

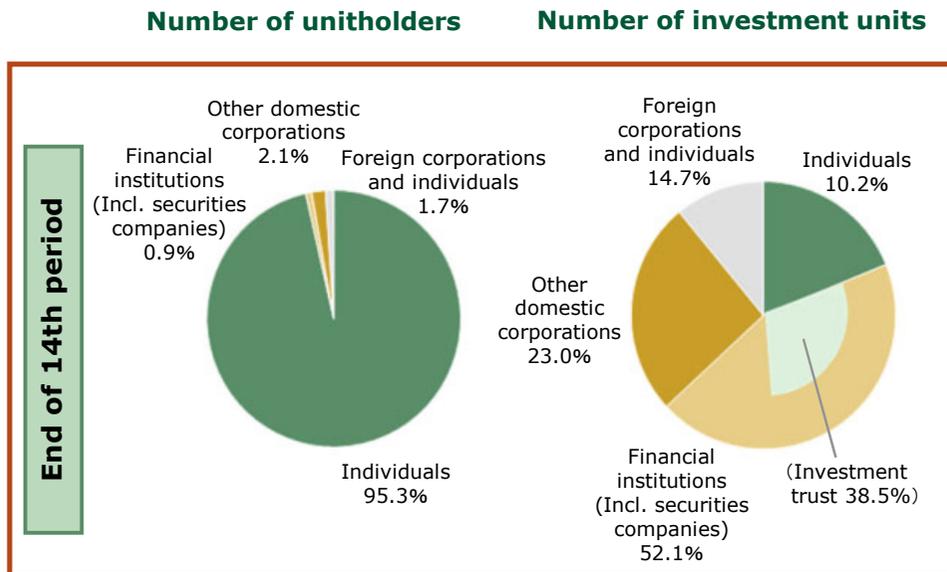
(Note 2) LTV(appraisal value basis) is calculated as [Interest-bearing debt/Appraisal value based total assets (Total assets + Total appraisal value - Total book value)]

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

3-8 Operation highlights

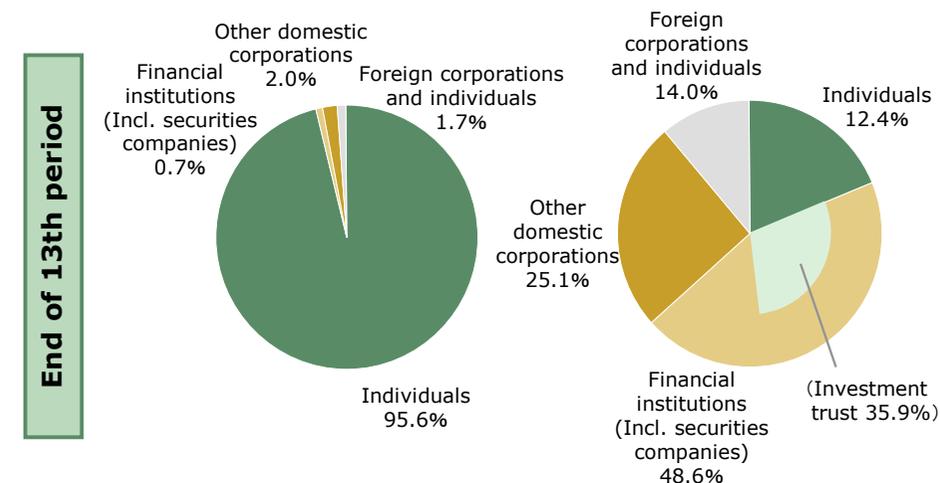
Unitholders breakdown (As of July 31, 2013)

Unitholders breakdown



Top 10 unitholders

| Rank | Name | No. of units held | Ratio |
|--------------------------|---|-------------------|-------|
| 1 | Japan Trustee Service Bank (Trust account) | 55,515 | 21.8% |
| 2 | Mori Building Co., Ltd. | 48,918 | 19.2% |
| 3 | The Master Trust Bank of Japan, Ltd. (Trust account) | 24,293 | 9.5% |
| 4 | Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account) | 18,914 | 7.4% |
| 5 | The Nomura Trust & Banking (Trust account) | 14,032 | 5.5% |
| 6 | Nomura Bank (Luxembourg) S.A. | 8,981 | 3.5% |
| 7 | JP Morgan Chase Bank 385174 | 4,100 | 1.6% |
| 8 | Shikoku Railway Company | 3,324 | 1.3% |
| 9 | Trust & Custody Service Bank of Japan, Ltd. (Taxable money trust account) | 3,126 | 1.2% |
| 10 | The Gibraltar Life Insurance Co., Ltd. (General account J-REIT) | 2,432 | 1.0% |
| Top 10 unitholders total | | 183,635 | 72.1% |



4. Appendix

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

Designation of Priority Development Area for the Urban Renaissance Project

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

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

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

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

[Urban Rejuvenation Headquarters material, Jan 2012]

Designation of an "Asia Headquarter District"

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

With the aim of developing Tokyo into "Asia's Headquarters" by attracting European, US and Asian global corporations, a strategic invitation plan that combines a favorable tax scheme, deregulation and city planning is being implemented in the "Asia Headquarter District." In July 2013, a company from Belgium became the first global corporation attracted to the District.



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

[Concrete measures for attracting foreign companies]

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

[Tokyo Metropolitan Government material, Jan. 2013]

4-2 Sustainability Policy

Sustainability Policy

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

The environment

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

BCP

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

Maintaining and enhancing asset value

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

Common policies

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

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

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



<Environmental Policy >

1. Cities and nature existing in harmony

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

2. Low carbon cities

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

3. Resource recycling

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

4. Compliance and maintenance of an environmental management system

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

5. Environmental education and awareness building activities

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

6. Disclosure of environmental information

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

4-3 Financial highlights



| Indices | Previous period (13th period) From August 1, 2012 to January 31, 2013 | Current period (14th period) From February 1, 2013 to July 31, 2013 | |
|----------------------------------|--|--|---|
| Net income | 2,122mn yen | 2,432mn yen | |
| Depreciation and amortization | 672mn yen | 727mn yen | |
| CAPEX | 111mn yen | 27mn yen | |
| Total assets | 218,813mn yen | 240,681mn yen | |
| Total net assets | 104,239mn yen | 115,503mn yen | |
| Total net assets/unit (BPS) | 450,237 yen | 453,632 yen | Total net assets/Total units outstanding |
| Unit price (as of end of period) | 485,000 yen | 548,000 yen | |
| Total units outstanding | 231,520 yen | 254,620 yen | |
| Total dividends | 2,122mn yen | 2,432mn yen | |
| Dividend/unit | 9,169 yen | 9,552 yen | |
| Dividend yield | 3.8% | 3.5% | Dividend per unit (annualized)/Unit price as of end of period |
| FFO | 2,794mn yen | 3,159mn yen | Net income + Depreciation and amortization |
| FFO/unit | 12,071 yen | 12,408 yen | (Net income + Depreciation and amortization)/Total units outstanding |
| Annualized | 23,946 yen | 25,022 yen | |
| FFO multiple | 20.3x | 21.9x | Unit price as of end of period/FFO per unit (annualized) |
| PER | 26.7x | 28.0x | Unit price as of end of period/Net income per unit (average during the periods, annualized) |
| PBR | 1.1x | 1.2x | Unit price as of end of period/Net assets per unit |
| ROA | 1.0% | 1.1% | Ordinary income/Average of total assets during the period |
| Annualized | 1.9% | 2.1% | |
| ROE | 2.0% | 2.2% | Net income/Average of total net assets during the period |
| Annualized | 4.0% | 4.5% | |
| NAV | 90,795mn yen | 104,385mn yen | Total net assets + Total appraisal value - Total book value - Total liabilities |
| NAV/unit | 392,170 yen | 409,963 yen | |
| NAV multiple | 1.2x | 1.3x | Unit price as of end of period/NAV per unit |
| Interest-bearing debt | 106,825mn yen | 116,762mn yen | |
| LTV (book value basis) | 48.8% | 48.5% | Interest-bearing debt/Total assets |
| LTV (appraisal value basis) | 52.0% | 50.9% | Interest-bearing debt/(Total assets + Total appraisal value - Total book value) |
| Operating days | 184 days | 181 days | |

(Note) Annualized values are calculated based on a period of 365 days.

4-4 Balance sheet

(thousand yen)

| | Previous period (13th period) As of Jan. 31, 2013 | Current period (14th period) As of Jul. 31, 2013 |
|-------------------------------|---|--|
| Assets | | |
| Current assets | 10,065,863 | 12,407,726 |
| Cash and deposits | 2,633,516 | 3,960,756 |
| Cash and deposits in trust | 6,845,858 | 7,825,875 |
| Other | 586,487 | 621,095 |
| Noncurrent assets | 208,683,536 | 228,196,420 |
| Property, plant and equipment | 182,487,516 | 197,146,693 |
| Intangible assets | 25,828,083 | 30,653,667 |
| Investments and other assets | 367,936 | 396,058 |
| Deferred assets | 63,781 | 77,108 |
| Total assets | 218,813,181 | 240,681,255 |

(thousand yen)

| | Previous period (13th period) As of Jan. 31, 2013 | Current period (14th period) As of Jul. 31, 2013 |
|---|---|--|
| Liabilities | | |
| Current liabilities | 25,965,907 | 35,453,802 |
| Short-term loans payable | 4,478,000 | 1,000,000 |
| Current portion of investment corporation bonds | 5,000,000 | 5,000,000 |
| Current portion of long-term loans payable | 15,125,000 | 28,084,500 |
| Other | 1,362,907 | 1,369,302 |
| Noncurrent liabilities | 88,608,240 | 89,723,564 |
| Investment corporation bonds | 20,000,000 | 20,000,000 |
| Long-term loans payable | 62,222,000 | 62,678,000 |
| Lease and guarantee deposited in trust | 6,386,240 | 7,045,564 |
| Total liabilities | 114,574,147 | 125,177,367 |
| Net assets | | |
| Unitholders' equity | 104,239,033 | 115,503,888 |
| Unitholders' capital | 102,010,939 | 112,966,437 |
| Total surplus | 2,228,093 | 2,537,451 |
| Voluntary retained earnings | 105,244 | 105,244 |
| Unappropriated retained earnings | 2,122,849 | 2,432,207 |
| Total net assets | 104,239,033 | 115,503,888 |
| Total liabilities and net assets | 218,813,181 | 240,681,255 |

4-5 Income statement

(thousand yen)

| | Previous period (13th period) From August 1, 2012 to January 31, 2013 | Current period (14th period) From February 1, 2013 to July 31, 2013 | |
|--|--|--|---------------------------------------|
| Operating revenue | 4,676,596 | 5,052,204 | |
| Rent revenue of real estate | 4,568,819 | 4,949,170 | |
| Other rent revenue of real estate | 107,776 | 103,034 | Parking revenue 16,366 |
| Operating expenses | 1,551,184 | 1,621,408 | Utilities and other revenue 86,283 |
| Expenses of real estate rent | 1,257,009 | 1,358,705 | Cancellation penalty 384 |
| Asset management fee | 220,361 | 184,957 | |
| Directors' compensation | 5,400 | 5,400 | |
| Asset custody fee | 5,485 | 5,470 | |
| Administrative service fees | 14,096 | 15,444 | |
| Other operating expenses | 48,831 | 51,430 | |
| Operating income | 3,125,411 | 3,430,796 | |
| Non-operating income | 3,044 | 4,539 | |
| Interest income | 866 | 840 | |
| Exclusion gain of unpaid dividend | 2,178 | 2,230 | |
| Interest on refund | — | 607 | |
| Other | — | 860 | |
| Non-operating expenses | 1,004,628 | 1,002,199 | |
| Interest expenses | 553,240 | 532,111 | Property management fees 103,752 |
| Interest expenses on investment corporation bonds | 188,041 | 168,407 | Property taxes 285,171 |
| Amortization of investment corporation bonds issuance cost | 17,556 | 17,558 | Utilities 79,748 |
| Borrowing expenses | 243,935 | 243,582 | Maintenance and repairs 39,096 |
| Investment unit issuance cost | — | 38,699 | Insurance premium 11,193 |
| Other | 1,855 | 1,840 | Custodian fees 5,696 |
| Ordinary income | 2,123,827 | 2,433,136 | Depreciation and amortization 726,793 |
| Income before income taxes | 2,123,827 | 2,433,136 | Rent expenses 98,966 |
| Net income | 2,122,849 | 2,432,164 | Other lease business expenses 8,286 |
| Unappropriated retained earnings | 2,122,849 | 2,432,207 | |

4-6 Statement of cash flows/Retained earnings

Statement of cash flows

(thousand yen)

| Account | Previous period (13th period) From August 1, 2012 to January 31, 2013 | Current period (14th period) From February 1, 2013 to July 31, 2013 |
|--|--|--|
| I Net cash provided by (used in) operating activities | 2,551,856 | 3,198,785 |
| Income before income taxes | 2,123,827 | 2,433,136 |
| Depreciation and amortization | 672,023 | 727,293 |
| Amortization of investment corporation bonds issuance cost | 17,556 | 17,558 |
| Investment unit issuance cost | — | 38,699 |
| Interest income | △ 866 | △ 840 |
| Exclusion gain of unpaid dividend | △ 2,178 | △ 2,230 |
| Interest expenses | 741,282 | 700,519 |
| Decrease (increase) in operating accounts receivable | 825 | △ 447 |
| Decrease (increase) in consumption taxes refund receivable | △ 81,746 | △ 34,164 |
| Increase (decrease) in operating accounts payable | 9,028 | △ 10,709 |
| Increase (decrease) in accounts payable—other | △ 1,349 | △ 792 |
| Increase (decrease) in accrued expenses | △ 15,639 | △ 36,989 |
| Increase (decrease) in accrued consumption taxes | △ 70,872 | △ 20,902 |
| Increase (decrease) in advances received | △ 3,189 | 111,736 |
| Increase (decrease) in deposits received | △ 7,069 | 9,267 |
| Decrease (increase) in prepaid expenses | △ 29,211 | 7,233 |
| Decrease (increase) in long-term prepaid expenses | △ 13,316 | △ 28,122 |
| Other, net | 140 | △ 7,229 |
| Subtotal | 3,339,245 | 3,903,014 |
| Interest income received | 866 | 840 |
| Interest expenses paid | △ 787,361 | △ 704,090 |
| Income taxes paid | △ 894 | △ 979 |

(thousand yen)

| Account | Previous period (13th period) From August 1, 2012 to January 31, 2013 | Current period (14th period) From February 1, 2013 to July 31, 2013 |
|---|--|--|
| II Net cash provided by (used in) investing activities | △ 610,609 | △ 19,592,045 |
| Purchase of property, plant and equipment in trust | △ 47,706 | △ 15,415,551 |
| Purchase of intangible assets in trust | — | △ 4,826,500 |
| Repayments of lease and guarantee deposited in trust | △ 672,226 | △ 92,181 |
| Proceeds from lease and guarantee deposited in trust | 109,323 | 742,187 |
| III Net cash provided by (used in) financing activities | △ 2,113,349 | 18,700,516 |
| Proceeds from short-term loans payable | 1,000,000 | — |
| Repayments of short-term loans payable | △ 5,500,000 | △ 3,478,000 |
| Proceeds from long-term loans payable | 17,500,000 | 13,478,000 |
| Repayments of long-term loans payable | △ 13,062,500 | △ 62,500 |
| Proceeds from issuance of investment corporation bonds | 6,963,659 | 4,969,110 |
| Redemption of investment corporation bonds | △ 7,000,000 | △ 5,000,000 |
| Proceeds from issuance of investment units | — | 10,916,798 |
| Dividends paid | △ 2,014,508 | △ 2,122,893 |
| IV Net increase (decrease) in cash and cash equivalents | △ 172,102 | 2,307,256 |
| V Cash and cash equivalents at beginning of the period | 9,651,478 | 9,479,375 |
| VI Cash and cash equivalents at the end of the period | 9,479,375 | 11,786,631 |

Retained earnings

(yen)

| Item | Period | Previous period (13th period) From August 1, 2012 to January 31, 2013 | Current period (14th period) From February 1, 2013 to July 31, 2013 |
|---------------------------------------|--------|--|--|
| I Unappropriated retained earnings | | 2,122,849,651 | 2,432,207,002 |
| II Amount of dividends | | 2,122,806,880 | 2,432,130,240 |
| Amount of dividends per unit | | 9,169 | 9,552 |
| III Retained earnings carried forward | | 42,771 | 76,762 |

4-7 14th period results breakdown by property①

(thousand yen)

| Property number | O-0 | | | O-1 | | | O-4 | | | O-6 | | |
|--|---------------------------|-------------|------------|--|-------------|------------|----------------------|-------------|------------|-----------------------|-------------|------------|
| Property name | Roppongi Hills Mori Tower | | | ARK Mori Building (Note 3) | | | Koraku Mori Building | | | Akasaka Tameike Tower | | |
| Period | 13th period | 14th period | Difference | 13th period | 14th period | Difference | 13th period | 14th period | Difference | 13th period | 14th period | Difference |
| Operation days | 184days | 181days | △ 3days | 184days | 181days | △ 3days | 184days | 181days | △ 3days | 184days | 181days | △ 3days |
| Occupancy rate | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 94.3% | 97.6% | 3.3PT | 100% | 100% | 0.0PT |
| Avg. Occupancy rate (during period) | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 93.2% | 97.3% | 4.1PT | 100% | 100% | 0.0PT |
| Number of tenants | 1 | 1 | 0 | 1 | 1 | 0 | 16 | 17 | 1 | 1 | 1 | 0 |
| Acquisition price | 25,490,000 | | | 624,480,000 (before acquisition 58,970,000) | | | 27,200,000 | | | 43,930,000 | | |
| Rent revenue of real estate | 603,955 | 603,955 | - | 1,163,923 | 1,235,770 | 71,846 | 578,680 | 586,812 | 8,132 | 666,446 | 666,446 | - |
| Other rent revenue of real estate | - | - | - | - | - | - | 105,815 | 101,173 | △ 4,642 | 289 | 289 | - |
| Operating Income | 603,955 | 603,955 | - | 1,163,923 | 1,235,770 | 71,846 | 684,495 | 687,986 | 3,490 | 666,735 | 666,735 | - |
| Property management fees | 1,200 | 1,200 | - | 4,800 | 5,600 | 800 | 67,638 | 66,156 | △ 1,481 | 3,000 | 3,000 | - |
| Property taxes (Note 1) | 40,336 | 41,157 | 820 | 70,723 | 70,574 | △ 149 | 31,560 | 31,499 | △ 61 | 43,441 | 43,008 | △ 433 |
| Utilities | - | - | - | - | - | - | 84,040 | 79,604 | △ 4,436 | - | - | - |
| Maintenance and repairs | - | - | - | - | - | - | 10,525 | 6,875 | △ 3,649 | - | - | - |
| Insurance premium | 1,088 | 945 | △ 143 | 1,985 | 1,873 | △ 111 | 2,198 | 1,910 | △ 288 | 2,578 | 2,237 | △ 341 |
| Depreciation and amortization ① | 98,872 | 99,022 | 149 | 120,274 | 123,776 | 3,502 | 128,979 | 128,760 | △ 219 | 173,230 | 174,612 | 1,381 |
| Other lease business expenses (Note 2) | 27 | 27 | 0 | 2,674 | 2,731 | 56 | 68,732 | 67,844 | △ 887 | 905 | 906 | 0 |
| Property expense | 141,525 | 142,352 | 827 | 200,457 | 204,556 | 4,098 | 393,675 | 382,651 | △ 11,023 | 223,157 | 223,764 | 607 |
| Operating profit ② | 462,429 | 461,602 | △ 827 | 963,466 | 1,031,214 | 67,747 | 290,820 | 305,334 | 14,514 | 443,578 | 442,971 | △ 607 |
| NOI ③ (①+②) | 561,302 | 560,624 | △ 677 | 1,083,740 | 1,154,990 | 71,250 | 419,799 | 434,094 | 14,294 | 616,809 | 617,583 | 774 |
| Annualized NOI | 1,113,452 | 1,130,541 | 17,088 | 2,149,810 | 2,372,571 | 222,760 | 832,755 | 875,384 | 42,629 | 1,223,562 | 1,245,403 | 21,841 |
| Annualized NOI/ Acquisition price | 4.4% | 4.4% | 0.1PT | 3.6% | 3.8% | 0.2PT | 3.1% | 3.2% | 0.2PT | 2.8% | 2.8% | 0.0PT |
| Capex ④ | - | 3,075 | 3,075 | 1,538 | 7,555 | 6,017 | 965 | 3,345 | 2,379 | 61,413 | 3,981 | △ 57,431 |
| NCF ③-④ | 561,302 | 557,549 | △ 3,752 | 1,082,202 | 1,147,434 | 65,232 | 418,834 | 430,749 | 11,915 | 555,396 | 613,601 | 58,205 |

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

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

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

4-8 14th period results breakdown by property②



(thousand yen)

| Property number | O-7 | | | R-1 | | | R-3 | | | R-4 | | |
|--|---|-------------|------------|------------------|-------------|------------|----------------------|-------------|------------|---------------------|-------------|------------|
| Property name | Atago Green Hills (Note 3) | | | Moto-Azabu Hills | | | Roppongi First Plaza | | | Roppongi View Tower | | |
| Period | 13th period | 14th period | Difference | 13th period | 14th period | Difference | 13th period | 14th period | Difference | 13th period | 14th period | Difference |
| Operation days | 184days | 181days | △ 3days | 184days | 181days | △ 3days | 184days | 181days | △ 3days | 184days | 181days | △ 3days |
| Occupancy rate | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 89.4% | 95.4% | 6.0PT | 100% | 100% | 0.0PT |
| Avg. Occupancy rate (during period) | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 85.1% | 98.0% | 12.9PT | 100% | 100% | 0.0PT |
| Number of tenants | 1 | 1 | 0 | 7 | 7 | 0 | 39 | 40 | 1 | 1 | 1 | 0 |
| Acquisition price | 42,090,000 (before acquisition 25,600,000) | | | 1,706,440 | | | 2,100,000 | | | 4,000,000 | | |
| Rent revenue of real estate | 676,073 | 966,534 | 290,461 | 63,039 | 63,039 | - | 60,474 | 70,384 | 9,910 | 109,426 | 109,426 | - |
| Other rent revenue of real estate | - | - | - | 1,071 | 1,186 | 115 | 600 | 384 | △ 215 | - | - | - |
| Operating Income | 676,073 | 966,534 | 290,461 | 64,110 | 64,226 | 115 | 61,074 | 70,769 | 9,695 | 109,426 | 109,426 | - |
| Property management fees | 1,620 | 2,316 | 696 | 8,852 | 9,905 | 1,052 | 13,083 | 11,836 | △ 1,246 | 3,738 | 3,738 | - |
| Property taxes (Note 1) | - | 21,419 | 21,419 | 2,069 | 2,063 | △ 6 | 6,954 | 6,972 | 17 | 10,755 | 10,769 | 13 |
| Utilities | - | - | - | 12 | - | △ 12 | 282 | 144 | △ 138 | - | - | - |
| Maintenance and repairs | - | - | - | 6,186 | 2,760 | △ 3,426 | 5,238 | 29,461 | 24,223 | - | - | - |
| Insurance premium | 2,772 | 3,447 | 675 | 158 | 137 | △ 20 | 321 | 278 | △ 42 | 415 | 361 | △ 54 |
| Depreciation and amortization ① | 119,958 | 170,035 | 50,076 | 6,395 | 6,412 | 17 | 10,757 | 11,118 | 361 | 13,055 | 13,055 | - |
| Other lease business expenses (Note 2) | 21,888 | 32,424 | 10,535 | 3,875 | 3,956 | 80 | 4,388 | 4,559 | 171 | 455 | 499 | 43 |
| Property expense | 146,239 | 229,642 | 83,403 | 27,550 | 25,235 | △ 2,315 | 41,025 | 64,371 | 23,346 | 28,419 | 28,422 | 3 |
| Operating profit ② | 529,834 | 736,892 | 207,057 | 36,560 | 38,991 | 2,431 | 20,048 | 6,397 | △ 13,650 | 81,007 | 81,003 | △ 3 |
| NOI ③ (①+②) | 649,792 | 906,927 | 257,134 | 42,955 | 45,403 | 2,448 | 30,805 | 17,516 | △ 13,288 | 94,062 | 94,058 | △ 3 |
| Annualized NOI | 1,288,990 | 2,096,642 | 807,651 | 85,210 | 91,560 | 6,350 | 61,109 | 35,323 | △ 25,785 | 186,590 | 189,676 | 3,086 |
| Annualized NOI/Acquisition price | 5.0% | 5.0% | -0.1PT | 5.0% | 5.4% | 0.4PT | 2.9% | 1.7% | △ 1.2PT | 4.7% | 4.7% | 0.1PT |
| Capex ④ | 8,318 | 4,379 | △ 3,938 | - | 347 | 347 | 39,078 | 4,927 | △ 34,150 | - | - | - |
| NCF ③-④ | 641,474 | 902,547 | 261,073 | 42,955 | 45,056 | 2,101 | △ 8,272 | 12,589 | 20,861 | 94,062 | 94,058 | △ 3 |

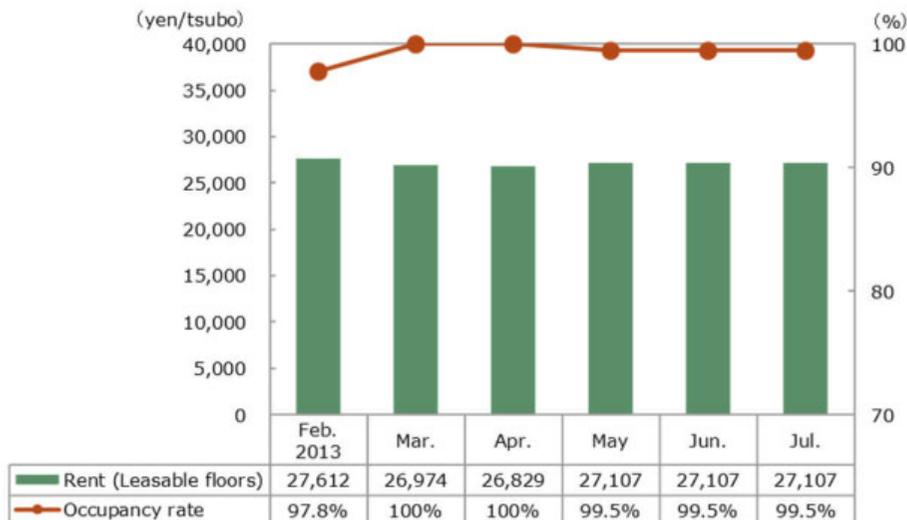
4-9 14th period results breakdown by property③

(thousand yen)

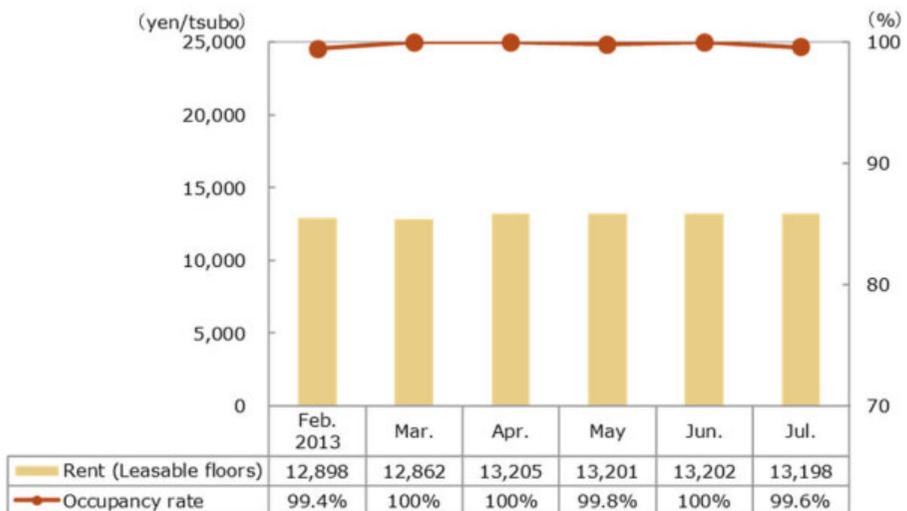
| Property number | S-1 | | | Total | | |
|--|-------------------------|-------------|------------|---|-------------------------|------------|
| | Laforet Harajuku (Land) | | | | | |
| Property name | | | | | | |
| Period | 13th period | 14th period | Difference | 13th period | 14th period (Note 3) | Difference |
| Operation days | 184days | 181days | △ 3days | 184days | 181days | △ 3days |
| Occupancy rate | 100% | 100% | 0.0PT | 98.7% | 99.5% | 0.8PT |
| Avg. Occupancy rate (during period) | 100% | 100% | 0.0PT | 98.4% | 99.5% | 1.1PT |
| Number of tenants | 1 | 1 | 0 | 68 | 70 | 2 |
| Acquisition price | 21,820,000 | | | 230,816,440 (before acquisition 210,816,440) | | |
| Rent revenue of real estate | 646,800 | 646,800 | - | 4,568,819 | 4,949,170 | 380,350 |
| Other rent revenue of real estate | - | - | - | 107,776 | 103,034 | △ 4,741 |
| Operating Income | 646,800 | 646,800 | - | 4,676,596 | 5,052,204 | 375,608 |
| Property management fees | - | - | - | 103,933 | 103,752 | △ 180 |
| Property taxes (Note 1) | 54,958 | 57,708 | 2,750 | 260,799 | 285,171 | 24,371 |
| Utilities | - | - | - | 84,335 | 79,748 | △ 4,586 |
| Maintenance and repairs | - | - | - | 21,950 | 39,096 | 17,146 |
| Insurance premium | - | - | - | 11,519 | 11,193 | △ 325 |
| Depreciation and amortization ① | - | - | - | 671,523 | 726,793 | 55,270 |
| Other lease business expenses (Note 2) | - | - | - | 102,948 | 112,949 | 10,000 |
| Property expense | 54,958 | 57,708 | 2,750 | 1,257,009 | 1,358,705 | 101,696 |
| Operating profit ② | 591,842 | 589,092 | △ 2,750 | 3,419,586 | 3,693,499 | 273,912 |
| NOI ③ (①+②) | 591,842 | 589,092 | △ 2,750 | 4,091,109 | 4,420,292 | 329,182 |
| Annualized NOI | 1,174,034 | 1,187,947 | 13,913 | 8,115,516 | 9,172,936 | 1,057,419 |
| Annualized NOI/ Acquisition price | 5.4% | 5.4% | 0.1PT | 3.8% | 4.0% | 0.1PT |
| Capex ④ | - | - | - | 111,313 | 27,612 | △ 83,700 |
| NCF ③-④ | 591,842 | 589,092 | △ 2,750 | 3,979,796 | 4,392,679 | 412,883 |

4-10 Tenant status during the 14th period

Office: Rent and occupancy rate



Residential: Rent and occupancy rate



Top 5 tenants (After the acquisition)

| Tenant | Property name | Leased space (Note 1)(Note 2) | Ratio |
|---------------------------------------|--|-------------------------------|-------|
| Mori Building Co., Ltd. | Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills | 91,849.69 m ² | 76.3% |
| Urban Renaissance Agency (Note 3) | Roppongi View Tower | 6,344.84 m ² | 5.3% |
| Syowa Leasing Co., Ltd. | Koraku Mori Building | 2,683.90 m ² | 2.2% |
| Mori Building Ryutsu System Co., Ltd. | Laforet Harajuku (Land) | 2,565.06 m ² | 2.1% |
| ITOCHU Techno-Solutions Corporation | Koraku Mori Building | 2,116.88 m ² | 1.8% |
| Total of top 5 tenants | | 105,560.37 m ² | 87.7% |

- (Note 1) Total leased area is calculated by multiplying the lease area stated in the lease contract with the end tenant times the relevant percentage of co-ownership interest.
- (Note 2) Figures in the charts show monthly rent by period/contract, which reflects the situation of tenants as of August 28, 2013 including move in/out and rent revision. It also reflects the planned acquisition in the 15th period.
- (Note 3) Agreement is expected to be terminated on Oct. 31, 2013.

4-11 Debt status (as of July 31, 2013)

| | Lender | Balance (mn yen) | Rate of interest | Borrowing date | Maturity date | Remarks |
|--|--|------------------|------------------|----------------|---------------------------|---------------------------|
| Short-term | Sumitomo Mitsui Trust Bank, Limited | 1,000 | 0.85% | Aug. 31, 2012 | Aug. 31, 2013 | Unsecured, non-guaranteed |
| | Sub total | 1,000 | - | - | - | - |
| Long-term | Development Bank of Japan, Inc. | 2,062.5 (Note 1) | 2.34% | Nov. 30, 2009 | Nov. 30, 2013 | Unsecured, non-guaranteed |
| | The Bank of Fukuoka, Ltd. | 2,000 | 1.55% | Nov. 30, 2010 | Nov. 30, 2013 | Unsecured, non-guaranteed |
| | Sumitomo Mitsui Banking Corporation | 7,100 | 1.55% | Nov. 30, 2010 | Nov. 30, 2013 | Unsecured, non-guaranteed |
| | Mizuho Bank, Ltd. | | | | | |
| | Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | |
| | Mitsubishi UFJ Trust and Banking Corporation | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | 3,900 | 1.68% | Nov. 30, 2010 | Nov. 30, 2013 | Unsecured, non-guaranteed |
| | The Norinchukin Bank | | | | | |
| | Shinsei Bank, Ltd. | | | | | |
| | The Oita Bank Ltd. | | | | | |
| | ShinGinko Tokyo, Limited | 2,000 | 1.35% | Aug. 31, 2011 | Aug. 31, 2014 | Unsecured, non-guaranteed |
| | The Hiroshima Bank, Ltd. | | | | | |
| | Aozora Bank, Ltd. | 2,000 | 1.35% | Aug. 31, 2011 | Aug. 31, 2014 | Unsecured, non-guaranteed |
| | Resona Bank, Limited. | 2,500 | 1.35% | Aug. 31, 2011 | Aug. 31, 2014 | Unsecured, non-guaranteed |
| | Bank of Tokyo-Mitsubishi UFJ, Ltd. | 12,500 | 1.35% | Nov. 30, 2011 | Nov. 30, 2014 | Unsecured, non-guaranteed |
| | Mizuho Bank, Ltd. | | | | | |
| | Mitsubishi UFJ Trust and Banking Corporation | | | | | |
| | Sumitomo Mitsui Banking Corporation | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | 2,000 | 1.30% | Nov. 30, 2011 | May 31, 2014 | Unsecured, non-guaranteed |
| | The Bank of Fukuoka, Ltd. | | | | | |
| | The Norinchukin Bank | 3,000 | 1.30% | Nov. 30, 2011 | May 31, 2014 | Unsecured, non-guaranteed |
| | Development Bank of Japan, Inc. | 1,700 | 1.43% | Mar. 27, 2012 | Mar. 27, 2015 | Unsecured, non-guaranteed |
| | Sumitomo Mitsui Banking Corporation | 8,022 | 0.95% | May 31, 2012 | May 31, 2014 | Unsecured, non-guaranteed |
| Mizuho Bank, Ltd. | | | | | | |
| Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | | |
| Mitsubishi UFJ Trust and Banking Corporation | 8,000 | 1.00% | May 31, 2012 | May 31, 2015 | Unsecured, non-guaranteed | |
| Sumitomo Mitsui Banking Corporation | | | | | | |
| Mizuho Bank, Ltd. | | | | | | |
| Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | | |
| Mitsubishi UFJ Trust and Banking Corporation | 5,000 | 1.23% (Note 2) | May 31, 2012 | May 31, 2015 | Unsecured, non-guaranteed | |
| Sumitomo Mitsui Trust Bank, Limited | | | | | | |
| Sumitomo Mitsui Banking Corporation | | | | | | |
| Mizuho Bank, Ltd. | | | | | | |
| Bank of Tokyo-Mitsubishi UFJ, Ltd. | 5,000 | 1.23% (Note 2) | May 31, 2012 | May 31, 2015 | Unsecured, non-guaranteed | |
| Mitsubishi UFJ Trust and Banking Corporation | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 5,000 | 1.23% (Note 2) | May 31, 2012 | May 31, 2015 | Unsecured, non-guaranteed | |

| | Lender | Balance (mn yen) | Rate of interest | Borrowing date | Maturity date | Remarks |
|-----------|--|------------------|------------------|----------------|---------------|---------------------------|
| Long-term | Mizuho Bank, Ltd. | 6,000 | 1.00% | Aug. 31, 2012 | Aug. 31, 2015 | Unsecured, non-guaranteed |
| | Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | |
| | Mitsubishi UFJ Trust and Banking Corporation | | | | | |
| | Sumitomo Mitsui Banking Corporation | | | | | |
| | Aozora Bank, Ltd. | 2,000 | 1.19% (Note 2) | Aug. 31, 2012 | Aug. 31, 2016 | Unsecured, non-guaranteed |
| | Shinsei Bank, Ltd. | 9,500 | 1.04% (Note 2) | Nov. 30, 2012 | Nov. 30, 2015 | Unsecured, non-guaranteed |
| | Mizuho Bank, Ltd. | | | | | |
| | Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | |
| | Mitsubishi UFJ Trust and Banking Corporation | | | | | |
| | Sumitomo Mitsui Banking Corporation | 10,000 | 0.84% (Note 2) | Mar. 29, 2013 | Mar. 31, 2018 | Unsecured, non-guaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | | | | |
| | Sumitomo Mitsui Banking Corporation | | | | | |
| | Mizuho Bank, Ltd. | | | | | |
| | Bank of Tokyo-Mitsubishi UFJ, Ltd. | | | | | |
| | Mitsubishi UFJ Trust and Banking Corporation | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | | | | |
| | Aozora Bank, Ltd. | 1,000 | 0.60% | Mar. 29, 2013 | Mar. 29, 2016 | Unsecured, non-guaranteed |
| | Development Bank of Japan, Inc. | | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 500 | 0.60% | Mar. 29, 2013 | Mar. 29, 2016 | Unsecured, non-guaranteed |
| | ORIX Bank Corporation | | | | | |
| | Hiroshima Bank, Ltd | 500 | 0.60% | Mar. 29, 2013 | Mar. 29, 2016 | Unsecured, non-guaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | 1,978 | 0.75% (Note 2) | May 31, 2013 | May 31, 2017 | Unsecured, non-guaranteed |
| | Sub total | 90,762.5 | - | - | - | - |
| Total | 91,762.5 | - | - | - | - | |

(Note 1) Planning to repay 62.5mn yen every 6 months up to repayment deadline, and 2,062.5mn yen at the repayment deadline.

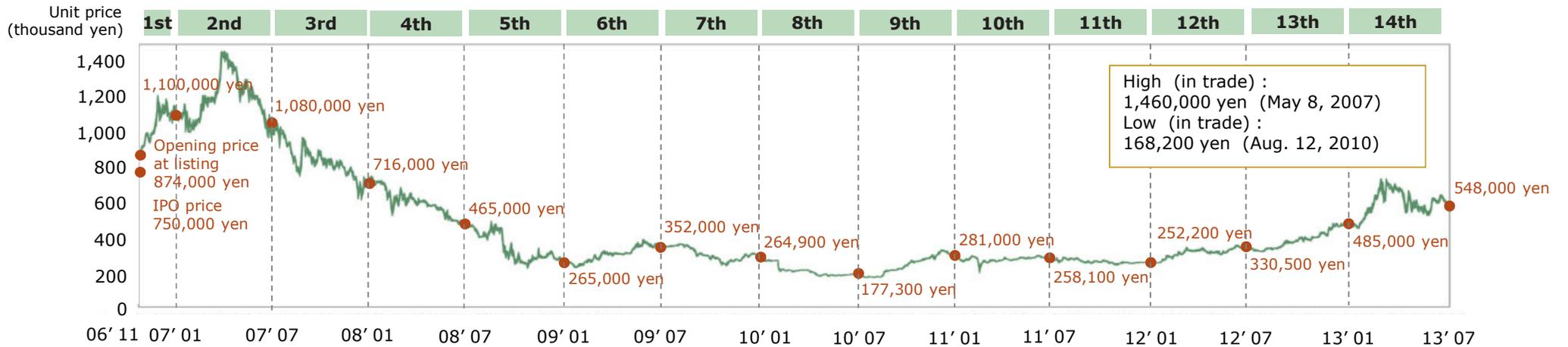
(Note 2) MHR has entered an interest swap agreement with a floating rate for a notional principal. The interest rates above are the actual fixed interest rates that will be paid.

Investment corporation bonds

| | Bond | Amount (mn yen) | Rate of Interest | Payment date | Maturity date |
|------------------------------|------------------------|-----------------|------------------|---------------|---------------|
| Investment Corporation Bonds | 2nd Series (Unsecured) | 3,000 | 1.77% | Nov. 29, 2007 | Nov. 28, 2014 |
| | 4th Series (Unsecured) | 5,000 | 1.95% | May 27, 2010 | May 27, 2015 |
| | 5th Series (Unsecured) | 5,000 | 1.29% | Feb. 25, 2011 | Feb. 25, 2014 |
| | 6th Series (Unsecured) | 5,000 | 0.78% | Nov. 28, 2012 | Nov. 27, 2015 |
| | 7th Series (Unsecured) | 2,000 | 0.97% | Nov. 28, 2012 | Nov. 28, 2017 |
| | 8th Series (Unsecured) | 3,000 | 0.85% | May 24, 2013 | May 24, 2018 |
| | 9th Series (Unsecured) | 2,000 | 1.26% | May 24, 2013 | May 22, 2020 |
| | Total | 25,000 | - | - | - |

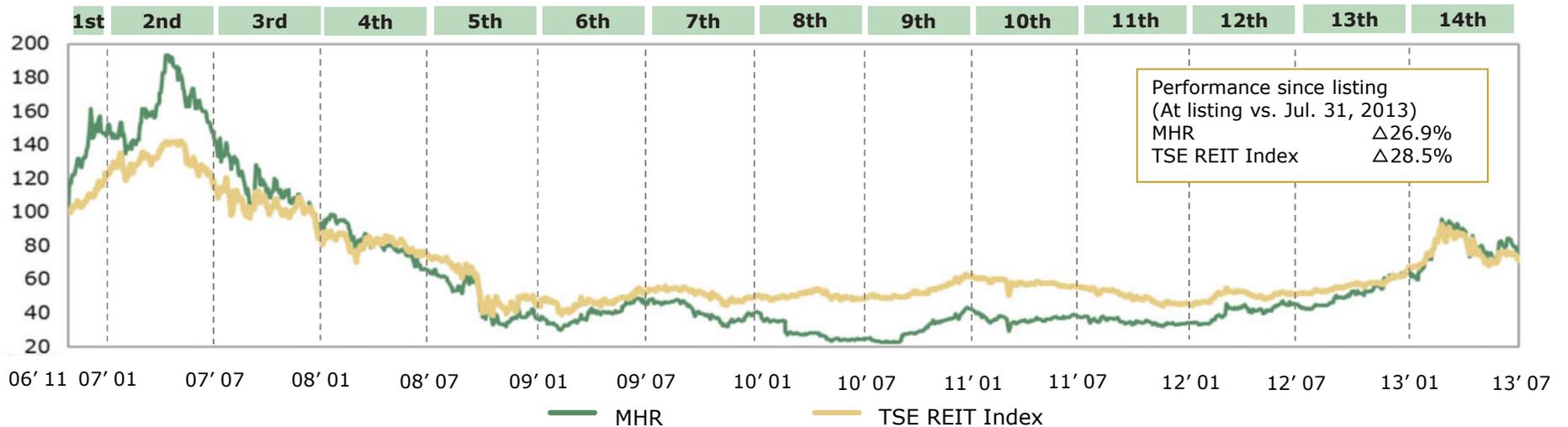
4-12 Unit price performance

Since IPO ~ End of the 13th period (July 31, 2013)



(Source) Bloomberg

Relative price performance (Since IPO~July 31, 2013)



(Source) Bloomberg

(Note) Rebased to 100 as per IPO price

4-13 Investment criteria

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

Investments focusing on Premium Properties

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

Focus on Premium Properties

Premium properties

50% or more

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

Premium Properties

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

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

Office building focus

Office building

50% or more

Tokyo central five wards focus

Central five wards in Tokyo and their vicinity

50% or more
(Tokyo area: 80% or more)

Earthquake-resistance

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

4-15 Portfolio overview (After the acquisition of October 1, 2013)

| Type | Office building | | | Office building (party residential) | | | Residential | | | Retail | | |
|---------------------------------------|---|---|---|--|---|-----------------------------|-----------------------------|---|---|--|---|----------------------------|
| Premium | Premium | Premium | Premium | Premium | Premium | | | Premium | Premium | - | Premium | |
| Property name | Roppongi Hills Mori Tower | ARK Mori Building | Koraku Mori Building | Akasaka Tameike Tower | Atago Green Hills | | | Moto-Azabu Hills | | Roppongi First Plaza | Roppongi View Tower | Laforet Harajuku (land) |
| | O-0 | O-1 | O-4 | O-6 | MORI Tower | Forest Tower | Plaza | Forest Tower | Forest Terrace | R-3 | R-4 | S-1 |
| Photo |  |  |  |  |  | | |  |  | |  | |
| Location | Roppongi, Minato-ku, Tokyo | Akasaka, Minato-ku, Tokyo | Koraku, Bunkyo-ku, Tokyo | Akasaka, Minato-ku, Tokyo | Atago, Minato-ku, Tokyo | | Toranomon, Minato-ku, Tokyo | Motoazabu, Minato-ku, Tokyo | | Roppongi, Minato-ku, Tokyo | | Jingumae, Sibuya-ku, Tokyo |
| Completion | Apr.2003 | Mar.1986 (large-scale renovation in 2005) | Mar.2000 | Sep.2000 | Jul.2001 | Oct.2001 | Jul.2001 | May 2002 | | Oct.1993 | | - |
| Building age | 10years6months | 27years6months | 13years6months | 13years0months | 12years2months | 11years11months | 12years2months | 11years5months | | 19years11months | | - |
| Number of stories | 54 above ground, 6 below | 37 above ground, 4 below | 19 above ground, 6 below | 25 above ground, 2 below | 42 above ground, 2 below | 43 above ground, 4 below | 2 above ground, 1 below | 29 above ground, 3 below | 6 above ground, 1 below | 20 above ground, 1 below | | - |
| Gross floor area | c.442,150㎡ | c.177,486㎡ | c.46,154㎡ | c.46,971㎡ | c.85,266㎡ | c.60,815㎡ | c.2,083㎡ | c.54,006㎡ | | c.22,906㎡ | | - |
| Owner-ship (Note 1) | Land | Co-ownership (approx.7.2%) | Co-ownership (approx.10.9%) | Leased land | Co-ownership (approx.56.4%) | Co-ownership (approx.28.8%) | | | Co-ownership (approx.3.9%) | Co-ownership (approx.47%) | Co-ownership (approx.46%) | Ownership (100%) |
| | Building | Compartmentalized ownership (approx.5.6%) | Compartmentalized ownership (approx.17.9%) | Compartmentalized ownership (approx.57.9%) | Compartmentalized ownership (approx.65.5%) | Co-ownership (approx.32.9%) | | | Compartmentalized ownership (approx.3.2%) | Compartmentalized ownership (approx.46.4%) | Co-ownership (approx.4.6%) | - |
| PML | 0.29% | 0.38% | 0.42% | 2.15% | 1.66% | 0.99% | 9.84% | 1.16% | 1.72% | 3.53% | 3.53% | - |
| Earthquake-resistant feature (Note 2) | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | - | Seismic Isolators | Seismic Isolators | - | - | - |
| Acquisition price (mn yen) | 47,390 | 62,480 | 27,200 | 43,930 | 42,090 | | | 1,706 | | 2,100 | 4,000 | 21,820 |
| Occupancy rate (Note 3) | 100% | 100% | 97.6% | 100% | 100% | | | 100% | | 95.4% | 100% | 100% |

Average building age
16.5 years (Note4)

Portfolio PML
0.71%

Total acquisition price
252,716mn yen

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

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

(Note 3) For calculation of the "Occupancy rate" of Koraku Mori Building, Moto-Azabu Hills and Roppongi First Plaza is based on the occupancy rate of January 31, 2013.

(Note 4) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on Jul. 30, 2001.