



Mori Hills REIT Investment Corporation

Results of 18th Fiscal Period ended July 31, 2015

Presentation Material

September 14, 2015



TSE Code: 3234

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

(Asset Manager) Mori Building Investment Management Co., Ltd.

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

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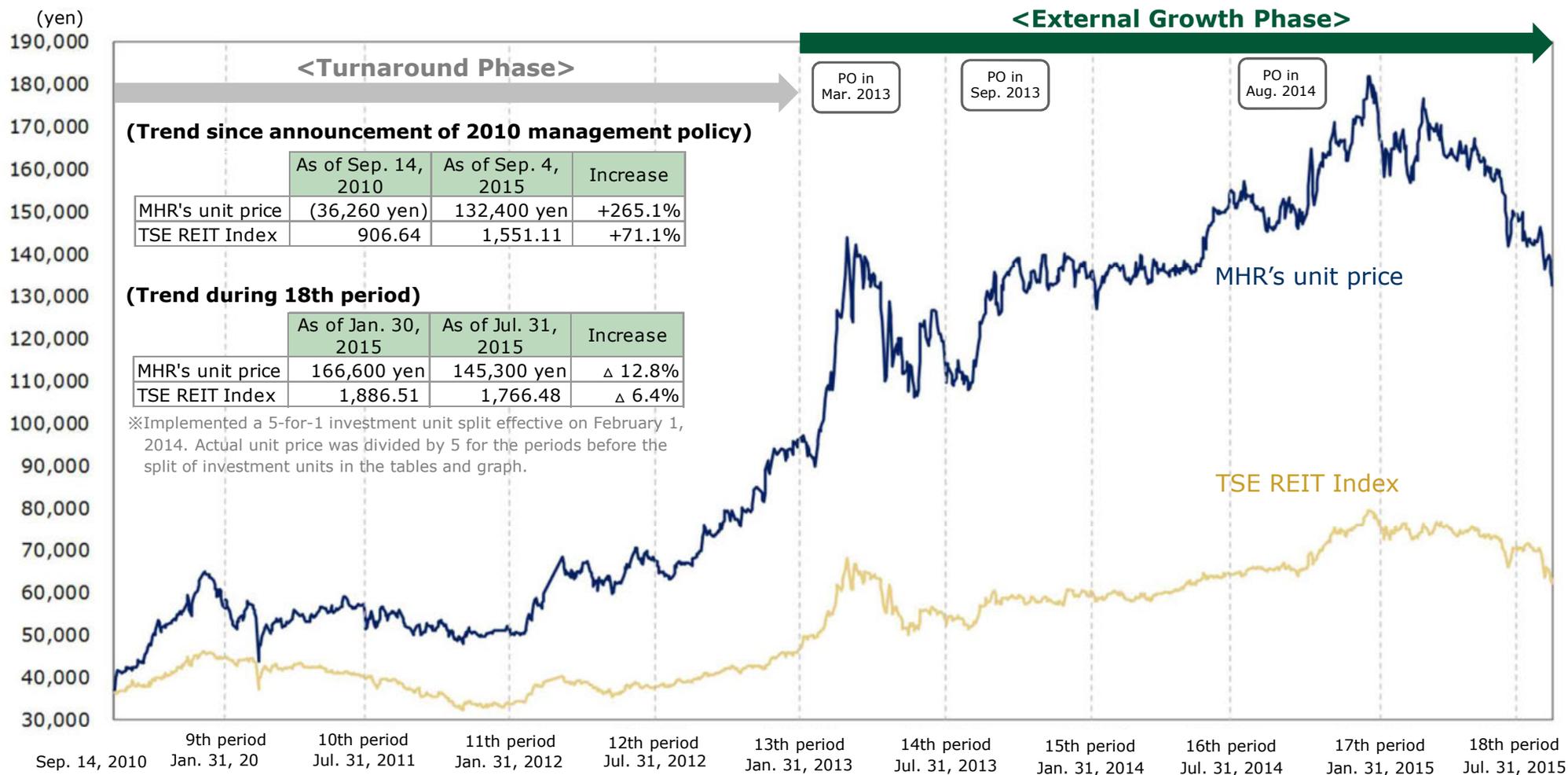
We will send invitations to future financial results briefings to those who participated in the financial results briefing for the eighteenth period based on the personal information they have shared with us; we guarantee that we make every effort to adequately manage and/or use and protect the information 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 Unit price performance



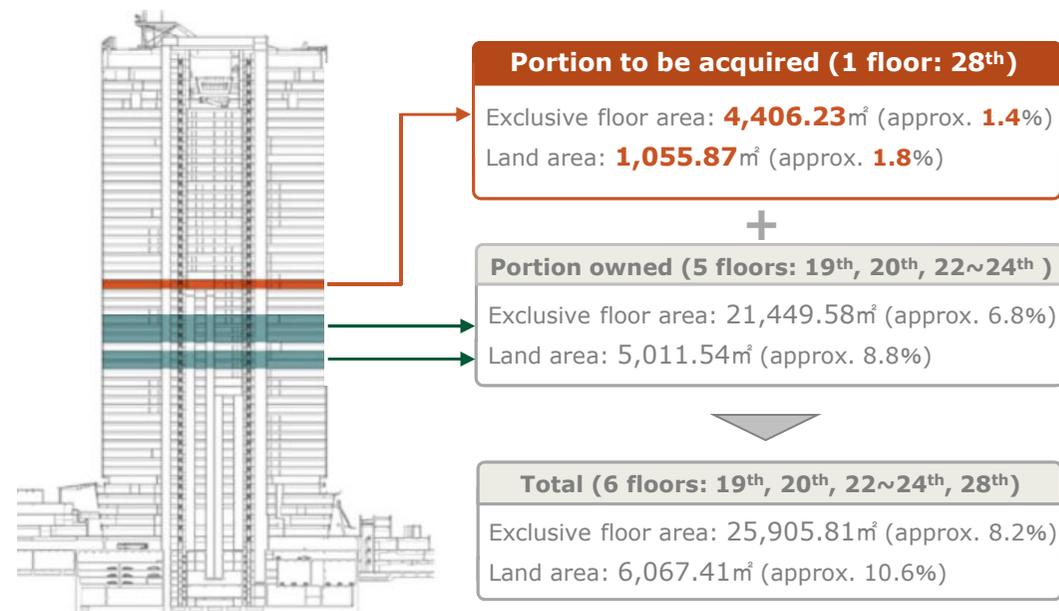
(Note 1) Unless otherwise stated in this document, all amounts of less than a unit are omitted and all fractions are rounded up to one digit below the decimal point.
 (Note 2) TSE REIT Index is adjusted to MHR's unit price on the announcement date of the management policy (Sep. 14, 2010) and shows the relative performance vs. MHR's unit price performance.

1-2 Overview of the anticipated property acquisition on September 16, 2015

Roppongi Hills Mori Tower (1 floor: 28th floor)



Cross-section view



Acquisition price

12,000mn yen

Appraisal value

13,800mn yen

NOI yield

3.8%

Location 10-1, Roppongi 6-chome,
(Residential indication) Minato-ku, Tokyo

Construction date April 2003

Total number of floors 54 floors above ground,
6 floors below ground

Gross floor area 442,150.70m²

Leasable floor area 4,460.13m²
(portion anticipate acquiring)

PML

0.59%

Income & expense projections

(thousand yen)

Projected property income	590,944
Projected property expenses	133,314
Projected NOI	457,630

Breakdown of acquisition funds

(million yen)

Cash on hand	9,500
Loans	2,500
Total	12,000

(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) Invest in premium properties in Central Tokyo

- **No. 1 property percentage in Central Tokyo**
 - ⇒ Ratio of Tokyo's Five Central Wards and their vicinity: 100%
 - ⇒ Ratio of Tokyo's Three Central Wards: 83.3%
- **Pursue No. 1 earthquake-resistance capability**
 - ⇒ Lowest portfolio PML of all listed J-REITs: 1.10%
- **Pursue No. 1 environmental performance**
 - ⇒ Ratio of properties that acquired highest or next to highest rank in Green Building Certification: 76.5%



(2) Dividend-driven management

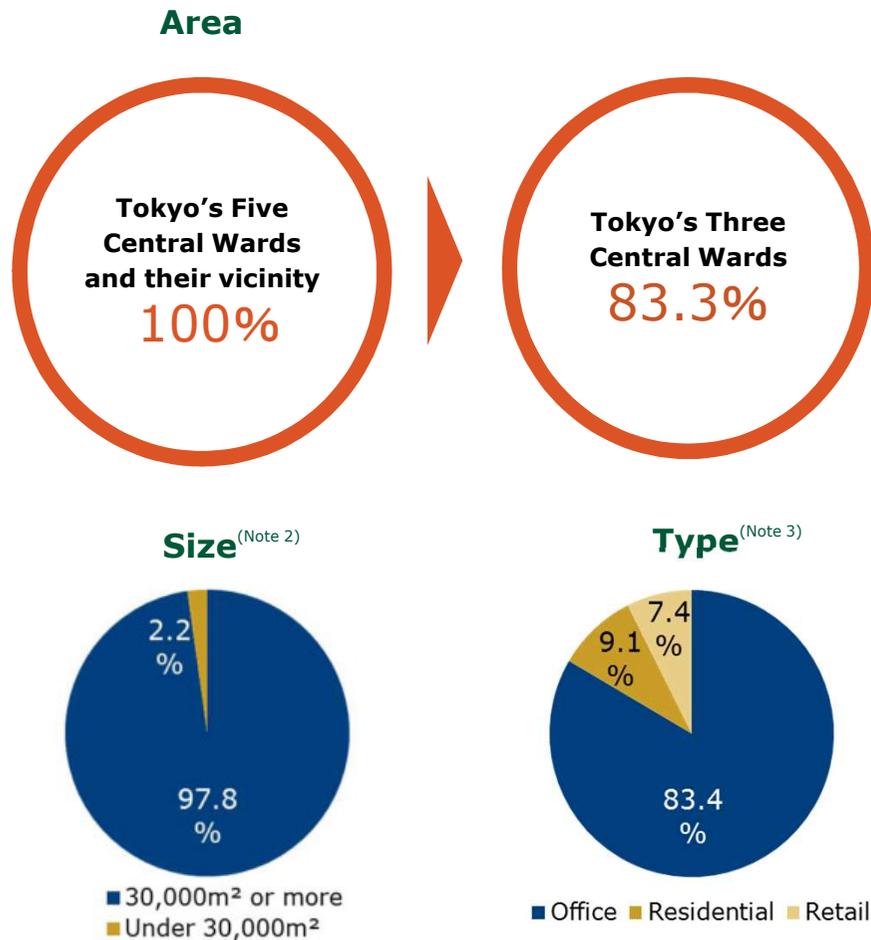
- **"Dividend-driven management" as the basic policy**
 - ⇒ Dividend per unit has been increasing for 10 consecutive fiscal periods
(From period ended July 2010 to period ended July 2015)
 - ⇒ Annual average growth rate : +12.5%
(From period ended July 2010 to period ended July 2015)

(3) Utilize strengths of Mori Building Group

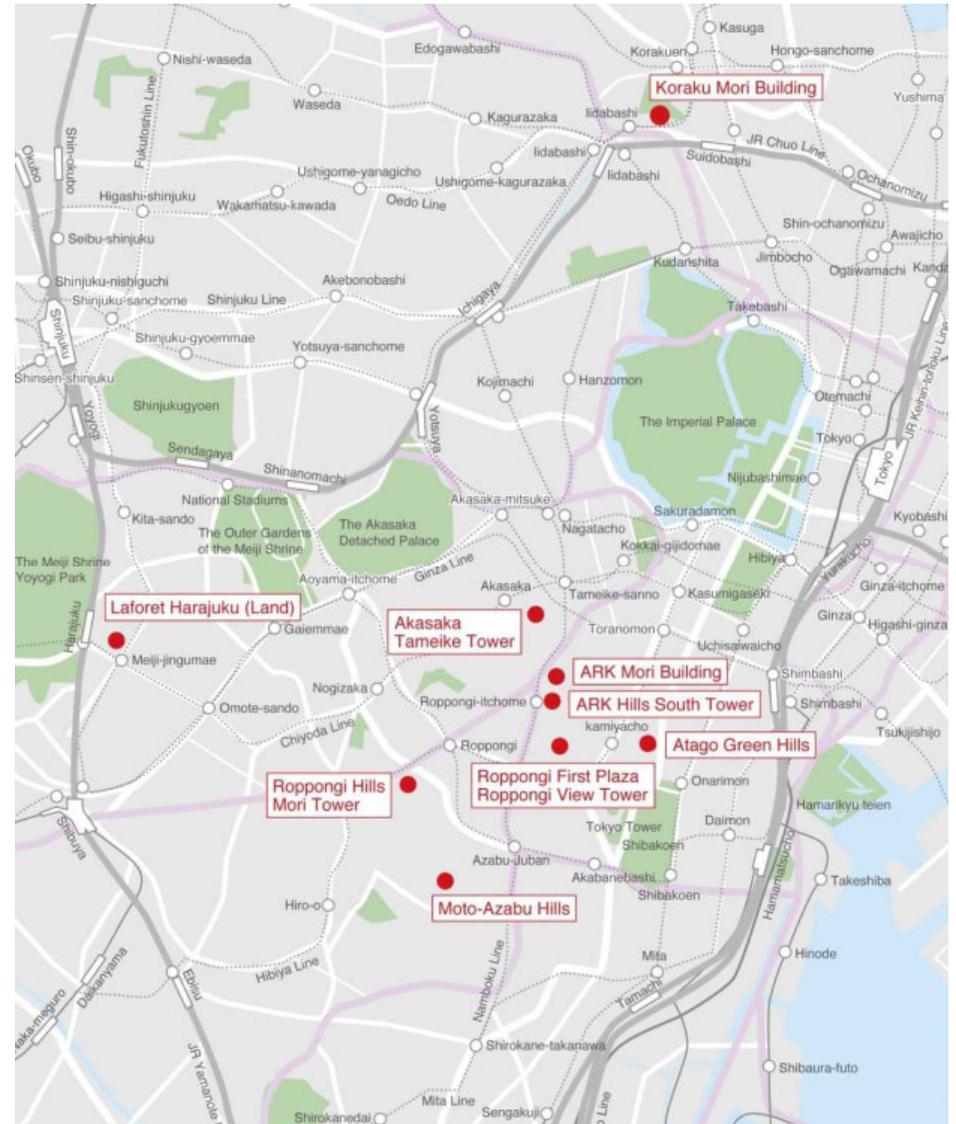
- **Utilization of sponsor's extensive property pipeline**
 - ⇒ MHR has "preferential negotiation rights" on sponsor properties
 - ⇒ The sponsor plans various large-scale redevelopment projects in central Tokyo
- **Utilization of property management and operation capabilities of the Mori Building Group**

1-4 (1) Invest in premium properties in Central Tokyo

No. 1 property percentage in Central Tokyo
 Portfolio breakdown (after the acquisition)



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



1-5 (1) Invest in premium properties in Central Tokyo

Pursue No. 1 earthquake-resistance capability

MHR properties' PML and earthquake-resistant features (after the acquisition)

Ranking among listed J-REITs
for lowest portfolio PML

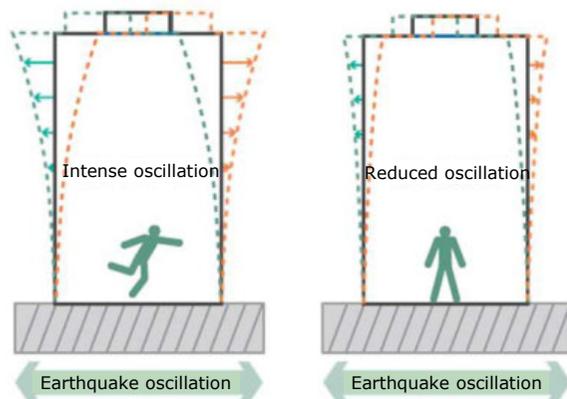
No.1
(1.10%)

※ PML refers to the probable maximum loss expected to result from an earthquake. A smaller figure indicates superiority in earthquake-resistance.

Property Name	Office building				Office building (Partly residential)				Residential			
	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	ARK Hills South Tower	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	0.59%	0.78%	0.73%	1.56%	1.79%	2.35%	2.34%	5.94%	0.57%	1.27%	2.20%	2.20%
Earthquake-resistant feature	Seismic damping	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%

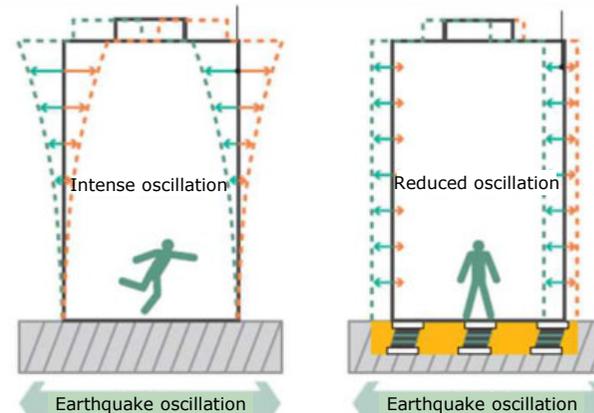


Viscous seismic damping wall

<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



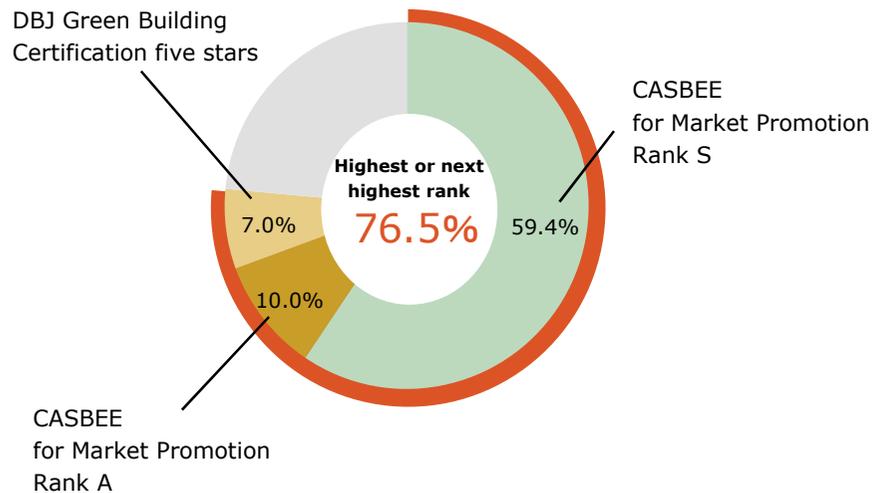
Seismic isolators

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

1-6 (1) Invest in premium properties in Central Tokyo

Pursue No. 1 environmental performance

Certified green buildings (after the acquisition)



Acquired GRESB Green Star rating for 4 consecutive years

In the 2015 GRESB Survey, MHR received the Green Star rating, and earned a score that ranks it No. 1 among the participants investing mainly in offices in Japan.



Green ratio and mitigation of the urban heat island effect

Aiming for urban development in which cities and nature exist in harmony based on its "Vertical Garden City" philosophy, the Mori Building Group proactively promotes landscaping of the open spaces, rooftops of buildings, etc. resulting from making intensive use of land through grouping of buildings.

Property	Site area	2006		2014	
		Green area	Green ratio	Green area	Green ratio
ARK Hills	4.96ha	1.86ha	37.54%	2.17ha	43.75%
Akasaka Tameike Tower	0.57ha	0.24ha	41.40%	0.26ha	46.01%
Atago Green Hills	3.85ha	1.71ha	44.43%	1.92ha	49.97%
Moto-Azabu Hills	1.23ha	0.55ha	44.32%	0.63ha	50.92%
Roppongi Hills	9.59ha	2.54ha	26.53%	2.75ha	28.72%
	20.20ha	6.90ha	34.16%	7.73ha	38.27%

<Actual photo>



<Thermal image>



Pleasant urban environments where cities and nature exist in harmony not only serve as an oasis for people, but also serve to mitigate the urban heat island effect. As the thermal image shows, the surface temperatures of areas with green space are 5° C to 15° C lower than the surface temperatures of surrounding areas paved with asphalt during the daytime.

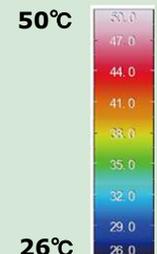
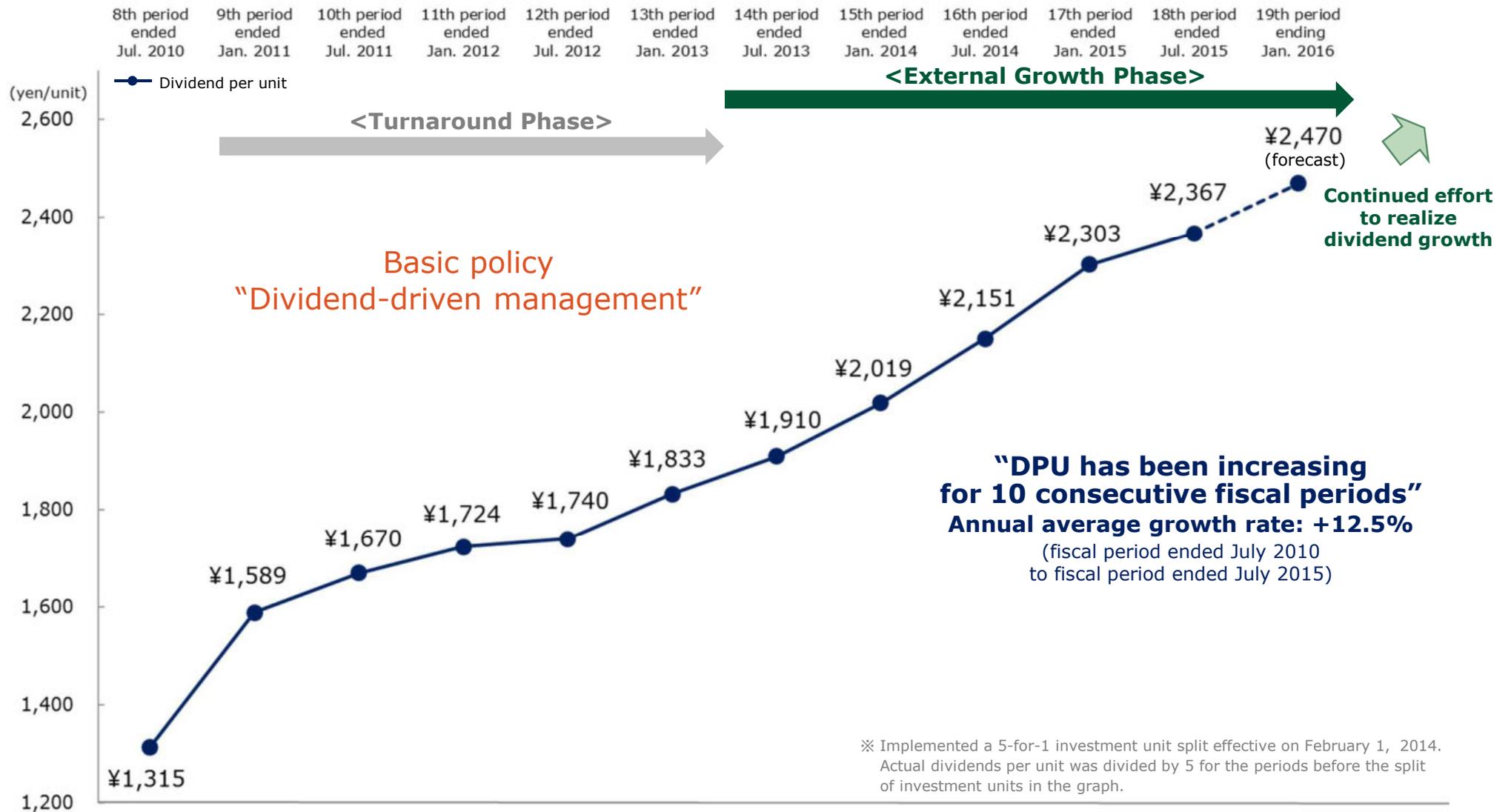


Photo courtesy of Skymap Co., Ltd.

1-7 (2) Dividend-driven management

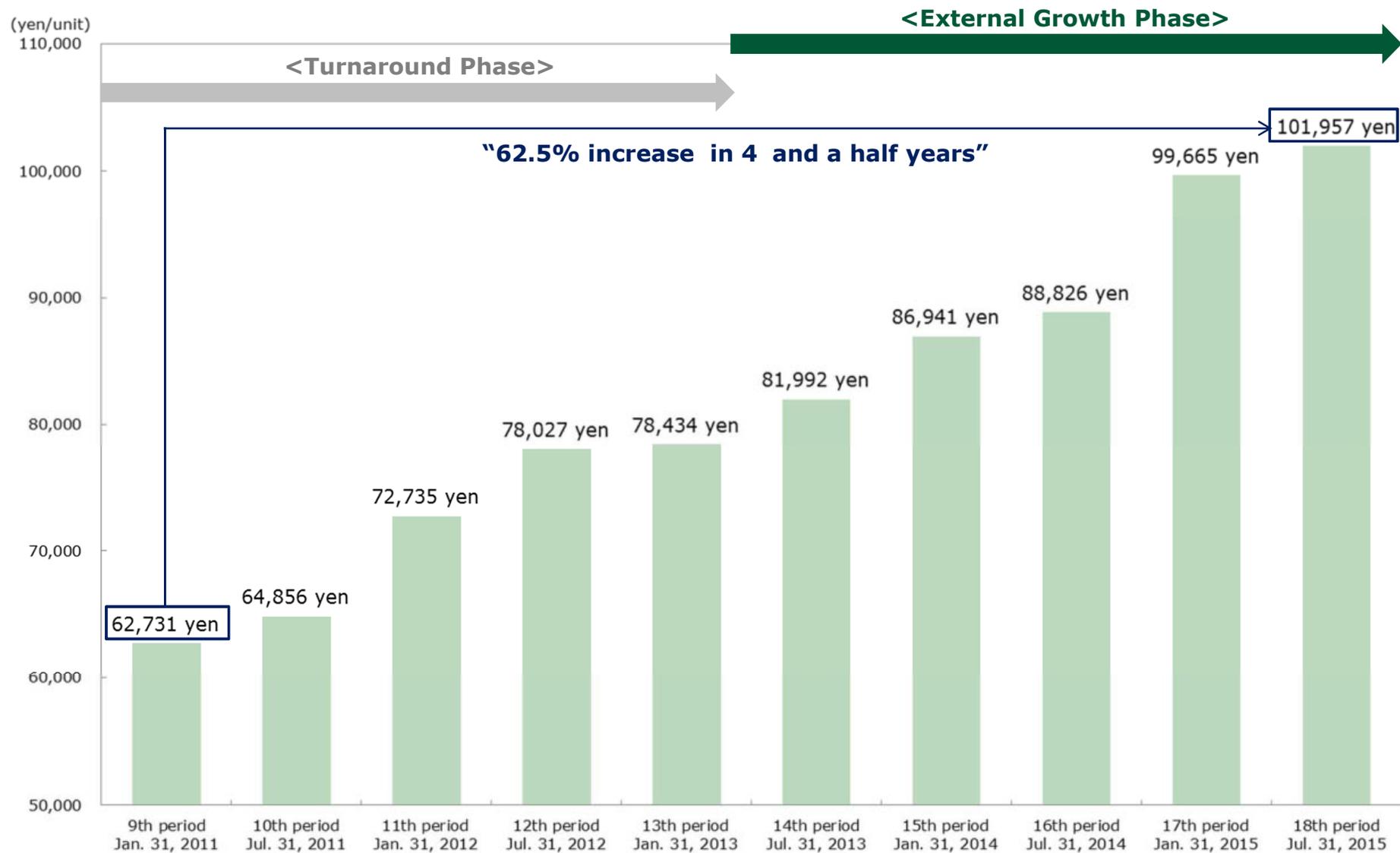
Change in dividends per unit



PBR	0.4x	→	1.1x	→	1.5x
NOI yield	3.7%	→	3.8%	→	4.0%

1-8 (2) Dividend-driven management

(Reference) Change in Appraisal NAV per unit



※ Actual NAV was divided by 5 for the periods before the split of investment units in the graph.

1-9 (3) Utilize strengths of Mori Building Group

Mori Building's extensive property pipeline

- Total assets of 1.7 trillion yen (as of March 2015)
- Property management for 113 buildings (as of March 2015)

When Mori Building sells properties,
MHR has "preferential negotiation rights" (Note 1)

Recent redevelopment projects by Mori Building Group

A Toranomon Hills



- a) Approx. 17,069㎡
- b) Approx. 244,360㎡
- c) Office/Residential/Hotel/
Retail/Conference/Parking
- d) Tokyo Metropolitan Government
(Note 2)
- e) May 2014

B Ginza 6-chome District 10 Category 1 Urban Redevelopment Project



- a) Approx. 9,080㎡
- b) Approx. 147,900㎡
- c) Retail/Office/Cultural and exchange facilities/District heating and cooling facility/Parking
- d) Ginza 6-chome District 10 Urban Redevelopment Consortium (Note 3)
- e) November 2016 (Anticipated)

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

(Note 1) Some exceptions included.

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

(Note 3) Mori Building is investing in the "Special purpose company of Ginza 6-chome District 10 Category 1 Urban Redevelopment Project" which is comprised of the participating members of the association of the project.

Properties owned by Mori Building Group

1 Roppongi Hills (Partly owned by MHR)



〈Office/Residential/Retail, etc.〉

2 ARK Hills (Partly owned by MHR)



〈Office/Residential/Retail, etc.〉

3 Atago Green Hills (Partly owned by MHR)



〈Office/Residential/Retail〉

4 Holland Hills



〈Office/Residential/Retail〉

5 Roppongi Hills Crosspoint



〈Office/Residential/Retail〉

6 Moto-Azabu Hills (Partly owned by MHR)



〈Residential〉

7 Roppongi Sakura-zaka Residence



〈Residential〉

8 Omotesando Hills



〈Retail/Residential〉

9 Laforet Harajuku (Land owned by MHR)

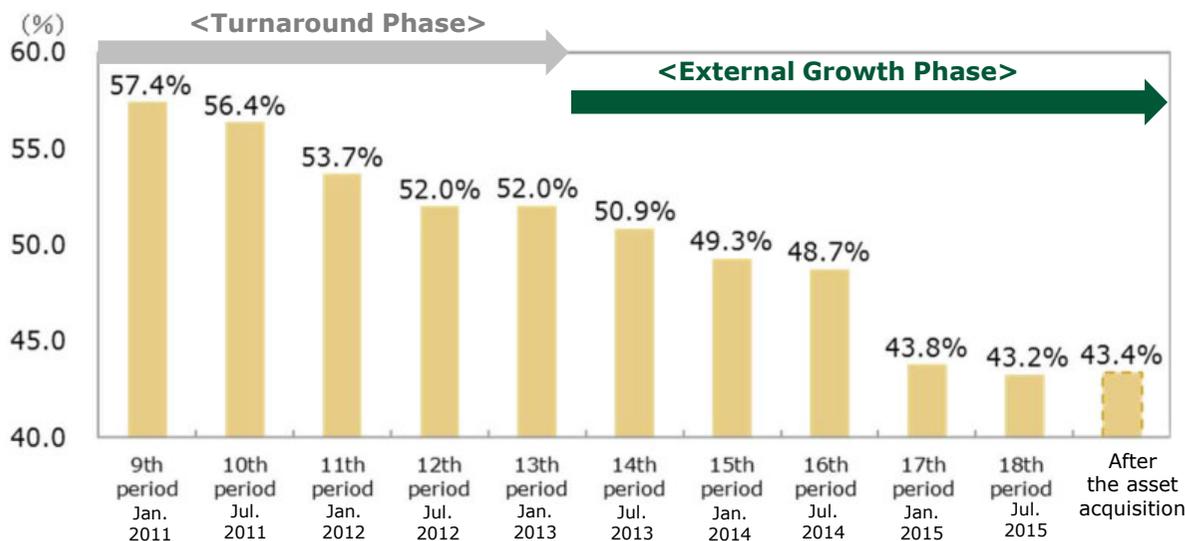


〈Retail〉

1-11 Promote strengthening of financial status

Improved LTV enabled MHR to negotiate lower interest rates

Reduction in LTV (appraisal value basis)

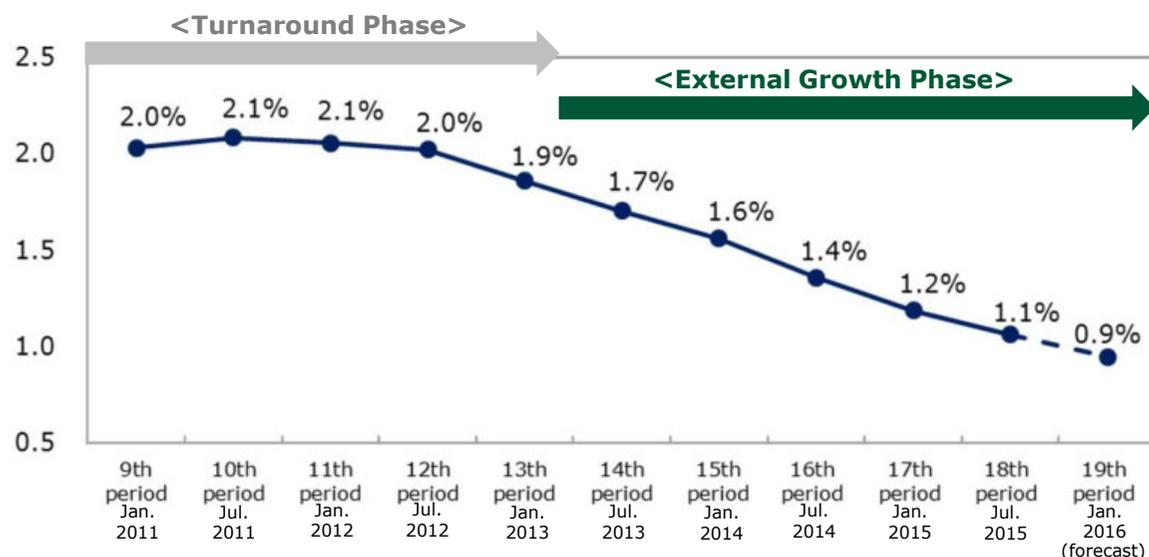


Overview of debt financing

	End of 17th period Jan. 31, 2015	End of 18th period Jul. 31, 2015
Debt Balance	130,200mn yen	130,200mn yen
LTV(book value basis) ^(Note 1)	44.1%	44.1%
LTV(appraisal value basis) ^(Note 2)	43.8%	43.2%
Avg. remaining duration	3.2 years	3.7 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)]

Reduction in average interest rate (including borrowing expenses)



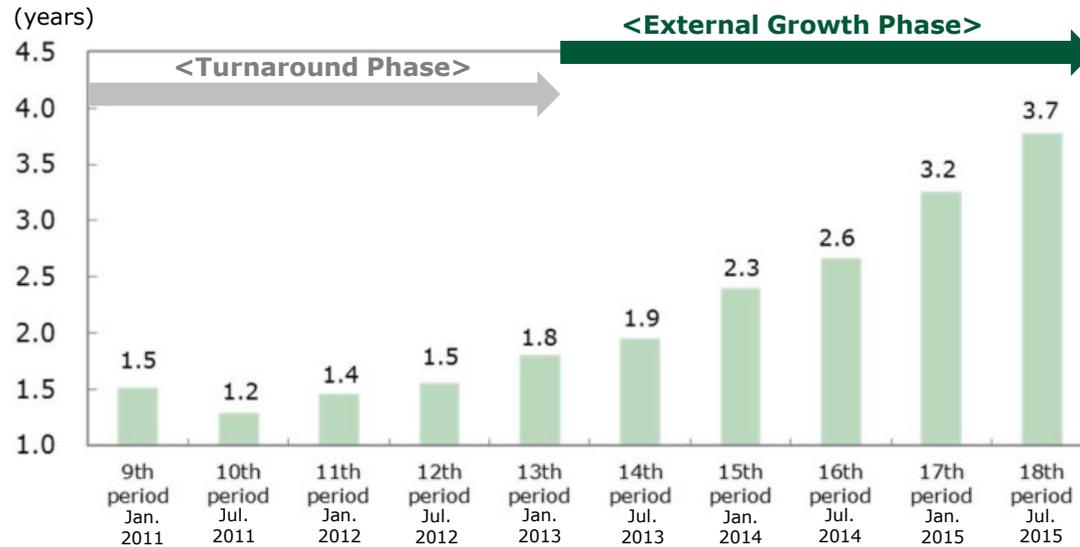
Issuance status of the investment corporation bonds

Issue Date	Amount	Maturity	Rate of Interest
May 2015	2,000mn yen	10 years	0.82%
Feb. 2014	2,000mn yen	7 years	0.69%
May 2015	3,000mn yen	5 years	0.32%

(Note) Total interest-bearing debt cost is calculated as [(interest expenses + interest expenses on investment corporation bonds + borrowing expenses + amortization of investment corporation bond issuance costs) × 365 ÷ operating days during each period ÷ average interest-bearing debt balance during each period]

1-12 Promote strengthening of financial status

Extension in remaining duration of debt

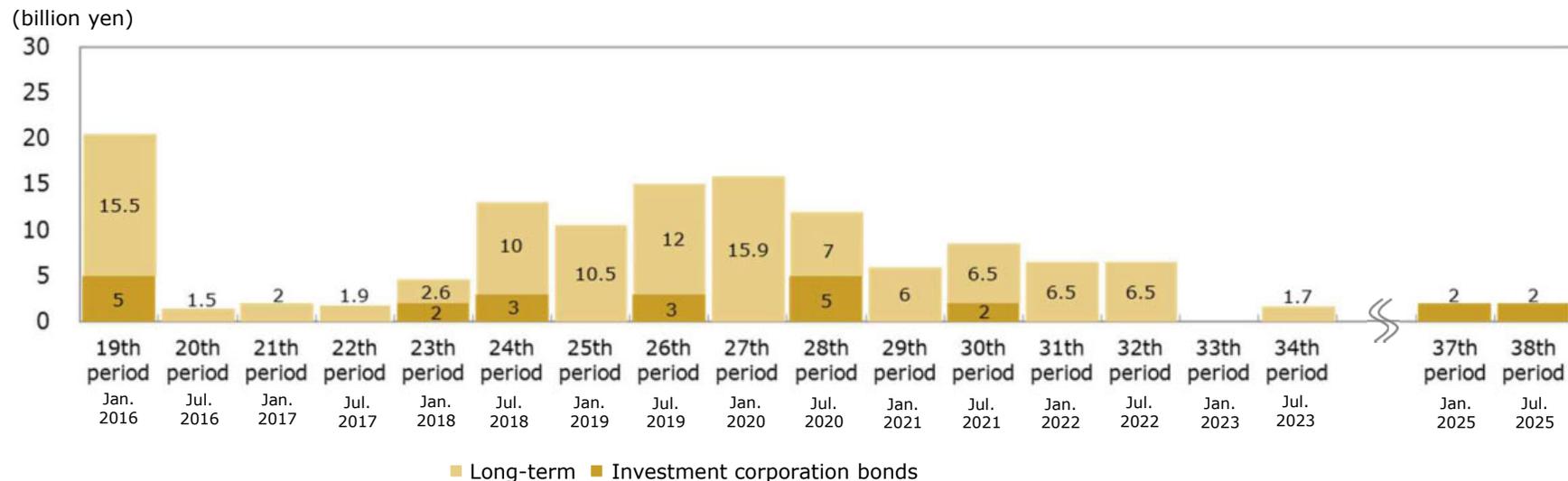


Rating

Japan Credit Rating (JCR)

Long-term issuer rating:
AA- (Stable)

Overview of maturity (as of July 31, 2015)



1-13 Overview of fixed rent master lease properties

Overview of fixed rent master lease properties by the sponsor (after the acquisition)

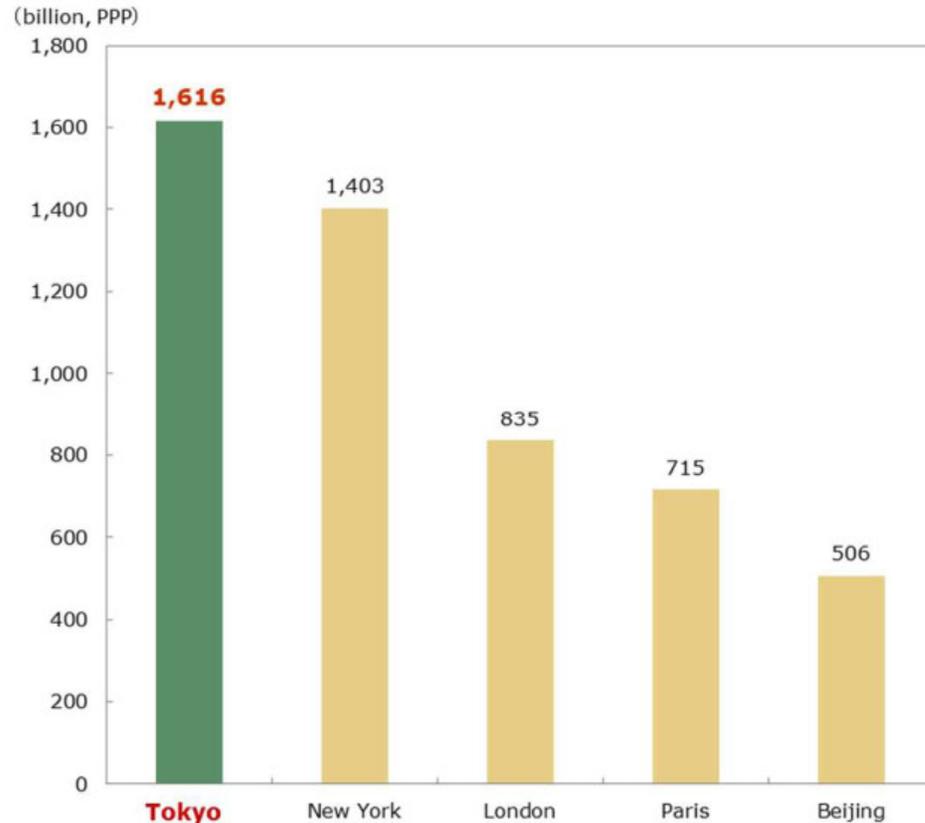
- Contributes to stabilization of revenues
- Plan to reduce the ratio in the medium to long term while increasing the portfolio size

Property	Total monthly rent (mn yen)	% of portfolio total rent (Note)	Breakdown of property	Leased floor area (m ²)	Monthly rent (mn yen)	Payer of the building management fee	Next rent revision	Expiration of the lease agreement
Roppongi Hills Mori Tower (6 floors)	287.7	25.9%	23th & 24th	8,993.45	100.6	Master lessee	Aug. 2016	Jul. 2021
			19th & 22th	8,609.47	95.0	MHR	-	Sep. 2018
			20th	3,879.19	42.8	MHR	-	Jul. 2019
			28th	4,460.13	49.2	MHR	-	Sep. 2020
ARK Mori Building (8 floors + DHC)	211.9	19.1%	13th / 12th & 22th	7,952.55	72.1	Master lessee	Feb. 2016	Jan. 2021
			23th & 25th	5,742.95	52.1	Master lessee	Apr. 2016	Jan. 2021
			4th & 15th & 24th	7,680.52	69.7	Master lessee	Aug. 2016	Jan. 2021
			DHC	3,212.41	17.9	Master lessee	Apr. 2018	Mar. 2023
Akasaka Tameike Tower (8 office floors + 88 residential units)	111.1	10.0%	Office	10,327.92	76.5	Master lessee	Aug. 2016	Mar. 2026
			Residential	9,370.62	34.5	Master lessee	Apr. 2016	Mar. 2021
Atago Green Hills (approx. 32.9% of entire property)	185.2	16.7%	Office/residential /retail	29,667.58	185.2	Master lessee	May 2017	Apr. 2022
Total	796.1	71.6%						

(Note) Figures reflect the property acquisition and the change to a pass-through type agreement at ARK Hills South Tower. In addition, figures reflect move outs confirmed as of July 31, 2015.

1-14 Competitive strength of Central Tokyo

Comparison of GDP among the world's major metropolitan areas



(Source) Prepared by the Asset Manager based on "GLOBAL METRO MONITOR 2014" the BROOKINGS INSTITUTIONS

World's urban population estimates and 2030 projections

(thousand people)

2014			2030		
Rank	Urban Agglomeration	Population	Rank	Urban Agglomeration	Population
1	Tokyo (Japan)	37,833	1	Tokyo (Japan)	37,190
2	Delhi (India)	24,953	2	Delhi (India)	36,060
3	Shanghai (China)	22,991	3	Shanghai (China)	30,751
4	Mexico City (Mexico)	20,843	4	Mumbai (India)	27,797
5	São Paulo (Brazil)	20,831	5	Beijing (China)	27,706
6	Mumbai (India)	20,741	6	Dhaka (Bangladesh)	27,374
7	Osaka (Japan)	20,123	7	Karachi (Pakistan)	24,838
8	Beijing (China)	19,520	8	Cairo (Egypt)	24,502
9	New York (USA)	18,591	9	Lagos (Nigeria)	24,239
10	Cairo (Egypt)	18,419	10	Mexico City (Mexico)	23,865

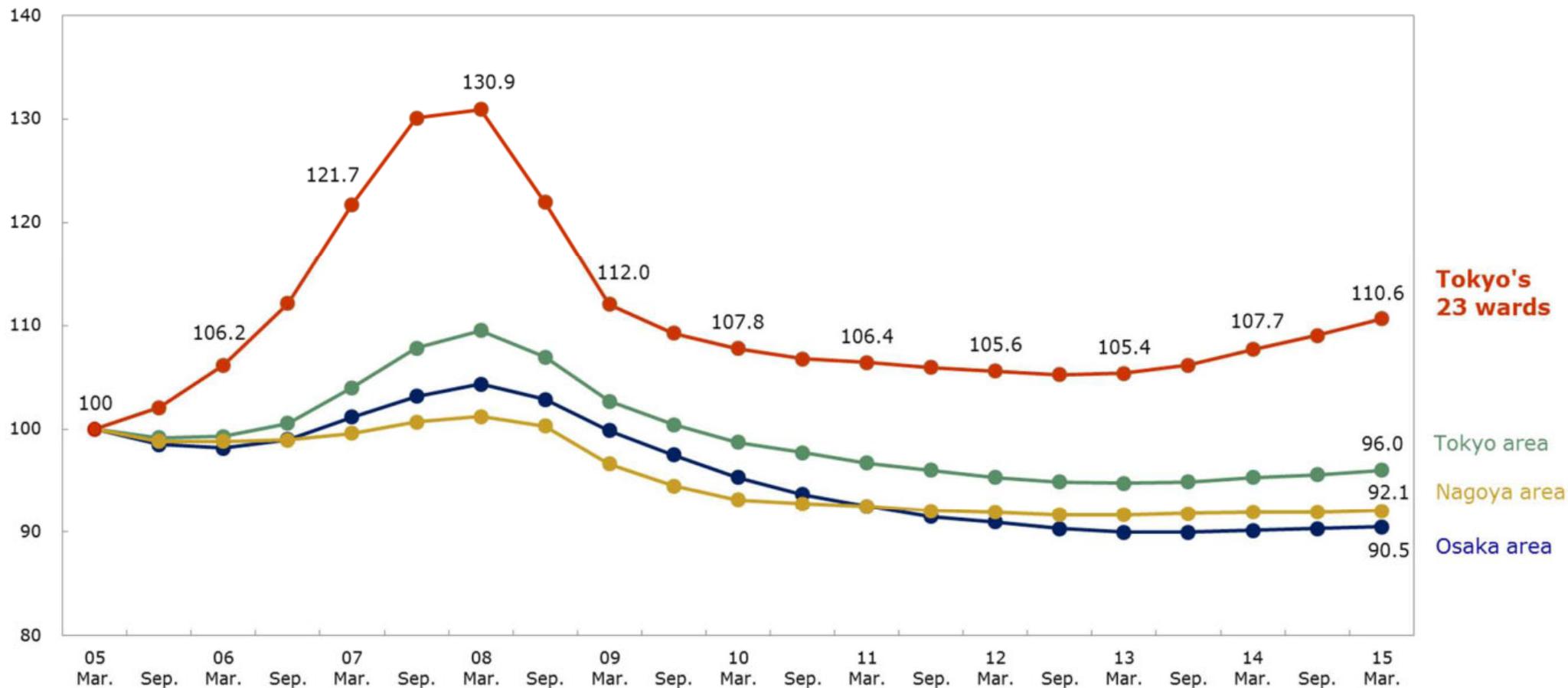
(Source) Prepared by the Asset Manager based on "World Urbanization Prospects, The 2014 Revision" by United Nations Economic and Social Council

• In a comparison of GDP among the world's metropolitan areas, Tokyo outperformed New York and London to rank as the world's largest

• In terms of the world's urban population, Tokyo is projected to maintain its rank as the world's largest metropolitan area

1-15 Competitive strength of Central Tokyo

Trend of urban land price index (average of all uses)



(Source) Prepared by the Asset Manager based on "Urban Land Price Index" of Japan Real Estate Institute

- Whereas the land price level fell below that of 10 years ago in all of the metropolitan areas of Japan, central Tokyo's price index exceeds the level of 10 years ago
- However, caution is required when making investments at times of significant increase in asset prices and MHR intends to take a cautious acquisition stance

1-16 Competitive strength of Central Tokyo

Tokyo 2020 Olympic Economic Impact

Type of impact	New demand	Economic production generated	Added value generated
Analysis based on macro approach	—	—	36.0tn yen
Analysis based on integrated value of respective factor	23.8tn yen	60.0tn yen	28.9tn yen
Direct impact	1.0tn yen	2.5tn yen	1.3tn yen
Construction of facilities, operating costs of Olympic, etc.	0.7tn yen	1.7tn yen	0.9tn yen
Consumption by audience, household consumption, etc.	0.3tn yen	0.8tn yen	0.5tn yen
Associated impact	22.8tn yen	57.6tn yen	27.7tn yen
Urban infrastructure construction, etc.	12.3tn yen	32.4tn yen	15.2tn yen
Acceleration of barrier-free access and internationalization	0.9tn yen	2.7tn yen	1.1tn yen
Increase in sporting expenditure, etc.	0.5tn yen	1.2tn yen	0.5tn yen
Increase in tourism demand	6.8tn yen	14.9tn yen	7.8tn yen
Others	2.3tn yen	6.4tn yen	3.0tn yen

(Source) Prepared by the Asset Manager based on Figure 43: Summary table in "Mizuho Report: "Economic effect of holding 2020 Tokyo Olympic Games will be 30 trillion yen in scale (issued December 10, 2014)" by Mizuho Research Institute Ltd.

"30 trillion yen combined total economic impact for Japan"
"Acceleration of infrastructure development in Central Tokyo"

Creation of National Strategic Special Zones

- ✓ As a breakthrough to force through bold regulatory reforms, etc. and to realize the Japanese government's growth strategy, the government created National Strategic Special Zones
- ✓ In May 2014, "Tokyo metropolitan area" including Tokyo's nine central wards was designated
- ✓ 2020 Tokyo Olympics targeted as a mid-term goal for government effort to create world's number one business-friendly environment

[Matters on specified business and related regulatory reform expected to be implemented]

- Development of buildings that contribute to the formation of an international business hub (floor area ratio)
- Provision of accommodations more in line with the duration of stay of foreigners (Hotel and Ryokan Management Law)
- Development of employment terms for global corporations, etc. (employment terms)
- Provision of medical care targeting foreigners (foreign doctors)
- Simplification and speeding up of incorporation procedures (English correspondence for documents, establishment of centralized office, etc.)

(Source) Prepared by the Asset Manager based on the website of Prime Minister of Japan and his Cabinet

Create platform for international business to attract capital, human resources and companies

2. 18th period (ended July 2015) financial highlights



2-1 Financial summary

(million yen)

	Actual		Difference		
	17th period	18th period	18th - 17th period		
	184 days	181 days			
Operating revenue	6,506	6,516	9	0.1%	
Rent revenue of real estate	6,391	6,405	13	0.2%	
Rent and common area revenue	6,388	6,401	13	0.2%	
Office	4,973	4,987	13	0.3%	Koraku Mori Building +13
Residential	736	736	Δ 0	Δ 0.0%	
Retail	64	64	0	0.0%	
Land	614	614	—	—	
Other rent revenue	3	3	Δ 0	Δ 0.0%	
Other rent revenue of real estate	115	110	Δ 4	Δ 3.7%	
Operating expenses	2,072	2,087	15	0.7%	
Expenses of real estate rent	1,783	1,788	5	0.3%	Property taxes, etc. +29 (Properties acquired in 17 th period +26) Maintenance and repairs +7 Depreciation and amortization Δ33
SG&A	288	298	10	3.6%	
Operating income	4,434	4,428	Δ 6	Δ 0.1%	
Non-operating income	2	4	1	83.9%	
Non-operating expenses	819	715	Δ 103	Δ 12.6%	
Interest expenses	564	485	Δ 79	Δ 14.0%	Asset management fees +3
Other non-operating expenses	254	230	Δ 24	Δ 9.5%	
Non-operating income/expenses	Δ 816	Δ 711	105	12.9%	Interest expenses Δ54 Interest on investment corporation bonds Δ24
Ordinary income	3,617	3,716	99	2.7%	
Income before income taxes	3,617	3,716	99	2.7%	
Total income taxes	1	0	Δ 0	Δ 34.0%	Borrowing expenses Δ23
Net income	3,616	3,716	99	2.8%	
Profit on real estate rental	4,723	4,727	4	0.1%	
Depreciation and amortization (Expenses of real estate rent)	891	857	Δ 33	Δ 3.8%	
NOI	5,614	5,585	Δ 29	Δ 0.5%	
NOI yield	4.0%	4.0%	0.0PT	1.1%	
Acquisition price (weighted average based on the number of operating days during the period) (Note)	281,756	281,756	—	—	
Total units outstanding (units)	1,570,040	1,570,040	—	—	
Dividend/unit (yen)	2,303	2,367	64	2.8%	

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

2-2 Comparison between forecast and results

(million yen)

	18th period			
	Forecasted	Actual	Actual - Forecasted	
	181 days	181 days		
Operating revenue	6,514	6,516	1	0.0%
Rent revenue of real estate	6,405	6,405	0	0.0%
Rent and common area revenue	6,401	6,401	0	0.0%
Office	4,987	4,987	0	0.0%
Residential	735	736	0	0.0%
Retail	64	64	Δ 0	Δ 0.1%
Land	614	614	—	—
Other rent revenue	3	3	0	1.7%
Other rent revenue of real estate	109	110	0	0.9%
Operating expenses	2,083	2,087	4	0.2%
Expenses of real estate rent	1,797	1,788	Δ 9	Δ 0.5%
SG&A	285	298	13	4.7%
Operating income	4,431	4,428	Δ 3	Δ 0.1%
Non-operating income	2	4	1	62.3%
Non-operating expenses	727	715	Δ 12	Δ 1.7%
Interest expenses	495	485	Δ 9	Δ 2.0%
Other non-operating expenses	232	230	Δ 2	Δ 1.0%
Non-operating income/expenses	Δ 725	Δ 711	13	1.9%
Ordinary income	3,706	3,716	10	0.3%
Income before income taxes	3,706	3,716	10	0.3%
Total income taxes	1	0	Δ 0	Δ 24.3%
Net income	3,705	3,716	10	0.3%
Profit on real estate rental	4,717	4,727	10	0.2%
Depreciation and amortization (Expenses of real estate rent)	861	857	Δ 3	Δ 0.4%
NOI	5,578	5,585	6	0.1%
NOI yield	4.0%	4.0%	0.0PT	0.1%
Acquisition price (weighted average based on the number of operating days during the period)	281,756	281,756	—	—
Total units outstanding (units)	1,570,040	1,570,040	—	—
Dividend/unit (yen)	2,360	2,367	7	0.3%

Maintenance and repairs	Δ4
Depreciation and amortization	Δ3
Asset management fees	+14
Interest expenses	Δ7
Interest on investment corporation bonds	Δ2

2-3 Projection

(million yen)

	Actual	Forecast	Difference	
	18th period	19th period	19th - 18th period	
	181 days	184 days		
Operating revenue	6,516	6,736	220	3.4%
Rent revenue of real estate	6,405	6,606	201	3.1%
Rent and common area revenue	6,401	6,602	200	3.1%
Office	4,987	5,170	183	3.7%
Residential	736	730	Δ 5	Δ 0.7%
Retail	64	87	22	35.6%
Land	614	614	—	—
Other rent revenue	3	4	0	29.8%
Other rent revenue of real estate	110	129	18	16.7%
Operating expenses	2,087	2,200	112	5.4%
Expenses of real estate rent	1,788	1,906	117	6.6%
SG&A	298	294	Δ 4	Δ 1.6%
Operating income	4,428	4,535	107	2.4%
Non-operating income	4	2	Δ 1	Δ 40.7%
Non-operating expenses	715	659	Δ 56	Δ 7.9%
Interest expenses	485	448	Δ 36	Δ 7.6%
Other non-operating expenses	230	210	Δ 19	Δ 8.5%
Non-operating income/expenses	Δ 711	Δ 656	54	7.7%
Ordinary income	3,716	3,879	162	4.4%
Income before income taxes	3,716	3,879	162	4.4%
Total income taxes	0	1	0	32.2%
Net income	3,716	3,877	161	4.4%
Profit on real estate rental	4,727	4,829	102	2.2%
Depreciation and amortization (Expenses of real estate rent)	857	850	Δ 7	Δ 0.9%
NOI	5,585	5,680	94	1.7%
NOI yield	4.0%	3.9%	Δ 0.1PT	Δ 3.1%
Acquisition price (weighted average based on the number of operating days during the period)	281,756	290,756	9,000	3.2%
Total units outstanding (units)	1,570,040	1,570,040	—	—
Dividend/unit (yen)	2,367	2,470	103	4.4%

Acquisition of Roppongi Hills Mori Tower in 19th period +221

ARK Hills South Tower
(Change to pass-through type agreement) +15

Koraku Mori Building Δ54

ARK Hills South Tower
(Change to pass-through type agreement) +22

ARK Hills South Tower
(Change to pass-through type agreement) +23

Acquisition of Roppongi Hills Mori Tower in 19th period +63

ARK Hills South Tower
(Change to pass-through type agreement) +47

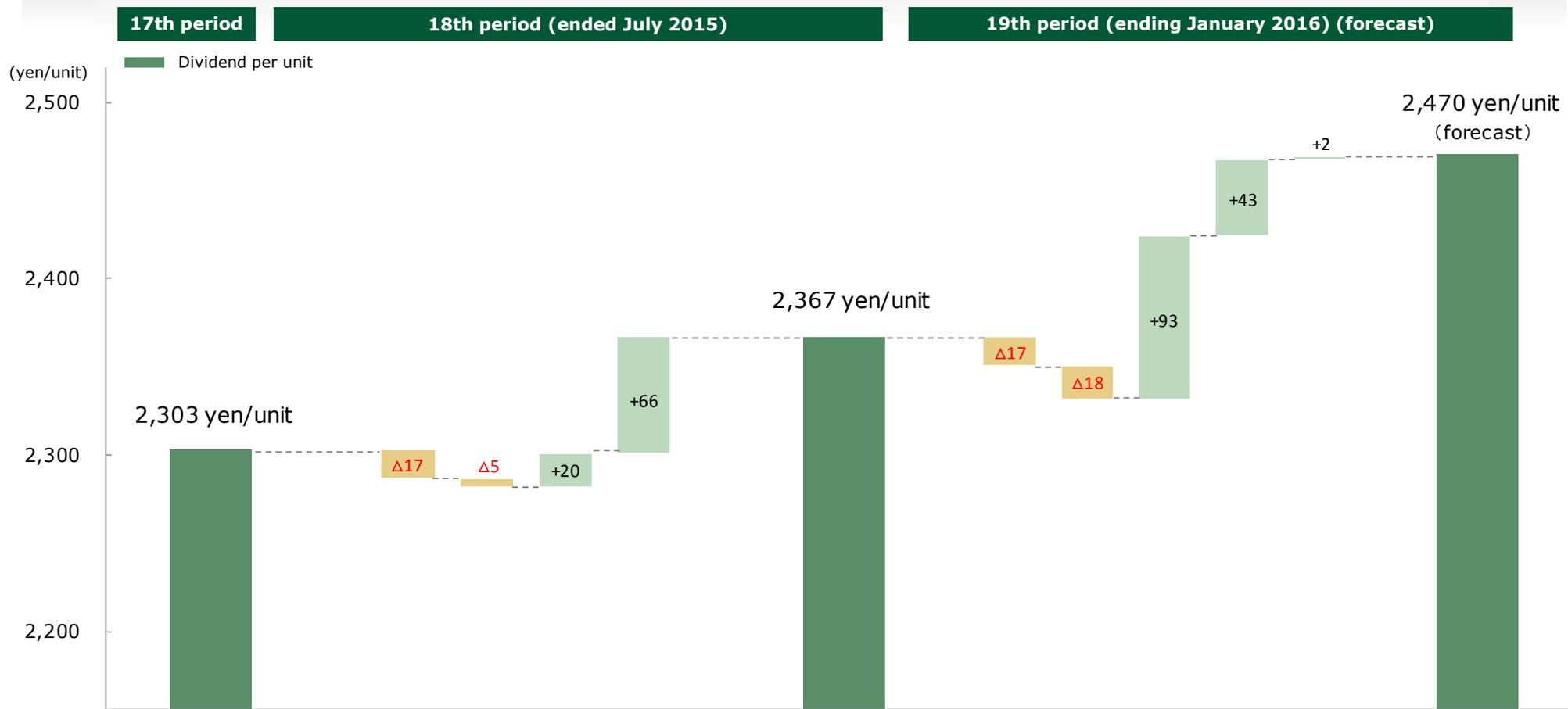
Property taxes, etc.
(Properties acquired in 17th period) +36
Maintenance and repairs +8
Depreciation and amortization Δ38

Interest expenses
(New borrowings in 19th period) +7
Interest on investment corporation bonds Δ21
Borrowing expenses Δ23

Interest expenses
(New borrowings in 19th period) +3
Interest expenses (Existing borrowings) Δ22

Net impact on operating income
by ARK Hills South Tower
(Change to pass-through type agreement) +15

2-4 Factors that led to changes in dividend per unit from the previous fiscal period



Property taxes for properties acquired in 17th period recorded as expense (equivalent to 3 months) Others Change in NOI from existing properties Decrease in financing costs

Property taxes for properties acquired in 17th period recorded as expense (equivalent to 3 months) Change in NOI from existing properties Contribution of properties acquired in 19th period Decrease in financing costs Others

Major factors behind change in NOI from existing properties:

+ End of free rent period and upward rent revision at Koraku Mori Building	+9
+ Decrease in depreciation and amortization	+22
- Increase in maintenance and repairs	Δ5
- Increase in property taxes, etc.	Δ2

Major factors behind change in NOI from existing properties:

+ Impact on operating income by ARK Hills South Tower by changing to pass-through type agreement	+10
+ Decrease in depreciation and amortization	+25
- Net tenant lease activities at Koraku Mori Building	Δ34
- Increase in maintenance and repairs	Δ6
- Increase in property taxes, etc.	Δ7

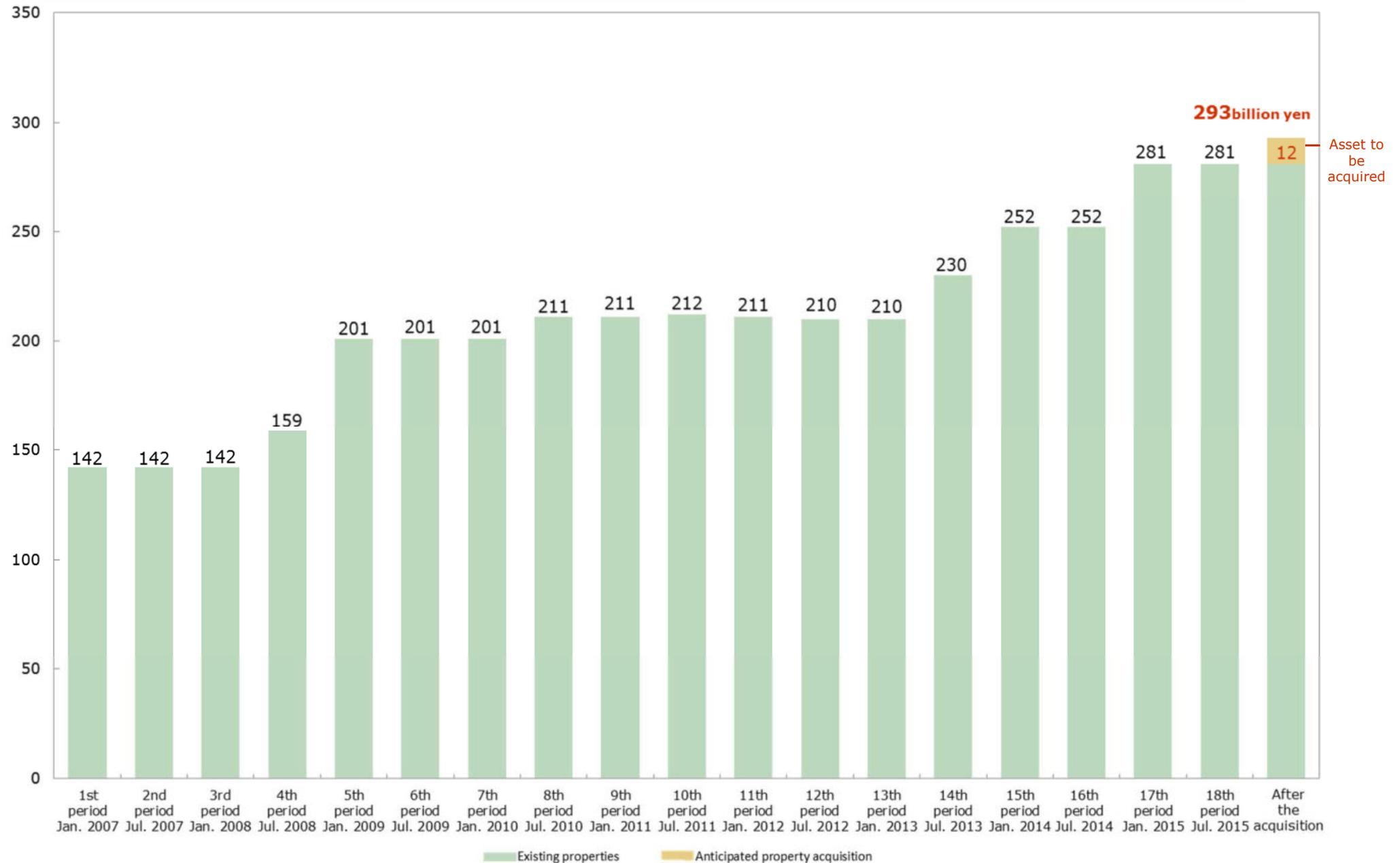
(Note) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,570,040 units and indicated as approximate figure in yen.

3. Operation highlights



3-1 Change in assets under management

(billion yen)

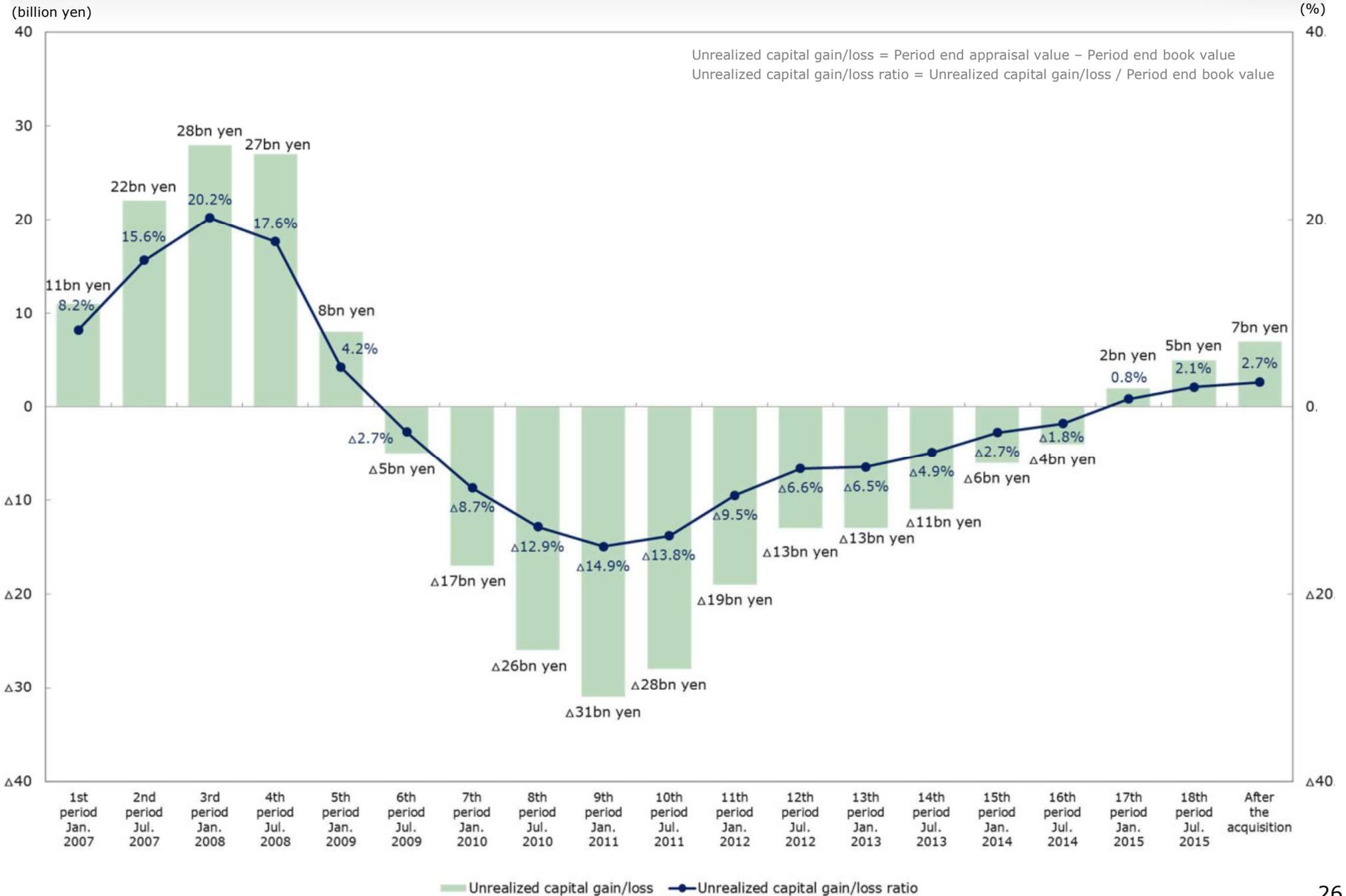


(Note 6) MHR is acquiring Roppongi Hills Mori Tower in the 19th fiscal period.

3-2 Change in unrealized capital gain/loss



HILLS REIT



3-3 Appraisal value

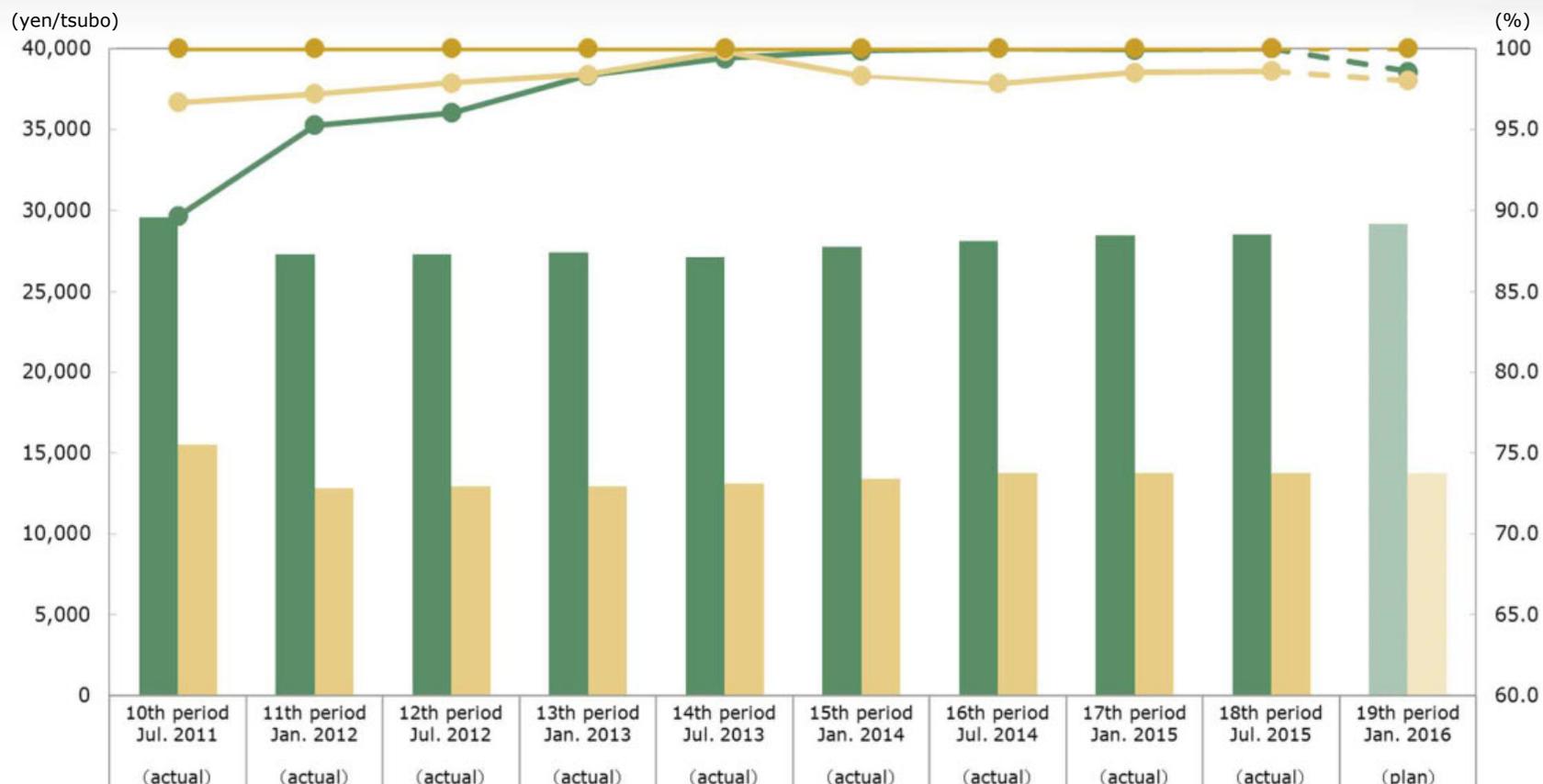
(million yen)

Principal use	Property name	Property No.	Acquisition price	Book value	As of end of 17th period (Jan. 31, 2015)		As of end of 18th period (Jul. 31, 2015)		As of end of 18th period (Jul. 31, 2015)				Difference (B)–(A)	Difference (B)/(A)–1	Unrealized capital gain (B)-book value	
					(A) Appraisal value	Yield (direct capitalization method)	(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	57,280	56,331	53,900	3.7%	66,400	3.6%	66,100	3.6%	3.3%	3.8%	△ 300	△ 0.5%	9,768	
	ARK Mori Building	O-1	62,480	61,561	59,000	3.9%	59,000	3.9%	59,100	3.9%	3.6%	4.1%	100	0.2%	△ 2,461	
	Koraku Mori Building	O-4	27,200	25,244	22,200	4.3%	22,300	4.2%	22,900	4.1%	3.7%	4.4%	600	2.7%	△ 2,344	
	Akasaka Tameike Tower	O-6	43,930	42,325	30,200	4.0%	30,100	4.0%	30,200	4.0%	3.7%	4.2%	100	0.3%	△ 12,125	
	Atago Green Hills	O-7	42,090	41,479	45,800	4.1%	45,800	4.1%	45,800	4.1%	3.6%	4.3%	0	0.0%	4,320	
	ARK Hills South Tower	O-8	19,150	19,133	-	-	21,000	3.8%	21,500	3.7%	3.5%	3.9%	500	2	2,366	
	Sub total			252,130	246,076	211,100	-	244,600	-	245,600	-	-	-	1,000	0.4%	△ 476
Residential	Moto-Azabu Hills	R-1	1,706	1,635	1,800	4.4%	1,890	4.2%	1,940	4.1%	3.7%	4.3%	50	2.6%	304	
	Roppongi First Plaza	R-3	2,100	2,250	1,560	4.9%	1,630	4.7%	1,700	4.6%	4.4%	4.8%	70	4.3%	△ 550	
	Roppongi View Tower	R-4	4,000	3,857	2,330	5.0%	2,440	4.8%	2,490	4.7%	4.5%	4.9%	50	2.0%	△ 1,367	
	Sub total			7,806	7,743	5,690	-	5,960	-	6,130	-	-	-	170	2.9%	△ 1,613
Retail and other	Laforet Harajuku (Land) (Note 2)	S-1	21,820	22,074	27,100	4.6%	28,400	4.5%	30,000	-	4.4%	-	1,600	5.6%	7,925	
	Sub total			21,820	22,074	27,100	-	28,400	-	30,000	-	-	-	1,600	5.6%	7,925
Total				281,756	275,893	243,890	-	278,960	-	281,730	-	-	-	2,770	1.0%	5,836

(Note 1) "Appraisal values" at the end of each fiscal period are based on the Ordinance Concerning Calculation of Investment Corporations, asset valuation methods and standards defined in the Articles of Incorporation of the Company and rules defined by the Investment Trust Association. Figures in the property appraisal reports created by Japan Real Estate Institute are indicated for properties other than ARK Hills South Tower and figures in the property appraisal report created by Daiwa Real Estate Appraisal Co., Ltd. are indicated for ARK Hills South Tower, respectively.

(Note 2) For Laforet Harajuku (Land), value in the "Yield (direct capitalization method)" column for the 17th period shows the discount rate used in the DCF analysis.

3-4 Changes in the rent and occupancy rates



	10th period Jul. 2011	11th period Jan. 2012	12th period Jul. 2012	13th period Jan. 2013	14th period Jul. 2013	15th period Jan. 2014	16th period Jul. 2014	17th period Jan. 2015	18th period Jul. 2015	19th period Jan. 2016
Office rent (yen/tsubo)	29,555	27,314	27,323	27,440	27,116	27,788	28,119	28,482	28,536	29,151
Residential rent (yen/tsubo)	15,492	12,833	12,957	12,944	13,105	13,432	13,763	13,782	13,765	13,729
Office occupancy	89.6%	95.3%	96.0%	98.3%	99.4%	99.8%	100%	99.9%	100%	98.6%
Residential occupancy	96.7%	97.2%	97.9%	98.4%	99.8%	98.3%	97.8%	98.5%	98.6%	98.0%
Retail occupancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(Reference: Actual results in 9th period and before)

	1st period Jan. 2007	2nd period Jul. 2007	3rd period Jan. 2008	4th period Jul. 2008	5th period Jan. 2009	6th period Jul. 2009	7th period Jan. 2010	8th period Jul. 2010	9th period Jan. 2011
Office rent (yen/tsubo)	31,450	32,068	32,462	33,648	34,118	34,725	34,554	33,187	31,901
Office occupancy	20,625	20,674	20,964	21,157	21,234	20,664	19,658	18,959	17,648
Residential rent (yen/tsubo)	99.9%	100%	99.1%	97.4%	98.1%	97.8%	93.7%	92.7%	88.9%
Residential occupancy	94.4%	93.4%	93.1%	94.2%	93.5%	89.6%	90.1%	91.5%	93.8%
Retail occupancy	—	—	—	—	—	—	—	—	100%

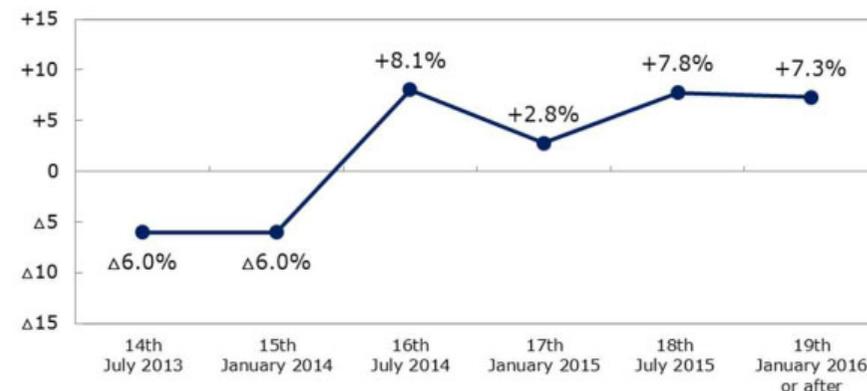
(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant fiscal periods.

3-5 Breakdown of rent income and office leasing overview

Result of rent revision - Office

	Monthly rent prior to rent change	Monthly rent after rent change	Increase/ decrease in monthly rent	Rate of revision
14th (ended Jul. 2013)	36.5mn yen	34.3mn yen	Δ2.1mn yen	Δ 6.0%
15th (ended Jan. 2014)	12.9mn yen	12.1mn yen	Δ0.7mn yen	Δ 6.0%
16th (ended Jul. 2014)	18.1mn yen	19.6mn yen	+1.4mn yen	+8.1%
17th (ended Jan. 2015)	21.0mn yen	21.6mn yen	+0.5mn yen	+2.8%
18th (ended Jul. 2015)	19.8mn yen	21.4mn yen	+1.5mn yen	+7.8%
19th (ending Jan. 2016) or after	2.8mn yen	3.1mn yen	+0.2mn yen	+7.3%

Ratio of rent revision - Office



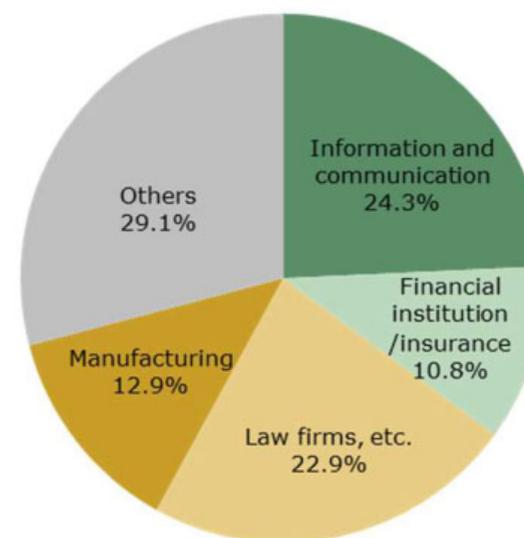
Breakdown of monthly rent revenue and agreement renewal timing

(million yen)

Tenant	Type of lease contract	Total rent per month	Ratio	Agreement renewal timing				
				19th period	20th period	21th period	22th period	23th period-
Office tenant	Limited term	157.3	14.2%	2.8	23.7	39.8	82.4	8.4
	Traditional	693.4	62.4%	-	124.6	246.9	124.7	197.1
	Total	850.7	76.5%	2.8	148.4	286.7	207.1	205.5
Residential tenant	Limited term	32.4	2.9%	1.2	2.9	6.8	7.9	13.4
	Traditional	90.1	8.1%	2.5	36.1	-	51.4	-
	Total	122.5	11.0%	3.7	39.1	6.8	59.4	13.4
Retail tenant	Corporate land	102.4	9.2%	-	-	102.4	-	-
	Traditional	17.9	1.6%	-	-	-	-	17.9
	Total	120.3	10.8%	-	-	102.4	-	17.9
Sub total		1,093.6	98.4%	6.6	187.5	395.9	266.5	236.9
Retail, parking, and others		17.8	1.6%					
Total		1,111.5	100%					

(Note) Figures reflect the property acquisition and the change to a pass-through type agreement at ARK Hills South Tower. In addition, figures reflect move outs confirmed as of July 31, 2015.

Tenant Contribution by Industry Type (Office)



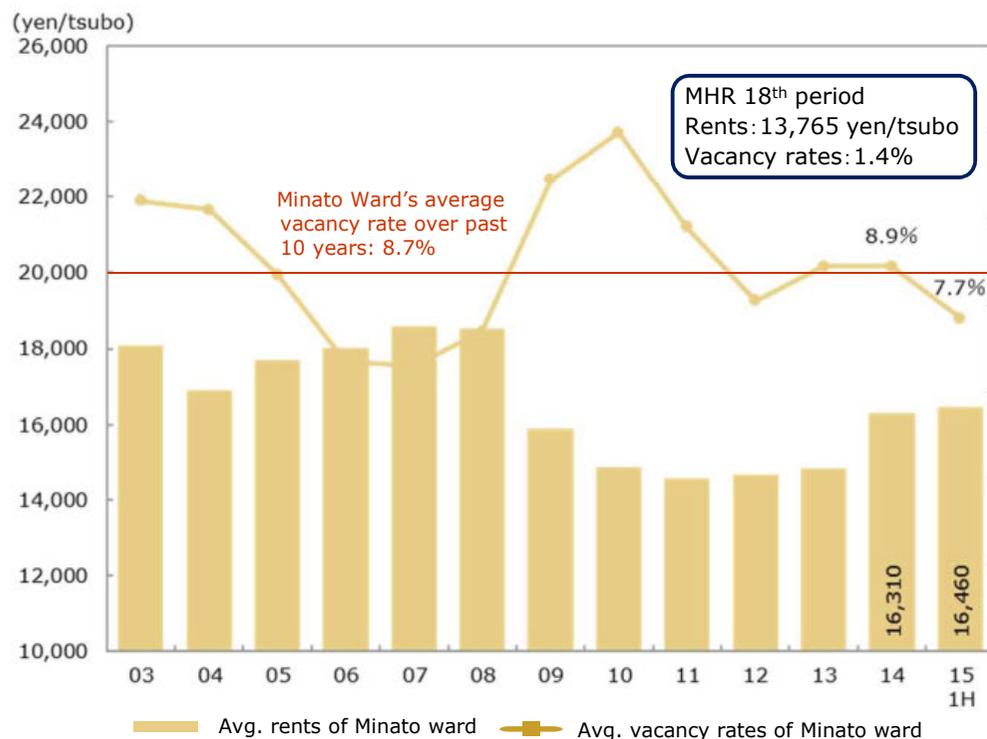
(Note 1) Figures are monthly rents as of July 31, 2015. In addition, figures reflect move outs confirmed as of July 31, 2015.

(Note 2) As for fixed rent master lease, ratios are based on monthly rents of tenants who are actually using the floor areas as of July 31, 2015. As for properties jointly owned with third parties, ratios are calculated by multiplying by co-ownership interest.

(Note 3) Business types are classified by the Asset Manager.

3-6 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) Data is based on rental housing with monthly rent of 300,000 yen or more or exclusive floor area of 30 tsubo or more.

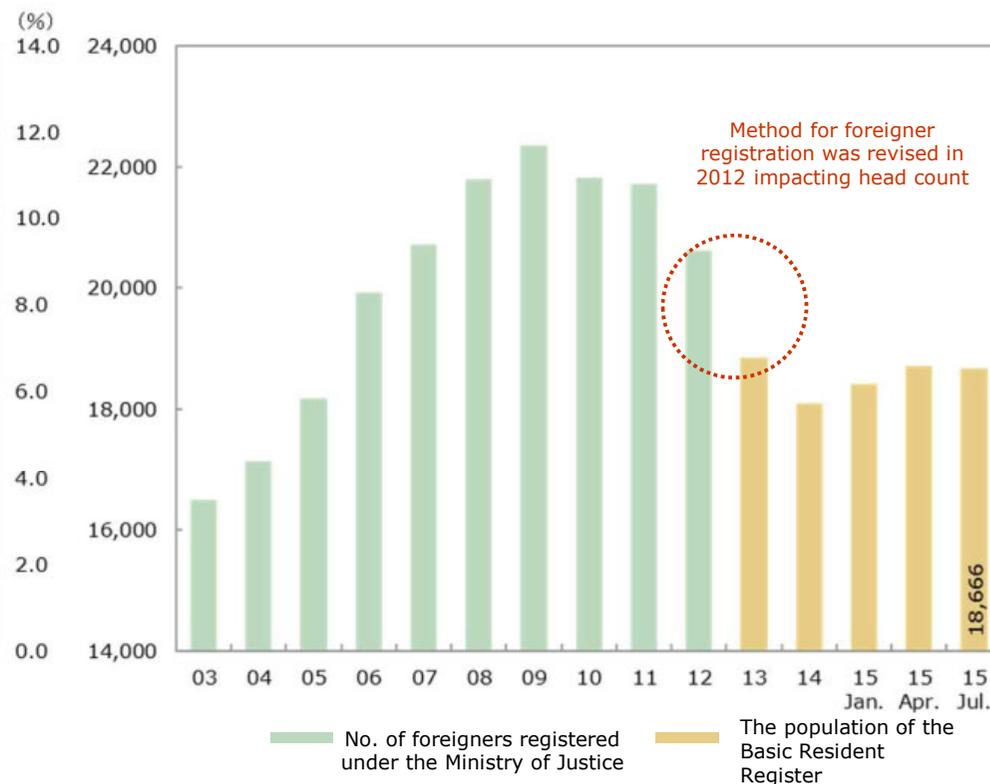
"Avg. rents of Minato ward" is the contracted rent including the management fee.

In the case of years, "Avg. vacancy rates of Minato ward" is the average of the relevant year's January to March, April to June, July to September and October to December figures, and "Avg. rents of Minato ward" is the annual average.

In the case of half-year periods, "Avg. vacancy rates of Minato ward" or "Avg. rents of Minato ward" for the January to June period (first half: 1H) is the average of the January to March and April to June figures, and that for the July to December period (second half: 2H) is the average of the July to September and October to December figures.

- In Minato Ward's luxury housing rental market, vacancy rate is on a downward trend and rent continues to gradually increase.

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) "Number of foreign residents" 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) Number of foreign residents as of January 1 of each year is used for the year-based figures.

- Decrease in the population of foreigners is turning around after the global financial crisis.

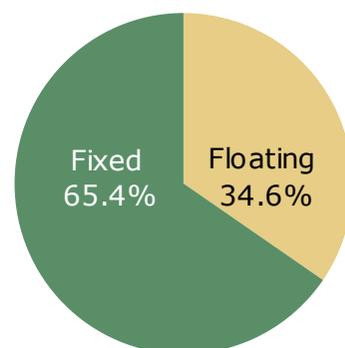
3-7 Financial overview (as of July 31, 2015)

Long and short-term debt ratio/Fixed rate ratio

Long and short-term
debt ratio
(End of 18th period)



Fixed rate ratio
(End of 18th period)



Major financial indicator

	End of 17th period January 31, 2015	End of 18th period July 31, 2015
Debt Balance	130,200mn yen	130,200mn yen
Short-term loan	—	—
Long-term loan	106,200mn yen	106,200mn yen
Investment corporation bonds	24,000mn yen	24,000mn yen
LTV (book value basis) (Note 1)	44.1%	44.1%
LTV (appraisal value basis) (Note 2)	43.8%	43.2%
DSCR (Note 3)	9.0x	10.4x
Avg. remaining duration	3.2 years	3.7 years
Weighted avg. interest rate	0.79%	0.68%

Outstanding balances

Lenders	Balance	Ratio
Mizuho Bank, Ltd.	15,698mn yen	14.8%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,698mn yen	14.8%
Mitsubishi UFJ Trust and Banking Corporation	15,698mn yen	14.8%
Sumitomo Mitsui Banking Corporation	15,075mn yen	14.2%
Sumitomo Mitsui Trust Bank, Limited	12,901mn yen	12.1%
Aozora Bank, Ltd.	5,250mn yen	4.9%
Development Bank of Japan, Inc.	4,950mn yen	4.7%
The Norinchukin Bank	4,700mn yen	4.4%
The Bank of Fukuoka, Ltd.	4,500mn yen	4.2%
Resona Bank, Limited.	3,830mn yen	3.6%
Shinsei Bank, Limited	2,900mn yen	2.7%
The Hiroshima Bank, Ltd.	1,500mn yen	1.4%
Mizuho Trust & Banking Co., Ltd.	1,500mn yen	1.4%
Oita Bank Co. Ltd.	1,000mn yen	0.9%
ORIX Bank Corporation	1,000mn yen	0.9%
Total borrowings	106,200mn yen	100%
Investment corporation bonds	24,000mn yen	
Total interest-bearing debt	130,200mn 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)]

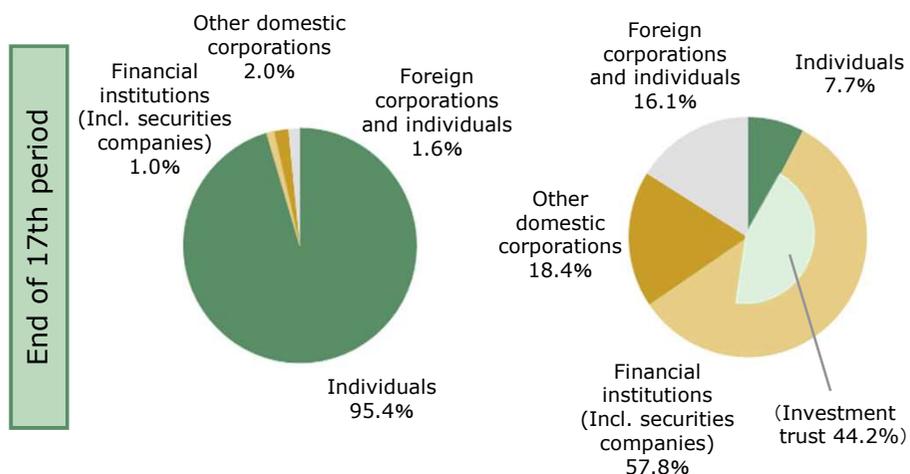
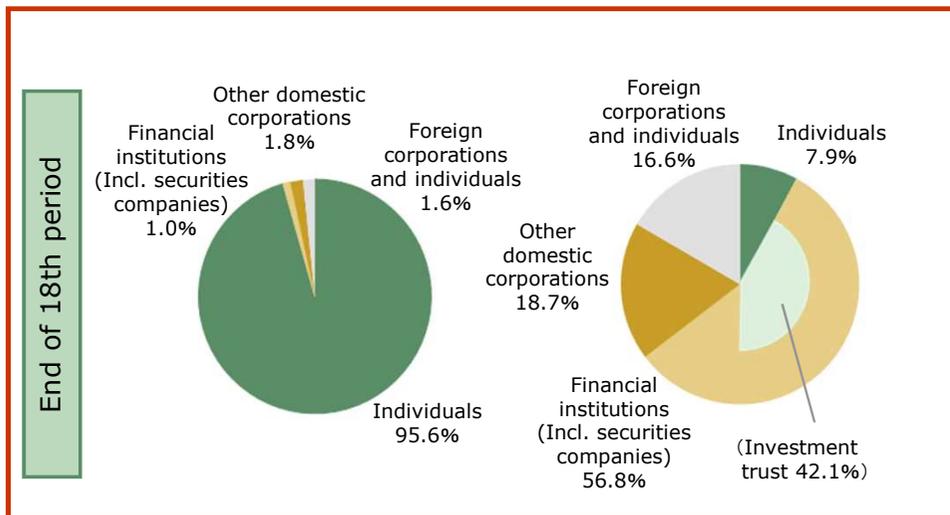
(Note 3) DSCR is calculated as [Net income before interest expenses + Depreciation/Interest expenses]

3-8 Unitholders breakdown (As of July 31, 2015)

Unitholders breakdown

Number of unitholders

Number of investment units



Top 10 unitholders

Rank	Name	No. of units held	Ratio
1	Japan Trustee Service Bank (Trust account)	340,703	21.7%
2	Mori Building Co., Ltd.	244,590	15.6%
3	The Master Trust Bank of Japan, Ltd. (Trust account)	173,667	11.1%
4	Trust & Custody Service Bank of Japan, Ltd. (Securities investment trust account)	132,828	8.5%
5	The Nomura Trust & Banking Co., Ltd. (Trust account)	57,837	3.7%
6	STATE STREET BANK AND TRUST COMPANY Standing proxy : Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited	28,730	1.8%
7	Trust & Custody Service Bank of Japan, Ltd. (Taxable money trust account)	18,722	1.2%
8	Shikoku Railway Company	16,620	1.1%
9	Nomura Securities Co., Ltd., Proprietary Account	14,000	0.9%
10	STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT 505223 Standing proxy : Settlement & Clearing Services Division, Mizuho Bank, Ltd.	13,450	0.9%
Top 10 unitholders total		1,041,147	66.3%

4. Business environment recognition & MHR's strategy



Real estate market / Lending attitude

- Decrease of vacancy rate and gradual increase of rents of office buildings in central Tokyo is ongoing
(Forecast of Office Market Trends Research Committee for Tokyo's five central wards)
 - ⇒ Vacancy rate: 4.6% in 2016 → 4.5% in 2018
 - ⇒ Rent index: 114 in 2016 → 120 in 2018
- Cap rate is on a downward trend but not as overheated as before the global financial crisis
(Japan Real Estate Institute's "The Japanese Real Estate Investor Survey")
 - ⇒ Class A buildings in Marunouchi
Cap rate: 3.7% in October 2014 → 3.5% in April 2015
- Lending attitude toward the real estate industry continues to be at a high positive level

- Rents of office buildings in central Tokyo are forecast to continue increasing gradually for the time being
- With regard to property acquisitions, selective investment is necessary with the highly competitive acquisition market

Interest rate trends / Macro environment

- Long-term interest rates remain low due to the monetary easing policy and CPI increase rate temporally lowered partly due to impact of decrease in crude oil prices.
 - ⇒ 10-year bond rates: 0.38% (August 31, 2015)
 - ⇒ Core CPI: +0.0% (July 2015)
- In the July 2015 preliminary business conditions composite index, the leading index was at 104.9 (1.6PT decrease from previous month) and the coincident index was at 112.2 (0.1PT decrease from previous month) . Figures still at relatively reduced levels after decline due to consumption tax rate increase.
- Money stock growth is back on a gradual upward trend. Moreover, the issue of wage increases can be seen from the consumer confidence survey and the monthly labor survey. Future trends will be scrutinized.

- CPI increase likely to require additional time to reach BOJ targeted level and be accompanied by a sustained increase in wages. Increase in long-term interest rates are also forecast to be limited for the time being.
(→positive environment for strengthening MHR's financial status.)

MHR's strategy ⇒ Continue "New 2013 Management Policy"

- Actively pursue external growth utilizing sponsors' property pipeline
- Promote the extending of average duration of debt; Gradually increase the fixed rate ratio
- Maintain emphasis on the "continued increase" of dividend/NAV per unit and market value

New 2013 Management Policy

Basic policy "Dividend-driven management"

Policy ① Strive for external growth

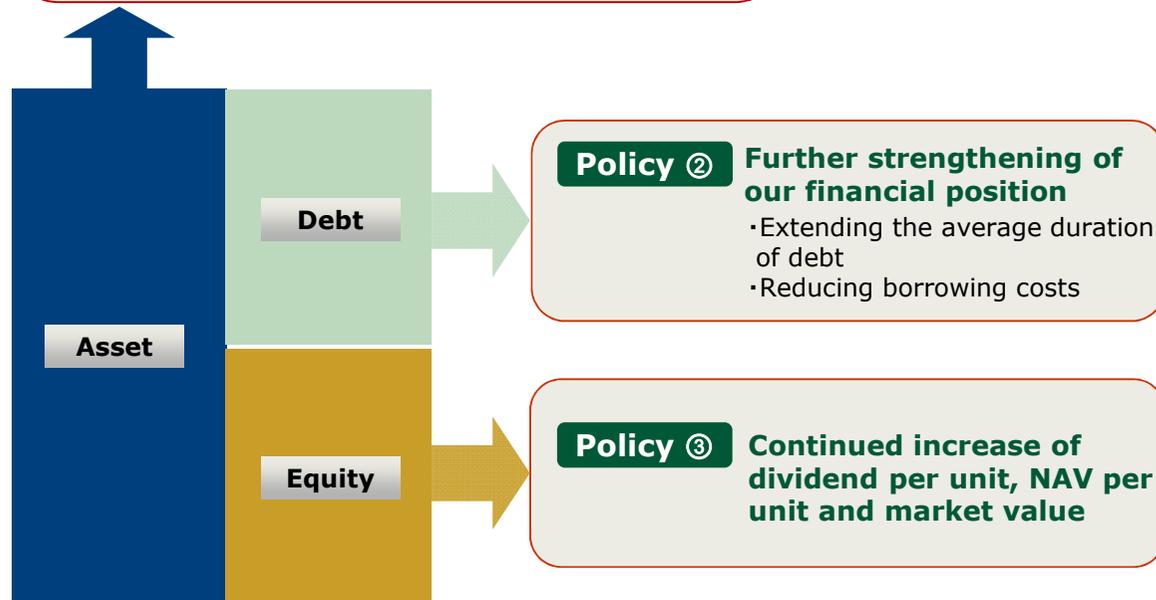
- Primarily seek premium properties in central Tokyo
- Utilization of sponsors' property pipeline
- Further increase portfolio NOI yield
- Further improvement of unrealized gains/losses

Policy ② Further strengthening of our financial position

- Extending the average duration of debt
- Reducing borrowing costs

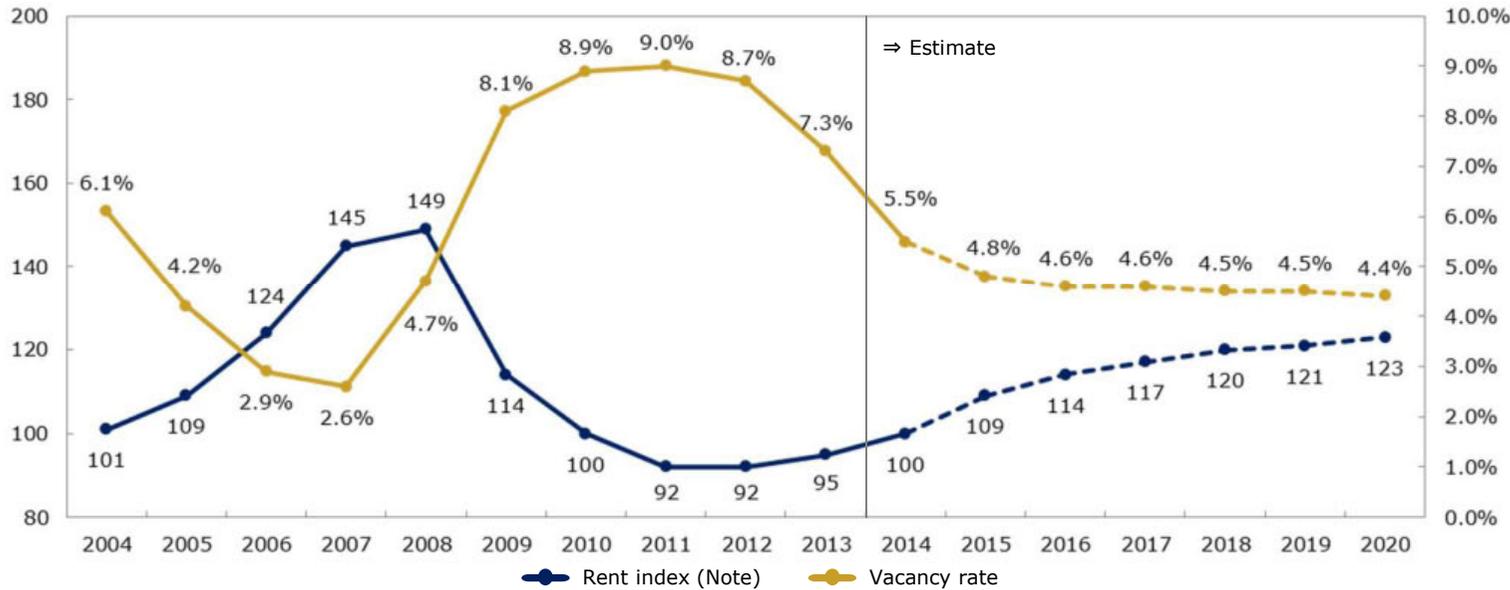
Policy ③ Continued increase of dividend per unit, NAV per unit and market value

	At start of New 2013 Management Policy 13 th period (ended Jan. 2013)	18 th period (ended Jul. 2015)
Total assets (acquisition basis)	210.8bn yen	293.7bn yen (after the acquisition)
Portfolio NOI yield	3.8%	4.0%
Unrealized gains/losses	△13.4bn yen	7.6bn yen (after the acquisition)
Remaining duration of debt	1.8 years	3.7 years
Average interest rate	1.9%	1.1%
Dividend per unit	1,833 yen/unit	2,470 yen/unit Forecast: 19 th period (ending Jan. 2016)
NAV per unit	78,434 yen	101,957 yen
Market value	112.2bn yen	207.8bn yen (Sep. 4, 2015)



4-3 Market-related information (1)

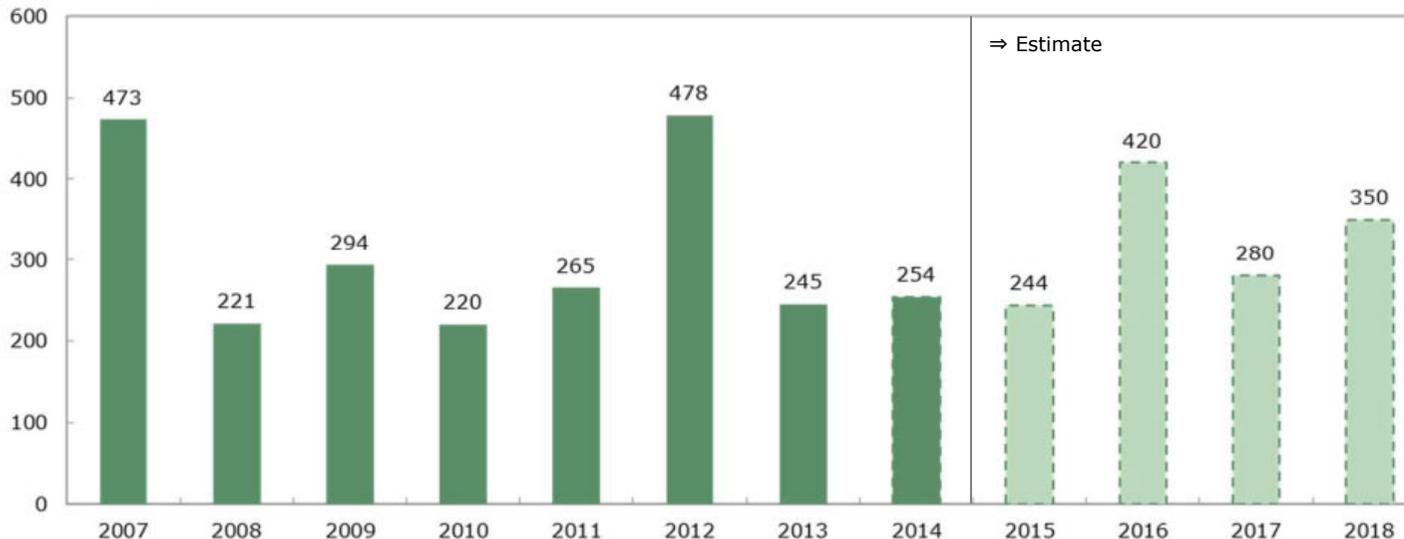
Change in rent and vacancy rate of office buildings (Tokyo's five central wards)



(Source)
 Prepared by the Asset Manager based on the "Spring 2015 Office Rent Forecast in Tokyo, Osaka and Nagoya (2015-2020, 2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).
 (Note)
 The rent index targets large and medium buildings (standard floor area of 100 tsubo or more) in Tokyo's five central wards. The rent index is rebased to 100 as of 2010.

New supply area for office buildings (Tokyo's five central wards)

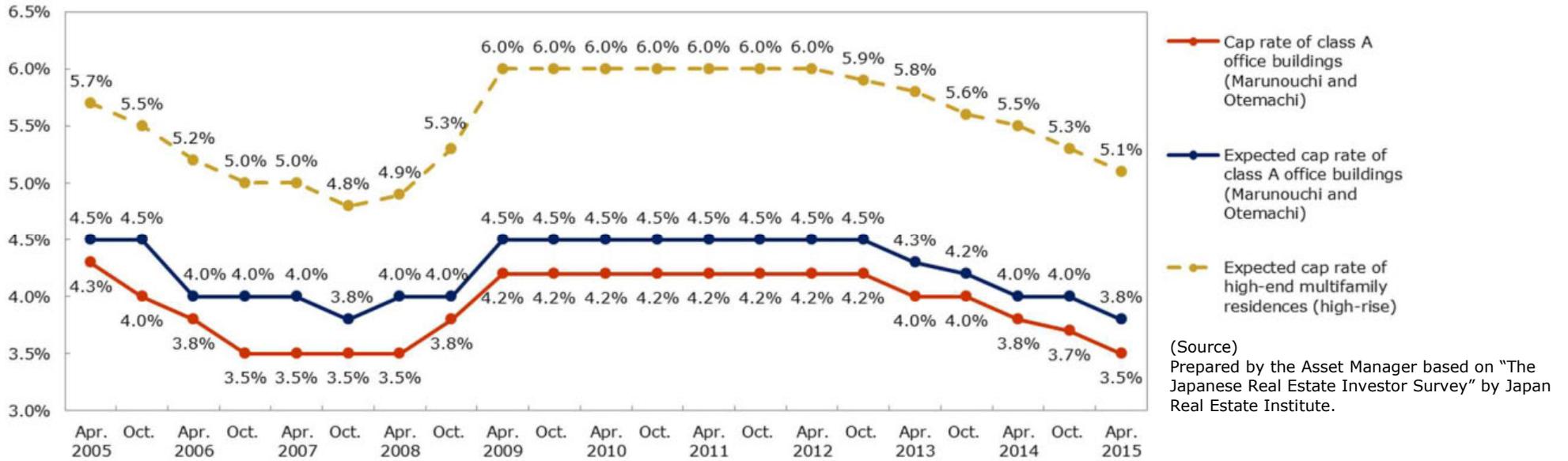
(thousand tsubo)



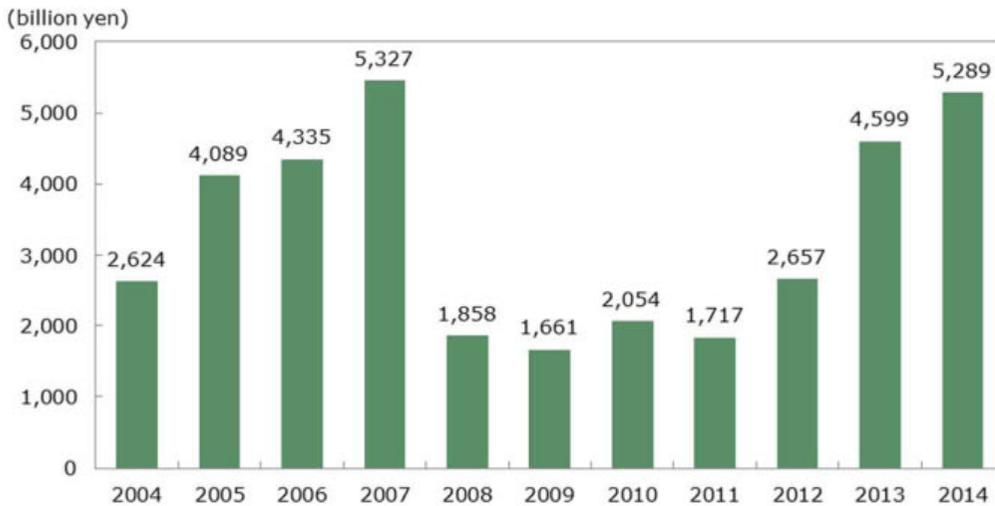
(Source)
 Prepared by the Asset Manager based on the "Spring 2014 Office Rent Forecast in Tokyo, Osaka and Nagoya (2015-2020, 2025)" by the Office Market Trends Research Committee (Japan Real Estate Institute and Miki Shoji Co., Ltd.).

4-4 Market-related information (2)

Change in return on real estate investment

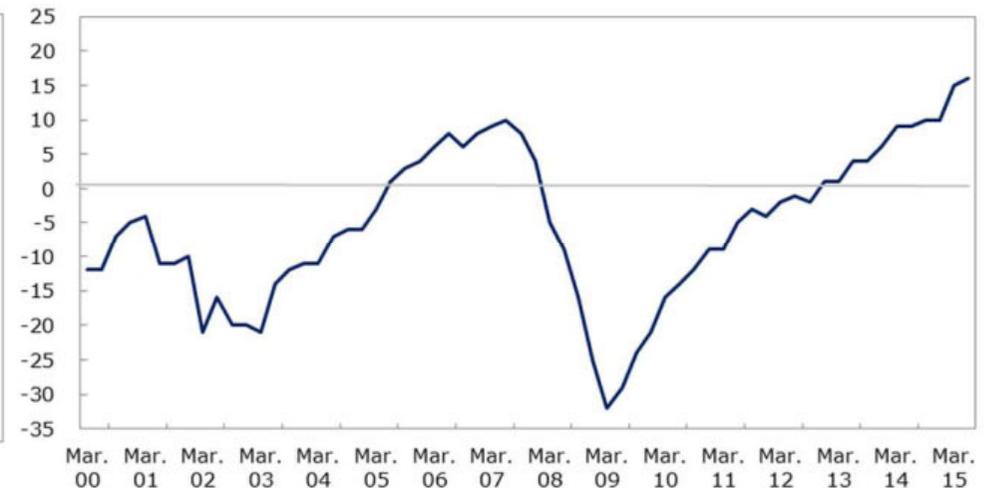


Change in real estate transaction amount



(Source) Prepared by the Asset Manager based on the "Real Estate Transaction Survey" by the Urban Research Institute.

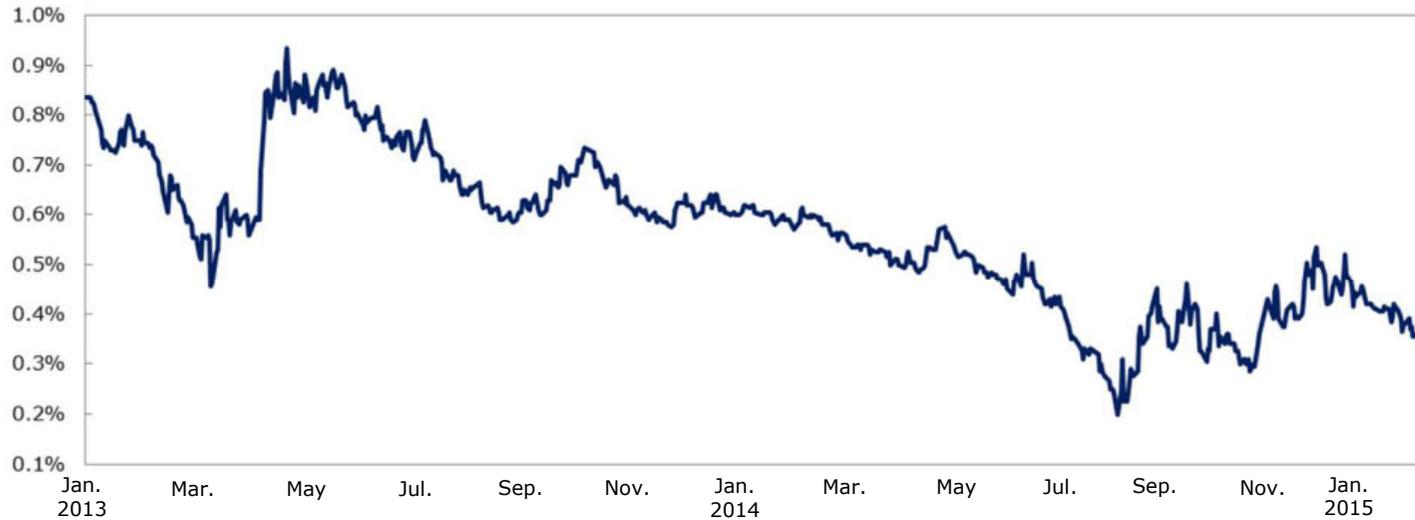
Lending attitude DI (real estate industry)



(Source) Prepared by the Asset Manager based on "National Short-Term Economic Survey on Enterprises in Japan" by the Bank of Japan. Difference between the proportion of firms feeling the lending attitude to be accommodative less firms feeling the lending attitude to be restrictive.

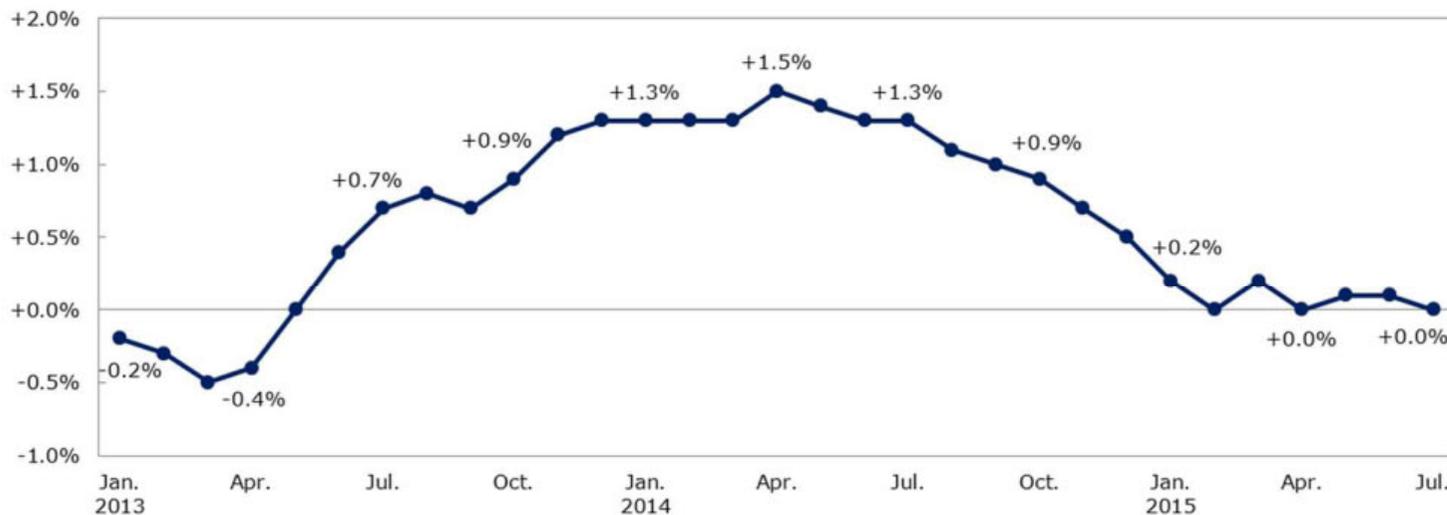
4-5 Market-related information (3)

Change in 10-year bond interest rates



(Source)
Prepared by the Asset Manager based on Bloomberg.

Change in core CPI (year-on-year comparison)

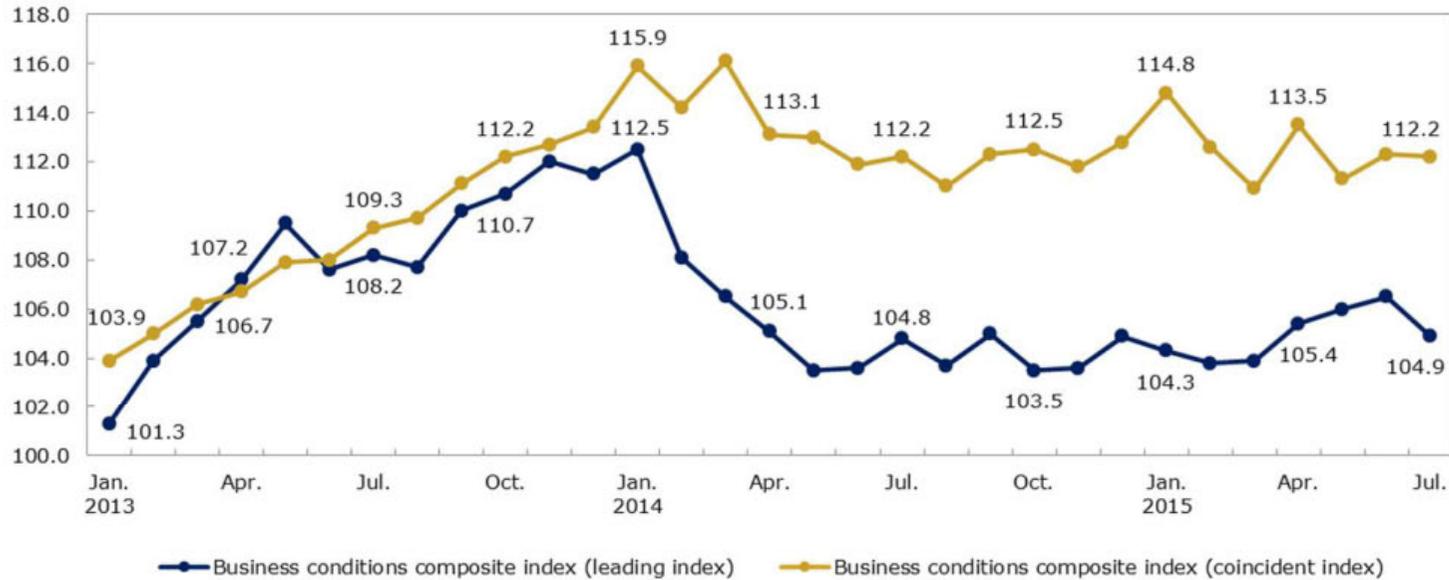


Based on figures excluding the direct effects of the consumption tax rate increase

(Source)
Prepared by the Asset Manager based on "Consumer Price Index" by Statistic Bureau, Ministry of Internal Affairs and Communications and "Economic Statistics Monthly" by the Bank of Japan.
(Note)
Figures from April 2014 to April 2015 are derived on "the basis of excluding the direct impact of the consumption tax rate increase" (Bank of Japan's "Economic Statistics Monthly").

4-6 Market-related information (4)

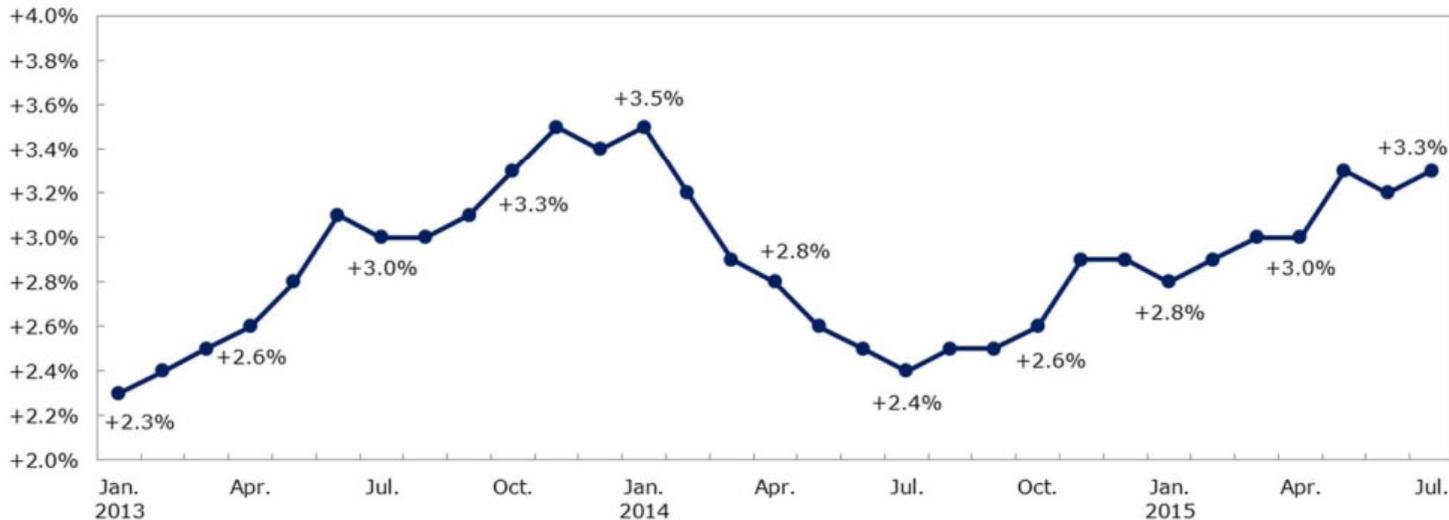
Business conditions composite index



July 2015 figures are based on preliminary data

(Source)
 Prepared by the Asset Manager based on the "Business Conditions Composite Index" by the Cabinet Office.
 (Note)
 The index is rebased to 100 as of 2010.

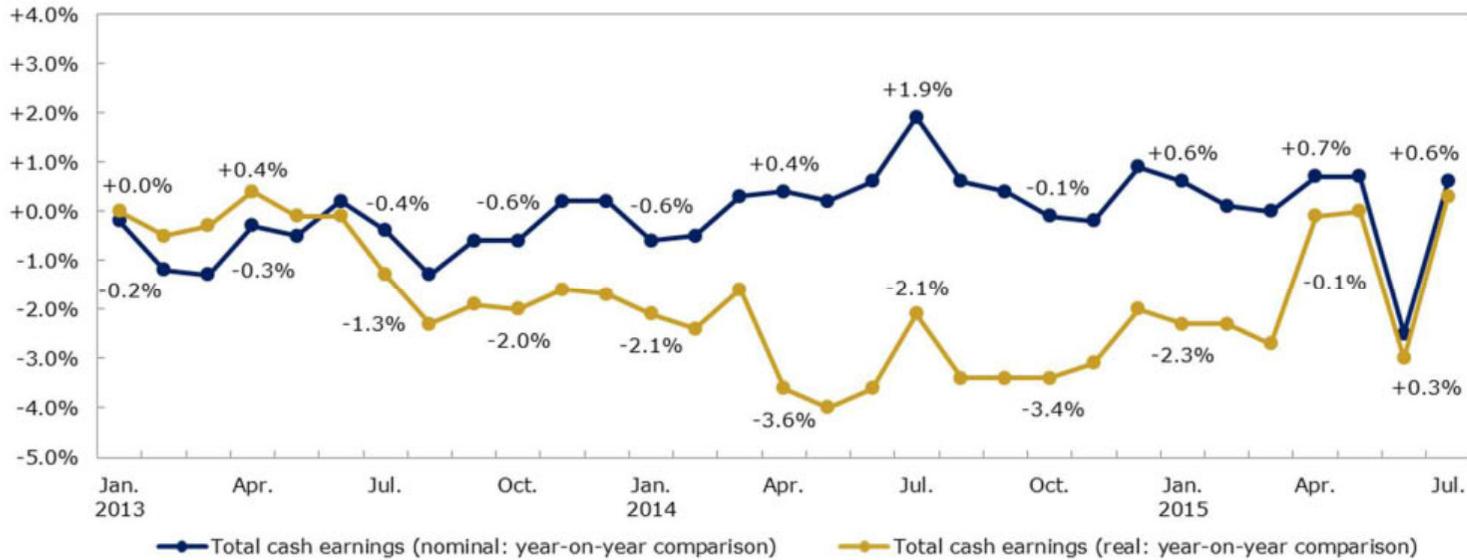
Money stock (M3: year-on-year comparison)



(Source)
 Prepared by the Asset Manager based on "Money Stock Statistics" by the Bank of Japan.

4-7 Market-related information (5)

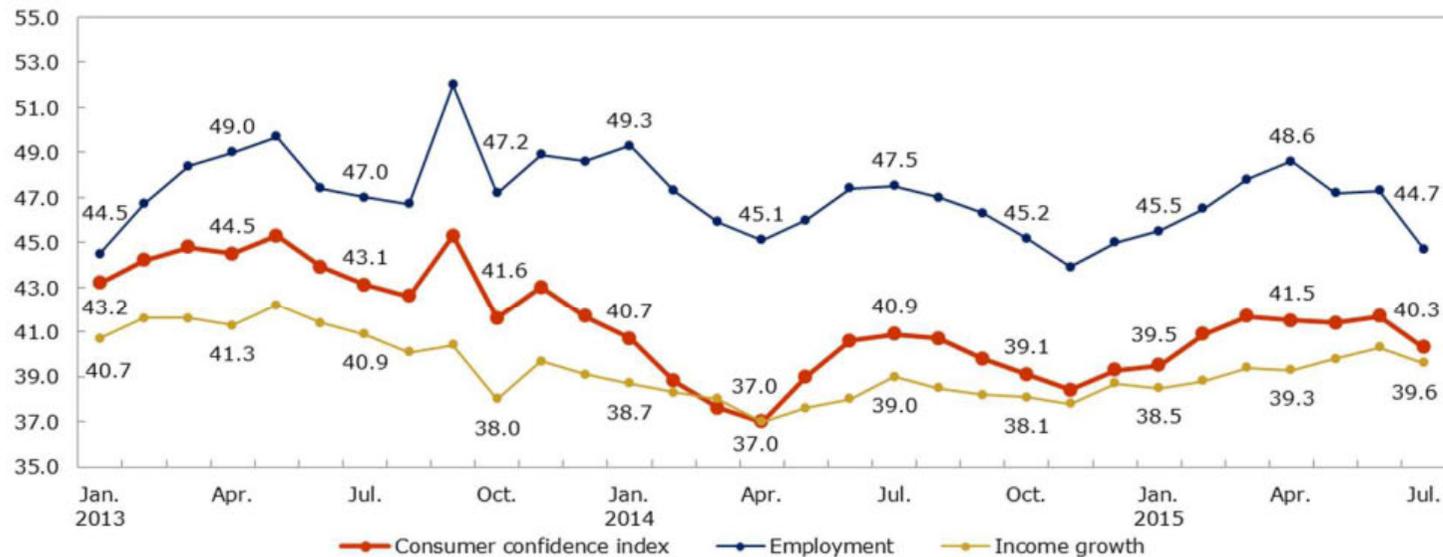
Total cash earnings



July 2015 figures are based on preliminary data

(Source)
Prepared by the Asset Manager based on "Monthly Labour Survey (establishments with 5 or more employees)" by the Ministry of Health, Labour and Welfare.

Consumer confidence survey



(Source)
Prepared by the Asset Manager based on "Consumer Confidence Survey" by the Cabinet Office.

5. Appendix



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 by creating microcosms of nature through promotion of landscaping
- Promotion of low carbon cities by introducing various energy-efficient systems
- Promotion of resource recycling based on the 3Rs (reduce, reuse, and recycle)

Business continuity planning ("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 and ARK Hills certified as "urban oasis" in inaugural year

Roppongi Hills and ARK Hills were selected as certified greenery areas under the "urban oasis" certification system of Organization for Landscape and Urban Green Infrastructure, which evaluates openness, community and contribution to the environment, in the first fiscal year of the system.



<Environmental Policy >

1. Cities and nature existing in harmony

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

2. Low carbon cities

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

3. Resource recycling

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

4. Compliance and maintenance of an environmental management system

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

5. Environmental education and awareness building activities

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

6. Disclosure of environmental information

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

5-2 Superior environmental performance

Acquisition of Highest Rank in CASBEE Real Estate Certification System

- 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 have high environmental performance and value.
- 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: ★★★★★

Acquired highest rank in DBJ Green Building Certification

- DBJ Green Building Certification is a certification system of Development Bank of Japan Inc. to evaluate advanced measures by businesses that provide real estate having both high environmental and social awareness.
- ARK Hills South Tower acquired certification ranking of "Properties with the best class environmental & social awareness," the highest rank.



ARK Hills South Tower

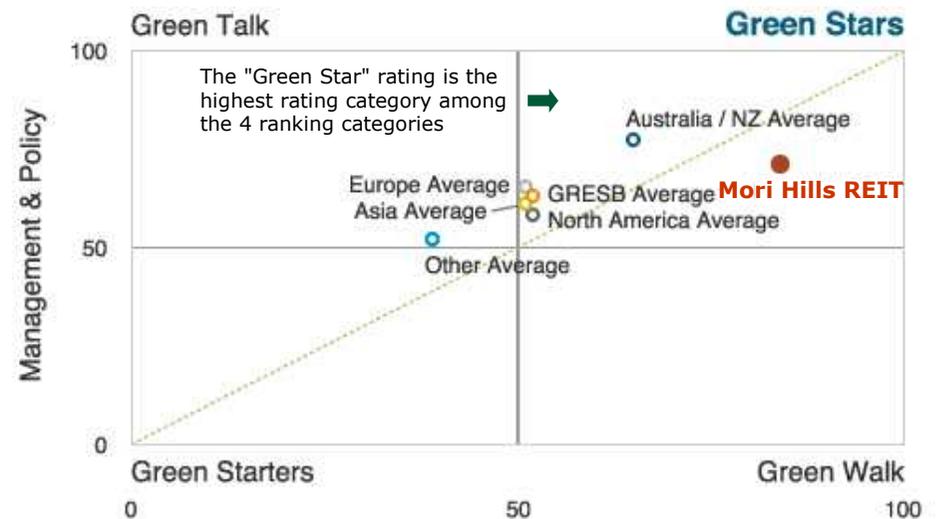
Acquired GRESB Green Star Rating

In the 2015 GRESB Survey, MHR received Green Star rating, and earned a score that ranks it No. 1 out of the participants investing mainly in offices in Japan.



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.

<GRESB Four-Quadrant Model Scores by Region>



(Source) Created by the Asset Manager based on the "2015 GRESB Report" of the Global Real Estate Sustainability Benchmark (GRESB)

5-3 Financial highlights

Indices	Previous period (17th period) From August 1, 2014 to January 31, 2015	Current period (18th period) From February 1, 2015 to July 31, 2015	
Net income	3,616mn yen	3,716mn yen	
Depreciation and amortization	892mn yen	858mn yen	
CAPEX	35mn yen	130mn yen	
Total assets	295,026mn yen	295,332mn yen	
Total net assets	154,140mn yen	154,240mn yen	
Total net assets/unit (BPS)	98,175 yen	98,239 yen	Total net assets/Total units outstanding
Unit price (as of end of period)	166,600 yen	145,300 yen	
Total units outstanding	1,570,040units	1,570,040units	
Total dividends	3,615mn yen	3,716mn yen	
Dividend/unit	2,303 yen	2,367 yen	
Dividend yield	2.7%	3.3%	Dividend per unit (annualized)/Unit price as of end of period
FFO	4,508mn yen	4,574mn yen	Net income + Depreciation and amortization
FFO/unit	2,871 yen	2,913 yen	(Net income + Depreciation and amortization)/Total units outstanding
Annualized	5,696 yen	5,875 yen	
FFO multiple	29.2x	24.7x	Unit price as of end of period/FFO per unit (annualized)
PER	36.4x	30.4x	Unit price as of end of period/Net income per unit (average during the periods, annualized)
PBR	1.7x	1.5x	Unit price as of end of period/Net assets per unit
ROA	1.3%	1.3%	Ordinary income/Average of total assets during the period
Annualized	2.6%	2.5%	
ROE	2.6%	2.4%	Net income/Average of total net assets during the period
Annualized	5.1%	4.9%	
NAV	156,479mn yen	160,076mn yen	Total net assets + Total appraisal value - Total book value - Total liabilities
NAV/unit	99,665 yen	101,957 yen	
NAV multiple	1.7x	1.4x	Unit price as of end of period/NAV per unit
Interest-bearing debt	130,200mn yen	130,200mn yen	
LTV (book value basis)	44.1%	44.1%	Interest-bearing debt/Total assets
LTV (appraisal value basis)	43.8%	43.2%	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.

5-4 Balance sheet

(thousand yen)

	Previous period (17th period) As of January 31, 2015	Current period (18th period) As of July 31, 2015
Assets		
Current assets	17,439,832	18,384,631
Cash and deposits	5,871,909	7,332,973
Cash and deposits in trust	10,802,256	10,701,100
Other	765,666	350,558
Noncurrent assets	277,370,241	276,741,549
Property, plant and equipment	245,968,092	245,237,847
Intangible assets	30,656,475	30,659,021
Investments and other assets	745,673	844,680
Deferred assets	216,053	206,343
Total assets	295,026,127	295,332,524

(thousand yen)

	Previous period (17th period) As of January 31, 2015	Current period (18th period) As of July 31, 2015
Liabilities		
Current liabilities	41,640,681	23,646,747
Current portion of investment corporation bonds	10,000,000	5,000,000
Current portion of long-term loans payable	30,200,000	17,000,000
Other	1,440,681	1,646,747
Noncurrent liabilities	99,245,319	117,445,335
Investment corporation bonds	14,000,000	19,000,000
Long-term loans payable	76,000,000	89,200,000
Lease and guarantee deposited in trust	9,245,319	9,245,335
Total liabilities	140,886,000	141,092,082
Net assets		
Unitholders' equity	154,140,126	154,240,441
Unitholders' capital	150,418,135	150,418,135
Total surplus	3,721,991	3,822,306
Voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	3,616,747	3,717,062
Total net assets	154,140,126	154,240,441
Total liabilities and net assets	295,026,127	295,332,524

5-5 Income statement

(thousand yen)

	Previous period (17th period) From August 1, 2014 to January 31, 2015	Current period (18th period) From February 1, 2015 to July 31, 2015		
Operating revenue	6,506,600	6,516,011		
Rent revenue of real estate	6,391,443	6,405,171		
Other rent revenue of real estate	115,157	110,840	Parking revenue	16,780
Operating expenses	2,072,052	2,087,535	Utilities and other revenue	93,870
Expenses of real estate rent	1,783,510	1,788,573	Cancellation penalty	190
Asset management fee	196,803	200,382	Property management fees	269,168
Directors' compensation	5,400	5,400	Property taxes	416,594
Asset custody fee	6,582	7,375	Utilities	91,734
Administrative service fees	17,484	18,585	Maintenance and repairs	21,720
Other operating expenses	62,270	67,218	Insurance premium	13,174
Operating income	4,434,548	4,428,476	Custodian fees	6,718
Non-operating income	2,221	4,085	Depreciation and amortization	857,712
Interest income	1,265	1,709	Rent expenses	103,842
Exclusion gain of unpaid dividend	956	1,623	Other lease business expenses	7,906
Other	—	752		
Non-operating expenses	819,044	715,612		
Interest expenses	427,978	373,009		
Interest expenses on investment corporation bonds	136,711	112,389		
Amortization of investment corporation bonds issuance cost	14,479	14,313		
Borrowing expenses	210,774	186,779		
Amortization of investment unit issuance cost	27,253	27,253		
Other	1,848	1,867		
Ordinary income	3,617,725	3,716,949		
Income before income taxes	3,617,725	3,716,949		
Net income	3,616,463	3,716,116		
Unappropriated retained earnings	3,616,747	3,717,062		

5-6 Statement of cash flows/Retained earnings

Statement of cash flows

(thousand yen)

	Previous period (17th period) From August 1, 2014 to January 31, 2015	Current period (18th period) From February 1, 2015 to July 31, 2015
Net cash provided by (used in) operating activities	3,821,596	5,139,322
Income before income taxes	3,617,725	3,716,949
Depreciation and amortization	892,290	858,200
Amortization of investment corporation bonds issuance cost	14,479	14,313
Amortization of investment unit issuance cost	27,253	27,253
Interest income	△ 1,265	△ 1,709
Exclusion gain of unpaid dividend	△ 956	△ 1,623
Interest expenses	564,689	485,398
Decrease (increase) in operating accounts receivable	4,156	2,738
Decrease (increase) in consumption taxes refund receivable	△ 403,028	403,028
Increase (decrease) in operating accounts payable	△ 14,133	6,049
Increase (decrease) in accounts payable—other	△ 10,723	150
Increase (decrease) in accrued expenses	△ 20,884	4,842
Increase (decrease) in accrued consumption taxes	△ 166,894	223,573
Increase (decrease) in advances received	41,904	2,839
Increase (decrease) in deposits received	1,045	929
Decrease (increase) in prepaid expenses	26,413	9,317
Decrease (increase) in long-term prepaid expenses	△ 182,019	△ 99,006
Other, net	53	—
Subtotal	4,390,105	5,653,245
Interest income received	1,265	1,709
Interest expenses paid	△ 568,671	△ 514,271
Income taxes paid	△ 1,103	△ 1,361

(thousand yen)

	Previous period (17th period) From August 1, 2014 to January 31, 2015	Current period (18th period) From February 1, 2015 to July 31, 2015
Net cash provided by (used in) investing activities	△ 28,061,555	△ 133,381
Purchase of intangible assets	△ 3,870	—
Purchase of property, plant and equipment in trust	△ 29,227,037	△ 124,785
Purchase of intangible assets in trust	△ 904	△ 3,656
Repayments of lease and guarantee deposited in trust	△ 61,079	△ 34,718
Proceeds from lease and guarantee deposited in trust	1,231,336	29,777
Net cash provided by (used in) financing activities	26,929,256	△ 3,646,033
Proceeds from short-term loans payable	2,000,000	—
Repayments of short-term loans payable	△ 2,000,000	—
Proceeds from long-term loans payable	22,000,000	14,700,000
Repayments of long-term loans payable	△ 17,000,000	△ 14,700,000
Proceeds from issuance of investment corporation bonds	1,981,879	4,968,145
Redemption of investment corporation bonds	△ 3,000,000	△ 5,000,000
Proceeds from issuance of investment units	25,923,627	—
Dividends paid	△ 2,976,250	△ 3,614,179
Net increase (decrease) in cash and cash equivalents	2,689,297	1,359,907
Cash and cash equivalents at beginning of the period	13,984,868	16,674,166
Cash and cash equivalents at the end of the period	16,674,166	18,034,073

Retained earnings

(yen)

	Previous period (17th period) From August 1, 2014 to January 31, 2015	Current period (18th period) From February 1, 2015 to July 31, 2015
I Unappropriated retained earnings	3,616,747,766	3,717,062,508
II Amount of dividends	3,615,802,120	3,716,284,680
Amount of dividends per unit	2,303	2,367
III Retained earnings carried forward	945,646	777,828

5-7 Status of income and expenditures (1)

(thousand yen)

Property number	O-0			O-1			O-4			O-6		
Property name	Roppongi Hills Mori Tower			ARK Mori Building			Koraku Mori Building			Akasaka Tameike Tower		
Period	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	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	100%	100%	0.0PT	100%	100%	0.0PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0.0PT	99.4%	100%	0.6PT	100%	100%	0.0PT
Number of tenants	1	1	0	1	1	0	18	18	0	1	1	0
Acquisition price	57,280,000			62,480,000			27,200,000			43,930,000		
Rent revenue of real estate	1,431,297	1,431,297	—	1,271,693	1,271,693	—	621,068	635,028	13,959	666,446	666,446	—
Other rent revenue of real estate	—	—	—	—	—	—	113,565	109,606	△ 3,958	289	289	—
Total property operating revenue	1,431,297	1,431,297	—	1,271,693	1,271,693	—	734,633	744,634	10,000	666,735	666,735	—
Property management fees	122,722	122,722	—	6,000	6,000	—	62,116	64,563	2,447	3,000	3,000	—
Property taxes(Note 1)	86,793	98,509	11,715	74,092	73,537	△ 555	31,343	31,049	△ 293	42,547	42,274	△ 272
Utilities	—	—	—	—	—	—	88,918	88,828	△ 90	—	—	—
Maintenance and repairs	—	—	—	370	—	△ 370	1,029	5,991	4,961	—	—	—
Insurance premium	2,025	2,060	35	1,817	1,886	68	1,773	1,766	△ 6	2,073	2,042	△ 31
Depreciation and amortization (1)	229,004	230,096	1,092	89,783	79,995	△ 9,787	129,379	129,376	△ 2	173,256	146,854	△ 26,401
Other expenses (Note 2)	140	358	218	2,745	2,844	98	68,795	68,795	0	905	1,051	146
Total property operating expense	440,686	453,747	13,061	174,809	164,265	△ 10,544	383,354	390,371	7,016	221,783	195,223	△ 26,559
Property operating income (2)	990,611	977,549	△ 13,061	1,096,883	1,107,428	10,544	351,279	354,263	2,983	444,952	471,512	26,559
NOI (3) ((1)+(2))	1,219,615	1,207,646	△ 11,969	1,186,666	1,187,424	757	480,658	483,639	2,981	618,209	618,367	157
Annualized NOI	2,419,346	2,435,308	15,962	2,353,985	2,394,529	40,543	953,479	975,295	21,815	1,226,339	1,246,983	20,644
Annualized NOI/ Acquisition price	4.2%	4.3%	0.0PT	3.8%	3.8%	0.1PT	3.5%	3.6%	0.1PT	2.8%	2.8%	0.0PT
Capex (4)	—	29,482	29,482	2,122	15,004	12,881	1,320	688	△ 632	22,333	35,407	13,074
NCF (3)-(4)	1,219,615	1,178,163	△ 41,451	1,184,543	1,172,420	△ 12,123	479,337	482,951	3,613	595,875	582,959	△ 12,916

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

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

5-8 Status of income and expenditures (2)

(thousand yen)

Property number	O-7			O-8			R-1			R-3		
Property name	Atago Green Hills			ARK Hills South Tower			Moto-Azabu Hills			Roppongi First Plaza		
Period	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference
Operation days	184days	181days	△ 3days	184days	181days	△ 3days	184days	181days	△ 3days	184days	181days	△ 3days
Occupancy rate	100%	100%	0.0PT	100%	100%	0PT	100%	82.8%	△ 17.2PT	100%	95.4%	△ 4.6PT
Avg. Occupancy rate (during period)	100%	100%	0.0PT	100%	100%	0PT	95.4%	89.3%	△ 6.1PT	97.1%	97.4%	0.3PT
Number of tenants	1	1	0	1	1	0	7	6	△ 1	42	40	△ 2
Acquisition price	42,090,000			19,150,000			1,706,440			2,100,000		
Rent revenue of real estate	1,111,765	1,111,765	—	454,287	454,287	—	61,738	57,010	△ 4,727	71,679	73,282	1,603
Other rent revenue of real estate	—	—	—	—	—	—	831	755	△ 75	—	—	—
Total property operating revenue	1,111,765	1,111,765	—	454,287	454,287	—	62,569	57,766	△ 4,803	71,679	73,282	1,603
Property management fees	2,664	2,664	—	33,078	33,968	890	9,650	10,560	909	14,423	12,537	△ 1,885
Property taxes(Note 1)	70,459	69,900	△ 559	0	16,556	16,555	2,081	2,080	△ 1	7,043	7,088	45
Utilities	—	—	—	—	—	—	65	93	27	1,752	1,421	△ 330
Maintenance and repairs	—	—	—	—	—	—	2,669	10,973	8,303	6,748	1,437	△ 5,310
Insurance premium	3,775	3,618	△ 157	1,076	1,076	0	127	141	13	258	263	4
Depreciation and amortization (1)	195,471	196,421	950	44,277	44,299	22	6,855	6,941	86	11,074	11,081	6
Other expenses (Note 2)	37,053	37,079	26	86	95	9	3,735	3,698	△ 36	3,873	3,871	△ 1
Total property operating expense	309,423	309,682	259	78,518	95,995	17,477	25,186	34,489	9,302	45,174	37,703	△ 7,471
Property operating income (2)	802,341	802,082	△ 259	375,768	358,291	△ 17,477	37,382	23,276	△ 14,106	26,504	35,579	9,075
NOI (3) ((1)+(2))	997,812	998,503	690	420,046	402,591	△ 17,455	44,238	30,218	△ 14,019	37,579	46,661	9,082
Annualized NOI	1,979,356	2,013,556	34,200	833,243	811,854	△ 21,388	87,755	60,938	△ 26,817	74,545	94,095	19,550
Annualized NOI/ Acquisition price	4.7%	4.8%	0.1PT	4.4%	4.2%	△ 0.1PT	5.1%	3.6%	△ 1.6PT	3.5%	4.5%	0.9PT
Capex (4)	1,497	18,582	17,085	800	1,046	246	442	6,720	6,277	2,786	17,700	14,913
NCF (3)-(4)	996,315	979,920	△ 16,394	419,246	401,544	△ 17,701	43,795	23,498	△ 20,297	34,792	28,961	△ 5,831

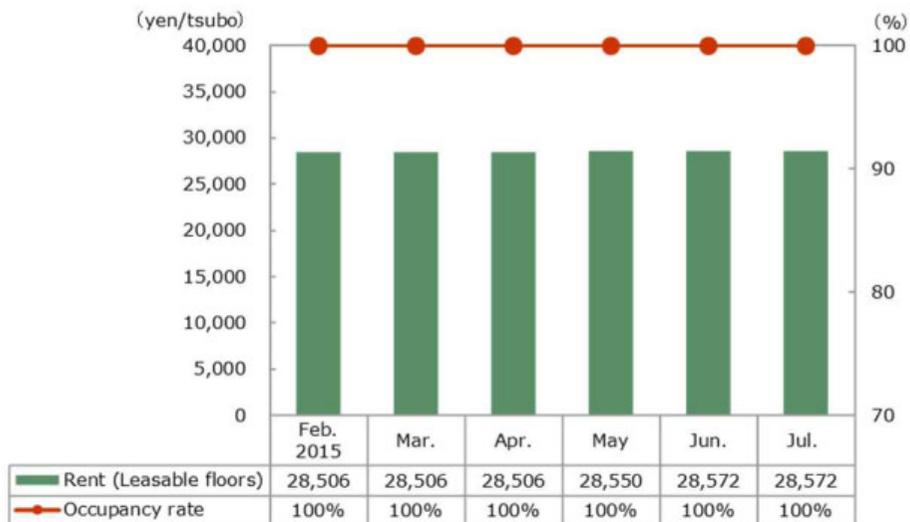
5-9 Status of income and expenditures (3)

(thousand yen)

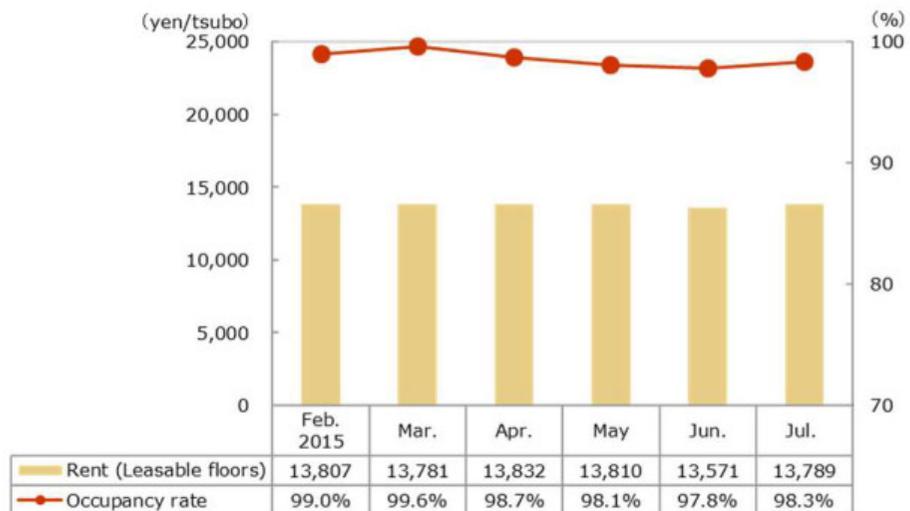
Property number	R-4			S-1			Portfolio total		
Property name	Roppongi View Tower			Laforet Harajuku (Land)					
Period	17th Jan. 2015	18th Jul. 2015	Difference	17th Jan. 2015	18th Jul. 2015	Difference	17th (Note 3) Jan. 2015	18th Jul. 2015	Difference
Operation days	184days	181days	△ 3days	184days	181days	△ 3days	184days	181days	△ 3days
Occupancy rate	94.5%	97.0%	2.5PT	100%	100%	0.0PT	99.8%	99.6%	△ 0.2PT
Avg. Occupancy rate (during period)	93.2%	95.4%	2.2PT	100%	100%	0.0PT	99.6%	99.7%	0.1PT
Number of tenants	87	89	2	1	1	0	160	159	△ 1
Acquisition price	4,000,000			21,820,000			281,756,440		
Rent revenue of real estate	87,066	89,959	2,892	614,400	614,400	—	6,391,443	6,405,171	13,727
Other rent revenue of real estate	472	190	△ 282	—	—	—	115,157	110,840	△ 4,316
Total property operating revenue	87,538	90,149	2,610	614,400	614,400	—	6,506,600	6,516,011	9,411
Property management fees	13,532	13,151	△ 380	—	—	—	267,187	269,168	1,981
Property taxes (Note 1)	10,802	10,837	34	61,926	64,759	2,833	387,091	416,594	29,503
Utilities	1,430	1,391	△ 38	—	—	—	92,167	91,734	△ 432
Maintenance and repairs	3,343	3,317	△ 26	—	—	—	14,162	21,720	7,557
Insurance premium	335	319	△ 15	—	—	—	13,264	13,174	△ 89
Depreciation and amortization (1)	12,459	12,644	184	—	—	—	891,561	857,712	△ 33,849
Other expenses (Note 2)	743	672	△ 70	—	—	—	118,077	118,467	390
Total property operating expense	42,647	42,335	△ 312	61,926	64,759	2,833	1,783,510	1,788,573	5,062
Property operating income (2)	44,891	47,814	2,923	552,474	549,640	△ 2,833	4,723,089	4,727,438	4,348
NOI (3) ((1)+(2))	57,351	60,459	3,108	552,474	549,640	△ 2,833	5,614,651	5,585,150	△ 29,500
Annualized NOI	113,766	121,920	8,153	1,095,940	1,108,390	12,449	11,137,759	11,262,872	125,113
Annualized NOI/ Acquisition price	2.8%	3.0%	0.2PT	5.0%	5.1%	0.1PT	4.0%	4.0%	0.0PT
Capex (4)	3,961	5,600	1,638	—	—	—	35,265	130,232	94,967
NCF (3)-(4)	53,389	54,858	1,469	552,474	549,640	△ 2,833	5,579,385	5,454,917	△ 124,467

5-10 Tenant status

Office: Rent and occupancy rate



Residential: Rent and occupancy rate



Top 5 tenants (after the acquisition)

End tenants	Property name	Leased space (Note)	Ratio
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills ARK Hills South Tower	100,235.89 m ²	73.7%
Yahoo Japan Corporation	ARK Hills South Tower	3,841.53 m ²	2.8%
Syowa Leasing Co., Ltd.	Koraku Mori Building	2,683.90 m ²	2.0%
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06 m ²	1.9%
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88 m ²	1.6%
Total of top 5 tenants		111,443.26 m ²	82.0%

(Note) Leased space is the lease area stated in the lease contract with the end tenant. Leased space for co-owned properties is calculated by multiplying by the relevant percentage of co-ownership interest.

5-11 Debt status (as of July 31, 2015)

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Long-term	Mizuho Bank, Ltd.	6,000	0.98%	Aug. 31, 2012	Aug. 31, 2015
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Banking Corporation	2,000	1.19% (Note)	Aug. 31, 2012	Aug. 31, 2016
	Aozora Bank, Ltd.				
	Shinsei Bank, Limited				
	Mizuho Bank, Ltd.	9,500	1.04% (Note)	Nov. 30, 2012	Nov. 30, 2015
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Banking Corporation	10,000	0.84% (Note)	Mar. 29, 2013	Mar. 31, 2018
	Sumitomo Mitsui Trust Bank, Limited				
	Sumitomo Mitsui Banking Corporation				
	Mizuho Bank, Ltd.	1,000	0.58%	Mar. 29, 2013	Mar. 31, 2016
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited	500	0.58%	Mar. 29, 2013	Mar. 31, 2016
	Aozora Bank, Ltd.				
	Development Bank of Japan, Inc.				
	Mizuho Trust & Banking Co., Ltd.	1,978	0.75% (Note)	May 31, 2013	May 31, 2017
	ORIX Bank Corporation				
	The Hiroshima Bank, Ltd.				
	Sumitomo Mitsui Trust Bank, Limited	10,500	0.78% (Note)	Sep. 30, 2013	Sep. 30, 2018
	Sumitomo Mitsui Banking Corporation				
	Mizuho Bank, Ltd.				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,600	0.38%	Nov. 29, 2013	Nov. 30, 2017
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited				
	Aozora Bank, Ltd.	1,000	0.43%	Nov. 29, 2013	May 31, 2019
	Development Bank of Japan, Inc.				
	The Norinchukin Bank				
	The Bank of Fukuoka, Ltd.	11,400	0.48%	Nov. 29, 2013	Nov. 30, 2019
	Resona Bank, Limited.				
	Shinsei Bank, Limited				
Mizuho Trust & Banking Co., Ltd.	11,000	0.38%	May 30, 2014	May 31, 2019	
The Norinchukin Bank					
The Bank of Fukuoka, Ltd.					

	Lender	Balance (mn yen)	Rate of interest	Borrowing date	Maturity date
Long-term	Mizuho Bank, Ltd.	2,022	0.43%	May 30, 2014	May 31, 2020
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Banking Corporation	5,000	0.43%	Aug. 1, 2014	May 31, 2020
	Mizuho Bank, Ltd.				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
	Mitsubishi UFJ Trust and Banking Corporation	2,000	0.38%	Aug. 29, 2014	Aug. 31, 2019
	Sumitomo Mitsui Banking Corporation				
	Mizuho Bank, Ltd.				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,500	0.38%	Aug. 29, 2014	Aug. 31, 2019
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited				
	Resona Bank, Limited.	6,000	0.62% (Note)	Nov. 28, 2014	Nov. 30, 2020
	Sumitomo Mitsui Banking Corporation				
	Mizuho Bank, Ltd.				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,500	0.75% (Note)	Nov. 28, 2014	Nov. 30, 2021
	Mitsubishi UFJ Trust and Banking Corporation				
	Sumitomo Mitsui Trust Bank, Limited				
	Sumitomo Mitsui Banking Corporation	1,700	0.80%	Mar. 27, 2015	Mar. 27, 2023
	Mizuho Bank, Ltd.				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.				
Mitsubishi UFJ Trust and Banking Corporation	6,500	0.57% (Note)	May 29, 2015	May 31, 2021	
Sumitomo Mitsui Trust Bank, Limited					
Sumitomo Mitsui Banking Corporation					
Mizuho Bank, Ltd.	6,500	0.70% (Note)	May 29, 2015	May 31, 2022	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
Mitsubishi UFJ Trust and Banking Corporation					
Sumitomo Mitsui Trust Bank, Limited	Total	106,200	-	-	-

(Note) 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	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
	10th Series (Unsecured)	3,000	0.41%	Feb. 24, 2014	Feb. 22, 2019
	11th Series (Unsecured)	2,000	0.69%	Feb. 24, 2014	Feb. 24, 2021
	12th Series (Unsecured)	2,000	0.87%	Nov. 27, 2014	Nov. 27, 2024
	13th Series (Unsecured)	3,000	0.32%	May 26, 2015	May 26, 2020
	14th Series (Unsecured)	2,000	0.82%	May 26, 2015	May 26, 2025
	Total		24,000	-	-

5-12 Unit price performance since IPO

Relative price performance (Since IPO~July 31, 2015)



(Source) Bloomberg

(Note) Rebased to 100 as per IPO price

Since IPO ~ July 31, 2015

Period	Unit price
1st (January 2007)	1,100,000 yen
2nd (July 2007)	1,080,000 yen
3rd (January 2008)	716,000 yen
4th (July 2008)	465,000 yen
5th (January 2009)	265,000 yen
6th (July 2009)	352,000 yen
7th (January 2010)	264,900 yen
8th (July 2010)	177,300 yen
9th (January 2011)	281,000 yen
10th (July 2011)	258,100 yen

Period	Unit price
11th (January 2012)	252,200 yen
12th (July 2012)	330,500 yen
13th (January 2013)	485,000 yen
14th (July 2013)	548,000 yen
15th (January 2014)	135,900 yen
16th (July 2014)	151,100 yen
17th (January 2015)	166,600 yen
18th (July 2015)	145,300 yen

(Reference: before split of investment units)

IPO Price	750,000 yen
Opening price at listing	874,000 yen

High (in trade)	1,460,000 yen (May 8, 2007)
Low (in trade)	168,200 yen (August 12, 2010)

(Reference: after split of investment units)

High (in trade)	183,600 yen (January 15, 2015)
Low (in trade)	122,300 yen (February 6, 2014)

(Note) Implemented a 5-for-1 investment unit split on February 1, 2014 (effective date)

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

Investments focusing on Premium Properties

Among properties that are located in Tokyo's five central 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 Properties〉
〈Retail Facilities〉

Premium Properties

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

(Note 1) Tokyo's five central wards: Minato, Chiyoda, Chuo, Shinjuku and Shibuya ward
 (Note 2) Three-A area: Akasaka and Roppongi area, Aoyama and Harajuku area and Azabu and Hiroo area
 (Note 3) Ratios are based on the acquisition prices.
 (Note 4) Tokyo Metropolitan Area: Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture
 (Note 5) Principal Regional Cities: Government-designated cities outside the Tokyo metropolitan area and other major cities nationwide

Office building focus

Office building

50% or more

Tokyo's five central wards focus

Tokyo's five central wards and their vicinity

50% or more

(Tokyo Metropolitan Area: 80% or more)

Earthquake-resistance focus

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

5-14 Organization Structure

Corporate Governance

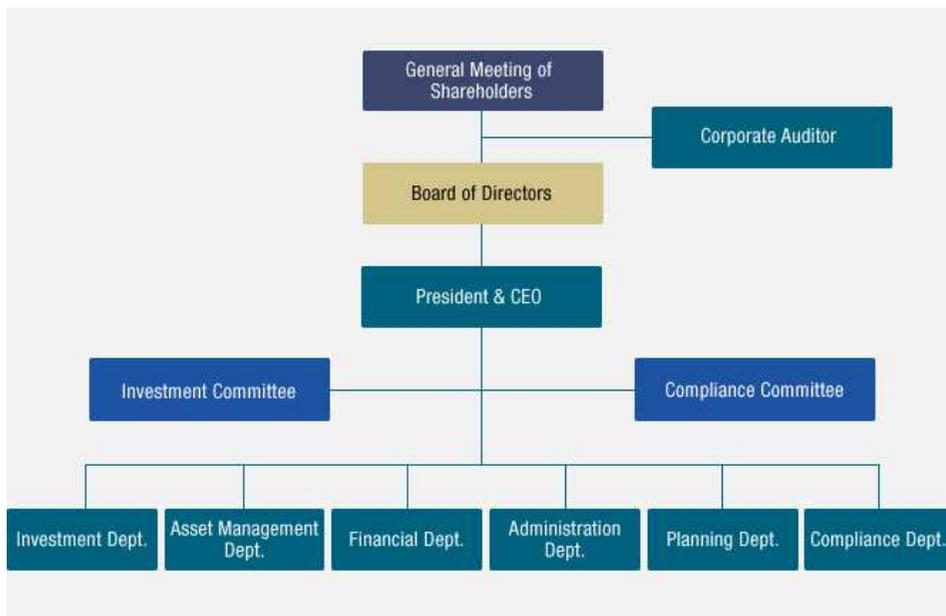
Corporate Governance

MHR shall have at least one executive director and at least two supervisory directors (or, at least one more than the number of the executive directors), and the board of directors shall be comprised of the executive directors and supervisory directors.

In addition to a general meeting of unitholders, which shall be composed of unitholders, MHR's structure consists of one executive director, three supervisory directors, the board of directors and an accounting auditor.

Structure of Asset Manager for the Investment Corporation

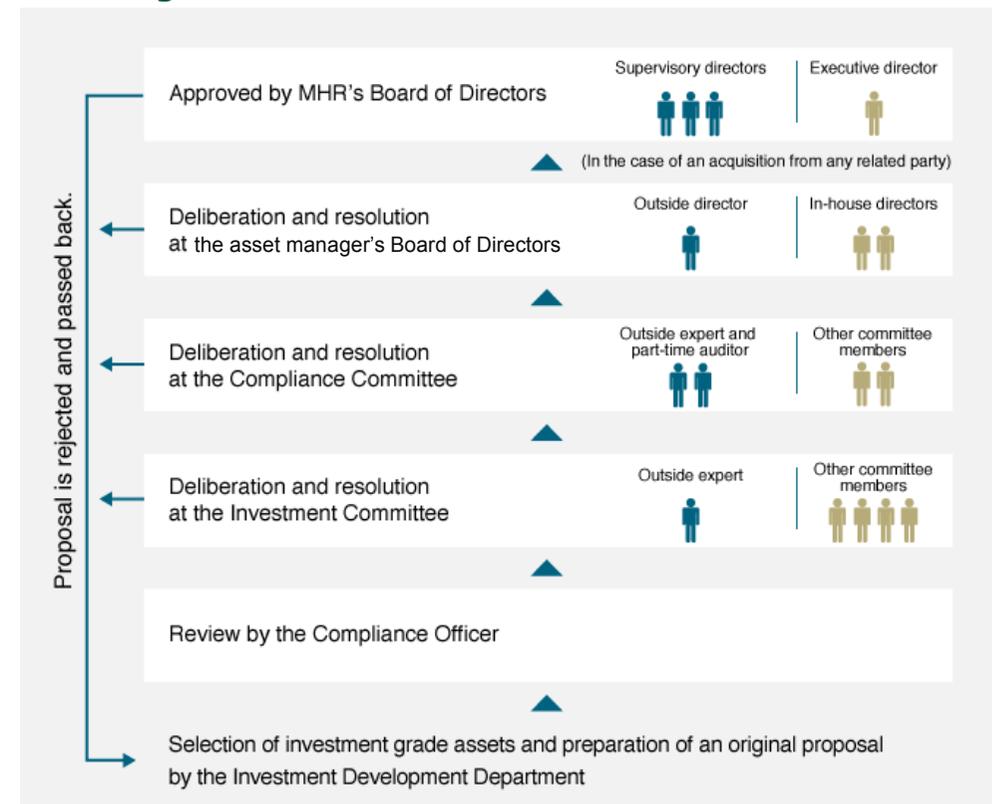
MHR entrusts the management of its assets to the asset manager. The following is the organizational structure of the asset manager.



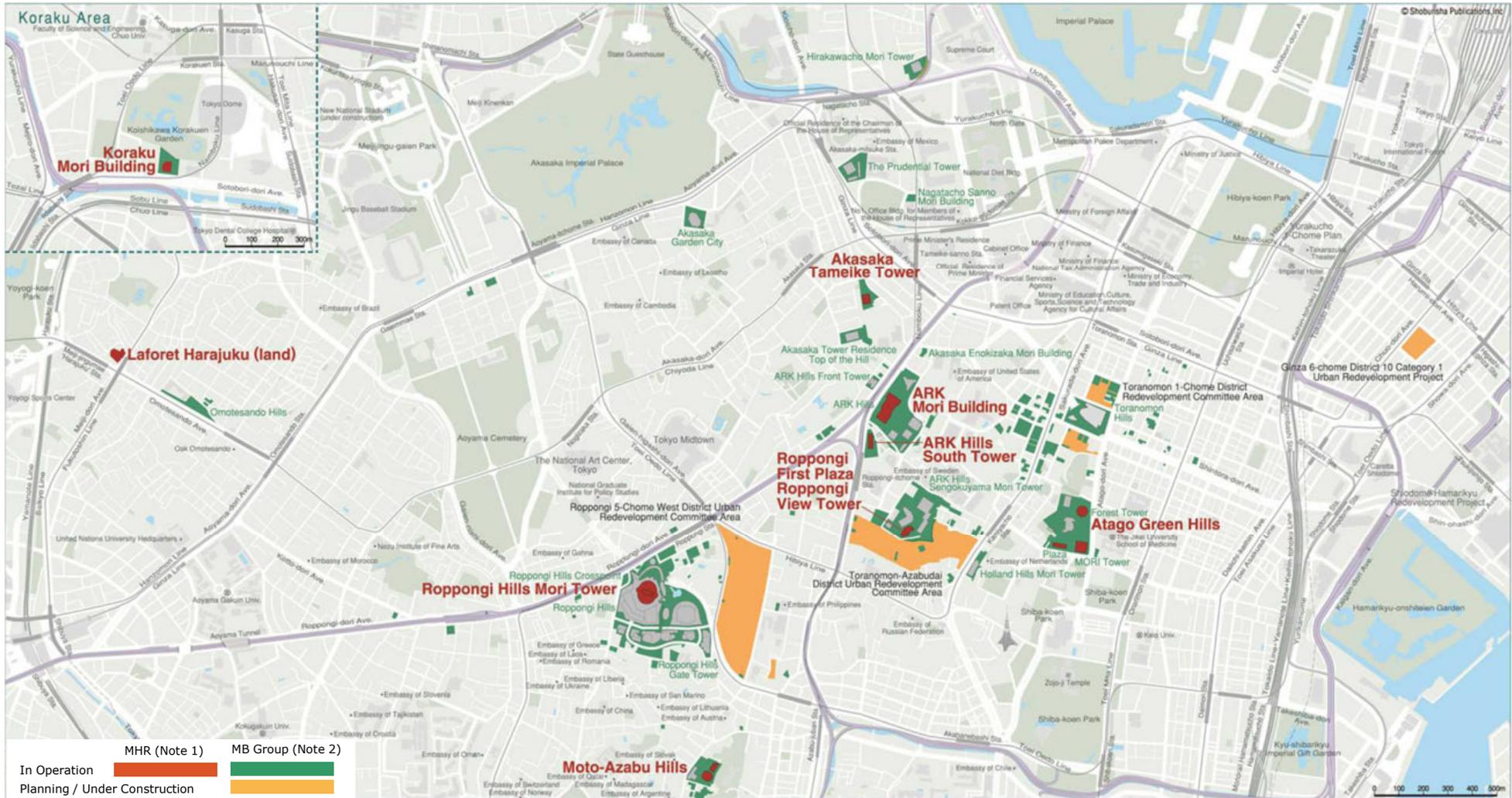
Compliance

The asset manager shall perform its business in good faith and with the due care of a prudent manager for MHR in line with the purpose of the investment management business, and be well aware that failure to ensure thorough compliance, especially inappropriate transactions or transactions involving conflicts of interest with the sponsor company group, may undermine investors' trust in the securities markets, the corporate management base of MHR and the asset manager. Therefore, the asset manager will use its efforts to prevent any negative impact from transactions involving conflicts of interest and carry out strict compliance as follows.

Process to Counter Transactions Involving Conflicts of Interest



5-15 Portfolio Map



(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2015."

(Note 1) Some of the properties have been partially acquired and held by MHR.

(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

5-16 Portfolio overview (after the acquisition)

Type	Office building			Office building (Partly residential)			Office building	Residential			Retail		
Photo													
Premium	Premium	Premium	Premium	Premium	Premium			Premium	Premium	Premium	-	Premium	
Property name	Roppongi Hills Mori Tower	ARK Mori Building	Koraku Mori Building	Akasaka Tameike Tower	Atago Green Hills MORI Tower Forest Tower Plaza			ARK Hills South Tower	Moto-Azabu Hills Forest Tower Forest Terrace	Roppongi First Plaza	Roppongi View Tower	Laforet Harajuku (Land)	
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	Roppongi, Minato-ku, Tokyo	Motoazabu, Minato-ku, Tokyo	Roppongi, Minato-ku, Tokyo		Jingumae, Sibuya-ku, Tokyo	
Completion	Apr.2003	Mar.1986 <small>(large-scale renovation in 2005)</small>	Mar.2000	Sep.2000	Jul.2001	Oct.2001	Jul.2001	Jul.2013	May.2002	Oct.1993		-	
Building age	12years 5months	29years 5months	15years 5months	15years 0months	14years1months	13years10months	14years1months	2years1months	13years4months	21years10months		-	
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	20 above ground, 4 below	29 above ground, 3 below	6 above ground, 1 below	20 above ground, 1 below	-	
Gross floor area	approx. 442,150m ²	approx. 177,486m ²	approx. 46,154m ²	approx. 46,971m ²	approx. 85,266m ²	approx. 60,815m ²	approx. 2,083m ²	approx. 53,043m ²	approx. 54,006m ²	approx. 22,906m ²		-	
Ownership (Note 1)	Land	Co-ownership (approx. 10.6%)	Co-ownership (approx. 10.9%)	Leased	Co-ownership (approx. 56.4%)	Co-ownership (approx. 28.8%)		Co-ownership (approx. 25%)	Co-ownership (approx. 3.9%)	Co-ownership (approx. 47%)	Co-ownership (approx. 46%)	Ownership	
	Building	Compartmentalized ownership (approx. 8.2%)	Compartmentalized ownership (approx. 17.9%)	Compartmentalized ownership (approx. 57.9%)	Compartmentalized ownership (approx. 65.5%)	Co-ownership (approx. 32.9%)		Co-ownership (approx. 25%)	Compartmentalized ownership (approx. 3.2%)	Compartmentalized ownership (approx. 46.4%)	Compartmentalized ownership (approx. 44.7%)	-	
PML (Note 2)	0.59%	0.78%	0.73%	1.79%	2.35%	2.34%	5.94%	1.56%	0.57%	1.27%	2.20%	2.20%	-
Earthquake-resistant feature (Note 3)	Seismic Damping	Seismic Damping	-	Seismic Damping	Seismic Isolators	Seismic Isolators	-	-	-				
Acquisition price (mn yen)	69,280	62,480	27,200	43,930	42,090			19,150	1,706	2,100	4,000	21,820	
Occupancy rate (Note 4)	100%	100%	100%	100%	100%			100%	82.8%	95.4%	97.0%	100%	

Average building age
16.8 years (Note 5)

Portfolio PML
1.10% (Note 2)

Total acquisition price
293,756mn 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) This indicates the figure described in the "Report on evaluation of seismic PML for portfolio" dated August 7, 2015 by Sampo Japan Nipponkoa Risk Management Inc.

(Note 3) ARK Mori Building adopts "slitwall" as earthquake-resistant feature.

(Note 4) For calculation of the "Occupancy rate" is based on the occupancy rate of July 31, 2015.

(Note 5) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on July 30, 2001.