

For Translation Purposes Only

FINANCIAL REPORT

FOR THE SEVENTEENTH FISCAL PERIOD ENDED JANUARY 31, 2015

March 17, 2015

Name of issuer :	Mori Hills REIT Investment Corporation
Stock exchange listing :	Tokyo Stock Exchange
Securities code :	3234
Website :	http://www.mori-hills-reit.co.jp/en
Representative of the investment corporation :	Hideyuki Isobe, Executive Director
Name of asset manager :	Mori Building Investment Management Co., Ltd.
Representative of the asset manager :	Hideyuki Isobe, President & CEO
Contact :	Yoshimi Nishibeppu, General Manager of Administration Department TEL: +81-3-6234-3234
Scheduled date for filing of securities report :	April 27, 2015
Scheduled date for dividends payment :	April 16, 2015
Supplementary materials for financial results :	Otherwise prepared
Analyst meeting :	Scheduled

1. PERFORMANCE FOR THE SEVENTEENTH FISCAL PERIOD ENDED JANUARY 31, 2015 (August 1, 2014 – January 31, 2015)

(1) Business Results

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Seventeenth Fiscal Period	¥6,506	12.4%	¥4,434	15.7%	¥3,617	21.4%	¥3,616	21.4%
Sixteenth Fiscal Period	¥5,788	3.2%	¥3,832	1.1%	¥2,980	6.5%	¥2,979	6.5%

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Seventeenth Fiscal Period	¥2,305	2.6%	1.3%	55.6%
Sixteenth Fiscal Period	¥2,151	2.3%	1.1%	51.5%

(2) Dividends

	Dividends per Unit (excluding dividends in excess of earnings)	Total Dividends (excluding dividends in excess of earnings)	Dividends in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Seventeenth Fiscal Period	¥2,303	¥3,615 million	¥0	¥0 million	99.9%	2.4%
Sixteenth Fiscal Period	¥2,151	¥2,978 million	¥0	¥0 million	99.9%	2.3%

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
Seventeenth Fiscal Period	¥295,026 million	¥154,140 million	52.2%	¥98,175
Sixteenth Fiscal Period	¥263,310 million	¥127,415 million	48.4%	¥92,001

(4) Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of the Period
Seventeenth Fiscal Period	¥3,821 million	(¥28,061 million)	¥26,929 million	¥16,674 million
Sixteenth Fiscal Period	¥4,216 million	(¥100 million)	(¥2,827 million)	¥13,984 million

2. FORECAST OF RESULTS FOR THE EIGHTEENTH FISCAL PERIOD ENDING JULY 31, 2015 (February 1, 2015 – July 31, 2015)

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

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Eighteenth Fiscal Period	¥6,514	0.1%	¥4,431	(0.1%)	¥3,706	2.5%	¥3,705	2.5%

	Dividends per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Eighteenth Fiscal Period	¥2,360	¥0

(Reference) Estimated net income per unit for the eighteenth fiscal period: ¥2,360

3. OTHER

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

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

(2) Number of Units Issued and Outstanding

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

Seventeenth fiscal period:	1,570,040 units	Sixteenth fiscal period:	1,384,925 units
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- (b) Number of own units at end of the period

Seventeenth fiscal period:	0 units	Sixteenth fiscal period:	0 units
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- (Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Per Unit Information” on page 28.

*Presentation of the status of implementation of audit procedures

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

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

The forecast of results and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Mori Hills REIT Investment Corporation (the “Company”). Accordingly, actual results, etc. may differ materially due to a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts. For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Eighteenth Fiscal Period Ending July 31, 2015 (February 1, 2015 – July 31, 2015) and the Nineteenth Fiscal Period Ending January 31, 2016 (August 1, 2015 – January 31, 2016)” presented on pages 8 to 9.

1. AFFILIATED CORPORATIONS OF THE INVESTMENT CORPORATION

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” in the most recent securities report (submitted on October 29, 2014).

2. MANAGEMENT POLICY AND MANAGEMENT STATUS

(1) Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Targets” and “Distribution Policy” in the most recent securities report (submitted on October 29, 2014).

(2) Management Status

(a) Overview of the Fiscal Period

a) Brief Background of the Investment Corporation

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

In the fiscal period under review (seventeenth fiscal period: August 1, 2014 to January 31, 2015), the Company held a public offering, etc. (185,115 units were offered including a third-party allotment through an over-allotment). As of the end of the seventeenth fiscal period, the total number of investment units issued and outstanding was 1,570,040.

b) Investment Environment and Business Performance

(i) Investment Environment

In the seventeenth fiscal period, the Japanese economy maintained a trend of modest economic recovery supported by various Japanese government and Bank of Japan policies. The drop-off in consumer demand, which followed the last-minute demand spike before the consumption tax rate increase, has continued to ease. With corporate earnings improving, capital investment increased modestly and public investment also hovered at a high level. In addition, with the employment environment steadily improving, private consumption remained steady and housing investment which had been affected by the drop-off after the pre-consumption tax demand spike showed signs of leveling out.

Within this economic environment, the rental office building market continued its ongoing improvement in supply-demand balance, centering on large blue-chip properties. This improvement was largely due to the limited new supply of large-scale office buildings in central Tokyo, along with demand for expansion and relocation driven by the expansion in employment in line with the economic recovery. In the luxury rental housing market, vacancy rates decreased, despite an increase in new supply, due to enduring demand backed by recovery of corporate performance, and effective rent levels remained steady. In the real estate trading market, a continuing favorable fund procurement environment and expectations of improvement in rental market conditions contributed to transaction amounts remaining at a high level and helped lead to the completion of a number of large property transactions, despite the increasingly competitive property acquisition environment driven by an ongoing expansion of market participants.

(ii) Business Performance

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

The Company’s real estate portfolio, as of the end of the seventeenth fiscal period, was comprised of 10 properties (Note 1) under management with a total leasable area of 132,003.82 m². The Company has already invested 281,756 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the seventeenth fiscal period (Note 2) was 99.8%.

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

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

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

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

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

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

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

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

- i) 45% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 20.0% of total exclusive floor area) on May 1, 2012.
- ii) 29% trust beneficiary interest quasi co-ownership interest in co-ownership interest in ownership and compartmentalized ownership of Atago Green Hills' 3 buildings (MORI Tower, Forest Tower and

Plaza), as well as co-ownership interest in ownership of the sites and quasi co-ownership interest in leasehold right and easement of the sites (approximately 12.9% of total exclusive floor area) on April 1, 2013.

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

c) Overview of Fund Procurement

During the seventeenth fiscal period, the Company issued investment units in the amount of 26,087 million yen (the amount which was contributed to the Company) and took out short-term loans payable in the amount of 2,000 million yen and long-term loans payable in the amount of 5,000 million yen to be used as funds for the acquisition of new properties. Then the Company repaid the entire amount of the aforementioned short-term loans using cash in hand. In addition, for the refinancing of existing long-term loans payable in the amount of 17,000 million yen and redemption of investment corporation bonds in the amount of 3,000 million yen, the Company took out long-term loans payable in the amount of 17,000 million yen, and used cash in hand in the amount of 1,000 million yen for redemption, while issuing investment corporation bonds in the amount of 2,000 million yen.

As a result, as of the end of the seventeenth fiscal period, a) the balance of loans payable stands at 106,200 million yen (all of these are long-term loans payable (of which, the current portion of long-term loans payable is 30,200 million yen)), b) the balance of investment corporation bonds stands at 24,000 million yen (of which, the current portion of investment corporation bonds is 10,000 million yen), and c) the balance of interest-bearing debt stands at 130,200 million yen.

Of the loans payable, in addition to the 24,000 million yen in investment corporation bonds and 1,700 million yen in long-term loans payable that have fixed interest rates, the Company utilizes interest rate swaps to in effect convert the interest rates for loans payable that have floating interest rates into fixed interest rates in order to hedge against the risk of upward fluctuations in interest rates. Such measures have been taken for 51,478 million yen of the 104,500 million yen in long-term loans payable that have such floating interest rates (the ratio of fixed rate debt against total interest-bearing debt as of the end of the seventeenth fiscal period is 59.3%). With respect to future loans payable, the Company will strive to minimize refinancing risks by diversifying repayment dates for such loans payable.

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

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

d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording in the seventeenth fiscal period 6,506 million yen in operating revenue, 4,434 million yen in operating income, 3,617 million yen in ordinary income and 3,616 million yen in net income.

With regard to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended), the Company decided to pay out the entire amount of unappropriated retained earnings, excluding fractions of the dividend per unit that are less than 1 yen, and declared a dividend per unit of 2,303 yen.

(b) Outlook for the Next Fiscal Period

a) Future Management Policy

Pursuant to the Company's investment policy, the Company will seek to grow and increasingly enhance the profitability and value of assets under management by focusing on the competitiveness and the ability to create value attributable to "urban" areas (central Tokyo being the core area) and concentrating investment into "urban" areas. Specifically, the Company will seek to develop an urban portfolio centered on office buildings, residential properties, and retail and other facilities with competitive advantages in terms of

quality, scale, and other specifications that are expected to continue into the future and that are situated in “Premium Areas” (“Premium Properties” (Note)). The quintessential example is the “Hills” brand of large redevelopment properties exhibiting high creativity and added-value in a manner that has been developed and perfected over the years by the Mori Building Group.

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

In addition, the Company will continue to seek to maximize investor value through conducting dividend-oriented management, by pursuing further enhancement of portfolio revenue through external growth and by further strengthening its financial standing (primarily by reducing borrowing costs and extending the average duration of loans payable).

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

b) Significant Subsequent Events

Not applicable.

c) Outlook of Business Results

The Company expects the following business results for the eighteenth fiscal period (February 1, 2015 to July 31, 2015) and the nineteenth fiscal period (August 1, 2015 to January 31, 2016). For the assumptions underlying the forecasts of results, please refer to “Assumptions of Forecasts of Results for the Eighteenth Fiscal Period Ending July 31, 2015 (February 1, 2015 – July 31, 2015) and the Nineteenth Fiscal Period Ending January 31, 2016 (August 1, 2015 – January 31, 2016)” presented below.

Eighteenth Fiscal Period Ending July 31, 2015 (February 1, 2015 – July 31, 2015)

Operating revenue	¥6,514 million
Operating income	¥4,431 million
Ordinary income	¥3,706 million
Net income	¥3,705 million
Dividend per unit	¥2,360
Dividend in excess of earnings per unit	¥0

Nineteenth Fiscal Period Ending January 31, 2016 (August 1, 2015 – January 31, 2016)

Operating revenue	¥6,561 million
Operating income	¥4,420 million
Ordinary income	¥3,769 million
Net income	¥3,768 million
Dividend per unit	¥2,400
Dividend in excess of earnings per unit	¥0

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

Assumptions of Forecasts of Results for the Eighteenth Fiscal Period Ending July 31, 2015
(February 1, 2015 – July 31, 2015) and the Nineteenth Fiscal Period Ending January 31, 2016
(August 1, 2015 – January 31, 2016)

Item	Assumptions
Accounting Period	Eighteenth fiscal period: February 1, 2015 – July 31, 2015 (181 days) Nineteenth fiscal period: August 1, 2015 – January 31, 2016 (184 days)
Portfolio Assets	<ul style="list-style-type: none"> • To the 10 properties held as of the end of the fiscal period ended January 31, 2015, the Company assumes there will be no change in the portfolio assets (e.g., no acquisition of new properties nor transfers of existing properties) until the end of the fiscal period ending January 31, 2016. • However, in actual practice, the forecast may differ due to changes in the portfolio assets and other factors.
Operating Revenue	<ul style="list-style-type: none"> • Rent revenue of real estate is estimated based on lease agreements, etc., taking into account the market environment, the trends of individual tenants and other factors. • The Company assumes that there will be no delinquencies or non-payment of rents by tenants.
Operating Expenses	<ul style="list-style-type: none"> • For expenses related to the real estate leasing business, which are major operating expenses, 1,797 million yen is expected for the fiscal period ending July 31, 2015 and 1,870 million yen is expected for the fiscal period ending January 31, 2016. The expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> (i) For property taxes and city planning taxes, etc., 420 million yen (for six months) and 453 million yen (for six months) are expected for the fiscal period ending July 31, 2015 and the fiscal period ending January 31, 2016, respectively. Furthermore, property taxes and city planning taxes, etc. associated with the acquisitions of Roppongi Hills Mori Tower and ARK Hills South Tower in the fiscal period ended January 31, 2015, were settled with the seller on a pro rata basis. As the Company included the settled amount paid to the seller in the acquisition cost of real estate, 27 million yen (for three months) is expected to be recognized as operating expenses for the fiscal period ending July 31, 2015. (ii) For building maintenance and repairs, the Company recorded the estimated required amount for the respective periods (22 million yen for the fiscal period ending July 31, 2015, 34 million yen for the fiscal period ending January 31, 2016). However, please note that the actual expenses for maintenance and repairs in the respective periods may differ materially from estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to buildings and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount may vary significantly from one period to the next. (iii) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 861 million yen in the fiscal period ending July 31, 2015 and 822 million yen in the fiscal period ending January 31, 2016. (iv) For property management fees, 270 million yen is expected for the fiscal period ending July 31, 2015 and 290 million yen is expected for the fiscal period ending January 31, 2016.

Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> • For the operating expenses other than expenses related to the real estate leasing business (asset management fee, asset custody fee, administrative service fees, etc.), 285 million yen is expected for the fiscal period ending July 31, 2015 and 269 million yen is expected for the fiscal period ending January 31, 2016.
Non-Operating Expenses	<ul style="list-style-type: none"> • The Company expects to incur 380 million yen for the fiscal period ending July 31, 2015 and 343 million yen for the fiscal period ending January 31, 2016 in interest expenses, 115 million yen for the fiscal period ending July 31, 2015 and 97 million yen for the fiscal period ending January 31, 2016 in interest expenses on investment corporation bonds, and 189 million yen for the fiscal period ending July 31, 2015 and 169 million yen for the fiscal period ending January 31, 2016 in borrowing expenses. • The Company expects to incur 27 million yen for the fiscal period ending July 31, 2015 and 27 million yen for the fiscal period ending January 31, 2016 in amortization of expenses, such as those associated with issuance of new investment units for which contribution was completed in August 2014.
Interest-Bearing Debt	<ul style="list-style-type: none"> • The Company's balance of interest-bearing debt as of the end of the fiscal period ended January 31, 2015 is 130,200 million yen. • The balance of loans payable as of the end of the fiscal period ended January 31, 2015 is 106,200 million yen. The Company assumes that, of that amount, the 30,200 million yen balance of loans payable due for repayment by the end of the fiscal period ending January 31, 2016 will be refinanced in the entire amount. • The balance of investment corporation bonds as of the end of the fiscal period ended January 31, 2015 is 24,000 million yen. The Company assumes that, of that amount, the 10,000 million yen balance of investment corporation bonds due for redemption by the end of the fiscal period ending January 31, 2016 will be redeemed through issuance of investment corporation bonds of the same amount.
Issuance of Investment Units	<ul style="list-style-type: none"> • The number of investment units issued and outstanding as of the date of this document is 1,570,040 units. The Company assumes that there will be no additional issuance of investment units until the end of the fiscal period ending January 31, 2016.
Dividends per Unit (excluding dividends in excess of earnings)	<ul style="list-style-type: none"> • Dividends per unit are calculated based on the assumption that the Company will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation. • Dividends per unit may vary due to various factors, including changes in the portfolio assets, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.
Dividends in Excess of Earnings per Unit	<ul style="list-style-type: none"> • At present, the Company has no plan to make any cash distributions in excess of earnings (dividends in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • The Company assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, the Investment Trusts Association's rule, etc. that would affect the above forecasts. • The Company assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.

3. FINANCIAL STATEMENTS

(1) Balance sheet

(Unit: thousands of yen)

	As of	
	July 31, 2014	January 31, 2015
Assets		
Current assets		
Cash and deposits	4,767,774	5,871,909
Cash and deposits in trust	9,217,094	10,802,256
Operating accounts receivable	24,449	20,292
Prepaid expenses	368,726	342,312
Deferred tax assets	22	32
Consumption taxes receivable	—	403,028
Total current assets	14,378,067	17,439,832
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	51,690,121	57,421,739
Accumulated depreciation	(6,934,864)	(7,783,663)
Buildings in trust, net	44,755,257	49,638,076
Structures in trust	533,551	691,354
Accumulated depreciation	(171,921)	(191,967)
Structures in trust, net	361,630	499,386
Machinery and equipment in trust	585,420	658,996
Accumulated depreciation	(88,848)	(104,398)
Machinery and equipment in trust, net	496,572	554,597
Tools, furniture and fixtures in trust	100,164	104,045
Accumulated depreciation	(39,598)	(46,132)
Tools, furniture and fixtures in trust, net	60,566	57,913
Land in trust	149,879,429	173,099,029
Construction in progress in trust	8,024	44,927
Total property, plant and equipment	217,635,641	245,968,092
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Other intangible assets in trust	1,289	1,939
Other	4,302	3,573
Total intangible assets	30,656,554	30,656,475
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	553,654	735,673
Total investments and other assets	563,654	745,673
Total noncurrent assets	248,855,850	277,370,241
Deferred assets		
Investment corporation bonds issuance cost	76,143	79,787
Investment unit issuance cost	—	136,265
Total deferred assets	76,143	216,053
Total assets	263,310,061	295,026,127

(Unit: thousands of yen)

	As of	
	July 31, 2014	January 31, 2015
Liabilities		
Current liabilities		
Operating accounts payable	101,652	84,292
Current portion of investment corporation bonds	8,000,000	10,000,000
Current portion of long-term loans payable	31,700,000	30,200,000
Accounts payable – other	28,432	15,608
Accrued expenses	323,185	298,319
Income taxes payable	846	1,014
Accrued consumption taxes	200,785	33,891
Advances received	899,644	941,548
Deposits received	78,575	66,006
Total current liabilities	41,333,123	41,640,681
Noncurrent liabilities		
Investment corporation bonds	17,000,000	14,000,000
Long-term loans payable	69,500,000	76,000,000
Lease and guarantee deposits in trust	8,061,446	9,245,319
Total noncurrent liabilities	94,561,446	99,245,319
Total liabilities	135,894,570	140,886,000
Net assets		
Unitholders' equity		
Unitholders' capital	124,330,988	150,418,135
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	105,244	105,244
Total voluntary retained earnings	105,244	105,244
Unappropriated retained earnings	2,979,257	3,616,747
Total surplus	3,084,501	3,721,991
Total unitholders' equity	127,415,490	154,140,126
Total net assets	127,415,490	154,140,126
Total liabilities and net assets	263,310,061	295,026,127

(2) Statement of income and retained earnings

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
Operating revenue		
Rent revenue of real estate	* 1, * 2 5,670,408	* 1, * 2 6,391,443
Other rent revenue of real estate	* 1, * 2 117,707	* 1, * 2 115,157
Total operating revenue	5,788,116	6,506,600
Operating expenses		
Expenses of real estate rent	* 1, * 2 1,641,610	* 1, * 2 1,783,510
Asset management fee	216,982	196,803
Directors' compensation	5,400	5,400
Asset custody fee	6,572	6,582
Administrative service fees	15,405	17,484
Other operating expenses	69,680	* 2 62,270
Total operating expenses	1,955,650	2,072,052
Operating income	3,832,466	4,434,548
Non-operating income		
Interest income	1,287	1,265
Exclusion gain of unpaid dividend	1,596	956
Interest on refund	74	—
Total non-operating income	2,958	2,221
Non-operating expenses		
Interest expenses	470,283	427,978
Interest expenses on investment corporation bonds	145,793	136,711
Amortization of investment corporation bonds issuance cost	15,202	14,479
Borrowing expenses	220,154	210,774
Amortization of investment unit issuance cost	—	27,253
Other	3,664	1,848
Total non-operating expenses	855,099	819,044
Ordinary income	2,980,324	3,617,725
Income before income taxes	2,980,324	3,617,725
Income taxes-current	1,107	1,270
Income taxes-deferred	(7)	(9)
Total income taxes	1,100	1,261
Net income	2,979,224	3,616,463
Retained earnings brought forward	33	284
Unappropriated retained earnings	2,979,257	3,616,747

(3) Statement of changes in net assets

For the six months ended July 31, 2014

(Unit: thousands of yen)

	Unitholders' capital	Surplus		Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings	Unappropriated retained earnings			
Balance at February 1, 2014	124,330,988	105,244	2,797,305	2,902,549	127,233,537	127,233,537
Change during the period						
Dividends from surplus			(2,797,271)	(2,797,271)	(2,797,271)	(2,797,271)
Net income			2,979,224	2,979,224	2,979,224	2,979,224
Total changes of items during the period	—	—	181,952	181,952	181,952	181,952
Balance at July 31, 2014	124,330,988	105,244	2,979,257	3,084,501	127,415,490	127,415,490

For the six months ended January 31, 2015

(Unit: thousands of yen)

	Unitholders' capital	Surplus		Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings	Unappropriated retained earnings			
Balance at August 1, 2014	124,330,988	105,244	2,979,257	3,084,501	127,415,490	127,415,490
Change during the period						
Issuance of new investment units	26,087,146				26,087,146	26,087,146
Dividends from surplus			(2,978,973)	(2,978,973)	(2,978,973)	(2,978,973)
Net income			3,616,463	3,616,463	3,616,463	3,616,463
Total changes of items during the period	26,087,146	—	637,489	637,489	26,724,636	26,724,636
Balance at January 31, 2015	150,418,135	105,244	3,616,747	3,721,991	154,140,126	154,140,126

(4) Statement of cash distributions

(Unit: yen)

	For the six months ended July 31, 2014	For the six months ended January 31, 2015
I Unappropriated retained earnings	2,979,257,797	3,616,747,766
II Amount of dividends	2,978,973,675	3,615,802,120
Amount of dividends per unit	2,151	2,303
III Retained earnings carried forward	284,122	945,646
Method of calculating the amount of dividends	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 2,978,973,675 yen, which is the largest integral multiple of the number of investment units issued and outstanding (1,384,925 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings. Based on such policy, the Company has declared the total dividends to be 3,615,802,120 yen, which is the largest integral multiple of the number of investment units issued and outstanding (1,570,040 units), and not in excess of unappropriated retained earnings. In addition, the Company decided to pay out dividends of earnings in an amount not in excess of unappropriated retained earnings as stipulated in Article 37 (2) of the Company's Articles of Incorporation.

(5) Statement of cash flows

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	2,980,324	3,617,725
Depreciation and amortization	837,243	892,290
Amortization of investment corporation bonds issuance cost	15,202	14,479
Amortization of investment unit issuance cost	—	27,253
Interest income	(1,287)	(1,265)
Exclusion gain of unpaid dividend	(1,596)	(956)
Interest expenses	616,077	564,689
Decrease (increase) in operating accounts receivable	18,872	4,156
Decrease (increase) in consumption taxes receivable	67,754	(403,028)
Increase (decrease) in operating accounts payable	15,353	(14,133)
Increase (decrease) in accounts payable – other	11,921	(10,723)
Increase (decrease) in accrued expenses	14,804	(20,884)
Increase (decrease) in accrued consumption taxes	200,785	(166,894)
Increase (decrease) in advances received	21,725	41,904
Increase (decrease) in deposits received	(1,792)	1,045
Decrease (increase) in prepaid expenses	55,831	26,413
Decrease (increase) in long-term prepaid expenses	(2,356)	(182,019)
Other, net	30	53
Subtotal	4,848,895	4,390,105
Interest income received	1,287	1,265
Interest expenses paid	(632,552)	(568,671)
Income taxes paid	(961)	(1,103)
Net cash provided by (used in) operating activities	4,216,668	3,821,596
Net cash provided by (used in) investing activities		
Purchase of intangible assets	—	(3,870)
Purchase of property, plant and equipment in trust	(108,542)	(29,227,037)
Purchase of intangible assets in trust	(446)	(904)
Repayments of lease and guarantee deposits in trust	(14,502)	(61,079)
Proceeds from lease and guarantee deposits in trust	22,914	1,231,336
Net cash provided by (used in) investing activities	(100,576)	(28,061,555)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	—	2,000,000
Repayments of short-term loans payable	—	(2,000,000)
Proceeds from long-term loans payable	13,022,000	22,000,000
Repayments of long-term loans payable	(13,022,000)	(17,000,000)
Proceeds from issuance of investment corporation bonds	4,969,527	1,981,879
Redemption of investment corporation bonds	(5,000,000)	(3,000,000)
Proceeds from issuance of investment units	—	25,923,627
Cash dividends paid	(2,797,354)	(2,976,250)
Net cash provided by (used in) financing activities	(2,827,827)	26,929,256
Net increase (decrease) in cash and cash equivalents	1,288,264	2,689,297
Cash and cash equivalents at beginning of the period	12,696,604	13,984,868
Cash and cash equivalents at end of the period	* 1 13,984,868	* 1 16,674,166

(6) Notes to assumption of going concern

Not applicable.

(7) Summary of significant accounting policies

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

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

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

(b) Intangible assets (including assets in trust)

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

(c) Long-term prepaid expenses

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

(d) Investment corporation bonds issuance cost

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

(e) Investment unit issuance cost

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

(f) Accounting for property taxes

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

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes and included in the cost of acquisition of real estate are none and 41,102 thousand yen, as of July 31, 2014 and January 31, 2015, respectively.

(g) Hedge accounting approach

a) Hedge accounting approach

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

b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Borrowing interest rates

c) Hedging policy

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

d) Method for assessing the effectiveness of hedging

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

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

(h) Cash and cash equivalents

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

(i) Accounting for trust beneficial interest in real estate

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

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

a) Cash and deposits in trust

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

c) Lease and guarantee deposits in trust

(j) Consumption taxes

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

(8) Notes to financial Statements

(Omission of disclosure)

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

1. Breakdown of property-related revenue and expenses

*1 Breakdown of property operating income

(Unit: thousands of yen)

		For the six months ended			
		July 31, 2014		January 31, 2015	
A.	Property operating revenue				
	Rent revenue of real estate				
	Rent and common area revenue	5,666,880		6,388,158	
	Other rent revenue	3,528	5,670,408	3,285	6,391,443
	Other rent revenue of real estate				
	Parking revenue	16,293		17,112	
	Utilities and other revenue	100,355		97,573	
	Cancellation penalty	1,057		142	
	Key money income	—	117,707	330	115,157
	Total property operating revenue	5,788,116		6,506,600	
B.	Property operating expenses				
	Expenses of real estate rent				
	Property management fees	199,275		267,187	
	Property taxes	351,879		387,091	
	Utilities	85,490		92,167	
	Maintenance and repairs	27,632		14,162	
	Insurance premium	11,621		13,264	
	Custodian fees	6,368		5,918	
	Depreciation and amortization	836,678		891,561	
	Rent expenses	103,794		103,816	
	Other lease business expenses	18,868	1,641,610	8,342	1,783,510
	Total property operating expenses	1,641,610		1,783,510	
C.	Property operating income [A – B]	4,146,505		4,723,089	

*2 Transactions with major unitholders

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
From operating transactions		
Rent revenue of real estate	4,226,578	4,937,707
Other rent revenue of real estate	2,173	2,428
Expenses of real estate rent	97,802	133,712
Other operating expenses	—	672

2. Cash and cash equivalents

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

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
Cash and deposits	4,767,774	5,871,909
Cash and deposits in trust	9,217,094	10,802,256
Cash and cash equivalents	13,984,868	16,674,166

3. Leases

Operating lease transactions (as lessor)

Future minimum rental revenues under existing non-cancelable lease agreements

(Unit: thousands of yen)

	As of	
	July 31, 2014	January 31, 2015
Due within 1 year	2,356,843	2,475,703
Due after 1 year	18,582,186	17,967,786
Total	20,939,030	20,443,490

4. Financial instruments

(1) Policy for financial instruments

(a) Policy for holding financial instruments

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

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

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

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

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

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

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

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

(2) Fair value of financial instruments

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2014.

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	4,767,774	4,767,774	—
(b) Cash and deposits in trust	9,217,094	9,217,094	—
Total	13,984,868	13,984,868	—
(c) Current portion of investment corporation bonds	8,000,000	8,083,500	83,500
(d) Current portion of long-term loans payable	31,700,000	31,714,775	14,775
(e) Investment corporation bonds	17,000,000	17,204,600	204,600
(f) Long-term loans payable	69,500,000	69,711,395	211,395
Total	126,200,000	126,714,270	514,270
Derivative transactions	—	—	—

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

	(Unit: thousands of yen)		
	Carrying amount	Fair value	Difference
(a) Cash and deposits	5,871,909	5,871,909	—
(b) Cash and deposits in trust	10,802,256	10,802,256	—
Total	16,674,166	16,674,166	—
(c) Current portion of investment corporation bonds	10,000,000	10,050,000	50,000
(d) Current portion of long-term loans payable	30,200,000	30,214,020	14,020
(e) Investment corporation bonds	14,000,000	14,233,400	233,400
(f) Long-term loans payable	76,000,000	76,214,494	214,494
Total	130,200,000	130,711,915	511,915
Derivative transactions	—	—	—

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

Assets

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

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

Liabilities

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

The fair value of these is based on market prices.

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

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

Derivative transactions

Please refer to “Derivative transactions” below.

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of July 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	4,767,774	—	—	—	—	—
Cash and deposits in trust	9,217,094	—	—	—	—	—
Total	13,984,868	—	—	—	—	—

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

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	5,871,909	—	—	—	—	—
Cash and deposits in trust	10,802,256	—	—	—	—	—
Total	16,674,166	—	—	—	—	—

(Note 3) Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	8,000,000	5,000,000	—	5,000,000	3,000,000	4,000,000
Long-term loans payable	31,700,000	17,000,000	3,978,000	12,600,000	22,500,000	13,422,000
Total	39,700,000	22,000,000	3,978,000	17,600,000	25,500,000	17,422,000

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

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	10,000,000	—	2,000,000	3,000,000	3,000,000	6,000,000
Long-term loans payable	30,200,000	3,500,000	4,578,000	20,500,000	27,900,000	19,522,000
Total	40,200,000	3,500,000	6,578,000	23,500,000	30,900,000	25,522,000

5. Derivative transactions

(1) Transactions for which hedge accounting is not applied

As of July 31, 2014

Not applicable.

As of January 31, 2015

Not applicable.

(2) Transactions for which hedge accounting is applied

As of July 31, 2014

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	38,978,000	33,978,000	*	—

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

As of January 31, 2015

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

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Fair value	Method of calculating the fair value
				Due after 1 year		
Special treatment for interest rate swaps	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	51,478,000	36,978,000	*	—

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

6. Related party transactions

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2014

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	17.7% directly held by related party	Leasing and management of real estate	Leasing of properties (Note 2) (Note 5)	4,228,751	Operating accounts receivable	869
									Advances received	739,005
									Lease and guarantee deposits in trust	6,663,711
							Payment of property operation and management fees (Note 6)	102,013 (Note 3)	Prepaid expenses	2,531
									Operating accounts payable	27,717
Deposit of lease and guarantee (Note 4) (Note 7)	—	Lease and guarantee deposits in trust	53,886							

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

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

(Note 3) The amount includes construction fees (2,777 thousand yen) and construction management fees (1,433 thousand yen) that are not charged to expenses but recognized as assets.

(Note 4) Roppongi View Tower

[Transaction terms and conditions and related policies]

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

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

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

For the six months ended January 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	67,000,000	Real estate business	15.6% directly held by related party	Leasing and management of real estate	Acquisition of property (Note 2) (Note 6)	29,040,000	—	—
							Leasing of properties (Note 3) (Note 7)	4,940,135	Operating accounts receivable	743
									Advances received	785,262
									Lease and guarantee deposits in trust	7,836,129
							Payment of property operation and management fees (Note 8)	135,802 (Note 4)	Prepaid expenses	2,747
									Operating accounts payable	24,950
							Payment of other operating expenses (Note 9)	672	—	—
Deposit of lease and guarantee (Note 5) (Note 10)	—	Lease and guarantee deposits in trust	53,886							

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

(Note 2) A portion of Roppongi Hills Mori Tower and a portion of ARK Hills South Tower

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

(Note 4) The amount includes fees (2,090 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[Transaction terms and conditions and related policies]

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

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

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

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

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

(2) Subsidiaries and affiliates

For the six months ended July 31, 2014

Not applicable.

For the six months ended January 31, 2015

Not applicable.

(3) Subsidiaries of parent company

For the six months ended July 31, 2014

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 3)	216,982	Accrued expenses	234,340

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

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

[Transaction terms and conditions and related policies]

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

For the six months ended January 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	225,843 (Note 3)	Accrued expenses	212,547

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

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

(Note 3) The amount of management fees includes 29,040 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

(4) Directors and major individual unitholders

For the six months ended July 31, 2014

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 3)	216,982	Accrued expenses	234,340

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

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

[Transaction terms and conditions and related policies]

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

For the six months ended January 31, 2015

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Directors and their close relatives	Hideyuki Isobe	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	225,843 (Note 3)	Accrued expenses	212,547

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

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

(Note 3) The amount of management fees includes 29,040 thousand yen in acquisition fees pertaining to real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

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

7. Income taxes

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

(Unit: thousands of yen)

	As of	
	July 31, 2014	January 31, 2015
Deferred tax assets		
Current assets		
Accrued enterprise tax excluded from expenses	22	32
Total deferred tax assets [current]	22	32
Net deferred tax assets [current]	22	32

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

	As of	
	July 31, 2014	January 31, 2015
Statutory tax rate	36.59%	34.16%
[Adjustments]		
Deductible cash distributions	(36.57%)	(34.14%)
Others	0.02%	0.02%
Effective tax rate	0.04%	0.03%

8. Investment and rental properties

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

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
Carrying amount		
Balance at beginning of the period	249,026,311	248,287,893
Amount of increase (decrease) during the period	(738,417)	28,333,100
Balance at end of the period	248,287,893	276,620,994
Fair value at end of the period	243,890,000	278,960,000

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

(Note 2) Of the decrease during the period ended July 31, 2014, the decrease is primarily attributable to depreciation and amortization.

Of the increase (decrease) during the period ended January 31, 2015, the increase is primarily attributable to the acquisition of two properties (Roppongi Hills Mori Tower (20th floor) (9,932,209 thousand yen) and ARK Hills South Tower (19,220,498 thousand yen), while the decrease is primarily attributable to depreciation and amortization.

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

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

9. Segment and related information

[Segment information]

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

[Related information]

For the six months ended July 31, 2014

(1) Information about each product and service

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

(2) Information about each geographical area

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information about each major tenant

(Unit: thousands of yen)		
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	4,228,751	Real estate leasing business
Mori Building Ryutsu System Co., Ltd.	614,400	Real estate leasing business

For the six months ended January 31, 2015

(1) Information about each product and service

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

(2) Information about each geographical area

(a) Operating revenue

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

(b) Property, plant and equipment

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

(3) Information about each major tenant

(Unit: thousands of yen)		
Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	4,940,135	Real estate leasing business

10. Per unit Information

(Unit: yen)

	For the six months ended	
	July 31, 2014	January 31, 2015
Net assets per unit	92,001	98,175
Net income per unit	2,151	2,305

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

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

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

	For the six months ended	
	July 31, 2014	January 31, 2015
Net income (thousands of yen)	2,979,224	3,616,463
Amounts not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	2,979,224	3,616,463
Average number of investment units during the period (units)	1,384,925	1,568,794

11. Subsequent events

Not applicable.

(9) Changes in unit issued and outstanding

New investment units were issued on August 1, 2014 and August 27, 2014 (capital increase through public offering of 176,300 units and capital increase through private placement of 8,815 units), procuring 26,087 million yen. The outline of changes in unitholders' capital for the previous five years was as follows:

Date	Type of issue	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 23, 2010	Public offering	67,000	226,200	13,562	100,934	(Note 1)
April 23, 2010	Third-party allotment	5,320	231,520	1,076	102,010	(Note 2)
March 4, 2013	Public offering	22,000	253,520	10,433	112,444	(Note 3)
April 3, 2013	Third-party allotment	1,100	254,620	521	112,966	(Note 4)
September 4, 2013	Public offering	21,300	275,920	10,823	123,789	(Note 5)
October 2, 2013	Third-party allotment	1,065	276,985	541	124,330	(Note 6)
February 1, 2014	Split of investment units	—	1,384,925	—	124,330	(Note 7)
August 1, 2014	Public offering	176,300	1,561,225	24,844	149,175	(Note 8)
August 27, 2014	Third-party allotment	8,815	1,570,040	1,242	150,418	(Note 9)

(Note 1) New investment units were issued at a price of 202,427 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 2) New investment units were issued at a price of 202,427 yen per unit through a third-party allotment in order to raise funds for loan repayment and other purposes.

(Note 3) New investment units were issued at a price of 474,264 yen per unit through a public offering in order to raise funds for acquiring new real property.

(Note 4) New investment units were issued at a price of 474,264 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

(Note 5) New investment units were issued at a price of 508,140 yen per unit through a public offering in order to raise funds for acquiring new real property.

- (Note 6) New investment units were issued at a price of 508,140 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.
- (Note 7) The Company implemented a 5-for-1 split of investment units on January 31, 2014 as the record date and February 1, 2014 as the effective date.
- (Note 8) New investment units were issued at a price of 140,924 yen per unit through a public offering in order to raise funds for acquiring new real property.
- (Note 9) New investment units were issued at a price of 140,924 yen per unit through a third-party allotment in order to raise funds for acquiring new real property.

4. CHANGES IN OFFICERS

(1) Directors of the Company

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

A proposal on appointment of 1 executive director, 1 substitute executive director and 3 supervisory directors will be submitted at the Company's general meeting of unitholders to be held on April 3, 2015. Please refer to "MHR Announces Amendment of Part of the Articles of Incorporation and Appointment of Directors" separately announced on February 20, 2015 for details.

(2) Directors of the Company's Asset Manager

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

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

5. REFERENCE INFORMATION

(1) Investment Status

(as of January 31, 2015)

Type of asset	Main type of use	Region	Total amount held (millions of yen) (Note 1)	Percentage of total assets (%)
Real estate	Office Buildings	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Residential Properties	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	22,074	7.5
		Tokyo metropolitan area	22,074	7.5
		Principal regional cities	—	—
	Subtotal			22,074
Real estate in trust	Office Buildings	Tokyo's five central wards and their vicinity	246,802	83.7
		Tokyo metropolitan area	246,802	83.7
		Principal regional cities	—	—
	Residential Properties	Tokyo's five central wards and their vicinity	7,744	2.6
		Tokyo metropolitan area	7,744	2.6
		Principal regional cities	—	—
	Retail and Other Facilities	Tokyo's five central wards and their vicinity	—	—
		Tokyo metropolitan area	—	—
		Principal regional cities	—	—
	Subtotal			254,546
Deposits and other assets (Note 2)			18,405	6.2
Total assets			295,026	100.0

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

(Note 2) Deposits and other assets include deposits within the assets in trust in the amount of 10,802 million yen. Trust beneficiary interest in assets which primarily comprise of real estate, etc., does not include deposits within the assets in trust.

(as of January 31, 2015)

	Carrying amount (millions of yen)	Percentage of total assets (%)
Total liabilities	140,886	47.8
Total net assets	154,140	52.2
Total assets	295,026	100.0

(2) Investment Assets

(a) Major Issue of Investment Securities

Not applicable.

(b) Investment Real Estate Properties

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

(c) Major Other Investment Assets

The Company holds the following real estate and trust beneficiary interest in real estate listed in the tables in a) below as of January 31, 2015. Mori Building Co., Ltd. led the development of all of the following real estate and real estate in trust.

a) Overview of Real Estate and Real Estate in Trust

The following are the real estate and real estate in trust held by the Company as of January 31, 2015.

(i) Overview of Assets by Type of Use

Type of asset	Main type of use	Property number (Note 1)	Property name	Location	Construction date (YYYY/MM) (Note 2)	Structure/ Total number of floors (Note 2)	Land area (m ²) (Note 3)	Gross floor area (m ²) (Note 3)	Form of ownership (Note 4)		Appraisal value at the end of fiscal period (millions of yen) (Note 5)	Book value (millions of yen)	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%) (Note 6)		
									Land	Bldg.						
Real estate in trust	Office Buildings	O-0 Premium	Roppongi Hills Mori Tower	Roppongi, Minato-ku	2003/04	S/SRC B6F/54F	57,177.66	442,150.70	C (Note 7)	CO	66,400	56,531	57,280	20.3		
		O-1 Premium	ARK Mori Building	Akasaka, Minato-ku	1986/03	RC/SRC/S B4F/37F	39,602.42	177,486.95	C (Note 7)	CO	59,000	61,626	62,480	22.2		
		O-4 Premium	Koraku Mori Building	Koraku, Bunkyo-ku	2000/03	SRC/S B6F/19F	6,611.58	46,154.65	L	CO	22,300	25,373	27,200	9.7		
		O-6 Premium	Akasaka Tameike Tower	Akasaka, Minato-ku	2000/09	S/SRC/RC B2F/25F	5,694.16	46,971.43	C (Note 8)	CO	30,100	42,436	43,930	15.6		
		O-7 Premium	Atago Green Hills	MORI Tower (office building)	Atago, Minato-ku	2001/07	S/SRC B2F/42F	13,014.36 (Note 9)	85,266.30	*	*	45,800	41,657	42,090	14.9	
				Forest Tower (residential building)	Atago, Minato-ku	2001/10	S/SRC B4F/43F		60,815.71							
				Plaza (retail building)	Toranomon, Minato-ku	2001/07	RC B1F/2F		2,083.60							
		O-8 Premium	ARK Hills South Tower	Roppongi, Minato-ku	2013/07	S/SRC/RC B4F/20F	5,846.69	53,043.48	C (Note 12)	C (Note 12)	21,000	19,177	19,150	6.8		
		Subtotal											244,600	246,802	252,130	89.5
		Real estate	Residential Properties	R-1 Premium	Moto-Azabu Hills (Note 13)	Moto-Azabu, Minato-ku	2002/05 2002/09 (Note 14)	S/SRC/RC B4F/29F (Note 14)	12,199.65	54,006.76	C (Note 7)	CO	1,890	1,636	1,706	0.6
R-3 Premium	Roppongi First Plaza			Roppongi, Minato-ku	1993/10	RC B1F/20F	4,357.88 (Note 15)	22,906.74 (Note 15)	C (Note 15)	CO (Note 16)	1,630	2,243	2,100	0.7		
R-4	Roppongi View Tower			Roppongi, Minato-ku	1993/10	RC B1F/20F			C (Note 15)	CO (Note 16)	2,440	3,864	4,000	1.4		
Subtotal											5,960	7,744	7,806	2.8		
Real estate	Retail and Other Facilities	S-1 Premium	Laforet Harajuku (Land)	Jingumae, Shibuya-ku	—	—	2,565.06	—	O	—	28,400	22,074	21,820	7.7		
		Subtotal											28,400	22,074	21,820	7.7
Total											278,960	276,620	281,756	100.0		

- (Note 1) "Property number" is the number assigned to real estate and real estate in trust held by the Company classified into the following main types of use. The alphabet on the left represents the main type of use, where "O" represents an office building, "R" represents a residential property and "S" represents a retail and other facility. In addition, Premium Properties are denoted by "Premium." The same applies hereafter.
- (Note 2) "Construction date," "Structure/Total number of floors," "Land area" and "Gross floor area" are as described in the property registry. As for "Structure/Total number of floors," the following abbreviations are used.
RC: Reinforced concrete; SRC: Steel frame and reinforced concrete; S: Steel frame;
B: Number of basement floor; F: Number of floor above ground level
- (Note 3) "Land area" and "Gross floor area" indicate the area of the entire site and the total area floor of the entire building based on the description of the property registry, regardless of the form of ownership.
- (Note 4) "Form of ownership" is the type of rights, where "O" represents ownership rights, "C" represents a co-ownership interest in ownership rights, "CO" represents compartmentalized ownership of exclusive portion of a building, and "L" represents leasehold rights.
- (Note 5) "Appraisal value at the end of fiscal period" for properties except for ARK Hills South Tower is the appraisal value as of January 31, 2015 as described in the real estate appraisal report prepared by Japan Real Estate Institute. The figure for ARK Hills South Tower is the appraisal value as of January 31, 2015 as described in the real estate appraisal report prepared by DAIWA REAL ESTATE APPRAISAL CO., LTD.
- (Note 6) "Percentage of total portfolio acquisition price" is calculated as a percentage of the aggregate acquisition price of the Company's portfolio.
- (Note 7) Co-ownership interest as a portion of the land use rights.
- (Note 8) The land of Akasaka Tameike Tower is composed of the land owned by a third party (parcel number 1705-1) and the land jointly owned by five owners including the trustee (parcel number 1701-1). The trustee's co-ownership interest ratio of the land (parcel number 1701-1) is approximately 98.6% and the area corresponding to the co-ownership interest ratio is 3,211.94m². The same applies hereafter.
- (Note 9) "Land area" for Atago Green Hills is the area of the entire land over which land use rights for the building have been established pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 10) The land of Atago Green Hills is composed of the land owned by third parties and the land jointly owned by the trustee and Mori Building Co., Ltd. and leasehold rights and easement jointly owned by the trustee and Mori Building Co., Ltd. The land corresponding to each building is determined pursuant to the rules of the Atago Green Hills Management Meeting.
- (Note 11) The buildings of Atago Green Hills are composed of parts owned by third parties through compartmentalized ownership and other parts jointly owned by the trustee and Mori Building Co., Ltd. through direct ownership and compartmentalized ownership.
- (Note 12) The Company owns 25% co-ownership interest of the building and the site.
- (Note 13) This refers to the portion of the property in trust which does not include the assets in trust disposed on October 31, 2008, September 15, 2010 and March 18, 2011. The same applies hereafter.
- (Note 14) Although Moto-Azabu Hills is described in the property registry as one building, under the Building Standards Act, it consists of three buildings, Forest Tower (SRC; 29F and B3), Forest Terrace East (RC; 6F and B1) and Forest Terrace West (RC; 5F and B1), which were constructed in May 2002, May 2002 and September 2002, respectively.
- (Note 15) As Roppongi First Plaza and Roppongi View Tower are on the same site and are described in the property registry as one building owned through compartmentalized ownership, the land area and the gross floor area for these properties are added together. The land corresponding to each building has been determined pursuant to its management rules and is owned in the land use rights ratio.
- (Note 16) Roppongi First Plaza and Roppongi View Tower are described in the property registry as one building owned through compartmentalized ownership. 42 residential units out of the total of 90 residential units in Roppongi First Plaza are owned through compartmentalized ownership. 92 residential units out of the total of 202 residential units in Roppongi View Tower are owned through compartmentalized ownership.

(ii) Overview of Lease Conditions (as of January 31, 2015)

Property number	Property name	Type of lease (Note 1)	Total leasable area (m ²) (Note 2)	Total leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual contracted rent (millions of yen) (Note 5)	Security deposits (millions of yen) (Note 6)
O-0	Roppongi Hills Mori Tower	Fixed-rent master lease	21,482.11	21,482.11	100.0	1	2,862	2,385
O-1	ARK Mori Building	Fixed-rent master lease	24,588.43	24,588.43	100.0	1	2,543	2,104
O-4	Koraku Mori Building	Pass-through master lease	16,197.45	16,197.45	100.0	18	1,261	1,245
O-6	Akasaka Tameike Tower	Fixed-rent master lease	19,698.54	19,698.54	100.0	1	1,333	946
O-7	Atago Green Hills	Fixed-rent master lease	29,667.58	29,667.58	100.0	1	2,223	1,482
O-8	ARK Hills South Tower	Fixed-rent master lease	9,007.33	9,007.33	100.0	1	908	757
R-1	Moto-Azabu Hills	Pass-through master lease	1,325.30	1,325.30	100.0	7	128	48
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,956.77	100.0	42	150	53
R-4	Roppongi View Tower	Pass-through master lease	4,515.25	4,267.98	94.5	87	183	53
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,228	—
Total			132,003.82	131,756.55	99.8	160	12,823	9,077

(Note 1) We treat as a fixed-rent master lease when we grant the authority to lease the property to other co-owner and receive a fixed amount in consideration. The same applies hereafter. As to ARK Hills South Tower, since the entire property is leased to a master lessee from three owners including the trustee and the master lessee leases the real estate in trust to the end tenant as a lessor, and the Investment Corporation receives fixed rent from the master lessee during the first year until July 31, 2015, it is treated as a fixed-rent master lease.

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

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

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

(Note 5) "Annual contracted rent" for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenant (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from January 1, 2015 to January 31, 2015 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (i.e., the ownership ratio), respectively, of the amount so calculated.

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

(iii) Overview of Lease to Major Tenants

The following table provides certain information regarding a key tenant, which leases 10% or more of the total leased area for the properties in the Company's portfolio as of January 31, 2015 and brief summary of the lease conditions to such tenant.

Tenant name	Business type	Property name	Annual contracted rent (millions of yen)	Security Deposits (millions of yen)	Leased area (m ²) (Note 1)	Percentage of total leased area (%) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Notes
Mori Building Co., Ltd.	Real estate business	Roppongi Hills Mori Tower	2,862	2,385	21,482.11	16.3	2021/07/31	Auto-renewed every 5 years	23/24 floors
							2018/09/30	Auto-renewed every 5 years	19/22 floors
							2019/07/31	Auto-renewed every 5 years	20 floor
		ARK Mori Building	2,543	2,104	24,588.43	18.7	2021/01/31	Auto-renewed every 5 years	13 floor
							2021/01/31	Auto-renewed every 5 years	12/22 floors
							2021/01/31	Auto-renewed every 5 years	23/25 floors
							2021/01/31	Auto-renewed every 5 years	4/15/24 floors
		Koraku Mori Building	1,261	1,245	16,197.45	12.3	2023/03/03	Fixed-term lease	—
							2026/03/31	Auto-renewed every 5 years	Office and Retail portion (including certain parking/storage space)
		Akasaka Tameike Tower	1,333	946	19,698.54	15.0	2021/03/31	Auto-renewed every 5 years	Residential portion (including certain parking space)
							2022/04/30	Auto-renewed every 5 years	—
		Atago Green Hills	2,223	1,482	29,667.58	22.5	2022/04/30	Auto-renewed every 5 years	—
		ARK Hills South Tower	908	757	9,007.33	6.8	2034/07/31	Auto-renewed every year	—
Moto-Azabu Hills	128	48	1,325.30	1.0	2026/03/31	Fixed-term lease	—		
Roppongi First Plaza	150	53	2,956.77	2.2	2023/03/03	Fixed-term lease	—		
Roppongi View Tower	183	53	4,267.98	3.2	2023/03/03	Fixed-term lease	—		
Total			11,594	9,077	129,191.49	98.1	—	—	—

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

(Note 2) "Percentage of total leased area" indicates the ratio of the total leased area of each property to the aggregate total leased area for all properties held by the Company as of January 31, 2015. The same applies hereafter.

(iv) Five Largest Tenants

The following table shows the Company's five largest tenants by leased area for the Company's properties as of January 31, 2015.

Name of end tenant	Property name	Leased area (m ²) (Note 1)	Percentage of total portfolio (%) (Note 2)
Mori Building Co., Ltd.	Roppongi Hills Mori Tower ARK Mori Building Koraku Mori Building Akasaka Tameike Tower Atago Green Hills ARK Hills South Tower	104,736.21	79.5
Showa Leasing Co., Ltd.	Koraku Mori Building	2,683.90	2.0
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.9
ITOCHU Techno-Solutions Corporation	Koraku Mori Building	2,116.88	1.6
Japan Worker's Credit Fund Association	Koraku Mori Building	1,851.87	1.4
Total for top 5 end tenants		113,953.92	86.5

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

(Note 2) "Percentage of total portfolio" indicates the ratio of the leased area attributable to each end-tenant to the aggregate total leased area for all properties held by the Company as of January 31, 2015. The same applies hereafter.

(v) Overview of Lease to Interested Parties

The following table provides an overview of lease to the end-tenants who are interested parties for the properties held by the Company as of January 31, 2015.

Name of end tenant	Name of occupied property	Leased area (m ²) (Note 1)	Percentage of total portfolio (%)	Annual contracted rent (thousands of yen) (Note 2)	Lease expiration date (YYYY/MM/DD)	Lease renewal	Type of lease	Notes
Mori Building Co., Ltd.	Roppongi Hills Mori Tower	21,482.11	16.3	2,862,595	2021/07/31	Auto-renewed every 5 years	Fixed-rent master lease	23/24 floors
					2018/09/30	Auto-renewed every 5 years	Fixed-rent master lease	19/22 floors
					2019/07/31	Auto-renewed every 5 years	Fixed-rent master lease	20 floor
	ARK Mori Building	24,588.43	18.7	2,543,386	2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	13 floor
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	12/22 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	23/25 floors
					2021/01/31	Auto-renewed every 5 years	Fixed-rent master lease	4/15/24 floors
					2023/03/31	Auto-renewed every 5 years	Fixed-rent master lease	1 floor/Basement 1 through 4/ The area used as district heating and cooling
	Koraku Mori Building	292.22	0.2	4,568	2016/03/31	—	Memorandum on self-use	—
	Akasaka Tameike Tower	19,698.54	15.0	1,333,500	2026/03/31	Auto-renewed every 5 years	Fixed-rent master lease	Office and Retail portion (including certain parking/storage space)
2021/03/31					Auto-renewed every 5 years	Fixed-rent master lease	Residential portion (including certain parking space)	
Atago Green Hills	29,667.58	22.5	2,223,530	2022/04/30	Auto-renewed every 5 years	Fixed-rent master lease	—	
ARK Hills South Tower	9,007.33	6.8	908,574	2034/07/31	Auto-renewed every year	Fixed-rent master lease (Note 3)	—	
Mori Building Ryutsu System Co., Ltd.	Laforet Harajuku (Land)	2,565.06	1.9	1,228,800	2030/09/14	—	Business-use fixed-term land lease	—
Total		107,301.27	81.4	11,104,955	—			

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

(Note 2) "Annual contracted rent" for each property is calculated by multiplying the monthly rent provided in the relevant lease agreement, etc. with the end-tenants (which shall be the monthly rent after a free rent period if a free rent period has been established at the beginning of the lease period, or the amount charged to the end-tenants during the period from January 1, 2015 to January 31,

2015 if a percentage rent is adopted) by 12. In the case of Koraku Mori Building and Atago Green Hills, this indicates 80% and 74% (of the proportionate ownership ratio), respectively, of the amount so calculated.

(Note 3) It will be treated as a fixed-rent master lease until July 31, 2015.

(vi) Overview of Properties

The following table provides an overview of the properties for which annual contracted rent accounts for 10% or more of the total annual contracted rent for properties held by the Company as of January 31, 2015.

Property number	Property name	Annual contracted rent (millions of yen)	Percentage of annual contracted rent (%) (Note 1)	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note 2)	Number of tenants
O-0	Roppongi Hills Mori Tower	2,862	22.3	21,482.11	21,482.11	100.0	1
O-1	ARK Mori Building	2,543	19.8	24,588.43	24,588.43	100.0	1
O-7	Atago Green Hills	2,223	17.3	29,667.58	29,667.58	100.0	1
O-6	Akasaka Tameike Tower	1,333	10.4	19,698.54	19,698.54	100.0	1
Total		8,963	69.9	95,436.66	95,436.66	100.0	4

(Note 1) This indicates the ratio of the annual contracted rent for each property to the aggregate total annual contracted rent for all properties held by the Company as of January 31, 2015.

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

(vii) Overview of Matters Concerning Design, Etc.

The following table provides the designers, structural designers, contractors, building verification agencies and structural examination agencies for properties held by the Company as of January 31, 2015.

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

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

(viii) Overview of Engineering Reports

The Company engages an engineering firm to investigate the status of the building (including earthquake risk analysis) and obtains an engineering report from the firm for each property. The following table shows the status of properties held by the Company as of January 31, 2015. “Estimated amount of emergency repair expenses” is the emergency repair expenses estimated by the engineering firm. “Estimated amount of long-term repair expenses” is the annual average amount of repair and renovation expenses over a period of 15 years estimated by the engineering firm.

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

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

Property number	Property name		Preparation date (YYYY/MM)	Estimated amount of emergency repair expenses (thousands of yen)	Estimated amount of long-term repair expenses (thousands of yen) (Note 1) (Note 2) (Note 3)	PML (%) (Note 4)	Engineering firm
O-0	Roppongi Hills Mori Tower		2014/05	—	14,122	0.59	Tokyo Bldg-Tech Center Co., Ltd.
O-1	ARK Mori Building		2012/12	—	127,769	0.78	Tokyo Bldg-Tech Center Co., Ltd.
O-4	Koraku Mori Building		2011/12	—	57,533	0.73	Tokio Marine & Nichido Risk Consulting Co., Ltd.
O-6	Akasaka Tameike Tower	Office and Retail portion (including certain parking/storage space)	2013/11	—	30,273	1.79	Tokyo Bldg-Tech Center Co., Ltd.
		Residential portion (including certain parking space)	2011/02	—	27,631		
O-7	Atago Green Hills	MORI Tower (office building)	2012/02	—	101,932	2.35	Takenaka Corporation
		Forest Tower (residential building)		—	86,456	2.34	
		Plaza (retail building)		—	2,594	5.94	
O-8	ARK Hills South Tower		2014/05	—	6,186	1.56	Tokyo Bldg-Tech Center Co., Ltd.
R-1	Moto-Azabu Hills	Forest Tower	2011/12	—	2,223	0.57	Tokio Marine & Nichido Risk Consulting Co., Ltd.
		Forest Terrace East				1.27	
R-3	Roppongi First Plaza		2011/12	—	9,316	2.20	Tokio Marine & Nichido Risk Consulting Co., Ltd.
R-4	Roppongi View Tower		2011/12	—	6,279	2.20	Tokio Marine & Nichido Risk Consulting Co., Ltd.
S-1	Laforet Harajuku (Land) (Note 5)		—	—	—	—	—
Total				—	472,314	1.12	—

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

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

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

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

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

(ix) Status of Capital Expenditures

i) Status of Implementation of Capital Expenditures

The following table shows the major construction work falling under the category of capital expenditures that were conducted during the seventeenth fiscal period. Capital expenditures during the seventeenth fiscal period amounted to 35 million yen for the entire portfolio and, combined with the 14 million yen in maintenance and repairs and 0.2 million yen in construction management fees charged to expenses for the seventeenth fiscal period, construction work in a total of 49 million yen was implemented.

Name of real estate, etc. (Location)	Purpose	Period (YYYY/MM)	Amount of capital expenditures (millions of yen)
Akasaka Tameike Tower (Minato-ku, Tokyo)	Common antenna television system upgrading work	From: 2014/04 To: 2014/08	7
	Installation of motion sensors for guiding lights of emergency stairs	From: 2014/09 To: 2015/01	6
Other			21
Entire portfolio			35

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

ii) Schedule of Capital Expenditures

The following table shows the amounts of capital expenditures conducted after the end of the seventeenth fiscal period and the expected amounts of capital expenditures associated with the major renovation construction work, etc. planned as of the date of this document for properties held by the Company as of January 31, 2015. A portion of the total “(Expected) Amount of capital expenditures” detailed below may be treated as expenses for accounting purposes depending on the form of construction work.

Name of real estate, etc. (Location)	Purpose	(Scheduled) Period (YYYY/MM)	(Expected) Amount of capital expenditures (millions of yen)		
			Total amount	Amount paid during the seventeenth fiscal period	Total amount already paid
Roppongi Hills Mori Tower (Minato-ku, Tokyo)	ITV system upgrading work	From: 2015/05 To: 2016/05	15	—	—
	Standard floors air-conditioning equipment control parts upgrading work	From:2014/09 To:2015/02	9	—	—
ARK Mori Building (Minato-ku, Tokyo)	Power generating/transforming equipment upgrading work	From:2013/11 To:2016/06	190	36	42
	Gondola upgrading work	From:2015/02 To:2015/02	32	—	—
	Roof falling preventative measures	From:2015/01 To:2015/02	5	—	—
Koraku Mori Building (Bunkyo-ku, Tokyo)	2F retailing area air-conditioning system upgrading work	From: 2015/05 To: 2015/07	5	—	—
	Roof falling preventative measures	From:2015/05 To:2015/07	6	—	—
Akasaka Tameike Tower (Minato-ku, Tokyo)	Exterior lighting equipment upgrading work	From:2015/01 To:2015/02	9	—	—
	Modular replacement for switchboards Exterior lighting equipment upgrading work	From:2014/10 To:2015/02	14	—	—
Atago Green Hills (Minato-ku, Tokyo)	Office building's security system controller upgrading work	From:2015/01 To:2015/03	7	—	—
	Residential building exterior renovation work	From: 2015/02 To: 2017/09	39	—	—
Roppongi First Plaza (Minato-ku, Tokyo)	HEATS heat exchanger upgrading work	From:2014/11 To:2015/02	5	—	—
	Residential unit remodeling work	From:2015/02 To:2015/07	6	—	—

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

b) Overview of Trust Beneficiary Interest

(as of January 31, 2015)

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

c) Status of Portfolio

(i) Investment Ratio by Property Quality

(as of January 31, 2015)

Quality category (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Premium Properties	9	277,756	98.6
Other Properties	1	4,000	1.4
Portfolio total	10	281,756	100.0

(Note) For the Premium Properties in the quality category, please refer to “2. Investment Policy; (1) Investment Policy; (B) Management Strategy; (a) Key Strategy; a. Development of Urban Portfolio with Premium Properties at the Core; i. Investments that Focus on Premium Properties” in the most recent securities report (submitted on October 29, 2014).

(ii) Investment Ratio by Main Type of Use

(as of January 31, 2015)

Main type of use	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Office buildings	6	252,130	89.5
Residential properties	3	7,806	2.8
Retail Facility	1	21,820	7.7
Portfolio total	10	281,756	100.0

(iii) Investment Ratio by Region

(as of January 31, 2015)

Region		Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Tokyo metropolitan area	Tokyo's five central wards and their vicinity	10	281,756	100.0
	Minato Ward	8	232,736	82.6
	Bunkyo Ward	1	27,200	9.7
	Shibuya Ward	1	21,820	7.7
	Tokyo, Kanagawa, Chiba and Saitama Prefectures	10	281,756	100.0
Principal regional cities	Cities designated by Cabinet Order and their equivalent principal cities in Japan other than those located in Tokyo metropolitan area	—	—	—
Portfolio total		10	281,756	100.0

(iv) Investment Ratio by Property Age

(as of January 31, 2015)

Property age	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Less than 10 years	1	19,150	7.4
Equal to or more than 10 years but less than 15 years	5	172,206	66.2
Equal to or more than 15 years	3	68,580	26.4
Portfolio total	9	259,936	100.0

(Note) In aggregate calculation, Atago Green Hills is deemed to have been constructed on July 30, 2001 and Laforet Harajuku (Land) falls outside the calculations. The same applies to “(v) Investment Ratio by Property Size” below. The average age of the properties in the Company’s portfolio, calculated as the weighted average of the building age based on the acquisition price is 16.4 years which is rounded off to the nearest decimal place.

(v) Investment Ratio by Property Size

(as of January 31, 2015)

Property Size (Note)	Number of properties	Acquisition price (millions of yen)	Percentage of total portfolio acquisition price (%)
Equal to or more than 30,000m ²	7	253,836	97.7
Equal to or more than 10,000m ² but less than 30,000m ²	2	6,100	2.3
Less than 10,000m ²	—	—	—
Portfolio total	9	259,936	100.0

(Note) “Property Size” is based on the total floor area of the entire building, regardless of the form of ownership. With regard to Roppongi First Plaza and Roppongi View Tower, the total floor area for each property is deemed to be 22,906.74m² and calculated as a separate building.

d) Status of Income and Expenditures

(Unit: thousands of yen)

Property number	O-0			O-1		
Property name	Roppongi Hills Mori Tower			ARK Mori Building		
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015 (Note 3)	Difference	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	1	1	0	1	1	0
Rent revenue of real estate	1,174,311	1,431,297	256,986	1,271,693	1,271,693	—
Other rent revenue of real estate	—	—	—	—	—	—
Total property operating revenue	1,174,311	1,431,297	256,986	1,271,693	1,271,693	—
Property management fees	84,982	122,722	37,740	6,000	6,000	—
Property taxes (Note 1)	64,385	86,793	22,407	72,258	74,092	1,834
Utilities	—	—	—	—	—	—
Maintenance and repairs	—	—	—	—	370	370
Insurance premium	1,624	2,025	400	1,788	1,817	29
Depreciation and amortization (1)	193,785	229,004	35,219	112,852	89,783	(23,069)
Other expenses (Note 2)	71	140	69	2,747	2,745	(1)
Total property operating expense	344,849	440,686	95,837	195,646	174,809	(20,837)
Property operating income (2)	829,461	990,611	161,149	1,076,046	1,096,883	20,837
NOI (3) ((1)+(2))	1,023,246	1,219,615	196,368	1,188,898	1,186,666	(2,232)
Capex (4)	22,468	—	(22,468)	19,916	2,122	(17,793)
NCF (3)-(4)	1,000,778	1,219,615	218,836	1,168,982	1,184,543	15,561

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

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

(Note 3) Properties acquired during the relevant period.

(Unit: thousands of yen)

Property number	O-4			O-6		
Property name	Koraku Mori Building			Akasaka Tameike Tower		
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	100.0%	100.0%	0.0PT
Number of tenants	18	18	0	1	1	0
Rent revenue of real estate	616,903	621,068	4,165	666,446	666,446	—
Other rent revenue of real estate	115,488	113,565	(1,923)	289	289	—
Total property operating revenue	732,392	734,633	2,241	666,735	666,735	—
Property management fees	64,089	62,116	(1,973)	3,000	3,000	—
Property taxes (Note 1)	31,390	31,343	(47)	42,560	42,547	(13)
Utilities	83,756	88,918	5,161	—	—	—
Maintenance and repairs	11,737	1,029	(10,707)	—	—	—
Insurance premium	1,744	1,773	28	2,039	2,073	33
Depreciation and amortization (1)	128,920	129,379	458	175,513	173,256	(2,257)
Other expenses (Note 2)	68,749	68,795	46	906	905	(0)
Total property operating expense	390,387	383,354	(7,032)	224,020	221,783	(2,237)
Property operating income (2)	342,004	351,279	9,274	442,715	444,952	2,237
NOI (3) ((1)+(2))	470,925	480,658	9,733	618,229	618,209	(19)
Capex (4)	19,177	1,320	(17,856)	8,051	22,333	14,282
NCF (3)-(4)	451,747	479,337	27,589	610,177	595,875	(14,302)

(Unit: thousands of yen)

Property number	O-7			O-8		
Property name	Atago Green Hills			ARK Hills South Tower		
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015 (Note 3)	Difference
Operation days	181 days	184 days	3 days	—	184 days	184 days
Occupancy rate	100.0%	100.0%	0.0PT	—	100.0%	100.0PT
Number of tenants	1	1	0	—	1	1
Rent revenue of real estate	1,111,765	1,111,765	—	—	454,287	454,287
Other rent revenue of real estate	—	—	—	—	—	—
Total property operating revenue	1,111,765	1,111,765	—	—	454,287	454,287
Property management fees	2,664	2,664	—	—	33,078	33,078
Property taxes (Note 1)	57,091	70,459	13,368	—	0	0
Utilities	—	—	—	—	—	—
Maintenance and repairs	—	—	—	—	—	—
Insurance premium	3,714	3,775	61	—	1,076	1,076
Depreciation and amortization (1)	195,408	195,471	62	—	44,277	44,277
Other expenses (Note 2)	37,031	37,053	21	—	86	86
Total property operating expense	295,910	309,423	13,513	—	78,518	78,518
Property operating income (2)	815,855	802,341	(13,513)	—	375,768	375,768
NOI (3) ((1)+(2))	1,011,264	997,812	(13,451)	—	420,046	420,046
Capex (4)	13,536	1,497	(12,039)	—	800	800
NCF (3)-(4)	997,727	996,315	(1,411)	—	419,246	419,246

(Unit: thousands of yen)

Property number	R-1			R-3		
Property name	Moto-Azabu Hills			Roppongi First Plaza		
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	100.0%	100.0%	0.0PT	95.5%	100.0%	4.5PT
Number of tenants	7	7	0	40	42	2
Rent revenue of real estate	62,948	61,738	(1,209)	67,193	71,679	4,485
Other rent revenue of real estate	871	831	(40)	1,057	—	(1,057)
Total property operating revenue	63,819	62,569	(1,250)	68,251	71,679	3,427
Property management fees	9,904	9,650	(253)	13,742	14,423	680
Property taxes (Note 1)	2,069	2,081	12	7,016	7,043	27
Utilities	0	65	65	981	1,752	770
Maintenance and repairs	4,632	2,669	(1,963)	5,914	6,748	834
Insurance premium	125	127	2	254	258	4
Depreciation and amortization (1)	6,680	6,855	174	11,288	11,074	(213)
Other expenses (Note 2)	3,730	3,735	4	4,380	3,873	(506)
Total property operating expense	27,145	25,186	(1,958)	43,577	45,174	1,597
Property operating income (2)	36,674	37,382	708	24,673	26,504	1,830
NOI (3) ((1)+(2))	43,355	44,238	883	35,962	37,579	1,616
Capex (4)	3,146	442	(2,703)	6,790	2,786	(4,003)
NCF (3)-(4)	40,209	43,795	3,586	29,172	34,792	5,620

(Unit: thousands of yen)

Property number	R-4			S-1		
Property name	Roppongi View Tower			Laforet Harajuku (Land)		
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015	Difference
Operation days	181 days	184 days	3 days	181 days	184 days	3 days
Occupancy rate	91.1%	94.5%	3.4PT	100.0%	100.0%	0.0PT
Number of tenants	84	87	3	1	1	0
Rent revenue of real estate	84,747	87,066	2,319	614,400	614,400	—
Other rent revenue of real estate	—	472	472	—	—	—
Total property operating revenue	84,747	87,538	2,791	614,400	614,400	—
Property management fees	14,892	13,532	(1,360)	—	—	—
Property taxes (Note 1)	13,912	10,802	(3,110)	61,193	61,926	732
Utilities	752	1,430	678	—	—	—
Maintenance and repairs	5,348	3,343	(2,004)	—	—	—
Insurance premium	329	335	5	—	—	—
Depreciation and amortization (1)	12,228	12,459	231	—	—	—
Other expenses (Note 2)	11,415	743	(10,671)	—	—	—
Total property operating expense	58,879	42,647	(16,232)	61,193	61,926	732
Property operating income (2)	25,867	44,891	19,023	553,206	552,474	(732)
NOI (3) ((1)+(2))	38,096	57,351	19,254	553,206	552,474	(732)
Capex (4)	3,048	3,961	913	—	—	—
NCF (3)-(4)	35,048	53,389	18,341	553,206	552,474	(732)

(Unit: thousands of yen)

Property number	Portfolio total		
Property name			
Period	Sixteenth fiscal period ended July 2014	Seventeenth fiscal period ended January 2015 (Note 3)	Difference
Operation days	181 days	184 days	3 days
Occupancy rate	99.5%	99.8%	0.3PT
Number of tenants	154	160	6
Rent revenue of real estate	5,670,408	6,391,443	721,034
Other rent revenue of real estate	117,707	115,157	(2,550)
Total property operating revenue	5,788,116	6,506,600	718,484
Property management fees	199,275	267,187	67,911
Property taxes (Note 1)	351,879	387,091	35,211
Utilities	85,490	92,167	6,676
Maintenance and repairs	27,632	14,162	(13,470)
Insurance premium	11,621	13,264	1,642
Depreciation and amortization (1)	836,678	891,561	54,882
Other expenses (Note 2)	129,031	118,077	(10,953)
Total property operating expense	1,641,610	1,783,510	141,900
Property operating income (2)	4,146,505	4,723,089	576,583
NOI (3) ((1)+(2))	4,983,184	5,614,651	631,466
Capex (4)	96,135	35,265	(60,869)
NCF (3)-(4)	4,887,049	5,579,385	692,336

Disclaimer:

This report is a translation of the Japanese language Financial Release (*Kessan-Tanshin*) dated March 17, 2015 of Mori Hills REIT Investment Corporation (the Company) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange.

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