



March 19, 2013

**FINANCIAL REPORT
FOR THE THIRTEENTH FISCAL PERIOD ENDED JANUARY 31, 2013**

Mori Hills REIT Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 3234.

Representative: Hideyuki Isobe, Executive Director

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

Asset Manager: Mori Building Investment Management Co., Ltd.

Representative: Hideyuki Isobe, President & CEO

Contact: Yoshimi Nishibeppu, General Manager of Administration Department

TEL: +81-3-6234-3234

Planned submission of semiannual security report: April 26, 2013

Planned start of dividend payments: April 15, 2013

This financial report has been prepared in accordance with Japanese accounting standards, Japanese laws and other relevant regulations in Japan.

Figures are rounded down to the nearest one million yen.

1. PERFORMANCE FOR THE THIRTEENTH FISCAL PERIOD ENDED JANUARY 31, 2013

(August 1, 2012 – January 31, 2013)

(1) Business Results

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Thirteenth Fiscal Period	¥4,676	(2.5%)	¥3,125	(1.8%)	¥2,123	0.2%	¥2,122	0.2%
Twelfth Fiscal Period	¥4,797	0.7%	¥3,183	2.4%	¥2,120	6.2%	¥2,119	6.2%

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Thirteenth Fiscal Period	¥9,169	2.0%	1.0%	45.4%
Twelfth Fiscal Period	¥9,154	2.0%	1.0%	44.2%

(Note) Net income per unit is calculated by dividing net income by the following daily weighted average number of units and is rounded to the nearest yen.

Thirteenth fiscal period: 231,520 units

Twelfth fiscal period: 231,520 units

(2) Dividend

	Dividend per Unit (excluding dividend in excess of earnings)	Total Dividends	Dividend in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
Thirteenth Fiscal Period	¥9,169	¥2,122 million	¥0	¥0	99.9%	2.0%
Twelfth Fiscal Period	¥8,700	¥2,014 million	¥0	¥0	95.0%	1.9%

(Notes)

- The dividend payout ratio is calculated by using the formula below and is rounded down to the first decimal place.
Dividend Payout Ratio = [Total Dividends ÷ Net Income] × 100
- Dividend per unit for the twelfth fiscal period is calculated by deducting reserve for reduction entry (¥105 million) from unappropriated retained earnings, and dividing the amount by the number of units outstanding. In addition, the main difference between dividend per unit and net income per unit is attributable to calculation of dividend per unit involving deduction of reserve for reduction entry as described above.

(3) Financial Position

	Total Assets	Net Assets	Total Net Assets to Total Assets	Net Assets per Unit
Thirteenth Fiscal Period	¥218,813 million	¥104,239 million	47.6%	¥450,237
Twelfth Fiscal Period	¥219,405 million	¥104,130 million	47.5%	¥449,768

(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 Period
Thirteenth Fiscal Period	¥2,551 million	(¥610 million)	(¥2,113 million)	¥9,479 million
Twelfth Fiscal Period	¥28,248 million	(¥25,782 million)	(¥2,106 million)	¥9,651 million

FORECAST OF RESULTS FOR THE FOURTEENTH FISCAL PERIOD ENDING July 31, 2013
(February 1, 2013 – July 31, 2013)

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Fourteenth Fiscal Period	¥5,046	7.9%	¥3,424	9.6%	¥2,394	12.7%	¥2,393	12.7%

	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Fourteenth Fiscal Period	¥9,400	¥0

(Reference) Estimated net income per unit for the fourteenth fiscal period: ¥9,400

2. OTHER

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

- (a) Changes in accounting policies accompanying 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 Outstanding

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

Thirteenth fiscal period: 231,520 units Twelfth fiscal period: 231,520 units

- (b) Number of own units at end of period

Thirteenth fiscal period: 0 units Twelfth fiscal period: 0 units

***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 selected information is translated in this document, audit procedures pursuant to the Financial Instruments and Exchange Law 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 Forecast of Results for the Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)” presented on pages 14 to 16.

3. BUSINESS RESULTS

(1) Overview of the Thirteenth Fiscal Period

(a) Brief Background of the Company

Mori Hills REIT Investment Corporation (“the Company”) was incorporated by Mori Building Investment Management Co., Ltd. (the Company’s Asset Manager) on February 2, 2006 with 100 million yen in capital (200 units), and registration was approved based on Article 187 of the Law Concerning Investment Trusts and Investment Corporations on March 6, 2006 (Registration No. 51 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Company was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on November 30, 2006 (Securities Code: 3234).

The Company later issued new investment units through a third-party allotment (29,400 units) on September 29, 2008, issued new investment units through a public offering (67,000 units) on March 23, 2010, and issued new investment units through a third-party allotment (over-allotment) (5,320 units) on April 23, 2010. As of the end of the Company’s fiscal period under review (thirteenth fiscal period: August 1, 2012 to January 31, 2013), the total number of investment units outstanding was 231,520 units.

(b) Investment Environment and Business Performance

i) Investment Environment

In the thirteenth fiscal period, the Japanese economy grew steadily due to strong public investment and housing construction bolstered by demand stemming from reconstruction from the Great East Japan Earthquake. However, Japan’s economy didn’t reach full-scale recovery due to slowdown in the global growth resulting from factors such as the European debt crisis.

Within this economic environment, the rental office building market is starting to see signs of improvement in vacancy rates centering on large blue-chip properties in central Tokyo. As after a surge in supply in 2012, the new supply volume in 2013 is well below the long-term average. The luxury rental housing market did not see a full-scale recovery in demand from non-Japanese tenants, but as the rent levels have become competitive, occupancy rates have remained at stable levels. In the real estate trading market, with steady investment unit prices and a favorable fund procurement environment, new J-REIT listings and existing J-REITs’ raising capital through public offerings were steadily implemented. There was also a series of transactions of large properties.

ii) Business Performance

In the thirteenth fiscal period, the Company strove to enhance tenant satisfaction through such measures as meticulous operational management and systematic maintenance and repair of properties in its portfolio. Moreover, the Company maintained and enhanced occupancy rates by proactively launching marketing activities targeting new and existing tenants based on a flexible price policy while taking into account the quality of tenants.

The Company’s real estate portfolio as of the end of the thirteenth fiscal period was comprised of 9 properties (Note 1) under management with a total leasable floor area of 97,498.53m². The Company has already invested 210,816 million yen (based on acquisition price) into this portfolio. The occupancy rate at the end of the thirteenth fiscal period (Note 2) was 98.7%.

(Notes)

1. For Roppongi View Tower, the Company purchased the trust beneficial interest pertaining to 6% co-ownership interest on March 22, 2006 and the trust beneficial interest pertaining to 40% co-ownership interest on April 13, 2006. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereinafter. Regarding ARK Mori Building, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereinafter.
 - 1) Trust beneficial interest pertaining to compartmentalized ownership for the 13th floor portion on March 22, 2006
 - 2) 75% quasi co-ownership interest of the trust beneficial interest pertaining to compartmentalized ownership for the 12th and 22nd floor portions on March 28, 2008
 - 3) The remaining 25% quasi co-ownership interest of the trust beneficial interest pertaining to compartmentalized ownership for the 12th and 22nd floor portions on September 30, 2008
 - 4) 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion on March 23, 2010. The Company holds trust beneficial interest from adding this co-ownership interest as a trust asset of 5) on March 18, 2011.
 - 5) Trust beneficial interest pertaining to the remaining 50% co-ownership interest in compartmentalized ownership for the 23rd floor portion and trust beneficial interest pertaining to compartmentalized ownership for the 25th floor portion on March 18, 2011
 - 6) Trust beneficial interest pertaining to compartmentalized ownership for the 4th, 15th and 24th floor portions on August 1, 2011Regarding Akasaka Tameike Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereinafter.
 - 1) Trust beneficial interest pertaining to the office and shop portions (including parts of storage areas, parking lots, etc.) (about 35.5% of total private-use floor area) on September 30, 2008
 - 2) Trust beneficial interest pertaining to residential portion (including parts of parking lots, etc.) (about 30% of total private-use floor area) on March 18, 2011Regarding Roppongi Hills Mori Tower, the Company made acquisitions as follows to date. However, the Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereinafter.
 - 1) 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on March 23, 2010.
The Company holds trust beneficial interest from adding this co-ownership interest as a trust asset of 2) on August 1, 2011.
 - 2) Trust beneficial interest pertaining to compartmentalized ownership for the 23rd floor portion and trust beneficial interest pertaining to the remaining 50% co-ownership interest in compartmentalized ownership for the 24th floor portion on August 1, 2011.For Atago Green Hills, the Company purchased 45% quasi co-ownership interest of the trust beneficial interest pertaining to co-ownership interest in 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 (about 20.0% of total private-use floor area) on May 1, 2012. The Company treats these as one property for purposes of calculating the number of properties in the portfolio. The same shall apply hereinafter.
2. The occupancy rate at the end of the fiscal period expresses the sum total of the total leased floor area at the end of the fiscal period as a percentage of the sum total of the total leasable floor area at the end of the fiscal period, rounded to one decimal place.

(c) Overview of Fund Procurement

During the thirteenth fiscal period, the Company took out short-term loans payable in the amount of 1,000 million yen, long-term loans payable in the amount of 17,500 million yen and issued investment corporation bonds in the amount of 7,000 million yen. Proceeds from these loans and bonds were used for the refinancing of existing short-term loans payable in the amount of 5,500 million yen and long-term loans payable in the amount of 13,000 million yen and the redemption of investment corporation bonds in the amount of 7,000 million yen. The Company also made a previously agreed

repayment in the amount of 62 million yen on existing long-term loans payable during the thirteenth fiscal period.

As a result, as of the end of the thirteenth fiscal period, the balance of loans payable stands at 81,825 million yen (long-term loans payable: 77,347 million yen (of which, current portion of long-term loans payable: 15,125 million yen); and short-term loans payable: 4,478 million yen), the balance of investment corporation bonds stands at 25,000 million yen (of which, current portion of investment corporation bonds: 5,000 million yen) and the balance of interest-bearing debt stands at 106,825 million yen.

Of the loans payable, in addition to the 25,000 million yen in investment corporation bonds and 7,725 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 variable 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 16,500 million yen of the 69,622 million yen in long-term loans payable that have variable interest rates. Concerning future loans payable, the Company will strive to minimize refinancing risks by diversifying repayment dates for loans payable.

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

(Note) Long-term loans payable are loans payable with a period of over one year until the repayment date at the time of drawdown, and short-term loans payable are loans payable with a period of one year or less until the repayment date at the time of drawdown (the same hereinafter).

(d) Overview of Business Results and Distributions

The asset management activities described above resulted in the Company recording 4,676 million yen in operating revenue, 3,125 million yen in operating income, 2,123 million yen in ordinary income and 2,122 million yen in net income in the thirteenth fiscal period.

In regard to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957; including amendments thereto), 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. Consequently, the Company declared a dividend per unit of 9,169 yen.

(2) Outlook for the Fourteenth 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 asset 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 and residential and retail properties that are situated in "Premium Areas" and that are capable of maintaining competitiveness in the future due to attributes such as quality, size and specifications ("Premium Properties (Note)"). The quintessential example is the "Hills" brand of large redevelopment properties exhibiting high creativity and added-value in a manner 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 seek to maximize investor value through continuously conducting dividend-oriented management, by placing further enhancement of the portfolio NOI cap rate 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 that are situated in “Premium Areas” (central five wards of Tokyo (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward and Shibuya Ward) and their vicinity; the same hereinafter), where the Mori Building Group (Mori Building Co., Ltd., Mori Building Co., Ltd.’s consolidated subsidiaries and, of affiliated companies accounted for by the equity method, companies that are engaged in business in Japan; the same hereinafter) can fully demonstrate its brand/marketing strength and facilities management capabilities, etc. and that are capable of maintaining competitiveness in the future due to attributes such as quality, size and specifications. The same shall apply hereinafter.

(b) Significant Subsequent Events

Issuance of New Investment Units

Issuance of new investment units was approved at the Board of Directors’ meetings held on February 15, 2013 and February 25, 2013 as follows and the payments pertaining to the issuance of new investment units through public offering was completed on March 4, 2013.

As a result of the issuance of new investment units through public offering, unitholders’ capital and the total number of investment units outstanding as of March 15, 2013 are 112,444,747,410 yen and 253,520 units, respectively.

i. Issuance of New Investment Units through Public Offering (Primary Offering)

Number of new investment units issued:	22,000 units
Issue price (offer price):	491,400 yen per unit
Total amount of issue price (offer price):	10,810,800,000 yen
Amount paid in (purchase price):	474,264 yen per unit
Total amount paid in (purchase price):	10,433,808,000 yen
Payment date:	March 4, 2013
Dividend calculation date:	February 1, 2013

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

Number (ceiling) of units to be issued:	1,100 units
Amount to be paid in (purchase price):	474,264 yen per unit
Total amount (ceiling) to be paid in (purchase price):	521,690,400 yen
Allottee:	Mizuho Securities Co., Ltd.
Subscription period (subscription date):	April 2, 2013
Payment date:	April 3, 2013
Dividend calculation date:	February 1, 2013

(Note) There may be cases where there will be no subscription to the investment units to be issued in the third-party allotment, in whole or in part, and accordingly the final number of investment units issued by the third-party allotment would decrease to that extent due to forfeiture, or such issuance itself will not take place at all.

iii. Use of Funds Obtained

Funds obtained from the primary offering and third-party allotment will be used as part of the funds, etc. to acquire assets (part of Atago Green Hills and part of ARK Mori Building), etc.

(Reference Information)

i) Acquisition of Asset

The Company adopted a resolution at a meeting of its Board of Directors held on February 15, 2013 to conduct additional acquisitions of Atago Green Hills and ARK Mori Building.

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

i. Overview of Acquisition

(1) Atago Green Hills

- | | |
|---------------------------|---|
| 1) Asset-to-be-acquired: | Trust beneficial interests (Note 1) |
| 2) Property name: | Atago Green Hills |
| 3) Acquisition price: | 16,490 million yen (Note 3) |
| 4) Appraisal value: | 17,900 million yen |
| 5) Agreement date: | February 15, 2013 |
| 6) Acquisition date: | April 1, 2013 (planned) |
| 7) Seller: | Mori Building Co., Ltd. |
| 8) Acquisition financing: | Capital acquired through the issuance of new investment units, borrowings, and cash on hand (planned) |

(1) ARK Mori Building

- | | |
|---------------------------|---|
| 1) Asset-to-be-acquired: | Trust beneficial interests (Note 2) |
| 2) Property name: | ARK Mori Building |
| 3) Acquisition price: | 3,510 million yen (Note 3) |
| 4) Appraisal value: | 3,550 million yen |
| 5) Agreement date: | February 15, 2013 |
| 6) Acquisition date: | April 1, 2013 (planned) |
| 7) Seller: | Mori Building Co., Ltd. |
| 8) Acquisition financing: | Capital acquired through the issuance of new investment units, borrowings, and cash on hand (planned) |

(Notes)

1. Of Atago Green Hills, 46.5% co-ownership interest in a compartmentalized ownership of three buildings (MORI Tower, Forest Tower and Plaza) and co-ownership interest in ownership of the site, as well as quasi co-ownership interest in leasehold right and easement, (hereafter, the "Co-Ownership Interest") for the building which were solely owned by Mori Building Co., Ltd., the seller, are trust assets. The Company is planning to additionally acquire 29% quasi co-ownership interest of the trust beneficial interests (hereafter, the "Quasi Co-Ownership Interest") to own 74% combining with existing 45%. The remaining 26% of the quasi co-ownership interest of the trust beneficial interests

continues to be owned by Mori Building Co., Ltd.

2. Trust beneficial interests which places compartmentalized ownership of the building used as District Heating and Cooling (hereafter, "DHC") from the 4th basement floor through the 1st floor of the building and the ownership of its site as a trust asset.
3. The indicated acquisition price does not include acquisition-related costs, consumption taxes and other expenses. The same shall apply hereafter.

ii) Details of the Assets-to-be-Acquired

(1) Atago Green Hills

Property name		Atago Green Hills
Type of specified asset		Trust beneficial interests (29% of quasi co-ownership interest)
Trust fiduciary		Mitsubishi UFJ Trust and Banking Corporation
Trust beneficiary		Mori Hills REIT Investment Corporation and Mori Building Co., Ltd.
Trust establishment		May 1, 2012
Trust maturity date		April 30, 2027
Location	Lot number	1-10-2 Atago, Minato-ku, Tokyo, etc. (total: 71 lots)
	Residential indication	MORI Tower: 2-5-1 Atago, Minato-ku, Tokyo Forest Tower: 2-3-1 Atago, Minato-ku, Tokyo Plaza: 3-21-5 Toranomom, Minato-ku, Tokyo
Use		Offices, Residences, Shops
Area (Note 1)	Land	13,014.36m ²
	Building	MORI Tower: 85,266.30m ² Forest Tower: 60,815.71m ² Plaza: 2,083.60m ²
Structure		MORI Tower: Steel-framed and steel-framed reinforced concrete structure, 42 floors above ground and 2 floors below ground Forest Tower: Steel-framed and steel-framed reinforced concrete structure, 43 floors above ground and 4 floors below ground Plaza: Reinforced concrete structure, 2 floors above ground and 1 floor below ground
Construction completion		MORI Tower and Plaza: July 2001 Forest Tower: October 2001
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		MORI Tower and Plaza: a consortium of Takenaka Corporation and Kumagai Gumi Co., Ltd. Forest Tower: Toda Corporation
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land (Note 2)	Ownership (co-ownership: approx. 46.1%) Leasehold right (quasi co-ownership interest: approx. 46.5%) Easement (quasi co-ownership interest: approx. 46.1%)
	Building (Note 3)	Compartmentalized ownership (co-ownership interest: 46.5%)

Former owner		Mori Building Co., Ltd.
Acquisition price		16,490 million yen
Acquisition date		April 1, 2013 (planned)
Appraisal	Appraisal value	17,900 million yen
	Appraisal date	January 1, 2013
	Appraiser	Japan Real Estate Institute
PML(Note 4)		MORI Tower: 1.66% Forest Tower: 0.99% Plaza: 9.84%
Collateral		None
Property manager		Mori Building Co., Ltd.
Details of tenants (as of February 15, 2013)		
	Total number of end tenants	1 (Note 5)
	Gross rent income (annual rent)	871,383,613 yen (Note 6)
	Deposits/Guarantees	580,922,408 yen (Note 7)
	Total leasable floor area	11,626.48m ² (Note 8)
	Total leased floor area	11,626.48m ² (Note 9)
Other special consideration		Transfer of quasi co-ownership interest of trust beneficial interest to a third party (with the exception of transfer to Mori Building Co., Ltd.) or the trust assets (with the exception of transfer to the Company upon maturity of the trust agreement) requires the approval of the owners of adjacent land. In addition, transfer of the trust assets (with the exception of transfer to the Company upon maturity of the trust agreement) requires the approval of the land owners that are the lessors of the leased land.

(Notes)

1. Area (building) is the total floor area of the entire building included in trust assets of the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry, and area (land) is the area of the entire site for which land use rights for the building are in place based on the Atago Green Hills Operational Council Bylaws (hereafter, the "Council Bylaws"); hereafter the same.
2. With regard to the land, sites are designated for each building in the Council Bylaws. The area of the site for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company is planned to acquire calculated based on the provisions of the Council Bylaws is approx. 1,467.32m². The site area of the building corresponding to the quasi co-ownership Interest of the trust beneficial interests that the Company is to own after the acquisition calculated based on the provisions of the Council Bylaws is approx. 3,744.20m².
3. The private-use floor area for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company plans to acquire as indicated in the real estate registry is approx. 13,475.59m². The private-use floor area interest ratio is approx. 12.9%. Furthermore, the private-use floor area for the building corresponding to the quasi co-ownership interest of the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is approx. 34,385.99m². The private-use floor area interest ratio is approx. 32.9%
4. PML refers to the probability of the maximum loss expected to result from an earthquake. There is no standardized precise definition. Rather, definitions vary depending on the intended purpose and use. Herein, however, PML is defined as "the percentage of losses against building price which will not be exceeded based on a 90% probability, should the greatest earthquake that has a 10% probability occurring within the average useful life of a building of 50 years, occur." The value as indicated on the

earthquake risk PML assessment report dated December 19, 2012 by Tokyo Bldg-Tech Center Co., Ltd. is shown.

5. The Company will grant the property's lease rights to Mori Building Co., Ltd., the co-owner of the property and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Therefore, Mori Building Co., Ltd. is treated as the end tenant.
6. The gross rent income (annual income) represents the figure obtained by multiplying the monthly rents described in the memorandum between co-owners (contract that grants Mori Building Co., Ltd., one of the co-owners) by 12, and multiplying that amount by the 29% quasi co-ownership interest.
7. Deposits/Guarantees is the amount arrived at when the monetary balance described in the memorandum between co-owners (contract that grants Mori Building Co., Ltd., one of the co-owners) is multiplied by the 29% quasi co-ownership interest.
8. Total leasable floor area which is the floor area deemed leasable to end tenants (excluding storage, parking lots, mechanical rooms, etc.) is multiplied by the 29% quasi co-ownership interest.
9. Total leased floor area which is the floor area to be leased to end tenants (excluding storage, parking lots, mechanical rooms, etc.) is multiplied by the 29% quasi co-ownership interest.

(2) ARK Mori Building

Property name		ARK Mori Building
Type of specified asset		Trust beneficial interests
Trust fiduciary		Sumitomo Mitsui Trust Bank, Limited
Trust beneficiary		Mori Hills REIT Investment Corporation
Trust establishment		April 1, 2013 (planned)
Trust maturity date		March 31, 2028 (planned)
Location	Lot number	1-1 Akasaka, Minato-ku, Tokyo, and 1-1 Roppongi, Minato-ku, Tokyo
	Residential indication	1-12-32 Akasaka, Minato-ku, Tokyo
Use		District Heating and Cooling
Area	Land	39,602.42m ²
	Building	177,486.95m ²
Structure		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof, 37 floors above ground and 4 floors below ground
Construction completion		March 1986
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		A consortium of Kajima Corporation, Toda Corporation and Fujita Engineering Co. Ltd.
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (Note 1)
	Building	Compartmentalized ownership (Note 2)
Former owner		Mori Building Co., Ltd.
Acquisition price		3,510 million yen
Acquisition date		April 1, 2013 (planned)
Appraisal	Appraisal value	3,550 million yen
	Appraisal date	January 1, 2013
	Appraiser	Japan Real Estate Institute
PML		0.38%
Collateral		None
Property manager		Mori Building Co., Ltd.

Leasing scheme	Fixed master lease
Master lessee	Mori Building Co., Ltd.
Details of tenants (as of April 1, 2013)	
Total number of end tenants	1 (Note 3)
Gross rent income (annual rent)	215,538,816 yen
Deposits/Guarantees	107,769,408 yen
Total leasable floor area	3,212.41m ²
Total leased floor area	3,212.41m ²
Other special consideration	None

(Notes)

1. Land use rights for the building are in place. The site area corresponding to the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry is approx. 7.02m². The land use right interest ratio is approx. 0.02%. Moreover, site area corresponding to the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is approx. 4,332.54m² and the land use right interest ratio is approx. 10.9%.
2. The private-use floor area corresponding to the trust beneficial interests that the Company is planned to acquire as indicated in the real estate registry is 3,212.41m². The private-use floor area interest ratio is approx. 2.3%. Moreover, private-use floor area corresponding to the trust beneficial interests that the Company is to own after the acquisition as indicated in the real estate registry is 24,850.89m² and the private-use floor area interest ratio is approx. 17.9%.
3. With regard to the property, the Company will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant.

iii) Borrowing of Funds

The Company resolved at its Board of Directors' Meeting held on March 15, 2013, the following with regard to agreements on borrowings to be used as part of the funds for acquiring (part of Atago Green Hills and part of ARK Mori Building) and refinancing of 1,000 million yen and 500 million yen in short-term loans payable due March 29, 2013.

i. Long-Term Loan Payable

Lenders	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., Development Bank of Japan, Inc. and Mizuho Trust & Banking Co., Ltd.
Borrowing amount	10,000 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.55% (Note)
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2018 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

(Note) The Company plans to convert interest rate payments to a virtual fixed rate by concluding an interest rate swap agreement separately.

ii. Long-Term Loan Payable

Lender	ORIX Bank Corporation
Borrowing amount	1,000 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.45%
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2016 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

iii. Long-Term Loan Payable

Lender	The Hiroshima Bank, Ltd.
Borrowing amount	500 million yen
Interest rate	Base Interest Rate (1-month JBA Japanese Yen TIBOR) + 0.45%
Drawdown date	March 29, 2013
Principal repayment date	March 31, 2016 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of principal repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

(c) Outlook of Business Results

The Company expects the following business results for the fourteenth fiscal period (February 1, 2013 to July 31, 2013) and the fifteenth fiscal period (August 1, 2013 to January 31, 2014). For the assumptions underlying the forecast of results, please refer to “Assumptions of Forecast of Results for the Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)” presented below.

[Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013 – July 31, 2013)]

Operating revenue	¥5,046 million
Operating income	¥3,424 million
Ordinary income	¥2,394 million
Net income	¥2,393 million
Dividend per unit	¥9,400
Dividend in excess of earnings per unit	¥0

[Fifteenth Fiscal Period Ending January 31, 2014 (August 1, 2013 – January 31, 2014)]

Operating revenue	¥5,208 million
Operating income	¥3,508 million
Ordinary income	¥2,547 million
Net income	¥2,546 million
Dividend per unit	¥10,000
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 Forecast of Results for the Fourteenth Fiscal Period Ending July 31, 2013
(February 1, 2013 – July 31, 2013) and the Fifteenth Fiscal Period Ending January 31, 2014
(August 1, 2013 – January 31, 2014)**

Item	Assumptions
Accounting Period	The Fourteenth Fiscal Period: February 1, 2013 – July 31, 2013 (181 days) The Fifteenth Fiscal Period: August 1, 2013 – January 31, 2014 (184 days)
Investment Portfolio	<ul style="list-style-type: none"> • In addition to the 9 properties in its portfolio as of the end of the thirteenth fiscal period (January 31, 2013), the Company it is scheduled to acquire Atago Green Hills and ARK Mori Building (hereafter, “assets-to-be-acquired”) on April 1, 2013 (planned). • The Company assumes the investment portfolio for the period from February 1, 2013 to March 31, 2013 is comprised of the 9 properties in its portfolio as of the end of the thirteenth fiscal period (January 31, 2013), and that for and after April 1, 2013, the Company assumes it acquires the assets-to-be-acquired on the planned acquisition date above, and there will be no change in the investment portfolio (acquisition of new properties, transfers of existing properties, etc.) until the end the fifteenth fiscal period ending January 31, 2014. • In actual practice, however, the forecast is subject to change due to changes in the investment portfolio and other factors.
Operating Revenue	<ul style="list-style-type: none"> • Rent revenue of real estate is estimated based on lease agreements, etc. of the above assets under management (lease agreements planned to be concluded at the same time as the acquisition by the Company for the assets-to-be-acquired), taking into account the market environment, the trends of individual tenants and other factors. • The Company assumes there will be no delinquencies or unpaid rent by tenants.

Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> • For expenses of real estate rent, which account for the majority of operating expenses, 1,374 million yen is expected for the period ending July 31, 2013, and 1,405 million yen is expected for the period ending January 31, 2014. 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"> A) For property taxes, city planning taxes, etc. the amount of taxation during the fourteenth fiscal period is expected to total 286 million yen (for six months) and the amount during the fifteenth fiscal period is expected to total 311 million yen (for six months). Furthermore, for property taxes, city planning taxes, etc. associated with the acquisition of the assets-to-be-acquired, the Company shall incorporate these amounts into the cost of acquisition and, thus, shall not recognize them as operating expenses for the fourteenth and fifteenth fiscal periods. Additionally, since part of the property taxes, city planning taxes, etc. associated with the acquisition of Atago Green Hills in the twelfth fiscal period are incorporated into the cost of acquisition, 21 million yen (for three months) are expected to be recognized as operating expenses for the fourteenth fiscal period. B) For building maintenance and repairs, the Company recorded the estimated required amount for the respective fiscal periods: (43 million yen for the fourteenth fiscal period; 20 million yen for the fifteenth fiscal period). However, please note that actual expenses for maintenance and repairs in the respective fiscal periods may differ materially from estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to a building and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount of variation may vary significantly from one period to the next. C) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 727 million yen in the fourteenth fiscal period and 750 million yen in the fifteenth fiscal period. D) For property management fees, 104 million yen is expected for the fourteenth fiscal period and 105 million yen is expected for the fifteenth fiscal period. • For the operating expenses other than expenses for real estate rent (asset management fee, asset custody fee, administrative service fees, etc.), 247 million yen is expected for the fourteenth fiscal period and 294 million yen is expected for the fifteenth fiscal period.
Non-Operating Expenses	<ul style="list-style-type: none"> • The Company expects to incur 542 million yen for the fourteenth fiscal period and 537 million yen for the fifteenth fiscal period in interest expenses, 168 million yen for the fourteenth fiscal period and 161 million yen for the fifteenth fiscal period in interest expenses on investment corporation bonds, and 249 million yen for the fourteenth fiscal period and 244 million yen for the fifteenth fiscal period in borrowing expenses. • Expenses of 53 million yen are expected for the fourteenth fiscal period for the cost of issuance of new investment units (hereafter, “issuance of new investment units”).

Item	Assumptions
Interest-Bearing Debt	<ul style="list-style-type: none"> • The Company's balance of interest-bearing debt as of the end of the thirteenth fiscal period is 106,825 million yen. • The Company plans new borrowing of 10 billion yen in March 2013, as part of funds for the acquisition of the assets-to-be-acquired, etc. recorded in the investment portfolio above. • The balance of loans payable outstanding as of the end of the thirteenth fiscal period was 81,825 million yen. The Company assumes that regarding 19,603 million yen remaining of loans payable due for repayment by the end of the fifteenth fiscal period, agreed repayments of 62 million yen will be concluded in May 2013 for the 2,125 million yen of a long-term loan payable (due for repayment on November 30, 2013), and the refinancing are planned by a 62 million yen reduction in the repayment period, and for the remaining 17,478 million yen the Company assumes it will be refinanced in the entire amount. The Company also assumes that combined with the new loans payable above, the balance will be 91,762 million yen at the end of the fourteenth fiscal period and 91,700 million yen at the end of the fifteenth fiscal period. • The balance of investment corporation bonds as of the end of the thirteenth fiscal period was 25,000 million yen. The Company assumes that of that amount, 5,000 million yen due for repayment by the end of the fifteenth fiscal period will be redeemed through issuing investment corporation bonds of the same value.
Issuance of Investment Units	<ul style="list-style-type: none"> • The number of investment units outstanding as of the end of the thirteenth fiscal period (January 31, 2013) was 231,520 units. The Company assumes that a total of 23,100 units, 22,000 units additionally issued through public offering and 1,100 units additionally issued through third-party allotment, will all be issued. • The Company assumes that there will be no additional issuance of investment units until the end of the fifteenth fiscal period.
Dividend per Unit (excluding dividend in excess of earnings)	<ul style="list-style-type: none"> • Dividend per unit is calculated based on the assumption that the Company will make distributions in accordance with the cash distribution policy set forth in its Articles of Incorporation. • Dividend per unit may vary due to numerous factors, including changes in the investment portfolio, changes in rent income caused by the moving-in/out of tenants, unplanned repairs, changes in interest rates, or additional issuance of new investment units.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> • The Company assumes at present that it will not make any cash distributions in excess of earnings (dividend 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, rules, etc. provided by the Investment Trusts Association Japan 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.

5. FINANCIAL STATEMENTS**(1) Balance Sheets**

(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Assets		
Current assets		
Cash and deposits	2,222,988	2,633,516
Cash and deposits in trust	7,428,489	6,845,858
Operating accounts receivable	74,451	73,626
Prepaid expenses	401,810	431,022
Deferred tax assets	13	18
Consumption taxes receivable	-	81,821
Other	2	-
Total current assets	10,127,757	10,065,863
Noncurrent assets		
Property, plant and equipment		
Land	22,074,160	22,074,160
Buildings in trust	41,547,821	41,650,705
Accumulated depreciation	(4,032,223)	(4,673,002)
Buildings in trust, net	37,515,597	36,977,703
Structures in trust	393,266	393,266
Accumulated depreciation	(102,690)	(118,078)
Structures in trust, net	290,575	275,188
Machinery and equipment in trust	448,442	449,066
Accumulated depreciation	(37,837)	(48,222)
Machinery and equipment in trust, net	410,604	400,844
Tools, furniture and fixtures in trust	53,465	60,940
Accumulated depreciation	(18,620)	(22,826)
Tools, furniture and fixtures in trust, net	34,845	38,114
Land in trust	122,721,231	122,721,231
Construction in progress in trust	2,090	273
Total property, plant and equipment	183,049,106	182,487,516
Intangible assets		
Leasehold rights in trust	25,825,688	25,825,688
Other intangible assets in trust	973	398
Other	2,496	1,996
Total intangible assets	25,829,158	25,828,083
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	344,619	357,936
Total investments and other assets	354,619	367,936
Total noncurrent assets	209,232,884	208,683,536
Deferred assets		
Investment corporation bond issuance costs	44,993	63,781
Total deferred assets	44,993	63,781
Total assets	219,405,635	218,813,181

Mori Hills REIT Investment Corporation (3234) Thirteenth Fiscal Period Financial Report

(Unit: thousands of yen)

	Twelfth Fiscal Period (as of July 31, 2012)	Thirteenth Fiscal Period (as of January 31, 2013)
Liabilities		
Current liabilities		
Operating accounts payable	89,784	160,700
Short-term loans payable	8,978,000	4,478,000
Current portion of investment corporation bonds	12,000,000	5,000,000
Current portion of long-term loans payable	13,125,000	15,125,000
Accounts payable – other	26,112	22,280
Accrued expenses	418,948	357,230
Income taxes payable	720	809
Accrued consumption taxes	114,466	43,594
Advances received	681,719	678,529
Deposits received	763,744	99,762
Total current liabilities	36,198,496	25,965,907
Noncurrent liabilities		
Investment corporation bond	13,000,000	20,000,000
Long-term loans payable	59,784,500	62,222,000
Lease and guarantee deposited in trust	6,292,231	6,386,240
Total noncurrent liabilities	79,076,731	88,608,240
Total liabilities	115,275,228	114,574,147
Net assets		
Unitholders' equity		
Unitholders' capital	102,010,939	102,010,939
Surplus	2,119,468	2,122,849
Voluntary retained earnings		
Reserve for reduction entry	-	105,244
Total voluntary retained earnings	-	105,244
Unappropriated retained earnings (undisposed loss)	2,119,468	2,122,849
Total surplus	2,119,468	2,228,093
Total unitholders' equity	104,130,407	104,239,033
Total net assets	104,130,407	104,239,033
Total liabilities and net assets	219,405,635	218,813,181

(2) Statements of Income and Retained Earnings

(Unit: thousands of yen)

	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Operating revenue		
Rent revenue of real estate	4,467,826	4,568,819
Other rent revenue of real estate	128,597	107,776
Gain on sales of real estate properties	201,158	-
Total operating revenue	4,797,582	4,676,596
Operating expenses		
Expenses of real estate rent	1,294,704	1,257,009
Asset management fee	231,891	220,361
Directors' compensation	5,400	5,400
Asset custody fee	5,477	5,485
Administrative service fees	14,807	14,096
Other operating expenses	61,870	48,831
Total operating expenses	1,614,152	1,551,184
Operating income	3,183,429	3,125,411
Non-operating income		
Interest income	976	866
Exclusion gain of unpaid dividend	2,502	2,178
Income from settlement of management association accounts	14,052	-
Other	789	-
Total non-operating income	18,320	3,044
Non-operating expenses		
Interest expenses	612,172	553,240
Interest expenses on investment corporation bonds	196,650	188,041
Amortization of investment corporation bond issuance cost	16,287	17,556
Borrowing expenses	254,573	243,935
Other	1,802	1,855
Total non-operating expenses	1,081,486	1,004,628
Ordinary income	2,120,263	2,123,827
Income before income taxes	2,120,263	2,123,827
Income taxes - current	913	982
Income taxes - deferred	4	(4)
Total income taxes	918	977
Net income	2,119,344	2,122,849
Retained earnings brought forward	123	-
Unappropriated retained earnings (undisposed loss)	2,119,468	2,122,849

(3) Statements of Unitholders' Equity

	(Unit: thousands of yen)	
	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the start of the period	102,010,939	102,010,939
Change during the period		
Total changes of items during the period	—	—
Balance at the end of the period	102,010,939	102,010,939
Surplus		
Voluntary retained earnings		
Provision for reduction entry		
Balance at the start of the period	—	—
Change during the period		
Provision of reserve for reduction entry	—	105,244
Total changes of items during the period	—	105,244
Balance at the end of the period	—	105,244
Total voluntary retained earnings		
Balance at the start of the period	—	—
Change during the period		
Provision of reserve for reduction entry	—	105,244
Total changes of items during the period	—	105,244
Balance at the end of the period	—	105,244
Unappropriated retained earnings (undisposed loss)		
Balance at the start of the period	1,996,288	2,119,468
Change during the period		
Provision of reserve for reduction entry	—	(105,244)
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	3,381
Balance at the end of the period	2,119,468	2,122,849
Total surplus		
Balance at the start of the period	1,996,288	2,119,468
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	2,119,468	2,228,093
Total unitholders' equity		
Balance at the start of the period	104,007,228	104,130,407
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	104,130,407	104,239,033
Total net assets		
Balance at the start of the period	104,007,228	104,130,407
Change during the period		
Dividends from surplus	(1,996,165)	(2,014,224)
Net income	2,119,344	2,122,849
Total changes of items during the period	123,179	108,625
Balance at the end of the period	104,130,407	104,239,033

(4) Statements of Cash Distributions

(Unit: yen)

Item \ Period	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
I. Unappropriated retained earnings	2,119,468,036	2,122,849,651
II. Amount of dividends	2,014,224,000	2,122,806,880
[Amount of dividends per unit]	[8,700]	[9,169]
III. Voluntary retained earnings		
Reserve for reduction entry	105,244,036	-
IV. Retained earnings carried forward	-	42,771

(5) Statements of Cash Flows

(Unit: thousands of yen)

Account	Twelfth Fiscal Period (February 1, 2012 to July 31, 2012)	Thirteenth Fiscal Period (August 1, 2012 to January 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	2,120,263	2,123,827
Depreciation and amortization	658,512	672,023
Amortization of investment corporation bond issuance cost	16,287	17,556
Increase (decrease) in provision for loss on disaster	(6,813)	-
Interest income	(976)	(866)
Exclusion gain of unpaid dividend	(2,502)	(2,178)
Interest expenses	808,822	741,282
Decrease (increase) in operating accounts receivable	(605)	825
Decrease (increase) in consumption taxes refund receivable	83,882	(81,746)
Increase (decrease) in operating accounts payable	(35,664)	9,028
Increase (decrease) in accounts payable – other	797	(1,349)
Increase (decrease) in accrued expenses	10,350	(15,639)
Increase (decrease) in accrued consumption taxes	53,559	(70,872)
Increase (decrease) in advances received	101,606	(3,189)
Increase (decrease) in deposits received	(629)	(7,069)
Decrease (increase) in prepaid expenses	(23,912)	(29,211)
Decrease (increase) in long-term prepaid expenses	(45,273)	(13,316)
Decrease in carrying amounts of property, plant and equipment in trust due to sale	25,332,951	-
Other, net	40	140
Subtotal	29,070,696	3,339,245
Interest income received	976	866
Interest expenses paid	(821,748)	(787,361)
Income taxes paid	(982)	(894)
Net cash provided by (used in) operating activities	28,248,941	2,551,856
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(18,525,271)	(47,706)
Purchase of intangible assets in trust	(7,415,731)	-
Repayments of lease and guarantee deposited in trust	(2,022,994)	(672,226)
Proceeds from lease and guarantee deposited in trust	2,181,982	109,323
Net cash provided by (used in) investing activities	(25,782,014)	(610,609)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	3,478,000	1,000,000
Decrease in short-term loans payable	(11,500,000)	(5,500,000)
Proceeds from long-term loans payable	22,722,000	17,500,000
Repayment of long-term loans payable	(14,812,500)	(13,062,500)
Proceeds from issuance of investment corporation bonds	-	6,963,659
Redemption of investment corporation bonds	-	(7,000,000)
Cash dividends paid	(1,994,379)	(2,014,508)
Net cash provided by (used in) financing activities	(2,106,879)	(2,113,349)
Net increase (decrease) in cash and cash equivalents	360,047	(172,102)
Cash and cash equivalents at beginning of period	9,291,430	9,651,478
Cash and cash equivalents at end of period	9,651,478	9,479,375

6. OVERVIEW OF LEASE CONDITIONS (as of January 31, 2013)

Property no.	Property name	Leasing scheme	Total leasable floor area (m ²)	Total leased floor area (m ²)	Occupancy rate (%)	Total no. of end tenants	Gross rent income (annual rent) (millions of yen)	Deposits / Guarantees (millions of yen)
O-0	Roppongi Hills Mori Tower	Fixed master lease	8,993.45	8,993.45	100.0	1	1,207	1,006
O-1	ARK Mori Building	Fixed master lease	21,376.02	21,376.02	100.0	1	2,327	1,996
O-4	Koraku Mori Building	Pass-through master lease	16,197.45	15,271.52	94.3	16	1,200	1,197
O-6	Akasaka Tameike Tower	Fixed master lease	19,698.54	19,698.54	100.0	1	1,333	946
O-7	Atago Green Hills	Fixed master lease	18,041.10	18,041.10	100.0	1	1,352	901
R-1	Moto-Azabu Hills	Pass-through master lease	1,325.30	1,325.30	100.0	7	126	51
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,642.78	89.4	39	128	46
R-4	Roppongi View Tower	Fixed master lease	6,344.84	6,344.84	100.0	1	218	-
S-1	Laforet Harajuku (Land)	Business-use fixed-term land lease	2,565.06	2,565.06	100.0	1	1,293	-
Total portfolio			97,498.53	96,258.61	98.7	68	9,188	6,147

7. STATUS OF INCOME AND EXPENDITURES (August 1, 2012 – January 31, 2013)

(Unit: thousands of yen)

Property no.	O-0 Premium		O-1 Premium		O-3 Premium	
	Roppongi Hills Mori Tower		ARK Mori Building		Roppongi First Building (Note 2)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	182	184	90	-
Rent revenue of real estate	603,955	603,955	1,163,923	1,163,923	183,966	-
Other rent revenue of real estate	-	-	-	-	24,563	-
Total property operating revenue	603,955	603,955	1,163,923	1,163,923	208,530	-
Property management fees	1,200	1,200	4,800	4,800	35,404	-
Utilities	-	-	-	-	15,136	-
Property taxes	25,295	40,336	51,129	70,723	23,752	-
Maintenance and repairs	-	-	-	-	-	-
Insurance premium	1,104	1,088	1,998	1,985	1,104	-
Depreciation and amortization	98,872	98,872	120,233	120,274	30,471	-
Other lease business expenses	27	27	2,673	2,674	2,257	-
Total property operating expenses	126,499	141,525	180,835	200,457	108,127	-
NOI	576,328	561,302	1,103,322	1,083,740	130,875	-

Mori Hills REIT Investment Corporation (3234) Thirteenth Fiscal Period Financial Report

(Unit: thousands of yen)

Property no.	O-4 Premium		O-6 Premium		O-7 Premium	
	Koraku Mori Building		Akasaka Tameike Tower		Atago Green Hills (Note 3)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	182	184	92	184
Rent revenue of real estate	562,774	578,680	666,446	666,446	338,036	676,073
Other rent revenue of real estate	96,290	105,815	289	289	-	-
Total property operating revenue	659,065	684,495	666,735	666,735	338,036	676,073
Property management fees	63,642	67,638	3,000	3,000	810	1,620
Utilities	76,182	84,040	-	-	-	-
Property taxes	32,959	31,560	37,283	43,441	-	-
Maintenance and repairs	8,572	10,525	-	-	-	-
Insurance premium	2,173	2,198	2,563	2,578	1,386	2,772
Depreciation and amortization	128,913	128,979	172,758	173,230	59,820	119,958
Other lease business expenses	76,150	68,732	905	905	12,257	21,888
Total property operating expenses	388,595	393,675	216,511	223,157	74,273	146,239
NOI	399,383	419,799	622,983	616,809	323,583	649,792

(Unit: thousands of yen)

Property no.	R-1 Premium		R-2 Premium		R-3 Premium		R-4		S-1 Premium	
	Moto-Azabu Hills		ARK Forest Terrace (Note 2)		Roppongi First Plaza		Roppongi View Tower		Laforet Harajuku (Land)	
Fiscal period (Note 1)	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth	Twelfth	Thirteenth
Days of operations	182	184	90	-	182	184	182	184	182	184
Rent revenue of real estate	57,631	63,039	63,055	-	71,807	60,474	109,426	109,426	646,800	646,800
Other rent revenue of real estate	803	1,071	6,100	-	550	600	-	-	-	-
Total property operating revenue	58,435	64,110	69,155	-	72,357	61,074	109,426	109,426	646,800	646,800
Property management fees	11,428	8,852	17,472	-	12,682	13,083	3,738	3,738	-	-
Utilities	49	12	5,537	-	119	282	-	-	-	-
Property taxes	3,306	2,069	5,298	-	7,091	6,954	10,975	10,755	52,462	54,958
Maintenance and repairs	4,224	6,186	2,479	-	2,568	5,238	-	-	-	-
Insurance premium	157	158	458	-	319	321	436	415	-	-
Depreciation and amortization	6,395	6,395	17,281	-	10,210	10,757	13,055	13,055	-	-
Other lease business expenses	3,661	3,875	3,752	-	4,242	4,388	455	455	-	-
Total property operating expenses	29,223	27,550	52,281	-	37,233	41,025	28,660	28,419	52,462	54,958
NOI	35,606	42,955	34,155	-	45,334	30,805	93,821	94,062	594,337	591,842

(Notes)

1. The twelfth fiscal period was from February 1, 2012 to July 31, 2012.
The thirteenth fiscal period was from August 1, 2012 to January 31, 2013.
2. Sold on May 1, 2012.
3. Acquired on May 1, 2012.

Disclaimer:

This report contains translations of selected information described in the Financial Release (*Kessan-Tanshin*) dated March 15, 2013 prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the thirteenth fiscal period from August 1, 2012 to January 31, 2013, of Mori Hills REIT Investment Corporation (“the Company”), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

This English language document was prepared solely for the convenience of and reference by investors and does not necessarily correspond to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language *Kessan-Tanshin* and the Financial Statements and the Performance Information Report for the aforementioned should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation.

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The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Law of Japan and the Financial Instruments and Exchange Law and related regulations, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau of the Ministry of Finance. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

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

These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

The forward-looking statements contained in this document express information only as of the date of release, March 15, 2013, and the Company does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.

The version posted on the website is the latest version. Accordingly, the content may vary depending on the timing of release.