

都市を託される責任。



May 19, 2016

MORI TRUST CO., LTD.

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## PRESS RELEASE

### Financial Report for the Fiscal Year Ended March 2016

Mori Trust Group recently announced its consolidated business performance for the year ended March 31, 2016(FY 2016).

The Group consists of 24 consolidated companies, including MORI TRUST CO., LTD., MORI TRUST BUILDING MANAGEMENT CO., LTD., and MORI TRUST HOTELS & RESORTS CO., LTD., and two equity-method affiliates.

**[Mori Trust Group Consolidated Financial Report]** (April 1, 2015– March 31, 2016)

Operating revenue for the fiscal year ended March 2016 was 163.0 billion yen (down 40% year-on-year) with all areas of Leasing, Hotel, and Real Estate Sales performing as expected. Operating income was 41.2 billion yen (down 3% year-on-year), and net income attributable to parent company's shareholders was 34.0 billion yen (down 25% year-on-year), almost achieving the earnings forecast.

Net income attributable to parent company's shareholders for the fiscal year ending March 2017 is projected to reach a record high of 57.0 billion yen.

(Figures in millions of yen; figures less than one million yen are rounded down.)

		FY2015	FY2016	FY2017 (Projection)
1	Operating revenue	272,868	163,063	148,000
	Leasing	65,093	62,654	61,000
	Hotel	24,963	28,528	32,000
	Real estate sales	169,491	60,475	43,000
	Other (Subsidiaries' construction subcontracting, etc.)	13,320	11,404	12,000
2	Operating income	42,393	41,231	30,000
3	Ordinary income	62,211	35,107	30,000
4	Net income attributable to parent company's shareholders. *	45,589	34,095	57,000

\* From the fiscal year ended March 2016, the account title "Net income" is changed to "Net income attributable to parent company's shareholders."

## Overview of FY 2016 business performance

- Revenue of the Leasing Business was 62.6 billion yen due to the stable operation of existing buildings, despite the loss of rental income from Meguro Gajoen and so on, which was sold during the fiscal year ended March 2015.
- Revenue of the Hotel Business increased significantly to 28.5 billion yen. Key contributors were the full-year operation of Suiran, a Luxury Collection Hotel, Kyoto which opened in March 2015, and the favorable effects of strong demand for accommodation from Japanese and oversea visitors.
- Revenue of the Real Estate Sales Business was 60.4 billion yen, due to the partial sale of the KYOBASHI TRUST TOWER and steady sales of residences at FORETSEINE AKASAKA HINOKIZAKA which was completed during the fiscal year ended March 2016, and condominiums in the Kansai region.
- Revenue of Other Businesses was 11.4 billion yen, due to the sound performance of all businesses, with the exception of construction work for tenants moving in and out, which decreased because operations of leased buildings remained stable.

As a result, operating revenue and operating income were 163.0 billion yen and 41.2 billion yen, respectively, with net income attributable to parent company's shareholders of 34.0 billion yen.

## **Business Performance Projections for FY 2017**

- Revenue of the Leasing Business is projected to be 61.0 billion yen. While solid demand for office buildings is expected to continue to be firm, a decline in rental revenue will occur due to the partial sale of the KYOBASHI TRUST TOWER in the previous year, and the sale of fixed properties planned during the fiscal year.
- Revenue of the Hotel Business is projected to increase to 32.0 billion yen, up 12%. The projection is based on the expected expansion of revenue of existing hotels through continued high occupancy rates and room price rises, and the full-year operation of the rebranded Courtyard by Marriott Shin-Osaka Station supported by a further increase in demand for accommodation from Japanese and overseas visitors.
- Revenues of the Real Estate Sales Business and Other Businesses are projected to be 43.0 billion yen and 12.0 billion yen, respectively.

As a result, operating revenue is projected to be 148.0 billion yen with operating income of 30.0 billion yen. Net income attributable to parent company's shareholders is expected to be a record high of 57.0 billion yen partly because the scheduled sale of other fixed assets.

Projections contained in this document have been made on the basis of information available when it was released. Due to various unforeseeable factors, actual performance may differ from such projections.

# FY 2016 Key Business Topics

## Real Estate Business

During the fiscal year ended March 2016, we continued to focus on growth, aggressively promoting large-scale complex urban development projects in the Tokyo Metropolitan Area. In particular, these projects include an initiative to start construction of the main building for TRANOMON TRUST CITY WORLD GATE; Akasaka 2-chome Project (tentative name), which is under consideration to create an international base in the Akasaka Area; and development plans in the Shinagawa-Mita Area, which is expected to make rapid progress as a new transport node when the Linear Chuo Shinkansen Line is opened. With Tokyo preparing to be transformed significantly by leveraging the hosting of the 2020 Tokyo Olympics and Paralympics, we are actively expanding undertakings that will contribute to strengthening global competitiveness.

Furthermore, we are engaged in continuing activities to reinforce anti-disaster responses and reduce environmental loads around the facilities we have developed, as well as promoting a variety of area management activities that will bring prosperity to urban areas.

### ■ Large-scale Complex Urban Development

#### ◇ Promoting TRANOMON TRUST CITY WORLD GATE

TRANOMON TRUST CITY WORLD GATE (Toranomom 4-chome, Minato Ward) was accredited by the Prime Minister of Japan as an Architecture Remodeling Project for National Strategic Urban Planning in the Tokyo Metropolitan National Strategic Special Zone. This project is a large-scale, complex re-development plan on a site area of approximately 16,300 m<sup>2</sup> with a floor area of 210,000 m<sup>2</sup> in the heart of the Roppongi and Toranomom districts. The site will connect directly to Kamiya-cho Station on the Hibiya Subway Line and adjacent to Toranomom New Station (tentative name). The area is expected to experience further growth by establishing new transport infrastructure.

This plan will include introducing functions for cultivating and supporting Cool Japan (industrial development using regional resources in Japan and support in overseas expansion) and comprehensively supporting the daily lives of people from abroad with the aim of equipping the facilities with the urban functions an international business base deserves. We will promote implementation of the plan to help enhance the convenience and attractiveness of the area through projects including the Forest of Fukishiro (tentative name) with approximately 3,000 m<sup>2</sup> of large green spaces; re-development of Fukishiro Inari Shrine, which has been located there for more than 300 years, and improving the network of pedestrian sidewalks in coordination with



Establishing an urban foundation and creating green spaces



Introducing functions supporting the daily lives of people from abroad



Introducing functions supporting industrial development and overseas expansion

※All picture are image.

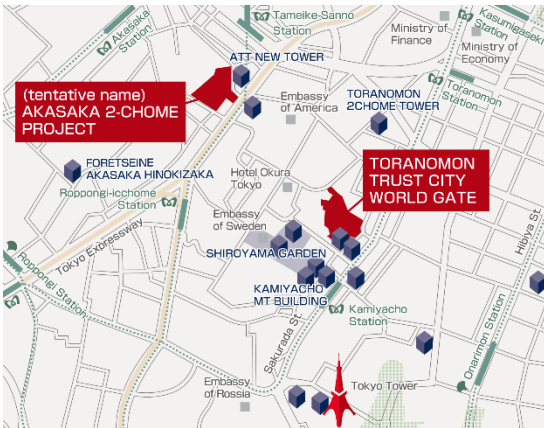


Appearance (for illustrative purpose)

Project Name	TORANOMON TRUST CITY WORLD GATE (Former name of the plan : (tentative name)Toranomom 4-chome Project)
Address	Toranomom 4-chome and 3-chome, Minato-ku, Tokyo
Site area	Approx. 16,300 m <sup>2</sup>
Total floor area	Approx. 210,000 m <sup>2</sup>
Number of floors	36 stories above ground, 4 stories below ground
Primary use	Office, Hotel · Serviced Apartment, Residence, Shop, Conference, Life-supporting facilities, Industrial development facilities, Shinto shrines, etc.
Planned term of works	FY2016-FY2019

◇ Promoting (tentative name) Akasaka 2-chome Project (Former name of the plan : (tentative name)Toranomom 4-chome Project)

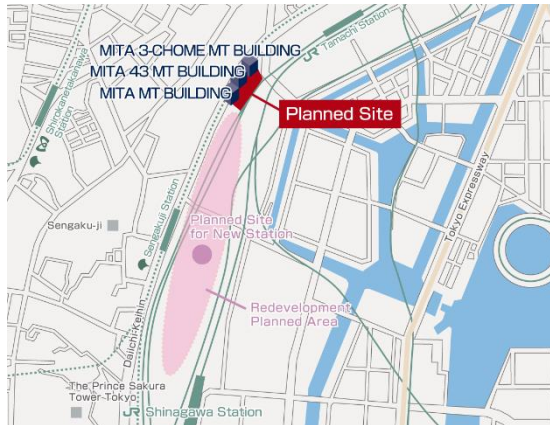
The former site of Akasaka Twin Tower Main and East Tower, whose demolition was completed in April 2015, is situated in the Toranomom-Akasaka area, where a number of domestic and international corporations, Japan's leading hotels, and embassies are clustered, has experienced re-development triggered by the opening of Loop Highway 2. We are considering a large-scale development, centered on cutting-edge office functions that are suitable for a business base that represents the area.



Project Name	(tentative name) Akasaka 2-chome Project
Address	Akasaka 2-chome, Minato-ku, Tokyo
Building completion	Unfixed

◇ **Examining Large-scale Re-development in the Shinagawa-Mita Area**

The Shinagawa-Mita Area connects directly to Haneda Airport, which is serving more and more international flights, and is expected to enhance its presence further as a gateway to domestic and overseas destinations with the opening of the Linear Chuo Shinkansen and a project for a new station on the Yamanote Line in the pipeline. We are considering a plan for re-developing a site area of about 11,000 m<sup>2</sup> of MITA 43 MT BUILDING, MITA MT BUILDING, and MITA 3-CHOME MT BUILDING combined, which we own in this area.



Address	Mita 3-chome, Minato-ku, Tokyo
Site area	Approx. 11,000 m <sup>2</sup> (The total area of three buildings )
Building completion	Unfixed

■ **Condominium**

◇ **Completion of FORETSEINE AKASAKA HINOKIZAKA**

FORETSEINE AKASAKA HINOKIZAKA, a complex of high-end condominium residences at the center of the Akasaka-Roppongi area, was completed in March 2016. With FORETSEINE AKASAKA HINOKIZAKA, based on the concept of “Luxury Courtesy,” we aim to offer high-quality residences worthy of the site through designs that draw on Hinokizaka’s history, culture, and traditions; disaster control and security functions using cutting-the-edge technologies including the introduction of an earthquake-proof structure; and, refined services that put the comfort of residents first.



Entrance corridor



Dwelling units (for illustrative purpose)



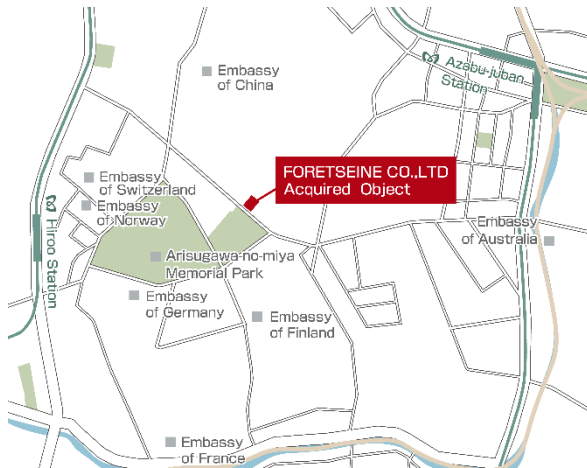
Lounge



Address	19-33 Akasaka 6-chome, Minato-ku, Tokyo
Site area	2,645.20 m <sup>2</sup>
Total floor area	12,145.78 m <sup>2</sup>
Number of floors	7 stories above ground, 2 stories below ground
Total units	54
Room Type	1LDK-3LDK
Building completion	March 2016

◇ **Aggressively Promoting the Luxury Residential Sales Business**

The Mori Trust Group, which is promoting a business for providing many people with high-end living spaces, has developed a number of luxury residential projects. FORETSEINE CO., LTD. acquired a property in Azabu during the fiscal year ended March 2016 and is planning to reconstruct it with luxury residences. With several plans including the above, the Mori Trust Group will continue to promote the luxury residential sales business.



FORETSEINE CO., LTD. Past Record of Residential Sales

■ Area management activities in each area

◇ Shinagawa area

Area management activities in GOTENYAMA TRUST CITY

At GOTENYAMA TRUST CITY, we are engaged in area management activities using the lush green Gotenyama Garden and its spaces, which are open to the public, in cooperation with Tokyo Marriott Hotel, which is situated in the compound. We aim to help people expand human networks and create new lifestyles based on the concept of a “Wellness City, a life with gardens, and an exquisite time to nurture urban life and people.”

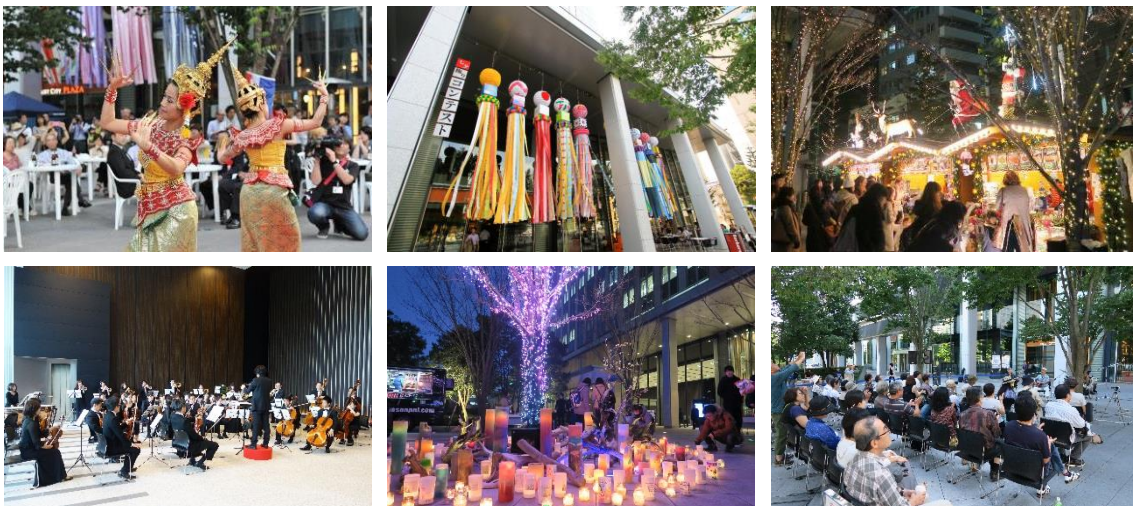


◇ Sendai area

Area management activities in SENDAI TRUST CITY

Since its grand opening in August 2010, we have been engaged in area management activities at SENDAI TRUST CITY with a view to reenergizing and enhancing the value of urban districts.

During the year ended March 31, 2015, we continued urban development by hosting the Trust City Garden Café Tohoku - Thailand Festival, *Tanabata* (Star Festival) decorations, Date Gourmet Marche, and many other events, in order to be appreciated not only by local communities but also by visitors to Sendai.





## Hotel and Resort Business

The Mori Trust Group has been engaged in developing and operating a number of hotels for over 40 years since the founding of the first corporate membership resort club in Japan, Laforet Club. Leveraging expertise obtained through these operations, we have established accommodation facilities that offer world-class services by successfully inviting overseas luxury hotels mainly to Tokyo, Sendai, and Kyoto.

During the fiscal year ended March 2016, we actively acquired land for developing hotels with the aim of responding to further increasing demand for accommodation and promoting regional revitalization through the hotel business. We hope to help realize a tourism-driven Japan by sending messages about the attractions of Japan through regional resources worldwide, while contributing to Japan's economic growth by accelerating development of the tourism business, which is a next-generation growth industry with high economic ripple effects.

### ■ New Hotel Projects

In recent years, we have also focused on launching stand-alone hotels in addition to promoting the opening of hotels within urban complex development projects, and are now implementing new hotel projects in various areas.

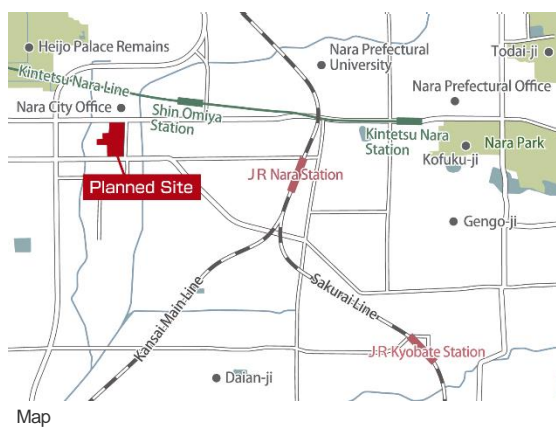
#### ◇ JW Marriott Hotel Nara Project

JW MARRIOTT 

Nara Prefecture is implementing the Omiya Street New Hotel-Interaction Base Project (formally the Redevelopment Project of Prefecture-run Swimming Pool Site). For the hotel portion, the core of this project, which we are developing now, we invited Marriott International, a hotel group that boasts the largest number of members in the world, to operate its high-end hotel brand JW Marriott Hotel Nara for the first time in Japan. It is scheduled to open in the spring of 2020. Through the first foreign luxury hotel in Nara, we are sending out a message about Nara's attractive tourism resources, such as its historic and cultural properties including three World Heritage Sites and picturesque landscapes, to the world, as well as make the venue a new tourism destination for domestic and foreign tourists.



Appearance (for illustrative purpose)



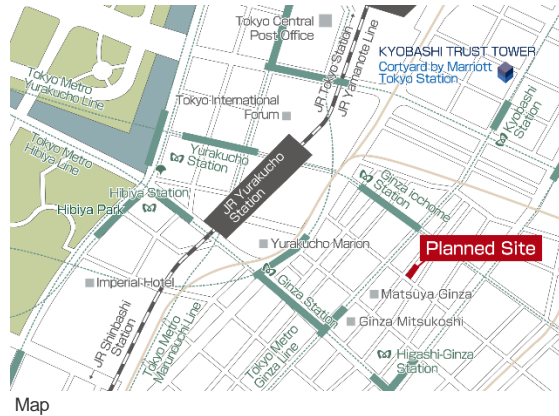
Address	Sanjo-Oji 1-chome, Nara-city, Nara
Site area	4,000 m <sup>2</sup>
Total floor area	Approx. 15,000 m <sup>2</sup>
Total units	150 rooms
Open schedule	Spring 2020

◇ **Ginza-2chome Project (tentative name)**

The development area is located in Japan’s best commercial area in Ginza, with approximately 660 m<sup>2</sup> of land facing Maronie Avenue near the Ginza 2-chome intersection on the main street. It is perfect for going around Ginza and has convenient access to other areas. Leveraging the potential of the location, where world-renowned brand stores are gathered, along with the long-established department stores nearby, our hotel will be designed for a highly sensitive, active generation.



Ginza-4chome cross



Map

Address	8-15 Ginza 2-chome, Chuo-ku, Tokyo		
Site area	663.3 m <sup>2</sup>	Open schedule	Around FY 2019

◇ **Hakone Gora Project (tentative name)**

The development area, with over 10,000 m<sup>2</sup> of time-honored land, is in an excellent location only three minutes on foot from Naka-Gora Station on the Hakone Tozan Cable car Line and two types of spring water quality for a hot spring experience. The project aims to re-build luxury accommodation with an open-air bath attached to each room and is considering attracting global brands.



Hakone Gora “Daimonji yaki”



Map

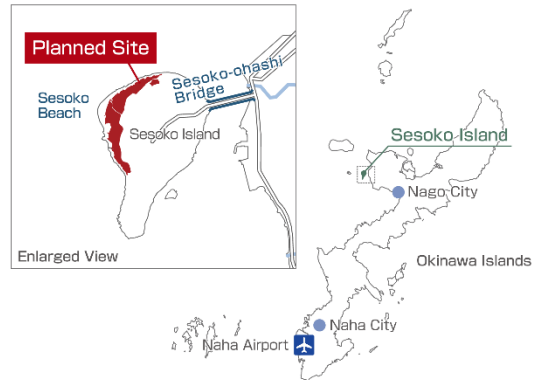
Address	1320-61 Gora Mukouyama, Ashigarashita-gun, Kanagawa etc (Parcel Number)		
Site area	10,324.3 m <sup>2</sup>	Open schedule	Around 2020

◇ **Okinawa Sesoko Project (tentative name)**

The development area of approximately 330,578 m<sup>2</sup> is located on the western edge of Sesoko Island which is connected to a peninsula of the main island by the Sesoko Bridge. Our hotel site is rare in Okinawa Prefecture, with a beautiful sunset view and facing the 800 meter-long Sesoko Beach which is known for having the most transparent water in the country. Capitalizing on the beautiful landscape, we aim to open a stay-type resort hotel, offering a world-class service to meet the needs of domestic and overseas travelers.



Sesokojima island



Location map

Address	5750 Sesoko Shimojibaru, Motobucho, Kunigami-gun, Okinawa etc (Parcel Number)		
Site area	335,131.0 m <sup>2</sup>	Open schedule	Around 2020

◇ **Irabujima island Project (tentative name)**

This project site is situated on the beachside near Toguchi Beach, which is famous for its white sand beach and clear emerald green ocean, on Irabu Island, one of the Miyako Islands. The location can expect demand from extended stay hotels. We are working to open a luxury hotel that delivers world-class services.



Irabu bridge

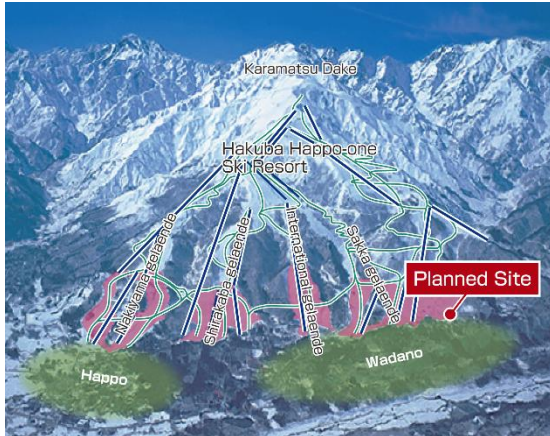


Location map

Address	818-19 Irabu Irabu-nagasokobaru, Miyako-city, Okinawa etc (Parcel Number)		
Site area	7,338.0 m <sup>2</sup>	Open schedule	Around 2019~2022

◇ **Hakuba Sakka Project (tentative name)**

The Hakuba area is internationally known for its powder snow quality and is one of the best ski resorts visited by tourists from all over the world. The land acquired for the project, located in Wadano district admired by both domestic and overseas visitors, is a prime hotel location for skiing, facing the Sakka slope in Hakuba Happo-One, also known for being a competition venue for the 1998 Olympic Winter Games in Nagano. We aim to open a luxury hotel that provides world-class services capitalizing on the site's location.



Address	4821-1 Jonan-sakka, Hakuba-mura, Kitaazumi-gun, Nagano etc (Parcel Number)
Site area	14,555.0 m <sup>2</sup>
Open schedule	Around 2019~2022

■ **Hotel Renovation and Rebranding Plans**

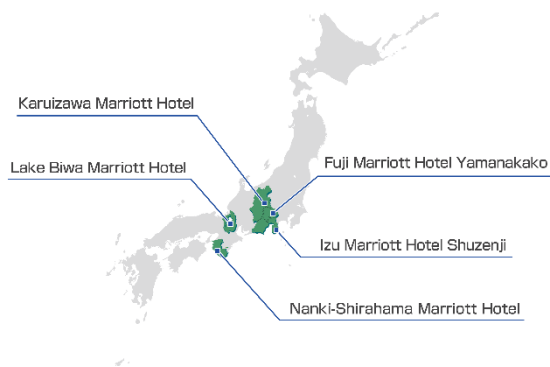
The Mori Trust Group has been renovating and rebranding seven facilities of Laforet Hotels & Resorts (applicable to about 1,000 guest rooms) with an investment of approximately 16 billion yen over three years since 2015. We are aiming at “regional revitalization,” “coping with changes in life styles,” and “responding to expanding inbound demand” by transforming facilities into hotels that are equipped with new attractions and meet the needs of the times.

◇ **Rebranding Project of Five Laforet Hotels to Marriott Hotel (From 2016 to 2017)**



Of the 10 facilities of Laforet Hotels & Resorts, which are located in Japan’s leading resorts, we plan to rebrand five hotels at Karuizawa (Nagano Prefecture), Nanki-Shirahara (Wakayama Prefecture), Lake Yamanaka (Yamanashi Prefecture), Shuzenji (Shizuoka Prefecture), and Lake Biwa (Shiga Prefecture) into Marriott Hotels, the flagship brand of Marriot International. They are scheduled to open, one after another, by 2017.

We intend to attract tourists from all over the world by fusing Marriott’s strengths—the ability to send customers to various destinations through its membership network, and its world-class services—with expertise we have developed operating the Laforet Club membership network and hotels. Promoting the above activities, we hope to send out messages about Japan throughout the world and contribute to foreign visitors coming to the resorts, which will lead to regional revitalization.



New Hotel's Name (Current name)	Open schedule
Karuizawa Marriott Hotel (Laforet Naka-Karuizawa)	2016
Nanki-Shirahama Marriott Hotel (Laforet Nanki-Shirahama)	2017
Fuji Marriott Hotel Yamanakako (Laforet Yamanakako)	2017
Izu Marriott Hotel Shuzenji (Laforet Shuzenji)	2017
Lake Biwa Marriott Hotel (Laforet Biwako)	2017

### ◇ Renovation Plans of Laforet Club Hotel Hakuba Happo (From September to December 2016)

At Laforet Club Hotel Hakuba Happo, we plan to renovate guest rooms and common spaces as part of a large-scale renovation project for Laforet Hotels & Resorts, with work starting soon.

In recent years, more and more foreign tourists have been visiting the Hakuba area for skiing, which is increasing demand for accommodation. In response, we plan to renovate the hotel as a facility that can better meet the needs of foreign tourists.

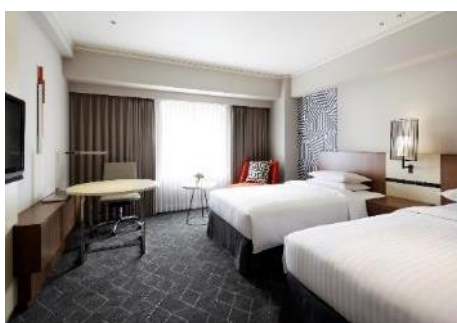


Address	2937 Hokujo Hakuba-mura, Kitaazumi-gun, Nagano
Planned term of works	September - December 2016

◇ **Rebrand Open of Courtyard by Marriott Shin-Osaka Station  
(November 2015)**



The rebranded Courtyard by Marriott Shin Osaka Station opened in November 2015. The hotel is located just one-minute’s walk from Shin Osaka Station, the main terminal of the Kansai region and is in an excellent area for business and tourism bases. All of the hotel’s guest rooms are spacious with a floor area of at least 30 m<sup>2</sup> and modern interiors, while offering space with amenities that support the lifestyles of today’s business travelers.



Address	1-2-70 Miyahara Yodogawa-ku, Osaka-city, Osaka
Total units	332 rooms (30 m <sup>2</sup> ~90 m <sup>2</sup> )
Facilities	All-day dining , Teppanyaki , Bar Fitness room, Meeting rooms
Open date	November 2 , 2015

◇ **Laforet Club Ito Onsen (Hot Spring) Yu No Niwa (hot spring with gardens)  
“The Second Phase Renewal Opening”**

Laforet Club Ito Onsen Yu No Niwa renovated guest rooms during the second phase of a refurbishing project, following the renovation of public spaces in 2013, and reopened in December 2015. A new offering is the Premium Rooms (54 rooms) where guests can luxuriate in hot spring waters from an original source in a spacious floor area of about 45 m<sup>2</sup>, providing a higher quality stay in a time-honored hot spring town and as a base for travelling across Ito.



Address	2-3-1 Shishido, Ito-city, Shizuoka
Total units	84 rooms
Facilities	Restaurant, Onsen “Kenshin-Tou” (large public bath, open-air spa, three family bath, footbath terrace), Banquet & training hall
Renewal Open date	December 23 , 2015 (The Second Phase)

## Investment Business

Leveraging its diverse strengths, Mori Trust Group has been carrying out investment activities in a wide range of areas, targeting assets as well as corporate and business systems that are beneficial to society and deliver value to urban centers in general.

We are investigating a wide range of real estate investments at home and abroad in an effort to reinforce our asset portfolio. At the same time, we are actively involved in incubating Japan's next-generation industries and markets. As part of those activities, we are further promoting the real estate investment trust (REIT) business.

### ◇ **Establishing a REIT Specializing in Hotels and Activities toward a Stock Exchange Listing**

The Mori Trust Group has developed expertise from developing and operating domestic and international hotel brands in its capacity as both developer and operator. Taking advantage of our professional knowledge and experience, we set up Mori Trust Hotel Asset Management Co., Ltd., which specializes in managing assets, in August 2015, and the Mori Trust Hotel REIT Investment Company in January 2016, in order to contribute to the further revitalization of the hotel market. We expect these investment companies to realize the asset value, stability, and growth potential of hotels, using expertise the Mori Trust Group has accumulated and offer support from both hardware and software sides. So that we can demonstrate the investment value of hotels for promoting investments in the tourism industry, we will take the necessary procedures with the aim of a Tokyo Stock Exchange listing within fiscal 2016.

## Environmental initiatives

Based on our management philosophy, “A Responsibility for Shaping the City,” Mori Trust Group is actively involved in disaster readiness and environmental initiatives, taking both “hard” approaches, developing properties equipped with the latest technologies, and “soft” approaches, working with the surrounding areas and tenants.

Through ongoing initiatives helping to shape cities that are safe, secure, and sustainable, we are aiming to develop urban areas that are internationally competitive.

### ◇ Activities toward the Full Operation of Mori Trust Energy Park Izumigazaki

In the mega solar business (large-scale solar power generation), which targets the introduction and promotion of renewable energy, regional revitalization, and contributions to society, we are following the procedures to start operation of the 2nd phase (maximum output of 8 MW) of the Mori Trust Energy Park Izumigazaki (Izumigazaki-mura, Nishi-Shirakawa-gun, Fukushima Prefecture). When in full operation, the maximum output will be 10 MW, together with the 1st phase, and the annual output will be equivalent to the annual consumption of about 3,200 households.

The Mori Trust Energy Park Biwako (a maximum output of 2 MW), a project in Shiga Prefecture, has been in operation since December 2014.



Institution Name	Mori Trust Energy Park Izumigazaki
Address	1 Otagawa Takamuki, Izumigazaki-mura, Shirakawa-gun, Fukushima (Parcel Number)
Power generation capacity (The first period, the second period total)	Maximum output : about 10MW (about 10,000kW)  Power Generation output : about 10,800 thousand kWh per year
Date of the commencement of operations	【The first period】 August 2013 【The second period】 unfixed



Institution Name	Mori Trust Energy Park Biwako
Address	2870 Imahamacho Jukkenya, Moriyama-city, Shiga etc (Parcel Number)
Power generation capacity	Maximum output : about 2MW (about 2,000kW)  Power Generation output : about 2,300 thousand kWh per year
Date of the commencement of operations	December 2014



## Mori Trust Group: Total Floor Area Leased or Managed

### Number of rental/managed facilities (as of March 31, 2016)

- Rental buildings: Approx. 1,280,000m<sup>2</sup> (101 buildings)
- Hotel & Resort facilities: 32 hotels (Number of rooms: Approx. 7,200)
  - (Laforet Hotels & Resorts (12, including Tokyo Marriott Hotel); Laforet & Matsuo Golf Club; CONRAD TOKYO; Suiran, a Luxury Collection Hotel, Kyoto; The Westin Sendai; Courtyard by Marriott Tokyo Station; MAMPEI HOTEL; RIHGA ROYAL HOTELS & ASSOCIATE HOTELS (11, Capital & business tie-up partner); Shangri-La Hotel, Tokyo (lease); Hotel Sunroute Plaza Shinjuku (lease))

## Mori Trust Group: Summary of Consolidated Companies

#### MORI TRUST CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 President Akira Mori  
 Established June 10, 1970  
 Capital 30 billion yen  
 Business sectors Real estate development, hotel management and investment business

#### Toyo Green Building Co., Ltd.

Location Toranomon, Minato-ku, Tokyo  
 President Nobuo Konomi  
 Established March 1, 1978  
 Capital 90 million yen  
 Business sectors Condominium management service

#### MORI TRUST BUILDING MANAGEMENT CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 President Yasutsugu Sakai  
 Established April 1, 2002  
 Capital 100 million yen  
 Business sectors Comprehensive building services for building management, interior design management & renovation, and planning & consulting.

#### URBAN LIFE Co., Ltd. (Code : 8851)

Location Motoy amaminamimachi, Higashinada-ku, Kobe-shi, Hyogo  
 President Nobuo Konomi  
 Established July 31, 1970  
 Capital 3,405 billion yen  
 Business sectors Development, planning, sales, and rental of condominiums, office buildings and stores

#### MORI TRUST HOTELS & RESORTS CO., LTD.

Location Kitashinagawa, Shinagawa-ku, Tokyo  
 President Miwako Date  
 Established February 7, 1973  
 Capital 100 million yen  
 Business sectors Operation of hotel chains & golf courses, Management of tourism information center, Meeting room lease, Innovative R&D

#### URBAN LIFE JUUTAKUHANBAI Co., Ltd.

Location Motoy amaminamimachi, Higashinada-ku, Kobe-shi, Hyogo  
 President Kenkichi Takatsu  
 Established July 29, 1982  
 Capital 300 million yen  
 Business sectors Planning and sales of condominiums, dealing, brokerage of leasing and operations of real estate

#### MAMPEI HOTEL CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 Chair Miwako Date  
 President Yasutaka Yanai  
 Established 1894  
 Capital 100 million yen  
 Business sectors Ownership and operation of the Mampei Hotel

#### STUDIO-KOA Co.,Ltd.

Location Higashiashiyamachi, Ashiya-shi, Hyogo  
 President Masako Omoto  
 Established November 18, 2002  
 Capital 10 million yen  
 Business sectors Housing refurbishments

#### MT&Hilton Hotel Co., Ltd.

Location Toranomon, Minato-ku, Tokyo  
 President Kazuo Asano  
 Established October 22, 2004  
 Capital 20 million yen  
 Business sectors Management of the Conrad Tokyo

#### NIHON ESLEAD CORPORATION (Code : 8877)

Location Fukushima, Fukushima-ku, Osaka-shi  
 President Sugio Aramaki  
 Established May 8, 1992  
 Capital 1,983 million yen  
 Business sectors Sale of condominiums, Real estate replacement business, Real estate rental business, etc

#### MT GOLF DEVELOPMENT CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 President Toshio Komatsu  
 Established November 19, 2004  
 Capital 100 million yen  
 Business sectors Ownership and operation of Laforet & Matsuo Golf Club

#### ESLEAD KANRI CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi  
 President Sugio Aramaki  
 Established May 20, 1996  
 Capital 10 million yen  
 Business sectors Condominium Management and Rental Management Businesses

#### FORETSEINE CO., LTD.

Location Toranomon, Minato-ku, Tokyo  
 President Nobuo Konomi  
 Established March 31, 2011  
 (date of foundation since incorporation-type company split)  
 Capital 100 million yen  
 Business sectors Planning and development of urban type condominium for sales and rental management

#### SOUDEN CORPORATION

Location Fukushima, Fukushima-ku, Osaka-shi  
 President Hiroshi Nakazawa  
 Established May 17, 2006  
 Capital 90 million yen  
 Business sectors Electricity Management Business

**E·L CONSTRUCTION CORPORATION**

Location Fukushima, Fukushima-ku, Osaka-shi  
 President Yasutaka Kidouchi  
 Established June 14, 2006  
 Capital 55 million yen  
 Business sectors General Contract and Renovation Businesses

**ESLEAD JYUTAKU RYUTU CO. LTD**

Location Fukushima, Fukushima-ku, Osaka-shi  
 President Hiroyuki Harima  
 Established May 8, 2007  
 Capital 10 million yen  
 Business sectors Real Estate Transaction, Asset Management and Real Estate Rental Businesses

**MT GENEX CORPORATION (Code : 9820)**

Location Toranomon, Minato-ku, Tokyo  
 President Hitoshi Suzuki  
 Established October 1945  
 Capital Approx. 1.072 billion yen  
 Business sectors Facelift of building and housing, and parking operation management, etc.

**Toyo Housing Management, Inc.**

Location Roppongi, Minato-ku, Tokyo  
 President Nobuo Konomi  
 Established November 27, 1979  
 Capital 10 million yen  
 Business sectors Leasing management and operations of real estate

**MORI TRUST INSURANCE SERVICE CORPORATION**

Location Toranomon, Minato-ku, Tokyo  
 President Hitoshi Suzuki  
 Established January 25, 2016  
 Capital 10 million yen  
 Business sectors Nonlife insurance agent and life insurance solicitor

**MORI TRUST Asset Management Co., Ltd.**

Location Toranomon, Minato-ku, Tokyo  
 President Satoshi Horino  
 Established February 28, 2000  
 Capital 400 million yen  
 Business sectors Operation of real estate investment trusts

**MORI TRUST Hotel Asset Management Co., Ltd.**

Location Toranomon, Minato-ku, Tokyo  
 President Nobuyuki Endo  
 Established August 20, 2015  
 Capital 200 million yen  
 Business sectors Operation of real estate investment trusts

**Shiroyama Heating & Cooling Supply Co., Ltd.**

Location Toranomon, Minato-ku, Tokyo  
 President Masahide Kasahara  
 Established November 6, 1989  
 Capital 300 million yen  
 Business sectors Local heating and cooling services in the Shiroyama Garden and adjacent area

**AZMAX CORP.**

Location Nihonbashi, Chuo-ku, Tokyo  
 President Masayoshi Takahashi  
 Established August 11, 1947  
 Capital 499 million yen  
 Business sectors Manufacturing and selling cold drawn special steel shapes

**MORI TRUST Hotel Reit, Inc.**

Location Toranomon, Minato-ku, Tokyo  
 Executive Director Nobuyuki Endo  
 Established January 15, 2016  
 Capital 100 million yen  
 Business sectors Investment in real estate and asset-backed securities investing primarily in real estate

(as of March 31, 2016)

## Mori Trust Group: Summary of Equity-Method Affiliates

**THE ROYAL HOTEL, LIMITED (Code : 9713)**

Location Nakanoshima, Kita-ku, Osaka-shi, Osaka  
 Established February 10, 1932  
 Business sectors Hotel management centered on lodgment, banquet and restaurant, and hotel incidental business

**MORI TRUST Sogo Reit, Inc. (Code : 8961)**

Location Toranomon, Minato-ku, Tokyo  
 Established October 2, 2001  
 Business sectors Investment in real estate and asset-backed securities investing primarily in real estate

(as of March 31, 2016)

## Consolidated Financial Statements

### Consolidated Balance Sheets (as of March 31, 2016 and 2015)

MORI TRUST CO., LTD. and its consolidated subsidiaries

(¥ millions)

	2016	2015
<b>Assets</b>		
<b>I . Current assets</b>		
1 Cash and deposits	154,111	85,980
2 Notes and accounts receivable-trade	17,131	4,819
3 Short-term investment securities	48,532	52,488
4 Real estate for sale	42,903	46,388
5 Real estate for sale in process	155,694	152,513
6 Real estate for development	618	618
7 Other inventories	1,531	1,445
8 Deferred tax assets	4,547	6,869
9 Other	8,533	2,764
Allowance for doubtful accounts	(28)	(98)
<b>Total current assets</b>	<b>433,575</b>	<b>353,789</b>
<b>II . Noncurrent assets</b>		
<b>1 Property, plant and equipment</b>		
(1) Buildings and structures, net	129,134	133,826
(2) Machinery, equipment and vehicles, net	5,203	2,894
(3) Tools, furniture and fixtures, net	1,316	1,239
(4) Land	436,872	434,879
(5) Construction in progress	1,691	987
(6) Other, net	1,910	1,873
<b>Total property, plant and equipment</b>	<b>576,129</b>	<b>575,700</b>
<b>2 Intangible assets</b>		
(1) Leasehold right	3,258	3,258
(2) Goodwill	112	168
(3) Other	423	422
<b>Total intangible assets</b>	<b>3,794</b>	<b>3,849</b>
<b>3 Investments and other assets</b>		
(1) Investment securities	18,547	25,546
(2) Investments in unconsolidated subsidiaries and affiliates	3,896	4,166
(3) Long-term loans receivable	161	173
(4) Deferred tax assets	407	281
(5) Guarantee deposits	3,664	3,834
(6) Other	2,435	2,558
Allowance for doubtful accounts	(82)	(89)
<b>Total investments and other assets</b>	<b>29,029</b>	<b>36,471</b>
<b>Total noncurrent assets</b>	<b>608,953</b>	<b>616,021</b>
<b>Total assets</b>	<b>1,042,528</b>	<b>969,810</b>

Note: Figures less than one million yen are rounded down.

(¥ millions)

	2016	2015
<b>Liabilities</b>		
<b>I . Current liabilities</b>		
1 Notes and accounts payable-trade	14,604	9,278
2 Short-term loans payable	33,873	60,422
3 Current portion of long-term loans payable	122,075	83,992
4 Accounts payable-other	5,800	11,302
5 Income taxes payable	14,128	16,532
6 Accrued expenses	980	913
7 Advances received	6,195	6,801
8 Deposits received	1,373	2,044
9 Provision for bonuses	610	554
10 Other	296	145
<b>Total current liabilities</b>	<b>199,939</b>	<b>191,987</b>
<b>II . Noncurrent liabilities</b>		
1 Long-term loans payable	384,369	364,505
2 Long-term lease deposited	48,991	49,961
3 Long-term guarantee deposited	51,896	52,059
4 Long-term deposits received	281	312
5 Deferred tax liabilities	8,875	10,492
6 Net defined benefit liability	2,586	2,571
7 Asset Retirement Obligation	1,323	1,043
8 Other	2,823	897
<b>Total noncurrent liabilities</b>	<b>501,148</b>	<b>481,844</b>
<b>Total liabilities</b>	<b>701,088</b>	<b>673,832</b>
<b>Net assets</b>		
<b>I . Shareholders' equity</b>		
1 Capital stock	30,000	10,000
2 Capital surplus	9,845	
3 Retained earnings	282,548	263,518
<b>Total shareholders' equity</b>	<b>322,393</b>	<b>273,518</b>
<b>II . Valuation and translation adjustments</b>		
1 Valuation difference on available-for-sale securities	357	4,708
2 Revaluation reserve for land	17	14
3 Remeasurements of defined benefit plans	(543)	(187)
<b>Total valuation and translation adjustments</b>	<b>△ 167</b>	<b>4,535</b>
<b>III . Non-controlling interests</b>	<b>19,213</b>	<b>17,923</b>
<b>Total net assets</b>	<b>341,440</b>	<b>295,978</b>
<b>Total liabilities and net assets</b>	<b>1,042,528</b>	<b>969,810</b>

Note: Figures less than one million yen are rounded down.

**Consolidated Statements of Income (For the years ended March 31, 2016 and 2015)**

(¥ millions)

	2016	2015
<b>I . Operating revenue</b>	<b>163,063</b>	<b>272,868</b>
<b>II . Operating cost</b>	<b>107,113</b>	<b>217,033</b>
<b>Operating gross profit</b>	<b>55,949</b>	<b>55,834</b>
<b>III . Selling, general and administrative expenses</b>	<b>14,717</b>	<b>13,441</b>
<b>Operating income</b>	<b>41,231</b>	<b>42,393</b>
<b>IV . Non-operating income</b>		
1 Interest and dividends income	568	997
2 Gain on sales of securities	4,765	8,172
3 Gain on valuation of securities	-	3,008
4 Foreign exchange gain	-	10,542
5 Gain on investments in partnership etc.	1,246	-
6 Other	905	2,312
<b>Total non-operating income</b>	<b>7,486</b>	<b>25,033</b>
<b>V . Non-operating expenses</b>		
1 Interest expenses	3,289	4,013
2 Loss on valuation of securities	8,427	-
3 Equity in losses of affiliates	-	1,083
4 Other	1,894	118
<b>Total non-operating expenses</b>	<b>13,611</b>	<b>5,215</b>
<b>Ordinary income</b>	<b>35,107</b>	<b>62,211</b>
<b>VI . Extraordinary income</b>		
1 Gain on sales of noncurrent assets	8,497	6,106
2 Gain on sales of investment securities	9,401	-
3 Other	3	241
<b>Total extraordinary income</b>	<b>17,902</b>	<b>6,348</b>
<b>VII . Extraordinary loss</b>		
1 Loss on retirement of noncurrent assets	526	1,734
2 Loss on sales of investment securities	-	4,727
3 Other	59	21
<b>Total extraordinary losses</b>	<b>585</b>	<b>6,484</b>
<b>Income before income taxes and minority interests</b>	<b>52,424</b>	<b>62,075</b>
Income taxes-current	14,918	23,807
Income taxes for prior periods	-	(22,541)
Income taxes-deferred	2,036	13,880
<b>Net income</b>	<b>35,468</b>	<b>46,928</b>
<b>Net income attributable to non-controlling interests</b>	<b>1,373</b>	<b>1,338</b>
<b>Net income attributable to parent company's shareholders</b>	<b>34,095</b>	<b>45,589</b>

Note: Figures less than one million yen are rounded down.

Note: This translation may be used only for reference purposes. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail.