

# Interim Financial Report for the Fiscal Year Ending March 2009

November 27, 2008  
Mori Building Co. Ltd.

# Financial Summary for Interim Period ended September 2008



- The strongly-performing Asset Development and Management Business contributed to increases in both revenue and profit
- Net profit also increased as we absorbed extraordinary loss derived from amortization of opening expenses for the Shanghai World Financial Center

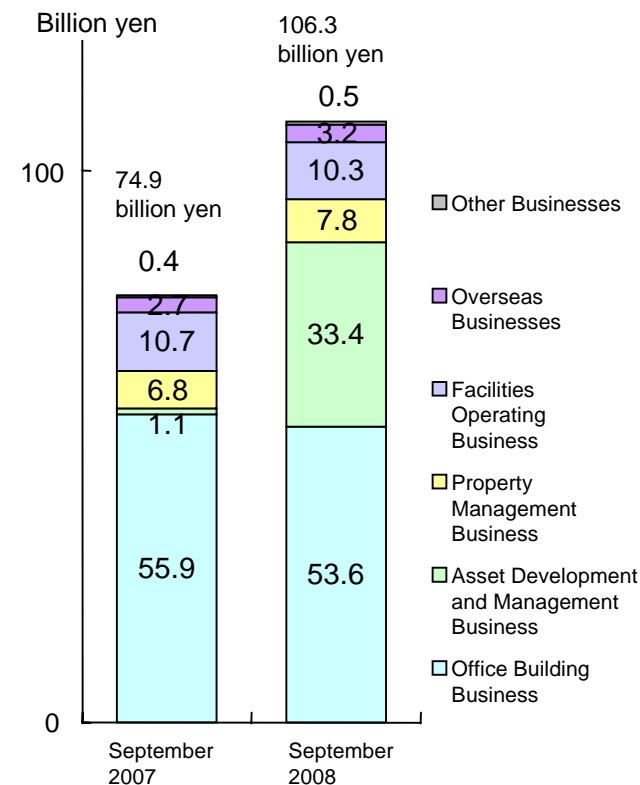
	September 2007	September 2008	September 2008 Change amount	September 2008 % change
Operating revenue	74.9 billion yen	106.3 billion yen	31.4 billion yen	41.9%
Operating costs	46.9 billion yen	62.4 billion yen	15.5 billion yen	33.1%
Selling, general and administrative expenses	12.2 billion yen	9.8 billion yen	- 2.4 billion yen	-19.8%
Operating profit	15.8 billion yen	34.1 billion yen	18.3 billion yen	115.7%
Non-operating profit/loss	- 7.9 billion yen	- 9.3 billion yen	- 1.4 billion yen	-
Ordinary profit	7.9 billion yen	24.8 billion yen	16.8 billion yen	212.2%
Extraordinary profit/loss	1.2 billion yen	- 8.5 billion yen	- 9.7 billion yen	-
Net profit before adjustments for taxes, etc.	9.2 billion yen	16.3 billion yen	7.2 billion yen	78.1%
Current net profit	5.3 billion yen	9.7 billion yen	4.4 billion yen	83.7%

# Breakdown of Operating Revenue (Sales)



- The Office Building Business saw reduced revenue mainly due to sales of properties in the previous fiscal year and cancelled leases on properties we plan to redevelop
- The Asset Development and Management Business saw a large increase in revenue due to sales of developed properties to REITs

	September 2007	September 2008	Change amount	% change
Office Building Business	55.9 billion yen	53.6 billion yen	-2.3 billion yen	-4.1%
Asset Development and Management Business	1.1 billion yen	33.4 billion yen	32.4 billion yen	3041.7%
Property Management Business	6.8 billion yen	7.8 billion yen	1.1 billion yen	15.6%
Facilities Operating Business	10.7 billion yen	10.3 billion yen	-0.4 billion yen	-3.3%
Overseas Businesses	2.7 billion yen	3.2 billion yen	0.5 billion yen	19.0%
Other Businesses	0.4 billion yen	0.5 billion yen	0.1 billion yen	31.6%
Eliminations/corporate	-2.5 billion yen	-2.6 billion yen	-0.1 billion yen	
<b>Operating revenue (sales)</b>	<b>74.9 billion yen</b>	<b>106.3 billion yen</b>	<b>31.4 billion yen</b>	<b>41.9%</b>



Office Building Business: Leased property management business, contracted works and design/supervision business, regional air conditioning and electricity supply business, observatory business, forum business, etc.

Asset Development and Management Business: Real estate sales business, investment business, etc.

Property Management Business: Office building property management business, asset management business, etc.

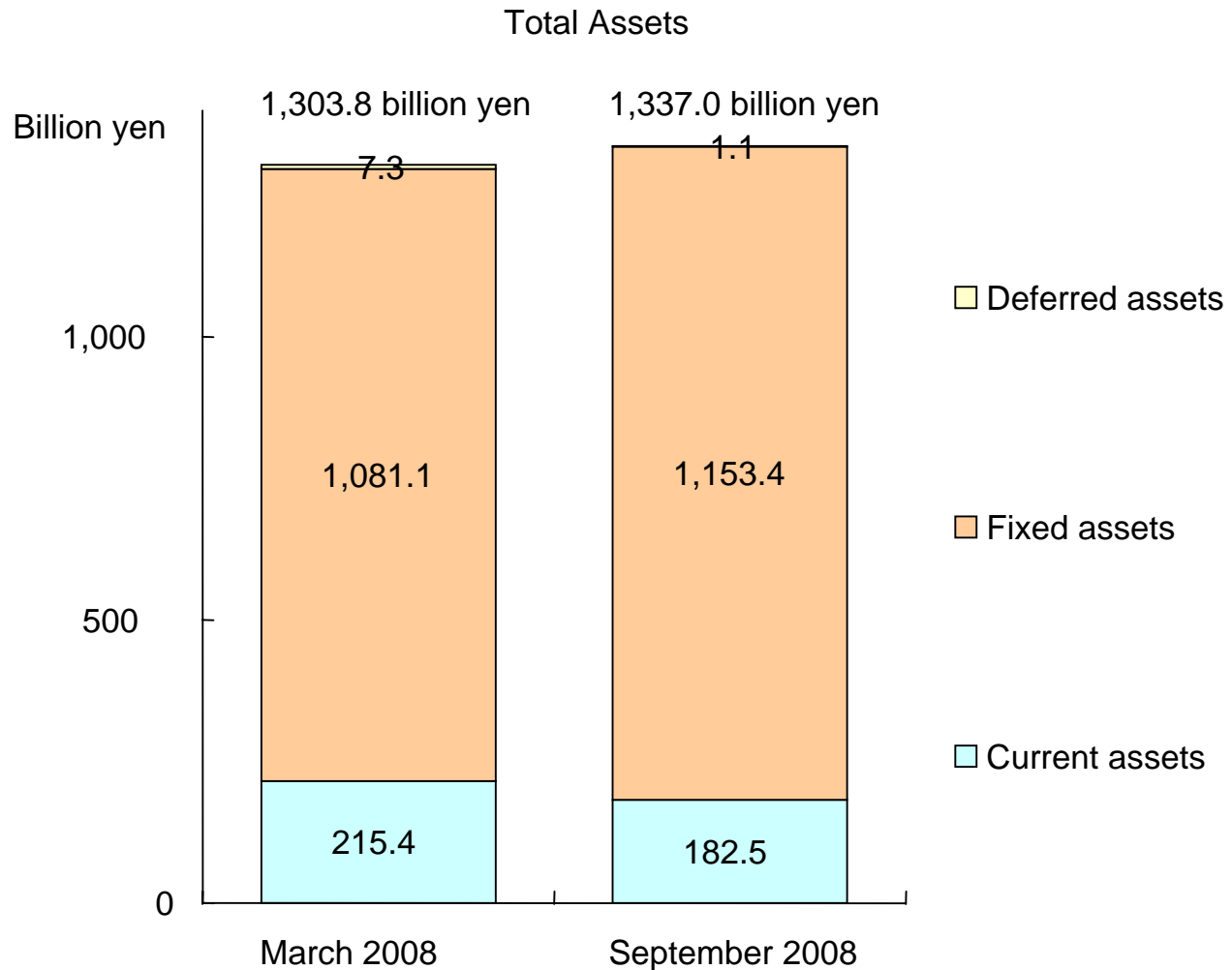
Facilities Operating Business: Hotel business, membership club business, golf business, senior citizens' home business

Overseas Businesses: Overseas real estate development and leasing business and overseas investment business

# Condition of the Balance Sheet (Assets)

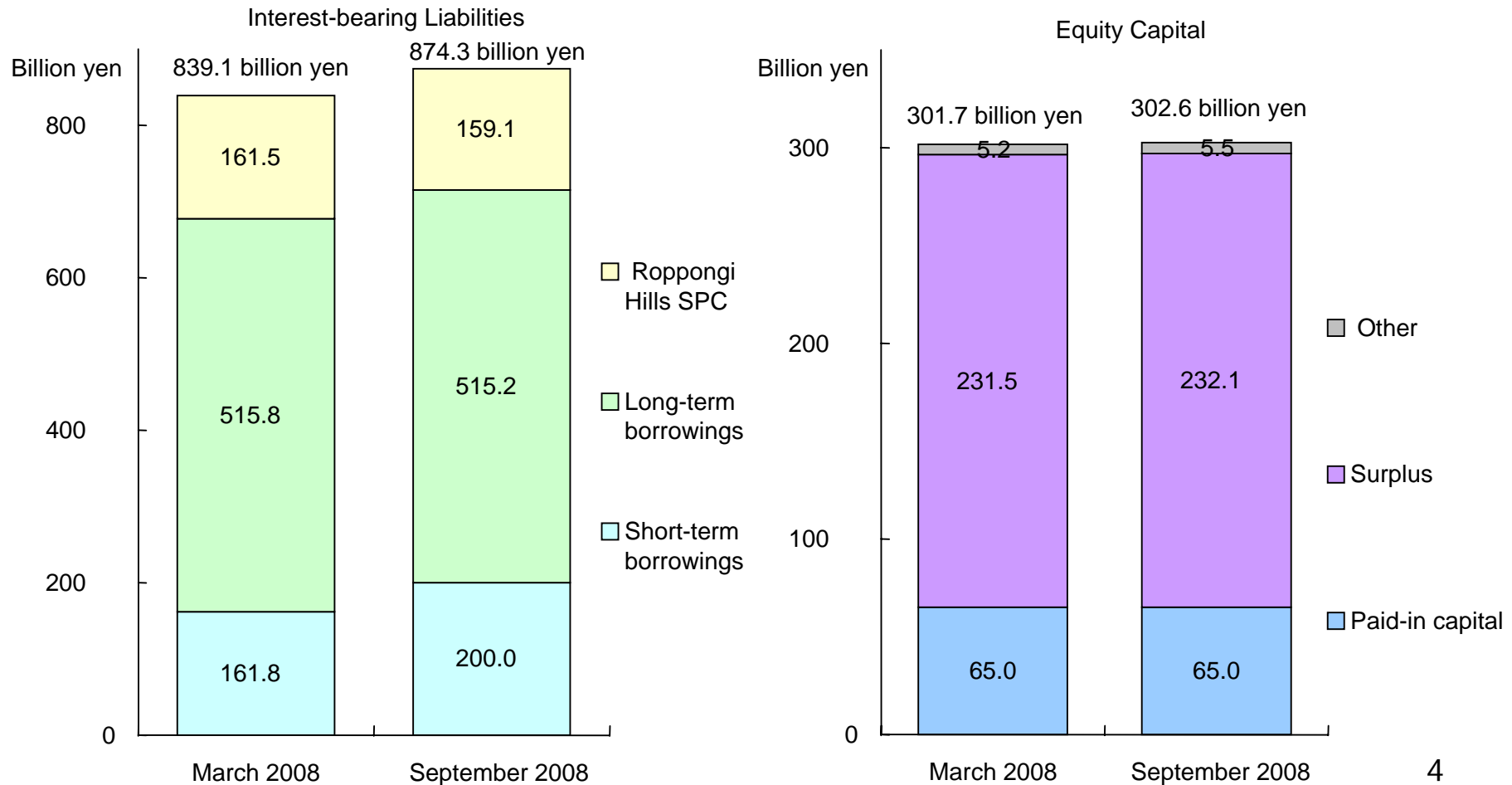


- Total assets grew 2.5% to 1.34 trillion yen mainly due to domestic real estate investment, and opening of the Shanghai World Financial Center.



# Condition of the Balance Sheet (Liabilities and Capital)

- Interest-bearing liabilities slightly increased by 4.2% to 874.3 billion yen
- Equity capital was 302.6 billion yen, about the same level as in March 2008



# Efforts in the First Half of the Current Fiscal Year

- Opening of the Shanghai World Financial Center
  - Tenants began to move into offices in June and the observatory was opened to the general public at the end of August
  - Grand opening at the end of October
- Domestic Projects
  - Projects under Construction
    - Akasaka Enoki-zaka Mori Building, Hirakawa-cho Mori Tower, Roppongi 1-chome North Plan, Shiba 5-chome Project
  - Projects for which Construction is Planned to Start in the Current Fiscal Year
    - Nagatacho 2-chome Building Project, Akasaka 2-chome Plan (Fukuyoshicho), Roppongi 6-chome 3-banchi Project
  - Projects in the Planning Stage
    - Toranomom-Roppongi Area Redevelopment---Establishment of the Urban District Redevelopment Association
- Underwriting of Third-party Allocation of New Shares
  - Underwrote 14.7 billion yen new shares of Mori Hills REIT Investment Corporation for its third-party allocation
- Acquisition and transfer of assets
  - Transfer of Akasaka Tameike Tower (the office section) and Ark Mori Building (0.5 floor)

# Efforts in the Current Fiscal Year (Projects under Construction)

Akasaka Enoki-zaka Mori Building



Location	Akasaka 1-chome, Minato-ku, Tokyo
Site area	1,382.87m <sup>2</sup>
Total floor area	9,283.35m <sup>2</sup>
Floors	Above ground: 13, basement levels: 2
Major uses	Offices, shops
Construction starts	December 2007
Construction to be completed	February 2009 (planned)

Hirakawa-cho Mori Tower



Location	Hirakawacho 2-chome, Chiyoda-ku, Tokyo
Site area	5,592.19m <sup>2</sup>
Total floor area	Approximately 51,900m <sup>2</sup>
Floors	Above ground: 24, basement levels: 2
Major uses	Offices (2nd to 13th floors) Residences (127units on the 14th to 23rd floors) Shops (1st floor)
Construction starts	August 2007
Construction to be completed	December 2009 (planned)

\* The information provided is based on the current overview of each plan. Please be aware that each project may differ from its plan in some respects when completed.

# Efforts in the Current Fiscal Year (Projects under Construction)

(Tentative name)  
Roppongi 1-chome North Plan



(Tentative name)  
Shiba 5-chome Project



Location	Roppongi 1-chome, Minato-ku, Tokyo
Site area	2,516.46m <sup>2</sup>
Total floor area	18,425.62m <sup>2</sup>
Floors	Above ground: 15, basement levels: 3
Major uses	Offices (1st to 9th floors) Residences (10th to 14th floors, 24 units)
Construction starts	September 2008
Construction to be completed	July 2010 (planned)

Location	Shiba 5-chome, Minato-ku, Tokyo
Site area	495.29m <sup>2</sup>
Total floor area	2,992.85m <sup>2</sup>
Floors	Above ground: 8
Major uses	Offices
Construction starts	October 2008
Construction to be completed	September 2009 (planned)

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# Efforts in the Current Fiscal Year (Projects for Which Construction is Planned to Start)

(Tentative name)

Nagatacho 2-chome Building Project



Location	Nagatacho 2-chome, Chiyoda-ku, Tokyo
Site area	949.52m <sup>2</sup>
Total floor area	5180m <sup>2</sup>
Floors	Above ground: 8
Major uses	Offices
Construction to be started	December 2008 (planned)
Construction to be completed	Early spring 2010 (planned)

(Tentative name)

Akasaka 2-chome Plan (Fukuyoshicho)



Location	Akasaka 2-chome, Minato-ku, Tokyo
Site area	2,006.45m <sup>2</sup>
Total floor area	24,858.49m <sup>2</sup>
Floors	Above ground: 22, basement level: 1
Major uses	Offices (2nd floor, 13th to 21st floors) Residences (6th to 12th floors, 41 units) Shops (1st floor) Car parking (3rd to 5th floors)
Construction to be started	January 2009 (planned)
Construction to be completed	January 2011 (planned)

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# Efforts in the Current Fiscal Year (Projects for Which Construction is Planned to Start)

(Tentative name)

Roppongi 6-chome 3-banchi Project



Location	Roppongi 6-chome, Minato-ku, Tokyo
Site area	1,003.61m <sup>2</sup>
Total floor area	Approximately 7,600m <sup>2</sup>
Floors	Above ground: 10, basement level: 1
Major uses	Offices, shops, residences, meeting places, etc.
Construction to be started	March 2009 (planned)
Construction to be completed	September 2010 (planned)

# Efforts in the Current Fiscal Year (Projects in the Planning Stage)



## Toranomon-Roppongi Area Redevelopment

Location	Roppongi 1-chome and Toranomon 5-chome, Minato-ku, Tokyo
Site area	Approximately 15,350m <sup>2</sup>
Total floor area	Approximately 143,450m <sup>2</sup>
Floors	Mixed-use tower: above ground: 47, basement levels: 4 Residential building: above ground: 6, basement levels: 2
Major uses	Offices, shops, residences
Construction to be started	Fiscal year 2009 (planned)
Construction to be completed	2012 (planned)
Remarks	Redevelopment Association established in July 2008

# Business Forecast for the Current Fiscal Year

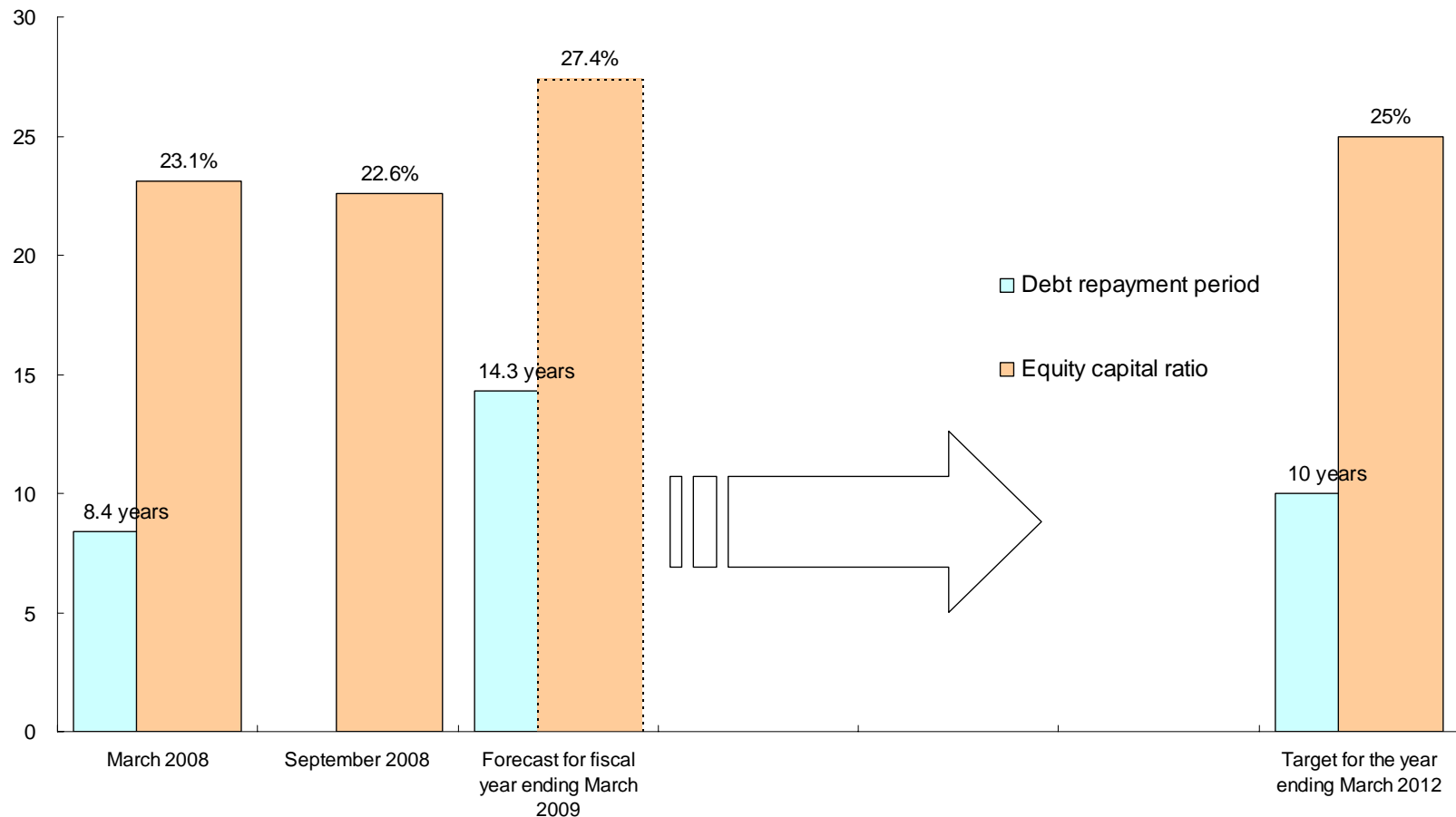


- Operating revenue (sales) of 185.0 billion yen (+9% compared to the previous year)
  - A decline in revenue is expected from the Office Building Business mainly due to the sale of properties
  - A large increase in revenue is expected from the Asset Development and Management Business due to the continuation of the reshuffling of assets
  - A large increase in revenue is expected from the Overseas Businesses due to the completion of construction of the Shanghai World Financial Center
- Operating profit: 37.0 billion yen (-16% compared to the previous year)
- Ordinary profit: 19.0 billion yen (-20% compared to the previous year)
  - Profit is expected to decline mainly due to amortization of opening expenses of the Shanghai World Financial Center
- Current income: 7.0 billion yen (-82% compared to the previous year)
  - Profit is expected to decline mainly due to the repercussion from the booking of temporary profits in the previous fiscal year, and amortization of opening expenses of the Shanghai World Financial Center

# Progress of the Long-Term Management Plan



- The debt repayment period is expected to be 14.3 years in the fiscal year ending March 2009
- The equity capital ratio was 22.6%, slightly down compared to the figure for March 2008, but it is expected to rise to 27.4% in the fiscal year ending March 2009



(Reference)

# Consolidated Comparative Balance Sheet



(Unit: million yen)

Assets				Liabilities			
Account	March 2008	September 2008	Change	Account	March 2008	September 2008	Change
Current assets	(215,417)	(182,486)	(-32,931)	Current liabilities	(207,050)	(248,193)	(41,143)
Cash and deposits	59,443	68,807	9,364	Operating accounts payable	10,665	10,609	-56
Bills receivable and operating accounts due	12,799	10,347	-2,452	Short-term borrowings	161,812	200,011	38,199
Securities	43,011	2	-43,009	Accrued corporate taxes, etc.	13,371	15,363	1,992
Equity investment	42,072	66,803	24,731	Other	21,200	22,207	1,007
Inventory assets	33,427	23,897	-9,530	Fixed liabilities	(769,303)	(762,536)	(-6,767)
Deferred tax assets	2,011	2,273	262	Long-term borrowings	515,800	515,188	-612
Other	23,297	11,114	-12,183	Long-term deposits	203,230	203,707	477
Allowance for bad debt	-646	-760	-114	Allowance for retirement benefits	2,152	2,150	-2
Fixed assets	(1,081,083)	(1,153,375)	(72,292)	Deferred tax liabilities	42,632	37,504	-5,128
Tangible fixed assets	(935,516)	(1,015,228)	(79,712)	Other	5,487	3,985	-1,502
Buildings and structures	144,543	143,846	-697	<b>Total Liabilities</b>	<b>976,354</b>	<b>1,010,729</b>	<b>34,375</b>
Machinery and delivery equipment	8,016	7,633	-383	<b>Equity</b>			
Industrial tools and equipment	5,027	4,980	-47				
Land	400,400	453,302	52,902	Paid-in capital	65,000	65,000	—
Construction in progress	102,502	127,354	24,852	Capital surplus	55,021	55,021	—
Trust real estate	266,469	262,072	-4,397	Retained profit	176,458	177,040	582
Other	8,555	16,038	7,483	Treasury stock	-505	-505	—
Intangible fixed assets	(69,929)	(68,736)	(-1,193)	Other securities valuation differences	-562	-799	-237
Land lease rights	63,668	62,637	-1,031	Deferred hedge P/L	-2,517	-1,653	864
Other	6,261	6,099	-162	Exchange conversion adjustment account	8,823	8,473	-350
Investment and other assets	(75,637)	(69,411)	(-6,226)	Minority shareholders' equity	25,763	23,644	-2,119
Investment securities	20,063	21,521	1,458				
Long-term loans	31,201	20,128	-11,073	<b>Total equity</b>	<b>327,480</b>	<b>326,221</b>	<b>-1,259</b>
Deferred tax assets	154	2,465	2,311	<b>Total Liabilities and equity</b>	<b>1,303,835</b>	<b>1,336,951</b>	<b>33,116</b>
Other	24,677	25,754	1,077				
Allowance for bad debt	-459	-459	0				
Deferred assets	(7,333)	(1,088)	(6,245)				
Opening expenses	7,333	1,088	-6,245				
<b>Total assets</b>	<b>1,303,835</b>	<b>1,336,951</b>	<b>33,116</b>				

(Reference)

# Consolidated Comparative Profit and Loss Statement



(Unit: million yen)

Account	September 2007	September 2008	Change
Operating	74,920	106,285	31,364
Operating	46,860	62,358	15,497
Gross operating profit	28,059	43,926	15,867
Selling, general and administrative expenses	(12,249)	(9,819)	(-2,429)
Operating profit	15,810	34,107	18,296
Non-operating revenue	(1,443)	(2,077)	(634)
Interest earned	126	532	406
Dividends earned	62	410	347
Investment profit due to equity method	—	389	389
Other	1,254	745	-508
Non-operating expenses	(9,311)	(11,394)	(2,082)
Interest cost	6,422	6,542	119
Investment loss due to equity method	4	—	-4
Other	2,884	4,852	1,967
Ordinary profit	7,941	24,790	16,848
Extraordinary profit	(3,257)	(447)	(-2,810)
Gain on sale of fixed assets	1,181	222	-959
Gain on sale of investment securities	1,312	136	-1,176
Other	763	88	-675
Extraordinary losses	(2,041)	(8,923)	(6,882)
Loss from adjustment of previous term P/L	248	13	-234
Loss from sale of fixed assets	992	734	-258
Other	800	8,175	7,374
Current net profit before adjustments for taxes, etc.	9,158	16,314	7,155
Corporate tax, residential tax, and business tax	4,045	16,386	12,340
Adjustment for corporate taxes, etc.	-542	-8,138	-7,595
Minority stockholder profit	386	-1,611	-1,998
Net profit	5,269	9,678	4,408

**The statements regarding forecasts of the future in this material have been analyzed and judged by Mori Building, based on available information at this time, and include potential risks as well as uncertainties. For this reason, actual results may differ from the forecasts due to changes in various factors.**

