# <Appendix 2> Financial Summary Sheet for FY 2006 (the year ended March 2007)

## An overview of consolidated profit and loss for FY 2006 (the year ended March 2007)

<Buildings business revenue[*1]>
- Increased revenue from high occupancy rates at both office and residential properties
- Increased rents on new leases and from renegotiation of existing leases
- Increased revenue from operation of Omotesando Hills over the entire fiscal year
- Steady performance from heating, electricity, and other businesses
- Software-business performance roughly unchanged from the previous year
- Office occupancy rates:

| | FY 2005 | FY 2006 | Change |
|---|---|---|---|
| Occupancy rate | 97.8% | 97.9% | +0.10% |

<Asset development and management business[*2]>
- Boom in equity investment due to rising rent levels and stable dividend revenue
- Increased revenue from the management of private-equity funds and other services
- Reduced revenue from a lack of factors leading to extraordinary income in the previous fiscal year (sale of properties to REITs)

<Property management business[*3]>
- Increased property-management revenue due to high occupancy rates and rising rents at managed properties
- Increased asset-management revenue at investment fund management companies and compensation from the settlement of private-equity funds

<Facilities marketing business[*4]>
- Although the Grand Hyatt in Roppongi underwent partial renovations, it maintained high occupancy rates and its room rates increased.

| | FY 2005 | FY 2006 | Change |
|---|---|---|---|
| Occupancy rate | 92.6% | 89.9% | △2.77% |
| Room rates | @39,305 | @43,968 | +4,663 |

- The golf business also maintained steady performance.

<Overseas businesses[*5]>
- Increased revenue from high occupancy rates at office buildings in China (Dalian, Shanghai)

<Other businesses[*6]>
- Increased revenue from the sale of art work and brokerage activities, etc.

### [Consolidated comparative income/loss statement]

(Units: million yen)

| Account | FY 2005 | FY 2006 | Change | Percentage change | FY 2008 | Change from previous FY | Percentage change |
|---|---|---|---|---|---|---|---|
| Operating revenue | 152,763 | 159,152 | 6,389 | (4.2%) | 164,500 | 5,348 | (3.4%) |
| Buildings business | 118,845 | *1 123,800 | 4,955 | (4.2%) | *7 129,000 | 5,200 | (4.2%) |
| Asset development and management business | 7,205 | *2 3,617 | △ 3,588 | (△49.8%) | *8 12,200 | 8,583 | (237.3%) |
| Property management business | 3,846 | *3 7,081 | 3,235 | (84.1%) | *9 4,000 | △ 3,081 | (△43.5%) |
| Facilities marketing business | 21,310 | *4 21,824 | 514 | (2.4%) | *10 22,900 | 1,076 | (4.9%) |
| Overseas businesses | 4,557 | *5 4,894 | 337 | (7.4%) | *11 5,200 | 306 | (6.3%) |
| Other businesses | 1,599 | *6 3,372 | 1,773 | (110.9%) | *12 1,600 | △ 1,772 | (△52.6%) |
| Elimination and/or corporate | △ 4,601 | △ 5,439 | | | △ 10,400 | | |
| Cost of operating revenue | 91,978 | 91,812 | △ 166 | (△0.2%) | | | |
| Sales and general administrative expenses | 23,130 | 24,944 | 1,814 | (7.8%) | | | |
| Operating profit | 37,654 | 42,394 | 4,740 | (12.6%) | *13 38,000 | △ 4,394 | (△10.4%) |
| Non-operating profit and loss | △14,693 | △13,914 | 779 | (△5.3%) | △14,500 | △586 | (4.2%) |
| Net interest expense | △16,931 | △15,723 | 1,208 | (△7.1%) | | | |
| Equity method profit and loss | △64 | △41 | 23 | (△35.9%) | | | |
| Others | 2,302 | 1,849 | △ 453 | (△19.7%) | | | |
| Ordinary profit | 22,960 | 28,480 | 5,520 | (24.0%) | 23,500 | △ 4,980 | (△17.5%) |
| Extraordinary profit | 6,781 | 72,601 | 65,820 | (970.7%) | | | |
| Extraordinary loss | 7,653 | 1,351 | △6,302 | (△82.3%) | | | |
| Current net profit before tax adjustments | 22,088 | 99,730 | 77,642 | (351.5%) | 23,500 | △ 76,230 | (△76.4%) |
| Corporate Income taxes, etc. | 10,421 | 44,481 | 34,060 | (326.8%) | | | |
| Minority shareholder income liablities | 564 | 496 | △ 68 | (△12.1%) | | | |
| Current net income | 11,101 | 54,751 | 43,650 | (393.2%) | 11,800 | △ 42,951 | (△78.4%) |

## An outlook of consolidated profit and loss for FY2007 (the year ending March 2008)

<Buildings business revenue[*7]>
- Existing properties projected to maintain high occupancy rates and to see rising rents
- Increased revenue projected for the contracted work business for tenants moving into and out of buildings
- Software-business performance projected to remain roughly unchanged from the previous year

<Asset development and management business[*8]>
- Increased revenue from dividends on investments projected to result from rising rent levels and other factors
- Revenues from property sales, etc.

<Property management business[*9]>
- Increased property-management revenue projected due to high occupancy rates and rising rents at managed properties
- Previous year's results affected by extraordinary gains (compensation from the settlement of an investment fund management company)

<Facilities marketing business[*10]>
- Grand Hyatt in Roppongi projected to maintain high occupancy rates
- Golf business and club business also projected to maintain strong performance

<Overseas businesses[*11]>
- Office buildings in China projected to maintain strong performance

<Other businesses[*12]>
- Previous year's figures affected by extraordinary gains

<Operating income[*13]>
- Operating income projected to decrease by 4.3 billion yen from the previous fiscal year

For some buildings currently in operation, the depreciation method for building equipment will change from the straight-line method to the declining balance method. A decrease in operating income is projected to result from a 5 billion yen increase in operating expenses resulting from this change in accounting methods.

### [Comparison of interest-bearing liabilities]

(Units: million of yen)

| | FY 2005 | FY 2006 | Change |
|---|---|---|---|
| Mori Building Co., Ltd. | 612,268 | 612,267 | △ 1 |
| RFC | 170,646 | 166,158 | △ 4,488 |
| Total for Mori Building Co., Ltd. and RFC | 782,914 | 778,426 | △ 4,488 |
| Consolidated subsidiaries | 54,691 | 66,102 | 11,411 |
| Offset | △ 26,219 | △ 26,384 | △ 165 |
| Total for Consolidation and RFC | 811,386 | 818,144 | 6,758 |

### [Comparison of financial indices]

| | FY 2005 | FY 2006 |
|---|---|---|
| Redemption period[*1] | 18.7 years | 17.1 years |
| Capital adequacy ratio[*2] | 9.6% | 14.6% |

*1 Interest-bearing debt/(ordinary income + depreciation expenses)

Interest-bearing debt includes RFC interest-bearing debt.

*2 Shareholders' equity (total net assets - stock options - minority interests)/total assets