



H I L L S R E I T

March 22, 2007

FINANCIAL REPORT
FOR THE FIRST FISCAL PERIOD ENDED JANUARY 31, 2007

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

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

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Board of Directors meeting for approving financial results: March 22, 2007

Planned start of dividend payments: April 20, 2007

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

Figures have been rounded down to eliminate amounts of less than one million yen.

1. PERFORMANCE

(1) Business Results (February 2, 2006 - January 31, 2007)

(Millions of yen)

| | Operating Revenues | Percentage Change | Operating Profit | Percentage Change | Ordinary Profit | Percentage Change | Net Profit | Percentage Change |
|----------------------------|--------------------|-------------------|------------------|-------------------|-----------------|-------------------|------------|-------------------|
| First Fiscal Period | 7,012 | — | 3,862 | — | 2,664 | — | 2,662 | — |

| | Net Profit per Unit (Yen) | Net Profit to Net Assets Ratio | (Reference) Annualized | Ordinary Profit to Total Capital Ratio | (Reference) Annualized | Ordinary Profit to Operating Revenues |
|----------------------------|---------------------------|--------------------------------|------------------------|--|------------------------|---------------------------------------|
| First Fiscal Period | 32,403 (28,185) | 6.1% | 7.0% | 2.7% | 3.2% | 38.0% |

Notes:

- The first period was from February 2, 2006 to January 31, 2007, a period of 364 days. The actual period of asset management, however, was from March 22, 2006, a period of 316 days.
- Net profit per unit is calculated by using the weighted average number of investment units (82,164 units) for the period. Net profit per unit in parentheses is calculated by the weighted average number of investment units (94,458 units) for the actual number of asset management days for the period commencing March 22, 2006, after the date of registration completion at the Kanto Finance Bureau of the Ministry of Finance.
- Percentage change is not shown for operating revenues, operating profit, ordinary profit and net profit because the fiscal period under review is the first period.
- $$\text{Annualized percentage figures} = \frac{\text{Figures for the fiscal period under review}}{\text{Number of days in the actual period of asset management (316 days)}} \times 365 \text{ days}$$
- Net profit to net assets ratio and ordinary profit to total capital ratio are calculated by using the average of the amounts of net assets as of the first date of the period and as of the last date of the period, and the average of the amounts of total capital as of the first date of the period and as of the last date of the period. For this calculation, the first date of actual asset management (March 22, 2006) is deemed as the first date of the period.

(2) Dividend (February 2, 2006 - January 31, 2007)

| | Dividend per Unit (Yen) | Total Dividends (Millions of Yen) | Dividend in Excess of Earnings per Unit (Yen) | Total Dividends in Excess of Earnings | Dividend Payout Ratio | Dividend Ratio to Net Assets |
|----------------------------|-------------------------|-----------------------------------|---|---------------------------------------|-----------------------|------------------------------|
| First Fiscal Period | 20,511 | 2,662 | — | — | 99.9% | 3.5% |

Note: The dividend payout ratio is rounded down to the first decimal place.

(3) Financial Position

| | Total Assets (Millions of Yen) | Net Assets (Millions of Yen) | Net Assets to Total Assets | Net Assets per Unit (Yen) |
|----------------------------|--------------------------------|------------------------------|----------------------------|---------------------------|
| First Fiscal Period | 155,689 | 75,333 | 48.4% | 580,383 |

Note: The total number of units outstanding as of January 31, 2007 is 129,800 units.

2. FORECAST OF RESULTS FOR SECOND FISCAL PERIOD ENDING JULY 31, 2007

February 1, 2007 – July 31, 2007

| | Operating Revenues (Millions of Yen) | Ordinary Profit (Millions of Yen) | Net Profit (Millions of Yen) | Dividend per Unit (Yen) | Dividend in Excess of Earnings per Unit (Yen) |
|-----------------------------|--------------------------------------|-----------------------------------|------------------------------|-------------------------|---|
| Second Fiscal Period | 4,477 | 1,870 | 1,869 | 14,400 | — |

Reference: Estimated net profit per unit for the second fiscal period: ¥14,400

Note: Forecasts presented in this document are based on “Assumptions of Forecasts for the Second Fiscal Period (from February 1, 2007 to July 31, 2007).” Forecasts for operating revenues, ordinary profit, net profit, dividend per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, MORI HILLS REIT does not guarantee any forecasted dividend amount.

The information above is translated from the first page of the Japanese “Kessan Tanshin” report, dated March 22, 2007. MORI HILLS REIT Investment Corporation makes no assurance or warranty with respect to the completeness or accuracy of this English translation. To guarantee complete and accurate information, please refer to the original report in Japanese.