

Business Report

7th Fiscal Period ended January 31, 2010



Mori Hills REIT Investment Corporation
6-10-1 Roppongi, Minato-ku, Tokyo

Investment in the city

Creating value in the city

Raising the value of the city

Utilizing the Mori Building Group's comprehensive expertise as the key driver of growth

Mori Hills REIT (MHR) concept of the "city" is not simply a collection of buildings. Rather, it is the totality of a place where various elements of life – work, residence, recreation, relaxation and education – are combined in an orchestrated fashion, where the economic and cultural activities of the people who gather there are integrated.

We believe that by offering various urban functions, then, people, things and information will come together, and will communicate and bring forth new business models or lifestyles to create new added value.

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Property Acquisition

Acquisition of two properties – Roppongi Hills Mori Tower and ARK Mori Building – using capital acquired through the issuance of new investment units

MHR determined at its Board of Directors' meetings held on March 5, 2010 and March 15, 2010 to issue new investment units.

With the completion of the payment pertaining to the issuance of new investment units through a public offering on March 23, 2010, MHR acquired two properties - Roppongi Hills Mori Tower and ARK Mori Building.

O-0 PREMIUM Roppongi Hills Mori Tower

We acquired a new office floor (*) at 6,810 million yen.

Roppongi Hills is a large-scale, multi-functional facility that is the embodiment of city-creation for the 21st century by Mori Building Co., Ltd. It is surrounded by an environment of lush greenery and combines the various urban facility functions of office, residence, recreation and culture. The place is considered a landmark of Tokyo, famous not only in Japan but also widely recognized overseas. Roppongi Hills Mori Tower is a signature building with 54 floors above ground and six floors below, located at the center of the Roppongi Hills complex. MHR acquired a 50% co-ownership interest corresponding to sectional ownership of one office floor of this building at 6,810 million yen. Many global-scale businesses, such as foreign financial institutions and IT companies, have gathered here because it offers the latest security system and abundant office support facilities, and because of its high earthquake resistance. Therefore, the building has maintained a competitive edge since construction was completed. We believe that this acquisition of Roppongi Hills Mori Tower is in line with our focus on premium properties and mixed-use developments and helps us realize our investment policy of investing in the "city."

* MHR acquired a 50% co-ownership interest corresponding to sectional ownership of one floor.

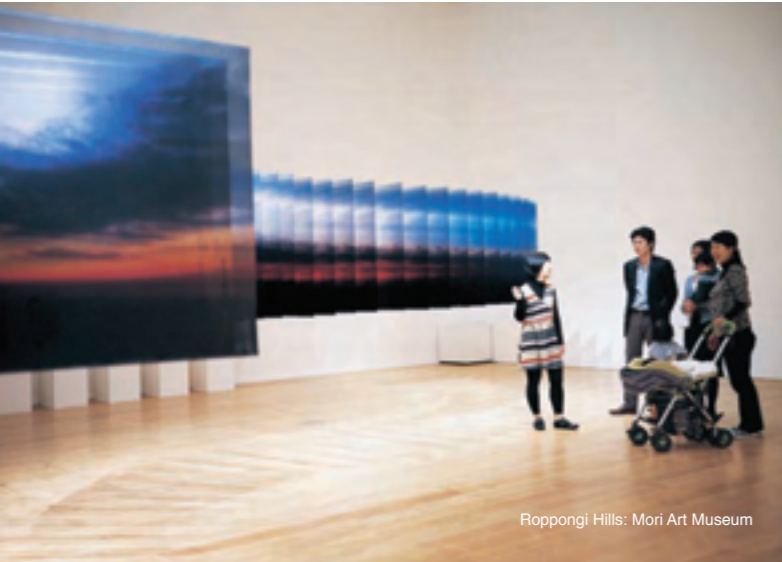


O-1-3 PREMIUM ARK Mori Building (Fixed II)

MHR acquired an additional office floor of ARK Mori Building (*) at 3,400 million yen.

ARK Hills was the first large-scale multi-functional redevelopment project by the private sector in Japan combining offices and residences, and it is comprised of offices, hotel, residences, a concert hall and other facilities. ARK Mori Building represents a pioneer of intelligent buildings, and is considered the landmark building within the ARK Hills complex. In addition to the three floors which it already possessed, MHR has now acquired a 50% co-ownership interest corresponding to sectional ownership of one office floor of this building at 3,400 million yen. ARK Mori Building has 37 floors above ground and four floors below, and a large-scale renovation was conducted in 2005 which included the introduction of the latest security system. Various measures have been taken to increase the building's caliber, such as the Narita Airline Connection Service which began operation in 2009 connecting ARK Mori Building and Narita Airport in 30 minutes through the use of a rooftop heliport. Thus, the building has maintained a competitive edge as a successful model of an urban complex that maintains harmony with the environment and the local community.

* MHR acquired a 50% co-ownership interest corresponding to sectional ownership of one floor.



Roppongi Hills: Mori Art Museum



Roppongi Hills: Keyakizaka Complex Rooftop Garden



ARK Hills: Karajan Platz



ARK Hills: ARK Garden



Roppongi Hills: Tokyo City View



Roppongi Hills: West Walk



ARK Hills: Narita Airline Connection Service



ARK Hills: Suntory Hall

To Our Unitholders

We at Mori Hills REIT Investment Corporation (MHR) wish to extend our deep appreciation to our unitholders for your continuous support of MHR. We are delighted to report our accounts for the seventh fiscal period ended January 2010.

On March 2010, MHR procured funds by conducting an issuance of new investment units through its first public offering since listing (approximately 13.6 billion yen through a primary offering).

MHR perceived the current period as a great opportunity to acquire high-quality properties. Therefore, we acquired Roppongi Hills Mori Tower (acquisition price: 6,810 million yen) and ARK Mori Building (acquisition price: 3,400 million yen) by using the funds procured in the public offering and have thus raised the quality of our portfolio even further.

Furthermore, the remainder of the acquisition funds for assets was used for the repayment of loans, etc. By reducing the ratio of total assets against interest-bearing debt (LTV), MHR will strive to increase its capacity for growth and reduce finance expenses.

MHR views this public offering and these property acquisitions as a restart of the company, and that these actions will serve as a gateway for its growth strategy. MHR will infuse effort in maximizing long-term unitholder value, including expectations for future growth.

We kindly ask for your continued support.



May, 2010

森 寛

Hiroshi Mori

Executive Director, Mori Hills REIT Investment Corporation
President, Mori Building Investment Management Co., Ltd.

Financial Highlights

Dividend per Unit (7th fiscal period)

10,857 yen

Expected Dividend per unit (8th fiscal period)

6,550 yen

*The forecasted figures above are the current figures calculated based on certain assumptions. Accordingly, the figures may differ from actual results. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

Operating Results

	3rd period	4th period	5th period	6th period	7th period
Operating revenues (millions of yen)	4,628	4,823	5,701	5,789	5,520
Operating income (millions of yen)	2,349	2,442	3,062	3,004	2,821
Ordinary income (millions of yen)	1,843	1,837	2,179	2,027	1,729
Net income (millions of yen)	1,842	1,832	2,179	2,026	1,728
Days of operation	184days	182days	184days	181days	184days

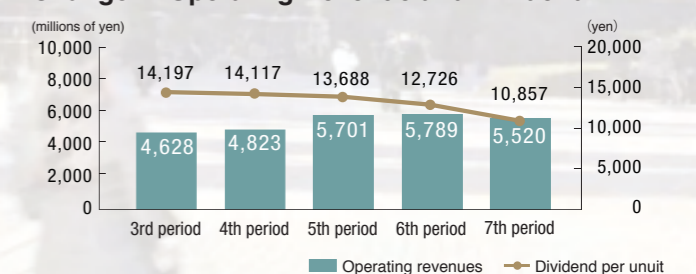
Dividend

	3rd period	4th period	5th period	6th period	7th period
Total dividends (millions of yen)	1,842	1,832	2,179	2,025	1,728
Dividend per unit (yen)	14,197	14,117	13,688	12,726	10,857

Financial conditions

	3rd period	4th period	5th period	6th period	7th period
Total assets (millions of yen)	154,891	170,626	212,964	212,860	208,893
Net assets (millions of yen)	74,514	74,503	89,541	89,383	89,081
Net assets per unit (yen)	574,069	573,989	562,449	561,451	559,560
LTV ratio (ratio of total assets against interest-bearing debt)	47.1%	51.6%	53.5%	53.6%	53.1%
Fixed rate ratio	86.3%	77.3%	71.9%	73.7%	63.9%

Change in Operating Revenue and Dividend



Investment Highlights

Overview of Business Results for the Seventh Fiscal Period and Forecast for the Eighth Fiscal Period

Overview of the Seventh Fiscal Period (Ended January 2010)

Mori Hills REIT's (MHR) business results for the seventh fiscal period were 5,520 million yen in operating revenues, 2,821 million yen in operating income and 1,728 million yen in net income. Dividend per unit was 10,857 yen, which is a 14.7% decrease from the 12,726 yen of the sixth fiscal period.

Major reasons for the dividend decrease are decreased real estate rent revenue and increased interest and borrowing expenses. Of the real estate rent revenue, office rent decreased by 174 million yen and residential properties decreased by 60 million yen. From the beginning of the seventh fiscal period, a cost reduction trend in the office market among foreign affiliated companies has been observed, and occupancy rates have dropped. In view of this trend, MHR continued implementing conservative property management by placing focus on occupancy rates to suppress the decrease of cash flow. Demand for residential properties by foreign affiliated companies has been on a decline since the Lehman shock. However, we succeeded in securing the same level in the number of move-ins as prior to the Lehman shock by boosting Japanese citizens' demand for switching residential properties, and by establishing flexible lease terms and conditions. At the same time, we suppressed the number of move-outs as a result of negotiating rent revisions.

Expenses related to rent business declined by 90 million yen, but this was not enough to make up for the decline in operating revenues. Therefore, operating income stood at 2,821 million yen, a decrease of 182 million yen compared to the previous period. Non-operating expenses stood at 1,097 million yen, an increase of 104 million yen, due to the rise in interest expenses incurred when refinancing debt, and to the rise in borrowing expenses. Consequently, MHR declared a net income of 1,728 million yen, a decrease of 297 million yen compared to the previous period.

Result of 7th fiscal period

(Amount: millions of yen)

	Actual		
	6th period (Feb. 1, 2009 - Jul. 31, 2009)	7th period (Aug. 1, 2009 - Jan. 31, 2010)	7th - 6th period
Days of Operation	181 days	184 days	
Operating Revenue	5,789	5,520	▲ 268
Operating income	3,004	2,821	▲ 182
Net income	2,026	1,728	▲ 297
Dividend per unit (yen)	12,726	10,857	▲ 1,869
Average occupancy rate	95.0%	92.7%	
No. of properties	10 properties	10 properties	
Total acquisition price	201,654	201,654	
Total debt	114,000	111,010	
Unitholders' capital	87,371	87,371	
LTV	53.6%	53.1%	
No. of outstanding units	159,200	159,200	
Total assets	212,860	208,893	

Forecast for the Eighth Fiscal Period (Ending July 2010)

MHR forecasts 5,425 million yen in operating revenues, 2,646 million yen in operating income and 1,525 million yen in net income for the eighth fiscal period.

Although 131 days' worth of real estate rent revenue will be contributed by Roppongi Hills Mori Tower (Note) and ARK Mori Building (Fixed II) (Note) – properties which were acquired on March 23, 2010 – real estate rent revenue of existing offices is projected to decrease by 194 million yen due to a drop in occupancy rates and rent decreases after rents are revised. Revenue from residential properties is projected to decrease by 36 million yen.

Furthermore, MHR forecasts a dividend per unit of 6,550 yen due to various factors, including the increase in the number of investment units due to the abovementioned public offering.

In terms of outlook, vacancy rates are projected to bottom out during the second half of this year and rents are projected to recover from next year. For the eighth fiscal period, MHR will strive to maintain and enhance occupancy rates and will also aim to conduct stable and steady management.

Note: Mori Hills REIT acquired a 50% co-ownership interest corresponding to sectional ownership of one floor of each property.

Forecast of 8th fiscal period

(Amount: millions of yen)

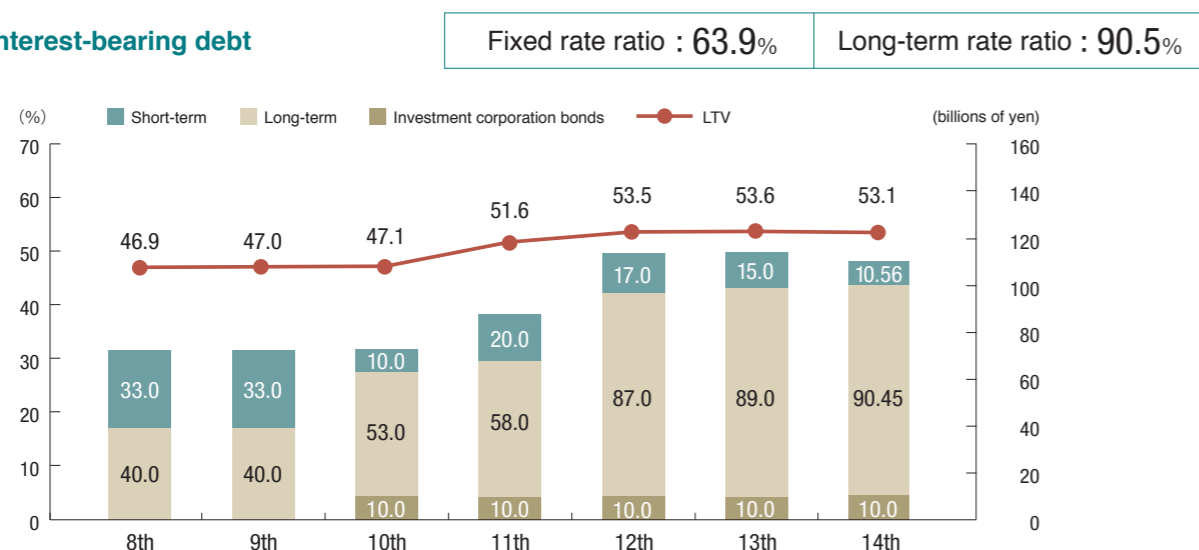
	Forecast	
	8th period (Feb. 1, 2010 - Jul. 31, 2010)	8th - 7th period
Days of Operation	181 days	
Operating Revenue	5,425	▲ 95
Operating income	2,646	▲ 175
Net income	1,525	▲ 202
Dividend per unit (yen)	6,550	▲ 4,307
Average occupancy rate	91.8%	
No. of properties	11 properties	
Total acquisition price	211,864	
Total debt	107,491	
Unitholders' capital	102,290	
LTV	48.8%	
No. of outstanding units	232,900 (at most) (Note)	
Total assets	220,090	

(Note) In the event that all investment units to be additionally issued through third-party allotment are issued.

Stable Financial Footing

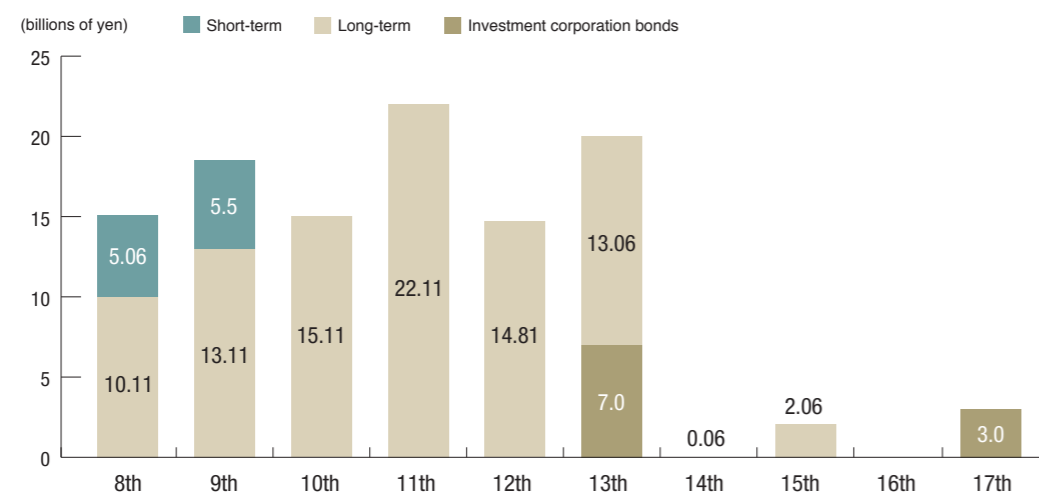
Mori Hills REIT (MHR) aims to optimally procure capital by accurately grasping financial and capital market trends. With the lending attitude of financial institutions becoming severe in light of the continuing challenging environment, MHR has followed a path of lengthening the terms of borrowings, fixing interest rates and diversifying payment dates. Recently, however, the ratio of total assets against interest-bearing debt (LTV) has become as a matter that requires special attention. MHR's LTV basically ranges from 45% to 55%, with the ceiling set at 65%. This ratio is projected to decrease due to an increase of assets accompanying the public offering conducted in March 2010 as well as the repayment of loans. We believe that the decrease in LTV should enhance the stability of our financial foundation.

Trends in interest-bearing debt



Note 1: Short-term loans payable are loans payable with a period of one year or less until the repayment date at the time of drawdown, and long-term loans payable are loans payable with a period of more than one year until the repayment date at the time of drawdown.
 Note 2: "End of period ratio of total assets against interest-bearing debt (LTV)" is the ratio of total assets at the end of a period against interest-bearing debt at the end of a period for each respective period.
 Note 3: "Fixed rate ratio" is the ratio of fixed rate debt against total interest-bearing debt, and "Long-term rate ratio" is the ratio of the sum of long-term loans payable and investment corporation bonds against total interest-bearing debt. Both figures are as of January 31, 2010.
 Note 4: Amounts of less than 10 million have been rounded up, while for ratios, figures are rounded to the first decimal place.

Diversification of borrowing maturities (as of January 31, 2010)



(Note) Prices are rounded to 1 billion yen.

Outstanding Balances (as of January 31, 2010)

(billions of yen/%)

Lenders	Balances	Ratio
Mizuho Corporate Bank, Ltd.	16.76	16.6%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16.76	16.6%
Mitsubishi UFJ Trust and Banking Corporation	16.76	16.6%
The Sumitomo Trust and Banking Co., Ltd.	14.57	14.4%
Sumitomo Mitsui Banking Corporation	14.56	14.4%
The Norinchukin Bank	5.0	5.0%
Development Bank of Japan Inc.	4.45	4.4%
Aozora Bank, Ltd.	4.0	4.0%
Shinsei Bank, Limited	3.65	3.6%
Resona Bank, Ltd.	2.5	2.5%
The Bank of Fukuoka, Ltd.	2.0	2.0%
Total	1,01.01	100.0%

(Note) Prices are rounded to 1 billion yen and ratios are rounded to the first decimal place.

Investment Corporation Bonds (as of January 31, 2010)

Bond	Issue Date	Amount (billions of yen)	Balances (billions of yen)	Interest Rate (per annum)	Maturity date	Purpose	Security
Investment corporation bonds 1st	Nov. 29, 2007	70	70	1.56%	Nov. 29, 2012	(Note)	Unsecured, non-guaranteed
Investment corporation bonds 2nd	Nov. 29, 2007	30	30	1.77%	Nov. 28, 2014	(Note)	Unsecured, non-guaranteed
Total	—	100	100	—	—	—	—

(Note) Funds will be used to repay loans payable.

Ratings (as of January 31, 2010)

Rating Agency	Type of Rating	Rating	Outlook
Moody's investors Service Inc.	Issuer credit rating	Baa1	Negative
Japan Credit Rating Agency, Ltd.	Long-term Senior Debt Ratings	AA-	Negative

A portfolio with a focus on premium properties and mixed-use developments

Mori Hills REIT (MHR) constructs its portfolio based on the basic philosophy of “Investment in the City,” with a focus on premium properties and mixed-use developments.

“Investment with a focus on premium properties” indicates investment in properties that are defined as office, residential or retail properties located in the central five wards of Tokyo (Minato, Chiyoda, Chuo, Shinjuku and Shibuya Wards) and their vicinity that are able to maintain sufficient competitiveness in the future in terms of quality, size, specifications and other factors.

“Investment with a focus on mixed-use developments” indicates investment that produces synergistic effects and a virtuous cycle of urban functions. Specifically, this entails people carrying out various communications and sharing of information to bring forth new value in the city, which in turn attracts more people and information.

To date, MHR has invested in places such as ARK Mori Building – the landmark of ARK Hills and the first large-scale urban redevelopment project by the private sector in Japan which integrates living spaces abundant in greenery and culture – as well as Roppongi Hills Mori Tower – an “Artelligent City” which combines the various functions of office, residence, recreation and culture and serves as a model project of urban renaissance. We will continue to add properties such as these, which help realize our investment policy of “Investment in the City.”

Large-scale multi-functional facility in an urban cultural center combining office, residential, recreational and cultural functions



O-0
PREMIUM

ROPONGI HILLS MORI TOWER

Mori Tower is the signature building located at the center of the Roppongi Hills complex, the largest multi-functional urban development project in Japan. It is surrounded by an environment of lush greenery and combines the various urban facility functions of office, residence, recreation and culture.

The cornerstone of major multi-use project with residences near to work



O-3 PREMIUM R-3 PREMIUM R-4

ROPONGI FIRST BUILDING ROPONGI FIRST PLAZA ROPONGI VIEW TOWER

A splendid environment is provided with expansive gardens on the outside and a large multi-use facility comprised of office buildings, residences, Laforet Museum Roppongi and other facilities.

A new landmark in the internationally-flavored area of Akasaka



O-6
PREMIUM

AKASAKA TAMEIKE TOWER

This high-rise building complex comprised of offices and residences is located in Akasaka, an area popular with foreign corporations and residents alike, and provides a relaxing, comfortable environment in which to work and reside.

The symbolic landmark of Akasaka area



O-1
PREMIUM

ARK MORI BUILDING

This symbolic destination in the Akasaka area is comprised of buildings with strong character, including the office building, residences, retail facilities, Suntory Hall, ANA Intercontinental Hotel and an expansive plaza accented by greenery.

An exemplary environment and superb visibility



O-4
PREMIUM

KOURAKU MORI BUILDING

A representative landmark office building in the Koraku area that boasts strong visibility along Sotobori-dori, providing businesses in the area with a large floor plate to satisfy their space needs.

A luxury residential rental condominium tower located in a popular area



R-1
PREMIUM

MOTO-AZABU HILLS

This residential project provides a quiet, relaxing residential environment in a phenomenal location on a hill in a luxury residential district within the “AAA” (Aoyama, Azabu and Akasaka) district.

The Azabu Juban side gateway to Roppongi Hills



O-2
PREMIUM

ROPONGI HILLS GATE TOWER

One of the best locations in central Tokyo at the Azabu Juban side gateway to the massive Roppongi Hills multi-use destination, offering an elegant respite from the clamor of the city.

An excellent office building located in the key business district of Toranomon



O-5

TORANOMON 35 MORI BUILDING (OMRON Tokyo Headquarters Building)

This office building serves as the Tokyo headquarters of OMRON Corporation and is located in Toranomon, a key business area in downtown Tokyo that neighbors the national governmental center of Kasumigaseki.

A splendid residence boasting a superior environment and excellent visibility



R-2
PREMIUM

ARK FOREST TERRACE

This splendid residence borders the green landscaping of the Roppongi First Building to provide a quiet living environment, and boasts the convenience of being near the Hotel Okura, ANA Intercontinental Hotel and various embassies.

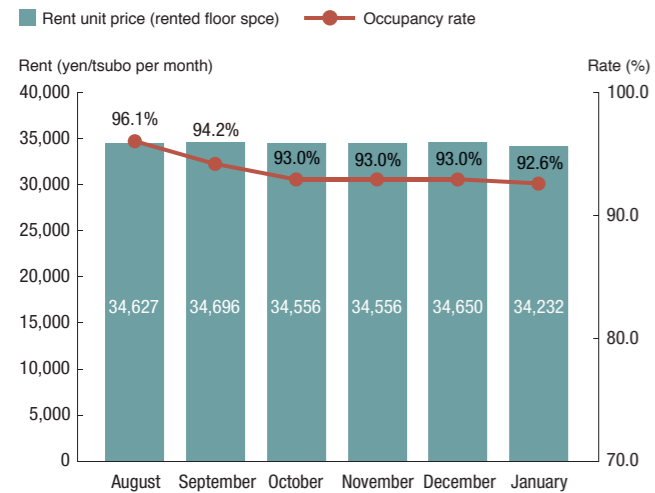
Status of Portfolio Management

The demand in the central Tokyo office and luxury residence market has stagnated, but Mori Hills REIT (MHR) will continue its efforts to maintain rents and discern and fulfill tenant needs while placing the greatest emphasis on maintaining occupancy levels.

OFFICE

Trends during the seventh fiscal period

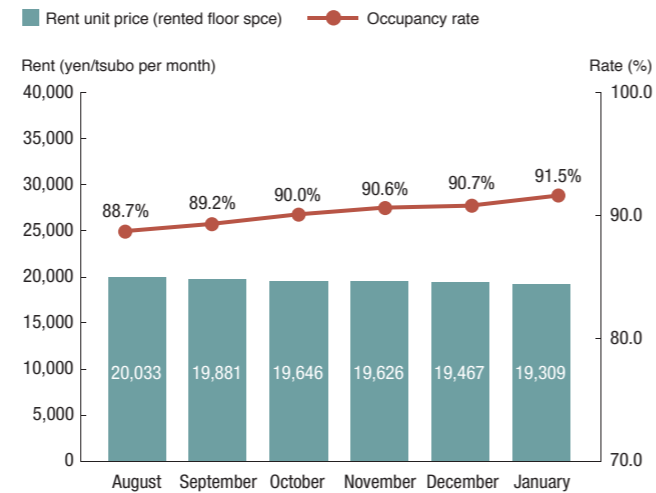
A cost reduction trend has been observed among foreign affiliated companies, but MHR focused on preventing contract terminations by securing lease periods during which contract terminations are prohibited as well as through other means, while responding to requests for rent decreases at the time of rent revision.



RESIDENCE

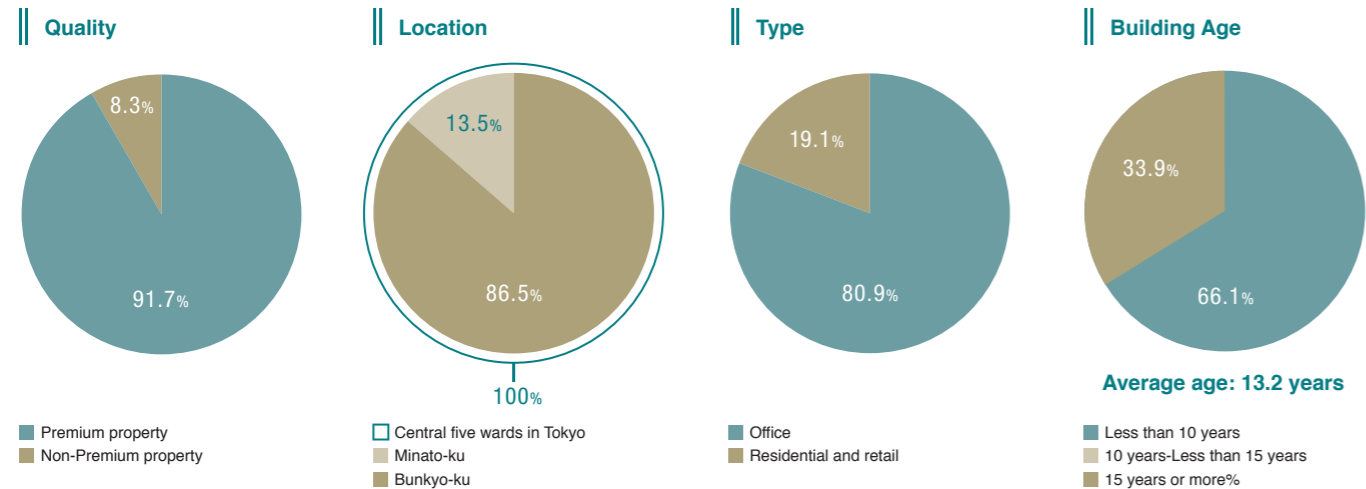
Trends during the seventh fiscal period

The demand from expatriates in foreign financial institutions has decreased, but MHR succeeded in boosting Japanese citizens' demand for switching residential properties. MHR will continue to strive to further enhance occupancy rates by launching various marketing activities.



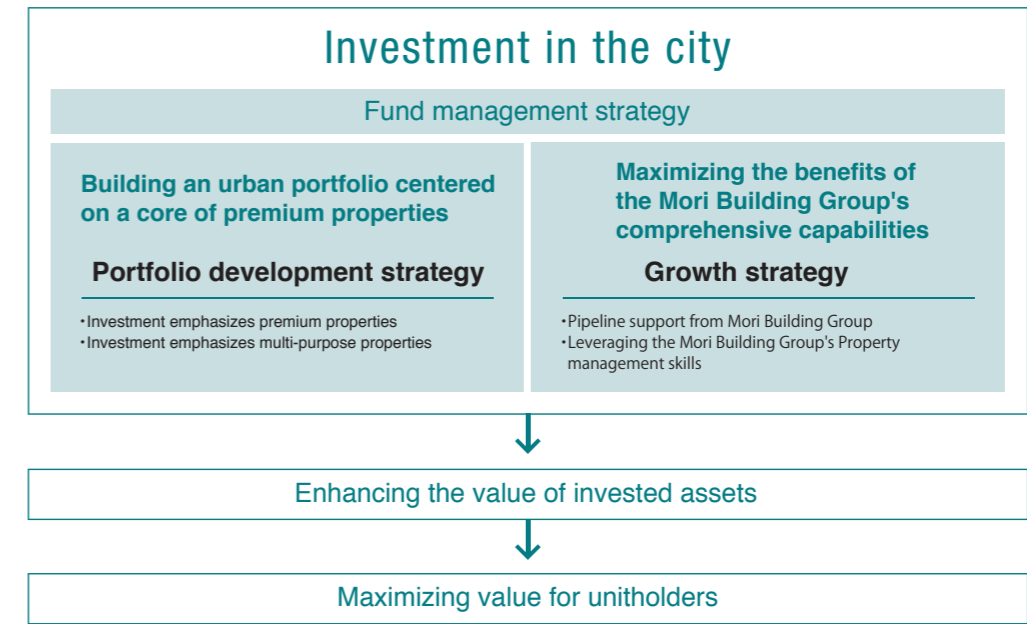
Status of Portfolio Diversification (as of January 31, 2010)

In line with its basic policy, MHR has maintained and enhanced its excellent, high-quality portfolio by increasing the ratio of premium properties and office buildings since listing.



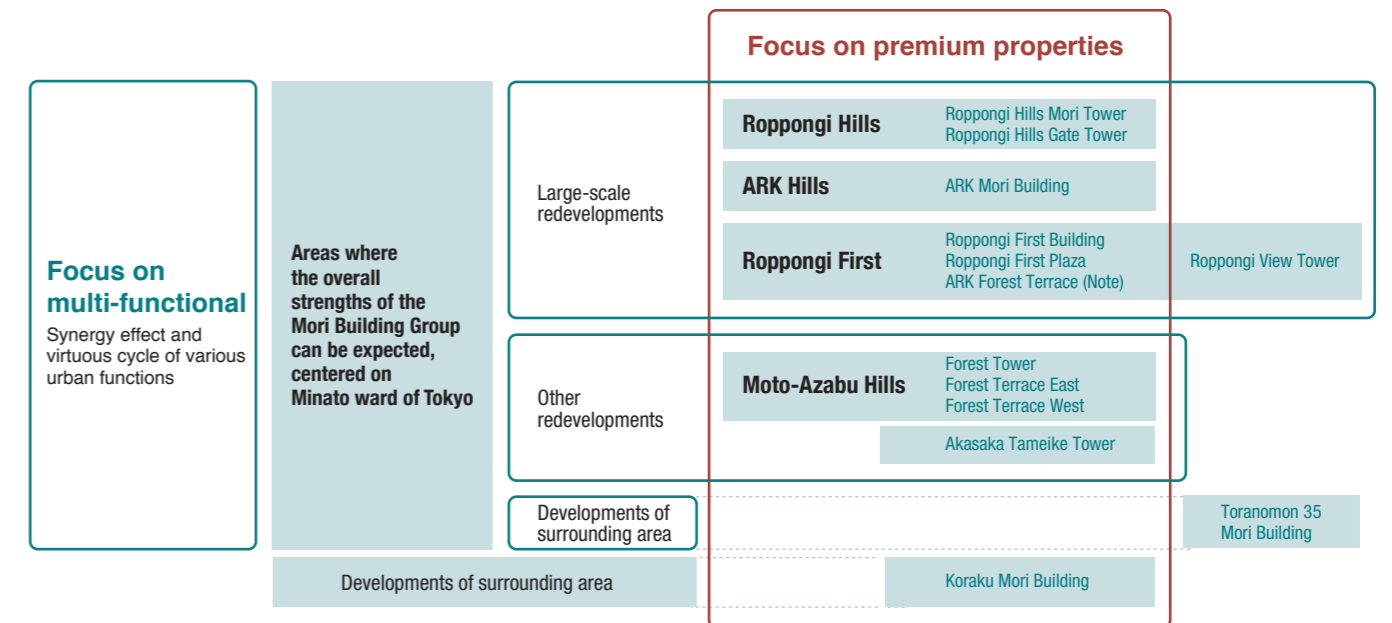
Note: The ratio refers to the total acquisition price per classification against the aggregate acquisition price and rounded off to the second decimal place.

Mori Hills REIT invests largely in properties that reflect the Company's "Hills" concept – areas that typify the lifestyles and work styles of the 21st century.



Investment Strategy and Positioning of MHR's Portfolio based on the Basic Philosophy, "Investment in the City"

Through maximum use of the overall strengths of the Mori Building Group, which has realized many large-scale redevelopments one after another in central Tokyo, MHR seeks to enhance the profitability and asset value of assets under management.



(Note 1) MHR's portfolio investment structure focuses on multi-functional properties located in areas where the overall strengths of the Mori Building Group can be expected under the following three categories: "Large-scale redevelopments," which are multi-functional and large-scale urban developments characterized by the "Hills" concept; "Other redevelopments," which are multi-functional or large-scale redevelopments; and "Developments of surrounding area," which are properties located in areas where synergistic effects can be expected.

Note 2: Site, facility management and maintenance and rights of ARK Forest Terrace are separate from that of Roppongi First Building, etc. However, due to the establishment of sidewalks beside roads and greenery, these buildings environmentally and in terms of scenery form a unified space. Therefore, in the above figure, ARK Forest Terrace has been positioned as part of "Roppongi First."



■ MHR (Note 1)
 ■ Mori Building (Note 2)
 ■ Others (Note 2,3)

(Note 1) Some of the above were partially acquired or are held by MHR
 (Note 2) We do not have plans to acquire these properties as of the date this document was created
 (Note 3) Properties "A" through "E" that are located in redevelopment areas have not yet been completed as of the date this document was created

New redevelopment projects promoted by the Mori Building Group (Note 1)

Synergy effect and virtuous cycle of various urban functions to be reproduced by new development projects by the Mori Building Group

A Toranomon Roppongi Redevelopment Project

A redevelopment project for which preparations are underway to becoming the new center of the Toranomon/Roppongi area. Properties owned by MHR, such as Roppongi First, are adjacently located.



- a) C-1 Area: 15,370㎡
C-2 Area: 510㎡
- b) Approx. 143,720㎡
- c) Office/retail/residential
- d) Redevelopment association (Note 2)
- e) 2012 (planned)

D ARK Hills Front Tower (Akasaka 2-chome Plan(Fukuyoshicho))

Located opposite ARK Hills, this building offers open offices with wide views and residences with high ceilings. A pleasant living environment in the middle of central Tokyo will be developed by creating open spaces, greening the rooftop and other such measures.



- a) Approx. 2,006㎡
- b) Approx. 24,858㎡
- c) Office/residential/retail
- d) Mori Building Co., Ltd.
- e) Jan. 2011 (planned)

B Shinbashi & Toranomon Areas along Ring Road No. 2 Category-2 Urban Redevelopment Project

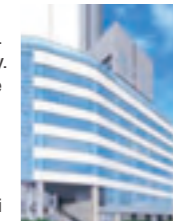
A redevelopment project expected to function as the main route connecting the Bay Area and central Tokyo, along with being a new business center. In the vicinity is a property owned by MHR.



- a) Approx. 17,069㎡ (III urban area)
- b) Approx. 252,933㎡ (III urban area)
- c) Office/retail/residential/hotel/conference
- d) Tokyo Metropolitan Government (Note 3)
- e) May. 2014 (planned)

E Roppongi 6-chome 3 banchi plan

This facility is located facing Roppongi-dori Ave. and has excellent visibility. While making optimal use of the functions of the adjacent Roppongi Hills, the facility will also promote the further development of Roppongi Hills by mutually enhancing value.



- a) Approx. 1,003㎡
- b) Approx. 7,513㎡
- c) Office/retail/residential
- d) Mori Building Co., Ltd.
- e) Mar. 2011(planned)

C Plan to rebuild 21 & 25 Mori Buildings

A plan to rebuild 21 Mori Building and 25 Mori Building into a single skyscraper complex. It is situated 1 minute by foot from Roppongi 1-chome Station on the Tokyo Metro Namboku Line and closely located to ARK Mori Building, which MHR partially owns.



- a) Approx. 5,850㎡
- b) Approx. 55,000㎡
- c) Office/retail
- d) Mori Building Co., Ltd.
- e) Apr. 2011(planned)

F Hirakawacho Mori Tower/Hirakawacho Mori Tower Residence

- a) Approx. 5,600㎡
- b) Approx. 51,800㎡
- c) Office/residential/retail
- d) Redevelopment association (Note 2)
- e) Dec. 2009

G Nagatacho Sanno Mori Building

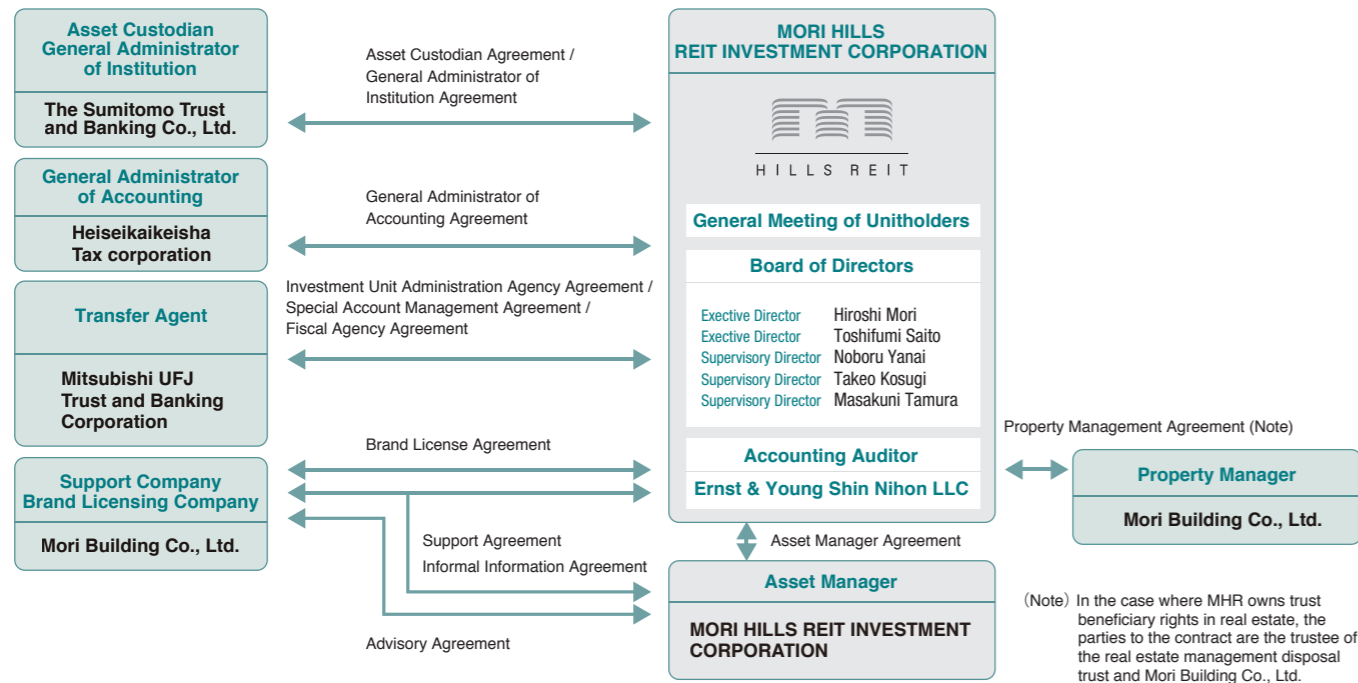
- a) Approx. 950㎡
- b) Approx. 5,200㎡
- c) Office
- d) Mori Building Co., Ltd.
- e) Jan. 2010

(Note 1) We do not have plans to acquire these redevelopment properties as of the date this document was created.
 "A" through "E" above are renderings of the respective properties
 (Note 2) Mori Building serves as the organizer of the association
 (Note 3) Mori Building was appointed as a distinct developer

a) Land area b) Total floor area c) Uses d) Operator e) (Planned) completion date

Investment Corporation Overview

Investment Strategy

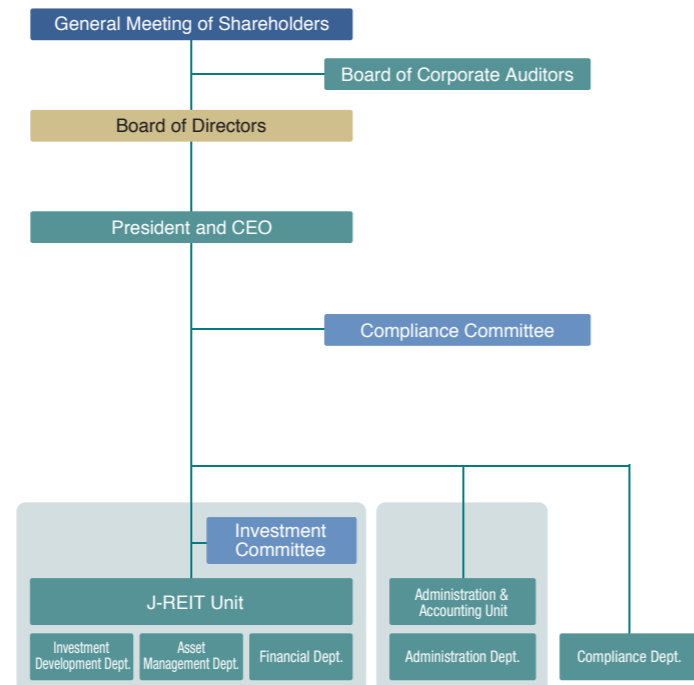


Asset Manager Overview (as of April 1, 2010)

Asset Manager Overview

Corporate name	Mori Building Investment Management Co., Ltd.
Address	Roppongi Hills Mori Tower, 34th Floor 6-10-1 Roppongi, Minato-ku, Tokyo 106-6134
Established	March 1984
Paid-in capital	200 million yen
Shareholder	Mori Building Co., Ltd. (100%)
Business licenses	Registered Residential Property Transaction Manager, Governor of Tokyo (2) Real Estate License no. 81587 Discretionary Transaction Agent, Minister of Land, Infrastructure and Transportation License no.41 Registered as a financial instruments business, Kanto Local Finance Bureau registration no. 408
Directors	President Director Director (External) Hiroshi Mori Ryosuke Zako Toshio Takano
Auditors	Corporate Auditor (External) Muneo Ohashi Corporate Auditor (External) Koichi Shibayama
Telephone	+81-(0)3-6406-9300

Asset Manager Overview



Corporate Governance

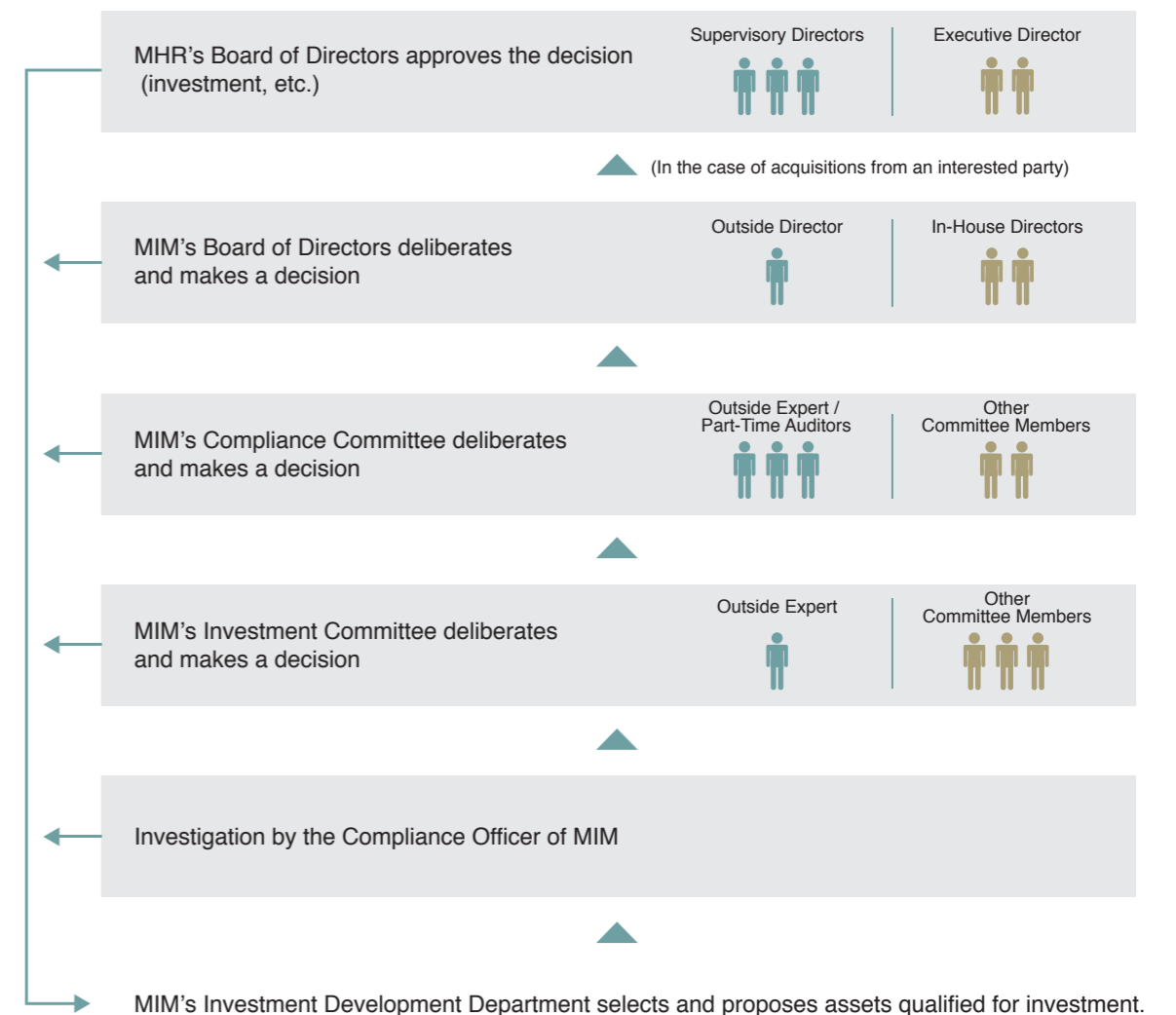
Mori Hills REIT's (MHR) asset manager is Mori Building Investment Management Co., Ltd. (MIM). In accordance with the Articles of Incorporation and as the asset manager that has been granted discretion by MHR to manage its assets, MIM has formulated management guidelines and has stipulated basic policies concerning investment management, such as an investment policy, operation and management policy, financial policy, disclosure policy and rules governing transactions with interested parties.

MIM's Compliance Department conducts inspections on legal compliance and confirms consistency with internal rules. MIM confirms whether there are any conflict of interest transactions with interested parties. In this way, MIM is striving to ensure comprehensive internal control, while also striving to enhance its risk management structure as well as its effectiveness.

Furthermore, MIM has a set of internal rules (self-imposed regulations) which stipulate rules such as the Related Parties Transaction Guidelines. These Guidelines stipulate matters concerning transactions, etc. with interested parties. Through MIM's compliance with these Guidelines, we have established a structure which ensures that the aforementioned transactions are managed appropriately and that MIM sufficiently executes the duty of care of a good manager and duty of loyalty due to MHR.

Decision-Making Process Concerning the Acquisition and Sale of Assets

Decision-Making Process Concerning the Acquisition and Sale of Assets



Investment Strategy

	Period ending July 31	Period ending January 31
January	Start of fiscal period	Start of fiscal period
February		
March		
April		
May		
June		
July	End of fiscal period	Start of fiscal period
August	Announcement of financial results for the period ended July	End of fiscal period
September		
October		
November		
December	Announcement of financial results for the period ended January	End of fiscal period
January		
February		
March		
April	Commence cash distributions	Commence cash distributions

Operating period February 1 to July 31 Operating period August 1 to January 31

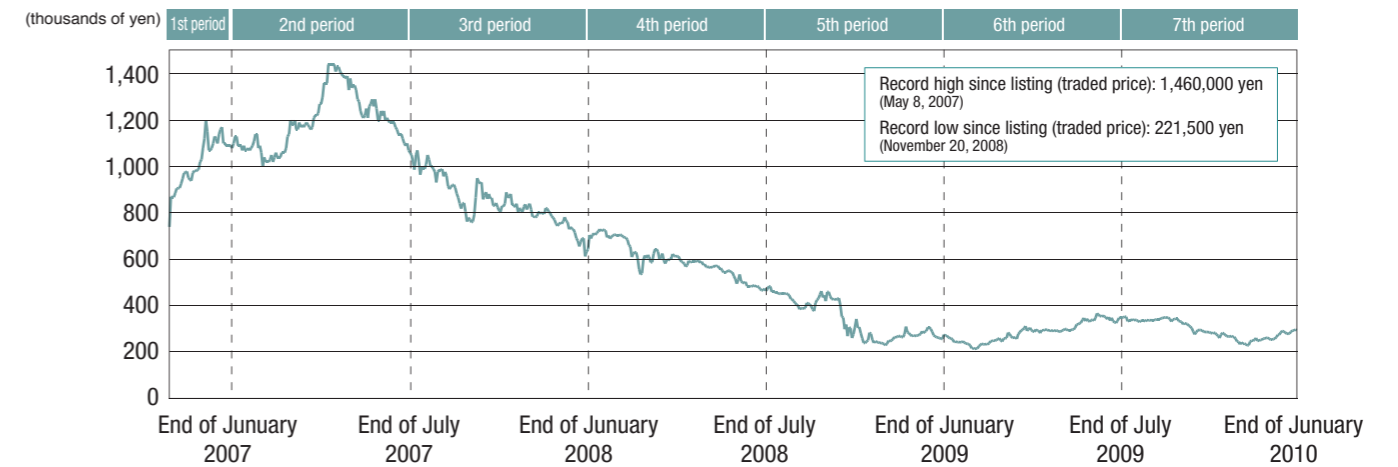
The Mori Hills Vision

MHR is a J-REIT dedicated to investing in a core of premium properties in central Tokyo. MHR provides both institutional and retail investors with the opportunity to own premium grade S and A properties normally out of the reach of the average investor. Mori Building Investment Management Co., Ltd. (MIM) is dedicated to prudently implementing the strategies of MHR so that investors can enjoy stable dividends and portfolio growth.

Disclaimer

This business report was prepared solely for the convenience of readers outside Japan and is not intended to constitute a document that offers to sell, or seeks an offer to buy, any securities of Mori Hills REIT Investment Corporation. English terms for Japan legal, accounting, tax and business concepts used herein may not be precisely identical to the concept of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial terms, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and the English translation contained herein, the original Japanese documents will always govern the meaning and interpretation.

Changes in Investment Unit Price

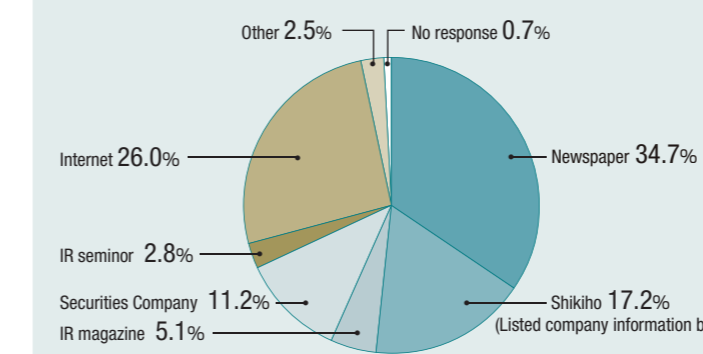


Announcement of Survey Results

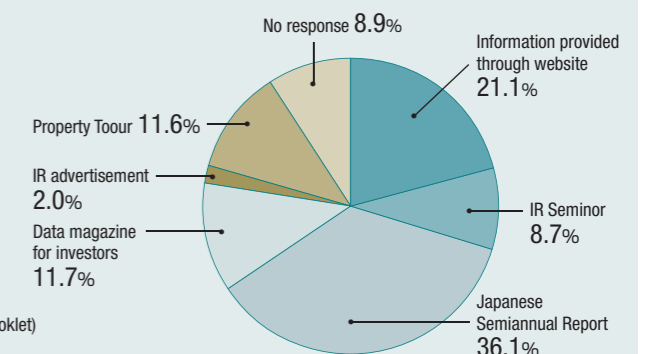
Sample: 7,580 investors as of end of 6th fiscal period (end of July 2009)
Method: Survey using postcards mailed with the 6th fiscal period Japanese Semiannual Report
Valid responses: 854
Response rate: 11.3%

We sincerely thank those investors who cooperated and answered the surveys.

What is your primary source of investment information?



What should be enhanced in our IR activities?



Enhanced the Business Report



We upgraded data, including photos, graphs and charts, so that it is easier to read.

Updated the Website



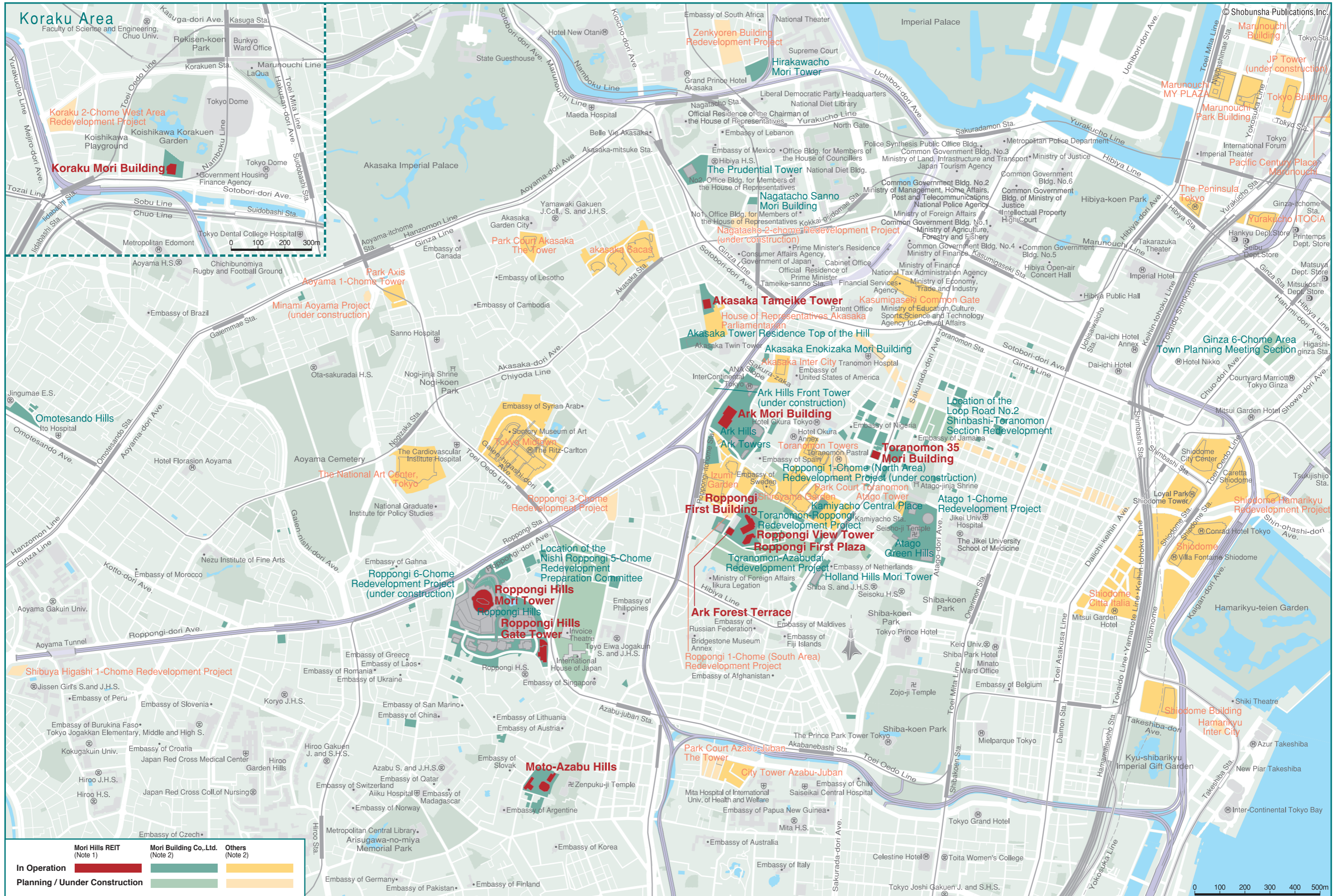
We updated the Japanese website and English website in September 2009 and March 2010, respectively.

Strengthened IR for Retail Investors



On November 15, 2009, we participated in a retail investors' seminar hosted by a securities company.

Portfolio Map



(Note 1) The properties include properties in which MHR's ownership is partial.
 (Note 2) As of the date this document is issued, We have no plans to acquire these properties.