

For Translation Purposes Only

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MHR Revises Forecasts of Financial Results and Dividend per Unit  
for the Fiscal Period Ending January 2024

Mori Hills REIT Investment Corporation (hereinafter “MHR”) has revised its forecasts of financial results and dividend per unit for the thirty-fifth fiscal period ending January 2024 (August 1, 2023 to January 31, 2024) disclosed as of September 15, 2023, as follows.

1. Revision of Forecasts of Financial Results and Dividend per Unit for the Thirty-Fifth Fiscal Period Ending January 2024

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Previous forecast (A)	11,163 million yen	6,865 million yen	6,348 million yen	6,346 million yen	3,060 yen	- yen
Revised forecast (B)	11,168 million yen	6,761 million yen	6,248 million yen	6,247 million yen	3,260 yen	- yen
Difference (B) – (A)	5 million yen	(104) million yen	(99) million yen	(99) million yen	200 yen	- yen
Rate of increase/decrease	0.0%	(1.5)%	(1.6)%	(1.6)%	6.5%	- %

<Reference>

Thirty-Fifth Fiscal Period Ending January 2024

Forecast number of investment units issued and outstanding at end of period: 1,916,330 units

Forecast net income per unit: 3,260 yen

## 2. Reason for the Revision

In the outlook of business results for the thirty-fifth fiscal period ending January 2024 (August 1, 2023 to January 31, 2024) in “Financial Report for the Thirty-Fourth Fiscal Period Ended July 31, 2023,” MHR assumed that part of the gain on transfer of Laforet Harajuku (land) will be set aside as reserve for special account for reduction entry by applying “special provisions for taxation in cases of replacement of certain assets” (Article 65-7 of the Act on Special Measures Concerning Taxation) and “special provisions for taxation in cases of establishment of special account due to transfer of certain assets” (Article 65-8 of the Act on Special Measures Concerning Taxation). However, since the acquisitions of assets regarding replacement are unlikely to be decided by the announcement of the results for said fiscal period, MHR will change the assumption to allocate the entire amount of gain on transfer to dividends as indicated in the Attachment. Since a difference of 5% or more is expected to occur in terms of dividend per unit as a result of such change as well as the reflection of the trend of the most recent financial results, MHR has decided to revise the forecasts of financial results and dividends.

(Notes)

1. The above forecasts have been calculated as of today based on the assumptions stated in the attachment, “Assumptions for Forecasts of Results for the Thirty-Fifth Fiscal Period Ending January 2024.” Therefore, actual operating revenue, operating income, ordinary income, net income, dividend per unit (excluding dividend in excess of earnings) and dividend in excess of earnings per unit may change due to factors such as change in the future acquisition or transfer of real estate, changes in the real estate market and other changes in circumstances, etc. regarding MHR. Therefore, the above forecasts do not guarantee actual performance or dividend amount.
2. MHR may revise the forecasts if it expects substantial discrepancies from the above forecasts.
3. Figures of less than one unit are rounded off and the percentage is rounded to the first decimal place. The same shall apply hereinafter.

- MHR’s website address is <https://www.mori-hills-reit.co.jp/en/>

(Attachment)

**Assumptions for Forecasts of Results for the Thirty-Fifth Fiscal Period Ending January 2024**

Item	Assumptions
Accounting Period	Thirty-Fifth Fiscal Period: August 1, 2023 - January 31, 2024 (184 days)
Investment Portfolio	<ul style="list-style-type: none"><li>• Regarding the 11 properties held as of today, MHR assumes there will be no change in the investment portfolio (such as acquisitions of new properties or transfers of existing properties) until the end of the fiscal period ending January 2024.</li><li>• In actual practice, however, the forecasts are subject to change in the investment portfolio and other factors.</li></ul>
Operating Revenue	<ul style="list-style-type: none"><li>• As a result of the partial transfer of Laforet Harajuku (land), MHR assumes that gain on transfer of 1,373 million yen will be recorded.</li><li>• Rent revenue of real estate is estimated based on lease agreements, etc. effective as of today, taking into account the market environment, trends among individual tenants and other factors.</li><li>• MHR assumes that there will be no delinquencies or unpaid rent by tenants.</li></ul>
Operating Expenses	<ul style="list-style-type: none"><li>• For expenses related to the real estate leasing business, which are major operating expenses, is expected 3,631 million yen. Expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors.<ul style="list-style-type: none"><li>A) For property taxes, city planning taxes, etc., 814 million yen (for six months) is expected for the fiscal period ending January 2024.</li><li>B) For building maintenance and repairs, MHR recorded the estimated required amount for the respective fiscal period as 127 million yen. However, please note that the actual expenses for maintenance and repairs in the respective fiscal period may differ materially from the estimated amounts due to various reasons. For example, an unforeseeable event may cause serious damage to a building and emergency repairs may be required as a consequence. Also, maintenance and repairs are expenses that are not accrued on a regular basis and the amount of variation may vary significantly from one period to the next.</li><li>C) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 1,083 million yen.</li><li>D) For property management fees, is expected to be 1,214 million yen.</li></ul></li><li>• For operating expenses other than expenses related to the real estate leasing business (asset management fee, asset custody fee, administrative service fees, etc.), is expected to be 776 million yen.</li></ul>

Non-Operating Expenses	<ul style="list-style-type: none"> <li>MHR expects to incur 340 million yen in interest expenses, 55 million yen in interest expenses on investment corporation bonds, and 105 million yen in borrowing expenses.</li> </ul>
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>MHR's balance of interest-bearing debt as of today is 190,422 million yen.</li> <li>MHR assumes that there will be no change to the balance of 166,822 million yen of loans payable as of today through the end of the fiscal period ending January 2024.</li> <li>MHR assumes that there will be no change to the balance of 23,600 million yen of investment corporation bonds as of today through the end of the fiscal period ending January 2024.</li> </ul>
Issuance of Investment Units	<ul style="list-style-type: none"> <li>The number of investment units issued and outstanding as of today is 1,916,330 units. MHR assumes that there will be no additional issuance of investment units until the end of the fiscal period ending January 2024.</li> </ul>
Dividend per Unit (excluding dividend in excess of earnings)	<ul style="list-style-type: none"> <li>Dividend per unit is calculated based on the assumption that MHR will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation.</li> <li>The entire amount of gain on transfer from the partial transfer of Laforet Harajuku (land) (1,373 million yen) is scheduled to be allocated to dividends.</li> <li>Dividend per unit may vary due to various factors, including changes in the investment portfolio, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.</li> </ul>
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>MHR assumes at present that it will not make any cash distributions in excess of earnings (dividend in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>MHR assumes that there will be no amendments to laws and regulations, taxation systems, accounting standards, listing regulations, rules of the Investment Trusts Association, Japan, etc. that would affect the above forecasts.</li> <li>MHR assumes that there will be no unforeseeable material changes in general economic conditions, the real estate market, etc.</li> </ul>