

For Translation Purposes Only

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(Securities Code: 3234)
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MHR Announces Forecasts for Periods Ending January and July 2007

Mori Hills REIT Investment Corporation (hereinafter referred to as “MHR”) announced its outlook (forecasts) for the financial results for the fiscal periods ending January 2007 (February 2, 2006 to January 31, 2007) and July 2007 (February 1, 2007 to July 31, 2007) as follows:

	Operating Revenue	Ordinary Profit	Net Income	Cash Distribution per unit	Distribution in Excess of Net Income per Unit
	In million yen			in yen	
Period ending January 2007 (1 st fiscal period)	6,872	2,452	2,450	18,875	-
Period ending July 2007 (2 nd fiscal period)	4,454	1,748	1,747	13,461	-

(Reference)

Fiscal year ending:	Forecasted number of investment units outstanding at end of period:	Forecasted Net Income per unit:
January 2007	129,800 (no change from prior forecast)	18,875 yen
July 2007	129,800 (no change from prior forecast)	13,461 yen

(Notes)

1. The forecasts above have been calculated as of today based on certain assumptions. The actual operating revenue, net income, and cash distribution per unit may vary due to the acquisition and/or sale of properties in the future, changes in the real estate market, and other factors affecting MHR. In addition, MHR does not guarantee the cash distribution amounts forecasted above.
2. MHR may revise a forecast if it expects a large variance from the above forecast.



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3. The first fiscal period (fiscal year ending January 2007) of MHR commenced on February 2, 2006 and ends on January 31, 2007. Thereafter, the fiscal periods are the six-month periods that commence February 1 and end July 31 of each year, and commence August 1 and end January 31 of the following year.
4. Amounts of less than one unit are rounded off.

End

- This press release was distributed to: the Kabuto Club (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.
- MHR's web site address: <http://www.mori-hills-reit.co.jp>

This document is an English translation of the Japanese language press release issued on the above date, and was prepared solely for the convenience of and reference by investors. The Japanese language press release should always be referred to as originals of this document. MHR will not be responsible or liable for the completeness or accuracy of this English translation.



(Exhibit)

Assumptions for the forecasts of operating results for the fiscal periods ending January and July 2007

Item	Assumptions
Investment Portfolio	<ul style="list-style-type: none"> • MHR has acquired beneficial interests in real estate (11 properties) (“Initially Acquired Properties”) on March 22, 2006, April 13, 2006, and August 1, 2006, within the first operating period. • MHR assumes that between the day after the payment date (November 29, 2006) for the offering of investment units and the end of the second fiscal period (July 31, 2007), there will be no change in the investment portfolio (acquisition of new properties, disposition of existing properties, etc.). Furthermore, the actual number of days in operation during the first fiscal period is assumed to be 316 days. • In actual practice, however, the forecast is subject to change due to changes in the investment portfolio.
Operating Revenue	<ul style="list-style-type: none"> • Rental income is estimated based on the lease contracts effective as of August 31, 2006 for the Initially Acquired Properties, competitiveness of the individual properties, real estate market conditions, and other factors. • For Operating Revenue, it is assumed that there will be no late or unpaid rent by tenants.
Operating Expenses	<ul style="list-style-type: none"> • Among the major operating expenses, leasing business expenses excluding depreciation expenses are calculated based on historical figures obtained from information that was provided by the previous owners of the Initially Acquired Properties, and adjusted to reflect variable factors. • In general, the property taxes and urban planning taxes that arise in real estate transactions are distributed between the previous owner and the purchaser on a daily pro-rata basis and settled at the time of acquisition. The amount settled is included in the calculation of the acquisition cost, so it will not be included in the expenses for the fiscal period ending January, 2007. MHR will include in the calculation of acquisition costs for Initially Acquired Properties approximately 300 million yen in property taxes, city planning taxes, and other amounts settled. Furthermore, approximately 128 million yen (for 3 months) of property taxes and city planning taxes, etc. is estimated to be included in the expenses for the fiscal period ending July 2007. • For building repair and maintenance expenses, the estimated required amounts for each fiscal period are reported (84 million yen for the fiscal period ending January 2007, and 51 million yen for the fiscal period ending July 2007). However, please note that the actual repair expenses for certain fiscal periods may differ significantly from estimated amounts since an unforeseeable event may cause serious damage to a building requiring emergency repairs. Also, repair and maintenance expenses are not required on a regular basis, and generally fluctuate from one term to the next. • Depreciation expenses are calculated using the straight-line method, with all related expenses and future additional capital expenditures taken into account. Depreciation expenses: approximately 949 million yen in the first fiscal period ending January 31, 2007 and approximately 565 million yen in the second fiscal period ending July 31, 2007.



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Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> • For non-operating expenses, MHR estimates 439 million yen for the establishment of MHR and the listing of investment units and public offerings, all of which are non-recurring expenses and are incurred only in the first fiscal period ending January 2007. • MHR estimates 588 million yen for the fiscal period ending January 2007 and 546 million yen for the fiscal period ending July 2007, for debt related expenses such as interest paid.
Debt	<ul style="list-style-type: none"> • MHR assumes the outstanding borrowings to be 73,000 million yen as of January 31, 2007, and that there will be no change in outstanding borrowings or interest rates prior to July 31, 2007.
Issue of Investment Units	<ul style="list-style-type: none"> • MHR assumes that no additional investment units will be issued until the end of July 2007.
Cash Distributions per Unit	<ul style="list-style-type: none"> • Cash distributions per unit are calculated based on the assumption to distribute all profits according to MHR's distribution policy as outlined in its Articles of Incorporation. • Cash distributions per unit may vary due to various factors including changes in the investment portfolio, changes in rent income caused by tenant replacements, unplanned repairs, change in interest rates, or additional issue of new investment units.
Distributions in Excess of Net Income per Unit	<ul style="list-style-type: none"> • MHR assumes at present, it will not conduct any distributions in excess of net income (Distributions in Excess of Net Income per Unit).
Other	<ul style="list-style-type: none"> • MHR assumes that there will be no amendments to legislation, taxation, accounting standards, listing requirements and Investment Trusts Association regulations, which would affect the above forecasts. • MHR assumes that there will be no material changes in general economic conditions and the real estate market.