

**For Translation Purposes Only**

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(Securities Code: 3234)  
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MHR Announces Forecasts for Period Ending July 2010

Mori Hills REIT Investment Corporation (hereinafter “MHR”) announced its outlook (forecasts) for the financial results for the fiscal period ending July 2010 (February 1, 2010 to July 31, 2010) as follows:

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Cash Distribution per Unit (Excluding Distribution in Excess of Net Income)	Distribution in Excess of Net Income per Unit
	In million yen				in yen	
Period ending July 2010 (8 <sup>th</sup> fiscal period)	5,425	2,646	1,526	1,525	6,550	—

(Reference)

Fiscal year ending:	Forecast number of investment units outstanding at end of period:	Forecast net income per unit:
July 2010	232,900	6,550 yen

(Notes)

- There are no changes in the forecasts for the seventh fiscal period ending January 2010 (August 1, 2009 to January 31, 2010). For details on the forecasts for the seventh fiscal period ending January 2010 (August 1, 2009 to January 31, 2010), please refer to “MHR Revises Cash Distribution Forecast for Period Ending January 31, 2010” dated January 18, 2010.
- The forecasts above have been calculated as of today based on certain assumptions. The actual operating revenue, operating income, ordinary income, 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 actual performance or cash distribution amounts forecast above.
- MHR may revise the forecasts if it expects a large variance from the above forecasts.
- Amounts of less than one unit are rounded off.

Note: This document was created as a press release for the public regarding forecast for the fiscal period ending July 2010 and was not created with the aim of seeking investment. When making an investment, please be sure to make an investment based on your own evaluations and responsibility only after reading the prospectus on the issuance of new investment units and filing for the sales of investment units, as well as amendments thereto (if prepared).



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

(Exhibit)

**Assumptions for the forecasts of operating results for the eighth fiscal period ending July 2010**

Item	Assumptions
Calculated Period	Eighth fiscal period: February 1, 2010 to July 31, 2010 (181 days)
Investment Portfolio	<ul style="list-style-type: none"><li>• In addition to the ten properties owned as of January 31, 2010, MHR is planning to acquire "Roppongi Hills Mori Tower" and "ARK Mori Building (Fixed II)" on March 25, 2010 (planned).</li><li>• MHR assumes that assets-to-be-acquired are acquired on the date above and assumes that until the end of the fiscal period ending July 31, 2010, there will be no change in the investment portfolio (acquisition of new properties, disposition of existing properties, etc.).</li><li>• In actual practice, however, the forecast is subject to change due to changes in the investment portfolio.</li></ul>
Operating Revenue	<ul style="list-style-type: none"><li>• Rent revenue is estimated based on the lease contracts effective as of the end of the seventh fiscal period ended January 2010, taking into account the market environment, competitiveness of the individual properties and other factors.</li><li>• It is assumed that there will be no late or unpaid rents by tenants.</li><li>• Among operating revenue, revenue of 5,264 million yen is expected regarding those properties owned as of January 31, 2010 and 161 million yen regarding those assets-to-be-acquired on March 25, 2010.</li></ul>

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Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, which account for the majority of operating expenses, expenses other than those below are calculated based on historical figures and adjusted to reflect variable factors. Furthermore, of the expenses related to rent business, expenses of 2,329 million yen are expected regarding those properties owned as of January 31, 2010 and 32 million yen regarding those assets-to-be-acquired on March 25, 2010.</li> <li>A) For property taxes, city planning taxes, etc., 299 million yen (for six months) is expected for the amount of tax payments during the eighth fiscal period ending July 2010. Furthermore, although the property taxes, city planning taxes, etc. that arise in accordance with the acquisition of the assets-to-be-acquired on March 25, 2010 are distributed between MHR and the seller on a daily pro-rata basis and settled at the time of acquisition, the amount settled will not be included in the operating expenses for the eighth fiscal period ending July 2010 as the concerned settled amount is included in the calculation of the acquisition cost at MHR.</li> <li>B) For building maintenance and repairs, MHR recorded the estimated required amount for the respective fiscal period (134 million yen). However, please note that the actual expenses for maintenance and repairs in the respective fiscal period may differ significantly from estimated amounts due to various reasons, such as an unforeseeable event that may cause serious damage to a building, thus requiring emergency repairs. Also, maintenance and repair expenses are not accrued on a regular basis, and their amount generally fluctuates from one period to the next.</li> <li>C) Depreciation and amortization is calculated using the straight-line method, with future additional capital expenditures taken into account. Depreciation and amortization of 750 million yen is expected in the eighth fiscal period ending July 2010.</li> <li>D) Property management fees of 782 million yen are expected.</li> <li>• Operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.) of 417 million yen are expected.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• MHR expects to incur 865 million yen in interest expenses and 225 million yen in borrowing expenses.</li> <li>96 million yen is expected in expenses regarding the issue of new investment units determined at a meeting of its board of directors held on March 5, 2010 (“issue of new investment units”), etc. (The concerned expenses are assumed to be amortized over three years by the straight-line method.)</li> </ul>

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Item	Assumptions
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>• MHR has interest-bearing debt of 111,010 million yen as of today. However, in establishing the forecast, MHR assumes that the funds obtained through the issue of new investment units will be used to acquire the assets-to-be-acquired and the remainder will be used to repay the borrowings (although the repayment amount is subject to change due to the payment amount (underwriting price) of the concerned new investment units).</li> <li>• MHR assumes that, of the 5,060 million yen remaining of a short-term loan payable (due for repayment on March 27, 2010) and the 10,000 million yen remaining of a long-term loan payable (due for repayment on May 31, 2010), the borrowings excluding the amount to be repaid by the remainder of the funds obtained through the issue of new investment units will be refinanced in the entire amount. MHR will also conduct an agreed repayment of 50 million yen of the 1,950 million yen remaining of a long-term loan payable (due for repayment on March 27, 2012) and of 62 million yen of the 2,500 million yen remaining of a long-term loan payable (due for repayment on November 30, 2013). Other than the above, there are no borrowings or investment corporation bonds that are due to mature during the eighth fiscal period ending July 2010.</li> </ul>
Issue of Investment Units	<ul style="list-style-type: none"> <li>• In addition to the 159,200 units outstanding as of today, MHR assumes that all 73,700 units in total of the additional issue of investment units through a public offering (67,000 units) and the additional issue of investment units through a third-party allotment (upper limit of 6,700 units) among the issue of new investment units will be issued. Excluding the above, MHR assumes that no additional investment units will be issued until the end of July 2010.</li> </ul>
Cash Distributions per Unit (Excluding Distributions in Excess of Net Income)	<ul style="list-style-type: none"> <li>• It is based on the assumption that MHR will conduct distributions according to its distribution policy as outlined in its Articles of Incorporation.</li> <li>• It may vary due to numerous factors, including changes in the investment portfolio, changes in rent income caused by tenant replacements, unplanned repairs, changes in interest rates or additional issues of new investment units.</li> </ul>
Distributions in Excess of Net Income per Unit	<ul style="list-style-type: none"> <li>• At present, there is no plan to conduct distributions in excess of net income (distributions in excess of net income per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• MHR assumes that there will be no amendments to legislation, taxation, accounting standards, listing requirements and the regulations of the Investment Trusts Association, Japan which would affect the above forecasts.</li> <li>• MHR assumes that there will be no material changes in general economic conditions and the real estate market, etc.</li> </ul>

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