



H I L L S R E I T

March 26, 2010

**FINANCIAL REPORT  
FOR THE SEVENTH FISCAL PERIOD ENDED JANUARY 31, 2010**

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

Representative: Hiroshi Mori, Executive Director

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

Asset Manager: Mori Building Investment Management Co., Ltd.

Representative: Hiroshi Mori, President

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Planned submission of semiannual security report: April 28, 2010

Planned start of dividend payments: April 23, 2010

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

Figures are rounded down to the nearest one million yen.

**1. PERFORMANCE FOR THE SEVENTH FISCAL PERIOD ENDED JANUARY 31, 2010**

(August 1, 2009 – January 31, 2010)

**(1) Business Results**

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
<b>Seventh Fiscal Period</b>	¥5,520	(4.6%)	¥2,821	(6.1%)	¥1,729	(14.7%)	¥1,728	(14.7%)
<b>Sixth Fiscal Period</b>	¥5,789	1.5%	¥3,004	(1.9%)	¥2,027	(7.0%)	¥2,026	(7.0%)

	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
<b>Seventh Fiscal Period</b>	¥10,857	1.9%	0.8%	31.3%
<b>Sixth Fiscal Period</b>	¥12,726	2.3%	1.0%	35.0%

**(2) Dividend**

	Dividend per Unit (excluding dividend in excess of earnings)	Total Dividends	Dividend in Excess of Earnings per Unit	Total Dividends in Excess of Earnings	Dividend Payout Ratio	Dividend Ratio to Net Assets
<b>Seventh Fiscal Period</b>	¥10,857	¥1,728 million	¥0	–	99.9%	1.9%
<b>Sixth Fiscal Period</b>	¥12,726	¥2,025 million	¥0	–	99.9%	2.3%

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

**(3) Financial Position**

	Total Assets	Net Assets	Total Net Assets to Total Assets	Net Assets per Unit
<b>Seventh Fiscal Period</b>	¥208,893 million	¥89,081 million	42.6%	¥559,560
<b>Sixth Fiscal Period</b>	¥212,860 million	¥89,383 million	42.0%	¥561,451

**(4) Cash Flows**

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
<b>Seventh Fiscal Period</b>	¥2,107 million	(¥206 million)	(¥5,013 million)	¥8,670 million
<b>Sixth Fiscal Period</b>	¥3,362 million	(¥784 million)	(¥2,172 million)	¥11,783 million

**2. FORECAST OF RESULTS FOR THE EIGHTH FISCAL PERIOD ENDING JULY 31, 2010**  
**(February 1, 2010 – July 31, 2010)**

(Millions of yen; Percentage change represents a period-on-period comparison)

	Operating Revenue	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
<b>Eighth Fiscal Period</b>	¥5,425	(1.7%)	¥2,646	(6.2%)	¥1,526	(11.7%)	¥1,525	(11.7%)

	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
<b>Eighth Fiscal Period</b>	¥6,550	¥0

(Reference) Estimated net income per unit for the eighth fiscal period: ¥6,550

**3. OTHER**

**(1) Changes in Accounting Policies**

- (a) Changes accompanying amendments to accounting standards, etc.: None
- (b) Changes other than (a): None

**(2) Number of Units Outstanding**

- (a) Number of units outstanding at end of period (including own units)
 

Seventh fiscal period:	159,200 units	Sixth fiscal period:	159,200 units
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- (b) Number of own units at end of period
 

Seventh fiscal period:	0 units	Sixth fiscal period:	0 units
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**\*Explanation on the appropriate use of the forecast of results, and other matters of special note**

The forecast of results for the eighth fiscal period ending July 31, 2010 are calculated as of today based on the assumptions presented on pages 12 to 14. Forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ from actual results due to changes in operating conditions and a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

## **4. BUSINESS RESULTS**

### **(1) Overview of the Seventh Fiscal Period**

#### **(a) Brief Background of MHR**

Mori Hills REIT Investment Corporation (MHR) was incorporated by Mori Building Investment Management Co., Ltd. (MHR's Asset Manager) on February 2, 2006 with 100 million yen in capital (200 units), and was registered by the Prime Minister based on Article 187 of the Law Concerning Investment Trusts and Investment Corporations on March 6, 2006 (Registration No. 51 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, MHR was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on November 30, 2006 (Securities Code: 3234). On September 29, 2008, MHR issued new investment units through third-party allotment (29,400 units). As of the end of MHR's fiscal period under review (seventh fiscal period: August 1, 2009 to January 31, 2010), the total number of investment units outstanding was 159,200 units. Recently, MHR closed its seventh fiscal period.

#### **(b) Investment Environment and Business Performance**

##### **i) Investment Environment**

In the seventh fiscal period, the Japanese economy was in a gradual deflationary state with consumer prices falling for the first time in four years, the unemployment rate hovering at high levels, and the economy facing other severe circumstances. The fiscal 2009 real GDP growth rate improved compared to the previous fiscal year due in part to the fiscal 2008 level of growth being extremely low, but a sharp decrease for the second consecutive year is expected in the nominal growth rate, which represents a closer reflection of the actual economic sentiment of the people.

Under such severe circumstances, the rental office building market saw vacancy rates increase due to rental office demand shrinking in correlation with deteriorating corporate performance. In addition, rent levels entered a downward correction phase. Moreover, the luxury rental housing market saw demand for luxury rental housing from foreign staff working at non-Japanese firms and domestic high net-worth households decline and, as a consequence, vacancy rates rose and rent levels were on a downward trend. The real estate trading market saw stagnant volume of transaction in the market in general, despite a strong willingness of investors to make acquisitions.

##### **ii) Business Performance**

In the seventh fiscal period, MHR continued to enhance tenant satisfaction through such measures as meticulous operational management and systematic maintenance and repair of properties in its portfolio. Moreover, MHR took such measures as setting rents for new tenants at appropriate levels and revising rents with existing tenants. MHR secured stable real estate rent revenue as a result.

MHR's real estate portfolio as of the end of the seventh fiscal period was comprised of ten properties (Note 1) under management with a total leasable floor area of 103,152.03m<sup>2</sup>. MHR has already invested 201,654 million yen (based on acquisition price) into this portfolio. The occupancy rate (Note 2) at the end of the seventh fiscal period was 92.6%.

(Notes)

1. For Roppongi First Building and Roppongi View Tower, MHR purchased 6% of the trust beneficiary rights pertaining to the co-ownership portion on March 22, 2006 and 40% of the trust beneficiary rights pertaining to the co-ownership portion on April 13, 2006. However, MHR treats each of these properties as one property for purposes of calculating the number of properties in the portfolio (the same hereinafter). Furthermore, regarding ARK Mori Building, the property name is differentiated according to leasing scheme. MHR acquired the trust beneficiary rights pertaining to sectional ownership for the 13th floor portion on March 22, 2006 as property that adopts a fixed master lease scheme (hereinafter referred to as “ARK Mori Building (Fixed)”), and acquired 75% of the quasi co-ownership interest of the trust beneficiary rights pertaining to sectional ownership for the 12th and 22nd floor portions on March 28, 2008 and additionally acquired the remaining 25% of the quasi co-ownership interest on September 30, 2008 as property that adopts a pass-through master lease scheme (hereinafter referred to as “ARK Mori Building (Pass-through)”). However, MHR treats each of these properties as one property with respect to the number of properties in the portfolio (the same hereinafter).
2. The occupancy rate expresses the sum total of the total leased floor area as a percentage of the sum total of the total leasable floor area, rounded to one decimal place.

### **(c) Overview of Fund Procurement**

During the seventh fiscal period, MHR took out short-term loans payable in the amount of 8,440 million yen and long-term loans payable in the amount of 26,500 million yen for the purpose of refinancing an existing 7,000 million yen and 2,940 million yen short-term loans payable and 25,000 million yen long-term loan payable. Also during the seventh fiscal period, MHR made a previously agreed repayment of 50 million yen of an existing long-term loan payable, and a prepayment of 2,940 million yen of an existing short-term loan payable.

As a result, as of the end of the seventh fiscal period, the balance of loans payable stands at 101,010 million yen (long-term loans payable: 67,225 million yen; current portion of long-term loans payable: 23,225 million yen; and short-term loans payable: 10,560 million yen), the balance of investment corporation bonds stands at 10,000 million yen and the balance of interest-bearing debt stands at 111,010 million yen.

Of the loans payable, in addition to the 4,225 million yen in long-term loans payable and 225 million yen in current portion of long-term loans payable that have fixed interest rates, MHR utilizes interest rate swaps and takes other measures to in effect convert the interest rates for loans payable that have variable interest rates into fixed interest rates in order to hedge against the risk of upward fluctuations in interest rates. Such measures have been taken for 43,500 million yen of the 63,000 million yen in long-term loans payable and 13,000 million yen of the 23,000 million yen in current portion of long-term loans payable. Concerning future loans payable, MHR will strive to minimize refinancing risks by diversifying repayment dates for loans payable and extend the average remaining duration of loans payable by increasing the percentage of fund procurement through long-term loans payable.

As of the end of the seventh fiscal period, MHR has obtained a Baa1 issuer credit rating and unsecured long-term debt rating (rating outlook: negative) from Moody's Investors Service, Inc. and AA- long-term senior debt rating (rating outlook: negative) from Japan Credit Rating Agency, Ltd.

(Note) Long-term loans payable are loans payable with a period of over one year until the repayment date at the time of drawdown, and short-term loans payable are loans payable with a period of one year or less until the repayment date at the time of drawdown (the same hereinafter).

## **(d) Overview of Business Results and Distributions**

The asset management activities described above resulted in MHR recording 5,520 million yen in operating revenue, 2,821 million yen in operating income, 1,729 million yen in ordinary income and 1,728 million yen in net income in the seventh fiscal period.

In regards to dividends, to ensure that income distributions would be deductible for tax purposes based on application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957; including amendments thereto), MHR decided to pay out the entire amount of unappropriated retained earnings, excluding fractions of the dividend per unit that are less than 1 yen. Consequently, MHR declared a dividend per unit of 10,857 yen.

## **(2) Outlook for the Eighth Fiscal Period**

### **(a) Future Management Policy**

Pursuant to MHR's investment policy, MHR seeks to increasingly enhance the profitability and asset value of assets under management by focusing on the competitiveness and the ability to create value attributable to "urban" areas (central Tokyo being the core area) and concentrating investment into "urban" areas. Specifically, MHR seeks to develop an urban portfolio centered on office buildings and residential and retail properties that are situated in "Premium Areas" (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward, Shibuya Ward and their vicinity) and that are capable of maintaining competitiveness in the future due to attributes such as quality, size and specifications ("Premium Properties"). The quintessential example is the "Hills" brand of large redevelopment properties exhibiting high creativity and added-value in a manner perfected over the years by the Mori Building Group.

Concerning new property acquisitions, with the present investment environment viewed as being a good opportunity to acquire large, blue-chip properties at relatively advantageous terms, MHR will aim to enhance the quality of its portfolio by acquiring blue-chip assets proactively utilizing information independently gathered by MHR's Asset Manager based on a pipeline support agreement entered into with Mori Building Co., Ltd.

With respect to the management of properties in the portfolio, MHR seeks to ensure stable revenue over the medium and long term and maintain and enhance the asset value of its portfolio by adopting the basic policy of conducting rational, efficient and systematic asset management and administration that enhances satisfaction and captures the extensive trust of tenants. Furthermore, in the operation of individual assets under management, MHR strives to raise the presence of its assets under management by proactively leveraging Mori Building Co., Ltd.'s high value-added know-how and high-level services.

In particular, MHR will strive to maintain and enhance occupancy rates by proactively launching marketing activities targeting new and existing tenants. While taking into account the quality of tenants, tenant negotiations will be pursued based on a flexible price policy so as to cope with the rental market currently being in a correction phase which is resulting in higher vacancy rates and lower unit price of rent. MHR will also aim to conduct stable and steady management.

With respect to financing, although factors, including government measures to support corporations raise funds launched from last year onwards in response to the downturn in the global financial and economic situation since two years ago, have dispelled concerns over J-REIT failures, MHR recognizes the financing environment for J-REITs is still severe. Under such an environment, MHR will continue to aim to promote diversification of financing means, such as increasing capital and issuing

investment corporation bonds, while monitoring the trends of the J-REIT market and bond market and paying careful attention to the appropriate timing and environment.

**(b) Significant Subsequent Events**

Significant subsequent events occurring at MHR after the end of the seventh fiscal period (last day of January 2010) are described below.

**i) Issuance of New Investment Units**

MHR adopted a resolution at meetings of its board of directors held on March 5, 2010 and March 15, 2010 to issue new investment units as follows, and the payment pertaining to the issuance of new investment units through public offering was completed on March 23, 2010.

As a result, the issuance of new investment units through primary offering brings unitholders' capital to 100,934,027,770 yen and the total number of investment units outstanding to 226,200 units.

**i. Issuance of New Investment Units through Primary Offering**

Number of units to be issued:	67,000 units
Issue price:	210,005 yen per unit
Total amount of issue price:	14,070,335,000 yen
Purchase price:	202,427 yen per unit
Total amount of purchase price:	13,562,609,000 yen
Payment date:	March 23, 2010
Dividend calculation date:	February 1, 2010

**ii. Issuance of New Investment Units through Third-Party Allotment (Note)**

Number (ceiling) of units to be issued:	6,700 units
Purchase price:	202,427 yen per unit
Total amount (ceiling) of purchase price:	1,356,260,900 yen
Allottee:	Mizuho Securities Co., Ltd.
Subscription period:	April 22, 2010
Payment date:	April 23, 2010
Dividend calculation date:	February 1, 2010

(Note) There may be cases where there will be no subscription to the investment units to be issued in the third-party allotment, in whole or in part, and accordingly the final number of investment units issued by the third-party allotment would decrease to that extent due to forfeiture, or such issuance itself will not take place at all.

**iii. Use of Funds Obtained**

Funds obtained through the primary offering and third-party allotment will be used to acquire assets (part of each of Roppongi Hills Mori Tower and ARK Mori Building), and the remainder will be used for repayment of loans, etc.

**ii) Acquisition of Assets**

MHR conducted the following acquisition of assets.

**i. Overview of Acquisition**

**Roppongi Hills Mori Tower**

1) Acquired asset:	Real estate
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\*MHR acquired 50% co-ownership interest corresponding to sectional ownership of one floor.

- 2) Property name: Roppongi Hills Mori Tower  
 3) Acquisition price: 6,810 million yen (excluding acquisition costs, property taxes, city planning taxes and consumption taxes)  
 4) Acquisition date: March 23, 2010  
 5) Seller: Mori Building Co., Ltd.  
 6) Broker: None  
 7) Payment method: Lump sum payment upon delivery  
 8) Acquisition financing: Capital acquired through the issuance of new investment units

**ARK Mori Building (Fixed II)**

- 1) Acquired asset: Real estate  
 \*MHR acquired 50% co-ownership interest corresponding to sectional ownership of one floor.  
 2) Property name: ARK Mori Building (Fixed II)  
 3) Acquisition price: 3,400 million yen (excluding acquisition costs, property taxes, city planning taxes and consumption taxes)  
 4) Acquisition date: March 23, 2010  
 5) Seller: Mori Building Co., Ltd.  
 6) Broker: None  
 7) Payment method: Lump sum payment upon delivery  
 8) Acquisition financing: Capital acquired through the issuance of new investment units

**ii. Details of the Acquired Assets****Roppongi Hills Mori Tower**

Location		6-10-1 Roppongi, Minato-ku, Tokyo (residential indication)
Use		Offices, shops and museum
Area	Land	57,177.66m <sup>2</sup> (area of the whole building lot)
	Building	442,150.70m <sup>2</sup> (gross floor area of the whole building) *The above figure indicates the floor area of the whole property, including the gross floor area of the property's hotel tower (53,358.16m <sup>2</sup> ).
Construction completion		April 2003
Structure		Steel-framed and steel-framed reinforced concrete structure; 54 floors above ground and 6 floors below ground
Designers		Mori Building Co., Ltd. first class architect office, and Irie Miyake Architects & Engineers
Contractors		Obayashi and Kajima consortium
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (land use right interest of about 0.9%) *Land use rights for the property are in place and the land use right interest ratio of the real estate that MHR acquired is about 0.9%.
	Building	Sectional ownership (co-ownership interest of 50%) *MHR acquired 50% co-ownership interest corresponding to sectional ownership of one floor and the area calculated by multiplying the private-use floor area corresponding to the sectional ownership by the co-ownership interest ratio (50%) is 2,222.095m <sup>2</sup> . The ratio of ownership against the private-use floor area of the whole building is 0.7%.
Former owner		Mori Building Co., Ltd.
Acquisition price		6,810 million yen
Acquisition date		March 23, 2010
Appraisal	Appraisal value	7,400 million yen
	Appraisal date	January 31, 2010
	Appraiser	Japan Real Estate Institute
Earthquake PML		0.29% (Tokyo Bldg-Tech Center Co., Ltd.)
Collateral		None

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Property manager	Mori Building Co., Ltd.
Total number of end tenants	1 tenant *MHR grants the property's lease rights to Mori Building Co., Ltd., the co-owner of the property, and Mori Building leases the property to tenants as a lessor. In addition, regardless of the amount of rent tenants pay to Mori Building, Mori Building will pay MHR a fixed amount as compensation for granting the lease rights, and thus Mori Building is deemed as the end tenant.
Total leasable floor area	2,249.04m <sup>2</sup>
Total leased floor area	2,249.04m <sup>2</sup>
Occupancy rate	— *Since there are items that relate to the content of the contract between Mori Building Co., Ltd. and leasing tenants, it is not disclosed and thus is not indicated.
Monthly rent income (excluding consumption tax)	25,170,000 yen *This is the compensation for granting the lease rights for a month indicated in the agreement on granting lease rights with the co-owner.
Deposits/Guarantees	302,040,000 yen *This is the deposit outstanding indicated in the agreement on granting lease rights with the co-owner.
Special considerations	The co-owner of the property holds a preferential acquisition right in regard to another co-owner selling its co-ownership interest.

**ARK Mori Building (Fixed II)**

Location	1-12-32 Akasaka, Minato-ku, Tokyo (residential indication)	
Use	Offices and shops	
Area	Land	39,602.42m <sup>2</sup> (area of the whole building lot)
	Building	177,486.95m <sup>2</sup> (gross floor area of the whole building)
Construction completion	March 1986	
Structure	Reinforced concrete, steel-framed reinforced concrete and steel-framed structure; 37 floors above ground and 4 floors below ground	
Designers	Mori Building Co., Ltd. first class architect office, and Irie Miyake Architects & Engineers	
Contractors	Kajima, Toda and Fujita Engineering consortium	
Building verification agency	Tokyo Metropolitan Government	
Form of ownership	Land	Ownership (land use right interest of about 0.6%) *Land use rights for the property are in place and the land use right interest ratio of the real estate that MHR acquired is about 0.6%. With the acquisition, MHR's land use right interest ratio of ARK Mori Building will be, together with ARK Mori Building (Fixed) and ARK Mori Building (Pass-through), 4.6%.
	Building	Sectional ownership (co-ownership interest of 50%) *MHR acquired 50% co-ownership interest corresponding to sectional ownership of one floor and the area calculated by multiplying the private-use floor area corresponding to the sectional ownership by the co-ownership interest ratio (50%) is 1,366.23m <sup>2</sup> . The ratio of ownership against the private-use floor area of the whole building is 0.9%. With the acquisition, the ratio of ownership against the private-use floor area of all of ARK Mori Building will be, together with ARK Mori Building (Fixed) and ARK Mori Building (Pass-through), 6.7%.
Former owner	Mori Building Co., Ltd.	
Acquisition price	3,400 million yen	
Appraisal	Appraisal value	3,710 million yen
	Appraisal date	January 31, 2010
	Appraiser	Japan Real Estate Institute

Acquisition date	March 23, 2010
Earthquake PML	0.38% (Tokyo Bldg-Tech Center Co., Ltd.)
Collateral	None
Property manager	Mori Building Co., Ltd.
Total number of end tenants	1 tenant *MHR grants the property's lease rights to Mori Building Co., Ltd., the co-owner of the property, and Mori Building leases the property to tenants as a lessor. In addition, regardless of the amount of rent tenants pay to Mori Building, Mori Building will pay MHR a fixed amount as compensation for granting the lease rights, and thus Mori Building is deemed as the end tenant.
Total leasable floor area	1,399.60m <sup>2</sup>
Total leased floor area	1,399.60m <sup>2</sup>
Occupancy rate	— *Since there are items that relate to the content of the contract between Mori Building Co., Ltd. and leasing tenants, it is not disclosed and thus is not indicated.
Monthly rent income (excluding consumption tax)	12,700,000 yen *This is the compensation for granting the lease rights for a month indicated in the agreement on granting lease rights with the co-owner.
Deposits/Guarantees	152,400,000 yen *This is the deposit outstanding indicated in the agreement on granting lease rights with the co-owner.
Special considerations	Wet-spray rockwool containing asbestos is used on the columns, beams, etc. of the ceilings, party walls, etc. of the property's building. The parts of the property's building where the wet-spray rockwool are used are currently in stable condition with no scattering found, and appropriate removal and other action are scheduled to be taken at the expense of the seller. The co-owner of the property holds a preferential acquisition right in regard to another co-owner selling its co-ownership interest.

**(Reference Information)****i) Borrowing of Funds**

MHR adopted a resolution at a meeting of its board of directors held on March 24, 2010 with respect to a borrowing agreement to fund part of the refinancing of a 5,060 million yen short-term loan payable, which is due for repayment on March 29, 2010, as outlined below.

**Short-Term Loan Payable**

Lenders	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Sumitomo Trust & Banking Co., Ltd. Sumitomo Mitsui Banking Corporation
Borrowing amount	3,010 million yen
Scheduled drawdown date	March 29, 2010
Principal repayment date	March 29, 2011 (However, if such date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
Method of repayment	To be repaid in full on the principal repayment date
Collateral	Unsecured/Unguaranteed

**ii) Transaction with Interested Party, etc. (Mori Building Co., Ltd.)**

MHR adopted a resolution at a meeting of the board of directors of MHR's Asset Manager held on March 26, 2010 with respect to a transaction with Mori Building Co., Ltd. to conduct a transaction with an interested party, etc. as stipulated in the Related Parties Transaction Guidelines of MHR's Asset Manager (renewal of the Memorandum on Proprietary Use concluded for the purpose of proprietary use of part of Koraku Mori Building by the property's tenant (master lessee), Mori Building Co., Ltd. (interested party, etc.)).

For details, please refer to "MHR Announces Transaction with Interested Party (Mori Building Co., Ltd.)" dated March 26, 2010.

**iii) Changes in Organization and Important Personnel at Asset Manager**

MHR's Asset Manager, to which the asset management of MHR is consigned, adopted a resolution at a meeting of its board of directors held on March 26, 2010 to make changes in organization and important personnel, effective April 1, 2010.

For details, please refer to "MHR Announces Changes in Organization and Important Personnel at Asset Management Company" dated March 26, 2010.

**(c) Outlook of Business Results**

MHR expects the following business results for its next fiscal period (eighth fiscal period: February 1, 2010 to July 31, 2010). For the assumptions underlying the forecast of results, please refer to "Assumptions of Forecast of Results for the Eighth Fiscal Period Ending July 31, 2010 (February 1, 2010 to July 31, 2010)" presented below.

The period-on-period decrease in dividend per unit for the eighth fiscal period is attributable to MHR expecting a decrease in operating revenue from the properties in its portfolio as of the end of the seventh fiscal period, as well as the number of investment units increasing in correlation with the issuance of new investment units.

Operating revenue	¥5,425 million
Operating income	¥2,646 million
Ordinary income	¥1,526 million
Net income	¥1,525 million
Dividend per unit	¥6,550
Dividend in excess of earnings per unit	¥0

(Note) The forecasted figures above are calculated as of today based on certain assumptions. Forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ from actual results due to changes in operating conditions and a variety of factors. Furthermore, these forecasts shall not be construed as a guarantee of dividend amounts.

**Assumptions of Forecast of Results for the Eighth Fiscal Period Ending July 31, 2010**  
**(February 1, 2010 – July 31, 2010)**

The forecasts for operating revenue, operating income, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit for the eighth fiscal period were calculated based on the following assumptions. MHR may revise the forecast if it expects substantial discrepancies in the following assumptions from that of the initial forecast and if, as a result, it anticipates a large variance in the forecasted figures presented in the foregoing “(c) Outlook of Business Results.”

Item	Assumptions
Investment Portfolio	<ul style="list-style-type: none"> <li>• MHR assumes that its investment portfolio up to March 22, 2010 will comprise the 10 properties in its portfolio as of the end of the seventh fiscal period (January 31, 2010). From March 23, 2010 onwards, MHR assumes that it will acquire Roppongi Hills Mori Tower and ARK Mori Building (Fixed II) and that there will be no subsequent change in the investment portfolio (new acquisition of properties, transfer of existing properties, etc.) during the period up to the end of the eighth fiscal period (July 31, 2010).</li> <li>• In actual practice, however, the forecast is subject to change due to changes in the investment portfolio and other factors.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Rent revenue – real estate is estimated based on the lease contracts effective as of the end of the seventh fiscal period (January 31, 2010), taking into account the market environment, the competitiveness of the individual properties and other factors.</li> <li>• MHR assumes that there will be no delinquencies or unpaid rent by tenants.</li> <li>• Of the operating revenue, the revenue associated with the properties in its portfolio as of the end of the seventh fiscal period (January 31, 2010) is expected to be 5,264 million yen and the revenue associated with the assets acquired on March 23, 2010 (Roppongi Hills Mori Tower and ARK Mori Building (Fixed II)) is expected to be 161 million yen.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, which account for the majority of operating expenses, the expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. Furthermore, of the expenses related to rent business, the expenses associated with the properties in its portfolio as of the end of the seventh fiscal period (January 31, 2010) are expected to be 2,329 million yen and the expenses associated with the assets acquired on March 23, 2010 (Roppongi Hills Mori Tower and ARK Mori Building (Fixed II)) are expected to be 32 million yen. <ul style="list-style-type: none"> <li>A) For property taxes, city planning taxes, etc., the amount of taxation during the eighth fiscal period is expected to total 299 million yen (for 6 months). Furthermore, as the portion of property taxes, city planning taxes, etc. that is to be reimbursed to the seller in correlation with the acquisition of the assets acquired on March 23, 2010 (Roppongi Hills Mori Tower and ARK Mori Building (Fixed II)) is calculated to adjust for ownership periods with the seller, and reimbursed at the time of acquisition, MHR shall incorporate the amount equivalent to the reimbursement into the cost of acquisition of the concerned assets and, thus, shall not recognize it as operating expenses for the eighth fiscal period.</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 materially from 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,</li> </ul> </li> </ul>

	<p>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.</p> <p>C) Depreciation and amortization are calculated using the straight-line method, with future additional capital expenditures taken into account. 750 million yen is expected in the eighth fiscal period.</p> <p>D) 782 million yen is expected for property management fees.</p> <ul style="list-style-type: none"> <li>• 417 million yen is expected for the operating expenses other than expenses related to rent business (asset management fee, asset custody fee, administrative service fees, etc.).</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>• MHR estimates 96 million yen will be incurred as expenses associated with the issuance of new investment units determined at a meeting of its board of directors held on March 5, 2010 (hereinafter referred to as the “Issuance of New Investment Units”), etc. (MHR assumes the expenses will be amortized using the straight-line method over a period of three years).</li> </ul>
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>• The balance of loans payable outstanding as of the end of the seventh fiscal period (January 31, 2010) was 101,010 million yen. MHR assumes that, of that amount, the 5,060 million yen remaining of a short-term loan payable (due for repayment on March 29, 2010) will be repaid in the amount of 2,050 million yen by applying the proceeds from the Issuance of New Investment Units and refinanced in the amount of 3,010 million yen, and the 10,000 million yen remaining of a long-term loan payable (due for repayment on May 31, 2010) will be repaid in the amount of 1,356 million yen by applying the proceeds from the Issuance of New Investment Units’ issuance of new investment units through third-party allotment (ceiling) and refinanced in the amount of 8,644 million yen (the abovementioned issuance of new investment units through third-party allotment is subject to changes in the number of investment units issued or such issuance not taking place, and the repayment amount may vary as a result). MHR also assumes that 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 an agreed repayment of 62 million yen of the 2,500 million yen remaining of a long-term loan payable (due for repayment on November 30, 2013) will be conducted, resulting in the balance of loans payable outstanding as of the end of the eighth fiscal period (July 31, 2010) being 97,491 million yen.</li> <li>• The balance of investment corporation bonds as of the end of the seventh fiscal period (January 31, 2010) was 10,000 million yen. MHR assumes that there will be no change in the balance of investment corporation bonds from this amount until the end of the eighth fiscal period (July 31, 2010).</li> </ul>
Issuance of Investment Units	<ul style="list-style-type: none"> <li>• MHR assumes that, in addition to the number of investment units outstanding as of the end of the seventh fiscal period (January 31, 2010) (159,200 units), it will additionally issue investment units through primary offering (67,000 units) and additionally issue investment units through third-party allotment (6,700 units) to total 232,900 units. Aside from the above, MHR assumes that there will be no additional issuance of investment units until the end of the eighth fiscal period (July 31, 2010).</li> </ul>

<p>Dividend per Unit (excluding dividend in excess of earnings)</p>	<ul style="list-style-type: none"> <li>• Dividend per unit is calculated based on the assumption that MHR will make distributions in accordance with its cash distribution policy as outlined in its Articles of Incorporation.</li> <li>• Dividend per unit may vary due to numerous factors, including changes in the investment portfolio, changes in rent income caused by the moving-in/out of tenants, unplanned repairs, changes in interest rates, or additional issuance of new investment units.</li> </ul>
<p>Dividend in Excess of Earnings per Unit</p>	<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>
<p>Other</p>	<ul style="list-style-type: none"> <li>• MHR assumes that there will be no amendments to legislation, taxation, accounting standards, listing regulations, Investment Trusts Association rules, etc. that would affect the above forecasts.</li> <li>• MHR assumes that there will be no unforeseen material changes in general economic conditions, the real estate market, etc.</li> </ul>

**5. FINANCIAL STATEMENTS****(1) Balance Sheets**

	(Unit: thousands of yen)	
	Sixth Fiscal Period (as of July 31, 2009)	Seventh Fiscal Period (as of January 31, 2010)
Assets		
Current assets		
Cash and deposits	7,321,675	2,028,490
Cash and deposits in trust	5,061,722	6,642,068
Operating accounts receivable	107,677	94,087
Prepaid expenses	249,774	400,334
Deferred tax assets	10	21
Consumption taxes receivable	-	3,587
Other	4,109	1,075
Total current assets	12,744,969	9,169,664
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	48,578,539	48,672,057
Accumulated depreciation	(3,826,792)	(4,495,059)
Buildings in trust, net	44,751,746	44,176,998
Structures in trust	695,251	695,404
Accumulated depreciation	(221,350)	(250,581)
Structures in trust, net	473,901	444,822
Machinery and equipment in trust	883,325	883,503
Accumulated depreciation	(77,762)	(91,924)
Machinery and equipment in trust, net	805,562	791,578
Tools, furniture and fixtures in trust	46,430	58,720
Accumulated depreciation	(7,931)	(11,797)
Tools, furniture and fixtures in trust, net	38,498	46,922
Land in trust	135,404,662	135,404,662
Construction in progress in trust	449	449
Total property, plant and equipment	181,474,821	180,865,434
Intangible assets		
Leasehold rights in trust	18,409,956	18,409,956
Other intangible assets in trust	4,604	4,002
Other	-	2,060
Total intangible assets	18,414,561	18,416,019
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	151,929	376,174
Deferred tax assets	9,283	11,651
Total investments and other assets	171,212	397,825
Total noncurrent assets	200,060,595	199,679,279
Deferred assets		
Deferred organization expenses	15,334	10,222
Investment corporation bond issuance costs	39,483	34,353
Total deferred assets	54,817	44,575
Total assets	212,860,382	208,893,519

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	Sixth Fiscal Period (as of July 31, 2009)	Seventh Fiscal Period (as of January 31, 2010)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	270,689	228,509
Short-term loans payable	15,000,000	10,560,000
Current portion of long-term loans payable	35,100,000	23,225,000
Accounts payable – other	18,899	23,069
Accrued expenses	289,948	265,113
Income taxes payable	630	658
Accrued consumption taxes	167,248	55,749
Advances received	742,975	712,720
Deposits received	62,851	279,008
Total current liabilities	51,653,243	35,349,830
Noncurrent liabilities		
Investment corporation bond	10,000,000	10,000,000
Long-term loans payable	53,900,000	67,225,000
Tenant leasehold and security deposits in trust	7,900,409	7,207,088
Derivatives liabilities	23,603	29,624
Total noncurrent liabilities	71,824,012	84,461,713
Total liabilities	123,477,256	119,811,543
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	87,371,418	87,371,418
Surplus		
Unappropriated retained earnings (undisposed loss)	2,026,027	1,728,530
Total surplus	2,026,027	1,728,530
Total unitholders' equity	89,397,446	89,099,949
Valuation and translation adjustments		
Deferred gains or losses on hedges	(14,320)	(17,973)
Total valuation and translation adjustments	(14,320)	(17,973)
Total net assets	89,383,126	89,081,975
Total liabilities and net assets	212,860,382	208,893,519

**(2) Statements of Income**

(Unit: thousands of yen)

	Sixth Fiscal Period (February 1, 2009 to July 31, 2009)	Seventh Fiscal Period (August 1, 2009 to January 31, 2010)
Operating revenue		
Rent revenue – real estate	5,217,909	4,983,676
Other lease business revenue	571,241	537,178
Total operating revenue	5,789,150	5,520,854
Operating expenses		
Expenses related to rent business	2,367,640	2,277,513
Asset management fee	314,994	320,215
Directors' compensations	7,950	7,200
Asset custody fee	5,322	5,296
Administrative service fees	12,750	13,356
Other operating expenses	76,104	75,867
Total operating expenses	2,784,762	2,699,449
Operating income	3,004,388	2,821,404
Non-operating income		
Interest income	13,341	5,709
Interest on refund	1,894	8
Other	157	68
Total non-operating income	15,393	5,786
Non-operating expenses		
Interest expenses	765,394	809,674
Interest expenses on investment corporation bonds	81,149	81,150
Amortization of investment corporation bond issuance costs	5,130	5,130
Amortization of deferred organization expenses	5,111	5,111
Borrowing expenses	134,062	194,673
Other	1,920	1,943
Total non-operating expenses	992,768	1,097,682
Ordinary income	2,027,012	1,729,508
Income before income taxes	2,027,012	1,729,508
Income taxes – current	811	1,038
Income taxes – deferred	200	(11)
Total income taxes	1,011	1,027
Net income	2,026,001	1,728,481
Retained earnings brought forward	26	48
Unappropriated retained earnings (undisposed loss)	2,026,027	1,728,530

**(3) Statements of Unitholders' Equity**

(Unit: thousands of yen)

	Sixth Fiscal Period (February 1, 2009 to July 31, 2009)	Seventh Fiscal Period (August 1, 2009 to January 31, 2010)
Unitholders' equity		
Unitholders' capital		
Balance at the end of previous period	87,371,418	87,371,418
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	87,371,418	87,371,418
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the end of previous period	2,179,156	2,026,027
Changes of items during the period		
Dividends from surplus	(2,179,129)	(2,025,979)
Net income	2,026,001	1,728,481
Total changes of items during the period	(153,128)	(297,497)
Balance at the end of current period	2,026,027	1,728,530
Total unitholders' equity		
Balance at the end of previous period	89,550,574	89,397,446
Changes of items during the period		
Dividends from surplus	(2,179,129)	(2,025,979)
Net income	2,026,001	1,728,481
Total changes of items during the period	(153,128)	(297,497)
Balance at the end of current period	89,397,446	89,099,949
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at the end of previous period	(8,585)	(14,320)
Changes of items during the period		
Net changes of items other than owners' equity	(5,735)	(3,652)
Total changes of items during the period	(5,735)	(3,652)
Balance at the end of current period	(14,320)	(17,973)
Total valuation and translation adjustments		
Balance at the end of previous period	(8,585)	(14,320)
Changes of items during the period		
Net changes of items other than owners' equity	(5,735)	(3,652)
Total changes of items during the period	(5,735)	(3,652)
Balance at the end of current period	(14,320)	(17,973)
Total net assets		
Balance at the end of previous period	89,541,989	89,383,126
Changes of items during the period		
Dividends from surplus	(2,179,129)	(2,025,979)
Net income	2,026,001	1,728,481
Net changes of items other than owners' equity	(5,735)	(3,652)
Total changes of items during the period	(158,863)	(301,150)
Balance at the end of current period	89,383,126	89,081,975

**(4) Statements of Cash Distributions**

(Unit: yen)

Period	Sixth Fiscal Period	Seventh Fiscal Period
Item	(February 1, 2009 to July 31, 2009)	(August 1, 2009 to January 31, 2010)
I. Unappropriated retained earnings	2,026,027,879	1,728,530,369
II. Amount of dividends	2,025,979,200	1,728,434,400
[Amount of dividend per unit]	[12,726]	[10,857]
III. Retained earnings carried forward	48,679	95,969

**(5) Statements of Cash Flows**

(Unit: thousands of yen)

Account	Sixth Fiscal Period (February 1, 2009 to July 31, 2009)	Seventh Fiscal Period (August 1, 2009 to January 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	2,027,012	1,729,508
Depreciation and amortization	740,587	716,821
Amortization of deferred organization expenses	5,111	5,111
Amortization of investment corporation bond issuance costs	5,130	5,130
Interest income	(13,341)	(5,709)
Interest expenses	846,544	890,824
Decrease (increase) in operating accounts receivable	(2,649)	13,590
Decrease (increase) in consumption taxes refund receivable	363,741	(3,587)
Increase (decrease) in operating accounts payable	(2,824)	(38,016)
Increase (decrease) in accounts payable – other	(2,259)	1,472
Increase (decrease) in accrued expenses	2,531	(343)
Increase (decrease) in accrued consumption taxes	148,003	(111,499)
Increase (decrease) in advances received	46,338	(30,255)
Increase (decrease) in deposits received	(45,473)	216,157
Decrease (increase) in prepaid expenses	5,384	(150,560)
Decrease (increase) in long-term prepaid expenses	70,081	(224,245)
Other, net	985	1,760
Subtotal	4,194,904	3,016,158
Interest income received	13,626	7,274
Interest expenses paid	(844,742)	(915,315)
Income taxes paid	(812)	(1,009)
Net cash provided by (used in) operating activities	3,362,976	2,107,108
Net cash provided by (used in) investing activities		
Payments into time deposits	(600,000)	–
Proceeds from withdrawal of time deposits	–	600,000
Purchase of intangible assets	–	(1,814)
Purchase of property, plant and equipment in trust	(84,423)	(111,128)
Purchase of intangible assets in trust	(520)	–
Payments of tenant leasehold and security deposits in trust	(704,347)	(1,089,193)
Proceeds from tenant leasehold and security deposits in trust	604,821	395,873
Net cash provided by (used in) investing activities	(784,469)	(206,262)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	8,000,000	8,440,000
Decrease in short-term loans payable	(10,000,000)	(12,880,000)
Proceeds from long-term loans payable	2,000,000	26,500,000
Repayment of long-term loans payable	–	(25,050,000)
Dividends paid	(2,172,570)	(2,023,685)
Net cash provided by (used in) financing activities	(2,172,570)	(5,013,685)
Net increase (decrease) in cash and cash equivalents	405,936	(3,112,839)
Cash and cash equivalents at beginning of period	11,377,462	11,783,398
Cash and cash equivalents at end of period	11,783,398	8,670,558

**6. OVERVIEW OF LEASE CONDITIONS (as of January 31, 2010)**

Property no.	Property name	Leasing scheme	Total leasable floor area (m <sup>2</sup> )	Total leased floor area (m <sup>2</sup> )	Occupancy rate (%)	Total no. of end tenants	Gross rent income (annual rent) (millions of yen)	Deposits / Guarantees (millions of yen)
O-1-1	ARK Mori Building (Fixed)	Fixed master lease	2,728.96	2,728.96	100.0	1	297	297
O-1-2	ARK Mori Building (Pass-through)	Pass-through master lease	5,223.61	4,630.68	88.6	10	638	484
O-2	Roppongi Hills Gate Tower	Pass-through master lease	16,657.52	15,992.86	96.0	40	1,897	1,694
O-3	Roppongi First Building	–	11,525.55	9,678.50	84.0	13	996	811
O-4	Koraku Mori Building	Pass-through master lease	16,200.52	14,354.50	88.6	14	1,705	1,626
O-5	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	Pass-through master lease	6,720.34	6,720.34	100.0	1	843	372
O-6	Akasaka Tameike Tower	Pass-through master lease	10,505.15	10,303.24	98.1	12	1,277	1,040
R-1	Moto-Azabu Hills	Pass-through master lease	19,042.73	18,119.95	95.2	104	1,466	628
R-2	ARK Forest Terrace	Pass-through master lease	5,246.04	4,109.41	78.3	32	281	125
R-3	Roppongi First Plaza	Pass-through master lease	2,956.77	2,537.40	85.8	36	144	53
R-4	Roppongi View Tower	Fixed master lease	6,344.84	6,344.84	100.0	1	219	0
Total portfolio			103,152.03	95,520.68	92.6	264	9,764	7,131

**7. STATUS OF INCOME AND EXPENDITURES (August 1, 2009 – January 31, 2010)**

(Unit: thousands of yen)

Property no.	O-1-1 Premium		O-1-2 Premium		O-2 Premium		O-3 Premium	
	Property name	ARX Mori Building (Fixed)	ARX Mori Building (Pass-through)	Roppongi Hills Gate Tower	Roppongi First Building	Sixth	Seventh	Sixth
Fiscal period (Note)	Sixth	Seventh	Sixth	Seventh	Sixth	Seventh	Sixth	Seventh
Days of operations	181	184	181	184	181	184	181	184
Rent revenue – real estate	148,591	148,591	366,411	338,190	967,712	950,505	612,857	540,387
Other lease business revenue	–	–	22,166	22,460	126,145	127,268	62,618	61,502
Total property operating revenue	148,591	148,591	388,577	360,651	1,093,857	1,077,773	675,475	601,889
Property management fees	1,200	1,200	61,938	63,587	158,164	161,649	75,202	65,494
Utilities	–	–	7,135	8,053	57,274	50,685	31,761	26,577
Property taxes	8,172	8,089	8,031	16,054	68,724	69,385	43,363	43,510
Maintenance and repairs	1,155	174	2,338	2,245	22,344	9,864	1,495	27
Insurance premium	422	426	638	645	2,686	2,718	2,235	2,261
Depreciation and amortization	14,855	12,024	46,068	46,073	117,375	117,955	87,668	66,530
Other lease business expenses	1,020	517	1,298	1,302	34,443	35,724	1,191	1,213
Total property operating expenses	26,825	22,433	127,450	137,961	461,013	447,982	242,917	205,615
NOI	136,621	138,182	307,195	268,764	750,219	747,747	520,225	462,804

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Property no.	O-4 Premium		O-5		O-6 Premium	
	Koraku Mori Building		Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)		Akasaka Tameike Tower	
Fiscal period (Note)	Sixth	Seventh	Sixth	Seventh	Sixth	Seventh
Days of operations	181	184	181	184	181	184
Rent revenue – real estate	953,164	862,226	421,421	421,421	635,524	652,721
Other lease business revenue	111,617	109,311	9,240	9,240	160,354	134,855
Total property operating revenue	1,064,781	971,538	430,661	430,661	795,878	787,577
Property management fees	87,799	79,467	65,448	65,448	98,638	98,808
Utilities	83,592	75,838	–	–	47,371	35,283
Property taxes	34,820	34,455	22,311	22,868	15,748	31,496
Maintenance and repairs	6,840	14,789	–	–	545	3,430
Insurance premium	2,517	2,547	625	638	2,053	2,079
Depreciation and amortization	124,059	125,469	35,785	35,059	135,115	135,244
Other lease business expenses	66,326	75,387	1,164	919	734	738
Total property operating expenses	405,956	407,955	125,335	124,934	300,207	307,081
NOI	782,884	689,052	341,111	340,786	630,787	615,739

Property no.	R-1 Premium		R-2 Premium		R-3 Premium		R-4	
	Moto-Azabu Hills		ARK Forest Terrace		Roppongi First Plaza		Roppongi View Tower	
Fiscal period (Note)	Sixth	Seventh	Sixth	Seventh	Sixth	Seventh	Sixth	Seventh
Days of operations	181	184	181	184	181	184	181	184
Rent revenue – real estate	765,410	743,155	162,362	144,581	75,027	72,466	109,426	109,426
Other lease business revenue	69,064	62,578	9,196	9,960	837	–	–	–
Total property operating revenue	834,475	805,734	171,558	154,542	75,865	72,466	109,426	109,426
Property management fees	185,686	181,554	38,099	37,131	17,338	12,294	3,738	3,738
Utilities	4,780	5,270	10,623	8,957	168	190	–	–
Property taxes	42,553	42,023	9,321	9,358	6,488	6,613	10,134	10,313
Maintenance and repairs	79,407	56,364	19,122	7,364	9,463	3,653	–	–
Insurance premium	3,370	3,398	811	820	369	374	553	559
Depreciation and amortization	122,763	123,406	32,115	32,482	10,100	9,191	14,678	13,225
Other lease business expenses	43,505	42,679	8,048	7,892	3,784	3,782	905	905
Total property operating expenses	482,066	454,698	118,142	104,007	47,713	36,100	30,010	28,742
NOI	475,172	474,442	85,532	83,016	38,252	45,557	94,094	93,909

(Note) The sixth fiscal period was from February 1, 2009 to July 31, 2009.  
The seventh fiscal period was from August 1, 2009 to January 31, 2010.

Disclaimer:

This report contains translations of selected information described in the Financial Release (*Kessan-Tanshin*) dated March 26, 2010, and portions of the Financial Statements and the Performance Information Report for the seventh fiscal period from August 1, 2009 to January 31, 2010, of Mori Hills REIT Investment Corporation (MHR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

This English language document was prepared solely for the convenience of and reference by investors and does not necessarily correspond to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language *Kessan-Tanshin* and the Financial Statements and the Performance Information Report for the aforementioned should always be referred to as originals of this document.

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The financial statements are a translation of the audited financial statements of MHR, that were prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles and practices in other jurisdictions. In preparing the financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions.

These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

The forward-looking statements contained in this document express information only as of the date of release, March 26, 2010, and MHR does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.