



Investment in the city

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.

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Financial Highlights

■ Dividend per Unit (6th fiscal period)

12,726

yen

■ Expected Dividend per Unit (7th fiscal period)

10,300

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

	1st period	2nd period	3rd period	4th period	5th period	6th period
Operating revenues (millions of yen)	7,012	4,553	4,628	4,823	5,701	5,789
Operating income (millions of yen)	3,862	2,381	2,349	2,442	3,062	3,004
Ordinary income (millions of yen)	2,664	1,936	1,843	1,837	2,179	2,027
Net income (millions of yen)	2,662	1,935	1,842	1,832	2,179	2,026
Days of operation	316 ^(Note) days	181days	184days	182days	184days	181days

(Note) The first fiscal period was from February 2, 2006 to January 31, 2007 with 316 days of operation.

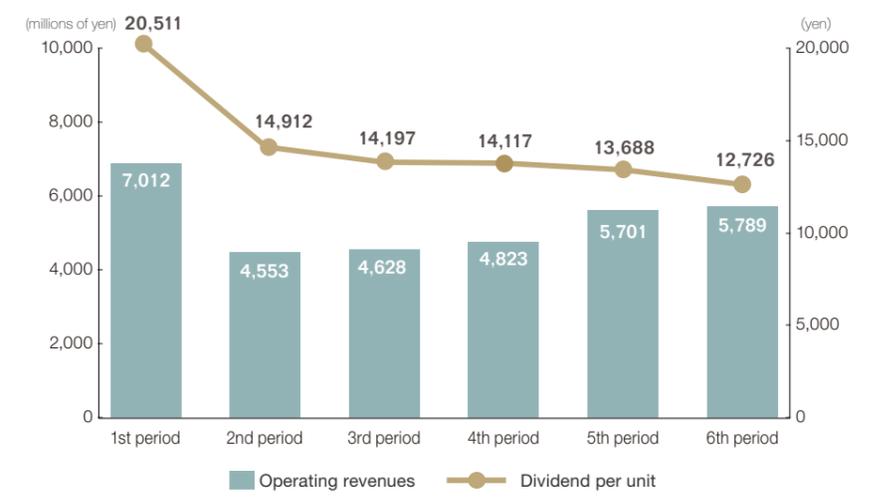
Dividend

	1st period	2nd period	3rd period	4th period	5th period	6th period
Total dividends (millions of yen)	2,662	1,935	1,842	1,832	2,179	2,025
Dividend per unit (yen)	20,511	14,912	14,197	14,117	13,688	12,726

Financial conditions

	1st period	2nd period	3rd period	4th period	5th period	6th period
Total assets (millions of yen)	155,689	155,165	154,891	170,626	212,964	212,860
Net assets (millions of yen)	75,333	74,607	74,514	74,503	89,541	89,383
Net assets per unit (yen)	580,383	574,784	574,069	573,989	562,449	561,451
LTV ratio (ratio of total assets against interest-bearing debt)	46.9%	47.0%	47.1%	51.6%	53.5%	53.6%
Fixed rate ratio	54.8%	54.8%	86.3%	77.3%	71.9%	73.7%

Change in Operating Revenue and Dividend



Leadership Insight



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 proud to be able to report our accounts for the sixth fiscal period ended July 2009.

MHR continued to face a deteriorating economy during this fiscal period and we emphasized cost reductions and placed the greatest priority on maintaining occupancy. These efforts helped MHR secure 5,789 million yen in operating revenues, 2,027 million yen in ordinary income and 2,026 million yen in net income with a dividend per unit of 12,726 yen.

We, along with our asset manager Mori Building Investment Management Co., Ltd., kindly ask for your continued support.

October, 2009

森 寛

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

President Hiroshi Mori was interviewed in the summer of 2009 on the various issues facing the REIT and Japan.

The Economic Environment

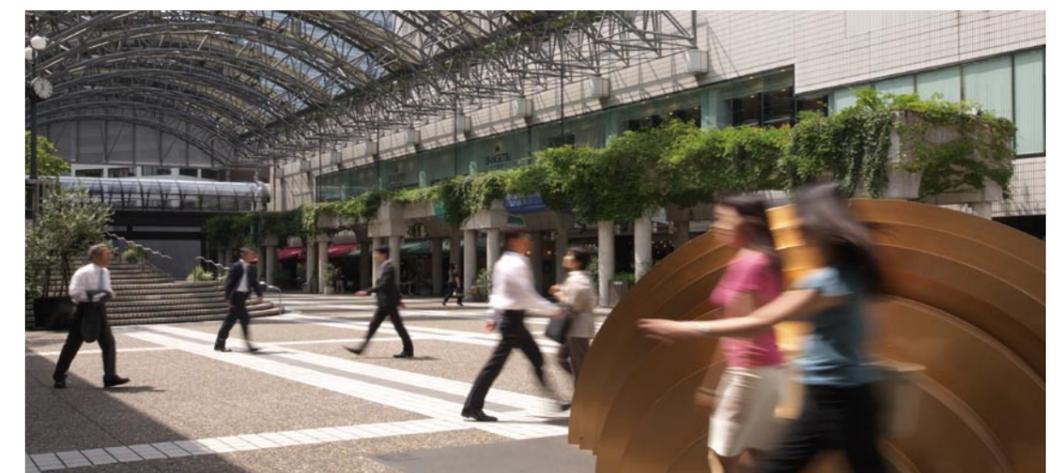
Q1 One year has passed since the so-called “once in a century” recession commenced. What has this year done to the economic environment for J-REITs?

A1 J-REITs have been exposed to the same critical environment over the past year as the global economy has. In particular, the global financial confusion beginning with the subprime issue and comprehensively triggered by the Lehman shock created a period during the fall of 2008 and early part of 2009 in which panic was rampant. J-REITs suffered tremendously in refinancing due to the fact that they are unable to carry internal reserves. However, the economy appears to have bottomed in the past six months and it seems that rays of sunlight are slowly appearing. The financial situation has also begun to enjoy the benefits of political measures, and I personally believe that we began moving towards a successful recovery from summer. However, economic impacts surface later in the real estate rental market by nature, and so a true recovery appears to be still a little bit in the future.

Overview of Sixth and Seventh Fiscal Periods

Q2 How was MHR able to perform so well under the severe economic environment? Furthermore, how do you plan to handle the full impact of the severe real estate rental market in the seventh fiscal period?

A2 We were able to achieve a dividend of 12,726 yen per unit as a result of our staff diligently working together to overcome this poor economy. This dividend is equivalent to the dividend for the fifth fiscal period if the gains on the sale of one residential unit in Moto-Azabu Hills are excluded. On the financial side, costs have increased due to the impact of the lending environment, but we were able



Portfolio management that maximizes utilization of the comprehensive expertise of Mori Building



MHR is building a portfolio of high quality properties with an eye on the next generation based in the phenomenal location of Minato Ward



to proceed smoothly with the refinancing of loans payable. Still, I must note that a reduction in the dividend for the seventh fiscal period appears unavoidable due to the drop in occupancy rates and rents of offices and residential properties, along with the increase in financing costs. Despite this, we will put every effort into maintaining our portfolio and ensuring that our investors will be proud to be owners of MHR's high quality portfolio centered on a core of premium properties.

Results for the Sixth Fiscal Period

Q3 MHR achieved its results for the sixth fiscal period through an increase in rental income and reductions in cost. What were the specific measures that were implemented?

A3 Although the real estate rental market has been slumping, we were able to maintain office occupancy rates at a high level and even achieve an increase in the rent per tsubo. Moreover, we have been implementing cost saving measures in anticipation of a decrease in rental income that we foresee in the future. In the sixth fiscal period, we not only reduced asset management fees and property management fees by taking advantage of the merits of scale generated by our portfolio size, but we were also able to reduce the residential property management fees and maintenance and repair fees while maintaining our premium quality. These steps led to a total reduction equivalent to 77 million yen in costs. These efforts contributed about 480 yen per unit to our dividend that is being paid for the sixth fiscal period. We intend to keep tackling cost reductions without hindering our strong relationships with property management firms and our superior level of management and services.

Forecast for the Seventh Fiscal Period

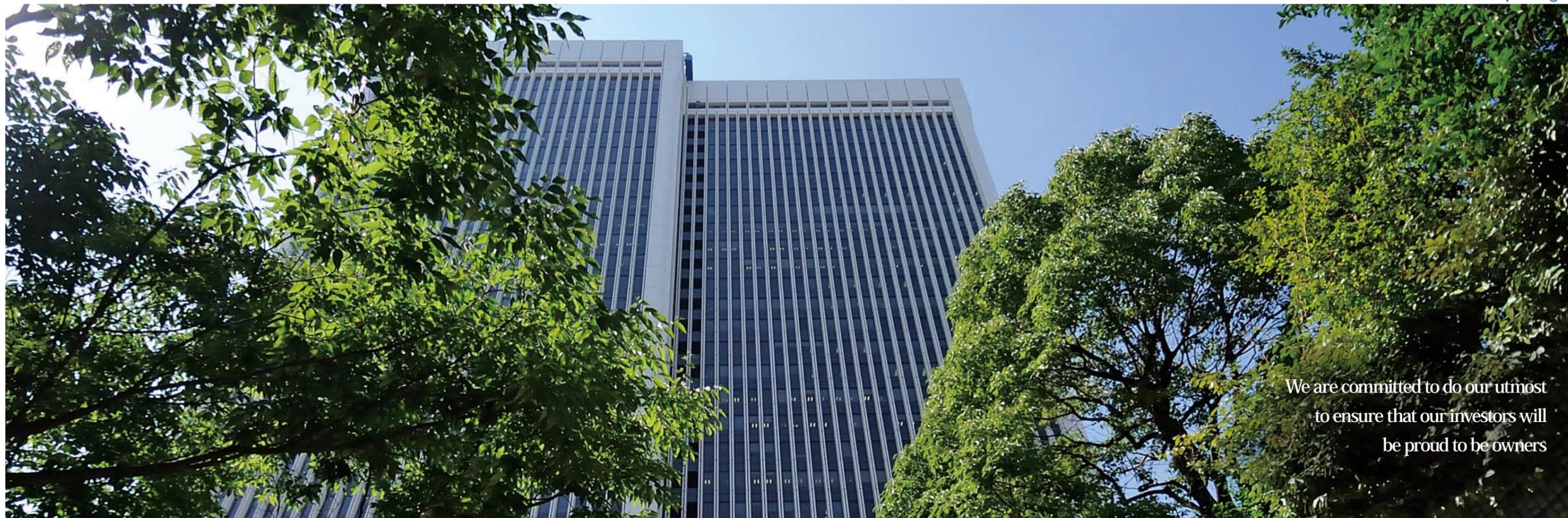
Q4 You will probably be affected by even more severe real estate rental market conditions in the seventh fiscal period. Are there any positive developments that you expect? What can be expected from the portfolio management of MHR?

A4 Presently, the occupancies and rents of both central Tokyo office properties and luxury rental housing are dropping. However, there are emerging signs of potential tenant needs. Some parties are predicting that the market will bottom out within the year in response to the rebound in occupancy rates of Class A office buildings in downtown Tokyo that occurred in August 2009. There has also been greater tenant demand for luxury rental housing since the summer. Given such conditions, our portfolio management strategy places the greatest priority on maintaining and recovering the occupancy rates of MHR properties and keeping strong relationships with tenants. We intend to use these strategies to provide more flexible services and avoid terminations. We also intend to continue pursuing cost reductions through a proactive application of the real estate know-how of Mori Building.

Maximum Utilization of the Mori Building Group's Comprehensive Expertise

Q5 Any ability to overcome both strong and weak economies depends on a medium- to long-term growth strategy that considers both urban development and next generation environmental standards. What is MHR's investment strategy in this regard?

A5 MHR has followed an investment strategy that is characterized by the "Hills" concept, meaning, we have selectively invested in areas and properties that will continue to maintain high value over time. The comprehensive expertise of the Mori Building Group is what makes this investment strategy possible. To date, Mori Building has focused on a city creation strategy that seeks to heighten the value of the overall



We are committed to do our utmost
to ensure that our investors will
be proud to be owners

city centering on the Minato Ward area. Mori Building plans to continue creating new core centers that heighten the value of the city, including a new 47-story tower in the Toranomon and Roppongi area that is to be completed in 2012 and a new 53-story multi-use building that is being built in the Shinbashi and Toranomon area over Loop Road No. 2 that is to be completed in 2014. Mori Building has also actively developed properties in a manner that seriously takes into consideration environmental issues based on the theme of “endeavoring to create cities that are in harmony with nature.” We are confident that these series of measures will lead to a greater assessment of value for MHR properties and also be appraised to an even greater degree in the future.

Overcoming Conflicts of Interest

Q6 Can you tell us about how you maintain a balance between investment that maximally utilizes the comprehensive expertise of Mori Building and conducting adequate conflict of interest countermeasures?

A6 We are able to maximally utilize the comprehensive expertise of Mori Building because we have a robust structure in place to prevent conflicts of interest. MIM, the asset manager of MHR, has established both a Compliance Committee and Compliance Department as its compliance structure. Additionally, we have established Related Parties Transactions Guidelines that are followed in conducting transactions. MHR cannot conduct transactions with any interested party unless both the Investment Committee and Compliance Committee have approved the transaction. Furthermore, the board of directors for both MHR and MIM, which include external parties, strictly review each transaction before it is implemented. In addition, Article 7 (Acquisition of Real Estate) in the aforementioned Guidelines was revised in the sixth fiscal period to emphasize the importance of appraisal values. In this manner, MHR is focused on preventing conflicts of interest so that the maximum utilization of Mori Building’s comprehensive expertise is possible.

The Appeal of the MHR Portfolio

Q7 What is the appeal of the MHR portfolio in terms of location and quality?

A7 The value of real estate is most often determined by location. Nearly 90% of the MHR portfolio is located in Minato Ward, an area rich in international culture. Our portfolio is comprised of high quality Mori Building properties that were planned and developed with an eye on the next generation. In particular, the residences enjoy the high quality services of the MORI LIVING brand – symbolized by excellent design, solid safety and security, and exemplary hospitality. On the other hand, high quality properties often have the characteristic of low cap rates, but we believe that this is offset in the medium to long term by the fact that the property value is steadily maintained over the long term. This all means that you, the investors in MHR, are the owners of high quality real estate in prime locations.

We ask for your further and continued understanding and support of these strengths and measures of MHR.

Hiroshi Mori

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

Mori entered Hankyu Corporation in 1982. After being seconded to Hankyu Realty Co., Ltd. and Hankyu REIT Asset Management, he joined Mori Building Investment Management Co., Ltd. in April 2007. He assumed the post of President in June 2007 and became Executive Director of Mori Hills REIT Investment Corporation in October 2007.



Basic Policy

Mori Hills REIT (MHR) aims to optimally procure capital by accurately grasping financial and capital market trends. In light of the low interest rate environment, MHR has followed a path of lengthening the terms of borrowings, fixing interest rates and diversifying payment dates. MHR took steps to stabilize capital-raising during the sixth fiscal period and the generally awful environment for raising capital that existed during this period. Key to the strategy of prudent and stable financing during the period was to strengthen relationships with lenders and diversify lenders.

The lenders to MHR are a who's who of Japan's financial market and include the Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking, Sumitomo Trust and Banking, Mitsui Sumitomo Banking, Norinchukin Bank, Mizuho Corporate Bank and Shinsei Bank.

Financial Highlights

Breakdown of Lenders and Outstanding Balances (unit: mm yen)

	End of 5th fiscal period		End of 6th fiscal period		Difference
Mizuho Corporate Bank, Ltd	17,530	16.9%	17,382	16.7%	-148
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,530	16.9%	17,382	16.7%	-148
Mitsubishi UFJ Trust and Banking Corporation	17,530	16.9%	17,382	16.7%	-148
Sumitomo Trust and Banking Co., Ltd.	15,235	14.6%	15,107	14.5%	-128
Mitsui Sumitomo Banking Corporation	15,225	14.6%	15,097	14.5%	-128
The Norinchukin Bank	8,000	7.7%	8,000	7.7%	0
Shinsei Bank, Limited	6,450	6.2%	5,150	5.0%	-1,300
Aozora Bank, Ltd.	4,000	3.8%	4,000	3.8%	0
Resona Bank, Ltd.	2,500	2.4%	2,500	2.4%	0
Development Bank of Japan Inc.	-	-	2,000	1.9%	2,000
Total	104,000	100%	104,000	100%	0

Investment Corporation Bonds

MHR previously issued investment corporation bonds with five- and seven-year maturities enabling the raising of funds and repaying of funds when there is no overconcentration of bond maturities in the market.

Issue	Amount (bn yen)	Interest Rate (per annum)	Maturity	Issue Date	Maturity Date
First Series Unsecured Investment Corporation Bond	7	1.56%	5 years	November 29, 2007	November 29, 2012
Second Series Unsecured Investment Corporation Bond	3	1.77%	7 years	November 29, 2007	November 28, 2014
Total	10	-	-	-	-

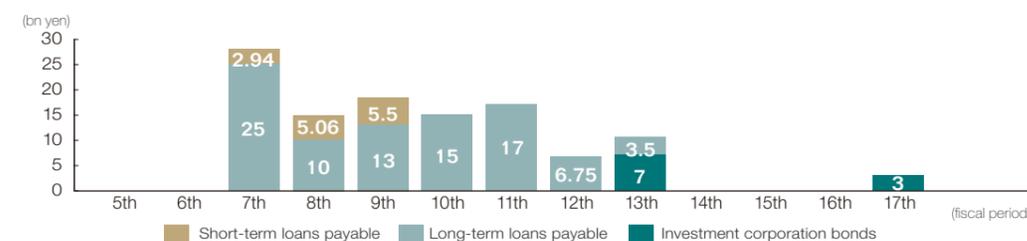
Financial Indicators

The material accomplishments this period are the 2 billion yen reduction in short-term borrowings and a corresponding increase in long-term borrowings that provides additional stability, and contractual relationship with the Development Bank of Japan as a new lender.

	End of 5th fiscal period (January 31, 2009)	End of 6th fiscal period (July 31, 2009)	Difference
Total interest-bearing debt	114 bn yen	114 bn yen	-
Short-term loans payable	17 bn yen	15 bn yen	-2 bn yen
Long-term loans payable	87 bn yen	89 bn yen	+2 bn yen
Investment corporation bonds	10 bn yen	10 bn yen	
LTV	53.5%	53.6%	
DSCR	4.8 times	4.3 times	
Remaining borrowing period on a weighted average	1.84 years	1.45 years	
End of period interest rate on a weighted average	1.47%	1.50%	

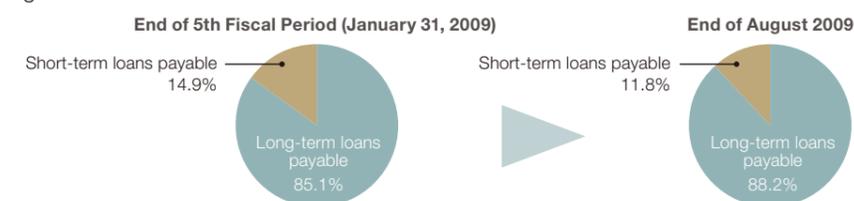
Achievement: Diversifying Payments for Financing (as of August 31, 2009)

After concluding the successful refinancing agreement with the Development Bank of Japan, the repayment schedule is as follows.



Achievement: Stabilization of Capital by Increasing Long-Term Financing

In addition to long-term financing with the Development Bank of Japan, an additional 7 billion yen in short-term financing was refinanced on August 31, 2009. Of this, 1.5 billion yen was refinanced as long-term borrowings. This has increased the ratio of long-term borrowings to 88.2%.



Task: Returning the MHR Moody's Rating to the "A's"

Ratings play an important role in determining financing costs and interest rates. Thus, it is vital that the soundness of MHR be demonstrated effectively to the ratings agencies.

Moody's Investors Services, Inc.	Issuer rating	Baa1 ^(Note)
Japan Credit Rating	Long-term preferred debt rating	AA-

Note: Lowered on April 21, 2009 by Moody's

Takahiro Shimizu

CFO
Mori Building Investment Management Co., Ltd.

Shimizu entered Taiyo Kobe Bank in 1984. After attaining an MBA in the U.S., he was assigned to the Los Angeles Branch of Sakura Bank. After working at the Sakura Institute of Research and Joint Asset Management, Shimizu joined Mori Building Investment Management in March 2008 and assumed his current post in April 2008.



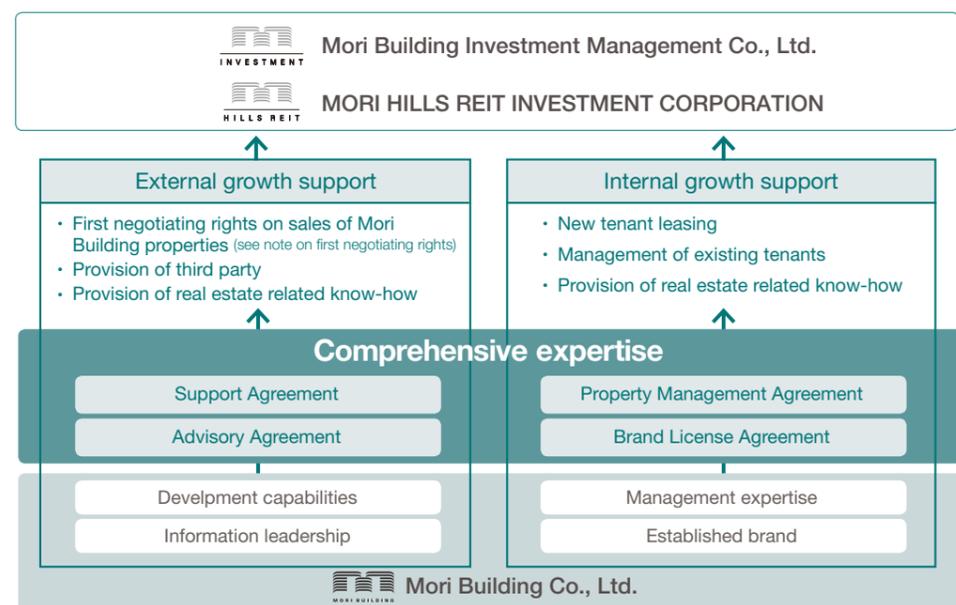
Basic Policy and Growth Strategy

Mori Hills REIT (MHR) is committed to investing primarily in areas and properties that typify the lifestyles and work styles of the 21st century as represented by its "Hills" concept. We specifically refer to this philosophy as "investment in the city."

MHR is committed to following this concept and optimally applying the real estate know-how cultivated by the Mori Building Group over time. This know-how will be used to assist MHR in raising the value of portfolio assets, slimming management costs, maintaining occupancy rates and rent levels and reinforcing our portfolio in other ways that lead toward the ultimate goal of raising the value of our portfolio and maximizing investor value.

Support by the Mori Building Group

The Mori Building Group is a world renowned developer widely recognized for the quality and uniqueness of its developments. MHR is proud to have Mori Building as its sole sponsor and is committed to leveraging the Group's strengths to the advantage of investors in MHR.



First Negotiating Rights

A number of properties in the MHR portfolio - ARK Mori Building, Roppongi First Building, Akasaka Tameike Tower, etc. - are sectional ownerships or co-ownerships. This helps ensure a diversified portfolio and ensures an exclusive route for expanding the portfolio. The latter has been ensured through first negotiating rights on the properties that are not owned in their entirety. MHR is able to proactively employ this strategy since it has a single sponsor, the renowned developer, Mori Building.

Achievement: Clear Quantifiable Success in Cutting Costs

MHR focused on reducing the asset management fee, the property management fee, maintenance and repair fees and other asset management related fees during the sixth fiscal period and successfully reduced costs by 77 million yen. This approximately equals an amazing 480 yen in dividend per investment unit.

<p>Sliced asset management fee</p> <ul style="list-style-type: none"> • MHR reduced the asset management fee rate linked to portfolio size in correlation with the growth in assets gained through fifth fiscal period acquisitions. 	<p>Reduction of property management fee</p> <ul style="list-style-type: none"> • MHR demanded the reduction in the rates used for property management fees based on an argument of scale merits from the expansion of the portfolio. • MHR maintained good management and service levels based on good relationships with property managers.
<p>Sliced residential management fees</p> <ul style="list-style-type: none"> • MHR reduced costs by reviewing the costs serving as the basic residential management fee by demanding that the property managers review their expenses related to residential management. 	<p>Reduction of maintenance and repair fees</p> <ul style="list-style-type: none"> • Maintenance and repair fees were reduced by MHR through clear negotiations over pricing, review of specs and other order related efforts and the review of maintenance and repair plans.

Contribution to 6th fiscal period dividend
Approx. 480 yen/unit

Portfolio Management Conditions

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

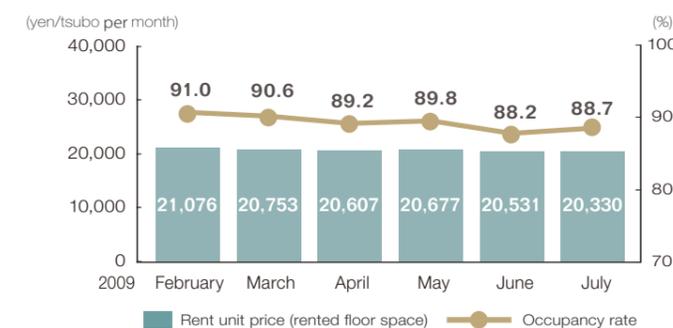
Office: Trend during the 6th fiscal period

Office occupancy levels and rents dropped slightly due to the impact of the recession, but stable rental revenues were secured by leveraging the strengths of premium properties in excellent locations to minimize the negative impact of the economy.



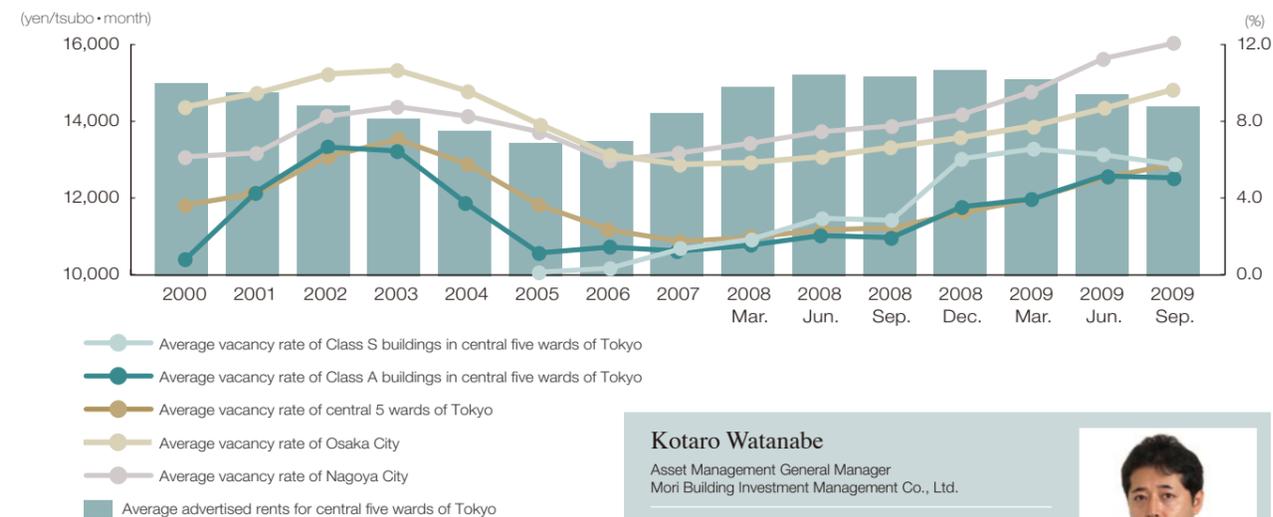
Residences: Trend during the 6th fiscal period

Anxiety over the economy led demand for luxury rental housing to drop among expatriates and wealthy Japanese and consequently also led to occupancy dropping. However, rents have been maintained at a relatively high level and this has supported rental revenues. MHR is committed to leveraging the strength of the Mori Building Group to raise occupancy levels.



Market Trends: Rents and Occupancy Rates of Rental Office Buildings in Japan

The rents for office buildings in primary cities peaked at the end of last year and have been dropping since. Vacancy rates have increased in general since 2008. However, the vacancy rates of Class S and A buildings in central Tokyo turned around before other properties in August 2009. Market participants have indicated that they believe this indicates the end of increases in vacancies and expectations about the bottoming out of the Tokyo office building market are growing.



Source: Prepared by Mori Building Investment Management based on the Office Market Report issued by CB Richard Ellis.
 Note 1: Advertised rents do not include common area charges.
 Note 2: The subject rent periods on an annual base are January - December of each year, and the figures used for the vacancy rates are the vacancy rates as of December of each year.

Kotaro Watanabe

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

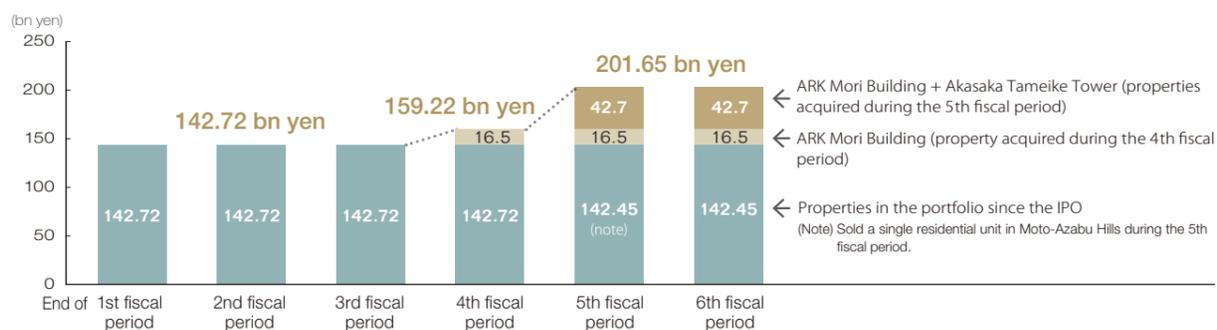
Watanabe entered Mori Building in 1988. He was seconded to Mori Building Urban Fund (presently, Mori Building Investment Management) in July 2003 and was responsible for the Property Management Department of the Management Division. He assumed his current post in July 2007.



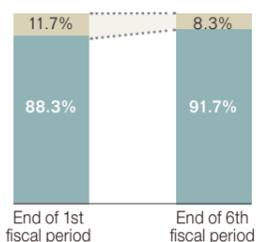
Reinforcing the Portfolio

A constant task facing Mori Building Investment Management Co., Ltd. (MIM), the asset manager of Mori Hills REIT Investment Corporation (MHR), is the quantitative and qualitative improvement of the MHR Portfolio. Although MHR refrained from quantitative growth during the sixth fiscal period, the investment team has followed a prudent strategy to steadily increase the portfolio size while diversifying the portfolio through factors such as quality, size, usage and age. Central to all strategies is the fact that MHR owns a portfolio centered on a core of premium properties – properties that are highly competitive due to their quality, size, specifications and other factors, and are located in premier areas (the central five wards and surrounding areas where the Mori Building Group can demonstrate its prowess).

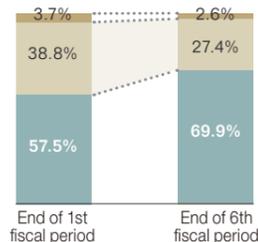
History of Portfolio Growth



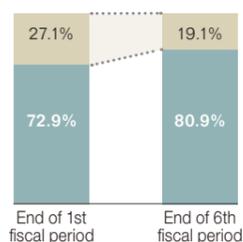
Diversification of Quality



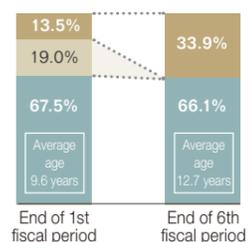
Size Diversification



Usage Diversification



Age Diversification



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

Qualities Worthy of a Premium Portfolio

As an owner of a portfolio centered on a core of premium properties, MHR is committed to enhancing the lives of the office and residential communities through various measures that raise the recognition and value of our properties and prove again the distinction between premium and other properties as well as between Mori Building Group and other properties.

The Hills Marché

Beginning on September 26, the ARK Karajan Plaza in ARK Hills is hosting the Hills Marché every Saturday. Hills Marche sells products, fresh vegetables and fruit, seeds, flowers and the like directly delivered from their harvested site and excellent products recommended by the chefs of tenants with space in ARK Hills. The spirit of the marché (market) is further heightened in a manner unique to the Hills Marché through the hosting of various events like concerts, artist performances and flower arrangement classes.



Rose Festival

ARK Hills hosts the Rose Festival, which features a Rose Market with 200 types of roses, workshops on cultivating roses, live concerts and various mini events related to roses.

Cherry Blossom Festival

The Festival takes advantage of the 150 someiyoshino cherry trees planted alongside and in the project across the three roads surrounding the ARK Hills project.

Takashi Tomiyama

Director of J-REIT Unit and General Manager of Investment Development Department Mori Building Investment Management

Tomiyama entered Mori Building in 1987. In July 2004, he was seconded to Urban Fund (presently, Mori Building Investment Management) and served in various positions such as General Manager of the Asset Management Department and General Manager of the Financial Department. He currently serves as the Director of the J-REIT Unit and General Manager of the Investment Development Department.



Portfolio Map

Mori Hills REIT Investment Corporation invests mainly in office buildings – primarily competitive premium properties – in central Tokyo, particularly in Minato Ward.



Portfolio Portraits

Mori Hills REIT boasts a splendid portfolio centered on a core of premium properties

01 Premium ARK MORI BUILDING

The symbolic landmark of Akasaka area

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.

Address	Akasaka, Minato Ward, Tokyo
Completion	1986 with massive renovations in 2005
Floors	37 above ground and 4 underground levels
Gross floor area	177,486m ²
PML value	0.38%



02 Premium ROPPONGI HILLS GATE TOWER

The Azabu Juban side gateway to Roppongi Hills

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.

Address	Roppongi, Minato Ward, Tokyo
Completion	2001
Floors	15 above ground and 2 underground levels
Gross floor area	29,111m ²
PML value	1.29%



03 Premium ROPPONGI FIRST BUILDING

R3 Premium ROPPONGI FIRST PLAZA

R4 ROPPONGI VIEW TOWER

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

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.

	■ ROPPONGI FIRST BUILDING	■ ROPPONGI FIRST PLAZA ■ ROPPONGI VIEW TOWER
Address	Roppongi, Minato Ward, Tokyo	Roppongi, Minato Ward, Tokyo
Completion	1993	1993
Floors	20 above ground and 4 underground levels	20 floors above ground and 1 underground levels
Gross floor area	45,753m ²	22,906m ²
PML value	2.07%	3.53%



04 Premium KORAKU MORI BUILDING

An exemplary environment and superb visibility

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.

Address	Koraku, Bunkyo Ward, Tokyo
Completion	2000
Floors	19 floors above ground and 6 underground levels
Gross floor area	46,154m ²
PML value	0.42%



Portfolio Portraits

Mori Hills REIT boasts a splendid portfolio centered on a core of premium properties

05 TORANOMON 35 MORI BUILDING (OMRON TOKYO HEADQUARTERS BUILDING)

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

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.

Address	Toranomon, Minato Ward, Tokyo
Completion	1981 (major renovations in 2001)
Floors	9 floors above ground and 6 underground levels
Gross floor area	10,299m ²
PML value	6.90%



R1 Premium MOTO-AZABU HILLS

A towering residential project in a phenomenal location of the “AAA” district

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.

Address	Motoazabu, Minato Ward, Tokyo
Completion	2002
Floors	3 towers (29 above ground and 3 underground levels; 6 above ground and 1 underground level; and 5 above ground and 1 underground level)
Gross floor area	54,006m ²
PML value	1.16%, 1.72% and 5.78%



06 Premium AKASAKA TAMEIKE TOWER

A new landmark in the internationally-flavored area of Akasaka

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.

Address	Akasaka, Minato Ward, Tokyo
Completion	2000
Floors	25 above ground and 2 underground levels
Gross floor area	29,111m ²
PML value	1.29%

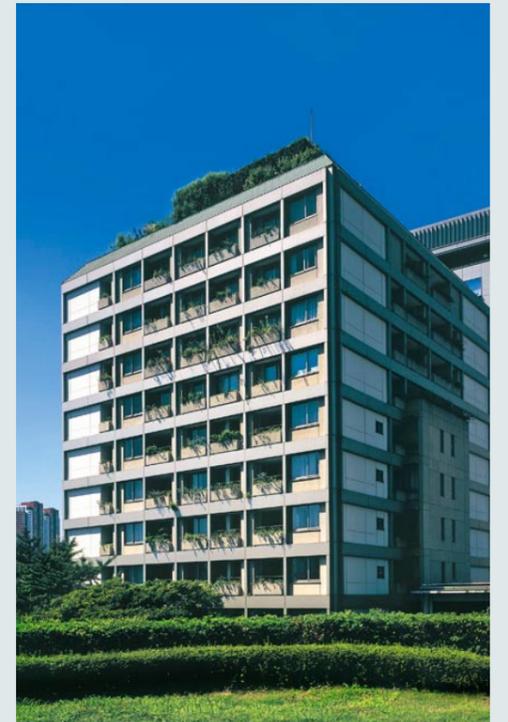


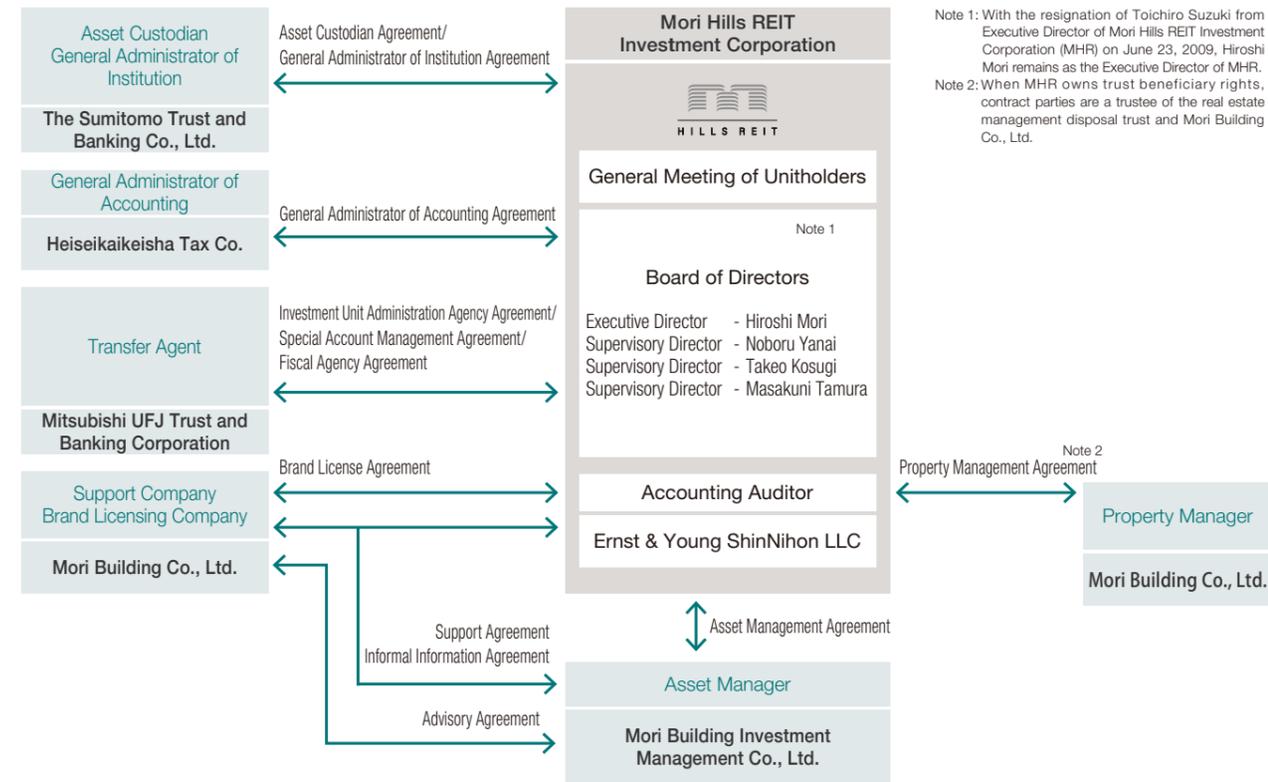
R2 Premium ARK FOREST TERRACE

A splendid residence boasting a superior environment and excellent visibility

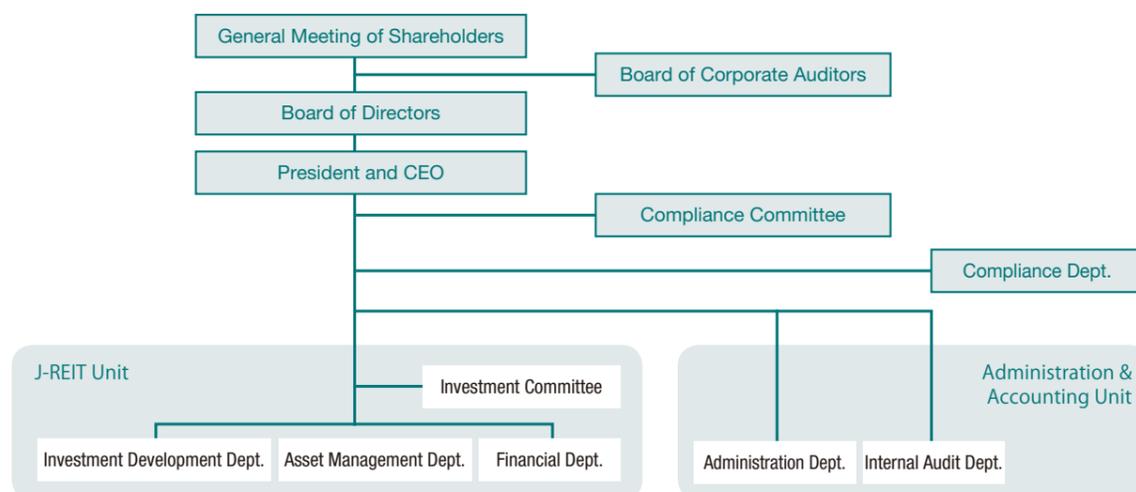
This splendid residence borders the green landscaping of the Roppongi First Building to provide a quiet living environment, and boasts the convenience of being near the Hotel Okura, ANA Intercontinental Hotel and various embassies.

Address	Roppongi, Minato Ward, Tokyo
Completion	2001
Floors	11 floors above ground and 2 underground levels
Gross floor area	9,125m ²
PML value	1.60%





Overview of Asset Manager



Company Mori Building Investment Management Co., Ltd. (MIM)
Established March 30, 1984
Capital 200 million yen
Shareholder Mori Building Co., Ltd. (100%)

Corporate Governance

Mori Hills REIT Investment Corporation (MHR) stipulates in its investment corporation bylaws its basic policy of ensuring stable profits over the medium to long term and prudent asset growth. MHR consigns its asset management to Mori Building Investment Management Co., Ltd. (MIM) and governs this relationship based on the Asset Management Agreement.

MIM is committed to providing fair and honest corporate activities and to strictly complying with relevant laws and regulations, and various in-house and market rules.

Compliance Structure

MIM is committed to the thorough implementation of compliance as a fundamental principle of management, based on the awareness that the failure to conduct compliance may damage investor confidence as well as the relationship between MHR and MIM.

MIM led by the Board of Directors, President, Compliance Department, Compliance Officer and Compliance Committee will make decisions on various items concerning compliance and manage compliance to the extent of their respective authority and responsibilities.

Acquisition of Assets from Interested Parties

With regard to transactions with interested parties, MIM strictly manages terms and conditions of transactions and the like in accordance with its Interest Parties Transaction Guidelines to prevent the interests of MHR from being undermined.

A strict process that requires deliberation and resolution by MIM's Investment Committee, Compliance Committee and Board of Directors as well as deliberation and approval by MHR's Board of Directors, and that adheres to the Guidelines is observed.

The following table provides a visual example of the decision-making flow applied by MHR and MIM.



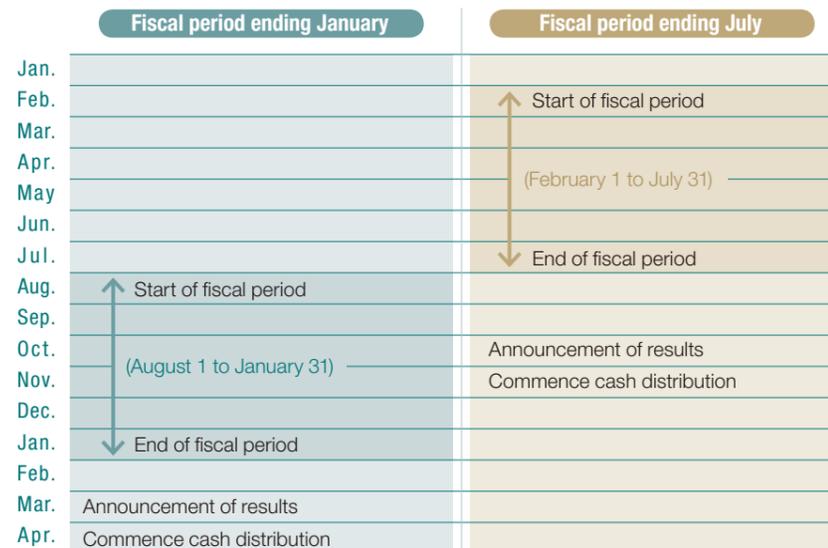
Hiroshi Kamada

Compliance Officer, Mori Building Investment Management Co., Ltd.

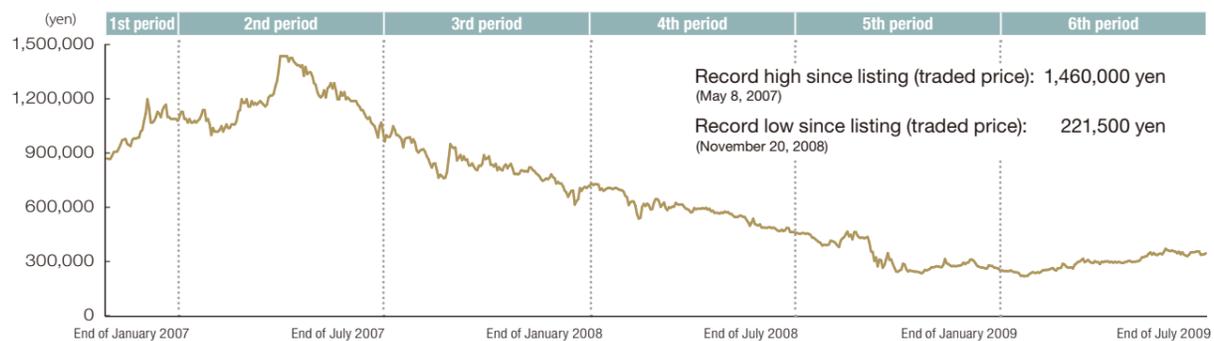
Kamada entered Taiyo Kobe Bank in 1983. After the bank changed its name to Sakura Bank and then to Sumitomo-Mitsui Bank following mergers, he joined Creed REIT Advisors and transferred to MIM in January 2008. He acts as the general manager of the Internal Audit Department and assumed this post in April 2009.



IR Calendar



Changes in Investment Unit Price



The unit price of Mori Hills REIT Investment Corporation (MHR) gradually declined after peaking in the second fiscal period, but has regained its footing and recovered somewhat since the beginning of this fiscal period.

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.

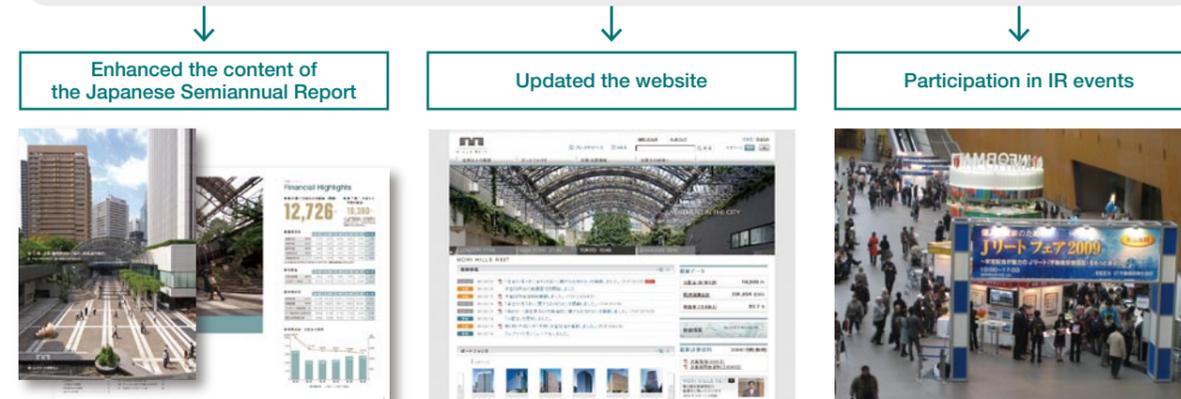
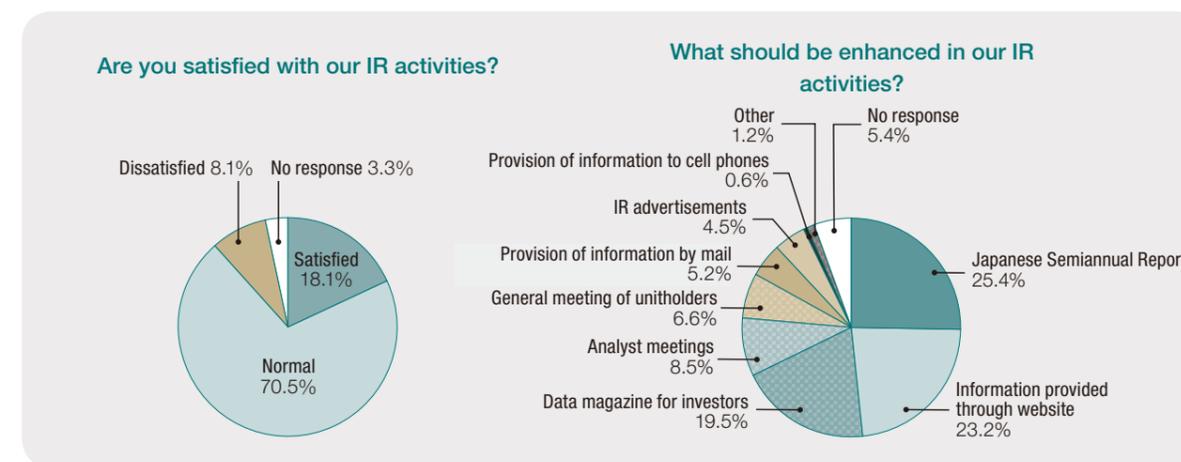
Unitholder Memo

Ends of fiscal periods	January 31 and July 31 of each year
General meeting of unitholders	Held at least once every two years
Date of allotment of rights to investors with voting rights	Date announced in advance
Record date for cash distributions	January 31 and July 31 of each year (cash distributions will be paid within three months of the record date)
Listed stock exchange	Tokyo Stock Exchange (Securities Code: 3234)
Newspaper for posting public announcements	Nikkei Shimbun
Investor registrar	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda Ward, Tokyo
Unitholder registrar and special account manager	Mitsubishi UFJ Trust and Banking Corporation, Securities Agent Department 7-10-11 Higashi-suna, Koto Ward, Tokyo 137-8081 Transfer Agent Department: 0120-232-711

Announcement of Survey Results

Sample: 6,828 investors as of end of 5th fiscal period (end of January 2009)
Method: Survey using postcards mailed with the 5th fiscal period Japanese Semiannual Report
Valid responses: 753
Response rate: 11.0%

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



MHR has reduced costs and enhanced the content to provide investors with more valuable information.

The Japanese website has been made easier to read and navigate, and steps are underway to update the English website soon.

On March 14, we participated in a REIT fair put on by the Association for Real Estate Securitization (ARES) to enhance knowledge among investors concerning REITs and their trends. This is just one event that we actually participated in.

MIM compiled this data and then implemented the following above steps to improve future responses to our unitholders.