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MHR Revises the Forecast for the Period Ending January 2014
and Announces the Forecast for the Period Ending July 2014

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced the following revision of financial results for the fifteenth fiscal period ending January 2014 (August 1, 2013 to January 31, 2014) and the forecast of financial results for the sixteenth fiscal period ending July 2014 (February 1, 2014 to July 31, 2014).

1. Reason for the Revision and the Announcement of Forecast of Financial Results for the Fifteenth Fiscal Period ending January 2014

MHR has resolved at its Board of Directors Meeting held today, to issue new investment units in order to procure funds for acquisition of a specified asset (assets described in Article 2 Paragraph 1 of the Act on Investment Trusts and Investment Corporations), and acquisition costs. As a result, the assumptions of forecasts of financial results for the fifteenth fiscal period ending January 2014, stated in the press release “MHR Announces Forecasts for the Periods Ending July 2013 and January 2014” dated February 15, 2013, have changed, and accordingly, MHR revised the forecasts of financial results and newly announced the forecast of financial results for the sixteenth fiscal period ending July 2014.

2. Revision to the Forecast of Financial Results for the Fifteenth Fiscal Period ending January 2014 and Forecast of Financial Results for the Sixteenth Fiscal Period Ending July 2014

(1) Revision to the Forecast of Financial Results for the Fifteenth Fiscal Period ending January 2014

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Previous Forecast (A)	5,208 million yen	3,508 million yen	2,547 million yen	2,546 million yen	10,000 yen	0 yen
Revised forecast (B)	5,617 million yen	3,800 million yen	2,770 million yen	2,769 million yen	10,000 yen	0 yen
Difference (B) – (A)	408 million yen	292 million yen	223 million yen	223 million yen	0 yen	0 yen
Rate of increase/decrease	7.8%	8.3%	8.8%	8.8%	0.0%	0.0%

Note: This document is a press release regarding the revision to the financial forecasts for the period ending January 2014 and forecast of financial results for the period ending July 2014, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR’s Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

(2) Forecast of Financial Results for the Sixteenth Fiscal Period Ending July 2014

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Sixteenth Fiscal Period	5,780 million yen	3,874 million yen	2,964 million yen	2,963 million yen	10,700 yen	0 yen

(Reference) [Fifteenth Fiscal Period]

Forecast number of investment units outstanding at end of period: 276,985 units
Forecast net income per unit: 10,000 yen

[Sixteenth Fiscal Period]

Forecast number of investment units outstanding at end of period: 276,985 units
Forecast net income per unit: 10,700 yen

(Note) The forecast number of investment units outstanding at the end of the period is calculated based on 254,620 investment units outstanding as of today on the assumption that the entire issuance of 22,365 investment units (21,300 investment units through a public offering, and 1,065 investment units through a third-party allotment) resolved at its Board of Directors Meeting held today is conducted.

(Notes)

1. The forecasts above have been calculated as of today based on the assumptions stated in the attachment, "Assumptions of Forecasts of Results for the Fifteenth Fiscal Period Ending January 2014 and the Sixteenth Fiscal Period Ending July 2014." Therefore, actual operating revenue, operating income, ordinary income, net income and dividend per unit may change due to factors such as the number and amount to be paid in of the issuance of new investment units actually determined, future acquisition or transfer of real estate, etc., changes in the real estate market, etc. and other changes in the situation surrounding MHR. Therefore, the above forecasts do not guarantee actual performance, or dividend amount.
2. MHR may revise the forecast if it expects substantial discrepancies from the above forecasts.
3. Figures of less than one unit are rounded off. The same shall apply hereafter.

<Reference>

Forecast of Financial Results for the Fourteenth Fiscal Period Ended July 2013

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in Excess of Earnings per Unit
Fourteenth Fiscal Period	5,046 million yen	3,424 million yen	2,394 million yen	2,393 million yen	9,400 yen	0 yen

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(Note 1) Number of investment units outstanding at the end of the fourteenth fiscal period ended July 2013 is 254,620 units.

(Note 2) The forecasts above have been calculated based on the assumptions stated in “Financial Report for the Fiscal Period ended January 2013: “Assumptions of Forecast of Results for the Fourteenth Fiscal Period Ending July 31, 2013 (February 1, 2013-July 31, 2013)” dated March 15, 2013. Therefore, actual operating revenue, operating income, ordinary income, net income and dividend per unit may change. Furthermore, the above forecasts do not guarantee actual performance, or dividend amount. MHR may revise the forecast if it expects substantial discrepancies from the above forecasts.

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

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(Attachment)

**Assumptions of Forecasts of Results for the Fifteenth Fiscal Period Ending January 2014
and the Sixteenth Fiscal Period Ending July 2014**

Item	Assumptions
Accounting Period	The Fifteenth Fiscal Period: August 1, 2013-January 31, 2014 (184 days) The Sixteenth Fiscal Period: February 1, 2014-July 31, 2014 (181 days)
Investment Portfolio	<ul style="list-style-type: none">• In addition to the currently owned 9 properties, MHR plans additional acquisition of Roppongi Hills Mori Tower (hereafter, “Asset to be Acquired”) on October 1, 2013. For details of the asset to be acquired, please refer to the press release “MHR Announces Asset Acquisition in Japan (Roppongi Hills Mori Tower: Additional Acquisition)” separately announced today.• MHR assumes the investment portfolio for the period from August 1 to September 30, 2013 is comprised of the currently owned 9 properties, and that after October 1, 2013, it acquires the asset to be acquired on the planned acquisition date above, and there will be no change in the investment portfolio (acquisition of new properties, transfers of existing properties) until the end the sixteenth fiscal period ending July 2014.• In actual practice, however, the forecast is subject to change due to changes in the investment portfolio and other factors.
Operating Revenue	<ul style="list-style-type: none">• Rent revenue of real estate is estimated based on lease agreements, etc. effective as of today, taking into account market environment, the trends of individual tenants and other factors.• MHR assumes that there will be no delinquencies or unpaid rent by tenants.

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Item	Assumptions
Operating Expenses	<ul style="list-style-type: none"> • For expenses related to the of real estate leasing business, major operating expenses, 1,539 million yen is expected for the period ending January 2014, and 1,635 million yen is expected for the period ending July 2014. The expenses other than those below are calculated by referring to historical figures and adjusted to reflect variable factors. <ul style="list-style-type: none"> A) For property taxes, city planning taxes, etc. 309 million yen (for six months) and 347 million yen (for six months) is expected for the period ending January 2014 and the period ending July 2014, respectively. Furthermore, property taxes, city planning taxes, etc. associated with the acquisition of Atago Green Hills and ARK Mori Building additionally acquired in the period ending July 2013, and the asset to be acquired, will be calculated at the time of acquisition with the seller using a prorated adjusted amount; however, MHR shall incorporate these amounts into the cost of acquisition and, thus, shall not recognize them as operating expenses for the fifteenth fiscal period. Additionally, part of the property taxes, city planning taxes, etc. associated with these property acquisitions will be incorporated into the cost of acquisition, and 36 million yen (for three months) is expected to be recognized as operating expenses for the sixteenth fiscal period. B) For building maintenance and repairs, MHR recorded the estimated required amount for the respective fiscal periods: (28 million yen for the period ending January 2014; 31 million yen for the period ending July 2014). However, please note the actual expenses for maintenance and repairs in the respective fiscal periods 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, 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. C) Depreciation and amortization, which are calculated using the straight-line method with future additional capital expenditures taken into account, are expected to be 810 million yen in the period ending January 2014 and 834 million yen in the period ending July 2014. D) For property management fees, 169 million yen is expected for the period ending January 2014 and 209 million yen is expected for the period ending July 2014. • For the operating expenses other than expenses related to the real estate leasing business (asset management fee, asset custody fee, administrative service fees, etc.), 277 million yen is expected for the period ending January 2014 and 270 million yen is expected for the period ending July 2014.

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Item	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> • MHR expects to incur 567 million yen for the period ending January 2014 and 515 million yen for the period ending July 2014 in interest expenses, 162 million yen for the period ending January 2014 and 151 million yen for the period ending July 2014 in interest expenses on investment corporation bonds, and 247 million yen for the period ending January 2014 and 226 million yen for the period ending July 2014 in borrowing expenses. • Expenses of 37 million yen are expected for the period ending January 2014 for the cost of issuance of new investment units resolved at the Board of Directors Meeting held today (hereafter, “Issuance of New Investment Units”).
Interest-Bearing Debt	<ul style="list-style-type: none"> • MHR’s balance of interest-bearing debt as of today is 116,762 million yen. • MHR assumes that it will newly borrow 10,500 million yen in September 2013 as part of funds for the acquisition of the asset to be acquired described in the investment portfolio above. • The balance of loans payable outstanding as of today is 91,762 million yen. MHR assumes that regarding 29,084 million yen remaining of loans payable due for repayment by the end the period ending July 2014, that repayment of the entire amount of 1,000 million yen of a short-term loan payable (due for payment on August 31, 2013) is planned in the repayment period, and refinancing of 2,062 million yen of long-term loan payable (due for payment on November 30, 2013) is planned by a 62 million yen reduction in the payment period, and the remaining 26,022 million yen will be refinanced in the entire amount. MHR also assumes that combined with the new loans payable above, the balance will be 101,200 million yen at the end of the periods ending January 2014 and July 2014. • MHR assumes that of the balance of 25,000 million yen as of today, 5,000 million yen due for repayment by the end of the fiscal period ending July 2014 will be redeemed through issuing investment corporation bonds of the same value.
Issuance of Investment Units	<ul style="list-style-type: none"> • The number of investment units outstanding as of today was 254,620 units. MHR assumes that a total of 22,365 units (21,300 units additionally issued through public offering and 1,065 units additionally issued through third-party allotment), will all be issued. For details of the issuance of new investment units, please refer to the press release “MHR Announces Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today. • MHR assumes that there will be no additional issuance of investment units until the end of the sixteenth fiscal period.

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Item	Assumptions
Dividend per Unit (excluding dividend in excess of earnings)	<ul style="list-style-type: none"> • Dividend per unit is calculated based on the assumption that MHR will make distributions in accordance with the distribution policy set forth in its Articles of Incorporation. • Dividend per unit may vary due to various factors, including changes in the investment portfolio, changes in rent income due to tenant replacement, unexpected repairs, changes in interest rates, or additional issuance of new investment units.
Dividend in Excess of Earnings per Unit	<ul style="list-style-type: none"> • MHR assumes at present that it will not make any cash distributions in excess of earnings (dividend in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • MHR assumes that there will be no amendments to laws and regulations, taxation systems, accounting standards, listing regulations, rules, of the Investment Trusts Association, Japan etc. that would affect the above forecasts. • MHR assumes that there will be no unforeseeable material changes in general economic conditions, the real estate market, etc.

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