

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
6-10-1 Roppongi, Minato-ku, Tokyo
Hiroshi Mori, Executive Director

Asset Manager:
Mori Building Investment Management Co., Ltd.
Hiroshi Mori, President
Inquiries: Takashi Tomiyama
Director of J-REIT Unit, General Manager of
Investment Development Department and
General Manager of Financial Department
TEL: +81-3-6406-9300

MHR Announces Asset Acquisition
(ARK Mori Building: Additional Acquisition)

Mori Hills REIT Investment Corporation (MHR) announced it decided on March 18, 2008 to acquire an asset. The details are as follows.

1. Overview of Acquisition

(1) Asset-to-be-acquired	Trust beneficiary right in a trust that holds title to real estate (Note 1)
(2) Property name	ARK Mori Building (Note 2)
(3) Acquisition price	16,500,000,000 yen (excluding acquisition costs, property taxes, city planning taxes and consumption taxes)
(4) Sale and purchase agreement date	March 28, 2008
(5) Scheduled acquisition date	March 28, 2008
(6) Seller	Mori Building Co., Ltd. (refer to “4. Seller Profile” below)
(7) Acquisition financing	Cash on hand and debt financing
(8) Payment method	Lump sum payment upon delivery

(Note 1) MHR is acquiring 75% of the quasi co-ownership interest in the real estate trust beneficiary right to the land and building of the Property. The original grantor of the concerned real estate trust, Mori Building Co., Ltd., will continue to hold the remaining 25% quasi co-ownership interest.

(Note 2) The building pertaining to the trust beneficiary right that is the Asset-to-be-Acquired is the sectional ownership corresponding to the 12F and 22F portions of the Property.

2. Reasons for the Acquisition

Pursuant to the asset management target and policy stipulated in its Articles of Incorporation, MHR will acquire additional portions of the Property to expand its portfolio and heighten the share of office buildings that comprise its portfolio of Premium Properties (Note 1) located in central Tokyo. In addition, even after acquisition of the Asset-to-be-Acquired, MHR will strive to enhance the asset value by increasingly collaborating with sectional owners, etc. Furthermore, MHR placed particularly high value on the following points upon deciding on the acquisition.

(1) Location

The Akasaka and Roppongi area, where the Property is located, is an area with a high concentration of office buildings that house many financial, consulting and media related firms, as well as foreign firms, law and accounting offices, etc. The area has seen several large complexes being developed one after another, including the ARK Hills large-scale complex consisting of offices, residences, retail facilities, hall, hotel, etc. Consequently, the area maintains a high competitiveness as a business district.

In particular, the Property is a landmark of ARK Hills and has a symbolic presence in the area. The Property exhibits excellent visibility as a building that stands on Roppongi-dori. The Property is situated approximately 4-minutes by foot from Tameike-sanno Station on the Tokyo Metro Ginza and Namboku Lines, and an approximately 5-minute walk from Roppongi-itchome Station on the Tokyo Metro Namboku Line, and also has easy access to Kamiyacho and Roppongi Stations on the Tokyo Metro Hibiya Line and Roppongi Station on the Toei Subway Oedo Line. Therefore, MHR also places high value on the Property's favorable location in terms of access to major arterial roads and stations on major subway lines.

(2) Building Facilities, etc.

The Property is a highly-functional intelligent building geared to global business with 37 floors above ground and a gross floor area of approximately 177,000m². The quality of the entrance as well as the rest of the building is high, and the leasable floor area per floor is a spacious astylar space of approximately 800 tsubos (Note 2). Improvements through a large-scale renovation conducted in 2005 have resulted in the Property maintaining high competitiveness making it ideal for head office functions both in terms of the level of facilities and the surrounding environment.

In the recent market in which the supply of large prime buildings is becoming tight, a Property of this scale is a rare and attractive feature. Despite 22 years having passed since completion of construction, the Property continues to enjoy extremely high recognition in the central Tokyo office market.

(3) Management Policy

MHR has owned and operated part of the Property since March 22, 2006 when it acquired the trust beneficiary right in a trust that holds title to part of the Property. . . The Asset Manager recognizes there is room for future rental growth given the existing tenant's rent levels are lower than the prevailing market rents for premium space in the surrounding area.

Under such circumstances, the leasing scheme being adopted is a pass-through master lease scheme, which enables earnings from internal growth to be reaped in a timely manner compared to the fixed master lease scheme under which the Property had been owned and operated to date. Furthermore, through increasing MHR's interest in the entire land and building of the Property (Note 3), MHR evaluates that it will be able to raise its position as a co-owner and improve the efficiency of asset operation and management.

(Note 1) Premium Properties are defined in the management guidelines stipulated by the Asset Manager as being office, residential or retail properties located in the central five wards in Tokyo and their vicinity and that are able to maintain competitiveness in the future in terms of quality, size, specifications, etc.

(Note 2) This is the estimated value based on the leasable floor area of the office floors that are scheduled to be acquired.

(Note 3) Of the entire land and building of the Property, the areas (based on the real estate registry) corresponding to MHR's interest after acquisition of the Asset-to-be-Acquired are as follows.

Land:	537.75m ²	→	1,324.04m ²
Building:	2,698.42m ²	→	6,654.61m ²

3. Details of the Asset-to-be-Acquired

(1) Details of the Real Estate Trust Beneficiary Right that MHR is to Acquire

Property name	ARK Mori Building (12F and 22F portions)
Trust fiduciary	Mizuho Trust & Banking Co., Ltd.
Trust beneficiary	MHR (quasi co-ownership interest: 75%) Mori Building Co., Ltd. (quasi co-ownership interest: 25%)
Trust establishment date	March 28, 2008
Trust maturity date	March 31, 2018

(2) Details of the Real Estate that is the Asset in Trust

Location	Lot number	1-1 Akasaka, Minato-ku, Tokyo, and 1-1 Roppongi, Minato-ku, Tokyo
	Residential indication	1-12-32 Akasaka, Minato-ku, Tokyo
Lot size (Note 1)		39,602.42m ²
Gross floor area (Note 1)		177,486.95m ²
Structure		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof; 37 floors above ground and 4 floors below ground
Use		Office
Construction completion		March 1986
Designers		Mori Building Co., Ltd., and Irie Miyake Architects & Engineers
Contractors		Kajima Corporation, Toda Corporation, Fujita Engineering Co. Ltd., and a consortium
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (Note 2)
	Building	Sectional ownership (Note 3)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	15,075,000,000 yen (Note 4)
	Appraisal date	February 29, 2008
PML (Note 5)		0.38%
Collateral		None
Leasing scheme		Pass-through master lease
Master lessee		Mori Building Co., Ltd.
Property manager		Mori Building Co., Ltd.
Special consideration		<p>Wet-spray rockwool containing asbestos is used on the columns, beams, etc. of the ceiling, party wall, etc. throughout the entire Property. However, appropriate removal and other measures as well as periodic observation are being implemented. Of the building in trust of the Asset-to-be-Acquired, the parts where the wet-spray rockwool containing asbestos is used are in stable condition with no scattering found at this point in time, and appropriate removal and other action are scheduled to be taken.</p> <p>Moreover, a master lease agreement with the trust fiduciary as the lessor and Mori Building Co., Ltd. as the lessee is scheduled to be executed for the Property. Furthermore, a property management agreement is scheduled to be executed with the trust fiduciary and Mori Building Co., Ltd.</p>

(Note 1) Lot size is the area of the entire parcel, and gross floor area is the total floor area of the entire building, both as indicated on the real estate registry.

(Note 2) , Land use rights for the Property are in place. The lot size as indicated in the real estate registry corresponding to the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire is 786.29m².

(Note 3) The private-use floor area as indicated on the real estate registry corresponding to the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire

is 3,956.19m².

(Note 4) This is applicable to the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire.

(Note 5) PML refers to the probability of the maximum loss expected to result from an earthquake. There is no standardized precise definition. Rather, definitions vary depending on the intended purpose and use. Herein, however, PML is defined as “the loss that may result from an earthquake of the maximum size that has a 10% or greater probability of occurring within the average useful life of a building of 50 years (corresponding to a 475-year return period) expressed as a percentage (%) of the replacement cost.”

The value as indicated on the earthquake PML assessment report dated January 2008 by Sompo Japan Risk Management, Inc. is shown.

(3) Details of Tenants (as of March 18, 2008)

Total number of end tenants (Note 1)	12
Gross rent income (annual rent) (Note 2)	545,068,602 yen
Deposits/Guarantees (Note 3)	424,243,410 yen
Total leasable floor area (Note 4)	3,971.71m ²
Total leased floor area (Note 5)	3,971.71m ²
Occupancy rate (Note 6)	100.0%

(Note 1) Total number of end tenants is counted as 1 tenant when a single tenant leases multiple rental units.

(Note 2) Gross rent income (annual rent) is the amount arrived at when the sum total of the monthly rent and monthly common area charges as indicated on lease agreements with end tenants (excluding utilities income and other income) is multiplied by 12 and the result is multiplied by the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 3) Deposits/Guarantees is the amount arrived at when the monetary balance indicated on lease agreements with end tenants is multiplied by the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 4) Total leasable floor area is the floor area arrived at when the floor area deemed leasable to end tenants is multiplied by the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 5) Total leased floor area is the floor area arrived at when the sum total of the contract floor area indicated on lease agreements with end tenants is multiplied by the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 6) Occupancy rate is the total leased floor area expressed as a percentage of total leasable floor area. The occupancy rate is rounded to one decimal place.

4. Seller Profile

Name	Mori Building Co., Ltd.
Location of headquarters	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Minoru Mori
Capital	10 billion yen (as of March 18, 2008)
Scope of business	General developer
Relationship with MHR or Asset Manager	As of January 31, 2008, Mori Building is a unitholder (15% stake) of MHR. Mori Building is also the shareholder (100% stake) of Mori Building Investment Management Co., Ltd., to which the asset management of MHR is consigned (Asset Manager) and thus constitutes an interested party, etc. as defined in the Law Concerning Investment Trusts and Investment Corporations (Investment Trust Law).

5. Status of Buyers, etc. of the Property

Property name (Location)	ARK Mori Building (1-12-32 Akasaka, Minato-ku, Tokyo)	
Status of titleholders, etc. to the Property	Prior titleholder / trust beneficiary	Titleholder / Trust beneficiary preceding the prior titleholder / trust beneficiary
Name of company	Mori Building Co., Ltd.	–
Relationship with party having particular vested interest	Refer to “4. Seller Profile” above	–
Acquisition background and reason	Newly constructed in March 1986	–
Acquisition price (including other expenses)	–	–
Acquisition timing	March 31, 1986 (retains building ownership)	–

6. Broker Profile
Not applicable.

7. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will generate in correlation with acquisition of the Asset-to-be-Acquired.

Accordingly, to comply with applicable laws and regulations and with the asset management agreement as well as to prevent the interests of MHR from being undermined in relation to the acquisition price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.

Acquisition of the Asset-to-be-Acquired	The Seller constitutes an interested party, etc. of the Asset Manager and the transaction constitutes a transaction with an interested party, etc. as defined in the Investment Trust Law. In accordance with the provisions of the Investment Trust Law, the Asset Manager will deliver a written notice to MHR on March 28, 2008.
Master lease agreement	MHR will execute a master lease agreement for the Property with Mori Building Co., Ltd. on the acquisition date.
Property management agreement	MHR will execute a property management agreement for the Property with Mori Building Co., Ltd. on the acquisition date.

8. Acquisition Schedule

March 18, 2008:

Decision on acquisition reached

March 28, 2008:

Conclusion of trust beneficiary right sale and purchase agreement (planned)

March 28, 2008:

Delivery (planned)

9. Payment Method

MHR is to pay the payment for the transaction to the Seller on the scheduled acquisition date using cash on hand and debt financing.

10. Future Prospects

Please refer to the “Financial Report for the Third Fiscal Period Ended January 31, 2008” for the impact the acquisition of the Asset-to-be-Acquired will have on the forecast of MHR’s business results for the fourth fiscal period ending July 31, 2008 (February 1, 2008 – July 31, 2008).

[Attachments]

- Attachment 1: Summary of Appraisal Report
- Attachment 2: Income and Expenditure Projections
- Attachment 3: Portfolio List After Acquisition of the Asset-to-be-Acquired
- Attachment 4: Photo and Map of the Acquisition Property

- 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>

[Attachment 1] Summary of Appraisal Report

(Unit: thousands of yen)

Appraiser	Japan Real Estate Institute
Appraisal date	February 29, 2008
Appraisal value (Note)	20,100,000
Price based on the income approach	20,100,000
Price based on the direct capitalization method	20,400,000
Operating income	901,075
Operating expenses	182,539
Net operating income	718,536
Gain on investment of deposits, etc.	16,607
Capital expenditures	22,252
Net income	712,891
Cap rate	3.5%
Price based on the DCF method	19,800,000
Discount rate	3.4%
Terminal cap rate	3.9%
Price based on the cost approach	19,000,000
Land ratio	92.5%
Building ratio	7.5%

(Note) Appraisal value is the amount for the entire real estate in trust that is the subject of the trust beneficiary right that MHR is to acquire (equivalent to 100% interest).

[Attachment 2] Annual Income and Expenditure Projections for the Property

(Unit: thousands of yen)

	The Property (Note)
Property revenues (including incidental revenues)	571,349
Property expenses (excluding depreciation and amortization)	141,675
Property NOI	429,674

(Note) The figures above are the amounts arrived at when the projected income and expenditures – which is found by assuming the occupancy rate at the time of the acquisition (100%) and by taking into account the results of the previous fiscal year, etc., and after excluding factors specific to the fiscal year of acquisition – are multiplied by the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire. The figures are not forecast figures for the next fiscal period.

[Attachment 3] Portfolio List After Acquisition of the Asset-to-be-Acquired

Type	Region	Property no.	Property name	Acquisition date	Acquisition price (millions of yen) (Note 1)	Investment ratio (%) (Note 2)
Office Building	Central five wards in Tokyo and their vicinity	O-1	ARK Mori Building (Note 3)	March 22, 2006 March 28, 2008	23,100	14.5
		O-2	Roppongi Hills Gate Tower	April 13, 2006	36,500	22.9
		O-3	Roppongi First Building	March 22, 2006 April 13, 2006	21,000	13.2
		O-4	Koraku Mori Building	April 13, 2006	27,200	17.1
		O-5	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	August 1, 2006	12,720	8.0
	Sub total					120,520
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006	27,300	17.1
		R-2	ARK Forest Terrace	April 13, 2006	5,300	3.3
		R-3	Roppongi First Plaza	April 13, 2006	2,100	1.3
		R-4	Roppongi View Tower	March 22, 2006 April 13, 2006	4,000	2.5
	Sub total					38,700
Portfolio total					159,220	100.0

(Note 1) Acquisition price is the price MHR pays for the acquisition (excluding consumption tax and local consumption tax). The amount is rounded down to the nearest hundred yen.

(Note 2) Investment ratio is the acquisition price of the respective property expressed as a percentage of the portfolio total. In the calculation, the ratio is rounded to one decimal place.

(Note 3) Concerning MHR's interest in the concerned property, MHR is scheduled to conclude a real estate trust beneficiary right sale and purchase agreement on March 28, 2008 and the acquisition is scheduled to take place on the same date. The acquisition price and investment ratio entries are based on the assumption that MHR has already acquired the concerned interest.

[Attachment 4] Photo and Map of the Acquisition Property



