

For Translation Purposes Only

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Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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MHR Announces Transfer of Real Estate and Trust Beneficiary Rights
Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building): Transfer
Moto-Azabu Hills: Partial Transfer

Mori Hills REIT Investment Corporation (MHR) announced its intention to complete the following transfer of assets.

In conjunction, please refer to “Overview of Mutual Property Transaction and New Management Policy” separately announced today for the positioning of the transfer in correlation with the replacement of assets of MHR.

1. Reason for Transfer

MHR decided to transfer the Property along with the acquisition of Laforet Harajuku (land) (Please refer to today’s press release “MHR Announces Asset Acquisition; Laforet Harajuku (Land): New Acquisition.”).

On March 31, 2010, MHR received a notice of termination from OMRON Corporation, a tenant of Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building) with March 31, 2011 as the date of termination.

In order to address this situation at Toranomon 35 Mori Building, as well as to enhance MHR’s portfolio cap rate, MHR has decided to engage in a property transaction involving transfer of Toranomon 35 Mori Building and Moto-Azabu Hills (42 sections) to sponsor Mori Building Co., Ltd. and simultaneous acquisition of Laforet Harajuku (land). In the transfer of Moto-Azabu Hills (42 sections), of the sections owned by MHR, those that are primarily vacant sections as at the time of the transfer are selected.

MHR believes that engaging in such a transaction will address the exit of the tenant from the property-to-be-transferred at an early stage and will also secure stable cash flows as the property replacing the property-to-be-transferred has a high cap rate, and thereby serves to raise the performance of MHR.

2. Overview of Transfer

(1) Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)

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| 1) Asset-to-be-Transferred: | Trust beneficiary right |
| 2) Property name: | Toranomon 35 Mori Building
(OMRON Tokyo Headquarters Building) |



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| 3) Book value: | 12,540 million yen (Note 1) |
| 4) Transfer price: | 12,680 million yen (Note 2) |
| 5) Gain (loss) on transfer: | 112 million yen (Note3) |
| 6) Scheduled sales agreement date: | September 15, 2010 |
| 7) Scheduled transfer date: | September 15, 2010 |
| 8) Buyer: | Mori Building Co., Ltd. |

(2) Moto-Azabu Hills

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| 1) Asset-to-be-Transferred: | Real estate (Note 4) |
| 2) Property name: | Moto-Azabu Hills |
| 3) Book value: | 8,890 million yen (Note 1) |
| 4) Transfer price: | 9,110 million yen (Note 2) |
| 5) Gain (loss) on transfer: | 181 million yen (Note3) |
| 6) Scheduled sales agreement date: | September 15, 2010 |
| 7) Scheduled transfer date: | September 15, 2010 |
| 8) Buyer: | Mori Building Co., Ltd. |

(Note 1) Book value is an estimate of the price of the asset-to-be-transferred based on the book value as of the end of July 2010. The amount will be finalized after taking into account depreciation and amortization until the selling date. The same shall apply hereinafter.

(Note 2) Transfer price excludes transfer costs, property taxes, city planning taxes and consumption taxes. The same shall apply hereinafter.

(Note 3) Gain (loss) on transfer is the amount arrived at when the book value shown in the table and approximate transfer costs are deducted from the transfer price. The same shall apply hereinafter.

(Note 4) In the transfer, of Moto-Azabu Hills which MHR owns as of the end of July 2010, the trust beneficiary rights corresponding to the sectional ownership for 42 sections (about 33.3% of the total private-use floor area) are to be transferred by the trust fiduciary according to the instructions of MHR.

3. Details of the Asset-to-Be-Transferred

(1) Toranomom 35 Mori Building (OMRON Tokyo Headquarters Building)

Property name		Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)
Location		3-4-10 Toranomom, Minato-ku, Tokyo (Residential indication)
Use		Offices
Area (Note 1)	Land	1,433.14 m ² (Note 2)
	Building	10,299.72 m ² (Note 3)
Construction complete		August 1981
Structure		Steel-framed reinforced concrete; 9 floors above ground and 1 floors below ground
Form of ownership	Land	Ownership (subdivided) (Note 2)
	Building	Sectional ownership (Note 3)
Book value		12,540 million yen
Transfer price		12,680 million yen
Gain (loss) on transfer		112 million yen
Appraisal	Appraisal value	11,000 million yen (Note 4)
	Appraisal date	July 31, 2010
	Appraiser	Japan Real Estate Institute



Scheduled transfer date	September 15, 2010 (Plan)				
Details of Tenants (As of July 31, 2010)					
Total number and overview of end tenants	1				
Gross rent income (annual rent) (Note 5)	743,626,464 yen (Note 6) (Note 7)				
Deposits/Guarantees	371,813,232 yen				
Total leasable floor area (Note 8)	6,720.34 m ²				
Total leased floor area	6,720.34 m ²				
Occupancy rate (with past data) (Note 9)	End of July 2008	End of January 2009	End of July 2009	End of January 2010	End of July 2010
	100%	100%	100%	100%	100%
Special consideration	None				

- (Note 1) Area of the land is the area of the entire parcel, and area of the building is the total floor area of the entire building, both based on the record in the real estate registry. The same shall apply hereinafter.
- (Note 2) Ownership is subdivided between other owners and the trust fiduciary. The area of the land, owned by the trust fiduciary is 1,282.77 m² based on the record in the real estate registry.
- (Note 3) The private-use floor area, based on the record in the real estate registry, for the trust beneficiary rights owned by MHR is 7,554.61m².
- (Note 4) The type of price in the appraisal is an ordinary price (fair value that reflects market value, thought to be formed in the market upon fulfilling conditions that are deemed logical under current social conditions) and not a specific price (price that reflects investor break-even price to show to investors). The same shall apply hereinafter.
- (Note 5) Gross rent income 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 parking lot income, utilities income and other income) is multiplied by 12. The amount is rounded to the nearest yen. This same shall apply hereinafter.
- (Note 6) Gross rent income includes an amount equivalent to parking lot fee income (annual amount of 18,480,000 yen (excluding consumption tax)).
- (Note 7) Aside from the above, an annual amount of 117,696,000 yen (excluding consumption tax) is separately received as a fixed-amount management fee.
- (Note 8) Total leasable floor area is the floor area deemed leasable to end tenants. The parking lot section is not subject to the calculation. The same shall apply hereinafter.
- (Note 9) Occupancy rate is the total leased floor area expressed as a percentage of total leasable floor area. The occupancy rate is rounded to the first decimal place. The same shall apply hereinafter.

(2) Moto-Azabu Hills

Details of the Entire Property

Property name		Moto-Azabu Hills
Location		1-3-1, -2, -3, Moto-Azabu, Minato-ku, Tokyo (Residential identification)
Use		Residents and Storage Areas, etc.
Area	Land	12,199.65 m ²
	Building	54,006.76 m ²
Construction completion (Note 1)		May 2002 and September 2002
Structure (Note2)		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof; 29 floors above ground and 4 floors below ground
Form of ownership	Land	Ownership (Note 3)
	Building	Sectional ownership (Note 4)

(Note 1) The month construction started for the respective buildings was May 2002 for Forest Tower and Forest Terrace East and September 2002 for Forest Terrace West.

(Note 2) The property is a single establishment in the registry, but according to the Building Standards Law, it consists of three establishments, which are: Forest Tower (SRC B3F/29F), Forest Terrace East (RC B1F/6F) and Forest Terrace West (RC B1F/5F).

(Note 3) Lot size owned by MHR before the transfer, based on the record in the real estate registry, is 6,852.35m², and the land use right interest ratio is about 56.3%.

(Note 4) The private-use floor area owned by MHR before the transfer, based on the record in the real estate registry, 24,770.52m², and the private-use floor area interest ratio is about 64.0%. In addition, the leasable floor area that can be rented to end tenants is 19,042.73 m²

Details of Section to be Transferred (42 residential unit)

Lot Size (Note 1)		2,307.71m ²
Private-use floor area (Note 2)		8,256.69m ²
Use (Note 3)		Residential, shop, clinic and parking
Book value		8,890 million yen
Transfer price		9,110 million yen
Gain (loss) on transfer		181 million yen
Appraisal	Appraisal value	7,450 million yen (Note 4)
	Appraisal date	July 31, 2010
	Appraiser	Japan Real Estate Institute
Scheduled transfer date		September 15, 2010 (Plan)

Details of Tenants (as of July 31, 2010)

Total number and overview of end tenants	66 (Note 5)
Gross rent income (annual rent)	446,861,580 yen
Deposits/Guarantees	2,462,898,336 yen
Total leasable floor area (Note 6)	6,402.22 m ²
Total leased floor area (Note 6)	5,273.82 m ²



	Occupancy rate (with past data) (Note 6)	End of July 2008	End of January 2009	End of July 2009	End of January 2010	End of July 2010
		94.5%	95.1%	88.7%	95.2%	82.4%
Special consideration		None				

(Note 1) Lot size owned by MHR after the transfer, based on the record in the real estate registry, is 4,554.64m², and the land use right interest ratio is about 37.3%.

(Note 2) The private-use floor area owned by MHR after the transfer, based on the record in the real estate registry, is 16,513.83m², and the private-use floor area interest ratio is about 42.6%. Moreover, the leasable floor area that can be rented to end tenants is 12,640.51m².

(Note 3) The breakdown of the number of sections by use is as follows: residential: 39; shop: 1; clinic: 1; parking lot: 1 (capacity: 39 vehicles).

(Note 4) The type of price in the appraisal is a specific price (price that reflects investor break-even price to show to investors) and not an ordinary price (fair value that reflects market value, thought to be formed in the market upon fulfilling conditions that are deemed logical under current social conditions), but in this case there is no difference between these prices.

(Note 5) Of the total number of end tenants, the number of tenants of the parking lot section is 35.

(Note 6) Of the sections to be transferred, the parking lot section is not subject to the calculation.

4. Profile of Buyer

Name	Mori Building Co., Ltd.
Location of headquarters	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Minoru Mori
Scope of business	General developer
Capital	65 billion yen (as of March 31, 2010)
Established	June 2, 1959
Big shareholder and ratio of shareholding	<i>Morikiyo Kabushikigaisya</i> , etc. (as of March 31, 2010)
Net assets	294,234 million yen (as of March 31, 2010)
Total assets	1,032,303 million yen (as of March 31, 2010)
Relationship with MHR or Asset Manager	
Capital relationship	As of July 31, 2010, Mori Building is the main unitholder (21.1% stake) of MHR. Mori Building is also the main shareholder (100% stake) of Mori Building Investment Management Co., Ltd. (Asset Manager), to which the asset management of MHR is consigned, and thus constitutes an interested party, etc. as defined in the Law Concerning Investment Trusts and Investment Corporations (Investment Trust Law).
Personnel relationship	As of July 31, 2010, three of the officers and employees of the Asset Manager (excluding part-time directors) are seconded from Mori Building.
Business relationship	In the fiscal period ended July 2010, Mori Building has concluded a support agreement with MHR and the Asset Manager and a business consignment agreement with the Asset Manager, and provides support, etc in regard to property acquisitions, etc. In addition, Mori Building has concluded a brand licensing contract with MHR and



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		grants the license to use the brand name “Mori Hills REIT” and the “m” mark. Furthermore, as for assets MHR owns in the form of trust beneficiary rights, Mori Building entered into a building lease agreement (so-called master lease agreement) with a trust fiduciary, and leases the entire property as a master lessee. The company also concluded a property management agreement and conducts property management of the property. In addition to transfer of the Property, acquisition or other transaction of property owned by Mori Building is also conducted (Note).
	Application of status as a related party	Mori Building falls under the category of other interested party of MHR. In addition, it is the parent company of the Asset Manager.

(Note) Please refer to “MHR Announces Asset Acquisition; Laforet Harajuku (Land): New Acquisition” separately announced today.

5. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will occur with the transfer of the asset-to-be-transferred.

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 negatively impacted with respect to the acquisition price, transfer price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.

Transfer of the Asset-to-be-Transferred	The buyer 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.
Change of property management agreement, etc.	In correlation with the transfer, plans are to change the property management agreement and attached memorandum on sundry management expenses that are executed with Mori Building Co., Ltd. (The sum total amount of the amount of decrease in sundry management expenses in this fiscal period is 19,280,267 yen.) In accordance with the provisions of the Investment Trust Law, the Asset Manager will deliver a written notice to MHR.
Change of fixed-term building lease agreement	In correlation with the transfer, plans are to change the fixed-term building lease agreement that is executed with Mori Building Co., Ltd. In accordance with the provisions of the Investment Trust Law, the Asset Manager will deliver a written notice to MHR.

6. Payment Method

Lump sum payment upon delivery

MHR plans to use the capital acquired through the transfer to fund the acquisition of Laforet Harajuku (land)(Note).

(Note) Please refer to “MHR Announces Asset Acquisition; Laforet Harajuku (Land): New Acquisition” separately announced today.

7. Schedule to Be Transferred

Scheduled sales agreement date	September 15, 2010
Payment date	September 15, 2010 (Plan)
Scheduled transfer date	September 15, 2010 (Plan)

8. Future Prospect

Please refer to the section, “Forecast of Results for the ninth Fiscal Period ending January 31, 2011 (August 1, 2010 – January 31, 2011)” in the “Financial Report for the eighth Fiscal Period Ended July 31, 2010” for the impact the acquisition of the asset-to-be-transferred will have on the forecast of MHR’s business results for the ninth fiscal period ending January 31, 2011 (August 1, 2010 – January 31, 2011).

- 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] Portfolio List including the Asset-to-Be-Transferred and Acquisition of Laforet Harajuku (land)

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-0	Roppongi Hills Mori Tower	March 23, 2010	6,810	3.2
		O-1-1	ARK Mori Building (fixed I)	March 22, 2006	6,600	3.1
		O-1-2	ARK Mori Building (pass-through)	March 28, 2008 Sep. 30, 2008	22,000	10.4
		O-1-3	ARK Mori Building (fixed II)	March 23, 2010	3,400	1.6
		O-2	Roppongi Hills Gate Tower	April 13, 2006	36,500	17.2
		O-3	Roppongi First Building	March 22, 2006 April 13, 2006	21,000	9.9
		O-4	Koraku Mori Building	April 13, 2006	27,200	12.8
		O-6	Akasaka Tameike Tower	September 30, 2008	37,200	17.6
Sub total					160,710	75.9
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006 Transfer during the 5 th fiscal period	17,886 (Note 3)	8.4
		R-2	ARK Forest Terrace	April 13, 2006	5,300	2.5
		R-3	Roppongi First Plaza	April 13, 2006	2,100	1.0
		R-4	Roppongi View Tower	March 22, 2006 April 13, 2006	4,000	1.9
Sub total					29,826	13.8
Retail	Central five wards in Tokyo and their vicinity	S-1	Laforet Harajuku (Land)	September 15, 2010	21,820 (Plan)	10.3
Sub total					21,820	10.3
Portfolio total					211,816	100.0

(Note 1) Acquisition price (plan) 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 (plan) of the respective property expressed as a percentage of the portfolio total. In the calculation, the ratio is rounded to the first decimal place.

(Note 3) Acquisition price of the trust beneficiary interest excluding the trust assets transferred as of September 15, 2010 is indicated.