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Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
1-8-7 Roppongi, Minato-ku, Tokyo
Hiroshi Mori, Executive Director

Asset Manager:
Mori Building Investment Management Co., Ltd.
1-8-7 Roppongi, Minato-ku, Tokyo
Hideyuki Isobe, President & CEO
Inquiries: Yoshimi Nishibeppu
General Manager, Administration Department
TEL: +81-3-6234-3234

MHR Announces Transfer of Real Estate
Moto-Azabu Hills: Partial Transfer

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

1. Reason for Transfer

MHR decided to transfer Moto-Azabu Hills (hereafter, the “Property”) along with the acquisition of ARK Mori Building and Akasaka Tameike Tower (Please refer to “MHR Announces Asset Acquisition ARK Mori Building: Additional Acquisition, Akasaka Tameike Tower: Additional Acquisition (Residential)” separately announced today).

MHR believes that engaging in the transfer of the Property and securing stable cash flows with the acquisition of alternative properties with higher cap rates will serve to raise the performance of MHR.

2. Overview of Transfer

(1) Moto-Azabu Hills

1) Asset-to-be-transferred:	Real estate (Note 1)
2) Property name:	Moto-Azabu Hills
3) Book value:	15,876 million yen (Note 2)
4) Transfer price:	16,240 million yen (Note 3)
5) Gain (loss) on transfer:	335 million yen (Note 4)
6) Scheduled sales agreement date:	March 18, 2011
7) Scheduled transfer date:	March 18, 2011
8) Buyer:	Mori Building Co., Ltd.

(Note 1) In the transfer of Moto-Azabu Hills which MHR owns as of the end of January 2011, the trust beneficiary rights corresponding to the sectional ownership for 86 sections are to be transferred by the trust fiduciary according to the instructions of MHR. The transfer price will be held in trust assets and then be granted to MHR according to the trust agreement.

(Note 2) Book value was an estimate of the price of the asset-to-be-transferred as of the scheduled sales agreement date based on the book value as of the end of December



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2010. The amount will be finalized after taking into account depreciation and amortization until the scheduled transfer date. The same shall apply hereinafter.

(Note 3) Transfer price excludes transfer costs, property taxes, city planning taxes and consumption taxes. The same shall apply hereinafter.

(Note 4) 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.

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

(1) 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 (Note 1)	Land	12,199.65m ² (Note 4)
	Building	54,006.76m ² (Note 5)
Construction completion (Note 2)		May 2002 and September 2002
Structure (Note 3)		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 4)
	Building	Sectional ownership (Note 5)

(Note 1) Area refers to the area of the entire parcel, and the total floor area of the entire building, both based on the record in the real estate registry.

(Note 2) The month construction completed for the respective buildings was May 2002 for Forest Tower and Forest Terrace East and September 2002 for Forest Terrace West.

(Note 3) 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 4) Lot size owned by MHR before 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 5) The private-use floor area owned by MHR before the transfer, based on the record in the real estate registry, 16,513.83m², and the private-use floor area interest ratio is about 42.6%. In addition, the leasable floor area that can be rented to end tenants is 12,640.51m².

Details of Section to be Transferred (86 residential units)

Lot size (Note 1)		4,079.02m ²
Private-use floor area (Note 2)		15,263.68m ²
Use (Note 3)		Residents, storage areas, management offices, clerical office, nursery, meeting place, resting space, machine room, parking and bicycle parking
Book value		15,876 million yen
Transfer price		16,240 million yen
Gain (loss) on transfer		335 million yen
Appraisal	Appraisal value	12,200 million yen (Note 4)
	Appraisal date	February 25, 2011
	Appraiser	Japan Real Estate Institute



Scheduled transfer date	March 18, 2011 (Plan)				
Details of end tenants (Note 5) (as of January 31, 2011))					
Total number and overview of end tenants	61				
Gross rent income (annual rent)	791,670,828 yen				
Deposits/Guarantees	311,057,000 yen				
Total leasable floor area	11,315.21m ²				
Total leased floor area	10,680.80m ²				
Occupancy rate (with past data)	End of January 2009	End of July 2009	End of January 2010	End of July 2010	End of January 2011
	90.7%	90.8%	94.6%	100.0%	94.4%
Special consideration	None				

(Note 1) Lot size owned by MHR after the transfer, based on the record in the real estate registry, is 475.62m², and the land use right interest ratio is about 3.9%.

(Note 2) The private-use floor area owned by MHR after the transfer, based on the record in the real estate registry, is 1,250.15m², and the private-use floor area interest ratio is about 3.2%. Moreover, the leasable floor area that can be rented to end tenants is 1,325.30m².

(Note 3) The breakdown of the number of sections by use is as follows: Residents: 63; storage areas: 14; management offices: 2; clerical office: 1, nursery: 1; meeting place: 1; resting space: 1; machine room: 1; parking: 1; and bicycle parking: 1.

(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).

(Note 5) Of the sections to be transferred, residents, clerical office and the parking lot sections are 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 January 31, 2011, 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 January 31, 2011, three of the officers and



		employees of the Asset Manager (excluding part-time directors) are seconded from Mori Building.
	Business relationship	As of January 31, 2011, 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 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. Regarding real estate for which MHR has co-ownership interest, an agreement has been concluded between the co-owners. 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 (ARK Mori Building: Additional Acquisition) (Akasaka Tameike Tower: Additional Acquisition)” separately announced today.

5. Broker Profile
Not applicable.

6. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will occur with the transfer of the Property.

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 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 45,090,803 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	In conjunction with the transfer, plans are to change the fixed-term building lease agreement that is executed with Mori



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building lease agreement	Building Co., Ltd. In accordance with the provisions of the Investment Trust Law, the Asset Manager will deliver a written notice to MHR.
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7. Payment Method

Lump sum payment upon delivery

MHR plans to use the capital acquired through the transfer to fund the acquisition of ARK Mori Building and Akasaka Tameike Tower.

(Note) Please refer to “MHR Announces Asset Acquisition (ARK Mori Building: Additional Acquisition) (Akasaka Tameike Tower: Additional Acquisition)” separately announced today.

8. Schedule of the Transfer

Scheduled sales agreement date	March 18, 2011 (Plan)
Payment date	March 18, 2011 (Plan)
Scheduled transfer date	March 18, 2011 (Plan)

9. Future Prospects

Please refer to “MHR Announces Forecast for Period Ending July 2011” separately announced today for the impact of the asset-to-be-transferred on the forecast of MHR’s business results for the tenth fiscal period ending July 31, 2011 (February 1, 2011 – July 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>



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[Attachment] Portfolio List including the Asset-to-Be-Transferred and Acquisition of ARK Mori Building and Akasaka Tameike Tower

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	ARK Mori Building (Note 3)	March 22, 2006 March 28, 2008 September 30, 2008 March 23, 2010 March 18, 2011	41,770	19.7
		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 (Note 3)	September 30, 2008 March 18, 2011	43,930	20.7
		Sub total				
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006	1,706 (Note 4)	0.8
		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					13,106	6.2
Retail	Central five wards in Tokyo and their vicinity	S-1	Laforet Harajuku (Land)	September 15, 2010	21,820	10.3
Sub total					21,820	10.3
Portfolio total					212,136	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) Figures include the (planned) acquisition prices of properties that are scheduled to be acquired as of March 18, 2011 (ARK Mori Building: 9,770 million yen; Akasaka Tameike Tower: 6,730 million yen).

(Note 4) Acquisition price of the trust beneficiary interest excluding the trust assets-to-be-transferred as of March 18, 2011 is indicated.