

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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MHR Announces Asset Transfers
Roppongi First Building: Transfer
ARK Forest Terrace: Transfer

Mori Hills REIT Investment Corporation (MHR) announced its intention to complete the following transfers (hereafter, the “Transfers”).

1. Overview of Transfers

(1) Roppongi First Building

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|-----------------------------|---|
| 1) Asset-to-be-transferred: | Real estate (46% co-ownership) (Note 1) |
| 2) Property name: | Roppongi First Building |
| 3) Book value: | 20,221 million yen (Note 2) |
| 4) Transfer price: | 20,460 million yen (Note 3) |
| 5) Gain (loss) on transfer: | 189 million yen (Note 4) |
| 6) Sales agreement date: | May 1, 2012 (planned) |
| 7) Transfer date: | May 1, 2012 (planned) |
| 8) Buyer: | Mori Building Co., Ltd |

(2) ARK Forest Terrace

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|-----------------------------|----------------------------|
| 1) Asset-to-be-transferred: | Real estate (Note 1) |
| 2) Property name: | ARK Forest Terrace |
| 3) Book value: | 5,114 million yen (Note 2) |
| 4) Transfer price: | 5,140 million yen (Note 3) |
| 5) Gain (loss) on transfer: | 8 million yen (Note 4) |
| 6) Sales agreement date: | May 1, 2012 (planned) |
| 7) Transfer date: | May 1, 2012 (planned) |
| 8) Buyer: | Mori Building Co., Ltd |

- (Note 1) As of the date of this document, MHR holds the assets as a trust beneficiary right with The Sumitomo Trust and Banking Co., Ltd. as the trust fiduciary. In the Transfers, the trust assets are to be transferred by instructing the trust fiduciary to transfer such to the buyer.
- (Note 2) Book value was an estimate of the price of the asset-to-be-transferred as of the scheduled transfer date based on the book value as of January 31, 2012. The same shall apply hereinafter.
- (Note 3) The transfer price does not include transfer-related costs, consumption taxes and other expenses. The same shall apply hereinafter.
- (Note 4) The gain (loss) on transfer represents the value obtained by deducting the book value above and transfer-related costs from the transfer price. The same shall apply hereinafter.

2. Reason for the Transfer

MHR is proceeding with asset swap in which it conducts “sales of low yield properties” and “acquisitions of high-yield properties” concurrently, as part of its measures under its basic policy of “dividend-driven management.” Accordingly, MHR has decided to implement asset swaps with Mori Building Co., Ltd., its sponsor, in which a portion of Atago Green Hills will be acquired by MHR (Note 1) and Roppongi First Building and ARK Forest Terrace will be transferred to Mori Building.

As it conducts asset swaps, MHR aims to improve the portfolio NOI yield while maintaining the present portfolio policy that focuses on premium properties (Note 2). Based on this policy, it has decided to transfer the two properties.

- (Note 1) Please refer to “MHR Announces Asset Acquisitions (Atago Green Hills: Acquisition)” separately announced today. The same shall apply hereinafter.
- (Note 2) “Premium Properties” are defined in the management guidelines stipulated by Mori Building Investment Management Co., Ltd. (hereafter, the “Asset Manager”) as being office, residential or retail properties located in the central five wards of Tokyo (Minato Ward, Chiyoda Ward, Chuo Ward, Shinjuku Ward and Shibuya Ward) and their vicinity that are able to maintain sufficient competitiveness in the future in terms of quality, size, specifications, etc.

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

(1) Roppongi First Building

Property name		Roppongi First Building				
Type of specified asset		Real estate (46% co-ownership)				
Location		1-9-9 Roppongi, Minato-ku, Tokyo (Residential address)				
Use		Offices, Shops				
Area (Note 1)	Land	6,947.83 m ²				
	Building	45,753.86 m ²				
Structure		Steel-framed, steel-framed reinforced concrete, and reinforced concrete structure, 20 floors above ground and 4 floors below ground				
Construction completion		October 1993				
Form of ownership (Note 2)	Land	Ownership (co-ownership)				
	Building	Ownership (co-ownership)				
Book value		20,221 million yen				
Transfer price		20,460 million yen				
Gain (loss) on transfer		189 million yen				
Appraisal	Appraisal value	18,600 million yen(Note 3)				
	Appraisal date	January 31, 2012				
	Appraiser	Japan Real Estate Institute				
Transfer date		May 1, 2012 (planned)				
Details of tenants (as of January 31, 2012)						
Total number of tenants		14				
Gross rent income (annual rent)		805,959,899 yen (Note 4)				
Deposits/Guarantees		692,843,028 yen (Note 5)				
Total leasable floor area		11,520.05 m ² (Note 6)				
Total leased floor area		9,607.40 m ² (Note 7)				
Occupancy rate	End of January 2010	End of July 2010	End of January 2011	End of July 2011	End of January 2012	
	84.0%	84.0%	74.7%	81.4%	83.4%	
Other special consideration		Not applicable				

(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. The same shall apply hereinafter.

(Note 2) The Property is a co-ownership in ownership. As of the date of this document, MHR holds a trust beneficiary right in a trust that holds title to 6% co-ownership interest and a trust beneficiary right in a trust that holds title to 40% co-ownership interest. In the Transfers, the trust assets under each trust beneficiary right (46% co-ownership interest) are to be transferred by instructing the trust fiduciary to transfer such to the buyer. The same shall apply hereinafter.

(Note 3) 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 4) The gross rent income (annual income) represents the figure obtained by multiplying the combined amount of the monthly rents described in the lease agreements with the end tenants in relation to the property (including percentage of sales rents invoiced to the end tenants from January 1 to January 31, 2012) and the proceeds for monthly common expenses (excluding income from parking lots, utilities and other sources) by 12, and multiplying that amount by the 46% co-ownership interest.

(Note 5) Deposits/Guarantees is the amount arrived at when the monetary balance described in the lease agreements with the end tenants is multiplied by the 46% co-ownership interest.

(Note 6) Total leasable floor area reflects the floor area arrived at by multiplying the 46% co-ownership to the floor area deemed leasable to end tenants.

(Note 7) Total leased floor area reflects floor area arrived at by multiplying the 46% co-ownership to the floor area being leased to end tenants.

(2) ARK Forest Terrace

Property name		ARK Forest Terrace			
Type of specified asset		Real estate			
Location		1-9-1 Roppongi, Minato-ku, Tokyo (Residential address)			
Use		Residences			
Area	Land	1,370.30 m ²			
	Building	9,125.29 m ²			
Structure		Steel-framed and reinforced concrete structure, 11 floors above ground and 2 floors below ground			
Construction completion		January 2001			
Form of ownership	Land	Ownership			
	Building	Sectional ownership (Note 1)			
Book value		5,114 million yen			
Transfer price		5,140 million yen			
Gain (loss) on transfer		8 million yen			
Appraisal	Appraisal value	2,960 million yen			
	Appraisal date	January 31, 2012			
	Appraiser	Japan Real Estate Institute			
Transfer date		May 1, 2012 (planned)			
Details of tenants (as of January 31, 2012)					
Total number of tenants		34			
Gross rent income (annual rent)		248,503,200 yen (Note 2)			
Deposits/Guarantees		98,643,000 yen (Note 3)			
Total leasable floor area		5,246.04 m ² (Note 4)			
Total leased floor area		4,630.49 m ² (Note 5)			
Occupancy rate	End of January 2010	End of July 2010	End of January 2011	End of July 2011	End of January 2012
	78.3%	92.9%	95.2%	91.5%	88.3%
Other special consideration		Not applicable			

(Note 1) The Property's building is under sectional ownership. As of the date of this document, MHR holds a trust beneficiary right in a trust that holds title to the entire sectional ownership. In the Transfers, the sectional ownership that is the trust asset under the trust beneficiary right is to be transferred entirely by instructing the trust fiduciary to transfer such to the buyer.

(Note 2) The gross rent income (annual income) represents the figure obtained by multiplying the combined amount of the monthly rents described in the lease agreements with the end tenants in relation to the property and the proceeds for monthly common expenses (excluding income from parking lots, utilities and other sources) by 12.

(Note 3) Deposits/Guarantees is the monetary balance described in the lease agreements with the end tenants.

(Note 4) Total leasable floor area is the floor area deemed leasable to end tenants.

(Note 5) Total leased floor area is the floor area being leased to end tenants.

4. Profile of Buyer

Name	Mori Building Co., Ltd.
Location	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	President and CEO, Shingo Tsuji
Scope of business	General developer
Capital	67,000 million yen (as of March 31, 2011)
Established	June 2, 1959
Major shareholder and ratio of shareholding	Morikiyo Co., Ltd. etc. (as of March 31, 2011)
Net assets	294,075 million yen (as of March 31, 2011)
Total assets	1,071,973 million yen (as of March 31, 2011)
Relationship with MHR or Asset Manager (as of March 15, 2012)	
Capital relationship	Mori Building is the main unitholder (21.1% stake) of MHR. Mori Building is also the wholly owning parent company (100% stake) of the Asset Manager, and thus constitutes an interested party, etc. as defined in the Law Concerning Investment Trusts and Investment Corporations (Investment Trust Law).
Personnel relationship	Two of the officers and employees of the Asset Manager are seconded from Mori Building.
Business relationship	Mori Building has concluded a support agreement with MHR and the Asset Manager and an advisory business consignment agreement with the Asset Manager, and conducts 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 concludes 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.
Application of status as a related party	Mori Building falls under the category of other interested party of MHR. In addition, it is a parent company of the Asset Manager.

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	The buyer constitutes an interested party, etc. of the Asset Manager and the transfer 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.
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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 assets separately announced today.

8. Schedule to be transferred

Scheduled sales agreement date	May 1, 2012 (planned)
Payment and delivery date	May 1, 2012 (planned)

9. Future Prospect

For the forecast of business results for the fiscal period ending July 2012 (February 1, 2012 – July 31, 2012), please refer to “Fiscal Period ended January 2012 Financial Report (REIT)” separately announced today.

[Attachments]

Attachment: Portfolio List After the Asset Swap

- 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 After the Asset Swap (Note1)

Main Type	Region	Property no.	Property name	Acquisition date	Scheduled Acquisition price (millions of yen) (Note 2)	Investment ratio (%) (Note 3)
Office Building	Central five wards in Tokyo and their vicinity	O-0	Roppongi Hills Mori Tower	March 23, 2010 August 1, 2011	25,490	12.1
		O-1	ARK Mori Building	March 22, 2006 March 28, 2008 September 30, 2008 March 23, 2010 March 18, 2011 August 1, 2011	58,970	28.0
		O-4	Koraku Mori Building	April 13, 2006	27,200	12.9
		O-6	Akasaka Tameike Tower	September 30, 2008 March 18, 2011	43,930	20.8
		O-7	Atago Green Hills	May 1, 2012 (planned)	25,600	12.1
		Sub total				
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006	1,706	0.8
		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				
Retail	Central five wards in Tokyo and their vicinity	S-1	Laforet Harajuku (Land)	September 15, 2010	21,820	10.4
Sub total					21,820	10.4
Portfolio total					210,816	100.0

(Note 1) The table represents the portfolio list after the property acquisition (Atago Green Hills) and the property transfers (Roppongi First Building and ARK Forest Terrace) to be conducted on May 1, 2012.

(Note 2) Figures of the (scheduled) acquisition price have been rounded down to the nearest million yen.

(Note 3) Figures in the investment ratio are the ratios of respective (scheduled) acquisition prices to the portfolio total, and have been rounded to the first decimal place.