HILLS REIT

For Translation Purposes only

August 19, 2013

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
Asset Manager:
Mori Building Investment Management Co., Ltd.

MORI HILLS REIT INVESTMENT CORPORATION (CODE: 3234)

Overview of Property Acquisition through Public Offering

Operation highlights and forecast after acquisition of asset to be acquired

Continue to expand asset size with acquisition of asset through public offering resulting in increased DPU.

Total amount to be paid in 11.8 billion yen (Note 1)

	13th period (ended Jan. 2013)	April 1, 2013 Acquired asset	April 1, 2013 After acquisition of asset	October 1, 2013 Asset to be acquired	After acquisition of asset to be acquired
Total assets (acquisition price basis)	210.8 billion yen	+ 20.0 billion yen	230.8 billion yen	+ 21.9 billion yen	252.7 billion yen
(Average) NOI yield (Note 2)	3.8%	+ 4.9%	3.9%	+ 4.0%	4.0%
Unrealized capital gain (Note 3)		+1.45 billion yen		+2.6 billion yen	
LTV (appraisal value basis) (Note 4)	52.0%	Lowering by 0.9% (from the 13th fiscal period end) (Note 5)	Continued effort to realize lower LTV	Lowering by 1.1% (from the 13th fiscal period end) (Note 5)	Continued effort to realize lower LTV
LTV (book value basis) (Note 6)	48.8%		48.6%		48.3%
NAV per unit (Note 7)	392,170 yen		Continued effort to realize growth		Continued effort to realize growth
Dividend per unit	9,169 yen/unit		9,400 yen/unit (Forecast of 14th period) (Note 8)		10,000 yen/unit (Forecast of 15th period) (Note 8) 10,700 yen/unit (Forecast of 16th period) (Note 8)

Unless otherwise stated in this document, all amounts of less than a unit are omitted and all fractions are rounded up to one digit below decimal point.
Please refer to page 4 and 5 for notations. The same shall apply hereinafter.

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We announced the New Management Policy on February 15, 2013, and have transitioned to an "External Growth Phase." We continue the basic policy of "Dividend-Driven Management" while aiming to maximize unitholders' value with the following policies:

New Management Policy 2013

Basic policy **"Dividend-driven management"**

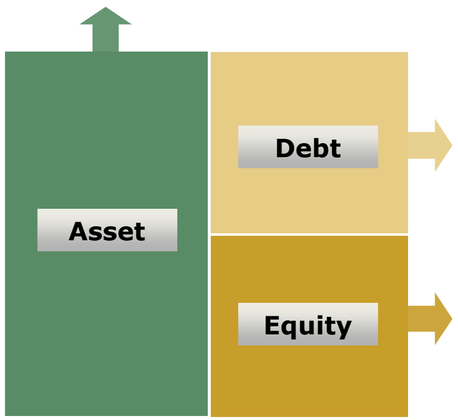
Policy ① **Strive for external growth**

Policy ② **Further strengthening of our financial position**

Policy ③ **Continued increase of dividend per unit, NAV and market value**

Strive for external growth

- Primarily seek premium properties in central Tokyo
- Utilization of sponsors' property pipeline
- Further increase portfolio NOI yield
- Further improvement of unrealized gains/losses

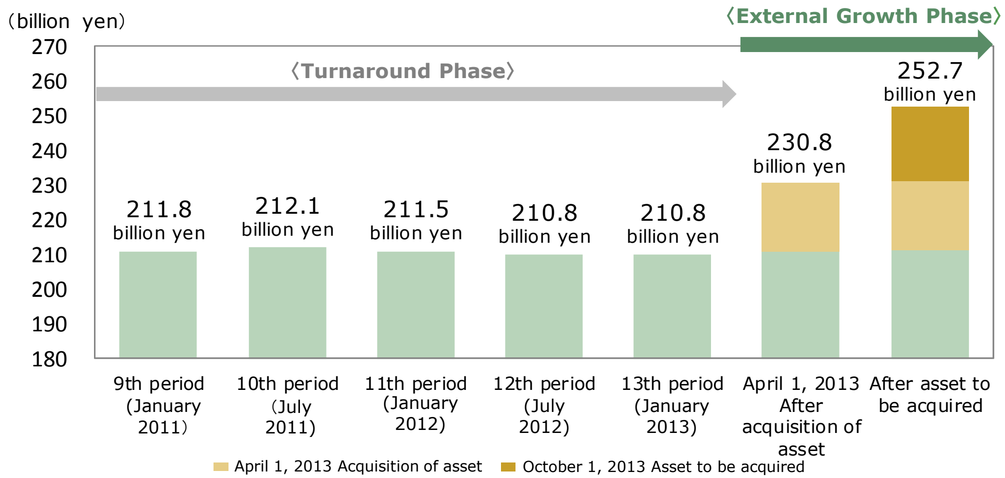


Further strengthening of our financial position

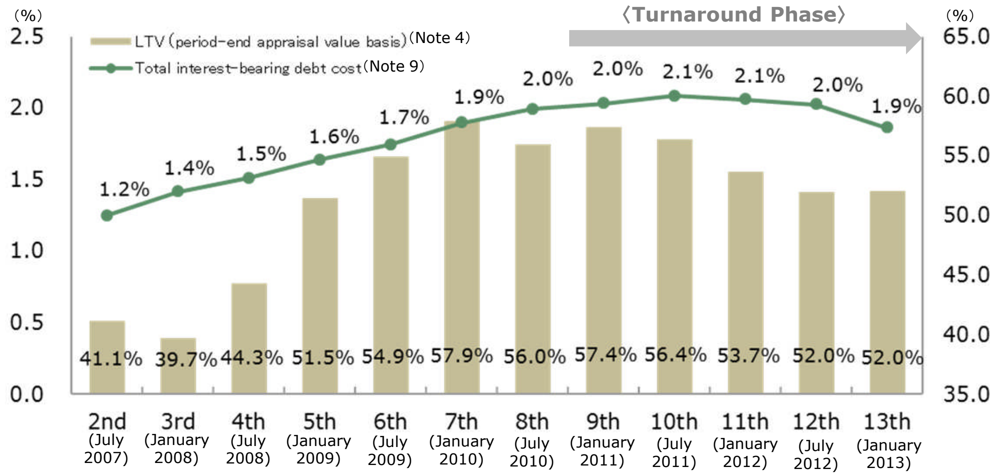
- Extending the average duration of loans payable
- Reducing borrowing costs

Continued increase of dividend per unit, NAV and market value

Change in total assets (acquisition price basis)



Change in LTV (appraisal value basis) and total interest-bearing debt cost



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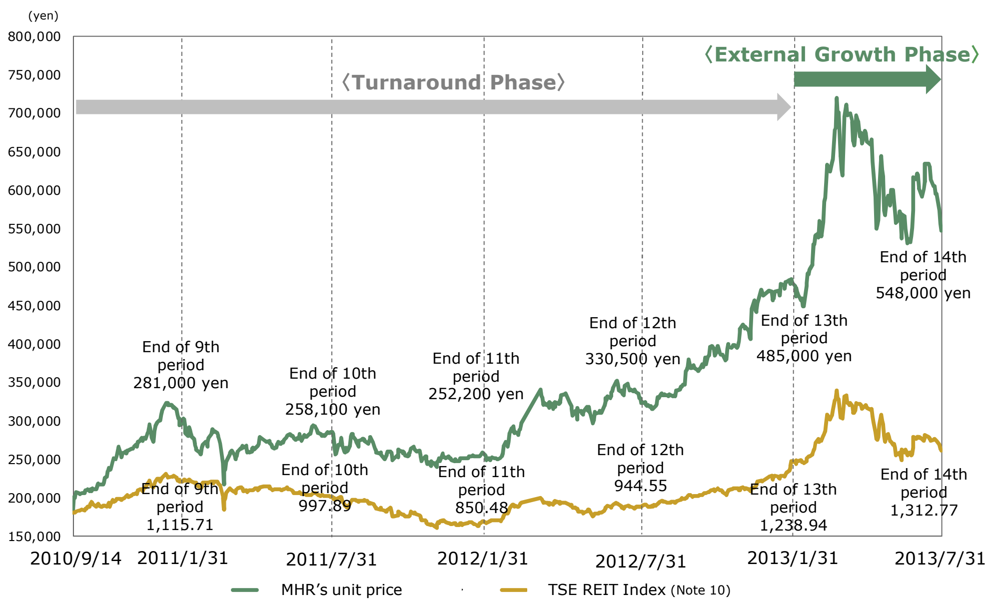
Dividend per unit and NAV per unit have increased steadily and unit price has surpassed the TSE REIT Index since the start of "Turnaround Phase" in September 2010. In the "External Growth Phase," started in February 2013, we aim to further increase the market value and focus on external growth that contributes to the growth of dividend per unit and NAV per unit.

Change in unit price, market value and NAV per unit

202.3% increase from Sep. 14, 2010 (end of 14th period)



(Market Value) (Note 11)

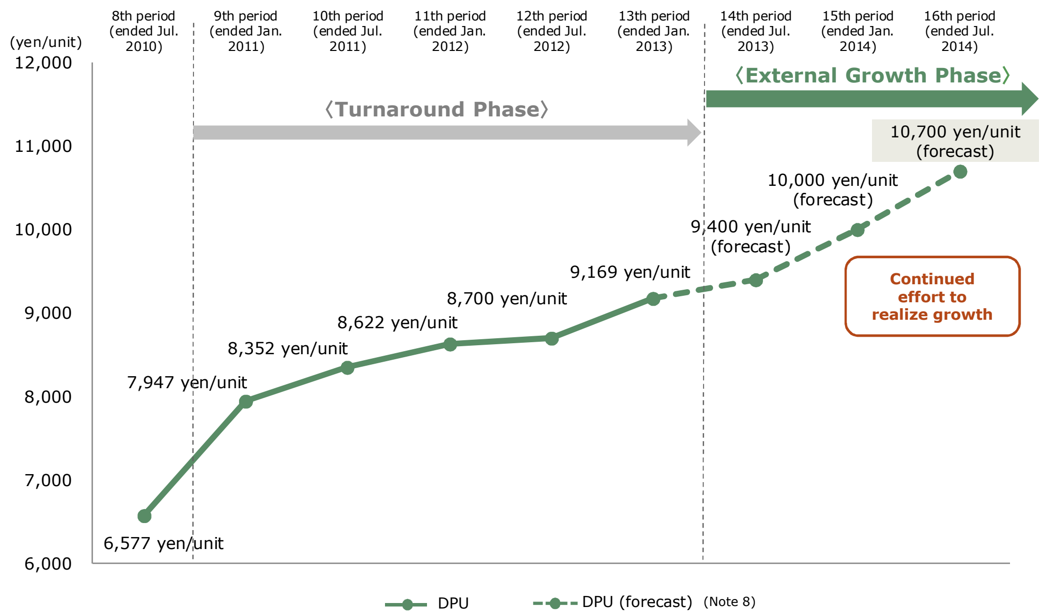
41.9 billion yen (as of Sep. 14, 2010) → **112.2 billion yen** (end of 13th period) | **139.5 billion yen** (end of 14th period)

(NAV per unit) (Note 7)

313,657 yen (end of 9th period) → **392,170 yen** (end of 13th period) | **Continued effort to realize growth**

Change in dividend per unit

62.7% increase from the 8th period (forecast of 16th period)



Considerations (1)

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(Note 1) The calculation of Total amount to be paid in is as follows: Proceeds from the primary offering (11,244 million yen) + Maximum proceeds from the third-party allotment (562 million). Concerning the above, the total amount to be paid in from the primary offering is expected to be 11,244 million yen and the total amount to be paid in from the third-party allotment is expected to be 562 million yen (Calculated by presuming an issue price of 527,901 yen per investment unit based on the closing price of the Tokyo Stock Exchange as of August 5, 2013).
Also, with regard to the third-party allotment, it is assumed payment will be made by Mizuho Securities Co., Ltd. for all of the new investment units issued by way of the third-party allotment.).

(Note 2) The calculation of (average) NOI yield is as follows: NOI (Operating revenue – Gain on sale of properties + Depreciation and amortization – Expenses related to rent business) ÷ Number of operating days × 365 ÷ Acquisition price (the weighted average based on the number of operating days during the period in the case of properties acquired or sold during the period). The calculations of the (average) NOI yield "After the acquisition of asset as of April 1, 2013" and "after acquisition of asset to be acquired" are as follows:
(Average) NOI yields (After the acquisition of asset as of April 1, 2013) = NOI after the acquisition of asset as of April 1, 2013 (NOI of 13th period ÷ operating days of 13th period x 365 + NOI for assets acquired on April 1, 2013 (*)) ÷ total acquisition price of properties owned at the end of 14th period)
(Average) NOI yields (After acquisition of asset to be acquired) = NOI after acquisition of asset to be acquired (NOI After the acquisition of asset on April 1, 2013 + projected annual NOI of assets to be acquired (**)) ÷ total acquisition price after acquisition of assets to be acquired (total acquisition price of properties owned at the end of 14th period + projected acquisition price of assets to be acquired)
(*) NOI for assets acquired on April 1, 2013 is the total NOI of projected annual NOI of Atago Green Hills (calculated based on the concluded memorandum between co-owners concerning the buildings lease business and property management operations, concluded real estate management trust agreement, etc., concluded letter of agreement between co-owners, actual taxes and public dues of fiscal 2013, coverage in insurance agreements and preliminary calculation of depreciable assets tax by the asset management company) and of projected annual NOI of ARK Mori Building (calculated based on the concluded building lease (master lease) and property management agreement, concluded real estate management trust agreement and public dues of fiscal 2013, estimated coverage in insurance agreements and preliminary calculation of depreciable assets tax by the asset management company), both assets acquired in the 14th period.
(**) Projected annual NOI of assets to be acquired is calculated based on the building lease (master lease) and property management agreement scheduled to be concluded, real estate management trust agreement scheduled to be concluded, current management association account costs, actual taxes and public dues of fiscal 2013, estimated coverage in insurance agreements and preliminary calculation of depreciable assets tax by the asset management company concerning Roppongi Hills Mori Tower, an asset to be acquired.

(Note 3) The calculation of unrealized gain of appraisal value asset acquired on April 1, 2013 is as follows: Appraisal values of assets acquired on April 1, 2013 – total acquisition price of assets acquired on April 1, 2013. The calculation of unrealized gain of appraisal value for assets to be acquired is as follows: Appraisal values of assets to be acquired – Scheduled acquisition price of assets to be acquired.

(Note 4) The calculation of LTV (appraisal value basis) is as follows: Interest-bearing debt at end of the period ÷ Total assets at end of period based on appraisal value (Total assets at end of period + Appraisal value at end of period – Book value of properties at end of period).

(Note 5) Lowering effect by 0.9% (figures from end of 13th period) concerning assets acquired on April 1, 2013 is calculated by subtracting [Total interest-bearing debt as of the date of this document (116,762 million yen) ÷ (Total asset at the end of the 13th period based on the appraisal value at the end of the period (205,369 million yen) + Amount of net increase/decrease of interest-bearing from the end of the 13th period to the date of this document (9,937 million yen) + Proceeds from the primary offering completely paid on March 4, 2013 (10,433 million yen) + Proceeds from the third-party allotment completely paid on April 3, 2013 (521 million yen) + Unrealized gains from appraisal value for assets acquired on April 1, 2013 (1,450 million yen) + lease and guarantee deposits for assets acquired on April 1, 2013 (688 million yen)] from the LTV (appraisal value basis) at the end of the 13th period.
Lowering effect by 1.1 % (figures from end of 13th period) for assets to be acquired on October 1, 2013 is calculated by subtracting [(Total interest-bearing debt as of the date of this document (116,762 million yen) + Scheduled maximum amount of new borrowing scheduled to take place alongside the offering (10,500 million yen) (*)) ÷ (Total asset at the end of the 13th period based on the appraisal value at the end of the period (205,369 million yen) + Amount of net increase/decrease of interest-bearing debt from the end of the 13th period to the date of this document (9,937 million yen) + Proceeds from the primary offering completely paid on March 4, 2013 (10,433 million yen) + Proceeds from the third-party allotment completely paid on April 3, 2013 (521 million yen) + Unrealized gains from appraisal value for assets acquired on April 1, 2013 (1,450 million yen) + Proceeds from the primary offering (11,244 million yen) (**) + Maximum proceeds from the third-party allotment (562 million yen) (**) + Scheduled maximum amount of new borrowing scheduled to take place alongside the offering (10,500 million yen) + Unrealized gains from appraisal value of assets to be acquired (2,600 million yen) + lease and guarantee deposits for assets acquired on April 1, 2013 (688 million yen) + lease and guarantee deposits for assets to be acquired (950 million yen)] and [Lowering effect by 0.9% (figures from end of 13th period) for assets acquired on April 1, 2013] from the LTV (appraisal value basis) at the end of the 13th period.
(*) Please refer to (Note 6) below.
(**) Please refer to (Note 1) above.

(Note 6) The calculation of LTV (book value basis) is as follows: Interest-bearing debt at the end of the period ÷Total assets at the end of the period. The calculations of the LTV (book value basis) of "April 1, 2013 After acquisition of asset" and of "After acquisition of asset to be acquired" are as follows:
LTV(book value basis)(After the acquisition of asset as of April 1, 2013))=Total interest-bearing debt as of the date of this document (116,762 million yen) ÷Expected amount of total assets after the acquisition of asset as of April 1, 2013 (240,394 million yen)(*)
LTV(book value basis)(After the acquisition of asset to be acquired)=Expected amount of interest-bearing debt after the acquisition of asset to be acquired(127,262 million yen)(**)÷Expected amount of total assets after the acquisition of asset to be acquired(263,651 million yen)(***)
(*) Expected amount of total assets after the acquisition of asset as of April 1, 2013=Total assets at the end of the 13th period (218,813 million yen) +Amount of net increase/decrease of interest-bearing debt from the end of the 13th period to the date of this document (9,937 million yen) +Proceeds from the primary offering completely paid on March 4, 2013 (10,433 million yen)+Proceeds from the third-party allotment completely paid on April 3, 2013 (521 million yen)+lease and guarantee deposits for assets acquired on April 1, 2013 (688 million yen)
(**) Expected amount of interest-bearing debt after the acquisition of asset to be acquired=Total interest-bearing debt as of the date of this document (116,762 million yen) + Scheduled maximum amount of new borrowing scheduled to take place alongside the offering (10,500 million yen)
(***)Expected amount of total assets after the acquisition of asset to be acquired=Total assets at the end of the 13th period (218,813 million yen) + Amount of net increase/decrease of interest-bearing debt from the end of the 13th period to the date of this document (9,937 million yen) + Proceeds from the primary offering completely paid on March 4, 2013 (10,433 million yen) + proceeds from the third-party allotment completely paid on April 3, 2013 (521 million yen) + lease and guarantee deposits for assets acquired on April 1, 2013 (688 million yen) + lease and guarantee deposits for assets to be acquired (950 million yen) + proceeds from primary offering (11,244 million yen) + maximum proceeds from the third-party allotment (562 million yen) + Scheduled maximum amount of new borrowing scheduled to take place alongside the offering (10,500 million yen)
Concerning the above, the total amount to be paid in of the primary offering is expected to be 11,244 million yen and the total amount to be paid in of the third-party allotment is expected to be 562 million yen (Calculated by presuming an issue price of 527,901 yen per investment unit based on the closing price of the Tokyo Stock Exchange as of August 5, 2013. Also, with regard to the third-party allotment, it is assumed that payment will be made by Mizuho Securities Co., Ltd. for all of the new investment units issued by way of the third-party allotment.) Therefore, if the actual amount to be paid in of the primary offering or third-party allotment is lower than the above presumptions, or if it happens that payment is not made for part or all of the third-party allotment, proceeds from the primary offering and the third-party allotment will be less than the amounts indicated above and the actual LTV (book value base) after the acquisition of assets to be acquired will be higher than indicated above. Conversely, if the actual amount to be paid in is higher than the above presumptions, proceeds from the primary offering and the third-party allotment will be greater than the amounts indicated above, and due to this, there is a possibility that the scheduled amount of new borrowings will be less than indicated above. If such is the case, the actual LTV (book value base) will be lower than indicated above.

Considerations (2)

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(Note 7) The calculation of NAV per unit is as follows: (Total assets at the end of the period + Appraisal value at the end of the period – Book value of properties at the end of the period – Total interest-bearing debt at the end of the period) ÷ Number of investment units issued.

(Note 8) Consideration of forecast dividends

Forecast for the fiscal period ended July 2013 (14th period) are from the calculations below the assumptions in the "Financial Report for the Thirteenth Fiscal Period Ended January 31, 2013" dated March 15, 2013 (calculations are as of the same date), and forecasts for the fiscal period ending January 2014 (15th period) and the fiscal period ending July 2014 (16th period) are from the calculations below the assumptions in the press release "MHR Announces Revision of Forecast for the Period Ending January 2014 and Forecast for the Period Ending July 2014" dated today (calculations are as of the same date). The actual number of new investment units issued, their amount to be paid in, etc. to be decided may differ from the assumptions due to future acquisition or sale of real estate, etc., changes in the real estate market, etc. and other changes, etc. in the circumstances surrounding MHR, and as a result, actual dividend per unit vary significantly.

(Note 9) The calculation of total interest-bearing debt cost is as follows: (Interest expenses + interest expenses on investment corporation bonds + borrowing expenses + amortization of investment corporation bond issuance costs) × 365 ÷operating days of each period ÷average interest-bearing debt balance during each period)

(Note 10) The TSE REIT Index is based to the announcement date of the management policy (September 14, 2010) and shows the relative performance in relation to MHR's unit price performance. Furthermore, figures for the end of each period are the actual figures of the TSE REIT index.

(Note 11) Market Value is calculated based on the closing price of the final business day at the end of each period unless otherwise stated.

(Note 12) No loan agreements have been concluded for the new borrowings scheduled to take place alongside the offering mentioned above. The borrowings are not guaranteed to take place and the actual amount to be borrowed may be changed from the maximum stated above.

(Note 13) The primary offering and third-party allotment mentioned above each refer to the primary offering and third-party allotment announced in the press release "MHR Announces Issuance of New Investment Units and Secondary Offering of Investment Units" dated today, and "the offering" refers to the primary offering and third-party allotment collectively.

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