

August 19, 2013

For Translation Purposes Only

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

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

MHR Announces Asset Acquisition in Japan
Roppongi Hills Mori Tower: Additional Acquisition

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced that it resolved at its Board of Directors Meeting held today to acquire the asset described below.

1. Overview of Acquisition

- | | | |
|----|----------------------------|--|
| 1) | Asset-to-be-acquired: | Trust beneficial interests (Note 1) |
| 2) | Property name: | Roppongi Hills Mori Tower |
| 3) | Planned acquisition price: | 21,900 million yen (Note 2) |
| 4) | Appraisal value: | 24,500 million yen |
| 5) | Sales agreement date: | August 19, 2013 |
| 6) | Acquisition date: | October 1, 2013 (planned) |
| 7) | Seller: | Mori Building Co., Ltd. |
| 8) | Acquisition financing: | Capital acquired through the issuance of new investment units, borrowings, and cash on hand, (planned) |

(Note 1) MHR plans to acquire the trust beneficial interests in sectional ownership of the 19th and 22nd floors.

(Note 2) The indicated planned acquisition price does not include acquisition-related costs, consumption taxes and other expenses. The same shall apply hereafter.

2. Reason for the Acquisition

MHR decided on an additional property acquisition, (hereafter the “Acquisition”) from Mori Building Co., Ltd., its sponsor, as part of its measures under its basic policy of “dividend-driven management.”

MHR aims to improve the portfolio NOI yield while maintaining the present portfolio policy that focuses on premium properties (Note 1). Based on this policy, it has decided to undertake the Acquisition. The NOI cap rate of the Property is at a level that exceeds the average NOI cap rate of MHR’s portfolio. This factor is expected to enhance the portfolio size and increase distributions.

Note: This document is a press release regarding the asset acquisition, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR’s Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

In conjunction with the additional acquisition, MHR is planning to conclude a building lease (master lease) and property management agreement with Mori Building Co., Ltd. with an aim to conduct leasing based on a fixed master lease scheme of 5 years (Note 2), and stable earnings over the long term are projected.

(Note 1) “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 (retail or other use) 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. This shall apply hereafter.

(Note 2) A master lease scheme is a scheme in which the trust fiduciary or MHR leases to the master lessee (sublessor) and the master lessee subleases to an end tenant (sublessee). A fixed master lease scheme is one scheme of the master lease scheme in which the master lessee pays a fixed amount regardless of the amount paid by the sublessee to the master lessee.

Furthermore, MHR placed a particularly high value on the following points when deciding on the acquisition.

The Property is the signature tower of Roppongi Hills with 54 floors above ground and six floors below ground at 238 meters in height. It is a Premium Property featuring first-class specifications and provides the highest grade working environment.

Roppongi Hills, which was completed in 2003, is the embodiment of town creation for the 21st century by Mori Building Co., Ltd. and forms an “Artelligent City” that integrates business, culture and lifestyle. It is one of Japan’s largest development projects - an urban complex that was redeveloped from small parcels of land by integrating them and creating a city with high disaster prevention functions, and an environment surrounded by lush greenery combined with various urban functions such as office, residential, recreational and cultural.

The Property is directly connected to Roppongi Station on the Tokyo Metro Hibiya Line by a concourse, and is within walking distance of four stations on the Tokyo Metro Hibiya, Nanboku and Chiyoda lines and the Tokyo Metro Oedo Line.

In addition, since there are many embassies, and cultural attractions, in the vicinity, a concentration of non-Japanese residents and foreign corporations has arisen, and the area transmits new culture and information through cultural exchange from restaurants, fashion stores and night spots.

The Property’s office floors from the 8th to 48th floors are designed by placing the core functions at the center. Each standard floor provides generous, non-pillared space with leasable area of 4,362.18m² (Note) and ceiling height of 2,700mm (partially 2,800mm, 2,900mm and 3,000mm), and can be configured to various layouts such as large meeting rooms, equipment rooms, etc.

The Property boasts high grade anti-seismic performance utilizing advanced vibration control devices incorporating semi-active oil dampers (viscous dampers) and anti-bond braces (steel dampers), and is equipped with disaster prevention facilities such as emergency equipment and food storage. Furthermore, the Property can support stable and continuous business operations of tenants in the case of emergency by providing electricity generated by a generating facility equipped with a 3-layer backup system.

MHR has decided on the Acquisition, since, as described above, the Property is one of the most widely recognized and largest scale office buildings in Japan, incorporates the highest grade of equipment, and thus is anticipated to maintain a competitive edge in the future.

(Note) “The standard leasable floor area” indicates the leasable floor area of a standard floor (a floor on or above the second story that is the most standard in the building), and the ceiling height of a standard floor indicates the height from the floor to the ceiling of a standard floor.

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR’s Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

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

Property name		Roppongi Hills Mori Tower
Type of specified asset		Trust beneficial interests
Trust fiduciary		Sumitomo Mitsui Trust Bank, Limited
Trust beneficiary		MHR
Trust establishment		October 1, 2013 (planned)
Trust maturity date		September 30, 2028
Location	Lot number	6-502-1, Roppongi, Minato-ku, Tokyo, etc. (total:13 lots)
	Residential indication	6-10-1 Roppongi, Minato-ku, Tokyo
Use		Offices, Shops, Museum
Area (Note 1)	Land	57,177.66m ²
	Building	442,150.70m ²
Structure		Steel-framed and steel-framed reinforced concrete structure with flat roof, 54 floors above ground and 6 floors below ground
Construction completion		April 2003
Designers		Mori Building Co., Ltd., first class architect office Irie Miyake Architects & Engineers
Contractors		A consortium of Obayashi Corporation and Kajima Corporation
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (Note 2)
	Building	Sectional ownership (Note 3)
Former owner		Mori Building Co., Ltd.
Planned acquisition price		21,900 million yen
Acquisition date		October 1, 2013 (planned)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal date	June 1, 2013
	Appraisal value	24,500 million yen
PML (Note 4)		0.29%
Collateral		None
Property manager		Mori Building Co., Ltd.
Details of tenants (as of October 1, 2013)		
Total number of end tenants		1 (Note 5)
Gross rent income (annual rent)		1,140,711,732 yen
Deposits/Guarantees		950,593,110 yen
Total leasable floor area (Note 6)		8,609.47m ²
Total leased floor area (Note 7)		8,609.47m ²
Other special consideration		None

(Note 1) Area (land) is the area of the entire site, and the total floor area of the entire building, as indicated in the real estate registry.

(Note 2) As for land, land use rights for the Property are designated. The site area corresponding to the trust beneficial interests that MHR plans to acquire as indicated in the real estate registry is approx. 2,028.37m². The land use right interest ratio is approx. 3.5%. Moreover, the site area corresponding to the trust beneficial interests that MHR is to own after the Acquisition as indicated in the real estate registry, is approx. 4,116.36m² and the land use right interest ratio is approx. 7.2%.

(Note 3) The exclusive floor area corresponding to the trust beneficial interests that MHR plans to acquire as indicated in the real estate registry is 8,748.28m². The exclusive floor area interest ratio is approx. 2.8%. Moreover, exclusive floor area corresponding to the trust beneficial interests that MHR is to own after the Acquisition, as indicated in the real estate registry, is 17,636.67m² and the exclusive floor area interest ratio is approx. 5.6%.

(Note 4) 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 percentage of losses against building price which will not be exceeded based on a 90% probability, should the greatest earthquake that has a 10% probability

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR's Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

occurring within the average useful life of a building of 50 years, occur.” The value as indicated on the earthquake risk PML assessment report dated July 9, 2013 by Tokyo Bldg-Tech Center Co., Ltd. is shown.

(Note 5) With regard to the Property, MHR will outsource building lease operations to Mori Building Co., Ltd. and shall receive a fixed amount of rent from the company, regardless of the rent amount paid by end tenants. Due to this, Mori Building Co., Ltd. is treated as the end tenant in the Acquisition.

(Note 6) Total leasable floor area is the floor area deemed leasable to end tenants.

(Note 7) Total leased floor area is the floor area being leased to end tenants. Moreover, total leasable floor area and total leased floor area exclude storage, parking lots, mechanical rooms, etc.

4. Items Concerning Forward Commitments, etc.

The contract of sale corresponding to the property acquisition corresponds to the forward commitments, etc. (postdated sale agreements where the conclusion and delivery of the Property is scheduled over one month ahead of the contract date, and other similar agreements), provided in “Comprehensive supervisory guidelines for financial product transactors, etc.” Regarding the contract of sale corresponding to the property acquisition, with the completion of necessary financial arrangements for the payment of the trading value by the Investment Corporation as a condition, liability of trading values will emerge. In addition, there are no penalty regulations or payments of security deposits.

Consequently, even in cases where forward commitments are unable to be fulfilled without completing financial arrangements, the likelihood of the Investment Corporation’s financial affairs being significantly impacted is low.

5. Profile of Seller and Property Manager

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, 2013)
Established	June 2, 1959
Major shareholder and ratio of shareholding	Morikiyo Co., Ltd. etc. (as of March 31, 2013)
Net assets	306,714 million yen (as of March 31, 2013)
Total assets	1,260,568 million yen (as of March 31, 2013)
Relationship with MHR or Asset Manager (as of August 19, 2013)	
Capital relationship	Mori Building is the main unitholder (19.2% 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 Act on Investment Trusts and Investment Corporations (Investment Trust Act).
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 beneficial interests, 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.

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR’s Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

6. Status of Titleholders, etc. of the Property

Property name (location)	Roppongi Hills Mori Tower (6-10-1 Roppongi, Minato-ku, Tokyo)	
Status of titleholders, etc. to the Property	Prior titleholder	Titleholder before the prior titleholder
	Name of company	Mori Building Co., Ltd.
	Relationship with party having a particular vested interest	Refer to “5. Profile of Seller and Property Manager” above
	Acquisition background and reason, etc.	Newly constructed in April 2003
	Acquisition price	–
	Acquisition timing	Newly constructed in April 2003

7. Broker Profile

Not applicable.

8. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will occur with the Acquisition 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 acquisition price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.

Acquisition of the Asset	The Seller constitutes an interested party, etc. of the Asset Manager and the Acquisition constitutes a transaction with an interested party, etc. as defined in the Investment Trust Act. In accordance with the provisions of the Investment Trust Act, the Asset Manager will deliver a written notice to MHR.
Building lease (master lease) and property management agreement	With regard to the additional acquisition of Roppongi Hills Mori Tower, the trust fiduciary is planning to conclude a building lease (master lease) and property management agreement with Mori Building Co., Ltd. In accordance with the provisions of the Investment Trust Act, the Asset Manager will deliver a written notice to MHR.

9. Payment Method

Lump sum payment upon delivery

As for property acquisition, MHR plans to use capital acquired through the issuance of new investment units, borrowings, and cash on hand. For issuance of new investment units, please refer to “MHR Announces Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today.

10. Schedule to be acquired

Scheduled sales agreement date	August 19, 2013
Payment and delivery date	October 1, 2013 (planned)

11. Future Prospect

For the forecast of business results, please refer to “MHR Revises the Forecast for the Period Ending January 2014 and Announces the Forecast for the Period Ending July 2014” separately announced today.

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR’s Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

[Attachments]

Attachment 1: Summary of Appraisal Report

Attachment 2: Income and Expenditure Projections

Attachment 3: Portfolio List After the Acquisition

Attachment 4: Map of the Property (Portfolio Map of the Vicinity)

Attachment 5: Photos of the 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/>

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR's Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

[Attachment 1] Summary of Appraisal Report

Appraiser	Japan Real Estate Institute	
Appraisal date	June 1, 2013	
Appraisal value	24,500,000,000 yen	
Price based on the direct capitalization method	24,900,000,000 yen	
	Cap rate	3.6%
Price based on the DCF method	24,100,000,000 yen	
	Discount rate	3.3%
	Terminal cap rate	3.8%

[Attachment 2] Income and Expenditure Projections

(1)	Projected property income	1,140,711 thousand yen
(2)	Projected property expenses	259,430 thousand yen
(3)	Projected NOI ((1)-(2))	881,280 thousand yen
(4)	NOI yield ((3)/ planned acquisition price))	4.0%

(Note) The figures above are the Annual Income and Expenditure (excluding depreciation and amortization) after excluding factors specific to the fiscal year of acquisition, and the figures are not forecasted figures for the next fiscal period.

Furthermore, the average maintenance and repair costs per annum for the next 15 years based on the Engineering Report (engineering report dated July 5, 2013 by Tokyo Bldg-Tech Center Co., Ltd.), is 4,384 thousand yen.

Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR's Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

[Attachment 3] Portfolio List After the Acquisition (Note1)

Main Type	Region	Property no.	Property name	Acquisition date	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 October 1, 2013 (planned)	47,390 (Note 4)	18.8
		O-1	ARK Mori Building	March 22, 2006 March 28, 2008 September 30, 2008 March 23, 2010 March 18, 2011 August 1, 2011 April 1, 2013	62,480	24.7
		O-4	Koraku Mori Building	April 13, 2006	27,200	10.8
		O-6	Akasaka Tameike Tower	September 30, 2008 March 18, 2011	43,930	17.4
		O-7	Atago Green Hills	May 1, 2012 April 1, 2013	42,090	16.7
		Sub total				
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006	1,706	0.7
		R-3	Roppongi First Plaza	April 13, 2006	2,100	0.8
		R-4	Roppongi View Tower	March 22, 2006 April 13, 2006	4,000	1.6
Sub total					7,806	3.1
Retail, etc.	Central five wards in Tokyo and their vicinity	S-1	Laforet Harajuku (Land)	September 15, 2010	21,820	8.6
Sub total					21,820	8.6
Portfolio total					252,716	100.0

(Note 1) The table represents the portfolio list after the property acquisition (Roppongi Hills Mori Tower: additional acquisition) to be conducted on October 1, 2013.

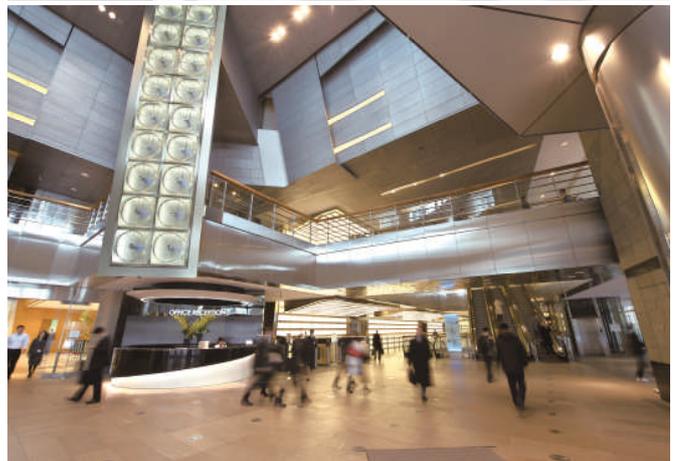
(Note 2) Figures of the acquisition price have been rounded down to the nearest million yen.

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

(Note 4) Figures include the planned acquisition price of the Acquisition (Roppongi Hills Mori Tower: 21,900 million).

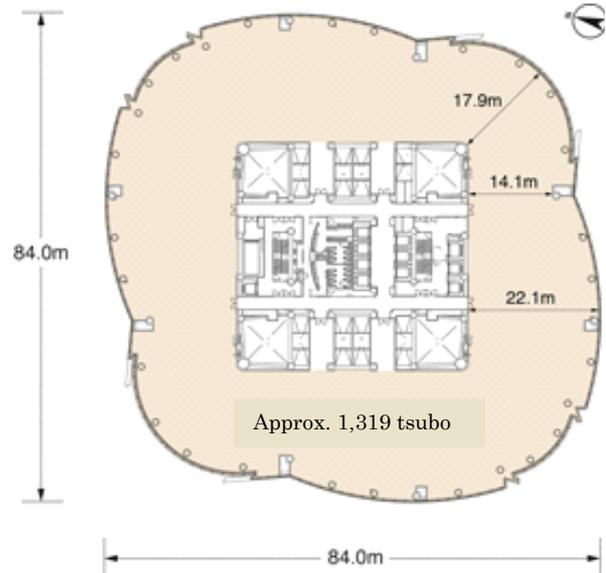
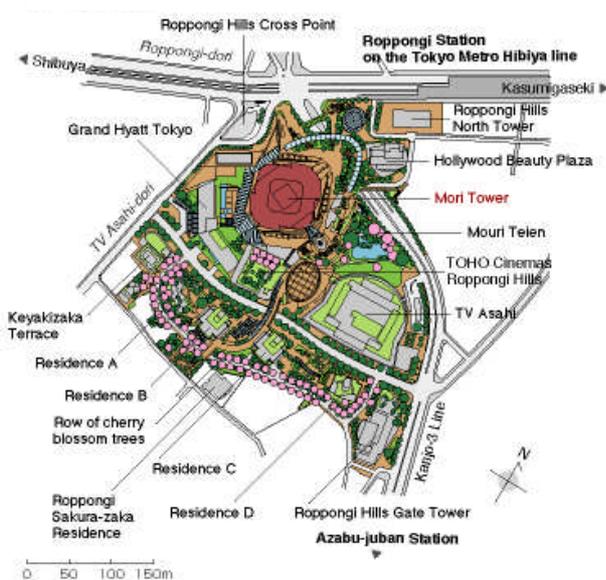
Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR's Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.

[Attachment 5] Photos of the Property



Building Layout

Cross-sectional Diagram of the Standard Floor



Note: This document is a press release regarding the asset acquisitions, and has not been prepared as an inducement or invitation to investment. We caution readers to refer to MHR's Offering Circular for the Issuance of New Investment Units and Primary and Secondary Offerings and the Notices of Amendments thereto (if issued), and to undertake any investment decision at their own judgment and responsibility.