

For Translation Purposes Only

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Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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MHR Announces Asset Acquisition in Japan
Roppongi Hills Mori Tower
ARK Mori Building (Fixed II)

Mori Hills REIT Investment Corporation (hereinafter “MHR”) announced its decision to conduct the following acquisitions of assets.

1. Overview of Acquisition

(1) Roppongi Hills Mori Tower

- 1) Asset-to-be-acquired: Real estate
*MHR plans to acquire 50% co-ownership interest corresponding to sectional ownership of one floor
- 2) Property name: Roppongi Hills Mori Tower
- 3) Acquisition price: 6,810 million yen (excluding acquisition costs, property taxes, city planning taxes and consumption taxes.)
- 4) Acquisition date: March 25, 2010 (planned)
- 5) Seller: Mori Building Co., Ltd.
- 6) Broker: None
- 7) Payment method: Lump sum payment upon delivery
- 8) Acquisition financing: Cash on hand, debt financing and capital acquired through the issuance of new investment units (planned)

(2) ARK Mori Building (Fixed II)

- 1) Asset-to-be-acquired: Real estate
*MHR plans to acquire 50% co-ownership interest corresponding to sectional ownership of one floor
- 2) Property name: Ark Mori Building (Fixed II)
- 3) Acquisition price: 3,400 million yen (excluding acquisition costs, property taxes, city planning taxes and consumption taxes.)
- 4) Acquisition date: March 25, 2010 (planned)
- 5) Seller: Mori Building Co., Ltd.

- 6) Broker: None
- 7) Payment method: Lump sum payment upon delivery
- 8) Acquisition financing: Cash on hand, debt financing and capital acquired through the issuance of new investment units (planned)

Note: This document was created as a press release for the public regarding asset acquisition in Japan and was not created with the aim of seeking investment. When making an investment, please be sure to make an investment based on your own evaluations and responsibility only after reading the prospectus on the issuance of new investment units as well as amendments thereto (if prepared).

2. Reason for Acquisition

Pursuant to the basic policy and investment policy on asset management stipulated in its Articles of Incorporation, MHR will acquire said two properties, which are representative development projects of Mori Building Co., Ltd., in order to enhance the quality and expand the size of the urban portfolio focused on Premium Properties while heightening the share of Premium Properties (Note) in central Tokyo. Furthermore, MHR placed a particularly high value on the following points when deciding on the acquisition.

(Note) Premium Properties are defined in the management guidelines stipulated by 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.

(1) Roppongi Hills Mori Tower

The property is a symbolic tower which has 54 floors above ground and six floors below ground located in the center of Roppongi Hills and is a Premium Property equipped with the highest grade of business environment.

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

The property is situated approximately five minutes on foot to the southwest of Roppongi Station on the Tokyo Metro Hibiya and Toei Subway Oedo Lines. In addition, since there are embassies of different countries and cultural and information bases in the vicinity, there are a number of non-Japanese residents and foreign corporations, and the property forms an international city ranging from various stores such as restaurants, fashion stores, interior goods stores and night spots to art and music venues.

The property’s office space is designed by placing the core portion at the center, equipped with among the highest grade equipment in one of the largest domestic standard rentable floor areas (Note) of 4,362.18m² with a ceiling height of a standard floor (Note) of 2,700mm (partially 2,800mm, 2,900mm and 3,000mm). In addition, Mori Building Co., Ltd. conducts integrated and systematic management and operation as a total operator with the collaboration of the management association.

MHR has decided on the acquisition since, as just described, the property is one of the representative office buildings in Japan that has one of the largest sizes in Japan with among the highest grade equipment, and thus is considered to maintain a competitive edge in the future.

(Note) The standard rentable floor area indicates the rentable floor area of a standard floor (a floor on or above the second floor 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. The same shall apply hereinafter.

(2) ARK Mori Building (Fixed II)

The property is a landmark within ARK Hills and has 37 floors above ground and four floors below ground. The office tower of ARK Mori Building, which was a pioneer of intelligent buildings, increased its grade and maintains a competitive edge with a large-scale renovation conducted in 2005.

ARK Hills, which was completed in 1986, was the first large-scale multi-functional redevelopment project by the private sector in Japan combining offices and residences and is comprised of offices, residences, hotel, concert hall, etc. ARK Hills, a pioneer of multi-function, urban developments that maintains its luster and harmony with the environment, is the origin of the “Hills” concept that realizes the multi-functional combination of offices and residences, and sustains its value as a city with diverse appeal.

In addition, after the property’s completion, a wave of large-scale redevelopment projects were realized in the surrounding area of ARK Hills, and by affecting one another, a comfortable and rich urban space was fostered. Even today, several new redevelopment projects are underway in the area and MHR considers that such projects will harmonize with existing facilities and further enhance the added value of the whole area in the future.

The property is situated approximately four minutes on foot to the south of Tameike-sanno Station on the Tokyo Metro Ginza and Namboku Lines to the center of the vicinity, approximately five minutes on foot to the north of Roppongi-itchome Station on the Tokyo Metro Namboku Line, and approximately 12 minutes on foot to the northeast of Roppongi Station on the Tokyo Metro Hibiya and Toei Subway Oedo Lines.

The property has a standard rentable floor area of 3,072.45m² with a ceiling height of a standard floor of 2,590mm. Although approximately 24 years have elapsed since its completion, large-scale renovation was conducted in its common space from November 2003 to February 2005 and its condition has recovered to that equivalent to a building of 15 to 20 years of age. In addition, the management company conducts regular routine management, etc. and thus the building’s maintenance condition is good.

MHR has decided on the acquisition since, as just described, the property has a high competitiveness due to its high name recognition, the effects of the renovation, etc. despite the age of the building being slightly old.

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

(1) Roppongi Hills Mori Tower

Location		6-10-1 Roppongi, Minato-ku, Tokyo (Residential indication)
Use		Offices, Shops, Museum
Area	Land	57,177.66m ² (area of the whole building lot)
	Building	442,150.70m ² (gross floor area of the whole building) *The above figure indicates the floor area of the whole property including the gross floor area of the property’s hotel tower (53,358.16m ²)
Construction completion		April 2003
Structure		Steel frame, steel-framed reinforced concrete structure; 54 floors above ground and six floors below ground
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		Obayashi and Kajima consortium

Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (land use right interest ratio of about 0.9%) *Land use rights for the property are in place and the land use right interest ratio corresponding to the asset that MHR is to acquire is about 0.9%.
	Building	Sectional ownership (co-ownership interest of 50%) *MHR plans to acquire 50% co-ownership interest corresponding to sectional ownership of one floor and the area calculated by multiplying the private-use floor area corresponding to the sectional ownership by the co-ownership interest ratio (50%) is 2,222.095m ² . The ratio of ownership against the private-use floor area of the whole building is 0.7%.
Former owner		Mori Building Co., Ltd.
Acquisition price		6,810 million yen
Acquisition date		March 25, 2010 (planned)
Appraisal	Appraisal value	7,400 million yen
	Appraisal date	January 31, 2010
	Appraiser	Japan Real Estate Institute
Earthquake PML		0.29% (Tokyo Bldg-Tech Center Co., Ltd.)
Collateral		None
Property manager		Mori Building Co., Ltd.
Total number of end tenants		1 tenant *MHR grants the property's lease rights to Mori Building, the co-owner of the property, and Mori Building leases the property to tenants as a lessor. In addition, regardless of the amount of rent tenants pay to Mori Building, Mori Building will pay MHR a fixed amount as compensation for granting the lease rights, and thus Mori Building is deemed as the end tenant.
Total leasable floor area		2,249.04m ²
Total leased floor area		2,249.04m ²
Occupancy rate		— *Since there are items that relate to the content of the contract between Mori Building and leasing tenants, it is not disclosed and thus is not indicated.
Monthly rent income (excluding consumption tax)		25,170,000 yen *This is the compensation for granting the lease rights for a month indicated in the agreement on granting lease rights with the co-owner.
Deposits/guarantees		302,040,000 yen *This is the outstanding deposit indicated in the agreement on granting lease rights with the co-owner.
Projected income and expenditures		280,875,000 yen *Please refer to attachment 3
Special considerations		The co-owner of the property holds a preferential acquisition right in regard to another co-owner selling its co-ownership interest.

(2) ARK Mori Building (Fixed II)

Location		1-12-32 Akasaka, Minato-ku, Tokyo (residential indication)
Use		Offices and shops
Area	Land	39,602.42m ² (area of the whole building lot)
	Building	177,486.95m ² (gross floor area of the whole building)
Construction completion		March 1986
Structure		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure; 37 floors above ground and four floors below ground
Designers		Mori Building Co., Ltd., first class architect office and Irie Miyake Architects & Engineers
Contractors		Kajima, Toda and Fujita Engineering consortium
Building verification agency		Tokyo Metropolitan Government

Form of ownership	Land	Ownership (land use right interest ratio of about 0.6%) *Land use rights for the property are in place and the land use right interest ratio of the asset that MHR is to acquire is about 0.6%. With the acquisition, MHR's land use right interest ratio of the ARK Mori Building will be, together with ARK Mori Building (Fixed) and ARK Mori Building (Pass Through), 4.6%.
	Building	Sectional ownership (co-ownership interest of 50%) *MHR plans to acquire 50% co-ownership interest corresponding to sectional ownership of one floor and the area calculated by multiplying the private-use floor area corresponding to the sectional ownership by the co-ownership ratio is 1,366.23m ² . The ratio of ownership against the private-use floor area of the whole building is 0.9%. With the acquisition, the ratio of ownership against the private-use floor area of all of ARK Mori Building will be, together with ARK Mori Building (Fixed) and ARK Mori Building (Pass Through), 6.7%.
Former owner		Mori Building Co., Ltd.
Acquisition price		3,400 million yen
Appraisal	Appraisal value	3,710 million yen
	Appraisal date	January 31, 2010
	Appraiser	Japan Real Estate Institute
Acquisition date		March 25, 2010 (planned)
Earthquake PML		0.38% (Tokyo Bldg-Tech Center Co., Ltd)
Collateral		None
Property manager		Mori Building Co., Ltd.
Total number of end tenants		1 tenant *MHR grants the property's lease rights to Mori Building, the co-owner of the property, and Mori Building leases the property to tenants as a lessor. In addition, regardless of the amount of rent tenants pay to Mori Building, Mori Building will pay MHR a fixed amount as compensation for granting the lease rights, and thus Mori Building is deemed as the end tenant.
Total leasable floor area		1,399.60m ²
Total leased floor area		1,399.60m ²
Occupancy rate		— *Since there are items that relate to the content of the contract between Mori Building and leasing tenants, it is not disclosed and thus is not indicated.
Monthly rent income (excluding consumption tax)		12,700,000 yen *This is the compensation for granting the lease rights for a month indicated in the agreement on granting lease rights with the co-owner.
Deposits/guarantees		152,400,000 yen *This is the outstanding deposit indicated in the agreement on granting lease rights with the co-owner.
Projected income and expenditures		142,772,000 yen *Please refer to attachment 3
Special considerations		Wet-spray rockwool containing asbestos is used on the columns, beams, etc. of the ceilings, party walls, etc. The places where the wet-spray rockwool are used are in stable condition with no scattering found, and appropriate removal and other action are scheduled to be taken at the expense of the seller. The co-owner of the property holds a preferential acquisition right in regard to another co-owner selling its co-ownership interest.

4. Profile of Seller and Property Manager

Name	Mori Building Co., Ltd.
Location of headquarters	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Minoru Mori
Established	June 2, 1959

Major shareholder	Morikiyo Co., Ltd. (as of March 31, 2009)
Capital	65,000 million yen (as of March 31, 2009)
Net assets	288,820 million yen (as of March 31, 2009)
Total assets	1,022,101 million yen (as of March 31, 2009)
Scope of business	General developer
Relationship with MHR or Asset Manager	
Capital relationship	As of July 31, 2009, Mori Building is the main unitholder (30.7% stake) of MHR. Mori Building is also the main shareholder (100% stake) of Mori Building Investment Management Co., Ltd., to which the asset management of MHR is consigned (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	As of January 31, 2010, four of the officers and employees of the Asset Manager (excluding part-time directors) are those seconded from Mori Building.
Business relationship	In the fiscal period ended January 2010, Mori Building has concluded a support agreement with MHR and the Asset Manager and a 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 of “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. In addition, there are no transactions concerning property acquisitions or transfers between Mori Building and the Asset Manager/MHR.
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. Status of Titleholders, etc. of the Property

(1) Roppongi Hills Mori Tower

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 “4. 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 (retains building ownership)

(2) ARK Mori Building (Fixed II)

Property name (location)	ARK Mori Building (Fixed II) (1-12-32 Akasaka, 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 “4. Profile of Seller and Property Manager” above	–
Acquisition background and reason, etc.	Newly constructed in March 1986	–
Acquisition price	–	–
Acquisition timing	Newly constructed in March 1986 (retains building ownership)	–

6. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will occur with the acquisition of the assets-to-be-acquired. 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 assets-to-be-acquired	The Seller 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.
Letter of agreement/memorandum between co-owners	In regard to the property, a letter of agreement between the co-owners (handling of co-ownership interest between the co-owners) and memorandum between the co-owners (contract that grants Mori Building Co., Ltd., one of the co-owners, the lease rights and property management agreement) will be concluded with Mori Building. In accordance with the provisions of the Investment Trust Law, the Asset Manager will deliver a written notice to MHR.

7. Payment Method

MHR is to pay the payment for the transaction to the Seller on the scheduled acquisition date using cash on hand, debt financing and proceeds to be obtained through the issuance of new investment units announced today.

8. Acquisition Schedule

(1) Roppongi Hills Mori Tower

March 5, 2010: Decision on acquisition reached
March 5, 2010: Conclusion of real estate sale and purchase agreement
March 25, 2010: Delivery (planned)

(2) ARK Mori Building (Fixed II)

March 5, 2010: Decision on acquisition reached
March 5, 2010: Conclusion of real estate sale and purchase agreement
March 25, 2010: Delivery (planned)

9. Future Prospects

Please refer to “MHR Announces Forecasts for Period Ending July 2010” announced today for the forecast of MHR’s business results for the fiscal period ending July 31, 2010 (February 1, 2010 – July 31, 2010), which is based on the assumption of the acquisition and the issuance of new investment units and their offering thereof.

[Attachments]

Attachment 1: Summary of Appraisal Report

Attachment 2: Summary of Engineering Report

Attachment 3: Income and Expenditure Projections

Attachment 4: Portfolio List After Acquisition of the Property

Attachment 5: Map of the Property (Portfolio Map of the Vicinity)

Attachment 6: Photo, Building Layout and Cross-Sectional Diagram of the Standard Floor

- 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 1 Summary of Appraisal Report

Property Name	Roppongi Hills Mori Tower	ARK Mori Building (Fixed II)
Appraiser	Japan Real Estate Institute	Japan Real Estate Institute
Appraisal date	January 31, 2010	January 31, 2010
Appraisal value	7,400,000,000 yen	3,710,000,000 yen
Price based on the income approach	7,400,000,000 yen	3,710,000,000 yen
Price based on the direct capitalization method	7,510,000,000 yen	3,720,000,000 yen
Operating income	302,040,000 yen	152,400,000 yen
Operating expenses	22,018,000 yen	10,186,000 yen
Net operating income	280,022,000 yen	142,214,000 yen
Gain on investment of deposits, etc.	6,041,000 yen	3,048,000 yen
Capital expenditures	800,000 yen	4,000,000 yen
Net income	285,263,000 yen	141,262,000 yen
Cap rate	3.8%	3.8%
Price based on the DCF method	7,290,000,000 yen	3,700,000,000 yen
Discount rate	3.5%	3.4%
Terminal cap rate	4.0%	3.9%
Price based on the cost approach	6,750,000,000 yen	4,050,000,000 yen
Land ratio	75.0%	90.7%
Building ratio	25.0%	9.3%

Attachment 2: Summary of Engineering Report

Property Name	Roppongi Hills Mori Tower	ARK Mori Building (Fixed II)
Preparer of engineering report	Tokyo Bldg-Tech Center Co., Ltd.	Tokyo Bldg-Tech Center Co., Ltd.
Date engineering report was prepared	January 2010	February 2010
Average maintenance and repairs/renovation cost for 15 years hereafter *The indicated amount is based on the share of the burden against MHR's interest planned to be acquired.	1,126,000 yen	5,710,000 yen

Attachment 3: Income and Expenditure Projections

Property Name	Roppongi Hills Mori Tower	ARK Mori Building (Fixed II)
(1) Projected property incomes	302,040,000 yen	152,400,000yen
(2) Projected property expenses *Excluding depreciation and amortization	21,165,000 yen	9,628,000 yen
(3) Projected NOI ((1)-(2)) *Projected annual income and expenditure excluding factors specific to the fiscal year of acquisition	280,875,000 yen	142,772,000 yen

Attachment 4: Portfolio List After Acquisition of the Property

Type	Region	Property no.	Property name	Acquisition date	Acquisition price (planned) (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 25, 2010 (planned)	6,810	3.2
		O-1-1	ARK Mori Building (fixed)	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 25, 2010 (planned)	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-5	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	August 1, 2006	12,720	6.0
		O-6	Akasaka Tameike Tower	Sep. 30, 2008	37,200	17.6
Sub total					173,430	81.9
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills	March 22, 2006	27,034 (Note 3)	12.8
		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					38,434	18.1
Portfolio total					211,864	100.0

(Note 1) Acquisition price (planned) is the price MHR pays for the (planned) 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 (planned) 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 October 31, 2008 is indicated.

Attachment 5: Map of the Property (Portfolio Map of the Vicinity)



Attachment 6: Photo, Building Layout and Cross-Sectional Diagram of the Standard Floor

(1) Roppongi Hills Mori Tower

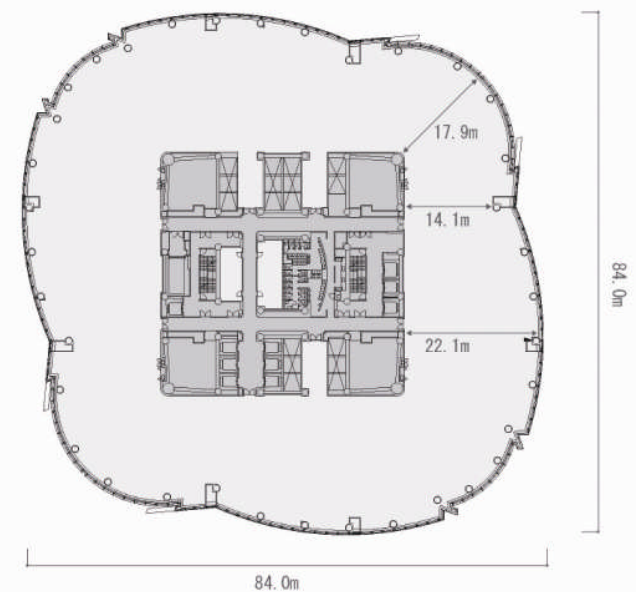
物件写真



建物配置図



基準階平面図

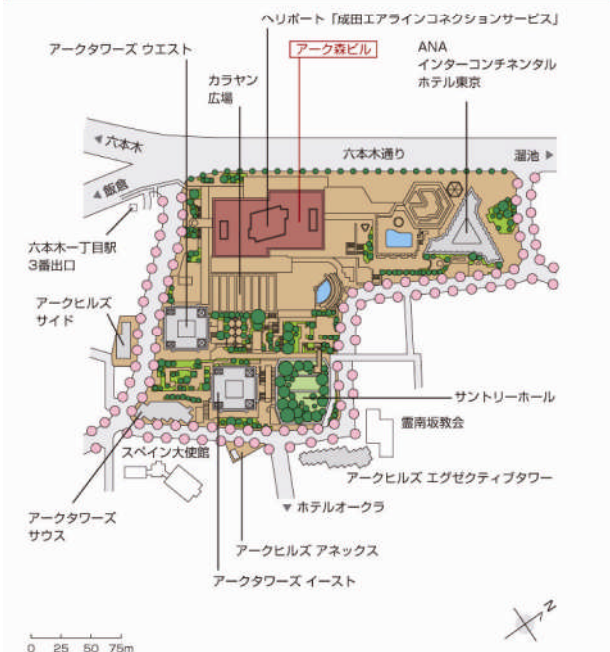


(2) ARK Mori Building (Fixed II)

物件写真



建物配置図



基準階平面図

