

For Translation Purposes Only

Real Estate Investment Fund Issuer:  
Mori Hills REIT Investment Corporation  
(Securities Code: 3234)  
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MHR Announces Asset Acquisition and Lease  
(Roppongi Hills Mori Tower: Additional Acquisition)

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced today that Mori Building Investment Management Co., Ltd. (hereafter the “Asset Manager”), the asset management company for MHR, has determined the asset acquisition and lease described below.

Upon the decision to acquire the asset to be acquired, the Asset Manager obtained the consent of MHR with the approval of the board of directors of MHR pursuant to the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (hereafter the “Investment Trust Act”) and the Related Parties Transaction Guidelines of the Asset Manager.

1. Overview of Acquisition and Lease

|                               |  |                                     |
|-------------------------------|--|-------------------------------------|
| Property name                 | Roppongi Hills Mori Tower  |                                     |
| Assets to be acquired         | Trust beneficial interests (Note 1)  | Trust beneficial interests (Note 2) |
| Anticipated acquisition price | 11,200 million yen (Note 3)  | 34,900 million yen (Note 3)         |
| Appraisal value               | 12,800 million yen   | 39,900 million yen                  |
| Sales agreement date          | January 6, 2016  |                                     |
| Acquisition date              | February 1, 2016 (anticipated)   | April 1, 2016 (anticipated)         |
| Seller                        | Mori Building Co., Ltd.  |                                     |
| Acquisition financing         | Funds procured through the issuance of new investment units, borrowings and cash on hand (anticipated) |                                     |
| Lessee                        | Mori Building Co., Ltd. (Note 4)   |                                     |

(Note 1) MHR plans to acquire the trust beneficial interests in compartmentalized ownership of the 25th floor and the co-ownership interest in the land use rights. (Hereafter the “Asset to Be Acquired on February 1, 2016.”)

(Note 2) MHR plans to acquire the trust beneficial interests in compartmentalized ownership of the 26th, 27th and 29th floors and the co-ownership interest in the land use rights. (Hereafter the “Asset to Be Acquired on April 1, 2016.”)

Note:

This document is a press release regarding MHR’s asset acquisition and lease (execution of lease agreement), and has not been prepared as an inducement or invitation for investment.

(Note 3) The indicated anticipated acquisition price does not include acquisition-related costs, consumption taxes and other expenses.

(Note 4) Please see “3. Details of the Assets to be Acquired and Lease” for leasing terms and conditions, and other details.

## 2. Reason for the Acquisition and Lease

MHR decided on the acquisition (hereafter the “Acquisition”) of the property from Mori Building Co., Ltd., its sponsor, as part of measures under its “New 2013 Management Policy.”

In its policy, MHR aims to further improve portfolio revenue through external growth 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 Acquisition is expected to enhance the portfolio size and increase dividends.

Also, in conjunction with the Acquisition, MHR selects as master lessee Mori Building Co., Ltd., which developed the property and is highly specialized in management and operation, based on matters related to tenant selection criteria designated by MHR (for details of the selection criteria, please refer to the “Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties” dated October 29, 2015).

Regarding the Acquisition, MHR is planning to execute a building lease (master lease) and property management agreement with Mori Building Co., Ltd. with an aim to conduct leasing based on a fixed-rent master lease scheme of five years (Note 2). Stable earnings over the long term are projected.

(Note 1) “Premium properties” are defined in the management guidelines stipulated by the Asset Manager as office buildings, residential properties or retail and other facilities (retail or other use) located in the central five wards of Tokyo (Minato, Chiyoda, Chuo, Shinjuku and Shibuya) and their vicinity that are able to maintain competitive advantage 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 trustee or MHR leases a property to the master lessee (sublessor) and the master lessee subleases it to an end tenant (sublessee). A fixed-rent master lease scheme is one type of 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 particularly values 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 and 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 redeveloped from small parcels of land by integrating them and creating a city with high disaster-prevention capabilities, and an environment surrounded by lush greenery combined with various urban functions such as office, residential, recreational and cultural functions.

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, Namboku and Chiyoda lines and the Toei Subway Oedo Line.

In addition, since there are many embassies and cultural attractions in the vicinity, non-Japanese residents and foreign corporations have become concentrated in the area, 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 their core functions at the center. Each standard floor provides a non-pillared large space with leasable area (Note) of approximately 4,500m<sup>2</sup> (approximately 1,360 tsubo) and a ceiling height (Note) of 2.7 m to 3.0 m, and can be configured to various layouts, such as large meeting rooms or machinery rooms.

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 an emergency well 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 facility equipped with a three-layer backup system.

MHR has decided on the Acquisition, since, as described above, the property is one of the most widely recognized and the 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 leasable area of a standard floor 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.

### 3. Details of the Assets to be Acquired and Lease

#### (1) Asset to Be Acquired on February 1, 2016

| Details of the Asset to be Acquired |                 |  |
|-------------------------------------|-----------------|--|
| Property name                       |                 | Roppongi Hills Mori Tower  |
| Type of specified asset             |                 | Trust beneficial interests (25th floor)  |
| Trustee                             |                 | Sumitomo Mitsui Trust Bank, Limited  |
| Trust establishment period          |                 | From February 1, 2016 to January 31, 2031 (anticipated)  |
| Location (Residential indication)   |                 | 6-10-1 Roppongi, Minato-ku, Tokyo  |
| Use                                 |                 | Offices, Shops, Museum   |
| Area (Note 1)                       | Land            | 57,177.66m <sup>2</sup>  |
|                                     | Building        | 442,150.70m <sup>2</sup>   |
| 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<br>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        | Compartmentalized ownership (Note 3)   |
| Anticipated acquisition price       |                 | 11,200 million yen   |
| Acquisition date                    |                 | February 1, 2016 (anticipated)   |
| Appraisal                           | Appraiser       | Japan Real Estate Institute  |
|                                     | Appraisal value | 12,800 million yen<br>(Appraisal date: November 1, 2015)   |
| PML (Note 4)                        |                 | 0.59%  |
| Collateral                          |                 | None   |
| Property manager                    |                 | Mori Building Co., Ltd.  |

| Content of lease                   |   |
|------------------------------------|---|
| Lessee (Note 5)                    | Mori Building Co., Ltd.                                 |
| Type of agreement                  | Regular building lease agreement                        |
| Term of agreement                  | From February 1, 2016 to January 31, 2021 (anticipated) |
| Gross rent income (annual rent)    | 550,736,664 yen   |
| Deposits/Guarantees                | 458,947,220 yen   |
| Total leasable floor area (Note 6) | 4,156.66m <sup>2</sup>                                  |
| Total leased floor area (Note 7)   | 4,156.66m <sup>2</sup>                                  |
| Other special consideration        | None  |

(Note 1) Area (land) is the area of the entire site, and Area (building) is 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 established. The site area corresponding to the trust beneficial interests that MHR plans to acquire (25th floor) equivalent to the ratio of interest in the building is approximately 968.34m<sup>2</sup> (approximately 1.7%).

(Note 3) The exclusive floor area corresponding to the trust beneficial interests that MHR plans to acquire (25th floor) as indicated in the real estate registry is 4,098.62m<sup>2</sup> (approximately 1.3%).

(Note 4) PML is the probable maximum loss that a property will experience over the next 50 years (useful life for buildings in general), due to a large-scale earthquake (event of a scale expected to occur with a 10% probability in the next 50 years). This PML is typically the estimated total cost associated with restoring a property damaged in connection with such an earthquake event to its condition prior to that event, expressed as a percentage of the replacement cost associated with that property. Such estimated total cost includes direct damages from earthquakes taking into account factors such as historical frequencies and magnitudes of earthquake events, building construction, site soils and site distances to known fault lines, however does not include estimates for secondary damage from items such as fires after earthquake events. PML figures are reported from Sompo Japan Nipponkoa Risk Management Inc. as of November 13, 2015.

(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. The same shall apply hereafter.

(Note 7) Total leased floor area is the floor area being leased to end tenants as set out in the lease agreement. Moreover, total leasable floor area and total leased floor area exclude storage, parking lots, mechanical rooms, etc. The same shall apply hereafter.

## (2) Asset to Be Acquired on April 1, 2016

| Details of the Asset to be Acquired  |                 |  |
|--------------------------------------|-----------------|--|
| Property name                        |                 | Roppongi Hills Mori Tower  |
| Type of specified asset              |                 | Trust beneficial interests (26th, 27th and 29th floors)  |
| Trustee                              |                 | Mitsubishi UFJ Trust and Banking Corporation   |
| Trust establishment period           |                 | From April 1, 2016 to March 31, 2036 (anticipated)   |
| Location<br>(Residential indication) |                 | 6-10-1 Roppongi, Minato-ku, Tokyo  |
| Use                                  |                 | Offices, Shops, Museum   |
| Area                                 | Land            | 57,177.66m <sup>2</sup>  |
|                                      | Building        | 442,150.70m <sup>2</sup>   |
| 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<br>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 1)   |
|                                      | Building        | Compartmentalized ownership (Note 2)   |
| Anticipated acquisition price        |                 | 34,900 million yen   |
| Acquisition date                     |                 | April 1, 2016 (anticipated)  |
| Appraisal                            | Appraiser       | Japan Real Estate Institute  |
|                                      | Appraisal value | 39,900 million yen<br>(Appraisal date: November 1, 2015)   |
| PML                                  |                 | 0.59%  |
| Collateral                           |                 | None   |
| Property manager                     |                 | Mori Building Co., Ltd.  |
| Content of lease                     |                 |  |
| Lessee (Note 3)                      |                 | Mori Building Co., Ltd.  |
| Type of agreement                    |                 | Regular building lease agreement   |
| Term of agreement                    |                 | From April 1, 2016 to March 31, 2021 (anticipated)   |
| Gross rent income (annual rent)      |                 | 1,714,835,088 yen  |
| Deposits/Guarantees                  |                 | 1,429,029,240 yen  |
| Total leasable floor area            |                 | 12,942.64m <sup>2</sup>  |
| Total leased floor area              |                 | 12,942.64m <sup>2</sup>  |
| Other special consideration          |                 | None   |

(Note 1) As for land, land use rights for the property are established. The site area corresponding to the trust beneficial interests that MHR plans to acquire (26th, 27th and 29th floors) equivalent to the ratio of interest in the building is approximately 3,082.17m<sup>2</sup> (approximately 5.4%). The site area equivalent to the ratio of interest in the building in the trust beneficial interests that MHR will own following the acquisition of the assets to be acquired on February 1 and April 1, 2016 is scheduled to be 10,117.93m<sup>2</sup> (approximately 17.7%).

- (Note 2) The exclusive floor area corresponding to the trust beneficial interests that MHR plans to acquire (26th, 27th and 29th floors) as indicated in the real estate registry is 12,917.81m<sup>2</sup> (approximately 4.1%). Moreover, exclusive floor area corresponding to the trust beneficial interests that MHR is to own following the acquisition of the assets to be acquired anticipated on February 1 and April 1, 2016, as indicated in the real estate registry, is scheduled to be 42,922.24m<sup>2</sup> (approximately 13.6%).
- (Note 3) 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.

(3) Items Concerning Forward Commitments, etc.

The purchase agreement concerning the acquisition of Asset to Be Acquired on April 1, 2016 (trust beneficial interests (26th, 27th and 29th floors)) is a forward commitment, etc. (i.e. a postdated sale agreement where the execution is scheduled over one month ahead of the payment and delivery of the property, and other similar agreements), as provided in “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”. Under the purchase agreement, when the purpose of the purchase agreement cannot be fulfilled due to a breach of the purchase agreement by a party, the non-breaching party may cancel the purchase agreement upon notice if the delivery has not been executed.

However, under the purchase agreement, MHR’s payment of the purchase price is subject to MHR completing the financing necessary to pay the purchase price. Hence, if MHR is not able to complete the financing necessary to pay the purchase price, MHR shall not be obliged to make the payment. In addition, there are no penalty regulations or payments of security deposits.

Consequently, even in cases where forward commitments are unable to be fulfilled due to failure to complete financial arrangements, the likelihood of MHR’s financial conditions being significantly impacted is low.

#### 4. Profile of Seller and Lessee

|  |  |
|--|--|
| 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, 2015)  |
| Established  | June 2, 1959   |
| Major shareholder  | Morikiyo Co., Ltd. etc. (as of March 31, 2015)   |
| Net assets   | 303,583 million yen (as of March 31, 2015)   |
| Total assets   | 1,268,876 million yen (as of March 31, 2015)   |
| Relationship with MHR or Asset Manager (as of January 6, 2016) |  |
| Capital relationship   | Mori Building is a major unitholder (15.6% stake) of MHR. Mori Building is also the wholly owning parent company (100% stake) of the Asset Manager, and thus constitutes a related party, etc. as defined in the Investment Trust Act.   |
| Personnel relationship   | One of the officers and employees of the Asset Manager is seconded from Mori Building.   |
| Business relationship  | Mori Building has executed a support agreement and information provision agreement with MHR and the Asset Manager and an advisory business consignment agreement with the Asset Manager, and provides support, etc. in connection with property acquisitions, etc. In addition, Mori Building has executed 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 has executed a building lease agreement (so-called master lease agreement) with a trustee, and leases the entire property as a master lessee. The company also executed 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 related party of MHR. In addition, it is a parent company of the Asset Manager.  |

#### 5. 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   | —  |
| Relationship with party having a particular vested interest | Refer to "4. Profile of Seller and Lessee" above              | —  |
| Acquisition background and reason, etc.                     | Newly constructed in April 2003                               | —  |
| Acquisition price   | —   | —  |
| Acquisition timing  | Newly constructed in April 2003                               | —  |

#### 6. Broker Profile

Not applicable.

#### 7. Transaction with Related Parties, etc.

A transaction with a related party, etc. will occur with the Acquisition.

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 anticipated 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 a related party, etc. of the Asset Manager and the Acquisition constitutes a transaction with a related party, etc. as defined in the Investment Trust Act. In accordance with provisions of the Investment Trust Act, the Asset Manager will deliver a written notice to MHR. |
| Building lease (master lease) and property management agreement | The trustee is planning to execute a building lease (master lease) and property management agreement with Mori Building Co., Ltd. In accordance with provisions of the Investment Trust Act, the Asset Manager will deliver a written notice to MHR.  |

#### 8. Payment Method

Lump sum payment upon delivery

As for the property acquisition, MHR plans to use proceeds from the issuance of new investment units, borrowings, and cash on hand. For issuance of new investment units, please refer to the press release “MHR Announces Issuance of New Investment Units and Secondary Offering of Investment Units” separately released today.

#### 9. Date of Acquisition and Lease

| Asset to be acquired                                 | Trust beneficial interests (25th floor) | Trust beneficial interests (26th, 27th and 29th floors) |
|--|---|---|
| Date of decision of acquisition and lease            | January 6, 2016                         |   |
| Date of execution of acquisition and lease agreement | January 6, 2016                         |   |
| Payment date   | February 1, 2016 (anticipated)          | April 1, 2016 (anticipated)                             |
| Delivery date  | February 1, 2016 (anticipated)          | April 1, 2016 (anticipated)                             |

#### 10. Future Prospect

For the forecast of business results, please refer to the press release “MHR Announces the Forecasts for the Period Ending July 2016 and for the Period Ending January 2017” separately released today.



## 11. Summary of Appraisal Report

|                 |  |
|-----------------|--|
| Property name   | Roppongi Hills Mori Tower (25th floor) |
| Appraisal value | 12,800,000 thousand yen                |
| Appraiser       | Japan Real Estate Institute            |
| Appraisal date  | November 1, 2015                       |

(thousand yen)

| Items   | Contents   | Summaries, etc.  |
|---|------------|--|
| Price   | 12,800,000 | Estimated by correlation of the price based on the direct capitalization method with the price based on the DCF method as the two prices are deemed to be of a comparable standard   |
| Price based on the direct capitalization method | 13,000,000 | —  |
| Operating profit                                | 550,737    | —  |
| Possible total revenue                          | 550,737    | Recorded by taking into consideration such factors as the rent based on planned lease agreements, the level of rent with end tenants, the level of rent in the event that new leasing of the subject real estate is assumed and the vacancy risk |
| Vacancies, etc. loss, etc.                      | 0          | Not recorded because the property is leased in its entirety  |
| Operating costs                                 | 126,827    | —  |
| Maintenance costs                               | 81,200     | Recorded by reference to historical data and the current maintenance costs as well as the maintenance costs of similar real estate, and taking into consideration the factors specific to the subject real estate                                |
| Utilities                                       | 0          | Not recorded because directly borne by lessees   |
| Maintenance and repairs                         | 0          | Not recorded because borne by lessees  |
| PM fee  | 2,400      | Recorded by reference to such factors as the fee amount based on planned contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and the factors specific to the subject real estate    |
| Tenant recruitment costs, etc.                  | 0          | Not recorded because borne by lessees  |
| Property taxes                                  | 42,507     | Appraised based on such factors as the fiscal 2015 standard taxable amount   |
| Insurance premium                               | 720        | Recorded by taking into consideration such factors as the insurance premium based on planned insurance contracts and the insurance premium of the subject building and similar buildings   |
| Other expenses                                  | 0          | There are no expenses otherwise to record  |

|  |            |  |
|--|------------|--|
| Operating net income                                       | 423,910    | —  |
| Investment income of lump sum                              | 9,179      | Appraised investment income at a rate of return on investment of 2.0%  |
| Capital expenditures                                       | 3,100      | Appraised by assuming that an average amount is set aside every fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, the building age and the annual average amount of repair and renovation expenses in the engineering report            |
| Net return   | 429,989    | —  |
| Cap rate   | 3.3%       | Appraised by taking the standard cap rate and adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market cap rate for similar real estate |
| Price based on the DCF method                              | 12,600,000 | —  |
| Discount rate  | 3.0%       | Appraised by reference to such factors as the investment cap rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate  |
| Terminal cap rate  | 3.5%       | Appraised by reference to such factors as the market cap rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment cap rate   |
| Cumulative price   | 12,700,000 | —  |
| Land ratio   | 81.3%      | —  |
| Building ratio   | 18.7%      | —  |
| Other matters considered in the appraisal by the appraiser | None       |  |

|                 |   |
|-----------------|---|
| Property name   | Roppongi Hills Mori Tower (26th floor, 27th floor and 29th floor) |
| Appraisal value | 39,900,000 thousand yen   |
| Appraiser       | Japan Real Estate Institute                                       |
| Appraisal date  | November 1, 2015  |

(thousand yen)

| Items   | Contents   | Summaries, etc.  |
|---|------------|--|
| Price   | 39,900,000 | Estimated by correlation of the price based on the direct capitalization method with the price based on the DCF method as the two prices are deemed to be of a comparable standard   |
| Price based on the direct capitalization method | 40,600,000 | —  |
| Operating profit                                | 1,714,835  | —  |
| Possible total revenue                          | 1,714,835  | Recorded by taking into consideration such factors as the rent based on planned lease agreements, the level of rent with end tenants, the level of rent in the event that new leasing of the subject real estate is assumed and the vacancy risk |
| Vacancies, etc. loss, etc.                      | 0          | Not recorded because the property is leased in its entirety  |
| Operating costs                                 | 395,241    | —  |
| Maintenance costs                               | 255,900    | Recorded by reference to historical data and the current maintenance costs as well as the maintenance costs of similar real estate, and taking into consideration the factors specific to the subject real estate                                |
| Utilities                                       | 0          | Not recorded because directly borne by lessees   |
| Maintenance and repairs                         | 0          | Not recorded because borne by lessees  |
| PM fee  | 2,400      | Recorded by reference to such factors as the fee amount based on planned contract terms and conditions, and taking into consideration such factors as the fee rate of similar real estate and the factors specific to the subject real estate    |
| Tenant recruitment costs, etc.                  | 0          | Not recorded because borne by lessees  |
| Property taxes                                  | 134,721    | Appraised based on such factors as the fiscal 2015 standard taxable amount   |
| Insurance premium                               | 2,220      | Recorded by taking into consideration such factors as the insurance premium based on planned insurance contracts and the insurance premium of the subject building and similar buildings   |
| Other expenses                                  | 0          | There are no expenses otherwise to record  |

|  |            |  |
|--|------------|--|
| Operating net income                                       | 1,319,594  | —  |
| Investment income of lump sum                              | 28,581     | Appraised investment income at a rate of return on investment of 2.0%  |
| Capital expenditures                                       | 9,200      | Appraised by assuming that an average amount is set aside every fiscal period, and taking into account such factors as the level of capital expenditures of similar real estate, the building age and the annual average amount of repair and renovation expenses in the engineering report            |
| Net return   | 1,338,975  | —  |
| Cap rate   | 3.3%       | Appraised by taking the standard cap rate and adding/subtracting the spread attributable to the location conditions, building conditions and other conditions of the subject real estate, and taking into account such factors as future uncertainties and the market cap rate for similar real estate |
| Price based on the DCF method                              | 39,100,000 | —  |
| Discount rate  | 3.0%       | Appraised by reference to such factors as the investment cap rate of similar real estate, and comprehensively taking into account such factors as the factors specific to the subject real estate  |
| Terminal cap rate  | 3.5%       | Appraised by reference to such factors as the market cap rate of similar real estate, and comprehensively taking into account such factors as future trends in the investment cap rate   |
| Cumulative price   | 40,300,000 | —  |
| Land ratio   | 81.3%      | —  |
| Building ratio   | 18.7%      | —  |
| Other matters considered in the appraisal by the appraiser | None       |  |

[Attachments]

Attachment 1: Income and Expenditure Projections

Attachment 2: Portfolio List Post Asset Acquisition

Attachment 3: Map of the Property (Portfolio Map of the Vicinity)

Attachment 4: 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/>

[Attachment 1] Income and Expenditure Projections

(thousand yen)

|  | Trust beneficial interests<br>(25th floor) | Trust beneficial interests<br>(26th, 27th and 29th floors) | Total     |
|--|--|--|-----------|
| (1) Projected property income                      | 550,736                                    | 1,714,835  | 2,265,571 |
| (2) Projected property expenses                    | 123,800                                    | 385,073  | 508,873   |
| (3) Projected NOI ((1)-(2))                        | 426,936                                    | 1,329,762  | 1,756,698 |
| (4) NOI yield ((3)/ anticipated acquisition price) | 3.8%                                       | 3.8%   | 3.8%      |

(Note 1) The figures above are calculated based on the executed building lease (master lease) and property management agreement, the executed trust agreement for real estate management and disposal, etc., current management association fee, estimate of planned insurance, and tax and public dues for fiscal 2016 estimated by the Asset Manager, etc. concerning the assets to be acquired, Roppongi Hills Mori Tower.

(Note 2) 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 November 13, 2015 by Tokyo Bldg-Tech Center Co., Ltd.), are 4,324 thousand yen for the 25th floor and 13,108 thousand yen for the 26th, 27th and 29th floors.

[Attachment 2] Portfolio List Post Asset Acquisition (Note1)

| Principal use               | Geographic area                               | Property number | Property name             | Acquisition date   | Acquisition price (millions of yen) (Note 2) | Investment ratio (%) (Note 3) |
|-----------------------------|---|-----------------|---------------------------|--|--|-------------------------------|
| Office Buildings            | Tokyo's central five wards and their vicinity | O-0             | Roppongi Hills Mori Tower | March 23, 2010<br>August 1, 2011<br>October 1, 2013<br>August 1, 2014<br>September 16, 2015<br>February 1, 2016 (anticipated)<br>April 1, 2016 (anticipated) | 115,380 (anticipated) (Note 4)               | 33.9                          |
|                             |   | O-1             | ARK Mori Building         | March 22, 2006<br>March 28, 2008<br>September 30, 2008<br>March 23, 2010<br>March 18, 2011<br>August 1, 2011<br>April 1, 2013                                | 62,480                                       | 18.4                          |
|                             |   | O-4             | Koraku Mori Building      | April 13, 2006   | 27,200                                       | 8.0                           |
|                             |   | O-6             | Akasaka Tameike Tower     | September 30, 2008<br>March 18, 2011   | 43,930                                       | 12.9                          |
|                             |   | O-7             | Atago Green Hills         | May 1, 2012<br>April 1, 2013   | 42,090                                       | 12.4                          |
|                             |   | O-8             | ARK Hills South Tower     | August 1, 2014   | 19,150                                       | 5.6                           |
|                             |   | Sub total       |                           |  |  |                               |
| Residential Properties      | Tokyo's central five wards and their vicinity | R-1             | Moto-Azabu Hills          | March 22, 2006   | 1,706  | 0.5                           |
|                             |   | R-3             | Roppongi First Plaza      | April 13, 2006   | 2,100  | 0.6                           |
|                             |   | R-4             | Roppongi View Tower       | March 22, 2006<br>April 13, 2006   | 4,000  | 1.2                           |
| Sub total                   |   |                 |                           |  | 7,806  | 2.3                           |
| Retail and Other Facilities | Tokyo's central five wards and their vicinity | S-1             | Laforet Harajuku (Land)   | September 15, 2010   | 21,820                                       | 6.4                           |
| Sub total                   |   |                 |                           |  | 21,820                                       | 6.4                           |
| Portfolio total             |   |                 |                           |  | 339,856                                      | 100.0                         |

(Note 1) The table represents the portfolio list after the asset acquisition (Roppongi Hills Mori Tower: additional acquisition) to be conducted on February 1, 2016 and April 1, 2016.

(Note 2) Figures of the acquisition prices 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 anticipated acquisition prices of the Acquisition (25th floor: 11,200 million yen, 26th, 27th and 29th floors: 34,900 million yen).

[Attachment 3] Map of the Property (Portfolio Map of the Vicinity)





[Attachment 4] Photos of the Property



Building Layout



Cross-sectional Diagram of the Standard Floor

