

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
1-12-32 Akasaka, Minato-ku, Tokyo
Hideyuki Isobe, Executive Director

Asset Manager:
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MHR Announces Transaction with a Related Party (Mori Building Co., Ltd.)
(Atago Green Hills)

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced that Mori Building Investment Management Co., Ltd. (hereafter the “Asset Manager”), to which MHR entrusts its asset management, decided today to conduct a transaction with a related party, etc. as stipulated in the Act on Investment Trusts and Investment Corporations (hereafter “Investment Trusts Act”). The details are as follows.

1. Transaction Overview

With regard to Atago Green Hills, which MHR owns, the consideration (rent) set in the memorandum between co-owners concerning the buildings lease business and property management which was concluded with Mori Building Co., Ltd. will be changed on May 1, 2017.

2. Overview and Reason for the Change

MHR has decided to change the rent based on the rent revision clause stipulated in the agreement below.

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|------|---------------------------------|-------------------------------------|
| (1) | Leased property | : Atago Green Hills (Note 1) |
| (2) | Leased floor area | : 34,550.34 m ² (Note 2) |
| (3) | Lessee | : Mori Building Co., Ltd. |
| (4) | Leasing scheme | : Fixed-rent master lease |
| (5) | Monthly rent before Change | : 185,294,216 yen (Note 3) |
| (6) | Monthly rent after Change | : 168,720,000 yen (Note 3) |
| (7) | Security deposits before Change | : 1,482,353,732 yen (Note 4) |
| (8) | Security deposits after Change | : 1,349,760,000 yen (Note 4) |
| (9) | Planned date of Change | : May 1, 2017 |
| (10) | Date of execution | : March 17, 2017 |

(Note 1) The lease rights is granted to Mori Building Co., Ltd, one of the co-owners, by the trust fiduciary, and a fixed amount is paid as its consideration. Therefore, it is deemed as a fixed-rent master lease and is indicated as such. The same applies hereafter.

(Note 2) The area indicates an area obtained by multiplying the quasi co-ownership interest ratio of trust beneficial interests (74%) by total leased area of real estate in trust.

(Note 3) The figures indicate amounts obtained by multiplying the quasi co-ownership interest ratio of trust beneficial interests by monthly rent of the real estate in trust.

(Note 4) The figures indicate amounts obtained by multiplying the quasi co-ownership interest ratio of trust beneficial interests by deposits of real estate in trust.

3. Overview of Related Party, etc.

Name	Mori Building Co., Ltd.
Location	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	President & CEO, Shingo Tsuji
Scope of business	General developer
Capital	67,000 million yen (as of March 31, 2016)
Established	June 2, 1959
Major shareholder	Mori Kiyoko Co., Ltd., etc. (as of March 31, 2016)
Net assets	314,580 million yen (as of March 31, 2016)
Total assets	1,363,474 million yen (as of March 31, 2016)
Relationship with MHR and Asset Manager (as of March 17, 2017)	
Capital relationship	Mori Building is a major unitholder (15.0% 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 Trusts 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 license agreement 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.

4. Other

Upon consultation with Mori Building Co., Ltd., the following appraisal value was decided to be the monthly rents after the Change.

Appraisal by Japan Real Estate Institute concerning continuous monthly rents (Note 1)	
Appraisal value	168,720,000 yen (Note 2)
Appraisal date	March 1, 2017

(Note 1) Continuous usage fee in accordance with continuous rent is calculated in the appraisal.

(Note 2) The figure indicates an amount obtained by multiplying the quasi co-ownership interest ratio of trust beneficial interests (74%) by the appraisal value.

5. Procedures Concerning Transactions with Related Party, etc.

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, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines. In addition, the Asset Manager will deliver a written statement to MHR, pursuant to the Investment Trusts Act.

6. Future Prospect

For the forecast of business results, please refer to the press release "Financial Report for the Twenty-First Fiscal Period ended January 31, 2017" separately announced today.

- 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 website: <http://www.mori-hills-reit.co.jp/>