



For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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MHR Announces Transaction with a Related Party (Mori Building Co., Ltd.)
(Roppongi Hills Mori Tower)

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced that Mori Building Investment Management Co., Ltd. (hereafter “MIM”), 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

MHR has decided to revise the building lease (master lease) and property management agreement between Mori Building Co., Ltd. on August 1, 2016 for Roppongi Hills Mori Tower owned by MHR.

2. Summary of the Change

MHR has decided to change the rent based on the revision clause stipulated in the agreement. At the same time, the payer of the management association fee will be changed from the property lessee to MHR, and as such the amount equivalent to the total of the revised rent and the management association fee will be the new rent.

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|------|---------------------------------|---|
| (1) | Leased property | : Roppongi Hills Mori Tower, 23rd and 24th floors |
| (2) | Leased area | : 8,993.45 m ² |
| (3) | Lessee | : Mori Building Co., Ltd. |
| (4) | Leasing scheme | : Fixed-rent master lease |
| (5) | Monthly rent before change | : 100,659,189 yen |
| (6) | Monthly rent after change | : 114,641,652 yen (Note) |
| (7) | Security deposits before change | : 1,006,591,890 yen |
| (8) | Security deposits after change | : 1,146,416,520 yen |
| (9) | Planned date of change | : August 1, 2016 |
| (10) | Date of execution | : July 29, 2016 |

(Note) “Monthly rent after change” is determined by adding amounts equivalent to the management association fee to the appraisal value stated in “5. Other” below, which is considered as the revised amount.

3. Changes to NOI (Note)

Period	Variation
Forecast for Period Ending July 2016 (February 1, 2016 - July 31, 2016)	No change
Forecast for Period Ending January 2017 (August 1, 2016 - January 31, 2017)	No change

(Note) In the press release “MHR Announces Forecasts for the Period Ending July 2016 and for the Period Ending January 2017” announced on January 6, 2016, the forecast of the impact of the following (A) was factored in. In this press release, the value of the following (C) is indicated.

(A) Forecast of impact of the change based on projection as of January 6, 2016 (operating income basis)

: No change

(B) Forecast of impact of the change based on projection as of July 22, 2016 (same as above)

: No change

(C) Difference of the above ((B) – (A)) (same as above)

: No change

4. Overview of Related Party, etc.

Name	Mori Building Co., Ltd.
Location	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Shingo Tsuji, President & CEO
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. (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 July 22, 2016)	
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 mark licensing contract with MHR and grants the license to use the brand name “Mori Hills REIT” and the “m” brand mark. Furthermore, as for assets MHR owns in the form of trust beneficial interests, Mori Building has executed a building lease agreement (a so called master lease agreement) with a trustee, and leases the entire property as a master lessee. Mori Building has 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 affiliated companies of MHR. In addition, it is the parent company of the Asset Manager.

5. Other

Upon consultation with Mori Building Co., Ltd., the following appraisal values were decided to be the revised amounts. An amount equivalent to the management association fee due to the aforementioned change in the payer of the fee will be added separately to finalize the monthly rents after the revision.

Appraisal value by Japan Real Estate Institute concerning continuous monthly rents	
Appraisal value	100,659,189 yen
Appraisal date	July 1, 2016

6. 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 conducted adequate procedures pursuant to the Related Parties Transaction Guidelines. In addition, MIM will deliver a written statement to MHR, pursuant to the Investment Trusts Act.

7. Outlook

There will be no impact on MHR's forecasts of financial results for the fiscal period ending July 2016 (February 1, 2016 to July 31, 2016) and the fiscal period ending January 2017 (August 1, 2016 to January 31, 2017).

- 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/>