

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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Hiroshi Mori, Executive Director

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MHR Announces Transaction with Mori Building Ryutsu System Co., Ltd.

Mori Hills REIT Investment Corporation (MHR) announced that its transaction with Mori Building Ryutsu System Co., Ltd. described below shall be handled as a transaction with related parties as designated in MHR's asset management company's Related Parties Transaction Guidelines.

1. Overview of Transaction

MHR will conclude a contract to change the lease contract (Original Contract) concluded with Mori Building Ryutsu System Co., Ltd. (which was already a tenant of the following property when MHR acquired the property), in order to renew the Original Contract and change the contract terms.

- (1) Leased property: One floor below ground and one floor above ground at Roppongi First Building
- (2) Leased floor area: 2,331.00m² (705.1 tsubos)
- (3) Use: Multi-purpose hall (Name: "Laforet Museum Roppongi")
- (4) Contract rent after change (monthly): 10,556,000 yen (including common area charges but excluding consumption tax) [an increase of 13.4% over previous contract]
- (5) Security deposits after change: 63,336,000 yen
[an increase of 13.4% over previous contract]
- (6) Contract period after change: From November 1, 2007 to October 31, 2009
- (7) Date of conclusion of the contract to change the original contract: March 3, 2008

(Note 1) The above figures have been taken from the contract. Furthermore, the said property



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is co-owned by six parties, and MHR owns trust beneficiary rights on equity equivalent to 46% of the co-ownership. Since the above lease contract does not set the trustees of respective trust beneficiary rights as lessees, neither MHR nor its asset management company has decision-making authorities concerning the content of the above transaction. Nevertheless, the contract is treated as a transaction with a related party, as described below, since it is a lease transaction on a property managed by MHR.

(Note 2) The above contract to change the Original Contract (traditional lease contract) was concluded on the above date, which was after the date when the contract became effective, since the negotiations on revisions were prolonged.

2. Overview of the Contract Party

Name	Mori Building Ryutsu System Co., Ltd.
Location of headquarters	1-9-13 Jingumae, Shibuya-ku, Tokyo
Representative	Minoru Mori, President and CEO
Capital	1,500 million yen
Scope of business	Commercial developer primarily involved in shopping center (Laforet Harajuku) and multi-purpose hall (Laforet Museum) management and consulting
Relationship with asset management company	The voting rights at the general shareholders' meetings of Mori Building Ryutsu System Co., Ltd. are owned by two companies, which are shareholders (together owning the majority of the voting rights) of Mori Building Co., Ltd., which is the shareholder of MHR's asset management company. Thus, the contract party will be handled as a related party, although it does not fall under the category of a related party as designated in the Related Parties Transactions Guidelines of the asset management company.

3. Procedures Concerning Transaction with Related Party, etc.

Pursuant to the provisions of its Related Parties Transaction Guidelines, the asset management company had the transaction reported to the Board of Directors and Board of Officers after having investigated market prices, and prices of similar lease transactions in surrounding areas, etc.

4. Future Prospects

The possible impact of the transaction on MHR's business results has been included in the management forecast for the fourth fiscal period ending July 31, 2008 (February 1, 2008 – July 31, 2008) announced in the "Financial Report for the Third Fiscal Period Ended January 31, 2008" disclosed on March 18, 2008.

- 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>