

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 Transfer
(ARK Mori Building: Additional Acquisition)
(Akasaka Tameike Tower: New Acquisition)
(Moto-Azabu Hills: Partial Transfer)

Mori Hills REIT Investment Corporation (MHR) announced its intention to complete the following acquisition and transfer of assets.

1. Overview of Acquisition & Transfer

【Overview of Acquisition】

Asset-to-be-acquired	Trust beneficiary right in a trust that holds title to real estate (Note 1)	Trust beneficiary right in a trust that holds title to real estate (Note 2)
Property name	ARK Mori Building	Akasaka Tameike Tower
Acquisition price (Note 4)	5,500,000,000 yen	37,200,000,000 yen
Scheduled sale and purchase agreement date	September 30, 2008	September 30, 2008
Scheduled acquisition date	September 30, 2008	September 30, 2008
Seller (Note 5)	Mori Building Co., Ltd.	Mori Building Co., Ltd.
Acquisition financing	Cash on hand, debt financing and capital acquired through third party allotment	Cash on hand, debt financing and capital acquired through third party allotment
Payment method	Lump sum payment upon delivery	Lump sum payment upon delivery



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【Overview of Transfer】

Asset-to-be-Transferred	Real estate (Note 3)
Property name	Moto-Azabu Hills
Transfer price (Note 4)	423,000,000 yen
Scheduled sales and purchase agreement date	During the 5 th fiscal period (ending January 31, 2009)
Scheduled transfer date	During the 5 th fiscal period (ending January 2009)
Buyer (Note 5)	Mori Building Co., Ltd.
Payment method	Lump sum payment upon delivery

(Note 1) MHR will acquire the remaining 25% of the 75% quasi co-ownership interest of real estate trust beneficiary right corresponding to sectional ownership of the 12th and 22nd floor portions (about 3.6% of total private-use floor area) of ARK Mori Building that was acquired on March 28, 2008. Through this acquisition, MHR will come to own the entire real estate trust beneficiary right corresponding to sectional ownership of the 12th and 22nd floor portions.

(Note 2) MHR will acquire the real estate trust beneficiary right corresponding to sectional ownership of the office section (including parts of shops, storage areas, parking lots, etc.) (about 35.4% of total private-use floor area) of Akasaka Tameike Tower that is owned by Mori Building Co., Ltd.

(Note 3) MHR plans to transfer said real estate upon termination of a trust contract for the sectional ownership to 1 residential unit (about 0.5% of total private-use floor area) of Moto-Azabu Hills that it acquired on March 22, 2006.

(Note 4) Excluding acquisition costs, transfer costs, property taxes, city planning taxes and consumption taxes.

(Note 5) Please refer to “Profile of Seller, Buyer and Property Manager, etc.” below.

2. Reason for the Acquisition and Transfer

Pursuant to the asset management target and policy stipulated in its Articles of Incorporation, MHR will additionally acquire said two properties to expand its portfolio and heighten the share of Premium Properties (Note) and office buildings located in central Tokyo. Furthermore, MHR placed particularly high value on the following points when deciding on the acquisition.

MHR will sell 1 out of 110 residential units within Moto-Azabu Hills that it owns, taking into account the potential market value of high-class residential property for rent in the central Tokyo area. Since it is forecast that said sale will not undermine the quality and balance of the portfolio and that a flexible gain on the transfer may be realized, MHR will make a transfer for sectional ownership to the abovementioned 1 residential unit upon termination of a trust contract.

(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 in Tokyo and their vicinity that are able to maintain competitiveness in the future in terms of quality, size, specifications, etc.

【ARK Mori Building】

(1) Location

The Akasaka and Roppongi area, where the Property is located, is an area with a high concentration of office buildings that house many financial, consulting and media related firms, as well as foreign firms, law and accounting offices, etc. The area has seen several large complexes being developed one after another, including the ARK Hills

large-scale complex consisting of offices, residences, retail facilities, hall, hotel, etc. Consequently, the area maintains a high competitiveness as a business district.

In particular, the Property is a landmark of ARK Hills and has a symbolic presence in the area. The Property exhibits excellent visibility with its prominent location on Roppongi-dori. The Property is situated approximately 4-minutes by foot from Tameike-sanno Station on the Tokyo Metro Ginza and Namboku Lines, and an approximately 2-minute walk from Roppongi-itchome Station on the Tokyo Metro Namboku Line, and also has easy access to Kamiyacho and Roppongi Stations on the Tokyo Metro Hibiya Line and Roppongi Station on the Toei Subway Oedo Line. Therefore, MHR also places high value on the Property's favorable location in terms of access to major arterial roads and stations on major subway lines.

(2) Building Facilities, etc.

The Property is a highly-functional intelligent building geared to global business with 37 floors above ground and a gross floor area of approximately 177,487m². The quality of the entrance as well as the rest of the building is high, and the leasable floor area per floor is a spacious, column-free space of approximately 930 tsubos (Note 1). Improvements through a large-scale renovation conducted in 2005 have resulted in the Property maintaining high competitiveness making it ideal for head office functions both in terms of the level of facilities and the surrounding environment.

In the recent market in which the supply of large prime buildings is becoming tight, a Property of this scale is a rare and attractive acquisition opportunity. Despite 22 years having passed since completion of construction, the Property continues to enjoy extremely high recognition in the central Tokyo office market and is highly competitive to rival buildings.

(3) Management Policy

MHR has owned and operated part of the Property since March 22, 2006 and March 28, 2008 when it acquired the trust beneficiary right in a trust that holds title to part of the Property. The Asset Manager recognizes there is room for future rental growth given the existing tenant's rent levels are lower than the prevailing market rents for premium space in the surrounding area.

The leasing scheme being adopted for the acquisition of March 28, 2008 is a pass-through master lease scheme, which enables earnings from internal growth to be reaped in a timely manner compared to the fixed master lease scheme adopted for the March 22, 2006 acquisition. Furthermore, through increasing MHR's interest in the entire land and building (Note 2), MHR will raise its profile as a land co-owner and sectional owner of the building and be in stronger position to improve the efficiency of the operation and management of the asset.

(Note 1) This is the estimated value based on the standard rentable floor area.

(Note 2) The following is MHR's interest of the land where the building is located and MHR's private-use floor area under sectional ownership of the entire building of the Property (based on the real estate registry) after acquisition of the Asset-to-be-Acquired:

Land:	1,324.04m ² (about 3.3% of the total)	→	1,586.14m ² (about 4.0% of the total)
Building:	6,654.61m ² (about 4.6% of the total)	→	7,973.34m ² (about 5.5% of the total)

【Akasaka Tameike Tower】

(1) Location

The Akasaka and Roppongi area, where the Property is located, is an area with a high concentration of office buildings that house many financial, consulting and media related firms, as well as foreign firms, law and accounting offices, etc. The Property is located in an area that functions both as an office and residential area. There is a trend for skyscrapers to concentrate in the vicinity, such as "Akasaka Sacas" which began service

from March 2008 and which is generating wide-spread attention and in July, construction began for “Akasaka Tower Residence, Top of the Hill”. In the future, the area can be expected to maintain strong demand as an area that combines multiple functions of offices, residents and entertainment facilities.

Furthermore, the Property is situated approximately 4-minutes by foot from Tameike-sanno Station on the Tokyo Metro Ginza and Namboku Lines, and an approximately 4-minute walk from Akasaka Station on the Tokyo Metro Chiyoda Line. Therefore, MHR places high value on the Property’s favorable location in terms of access to stations on subway lines.

(2) Building Facilities, etc.

The Property is a skyscraper comprised mainly of offices and residences. It also provides a rich natural environment through the establishment of public spaces within the premises, the surrounding area being rich with greenery, a Roof Garden, etc.

The office section can also be evaluated as possessing very rare and attractive qualities as demand for large-scale buildings grows, since it possesses a space of about 400 tsubos (Note) of leasable area per floor with 4 sided apertures that have no pillars, facilities that are by no means inferior, in terms of quality, to those of large-scale buildings that have just begun construction, etc.

“Chemins,” a renowned French restaurant located on the premises of the building has been awarded one star in the Michelin Guide Tokyo 2008 and its sophisticated atmosphere coupled with a quiet environment makes the property even more attractive.

The building has an earthquake-resistant structure based on the combination of a “Visco-elastic Brace Damper Walls” and “Unbond Brace Dampers.” Therefore, not only is the building itself safe, but the impact of oscillations on room equipment, etc. is also significantly reduced by controlling and minimizing oscillations.

(3) Management Policy

MHR plans to acquire the trust beneficiary right in a trust that holds title to part of the Property from September 30, 2008. The Asset Manager believes there is room for future rental growth given the existing tenant’s rent levels are lower than the prevailing market rents for premium space in the surrounding area.

Furthermore, MHR believes that it will be able to improve the efficiency of asset operation and management by increasing its holding of assets in the Akasaka and Roppongi areas.

(Note) This is the estimated value based on the standard rentable floor area.

3. Details of the Asset-to-be-Acquired and Asset-to-be-Transferred

(1) Details of the Asset-to-be-Acquired

【ARK Mori Building】

Details of the Real Estate Trust Beneficiary Right

Property name	ARK Mori Building (12F and 22F portions)
Trust fiduciary	Mizuho Trust & Banking Co., Ltd.
Trust beneficiary	MHR (quasi co-ownership interest: 25%) *Following the acquisition, MHR’s interest in the 12F and 22F portions will increase to 100%.
Trust establishment date	March 28, 2008
Trust maturity date	March 31, 2018

Details of the Real Estate that is the Asset in Trust



Location	Lot number	1-1 Akasaka, Minato-ku, Tokyo, and 1-1 Roppongi, Minato-ku, Tokyo
	Residential indication	1-12-32 Akasaka, Minato-ku, Tokyo
Lot size (Note 1)		39,602.42m ²
Gross floor area (Note 1)		177,486.95m ²
Structure		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof; 37 floors above ground and 4 floors below ground
Use		Offices and Shops
Construction completion		March 1986
Designers		Mori Building Co., Ltd., first class architect office, and Irie Miyake Architects & Engineers
Contractors		Kajima Corporation, Toda Corporation and Fujita Engineering Co. Ltd., a consortium
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (Note 2)
	Building	Sectional ownership (Note 3)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	5,025,000,000 yen (Note 4)
	Appraisal date	July 31, 2008
PML (Note 5)		0.38%
Collateral		None
Leasing scheme		Pass-through master lease
Master lessee		Mori Building Co., Ltd.
Property manager		Mori Building Co., Ltd.
Special consideration		Wet-spray rockwool containing asbestos is used on the columns, beams, etc. of the ceiling, party wall, etc. The places where the wet-spray rockwool containing asbestos is 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. A master lease agreement with the trust fiduciary as the lessor and Mori Building Co., Ltd. as the lessee has been executed for the Property on March 28, 2008 and a property management agreement has been executed between the trust fiduciary and Mori Building Co., Ltd.

(Note 1) Lot size is the area of the entire parcel, and gross floor area is the total floor area of the entire building, both as indicated on the real estate registry.

(Note 2) Land use rights for the Property are in place. The lot size as indicated in the real estate registry corresponding to the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire is 262.10m². The land use right interest ratio is about 0.6%.

(Note 3) The private-use floor area as indicated on the real estate registry corresponding to the quasi co-ownership interest in the trust beneficiary right that MHR is to acquire is 1,318.73m². The private-use floor area interest ratio is about 0.9%.

(Note 4) This is applicable to the 25% quasi co-ownership interest in the trust beneficiary right that MHR is to acquire.

(Note 5) PML refers to the probability of the maximum loss expected to result from an earthquake. There is no standardized precise definition. Rather, definitions vary depending on the intended purpose and use. Herein, however, PML is defined as “the loss that may result from an earthquake of the maximum size that has a 10% or

greater probability of occurring within the average useful life of a building of 50 years (corresponding to a 475-year return period) expressed as a percentage (%) of the replacement cost.”

The value as indicated on the earthquake PML assessment report dated July 2008 by Sompo Japan Risk Management, Inc. is shown.

Details of Tenants (as of June 30, 2008)

Total number and overview of end tenants (Note 1)	11 (Office: 11)		
Gross rent income (annual rent) (Note 2)	179,747,772 yen		
Deposits/Guarantees (Note 3)	145,603,228 yen		
Total leasable floor area (Note 4)	1,305.90m ²		
Total leased floor area (Note 5)	1,231.77m ²		
Occupancy rate (with past data) (Note 6)	End of March 2007	End of March 2008	End of June 2008
	100.0%	100.0%	94.3%

(Note 1) Regarding the total number of end tenants for all of the 12th and 22nd floors, the number of end tenants is counted as 1 tenant when a single tenant leases multiple rental units.

(Note 2) Gross rent income (annual rent) is the amount arrived at when the sum total of the monthly rent and monthly common area charges as indicated on lease agreements with end tenants (excluding parking lot income, utilities income and other income) is multiplied by 12 and the result is multiplied by the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 3) Deposits/Guarantees is the amount arrived at when the monetary balance indicated on lease agreements with end tenants is multiplied by the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 4) Total leasable floor area is the floor area arrived at when the floor area deemed leasable to end tenants is multiplied by the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 5) Total leased floor area is the floor area arrived at when the sum total of the contract floor area indicated on lease agreements with end tenants is multiplied by the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 6) Occupancy rate is the total leased floor area expressed as a percentage of total leasable floor area. The occupancy rate is rounded to one decimal place.

【Akasaka Tameike Tower】

Details of the Real Estate Trust Beneficiary Right

Property name	Akasaka Tameike Tower
Trust fiduciary	Sumitomo Trust & Banking Co., Ltd.
Trust beneficiary	MHR
Trust establishment date	September 30, 2008
Trust maturity date	March 31, 2026

Details of the Real Estate that is the Asset in Trust

Location	Lot number	2-1701-1 and 2-1705-1, Akasaka, Minato-ku, Tokyo
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	Residential indication	2-17-7, Akasaka, Minato-ku, Tokyo
Lot size (Note 1)		5,694.16m ²
Gross floor area (Note 1)		46,971.43m ²
Structure		Reinforced concrete, steel-framed reinforced concrete (parts of the property) and steel-framed structure with flat roof; 25 floors above ground and 2 floors below ground
Use		Offices, Residents and Shops
Construction completion		August 2000
Designers		Shimizu Corporation, first class architect office
Contractors		Shimizu Corporation and Takenaka Corporation, a consortium
Building verification agency		Tokyo Metropolitan Government
Form of ownership	Land	Ownership (co-ownership) (Note 2)
	Building	Sectional ownership (Note 3)
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	35,600,000,000 yen
	Appraisal date	July 31, 2008
PML (Note 4)		2.15%
Collateral		None
Leasing scheme		Pass-through master lease
Master lessee		Mori Building Co., Ltd.
Property manager		Mori Building Co., Ltd.
Special consideration		<p>A fixed mortgage has been established for the interest for other co-owners of the land to the Property.</p> <p>A part of the eastern side of the land has been subdivided and transferred to Minato Ward of Tokyo Prefecture since the eastern road is to be widened. The borderline between the eastern road (1701-3, 1702-2, 1703-2, 1704-3, 1704-4 and 1705-2) and the borderline between the road and Property's land has not been confirmed following the division and transfer. It is assumed that the seller will confirm the borderline prior to December 31, 2008 at its own responsibility.</p> <p>As stated below (Note 5), the income and expenses in relation to the Property will be distributed according to the distribution ratio. Therefore, MHR's profit obtained from the Property will not only be affected by conditions of the rent income from tenants and other income and expenses corresponding to the private-use areas of sectional ownership of the assets in trust, but will also be affected by conditions of the rent income from tenants corresponding to the private-use areas and common areas indicated in the agreement of the sectional ownership owned by Mori Building Co., Ltd. and The Asahi Shimbun Company does not fall under said trust other than residential and community meeting areas.</p> <p>Moreover, a master lease agreement and property management agreement between the trust fiduciary and Mori Building Co., Ltd. will be executed for the Property. Furthermore, a building maintenance and management agreement will be executed between the trust fiduciary and Akasaka Tameike Tower Management Co., Ltd.</p>



- (Note 1) Lot size is the area of the entire parcel, and gross floor area is the total floor area of the entire building, both as indicated on the real estate registry.
- (Note 2) Ownership for the land where the property is located is subdivided into the addresses of 1701-1 and 1705, and MHR plans to acquire the trust beneficiary right in a trust that holds title to the co-ownership interest of 1701-1. The lot size, as recorded in the real estate registry corresponding to the co-ownership interest of the trust beneficiary right that MHR is planning to acquire, is 2,011.30m² and the co-ownership interest ratio is about 61.7%.
- (Note 3) The private-use floor area as indicated on the real estate registry corresponding to the sectional ownership in the trust beneficiary right that MHR is to acquire is 11,338.12m² and the private-use floor area interest ratio is 35.4%.
- (Note 4) PML refers to the probability of the maximum loss expected to result from an earthquake. There is no standardized precise definition. Rather, definitions vary depending on the intended purpose and use. Herein, however, PML is defined as “the loss that may result from an earthquake of the maximum size that has a 10% or greater probability of occurring within the average useful life of a building of 50 years (corresponding to a 475-year return period) expressed as a percentage (%) of the replacement cost.”
The value as indicated on the earthquake PML assessment report dated July 2008 by Sompo Japan Risk Management, Inc. is shown.
- (Note 5) Mori Building Co., Ltd. and The Asahi Shimbun Company, who both possess sectional ownership of the Property’s building, are to jointly conduct the rental business for the Property. Total rent income collected from all tenants and other total revenue corresponding to private-use areas and common areas indicated in the agreement owned by both parties possessing sectional ownership of the Property’s building will be distributed according to the respective percentage of revenues and responsibilities in said business (“business ratio”) stipulated in the agreement made between both parties. Both parties are also to bear a certain costs according to the business ratio. After acquisition of the asset-to-be-acquired, the trust fiduciary will inherit the position held by Mori Building Co., Ltd. based on the agreement made between both parties possessing sectional ownership in regards to the acquired portion. However, apart from the business ratio, the trust fiduciary plans to execute an agreement with Mori Building Co., Ltd. that says the trust fiduciary will receive distributions of an amount that equals – the total rent income collected from all tenants and other total revenue corresponding to private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by the trust fiduciary, Mori Building Co., Ltd. and The Asahi Shimbun Company – multiplied by the percentage of revenues and expenses borne by the trust fiduciary (hereafter “distribution ratio”; the trust fiduciary is scheduled to be allocated a distribution ratio of 65.9%). The agreement will also state that the trust fiduciary will also bear a certain amount of costs according to the distribution ratio.

Details of Tenants (as of June 30, 2008)

Total number and overview of end tenants (Note 1)	13 (Office: 11; Shop: 2)		
Gross rent income (annual rent) (Note 2)	1,178,204,810 yen		
Deposits/Guarantees (Note 3)	1,006,242,758 yen		
Total leasable floor area (Note 4)	10,523.77m ²		
Total leased floor area (Note 5)	10,523.77m ²		
Occupancy rate (with past data) (Note 6)	End of March 2007	End of March 2008	End of June 2008

	100.0%	95.8%	100.0%
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(Note 1) Regarding the total number of end tenants for the private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by Mori Building Co., Ltd. and The Asahi Shimbun Company which are the current owners, the number of end tenants is counted as 1 tenant when a single tenant leases multiple rental units.

(Note 2) Gross rent income (annual rent) is the amount arrived at when the sum total of the monthly rent (sales commission rent is the monthly average of the actual amount received from end tenants between July 1, 2007 to June 30, 2008) and monthly common area charges as indicated on lease agreements with end tenants (excluding utilities income and other income) corresponding to the private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by Mori Building Co., Ltd. and The Asahi Shimbun Company which are the current owners, is multiplied by 12 and the result is multiplied by the distribution ratio (65.9%) in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 3) Deposits/Guarantees is the amount arrived at when the monetary balance indicated on lease agreements with end tenants corresponding to the private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by Mori Building Co., Ltd. and The Asahi Shimbun Company which are the current owners, is multiplied by the distribution ratio (65.9%) in the trust beneficiary right that MHR is to acquire. The amount is rounded to the nearest yen.

(Note 4) Total leasable floor area is the floor area arrived at when the floor area deemed leasable to end tenants corresponding to the private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by Mori Building Co., Ltd. and The Asahi Shimbun Company which are the current owners, is multiplied by the distribution ratio (65.9%) in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 5) Total leased floor area is the floor area arrived at when the contract floor area indicated on lease agreements with end tenants corresponding to the private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by Mori Building Co., Ltd. and The Asahi Shimbun Company which are the current owners, is multiplied by the distribution ratio (65.9%) in the trust beneficiary right that MHR is to acquire. The floor area is rounded to two decimal places.

(Note 6) Occupancy rate is the total leased floor area expressed as a percentage of total leasable floor area. The occupancy rate is rounded to one decimal place.

(2) Details of the Asset-to-be-Transferred

【Moto-Azabu Hills】

Details of the Entire Real Estate

Location	Lot number	1-30-7, Moto-Azabu, Minato-ku, Tokyo
	Residential indication	1-3-1, -2, -3, Moto-Azabu, Minato-ku, Tokyo
Lot size (Note 1)		12,199.65m ²
Gross floor area (Note 1)		54,006.76m ²
Structure (Note 2)		Reinforced concrete, steel-framed reinforced concrete and steel-framed structure with flat roof; 29 floors above ground and 4 floors below ground
Use (Note 2)		Residents and Storage Areas, etc.



Construction completion (Note 2)	May 2002 and September 2002	
Designers	Takenaka Corporation *Design supervisors: S.Uchii Architect & Associates and Conran & Partners	
Contractors	Takenaka Corporation	
Building verification agency	Tokyo Metropolitan Government	
Form of ownership	Land	Ownership (Note 3)
	Building	Sectional ownership (Note 3)
Acquisition Timing	March 22, 2006	
Acquisition Price (Note 4)	27,300,000,000 yen	

(Note 1) Lot size is the area of the entire parcel, and gross floor area is the total floor area of the entire building, both as indicated on the real estate registry.

(Note 2) The property is a single establishment in the registry, but according to the Building Standards Law, it consists of 3 establishments, that are: Forest Tower (SRC B3F/29F), Forest Terrace East (RC B1F/6F) and Forest Terrace West (RC B1F/5F). The month construction started for the respective buildings was May 2002 for Forest Tower and Forest Terrace East and September 2002 for Forest Terrace West.

(Note 3) Lot size owned by MHR before the transfer, based on the record in the real estate registry, is 6,937.35m² and the land use right interest ratio is about 56.8%. The private-use floor area indicated in the real estate registry for the trust beneficiary right is 24,962.63m² and the private-use floor area interest ratio is about 64.5%. Moreover, the leasable floor area that can be rented to end tenants is 19,251.84 m².

(Note 4) Said acquisition price is the acquisition price of the trust beneficiary right of assets that holds title to said real estate.

Details of Section to be Transferred (1 residential unit)

Lot size (Note 1)	75.00m ²	
Private-use floor area (Note 1)	192.11m ²	
Leasable floor area (Note 1)	209.11m ²	
Appraisal	Appraiser	Japan Real Estate Institute
	Appraisal value	400,000,000 yen (Note 2) (Note 3)
	Appraisal date	July 31, 2008
Book value (Note 2)	264,400,000 yen (Note 4)	
Transfer price (Note 2)	423,000,000 yen	
Profit/Loss from the transfer (Note 2)	154,600,000 yen (profit) (Note 5)	
Date of transfer (planned)	During the 5 th fiscal period (ending January 2009)	

(Note 1) Lot size owned by MHR after the transfer, based on the record in the real estate registry, is 6,862.35m² and the land use right interest ratio is about 56.2%. The private-use floor area indicated in the real estate registry corresponding to the trust beneficiary right is 24,770.52m² and the private-use floor area interest ratio is about 64.0%. Moreover, the leasable floor area that can be rented to end tenants is 19,042.73 m².

(Note 2) This is the price and profit/loss for the said transfer.

(Note 3) This is an ordinary price for the price and rent in the appraisal (sought as the fair value that reflects market value, thought to be formed in the market upon fulfilling conditions that are deemed logical under current social conditions) and not a specific value (sought as a price that reflects investor break-even price that is shown to investors). For reference, the income price based on the capitalization method of the Property to be transferred indicated in the appraisal is 260,000,000 yen.

(Note 4) The book value in this chart is the trial balance value as of the end of July 2008.



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The amount will be finalized upon taking into account depreciation and amortization expenses until the selling date.

(Note 5) The amount of profit/loss from the transfer in the chart is the transfer price minus the sum total of the book value of 264,400,000 yen and estimated cost of transfer of 4,000,000 yen indicated in the chart.

Details of Tenants (as of June 30, 2008)

Total number and overview of end tenants	0		
Gross rent income (annual rent)	0 yen		
Deposits/Guarantees	0 yen		
Total leasable floor area (Note 1)	209.11m ²		
Total leased floor area	0 m ²		
Occupancy rate (with past data) (Note 2)	End of March 2007	End of March 2008	End of June 2008
	100.0%	0.0%	0.0%

(Note 1) Total leasable floor area is the floor area deemed leasable to end tenants.

(Note 2) Occupancy rate is the total leased floor area expressed as a percentage of total leasable floor area. The occupancy rate is rounded to one decimal place.

4. Profile of Seller, Buyer and Property Manager, etc.

【Seller, Buyer and Property Manager, etc.】

Name	Mori Building Co., Ltd.
Location of headquarters	6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Minoru Mori
Capital	65 billion yen (as of March 31, 2008)
Major Shareholder	Morikiyo Co., Ltd. (as of March 31, 2008)
Scope of business	General developer
Relationship with MHR or Asset Manager	As of July 31, 2008, Mori Building is the main unitholder (15% 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).

【Property Manager】

Name	Akasaka Tameike Tower Management Co., Ltd.
Location of headquarters	2-17-7, Akasaka, Minato-ku, Tokyo
Representative	Takehiko Koshinaga
Capital	10 million yen (as of July 31, 2008)
Major Shareholder	Mori Building Co., Ltd. and The Asahi Shimbun Company.
Scope of business	Consignment businesses related to the use, management and operation of “Akasaka Tameike Tower”, management of building facilities, front desk business of the “Residence”, management business of the “Akasaka Tameike Tower Management Association”
Relationship with MHR or Asset Manager	Akasaka Tameike Tower Management Co., Ltd. is the subsidiary to Mori Building, which holds a 67.3% stake of the company, and which is a shareholder (100% stake) of Mori Building Investment Management Co., Ltd., to which the asset management of MHR is consigned (Asset Manager) and thus



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	constitutes an interested party, etc. as defined in the Investment Trust Law
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5. Status of Titleholders, etc. of the Property

【ARK Mori Building】

Property name (Location)	ARK Mori Building (1-12-32 Akasaka, Minato-ku, Tokyo)	
Status of titleholders, etc. to the Property	Prior titleholder / trust beneficiary	Titleholder / Trust beneficiary preceding the prior titleholder / trust beneficiary
Name of company	Mori Building Co., Ltd.	–
Relationship with party having particular vested interest	Refer to “4. Profile of Seller, Buyer and Property Manager, etc.” above	–
Acquisition background and reason	Newly constructed in March 1986	–
Acquisition price (including other expenses)	–	–
Acquisition timing	March 31, 1986 (retains building ownership)	–

【Akasaka Tameike Tower】

Property name (Location)	Akasaka Tameike Tower (2-17-7, Akasaka, Minato-ku, Tokyo)	
Status of titleholders, etc. to the Property	Prior titleholder / trust beneficiary	Titleholder / Trust beneficiary preceding the prior titleholder / trust beneficiary
Name of company	Mori Building Co., Ltd.	–
Relationship with party having particular vested interest	Refer to “4. Profile of Seller, Buyer and Property Manager, etc.” above	–
Acquisition background and reason	Newly constructed in August 2000	–
Acquisition price (including other expenses)	–	–
Acquisition timing	September 14, 2000 (retains building ownership)	–

6. Broker Profile
Not applicable.

7. Transaction with Interested Parties, etc.

A transaction with an interested party, etc. will occur with the acquisition of the Asset-to-be-Acquired and transfer of Asset-to-be-Transferred.

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, transfer price and other terms and conditions, the Asset Manager has taken steps pursuant to the Related Parties Transaction Guidelines.



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【ARK Mori Building】

Acquisition of the Asset-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.
Master lease agreement	MHR does not plan to execute a new master lease agreement because a master lease agreement has already executed with Mori Building Co., Ltd. as lessee and with the trust fiduciary as lessor on March 28, 2008 for the Property.
Property management agreement	MHR does not plan to execute a new property management agreement because a property management agreement has already been executed between Mori Building Co., Ltd. and the trust fiduciary on March 28, 2008 for the Property.

【Akasaka Tameike Tower】

Acquisition of the Asset-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.
Master lease agreement and property management agreement	MHR plans to execute a master lease agreement and property management agreement for the Property between the trust fiduciary and Mori Building Co., Ltd. on the acquisition date.
Building maintenance management agreement	MHR plans to execute a building maintenance management agreement for the Property between the trust fiduciary and Akasaka Tameike Tower Management Co., Ltd.

【Moto-Azabu Hills】

Transfer of the Asset-to-be-Transferred	The buyer 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.
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8. Acquisition and Transfer Schedule

【ARK Mori Building】

September 16, 2008:

Decision on acquisition reached

September 30, 2008:

Conclusion of trust beneficiary right sale and purchase agreement (planned)

September 30, 2008:

Delivery (planned)

【Akasaka Tameike Tower】

September 16, 2008:

Decision on acquisition reached

September 30, 2008:

Conclusion of trust beneficiary right sale and purchase agreement (planned)

September 30, 2008:

Delivery (planned)

【Moto-Azabu Hills】

September 16, 2008:

Decision on transfer reached

During the 5th fiscal period (ending January 31, 2009):

Conclusion of real estate sale and purchase agreement (planned)

During the 5th fiscal period (ending January 31, 2009):

Transfer (planned)

9. Payment Method

For the acquisitions, MHR is to pay the payment for the transaction to the Seller on the scheduled acquisition date using cash on hand, debt financing and net capital obtained through third party allotment.

For the transfer, MHR is to receive the payment for the transaction from the Buyer on the scheduled transfer date.

10. Future Prospects

Please refer to the section, “Forecast of Results for the Fifth Fiscal Period ending January 31, 2009 (August 1, 2008 – January 31, 2009)” in the “Financial Report for the Fourth Fiscal Period Ended July 31, 2008” for the impact the acquisition of the Asset-to-be-Acquired will have on the forecast of MHR’s business results for the fifth fiscal period ending January 31, 2009 (August 1, 2008 – January 31, 2009).

[Attachments]

Attachment 1: Summary of Appraisal Report for the Acquisition Property and Transfer Property

Attachment 2: Annual Income and Expenditure Projections for Acquisition Property

Attachment 3: Portfolio List After Acquisition of the Asset-to-be-Acquired and Transfer of the Asset-to-be-Transferred

Attachment 4: Map, Photo and Building Layout of the Acquisition 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] Summary of Appraisal Report for the Acquisition Property and Transfer Property
【ARK Mori Building】

(Unit: thousands of yen)

Appraiser	Japan Real Estate Institute
Appraisal date	July 31, 2008
Appraisal value (Note)	5,025,000
Price based on the income approach	5,025,000
Price based on the direct capitalization method	5,075,000
Operating income	225,407
Operating expenses	46,618
Net operating income	178,789
Gain on investment of deposits, etc.	4,249
Capital expenditures	5,587
Net income	177,451
Cap rate	3.5%
Price based on the DCF method	4,950,000
Discount rate	3.4%
Terminal cap rate	3.9%
Price based on the cost approach	4,750,000
Land ratio	92%
Building ratio	8%

(Note) Appraisal value is the amount obtained by multiplying the figure recorded in the appraisal report for all of the 12th and 22nd floors or the total assets acquired during the fourth fiscal period with the quasi co-ownership interest ratio (25%) of the trust beneficiary right that MHR is to acquire.

【Akasaka Tameike Tower】

(Unit: thousands of yen)

Appraiser	Japan Real Estate Institute
Appraisal date	July 31, 2008
Appraisal value	35,600,000
Price based on the income approach	35,600,000
Price based on the direct capitalization method	36,000,000
Operating income	1,701,685
Operating expenses	372,586
Net operating income	1,329,099
Gain on investment of deposits, etc.	23,457
Capital expenditures	21,123
Net income	1,331,433
Cap rate	3.7%
Price based on the DCF method	35,100,000
Discount rate	3.3%
Terminal cap rate	3.8%
Price based on the cost approach	21,300,000
Land ratio	77%
Building ratio	23%

【Moto-Azabu Hills】

(Unit: thousands of yen)

Appraiser	Japan Real Estate Institute
Appraisal date	July 31, 2008
Appraisal value	400,000
Price based on the income approach	260,000
Price based on the direct capitalization method	263,000
Operating income	20,304
Operating expenses	6,828
Net operating income	13,476
Gain on investment of deposits, etc.	203
Capital expenditures	507
Net income	13,172
Cap rate	5.0%
Price based on the DCF method	257,000
Discount rate	4.8%
Terminal cap rate	5.2%
Price based on the cost approach	319,000
Land ratio	70%
Building ratio	30%

[Attachment 2] Annual Income and Expenditure Projections for Acquisition Property

【ARK Mori Building】

(Unit: thousands of yen)

	The Property (Note)
Property revenues (including incidental revenues)	191,758
Property expenses (excluding depreciation and amortization)	46,713
Property NOI	145,045

(Note) The figures above are the amounts arrived at by multiplying the Annual Income and Expenditure after excluding factors specific to the fiscal year of acquisition, with the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire. Moreover, the figures are not forecast figures for the next fiscal period. Furthermore, the average maintenance and repair costs per annum for the next 12 years in relation to the quasi co-ownership interest (25%) in the trust beneficiary right that MHR is to acquire, based on the Engineering Report (Tokyo Bldg-Tech Center Co., Ltd.), is 2,088,000 yen.

【Akasaka Tameike Tower】

	(Unit: thousands of yen)
	The Property (Note)
Property revenues (including incidental revenues)	1,553,100
Property expenses (excluding depreciation and amortization)	361,087
Property NOI	1,192,013

(Note) The figures above are the amounts arrived at by multiplying – the Annual Income and Expenditure after excluding factors specific to the fiscal year of acquisition corresponding to private-use areas and common areas indicated in the agreement (other than residential and community meeting areas) that are owned under sectional ownership by the trust fiduciary, Mori Building Co., Ltd. and The Asahi Shimbun Company, – with the distribution ratio (65.9%) in the trust beneficiary right that MHR is to acquire. Moreover, the figures are not forecast figures for the next fiscal period.

Furthermore, the average maintenance and repair costs per annum for the next 12 years for the trust beneficiary right that MHR is to acquire, based on the Engineering Report (Tokyo Bldg-Tech Center Co., Ltd.), is 30,176,000 yen.



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[Attachment 3] Portfolio List After Acquisition of the Asset-to-be-Acquired and Transfer of the Asset-to-be-Transferred

Type	Region	Property no.	Property name	Acquisition date	Acquisition price (millions of yen) (Note 1)	Investment ratio (%) (Note 2)
Office Building	Central five wards in Tokyo and their vicinity	O-1-1	ARK Mori Building (fixed)	March 22, 2006	6,600	3.3
		O-1-2	ARK Mori Building (pass-through) (Note 3)	March 28, 2008 Sep. 30, 2008	22,000	10.9
		O-2	Roppongi Hills Gate Tower	April 13, 2006	36,500	18.1
		O-3	Roppongi First Building	March 22, 2006 April 13, 2006	21,000	10.4
		O-4	Koraku Mori Building	April 13, 2006	27,200	13.5
		O-5	Toranomon 35 Mori Building (OMRON Tokyo Headquarters Building)	August 1, 2006	12,720	6.3
		O-6	Akasaka Tameike Tower (Note 3)	Sep. 30, 2008	37,200	18.4
Sub total					163,220	80.9
Residential	Central five wards in Tokyo and their vicinity	R-1	Moto-Azabu Hills (Note 3) (Note 4)	March 22, 2006 Transfer during the 5 th fiscal period	27,300 -266	13.4
		R-2	ARK Forest Terrace	April 13, 2006	5,300	2.6
		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	2.0
Sub total					38,434	19.1
Portfolio total					201,654	100.0

(Note 1) Acquisition price is the price MHR pays for the 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 of the respective property expressed as a percentage of the portfolio total. In the calculation, the ratio is rounded to one decimal place.

(Note 3) Concerning MHR's property to be acquired, MHR is scheduled to conclude a real estate trust beneficiary right sale and purchase agreement on September 30, 2008 and the acquisition is scheduled to take place on the same date. Concerning MHR's property to be transferred, MHR is also scheduled to conclude a real estate sale and purchase agreement during the fifth fiscal period (ending January 31, 2009) and scheduled to make a transfer. The acquisition price and investment ratio entries



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are based on the assumption that MHR has already acquired or transferred the three properties.

(Note 4) The acquisition price that is to decrease following the sale of the property is calculated using the following formula:

Decrease in acquisition price = Decrease in land price (total book value of the land x land use right interest ratio of the residential unit under sale) + decrease in building price ((acquisition price – total book value of the land) x publicized private-use floor area ratio of the residential unit under sale)

[Attachment 4]

Map of the Asset-to-be-Acquired (portfolio map of the vicinity area)

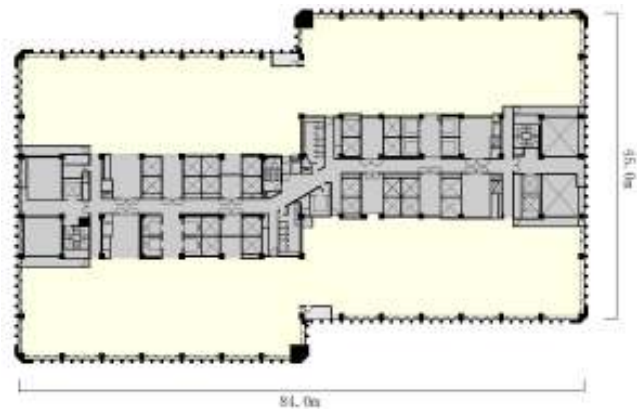


【ARK Mori Building】 Photo



Building Layout

Cross-sectional Diagram of the Standard Floor



【ARK Mori Building】 Photo



Building's Layout

Situation of Rights and Leasing Management Scheme



Cross-sectional Diagram of the Standard Floor



25F	Residential	A company / M company, other (sectional ownership)	Revenues and expenses shared based on the predefined share percentages	Master lease by Mori Building	End tenant					
24F										
23F										
22F										
21F										
20F										
19F										
18F										
17F										
16F										
15F										
14F										
13F						Offices	MHR (sectional ownership)	Revenues and expenses shared based on the predefined share percentages	Master lease by Mori Building	End tenant
12F										
11F										
10F										
9F										
8F										
7F										
6F										
5F	A company (sectional ownership)	Revenues and expenses shared based on the predefined share percentages	Master lease by Mori Building	End tenant						
4F										
3F										
2F										
1F	Retail	A company / M company (co-ownership)	Revenues and expenses shared based on the predefined share percentages	Master lease by Mori Building	End tenant					
GLF						MHR (sectional ownership)	End tenant			

Applying an efficient leasing management scheme for the building

- ✓ It is our aim to uniformly lease, operate and manage the entire building efficiently without causing any imbalances between sectional owners and to optimize NOI.
- ✓ Based on the agreement between the respective sectional owners, we will receive income and bear responsibility regarding the revenues and expenditures corresponding to the uniform leasing, management and operational scheme according to the distribution ratio stipulated in the master lease agreement made with Mori Building.