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MHR Announces Changes Regarding the Internal Rules (Management Guidelines) of the Asset Management Company

Mori Building Investment Management Co., Ltd. (MIM), which is the asset management company of Mori Hills REIT Investment Corporation (MHR), resolved today to make the following changes to its Management Guidelines that are part of its internal rules.

1. Brief Overview of the Change to the Management Guidelines  
Definition and selection standards, etc. of premium properties and properties other than premium properties were changed concerning the articles of Management Guidelines on management strategy (Article 5), portfolio policy (Article 6) and acquisition standards (Article 7).
2. Major Place of Change in the Management Guidelines

Before Change	After Change
<p>Article 5 (Management Strategy)</p> <p>1. Key Strategy</p> <p>(1) (Details Omitted)</p> <p>(2) (Details Omitted)</p> <p>(3) Urban portfolio with premium properties at the core</p> <p>a. Investments that focus on premium properties</p> <p>(a) (Details Omitted)</p> <p>(b) MIM determines office buildings, residential properties and retail facilities that can maintain satisfactory superiority in competitiveness into the future from the perspective of the property quality, size, specifications, etc., in targeted regions, as “premium properties,” and will regard them as prime investment targets.</p>	<p>Article 5 (Management Strategy)</p> <p>1. Key Strategy</p> <p>(1) (No Change)</p> <p>(2) (No Change)</p> <p>(3) Urban portfolio with premium properties at the core</p> <p>a. Investments that focus on premium properties</p> <p>(a) (No Change)</p> <p>(b) MIM determines office buildings, residential properties and retail facilities, <u>etc. (properties for retail facility or other use. The same hereinafter.)</u> that can maintain satisfactory superiority in competitiveness into the future from the perspective of the property quality, size, specifications, etc., in targeted regions, as</p>

Furthermore, MIM will make investment after focusing on the earthquake-resistant features of the properties to be incorporated itself and safety and earthquake countermeasures, etc., of the area where the property is located in addition to the overview of the respective premium properties.

- (c) (Details Omitted)
- (d) MIM will aim to diversify and maximize investment opportunities by regarding residential properties and retail facilities as investment targets as well while placing office buildings at the center of investment targets.
- (e) Overview of premium properties are described below:

Main uses	Overview
Office building	(Details Omitted)
Residential property	(Details Omitted)
Retail facility	(i) Department stores, downtown shopping centers, large specialty stores and retail complexes Location: (Details Omitted) Total floor area: (Details Omitted)  (ii) (Details Omitted)

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- (c) (No Change)
- (d) MIM will aim to diversify and maximize investment opportunities by regarding residential properties and retail facilities, etc. as investment targets as well while placing office buildings at the center of investment targets.
- (e) Overview of premium properties are described below:

Main uses	Overview
Office building	(No Change)
Residential property	(No Change)
Retail facility	(i) Department stores, downtown shopping centers, large specialty stores and retail complexes, etc. Location: (No Change) Total floor area: (No Change)  (ii) (No Change)

Furthermore, for properties with type of use other than mentioned above, its qualification to be

considered premium properties will be decided after considering terms and conditions such as the characteristics of each type of use. However, in case of ownership of land with leasehold, it shall be positioned as premium properties when the location and buildings on land with leasehold satisfies the conditions for premium properties.

- b. (Details Omitted)
- (4) (Details Omitted)
- 2. (Details Omitted)
- 3. (Details Omitted)

Article 6 (Portfolio Policy)

- 1. (Details Omitted)
- 2. Investments by Type of Use  
MIM will manage operating assets by investing in residential properties and retail facilities while centering on office buildings aiming for incorporated ratio (on acquisition price basis) by type of use described below. Furthermore, if a portion of the real estate related assets is used for different uses, then the type of use with the highest ratio in leasable floor area provided for that usage will be used as the main type of use for the real estate related asset.

<Type of Use Division of Investment Real Estates>

Main Type of Use of Real Estate Related Assets	Incorporation Ratio (Acquisition Price Basis)
Office Building	50% or more
Residential Properties and Retail Facility	50% or less

- 3. (Details Omitted)

- b. (No Change)
- (4) (No Change)
- 2. (No Change)
- 3. (No Change)

Article 6 (Portfolio Policy)

- 1. (No Change)
- 2. Investments by Type of Use  
MIM will manage operating assets by investing in residential properties and retail facilities, etc., while centering on office buildings aiming for incorporated ratio (on acquisition price basis) by type of use described below. Furthermore, if a portion of the real estate related assets is used for different uses, then the type of use with the highest ratio in leasable floor area provided for that usage will be used as the main type of use for the real estate related asset.

<Type of Use Division of Investment Real Estates>

Main Type of Use of Real Estate Related Assets	Incorporation Ratio (Acquisition Price Basis)
Office Building	50% or more
Residential Properties and Retail Facility, etc.	50% or less

- 3. (No Change)

<p>Article 7 (Acquisition Standards)</p> <ol style="list-style-type: none"> <li>1. (Details Omitted)</li> <li>2. (Details Omitted)</li> <li>3. (Details Omitted)</li> <li>4. (Details Omitted)</li> <li>5. (Details Omitted)</li> <li>6. (Details Omitted)</li> <li>7. Property Selection Standards Real estate concerning real estate related assets which fall under investment targets are comprised centered on primarily premium properties as the core portfolio of the operating assets based on “Article 6 Portfolio Policy 1. Investments by Property Quality.” Furthermore, regarding properties other than premium properties, MIM shall be able to add real estate related assets to investment targets in order to secure opportunity to gain profit should the real estate related assets provided for the use of office buildings <u>and</u> residential properties satisfy the standards below, and when assuming its relative superiority in the market scale and liquidity.</li> </ol> <ol style="list-style-type: none"> <li>a. (Details Omitted)</li> <li>b. Residential Property <ol style="list-style-type: none"> <li>i. Location <u>The property must be located in the central five wards of Tokyo and their vicinity focusing around the “three-A” areas (Akasaka and Roppongi Area, Aoyama and Harajuku Area, and Azabu and Hiroo Area).</u></li> <li>ii. (Details Omitted) (New)</li> </ol> </li> </ol> <p>8. (Details Omitted)</p>	<p>Article 7 (Acquisition Standards)</p> <ol style="list-style-type: none"> <li>1. (No Change)</li> <li>2. (No Change)</li> <li>3. (No Change)</li> <li>4. (No Change)</li> <li>5. (No Change)</li> <li>6. (No Change)</li> <li>7. Property Selection Standards Real estate concerning real estate related assets which fall under investment targets are comprised centered on primarily premium properties as the core portfolio of the operating assets based on “Article 6 Portfolio Policy 1. Investments by Property Quality.” Furthermore, regarding properties other than premium properties, MIM shall be able to add real estate related assets to investment targets in order to secure opportunity to gain profit should the real estate related assets provided for the use of office buildings, <u>residential properties and retail facilities, etc.</u> satisfy the standards below, and when assuming its relative superiority in the market scale and liquidity.</li> </ol> <ol style="list-style-type: none"> <li>a. (No Change)</li> <li>b. Residential Property <ol style="list-style-type: none"> <li>i. Location <u>The property must be located within Tokyo Metropolitan Area and within major local cities.</u></li> <li>ii. (No Change)</li> </ol> </li> <li>c. <u>Retail Facility, etc.</u> <ol style="list-style-type: none"> <li>i. <u>Location</u> <u>The property must be located within Tokyo Metropolitan Area and within major local cities.</u></li> <li>ii. <u>Property Scale</u> <u>In principle, the building must have a total floor area of 1,000m<sup>2</sup> or more.</u></li> </ol> </li> </ol> <p>8. (No Change)</p>
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Note: In addition to the changes above, there are slight changes as well.

### 3. Reason for the Changes to the Management Guidelines

The aim is to clarify standards to decide premium properties when acquiring ownership of land with leasehold along with maximizing investors' profit by promoting further improvement of dividends and expansion of total market value by expanding the range of investment target to include properties other than premium properties that have balanced risk and return, while maintaining the quality of current portfolio centered on premium properties in central Tokyo.

### 4. Date of Changes

September 13, 2012

Furthermore, all necessary reporting procedures, etc. for this matter will be conducted in accordance with the provisions of the Financial Instruments and Exchange Law, the Building Lots and Buildings Transaction Business Law and other applicable laws and regulations.

- 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/>