

July 20, 2020

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:
Mori Building Investment Management Co., Ltd.
Hideyuki Isobe, President & CEO
Inquiries: Akira Nemoto
General Manager, Financial Department
TEL: +81-3-6234-3234

MHR Announces Transaction with a Related Party (Mori Building Co., Ltd.)
(ARK Mori Building and 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 renew the building lease (master lease) and property management agreement between Mori Building Co., Ltd. on February 1, 2021 of ARK Mori Building and Roppongi Hills Mori Tower owned by MHR.

2. Summary of the Renewal and Reasons

Based on the appraisal on continuing rent from Japan Real Estate Institute and result of the discussion between the parties, MHR has decided to renew the agreement under the same conditions as below which are equivalent to those of before renewal.

(1) ARK Mori Building

① Leased floor	13th floor	12th and 22nd floors
② Leased area	2,728.96 m ²	5,223.59 m ²
③ Monthly rent	26,630,406 yen	51,282,093 yen
④ Security deposits	319,564,872 yen	520,923,738 yen
⑤ Lessee	Mori Building Co., Ltd.	
⑥ Leasing scheme	Leasing scheme Fixed-rent master lease	
⑦ Term of agreement	From February 1, 2021 to January 31, 2026	
⑧ Planned date of change	February 1, 2021	
⑨ Date of execution	July 31, 2020	

① Leased floor	23rd and 25th floors	4th and 15th, 24th floors
② Leased area	5,742.95 m ²	7,680.52 m ²
③ Monthly rent	55,505,288 yen	73,868,425 yen
④ Security deposits	555,052,880 yen	738,684,250 yen
⑤ Lessee	Mori Building Co., Ltd.	
⑥ Leasing scheme	Leasing scheme Fixed-rent master lease	
⑦ Term of agreement	From February 1, 2021 to January 31, 2026	
⑧ Planned date of change	February 1, 2021	
⑨ Date of execution	July 31, 2020	

(2) Roppongi Hills Mori Tower

① Leased floor	25th floor
② Leased area	4,156.66 m ²
③ Monthly rent	45,894,722 yen
④ Security deposits	458,947,220 yen
⑤ Lessee	Mori Building Co., Ltd.
⑥ Leasing scheme	Leasing scheme Fixed-rent master lease
⑦ Term of agreement	From February 1, 2021 to January 31, 2026
⑧ Planned date of change	February 1, 2021
⑨ Date of execution	July 31, 2020

3. 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	79,500 million yen (as of March 31, 2020)
Established	June 2, 1959
Major shareholder	Mori Kiyō Co., Ltd. (as of March 31, 2020)
Net assets	399,597 million yen (as of March 31, 2020)
Total assets	1,799,309 million yen (as of March 31, 2020)
Relationship with MHR and Asset Manager (as of July 20, 2020)	
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	There are no personal relationships to note between MHR/MIM and 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 (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.

4. Other

Upon consultation with Mori Building Co., Ltd., the following appraisal values were decided to be the revised amounts.

Appraisal value by Japan Real Estate Institute concerning continuous monthly rents		
Leased property	Leased floor	Appraisal value
ARK Mori Building	13th floor	26,630,406 yen
	12th and 22nd floors	51,282,093 yen
	23rd and 25th floors	55,505,288 yen
	4th and 15th, 24th floors	73,868,425 yen
Roppongi Hills Mori Tower	25th floor	45,894,722 yen

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 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.

6. Outlook

There will be no impact on MHR's forecasts of financial results for the fiscal period ending July 2020 (February 1, 2020 to July 31, 2020) and the fiscal period ending January 2021 (August 1, 2020 to January 31, 2021).

- MHR's website address is <https://www.mori-hills-reit.co.jp/en/>