

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
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MHR Announces Transaction with a Related Party
(Mori Building Ryutsu System Co., Ltd.) (Laforet Harajuku (land))

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced that Mori Building Investment Management Co., Ltd. (hereafter “the Asset Manager”), 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 Trust Act”). The details are as follows.

1. Transaction Overview

MHR will conclude a Memorandum to revise rent on Business-use fixed-term land lease agreement with lessee, Mori Building Ryutsu System Co., Ltd. as below for the revision of the monthly rent of Laforet Harajuku (land) concluded with Mori Building Ryutsu System Co., Ltd..

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|--------------------------------|---|
| (1) Leased property | : Laforet Harajuku (land) |
| (2) Leased area | : 2,565.06m ² |
| (3) Lessee | : Mori Building Ryutsu System Co., Ltd. |
| (4) Monthly rent before change | : 102,400,000 yen |
| (5) Monthly rent after change | : 104,900,000 yen |
| (6) Planned date of change | : October 1, 2016 |
| (7) Planned date of execution | : September 30, 2016 |

2. Overview of Related Party, etc.

Name	Mori Building Ryutsu System Co., Ltd.
Location	1-9-13 Jingumae, Shibuya-ku, Tokyo
Representative	Shingo Tsuji, President & CEO
Scope of business	Commercial developer primarily involved in management and consulting of shopping center (Laforet Harajuku) and multi-purpose hall (Laforet Museum)
Capital	1,500 million yen (as of September 14, 2016)
Established	July 3, 1986
Relationship with MHR and the Asset Manager	Morikiyo Co., Ltd., the parent company of Mori Building Co., Ltd., which is the wholly owning parent company (100% stake) of the Asset Manager, and thus constitutes a related party, etc. as defined in the Investment Trust Act.

3. Other

Upon consultation with Mori Building Ryutsu System Co., Ltd., the following appraisal values were decided to be the revised monthly rents.

Appraisal value by Japan Real Estate Institute concerning continuous monthly rents (land rent)	
Appraisal value	104,900,000 yen
Appraisal date	September 1, 2016

4. 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, the Asset Manager will deliver a written statement to MHR, pursuant to the Investment Trust Act.

5. Outlook

For the forecast of business results, please refer to the “Financial Report for the Twentieth Fiscal Period Ended July 2016” separately announced today.

- 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/>