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MHR Announces Partial Transfer of Trust Beneficiary Interest in Domestic Real Estate  
(Laforet Harajuku (Land): Additional Transfer)

Mori Hills REIT Investment Corporation (hereinafter “MHR”) announces that Mori Building Investment Management Co., Ltd. (hereinafter the “Asset Manager”), the asset management company for MHR, has determined today to conduct the partial asset transfer (hereinafter the “Transfer”) described below.

1. Overview of Transfer

|                           |                                                                              |                                                                              |
|---------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Property name             | Laforet Harajuku (Land)                                                      |                                                                              |
| Asset to be transferred   | Trust beneficiary interest (Note 1)<br>((1): 7% quasi co-ownership interest) | Trust beneficiary interest (Note 1)<br>((2): 7% quasi co-ownership interest) |
| Book value                | 1,545 million yen (Note 2)                                                   | 1,545 million yen (Note 2)                                                   |
| Transfer price            | 2,926 million yen (Note 3)                                                   | 2,926 million yen (Note 3)                                                   |
| Gain (loss) on transfer   | 1,375 million yen (Note 4)                                                   | 1,373 million yen (Note 4)                                                   |
| Sales agreement date      | March 17, 2023                                                               |                                                                              |
| Anticipated transfer date | June 30, 2023                                                                | December 1, 2023                                                             |
| Buyer                     | Mori Building Co., Ltd.                                                      |                                                                              |

(Note 1) MHR plans to transfer trust beneficiary interest in ownership of land (land of Laforet Harajuku; hereinafter the “Property”) to which fixed-term business-use leasehold rights are attached for the purpose of owning retail and other facilities. However, MHR will continue to hold the remaining 72% of the quasi co-ownership interest in the trust beneficiary interest.

(Note 2) Book value indicates the estimate of the book value of the property as of the anticipated transfer date based on the book value as of January 31, 2023. The same shall apply hereinafter.

(Note 3) The transfer price does not include transfer-related costs and other expenses. The same shall apply hereinafter.

(Note 4) The gain (loss) on transfer represents the amount obtained by deducting the book value and transfer-related costs from the transfer price above. The same shall apply hereinafter.

## 2. Reason for the Transfer

The Property is land with fixed-term business-use leasehold rights and when the agreement related to the establishment of the leasehold rights terminates in September 2030, as a general rule, the agreement will not be renewed. Because the agreement stipulates that the building is to be removed and the land returned, MHR must conduct a transfer or take other measures in the future. In addition, considering the share of the entire portfolio represented by the Property, there will be a relatively large decrease in rent income after the transfer, and the harm that this will cause to stable dividends is an issue.

MHR conducted a comprehensive review of trends in the economic environment and real estate market conditions, the impact of the transfer on the portfolio, etc. while taking into account the current asset management status. As a result, MHR has determined that maintaining and increasing the rent income of the entire portfolio, by splitting and transferring a small portion of the Property while using the special tax treatment for property replacement of specified assets and returning a portion of the gain from the transfer as dividends while retaining a portion as internal reserves to utilize for acquiring new properties, will contribute to improving the interests of unitholders.

The sponsor Mori Building Co., Ltd., which will be the buyer, is able to acquire the split portion of the ownership interest while becoming a property pipeline for new acquisitions, which is the policy that will be implemented concurrently with the transfer. In addition, Mori Building has an excellent track record in many development projects in Japan and overseas, including Laforet Harajuku, which is the building on the Property. As a future option, MHR may also transfer all of its ownership interest and participate with a minority interest in future redevelopment led by Mori Building.

## 3. Details of the Asset to be Transferred

| Details of the asset to be transferred  |                          |                                                                                                                                                                        |                        |
|-----------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Property name                           |                          | Laforet Harajuku (Land)                                                                                                                                                |                        |
| Type of specified asset                 |                          | Trust beneficiary interest<br>((1): 7% quasi co-ownership interest (transfer on June 30, 2023) and (2): 7% quasi co-ownership interest (transfer on December 1, 2023)) |                        |
| Trustee                                 |                          | Sumitomo Mitsui Trust Bank, Limited                                                                                                                                    |                        |
| Trust establishment period              |                          | From July 1, 2022 to July 31, 2042                                                                                                                                     |                        |
| Location<br>(Residential indication)    |                          | 1-11-6 Jingumae, Shibuya-ku, Tokyo                                                                                                                                     |                        |
| Area (Note 1)                           |                          | 2,565.06 m <sup>2</sup>                                                                                                                                                |                        |
| Form of ownership                       |                          | Ownership                                                                                                                                                              |                        |
| Book value                              |                          | (1): 1,545 million yen                                                                                                                                                 | (2): 1,545 million yen |
| Transfer price                          |                          | (1): 2,926 million yen                                                                                                                                                 | (2): 2,926 million yen |
| Gain (loss) on transfer                 |                          | (1): 1,375 million yen                                                                                                                                                 | (2): 1,373 million yen |
| Appraisal                               | Appraiser                | Japan Real Estate Institute                                                                                                                                            |                        |
|                                         | Appraisal value (Note 2) | 5,852 million yen (Appraisal date: February 1, 2023)                                                                                                                   |                        |
| Anticipated Transfer date               |                          | (1): June 30, 2023 (Note 3)                                                                                                                                            | (2): December 1, 2023  |
| Content of lease (as of March 17, 2023) |                          |                                                                                                                                                                        |                        |
| Lessee                                  |                          | Mori Bldg. Ryutsu System Co., Ltd.                                                                                                                                     |                        |
| Type of agreement                       |                          | Fixed-term business-use land lease agreement                                                                                                                           |                        |

|                                             |                                                             |
|---------------------------------------------|-------------------------------------------------------------|
| Term of agreement                           | From September 15, 2010 to September 14, 2030<br>(20 years) |
| Gross rent income (annual rent)<br>(Note 4) | 186,984,000 yen                                             |
| Deposits/Guarantees                         | None                                                        |
| Total leasable floor area (Note 5)          | 359.11 m <sup>2</sup>                                       |
| Total leased floor area (Note 6)            | 359.11 m <sup>2</sup>                                       |
| Other special consideration                 | None                                                        |

(Note 1) Area is the area of the entire site as indicated in the real estate registry.

(Note 2) The appraisal value represents the figure for the 14% quasi co-ownership interest in the trust beneficiary interest.

(Note 3) Regardless of anticipated transfer date, July 1, 2023, is the beginning date when revenue and cost of the asset to be transferred will be attributed to the buyer.

(Note 4) The gross rent income (annual rent) represents the figure obtained by multiplying the monthly rent indicated in the rent review memorandum related to the agreement for establishing the fixed-term business-use leasehold rights by the 14% quasi co-ownership interest in the trust beneficiary interest, rounding down the amount below the unit and multiplying that amount by 12.

(Note 5) The total leasable floor area represents the figure obtained by multiplying the floor area deemed leasable to the lessee by the 14% quasi co-ownership interest in the trust beneficiary interest, rounded to the second decimal place.

(Note 6) The total leased floor area represents the figure obtained by multiplying the floor area leased to the lessee by the 14% quasi co-ownership interest in the trust beneficiary interest, rounded to the second decimal place.

(Note 7) In the case either MHR or Mori Building Co., Ltd, which is the buyer, is to transfer the quasi co-ownership interest in trust beneficiary interest it holds to a third party, written approval from the other holder(s) of the quasi co-ownership interest is necessary.

#### 4. Items Concerning Forward Commitments, etc.

The purchase agreements concerning the Transfer are forward commitments, etc. (i.e. a postdated purchase agreements where the execution is scheduled over one month ahead of the payment and delivery of the property, and other similar agreements), as provided in “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” Under the purchase agreements, when the purpose of the purchase agreements cannot be fulfilled due to a breach of the purchase agreements by a party, the non-breaching party may cancel the purchase agreements related to each quasi co-ownership interest in the trust beneficiary interest upon notice if each delivery has not been executed.

However, because MHR is the seller under the purchase agreements and there are no concerns about financing risks, etc. related to execution of the purchase agreements, the likelihood of MHR's financial conditions being significantly impacted is low.

#### 5. Profile of Buyer

|                                                               |                                                      |
|---------------------------------------------------------------|------------------------------------------------------|
| 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 September 30, 2022)        |
| Established                                                   | June 2, 1959                                         |
| Major shareholder                                             | Mori Kiyoo Co., Ltd. etc. (as of September 30, 2022) |
| Net assets                                                    | 470,766 million yen (as of September 30, 2022)       |
| Total assets                                                  | 1,955,329 million yen (as of September 30, 2022)     |
| Relationship with MHR or Asset Manager (as of March 17, 2023) |                                                      |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, includes subsequent revision) (hereinafter the “Investment Trust Act”).                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Personnel relationship                   | One director and one auditor of the Asset Manager are sent from this company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 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 license agreement with MHR and grants the license to use the brand name “Mori Hills REIT” and the “m” mark. Furthermore, as for assets MHR owns in the form of trust beneficiary interest, 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. The company 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 related party of MHR. In addition, it is a parent company of the Asset Manager.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

6. Profile of Broker

Not applicable.

7. Transaction with Related Parties, etc.

A transaction with a related party, etc. will occur with the Transfer.

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

|                       |                                                                                                                                                                                                                                                                                                   |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer of the Asset | The Buyer constitutes a related party, etc. of the Asset Manager and the Transfer constitutes a transaction with a related party, etc. as defined in the Investment Trust Act. In accordance with provisions of the Investment Trust Act, the Asset Manager will deliver a written notice to MHR. |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

8. Payment Method

Lump sum payment upon delivery

9. Date of Transfer

|                                         |                                                                  |                                                                  |
|-----------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| Asset to be transferred                 | Trust beneficiary interest ((1): 7% quasi co-ownership interest) | Trust beneficiary interest ((2): 7% quasi co-ownership interest) |
| Date of decision of transfer            | March 17, 2023                                                   |                                                                  |
| Date of execution of transfer agreement | March 17, 2023                                                   |                                                                  |
| Payment receipt date                    | June 30, 2023 (anticipated)                                      | December 1, 2023 (anticipated)                                   |
| Delivery date                           | June 30, 2023 (anticipated)                                      | December 1, 2023 (anticipated)                                   |

# 10. Future Prospect

For the forecast of business results, please refer to the “Financial Report for the Thirty-Third Fiscal Period Ended January 31, 2023” separately announced today.

# 11. Summary of Appraisal Report

|                 |                             |
|-----------------|-----------------------------|
| Property name   | Laforet Harajuku (Land)     |
| Appraisal value | 5,852,000 thousand yen      |
| Appraiser       | Japan Real Estate Institute |
| Appraisal date  | February 1, 2023            |

(thousand yen)

| Items                          | Contents<br>(Note) | Summaries, etc.                                                                                                                                                                                                                                                 |
|--------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Price                          | 5,852,000          | Price based on the discounted cash flow method (hereinafter the “DCF method”) is used because the Property is land to which fixed-term business-use leasehold rights are attached and, as a general rule, the agreement will not be renewed when it terminates. |
| Price based on the DCF method  | 5,852,000          | —                                                                                                                                                                                                                                                               |
| Operating profit               | 186,984            | —                                                                                                                                                                                                                                                               |
| Possible total revenue         | 186,984            | Recorded the rent income based on the current agreements.                                                                                                                                                                                                       |
| Vacancies, etc. loss, etc.     | 0                  | Not recorded because the fixed-term business-use land lease agreement is a long-term agreement, and taking into consideration the prohibition on early terminations, creditworthiness of lessees, etc.                                                          |
| Operating costs                | 30,738             | —                                                                                                                                                                                                                                                               |
| Maintenance costs              | 0                  | Not recorded because there are no maintenance costs.                                                                                                                                                                                                            |
| Utilities                      | 0                  | Not recorded because there are no costs for utilities.                                                                                                                                                                                                          |
| Maintenance and repairs        | 0                  | Not recorded because there are no costs for maintenance and repairs.                                                                                                                                                                                            |
| PM fee                         | 93                 | Recorded by taking into consideration such factors as the fee rate of similar real estate and the factors specific to the subject real estate.                                                                                                                  |
| Tenant recruitment costs, etc. | 0                  | Not recorded because there are no tenant recruitment costs, etc.                                                                                                                                                                                                |
| Property taxes                 | 30,644             | Recorded by taking into consideration documents related to property taxes, contents of burden adjustment measures, etc.                                                                                                                                         |
| Insurance premium              | 0                  | Not recorded because there are no insurance premiums.                                                                                                                                                                                                           |
| Other expenses                 | 0                  | There are no expenses otherwise to record.                                                                                                                                                                                                                      |
| Operating net income           | 156,245            | —                                                                                                                                                                                                                                                               |
| Investment income of lump sum  | 0                  | Investment income is not recorded because there are no lump sums that have the characteristics of deposits.                                                                                                                                                     |

|                                                            |                      |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            | Capital expenditures | 0                                                                                                                                                                                                                | Not recorded because there are no capital expenditures.                                                                                                                                                                                                                                     |
|                                                            | Net return           | 156,245                                                                                                                                                                                                          | —                                                                                                                                                                                                                                                                                           |
|                                                            | Discount rate        | 3.8%                                                                                                                                                                                                             | Appraised by taking the standard cap rate and adding/subtracting the spread attributable to the location conditions and other conditions, and taking into consideration such factors as the market cap rate based on disclosed J-REIT data and the market cap rate for similar real estate. |
| Price based on the percentage method                       |                      | 5,964,000                                                                                                                                                                                                        | —                                                                                                                                                                                                                                                                                           |
|                                                            | Land price           | 6,622,000                                                                                                                                                                                                        | —                                                                                                                                                                                                                                                                                           |
|                                                            | Land percentage      | 90%                                                                                                                                                                                                              | —                                                                                                                                                                                                                                                                                           |
| Other matters considered in the appraisal by the appraiser |                      | Price that faithfully reproduced the price formation process from an income perspective was determined to be more persuasive, and this price is used while referencing the price based on the percentage method. |                                                                                                                                                                                                                                                                                             |

(Note) For the appraisal value related to the trust beneficiary interest in ownership of the land of Laforet Harajuku, the figure corresponding to the 14% quasi co-ownership interest rounded down below the unit, which MHR plans to transfer, is indicated. For the profit and cost items related to the price based on the DCF method, the figures represent the figures for the first year of the analysis period using the DCF method.

[Attachment]

Attachment : Portfolio List Post Asset Transfer

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

[Attachment] Portfolio List Post Asset Transfer (Note 1)

| Principal use               | Geographic area                               | Property number | Property name              | Acquisition date                                                                                                                 | Acquisition price (millions of yen) | Investment ratio (%) (Note 2) |
|-----------------------------|-----------------------------------------------|-----------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|
| Office Buildings            | Tokyo's central five wards and their vicinity | O-0             | Roppongi Hills Mori Tower  | March 23, 2010<br>August 1, 2011<br>October 1, 2013<br>August 1, 2014<br>September 16, 2015<br>February 1, 2016<br>April 1, 2016 | 115,380                             | 28.5                          |
|                             |                                               | O-1             | ARK Mori Building          | March 22, 2006<br>March 28, 2008<br>September 30, 2008<br>March 23, 2010<br>March 18, 2011<br>August 1, 2011<br>April 1, 2013    | 62,480                              | 15.4                          |
|                             |                                               | O-4             | Koraku Mori Building       | April 13, 2006                                                                                                                   | 27,200                              | 6.7                           |
|                             |                                               | O-6             | Akasaka Tameike Tower      | September 30, 2008<br>March 18, 2011                                                                                             | 43,930                              | 10.9                          |
|                             |                                               | O-7             | Atago Green Hills          | May 1, 2012<br>April 1, 2013                                                                                                     | 42,090                              | 10.4                          |
|                             |                                               | O-8             | ARK Hills South Tower      | August 1, 2014                                                                                                                   | 19,150                              | 4.7                           |
|                             |                                               | O-9             | Toranomon Hills Mori Tower | August 1, 2017<br>March 1, 2018<br>September 3, 2018<br>September 1, 2020<br>August 2, 2021                                      | 56,300                              | 13.9                          |
|                             |                                               | O-10            | Holland Hills Mori Tower   | August 1, 2017<br>March 1, 2018<br>September 3, 2018                                                                             | 16,330                              | 4.0                           |
|                             |                                               | Subtotal        |                            |                                                                                                                                  |                                     | 382,860                       |
| Residential Properties      | Tokyo's central five wards and their vicinity | R-3             | Roppongi First Plaza       | April 13, 2006                                                                                                                   | 2,100                               | 0.5                           |
|                             |                                               | R-4             | Roppongi View Tower        | March 22, 2006<br>April 13, 2006                                                                                                 | 4,000                               | 1.0                           |
|                             | Subtotal                                      |                 |                            |                                                                                                                                  | 6,100                               | 1.5                           |
| Retail and Other Facilities | Tokyo's central five wards and their vicinity | S-1             | Laforet Harajuku (Land)    | September 15, 2010                                                                                                               | 15,710                              | 3.9                           |
|                             |                                               | Subtotal        |                            |                                                                                                                                  |                                     | 15,710                        |
| Portfolio total             |                                               |                 |                            |                                                                                                                                  | 404,670                             | 100.0                         |

(Note 1) The table represents the portfolio list after the asset transfers to be conducted on June 30, 2023 and December 1, 2023.

(Note 2) Figures in the investment ratio are the ratios of respective acquisition price to the portfolio total, and have been rounded to the first decimal place.