

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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MHR Announces Issuance of New Investment Units and
Secondary Offering of Investment Units

Mori Hills REIT Investment Corporation (hereafter “MHR”) announced that it resolved at MHR’s Board of Directors Meeting held today, to issue new investment units and to conduct a secondary offering of investment units, as follows.

1. Issuance of New Investment Units through Public Offering (Primary Offering)

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| (1) Number of investment units to be issued: | 118,400 units |
| (2) Amount to be paid in (issued value): | To be determined.
The Amount shall be determined by a resolution of MHR’s Board of Directors Meeting to be held on a date between Tuesday, July 24, 2018 and Thursday, July 26, 2018 (hereafter “Pricing Date”). The amount to be paid in (issued value) is the amount per investment unit of MHR’s that MHR is to receive as the amount paid from Underwriters described in (6) below for new investment units. |
| (3) Total amount to be paid in (issued value): | To be determined. |
| (4) Issue price (offering price): | To be determined.
The issue price (offering price) shall be determined in consideration of demand and other factors and based on provisional price calculated by deducting 2,720 yen, which is the forecasted dividends per unit for the twenty-fourth fiscal period ending July 2018, from the closing price of MHR’s investment units for regular transactions on the Tokyo Stock Exchange, Inc. (hereafter “TSE”) as of the Pricing Date (or, if no closing price is available on the Pricing Date, as of the date immediately preceding the Pricing Date), and multiplying the result by a factor between 0.90 to 1.00 (amounts less than ¥1 to be rounded down). |

Note:

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- (5) Total amount to be paid in (offering price): To be determined.
- (6) Offering method: The investment units shall be offered through primary offering, and all the investment units shall be underwritten and purchased in full by Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and UBS Securities Japan Co., Ltd., (hereafter “Joint Lead Managers”), as well as Daiwa Securities Co. Ltd. and Nomura Securities Co., Ltd. (collectively referred to together with the Joint Lead Managers as the “Underwriters”).
- (7) Underwriting agreement: The Underwriters shall pay MHR the total amount to be paid in (issued value) on the payment date described in (10) below, and the difference between the total amount to be paid in (offering price) and the total amount to be paid in (issued value) shall be the proceeds for the Underwriters. MHR will not pay any underwriting fee to the Underwriters.
- (8) Subscription unit: One unit or more in increments of one unit.
- (9) Subscription period: From the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (10) Payment date: Any date between Wednesday, August 1, 2018 and Thursday, August 2, 2018.
However, if the Pricing Date is Tuesday, July 24, 2018 or Wednesday, July 25, 2018, the payment date will be Wednesday, August 1, 2018, and if the Pricing Date is Thursday, July 26, 2018, the payment date will be Thursday, August 2, 2018.
- (11) Delivery date: The business day following the payment date.
- (12) Amount to be paid in (issued value), the issue price (offering price) and other items necessary for the issuance of new investment units shall be determined at a future Board of Directors Meeting. However, any modifications or other adjustments before a formal decision is made shall be determined at the discretion of the Executive Officer.
- (13) Of the above items, those concerning the Primary Offering shall be subject to the effectiveness of the security registration statement under the Financial Instruments and Exchange Act.

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2. Secondary Offering of Investment Units (Over-Allotment)

- (1) The number of investment units to be offered: 5,920 units
The above number of investment units to be offered indicates the maximum number of investment units to be offered through the Secondary offering (Over-Allotment). Depending on demand and other factors, there may be situations where this number of investment units is reduced or the Secondary offering (Over-Allotment) itself is cancelled. The number of investment units to be offered shall be determined at the Board of Directors Meeting to be held on the Pricing Date, in consideration of supply and demand in the Primary Offering and other factors.
- (2) Seller: Mizuho Securities Co., Ltd.
- (3) Offering price: To be determined.
(The offering price will be determined on the Pricing Date, and shall be the same as the issue price (offering price) of the Primary Offering.)
- (4) Total amount of offering price: To be determined.
- (5) Offering method: In consideration of demand and other factors of the Primary Offering, Mizuho Securities Co., Ltd. shall offer the investment units by borrowing a maximum of 5,920 units from Mori Building Co., Ltd., (hereafter “Designed Purchaser”) a unitholder of MHR, separately from the Primary Offering.
- (6) Subscription unit: One unit or more in increments of one unit.
- (7) Subscription period: The subscription period shall be the same as the subscription period for the Primary Offering.
- (8) Delivery date: The delivery date shall be the same as the delivery date for the Primary Offering.
- (9) In case the Primary Offering is cancelled, the Secondary Offering (Over-Allotment) will be also canceled.
- (10) The offering price and other items necessary for the Secondary Offering (Over-Allotment) shall be determined at a future Board of Directors Meeting. However, any modifications or other adjustments before a formal decision is made shall be determined at the discretion of the Executive Officer.
- (11) Each of the above items shall be subject to the effectiveness of the security registration statement under the Financial Instruments and Exchange Act.

3. Issuance of New Investment Units through Third-Party Allotment

- (1) Number of investment units to be issued: 5,920 units
- (2) Amount to be paid in (issued value): To be determined.
(The price shall be determined by a resolution of the Board of Directors Meeting to be held on the Pricing Date and shall be the same as the amount to be paid in (issued value) for the Primary Offering.)
- (3) Total amount to be paid in (total issued value): To be determined.

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- (4) Allottee and number of investment units to be allotted: Mizuho Securities Co., Ltd.: 5,920 units
- (5) Subscription unit: One unit or more in increments of one unit
- (6) Subscription period (subscription date): Tuesday, August 21, 2018
- (7) Payment date: Wednesday, August 22, 2018
- (8) If there is no subscription for investment units to be issued during the subscription period (subscription date) mentioned in (6), the issuance of such investment units shall be canceled.
- (9) The amount to be paid in (issued value) and other items necessary for the issuance of new investment units shall be determined at a future Board of Directors Meeting. However, any modifications or other adjustments before a formal decision is made shall be determined at the discretion of the Executive Officer.
- (10) The issuance of new investment units through the third-party allotment shall not be conducted if the Primary Offering is suspended.
- (11) Each of the above items shall be subject to the effectiveness of the security registration under the Financial Instruments and Exchange Act.

<For Reference>

1. Details of the Secondary Offering (Over-Allotment)

- (1) In consideration of demand and other factors of the Primary Offering, Mizuho Securities Co., Ltd. may offer investment units by borrowing a maximum of 5,920 units (hereafter “Borrowed Investment Units”) from the Designated Purchaser (Secondary Offering (Over-Allotment)). The number of investment units to be issued through Secondary Offering (Over-Allotment) is the maximum number of investment units to be issued, and there may be situations where this number of investment units is reduced or the Secondary Offering (Over-Allotment) itself is canceled, in consideration of demands and other factors.
- (2) In order to allow Mizuho Securities Co., Ltd. referred to above to obtain investment units which are necessary to return the Borrowed Investment Units, MHR has made resolution at its Board of Directors Meeting held today, to carry out an issuance of investment units through a third-party allotment of 5,920 units of new investment units for which Mizuho Securities Co., Ltd. is the allottee (hereafter “Third-Party Allotment”) with the payment date for the issuance to be Wednesday, August 22, 2018.
- (3) In order to apply for the return of the Borrowed Investment Units, there may be situations in which Mizuho Securities Co., Ltd. may purchase investment units up to the number of investment units offered in the Secondary Offering (Over-Allotment) on the TSE (hereafter the “Syndicate Cover Transaction”) during the period from the day following the end of the subscription period for the Primary Offering and the Secondary Offering (Over-Allotment) until Friday, August 17, 2018 (hereafter the “Syndicate Cover Transaction Period”). All of the investment units purchased by Mizuho Securities Co., Ltd. through the Syndicate Cover Transaction shall be used to return the Borrowed Investment Units. Furthermore, there may be situation in which Mizuho Securities Co., Ltd may, at its own discretion, choose not to conduct any Syndicate Cover Transaction at all, or may complete a Syndicate Cover Transaction with a number of investment units that is smaller than the number of investment units issued through the Secondary Offering (Over-Allotment).

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- (4) Moreover, Mizuho Securities Co., Ltd. may engage in stabilizing transactions related to the Primary Offering and the Secondary Offering (Over-Allotment). The investment units purchased through such stabilizing transactions may possibly be used, in whole or in part, to return the Borrowed Investment Units.
- (5) Regarding the number of investment units resulting from subtracting the number of investment units purchased through the Syndicate Cover Transaction and Stabilizing Transactions and used to return the Borrowed Investment Units from the number of investment units for the Secondary Offering (Over-Allotment), Mizuho Securities Co., Ltd. intends to accept the allotment of the third-party allotment and acquire the investment units. Consequently, there may be situations where there will be no subscription for any or for part of the investment units issued in the third-party allotment, and accordingly the final number of investment units placed in the third-party allotment may decrease to such extent due to forfeiture, or such allotment itself may not take place at all.
- (6) Whether or not the Secondary Offering (Over-Allotment) will be conducted and if such Secondary Offering is conducted, the number of investment units offered in such Secondary Offering, will be determined on the Pricing Date. If the Secondary Offering (Over-Allotment) does not take place, Mizuho Securities Co., Ltd. referred to above will not borrow investment units from the Designated Purchaser. Consequently, Mizuho Securities Co., Ltd. will in that case not accept the third-party allotment and will not subscribe to the investment units offered in such third-party allotment, leading to forfeiture, and the issuance of new investment units through the third-party allotment will not be conducted at all. Syndicate Cover Transactions at TSE would not be conducted either.
- (7) Regarding the above transactions from (1) to (6), Mizuho Securities Co., Ltd. will conduct these transactions upon consultation with SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and UBS Securities Japan Co., Ltd.

2. History of Total Investment Units Following the Issuance of New Investment Units

Current total number of investment units issued and outstanding:	1,750,640 units
Increase in investment units following the Offerings:	118,400 units
Total number of investment units following the Offerings:	1,869,040 units
Increase in investment units following the third-party allotment:	5,920 units (Note)
Total number of investment units following the third-party allotment:	1,874,960 units (Note)

(Note) The number of investment units assumes that an application is made by Mizuho Securities Co., Ltd. referred to above and issuance takes place for all of the investment units to be issued in the third-party allotment.

3. Purpose and Reason for Issuance

MHR has resolved to issue new investment units in order to realize external growth through the acquisition of new specified assets (described in Article 2 Paragraph 1 of the Act on Investment Trusts and Investment Corporations), after examining market trends, financial soundness, distribution levels and other factors.

4. Amount to be Procured, Use of Funds and Scheduled Expenditure Date

- (1) Amount to be Procured through Funding (approximate net proceeds)
16,768,032,960 yen (maximum)

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(Note) The figure indicates the aggregate of the estimated proceeds from the Primary Offering of 15,969,555,200 yen and the maximum estimated proceeds from the third-party allotment of 798,477,760 yen. The above mentioned amount is an estimated amount calculated based on the closing price of the investment unit for regular transactions on the TSE as of Tuesday, June 26, 2018.

(2) Details on the Use of Funds to be Procured and the Scheduled Expenditure Date

The proceeds from the Primary Offering will be used, along with the maximum proceeds from the third-party allotment, for part of the acquisition price and the acquisition expenses of the asset to be acquired that are mentioned in the press release “MHR Announces Asset Acquisition (Toranomori Hills Mori Tower: Additional Acquisition) (Holland Hills Mori Tower: Additional Acquisition)”, which was separately released today. The remaining funds, if any, will be kept as cash on hand, and will be used for part of future acquisitions of specified assets.

(Note) MHR plans to deposit the procured funds at financial institutions until the expenditures are made.

5. Designated Destination of Distribution

Of the MHR investment units of the Primary Offering, the Underwriters are scheduled to sell 18,500 units to the Designated Purchaser, as a purchaser designated by MHR, corporate unitholder of MHR and shareholder of MHR’s Asset Manager.

6. Outlook

Please refer to the press release “MHR Revises the Forecast for the Fiscal Period Ending January 2019 and Announces the Forecast for the Fiscal Period Ending July 2019” separately released today.

7. Management Status for the Past Three Fiscal Periods and Status of Equity Finance

(1) Management Status for the Past Three Fiscal Periods

	Fiscal Period ended January 2017	Fiscal Period ended July 2017	Fiscal Period ended January 2018
Net Income per Unit	2,606 yen	2,717 yen	2,659 yen
Dividend per Unit	2,606 yen	2,610 yen	2,659 yen
Actual Dividend Payout Ratio	99.9 %	96.0 %	99.9 %
Net Assets per Unit	102,203 yen	102,314 yen	102,363 yen

(2) Status of the Most Recent Investment Unit Price

(a) Status During the Past Three Fiscal Periods

	Fiscal Period ended January 2017	Fiscal Period ended July 2017	Fiscal Period ended January 2018
Opening price	160,700 yen	153,300 yen	139,200 yen
Highest price	160,900 yen	154,800 yen	144,900 yen
Lowest price	140,800 yen	131,200 yen	130,100 yen
Closing price	153,500 yen	138,900 yen	137,100 yen

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(b) Status During the Past Six Month Period

	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018 (Note)
Opening price	137,900 yen	140,000 yen	135,900 yen	139,500 yen	139,600 yen	142,300 yen
Highest price	140,600 yen	140,500 yen	140,600 yen	142,700 yen	146,100 yen	144,700 yen
Lowest price	132,800 yen	132,700 yen	133,700 yen	137,700 yen	137,700 yen	141,400 yen
Closing price	138,900 yen	135,600 yen	140,500 yen	140,000 yen	142,100 yen	142,500 yen

(Note) Figures are as of July 11, 2018.

(c) Investment Unit Price One Business Day Prior to the Issuance Resolution Day

	July 11, 2018
Opening price	142,900 yen
Highest price	143,100 yen
Lowest price	141,800 yen
Closing price	142,500 yen

(3) Status of Equity Finance During the Past Three Fiscal Periods

None

8. Other

(1) Concerning the Primary Offering, MHR plans to cause the Designated Purchaser agree with the Joint Lead Managers not to transact the investment units in principle (except for lending them for the Secondary Offering (Over-Allotment) etc.) without prior written consent from the Joint Lead Managers for a period beginning on the Pricing Date and ending on the date that is the 180th day after the Offerings' delivery date. The Joint Lead Managers will have the authority to cancel the restriction, in whole or in part, or to shorten the period of restriction at their discretion.

(2) Concerning the Offerings, MHR and the Joint Lead Managers have agreed that MHR will not issue investment units etc. (except for an issuance as part of the Offerings, the Secondary Offering (Over-Allotment), the third-party allotment, split of investment units, etc.), for a period beginning on the Pricing Date and ending on the date that is the 90th day after the Offerings' delivery date without prior written consent from the Joint Lead Managers have the authority to cancel the restriction, in whole or in part, or to shorten the period of restriction at their discretion.

- 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/en/>

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