

For Translation Purposes Only

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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

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| (1) Number of new investment units to be issued: | 172,000 units |
| (2) 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 2,470 yen, which is the forecasted dividends per unit for the nineteenth fiscal period ending January 2016, from the closing price of MHR’s investment units for regular transactions on the Tokyo Stock Exchange, Inc. (hereafter “TSE”) as of a date between Wednesday, January 20, 2016 and Friday, January 22, 2016 (hereafter “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). |
| (3) Amount to be paid in (issued value): | To be determined. The price shall be determined by a resolution of MHR’s Board of Directors Meeting to be held on the Pricing Date. The amount to be paid in (issued value) shall be the proceeds per investment unit received from the underwriters mentioned under (5) below as payment for the investment units. |

Note:

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- (4) Total amount to be paid in (issued value): To be determined.
- (5) Offering method: The investment units are being offered simultaneously in Japan and overseas (by a syndicate jointly led by certain joint global coordinators (the “Joint Global Coordinators”)).
- 1) Japanese Primary Offering
For the offering in Japan (the “Japanese Primary Offering”), the investment units are being offered in a primary offering by a syndicate of certain Japanese underwriters (the “Japanese Underwriters”), jointly led by certain Japanese joint lead managers (the “Japanese Joint Lead Managers”), by whom the Japanese Primary Offering portion of investment units will be underwritten and purchased in full.
- 2) International Offering
For the overseas offering (the “International Offering”; collectively referred to together with the Japanese Primary Offering as the “Offerings”), the investment units are being offered primarily in the United States and Europe (however, in the United States, only to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933) by a syndicate of certain international managers (the “International Managers”), by whom the investment units for the International Offering will be individually underwritten and purchased in full.
- 3) The total number of units offered in the above offerings will be 172,000 units, of which 90,791 units are expected to be offered in the Japanese Primary Offering and 81,209 units are expected to be offered in the International Offering. However, the final breakdown shall be determined on the Pricing Date, in consideration of demand and other factors.
- (6) Underwriting agreement: The Japanese Underwriters and International Managers shall purchase and underwrite the investment units at the same amount as the amount to be paid in to be determined on the Pricing Date and offer them at a price (the issue price) that varies from such underwriting price. The Japanese Underwriters and International Managers shall pay MHR the total underwriting price on the payment date described in (9) below, and the difference between the total issue price and the total underwriting price shall be the proceeds for the Japanese Underwriters and International Managers. MHR will not pay any underwriting fee to the Japanese Underwriters and International Managers.
- (7) Subscription unit: One unit or more in increments of one unit.

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- (8) Subscription period: From the business day immediately following the Pricing Date to the second business day following the Pricing Date
(Japanese Primary Offering)
- (9) Payment date: Monday, February 1, 2016
- (10) Delivery date: Tuesday, February 2, 2016
- (11) The issue price (offering price), 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.
- (12) Of the above items, those concerning the Japanese Primary Offering shall be subject to the effectiveness of the security registration statement under the Financial Instruments and Exchange Act.

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

(See <For Reference> 1 below)

- (1) The number of investment units to be offered: 8,600 units
The above number of investment units to be offered indicates the maximum number of investment units to be offered through the Japanese secondary offering (over-allotment). Depending on demand and other factors, there may be situations where this number of investment units is reduced or the Japanese 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 Japanese Primary Offering and other factors.
- (2) Seller: A certain Japanese Underwriter
- (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 Japanese Primary Offering.)
- (4) Total amount of offering price: To be determined
- (5) Offering method: In consideration of demand and other factors of the Japanese Primary Offering, a certain Japanese Underwriter shall offer the investment units by borrowing a maximum of 8,600 units from Mori Building Co., Ltd., (hereafter the “Designated Purchaser”) a unitholder of MHR, separately from the Japanese 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 Japanese Primary Offering.
- (8) Delivery date: The delivery date shall be the same as the delivery date for the Japanese Primary Offering.
- (9) In case the Japanese Primary Offering is cancelled, the Japanese secondary offering (over-allotment) will be also canceled.

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(10) The offering price and other items necessary for the Japanese 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

(See <For Reference> 1 below)

- (1) Number of investment units to be issued: 8,600 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 (issue value) for the Japanese Primary Offering.)
- (3) Total amount to be paid in (total issued value): To be determined
- (4) Allottee and number of investment units to be allotted: A certain Japanese Underwriter: 8,600 units
- (5) Subscription unit: One unit or more in increments of one unit
- (6) Subscription period (subscription date): Tuesday, February 23, 2016
- (7) Payment date: Wednesday, February 24, 2016
- (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 Japanese 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.

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<For Reference>

1. Details of the Japanese Secondary Offering (Over-allotment)

- (1) In consideration of demand and other factors of the Japanese Primary Offering, a certain Japanese Underwriter may offer investment units by borrowing a maximum of 8,600 units (hereafter “Borrowed Investment Units”) from the Designated Purchaser, which is a unitholder of MHR (Japanese secondary offering (over-allotment)). The number of investment units to be issued in Japan through Japanese 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 Japanese secondary offering (over-allotment) itself is canceled, in consideration of demands and other factors.
- (2) In order to allow the Japanese Underwriter 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 8,600 units of new investment units for which such Japanese Underwriter is the allottee (hereafter “Third-Party Allotment”) with the payment date for the issuance to be Wednesday, February 24, 2016.
- (3) In order to apply for the return of the Borrowed Investment Units, there may be situations in which such Japanese Underwriter may purchase investment units up to the number of investment units offered in the Japanese 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 Japanese Primary Offering and the Japanese secondary offering (over-allotment) until Friday, February 19, 2016 (hereafter the “Syndicate Cover Transaction Period”). All of the investment units purchased by such Japanese Underwriter through the Syndicate Cover Transaction shall be used to return the Borrowed Investment Units. Furthermore, there may be situation in which such Japanese Underwriter 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 Japanese secondary offering (over-allotment).
- (4) Moreover, such Japanese Underwriter may engage in stabilizing transactions related to the Japanese Primary Offering and the Japanese 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 Japanese secondary offering (over-allotment), such Japanese Underwriter 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.

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(6) Whether or not the Japanese 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 Japanese secondary offering (over-allotment) does not take place, the certain Japanese Underwriter referred to above will not borrow investment units from the Designated Purchaser. Consequently, such Japanese Underwriter 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), such certain Japanese Underwriter will conduct these transactions upon consultation with the other Japanese Underwriters.

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

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|---|------------------------|
| Current total number of investment units issued and outstanding: | 1,570,040 units |
| Increase in investment units following the Offerings: | 172,000 units |
| Total number of investment units following the Offerings: | 1,742,040 units |
| Increase in investment units following the third-party allotment: | 8,600 units (Note) |
| Total number of investment units following the third-party allotment: | 1,750,640 units (Note) |

(Note) The number of investment units assumes that an application is made by the certain Japanese Underwriter 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)

25,278,401,400 yen (maximum)

(Note) The figure indicates the aggregate of the estimated proceeds from the Japanese Primary Offering of 12,707,925,479 yen, the estimated proceeds from the International Offering of 11,366,742,521 yen and the maximum estimated proceeds from the third-party allotment of 1,203,733,400 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 December 16, 2015.

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

The proceeds from the Japanese Primary Offering and the International 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 and Lease (Roppongi 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.

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5. Designated Destination of Distribution

Of the MHR investment units of the Japanese Primary Offering, the Japanese Underwriters are scheduled to sell 18,182 units to the Designated Purchaser, as a purchaser designated by MHR.

6. Other

- (1) Concerning the Offerings, MHR plans to cause the Designated Purchaser agree with the Joint Global Coordinators and the Japanese Joint Lead Managers not to transact the investment units in principle (except for lending them for the Japanese secondary offering (over-allotment) etc.) without prior written consent from the Joint Global Coordinators and the Japanese 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 Global Coordinators and the Japanese 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 Global Coordinators have agreed that MHR will not issue investment units etc. (except for an issuance as part of the Offerings, the Japanese 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 Global Coordinators. The Joint Global Coordinators 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/>

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