

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 of Financial Department  
TEL: +81-3-6234-3234

MHR Announces Issuance of New Investment Units and  
Secondary Offering of Investment Units

Mori Hills REIT Investment Corporation (hereafter “MHR”) announces that it resolved at its board of directors’ meeting held today to issue new investment units and conduct a secondary offering of investment units as follows.

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

- |  |  |
|--|--|
| (1) Number of investment units to be issued:     | 39,400 units   |
| (2) Amount to be paid in (issued value):         | To be determined.<br>The amount shall be determined by resolution at a meeting of MHR’s board of directors to be held on a date between August 25, 2020, and August 27, 2020 (hereafter “Pricing Date”). The amount to be paid in (issued value) is the amount per investment unit of MHR’s investment units that MHR is to receive as the amount paid from the 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.<br>The issue price (offering price) shall be determined in consideration of demand and other factors and based on a provisional price calculated by multiplying a factor between 0.90 to 1.00 (amounts of less than ¥1 to be rounded down) by 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). |
| (5) Total amount to be paid in (offering price): | To be determined.  |

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR’s Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

- (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., and Mitsubishi UFJ Morgan Stanley Securities 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 August 31, 2020, and September 2, 2020. However, if the Pricing Date is August 25, 2020, the payment date will be August 31, 2020. If the Pricing Date is August 26, 2020, the payment date will be September 1, 2020. And if the Pricing Date is August 27, 2020, the payment date will be September 2, 2020.
- (11) Delivery date: The business day following the payment date.
- (12) Amount to be paid in (issued value), 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 securities registration statement under the Financial Instruments and Exchange Act.

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR’s Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

## 2. Secondary Offering of Investment Units (Overallotment)

- (1) Number of investment units to be offered: 1,970 units  
The above number of investment units to be offered indicates the maximum number of investment units to be offered through the Secondary Offering (Overallotment). Due to demand and other factors, there may be situations where this number of investment units is reduced or the Secondary Offering (Overallotment) itself is canceled. 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 under 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 1,970 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 the case the Primary Offering is canceled, the Secondary Offering (Overallotment) will also be canceled.
- (10) The offering price and other items necessary for the Secondary Offering (Overallotment) 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 securities 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: 1,970 units
- (2) Amount to be paid in (issued value): To be determined.  
(The price shall be determined by resolution at a meeting of MHR's board of directors 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.

### Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR's Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

- (4) Allottee and number of investment units to be allotted: Mizuho Securities Co., Ltd.: 1,970 units
- (5) Subscription unit: One unit or more in increments of one unit
- (6) Subscription period (subscription date): September 24, 2020
- (7) Payment date: September 25, 2020
- (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 through third-party 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.
- (10) The issuance of new investment units through 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 securities registration statement under the Financial Instruments and Exchange Act.

<Reference>

1. Details of the Secondary Offering (Overallotment)

- (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 1,970 units (hereafter "Borrowed Investment Units") from the Designated Purchaser (Secondary Offering (Overallotment)). The number of investment units to be issued through the Secondary Offering (Overallotment) 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 (Overallotment) itself is canceled in consideration of demand and other factors.
- (2) In order to allow Mizuho Securities Co., Ltd. to obtain investment units necessary for returning the Borrowed Investment Units, MHR resolved on a resolution at its board of directors' meeting held today to carry out an issuance of investment units (1,970 units) through third-party allotment of which Mizuho Securities Co., Ltd. is the allottee (hereafter "Third-Party Allotment") with the payment date for the issuance set to be September 25, 2020.
- (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 (Overallotment) 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 (Overallotment) until September 18, 2020 (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 situations 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 (Overallotment).

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR's Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

- (4) Moreover, Mizuho Securities Co., Ltd. may engage in stabilizing transactions related to the Primary Offering and the Secondary Offering (Overallotment). 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 (Overallotment), 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) The number of investment units offered in the Secondary Offering—whether it is conducted or in the event it is conducted—will be determined on the Pricing Date. If the Secondary Offering (Overallotment) does not take place, Mizuho Securities Co., Ltd. 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 the investment units offered in the Third-Party Allotment, leading to forfeiture, and the issuance of new investment units through third-party allotment will not be conducted. Moreover, the Syndicate Cover Transactions at TSE will not be conducted.
- (7) Regarding the above transactions (1) to (6), Mizuho Securities Co., Ltd. will conduct these transactions upon consultation with SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

## 2. Change in Total Number of Investment Units Issued and Outstanding Following the Issuance of New Investment Units

Current total number of investment units issued and outstanding:	1,874,960 units
Increase in investment units through the Offerings:	39,400 units
Total number of investment units issued and outstanding following the Offerings:	1,914,360 units
Increase in investment units through the Third-Party Allotment:	1,970 units (Note)
Total number of investment units issued and outstanding following the Third-Party Allotment:	1,916,330 units (Note)

(Note) For number of investment units, it is assumed that an application is made by Mizuho Securities Co., Ltd. and that 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.

### Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR's Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

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

##### (1) Amount to Be Procured Through Funding (approximate net proceeds)

5,447,000,000 yen (maximum)

(Note) The figure indicates the aggregate of the estimated proceeds from the Offerings of 5,188,000,000 yen and the maximum estimated proceeds from the Third-Party Allotment of 259,000,000 yen. The abovementioned amount is an estimate calculated based on the closing price of the investment unit for regular transactions on the TSE as of Wednesday, July 29, 2020.

##### (2) Details on Use of Funds to Be Procured and Scheduled Expenditure Date

The proceeds from the Primary Offering will be used for part of the acquisition price and the acquisition expenses of the asset to be acquired mentioned in the press release “MHR Announces Acquisition of Trust Beneficiary Interest in Domestic Real Estate (Toranomon Hills Mori Tower: Additional Acquisition)” separately announced today.

The remaining funds, if any, will be kept as cash on hand along with the maximum proceeds from the Third-Party Allotment and used for part of future acquisition of specified assets or as part of repayment of interest-bearing debt.

(Note) The funds to be procured are scheduled to be deposited at financial institutions until expenditure.

#### 5. Designated Destination of Distribution

Of the MHR investment units of the Primary Offering, the Underwriters are scheduled to sell 6,200 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 Forecast for the Fiscal Period Ending January 2021 and Announces Forecast for the Fiscal Period Ending July 2021” separately announced 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 2019	Fiscal period ended July 2019	Fiscal period ended January 2020
Net Income per Unit (Note 1)	2,823 yen	2,850 yen	2,883 yen
Dividend per Unit	2,822 yen	2,850 yen	2,883 yen
(Cash dividend per unit)	2,729 yen	2,693 yen	2,883 yen
(Dividend in excess of earnings per unit)	93 yen	157 yen	-
Actual Dividend Payout Ratio (Note 2)	96.6 %	94.4 %	99.9 %
Net Assets per Unit	104,310 yen	104,181 yen	104,247 yen

(Note 1) Net Income per Unit is calculated by dividing net income by the daily weighted average number of investment units.

(Note 2) Actual Dividend Payout Ratio is calculated with the following formula, and amounts of less than one decimal place are rounded down to the nearest unit:

$$\text{Actual Dividend Payout Ratio} = (\text{Total Dividend (excluding dividend in excess of earnings)} \div \text{Net Income}) \times 100$$

Actual Dividend Payout Ratio will be 99.9% for both the fiscal period ended January 2019 and the fiscal period ended July 2019 when calculated under the following formula:

$$\text{Actual Dividend Payout Ratio} = (\text{Total Dividend (including dividend in excess of earnings)} \div \text{Net Income}) \times 100$$

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR’s Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

(2) Status of the Most Recent Investment Unit Price

(a) Status During the Past Three Fiscal Periods

	Fiscal period ended January 2019	Fiscal period ended July 2019	Fiscal period ended January 2020
Opening price	138,400 yen	145,000 yen	160,200 yen
Highest price	145,400 yen	164,000 yen	184,200 yen
Lowest price	132,600 yen	140,700 yen	157,400 yen
Closing price	144,500 yen	160,300 yen	181,700 yen

(b) Status During Each Past Six-Month Period

	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020 (Note)
Opening price	167,400 yen	143,600 yen	138,300 yen	143,900 yen	136,200 yen	137,000 yen
Highest price	179,100 yen	143,900 yen	147,200 yen	148,800 yen	144,200 yen	140,200 yen
Lowest price	83,600 yen	120,800 yen	130,100 yen	133,600 yen	132,700 yen	132,500 yen
Closing price	143,500 yen	138,700 yen	145,500 yen	136,200 yen	137,100 yen	133,200 yen

(Note) Figures are as of August 14, 2020.

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

	August 14, 2020
Opening price	134,500 yen
Highest price	135,100 yen
Lowest price	132,500 yen
Closing price	133,200 yen

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

None

8. Other

(1) Concerning the Primary Offering, MHR plans to have the Designated Purchaser agree with the Joint Lead Managers to not sell the investment units in principle (except for lending them for the Secondary Offering (Overallotment) 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 Primary Offering, the Secondary Offering (Overallotment), the Third-Party Allotment, split of investment units,

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR's Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.

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. 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.

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

Note:

This document is a press release regarding the issuance of new investment units and secondary offering of investment units thereof, and has not been prepared as an inducement or invitation for investment. We caution readers to refer to MHR's Prospectus for the Issuance of New Investment Units and Secondary Offering of Investment Units and the Notices of Amendments thereto, and to undertake any investment decision at their own judgment and responsibility.