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MHR Announces Information on Borrowings and Prepayment of Borrowings

Mori Hills REIT Investment Corporation (hereafter “MHR”) concluded today the following with regard to agreements on borrowings and prepayment of borrowings (both hereafter “Borrowings”).

1. Purpose of Borrowings

To allocate for funds of “Toranomom Hills Mori Tower” and “Holland Hills Mori Tower” (hereafter “Assets to be Acquired”) to be acquired on March 1, 2018 (Note 1) and to make 10,000 million yen prepayment of long-term loans payable due March 30, 2018 (hereafter “Existing Long-term Loans Payable”) (Note 2).

(Note 1) Please refer to the press releases “MHR Announces Asset Acquisitions (Toranomom Hills Mori Tower: Additional Acquisition) (Holland Hills Mori Tower: Additional Acquisition)” dated September 14, 2017 for details.

(Note 2) Please refer to the press releases “MHR Announces Information on Borrowings” dated March 15, 2013 for details.

2. Details of Borrowings

Lender (anticipated)	Borrowing amount (million yen)	Interest rate (Note 1)	Scheduled drawdown date	Repayment date (Note 2)	Method of repayment	Collateral
The Bank of Fukuoka, Ltd.	500	Base interest rate +0.20%	February 28, 2018	August 31, 2025	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
Resona Bank, Limited.	500	Base interest rate +0.20%		August 31, 2025		
Mizuho Trust & Banking Co., Ltd.	1,500	Base interest rate +0.20%		August 31, 2025		
Shinsei Bank, Limited	500	Base interest rate +0.27%		August 31, 2025		

Lender (anticipated)	Borrowing amount (million yen)	Interest rate (Note 1)	Scheduled drawdown date	Repayment date (Note 2)	Method of repayment	Collateral
The Nishi- Nippon City Bank, Ltd.	500	Base interest rate +0.27%	February 28, 2018	August 31, 2025	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
Sumitomo Mitsui Banking Corporation	2,650	Base interest rate +0.25%		February 28, 2026		
Sumitomo Mitsui Trust Bank, Limited	2,600	Base interest rate +0.24%		February 28, 2027		
Development Bank of Japan Inc.	750	Base interest rate +0.30%		February 28, 2027		
The Bank of Tokyo- Mitsubishi UFJ, Ltd.	4,700	Base interest rate +0.22%		August 31, 2027		
Mizuho Bank, Ltd.	2,700	Base interest rate +0.30%		February 28, 2030		

(Note 1) The first payment date shall be the last day of March 2018 and subsequent payment dates shall be the last day of every month thereafter. If the payment date is not a business day, the next business day shall be the date and if this next business day falls into the following month, the business day prior shall be the payment date.

Base interest rate to be applied will be the 1-month JBA Japanese Yen TIBOR announced by the Japanese Bankers Association two business days prior to the last payment day (The first payment date shall be the drawdown date). The 1-month JBA Japanese Yen TIBOR can be confirmed on the website of General Incorporated Association JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/>).

(Note 2) If the repayment date is not a business day, the next business day shall be the repayment date. If this next business day falls into the following month, the business day prior shall be the repayment date.

3. Amount of Funds, Use of Funds and Scheduled Payment Period

(1) Amount of funds to be procured: 16,900 million yen

(2) Specific use of funds and scheduled payment period

a) Specific use of funds: To be disbursed as funds for prepayment of the Existing Long-term Loans Payable and to allocate for funds of assets to be acquired, etc.

b) Amount: 16,900 million yen

c) Scheduled payment period: February 28, 2018 and March 1, 2018

4. Details of Prepayment of Borrowings

Lender	Borrowing amount (million yen)	Interest rate	Drawdown date	Repayment date	Scheduled Prepayment date
Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd. Development Bank of Japan Inc. Mizuho Trust & Banking Co., Ltd.	10,000	0.84210% (Note)	March 29, 2013	March 30, 2018	February 28, 2018

(Note) Although it is borrowed by fluctuating interest rate, the interest rate after converting into fixed interest rate is stated because interest payment rate is practically fixed by the interest rate swap agreement. Please refer to the press releases “MHR Announces Conclusion of Interest Rate Swap Agreement” dated March 25, 2013 for details.

5. Overview of Borrowings

(Unit: millions of yen)

	Before Borrowings	After Borrowings	Change
Long-term loans payable	133,222	140,122	6,900
Investment corporation bonds	28,000	28,000	—
Total interest-bearing debt	161,222	168,122	6,900

(Note) Long-term loans payable and investment corporation bonds include the current portion of long-term loans payable within a year and investment corporation bonds.

6. Other Items Required for Investors to Appropriately Understand/Judge the Concerned Information

There are no changes to the content of “1. Fund Information; 1. Fund Status; 3. Investment Risks” indicated in the Semiannual Securities Report (Japanese) for the twenty-second fiscal period submitted on October 27, 2017 as a result of the Borrowings.

- 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/>