

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 Investment Corporation Bond

Mori Hills REIT Investment Corporation (hereafter “MHR”) hereby announces that it decided to issue investment corporation bond in accordance with the Act on Book Entry of Corporate Bonds and Shares based on the “Comprehensive Resolution Related to Issuance of Investment Corporation Bonds” at the Board of Directors Meeting held on July 22, 2016, as follows.

1. Overview of Investment Corporation Bond

- (1) Name of investment corporation bond
MHR Eighteenth Series Unsecured Investment Corporation Bond (subject to a limited pari passu clause between specified investment corporation bonds) (hereafter, “Investment Corporation Bond”).
- (2) Total issue amount of the investment corporation bond
2 billion yen
- (3) Certificates
The stipulation of the Act on Book Entry of Corporate Bonds and Shares will be applied to the Investment Corporation Bond. Thus, investment corporation bond certificates will not be issued for the Investment Corporation Bond.
- (4) Payment price
100 yen per face value of 100 yen for each investment corporation bond
- (5) Redemption price
100 yen per face value of 100 yen for each investment corporation bond
- (6) Interest rate
0.490% per annum
- (7) Investment corporation bond amount
100 million yen per investment corporation bond
- (8) Offering method
Primary offering
- (9) Subscription period
January 24, 2017

- (10) Payment date
January 31, 2017
- (11) Collateral and guarantee
The Investment Corporation Bond is unsecured and unguaranteed. Furthermore, there is no particular asset retained for the Investment Corporation Bond.
- (12) Redemption method and maturity
The total amount of the Investment Corporation Bond will be redeemed on January 29, 2027.
Redemption by purchase of Investment Corporation Bond by MHR is allowed at any time starting on the day following the payment date, unless otherwise specified by the book-entry transfer institution mentioned under (16) below.
- (13) Interest payment date
The first payment date will be July 31, 2017, and thereafter on January 31 and July 31 of each year.
(However, the interest payment date for the interest applicable to the period from August 1, 2026 (inclusive) to the maturity date of January 29, 2027 (inclusive) will be January 29, 2027.)
(If the interest payment date is a bank holiday, then the bank business day preceding it shall be deemed as the interest payment date.)
- (14) Special financial condition
Negative pledge clause is applicable.
- (15) Credit rating
Japan Credit Rating Agency, Ltd.: AA-
- (16) Book-entry transfer institution
Japan Securities Depository Center, Inc.
- (17) Fiscal agent, issuing agent and paying agent
Mitsubishi UFJ Trust and Banking Corporation
- (18) Underwriting securities companies
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Daiwa Securities Co. Ltd.

2. Reason for Issuance

For allocation to funds for repayment of long-term loans payable of 4,578 million yen due for repayment by the end of November 2017 and part of funds for redemption of investment corporation bond of 2,000 million yen due for redemption by the end of November 2017.

3. Amount of Funds to be Procured, Use of Funds and Planned Expenditure Period

- (1) Amount of funds to be procured (estimated paid-in amount): 1,983 million yen
- (2) Specific use of funds to be procured and planned expenditure period
For allocation to funds for repayment of long-term loans payable of 4,578 million yen due for repayment by the end of November 2017 and part of funds for redemption of investment corporation bond of 2,000 million yen due for redemption by the end of November 2017.

4. Borrowings, etc. after the Issuance of Investment Corporation Bond

(unit: millions of yen)

	Before the Issuance	After the Issuance	Change
Long-term loans payable	128,000	128,000	—
Investment corporation bonds	26,000	28,000	2,000
Total interest-bearing debt	154,000	156,000	2,000

(Note 1) Indicates the borrowings, etc. as of January 31, 2017 after the issuance of Investment Corporation Bond.

(Note 2) Long-term loans payable and investment corporation bonds include the current portion of long-term loans payable and investment corporation bonds.

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

As for risks regarding redemption of Investment Corporation Bond, etc. there are no material changes from the content of the investment risks indicated in the Semiannual Securities Report (Japanese) for the Twentieth Fiscal Period (ended July 31, 2016) submitted on October 28, 2016.

- 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 website: <http://www.mori-hills-reit.co.jp/>