

For Translation Purposes Only

Real Estate Investment Fund Issuer:
Mori Hills REIT Investment Corporation
(Securities Code: 3234)
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Hideyuki Isobe, Executive Director

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MHR Announces Issuance of Investment Corporation Bonds

Mori Hills REIT Investment Corporation (hereafter “MHR”) hereby announces that it decided to issue investment corporation bonds 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 bonds
MHR Seventeenth 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 in respective Investment Corporation Bond
- (5) Redemption price
100 yen per face value of 100 yen in respective Investment Corporation Bond
- (6) Interest rate
0.340% per annum
- (7) Amount of respective investment corporation bond
100 million yen
- (8) Offering method
Primary offering
- (9) Subscription period
August 24, 2016

- (10) Payment date
August 30, 2016
- (11) Collateral and guarantee
The Investment Corporation Bond unsecured and unguaranteed. There is also 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 August 28, 2026.
- Redemption by purchase of the 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 February 28, 2017, and thereafter on the last day of February and August of each year.
(However, the interest payment date for the interest applicable to the period from March 1, 2026 (inclusive) to the maturity date of August 28, 2026 (inclusive) will be August 28, 2026.)
(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
SMBC Nikko Securities Inc.
Nomura Securities Co., Ltd.

2. Reason for Issuance

For allocation to funds for repayment of long-term loans payable of 2 billion yen due for repayment on August 31, 2016

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
- 1) Specific use of funds: For allocation to funds for repayment of long-term loans payable of 2 billion yen due for repayment on August 31, 2016
 - 2) Amount: 1,983 million yen (cash on hand is planned to be allocated to cover the difference of 17 million yen.)
 - 3) Planned expenditure period: August 31, 2016

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

(unit: millions of yen)

	Before the Issuance	After the Issuance	Change
Long-term loans payable	130,000	128,000	(2,000)
Investment corporation bonds	24,000	26,000	2,000
Total interest-bearing debt	154,000	154,000	—

(Note 1) Indicates the borrowings, etc. as of August 31, 2016 after the issuance of the Investment Corporation Bond (after the repayment of long-term loans payable of 2 billion yen mentioned under 3. (2) above).

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

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

As for risks regarding redemption of the Investment Corporation Bonds, etc. there are no material changes from the content of the investment risks indicated in the Semiannual Securities Report (Japanese) for the nineteenth fiscal period (ended January 31, 2016) submitted on April 27, 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's website address is <http://www.mori-hills-reit.co.jp/>