

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 in a Japanese public offering and an international offering as well as a Japanese secondary offering of investment units, as follows.

1. Issuance of New Investment Units through a Japanese Public Offering and an International Offering

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| (1) Number of new investment units to be issued: | 176,300 units |
| (2) Issue price (offering price): | To be determined.
(The issue price (offering price) shall be provisionally determined by multiplying the amount whereby 2,140 yen of forecast distribution per unit for the sixteenth fiscal period ending July 2014 is deducted from the Tokyo Stock Exchange (hereafter “TSE”) regular transaction closing price of MHR’s investment units (hereafter “Investment Unit”) on any date from Wednesday, July 23, 2014 to Friday, July 25, 2014 (hereafter “Pricing Date”) (or the closing price on the day immediately preceding the Pricing Date in the event that there is no closing price) by a factor of 0.90 to 1.00 (amounts less than ¥1 to be rounded down), in consideration of demand and other factors.) |
| (3) Amount to be contributed 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 contributed in (issued value) shall be proceeds per investment unit received from the Japanese underwriters and international managers mentioned under (5) below as payment of the investment units.) |

Note:

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- (4) Total amount to be contributed 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”). The same shall apply hereafter.
- 1) Japanese Primary Offering
For the offering in Japan (collectively with the Japanese Secondary Offering of Investment Units (Over-Allotment) below, the “Japanese 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 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 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.
Furthermore, the targets for the above offerings shall be 88,150 units for the Japanese Offering and 88,150 units for the International Offering, but 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 contributed in to be determined on the Pricing Date and offer them at prices that vary from such underwriting price (issue price). The Japanese underwriters and international managers shall pay MHR the total underwriting price on the payment date as below (10), and the difference between the total issue price and 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) Book building period: From Thursday, July 17, 2014 to the Pricing Date.
- (8) Subscription unit: One unit or more in increments of one unit.
- (9) Subscription period:
(Japanese Offering) From Wednesday, July 24, 2014 to Friday, July 25, 2014
The subscription period may be moved down in consideration of demand and other factors. In that case, the latest subscription period would be from Monday, July 28, 2013 to Tuesday, July 29, 2014.
- (10) Contribution date: Friday, August 1, 2014
The business day following the contribution date.

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- (11) Delivery date: Monday, August 4, 2014
- (12) The issue price (offering price), amount to be contributed in (issued value), final breakdown of the number of new investment units to be issued through Japanese Offering and International Offering, 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 Japanese Offering shall be subject to the effectiveness of the security registration under the Financial Instruments and Exchange Act.

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

- (1) Seller and the number of investment units to be issued: A certain Japanese underwriter: 8,815 units
The above number of investment units to be offered indicates the maximum number of investment units to be issued through the Japanese secondary offering (over-allotment). Depending on demand and other factors, there may be cases 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 issued shall be determined at the Board of Directors Meeting to be held on the Pricing Date, in consideration of supply, demand and other factors of the Japanese Offering.
- (2) Issue price (offering price): To be determined.
(It will be decided on the Pricing Date, and shall be the same as the issue price (offering price) of the Japanese Primary Offering.)
- (3) Total amount of issue price (offering price): To be determined
- (4) Offering method: In consideration of demand and other factors of the Japanese Offering, a certain Japanese underwriter shall offer the investment units by borrowing a maximum of 8,815 units from Mori Building Co., Ltd., a unitholder of MHR, separately from the Japanese Offering.
- (5) Subscription unit: One unit or more in increments of one unit.
- (6) Subscription period: It shall be the same as the Japanese Offering.
- (7) Delivery date: It shall be the same as the delivery date of the Japanese Offering.
- (8) The offering price and other items necessary for the Japanese secondary offering 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.
- (9) 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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3. Issuance of New Investment Units through Third-Party Allotment

- (1) Number of investment units to be issued: 8,815 units
- (2) Amount to be contributed 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. It shall be the same as the amount to be contributed in (issue value) of the Japanese Offering.)
- (3) Total amount to be contributed in (total issued value): To be determined
- (4) Allottee and number of investment units to be allotted: A certain Japanese underwriter: 8,815 units
- (5) Subscription unit: One unit or more in increments of one unit
- (6) Subscription period (subscription date): Tuesday, August 26, 2014
- (7) Contribution date: Wednesday, August 27, 2014
- (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 contributed 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 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.

<For Reference>

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

- (1) In consideration of demand and other factors of the Japanese Offering, a certain Japanese underwriter may offer the investment units (hereafter “Borrowed Investment Units”) by borrowing a maximum of 8,815 units from Mori Building Co., Ltd. a unitholder of MHR (Japanese secondary offering through over-allotment). The number of investment units to be issued in Japan through over-allotment is the maximum number of investment units to be issued, and there may be cases 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) For the purpose of obtaining the investment units necessary to return those borrowed by such certain Japanese underwriter from Mori Building Co., Ltd, in connection with the Japanese secondary offering (over-allotment), MHR has made resolution at its Board of Directors Meeting held today, to carry out an issuance of investment units through third-party allotment of 8,815 units of new investment units for which such certain Japanese underwriter is the allottee (hereafter “Third-Party Allotment”) with the contribution date for issuance to be Wednesday, August 27, 2014.
- (3) In order to apply for the return of the borrowed investment units, there may be cases where such certain Japanese underwriter may also purchase the investment units up to the number of investment units of the Japanese secondary offering (over-allotment) in the TSE (hereafter the “Syndicated Cover Transaction”) during the period from the day following the close of the subscription period for the Japanese Offering and the Japanese secondary offering

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(over-allotment) until Friday, August 22, 2014 (hereafter the “Syndicated Cover Transaction Period”). All of the investment units purchased by such certain Japanese underwriter through the Syndicated Cover Transaction shall be used to return the Borrowed Investment Units. Furthermore, there may be cases where such certain Japanese underwriter, at its own judgment, may not conduct the Syndicated Cover Transaction at all, or may complete the Syndicated 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 certain Japanese underwriter may engage in stabilizing transactions related to the Japanese 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, in returning the Borrowed Investment Units.
- (5) For the number of investment units as a result of reducing the number of investment units purchased through the Syndicated 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 certain Japanese underwriter intends to accept the allotment of the third-party allotment and acquire the investment units. Consequently, there may be cases where there will be no subscription to the investment units issued in the third-party allotment, in whole or in part, and accordingly the final number of investment units placed by the third-party allotment would decrease to that extent due to forfeiture, or such allotment itself will not take place at all.
- (6) Whether or not the Japanese secondary offering (over-allotment) will be conducted and the number of investment units issued in the event that it takes place will be determined on the Pricing Date. If the Japanese secondary offering (over-allotment) does not take place, such certain Japanese underwriter will not borrow investment units from our unitholder as described (1) above. Consequently, such certain Japanese underwriter would not accept allotment of the third-party allotment and would not subscribe, leading to forfeiture, and the issuance of new investment units through the third-party allotment would not be conducted at all. Syndicated Cover Transactions at TSE would not be conducted either.
- (7) Concerning the above transactions from (1) to (6), such certain Japanese underwriter will conduct the transactions upon consultation with the other Japanese underwriters.

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

Current total number of investment units issued and outstanding:	1,384,925 units
Increase in investment units following the Offerings:	176,300 units
Total number of investment units following the Offerings:	1,561,225 units
Increase in investment units following the third-party allotment:	8,815 units (Note)
Total number of investment units following the third-party allotment:	1,570,040 units (Note)

(Note) In the event that subscription to all the new investment units through the third-party allotment and the issuance is conducted.

3. Purpose and Reason for Issuance

MHR has decided to issue new investment units in order to realize external growth through the acquisition of new specified assets (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.

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

(1) Amount to be Procured through Funding (approximate net proceeds)

24,989,599,425 yen (maximum)

(Note 1) The aggregate of the estimated proceeds from the Japanese Offering of 11,899,809,250 yen, the estimated proceeds from International Offering of 11,899,809,250 yen and the maximum estimated proceeds from the third-party allotment of 1,189,980,925 yen are indicated.

(Note 2) The abovementioned amount is an estimated amount calculated based on the closing price of the investment unit on the TSE as of June 25, 2014.

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

The funds to be procured through the issuance of new investment units through a Japanese public offering (Japanese primary offering) and through third-party allotment will be used for part of acquisitions of specified assets-to-be-acquired mentioned in the press release “MHR Announces Asset Acquisitions and Lease (Roppongi Hills Mori Tower: Additional Acquisition) (ARK Hills South Tower: New Acquisition)” separately announced today. The remaining funds, if any, will be kept as cash on hand, and will be used for part of future acquisition of specified assets.

Property No.	Assets to be Acquired	Planned Acquisition Price (Note)	Planned Acquisition Date
O-0	Roppongi Hills Mori Tower	9,890 million yen	August 1, 2014
O-8	ARK Hills South Tower	19,150 million yen	August 1, 2014

(Note) The indicated planned acquisition prices do not include acquisition-related costs, consumption taxes and other expenses.

5. Designated Destination of Distribution

None

6. Other

- (1) Lock-up agreement with Mori Building: Concerning the Offerings, Mori Building Co., Ltd. has agreed with the Joint Global Coordinators not to transact the investment units it owns before the Offerings in principle except for lending them for the secondary offering (over-allotment) etc., without prior written consent from the Joint Global Coordinators for a period of three months after the delivery date of the Japanese Offering.
- (2) Lock-up agreement with issuer: Concerning the Offerings, MHR and the Joint Global Coordinators have agreed that MHR will not issue investment units etc. (except for an issuance in the case of the Offerings, Third-Party Allotment, split of investment units, etc.), for a period of three months after the delivery date of the Japanese Offering without prior written consent from the Joint Global Coordinators.
- (3) In the case of both (1) and (2), the Joint Global Coordinators will have the authority to cancel the lock-up agreement in whole or in part, or to shorten the period mentioned above at its 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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