

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 Bonds

Mori Hills REIT Investment Corporation (MHR) decided to issue investment corporation bonds (hereafter, the “Issuance”) in accordance with the Act on Transfer of Bonds, Stocks, etc. based on the “Resolution concerning items regarding the offering of investment corporation bonds to underwriters” at the Board of Directors Meeting held January 31, 2011.

1. Overview of Investment Corporation Bonds

(1) Name of Investment Corporation Bond

MHR Fifth Series Unsecured Investment Corporation Bond (subject to a limited pari passu clause between specified investment corporation bonds) (hereafter, the “Investment Corporation Bond”).

(2) Total issue amount of the Investment Corporation Bond
5 billion yen

(3) Certificates

The Act on Transfer of Bonds, Stocks, etc. will be applied to the Investment Corporation Bonds. 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 Investment Corporation Bond

(5) Redemption Price

100 yen per face value of 100 yen in Investment Corporation Bond

(6) Interest Rate

1.29% per annum

(7) Amount of Investment Corporation Bond

100 million yen

(8) Offering Method

Public offering

(9) Subscription Period

February 10, 2011



HILLS REIT

(10) Payment Date

February 25, 2011

(11) Collateral, etc.

The Investment Corporation Bond is 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 February 25, 2014.

Redemption by purchase of the Investment Corporation Bond by MHR is allowed at all times starting on the following day of the payment date, unless otherwise specified by the depository trust company mentioned under (16) below.

(13) Interest Payment Date

The first payment date will be August 25, 2011 and thereafter, February 25 and August 25 of each year

(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 Agreement

Negative pledge is applied

(15) Credit Rating

JCR: AA-

(16) Depository Trust Company

Japan Securities Depository Center, Inc.

(17) Fiscal Agent, Issuing Agent and Paying Agent

The Sumitomo Trust and Banking Co., Ltd.

(18) Underwriting Securities Companies

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

Mizuho Securities Co., Ltd.

Nikko Cordial Securities Inc.

Daiwa Securities Capital Markets Co. Ltd.

2. Reason for Issuance

For allocation to the repayment of 5 billion yen in long-term borrowings whose repayment date is February 28, 2011.

3. Amount Obtained through Funding, Use of Funds and Planned Payment Period Using the Acquired Funds

(1) Amount Obtained through Funding (estimated paid-in amount): 4,972 million yen

(2) Details on the Use of Funds Obtained through the Issuance and Planned Payment Period Using the Acquired Funds

① Use of Funds: Repayment of 5 billion yen in long-term borrowings whose repayment date is February 28, 2011

② Amount (millions of yen): 4,972 million yen (cash on hand is planned to be allocated to cover the difference which equals 28 million yen.)

③ Planned Payment Period: February 28, 2011

4. Borrowing Amount, etc. after the Issuance of the Investment Corporation Bond

(unit: millions of yen)

	Before the Issuance	After the Issuance	Change
Short-term borrowings	8,510	8,510	0
Long-term borrowings	80,225	75,225	(5,000)
Total borrowings	88,735	83,735	(5,000)
Investment corporation bonds	20,000	25,000	5,000
Total of borrowings and investment corporation bonds	108,735	108,735	0
Total interest-bearing borrowings	108,735	108,735	0

(Note 1) Indicates the borrowing amount, etc. as of February 28, 2011 after the Issuance of the Investment Corporation Bond (after repayment of 5 billion yen in long-term borrowings mentioned under 3. (2) above)

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

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

There are no changes to the content of investment risk indicated in the Semiannual Securities Report (Japanese) for the eighth fiscal period ended July 31, 2010 as a result of the Issuance.

- 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>