

May 20, 2010

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 May 17, 2010.

1. Overview of Investment Corporation Bonds

(1) Names of Investment Corporation Bonds

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

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

Hereafter, the Third Series Investment Corporation Bond and Fourth Series Investment Corporation Bond will collectively be referred to as the “Investment Corporation Bonds.” There will be no particular mention as to which bond if the item is common to both the Third Series Investment Corporation Bond and Fourth Series Investment Corporation Bond.

(2) Total issue amount of the Investment Corporation Bonds

Third Series Investment Corporation Bond: 5 billion yen

Fourth Series 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 Bonds.

(4) Payment Price

100 yen per face value of 100 yen in respective Investment Corporation Bonds

- (5) Redemption Price
100 yen per face value of 100 yen in respective Investment Corporation Bonds
- (6) Interest Rate
Third Series Investment Corporation Bond: 1.38% per annum
Fourth Series Investment Corporation Bond: 1.95% per annum
- (7) Amount of respective Investment Corporation Bonds
100 million yen
- (8) Offering Method
Public offering
- (9) Subscription Period
May 20, 2010
- (10) Payment Date
May 27, 2010
- (11) Collateral, etc.
The Investment Corporation Bonds are unsecured and unguaranteed. There is also no particular asset retained for the Investment Corporation Bonds.
- (12) Redemption Method and Maturity
Third Series Investment Corporation Bond: The total amount of the Investment Corporation Bond will be redeemed on May 27, 2013.
Fourth Series Investment Corporation Bond: The total amount of the Investment Corporation Bond will be redeemed on May 27, 2015.
Redemption by purchase of the Investment Corporation Bonds 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 November 27, 2010 and thereafter, May 27 and November 27 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-
Moody's Investors Service Inc.: Baa1
- (16) Depository Trust Company
Japan Securities Depository Center, Inc.
- (17) Fiscal Agent, Issuing Agent and Paying Agent
Mitsubishi UFJ Trust and Banking Corporation
- (18) Underwriting Securities Companies
Third Series Investment Corporation Bond
Mizuho Securities Co., Ltd.
Nikko Cordial Securities Inc.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

Fourth Series Investment Corporation Bond
Mizuho Securities Co., Ltd.
UBS Securities Japan Co., Ltd.
Daiwa Securities Capital Markets Co. Ltd.

2. Reason for Issuance

For allocation to the repayment of 10 billion yen in long-term borrowings whose repayment date is May 31, 2010.

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): 9,945 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 10 billion yen in long-term borrowings whose repayment date is May 31, 2010
- ② Amount (millions of yen): 9,945 million yen (cash on hand is planned to be allocated to cover the difference which equals 55 million yen.)
- ③ Planned Payment Period: May 31, 2010

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

(unit: millions of yen)

	Before the Issuance	After the Issuance	Change
Short-term borrowings	8,510	8,510	0
Long-term borrowings	90,400	80,337.5	(10,062.5)
Total borrowings	98,910	88,847.5	(10,062.5)
Investment corporation bonds	10,000	20,000	10,000
Total of borrowings and investment corporation bonds	108,910	108,847.5	(62.5)
Total interest-bearing borrowings	108,910	108,847.5	(62.5)

(Note 1) Indicates the borrowing amount, etc. as of May 31, 2010 after the Issuance of the Investment Corporation Bonds (after repayment of 10 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.

(Note 2) The decrease in the long-term borrowings of 10,062.5 million yen reflects the allocation of funds obtained through the Issuance to refinance 10 billion yen in long-term borrowings and the repayment of original principal worth 62.5 million yen to the Development Bank of Japan Inc. during the period.

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 seventh fiscal period ended January 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>