

For Translation Purposes Only

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(Securities Code: 3234)
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MHR Announces Interest Rates for Debt and
Execution of an Interest Rate Swap Agreement

Mori Hills REIT Investment Corporation (hereinafter referred to as “MHR”) announced the interest rates in regard to debt financing today. The company also announced an interest rate swap agreement that has been executed with details as below:

1. Details of interest rates

(1) Short term borrowings (Maturity of one year) 33 billion yen

Interest rate: 0.78727% per annum
(Applicable from December 4, 2006 to May 31, 2007. We will announce the interest rate to be applied after June 1, 2007 as soon as it is determined.)

(2) Long term borrowings (Maturity of two years) 15 billion yen

Interest rate: 0.75455% per annum
(Applicable from December 4, 2006 to February 28, 2007. The interest rate applicable after March 1, 2007 is not yet determined. However, interest rate payments will be fixed with the interest rate swap agreement noted in 2.(2)1 below.)

(3) Long term borrowings (Maturity of 3 years) 25 billion yen

Interest rate: 0.80455% per annum
(Applicable from December 4, 2006 to February 28, 2007. The interest rate applicable after March 1, 2007 is not yet determined. However, interest rate payments will be fixed with the interest rate swap agreement noted in 2.(2) 2 below.)

2. Interest rate swap agreement

(1) Purpose of entering an interest rate swap agreement

Regarding the borrowings mentioned in 1. above, in order to hedge the risk of fluctuation of interest rate payments by converting to a fixed rate for the two year and three year long-term borrowings.

(2) Details of interest rate swap agreements

1 Interest rate swap agreement (two year maturity)

a) Counterparty: Mizuho Corporate Bank, Ltd.



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- b) Notional principal amount: 15 billion yen
c) Interest rate: Fixed interest rate payable at 1.28500%
Floating interest rate receivable at Japanese Bankers Association three month Yen TIBOR + 0.25% (However, the first interest calculation period shall be from December 4, 2006 to February 28, 2007, with an interest rate receivable at 0.75455%).
d) Commencement date: December 4, 2006
e) Termination date: November 30, 2008 (However, if the date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately before shall be the termination date).
f) Interest payment dates: The first interest payment date shall be February 28, 2007. Subsequent interest payment dates shall be the last business day of the months of February, May, August, and November of each year. (However, if the chosen date is not a business day, the next business day shall be the interest payment date. If this next business day falls into the following month, the business day immediately before shall be the interest payment date).

2 Interest rate swap agreement (three year maturity)

- a) Counterparty: Mizuho Corporate Bank, Ltd.
b) Notional principal amount: 25 billion yen
c) Interest rate: Fixed interest rate payable at 1.49850%
Floating interest rate receivable at Japanese Bankers Association three month Yen TIBOR + 0.30% (However, the first interest calculation period shall be from December 4, 2006 to February 28, 2007, with an interest rate receivable at 0.80455%)
d) Commencement date: December 4, 2006
e) Termination date: November 30, 2009 (however, if the date is not a business day, the next business day shall be the payment date. If this next business day falls into the following month, the business day immediately before shall be the termination date).
f) Interest payment dates: The first interest payment date shall be February 28, 2007. Subsequent interest payment dates shall be the last business day of the months of February, May, August, and November of each year. (However, if the chosen date is not a business day, the next business day shall be the interest payment date. If this next business day falls into the following month, the business day immediately before shall be the interest payment date).

End

- This press release was distributed to: the Kabuto Club (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Ministry of Land, Infrastructure and Transport Press Club for Construction Publications.
- MHR's web site address: <http://www.mori-hills-reit.co.jp>

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