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(Securities Code: 3234)
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MHR Announces Information on Borrowing and Conclusion of Interest Rate Swap Agreement

Mori Hills REIT Investment Corporation (MHR) resolved today to approve the borrowing of funds and interest rates (hereafter, "Borrowings") based on the "Comprehensive resolution concerning conclusion of borrowing agreements" at their Board of Directors Meeting held March 18, 2008 as follows.

The Borrowings amount will be allocated entirely to the trust beneficiary right of the quasi co-ownership in a trust that holds title to part of "ARK Mori Building" (hereinafter "ARK Mori Building" the trust beneficiary right) disclosed in the press release "MHR Announces Asset Acquisition (ARK Mori Building: Additional Acquisition)" dated March 18, 2008. In addition, MHR has concluded an interest rate swap agreement for their long-term borrowings.

1. Purpose of Borrowings

For allocation to borrowings to the trust beneficiary right and related expenses

2. Content of Borrowings and Determined Interest Rate

(1) Short-term Borrowings (Maturity of one year)

- a) Lenders: Mitsubishi UFJ Trust and Banking Corporation, Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Trust and Banking Co., Ltd., Shinsei Bank, Ltd. and Sumitomo Mitsui Banking Corporation
- b) Borrowing amount: 10 billion yen
- c) Interest rate: 1.05917% per annum (Japanese Bankers Association three-month Yen TIBOR+0.20%)
(Applicable from March 28, 2008 through June 27, 2008. MHR will announce the interest rate to be applied from June 28, 2008 as soon as it is determined.)
- d) Scheduled drawdown date: March 28, 2008
- e) Method of borrowing: MHR will enter into loan agreements today with the lenders listed above in a).
- f) Interest payment date: The first interest payment date shall be June 27, 2008. Subsequent interest payment dates shall be either one week, two weeks, one month, two months, three months or six months from the first interest payment date, to be chosen by the borrower (however, if the chosen 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 payment date).
- g) Principal repayment date: March 27, 2009 (However, if such date is not a business day, the next business shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
 - h) Method of repayment: To be repaid in full on the principal repayment date
 - i) Collateral: Unsecured/Unguaranteed
- (2) Long-term Borrowings (Maturity of three years)
- a) Lender: Mitsubishi UFJ Trust and Banking Corporation, Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Trust and Banking Co., Ltd., Shinsei Bank, Ltd. and Sumitomo Mitsui Banking Corporation
 - b) Borrowing amount: 5 billion yen
 - c) Interest rate: 1.15917% per annum (Japanese Bankers Association three-month Yen TIBOR+0.30%)
(Applicable from March 28, 2008 through May 30, 2008. MHR will announce the interest rate to be applied from May 31, 2008 as soon as it is determined. However, the virtual interest rate paid will be fixed due to the interest rate swap agreement mentioned in Section 3 (2) a) below.)
 - d) Scheduled drawdown: March 28, 2008
 - e) Method of borrowing: MHR will enter into loan agreements today with the lenders listed above in a).
 - f) Interest payment date: The first interest payment date shall be May 30, 2008. Subsequent interest payment dates shall be the last business days in February, May, August and November every year. (However, if the above 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 payment date.)
 - g) Principal repayment date: February 28, 2011 (However, if such date is not a business day, the next business shall be the payment date. If this next business day falls into the following month, the business day immediately prior shall be the payment date.)
 - h) Method of repayment: To be repaid in full on the principal repayment date
 - i) Collateral: Unsecured/Unguaranteed

3. Interest Rate Swap Agreement

(1) Purpose of Entering an Interest Rate Swap Agreement

In order to hedge the risk of fluctuation of interest rate payments by converting to a fixed rate for the long-term borrowings mentioned in 2. above: “(2) Long-term Borrowings (Maturity of three years) for 5 billion yen”

(2) Details of the Interest Rate Swap Agreements

Interest rate swap agreement (three year maturity)

- a) Date of the agreement: March 26, 2008
- b) Counterparty: Mitsubishi UFJ Trust and Banking Corporation
- c) Notional principal amount: 5 billion yen
- d) Interest rate: Fixed interest rate payable at 0.926%
Floating interest rate receivable at Japanese Bankers Association three month Yen TIBOR



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- e) Commencement date: March 28, 2008
- f) Termination date: February 28, 2011
- g) Interest payment date: The first interest payment date shall be May 30, 2008. Subsequent interest payment dates shall be the last business days in February, May, August and November every year. (However, if the above 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 payment date.)

Due to the interest rate swap agreement, the virtual interest rate for (2) Long-term Borrowings (Maturity of three years) for 5 billion yen (equivalent to said notional principal amount) mentioned in Section 2 above will be 1.226%.

- 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 website address is <http://www.mori-hills-reit.co.jp>