

**For Translation Purposes Only**

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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 (hereafter, “Borrowings”) and interest rates based on the “Comprehensive resolution concerning conclusion of borrowing agreements” at their Board of Directors Meeting held September 16, 2008 as follows.

The Borrowings will be allocated entirely on September 30, 2008 to acquiring the quasi co-ownership interest in a trust beneficiary right of a trust that holds title to part of “ARK Mori Building” (hereinafter “acquisition of the trust beneficiary right to “ARK Mori Building””) and the trust beneficiary right in a trust that holds title to part of “Akasaka Tameike Tower” (hereinafter “acquisition of the trust beneficiary right to “Akasaka Tameike Tower””) disclosed in the press release “MHR Announces Asset Acquisition and Transfer (ARK Mori Building: Additional Acquisition) (Akasaka Tameike Tower: New Acquisition) (Moto-Azabu Hills: Partial Transfer)” dated September 16, 2008. In addition, MHR has concluded an interest rate swap agreement for their long-term borrowings.

1. Purpose of Borrowings

For acquisition of the trust beneficiary rights to “ARK Mori Building” and “Akasaka Tameike Tower” and related expenses.

2. Content of Borrowings and Determined Interest Rate

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

- |                             |   |
|-----------------------------|---|
| a) Lenders:                 | Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and The Sumitomo Trust and Banking Co., Ltd.   |
| b) Borrowing amount:        | 7 billion yen   |
| c) Interest rate:           | 1.17333% per annum (Japanese Bankers Association two-month Yen TIBOR+0.35%) (Applicable from September 30, 2008 through November 28, 2008. MHR will announce the interest rate to be applied from November 29, 2008 as soon as it is determined.) |
| d) Scheduled drawdown date: | September 30, 2008  |



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- 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 November 28, 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 (includes the same day) (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: August 31, 2009 (However, if such 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 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: Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Sumitomo Trust and Banking Co., Ltd., Aozora Bank, Ltd. and Resona Bank, Ltd.
  - b) Borrowing amount: 17 billion yen
  - c) Interest rate: 1.22333% per annum (basic interest rate+0.40%) (Applicable from September 30, 2008 through November 28, 2008 and the basic interest rate for the first interest payment is the Japanese Bankers Association two-month Yen TIBOR and the Japanese Bankers Association three-month Yen TIBOR for the basic interest rate for the interest period after the second interest payment. MHR will announce the interest rate to be applied from November 29, 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) (i) below.)
  - d) Scheduled drawdown: September 30, 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 November 28, 2008. Subsequent interest payment dates shall be the last 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: August 31, 2011 (However, if such 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 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) Long-term Borrowings (Maturity of four years)
- a) Lender: Aozora Bank, Ltd.  
 b) Borrowing amount: 2 billion yen  
 c) Interest rate: 1.22333% per annum (basic interest rate+0.40%)  
 (Applicable from September 30, 2008 through November 28, 2008 and the basic interest rate for the first interest payment is the Japanese Bankers Association two-month Yen TIBOR and the Japanese Bankers Association three-month Yen TIBOR for the basic interest rate for the interest period after the second interest payment. MHR will announce the interest rate to be applied from November 29, 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) (ii) below.)
- d) Scheduled drawdown: September 30, 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 November 28, 2008. Subsequent interest payment dates shall be the last 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: August 31, 2012 (However, if such 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 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 following borrowings mentioned in 2. above: “(2) Long-term Borrowings (Maturity of three years)” for 17 billion yen and “(3) Long-term Borrowings (Maturity of four years)” for 2 billion yen.

#### (2) Details of the Interest Rate Swap Agreements

##### (i) Interest rate swap agreement (Three year maturity)

- a) Date of the agreement: September 26, 2008  
 b) Counterparty: Mitsubishi UFJ Trust and Banking Corporation



- c) Notional principal amount: 17 billion yen
- d) Interest rate: Fixed interest rate payable at 1.095%  
Floating interest rate receivable at Japanese Bankers Association two-month Yen TIBOR (for first interest payment receivable only) and Japanese Bankers Association three-month Yen TIBOR (interest payment receivable for the second time onwards)
- e) Commencement date: September 30, 2008
- f) Termination date: August 31, 2011
- g) Interest payment date: The first interest payment date shall be November 28, 2008. Subsequent interest payment dates shall be the last 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 17 billion yen (equivalent to said notional principal amount) mentioned in Section 2 above will be 1.495% until the repayment date.

(ii) Interest rate swap agreement (Four year maturity)

- a) Date of the agreement: September 26, 2008
- b) Counterparty: Mitsubishi UFJ Trust and Banking Corporation
- c) Notional principal amount: 2 billion yen
- d) Interest rate: Fixed interest rate payable at 1.217%  
Floating interest rate receivable at: Japanese Bankers Association two-month Yen TIBOR (for first interest payment receivable only); Japanese Bankers Association three-month Yen TIBOR (interest payment receivable for the second time onwards)
- e) Commencement date: September 30, 2008
- f) Termination date: August 31, 2012
- g) Interest payment date: The first interest payment date shall be November 28, 2008. Subsequent interest payment dates shall be the last 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 “(3) Long-term Borrowings (Maturity of four years)” for 2 billion yen (equivalent to said notional principal amount) mentioned in Section 2 above will be 1.617% until the repayment date.



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4. Borrowing Amount, etc. after the Additional Borrowings

(unit: billions of yen)

	Before Borrowings	After Borrowings	Change
Short-term debt	20.0	27.0	+7
Current portion of long-term debt	15.0	15.0	0
Long-term debt	43.0	62.0	+19
Total debt	78.0	104.0	+26
Investment corporation bonds	10.0	10.0	0
Total of debt and investment corporation bonds	88.0	114.0	+26
Total interest-bearing debt	88.0	114.0	+26

- 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>