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MHR Announces Information on Borrowing and Conclusion of Interest Rate Swap Agreement

Today, Mori Hills REIT Investment Corporation (hereinafter “MHR”) announced the determination of the interest rates for the borrowings announced on November 25, 2008, applicable for the following periods, and the conclusion of an interest rate swap agreement, as follows.

1. Determined Interest Rates

(1) Long term borrowing (1.5 year term)

Lenders: Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Sumitomo Trust and Banking Co., Ltd and Sumitomo Mitsui Banking Corporation.

Drawdown date	Amount	Repayment date (Note)	Applicable Period of Interest	Interest rate (per annum)
November 28, 2008	10 billion yen	May 31, 2010	From November 28, 2008 to February 27, 2009	1.85750%

(2) Long term borrowing (2.5 year term)

Lenders: Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Sumitomo Trust and Banking Co., Ltd and Sumitomo Mitsui Banking Corporation.

Drawdown date	Amount	Repayment date (Note)	Applicable Period of Interest	Interest rate (per annum)
November 28, 2008	10 billion yen	May 31, 2011	From November 28, 2008 to February 27, 2009	1.95750%

(3) Long term borrowing (3.5 year term)

Lenders: Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Sumitomo Trust and Banking Co., Ltd and Sumitomo Mitsui Banking Corporation.

Drawdown date	Amount	Repayment date (Note)	Applicable Period of Interest	Interest rate (per annum)
November 28, 2008	5 billion yen	May 31, 2012	From November 28, 2008 to February 27, 2009	2.05750%

(Note) If the repayment date is not a business day, the next business day shall be the repayment date. If this next business day falls into the following month, the business day immediately prior shall be the repayment date.

MHR will announce the interest rates applicable for the period after February 28, 2009 as soon as they are determined.

2. 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 1. Above: “(2) Long-term Borrowings (Maturity of 2.5 years) for 5 billion yen out of 10 billion yen” and “(3) Long-term Borrowings (Maturity of 3.5 years) for 5 billion yen.”

(2) Details of the Interest Rate Swap Agreements

a) Interest rate swap agreement (2.5 year maturity)

- i. Date of the agreement: November 26, 2008
- ii. Counterparty: Mitsubishi UFJ Trust and Banking Corporation
- iii. Notional principal amount: 5 billion yen
- iv. Interest rate: Fixed interest rate payable at 0.8595%
Floating interest rate receivable at Japanese Bankers Association three month Yen TIBOR
- v. Commencement date: November 28, 2008
- vi. Termination date: May 31, 2011
- vii. Interest payment date: The first interest payment date shall be February 28, 2009. Subsequent interest payment dates shall be the last business day in February, May, August and November each 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 2.5 years) for 5 billion yen out of 10 billion yen (equivalent to said notional principal amount) mentioned in Section 1 above will be 1.9595%.

b) Interest rate swap agreement (3.5 year maturity)

- viii. Date of the agreement: November 26, 2008
- ix. Counterparty: Mitsubishi UFJ Trust and Banking Corporation
- x. Notional principal amount: 5 billion yen
- xi. Interest rate: Fixed interest rate payable at 0.9555%
Floating interest rate receivable at Japanese Bankers Association three month Yen TIBOR
- xii. Commencement date: November 28, 2008
- xiii. Termination date: May 31, 2012
- xiv. Interest payment date: The first interest payment date shall be February 28, 2009. Subsequent interest payment dates shall be the last business day in February, May, August and November each 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 3.5 years) for 5 billion yen (equivalent to said notional principal amount) mentioned in Section 1 above will be 2.1555%.

- 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>