



HILLS REIT

For Translation Purposes Only

April 22, 2009

Real Estate Investment Fund Issuer:  
Mori Hills REIT Investment Corporation  
(Securities Code: 3234)  
6-10-1 Roppongi, Minato-ku, Tokyo  
Hiroshi Mori, Executive Director

Asset Manager:  
Mori Building Investment Management Co., Ltd.  
6-10-1 Roppongi, Minato-ku, Tokyo  
Hiroshi Mori, President  
Inquiries: Takahiro Shimizu  
General Manager, Financial Department  
TEL: +81-3-6406-9300

MHR Announces Change of Credit Ratings

Mori Hills REIT Investment Corporation (hereinafter “MHR”) announced that on April 21, 2009, Moody’s Investors Service, Inc. (hereinafter “Moody’s”) made a press release concerning change of MHR’s issuer credit ratings and unsecured long-term debt ratings. The details are as follows.

1. Content of Change of Credit Ratings

(Before Change)

Rating Agency	Type of Rating	Rating	Outlook
Moody's	Issuer Ratings Unsecured Long-Term Debt Ratings	A3	None

(After Change)

Rating Agency	Type of Rating	Rating	Outlook
Moody's	Issuer Ratings Unsecured Long-Term Debt Ratings	Baa1	Negative

Moreover, please contact Moody’s for details of the above rating.  
Moody’s (Japanese web site URL): <http://www.moody.co.jp/>

2. Reason for Change of Credit Ratings

(1) Regarding the recent downgrade

The press release by Moody’s says that “The downgrade reflects Moody's concerns that MHR's conservative financial policy may be stressed, since its ratio of debt to total assets (including "released deposits" -- tenant deposits that can be used for temporary liquidity) is roughly 56% and remains high relative to its historical level.”

(2) Regarding negative outlook of credit ratings

The press release by Moody’s says that the negative outlook “reflects Moody's view that MHR will need some time to reduce its leverage.”

### 3. Opinion of MHR

#### (1) Regarding financial condition

##### a. Interest-bearing debt ratio and long term/short term debt ratio, etc.

As of the end of March 2009, the interest-bearing debt ratio (hereinafter "LTV") was 53.5% and our long-term interest-bearing debt ratio was 86.8% (for details, please refer to Chart 1 below). We would like to decrease LTV to about 45%-50% in the future.

(Chart 1) Overview of Financial Condition

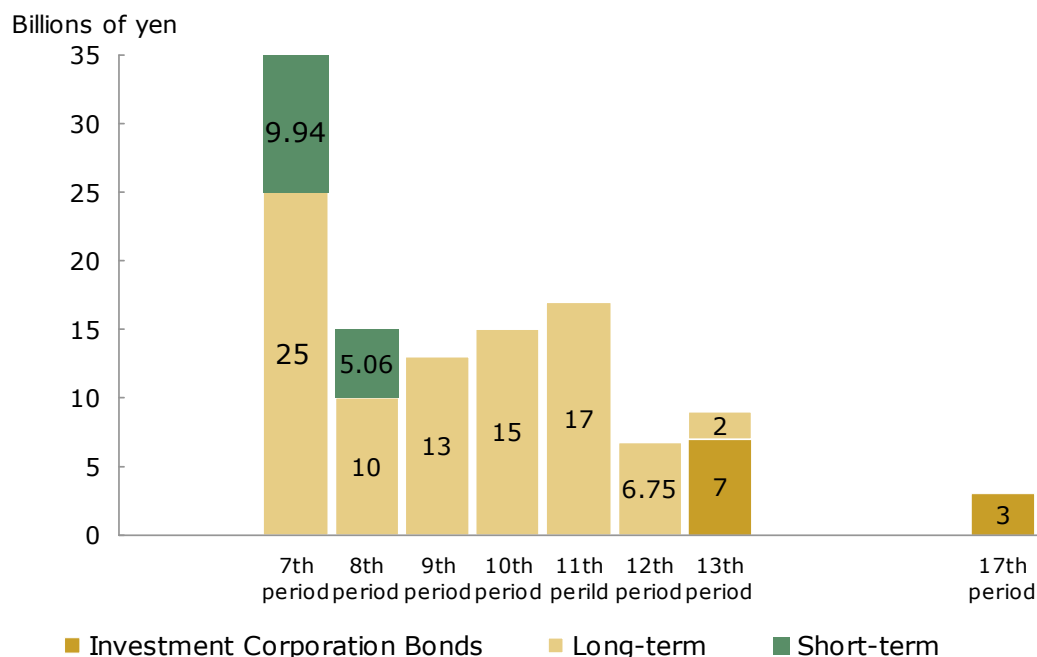
	End of 4th Fiscal Period July 31, 2008	End of 5th Fiscal Period January 31, 2009	As of the End of March 2009 (After Refinancing)
Balance of Interest-bearing Debt	88 billion yen	114 billion yen	114 billion yen
Short-term Debt	20 billion yen	17 billion yen	15 billion yen
Long-term Debt	58 billion yen	87 billion yen	89 billion yen
Investment Corporation Bonds	10 billion yen	10 billion yen	10 billion yen
Interest-bearing Debt Ratio (LTV) (*Note)	51.6%	53.5%	53.5%
Short-term Interest-bearing Debt Ratio	22.7%	14.9%	13.2%
Long-term Interest-bearing Debt Ratio	77.3%	85.1%	86.8%
Fixed-interest Debt Ratio	77.3%	71.9%	73.7%

(\*Note) LTV does not include amount of security deposits released.

##### b. Diversification of repayment dates

As shown in Diagram 1 below, MHR has diversified the repayment dates of debt. The earliest date is for debt whose repayment date is during the seventh fiscal period (fiscal period ending January 2010) which will be refinanced (for details, please refer to Chart 2 below). Including the Development Bank of Japan, Inc. from which MHR received new borrowings on March 27, 2009, MHR's relationships with financial institutions is positive and it will continue to aim to conduct stable funding.

(Diagram 1) Diversification of Repayment Dates



(\*Note) The 12<sup>th</sup> fiscal period excludes equal repayment portion (250 million yen) of the long-term debt that was refinanced in March 2009

(Chart 2) Overview of Refinancing that Arrives during the Seventh Fiscal Period

Repayment Date	Drawdown Date	Amount (in billion yen)	Lenders
August 31, 2009	September 30, 2008	7	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and The Sumitomo Trust & Banking Co., Ltd
November 30, 2009	December 4, 2006	25	Mizuho Corporate Bank, Ltd., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Co., Ltd, Shinsei Bank, Ltd. and The Norinchukin Bank
November 30, 2009	March 27, 2009	2.94	Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, Ltd., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and The Sumitomo Trust & Banking Co., Ltd

(2) Regarding Stability of Cash Flow of MHR's Portfolio

MHR mainly manages first-class properties in dynamic growth areas as typified by Minato-ku, Tokyo. MHR believes that it can maintain its competitiveness and profitability of owned properties despite the current phase of economic recession. Moreover, the overview of fifth fiscal period results and sixth fiscal period projections are shown in Chart 3 below.

(Chart 3) Overview of Fifth Fiscal Period Results and Sixth Fiscal Period Projections

		5th Fiscal Period Results From August 1, 2008 To January 31, 2009	6th Fiscal Period Projections From February 1, 2009 To July 31, 2009
Office	Average Occupancy Rate	98.1%	97.8%
	Average Rent (yen/tsubo)	34,118	34,729
Residential	Average Occupancy Rate	93.5%	90.8%
	Average Rent (yen/tsubo)	21,234	21,128
Total	Average Occupancy Rate	96.5%	95.4%
Operating Revenue (millions of yen)		5,701	5,830
Operating Income (millions of yen)		3,062	2,980
Ordinary Income (millions of yen)		2,179	1,975
Net Income (millions of yen)		2,179	1,974
Dividend Per Unit (yen)		13,688	12,400

(\*Note) The 5<sup>th</sup> fiscal period results include gains on sales of 151 million yen from the sale of 1 residential unit of Moto-Azabu Hills

4. Impact on Future Prospects of MHR

- There is no change to the management forecast for the sixth fiscal period (February 1, 2009 – July 31, 2009) of MHR as a result of the above change of credit ratings.
- Currently, there are no direct infringements of financial covenants in the loan agreements concluded with financial institutions from which MHR has made borrowings, as a result of the above change of credit ratings.

5. Investment Strategy of MHR

- In view of the economic environment as of late, MHR will strive to further reinforce its stable revenue platform by maintaining occupancy rates and NOI while ensuring the refinancing of borrowings with repayment dates in the future.

- 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>