

August 26, 2011

For Translation Purposes Only

Real Estate Investment Fund Issuer:  
Mori Hills REIT Investment Corporation  
(Securities Code: 3234)  
1-8-7 Roppongi, Minato-ku, Tokyo  
Hideyuki Isobe, Executive Director

Asset Manager:  
Mori Building Investment Management Co., Ltd.  
Hideyuki Isobe, President & CEO  
Inquiries: Yoshimi Nishibeppu  
General Manager, Administration Department  
TEL: +81-3-6234-3234

MHR Announces Information on Borrowings

Mori Hills REIT Investment Corporation (hereinafter “MHR”) resolved at its Board of Directors’ meeting held today the following with regard to agreements on borrowings (hereinafter “Borrowings”), which are to be allocated to the refinancing of 5,500 million yen in short-term and 17,000 million yen in long-term borrowings that mature on August 31, 2011 (hereinafter “Existing Short-term or Long-term borrowings”).

1. Content of Borrowings

(1) Short-term borrowings (maturity of 1 year)

- a) Lenders (planned): Mizuho Corporate Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Banking Corporation, and The Sumitomo Trust and Banking Co., Ltd.
- b) Borrowing amount: 5,500 million yen
- c) Interest rate: Base Interest Rate (1-month JBA Japanese Yen TIBOR) (Note) + 1.00%
- d) Scheduled drawdown date: August 31, 2011
- e) Method of borrowing: MHR will enter into loan agreements on August 29, 2011 with the lenders (planned) listed above in a).
- f) Interest payment date: The first payment date shall be the last day of September 2011 and subsequent payment dates shall be the last day of every month thereafter (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.).  
The last payment date shall be the principal repayment 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

- (2) Short-term borrowings (maturity of 3 months)
- a) Lenders (planned): Mizuho Corporate Bank, Ltd., Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Banking Corporation, and The Sumitomo Trust and Banking Co., Ltd.
  - b) Borrowing amount: 12,500 million yen
  - c) Interest rate: Base Interest Rate (1-month JBA Japanese Yen TIBOR) (Note) + 1.00%
  - d) Scheduled drawdown date: August 31, 2011
  - e) Method of borrowing: MHR will enter into loan agreements on August 29, 2011 with the lenders (planned) listed above in a).
  - f) Interest payment date: The first payment date shall be the last day of September 2011 and subsequent payment dates shall be the last day of every month thereafter (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.)  
The last payment date shall be the principal repayment date.
  - g) Principal repayment date: November 30, 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 3 years)
- a) Lenders (planned): Aozora Bank, Ltd.
  - b) Borrowing amount: 2,000 million yen
  - c) Interest rate: Base Interest Rate (1-month JBA Japanese Yen TIBOR) (Note) + 1.20%
  - d) Scheduled drawdown date: August 31, 2011
  - e) Method of borrowing: MHR will enter into loan agreements on August 29, 2011 with the lenders (planned) listed above in a).
  - f) Interest payment date: The first payment date shall be the last day of September 2011 and subsequent payment dates shall be the last day of every month thereafter (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.)  
The last payment date shall be the principal repayment date.
  - g) Principal repayment date: August 31, 2014 (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

- (4) Long-term borrowings (maturity of 3 years)
- a) Lenders (planned): Resona Bank, Limited.
  - b) Borrowing amount: 2,500 million yen
  - c) Interest rate: Base Interest Rate (1-month JBA Japanese Yen TIBOR) (Note) + 1.20%
  - d) Scheduled drawdown date: August 31, 2011
  - e) Method of borrowing: MHR will enter into loan agreements on August 29, 2011 with the lenders (planned) listed above in a).

- f) Interest payment date: The first payment date shall be the last day of September 2011 and subsequent payment dates shall be the last day of every month thereafter (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.)
- g) Principal repayment date: The last payment date shall be the principal repayment date. August 31, 2014 (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

(Note) Base interest rates to be applied on will be the 1-month JBA Japanese Yen TIBOR (0.18000% as of today) announced by the Japanese Bankers Association two business days prior the last day of each month (if the date is not a business day, the next business day shall be the date. If this next business day falls into the following month, the business day immediately prior shall be the date). Moreover, the 1-month the Japanese Yen TIBOR can be confirmed on the website of the Japanese Bankers Association (<http://www.zenginkyo.or.jp/tibor/>).

## 2. Purpose of Borrowings

For allocation to the refinancing of the Existing Short-term Borrowings (Please refer to “MHR Announces Information on Borrowings” disclosed on August 26, 2010 for details.) and the Existing Long-term Borrowings (Please refer to “MHR Announces Information on Borrowing and Conclusion of Interest Rate Swap Agreement” disclosed on September 26, 2008 for details.).

## 3. Amount of Funds to be Procured, Specific Use of Funds and Planned Payment Period

- (1) Amount of funds to be procured: 22,500 million yen
- (2) Specific use of funds to be procured and planned payment period
- a) Specific use of funds to be procured: Allocation to the refinancing of the Existing Short-term and Long-term Borrowings
- b) Amount: 22,500 million yen
- c) Planned payment period: August 31, 2011

## 4. Borrowings, etc. after the Borrowings

(unit: millions of yen)

	Before the Borrowings	After the Borrowings	Change
Short-term borrowings	17,000	29,500	12,500
Long-term borrowings	65,112.5	52,612.5	(12,500)
Total borrowings	82,112.5	82,112.5	0
Investment corporation bonds	25,000	25,000	0
Total of borrowings and investment corporation bonds	107,112.5	107,112.5	0
Total interest-bearing debt	107,112.5	107,112.5	0

(Note) Long-term borrowings include the current portion of long-term loans payable.

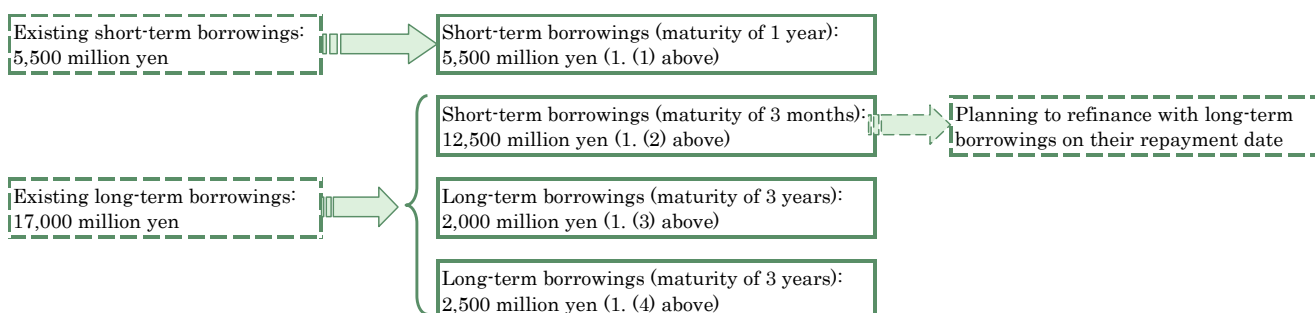
## 5. Other Items Required for Investors to Appropriately Understand/Judge the Concerned Information

There are no changes to the content of “Investment Risks” indicated in the Semiannual Securities Report (Japanese) for the ninth fiscal period ended January 31, 2011 as a result of the Borrowings.

## 6. Borrowing Policy this Time

MHR implemented an asset swap (property exchange with sponsor) on August 1, 2011. In refinancing the Long-term borrowings this time, MHR judged that it is more beneficial to determine the Long-term borrowing cost based on the content of assets after the asset swap is applied. Given this, MHR adopted a policy to have a maturity of 3 months for the Short-term borrowings of 12,500 million yen stated in 1. (2) above and to refinance them on their repayment dates with Long-term borrowings in order to secure time for scrutinizing the contents of the new assets for some financial institutions.

Although the short-term borrowings increase by 12,500 million yen temporarily after the implementation of the Borrowings, by refinancing the short-term borrowings (maturity of 3 months) of 12,500 million yen stated in 1. (2) above with long-term borrowings on their repayment date, MHR will maintain its long-term borrowing ratio as of the end of its eleventh fiscal period (ending January 2012) at the same level as that before the implementation of the Borrowings.



MHR will continue to strive for the realization of stable fund procurement through a steady implementation of management based on its new management policy (for details, please refer to the press releases, “Overview of Mutual Property Transaction and New Management Policy” announced on September 14, 2010 and “MHR Announces Progress of Activities based on the New Management Policy” announced on July 29, 2011).

- 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/>