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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 Unchanged Credit Ratings and Change of Outlook

Mori Hills REIT Investment Corporation (hereinafter “MHR”) announced that, on December 28, 2009, Japan Credit Rating Agency, Ltd. (hereinafter “JCR”) published a press release concerning a change of outlook of MHR’s long-term senior debt rating, while the credit rating of the same remained unchanged. The details are as follows.

1. Content of Change of Outlook of Credit Rating

(Before Change)

Rating Agency	Type of Rating	Rating	Outlook
JCR	Long-Term Senior Debt	AA-	Stable

(After Change)

Rating Agency	Type of Rating	Rating	Outlook
JCR	Long-Term Senior Debt	AA-	Negative

Please contact JCR for details of the above rating.
JCR web site URL: <http://www.jcr.co.jp/>

2. Reason for Change of Outlook of Credit Rating

The press release by JCR states that they assessed the possibility of future constrictions being placed on the soundness of MHR’s composition of finances and the flexibility of its refinancing risk, since the outlook of its interest-bearing debt ratio (hereinafter “LTV”) as of the end of January 2010 was that it will remain relatively high. They reached the conclusion to change the outlook of the credit rating as indicated in 1. above.

3. Opinion of MHR

As of the end of October 2009, MHR’s LTV was 53.8%. (For details, please refer to the chart below.) We would like to decrease the LTV to about 45%-50% in the future.

In terms of transactions with financial institutions, MHR’s relationships with financial institutions are positive and it will continue to aim to conduct stable funding. Recently, this

includes the Bank of Fukuoka, Ltd. and the Development Bank of Japan, Inc., from which MHR received new borrowings for refinancing at the end of November 2009.

Overview of Financial Condition

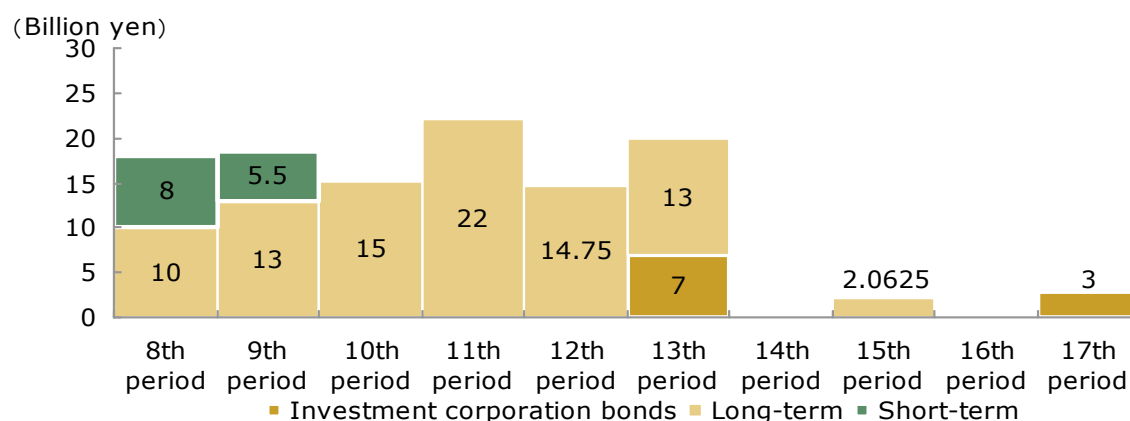
(1) Interest-bearing debt ratio, etc.

	End of 5th Fiscal Period January 31, 2009	End of 6th Fiscal Period July 31, 2009	As of the End of November 2009 (After Refinancing)
Balance of Interest-bearing Debt	114 billion yen	114 billion yen	113.95 billion yen
Short-term Debt	17 billion yen	15 billion yen	13.5 billion yen
Long-term Debt	87 billion yen	89 billion yen	90.45 billion yen
Investment Corporation Bonds	10 billion yen	10 billion yen	10 billion yen
Interest-bearing Debt Ratio (LTV) (*Note)	53.5%	53.6%	53.8% (*Note)
Short-term Interest-bearing Debt Ratio	14.9%	13.2%	11.8%
Long-term Interest-bearing Debt Ratio	85.1%	86.8%	88.2%
Fixed-interest Debt Ratio	71.9%	73.7%	62.3%

(*Note) The LTV does not include the amount of security deposits released. Since total assets as of the end of November 2009, or as of today, is yet to be confirmed, calculations have been made based on figures as of the end of October 2009.

(2) Diversification of repayment dates

As shown in the diagram below, MHR has diversified the repayment dates of debt for refinancing as of the end of November 2009.



4. Impact on Future Prospects of MHR

There is no change to MHR's management forecast for the seventh fiscal period (August 1, 2009 – January 31, 2010) as a result of the above change of outlook of the credit rating. Currently, there are no 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 outlook of the credit rating.



- 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>