



Press Release

April 12, 2007

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**Notice Concerning Purchase Agreement Execution—  
Acquisition of the Shinbashi MS No.1 Building**

Tokyo, April 12, 2007 — MORI TRUST Sogo Reit, Inc. (MTR) has announced its decision to acquire an asset—the Shinbashi MS No.1 Building. Brief details are as follows:

**1. Acquisition Summary**

- 1) Type of asset: Real estate
- 2) Property name: Shinbashi MS No.1 Building (hereinafter “the Property”). (Following the acquisition, MTR plans to change the building name to the Shinbashi Ekimae MTR Building.)
- 3) Acquisition price: 18,000 million yen (excluding purchase overheads and taxes)
- 4) Contract date: April 12, 2007
- 5) Scheduled closing date: April 25, 2007
- 6) Seller: Mori Trust Holdings Inc. (please refer to 4. Seller’s Overview)
- 7) Acquisition financing: Cash on hand and loans
- 8) Settlement method: Payment in full at the time of acquisition (however, a deposit will be paid at the time of purchase agreement execution)

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Note: Regarding matters related to the boundary and boundary transgressions described in 3. Acquisition Details (1) Asset Overview, Special Notes 1. and 2., in the event the seller and the owner of the neighboring land are unable to negotiate a settlement, the contract to acquire the Property may be cancelled.

## **2. Reason for the Acquisition**

MTR decided to acquire the Property in accordance with its fundamental investment policies set forth in its articles of incorporation. The acquisition serves to bolster MTR's investment in central Tokyo.

The following matters were of particular importance in the decision to acquire the Property.

### **(1) Location**

Surrounded by the office districts of Toranomon, Kasumigaseki, and Shiodome, as well as the bustling commercial areas of Yurakucho and Ginza, the Shinbashi area where the Property is situated attracts large numbers of office workers and other visitors. Facing a public square in front of Shinbashi Station, which services the JR Yamanote and Tokaido Lines, the Tokyo Metro subway, the Toei Asakusa Line, and the Yurikamome Train Line, the Property's location is particularly convenient and provides high visibility.

### **(2) Structure and building facilities**

Completed in April 1999, the building stands eight stories high with two underground levels for a total floor space of approximately 7,800 m<sup>2</sup>, of which the first basement floor to the seventh floor have been constructed for commercial use. With a sales floor area of approximately 4,500 m<sup>2</sup>, among the largest in the area surrounding Shinbashi Station, combined with the prime location, the Property boasts exceptional competitiveness for a retail facility.

### **(3) Tenants**

The Property's tenant is Kimuraya Select, a general merchandiser retailing such products as imported items, electronic goods and pharmaceutical products. The company has opened 15 stores in prominent business districts

of central Tokyo, including four in the Shinbashi district. The Property serves as the Shinbashi head office and the flagship store for the company's mainstay items of imported and business goods.

### 3. Acquisition Details

#### (1) Asset overview

Location	Land	2-28-2 Shinbashi, Minato-ku, Tokyo
	Building	2-28-11 Shinbashi, Minato-ku, Tokyo
	Address	2-8-5 Shinbashi, Minato-ku, Tokyo
Real estate usage	Retail facilities (Registered types of use: stores, offices, storage, parking)	
Type of ownership	Land	Title
	Building	Title
Area	Land	1,069.88 m <sup>2</sup> (Registered land area)
	Building	7,820.45 m <sup>2</sup> (Registered floor area)
Construction	Steel, steel-framed reinforced concrete, reinforced concrete, eight floors above ground, two floors below ground (Registered structure)	
Parking lot capacity	29 vehicles	
Completion date	April 1999	
Architect	Obayashi Corporation	
Construction company	Obayashi Corporation	
Construction inspection agency	Minato Ward, Tokyo	
Appraisal value of real estate	18,200 million yen (Appraisal date: March 1, 2007)	
	18,300 million yen according to the direct capitalization method (4.5% capitalization rate)	
	18,100 million yen according to the discounted cash flow method (4.3% discount rate, 4.7% terminal capitalization rate)	
	14,400 million yen according to the cost method	
Appraisal agency	Nippon Tochi-Tatemono Limited	

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Seismic risk (PML)	12.2% (according to the building seismic risk investigation report produced by Takenaka Corporation).
Collateral	None
Special notes	<p>1. As part of a section of the boundary between the Property's land and a neighboring plot of land remains undetermined, plans are to determine the boundary with the seller by the acquisition date.</p> <p>2. As part of a section of the neighboring building and its <u>attached fixtures</u> may transgress the Property's boundary, the seller plans to confirm whether or not the boundary has been violated by the acquisition date.</p> <p>3. The Property lacks an afforested area per the requirements of Minato Ward's greenery protection ordinances. As of the contract date, some remedial action is being taken, and the seller plans to correct the matter by the acquisition date.</p> <p>4. In the event the Property is transferred, MTR will grant the seller or the seller's preferential negotiation rights.</p>

## (2) Lease overview

Number of tenants	1 (Kimuraya Select)
Contract type	Leasing agreement (for entire building)
Lease period	May 1, 1999 to May 31, 2009
Monthly rent (not including consumption tax)	70 million yen
Deposit	2,250 million yen
Total rent area	8,055.00 m <sup>2</sup>
Total rentable area	8,055.00 m <sup>2</sup>
Occupancy rate	100%

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#### 4. Seller's Overview

Business name:	Mori Trust Holdings Inc.
Headquarters:	2-3-17 Toranomom, Minato-ku, Tokyo
Representative:	Akira Mori, President and Representative Director
Capital	1,000 million yen (as of April 12, 2007)
Principal businesses:	Shareholding in Group companies, real estate ownership and leasing
Relationship with MTR and its Asset Management Company:	Mori Trust Holdings Inc. is the parent company of Mori Trust Co., Ltd., which maintains a 65% shareholding in Mori Trust Asset Management Co., Ltd. ("MTAM" or "the Asset Management Company"), MTR's asset management company, and accordingly falls under the category of a "related party" based on the Law Concerning Investment Trusts and Investment Corporations of Japan ("the Investment Trust Law"). Moreover, as of March 30, 2007, Mori Trust Co., Ltd. held 48,000 shares of MTR's total 160,000 shares.

#### 5. Owner's Transition

Property Owner Situation	Owner	Previous Owner (Partial ownership)
Company Name	Mori Trust Holdings Inc.	Mori Trust Co., Ltd. (Note 2)
Special Interests with Related Parties	Parent company of Mori Trust Co., Ltd., a shareholder of the Asset Management Company (65%)	Shareholding in Asset Management Company (65%)
Progression of Acquisition	1. Construction completed in April 1999 2. Acquisition of partial ownership from previous owner	Construction completed in April 1999
Acquisition Price (Including Other Expenses)	- (Note 1)	

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Acquisition Period	1. April 1999 2. March 2000	
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Note 1: The Acquisition price is not shown because the owner has held the property for more than one year before the acquisition date (April 25, 2007).

Note 2: Although the previous owner was Mori Sangyo Trust Co., Ltd., it merged with Mori Trust Co., Ltd. in August 2003, and therefore, the company name following the merger is used here.

## 6. Business with Related Parties

The acquisition of the Property falls under the category of a transaction with a related party. MTAM undertook all appropriate procedures such as obtaining approval from MTR's Board of Directors regarding the acquisition price and other terms and conditions in accordance with the Investment Trust, MTR's articles of incorporation and MTAM's "Regulations on Transactions with Related Parties."

## 7. Operating Forecasts

Regarding forecasts of results, following the acquisition of the Property, operating forecasts for the fiscal period ending September 30, 2007 will be disclosed together with MTR's announcement of operating results for the fiscal period ended March 31, 2007.

## Attachments

- Reference 1 Assumptions for NOI for the Property
- Reference 2 Portfolio after acquisition of the Property
- Reference 3 Photograph of the Property

## Reference 1

## Assumptions for NOI for the Property

(Millions of Yen)

Revenues	840
Expenses (excluding depreciation expense)	65
NOI (Net Operating Income)	775

Note: NOI (Net Operating Income) is the amount of real estate rental revenues less real estate rental expenses (excluding depreciation expense).

## Preconditions:

1. The above figure is the annual NOI and exclude special factors in the fiscal year of acquisition.
2. Revenue is based on an assumed occupancy rate of 100%.
3. Expenses include taxes and public dues, insurance premiums, etc.

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## Reference 2

### Portfolio after acquisition of the Property

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Millions of yen)	% of Total	
Central Tokyo	Office Buildings	A-2	Nissan Motor New Headquarters Building	2003.3.31	16,000	10.0%	
		A-3	Mita MT Building	2003.12.1	16,000	10.0%	
		A-6	Osaki MT Building	2005.3.31	7,870	4.9%	
				2005.10.28	5,656	3.5%	
		Total		13,526	8.5%		
	A-7	Akasaka-mitsuke MT Building	2006.5.29	27,000	16.9%		
						72,526	45.3%
	Retail Facilities	B-4	Shinbashi MS No.1 Building	2007.4.25 (Planned)	18,000	11.2%	
	Subtotal					18,000	11.2%
	Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	2.0%	
Subtotal					3,200	2.0%	
Subtotal					93,726	58.6%	
Other	Office Buildings	A-4	Marubeni Osaka Headquarters Building	2002.9.30	12,500	7.8%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	4.3%	
	Subtotal					19,400	12.1%
	Retail Facilities	B-1	Ito-Yokado Shonandai	2003.3.28	11,600	7.2%	
		B-2	Cresse Inage	2002.3.28	4,200	2.6%	
		B-3	Ito-Yokado Shin-Urayasu	2004.7.30	12,150	7.6%	
	Subtotal					27,950	17.5%
	Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	11.9%	
Subtotal					19,000	11.9%	
Subtotal					66,350	41.4%	
Total					160,076		

(Note) Acquisition price is stated in millions of yen rounded down.

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Reference 3

Photograph of the Property



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