

Press Release

Issuer of Real Estate Investment Trust Securities

MORI TRUST Sogo Reit, Inc.

2-11-7 Akasaka, Minato-ku, Tokyo

Satoshi Horino,

Executive Director

(TSE code 8961)

Asset Management Company:

MORI TRUST Asset Management Co., Ltd.

Satoshi Horino,

President and Representative Director

Contact:

Michio Yamamoto

Director and General Manager, Planning and Financial Department

Phone: +81-3-3568-8311

Acquisition of Asset - NM Plaza Midosuji

Tokyo, March 31, 2015—Mori Trust Asset Management Co., Ltd., the asset management company which manages assets on behalf of Mori Trust Sogo Reit, Inc. (MTR), has announced the acquisition of an asset. Details are as follows:

1. Acquisition Summary

- | | |
|---------------------------------|---|
| (1) Type of asset: | Real estate trust beneficiary right |
| (2) Property name: | NM Plaza Midosuji (hereinafter “the Property”)
(The name of the Property will be changed to the “Midosuji MTR Building” as of the scheduled acquisition date.) |
| (3) Acquisition price: | 10,170 million yen (excluding purchase overheads and taxes) |
| (4) Contract date: | March 31, 2015 |
| (5) Scheduled acquisition date: | April 30, 2015 |
| (6) Seller : | Rabbit Midosuji TMK (see 4. Seller Overview below) |
| (7) Acquisition financing: | MTR’s own funds and loans |
| (8) Settlement method: | Payment in full at the time of acquisition |

2. Reason for the Acquisition

MTR will acquire the trust beneficiary right for the Property in accordance with the investment criteria set forth in MTR’s Articles of Incorporation.

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

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(1) Location

The Honmachi area where the Property is located is a highly competitive office location in Osaka, with a concentration of head offices and branches of Osaka-based companies and buildings owned or leased by financial institutions. In particular, the Property facing Midosuji Avenue that runs north to south in the central part of Osaka City is highly convenient due to its location within three minutes' walk of Honmachi Station on the Osaka Municipal Subway Midosuji Line, and also its easy access to Yodoyabashi Station on the same line.

(2) Structure and building facilities

The Property is an office building completed in March 1999 with 13 floors above ground and two underground floors. The total floor space is 15,000 m² and renovations have been made mainly to common as well as entrance areas.

The building's specifications are competitive in the area. The standard office floor has a total floor space of 250 *tsubo* with a ceiling height of 2,700 mm and a height of 80 mm for the raised access floor. Standard floors may be divided into a maximum of four sections, which may be arranged, when divided, so that all of them face Midosuji Avenue. The Property should be capable of meeting a broad range of needs, as there are not many properties that can be divided into spaces of 50 *tsubo* amongst the buildings that face Midosuji Avenue.

3. Acquisition Details

(1) Asset overview

Date of trust		September 26, 2001
Trustee of trust		Mitsubishi UFJ Trust and Banking Corporation
Expiration of trust period (Note)		September 30, 2031(plan)
Location	Land	3-43-5, Awajimachi, Chuo-ku, Osaka
	Building	3-43-5, Awajimachi, Chuo-ku, Osaka
	Address	3-6-3, Awajimachi, Chuo-ku, Osaka
Real estate usage		Office building (Registered types of use: office, retail, and parking space)
Ownership	Land	Owned
	Building	Owned
Area	Land	1,560.98 m ² (Registered land area)
	Building	15,129.16 m ² (Registered floor area)
Construction		Steel frame and steel-reinforced concrete, 13 floors above ground and two underground floors (Registered structure)

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Completion date	March 1999
Architect	Nihon Sekkei, Inc.
Construction company	A joint venture for construction work, comprised of Taisei Corporation and Kajima Corporation
Construction inspection agency	Osaka Municipal Government
Appraisal value	Appraisal value: 10,200 million yen Appraisal date: January 31, 2015 Appraisal agency: Daiwa Real Estate Appraisal Co., Ltd.
Seismic risk (PML)	2.1% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral	None
Remarks	The road on the north side of the Plot is designated as Senba Building Line, based on which the Property is set back approximately two meters from the road boundary. The area of this zone is not included in the site area in the calculation of the building-to-land ratio and floor area ratio.

(Note) The trust agreements will be changed on the scheduled date of acquisition for the Property.

(2) Lease overview (as of March 31, 2015)

Number of tenants	28
Monthly rent (excluding consumption tax)	45 million yen
Security deposit	487 million yen
Total rent area	9,870.82 m ²
Total rentable area	10,078.41 m ²
Occupancy rate	97.9%(Note)
Remarks	A pass-through master lease agreement, where the master lease company is Japan Property Solutions Co., Ltd., is adopted. The number of tenants, total rent area, and occupancy rate are calculated based on sublease agreements.

(Note) One of the current end tenants (rent area of 165.70 m²) and another end tenant (rent area of 825.79 m²) have notified their intention to terminate their lease agreements as of April 30, 2015, and August 20, 2015, respectively. A new lease application (rent area of 207.59 m²) based on a plan to enter into a lease agreement as of June 1, 2015 has been received from another company.

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4. Seller Overview

Business name:	Rabbit Midosuji TMK
Headquarters:	c/o Tokyo Kyodo Accounting Office, 3-1-1, Marunochi, Chiyoda-ku, Tokyo
Representative:	Takeshi Morita, Director
Specified capital:	3,943.95 million yen
Principal business:	Securitization of specific assets
Relationships with MTR and the asset management company:	There are no capital, human resources, or business relationships to be disclosed. The seller is not a related party.

5. Relationship with Seller

Neither MTR nor the asset management company has any special interest in the party from which the Property will be acquired.

6. Intermediary Overview

The details of the intermediary, which is a domestic operation company, is not disclosed, as it has not agreed to disclosure. There are no capital, human resources, or business relationships to be disclosed between MTR, the asset management company and the intermediary. The intermediary is not a related party.

7. Operating Forecasts

Since the acquisition of the trust beneficiary right is planned to be carried out on April 30, 2015, it will have no effect on the operating results for the fiscal period ending March 31, 2015 (from October 1, 2014 to March 31, 2015).

The effects of the Property on the operating results of MTR for the fiscal period ending September 2015 (from April 1, 2015 to September 30, 2015) are negligible.

8. Overview of Appraisal Report

Name of appraisal agency	Daiwa Real Estate Appraisal Co., Ltd
Appraisal value	10,200,000 thousand yen
Appraisal date	January 31, 2015

Appraisal item	Appraisal value (Unit: thousand yen)	Appraisal grounds
Revenue price	10,200,000	Appraised by DFC method and direct capitalization method
Price calculated by the direct capitalization approach	10,500,000	

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Operating income	648,239	
Potential gross rent income	685,033	Assumed based on rent levels and trends of rent levels of similar properties, medium- and long-term competitiveness of the Property, and rent income in previous years
Losses due to vacancies, etc.	36,794	Assumed a medium- to long-term, stable vacancy rate based on the vacancy rates of similar properties, losses due to vacancies in previous years, and the competitiveness of the Property
Operating expenses	205,837	
Maintenance	54,662 (Note)	Assumed maintenance and property management fees based on actual fees in previous periods and estimated agreement conditions respectively
Property management fees		
Utilities costs	60,361	Assumed based on the results of previous periods
Repair costs	7,154	Assumed based on average yearly expenses indicated in engineering reports
Advertisements for leasing, etc.	4,523	Assumed taking into account the leasing cost appraised based on the level of similar properties, using an assumed turnover and leasing costs in the previous years as a reference
Taxes	76,064	Assumed taking into account the amount of taxes payable, using the amount paid in fiscal 2014 as a reference
Insurance premiums	1,242	Assumed based on the premiums received from the party to which a quote was requested
Other expenses	1,829	Assumed based on the actual results of the previous periods
Net operating income from leasing (NOI)	442,401	
Profit through management of temporary deposits, etc.	10,690	Assumed based on the total perspective in terms of both management and funding
Capital expenditure reserve	34,484	Assumed based on the yearly average expenses indicated in engineering reports
Net cash flow	418,607	
Capitalization rate	4.0%	Assumed by adjusting the spread due to the conditions of the location and building of the Property based on the yields of office buildings located in areas with the lowest

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			risk, using the cap rates in the appraisal of J-REIT properties in the area with the same supply and demand as a reference.
	Price calculated by the discounted cash flow (DCF) approach	10,000,000	
	Discount rate	3.8%	Assumed considering the individuality of the Property, using the discount rates in the appraisal of J-REIT properties as a reference
	Terminal capitalization rate	4.2%	Assumed based on the cap rate of the Property, comprehensively considering the individuality of the building and the future prospects of the real estate market
	Cost approach price	10,400,000	
	Ratio of land	76.2%	
	Ratio of building	23.8%	

(Note) If the maintenance and property management fees for the Property were disclosed separately, there is a possibility of affecting other transactions of the companies that are entrusted with the management of buildings and the implementation of PM respectively, thereby preventing the efficient operation entrustment by MTR and causing damage to the interest of investors. Combined fees for maintenance and property management therefore are indicated hereinabove.

Attachment

- Reference 1 Assumptions for NOI for the Property
- Reference 2 Portfolio as of April 30, 2015
- Reference 3 Photograph of the Property, Vicinity MAP of the Property

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Assumptions for NOI for the Property

(Unit: Million yen)

Revenues	601
Expenses (excluding depreciation)	212
NOI (Net Operating Income)	389

(Note) NOI is the amount of real estate rental revenues less real estate rental expenses (excluding depreciation).

Preconditions:

1. The above figure is the annual NOI and excludes special factors in the fiscal year of acquisition.
2. Revenues are based on an assumed occupancy rate of 97.6%.
3. Expenses include taxes and public dues, and insurance premiums.

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Portfolio as of April 30, 2015

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Million yen)	% of Total	
Central Tokyo	Office Buildings	A-6	Osaki MT Building	2005.3.31	7,870		
				2005.10.28	5,656		
				2015.1.30	860		
		Total				14,386	4.2%
		A-8		ON Building	2008.8.29	39,900	11.7%
		A-9		Tokyo Shiodome Building	2010.4.13	110,000	32.3%
		A-11		Kioicho Building	2014.10.1	34,300	10.1%
	Subtotal					198,586	58.3%
	Retail Facilities	B-4		Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.3%
		B-6		SHIBUYA FLAG	2013.4.24	32,040	9.4%
Subtotal					50,040	14.7%	
Other (Residential property)		C-1	Park Lane Plaza	2004.12.24	3,200	0.9%	
Subtotal					3,200	0.9%	
Subtotal					251,826	73.9%	
Other	Office Buildings	A-4	Osaka Marubeni Building	2002.9.30	12,500	3.7%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	2.0%	
		A-10	Tenjin Prime	2012.7.12	6,940	2.0%	
		A-12	Miousuji MTR Building (NM Plaza Midosuji)	2015.4.30 (Planned)	10,170	3.0%	
	Subtotal					36,510	10.7%
	Retail Facilities	B-1		Ito-Yokado Shonandai	2003.3.28	11,600	3.4%
		B-2		Frespo Inage	2002.3.28	2,100	0.6%
		B-3		Ito-Yokado Shin-Urayasu	2004.7.30	12,150	3.6%
		B-5		Kohnan Sagamihara-Nishihashimoto	2012.10.18	7,460	2.2%
	Subtotal					33,310	9.8%
Other (Hotels)		C-2	Hotel Okura Kobe	2006.9.20	19,000	5.6%	
Subtotal					19,000	5.6%	
Subtotal					88,820	26.1%	
Total					340,646	100.0%	

(Note1) Acquisition prices are rounded down to the nearest million yen.

(Note2) If a property has more than one use, it is classified according to its main use.

(Note3) Ginza MTR Building is scheduled to be transferred as of April 13, 2015, and is therefore excluded from the above portfolio.

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Photograph of the Property



Vicinity MAP of the Property



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