

Press Release

Issuer of Real Estate Investment Trust Securities

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### **Sale of Asset (Mita MT Building)**

**Tokyo, November 28, 2014**— Mori Trust Asset Management Co., Ltd. (hereinafter “the asset manager”), the asset management company which manages assets on behalf of Mori Trust Sogo Reit, Inc. (MTR), has announced the sale of an asset. Details are as follows:

#### **1. Sale Summary**

- |                           |   |
|---------------------------|---|
| (1) Type of asset:        | Real estate   |
| (2) Property name:        | Mita MT Building (hereinafter “the Property”)   |
| (3) Sale price:           | 13,000 million yen (excluding sale overheads and taxes)<br><reference><br>Appraisal value of the real estate: 12,000 million yen (appraisal date: October 31, 2014) |
| (4) Book value:           | 15,616 million yen (at the end of September 2014)   |
| (5) Loss:                 | Approximately 2.6 billion yen<br>(Because of unconfirmed elements, including expenses for the sale, the amounts above are approximate estimates.)                   |
| (6) Contract date:        | November 28, 2014   |
| (7) Planned closing date: | December 10, 2014   |
| (8) Buyer:                | MORI TRUST CO., LTD. (Please refer to 4. Buyer Overview.)   |
| (9) Settlement method:    | Single payment at the time of delivery  |

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## 2. Reason for Sale

MTR has decided to sell the Property in accordance with its investment criteria set forth in MTR's Articles of Incorporation. The following is the background to the decision.

Profitability of the Property has declined due to a fall in rent-taking and sluggish growth in the occupancy rate after a large tenant who had rented the office space in sections exited at the end of November 2012, and an increase in repair costs is expected in the future as 40 years have passed since building completion. Although the sale price would fall below the book value under such circumstances, MTR determined that sale of the Property, rather than continuing to own it, would be more beneficial for MTR, considering, on a comprehensive basis, the competitiveness of the Property and expenses that could arise in the future.

With respect to the buyer, when MTR asked MORI TRUST CO., LTD., which is a counterparty of the master lease of the Property and the sponsor of MTR with the first refusal right of the Property, to consider the acquisition, MORI TRUST CO., LTD. responded with a price higher than the appraisal value. Therefore, MTR decided to sell the Property to MORI TRUST CO., LTD.

## 3. Sale Details

### Asset overview

Location	Land	3-202-1 Mita, Minato-ku, Tokyo
	Building	3-202-1 Mita, Minato-ku, Tokyo
	Address	3-13-12 Mita, Minato-ku, Tokyo
Real estate use		Office building (Registered type of use: Store, warehouse and office)
Ownership form	Land	Owned
	Building	Owned
Area	Land	3,489.80 m <sup>2</sup>
	Building	21,043.02 m <sup>2</sup> (including annex building of 72.70 m <sup>2</sup> )
Construction		Steel-reinforced concrete, 11 floors above ground and one underground floor Annex building, steel frame, one floor above ground, and one additional building (Registered structure)
Parking space		65 spaces
Completion date		September 1974 (large-scale renovation in 1997)
Architect		Mitsubishi Estate Co., Ltd.
Construction company		Kajima Corporation
Acquisition date		December 1, 2003
Acquisition price		16,000 million yen
Appraisal value of the real estate		12,000 million yen (appraisal date: October 31, 2014)

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Appraisal agency	Japan Real Estate Institute
Seismic risk (PML)	10.5% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral	None
Details of tenants (Note 1)	
Number of tenants	1 (Note 2)
Revenue in real estate rental	131 million yen (Note 3)
Total rental area	21,043.02 m <sup>2</sup>
Total rentable area	21,043.02 m <sup>2</sup>
Occupancy rate	100.0% (as of October 31, 2014) (Note 2)

(Note 1) Mita MT Building employs a master lease contract with a scheme where rent income is linked with rent under a sublease contract.

(Note 2) The number of tenants under the sublease contract is 5, and the occupancy rate is 63.2% (as of October 31, 2014).

(Note 3) Actual revenue in the period ended September 30, 2014 (April 1, 2014 to September 30, 2014) is stated.

#### 4. Buyer Overview

(1) Corporate name	MORI TRUST CO., LTD.
(2) Head office location	2-3-17 Toranomom, Minato-ku, Tokyo
(3) Representative	Akira Mori, President and CEO
(4) Capital	10,000 million yen (as of March 31, 2014)
(5) Main business	Real estate development, hotel management, investment business
(6) Established	June 10, 1970
(7) Net assets	235,151 million yen (as of March 31, 2014)
(8) Total assets	872,570 million yen (as of March 31, 2014)
(9) Major shareholder	Mori Trust Holdings Inc. (shareholding ratio 100%)
(10) Relationship with MTR and the asset manager	
Capital relationship	The buyer is the parent company of the asset manager (with a shareholding ratio of 65%) which manages assets on behalf of MTR and falls under Parent Juridical Persons, etc. set forth in the Financial Instruments and Exchange Act (hereinafter the "FIEA") and the asset manager's Interested Persons, etc. set forth in the Act on Investment Trusts and Investment Corporations (hereinafter "Interested Persons, etc.").
Human relationship	The buyer falls under an assignor company of employees of the asset manager.
Business relationship	The buyer has concluded a master lease contract with MTR in the Property and some other properties.
Relevance to a related party	The buyer falls under other affiliated companies of MTR and the parent company of the asset manager.

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#### **5. Transactions with interested persons**

Although the transaction of the Property (the sale of the Property) falls under transactions with interested persons, etc., the asset manager deliberated on whether the sale price and other terms would violate the FIEA and the criteria set forth in the “Regulations on Transactions with Interested Persons” for the asset manager at its Risk Management Committee and Management Investment Committee according to the “Regulations on Transactions with Interested Persons” and confirmed that the sale price and other terms do not violate the FIEA or the Regulations on Transactions with Interested Persons for the asset manager given the fact that the prior approval resolution went through approval at the Board of Management of MTR.

#### **6. Intermediary Overview**

Not applicable

#### **7. Operating Forecasts**

MTR assumes the generation of a 2.7 billion yen loss on sale of real estate, etc. in the performance forecast for the fiscal period ending March 31, 2015 (the 26th fiscal period: October 1, 2014 to March 31, 2015) published in the “Financial Results (REIT) for Fiscal Period Ended September 30, 2014” dated November 13, 2014 and the press release “Notice of Revisions to Performance Forecast for Fiscal Period Ending March 31, 2015” dated the same day. In addition, the impact the sale of the Property will have on earnings from real estate rental, etc. will be minor. Therefore, there is no change in the performance forecast.

#### **Attachment**

Reference Portfolio as of December 10, 2014

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Portfolio as of December 10, 2014

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Million yen)	% of Total	
Central Tokyo	Office Buildings	A-2	Ginza MTR Building (Note2)	2003.3.31	8,000	2.4%	
		—	Mita MT Building	—	—	—	
		A-6	Osaki MT Building	2005.3.31	7,870	2.3%	
				2005.10.28	5,656	1.7%	
				Total	13,526	4.0%	
		A-8	ON Building	2008.8.29	39,900	11.8%	
	A-9	Tokyo Shiodome Building	2010.4.13	110,000	32.6%		
	A-11	Kioicho Building	2014.10.1	34,300	10.2%		
	Subtotal					205,726	60.9%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.3%	
		B-6	SHIBUYA FLAG	2013.4.24	32,040	9.5%	
	Subtotal					50,040	14.8%
	Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	0.9%	
Subtotal					3,200	0.9%	
Subtotal					258,966	76.7%	
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	2.1%	
	Subtotal					26,340	7.8%
	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	9.9%
	Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	5.6%	
Subtotal					19,000	5.6%	
Subtotal					78,650	23.3%	
Total					337,616	100.0%	

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

(Note2) Planning sale of part of property (50% of ownership), effective December 1, 2014, the acquisition price is that for 50% of ownership.

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