

Press Release

Issuer of Real Estate Investment Trust Securities
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Acquisition and Leasing of Asset (Contract to Be Concluded)—Kioicho Building

Tokyo, September 26, 2014—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 and leasing of an asset. Details are as follows:

1. Acquisition Summary

- (1) Type of asset: Real estate trust beneficiary right
- (2) Property name: Kioicho Building (hereinafter “the Property”)
- (3) Acquisition price: 34,300 million yen (excluding purchase overheads and taxes)
- (4) Contract date: September 26, 2014
- (5) Planned acquisition date: October 1, 2014
- (6) Seller: Hakuba Capital 3 TMK (see 4. Seller Overview below)
- (7) Acquisition financing: MTR’s own fund and loans
- (8) Settlement method: Payment in full at the time of acquisition

2. Reason for Acquisition and Leasing

MTR will acquire the trust beneficiary right for the Property in accordance with its investment criteria set forth in MTR’s Articles of Incorporation. The acquisition strengthens its investments in central Tokyo.

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

(1) Location

Kioicho, where the Property is located, is in Chiyoda-ku, which is a core business district in Tokyo. It has a long and distinguished history, and was known for old samurai residences of families of renowned feudal

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lords in the Edo era, including the Kishu Tokugawa family, Owari Tokugawa family, and Hikone Ii family. Kioicho has a concentration of offices, including those of leading companies, domestic and overseas, and law firms. Being adjacent to Shimizudani Park, the area is verdant and prestigious and has strong appeal as an upscale residential area.

The Property is conveniently located for stations: it has easy access to five stations on six lines, including the Tokyo Metro Kojimachi Station, a two-minute walk from the Property, Nagatacho Station, Hanzomon Station, and Akasaka-mitsuke Station on the Tokyo Metro subway lines, and Yotsuya Station on JR and Tokyo Metro lines.

(2) Structure and building facilities

The Property was completed in November 1989 and is a building representing the area with 26 floors above ground and four underground floors. The total floor space is 63,000 m². The first and second stories above ground are retail floors, and the third to 19th stories are office floors. The 20th to 26th stories are residential floors. Most of the entrance hall, common areas on office floors, and the interior of the apartments have been renovated.

The specification of the building has competitiveness. The standard office floor has a large total floor space of 380 tsubo, with the height of the ceiling at 2,630 mm and the height of the raised access floor at 70 mm. Most of the apartments are two-room apartments with a living, dining, and kitchen area and three-room apartments with a living, dining, and kitchen area. The equipment and specifications of the interior of the apartments, and views from the apartments meet the requirements for luxury residences.

MTR judges that the lessees of the Property to be acquired satisfy the criteria for the selection of tenants set by MTR.

(Note) MTR will screen would-be tenants by examining the tenant screening items (Business type, History, Results, Creditworthiness, Details of leasing, Other). MTR will select tenants based on a comprehensive judgment, taking into consideration also the effect of would-be tenants on the other investment properties in the portfolio and the tenants of the other investment properties.

3. Acquisition Details

(1) Asset overview

Date of trust	(i) September 10, 2002 (ii) September 30, 2004
Trustee of trust	Mitsubishi UFJ Trust and Banking Corporation
Expiration of trust period	(i) September 30, 2034 (plan) (ii) September 30, 2034 (plan)

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Location	Land	3-3 Kioicho, Chiyoda-ku, Tokyo and other plots
	Building	3-3 Kioicho, Chiyoda-ku, Tokyo and other plots
	Address	3-12 Kioicho, Chiyoda-ku, Tokyo and other plots
Real estate usage		Office building and residential (Registered types of use: office, retail, and residential)
Ownership	Land	Ownership (partial ownership)
	Building	Sectional ownership
Area	Land	9,291.93 m ² (Registered land area of the site of the building) 7,433.52 m ² (Registered land area of the site owned)
	Building	63,535.55 m ² (Registered floor area of the entire building) 24,598.85 m ² (Registered floor area of the exclusively possessed space)
Construction		Steel-reinforced concrete and steel frame, 26 floors above ground and four underground floors (Registered structure)
Completion date		November 1989
Architect		Mitsubishi Estate Co., Ltd.
Construction company		Kajima Corporation
Construction inspection agency		Tokyo Metropolitan Government
Appraisal value		Appraisal value: 36,200 million yen Appraisal date: September 1, 2014 Appraisal agency: Daiwa Real Estate Appraisal Co., Ltd. Details of appraisal: Direct capitalization method 37,300 million yen (3.9% capitalization rate) Discounted cash flow method 35,700 million yen (3.7% discount rate, 4.1% terminal capitalization rate) Cost method 27,600 million yen
Seismic risk (PML)		11.3% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral		None
Remarks		1. The management regulations prevent the partial owners from disposing of the land they own and from disposing of the common areas they own separately from areas they exclusively possess. The regulations also prevent them from requesting partition of the

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	<p>common areas. Although no right of site is registered, the partial owners have agreed on the mutual use of the site. Of 3,383,389 voting rights, MTR will acquire 2,562,965 voting rights.</p> <p>2. The land includes a private easement to use a part of the adjacent land as a servient estate for installing structures.</p>
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(Note 1) This Property consists of two trust beneficiary rights, and (i) and (ii) are dates of trust for the two trust beneficiary rights.

(Note 2) The trust agreements will be changed on the scheduled date of acquisition for the Property.

(2) Lease overview (estimate for October 1, 2014)

Number of tenants	60
Monthly rent (excluding consumption tax)	155 million yen
Security deposit	1,028 million yen
Total rent area	22,482.43 m ²
Total rentable area	24,748.42 m ²
Occupancy rate	90.8%
Remarks	<p>For the residential part, a pass-through master lease agreement, where the master lease company is Mitsui Fudosan Housing Lease Co., Ltd., is adopted.</p> <p>The number of tenants, total rent area, and occupancy rate are calculated based on sublease agreements.</p>

4. Seller Overview

- (1) Business name: Hakuba Capital 3 TMK
- (2) Headquarters: Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo
- (3) Representative: Director, Takeshi Nakamura
- (4) Specified capital: 600 million yen
- (5) Principal businesses: Securitization of specific assets
- (6) Relationships with MTR: 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.

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6. Intermediary Overview

- (1) Intermediary: Sumitomo Mitsui Trust Bank, Limited
- (2) Headquarters: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
- (3) Representative: President, Hitoshi Tsunekage
- (4) Capital: 342 billion yen (as of March 31, 2014)
- (5) Principal businesses: Trust business, banking, concurrent operations including intermediary of real estate and transfer agent service, registered financial institutions' services, etc.
- (6) Intermediary commission: The intermediary has not agreed to disclose the intermediary commission.
- (7) Relationships with MTR and the Asset Management Company: Sumitomo Mitsui Trust Bank is an asset custody company, administrative agent, and lender of MTR.

7. Operating Forecasts

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

For the investment performance for the fiscal period ending March 31, 2015 (from October 1, 2014 to March 31, 2015), please see the "Notice of Revisions to Performance Forecast for Fiscal Period Ending March 31, 2015" a press release issued today.

Attachments

- Reference 1 Assumptions for NOI for the Property
- Reference 2 Portfolio after acquisition of the Property
- Reference 3 Photograph of the Property, Vicinity MAP of the Property
- Reference 4 Schematic Picture of the Building

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Assumptions for NOI for the Property

(Million yen)

Revenues	2,038
Expenses (excluding depreciation)	863
NOI (Net Operating Income)	1,175

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 90.8%.
3. Expenses include taxes and public dues, and insurance premiums.

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Portfolio after acquisition of Property

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Million yen)	% of Total	
Central Tokyo	Office Buildings	A-2	Ginza MTR Building	2003.3.31	16,000	4.4%	
		A-3	Mita MT Building	2003.12.1	16,000	4.4%	
		A-6	Osaki MT Building	2005.3.31	7,870	2.2%	
				2005.10.28	5,656	1.6%	
		Total				13,526	3.7%
		A-8	ON Building	2008.8.29	39,900	11.0%	
		A-9	Tokyo Shiodome Building	2010.4.13	110,000	30.4%	
	A-11	Kioicho Building	2014.10.1 (Planned)	34,300	9.5%		
	Subtotal					229,726	63.5%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.0%	
				2013.4.24	32,040	8.9%	
		Subtotal				50,040	13.8%
	Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	0.9%	
	Subtotal					3,200	0.9%
Subtotal					248,666	78.3%	
Other	Office Buildings	A-4	Osaka Marubeni Building	2002.9.30	12,500	3.5%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	1.9%	
		A-10	Tenjin Prime	2012.7.12	6,940	1.9%	
	Subtotal				26,340	7.3%	
	Retail Facilities	B-1	Ito-Yokado Shonandai	2003.3.28	11,600	3.2%	
		B-2	Frespo Inage	2002.3.28	2,100	0.6%	
		B-3	Ito-Yokado Shin-Urayasu	2004.7.30	12,150	3.4%	
		B-5	Kohnan Sagamihara-Nishihashimoto	2012.10.18	7,460	2.1%	
	Subtotal				33,310	9.2%	
	Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	5.3%	
Subtotal					19,000	5.3%	
Subtotal					78,650	21.7%	
Total					361,616	100.0%	

(Note 1) Acquisition prices are rounded down to the nearest million yen.

(Note 2) If a property has more than one use, it is classified according to its main use.

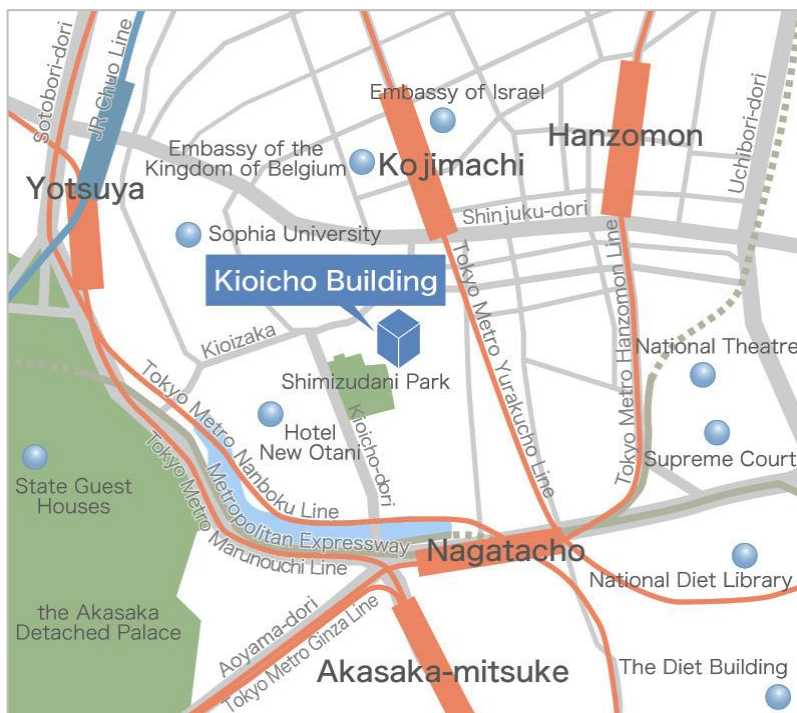
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Photograph of the Property



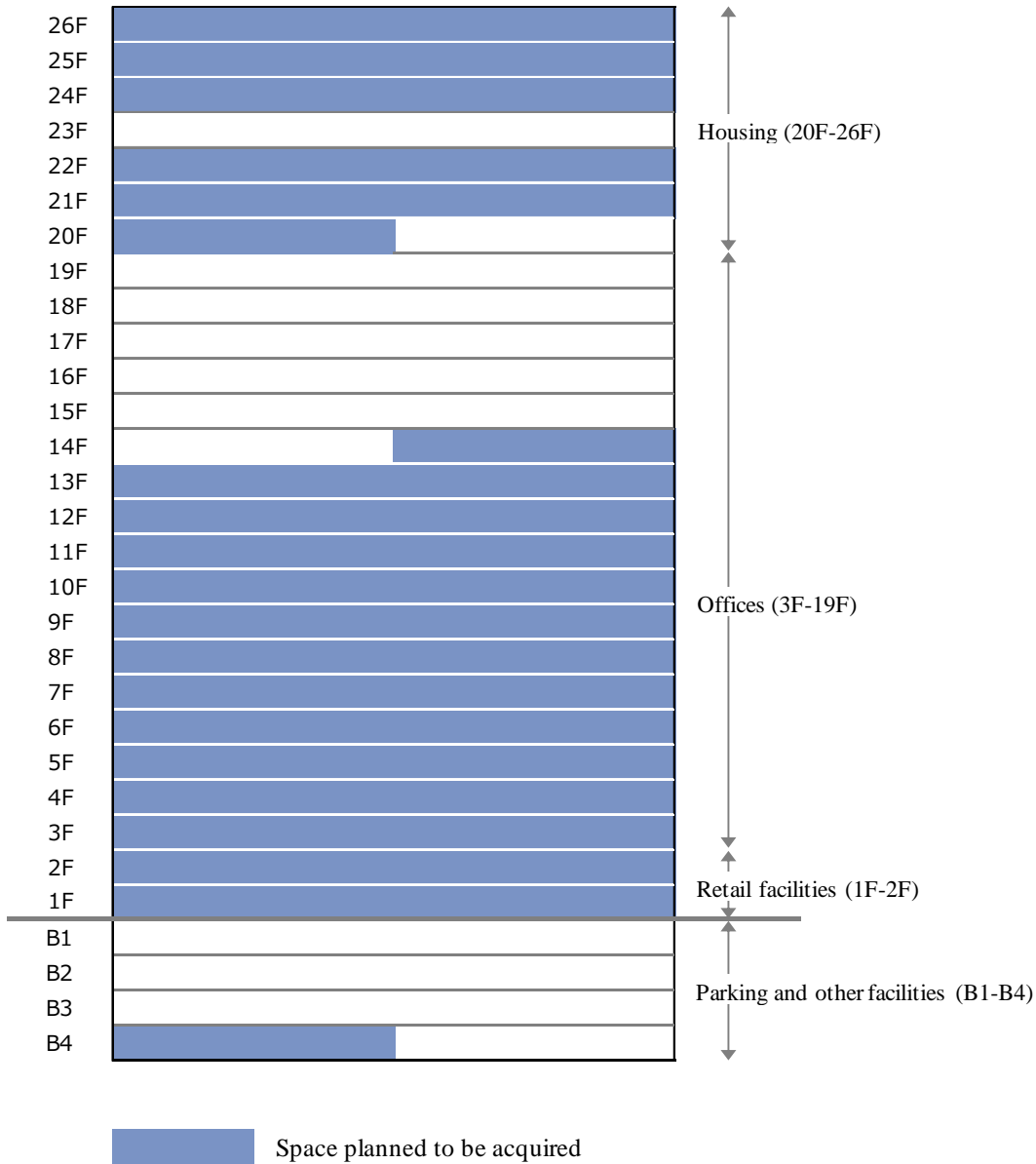
Vicinity MAP of the Property



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Schematic Picture of the Building



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