

Press Release

Issuer of Real Estate Investment Trust Securities

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Notice of Acquisition (Additional Acquisition of Tenjin Prime's Land)

Tokyo, November 17, 2021—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. Summary of the Acquisition (Plan)

- | | |
|---------------------------------|--|
| (1) Type of asset: | Real estate trust beneficiary right |
| (2) Property name: | Tenjin Prime (Part of the Property's land)(Hereinafter "the Land") |
| (3) Acquisition price: | 110 million yen (excluding purchase overheads and taxes) |
| (4) Scheduled contract date: | December 1, 2021 |
| (5) Scheduled acquisition date: | December 1, 2021 |
| (6) Seller: | Please refer 4. Seller Overview below |
| (7) Acquisition financing: | MTR's own funds (planned) |
| (8) Settlement method: | Single payment at the time of delivery |

2. Reasons for the Acquisition

MTR acquired the real estate trust's beneficiary right for the Tenjin Prime (hereinafter the "Property") on July 12, 2012, and its trust fiduciary has been leasing the Land, which is part of the Property's premise, from its owner.

MTR has decided to acquire the Land after considering a notice, which MTR recently received from the owner, indicating an intent to transfer the Land according to the lease agreement thereof. This will improve liquidity because MTR holds ownership of all land lots associated with the Property as trust property, and in addition, it will contribute to an increase in the profitability of MTR's real estate leasing business because the payment of rent is not required. Taking such advantages into account, MTR considers that the acquisition will contribute to improving unitholder value over the medium to long term.

Disclaimer:

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3. Details of Asset for Acquisition

Date of trust	December 1, 2021 (planned)	
Trustee of trust	Sumitomo Mitsui Trust Bank, Limited (planned)	
Expiration of trust period	July 31, 2032 (planned)	
Location	Land	2-139-1, Tenjin, Chuo-ku, Fukuoka
	Building	—
	Address	—
Real estate usage	—	
Ownership	Land	Ownership
	Building	—
Area	Land	28.98 m ²
	Building	—
Construction	—	
Completion date	—	
Architect	—	
Construction company	—	
Construction inspection agency	—	
Appraisal value	Appraisal value: 115 million yen Appraisal date: September 30, 2021 Appraisal agency: Japan Real Estate Institute Summary of appraisal: Return according to the direct capitalization method 118 million yen (capitalization rate: 3.5%) Return according to the DCF method 112 million yen (discount rate: 3.4%, terminal capitalization rate: 3.7%) Price based on the percentage method 108 million yen	
Seismic risk (PML)	—	
Collateral	None	
Remarks	—	

4. Seller Overview

The sellers are a private party, and because consents on disclosure are not able to be obtained, no details will be disclosed. In addition, there are no notable capital, human resources or business relationships among MTR, the Asset Manager and the sellers. The sellers are not related parties.

5. Status of owners, etc. of the property

The Property will not be acquired from a party who has a special interest in MTR or the asset management company.

6. Operating Forecasts

MTR has decided to leave its investment results forecast unchanged because the acquisition will have only a minor effect on its investment results for the fiscal period ending March 31, 2022 (from October 1, 2021 to March 31, 2022).

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Overview of Appraisal Report

Name of appraisal agency		Japan Real Estate Institute
Appraisal value		115,000 thousand yen
Appraisal date		September 30, 2021
Appraisal item	Amount (thousand yen)	Appraisal grounds
Revenue price	115,000	Appraised by DFC method and direct capitalization method
Price calculated by the direct capitalization approach	118,000	
Operating income	5,400	Appraised based on the current lease contracts.
Potential gross rent income	5,400	Determined as not applicable taking into account the status of lessees, content of contracts, etc.
Losses due to vacancies, etc.	0	
Operating expenses	1,269	
Maintenance	0	Determined as not applicable taking into account the content of lease contracts, individuality of subject properties, etc.
Property management fees		
Utilities costs	0	Not posted because the property is leasehold land.
Repair costs	0	Not posted because the property is leasehold land.
Advertisements for leasing, etc.	0	Not posted because the property is leasehold land.
Taxes	1,269	Appraised taking into account standard taxes presented in materials on taxes and public dues, as well as tax sharing coordination measures.
Insurance premiums	0	Not posted because the property is leasehold land.
Other expenses	0	No other special expenses to be posted.
Net operating income from leasing (NOI)	4,131	
Profit through management of temporary deposits, etc.	0	Not posted taking into account the content of the current lease contracts.
Capital expenditure reserve	0	Not posted because the property is leasehold land.
Net cash flow	4,131	Not posted because the property is leasehold land.
Capitalization rate	3.5%	Appraised by reflecting spreads attributable to locations, contracts and other conditions in base yields expected from respective areas and factoring in future uncertainty, transaction yields from similar properties, etc.
Price calculated by the discounted cash flow (DCF) approach	112,000	
Discount rate	3.4%	Assessed in consideration of the individuality of the target property comprehensively, by reference to investment yields of similar properties.
Terminal capitalization rate	3.7%	Assessed in consideration of future trends of investment yields general forecasts, etc. comprehensively, by reference to investment yields of similar properties.
Price based on the percentage method	108,000	
Ratio of land	108,000	
Ratio of building	60%	

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Attachment

Reference 1 Portfolio as of December 1, 2021

Reference 2 Photograph of the Property, Vicinity MAP of the Property

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Portfolio as of December 1, 2021

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Million yen)	% of Total	
Central Tokyo	Office Buildings	A-1	Tokyo Shiodome Building	2010.4.13	82,539	25.4%	
		A-2	ON Building	2008.8.29	39,900	12.3%	
		A-3	Kioicho Building	2014.10.1	34,300	10.6%	
		A-4	Kamiyacho Trust Tower	2021.7.1	13,980		
				2021.10.1	13,980		
				Total	27,960	8.6%	
		A-5	Osaki MT Building	2005.3.31	7,870		
	2005.10.28			5,656			
	2015.1.30			860			
	Total	14,386	4.4%				
	A-7	Hiroo MTR Building	2018.1.19	8,100	2.5%		
	Subtotal					207,185	63.8%
	Retail Facilities	B-1	SHIBUYA FLAG	2013.4.24	32,040	9.9%	
B-2		Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.5%		
Subtotal					50,040	15.4%	
Other (Residential property)	C-2	Park Lane Plaza	2004.12.24	3,200	1.0%		
Subtotal					3,200	1.0%	
Intermediate total					260,425	80.2%	
Other	Office Buildings	A-6	Midosuji MTR Building	2015.4.30	10,170	3.1%	
		A-8	Tenjin Prime	2012.7.12	6,940		
				2021.12.1 (planned)	110		
				Total	7,050	2.2%	
	A-9	Shin-Yokohama TECH Building	2003.11.14	6,900	2.1%		
	Subtotal					24,120	7.4%
	Retail Facilities	B-3	Ito-Yokado Shonandai	2003.3.28	11,600	3.6%	
		B-4	Kohnan Sagamihara-Nishihashimoto	2012.10.18	7,460	2.3%	
		B-5	Frespo Inage	2002.3.28	2,100	0.6%	
	Subtotal					21,160	6.5%
Other (Hotels)	C-1	Hotel Okura Kobe	2006.9.20	19,000	5.9%		
Subtotal					19,000	5.9%	
Intermediate total					64,280	19.8%	
Total					324,705	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.

Photograph of the Property



Vicinity MAP of the Property

