

Press Release

Issuer of Real Estate Investment Trust Securities

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## **Acquisition of Asset (Contract to be Concluded)—Tenjin Prime**

**Tokyo, July 2, 2012** — Mori Trust Sogo Reit, Inc. (MTR) has announced the acquisition of an asset. Details are as follows:

### **1. Acquisition Summary (Plan)**

- (1) Type of asset: real estate trust beneficiary right
- (2) Property name: Tenjin Prime (hereinafter “the Property”)
- (3) Acquisition price: 6,940 million yen (excluding purchase overheads and taxes)
- (4) Planned contract date: July 12, 2012
- (5) Planned acquisition date: July 12, 2012
- (6) Seller: Chamomile Realty Godo Kaisha (see 4. Seller Overview below)
- (7) Acquisition financing: cash on hand and loans
- (8) Settlement method: payment in full at the time of acquisition

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

MTR will acquire the trust beneficiary right for the Property (hereafter the “Trust Beneficiary Right”) in accordance with its investment criteria set forth in MTR’s articles of incorporation. The acquisition strengthens its investments in office buildings in areas other than central Tokyo.

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

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(1) Location

The Property is located at an especially convenient area in Tenjin, the largest commercial center in Kyushu. It is a one-minute walk from Tenjin station on the Fukuoka Municipal Subway Kuko Line and a three-minute walk from Nishitetsu Fukuoka (Tenjin) station.

The area is highly rated as a commercial district, and the Property faces Tenjin Nishi-dori, along which a number of high-end casual brand stores and fast-fashion stores have recently opened. In the area to the north is a concentration of offices, especially those of financial institutions, which extends to Meiji-dori.

In short, the area has appeal as both a commercial and office area and is highly regarded as an area for businesses in the urban service industry. The existing tenants include a major financial institution (Sumitomo Mitsui Banking Corporation), the main tenant, offices that emphasize convenience and tenants that customers visit.

(2) Structure and building facilities

The Property was completed in October 2008. It has 12 floors above ground and one underground level. The total floor space exceeds 7,700 m<sup>2</sup>. The first to fifth floors are used as retail facilities, and the sixth to 12th floors as offices. With a typical floor ceiling height of 2,700 mm and raised floors 100 mm in height, the Property is competitive in the market.

(3) Growth target portfolio

With the acquisition of the Property, MTR's total acquisition value will amount to 287,816 million yen, with 14 properties. MTR's portfolio by property type\* after the acquisition of the Trust Beneficiary Right will be 77.1% for office buildings (76.5% before that acquisition) and 22.9% for other properties (23.5% before). By area, the ratio of acquired properties in the Tokyo metropolitan area stood at 75.3% (77.1% before the acquisition of the Trust Beneficiary Right), and for other areas was 24.7% (22.9% before). MTR's target portfolio is 70%-90% for office buildings, 10%-30% for other properties, 60%-80% in the Tokyo metropolitan area, and 20%-40% in other areas.

\*The abovementioned investment ratio is based on the acquisition price of investment assets. The Property is classified as an office building in other areas.

(4) Tenants

The Property has fixed-long term building lease agreements with the major tenants and secures stable rent income.

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### 3. Acquisition Details

#### (1) Asset overview

Trustee		Sumitomo Mitsui Trust Bank, Limited
Location	Land	2-138 Tenjin, Chuo-ku, Fukuoka
	Building	2-138 Tenjin, Chuo-ku, Fukuoka
	Address	2-7-21 Tenjin, Chuo-ku, Fukuoka
Real estate usage		Office building (Registered types of use: office and retail)
Ownership	Land	Ownership (land lease right for part of the land)
	Building	Ownership
Area	Land*	1,110.73 m <sup>2</sup> (Registered land area)
	Building	7,722.04 m <sup>2</sup> (Registered floor area)
Construction		Steel frame, reinforced concrete, 12 floors above ground, one floor below ground (Registered structure)
Completion date		October 2008
Architect		Ono Architect Office Co., Ltd.
Construction company		Obayashi Corporation
Construction inspection agency		The Building Center of Japan
Appraisal value of the real estate		7,320 million yen (Appraisal date: June 1, 2012) 7,330 million yen according to the direct capitalization method (5.5% capitalization rate) 7,300 million yen according to the discounted cash flow method (5.3% discount rate, 5.8% terminal capitalization rate) 7,180 million yen according to the cost method
Appraisal agency		Japan Real Estate Institute
Seismic risk (PML)		6.4% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral		None
Remarks		Part of the building and structures on the adjacent land cross the border into the Property. An agreement that permits the crossing has been concluded with the owner of the adjacent property.

\*The land area includes leased land (28.98 m<sup>2</sup>).

#### (2) Lease overview (as of June 30, 2012)

Number of tenants	14
Monthly rent (excluding consumption tax)	43 million yen
Security deposit	440 million yen
Total rent area	5,995.56 m <sup>2</sup>
Total rentable area	5,995.56 m <sup>2</sup>
Occupancy rate	100%

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#### 4. Seller Overview

- (1) Business name: Chamomile Realty Godo Kaisha
- (2) Headquarters: c/o ALT Professional Office, 1-4 Yotsuya, Shinjuku-ku, Tokyo
- (3) Representative: Chamomile Realty Corp.
- (4) Capital: 0.5 million yen
- (5) Principal businesses: acquisition, possession, management, and disposal of trust beneficiary rights
- (6) Relationship with MTR: None

#### 5. Operating Forecasts

The effect of the acquisition of the Trust Beneficiary Right on the operating performance for the period from April 1, 2012 to September 30, 2012 and the period from October 1, 2012 to March 31, 2013 will be minor. The operating forecasts remain unchanged.

#### 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

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**Assumptions for NOI for the Property**

(Million yen)

Revenues	557
Expenses (excluding depreciation)	100
NOI (Net Operating Income)	457

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 100%.
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	5.6%	
		A-3	Mita MT Building	2003.12.1	16,000	5.6%	
		A-6	Osaki MT Building	2005.3.31	7,870	2.7%	
				2005.10.28	5,656	2.0%	
		Total			13,526	4.7%	
		A-8	ON Building	2008.8.29	39,900	13.9%	
	A-9	Tokyo Shiodome Building	2010.4.13	110,000	38.2%		
	Subtotal					195,426	67.9%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	6.3%	
	Subtotal					18,000	6.3%
Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	1.1%		
Subtotal					3,200	1.1%	
Subtotal					216,626	75.3%	
Other	Office Buildings	A-4	Marubeni Osaka Headquarters Building	2002.9.30	12,500	4.3%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	2.4%	
		A-10	Tenjin Prime	2012.7.12 (Planned)	6,940	2.4%	
	Subtotal					26,340	9.2%
	Retail Facilities	B-1	Ito-Yokado Shonandai	2003.3.28	11,600	4.0%	
		B-2	Frespo Inage	2002.3.28	2,100	0.7%	
		B-3	Ito-Yokado Shin-Urayasu	2004.7.30	12,150	4.2%	
	Subtotal					25,850	9.0%
Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	6.6%		
Subtotal					19,000	6.6%	
Subtotal					71,190	24.7%	
Total					287,816	100.0%	

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

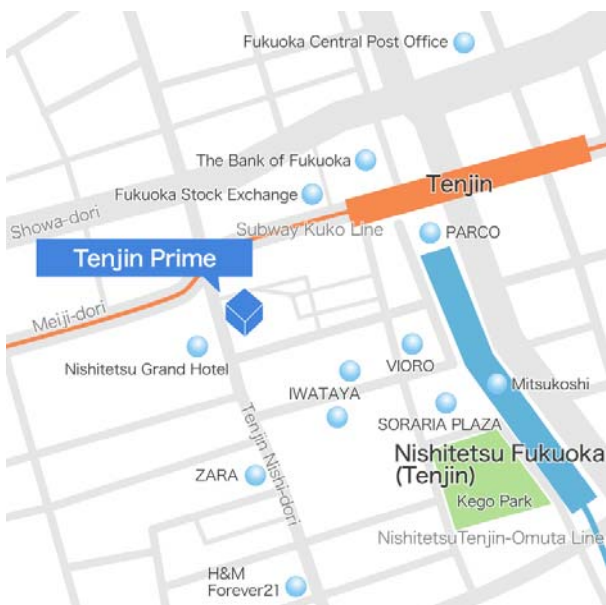
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**Photograph of the Property**



**Vicinity MAP**



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