

Press Release

Issuer of Real Estate Investment Trust Securities

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## **Notice of Issuance of New Investment Units and Secondary Offering of Investment Units**

**Tokyo, October 3, 2013** — Mori Trust Sogo Reit, Inc. (MTR) has announced that, with respect to MTR's issuance of new investment units and secondary offering of investment units, the following details were resolved at the meeting of the Board of Management held today:

1. Issuance of new investment units (primary public offering)

- (1) Number of investment units to be offered  
20,000 units

- (2) Amount to be paid in (issue value)

To be determined

The amount to be paid in shall be determined at the meeting of the Board of Management to be held on any date between October 16 (Wednesday), 2013 and October 18 (Friday), 2013 (hereinafter, the "pricing date"). The amount to be paid in (issue value) shall be the amount received by MTR from the "underwriters" provided in (5) below as the amount to be paid in per unit of investment units of MTR (hereinafter, the "Investment Units of MTR").

- (3) Total amount to be paid in (issue value)

To be determined

- (4) Issue price (offer price)

To be determined

The issue price (offer price) shall be determined by considering supply and demand conditions, etc. and arriving at a provisional price (any fraction of less than one yen shall be rounded down) by multiplying 0.90-1.00 by the closing price of regular transactions of Investment Units of MTR on the pricing date (or if there is no closing price on the pricing date, the closing price immediately preceding the pricing date) on the Tokyo Stock Exchange, Inc. (hereinafter, the "TSE").

Note: This document is a press release intended for the general public regarding MTR's issuance of new investment units and secondary offering of investment units and is not intended as an investment solicitation. We caution all readers to refer to MTR's prospectus and notice of amendments thereto (if any) and to undertake investment decisions based on their own judgment and bearing their own responsibility.

- (5) Offering method                   The Investment Units of MTR shall be offered via a primary public offering and underwritten in full by Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. (hereinafter collectively referred to as the “joint lead managers”) along with Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (hereinafter collectively referred to together with the joint lead managers as the “underwriters”).
- (6) Content of underwriting agreement                   The underwriters shall purchase and underwrite Investment Units of MTR at the amount to be paid in (issue value) to be determined on the pricing date and offer them via a primary public offering at a price (issue price (offer price)) that differs from the aforementioned corresponding amount to be paid in (issue value). The underwriters shall pay the total amount to be paid in (issue value) to MTR on the payment date and the difference between the total issue price (offer price) and the total amount to be paid in (issue value) shall be the proceeds of the underwriters. MTR shall pay no underwriting commission to the Underwriters.
- (7) Period for a grasp of investor demand (book building)                   From October 10 (Thursday), 2013 to the pricing date.
- (8) Subscription unit                   One unit or more in multiples of one unit
- (9) Subscription period                   From October 21 (Monday), 2013 to October 22 (Tuesday), 2013.  
 Considering supply and demand conditions, etc., the subscription period may be brought forward. In that case, the earliest subscription period shall be from October 17 (Thursday), 2013 to October 18 (Friday), 2013.
- (10) Payment date                   October 25 (Friday), 2013  
 Considering supply and demand conditions, etc., the payment date may be brought forward. In that case, the earliest payment date shall be October 23 (Wednesday), 2013.
- (11) Delivery date                   The business day immediately following the payment date
- (12) The amount to be paid in (issue value), issue price (offer price) and other matters necessary for this issuance of new investment units shall be determined at a future meeting of the Board of Management. However, any changes, etc. prior to formal determination shall be left entirely to the Executive Director.
- (13) Each item mentioned above is contingent upon the filing pursuant to the Financial Instruments and Exchange Act taking effect.

## 2. Secondary offering of investment units (secondary offering by way of over-allotment)

- (1) Seller and the number of units to be offered  
 Mizuho Securities Co., Ltd.: 2,000 units  
 The secondary offering by way of over-allotment shall be conducted by Mizuho Securities Co., Ltd. for up to 2,000 units of the Investment Units of MTR, which shall be borrowed from Mori Trust Holdings Inc. , a unit holder of MTR, aside from and in connection with the primary public offering considering supply and demand conditions, etc. of the primary public offering. The aforementioned number of units indicates the maximum number of units to be offered via the secondary offering. Depending on supply and demand conditions, etc., there may be cases where this number of units shall be reduced or the secondary offering by way of over-allotment itself shall not be conducted.
- (2) Offer price                   To be determined  
 The offer price shall be determined on the pricing date and shall be the same as the issue price (offer price) for the primary public offering.

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- (3) Total amount of offer value To be determined
- (4) Offering method Considering the supply and demand conditions, etc. of the primary public offering, Mizuho Securities Co., Ltd. shall offer the Investment Units of MTR, aside from and in connection with the primary public offering, by borrowing a maximum of 2,000 units from Mori Trust Co., Ltd., a unit holder of MTR.
- (5) Subscription unit One unit or more in multiples of one unit
- (6) Subscription period The subscription period shall be the same as the subscription period for the primary public offering.
- (7) Delivery date The delivery date shall be the same as the delivery date for the primary public offering.
- (8) The offer price and other matters necessary for this secondary offering of the investment units shall be determined at a future meeting of the Board of Management. However, any changes, etc. prior to formal determination shall be left entirely to the Executive Director.
- (9) Each item mentioned above is contingent upon the filing pursuant to the Financial Instruments and Exchange Act taking effect.

### 3. Issuance of new investment units by way of private placement

- (1) Number of investment units to be offered  
2,000 units
- (2) Amount to be paid in (issue value)  
To be determined  
The amount to be paid in (issue value) shall be determined at a meeting of the Board of Management to be held on the pricing date. Furthermore, the amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the primary public offering.
- (3) Total amount to be paid in (issue value)  
To be determined
- (4) Third party and number of units to be issued to the third party  
Mizuho Securities Co., Ltd.: 2,000 units
- (5) Subscription unit One unit or more in multiples of one unit
- (6) Subscription period (application deadline)  
November 20 (Wednesday), 2013
- (7) Payment date November 21 (Thursday), 2013
- (8) Investment units with no applications for subscription filed by the subscription period (application deadline) stated above under (6) shall not be issued.
- (9) The amount to be paid in (issue value) and other matters necessary for this issuance of new investment units by way of private placement shall be determined at a future meeting of the Board of Management. However, any changes, etc. prior to formal determination shall be left entirely to the Executive Director.
- (10) If the primary public offering is suspended, the issuance of new investment units by way of private placement shall also be suspended.
- (11) Each item mentioned above is contingent upon the filing pursuant to the Financial Instruments and Exchange Act taking effect.

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<Reference>

1. Secondary Offering of Investment Units by Overallotment, etc.

- (1) In consideration of the degree of demand and other conditions at the primary public offering described in 1. Issuance of New Investment Units through Public Offering, a secondary offering (by overallotment) as described in 2. Secondary Offering of Investment Units (Secondary Offering by Overallotment) may be made separately from the primary public offering by Mizuho Securities Co., Ltd. for up to 2,000 units of Investment Units of MTR, which shall be borrowed from Mori Trust Holdings Inc., an investor of MTR. Although the number of investment units to be offered by overallotment is 2,000 units, this is the maximum number of investment units to be offered and, depending on the degree of demand and other conditions, such number may decrease, or the secondary offering by overallotment itself may be cancelled.

Regarding the secondary offering by overallotment, at a meeting of the Board of Management held on Thursday, October 3, 2013, MTR resolved to issue and allot 2,000 new Investment Units by way of private placement (hereinafter, "Private Placement") to Mizuho Securities Co., Ltd. so that Mizuho Securities can acquire Investment Units necessary for returning the Borrowed Investment Units. The date of payment is Thursday, November 21, 2013.

Furthermore, Mizuho Securities Co., Ltd. may also purchase Investment Units of MTR on the Tokyo Stock Exchange up to the number of Investment Units of MTR to be offered by overallotment (hereinafter, "Syndicate Cover Transactions") to return the Borrowed Investment Units. All Investment Units of MTR purchased through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the application period of the primary public offering and secondary offering by overallotment and ending on Friday, November 15, 2013 (hereinafter, the "Syndicate Cover Transaction Period"). During the Syndicate Cover Transaction Period, Mizuho Securities Co., Ltd. at its discretion may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units of the secondary offering by overallotment.

In addition, Mizuho Securities Co., Ltd. may conduct stabilizing operations as it conducts the primary public offering and the secondary offering by overallotment. The Investment Units of MTR purchased through such stabilizing operations may be used, in whole or in part, to return the Borrowed Investment Units.

Mizuho Securities Co., Ltd. shall receive an allotment by way of the Private Placement in accordance with the number of investment units remaining after subtracting the number purchased through stabilizing operations and Syndicate Cover Transactions and the number used to return the Borrowed Investment Units from the number of investment units to be offered by overallotment. Mizuho Securities Co., Ltd. may not apply for part or all of the Investment Units to be issued and allotted by way of the Private Placement. As a result, Mizuho Securities Co., Ltd. shall lose its right to receive an allocation, and the number of Investment Units to be issued associated with the Private Placement may be reduced, or no Investment Units may be issued in association with the Private Placement.

Whether or not the secondary offering by overallotment is to be made and the number of investment units to be offered shall be determined on the Issue Price Determination Date. If a secondary offering by overallotment is not made, Mizuho Securities Co., Ltd. shall not borrow Investment Units of MTR from the investor of MTR, and Mizuho Securities Co., Ltd. shall not receive any allotment by way of the Private Placement. Mizuho Securities Co., Ltd. shall lose the right to receive an allotment, and no new investment units shall be issued. Mizuho Securities Co., Ltd. shall not conduct any Syndicate Cover Transactions on the Tokyo Stock Exchange either.

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- (2) The transactions stated in (1) above shall be made by Mizuho Securities Co., Ltd. in consultation with SMBC Nikko Securities Inc.

## 2. Changes in the number of issued investment units after the issuance of new investment units

Existing number of issued investment units:	242,000 units
Increase in number of outstanding investment units by primary public offering:	20,000 units
Total number of units after the primary public offering:	262,000 units
Increase in number of outstanding investment units by Private Placement:	2,000 units (Note)
Total number of units after the Private Placement:	264,000 units (Note)

(Note) These numbers are based on the assumption that Mizuho Securities Co., Ltd. will request for the allotment of all Investment Units to be offered and that all Investment Units will be issued.

## 3. Purpose and reason for issuance

MTR has acquired three properties (Note 1), the total acquisition price of which is 46.4 billion yen, in the past year, using borrowings, and the LTV (Loan-To-Value) ratio (Note 2) rose to 53.6% as of October 3, 2013, exceeding the standard value.

Meanwhile, the occupancy rate improved at Mita MT Building and Osaka Marubeni Building, where the occupancy rate had declined with tenants leaving, thanks to progress made in leasing. We expect that we will be able to achieve stable operation to a certain degree and has decided to carry out the primary public offering and the Private Placement.

MTR aims to lower the LTV ratio below the standard value, using funds to be raised through the issuance of new investment units. MTR believes that it will also be able to stabilize its financial base and to create capabilities to acquire properties.

We will further improve the leasing situation at our properties to achieve growth in asset size and stable operations.

(Note 1) MTR acquired Tenjin Prime (acquisition price: 6.9 billion yen) in the period ended September 30, 2012, Kohnan Sagami-hara-Nishihashi-moto (7.4 billion yen) in the period ended March 31, 2013, and Shibuya Flag (32.0 billion yen) in the period ended September 30, 2013.

(Note 2) The LTV ratio is the ratio of borrowings and investment corporation bonds outstanding to total assets, and the asset management company has set the standard LTV value to 50% in its asset management regulations. The LTV ratio as of today is calculated by the formula below.

$$\frac{(\text{¥}147.2\text{bn [interest-bearing debt at end of 22nd period]} + \text{¥}31.7\text{bn [a net increase in interest-bearing debt in 23rd period]})}{(\text{¥}301.8\text{bn [total assets at end of 22nd period]} + \text{¥}31.7\text{bn [a net increase in interest-bearing debt in 23rd period]})}$$

## 4. Amount of fund to be procured and its use and scheduled expenditure

- (1) Amount of fund to be procured (an estimate for proceeds after deductions)  
18.8 billion yen (maximum)

(Note) The amount is the sum of 17.1 billion yen in net proceeds from the primary public offering and 1.7 billion yen in net proceeds from the issuance of new Investment Units by way of the Private Placement. The amount is an estimate calculated based on the closing price of the Investment Unit in regular transactions at the Tokyo Stock Exchange on Thursday, September 26, 2013.

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(2) Specific use and scheduled expenditure of the procured fund

Net proceeds from the primary public offering of 17.1 billion yen shall be allocated to repay short-term loans of 12.0 billion yen by the end of March 2014. The remaining amount, and net proceeds from the issuance of new Investment Units by way of the Private Placement, 1.7 billion yen maximum, shall be kept as cash reserves and are planned to be allocated to acquire specified assets (as prescribed under Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations) and to repay interest-bearing debt.

(Note) The procured fund will be deposited in a financial institute until it is expended.

5. Designation of distribute

Not applicable

6. Future prospect

The future prospect is stated in the press release “Notice of Revision to Performance Forecasts for Fiscal Period Ended September 30, 2013 and Fiscal Period Ending March 31, 2014, and Performance Forecast For Fiscal Period Ending September 30, 2014” released today

7. Performance in the three most recent fiscal periods and equity finance situations

(1) Performance in the three most recent fiscal periods

	Fiscal period ended March 31, 2012	Fiscal period ended September 30, 2012	Fiscal period ended March 31, 2013
Net income per unit (yen) (Note)	19,906	19,638	19,773
Dividend per investment unit (yen)	19,504	19,639	19,774
Actual dividend ratio (%)	97.9	100.0	100.0
Net asset per unit (yen)	584,409	584,544	584,678

(Note) Net income per unit is calculated by dividing net income by the weighted average number of investment units over the number of days in the period.

(2) Recent investment unit prices

1) Performance in the three most recent fiscal periods

	Fiscal period ended September 30, 2012	Fiscal period ended March 31, 2013	Fiscal period ended September 30, 2013
Opening price	729,000 yen	700,000 yen	1,018,000 yen
Highest price	742,000 yen	1,074,000 yen	1,030,000 yen
Lowest price	608,000 yen	661,000 yen	750,000 yen
Closing price	699,000 yen	1,020,000 yen	939,000 yen

2) Performance in the six most recent months

	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013
Opening price	1,018,000 yen	943,000 yen	787,000 yen	887,000 yen	840,000 yen	816,000 yen
Highest price	1,030,000 yen	951,000 yen	887,000 yen	895,000 yen	895,000 yen	943,000 yen
Lowest price	878,000 yen	761,000 yen	750,000 yen	831,000 yen	809,000 yen	816,000 yen
Closing price	947,000 yen	805,000 yen	887,000 yen	841,000 yen	819,000 yen	939,000 yen

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3) Investment unit price on the business day immediately prior to the day of the issuance resolution

	As of October 2, 2013
Opening price	906,000 yen
Highest price	910,000 yen
Lowest price	865,000 yen
Closing price	868,000 yen

- (3) Equity finance situations in the three most recent fiscal periods  
 Not applicable

8. Others (Restrictions on sale and additional issuance, etc.)

- (1) Mori Trust Holdings Inc. has agreed with the Joint Lead Managers that, regarding the primary public offering, it will not effectuate any transfer, etc. of 60,000 Investment Units of MTR during the three-month period between the delivery date of the Investment Units of MTR relating to the primary public offering and the anniversary date, without the prior written consent of the Joint Lead Managers (however, excluding where offered Investment Units of MTR are lent to Mizuho Securities Co., Ltd. for the purpose of secondary offering by overallotment).
- (2) MTR has agreed with the Joint Lead Managers that, regarding the primary public offering, it will not effectuate any issuance, etc. of Investment Units of MTR during the three-month period between the delivery date of Investment Units of MTR relating to the primary public offering and the anniversary date, without the prior written consent of the Joint Lead Managers (except, however, when Investment Units of MTR are issued by way of primary public offering or the Private Placement or on the basis of a split of investment units).
- (3) In the event of either (1) or (2) above, the Joint Lead Managers at their discretion have the right to dissolve said agreements in whole or in part during the restriction periods and/or to shorten the restriction periods.

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