

Press Release

Issuer of Real Estate Investment Trust Securities

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Acquisition of Asset (Contract to be Concluded)—SHIBUYA FLAG

Tokyo, April 10, 2013 — Mori Trust Sogo Reit, Inc. (MTR) has announced the acquisition of an asset. Details are as follows:

1. Acquisition Summary

(1) Type of asset:	Real estate trust beneficiary right
(2) Property name:	SHIBUYA FLAG (hereinafter “the Property”)
(3) Acquisition price:	32,040 million yen (excluding purchase overheads and taxes)
(4) Contract date:	April 10, 2013
(5) Planned acquisition date:	April 24, 2013
(6) Seller:	Prime Retail 2 Y.K. (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

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

The Shibuya area where the Property is located is a forefront of Japanese fashion and one of Japan’s largest

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retail areas, where various shops including retail facilities targeting young people are accumulated. It is also an office area where the headquarters functions of the apparel and service industries and information technology-related firms, among others, are accumulated. The Property is located at an area with large traffic and high prosperity on Bunkamura Street, home to a wide variety of stores including department stores, apparel shops, electronics retail stores and eating and drinking establishments.

The Property is also situated at a highly convenient location that is just a five-minute walk from Shibuya Station, one of Japan's largest terminal stations that services both JR lines and private rail lines.

(2) Structure and building facilities

The Property is a relatively new building that was completed in August 2009. It has nine floors above ground and two underground floors. The total floor space exceeds 7,700 m², of which the first to fourth stories above ground are retail floors, while the fifth to ninth stories are office floors. It has high appeal as a retail facility, given wide frontage on Bunkamura Street and a façade that should give high visibility and advertising effectiveness. Its office floors also have market competitiveness, with the height of the ceiling on the standard floor at 2,800 mm and the height of the raised access floor on the standard floor at 100 mm.

(3) Tenant

The flagship outlet of H&M, an apparel brand, occupies the retail floors of the Property, and a long-term lease agreement is concluded with H&M Hennes & Mauritz Japan K.K. which operate the H&M brand. This tenant, the Japanese corporation of H&M Hennes & Mauritz AB, a general apparel company that operates globally, also has a headquarters function on the part of office floors of the Property.

3. Acquisition Details

(1) Asset overview

Trustee of trust		Mizuho Trust & Banking Co., Ltd.
Location	Land	81-11 Udagawacho, Shibuya-ku, Tokyo
	Building	81-11 Udagawacho, Shibuya-ku, Tokyo
	Address	33-6 Udagawacho, Shibuya-ku, Tokyo
Real estate usage		Retail facility and office building (Registered types of use: office, retail and parking)
Ownership	Land	Ownership
	Building	Ownership
Area	Land	1,026.44 m ² (Registered land area)
	Building	7,766.49 m ² (Registered floor area)
Construction		Steel frame and steel-reinforced concrete, nine floors above ground and two underground floors (Registered structure)
Completion date		August 2009
Architect		Yamashita Sekkei Inc.
Construction company		MAEDA CORPORATION

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Construction inspection agency	Japan Constructive Inspect Association
Appraisal value	Appraisal value: 33,000 million yen Appraisal date: March 1, 2013 Appraisal agency: Japan Real Estate Institute Details of appraisal: Direct capitalization method 33,600 million yen (4.0% capitalization rate) Discounted cash flow method 32,400 million yen (3.8% discount rate, 4.2% terminal capitalization rate) Cost method 21,400 million yen
Seismic risk (PML)	11.9% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral	None
Remarks	Although part of the building and structure, etc. on the adjacent land cross the Property's boundary, a confirmation letter that confirms the fact of crossing the boundary is concluded with the owner of the adjacent land.

(2) Lease overview

Number of tenants	2
Monthly rent (excluding consumption tax)	(Note)
Security deposit	(Note)
Total rent area	5,982.75 m ²
Total rentable area	5,982.75 m ²
Occupancy rate	100%

(Note) The tenant has not agreed to disclose the monthly rent and security deposit. Please refer to Reference 1 for the assumptions for NOI for the Property.

4. Seller Overview

- (1) Business name: Prime Retail 2 Y.K.
- (2) Headquarters: Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo
- (3) Representative: Director, Eiichiro Yokoyama
- (4) Capital: 3 million yen (as of December 31, 2012)
- (5) Principal businesses: Acquisition, holding and disposition of real estate
- (6) Relationships with MTR and the Asset Management Company: None

5. Intermediary Overview

- (1) Intermediary: CBRE K.K.
- (2) Headquarters: 2-2-12 Hamamatsucho, Minato-ku, Tokyo
- (3) Representative: President and Representative Director & CEO, Benjamin Mark Duncan
- (4) Capital: 150 million yen (as of January 1, 2013)

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- (5) Principal businesses: Comprehensive commercial real estate services for domestic and foreign companies
- (6) Intermediary commission: The intermediary has not agreed to disclose the intermediary commission.
- (7) Relationships with MTR and the Asset Management Company: None

6. Operating Forecasts

For the investment performance for the fiscal period ending September 30, 2013 (from April 1, 2013 to September 30, 2013), please see the [“Notice of Performance Forecast for Fiscal Period Ending September 30, 2013”](#) 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

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Assumptions for NOI for the Property

(Million yen)

Revenues	1,486
Expenses (excluding depreciation)	128
NOI (Net Operating Income)	1,358

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	4.9%	
		A-3	Mita MT Building	2003.12.1	16,000	4.9%	
		A-6	Osaki MT Building	2005.3.31	7,870	2.4%	
				2005.10.28	5,656	1.7%	
		Total			13,526	4.1%	
		A-8	ON Building	2008.8.29	39,900	12.2%	
	A-9	Tokyo Shiodome Building	2010.4.13	110,000	33.6%		
	Subtotal					195,426	59.7%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.5%	
		B-6	SHIBUYA FLAG	2013.4.24 (Planned)	32,040	9.8%	
	Subtotal					50,040	15.3%
	Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	1.0%	
	Subtotal					3,200	1.0%
Subtotal					248,666	76.0%	
Other	Office Buildings	A-4	Osaka Marubeni Building	2002.9.30	12,500	3.8%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	2.1%	
		A-10	Tenjin Prime	2012.7.12	6,940	2.1%	
	Subtotal					26,340	8.0%
	Retail Facilities	B-1	Ito-Yokado Shonandai	2003.3.28	11,600	3.5%	
		B-2	Frespo Inage	2002.3.28	2,100	0.6%	
		B-3	Ito-Yokado Shin-Urayasu	2004.7.30	12,150	3.7%	
		B-5	Kohnan Sagamihara-Nishihashimoto	2012.10.18	7,460	2.3%	
	Subtotal					33,310	10.2%
	Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	5.8%	
Subtotal					19,000	5.8%	
Subtotal					78,650	24.0%	
Total					327,316	100.0%	

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

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Photograph of the Property



Vicinity MAP of the Property



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