



Press Release

Tokyo, March 31, 2005

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Acquisition of Asset — Osaki MT Building

Tokyo, March 31, 2005 – Mori Trust Sogo Reit, Inc. (MTR) has announced the acquisition of an asset as follows.

1. Acquisition Summary

- 1) Type of asset: real estate
- 2) Property name: Osaki MT Building
- 3) Acquisition price: 7,870 million yen (excluding purchase overheads and taxes)
- 4) Contract date: March 31, 2005
- 5) Acquisition date: March 31, 2005
- 6) Seller: Mori Trust Co., Ltd.
- 7) Acquisition financing: cash on hand and loans
- 8) Settlement method: payment in full at the time of acquisition

Hereinafter the aforementioned property acquired shall be referred to as “the Property.”

Disclaimer:

This English language document is provided as a service and is not intended to be an official statement. Should a discrepancy be found, the Japanese original will always govern the meaning and interpretation. The forward-looking statements contained herein involve risks and uncertainties that could cause actual results to differ from expectations. These forward-looking statements are applicable as of the date of this release and shall not be updated to reflect future events or circumstances.

2. Reason for Acquisition

MTR has acquired the Property in accordance with its fundamental investment policies set forth in MTR’s articles of incorporation. This serves to progress diversified investment in office buildings in central Tokyo.

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

(1) Location

The Property is located in the Osaki Area with JR Osaki station at the center, an area with a forest of office and other buildings constructed in a large-scale redevelopment project. The area is highly reconstructed, utilizing the Comprehensive Design System.

The Property is located in the “Osaki Business Garden,” one of the outstanding features of the redevelopment project. Together with the neighboring office building, the Property is part of a unified office zone.

(2) Structure and building facilities

Construction of this building was completed in July, 1994. The building stands 14 stories high, and has three levels underground. The rentable floor area is nearly free of pillars and maximum utilization of approximately 1,157 sq. m is possible.

Exterior walls are decorated with special-order tiles, and the entrance hall is adorned with granite, providing for a refined atmosphere. In addition, the floor is free-access (70 mm floor height) and can withstand weights of up to 500 kg/sq. m (up to 800 kg/sq. m in places), making it a competitive building for the market.

(3) Property operation

Following sale of the Property to MTR, Mori Trust Co., Ltd. continued as the lessee, using a sale-and-lease back method. Mori Trust Co., Ltd. is hereafter referred to as the “master lessee.”

The contract between MTR and the master lessee is a fixed-term building lease (hereinafter referred to as the “master lease contract”) of five years.

3. Acquisition Details

1) Asset overview

Location	Land	5-689-2 Kita-Shinagawa, Shinagawa-ku
	Building	5-746-1 Kita-Shinagawa, Shinagawa-ku
	Address	5-9-11 Kita-Shinagawa, Shinagawa-ku
Real estate usage		Office building (Registered types of use: office, store and parking)
Ownership	Land	Title (Partially co-owned)
	Building	Title (MTR’s co-ownership ratio: 590,950/1,000,000)
Area	Land	3,002.07 sq. m (Registered land area)
	Building	26,980.68 sq. m (Registered floor area)
Construction		Steel frame, steel-framed reinforced concrete, 14 floors above ground, three floors below ground (Registered structure)

Parking lot capacity	65 vehicles
Completion date	July 1994
Construction company	Obayashi Corporation
Appraisal value of the real estate	7,870 million yen (Appraisal date; March 31, 2005) 7,970 million yen according to the direct capitalization method (5.8% capitalization rate) 7,810 million yen according to the discounted cash flow method (5.6% discount rate, 6.0% terminal capitalization rate) 6,160 million yen according to the cost method
Appraisal agency	Nippon Tochi-Tatemono Co., Ltd.
Seismic risk (PML)	11.5% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral	None
Special notes	<ul style="list-style-type: none"> ● There is one area where the borders are yet to be fixed. ● Regarding transfer of all or part of the Property, MTR and the other co-owners agreed to grant one another the preferred right of first refusal for each area of the Property under co-ownership. After confirming that none of the aforementioned co-owners exercise their preferred right of first refusal in relation to the purchase of the subject property, MTR then will grant a preferred right of first refusal to the seller.

2) Lease overview

Number of tenants	1 (Mori Trust Co., Ltd.)
Contract type	Fixed-term building lease (master lease contract)
Contract period	5 years, from March 31, 2005 to March 31, 2010 Date of initial rental payment: April 1, 2005
Monthly rental fee	43,751,120 yen
Deposit	887,748,310 yen
Total rent area	26,980.68 sq. m
Total rentable area	26,980.68 sq. m
Operating rate	100%
Remarks	The entire building is being rented as the headquarters of Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "the existing tenant"). The monthly rental fee is subject to change based upon revisions to the sub-lease contract (the lease contract between the master lessee and the existing tenant).

4. Seller Overview

- 1) Business name: Mori Trust Co., Ltd.
- 2) Headquarters: 2-3-17 Toranomom, Minato-ku, Tokyo
- 3) Representative: Akira Mori, President and Representative Director
- 4) Capital: 9,000 million yen (as of March 31, 2004)
- 5) Principal business: Real estate
- 6) Relationship with MTR: Mori Trust Co., Ltd. holds 65% ownership of Mori Trust Asset Management Co., Ltd. (MTAM), MTR's asset management company, and therefore falls under the category of an "interested party" based on the Law Concerning Investment Trusts and Investment Corporations of Japan (the Investment Trust Law). Moreover, as of September 30, 2004, Mori Trust Co., Ltd. held 27,981 shares of MTR's total of 160,000 shares.



5. Business with Interested Parties

The acquisition and lease of the Property falls under the category of a transaction with an interested party. MTAM carried out appropriate procedures, such as obtaining approval from the MTR Board of Directors, regarding the acquisition price, terms of lease and other conditions in accordance with the Investment Trust Law and MTAM's "Regulations on Transactions with Interested Parties."

6. Operating Forecasts

MTR believes that the acquisition of the Property will not have a significant impact on MTR's asset management performance in the fiscal year ending March 31, 2005. Accordingly, MTR has not revised operating forecasts for that period.

[Attachments]

Reference 1	Assumptions for revenue and expenditure for the Property
Reference 2	Portfolio after acquisition of the Property
Reference 3	Photograph of the Property



[Reference 1]

Assumptions for revenue and expenditure for the Property

Revenue	525 million yen
Expenses (excluding depreciation)	96 million yen
NOI (Net Operating Income)	428 million yen

Preconditions:

1. The above values are the annual revenue and expenditure and exclude special factors in the fiscal year of acquisition.
2. Revenue is based on an operating rate of 100%.
3. Expenses include taxes and public dues, insurance premiums, and cost of repairs, etc.

[Reference 2]

Portfolio after acquisition of the Property

Area	Usage	Property name	Acquisition date	Acquisition price (millions of yen)	% of total	
Central Tokyo	Office buildings	Hitachi Headquarters Building	2003.3.31	40,000	30.7%	
		Nissan Motors New Headquarters Building	2003.3.31	16,000	12.3%	
		Mita MT Building	2003.12.1	16,000	12.3%	
		Osaki MT Building	2005.3.31	7,870	6.0%	
	Subtotal				79,870	61.2%
	Other (Residential properties)	Park Lane Plaza	2004.12.24	3,200	2.5%	
Subtotal				3,200	2.5%	
Subtotal				83,070	63.7%	
Other	Office buildings	Marubeni Osaka Headquarters Building	2002.9.30	12,500	9.6%	
		Shin-Yokohama TECH Building	2003.11.14	6,900	5.3%	
	Subtotal				19,400	14.9%
	Retail facilities	Ito-Yokado Shonandai	2003.3.28	11,600	8.9%	
		Cresse Inage	2002.3.28	4,200	3.2%	
		Ito-Yokado Shin-Urayasu	2004.7.30	12,150	9.3%	
Subtotal				27,950	21.4%	
Subtotal				47,350	36.3%	
Total				130,420	100.0%	

[Reference 3]

