



Press Release

Tokyo, July 27, 2004

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Scheduled Acquisition of Asset – Ito-Yokado Shin-Urayasu

Tokyo, July 27, 2004 – Mori Trust Sogo Reit, Inc. (MTR) has announced an acquisition of asset as follows.

1. Acquisition summary

- 1) Type of asset: real estate
- 2) Property name: Ito-Yokado Shin-Urayasu
- 3) Acquisition price: 12,150 million yen (excluding purchase overhead and taxes)
- 4) Scheduled contract date: July 30, 2004
- 5) Scheduled acquisition date: July 30, 2004
- 6) Seller: Ito-Yokado Co., Ltd.
- 7) Acquisition financing: cash on hand and loan
- 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 speak only as of the date of release and shall not be updated to reflect future events or circumstances.

2. Reason for acquisition

The Property is being acquired to achieve portfolio diversification using retail facilities based on the fundamental investment policies as set out in MTR's articles of incorporation. Furthermore, the following points were taken into account in the acquisition of the Property.

1) Location

The Shin-Urayasu area, where the Property is located, is situated approximately 16km from central Tokyo in a large scale land readjustment project area promoted principally by an incorporated administrative agency, Urban Renaissance Agency. The area around the Property consists of housing complexes, living convenience facilities, educational facilities (chiefly Meikai University), and park facilities. Thus, the Property is blessed with a prime environment for retail facility operation in a trading area with a continuing steady state of growth.

The area is also close to Tokyo Disney Resort, one of the biggest amusement park facilities in Japan.

2) Building facilities

The building was completed in September 2000 and stands 5 stories tall. It is a large-scale shopping center that has a floor area of more than 57,000 sq. m with a 1,280-car capacity parking lot.

3) Property operation

Following sale of the Property to MTR, Ito-Yokado Co., Ltd. will continue as the lessee using the so-called "sale-and-lease back" method.

Furthermore, MTR will conclude a master lease contract with Ito-Yokado Co., Ltd. based on a 16-year lease (with a no cancellation period of 13 years).

3. Acquisition detail

1) Asset overview

Location	Land	Inside Urayasu City Planning Project Urayasu East Land Readjustment Project Area City block number 29, lot numbers 1), 2) and 3) (Former designation) Part of 12 Akemi, part of 20-1 Akemi and part of 19 Hinode, Urayasu City
	Building	12 Akemi, 11 Akemi, Urayasu City
Real estate usage		Retail facility (register description of the usage type: store and parking lot)
Ownership	Land	Title
	Building	Title
Area	Land	33,537.07 sq. m (please see special notes)
	Building	57,621.38 sq. m (register description of the floor area)
Construction		Steel frame 5-story construction (register description of the structure)
Parking lot capacity		1,280 vehicles
Completion date		September 2000
Construction company		Takenaka Corporation

Appraisal value of the real estate	12,500 million yen (Appraisal date; July 30, 2004) 12,600 million yen according to the direct capitalization method (5.2% capitalization rate) 12,300 million yen according to the discounted cash flow method (5.0% discount rate, 5.4% terminal capitalization rate) 12,400 million yen according to the cost method
Appraisal agency	Nippon Tochi-Tatemono Co., Ltd.
Seismic risk (PML)	18.9% (according to the Building seismic risk investigation report produced by Takenaka Corporation) Furthermore, because the numerical value exceeds MTR's investment criterion threshold (PML of 15%) earthquake insurance is scheduled.
Collateral	None
Special notes	<ul style="list-style-type: none"> ● Based on the Urayasu City Planning Project Urayasu East Land Readjustment Project currently the Property land is under the provisional replotting designation, with the transfer of ownership being recorded after the date of the public announcement of disposal of replotting. Furthermore, public announcement of the disposal of replotting within the project is scheduled for the last day of March 2007. ● A special contract with Urban Renaissance Agency limits reselling of the Property to a third party without its consent until December 4, 2008. ● There is possibility of a change in the size of the Property land depending on the result of the disposal of replotting.

2) Lease overview

Number of tenants	1 (Ito-Yokado Co., Ltd.)
Contract type	Building lease contract (one building, one lease)
Contract period	July 30, 2004 to July 29, 2020 (16 years)
No cancellation period	July 30, 2004 to July 29, 2017 (13 years)
Annual rent (excluding consumption tax)	756,330,240 yen (rent during no cancellation period)
Rent revision	Rent revisions will be carried out by negotiation every 3 years after the completion of the no cancellation period
Deposit	756,330,240 yen
Total rent area	57,621.38 sq. m
Total rentable area	57,621.38 sq. m
Operating rate	100%

4. Seller overview

- 1) Business name: Ito-Yokado Co., Ltd.
- 2) Headquarters: 8-8 Nibancho, Chiyoda-ku, Tokyo
- 3) Representative: Toshifumi Suzuki, Representative Director
- 4) Capital: 47,987 million yen (as of February 29, 2004)
- 5) Principal business: Distribution Industry
- 6) Relationship with MTR: None



5. Business with interested parties

In the acquisition of the Property, Mori Trust Co., Ltd. (information provider), an interested party, was asked to mediate, with brokerage fees to be paid as follows.

Brokerage fees:	315,900,000 yen
Applicable consumption tax:	15,795,000 yen

* Overview of the interested party

Business name:	Mori Trust Co., Ltd.
Location:	2-3-17 Toranomom, Minato-ku, Tokyo
Established:	June 10, 1970
Main shareholders:	Mori Trust Group Inc. and others
Business detail:	Urban development and real estate ownership, leasing and management

[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	756 million yen
Expenses (excluding depreciation)	106 million yen
NOI (Net Operating Income)	650 million yen

Preconditions:

1. The above values are the annual revenue and expenditure and exclude special factors in the fiscal year of acquisition.
2. 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	33.5%	
		Nissan Motors New Headquarters Building	2003.3.31	16,000	13.4%	
		Mita MT Building	2003.12.1	16,000	13.4%	
	Subtotal				72,000	60.3%
Other	Office buildings	Marubeni Osaka Headquarters Building	2002.9.30	12,500	10.5%	
		Shin-Yokohama TECH Building	2003.11.14	6,900	5.8%	
	Subtotal				19,400	16.3%
	Retail facilities	Ito-Yokado Shonandai	2003.3.28	11,600	9.7%	
		Cresse Inage	2002.3.28	4,200	3.5%	
		Ito-Yokado Shin-Urayasu	2004.7.30	12,150	10.2%	
Subtotal				27,950	23.4%	
Subtotal				47,350	39.7%	
Total				119,350	100.0%	

Note:

The Ito-Yokado Shin-Urayasu acquisition date is the scheduled date of acquisition.

[Reference 3]

Photograph of the Property

