

Press Release

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Acquisition of Asset (Contract to Be Concluded) — Tokyo Shiodome Building

Tokyo, April 8, 2010 — 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
- (2) Property name: Tokyo Shiodome Building (hereinafter “the Property”)
- (3) Acquisition price: 110,000 million yen (excluding purchase overheads and taxes)
- (4) Planned contract date: April 9, 2010
- (5) Planned acquisition date: April 13, 2010
- (6) Seller: Mori Trust Co., Ltd. (see 4., Seller Overview, below, hereinafter “Mori Trust”)
- (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 Property in accordance with the investment criteria it has set forth in MTR’s Articles of Incorporation. The acquisition enhances its presence in the office buildings in central Tokyo.

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

(1) Location

The Shiodome district, where the Property is located, is one of the largest redevelopment districts in Japan, a 31ha. site that is close to government offices located on the west area of Shinbashi, Ginza, and the new

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Tokyo waterfront subcenter. Developed by the Tokyo Metropolitan Government in collaboration with private businesses, the district is home to the head offices of many major Japanese companies. The Property is situated in a particularly outstanding location that faces the Hama-rikyu Gardens, and has a spectacular view of Tokyo Bay and is easily recognizable from a distance.

The Property is six minutes' walk through an underground pathway from Shinbashi Station, where the JR Yamanote Line, Keihin-Tohoku Line, Tokaido Line, Tokyo Metro Ginza Line, and Toei Asakusa Line stop. It is one minute's walk from Shiodome Station, where the Toei Oedo Line and Yurikamome Line stop. The Property thus has good traffic accessibility and a comfortable approach that is not susceptible to the weather.

(2) Structure and building facilities

The Property is a large mixed-use building that was completed in January 2005. With 37 floors above ground, four underground levels, and a total floor area of over 191,000 m², it is one of the largest office buildings in Tokyo. The third to 26th floors are used as offices, and the 28th to 37th floors are a hotel. The first and second basement levels and the second floor above ground are retail and restaurant facilities. With typical floor space exceeding 3,300 m², office floors are spacious and flexible. The ceiling height is 2,800 mm, and raised floors are 100 mm in height. The building features state-of-the-art equipment, including uninterruptible power equipment and a multilevel noncontact IC card security system, as well as a high-grade external appearance and interior. It can consequently be considered to have scarcity value.

(3) Acquisition method

MTR will sign a long-term master lease agreement with Mori Trust, an agreement stipulating that the rent will be fixed during the agreement period (see 3. Acquisition Details, (2) Lease overview (plan)). Although the outlook for the office rental market is still unclear, MTR expects to generate stable revenue in the long term from the Property, which will account for 38.9% (based on the acquisition price) of the portfolio of MTR, by concluding the master lease agreement.

MTR will have the master lessee perform tenant management and property management operations and negotiate with the co-lessor. The master lease agreement is expected to facilitate efficient management of the Property.

(4) Achievement of target portfolio

After the acquisition of the Property and the transfer of Akasaka-Mitsuke MT Building owned by MTR (see the press release of today titled "Sale of Asset (Contract to Be Concluded) – Akasaka-Mitsuke MT Building), MTR's asset value (total acquisition value) will amount to 282,976 million yen, about 1.4 times the value before the acquisition. MTR's portfolio by property type after the acquisition will be 75.9%* for office buildings (65.9% before the acquisition). By area, the ratio of acquired properties in the Tokyo metropolitan area will stand at 76.6%* (66.8% before the acquisition), allowing MTR to achieve its target portfolio of 70-90% for office buildings and 60-80% in the Tokyo metropolitan area. Acquiring the

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Property, which is relatively new, and transferring the Akasaka-Mitsuke MT Building, which is relatively old, MTR will improve the average building age of the portfolio.

* The investment ratio is based on the acquisition price of investment assets. (The Tokyo Shiodome Building is classified as an office building.)

3. Acquisition Details

(1) Asset overview

Location	Land	Of 1-5-48, 1-5-69, 1-5-70, and 1-5-79 Higashi-Shinbashi, Minato-ku, Tokyo, block number 4, reservation code 4-1
	Building	1-5-70, 1-5-69, 1-5-48, and 1-5-79 Higashi-Shinbashi, Minato-ku, Tokyo
	Address	1-9-1 Higashi-Shinbashi, Minato-ku, Tokyo
Real estate usage		Office building (Registered types of use: office, hotel, retail, and parking)
Ownership	Land	Quasi-joint ownership (50/50)
	Building	Joint ownership (50/50)
Area	Land	17,847 m ² (Area registered on the certificate of items stated in the reservation register for the entire building lot)
	Building	191,394.06 m ² (Floor area registered for the entire building)
Construction		Steel-framed reinforced concrete, reinforced concrete, steel frame, 37 floors above ground, four floors below ground (Registered structure)
Parking lot capacity		437 vehicles
Completion date		January 2005
Architect		Takenaka Corporation
Construction company		Takenaka Corporation
Construction inspection agency		The Building Center of Japan
Appraisal value of the real estate		111,500 million yen (Appraisal date: March 31, 2010) 117,000 million yen according to the direct capitalization method (4.4% capitalization rate) 109,200 million yen according to the discounted cash flow method (4.4% discount rate, 4.6% terminal capitalization rate) 113,100 according to the cost method
Appraisal agency		Rich Appraisal Institute K.K.
Seismic risk (PML)		6.0% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral		None
Remarks		(1) Land The land is scheduled to become reserved land in the Shiodome Land Readjustment Project of the Tokyo Urban Planning Project of the Tokyo Metropolitan Government, and ownership of the land will be transferred to MTR on the day following the date of the official announcement of the replotting relating to the project. MTR plans to register the transfer of ownership on or after the day following the date of the announcement of the replotting. The date of the announcement of the replotting is expected to be March 31, 2012, but this is subject to change.

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	<p>(2) Adjustment Associated with Change in site Area of the Property The land of the Property is scheduled to be reserved land, meaning that the area will be determined on the day following the date of the announcement of the replotting and the area given above could change. If the site area of the Property changes, the acquisition price will be adjusted between MTR and the Tokyo Metropolitan Government on or after the day following the date of the announcement of the disposal of replotting.</p> <p>(3) Preemption Right MTR gives the preemption right to Mori Trust in relation to the sale of all or part of the Property in the case that MTR intends to dispose of the property.</p>
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(2) Lease overview (plan)

Number of tenants	1 (Mori Trust Co., Ltd.)
Contract type	(1) Fixed term building lease agreement (offices and retails) (2) Fixed term building lease agreement (hotel)
Lease period	(1) April 13, 2010 to April 12, 2020 (2) April 13, 2010 to December 31, 2035
Monthly rent (excluding consumption tax) (Note 1)	(1) 435 million yen (2) 30 million yen (from April 13, 2010 to April 12, 2020) 35 million yen (from April 13, 2020 to December 31, 2035)
Security deposit	None
Total rent area	95,697.03 m ²
Total rentable area	95,697.03 m ² (Note 2)
Occupancy rate	100%
Remarks	When acquiring the Property, MTR will conclude a sale-and-leaseback agreement in which agreement Mori Trust, the seller, will be the sole tenant immediately after selling the Property to MTR.

(Note 1) MTR and Mori Trust have agreed that the rent will not be changed and that Article 32 of the Land and Building Lease Act will not apply.

(Note 2) The rentable area of the Property is the floor area of the whole building (191,394.06 m²) multiplied by MTR's co-ownership ratio (50/100).

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 CEO
(4) Capital	10,000 million yen (as of March 31, 2009)
(5) Principal businesses	Urban development, the management of hotels, and investment
(6) Relationships with MTR and the Asset Management Company	
Capital relationship	Of the 182,000 MTR shares issued, Mori Trust owns 70,000 shares (as of March 31, 2010). Mori Trust is the parent company of MORI TRUST Asset Management Co., Ltd. (hereinafter "MTAM" or "the Asset Management Company"), MTR's asset management company. With a 65% investment ratio, Mori Trust is considered a related party of MTAM under the Law Concerning Investment Trusts and Investment Corporations as well as the parent corporation of MTAM under the Financial Instruments and Exchange Act.

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Personnel relationship	Some employees of MTAM have been transferred from Mori Trust on a temporary basis.
Business relationship	Mori Trust has concluded master lease agreements for certain properties with MTR.
Related party status	Mori Trust falls under the category of “other affiliates” of MTR and is the parent company of MTAM.

5. History of Title Ownership

Owner of the Property and other conditions	Current owner	Former owner
Name	Mori Trust Co., Ltd.	—
Relationship with related party	Parent company (holding 65% of the stock) of MTAM	—
Reason for acquisition	Newly built in January 2005	—
Acquisition price (including other expenses)		—
Timing of acquisition		—

6. Transactions with Related Parties

The transactions relating to the Property (the acquisition and leasing of the Property) are considered transactions with related parties. MTAM has confirmed that the acquisition price, leasing conditions, and other conditions do not violate the Financial Instruments and Exchange Act or the standards stipulated in the Regulations on Transactions with Related Parties of MTAM, following deliberations at the Risk Management Committee and Management Investment Committee of MTAM and the prior approval of MTR’s Board of Directors under the Regulations on Transactions with Related Parties.

7. Operating Forecasts

MTR operates with a target loan-to-value (LTV) ratio of up to 50% (hereinafter “the Standard Ratio”). The LTV as of the end of the fiscal period ended September 2009 stood at 43.5%. With the acquisition of the Property and the transfer of the Akasaka-Mitsuke MT Building (please refer to the press release “Sale of Asset (Contract to Be Concluded) – Akasaka-Mitsuke MT Building” dated April 8, 2010), however, MTR plans to undertake new loans (please refer to the press release “Notice of New Loans and Establishment of Commitment Line of Credit” dated April 8, 2010), and the LTV after the undertaking of the new loans will exceed the Standard Ratio. (Temporarily exceeding the Standard Ratio with the acquisition of an asset is permitted, and this case falls under that category). Based on this, MTR is reviewing its financial planning to reduce the LTV below the Standard Ratio. Accordingly, a results forecast after the acquisition of the Property will be announced after a financial planning review.

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Attachments

- Reference 1 Assumptions for NOI for the Property
- Reference 2 Portfolio after acquisition of the Property
- Reference 3 Photograph of the Property

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Assumptions for NOI for the Property

(Million yen)

Revenues	5,590
Expenses (excluding depreciation)	694
NOI (Net Operating Income)	4,895

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 (Note 3) (Million yen)	% of Total	
Central Tokyo	Office Buildings	A-2	Ginza MTR Building	2003.3.31	16,000	5.7%	
		A-3	Mita MT Building	2003.12.1	16,000	5.7%	
		A-6	Osaki MT Building	2005.3.31	7,870	2.8%	
				2005.10.28	5,656	2.0%	
				Total	13,526	4.8%	
		A-7	Akasaka-Mitsuke MT Building (Note 1)	2006.5.29	—	—	
	A-8	ON Building	2008.8.29	39,900	14.1%		
	A-9	Tokyo Shiodome Building (Note 2)	2010.4.13 (Planned)	110,000	38.9%		
	Subtotal					195,426	69.1%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	6.4%	
Subtotal					18,000	6.4%	
Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	1.1%		
Subtotal					3,200	1.1%	
Subtotal					216,626	76.6%	
Other	Office Buildings	A-4	Marubeni Osaka Headquarters Building	2002.9.30	12,500	4.4%	
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	2.4%	
	Subtotal					19,400	6.9%
	Retail Facilities	B-1	Ito-Yokado Shonandai	2003.3.28	11,600	4.1%	
		B-2	Frespo Inage	2002.3.28	4,200	1.5%	
		B-3	Ito-Yokado Shin-Urayasu	2004.7.30	12,150	4.3%	
	Subtotal					27,950	9.9%
Other (Hotels)	C-2	Hotel Okura Kobe	2006.9.20	19,000	6.7%		
Subtotal					19,000	6.7%	
Subtotal					66,350	23.4%	
Total					282,976	100.0%	

(Note 1) The building is to be transferred on April 13, 2010.

(Note 2) The building is to be acquired on April 13, 2010.

(Note 3) Acquisition prices are rounded down to the nearest million yen.

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Photograph of the Property



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