July 10, 2015

Press Release

Issuer of Real Estate Investment Trust Securities
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Sale of Asset (Osaka Marubeni Building)

Tokyo, July 10, 2015— Mori Trust Asset Management Co., Ltd. (hereinafter "the asset manager"), the asset management company which manages assets on behalf of Mori Trust Sogo Reit, Inc. (MTR), has announced the sale of an asset. Details are as follows:

1. **Sale Summary**

(1) Type of asset:	Real estate (Note)
(2) Property name:	Osaka Marubeni Building (hereinafter "the Property")
(3) Sales price:	11,000 million yen(excluding sale overheads and taxes)
(4) Book value:	12,483 million yen (at the end of March 2015)
(5) Loss:	Approximately 1,650 million yen (Because of unconfirmed elements, including expenses for the sale, the amounts above are approximate estimates.)
(6) Contract date:	July 10, 2015
(7) Planned closing date:	August 7, 2015
(8) Buyer:	Please refer to 4. Buyer Overview.
(9) Settlement method:	Single payment at the time of delivery

(Note) On making sales, the trust of the Property will be established on the same date as the planned closing date. The beneficiary right of the relevant trust will be transferred.

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2. **Reason for Sale**

MTR has decided to sell the Property in accordance with its investment criteria set forth in MTR's Articles of Incorporation. The following is the background to the decision.

Facing immediate challenges in addressing the vacation of the Property by a large tenant (whose lease contract will terminate at the end of September 2015), MTR decided to sell the Property based on the judgment that the sale of the Property, rather than continuing to own it, would be more beneficial for MTR. Although sale price would fall below the book value, selling the Property was deemed the best decision considering, on a comprehensive basis, the uncertainty over the ability to secure tenants, expenses that could arise in the future, the aspect of reestablishing the portfolio, and other factors.

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3. **Sale Details**

Asset overview

Location	Land	2-26 Azuchimachi, Chuo-ku, Osaka 2-3-1 Honmachi, Chuo-ku, Osaka
	Building	2-26 Azuchimachi, Chuo-ku, Osaka 2-3 Honmachi, Chuo-ku, Osaka
	Address	2-5-7 Honmachi, Chuo-ku, Osaka
Real estate use		Office building (Registered type of use: Office)
Ownership form	Land	Owned
	Building	Owned
Area	Land	5,878.72m^2
	Building	41,574.47 m^2
Construction		Steel frame and steel-reinforced concrete, 19 floors above ground and three underground floors (Registered structure)
Parking space		123 spaces
Completion date		March 1984 (Extension in February 1986)
Architect		Mitsubishi Estate Co., Ltd.
Construction company		Takenaka Corporation
Acquisition date		September 30, 2002
Acquisition price		12,500 million yen
Appraisal value of the real estate		Appraisal value: 6,880 million yen Appraisal date: June 30, 2015 Appraisal agency: Japan Real Estate Institute
Seismic risk (PML)		3.4% (according to the building seismic risk investigation report produced by Takenaka Corporation)
Collateral		None

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Details of tenants		
	Number of tenants	14
	Revenue in real estate rental	497 million yen (Note)
	Total rental area	21,155.85 m^2
	Total rentable area	22,755.52 m^2
	Occupancy rate	93.0% (as of June 30, 2015)

(Note) Actual revenue in the period ended March 31, 2015 (October 1, 2014 to March 31, 2015) is stated.

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4. Buyer Overview

The buyer is a business company in Japan, but because consent to disclose an overview of the company could not be obtained, no overview will be disclosed. In addition, apart from the fact that the buyer holds investment units of MTR, there is no significant capital, personal or business relationship between MTR, the asset manager, and the buyer. The buyer is not a related party.

5. Intermediary Overview

The intermediary is a business company in Japan, but because consent to disclose an overview of the company was unable to be obtained, no overview will be disclosed. In addition, there are no notable capital, human resource, or business relationships between MTR, the asset manager, and the intermediary. The intermediary is not a related party.

6. Operating Forecasts

Please refer to “Notice of Revisions to Performance Forecast for Fiscal Period Ending September 30, 2015,” the press release dated today, for the performance forecasts for the period ending September 30, 2015 (from April 1, 2015 to September 30, 2015) and the period ending March 31, 2016 (from October 1, 2015 to March 31, 2016).

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7. **Overview of Appraisal Report**

Appraisal agency	Japan Real Estate Institute
Appraisal value	6,880,000,000 yen
Appraisal date	June 30, 2015

Appraisal item			Appraisal value (Unit: thousand yen)	Grounds for appraisal
Revenue price			6,880,000	Appraised by DFC method and direct capitalization method
	Price calculated by the direct capitalization approach		6,920,000	
		Operating income	943,554	
		Potential gross rental income	1,018,105	Assumed based on the potential stable mid-to long-term income
		Losses due to vacancies, etc.	74,551	Assumed based on the expected mid-to long-term stable occupancy rate
		Operating expenses	462,933	
		Maintenance	153,297	Assumed by,referring to past actual performance and similar properties
		Property management fees	–	Assumed based on actual performance and the uniqueness of the property, and by including property management fees in maintenance
		Utilities costs	113,000	Assumed based on the performance in previous periods
		Repair costs	26,216	Assumed based on engineering reports and similar properties, etc.
		Advertisements for leasing, etc.	6,927	Assumed based on the estimated turnover period of tenants
		Taxes	160,337	Assumed based on the tax base amount for the 2015 tax year
		Insurance premiums	3,156	Taking into account the past performance and insurance premium rates, etc. of similar buildings
		Other expenses	—	Assumed based on the understanding that there are no specific expenses to be reported as other expenses
		Net operating income from leasing (NOI)	480,621	
		Profit through management of temporary deposits, etc.	15,137	Assumed based on the management yields that are considered to be appropriate by mainly taking into account the interest rate levels of both management and funding
		Capital expenditure reserve	149,590	Assumed based on engineering reports and similar properties, etc.
		Net cash flow	346,168	
		Capitalization rate	5.0%	Assumed based on conditions of the location, the building, future uncertainty, transaction yields of similar properties, etc.
	Price calculated by the discounted cash flow (DCF) approach		6,830,000	
		Discount rate	4.8%	Assumed based on the yield on investment of similar buildings, the characteristics of the Property, etc.
		Terminal capitalization rate	4.7%	Assumed based on the transaction examples of similar buildings, the future movement of the yield on investment, risks of the Property, forecasts of the economic growth rate, real estate price trends, etc.
Cost approach price			7,400,000	

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	Ratio of land	78.1%	
	Ratio of building	21.9%	

Attachment

Reference Portfolio as of August 7, 2015

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Reference

Portfolio as of August 7, 2015

Area	Usage	Property Code	Property Name	Acquisition Date	Acquisition Price (Million yen)	% of Total
Central Tokyo	Office Buildings	A-6	Osaki MT Building	2005.3.31 2005.10.28 2015.1.30	7,870 5,656 860	
				Total	14,386	4.4%
		A-8	ON Building	2008.8.29	39,900	12.2%
		A-9	Tokyo Shiodome Building	2010.4.13	110,000	33.5%
		A-11	Kioicho Building	2014.10.1	34,300	10.5%
	Subtotal				198,586	60.5%
	Retail Facilities	B-4	Shinbashi Ekimae MTR Building	2007.4.25	18,000	5.5%
		B-6	SHIBUYA FLAG	2013.4.24	32,040	9.8%
	Subtotal				50,040	15.2%
	Other (Residential property)	C-1	Park Lane Plaza	2004.12.24	3,200	1.0%
	Subtotal				3,200	1.0%
Medium meter					251,826	76.7%
Other	Office Buildings	A-4	Osaka Marubeni Building	2002.9.30	-	-
		A-5	Shin-Yokohama TECH Building	2003.11.14	6,900	2.1%
		A-10	Tenjin Prime	2012.7.12	6,940	2.1%
		A-12	Miousuji MTR Building	2015.4.30	10,170	3.1%
	Subtotal				24,010	7.3%
	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%
Medium meter					76,320	23.3%
Total					328,146	100.0%

(Note1) Acquisition prices are rounded down to the nearest million yen.
(Note2) If a property has more than one use, it is classified according to its main use.

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