



**Press Release**

Tokyo, May 27, 2004

MORI TRUST Sogo Reit, Inc.  
Masaki Murata  
Executive Director  
(TSE code 8961)

Contact: MORI TRUST Asset Management Co., Ltd.  
Hajime Tanaka  
Director  
Phone: +81-3-5511-2461

**MTR Announces Financial Results for its 4th Fiscal Period**

**Tokyo, May 27, 2004** – Mori Trust Sogo Reit, Inc. (MTR) has announced financial results for its 4th fiscal period (from October 1, 2003 to March 31, 2004). For the period, MTR recorded operating revenues of 3,675 million yen and income before income taxes of 2,439 million yen. Net income was 2,438 million yen. As a result, distribution per share was 15,243 yen (shares issued and outstanding: 160,000 shares).

At the end of the 4th period, total assets were 116,074 million yen while total shareholders' equity was 82,438 million yen. Net assets per share were 515,243 yen.

As of the end of the period, MTR had seven properties with a total book value of 110,607 million yen. All real estate owned by MTR has a 100% occupancy rate.

**Highlights of the period**

In November 2003, MTR acquired the Shin-Yokohama TECH Building, and in December 2003 it purchased the Mita MT Building. In both cases, at the time of acquisition the properties were leased at fair market rental levels and had a 100% occupancy rate.



#### Shin-Yokohama TECH Building

Location: Yokohama, Kanagawa Prefecture; Acquisition price: 6,900 million yen; Type of asset: Real estate; Ownership: (land) title, (building) title; Total rentable area: 18,368.73 sq. m

#### Mita MT Building

Location: Minato-ku, Tokyo; Acquisition price: 16,000 million yen; Type of asset: Real estate; Ownership: (land) title, (building) title; Total rentable area: 21,043.02 sq. m

#### Portfolio profile

As of the end of the 4th period, MTR owned seven properties with total rentable area of 294,362.40 sq. m, occupied by ten tenants. The occupancy rate for all properties at the end of the period was 100%.

#### Financing

Through the issuance of new shares in the prior period, MTR redeemed secured loans of 34,010 million yen on October 31, 2003, and acquired the Shin-Yokohama TECH Building and the Mita MT Building.

In addition, on March 26, 2004, MTR obtained new unsecured loans of 25,000 million yen and redeemed the total remaining balance of its secured loans.

As a result, total loans outstanding as of the end of the 4th period were 25,000 million yen (including 14,000 million yen in long-term loans). The loan to value ratio at the end of the 4th period was 21.5%.

#### Forecasts

Based on the assumptions and information available at the end of the 4th period, MTR's projection of operating results for the next period (5th period: April 1, 2004 - September 30, 2004) are as follows.

|                        |                   |
|------------------------|-------------------|
| Operating revenues     | 4,053 million yen |
| Ordinary income        | 2,489 million yen |
| Net income             | 2,488 million yen |
| Distribution per share | 15,553 yen        |



Disclaimer:

This report contains translations of selected information described in the Financial Release (Kessan-Tanshin) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the 4th fiscal period from October 1, 2003 to March 31, 2004 of Mori Trust Sogo Reit, Inc. (MTR) prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

This English language document was prepared solely for the convenience of and reference by investors and neither corresponds to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language Kessan-Tanshin and the Financial Statements and the Performance Information Report for the aforementioned should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation.

None of MTR, Mori Trust Asset Management Co., Ltd. (MTAM) or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by MTR, MTAM or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements are a translation of the audited financial statements of MTR, that were prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles and practices in other jurisdictions. In preparing the financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

Certain provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real estate market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

MTR does not intend and is under no obligation to update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, May 27, 2004, and MTR does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.



**MORI TRUST Sogo Reit, Inc.**  
**BALANCE SHEETS**

|   | End of 3rd Period<br>(as of September 30, 2003) | End of 4th Period<br>(as of March 31, 2004) |
|---|---|---|
|   | (thousands of yen)                              |   |
| <b>Assets</b>                                     |   |   |
| <b>Current Assets:</b>                            |   |   |
| Cash and cash equivalents                         | 60,280,166                                      | 5,153,366                                   |
| Rental and other receivables                      | 53,842  | 20,016                                      |
| Consumption tax refundable                        | -   | 221,695                                     |
| Other current assets                              | 26,487  | 27,942                                      |
| Total current assets                              | 60,360,495                                      | 5,423,019                                   |
| <b>Property and equipment, at cost:</b>           |   |   |
| Land  | 72,330,294                                      | 90,921,294                                  |
| Buildings and structures                          | 15,234,948                                      | 20,607,949                                  |
| Machinery and equipment                           | 3,360   | 32,959                                      |
| Less: accumulated depreciation                    | (509,042)                                       | (955,086)                                   |
| Net property and equipment                        | 87,059,560                                      | 110,607,116                                 |
| <b>Investments and other assets:</b>              |   |   |
| Deposits  | 10,000  | 10,000                                      |
| Organization costs                                | 41,066  | 34,222                                      |
| <b>Total Assets</b>                               | <b>147,471,121</b>                              | <b>116,074,357</b>                          |
| <b>Liabilities</b>                                |   |   |
| <b>Current Liabilities:</b>                       |   |   |
| Accounts payable and accrued expenses             | 792,399   | 178,430                                     |
| Short-term loans                                  | 59,010,000                                      | 11,000,000                                  |
| Accrued consumption taxes                         | 168,120   | -   |
| Rents received in advance                         | 523,302   | 669,502                                     |
| Other current liabilities                         | 49  | 3,769                                       |
| Total current liabilities                         | 60,493,870                                      | 11,851,701                                  |
| <b>Long-Term Liabilities:</b>                     |   |   |
| Long-term loans                                   | -   | 14,000,000                                  |
| Leasehold and security deposits                   | 6,127,168                                       | 7,783,693                                   |
| Total long-term liabilities                       | 6,127,168                                       | 21,783,693                                  |
| <b>Total Liabilities</b>                          | <b>66,621,038</b>                               | <b>33,635,394</b>                           |
| <b>Shareholders' Equity</b>                       |   |   |
| Shareholders' capital                             | 80,000,000                                      | 80,000,000                                  |
| Shares Authorized: 2,000,000 shares               |   |   |
| Shares Issued and Outstanding: 160,000 shares     |   |   |
| Retained earnings                                 | 850,083   | 2,438,963                                   |
| <b>Total Shareholders' Equity</b>                 | <b>80,850,083</b>                               | <b>82,438,963</b>                           |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>147,471,121</b>                              | <b>116,074,357</b>                          |



**MORI TRUST Sogo Reit, Inc.**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**

|   | 3rd Period<br>(April 1, 2003 to<br>September 30, 2003) | 4th Period<br>(October 1, 2003 to<br>March 31, 2004) |
|---|--|--|
|   | (thousands of yen)                                     |  |
| <b>Operating Revenues:</b>                          |  |  |
| Rental revenues                                     | 3,200,090  | 3,675,442  |
| <b>Operating Expenses:</b>                          |  |  |
| Property-related expenses                           | 584,772  | 659,483  |
| Asset management fees                               | 123,289  | 109,361  |
| Custodian and general administration fees           | 31,432   | 72,053   |
| Other operating expenses                            | 53,630   | 36,726   |
| Net loss on sale of property                        | 554,751  | -  |
| <b>Operating Income</b>                             | <b>1,852,216</b>                                       | <b>2,797,819</b>                                     |
| <b>Non-Operating Revenues:</b>                      |  |  |
| Interest income                                     | 34   | 526  |
| Other non-operating revenues                        | 1,494  | -  |
| <b>Non-Operating Expenses:</b>                      |  |  |
| Interest expense                                    | 256,466  | 129,357  |
| Amortization of organization costs                  | 6,844  | 6,844  |
| Issuance costs of new shares                        | 11,000   | -  |
| Initial public offering related costs               | -  | 222,538  |
| Other non-operating expenses                        | -  | 41   |
| <b>Income before Income Taxes</b>                   | <b>1,579,434</b>                                       | <b>2,439,565</b>                                     |
| <b>Income Taxes:</b>                                |  |  |
| Current   | 707,672  | 605  |
| Deferred  | 21,718   | -  |
| <b>Net Income</b>                                   | <b>850,044</b>   | <b>2,438,960</b>                                     |
| <b>Retained Earnings at the beginning of Period</b> | <b>39</b>  | <b>3</b>   |
| <b>Retained Earnings at the end of Period</b>       | <b>850,083</b>   | <b>2,438,963</b>                                     |



**MORI TRUST Sogo Reit, Inc.**  
**STATEMENTS OF CASH FLOWS (Unaudited)**

|   | 3rd Period<br>(April 1, 2003 to<br>September 30, 2003) | 4th Period<br>(October 1, 2003 to<br>March 31, 2004) |
|---|--|--|
|   | (thousands of yen)                                     |  |
| <b>Cash Flows from Operating Activities:</b>                |  |  |
| Income before income taxes                                  | 1,579,434  | 2,439,565  |
| Depreciation and amortization                               | 373,652  | 446,043  |
| Amortization of organization costs                          | 6,844  | 6,844  |
| Interest income   | (34)   | (526)  |
| Interest expense  | 256,466  | 129,357  |
| Net loss on sale of property                                | 554,751  | -  |
| Rental and other receivables                                | (53,842)   | 33,931   |
| Consumption tax refundable                                  | 578,249  | (221,695)  |
| Prepaid expenses and other assets                           | (11,744)   | (1,455)  |
| Accounts payable and accrued expenses                       | (5,014)  | 82,251   |
| Accrued consumption taxes                                   | 168,120  | (168,120)  |
| Rents received in advance                                   | (12,084)   | 146,200  |
| Other liabilities   | (16,186)   | 3,719  |
| Subtotal  | 3,418,612  | 2,896,114  |
| Interest received   | 34   | 526  |
| Interest paid   | (257,950)  | (128,033)  |
| Income taxes paid   | (238,308)  | (707,770)  |
| Net cash provided by operating activities                   | 2,922,388  | 2,060,837  |
| <b>Cash Flows from Investing Activities:</b>                |  |  |
| Purchases of property and equipment                         | (540,209)  | (23,984,083)   |
| Proceeds from sale of property and equipment                | 2,788,200  | -  |
| Proceeds from leasehold and security deposits               | 380,000  | 1,656,526  |
| Repayment of leasehold and security deposits                | (89,780)   | -  |
| Net cash provided by (used in) investing activities         | 2,538,211  | (22,327,557)   |
| <b>Cash Flows from Financing Activities:</b>                |  |  |
| Net decrease in short-term loans                            | (2,310,000)  | (48,010,000)   |
| Proceeds from long-term loans                               | -  | 14,000,000   |
| Proceeds from issuance of new shares                        | 53,300,000   | -  |
| Distributions paid to shareholders                          | (304,327)  | (850,080)  |
| Net cash provided by (used in) financing activities         | 50,685,673   | (34,860,080)   |
| <b>Net Change in Cash and Cash Equivalents</b>              | <b>56,146,272</b>                                      | <b>(55,126,800)</b>                                  |
| <b>Cash and Cash Equivalents at the beginning of Period</b> | <b>4,133,894</b>                                       | <b>60,280,166</b>                                    |
| <b>Cash and Cash Equivalents at the end of Period</b>       | <b>60,280,166</b>                                      | <b>5,153,366</b>                                     |

## Portfolio Overview

(as of March 31, 2004)

| Property Name                           | Location           | Appraisal Value<br>(millions of yen) | Rent Area<br>(sq. m) | Rentable Area<br>(sq. m) | Occupancy Rate | Number of Tenants | Rental Revenues in 4th Fiscal Period<br>(thousands of yen) | % of Total    |
|---|--------------------|--------------------------------------|----------------------|--------------------------|----------------|-------------------|--|---------------|
| Hitachi Headquarters Building           | Chiyoda-ku, Tokyo  | 40,238                               | 57,254.61            | 57,254.61                | 100.0%         | 1                 | 1,316,065  | 35.8%         |
| Nissan Motors New Headquarters Building | Chuo-ku, Tokyo     | 15,930                               | 23,614.49            | 23,614.49                | 100.0%         | 1                 | 450,472  | 12.3%         |
| Mita MT Building                        | Minato-ku, Tokyo   | 16,000                               | 21,043.02            | 21,043.02                | 100.0%         | 1                 | 332,813  | 9.1%          |
| Marubeni Osaka Headquarters Building    | Osaka, Osaka       | 12,600                               | 41,574.47            | 41,574.47                | 100.0%         | 1                 | 600,177  | 16.3%         |
| Shin-Yokohama TECH Building             | Yokohama, Kanagawa | 6,980                                | 18,368.73            | 18,368.73                | 100.0%         | 4                 | 340,908  | 9.3%          |
| Ito-Yokado Shonandai                    | Fujisawa, Kanagawa | 11,400                               | 53,393.66            | 53,393.66                | 100.0%         | 1                 | 395,004  | 10.7%         |
| Cresse Inage                            | Chiba, Chiba       | 5,000                                | 79,113.42            | 79,113.42                | 100.0%         | 1                 | 240,000  | 6.5%          |
| <b>Total</b>                            |                    | <b>108,148</b>                       | <b>294,362.40</b>    | <b>294,362.40</b>        | <b>100.0%</b>  | <b>10</b>         | <b>3,675,441</b>   | <b>100.0%</b> |