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MTR Announces Financial Results for its 18th Fiscal Period

Tokyo, May 13, 2011 – MORI TRUST Sogo Reit, Inc. (MTR) has announced financial results for its 18th fiscal period (from October 1, 2010 to March 31, 2011). For the period, MTR recorded operating revenues of 8,886 million yen and income before income taxes of 4,958 million yen. Net income was 4,957 million yen. As a result, distribution per share was 20,486 yen (shares issued and outstanding: 242,000 shares).

At the end of the 18th period, total assets were 288,535 million yen while total net assets were 141,567 million yen. Net assets per share were 584,988 yen.

Portfolio profile

As of the end of the 18th period, MTR had 13 properties with a total book value of 281,340 million yen and total rentable area of 502,850.23m². The occupancy rate on a total rentable area basis for the entire portfolio was 98.9% as of March 31, 2011.

Financing

Total loans outstanding as of the end of the 18th period were 132,400 million yen, of which long-term loans totaled 104,900 million yen (including long-term loans scheduled for repayment within one year) and investment corporation Bonds totaled 5,000 million yen .

*See disclaimer at the end of the document.



Forecasts (Note 1)

Based on the assumptions and information available at the end of the 18th period, MTR's projections of operating results for the 19th and 20th periods (19th period: April 1, 2011 – September 30, 2011; 20th period: October 1, 2011 to March 31, 2012) are as follows:

	19th Fiscal period	20th Fiscal period
Operating revenues	8,809 million yen	8,841 million yen
Income before income taxes	4,514 million yen	4,623 million yen
Net income	4,513 million yen	4,622 million yen
Distribution per share	18,650 yen	19,100 yen

Note 1: Actual operating revenues, income before income taxes, net income, and distribution per share may differ materially from forecasts due to changes in the operating environment. Accordingly, MTR does not guarantee the accuracy of forecast amounts.

*See disclaimer at the end of the document.



FINANCIAL STATEMENTS
BALANCE SHEETS

As of March 31, 2011 and September 30, 2010

	March 31, 2011	September 30, 2010
	Thousands of yen	
Assets		
Current Assets:		
Cash and cash equivalents	¥7,040,207	¥11,347,506
Rental and other receivables	84,250	101,611
Consumption taxes refundable	-	817,107
Other current assets	33,591	68,335
Total current assets	<u>7,158,048</u>	<u>12,334,559</u>
Property and Equipment, at Cost:		
Buildings and structures including trust accounts	64,851,515	64,444,370
Machinery and equipment including trust accounts	130,835	130,835
Tools, furniture and fixtures including trust accounts	116,065	113,793
Land including trust accounts	227,086,220	226,827,507
Less: accumulated depreciation	<u>(10,843,813)</u>	<u>(9,496,131)</u>
Net property and equipment	281,340,822	282,020,374
Investments and Other Assets:		
Deposits	10,000	10,000
Long-term prepaid expenses	-	9,527
Deferred investment corporation bond issuance costs	22,840	-
Other	3,392	240
Total investments and other assets	<u>36,232</u>	<u>19,767</u>
Total Assets	¥288,535,102	¥294,374,700
Liabilities		
Current Liabilities:		
Accounts payable	¥304,302	¥211,597
Short-term loans	22,500,000	27,000,000
Long-term loans due within one year	18,400,000	20,900,000
Distributions payable	15,539	11,004
Consumption taxes payable	371,085	-
Rents received in advance	1,406,130	1,430,110
Accrued expenses and other current liabilities	<u>455,280</u>	<u>540,756</u>
Total current liabilities	43,452,336	50,093,467
Long-Term Liabilities:		
Investment corporation bonds	5,000,000	-
Long-term loans	86,500,000	90,200,000
Leasehold and security deposits including trust accounts	<u>12,015,542</u>	<u>12,612,453</u>
Total long-term liabilities	103,515,542	102,812,453
Total Liabilities	146,967,878	152,905,920
Net Assets:		
Shareholders' equity:		
Shares authorized: 2,000,000 shares		
Shares issued and outstanding: 242,000 shares	136,609,600	136,609,600
Retained earnings	4,957,624	4,859,180
Total Net Assets	141,567,224	141,468,780
Total Liabilities and Net Assets	¥288,535,102	¥294,374,700

The accompanying notes form an integral part of these financial statements.

*See disclaimer at the end of the document.



STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six-month periods ended March 31, 2011 and September 30, 2010

	October 1, 2010 to March 31, 2011	April 1, 2010 to September 30, 2010
Thousands of yen		
Operating Revenues:		
Rental revenues	¥8,886,298	¥8,842,291
Gain on sale of investment property	-	185,030
Operating Expenses:		
Property-related expenses	2,515,225	2,563,786
Asset management fees	284,063	252,001
Custodian and administrative service fees	55,087	68,490
Other operating expenses	55,790	86,347
Operating Income	5,976,133	6,056,697
Non-Operating Revenues:		
Interest income	1,771	2,993
Interest on tax refund	3,931	-
Receipt insurance	1,879	-
Other non-operating revenues	867	1,232
Non-Operating Expenses:		
Interest expense	1,007,217	1,095,723
Interest expense on investment corporation bonds	3,866	-
Amortization of investment corporation bond issuance costs	732	-
Investment share issuance expenses	-	105,086
Extraordinary loss		
Loss on disaster	14,240	-
Income before Income Taxes	4,958,526	4,860,113
Income Taxes:		
Current	962	996
Deferred	2	(0)
Net Income	4,957,562	4,859,117
Retained Earnings at the Beginning of Period	62	64
Retained Earnings at the End of Period	¥4,957,624	¥4,859,181

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the six-month periods ended March 31, 2011 and September 30, 2010

	Thousands of yen			
	Shares	Common shares	Retained earnings	Total net assets
Balance as of March 31, 2010	182,000	¥97,600,000	¥3,641,156	¥101,241,156
Additional issuance of new investment shares through public offering on May 31, 2010.	60,000	39,009,600	-	39,009,600
Cash dividends paid	-		(3,641,093)	(3,641,093)
Net income	-		4,859,117	4,859,117
Balance as of September 30, 2010	242,000	136,609,600	4,859,180	141,468,780
Cash dividends paid	-		(4,859,118)	(4,859,118)
Net income	-		4,957,562	4,957,562
Balance as of March 31, 2011	242,000	¥136,609,600	4,957,624	¥141,567,224

The accompanying notes form an integral part of these financial statements.

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STATEMENTS OF CASH FLOWS

For the six-month periods ended March 31, 2011 and September 30, 2010

	October 1, 2010 to March 31, 2011	April 1, 2010 to September 30, 2010
	Thousands of yen	
Cash Flows from Operating Activities:		
Income before income taxes	¥4,958,526	¥4,860,113
Depreciation and amortization	1,347,681	1,347,239
Amortization of investment corporation bond issuance costs	732	-
Investment share issuance expenses	-	105,086
Interest income	(1,771)	(2,993)
Interest expense	1,011,083	1,095,723
Loss on disaster	14,240	-
Changes in assets and liabilities:		
Rental and other receivables	17,361	(37,150)
Accounts payable and accrued expenses	(14,556)	(3,126)
Consumption taxes refundable	817,819	(817,107)
Consumption taxes payable	371,085	(12,950)
Rents received in advance	(23,980)	358,551
Decrease due to sale of investment property	-	26,700,609
Other	(36,106)	64,299
Subtotal	8,462,114	33,658,294
Interest received	1,793	2,956
Interest paid	(1,016,386)	(846,461)
Income taxes paid	(782)	(735)
Net cash provided by operating activities	7,446,739	32,814,054
Cash Flows from Investing Activities:		
Payments of time deposits	-	(500,000)
Proceeds from withdrawal of time deposits	500,000	-
Purchases of property and equipment including trust accounts	(575,820)	(111,219,132)
Repayment of leasehold and security deposits	(638,918)	(1,521,276)
Proceeds from leasehold and security deposits including trust accounts	42,007	232,140
Other	(3,153)	-
Net cash used in investing activities	(675,884)	(113,008,268)
Cash Flows from Financing Activities:		
Net (decrease) increase in short-term loans	(4,500,000)	5,500,000
Proceeds from long-term loans	5,500,000	44,000,000
Repayment of long-term loans	(11,700,000)	(4,200,000)
Proceeds from issuance of investment corporation bonds	5,000,000	-
Payments of investment corporation bond issuance costs	(23,571)	-
Proceeds from issuance of shares	-	38,904,514
Distributions paid to shareholders	(4,854,583)	(3,640,342)
Net cash (used in) provided by financing activities	(10,578,154)	80,564,172
Net Change in Cash and Cash Equivalents	(3,807,299)	369,958
Cash and Cash Equivalents at the Beginning of Period	10,847,506	10,477,548
Cash and Cash Equivalents at the End of Period	¥7,040,207	¥10,847,506

The accompanying notes form an integral part of these financial statements.

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Portfolio Overview

(As of March 31, 2011)

Property Name	Location	Appraisal Value (Millions of yen)	Rent Area (m ²)	Rentable Area (m ²)	Occupancy Rate	Number of Tenants	Rental Revenues in 18h Fiscal Period (Thousands of yen)	Percent of Total
Ginza MTR Building	Chuo-ku, Tokyo	15,900	11,676.01	13,637.38	85.6%	4	- (Note 1)	- (Note 1)
Mita MT Building	Minato-ku, Tokyo	20,600	15,419.88	15,419.88	100.0%	3	832,803	9.4%
Marubeni Osaka Headquarters Building	Osaka, Osaka	11,700	41,574.47	41,574.47	100.0%	1	600,177	6.8%
Shin-Yokohama TECH Building	Yokohama, Kanagawa	4,700	15,254.40	18,359.46	83.1%	6	373,955	4.2%
Osaki MT Building	Shinagawa-ku, Tokyo	14,600	22,634.06 (Note 2)	22,634.06 (Note 2)	100.0% (Note 3)	1 (Note 3)	506,650	5.7%
ON Building	Shinagawa-ku, Tokyo	31,000	20,654.60	20,654.60	100.0%	1	- (Note 1)	- (Note 1)
Tokyo Shiodome building	Minato-ku, Tokyo	111,500	95,697.03 (Note 4)	95,697.03 (Note 4)	100.0%	1	2,795,000	31.5%
Ito-Yokado Shonandai	Fujisawa, Kanagawa	12,500	53,393.66	53,393.66	100.0%	1	395,050	4.4%
Frespo Inage	Chiba, Chiba	4,960	79,113.42	79,113.42	100.0%	1	236,076	2.7%
Ito-Yokado Shin-Urayasu	Urayasu, Chiba	11,400 (Note 5)	57,621.38	57,621.38	100.0%	1	378,165	4.3%
Shinbashi Ekimae MTR Building	Minato-ku, Tokyo	17,900	8,055.00	8,055.00	100.0%	1	459,000	5.2%
Park Lane Plaza	Shibuya-ku, Tokyo	3,020	3,850.95	4,443.03	86.7%	15 (Note 6)	105,545	1.2%
Hotel Okura Kobe	Kobe, Hyogo	16,600	72,246.86	72,246.86	100.0%	1	647,427	7.3%
Total		276,380	497,191.72	502,850.23	98.9%	37	8,886,297	100.0%

Notes 1: For reasons outside the control of the Company, real estate rental revenues for the Ginza MTR Building and the ON Building are not disclosed.

Notes 2: Both the total rent and total rentable areas of the Osaki MT Building as of March 31, 2011 are 26,980.68 m². The rent area and rentable area identified in the above table represent MTR's co-ownership portion calculated at a ratio of 838,899/1,000,000.

Notes 3: A master leasing agreement where rent income is linked to rents under sublease agreements has been concluded for Osaki MT Bldg. The occupancy rate under sublease agreements is 85.3%, and the number of tenants is seven.

Notes 4: Both the total rent and total rentable areas of the Tokyo Shiodome Building as of March 31, 2011 are 191,394.06 m². The rent area and rentable area identified in the above table represent MTR's co-ownership portion calculated at a ratio of 50/100.

Notes 5: In calculating the value of Ito-Yokado Shin-Urayasu at the end of the term, individual factors are assessed on the condition that the effect of the Great East Japan Earthquake is not taken into consideration.

Notes 6: If a tenant has concluded lease agreements for more than one apartment in Park Lane Plaza, the number of apartments is deemed to be the number of tenants.

*See disclaimer at the end of the document.



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 18th fiscal period from October 1, 2010 to March 31, 2011, 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 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.

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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 13, 2011, and MTR does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.

*See disclaimer at the end of the document.