



## Press Release

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## **MTR Announces Financial Results for its 16th Fiscal Period**

**Tokyo, May 13, 2010** – MORI TRUST Sogo Reit, Inc. (MTR) has announced financial results for its 16th fiscal period (from October 1, 2009 to March 31, 2010). For the period, MTR recorded operating revenues of 6,736 million yen and income before income taxes of 3,642 million yen. Net income totaled 3,641 million yen. As a result, distribution per share was 20,006 yen (shares issued and outstanding: 182,000 shares).

At the end of the 16th period, total assets amounted to 209,634 million yen while total net assets were 101,241 million yen. Net assets per share were 556,270 yen.

### **Portfolio profile**

As of the end of the 16th period, MTR had 13 properties with a total book value of 199,032 million yen and total rentable area of 420,201.27 m<sup>2</sup>. The occupancy rate on a total rentable area basis for the entire portfolio was 98.3% as of March 31, 2010.

### **Financing**

Total loans outstanding as of the end of the 16th period were 92,800 million yen, of which long-term loans totaled 71,300 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 16th period, MTR's projections of operating results for the 17th and 18th periods (17th period: April 1, 2010 to September 30, 2010; 18th period: October 1, 2010 to March 31, 2011) are as follows:

	17th Fiscal period	18th Fiscal period
Operating revenues	9,002 million yen	8,940 million yen
Income before income taxes	4,744 million yen	4,865 million yen
Net income	4,743 million yen	4,864 million yen
Distribution per share	19,600 yen	20,100 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 environments. Accordingly, MTR does not guarantee the accuracy of forecast amounts.



**FINANCIAL STATEMENTS**  
**BALANCE SHEETS**

As of March 31, 2010 and September 30, 2009

	March 31, 2010	September 30, 2009	March 31, 2010
	Thousands of yen		U.S. dollars (Note 1)
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	¥10,477,548	¥10,201,157	\$112,155,301
Rental and other receivables	64,461	69,461	690,015
Other current assets	31,209	49,253	334,072
Total current assets	10,573,218	10,319,871	113,179,388
<b>Property and Equipment, at Cost:</b>			
Buildings and structures including trust accounts	43,454,604	42,235,579	465,153,120
Machinery and equipment including trust accounts	138,643	138,643	1,484,080
Tools, furniture and fixtures including trust accounts	115,882	50,444	1,240,439
Land including trust accounts	164,019,716	164,019,716	1,755,723,782
Less: accumulated depreciation	(8,696,562)	(7,890,240)	(93,091,008)
Net property and equipment	199,032,283	198,554,142	2,130,510,413
<b>Investments and Other Assets:</b>			
Deposits	10,000	10,000	107,043
Long-term prepaid expenses	18,359	-	196,521
Other	276	276	2,954
Total investments and other assets	28,635	10,276	306,518
<b>Total Assets</b>	<b>¥209,634,136</b>	<b>¥208,884,289</b>	<b>\$2,243,996,319</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	¥397,916	¥104,107	\$4,259,435
Short-term loans	21,500,000	24,500,000	230,143,438
Long-term loans due within one year	15,900,000	19,750,000	170,199,101
Distributions payable	10,253	9,660	109,756
Consumption taxes payable	12,950	115,648	138,624
Rents received in advance	1,071,558	1,103,511	11,470,333
Accrued expenses and other current liabilities	252,465	200,184	2,702,460
Total current liabilities	39,145,142	45,783,110	419,023,147
<b>Long-Term Liabilities:</b>			
Long-term loans	55,400,000	46,675,000	593,020,766
Leasehold and security deposits including trust accounts	13,847,838	14,699,806	148,232,051
Total long-term liabilities	69,247,838	61,374,806	741,252,817
<b>Total Liabilities</b>	<b>108,392,980</b>	<b>107,157,916</b>	<b>1,160,275,964</b>
<b>Net Assets:</b>			
Shareholders' equity:			
Shares authorized: 2,000,000 shares			
Shares issued and outstanding: 182,000 shares	97,600,000	97,600,000	1,044,744,166
Retained earnings	3,641,156	4,126,373	38,976,189
<b>Total Net Assets</b>	<b>101,241,156</b>	<b>101,726,373</b>	<b>1,083,720,355</b>
<b>Total Liabilities and Net Assets</b>	<b>¥209,634,136</b>	<b>¥208,884,289</b>	<b>\$2,243,996,319</b>

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

Note 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥93.42 = U.S.\$1.00, the foreign exchange rate prevailing on March 31, 2010, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that or any other rate.



## STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six-month periods ended March 31, 2010 and September 30, 2009

	October 1, 2009 to March 31, 2010	April 1, 2009 to September 30, 2009	October 1, 2009 to March 31, 2010
	Thousands of yen		U.S. dollars (Note 1)
<b>Operating Revenues:</b>			
Rental revenues	¥6,736,116	¥7,105,333	\$72,105,713
<b>Operating Expenses:</b>			
Property-related expenses	2,117,877	2,006,239	22,670,482
Asset management fees	204,357	219,672	2,187,507
Custodian and administrative service fees	52,946	59,516	566,755
Other operating expenses	56,778	77,209	607,777
<b>Operating Income</b>	<b>4,304,158</b>	<b>4,742,697</b>	<b>46,073,192</b>
<b>Non-Operating Revenues:</b>			
Interest income	3,819	4,436	40,876
Other non-operating revenues	1,913	893	20,486
<b>Non-Operating Expenses:</b>			
Interest expense	667,810	620,795	7,148,467
<b>Extraordinary income:</b>			
Compensation for transfer of head office	-	-	-
<b>Income before Income Taxes</b>	<b>3,642,080</b>	<b>4,127,231</b>	<b>38,986,087</b>
<b>Income Taxes:</b>			
Current	995	965	10,646
Deferred	(2)	4	(16)
<b>Net Income</b>	<b>3,641,087</b>	<b>4,126,262</b>	<b>38,975,457</b>
<b>Retained Earnings at the Beginning of Period</b>	<b>69</b>	<b>111</b>	<b>731</b>
<b>Retained Earnings at the End of Period</b>	<b>¥3,641,156</b>	<b>¥4,126,373</b>	<b>\$38,976,188</b>

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, 2010 and September 30, 2009

	Thousands of yen			U.S. dollars (Note 1)	
	Shares	Common shares	Retained earnings	Total net assets	Total net assets
<b>Balance as of March 31, 2009</b>	182,000	¥97,600,000	¥4,179,194	¥101,779,194	
Cash dividends paid	-		(4,179,084)	(4,179,084)	
Net income	-		4,126,262	4,126,262	
<b>Balance as of September 30, 2009</b>	182,000	97,600,000	4,126,372	101,726,372	\$1,088,914,283
Cash dividends paid	-		(4,126,303)	(4,126,303)	(44,169,385)
Net income	-		3,641,087	3,641,087	38,975,457
<b>Balance as of March 31, 2010</b>	182,000	¥97,600,000	¥3,641,156	¥101,241,156	\$1,083,720,355

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



## STATEMENTS OF CASH FLOWS

For the six-month periods ended March 31, 2010 and September 30, 2009

	October 1, 2009 to March 31, 2010	April 1, 2009 to September 30, 2009	October 1, 2009 to March 31, 2010
	Thousands of yen		U.S. dollars (Note 1)
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥3,642,080	¥4,127,231	\$38,986,087
Depreciation and amortization	806,321	863,840	8,631,149
Interest income	(3,819)	(4,436)	(40,876)
Interest expense	667,810	620,796	7,148,467
Changes in assets and liabilities:			
Rental and other receivables	5,000	(4,320)	53,517
Accounts payable and accrued expenses	75,787	(52,630)	811,246
Consumption taxes payable	(102,698)	(150,912)	(1,099,310)
Rents received in advance	(31,952)	20,096	(342,027)
Other	(16,245)	(30,418)	(173,898)
Subtotal	5,042,284	5,389,247	53,974,355
Interest received	4,280	4,757	45,812
Interest paid	(654,338)	(621,174)	(7,004,265)
Income taxes paid	(867)	(359)	(9,279)
Net cash provided by operating activities	4,391,359	4,772,471	47,006,623
<b>Cash Flows from Investing Activities:</b>			
Purchases of property and equipment including trust accounts	(1,066,040)	(152,745)	(11,411,259)
Repayment of leasehold and security deposits	(1,230,004)	(17,742)	(13,166,385)
Proceeds from leasehold and security deposits including trust accounts	431,787	302,411	4,621,998
Net cash provided by (used in) investing activities	(1,864,257)	131,924	(19,955,646)
<b>Cash Flows from Financing Activities:</b>			
Net increase in short-term loans	(3,000,000)	(5,000,000)	(32,113,038)
Proceeds from long-term loans	20,500,000	12,000,000	219,439,093
Payment of long-term loans	(15,625,000)	(7,075,000)	(167,255,406)
Distributions paid to shareholders	(4,125,711)	(4,178,216)	(44,163,039)
Net cash used in financing activities	(2,250,711)	(4,253,216)	(24,092,390)
<b>Net Change in Cash and Cash Equivalents</b>	276,391	651,179	2,958,587
<b>Cash and Cash Equivalents at the Beginning of Period</b>	10,201,157	9,549,978	109,196,714
<b>Cash and Cash Equivalents at the End of Period</b>	¥10,477,548	¥10,201,157	\$112,155,301

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

## Portfolio Overview

(As of March 31, 2010)

Property Name	Location	Appraisal Value (Millions of yen)	Rent Area (m <sup>2</sup> )	Rentable Area (m <sup>2</sup> )	Occupancy Rate	Number of Tenants	Rental Revenues in 16th Fiscal Period (Thousands of yen)	Percent of Total
Ginza MTR Building	Chuo-ku, Tokyo	16,000	8,628.35	13,491.25	64.0%	2	- (Note 1)	- (Note 1)
Mita MT Building	Minato-ku, Tokyo	21,000	15,419.88	15,419.88	100.0%	3	898,941	13.3%
Marubeni Osaka Headquarters Building	Osaka, Osaka	13,000	41,574.47	41,574.47	100.0%	1	600,177	8.9%
Shin-Yokohama TECH Building	Yokohama, Kanagawa	5,310	16,645.89	18,359.46	90.7%	3	465,994	6.9%
Osaki MT Building	Shinagawa-ku, Tokyo	16,300	22,634.06 (Note 2)	22,634.06 (Note 2)	100.0%	1	526,818	7.8%
Akasaka-mitsuke MT Building	Minato-ku, Tokyo	23,300	13,194.20	13,194.20	100.0%	1	746,141	11.1%
ON Building	Shinagawa-ku, Tokyo	32,400	20,654.60	20,654.60	100.0%	1	- (Note 1)	- (Note 1)
Ito-Yokado Shonandai	Fujisawa, Kanagawa	12,500	53,393.66	53,393.66	100.0%	1	395,045	5.9%
Frespo Inage	Chiba, Chiba	4,990	79,113.42	79,113.42	100.0%	1	236,406	3.5%
Ito-Yokado Shin-Urayasu	Urayasu, Chiba	11,600	57,621.38	57,621.38	100.0%	1	378,165	5.6%
Shinbashi Ekimae MTR Building	Minato-ku, Tokyo	18,000	8,055.00	8,055.00	100.0%	1	459,000	6.8%
Park Lane Plaza	Shibuya-ku, Tokyo	3,150	3,716.72	4,443.03	83.7%	14	107,838	1.6%
Hotel Okura Kobe	Kobe, Hyogo	16,600	72,246.86	72,246.86	100.0%	1	645,817	9.6%
Total		194,150	412,898.49	420,201.27	98.3%	31	6,736,115	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, 2010 are 26,980.68 m<sup>2</sup>. 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.



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 16th fiscal period from October 1, 2009 to March 31, 2010, 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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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 13, 2010, and MTR does not undertake to update those forward-looking statements to reflect events or circumstances occurring after the date of this release.