



# MORI

## TRUST REIT


6<sup>th</sup> Fiscal Period (October 1, 2004-March 31, 2005)

Information Package



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# Summary of the 6<sup>th</sup> Fiscal Period

## Highlights

- **Distribution per share: ¥17,493**
- **Acquisition of two properties**
  - ✓ **Park Lane Plaza: A luxury apartment complex located in the heart of Tokyo**
  - ✓ **Osaki MT Bldg.: A prime office building located in the Tokyo Metropolitan area**

# Financial Highlights of the 6<sup>th</sup> Fiscal Period

## Distributions Exceed Expectations

- Fifth consecutive fiscal period of increased revenue and profit since establishment
- Distribution per share: **¥17,493** (previous forecast: ¥17,000), an increase of **¥990** from the previous fiscal period
- Forecast distribution per share for the 7th fiscal period: **¥18,000**

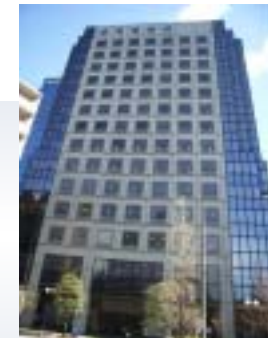
## Acquisition of Park Lane Plaza

- Acquisition date: December 24, 2004    Acquisition price : ¥3,200 million
- MTR's first investment in housing
- A luxury apartment complex located in the prestigious Aoyama/Harajuku area



## Acquisition of Osaki MT Bldg.

- Acquisition date: March 31, 2005    Acquisition price : ¥7,870 million
- Sale-and-leaseback method with Mori Trust Co., Ltd. as the master lessee. (Master lease contract for a fixed term of five years)
- Located in the "Osaki Business Garden," an area with a high concentration of office buildings, the entire building is utilized as the headquarters of Sumitomo Heavy Industries, Ltd.



# Summary of the 6<sup>th</sup> Fiscal Period

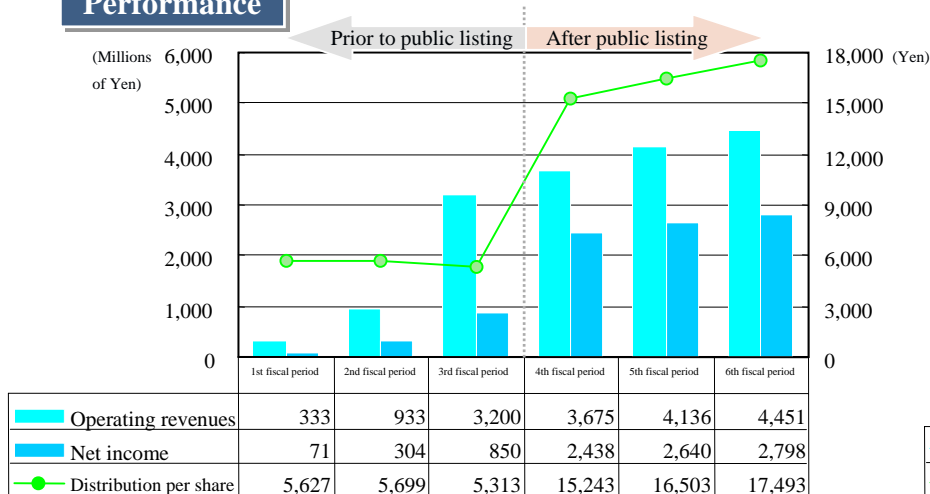
## Financial Highlights

- Operating revenues: ¥4,451 million    Net income: ¥2,798 million    Distribution per share: ¥17,493

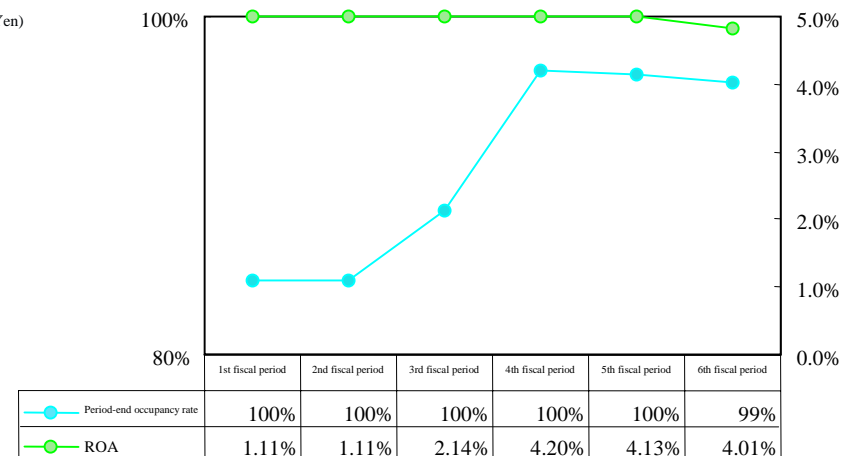
(Millions of Yen)

	5th Fiscal Period	6th Fiscal Period (Forecast)	6th Fiscal Period (Actual)	Change (Compared with the 5th Fiscal Period)
Operating revenues	4,136	4,408	<b>4,451</b>	7.6%
Operating income	2,754	2,867	<b>2,940</b>	6.7%
Ordinary income	2,641	2,721	<b>2,799</b>	6.0%
NOI	3,526	3,729	<b>3,807</b>	8.0%
Net income	2,640	2,720	<b>2,798</b>	6.0%
Distribution per share (Yen)	16,503	17,000	<b>17,493</b>	6.0%

## Performance



## Occupancy Rate, ROA\*



\* ROA= Ordinary income / Period-end total assets (annualized)

# Statements of Income and Retained Earnings

## Statements of Income and Retained Earnings

(Thousands of Yen)

	5th Period	6th Period
	(Apr.1, 2004 to Sep.30, 2004)	(Oct.1, 2004 to Mar.31, 2005)
<b>Operating Revenues:</b>		
Rental revenues	4,136,471	4,451,668
<b>Operating Expenses:</b>		
Property-related expenses	1,133,335	1,222,905
Asset management fees	125,541	138,202
Custodian and general administration fees	68,023	66,358
Other operating expenses	54,635	84,158
<b>Operating Income</b>	2,754,937	2,940,045
<b>Non-Operating Revenues:</b>		
Interest income	24	25
Other non-operating revenues	1,830	2
<b>Non-Operating Expenses:</b>		
Interest expense	108,576	133,316
Amortization of organization costs	6,844	6,844
<b>Income before Income Taxes</b>	2,641,371	2,799,912
<b>Income Taxes:</b>		
Current	974	1,013
Deferred	(18)	(2)
<b>Net Income</b>	2,640,415	2,798,901
<b>Retained Earnings at the Beginning of Period</b>	84	19
<b>Retained Earnings at the End of Period</b>	2,640,499	2,798,920

### Factors Contributing to the Increase in Revenue and Profit

In the 6th fiscal period, MTR reported an increase in revenue and profit. Principal contributing factors were as follows:

- Full-period contribution from Ito-Yokado Shin-Urayasu, acquired in the previous fiscal period
- Contribution from Park Lane Plaza acquired during the fiscal period (Acquisition date: December 24, 2004, acquisition price: ¥3,200 million)

# Balance Sheets

## Balance Sheets

(Thousands of Yen)

	End of 5 <sup>th</sup> Period (as of Sep.30, 2004)	End of 6 <sup>th</sup> Period (as of Mar.31, 2005)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	5,125,180	5,917,624
Rental and other receivables	40,937	32,564
Consumption tax refundable	917	-
Other current assets	39,624	35,054
Total current assets	5,206,658	5,985,242
<b>Property and Equipment, at Cost:</b>		
Land	100,233,115	108,030,503
Buildings and structures	23,925,355	27,493,768
Machinery and equipment	35,815	43,553
Tools, furniture and fixtures	-	757
Less: accumulated depreciation	(1,478,798)	(2,057,707)
Net property and equipment	122,715,487	133,510,874
<b>Investments and Other Assets:</b>		
Deposits	10,000	10,000
Organization costs	27,378	20,533
Other	-	240
Total investments and other assets	37,378	30,773
<b>Total Assets</b>	<b>127,959,523</b>	<b>139,526,889</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	120,593	174,900
Short-term loans	22,000,000	18,000,000
Current portion of long-term loans	-	3,000,000
Distribution payable	8,643	11,373
Accrued consumption taxes	-	32,525
Rents received in advance	646,591	784,175
Other current liabilities	2,073	112,785
Total current liabilities	22,777,900	22,115,758
<b>Long-Term Liabilities:</b>		
Long-term loans	14,000,000	25,000,000
Leasehold and security deposits	8,541,124	9,612,211
Total long-term liabilities	22,541,124	34,612,211
<b>Total Liabilities</b>	<b>45,319,024</b>	<b>56,727,969</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	2,640,499	2,798,920
<b>Total Shareholders' Equity</b>	<b>82,640,499</b>	<b>82,798,920</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>127,959,523</b>	<b>139,526,889</b>

# Statement of Cash Flows

## Statements of Cash Flows

(Thousands of Yen)

	5th Period (Apr 1,2004 to Sep30,2004)	6th Period (Oct 1,2004 to Mar 31,2005)
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes	2,641,371	2,799,912
Depreciation and amortization	523,712	578,909
Amortization of organization costs	6,844	6,844
Interest income	(24)	(25)
Interest expense	107,824	133,316
Rental and other receivables	(21,026)	8,372
Consumption tax refundable	220,778	917
Prepaid expenses and other assets	(11,664)	3,951
Accounts payable and accrued expenses	(80,905)	7,299
Accrued consumption taxes	—	32,525
Rents received in advance	(22,910)	137,584
Other liabilities	(1,696)	13,232
Subtotal	3,362,304	3,722,836
Interest received	24	25
Interest paid	(86,624)	(126,815)
Income taxes paid	(504)	(974)
Net cash provided by operating activities	3,275,200	3,595,072
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(12,630,579)	(11,347,967)
Purchases of intangible assets	-	(240)
Repayments of leasehold and security deposits	-	(8,000)
Proceeds from leasehold and security deposits	757,430	1,191,329
Net cash used in investing activities	(11,873,149)	(10,164,878)
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in short-term loans	11,000,000	(4,000,000)
Proceeds from long-term loans	-	14,000,000
Distributions paid to shareholders	(2,430,237)	(2,637,750)
Net cash provided by financing activities	8,569,763	7,362,250
<b>Net Change in Cash and Cash Equivalents</b>	<b>(28,186)</b>	<b>792,444</b>
<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>5,153,366</b>	<b>5,125,180</b>
<b>Cash and Cash Equivalents at the End of Period</b>	<b>5,125,180</b>	<b>5,917,624</b>



## Forecasts for the 7<sup>th</sup> Fiscal Period

### 6th Consecutive Fiscal Period Increase in Revenue and Profit

- Full fiscal period contribution from Osaki MT Bldg.
- Full fiscal period contribution from Park Lane Plaza
- Forecast distribution per share: **¥18,000**

(Millions of Yen)

	7th Fiscal Period
	(Forecast)
Operating revenues	4,780
Ordinary income	2,881
Net income	2,880
Distribution per share (Yen)	18,000

Actual operating revenues, ordinary income, net income and cash distributions per share may differ materially from forecasts due to changes in the operating environment. Accordingly, MTR does not guarantee the accuracy of forecast amounts.

# New Property Acquisition: Park Lane Plaza

## MTR's First Residential Property Acquisition

- A luxury apartment complex located in the prestigious Aoyama/Harajuku area
- Convenient access to stations. Located approximately 10 minutes walk from four train lines and four rail stations
- Office and retail spaces on the 1<sup>st</sup> and 2<sup>nd</sup> floors are occupied by a renowned apparel group



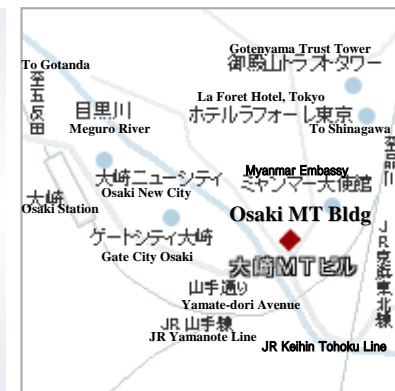
Property Details	
Use	Other (Residential Property)
Location	2-30-32 Jingumae, Shibuya-ku, Tokyo
Number of Floors	7 floors above ground, 1 floor below ground
Completion Date	June 1988
Total Rentable Area	4,443.03m <sup>2</sup>
Acquisition Price	¥3,200 million
Appraisal Value on Acquisition (Fiscal Period-End Appraisal Value)	¥3,260 million (¥3,280 million)
Occupancy Rate as of Fiscal Period- End (Number of Tenants)	82.7% (14)



## New Property Acquisition: Osaki MT Bldg.

### Head Office Building for Sumitomo Heavy Industries, Located in an Area with a High Concentration of Office Buildings

- A prime office building located in Osaki, Shinagawa Ward, an area with a high concentration of office buildings
- The entire building has been utilized as the headquarters of Sumitomo Heavy Industries, Ltd. since construction completion
- Property under a five-year master lease contract with Mori Trust Co., Ltd. on a sale-and-leaseback basis
- Located in the “Osaki Business Garden,” part of a large-scale urban redevelopment project by Mori Trust Co., Ltd.



Property Details	
Use	Office Building
Location	5-9-11 Kita-Shinagawa, Shinagawa-ku, Tokyo
Number of Floors	14 floors above ground, 3 floors below ground
Completion Date	July 1994
Total Rentable Area	15,944.23m <sup>2</sup> (Note)
Acquisition Price	¥7,870 million
Appraisal Value on Acquisition (Fiscal Period-End Appraisal Value)	¥7,870 million (¥7,870 million)
Occupancy Rate as of Fiscal Period-End (Number of Tenants)	100% (1)

Note: MTR has acquired co-ownership of the building. The total rentable area for the entire building is 26,980.68m<sup>2</sup>. MTR's share is calculated at a ratio of 590,950/1,000,000.



# Portfolio Summary

Use	Name	Construction Completed	Acquisition Price (Millions of Yen)	Tenant	Floor Area (㎡)	PML (%)	Lease Contract Maturity	Features
Office Buildings	Hitachi Headquarters Bldg.	March 1983	40,000	Mori Trust	57,255	4.9%	May 31, 2006 (Option for a further 3-year extension)	Landmark building, in close proximity to JR Ochanomizu Station. Key base for the Hitachi Group.
	Nissan Motors New Headquarters Bldg.	March 1982	16,000	Mori Trust	38,902 ( 1)	8.1%	September 30, 2008	Located in the commercial district of Ginza. Nissan Motors Headquarters
	Mita MT Bldg.	September 1974 (Renovated in 1997)	16,000	Mori Kanko Trust	21,043	10.5%	November 30, 2008	Located in Mita, Minato Ward, an area with a high concentration of office buildings. Main building for Hitachi Group-related companies
	Marubeni Osaka Headquarters Bldg.	March 1984	12,500	Marubeni	41,574	3.4%	September 30, 2012	Landmark building in Osaka's commercial business district
	Shin-Yokohama TECH Bldg.	February 1986	6,900	Fujitsu & others	25,187	8.7%	February 28, 2007 (Lease contract with Fujitsu)	An office building located in the Shin-Yokohama district, an area attracting high demand from the IT and communications-related sector
	Osaki MT Bldg.	July 1994	7,870	Mori Trust	26,981 ( 2)	11.5%	March 31, 2010	Located in Osaki, Shinagawa Ward, an area with a high concentration of office buildings. Headquarters for Sumitomo Heavy Industries
Retail Facilities	Ito-Yokado Shonandai	November 2002	11,600	Ito-Yokado	53,394	14.0%	November 20, 2022 (Mid-term cancellation prior to Nov. 20, 2017 is not permitted)	Located in the Shonandai area, a retail trading area enjoying significant increase in population. Flagship store for the Ito-Yokado Group
	Cresse Inage	-	4,200	Daiwa Kosho Lease	79,113 ( 3)	-	June 2, 2023	Large-scale, roadside land for commercial facility. Located in a highly populated trading area with convenient access to public transportation.
	Ito-Yokado Shin-Urayasu	September 2000	12,150	Ito-Yokado	57,621	18.9%	July 29, 2020 (Mid-term cancellation prior to Jul. 29, 2017 is not permitted)	Located in the Shin-Urayasu district, an area experiencing considerable growth. Main outlet of the Ito-Yokado Group
Other	Park Lane Plaza	June 1988	3,200	14 tenants	5,247	14.9%	(Lease contracts with maturities not exceeding two years)	MTR's first residential property investment. Luxury rental residential property located in the Aoyama and Harajuku areas
Total	-	-	130,420	-	-	4.7%	-	-

( 1) MTR has acquired comparted ownership in the Nissan Motors New Headquarters Building. The floor area owned by MTR totals 23,614㎡.

( 2) MTR has acquired co-ownership of the building. Ownership share is calculated at a ratio of 590,950/1,000,000.

( 3) Floor area for Cresse Inage is the real estate investment trust (REIT) land area.

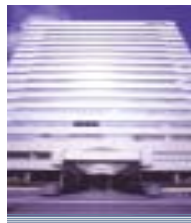
( 4) Probable Maximum Loss (PML) refers to the expected maximum loss ration caused by an earthquake based on a loss confidence value of 90%. The expected maximum-level earthquake refers to an earthquake that occurs once every 50 years with 10% excess-probability. This means that this level of earthquake statistically occurs once every 475 years.

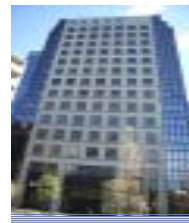


Hitachi Headquarters Bldg.


 Nissan Motors  
New Headquarters Bldg.


Mita MT Bldg.


 Marubeni Osaka  
Headquarters Bldg.

 Shin-Yokohama  
TECH Bldg.


Osaki MT Bldg.


 Ito-Yokado  
Shonandai

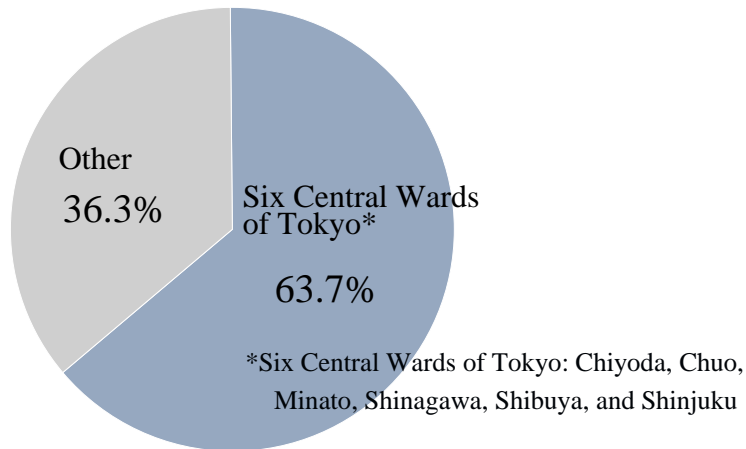

Cresse Inage


 Ito-Yokado  
Shin-Urayasu

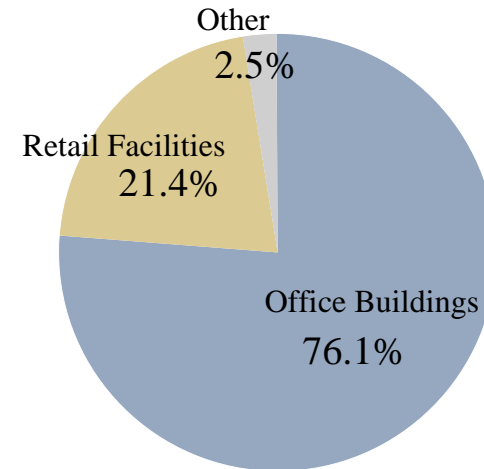

Park Lane Plaza

# Portfolio Summary

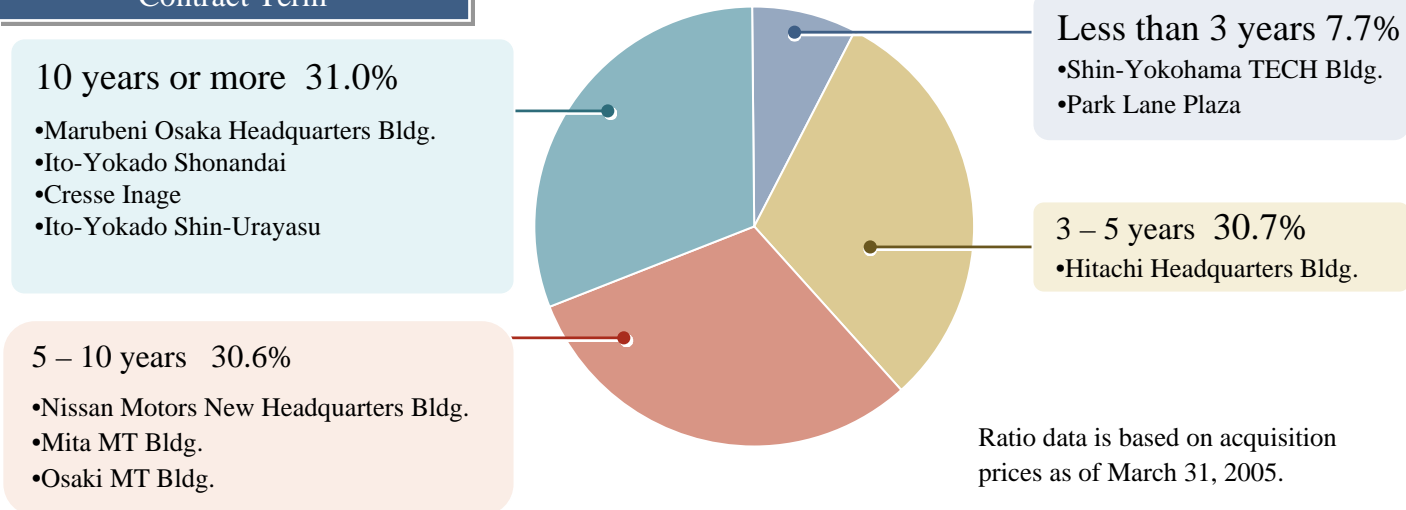
Portfolio Composition by Location



Portfolio Composition by Use

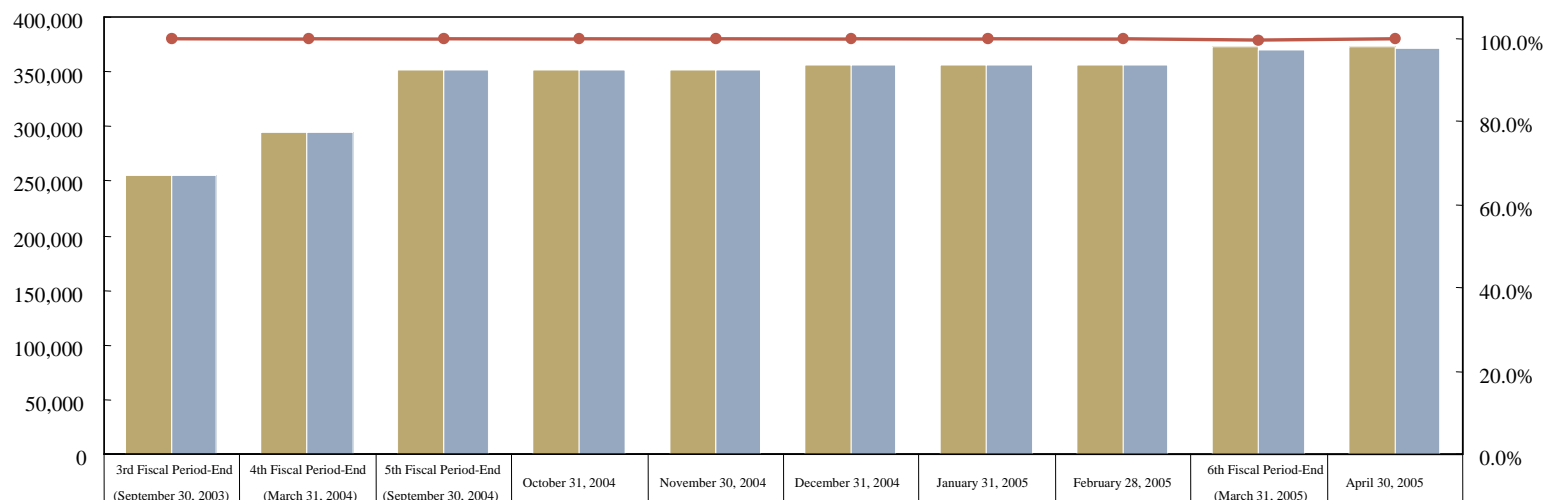


Portfolio Composition by Leasing Contract Term



# Tenants and Lease Contracts

## Occupancy Rate



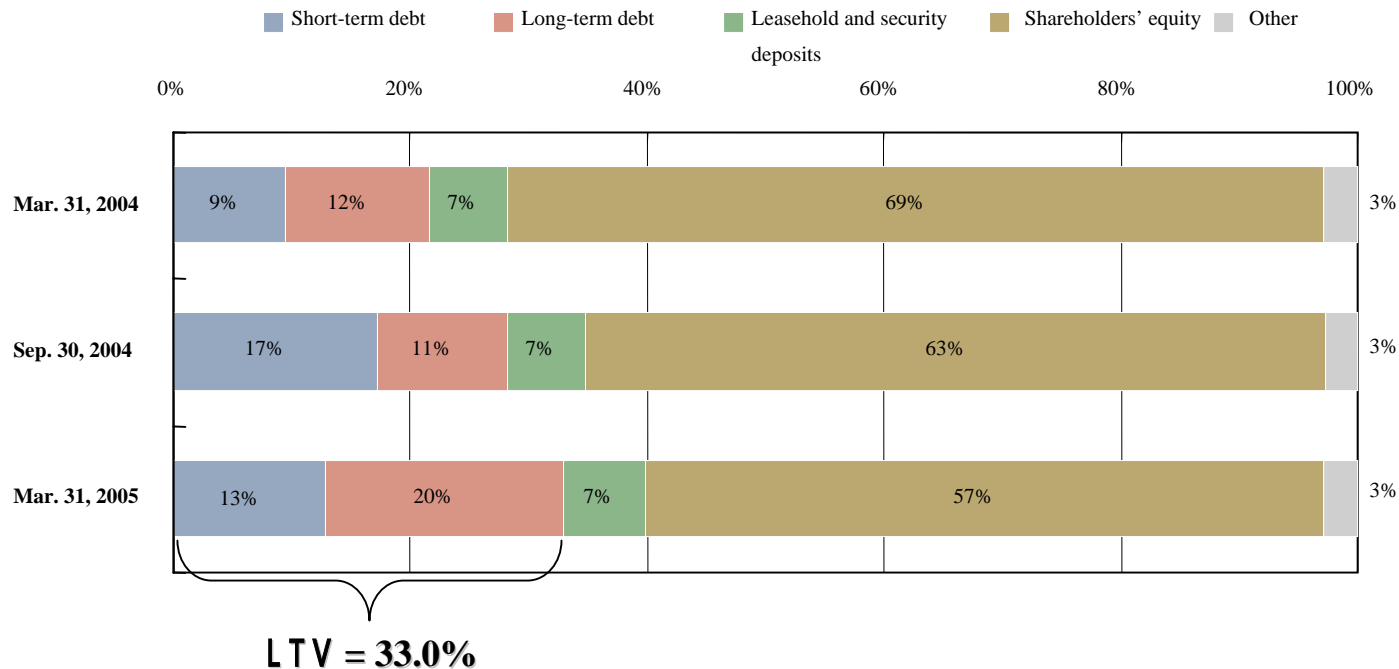
Total rentable area (m <sup>2</sup> )	254,950.65	294,362.40	351,983.78	351,983.78	351,983.78	356,426.81	356,426.81	356,426.81	372,371.04	372,361.77
Total rented area (m <sup>2</sup> )	254,950.65	294,362.40	351,983.78	351,983.78	351,983.78	356,426.81	356,426.81	355,804.77	369,879.12	371,769.03
Portfolio occupancy rate	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%	99.3%	99.8%

Cresse Inage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marubeni Osaka Headquarters Bldg.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ito-Yokado Shonandai	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Hitachi Headquarters Bldg.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Nissan Motors New Headquarters Bldg.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Shin-Yokohama TECH Bldg.	-	100%	100%	100%	100%	100%	100%	100%	91%	100%
Mita MT Bldg.	-	100%	100%	100%	100%	100%	100%	100%	100%	100%
Ito-Yokado Shin-Urayasu	-	-	100%	100%	100%	100%	100%	100%	100%	100%
Park Lane Plaza	-	-	-	-	-	100%	100%	86%	83%	87%
Osaki MT Bldg.	-	-	-	-	-	-	-	-	100%	100%

# Interest-Bearing Debt

## Debt as of March 31, 2005

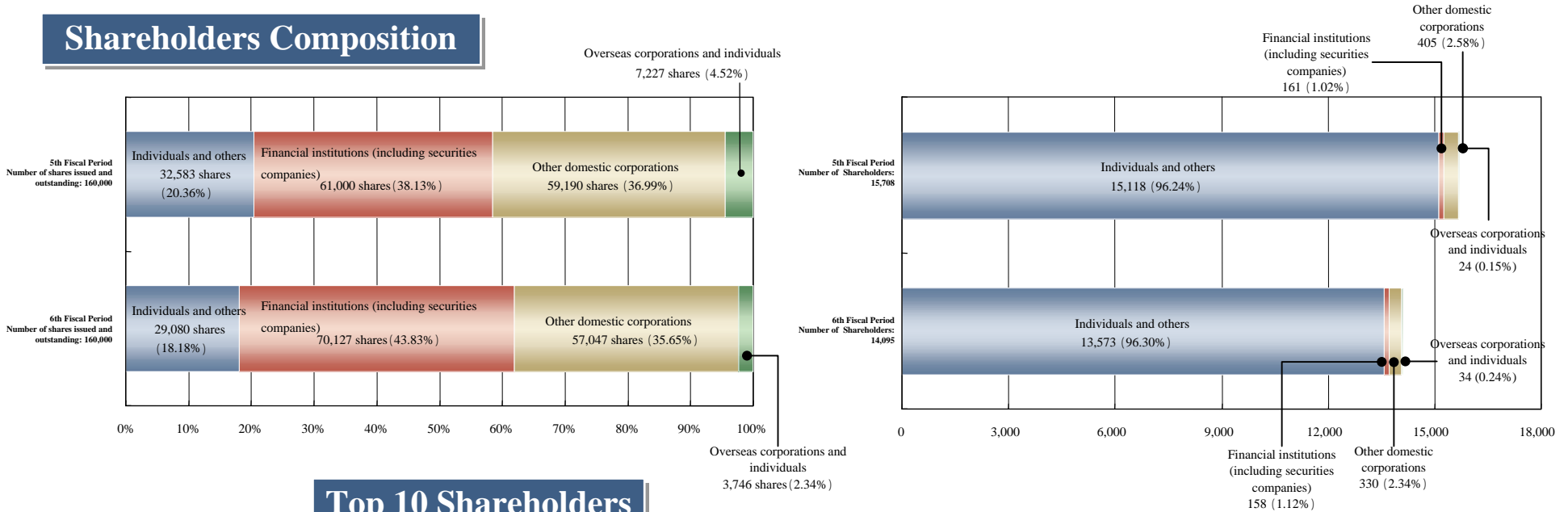
- Conversion of ¥14,000 million short-term debt into fixed interest rate long-term debt as of February 28, 2005, with the aim of reducing risks of rising interest rates and refinancing
- Establishment of a credit commitment line of ¥10,000 million as a means of securing flexible funds procurement
- Interest-bearing debt to total assets ratio as of March 31, 2005 = 33.0%
- Long-term interest-bearing debt ratio (including long-term debt repayable within one year) = 60.9%, fixed interest-bearing debt ratio = 47.8%





# Shareholders

## Shareholders Composition



## Top 10 Shareholders

Shareholders	Number of shares held	% of total
Mori Trust Co., Ltd.	28,000	17.50%
Mori Kanko Trust Co., Ltd.	20,000	12.50%
Japan Trustee Services Bank, Ltd. (trust account)	8,988	5.62%
The Master Trust Bank of Japan, Ltd. (trust account)	5,779	3.61%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	5,304	3.32%
The Bank of Ikeda, Ltd.	5,091	3.18%
Kansai Urban Banking Corporation	2,959	1.85%
North Pacific Bank, Ltd.	2,616	1.64%
Aozora Bank, Ltd.	2,574	1.61%
The Fuji Fire and Marine Insurance Co., Ltd.	2,386	1.49%
<b>Total</b>	<b>83,697</b>	<b>52.31%</b>





# Operating Strategies

## Main Points

- **Diversified investment in primarily large-scale office buildings located in central Tokyo, as well as retail facilities and other properties**
- **Target of ¥400 billion in investment assets**
- **Flexible property acquisition utilizing low-leverage advantage**
- **Exit strategy-based property acquisition**

# MORI TRUST Sogo Reit's Operating Strategies

## Stability

- Utilize master lease contracts
- In principle, secure medium- to long-term lease contracts with major corporations
- Pursue financial stability

## Growth Potential

- Establish property acquisition channels through cooperation with the Mori Trust Group
- Enhance property acquisition capabilities utilizing low-leverage advantage
- Accelerate efforts to achieve investment assets target of ¥400 billion

## Profitability

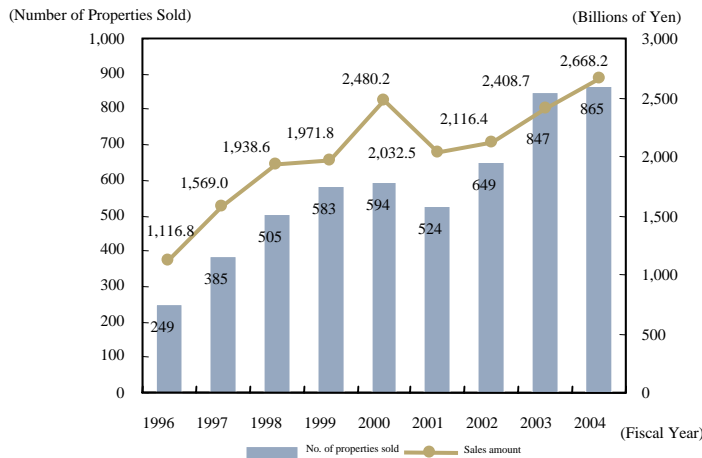
- Maintain and increase earnings per share (EPS)
- Focus on ROA-based investment and reduce operating expense margin

# External Growth Strategy

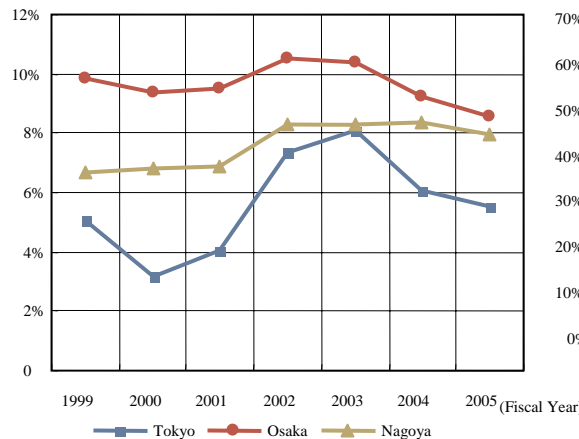
## Market Outlook

- Continued active trade in the purchase and sale of real estate by publicly listed companies and other parties (11% year-on-year increase in fiscal 2004 in the amount of properties sold)
- Significant increase in prices of prime properties reflecting the rise in publicly appraised values of land, particularly in the Tokyo Metropolitan area
- Continued improvements in the vacancy rates for office buildings and luxury residential properties. Increase in rent for prime large-scale office buildings and other properties located in central Tokyo
  - ➔ Continue portfolio investment focusing on office buildings located in central Tokyo
- Significant increase in the share of residential properties sold in real estate transactions, and expansion of retail property transactions
  - ➔ Actively consider investment in retail facilities and other property types

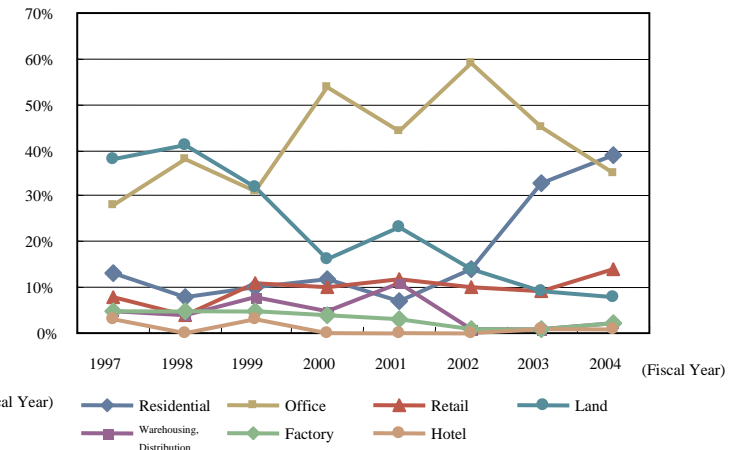
## Real Estate Sales



## Average Vacancy Rates in the Tokyo, Osaka and Nagoya Business Districts



## Rental Property Composition by Use



Sources: Graphs 1 & 3: Data extracted from "Fiscal 2004 Overview of Real Estate Sales" published by the Urban Research Institute, Corp. ("Real Estate Topics May 2005" published by Mizuho Trust & Banking Co., Ltd. Material relating to publicly disclosed information for 865 properties sold by 522 companies.)

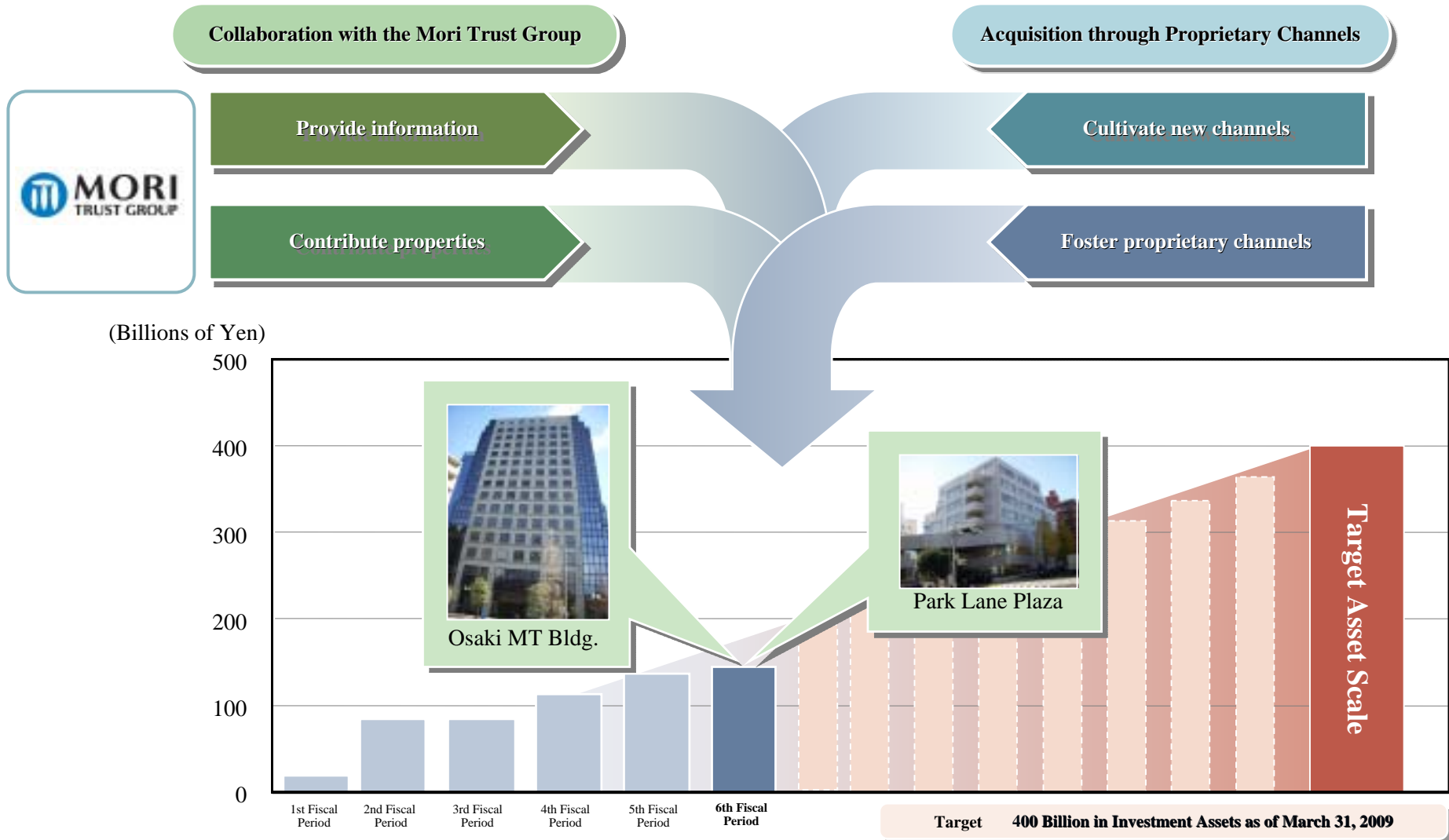
Graph 2: Data extracted from "MIKI OFFICE REPORT April 2005: Recent Office Building Market Conditions in the Five Central Wards of Tokyo" published by Miki Shoji Co., Ltd.

# External Growth Strategy

## Portfolio Composition by Strategic Use and Area

		Area	
		Central Tokyo	Other Areas
Use	Office Buildings	Portfolio comprised mainly of investments in large-scale office buildings located in central Tokyo	Careful consideration toward investment in other areas. (Tokyo remains the preferred location for investment)
	Retail Facilities	Investment in urban retail facilities offering stable income and located in areas surrounding major rail terminals and popular areas with a high concentration of retail and commercial stores	Active investment in properties located in major trading areas of Japan's principal cities, exhibiting competitive advantage and stable earnings potential
	Other	Investment in luxury residential properties located in the three "A" districts of Tokyo, namely "Azabu, Aoyama, and Akasaka" Consideration toward investment in hotels with high brand recognition, offering long-term management contracts with leading hotel management companies and potential for stable income	Complement geographic diversification through investment in retail facilities

## External Growth Strategy: Target of ¥400 Billion in Investment Assets



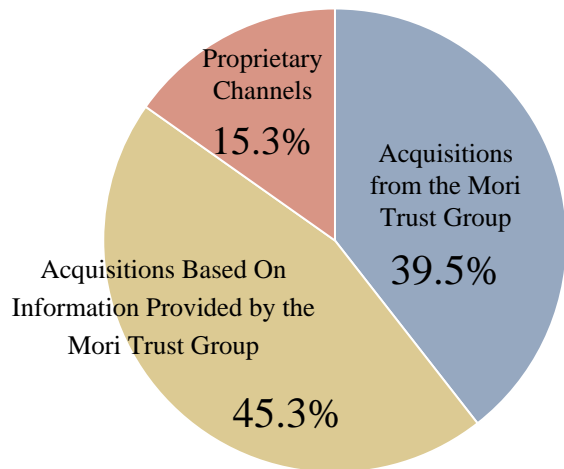
# Acquisitions to Date

## Property Acquisitions

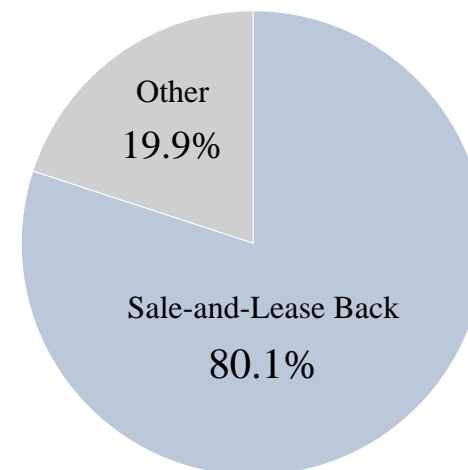
Acquisitions from the Mori Trust Group	Acquisitions Based On Information Provided by the Mori Trust Group	Acquisitions through Proprietary Channels
<ul style="list-style-type: none"> <li>• Nissan Motors New Headquarters Bldg.</li> <li>• Mita MT Bldg.</li> <li>• <b>Osaki MT Bldg.</b></li> <li>• Ito-Yokado Shonandai</li> </ul>	<ul style="list-style-type: none"> <li>• Hitachi Headquarters Bldg.</li> <li>• Ito-Yokado Shin-Urayasu</li> <li>• Shin-Yokohama TECH Bldg.</li> </ul>	<ul style="list-style-type: none"> <li>• Marubeni Osaka Headquarters Bldg.</li> <li>• Cresse Inage</li> <li>• <b>Park Lane Plaza</b></li> </ul>

: Acquisition through sale-and-lease-back

### Acquisition Ratio by Source



### Sale-and-Lease-Back Investment Ratio



# Financial Strategy

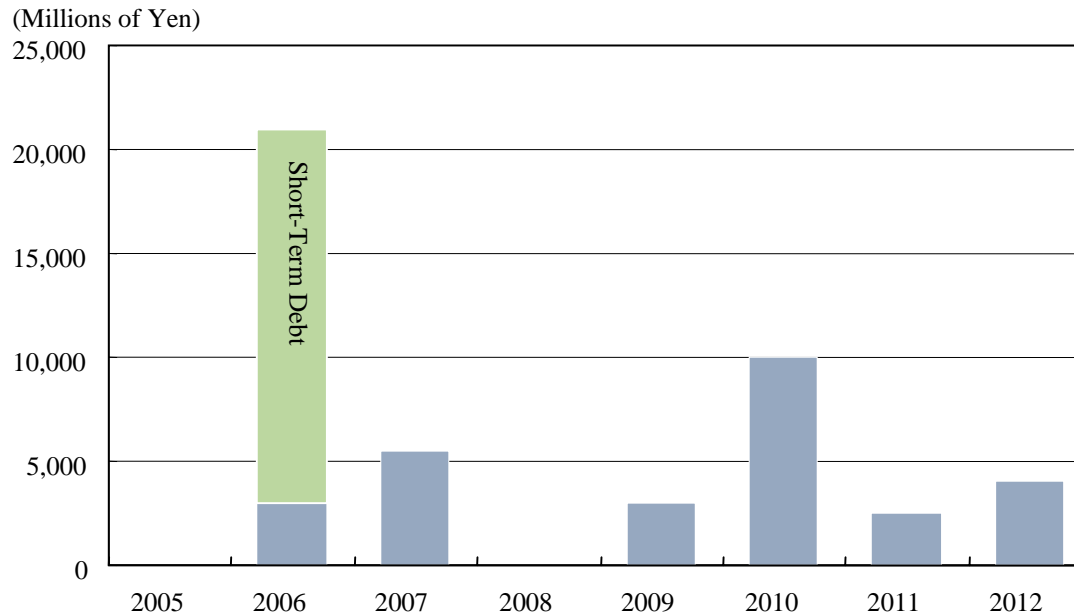
## Focus on Improving Financial Stability

- Continue low-leverage strategy  
(Interest-bearing debt to total assets ratio of 30-40%)
- Shift toward long-term debt, and diversify repayment maturities  
(Refer to table below)

## Diversify Funds Procurement Methods

- Consider obtaining credit rating
- Consider issuance of corporate bonds

## Debt Repayment Maturity Diversification



# Exit Strategy-Based Property Acquisition

## Potential Value of Properties (Appraisal Amount Including Option Value)

**Real Estate Appraisal Value  
(Acquisition Price)**

- **Location potential**
- **Redevelopment value**
- **Potential for alternative use**
- **Other “value-up” potential**



## Internal Growth Strategy

### Securing Stable Profits over the Medium to Long Term

- Secure lease contracts that minimize the possibility of a reduction in rental income
  - Negotiate and execute lease contracts that ensure a fixed term, a fixed income stream, and contract expiry diversification
- Actively introduce master lease contracts
  - Improve operating and management efficiency, and reduce multi-tenant risk
  - Secure profit stability through net lease contracts that eliminate day-to-day repairs and maintenance expenses

### Responding to a Positive Shift in the Office Building Market

- Adopt contracts that incorporate income gain increases for properties that offer internal growth potential
  - Adopt a sublease-linked master lease contract for the Osaki MT Bldg.

### Repairs Policy

- Formulate a marketing-oriented repairs plan
  - Formulate and implement a 12-year repairs plan for each property based on on-site inspections, with the aim of increasing competitiveness and tenant satisfaction over the medium to long term. Each plan to be revised annually
- Establish a reserve for repairs
  - Establish a reserve for repairs based on the portfolio's overall depreciation expense and marketing-oriented repairs plan
  - A reserve for repairs brought forward as of March 31, 2005: ¥2,038 million
- Monitor the status of repairs implementation for properties where the end-tenant is responsible for payment

## Contact Information

### MORI TRUST Asset Management Co., Ltd.

- Finance and Planning Department (IR Section)

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### MORI TRUST Sogo Reit, Inc. Web Site

- URL <http://www.mt-reit.jp/>





# Reference

# Target Portfolio

## Allocation in line with Target Portfolio

Build an investment portfolio focusing mainly on office buildings located in central Tokyo, while considering the aspects of property type, use, and geographic diversification

Target Portfolio	Central Tokyo*	Other Areas**	Total
<b>Office Buildings</b>	<b>60 ~ 70%</b>	<b>10 ~ 20%</b>	<b>70 ~ 90%</b>
<b>Retail Facilities</b>	<b>0 ~ 10%</b>	<b>10 ~ 20%</b>	<b>10 ~ 30%</b>
<b>Other***</b>			
<b>Total</b>	<b>60 ~ 80%</b>	<b>20 ~ 40%</b>	<b>100%</b>

\* Central Tokyo refers to the six central wards of Tokyo comprising Chiyoda Ward, Chuo Ward, Minato Ward, Shinagawa Ward, Shibuya Ward, and Shinjuku Ward

\*\* Other areas refers to greater Tokyo, (Kanagawa Prefecture, Chiba Prefecture, Saitama Prefecture, and the Tokyo Metropolitan area excluding central Tokyo), and other major regional cities

\*\*\* Restricted to investments in residential properties and hotels for the foreseeable future

# Tenants and Lease Contracts

## Medium- and Long-Term Lease Contracts with Leading Companies

Property	Tenant / Master Lessee	Rating *		Lease Contract	Lease Contract Expiry	Sublessee	Rating (1*)	
		JCR	R&I				JCR	R&I
Hitachi Headquarters Bldg.	Mori Trust Co., Ltd.	-	-	Fixed-term building lease	May 31, 2006 (with 3-year renewal option)	Hitachi, Ltd.	AAp**	AA-
Nissan Motors New Headquarters Bldg.	Mori Trust Co., Ltd.	-	-	Fixed-term building lease	September 30, 2008	Nissan Motors Co., Ltd.	-	A-
Mita MT Bldg.	Mori Kanko Trust Co., Ltd.	-	-	Fixed-term building lease	November 30, 2008	Hitachi Electronics Services Co. Ltd. & others	-	-
Marubeni Osaka Headquarters Bldg.	Marubeni Corporation	A-	BBB-	Fixed-term building lease	September 30, 2012	-	-	-
Shin-Yokohama TECH Bldg.	Fujitsu Co., Ltd. & others	-	A	Building lease	February 28, 2007 (Lease contract with Fujitsu)	-	-	-
Ito-Yokado Shonandai	Ito-Yokado Co., Ltd.	#AAA***	AA+	Building lease	November 20, 2022 (No cancellation prior to November 20, 2017)	-	-	-
Cresse Inage	Daiwa Kosho Lease Co., Ltd.	-	BBB+	Land lease	June 2, 2023	Sekichu Home Center & others	-	-
Ito-Yokado Shin-Urayasu	Ito-Yokado Co., Ltd.	#AAA***	AA+	Building lease	July 29, 2020 (No cancellation prior to July 29, 2017)	-	-	-
Osaki MT Bldg.	Mori Trust Co., Ltd.	-	-	Fixed-term building lease	March 31, 2010	Sumitomo Heavy Industries, Ltd.	BBB+	-
Park Lane Plaza	14 tenants	-	-	Ordinary lease	Lease contracts of not more than 2 years	-	-	-

\* Tenant ratings as of April 30, 2005

\*\* Tenant has not specifically requested rating. JCR ratings are not by request and published mainly for public information

\*\*\* Tenants placed on "Credit Monitor" by ratings agencies are identified with an asterisk "#," until "Credit Monitor" status is removed

## Interest-Bearing Debt

	Lender	Drawdown Date	6th Fiscal Period-End Outstanding Balance (Millions of Yen)	6th Fiscal Period-End Average Interest Rate		Repayment Date	Term	Repayment Method	Remarks
Short-Term Debt	The Sumitomo Trust & Banking Co., Ltd.	March 31, 2005	¥7,000	0.29%	Floating	February 28, 2006	Approx. 1 year	Bullet Repayment on Maturity	Unsecured / Non-Guaranteed
	The Mitsubishi Trust and Banking Corporation	February 28, 2005	5,000	0.30%					
	The Joyo Bank, Ltd.		3,000	0.30%					
	The Bank of Tokyo-Mitsubishi, Ltd.		1,500	0.37%					
	Mizuho Corporate Bank, Ltd.		1,500	0.37%					
Subtotal			¥18,000	0.31%					
Long-Term Debt	The Sumitomo Trust & Banking Co., Ltd.	March 26, 2004	¥3,000	0.65%	Floating	February 28, 2006	Approx. 1 year	Bullet Repayment on Maturity	Unsecured / Non-Guaranteed
	Sumitomo Mitsui Banking Corporation		2,000	0.70%		February 28, 2007	Approx. 2 years		
	The Hachijuni Bank, Ltd.		1,000	0.65%		February 28, 2007	Approx. 2 years		
	The Dai-ichi Mutual Life Insurance Company		2,500	0.93%		February 27, 2009	Approx. 4 years		
	Nippon Life Insurance Company	3,000	1.29%	Fixed	February 26, 2010	Approx. 5 years			
	Sumitomo Mitsui Banking Corporation	5,000	1.15%		February 26, 2010	Approx. 5 years			
	Nippon Life Insurance Company	February 28, 2005	3,000		1.09%	February 26, 2010	Approx. 5 years		
	The Dai-ichi Mutual Life Insurance Company	2,000	1.09%		February 26, 2010	Approx. 5 years			
	Development Bank of Japan	March 26, 2004	2,500		1.65%	February 28, 2011	Approx. 6 years		
	Development Bank of Japan	February 28, 2005	4,000		1.44%	February 29, 2012	Approx. 7 years		
	Subtotal				28,000	1.12%			
<b>Total</b>			<b>¥46,000</b>	<b>0.80%</b>					

# Hitachi Headquarters Building

## Hitachi Headquarters Building

- MTR has executed a master lease contract with Mori Trust Co., Ltd. (Mori Trust) for the entire property. Mori Trust has executed a sublease contract with Hitachi, Ltd. Both the master lease and sublease contracts are set to expire on May 31, 2006. Contract cancellation prior to expiry is not permitted under both contracts.
- While Hitachi, Ltd. has relocated the majority of its headquarters function to another location, a portion remains together with certain related companies. The sublease contract remains in force.
- At present, a new tenant has not been secured for the period after master lease contract and sublease contract expiry. Notwithstanding, MTR has the option to extend the master lease based on the “Memorandum Concerning the Fixed-Term Building Lease Contract” executed with Mori Trust on December 12, 2003. Brief details of the memorandum are as follows:

(If the option is exercised, MTR shall receive rental income outlined as follows, irrespective of building occupancy.)

Fixed-Term Building Lease Contract (Renewal) Details	
Rent	¥163,333,000 per month
Term	June 1, 2006 through May 31, 2009
Security Deposit	¥1,959,996,000

# Benefits of a Master Lease Contract

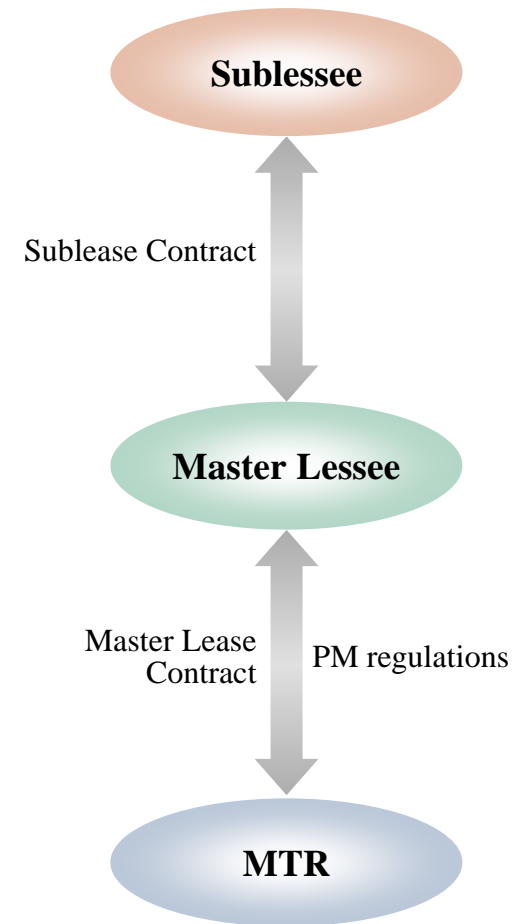
## Improved Profit Stability through Master Lease Application

- Profit stability
  - ➔ Fixed rental income stream\*, day-to-day repair and maintenance expenses are for the master lessee’s responsibility
- Property management efficiency
  - ➔ Consignment to the master lessee of tenant and property management (PM) responsibilities

- **Main features of a master lease contract (e.g Hitachi Headquarters Building)**

- As a fixed-term building lease contract, MTR has the right of refusal in connection with contract renewal
- Rental income is fixed (no provision for rent reduction)
- Contract term is fixed
- Consignment of the PM function
- Day-to-day repair and maintenance expenses are for the master lessee’s responsibility

\* The master lease contract for the Osaki MT Building is linked to a sublease contract and does not provide a fixed rental income

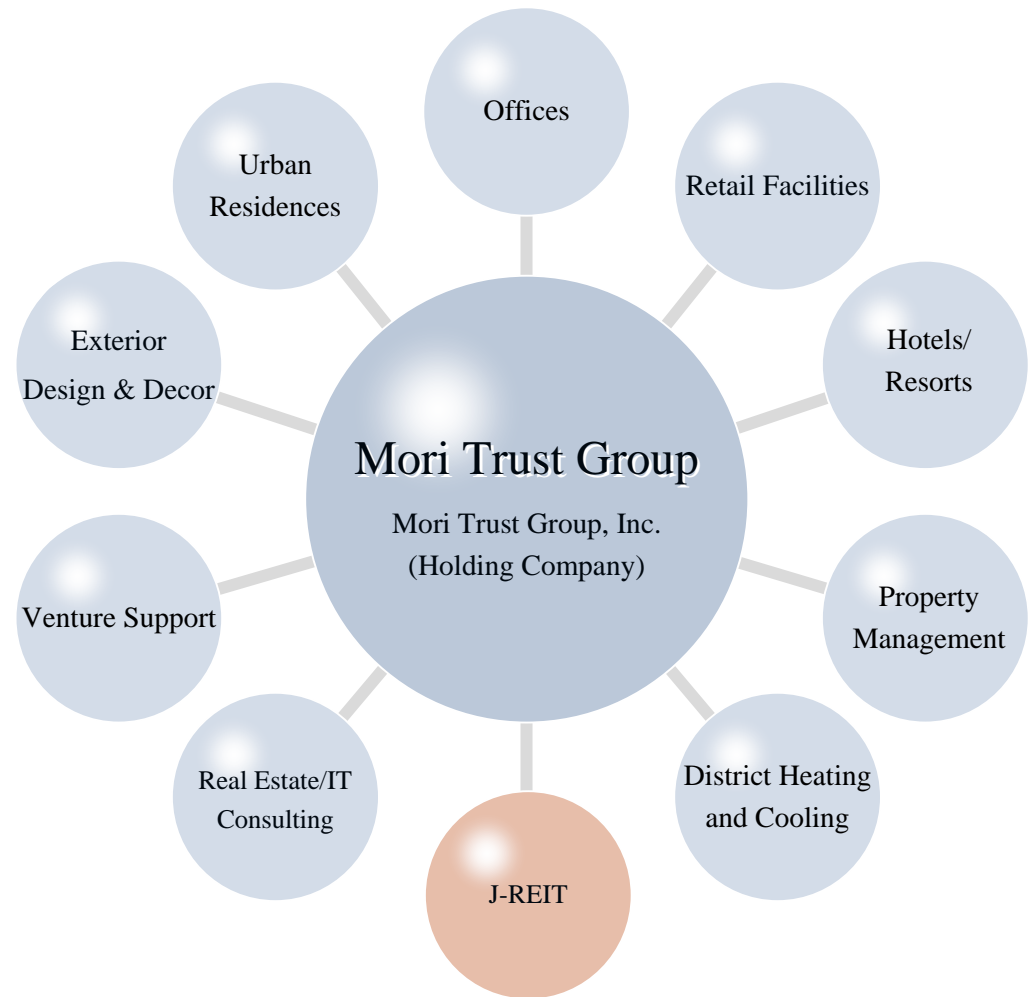




# Mori Trust Group

## Mori Trust Group Profile & Overview of Business Activities

Name	Mori Trust Group Inc.
Consolidated Business Results	Net sales ¥121.1 billion, ordinary income ¥28.4 billion (Fiscal year ended March 31, 2004)
Leased Facilities	Rental Properties: 68, Hotels: 15* (as of April 30, 2004)
Rented Area	Approx. 1,550,000 m <sup>2</sup> (Rental Properties: Approx. 1,250,000 m <sup>2</sup> , Hotels: Approx. 300,000 m <sup>2</sup> ) (as of April 30, 2004)
Principal Properties Owned	<ul style="list-style-type: none"> <li>• Redevelopment Business                     <ul style="list-style-type: none"> <li>Shiroyama Hills (Shiroyama JT Trust Tower, Shiroyama Trust Court, others)</li> <li>Gotenyama Hills (Gotenyama Trust Tower, Gotenyama Trust Court, others)</li> <li>Tokyo Shiodome Building</li> <li>Marunouchi Trust Tower North (completed),</li> <li>Main Tower (planning phase)</li> </ul> </li> <li>• Office Buildings (other than redevelopment business)                     <ul style="list-style-type: none"> <li>Akasaka Twin Tower, ATT New Tower</li> <li>Toranomon 2-chome Tower</li> </ul> </li> <li>• Hotels                     <ul style="list-style-type: none"> <li>Laforet Club (Laforet Tokyo, Laforet Shuzenji, others)</li> <li>Mampeï Hotel (Karuizawa)</li> <li>Yokohama Grand Intercontinental Hotel</li> </ul> </li> </ul>



\*13 Laforet Club locations, Mampei Hotel, Yokohama Grand Intercontinental Hotel