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MTR Announces Financial Results for its 17th Fiscal Period

Tokyo, November 15, 2010 – MORI TRUST Sogo Reit, Inc. (MTR) has announced financial results for its 17th fiscal period (from April 1, 2010 to September 30, 2010). For the period, MTR recorded operating revenues of 9,027 million yen and income before income taxes of 4,860 million yen. Net income totaled 4,859 million yen. As a result, distribution per share was 20,079 yen (shares issued and outstanding: 242,000 shares).

At the end of the 17th period, total assets amounted to 294,374 million yen while total net assets were 141,468 million yen. Net assets per share were 584,581 yen.

Portfolio profile

As of the end of the 17th period, MTR had 13 properties with a total book value of 282,020 million yen and total rentable area of 502,850.23 m². The occupancy rate on a total rentable area basis for the entire portfolio was 98.5% as of September 30, 2010.

Financing

Total loans outstanding as of the end of the 17th period were 138,100 million yen, of which long-term loans totaled 111,100 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 17th period, MTR's projections of operating results for the 18th and 19th periods (18th period: October 1, 2010 to March 31, 2011; 19th period: April 1, 2011 to September 30, 2011) are as follows:

	18th Fiscal period	19th Fiscal period
Operating revenues	8,889 million yen	8,849 million yen
Income before income taxes	4,877 million yen	4,478 million yen
Net income	4,876 million yen	4,477 million yen
Distribution per share	20,150 yen	18,500 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 September 30, 2010 and March 31, 2010

	September 30, 2010	March 31, 2010
	Thousands of yen	
Assets		
Current Assets:		
Cash and cash equivalents	¥11,347,506	¥10,477,548
Rental and other receivables	101,611	64,461
Consumption taxes refundable	817,107	-
Other current assets	68,335	31,209
Total current assets	<u>12,334,559</u>	<u>10,573,218</u>
Property and Equipment, at Cost:		
Buildings and structures including trust accounts	64,444,370	43,454,604
Machinery and equipment including trust accounts	130,835	138,643
Tools, furniture and fixtures including trust accounts	113,793	115,882
Land including trust accounts	226,827,507	164,019,716
Less: accumulated depreciation	<u>(9,496,131)</u>	<u>(8,696,562)</u>
Net property and equipment	282,020,374	199,032,283
Investments and Other Assets:		
Deposits	10,000	10,000
Long-term prepaid expenses	9,527	18,359
Other	240	276
Total investments and other assets	<u>19,767</u>	<u>28,635</u>
Total Assets	<u>¥294,374,700</u>	<u>¥209,634,136</u>
Liabilities		
Current Liabilities:		
Accounts payable	¥211,597	¥397,916
Short-term loans	27,000,000	21,500,000
Long-term loans due within one year	20,900,000	15,900,000
Distributions payable	11,004	10,253
Consumption taxes payable	-	12,950
Rents received in advance	1,430,110	1,071,558
Accrued expenses and other current liabilities	<u>540,756</u>	<u>252,465</u>
Total current liabilities	<u>50,093,467</u>	<u>39,145,142</u>
Long-Term Liabilities:		
Long-term loans	90,200,000	55,400,000
Leasehold and security deposits including trust accounts	<u>12,612,453</u>	<u>13,847,838</u>
Total long-term liabilities	<u>102,812,453</u>	<u>69,247,838</u>
Total Liabilities	<u>152,905,920</u>	<u>108,392,980</u>
Net Assets:		
Shareholders' equity:		
Shares authorized: 2,000,000 shares		
Shares issued and outstanding: 242,000 shares at September 30, 2010 and 182,000 shares at March 31, 2010	136,609,600	97,600,000
Retained earnings	4,859,180	3,641,156
Total Net Assets	<u>141,468,780</u>	<u>101,241,156</u>
Total Liabilities and Net Assets	<u>¥294,374,700</u>	<u>¥209,634,136</u>

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



STATEMENTS OF INCOME AND RETAINED EARNINGS

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

	April 1, 2010 to September 30, 2010	October 1, 2009 to March 31, 2010
Thousands of yen		
Operating Revenues:		
Rental revenues	¥8,842,291	¥6,736,116
Gain on sale of investment properties	185,030	-
Operating Expenses:		
Property-related expenses	2,563,786	2,117,877
Asset management fees	252,001	204,357
Custodian and administrative service fees	68,490	52,946
Other operating expenses	86,347	56,778
Operating Income	6,056,697	4,304,158
Non-Operating Revenues:		
Interest income	2,993	3,819
Other non-operating revenues	1,232	1,913
Non-Operating Expenses:		
Interest expense	1,095,723	667,810
New share issuance costs	105,086	-
Income before Income Taxes	4,860,113	3,642,080
Income Taxes:		
Current	996	995
Deferred	(0)	(2)
Net Income	4,859,117	3,641,087
Retained Earnings at the Beginning of Period	64	69
Retained Earnings at the End of Period	¥4,859,181	¥3,641,156

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

STATEMENTS OF CHANGES IN NET ASSETS

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

	Thousands of yen			
	Shares	Common shares	Retained earnings	Total net assets
Balance as of September 30, 2009	182,000	¥97,600,000	¥4,126,372	¥101,726,372
Cash dividends paid	-		(4,126,303)	(4,126,303)
Net income	-		3,641,087	3,641,087
Balance as of March 31, 2010	182,000	97,600,000	3,641,156	101,241,156
New share issuance	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

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



(Reference Information) STATEMENTS OF CASH FLOWS

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

	April 1, 2010 to September 30, 2010	October 1, 2009 to March 31, 2010
	Thousands of yen	
Cash Flows from Operating Activities:		
Income before income taxes	¥4,860,113	¥3,642,080
Depreciation and amortization	1,347,239	806,321
New share issuance costs	105,086	-
Interest income	(2,993)	(3,819)
Interest expense	1,095,723	667,810
Changes in assets and liabilities:		
Rental and other receivables	(37,150)	5,000
Accounts payable and accrued expenses	(3,126)	75,787
Consumption taxes refundable	(817,107)	-
Consumption taxes payable	(12,950)	(102,698)
Rents received in advance	358,551	(31,952)
Decrease due to sale of tangible fixed asset	26,700,609	-
Other	64,299	(16,245)
Subtotal	33,658,294	5,042,284
Interest received	2,956	4,280
Interest paid	(846,461)	(654,338)
Income taxes paid	(735)	(867)
Net cash provided by operating activities	32,814,054	4,391,359
Cash Flows from Investing Activities:		
Payments of time deposits	(500,000)	-
Purchases of property and equipment including trust accounts	(111,219,132)	(1,066,040)
Repayment of leasehold and security deposits	(1,521,276)	(1,230,004)
Proceeds from leasehold and security deposits including trust accounts	232,140	431,787
Net cash provided by (used in) investing activities	(113,008,268)	(1,864,257)
Cash Flows from Financing Activities:		
Net increase in short-term loans	5,500,000	(3,000,000)
Proceeds from long-term loans	44,000,000	20,500,000
Payment of long-term loans	(4,200,000)	(15,625,000)
Proceeds from issuance of shares	38,904,514	-
Distributions paid to shareholders	(3,640,342)	(4,125,711)
Net cash used in financing activities	80,564,172	(2,250,711)
Net Change in Cash and Cash Equivalents	369,958	276,391
Cash and Cash Equivalents at the Beginning of Period	10,477,548	10,201,157
Cash and Cash Equivalents at the End of Period	¥10,847,506	¥10,477,548

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

Property Name	Location	Appraisal Value (Millions of yen)	Rent Area (m ²)	Rentable Area (m ²)	Occupancy Rate	Number of Tenants	Rental Revenues in 17th Fiscal Period (Thousands of yen)	Percent of Total
Ginza MTR Building	Chuo-ku, Tokyo	16,000	11,676.01	13,637.38 (Note 1)	85.6%	4	- (Note 2)	- (Note 2)
Mita MT Building	Minato-ku, Tokyo	20,900	15,419.88	15,419.88	100.0%	3	915,852	10.4%
Marubeni Osaka Headquarters Building	Osaka, Osaka	12,300	41,574.47	41,574.47	100.0%	1	600,177	6.8%
Shin-Yokohama TECH Building	Yokohama, Kanagawa	4,900	13,473.91	18,359.46	73.4%	4	408,150	4.6%
Osaki MT Building	Shinagawa-ku, Tokyo	15,500	22,634.06 (Note 3)	22,634.06 (Note 3)	100.0%	1	527,092	6.0%
ON Building	Shinagawa-ku, Tokyo	32,200	20,654.60	20,654.60	100.0%	1	- (Note 2)	- (Note 2)
Tokyo Shiodome building	Minato-ku, Tokyo	111,500	95,697.03 (Note 4)	95,697.03 (Note 4)	100.0%	1	2,593,138	29.3%
Ito-Yokado Shonandai	Fujisawa, Kanagawa	12,500	53,393.66	53,393.66	100.0%	1	395,068	4.5%
Frespo Inage	Chiba, Chiba	4,970	79,113.42	79,113.42	100.0%	1	236,241	2.7%
Ito-Yokado Shin-Urayasu	Urayasu, Chiba	11,400	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	3,090	3,607.93	4,443.03	81.2%	13	103,694	1.2%
Hotel Okura Kobe	Kobe, Hyogo	16,600	72,246.86	72,246.86	100.0%	1	647,007	7.3%
Total		279,760	495,168.21	502,850.23	98.5%	33	8,787,291	99.4%

Portfolio Overview

(As of September 30, 2010)

Sale Asset

Property Name	Rental Revenues in 17th Fiscal Period (Thousands of yen)	Percent of Total	Sale Date
Akasaka Mitsuke MT Building	54,999	0.6%	April 13, 2010

Notes 1: Rentable area in The Ginza MTR Building has increased as the warehouse space (146.13 m²) was added to it.

Notes 2: 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 3: Both the total rent and total rentable areas of the Osaki MT Building as of September 30, 2010 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 4: Both the total rent and total rentable areas of the Tokyo Shiodome Building as of September 30, 2010 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.



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 17th fiscal period from April 1, 2010 to September 30, 2010, of MORI TRUST Sogo Reit, Inc. (MTR), prepared pursuant to the Law Concerning Investment Trusts and Investment Corporations of Japan.

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