



MORI
TRUST REIT

4th Fiscal Period(October 1, 2003-March 31, 2004)

Information Package

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Disclaimer: The purpose of this presentation is to provide information about MORI TRUST Sogo Reit, Inc. (MTR) managed by MORI TRUST Asset Management Co., Ltd. (MTAM). No solicitation of particular investment product or transaction is intended. Please contact your securities firm representative about any potential purchase of MTR shares.

While we have taken every reasonable care with respect to information provided on this presentation, we cannot guarantee the accuracy and completeness of this information. Please note that the contents of this presentation may be changed or cancelled without prior notice.



About Mori Trust Sogo Reit



Mori Trust Sogo Reit (MTR)

Office

Address: 1-25-5 Toranomom, Minato-ku, Tokyo 105-0001, Japan
Phone: +81-3-5511-2580 (Mori Trust Asset Management IR Desk)
Website <http://www.mt-reit.jp/english/>

Board of Directors

Executive Director	Masaki Murata
Supervisory Director	Kiyoshi Tanaka
Supervisory Director	Kanehisa Imao

History

October 2, 2001	Established
March 28, 2002	Purchased the first property
February 13, 2004	Listed on the Tokyo Stock Exchange (code: 8961)

Mori Trust Sogo Reit (continued)

Corporate Data

Number of Shares Issued and Outstanding	160,000 shares
Paid-in Capital	80 billion yen (as of March 31)
Market Cap.	123.2 billion yen (as of May 31)
Fiscal Period Ends	March 31 and September 30 (1 fiscal period = 6 months)
Listing Exchange	Tokyo Stock Exchange (code: 8961)

Related Operating Entities

- Since investment corporation is made for the sole purpose of owning real estate (referred to as a J-REIT), MTR outsources almost all activities to the outside service providers listed below.

Asset Management	Mori Trust Asset Management Co., Ltd. (MTAM)
Asset Custodian	The Sumitomo Trust & Banking Co., Ltd.
General Administration	The Sumitomo Trust & Banking Co., Ltd.
Brand Control	Mori Trust Group Inc.
Audit	Shin Nihon & Co.

Mori Trust Sogo Reit: Historical Price Chart



Mori Trust Asset Management: Company Profile

Office

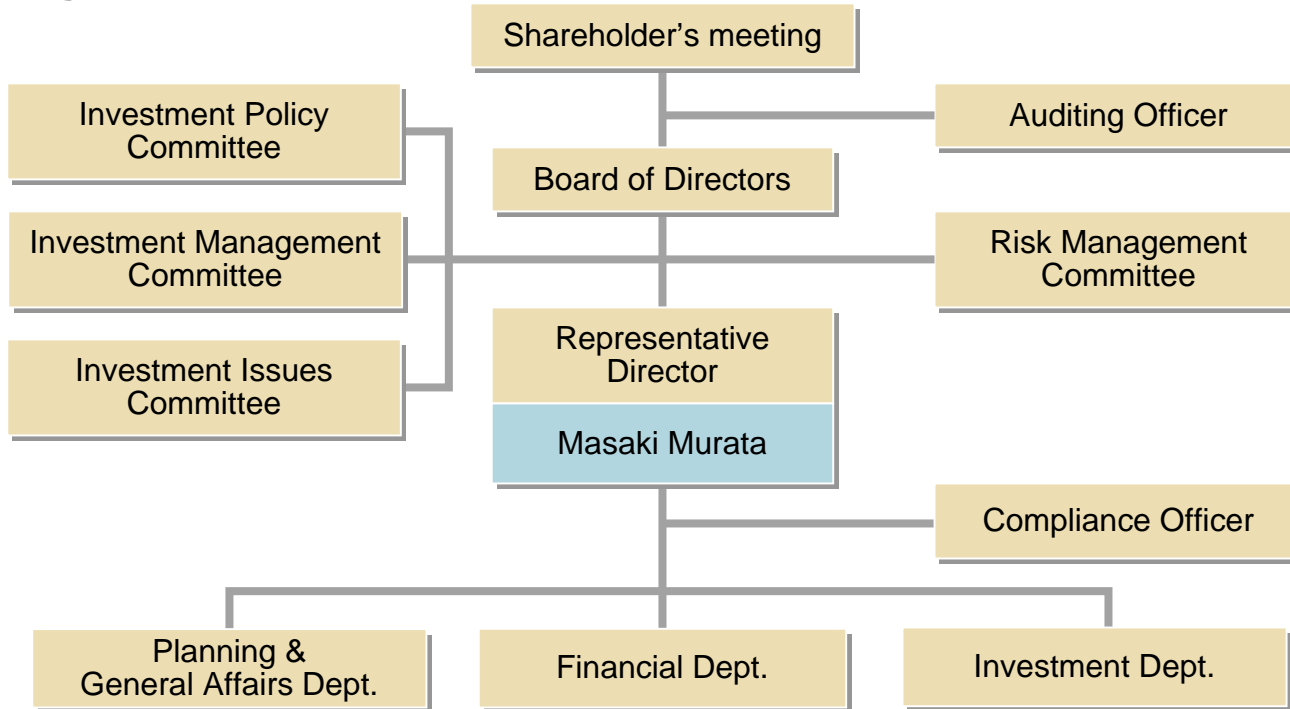
Address: 1-25-5 Toranomom, Minato-ku, Tokyo 105-0001, Japan
Phone: +81-3-5511-2461
Website: <http://www.mt-am.jp/>

Board of Directors

President & CEO	Masaki Murata (serving concurrently as the executive director of MTR)
Director	Masashi Kotake
Director	Hajime Tanaka
Director	Fumiaki Hashimoto
Auditing Officer	Shin Takahashi

Mori Trust Asset Management: Organization and Ownership

Organization



Ownership

Name	Share
Mori Trust Co., Ltd.	65.0%
PARCO Co., Ltd.	10.0%
SOMPO Japan Insurance Inc.	10.0%
Sumitomo Mitsui Banking Corporation	5.0%
UFJ Bank Limited	5.0%
Mizuho Corporate Bank, Ltd.	5.0%
Total	100.0%

Masaki Murata, President and CEO

- Started career at Nomura Securities in 1982
- Engaged in new products and syndication at Nomura International plc (London) from 1987 to 1991.
- Has engaged in corporate and real estate finance in and outside Japan. Acceded to current position in June 2003.
- Has also been the executive director of MTR since September 2003.

Mori Trust Asset Management: Corporate Governance

Compliance

- Risk Management Committee: consisting of one compliance officer and at least two outsiders
- Transactions with Stakeholders* are strictly monitored by Risk Management Committee
- Such transactions should be disclosed on a timely basis.

*MTAM defines a "Stakeholder" as a company which satisfies the following conditions:

1. No less than 10% of shares held by Mori Trust Group Inc., and
2. More than one director comes from Mori Trust Group.

Insider Share Holding

- Mori Trust Group's significant ownership of MTR (30%) aligns the interest of Mori Trust Group and other investors
 - ✓ arbitrary transactions between Mori Trust and MTR would cause significant reduction of share's value and Mori Trust's reputation.



Strategy and Asset Allocation

(including details of the current portfolio)

Overall Strategy

- Collaboration with Mori Trust Group
- Conservative loan policy enables financing of property acquisitions on a timely basis
- Target volume: 400 billion yen

Growth

Profitability

Stability

- Distribution per share: 30,000 yen + per year
- High ROA policy: combination of well-managed investment and cost efficiency

- Benefits of 'master lease contract'
- Long-term relationship with leading companies
- Financial stability

Target Asset Allocation

Allocation in Line with the Target Portfolio

Build a portfolio centered around the office buildings in central business districts in Tokyo with an amount of diversification in use and geographic location

Target Portfolio

	Central business districts in Tokyo ⁽¹⁾	Other ⁽²⁾	Total
Office buildings	60 ~ 70%	10 ~ 20%	70 ~ 90%
Retail facilities	0 ~ 10%	10 ~ 20%	10 ~ 30%
Other ⁽³⁾			
Total	60 ~ 80%	20 ~ 40%	100%

(1) MTAM defines 6 wards (Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa) as the central business districts (CBDs) in Tokyo.

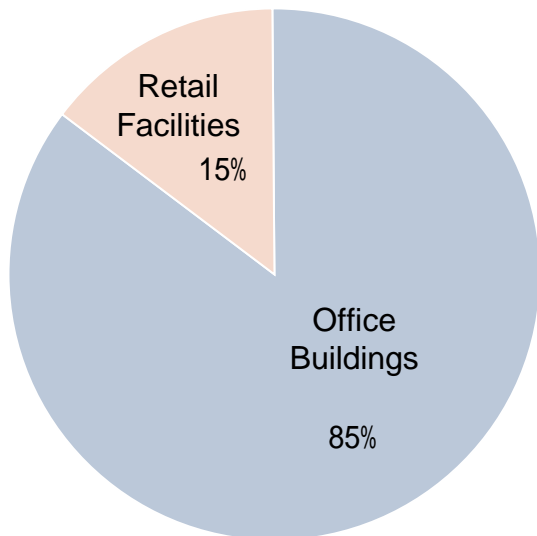
(2) Includes greater Tokyo (Tokyo excluding CBDs, Kanagawa, Chiba, Saitama) and other major regional cities.

(3) Limited to residential and hotel properties for the time being.

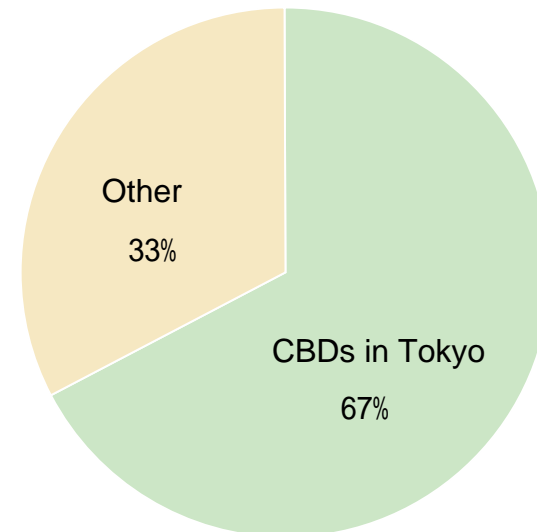
Current Asset Allocation

- Current asset allocation is coherent with the target portfolio
 - ✓ Focusing on central business districts (CBDs) in Tokyo and office buildings
 - ✓ MTAM and Mori Trust Group have competitive advantage in running properties in these areas and types.

Use



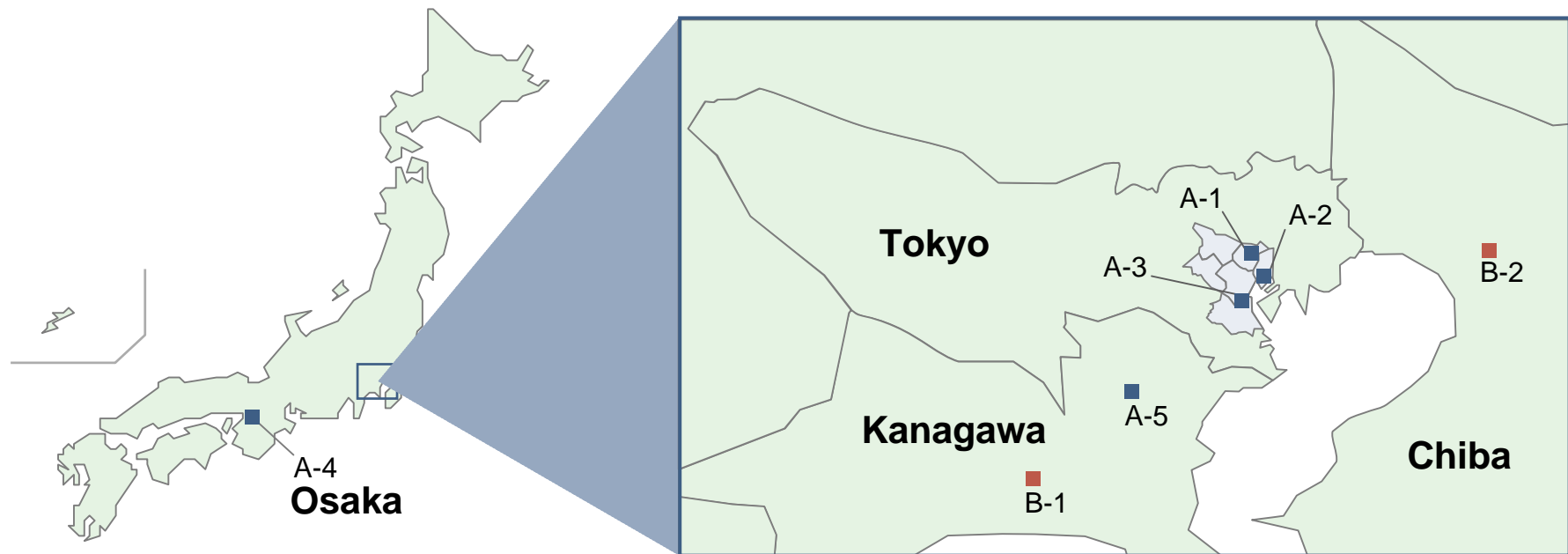
Location



As of the end of 4th fiscal period

Current Asset Allocation (continued)

No.	Use	Name	Location
A-1	Office	Hitachi Headquarters Bldg	CBDs in Tokyo
A-2	Office	Nissan Motors New Headquarters Bldg	CBDs in Tokyo
A-3	Office	Mita MT Bldg	CBDs in Tokyo
A-4	Office	Marubeni Osaka Headquarters Bldg	Osaka
A-5	Office	Shin-Yokohama TECH Bldg	Kanagawa
B-1	Retail	Ito-Yokado Shonandai	Kanagawa
B-2	Retail	Cresse Inage	Chiba



Current Portfolio: Property Specs

Name	Built	Acquisition Price (millions of yen)	Tenant (master lessee)	Architectural Area (m ²)	Maturity	Note
Hitachi Headquarters Bldg.	Mar/83	40,000	Mori Trust	57,255	5/31/2006 + 3-year recontract option	Headquarters of Hitachi group Close to Ochanomizu St. (10min. to Tokyo St.)
Nissan Motors New Headquarters Bldg.	Mar/82	16,000	Mori Trust	38,902	9/30/2008	Headquarters of Nissan Motors Located in Ginza
Mita MT Bldg.	Sep/74 ¹	16,000	Mori Kanko Trust	21,043	11/30/2008	Located in central business district in Mita, Tokyo
Marubeni Osaka Headquarters Bldg.	Mar/84	12,500	Marubeni	41,574	9/30/2012	Well-known building located in central business district in Osaka
Shin-Yokohama TECH Bldg.	Feb/86	6,900	Fujitsu ²	25,187	2/28/2005 (with Fujitsu)	Located in Shin-Yokohama where many IT companies are located
Ito-Yokado Shonandai	Nov/02	11,600	Ito-Yokado	53,394	11/20/2022	One of main stores of Ito-Yokado Located in a growing trading area
Cresse Inage	-	4,200	Daiwa Kosho Lease	79,113	6/2/2023	Large-scale roadside shopping facility
Total	-	107,200		316,468		

1. Renovated in 1997

2. Largest tenant in the building



Hitachi Headquarters Bldg.



Nissan Motors New Headquarters Bldg.



Mita MT Bldg.



Marubeni Osaka Headquarters Bldg.



Shin-Yokohama TECH Bldg.



Ito-Yokado Shonandai



Cresse Inage

Office Buildings



A-1 Hitachi Headquarters Building

- ✓ Headquarters of Hitachi Group
- ✓ Subleased by Mori Trust
- ✓ Convenient location:
close to Ochanomizu St.
- ✓ High potential for redevelopment



- ✓ Headquarters of Nissan Motors
- ✓ Subleased by Mori Trust
- ✓ High potential for redevelopment
- ✓ Close to Ginza

A-2 Nissan Motors New Headquarters Building

Office Buildings (continued)



A-3 Mita MT Building

- ✓ Subleased by Mori Kanko Trust
- ✓ Major tenant: Hitachi Electronics Services
- ✓ New train station (Yamanote Line) is being planned in the neighborhood

- ✓ Famous landmark of central business district in Osaka
- ✓ 10-year contract with Marubeni Corp.
- ✓ High potential for redevelopment

A-4 Marubeni Osaka Headquarters Building



Office Buildings (continued)



A-5 Shin-Yokohama TECH Building

- ✓ Major tenant: Fujitsu Group
- ✓ In Shin-Yokohama, office space for IT companies is increasing

Retail Facilities



B-1 Ito-Yokado Shonandai

- ✓ Growing trading area in Shonandai area
- ✓ 20-year contract with Ito-Yokado
- ✓ New train station is planned in the neighborhood

- ✓ Invested in limited land property rights (first case in J-REIT)
- ✓ Roadside shopping center
- ✓ 20-year contract with Daiwa Kosho Lease

B-2 Cresse Inage



Acquisition (External Growth) Strategy

Target Property Specifications

Office Buildings

- Large (A-class) office building in CBDs in Tokyo
 - ✓ Properties in other areas are currently unattractive.

Retail Facilities

- Shopping centers with significant trading area, not limited to Tokyo
 - ✓ Retail facilities are also attractive for area diversification.

Residential Properties

- Limited to high-class residential properties in prestigious areas such as Azabu, Aoyama, and Akasaka in Tokyo

Hotel Properties

- Limited to providing master lease to leading companies in lodging industry



Priority

Internal Growth Strategy

Repair and Maintenance Policy

- Strategic repair and maintenance
 - ✓ Develop 12-year repair and maintenance plan for every property (revised annually)
 - ✓ Repair and maintenance taking a long-term view
- Financing repair and maintenance
 - ✓ Reserve additional funds if planned repair and maintenance cost exceeds depreciation
- Taking advantage of master leasing
 - ✓ Delegating repair and maintenance to master lessee (sublessor) to reduce MTAM's cost
 - ✓ Master lessees have obligation to report property status monthly
 - ✓ MTAM monitors maintenance by sublessee as well

Reduction of Property Management Cost

- Continuous search for competitive service provider
 - ✓ Employed new property manager for Shin-Yokohama TECH Building by tender (from July)

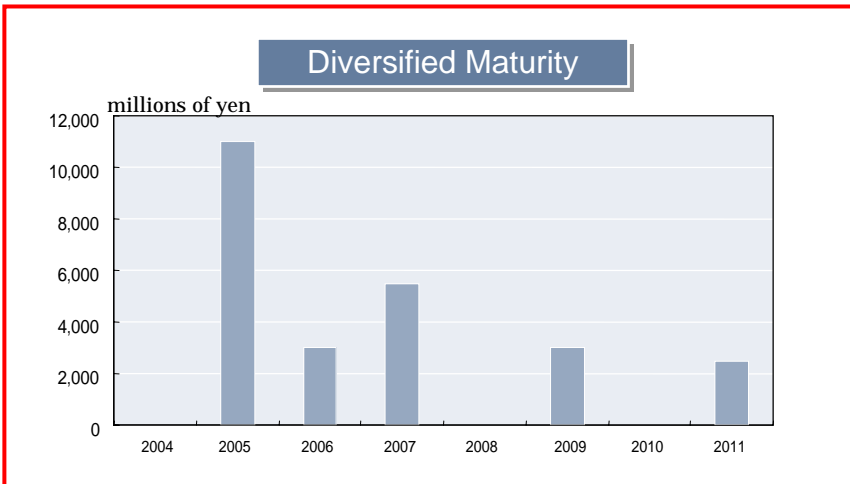
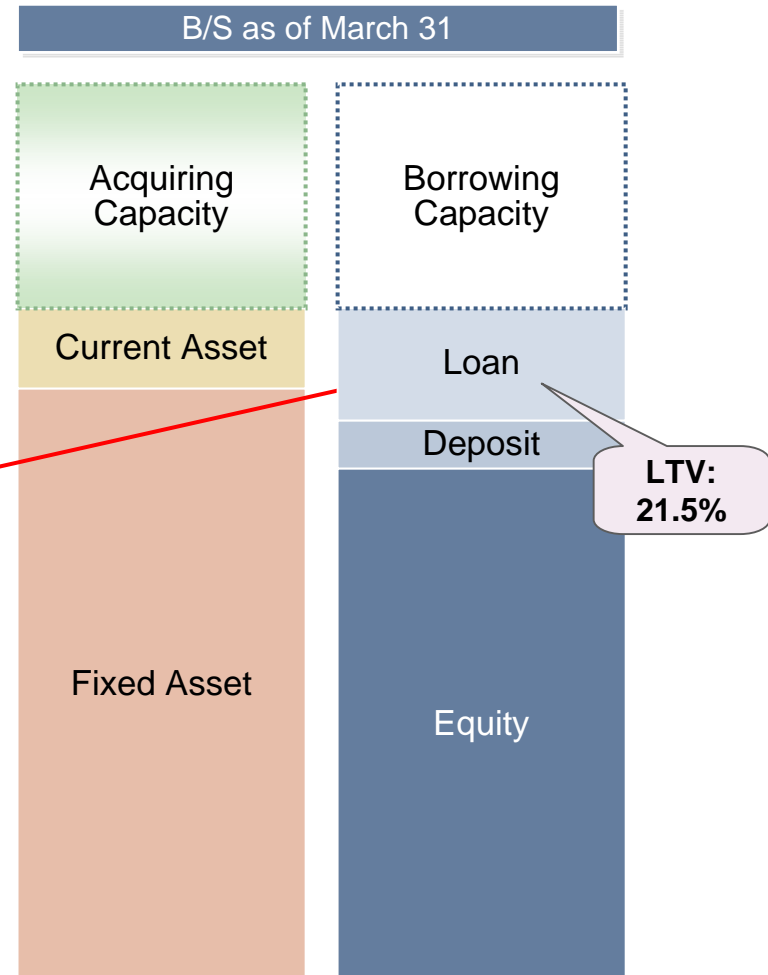
Financial Strategy

Focus on Stability

- Maintain low loan-to-value (LTV) ratio (Up to 30-40%)
- Lengthening duration of loans
- Diversified maturity
- Efficient use of deposits

Diversifying Funding Sources

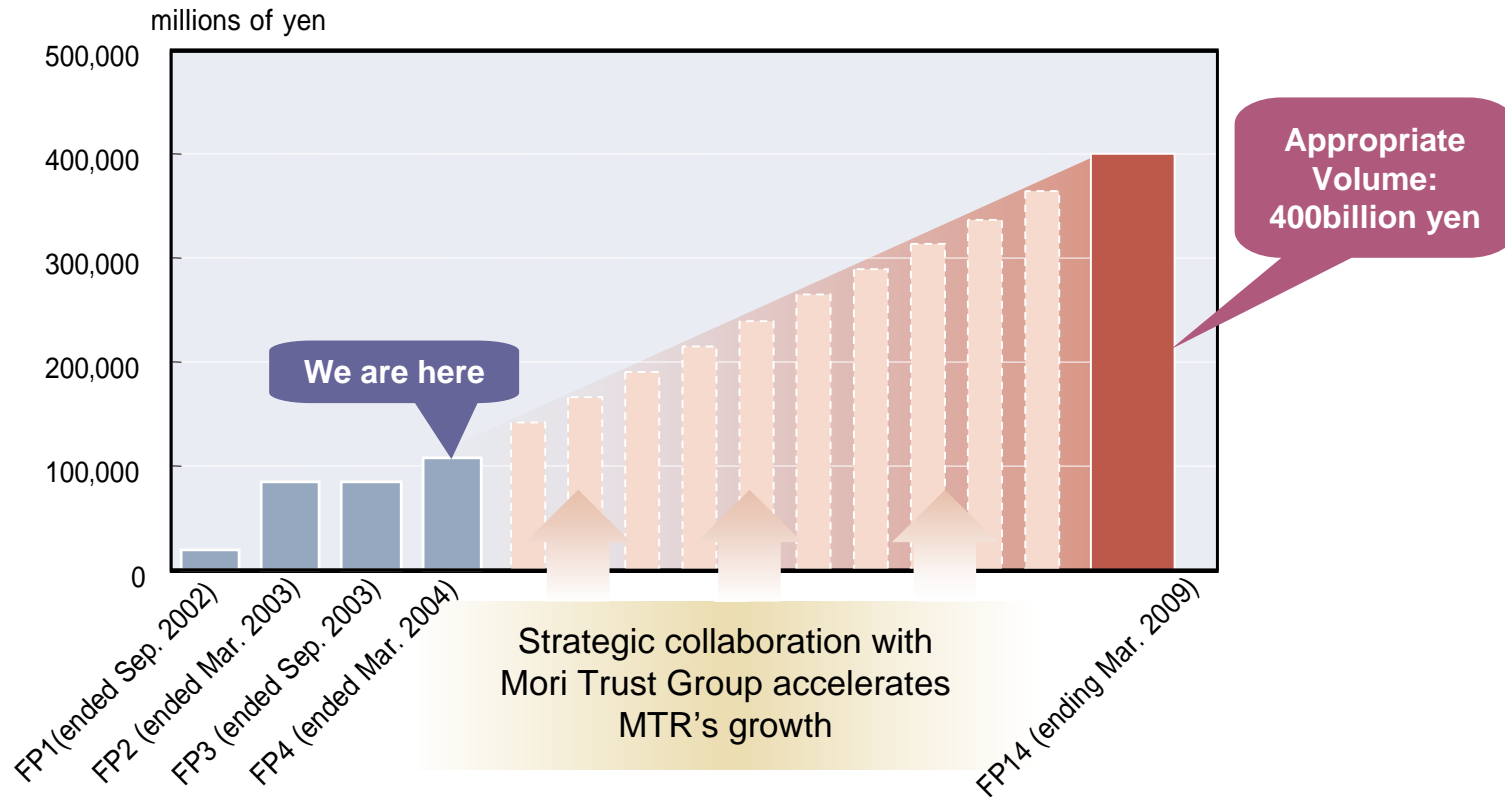
- Planning to obtain corporate rating
- Planning to diversify funding sources



Future Plan

Future Asset Size

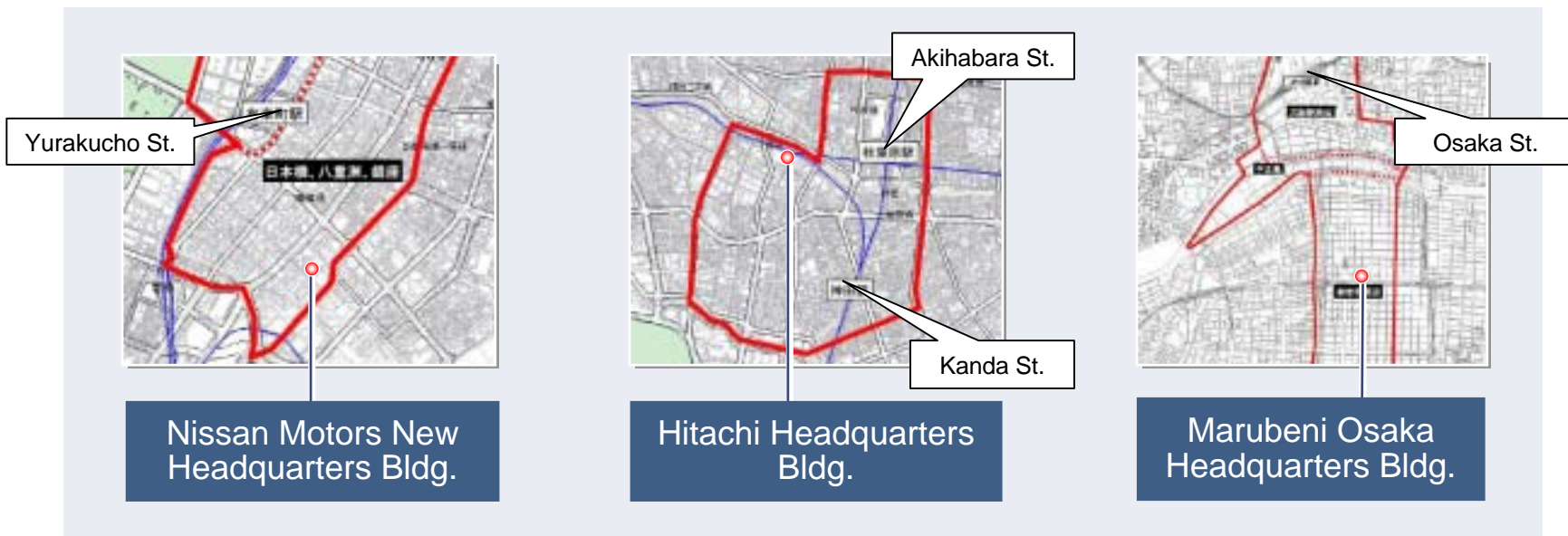
- Appropriate future volume: 400 billion yen in 2009
 - ✓ 400 billion yen is appropriate for balancing diversification and management efficiency
- Strategic collaboration with Mori Trust Group
 - ✓ MTR can receive information about investment grade properties from Mori Trust Group on a preferential basis.



Upside Potential of Properties

Unique Exit Strategy

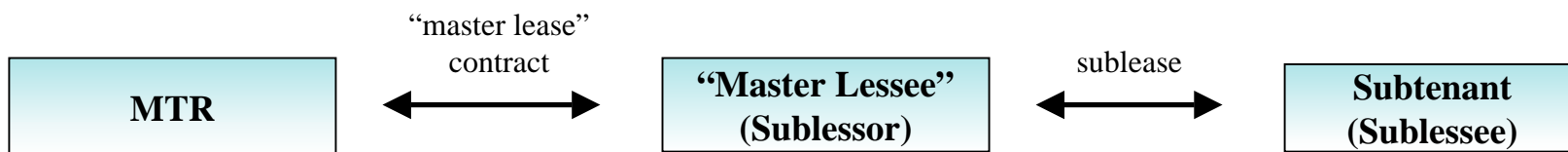
- Location comes first when MTR invests in office buildings
 - ✓ As discussed before, office buildings in prime locations show steady tone even in weak market.
- Location is also important when a building becomes obsolete; good location implies potential for redevelopment
- Some properties owned by MTR are located in special districts for urban redevelopment (*Toshi Saisei Kinkyu-seibi Chiiki*) created by the Special Measurement Law for Urban Redevelopment (*Toshi Saisei Tokubetsu Sochiho*)
 - ✓ In these districts, special treatments apply such as an increased floor-area ratio, truncated authentication process, etc.



Strategy for Stable Profits

“Master Lease” Contracts

- “Master Lease” contracts: MTR leases a building to a single tenant (“master lessee”), and the master lessee sublets to subtenants.
- Master lease contracts increases the stability of rents because the contract stipulates following conditions:
 - ✓ Fixed rent: master lessee takes variable-rent and/or vacancy risks
 - ✓ Long-term contract: usually longer than standard contracts in Japan
 - ✓ Property management: master lessee is responsible for keeping the property’s condition (such delegation reduces monitoring cost for MTAM).
 - ✓ Net lease: master lessee is responsible for ordinary repair and maintenance
- Master lease contract also reduces “multiple tenant risk”—vacancy, fluctuation of rents, inability to make renovation on timely basis because of prolonged negotiations with tens of tenants, etc.



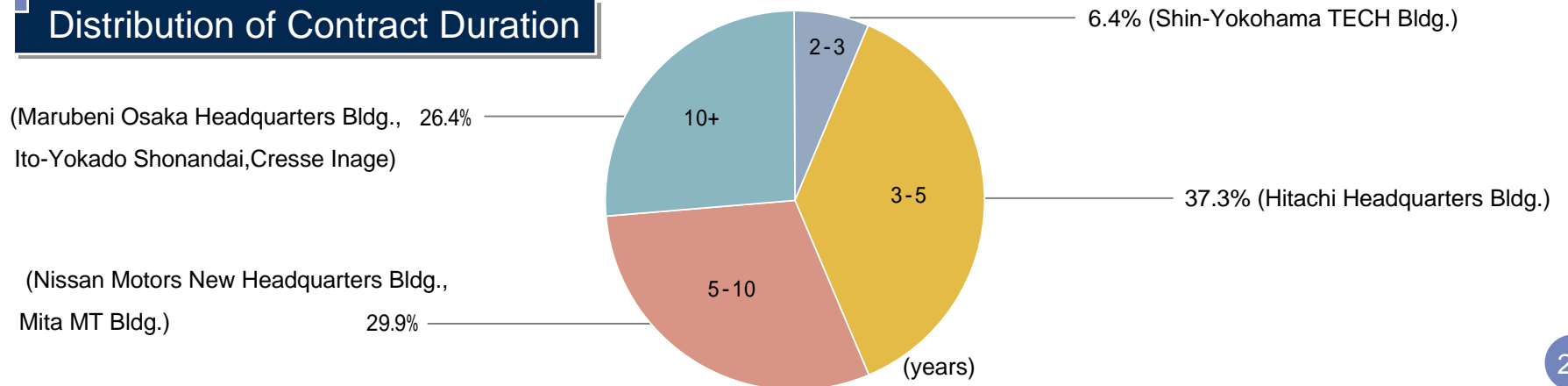
Strategy for Stable Profits: Current Tenants and Contracts

Long-Term Contract

Name	Tenant/ master lessee	Rating		Maturity	Sublessee	Rating	
		JCR ¹	R&I ²			JCR ¹	R&I ²
Hitachi Headquarters Bldg.	Mori Trust	-	-	5/31/2006 + 3-year recontract option	Hitachi Ticker: 6501	AA	AA-
Nissan Motors New Headquarters Bldg.	Mori Trust	-	-	9/30/2008	Nissan Motors Ticker: 7201	-	A-
Mita MT Bldg.	Mori Kanko Trust	-	-	11/30/2008	Hitachi Electronic Service ³	-	-
Marubeni Osaka Headquarters Bldg.	Marubeni Ticker: 8002	BBB+	BB+	9/30/2012	-	-	-
Shin-Yokohama TECH Bldg.	Fujitsu ³ Ticker: 6702	-	A	2/28/2005 (with Fujitsu)	-	-	-
Ito-Yokado Shonandai	Ito-Yokado Ticker: 8264	AAA	AA+	11/20/2022	-	-	-
Cresse Inage	Daiwa Kosho Lease Ticker: 9762	-	-	6/2/2023	Sekichu Home Center ³ Ticker: 9976	-	-

1. Japan Credit Rating Agency, Ltd.
2. Rating and Investment Information, Inc.
3. Largest tenant in the building

Distribution of Contract Duration





Japanese Real Estate Market Outlook

Real Estate Market Outlook

Overall Real Estate Market

- High market volume will continue, due to continuous supply from large corporations.
- Though real estate and construction sector has been dominant supplier since FY2001, supply from other sectors is increasing because of the need for downsizing balance sheets.
 - ✓ Recognition of the impairment of assets is mandatory from FY2005 in Japan.
- Office building is dominant in all types of properties traded.

Office Building Market

- Vacancy rate of A- class office buildings in Tokyo city area has already peaked.
- Supply of large office buildings (more than 10,000m² architectural area) will be stable at historical average level.
- Tokyo city area will be the center of new office building supply.

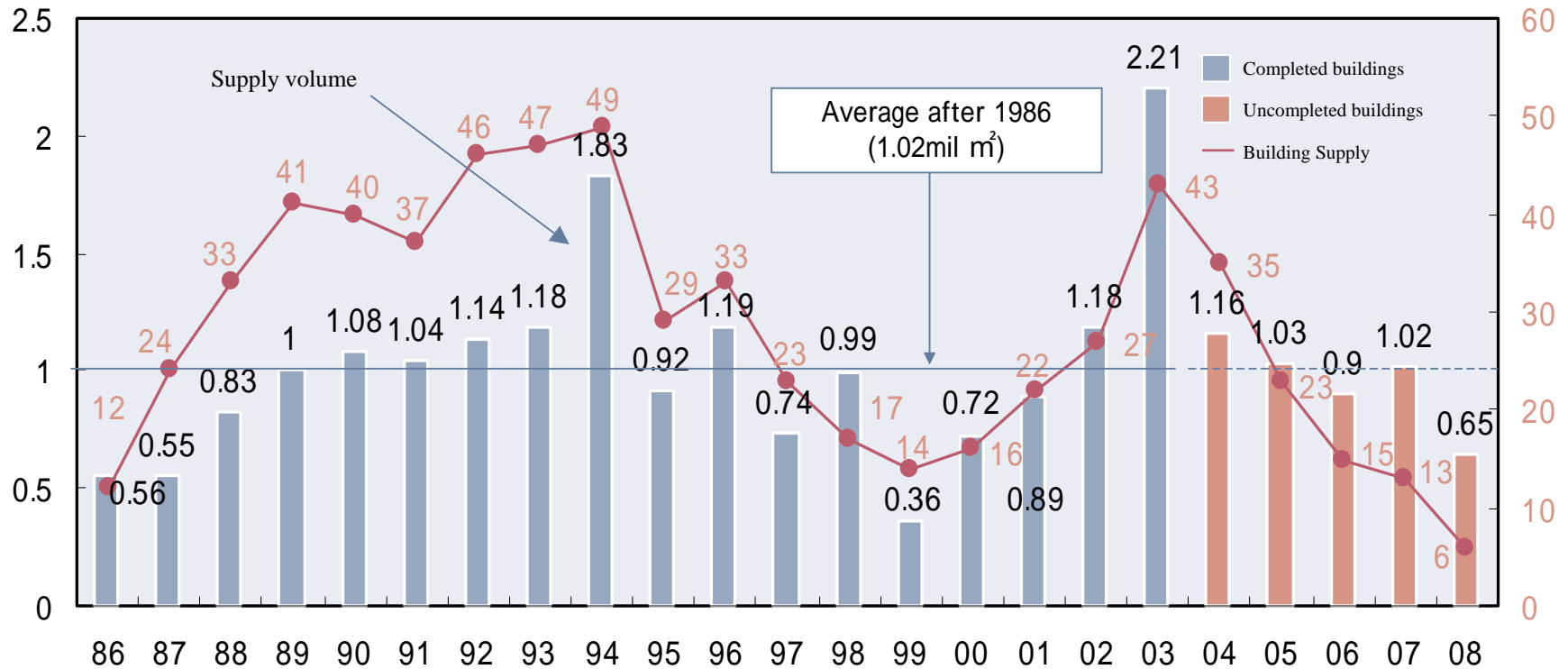
Retail Facility Market

- Though retail industry has been stagnant, sales volume of shopping center (SC) segment hit bottom in 2003.
 - ✓ SC is a combination of large supermarkets, various stores and restaurants.
- The number of SC is increasing.

Supply of Office Buildings in Tokyo

Supply volume
(million m²)

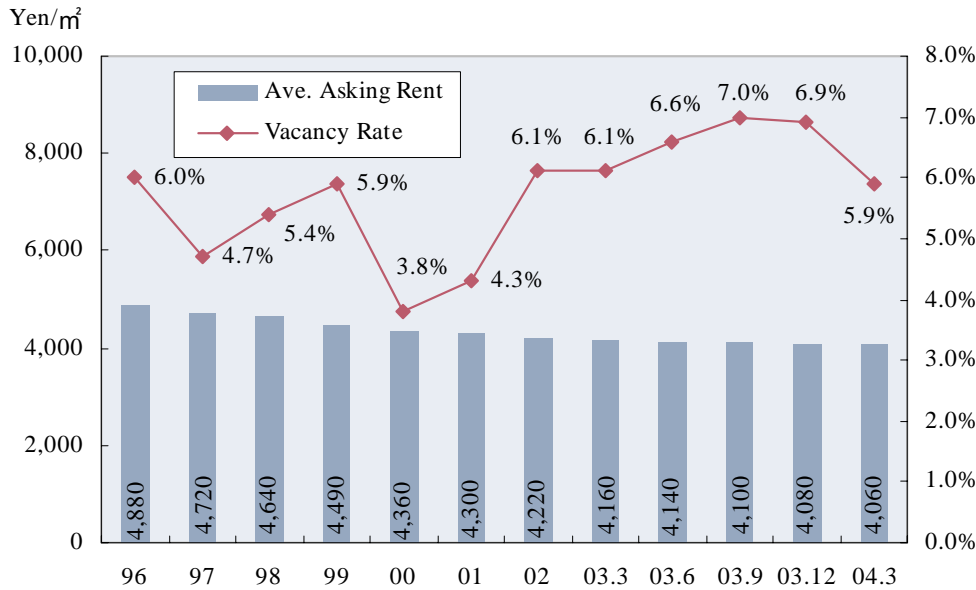
Building Supply
(number)



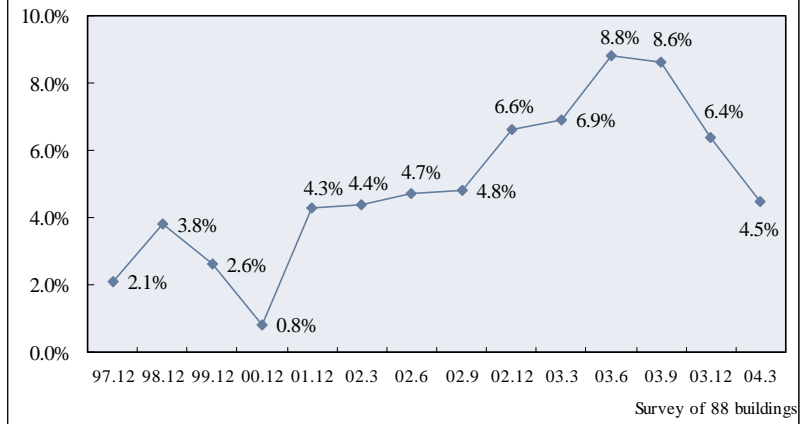
Source: MORI TRUST

Vacancy Rate Statistics

Average Asking Rent and Vacancy in Tokyo 23 Wards



Class A Buildings Vacancy Rate in Tokyo 23 Wards



Definition of Class A Buildings in Tokyo

Location	Central 5 Wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya); areas considered mature office districts such as Toranomon and Nishi-Shinjuku; and other high-potential business districts like Shinagawa
Total floor area	33,000 m ² or more
Area for lease per floor	660 m ² or more (Net rentable area)
Age of building	Built after 1982 (Subject to new earthquake control building code)
Ceiling height	2.6m or higher
Air conditioning	Controllable by floor, or as separate unit by tenant
Wiring	3-way, raised floor
Electric capacity	30 VA/m ² or higher
Access	24 hours available

Source: IKOMA CB RICHARD ELLIS

Interest Rates Outlook

Overall Interest Rate Market

- Overall interest rates will be on an upward trend for the next several years.
- During FY2004, continued deflation, excess liquidity, and loose monetary policy will support the Japanese bond market; 10-year JGB yield will stay between 1.2-1.6%.
 - ✓ However, a recovering economy will provide support for rates.
- First sign of upward trend of interest rates will be seen in late FY2004 (see the matrix below).
- BOJ will start to consider an exit strategy from its current loose-money policy in FY2005.
- Upward trend will be clear in late FY2005.

(JGB yield)	Apr - Jun 2004	Jul - Sep 2004	Oct 2004 - Mar 2005	FY 2005	FY 2006	FY 2007	FY 2008
2y	0.05 ~ 0.15	0.08 ~ 0.20	0.08 ~ 0.20	0.20	0.25	0.40	0.50
5y	0.40 ~ 0.75	0.50 ~ 0.85	0.50 ~ 0.85	0.90	1.00	1.25	1.50
10y	1.20 ~ 1.60	1.20 ~ 1.60	1.20 ~ 1.80	1.75	2.00	2.25	2.50
20y	1.70 ~ 2.2	1.80 ~ 2.20	1.80 ~ 2.30	2.30	2.50	2.65	2.90

Source: Daiwa Securities SMBC

Assumptions for the Outlook Above

- Current monetary policy will hold during FY2004.
- BOJ will lift current loose monetary policy in FY2006.
- While U.S. economy will slow down a bit in late FY2004, recovering European economy and growing Asian economy will support global economic growth.

New Office Buildings Projects

Name of Building	Location	Floor Area (m ²)	Floor Area (ft ²)
2003			
Shinjuku First West TS Tower	Nishi-Shinjuku, Shinjuku-ku	44,516	479,120
Marunouchi Trust Tower North	Higashi-Shinagawa, Shinagawa-ku	43,749	470,866
Roppongi T-CUBE	Marunouchi, Chiyoda-ku	65,802	708,220
	Roppongi, Minato-ku	62,060	667,943
2004			
Chiyoda First Building West Wing	Nishi-Kanda, Chiyoda-ku	63,450	682,909
Nihombashi 1-chome Building	Nihombashi, Chuo-ku	92,917	1,000,061
Shibusawa City Place Eitai	Eitai, Koto-ku	33,319	358,611
Keio Shinagawa Building	Konan, Minato-ku	39,961	430,098
JR Shinagawa East Building	Konan, Minato-ku	62,740	675,273
Nibancho Project (tentative)	Nibancho, Chiyoda-ku	58,412	628,685
Toranomon 5-chome Project	Toranomon, Minato-ku	35,617	383,344
Shiodome Sumitomo Building	Higashi-Shimbashi, Minato-ku	99,399	1,069,826
Shinagawa Seaside South Tower	Higashi-Shinagawa, Shinagawa-ku	51,200	551,063
Shinagawa Seaside West Tower	Higashi-Shinagawa, Shinagawa-ku	38,950	419,217
Shinagawa Seaside East Tower	Higashi-Shinagawa, Shinagawa-ku	44,070	474,323
Meiji Yasuda Seimei Building	Marunouchi, Chiyoda-ku	148,727	1,600,744
Nissei Marunouchi Building (tentative)	Marunouchi, Chiyoda-ku	88,000	947,140
Marunouchi 1-chome Development Project Building B	Marunouchi, Chiyoda-ku	66,183	712,324
Toyosu IST Building (tentative)	Toyosu, Koto-ku	46,400	499,401
Shin-Tokyo Chuo Building (Marunouchi 1-chome D Project)	Marunouchi, Chiyoda-ku	45,674	491,587
Akasaka 1-chome Project (tentative)	Akasaka, Minato-ku	74,641	803,361
2005			
Tokyo Shiodome Building	Higashi-Shimbashi, Minato-ku	192,000	2,066,486
Akihabara Dai Building	Soto-Kanda, Chiyoda-ku	50,000	538,148
Ginza 8-chome Project (tentative)	Ginza, Chuo-ku	49,729	535,231
Mitsui Muromachi Shinkan (tentative)	Nihombashi-Muromachi, Chuo-ku	133,500	1,436,854
TOC Ariake Project	Ariake, Koto-ku	108,500	1,167,780
Redevelopment Project of Shirogane 1-chome East Urban Area/Office Tower (tentative)	Shirogane, Minato-ku	50,499	543,518
IHI Building (tentative)	Toyosu, Koto-ku	99,990	1,076,187
Suntory Tokyo-Shin Building (tentative)	Daiba, Minato-ku	34,490	371,214
Reconstruction Project of Tokyo Building (tentative)	Marunouchi, Chiyoda-ku	150,000	1,614,443

Being developed by Mori Trust

New Office Buildings Projects (continued)

Name of Building	Location	Floor Area (m ²)	Floor Area (ft ²)
2006			
UDX Building (tentative)	Soto-Kanda, Chiyoda-ku	161,676	1,740,111
Shin-Shibaura Project	Konan, Minato-ku	141,891	1,527,166
Mitsubishi Corporation Marunouchi New Headquarters Building Project (tentative)	Marunouchi, Chiyoda-ku	61,000	656,540
Tora 4 Project/Office Tower	Toranomon, Minato-ku	59,742	643,000
Redevelopment Project of the former site of Mita Miyako Hotel (tentative)	Mita, Minato-ku	99,662	1,072,657
Redevelopment Project of Osaki Station East Area 3/Office Tower (Urban Area 1) (tentative)	Higashi-Gotanda, Shinagawa-ku	80,000	861,036
Kinshicho Office Tower (tentative)	Taihei, Sumida-ku	72,957	785,233
TA Building	Toyosu, Koto-ku	105,300	1,133,339
Kudan-Kita Project	Kudan, Chiyoda-ku	58,900	633,938
G Project	Nishi-Gotanda, Shinagawa-ku	47,600	512,316
2007			
Redevelopment Project of Akasaka 9-chome/Tower A (tentative)	Akasaka, Minato-ku	234,000	2,518,530
Redevelopment Project of Akasaka 9-chome/Tower B (tentative)	Akasaka, Minato-ku	80,000	861,036
Redevelopment Project of Akasaka 9-chome/Tower E (tentative)	Akasaka, Minato-ku	40,000	430,518
Redevelopment Project of TBS Akasaka (Second Stage)/Office Tower (tentative)	Akasaka, Minato-ku	177,000	1,905,042
Redevelopment Project of Nishi-Shinjuku 8-chome Naruko Area/Office Tower (tentative)	Nishi-Shinjuku, Shinjuku-ku	172,000	1,851,227
Redevelopment Project of Osaki Station East Area E/Office Tower (tentative)	Osaki, Shinagawa-ku	155,000	1,668,257
JR East Tokyo Station Nihonbashi Building	Marunouchi, Chiyoda-ku	79,200	852,426
Redevelopment Project of Nishi-Shinjuku 6-chome West Area 6/Office Tower (tentative)	Nishi-Shinjuku, Shinjuku-ku	76,859	827,230
Redevelopment Project of Fujimi 2-chome North Area/Office Tower (tentative)	Fujimi, Chiyoda-ku	75,300	810,450
Redevelopment Project of Yurakucho Station (tentative)	Yurakucho, Chiyoda-ku	75,000	807,221
2008			
Tokyo Station Yaesu Project North Tower, South Tower	Marunouchi, Chiyoda-ku	350,000	3,767,033
Reconstruction Project of Shin-Marunouchi Building (tentative)	Marunouchi, Chiyoda-ku	195,000	2,098,775
Marunouchi Trust Tower Main Tower	Marunouchi, Chiyoda-ku	110,000	1,183,925

Being developed by Mori Trust



Financial Review:
4th Fiscal Period
(October 2003 – March 2004)



Highlights of 4th Fiscal Period

Key Events

- Completed 112,000 share IPO at 730,000 yen on February 13 (code: 8961, Tokyo Stock Exchange)
- Acquired two properties (Mita MT Building and Shin-Yokohama TECH Building), total assets of MTR grew to 107 billion yen.

Growing Profit

- Distribution per share: 15,243 yen
- IPO cost had little effect on profit

(millions of yen, except indicated)

	For the fiscal period ended		% increase from FP3
	March 31, 2004 (FP4)	September 30, 2003 (FP3)	
Operating Revenues	3,675	3,200	14.8%
Operating income	2,797	1,852	51.0%
Net income*	2,438	850	186.8%
Fund from operations** (FFO)	2,885	1,224	135.8%
Distribution per share (yen)	15,243	5,312	187.0%

* Corporate tax is charged in FP3

** Net income + depreciation

Statements of Income and Retained Earnings

(thousands of yen)

	3rd Period (April 1, 2003 to September 30, 2003)	4th Period (October 1, 2003 to March 31, 2004)
Operating Revenues:		
Rental revenues	3,200,090	3,675,442
Operating Expenses:		
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	-
Operating Income	1,852,216	2,797,819
Non-Operating Revenues:		
Interest income	34	526
Other non-operating revenues	1,494	-
Non-Operating Expenses:		
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
Income before Income Taxes	1,579,434	2,439,565
Income Taxes:		
Current	707,672	605
Deferred	21,718	-
Net Income	850,044	2,438,960
Retained Earnings at the beginning of Period	39	3
Retained Earnings at the end of Period	850,083	2,438,963

Balance Sheets

(thousands of yen)

	End of 3rd Period (as of September 30, 2003)	End of 4th Period (as of March 31, 2004)
Assets		
Current Assets:		
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
Property and equipment, at cost:		
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
Investments and other assets:		
Deposits	10,000	10,000
Organization costs	41,066	34,222
Total Assets	147,471,121	116,074,357
Liabilities		
Current Liabilities:		
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
Long-Term Liabilities:		
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
Total Liabilities	66,621,038	33,635,394
Shareholders' Equity		
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
Total Shareholders' Equity	80,850,083	82,438,963
Total Liabilities and Shareholders' Equity	147,471,121	116,074,357

Statements of Cash Flows (Unaudited)

(thousands of yen)

	3rd Period (April 1, 2003 to September 30, 2003)	4th Period (October 1, 2003 to March 31, 2004)
Cash Flows from Operating Activities:		
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
Cash Flows from Investing Activities:		
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)
Cash Flows from Financing Activities:		
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)
Net Change in Cash and Cash Equivalents	56,146,272	(55,126,800)
Cash and Cash Equivalents at the beginning of Period	4,133,894	60,280,166
Cash and Cash Equivalents at the end of Period	60,280,166	5,153,366

Details of Loans

Low Loan-to-Value Ratio

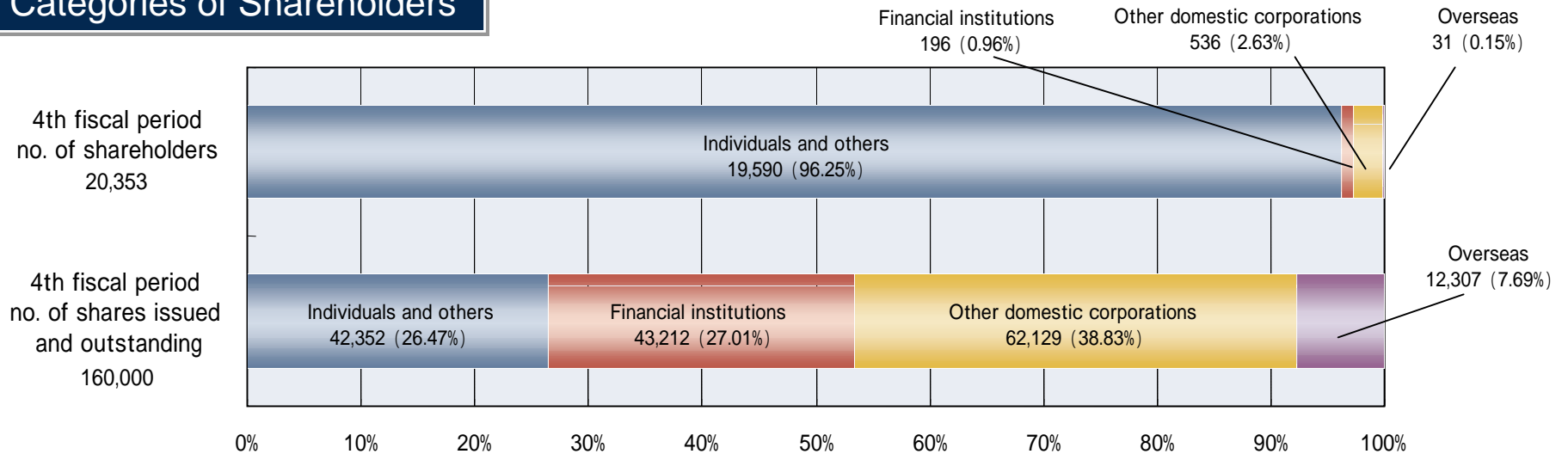
- Interest-Bearing Debt / Total Assets (Loan to Value:LTV ratio) = 21.5%
 - ✓ Maintaining low LTV ratio enables to finance purchasing properties on a timely basis, which is quite beneficial in a competitive real estate market such as office building market in Tokyo.
- Average duration = 2.6 years
- Average borrowing rate = 0.8%

Breakdown of Loans

	Lender	Drawdown Date	Year-end Balance (millions of yen)	Current Borrowing rate (%)		Maturity	Duration (Year)	Repayment method	Collateral	Guaranteed
	The Bank of Tokyo Mitsubishi, Ltd.	03/26/04	3,000	0.48%	Floating	02/28/05	1	Bullet	No	No
	UFJ Bank Limited		3,000	0.53%						
	Sumitomo Mitsui Banking Corporation		1,000	0.58%						
	The Mitsubishi Trust and Banking Corporation		3,000	0.53%						
	The Hachijuni Bank, Ltd.		1,000	0.51%						
Short-term loan total			11,000	0.52%						
	The Sumitomo Trust & Banking Co., Ltd.	03/26/04	3,000	0.64%	Floating	02/28/06	2	Bullet	No	No
	Sumitomo Mitsui Banking Corporation		2,000	0.69%		02/28/07	3			
	The Hachijuni Bank, Ltd.		1,000	0.64%		Fixed	02/28/07			
	The Dai-ichi Mutual Life Insurance Company		2,500	0.93%	02/27/09		5			
	Nippon Life Insurance Company		3,000	1.29%	02/28/11		7			
	Development Bank of Japan		2,500	1.65%						
	Long-term loan total			14,000	1.02%					
Total			25,000	0.80%						

Shareholders

Categories of Shareholders



Top 10 Shareholders

Name	No. of shares	% of total
Mori Trust Co., Ltd.	28,003	17.50%
Mori Kanko Trust Co., Ltd.	20,000	12.50%
Goldman Sachs International	4,946	3.09%
Trust & Custody Services Bank, Ltd. (securities investment trust account)	3,640	2.28%
The Joyo Bank, Ltd.	2,910	1.82%
Japan Trustee Services Bank, Ltd. (trust account)	1,787	1.12%
Aozora Bank, Ltd.	1,682	1.05%
AIG Edison Life Insurance Co.	1,338	0.84%
Morgan Stanley & Co. International Ltd.	1,290	0.81%
The Fuji Fire and Marine Insurance Co., Ltd.	1,270	0.79%
Total	66,866	41.79%



Appendix: About Mori Trust Group

Relationship Between MTR and Mori Trust Group

With MTR

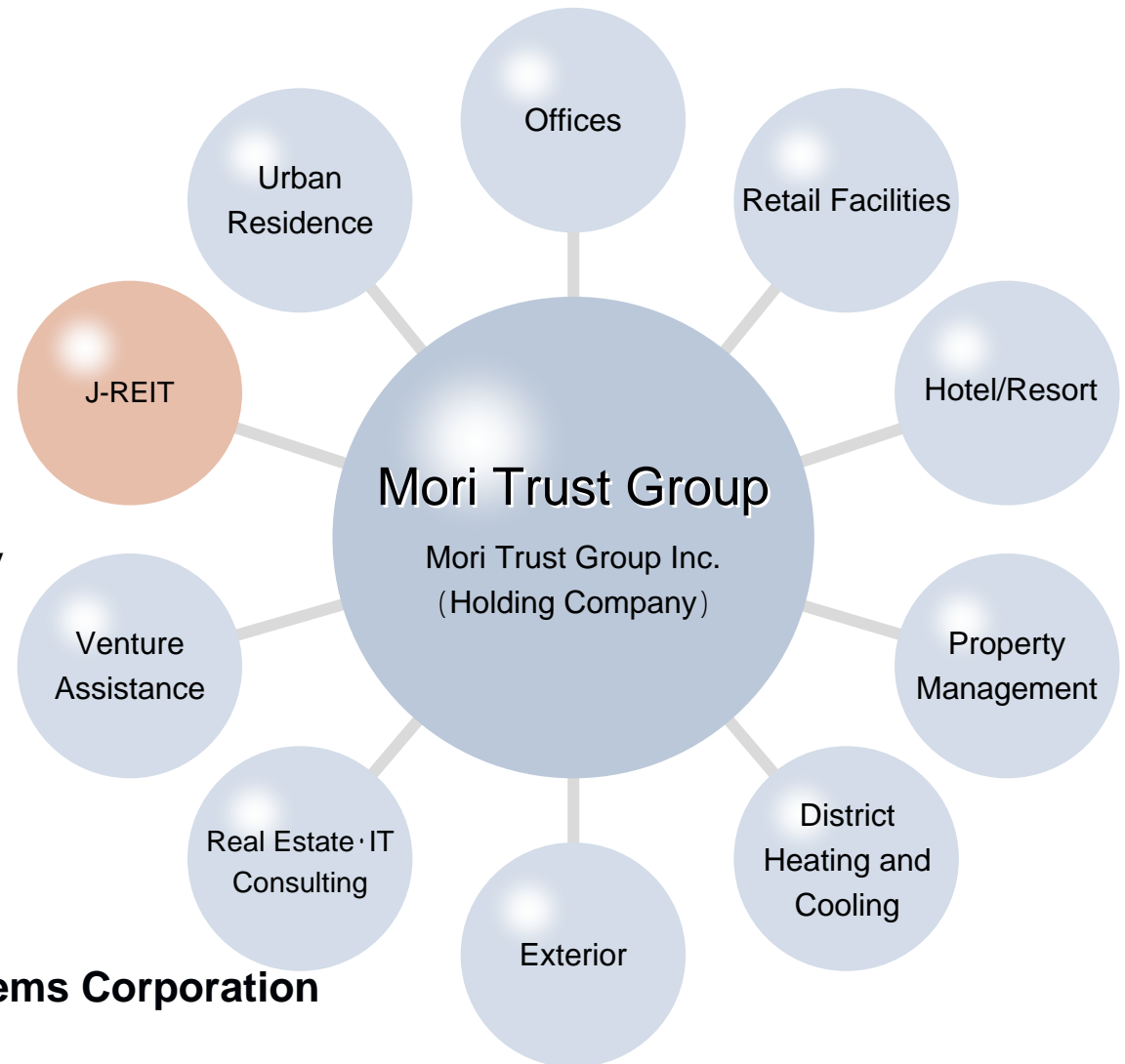
- Owns 30% of MTR shares
 - ✓ Holding significant percentage of shares aligns the interest of Mori Trust Group and other investors.
- Agreed to exchange real estate market information
- Five companies in Mori Trust Group (Mori Trust Group, Mori Trust, Mori Kanko Trust, Mori Investment Trust, and Foretseine) and MTR agreed to exchange information about real estate market.
- Major master lessee (sublessor) of MTR properties

With MTAM

- Owns 65% of MTAM shares
- Provides competitive advantage with MTR and MTAM
 - ✓ Brand name
 - ✓ Additional access to the real estate market
 - ✓ Know-how and human resources

Mori Trust Group

- **Mori Trust Group Inc.**
 - ✓ Holding company
- **Mori Trust Co., Ltd.**
 - ✓ Urban development
 - ✓ Property ownership, leasing & management
- **Mori Kanko Trust Co., Ltd.**
 - ✓ Hotel-chain
- **Mori Investment Trust Co., Ltd.**
 - ✓ Real estate development, especially for outside investment vehicles
 - ✓ Venture capital
- **Foretseine Co., Ltd.**
 - ✓ Urban condominium development
- **MT Facility Service Co., Ltd.**
- **Mampeï Hotel**
- **Nippon Intelligent-Building Systems Corporation**
- **MT Genex Corp.**
- **Shiroyama Heating & Cooling Supply Co., Ltd.**



Businesses of Mori Trust Group

Urban Redevelopment Projects

- Mori Trust: Shiroyama Hills and Gotenyama Hills
 - ✓ Combination of offices, residences, and other facilities
 - ✓ Located in former feudal lords' residences

Office Buildings

- Core business for Mori Trust Group since 1951
- Mori Trust: holding and managing office buildings in CBDs in Tokyo
- MT Facility Service: property management

Housing

- Mori Trust: providing over 200 luxury residences
- Foretseine: specializing in luxurious residences
 - ✓ Large customer base of foreign executives



Shiroyama JT Trust Tower

- Minato-ku, Tokyo
- 37 fl. above ground
- 3 fl. below ground



Marunouchi Trust Tower North

- Chiyoda-ku, Tokyo
- 19 fl. above ground
- 3 fl. below ground



Tokyo Shiodome Building, Conrad Tokyo
(under construction)

- Minato-ku, Tokyo
- 37 fl. above ground
- 4 fl. below ground



Gotenyama Trust Court

- Shinagawa-ku, Tokyo
- 25 fl. above ground
- 3 fl. below ground
- 108 rooms

() These properties are owned by Mori Trust Group.

Businesses of Mori Trust Group

Hotels

- Mori Kanko Trust: running Laforet Club, a members-only nationwide hotel chain
- Mori Trust: specializing in hotels in the center of cities
- Mampei Hotel: luxurious hotel in Karuizawa
 - ✓ John Lennon frequently stayed when he visited Japan

Retail Facilities

- Working with retail developers in Japan
 - ✓ Top shareholder in PARCO Co., Ltd. (Ticker: 8251), one of Japan's top retail developers

Real Estate Development

- Mori Investment Trust
 - ✓ Developed Ito-Yokado Shonandai for MTR



Hotel Laforet Tokyo

- Shinagawa-ku, Tokyo
- 248 rooms
- 496 beds



The InterContinental Grand Yokohama

- Nishi-ku, Yokohama-shi
- 600 rooms
- 1,394 beds

PARCO



Ito-Yokado Shonandai

- Fujisawa-shi, Kanagawa-ken
- 5 fl. above ground
- Opened in November 2002

() Ito-Yokado Shonandai is owned by MTR. The other properties are owned by Mori Trust Group.