

Business performance for the fiscal year ended March 2004

~ Revenue and ordinary income both set new record highs. Profit growth achieved for ten consecutive years. ~

July 5, 2004

This is a report of the business performance figures for FY 2003 (ended March 2004) for the seventeen companies of the Mori Trust Group, including the Mori Trust Group Inc., Mori Trust Co., Ltd., and Mori Kanko Trust Co., Ltd. Details of the consolidated settlement of accounts for the seventeen companies follow.

[Mori Trust Group consolidated business performance] (April 1, 2003 – March 31, 2004)

(Monetary amounts are given in millions of yen; figures in parentheses indicate percentage rates of increase or decrease from the previous fiscal year.)

| | | FY 2002 | FY 2003 | FY 2004 (projected) |
|---|--|---------|----------------|---------------------|
| 1 | Revenue from operations | 111,964 | 121,149 (8.2%) | 125,000 (3.2%) |
| | Lease-related income | 55,993 | 57,274 (2.3%) | 57,500 (0.4%) |
| | Hotel-related income | 18,452 | 27,623 (49.7%) | 30,000 (8.6%) |
| | Other income (interior construction in leased spaces, subdivisions, etc.) | 37,519 | 36,252 (▲3.4%) | 37,500 (3.4%) |
| 2 | Ordinary income | 27,031 | 28,354 (4.9%) | 31,000 (9.3%) |
| 3 | Net income | 9,437 | 15,723 (66.6%) | 16,500 (4.9%) |

○Consolidated companies (thirteen companies)

Mori Trust Group Inc., Mori Trust Co., Ltd., Mori Kanko Trust Co., Ltd., Mori Investment Trust Co., Ltd., MT Facility Service Co., Ltd., Yokohama Grand InterContinental Hotel Co., Ltd., Mampei Hotel, Nippon Intelligent-Building Systems Corporation, MT Genex Corp., Mori Trust Asset Management Co., Ltd., Shiroyama Heating & Cooling Supply Co., Ltd., Universal Express Co., Ltd., MT Golf Management Co., Ltd.

○Equity-method affiliates (four companies)

Parco Co., Ltd., Urban Life Co., Ltd., Foretseine Co., Ltd., Mori Trust Sogo REIT, Inc.

(Notes)

Although Mori Sangyo Trust Co., Ltd. is not included in the list of consolidated companies because it merged with Mori Trust Co., Ltd. on August 1, 2003, the related business performance during fiscal 2003 up to the merger is booked in the business performance for FY 2003.

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Overview of FY 2003 business performance

- Sales and ordinary income both increased. Sales exceeded by 8.2% the previous record high of 112 billion yen from FY 2002 (ended March 2003), for a figure of 121.1 billion yen. Ordinary income also reached its highest level ever, increasing by 4.9% from the previous fiscal year to 28.4 billion yen, for its tenth consecutive year of growth (since 1994).
- A breakdown of sales reveals that lease-related income grew 2.3% over the previous fiscal year to 57.3 billion yen. Against a backdrop of a harsh sales climate for existing buildings, factors such as the opening of Marunouchi Trust Tower North (1 Marunouchi, Chiyoda-ku, Tokyo; 19 floors aboveground, three floors underground; total floor area 65,243 square meters; completed in September 2003) and the encouraging performance of the seven buildings acquired from Daikyo Inc. (September 2002, including Kojimachi Millennium Gardens) over the whole fiscal year contributed to this growth.
- Hotel-related income grew 49.7% over the previous fiscal year to 27.6 billion yen. Sales generated over the entire fiscal year from the Yokohama Grand InterContinental Hotel Co., Ltd. (headquarters: Yokohama, Kanagawa Prefecture; President: Kazuoki Sone), which was subject to consolidation in the previous fiscal year made a marked contribution to this figure.
- Other income decreased by 3.4% from the previous fiscal year, to 36.3 billion yen. Although income from interior construction in leased spaces increased together with the completion of Marunouchi Trust Tower North (covered above), sales of properties decreased from the previous fiscal year.
- Ordinary income grew 4.9% over the previous fiscal year to 28.4 billion yen. Factors contributing to this increase include a reduction of interest-bearing debt and further improvements in borrowing conditions, as well as income from equity-method affiliates.
- Net income grew 66.6% over the previous fiscal year to 15.7 billion yen. This was realized through factors such as the sale of securities, against a loss booked due to revaluation of real estate—in line with asset-impairment accounting preparations.

Business performance projections for FY 2004

- Sales of FY 2004 (ending March 2005) are projected to be 125 billion yen, for an increase of approximately 3.9 billion yen.
- For a breakdown of expected sales, lease-related income is expected to remain level with the figure for this fiscal year, at 57.5 billion yen. Although the sales climate for existing buildings is expected to remain harsh, contributions from factors such as the operation over the entire fiscal year of Marunouchi Trust Tower North (covered above) and the opening of the Tokyo Shiodome Building (1 Higashi-Shinbashi, Minato-ku, Tokyo; 37 floors aboveground, four floors underground; total floor area 192,000 square meters; slated for completion at the end of January 2005) are expected to contribute to this figure.
- Hotel-related income is expected to grow by approximately 2.4 billion yen over this fiscal year to 30 billion yen. Contributing to this expected growth is an anticipated bullish trend in business performance in this sector, resulting from factors such as income from sale of memberships to the upscale individual-membership resort club Granforet Villa Gora Club (Gora, Hakone, Ashigara-gun, Kanagawa Prefecture; five floors aboveground, two floors underground; total floor area 14,000 square meters; planned to open in March 2005) and anticipated growth in income from Yokohama Grand InterContinental Hotel Co., Ltd.
- Other income is expected to grow by approximately 1.2 billion yen over this fiscal year to 37.5 billion yen. Contributing are factors such as anticipated income from interior construction in leased spaces in the Tokyo Shiodome Building (covered above) and sales of properties.
- Ordinary income and net income are both expected to grow together with the increase in income in each segment covered above.

FY 2003 business summary

- In May 2003, Mori Kanko Trust Co., Ltd. acquired 86.5% of the total shares of travel agent Universal Express Co., Ltd. (headquarters: Chuo-ku, Tokyo; President: Yoshinobu Ikeda), including a capital increase via third-party allotment of shares.
- In June 2003, Mori Kanko Trust Co., Ltd. began construction of the Group's first upscale individual-membership resort club, Granforet Villa Gora Club (Gora, Hakone, Ashigara-gun, Kanagawa Prefecture; five floors aboveground, two floors underground; total floor area 14,000 square meters). (Refer to the FY 2005 business summary for a summary of this facility.)
- In July 2003, Mori Trust Co., Ltd. underwrote a capital increase via third-party allotment of shares for Urban Life Co., Ltd. (listed on the second section of the Osaka Securities Exchange; headquarters: Chuo-ku, Osaka; President: Takayuki Yamada), of which it is the largest shareholder, and increased its holdings to 42.78% of company equity.
- In August 2003, Mori Trust Co., Ltd. merged with Group company Mori Sangyo Trust Co., Ltd. in order to further increase management efficiency and to strengthen the corporate foundation.
- In August 2003, sale of the upscale condominium Foretseine Shimazuyama (Higashi-Gotanda, Shinagawa-ku, Tokyo; three floors aboveground, one floor underground; eleven units in total), built and subdivided by Foretseine Co., Ltd., was completed.
- In September 2003, construction was completed for the Marunouchi Trust Tower North (Marunouchi, Chiyoda-ku, Tokyo; 19 floors aboveground, three floors underground; total floor area 65,243.54 square meters), on which construction had proceeded as the first stage of Mori Trust's Grand Central conceptual project underway in Marunouchi, Chiyoda-ku, Tokyo.
- In November 2003, it was decided that the upper floors of the Tokyo Shiodome Building, under construction in the Shiodome redevelopment district of Tokyo, would be home to the most upscale hotel brand of Hilton International (headquarters: United Kingdom), the Conrad. Opening of the Conrad Tokyo (290 rooms) has been targeted for early summer 2005.
- In December 2003, Mori Investment Trust Co., Ltd. acquired the Oak Village Golf Club (Ichihara, Chiba Prefecture), which had hosted many women's professional golf tournaments and is well known as a championship-caliber course with a high difficulty level and a wealth of strategic features. Management of the golf club is handled by MT Golf Management Co., Ltd., which was established by Mori Investment Trust Co., Ltd. in July 2003.
- In February 2004, Mori Trust Sogo REIT, Inc., formed by Mori Trust Asset Management Co., Ltd., was listed on the Tokyo Stock Exchange REIT Index.

FY 2004 business summary

○The Tokyo Shiodome Building, on which Mori Trust Co., Ltd. has been proceeding with construction since October 2002, is planned for completion at the end of January 2005.

The office floors of this building (the third through 26th floors) will be occupied by Softbank Corp. (headquarters: Chuo-ku, Tokyo; President: Masayoshi Son) and its group companies. The retail facility on the lower floors is planned to be operated by Parco Co., Ltd.

In addition, the hotel floors will be home to the first Japanese hotel of the most upscale hotel brand of Hilton International, the Conrad. Opening of the Conrad Tokyo (290 rooms) is planned for early summer 2005.

| | |
|-------------------------|---|
| Location | 1-9-1 Higashi-Shinbashi, Minato-ku, Tokyo |
| Size | 37 floors aboveground, four floors underground |
| Land area | 17,847 square meters (5,399 tsubo) |
| Total floor area | 192,000 square meters (58,081 tsubo) |
| Uses | Office (first and third through 26th floors) Hotel (first and 28th – 37th floors; first and second floors of low-rise building) Retail facility (first and second basement floors, first and second aboveground floors) |
| Construction began | October 2002 |
| Planned completion date | January 2005 |

○Following completion of the Marunouchi Trust Tower North (covered above) in September 2003 as the first stage of the Grand Central (a conceptual project underway in Marunouchi, Chiyoda-ku, Tokyo), Mori Trust Co., Ltd. plans to begin construction of the second phase of construction on the same site in April 2005, the Marunouchi Trust Tower Main Building, a high-rise complex consisting of offices, a hotel, and a retail facility. Construction is slated for March 2008 completion.

○Construction of the upscale individual-membership resort club, Granforet Villa Gora Club (covered above), on which Mori Kanko Trust Co., Ltd. began construction in June 2003, is planned for completion in February 2005, with the facility due to open in March 2005. In addition, it has been decided that the spa facilities of this club would be operated by Banyan Tree Spa (headquarters: Singapore), which has received favorable reviews from around the world.

| | |
|---------------------|---|
| Location | Gora, Hakone, Ashigara-gun, Kanagawa Prefecture |
| Size | Five floors aboveground, two floors underground |
| Land area | 6,135 square meters (1,856 tsubo) |
| Total floor area | 14,007 square meters (4,237 tsubo) |
| Summary of facility | Guest rooms: 80 (three room types, plus rooms for travelers with pets) Capacity: approximately 200 persons Other facilities include restaurants (Japanese, western), classic bar, <i>onsen</i> baths, and spa |
| Planned to open | March 2005 |

<Reference>

Mori Trust Group: total floor area leased/managed

■ Leased/managed facilities (as of April 2004)

- Leased buildings: approximately 1.25 million square meters (68 buildings)
- Hotels: approximately 300,000 square meters (15 locations)
(13 Laforet Club locations, Mampei Hotel, Yokohama Grand InterContinental Hotel)

Total floor area

Approximately 1.55 million square meters

Mori Trust Group: summary of consolidated companies

Mori Trust Group Inc.

Representatives Akira Mori, Aiko Negishi
Established August 1, 1951
Capital 48 million yen
Business sectors • Shareholder in group companies
• Property ownership and leasing

Mori Trust Co., Ltd.

President Akira Mori
Established June 10, 1970
Capital 9 billion yen
Business sectors • Urban development
• Property ownership, leasing

Mori Kanko Trust Co., Ltd.

Chair Akira Mori
President Hiroshi Shimamoto
Established February 7, 1973
Capital 6 billion yen
Business sectors • Development and operation of the Laforet Club hotel system for corporate members

Mori Investment Trust Co., Ltd.

Chair Eijiro Kimura
President Ken Mori
Established March 15, 2000
Capital 100 million yen
Business sectors • Developing real estate for investment funds:
property ownership and leasing, etc.

MT Facility Service Co., Ltd.

Chair Akira Mori
President Satoshi Mori
Established April 1, 2002
Capital 100 million yen
Business sectors • Agents for building owners
• Building operation management, design,
and subcontracting

Mori Trust Asset Management Co., Ltd.

President Masaki Murata
Established February 28, 2000
Capital 400 million yen
Business sectors • Operation of real estate investment trusts

Mampeï Hotel

Chair Yasuharu Sato
General Manager Kazuyasu Abe
Established 1894
Capital approx. 529.7 million yen
Business sectors • Ownership and operation of the Mampei Hotel

Nippon Intelligent-Building Systems Corporation

President Masato Date
Established May 30, 1986
Capital 150 million yen
Business sectors • Building operations/management
• General consulting

MT Genex Corp.

President Hirokazu Takahashi
Established October, 1945
Capital approx. 1.072 billion yen
Business sectors • Manufacture and sale of exterior products, etc.

Yokohama Grand InterContinental Hotel Co., Ltd.

President Kazuoki Sone
Established May 12, 1988
Capital 1.631 billion yen
Business sectors • Operation of
the Yokohama Grand InterContinental Hotel

Shiroyama Heating & Cooling Supply Co., Ltd.

President Akira Mori
Established November 6, 1989
Capital 300 million yen
Business sectors • Local heating and cooling services
in the Shiroyama hills and surrounding district

Universal Express Co., Ltd.

President Yoshinobu Ikeda
Established May 9, 1970
Capital 155 million yen
Business sectors • Sales and planning for domestic
and overseas organized travel

MT Golf Management Co., Ltd.

President Ken Mori
Established July 2, 2003
Capital 10 million yen
Business sectors • Operation, lease, and management of golf courses
and other tourism/sporting facilities

Mori Trust Group: summary of equity-method affiliates

Parco Co., Ltd.

President Isamu Ito
Established February 13, 1953
Capital approx.
26.636 billion yen

Urban Life Co., Ltd.

President Takayuki Yamada
Established July 31, 1970
Capital approx.
6.554 billion yen

Foretseine Co., Ltd.

President Nobuo Konomi
Established August 7, 2001
Capital 200 million yen

Mori Trust Sogo REIT, Inc.

Executive Director Masaki Murata
Established October 2, 2001
Capital 80 billion yen