

Financial Report for the Fiscal Year Ended March 2005

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

July 4, 2005

The Mori Trust Group recently announced its consolidated business performance for the year ended March 2005. The Group consists of 16 consolidated companies and four equity-method affiliates, and includes Mori Trust Holdings Inc. (formerly Mori Trust Group Inc.), Mori Trust Co., Ltd., and Mori Kanko Trust Co., Ltd.

[Mori Trust Group Consolidated Financial Report] (April 1, 2004 – March 31, 2005)

(Figures in millions of yen; figures less than one million yen rounded off; percentages in parentheses indicate year-over-year change)

		FY 2003	FY 2004	FY 2005 (projected)
1	Revenue from operations	121,216	124,851 (3.0%)	135,500 (8.5%)
	Lease-related income	57,292	57,847 (1.0%)	59,000 (2.0%)
	Hotel-related income	27,622	27,947 (1.2%)	33,000 (18.1%)
	Income from real estate sales	23,654	21,360 (9.7%)	31,500 (47.5%)
	Other income (interior construction in leased spaces, etc.)	12,646	17,695 (39.9%)	12,000 (32.2%)
2	Operating income	29,592	31,729 (7.2%)	33,000 (4.0%)
3	Ordinary income	28,241	30,933 (9.5%)	32,000 (3.4%)
4	Net income	15,112	16,227 (7.4%)	17,000 (4.8%)

Consolidated Companies (16 companies)

Mori Trust Holdings Inc., Mori Trust Co., Ltd., Mori Kanko Trust Co., Ltd., MT Facility Service Co., Ltd., Mampei Hotel, Yokohama Grand InterContinental Hotel Co., Ltd., MT&Hilton Hotel Co., Ltd., Foretseine Co., Ltd., Urban Life Co., Ltd., Nippon Intelligent-Building Systems Corporation, MT Genex Corp., Mori Trust Asset Management Co., Ltd., Shiroyama Heating & Cooling Supply Co., Ltd., Universal Express Co., Ltd., Toyo Housing Management Inc., Urban Life Jyutakuhanbai Co., Ltd.

Equity-Method Affiliates (4 companies)

Parco Co., Ltd., MORI TRUST Sogo Reit, Inc., URBAN SERVICE Co., Ltd., Morikiyo Co., Ltd.

(As of March 31, 2005)

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Overview of FY 2004 business performance

Operating revenues and ordinary income both increased. Operating revenues registered a record high of ¥124.9 billion, an increase of 3.0% over the ¥121.2 billion stated the previous year. Ordinary income increased for the eleventh consecutive year since fiscal 1994, growing 9.5% from the previous year to ¥30.9 billion, a record high.

Looking at a breakdown of operating revenues, lease-related income increased 1.0% over the previous fiscal year to ¥57.8 billion. There was a decrease in operating space due to selling off leased buildings and lower revenues during construction related to large-scale remodeling, but the office market in central Tokyo picked up entering the second half of the year, causing vacancy rates to drop in large A-class buildings, the Company's mainstay business, and rent levels to trend upward. In addition, there were contributions from operating Marunouchi Trust Tower North for the full year and acquiring Akasakamitsuke MT Bldg. (formerly Tokyo Suntory Building). As a result, lease-related income for the term increased slightly.

Hotel-related income increased 1.2% over the previous fiscal year to ¥27.9 billion. The business environment was severe due to heightened competition in the hotel industry. However, new product development, including partial facilities remodeling at the Yokohama Grand InterContinental Hotel, proved successful, and the existing hotel business (Mori Kanko Trust, Mampei Hotel, Yokohama Grand InterContinental Hotel) was firm, owing in part to the contribution of membership sales for the Granforet Villa Gora Club, an upscale individual-membership resort club.

Real estate sales of ¥21.4 billion were recorded due to selling off certain property holdings, including the sale of Osaki MT Bldg. to the Mori Trust Sogo REIT. Such sales declined 9.7% from the previous year, which saw a large number of properties sold to real estate investment trusts.

Other income jumped 39.9% over the previous year to ¥17.7 billion, owing in large part to income from interior construction on leased spaces accompanying completion of the Tokyo Shiodome Building.

Ordinary income growing 9.5% over the previous fiscal year to ¥30.9 billion. In addition to the increase in operating income from higher operating revenues, interest payments were lower owing to further improvement in loan conditions and increased income from equity-method affiliates, among other factors.

Business performance projections for FY 2005

The Company forecasts operating revenues for the year ending March 2006 at approximately ¥135.5 billion, which would constitute an increase of approximately ¥10.6 billion.

Looking at a breakdown of operating revenues, lease-related income is anticipated to increase to ¥59.0 billion because the office market is expected to be firm and the Tokyo Shiodome Building will be in operating for the full term.

Hotel-related income is projected to increase approximately ¥5.1 billion to ¥33.0 billion as the existing hotel business, which includes income from sales of memberships to the Granforet Villa Gora Club continuing on from the previous term, is expected to perform well and income is expected from the Conrad Tokyo, which opened July 1, 2005.

Income from real estate sales is projected to increase by approximately ¥10.1 billion to ¥31.5 billion. Urban Life Co., Ltd. is expected to be added to the scope of consolidation and income from sales of condominium units by Foretseine Co., Ltd is projected along with income from sales of other properties.

A normal year is expected in regard to other income as there will be no special factors such as the completion of a new building. Other income therefore is forecast to decrease by ¥5.7 billion to ¥12.0 billion.

Operating income, ordinary income, and net income are projected to increase alongside the increase in operating revenues as no special changes are forecast.

In October 2004 Mori Trust acquired 50.68% voting rights in Urban Life Co., Ltd. by purchasing additional shares in the company. Mori Trust was already the company's largest shareholder. This was part of Mori Trust's efforts to strengthen its upscale condominium business, as Urban Life has a track record in this business in the Kansai area. With the acquisition, Urban Life changed from an equity-method affiliate of Mori Trust to a consolidated subsidiary.

In October 2004 Mori Trust established MT&Hilton Hotel Co., Ltd. to manage the Conrad Tokyo, which opened in the Tokyo Shiodome Building July 1, 2005.

In December 2004 Foretseine Co., Ltd began construction on Foretseine Meguro Tairamachi in the Tairamachi area of Meguro Ward, Tokyo. The new construction will be the second upscale condominium developed under the Foretseine brand, which is based on the concept of providing low-rise, upscale residences surrounded by nature.

In January 2005 the Tokyo Shiodome Building was completed with 100% of the building in operation. The building was developed by Mori Trust and Sumitomo Realty & Development Co., Ltd. in an area with a full view of the Tokyo waterfront. It faces the Hamarikyu Garden, which features a rich natural setting being in the Tokyo Shiodome Redevelopment Zone.

Pedi Shiodome, which is a commercial facilities zone in the Tokyo Shiodome Building developed jointly by Mori Trust and Parco Co., Ltd., opened in February 2005.

In February 2005 Mori Kanko Trust completed construction on the Granforet Villa Gora Club, an upscale individual-membership resort club with a Banyan Tree spa, an Asian spa of surpassing quality. The club was developed around the theme of healing in connection with nature. It opened March 31.

In February 2005 Mori Kanko Trust completed a novel, modern wedding facility, Water Forest. It was developed in the Hotel Laforet Biwako on the theme of "A New York Wedding," and opened in March 2005.

In March 2005 Mori Trust acquired 800,000 shares (7.15% of shares outstanding) in Himaraya Co., Ltd. (president: Yusaku Komori), a general sporting goods retail chain based in Gifu, Gifu Prefecture, establishing a business and equity alliance with the company.

In April 2005 Mori Trust, in partnership with JTB Corp. (head office: Shinagawa-ku, Tokyo; president: Takashi Sasaki) and its group companies, launched a plan to rebuild the Hotel Sunroute Tokyo as the Hotel Sunroute Shinjuku (provisional name) and establish it as the flagship hotel in the Sunroute hotel chain. The new hotel is scheduled to open in the fall of 2007.

In April 2005 Urban Life began sales of units in Urban Life Midosuji Honmachi Tower, a super high-rise earthquake-resistant condominium tower with 33 aboveground floors. The building is in a favorable location just one minute by foot from Osaka's Honmachi Station, on the Midosuji Line.

In May 2005 Foretseine started construction on Foretseine Azabu Nagasaka, which is slated to be the third building in the Foretseine brand series of upscale condominiums in which the company is involved. Construction on the condominium is scheduled to be completed in September 2006.

In June 2005 Mori Trust acquired 5,980 shares of new stock issued by Foretseine for a capital infusion, bringing Mori Trust's holding in the company to 80.36%. This move was part of Mori Trust's efforts to strengthen its position in the upscale condominium market. Foretseine's project development activities are specialized in developing residence condominiums in exclusive areas of central Tokyo.

The Conrad Tokyo opened in July 2005. It is the East Asian flagship for the Conrad brand of luxury hotels, which are operated by the Hilton Group, a world-class hotel chain. MT&Hilton Hotel will manage the hotel.

Mori Trust plans to begin construction in August 2005 on the Marunouchi Trust Tower Main Building, the second building in the Marunouchi Trust Tower project, which is being developed on land adjacent to Tokyo Station based on the concept "Grand Central." The tower will be a super high-rise, complex building with offices, a hotel, and commercial facilities. Plans call for the tower, which matches the character of central Tokyo, to function as a base for global business, tourism assistance, and international exchange. The project has been approved as a special urban renewal zone by the city of Tokyo. Construction on the project is scheduled to be completed in March 2008.

Reference

Property Overview

Mori Trust Properties

■ Marunouchi Trust Tower North and Main

Location	1 Marunouchi, Chiyoda-ku, Tokyo	
Lot Area	12,026.77 m ² (Main Building & North)	
Total Floor Area	Approx. 181,000 m ² (Main Building & North)	
	North	Main
Number of Floors	19 aboveground floors; 3 belowground floors	37 aboveground floors; 4 belowground floors
Total Floor Area	Approx. 65,000 m ²	Approx. 116,000 m ²
Uses	Offices, Stores	Offices, Hotel, Stores, Tourist information center
Building Completed	September 2003	March 2008 (scheduled)

■ Akasakamitsuke MT Bldg. (formerly Tokyo Suntory Building)

Location	1 Motoakasaka, Minato-ku, Tokyo
Number of Floors	12 aboveground floors; 2 belowground floors
Lot Area	2,222.96 m ²
Total Floor Area	17,171.15 m ²
Building Completed	February 1975

■ Tokyo Shiodome Building

Location	1 Higashi-Shimbashi, Minato-ku, Tokyo
Number of Floors	37 aboveground floors; 4 belowground floors
Lot Area	17,847.67 m ²
Total Floor Area	190,256.92 m ²
Uses	Offices, Hotel, Commercial facilities
Building Completed	January 2005

■ Conrad Tokyo

Location	1 Higashi-Shimbashi, Minato-ku, Tokyo Tokyo Shiodome Building 28th – 37th floors; Annex 1st, 2nd floors
Total Floor Area	Approx. 37,000 m ² (hotel portion)
Guest Rooms	290 rooms (including 68 suites)
Facilities	Guest rooms (30th – 37th floors) Restaurants (Modern French, Japanese, Chinese) Bar and lounge, meeting rooms, lifestyle and cigar shop (28th fl.) Spa and fitness room (29th fl.) Wedding chapel, banquet hall, beauty salon (Annex 1st, 2nd floors)
Opened	July 1, 2005

■ PEDI Shiodome

Location	1 Higashi-Shimbashi, Minato-ku, Tokyo Tokyo Shiodome Building B2, B1, 2nd floors
Operating Space	Approx. 4,500 m ²
Stores	25 stores (5 goods; 15 eating & drinking; 5 service)
Opened	February 16, 2005

■ Hotel Sunroute Shinjuku (provisional)

Location	2 Yoyogi, Shibuya-ku, Tokyo
Number of Floors	14 aboveground floors, 1 belowground floor
Lot Area	3,175.30 m ²
Total Floor Area	21,338.78 m ²
Guest Rooms	624 rooms (480 singles; 144 twins)
Scheduled Opening	Fall 2007

Mori Kanko Trust Properties

■ Granforet Villa Gora Club

Location	Gora, Hakone-machi, Ashigara-gun, Kanagawa Prefecture
Number of Floors	5 aboveground floors; 2 belowground floors
Lot Area	5,951.63 m ²
Total Floor Area	14,040.72 m ²
Guest Rooms	80 rooms
Building Completed	February 2005

■ Water Forest

Location	Imahama-cho, Moriyama-shi, Shiga Prefecture (in Laforet Biwako)
Number of Floors	2 aboveground floors
Total Floor Area	1,286.02 m ²
Facilities	Chapel, 2 banquet halls
Building Completed	February 2005

Foretseine Properties

■ Foretseine Meguro Tairamachi

Location	1 Tairamachi, Meguro-ku, Tokyo
Number of Floors	3 aboveground floors; 1 belowground floor
Total Floor Area	6,167.32 m ²
Units	30 units
Scheduled Completion	March 2006

■ Foretseine Azabu Nagasaka

Location	Azabu Nagasaka-cho, Minato-ku, Tokyo
Number of Floors	5 aboveground floors; 1 belowground floor
Total Floor Area	2,969.93 m ²
Units	13 units
Scheduled Completion	September 2006

Urban Life Properties

■ Urban Life Midosuji Honmachi Tower

Location	3 Minami Honmachi, Chuo-ku, Osaka-shi, Osaka
Number of Floors	33 aboveground floors
Structure	Seismic isolation structure
Total Floor Area	12,266.87 m ²
Units	115 units
Scheduled Completion	March 2007

Mori Trust Group: Total floor area leased or managed

Leased or managed facilities (as of July 2005)

Leased buildings: Approx. 1,370,000 m² (61 buildings)

Hotels: 17 hotels (Approx. 3,120 guest rooms)

(Laforet Clubs in 13 locations, Granforet Villa Gora Club, Mampei Hotel, Yokohama Grand InterContinental Hotel, Conrad Tokyo)

Total floor area	Approx. 1,660,000 m ²
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Mori Trust Group: summary of consolidated companies

Mori Trust Holdings Inc.

Location Toranomon, Minato-ku, Tokyo
 Representatives Akira Mori, Aiko Negishi
 Established August 1951
 Capital 1.0 billion yen
 Business sectors • Shareholder in group companies
 • Property ownership and leasing

Mori Kanko Trust Co., Ltd.

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

Mampeï Hotel

Location Toranomon, Minato-ku, Tokyo
 Chair Yasuharu Sato
 General Manager Kazuyasu Abe
 Established 1894
 Capital Approx. 529.7 million yen
 Business sectors • Ownership and operation of the Mampei Hotel

MT&Hilton Hotel Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Kazuoki Sone
 Established October 2004
 Capital 20 million yen
 Business sectors • Operation of the Conrad Tokyo

Urban Life Co., Ltd.

Location Minamisenba, Chuo-ku, Osaka-shi, Osaka
 President Takayuki Yamada
 Established July 1970
 Capital Approx. 6.554 billion yen
 Business sectors • Development, planning, and sales of condominiums, office buildings and stores

MT Genex Corp.

Location Toranomon, Minato-ku, Tokyo
 President Hirokazu Takahashi
 Established October 1945
 Capital Approx. 1.072 billion yen
 Business sectors • Manufacture and sale of exterior products, etc.

Shiroyama Heating & Cooling Supply Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Akira Mori
 Established November 1989
 Capital 300 million yen
 Business sectors • Local heating and cooling services in the Shiroyama hills and surrounding district

Toyo Housing Management Inc.

Location Roppongi, Minato-ku, Tokyo
 President Nobuo Konomi
 Established November 1979
 Capital 10 million yen
 Business sectors • Leasing management and operations of real estate

Mori Trust Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Akira Mori
 Established June 1970
 Capital 9 billion yen
 Business sectors • Urban development
 • Property ownership, leasing

MT Facility Service Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 Chair Akira Mori
 President Satoshi Mori
 Established April 2002
 Capital 100 million yen
 Business sectors • Agents for building owners
 • Building operation management, design, and subcontracting

Yokohama Grand InterContinental Hotel Co., Ltd.

Location Minato Mirai, Nishi-ku, Yokohama-shi, Kanagawa
 President Kazuoki Sone
 Established May 1988
 Capital 1.631 billion yen
 Business sectors • Operation of InterContinental the Grand Yokohama

Foretseine Co., Ltd

Location Toranomon, Minato-ku, Tokyo
 President Nobuo Konomi
 Established August 2001
 Capital 499 million yen
 Business sectors • Urban residential planning and development

Nippon Intelligent Building Systems Corporation

Location Toranomon, Minato-ku, Tokyo
 President Masato Date
 Established May 1986
 Capital 150 million yen
 Business sectors • Building operations/management
 • General consulting

Mori Trust Asset Management Co., Ltd.

Location Toranomon, Minato-ku, Tokyo
 President Masaki Murata
 Established February 2000
 Capital 400 million yen
 Business sectors • Operation of real estate investment trusts

Universal Express Co., Ltd.

Location Nihonbashihoncho, Chuo-ku, Tokyo
 President Yoshinobu Ikeda
 Established May 9, 1970
 Capital 155 million yen
 Business sectors • Sales and planning for domestic and overseas organized travel

Urban Life Jyutakuhanbai Co., Ltd.

Location Minamisenba, Chuo-ku, Osaka-shi, Osaka
 President Seiichi Shimizu
 Established July 1982
 Capital 300 million yen
 Business sectors • Planning and sales of condominiums, brokerage of dealing, leasing and operations of real estate

Mori Trust Group: summary of equity-method affiliates

Parco Co., Ltd.

Location Minamiikebukuro, Toshima-ku, Tokyo
 Established February 1953
 Business sectors • Development, operation, consulting, and property management for shopping centers, etc.

URBAN SERVICE Co., Ltd.

Location Minamisenba, Chuo-ku, Osaka-shi, Osaka
 Established April 1979
 Business sectors • General management of condominiums and other buildings, etc.

Mori Trust Sogo REIT, Inc.

Location Toranomon, Minato-ku, Tokyo
 Established October 2001
 Business sectors • Investment in real estate and asset backed securities investing primarily in real estate

Morikiyo Co., Ltd.

Location Roppongi, Minato-ku, Tokyo
 Established May 1955
 Business sectors • One of the holding companies (40%) for Mori Building Co., Ltd.