

Press Release

Issuer of Real Estate Investment Trust Securities

MORI TRUST Sogo Reit, Inc.

4-3-1 Toranomom, Minato-ku, Tokyo

Satoshi Horino,

Executive Director

(TSE code 8961)

Asset Management Company:

MORI TRUST Asset Management Co., Ltd.

Satoshi Horino,

President and Representative Director

Contact:

Michio Yamamoto

Director and General Manager, Planning and Financial Department

Phone: +81-3-6435-7011

Notice of Revisions to Performance Forecast for Fiscal Period Ending September 30, 2017

Tokyo, May 16, 2017— Mori Trust Sogo Reit, Inc. (MTR) has revised its performance forecast for the period ending September 30, 2017 (the 31st period: from April 1, 2017 to September 30, 2017), which was published in the financial results for the period ended September 30, 2016 on November 14, 2016. Details are as follows:

1. Revisions to the performance forecast for the period ending September 30, 2017

	Operating revenues	Operating income	Ordinary income	Net income	Dividends per unit	Dividends in excess of earnings per share	Number of units outstanding at end of period
Previous forecast (A)	(million yen) 8,845	(million yen) 5,073	(million yen) 4,543	(million yen) 4,609	(yen) 3,600	—	(unit) 1,320,000
Revised forecast (B)	(million yen) 11,575	(million yen) 7,715	(million yen) 7,189	(million yen) 6,961	(yen) 4,900	—	(unit) 1,320,000
Change (B-A)	(million yen) 2,730	(million yen) 2,641	(million yen) 2,645	(million yen) 2,351	(yen) 1,300	—	—
Rate of change	% 30.9	% 52.1	% 58.2	% 51.0	% 36.1	—	—

(Note 1) The figures in the above forecast are based on information currently available to MTR and certain assumptions that are deemed reasonable by MTR. Actual performance, etc. may differ significantly from the forecast due to various contributing factors. MTR does not guarantee the dividend amounts in the above forecast. If there are likely to be discrepancies from the above forecast that will exceed a certain level, MTR may revise the forecast. Please refer to the attachment entitled “Assumptions for the Performance Forecast for the Period Ending September 30, 2017.”

(Note 2) Figures have been rounded down to one unit, and the rates of change have been rounded off to the nearest one decimal place.

(Note 3) The dividends per unit in the previously published forecast were calculated on the assumption that it would be distributed by reducing part of the advanced depreciation (143 million yen).

Note: This document is a press release announcing revisions to MTR's forecasts for performance for fiscal period ending September 30, 2017. As such, this document is not intended to solicit investments. Investors are urged to make their own decisions when investing.

(Note 4) The dividends per unit in this revised forecast are calculated on the assumption that the remaining amount after deducting the reserved amount of the advanced depreciation pertaining to the gain on sale of investment property expected in the fiscal year ending September 30, 2017 (491 million yen) from the current net income will be distributed.

2. Reason for the revisions

As announced in the press release “Sale of Asset (Ito-Yokado Shin-Urayasu)” dated May 16, 2017, material changes are expected to arise in operating revenue, ordinary income, net income and dividends per unit, primarily based on the fact that profit on the sale of investment property of approximately 2.8 billion yen is expected due to the sale of Ito-Yokado Shin-Urayasu, that profits in the real estate leasing business regarding the properties held were reviewed and that the costs associated with the real estate leasing business regarding the properties held were also reviewed. As a result of these factors, MTR revised the performance forecast for the fiscal period ending September 30, 2017 as shown in the table above.

718 million yen, part of the gain on the sale of investment property due to the sale of Ito-Yokado Shin-Urayasu that is expected to occur in the fiscal period ending September 30, 2017 (advanced depreciation of 491 million yen and the associated deferred tax liability of 227 million yen) is assumed to be appropriated for internal reserves.

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Attachment

Assumptions for the Performance Forecast for the Period Ending September 30, 2017

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • MTR assumes the sale of Ito-Yokado Shin-Urayasu scheduled to be made on July 31, 2017 is reflected in the 15 properties it holds as of March 31, 2017. • The actual number of assets under management may vary depending on additional acquisitions or sales of properties.
Total number of units outstanding	<ul style="list-style-type: none"> • MTR assumes the number of investment units outstanding to be 1,320,000 units, the number as of March 31, 2017. The number may vary due to issuance of investment units during the period, among other factors.
Interest-bearing debt and refinancing thereof	<ul style="list-style-type: none"> • Interest-bearing debts stand at 159,500 million yen as of May 16, 2017. • MTR assumes that it will use the refinancing to repay its existing loans of 25,000 million yen that will be due before the end of the 31st period.
Operating revenues	<ul style="list-style-type: none"> • Real estate rental revenues are calculated by taking tenant trends, etc. into consideration. • MTR assumes a gain on the sale of investment property of approximately 2.8 billion yen as a result of the sale of Ito-Yokado Shin-Urayasu in the 31st period. • MTR assumes that there will be no delinquency in the payment of rent or non-payment of rent.
Operating expenses	<ul style="list-style-type: none"> • With respect to property taxes, city planning taxes and depreciable property taxes levied on properties, etc. held by MTR, the finalized amounts for these taxes will be booked as property-related expenses in proportion to the duration of the computation period. In the case of an acquisition of property, etc., however, amounts equivalent to property taxes and city planning taxes for the year of the acquisition that are paid to the transferor of the property, etc. as settlement money will not be expensed in the relevant computation period, as they will be calculated as part of the acquisition cost of such new property, etc. • With respect to repair expenses, amounts that are deemed necessary are estimated. However, repair expenses may vary significantly from the forecast amounts because, among other things, (i) there may be an emergency need for repair expenses due to damage, etc. to buildings caused by unpredictable factors; (ii) repair expenses vary greatly from year to year, in general; and (iii) repair expenses are not expenses incurred on a regular basis. • MTR assumes taxes and other public charges to be 929 million yen. • MTR assumes property management fees to be 419 million yen. • MTR assumes a depreciation cost of 1,389 million yen. • MTR assumes operating expenses (asset management fees, expenses necessary for the custody of assets, business trust fees, etc.) other than those for property-related expenses to be 533 million yen.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses (interest on borrowings, interest on investment corporation bonds, etc.) are estimated at 527 million yen. This is based on the assumption that there will be no loan expenses.
Dividend amounts	<ul style="list-style-type: none"> • Dividend amounts (dividends per unit) are calculated based on the policy for the distribution of monies prescribed in the Articles of Incorporation of MTR. • 718 million yen, part of the gain on the sale of investment property due to the sale of Ito-Yokado Shin-Urayasu that is expected to occur in the 31st fiscal period (advanced depreciation of 491 million yen and the associated deferred tax liability of 227 million yen) is assumed to be appropriated for internal reserves under the application of the

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	<p>“Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010.”</p> <ul style="list-style-type: none"> • Dividend amounts per unit may vary due to various factors such as changes in assets under management, changes in rental revenues reflecting changes in tenants, etc., the occurrence of unexpected repair work, changes in the number of units outstanding, and financing.
Dividends in excess of earnings per unit	<ul style="list-style-type: none"> • MTR assumes that it will not issue dividends in excess of earnings (dividends in excess of earnings per unit) at this time.
Other	<ul style="list-style-type: none"> • The forecasts are based on the assumption that there will be no amendments to other laws, the taxation system, the accounting standards, the listing rules or the regulations of the Investment Trust Association, Japan that will affect the aforementioned forecast figures.

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