

Press Release

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Notice of Revisions to Performance Forecast for Fiscal Period Ending March 31, 2015

Tokyo, November 13, 2014 —Mori Trust Sogo Reit, Inc. (MTR) has revised its performance forecast for the period ending March 31, 2015 (the 26th period: from October 1, 2014 to March 31, 2015), which was published in the press release “Notice of Revisions to Performance Forecast for Fiscal Period Ending March 31, 2015” dated September 26, 2014. Details are as follows:

1. Revisions to the performance forecast for the period ending March 31, 2015

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit	Distributions in excess of earnings per unit	Number of units outstanding at the end of period
Previous forecast (A)	(million yen) 9,928	(million yen) 5,503	(million yen) 4,819	(million yen) 4,818	(yen) 3,650	—	(unit) 1,320,000
Revised forecast (B)	(million yen) 13,217	(million yen) 6,232	(million yen) 5,568	(million yen) 5,379	(yen) 3,800	—	(unit) 1,320,000
Change (B – A)	(million yen) 3,288	(million yen) 729	(million yen) 749	(million yen) 560	(yen) 150	—	—
Rate of change	(%) 33.1	(%) 13.3	(%) 15.5	(%) 11.6	(%) 4.1	—	—

(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 distributions 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 March 31, 2015.”

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

2. Reason of the revisions

As described in the press release “Sale and Termination of Lease of Asset (Ginza MTR Building)” dated October 31, 2014, due to the anticipated incurrence of gains on sales of real estate, etc. from the sale of the Ginza MTR Building, and the review of real estate rental revenue from holding properties, MTR now expects that there will

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be a difference of not less than 10% in operating revenues. Moreover, with the review of the assumed loss on sales of real estate, etc. from holding properties and property-related expenses as well as other matters, it has revised its performance forecast for the period ending March 31, 2015 as described in the table above.

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Attachment

Assumptions for the Performance Forecast for the Period Ending March 31, 2015

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • MTR assumes its holding to be 17 properties during the period, namely 16 properties it holds as of September 30, 2014 and the Kioicho Building that was acquired on October 1, 2014. • MTR assumes that a co-owned interest of 50% in the Ginza MTR Building will be sold on December 1, 2014. • MTR assumes that, although it has not decided on sales at present, it will sell certain holding properties at the end of the 26th period. • The actual number of assets under management may vary depending on additional acquisitions or sales of properties.
Number of units outstanding	<ul style="list-style-type: none"> • MTR assumes the number of investment units to be 1,320,000 units, the number as of September 30, 2014. 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"> • With interest-bearing debt of 162,000 million yen as of September 30, 2014 and a loan of 34,000 million yen obtained to acquire the Kioicho Building, interest-bearing debt amounted to 196,000 million yen as of November 13, 2014. • MTR assumes that it will use the refinancing and issuance of investment corporation bonds and apply a certain amount of its own funds to repay its existing loans of 46,500 million yen and redeem its investment corporation bonds of 5,000 million yen that will be due before the end of the 26th period.
Operating revenues	<ul style="list-style-type: none"> • Real estate rental revenues are calculated by taking tenant trends, etc. into consideration. • MTR assumes that there will be no delinquency in the payment of rent or non-payment of rent. • MTR assumes that it will achieve a gain on sales of real estate, etc. of approximately 3.5 billion yen from sales of a co-owned interest of 50% in the Ginza MTR Building.
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 946 million yen. • MTR assumes property management fees to be 527 million yen. • MTR assumes a depreciation cost of 1,658 million yen. • MTR assumes that, although it has not decided on sales at present, it will incur a loss on sales of real estate, etc. of 2.7 billion yen from sales of certain holding properties. Actual figures may vary depending on whether sales are completed or fall through, sales prices, sales dates and other conditions.

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	<ul style="list-style-type: none"> MTR assumes that 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 495 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 664 million yen. This is based on the assumption that there will be no loan expenses.
Distribution amounts	<ul style="list-style-type: none"> Distribution amounts (distributions per unit) are calculated based on the policy for the distribution of monies prescribed in the Articles of Incorporation of MTR. MTR assumes that it will internally retain a gain on sales of co-owned interests of 50% in the Ginza MTR Building, which is expected to be incurred in the 26th period, in accordance with the provision "Special Provisions for Taxation in the Case of the Advance Acquisition of Land, etc. in 2009 and 2010." It also assumes that it will record income taxes-deferred (188 million yen) and will provide the balance as a reserve for reduction entry (363 million yen). Distribution 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.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> MTR assumes that it will not issue distributions in excess of earnings (distributions 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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