

Press Release

Issuer of Real Estate Investment Trust Securities

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Notice of Revisions to Performance Forecast for Fiscal Period Ending September 30, 2021

Tokyo, March 25, 2021— Mori Trust Sogo Reit, Inc. (MTR) has revised its performance forecast for the period ending September 30, 2021 (from April 1, 2021 to September 30, 2021), which was published in the financial results for the period ended September 30, 2020 on November 18, 2020. Details are as follows:

1. Revisions to the performance forecast for the period ending September 30, 2021

	Operating Revenues (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net income (million yen)	Distributions per unit (excluding distributions in excess of profit) (yen)	Distributions in excess of profit per unit (yen)	Number of units outstanding at end of period (unit)
Previous forecast (A)	7,663	4,012	3,637	3,738	3,000	—	1,320,000
Revised forecast (B)	9,122	5,301	4,927	4,771	3,360	—	1,320,000
Change (B-A)	1,459	1,289	1,290	1,033	360	—	—
Rate of change	19.0%	32.1%	35.5%	27.6%	12.0%	—	—

(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 September 30, 2021.”

(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 distributions per unit in the previously published forecast were calculated on the assumption that it would be distributed by reducing part of the advanced depreciation (221 million yen).

Note: This document is a press release announcing revisions to MTR's forecasts for performance for fiscal period ending September 30, 2021. As such, this document is not intended to solicit investments. Investors are urged to make their own decisions when investing.

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(Note 4) Distributions per unit in the revised forecast are based on the assumption that MTR will distribute the amount remaining after deduction of the reserve for reduction entry (472 million yen) related to gains on sales of real estate, etc. anticipated in the fiscal period ending September 30, 2021 from the sum total of net income and reversal of reserve for reduction entry (134 million yen).

2. Reason for the revisions

MTR now expects operating revenues, ordinary income, net income and distributions per unit to be materially different from previously forecast due to plans to acquire Kamiyacho Trust Tower on July 1, 2021 and to transfer part of Tokyo Shiodome Building on the same date and expected gains on sales of real estate, etc. of approximately 1,400 million yen arising as a result of this partial transfer, as announced in " Notice of Acquisition and Lease of Asset (Kamiyacho Trust Tower) and Partial Sale of Asset (Tokyo Shiodome Building)" dated March 25, 2021, as well as due to the revision of lease business revenue and expenses related to rent business on properties held. MTR has therefore decided to revise the performance forecast for the fiscal period ending September 30, 2021 as shown in the above table.

The forecast is based on the assumption that MTR will reverse a portion of internal reserves worth 195 million yen (reserve for reduction entry of 134 million yen and relevant deferred tax liabilities of 61 million yen) due to the partial transfer of Tokyo Shiodome Building planned in the fiscal period ending September 30, 2021 and that it will set aside a portion of the gains on sales of real estate, etc. worth 688 million yen (reserve for reduction entry of 472 million yen and relevant deferred tax liabilities of 216 million yen) as internal reserves.

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Attachment

Assumptions for the Performance Forecast for the Period Ending September 30, 2021

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> • MTR assumes that the acquisition of Kamiyacho Trust Tower planned for July 1, 2021 as well as the partial transfer of Tokyo Shiodome Building are reflected in the 15 properties held as of March 25, 2021. • The actual portfolio may change due to the acquisition or disposal/transfer of other properties.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> • We assume 1,320,000 investment units issued and outstanding as of March 25, 2021. The number of investment issued and outstanding may change, however, for reasons such as the issuance of investment units during the fiscal period.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> • Interest-bearing debt amounted to ¥157,000 million as of March 25, 2021. • MTR assumes that it will use refinancing and apply its own funds to repay loans of 19,000 million yen that will fall due during the fiscal period ending September 30, 2021.
Operating revenue	<ul style="list-style-type: none"> • Concerning leasing business revenues, we take factors such as tenant movements into consideration. • We assume that there will be no delayed payment or non-payment by tenants. • Revenues from the office and retail portions of the Tokyo Shiodome Building will be rental revenues linked with rents under sublease agreements, based on the assumption of rents under sublease agreements that are currently in effect. • MTR estimates gains on sales of real estate, etc. of approximately 1,400 million yen due to the partial transfer of Tokyo Shiodome Building.
Operating expenses	<ul style="list-style-type: none"> • Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, the portion of the tax amount to be levied that corresponds to the relevant calculation period is recorded as leasing business expenses. However, the amount equivalent to fixed property tax, city planning tax, etc. for the fiscal year of acquisition reimbursed to the previous owner at the time of acquisition of the real estate, etc. is included in the cost of acquisition of the relevant real estate and is thus not recognized as expenses in the relevant calculation period. • Concerning repair expenses, the estimated amount required is recorded as expenses. However, the actual repair expenses may significantly differ from the estimates since (i) an unforeseeable event may cause damage to a building requiring emergency repair expenditure, (ii) in general, amounts vary according to the fiscal period, and (iii) certain types of repair and maintenance expenses are not required in every fiscal period. • We estimate property and other taxes of ¥966 million. • We estimate property management fees of ¥774 million. • We estimate depreciation of ¥1,115 million. • We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥487 million.
Non-operating expenses	<ul style="list-style-type: none"> • We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥374 million.
Distributions	<ul style="list-style-type: none"> • Distributions (distribution per unit) are calculated based on the cash distribution policy set out in the Investment Corporation's Articles of Incorporation. • On calculation of the distribution, MTR assumes reversal of a portion worth 195 million yen (reserve for reduction entry of 134 million yen and relevant deferred tax liabilities of 61 million yen) of the internal reserves totaling 1,567 million yen (the total of reserve for reduction entry of 1,074 million yen and relevant deferred tax liabilities of 493 million yen) accumulated until the fiscal period ended September 30, 2020, under the application of the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" and the accumulation as internal reserves of a portion worth 688 million yen (reserve for reduction entry of 472 million yen and relevant deferred tax liabilities of 216 million yen) of gains on sales of real estate, etc. due to the partial transfer of Tokyo Shiodome Building which are expected to arise in the fiscal period ending September 30, 2021, under the

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	<p>application of "Special Provisions for Taxation in Cases of Repurchase of Specified Assets."</p> <ul style="list-style-type: none"> • Distributions per unit may change due to a variety of factors, including changes in the assets under investment and changes in rental income as a result of changes in tenants, the occurrence of unforeseen repairs, fluctuation in the number of issued investment units and financing.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.

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