

Press Release

Issuer of Real Estate Investment Trust Securities

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Notice of Revisions to Performance Forecast for Fiscal Period Ending March 31, 2023

Tokyo, July 28, 2022— Mori Trust Sogo Reit, Inc. (MTR) has revised its performance forecast for the period ending March 31, 2023 (from October 1, 2022 to March 31, 2023), which was published in the financial results for the period ended March 31, 2022 on May 23, 2022. Details are as follows:

1. Revisions to the performance forecast for the period ending March 31, 2023

	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)	6,876	3,383	2,974	3,200	2,800	—	1,320,000
Revised forecast (B)	8,298	4,734	4,326	4,189	2,950	—	1,320,000
Change (B-A)	1,421	1,351	1,351	988	150	—	—
Rate of change	20.7%	39.9%	45.4%	30.9%	5.4%	—	—

(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, 2023.”

(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 distribution per unit in the forecast previously announced assumed the reversal of 722 million yen (reserve for reduction entry of 495 million yen and deferred tax liabilities of 227 million yen associated with the reserve) from internal reserves.

(Note 4) The distribution per unit in the forecast revised this time assumes the reserve of 431 million yen (reserve for reduction entry of 295 million yen and deferred tax liabilities of 135 million yen associated with the reserve) from the gain on sale of real estate as internal reserves.

Note: This document is a press release announcing revisions to MTR's forecasts for performance for fiscal period ending March 31, 2023. As such, this document is not intended to solicit investments. Investors are urged to make their own decisions when investing.

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2. Reason for the revisions

As announced in the press release, “Notice of Sale of Asset (Shinbashi Ekimae MTR Building) and Acquisition and Lease of Asset (Sendai MT Building) “dated July 28, 2022, MTR plans to sell a part of Shinbashi Ekimae MTR Building and purchase Sendai MT Building on February 28, 2023. Accordingly, MTR will recognize a gain on sale of real estate of approximately 1,300 million yen and an investment profit and losses from the newly purchased property, and will revise rental revenue and property-related expenses associated with other properties owned. As a result, MTR expects material changes in operating revenues, ordinary income, profit, and distribution per unit in the fiscal period ending March 31, 2023. MTR has therefore decided to revise the performance forecast for the fiscal period ending March 31, 2023 as shown in the above table.

MTR assumes that 431 million yen (reserve for reduction entry of 295 million yen and deferred tax liabilities of 135 million yen associated with the reserve) from the gain on sale of real estate expected from the sale of a part of Shinbashi Ekimae MTR Building in the fiscal period ending March 31, 2023, will be reserved as internal reserves.

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Attachment

Assumptions for the Performance Forecast for the Period Ending March 31, 2023

Item	Assumptions
Portfolio properties	<ul style="list-style-type: none"> MTR assumes that the partial transfer of Shinbashi Ekimae MTR Building planned for February 28, 2023 as well as the acquisition of Sendai MT Building are reflected in the 16 properties held as of July 28, 2022. 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 July 28, 2022. 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 ¥156,000 million as of July 28, 2022. MTR assumes that it will appropriate funds raised through refinancing and the issuance of investment corporation bonds to repay loans of ¥11,500 million that will fall due during the fiscal period ending March 31, 2023, and redeem investment corporation bonds of ¥4,000 million.
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. Shinbashi Ekimae MTR Building is assumed to be vacant. MTR estimates gains on sales of real estate, etc. of approximately 1,300 million yen due to the partial transfer of Shinbashi Ekimae MTR 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 ¥878 million. We estimate property management fees of ¥733 million. We estimate depreciation of ¥1,094 million. We estimate operations expenses other than leasing business expenses (asset management fees, fees for the custody of assets, administrative service fees, etc.) of ¥458 million.
Non-operating expenses	<ul style="list-style-type: none"> We estimate non-operating expenses (loan interest, investment corporation bond interest, etc.) of ¥408 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. The calculation of distribution assumes that 431 million yen (reserve for reduction entry of 295 million yen and deferred tax liabilities of 135 million yen associated with the reserve) will be reserved as internal reserves by applying Special Provisions for Taxation in Cases of Repurchase of Specified Assets to a part of the gain on sale of real estate from the sale of a part of Shinbashi Ekimae MTR Building, which is expected to accrue in the fiscal period ending March 31, 2023. Distributions per unit may change due to a variety of factors, including changes in the assets under

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	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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