

August 31, 2016

To All Concerned Parties

REIT Securities Issuer
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Notice Concerning Revision to Operating Forecasts for the Fiscal Periods
Ending February 2017 and August 2017

Sakura Sogo REIT (hereinafter the "Investment Corporation") announces its revision to operating forecasts for the first fiscal period (from April 1, 2016 to February 28, 2017) and for the second fiscal period (from March 1, 2017 to August 31, 2017) announced on August 5, 2016 and revised on August 24, 2016, as follows.

1. Reason for the revision to operating forecasts

The issue price and other details with regard to issuance of new investment units through public offering concerning the issuance of new investment units and secondary offering of investment units resolved at its Board of Directors meeting held on August 5, 2016 were determined today. The Investment Corporation passed a resolution at its Board of Directors meeting held on August 5, 2016, concerning issuance of new investment units through third-party allotment (hereinafter the "Third-Party Allotment") for 10,400 investment units which sets SMBC Nikko Securities, Inc. as the allottee. However, the Investment Corporation resolved at its Board of Directors meeting held today not to implement the Third-Party Allotment. Accordingly, the Investment Corporation revises its operating forecasts for the fiscal periods ending February 2017 and August 2017.

- (1) Issue price of new investment units on which the operating forecasts announced on August 5, 2016 were assumed
91,000 yen or more but not exceeding 92,000 yen per unit
- (2) Issue price of new investment units finally determined
91,000 yen per unit

Disclaimer: This press release is for public announcement in regards to the operating forecasts for the fiscal periods ending February 2017 and August 2017 of the Investment Corporation, and has not been prepared for the purpose of solicitation of investment. Investors shall always refer to the prospectus for issuance of new investment units and for notification of secondary offering of investment units, and amendments thereto, prepared by the Investment Corporation, and undertake any investment in their own decision. Furthermore, this press release does not constitute an offer of securities in the United States. The investment units have not been registered under the United States Securities Act of 1933. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933. In case securities are to be publicly offered in the United States, prospectus written in English prepared based on the United States Securities Act of 1933 shall be used. In such a case, investors will be able to obtain the English prospectus from the Investment Corporation or the selling agency, and detailed information on the Investment Corporation and its executive team as well as the financial statements will be provided in the English prospectus. The securities referred to in this press release will not be publicly offered or sold in the United States.

2. Details of the revision

	Operating revenue (mm yen)	Operating income (mm yen)	Ordinary income (mm yen)	Net income (mm yen)	Distributions per Unit (Yen) (excluding Distributions in Excess of Earnings)	Distributions in Excess of Earnings per Unit (Yen)
Previous Forecast (as of August 24, 2016)						
Fiscal period ending February 2017 (First Fiscal Period)	2,291	910	97-98	97-98	285-286	0
Fiscal period ending August 2017 (Second Fiscal Period)	2,418	1,089-1,090	950-951	950-951	2,768-,2770	0
Revised Forecast						
Fiscal period ending February 2017 (First Fiscal Period)	2,291	910	98	98	296	0
Fiscal period ending August 2017 (Second Fiscal Period)	2,418	1,090	950	950	2,854	0

In line with the determination of issue price and other details and the resolution not to implement the Third-Party Allotment described in 1. above among other factors, “Assumptions for Operating Forecasts for the First Fiscal Period Ending February 2017 and the Second Fiscal Period Ending August 2017,” which were announced in “Notice Concerning Operating Forecasts for the Fiscal Periods Ending February 2017 and August 2017” dated August 5, 2016 and revised in “Notice Concerning Revision to Operating Forecasts for the Fiscal Periods Ending February 2017 and August 2017” dated August 24, 2016, are partially revised as follows. As a result, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) are revised.

- “Non-operating expenses” column : As to expenses associated with issuance of new investment units and listing of investment units, the projected amounts are revised from 419 million yen to 415 million yen for the fiscal period ending February 2017. As to interest expenses and other borrowing related expenses, the projected amounts are revised from 334 - 335 million yen to 335 million yen for the fiscal period ending February 2017, and from 138 - 139 million yen to 139 million yen for the fiscal period ending August 2017.
- “Debt financing” column : As to the total of interest bearing liabilities outstanding, the projected amounts are revised from 29,700 - 30,000 million yen to 30,900 million yen for at the end of the fiscal period ending February 2017 and from 28,700 million yen to 29,000 million yen for at the end of the fiscal period ending August 2017. Furthermore, total projected amount of borrowings from the qualified institutional investors defined under Article 2 Paragraph 3 item 1 of Financial Instruments and Exchange Act scheduled to be made on September 9, 2016 is revised from 30,600 - 30,900 million yen to 30,900 million yen. In addition, although it was

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assumed that part of the borrowings will be repaid in the fiscal period ending February 2017 using the proceeds from the Third-Party Allotment, the repayment will not be conducted as the resolution to not implement the Third-Party Allotment was made. The projected LTVs are revised from about 46.9% - about 47.4% to about 48.8% for at the end of the fiscal period ending February 2017 (1st fiscal period), and from about 45.4% - about 45.9% to about 46.6% for at the end of the fiscal period ending August 2017 (2nd fiscal period).

“Investment units” column : In line with the resolution not to implement the Third-Party Allotment, the expected number of investment units issued and outstanding at the end of the fiscal period ending February 2017 and the fiscal period ending August 2017 is revised from 343,401 units to 333,001 units.

(Reference) Fiscal period ending February 2017: Number of investment units forecast to be issued: 333,001 units, forecast net income per unit: 296 yen
Fiscal period ending August 2017: Number of investment units forecast to be issued: 333,001 units, forecast net income per unit: 2,854 yen

(Note 1) Fiscal periods of the Investment Corporation are from March 1 to August 31 and from September 1 to the end of February of the following year for every year. However, the first fiscal period is from April 1, 2016 (date of establishment) to February 28, 2017. The substantial first fiscal period is from September 9, 2016, which is a planned date for property acquisition, to February 28, 2017 (173 days).

(Note 2) The above forecast figures are forecast as of today, calculated under certain assumptions. The actual operating revenue, operating income, ordinary income, net income and distributions per unit excluding distributions in excess of earnings are subject to change as a result of deviation from assumptions caused by factors such as additional acquisition/disposition of real estate, fluctuations in rent income accompanying changes of lessees, changes in management environment including occurrence of unexpected repair, fluctuations in interest rates, and additional issuance of new investment units in the future. In addition, the Investment Corporation does not guarantee any actual cash distribution amount by announcing the forecast figures.

(Note 3) The forecasts may be subject to revision when a disparity beyond a certain degree is expected between the above forecasts and actual figures.

(Note 4) The scheduled date for the listing of the Investment Corporation's investment units on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange is September 8, 2016.

(Note 5) Amounts are rounded down to the nearest specified unit.

This material is to be distributed to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Purposes.

Sakura Sogo REIT website address: <http://sakurasogoreit.com/en/>

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