August 3, 2018

To All Concerned Parties

REIT Securities Issuer
3-8-11 Kudan Minami, Chiyoda-ku, Tokyo
Sakura Sogo REIT Investment Corporation
Representative: Makoto Muranaka,
Executive Director:
(Securities Code 3473)

Asset Management Company:
Sakura Real Estate Funds Management, Inc.
Representative / Inquires: Makoto Muranaka,
Representative Director and President
Tel:+81-3-6272-6608

Notice Concerning Revision to Operating and Distribution Forecasts for the Fiscal Periods Ending June 2018 and December 2018

Sakura Sogo REIT (hereinafter the "Investment Corporation") announces revision to its operating forecasts and distribution forecasts for the fourth fiscal period (from March 1, 2018 to June 30, 2018, hereinafter "FP4") and for the fifth fiscal period (from July 1, 2018 to December 31, 2018, hereinafter "FP5") which were announced in the "Notice Concerning Revision to the Operating and Distribution Forecasts Resulting from Change of Fiscal Period and Fiscal Term-End" dated May 10, 2018 as follows.

1. Details of revision to operating forecasts and distribution forecasts

(1) FP4

	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 (A)	1,628	702	600	600	1,801	0
Revised forecast (B)	1,768	718	616	616	1,848	0
Increase/decrease （B-A）	140	16	16	16	47	0
Increase/decrease rate	8.5%	2.3%	2.7%	2.7%	2.6%	-

(Reference) FP4: number of investment units forecast on issue: 333,001 units, forecast net income per unit: 1,848 yen

(2) FP5

	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 (A)	2,429	1,061	900	899	2,700	0
Revised forecast (B)	2,361	1,028	867	866	2,600	0
Increase/decrease （B-A）	-68	-33	-33	-33	-100	0
Increase/decrease rate	-2.8%	-3.1%	-3.7%	-3.7%	-3.7%	-

(Reference) FP5: number of investment units forecast on issue: 333,001 units, forecast net income per unit: 2,600 yen

(Note 1) A resolution was passed at the 2nd General Meeting of Shareholders held on May 31, 2018 to make a partial amendment to the Articles of Investment Corporation including changing the fiscal term-end of the Investment Corporation from the last day of February and the last day of August of each year to the last day of June and the last day of December of each year and the Investment Corporation's fiscal period ending June 2018 (the fourth fiscal period) is the 4 month period from March 1, 2018 to June 30, 2018.
(Note 2) The operating forecasts and distribution forecasts for FP4 and FP5 are figures based on currently available information calculated based on the assumptions described in the attachment "Assumptions for Operating Forecasts for FP4 and FP5." The actual operating revenue, operating income, ordinary income, net income and distributions per unit excluding distributions in excess of earnings are subject to change due to factors such as additional acquisition/disposition of real estate, fluctuations in rent income accompanying changes of tenants, changes in management environment including occurrence of unexpected repair, fluctuations in interest rates, and 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 remain subject to revision based on any material variance from assumptions attached.
(Note 4) Figures are rounded down. Percentages are rounded to the nearest decimal place.

2. Reason for the revision to operating forecasts and distribution forecasts

During the past few months, the Asset Management Company has been considering acquiring a portfolio comprised of several large-scale assets (hereinafter "Transaction") which included an asset from a pipeline support partner. As announced in "7. Future Outlook" in the "Notice Concerning Disposition of Domestic Trust Beneficiary Right (Confomall Sapporo)" dated June 28, 2018, the Asset Management Company investigated allocating a portion of the proceeds from the disposition of Confomall Sapporo (hereinafter "Disposition") to the Transaction. However, as the Investment Corporation finally determined not to proceed with the Potential Reinvestments due to not being able to reach agreement on certain terms and conditions with the vendors and Transaction timing, the operating and distribution forecasts for FP4 and FP5 will be revised to reflect this, the effects of the Disposition, and the current operating status of the existing portfolio.

The main revisions to the forecast for FP4 are the increase in the operating revenue arising as a result of recording a 142 million yen gain on sale from the Disposition and an increase in operating expenses of 136 million yen associated with the Transaction. These expenses include third-party consultant fees such as legal, tax, accounting and reports associated with completion of due diligence and preparation of transaction documentation for a global public offer. As a result of the Disposition there will be a decrease in rental income of 118 million yen and 23 million yen of other rental income for FP5.

The Investment Corporation plans to allocate 1,400 million yen of the 1,640 million yen of proceeds from the Disposition to repay borrowings due and payable on the last day of August 2018 after netting out the gain on sale of 142 million yen, sales related expenses of 77 million yen and 21 million yen retained as cash on hand.

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 trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

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

Sakura
Sogo REIT

[Attachment]

Assumptions for Operating Forecasts for FP4 and FP5

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Calculation period</td><td>➢ FP4 (From March 1, 2018 to June 30, 2018) (122 days)
➢ FP5 (From July 1, 2018 to December 31, 2018) (184 days)</td></tr>
<tr><td>Investment Assets</td><td>➢ With regard to the real estate trust beneficiary interests of the properties (17 properties in total) (hereinafter the “Currently Owned Assets”), it is assumed that there will be no change (acquisition of new properties, disposition of portfolio properties, etc.) in FP4 and FP5.</td></tr>
<tr><td>Operating revenue</td><td>➢ Rental revenues from the Currently Owned Assets are calculated based on the rents described in the lease agreements that are effective as of today.
➢ The forecast of operating revenues is made on the assumption that no tenants will delay or default rental payments.
➢ Gain on sale of real estate property from Disposition is expected to be 142 million yen for FP4.</td></tr>
<tr><td>Operating expenses</td><td>➢ The main items of operating expenses are as follows (rounded down to the nearest specified unit; the same shall apply hereinafter):
<table>
<tr><th></th><th>FP4</th><th>FP5</th></tr>
<tr><td>Expenses related to leasing business [Total]</td><td>718 million yen</td><td>1,068 million yen</td></tr>
<tr><td>Management fees</td><td>219 million yen</td><td>350 million yen</td></tr>
<tr><td>Of which: Maintenance and management fee</td><td>164 million yen</td><td>269 million yen</td></tr>
<tr><td>Of which: Property management fee</td><td>55 million yen</td><td>81 million yen</td></tr>
<tr><td>Repair expenses</td><td>25 million yen</td><td>27 million yen</td></tr>
<tr><td>Taxes and dues</td><td>136 million yen</td><td>191 million yen</td></tr>
<tr><td>Depreciation</td><td>177 million yen</td><td>244 million yen</td></tr>
<tr><td>Other than expenses related to leasing business [Total]</td><td>321 million yen</td><td>265 million yen</td></tr>
<tr><td>Asset management fee</td><td>117 million yen</td><td>173 million yen</td></tr>
<tr><td>Non-deductible consumption tax</td><td>13 million yen</td><td>13 million yen</td></tr>
<tr><td>Transaction costs</td><td>136 million yen</td><td>-</td></tr>
</table>
➢ Of expenses related to the leasing business of the Currently Owned Assets, which are the main operating expenses, expenses other than depreciation are calculated on a historical data basis based on information provided by the previous owners of the Currently Owned Assets and by reflecting variable factors.
➢ Repair expenses for buildings are projected to be, based on the repair plans drawn by the Asset Management Company, 25 million yen for FP4 and 27 million yen for FP5. However, due to reasons such as repair expenses that may urgently arise for building damages, etc. caused by unforeseeable factors, the amount generally varying considerably depending on the fiscal year, and because it is not an amount that arises periodically, each calculation period’s repair expenses may differ materially from the forecast amount.</td></tr>
</table>

	➢ Depreciation calculated using the straight-line method, including incidental expenses, are projected to be 177 million yen for FP4 and 244 million yen for FP5 respectively. Upon acquisition of real estate or trust beneficiary interest having real estate as trust assets, the Investment Corporation includes the amount equivalent to fixed property taxes, city planning taxes, depreciable assets taxes, etc. (hereinafter the "Fixed Property Taxes, etc.") that are settled with previous owners on a pro rata based on the number of days of ownership in the acquisition cost during the fiscal year of the acquisition. As to the Fixed Property Taxes, etc. on the owned real estate or trust beneficiary interest having real estate as trust assets, the Investment Corporation adopts the method to record the amount corresponding to the calculation period, out of finalized taxation amount, as expenses related to leasing business.
Non-operating expenses	➢ Interest expenses and other borrowing related expenses are projected to be 102 million yen for FP4. Due to additional interest cost associated with refinance of short term borrowings and extension of loan maturity profile, 161 million yen is projected for FP5.
Debt financing	➢ The total of interest-bearing liabilities outstanding is assumed to be 29,000 million yen at the end of FP4 a and 27,600 million yen at the end of FP5 after allocating 1,400 million yen from the 1,640 million yen earned in proceeds from the Disposition to the repayment of 1,400 million yen of the Investment Corporation's borrowings due and payable on the last day of August 2018. ➢ LTV at end of FP4 is projected to be about 46.2% and LTV at the end of FP5 is projected to be about 44.9 %. The following formula is used in the calculation of LTV. LTV = Total interest-bearing liabilities ÷ Total assets
Investment units	➢ It is assumed that there will be no changes in the number of investment units due to issuance of new investment units, etc. from the 333,001 units of investment units issued and outstanding as of today through to the end of FP5.
Distribution per Unit	➢ Distribution per unit (excluding distribution in excess of earnings) is calculated on the assumption that distribution will be made in accordance with the cash distribution policy provided in the Articles of Incorporation of the Investment Corporation. ➢ Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, including fluctuations in leasing revenue accompanying changes in assets under management, changes in tenants and other events, and occurrence of unexpected repairs.
Distributions in Excess of Earnings per Unit	➢ The Articles of Incorporation of the Investment Corporation enable it to provide for distribution in excess of earnings but considering the ratio of capital expenditures to depreciation and in an aim to conduct conservative financial management, no distribution in excess of earnings is scheduled to be implemented for the time being.
Other	➢ Forecasts assume there will be no material changes in laws, regulations, taxation systems, accounting standards, public listing requirements or rules of the investment trust association that could impact the forecasts presented herein. ➢ Forecasts assume there will be no unforeseen material changes in general economic and real estate market conditions.