

Summary of Financial Results (REIT) for Fiscal Period Ended August 31, 2021

October 20, 2021

REIT Securities Issuer	MORI TRUST Hotel Reit, Inc.	Stock Exchange Listing:	Tokyo Stock Exchange
Securities Code:	3478	URL:	http://www.mt-hotelreit.jp/en/
Representative:	Amane Sakamoto, Executive Director		
Asset Management Company:	MORI TRUST Asset Management Co., Ltd.		
Representative:	Michio Yamamoto, President and Representative Director		
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Scheduled date of submission of securities report: November 29, 2021

Scheduled date of commencement of cash distribution payment: November 22, 2021

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: No

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended August 31, 2021 (from March 1, 2021 to August 31, 2021)

(1) Management Status (% figures are the rate of period-on-period increase (decrease))

Fiscal Period	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2021	2,110	73.8	1,315	203.9	1,207	270.0	1,206	270.7
Ended Feb. 2021	1,214	(31.4)	432	(56.2)	326	(63.0)	325	(63.1)

Fiscal Period	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	yen	%	%	%
Ended Aug. 2021	2,412	2.4	1.1	57.2
Ended Feb. 2021	650	0.6	0.3	26.9

(2) Distributions Status

Fiscal Period	Distributions per Unit (excluding distributions in excess of earnings)	Total Distributions (excluding distributions in excess of earnings)	Distributions in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Distributions Payout Ratio	Distributions Ratio to Net Assets
	yen	million yen	yen	million yen	%	%
Ended Aug. 2021	2,412	1,206	-	-	100.0	2.4
Ended Feb. 2021	651	325	-	-	100.2	0.6

(3) Financial Position

Fiscal Period	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
	million yen	million yen	%	yen
Ended Aug. 2021	110,359	51,206	46.4	102,412
Ended Feb. 2021	109,303	50,325	46.0	100,651

(4) Cash Flows Status

Fiscal Period	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Period
	million yen	million yen	million yen	million yen
Ended Aug. 2021	2,540	(60)	(325)	5,224
Ended Feb. 2021	517	(21)	(880)	3,069

2. Management Status Forecast for Fiscal Period Ending February 28, 2022 (from September 1, 2021 to February 28, 2022)

Management Status Forecast for Fiscal Period Ending February 28, 2022 (from September 1, 2021 to February 28, 2022) has yet to be determined at this point because it is difficult to make a rational calculation of performance forecast as the global spread of COVID-19 has yet to cease. We will carefully assess the impact and aim to announce it in December 2021.

* Others

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- | | |
|---|------|
| (i) Changes in accounting policies in accordance with amendments to accounting standards, etc.: | None |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatement: | None |

(2) Total number of Investment Units Issued and Outstanding

- | | |
|---|---------|
| (i) Total number of investment units issued and outstanding (including own investment units) at end of the period | |
| Fiscal period ended August 31, 2021 | 500,000 |
| Fiscal period ended February 28, 2021 | 500,000 |
| (ii) Number of own investment units at end of the period | |
| Fiscal period ended August 31, 2021 | 0 |
| Fiscal period ended February 28, 2021 | 0 |

* This financial report has not undergone any audit performed by a certified public accountant or auditing firm.

* Special Note

Not applicable.

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1. Management Status

(1) Overview of the Fiscal Period under Review

(i) Major Change in MORI TRUST Hotel Reit

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) was established with an investment amount of 100 million yen (1,000 units) on January 15, 2016, with MORI TRUST Hotel Asset Management Co., Ltd. (Note) as the organizer and Mori Trust Co., Ltd. (“Mori Trust”) and Mori Trust Hotels & Resorts Co., Ltd. (“Mori Trust Hotels & Resorts”) as the sponsors based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and registration with the Kanto Local Finance Bureau (Registration number: Kanto Local Finance Bureau Director-General No. 112) was completed on February 10, 2016.

After that, MORI TRUST Hotel Reit issued new investment units (499,000 units) by conducting capital increase through private placement on June 1, 2016, and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on February 7, 2017 (Securities Code: 3478).

The total number of investment units issued and outstanding is 500,000 as of the end of the fiscal period under review.

(Note) An absorption-type merger with MORI TRUST Hotel Asset Management Co., Ltd. as the absorbed company and MORI TRUST Asset Management Co., Ltd. (the “Asset Management Company”) as the surviving company was conducted on March 1, 2019, and the assets of MORI TRUST Hotel Reit are managed by the Asset management Company after the merger.

(ii) Investment Environment and Management Results

The Japanese economy continues to be in a difficult circumstance due to the impact of the spread of COVID-19 in Japan and abroad. Although the economy is showing general signs of recovery, the pace of recovery has slowed recently with the continued restraint on socioeconomic activity as a state of emergency was repeatedly issued in April and July 2021.

In the tourism industry, the number of foreigners visiting Japan remains at a low level as a result of the impact of the COVID-19 pandemic, and the total number of foreigners visiting Japan from January to August 2021 dropped significantly by 99.2% from 2019 (estimate by Japan National Tourism Organization) before the COVID-19 pandemic. The total number of overnight stays from January to August 2021 also declined by 53.8% from 2019 (preliminary figures of Overnight Travel Statistics Survey by Japan Tourism Agency) given the decline in domestic demand due to restraints on socioeconomic activities. In addition, as the Tokyo 2020 Olympic and Paralympic Games were held largely without spectators, the impact on accommodation demand was limited.

Under such an environment, MORI TRUST Hotel Reit continually held discussions with the hotel side to enhance profitability, upon understanding the business environment and operating conditions of each hotel at its owned properties on a monthly basis. MORI TRUST Hotel Reit also strove to enhance profitability by saving costs, actively utilizing government subsidies such as special measures for employment adjustment subsidies, etc. and stimulating demand by implementing efforts to prevent the spread of COVID-19, including the introduction of high-performance air purifiers to provide safe and secure stays. Despite this, the minimum guaranteed rent was applied at some hotels with variable rent.

In order to eliminate conflict with financial covenants between MORI TRUST Hotel Reit and financial institutions, MORI TRUST Hotel Reit transferred 5.5% quasi-co-ownership interest of the trust beneficiary interest of “Courtyard by Marriott Tokyo Station” on August 31, 2021 and 261 million yen was recorded as the gain on sale of real estate.

As of the end of the fiscal period under review, MORI TRUST Hotel Reit owns five properties with a total acquisition price of 107,741 million yen, and its total number of guestrooms is 1,469 rooms.

Further, the Asset Management Company recognizes that efforts to improve sustainability such as environmental consideration, contribution to society, and strengthening corporate governance in asset management operations are essential for growing MORI TRUST Hotel Reit’s unitholder value in the medium to long term. As a result, it has established and implements the “Sustainability Policy.” In the fiscal year under review, disclosure of environment performance data based on the environmental management system was implemented for “E: Environmental”; a car sharing station for electric vehicles was set up at Hilton Odawara Resort & Spa as a measure to contribute to a decarbonized regional transportation model in the local communities for “S: Society”; and compliance training was conducted for employees for “G: Governance.” In the GRESB Real Estate Assessment in 2021, MORI TRUST Hotel Reit received “3 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won “Green Star” designation by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

(iii) Overview of Financing

In the fiscal period under review, MORI TRUST Hotel Reit executed the borrowing of 9,975 million yen on August 2021 in order to repay existing loans of 9,975 million yen, which reached maturity.

As a result, the outstanding balance of interest-bearing debt as of the end of the fiscal period under review was 53,975 million yen, of which 5,975 million yen are short-term loans and 48,000 million yen are long-term loans (including 14,500 million yen of current portion of long-term loans payable). Moreover, the ratio of interest-bearing debt to total assets at the end of period was 48.9%.

(iv) Overview of Business Performance and Distribution

As a result of the above management, operating revenue was 2,110 million yen, operating income was 1,315 million yen, ordinary income was 1,207 million yen and net income was 1,206 million yen.

As for distributions, MORI TRUST Hotel Reit distributed the entire amount of unappropriated retained earnings excluding distributions per unit of less than 1 yen with an intent to include profit distributions in deductible expenses by applying the Special Provisions for Taxation System on Investment Corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, distributions per unit was 2,412 yen.

(2) Outlook for the Next Fiscal Period

(i) Investment Environment

As measures are taken to prevent the spread of COVID-19 and vaccination is promoted, the Japanese economy is expected to continue to rally back due in part to the effects of various policies and improvement in overseas economies. However, there will be a need to closely monitor the impact of trends in infectious diseases in Japan and abroad, increased downside risks due to supply chain disruptions, as well as fluctuations in financial and capital markets, etc. Once the effects of COVID-19 have subsided globally, the Japanese economy is expected to continue growing with a virtuous cycle from income to spending intensifying.

In the tourism industry, a difficult business environment is expected to continue due to stagnant number of foreigners visiting Japan as well as sluggish domestic demand caused by the restraints on socioeconomic activities, etc. because of the continued impact of the COVID-19 pandemic. However, domestic demand is expected to gradually recover albeit with repeated waves of stagnation and improvement due to raising the level of socioeconomic activities associated with widespread use of vaccines and various policies. On the other hand, as for the trend of demand for travel to Japan, although cross-border travel for the purpose of tourism is still restricted, travel restrictions are beginning to be relaxed in various countries. There will be a need to closely monitor regulations on cross-border travel in each country and market trends as well as changes in the situation of COVID-19.

Under such an environment, the business performance of the hotels owned by MORI TRUST Hotel Reit are expected to gradually recover by capturing domestic demand, including new demand for workations and staycations, etc., and promoting efficiency in operating costs with the utilization of various plans, upon continuing to implement measures to prevent the spread of COVID-19.

(ii) Future Management Policy and Issues to Be Handled

With Mori Trust and Mori Trust Hotels & Resorts as its sponsors, MORI TRUST Hotel Reit plans to realize its growth strategies, making full use of the support of the Mori Trust Group, including the two sponsor companies.

As its internal growth strategy, MORI TRUST Hotel Reit will maximize the revenue of investment real estate by utilizing efficient operational know-how with the sponsor support from Mori Trust Hotels & Resorts as well as further strengthen the base of hardware, software and humanware and aim for stabilization and growth of revenue by conducting appropriate renovation and rebranding.

As its external growth strategy, MORI TRUST Hotel Reit will invest in competitive and high-quality hotels centering on international brand hotels with high recognition both inside and outside Japan.

In order to seize the opportunity for property acquisitions, MORI TRUST Hotel Reit has concluded an agreement concerning the provision of information on real estate, etc. with Mori Trust and the Asset Management Company, and established a structure to preferentially obtain information on sales of real estate, etc. which are “mainly used as hotels (accommodation facilities including hotels and inns as well as incidental facilities)” owned by Mori Trust Group. It will strive to acquire highly competitive properties and aim to achieve external growth by utilizing the information provided by Mori Trust Group and the Asset Management Company’s unique information-gathering ability.

With such efforts, MORI TRUST Hotel Reit intends to secure stable revenue and achieve steady growth of assets under management and aims to maximize unitholder value.

Furthermore, although it is difficult to forecast the impact of the COVID-19 pandemic, MORI TRUST Hotel Reit will closely monitor future trends and take appropriate action.

(iii) Financial Strategies, Etc.

MORI TRUST Hotel Reit aims to reduce refinancing risks and financing costs by establishing a solid and stable business relationship with leading financial institutions in Japan as well as intending to achieve the best mix of short-term and long-term loans, diversification of repayment dates and diversification of bank formation.

With respect to the ratio of interest-bearing debt to total assets, MORI TRUST Hotel Reit will set 60% as a target for the upper limit (however, LTV may exceed 60% temporarily due to the acquisition of new investment real estate, etc.) and conduct financial operation, with 50% as a target for the upper limit in normal time.

(iv) Significant Subsequent Events

Not applicable.

(v) Outlook of Management Status

The global spread of COVID-19 has caused demand for hotel services to remain stagnant, including demand from domestic and foreign tourists, business travelers, and banquet hall users, etc. Although MORI TRUST Hotel Reit's revenue is impacted by the variable rent linked to hotel revenue, it is difficult to predict the impact that this will have at this point in time.

Therefore, Management Status Forecast for Fiscal Period Ending February 28, 2022 (from September 1, 2021 to February 28, 2022) has yet to be determined at this point because it is difficult to make a rational calculation of performance forecast. We will carefully assess the impact and aim to announce it in December 2021.

Operating revenue	TBD
Operating income	TBD
Ordinary income	TBD
Net income	TBD
Distributions per unit	TBD
Distributions in excess of earnings per unit	TBD

(3) Material Events Related to Going Concern Assumption

In the fiscal period under review, the SDSCR value (an index that determines the ability to pay principal and interest in a certain stress scenario), which is calculated based on the borrowing agreements between MORI TRUST Hotel Reit and financial institutions, fell below the standard value as a result of decline in operating income, etc. due to a decrease in rents based on the operating performance of hotels with variable rent caused by the impact of the COVID-19 pandemic. In order to eliminate such situation, MORI TRUST Hotel Reit decided to implement the transfer of Courtyard by Marriott Tokyo Station (5.5% quasi-co-ownership), recording unrealized gain, and record the gain on sale of real estate as operating income. As a result, the SDSCR value is above the standard value as of today and MORI TRUST Hotel Reit has determined that it is no longer in a situation where it is necessary to state material events (events or situations such as causing significant doubt on the assumption that the investment corporation will continue its business activities in the future, or other events that may have a material impact on the management of the investment corporation) in the section "(3) Material Events Related to Going Concern Assumption."

2. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	Previous fiscal period (as of February 28, 2021)	Current fiscal period (as of August 31, 2021)
Assets		
Current assets		
Cash and deposits	2,147,750	3,647,252
Cash and deposits in trust	921,761	1,577,143
Operating accounts receivable	3,825	1,752
Prepaid expenses	16,279	11,491
Total current assets	3,089,617	5,237,639
Non-current assets		
Property and equipment		
Machinery and equipment	8,803	14,623
Accumulated depreciation	(943)	(1,601)
Machinery and equipment, net	7,860	13,021
Tools, furniture and fixtures	40,322	43,770
Accumulated depreciation	(7,408)	(10,240)
Tools, furniture and fixtures, net	32,914	33,529
Buildings in trust	20,598,556	20,463,851
Accumulated depreciation	(2,975,800)	(3,310,759)
Buildings in trust, net	17,622,756	17,153,091
Structures in trust	8,590	8,450
Accumulated depreciation	(4,959)	(5,142)
Structures in trust, net	3,630	3,307
Machinery and equipment in trust	5,034	5,034
Accumulated depreciation	(744)	(1,002)
Machinery and equipment in trust, net	4,290	4,032
Tools, furniture and fixtures in trust	17,801	18,578
Accumulated depreciation	(4,391)	(5,689)
Tools, furniture and fixtures in trust, net	13,410	12,888
Land in trust	88,512,726	87,891,316
Total property and equipment	106,197,587	105,111,187
Intangible assets		
Software	874	549
Total intangible assets	874	549
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	5,383	412
Deferred tax assets	10	16
Total investments and other assets	15,394	10,429
Total non-current assets	106,213,856	105,122,166
Total assets	109,303,473	110,359,806

(Thousands of yen)

	Previous fiscal period (as of February 28, 2021)	Current fiscal period (as of August 31, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	18,782	116,524
Short-term loans payable	*2 5,975,000	5,975,000
Current portion of long-term loans payable	*2 11,500,000	14,500,000
Accounts payable	105,574	121,223
Accrued expenses	47,007	44,376
Distribution payable	3,197	2,687
Income taxes payable	824	949
Accrued consumption taxes	7,071	104,734
Advances received	265,525	266,921
Deposits received	404	214
Total current liabilities	17,923,387	21,132,632
Non-current liabilities		
Long-term loans payable	*2 36,500,000	33,500,000
Tenant leasehold and security deposits	4,554,473	4,520,923
Other non-current liabilities	1	—
Total non-current liabilities	41,054,474	38,020,923
Total liabilities	58,977,862	59,153,555
Net assets		
Unitholders' equity		
Unitholders' capital	50,000,000	50,000,000
Surplus		
Unappropriated retained earnings	325,611	1,206,250
Total surplus	325,611	1,206,250
Total unitholders' equity	50,325,611	51,206,250
Total net assets	*1 50,325,611	*1 51,206,250
Total liabilities and net assets	109,303,473	110,359,806

(2) Statements of Income

(Thousands of yen)

	Previous fiscal period (September 1, 2020 – February 28, 2021)		Current fiscal period (March 1, 2021 – August 31, 2021)	
Operating revenues				
Rental revenues	*1	1,211,834	*1	1,846,776
Other rental revenues	*1	2,231	*1	2,265
Gain on sale of real estate properties		—	*2	261,297
Total operating revenues		1,214,065		2,110,340
Operating expenses				
Rental expenses	*1	655,828	*1	651,681
Asset management fee		86,429		90,462
Asset custody and administrative service fees		12,617		15,504
Directors' compensations		3,600		3,600
Other operating expenses		22,856		34,023
Total operating expenses		781,331		795,271
Operating income		432,733		1,315,068
Non-operating income				
Interest income		16		15
Reversal of distributions payable		482		525
Interest on refund		—		59
Total non-operating income		498		600
Non-operating expenses				
Interest expenses		106,981		108,544
Other		20		40
Total non-operating expenses		107,002		108,584
Ordinary income		326,229		1,207,084
Income before income taxes		326,229		1,207,084
Income taxes - current		826		951
Income taxes - deferred		7		(6)
Total income taxes		834		945
Net income		325,395		1,206,139
Retained earnings brought forward		215		111
Unappropriated retained earnings		325,611		1,206,250

(3) Statements of Changes in Net Assets

Previous fiscal period (September 1, 2020 – February 28, 2021)

(Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at beginning of current period	50,000,000	880,715	880,715	50,880,715	50,880,715
Changes of items during period					
Distribution of retained earnings		(880,500)	(880,500)	(880,500)	(880,500)
Net income		325,395	325,395	325,395	325,395
Total changes of items during period	—	(555,104)	(555,104)	(555,104)	(555,104)
Balance at end of current period	*1 50,000,000	325,611	325,611	50,325,611	50,325,611

Current fiscal period (March 1, 2021 – August 31, 2021)

(Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at beginning of current period	50,000,000	325,611	325,611	50,325,611	50,325,611
Changes of items during period					
Distribution of retained earnings		(325,500)	(325,500)	(325,500)	(325,500)
Net income		1,206,139	1,206,139	1,206,139	1,206,139
Total changes of items during period	—	880,639	880,639	880,639	880,639
Balance at end of current period	*1 50,000,000	1,206,250	1,206,250	51,206,250	51,206,250

(4) Statements of Cash Distributions

(Yen)

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
I. Unappropriated retained earnings	325,611,470	1,206,250,571
II. Distributions (Distributions per unit)	325,500,000 (651)	1,206,000,000 (2,412)
III. Retained earnings brought forward	111,470	250,571
Calculation method of distribution amount	Pursuant to the policy for cash distribution set forth in Article 36, paragraph 1 of the Articles of Incorporation of MORI TRUST Hotel Reit, Inc., distributions shall be limited to the amount within profits, which shall be an amount exceeding ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, MORI TRUST Hotel Reit, Inc. will pay distributions of profits at the total amount of ¥325,500,000, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 500,000, which is the number of investment units issued and outstanding.	Pursuant to the policy for cash distribution set forth in Article 36, paragraph 1 of the Articles of Incorporation of MORI TRUST Hotel Reit, Inc., distributions shall be limited to the amount within profits, which shall be an amount exceeding ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15, paragraph 1 of the Act on Special Measures Concerning Taxation. In consideration of this policy, MORI TRUST Hotel Reit, Inc. will pay distributions of profits at the total amount of ¥1,206,000,000, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 500,000, which is the number of investment units issued and outstanding.

(5) Statements of Cash Flows

(Thousands of yen)

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
Cash flows from operating activities		
Income before income taxes	326,229	1,207,084
Depreciation	364,105	365,094
Interest income	(16)	(15)
Interest expenses	106,981	108,544
Decrease (increase) in operating accounts receivable	(2,073)	2,073
Decrease (increase) in prepaid expenses	(14,898)	4,788
Decrease (increase) in long-term prepaid expenses	(5,383)	4,971
Increase (decrease) in operating accounts payable	(105,683)	107,989
Increase (decrease) in accounts payable	(6,745)	15,649
Increase (decrease) in accrued consumption taxes	(123,137)	97,662
Increase (decrease) in advances received	89,090	1,395
Decrease in property and equipment in trust due to sale	–	738,450
Other, net	(668)	(714)
Subtotal	627,801	2,652,974
Interest income received	16	15
Interest expenses paid	(109,566)	(111,175)
Income taxes paid	(982)	(826)
Net cash provided by operating activities	517,268	2,540,988
Cash flows from investing activities		
Purchase of property and equipment	(4,199)	(8,028)
Purchase of property and equipment in trust	(17,486)	(19,039)
Repayments of tenant leasehold and security deposits	–	(33,550)
Net cash used in investing activities	(21,686)	(60,617)
Cash flows from financing activities		
Proceeds from short-term loans payable	–	5,975,000
Repayments of short-term loans payable	–	(5,975,000)
Proceeds from long-term loans payable	3,000,000	4,000,000
Repayments of long-term loans payable	(3,000,000)	(4,000,000)
Distributions paid	(880,203)	(325,486)
Net cash provided by (used in) financing activities	(880,203)	(325,486)
Net increase (decrease) in cash and cash equivalents	(384,622)	2,154,884
Cash and cash equivalents at beginning of period	3,454,134	3,069,511
Cash and cash equivalents at end of period	*1 3,069,511	*1 5,224,396

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	(1) Property and equipment (including trust accounts) The straight-line method is used. The useful lives of major property and equipment components are as follows: Machinery and equipment 8 to 10 years Tools, furniture and fixtures 4 to 15 years Buildings in trust 6 to 72 years Structures in trust 2 to 15 years Machinery and equipment in trust 8 to 10 years Tools, furniture and fixtures in trust 3 to 15 years (2) Intangible assets The straight-line method is used. Internal-use software are amortized by the straight-line method over their useful lives (5 years).
2. Recognition of revenue and expenses	Accounting treatment of property tax, etc. For property taxes, city planning taxes, depreciable assets taxes, etc., for real estate held, the amount of tax levied corresponding to the relevant accounting period is recorded as rental expenses. The amount equivalent to property taxes, etc. to be paid by MORI TRUST Hotel Reit, Inc. in the first year for acquisition of trust beneficiary rights in real estate is not recorded as expenses but included in the acquisition costs for the related trust beneficiary rights. No property taxes, etc. were included in acquisition costs for trust beneficiary rights for the previous fiscal period and the current fiscal period.
3. Scope of cash and cash equivalents in the statements of cash flows	Cash and cash equivalents in the statements of cash flows include the following: (1) cash on hand and cash in trust; (2) deposits and deposits in trust that can be withdrawn at any time; and (3) short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
4. Accounting treatment of trust beneficiary interests in real estate, etc.	For trust beneficiary interests in real estate owned by MORI TRUST Hotel Reit, Inc., all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheets and statements of income. The following assets in trust recognized in the relevant accounts are presented separately on the balance sheets due to their materiality. (1) Cash and deposits in trust (2) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, and land in trust
5. Accounting treatment of consumption taxes, etc.	Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(8) Notes on Change in Presentation Method

“Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 31, March 31, 2020) has been applied from the fiscal period ended August 31, 2021, and notes regarding accounting estimates are stated in “Notes on Significant Accounting Estimates” below. However, in accordance with the transitional treatment as stipulated in the proviso of Paragraph 11 of the Accounting Standard, there is no information to be disclosed for fiscal period ended February 28, 2021.

(9) Notes on Significant Accounting Estimates

Valuation of non-current assets

1. Book value of non-current assets and the impairment loss recorded

(Thousands of yen)

	Current fiscal period (as of August 31, 2021)
Property and equipment	105,111,187
Intangible assets	549
Impairment loss	—

2. Information on the nature of significant accounting estimates for identified items

In accordance with the accounting standard for impairment of non-current assets, MORI TRUST Hotel Reit, Inc. has adopted the accounting treatment to reduce the book value of non-current assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to lowered profitability.

In adopting the accounting treatment, the respective properties owned by MORI TRUST Hotel Reit, Inc. are regarded as a single asset group, and judgment is made whether it is required to recognize impairment losses when indications of impairment are deemed to exist for the group due to continuous operating losses, a significant decline in the market value and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, the underlying rent, occupancy rate and real estate rental expenses, etc. are calculated by comprehensively taking into account the market trends and transaction cases of similar properties, etc.

In the course of real estate rental business of MORI TRUST Hotel Reit, Inc., demand for hotel services from domestic and foreign tourists, business guests, banquets, etc. is still weak due to the worldwide spread of the novel coronavirus (COVID-19), and variable rents based on hotel operating performance have decreased significantly.

The timing of the convergence of COVID-19 is uncertain and difficult to estimate. MORI TRUST Hotel Reit, Inc. made estimate on accounting to apply accounting for impairment of non-current assets including whether there is any indication of impairment loss based on assumptions that impact by COVID-19 will continue through fiscal period ending February 28, 2022 (from September 1, 2021 to February 28, 2022) and gradually recover after certain period of time.

Since it is difficult to predict with certainty when the spread of COVID-19 will be eliminated and the extent of the impact, any change in the spread of COVID-19 and impact on the economy may affect the status of asset, profit and loss, cash flow of MORI TRUST Hotel Reit, Inc.

(10) Notes to Financial Statements

[Notes to Balance Sheets]

	Previous fiscal period (as of February 28, 2021)	Current fiscal period (as of August 31, 2021)
*1 Minimum net assets as provided in Article 67, paragraph 4 of the Investment Trust Law	50,000 thousand yen	50,000 thousand yen
*2 Financial Covenants	Due to the impact of the COVID-19 pandemic, the SDSCR value (an index that determines the ability to pay principal and interest in a certain stress scenario) fell below the standard value. As a result, MORI TRUST Hotel Reit has retained a certain amount within the range of depreciation recorded in the previous fiscal year in the principal and interest reserve account in accordance with the borrowing agreement between MORI TRUST Hotel Reit and financial institutions, and it also plans to retain a certain amount within the range of depreciation recorded in the current fiscal year. If the SDSCR value remains below the standard value in the next fiscal year and beyond, prepayments could be made using the money reserved in the relevant principal and interest reserve account.	—

[Notes to Statements of Income]

(Thousands of yen)

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
*1 Breakdown of real estate rental income	<p>A. Real estate rental revenues</p> <p>Rental revenues</p> <p>Rent 1,211,834</p> <p>Other rental revenues</p> <p>Others 2,231</p> <p>Total real estate rental revenues 1,214,065</p> <p>B. Real estate rental expenses</p> <p>Rental expenses</p> <p>Property and other taxes 280,357</p> <p>Insurance expenses 5,394</p> <p>Repairs and maintenance expenses 5,321</p> <p>Depreciation 363,805</p> <p>Other rental expenses 950</p> <p>Total real estate rental expenses 655,828</p> <p>C. Real estate rental income (A – B) 558,237</p>	<p>A. Real estate rental revenues</p> <p>Rental revenues</p> <p>Rent 1,846,776</p> <p>Other rental revenues</p> <p>Others 2,265</p> <p>Total real estate rental revenues 1,849,042</p> <p>B. Real estate rental expenses</p> <p>Rental expenses</p> <p>Property and other taxes 278,233</p> <p>Insurance expenses 5,468</p> <p>Repairs and maintenance expenses 2,234</p> <p>Depreciation 364,794</p> <p>Other rental expenses 950</p> <p>Total real estate rental expenses 651,681</p> <p>C. Real estate rental income (A – B) 1,197,360</p>
*2 Breakdown of gain on sale of real estate properties	—	<p>Courtyard by Marriott Tokyo Station (5.5% Quasi-Co-Ownership Interest)</p> <p>Proceeds from sale of real estate properties 1,001,000</p> <p>Cost of sale of real estate properties 738,450</p> <p>Other expenses on sale 1,251</p> <p>Gain on sale of real estate properties 261,297</p>

[Notes to Statements of Changes in Net Assets]

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
*1 Total number of authorized investment units and total number of investment units issued and outstanding		
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding at the end of the fiscal period	500,000 units	500,000 units

[Notes to Statements of Cash Flows]

(Thousands of yen)

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
*1 Reconciliation between cash and cash equivalents at the end of period and relevant amounts on the balance sheets	(as of February 28, 2021)	(as of August 31, 2021)
	Cash and deposits 2,147,750	Cash and deposits 3,647,252
	Cash and deposits in trust 921,761	Cash and deposits in trust 1,577,143
	Cash and cash equivalents 3,069,511	Cash and cash equivalents 5,224,396

[Notes on Lease Transactions]

Operating lease transactions (Lessor)

Future lease payments

(Thousands of yen)

	Previous fiscal period (as of February 28, 2021)	Current fiscal period (as of August 31, 2021)
Due within 1 year	1,304,673	1,304,673
Due after 1 year	7,175,703	6,523,366
Total	8,480,376	7,828,040

[Notes on Financial Instruments]

1. Matters regarding financial instruments

(1) Policy for financial instruments

To conduct the efficient management of assets and contribute to the management stability, MORI TRUST Hotel Reit, Inc. procures funds for the acquisition of assets, the payment of repair and maintenance expenses and dividends, the repayment of debt (including the repayment of leasehold deposits, etc. and loans as well as the obligations of investment corporation bonds), working capital, etc. mainly by borrowing, issuing investment corporation bonds, or issuing investment units.

Surplus funds are carefully invested in consideration of the safety of the investment and convertibility into cash and in view of interest rates and cash flows.

(2) Types of financial instruments, related risk and risk management for financial instruments

Proceeds from borrowings are used mainly to acquire trust beneficiary interests in real estate.

These borrowings are exposed to liquidity risks at maturity. However, MORI TRUST Hotel Reit, Inc. appropriately manages the LTV ratio to limit the impact of higher market interest rates on MORI TRUST Hotel Reit, Inc.'s operations, and also seeks to disperse of maturities to manage this risk.

(3) Supplementary remarks on fair value of financial instruments

The fair value of financial instruments is based on market prices or a reasonably calculated value if there is no market price available. As certain assumptions are used in calculating these values, these values may vary if different assumptions are used.

2. Matters regarding fair value of financial instruments

Balance sheet carrying amounts, fair values, and the differences between them as of February 28, 2021 are as shown below. Financial instruments whose fair values are considered to be extremely difficult to determine are not included in the table below (Note 2).

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	2,147,750	2,147,750	—
(2) Cash and deposits in trust	921,761	921,761	—
Total assets	3,069,511	3,069,511	—
(1) Short-term loans payable	5,975,000	5,975,000	—
(2) Current portion of long-term loans payable	11,500,000	11,524,819	24,819
(3) Long-term loans payable	36,500,000	36,599,282	99,282
Total liabilities	53,975,000	54,099,102	124,102

Balance sheet carrying amounts, fair values, and the differences between them as of August 31, 2021 are as shown below. Financial instruments whose fair values are considered to be extremely difficult to determine are not included in the table below (Note 2).

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	3,647,252	3,647,252	—
(2) Cash and deposits in trust	1,577,143	1,577,143	—
Total assets	5,224,396	5,224,396	—
(1) Short-term loans payable	5,975,000	5,975,000	—
(2) Current portion of long-term loans payable	14,500,000	14,513,420	13,420
(3) Long-term loans payable	33,500,000	33,495,980	(4,019)
Total liabilities	53,975,000	53,984,401	9,401

(Note 1) Measurement of fair values of financial instruments

Assets

- (1) Cash and deposits and (2) Cash and deposits in trust

As these items are settled within a short-term period, their fair value approximates the balance sheet carrying amount. Therefore, for these items, the carrying value is reported as the fair value.

Liabilities

- (1) Short-term loans payable

As short-term loans payable are settled within a short-term period, the fair value approximates the balance sheet carrying amount. Therefore, for this item, the carrying value is reported as the fair value.

- (2) Current portion of long-term loans payable and (3) Long-term loans payable

The fair value of these items are calculated by discounting the total of principal and interest at the rate to be applied if similar new loans were entered into.

(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine

(Thousands of yen)

	Previous fiscal period (as of February 28, 2021)	Current fiscal period (as of August 31, 2021)
Tenant leasehold and security deposits	4,554,473	4,520,923

Tenant leasehold and security deposits, which are deposited by lessees of rental properties, are not subject to fair value disclosure because there are no market prices for them and it is not possible to reasonably estimate future cash flow because it is impossible to estimate the actual deposit term, and therefore it is considered to be extremely difficult to determine their fair values.

(Note 3) Redemption schedule for monetary claims after balance sheet date (as of February 28, 2021)

(Thousands of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	2,147,750	—	—	—	—	—
Cash and deposits in trust	921,761	—	—	—	—	—
Total	3,069,511	—	—	—	—	—

Redemption schedule for monetary claims after balance sheet date (as of August 31, 2021)

(Thousands of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	3,647,252	—	—	—	—	—
Cash and deposits in trust	1,577,143	—	—	—	—	—
Total	5,224,396	—	—	—	—	—

(Note 4) Expected amount of repayments of loans after balance sheet date (as of February 28, 2021)

(Thousands of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	5,975,000	—	—	—	—	—
Current portion of long-term loans payable	11,500,000	—	—	—	—	—
Long-term loans payable	—	13,500,000	14,500,000	5,000,000	2,500,000	1,000,000
Total	17,475,000	13,500,000	14,500,000	5,000,000	2,500,000	1,000,000

Expected amount of repayments of loans after balance sheet date (as of August 31, 2021)

(Thousands of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	5,975,000	—	—	—	—	—
Current portion of long-term loans payable	14,500,000	—	—	—	—	—
Long-term loans payable	—	10,500,000	19,500,000	2,500,000	1,000,000	—
Total	20,475,000	10,500,000	19,500,000	2,500,000	1,000,000	—

[Notes on Related Party Transactions]

1. Parent company and major corporate unitholders, etc.

Previous fiscal period (September 1, 2020 – February 28, 2021)

Not applicable.

Current fiscal period (March 1, 2021 – August 31, 2021)

Not applicable.

2. Affiliated companies, etc.

Previous fiscal period (September 1, 2020 – February 28, 2021)

Not applicable.

Current fiscal period (March 1, 2021 – August 31, 2021)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (September 1, 2020 – February 28, 2021)

Attribute	Name	Location	Capital stock (Thousands of yen)	Business or occupation	Ownership ratio of units, etc.	Nature of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account	Balance at the end of the period (Thousands of yen)
						Concurrent officers, etc.	Business relationship				
Subsidiary of other related company	Mori Trust Co., Ltd.	Minato-ku, Tokyo	30,000,000	Real estate business	—	None	Leasing and management of real estate	Leasing of real estate	401,529	Advances received	122,415
										Tenant leasehold and security deposits	3,281,000
Subsidiary of other related company	MT & Hilton Hotel Co., Ltd.	Minato-ku, Tokyo	20,000	Hotel management	—	None	Leasing and management of real estate	Leasing of real estate	157,967	Advances received	28,907
Subsidiary of other related company	MORI TRUST Asset Management Co., Ltd.	Minato-ku, Tokyo	400,000	Management of assets of investment corporation	—	One concurrently serving officer	Asset management company	Payment of asset management fee	86,429	Accounts payable	95,072

(Note 1) Consumption taxes are not included in transaction amounts but are included in the balance at the end of the period.

(Note 2) Transaction terms and policies for determining transaction terms: Transaction terms are determined taking into consideration current market prices.

Current fiscal period (March 1, 2021 – August 31, 2021)

Attribute	Name	Location	Capital stock (Thousands of yen)	Business or occupation	Ownership ratio of units, etc.	Nature of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account	Balance at the end of the period (Thousands of yen)
						Concurrent officers, etc.	Business relationship				
Subsidiary of other related company	Mori Trust Co., Ltd.	Minato-ku, Tokyo	30,000,000	Real estate business	—	None	Leasing and management of real estate	Leasing of real estate	1,036,763	Advances received	121,967
										Tenant leasehold and security deposits	3,247,450
								Partial transfer of real estate trust beneficiary interest	1,001,000	—	—
Subsidiary of other related company	MT & Hilton Hotel Co., Ltd.	Minato-ku, Tokyo	20,000	Hotel management	—	None	Leasing and management of real estate	Leasing of real estate	157,676	Advances received	30,757
Subsidiary of other related company	MORI TRUST Asset Management Co., Ltd.	Minato-ku, Tokyo	400,000	Management of assets of investment corporation	—	One concurrently serving officer	Asset management company	Payment of asset management fee	90,462	Accounts payable	99,508

(Note 1) Consumption taxes are not included in transaction amounts but are included in the balance at the end of the period.

(Note 2) Transaction terms and policies for determining transaction terms: Transaction terms are determined taking into consideration current market prices.

4. Officers and major individual unitholders

Previous fiscal period (September 1, 2020 – February 28, 2021)

Not applicable.

Current fiscal period (March 1, 2021 – August 31, 2021)

Not applicable.

[Notes on Tax Effect Accounting]

(Thousands of yen)

	Previous fiscal period (as of February 28, 2021)		Current fiscal period (as of August 31, 2021)	
1. Significant components of deferred tax assets and liabilities	(Deferred tax assets)		(Deferred tax assets)	
	Accrued enterprise tax	10	Accrued enterprise tax	16
	Total deferred tax assets	10	Total deferred tax assets	16
	Net deferred tax assets	10	Net deferred tax assets	16
2. Reconciliation of difference between the statutory tax rate and the effective tax rate after application of tax effect accounting	Statutory tax rate	31.46%	Statutory tax rate	31.46%
	(Adjustments)		(Adjustments)	
	Deductible distributions	(31.39%)	Deductible distributions	(31.43%)
	Other	0.19%	Other	0.05%
	Effective tax rate after application of tax accounting	0.26%	Effective tax rate after application of tax accounting	0.08%

[Notes on Investment and Rental Properties]

MORI TRUST Hotel Reit, Inc. holds investment and rental properties for use as hotels in Tokyo and other regions. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these investment and rental properties are as follows.

(Thousands of yen)

Use		Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
Hotel	Balance sheet carrying amount		
	Balance at beginning of period	106,527,801	106,197,792
	Changes during period	(330,009)	(1,086,424)
	Balance at end of period	106,197,792	105,111,367
	Fair value at end of period	124,900,000	123,199,000

(Note 1) The balance sheet carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) The main reason for the increase during the previous period is the capital expenditure (33,796 thousand yen), and the main reason for the decrease during the previous period is depreciation (363,805 thousand yen). The main reason for the increase during the current period is the capital expenditure (16,820 thousand yen), and the main reasons for the decrease during the current period are the partial transfer of Courtyard by Marriott Tokyo Station (738,450 thousand yen) and depreciation (364,794 thousand yen).

(Note 3) Fair value at end of period is the appraisal value provided by an independent real estate appraiser.

The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of income.”

[Notes on Per Unit Information]

Previous fiscal period (September 1, 2020 – February 28, 2021)		Current fiscal period (March 1, 2021 – August 31, 2021)	
Net assets per unit	100,651yen	Net assets per unit	102,412yen
Net income per unit	650yen	Net income per unit	2,412yen
Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Diluted net income per investment unit is not presented, as there is no potential investment unit.		Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Diluted net income per investment unit is not presented, as there is no potential investment unit.	

(Note) The basis for calculating net income per unit is as follows:

	Previous fiscal period (September 1, 2020 – February 28, 2021)	Current fiscal period (March 1, 2021 – August 31, 2021)
Net income (Thousands of yen)	325,395	1,206,139
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	325,395	1,206,139
Average number of investment units for the period (Units)	500,000	500,000

[Notes on Significant Subsequent Events]

Not applicable.

[Omission of Disclosure]

Notes on securities, derivative transactions, retirement benefits, gain and loss on equity method, etc., asset retirement obligations and segment information, etc. are omitted as their disclosure in this report is not of material importance.

(11) Change in Total Number of Investment Units Issued and Outstanding

The change in the total number of investment units issued and outstanding and the total investment amount since the establishment of MORI TRUST Hotel Reit is as follows.

Date	Outline	Total number of investment units issued and outstanding (Units)		Total investment amount (Thousands of yen)		Remarks
		Change	Balance	Change	Balance	
January 15, 2016	Establishment of private REIT	1,000	1,000	100,000	100,000	(Note 1)
June 1, 2016	Capital increase through private placement	499,000	500,000	49,900,000	50,000,000	(Note 2)

(Note 1) MORI TRUST Hotel Reit was established at an issue price of 100,000 yen per unit.

(Note 2) MORI TRUST Hotel Reit issued investment units for the purpose of procuring funds for future property acquisitions at an issue price of 100,000 yen per unit.

3. Reference Information

(1) Status of Investment

The status of investment by MORI TRUST Hotel Reit as of the end of the fiscal period under review is as follows.

Asset type	Use	Area	Property name	Total amount held (Millions of yen) (Note 1)	Ratio to total assets (%) (Note 2)
Real estate trust beneficiary interest	Hotel	Major cities in Japan (23 wards of Tokyo and government-ordinance-designated cities)	Shangri-La Hotel, Tokyo	41,169	37.3
		Famous tourist areas	Hilton Odawara Resort & Spa	6,396	5.8
		Major cities in Japan (23 wards of Tokyo and government-ordinance-designated cities)	Courtyard by Marriott Tokyo Station	12,687	11.5
		Major cities in Japan (23 wards of Tokyo and government-ordinance-designated cities)	Courtyard by Marriott Shin-Osaka Station	17,203	15.6
		Major cities in Japan (23 wards of Tokyo and government-ordinance-designated cities)	Hotel Sunroute Plaza Shinjuku	27,607	25.0
Deposits and other assets (Note 3)				5,295	4.8
Total assets (Note 4)				110,359	100.0

	Amount (Millions of yen)	Ratio to total assets (%)
Total liabilities (Note 4)	59,153	53.6
Total net assets (Note 4)	51,206	46.4

(Note 1) "Total amount held" is the amount recorded on the balance sheet as of the end of the fiscal period under review (book value after depreciation for trust beneficiary interests with real estate and real estate, etc. as main trust assets), rounded down to the nearest million yen in accordance with the asset valuation method stipulated in the Articles of Incorporation.

(Note 2) "Ratio to total assets" is the ratio of the total amount held of each asset to total assets, rounded to the nearest decimal place.

(Note 3) "Deposits and other assets" include machinery and equipment, tools, furniture and fixtures, and software.

(Note 4) "Total assets," "Total liabilities" and "Total net assets" are the amounts recorded on the balance sheet as of the end of the fiscal period under review, rounded down to the nearest million yen.

(2) Investment Assets

(i) Major Investment Securities

Not applicable.

(ii) Investment Real Estate Properties

Not applicable. Moreover, the information on real estate which are trust assets under trust beneficiary interests owned by MORI TRUST Hotel Reit as of the end of the fiscal period under review is described in “(iii) Major Assets Among Other Investment Assets” below.

(iii) Major Assets Among Other Investment Assets

The overview of real estate which are trust assets under trust beneficiary interests owned by MORI TRUST Hotel Reit as of the end of the fiscal period under review is as follows.

(a) Overview of Owned Assets

The property name, acquisition price, carrying amount, real estate appraisal value and investment ratio of the owned assets are as follows.

Category	Property No. (Note 1)	Property name	Acquisition price (Millions of yen) (Note 2)	Carrying amount (Millions of yen) (Note 3)	Real estate appraisal value (Millions of yen) (Note 4)	Investment ratio (%) (Note 5)
Luxury	A-1	Shangri-La Hotel, Tokyo	42,000	41,169	49,500	39.0
	Subtotal		42,000	41,169	49,500	39.0
Upper upscale	B-1	Hilton Odawara Resort & Spa (Note 6)	6,500	6,442	6,900	6.0
	Subtotal		6,500	6,442	6,900	6.0
Upscale	C-1	Courtyard by Marriott Tokyo Station (Note 7)	13,041	12,687	17,199	12.1
	C-2	Courtyard by Marriott Shin-Osaka Station	17,600	17,203	17,300	16.3
	Subtotal		30,641	29,891	34,499	28.4
Upper midscale	D-1	Hotel Sunroute Plaza Shinjuku	28,600	27,607	32,300	26.5
	Subtotal		28,600	27,607	32,300	26.5
Total			107,741	105,111	123,199	100.0

(Note 1) “Property number” is categorized into “luxury,” “upper upscale,” “upscale” or “upper midscale” depending on the grade of asset in which MORI TRUST Hotel Reit invests, and each is assigned an alphabetical letter of “A,” “B,” “C” or “D” as well as a number. The same applies hereinafter.

(Note 2) “Acquisition price” is the purchase price of each property shown in the sale and purchase agreement. The purchase price does not include consumption tax and local consumption tax as well as the expenses required for the acquisition.

(Note 3) “Carrying amount” includes real estate in trust as well as the amount of machinery and equipment, tools, furniture and fixtures, and software, and is rounded down to the nearest million yen.

(Note 4) “Real estate appraisal value” is the appraisal value shown in the real estate appraisal report with the end of the fiscal period under review as the valuation date.

(Note 5) “Investment ratio” is the ratio of the acquisition price of each property to the total acquisition price, rounded to the nearest one decimal place.

(Note 6) The acquisition price and real estate appraisal value for Hilton Odawara Resort & Spa are the amount equivalent to 50% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

(Note 7) The acquisition price and real estate appraisal value for Courtyard by Marriott Tokyo Station are the amount equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

(b) Overview of Buildings, Etc. of Owned Assets

Category	Property No.	Property name	Location	Land area (m ²) (Note 1)	Floor area (m ²) (Note 2)	Completion of construction	Annual fixed rent (Millions of yen) (Note 3)	Leasable area (m ²)	Leased area (m ²)	Number of tenants (sublease) (Note 4)	Number of guestrooms (Rooms) (Note 5)
Luxury	A-1	Shangri-La Hotel, Tokyo	Chiyoda-ku, Tokyo	12,026.77	180,335.11	November 2008	882	22,755.55	22,755.55	1 (1)	200
	Subtotal			12,026.77	180,335.11	—	882	22,755.55	22,755.55	1 (1)	200
Upper upscale	B-1	Hilton Odawara Resort & Spa	Odawara-shi, Kanagawa	174,566.00	50,605.67	October 1997 (Note 6)	—	25,302.84 (Note 7)	25,302.84 (Note 7)	1 (0)	163
	Subtotal			174,566.00	50,605.67	—	—	25,302.84	25,302.84	1 (0)	163
Upscale	C-1	Courtyard by Marriott Tokyo Station	Chuo-ku, Tokyo	4,399.47	51,242.93	February 2014	292	5,311.26 (Note 8)	5,311.26 (Note 8)	1 (1)	150
	C-2	Courtyard by Marriott Shin-Osaka Station	Yodogawa-ku, Osaka	2,199.34	17,002.28	March 1997	460	13,881.48 (Note 9)	13,881.48 (Note 9)	1 (1)	332
	Subtotal			6,598.81	68,245.21	—	752	19,192.74	19,192.74	2 (2)	482
Upper midscale	D-1	Hotel Sunroute Plaza Shinjuku	Shibuya-ku, Tokyo	3,136.57	20,451.25	August 2007	1,304	21,248.23	21,248.23	1 (0)	624
	Subtotal			3,136.57	20,451.25	—	1,304	21,248.23	21,248.23	1 (0)	624
Total				196,328.15	319,637.24	—	2,940	88,499.36	88,499.36	5 (3)	1,469

(Note 1) The land area of Shangri-La Hotel, Tokyo is the total of five parcels of land comprising the site of the building and thus includes area owned by other unit owners. The portion of the right of site owned by MORI TRUST Hotel Reit in the trust beneficiary interest is 10,464/100,000.

For the land area of the Hilton Odawara Resort & Spa, the area of the entire site of the building is stated. The quasi-co-ownership interest in the Hilton Odawara Resort & Spa owned by MORI TRUST Hotel Reit is 50%.

The land area of the Courtyard by Marriott Tokyo Station is the area of the site of the building and the co-ownership interests of other parties are included. The percentage of the right of site of the subject to the trust beneficiary interest owned by MORI TRUST Hotel Reit is 5,205/100,000, and MORI TRUST Hotel Reit holds 945/1,000 of quasi-co-ownership interest in the said trust beneficiary interest.

The land area of the Courtyard by Marriott Shin-Osaka Station is the area of the site of the building and the co-ownership interests of other parties are included. The interest in the Courtyard by Marriott Shin-Osaka Station owned by MORI TRUST Hotel Reit is 74%.

The land areas of each property are the areas written in the registration book.

(Note 2) The building of Shangri-La Hotel, Tokyo is a unit ownership building, but the total floor area of the entire building of MARUNOUCHI TRUST TOWER MAIN and MARUNOUCHI TRUST TOWER NORTH is stated. The floor area of the exclusive element owned by the trustee with MORI TRUST Hotel Reit as the sole beneficiary is 22,300.31 m² (area written in the registration book).

For the building area of the Hilton Odawara Resort & Spa, the grand total of total floor area for the entire buildings of the Hilton Odawara Resort & Spa is stated. The quasi-co-ownership interest in the Hilton Odawara Resort & Spa owned by MORI TRUST Hotel Reit is 50%.

The building of Courtyard by Marriott Tokyo Station is a unit ownership building, but the total floor area of the entire building of KYOBASHI TRUST TOWER is stated. The floor area of the exclusive element of the subject to the trust beneficiary interest owned by MORI TRUST Hotel Reit is 5,502.63 m² (area written in the registration book), and MORI TRUST Hotel Reit holds 945/1,000 of quasi-co-ownership interest in the said trust beneficiary interest.

For the building area of the Courtyard by Marriott Shin-Osaka Station, the total floor area of the entire building is stated. The trust beneficiary interest in the Courtyard by Marriott Shin-Osaka Station owned by MORI TRUST Hotel Reit is 74%.

(Note 3) In the lease agreements concluded for the above properties, the entire rent of Hotel Sunroute Plaza Shinjuku is fixed rent, the entire rent of Hilton Odawara Resort & Spa is variable rent, and the rents of Shangri-La Hotel, Tokyo, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station consist of variable rent and minimum guaranteed rent. "Annual fixed rent" shows the fixed rent and minimum guaranteed rent

(annual amount), rounded down to the nearest million yen. “Annual fixed rent” for the Courtyard by Marriott Tokyo Station shows the figures equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

- (Note 4) The subtotal and total of the number of tenants (sublease) indicate the total number of tenants, and the figures in parenthesis indicate the number of people subleasing properties from those leasing the said properties from MORI TRUST Hotel Reit based on lease agreements effective as of the end of the fiscal period under review.
- (Note 5) The number of guestrooms for Shangri-La Hotel, Tokyo indicates the number of guestrooms available for sale. The number of guestrooms for other properties indicates total number of guestrooms for the entire each hotels (which may include the interests of other co-owners or quasi-co-owners).
- (Note 6) The completion of construction for each building of the Hilton Odawara Resort & Spa, the main buildings for business use (the main facility, bade facility and sports facility) is stated. The completion of construction for the chapel, the other main building for business use, is October 2004.
- (Note 7) For the leasable area and leased area of the Hilton Odawara Resort & Spa, the area obtained by multiplying the leasable area and leased area of the subject to the trust beneficiary interest, 50,605.67 m², by 50%, the quasi-co-ownership interest in the said trust beneficiary interest owned by MORI TRUST Hotel Reit, is stated. The value is rounded to the nearest second decimal place.
- (Note 8) For the leasable area and leased area of Courtyard by Marriott Tokyo Station, the area obtained by multiplying the leasable area and leased area of the subject to the trust beneficiary interest, 5,620.38 m², by 94.5%, the quasi-co-ownership interest in the said trust beneficiary interest owned by MORI TRUST Hotel Reit, is stated. The value is rounded to the nearest second decimal place.
- (Note 9) For the leasable area and leased area of Courtyard by Marriott Shin-Osaka Station, the area obtained by multiplying the leased area of the entire building, 18,758.75 m², by 74%, the trust beneficiary interest of MORI TRUST Hotel Reit, is stated according to “74% of 18,758.75 m²,” the leased area specified in the lease agreement. The value is rounded to the nearest second decimal place.

(c) Overview of Real Estate Appraisal Report

The real estate appraisal report is a judgment and opinion of the appraisal agency which is the appraiser at a certain point in time, and does not guarantee the validity and accuracy of the content as well as the possibility of transactions at said appraisal value. Moreover, there is no special interest between the appraisal agency and MORI TRUST Hotel Reit or the Asset Management Company.

Category	Property No.	Property name	Appraisal agency (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal value by capitalization method				
					Indicated value by the direct capitalization method (Millions of yen)	Capitalization Rate (%)	Indicated value by the discounted cash flow (DCF) method (Millions of yen)	Discount rate (%)	Terminal Capitalization rate (%)
Luxury	A-1	Shangri-La Hotel, Tokyo	J	49,500	51,100	3.2	47,900	2.9	3.4
	Subtotal			49,500	51,100	—	47,900	—	—
Upper upscale	B-1	Hilton Odawara Resort & Spa (Note 3)	R	6,900	7,200	4.7	6,800	4.5	4.8
	Subtotal			6,900	7,200	—	6,800	—	—
Upscale	C-1	Courtyard by Marriott Tokyo Station (Note 4)	J	17,199	17,766	3.7	16,632	3.4	3.9
	C-2	Courtyard by Marriott Shin-Osaka Station	J	17,300	17,900	4.2	16,700	3.9	4.4
	Subtotal			34,499	35,666	—	33,332	—	—
Upper midscale	D-1	Hotel Sunroute Plaza Shinjuku	J	32,300	32,900	3.5	31,600	3.3	3.7
	Subtotal			32,300	32,900	—	31,600	—	—
Total				123,199	126,866	—	119,632	—	—

(Note 1) “Appraisal agency” is abbreviated in the above chart. The abbreviation of the appraisal agency is as follows.

J: Japan Real Estate Institute

R: Richi Appraisal Institute

(Note 2) “Appraisal value” is the appraisal value shown in the real estate appraisal report with the end of the fiscal period under review as the valuation date.

(Note 3) The appraisal value and indicated value by the direct capitalization method and by the discounted cash flow (DCF) method for Hilton Odawara Resort

& Spa indicate the figures equivalent to 50% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.
 (Note 4) The appraisal value and indicated value by the direct capitalization method and by the discounted cash flow (DCF) method for Courtyard by Marriott Tokyo Station indicate the figures equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

(d) Information on Major Real Estate

The real estate whose total annual rent accounts for 10% or more of the total amount of the entire annual rent are as follows.

Property name	Number of tenants	Annual fixed rent (Millions of yen) (Note 1)	Leasable area (m ²)	Leased area (m ²)	Change in occupancy rate over the past 5 years (%) (Note 2)
Shangri-La Hotel, Tokyo	1	882	22,755.55	22,755.55	100.0
Courtyard by Marriott Tokyo Station	1	292	5,311.26 (Note 3)	5,311.26 (Note 3)	100.0
Courtyard by Marriott Shin-Osaka Station	1	460	13,881.48 (Note 4)	13,881.48 (Note 4)	100.0
Hotel Sunroute Plaza Shinjuku	1	1,304	21,248.23	21,248.23	100.0

(Note 1) In the lease agreements concluded for the above properties, the entire rent of Hotel Sunroute Plaza Shinjuku is fixed rent, and the rents of Shangri-La Hotel, Tokyo, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station consist of variable rent and minimum guaranteed rent. “Annual fixed rent” shows the fixed rent and minimum guaranteed rent (annual amount), rounded down to the nearest million yen. “Annual fixed rent” for the Courtyard by Marriott Tokyo Station shows the figures equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

(Note 2) The occupancy rate is 100% as there is only one tenant (single tenant) at all the properties during the target period (since opening when opened during the target period).

(Note 3) For the leasable area and leased area of Courtyard by Marriott Tokyo Station, the area obtained by multiplying the leasable area and leased area of the subject to the trust beneficiary interest, 5,620.38 m², by 94.5%, the quasi-co-ownership interest in the said trust beneficiary interest owned by MORI TRUST Hotel Reit, is stated. The value is rounded to the nearest second decimal place.

(Note 4) For the leasable area and leased area of Courtyard by Marriott Shin-Osaka Station, the area obtained by multiplying the leased area of the entire building, 18,758.75 m², by 74%, the trust beneficiary interest of MORI TRUST Hotel Reit, is stated according to “74% of 18,758.75 m²,” the leased area specified in the lease agreement. The value is rounded to the nearest second decimal place.

(e) Information on Major Tenants

The overview of tenants whose leased area accounts for 10% or more of the total leased area is as follows.

Tenant name	Type of industry	Property name	Type of contract	Expiration date	Annual fixed rent (Millions of yen) (Note 1)	Ratio of rent (%) (Note 2)	Leased area (m ²)	Area ratio (%)
Mori Trust Co., Ltd.	Real estate	Shangri-La Hotel, Tokyo	Fixed-term lease agreement	November 30, 2033	882	30.0	22,755.55	25.7
		Courtyard by Marriott Tokyo Station	Fixed-term lease agreement	April 1, 2039	292	10.0	5,311.26 (Note 3)	6.0
		Courtyard by Marriott Shin-Osaka Station	Fixed-term lease agreement	November 1, 2040	460	15.6	13,881.48 (Note 4)	15.7
MT & Hilton Hotel Co., Ltd.	Hotel	Hilton Odawara Resort & Spa	Fixed-term lease agreement	December 31, 2049	—	—	25,302.84 (Note 5)	28.6
Sotetsu Hotel Management Co., Ltd.	Hotel	Hotel Sunroute Plaza Shinjuku	Fixed-term lease agreement	August 31, 2027	1,304	44.4	21,248.23	24.0
Total			—	—	2,940	100.0	88,499.36	100.0

(Note 1) In the lease agreements concluded for the above properties, the entire rent of Hotel Sunroute Plaza Shinjuku is fixed rent, the entire rent of Hilton Odawara Resort & Spa is variable rent, and the rents of Shangri-La Hotel, Tokyo, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station consist of variable rent and minimum guaranteed rent. “Annual fixed rent” shows the fixed rent

and minimum guaranteed rent (annual amount), rounded down to the nearest million yen. “Annual fixed rent” for the Courtyard by Marriott Tokyo Station shows the figures equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

(Note 2) The figures indicate the ratio of annual fixed rents of each property to the total amount of annual fixed rent of the entire property.

(Note 3) For the leased area of Courtyard by Marriott Tokyo Station, the area obtained by multiplying the leased area of the subject to the trust beneficiary interest, 5,620.38 m², by 94.5%, the quasi-co-ownership interest in the said trust beneficiary interest owned by MORI TRUST Hotel Reit, is stated. The value is rounded to the nearest second decimal place.

(Note 4) For the leased area of Courtyard by Marriott Shin-Osaka Station, the area obtained by multiplying the leased area of the entire building, 18,758.75 m², by 74%, the trust beneficiary interest of MORI TRUST Hotel Reit, is stated according to “74% of 18,758.75 m²,” the leased area specified in the lease agreement. The value is rounded to the nearest second decimal places.

(Note 5) For the leased area of the Hilton Odawara Resort & Spa, the area obtained by multiplying the leased area of the subject to the trust beneficiary interest, 50,605.67 m², by 50%, the quasi-co-ownership interest in the said trust beneficiary interest owned by MORI TRUST Hotel Reit, is stated. The value is rounded to the nearest second decimal place.

(f) Status of Collateral

There is currently no collateral which the lender has agreed to set for the owned assets.

(g) Overview of Portfolio

The overview of the diversification of the portfolio of MORI TRUST Hotel Reit is as follows.

a. By Category

Category	Number of properties	Acquisition price (Millions of yen)	Ratio (%)
Luxury	1	42,000	39.0
Upper upscale	1	6,500	6.0
Upscale	2	30,641	28.4
Upper midscale	1	28,600	26.5
Total	5	107,741	100.0

b. By Prefecture of Location

Area	Prefectures	Number of properties	Acquisition price (Millions of yen)	Ratio (%)
Major cities in Japan	Tokyo	3	83,641	77.6
	Osaka	1	17,600	16.3
Famous tourist areas	Kanagawa	1	6,500	6.0
Total		5	107,741	100.0

c. By Remaining Years of Lease Period

Remaining years of lease period	Annual fixed rent (Millions of yen) (Note)	Ratio (%)
Over 10 years	1,635	55.6
Within 10 years	1,304	44.4
Total	2,940	100.0

(Note) “Annual fixed rent” shows the sum of fixed rent and minimum guaranteed rent (annual amount) rounded down to the nearest million yen.

(h) Status of Revenues and Expenses of Owned Assets

The status of revenues and expenses of each owned asset in the fiscal period under review is as follows.

(Thousands of yen)

Property No.		A-1	B-1	C-1	C-2	D-1
Property name	Entire portfolio	Shangri-La Hotel, Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
Operating days	—	184	184	184	184	184
(i) Total real estate rental revenues	1,849,042	362,638	159,942	276,436	397,688	652,336
	Rent	1,846,776	362,638	157,676	276,436	652,336
	Others	2,265	—	2,265	—	—
(ii) Total real estate rental expenses	651,681	241,123	94,349	71,074	68,744	176,389
	Property and other taxes	278,233	129,721	43,598	24,237	66,711
	Insurance expenses	5,468	1,525	1,787	399	1,037
	Depreciation	364,794	109,676	48,496	45,073	108,440
	Other rental expenses	3,184	200	467	1,363	200
(iii) Real estate rental income ((i) – (ii))	1,197,360	121,514	65,592	205,362	328,944	475,946
NOI ((iii) + Depreciation)	1,562,155	231,190	114,089	250,435	382,051	584,387

(Note) The value is rounded down to the nearest thousand yen.

(i) Operating Results of Owned Assets

A-1 Shangri-La Hotel, Tokyo

Base month for rent (Note 1)	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021
Rent recording month (Note 1)	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021
Rent (Millions of yen) (Note 2)	94	80	28	32	54	61
Difference from the minimum guaranteed rent (Millions of yen) (Note 3)	11					

(Note 1) “Base month for rent” represents the month used as the base for calculating rent. The base month for rent of the Property is 4 months before the month when rent is recorded. Moreover, each indicator including occupancy rate, average daily rate (ADR) and RevPAR (revenue per available room) are not disclosed as consent for disclosure has not been obtained from the end tenant.

(Note 2) “Rent” is rounded down to the nearest million yen.

(Note 3) Since there is the difference (shortfall) of 135 million yen between the total amount of rent for the period from April 2020 to March 2021 and the minimum annual guaranteed rent, 124 million yen is added to the rent for the 10th fiscal period and also 11 million yen is added to the rent for the 11th fiscal period separately.

B-1 Hilton Odawara Resort & Spa

Base period for calculation of rent (Note 1)	January 2020 to December 2020					
Rent recording month	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021
Rent (Millions of yen) (Note 2)	26	26	26	26	26	26

(Note 1) “Base period for rent” represents the period used as the base for calculating rent. Moreover, each indicator including occupancy rate, average daily rate (ADR) and RevPAR (revenue per available room) are not disclosed as consent for disclosure has not been

obtained from the end tenant.

(Note 2) “Rent” is rounded down to the nearest million yen.

C-1 Courtyard by Marriott Tokyo Station

Base month for rent (Note 1)	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021
Occupancy rate (%) (Note 2)	39.5	22.4	29.6	36.7	36.6	17.6
Average daily rate (ADR) (Yen) (Note 3)	14,548	13,929	14,016	14,450	14,446	13,322
RevPAR (Yen) (Note 4)	5,741	3,124	4,151	5,305	5,294	2,351
Rent recording month (Note 1)	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021
Rent (Millions of yen) (Note 5)	4	—	—	9	0	0
Difference from the minimum guaranteed rent (Millions of yen) (Note 6)	262					

C-2 Courtyard by Marriott Shin-Osaka Station

Base month for rent (Note 1)	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021
Occupancy rate (%) (Note 2) (Note 7)	21.2	13.7	21.2	30.5	19.6	12.5
Average daily rate (ADR) (Yen) (Note 3) (Note 8)	16,599	16,409	16,130	15,910	15,585	15,728
RevPAR (yen) (Note 4)	3,525	2,251	3,424	4,851	3,062	1,958
Rent recording month (Note 1)	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021
Rent (Millions of yen) (Note 5)	1	—	—	10	—	—
Difference from the minimum guaranteed rent (Millions of yen) (Note 9)	385					

(Note 1) “Base month for rent” represents the month used as the base for calculating rent. The base month for rent of Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station is 3 months before the month when rent is recorded.

(Note 2) “Occupancy rate” is the figure calculated with the following formula, rounded to the nearest one decimal place.

$$\text{Occupancy rate} = \text{Number of guestrooms sold} / \text{number of guestrooms available for sale}$$

(Note 3) Average daily rate (ADR) represents the average unit price of guestrooms calculated by dividing the total accommodation revenue during a certain period (including service charges and excluding food and beverage sales and other sales) by the total number of guestrooms sold (total number of guestrooms operated) during the period, rounded to the nearest whole number.

(Note 4) RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale calculated by dividing the total accommodation revenue during a certain period (including service charges and excluding food and beverage sales and other sales) by the total number of guestrooms available for sale during the period, rounded to the nearest whole number. Moreover, RevPAR is the same as the value calculated by multiplying ADR by occupancy rate.

(Note 5) “Rent” is rounded down to the nearest million yen.

(Note 6) Since there is the difference (shortfall) of 286 million yen between the total amount of rent for the period from October 2020 to September 2021 and the minimum annual guaranteed rent, 262 million yen is added to the rent for the 11th fiscal period and also 23 million yen (out of this amount, the amount equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit is 22 million yen.) is added to the rent for the 12th fiscal period separately.

(Note 7) MORI TRUST Hotel Reit holds trust beneficiary interests for 74% co-ownership interest in the land and building of Courtyard by Marriott Shin-Osaka Station, and occupancy rate indicates the occupancy rate for the portion subject to rent calculation.

(Note 8) MORI TRUST Hotel Reit holds trust beneficiary interests for 74% co-ownership interest in the land and building of Courtyard by Marriott Shin-Osaka Station, and ADR indicates the ADR for the portion subject to rent calculation.

(Note 9) Since there is the difference (shortfall) of 420 million yen between the total amount of rent for the period from October 2020 to September 2021 and the minimum annual guaranteed rent, 385 million yen is added to the rent for the 11th fiscal period and also 35 million yen is added to the rent for the 12th fiscal period separately.

D-1 Hotel Sunroute Plaza Shinjuku

Annual fixed rent: 1,304,673,360 yen

Each indicator including occupancy rate, average daily rate (ADR) and RevPAR (revenue per available room) are not disclosed as consent for disclosure has not been obtained from the end tenant.

(j) Capital Expenditure of Owned Real Estate

a. Scheduled Capital Expenditure

Major capital expenditure associated with the renovation work planned in the 12th Fiscal Period for the assets owned by MORI TRUST Hotel Reit as of the end of the fiscal period under review is as follows.

Property name	Location	Purpose	Scheduled period	Estimated construction costs (Thousands of yen)		
				Total amount	Payment amount for this FP	Total amount paid
Hilton Odawara Resort & Spa	Odawara-shi, Kanagawa	Central monitoring system replacement	From October 2021 To October 2021	13,250	—	—
Hilton Odawara Resort & Spa	Odawara-shi, Kanagawa	Water cycle replant upgrade	From February 2022 To February 2022	13,250	—	—
Hilton Odawara Resort & Spa	Odawara-shi, Kanagawa	Filter and pump system for pools replacement	From February 2022 To February 2022	25,000	—	—
Courtyard by Marriott Tokyo Station	Chuo-ku, Tokyo	Internet environment upgrade	From November 2021 To November 2021	22,500	—	—
Courtyard by Marriott Tokyo Station	Chuo-ku, Tokyo	Mobile key introduction	From November 2021 To November 2021	11,348	—	—
Courtyard by Marriott Shin-Osaka Station	Yodogawa-ku, Osaka	Internet environment upgrade	From November 2021 To November 2021	24,865	—	—
Courtyard by Marriott Shin-Osaka Station	Yodogawa-ku, Osaka	Soup piping replacement	From January 2022 To January 2022	26,677	—	—
Courtyard by Marriott Shin-Osaka Station	Yodogawa-ku, Osaka	Power transformation equipment replacement	From January 2022 To January 2022	13,830	—	—

b. Capital Expenditure During the Period

Major capital expenditure during the period for the assets owned by MORI TRUST Hotel Reit as of the end of the fiscal period under review is as follows.

Property name	Location	Purpose	Period	Construction cost (Thousands of yen) (Note)
Hilton Odawara Resort & Spa	Odawara- shi, Kanagawa	Sewage piping replacement	From June 2021 To June 2021	2,150
Hilton Odawara Resort & Spa	Odawara- shi, Kanagawa	Refrigerator, freezer and ice machine replacement	From July 2021 To July 2021	3,500
Other capital expenditure				11,170
Total				16,820

(Note) "Construction cost" is rounded down to the nearest thousand yen.