



**MORI**  
TRUST HOTEL REIT

**MORI TRUST Hotel Reit, Inc.** (Securities Code : 3478)

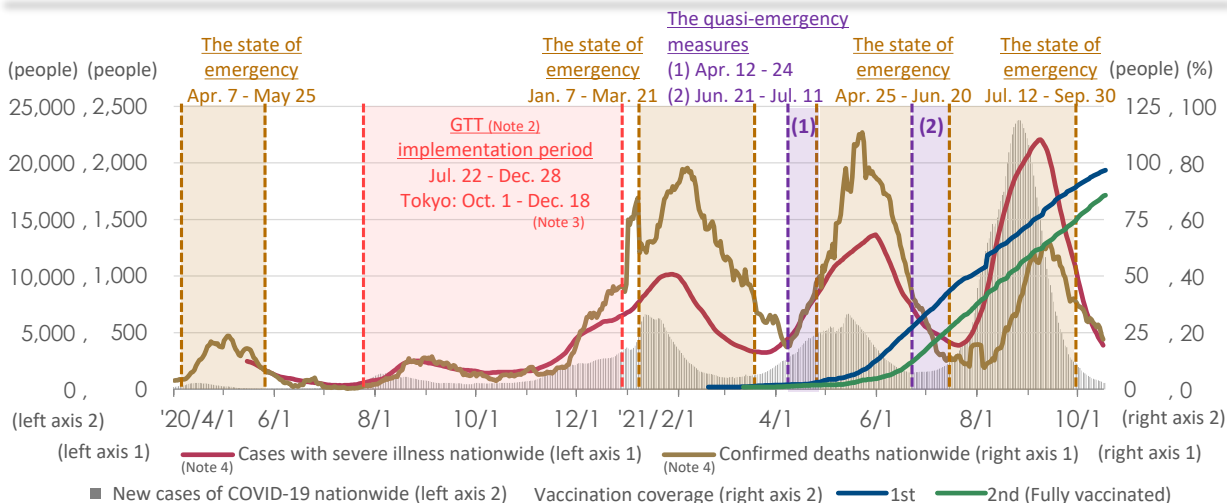
**11th Fiscal Period    Operating Results & Presentation**  
**( March 1, 2021– August 31, 2021)**

Asset Management Company  
MORI TRUST Asset Management Co.,LTD.

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## Status of the Spread of COVID-19 and Relaxation of Various Restrictions in Japan



## Status of Relaxation of Restrictions on Activities and Border Measures in Japan

- ✓ In preparation for the full relaxation of restrictions on activities from November, demonstration experiments using proof of vaccination and proof of negative COVID-19 test result started at hotels designated by government offices and several municipalities
- ✓ Although the measure of suspending new arrivals to Japan from abroad has continued since the suspension of business track operations in January 2021, from October 1, the restriction has been eased on the condition that proof of vaccination is provided.
  - (i) Shortened the quarantine period at home, etc. from fourteen days to ten days.
  - (ii) Exemption from staying (quarantine) at designated hotels for three days (for entry from designated countries)

(Note 1) Prepared by the Asset Management Company based on information provided by Ministry of Health, Labour and Welfare and Our World in Data  
 (Note 2) "GTT" means Go To Travel campaign.  
 (Note 3) The date when booking new travel to Tokyo using GTT was temporarily suspended.  
 (Note 4) 7-day moving average

## Status of Relaxation of Restrictions on Activities and Border Measures in Foreign Countries for the Time of Coexisting with COVID-19

### United States

- ✓ The quarantine requirement for interstate travel has been gradually eliminated from the spring of 2021 on the condition of vaccination. Tests or self-quarantine for domestic travel is no longer required.
- ✓ The ban on entry of foreign travelers from thirty-three countries will be lifted (no need for quarantine) from Nov. 8 onwards on the condition of proof of vaccination.

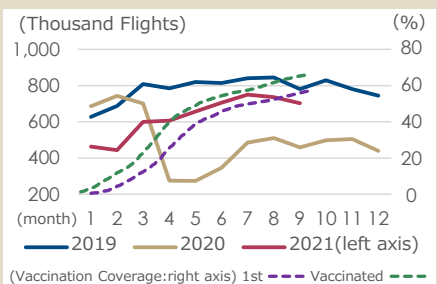
### United Kingdom

- ✓ The bans on domestic travel and overseas travel were lifted on May 17 and Jul. 17, respectively.
- ✓ Simplified risk classification from three categories (red/amber/green) to two categories (red/the rest) of the world from Oct. 4. In the case of entry from countries and territories that are not on the Red List (Note), quarantine is exempted on the condition of proof of vaccination.  
 (Note) Countries and territories designated as "red" in the risk classification

### Australia

- ✓ In the state of New South Wales (NSW) where Sydney, the largest city, is located, the vaccination rate reached 70%, and restrictions on going out were eased on Oct. 11. NSW plans to partially permit domestic travel from Dec. onwards.
- ✓ If the vaccination rate exceeds 80%, the government will consider lifting all restrictions on outbound travel for vaccinated people and restarting completely quarantine-free travel (travel bubble) for neighboring countries such as New Zealand.

### (Reference) Domestic Flights in the US



(Source) Prepared by the Asset Management Company based on the information provided by U.S. Department of Transportation - Federal Aviation Administration / Our World in Data

### Singapore

- ✓ "Vaccinated Travel Lanes" (VTLs) that exempt travelers from quarantine after entry from designated countries and territories on the condition of proof of vaccination were launched on Sep. 18.
- ✓ Eight countries including the United States and the United Kingdom, etc. were added to VTLs on Oct. 19.

While vaccination is required, there are moves to relax restrictions on activities and provide exemption from quarantine. The time of coexisting with COVID-19, which aims for both control of the spread of COVID-19 and recovery of the economy, is beginning.

# **Summary of Operating Results for 11th FP Ended August 2021**

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## Distribution per unit

Results for the 11th FP  
ended August 2021

**2,412 yen**  
(+4 yen from forecast)

Operating revenues	2,110 mn yen (+0 mn yen from forecast)
Real estate rental income	1,197 mn yen (+0 mn yen from forecast)
NOI	1,562 mn yen (+0 mn yen from forecast)
Net income	1,206 mn yen (+2 mn yen from forecast)

## Assets

No. of properties	5 properties
Asset size (Note1)	107.7 bn yen
Appraisal value	123.1 bn yen
Unrealized gain (Note2)	18.0 bn yen
NOI yield (Note3)	2.9 %
Yield after depreciation (Note4)	2.2 %
No. of guestrooms	1,469 rooms

## Debt

Interest-bearing debt	53.9 bn yen
LTV (Note5)	48.9 %
Fixed-rate debt ratio	88.9 %
Average interest rate	0.42 %
Average remaining maturity of debt	1.8 years

## Equity

NAV (Note6)	68.0 bn yen
NAV per unit (Note7)	136,175 yen
Market capitalization (Note8)	67.2 bn yen
Investment units outstanding	500,000 units
Mori Trust Group's holding ratio (Note9)	36.8 %

(Note1) Total acquisition price

(Note2) Unrealized gain = Appraisal value at end of period – Book value at end of period

(Note3) NOI yield = NOI for the 11th FP (annualized) / Total acquisition price

(Note4) Yield after depreciation = Real estate rental income after depreciation for the 11th FP (annualized) / Total acquisition price

(Note5) LTV = Interest-bearing debt at end of period / Total assets at end of period

(Note6) NAV = Net assets at end of period – Total distributions + Unrealized gain

(Note7) NAV per unit = NAV / Investment units issued and outstanding

(Note8) Market capitalization = Investment unit price (closing price on August 31, 2021) × Investment units issued and outstanding

(Note9) Represents the ratio based on the number of investment units held by Mori Trust Group as of the end of the 11th FP

# Summary of the 11th FP Results

Distribution per unit (actual) : 2,412 yen (+4 yen from forecast)

(million yen)

## Major factors of change

Item	11th FP ended Aug. 2021 (actual)	11th FP ended Aug. 2021 (forecast)	Difference	9th FP ended Aug. 2020 (actual)	Difference
Operating revenues	2,110	2,110	0	1,770	339
Real estate rental revenues (i)	1,849	1,849	0	1,770	78
Shangri-La	362	362	-	646	- 284
Hilton Odawara	159	159	0	204	- 44
CY Tokyo	276	276	-	132	143
CY Shin-Osaka	397	397	-	134	262
Sunroute	652	652	-	652	-
Gain on sale of real estate properties	261	261	0	-	261
Operating expenses	795	797	- 1	782	12
Real estate rental expenses (ii)	651	651	- 0	651	0
(Depreciation) (iii)	364	364	- 0	362	1
Other operating expenses	143	145	- 1	131	12
Real estate rental income (iv)=(i)-(ii)	1,197	1,197	0	1,119	77
NOI (iv)+(ii)	1,562	1,561	0	1,482	79
Operating income	1,315	1,313	2	988	326
Ordinary income	1,207	1,204	2	881	325
Net income	1,206	1,203	2	880	325
Total cash distributions	1,206	1,204	2	880	325
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	2,412	2,408	4	1,761	651

(from 11<sup>th</sup> FP forecast)

■ Operating revenues	
Real estate rental revenues	+0 mn yen
Shangri-La	No change
Hilton Odawara	+0 mn yen
CY Tokyo	No change
CY Shin-Osaka	No change
Sunroute	No change as rents are fixed
■ Operating expenses	
Other operating expenses	- 1 mn yen

(from 9<sup>th</sup> FP actual : YoY comparison)

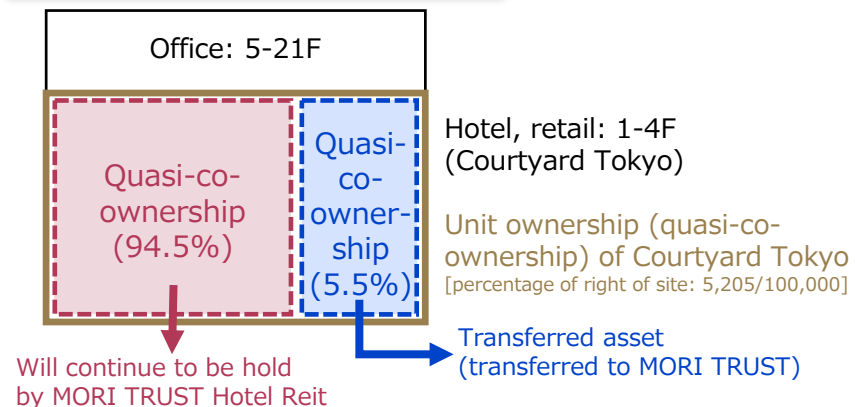
■ Operating revenues	
Real estate rental revenues	+ 78 mn yen
Shangri-La	- 284 mn yen
Hilton Odawara	- 44 mn yen
CY Tokyo	+ 143 mn yen
CY Shin-Osaka	+ 262 mn yen
Sunroute	No change as rents are fixed
Gain on sale of real estate properties	+ 261 mn yen
CY Tokyo	+ 261 mn yen
■ Operating expenses	
Real estate rental expenses	+ 0 mn yen
Decrease in taxes and public dues	- 2 mn yen
Increase in depreciation	+ 1 mn yen
Other operating expenses	+ 12 mn yen
General Meeting related expenses	+ 7 mn yen
Other	+ 4 mn yen
■ Non-operating income	
Reversal of distributions payable	- 2 mn yen
■ Non-operating expenses	
Decrease in interest expenses	- 1 mn yen

# Partial Transfer of Courtyard by Marriott Tokyo Station (5.5% quasi-co-ownership interest)

## Overview of the transfer

(1) Name of the transferred asset	Courtyard by Marriott Tokyo Station (5.5% quasi-co-ownership interest)
(2) Buyer	MORI TRUST CO., LTD.
(3) Transfer price	1,001 million yen
(4) Appraisal value (as of July 31, 2021)	1,001 million yen
(5) Book value (as of transfer date)	738 million yen
(6) Gain on sale of real estate (Fiscal period ended August 2021)	261 million yen
(7) Transfer date	August 31, 2021

## Diagram of Kyobashi Trust Tower



## Background of the transfer

- Implemented the transfer with an aim to record the gain on sale of real estate in order to eliminate the situation that the SDSCR value was below the standard value (conflict with the financial covenants) which was caused by a decline in operating income, etc. due to the impact of the COVID-19 pandemic
- Transferred 5.5% quasi-co-ownership interest of the trust beneficiary interest in Courtyard Tokyo that has a relatively large amount of unrealized gain among the owned properties in order to minimize the decrease in asset size and the impact on the distribution level after the transfer
- Selected MORI TRUST as the buyer, to which the right of negotiation for purchase shall be granted if MORI TRUST Hotel Reit intends to transfer Courtyard Tokyo, and implemented the transfer at an appraisal value assuming the future recovery of hotel performance based on a strong sponsor support by the Mori Trust Group

## Effect of the transfer

- Eliminating the conflict with the financial covenants by recovering the SDSCR value
- Further strengthening a relationship with financial institutions and maintaining a cooperative system for dealing with the COVID-19 pandemic
- Increase the distributions for the fiscal period ended August 2021 by recording the gain on sale of real estate (About +510 yen)

## Impact on the distribution level after the transfer

- The impact on the distribution level after the transfer will be limited, and the level of around 2,300 yen per year indicated as the minimum annual distribution level is expected to be maintained
- Even when estimating the impact of the transfer on the distribution level under normal conditions before being impacted by COVID-19, such impact remains at a decrease by approximately 1% of the entire distribution and is assumed to be minimal

**(Note1)** "SDSCR value" refers to 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 (the financial covenants). **(Note2)** "Minimum annual distribution level" refers to the annual distribution level that is estimated if the four properties with variable rents (Shangri-La, Hilton Odawara, Courtyard Tokyo, and Courtyard Shin-Osaka) have variable rents of 0 and MORI TRUST Hotel Reit receives only the minimum guaranteed rents as well as the fixed rents. **(Note3)** "Normal conditions before being impacted by COVID-19" refers to conditions in which MORI TRUST Hotel Reit's performance has reached the assumed normal distribution level the COVID-19 pandemic (Note4). **(Note4)** "Assumed normal distribution level before the COVID-19 pandemic" refers to the distribution level estimated based on the assumed normal operating income, which is calculated by adding the rent of Hilton Odawara acquired before on September 2, 2019, for the fiscal period ended February 2020 to the operating income including the rent of MORI TRUST Hotel Reit for the fiscal period ended August 2019 before the acquisition of Hilton Odawara.

# 11th FP Operating Results by Property (Year-on-Year Comparison)

## ■ Shangri-La Hotel, Tokyo (SL)

Base month for rent
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020						9th FP total
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
2020							646
Mar.	Apr.	May	Jun.	Jul.	Aug.		
176	178	134	90	46	19	-	

## ■ Hilton Odawara Resort & Spa (HO)

Base period for calculation of rent
Rent recording month
Rent (million yen)

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

Jan., 2019 to Dec., 2019							9th FP total
2020							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
33	33	33	33	33	33	204	

## ■ Courtyard by Marriott Tokyo Station (CYT)

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020						9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
90.6%	83.4%	58.0%	19.0%	25.3%	29.0%	51.1%	
25,369	25,638	26,885	17,871	14,486	13,887	20,692	
22,974	21,371	15,593	3,390	3,667	4,034	11,884	
2020							132
Mar.	Apr.	May	Jun.	Jul.	Aug.		
57	50	24	0	0	0	-	

\*Total includes rent revenues and other revenues.

## ■ Courtyard by Marriott Shin-Osaka Station (CYO)

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020						9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
95.9%	78.5%	58.6%	26.8%	9.6%	11.3%	46.7%	
18,447	17,301	15,862	15,330	14,133	13,647	15,786	
17,683	13,575	9,289	4,102	1,352	1,539	7,913	
2020							114
Mar.	Apr.	May	Jun.	Jul.	Aug.		
65	35	13	0	0	0	20	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020	2021						11th FP total
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
2021							351
Mar.	Apr.	May	Jun.	Jul.	Aug.		
94	80	28	32	54	61	11	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

Jan., 2020 to Dec., 2020							11th FP total
2021							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
26	26	26	26	26	26	159	

\*Total includes rent revenues and other revenues.

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020	2021						11th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
39.5%	22.4%	29.6%	36.7%	36.6%	17.6%	30.4%	
14,548	13,929	14,016	14,450	14,446	13,322	14,122	
5,741	3,124	4,151	5,305	5,294	2,351	4,336	
2021							14
Mar.	Apr.	May	Jun.	Jul.	Aug.		
4	0	0	9	0	0	262	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020	2021						11th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
21.2%	13.7%	21.2%	30.5%	19.6%	12.5%	19.8%	
16,599	16,409	16,130	15,910	15,585	15,728	16,059	
3,525	2,251	3,424	4,851	3,062	1,958	3,180	
2021							11
Mar.	Apr.	May	Jun.	Jul.	Aug.		
1	0	0	10	0	0	385	

(Note1) Base month (period) for rent represents the month (period) used as the base for calculating rent. Indicators for respective hotels (Occupancy rate, ADR and RevPAR) show the relevant values of respective hotels for each base month for rent.

The indicators of SL and HO are not disclosed, however, as no consent to disclosure has been obtained from the end tenant. The base month for rent is the month four months prior to the rent recording month for SL, and the month three months prior to the rent recording month for CYT and CYO, respectively. For HO, the base period for calculation of rent, which for the 9th FP corresponds to the period from January 2019 to December 2019, and which for the 11th FP corresponds to the period from January 2020 to December 2020, is used.

(Note2) Rent recording month represents the month for which MORI TRUST Hotel Reit records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.

(Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.

(Note4) At SL, since 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 was added to rent for the 10th FP and also 11 million yen was added to rent for the 11th FP separately.

(Note5) At CYT, since 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 was added to rent for the 11th FP 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.) will be added to rent for the 12th FP separately.

(Note6) At CYO, since the difference (shortfall) of 21 million yen between the total amount of rent for the period from October 2019 to September 2020 and the minimum annual guaranteed rent, 20 million yen was added to rent for the 9th FP and also 1 million yen was added to rent for the 10th FP separately. 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 was added to rent for the 11th FP and also 35 million yen will be added to rent for the 12th FP separately.



# 11th FP Operating Results by Property (Period-on-Period Comparison)

## ■ Shangri-La Hotel, Tokyo (SL)

Base month for rent
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

10th FP (Operating period: Sep. 1, 2020 to Feb. 28, 2021)

2020							10th FP total
May	Jun.	Jul.	Aug.	Sep.	Oct.		
2020				2021			
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
19	24	30	40	44	71	229	
124						124	

## ■ Hilton Odawara Resort & Spa (HO)

Base period for calculation of rent
Rent recording month
Rent (million yen)

10th FP (Operating period: Sep. 1, 2020 to Feb. 28, 2021)

Jul., 2019 to Jun., 2020							10th FP total
2020			2021				
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
26	26	26	26	26	26	160	

## ■ Courtyard by Marriott Tokyo Station (CYT)

\*Total includes rent revenues and other revenues.

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

10th FP (Operating period: Sep. 1, 2020 to Feb. 28, 2021)

2020							10th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
23.9%	20.9%	20.6%	22.6%	40.5%	46.1%	29.1%	
15,077	15,916	14,247	15,461	15,907	15,913	15,419	
3,605	3,334	2,929	3,487	6,438	7,341	4,517	
2020				2021			10th FP total
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
6	0	0	0	4	5	16	
-						-	

## ■ Courtyard by Marriott Shin-Osaka Station (CYO)

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

10th FP (Operating period: Sep. 1, 2020 to Feb. 28, 2021)

2020							10th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
22.5%	21.4%	19.2%	24.5%	34.7%	42.1%	27.4%	
13,974	16,094	16,170	17,590	18,710	19,535	17,011	
3,140	3,441	3,104	4,312	6,495	8,232	4,780	
2020				2021			10th FP total
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
2	0	0	0	10	16	29	
1						1	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020			2021				11th FP total
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
2020		2021					
Mar.	Apr.	May	Jun.	Jul.	Aug.		
94	80	28	32	54	61	351	
11						11	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

Jan., 2020 to Dec., 2020							11th FP total
2021							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
26	26	26	26	26	26	159	

\*Total includes rent revenues and other revenues.

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020		2021					11th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
39.5%	22.4%	29.6%	36.7%	36.6%	17.6%	30.4%	
14,548	13,929	14,016	14,450	14,446	13,322	14,122	
5,741	3,124	4,151	5,305	5,294	2,351	4,336	
2021		2021					11th FP total
Mar.	Apr.	May	Jun.	Jul.	Aug.		
4	0	0	9	0	0	14	
262						262	

11th FP (Operating period: Mar. 1, 2021 to Aug. 31, 2021)

2020		2021					11th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
21.2%	13.7%	21.2%	30.5%	19.6%	12.5%	19.8%	
16,599	16,409	16,130	15,910	15,585	15,728	16,059	
3,525	2,251	3,424	4,851	3,062	1,958	3,180	
2021		2021					11th FP total
Mar.	Apr.	May	Jun.	Jul.	Aug.		
1	0	0	10	0	0	11	
385						385	

(Note1) Base month (period) for rent represents the month (period) used as the base for calculating rent. Indicators for respective hotels (Occupancy rate, ADR and RevPAR) show the relevant values of respective hotels for each base month for rent. The indicators of SL and HO are not disclosed, however, as no consent to disclosure has been obtained from the end tenant. The base month for rent is the month four months prior to the rent recording month for SL, and the month three months prior to the rent recording month for CYT and CYO, respectively. For HO, the base period for calculation of rent, which for the 10th FP corresponds to the period from July 2019 to June 2020, and which for the 11th FP corresponds to the period from January 2020 to December 2020, is used.

(Note2) Rent recording month represents the month for which MORI TRUST Hotel Reit records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.

(Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.

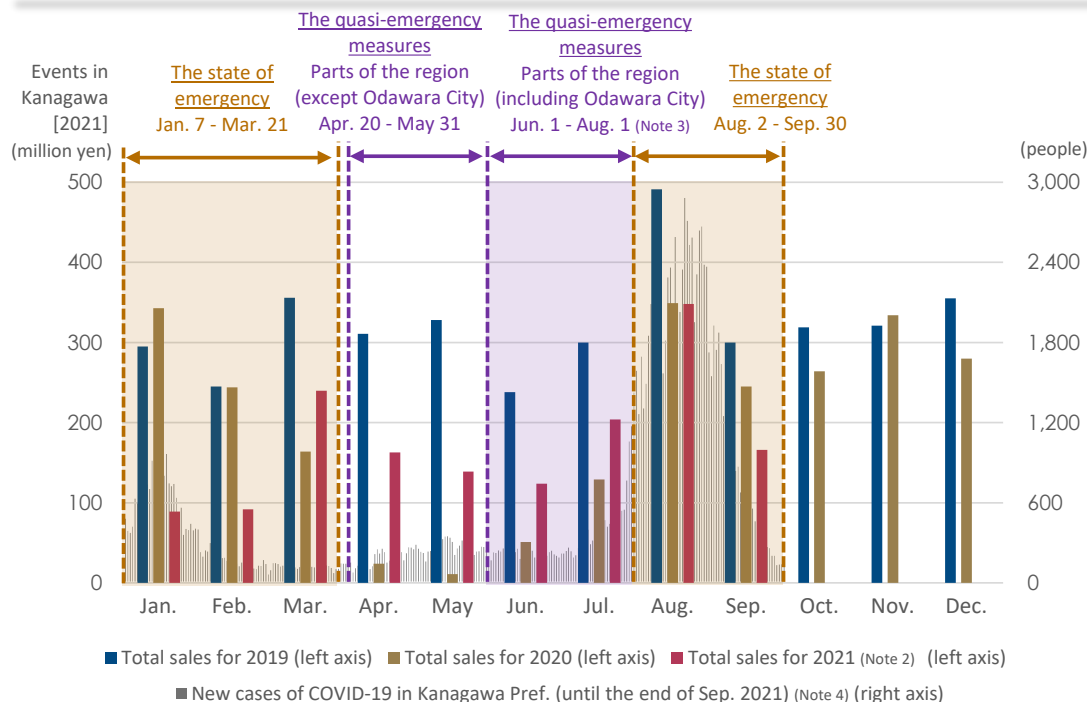
(Note4) At SL, since the difference (shortfall) of 135 million yen between the total amount of rent for the period from April 2020 to March 2021 and the guaranteed minimum annual rent, 124 million yen was added to rent for the 10th FP and 11 million yen was added to rent for the 11th FP.

(Note5) At CYT, since the difference (shortfall) of 286 million yen between the total amount of rent for the period from October 2020 to September 2021 and the guaranteed minimum annual rent, 262 million yen was added to rent for the 11th FP and 23 million (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.) will be added to rent for the 12th FP separately.

(Note6) At CYO, since the difference (shortfall) of 21 million yen between the total amount of rent for the period from October 2019 to September 2020 and the minimum annual guaranteed rent, 20 million yen was added to rent for the 9th FP and also 1 million yen was added to rent for the 10th FP separately. 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 was added to rent for the 11th FP and also 35 million yen will be added to rent for the 12th FP separately.

- Total sales exceeded those of the same period of previous year as the post-pandemic lifestyle began to spread although state of emergency declarations and quasi-emergency measures were issued in the Tokyo metropolitan area in March 2021 and thereafter,
- The "Pure Wellness Room" program was introduced for Japanese-Western suite rooms of about 60m<sup>2</sup> in size in late April, and the commencement of sales of the rooms as special rooms which provide a high-quality air environment contributed to improvement in ADR.
- The number of "Dog-Friendly Rooms" was increased from two to four for Golden Week. By disseminating the appeal of the rooms through the hotel's website, etc., demand from guests who want to enjoy staying in a hotel with pet dogs was captured and the property's ability to attract guests was improved.

## Change in Major Indicators (Year-on-Year Comparison)



### Rent for 11th FP (Note1)

Base period for calculation of rent	Jan., 2020 to Dec., 2020					
Rent recording month	2021					
	Mar.	Apr.	May	Jun.	Jul.	Aug.
Rent (million yen)	26	26	26	26	26	26

### Rent for 12th FP

Base period for calculation of rent	Jul., 2020 to Jun., 2021					
Rent recording month	2021			2022		
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Rent (million yen)	27	27	27	27	27	27

### [Reference] Base period for calculation of rent

- Odd fiscal periods (fiscal periods ended/ending in Aug.): 12 months from January to December in the previous year
- Even fiscal periods (fiscal periods ended/ending in Feb.): 12 months from July in the previous year to June in the relevant year

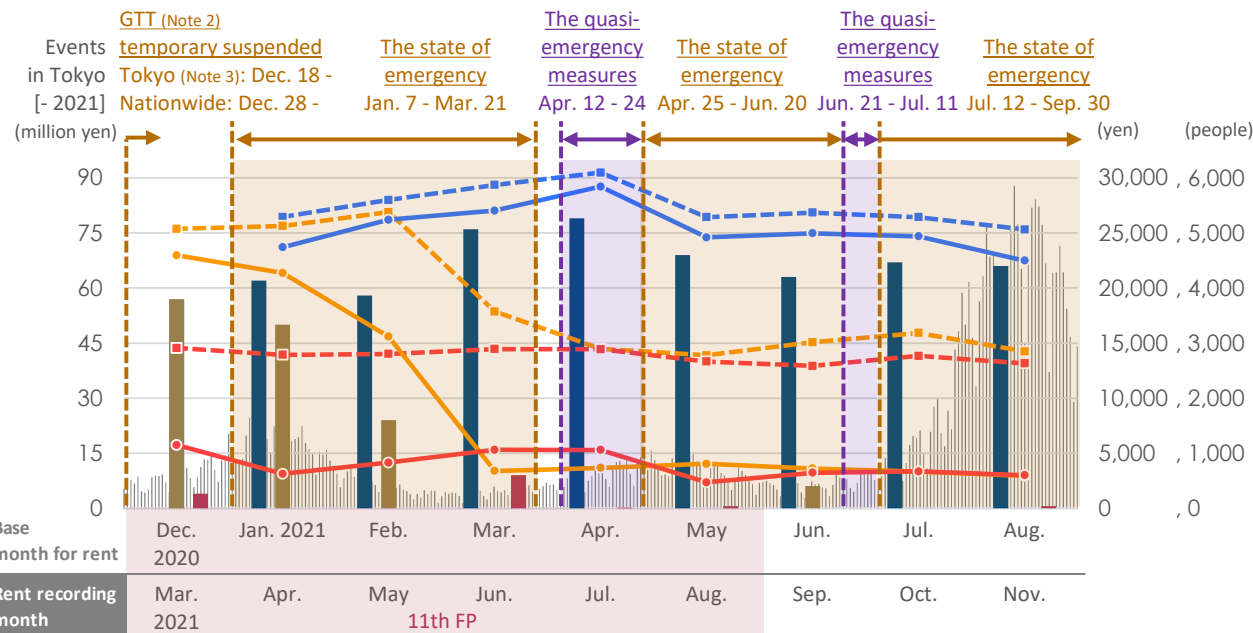
Year	2020												2021												2022											
Month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Fiscal Period	8th FP				9th FP				10th FP				11th FP				12th FP																			
Base period for calculation of rent	11th FP profits (12-month average)												12th FP profits (12-month average)																							
Rent													Rent for 11th FP												Rent for 12th FP											

(Note1) "Rent" shows the value calculated based on the rent calculation method in the lease contract, rounded down to the nearest million yen.  
 (Note2) "Total sales" is the total amount of sales for the entire hotel (including the interest of the quasi-co-owner Mori Trust), rounded down to the nearest million yen.  
 (Note3) The application period of the quasi-emergency measures to Odawara City excludes the period from Jul. 12 to 21, 2021.  
 (Note4) Prepared by the Asset Management Company based on information provided by NHK. Hilton Odawara is in Odawara City, Kanagawa Prefecture.

# Performance of Courtyard by Marriott Tokyo Station

- Total revenue remained sluggish due to the repeated issuance of state of emergency declarations and quasi-emergency measures from January to August 2021.
- In the rooms department, the convenience of reservations was improved for members of "Laforet Club," a corporate membership club operated by Mori Trust Group.
- In the food and beverage department, sales measures were implemented to capture limited demand amid the COVID-19 pandemic, such as take-out sales for office workers, catering to companies and effective use of restaurants' terrace seating, under the restrictions issued by Tokyo Metropolitan Government (shortened hours of operation, restrictions on serving alcohol, etc.).

## Change in Major Indicators (Year-on-Year Comparison)



■ Rent for the same month of 2019 (left axis)    
 ■ Rent for the same month of the previous year (left axis)    
 ■ Rent (left axis)

- - - ADR for the same month of 2019 (right axis 1)    
 - - - ADR for the same month of the previous year (right axis 1)    
 - - - ADR (right axis 1)    
 ■ New cases of COVID-19 in Tokyo (Note 4) (right axis 2)

● RevPAR for the same month of 2019 (right axis 1)    
 ● RevPAR for the same month of the previous year (right axis 1)    
 ● RevPAR (right axis 1)

### 11th FP avg.

Occupancy rate	30.4 %
Average daily rate (ADR)	14,122 yen
RevPAR	4,336 yen

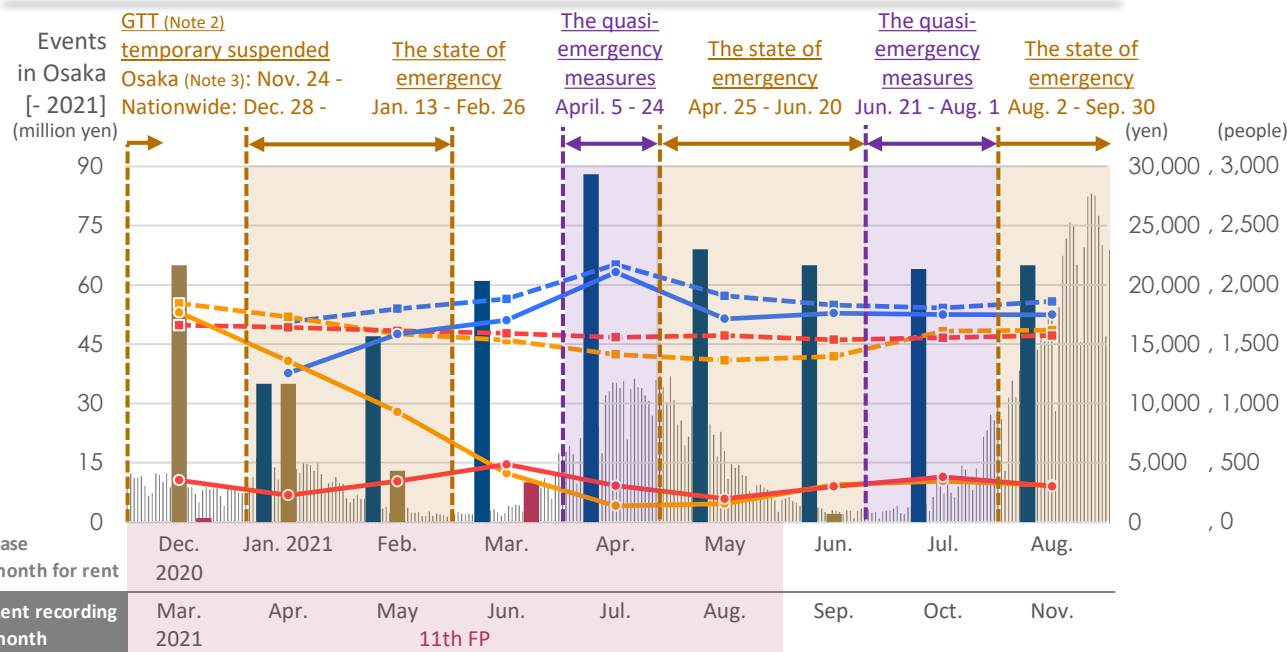
### Rent 11th FP total

11th FP (actual) (Note 1)	276 mn yen
(Rent)	14 mn yen
(Difference from minimum guaranteed rent)	262 mn yen
11th FP (forecast)	276 mn yen
Change	- mn yen

- (Note 1) Since the difference (shortfall) of 286 million yen between the total amount of rent for the period from October 2020 to September 2021 and the guaranteed minimum annual rent, 262 million yen was added to rent for the 11<sup>th</sup> FP and 23 million (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.) will be added to rent for the 12<sup>th</sup> FP separately.
- (Note 2) "GTT" means Go To Travel campaign. The same applies hereinafter.
- (Note 3) The date when booking new travel to Tokyo using GTT was temporarily suspended.
- (Note 4) Prepared by the Asset Management Company based on information provided by NHK.
- (Note 5) In "Rent," difference from the minimum guaranteed rent is not included.

- Total revenue remained sluggish as a result of the repeated issuance of state of emergency declarations and quasi-emergency measures after the latter was adopted in early April.
- There will be plans to participate in "Osaka Welcome (Irasshai) Campaign 2021," which will be implemented as a support measure for tourism, by distributing coupons to Osaka residents.
- "Pure Wellness Room" and "WORK STATION PLAN," which were introduced to respond to new social needs, captured a certain level of demand even in a severe external environment.

## Change in Major Indicators (Year-on-Year Comparison)



- Rent for the same month of 2019 (left axis)
- Rent for the same month of the previous year (left axis)
- Rent (left axis)
- ADR for the same month of 2019 (right axis 1)
- ADR for the same month of the previous year (right axis 1)
- ADR (right axis 1)
- RevPAR for the same month of 2019 (right axis 1)
- RevPAR for the same month of the previous year (right axis 1)
- RevPAR (right axis 1)
- New cases of COVID-19 in Osaka (Note 4) (right axis 2)

### 11th FP avg.

Occupancy rate	19.8 %
Average daily rate (ADR)	16,059 yen
RevPAR	3,180 yen

### Rent 11th FP total

11th FP (actual) (Note 1)	397 mn yen
(Rent)	11 mn yen
(Difference from minimum guaranteed rent)	385 mn yen
11th FP (forecast)	397 mn yen
Change	- mn yen

- (Note 1) 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 was added to rent for the 11th FP and also 35 million yen will be added to rent for the 12th FP separately.
- (Note 2) "GTT" means Go To Travel campaign. The same applies hereinafter.
- (Note 3) The date when booking new travel to Osaka City using GTT was temporarily suspended.
- (Note 4) Prepared by the Asset Management Company based on information provided by NHK.
- (Note 5) In "Rent," difference from the minimum guaranteed rent is not included.



# Appraisal Value of Properties (End of 11th FP)

Property name	Appraisal agency	Appraisal value at end of 11th FP (million yen)	Period-on-period change (million yen)	Appraisal value by capitalization method				Book value at end of 11th FP (million yen)	Unrealized gain or loss (million yen)	Reference	
				Direct capitalization method		Discounted cash flow (DCF) method				Acquisition price (million yen)	Appraisal value at end of 10th FP (million yen)
				Capitalization rate (%)	Period-on-period change	Discount rate (%)	Terminal capitalization rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	49,500	-	3.2%	-	2.9%	3.4%	41,169	8,330	42,000	49,500
Hilton Odawara Resort & Spa (Note1)	Rich Appraisal Institute	6,900	-	4.7%	-	4.5%	4.8%	6,442	457	6,500	6,900
Courtyard by Marriott Tokyo Station (Note2)	Japan Real Estate Institute	17,199	- 1,001 (Note3)	3.7%	-	3.4%	3.9%	12,687	4,511	13,041	18,200
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	17,300	- 500	4.2%	-	3.9%	4.4%	17,203	96	17,600	17,800
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	32,300	- 200	3.5%	-	3.3%	3.7%	27,607	4,692	28,600	32,500
<b>Total</b>	-	<b>123,199</b>	<b>- 1,701</b>	-	-	-	-	<b>105,111</b>	<b>18,087</b>	<b>107,741</b>	<b>124,900</b>

(Note1) The appraisal value, book value, and acquisition price 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.

(Note2) The appraisal value at end of 11th FP, book value at end of 11th FP, and acquisition price 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.

(Note3) The figure in the period-on-period change for Courtyard by Marriott Tokyo Station shows the difference due to the transfer of 5.5% quasi-co-ownership interest on August 31, 2021. There is no difference between the appraisal value at end of 11th FP and the amount equivalent to 94.5% (quasi-co-ownership interest of MORI TRUST Hotel Reit after the transfer) of the appraisal value at end of 10th FP.



## Basic Policy for Debt Financing

Make it a basic policy to implement stable and sound financial operations, with an aim to build a robust financial standing.

- Achieve an optimal mix of short-term and long-term loans
- Diversify repayment dates
- Diversify lender formation
- Mitigate refinance risks
- Reduce funding costs

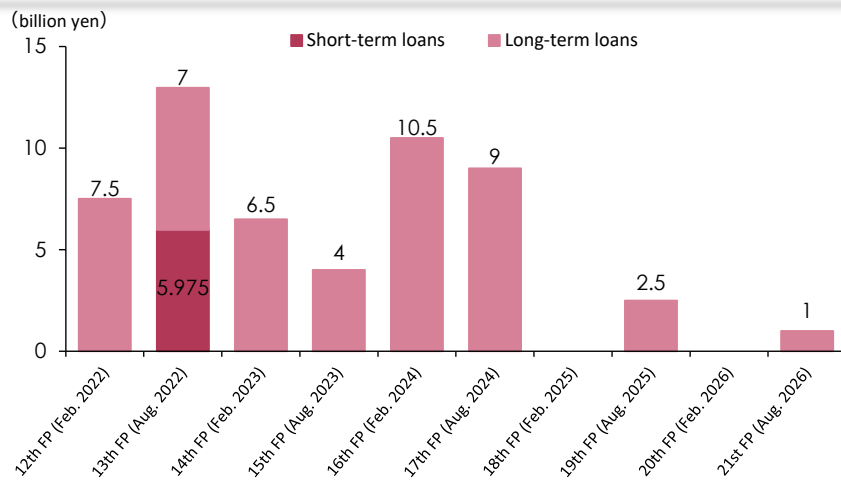
**LTV** Set 60% as upper limit, while targeting 50% as upper limit in normal operations.

## Financial highlights for 11th FP

Eliminated conflict with the financial covenants at the end of August 2021 and refinanced 9.975 billion yen at the end of the same month

- Eliminated conflict with the financial covenants due to increase in operating income by partial transfer of one property
- Refinanced 4 billion yen of long-term loans payable and 5.975 billion yen of short-term loans payable at maturity, with the same financial institutions for the same amount and term

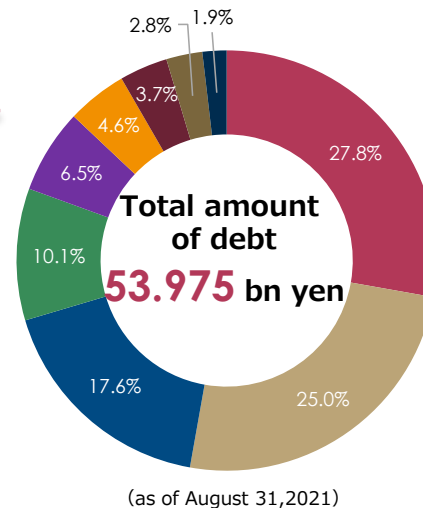
## Diversification of Repayment Dates (as of August 31, 2021)



## Interest-Bearing Debt Status

Item	End of 10th FP (Feb. 28, 2021)	End of 11th FP (Aug. 31, 2021)	Period-on-period change
Total interest-bearing debt at end of period (million yen)	53,975	53,975	-
Short-term loans	5,975	5,975	-
Long-term loans	48,000	48,000	-
Investment corporation bonds	-	-	-
LTV (ratio of interest bearing debt to total assets)	49.4 %	48.9 %	▲0.5 pt
Fixed-rate debt ratio	88.9 %	88.9 %	-
Average interest rate	0.40 %	0.42 %	+0.02 pt
Average remaining maturity of debt	2.0 years	1.8 years	▲0.2 years

## Diversification of Lenders



## 9 financial institutions as lenders

- Mizuho Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Trust Bank, Limited
- MUFG Bank, Ltd.
- Development Bank of Japan Inc.
- Mizuho Trust & Banking Co., Limited
- Shinkin Central Bank
- Resona Bank, Limited
- Nippon Life Insurance Company

# **Profile of MORI TRUST Hotel REIT**

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## Build on the Growth Potential of Japan's Tourism Industry

Capture a variety of needs associated with increasing inbound tourism

Attract tourists from Europe and the U.S.

### Advantage of high-quality hotels focused on international brand hotels

#### Globally extended customer base

- Get customers from not only Asia but wider areas including North America and Europe
- Operate hotels stably bolstered by the abundant customer base ranging over wide areas

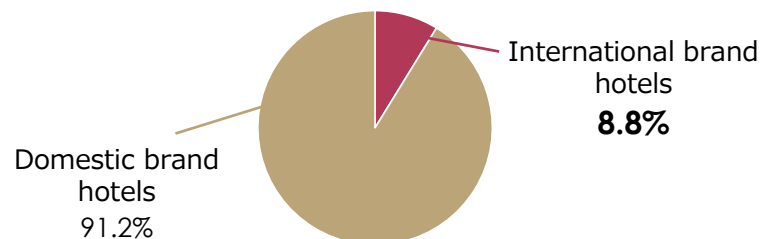
#### Advantages of member organization and use of reservation system

- Attract member customers around the world having strong trust in brands
- Accept direct reservation by member customers through the reservation systems unique to the brands

#### Provision of world-class services and operational expertise

- Respond to inbound customers who want services matching global standards
- Improve the proprietary operating expertise through franchised hotel operations

International brand hotels account for less than 10% of hotels in Japan



(Note) Prepared by the Asset Management Company based on "List of Hotel Chain Groups in Japan 2021" by Weekly Hotels and Restaurants. The compilation covers the hotels indicated in the source, not the entire hotels in Japan.

Implementing the hotel business by the sponsors



**MORI TRUST**



**MORI TRUST HOTELS & RESORTS**

Expertise of Mori Trust Group

Development capabilities

×

Hotel operation and Management capabilities

Cooperation

Stimulating the market by providing opportunities for investment



**MORI TRUST HOTEL REIT**

Focused investments in "high-quality and attractive hotel assets"

A new "REIT specialized in hotels"

Quality of Mori Trust Group Providing Support with its Development and Operation Capabilities



## Capabilities to develop hotels with potential high asset quality

- Locations vigorously selected under the “selection and concentration” policy
- Grade of buildings demonstrating high quality
- Facility specifications featuring disaster prevention and environmental performances

## Trust Quality

Expertise of Mori Trust Group

Development Capabilities  
×  
Operation and Management Capabilities



## Excellent hotel operation and management capabilities

- Alliance with industry front runners
- Scenario creation for enhancing profitability
- Support system through efficient organizational functions

Trust Value

Focused Investment in Hotel Assets that Share the “Trust Value” Created by “Trust Quality”



Asset quality

Stability

Growth potential

Hotel assets that demonstrate **Asset Quality × Stability × Growth Potential**

- Situated in prime locations in central Tokyo or world-famous tourist destination areas
- Quality that is assessed “excellent” by customers around the world
- Customer base not only in Japan but extending throughout the world
- High-level hospitality offered by hotel operators having abundant experiences and achievements
- Proportion of “fixed rent and variable rent” giving considerations to the balance of stability and growth potential
- Enjoying the growth potential backed by the Japanese government’s policies and demand from inbound tourists

Aim to Develop a Portfolio that Demonstrates **“Asset Quality × Stability × Growth Potential”**

## Area

Pay attention to **“asset quality”**, which is the essential worthiness of real estate

### Major cities around Japan

23 wards of Tokyo and government ordinance-designated cities

### Famous tourist destinations

Areas expected to attract many tourists

## Focus on “locations and areas”

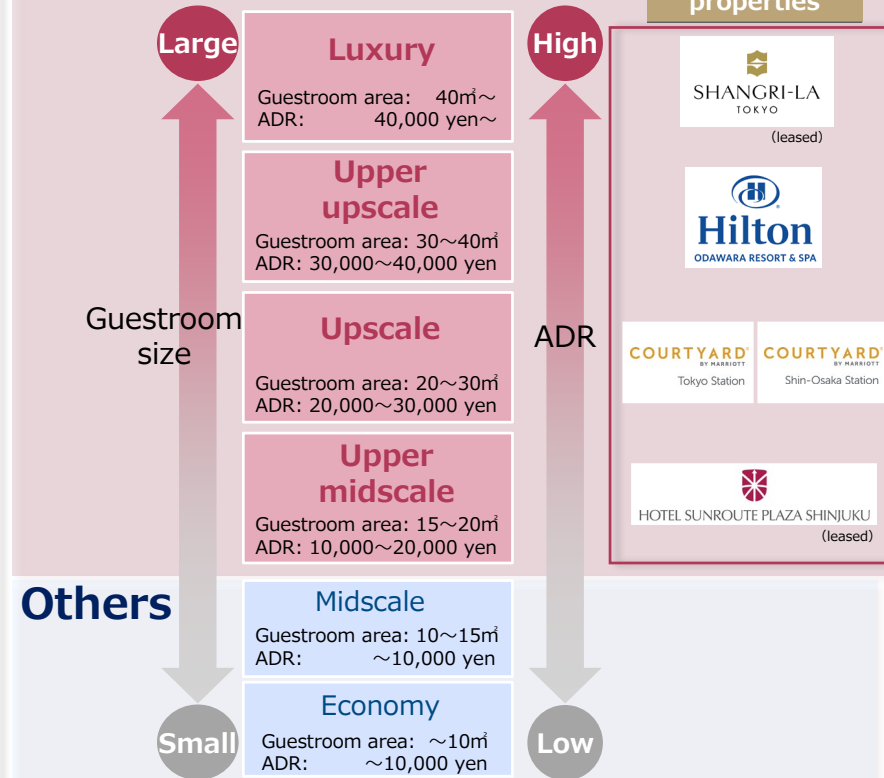
**Assets located in areas capable of attracting guests, regardless of being in city centers or regional areas**

- Ability to attract guests in a stable manner
- High competitiveness due to superiority of locations
- Mitigates the impact of changes in economic environment
- Advantageous for inviting international brand hotels

## Grade

Focus investments in hotels of the **top four grades**

### Focused investment targets



# List of Portfolio Properties

## Portfolio Highlights (as of August 31, 2021)

No. of properties :  
**5 properties**

Total acquisition price :  
**¥107.7 billion**

Total No. of guestrooms :  
**1,469 rooms**

Property name	Shangri-La Hotel, Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
Property photo					
Location	Chiyoda Ward, Tokyo 1-minute walk from Tokyo Sta.	Odawara-shi, Kanagawa About 60 minutes from Tokyo Sta. (bullet train & shuttle bus)	Chuo Ward, Tokyo 4-minute walk from Tokyo Sta.	Yodogawa Ward, Osaka 1-minute walk from Shin-Osaka Sta.	Shibuya Ward, Tokyo 3-minute walk from Shinjuku Sta.
Complete	November 2008	October 1997 (rebranded in February 2004)	February 2014	March 1997 (renovated in Nov. 2015)	August 2007
Acquisition date	September 1, 2016	September 2, 2019	September 16, 2016	September 16, 2016	July 28, 2016
Acquisition price (million yen)	42,000	6,500	13,041	17,600	28,600
Developer	Mori Trust	-	Mori Trust	Mori Trust	Mori Trust
Hotel grade	Luxury	Upper Upscale	Upscale	Upscale	Upper midscale
No. of guestrooms (Note1)	200	163	150	332	624
Hotel operation format	Leased	MC (Note2)	FC (Note3)	FC (Note3)	Leased
Hotel operator	Shangri-La Hotels Japan	Hilton Worldwide Manage	Mori Trust Hotels & Resorts	Mori Trust Hotels & Resorts	Sotetsu Hotel Management

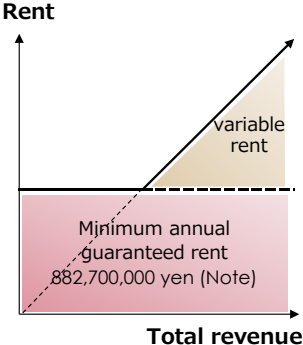
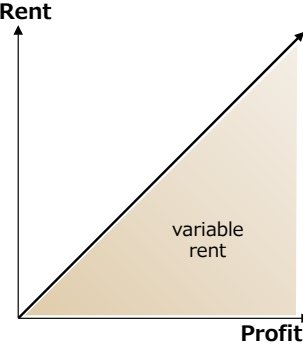
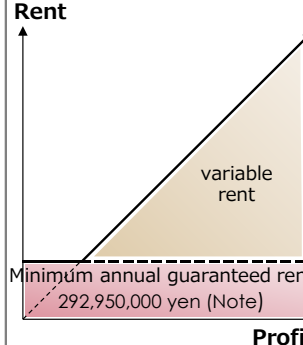
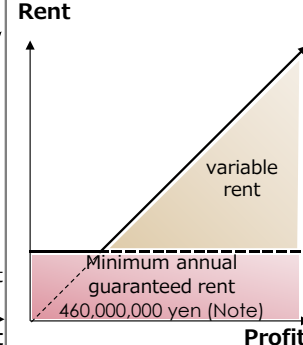
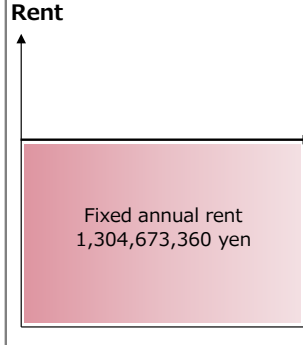
(Note1) The number of guestrooms for Shangri-La Hotel, Tokyo indicates the number of guestrooms available for sale. The number of guestrooms for other properties indicates total number of guestrooms for the entire each hotels (which may include the interests of other co-owners or quasi-co-owners).

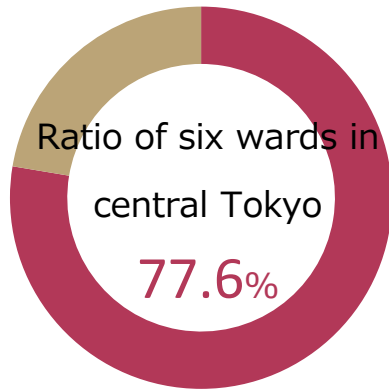
(Note2) MC means "under management contract," which indicates that hotel operations are outsourced by Mori Trust Group to a brand operator.

(Note3) FC means franchised and indicates the format in which Mori Trust Group operates the hotels by itself, with brand use rights granted by respective brands.

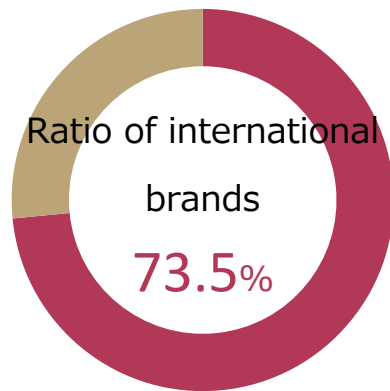


# List of Portfolio Properties (2)

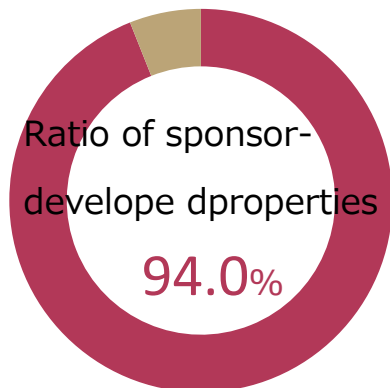
Property name	Shangri-La Hotel, Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
<b>Contract period</b>	From Sep. 1, 2016 to Nov. 30, 2033	From Sep. 2, 2019 to Dec. 31, 2049	From Sep. 16, 2016 to Apr. 1, 2039	From Sep. 16, 2016 to Nov. 1, 2040	From Aug. 20, 2007 to Aug. 31, 2027
<b>[Termination during the contracted period]</b>	Not allowed	Not allowed for the first 5 years	Not allowed for the first 10 years	Not allowed for the first 10 years	Not allowed
<b>[Revision of rent]</b>	Possible by consultation every 5 years	Possible by consultation every 5 years	Possible by consultation every 5 years	Possible by consultation every 5 years	None
<b>Tenant</b>	Mori Trust (Master Lessee)	MT & Hilton Hotel	Mori Trust (Master Lessee)	Mori Trust (Master Lessee)	Sotetsu Hotel Management
<b>[Subtenant]</b>	Shangri-La Hotels Japan	-	MORI TRUST HOTELS & RESORTS CO., LTD.	MORI TRUST HOTELS & RESORTS CO., LTD.	-
<b>Rent type</b>	Variable (monthly) With minimum annual guaranteed rent	Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)	Variable (monthly) With minimum annual guaranteed rent	Variable (monthly) With minimum annual guaranteed rent	Fixed
<b>Calculation base for variable rent</b>	Total revenue	Profit	Profit	Profit	-
<b>Rent scheme</b>					
	<p>(Note) If the total rent for the period from April each year to March next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for March next year.</p>	-	<p>(Note) If the total rent for the period from October each year to September next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for September next year. Minimum annual guaranteed rent shows the figures equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.</p>	<p>(Note) If the total rent for the period from October each year to September next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for September next year.</p>	-



- Being particular about location, MORI TRUST Hotel Reit invests in properties with high asset value located in the six wards of central Tokyo (Chiyoda Ward, Minato Ward, Chuo Ward, Shinjuku Ward, Shibuya Ward, Shinagawa Ward)
- MORI TRUST Hotel Reit selects highly competitive properties and also focuses on distance to the nearest station



- MORI TRUST Hotel Reit has a high ratio of international brands, and as the number of international brands are limited in Japan, the portfolio helps take in increasing demand from inbound tourists
- MORI TRUST Hotel Reit invests in the properties of top brands such as Marriott and Hilton, some of the largest hotel chains in the world



- Most of the properties have been developed by the sponsor, Mori Trust
- MORI TRUST Hotel Reit invests in high-quality properties that maximize the development capabilities of Mori Trust Group, a comprehensive developer

# Major Hotels Developed, Held and/or Operated by Mori Trust Group

Development Capabilities



Operation & Management Capabilities



Strategic Hotel Development

Alliance with a variety of international brand hotels



## Resort Areas

(Properties indicated in **red** are those owned by MORI TRUST Hotel REIT)

9	JW Marriott Hotel Nara	158 rooms	M C
10	Suiran, a Luxury Collection Hotel, Kyoto	39 rooms	F C
11	IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa	58 rooms	F C
12	Sheraton Okinawa Sunmarina Resort	246 rooms	F C
13	Hilton Okinawa Sesoko Resort	298 rooms	M C
14	Hilton Odawara Resort & Spa	163 rooms	M C

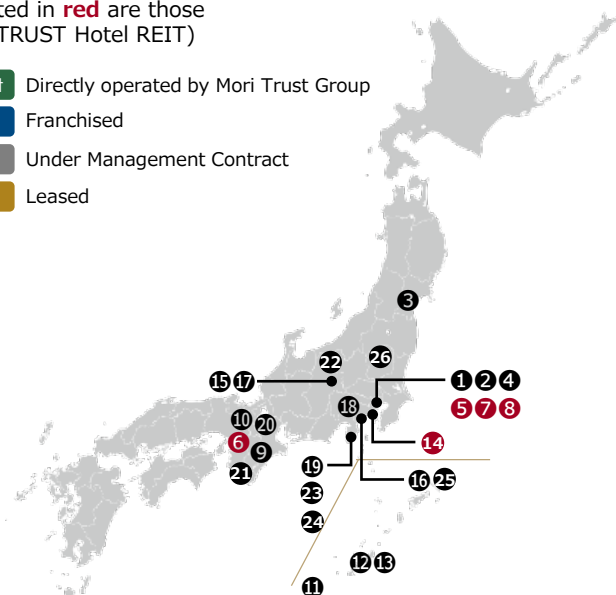
15	MAMPEI HOTEL	109 rooms	Direct
16	Gora-Kansuiro	14 rooms	Direct
17	Karuizawa Marriott Hotel	142 rooms	F C
18	Fuji Marriott Hotel Lake Yamanaka	105 rooms	F C
19	Izu Marriott Hotel Shuzenji	128 rooms	F C
20	Lake Biwa Marriott Hotel	274 rooms	F C
21	Nanki-Shirahama Marriott Hotel	182 rooms	F C
22	Courtyard by Marriott Hakuba	72 rooms	F C
23	Hotel Laforet Shuzenji	212 rooms	Direct
24	Laforet Club Ito Onsen Yunoniwa	84 rooms	Direct
25	Laforet Club Hakone Gora Yunosumika	44 rooms	Direct
26	Resort Hotel Laforet Nasu	118 rooms	Direct

## Major Metropolitan Areas

(Properties indicated in **red** are those owned by MORI TRUST Hotel REIT)

1	The Tokyo EDITION, Toranomon	206 rooms	M C
2	CONRAD TOKYO	291 rooms	M C
3	The Westin Sendai	292 rooms	F C
4	Tokyo Marriott Hotel	249 rooms	F C
5	Courtyard by Marriott Tokyo Station	150 rooms	F C
6	Courtyard by Marriott Shin-Osaka Station	332 rooms	F C
7	Shangri-La Hotel, Tokyo	200 rooms	L E
8	Hotel Sunroute Plaza Shinjuku	624 rooms	L E

- Direct Directly operated by Mori Trust Group
- F C Franchised
- M C Under Management Contract
- L E Leased



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of August 31, 2021

(Note) Except for the assets owned as of August 31, 2021, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.



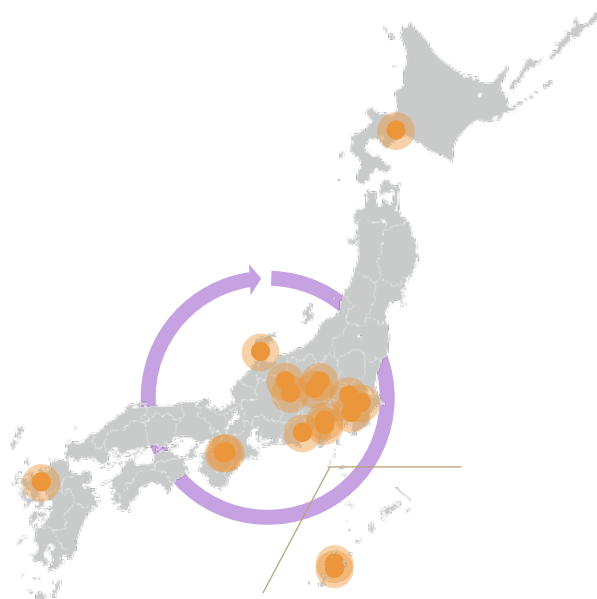
## Multiple new hotel development projects

### Major Metropolitan Areas

- The Tokyo EDITION, Ginza
- Hotel development plan in AKASAKA 2 PROJECT (Tentative)

### Resort Areas

- Sapporo Odori Park
- Karuizawa Shiozawa
- Karuizawa Nagakura
- Karuizawa Shinonome
- Kanazawa Hirooka
- Hida Takayama
- Hakuba Sakka
- Hakone Nakagora
- Hakone Gora
- Atami Kinomiya
- Nara Yoshikien
- Nagasaki Minamiyamate
- Okinawa Fuchaku



Luxury Destination Network

### Major Metropolitan Areas



The Tokyo EDITION, Ginza



Hotel development plan in AKASAKA 2 PROJECT (Tentative)

Scheduled to open in August 2024



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of August 31, 2021

(Note) Except for the assets owned as of August 31, 2021, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.

## System for Promotion of Sustainability

### ■ Sustainability Policy

The Asset Management Company of MORI TRUST Hotel Reit has established a Sustainability Policy as outlined below, and is engaged in initiatives to improve sustainability.

1. Promoting energy savings and GHG emissions reduction  
Promotion of efficient use of energy in assets under management, introduction of facilities conducive to energy saving and low carbonization
  2. Contributing to recycling-oriented society  
Promotion of initiatives for effective use of limited resources, including 3R for water saving and waste reduction
  3. Streamlining the internal management system and strengthening compliance  
Establishment of the internal system for the effective promotion of initiatives under this policy, compliance with laws and regulations, educational and awareness-raising activities concerning ESG directed at employees
  4. Promoting health and comfort  
Asset management that seeks improvement in health, safety, and comfort of tenants and facility users, as well as creation of effective working environments for employees
  5. Responding to climate change and improving resilience  
We identify and evaluate risks and opportunities that arise from climate change and reflect them in our asset management operations, and by doing so, promote initiatives to respond to risks and opportunities.
  6. Collaborating with external stakeholders  
Construction of good relationships with tenants, customers, local communities and other external stakeholders
  7. Disclosing ESG information  
Broad disclosure of this policy and information regarding the situations of initiatives for sustainability, among others
- Meeting for promotion of sustainability  
To systematically promote initiatives for ESG, the "meeting for promotion of sustainability" is held periodically. Specific future goals are set, progress is checked, and environmental monitoring evaluations of properties held are conducted continuously, among other activities.

## Initiatives for 11th FP

### <External evaluation>

- MORI TRUST Hotel Reit participated in the GRESB Real Estate Assessment in 2021.
- GRESB Rating : "3 Stars"    • GRESB Public Disclosure : "A level"



### <Environment>

- Disclosure of environment performance data
- Disclosure of environment performance data based on the environmental management system was implemented.

### <Social>

- Contribution for local communities
- 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.

### <Governance>

- Conducted compliance training
- The Asset Management Company conducted training for all employees to raise awareness of compliance

## Environmental Initiatives

### Investment in properties with higher environmental performance

The Asset Management Company conducts risk evaluation and obtains engineering reports, etc. when acquiring properties.

<The property acquired external certification>

KYOBASHI TRUST TOWER (Courtyard by Marriott Tokyo Station)

Tokyo Metropolitan Government's Energy Performance Certificate Program  
Acquired the highest rating of AAA

### Environmental Performance Targets

In term of energy consumption and greenhouse gas emissions, MORI TRUST Asset Management has set as a target reducing the output level for the portfolio as a whole by 5% over five years (average of 1% per year), starting in 2019.

### Environmental Performance Data

		2018 (Baseline)	2019	2020	Increase/Decrease (from baseline)
Energy	Consumption (MWh)	31,023	29,188	20,955	-
	Consumption intensity (MWh/m)	0.349	0.329	0.236	-32.5%
GHG	Emissions (t-CO <sub>2</sub> )	11,444	10,285	7,261	-
	Emissions intensity (t-CO <sub>2</sub> /m)	0.129	0.116	0.082	-36.6%
Water	Consumption (m)	306,996	280,465	143,644	-
	Consumption intensity (m/m)	3.457	3.158	1.617	-53.2%
Waste	Waste generation (t)	1,169	1,119	415	-
	Waste generation intensity (t/m)	0.013	0.013	0.005	-64.5%

※Aggregation period is one year from April 1 each year to March 31 of the following year.

※Above values for each year are actual consumption data from the same five properties owned as of the end of February 2021, so that they indicate both absolute and like-for-like data of the entire portfolio.

## Social Initiatives

### Contribution to local communities

As a contribution to local communities, participate in and support local events and conduct regional clean-up activities, etc.



Participated in local event "EDO ART EXPO" (Courtyard by Marriott Tokyo Station)

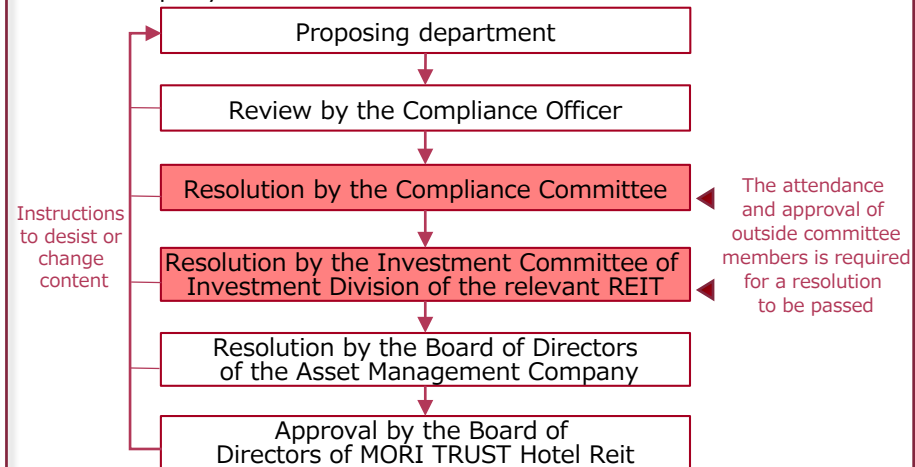


Hold a charity event "Christmas Train" (Hilton Odawara Resort & Spa)

## Governance Initiatives

### Countermeasures against conflicts of interest and the adoption of an operation system to secure impartiality

- Decision-making flow of the Asset Management Company in related party transactions



### Integrating the interests of investors and sponsors (Same-boat investment by Mori Trust Group)

Unitholding ratio of Mori Trust Group **36.8%**

(as of February 28, 2021)

## (reference) Employee Initiatives (MORI TRUST) (Note)

### Promoting the empowerment of women and work-life balance

From the perspective of diversity, at Mori Trust Co., Ltd. initiatives to promote the empowerment of women and work-life balance are conducted.

(i)	Female employment ratio	36.0%
(ii)	Female employee ratio	27.0%
(iii)	Female management position ratio	5.6%
(iv)	Rate of paid leave taken	63.2%

\*Items①④ : FY2020, items②③ : as of March 31, 2021



Acquired certification as a company that supports employees with childcare (Kurumin certification) and certification as a company that promotes women's participation and advancement in the workplace (Eruboshi certification) (Minister of Health, Labour and Welfare certification)

# APPENDIX

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## NO.1

### SHANGRI-LA HOTEL, TOKYO



## Shangri-La Hotel, Tokyo



Luxury	Upper upscale	Upscale	Upper midscale
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Location : Chiyoda Ward, Tokyo  
 Floors (Note1) : 37 with 4 basement floors  
 Guestrooms : 200 (Note2)

Developed by Mori Trust

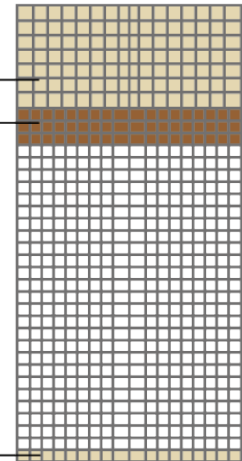
Leased



**[31-37F]**  
Guestrooms

**[27-29F]**  
Lobby/Lounge  
Conference rooms  
Banquet/The Spa  
Restaurants  
Health club  
Swimming pool

**[1F]**  
Entrance



### Property Characteristics

- International luxury hotel with high scarcity value, in close proximity to Tokyo Station.
- Located in Marunouchi, Chiyoda Ward, Tokyo – location that is rare and precious for REIT-owned properties.
- The first foray in Japan for Shangri-La, a top-of-the-line international brand hotel.

(Note1) The figure indicates the number of floors for the Tower MAIN and Tower NORTH of Marunouchi Trust Tower.  
 (Note2) The figure indicates the number of guest rooms available for sale.



**NO.2**  
**HILTON**  
**ODAWARA**  
**RESORT & SPA**

## Hilton Odawara Resort & Spa



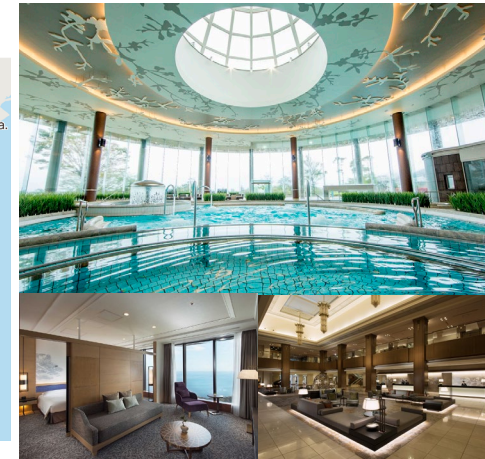
Luxury

Upper upscale

Upscale

Upper  
midscale

Location : Odawara-shi, Kanagawa  
Floors : 12 with 1 basement floors (Note1)  
Guestrooms : 163 (Note2)



### Property characteristics

- Located in a favorable resort area with convenient access being only 1 hour from the Tokyo metropolitan area.
- High-quality building grade under the Hilton brand with all guestrooms offering ocean views.
- Extended-stay resort with natural hot spring baths, advanced sports facilities and amusement facilities.

(Note1) The floors of the main facility is stated.

(Note2) The number of guestrooms indicates total number of guestrooms for the entire hotels (which may include the interests of other quasi-co-owners).



## NO.3 COURTYARD BY MARRIOTT TOKYO STATION



## Courtyard by Marriott Tokyo Station

COURTYARD<sup>®</sup>  
BY MARRIOTT

Tokyo Station

Luxury

Upper upscale

Upscale

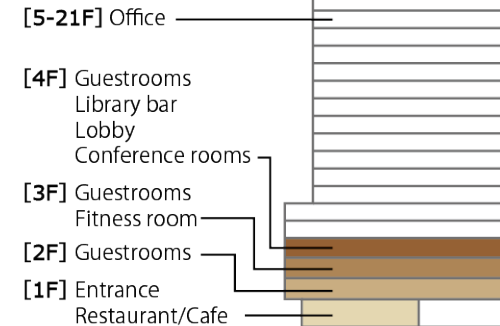
Upper  
midscale

Location : Chuo Ward, Tokyo  
 Floors (Note1) : 21 with 3 basement floors (Note1)  
 Guestrooms : 150 (Note1)

Developed by  
Mori Trust

Operated by  
Mori Trust  
Group

4-minute walk from Tokyo Sta.



### Property Characteristics

- A 4-minute walk from Tokyo Station, featuring comfortable access both for business and sightseeing purposes.
- A core brand having the largest number of facilities among the Marriott Group.
- Among the largest hotel chains in the world, with over 7,700 hotels globally. Membership program of the Marriott Group applicable for over 150 million members. (Note3)

(Note1) The figure indicates the number of floors of the entire building.

(Note2) The number of guestrooms indicates total number of guestrooms for the entire hotels (which may include the interests of other quasi-co-owners).

(Note3) Based on the website of Marriott International (as of October 1, 2021).



**NO.4**  
**COURTYARD**  
**BY MARRIOTT**  
**SHIN-OSAKA STATION**

## Courtyard by Marriott Shin-Osaka Station

**COURTYARD**  
BY MARRIOTT

Shin-Osaka Station

Luxury

Upper upscale

**Upscale**

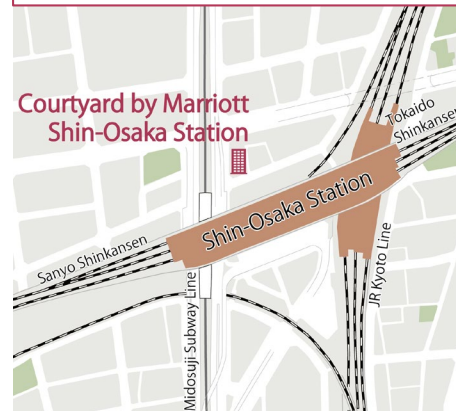
Upper  
midscale

Location : Yodogawa Ward, Osaka  
Floors : 18 floors (Note1)  
Guestrooms : 332 (Note2)

**Developed by  
Mori Trust**

**Operated by  
Mori Trust Group**

1-minute walk from Shin-Osaka Sta.



### Property Characteristics

- A 1-minute walk from Shin-Osaka Station, which is the base for sightseeing and business purposes.
- Rebranded from Hotel Laforet Shin-Osaka to Courtyard by Marriott and opened in November 2015.
- The guest rooms, which count to 332 rooms in total (Note2), have an area of 30 m<sup>2</sup> to 90 m<sup>2</sup>, securing comfortably wide spaces.

(Note1) The figure indicates the number of floors of the entire building.

(Note2) The number of guestrooms indicates total number of guestrooms for the entire hotels (which may include the interests of other co-owners).



## NO.5 HOTEL SUNROUTE PLAZA SHINJUKU

## Hotel Sunroute Plaza Shinjuku



HOTEL SUNROUTE PLAZA SHINJUKU

Luxury

Upper upscale

Upscale

Upper  
midscale

Location : Shibuya Ward, Tokyo

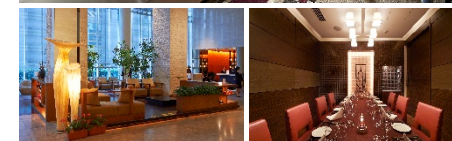
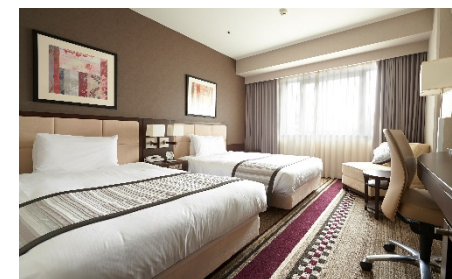
Floors : 14 with 1 basement floor

Guestrooms : 624

Developed by  
Mori Trsut

Leased

3-minute walk from Shinjuku Sta.



### Property Characteristics

- A 3-minute walk from Shinjuku Station, which has the largest number of passengers getting on/off trains on average in Japan.
- A flagship hotel of the Sunroute chain with the affix of Plaza.
- A hotel mainly for overnight stays, with restaurants, bar and conference rooms available.

# (Reference) Operating Status of Portfolio Properties

		2020			2021									
		Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.
Shangri-La	Accommodation	Operated as usual												
	Lobby Lounge	Operated as usual			Partially shortened operating hours									
	Restaurant	Took some days off												
Hilton Odawara	Accommodation	Operated as usual												
	Restaurant	Operated as usual			(Suspended buffet)		Partially shortened operating hours							
	Swimming pool, gym, etc.	Operated as usual			Partially shortened operating hours		Operated as usual			Partially shortened operating hours				Operated as usual
CY Tokyo	Accommodation	Operated as usual												
	Restaurant	Take-out + partially shortened operating hours			(Suspended dinner service)			(Resumed dinner service)	Breakfast only		(Suspended dinner service)			(Resumed dinner service)
CY Shin-Osaka	Accommodation	Operated as usual												
	Restaurant	Take-out + operated as usual (partial changes to menu)		(Suspended dinner service)			(Resumed dinner service)	(Suspended dinner service)		(Resumed dinner service)	(Suspended dinner service)		(Resumed dinner service)	
Sunroute	Accommodation	Operated as usual												
	Restaurant	(Suspended dinner service)	(Resumed dinner service)		Breakfast only		(Resumed dinner service)	(Suspended dinner service)		reserved for Olympic use	(Suspended dinner service)		(Resumed dinner service)	

: Operated as usual \*with measures against COVID-19
  : Some limits imposed

# Balance Sheets and Statements of Income (11th FP)

(Thousands of yen)

## Balance Sheets (as of August 31, 2021)

<b>Current assets</b>	5,237,639	<b>Current liabilities</b>	21,132,632
Cash and deposits	3,647,252	Operating accounts payable	116,524
Cash and deposits in trust	1,577,143	Short-term loans payable	5,975,000
Operating accounts receivable	1,752	Current portion of long-term loans payable	14,500,000
Prepaid expenses	11,491	Accounts payable	121,223
<b>Non-current assets</b>	105,122,166	Accrued expenses	44,376
Property and equipment	105,111,187	Distribution payable	2,687
Machinery and equipment	14,623	Income taxes payable	949
Accumulated depreciation	-1,601	Accrued consumption taxes	104,734
Tools, furniture and fixtures	43,770	Advances received	266,921
Accumulated depreciation	-10,240	Deposits received	214
Buildings in trust	20,463,851	<b>Non-current liabilities</b>	38,020,923
Accumulated depreciation	-3,310,759	Long-term loans payable	33,500,000
Structures in trust	8,450	Tenant leasehold and security deposits	4,520,923
Accumulated depreciation	-5,142	<b>Total liabilities</b>	59,153,555
Machinery and equipment in trust	5,034	<b>Unitholders' equity</b>	51,206,250
Accumulated depreciation	-1,002	Unitholders' capital	50,000,000
Tools, furniture and fixtures in trust	18,578	Surplus	1,206,250
Accumulated depreciation	-5,689	Unappropriated retained earnings	1,206,250
Land in trust	87,891,316	<b>Total net assets</b>	51,206,250
Intangible assets	549	<b>Total liabilities and net assets</b>	110,359,806
Software	549		
Investments and other assets	10,429		
Guarantee deposits	10,000		
Long-term prepaid expenses	412		
Deferred tax assets	16		
<b>Total assets</b>	110,359,806		

## Statements of income (March 1, 2021 – August 31, 2021)

<b>Operating revenues</b>	2,110,340
Rental revenues	1,846,776
Other rental revenues	2,265
Gain on sale of real estate properties	261,297
<b>Operating expenses</b>	795,271
Rental expenses	651,681
Asset management fee	90,462
Asset custody and administrative service fees	15,504
Directors' compensations	3,600
Other operating expenses	34,023
<b>Operating income</b>	1,315,068
<b>Non-operating income</b>	600
Interest income	15
Reversal of distributions payable	525
Interest on refund	59
<b>Non-operating expenses</b>	108,584
Interest expenses	108,544
Other	40
<b>Ordinary income</b>	1,207,084
<b>Income before income taxes</b>	1,207,084
Income taxes – current	951
Income taxes – deferred	-6
<b>Net income</b>	1,206,139
Retained earnings brought forward	111
<b>Unappropriated retained earnings</b>	1,206,250



# Revenues and Expenses by Property (11th FP)

Item	Shangri-La Hotel, Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	Entire portfolio
	11th FP	11th FP	11th FP	11th FP	11th FP	11th FP
Operating period (from) (to)	Mar. 1, 2021 Aug. 31, 2021	Mar. 1, 2021 Aug. 31, 2021	Mar. 1, 2021 Aug. 31, 2021	Mar. 1, 2021 Aug. 31, 2021	Mar. 1, 2021 Aug. 31, 2021	Mar. 1, 2021 Aug. 31, 2021
Operating days (days)	184	184	184	184	184	184
Real estate rental revenues and expenses (thousand yen)						
Real estate rental revenues (i)	362,638	159,942	276,436	397,688	652,336	1,849,042
Rent revenues	362,638	157,676	276,436	397,688	652,336	1,846,776
Other revenues	-	2,265	-	-	-	2,265
Real estate rental expenses (ii)	241,123	94,349	71,074	68,744	176,389	651,681
Taxes and public dues	129,721	43,598	24,237	13,964	66,711	278,233
Insurance expenses	1,525	1,787	399	718	1,037	5,468
Repairs and maintenance expenses	-	317	1,163	754	-	2,234
Depreciation (iii)	109,676	48,496	45,073	53,107	108,440	364,794
Other	200	150	200	200	200	950
Real estate rental income (iv)=(i)-(ii)	121,514	65,592	205,362	328,944	475,946	1,197,360
NOI (v)=(i)-(ii)	231,190	114,089	250,435	382,051	584,387	1,562,155
NOI yield (annualized) (Note1)	1.1%	3.5%	(Note3) 3.6%	4.3%	4.1%	2.9%
Acquisition price (million yen)	42,000	(Note2) 6,500	(Note4) 13,041	17,600	28,600	107,741

(Note1) Annualized NOI for the 11th FP / Acquisition price

(Note2) The acquisition price 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.

(Note3) Due to the transfer of 5.5% quasi-co-ownership interest of Courtyard by Marriott Tokyo Station on August 31, 2021, the NOI yield is calculated based on the acquisition price weighted by the holding period.

(Note4) The acquisition price for Courtyard by Marriott Tokyo Station is the amount equivalent to 94.5% quasi-co-ownership interest in the trust beneficiary interest owned by MORI TRUST Hotel Reit.

# List of Interest-Bearing Debt

(as of August 31, 2021)

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	MUFG Bank, Ltd.	975	Base rate (Note) + 0.34%	Aug. 31, 2021	Aug. 31, 2022	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.34%	Aug. 31, 2021	Aug. 31, 2022	
	Sumitomo Mitsui Banking Corporation	500	Base rate (Note) + 0.34%	Aug. 31, 2021	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	500	Base rate (Note) + 0.34%	Aug. 31, 2021	Aug. 31, 2022	
	Sumitomo Mitsui Banking Corporation	1,500	Base rate (Note) + 0.33%	Aug. 31, 2021	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	1,500	Base rate (Note) + 0.33%	Aug. 31, 2021	Aug. 31, 2022	
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.33%	Aug. 31, 2021	Aug. 31, 2022	
	<b>Subtotal</b>	5,975				
Long-term loans	Sumitomo Mitsui Trust Bank, Limited	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	Lump-sum repayment upon maturity Unsecured Unguaranteed Fixed interest rate
	MUFG Bank, Ltd.	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Development Bank of Japan Inc.	1,500	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Sumitomo Mitsui Banking Corporation	2,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Bank, Ltd.	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Shinkin Central Bank	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Trust & Banking Co., Limited	2,000	0.25750%	Nov. 29, 2019	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	MUFG Bank, Ltd.	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	Sumitomo Mitsui Banking Corporation	5,500	0.28250%	Nov. 29, 2019	Feb. 28, 2023	
	Nippon Life Insurance Company	1,000	0.55565%	Nov. 30, 2017	May 31, 2023	
	Mizuho Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	MUFG Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Mizuho Bank, Ltd.	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Sumitomo Mitsui Banking Corporation	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Development Bank of Japan Inc.	1,500	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Mizuho Bank, Ltd.	1,000	0.30000%	Nov. 30, 2020	Nov. 30, 2023	
	Sumitomo Mitsui Banking Corporation	1,000	0.30000%	Nov. 30, 2020	Nov. 30, 2023	
	Resona Bank, Limited	1,000	0.29000%	Nov. 30, 2020	Nov. 30, 2023	
	Mizuho Bank, Ltd.	2,000	0.33250%	Nov. 29, 2019	Feb. 29, 2024	
	Mizuho Bank, Ltd.	5,000	0.35750%	Nov. 29, 2019	Aug. 30, 2024	
	Sumitomo Mitsui Trust Bank, Limited	2,000	0.45000%	Aug. 31, 2021	Aug. 30, 2024	
	Mizuho Bank, Ltd.	1,000	0.45000%	Aug. 31, 2021	Aug. 30, 2024	
	Sumitomo Mitsui Banking Corporation	1,000	0.45000%	Aug. 31, 2021	Aug. 30, 2024	
	Shinkin Central Bank	1,000	0.29880%	Sep. 2, 2019	Aug. 29, 2025	
Development Bank of Japan Inc.	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Mizuho Trust & Banking Co., Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Resona Bank, Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Mizuho Bank, Ltd.	1,000	0.36000%	Sep. 2, 2019	Aug. 31, 2026		
	<b>Subtotal</b>	48,000				
	<b>Total</b>	53,975				

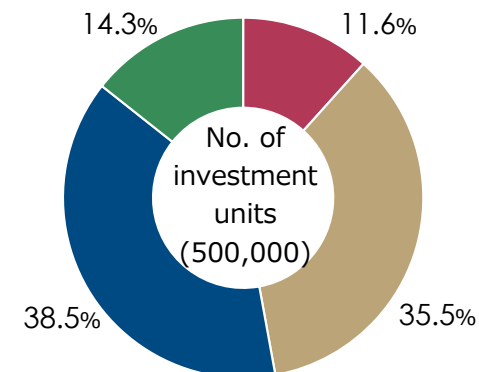
(Note) The base rate is the JBA (Japanese Bankers Association) 1-month Japanese Yen TIBOR.

Debt financing conducted in the 11th FP ended August 2021

## Breakdown of Unitholders

(as of August 31, 2021)

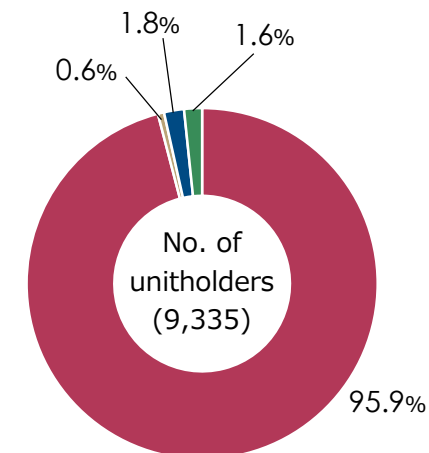
	Individuals	Financial institutions (including securities firms)	Other domestic corporations	Overseas corporations and individuals	Total
No. of investment units	58,245	177,430	192,614	71,711	500,000
(units)	11.6%	35.5%	38.5%	14.3%	100%
No. of unitholders	8,956	53	172	154	9,335
(persons)	95.9%	0.6%	1.8%	1.6%	100%



## Major Unitholders (Top 10 Firms)

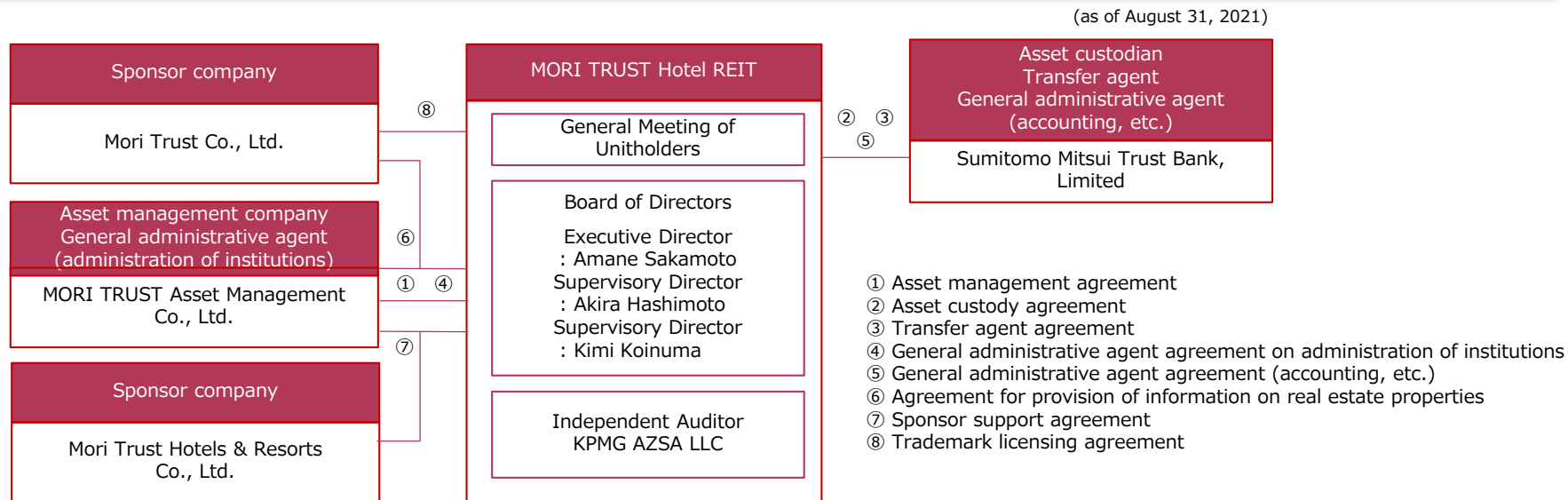
(as of August 31, 2021)

Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Holdings Inc.	184,000	36.8%
Custody Bank of Japan, Ltd. (Trust Account)	77,787	15.6%
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,364	9.7%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,749	2.5%
SSBTC CLIENT OMNIBUS ACCOUNT	10,111	2.0%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	8,653	1.7%
THE BANK OF NEW YORK MELLON 140044	4,767	1.0%
The Chugoku Bank, Ltd.	4,061	0.8%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,738	0.7%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,683	0.7%
<b>Total (top 10 firms)</b>	<b>357,913</b>	<b>71.6%</b>



- Individuals
- Financial institutions (including securities firms)
- Other domestic corporations
- Overseas corporations and individuals

## Structure of MORI TRUST Hotel REIT



## Structure of MORI TRUST Asset Management

(as of August 31, 2021)

<b>Company name</b>	MORI TRUST Asset Management Co., Ltd.	
<b>Shareholder composition</b>	Mori Trust Co., Ltd.	95%
	Mori Trust Hotels & Resorts Co., Ltd.	5%
<b>Registration / license</b>	Financial instruments business, Registration No.: Kanto Local Finance Bureau Director-General (Financial instruments business) No.407 Comprehensive real estate investment advisory business, Registration No.: Minister of Land, Infrastructure and Transportation No.000001 Building lot and building transaction business, License No.: Minister of Land, Infrastructure and Transportation(5) No.6009 Discretionary trading agent, etc. for building lot and building transaction business, Permission No.: Minister of Land, Infrastructure and Transportation No.4 Member of The Investment Trusts Association, Japan	

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