

Independent auditor's report

To the Board of Directors of MORI TRUST Hotel Reit, Inc.:

Opinion

We have audited the accompanying financial statements of MORI TRUST Hotel Reit, Inc., which comprise the balance sheets as at August 31, 2021 and February 28, 2022, the statements of income, statements of changes in net assets, statements of cash distributions and statements of cash flows for the six-month periods then ended, and the notes to financial statements, and the supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MORI TRUST Hotel Reit, Inc. as at August 31, 2021 and February 28, 2022, and its financial performance and its cash flows for the six-month periods then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of MORI TRUST Hotel Reit, Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing MORI TRUST Hotel Reit, Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of its duties with regard to the design, implementation and maintenance of MORI TRUST Hotel Reit, Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of MORI TRUST Hotel Reit, Inc.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on MORI TRUST Hotel Reit, Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MORI TRUST Hotel Reit, Inc. to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in MORI TRUST Hotel Reit, Inc. which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

熊木幸雄 

Yukio Kumaki

Designated Engagement Partner

Certified Public Accountant

橋本宏徳 

Hironori Hashizume

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 10, 2022

Asset Management Report
MORI TRUST Hotel Reit, Inc.
12th Fiscal Period
(September 1, 2021 – February 28, 2022)

1. Methods of Preparation of Financial Statements

The financial statements of MORI TRUST Hotel Reit, Inc. have been prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ministry of Finance Ordinance No.59 of 1963, as amended; hereinafter the “Ordinance on Financial Statements, etc.”) as well as the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, as amended) under the provisions of Article 2 of the Ordinance on Financial Statements, etc.

Unless otherwise specified, amounts have been rounded down to the nearest thousand yen in the accompanying financial statements and the notes thereto, as permitted by the Financial Instruments and Exchange Act of Japan. As a result, the totals shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual amounts.

2. Consolidated Financial Statements

MORI TRUST Hotel Reit, Inc. does not prepare consolidated financial statements because it has no subsidiaries.

1. Financial statements

(1) Balance sheets

(Thousands of yen)

	Previous fiscal period (as of August 31, 2021)	Current fiscal period (as of February 28, 2022)
Assets		
Current assets		
Cash and deposits	3,647,252	3,189,330
Cash and deposits in trust	1,577,143	1,490,463
Operating accounts receivable	1,752	—
Consumption taxes receivable	—	13,684
Prepaid expenses	11,491	9,000
Total current assets	5,237,639	4,702,479
Non-current assets		
Property and equipment		
Machinery and equipment	14,623	14,898
Accumulated depreciation	(1,601)	(2,522)
Machinery and equipment, net	13,021	12,375
Tools, furniture and fixtures	43,770	47,079
Accumulated depreciation	(10,240)	(13,322)
Tools, furniture and fixtures, net	33,529	33,757
Buildings in trust	20,463,851	20,522,837
Accumulated depreciation	(3,310,759)	(3,668,723)
Buildings in trust, net	17,153,091	16,854,113
Structures in trust	8,450	8,450
Accumulated depreciation	(5,142)	(5,416)
Structures in trust, net	3,307	3,033
Machinery and equipment in trust	5,034	5,034
Accumulated depreciation	(1,002)	(1,261)
Machinery and equipment in trust, net	4,032	3,773
Tools, furniture and fixtures in trust	18,578	31,302
Accumulated depreciation	(5,689)	(7,304)
Tools, furniture and fixtures in trust, net	12,888	23,997
Land in trust	87,891,316	87,891,316
Total property and equipment	105,111,187	104,822,368
Intangible assets		
Software	549	254
Total intangible assets	549	254
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	412	—
Deferred tax assets	16	10
Total investments and other assets	10,429	10,010
Total non-current assets	105,122,166	104,832,633
Total assets	110,359,806	109,535,113

(Thousands of yen)

	Previous fiscal period (as of August 31, 2021)	Current fiscal period (as of February 28, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	116,524	31,449
Short-term loans payable	5,975,000	5,975,000
Current portion of long-term loans payable	14,500,000	13,500,000
Accounts payable	121,223	108,635
Accrued expenses	44,376	43,985
Distribution payable	2,687	3,016
Income taxes payable	949	827
Accrued consumption taxes	104,734	—
Advances received	266,921	320,266
Deposits received	214	331
Total current liabilities	21,132,632	19,983,512
Non-current liabilities		
Long-term loans payable	33,500,000	34,500,000
Tenant leasehold and security deposits	4,520,923	4,520,923
Other non-current liabilities	—	26
Total non-current liabilities	38,020,923	39,020,949
Total liabilities	59,153,555	59,004,462
Net assets		
Unitholders' equity		
Unitholders' capital	50,000,000	50,000,000
Surplus		
Unappropriated retained earnings	1,206,250	530,651
Total surplus	1,206,250	530,651
Total unitholders' equity	51,206,250	50,530,651
Total net assets	*1 51,206,250	*1 50,530,651
Total liabilities and net assets	110,359,806	109,535,113

(2) Statements of income

(Thousands of yen)

	Previous fiscal period (March 1, 2021 – August 31, 2021)		Current fiscal period (September 1, 2021 – February 28, 2022)	
Operating revenues				
Rental revenues	*1	1,846,776	*1	1,420,550
Other rental revenues	*1	2,265	*1	3,324
Gain on sale of real estate properties	*2	261,297		–
Total operating revenues		2,110,340		1,423,875
Operating expenses				
Rental expenses	*1	651,681	*1	652,054
Asset management fee		90,462		87,769
Asset custody and administrative service fees		15,504		12,018
Directors' compensations		3,600		3,600
Other operating expenses		34,023		24,047
Total operating expenses		795,271		779,489
Operating income		1,315,068		644,385
Non-operating income				
Interest income		15		23
Reversal of distributions payable		525		184
Interest on refund		59		–
Total non-operating income		600		208
Non-operating expenses				
Interest expenses		108,544		113,339
Other		40		17
Total non-operating expenses		108,584		113,356
Ordinary income		1,207,084		531,236
Income before income taxes		1,207,084		531,236
Income taxes - current		951		830
Income taxes - deferred		(6)		5
Total income taxes		945		836
Net income		1,206,139		530,400
Retained earnings brought forward		111		250
Unappropriated retained earnings		1,206,250		530,651

(3) Statements of changes in net assets

Previous 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

Current fiscal period (September 1, 2021 – February 28, 2022)

(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	1,206,250	1,206,250	51,206,250	51,206,250
Changes of items during period					
Distribution of retained earnings		(1,206,000)	(1,206,000)	(1,206,000)	(1,206,000)
Net income		530,400	530,400	530,400	530,400
Total changes of items during period	—	(675,599)	(675,599)	(675,599)	(675,599)
Balance at end of current period	*1 50,000,000	530,651	530,651	50,530,651	50,530,651

(4) Statements of cash distributions

(yen)

	Previous fiscal period (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
I. Unappropriated retained earnings	1,206,250,571	530,651,093
II. Distributions (Distributions per unit)	1,206,000,000 (2,412)	530,500,000 (1,061)
III. Retained earnings brought forward	250,571	151,093
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 ¥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.	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 ¥530,500,000, 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.

(5) Statements of cash flows

(Thousands of yen)

	Previous fiscal period (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
Cash flows from operating activities		
Income before income taxes	1,207,084	531,236
Depreciation	365,094	364,408
Interest income	(15)	(23)
Interest expenses	108,544	113,339
Decrease (increase) in operating accounts receivable	2,073	1,752
Decrease (increase) in consumption taxes receivable	—	(13,684)
Decrease (increase) in prepaid expenses	4,788	2,490
Decrease (increase) in long-term prepaid expenses	4,971	412
Increase (decrease) in operating accounts payable	107,989	(109,405)
Increase (decrease) in accounts payable	15,649	(12,588)
Increase (decrease) in accrued consumption taxes	97,662	(104,734)
Increase (decrease) in advances received	1,395	53,344
Decrease in property and equipment in trust due to sale	738,450	—
Other, net	(714)	103
Subtotal	2,652,974	826,651
Interest income received	15	23
Interest expenses paid	(111,175)	(113,729)
Income taxes paid	(826)	(953)
Net cash provided by operating activities	2,540,988	711,992
Cash flows from investing activities		
Purchase of property and equipment	(8,028)	(4,469)
Purchase of property and equipment in trust	(19,039)	(46,493)
Repayments of tenant leasehold and security deposits	(33,550)	—
Net cash used in investing activities	(60,617)	(50,962)
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	4,000,000	7,500,000
Repayments of long-term loans payable	(4,000,000)	(7,500,000)
Distributions paid	(325,486)	(1,205,631)
Net cash used in financing activities	(325,486)	(1,205,631)
Net increase (decrease) in cash and cash equivalents	2,154,884	(544,601)
Cash and cash equivalents at beginning of period	3,069,511	5,224,396
Cash and cash equivalents at end of period	*1 5,224,396	*1 4,679,794

(6) Notes to financial statements

[Significant accounting policies]

<p>1. Method of depreciation of non-current assets</p>	<p>(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</p> <p>(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).</p>
<p>2. Recognition of revenue and expenses</p>	<p>(1) Accounting standard for revenue The main performance obligations related to revenue generated by contracts with customers of MORI TRUST Hotel Reit, Inc. and the typical time for fulfilling such performance obligations (the typical time for recognizing revenue) is as follows Sales of real estate and other assets MORI TRUST Hotel Reit, Inc. recognizes revenue from the sale of real estate and other assets when the buyer, as the customer, obtains control of the real estate and other assets by fulfilling the delivery obligations stipulated in the contract for the sale of real estate and other assets.</p> <p>(2) 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.</p>
<p>3. Scope of cash and cash equivalents in the statements of cash flows</p>	<p>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.</p>
<p>4. Accounting treatment of trust beneficiary interests in real estate, etc.</p>	<p>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</p>
<p>5. Accounting treatment of consumption taxes, etc.</p>	<p>Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.</p>

[Significant accounting estimates]

Valuation of non-current assets

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

(Thousands of yen)

	Previous fiscal period (as of and for the six-month period ended August 31, 2021)	Current fiscal period (as of and for the six-month period ended February 28, 2022)
Property and equipment	105,111,187	104,822,368
Intangible assets	549	254
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 determined 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 August 31, 2022 (from March 1, 2022 to August 31, 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.

[Change in accounting policies]

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from the beginning of the six-month period ended February 28, 2022, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. This change has no impact on the financial statements. In accordance with the transitional treatment outlined in Paragraph 89-3 of Accounting Standard for Revenue Recognition, the note related to the Revenue Recognition for the previous fiscal period is not presented.

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) from the beginning of the six-month period ended February 28, 2022, and in accordance with the transitional treatments outlined in Paragraph 19 of Accounting Standard for Fair Value Measurement and Paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policies outlined by Accounting Standard for Fair Value Measurement will be applied prospectively. This change has no impact on the financial statements.

In addition, pursuant to the provision of Article 2, paragraph 5 of the Supplementary Provision of the “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements”(Cabinet Office Ordinance No. 61, September 24, 2021), certain disclosures listed in Article 8-6-2, paragraph 1, item 3 of the revised Regulation for Terminology, Forms and Preparation Methods of Financial Statements are omitted.

[Notes to balance sheets]

	Previous fiscal period (as of August 31, 2021)	Current fiscal period (as of February 28, 2022)
*1 Minimum net assets as provided in Article 67, paragraph 4 of the Investment Trust Law	50,000 thousand yen	50,000 thousand yen

[Notes to statements of income]

(Thousands of yen)

	Previous fiscal period (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
*1 Breakdown of real estate rental income	<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>	<p>A. Real estate rental revenues</p> <p>Rental revenues</p> <p>Rent 1,420,550</p> <p>Other rental revenues</p> <p>Others 3,324</p> <p>Total real estate rental revenues 1,423,875</p> <p>B. Real estate rental expenses</p> <p>Rental expenses</p> <p>Property and other taxes 276,078</p> <p>Insurance expenses 5,446</p> <p>Repairs and maintenance expenses 5,400</p> <p>Depreciation 364,138</p> <p>Other rental expenses 990</p> <p>Total real estate rental expenses 652,054</p> <p>C. Real estate rental income (A – B) 771,820</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 (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
*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 (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
*1 Reconciliation between cash and cash equivalents at the end of period and relevant amounts on the balance sheets	(as of August 31, 2021)	(as of February 28, 2022)
	Cash and deposits 3,647,252	Cash and deposits 3,189,330
	Cash and deposits in trust 1,577,143	Cash and deposits in trust 1,490,463
	Cash and cash equivalents 5,224,396	Cash and cash equivalents 4,679,794

[Lease transactions]

Operating lease transactions (Lessor)

Future lease payments

(Thousands of yen)

	Previous fiscal period (as of August 31, 2021)	Current fiscal period (as of February 28, 2022)
Due within 1 year	1,304,673	1,304,673
Due after 1 year	6,523,366	5,871,030
Total	7,828,040	7,175,703

[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

As certain assumptions are used in calculating the fair value of financial instruments, 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 August 31, 2021 are as shown below. Notes to "Cash and deposits", "Cash and deposits in trust" and "Short-term loans payable" are omitted as these are settled with cash and within a short period of time, and thus the fair value approximates the book value. Also, as "Tenant leasehold and security deposits" are immaterial, related notes are omitted.

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	14,500,000	14,513,420	13,420
(2) Long-term loans payable	33,500,000	33,495,980	(4,019)
Total liabilities	48,000,000	48,009,401	9,401

Balance sheet carrying amounts, fair values, and the differences between them as of February 28, 2022 are as shown below. Notes to "Cash and deposits", "Cash and deposits in trust" and "Short-term loans payable" are omitted as these are settled with cash and within a short period of time, and thus the fair value approximates the book value. Also, as "Tenant leasehold and security deposits" are immaterial, related notes are omitted.

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	13,500,000	13,497,074	(2,925)
(2) Long-term loans payable	34,500,000	34,471,256	(28,743)
Total liabilities	48,000,000	47,968,331	(31,668)

(Note 1) Measurement of fair values of financial instruments

Liabilities

- (1) Current portion of long-term loans payable and (2) 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) 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	—	—	—	—	—

Redemption schedule for monetary claims after balance sheet date (as of February 28, 2022)

(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	3,189,330	—	—	—	—	—
Cash and deposits in trust	1,490,463	—	—	—	—	—
Total	4,679,794	—	—	—	—	—

(Note 3) 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	—

Expected amount of repayments of loans after balance sheet date (as of February 28, 2022)

(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	13,500,000	—	—	—	—	—
Long-term loans payable	—	14,500,000	16,500,000	2,500,000	1,000,000	—
Total	19,475,000	14,500,000	16,500,000	2,500,000	1,000,000	—

[Tax effect accounting]

(Thousands of Yen)

	Previous fiscal period (as of August 31, 2021)	Current fiscal period (as of February 28, 2022)
1. Significant components of deferred tax assets and liabilities	(Deferred tax assets)	(Deferred tax assets)
	Accrued enterprise tax <u>16</u>	Accrued enterprise tax <u>10</u>
	Total deferred tax assets <u>16</u>	Total deferred tax assets <u>10</u>
	Net deferred tax assets <u>16</u>	Net deferred tax assets <u>10</u>
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 (31.43%)	Deductible distributions (31.42%)
	Other <u>0.05%</u>	Other <u>0.12%</u>
Effective tax rate after application of tax accounting 0.08%	Effective tax rate after application of tax accounting 0.16%	

[Related party transactions]

1. Parent company and major corporate unitholders, etc.

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

Not applicable.

Current fiscal period (September 1, 2021 – February 28, 2022)

Not applicable.

2. Affiliated companies, etc.

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

Not applicable.

Current fiscal period (September 1, 2021 – February 28, 2022)

Not applicable.

3. Sister companies, etc.

Previous 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.

Current fiscal period (September 1, 2021 – February 28, 2022)

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	600,443	Advances received	176,387
										Tenant leasehold and security deposits	3,247,450
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	167,770	Advances received	29,126
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	87,769	Accounts payable	96,546

(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 (March 1, 2021 – August 31, 2021)

Not applicable.

Current fiscal period (September 1, 2021 – February 28, 2022)

Not applicable.

[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 (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
Hotel	Balance sheet carrying amount		
	Balance at beginning of period	106,197,792	105,111,367
	Changes during period	(1,086,424)	(288,844)
	Balance at end of period	105,111,367	104,822,522
	Fair value at end of period	123,199,000	123,404,500

(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 (16,820 thousand yen), and the main reasons for the decrease during the previous period are the partial transfer of Courtyard by Marriott Tokyo Station (738,450 thousand yen) and depreciation (364,794 thousand yen). The main reason for the increase during the current period is the capital expenditure (75,293 thousand yen), and the main reason for the decrease during the current period is depreciation (364,138 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.”

[Revenue Recognition]

Current fiscal period (September 1, 2021 – February 28, 2022)

Disclosure is omitted since there is no eligible revenue.

[Segment information, etc.]

1. Segment information

Disclosure is omitted as MORI TRUST Hotel Reit, Inc. has only one segment, which is the real estate rental business.

2. Related information

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

(1) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single category exceeds 90% of operating revenue on the statement of income.

(2) Information about geographical area

i) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the statement of income.

ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the balance sheet.

(3) Information about major customers

(Thousands of yen)

Name	Operating revenues	Related segment
Mori Trust Co., Ltd.	1,036,763	Real estate rental business
MT&Hilton Hotel Co., Ltd.	157,676	Real estate rental business
Sotetsu Hotel Management Co., Ltd.	652,336	Real estate rental business

Current fiscal period (September 1, 2021 – February 28, 2022)

(1) Information about products and services

Disclosure is omitted as operating revenues from external customers of products and services within a single category exceeds 90% of operating revenue on the statement of income.

(2) Information about geographical area

i) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeds 90% of operating revenues on the statement of income.

ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the balance sheet.

(3) Information about major customers

(Thousands of yen)

Name	Operating revenues	Related segment
Mori Trust Co., Ltd.	600,443	Real estate rental business
MT&Hilton Hotel Co., Ltd.	167,770	Real estate rental business
Sotetsu Hotel Management Co., Ltd.	652,336	Real estate rental business

[Per unit information]

Previous fiscal period (March 1, 2021 – August 31, 2021)		Current fiscal period (September 1, 2021 – February 28, 2022)	
Net assets per unit	102,412yen	Net assets per unit	101,061yen
Net income per unit	2,412yen	Net income per unit	1,060yen
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 (March 1, 2021 – August 31, 2021)	Current fiscal period (September 1, 2021 – February 28, 2022)
Net income (Thousands of yen)	1,206,139	530,400
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	1,206,139	530,400
Average number of investment units for the period (Units)	500,000	500,000

[Significant subsequent events]

Not applicable.

(7) Supplementary schedules

i) Summary table included in the schedule of real estate, etc.

(Thousands of yen)

Type of asset		Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Accumulated depreciation		Balance at end of period (less depreciation and amortization)	Remarks
						or accumulated amortization	Depreciation and amortization during the period		
Property and equipment	Machinery and equipment	14,623	275	—	14,898	2,522	921	12,375	
	Tools, furniture and fixtures	43,770	3,308	—	47,079	13,322	3,081	33,757	
	Buildings in trust	20,463,851	58,985	—	20,522,837	3,668,723	357,963	16,854,113	
	Structures in trust	8,450	—	—	8,450	5,416	273	3,033	
	Machinery and equipment in trust	5,034	—	—	5,034	1,261	258	3,773	
	Tools, furniture and fixtures in trust	18,578	12,724	—	31,302	7,304	1,614	23,997	
	Land in trust	87,891,316	—	—	87,891,316	—	—	87,891,316	
	Subtotal	108,445,625	75,293	—	108,520,919	3,698,550	364,113	104,822,368	
Intangible assets	Software	3,250	—	—	3,250	2,995	295	254	
	Subtotal	3,250	—	—	3,250	2,995	295	254	
Total		108,448,875	75,293	—	108,524,169	3,701,546	364,408	104,822,622	

ii) Schedule of borrowings

(Thousands of yen)

	Lender	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
Short-term loans payable	MUFG Bank, Ltd.	975,000	—	—	975,000	0.42042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.42042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	0.42042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.42042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000	0.41042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.41042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.41042%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Total	5,975,000	—	—	5,975,000					
Long-term loans payable (Note2)	Sumitomo Mitsui Trust Bank, Limited	3,000,000	—	3,000,000	—	0.49630%	Nov. 30, 2021	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	MUFG Bank, Ltd.	3,000,000	—	3,000,000	—	0.49630%	Nov. 30, 2021	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	Development Bank of Japan Inc.	1,500,000	—	1,500,000	—	0.49630%	Nov. 30, 2021	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.63750%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.63750%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	Development Bank of Japan Inc.	1,500,000	—	—	1,500,000	0.63750%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 3)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.53250%	Nov. 30, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	MUFG Bank, Ltd.	500,000	—	—	500,000	0.53250%	Nov. 30, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Nippon Life Insurance Company	1,000,000	—	—	1,000,000	0.55565%	May 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.42661%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.42661%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000	0.42661%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Shinkin Central Bank	1,000,000	—	—	1,000,000	0.42661%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.49909%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000	0.49909%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
MUFG Bank, Ltd.	1,000,000	—	—	1,000,000	0.49909%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed	

	Lender	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable (Note 2)	Shinkin Central Bank	1,000,000	—	—	1,000,000	0.29880%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 5)	Unsecured /Non-guaranteed
	Development Bank of Japan Inc.	500,000	—	—	500,000	0.29880%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 5)	Unsecured /Non-guaranteed
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000	0.29880%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 5)	Unsecured /Non-guaranteed
	Resona Bank, Limited	500,000	—	—	500,000	0.29880%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 5)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.36000%	Aug. 31, 2026	Lump-sum payment at maturity	(Note 5)	Unsecured /Non-guaranteed
	Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.25750%	Aug. 31, 2022	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	5,500,000	—	—	5,500,000	0.28250%	Feb. 28, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.33250%	Feb. 29, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	5,000,000	—	—	5,000,000	0.35750%	Aug. 30, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.30000%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.30000%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Resona Bank, Limited	1,000,000	—	—	1,000,000	0.29000%	Nov. 30, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	2,000,000	—	—	2,000,000	0.45000%	Aug. 30, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.45000%	Aug. 30, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.45000%	Aug. 30, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	MUFG Bank, Ltd.	—	3,000,000	—	3,000,000	0.52470%	Aug. 30, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	3,000,000	—	3,000,000	0.52750%	Nov. 29, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Development Bank of Japan Inc.	—	1,500,000	—	1,500,000	0.52750%	Nov. 29, 2024	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Total	48,000,000	7,500,000	7,500,000	48,000,000					
	Grand Total	53,975,000	7,500,000	7,500,000	53,975,000					

(Note 1) The average rate for variable rates is the weighted average of the interest rate during the period.

(Note 2) Long-term loans payable include the current portion of long-term loans payable.

(Note 3) The funds are used to finance the acquisition of real estate beneficiary interests and related costs, and the repayment of loans.

(Note 4) The funds are used to finance the repayment of loans.

(Note 5) The funds are used to finance the acquisition of real estate beneficiary interests and movables attached to the hotel, and related costs.

(Note 6) The following table shows the repayment schedule of long-term loans each year during the five years from the balance sheet date.

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years
Long-term loans	13,500,000	14,500,000	16,500,000	2,500,000	1,000,000