

# Independent auditor's report

To the Board of Directors of MORI TRUST 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, 2022 and February 28, 2023, 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, 2022 and February 28, 2023, 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. and MORI TRUST 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.

## Emphasis of Matter

We draw attention to the note to the financial statements regarding significant subsequent events, which states execution of merger as of March 1, 2023 between MORI TRUST Hotel Reit, Inc. and MORI TRUST Sogo Reit, Inc., whose corporate name was changed to MORI TRUST Reit, Inc. on the same date. Our opinion is not modified in respect of this matter.

## Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

## 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 them 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. and MORI TRUST Reit, Inc. which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Yukio Kumaki

Designated Engagement Partner

Certified Public Accountant



Hironori Hashizume

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 9, 2023

**Asset Management Report**  
**MORI TRUST Hotel Reit, Inc.**  
**14th Fiscal Period**  
**(September 1, 2022 – February 28, 2023)**

**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, 2022)	Current fiscal period (as of February 28, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,900,818	4,136,939
Cash and deposits in trust	2,071,843	1,526,821
Operating accounts receivable	1,752	—
Consumption taxes receivable	—	1,011
Prepaid expenses	2,003	24,683
Total current assets	5,976,417	5,689,456
Non-current assets		
Property and equipment		
Machinery and equipment	14,898	17,168
Accumulated depreciation	(3,458)	(4,465)
Machinery and equipment, net	11,440	12,703
Vehicles	216	216
Accumulated depreciation	(13)	(40)
Vehicles, net	203	176
Tools, furniture and fixtures	59,495	78,609
Accumulated depreciation	(16,996)	(21,836)
Tools, furniture and fixtures, net	42,498	56,772
Buildings in trust	20,529,730	20,593,673
Accumulated depreciation	(4,023,117)	(4,384,293)
Buildings in trust, net	16,506,612	16,209,379
Structures in trust	10,972	35,722
Accumulated depreciation	(5,722)	(6,735)
Structures in trust, net	5,250	28,987
Machinery and equipment in trust	5,034	5,034
Accumulated depreciation	(1,519)	(1,777)
Machinery and equipment in trust, net	3,515	3,257
Tools, furniture and fixtures in trust	31,801	32,931
Accumulated depreciation	(9,686)	(12,179)
Tools, furniture and fixtures in trust, net	22,114	20,751
Land in trust	87,778,332	87,778,332
Total property and equipment	104,369,968	104,110,360
Intangible assets		
Software	1,337	2,495
Total intangible assets	1,337	2,495
Investments and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	—	41,034
Deferred tax assets	17	7
Total investments and other assets	10,017	51,042
Total non-current assets	104,381,323	104,163,899
Total assets	110,357,741	109,853,355

(Thousands of yen)

	Previous fiscal period (as of August 31, 2022)	Current fiscal period (as of February 28, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	134,049	10,570
Short-term loans payable	5,475,000	5,475,000
Current portion of long-term loans payable	10,500,000	14,500,000
Accounts payable	115,468	198,744
Accrued expenses	38,341	34,455
Distribution payable	2,835	2,150
Income taxes payable	968	763
Accrued consumption taxes	92,750	—
Advances received	338,430	407,009
Deposits received	214	214
Total current liabilities	16,698,059	20,628,909
Non-current liabilities		
Long-term loans payable	38,000,000	34,000,000
Tenant leasehold and security deposits	4,514,823	4,514,823
Other non-current liabilities	26	18
Total non-current liabilities	42,514,849	38,514,841
Total liabilities	59,212,909	59,143,750
Net assets		
Unitholders' equity		
Unitholders' capital	50,000,000	50,000,000
Surplus		
Unappropriated retained earnings	1,144,832	709,604
Total surplus	1,144,832	709,604
Total unitholders' equity	51,144,832	50,709,604
Total net assets	*1 51,144,832	*1 50,709,604
Total liabilities and net assets	110,357,741	109,853,355

## (2) Statements of income

(Thousands of yen)

	Previous fiscal period (March 1, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
<b>Operating revenues</b>		
Rental revenues	*1 2,003,270	*1 1,727,444
Other rental revenues	*1 3,353	*1 3,311
Gain on sale of real estate properties	*2 46,801	—
<b>Total operating revenues</b>	<b>2,053,425</b>	<b>1,730,755</b>
<b>Operating expenses</b>		
Rental expenses	*1 665,259	*1 668,487
Asset management fee	91,370	89,254
Asset custody and administrative service fees	11,822	11,894
Directors' compensations	3,600	3,600
Other operating expenses	24,014	24,561
<b>Total operating expenses</b>	<b>796,066</b>	<b>797,798</b>
<b>Operating income</b>	<b>1,257,358</b>	<b>932,957</b>
<b>Non-operating income</b>		
Interest income	23	28
Reversal of distributions payable	211	255
Interest on refund	55	—
Subsidy income	3,780	—
Gain on insurance claims	—	39
<b>Total non-operating income</b>	<b>4,070</b>	<b>323</b>
<b>Non-operating expenses</b>		
Interest expenses	115,783	126,523
Merger expenses	—	96,640
Other	—	67
<b>Total non-operating expenses</b>	<b>115,783</b>	<b>223,230</b>
<b>Ordinary income</b>	<b>1,145,645</b>	<b>710,050</b>
<b>Income before income taxes</b>	<b>1,145,645</b>	<b>710,050</b>
Income taxes - current	971	767
Income taxes - deferred	(6)	9
<b>Total income taxes</b>	<b>964</b>	<b>777</b>
<b>Net income</b>	<b>1,144,681</b>	<b>709,272</b>
Retained earnings brought forward	151	332
<b>Unappropriated retained earnings</b>	<b>1,144,832</b>	<b>709,604</b>



## (3) Statements of changes in net assets

Previous fiscal period (March 1, 2022 – August 31, 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	530,651	530,651	50,530,651	50,530,651
Changes of items during period					
Distribution of retained earnings		(530,500)	(530,500)	(530,500)	(530,500)
Net income		1,144,681	1,144,681	1,144,681	1,144,681
Total changes of items during period	—	614,181	614,181	614,181	614,181
Balance at end of current period	*1 50,000,000	1,144,832	1,144,832	51,144,832	51,144,832

Current fiscal period (September 1, 2022 – February 28, 2023)

(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	1,144,832	1,144,832	51,144,832	51,144,832
Changes of items during period					
Distribution of retained earnings		(1,144,500)	(1,144,500)	(1,144,500)	(1,144,500)
Net income		709,272	709,272	709,272	709,272
Total changes of items during period	—	(435,227)	(435,227)	(435,227)	(435,227)
Balance at end of current period	*1 50,000,000	709,604	709,604	50,709,604	50,709,604



## (4) Statements of cash distributions

(yen)

	Previous fiscal period (March 1, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
I. Unappropriated retained earnings	1,144,832,101	709,604,810
II. Distributions (Distributions per unit)	1,144,500,000 (2,289)	709,500,000 (1,419)
III. Retained earnings brought forward	332,101	104,810
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 ¥1,144,500,000, 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.	Based on the merger agreement concluded between MORI TRUST Hotel Reit, Inc. and MORI TRUST Sogo Reit, Inc. ("MTR"*1), MTR makes the cash payments at the amount calculated by dividing the distributable income recognized on the day before the effective date of the merger by the number of units issued and outstanding on the same date, to the unitholders listed or recorded on the final unitholders' register of MORI TRUST Hotel Reit, Inc. as of the same date (fractions are round down). In consideration of this policy, MTR will pay money delivered due to merger at the total amount of ¥709,500,000, which is the amount that does not exceed ¥709,604,810 of 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.  *1 MTR has changed its name to "MORI TRUST REIT, Inc." as of March 1, 2023.

## (5) Statements of cash flows

(Thousands of yen)

	Previous fiscal period (March 1, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
<b>Cash flows from operating activities</b>		
Income before income taxes	1,145,645	710,050
Depreciation	367,559	370,991
Interest income	(23)	(28)
Interest expenses	115,783	126,523
Gain on insurance claims	—	(39)
Decrease (increase) in operating accounts receivable	(1,752)	1,752
Decrease (increase) in consumption taxes receivable	13,684	(1,011)
Decrease (increase) in prepaid expenses	6,997	(22,680)
Decrease (increase) in long-term prepaid expenses	—	(41,034)
Increase (decrease) in operating accounts payable	115,389	(115,220)
Increase (decrease) in accounts payable	6,833	83,275
Increase (decrease) in accrued consumption taxes	92,750	(92,750)
Increase (decrease) in advances received	18,164	68,578
Decrease in property and equipment in trust due to sale	133,552	—
Other, net	(325)	(495)
<b>Subtotal</b>	<b>2,014,258</b>	<b>1,087,911</b>
Interest income received	23	28
Interest expenses paid	(121,427)	(130,409)
Proceeds from insurance income	—	273
Income taxes paid	(830)	(972)
<b>Net cash provided by operating activities</b>	<b>1,892,024</b>	<b>956,831</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(13,019)	(21,583)
Purchase of property and equipment in trust	(48,270)	(99,217)
Purchase of intangible assets	(1,294)	—
Repayments of tenant leasehold and security deposits	(6,100)	—
<b>Net cash used in investing activities</b>	<b>(68,685)</b>	<b>(120,801)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	5,475,000	—
Repayments of short-term loans payable	(5,975,000)	—
Proceeds from long-term loans payable	7,500,000	6,500,000
Repayments of long-term loans payable	(7,000,000)	(6,500,000)
Distributions paid	(530,471)	(1,144,930)
<b>Net cash used in financing activities</b>	<b>(530,471)</b>	<b>(1,144,930)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,292,867</b>	<b>(308,900)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,679,794</b>	<b>5,972,661</b>
<b>Cash and cash equivalents at end of period</b>	<b>*1 5,972,661</b>	<b>*1 5,663,761</b>

(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 17 years  Vehicles 4 years  Tools, furniture and fixtures 4 to 15 years  Buildings in trust 6 to 72 years  Structures in trust 2 to 20 years  Machinery and equipment in trust 8 to 10 years  Tools, furniture and fixtures in trust 3 to 15 years  (2) Intangible assets  The straight-line method is used.  Internal-use software are amortized by the straight-line method over their useful lives (5 years).</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.  (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>

[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, 2022)	Current fiscal period (as of and for the six-month period ended February 28, 2023)
Property and equipment	104,369,968	104,110,360
Intangible assets	1,337	2,495
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, 2023 (from March 1, 2023 to August 31, 2023) 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.

[Notes to balance sheets]

	Previous fiscal period (as of August 31, 2022)	Current fiscal period (as of February 28, 2023)
*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, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
*1 Breakdown of real estate rental income	A. Real estate rental revenues	A. Real estate rental revenues
	Rental revenues	Rental revenues
	Rent 2,003,270	Rent 1,727,444
	Other rental revenues	Other rental revenues
	Others 3,353	Others 3,311
	Total real estate rental revenues 2,006,624	Total real estate rental revenues 1,730,755
	B. Real estate rental expenses	B. Real estate rental expenses
	Rental expenses	Rental expenses
	Property and other taxes 281,767	Property and other taxes 281,437
	Insurance expenses 5,446	Insurance expenses 6,155
Repairs and maintenance expenses 9,593	Repairs and maintenance expenses 8,914	
Depreciation 367,459	Depreciation 370,991	
Other rental expenses 990	Other rental expenses 988	
Total real estate rental expenses 665,259	Total real estate rental expenses 668,487	
C. Real estate rental income (A – B) 1,341,365	C. Real estate rental income (A – B) 1,062,268	
*2 Breakdown of gain on sale of real estate properties	Courtyard by Marriott Tokyo Station (1.0% Quasi-Co-Ownership Interest)	
	Proceeds from sale of real estate properties 181,000	—
	Cost of sale of real estate properties 133,552	
	Other expenses on sale 646	
	Gain on sale of real estate properties 46,801	



[Notes to statements of changes in net assets]

	Previous fiscal period (March 1, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
*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, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
*1 Reconciliation between cash and cash equivalents at the end of period and relevant amounts on the balance sheets	(as of August 31, 2022)	(as of February 28, 2023)
Cash and deposits	3,900,818	4,136,939
Cash and deposits in trust	2,071,843	1,526,821
Cash and cash equivalents	5,972,661	5,663,761

[Lease transactions]

Operating lease transactions (Lessor)

Future lease payments

(Thousands of yen)

	Previous fiscal period (as of August 31, 2022)	Current fiscal period (as of February 28, 2023)
Due within 1 year	1,304,673	1,304,673
Due after 1 year	5,218,693	4,566,356
Total	6,523,366	5,871,030

[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, 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	10,500,000	10,503,802	3,802
(2) Long-term loans payable	38,000,000	37,970,433	(29,566)
Total liabilities	48,500,000	48,474,235	(25,764)

Balance sheet carrying amounts, fair values, and the differences between them as of February 28, 2023 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	14,526,346	26,346
(2) Long-term loans payable	34,000,000	34,002,232	2,232
Total liabilities	48,500,000	48,528,579	28,579

(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, 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	3,900,818	—	—	—	—	—
Cash and deposits in trust	2,071,843	—	—	—	—	—
Total	5,972,661	—	—	—	—	—

Redemption schedule for monetary claims after balance sheet date (as of February 28, 2023)

(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	4,136,939	—	—	—	—	—
Cash and deposits in trust	1,526,821	—	—	—	—	—
Total	5,663,761	—	—	—	—	—

(Note 3) Expected amount of repayments of loans after balance sheet date (as of August 31, 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	5,475,000	—	—	—	—	—
Current portion of long-term loans payable	10,500,000	—	—	—	—	—
Long-term loans payable	—	22,500,000	10,500,000	5,000,000	—	—
Total	15,975,000	22,500,000	10,500,000	5,000,000	—	—

Expected amount of repayments of loans after balance sheet date (as of February 28, 2023)

(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	5,475,000	—	—	—	—	—
Current portion of long-term loans payable	14,500,000	—	—	—	—	—
Long-term loans payable	—	16,500,000	7,000,000	10,500,000	—	—
Total	19,975,000	16,500,000	7,000,000	10,500,000	—	—

[Tax effect accounting]

(Thousands of Yen)

	Previous fiscal period (as of August 31, 2022)	Current fiscal period (as of February 28, 2023)
1. Significant components of deferred tax assets and liabilities	(Deferred tax assets)	(Deferred tax assets)
	Accrued enterprise tax <u>17</u>	Accrued enterprise tax <u>7</u>
	Total deferred tax assets <u>17</u>	Total deferred tax assets <u>7</u>
	Net deferred tax assets 17	Net deferred tax assets 7
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 (31.44%)
	Other <u>0.05%</u>	Other <u>0.09%</u>
Effective tax rate after application of tax accounting 0.08%	Effective tax rate after application of tax accounting 0.11%	

[Related party transactions]

1. Parent company and major corporate unitholders, etc.

Previous fiscal period (March 1, 2022 – August 31, 2022)

Not applicable.

Current fiscal period (September 1, 2022 – February 28, 2023)

Not applicable.

2. Affiliated companies, etc.

Previous fiscal period (March 1, 2022 – August 31, 2022)

Not applicable.

Current fiscal period (September 1, 2022 – February 28, 2023)

Not applicable.

### 3. Sister companies, etc.

Previous fiscal period (March 1, 2022 – August 31, 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	1,192,063	Advances received	190,115
										Tenant leasehold and security deposits	3,241,350
								Partial transfer of real estate trust beneficiary interest	181,000	—	—
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	158,870	Advances received	33,914
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	91,370	Accounts payable	100,507

(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, 2022 – February 28, 2023)

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	890,120	Advances received	257,467
										Tenant leasehold and security deposits	3,241,350
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	184,986	Advances received	34,786
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	89,254	Accounts payable	98,179

(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, 2022 – August 31, 2022)

Not applicable.

Current fiscal period (September 1, 2022 – February 28, 2023)

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, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
Hotel	Balance sheet carrying amount		
	Balance at beginning of period	104,822,522	104,371,305
	Changes during period	(451,216)	(258,449)
	Balance at end of period	104,371,305	104,112,856
	Fair value at end of period	123,473,500	123,217,000

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

(Note 2) The main reason for the increase during the previous period is the capital expenditure (49,795 thousand yen), and the main reasons for the decrease during the previous period are the partial transfer of Courtyard by Marriott Tokyo Station (133,552 thousand yen) and depreciation (367,459 thousand yen). The main reason for the increase during the current period is the capital expenditure (112,542 thousand yen), and the main reason for the decrease during the current period is depreciation (370,991 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]

Previous fiscal period (March 1, 2022 – August 31, 2022)

Information on breakdown of revenue generated from contracts with customers

For the information on breakdown of revenue generated from contracts with customers, please refer to “\*2 Breakdown of gain on sale of real estate properties” in “Notes to statements of income”. The major revenue generated from contracts with customers is “Proceeds from sale of real estate properties.”

Current fiscal period (September 1, 2022 – February 28, 2023)

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, 2022 – August 31, 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.	1,238,865	Real estate rental business
MT&Hilton Hotel Co., Ltd.	158,870	Real estate rental business
Sotetsu Hotel Management Co., Ltd.	652,336	Real estate rental business

Current fiscal period (September 1, 2022 – February 28, 2023)

(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.	890,120	Real estate rental business
MT&Hilton Hotel Co., Ltd.	184,986	Real estate rental business
Sotetsu Hotel Management Co., Ltd.	652,336	Real estate rental business

[Per unit information]

Previous fiscal period (March 1, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
Net assets per unit 102,289yen	Net assets per unit 101,419yen
Net income per unit 2,289yen	Net income per unit 1,418yen
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, 2022 – August 31, 2022)	Current fiscal period (September 1, 2022 – February 28, 2023)
Net income (Thousands of yen)	1,144,681	709,272
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	1,144,681	709,272
Average number of investment units for the period (Units)	500,000	500,000

[Significant subsequent events]

(1) Execution of the Merger by and between MORI TRUST Hotel Reit, Inc. and MORI TRUST Sogo Reit, Inc.

MORI TRUST Hotel Reit, Inc. and MORI TRUST Sogo Reit, Inc. (“MTR”) executed the merger with March 1, 2023 as the effective date of the merger, with MTR as the surviving corporation and MORI TRUST Hotel Reit, Inc. as the dissolving corporation. MTR also changed its name to "MORI TRUST REIT, Inc." on the same date.

(a) Purpose of the Merger

MORI TRUST Hotel Reit, Inc. and MTR executed the merger with the aim of creating a comprehensive REIT (Note) with offices and hotels as its core assets, which is truly equipped with asset potential, stability and growth potential, building a portfolio equipped with stability of office assets and growth potential of hotel assets and returning to a growth path by leveraging the sponsor support.

(Note) MORI TRUST REIT, Inc. has made changes to the investment policy, etc., with respect to the management guidelines of MORI TRUST REIT, Inc. as of the effective date of the merger.

(b) Form of the Merger

MTR was the surviving corporation under an absorption-type merger and MORI TRUST Hotel Reit, Inc. was dissolved in the Merger.

(c) Merger Ratio

For the purpose of delivering to all MORI TRUST Hotel Reit, Inc. unitholders at least one MTR investment unit, a split of MTR

investment units was conducted with a record date of February 28, 2023 and an effective date of March 1, 2023 before the allocation towards MORI TRUST Hotel Reit, Inc. unitholders, in the ratio of two MTR investment units to one MTR investment unit and for every one MORI TRUST Hotel Reit, Inc. investment unit, 1.84 MTR investment unit post- Investment Unit Split were allocated and delivered. As a result of such allotment and delivery, the number of investment units to be delivered to some of the allotted unitholders includes fractions of less than one unit, so the fractional units were sold through market transactions in accordance with the provisions of the Investment Trust Law, and the proceeds from such sale were delivered to the allotted unitholders who received fractions of units in proportion to such fractions from May 22, 2023.

(d) Money delivered due to merger

In addition to the abovementioned allotment and delivery of MTR's investment units, MTR pays MORI TRUST Hotel Reit, Inc. unitholders (the unitholders stated or recorded in the final unitholders' register on the day before the effective date of the merger), in lieu of cash distributions for the last business period of MORI TRUST Hotel Reit, Inc. which ends the day before the effective date of the merger, the money delivered due to the merger in the form of cash distribution based on MORI TRUST Hotel Reit, Inc.'s distributable income for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of MORI TRUST Hotel Reit, Inc.'s distributable income on the date before the effective date of the merger by the number of issued MORI TRUST Hotel Reit, Inc. investment units on that date. The money delivered due to the merger has been paid since May 22, 2023.

(e) Summary of the most recent fiscal period (October 1, 2022 – February 28, 2023) of the surviving corporation (MTR)

Business	To manage assets mainly as investments in specified assets in accordance with the Investment Trusts Act and other related laws and regulations.
Operating Revenue	7,258 million yen
Net Income	3,614 million yen
Total Assets	322,398 million yen
Total liabilities	163,672 million yen
Total net assets	158,725 million yen

## (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	14,898	2,270	—	17,168	4,465	1,006	12,703	
	Vehicles	216	—	—	216	40	27	176	
	Tools, furniture and fixtures	59,495	19,114	—	78,609	21,836	4,840	56,772	
	Buildings in trust	20,529,730	63,942	—	20,593,673	4,384,293	361,176	16,209,379	
	Structures in trust	10,972	24,750	—	35,722	6,735	1,012	28,987	
	Machinery and equipment in trust	5,034	—	—	5,034	1,777	258	3,257	
	Tools, furniture and fixtures in trust	31,801	1,130	—	32,931	12,179	2,493	20,751	
	Land in trust	87,778,332	—	—	87,778,332	—	—	87,778,332	
	Subtotal	108,430,482	111,207	—	108,541,690	4,431,329	370,814	104,110,360	
Intangible assets	Software	4,544	1,334	—	5,879	3,383	176	2,495	
	Subtotal	4,544	1,334	—	5,879	3,383	176	2,495	
Total	108,435,027	112,542	—	108,547,569	4,434,712	370,991	104,112,856		

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.	475,000	—	—	475,000	0.39873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.39873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	0.39873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000	0.39873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000	0.38873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	—	—	1,500,000	0.38873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.38873%	Aug. 31, 2023	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Total	5,475,000	—	—	5,475,000					
Long-term loans payable (Note2)	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
	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
	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
	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	

	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 (Note2)	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
	Mizuho Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000	0.68250%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Shinkin Central Bank	1,000,000	—	—	1,000,000	0.68250%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	The 77 Bank, Ltd.	500,000	—	—	500,000	0.68250%	Aug. 29, 2025	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.74528%	May 29, 2026	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.74528%	May 29, 2026	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	—	—	1,000,000	0.74528%	May 29, 2026	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000	0.82500%	Nov. 28, 2025	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
	MUFG Bank, Ltd.	—	500,000	—	500,000	0.82500%	Nov. 28, 2025	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed
Sumitomo Mitsui Banking Corporation	—	5,500,000	—	5,500,000	0.50000%	Nov. 30, 2026	Lump-sum payment at maturity	(Note 4)	Unsecured /Non-guaranteed	
	Total	48,500,000	6,500,000	6,500,000	48,500,000					
	Grand Total	53,975,000	6,500,000	6,500,000	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 payable	14,500,000	16,500,000	7,000,000	10,500,000	—