

## Summary of Merger Q&A Session Held on November 24, 2022

### Question 1

Please explain in detail why you decided to go through with the merger (the “Merger”).

### Answer 1

MORI TRUST Sogo Reit, Inc. (“MTR”) saw issues with growth going forward given factors including office market trends and the acquisition environment for properties. Meanwhile, at MORI TRUST Hotel Reit, Inc. (“MTH”), ensuring stability was a challenge reflecting the unprecedented drop in hotel performance experienced during the COVID-19 pandemic. In light of this, as at present MTR forecasts a recovery in the occupancy rate at Tokyo Shiodome Building and MTH now expects its hotel assets to get on a recovery trajectory, MTR and MTH decided to undergo a merger in anticipation of further growth moving forward.

### Question 2

Please explain the backdrop underpinning the recovery in occupancy rates at Tokyo Shiodome Building. Is the recovery in the overall office market in Tokyo a major factor or does this reflect a factor unique to Tokyo Shiodome Building, that is the result of the energies you poured into backfilling office space in the building?

### Answer 2

We think both of these factors pertain. The office market in Tokyo has been on the path to recovery since the previous fiscal period. This trend is continuing in the current fiscal period as well. We have the impression that demand is starting to recover for newly/recently built properties and high-quality properties in prime locations. In addition, MORI TRUST CO., LTD. and Sumitomo Realty & Development Co., Ltd., the co-owner, carried out joint leasing. We believe this individual reason—two major companies conducting leasing jointly—is also one major factor that pushed forward a recovery in occupancy.

### Question 3

Explain your expectations of external growth after the Merger. The sponsor support will likely be necessary. If you plan to make any changes to the policy you have instituted thus far, please explain what those changes will be.

#### Answer 3

We understand that there have been limited opportunities for external growth to expand the scale of both MTR and MTH. We believe that there will be potential for future external growth linked to a capital boost through a public offering reflecting the garnering of praise of the stability and growth potential of the new REIT (“New MTR”) through the Merger. As a first step in this direction, we realized the acquisition of Kamiyacho Trust Tower by using the purchasing capacity created by a decrease in LTV owing to the Merger. Moving forward, though it will depend on the property, we are taking a positive stance on securing external growth in tandem with a capital boost through a public offering.

#### Question 4

From the perspective of risk and return on a cash flow basis, are you considering measures to curb cash flow volatility, for instance, by raising the fixed rent ratio in master leases for offices?

#### Answer 4

We do not plan to curb volatility by switching to fixed-rent master leases for offices at the time of the Merger. It is true that recovery took time after shifting the master leases for offices in Tokyo Shiodome Building from a fixed rent to variable rent. However, we understand that tenant diversification has been achieved to a certain extent as we backfilled office space, resulting in a decline in cash flow volatility in comparison with the previous period.

#### Question 5

To what degree did you factor in a recovery in revenue performance of the MTH’s hotels into the merger ratio of 1:0.92, the ratio without consideration of the investment unit split? Please explain this taking into account the valuations for MTH thus far.

#### Answer 5

The hotel market is continuing to trend toward recovery in general, owing to the lift of quasi-emergency measures in March 2022, the start of the nationwide travel discount program and the ease up of border measures in October 2022. In such a situation, we have developed a business plan built on estimates that the hotel market in FY2024 will gradually return to levels seen in 2019 prior to the COVID-19 pandemic. Based on this, we have asked our financial advisors to conduct a financial analysis. Factoring in an analysis based on the DDM method, etc., not only on the investment unit price, we examined and finalized the merger ratio. The gradual recovery trends at our hotels are also reflected as one of the factors to consider.

#### Question 6

What pace of external growth do you anticipate going forward? If this is not something you have yet envisaged, let me know at what point you can clearly disclose it.

#### Answer 6

We believe the additional acquisition of Kamiyacho Trust Tower is proof of our sponsor's strong commitment to New MTR. The type and the timing of property acquisitions going forward, etc. could possibly change due to various factors. In light of this, it is difficult to provide a clear-cut schedule. Meanwhile, We think the Merger will facilitate growth potential similar to that of the sponsor's portfolio, and as such New MTR and the sponsor will move consistently in the same direction.

#### Question 7

Now that you have set a goal for recovery at Tokyo Shiodome Building, will your earnings stabilize going forward? Also, have you calculated levels, such as for EPU, after your earnings have stabilized?

#### Answer 7

Considering that backfilling of vacancies at Tokyo Shiodome Building is nearly complete and tenant diversification has been achieved, we believe we have suppressed earnings volatility. In addition, the 6th to 30th floors of Kamiyacho Trust Tower, part of which we additionally acquired, are under joint operation. Given that all floors, not just those we own, are under a master lease that is linked to earnings for all floors, we are able to curtail earnings volatility. As for EPU, we are carrying out our property management with the aim of improving our EPU. We plan to avoid misplacing our priorities, such as the unreasonable management of properties to achieve goals. In light of this, we will refrain from mentioning specific numerical goals at this point.

#### Question 8

What are your plans to raise the asset value of Kamiyacho Trust Tower further out?

#### Answer 8

At this stage, we believe Kamiyacho Trust Tower possesses a very high asset value. After construction was completed, thanks partially to significant progress in tenant leasing prior to the COVID-19 pandemic, rents were set at a high rate even under the current environment, including for tenants of the remaining spaces. Consequently, rather than hiking rents going forward, we envisage stably managing the property as is.

#### Question 9

You are forecasting a rebound in the revenue performance of the MTH's hotels based on anticipation of a recovery in the hotel market in FY2024 to pre-COVID-19 levels. Did you also factor this recovery forecast into calculations using the DDM method when determining the merger ratio?

#### Answer 9

We believe revenues of the MTH's hotels will gradually improve owing to a recovery in the hotel market. While it is possible that growth could exceed levels in 2019, as generally believed prior to COVID-19, we developed a business plan for MTH based on expectations of a recovery in FY2024, assuming that this is the period in which the hotel market will achieve levels prior to the COVID-19 pandemic. We are factoring this plan into our considerations for the merger ratio. Moreover, given the guest segments for hotels differ by property, we forecast earnings will recover separately depending on the property.

#### Question 10

A recovery in hotel revenues at MTH is in sight. Why did you decide on conducting a merger at this timing?

#### Answer 10

The market is undergoing major changes since the nationwide travel discount program was instituted and immigration restrictions were eased in October 2022. Hotel revenues are still midway to a recovery and are expected to modestly rebound going forward. We recognize it will take time for the distributions at MTH, on a standalone basis, to rise. We believe that incorporating the stability of MTR into MTH at this stage will drive the growth potential of MTH more effectively.

#### Question 11

Regarding property acquisitions going forward, do you plan to focus on constant external growth, mainly from hotels after the Merger? Or will it be your policy to implement external growth strategies the same as the former MTR by making individual decisions on each property? In addition, please explain from what level you plan to launch distributions when focusing on capital increases through public offerings going forward.

#### Answer 11

We do not believe that unreasonably achieving growth targets will truly improve the unitholder value. New MTR's orientation is to expand its scale of assets, but given current conditions, please understand that it is difficult for us to clearly convey the timing of acquisitions and the scale of assets. As for the launch point of our earnings, we think the level of distributions at the time of a capital boost through a public offering will be one yardstick. At this stage, however, it is difficult to comment on specific figures. As a yardstick, we disclosed a distributions level for the first fiscal period after the Merger of 2,620 yen (without consideration of the investment unit split), excluding temporary factors. In this fiscal period, Tokyo Shiodome Building will not be operating at full capacity. In addition, we expect a rise in hotel operating capacity going forward. Considering these points, we envisage a gradual rise in the distributions level.

#### Question 12

In the Merger, MTR will be the surviving corporation and MTH will be the dissolving corporation. What factors were behind MTR being the surviving corporation? Are there any plans in place to make MTH the surviving corporation from a negative goodwill perspective, taking into account the investment unit price as of November 24, 2022?

#### Answer 12

The scale of assets at MTR is around 3 times that of MTH. Also, from the standpoint of leveraging the rules and regulations platform in place at MTR, which is a comprehensive REIT, we made MTR the surviving corporation. The goodwill will be determined directly prior to the Merger taking effect. We did not determine which party will be the surviving corporation based on the occurrence of goodwill.

#### Question 13

When did merger discussions start?

#### Answer 13

We started considering the Merger from around August 2022.

#### Question 14

Regarding the credibility of New MTR after the Merger, will an improvement to the level of credit strength at New MTR have an interest reduction effect from the viewpoint of lenders? What feeling did you get from your discussions with rating agencies?

Answer 14

The debt cost is slightly lower for MTR given the scale and mix of assets at MTR versus MTH. In addition, MTR does have a credit rating while MTH does not. As for borrowings, New MTR will carry out negotiations with each lender going forward. We look for evaluations of a rise in stability and growth potential owing to an expansion in scale to contribute, even slightly, to a decline in debt cost. Also, at present, rating agencies have issued reports on us. It is our understanding that there have been no negative evaluations regarding our outlook going forward.