

For Immediate Release

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Notice Concerning Revisions to Forecast of Management Status for Fiscal Period Ending August 2021

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) hereby announces today that it has revised the forecast of management status for the fiscal period ending August 2021 (March 1, 2021 to August 31, 2021) announced in “Summary of Financial Results (REIT) for Fiscal Period Ended February 28, 2021” dated April 22, 2021.

Details

1. Revisions to Management Status Forecast for Fiscal Period Ending August 2021 (March 1, 2021 to August 31, 2021)

	Operating Revenue million yen	Operating Income million yen	Ordinary Income million yen	Net Income million yen	Distributions per Unit (excluding distributions in excess of earnings) yen	Distributions in Excess of Earnings per Unit yen
Previously released forecast (A)	TBD	TBD	TBD	TBD	TBD	—
Revised forecast (B)	1,849	1,046	937	936	1,874	—
Change (B-A)	—	—	—	—	—	—
Percentage of change	—%	—%	—%	—%	—%	—%
(Reference) Results for the fiscal period ended August 2020	1,770	988	881	880	1,761	—

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(Reference)

Fiscal period ending August 2021

Forecast number of investment units issued and outstanding at end of period: 500,000 units

Forecast net income per unit: 1,873 yen

- (Note 1) The forecast of management status for fiscal period ending August 2021 represents the current figures calculated based on the assumptions stated in Attachment 1 “Assumptions Underlying Forecast of Management Status for Fiscal Period Ending August 2021.” Accordingly, the actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) may vary as a result of differences between actual conditions and the assumptions due to developments such as future additional acquisition or sale of real estate, etc., fluctuation in rent income as a result of changes in tenants or other factors, the occurrence of unforeseen repairs and maintenance and other changes in the management environment, fluctuation in interest rates, and the issuance of new investment units. Consequently, the forecast is not a guarantee of the amount of distributions.
- (Note 2) The forecast may be revised in the event discrepancies exceeding a certain level from the forecast above are expected.
- (Note 3) Figures are rounded down to the nearest specified unit.

2. Reasons for the Revisions

The management status forecast for the fiscal period ending August 2021 (March 1, 2021, to August 31, 2021) was left undetermined at the time of the announcement of “Summary of Financial Results (REIT) for Fiscal Period Ended February 28, 2021” dated April 22, 2021, since the rational calculation of performance forecast was made difficult by the fact that the worldwide spread of the novel coronavirus (COVID-19) has not yet been brought under control.

As the hotel operation status of each property has roughly been learned for May 2021 and the amount of rent MORI TRUST Hotel Reit will receive in the fiscal period ending August 2021 has been forecast, including the difference (shortfall) from the minimum annual guaranteed rent for Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station to be paid in the fiscal period ending August 2021, the rational calculation of performance forecast was made possible. Therefore, the management status forecast has been revised based on the newly calculated performance forecast.

For the operating months of hotels of each property which serve as the base for calculating the rent MORI TRUST Hotel Reit will receive in the fiscal period ending August 2021 (“Rent calculation base month”) and the rent calculation base month to be used when calculating the difference (shortfall) from the minimum annual guaranteed rents to be paid in the fiscal period ending August 2021 (“Rent calculation base month for minimum guaranteed rents”), please refer to (Reference) below.

Furthermore, for the relationship between each property’s Rent calculation base month and the rent that MORI TRUST Hotel Reit will receive and details on the timing of compensating for the difference from the minimum guaranteed rent, please refer to Attachment 2, the page 12 of “10th Fiscal Period Operating Results & Presentation (September 1, 2020 – February 28, 2021).”

(Reference)

Rent calculation base month and Rent calculation base month for minimum guaranteed rents of each property for the fiscal period ending August 2021 (March 1, 2021, to August 31, 2021)

Property name	Rent type	Rent calculation base month	Rent calculation base month for minimum guaranteed rents
Shangri-La	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	November 2020 to April 2021	—
Hilton Odawara	Variable rent (Rent varies each fiscal period*) *The monthly amount is fixed during a fiscal period	January 2020 to December 2020	—
Courtyard Tokyo	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	December 2020 to May 2021	July 2020 to June 2021
Courtyard Shin-Osaka	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	December 2020 to May 2021	July 2020 to June 2021
Sunroute	Fixed rent	—	—

(Note) Property names may be abbreviated where “Shangri-La Hotel, Tokyo” is “Shangri-La,” “Hilton Odawara Resort & Spa” is “Hilton Odawara,” “Courtyard by Marriott Tokyo Station” is “Courtyard Tokyo,” “Courtyard by Marriott Shin-Osaka Station” is “Courtyard Shin-Osaka,” and “Hotel Sunroute Plaza Shinjuku” is “Sunroute.”

3. Distribution Forecast for the Fiscal Period Ending August 2021

The sharp decline in travel demand continues as the COVID-19 pandemic persists even today.

In Japan, in addition to COVID-19 cases hovering at relatively low numbers since the beginning of the second half of 2020, measures to stimulate domestic travel demand through the Go To Travel campaign (“Go To Travel”), which was launched in late July and to which travel to and from Tokyo was added starting from October 1, proved effective in prompting a trend of recovery mainly at resort hotels and hotels in the high price range particularly in and around large cities, leading up to around November. On the other hand, the number of COVID-19 cases began to increase in Osaka starting from mid-November, followed by increasing number of COVID-19 cases in Tokyo and the rest of Japan, leading to temporary suspension of Go To Travel in succession. From January 2021, the Japanese government’s state-of-emergency declaration has been issued twice and the newly established quasi-emergency measures have been implemented, keeping the external environment severe and hotel performance sluggish.

Although the severe external environment continues, vaccine inoculation has been simultaneously underway at a rapid pace around the world since 2021 and countries where vaccine inoculation is well underway have seen significant decrease in the number of new COVID-19 cases. Even in Japan, as the significant increase in the pace of vaccine inoculation, particularly since Golden Week in May, is expected to lead to the number of new COVID-19 cases decreasing going forward, stay-at-home requests are expected to be relaxed and that is expected to lead to recovery in domestic travel demand.

With the hotel operating results of each property owned by MORI TRUST Hotel Reit continuing to be affected by the decline in travel demand due to the spread of COVID-19 through to the present, the forecast for the fiscal period ending August 2021 also is that the rent that MORI TRUST Hotel Reit receives will be mainly the minimum guaranteed rent and fixed rent.

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(1) Structure of Minimum Annual Distribution Level

Assuming that there will be no changes to the assets under management (e.g., acquisition of new assets, disposal of owned properties) and that there will be no changes to the lease agreements currently in force for the five properties owned by MORI TRUST Hotel Reit as of today (collectively, the “Current Assumptions”), the annual distribution level is estimated to be approximately 2,300 yen (this estimated annual distribution level is the “Minimum Annual Distribution Level”), if the four properties with variable rents (Shangri-La, Hilton Odawara, Courtyard Tokyo, and Courtyard Shin-Osaka) have hotel revenues of 0 and MORI TRUST Hotel Reit receives only the minimum guaranteed rents from Shangri-La, Courtyard Tokyo, and Courtyard Shin-Osaka as well as the fixed rents from Sunroute. However, considering that (i) The minimum annual guaranteed rent varies in level from one property to the next, and (ii) MORI TRUST Hotel Reit’s calculation period for distributions is a six-month period and the fiscal period for receiving payment of the difference (shortfall) from the minimum annual guaranteed rent differs from one property to the next, the Minimum Annual Distribution Level will not be equally divided in half for the fiscal period ending February (even fiscal period (meaning MORI TRUST Hotel Reit’s fiscal period that is even numbered)) and the fiscal period ending August (odd fiscal period (same meaning as above but odd numbered)) of each year.

If the Current Assumptions continue to hold true and MORI TRUST Hotel Reit receives only each property’s minimum guaranteed rent and fixed rent in each fiscal period ending February (even fiscal period) and each fiscal period ending August (odd fiscal period), (a) Distribution for each fiscal period ending February (even fiscal period) calculated based on the actual expenses for the 10th fiscal period is estimated to be 1,273 yen, and (b) Distribution for each fiscal period ending August (odd fiscal period) calculated based on the expenses forecast for the 11th fiscal period is estimated to be 1,043 yen (the estimated distribution level for each fiscal period is the “Minimum Distribution Level”).

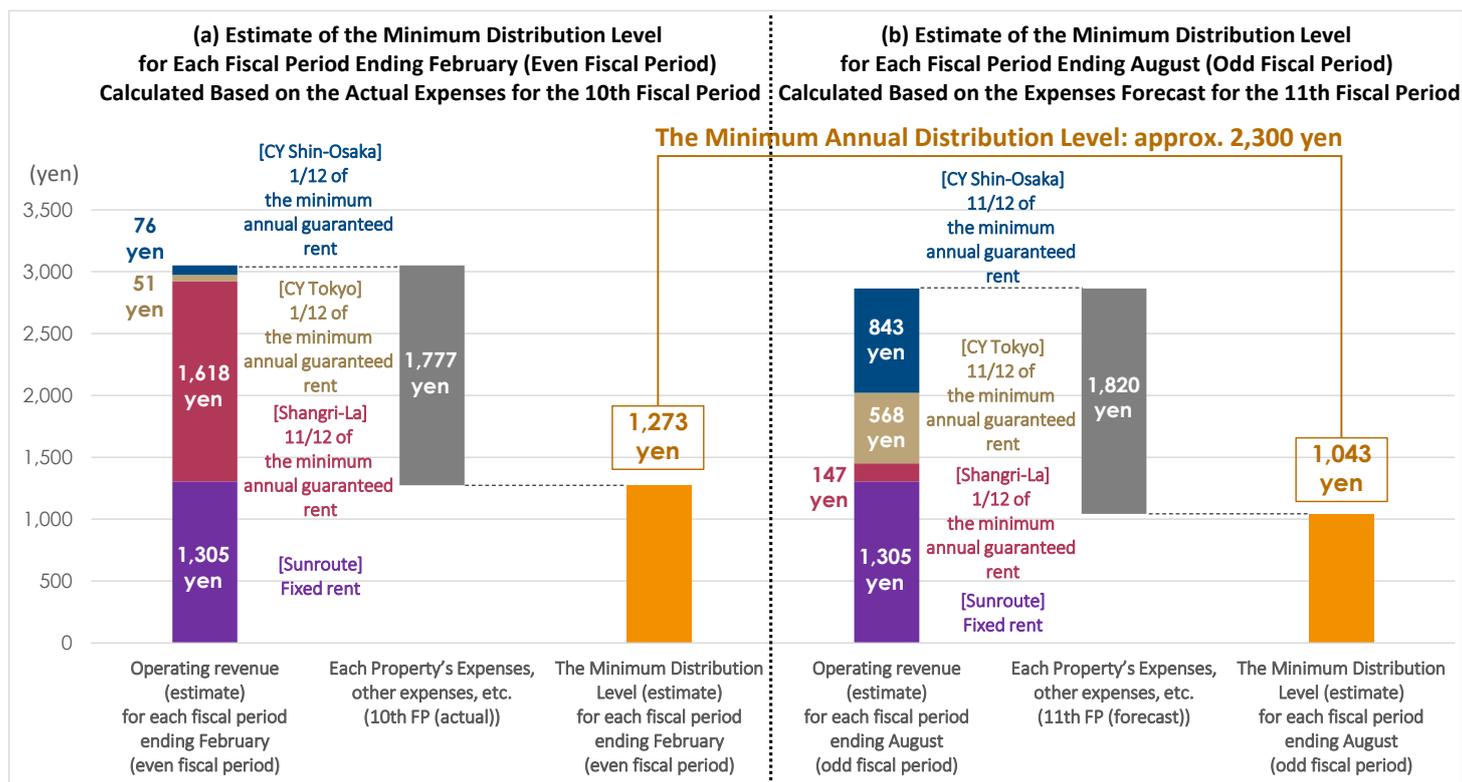
The Minimum Distribution Level for each fiscal period ending February (even fiscal period) is the estimate obtained by taking the sum total of the amount of Shangri-La’s minimum annual guaranteed rent (882,700 thousand yen per year (12 months)) equivalent to 11 months’ worth, the amount of Courtyard Tokyo’s and Courtyard Shin-Osaka’s minimum annual guaranteed rent (310,000 thousand yen per year (12 months) and 460,000 thousand yen per year (12 months), respectively) equivalent to 1 month’s worth and the amount of Sunroute’s annual fixed rent (1,304,673 thousand yen per year (12 months)) equivalent to 6 months’ worth that is recorded as operating revenue when MORI TRUST Hotel Reit receives only each property’s minimum guaranteed rent and fixed rent, and subtracting from that each property’s expenses (refers to each property’s property tax and the like, as well as repairs and maintenance expenses and the like; “Each Property’s Expenses”), other expenses (asset management fee, interest expenses, etc.), etc. actually recorded for the 10th fiscal period (the “Actual Expenses for the 10th Fiscal Period” in this section).

Similarly, the Minimum Distribution Level for each fiscal period ending August (odd fiscal period) is the estimate obtained by taking the sum total of the amount of Shangri-La’s minimum annual guaranteed rent (882,700 thousand yen per year (12 months)) equivalent to 1 month’s worth, the amount of Courtyard Tokyo’s and Courtyard Shin-Osaka’s minimum annual guaranteed rent (310,000 thousand yen per year (12 months) and 460,000 thousand yen per year (12 months), respectively) equivalent to 11 months’ worth and the amount of Sunroute’s fixed rent (1,304,673 thousand yen per year (12 months)) equivalent to 6 months’ worth, and subtracting from that Each Property’s Expenses, other expenses, etc. forecast to be recorded for the 11th fiscal period (the “Expenses Forecast for the 11th Fiscal Period” in this section). Below is a graph of these estimates all reflected in terms of distributions.

Although obviously each property's expenses, other expenses, etc. and the difference (shortfall) from the minimum annual guaranteed rent actually recorded may vary depending on the fiscal period and the Minimum Distribution Level may thus also vary depending on the fiscal period, MORI TRUST Hotel Reit believes that the annual distribution ahead will be pretty much the same level as the rough estimate obtained by the sum of the estimated Minimum Distribution Level for each fiscal period totaling an annual distribution level of approximately 2,300 yen (the Minimum Annual Distribution Level) ^(Note).

(Note) The Minimum Annual Distribution Level is a reference value calculated based on Current Assumption and other assumptions, and does not guarantee the amount of distribution in the future.

< Estimates of the Minimum Distribution Level for Each Fiscal Period >



(Note) "Courtyard Tokyo" and "Courtyard Shin-Osaka" is shown as "CY Tokyo" and "CY Shin-Osaka."

(2) Factors of Difference Between the Minimum Distribution Level for Each Fiscal Period Ending August (Odd Fiscal Period) and Distribution Forecast for Fiscal Period Ending August 2021 (11th Fiscal Period)

The Minimum Distribution Level for each fiscal period ending August (odd fiscal period) estimated in (1) (1,043 yen; simply, the “Minimum Distribution Level” in this section) differs from the distribution forecast for the fiscal period ending August 2021 (11th fiscal period) announced today (1,874 yen; simply, the “Distribution Forecast” in this section).

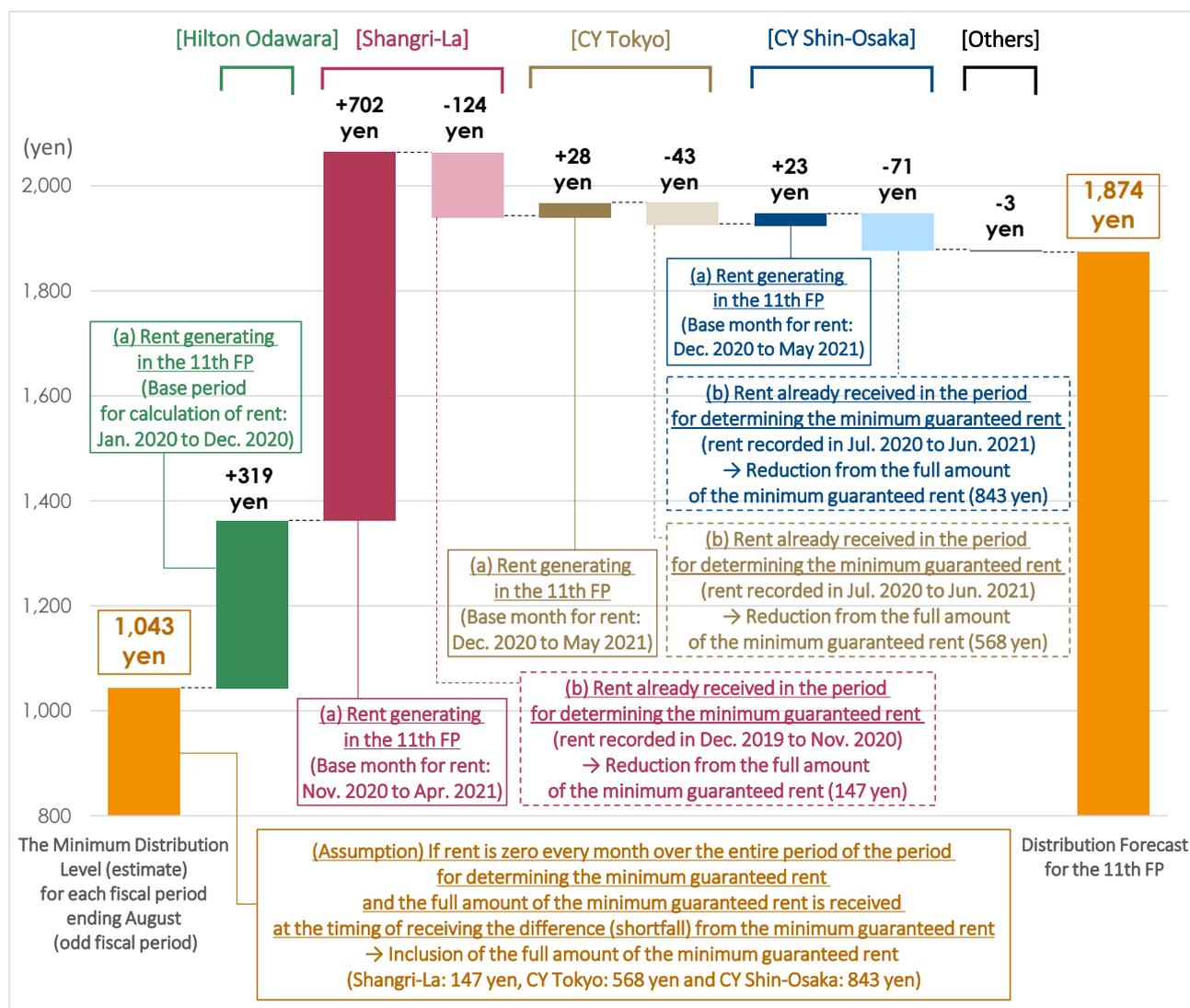
The estimation of the Minimum Distribution Level is based on the assumption that MORI TRUST Hotel Reit receives only each property’s minimum guaranteed rent and fixed rent, but this assumption translates to a scenario of hotel sales and such of the four properties with variable rent (Shangri-La, Hilton Odawara, Courtyard Tokyo and Courtyard Shin-Osaka; the “Four Properties with Variable Rent”) being all 0 and the rent that MORI TRUST Hotel Reit receives every month also being all 0. However, the actual state has not come to such a scenario. Although varying depending on the property, there is rent to some degree generating every month and the rent that MORI TRUST Hotel Reit receives would increase by the degree of generating rent.

Moreover, the minimum annual guaranteed rent for the three properties with minimum guaranteed rent (Shangri-La, Courtyard Tokyo and Courtyard Shin-Osaka; the “Three Properties with Minimum Guaranteed Rent”) is based on the assumption that the entire amount set will be received, but this assumption translates to a scenario of hotel sales and such of the Three Properties with Minimum Guaranteed Rent over the entire period of the period for determining the minimum guaranteed rent being all 0 and the rent that MORI TRUST Hotel Reit receives every month also being all 0. However, the actual state has not come to such a scenario. Although varying depending on the property, there is rent to some degree generating every month even in the period for determining the minimum guaranteed rent. In this case, the difference (shortfall) from the minimum annual guaranteed rent that MORI TRUST Hotel Reit receives would decrease depending on the rent generating in the period for determining the minimum guaranteed rent.

Accordingly, when comparing the Minimum Distribution Level and the Distribution Forecast, (a) As the rent that MORI TRUST Hotel Reit receives would increase depending on the rent generating at each property of the Four Properties with Variable Rent serves as a factor of increase in distribution (the “Factor of Increase (a)”), and (b) As the difference (shortfall) from the minimum annual guaranteed rent that MORI TRUST Hotel Reit receives would decrease depending on the rent generating at each property of the Three Properties with Minimum Guaranteed Rent over the period for determining the minimum guaranteed rent serves as a factor of decrease in distribution (the “Factor of Decrease (b)”). The two may differ as a result.

Below is a graph of the factors of difference between the Minimum Distribution Level and the Distribution Forecast, breaking down the factors by property and into the Factor of Increase (a) and the Factor of Decrease (b) for each property.

< Factors of Difference Between the Minimum Distribution Level for Each Fiscal Period Ending August (Odd Fiscal Period) and Distribution Forecast for the 11th FP >



(Note) “Courtyard Tokyo” and “Courtyard Shin-Osaka” is shown as “CY Tokyo” and “CY Shin-Osaka.”

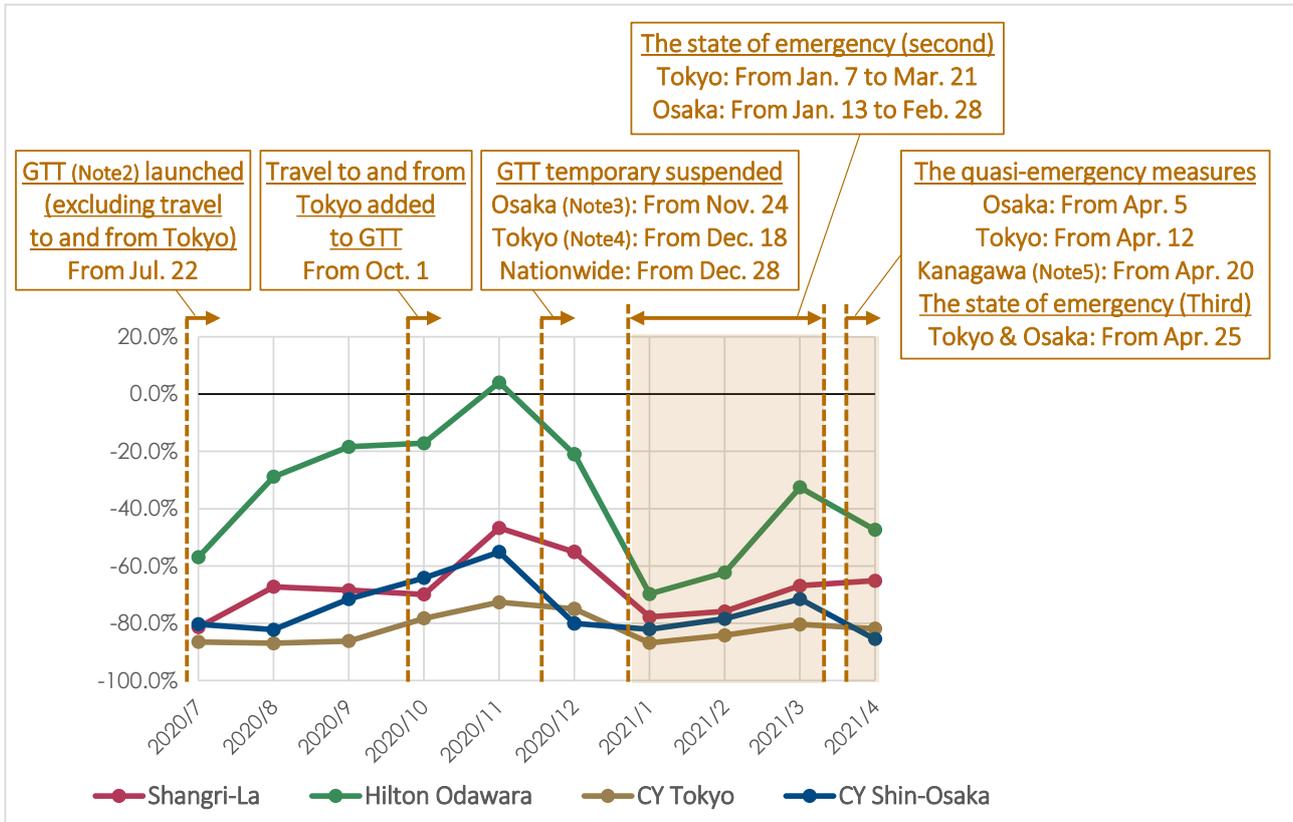
For Shangri-La, rent is linked to not hotel profit but sales and so there would be rent received by MORI TRUST Hotel Reit so long as there are any hotel sales at all, however small, even with the current sluggish hotel performance in the COVID-19 pandemic. As such, the scenario of rent received by MORI TRUST Hotel Reit being 0 that is assumed as the basis for estimating the Minimum Distribution Level would be unlikely. Accordingly, the actual distribution level may vary from the Minimum Distribution Level.

In this manner, the Minimum Distribution Level is merely an estimate based on various assumptions and may result in discrepancies arising with the actual distribution level.

4. Most Recent Status of Each Hotel (Four Properties with Variable Rent)

(1) Changes in Operating Results of Each Hotel

<Percentage Change of Operating Results ^(Note1) of Each Hotel (Year-on-Year Comparison with 2019)>



(Note1) “Operating Results of Each Hotel” refers to the rent received by MORI TRUST Hotel Reit calculated for each Rent calculation base month for rent for Shangri-La, total sales per month of the entire hotel for Hilton Odawara, and RevPAR for each Rent calculation base month for rent for both Courtyard Tokyo and Courtyard Shin-Osaka, and the operating results of each month for each hotel are shown as a percentage change (%) compared with the same month of 2019. RevPAR denotes Revenue Per Available Room and includes service fees.

(Note2) “GTT” means Go To Travel campaign. The same applies hereinafter.

(Note3) It is shown that the date when booking new travel to Osaka using GTT was temporarily suspended.

(Note4) It is shown that the date when booking new travel to Tokyo using GTT was temporarily suspended.

(Note5) Hilton Odawara is in Odawara City, Kanagawa Prefecture.

(2) Status of Operating Results for Each Hotel

The three urban hotels (Shangri-La, Courtyard Tokyo and Courtyard Shin-Osaka) have been on a recovery trend since October 2020 when travel to and from Tokyo was added to Go To Travel. Shangri-La saw year-on-year recovery of around 50% in November in terms of rent while the two Courtyard hotels (Courtyard Tokyo and Courtyard Shin-Osaka) recovered to a point where they were able to generate enough hotel profit to accrue rent payment from October to December. Since then, however, the number of COVID-19 cases started to increase in Osaka in mid-November followed by all parts of the nation including Tokyo. Due to such, Go To Travel was temporarily suspended in succession, and a second state of emergency and newly established quasi-emergency measures have been implemented since January 2021, causing the hotel business to remain sluggish. On the other hand, businesses have been improving compared with the time of the first state-of-emergency declaration when hotel operations were extremely limited.

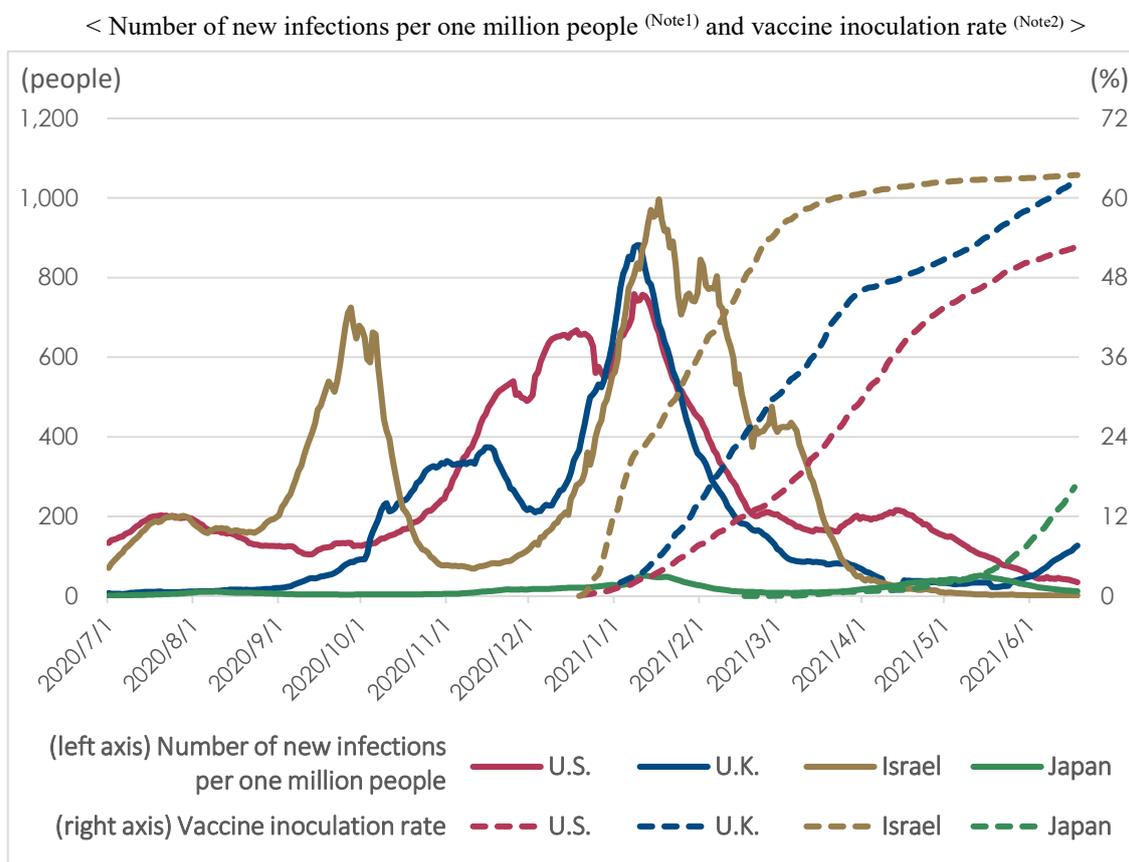
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As to the two Courtyard hotels, because promotional activities such as the point-granting campaign for “Marriott Bonvoy” members at Marriott.com have successfully attracted customers in the sluggish period from January 2021 and after, we are working to take in “Marriott Bonvoy” members while also cutting expenses, utilizing employment adjustment subsidies, etc. to improve hotel business performance even if only slightly.

Hilton Odawara fully demonstrated its strength of being a for-stay-type resort in close proximity to central Tokyo with ample hotel facilities, particularly under the environment with the COVID-19 pandemic. As a result, backed also by Go To Travel, it showed a strong recovery by marking in November 2020 total sales that exceeded the results posted in November 2019 and such even when the number of customers using hotels for parties and meetings declined from the previous year. At the same time, we strived to secure hotel profit, which serves as the base for calculation of rent that MORI TRUST Hotel Reit will receive, by cutting expenses and positioning personnel efficiently. As a result of such efforts, the amount of rent for the 11th fiscal period (calculated based on the average base profit for the period from January 2020 to December 2020) became almost equal to the amount of rent for the 10th fiscal period (calculated based on the average base profit for the period from July 2019 to June 2020). Although sales slowed down for a while after January 2021 when the second state of emergency was declared, they were on the uptick temporarily in late March when the state of emergency was lifted, also due in part to the period coinciding with a spring holiday season.

For Hilton Odawara, Courtyard Tokyo and Courtyard Shin-Osaka, we have also worked to capture new demand under the COVID-19 pandemic by proactively marketing clean, hygienic environments created through introduction of Pure Wellness Rooms, a program that has been introduced at hotels around the globe to provide high-quality clean air environments, in addition to implementing hygiene management programs uniquely developed by Hilton and Marriott.

5. Situation in Other Countries, Current Situation in Japan, and the Road to Recovery of Hotel Business Going Forward
 After entering 2021, inoculation of COVID-19 vaccines has progressed rapidly in the U.S., U.K. and other countries around the world. With the rollout of vaccine inoculation, the number of COVID-19 cases has dropped dramatically even in countries that were suffering from a serious increase, and thus we believe the preventive effect of vaccines is fairly high.



(Source: Our World in Data)

(Note1) 7-day moving average

(Note2) Rate of people who have received at least one vaccine dose

(Note3) Data from July 1, 2020 to June 18, 2021 is shown in this graph.

There have been more cases in which restrictions on domestic and international travel are being lifted as economic activities gradually resume in countries around the world against the backdrop of the decrease in the number of COVID-19 cases due to the progress of vaccine inoculation or movement restrictions.

In the U.S., restrictions on activities of people who have completed a two-week period after receiving designated number of shots have been eased, allowing them to travel freely in the country without requiring a PCR test. Moreover, there is a program called “vaccine tourism” in New York targeting U.S. residents, which provides free vaccine inoculation to tourists before they take a tour. A plan that enables American tourists to visit countries in the EU this summer is also in place.

In the U.K., with the sharp decrease in the number of COVID-19 cases resulting from progress in vaccine inoculation, lockdown has been lifted gradually, movement restrictions have been removed sequentially and hotels are resuming operations as well. The U.K. government also eased restrictions on international travel, which had been banned in principle. It has categorized countries and territories in red, amber and green, just like traffic lights, in

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accordance with the number of COVID-19 cases and status of vaccine inoculation, and exempts people from quarantine on return after traveling to countries and territories marked in green (including Australia and Israel).

In Australia, the government has succeeded in curbing the number of COVID-19 cases by imposing strict border control and has implemented a policy to halve the prices of air tickets to major tourist destinations within the country as a government-led measure to boost tourism demand. Furthermore, they have resumed quarantine-free travel with neighboring New Zealand, which has also successfully suppressed infections.

As such, when the number of COVID-19 cases falls due to vaccine inoculation and movement restrictions, domestic travel will be resumed first, and then resumption of international travel to/from safe countries having infections under control (travel bubble) will follow. Also in Japan, since the speed of vaccine inoculation has been increased at an accelerated pace after the Golden Week holidays in May, tourism demand is expected to gradually recover in line with the drop in the number of COVID-19 cases, first allowing resumption of domestic travel and then international travel to/from safe countries and territories.

6. Efforts by MORI TRUST Hotel Reit and Mori Trust Group, the Sponsor

MORI TRUST Hotel Reit and Mori Trust Group, the sponsor, have taken the following actions to gain an advantage in attracting guests upon the recovery phase of the hotel business to be brought about by recovery in travel demand that is expected to come in the future as Japan sees progress in vaccine inoculation.

Implementing a currently available measure to prevent infection, the Mori Trust Group has become one of the first to start workplace vaccination and began vaccinating employees of its group hotels, including hotels under management contracts, who wish to be vaccinated on June 21. Through such, the group aims to ensure safety and peace of mind of guests who come to use the hotel facilities.

In addition, we have implemented hygiene management programs developed based on unique standards set by brands, such as “Hilton CleanStay” for Hilton and “Marriott Commitment to Clean” for Marriott, mainly for international brand hotels. We aim to foster peace of mind among the guests and to also strengthen their trust in the brand in order for the hotels to be chosen when inbound tourism returns in the future. At international brand hotels, loyalty programs, including “Hilton Honors” and “Marriott Bonvoy,” have successfully attracted customers even during the COVID-19 pandemic, and thus we believe that we can demonstrate our superiority in this regard as well.

Furthermore, we have also worked to capture new demand under the COVID-19 pandemic by proactively marketing clean, hygienic environments created through introduction of Pure Wellness Rooms, a program that has been introduced at hotels around the globe to provide high-quality clean air environments. We believe that, by responding to changes in social needs brought about by changes in values under the COVID-19 pandemic, we will be able to provide added value even after the recovery of the performance of the hotel business and differentiate ourselves from others.

* MORI TRUST Hotel Reit’s website: <http://www.mt-hotelreit.jp/en/>

[Attachment 1]

Assumptions Underlying Forecast of Management Status for Fiscal Period Ending August 2021

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> - Fiscal period ending August 2021 (11th fiscal period): (from March 1, 2021 to August 31, 2021) (184 days)
Assets under Management	<ul style="list-style-type: none"> - The 5 properties owned by MORI TRUST Hotel Reit as of today. - The management status forecast is based on the assumption that there will be no change in the assets under management (acquisition of new property or disposal of portfolio property, etc.) other than the above through to the end of the fiscal period ending August 2021. - In actual practice, a change may arise due to the acquisition of new property or the disposition of portfolio property, etc.
Operating revenues	<ul style="list-style-type: none"> - Rental revenues, which are calculated on the basis of the lease agreements currently in force, taking into account such factors as market trends and property competitiveness, is expected to be 1,849 million yen in the fiscal period ending August 2021. - Rent included in rental revenues are calculated based on the following assumptions. Variable rent is calculated mainly on the basis of management results in the previous year by the method set out in the lease agreement of each property, taking into consideration factors for fluctuation such as recent hotel market conditions. <p>[Shangri-La Hotel, Tokyo]</p> <p>Variable rent in the fiscal period ending August 2021 (11th fiscal period): 362 million yen (Includes 11 million yen, the difference from the minimum annual guaranteed rent.)</p> <p>The variable rent for each month is amount calculated by multiplying the rent received from subtenant by tenant (hereinafter referred to as “subletting tenant rent” (see Note)) for a month three months before the month in question by 97%.</p> <p>(Note) “Subletting tenant rent” is calculated by multiplying total sales from the subtenant’s hotel operations by a certain percentage. The percentage is not disclosed as the consent of the subtenant has not been obtained.</p> <p>(Reference) Minimum annual guaranteed rent (from April each year to March the following year (see Note1)): 882,700,000 yen</p> <p>(Note1) If the total amount of subletting tenant rent for the period from January to December each year is less than 910,000,000 yen (including if subletting tenant rent is not paid due to vacation by the subletting tenant, etc.), rent is calculated on the basis that the subletting tenant rent for the period is 910,000,000 yen (910,000,000 yen × 97% = 882,700,000 yen), and the difference (shortfall) between this amount and the total amount of rent from April to March the following year is paid, together with the rent for March the following year, no later than the last day of February the following year.</p> <p>(Note2) There was a payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of February 2021 since the total amount of rent for the period from April 2020 to March 2021 did not reach 882,700,000, and there will be operating revenues of 11 million yen belonging to the fiscal period ending August 2021.</p>

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Item	Assumptions
Operating revenues	<p>[Hilton Odawara Resort & Spa]</p> <p>Variable rent in the fiscal period ending August 2021 (11th fiscal period): 159 million yen (Includes additional revenues of 2 million yen other than rent revenue which MORITRUST Hotel Reit receives from the lessee of Hilton Odawara Resort & Spa.)</p> <p>The monthly rent for March to August each year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel's base profit for the 12 months from January to December in the previous year is multiplied by 95%.</p> <p>The monthly rent for September each year to February in the following year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel's base profit for July in the previous year to June in the year in question is multiplied by 95%.</p> <p>(Note) "Base profit" refers to the amount obtained by the following formula.</p> <p style="padding-left: 40px;">Base profit = The profit that the lessee earns from operating the hotel – The expenses that the lessee incurs from operating the hotel (the lessee's insurance expenses, etc.).</p> <p>[Courtyard by Marriott Tokyo Station]</p> <p>Variable rent in the fiscal period ending August 2021 (11th fiscal period): 276 million yen (Includes 262 million yen, the difference from the minimum annual guaranteed rent.)</p> <p>The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for a month three months before the month in question by 90%.</p> <p>(Note) "Adjusted operating income by facility" refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel).</p> <p>(Reference) Minimum annual guaranteed rent (from October each year to September the following year (see Note1): 310,000,000 yen</p> <p>(Note1) If the total amount of rent for the period from October each year to September the following year is less than 310,000,000 yen, rent for the period in question is taken as 310,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.</p> <p>(Note 2) It is assumed that there will be a payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2021 since the total amount of rent for the period from October 2020 to September 2021 is not expected to exceed 310,000,000 yen, and that there will be operating revenues of 262 million yen belonging to the fiscal period ending August 2021.</p>

Item	Assumptions
Operating Revenues	<p>[Courtyard by Marriott Shin-Osaka Station]</p> <p>Variable rent in the fiscal period ending August 2021 (11th fiscal period): 397 million yen (Includes 385 million yen, the difference from the minimum annual guaranteed rent.)</p> <p>The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for a month three months before the month in question by 90%.</p> <p>(Note) “Adjusted operating income by facility” refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel). Only sales and expenses relating to the accommodation of general users of the hotel are included in the calculation of adjusted operating income by facility, in principle. Sales and expenses relating to the accommodation of guests who are members of Laforet Club of the tenant, MORI TRUST CO., LTD. food and beverages, parking facilities, etc. are not included.</p> <p>(Reference) Minimum annual guaranteed rent (from October each year to September the following year (see Note1): 460,000,000 yen</p> <p>(Note1) If the total amount of rent for the period from October each year to September the following year is less than 460,000,000 yen, rent for the period in question is taken as 460,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.</p> <p>(Note2) It is assumed that there will be a payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2021 since the total amount of rent for the period from October 2020 to September 2021 is not expected to exceed 460,000,000 yen, and that there will be operating revenues of 385 million yen belonging to the fiscal period ending August 2021.</p> <p>[Hotel Sunroute Plaza Shinjuku]</p> <p>Fixed rent in the fiscal period ending August 2021 (11th fiscal period): 652 million yen</p> <p>(Note) “Fixed rent” means rent that is paid in the same amount every month.</p> <p>(Reference) Annual fixed rent: 1,304,673,360 yen</p> <p>- Operating revenues are calculated based on the assumption that there will be no delinquent or unpaid rent by tenants, and that there will be no grace period for the payment of rent to the lessor or reduction of rent, etc. associated with the spread of the COVID-19 infection.</p>

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> - Of expenses related to property rental business, which constitute a major component of operating expenses, expenses other than depreciation, are calculated on the basis of historical data, taking into consideration factors causing fluctuations in expenses. It is expected to be 295 million yen in the fiscal period ending August 2021. - Property tax and city planning tax, etc. recognized as expenses in the fiscal year ending August 2021 are expected to be 277 million yen. - Building repairs and maintenance expenses are expected to be 10 million yen in the fiscal year ending August 2021. However, factors such as repairs possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses differing materially from the forecast amount. - Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc., is assumed to be 366 million yen in the fiscal period ending August 2021.
Non-operating expenses	<ul style="list-style-type: none"> - Interest expenses are expected to be 108 million yen in the fiscal period ending August 2021.
Loans	<ul style="list-style-type: none"> - MORI TRUST Hotel Reit's outstanding balance of interest-bearing liabilities as of today, is 53,975 million yen. - It is assumed that the outstanding balance of interest-bearing liabilities will be 53,975 million yen at the end of the fiscal period ending August 2021. - LTV is expected to be around 49.1% at the end of the fiscal period ending August 2021. - The following formula is used in the calculation of LTV, and LTV is rounded down to the nearest first decimal place. $\text{LTV} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$
Investment units	<ul style="list-style-type: none"> - The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 2021. - Distributions per unit (excluding distributions in excess of earnings) is calculated on the basis of the estimated number of investment units issued and outstanding at the end of the fiscal period ending August 2021, which is 500,000 units.
Distribution per unit	<ul style="list-style-type: none"> - Distributions per unit (excluding distributions in excess of earnings) is calculated based on the assumption of the policy for cash distribution set forth in the Articles of Incorporation of MORI TRUST Hotel Reit. - Distributions per unit (excluding total distributions in excess of earnings) may vary due to various factors, including changes in assets under management, fluctuation in rent income accompanying changes in tenants and other events, and the incurrence of unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> - There are no plans at this time to distribute any cash in excess of profit (distributions in excess of earnings per unit).

Item	Assumptions
Others	<ul style="list-style-type: none"> - The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, the listing regulations of the Tokyo Stock Exchange, etc., or rules of the Investment Trusts Association, Japan, etc. that will impact the forecast figures above. - The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.

