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For Immediate Release

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(Securities Code: 3478)

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Notice Concerning Revisions to Forecast of Management Status and Announcement of Forecast of Money  
Delivered due to Merger for Fiscal Period Ending February 2023

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) decided at a meeting of its Board of Directors held today to conduct an absorption-type merger with MORI TRUST Sogo Reit, Inc. (“MTR”) as the company surviving the absorption-type merger and MORI TRUST Hotel Reit as the company absorbed in the absorption-type merger effective as of March 1, 2023 (the “Merger”) as described in “Notice Concerning Execution of the Merger Agreement by and between MORI TRUST Sogo Reit, Inc. and MORI TRUST Hotel Reit, Inc.” announced today, and concluded a merger agreement (the “Merger Agreement”) today.

MORI TRUST Hotel Reit stated in the “Summary of Financial Results (REIT) for Fiscal Period Ended August 31, 2022” announced on October 20, 2022 that the forecast of management status for the fiscal period ending February 2023 (September 1, 2022 to February 28, 2023) had yet to be decided. However, with the conclusion of the Merger Agreement, MORI TRUST Hotel Reit will revise the forecast of management status for the fiscal period ending February 2023 (September 1, 2022 to February 28, 2023), which would be the final business period for MORI TRUST Hotel Reit if the merger of MORI TRUST Hotel Reit becomes effective, as well as announce the forecast of the money delivered due to the Merger that is scheduled to be paid as the money equivalent to cash distribution (distribution of profit) during the final business period as follows.

Disclaimer: This document is an English translation of a press release for public announcement concerning revisions to forecast of management status and announcement of forecast of money delivered due to merger for fiscal period ending February 2023, and has not been prepared for the purpose of solicitation of investment.

Details

1. Revisions to Management Status Forecast and Announcement of Forecast of Money Delivered due to Merger for Fiscal Period Ending February 2023 (September 1, 2022 to February 28, 2023)

	Operating Revenue million yen	Operating Income million yen	Ordinary Income million yen	Net Income million yen	Money Delivered Due to Merger per Unit yen
Revised forecast for the fiscal period ending February 2023	1,703	897	672	671	1,342

(Reference)

Fiscal period ending February 2023

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

Forecast net income per unit: 1,342 yen

(Note 1) Under the assumption that the Merger will become effective, the forecast of management status for fiscal period ending February 2023 represents the current figures calculated based on the assumptions stated in Attachment 1 “Assumptions Underlying Forecast of Management Status and Money Delivered due to Merger for Fiscal Period Ending February 2023.” Accordingly, the actual operating revenues, operating income, ordinary income, net income and the money delivered due to the Merger per unit 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 the money delivered due to the Merger.

(Note 2) After the Merger, MTR, which is the company surviving the absorption-type merger, is scheduled to pay to MORI TRUST Hotel Reit’s unitholders (unitholders stated or registered in MORI TRUST Hotel Reit’s final unitholders’ registry on the day before the effective date of the Merger (excluding MTR, MORI TRUST Hotel Reit and MORI TRUST Hotel Reit’s unitholders who demand the purchase of investment units held by them based on the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) (other than those who withdraw the demand for purchase), the “Unitholders subject to allocation”) the money delivered due to the Merger that matches the amount of cash distribution during the final business period (the amount obtained by dividing the amount of distributable profits of MORI TRUST Hotel Reit on the day before the effective date of the Merger by the number of investment units remaining after deducting the number of investment units held by unitholders other than the unitholders subject to allocation from the total number of investment units issued and outstanding on the day before the effective date of the Merger (rounded down to the nearest yen)) within a reasonable period following the effective date of the Merger as the money equivalent to cash distribution (distribution of profit) for the final business period of MORI TRUST Hotel Reit which will end on the day before the effective date of the Merger. Therefore, the amount of money delivered due to the Merger will vary according to the exercise status of the right to demand the purchase of investment units. Moreover, the above forecast figures are based on the assumption that the right to demand the purchase of investment units will not be exercised as the exercise status has been left undetermined as of now.

(Note 3) The forecast may be revised in the event discrepancies exceeding a certain level from the forecast above are expected.

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(Note 4) Figures are rounded down to the nearest specified unit.

(Reference)

Previously released forecast for the fiscal period ending February 2023 and results for the fiscal period ended February 2022 announced in “Summary of Financial Results (REIT) for Fiscal Period Ended August 31, 2022” dated October 20, 2022.

	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 for the fiscal period ending February 2023	TBD	TBD	TBD	TBD	TBD	—
(Reference) Results for the fiscal period ended February 2022	1,423	644	531	530	1,061	—

## 2. Reasons for the Revisions

The management status forecast for the fiscal period ending February 2023 (September 1, 2022 to February 28, 2023) was left undetermined at the time of the announcement of “Summary of Financial Results (REIT) for Fiscal Period Ended August 31, 2022” dated October 20, 2022, 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.

MORI TRUST Hotel Reit decided at a meeting of its Board of Directors held today to conduct an absorption-type merger with MORI TRUST Sogo Reit as the company surviving the absorption-type merger and MORI TRUST Hotel Reit as the company absorbed in the absorption-type merger effective as of March 1, 2023, and concluded a merger agreement today. As a result, temporary expenses related to the Merger are expected to be recorded, and as the hotel operation status of each property has roughly been learned for October 2022 and the amount of rent MORI TRUST Hotel Reit will receive in the fiscal period ending February 2023 has been forecast, including the difference (shortfall) from the minimum annual guaranteed rent for Shangri-La Tokyo to be paid in the fiscal period ending February 2023, the rational calculation of performance forecast was made possible. Therefore, the management status forecast has been revised based on the newly calculated performance forecast and the forecast of the money delivered due to the merger that is scheduled to be paid as the money equivalent to cash distribution (distribution of profit) during the final business period has been announced.

In the revisions to the forecast of management status and the announcement of the forecast of money delivered due to the Merger for the fiscal period ending February 2023 (September 1, 2022 to February 28, 2023), the current forecasts made based on the assumption that the proposal regarding the approval of the Merger Agreement will be approved and passed at MORI TRUST Hotel Reit’s general meeting of unitholders scheduled to be held on January 31, 2023 are shown. For the forecasts of the management status and distribution per unit of MTR, which is the

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company surviving the absorption-type merger, please refer to “Notice of Forecasts of the Operating Results and Distributions for Fiscal Period ending August 31, 2023 Following the Merger of MORI TRUST Sogo Reit, Inc. and MORI TRUST Hotel Reit, Inc.” announced today by MTR and MORI TRUST Hotel Reit.

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 February 2023 (“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 February 2023 (“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 14 of “13th Fiscal Period Operating Results & Presentation (March 1, 2022 – August 31, 2022).”

(Reference)

Rent calculation base month and Rent calculation base month for minimum guaranteed rents of each property for the fiscal period ending February 2023 (September 1, 2022 to February 28, 2023)

Property name (Note)	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	May 2022 to October 2022	December 2021 to November 2022
Hilton Odawara	Variable rent (Rent varies each fiscal period*) *The monthly amount is fixed during a fiscal period	July 2021 to June 2022	-
Courtyard Tokyo	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	June 2022 to November 2022	July 2021 to June 2022
Courtyard Shin-Osaka	Variable rent (Rent varies monthly) With minimum annual guaranteed rent	June 2022 to November 2022	July 2021 to June 2022
Sunroute	Fixed rent	-	-

(Note) Property names may be abbreviated as below:

Property name	Abbreviation
Shangri-La Tokyo	Shangri-La
Hilton Odawara Resort & Spa	Hilton Odawara
Courtyard by Marriott Tokyo Station	Courtyard Tokyo
Courtyard by Marriott Shin-Osaka Station	Courtyard Shin-Osaka
Hotel Sunroute Plaza Shinjuku	Sunroute

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

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[Attachment 1]

**Assumptions Underlying Forecast of Management Status and Money Delivered due to Merger for Fiscal Period Ending February 2023**

Item	Assumptions
Calculation Period	<ul style="list-style-type: none"> <li>- Fiscal period ending February 2023 (14th fiscal period): (from September 1, 2022 to February 28, 2023) (181 days)</li> </ul>
Assets under Management	<ul style="list-style-type: none"> <li>- The 5 properties owned by MORI TRUST Hotel Reit as of today.</li> <li>- 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 February 2023.</li> <li>- In actual practice, a change may arise due to the acquisition of new property or the disposition of portfolio property, etc.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>- 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 1,703 million yen in the fiscal period ending February 2023.</li> <li>- 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.</li> </ul> <p>[Shangri-La Tokyo]</p> <p>Variable rent in the fiscal period ending February 2023 (14th fiscal period): 562 million yen</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” (Note)) for a month three months before the month in question by 97%.</p> <p>(Note) “Subletting tenant rent” is calculated by multiplying total revenue 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 (Note)): 882,700,000 yen</p> <p>(Note) 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>

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Item	Assumptions
Operating revenues	<p>[Hilton Odawara Resort &amp; Spa]</p> <p>Variable rent in the fiscal period ending February 2023 (14th fiscal period): 187 million yen (Includes additional revenues of 2 million yen other than rent revenue which MORI TRUST Hotel Reit receives from the lessee of Hilton Odawara Resort &amp; 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 February 2023 (14th fiscal period): 160 million yen (Includes 21 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 (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 (Note 1): 310,000,000 yen</p> <p>(Note 1) If the total amount of rent (which is the rent for the entire property including the portion attributable to the quasi-co-owner MORI TRUST CO., LTD. The same applies hereinafter to the property.) 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. The difference from the minimum guaranteed rent includes the portion attributable to the quasi-co-owner MORI TRUST CO., LTD. Only 93.5%, which is the quasi co-ownership interest in the property, of the entire difference from the minimum guaranteed rent is recorded as operating income of MORI TRUST Hotel Reit.</p>

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Item	Assumptions
Operating Revenues	<p>(Note 2) There was a payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2022 since the total amount of rent for the period from October 2021 to September 2022 did not reach 310,000,000 yen, and there will be operating revenues of 21 million yen belonging to the fiscal period ending February 2023.</p> <p>[Courtyard by Marriott Shin-Osaka Station]  Variable rent in the fiscal period ending February 2023 (14th fiscal period): 139 million yen (Includes 34 million yen, the difference from the minimum annual guaranteed rent.)  The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (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 (Note 1): 460,000,000 yen</p> <p>(Note 1) 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>(Note 2) There was a payment of difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent at the end of August 2022 since the total amount of rent for the period from October 2021 to September 2022 did not reach 460,000,000 yen, and there will be operating revenues of 34 million yen belonging to the fiscal period ending February 2023.</p> <p>[Hotel Sunroute Plaza Shinjuku]  Fixed rent in the fiscal period ending February 2023 (14th fiscal period): 653 million yen (Includes additional revenues of 1 million yen other than rent revenue which MORI TRUST Hotel Reit receives from the lessee of Hotel Sunroute Plaza Shinjuku)</p> <p>(Note) “Fixed rent” means rent that is paid in the same amount every month.</p>

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Item	Assumptions
Operating Revenues	<p>(Reference) Annual fixed rent (rent revenue which MORI TRUST Hotel Reit receives from the lessee of Hotel Sunroute Plaza Shinjuku): 1,304,673,360 yen</p> <ul style="list-style-type: none"> <li>- Operating revenues are calculated based on the assumption that there will be no delinquent or unpaid rent by the lessor, 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.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>- 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 302 million yen in the fiscal period ending February 2023.</li> <li>- Property tax and city planning tax, etc. recognized as expenses in the fiscal year ending February 2023 are expected to be 281 million yen.</li> <li>- Building repairs and maintenance expenses are expected to be 13 million yen in the fiscal year ending February 2023. 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.</li> <li>- Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc., is assumed to be 372 million yen in the fiscal period ending February 2023.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>- Interest expenses are expected to be 126 million yen in the fiscal period ending February 2023.</li> <li>- Temporary expenses for the Merger are expected to be 98 million yen.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>- MORI TRUST Hotel Reit's outstanding balance of interest-bearing liabilities as of today, is 53,975 million yen.</li> <li>- 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 February 2023.</li> <li>- LTV is expected to be around 49.1% at the end of the fiscal period ending February 2023.</li> <li>- The following formula is used in the calculation of LTV, and LTV is rounded down to the nearest first decimal place.</li> </ul> $\text{LTV} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$
Investment units	<ul style="list-style-type: none"> <li>- 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 February 2023.</li> <li>- The money delivered due to the Merger per unit is calculated on the basis of the estimated number of investment units issued and outstanding at the end of the fiscal period ending February 2023, which is 500,000 units.</li> </ul>

Item	Assumptions
Money delivered due to merger per unit	<ul style="list-style-type: none"> <li>- The money delivered due to the Merger (the money delivered due to the Merger per unit) is scheduled to be paid as the money equivalent to cash distribution (distribution of profit) during the fiscal period ending February 2023, which would be the final business period for MORI TRUST Hotel Reit, and calculated based on the assumption of the policy for cash distribution set forth in the Certificate of Incorporation of MORI TRUST Hotel Reit.</li> <li>- The money delivered due to the Merger per unit may vary due to various factors, including the exercise status of the right to demand the purchase of investment units pertaining to the Merger, changes in assets under management, fluctuation in rent income accompanying changes in tenants and other events, and the incurrence of unexpected repairs.</li> </ul>
Others	<ul style="list-style-type: none"> <li>- 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.</li> <li>- The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.</li> </ul>

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