



Sustainability Report

MORI TRUST Hotel Reit, Inc.

(Asset Management Company)

MORI TRUST Asset Management Co., LTD.

December 2021

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1. About MORI TRUST Hotel Reit, Inc.

■ Overview of MORI TRUST Hotel Reit, Inc.

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) is a hotel-focused REIT that aims to achieve medium- to long-term growth by leveraging the development capabilities of MORI TRUST CO., LTD. and the hotel operation and management capabilities of MORI TRUST HOTELS & RESORTS CO., LTD., both of which are sponsors of MORI TRUST Hotel Reit.

MORI TRUST Hotel Reit was listed on the Tokyo Stock Exchange’s market for real estate investment trusts (J-REIT market) in 2017 and has since achieved steady growth by investing in carefully selected properties that will contribute to stable operations over the medium and long term.

Name of Investment Corporation	MORI TRUST Hotel Reit, Inc.
Address	3-1 Toranomom 4-chome, Minato-ku, Tokyo
Representative	Amane Sakamoto, Executive Director
Date of foundation	January 15, 2016
Date of listing	February 7, 2017
Portfolio	Hotels
Securities Code	3478
Fiscal period end	February and August

Features of MORI TRUST Hotel Reit

1 Focused Investment in Hotel assets with “Asset Quality” “Stability” “Growth Potential”

- Investment in competitive, high-quality hotels with a focus on international hotel brands
- Emphasis on intrinsic real estate value such as location and building grade

2 Growth strategies that maximizes the support of MORI TRUST Group

- Utilization of MORI TRUST Group’s development and hotel operation/management capabilities
- Valid agreements concluded with MORI TRUST Group to provide real estate information, etc

3 Sound, stable financial management

- Mitigation of refinancing risks through the best mix, etc of short-term and long-term loans
- LTV control to increase unitholder value (aiming for maximum 50% in normal time)

MORI TRUST Hotel Reit’s Organization Chart

Please refer to the governance section of this report for MORI TRUST Hotel Reit’s organization chart and structure.

2. MORI TRUST Hotel Reit's ESG Initiatives

■ Sustainability Policy and Framework for Promoting Sustainability

As MORI TRUST Hotel Reit's asset management company, we, MORI TRUST Asset Management Co., Ltd. (the "Asset Management Company") recognize that efforts to improve sustainability such as environmental consideration, contribution to society and strengthening corporate governance though our asset management operations are essential for growing unitholders' value in the mid-to-long term. We hereby establish the "Sustainability Policy" and aim to implement it.

Sustainability Policy

(1) Promoting energy saving and GHGs emissions reduction

In our asset management operations, we make efforts to reduce CO2 emissions through energy conservation by promoting efficient energy use at our assets under management as well as introducing equipment and facilities that contribute to energy conservation and low carbonization.

(2) Contributing to recycle-oriented society

We strive to contribute to realizing sustainable recycle-oriented society through implementing measures to make effective use of limited resources, such as water saving and "3Rs" for reducing wastes, i.e., reduce, reuse, recycle.

(3) Streamlining internal management system and strengthening compliance

We establish internal management system to effectively promote initiatives based on this policy and strictly comply with laws and regulations including environmental and social matters. In addition, we promote sustainability initiatives by improving employees' awareness and performance by continually implementing educational and awareness-raising activities focused on environment, society, and governance (ESG).

(4) Promoting health and comforty

We conduct asset management that seeks improvement in health, safety, and comfort of tenants and facility users. Furthermore, valuing each and every employee, we strive to create a working environment that is healthy and conducive to work and enables each person to demonstrate his/her skills to their full extent.

(5) Responding to climate change and improving resilience

We identify and evaluate risks and opportunities that arise from climate change and reflect them in our asset management operations, and by doing so, promote initiatives for adapting to and mitigating climate change to respond to risks and opportunities.

(6) Collaborating with external stakeholders












We make efforts to contribute to reducing environmental impact of our assets under management, improving tenants' satisfaction and developing sustainable local communities through engaging and collaborating with external stakeholders such as our tenants/occupiers, suppliers (e.g. property management companies) and local communities.

(7) Disclosing ESG information

We strive to proactively disclose ESG information such as this policy and status of sustainability initiatives to build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers.

■ Relevance to materiality and the SDGs

We identify issues, taking into consideration recognized issues in the REIT sector, external organizations' ESG evaluations, current social trends and other factors, and then evaluate materiality from MORI TRUST Hotel Reit's perspectives by factoring in the main initiatives advanced by MORI TRUST Hotel Reit as well as the importance and priority of these initiatives. In addition, we seek to contribute to the achievement of the Sustainable Development Goals (SDGs) through the implementation of these materiality-linked initiatives.

Field	Materiality	Main actions	Relevance to the SDGs	
E (Environment)	Responding to climate change and improving resilience (Saving energy and reducing greenhouse gas (GHG) emissions)	・Operation of the environment management system ・Establishment of environmental performance goals and disclosure of results ・Reduction of waste (use of paper straws, discontinuation of individually packaged shampoo, reduction of food loss, etc.) ・Introduction of highly energy-efficient equipment such as LED lighting, air-conditioning systems and kitchen equipment ・Introduction of green leases ・ESG surveys, etc. to monitor activities of partners such as property management companies	7 AFFORDABLE AND CLEAN ENERGY 	11 SUSTAINABLE CITIES AND COMMUNITIES 
	Contributing to a recycling-oriented society (Saving water, reducing waste, and so on)		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 
	Reducing environmental load of buildings through collaboration with tenants and suppliers		14 LIFE BELOW WATER 	
S (Society)	Promoting the health and comfort of hotel users and operators	・Initiatives for hotel users (increased comfort, measures to prevent COVID-19 infection, introduction of Pure wellness rooms, etc.) ・Initiatives for hotel operators (questionnaires, regular meetings, etc)	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 
	Creating comfortable workplace environments for employees	・Support for the acquisition of qualifications and the payment of expenses for employees participating in training programs and/or taking examinations to improve the skills that are required in their operations ・Participation in sponsors' human resource programs ・Introduction of personnel systems that enable employees to work in comfortable environments	8 DECENT WORK AND ECONOMIC GROWTH 	11 SUSTAINABLE CITIES AND COMMUNITIES 
	Contributing to local areas and communities	・Cooperation in a decarbonized regional transportation model through EV car sharing ・Organization and participation in local events (hold charity events, participate in EDO ART EXPO, etc.) ・Participation in "EARTH HOUR2021", a global event organized by the World Wide Fund for Nature (WWF) ・Local volunteer activities by hotel operators (cleanups around stations, food distribution via food banks, etc.)	17 PARTNERSHIPS FOR THE GOALS 	
G (Governance)	Ensuring full-scale implementation of compliance and risk management	・Establishment of a system to facilitate compliance (multi-layered system to facilitate compliance with laws and regulations through the leadership of Compliance Officers and the establishment and operation of a compliance committee, and regular implementation of compliance training programs) ・Proper control of any conflict of interest (establishment of a policy and approval by outside committee members through multiple discussions regarding transactions with parties who have an interest in the company) ・Timely and proper disclosure of information to stakeholders ・Provision of information requiring timely disclosure, information on financial results, information on properties owned, progress in ESG initiatives, information on distribution, etc.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	
	Initiatives for the disclosure of ESG information			

■ Meeting for Promotion of Sustainability

Meetings for promotion of sustainability are held regularly to ensure that Sustainability Policy is implemented and the sustainability goals are achieved.

(Attendees)

- President & Director (Chief Officer with the authority to make final decisions on matters related to the promotion of sustainability)
- Other Directors
- General Managers of the Strategic Management Departments and Investment Departments of the Management Divisions (Operating Officers of matters related to the promotion of sustainability)
- General Manager of the Planning & Finance Department
- Compliance Officer
- Other members whose attendance is considered necessary by operating officers

(Details of discussions and reports, frequency of meetings and examination process)

At meetings for promotion of sustainability, policies regarding sustainability are established, revised or abolished, and a range of measures that should be taken in line with the Sustainability Policy are discussed and reported.

Meetings for promotion of sustainability are held four times a year. We are working on continuous improvement through the repetition of the PDCA cycle, including the examination and planning of measures, the reporting and evaluation of progress, the analysis of results, and the examination and planning of improvement measures.

Matters discussed at the meetings for promotion of sustainability are to be decided upon and implemented according to the asset management company's Rules Regarding Administrative Authorities.

■ Employee training on sustainability

To spread the awareness of sustainability among employees, employee training on sustainability is provided periodically by inviting outside consulting companies as part of the environmental educational and awareness-raising activities.

■ Information Disclosure and Communication

To build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers, the Asset Management Company widely disseminates information about our sustainability policy and the status of sustainability initiatives through MORI TRUST Hotel Reit's financial results presentation materials, asset management reports, its website and press releases.

■ Stakeholder Engagement

The Asset Management Company recognizes that it is important to build good relationships with stakeholders such as customers and suppliers, the unitholders of investment corporations, local communities and employees. We have, therefore, adopted the corporate philosophy set out below and implement this in order to build good relationships with stakeholders, provide higher quality real estate management, increase added value and contribute to social and economic development.

Corporate Philosophy

The Asset Management Company was founded as a member of MORI TRUST Group for the purpose of managing the assets of real estate investment corporations. The inclusion of "Trust" in our company name conveys the idea that we serve society and are mandated by society to manage assets over the long term. We are, therefore, required to conduct business based on the fundamental management principles of providing high quality real estate management, increasing added value and contributing to social and economic development.

The concept of "Trust" is expressed more concretely in the following four qualities, which form our corporate philosophy.

Reliability	Trust between the trustor and trustee will form the basis of everything we do.
Continuity	We will prove ourselves worthy of the trust placed in us by operating and managing assets over the long run.
Benefit sharing	We will share any profits generated with society and stakeholders for our mutual development.
Social nature	We will contribute to society by conducting socially beneficial business activities.

Furthermore, the Asset Management Company has adopted four basic management principles for realizing this management philosophy: "Growth potential," "Profitability," "Stability" and "Transparency." Striking a balance between these requirements, we endeavor to achieve enduring corporate management in order to prove ourselves worthy of society's mandate and to live up to the expectations and trust of our shareholders, employees and other stakeholders.

To endure and survive as a company, above all else, it is essential to build a compliance structure based on high ethical standards and to ensure compliance. We are committed to doing this based on the strong awareness that it is imperative for us to conduct our day to day operations in strict compliance not only with laws and regulations but also with social norms and internal rules.

■ GRESB Real Estate Assessment

GRESB Real Estate Assessment is an annual benchmarking assessment founded by a group of major European pension funds to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds. The assessment is used by major institutional investors in Europe, the United States and Asia for selecting investment destinations and engaging with investees.

In the 2021 GRESB Real Estate Assessment, MORI TRUST Hotel Reit received “3 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won “Green Star” designation by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.



MORI TRUST Hotel Reit received the highest “A level” for the five-grade GRESB Public Disclosure, which assesses the width of ESG disclosure practices in connection with environmental and sustainability initiatives.



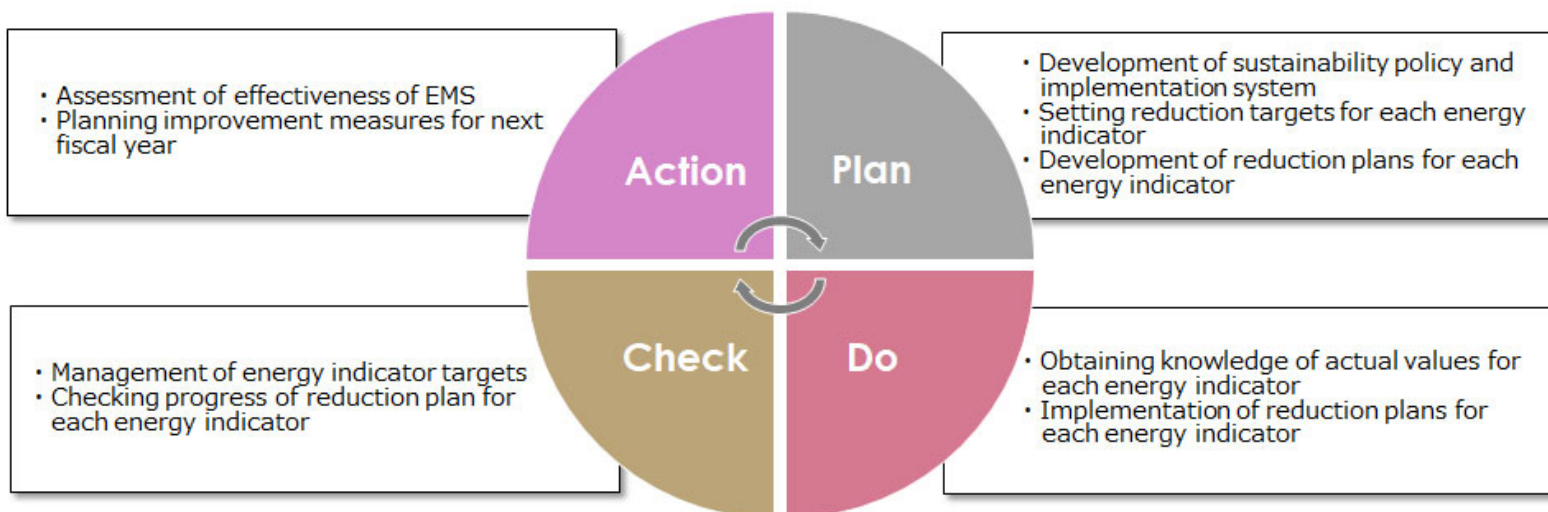
3. Environmental Initiatives

The Asset Management Company is working to reduce the environmental impact of the portfolio of properties held by MORI TRUST Hotel Reit in accordance with “Promoting energy saving and GHGs emission reduction” , “Contributing to recycle-oriented society” and “Responding to climate change and improving resilience” which form part of its sustainability policy.

■ Environmental management system (EMS)

MORI TRUST Hotel Reit’s asset management company has built an environmental management system to promote energy saving, reduction of greenhouse gas (GHG) emissions, and effective use of resources.

MORI TRUST Hotel Reit’s asset management company sets targets for energy consumption, GHG emissions, water consumption, and amount of waste generation, observes the results, carries out plan-and-result management, and takes measures to contribute to the creation of a sustainable recycling society through the reduction of the environmental burden.



■ Environmental Performance Data

Environmental Performance Targets

The Asset Management Company has set reduction targets for total energy consumption, GHG emissions, water consumption and waste generation across the portfolio, as shown below.

	Short Term	Medium-to-long term (For 5 years from 2019)
Energy	Annual average reduction of 1% in intensity throughout period covered by medium-to-long term target	5% reduction in intensity from baseline
GHG		
Water	Maintain previous year's level	Maintenance of status quo
Waste		

* Energy: Electricity, gas, fuel, DHC, etc./Water: Water supply and recycled water

* Baseline: The actual values in 2018

* Intensity is consumption rate or emissions rate per unit leased area.

Environmental Performance Data

		2018 (Baseline)	2019	2020	Increase/Decrease (from baseline)
Energy	Consumption (MWh)	31,023	29,188	20,955	-
	Consumption intensity (MWh/m ²)	0.349	0.329	0.236	-32.5%
GHG	Emissions (t-CO ₂)	11,444	10,285	7,261	-
	Emissions intensity (t-CO ₂ /m ²)	0.129	0.116	0.082	-36.6%
Water	Consumption (m ³)	306,996	280,465	143,644	-
	Consumption intensity (m ³ /m ²)	3.457	3.158	1.617	-53.2%
Waste	Waste generation (t)	1,169	1,119	415	-
	Waste generation intensity (t/m ²)	0.013	0.013	0.005	-64.5%

* Aggregation period is one year from April 1 each year to March 31 of the following year.

* Above values for each year are actual consumption data from the same five properties owned as of the end of February 2021, so that they indicate both absolute and like-for-like data of the entire portfolio.

■ Upgrading of equipment and installation of LED lighting

MORI TRUST Hotel Reit is moving forward with energy-saving activities aimed at reducing our environmental load, such as upgrading to highly energy-efficient air-conditioning systems and kitchen equipment and installing LED lighting in guest rooms and common areas.



upgrading of air-conditioning systems
(Courtyard by Marriott Shin-Osaka Station)



upgrading of kitchen equipment
(Hilton Odawara Resort & Spa)

■ ESG Awareness-Raising in Backyards

The hotel operator of Courtyard by Marriott Tokyo Station educates hotel employees on energy conservation and other ESG issues, for example displaying posters in the backyard.



Posters in cargo elevator hall and inside elevator to raise sustainability awareness

■ Site greening

At KYOBASHI TRUST TOWER (Courtyard by Marriott Tokyo Station), abundant greenery has been arranged along the approach on the Tokyo Station side and on the rooftop, etc. Approximately 50% of the open spaces is greened (excluding the pilotis area).

In addition, MARUNOUCHI TRUST TOWER (Shangri-La Hotel, Tokyo) plants trees outside to mitigate the heat island effect and reduce CO2 emissions (greened area: approximately 1,650 m²).

■ Water Reuse

Some portfolio properties such as MARUNOUCHI TRUST TOWER reuse hotel wastewater as grey water.

■ Waste Reduction

Hotel operators are striving to reduce waste and be environmentally conscious by using paper straws, discontinuing the use of individually packaged shampoo and reducing food loss at the hotels we manage.

■ Properly Dealing with Environmental Issues such as Contamination

When acquiring real estate, assessing beforehand whether there are harmful substances such as PCBs or asbestos, soil contamination or other environmental issues is an integral part of the process.

We deal with any issues with real estate held such as the presence of harmful substances through appropriate measures, management or treatment in accordance with laws and regulations.

■ Introduction of green lease

MORI TRUST Hotel Reit concluded a memorandum for a green lease for the purpose of reducing the environmental burden with the tenants of some of the properties it held. Information sharing about electricity, gas and water consumption and discussions on the improvement of environmental performance will be conducted on a regular basis.

■ Investment in properties with higher environmental performance

MORI TRUST Hotel Reit conducts risk evaluation and obtains engineering reports, etc. when acquiring properties.

The below property has been recognized by a third party as a property with high environmental performance.

KYOBASHI TRUST TOWER (Courtyard by Marriott Tokyo Station)



東京都省エネルギー性能評価書制度
最高ランクAAAを取得

Acquired the highest rating of AAA in Tokyo Metropolitan Government's Energy Performance Certificate Program with achievement of "ERR(Energy Reduction Ratio) 35.24%" and "PAL (Perimeter Annual Load) reduction rate 27.98%" in the hotel area.

The "Tokyo Metropolitan Government's Energy Performance Certificate Program" is a system by which energy performance of a building is evaluated based on the description in the building environment plans submitted to the Tokyo Metropolitan Government by the construction contractor.

4. Social Initiatives

The Asset Management Company aims to help improve hotel users and hotel operators satisfaction and contribute to the sustainable development of local communities by building good relationships with external stakeholders related to the real estate MTH holds and cooperating and collaborating with them in accordance with the “collaborating with external stakeholders” of its sustainability policy.

■ Initiatives for Hotel users

Hotel user comfort initiatives

In cooperation with hotel operators and property management companies, we are responding to new customer needs such as converting some guest rooms into working spaces, while also implementing initiatives for health, safety and hygiene, barrier-free access, etc.

COVID-19 Prevention Measures

Each hotel is taking measures to prevent COVID-19 infection based on hygiene management programs formulated by each hotel chain. For example, Courtyard by Marriott Shin-Osaka Station is implementing the following measures.

【Public Space Measures】

- Installation of hand disinfectant
- Reinforcement of regular disinfection
- Social distancing
- Masks when serving customers
- Regular ventilation
- Change in how food is served

【Staff Measures】

- Masks and hand sanitization before and after work
- Physical condition checks
- Encouragement of hand washing, gargling, and coughing etiquette
- Increased hand sanitizers in back areas
- Hand washing/sanitization every 20 minutes for service staff
- No necessary business trips or overseas travel

Introduction of Pure wellness rooms

In response to social needs amid the COVID-19 pandemic, in addition to measures taken by each hotel, Hilton Odawara Resort & Spa, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station have made some guest rooms “Pure wellness rooms” which provide a high-quality clean air environment and have been introduced in hotels around the world.

■ Initiatives for Hotel operators

Questionnaires, regular meetings

We periodically give property management questionnaires to our hotel operators. The results are shared with building management companies, etc and used to improve the operation and management of portfolio properties.

In addition, we meet regularly with hotel operators, aiming to optimize hotel operation through hotel staff feedback.

■ Initiatives for local communities

Centering on hotels operated by the sponsor company, we have participated in/supported community events and organized community clean-up campaigns as contribution to local communities.

Cooperation in a decarbonized regional transportation model through EV car sharing

Hilton Odawara Resort & Spa installed a station for eemo, an eco-friendly electric vehicle car-sharing service. The eemo service supports not only transportation but the community by running mainly on locally generated electricity in normal times and serving as emergency power sources during disasters.



eemo Station
(Hilton Odawara Resort & Spa)

Organization and Participation in local events

Hilton Odawara Resort & Spa organizes “Christmas Train” as a charity event every year, in 2020, part of the sponsorship money was donated to each elementary and junior high school in Odawara City as well as orphanages, their supporting NPOs and elderly welfare facilities. In addition, the Courtyard by Marriott Tokyo Station participated in the EDO ART EXPO, a local event.



Hold a charity event "Christmas Train"
(Hilton Odawara Resort & Spa)



Participated in local event “EDO ART EXPO”
(Courtyard by Marriott Tokyo Station)

Participation in “EARTH HOUR2021”,

Courtyard by Marriott Shin-Osaka Station and Hilton Odawara Resort & Spa participated in EARTH HOUR 2021, a global event organized by WWF (World Wide Fund for Nature) to demonstrate the will to prevent global warming.

Local volunteer activities

Hilton Odawara Resort & Spa carried out the following local volunteer activities.

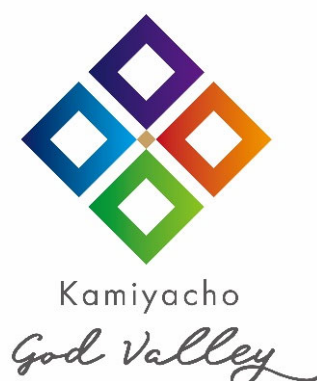
- Cleanups on the road from the nearby train station to the hotel
- Food bank distribution to single-parent families in Odawara City five times a year
- Material support for areas affected by the Atami-Izusan landslide

■ Initiatives for local communities (MORI TRUST CO., LTD.)

*The Asset Management Company are comprised of personnel seconded from MORI TRUST CO., LTD.

Our sponsor MORI TRUST CO., LTD. has formulated the Kamiyacho God Valley Vision as its vision for new urban development in the Kamiyacho area of Toranomom in Minato Ward, which is being development as a new international hub of Tokyo.

Through initiatives such as the promotion of the SDGs in urban development, the creation of areas that will encourage creativity, the adoption of the technologies of the future and next-generation services, the formation of a diverse community and the staging of collaborative events in the area, MORI TRUST CO., LTD. is working with the people of Kamiyacho to create the future.



SDGs ~Realization of a Sustainable Society

Our sponsor has adopted the SDGs-realization of a sustainable society, as one of the four pillars for achievement of its Kamiyacho God Valley vision and, through initiatives with individual companies and groups for achievement of the SDGs, it is pushing ahead with urban development in each area and collaborating with local stakeholders to solve social issues.



For further details on the Kamiyacho God Valley Vision, please visit the URL below.
https://www.mori-trust.co.jp/co-creation/area_kamiyacho.html (Japanese only)

■ Initiatives for Employees (Asset Management Company)

In accordance with the provisions of the Act on Investment Trusts and Investment Corporations, MORI TRUST Hotel Reit is not allowed to recruit employees and the officers and staff of the Asset Management Company are responsible for its operation to all intents and purposes. Entrusted with asset management by MORI TRUST Hotel Reit, the Asset Management Company develops human resources through initiatives such as those shown below in order to achieve a high level of asset management.

The Asset Management Company's Employee Training

The Asset Management Company bears the cost of participation in training and examinations and other activities to support employees in gaining qualifications and developing necessary business skills in order to improve their professional skills.

The Asset Management Company's employees also take part in diverse human resource development programs prepared by MORI TRUST CO., LTD. which is the Asset Management Company's sponsor.

Sponsor's Human Resource Development Programs

1 MT TALK

As a means of creating company-wide change and reform, all employees reflect seriously on the future vision of MORI TRUST and engage in lively debates and communications on its ideal form.

2 MT ACADEMY

Graded training programs, global training programs dedicated career advancement programs for female staff, MORI TRUST holds regular training sessions and workshops related to new business knowledge and techniques. These training sessions provide opportunities for mutual stimulation and promote the growth of each and every employee.

3 MT SOCIAL MEETING

An opportunity for various employees from different departments to meet together and communicate across departments to share information and better understand each other.

4 MT MEETUP FUTURE

By the periodical holding of the lecture of the well-informed people such as executives or the researchers playing an active part in various fields, we stimulate the creative idea beyond the frame of the business.

Training Program

Officers and employees are regularly provided with training on themes such as sustainability, compliance and protection of personal information.

Personnel Evaluation and Feedback

We conducts performance evaluations and reviews of all employees on a regular basis. Through regular appraisal and feedback, we accelerate employees' career development and build a transparent personnel evaluation framework.

Creation of Comfortable and Healthy Workplace Environment

We endeavor to create a healthy and comfortable workplace environment where employees can reach their full potential.

(Specific examples)

- Leave and work restriction systems for maternal health management (special leave, restriction of overtime and holiday work)
- Spouse's childbirth leave system
- Maternity leave system
- Childcare leave system
- Childcare time system (short working hour system, slide work system, restriction of overtime and holiday work)
- Response to COVID-19
 - Implementation of work from home (with the recommendation of commuting outside rush hour if it is necessary to come to the office)
 - Implementation of infection prevention measures (alcohol disinfectant and face masks are always in stock at offices)
 - Shift to online meetings, etc.
- Child nursing care leave system
- Family care leave system
- Congratulation and condolence allowance system
- Mental health support
- Periodic health examinations
- Use of Group hotels by members
- Hourly leave system, etc.

Implementation of employee satisfaction surveys

The Asset Management Company conducts an employee satisfaction survey every year. It respects each employee and has been working on the provision of healthy and comfortable workplace environments to ensure that all employees are able to fully demonstrate their capabilities.

Scheme for listening to complaints

We listen carefully to the complaints and frustrations of our employees in each workplace and take appropriate steps through the whistleblowing system that is available to all its officers and employees (including temporary employees, contract employees, and employees on loan or dispatched from other companies). We take measures to ensure that no whistleblowers suffers retaliatory dismissal, disciplinary measures, or other detrimental treatment because of their whistleblowing.

Human Resources with High levels of Expertise

We seek to achieve even more sophisticated asset management operations by accepting human resources with extensive experience and high levels of expertise from our sponsor and the sponsor group and leveraging their specialist skills.

Respect for Human Rights

Our internal rules prohibit all acts that could be construed as discrimination on the grounds of gender, age, nationality, race, ethnicity, creed, religion, social identity, physical disability or other differences or as sexual harassment and power harassment. We aim to create a workplace environment where the rights and personality of the individual are respected, and diverse human resources can thrive.

■ Initiatives for Employees (MORI TRUST CO., LTD.)

*The Asset Management Company are comprised of personnel seconded from MORI TRUST CO., LTD.

MORI TRUST, the sponsor of the Asset Management Company, considers the work-life balance of its employees to help maximize each employee's abilities and strives to create a comfortable environment for them to work.

(1) Promotion of work-life balance and women's participation

MORI TRUST has introduced various programs, such as childcare leave, to help employees manage both their work and childcare. Recently, the percentage of employees taking childcare leave and returning to work has reached 100%.

(i)	Female employment ratio	36.0%
(ii)	Female employee ratio	27.0%
(iii)	Female management position ratio	5.6%
(iv)	Rate of paid leave taken	63.2%
(iv)	Rate of taking childcare leave (Female career track employees)	100.0%

(Note) Item (1) and (4) and (5): FY2020, items (2) and (3) as of March 31, 2021

■ Systems to Support Work-Life Balance

- | | |
|--|-------------------------------|
| (i) Leave and work restrictions for maternal health management | |
| (ii) Spouse's childbirth leave | (v) Childcare time |
| (iii) Maternity leave | (vi) Child nursing care leave |
| (iv) Childcare leave | (vii) Family care leave |

(2) Certification as a childcare supporting company and start of childcare business

MORI TRUST is recognized as a company supporting childcare and promoting women's activities by the Ministry of Health, Labour and Welfare (MHLW) and certified Kurumin and Eruboshi (two stars).

MORI TRUST opened a company-sponsored nursery, Nursery Room Mirai's, in Shiroyama Trust Tower in November 2019, which is available for use of the building's tenants and employees.



(3) Implementation of work-style reforms

- Participation in "Time Difference Biz" led by the Tokyo Metropolitan Government
- Uses telecommuting and mobile workplace
- Introduction of "workations"

(4) Health and productivity management

The company, employees, their families, and the health insurance society work together on health management-related initiatives.

These initiatives have been favorably received, and MORI TRUST was certified as a "Health and Productivity Management Organization" in 2021 (Ministry of Economy, Trade, and Industry).

■ Collaboration with Other External Stakeholders

Collaboration with Property Management Companies, Suppliers and Other Business Partners

When selecting and evaluating property management companies, suppliers and other business partners, we assess their environmental policy and corporate framework and their cooperation with the Asset Management Company's Sustainability Policy.

■ Information Disclosure

Information Disclosure

We seek to protect investors, etc., by setting forth policies and procedures to ensure that MORI TRUST Hotel Reit and the Asset Management Company disclose information in a timely and appropriate manner in accordance with relevant laws and regulations. We have also set out the Information Disclosure Regulations to help maintain and improve public trust in MORI TRUST Hotel Reit and the Asset Management Company.

In accordance with the Companies Act, the Act on Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange regulations, and other applicable laws and regulations, we endeavor to disclose to the public in a timely and appropriate fashion information requiring disclosure in relation to MORI TRUST Hotel Reit and the Asset Management Company and other information that will help investors make investment decisions.

IR Activities

We communicate various useful information for investors via MORI TRUST Hotel Reit's website including timely disclosure information, financial information, portfolio information, and information about ESG initiatives and distributions.

We also holding briefing sessions on financial results for each fiscal period (mainly for securities analysts and institutional investors)(Note) and provide explanations about MORI TRUST Hotel Reit's operations and forecasts. We video the briefing sessions and post the video on MORI TRUST Hotel Reit's website to keep investors informed.

In addition, we conduct individual interviews with institutional investors in Japan and overseas to given them a better understanding of MORI TRUST Hotel Reit's operations.

(Note) In order to prevent the spread of COVID-19, financial results briefings for the fiscal period ended February 2020, August 2020, and February 2021 were not being held.

■ Measures for Dealing with Complaints

The Asset Management Company has set forth the Regulations for Dealing with Complaints and Disputes, and strives to deal sincerely and promptly with complaints and other requests from customers or others and to show them understanding.

■ Disaster Response

Implementation of Disaster Drills

We regularly conduct disaster drills in collaboration with Hotel operators at properties owned by MORI TRUST Hotel Reit in an effort to increase disaster prevention awareness.

Stranded Commuter Acceptance

At MARUNOUCHI TRUST TOWER, MORI TRUST Reit's sponsor MORI TRUST CO., LTD. has signed an agreement with the Tokyo Metropolitan Government and Chiyoda Ward to help commuters stranded by a disaster. In such an event, it will coordinate a response with the sponsor group.

5. Corporate Governance Initiatives

■ MORI TRUST Hotel Reit's Organization

The organization of MORI TRUST Hotel Reit consists of the General Meeting of Unitholders comprised of unitholders, one Executive Director, two Supervisory Directors, the Board of Directors comprised of the Executive Director and the Supervisory Directors, and the Accounting Auditor.

Details of Organization

(a) General Meeting of Unitholders

Certain matters concerning MORI TRUST Hotel Reit as set forth in the Act on Investment Trusts and Investment Corporations ("Investment Trusts Act") or the Articles of Incorporation are decided by a resolution of the General Meeting of Unitholders, which shall be composed of unitholders. Unless otherwise stipulated in laws or the Articles of Incorporation, a resolution at the General Meeting of Unitholders will be made by the majority of the voting rights of the unitholders present. However, certain important matters, including amendments to the Articles of Incorporation, require a resolution made by two-thirds or more of voting rights of unitholders present, provided that unitholders holding investment units equivalent to majority of total investment units issued are present (special resolution).

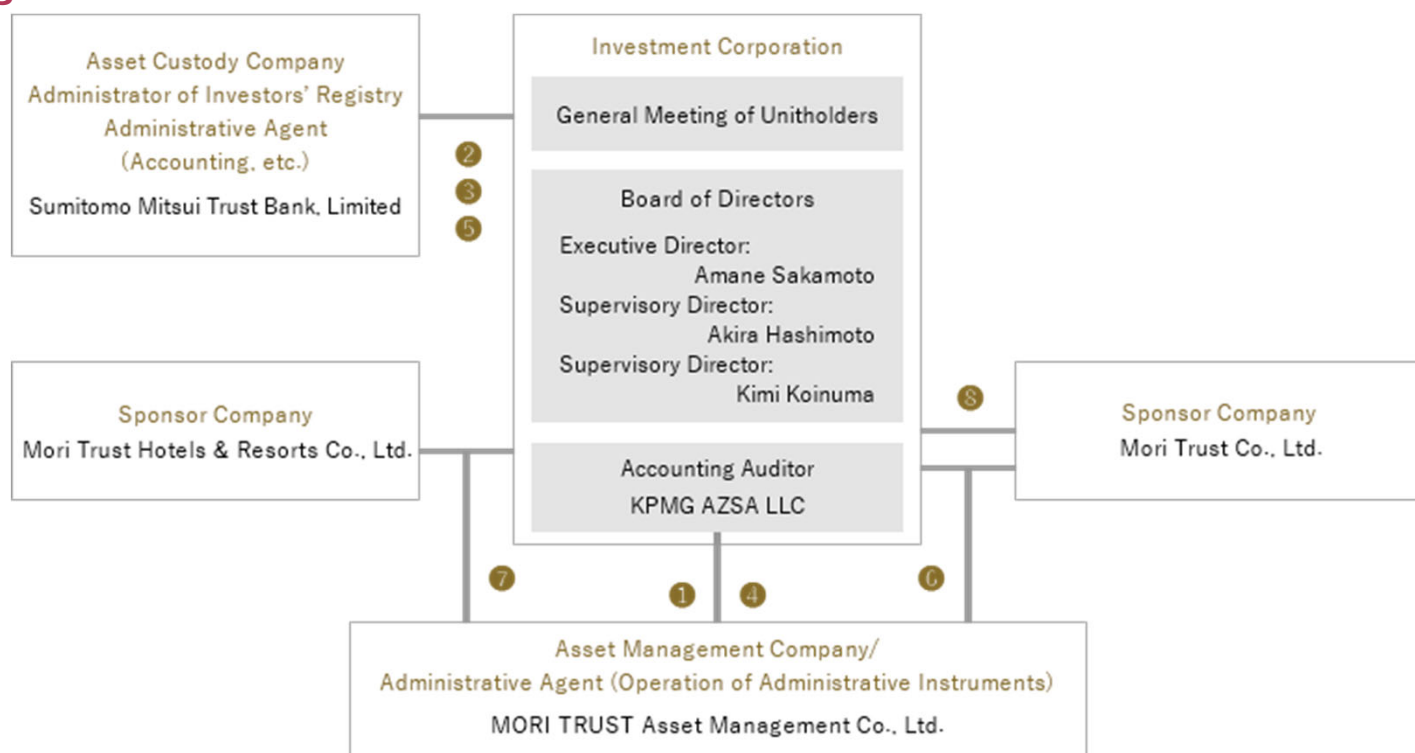
(b) Executive Director, Supervisory Directors and the Board of Directors

The Executive Director executes the business of MORI TRUST Hotel Reit and also has the authority to take any judicial or extra-judicial acts related to the business of MORI TRUST Hotel Reit on behalf of MORI TRUST Hotel Reit. A Supervisory Director has the authority to supervise the conduct of business by the Executive Director. The Board of Directors has the authority to approve the execution of specific responsibilities as well as the authority set forth in the Investment Trusts Act and the Articles of Incorporation and the authority to supervise the execution of duties by the Executive Director.

(c) Accounting Auditor

MORI TRUST Hotel Reit has elected KPMG AZSA LLC as the Accounting Auditor. The Accounting Auditor will audit MTH's financial statements and other relevant material, report to Supervisory Directors in the event of detection of a fraudulent act or material fact violating any law or the Articles of Incorporation concerning execution of duties of the Executive Director and perform other duties stipulated in laws.

Organization of MORI TRUST Hotel Reit



- ① Asset management agreement
- ② Asset custody agreement
- ③ Administration agreement for investors' registry
- ④ General services agreement for the operation of administrative instruments
- ⑤ General services agreement (accounting, etc.)
- ⑥ Letter of agreement for the provision of information on real estate, etc. (Mori Trust Co., Ltd.)
- ⑦ Letter of agreement for sponsor support (Mori Trust Hotels & Resorts Co., Ltd.)
- ⑧ Trademark licensing agreement (Mori Trust Co., Ltd.)

■ Status of Directors

The status of the Executive Director and Supervisory Directors is as shown below.

Title	Name	Gender	Career Summary		Directors' remuneration (Note)	Number of investment units owned
Executive Director	Amane Sakamoto	Male	April 1993	Joined the Long-Term Credit Bank of Japan, Ltd.	—	0
			March 2000	Joined the Industrial Bank of Japan Limited		
			May 2001	Seconded to Mizuho Securities Co., Ltd.		
			April 2002	Joined Mizuho Securities Co., Ltd.		
			April 2011	Deputy General Manager, Real Estate Finance Department I, Mizuho Securities Co., Ltd.		
			April 2015	General Manager, Markets Solutions Department, Mizuho Securities Co., Ltd.		
			April 2016	Seconded to MORI TRUST Hotel Asset Management Co., Ltd.(now MORI TRUST Asset Management Co., Ltd.)		
			June 2017	Managing Director, MORI TRUST Hotel Asset Management Co., Ltd.(now MORI TRUST Asset Management Co., Ltd.)		
Supervisory Director	Akira Hashimoto	Male	July 2017	Seconded to MORI TRUST Hotel Asset Management Co., Ltd.(now MORI TRUST Asset Management Co., Ltd.)	¥3,600,000	0
			November 2017	President and CEO, MORI TRUST Hotel Asset Management Co., Ltd.(now MORI TRUST Asset Management Co., Ltd.)		
			March 2019	President and CEO, MORI TRUST Hotel Asset Management Co., Ltd.(now MORI TRUST Asset Management Co., Ltd.)		
				Executive Director of MORI TRUST Hotel Reit, Inc. (present post)		
	Kimi Koinuma	Female	October 1990	Representative Director, Chief Operating Officer (COO), Head of Hotel REIT Investment Division, MORI TRUST Asset Management, Co., Ltd. (present post)		0
			June 1997	Registration of attorney (Daini Tokyo Bar Association)		
			January 2000	Joined Masuda Ejiri Law Office (now Asahi Law Offices) (present post)		
			January 2016	Supervisory Director of MORI TRUST Hotel Reit, Inc. (present post)		
			June 2018	Outside Director of Central Glass Co., Ltd.(present post)		

(Note) Directors' remuneration for the fiscal period ended August 2021 (6 months).

■ Status of Accounting Auditor

The status of the Accounting Auditor is as shown below.

Title	Name	Remuneration (Note)
Accounting Auditor	KPMG AZSA LLC	¥5,400,000

(Note) Accounting Auditor's remuneration is for the fiscal period ended August 2021 (6 months).

■ Status of Unitholders

MORI TRUST Hotel Reit's principal unitholders (the top ten entities with the highest holding ratios) as of the end of August 2021 are as shown below.

Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Holdings Inc.	184,000	36.8%
Custody Bank of Japan, Ltd. (Trust Account)	77,787	15.6%
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,364	9.7%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,749	2.5%
SSBTC CLIENT OMNIBUS ACCOUNT	10,111	2.0%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	8,653	1.7%
THE BANK OF NEW YORK MELLON 140044	4,767	1.0%
The Chugoku Bank, Ltd.	4,061	0.8%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,738	0.7%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,683	0.7%
Total (top 10 firms)	357,913	71.6%

■ Same Boat Investment by Sponsor Group

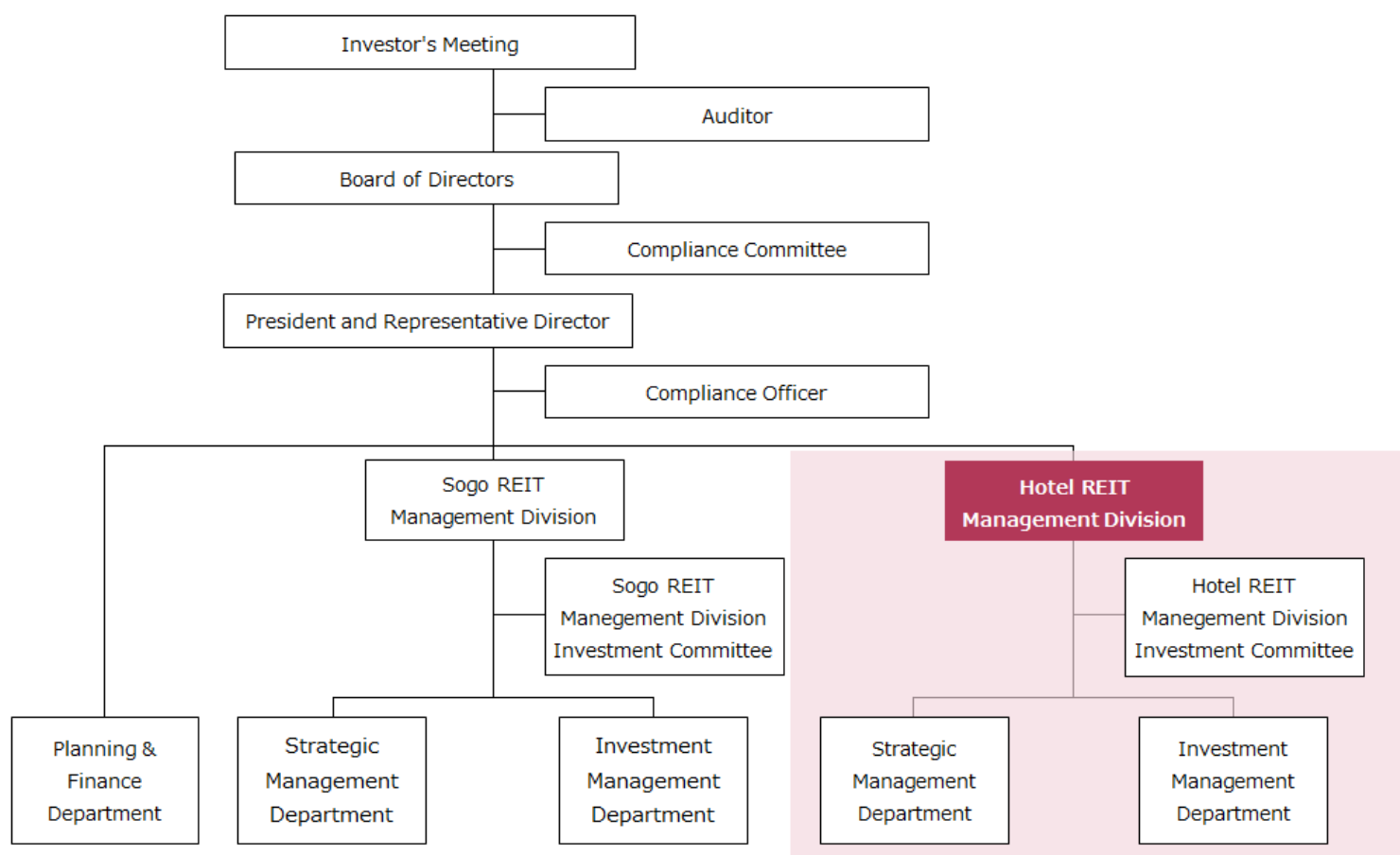
MORI TRUST Hotel Reit aims to improve unitholder value by aligning sponsor interests with those of unitholders.

Percentage of investment units owned by MORI TRUST Group

36.8% (As of end of Aug. 2021)

■ The Asset Management Company's Organizational Structure

MORI TRUST Hotel Reit entrusts asset management to the Asset Management Company. The Asset Management Company's organizational structure is as shown below.



■ Compliance Structure

The Asset Management Company has set compliance with laws, regulations and other rules as one of its management priorities and the Asset Management Company's management is actively working to develop and strengthen the compliance structure and internal control structure. To establish an appropriate operational structure, the Asset Management Company has appointed a compliance officer as the person responsible for compliance-related matters at the Asset Management Company to ensure that internal checks and balances on other departments function effectively. Furthermore, through the establishment and operation of the Compliance Committee, the Asset Management Company has established a multi-tiered structure for ensuring MORI TRUST Hotel Reit's compliance with laws, regulations and other rules.

(a) Board of Directors

The Board of Directors seeks to ensure compliance as the organization with ultimate responsibility for the execution of business and, besides receiving reports on matters approved by the Compliance Committee, also makes resolutions on important compliance-related matters at the Asset Management Company, including formulation and amendment of the basic policy on compliance and compliance program, formulation of the risk management plan and internal audit plan, as well as appointment and dismissal of Compliance Committee members and the Compliance Officer.

(b) Compliance Committee

The Compliance Committee is responsible for execution of the duties set forth in the Compliance Committee Rules in cooperation with the Board of Directors and Compliance Officer.

(c) Compliance Officer

As the person responsible for compliance at the Asset Management Company, the Compliance Officer works to establish an internal compliance structure and to raise awareness of norms for compliance with laws, regulations and other rules within the company. The Compliance Officer, therefore, constantly monitors whether the Asset Management Company executes asset management business in accordance with laws, regulations and other rules, and also monitors and supervises the status of compliance in the execution of day-to-day operations.

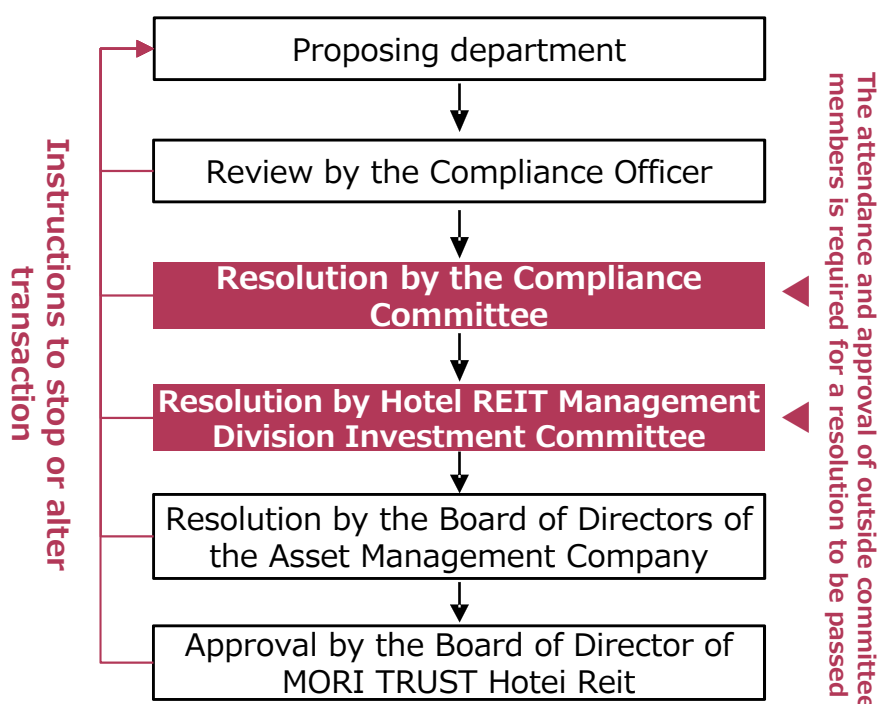
In light of the importance of the Compliance Officer's responsibilities, the Asset Management Company elects as Compliance Officer an individual who is sufficiently capable of examining and supervising business execution to achieve compliance with laws, regulations and norms.

The Asset Management Company has put in place a structure such that any act pertaining to the Asset Management Company's business operations that violates or is likely to violate laws and regulations discovered by any officer or employee is reported immediately to the Compliance Officer.

■ Appropriate Management of Conflicts of Interest

To prevent the Asset Management Company from engaging in transactions with interested parties sharing certain interests with the Asset Management Company which may be harmful to the interests of MORI TRUST Hotel Reit, the Asset Management Company has identified types of interested party transactions and set forth interested party transactions standards and comprehensively judges whether to conduct a transaction through deliberation by more than one body. The Asset Management Company elects outside specialists as committee members to both the Compliance Committee and the Investment Committees that hold such deliberations.

If the acquisition of an asset or other transaction by an investment corporation which entrusts its asset management to the Asset Management Company constitutes an interested party transaction, the approval of the outside committee members of the Compliance Committee and Investment Committees as well as the approval of the investment corporation's Board of Management are required. Details of this decision-making process are as shown below.



■ Exclusion of Antisocial Forces

The Asset Management Company has formulated the Basic Policy to Prevent Damages Caused by Antisocial Forces in order to exclude antisocial forces and groups that threaten public order or stability and obstruct the economic activity of companies and individuals.

The Policy sets out that the organization as a whole will deal with unjust demands by antisocial forces, that the Asset Management Company will establish close and cooperative relationships with external specialist organizations such as the competent police, the National Center for Removal of Criminal Organizations, and legal practitioners, that it have no relations with antisocial forces including business relations, and that it will refuse any unjust demands by antisocial forces.

■ Prohibition of Insider Trading

MORI TRUST Hotel Reit and the Asset Management Company established respectively its Corporate Information Management Rules to prohibit MORI TRUST Hotel Reit's officers and the Asset Management Company's all its officers and employees (including temporary employees, contract employees, and employees on loan or dispatched from other companies) from engaging in transactions such as trading securities including MORI TRUST Hotel Reit's investment units, based on corporate information or other special information that they have obtained in the course of operations by taking advantage of their titles and positions.

■ Prevention of Bribery and Corruption

The Asset Management Company set out in its Rules of Employment and its Basic Policy on Compliance that its officers and employees will not engage in an acts of fraud or corruption including bribery such as offering or accepting gifts, entertainment and/or other benefits beyond socially accepted limits, and money laundering and that the Asset Management Company will take strict disciplinary action against any officer or employee who violates these rules.

■ Establishment of Whistleblowing System

The Asset Management Company has a whistleblowing system in place for all its officers and employees (including temporary employees, contract employees, and employees on loan or dispatched from other companies).

In this system, a whistleblower can make a report anonymously. In addition, in accordance with the Whistleblower Protection Act, it is prohibited to carry out dismissal, disciplinary measures, retaliation or any other treatment that is disadvantageous to a whistleblower on account of such whistleblowing.

■ Provision of Regular Compliance Training

The Asset Management Company provides all its officers and employees (including temporary employees, contract employees, and employees on loan or dispatched from other companies) with training mainly aimed at raising compliance awareness on a regular basis.

■ Information Security

The Asset Management Company enacted the Information Management Rules with the aim of properly utilizing company information and preventing information incidents including unauthorized access and the loss or leak of company information.

The rules aim to ensure information management by providing for training and audits on the management of confidential information, restriction of unauthorized access, prevention of information leaks, maintenance of information systems and information system.

■ Customer-oriented Business Conduct

The Asset Management Company adopted the Principles for Customer-Oriented Business Conduct announced by the Financial Services Agency on March 30, 2017 and set forth a Policy on Customer-Oriented Business Conduct as set out below.

1. Formulation and Announcement of Policies regarding Customer-Oriented Business Conduct

We have formulated and announced this Policy and we publish the status of the Policy's implementation and also revise this Policy as appropriate.

2. Pursuit of the Customers' Best Interest

As a financial service provider, we maintain a high level of expertise and professional ethics, conduct business with customers in a faithful and fair manner, and pursue customers' best interests. The Asset Management Company also endeavors to ensure that such business conduct becomes firmly established as its corporate culture.

3. Appropriate Management of Conflicts of Interest

To accurately understand and manage potential conflicts of interests in transactions, we have established rules such as the Rules for Transactions with Interested Parties and Compliance Rules as voluntary rules in addition to the provisions of relevant laws and regulations, and we have established a policy for dealing with transactions involving conflicts of interest and an operating structure to ensure high independence.

4. Clarification of Various Fees and Commissions

The Asset Management Company properly provides information to help customers understand details of various fees and commissions paid to us by investment corporations which entrust their asset management to us, including details of the kind of services provided in exchange for these fees and commissions.

5. Providing Important Information in an Easy-to-understand Manner

The Asset Management Company provides important information which might affect customers' investment decisions in an easy-to-understand manner through statutory disclosure, timely disclosure, voluntary disclosure and other means.

6. Providing Suitable Service to Customers

We endeavor to understand customers' needs and conduct asset management based on an awareness of these needs. We also provide easy-to-understand information that helps customers understand the status of operations of investment corporations who entrust their asset management to us.

7. Framework for Adequate Motivation of its Employees

To further promote customer-oriented business conduct, the Asset Management Company raises awareness of its Corporate Philosophy and its Basic Policy on Compliance as well as of the importance of this policy among individual employees through compliance training, etc.

Disclaimer / Contact Information

Disclaimer

This material is solely for the purpose of providing information and is not intended for the purpose of soliciting investment in or recommending transactions of certain instruments. For possible purchase of investment units of MORI TRUST Hotel Reit, please contact your securities companies to obtain materials for soliciting investment and fully understand what is explained therein. Please note that unitholders may suffer a loss depending on such factors as economic conditions, interest rate conditions and supply and demand status in accordance with the investment unit price. We request that when making an investment decision you will do so based on your final judgment while paying full attention to your specific situation and other factors.

Unless otherwise specified, the information provided in this material does not constitute disclosure documents or management reports stipulated by the Financial Instruments and Exchange Act or Act on Investment Trusts and Investments Corporations or as requested by the securities listing regulations of Tokyo Stock Exchange, Inc. or other related rules and regulations.

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Contact Information

Asset Management Company	MORI TRUST Asset Management Co., Ltd. Strategic Management Department, Hotel REIT Management Division(IR Section) (Financial instruments and exchange business registration with the Kanto Local Finance Bureau, License No. 407/Member of the Investment Trusts Association, Japan)
Tel.	03-6435-7011