



MORI
TRUST HOTEL REIT

MORI TRUST Hotel Reit, Inc. (Securities Code : 3478)

9th Fiscal Period Operating Results & Presentation
(March 1, 2020– August 31, 2020)

Asset Management Company
MORI TRUST Asset Management Co., LTD.

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Summary of Operating Results for 9th FP Ended August 2020

Distribution per unit

Results for the 9th FP
ended August 2020

1,761 yen
(+34 yen from forecast)

Operating revenues	1,770 mn yen (+9 mn yen from forecast)
Real estate rental income	1,119 mn yen (+11 mn yen from forecast)
NOI	1,482 mn yen (+11 mn yen from forecast)
Net income	880 mn yen (+17 mn yen from forecast)

Assets

No. of properties	5 properties
Asset size (Note1)	108.5 bn yen
Appraisal value	124.7 bn yen
Unrealized gain (Note2)	18.2 bn yen
NOI yield (Note3)	2.7 %
Yield after depreciation (Note4)	2.0 %
No. of guestrooms	1,469 rooms

Debt

Interest-bearing debt	53.9 bn yen
LTV (Note5)	49.1 %
Fixed-rate debt ratio	88.9 %
Average interest rate	0.40 %
Average remaining maturity of debt	2.3 years

Equity

NAV (Note6)	68.2 bn yen
NAV per unit (Note7)	136,444 yen
Market capitalization (Note8)	53.0 bn yen
Investment units outstanding	500,000 units
Mori Trust Group's holding ratio (Note9)	36.8 %

(Note1) Total acquisition price

(Note2) Unrealized gain = Appraisal value at end of period – Book value at end of period

(Note3) NOI yield = NOI for the 9th FP (annualized) / Total acquisition price

(Note4) Yield after depreciation = Real estate rental income after depreciation for the 9th FP (annualized) / Total acquisition price

(Note5) LTV = Interest-bearing debt at end of period / Total assets at end of period

(Note6) NAV = Net assets at end of period – Total distributions + Unrealized gain

(Note7) NAV per unit = NAV / Investment units issued and outstanding

(Note8) Market capitalization = Investment unit price (closing price on August 31, 2020) × Investment units issued and outstanding

(Note9) Represents the ratio based on the number of investment units held by Mori Trust Group as of the end of the 9th FP

Summary of the 9th FP Results

Distribution per unit (actual) : 1,761 yen (+34 yen from forecast)

(million yen)

Item	9th FP ended Aug. 2020 (actual)	9th FP ended Aug. 2020 (forecast)	Difference	7th FP ended Aug. 2019 (actual)	Difference
Operating revenues	1,770	1,761	9	2,399	- 628
Real estate rental revenues ①	1,770	1,761	9	2,399	- 628
Shangri-La	646	635	11	966	- 319
Hilton Odawara	204	204	0	-	204
CY Tokyo	132	132	-	408	- 275
CY Shin-Osaka	134	136	- 1	372	- 237
Sunroute	652	652	-	652	-
Operating expenses	782	786	- 3	691	91
Real estate rental expenses ②	651	653	- 2	554	96
(Depreciation) ③	362	363	- 0	313	49
Other operating expenses	131	132	- 0	136	- 5
Real estate rental income ④=①-②	1,119	1,107	11	1,845	- 725
NOI ④+③	1,482	1,471	11	2,158	- 676
Operating income	988	975	12	1,708	- 720
Ordinary income	881	864	17	1,610	- 729
Net income	880	863	17	1,609	- 729
Total cash distributions	880	863	17	1,609	- 729
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	1,761	1,727	34	3,219	- 1,458

Major factors of change

(from 9th FP forecast)

■ Operating revenues	
Real estate rental revenues	+9 mn yen
Shangri-La	+11 mn yen
Hilton Odawara	+0 mn yen
CY Tokyo	No change
CY Shin-Osaka	- 1 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	- 2 mn yen
Decrease in repairs and maintenance expenses	- 2 mn yen

(from 7th FP actual : YoY comparison)

■ Operating revenues	
Real estate rental revenues	- 628 mn yen
Shangri-La	- 319 mn yen
Hilton Odawara	+204 mn yen
CY Tokyo	- 275 mn yen
CY Shin-Osaka	- 237 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+96 mn yen
Increase in taxes and public dues	+45 mn yen
Increase in depreciation	+49 mn yen
Increase in insurance expenses	+1 mn yen
■ Non-operating expenses	
Increase in interest expenses	+4 mn yen

9th FP Operating Results by Property (Year-on-Year Comparison)

■ Shangri-La Hotel, Tokyo (SL)

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)

Base month for rent	2018		2019				7th FP total
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Rent recording month	2019						
Rent (million yen)	Mar.	Apr.	May	Jun.	Jul.	Aug.	966
	172	190	128	135	163	175	

■ Hilton Odawara Resort & Spa (HO)

Base period for calculation of rent
Rent recording month
Rent (million yen)

■ Courtyard by Marriott Tokyo Station (CYT)

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)

Base month for rent	2018	2019					7th FP avg.
	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Occupancy rate (%)	91.8%	89.6%	93.6%	92.0%	95.8%	93.1%	92.6%
Average daily rate (ADR) (yen)	25,987	26,451	27,998	29,367	30,474	26,440	27,775
RevPAR (yen)	23,869	23,703	26,204	27,024	29,208	24,607	25,749
Rent recording month	2019						
Rent (million yen)	Mar.	Apr.	May	Jun.	Jul.	Aug.	408
	62	62	58	76	79	69	

■ Courtyard by Marriott Shin-Osaka Station (CYO)

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)

Base month for rent	2018	2019					7th FP avg.
	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Occupancy rate (%)	91.9%	74.5%	88.1%	90.4%	97.0%	89.8%	88.7%
Average daily rate (ADR) (yen)	19,525	16,876	17,984	18,818	21,722	19,076	19,013
RevPAR (yen)	17,951	12,565	15,852	17,016	21,074	17,135	16,951
Rent recording month	2019						
Rent (million yen)	Mar.	Apr.	May	Jun.	Jul.	Aug.	372
Difference from the minimum guaranteed rent (million yen)	70	35	47	61	88	69	-

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020					9th FP total
	Nov.	Dec.	Jan.	Feb.	Mar.	
2020						
Mar.	Apr.	May	Jun.	Jul.	Aug.	646
176	178	134	90	46	19	

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

Jan., 2019 to Dec., 2020						9th FP total
2020						
Mar.	Apr.	May	Jun.	Jul.	Aug.	204
33	33	33	33	33	33	

*Total includes rent revenues and other revenues.

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020					9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May	
90.6%	83.4%	58.0%	19.0%	25.3%	29.0%	51.1%
25,369	25,638	26,885	17,871	14,486	13,887	20,692
22,974	21,371	15,593	3,390	3,667	4,034	11,884
2020						
Mar.	Apr.	May	Jun.	Jul.	Aug.	132
57	50	24	0	0	0	

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020					9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May	
95.9%	78.5%	58.6%	26.8%	9.6%	11.3%	46.7%
18,447	17,301	15,862	15,330	14,133	13,647	15,786
17,683	13,575	9,289	4,102	1,352	1,539	7,913
2020						
Mar.	Apr.	May	Jun.	Jul.	Aug.	114
65	35	13	0	0	0	
20						20

- (Note1) Base month (period) for rent represents the month (period) used as the base for calculating rent. Indicators for respective hotels (Occupancy rate, ADR and RevPAR) show the relevant values of respective hotels for each base month for rent. The indicators of SL are not disclosed, however, as no consent to disclosure has been obtained from the end tenant. The base month is the month four months prior to the rent recording month for SL, and the month three months prior to the rent recording month for CYT and CYO, respectively. For HO, the base period for calculation of rent, which for the 9th FP corresponds to the period from January 2019 to December 2019, is used.
- (Note2) Rent recording month represents the month for which MORI TRUST Hotel REIT records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.
- (Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.
- (Note4) At CYO, because of a difference (shortfall) of 21 million yen between the total amount of rent for the period from October 2019 to September 2020 and the guaranteed minimum annual rent, 20 million yen was added to rent for the 9th FP and 1 million yen will be added to rent for the 10th FP.

9th FP Operating Results by Property (Period-on-Period Comparison)

■ Shangri-La Hotel, Tokyo (SL)

Base month for rent
Rent recording month
Rent (million yen)

8th FP (Operating period: Sep. 1, 2019 to Feb. 29, 2020)

2019							8th FP total
May	Jun.	Jul.	Aug.	Sep.	Oct.		
2019						2020	
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
147	145	160	122	139	238	954	

■ Hilton Odawara Resort & Spa (HO)

Base period for calculation of rent
Rent recording month
Rent (million yen)

8th FP (Operating period: Sep. 1, 2019 to Feb. 29, 2020)

Jul., 2018 to May, 2019							8th FP total
2019						2020	
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
32	33	33	33	33	33	203	

*Total includes rent revenues and other revenues.

■ Courtyard by Marriott Tokyo Station (CYT)

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)

8th FP (Operating period: Sep. 1, 2019 to Feb. 29, 2020)

2019							8th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
93.0%	93.4%	88.8%	89.5%	92.2%	95.4%	92.0%	
26,850	26,438	25,320	28,150	32,097	28,130	27,832	
24,977	24,704	22,483	25,204	29,605	26,830	25,633	
2020						8th FP total	
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
63	67	66	66	90	78	433	

■ Courtyard by Marriott Shin-Osaka Station (CYO)

Base month for rent
Occupancy rate (%)
Average daily rate (ADR) (yen)
RevPAR (yen)
Rent recording month
Rent (million yen)
Difference from the minimum guaranteed rent (million yen)

8th FP (Operating period: Sep. 1, 2019 to Feb. 29, 2020)

2019							8th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
96.3%	97.0%	94.0%	84.7%	92.4%	94.5%	93.2%	
18,297	18,044	18,602	17,870	19,615	19,402	18,640	
17,619	17,501	17,482	15,136	18,126	18,329	17,371	
2019						2020	
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
65	64	65	48	73	69	386	
						-	

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019			2020				9th FP total
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
2020							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
176	178	134	90	46	19	646	

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

Jan., 2019 to Dec., 2020							9th FP total
2020							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
33	33	33	33	33	33	204	

*Total includes rent revenues and other revenues.

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020						9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
90.6%	83.4%	58.0%	19.0%	25.3%	29.0%	51.1%	
25,369	25,638	26,885	17,871	14,486	13,887	20,692	
22,974	21,371	15,593	3,390	3,667	4,034	11,884	
2020						9th FP total	
Mar.	Apr.	May	Jun.	Jul.	Aug.		
57	50	24	0	0	0	132	

9th FP (Operating period: Mar. 1, 2020 to Aug. 31, 2020)

2019	2020						9th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May		
95.9%	78.5%	58.6%	26.8%	9.6%	11.3%	46.7%	
18,447	17,301	15,862	15,330	14,133	13,647	15,786	
17,683	13,575	9,289	4,102	1,352	1,539	7,913	
2020						9th FP total	
Mar.	Apr.	May	Jun.	Jul.	Aug.		
65	35	13	0	0	0	114	
						20	

- (Note1) Base month (period) for rent represents the month (period) used as the base for calculating rent. Indicators for respective hotels (Occupancy rate, ADR and RevPAR) show the relevant values of respective hotels for each base month for rent. The indicators of SL are not disclosed, however, as no consent to disclosure has been obtained from the end tenant. The base month is the month four months prior to the rent recording month for SL, and the month three months prior to the rent recording month for CYT and CYO, respectively. For HO, the base period for calculation of rent, which for the 9th FP corresponds to the period from January 2019 to December 2019, is used.
- (Note2) Rent recording month represents the month for which MORI TRUST Hotel REIT records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.
- (Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.
- (Note4) Rent for September 2019 of Hilton Odawara Resort & Spa is calculated on a pro-rata basis based on the number of days from September 2, 2019 (the acquisition date) to the last day of September.
- (Note5) At CYO, because of a difference (shortfall) of 21 million yen between the total amount of rent for the period from October 2019 to September 2020 and the guaranteed minimum annual rent, 20 million yen was added to rent for the 9th FP and 1 million yen will be added to rent for the 10th FP.

Performance of Hilton Odawara Resort & Spa

- Although it was largely affected by COVID-19 in the first half of 2020, operations continued under thorough measures to prevent the spread of infection.
- With the characteristic of a resort with close proximity to central Tokyo being highly assessed, the accommodation department recovered significantly after the commencement of the Go To Travel Campaign, mainly with guests from Kanto.

Rent (Note1)

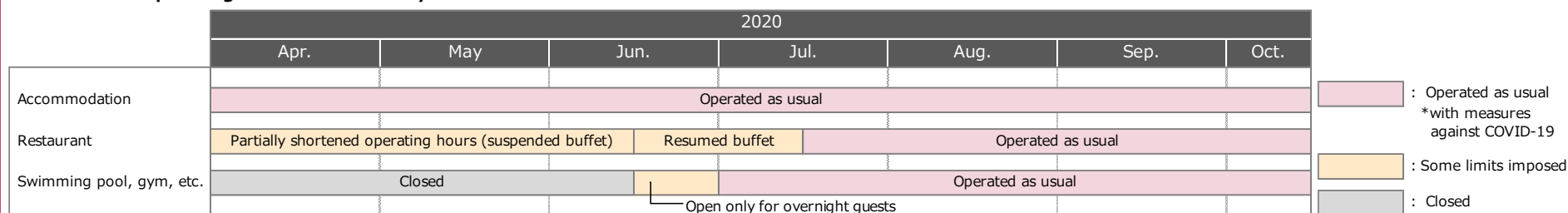
Rent for 9th FP

Base period for calculation of rent	Jan., 2019 to Dec., 2019					
Rent recording month	2020					
	Mar.	Apr.	May	Jun.	Jul.	Aug.
Rent (million yen)	33	33	33	33	33	33

Rent for 10th FP

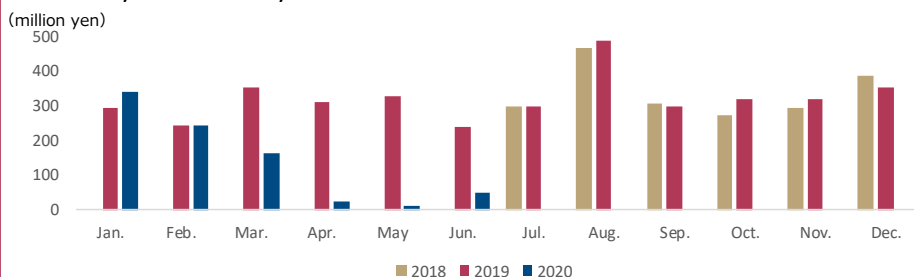
Base period for calculation of rent	Jul., 2019 to Jun., 2020					
Rent recording month	2020			2021		
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Rent (million yen)	26	26	26	26	26	26

[reference1] Operating status of the facility



[reference2]

Change in total sales for the above base period for calculation of rent (from Jul., 2018 to Jun., 2020) (Note2)



[reference3] Base period for calculation of rent

- Odd fiscal periods (fiscal periods ended/ending in Aug.): 12 months from January to December in the previous year
- Even fiscal periods (fiscal periods ended/ending in Feb.): 12 months from July in the previous year to June in the relevant year

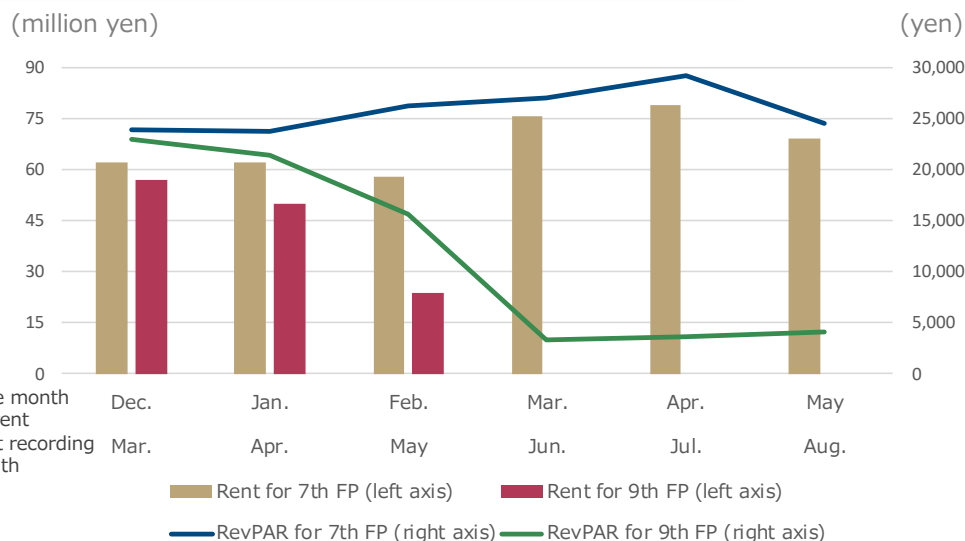
Year	2019												2020												2021	
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2
Fiscal Period	6th FP			7th FP			8th FP			9th FP			10th FP													
Base period for calculation of rent	9th FP profits (12-month average)												10th FP profits (12-month average)													
Rent													Rent for 9th FP			Rent for 10th FP										

(Note1) "Rent" shows the value calculated based on the rent calculation method in the lease contract, rounded down to the nearest million yen.

(Note2) "Total sales" is the total amount of sales for the entire hotel (including the interest of the quasi-co-owner Mori Trust), rounded down to the nearest million yen.

- Amid business demand and demand from inbound tourists dropping significantly due to the COVID-19 pandemic, captured the limited demand by flexibly controlling ADR according to market status.
- Strived to reduce costs by further promoting multitasking such as in-house cleaning.
- Implemented measures to capture accommodation demand and dining demand arising from the property becoming eligible for the Go To Travel Campaign from October.

Change in Major Indicators for 9th FP (Year-on-Year Comparison)



	9th FP avg.	YoY change
Occupancy rate	51.1 %	- 41.5 pt
Average daily rate (ADR)	20,692 yen	- 7,083 yen
RevPAR	11,884 yen	- 13,865 yen

Rent	9th FP avg.	YoY change
9th FP (actual)	132 mn yen	- 275 mn yen
9th FP (forecast)	132 mn yen	
Change	(No change)	

[reference] Operating status of the facility

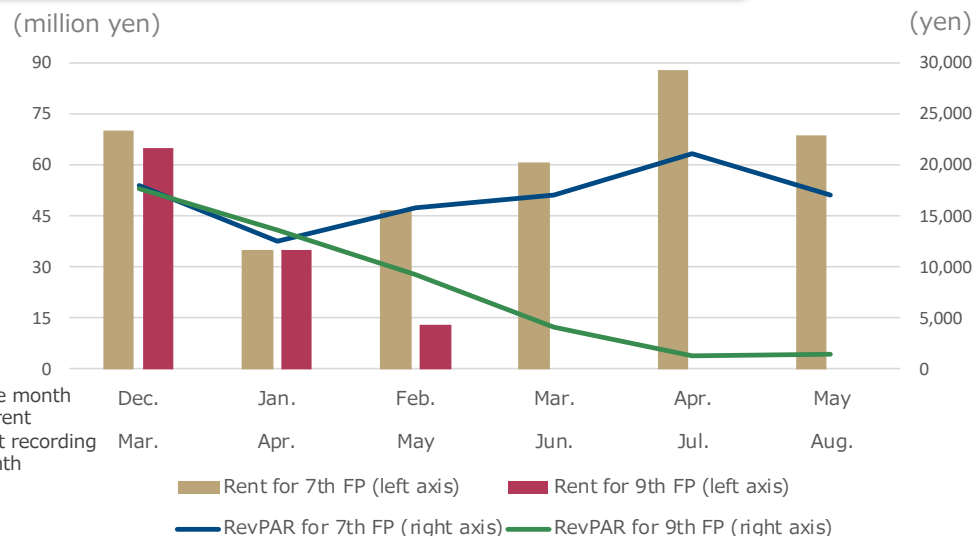
	2020						
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.
Accommodation	Operated as usual						
Restaurant	Closed	Take-out	Take-out + open for lunch hours	Partially shortened operating hours			

- Operated as usual : Operated as usual *with measures against COVID-19
- Some limits imposed : Some limits imposed
- Closed : Closed

Performance of Courtyard by Marriott Shin-Osaka Station

- After bottoming out in April and May when a state of emergency was declared, mild recovery was seen from June. While no major improvement owing to the Go To Travel Campaign, which launched in July, was seen through the first half of September, an improvement trend was seen from late September.
- Focus on capturing demand in October and November, the peak season, with Tokyo residents becoming eligible for the Go To Travel Campaign.
- Received 20 million yen from Mori Trust to make up the difference (shortfall) in guaranteed minimum annual rent for the 9th FP.

Change in Major Indicators for 9th FP (Year-on-Year Comparison)



	9th FP avg.	YoY change
Occupancy rate	46.7 %	- 42.0 pt
Average daily rate (ADR)	15,786 yen	- 3,227 yen
RevPAR	7,913 yen	- 9,038 yen

	9th FP avg.	YoY change
Rent		
9th FP (actual) (Note)	134 mn yen	- 237 mn yen
(Rent)	114 mn yen	
(Difference from the minimum guaranteed rent)	20 mn yen	
9th FP (forecast)	136 mn yen	
Change	- 1 mn yen	

(Note) Because of a difference (shortfall) of 21 million yen between the total amount of rent for the period from October 2019 to September 2020 and the guaranteed minimum annual rent, 20 million yen was added to rent for the 9th FP. In addition, 1 million yen will be added to rent for the 10th FP.

[reference] Operating status of the facility

	2020							
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	
Accommodation	Operated as usual							<div style="background-color: #f8d7da; width: 20px; height: 10px; display: inline-block;"></div> : Operated as usual *with measures against COVID-19 <div style="background-color: #fff3cd; width: 20px; height: 10px; display: inline-block;"></div> : Some limits imposed
Restaurant	Breakfast only	Take-out	Operated as usual (partial changes to menu)					

Appraisal Value of Properties (End of 9th FP)

Property name	Appraisal agency	Appraisal value at end of 9th FP (million yen)	Period-on-period change (million yen)	Appraisal value by capitalization method				Book value at end of 9th FP (million yen)	Unrealized gain or loss (million yen)	Reference	
				Direct capitalization method		Discounted cash flow (DCF) method				Acquisition price (million yen)	Appraisal value at end of 8th FP (million yen)
				Capitalization rate (%)	Period-on-period change	Discount rate (%)	Terminal capitalization rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	49,500	- 1,400	3.2%	-	2.9%	3.4%	41,377	8,122	42,000	50,900
Hilton Odawara Resort & Spa	Rich Appraisal Institute	6,850	- 400	4.7%	+0.1pt	4.5%	4.8%	6,520	329	6,500	7,250
Courtyard by Marriott Tokyo Station	Japan Real Estate Institute	18,200	- 600	3.7%	-	3.4%	3.9%	13,513	4,686	13,800	18,800
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	17,800	- 900	4.2%	-	3.9%	4.4%	17,291	508	17,600	18,700
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	32,400	-	3.5%	-	3.3%	3.7%	27,824	4,575	28,600	32,400
Total	-	124,750	- 3,300	-	-	-	-	106,527	18,222	108,500	128,050

10th FP Results Forecast (1-Sep-2020 to 28-Feb-2021)

- The management status forecast for the Fiscal Period Ending February 28, 2021 (from September 1, 2020, to February 28, 2021) has yet to be determined at this point as the global spread of COVID-19 has yet to cease and the effects of the Go To Travel and other campaigns on business performance are difficult to estimate reasonably.
- The forecast is scheduled to be announced in December 2020.

[reference] Timing of compensating for the difference from the minimum guaranteed rent

	2019												2020												2021												2022																	
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3															
Fiscal period	7th FP				8th FP								9th FP								10th FP				11th FP				12th FP																									
Shangri-La	Base month for rent (Linked to hotel total revenue)												Base month for rent (Linked to hotel total revenue)												Base month for rent (Linked to hotel total revenue)												Base month for rent (Linked to hotel total revenue)												Base month for rent (Linked to hotel total revenue)					
				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥															
	Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)					
Criteria for applying minimum guaranteed rent													Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 882,700,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 882,700,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 882,700,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 882,700,000 yen					
CY Tokyo	Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)					
				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥															
	Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)					
Criteria for applying minimum guaranteed rent													Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 310,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 310,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 310,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 310,000,000 yen					
CY Shin-Osaka	Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)												Base month for rent (Linked to hotel profit)					
				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥															
	Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)												Rent *variable (monthly)					
Criteria for applying minimum guaranteed rent													Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 460,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 460,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 460,000,000 yen												Recorded difference in guaranteed minimum rent (11/12-month equivalent) Timing of receiving difference in guaranteed minimum rent Total rent for 12 months: 460,000,000 yen					
Hilton Odawara	Base period for calculation of rent (Linked to hotel profit)												Base period for calculation of rent (Linked to hotel profit)												Base period for calculation of rent (Linked to hotel profit)												Base period for calculation of rent (Linked to hotel profit)												Base period for calculation of rent (Linked to hotel profit)					
	①												②												③												④																	
	Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)												Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)												Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)												Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)												Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)					
Sunroute	Fixed												Fixed												Fixed												Fixed												Fixed					

Basic Policy for Debt Financing

Make it a basic policy to implement stable and sound financial operations, with an aim to build a robust financial standing.

- Achieve an optimal mix of short-term and long-term loans
- Diversify repayment dates
- Diversify lender formation
- Mitigate refinance risks
- Reduce funding costs

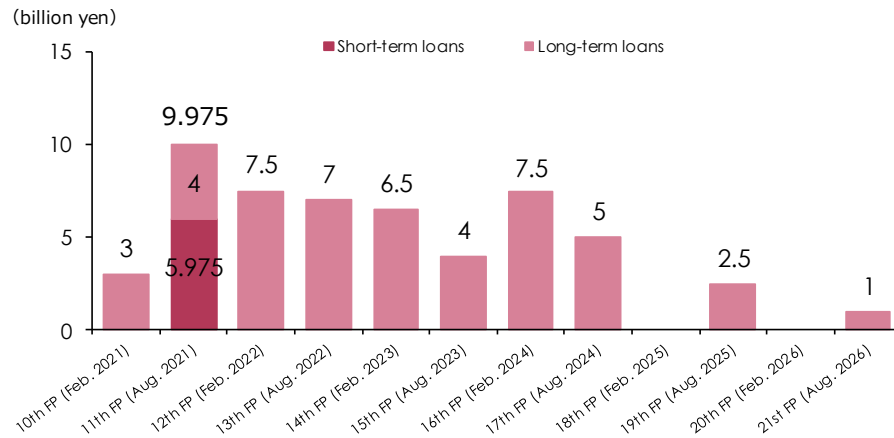
LTV Set 60% as upper limit, while targeting 50% as upper limit in normal operations.

Financial highlights for 9th FP

Refinanced 5.975 billion yen at the end of August 2020

- Refinanced 6.5 billion yen of short-term loans payable at maturity with short-term borrowings of 5.975 billion yen
- Repaid 525 million yen with cash on hand

Diversification of Repayment Dates (as of August 31, 2020)



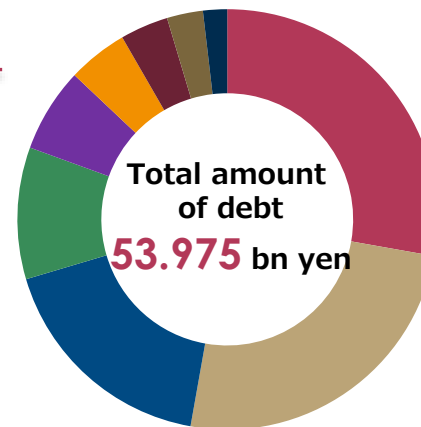
Interest-Bearing Debt Status

Item	End of 8th FP (Feb. 29, 2020)	End of 9th FP (Aug. 31, 2020)	Period-on-period change
Total interest-bearing debt at end of period (million yen)	54,500	53,975	- 525
Short-term loans	6,500	5,975	- 525
Long-term loans	48,000	48,000	-
Investment corporation bonds	-	-	-
LTV (ratio of interest bearing debt to total assets)	48.9%	49.1%	+0.2 pt
Fixed-rate debt ratio	88.1%	88.9%	+0.9 pt
Average interest rate	0.4%	0.4%	- 0.0 pt
Average remaining maturity of debt	2.7 years	2.3 years	- 0.4 years

(as of August 31, 2020)

Diversification of Lenders

9 financial institutions as lenders



(as of August 31, 2020)

- Mizuho Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Trust Bank, Limited
- MUFG Bank, Ltd.
- Development Bank of Japan Inc.
- Mizuho Trust & Banking Co., Limited
- Shinkin Central Bank
- Resona Bank, Limited
- Nippon Life Insurance Company

Market Conditions

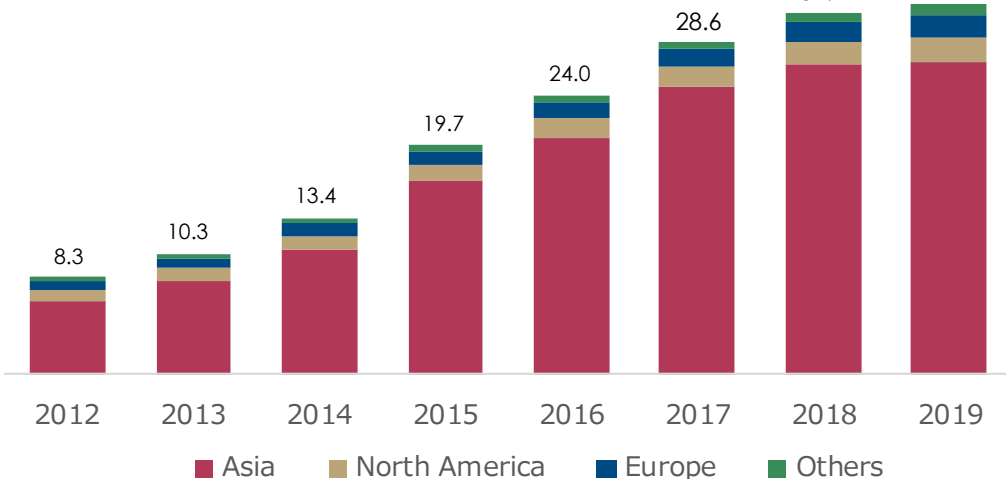
Number of Foreign Visitors to Japan

- The number of foreigners visiting Japan is expected to drop significantly in 2020 due to the impact of immigration restrictions resulting from the spread of COVID-19.
- The number of foreigners visiting Japan in 2019 totaled 31.88 mn (year-on-year increase of 2.2%); and that in January to August 2020 stood at 3.95 mn (decrease of 82.1%).

(Source) Materials publicized by Japan National Tourism Organization

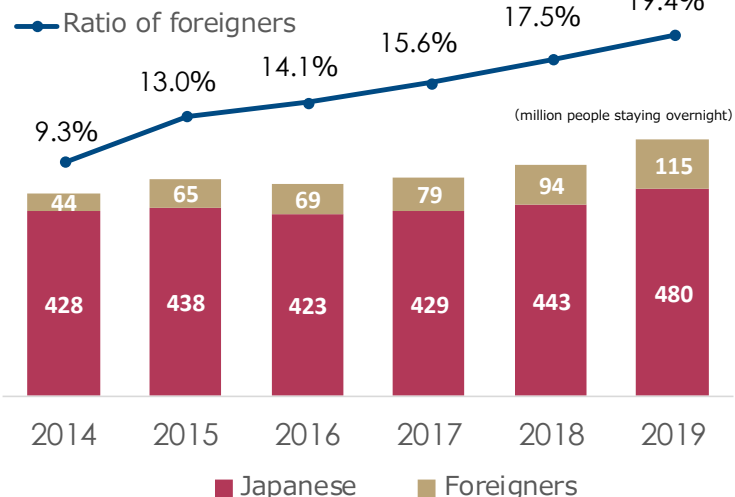
Number of Foreign Visitors to Japan

(million people)



(Source) Prepared by the Asset Management Company based on the collection of measures in the "Tourism Vision to Support the Future of Japan" publicized by the government and materials publicized by Japan National Tourism Organization.

Number of Users Lodging in Domestic Accommodation Facilities



(Source) Prepared by the Asset Management Company based on the materials publicized by the Japan Tourism Agency.

Average Overnight Stays of Foreigners Visiting Japan (for Sightseeing and Leisure) in 2019 by Country

All countries	China	South Korea	Taiwan	Hong Kong
6.2	5.8	3.3	5.2	5.6
U.S.	U.K.	Germany	Russia	Australia
9.4	11.5	14.0	10.0	12.9

(Source) Prepared by the Asset Management Company based on the Consumption Trend Survey for Foreigners Visiting Japan by the Japan Tourism Agency

Upcoming international events

2021	<ul style="list-style-type: none"> ◆ World Masters Games 2021 Kansai ◆ Tokyo Olympic and Paralympic Games
2025	<ul style="list-style-type: none"> ◆ Osaka Expo 2025

(Note) These events are scheduled as of October 1, 2020, and are subject to change.

Profile of MORI TRUST Hotel REIT

Build on the Growth Potential of Japan's Tourism Industry

Capture a variety of needs associated with increasing inbound tourism

Attract tourists from Europe and the U.S.

Advantage of high-quality hotels focused on international brand hotels

Globally extended customer base

- Get customers from not only Asia but wider areas including North America and Europe
- Operate hotels stably bolstered by the abundant customer base ranging over wide areas

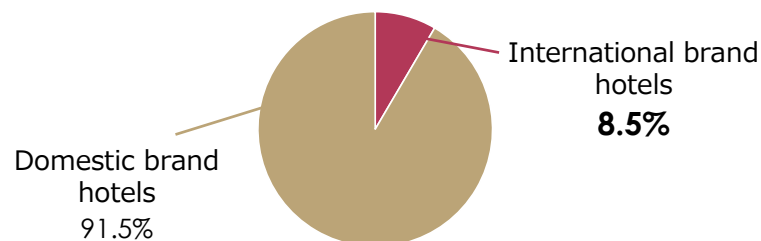
Advantages of member organization and use of reservation system

- Attract member customers around the world having strong trust in brands
- Accept direct reservation by member customers through the reservation systems unique to the brands

Provision of world-class services and operational expertise

- Respond to inbound customers who want services matching global standards
- Improve the proprietary operating expertise through franchised hotel operations

International brand hotels account for less than 10% of hotels in Japan



(Note) Prepared by the Asset Management Company based on "List of Hotel Chain Groups in Japan 2020" by Weekly Hotels and Restaurants. The compilation covers the hotels indicated in the source, not the entire hotels in Japan.

Implementing the hotel business by the sponsors



MORI TRUST



MORI TRUST HOTELS & RESORTS

Expertise of Mori Trust Group

Development capabilities

×

Hotel operation and Management capabilities

Cooperation

Stimulating the market by providing opportunities for investment



MORI TRUST HOTEL REIT

Focused investments in "high-quality and attractive hotel assets"
A new "REIT specialized in hotels"

Quality of Mori Trust Group Providing Support with its Development and Operation Capabilities



Capabilities to develop hotels with potential high asset quality

- Locations vigorously selected under the “selection and concentration” policy
- Grade of buildings demonstrating high quality
- Facility specifications featuring disaster prevention and environmental performances

Trust Quality
Expertise of Mori Trust Group

Development Capabilities
×
Operation and Management Capabilities



Excellent hotel operation and management capabilities

- Alliance with industry front runners
- Scenario creation for enhancing profitability
- Support system through efficient organizational functions

Trust Value

Focused Investment in Hotel Assets that Share the “Trust Value” Created by “Trust Quality”



Asset quality

Stability

Growth potential

Hotel assets that demonstrate **Asset Quality × Stability × Growth Potential**

- Situated in prime locations in central Tokyo or world-famous tourist destination areas
- Quality that is assessed “excellent” by customers around the world
- Customer base not only in Japan but extending throughout the world
- High-level hospitality offered by hotel operators having abundant experiences and achievements
- Proportion of “fixed rent and variable rent” giving considerations to the balance of stability and growth potential
- Enjoying the growth potential backed by the Japanese government’s policies and demand from inbound tourists

Aim to Develop a Portfolio that Demonstrates **“Asset Quality × Stability × Growth Potential”**

Area

Pay attention to **“asset quality”**, which is the essential worthiness of real estate

Major cities around Japan

23 wards of Tokyo and government ordinance-designated cities

Famous tourist destinations

Areas expected to attract many tourists

Focus on “locations and areas”

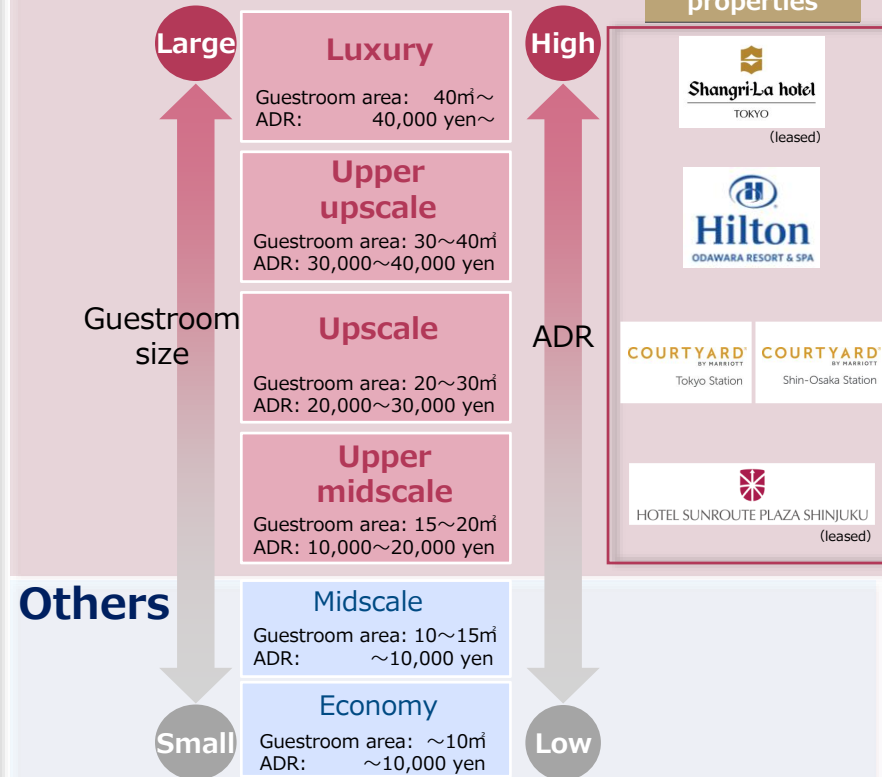
Assets located in areas capable of attracting guests, regardless of being in city centers or regional areas

- Ability to attract guests in a stable manner
- High competitiveness due to superiority of locations
- Mitigates the impact of changes in economic environment
- Advantageous for inviting international brand hotels

Grade

Focus investments in hotels of the **top four grades**

Focused investment targets



List of Portfolio Properties

Portfolio Highlights (as of August 31, 2020)

No. of properties :
5 properties

Total acquisition price :
¥108.5 billion

Total No. of guestrooms :
1,469 rooms

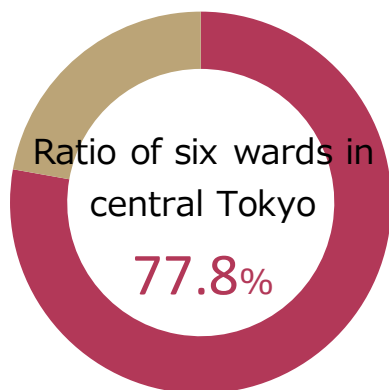
Property name	Shangri-La Hotel Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
Property photo					
Location	Chiyoda Ward, Tokyo 1-minute walk from Tokyo Sta.	Odawara-shi, Kanagawa About 60 minutes from Tokyo Sta. (bullet train & shuttle bus)	Chuo Ward, Tokyo 4-minute walk from Tokyo Sta.	Yodogawa Ward, Osaka 1-minute walk from Shin-Osaka Sta.	Shibuya Ward, Tokyo 3-minute walk from Shinjuku Sta.
Complete	November, 2008	October, 1997 (rebranded in February, 2004)	February, 2014	March, 1997 (renovated in Nov., 2015)	August, 2007
Acquisition date	September 1, 2016	September 2, 2019	September 16, 2016	September 16, 2016	July 28, 2016
Acquisition price (million yen)	42,000	6,500	13,800	17,600	28,600
Developer	Mori Trust	-	Mori Trust	Mori Trust	Mori Trust
Hotel grade	Luxury	Upper Upscale	Upscale	Upscale	Upper midscale
No. of guestrooms	200	163 (Note1)	150	332 (Note2)	624
Hotel operation format	Leased	MC (Note3)	FC (Note4)	FC (Note4)	Leased
Hotel operator	Shangri-La Hotels Japan	Hilton Worldwide Manage	Mori Trust Hotels & Resorts	Mori Trust Hotels & Resorts	Sotetsu Hotel Management

(Note1) The figure indicates the total number of guest rooms of the entire building, including the rooms under co-ownership by other owners. The equity held by MORI TRUST Hotel REIT in the trust beneficiary interest is 50/100.

(Note2) The figure indicates the total number of guest rooms of the entire building, including the rooms under co-ownership by other owners. The equity held by MORI TRUST Hotel REIT in the trust beneficiary interest is 74/100.

(Note3) MC means "under management contract," which indicates that hotel operations are outsourced by Mori Trust Group to a brand operator.

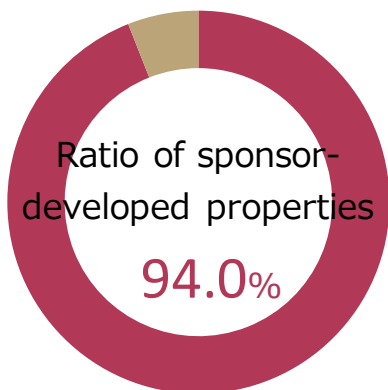
(Note4) FC means franchised and indicates the format in which Mori Trust Group operates the hotels by itself, with brand use rights granted by respective brands.



- Being particular about location, MORI TRUST Hotel Reit invests in properties with high asset value located in the six wards of central Tokyo (Chiyoda Ward, Minato Ward, Chuo Ward, Shinjuku Ward, Shibuya Ward, Shinagawa Ward)
- MORI TRUST Hotel Reit selects highly competitive properties and also focuses on distance to the nearest station



- MORI TRUST Hotel Reit has a high ratio of international brands, and as the number of international brands are limited in Japan, the portfolio helps take in increasing demand from inbound tourists
- MORI TRUST Hotel Reit invests in the properties of top brands such as Marriott and Hilton, some of the largest hotel chains in the world



- Most of the properties have been developed by the sponsor, Mori Trust
- MORI TRUST Hotel Reit invests in high-quality properties that maximize the development capabilities of Mori Trust Group, a comprehensive developer

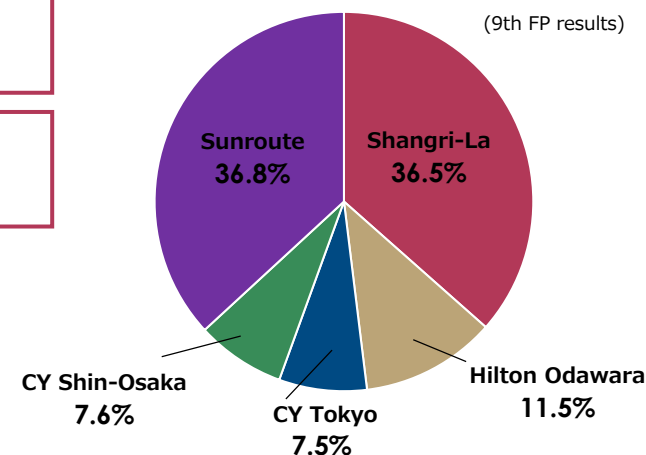
Variable rent (Note1) : Possible to enjoy upside growth potential

Minimum-guaranteed rent (Note2) : Secures stability
/ **Fixed rent** (Note3)



Pursue an Optimal Mix of Stability and Growth Potential

Rent Ratio of the Portfolio



Property name	Rent type	Calculation base for variable rent	Fixed rent (minimum-guaranteed rent)
Shangri-La Hotel Tokyo	Variable With minimum annual guaranteed rent	Sales	Minimum annual guaranteed rent (Note4) 882,700,000 yen
Hilton Odawara Resort & Spa	Variable	Profit	-
Courtyard by Marriott Tokyo Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent (Note5) 310,000,000 yen
Courtyard by Marriott Shin-Osaka Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent (Note5) 460,000,000 yen
Hotel Sunroute Plaza Shinjuku	Fixed	-	Fixed annual rent 1,304,673,360 yen

(Note1) Variable rent refers to the rent determined by such management indices as sales and profits from hotel operations.

(Note2) Minimum-guaranteed rent represents the rent format in which, when the total rent for a certain period falls short of a certain amount (minimum-guaranteed rent), the difference between the amount of minimum-guaranteed rent and the total rent shall be paid later.

(Note3) Fixed rent refers to the rent that shall be paid at a fixed amount each time for a certain period.

(Note4) If the total rent for the period from April each year to March next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for March next year.

(Note5) If the total rent for the period from October each year to September next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for September next year.

List of Rent Types of Portfolio Properties

	Shangri-La Hotel Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station
Rent type	Variable (monthly) With minimum annual guaranteed rent	Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)	Variable (monthly) With minimum annual guaranteed rent
Calculation base for variable rent	Sales	Profit	Profit
Tenant	Mori Trust	MT & Hilton Hotel	Mori Trust
Rent scheme	<p>Minimum annual guaranteed rent 882,700,000 yen (Note)</p> <p>(Note) If the total rent for the period from April each year to March next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for March next year.</p>	<p>variable rent</p>	<p>Minimum annual guaranteed rent 310,000,000 yen (Note)</p> <p>(Note) If the total rent for the period from October each year to September next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for September next year.</p>
	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	
Rent type	Variable (monthly) With minimum annual guaranteed rent	Fixed	
Calculation base for variable rent	Profit	-	
Tenant	Mori Trust	Sotetsu Hotel Management	
Rent scheme	<p>Minimum annual guaranteed rent 460,000,000 yen (Note)</p> <p>(Note) If the total rent for the period from October each year to September next year falls short of the minimum annual guaranteed rent, the difference shall be paid by the end of February next year, together with the rent for September next year.</p>	<p>Fixed annual rent 1,304,673,360 yen</p> <p>fixed rent</p>	

Major Hotels Developed, Held and/or Operated by Mori Trust Group

Development Capabilities



Operation & Management Capabilities



Strategic Hotel Development

Alliance with a variety of international brand hotels



Resort Areas

(Properties indicated in **red** are those owned by MORI TRUST Hotel REIT)

9	JW Marriott Hotel Nara	158 rooms	M C
10	Suiran, a Luxury Collection Hotel, Kyoto	39 rooms	F C
11	IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa	58 rooms	F C
12	Sheraton Okinawa Sunmarina Resort	246 rooms	F C
13	Hilton Okinawa Sesoko Resort	298 rooms	M C
14	Hilton Odawara Resort & Spa	163 rooms	M C

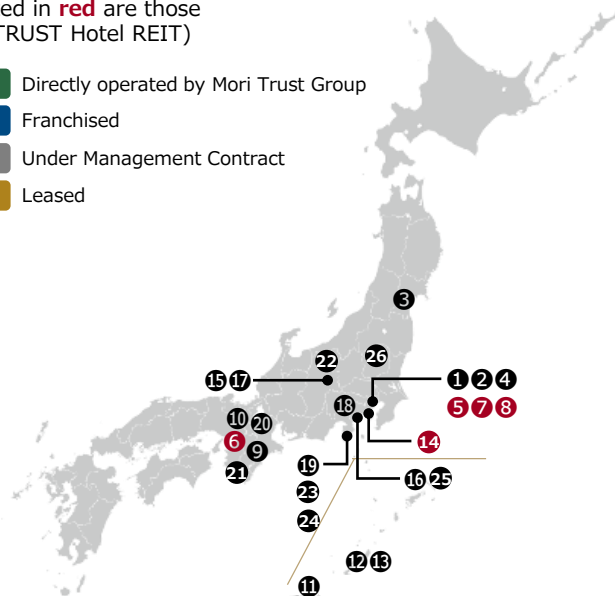
15	MAMPEI HOTEL	109 rooms	Direct
16	Gora-Kansuiro	14 rooms	Direct
17	Karuizawa Marriott Hotel	142 rooms	F C
18	Fuji Marriott Hotel Lake Yamanaka	105 rooms	F C
19	Izu Marriott Hotel Shuzenji	128 rooms	F C
20	Lake Biwa Marriott Hotel	274 rooms	F C
21	Nanki-Shirahama Marriott Hotel	182 rooms	F C
22	Courtyard by Marriott Hakuba	72 rooms	F C
23	Hotel Laforet Shuzenji	212 rooms	Direct
24	Laforet Club Ito Onsen Yunoniwa	84 rooms	Direct
25	Laforet Club Hakone Gora Yunosumika	44 rooms	Direct
26	Resort Hotel Laforet Nasu	118 rooms	Direct

Major Metropolitan Areas

(Properties indicated in **red** are those owned by MORI TRUST Hotel REIT)

1	The Tokyo EDITION, Toranomon	206 rooms	M C
2	CONRAD TOKYO	291 rooms	M C
3	The Westin Sendai	292 rooms	F C
4	Tokyo Marriott Hotel	249 rooms	F C
5	Courtyard by Marriott Tokyo Station	150 rooms	F C
6	Courtyard by Marriott Shin-Osaka Station	332 rooms	F C
7	Shangri-La Hotel, Tokyo	200 rooms	L E
8	Hotel Sunroute Plaza Shinjuku	624 rooms	L E

- Direct Directly operated by Mori Trust Group
- F C Franchised
- M C Under Management Contract
- L E Leased



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of August 31, 2020

(Note) Except for the assets owned as of August 31, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.



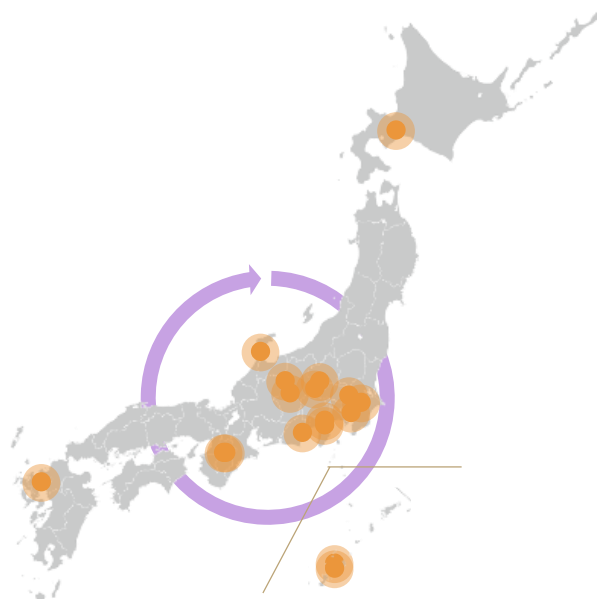
Multiple new hotel development projects

Major Metropolitan Areas

- The Tokyo EDITION, Ginza
- Hotel development plan in AKASAKA 2 PROJECT (Tentative)

Resort Areas

- Sapporo Odori Park
- Karuizawa Shiozawa
- Karuizawa Nagakura
- Karuizawa Shinonome
- Kanazawa Hirooka
- Hida Takayama
- Hakuba Sakka
- Hakone Nakagora
- Hakone Gora
- Atami Kinomiya
- Nara Yoshikien
- JW Marriott Hotel Nara
- Nagasaki Minamiyamate
- The Beach Resort Sesoko by Hilton Club
- Okinawa Fuchaku



Luxury Destination Network

Major Metropolitan Areas



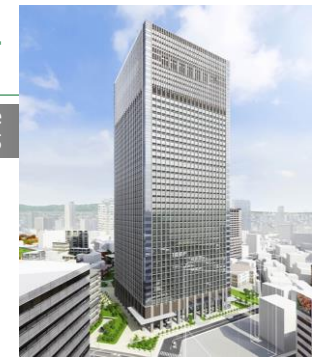
The Tokyo EDITION, Ginza

Scheduled to open in the spring through summer of 2021

EDITION

Hotel development plan in AKASAKA 2 PROJECT (Tentative)

Scheduled to complete in fiscal 2025



Resort Areas in Okinawa



The Beach Resort Sesoko by Hilton Club

Scheduled to open in 2021

THE BEACH RESORT SESOKO
HILTON CLUB

(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of August 31, 2020
 (Note) Except for the assets owned as of August 31, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.

System for Promotion of Sustainability

■ Sustainability Policy

The Asset Management Company of Mori Trust Hotel REIT has established a Sustainability Policy as outlined below, and is engaged in initiatives to improve sustainability.

1. Promoting energy savings and GHG emissions reduction
Promotion of efficient use of energy in assets under management, introduction of facilities conducive to energy saving and low carbonization
 2. Contributing to recycling-oriented society
Promotion of initiatives for effective use of limited resources, including 3R for water saving and waste reduction
 3. Streamlining the internal management system and strengthening compliance
Establishment of the internal system for the effective promotion of initiatives under this policy, compliance with laws and regulations, educational and awareness-rising activities concerning ESG directed at employees
 4. Promoting health and comfort
Asset management that seeks improvement in health, safety, and comfort of tenants and facility users, as well as creation of effective working environments for employees
 5. Collaborating with external stakeholders
Construction of good relationships with tenants, customers, local communities and other external stakeholders
 6. Disclosing ESG information
Broad disclosure of this policy and information regarding the situations of initiatives for sustainability, among others
- Meeting for promotion of sustainability
To systematically promote initiatives for ESG, the "meeting for promotion of sustainability" is held periodically. Specific future goals are set, progress is checked, and environmental monitoring evaluations of properties held are conducted continuously, among other activities.

Initiatives for 9th FP

<Environment>

- Measures to improve environmental performance by upgrading equipment
Upgrade large refrigerator/freezer and kitchen equipment to those with higher energy-saving performance
Introduction of smart meters
- Concluded contracts, etc. for green leases
Reached an agreement with lessees of owned properties to hold talks on improvement of environmental performance

<Social>

- Initiatives for tenants
Focused on enhancing tenant satisfaction by conducting tenant satisfaction surveys and sharing the results with building management companies, etc.

<Governance>

- Conducted compliance training
The Asset Management Company conducted training for all employees to raise awareness of compliance

Future initiatives

■ Preparation for acquisition of GRESB Real Estate Assessment

Promoting initiatives for acquiring "Green Star" in the "GRESB Real Estate Assessment," an annual benchmark assessment that measures consideration for environment, society, and governance (ESG) of real estate companies/funds.



Environmental Initiatives

- Investment in properties with higher environmental performance

The Asset Management Company conducts risk evaluation and obtains engineering reports, etc. when acquiring properties.

<Certificated property>



Tokyo Metropolitan Government's Energy Performance Certificate Program
Acquired the highest rating of AAA

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.

- Supply chain management

When selecting a PM company, etc., we take into consideration its initiatives for sustainability in addition to quality, price, credibility, etc. (Conduct ESG monitoring, etc. of the company)

Social Initiatives

- Contribution to local society

As a contribution to local society, participate in and support local events and conduct regional clean-up activities, etc.

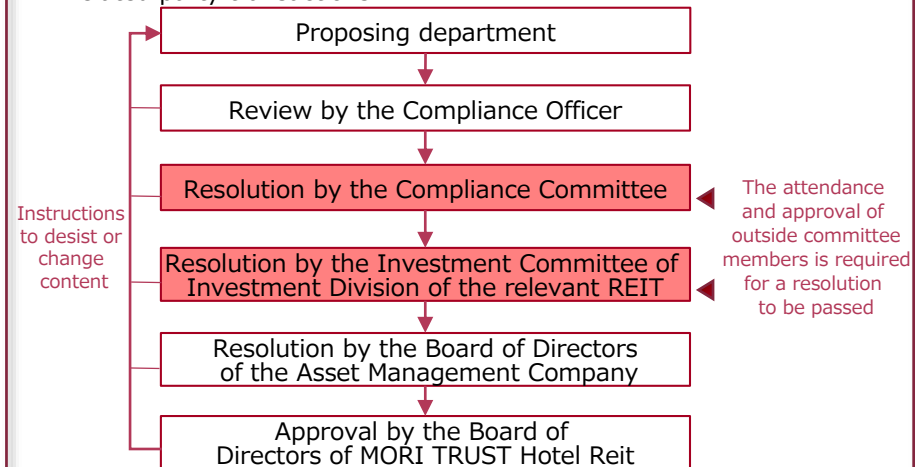


(Example) Participated in local event "EDO ART EXPO" and sponsored the Sanno Festival(Courtyard by Marriott Tokyo Station)

Governance Initiatives

- Countermeasures against conflicts of interest and the adoption of an operation system to secure impartiality

- Decision-making flow of the Asset Management Company in related party transactions



- Integrating the interests of investors and sponsors (Same-boat investment by Mori Trust Group)

Unitholding ratio of Mori Trust Group **36.8%**

(as of August 31, 2020)

(reference) Employee Initiatives (MORI TRUST) (Note)

- Promoting the empowerment of women and work-life balance From the perspective of diversity, at Mori Trust Co., Ltd. initiatives to promote the empowerment of women and work-life balance are conducted.

①	Female employment ratio	20.8%
②	Female employee ratio	24.7%
③	Female management position ratio	7.8%
④	Rate of paid leave taken	75.6%

*Items①④ : FY2019, items②③ : as of March 31, 2020



Acquired certification as a company that supports employees with childcare (Kurumin certification) and certification as a company that promotes women's participation and advancement in the workplace (Eruboshi certification) (Minister of Health, Labour and Welfare certification)

APPENDIX

NO.1

SHANGRI-LA HOTEL, TOKYO



Shangri-La Hotel, Tokyo



Luxury	Upper upscale	Upscale	Upper midscale
--------	---------------	---------	----------------

Location : Chiyoda Ward, Tokyo
 Floors (Note1) : 37 with 4 basement floors
 Guestrooms : 200 (Note2)

Developed by Mori Trust

Leased



Property Characteristics

- International luxury hotel with high scarcity value, in close proximity to Tokyo Station.
- Located in Marunouchi, Chiyoda Ward, Tokyo – location that is rare and precious for REIT-owned properties.
- The first foray in Japan for Shangri-La, a top-of-the-line international brand hotel.

(Note1) The figure indicates the number of floors for the Tower MAIN and Tower NORTH of Marunouchi Trust Tower.
 (Note2) The figure indicates the number of guest rooms available for sale.

NO.2
HILTON
ODAWARA
RESORT & SPA

Hilton Odawara Resort & Spa



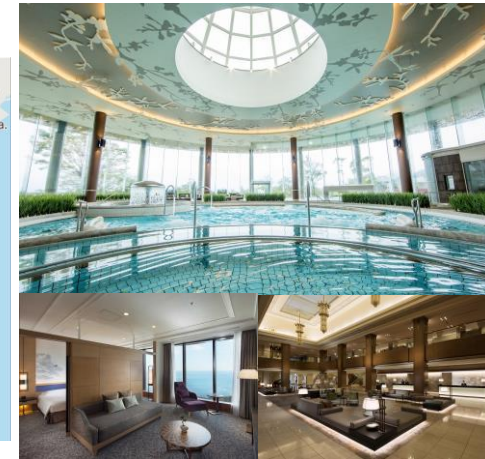
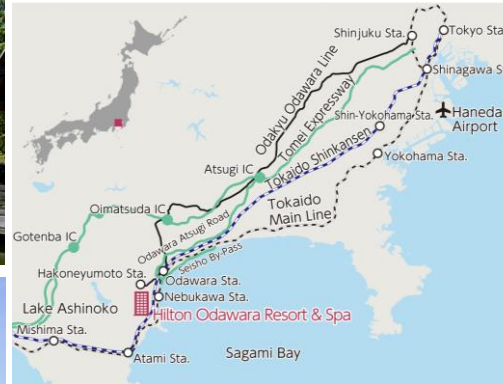
Luxury

Upper upscale

Upscale

Upper
midscale

Location : Odawara-shi, Kanagawa
Floors : 12 with 1 basement floors (Note1)
Guestrooms : 163 (Note2)



Property characteristics

- Located in a favorable resort area with convenient access being only 1 hour from the Tokyo metropolitan area.
- High-quality building grade under the Hilton brand with all guestrooms offering ocean views.
- Extended-stay resort with natural hot spring baths, advanced sports facilities and amusement facilities.

(Note1) The floors of the main facility is stated.

(Note2) The total number of guestrooms at the Hilton Odawara Resort & Spa in the entire building is stated and the quasi-co-ownership interests of other parties are included. The quasi-co-ownership interest in the Hilton Odawara Resort & Spa owned by MORI TRUST Hotel Reit is 50%.

NO.3 COURTYARD BY MARRIOTT TOKYO STATION



Courtyard by Marriott Tokyo Station

COURTYARD
BY MARRIOTT

Tokyo Station

Luxury

Upper upscale

Upscale

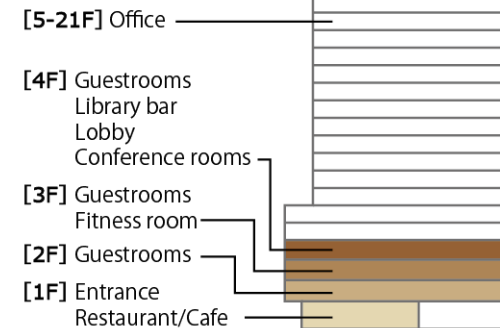
Upper
midscale

Location : Chiyoda Ward, Tokyo
 Floors (Note1) : 21 with 3 basement floors
 Guestrooms : 150 (Note2)

Developed by
Mori Trust

Operated by
Mori Trust
Group

4-minute walk from Tokyo Sta.



Property Characteristics

- A 4-minute walk from Tokyo Station, featuring comfortable access both for business and sightseeing purposes.
- A core brand having the largest number of facilities among the Marriott Group.
- Among the largest hotel chains in the world, with over 7,500 hotels globally. Membership program of the Marriott Group applicable for over 140 million members. (Note2)

(Note1) The figure indicates the number of floors of the entire building.

(Note2) Based on the website of Marriott International (as of October 1, 2020).

NO.4 COURTYARD BY MARRIOTT SHIN-OSAKA STATION

Courtyard by Marriott Shin-Osaka Station

COURTYARD
BY MARRIOTT

Shin-Osaka Station

Luxury

Upper upscale

Upscale

Upper
midscale

Location : Yodogawa Ward, Osaka

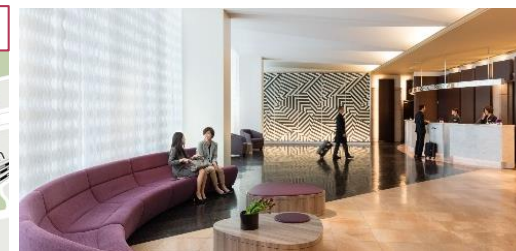
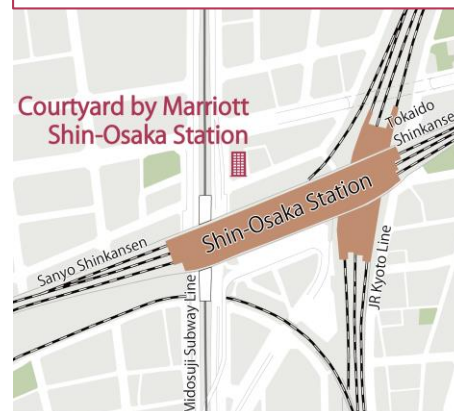
Floors : 18 floors (Note1)

Guestrooms : 332 (Note2)

Developed by
Mori Trust

Operated by
Mori Trust Group

1-minute walk from Shin-Osaka Sta.



Property Characteristics

- A 1-minute walk from Shin-Osaka Station, which is the base for sightseeing and business purposes.
- Rebranded from Hotel Laforet Shin-Osaka to Courtyard by Marriott and opened in November 2015.
- The guest rooms, which count to 332 rooms in total (Note2), have an area of 30 m² to 90 m², securing comfortably wide spaces.

(Note1) The figure indicates the number of floors of the entire building.

(Note2) The figure indicates the total number of guest rooms of the entire building, including the rooms under co-ownership by other owners. The equity held by MORI TRUST Hotel REIT in the trust beneficiary interest is 74/100.

NO.5 HOTEL SUNROUTE PLAZA SHINJUKU

Hotel Sunroute Plaza Shinjuku



HOTEL SUNROUTE PLAZA SHINJUKU

Luxury

Upper upscale

Upscale

Upper
midscale

Location : Shibuya Ward, Tokyo
Floors : 14 with a basement floor
Guestrooms : 624

Developed by
Mori Trust

Leased

3-minute walk from Shinjuku Sta.



Property Characteristics

- A 3-minute walk from Shinjuku Station, which has the largest number of passengers getting on/off trains on average in Japan.
- A flagship hotel of the Sunroute chain with the affix of Plaza.
- A hotel mainly for overnight stays, with restaurants, bar and conference rooms available.

(Reference) Operating Status of Portfolio Properties

- Four properties continued to operate by thoroughly implementing measures to prevent the spread of infection without full closure even during the period of the state of emergency.
- Handled restaurants and ancillary facilities in stages depending on situation.

		2020						
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.
Shangri-La	Accommodation	Operated as usual						
	Lobby Lounge	Open only for overnight guests		Operated as usual				
	Restaurant	Closed		Took some days off				
Hilton Odawara	Accommodation	Operated as usual						
	Restaurant	Partially shortened operating hours (suspended buffet)		Resumed buffet	Operated as usual			
	Swimming pool, gym, etc.	Closed			Open only for overnight guests	Operated as usual		
CY Tokyo	Accommodation	Operated as usual						
	Restaurant	Closed	Take-out	Take-out + open for lunch hours		Partially shortened operating hours		
CY Shin-Osaka	Accommodation	Operated as usual						
	Restaurant	Breakfast only	Take-out	Operated as usual (partial changes to menu)				
Sunroute	Accommodation	Operated as usual	Closed		Operated as usual			
	Restaurant	Suspended dinner service	Closed		Partially shortened operating hours	Suspended dinner service		

: Operated as usual *with measures against COVID-19
 : Some limits imposed
 : Closed

Balance Sheets and Statements of Income (9th FP)

(Thousands of yen)

Balance Sheets (as of August 31, 2020)

Current assets	3,457,268	Current liabilities	13,560,859
Cash and deposits	2,677,922	Operating accounts payable	112,356
Cash and deposits in trust	776,211	Short-term loans payable	5,975,000
Operating accounts receivable	1,752	Current portion of long-term loans payable	7,000,000
Prepaid expenses	1,381	Accounts payable	112,319
Non-current assets	106,538,789	Accrued expenses	49,592
Property and equipment	106,527,572	Distribution payable	3,383
Machinery and equipment	7,645	Income taxes payable	979
Accumulated depreciation	-401	Accrued consumption taxes	130,209
Tools, furniture and fixtures	37,281	Advances received	176,435
Accumulated depreciation	-4,854	Deposits received	582
Buildings in trust	20,570,910	Non-current liabilities	45,554,483
Accumulated depreciation	-2,616,842	Long-term loans payable	41,000,000
Structures in trust	8,590	Tenant leasehold and security deposits	4,554,473
Accumulated depreciation	-4,676	Other non-current liabilities	9
Machinery and equipment in trust	5,034	Total liabilities	59,115,342
Accumulated depreciation	-486	Unitholders' equity	50,880,715
Tools, furniture and fixtures in trust	15,851	Unitholders' capital	50,000,000
Accumulated depreciation	-3,205	Surplus	880,715
Land in trust	88,512,726	Unappropriated retained earnings	880,715
Intangible assets	1,199	Total net assets	50,880,715
Software	1,199	Total liabilities and net assets	109,996,057
Investments and other assets	10,018		
Guarantee deposits	10,000		
Deferred tax assets	18		
Total assets	109,996,057		

Statements of income (March 1, 2020 – August 31, 2020)

Operating revenues	1,770,720
Rental revenues	1,768,455
Other rental revenues	2,264
Operating expenses	782,642
Rental expenses	651,187
Asset management fee	91,733
Asset custody and administrative service fees	12,370
Directors' compensations	3,600
Other operating expenses	23,751
Operating income	988,077
Non-operating income	3,507
Interest income	21
Reversal of distributions payable	2,830
Interest on refund	616
Other	40
Non-operating expenses	109,919
Interest expenses	109,919
Ordinary income	881,665
Income before income taxes	881,665
Income taxes – current	983
Income taxes – deferred	▲ 11
Net income	880,694
Retained earnings brought forward	21
Unappropriated retained earnings	880,715

Revenues and Expenses by Property (9th FP)

Item	Shangri-La Hotel Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	Entire portfolio
	9th FP	9th FP	9th FP	9th FP	9th FP	9th FP
Operating period (from) (to)	Mar. 1, 2020 Aug. 31, 2020	Mar. 1, 2020 Aug. 31, 2020	Mar. 1, 2020 Aug. 31, 2020	Mar. 1, 2020 Aug. 31, 2020	Mar. 1, 2020 Aug. 31, 2020	Mar. 1, 2020 Aug. 31, 2020
Operating days (days)	184	184	184	184	184	184
Real estate rental revenues and expenses (thousand yen)						
Real estate rental revenues ①	646,656	204,183	132,829	134,714	652,336	1,770,720
Rent revenues	646,656	201,918	132,829	134,714	652,336	1,768,455
Other revenues	-	2,264	-	-	-	2,264
Real estate rental expenses ②	240,559	94,534	69,899	69,881	176,311	651,187
Taxes and public dues	129,765	45,163	23,895	14,748	66,788	280,361
Insurance expenses	1,303	1,435	343	612	882	4,578
Repairs and maintenance expenses	-	-	609	1,837	-	2,447
Depreciation ③	109,290	47,784	44,850	52,482	108,440	362,850
Other	200	150	200	200	200	950
Real estate rental income ④=①-②	406,096	109,648	62,929	64,833	476,024	1,119,533
NOI ⑤=④+③	515,387	157,433	107,780	117,316	584,465	1,482,383
NOI yield (annualized) (Note)	2.4%	4.8%	1.5%	1.3%	4.1%	2.7%
Acquisition price (million yen)	42,000	6,500	13,800	17,600	28,600	108,500

(Note) Annualized NOI for the 9th FP / Acquisition price

List of Interest-Bearing Debt

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	MUFG Bank, Ltd.	975	Base rate (Note) + 0.20%	Aug. 31, 2020	Aug. 31, 2021	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.20%	Aug. 31, 2020	Aug. 31, 2021	
	Sumitomo Mitsui Banking Corporation	500	Base rate (Note) + 0.20%	Aug. 31, 2020	Aug. 31, 2021	
	Sumitomo Mitsui Trust Bank, Limited	500	Base rate (Note) + 0.20%	Aug. 31, 2020	Aug. 31, 2021	
	Sumitomo Mitsui Banking Corporation	1,500	Base rate (Note) + 0.19%	Aug. 31, 2020	Aug. 31, 2021	
	Sumitomo Mitsui Trust Bank, Limited	1,500	Base rate (Note) + 0.19%	Aug. 31, 2020	Aug. 31, 2021	
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.19%	Aug. 31, 2020	Aug. 31, 2021	
	Subtotal		5,975			
Long-term loans	Mizuho Bank, Ltd.	1,000	0.38750%	Nov. 30, 2017	Nov. 30, 2020	Lump-sum repayment upon maturity Unsecured Unguaranteed Fixed interest rate
	Sumitomo Mitsui Banking Corporation	1,000	0.38750%	Nov. 30, 2017	Nov. 30, 2020	
	Resona Bank, Limited	1,000	0.37750%	Nov. 30, 2017	Nov. 30, 2020	
	Sumitomo Mitsui Trust Bank, Limited	2,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Mizuho Bank, Ltd.	1,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Sumitomo Mitsui Banking Corporation	1,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Sumitomo Mitsui Trust Bank, Limited	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	MUFG Bank, Ltd.	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Development Bank of Japan Inc.	1,500	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Sumitomo Mitsui Banking Corporation	2,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Bank, Ltd.	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Shinkin Central Bank	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Trust & Banking Co., Limited	2,000	0.25750%	Nov. 29, 2019	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	MUFG Bank, Ltd.	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	Sumitomo Mitsui Banking Corporation	5,500	0.28250%	Nov. 29, 2019	Feb. 28, 2023	
	Nippon Life Insurance Company	1,000	0.55565%	Nov. 30, 2017	May 31, 2023	
	Mizuho Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	MUFG Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Mizuho Bank, Ltd.	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Sumitomo Mitsui Banking Corporation	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Development Bank of Japan Inc.	1,500	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Mizuho Bank, Ltd.	2,000	0.33250%	Nov. 29, 2019	Feb. 29, 2024	
	Mizuho Bank, Ltd.	5,000	0.35750%	Nov. 29, 2019	Aug. 30, 2024	
	Shinkin Central Bank	1,000	0.29880%	Sep. 2, 2019	Aug. 29, 2025	
	Development Bank of Japan Inc.	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025	
Mizuho Trust & Banking Co., Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Resona Bank, Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Mizuho Bank, Ltd.	1,000	0.36000%	Sep. 2, 2019	Aug. 31, 2026		
Subtotal		48,000				
Total		53,975				

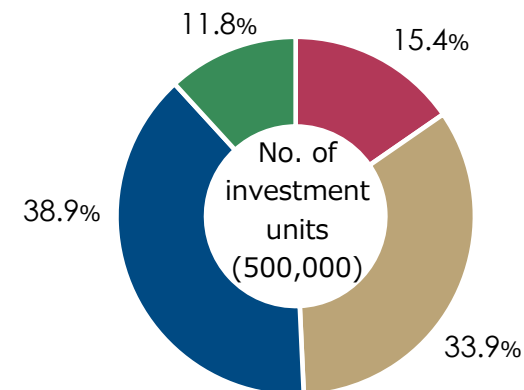
(Note) The base rate is the JBA (Japanese Bankers Association) 1-month Japanese Yen TIBOR.

Debt financing conducted in the 9th FP ended August 2020

Breakdown of Unitholders

(as of August 31, 2020)

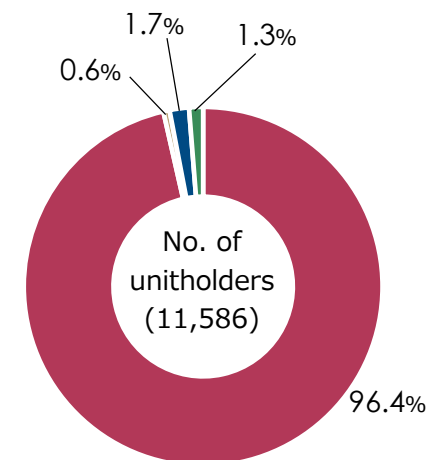
	Individuals	Financial institutions (including securities firms)	Other domestic corporations	Overseas corporations and individuals	Total
No. of investment units (units)	76,913	169,467	194,611	59,009	500,000
	15.4%	33.9%	38.9%	11.8%	100%
No. of unitholders (persons)	11,173	65	202	146	11,586
	96.4%	0.6%	1.7%	1.3%	100%



Major Unitholders (Top 10 Firms)

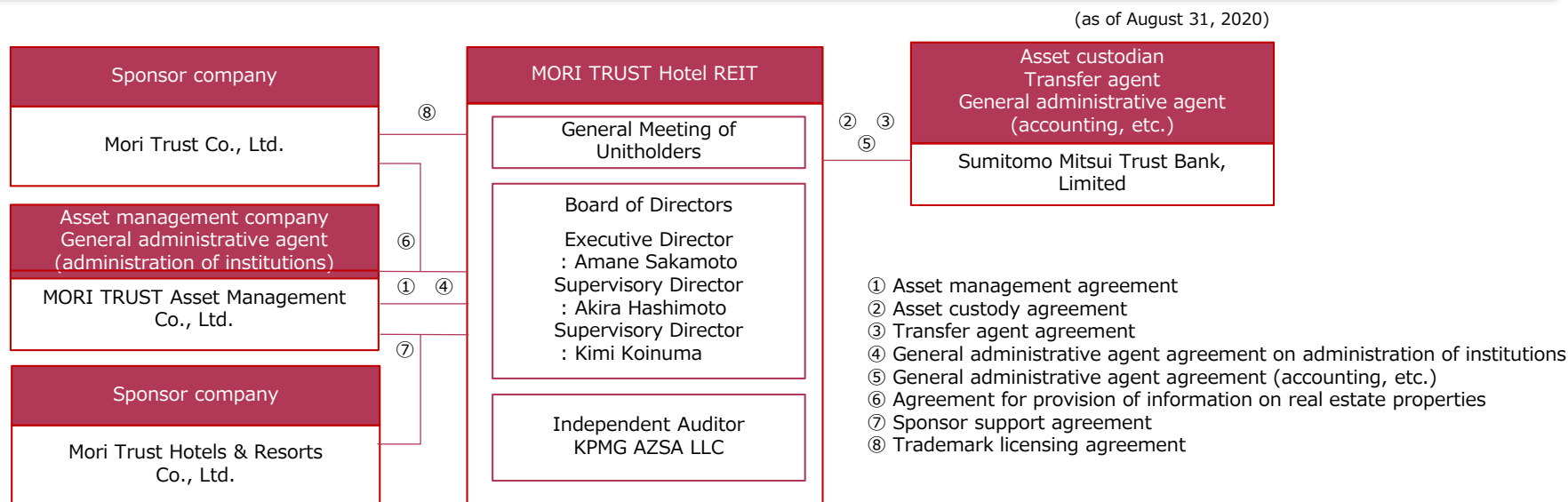
(as of August 31, 2020)

Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Holdings Inc.	184,000	36.8%
Custody Bank of Japan, Ltd. (Trust Account)	76,657	15.3%
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,972	6.8%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	13,143	2.6%
SSBTC CLIENT OMNIBUS ACCOUNT	7,246	1.4%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	6,917	1.4%
The Chugoku Bank, Ltd.	4,061	0.8%
THE BANK OF NEW YORK MELLON 140044	3,751	0.8%
Aozora Bank, Ltd.	3,505	0.7%
Custody Bank of Japan, Ltd. (Cash in Trust Taxable account)	3,482	0.7%
Total (top 10 firms)	336,734	67.3%



- Individuals
- Financial institutions (including securities firms)
- Other domestic corporations
- Overseas corporations and individuals

Structure of MORI TRUST Hotel REIT



Structure of MORI TRUST Asset Management

(as of August 31, 2020)

Company name	MORI TRUST Asset Management Co., Ltd.	
Shareholder composition	Mori Trust Co., Ltd.	95%
	Mori Trust Hotels & Resorts Co., Ltd.	5%
Registration / license	Financial instruments business, Registration No.: Kanto Local Finance Bureau Director-General (Financial instruments business) No.407 Comprehensive real estate investment advisory business, Registration No.: Minister of Land, Infrastructure and Transportation No.000001 Building lot and building transaction business, License No.: Minister of Land, Infrastructure and Transportation(5) No.6009 Discretionary trading agent, etc. for building lot and building transaction business, Permission No.: Minister of Land, Infrastructure and Transportation No.4 Member of The Investment Trusts Association, Japan	

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