



**MORI**  
TRUST HOTEL REIT

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

**7th Fiscal Period      Operating Results & Presentation**  
**(March 1, 2019 – August 31, 2019)**

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

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# **Summary of Operating Results for 7th FP Ended August 2019**

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## Distribution per unit

Results for the 7th FP  
ended August 2019

**3,219 yen**

(+59 yen from forecast)

Operating revenues	2,399 mn yen (+20 mn yen from forecast)
Real estate rental income	1,845 mn yen (+22 mn yen from forecast)
NOI	2,158 mn yen (+22 mn yen from forecast)
Net income	1,609 mn yen (+29 mn yen from forecast)

## Status of Inbound Tourism

- Number of inbound tourists
  - Total for 2018  
31.19 million (+8.7% year-on-year)
  - Total for January through August 2019 (estimated)  
22.14 million (+3.9% year-on-year)
- Growth Rate of Number of Inbound Tourists for Jan. to Aug. 2019 (year-on-year comparison)
  - Total +3.9%
  - Western countries (note) +11.0%

(Source) Materials publicized by Japan National Tourism Organization

(note) Western countries indicates the nine countries of the United Kingdom, France, Germany, Italy, Russia, Spain, United States, Canada, and Australia.

## Assets

## Debt

## Equity

No. of properties	4 properties	Interest-bearing debt	47.5 bn yen	NAV	(Note6)	68.5 bn yen
Asset size	(Note1) 102.0 bn yen	LTV	(Note5) 45.5 %	NAV per unit	(Note7)	137,194 yen
Appraisal value	119.2 bn yen	Fixed-rate debt ratio	93.7 %	Market capitalization	(Note8)	69.8 bn yen
Unrealized gain	(Note2) 18.5 bn yen	Average interest rate	0.43 %	Investment units outstanding		500,000 units
NOI yield	(Note3) 4.2 %	Average remaining maturity of debt	2.0 years	Mori Trust Group's holding ratio	(Note9)	36.8 %
Yield after depreciation	(Note4) 3.6 %					
No. of guestrooms	1,306 rooms					

(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 7th FP (annualized) / Total acquisition price

(Note4) Yield after depreciation = Real estate rental income after depreciation for the 7th 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 30, 2019) × 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 7th FP

# Summary of the 7th FP Results

Distribution per unit (actual) : 3,219 yen (+59 yen from forecast)

Item	7th FP ended Aug. 2019 (actual)	7th FP ended Aug. 2019 (forecast)	Difference	5th FP ended Aug. 2018 (actual)	Difference
Operating revenues	2,399	2,379	20	2,409	▲ 10
Real estate rental revenues ①	2,399	2,379	20	2,409	▲ 10
Shangri-La	966	977	▲ 10	1,018	▲ 51
CY Tokyo	408	388	20	367	40
CY Shin-Osaka	372	361	11	371	0
Sunroute	652	652	-	652	-
Operating expenses	691	692	▲ 1	684	6
Real estate rental expenses ②	554	556	▲ 2	555	▲ 0
(Depreciation) ③	313	313	▲ 0	312	1
Other operating expenses	136	135	0	129	7
Real estate rental income ④=①-②	1,845	1,822	22	1,854	▲ 9
NOI ④+③	2,158	2,136	22	2,167	▲ 8
Operating income	1,708	1,686	21	1,725	▲ 16
Ordinary income	1,610	1,581	29	1,628	▲ 17
Net income	1,609	1,580	29	1,627	▲ 17
Total cash distributions	1,609	1,580	29	1,627	▲ 18
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,219	3,160	59	3,255	▲ 36

## Major factors of change

(from 7<sup>th</sup> FP forecast)

■ Operating revenues	
Real estate rental revenues	+20 mn yen
Shangri-La	▲ 10 mn yen
CY Tokyo	+20 mn yen
CY Shin-Osaka	+11 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	▲ 2 mn yen
Decrease in repairs and maintenance expenses	▲ 1 mn yen

(from 5<sup>th</sup> FP actual : YoY comparison)

■ Operating revenues	
Real estate rental revenues	▲ 10 mn yen
Shangri-La	▲ 51 mn yen
CY Tokyo	+40 mn yen
CY Shin-Osaka	+0 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	▲ 0 mn yen
Decrease in taxes and public dues	▲ 1 mn yen
Increase in depreciation	+1 mn yen
Other operating expenses	+7 mn yen
■ Non-operating expenses	
Increase in interest expenses	+8 mn yen



# 7th FP Operating Results by Property (Year-on-Year Comparison)

## Shangri-La Hotel, Tokyo

	(reference) 3thFP total	5th FP (Operating period: Mar. 1, 2018 to Aug. 31, 2018)						5thFP total
		2017		2018				
		Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Base month for rent								
Rent recording month		2018						
Rent (million yen)	949	Mar.	Apr.	May	Jun.	Jul.	Aug.	1,018
		173	194	131	146	178	193	

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)							7th FP total
2018		2019					
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.		
2019							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
172	190	128	135	163	175		966

## Courtyard by Marriott Tokyo Station

	(reference) 3th FP avg.	5th FP (Operating period: Mar. 1, 2018 to Aug. 31, 2018)						5th FP avg.
		2017		2018				
		Dec.	Jan.	Feb.	Mar.	Apr.	May	
Base month for rent								
Occupancy rate (%)	93.5%	94.6%	87.9%	95.4%	95.5%	95.0%	92.2%	93.4%
Average daily rate (ADR) (yen)	23,922	24,215	24,555	26,530	27,151	27,911	25,351	25,935
RevPAR (yen)	22,388	22,918	21,577	25,304	25,919	26,521	23,368	24,243
Rent recording month		2018						
Rent (million yen)	328	Mar.	Apr.	May	Jun.	Jul.	Aug.	367
		58	58	54	69	67	60	

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)							7th FP avg.
2018		2019					
Dec.	Jan.	Feb.	Mar.	Apr.	May		
91.8%	89.6%	93.6%	92.0%	95.8%	93.1%	92.6%	
25,987	26,451	27,998	29,367	30,474	26,440	27,775	
23,869	23,703	26,204	27,024	29,208	24,607	25,749	
2019							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
62	62	58	76	79	69	408	

## Courtyard by Marriott Shin-Osaka Station

	(reference) 3th FP avg.	5th FP (Operating period: Mar. 1, 2018 to Aug. 31, 2018)						5th FP avg.
		2017		2018				
		Dec.	Jan.	Feb.	Mar.	Apr.	May	
Base month for rent								
Occupancy rate (%)	88.9%	90.1%	75.4%	93.4%	87.2%	98.2%	92.2%	89.4%
Average daily rate (ADR) (yen)	18,633	20,145	17,519	19,468	19,885	21,264	18,515	19,466
RevPAR (yen)	16,618	18,159	13,208	18,185	17,337	20,876	17,077	17,466
Rent recording month		2018						
Rent (million yen)	372	Mar.	Apr.	May	Jun.	Jul.	Aug.	371
		72	32	55	67	80	63	

7th FP (Operating period: Mar. 1, 2019 to Aug. 31, 2019)							7th FP avg.
2018		2019					
Dec.	Jan.	Feb.	Mar.	Apr.	May		
91.9%	74.5%	88.1%	90.4%	97.0%	89.8%	88.7%	
19,525	16,876	17,984	18,818	21,722	19,076	19,013	
17,951	12,565	15,852	17,016	21,074	17,135	16,951	
2019							
Mar.	Apr.	May	Jun.	Jul.	Aug.		
70	35	47	61	88	69	372	

(Note1) Base month for rent represents the month 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 Shangri-La Hotel, Tokyo 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 Shangri-La Hotel, Tokyo, and the month three months prior to the rent recording month for Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station, respectively.

(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.

# 7th FP Operating Results by Property (Period-on-Period Comparison)



## Shangri-La Hotel, Tokyo

6th FP (Operating period: Sep. 1, 2018 to Feb. 28, 2019)

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

2018						6th FP total
May	Jun.	Jul.	Aug.	Sep.	Oct.	
2018			2019			937
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
155	148	153	140	150	189	

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

2018		2019				7th FP total
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
2018		2019				966
Mar.	Apr.	May	Jun.	Jul.	Aug.	
172	190	128	135	163	175	

## Courtyard by Marriott Tokyo Station

6th FP (Operating period: Sep. 1, 2018 to Feb. 28, 2019)

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

2018						6th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
94.2%	92.1%	87.1%	92.3%	95.2%	96.5%	92.9%
26,314	26,099	24,928	26,506	30,230	27,734	26,970
24,794	24,033	21,706	24,462	28,787	26,772	25,088
2018			2019			383
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
63	58	51	60	75	73	

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

2018	2019					7th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May	
91.8%	89.6%	93.6%	92.0%	95.8%	93.1%	92.6%
25,987	26,451	27,998	29,367	30,474	26,440	27,775
23,869	23,703	26,204	27,024	29,208	24,607	25,749
2019					7th FP total	408
Mar.	Apr.	May	Jun.	Jul.	Aug.	
62	62	58	76	79	69	

## Courtyard by Marriott Shin-Osaka Station

6th FP (Operating period: Sep. 1, 2018 to Feb. 28, 2019)

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

2018						6th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
92.5%	95.5%	85.0%	79.3%	92.5%	97.3%	90.4%
17,448	18,272	18,883	17,594	19,707	19,684	18,603
16,134	17,447	16,049	13,949	18,219	19,153	16,831
2018			2019			348
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
47	57	55	44	72	72	

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

2018	2019					7th FP avg.
Dec.	Jan.	Feb.	Mar.	Apr.	May	
91.9%	74.5%	88.1%	90.4%	97.0%	89.8%	88.7%
19,525	16,876	17,984	18,818	21,722	19,076	19,013
17,951	12,565	15,852	17,016	21,074	17,135	16,951
2019					7th FP total	372
Mar.	Apr.	May	Jun.	Jul.	Aug.	
70	35	47	61	88	69	

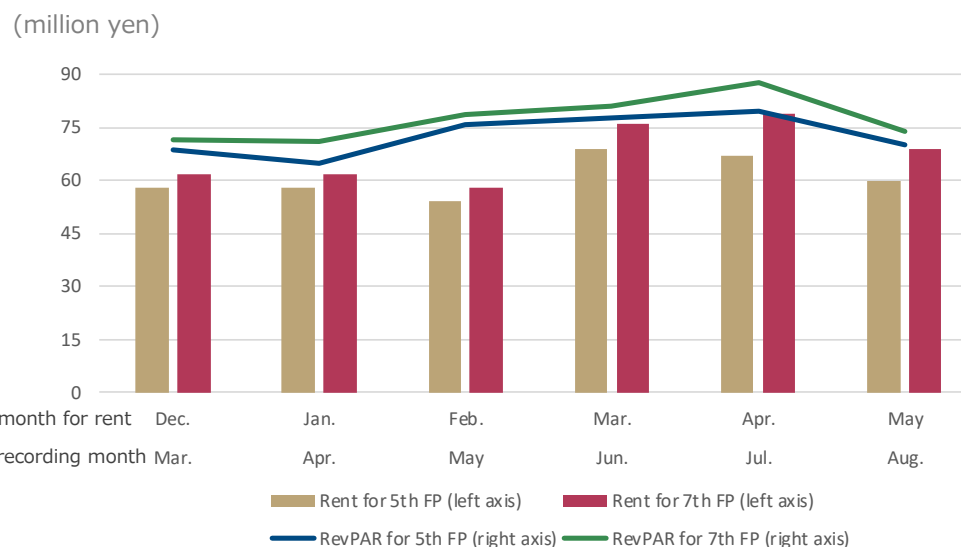
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(Note2) Rent recording month represents the month for which MORI TRUST Hotel REIT records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.

(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.

- The accommodation department maintained at a high level both occupancy rate and ADR. Continued revenue management, aiming for further improvement in ADR capitalizing on high occupancy
- Aim to capture lodging demand at a high unit price, which will arise from international events such as the Rugby World Cup Japan 2019 and the Tokyo 2020 Olympic and Paralympic Games

## Change in Major Indicators for 7th FP (Year-on-Year Comparison)



(yen)

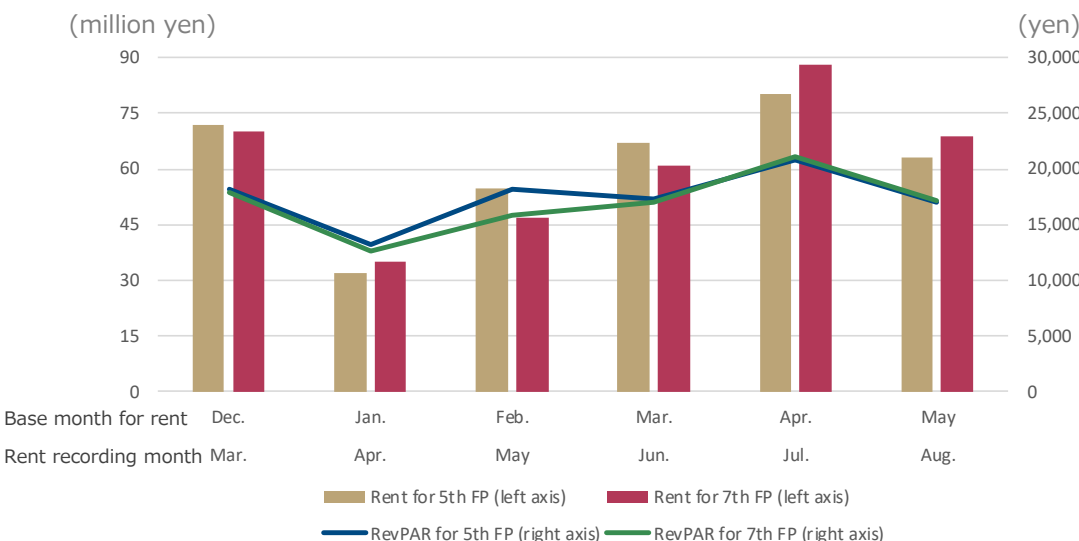
	7 <sup>th</sup> FP avg.	YoY change
Occupancy rate	92.6 %	- 0.8 pt
Average daily rate (ADR)	27,775 yen	+1,840 yen
RevPAR	25,749 yen	+1,506 yen

Rent	7 <sup>th</sup> FP avg.	YoY change
7 <sup>th</sup> FP (actual)	408 mn yen	+40 mn yen
7 <sup>th</sup> FP (forecast)	388 mn yen	
Change	+20 mn yen	



- Despite the harsh conditions of the hotel market in the Osaka area, maintained a similar level for rent year on year through cost management
- Aim to capture lodging demand arising from international events such as the World Masters Games 2021 Kansai and the 2025 World Expo

## Change in Major Indicators for 7th FP (Year-on-Year Comparison)



	7 <sup>th</sup> FP avg.	YoY change
Occupancy rate	88.7 %	- 0.7 pt
Average daily rate (ADR)	19,013 yen	- 453 yen
RevPAR	16,951 Yen	- 515 yen

Rent	7 <sup>th</sup> FP avg.	YoY change
7 <sup>th</sup> FP (actual)	372 mn yen	+0.8 mn yen
7 <sup>th</sup> FP (forecast)	361 mn yen	
Change	+11 mn yen	

# Appraisal Value of Properties (End of 7<sup>th</sup> FP)

Property name	Appraisal agency	Appraisal value at end of 7th FP (million yen)	Period-on-period change (million yen)	Appraisal value by capitalization method				Book value at end of 7th 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 6th FP (million yen)
				Capitalization rate (%)	Period-on-period change	Discount rate (%)	Terminal capitalization rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	49,400	+1,400	3.3%	- 0.1pt	3.0%	3.5%	41,576	7,823	42,000	48,000
Courtyard by Marriott Tokyo Station	Japan Real Estate Institute	18,800	+500	3.7%	- 0.1pt	3.4%	3.9%	13,601	5,198	13,800	18,300
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	19,000	-	4.2%	- 0.1pt	3.9%	4.4%	17,383	1,616	17,600	19,000
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	32,000	+800	3.6%	- 0.1pt	3.4%	3.8%	28,041	3,958	28,600	31,200
Total	-	119,200	+2,700	-	-	-	-	100,602	18,597	102,000	116,500

Forecast distribution per unit : 3,410 yen

【Reference】 (million yen)

Item	8th FP ended Feb. 2020 (forecast)	6th FP ended Feb. 2019 (actual)	Difference	7th FP ended Aug. 2019 (actual)	Difference
Operating revenues	2,559	2,322	237	2,399	160
Real estate rental revenues ①	2,559	2,322	237	2,399	160
Shangri-La	886	937	▲ 50	966	▲ 79
Hilton Odawara	203	-	203	-	203
CY Tokyo	422	383	38	408	14
CY Shin-Osaka	395	348	46	372	22
Sunroute	652	652	-	652	-
Operating expenses	740	677	62	691	48
Real estate rental expenses ②	607	546	61	554	52
(Depreciation) ③	361	312	49	313	48
Other operating expenses	132	131	1	136	▲ 3
Real estate rental income ④=①-②	1,952	1,775	176	1,845	107
NOI ④+③	2,314	2,088	225	2,158	155
Operating income	1,819	1,644	175	1,708	111
Ordinary income	1,706	1,545	160	1,610	95
Net income	1,705	1,544	160	1,609	95
Total cash distributions	1,705	1,545	160	1,609	95
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,410	3,090	320	3,219	191

## Major factors of difference

(From 6<sup>th</sup> FP actual: YoY comparison)

■ Operating revenues	
Real estate rental revenues	+ 237 mn yen
Shangri-La	-50 mn yen
Hilton Odawara	+ 203 mn yen
CY Tokyo	+ 38 mn yen
CY Shin-Osaka	+ 46 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+61 mn yen
Increase in taxes and public dues	+ 6 mn yen
Increase in repairs and maintenance expenses	+ 3 mn yen
Increase in depreciation	+ 49 mn yen
Other operating expenses	+ 1 mn yen
■ Non-operating expenses	
Increase in interest expenses	+14 mn yen

## 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



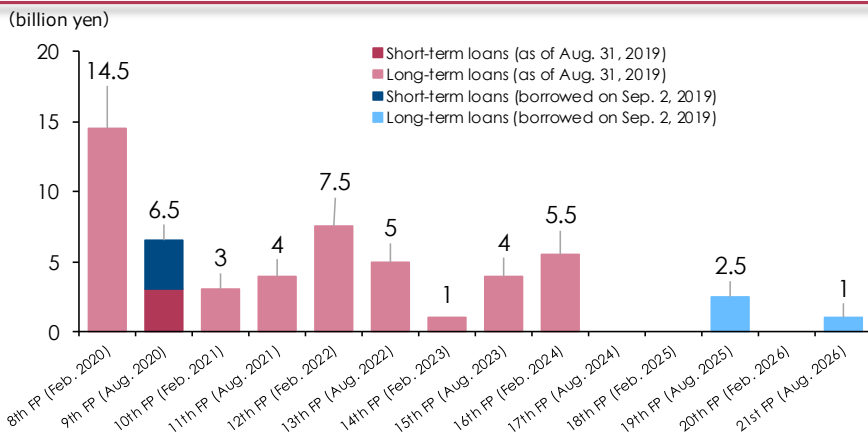
**LTV** Set 60% as upper limit, while targeting 50% as upper limit in normal operations.

## Financial highlights for 7th FP

Refinanced 3 billion yen at the end of August 2019 and conducted new financing of 7 billion yen for property acquisitions on September 2, 2019

- Refinanced 4 billion yen of short-term loans payable at maturity with short-term borrowings of 3 billion yen
- Leveraged LTV leeway to acquire Hilton Odawara Resort & Spa using only loans
- Lengthened the remaining maturity of debt while lowering the average interest rate thanks to the low interest rate environment

## Diversification of Repayment Dates (as of September 2, 2019)



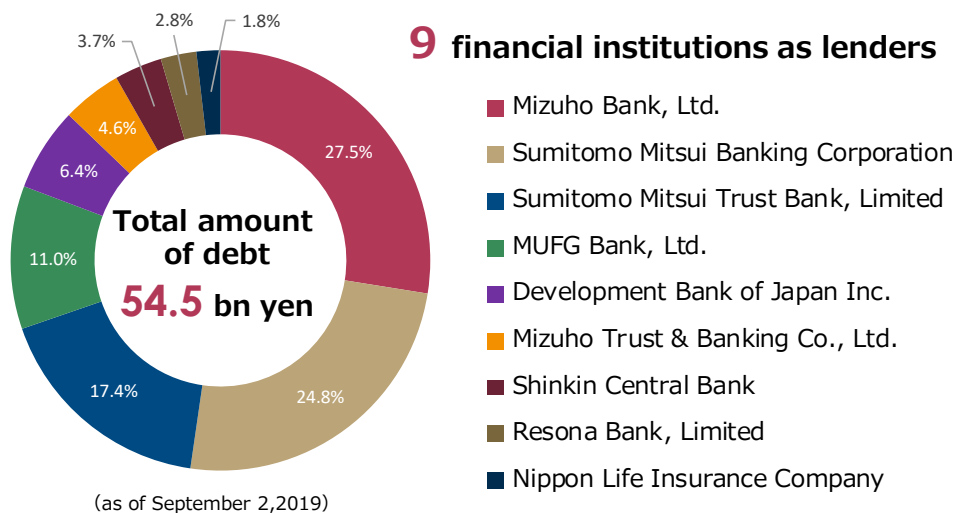
## Interest-Bearing Debt Status

Item	End of 6th FP (Feb. 28, 2019)	End of 7th FP (Aug. 31, 2019)	As of Sep. 2, 2019 (Note)	Change from end of 6th FP
Total interest-bearing debt at end of period (million yen)	48,500	47,500	54,500	+6,000
Short-term loans	4,000	3,000	6,500	+2,500
Long-term loans	44,500	44,500	48,000	+3,500
Investment corporation bonds	-	-	-	-
LTV (ratio of interest bearing debt to total assets)	46.1 %	45.5 %	48.9 %	+2.8 pt
Fixed-rate debt ratio	91.8 %	93.7 %	88.1 %	-3.7 pt
Average interest rate	0.43 %	0.43 %	0.42 %	-0.01 pt
Average remaining maturity of debt	2.4 years	2.0 years	2.2 years	-0.2 years

(as of September 2, 2019)

(Note) The LTV as of September 2, 2019, is a reference value calculated based on the LTV of the end of the 7th FP (Aug. 31, 2019).

## Diversification of Lenders



(as of September 2, 2019)

## 9 financial institutions as lenders

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

# **New Acquisition (Hilton Odawara Resort & Spa)**

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# Overview of Property Acquisition (Hilton Odawara Resort & Spa)



Hilton Odawara Resort & Spa	
Location	Odawara-shi, Kanagawa
Acquisition date	September 2, 2019
Acquisition price	6,500 million yen (50% quasi-co-ownership interest)
Appraisal value	7,250 million yen
Appraisal NOI yield	6.2% (note1)
Number of guestrooms	163 rooms (note2)
Main buildings	Main facility (guestrooms, etc.), bade facility, sports facility and chapel



## Property characteristics

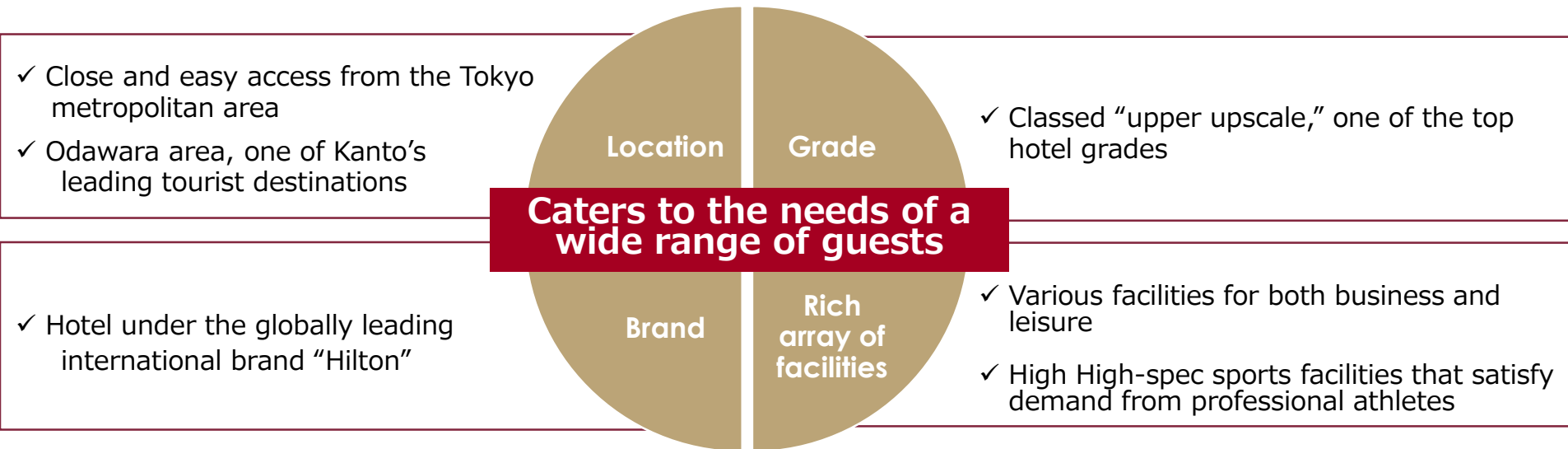
- Located in a favorable resort area with convenient access being only 1 hour from the Tokyo metropolitan area.
- High-quality building grade under the Hilton brand with all guestrooms offering ocean views.
- Extended-stay resort with natural hot spring baths, advanced sports facilities and amusement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

(note1) "Appraised NOI yield" is the net operating income arrived at using the direct capitalization method and listed in the real estate appraisal report divided by acquisition price and rounded to the nearest first decimal place.

(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%.

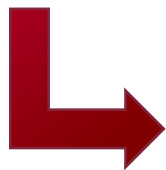


## High-Quality Resort Hotel Catering to the Needs of a Wide Range of Guests



## Sponsor Support of the Mori Trust Group

- Joint acquisition with Mori Trust Co., Ltd. (sponsor) where each party will each acquire 50% quasi-co-ownership interest.
- MT & Hilton Hotel Co., Ltd., a wholly-owned subsidiary of Mori Trust Hotels & Resorts Co., Ltd. (sponsor), will be involved in the hotel management and operation as the hotel management company (lessee) on an ongoing basis.



**Upon acquisition**

Realize property acquisition at LTV of no more than 50%

**After acquisition**

Seek property value enhancement by utilizing the sponsors' expertise in hotel development and operation and through collaboration with the sponsors

## Rent Type Addressing Seasonal Fluctuation Risks Specific to Resort Hotels (Variable Rent)

- Adopt rent type that considers balance between stability and growth potential, taking into consideration the seasonal fluctuations specific to resort hotels.

The amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained by multiplying the sum total of base profit for the base period for calculation of rent (period of 1 year) corresponding to each fiscal period by 95% will be received as monthly rent.

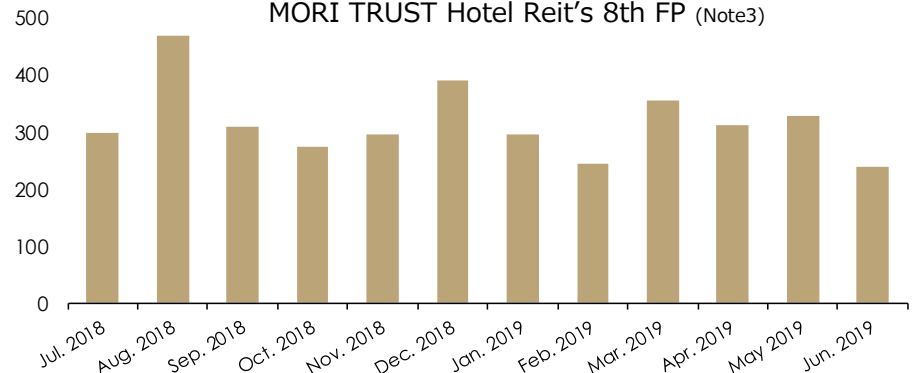
Year	2018						2019						2020						2021	
Month	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Fiscal Period	5th FP			6th FP			7th FP			8th FP			9th FP			10th FP				
Base period for calculation of rent	8th FP profits (12-month average)						9th FP profits (12-month average)						10th FP profits (12-month average)							
Rent																				

▲ Acquisition date : September 2, 2019

### Rent for 8th FP

	Rent for 8th FP					
	2019				2020	
	Sep. (Note2)	Oct.	Nov.	Dec.	Jan.	Feb.
Rent (million yen) (Note1)	32	33	33	33	33	33

(million yen) 【reference】 Total sales for base period for calculation of rent for MORI TRUST Hotel Reit's 8th FP (Note3)



(Note1) "Rent" shows the value calculated based on the rent calculation method in the lease contract, rounded down to the nearest million yen.  
 (Note2) "Rent" for September 2019 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.  
 (Note3) "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.

## Growth Potential from Development on Adjacent Land



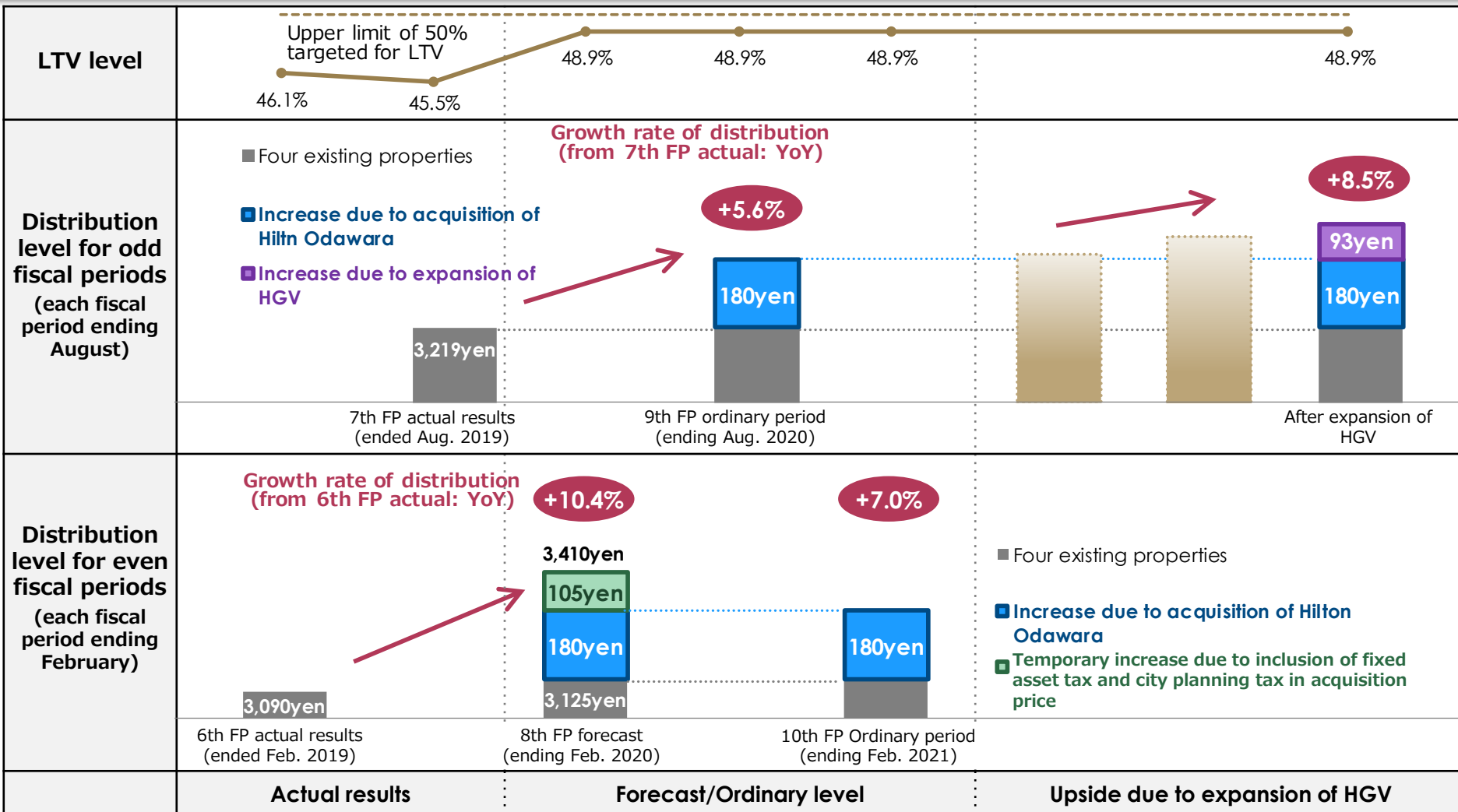
- Hilton Grand Vacations (HGV) is operating a timeshare resort on the land adjacent to the hotel.
- MORI TRUST Hotel Reit receives rent from MT & Hilton Hotel based on hotel revenues (includes revenues, etc., from use of hotel facilities by HGV guests).
- HGV has further development and expansion projects lined up (rent upside potential).



(conceptual diagram)



# Growth Potential through Property Acquisition②



**(Note1)** Each of the above figures is a reference value calculated based on the following assumptions and do not constitute a guarantee of future distribution levels, etc. **(Note2)** "Increase due to acquisition of Hilton Odawara" indicates the increase expected in distribution level given the acquisition of Hilton Odawara Resort & Spa (referred to as "Hilton Odawara" in the remainder of this section). It is calculated by deducting from the real estate rental income of Hilton Odawara forecast for the 8th FP the REIT-related expenses (asset management fees, etc.) of Hilton Odawara and interest expenses, and after dividing this by the number of investment units issued and outstanding, "temporary increase due to inclusion of fixed asset tax and city planning tax in acquisition price" is deducted. **(Note3)** "Temporary increase due to inclusion of fixed asset tax and city planning tax in acquisition price" indicates the temporary increase in distribution level only expected in the 8th FP. It is calculated by dividing the fixed asset tax, etc. of Hilton Odawara (included in acquisition book value at acquisition) that will be expensed in the 9th FP and onwards, not the 8th FP, as well as REIT-related expenses by the number of investment units issued and outstanding. **(Note4)** "HG" is a timeshare resort operated by Hilton Grand Vacations on the land adjacent to Hilton Odawara. MORI TRUST Hotel Reit can receive rent based on hotel revenues including revenues, etc., from use of hotel facilities by HG guests. **(Note5)** "Increase due to expansion of HG" indicates the increase in distribution level expected given future development and expansion projects for HG. It is calculated using the same method as (Note 2) after adding the rent of MORI TRUST Hotel Reit, which is expected to increase due to development and expansion of HG, to real estate rental income of Hilton Odawara forecast for the 8th FP. **(Note6)** LTV level after the 8th FP forecast is based on the assumption that the LTV level estimated as of September 2, 2019, when Hilton Odawara was acquired, will be maintained. **(Note7)** "Growth rate of distribution (from 7th FP actual: YoY)" for the 9th FP ordinary period and after HG expansion is calculated with the growth rate of distribution of the actual results of the 7th FP, assuming that the distribution level for the four existing properties remains at the level of the actual results of the 7th FP. **(Note8)** "Growth rate of distribution (from 6th FP actual: YoY)" for the 10th FP ordinary period is calculated together with the growth rate of distribution of the actual results of the 6th FP, assuming that the distribution levels of the four existing properties will remain at the level of the 8th FP forecast.

# Market Conditions

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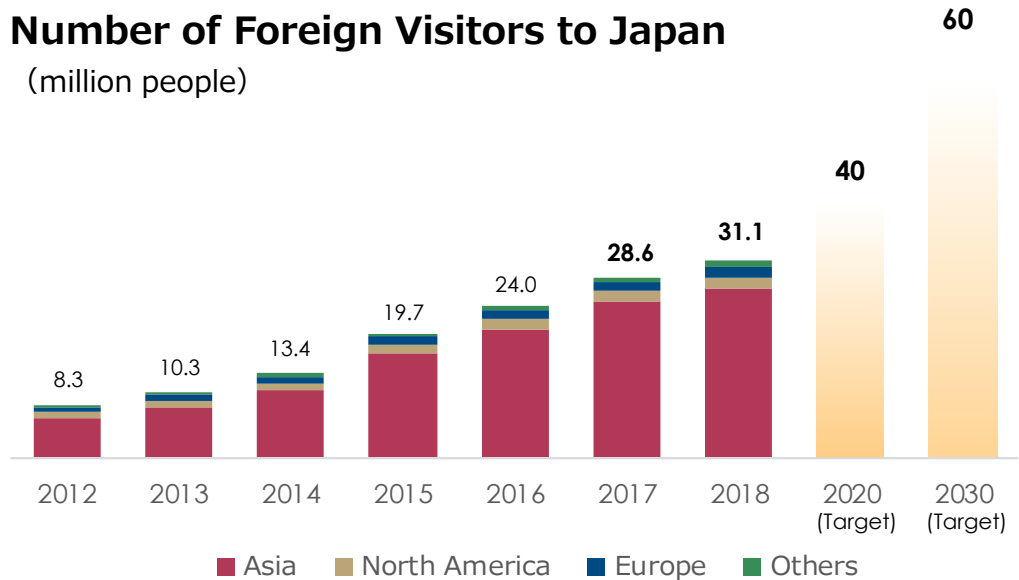


# Number of Foreign Visitors to Japan

- Amid domestic travel remaining stagnant, the number of foreigners visiting Japan surpassed the government's target in 2016, significantly ahead of planned schedule.
- The number of foreigners visiting Japan in 2018 totaled 31.19 mn (year-on-year increase of 8.7%); and that in January to August 2019 stood at 22.14 mn (increase of 3.9%). (Source) Materials publicized by Japan National Tourism Organization

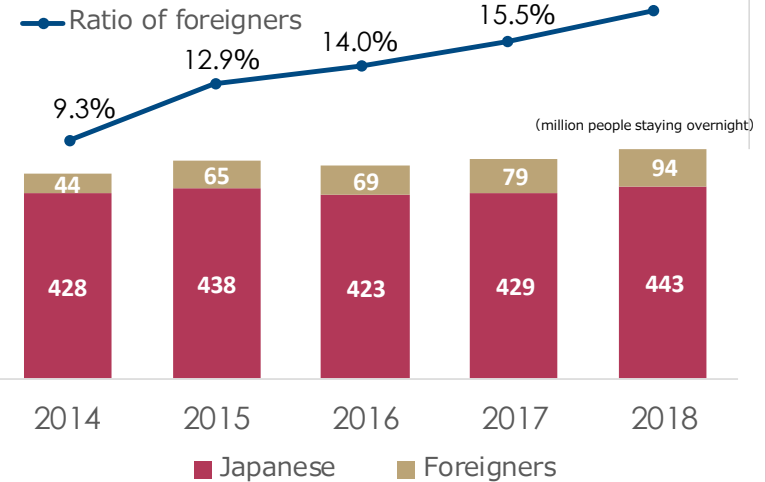
## Number of Foreign Visitors to Japan

(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 2018 by Country

<b>All countries</b>	China	South Korea	Taiwan	Hong Kong
5.9	6.0	3.2	5.1	5.7
<b>U.S.</b>	U.K.	Germany	Russia	Australia
<b>9.9</b>	<b>13.1</b>	<b>13.5</b>	<b>9.2</b>	<b>12.8</b>

(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

2020	◆ Tokyo 2020 Olympic and Paralympic Games
2021	◆ World Masters Games 2021 Kansai ◆ 19th FINA World Aquatics Championships 2021 Fukuoka
2025	◆ Osaka Expo 2025

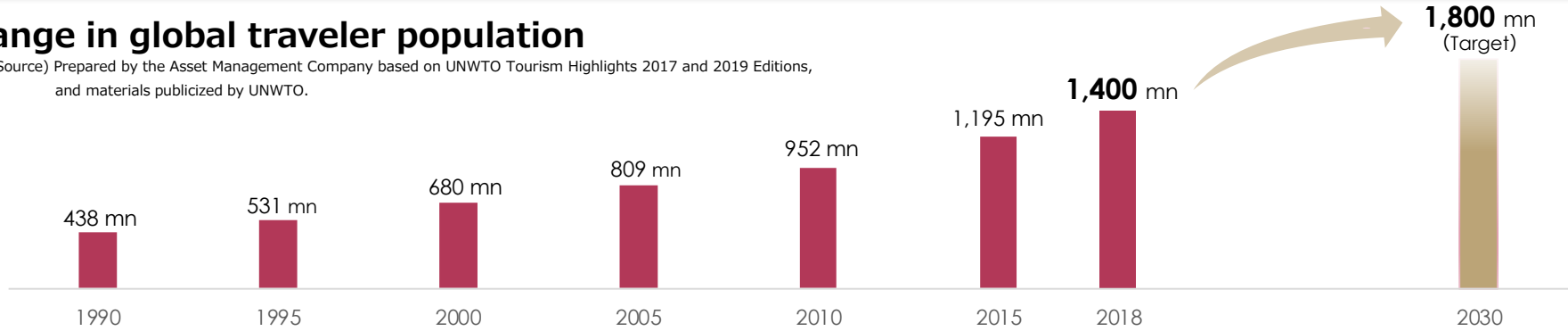
(Note) These events are scheduled as of August 31, 2019, and are subject to change.



- The world's travelling population continues to grow, as it reached the 2020 target of 1.4 billion in 2018, and is expected to reach 1.8 billion by 2030.
- Travel expenditures from Japan's neighbors, the Asia Pacific region and Russia, have shown high growth.

## Change in global traveler population

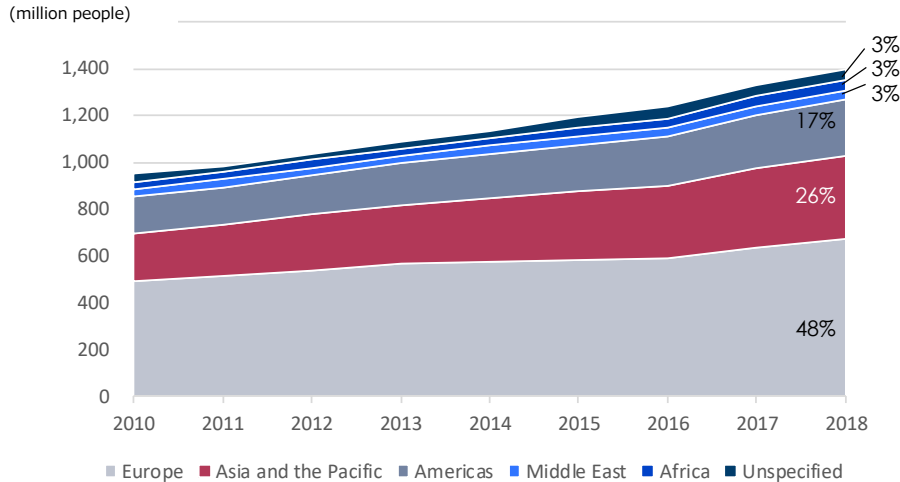
(Source) Prepared by the Asset Management Company based on UNWTO Tourism Highlights 2017 and 2019 Editions, and materials publicized by UNWTO.



## Growth in travelers from the Asia

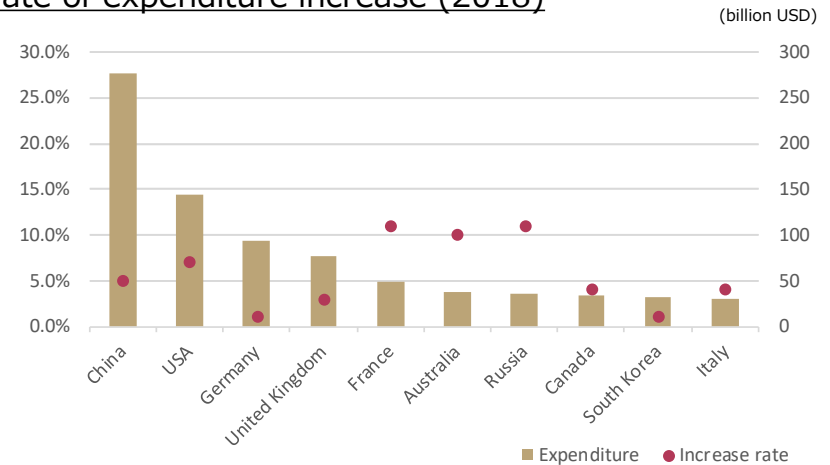
(Source) Prepared by the Asset Management Company based on UNWTO Tourism Highlights, 2012 - 2019 Edition

### Change in travelers' region of origin



Travelers from the Asia Pacific region accounts for only a quarter of all travelers.

### Top spenders in international tourism and rate of expenditure increase (2018)



Count also on wealthy travelers from Asian countries and Russia in the future.

# **Profile of MORI TRUST Hotel REIT**

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## 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

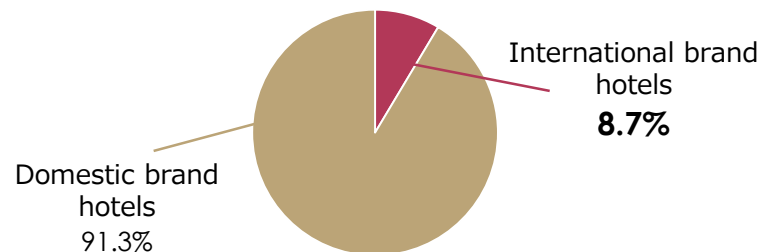
#### Advantages of member organization and use of reservation system

- 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 2019" 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”

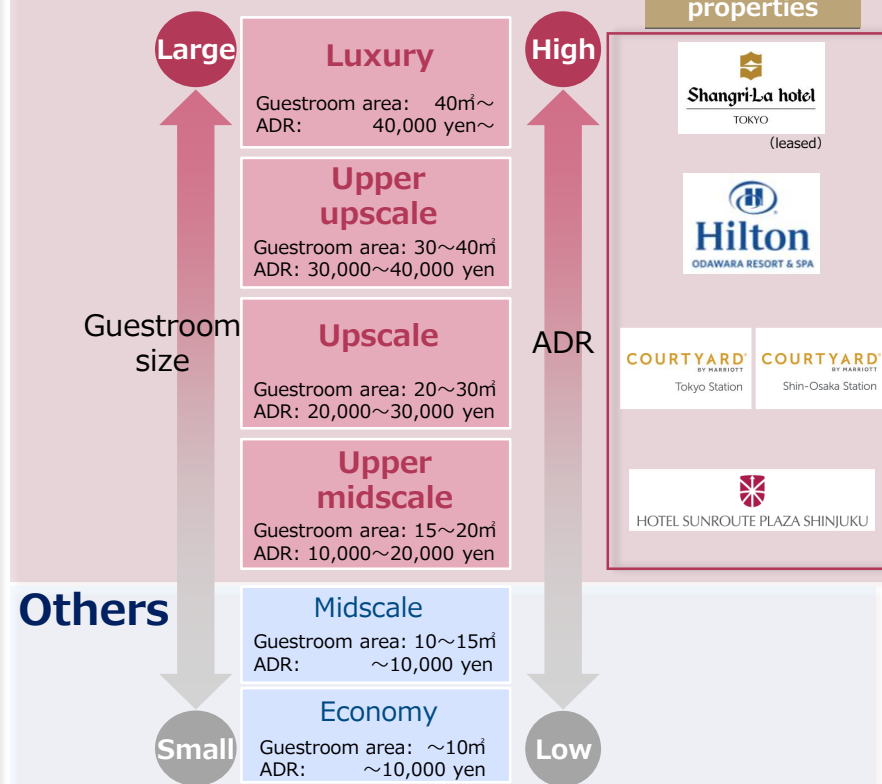
**Assets located in areas capable of attracting guests, regardless of being in city centers or regional areas**

- 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 September 2, 2019)

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 <b>1-minute walk from Tokyo Sta.</b>	Odawara-shi, Kanagawa <b>About 60 minutes from Tokyo Sta. (bullet train &amp; shuttle bus)</b>	Chuo Ward, Tokyo <b>4-minute walk from Tokyo Sta.</b>	Yodogawa Ward, Osaka <b>1-minute walk from Shin-Osaka Sta.</b>	Shibuya Ward, Tokyo <b>3-minute walk from Shinjuku Sta.</b>
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

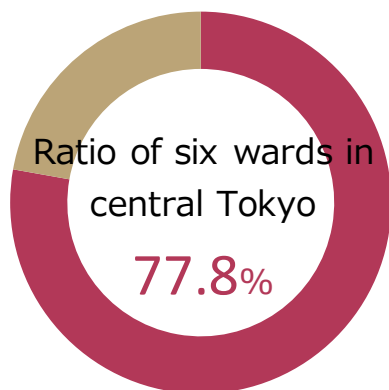
(Note1) The figure indicates the total number of guest rooms of the entire building, including the rooms under co-ownership by other owners. The equity held by MORI TRUST Hotel REIT in the trust beneficiary interest is 50/100.

(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.

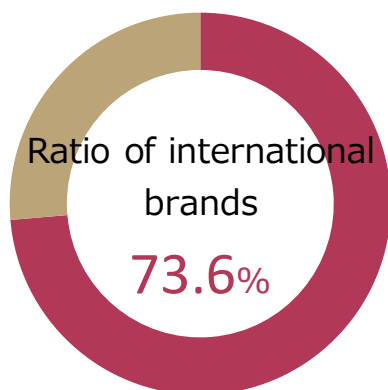
(Note3) MC means "under management contract," which indicates that hotel operations are outsourced by Mori Trust Group to a brand operator.

(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.

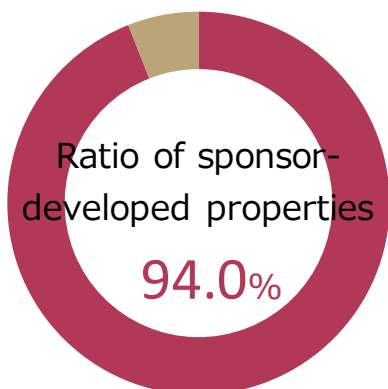




- Being particular about location, MORI TRUST Hotel Reit invests in properties with high asset value located in the six wards of central Tokyo (Chiyoda Ward, Minato Ward, Chuo Ward, Shinjuku Ward, Shibuya Ward, Shinagawa Ward)
- MORI TRUST Hotel Reit selects highly competitive properties and also focuses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

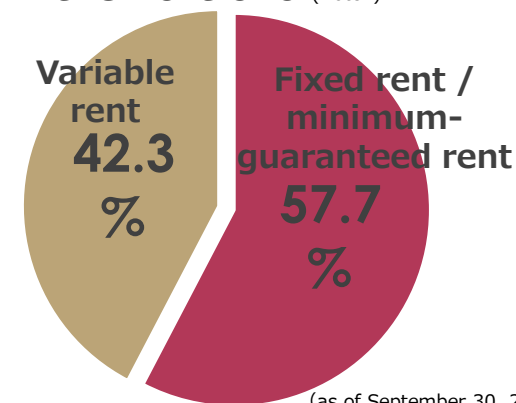
**Variable rent** <sup>(Note1)</sup> : Possible to enjoy upside growth potential

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



**Pursue an Optimal Mix of Stability and Growth Potential**

**Ratio by Rent Type of the Portfolio** <sup>(Note4)</sup>



(as of September 30, 2019)

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 <sup>(Note5)</sup> 882,700,000 yen
Hilton Odawara Resort & Spa	Variable	Profit	—
Coutyard by Marriott Tokyo Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent <sup>(Note6)</sup> 310,000,000 yen
Coutyard by Marriott Shin-Osaka Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent <sup>(Note6)</sup> 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) Variable rate is the total of the amount obtained by deducting from the total rent of these properties expected to be received in the 8th FP the minimum annual guaranteed rent (pro rata value in accordance with the operating days of the 8th FP) of the three properties (Shangri-La Hotel, Tokyo, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station) and adding it to the expected rent to be received in the 8th FP for Hilton Odawara Resort & Spa.

(Note5) 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.

(Note6) 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 August next year, together with the rent for September next year.

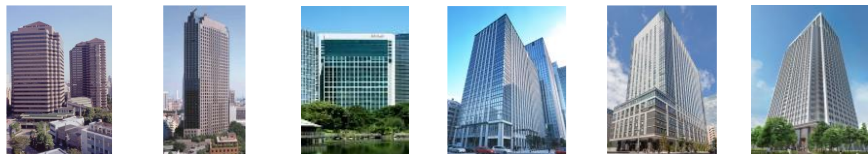
Growth strategy that makes the best use of support by Mori Trust Group, both in terms of development and operation aspects

## Development Development capabilities



Years of achievements by Mori Trust Group in large-scale, multi-use development projects and hotel development and operations

Gotenyama Trust Tower 1990	Shiroyama Trust Tower 1991	Tokyo Shiodome Building 2005	Marunouchi Trust City 2008	Kyobashi Trust Tower 2014	Tokyo World Gate (underway) Scheduled for 2020
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## Focus on Asset Quality

- Selection and concentration
  - : track record of development in selected locations
- Quality-focused creation of facilities
  - : cutting-edge functionalities
- Creation of highly advanced, sustainable communities
  - : disaster prevention and environmental performances

Management facilities		
The Number of Rental / managed facilities	Total floor area of Rental / managed Facilities	Rental Buildings
99 facilities	1.85mn m <sup>2</sup>	81 facilities 1.42 mn m <sup>2</sup>

(as of June 30, 2019)

## Invite hotels as "urban facilities" in multi-use development



**Marunouchi Trust City**  
Shangri-La Hotel Tokyo

**Kyobashi Trust Tower**  
Courtyard by Marriott Tokyo Station

## Operation Outstanding capabilities to operate and manage hotels



Conduct business through a variety of methods including business management, operations, investment, invitation and consulting

Mampe Hotel Capital and management participation in 1997	Shangri-La Hotel Tokyo Invited in 2009	Tokyo Marriott Hotel Opened in 2013	Suiran, a Luxury Collection Hotel, Kyoto Opened in 2015

## Alliance with the industry's front runners

### Alliance with a variety of international brand hotels

- Alliance with multiple hotel brands including Marriott International and Shangri-La Hotels & Resorts, the world's largest hotel chains
- Worked with many international brand hotels that had otherwise no presence in Japan

Hotel chain	Marriott International	Shangri-La Hotels & Resorts	HILTON WORLDWIDE
<b>Hotel brands developed by Mori Trust Group (examples)</b>			
	Courtyard by Marriott Tokyo Station	The Westin Sendai	Suiran, a Luxury Collection Hotel, Kyoto
		Shangri-La Hotel, Tokyo (lease)	CONRAD TOKYO

## Agreement for information provision on real estate properties

- Provide information on real estate transfer by Mori Trust Group
- Provide information on investment opportunities offered by third parties

## Agreement on sponsor support

- Provide information on the hotel market
- Provide information on acquisition, operation and administration of hotels, etc.



# Aim to achieve growth strategy built on external growth

(Note)Except for the assets owned as of August 31, 2019, 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.

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

Development Capabilities



Operation & Management Capabilities

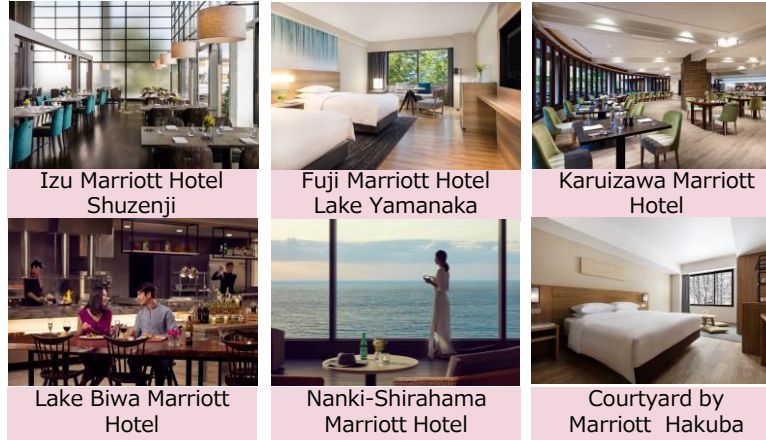


Strategic Hotel Development

Alliance with a variety of international brand hotels



Correspondence to global standards by rebranding hotels



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

## Resort Areas

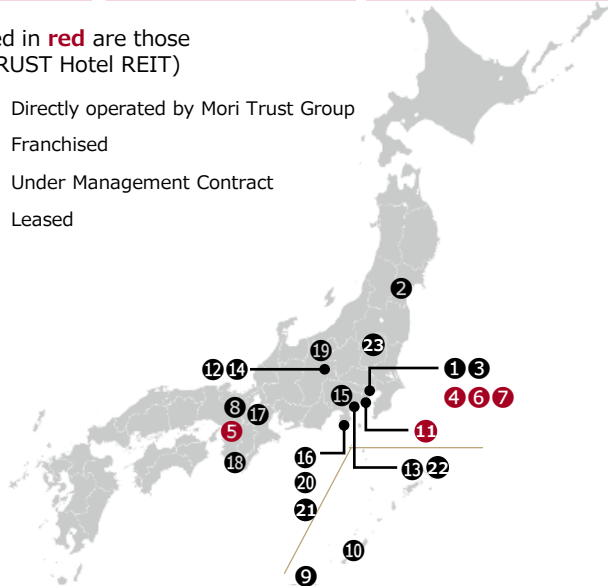
8	Suiran, a Luxury Collection Hotel, Kyoto	39 rooms	FC
9	IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa	58 rooms	FC
10	Sheraton Okinawa Sunmarina Resort	246 rooms	FC
11	Hilton Odawara Resort & Spa	163 rooms	MC
12	MAMPEI HOTEL	109 rooms	Direct
13	Gora-Kansuiro	14 rooms	Direct
14	Karuizawa Marriott Hotel	142 rooms	FC
15	Fuji Marriott Hotel Lake Yamanaka	105 rooms	FC
16	Izu Marriott Hotel Shuzenji	128 rooms	FC
17	Lake Biwa Marriott Hotel	274 rooms	FC
18	Nanki-Shirahama Marriott Hotel	182 rooms	FC
19	Courtyard by Marriott Hakuba	72 rooms	FC
20	Hotel Laforet Shuzenji	212 rooms	Direct
21	Laforet Club Ito Onsen Yunoniwa	84 rooms	Direct
22	Laforet Club Hakone Gora Yunosumika	44 rooms	Direct
23	Resort Hotel Laforet Nasu	118 rooms	Direct

## Major Metropolitan Areas

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

1	CONRAD TOKYO	291 rooms	MC
2	The Westin Sendai	292 rooms	FC
3	Tokyo Marriott Hotel	249 rooms	FC
4	Courtyard by Marriott Tokyo Station	150 rooms	FC
5	Courtyard by Marriott Shin-Osaka Station	332 rooms	FC
6	Shangri-La Hotel, Tokyo	200 rooms	LE
7	Hotel Sunroute Plaza Shinjuku	624 rooms	LE

- Direct Directly operated by Mori Trust Group
- FC Franchised
- MC Under Management Contract
- LE Leased



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of September 2, 2019

(Note) Except for the assets owned as of September 2, 2019, 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.

Development Capabilities



Operation & Management Capabilities



Strategic Investment

## Multiple new hotel development projects

The Tokyo EDITION, Toranomon in Tokyo World Gate

The Tokyo EDITION, Ginza

Hotel development plan in AKASAKA 2 PROJECT (Tentative)

Sapporo Odori Park

Karuizawa Shiozawa

Karuizawa Nagakura

Karuizawa Shinonome

Kanazawa Hirooka

Hida Takayama

Hakuba Sakka

Hakone Nakagora

Hakone Gora

Atami Kinomiya

Nara Yoshikien

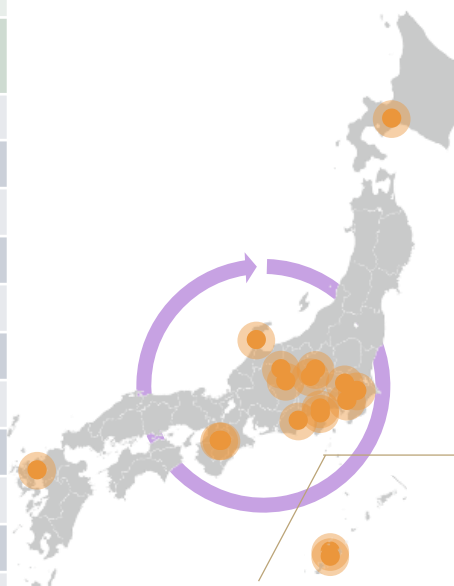
JW Marriott Hotel Nara

Nagasaki Minamiyamate

Hilton Grand Vacations on Sesokojima Island (Tentative)

Hilton Okinawa Sesoko Resort

Okinawa Fucyaku



Luxury Destination Network

### Major Metropolitan Areas



**The Tokyo EDITION, Toranomon**  
in Tokyo World Gate

Scheduled to open in the spring through summer of 2020

**JW Marriott Hotel Nara**

Scheduled to open in the spring of 2020

EDITION



**The Tokyo EDITION, Ginza**

Scheduled to open in the spring through summer of 2021

**Hilton Okinawa Sesoko Resort**

Scheduled to open in 2020



Hotel development plan in **AKASAKA 2 PROJECT** (Tentative)

Scheduled to complete in fiscal 2024

**Hilton Grand Vacations on Sesokojima Island** (Tentative)

Scheduled to open in 2021

### Resort Areas



JW MARRIOTT

### Resort Areas in Okinawa



Hilton



HILTON GRAND VACATIONS

(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of August 31, 2019

(Note) Except for the assets owned as of August 31, 2019, 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.



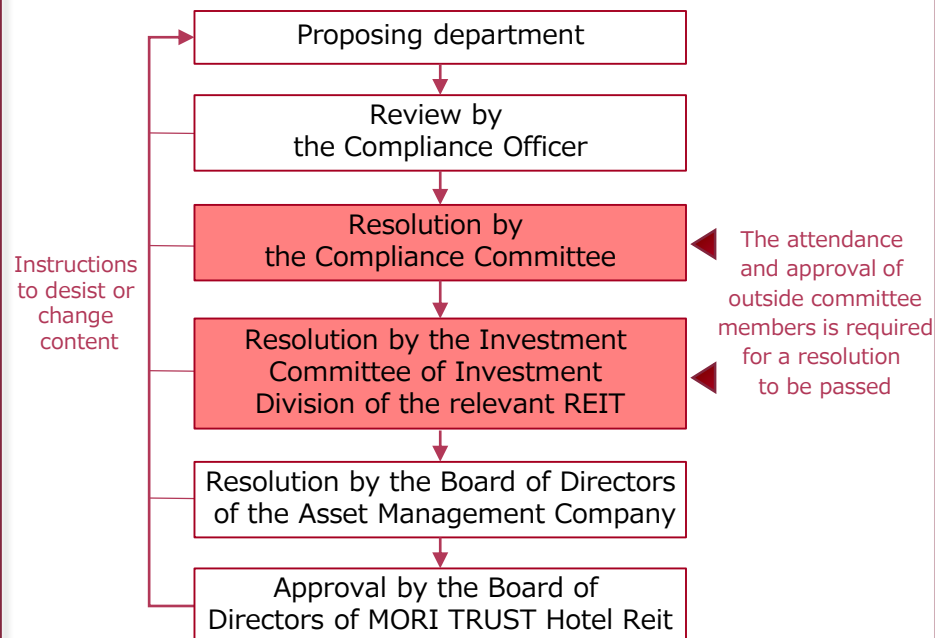
## Sustainability Policy

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. Collaborating with external stakeholders  
Construction of good relationships with tenants, customers, local communities and other external stakeholders
5. Disclosing ESG information  
Broad disclosure of this policy and information regarding the situations of initiatives for sustainability, among others

## 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	Mori Trust Holdings	164,000 units
	Mori Trust Hotels & Resorts	20,000 units
<b>36.8%</b> (as of August 31, 2019)		



## Environmental Initiatives

- Environmental considerations upon property acquisitions

When acquiring properties, conduct environmental risk evaluations such as obtaining engineering reports, etc.

- Install environmentally friendly facilities

In order to reduce environmental load, install LED lighting, highly efficient air conditioners, etc.

## Social Initiatives

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)

## Employee Initiatives (MORI TRUST) (Note)

- Promoting the empowerment of women and work-life balance (Mori Trust Co., Ltd.)

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

Female employment ratio	32.0%
Female employee ratio	24.0%
Female management position ratio	7.7%
Rate of paid leave taken	84.6%



Acquired certification as a company that supports employees with childcare (Minister of Health, Labour and Welfare certification)

- Personnel Development

Conduct various initiatives to develop personnel that can create “Trust Quality” and “Trust Value”

### MT TALK (company-wide presentation)

Conducted discussion and presentations among employees on the strategy and roadmap to create “Trust Value”

### MT ACADEMY (employee training)

Training by job role (e-learning\*, group work, presentations)  
\*an e-learning program administered by the Graduate School of Management of Globis University

### MT MEETUP FUTURE (in-house lectures)

Conduct in-house lectures by inviting experts from outside management and researchers

(Note) The employees of the Hotel REIT Management Division of the Asset Management Company of Mori Trust Hotel REIT are comprised of personnel seconded from Mori Trust Co., Ltd.

# APPENDIX

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## NO.1

### SHANGRI-LA HOTEL, TOKYO



## Shangri-La Hotel, Tokyo

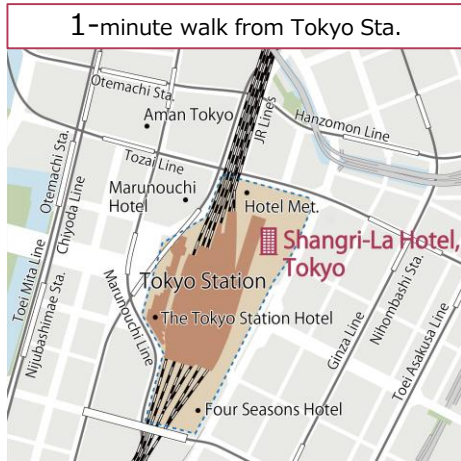


Luxury	Upper upscale	Upscale	Upper midscale
--------	---------------	---------	----------------

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

Developed by Mori Trust

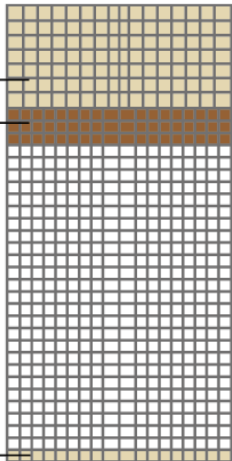
Leased



**[31-37F]**  
Guestrooms

**[27-29F]**  
Lobby/Lounge  
Conference rooms  
Banquet/The Spa  
Restaurants  
Health club  
Swimming pool

**[1F]**  
Entrance



### 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.



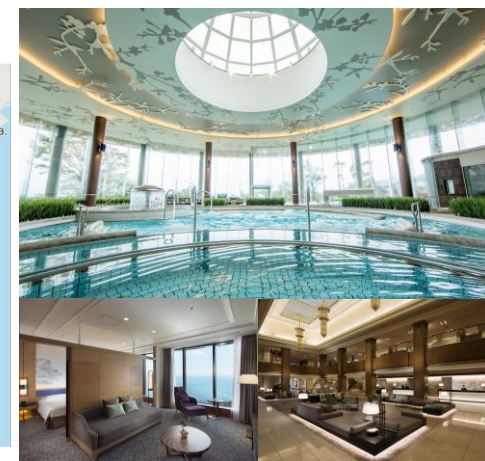
**NO.2**  
**HILTON**  
**ODAWARA**  
**RESORT & SPA**

## Hilton Odawara Resort & Spa



Luxury	<b>Upper upscale</b>	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

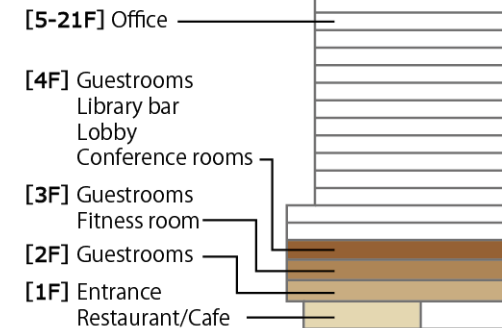
Upper  
midscale

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 7,000 hotels globally. Membership program of the Marriott Group applicable for over 133 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, 2019).



**NO.4**  
**COURTYARD**  
**BY MARRIOTT**  
**SHIN-OSAKA STATION**

## Courtyard by Marriott Shin-Osaka Station

**COURTYARD**  
 BY MARRIOTT

Shin-Osaka Station

Luxury	Upper upscale	<b>Upscale</b>	Upper midscale
--------	---------------	----------------	----------------

Location : Yodogawa Ward, Osaka  
 Floors : 18 floors (Note1)  
 Guestrooms : 332 (Note2)

**Developed by Mori Trust**

**Operated by Mori Trust Group**



### 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 m<sup>2</sup> to 90 m<sup>2</sup>, 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

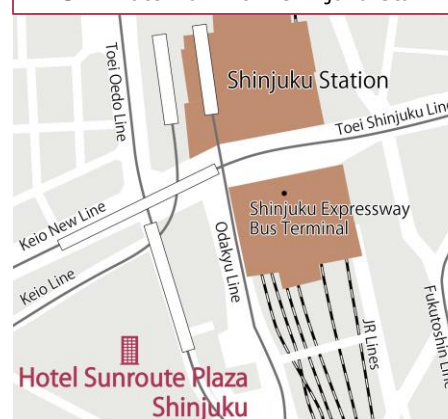
Upper  
midscale

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.

## Years of achievements by Mori Trust Group in large-scale, multi-use development projects and hotel development and operations



### Focus on asset quality

- Selection and concentration  
: track record of development in selected locations
- Quality-focused creation of facilities  
: cutting-edge functionalities
- Creation of highly advanced, sustainable communities  
: disaster prevention and environmental performances

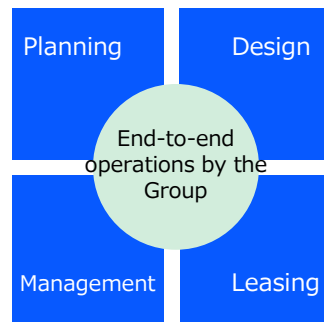
#### Management facilities

The Number of Rental / managed facilities	Total floor area of Rental / managed Facilities	Rental Buildings
99 facilities	1.85 mn m <sup>2</sup>	81 facilities 1.42 mn m <sup>2</sup>

As of June, 2019

### Real estate development structure

Utilizing accumulated expertise



A business and commercial area representing Japan, with Tokyo Station serving as the base point



Marunouchi Trust City  
Shangri-La Hotel, Tokyo (Leased)



Kyobashi Trust Tower  
Courtyard by Marriott Tokyo Station

(Note) Except for the assets owned as of August 31, 2019, 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.



## Years of Achievements by Mori Trust Group in Developing and Operating Hotels





## Alliance with the industry's front runners

- Alliance with a variety of international brand hotels
  - Works to develop and operate hotels offering added value through alliance with Marriott International and Shangri-La Hotels & Resorts, the world's largest hotel chains.
  - Involved with multiple international brand hotels to embark on their first forays in Japan.

### ■ Strengths of international brand hotels

- Globally extended customer base
- Direct reservation by utilizing the membership organization and reservation systems
- Provision of services matching global standards and operational expertise

Hotel chain	Marriott International	Shangri-La Hotels & Resorts	HILTON
No. of brands	30	4	17
Brand	Marriott, Courtyard by Marriott, Westin, Luxury Collection, JW Marriott and others	Shangri-La Hotel, Hotel Jen, Kerry Hotel and others	Conrad, Hilton, Waldorf Astoria and others
No. of hotels and guestrooms	Over 7,000 hotels / over 1.31 mn rooms	Over 100 hotels / over 40,000 rooms	Over 5,900 hotels / over 939,000 rooms
No. of countries and regions	132	22	114
No. of members	Over 133 million	Over 4 million	Nearly 94 million
Brand of hotels developed by the Mori Trust Group	<ul style="list-style-type: none"> <li>● Tokyo Marriott Hotel</li> <li>● Courtyard by Marriott Tokyo Station</li> <li>● Courtyard by Marriott Shin-Osaka Station</li> <li>● The Westin Sendai</li> <li>● Suiran, a Luxury Collection Hotel, Kyoto</li> <li>● IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Shangri-La Hotel, Tokyo (leased)</b></li> </ul> 	<ul style="list-style-type: none"> <li>● <b>CONRAD TOKYO</b></li> </ul> 

※Hotels indicated in red are the first hotels of the brands in Japan

(Source) Prepared by the Asset Management Company based on the publicized figures on the websites of the respective hotel chains (as of October 1, 2019)

(Note) Except for the assets owned as of August 31, 2019, 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.

# Balance Sheets and Statements of Income (7<sup>th</sup> FP)

(Thousands of yen)

Balance Sheets (as of August 31, 2019)			
<b>Current assets</b>	3,144,816	<b>Current liabilities</b>	18,274,535
Cash and deposits	1,483,416	Operating accounts payable	112,706
Cash and deposits in trust	1,651,896	Short-term loans payable	3,000,000
Prepaid expenses	9,378	Current portion of long-term loans payable	14,500,000
Other current assets	124	Accounts payable	111,704
<b>Non-current assets</b>	101,294,003	Accrued expenses	50,582
Property and equipment	101,282,171	Distribution payable	6,089
Construction in progress	3,510	Income taxes payable	1,027
Buildings in trust	16,842,694	Accrued consumption taxes	78,733
Accumulated depreciation	-1,901,118	Advances received	412,764
Structures in trust	5,640	Deposits received	926
Accumulated depreciation	-4,192	<b>Non-current liabilities</b>	34,554,473
Machinery and equipment in trust	2,136	Long-term loans payable	30,000,000
Accumulated depreciation	-106	Tenant leasehold and security deposits	4,554,473
Tools, furniture and fixtures in trust	14,454	<b>Total liabilities</b>	52,829,008
Accumulated depreciation	-1,007	<b>Unitholders' equity</b>	51,609,811
Land in trust	85,644,447	Unitholders' capital	50,000,000
Construction in progress in trust	675,714	Surplus	1,609,811
Intangible assets	1,570	Unappropriated retained earnings	1,609,811
Software	1,570	<b>Total net assets</b>	51,609,811
Investments and other assets	10,261	<b>Total liabilities and net assets</b>	104,438,820
Guarantee deposits	10,000		
Long-term prepaid expenses	240		
Deferred tax assets	20		
<b>Total assets</b>	104,438,820		

Statements of income (March 1, 2019 – August 31, 2019)	
<b>Operating revenues</b>	2,399,708
Rental revenues	2,399,708
<b>Operating expenses</b>	691,273
Rental expenses	554,650
Asset management fee	90,384
Asset custody and administrative se	15,055
Directors' compensations	3,600
Other operating expenses	27,582
<b>Operating income</b>	1,708,434
<b>Non-operating income</b>	7,652
Interest income	21
Gain on insurance claims	7,631
Other	0
<b>Non-operating expenses</b>	105,278
Interest expenses	105,278
<b>Ordinary income</b>	1,610,808
<b>Income before income taxes</b>	1,610,808
Income taxes – current	1,030
Income taxes – deferred	-13
<b>Net income</b>	1,609,791
Retained earnings brought forward	19
<b>Unappropriated retained earnings</b>	1,609,811

# Revenues and Expenses by Property (7<sup>th</sup> FP)

Item	Shangri-La Hotel Tokyo	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	Entire portfolio
	7th FP	7th FP	7th FP	7th FP	7th FP
Operating period (from) (to)	Mar. 1, 2019 Aug. 31, 2019	Mar. 1, 2019 Aug. 31, 2019	Mar. 1, 2019 Aug. 31, 2019	Mar. 1, 2019 Aug. 31, 2019	Mar. 1, 2019 Aug. 31, 2019
Operating days (days)	184	184	184	184	184
Real estate rental revenues and expenses (thousand yen)					
Real estate rental revenues ①	966,625	408,182	372,564	652,336	2,399,708
Rent revenues	966,625	408,182	372,564	652,336	2,399,708
Real estate rental expenses ②	240,254	69,690	68,335	176,370	554,650
Taxes and public dues	129,796	23,844	14,807	66,846	235,295
Insurance expenses	1,303	343	612	882	3,142
Repairs and maintenance expenses	-	628	1,228	-	1,857
Depreciation ③	108,954	44,673	51,486	108,440	313,555
Other	200	200	200	200	800
Real estate rental income ④=①-②	726,370	338,491	304,228	475,966	1,845,057
NOI ⑤=④+③	835,325	383,165	355,715	584,407	2,158,612
NOI yield (annualized) (Note)	3.9%	5.5%	4.0%	4.1%	4.2%
Acquisition price (million yen)	42,000	13,800	17,600	28,600	102,000

(Note) Annualized NOI for the 7th FP / Acquisition price

# List of Interest-Bearing Debt

## Interest-Bearing Debt at the End of the 7th FP (as of August 31, 2019)

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	MUFG Bank, Ltd.	1,500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Banking Corporation	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Trust Bank, Limited	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	<b>Subtotal</b>	3,000				
Long-term loans	Mizuho Bank, Ltd.	7,000	0.36750%	Nov. 30, 2016	Nov. 29, 2019	Lump-sum repayment upon maturity Unsecured Unguaranteed Fixed interest rate
	Sumitomo Mitsui Banking Corporation	5,500	0.36750%	Nov. 30, 2016	Nov. 29, 2019	
	Mizuho Trust & Banking Co., Ltd.	2,000	0.36750%	Nov. 30, 2016	Nov. 29, 2019	
	Mizuho Bank, Ltd.	1,000	0.38750%	Nov. 30, 2017	Nov. 30, 2020	
	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	
	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	
	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		
	<b>Subtotal</b>	44,500				
	<b>Total</b>	47,500				

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

Debt financing conducted in the 7th FP ended August 2019

## New Borrowings Executed on September 2, 2019

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	Sumitomo Mitsui Banking Corporation	1,500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Sumitomo Mitsui Trust Bank, Limited	1,500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	
	<b>Subtotal</b>	3,500				
Long-term loans	Shinkin Central Bank	1,000	0.29880%	Sep. 2, 2019	Aug. 29, 2025	Lump-sum repayment upon maturity Unsecured Unguaranteed Fixed interest rate
	Development Bank of Japan Inc.	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025	
	Mizuho Trust & Banking Co., Ltd.	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	
	<b>Subtotal</b>	3,500				
	<b>Total</b>	7,000				

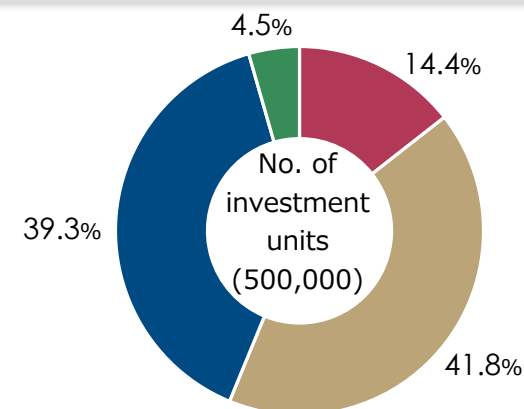
(Note) The base rate is the JBA (Japanese Bankers Association) 1-month Japanese Yen TIBOR.



## Breakdown of Unitholders

(as of August 31, 2019)

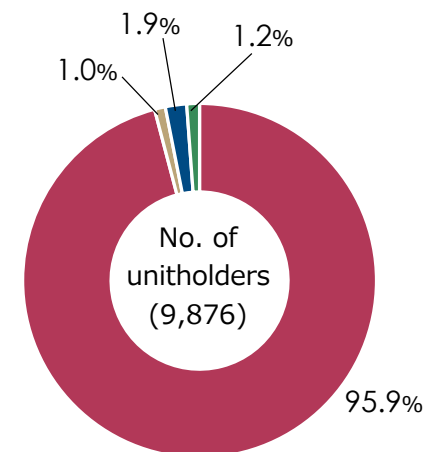
	Individuals	Financial institutions (including securities firms)	Other domestic corporations	Overseas corporations and individuals	Total
No. of investment units (units)	72,172	208,897	196,661	22,270	500,000
	14.4%	41.8%	39.3%	4.5%	100%
No. of unitholders (persons)	9,471	98	192	115	9,876
	95.9%	1.0%	1.9%	1.2%	100%



## Major Unitholders (Top 10 Firms)

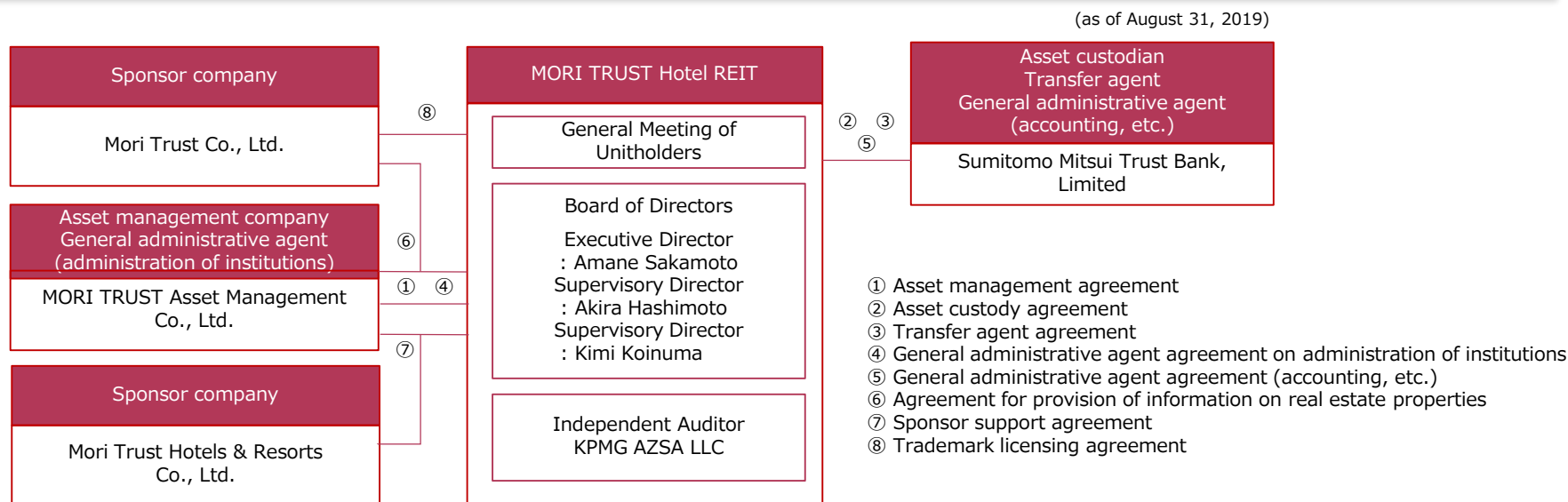
(as of August 31, 2019)

Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Holdings Inc.	164,000	32.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	82,370	16.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,502	7.5%
Mori Trust Hotels & Resorts Co., Ltd.	20,000	4.0%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	13,105	2.6%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	11,479	2.3%
Aozora Bank, Ltd.	6,478	1.3%
The Bank of Kyoto, Ltd.	6,427	1.3%
Fukoku Mutual Life Insurance Company	3,500	0.7%
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	3,482	0.7%
<b>Total (top 10 firms)</b>	<b>348,343</b>	<b>69.7%</b>



- 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, 2019)

<b>Company name</b>	MORI TRUST Asset Management Co., Ltd.
<b>Shareholder composition</b>	Mori Trust Co., Ltd. 95% Mori Trust Hotels & Resorts Co., Ltd. 5%
<b>Registration / license</b>	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(4) 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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The information indicated in this material may include forward-looking statements regarding the financial condition and operating results of MORI TRUST Hotel REIT. Please note that these forward-looking statements include portions that assume certain risks and uncertainty, and the actual results may differ due to changes in the business environment and other factors going forward.

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(Contact)

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