

Trust Quality
creates Trust Value



MORI TRUST Hotel Reit, Inc.

(Securities Code : 3478)

**2nd Fiscal Period
(March 1, 2016 to February 28, 2017)
Presentation Materials for
Financial Results**

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Characteristics and Growth Strategies of
MORI TRUST Hotel Reit, Inc.



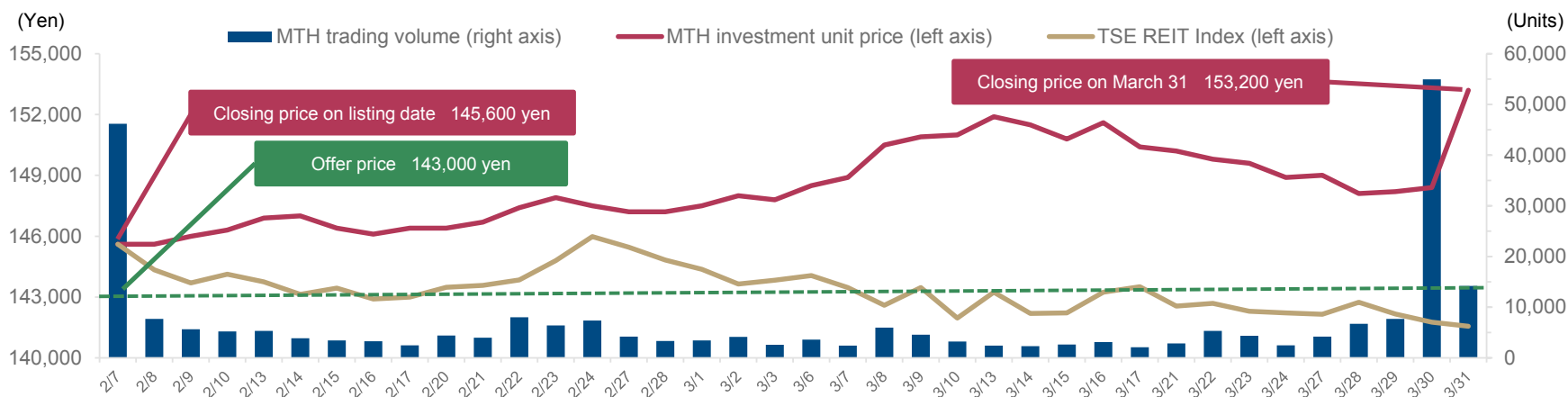
Trajectory to Listing

1st Fiscal Period	2016	
	Jan.	Incorporation of MORI TRUST Hotel Reit, Inc.
2nd Fiscal Period	Jun.	Issuance of new investment units (Number of investment units issued: 500,000 units)
	From Jul.	Acquisition of properties Hotel Sunroute Plaza Shinjuku Shangri-la Hotel, Tokyo Courtyard by Marriott Tokyo Station Courtyard by Marriott Shin-Osaka Station
	Nov. 2017	1st General Meeting of Unitholders
	Jan.	Approval of listing on Tokyo Stock Exchange Resolution on secondary offering of investment units (Number of units offered: 316,000 units)
	Feb.	Listing on Tokyo Stock Exchange

IPO Summary

Investment Corporation	MORI TRUST Hotel Reit, Inc. (Securities Code: 3478)
Type of offering	Secondary offering in Japan
Number of units offered	316,000 units
Secondary offering by way of purchase and underwriting by the underwriters	301,000 units
Secondary offering by way of over-allotment	15,000 units
Seller	Mori Trust Co., Ltd.
Offer price	143,000 yen
Provisional conditions	Between 133,000 yen and 143,000 yen inclusive
Date of resolution on secondary offering	2017/1/4
Date of determination of provisional conditions	2017/1/20
Date of determination of conditions	2017/1/27
Date of listing	2017/2/7

Changes in Investment Unit Price



(Source) Bloomberg

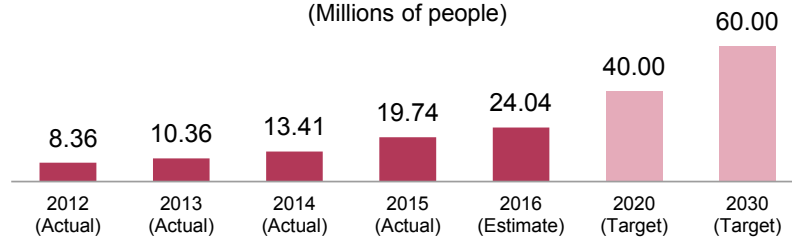
(Note) TSE REIT Index is relativized based on closing price of MTH on February 2 of 145,600 yen.

Environment Surrounding Japan's Tourism Industry

■ Government policy of making Japan a "tourism-oriented developed nation"

The number of foreign visitors to Japan surpassed 24 million in 2016 (estimate).
The Japanese Government has moved policy measures for making Japan into an "tourism-oriented developed nation" to the new stage.

Number of foreign visitors to Japan
(actual and Government targets)
(Millions of people)



(Source) Produced by the Asset Management Company based on *Tourism Vision to Support the Future of Japan* published by the Japanese Government and data published by the Japan National Tourism Organization.

[Reference] Recent Government Policies

- *Tourism Vision to Support the Future of Japan* (March 30, 2016)
- *Tourism Nation Promotion Basic Plan* (approved by Cabinet on March 28, 2017)
Previous plan period: FY2012-FY2016 (5 years) ⇒ New plan period: FY2017-FY2020 (4 years)

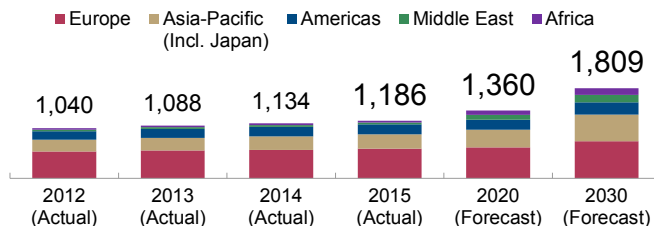
(Examples)

- Develop tourism into a core industry in Japan
- Develop new markets such as Europe, the U.S., Australia, as well as wealthy tourists and business travellers.
- Acceleration of concrete measures
 - ◆ Use of cultural properties
 - ⇒ Strategic Program to Promote the Use and Appreciation of Cultural Properties 2020
 - ◆ Branding of national parks
 - ⇒ National Park Step-up Program 2020

■ Tourism industry as a growing sector globally

Worldwide tourist numbers are expected to increase
2020 → Around 1.4 billion
2030 → Around 1.8 billion

Worldwide tourist numbers (actual and forecast)
(Millions of people)

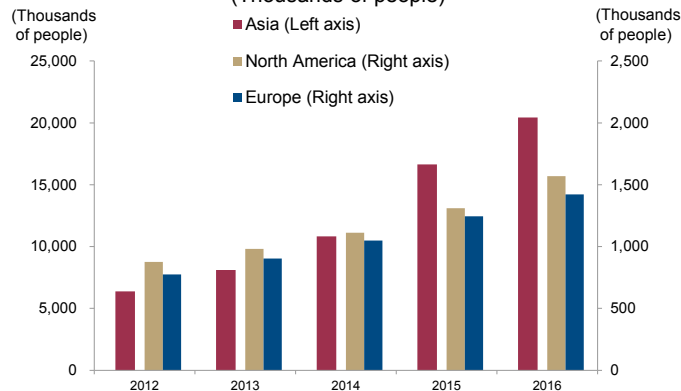


(Source) Produced by the Asset Management Company based on *UNWTO Tourism Highlights, 2016 Edition*.

■ Increase in tourists from Europe and U.S.

As the number of foreign visitors increases year by year, the number of visitors from Europe and the U.S. is also climbing steadily.

Changes in foreign visitors by region
(Thousands of people)



(Source) Produced by the Asset Management Company based on *Foreign Visitors to Japan by Nationality and Month (2003-2017)* published by the Japan National Tourism Organization (JNTO)

Growth in foreign visitors to Japan
by region (%)

	2012	2013	2014	2015	2016
Asia	35.2	27.0	33.3	53.9	22.7
North America	27.9	12.0	13.3	17.8	19.8
Europe	36.3	16.5	16.0	18.7	14.2

Focus on growth potential of Japan's tourism sector

Capture diverse needs associated with increase in inbound tourism

Tap into tourists from Europe and the U.S.

Actively expand high quality hotels focusing on international brand hotels

Worldwide customer base

- Acquisition of customers across a wide area that extends beyond Asia to North America and Europe
- Stable hotel operation supported by a broad, affluent customer base

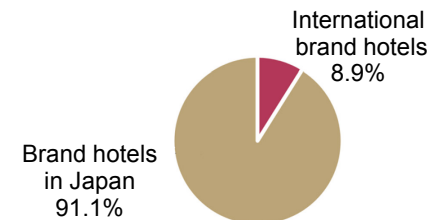
Advantages of member organization and use of reservation system

- Capturing of member customers round the world who trust the brand
- Direct reservation via brand's own reservation system

Provision of world-class service and operation knowhow

- Service that meets the needs of customers from all over the world who demand world-class service
- Improvement of own hotel operation knowhow through operation of hotels under franchise

Ratio of international brand hotels in Japan is just 8.9%



(Note) Produced by the Asset Management Company based on *List of Hotel Chains and Groups in Japan 2016* published by Weekly Hotel and Restaurant. Chart is based on data for hotels listed in said source and is not based on data for all hotels in Japan.

■ Expand hotel business of sponsors



Knowhow of Mori Trust Group

Development capability × Hotel operation and management capability

Cooperation

■ Activate market by providing new investment opportunities



Prioritize investment in "high-quality, attractive hotel assets"

New "REIT specializing in hotels"

Quality of “Mori Trust Group” underpinned by both development capability and operation capability

Trust Quality



Ability to develop hotels which are high quality assets

- Carefully selected location based on policy of “selection and concentration”
- High-grade buildings
- Facility specifications that take into account disaster prevention and environmental performance

Knowhow of Mori Trust Group

Development capability
×
Operation and management capability



Outstanding hotel operation and management capability

- Alliances(cooperation) with leading hotel chains
- Construction of scenarios for improving earning power
- Support from efficient head office functions

Trust Value

Focused investment in hotel assets that share “Trust Value” created by “Trust Quality”



Asset quality

Stability

Growth potential

Hotel assets combining asset quality, stability and growth potential

- Located in prime city center locations or world famous tourist areas
- Quality that is highly rated by customers from all over the world
- Customer base that extends beyond Japan to the rest of the world
- Excellent hospitality provided by experienced hotel operators
- Proportion of fixed rents and variable rents that strikes a balance between stability and growth potential
- Benefits of growth potential supported by Government policy and growing inbound tourism demand

Aim to build portfolio combining “asset quality, stability and growth potential”

Area

Focus on “asset quality” i.e. essential value of the real estate

Major cities in Japan

Tokyo 23 Wards and cities designated by Government ordinance

Famous tourist areas

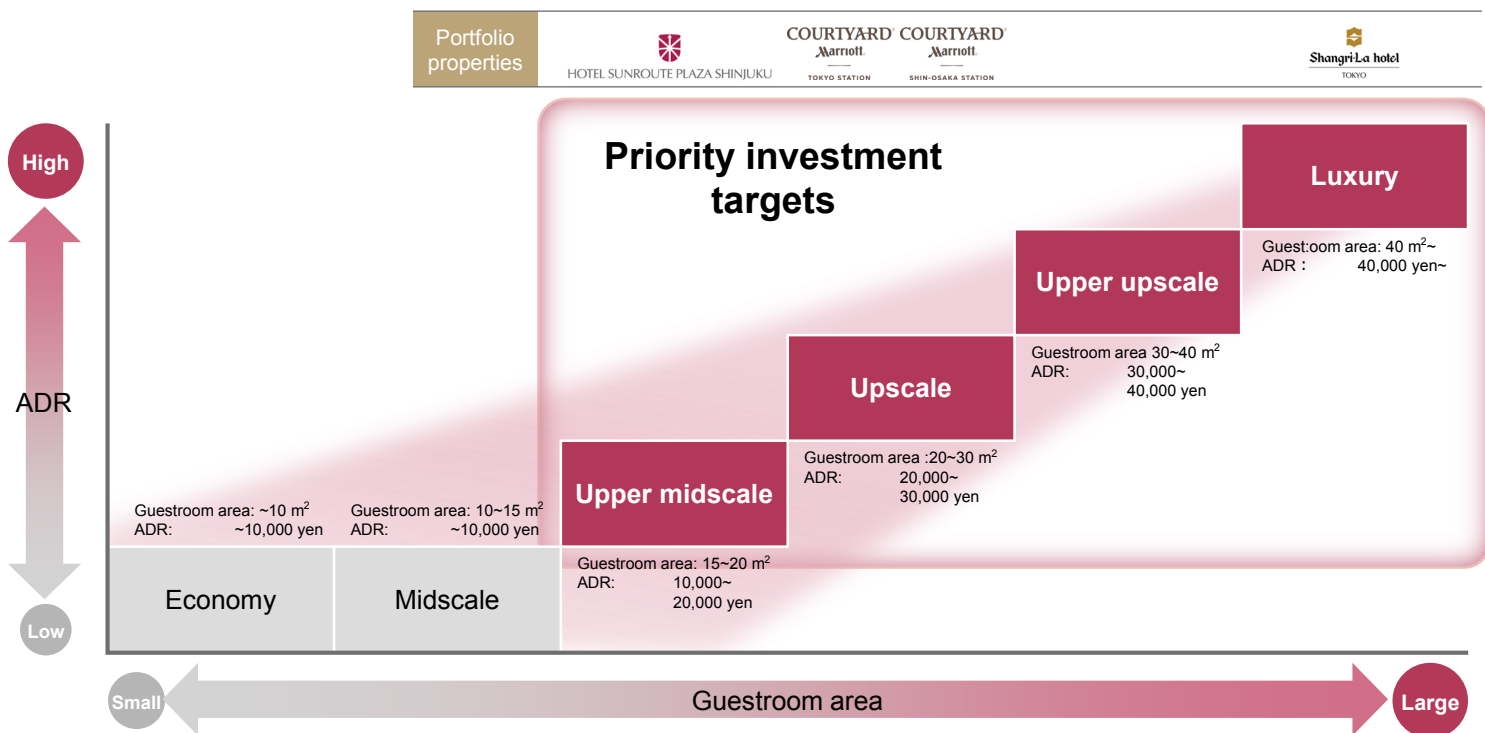
Areas that can be expected to attract tourists

“Valuing location and area”

- Able to steadily attract customers
- Very competitive due to superior location
- Not very susceptible to changes in the economic environment
- Advantageous in terms of attracting international brand hotels

Grade

By categorizing hotel grade into 6 categories based on price and brand and prioritize investment in the top 4 categories.



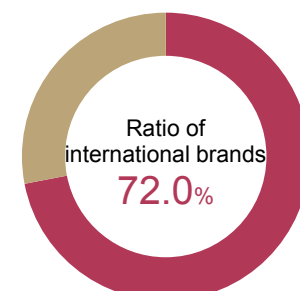
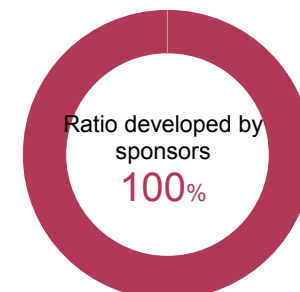
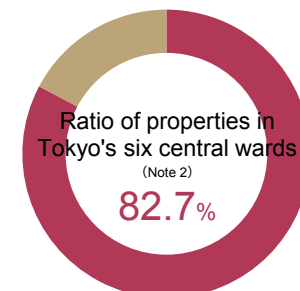
Portfolio Highlights
(as of end of February 2017)

Number of properties:
4

Total acquisition price:
102.0 billion yen

Total number of guestrooms:
1,306 rooms

Property name	Shangri-La Hotel, Tokyo	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
Property photograph				
Location	Chiyoda-ku, Tokyo 1 minute walk from Tokyo Sta.	Chuo-ku, Tokyo 4 minutes' walk from Tokyo Sta.	Yodogawa-ku, Osaka 1 minute walk from Shin-Osaka Sta.	Shibuya-ku, Tokyo 3 minutes' walk from Shinjuku Sta.
Completion date	Nov 1, 2008	Feb 1, 2014	March 1997 (Renovated Nov. 2015)	Aug 1, 2007
Acquisition date	Sep 1, 2016	Sep 16, 2016	Sep 16, 2016	Jul 28, 2016
Acquisition price (Millions of yen)	42,000	13,800	17,600	28,600
Developer	Mori Trust	Mori Trust	Mori Trust	Mori Trust
Hotel grade	Luxury	Upscale	Upscale	Upper midscale
Number of guestrooms	200	150	332 (Note 1)	624
Hotel operation format	Leased	FC (Note 2)	FC (Note 2)	Leased
Hotel operator	Shangri-La Hotels Japan	Mori Trust Hotels & Resorts	Mori Trust Hotels & Resorts	Sunroute



(Note 1) Each of the above ratios is calculated based on the acquisition price.

(Note 2) Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa-ku

(Note 1) Figure is total number of guestrooms in the entire building including the co-ownership interests of other parties, MORI TRUST Hotel Reit's co-ownership interest is 74.0%.

(Note 2) Means franchise arrangement whereby Mori Trust Group operates hotel itself after being granted right to use brand by each brand respectively.

Shangri-La Hotel, Tokyo



Location Chiyoda-ku, Tokyo
 Grade Luxury
 Guestrooms 200

Developed by Mori Trust Leased

1 minute walk from Tokyo Sta.



- Rare foreign luxury brand hotel next to Tokyo Station.
- On development of the MARUNOUCHI TRUST CITY by Mori Trust, property attracted Shangri-La Hotel, the highest grade international brand hotel making its debut in Japan
- Shangri-La Hotels & Resorts
 Hong Kong-based luxury hotel group
 More than 95 hotels, more than 40,000 guestrooms (Note)

(Note) According to Shangri-La Hotels & Resorts website(as of March 31, 2017)

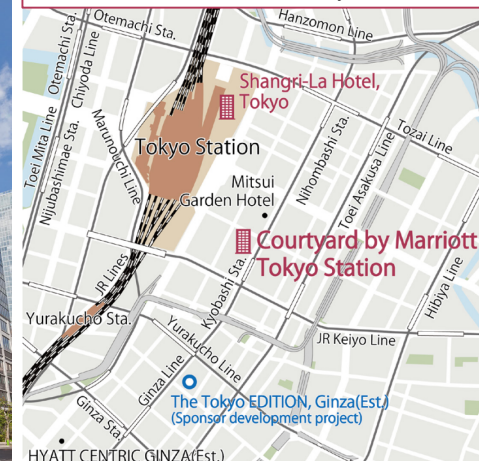
Courtyard by Marriott Tokyo Station



Location Chuo-ku, Tokyo
 Grade Upscale
 Guestrooms 150

Developed by Mori Trust Operated by Mori Trust Group

4 minutes' walk from Tokyo Sta.



- Close to Tokyo Station, with easy access to business and tourist areas
- Marriott Group's core brand with the largest number of facilities Courtyard by Marriott
- Marriott International
 World's largest hotel chain (more than 6,000 hotels throughout the world)
 Marriott's loyalty program (more than 100 million members) (Note)

(Note) According to Marriott International's website(as of March 31, 2017)

Courtyard by Marriott Shin-Osaka Station

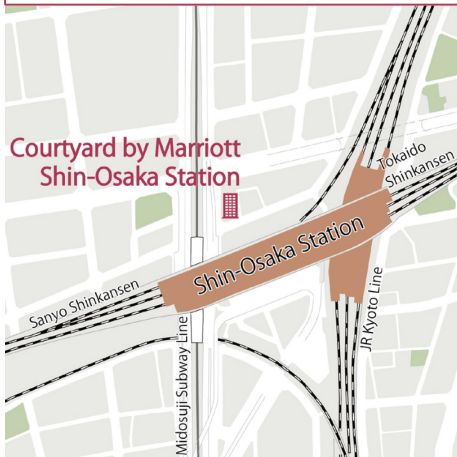


COURTYARD
BY MARRIOTT
SHIN-OSAKA STATION

Location Yodogawa-ku, Osaka
Grade Upscale
Guestrooms 332(Note)

Developed by Mori Trust Operated by Mori Trust Group

1 minute walk from Shin-Osaka Sta.



- **Next to Shin-Osaka Station**; excellent base for business and tourism with easy access to central Osaka, Kyoto, Nara and Kobe.
- **Marriott rebrand**(Nov. 2015)
Increase in use by inbound tourists since rebranding from Hotel Laforet Shin-Osaka to Courtyard by Marriott Shin-Osaka Station and reopening under new brand
- 332 guestrooms with wide space ranging from 30m² to 90m².

(Note) Figure is total number of guestrooms in the entire building including the co-ownership interests of other parties, MORI TRUST Hotel Reit's co-ownership interest is 74.0%.

Hotel Sunroute Plaza Shinjuku



HOTEL SUNROUTE PLAZA SHINJUKU



HOTEL
SUNROUTE PLAZA
SHINJUKU

Location Shibuya-ku, Tokyo
Grade Upper midscale
Guestrooms 624

Developed by Mori Trust Leased

3 minutes' walk from Shinjuku Sta.



- **Close to Shinjuku Station**, which boasts the highest annual passenger ridership in Japan, and has excellent transport access
- **Flagship hotel** of Sunroute hotel chain, named "Plaza."
- Demonstrates strength as **limited service hotel** with a full-range of facilities including restaurant, bar and conference rooms

Growth strategy making full use of development and operational support from the Mori Trust Group

Development Development capability



Mori Trust Group's long track record of large-scale complex development and hotel development and operation

GOTENYAMA TRUST TOWER completed in 1990	SHIROYAMA TRUST TOWER completed in 1991	TOKYO SHIODOME BUILDING completed in 2005	MARUNOUCHI TRUST CITY completed in 2008	KYOBASHI TRUST TOWER completed in 2014	Tokyo World Gate Project completion in 2020 (Est.)

Mori Trust Group's insistence on "asset quality"

- Selection and concentration~Track record of development in carefully selected locations
- Creation of quality-oriented facilities~state-of-the-art functionality
- Sustainable and progressive town planning~disaster prevention and environmental performance

Locations in Central Tokyo	Rental / managed facilities	The total floor area of facilities	Total area of land
Approx. 90%	129 facilities	1.75 million m ²	4.75 million m ²

As of end of December 2016 (figures for the total floor area of facilities and total area of land are as of end of March 2016).

Attract hotels as "urban facilities" as part of complex facility development

MARUNOUCHI TRUST CITY Shangri-La Hotel, Tokyo	KYOBASHI TRUST TOWER Courtyard by Marriott Tokyo Station

Operation Outstanding hotel operation and management capability



Conducts business in a variety of ways including management, operation, investment, attraction of hotel chains, cooperation and consulting

MANPEI HOTEL capital and management participation 1997	Shangri-La Hotel, Tokyo attracted 2009	Tokyo Marriott Hotel opened in 2013	Suiran, a Luxury Collection Hotel, Kyoto opened in 2015

Alliances (cooperation) with leading hotel chains

Cooperation with various international brand hotels

- Cooperation with some of the world's largest hotel chains including Marriott International and Shangri-La Hotels & Resorts
- High level of involvement in international brand hotels making their debut in Japan

Hotel chain	Marriott International	Shangri-La Hotels & Resorts	HILTON WORLDWIDE
Brands of hotels developed by Mori Trust Group (Examples)			
	Courtyard by Marriott Tokyo Station	The Westin Sendai	Suiran, a Luxury Collection Hotel, Kyoto
		Shangri-La Hotel Tokyo (lease)	CONRAD TOKYO

Agreement Concerning the Provision of Information about Real Estate, etc.

- Provision of information about transfer of real estate of the Mori Trust Group
- Provision of information about investment opportunities from third parties

Agreement Concerning Sponsor Support

- Provision of information about hotel market
- Provision of information about hotel acquisition, operation and management, etc.

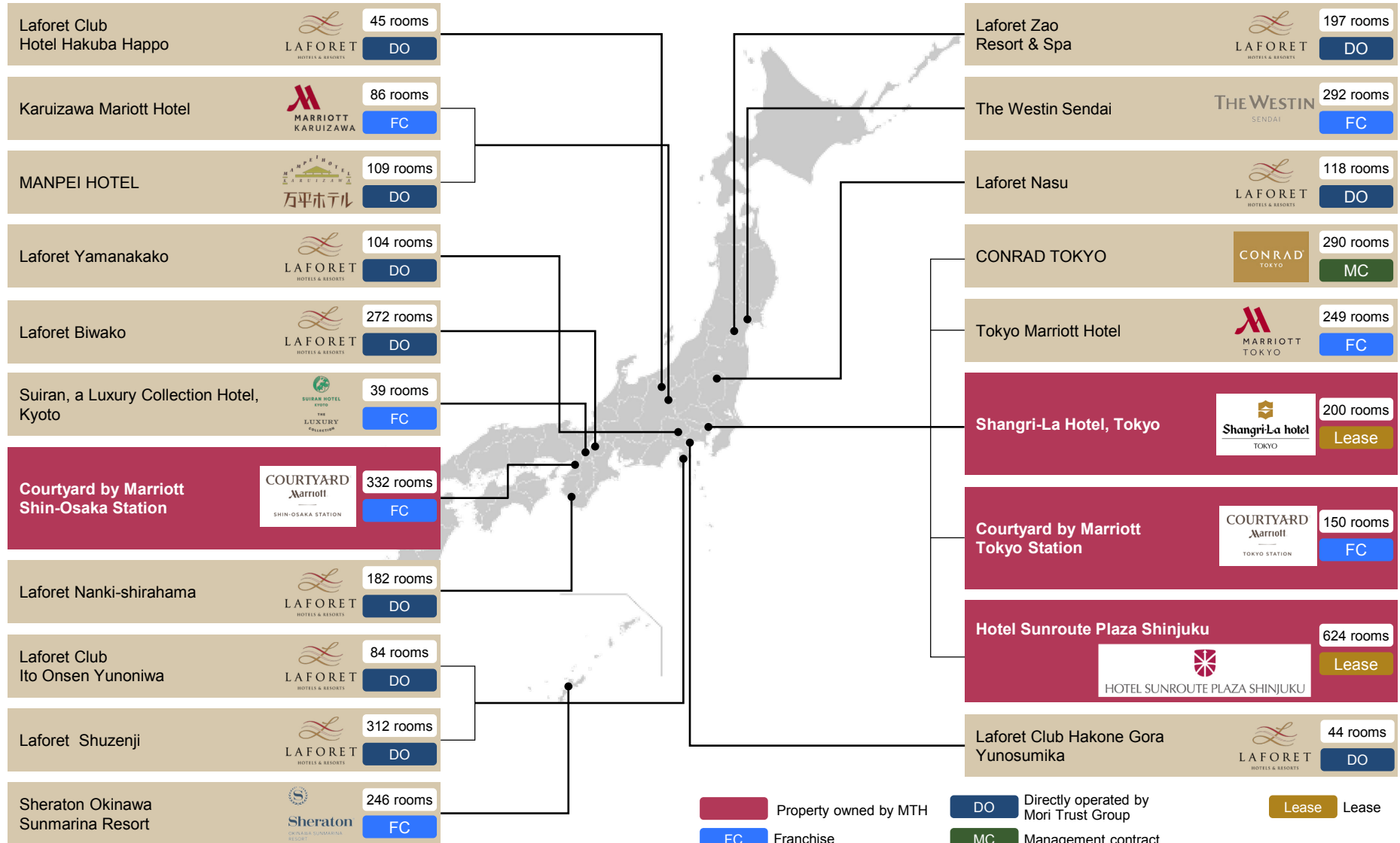


Aim to deliver growth strategy based on external growth

(Note)With the exception of the portfolio properties, as of the end of February 2017, MTH has not actually decided to acquire any of the properties shown above nor does it make any guarantee that it would be able to acquire such properties in the future.

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

Portfolio of 21 facilities/approx. 4,000 rooms (Note 1) in carefully selected prime urban locations and leading resorts in Japan



(Source) Produced by the Asset Management Company based on information provided by the Mori Trust Group

(Note 1) Figure is as of the end of December 2016 and includes rooms at one Laforet & MATSUO GOLF CLUB facility in addition to properties shown above.

(Note 2) With the exception of the portfolio properties, as of the end of February 2017, MTH has not actually decided to acquire any of the properties shown above nor does it make any guarantee that it would be able to acquire such properties in the future.

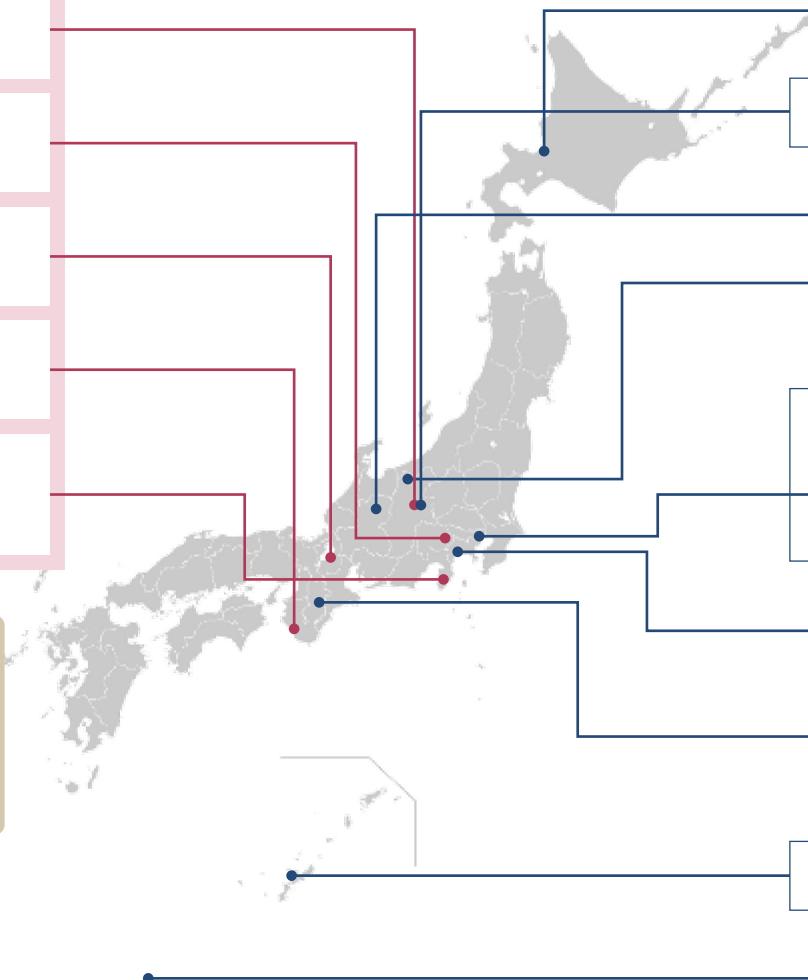
The Group is promoting hotel projects with plans for new hotel development and rebranding both in city centers and out-of-town areas.

5 rebrands




- Karuizawa Marriott Hotel
(Laforet Club Hotel Nakakaruizawa)
- Fuji Marriott Hotel Lake Yamanaka
(Laforet Yamanakako)
- Lake Biwa Marriott Hotel
(Laforet Biwako)
- Nanki-shirahama Marriott Hotel
(Laforet Nanki-shirahama)
- Izu Marriott Hotel Shuzenji
(Laforet Shuzenji Hotel Building)

Plan to rebrand 5 Laforet hotel facilities to Marriott Hotel

- Areas where foreign-owned hotels will be operating for the first time
- Promotion of migration of increasing number of inbound tourists to out-of-town resorts



13 new projects

- Sapporo Odori Park
- Karuizawa Shiozawa
- Karuizawa Shinonome
- Hida Takayama
- Hakuba Sakka
- Tokyo World Gate Project 
- Akasaka 2-chome
- Ginza 2-chome
- Hakone Nakagora
- JW Marriott Hotel Nara Project 
JW MARRIOTT 
- Okinawa Sesoko
- Okinawa Fucyaku
- Okinawa Irabujima

(Source) Produced by the Asset Management Company based on information provided by the Mori Trust Group.

(Note 1) With the exception of the portfolio properties, as of the end of February 2017, MTH has not actually decided to acquire any of the properties shown above nor does it make any guarantee that it would be able to acquire such properties in the future.

(Note 2) New projects means new hotel developments.

■ (Tentative name) Akasaka 2-chome Project (Sponsor development project)

The project is situated in the Akasaka area, home to many foreign embassies, accommodation facilities, and various cultural and commercial facilities. The Akasaka area is expected to be developed as Tokyo's international business and commercial district and large-scale redevelopment projects are underway. At the same time, it is a district full of variation with sites that convey edo culture such as the Akasaka Hikawa Shrine and sites of daimyo residences. The project aims to deliver facilities that combine the functions of a leading-edge business office, an international hotel that supports tourism, and a showcase for "Japan brand," using the features of the area to meet the needs of tourists who are interested in Japan's unique history and culture.



Estimated completion date FY2022

■ Ginza 2-chome Hotel Plan (Sponsor development project)

The project is a plan for the development of a hotel with site area around 660 m² fronting Marronnier Street, which is close to the Ginza 2-chome intersection, home to many overseas high-brand shops (Chanel, Cartier, Bulgari, Louis Vuitton). Mori Trust plans to develop an international brand luxury hotel suited to the world-renowned Ginza shopping district, where tradition and modernity coexist.



Estimated opening date Early 2020

■ Sheraton Okinawa Sunmarina Resort (Sponsor owned project)

Sheraton Okinawa Sunmarina Resort is a resort hotel offering ocean views with balconies in all guestrooms. It fronts onto a beautiful white sand beach awarded the top rank of AA by the Ministry of Environment. The hotel has established a reputation as Okinawa main island's only hotel with a marina where guests can enjoy various marine activities. The hotel underwent a major renovation in June 2016 and was rebranded to Sheraton, Marriott International's classic premium brand.



Location Onna-son Kunigami-gun, Okinawa Prefecture

Guestrooms 246

(Source) Produced by the Asset Management Company based on information provided by the Mori Trust Group.
 (Note) With the exception of the portfolio properties, as of the end of February 2017, MTH has not actually decided to acquire any of the properties shown above nor does it make any guarantee that it would be able to acquire such properties in the future.



Summary of the 2nd Fiscal Period
(March 1, 2016 to February 28, 2017)
Settlement



Summary of the 2nd Fiscal Period (March 1, 2016 to February 28, 2017) Settlement

2nd fiscal period (March 1, 2016 to February 28, 2017) distribution: ¥3,105 (up ¥31 vs. the forecast)

2nd fiscal period (March 1, 2016 to February 28, 2017) results

(Millions of yen)				
		2nd fiscal period Actual (Fiscal Period ended February 2017)	2nd fiscal period Forecast (Fiscal Period ended February 2017)	Difference
Operating revenues		2,264	2,264	0
Property-related revenues	(1)	2,264	2,264	0
Operating expenses		484	499	-15
Property-related expenses	(2)	355	355	0
(Depreciation)	(3)	343	343	0
Selling, general and administrative expenses		129	144	-14
Operating income from property rental business	(4)=(1)-(2)	1,909	1,909	0
NOI	(4)+(3)	2,252	2,252	0
Operating income		1,780	1,765	15
Ordinary income		1,595	1,578	16
Net income		1,593	1,577	15
Total distribution		1,552	1,537	15
Total number of outstanding investment units		500,000	500,000	-
Distribution per unit (yen)		3,105	3,074	31

■ Property-related revenues (Actual)

Shangri-La	865 million yen
CY Tokyo	276 million yen
CY Shin-Osaka	348 million yen
Sunroute	775 million yen

■ Property-related expenses
No expenses related to property tax on the acquired properties were recorded

■ Decrease in selling, general and administrative expenses
-14 million yen

■ Non-operating expenses (actual)

Interest expenses	70 million yen
Other offering costs associated with the issuance of investment units	112 million yen

■ Total distribution
Net income less undisposed loss brought forward from the previous fiscal period of 40 million yen

Operating Results of Individual Properties in 2nd Fiscal Period (March 1, 2016 to February 28, 2017)

Shangri-La Hotel, Tokyo

Period under management in 2nd fiscal period:
from September 1, 2016 to February 28, 2017

Rent calculation base month	2015		2016										Total	
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.		
Rent recording month	2016											2017		Total
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
Rent (Millions of yen)	-	-	-	-	-	-	146	136	140	121	139	181	865	

Courtyard by Marriott Tokyo Station

Period under management in 2nd fiscal period:
from September 16, 2016 to February 28, 2017

Rent calculation base month	2015		2016										Period average	
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
Occupancy (%)	89.7%	82.2%	93.7%	94.1%	95.1%	79.2%	87.3%	86.6%	78.8%	86.2%	95.7%	98.5%	88.9%	
ADR (yen)	24,198	23,956	24,673	24,309	26,329	24,464	24,590	24,011	22,306	23,628	26,011	23,372	24,317	
RevPAR (yen)	21,716	19,690	23,119	22,871	25,048	19,386	21,475	20,805	17,585	20,362	24,886	23,030	21,648	
Rent recording month	2016											2017		Total
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
Rent (Millions of yen)	-	-	-	-	-	-	24	50	35	46	65	52	276	

Courtyard by Marriott Shin-Osaka Station

Period under management in 2nd fiscal period:
from September 16, 2016 to February 28, 2017

Rent calculation base month	2015		2016										Period average	
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.		
Occupancy (%)	85.1%	67.7%	84.8%	89.7%	85.0%	75.5%	82.1%	87.6%	87.0%	74.9%	87.7%	94.2%	83.4%	
ADR (yen)	23,714	19,585	21,993	22,063	23,283	19,856	17,870	20,243	19,201	18,192	19,629	19,479	20,425	
RevPAR (yen)	20,174	13,255	18,661	19,782	19,786	14,994	14,672	17,732	16,708	13,635	17,221	18,345	17,077	
Rent recording month	2016											2017		Total
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
Rent (Millions of yen)	-	-	-	-	-	-	24	71	61	44	69	76	348	

(Note 1) "Rent calculation base month" refers to the month used as the basis for calculating of the rent, and the hotel indicators (occupancy, ADR and RevPAR) are the hotel indicators for each rent calculation base month respectively. The Shangri-La Hotel, Tokyo indicators are not disclosed because the consent for disclosure has not been obtained from the tenants.

The rent calculation base month is the month four months before the rent recording month in the case of Shangri-La Hotel, Tokyo and the month three months before the rent recording month in the case of Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station.

(Note 2) "Rent recording month" refers to the month when MORI TRUST Hotel Reit records rents, and "rent" is the rent recorded in each rent recording month respectively. "Rent" is actual rent from the acquisition date of each property rounded down to the nearest million yen.

Basic policy on debt finance

MORI TRUST Hotel Reit's basic policy is to conduct stable and sound financial operations in order to build to a strong financial position.

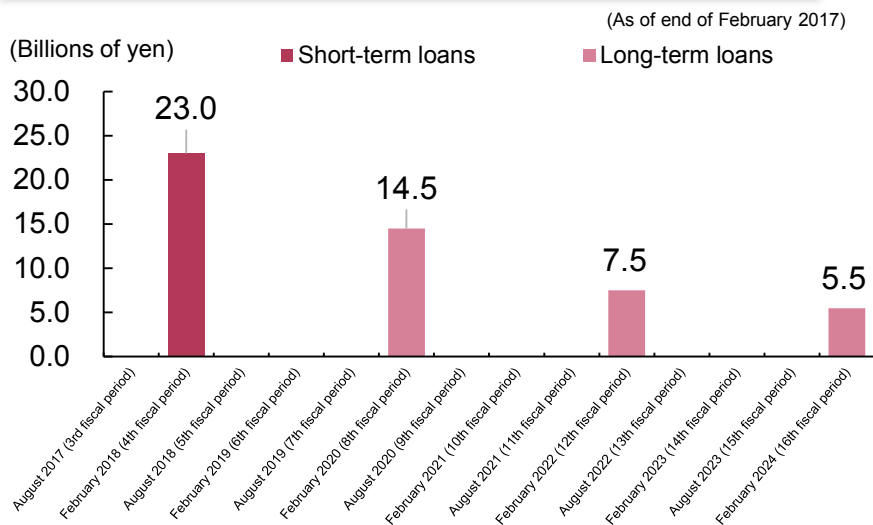
- Best mix of short-term and long-term loans
- Diversification of repayment dates
- Diversification of bank formation



- Mitigation of refinancing risk
- Reduction of funding costs

Set the target ceiling of LTV at 60%
Set target ceiling at **50%** under normal operations

Diversification of repayment dates



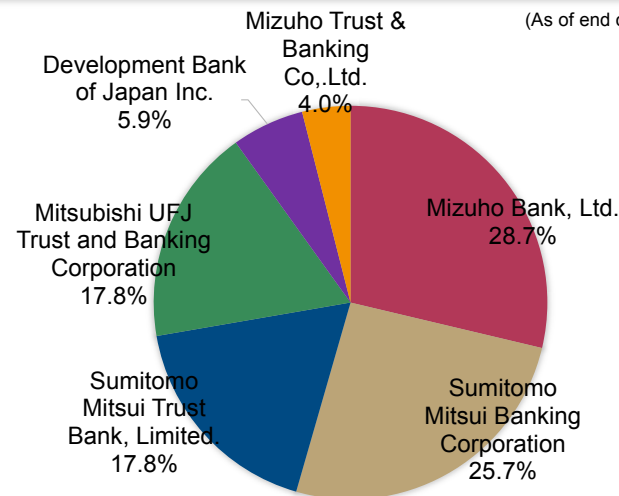
Interest-bearing debt

(As of end of February 2017)

	2nd fiscal period
Total interest-bearing debt (Millions of yen)	50,500
Short-term loans	23,000
Long-term loans	27,500
Investment corporation bonds	-
LTV (loan to value ratio)	47.1%
Fixed interest-bearing debt ratio	54.5%
Average interest rate	0.35%
Average duration of interest-bearing debt	2.6 years

Lender diversification

(As of end of February 2017)



Forecast distribution for the 3rd fiscal period (March 1, 2017 to August 31, 2017): ¥3,010 (same as initial forecast)

Forecasts for the 3rd Fiscal Period (March 1, 2017 to August 31, 2017)

(Millions of yen)					
	3rd fiscal period Forecast (Fiscal year ending August 2017)	2nd fiscal period Actual (Fiscal year ended February 2017)	Difference	3rd fiscal period Initial forecast (Fiscal year ending August 2017)	Difference
Operating revenues	2,287	2,264	23	2,277	10
Property-related revenues (1)	2,287	2,264	23	2,277	10
Operating expenses	691	484	206	681	9
Property-related expenses (2)	546	355	190	539	6
(Depreciation) (3)	312	343	-31	307	4
Selling, general and administrative expenses	145	129	16	141	3
Operating income from property rental business (4)=(1)-(2)	1,741	1,909	-167	1,737	4
NOI (5)=(4)+(3)	2,054	2,252	-198	2,045	8
Operating income	1,596	1,780	-183	1,596	0
Ordinary income	1,505	1,595	-89	1,505	0
Net income	1,504	1,593	-88	1,504	0
Total distribution	1,505	1,552	-47	1,505	-
Total number of outstanding investment units	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,010	3,105	-95	3,010	-

Main factors for change

(Compared with the results for the 2nd fiscal period)

■ Operating revenues	
Property-related revenues	+23 million yen
Shangri-La	+61 million yen
CY Tokyo	+67 million yen
CY Shin-Osaka	+16 million yen
Sunroute	-122 million yen
■ Operating expenses	
Property-related expenses	+190 million yen
Property tax	+226 million yen
Depreciation	-31 million yen
Selling, general and administrative expenses	+16 million yen
■ Non-operating expenses	
Interest expenses	+20 million yen
Other offering costs associated with the issuance of investment units	-112 million yen

(Compared with the initial forecast for the 3rd fiscal period)

■ Operating revenues	
Property-related revenues	+10 million yen
Shangri-La	+20 million yen
CY Tokyo	+35 million yen
CY Shin-Osaka	-45 million yen
■ Operating expenses	
Property-related expenses	+6 million yen
Property tax	+2 million yen
Depreciation	+4 million yen
Selling, general and administrative expenses	+3 million yen



APPENDIX



Mori Trust Group's long track record in large-scale complex development and hotel development and operation



Mori Trust Group's insistence on "asset quality"

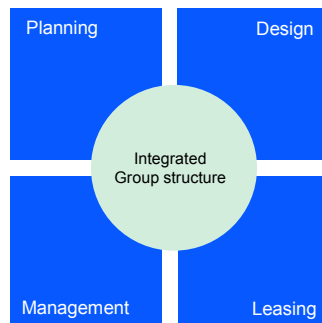
- Selection and concentration ~Track record of development in carefully selected locations
- Creation of quality-oriented facilities~State-of-the-art functionality
- Sustainable and progressive town planning ~Disaster prevention and environmental performance

Locations in central Tokyo	Rental / managed facilities	The total floor area of facilities	The total area of land
Approx. 90%	129 facilities	1.75 million m ²	4.75 million m ²

As of end of December 2016
(figures for the total floor area of facilities and total area of land are as of end of March 2016).

Real estate development structure

Utilization of accumulated knowhow



One of Japan's leading business and commercial area around Tokyo Station



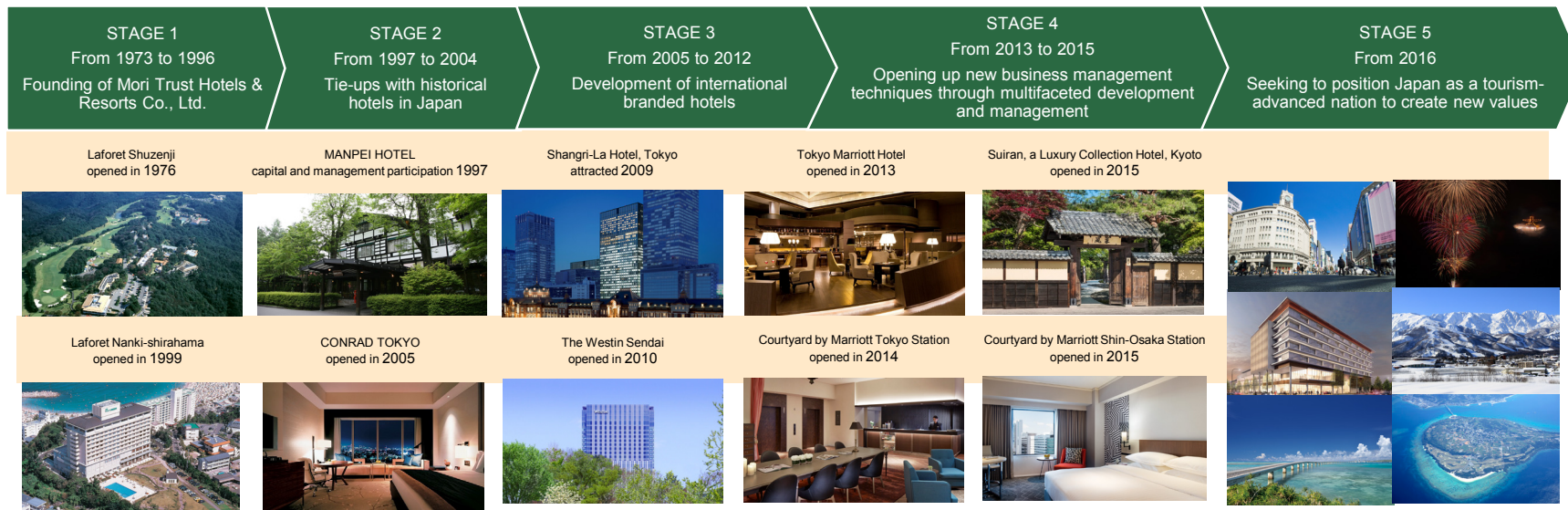
MARUNOUCHI TRUST CITY
Shangri-La Hotel, Tokyo (lease)



KYOBASHI TRUST TOWER
Courtyard by Marriott Tokyo Station

(Note) With the exception of the portfolio properties, as of the end of February 2017, MTH has not actually decided to acquire any of the properties shown above nor does it make any guarantee that it would be able to acquire such properties in the future.

Mori Trust Group's long track record in hotel development and operation



Alliances (cooperation) with leading hotel brands

- Cooperation with various international brand hotels
 - Focusing on the development and operation of hotels with added value through cooperation with some of the world's largest hotel chains Marriott International and Shangri-La Hotels & Resorts
 - Involved in numerous international brand hotels which are making their debut in Japan
- Strengths of international brand hotels

Worldwide customer base

Advantages of member organization and use of reservation system

Provision of world-class service and operation knowhow

Hotel chain	Marriott International	Shangri-La Hotels & Resorts	HILTON WORLDWIDE
Number of brands	30	5	14
Brands	Marriott, Courtyard by Marriott, Westin, Luxury Collection, JW Marriott, etc.	Shangri-La Hotel, Hotel Jen, Kerry Hotel, etc.	Conrad, Hilton, Waldorf Astoria, etc.
Number of hotels/ No or guestrooms	More than 6,000 hotels/ 1.2 million rooms	More than 95 hotels/ More than 40,000 rooms	More than 4,900 hotels/ More than 800,000 rooms
Number of countries/regions of operation	More than 120	26	104
Number of members	More than 100 million	More than 4 million	More than 60 million
Brands of hotels developed by MORI TRUST Group	<ul style="list-style-type: none"> ●Tokyo Marriott Hotel ●Courtyard by Marriott Tokyo Station ●Courtyard by Marriott Shin-Osaka Station ●The Westin Sendai ●Suiran, a Luxury Collection Hotel, Kyoto 	<ul style="list-style-type: none"> ●Shangri-La Hotel, Tokyo (Lease) 	<ul style="list-style-type: none"> ●CONRAD TOKYO

* Red font indicates brand is making debut in Japan.

(Source) Produced by the Asset Management Company based on figures published on the website of each hotel-chain (as of April 10, 2017).

Rent Types in Portfolio

(As of end of February 2017)

Property name	Lease agreement term	Tenant (Subtenant)	Type of rent	Calculation basis for variable rent	Calculation method for variable rent	Fixed rent (minimum guaranteed rent)
Shangri-La Hotel, Tokyo	From September 1, 2016 to November 30, 2033	Mori Trust (Shangri-La Hotels Japan)	Variable + Fixed (Minimum annual guaranteed rent)	Sales	Subletting tenant rent ×97% (Subletting tenant rent is calculated based on total sales of the hotel four months before the rent recording month)	Minimum annual guaranteed rent (Note 1) 882,700,000 yen
Courtyard by Marriott Tokyo Station	From September 16, 2016 to April 1, 2039	Mori Trust (Mori Trust Hotels & Resorts)	Variable + Fixed (Minimum annual guaranteed rent)	Profit	Adjusted operating income by facility×90% (Adjusted operating income by facility of the hotel three months before the rent recording month)	Minimum annual guaranteed rent (Note 2) 310,000,000 yen
Courtyard by Marriott Shin-Osaka Station	From September 16, 2016 to November 1, 2040	Mori Trust (Mori Trust Hotels & Resorts)	Variable + Fixed (Minimum annual guaranteed rent)	Profit	Adjusted operating income by facility×90% (Adjusted operating income by facility of the hotel three months before the rent recording month)	Minimum annual guaranteed rent (Note 2) 460,000,000 yen
Hotel Sunroute Plaza Shinjuku	From August 20, 2007 to August 31, 2027	Sunroute (—)	Fixed	-	-	Annual fixed rent 1,304,673,360 yen

(Note 1) If the total amount of rent from April each year to March the following year is less than the minimum annual guaranteed rent, the shortfall is paid together with the rent for March of the following year no later than the last day of February the following year.

(Note 2) If the total amount of rent from October each year to September the following year is less than the minimum annual guaranteed rent, the shortfall is paid together with the rent for September the following year no later than the last day of August the following year.

Appraisal Values of Real Estate at Fiscal Period-End (2nd Fiscal Period)

Property name	Appraiser	Appraisal value at end of 2nd fiscal period (Millions of yen)	Increase/ Decrease from appraisal value at acquisition (Millions of yen)	Theoretical price			Book value at end of 2nd fiscal period (Millions of yen)	Unrealized profits and losses (Millions of yen)	Reference	
				Direct reduction method	DCF method				Acquisition price (Millions of yen)	Appraisal value at acquisition (Millions of yen)
					Cap rate (%)	Discount rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	44,700	+700	3.5%	3.2%	3.7%	42,107	2,593	42,000	44,000
Courtyard by Marriott Tokyo Station	Japan Real Estate Institute	15,100	+100	3.9%	3.6%	4.1%	13,819	1,281	13,800	15,000
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	21,200	+100	4.4%	4.3%	4.8%	17,607	3,593	17,600	21,100
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	29,700	+200	3.9%	3.7%	4.1%	28,584	1,116	28,600	29,500
Total	-	110,700	+1,100	-	-	-	102,117	8,583	102,000	109,600

Property Revenue and Expenses (2nd Fiscal Period)

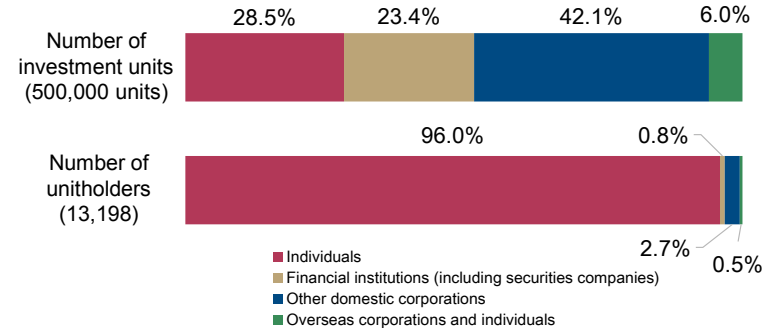
		Shangri-La Hotel, Tokyo	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	Portforio total
		2nd fiscal period	2nd fiscal period	2nd fiscal period	2nd fiscal period	2nd fiscal period
Period under management	(From) (to)	September 1, 2016 February 28, 2017	September 1, 2016 February 28, 2017	September 1, 2016 February 28, 2017	July 28, 2016 February 28, 2017	March 1, 2016 February 28, 2017
Number of days under management	(days)	181	166	166	216	-
Property-related revenues and expenses	(Thousands of yen)					
Property-related revenues	(1)	865,013	276,799	348,016	775,088	2,264,917
Rent		865,013	276,799	348,016	775,088	2,264,917
Property-related expenses	(2)	114,851	45,261	49,560	145,658	355,331
Property and other taxes		-	-	-	-	-
Insurance expenses		1,294	312	556	1,048	3,212
Repairs and maintenance expenses		7,263	280	365	0	7,910
Depreciation	(3)	106,093	44,484	48,454	144,371	343,404
Other		199	183	183	238	804
Operating income from property rental business	(4)=(1)-(2)	750,162	231,538	298,456	629,429	1,909,586
NOI	(5)=(4)+(3)	856,255	276,023	346,910	773,801	2,252,990
NOI yield (annual)	(Note)	4.1%	4.4%	4.3%	4.6%	4.3%
Acquisition price	(Millions of yen)	42,000	13,800	17,600	28,600	102,000

(Note) Annual NOI in 2nd fiscal period/Acquisition price

Unitholder Structure

(As of end of February 2017)

	Individuals	Financial institutions (including securities companies)	Other domestic corporations	Overseas corporations and individuals	Total
Number of investment units	142,335	116,770	210,659	30,236	500,000
	28.5%	23.4%	42.1%	6.0%	100%
Number of unitholders	12,664	112	358	64	13,198
	96.0%	0.8%	2.7%	0.5%	100%



Status of Major Unitholders (Top 10 Companies)

(As of end of February 2017)

Name	Number of units owned	Ownership ratio
Mori Trust Co., Ltd.	164,000	32.8%
Japan Trustee Services Bank, Ltd. (Trust Account).	28,796	5.8%
Mori Trust Hotels & Resorts Co., Ltd.	20,000	4.0%
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,123	3.6%
GOLDMAN SACHS INTERNATIONAL	8,609	1.7%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	8,534	1.7%
GARUDA FUND	5,300	1.1%
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	3,909	0.8%
The Bank of Kyoto, Ltd.	3,535	0.7%
Yamato Shinkin Bank	3,500	0.7%
Total (Top 10 companies)	264,306	52.9%

Same-boat investment by Mori Trust Group

(as of end of February 2017)

Mori Trust Group's ownership ratio

36.8%

Mori Trust 164,000 units
 Mori Trust Hotels & Resorts 20,000 units

List of Interest-bearing Debt (2nd Fiscal Period)

(As of end of February 2017)

Classification	Lender	Amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Remarks
Short-term	Sumitomo Mitsui Trust Bank, Limited.	6,000	Base rate (the JBA one-month Japanese yen TIBOR) +0.20%	November 30, 2016	November 30, 2017	Lump-sum repayment at maturity Unsecured Unguaranteed Variable interest
	Mitsubishi UFJ Trust and Banking Corporation	6,000				
	Mizuho Bank, Ltd.	5,500				
	Sumitomo Mitsui Banking Corporation	5,500				
	Subtotal	23,000				
Long-term	Mizuho Bank, Ltd.	7,000	0.36750%	November 30, 2016	November 29, 2019	Lump-sum repayment at maturity Unsecured Unguaranteed Fixed interest
	Sumitomo Mitsui Banking Corporation	5,500				
	Mizuho Trust & Banking Co.,Ltd.	2,000				
	Sumitomo Mitsui Trust Bank, Limited.	3,000	0.49630%	November 30, 2016	November 30, 2021	
	Mitsubishi UFJ Trust and Banking Corporation	3,000				
	Development Bank of Japan Inc.	1,500				
	Mizuho Bank, Ltd.	2,000	0.63750%	November 30, 2016	November 30, 2023	
	Sumitomo Mitsui Banking Corporation	2,000				
	Development Bank of Japan Inc.	1,500				
	Subtotal	27,500				
Total	50,500					

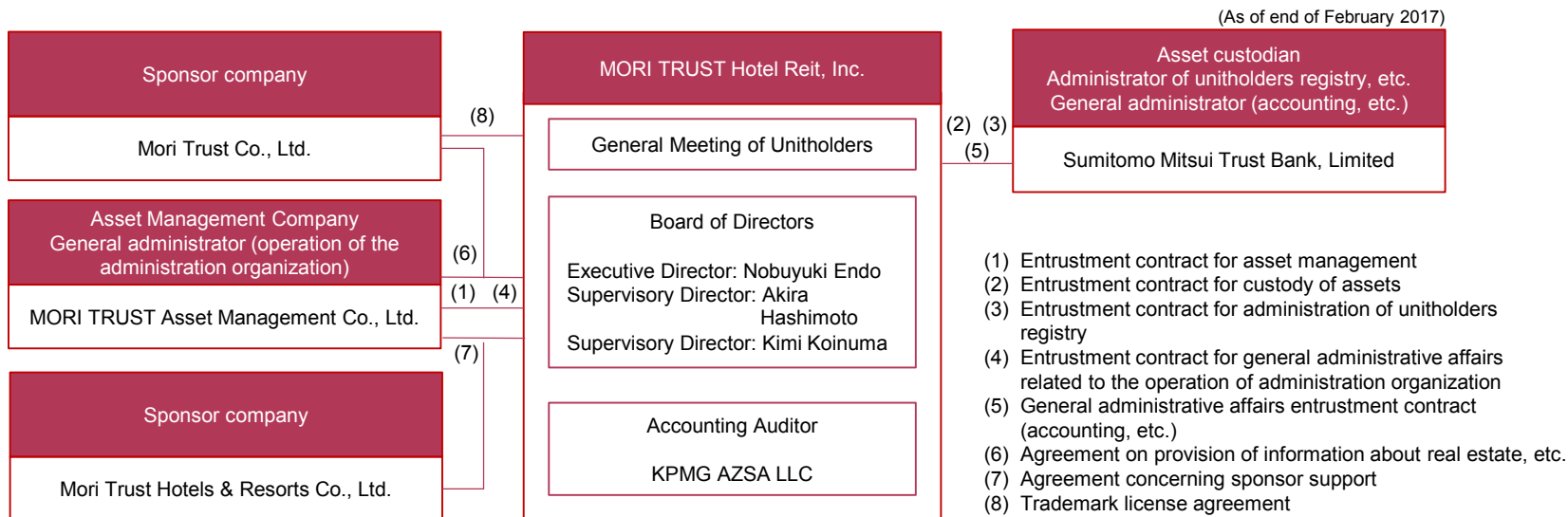
Balance Sheets and Statements of Income and Retained Earnings (2nd Fiscal Period)

(Thousand of yen)

Balance sheets	
As of February 28, 2017	
Current assets	5,050,755
Cash and deposits	2,179,729
Cash and deposits in trust	1,649,608
Consumption taxes receivable	1,213,064
Other current assets	8,352
Non-current assets	102,132,588
Property and equipment	102,117,667
Intangible assets	1,770
Investments and other assets	13,151
Total assets	107,183,344
Current liabilities	23,576,143
Operating accounts payable	9,001
Accounts payable	124,400
Short-term loans payable	23,000,000
Income taxes payable	1,921
Accrued expenses	31,465
Advances received	406,664
Deposits received	2,689
Non-current liabilities	32,054,473
Long-term loans payable	27,500,000
Tenant leasehold and security deposits	4,554,473
Total liabilities	55,630,616
Unitholders' equity	51,552,727
Unitholders' capital	50,000,000
Surplus	1,552,727
Total net assets	51,552,727
Total liabilities and net assets	107,183,344

Statements of income and retained earnings	
For the period from March 15, 2016 to February 28, 2017	
Operating revenues	2,264,917
Lease business revenues	2,264,917
Operating expenses	484,480
Expenses related to property rent business	355,331
Asset management fee	89,314
Asset custody and administrative service fees	11,756
Directors' compensations	3,600
Other operating expenses	24,478
Operating income	1,780,437
Non-operating income	348
Non-operating expenses	185,483
Interest expenses	70,255
New investment unit issuance costs	1,030
Other offering costs associated with the issuance of investment units	111,498
Other	2,700
Ordinary income	1,595,301
Income before income taxes	1,595,301
Income taxes – current	1,903
Net income	1,593,398
Retained earnings brought forward	-40,670
Unappropriated retained earnings	1,552,727

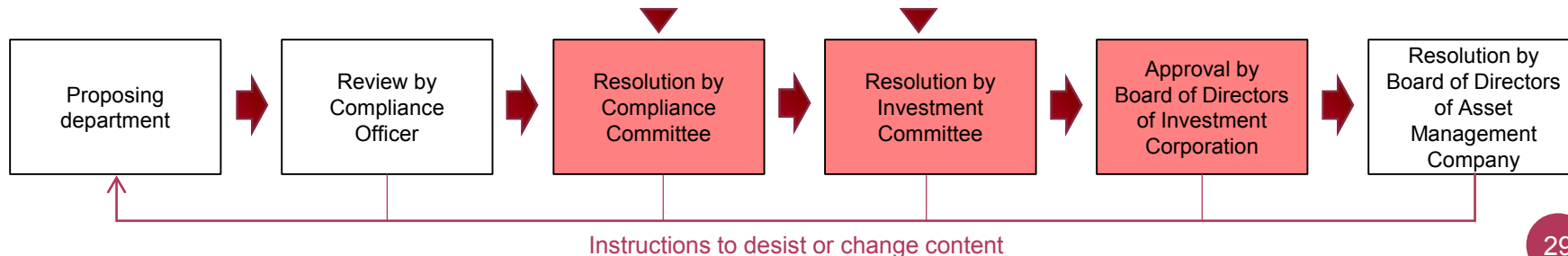
Overview of Investment Corporation



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

- Outside specialists are appointed as committee members (outside members) to both the Investment Committee and the Compliance Committee.
- In case of related party transactions → The approval of outside committee members within the Compliance Committee and the Investment Committee and the approval of the Board of Directors of the Investment Corporation are required.

The attendance and approval of outside committee members is required for a resolution to be passed

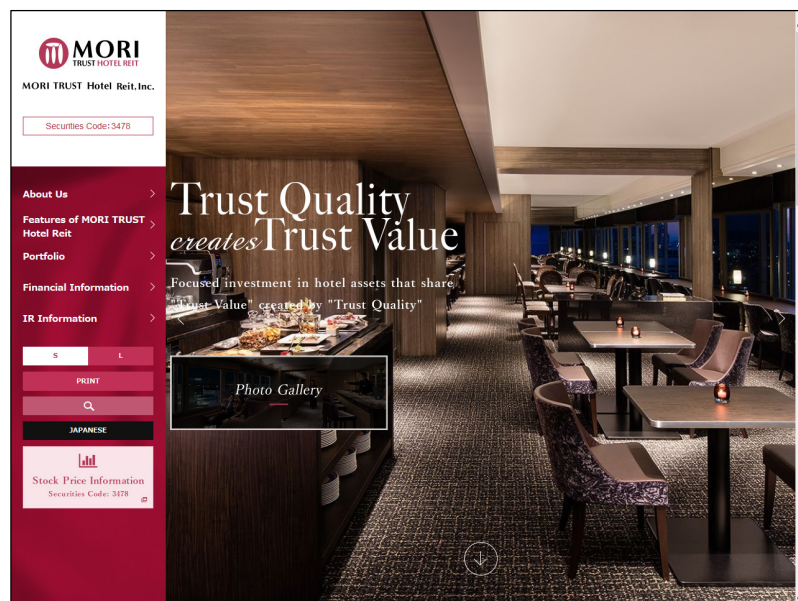


Overview of the Asset Management Company

(As of end of February 2017)

Name of Management Company	MORI TRUST Hotel Asset Management Co., Ltd.	
Representative	Nobuyuki Endo, President and CEO	
Date of incorporation	August 20, 2015	
Capital stock	200 million yen	
Shareholder structure	Mori Trust Co., Ltd.	90%
	Mori Trust Hotels & Resorts Co., Ltd.	10%
Registrations and licenses, etc.	Registered for a financial instruments business: Registration No. 2881 issued by the Director-General of the Kanto Finance Bureau (Kinsho) Licensed for building lots and buildings transaction business: License No. (1) 98353 issued by the Governor of Tokyo Certified as entrustment-based agency under the Building Lots and Building Transaction Business Act: License No. 97 issued by the Minister of Land, Infrastructure, Transportation and Tourism Joined Japan Investment Trusts Association	

Details of MORI TRUST Hotel Reit's Website



URL <http://www.mt-hotelreit.jp/en/>

- Disseminates various information about MORI TRUST Hotel Reit in a timely manner.
- Also features detailed information about portfolio properties together with many photographs.
- Easily accessible online by a smartphone.

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(Contact Information)

Asset Management Company: MORI TRUST Hotel Asset Management Co., Ltd.

Hours of operation: 9:00~17:45 Japan Standard Time (Weekdays only)

TEL: 03-6435-7290