



# MORI TRUST Hotel Reit, Inc.

(Securities Code : 3478)

**4th Fiscal Period  
Operating Results & Presentation  
(September 1, 2017 – February 28, 2018)**

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

# Table of Contents

## ■ Summary of Operating Results for 4th FP Ended February 2018

Operational Highlights	3
Summary of the 4th FP Results	4
4th FP Operating Results by Property (Year-on-Year Comparison)	5
4th FP Operating Results by Property (Period-on-Period Comparison)	6
Performance of Courtyard by Marriott Tokyo Station	7
Performance of Courtyard by Marriott Shin-Osaka Station	8
Appraisal Value of Properties (End of 4th FP)	9
5th FP Results Forecast (1-Mar-2018 to 31-Aug-2018)	10
Financial Operations	11
Growth Strategy	12
Major Hotels Developed, Held and/or Operated by Mori Trust Group	13
Major Hotel Development Projects Underway by Mori Trust Group	14

## ■ Market Conditions

Number of Foreign Visitors to Japan	16
Number of Foreign Visitors to Japan by Region and The Average Number of Overnight Stays by Country	17
Enforcement of New Minpaku Act (Private House Lodging Business Act)	18

## ■ Profile of MORI TRUST Hotel Reit

Features of MORI TRUST Hotel Reit	20
Basic Philosophy and Investment Policy	21
Portfolio Development Policy	22
List of Portfolio Properties	23
Rent Types of Portfolio Properties	24

## ■ APPENDIX

Overview of Portfolio Properties	26
Development Capabilities of Mori Trust Group	30
Hotel Operation and Management Capabilities of Mori Trust Group	31
Balance Sheets and Statements of Income(4th FP)	32
Revenues and Expenses by Property (4th FP)	33
List of Interest-Bearing Debt (End of 4th FP)	34
Status of Unitholders (End of 4th FP)	35
REIT Structure / Decision-Making Flowchart	36
Asset Management Company Profile / Website of MORI TRUST Hotel Reit	37
Disclaimer / Inquiries	38

# **Summary of Operating Results for 4th FP Ended February 2018**

---

## Distribution per unit

Results for the 4th FP  
ended February 2018

**3,067 yen**

(+57 yen from forecast)

Operating revenues	2,306 mn yen (+17 mn yen from forecast)
Real estate rental income	1,763 mn yen (+18 mn yen from forecast)
NOI	2,075 mn yen (+18 mn yen from forecast)
Net income	1,533 mn yen (+28 mn yen from forecast)

## Operational Status of Owned Hotels

- No. of inbound tourists (Source) Materials publicized by Japan National Tourism Organization
  - Total for January through February 2018  
5.01 million (+15.7% year-on-year)
  - Total for 2017  
28.69 million (+19.3% year-on-year)
- Two Courtyard (CY) brand hotels  
(4<sup>th</sup> FP rent calculation period : Jun. to Nov. 2017)
 

	CY Tokyo (4 <sup>th</sup> FP Average)	CY Shin-Osaka (4 <sup>th</sup> FP Average)
Occupancy rate	96.2%	Occupancy rate 94.0%
ADR	24,021 yen	ADR 18,346 yen
RevPAR	23,116 yen	RevPAR 17,269 yen

## Assets

## Debt

## Equity

No. of properties	4 properties	Interest-bearing debt	49.5 bn yen	Net assets per unit	103,067 yen
Asset size (Note1)	102.0 bn yen	LTV (Note5)	46.6 %	NAV per unit (Note6)	129,863 yen
Appraisal value	114.9 bn yen	Fixed-rate debt ratio	65.7 %	P / NAV (Note7)	1.11 times
Unrealized gain (Note2)	13.3 bn yen	Average interest rate	0.39 %	Market capitalization (Note8)	71.8 bn yen
NOI yield (Note3)	4.1 %	Average remaining maturity of debt	2.3 years	Investment units outstanding	500,000 units
Yield after depreciation (Note4)	3.5 %			Sponsor's holding ratio (Note9)	36.8 %
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 4th FP (annualized) / Total acquisition price

(Note4) Yield after depreciation = Real estate rental income after depreciation for the 4th FP (annualized) / Total acquisition price

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

(Note6) NAV per unit = (Net assets at end of period + Unrealized gain) / Investment units issued and outstanding

(Note7) P/NAV = Investment unit price (closing price on February 28, 2018) / NAV per unit

(Note8) Market capitalization = Investment unit price (closing price on February 28, 2018) × Investment units issued and outstanding

(Note9) Represents the ratio based on the number of investment units held by the sponsors as of the end of the 4th FP

Sponsors: Mori Trust and Mori Trust Hotels & Resorts

# Summary of the 4th FP Results

Distribution per unit (actual) : 3,067 yen (+57 yen from forecast)

(million yen)

Item	4th FP ended Feb. 2018 (actual)	4th FP ended Feb. 2018 (forecast)	Change	3rd FP ended Aug. 2017 (actual)	Change
Operating revenues	2,306	2,289	17	2,302	4
Real estate rental revenues ①	2,306	2,289	17	2,302	4
Shangri-La	893	903	- 9	949	- 55
CY Tokyo	355	332	22	328	27
CY Shin-Osaka	406	401	4	372	33
Sunroute	652	652	-	652	-
Operating expenses	681	688	- 6	678	3
Real estate rental expenses ②	543	544	- 0	542	1
(Depreciation) ③	312	312	- 0	312	0
Other operating expenses	137	143	- 5	135	2
Real estate rental income ④=①-②	1,763	1,744	18	1,759	3
NOI ④+③	2,075	2,057	18	2,071	3
Operating income	1,625	1,601	24	1,624	1
Ordinary income	1,534	1,506	28	1,535	- 1
Net income	1,533	1,505	28	1,534	- 1
Total cash distributions	1,533	1,505	28	1,535	- 1
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,067	3,010	57	3,070	- 3

## Major factors of change

(from 4<sup>th</sup> FP forecast)

■ Operating revenues	
Real estate rental revenues	+17 mn yen
Shangri-La	-9 mn yen
CY Tokyo	+22 mn yen
CY Shin-Osaka	+4 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Other operating expenses	-5 mn yen
■ Non-operating expenses	
Decrease in interest expenses	-3 mn yen

(from 3<sup>rd</sup> FP actual)

■ Operating revenues	
Real estate rental revenues	+4 mn yen
Shangri-La	-55 mn yen
CY Tokyo	+27 mn yen
CY Shin-Osaka	+33 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+1 mn yen
Other operating expenses	+2 mn yen
■ Non-operating expenses	
Increase in interest expenses	+1 mn yen

## Shangri-La Hotel, Tokyo

2nd FP (Operating period: Sep. 1, 2016 to Feb. 28, 2017)

Base month for rent	2016						2nd FP total
	May	Jun.	Jul.	Aug.	Sep.	Oct.	
Rent recording month	2016			2017			
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	146	136	140	121	139	181	865

## Courtyard by Marriott Tokyo Station

2nd FP (Operating period: Sep. 16, 2016 to Feb. 28, 2017)

Base month for rent	2016						2nd FP avg.
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
Occupancy rate (%)	87.3%	86.6%	78.8%	86.2%	95.7%	98.5%	88.8%
ADR (yen)	24,590	24,011	22,306	23,628	26,011	23,372	23,988
RevPAR (yen)	21,475	20,805	17,585	20,362	24,886	23,030	21,352
Rent recording month	2016			2017			2nd FP total
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	24	50	35	46	65	52	276
(Ref.) Total amount assuming the property is held since Sep. 1, 2016 and with the rent for the month converted to full-month figure →							301

## Courtyard by Marriott Shin-Osaka Station

2nd FP (Operating period: Sep. 16, 2016 to Feb. 28, 2017)

Base month for rent	2016						2nd FP avg.
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
Occupancy rate (%)	82.1%	87.6%	87.0%	74.9%	87.7%	94.2%	85.6%
ADR (yen)	17,870	20,243	19,201	18,192	19,629	19,479	19,111
RevPAR (yen)	14,672	17,732	16,708	13,635	17,221	18,345	16,399
Rent recording month	2016			2017			2nd FP total
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	24	71	61	44	69	76	348
(Ref.) Total amount assuming the property is held since Sep. 1, 2016 and with the rent for the month converted to full-month figure →							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) ADR (average daily rate) 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.

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017	2017						4th FP total
	May	Jun.	Jul.	Aug.	Sep.	Oct.	
2017	2017			2018			
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	160	135	152	133	140	170	893

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017	2017						4th FP avg.
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
2017	97.5%	96.2%	94.1%	94.5%	96.5%	98.2%	96.2%
ADR (yen)	24,045	22,529	21,118	23,490	27,051	25,942	24,021
RevPAR (yen)	23,441	21,662	19,874	22,206	26,103	25,469	23,116
Rent recording month	2017			2018			4th FP total
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	57	53	49	55	73	66	355

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017	2017						4th FP avg.
	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
2017	90.3%	97.0%	94.9%	87.6%	96.7%	97.4%	94.0%
ADR (yen)	16,896	18,252	18,486	17,985	18,983	19,456	18,346
RevPAR (yen)	15,260	17,702	17,540	15,753	18,349	18,956	17,269
Rent recording month	2017			2018			4th FP total
Rent (million yen)	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
	53	68	69	61	77	75	406



## Shangri-La Hotel, Tokyo

3rd FP (Operating period: Mar. 1, 2017 to Aug. 31, 2017)

Base month for rent	2016		2017				3rd FP total
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Rent recording month	2017年						
	Mar.	Apr.	May	Jun.	Jul.	Aug.	
Rent (million yen)	153	176	136	121	177	184	949

## Courtyard by Marriott Tokyo Station

3rd FP (Operating period: Mar. 1, 2017 to Aug. 31, 2017)

Base month for rent	2016	2017					3rd FP avg.
	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Occupancy rate (%)	91.8%	81.9%	96.4%	98.0%	99.4%	93.8%	93.5%
ADR (yen)	23,301	23,352	23,856	24,374	25,489	23,185	23,922
RevPAR (yen)	21,381	19,129	22,993	23,897	25,324	21,742	22,388
Rent recording month	2017						3rd FP total
	Mar.	Apr.	May	Jun.	Jul.	Aug.	
Rent (million yen)	51	41	47	68	65	53	328

## Courtyard by Marriott Shin-Osaka Station

3rd FP (Operating period: Mar. 1, 2017 to Aug. 31, 2017)

Base month for rent	2016	2017					3rd FP avg.
	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Occupancy rate (%)	92.0%	80.1%	87.8%	84.4%	98.2%	91.0%	88.9%
ADR (yen)	18,920	17,563	17,230	19,302	20,649	18,032	18,633
RevPAR (yen)	17,412	14,068	15,127	16,298	20,282	16,413	16,618
Rent recording month	2017						3rd FP total
	Mar.	Apr.	May	Jun.	Jul.	Aug.	
Rent (million yen)	66	45	44	73	83	58	372

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017						4th FP total
May	Jun.	Jul.	Aug.	Sep.	Oct.	
2017				2018		
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
160	135	152	133	140	170	893

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017						4th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
97.5%	96.2%	94.1%	94.5%	96.5%	98.2%	96.2%
24,045	22,529	21,118	23,490	27,051	25,942	24,021
23,441	21,662	19,874	22,206	26,103	25,469	23,116
2017				2018		4th FP total
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
57	53	49	55	73	66	355

4th FP (Operating period: Sep. 1, 2017 to Feb. 28, 2018)

2017						4th FP avg.
Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	
90.3%	97.0%	94.9%	87.6%	96.7%	97.4%	94.0%
16,896	18,252	18,486	17,985	18,983	19,456	18,346
15,260	17,702	17,540	15,753	18,349	18,956	17,269
2017				2018		4th FP total
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
53	68	69	61	77	75	406

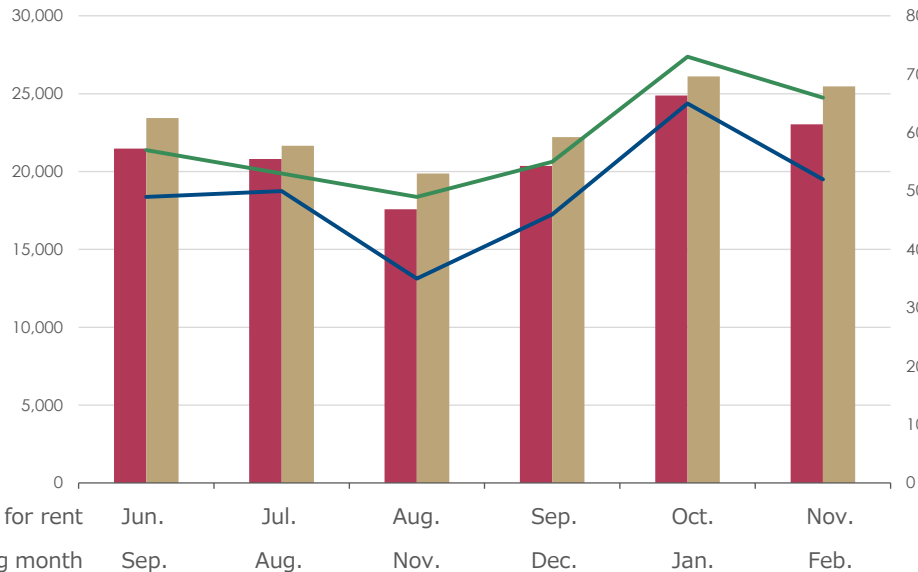
(Note1) Base month for rent represents the month used as the base for calculating rent. Indicators for respective hotels (Occupancy rate, ADR and RevPAR) show the relevant values of respective hotels for each base month for rent. The indicators of Shangri-La Hotel, Tokyo are not disclosed, however, as 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) ADR (average daily rate) 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.

## Change in Major Indicators for 4th FP (Year-on-Year Comparison)

(yen) (million yen)



■ RevPAR for 2nd FP (left axis)      ■ RevPAR for 4th FP (left axis)  
— Rent for 2nd FP (right axis)      — Rent for 4th FP (right axis)

4th FP avg. YoY change

Occupancy rate	96.2 %	+7.4 pt
ADR	24,021 yen	+33 yen
RevPAR	23,116 yen	+1,764 yen

Rent 4th FP total YoY change<sup>(note)</sup>

4th FP (actual)	355 mn yen	+53 mn yen
4th FP (forecast)	332 mn yen	
Change	+22 mn yen	

(Note) The figure indicates the difference between the total rents for the 2nd FP, which assumed that the property is held since Sept. 1, 2016 with the rent for the month converted to full-month figure, and the total rents for the 4th FP.

### 4th FP (actual)

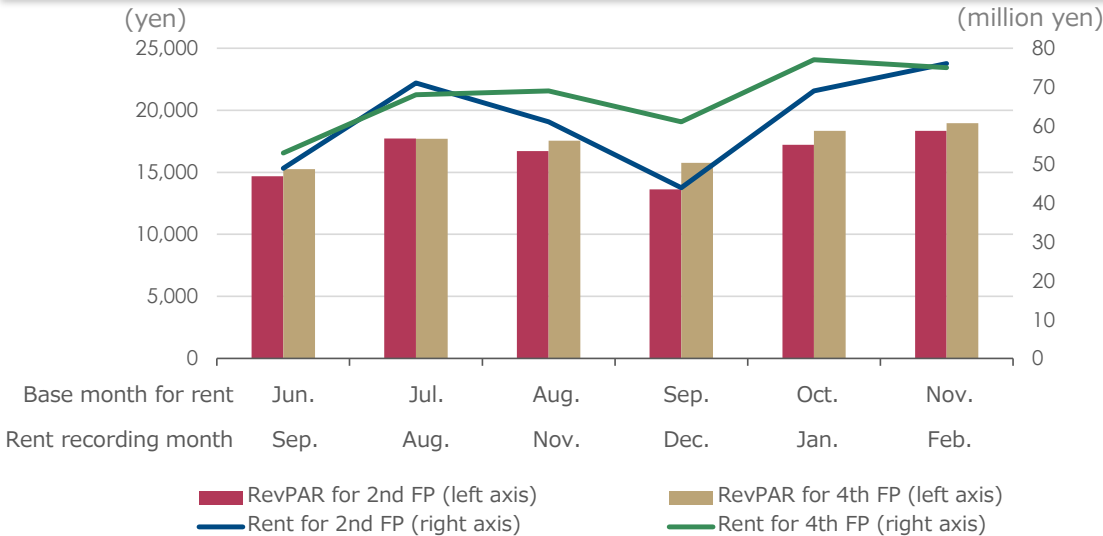
- The accommodation department kept both occupancy rate and ADR at a high level.  
 Occ. : **96.2%** (4<sup>th</sup> FP average; **+7.4pt** YoY)  
 ADR : **24,021 yen** (4<sup>th</sup> FP average; **+0.1%** YoY)
- Capturing Marriott members continued to perform well, with the ratio of direct reservations further increasing.
- Among other departments, conference rooms remained solid while restaurants were on a weak note.

### Initiatives for the 5th FP and Thereafter

- Implement revenue management by taking advantage of the current high occupancy to further increase ADR.
- With the restaurants department currently on a recovering trend, continue working to increase sales by more accurately grasping customer needs and providing appropriate plans.



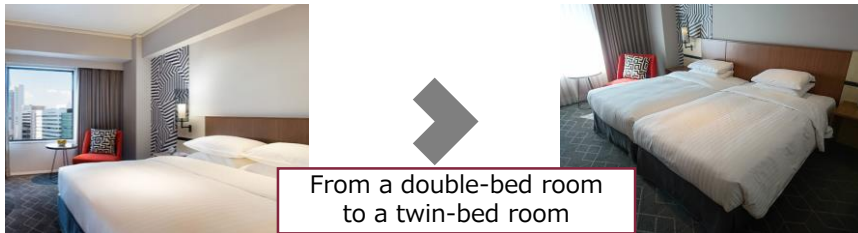
## Change in Major Indicators for 4th FP (Year-on-Year Comparison)



	4th FP avg.	YoY change
Occupancy rate	94.0 %	+8.4 pt
ADR	18,346 yen	-765 yen
RevPAR	17,269 yen	+870 yen
Rent	4th FP total	YoY change <sup>(note)</sup>
4th FP (actual)	406 mn yen	+33 mn yen
4th FP (forecast)	401 mn yen	
Change	+4 mn yen	

(Note) The figure indicates the difference between the total rents for the 2nd FP, which assumed that the property is held since Sept. 1, 2016 with the rent for the month converted to full-month figure, and the total rents for the 4th FP.

## Examples of initiatives : Certain guestrooms shifted to twin-bed and triple-bed rooms



### 4th FP (actual)

- Occupancy rate rose significantly from the year-earlier period.
  - Occ. : **94.0%** (4<sup>th</sup> FP average; **+8.4pt** YoY)
  - ADR : **18,346 yen** (4<sup>th</sup> FP average; **-4.0%** YoY)
- Efforts to improve RevPAR with a focus on occupancy rate securely proved effective.

### Initiatives for the 5th FP and Thereafter

- Added twin-bed and triple-bed rooms in March 2018 in an effort to improve the occupancy rate and ADR by further tapping leisure demand.
- Reinforce marketing capabilities by further utilizing the sales tools of Marriott hotels, etc. on top of marketing for travel agencies in and outside Japan, which has been increasingly strengthened since last fiscal year.

# Appraisal Value of Properties (End of 4<sup>th</sup> FP)

Property name	Appraisal agency	Appraisal value at end of 4th FP (million yen)	Period-on-period change (million yen)	Appraisal value by capitalization method				Book value at end of 4th 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 3rd FP (million yen)
				Capitalization rate (%)	Period-on-period change	Discount rate (%)	Terminal capitalization rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	47,400	+2,700	3.4%	- 0.1pt	3.1%	3.6%	41,891	5,508	42,000	44,700
Courtyard by Marriott Tokyo Station	Japan Real Estate Institute	15,800	+700	3.9%	-	3.6%	4.1%	13,730	2,069	13,800	15,100
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	21,200	-	4.4%	-	4.1%	4.6%	17,512	3,687	17,600	21,200
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	30,500	+800	3.8%	- 0.1pt	3.6%	4.0%	28,366	2,133	28,600	29,700
<b>Total</b>	-	114,900	+4,200	-	-	-	-	101,501	13,398	102,000	110,700

NAV per unit (Note1)

129,863 yen

P / NAV (Note2)

1.11

(Note1) NAV per unit = (Net assets at end of period + Unrealized gain) / Investment units issued and outstanding

(Note2) P/NAV = Investment unit price (closing price on February 28, 2018) / NAV per unit

Forecast distribution per unit : 3,150 yen

(million yen)

Item	5th FP ended Aug. 2018 (forecast)	4th FP ended Feb. 2018 (actual)	Difference	3rd FP ended Aug. 2017 (actual)	Difference
Operating revenues	2,367	2,306	61	2,302	65
Real estate rental revenues ①	2,367	2,306	61	2,302	65
Shangri-La	999	893	106	949	50
CY Tokyo	355	355	0	328	27
CY Shin-Osaka	360	406	- 45	372	- 12
Sunroute	652	652	-	652	-
Operating expenses	692	681	11	678	14
Real estate rental expenses ②	562	543	18	542	19
(Depreciation) ③	312	312	0	312	0
Other operating expenses	130	137	- 7	135	- 5
Real estate rental income ④=①-②	1,805	1,763	42	1,759	45
NOI ④+③	2,117	2,075	42	2,071	45
Operating income	1,675	1,625	49	1,624	50
Ordinary income	1,576	1,534	41	1,535	40
Net income	1,575	1,533	41	1,534	40
Total cash distributions	1,575	1,533	41	1,535	40
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,150	3,067	83	3,070	80

## Major factors of difference

(from 4<sup>th</sup> FP actual)

■ Operating revenues	
Real estate rental revenues	+61 mn yen
Shangri-La	+106 mn yen
CY Tokyo	+0.4 mn yen
CY Shin-Osaka	-45 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+18 mn yen
Increase in taxes and public dues	+12 mn yen
Increase in repairs and maintenance expenses	+6 mn yen
Other operating expenses	-7 mn yen
■ Non-operating expenses	
Increase in interest expenses	+7 mn yen

(from 3<sup>rd</sup> FP actual)

■ Operating revenues	
Real estate rental revenues	+65 mn yen
Shangri-La	+50 mn yen
CY Tokyo	+27 mn yen
CY Shin-Osaka	-12 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+19 mn yen
Increase in taxes and public dues	+12 mn yen
Increase in repairs and maintenance expenses	+7 mn yen
Other operating expenses	-5 mn yen
■ Non-operating expenses	
Increase in interest expenses	+9 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

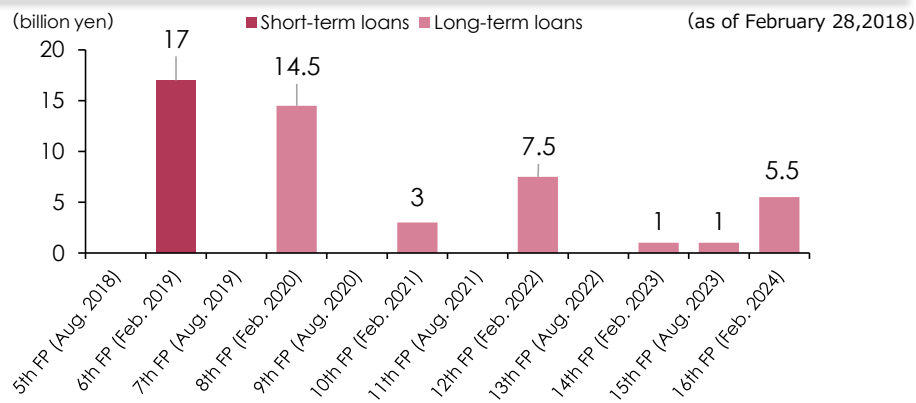
**LTV** Set 60% as upper limit, while targeting 50% as upper limit in normal operations.

## Financial Highlights for the 4th FP

Conducted refinance of 22 billion yen in short-term loans at the end of November 2017, based on the basic policy for debt financing.

- Of the 22 billion yen, 5 billion yen was procured in long-term loans with fixed interest rate.
- Newly added three lenders (Shinkin Central Bank, Nippon Life Insurance Company and Resona Bank, Limited) to secure a variety of fund procurement sources.

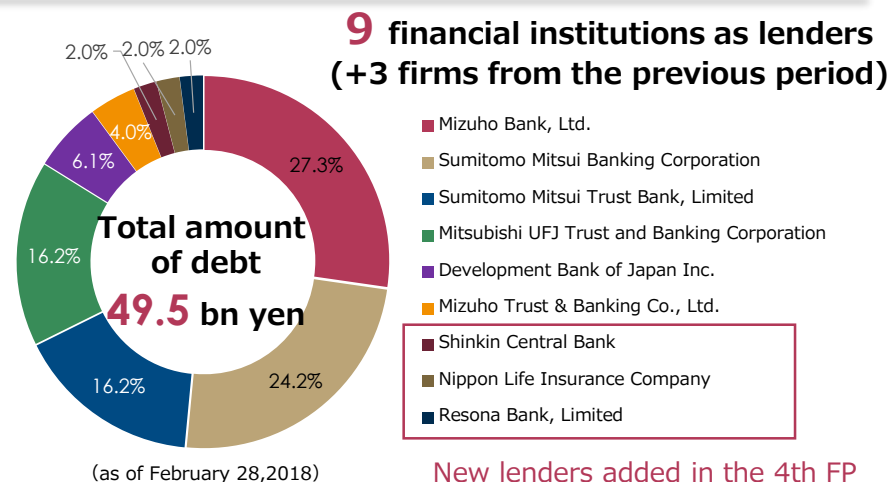
## Diversification of Repayment Dates



## Interest-Bearing Debt Status

Item	End of 3rd FP (Aug. 31, 2017)	End of 4th FP (Feb. 28, 2018)	Period-on- period change
Total interest-bearing debt at end of period (million yen)	49,500	49,500	-
Short-term loans	22,000	17,000	-5,000
Long-term loans	27,500	32,500	+5,000
Investment corporation bonds	-	-	-
LTV (ratio of interest bearing debt to total assets)	46.5 %	46.6 %	+0.1 pt
Fixed-rate debt ratio	55.6 %	65.7 %	+10.1 pt
Average interest rate	0.36 %	0.39 %	+0.03 pt
Average remaining maturity of debt	2.1 years	2.3 years	+0.2 years

## Diversification of Lenders



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

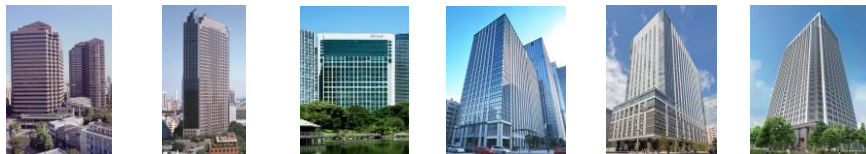
## Development

### 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 Tower 2008	Kyobashi Trust Tower 2014	Tokyo World Gate (underway) Scheduled for 2020
-------------------------------	-------------------------------	---------------------------------	--------------------------------	------------------------------	---



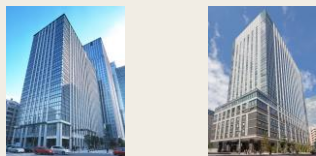
## Focus on Asset Quality

- 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

Total No. of facilities	Areas managed and operated by the Group	Land areas owned by the Group
174 facilities	1.56mn m <sup>2</sup>	4.9mn m <sup>2</sup>

as of June 30, 2017 (December 31, 2017 for total number of facilities)

### 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
Hotel brands developed by Mori Trust Group (examples)		<span>日本初</span>	<span>日本初</span>
	Courtyard by Marriott Tokyo Station	The Westin Sendai Suiran, a Luxury Collection Hotel, Kyoto	Shangri-La Hotel Tokyo (lease) CONRAD TOKYO

### 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 February 28, 2018, 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.

## Hotels in major metropolitan areas

①	CONRAD TOKYO	290 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

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



## 5 hotels rebranded to Marriott hotels

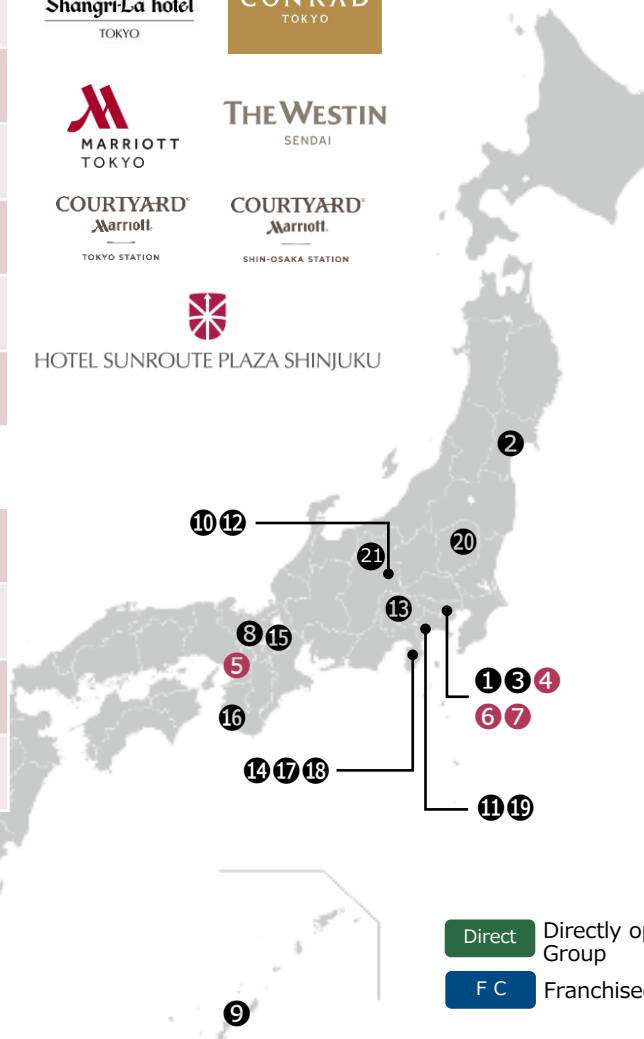
⑫	Karuizawa Marriott Hotel	142 rooms	FC
⑬	Fuji Marriott Hotel Lake Yamanaka	105 rooms	FC
⑭	Izu Marriott Hotel Shuzenji	128 rooms	FC
⑮	Lake Biwa Marriott Hotel	274 rooms	FC
⑯	Nanki-shirahama Marriott Hotel	182 rooms	FC



Of the Laforet Hotels & Resorts hotels, five hotels in Karuizawa, Yamanakako, Shuzenji, Biwako and Nanki-Shirahama have been rebranded to Marriott hotels.

## Hotels in regional cities

⑧	Suiran, a Luxury Collection Hotel, Kyoto	39 rooms	FC
⑨	Sheraton Okinawa Sunmarina Resort	246 rooms	FC
⑩	MAMPEI HOTEL	109 rooms	Direct
⑪	Gora-Kansuiro	14 rooms	Direct



## Laforet Hotels & Resorts

⑰	Hotel Laforet Shuzenji	212 rooms	Direct
⑱	Laforet Club Ito Onsen Yunoniwa	84 rooms	Direct
⑲	Laforet Club Hakone Gora Yunosumika	44 rooms	Direct
⑳	Resort Hotel Laforet Nasu	118 rooms	Direct
㉑	Laforet Club Hotel Hakuba Happo	45 rooms	Direct



Direct Directly operated by Mori Trust Group    
 LE Leased    
 FC Franchised    
 MC Under management contract

(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of February 28, 2018

(Note) Except for the assets owned as of February 28, 2018, 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 Hotel Development Projects Underway by Mori Trust Group

Promote development of hotels both in central Tokyo and regional cities

## Central Tokyo

## Regional cities

Hotel project in Tokyo World Gate

①Tokyo Edition Toranomon

②Tokyo Edition Ginza



Scheduled to open in the spring through summer of 2020

**EDITION**



Scheduled to open in the spring through summer of 2020

**EDITION**

③Akasaka 2-chome



Scheduled to complete in fiscal 2022

Planned development projects	17 projects
Central Tokyo	3 projects
Regional cities	14 projects

④Sapporo Odori Park ⑤Karuzawa Shiozawa

⑥Karuzawa Shinonome ⑦Hida Takayama

⑧Hakuba Sakka ⑨Hakone Naka-Gora

⑩Hakone Gora ⑪Atami Kinomiya

⑬Nara Noborioji "Yoshiki-en Area Preservation and Utilization Project" by Nara Prefecture

⑭Nagasaki Minami Yamate ⑯Okinawa Fuchaku

In the "Omiya-dori New Hotel & Exchange Hub Project" by Nara Prefecture

⑫JW Marriott Hotel Nara



Scheduled to open in the spring of 2020

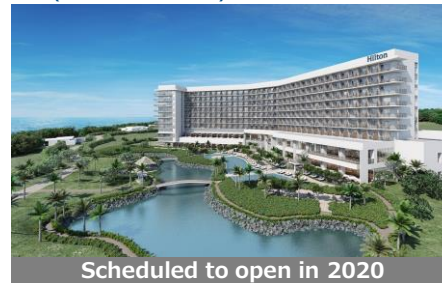
JW MARRIOTT

⑰IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa



Scheduled to open in 2018

⑮Hilton Okinawa Sesoko Resort (tentative name)



Scheduled to open in 2020

**Hilton**



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of February 28, 2018

(Note) Except for the assets owned as of February 28, 2018, 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.

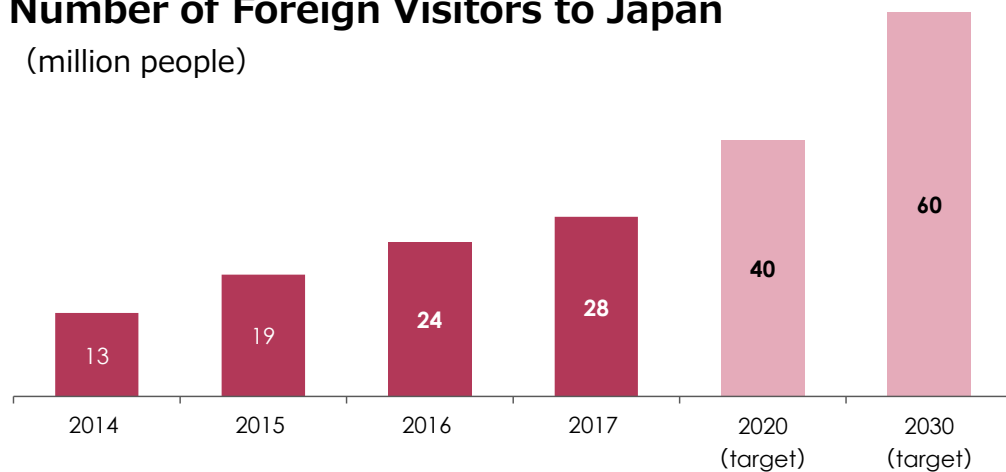
# Market Conditions

---

- 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 February 2018 totaled 2.5 million (+23.3% from the year-earlier period), with the figure for entire 2017 standing at 28.6 million (+19.3% year-on-year).

## Number of Foreign Visitors to Japan

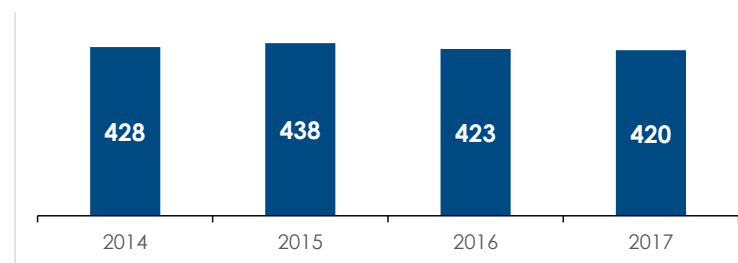
(million people)



(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.

## Cumulative Number of Japanese Users Lodging in Domestic Accommodation Facilities

(million people staying overnight)



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

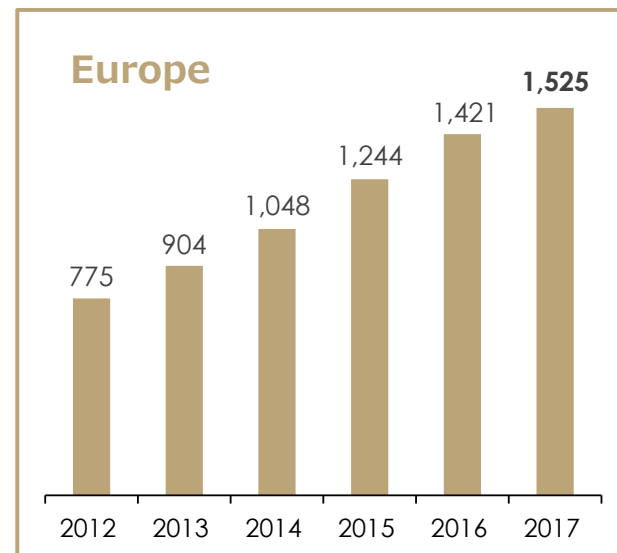
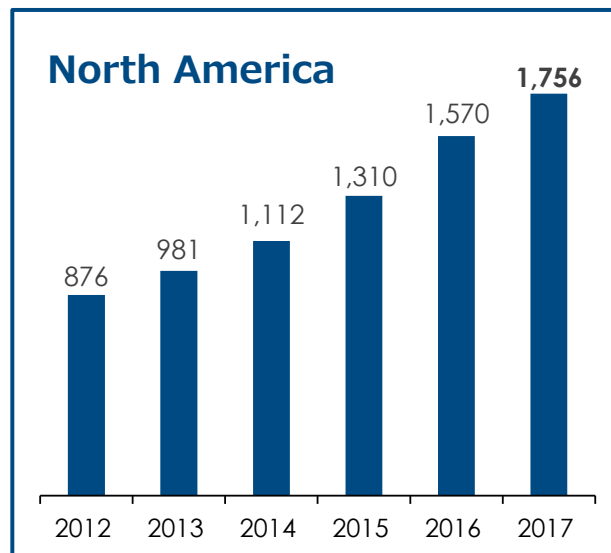
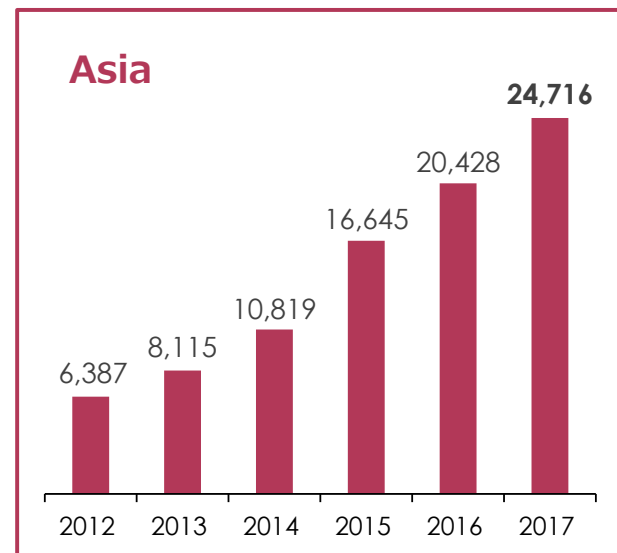
## [Measures by the Government]

- Toward the goal of establishing Japan as an **advanced country in tourism**, implement a variety of measures to strongly support the tourism industry so that it will become a key industry.
- Setting up the inbound travel promotion policy for three years, Japan Tourism Agency is **inviting guests from Europe, the U.S. and Australia** to develop new demand and reinforcing attraction of **high net worth individuals** and **guests staying for longer periods** in order to expand tourist consumption. Through these and other measures, the agency is promoting development of new markets including **Europe, the U.S. and Australia as well as high net worth individuals**.
- A "review conference on vitalizing tourism resources toward realizing Japan – an enjoyable country" was established to investigate measures to promote **experience-based tourism**.

# Number of Foreign Visitors to Japan by Region and The Average Number of Overnight Stays by Country

- The number of inbound tourists has steadily increased, not only from Asia but also from North America and Europe.
- For Japan to become an advanced country in tourism, it is essential to absorb Western tourists, who tends to stay for a longer period.

## Number of Foreign Visitors to Japan by Region (thousand people)



(Source) Prepared by the Asset Management Company based on the materials publicized by Japan National Tourism Organization

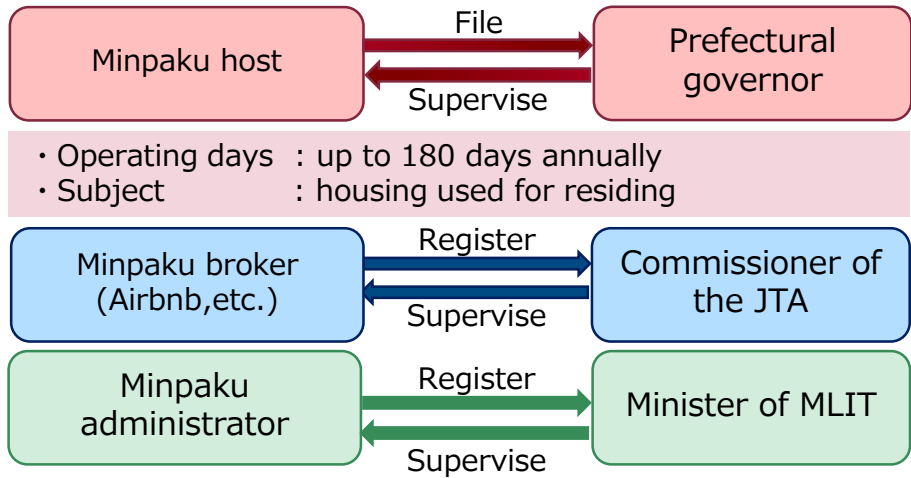
## Average Overnight Stays of Foreigners Visiting Japan (for Sightseeing and Leisure) in 2017 by Country

All countries	China	South Korea	Taiwan	Hong Kong	U.S.	U.K.	Germany	Australia
5.8	6.1	3.2	5.1	5.6	10.0	12.7	14.1	12.8

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

- The “New Minpaku Act” is scheduled to put into force in June 2018 in order to secure appropriate operations of Minpaku (providing private housing to guests for paid accommodation).
- The act is intended to provide places of accommodation for soaring inbound tourists and promote appropriate operations of the Minpaku (private lodging) business by controlling illegal paid accommodations.

## Summary of the New Minpaku Act



### [Regulations by the government]

- Oblige operators to be filed/registered
- Penalty provisions are set for violations

### [Cooperation with Private sector operators]

Such major Minpaku brokerage websites as Airbnb and HomeAway have expressed cooperation to the governmental regulations.



Work to control **“illegal Minpaku operations”**

## Cases of regulations by municipalities and individual condominiums

- Ordinance to regulate Minpaku by Ota Ward, Tokyo
  - Introduced Japan’s first special zone for Minpaku in January 2016.
  - Established its original Minpaku-related ordinance in December 2017, ahead of other municipalities in Japan (Minpaku is forbidden throughout a year in districts specialized for residences).
- ⇒ Other municipalities work to establish proprietary ordinances.
- Survey on the use of for-sale condominiums for Minpaku

(Source) Condominium Management Companies Association

Resolution made		No resolution made
Will forbid	Will accept	
80.5%	0.3%	19.1%



**The national government, local governments and private sector respectively promote appropriate operations of the Minpaku business**

# **Profile of MORI TRUST Hotel Reit**

---



## Build on the Growth Potential of Japan's Tourism Industry

Capture a variety of needs associated with increasing inbound tourism

Attract tourists from Europe and the U.S.

### Advantage of high-quality hotels focused on international brand hotels

#### Globally extended customer base

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

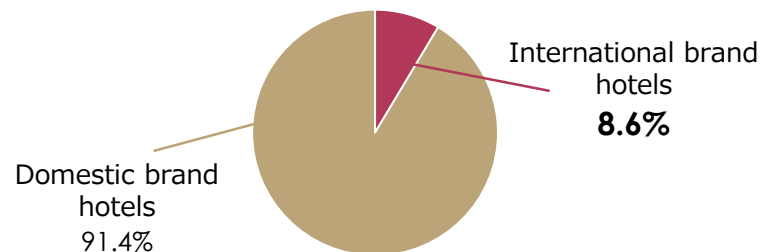
#### Advantages of member organization and use of reservation system

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

#### Provision of world-class services and operational expertise

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

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



(Note) Prepared by the Asset Management Company based on "List of Hotel Chain Groups in Japan 2017" 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

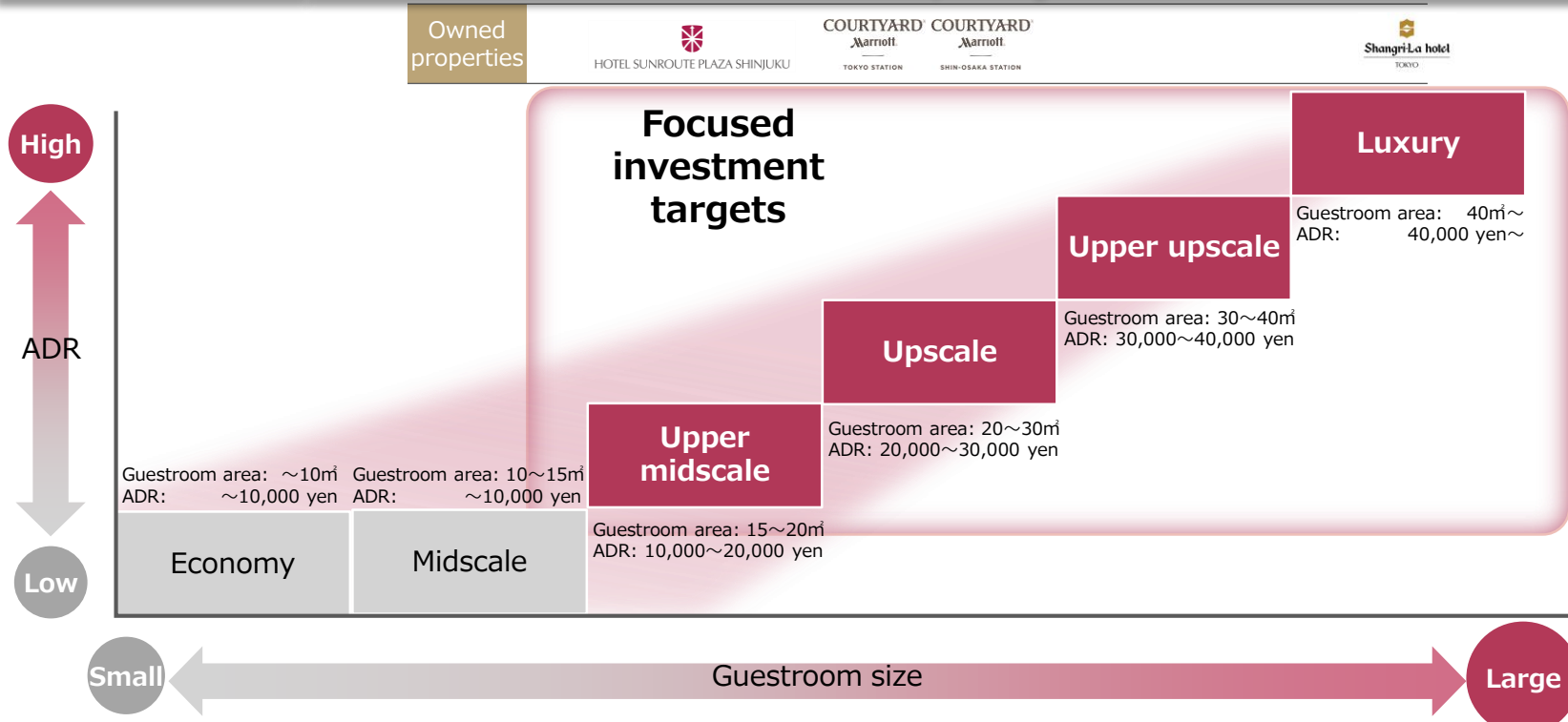
Major cities around Japan  
23 wards of Tokyo and government ordinance-designated cities

Famous tourist destinations  
Areas expected to attract many tourists

Focus on “locations and areas”

- 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** Classify hotel grades into six ranks from the viewpoints of price zones and brands, and focus investments in hotels of the top four grades



# List of Portfolio Properties

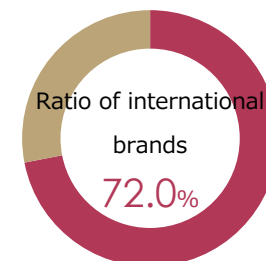
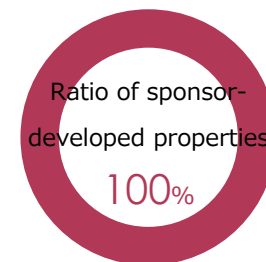
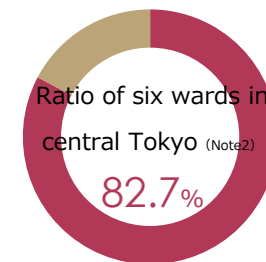
## Portfolio Highlights (as of February 28, 2018)

No. of properties :  
**4 properties**

Total acquisition price :  
**¥102.0 billion**

Total No. 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 photo				
Location	Chiyoda Ward, Tokyo <b>1-minute walk from Tokyo Sta.</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	February, 2014	March, 1997 (renovated in Nov., 2015)	August, 2007
Acquisition date	September 1, 2016	September 16, 2016	September 16, 2016	July 28, 2016
Acquisition price (million 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
No. of guestrooms	200	150	332 (Note1)	624
Hotel operation format	Leased	FC (Note2)	FC (Note2)	Leased
Hotel operator	Shangri-La Hotels Japan	Mori Trust Hotels & Resorts	Mori Trust Hotels & Resorts	Sotetsu Hotel Management



(Note1) The respective ratios have been calculated on the basis of acquisition price.  
(Note2) Represents Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa Wards

(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 74/100.

(Note2) 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.

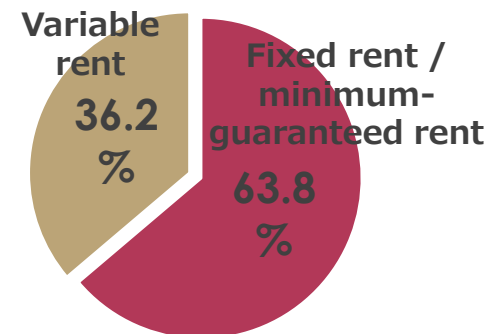
**Variable rent** (Note1) : **Possible to enjoy upside growth potential**

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



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

**Ratio by Rent Type of the Portfolio** (Note4)



(as of February 28, 2018)

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 (Note5) 882,700,000 yen
Coutyard by Marriott Tokyo Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent (Note6) 310,000,000 yen
Coutyard by Marriott Shin-Osaka Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent (Note6) 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 rent is calculated based on the amount that is obtained by subtracting the minimum annual guaranteed rent (pro rata value in accordance with the operating days of the 4th FP) of the three properties (Shangri-La Hotel, Tokyo, Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station) from the total rent of these properties received in the 4th FP.

(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.

# APPENDIX

---





**NO.1**  
**SHANGRI-LA HOTEL TOKYO**

## Shangri-La Hotel Tokyo

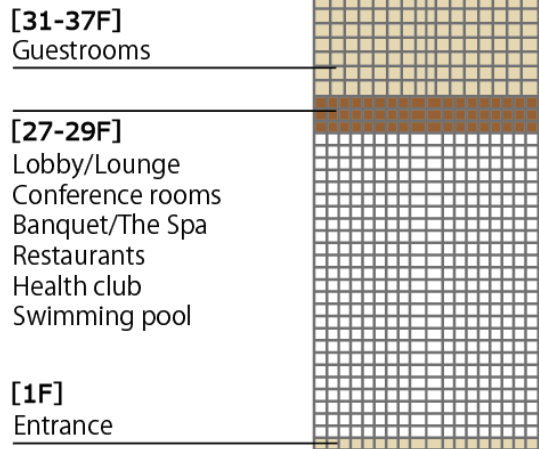


Luxury	Upper upscale	Upscale	Upper midscale
--------	---------------	---------	----------------

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

**Developed by Mori Trust**

**Leased**



### Property Characteristics

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

(Note1) The figure indicates the number of floors for the Tower MAIN and Tower NORTH of Marunouchi Trust Tower. **26**

(Note2) The figure indicates the number of guest rooms available for sale.



## NO.2 COURTYARD BY MARRIOTT TOKYO STATION



## Courtyard by Marriott Tokyo Station

COURTYARD<sup>®</sup>  
Marriott  
—  
TOKYO STATION

Luxury

Upper upscale

Upscale

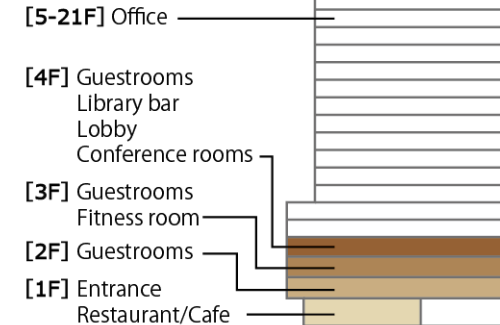
Upper  
midscale

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 6,400 hotels globally. Membership program of the Marriott Group applicable for over 100 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 March 30, 2018).



## NO.3 COURTYARD BY MARRIOTT SHIN-OSAKA STATION



## Courtyard by Marriott Shin-Osaka Station

COURTYARD<sup>®</sup>  
Marriott.  
SHIN-OSAKA STATION

Luxury

Upper upscale

Upscale

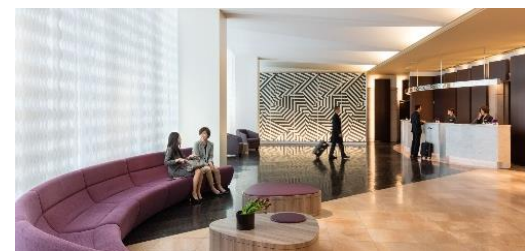
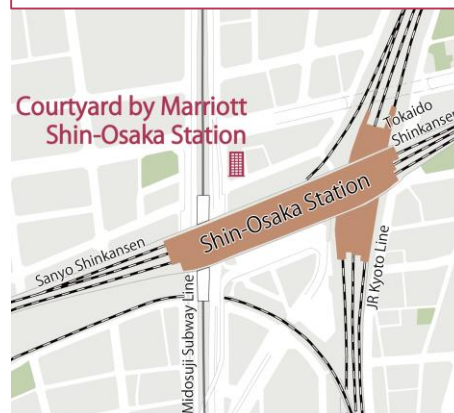
Upper  
midscale

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

Developed by  
Mori Trust

Operated by  
Mori Trust Group

1-minute walk from Shin-Osaka Sta.



### Property Characteristics

- A 1-minute walk from Shin-Osaka Station, which is the base for sightseeing and business purposes.
- Rebranded from Hotel Laforet Shin-Osaka to Courtyard by Marriott and opened in November 2015.
- The guest rooms, which count to 332 rooms in total (Note2), have an area of 30 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.4** **HOTEL** **SUNROUTE PLAZA** **SHINJUKU**

## **Hotel Sunroute Plaza** **Shinjuku**



HOTEL SUNROUTE PLAZA SHINJUKU

Luxury

Upper upscale

Upscale

Upper  
midscale

Location : Shibuya Ward, Tokyo

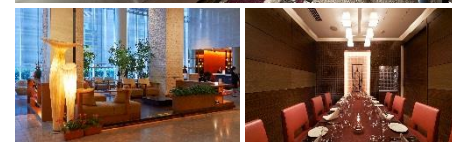
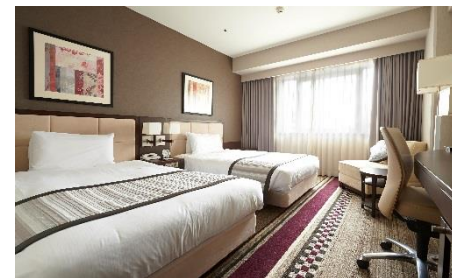
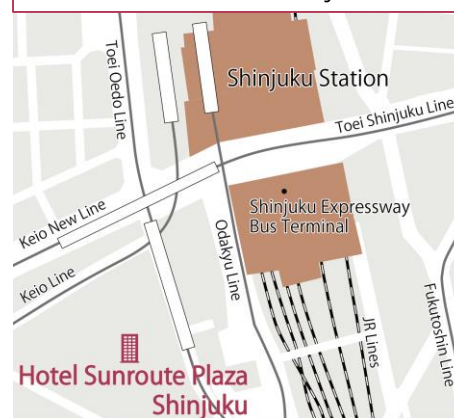
Floors : 14 with a basement floor

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.



# Development Capabilities of Mori Trust Group

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



### Focus on asset quality

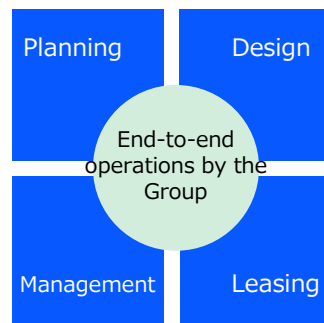
- Selection and concentration
  - : track record of development in selected locations
- Quality-focused creation of facilities
  - : cutting-edge functionalities
- Creation of highly advanced, sustainable communities
  - : disaster prevention and environmental performances

Total No. of facilities	Areas managed and operated by the Group	Land areas owned by the Group
174 facilities	1.56 million m <sup>2</sup>	4.90 million m <sup>2</sup>

As of June 30, 2017 (December 31, 2017 for total number of facilities)

### 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 February 28, 2018, 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 WORLDWIDE
No. of brands	30	5	14
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 6,400 hotels / over 1.2 million rooms	Over 100 hotels / over 40,000 rooms	Over 5,200 hotels / over 856,000 rooms
No. of countries and regions	126	22	105
No. of members	Over 100 million	Over 4 million	Over 71 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> </ul>	<ul style="list-style-type: none"> <li>●Shangri-La Hotel, Tokyo (leased)</li> </ul> 	<ul style="list-style-type: none"> <li>●CONRAD TOKYO</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 March 30, 2018)

(Note) Except for the assets owned as of February 28, 2018, 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 (4<sup>th</sup> FP)

(Thousands of yen)

Balance Sheets			
(as of February 28, 2018)			
<b>Current assets</b>	4,726,509	<b>Current liabilities</b>	17,652,931
Cash and deposits	3,207,724	Operating accounts payable	3,226
Cash and deposits in trust	1,513,001	Short-term loans payable	17,000,000
Prepaid expenses	5,770	Accounts payable	111,379
Deferred tax assets	12	Accrued expenses	37,012
<b>Non-current assets</b>	101,514,423	Distribution payable	6,287
Property and equipment	101,501,953	Income taxes payable	868
Buildings in trust	16,819,776	Accrued consumption taxes	50,824
Accumulated depreciation	-965,456	Advances received	442,504
Structures in trust	5,640	Deposits received	827
Accumulated depreciation	-2,454	<b>Non-current liabilities</b>	37,054,473
Land in trust	85,644,447	Long-term loans payable	32,500,000
Intangible assets	2,470	Tenant leasehold and security deposits	4,554,473
Software	2,470	<b>Total liabilities</b>	54,707,404
Investments and other assets	10,000	<b>Unitholders' equity</b>	51,533,527
Guarantee deposits	10,000	Unitholders' capital	50,000,000
<b>Total assets</b>	106,240,932	Surplus	1,533,527
		Unappropriated retained earnings	1,533,527
		<b>Total net assets</b>	51,533,527
		<b>Total liabilities and net assets</b>	106,240,932

Statements of income	
(September 1, 2017 – February 28, 2018)	
<b>Operating revenues</b>	2,306,893
Rental revenues	2,306,893
<b>Operating expenses</b>	681,459
Rental expenses	543,787
Asset management fee	89,529
Asset custody and administrative service fees	15,208
Directors' compensations	3,600
Other operating expenses	29,334
<b>Operating income</b>	1,625,433
<b>Non-operating income</b>	94
Interest income	22
Other	72
<b>Non-operating expenses</b>	91,198
Interest expenses	91,198
<b>Ordinary income</b>	1,534,329
<b>Income before income taxes</b>	1,534,329
Income taxes – current	871
Income taxes – deferred	-4
<b>Net income</b>	1,533,461
Retained earnings brought forward	66
<b>Unappropriated retained earnings</b>	1,533,527

# Revenues and Expenses by Property (4<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
	4th FP	4th FP	4th FP	4th FP	4th FP
Operating period (from) (to)	Sep. 1, 2017 Feb. 28, 2018	Sep. 1, 2017 Feb. 28, 2018	Sep. 1, 2017 Feb. 28, 2018	Sep. 1, 2017 Feb. 28, 2018	Sep. 1, 2017 Feb. 28, 2018
Operating days (days)	181	181	181	181	181
Real estate rental revenues and expenses (thousand yen)					
Real estate rental revenues ①	893,166	355,241	406,148	652,336	2,306,893
Rent revenues	893,166	355,241	406,148	652,336	2,306,893
Real estate rental expenses ②	234,825	68,349	69,478	171,133	543,787
Taxes and public dues	124,728	22,412	15,739	61,349	224,230
Insurance expenses	1,293	341	607	875	3,118
Repairs and maintenance expenses	-	902	2,398	-	3,300
Depreciation ③	108,602	44,493	50,533	108,708	312,338
Other	200	200	200	200	800
Real estate rental income ④=①-②	658,341	286,891	336,669	481,203	1,763,106
NOI ⑤=④+③	766,944	331,385	387,202	589,911	2,075,444
NOI yield (annualized) (Note)	3.7%	4.8%	4.4%	4.2%	4.1%
Acquisition price (million yen)	42,000	13,800	17,600	28,600	102,000

(Note) Annualized NOI for the 4th FP / Acquisition price

# List of Interest-Bearing Debt (End of 4<sup>th</sup> FP)

(as of February 28, 2018)

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	Sumitomo Mitsui Trust Bank, Limited	4,500	Base rate (Note) + 0.20%	Nov. 30, 2017	Nov. 30, 2018	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Mitsubishi UFJ Trust and Banking Corporation	4,500	Base rate (Note) + 0.20%	Nov. 30, 2017	Nov. 30, 2018	
	Mizuho Bank, Ltd.	3,500	Base rate (Note) + 0.20%	Nov. 30, 2017	Nov. 30, 2018	
	Sumitomo Mitsui Banking Corporation	3,500	Base rate (Note) + 0.20%	Nov. 30, 2017	Nov. 30, 2018	
	Shinkin Central Bank	1,000	Base rate (Note) + 0.20%	Nov. 30, 2017	Nov. 30, 2018	
Subtotal		17,000				
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	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Mitsubishi UFJ Trust and Banking Corporation	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 Trust Bank, Limited	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	Mitsubishi UFJ Trust and Banking Corporation	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.	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		
Subtotal		32,500				
Total		49,500				

Debt financing conducted in the 4th FP ended February 2018

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

## Breakdown of Unitholders

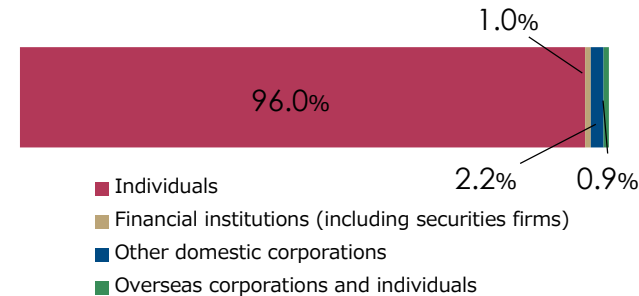
(as of February 28, 2018)

	Individuals	Financial institutions (including securities firms)	Other domestic corporations	Overseas corporations and individuals	Total
No. of investment units (units)	78,500	195,678	199,700	26,122	500,000
	15.7%	39.1%	39.9%	5.2%	100%
No. of unitholders (persons)	9,473	96	213	87	9,869
	96.0%	1.0%	2.2%	0.9%	100%

No. of investment units (500,000)



No. of unitholders (9,869)



## Major Unitholders (Top 11 Firms)

(as of February 28, 2018)

Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Co., Ltd.	164,000	32.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	67,176	13.4%
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,148	9.0%
Mori Trust Hotels & Resorts Co., Ltd.	20,000	4.0%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	15,353	3.1%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,483	2.5%
STATE STREET BANK AND TRUST COMPANY 505012	9,313	1.9%
The Bank of Kyoto, Ltd.	6,427	1.3%
NOMURA BANK (LUXEMBOURG) S.A.	5,030	1.0%
Fukoku Mutual Life Insurance Company	3,500	0.7%
Yamato Shinkin Bank	3,500	0.7%
<b>Total (top 11 firms)</b>	<b>351,930</b>	<b>70.4%</b>

## Equity investment "in the same boat" by Mori Trust Group

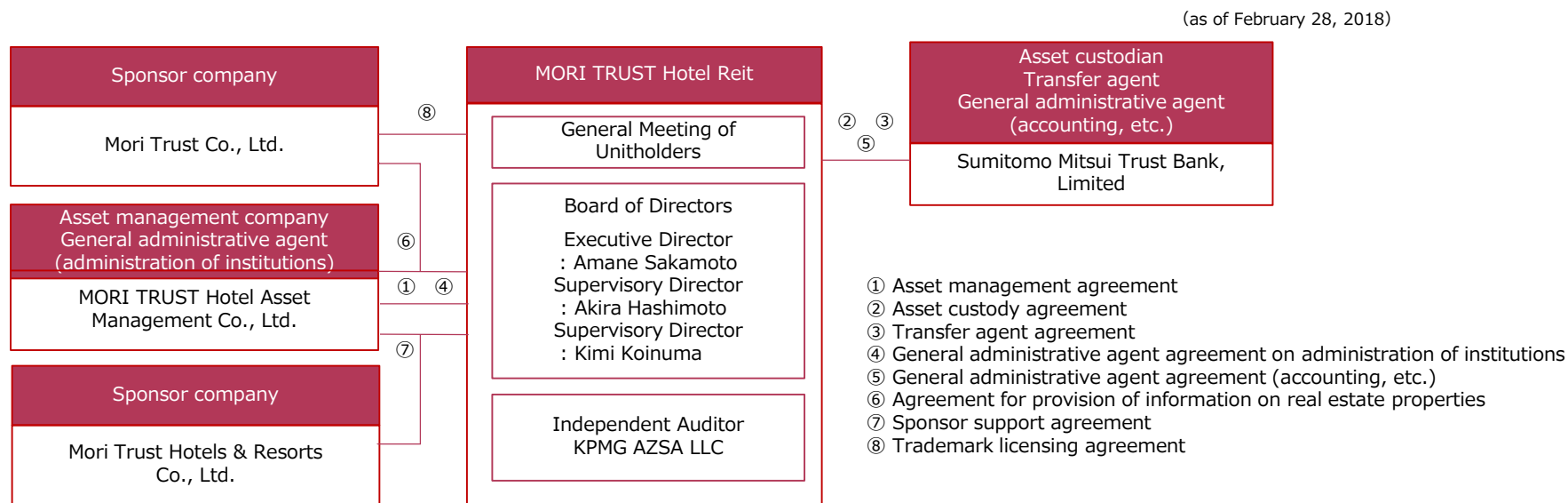
(as of February 28, 2018)

Unitholding ratio of Mori Trust Group

**36.8%**

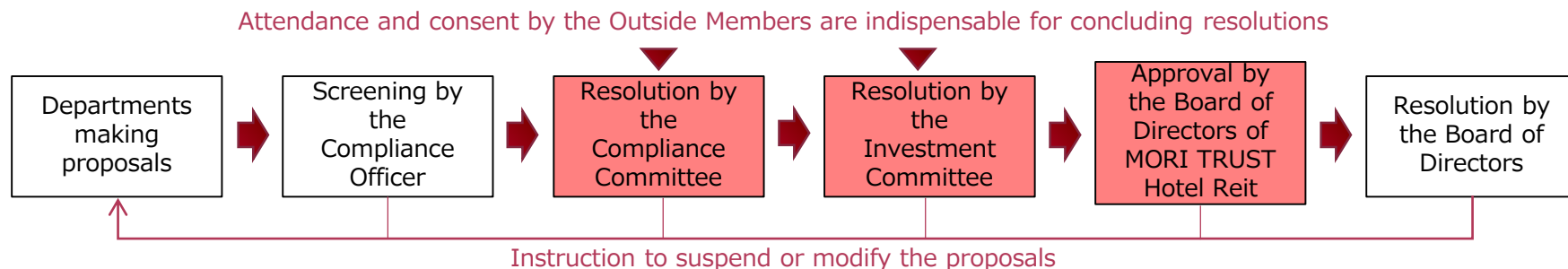
Mori Trust 164,000 units  
Mori Trust Hotels & Resorts 20,000 units

## Structure of MORI TRUST Hotel Reit



## Asset Management Company's Decision-Making Flowchart on Transactions with Interested Parties

- Outside experts are appointed as members (Outside Members) of both the Investment Committee and the Compliance Committee.
- Transactions falling under the category of those with interested parties require consent of the Outside Members at the Compliance Committee and the Investment Committee as well as approval by the Board of Directors of MORI TRUST Hotel Reit.

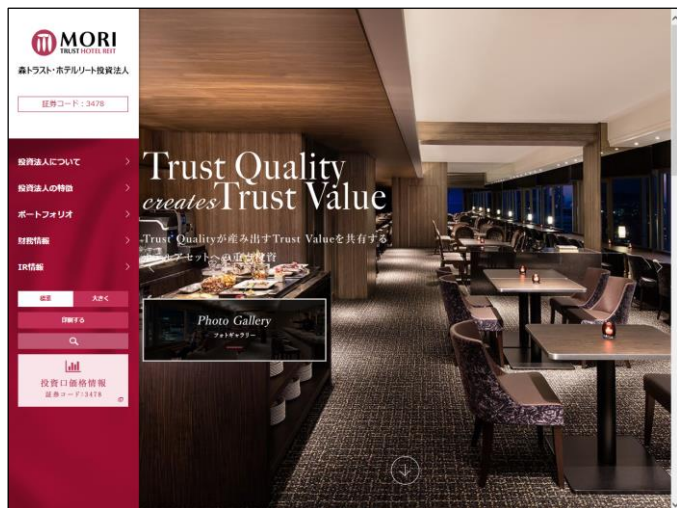


## Asset Management Company Profile

(as of February 28, 2018)

Company name	MORI TRUST Hotel Asset Management Co., Ltd.	
Representative	Amane Sakamoto, President and CEO	
Established	August 20, 2015	
Paid-in capital	200 million yen	
Shareholder composition	Mori Trust Co., Ltd.	90%
	Mori Trust Hotels & Resorts Co., Ltd.	10%
Registration / license	Registered as financial instruments exchange business: Director of Kanto Local Finance Bureau (Kinsho) No.2881 Licensed as building lots and buildings transaction business: The Governor of Tokyo No. (1) 98353 Licensed as discretionary transaction agent: The Minister of Land, Infrastructure, Transportation and Tourism No.97 Member of The Investment Trusts Association, Japan	

## Website of MORI TRUST Hotel Reit



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

- Delivers a variety of information on MORI TRUST Hotel Reit in a timely manner
- Posts detailed information on owned properties with abundant photos
- Comfortably visible by smartphones as well

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

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

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.

As for the content of this material, MORI TRUST Hotel Reit makes no guarantee as to the accuracy or completeness of the information provided herein. Furthermore, the content may be changed or eliminated without prior notice.

No party is permitted to reprint, use, copy, distribute, modify or make any arrangements to the content of this material without first obtaining the consent of MORI TRUST Hotel Reit.

(Contact)

Asset management company: MORI TRUST Hotel Asset Management Co., Ltd.

Phone : +81-3-6435-7290