

**MORI**  
TRUST HOTEL REIT

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

**8th Fiscal Period    Operating Results & Presentation**  
**(September 1, 2019– February 29, 2020)**

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

# Table of Contents

<b>■ Summary of Operating Results for 8th FP Ended February 2020</b>		<b>■ Profile of MORI TRUST Hotel REIT</b>	
Operational Highlights	3	Features of MORI TRUST Hotel REIT	18
Summary of the 8th FP Results	4	Basic Philosophy and Investment Policy	19
8th FP Operating Results by Property (Year-on-Year Comparison)	5	Portfolio Development Policy	20
8th FP Operating Results by Property (Period-on-Period Comparison)	6	List of Portfolio Properties	21
Performance of Courtyard by Marriott Tokyo Station	7	Features of Portfolio	22
Performance of Courtyard by Marriott Shin-Osaka Station	8	Rent Types of Portfolio Properties	23
Performance of Hilton Odawara Resort & Spa	9	Growth Strategy	24
Appraisal Value of Properties (End of 8th FP)	10	Major Hotels Developed, Held and/or Operated by Mori Trust Group	25
9th FP Results Forecast (1-Mar-2020 to 31-Aug-2020)	11	Major Hotel Development Projects Underway by Mori Trust Group	26
Financial Operations	12	ESG Initiatives (1)	27
		ESG Initiatives (2)	28
<b>■ Market Conditions</b>		<b>■ APPENDIX</b>	
Number of Foreign Visitors to Japan	15	Overview of Portfolio Properties	30
Global Travel Trends	16	Development Capabilities of Mori Trust Group	35
		Hotel Operation and Management Capabilities of Mori Trust Group	36
		Balance Sheets and Statements of Income (8th FP)	37
		Revenues and Expenses by Property (8th FP)	38
		List of Interest-Bearing Debt	39
		Status of Unitholders (End of 8th FP)	40
		Overview of Mori Trust Hotel REIT and the Asset Management Company	41
		Disclaimer / Inquiries	43

# **Summary of Operating Results for 8th FP Ended February 2020**

---

## Distribution per unit

Results for the 8th FP  
ended February 2020

**3,563 yen**  
(+153 yen from forecast)

Operating revenues	2,630 mn yen (+70 mn yen from forecast)
Real estate rental income	2,024 mn yen (+71 mn yen from forecast)
NOI	2,385 mn yen (+71 mn yen from forecast)
Net income	1,781 mn yen (+76 mn yen from forecast)

## Status of Inbound Tourism

- Number of inbound tourists
  - Total for 2019  
31.88 million (+2.2% year-on-year)
  - Total for January through March 2020 (estimated)  
3.93 million (-51.1% year-on-year)
- Growth Rate of Number of Inbound Tourists for Jan. to Dec. 2019 (year-on-year comparison)
  - Total +2.2%
  - Western countries (note) +13.9%

(Source) Materials publicized by Japan National Tourism Organization

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

## Assets

## Debt

## Equity

No. of properties	5 properties	Interest-bearing debt	54.5 bn yen	NAV	(Note6)	71.1 bn yen
Asset size	(Note1) 108.5 bn yen	LTV	(Note5) 48.9 %	NAV per unit	(Note7)	142,342 yen
Appraisal value	128.0 bn yen	Fixed-rate debt ratio	88.1 %	Market capitalization	(Note8)	63.6 bn yen
Unrealized gain	(Note2) 21.1 bn yen	Average interest rate	0.40 %	Investment units outstanding		500,000 units
NOI yield	(Note3) 4.4 %	Average remaining maturity of debt	2.7 years	Mori Trust Group's holding ratio	(Note9)	36.8 %
Yield after depreciation	(Note4) 3.7 %					
No. of guestrooms	1,469 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 8th FP (annualized) / Total acquisition price

(Note4) Yield after depreciation = Real estate rental income after depreciation for the 8th FP (annualized) / Total acquisition price

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

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

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

(Note8) Market capitalization = Investment unit price (closing price on February 28, 2020) × Investment units issued and outstanding

(Note9) Represents the ratio based on the number of investment units held by Mori Trust Group as of the end of the 8th FP

# Summary of the 8th FP Results

Distribution per unit (actual) : 3,563 yen (+153 yen from forecast)

(million yen)

Item	8th FP ended Feb. 2020 (actual)	8th FP ended Feb. 2020 (forecast)	Difference	6th FP ended Feb. 2019 (actual)	Difference
Operating revenues	2,630	2,559	70	2,322	308
Real estate rental revenues ①	2,630	2,559	70	2,322	308
Shangri-La	954	886	67	937	17
Hilton Odawara	203	203	- 0	-	203
CY Tokyo	433	422	11	383	49
CY Shin-Osaka	386	395	- 8	348	37
Sunroute	652	652	-	652	-
Operating expenses	737	740	- 2	677	60
Real estate rental expenses ②	606	607	- 1	546	59
(Depreciation) ③	361	361	- 0	312	48
Other operating expenses	131	132	- 1	131	0
Real estate rental income ④=①-②	2,024	1,952	71	1,775	248
NOI ④+③	2,385	2,314	71	2,088	296
Operating income	1,892	1,819	73	1,644	248
Ordinary income	1,781	1,706	75	1,545	236
Net income	1,781	1,705	76	1,544	236
Total cash distributions	1,781	1,705	76	1,545	236
Investment units outstanding (units)	500,000	500,000	-	500,000	-
Distribution per unit (yen)	3,563	3,410	153	3,090	473

## Major factors of change

(from 8<sup>th</sup> FP forecast)

■ Operating revenues	
Real estate rental revenues	+70 mn yen
Shangri-La	+67 mn yen
Hilton Odawara	- 0 mn yen
CY Tokyo	+11 mn yen
CY Shin-Osaka	- 8 mn yen
Sunroute	No change as rents are fixed
■ Non-operating expenses	
Decrease in interest expenses	- 2 mn yen

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

■ Operating revenues	
Real estate rental revenues	+308 mn yen
Shangri-La	+17 mn yen
Hilton Odawara	+203 mn yen
CY Tokyo	+49 mn yen
CY Shin-Osaka	+37 mn yen
Sunroute	No change as rents are fixed
■ Operating expenses	
Real estate rental expenses	+59 mn yen
Increase in taxes and public dues	+6 mn yen
Increase in repairs and maintenance expenses	+2 mn yen
Increase in depreciation	+48 mn yen
Increase in insurance expenses	+1 mn yen
■ Non-operating expenses	
Increase in interest expenses	+11 mn yen

# 8th FP Operating Results by Property (Year-on-Year Comparison)

## ■ Shangri-La Hotel, Tokyo

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

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

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

## ■ Hilton Odawara Resort & Spa

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

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

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

## ■ Courtyard by Marriott Tokyo Station

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

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

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

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

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

\*Total includes rent revenues and other revenues.

## ■ Courtyard by Marriott Shin-Osaka Station

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

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

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

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

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

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

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

(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. For Hilton Odawara Resort & Spa, the base period for calculation of rent, which for the 8th FP corresponds to the period from July 2018 to June 2019, is used.

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

(Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.

(Note4) Rent for September 2019 of Hilton Odawara Resort & Spa is calculated on a pro-rata basis based on the number of days from September 2, 2019 (the acquisition date) to the last day of September.



# 8th FP Operating Results by Property (Period-on-Period Comparison)

## ■ Shangri-La Hotel, Tokyo

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

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

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

## ■ Hilton Odawara Resort & Spa

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

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

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

## ■ Courtyard by Marriott Tokyo Station

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

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

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

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

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

\*Total includes rent revenues and other revenues.

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

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

## ■ Courtyard by Marriott Shin-Osaka Station

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

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

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

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

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

(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. For Hilton Odawara Resort & Spa, the base period for calculation of rent, which for the 8th FP corresponds to the period from July 2018 to June 2019, is used.

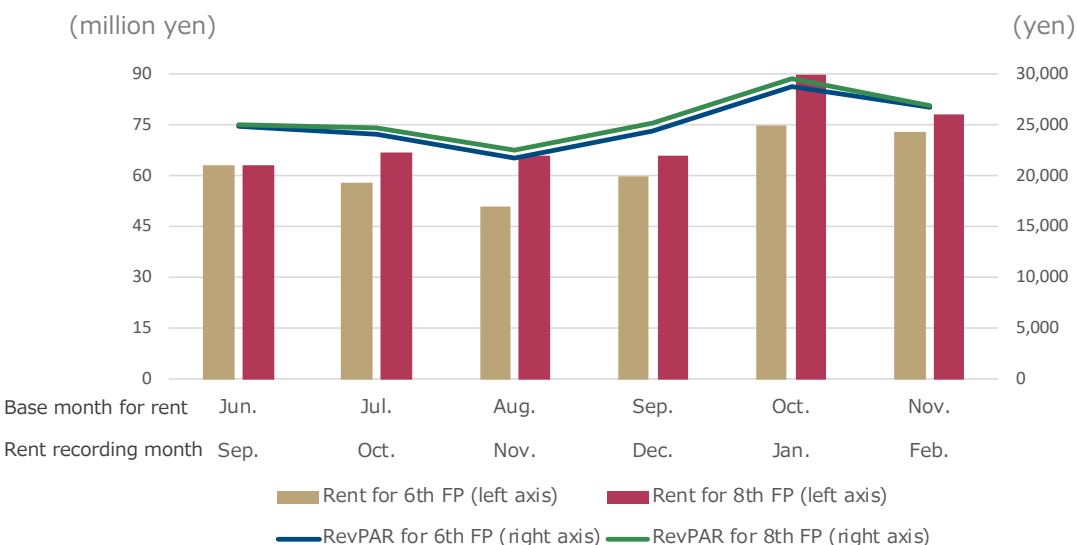
(Note2) Rent recording month represents the month for which MORI TRUST Hotel REIT records rent revenues. Rent indicates the rent for each rent recording month. Rent shows the actual value for each property, rounded down to the nearest million yen.

(Note3) Average daily rate (ADR) represents the average unit price of guestrooms, including service charges. RevPAR (revenue per available room) represents the accommodation revenue per room for the total number of guestrooms available for sale, including service charges.

(Note4) Rent for September 2019 of Hilton Odawara Resort & Spa is calculated on a pro-rata basis based on the number of days from September 2, 2019 (the acquisition date) to the last day of September.

- The accommodation department saw RevPAR remain solid backed by measures emphasizing high ADR. ADR marked a record high in October 2019 by capturing strong lodging demand created by the Rugby World Cup Japan, etc.
- While thoroughly implementing cost management with limited lodging demand, we aim to capture at a high unit price the lodging demand that will arise from international events such as the Tokyo Olympic and Paralympic Games, which was postponed to 2021.

## Change in Major Indicators for 8th FP (Year-on-Year Comparison)



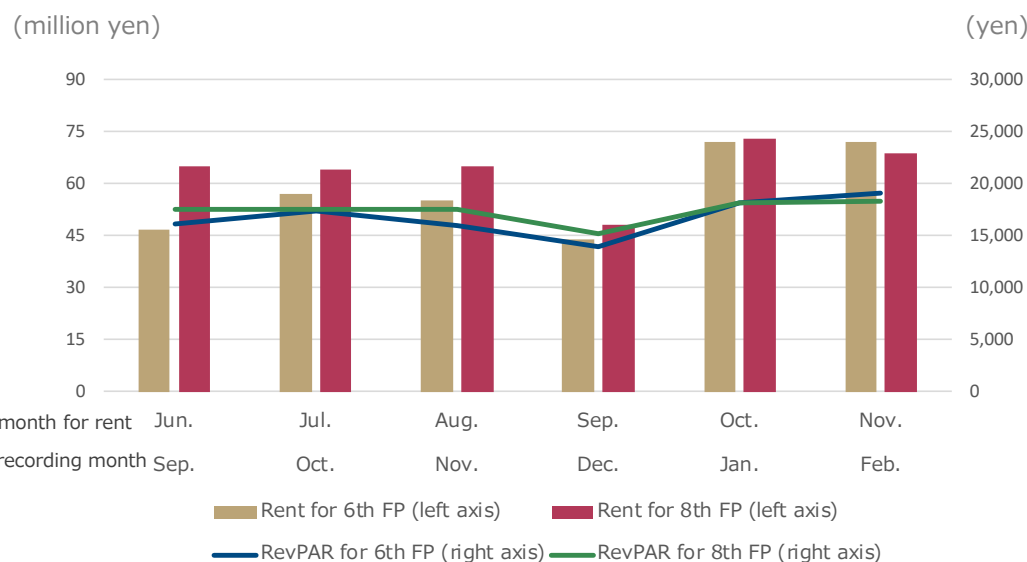
	8th FP avg.	YoY change
Occupancy rate	92.0 %	- 0.9 pt
Average daily rate (ADR)	27,832 yen	+862 yen
RevPAR	25,633 yen	+545 yen

	8th FP avg.	YoY change
Rent		
8th FP (actual)	433 mn yen	+49 mn yen
8th FP (forecast)	422 mn yen	
Change	+11 mn yen	



- Improved RevPAR under harsh conditions such as increase in supply of accommodation facilities after recovery from typhoon damage in the previous year. Appropriately captured lodging demand that arose from international events such as the G20 Osaka Summit and the Rugby World Cup Japan.
- We aim to capture lodging demand arising from various sporting events and international events, such as the 2025 World Expo, by continuing to implement thorough cost management and conducting proactive digital marketing, etc.

## Change in Major Indicators for 8th FP (Year-on-Year Comparison)



	8th FP avg.		YoY change	
Occupancy rate	93.2	%	+2.8	pt
Average daily rate (ADR)	18,640	yen	+37	yen
RevPAR	17,371	Yen	+540	yen

Rent	8th FP avg.		YoY change	
8th FP (actual)	386	mn yen	+37	mn yen
8th FP (forecast)	395	mn yen		
Change	- 8	mn yen		

- Recorded strong performance in the latter half of 2019 in line with increase in lodging due to the Rugby World Cup Japan in addition to lodging demand from robust domestic travel.
- Capitalizing on the characteristic of being a resort close to central Tokyo, we aim to capture demand from domestic travel, which is expected to bounce back after the end of the novel coronavirus pandemic, in addition to lodging demand that will arise from events such as the Tokyo Olympic and Paralympic Games to be held in 2021.

## Rent (Note1)

### Rent for 8th FP

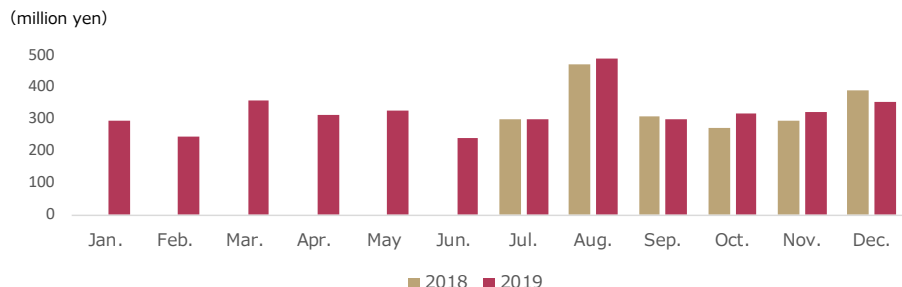
Base period for calculation of rent	Jul., 2018 to Jun., 2019					
Rent recording month	2019				2020	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Rent (million yen)	(Note2) 32	33	33	33	33	33

### Rent for 9th FP

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

### [reference]

#### Change in total sales for the above base period for calculation of rent (from Jul., 2018 to Dec., 2019) (Note3)



### [reference] Base period for calculation of rent

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

Year	2018				2019				2020																					
Month	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8				
Fiscal Period	5th FP				6th FP				7th FP				8th FP				9th FP													
Base period for calculation of rent	8th FP profits (12-month average)								9th FP profits (12-month average)																					
Rent																														

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

(Note2) "Rent" for September 2019 is calculated on a pro-rata basis based on the number of days from September 2, 2019 (the acquisition date) to the last day of September.

(Note3) "Total sales" is the total amount of sales for the entire hotel (including the interest of the quasi-co-owner Mori Trust), rounded down to the nearest million yen.

# Appraisal Value of Properties (End of 8th FP)

Property name	Appraisal agency	Appraisal value at end of 8th FP (million yen)	Period-on-period change (million yen)	Appraisal value by capitalization method				Book value at end of 8th 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 7th FP (million yen)
				Capitalization rate (%)	Period-on-period change	Discount rate (%)	Terminal capitalization rate (%)				
Shangri-La Hotel, Tokyo	Japan Real Estate Institute	50,900	+1,500	3.2%	- 0.1pt	2.9%	3.4%	41,486	9,413	42,000	49,400
Hilton Odawara Resort & Spa	Rich Appraisal Institute	7,250	-	4.6%	-	4.4%	4.8%	6,559	690	6,500	-
Courtyard by Marriott Tokyo Station	Japan Real Estate Institute	18,800	-	3.7%	-	3.4%	3.9%	13,557	5,242	13,800	18,800
Courtyard by Marriott Shin-Osaka Station	Japan Real Estate Institute	18,700	- 300	4.2%	-	3.9%	4.4%	17,341	1,358	17,600	19,000
Hotel Sunroute Plaza Shinjuku	Japan Real Estate Institute	32,400	+400	3.5%	- 0.1pt	3.3%	3.7%	27,932	4,467	28,600	32,000
Total	-	128,050	+1,600	-	-	-	-	106,878	21,171	108,500	119,200

# 9th FP Results Forecast (1-Mar-2020 to 31-Aug-2020)

- Management Status Forecast for Fiscal Period Ending August 31, 2020 (from March 1, 2020 to August 31, 2020) have yet to be determined at this point, because of the effect of the worldwide spread of the novel coronavirus.
- The forecast is scheduled to be announced by the end of May 2020

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

	2019												2020												2021									
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	
Fiscal period	7th FP				8th FP				9th FP				10th FP				11th FP																	
Shangri-La Base month for rent (Linked to hotel total revenue)				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥							
Rent *variable (monthly)								①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥			
Criteria for applying minimum guaranteed rent																																		
CY Tokyo Base month for rent (Linked to hotel profit)				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥							
Rent *variable (monthly)								①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥			
Criteria for applying minimum guaranteed rent																																		
CY Shin-Osaka Base month for rent (Linked to hotel profit)				①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥							
Rent *variable (monthly)								①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥	①	②	③	④	⑤	⑥			
Criteria for applying minimum guaranteed rent																																		
Hilton Odawara Base period for calculation of rent (Linked to hotel profit)																																		
Rent *Rent varies each fiscal period (The monthly amount is fixed during a fiscal period.)																																		
Sunroute Rent																																		

## 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 8th FP

Conducted new financing of 7 billion yen for property acquisitions on September 2, 2019 and refinanced 14.5 billion yen at the end of November 2019

- Leveraged LTV leeway to acquire Hilton Odawara Resort & Spa using only loans
- Refinanced 14.5 billion yen of long-term loans payable at maturity, diversifying repayment dates
- Lengthened the remaining maturity of debt while lowering the average interest rate thanks to the low interest rate environment

## Diversification of Repayment Dates (as of February 29, 2020)



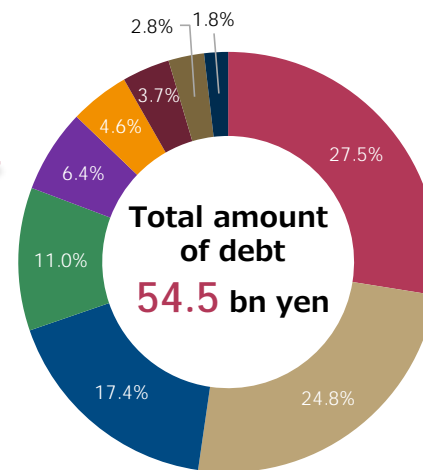
## Interest-Bearing Debt Status

Item	End of 7th FP (Aug. 31, 2019)	End of 8th FP (Feb. 29, 2020)	Period-on-period change
Total interest-bearing debt at end of period (million yen)	47,500	54,500	+7,000
Short-term loans	3,000	6,500	+3,500
Long-term loans	44,500	48,000	+3,500
Investment corporation bonds	-	-	-
LTV (ratio of interest bearing debt to total assets)	45.5 %	48.9 %	+3.4 pt
Fixed-rate debt ratio	93.7 %	88.1 %	- 5.6 pt
Average interest rate	0.43 %	0.40 %	- 0.03 pt
Average remaining maturity of debt	2.0 years	2.7 years	+0.7 years

(as of February 29, 2020)

## Diversification of Lenders

### 9 financial institutions as lenders



(as of February 29, 2020)

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

MEMO



# Market Conditions

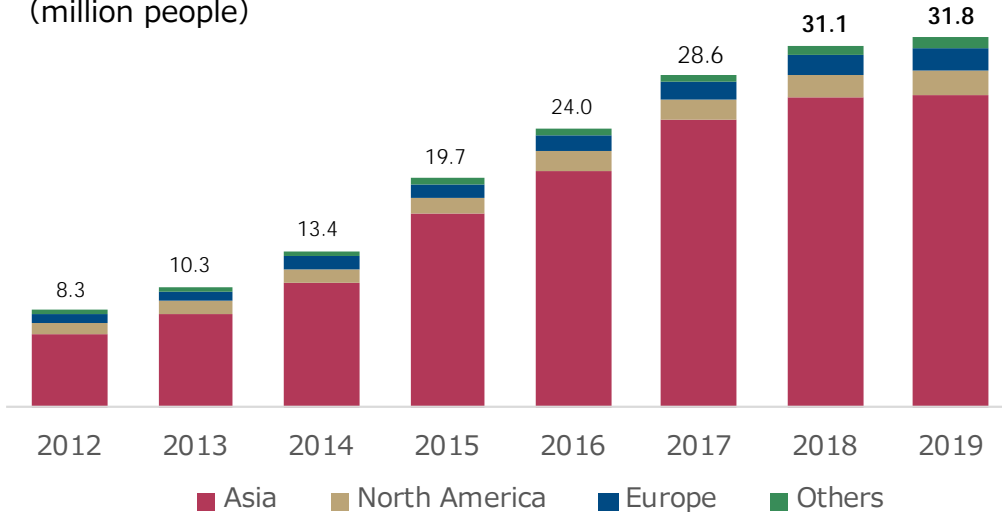
---

# Number of Foreign Visitors to Japan

- The number of foreign tourists visiting Japan in 2019 marked a record high despite some slowdown due to the worsening of Japan-South Korea relations  
The number is expected to drop significantly in 2020 due to the impact of the spread of the novel coronavirus infection
- The number of foreigners visiting Japan in 2019 totaled 31.88 mn (year-on-year increase of 2.2%); and that in January to March 2020 stood at 3.93 mn (decrease of 51.1%). (Source) Materials publicized by Japan National Tourism Organization

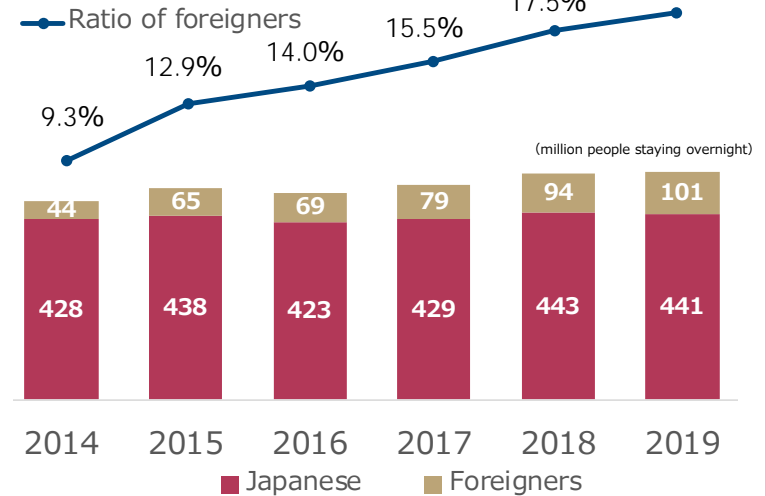
## Number of Foreign Visitors to Japan

(million people)



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

## Number of Users Lodging in Domestic Accommodation Facilities



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

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

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

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

## Upcoming international events

2021	◆ World Masters Games 2021 Kansai
	◆ Tokyo Olympic and Paralympic Games
2025	◆ Osaka Expo 2025

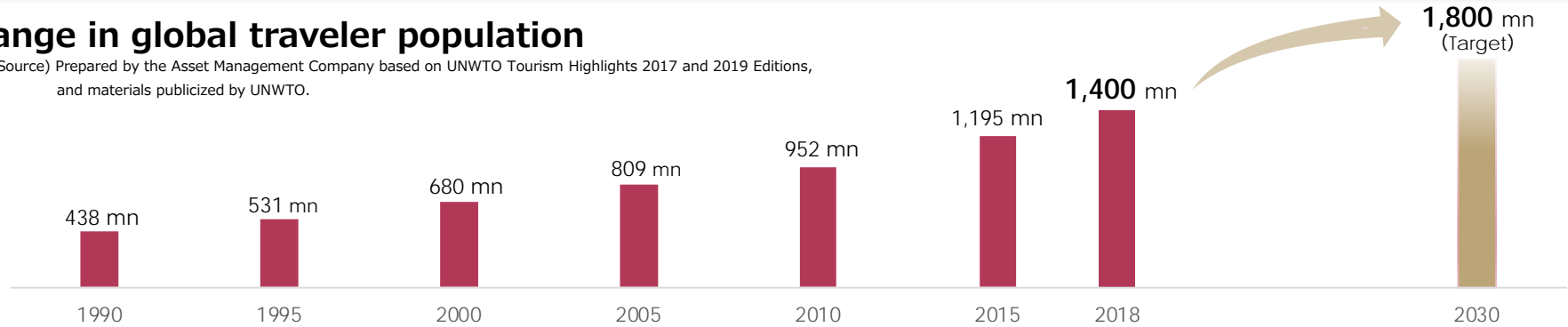
(Note) These events are scheduled as of April 1, 2020, and are subject to change.

- The world's travelling population continues to grow, as it reached the 2020 target of 1.4 billion in 2018.
- It is expected to decrease by 20% to 30% in 2020 from the previous year due to the spread of the novel coronavirus infection.

(Source) Press release from UNWTO dated March 26, 2020

## Change in global traveler population

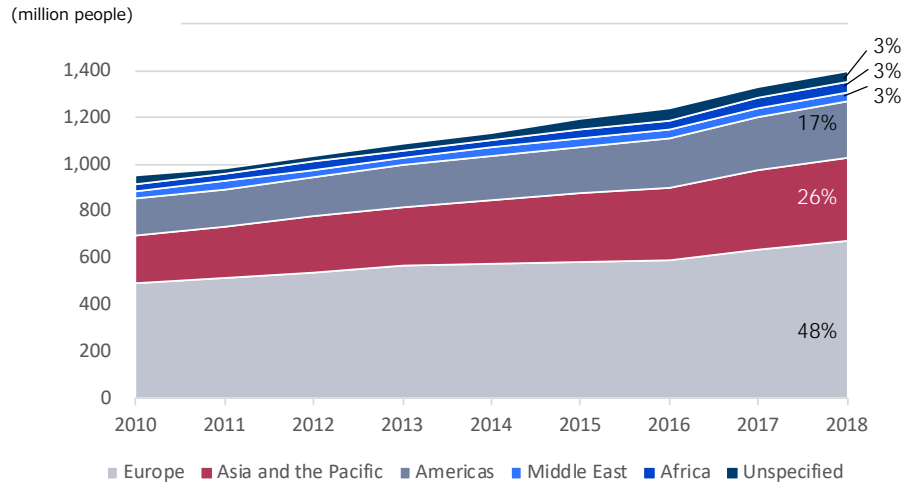
(Source) Prepared by the Asset Management Company based on UNWTO Tourism Highlights 2017 and 2019 Editions, and materials publicized by UNWTO.



## Growth in travelers from the Asia

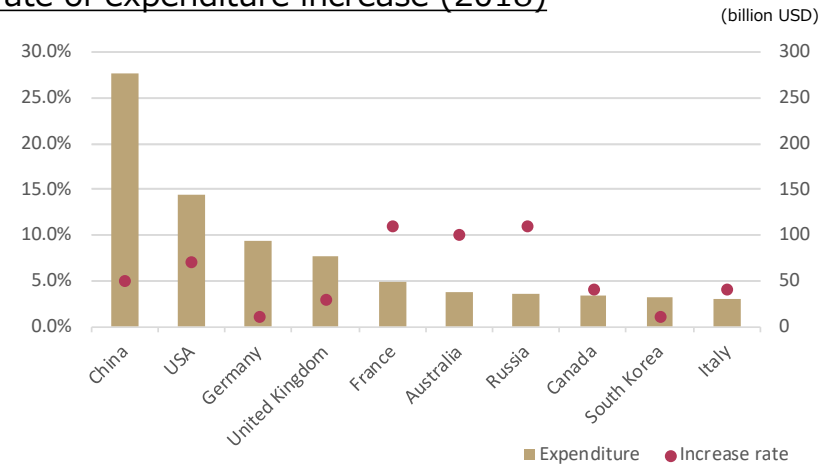
(Source) Prepared by the Asset Management Company based on UNWTO Tourism Highlights, 2012 - 2019 Edition

### Change in travelers' region of origin



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

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



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

# **Profile of MORI TRUST Hotel REIT**

---

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

Capture a variety of needs associated with increasing inbound tourism

Attract tourists from Europe and the U.S.

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

#### Globally extended customer base

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

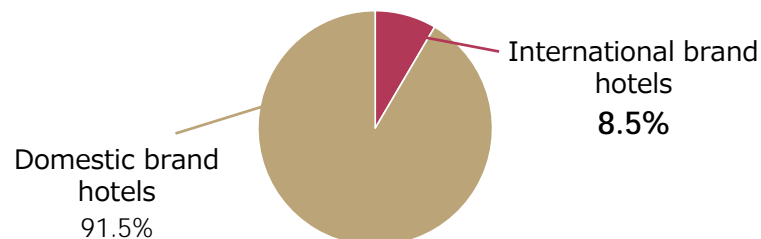
#### Advantages of member organization and use of reservation system

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

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

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

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



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

Implementing the hotel business by the sponsors



**MORI TRUST**



**MORI TRUST HOTELS & RESORTS**

Expertise of Mori Trust Group

Development capabilities

×

Hotel operation and Management capabilities

Cooperation

Stimulating the market by providing opportunities for investment



**MORI TRUST HOTEL REIT**

Focused investments in "high-quality and attractive hotel assets"

A new "REIT specialized in hotels"

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



## Capabilities to develop hotels with potential high asset quality

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

**Trust Quality**  
Expertise of Mori Trust Group

**Development Capabilities**  
×  
**Operation and Management Capabilities**



## Excellent hotel operation and management capabilities

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

**Trust Value**

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



Asset quality

Stability

Growth potential

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

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



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

## Area

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

### Major cities around Japan

23 wards of Tokyo and government ordinance-designated cities

### Famous tourist destinations

Areas expected to attract many tourists

## Focus on “locations and areas”

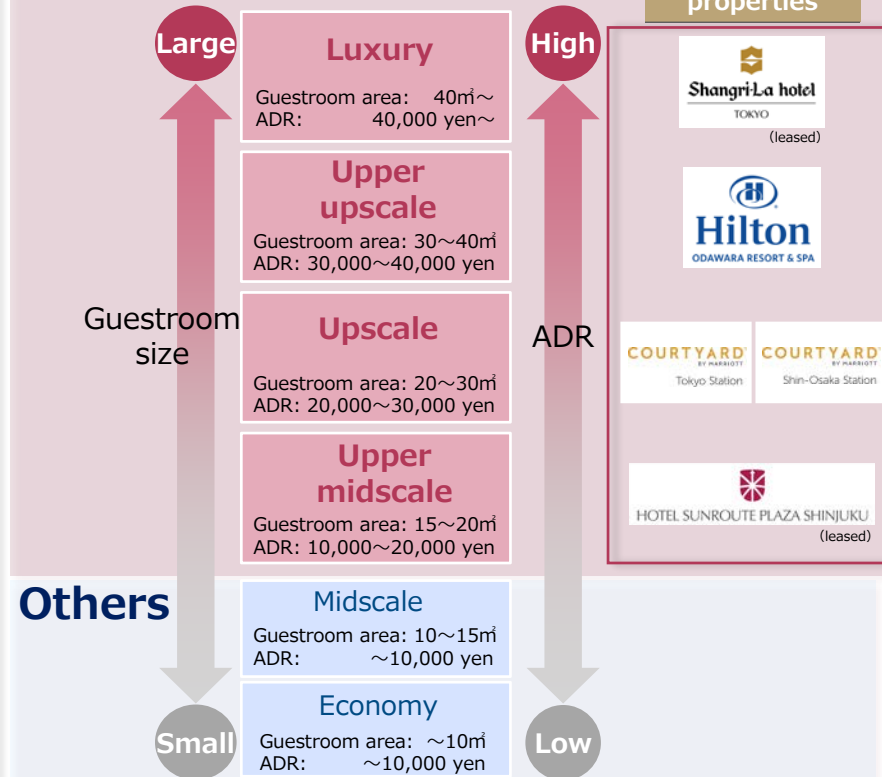
**Assets located in areas capable of attracting guests, regardless of being in city centers or regional areas**

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

## Grade

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

### Focused investment targets



# List of Portfolio Properties

## Portfolio Highlights (as of February 29, 2020)

No. of properties :  
5 properties

Total acquisition price :  
¥108.5 billion

Total No. of guestrooms :  
1,469 rooms

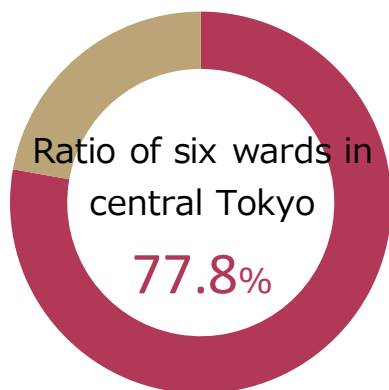
Property name	Shangri-La Hotel Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku
Property photo					
Location	Chiyoda Ward, Tokyo 1-minute walk from Tokyo Sta.	Odawara-shi, Kanagawa About 60 minutes from Tokyo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

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

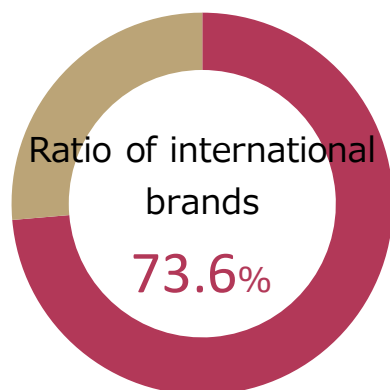
(Note2) The figure indicates the total number of guest rooms of the entire building, including the rooms under co-ownership by other owners. The equity held by MORI TRUST Hotel REIT in the trust beneficiary interest is 74/100.

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

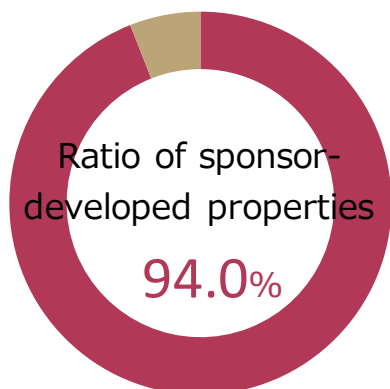
(Note4) FC means franchised and indicates the format in which Mori Trust Group operates the hotels by itself, with brand use rights granted by respective brands.



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



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



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

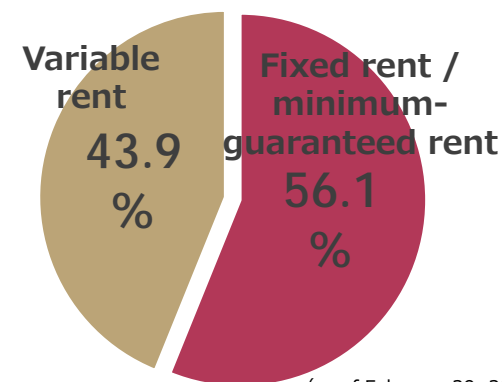
**Variable rent** <sup>(Note1)</sup> : Possible to enjoy upside growth potential

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



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

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



(as of February 29, 2020)

Property name	Rent type	Calculation base for variable rent	Fixed rent (minimum-guaranteed rent)
Shangri-La Hotel Tokyo	Variable With minimum annual guaranteed rent	Sales	Minimum annual guaranteed rent <sup>(Note5)</sup> 882,700,000 yen
Hilton Odawara Resort & Spa	Variable	Profit	—
Courtyard by Marriott Tokyo Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent <sup>(Note6)</sup> 310,000,000 yen
Courtyard by Marriott Shin-Osaka Station	Variable With minimum annual guaranteed rent	Profit	Minimum annual guaranteed rent <sup>(Note6)</sup> 460,000,000 yen
Hotel Sunroute Plaza Shinjuku	Fixed	-	Fixed annual rent 1,304,673,360 yen

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

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

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

(Note4) Variable rent is the total of (a) the amount calculated based on the amount obtained by subtracting the minimum annual guaranteed rent (pro rata value in accordance with the operating days of the 8th FP) of the three properties with minimum guaranteed rent (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 8th FP and (b) the rent of Hilton Odawara Resort & Spa received in the 8th 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 February next year, together with the rent for September next year.

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

## Development Development capabilities



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

Gotenyama Trust Tower 1990	Shiroyama Trust Tower 1991	Tokyo Shiodome Building 2005	Marunouchi Trust City 2008	Kyobashi Trust Tower 2014	Tokyo World Gate 2020
----------------------------	----------------------------	------------------------------	----------------------------	---------------------------	-----------------------



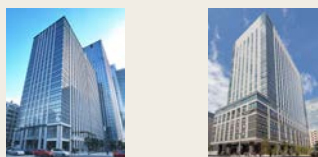
### Focus on Asset Quality

- 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

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

(as of June 30, 2019)

### Invite hotels as “urban facilities” in multi-use development



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

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

## Operation Outstanding capabilities to operate and manage hotels



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

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

### Alliance with the industry’s front runners

#### Alliance with a variety of international brand hotels

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

Hotel chain	Marriott International	Shangri-La Hotels & Resorts	HILTON WORLDWIDE
Hotel brands 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 for information provision on real estate properties

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

### Agreement on sponsor support

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



## Aim to achieve growth strategy built on external growth

(Note) Except for the assets owned as of February 29, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.



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

Development Capabilities



Operation & Management Capabilities

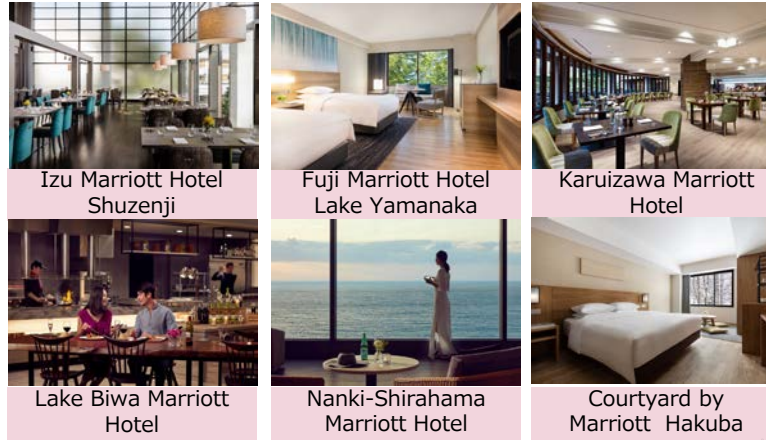


Strategic Hotel Development

Alliance with a variety of international brand hotels



Correspondence to global standards by rebranding hotels



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

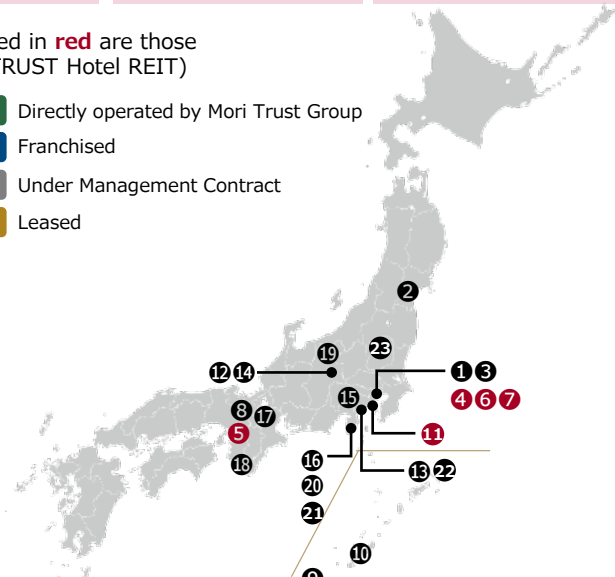
Resort Areas		
8	Suiran, a Luxury Collection Hotel, Kyoto	39 rooms <span>FC</span>
9	IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa	58 rooms <span>FC</span>
10	Sheraton Okinawa Sunmarina Resort	246 rooms <span>FC</span>
11	Hilton Odawara Resort & Spa	163 rooms <span>MC</span>
12	MAMPEI HOTEL	109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

## Major Metropolitan Areas

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

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

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



(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of February 29, 2020

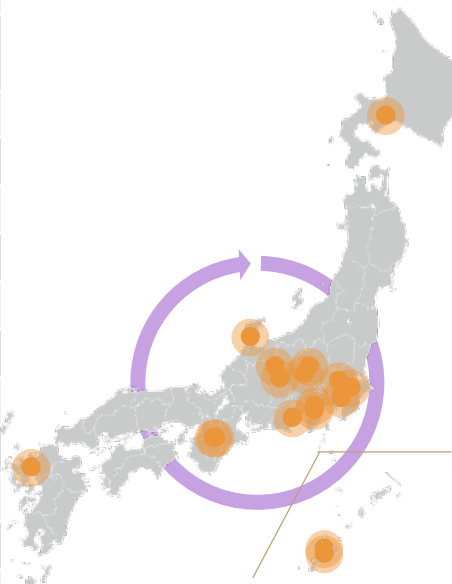
(Note) Except for the assets owned as of February 29, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.





## Multiple new hotel development projects

- The Tokyo EDITION, Toranomon in Tokyo World Gate
- The Tokyo EDITION, Ginza
- Hotel development plan in AKASAKA 2 PROJECT(Tentative)
- Sapporo Odori Park
- Karuizawa Shiozawa
- Karuizawa Nagakura
- Karuizawa Shinonome
- Kanazawa Hirooka
- Hida Takayama
- Hakuba Sakka
- Hakone Nakagora
- Hakone Gora
- Atami Kinomiya
- Nara Yoshikien
- JW Marriott Hotel Nara
- Nagasaki Minamiyamate
- Hilton Grand Vacations on Sesokojima Island (Tentative)
- Hilton Okinawa Sesoko Resort
- Okinawa Fucyaku



Luxury Destination Network

### Major Metropolitan Areas



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

Scheduled to open in the spring through summer of 2020

#### JW Marriott Hotel Nara

Scheduled to open in the spring of 2020



EDITION

**The Tokyo EDITION, Ginza**

Scheduled to open in the spring through summer of 2021



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

Scheduled to complete in fiscal 2025

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

Scheduled to open in 2021

### Resort Areas



JW MARRIOTT

### Resort Areas in Okinawa



Hilton



HILTON GRAND VACATIONS

(Source) Prepared by the Asset Management Company based on the information of Mori Trust Group available as of February 29, 2020

(Note) Except for the assets owned as of February 29, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.

## System for Promotion of Sustainability

### ■ Sustainability Policy

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

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

## Initiatives for 8th FP

### <Environment>

- Established various environment-related policies  
In order to reduce environmental load, established policies that set targets for reduction of energy consumption, greenhouse gas emissions, water consumption and waste
- Concluded contracts, etc. for green leases  
Reached an agreement with lessees of owned properties to hold talks on improvement of environmental performance

### <Social>

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

### <Governance>

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

## Future initiatives

### ■ Preparation for acquisition of GRESB Real Estate Assessment

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



## Environmental Initiatives

- Investment in properties with higher environmental performance

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

<Certificated property>



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

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

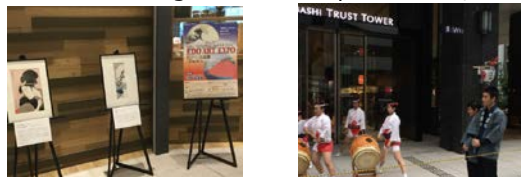
- Supply chain management

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

## Social Initiatives

- Contribution to local society

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

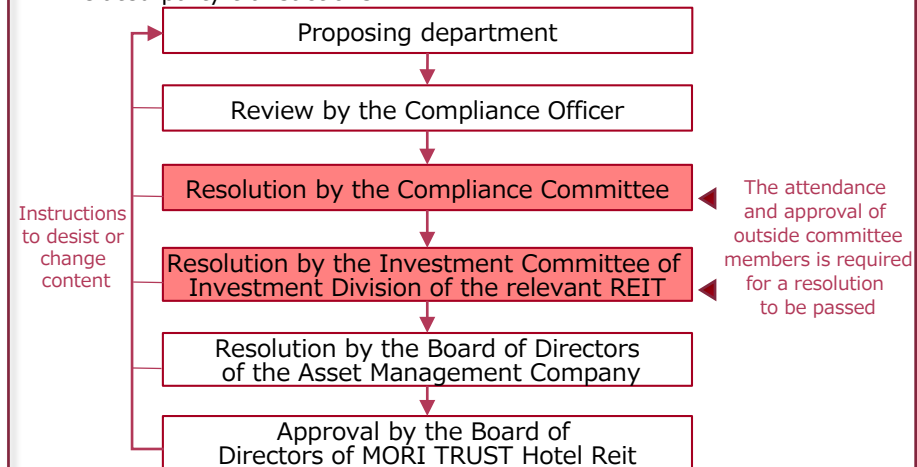


(Example) Participated in local event "EDO ART EXPO" and sponsored the Sanno Festival(Courtyard by Marriott Tokyo Station)

## Governance Initiatives

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

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



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

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

(as of February 29, 2020)

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

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

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

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



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

# APPENDIX

---



## NO.1

### SHANGRI-LA HOTEL, TOKYO



## Shangri-La Hotel, Tokyo



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

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

Developed by Mori Trust

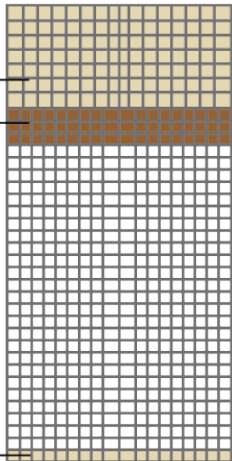
Leased



**[31-37F]**  
Guestrooms

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

**[1F]**  
Entrance



### Property Characteristics

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

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



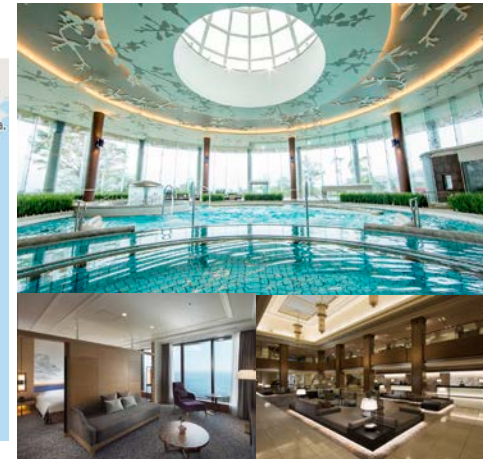
**NO.2**  
**HILTON**  
**ODAWARA**  
**RESORT & SPA**

## Hilton Odawara Resort & Spa



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

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



### Property characteristics

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

(Note1) The floors of the main facility is stated.  
 (Note2) The total number of guestrooms at the Hilton Odawara Resort & Spa in the entire building is stated and the quasi-co-ownership interests of other parties are included. The quasi-co-ownership interest in the Hilton Odawara Resort & Spa owned by MORI TRUST Hotel Reit is 50%.



**NO.3**  
**COURTYARD**  
**BY MARRIOTT**  
**TOKYO**  
**STATION**



## Courtyard by Marriott Tokyo Station

**COURTYARD**  
BY MARRIOTT

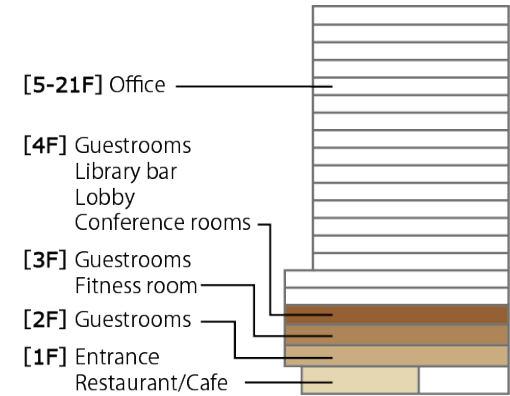
Tokyo Station

Luxury	Upper upscale	<b>Upscale</b>	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



### Property Characteristics

- A 4-minute walk from Tokyo Station, featuring comfortable access both for business and sightseeing purposes.
- A core brand having the largest number of facilities among the Marriott Group.
- Among the largest hotel chains in the world, with over 7,300 hotels globally. Membership program of the Marriott Group applicable for over 140 million members. (Note2)

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

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



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

## Courtyard by Marriott Shin-Osaka Station

**COURTYARD**  
BY MARRIOTT

Shin-Osaka Station

Luxury

Upper upscale

**Upscale**

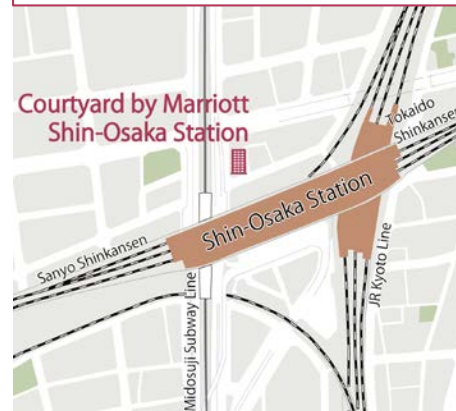
Upper  
midscale

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

**Developed by  
Mori Trust**

**Operated by  
Mori Trust Group**

1-minute walk from Shin-Osaka Sta.



### Property Characteristics

- A 1-minute walk from Shin-Osaka Station, which is the base for sightseeing and business purposes.
- Rebranded from Hotel Laforet Shin-Osaka to Courtyard by Marriott and opened in November 2015.
- The guest rooms, which count to 332 rooms in total (Note2), have an area of 30 m<sup>2</sup> to 90 m<sup>2</sup>, securing comfortably wide spaces.

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

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



## NO.5 HOTEL SUNROUTE PLAZA SHINJUKU

## Hotel Sunroute Plaza Shinjuku



HOTEL SUNROUTE PLAZA SHINJUKU

Luxury

Upper upscale

Upscale

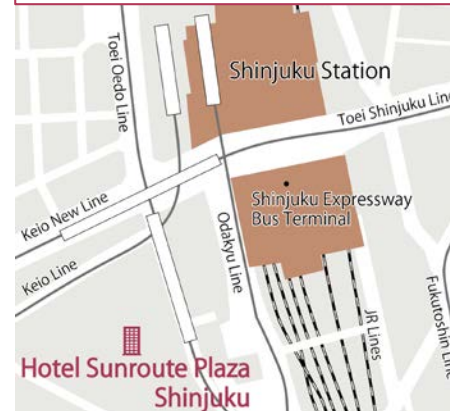
Upper  
midscale

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

Developed by  
Mori Trust

Leased

3-minute walk from Shinjuku Sta.



### Property Characteristics

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

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

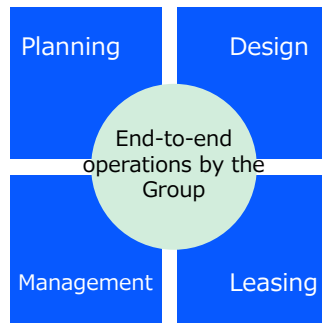


### Focus on asset quality

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

### Real estate development structure

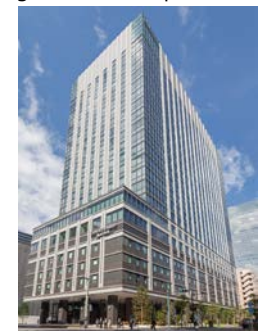
Utilizing accumulated expertise



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

### Management facilities

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

As of June, 2019

(Note) Except for the assets owned as of February 29, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.



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





## Alliance with the industry's front runners

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

### ■ Strengths of international brand hotels

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

Hotel chain	Marriott International	Shangri-la Hotels & Resorts	HILTON
No. of brands	30	4	18
Brand	Marriott, Courtyard by Marriott, Westin, Luxury Collection, JW Marriott and others	Shangri-La Hotel, Hotel Jen, Kerry Hotel and others	Conrad, Hilton, Waldorf Astoria and others
No. of hotels and guestrooms	Over 7,300 hotels / over 1.38 mn rooms	Over 100 hotels / over 40,000 rooms	Over 6,100 hotels / over 971,000 rooms
No. of countries and regions	134	22	119
No. of members	Over 140 million	Over 9 million	Over 103 million
Brand of hotels developed by the Mori Trust Group	<ul style="list-style-type: none"> <li>● Tokyo Marriott Hotel</li> <li>● Courtyard by Marriott Tokyo Station</li> <li>● Courtyard by Marriott Shin-Osaka Station</li> <li>● The Westin Sendai</li> <li>● Suiran, a Luxury Collection Hotel, Kyoto</li> <li>● IRAPH SUI, a Luxury Collection Hotel, Miyako Okinawa</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Shangri-La Hotel, Tokyo (leased)</b></li> </ul> 	<ul style="list-style-type: none"> <li>● <b>CONRAD TOKYO</b></li> </ul> 

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

(Source) Prepared by the Asset Management Company based on the publicized figures on the websites of the respective hotel chains (as of April 1, 2020)

(Note) Except for the assets owned as of February 29, 2020, there is no fact that MORI TRUST Hotel REIT has decided to acquire the properties listed above, or there is no guarantee that it can acquire them in the future.

# Balance Sheets and Statements of Income (8th FP)

(Thousands of yen)

Balance Sheets (as of February 29, 2020)			
<b>Current assets</b>	4,621,527	<b>Current liabilities</b>	10,175,589
Cash and deposits	2,687,017	Operating accounts payable	28,137
Cash and deposits in trust	1,757,712	Short-term loans payable	6,500,000
Consumption taxes receivable	169,524	Current portion of long-term loans payable	3,000,000
Prepaid expenses	7,273	Accounts payable	109,620
<b>固定資産</b>	106,890,075	Accrued expenses	48,634
Property and equipment	106,878,798	Distribution payable	5,768
Tools, furniture and fixtures	37,281	Income taxes payable	732
Accumulated depreciation	-2,378	Advances received	482,072
Buildings in trust	20,567,442	Deposits received	623
Accumulated depreciation	-2,258,587	<b>Non-current liabilities</b>	49,554,491
Structures in trust	8,590	Long-term loans payable	45,000,000
Accumulated depreciation	-4,392	Tenant leasehold and security deposits	4,554,473
Machinery and equipment in trust	4,545	Other non-current liabilities	18
Accumulated depreciation	-233	<b>Total liabilities</b>	59,730,080
Tools, furniture and fixtures in trust	15,851	<b>Unitholders' equity</b>	51,781,521
Accumulated depreciation	-2,045	Unitholders' capital	50,000,000
Land in trust	88,512,726	Surplus	1,781,521
Intangible assets	1,270	Unappropriated retained earnings	1,781,521
Software	1,270	<b>Total net assets</b>	51,781,521
Investments and other assets	10,006	<b>Total liabilities and net assets</b>	111,511,602
Guarantee deposits	10,000		
Deferred tax assets	6		
<b>Total assets</b>	111,511,602		

Statements of income (September 1, 2019 – February 29, 2020)	
<b>Operating revenues</b>	2,630,192
Rental revenues	2,627,967
Other rental revenues	2,224
<b>Operating expenses</b>	737,288
Rental expenses	606,025
Asset management fee	90,041
Asset custody and administrative se	12,207
Directors' compensations	3,600
Other operating expenses	25,414
<b>Operating income</b>	1,892,904
<b>Non-operating income</b>	19
Interest income	19
Other	0
<b>Non-operating expenses</b>	110,964
Interest expenses	110,964
<b>Ordinary income</b>	1,781,959
<b>Income before income taxes</b>	1,781,959
Income taxes – current	734
Income taxes – deferred	14
<b>Net income</b>	1,781,210
Retained earnings brought forward	311
<b>Unappropriated retained earnings</b>	1,781,521

# Revenues and Expenses by Property (8th FP)

Item	Shangri-La Hotel Tokyo	Hilton Odawara Resort & Spa	Courtyard by Marriott Tokyo Station	Courtyard by Marriott Shin-Osaka Station	Hotel Sunroute Plaza Shinjuku	Entire portfolio
	8th FP	8th FP	8th FP	8th FP	8th FP	8th FP
Operating period (from) (to)	Sep. 1, 2019 Feb. 29, 2020	Sep. 2, 2019 Feb. 29, 2020	Sep. 1, 2019 Feb. 29, 2020	Sep. 1, 2019 Feb. 29, 2020	Sep. 1, 2019 Feb. 29, 2020	Sep. 1, 2019 Feb. 29, 2020
Operating days (days)	182	181	182	182	182	182
Real estate rental revenues and expenses (thousand yen)						
Real estate rental revenues ①	954,740	203,382	433,429	386,303	652,336	2,630,192
Rent revenues	954,740	201,157	433,429	386,303	652,336	2,627,967
Other revenues	-	2,224	-	-	-	2,224
Real estate rental expenses ②	240,151	49,058	71,261	69,183	176,369	606,025
Taxes and public dues	129,796	-	23,844	14,804	66,846	235,291
Insurance expenses	1,303	1,449	343	612	882	4,592
Repairs and maintenance expenses	-	348	2,048	1,583	-	3,980
Depreciation ③	108,852	47,110	44,824	51,983	108,440	361,212
Other	200	148	200	200	200	948
Real estate rental income ④=①-②	714,588	154,323	362,168	317,120	475,966	2,024,167
NOI ⑤=④+③	823,440	201,434	406,993	369,104	584,407	2,385,379
NOI yield (annualized) (Note)	3.9%	6.2%	5.9%	4.2%	4.1%	4.4%
Acquisition price (million yen)	42,000	6,500	13,800	17,600	28,600	108,500

(Note) Annualized NOI for the 8th FP / Acquisition price

# List of Interest-Bearing Debt

Category	Lender	Loan amount (mn yen)	Interest rate	Drawdown date	Repayment date	Remarks
Short-term loans	MUFG Bank, Ltd.	1,500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	Lump-sum repayment upon maturity Unsecured Unguaranteed Floating interest rate
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Banking Corporation	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Trust Bank, Limited	500	Base rate (Note) + 0.20%	Aug. 30, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Banking Corporation	1,500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	
	Sumitomo Mitsui Trust Bank, Limited	1,500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	
	Mizuho Bank, Ltd.	500	Base rate (Note) + 0.19%	Sep. 2, 2019	Aug. 31, 2020	
	<b>Subtotal</b>	6,500				
Long-term loans	Mizuho Bank, Ltd.	1,000	0.38750%	Nov. 30, 2017	Nov. 30, 2020	Lump-sum repayment upon maturity Unsecured Unguaranteed Fixed interest rate
	Sumitomo Mitsui Banking Corporation	1,000	0.38750%	Nov. 30, 2017	Nov. 30, 2020	
	Resona Bank, Limited	1,000	0.37750%	Nov. 30, 2017	Nov. 30, 2020	
	Sumitomo Mitsui Trust Bank, Limited	2,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Mizuho Bank, Ltd.	1,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Sumitomo Mitsui Banking Corporation	1,000	0.35158%	Nov. 30, 2018	Aug. 31, 2021	
	Sumitomo Mitsui Trust Bank, Limited	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	MUFG Bank, Ltd.	3,000	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Development Bank of Japan Inc.	1,500	0.49630%	Nov. 30, 2016	Nov. 30, 2021	
	Sumitomo Mitsui Banking Corporation	2,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Bank, Ltd.	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Shinkin Central Bank	1,000	0.42661%	Nov. 30, 2018	Aug. 31, 2022	
	Mizuho Trust & Banking Co., Limited	2,000	0.25750%	Nov. 29, 2019	Aug. 31, 2022	
	Sumitomo Mitsui Trust Bank, Limited	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	MUFG Bank, Ltd.	500	0.53250%	Nov. 30, 2017	Nov. 30, 2022	
	Sumitomo Mitsui Banking Corporation	5,500	0.28250%	Nov. 29, 2019	Feb. 28, 2023	
	Nippon Life Insurance Company	1,000	0.55565%	Nov. 30, 2017	May 31, 2023	
	Mizuho Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Sumitomo Mitsui Trust Bank, Limited	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	MUFG Bank, Ltd.	1,000	0.49909%	Nov. 30, 2018	Aug. 31, 2023	
	Mizuho Bank, Ltd.	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Sumitomo Mitsui Banking Corporation	2,000	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Development Bank of Japan Inc.	1,500	0.63750%	Nov. 30, 2016	Nov. 30, 2023	
	Mizuho Bank, Ltd.	2,000	0.33250%	Nov. 29, 2019	Feb. 29, 2024	
	Mizuho Bank, Ltd.	5,000	0.35750%	Nov. 29, 2019	Aug. 30, 2024	
	Shinkin Central Bank	1,000	0.29880%	Sep. 2, 2019	Aug. 29, 2025	
Development Bank of Japan Inc.	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Mizuho Trust & Banking Co., Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Resona Bank, Limited	500	0.29880%	Sep. 2, 2019	Aug. 29, 2025		
Mizuho Bank, Ltd.	1,000	0.36000%	Sep. 2, 2019	Aug. 31, 2026		
	<b>Subtotal</b>	48,000				
	<b>Total</b>	54,500				

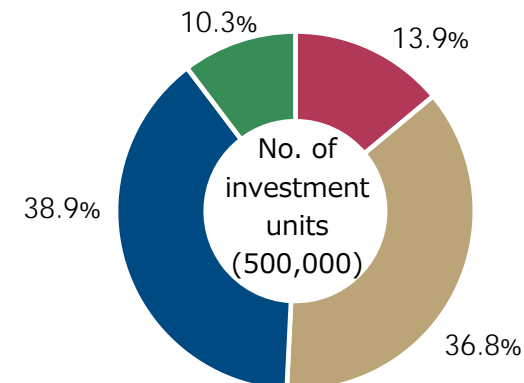
(Note) The base rate is the JBA (Japanese Bankers Association) 1-month Japanese Yen TIBOR.

Debt financing conducted in the 8th FP ended February 2020

## Breakdown of Unitholders

(as of February 29, 2020)

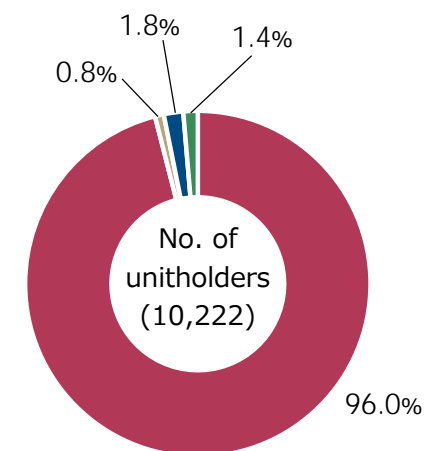
	Individuals	Financial institutions (including securities firms)	Other domestic corporations	Overseas corporations and individuals	Total
No. of investment units (units)	69,736	184,152	194,496	51,616	500,000
	13.9%	36.8%	38.9%	10.3%	100%
No. of unitholders (persons)	9,814	84	186	138	10,222
	96.0%	0.8%	1.8%	1.4%	100%



## Major Unitholders (Top 10 Firms)

(as of February 29, 2020)

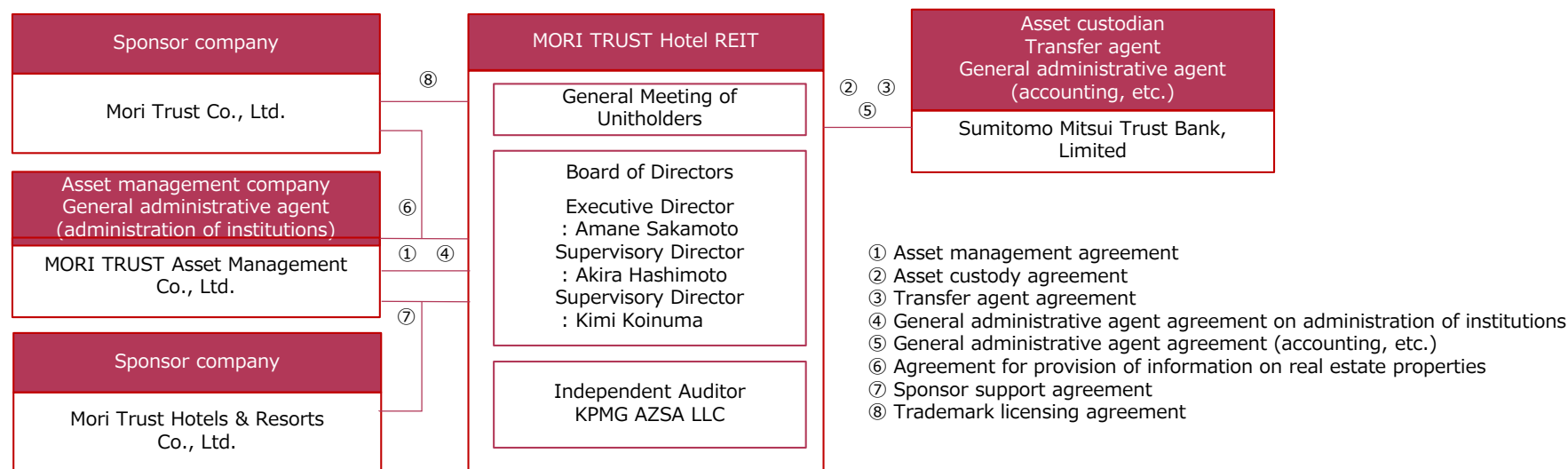
Name	No. of owned units (units)	Unitholding ratio (%)
Mori Trust Holdings Inc.	184,000	36.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	78,859	15.8%
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,625	6.7%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	14,088	2.8%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,448	1.3%
SSBTC CLIENT OMNIBUS ACCOUNT	4,702	0.9%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	3,865	0.8%
Fukoku Mutual Life Insurance Company	3,500	0.7%
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	3,482	0.7%
The Chugoku Bank, Ltd.	3,351	0.7%
<b>Total (top 10 firms)</b>	<b>335,920</b>	<b>67.2%</b>



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

## Structure of MORI TRUST Hotel REIT

(as of February 29, 2020)



## Structure of MORI TRUST Asset Management

(as of February 29, 2020)

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





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 Asset Management Co., Ltd.

Phone : +81-3-6435-7011