

For Immediate Release

Real Estate Investment Trust Securities Issuer

MORI TRUST Hotel Reit, Inc.

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(Securities Code: 3478)

Asset Management Company

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Notice Concerning Forecast of Management Status for  
Fiscal Period Ending February 2017 and Fiscal Period Ending August 2017

MORI TRUST Hotel Reit, Inc. (“MORI TRUST Hotel Reit”) the following forecast of the management status of MORI TRUST Hotel Reit for the fiscal period ending February 2017 (2<sup>nd</sup> Fiscal Period: from March 1, 2016 to February 28, 2017) and fiscal period ending August 2017 (3<sup>rd</sup> Fiscal Period: from March 1, 2017 to August 31, 2017).

Details

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit (yen)
Fiscal period ending February 2017 (2 <sup>nd</sup> fiscal period)	2,264	1,765	1,578	1,577	3,074	-
Fiscal period ending August 2017 (3 <sup>rd</sup> fiscal period)	2,277	1,596	1,505	1,504	3,010	-

(Reference)

Fiscal period ending February 2017

Forecast number of investment units issued and outstanding at end of period: 500,000 units

Forecast net income per unit: 3,155 yen

Fiscal period ending August 2017:

Forecast number of investment units issued and outstanding at end of period: 500,000 units

Forecast net income per unit: 3,009 yen

(Notes)

- The business periods of MORI TRUST Hotel Reit are every year from March 1 to the last day of August and from September 1 to the last day of February in the following year (six-month periods), but the business period of the 2<sup>nd</sup> fiscal period is from March 1, 2016 to the last day of February 2017. In the 2<sup>nd</sup> fiscal period, MORI TRUST Hotel Reit completed a capital increase by way of private placement on June 1, 2016, and acquired and began managing the already-acquired assets (defined in the attachment) from July 28, 2016. Accordingly, the business period of the 2<sup>nd</sup> fiscal period is effectively from July 28, 2016, which is the date of acquisition of Hotel Sunroute Plaza Shinjuku to the last day of February 2017 (216 days).



2. The calculation of the forecast of management status for fiscal period ending February 2017 and fiscal period ending August 2017 are the current figures calculated based on the assumptions stated in the attached “Assumptions Underlying Forecast of Management Status for Fiscal Period Ending February 2017 and Fiscal Period Ending August 2017.” Accordingly, the actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) may vary as a result of differences between actual conditions and the assumptions due to developments such as future additional acquisition or sale of real estate, etc., fluctuation in rent income as a result of changes in tenants or other factors, the occurrence of unforeseen repairs and maintenance and other changes in the management environment, fluctuation in interest rates, and the issuance of new investment units. Consequently, the forecast is not a guarantee of the amount of distributions.
3. The forecast may be revised in the event that discrepancies above a certain level from the forecast above are expected.
4. Figures are rounded down to the nearest specified unit.

Disclaimer: This press release is a document for making a public announcement concerning forecast of the management status for the fiscal period ending February 2017 and fiscal period ending August 2017 of MORI TRUST Hotel Reit, and has not been prepared for the purpose of solicitation for investment.

**Assumptions Underlying Forecast of Management Status for  
Fiscal Period Ending February 2017 and Fiscal Period Ending August 2017**

Item	Assumption
Calculation Period	<ul style="list-style-type: none"> <li>Fiscal period ending February 2017 (2<sup>nd</sup> fiscal period): (from March 1, 2016 to February 28, 2017) (365 days)</li> <li>Fiscal period ending August 2017 (3<sup>rd</sup> fiscal period): (from March 1, 2017 to August 31, 2017) (184 days)</li> </ul> <p>The business period for the 2<sup>nd</sup> fiscal period is effectively from July 28, 2016, which is the date of acquisition of Hotel Sunroute Plaza Shinjuku, to the last day of February 2017 (216 days).</p>
Assets under Management	<ul style="list-style-type: none"> <li>It is assumed that, as of today, MORI TRUST Hotel Reit has acquired the real estate trust beneficiary rights of four properties (Hotel Sunroute Plaza Shinjuku (acquired July 28, 2016), Shangri-La Hotel Tokyo (acquired September 1, 2016), Courtyard by Marriott Tokyo Station and Courtyard by Marriott Shin-Osaka Station (both acquired September 16, 2016) (hereinafter referred to as the “already-acquired assets”)).</li> <li>The forecast of management status is based on the assumption that there will be no change in the assets under management (acquisition of new property or disposal of portfolio property, etc.) through to the end of the fiscal period ending August 2017.</li> <li>In actual practice, change may arise due to acquisition of new property or disposition of portfolio property, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Lease business revenues, which are calculated on the basis of business results and other information provided by the previous owners of each of the already-acquired assets as well as the lease agreements currently in force, taking into account such factors as market trends and property competitiveness, is expected to be 2,264 million yen in the fiscal period ending February 2017 and 2,277 million yen in the fiscal period ending August 2017.</li> <li>Rent included in lease business revenues are calculated based on the following assumptions. Variable rent is calculated mainly on the basis of management results in the previous year by the method set out in the lease agreement of each property, taking into consideration factors for fluctuation such as recent hotel market conditions</li> </ul> <p>[Shangri-La Hotel, Tokyo]</p> <p>Variable rent: The variable rent for each month is amount calculated by multiplying the rent received from subtenant by tenant (hereinafter referred to as “subletting tenant rent” (see Note)) for month three months before month in question by 97%.</p> <p>(Note) “Subletting tenant rent” is calculated by multiplying total sales from the subtenant’s hotel operations by a certain percentage. The percentage is not disclosed as the consent of the subtenant has not been obtained.</p> <p>Minimum annual guaranteed rent(from April each year to March the following year (see Note)): 882,700,000 yen</p> <p>(Note) If the total amount of subletting tenant rent for the period from January to December each year is less than 910,000,000 yen (including if subletting tenant rent is not paid due to vacation by the subletting tenant, etc.), rent is calculated on the basis that the subletting tenant rent for the period is 910,000,000 yen (910,000,000 yen×97%=882,700,000 yen), and the difference (shortfall) between this amount and the total amount of rent from April to March the following year is paid, together with the rent for March the</p>

following year, no later than the last day of February the following year.

(Millions of yen)

	Fiscal period ending February 2017 (2 <sup>nd</sup> fiscal period)	Fiscal period ending August 2017 (3 <sup>rd</sup> fiscal period)
Variable rent	865	905

(Note) It is assumed that there will be no payment of any difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent in the fiscal period ending February 2017 since the total amount of subletting tenant rent for the period from January to December 2016 is expected to exceed 910,000,000 yen.

[Courtyard by Marriott Tokyo Station]

Variable rent: The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for month three months before month in question by 90%.

(Note) “Adjusted operating income by facility” refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel).

Minimum annual guaranteed rent(from October each year to September the following year (see Note)): 310,000,000 yen

(Note) If the total amount of rent for the period from October each year to September the following year is less than 310,000,000 yen, rent for period in question is taken as 310,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.

(Millions of yen)

	Fiscal period ending February 2017 (2 <sup>nd</sup> fiscal period)	Fiscal period ending August 2017 (3 <sup>rd</sup> fiscal period)
Variable rent	276	309

(Note) It is assumed that there will be no payment of any difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent in the fiscal period ending August 2017 since the total amount of rent for the period from October 2016 to September 2017 is expected to exceed 310,000,000 yen.

[Courtyard by Marriott Shin-Osaka Station]

Variable rent: The variable rent for each month is amount (not less than 0 yen) calculated by multiplying adjusted operating income by facility (see Note) of the hotel for month three months before month in question by 90%.

(Note) “Adjusted operating income by facility” refers to sales from hotel operations less hotel operating expenses by department, unallocated operating expenses, fixed operating costs, and operating expenses of hotel operator allocated to head office (only expenses related to the hotel). Only sales and expenses relating to the accommodation of general users of the hotel are included in the calculation of adjusted operating income by facility, in principle. Sales and expenses relating to the accommodation of guests who are members of the Laforet Club of tenant Mori Trust Co., Ltd., food and beverages, parking facilities, etc. are not included.

	<p>Minimum annual guaranteed rent (from October each year to September the following year (see Note)): 460,000,000 yen</p> <p>(Note) If the total amount of rent for the period from October each year to September the following year is less than 460,000,000 yen, rent for period in question is taken as 460,000,000 yen, and the difference (shortfall) between this amount and the total amount of rent from October to September the following year is paid, together with the rent for September the following year, no later than the last day of August the following year.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" data-bbox="448 551 1426 651"> <thead> <tr> <th></th> <th>Fiscal period ending February 2017 (2<sup>nd</sup> fiscal period)</th> <th>Fiscal period ending August 2017 (3<sup>rd</sup> fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Variable rent</td> <td style="text-align: right;">348</td> <td style="text-align: right;">410</td> </tr> </tbody> </table> <p>(Note) It is assumed that there will be no payment of any difference (shortfall) between the minimum annual guaranteed rent and the total amount of rent in the fiscal period ending August 2017 since the total amount of rent for the period from October 2016 to September 2017 is expected to exceed 460,000,000 yen.</p> <p>[Hotel Sunroute Plaza Shinjuku] Annual fixed rent: 1,304,673,360 yen</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" data-bbox="448 920 1426 1021"> <thead> <tr> <th></th> <th>Fiscal period ending February 2017 (2<sup>nd</sup> fiscal period)</th> <th>Fiscal period ending August 2017 (3<sup>rd</sup> fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Fixed rent (see Note)</td> <td style="text-align: right;">775</td> <td style="text-align: right;">652</td> </tr> </tbody> </table> <p>(Note) “Fixed rent” means rent that is paid in the same amount every month.</p> <ul style="list-style-type: none"> <li>• Operating revenues are based on the assumption that there will be no delinquent or unpaid rent by tenants.</li> </ul>		Fiscal period ending February 2017 (2 <sup>nd</sup> fiscal period)	Fiscal period ending August 2017 (3 <sup>rd</sup> fiscal period)	Variable rent	348	410		Fiscal period ending February 2017 (2 <sup>nd</sup> fiscal period)	Fiscal period ending August 2017 (3 <sup>rd</sup> fiscal period)	Fixed rent (see Note)	775	652
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Fixed rent (see Note)	775	652											
Operating expenses	<ul style="list-style-type: none"> <li>• Of expenses related to property rental business, which constitute a major component of operating expenses, expenses other than depreciation, which are calculated on the basis of historical data, taking into consideration factors causing fluctuation in expenses, are expected to be 12 million yen in the fiscal period ending February 2017 and 232 million yen in the fiscal period ending August 2017.</li> <li>• In general, property tax and city planning tax, etc. upon transactions of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but MORI TRUST Hotel Reit includes the amount equivalent to the reimbursement in the cost of acquisition and expenses related to the already-acquired assets are thus not recognized as expenses in the fiscal period ended February 2017. Accordingly, in the case of the already-acquired assets, FY2017 property tax and city planning tax, etc. will be recognized as expenses from the fiscal period ending August 2017. Furthermore, the total amount of property tax and city planning tax, etc. included in the cost of acquisition of the already-acquired assets is 157 million yen. Property tax and city planning tax, etc. recognized as expenses in the fiscal year ending August 2017 are expected to be 224 million yen.</li> <li>• Building repairs and maintenance expenses are expected to be 8 million yen in the fiscal year ending February 2017 and 3 million yen in the fiscal year ending August 2017. However, such factors as repairs possibly arising from unforeseeable causes, the variation in the amount depending on the fiscal year generally being large and not being an amount that arises periodically may result in repair expenses differing materially from the forecast amount.</li> <li>• Depreciation, which is calculated using the straight-line method inclusive of incidental</li> </ul>												

	<p>expenses, etc., is assumed to be 343 million yen in the fiscal period ending February 2017 and 307 million yen in the fiscal period ending August 2017.</p>
Non-operating expenses	<ul style="list-style-type: none"> <li>As one-time expenses in the fiscal period ending February 2017, expenses related to the listing of MORI TRUST Hotel Reit investment units of 114 million yen are expected and will be amortized in a lump sum in the fiscal year ending February 2017.</li> <li>Interest expenses are expected to be 72 million yen in the fiscal period ending February 2017 and 90 million yen in the fiscal period ending August 2017.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>MORI TRUST Hotel Reit's outstanding balance of interest-bearing liabilities as of today is 50,500 million yen</li> <li>It is assumed that the outstanding balance of interest-bearing liabilities will be 50,500 million yen at the end of the fiscal period ending February 2017 and 49,500 million yen at the end of the fiscal period ending August 2017.</li> <li>A refund of consumption taxes for the fiscal period ending February 2017 is expected during the fiscal period ending August 2017, and the assumption is, therefore, that this refund will be used as the source of funds to repay 1,000 million yen in loans in the fiscal period ending August 2017.</li> <li>LTV is expected to be around 47.2% at the end of the fiscal period ending February 2017 and around 46.7% at the end of the fiscal period ending August 2017.</li> <li>The following formula is used in the calculation of LTV, and LTV is rounded down to the nearest first decimal place.  <math display="block">\text{LTV} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100</math> </li> </ul>
Investment units	<ul style="list-style-type: none"> <li>The assumption is that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 2017.</li> <li>Distributions per unit (excluding distributions in excess of earnings) is calculated on the basis of the estimated number of investment units at the end of fiscal period ending February 2017 and the end of the fiscal period ending August 2017 respectively.</li> </ul>
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>Distributions per unit (excluding distributions in excess of earnings) is calculated based on the assumption of the policy for cash distribution set forth in the articles of incorporation of MORI TRUST Hotel Reit.</li> <li>Distributions per unit (excluding distributions in excess of earnings) may vary due to various factors, including changes in assets under management, fluctuation in rent income accompanying changes in tenants and other events, and the incurrence of unexpected repairs.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>There are no plans at this time to distribute cash in excess of earnings.</li> </ul>
Others	<ul style="list-style-type: none"> <li>The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, the listing regulations of the Tokyo Stock Exchange, etc., rules of the Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.</li> </ul>