

Summary of Financial Results (REIT) for Fiscal Period Ended August 31, 2019

October 23, 2019

REIT Securities Issuer: MORI TRUST Hotel Reit, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3478 URL: <http://www.mt-hotelreit.jp/en/>
 Representative: Amane Sakamoto, Executive Director
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Scheduled date of submission of securities report: November 27, 2019

Scheduled date of commencement of cash distribution payment: November 25, 2019

Preparation of supplementary financial results briefing materials: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for Fiscal Period Ended August 31, 2019 (from March 1, 2019 to August 31, 2019)

(1) Management Status

(% figures are the rate of period-on-period increase (decrease))

Fiscal Period	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2019	2,399	3.3	1,708	3.9	1,610	4.2	1,609	4.2
Ended Feb. 2019	2,322	(3.6)	1,644	(4.7)	1,545	(5.1)	1,544	(5.1)

Fiscal Period	Net Income per Unit	Net Income to Total Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	yen	%	%	%
Ended Aug. 2019	3,219	3.1	1.5	67.1
Ended Feb. 2019	3,089	3.0	1.5	66.6

(2) Distributions Status

Fiscal Period	Distributions per Unit (excluding distributions in excess of earnings)	Total Distributions (excluding distributions in excess of earnings)	Distributions in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Distributions Payout Ratio	Distributions Ratio to Net Assets
	yen	million yen	yen	million yen	%	%
Ended Aug. 2019	3,219	1,609	-	-	100.0	3.1
Ended Feb. 2019	3,090	1,545	-	-	100.0	3.0

(3) Financial Position

Fiscal Period	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit
	million yen	million yen	%	yen
Ended Aug. 2019	104,438	51,609	49.4	103,219
Ended Feb. 2019	105,257	51,545	49.0	103,090

(4) Cash Flows Status

Fiscal Period	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Period
	million yen	million yen	million yen	million yen
Ended Aug. 2019	2,078	(710)	(2,544)	3,135
Ended Feb. 2019	1,774	(40)	(2,628)	4,312

2. Management Status Forecast for Fiscal Period Ending February 29, 2020 (from September 1, 2019 to February 29, 2020)

(% figures are the rate of period-on-period increase (decrease))

Fiscal Period	Operating Revenue		Operating Income		Ordinary Income		Net Income		Distributions per Unit (excluding distributions in excess of earnings)	Distributions in Excess of Earnings per Unit
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen
Ending Feb. 2020	2,559	6.7	1,819	6.5	1,706	5.9	1,705	5.9	3,410	-

(Reference) Forecast net income per unit (fiscal period ending February 29, 2020): 3,410yen

* Others

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- (i) Changes in accounting policies in accordance with amendments to accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(2) Total number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding (including own investment units) at end of the period
 - Fiscal period ended August 31, 2019 500,000
 - Fiscal period ended February 28, 2019 500,000
- (ii) Number of own investment units at end of the period
 - Fiscal period ended August 31, 2019 0
 - Fiscal period ended February 28, 2019 0

* This financial report has not undergone any audit performed by a certified public accountant or auditing firm.

* Special Note

Management status forecast and other forward-looking statements contained in this document are based on information that are currently available and certain assumptions that are deemed reasonable by MORI TRUST Hotel Reit. Accordingly, the actual management status, etc. may differ materially due to various factors.

In addition, the forecast is not a guarantee of the amount of distributions. For details of the assumptions underlying management status forecast, please refer to “Assumptions Underlying Management Status Forecast for Fiscal Period Ending February 29, 2020” on page 3.

Assumptions Underlying Management Status Forecast for Fiscal Period Ending February 29, 2020

Item	Assumptions				
Calculation Period	<ul style="list-style-type: none"> - Fiscal period ending February 2020 (8th fiscal period): (from September 1, 2019 to February 29, 2020) (182 days) 				
Assets under Management	<ul style="list-style-type: none"> - The 4 properties owned by MORI TRUST Hotel Reit as of August 31, 2019, plus the following asset for acquisition, to total 5 properties are assumed. <table border="1" data-bbox="395 394 1442 454"> <thead> <tr> <th data-bbox="395 394 735 427">Acquisition date</th> <th data-bbox="735 394 1442 427">Name of asset</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 427 735 454">September 2, 2019</td> <td data-bbox="735 427 1442 454">Hilton Odawara Resort & Spa</td> </tr> </tbody> </table> - The management status forecast 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.) other than the above through to the end of the fiscal period ending February 2020. - In actual practice, a change may arise due to the acquisition of new property or the disposition of portfolio property, etc. 	Acquisition date	Name of asset	September 2, 2019	Hilton Odawara Resort & Spa
Acquisition date	Name of asset				
September 2, 2019	Hilton Odawara Resort & Spa				
Operating revenues	<ul style="list-style-type: none"> - Rental revenues, which are calculated on the basis of the lease agreements currently in force, taking into account such factors as market trends and property competitiveness, is expected to be 2,559 million yen in the fiscal period ending February 2020. - Rent included in rental 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. <p data-bbox="395 864 651 891">[Shangri-La Hotel, Tokyo]</p> <p data-bbox="395 891 1267 918">Variable rent in the fiscal period ending February 2020 (8th fiscal period): 886 million yen</p> <p data-bbox="395 918 1414 1001">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 a month three months before the month in question by 97%.</p> <p data-bbox="395 1001 1420 1084">(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 data-bbox="395 1113 1378 1167">(Reference) Minimum annual guaranteed rent (from April each year to March the following year (see Note)): 882,700,000 yen</p> <p data-bbox="395 1167 1433 1357">(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 following year, no later than the last day of February the following year.</p> <p data-bbox="395 1395 702 1422">[Hilton Odawara Resort & Spa]</p> <p data-bbox="395 1422 1267 1449">Variable rent in the fiscal period ending February 2020 (8th fiscal period): 203 million yen</p> <p data-bbox="395 1449 1433 1532">The monthly rent for March to August each year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel’s base profit for the 12 months from January to December in the previous year is multiplied by 95%.</p> <p data-bbox="395 1532 1426 1615">The monthly rent for September each year to February in the following year is the amount (not less than 0 yen) equivalent to one-twelfth of the amount obtained when the sum total of the hotel’s base profit for July in the previous year to June in the year in question is multiplied by 95%.</p> <p data-bbox="395 1615 1133 1641">(Note) “Base profit” refers to the amount obtained by the following formula.</p> <p data-bbox="461 1641 1433 1695">Base profit = The profit that the lessee earns from operating the hotel – The expenses that the lessee incurs from operating the hotel (the lessee’s insurance expenses, etc.).</p> <p data-bbox="395 1733 766 1760">[Courtyard by Marriott Tokyo Station]</p> <p data-bbox="395 1760 1267 1787">Variable rent in the fiscal period ending February 2020 (8th fiscal period): 422 million yen</p> <p data-bbox="395 1787 1426 1870">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 a month three months before the month in question by 90%.</p> <p data-bbox="395 1870 1407 1953">(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).</p> <p data-bbox="395 1982 1404 2036">(Reference) Minimum annual guaranteed rent (from October each year to September the following year (see Note): 310,000,000 yen</p> 				

Item	Assumptions
Operating revenues	<p>(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 the 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.</p> <p>[Courtyard by Marriott Shin-Osaka Station] Variable rent in the fiscal period ending February 2020 (8th fiscal period): 395 million yen 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 a month three months before the month in question by 90%.</p> <p>(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 Laforet Club of the tenant, MORI TRUST CO., LTD. food and beverages, parking facilities, etc. are not included.</p> <p>(Reference) 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 the 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>[Hotel Sunroute Plaza Shinjuku] Fixed rent in the fiscal period ending February 2020 (8th fiscal period): 652 million yen (Note) “Fixed rent” means rent that is paid in the same amount every month.</p> <p>(Reference) Annual fixed rent: 1,304,673,360 yen</p>
Operating expenses	<ul style="list-style-type: none"> - Of expenses related to property rental business, which constitute a major component of operating expenses, expenses other than depreciation, are calculated on the basis of historical data, taking into consideration factors causing fluctuations in expenses. It is expected to be 245 million yen in the fiscal period ending February 2020. - Property tax and city planning tax, etc. recognized as expenses in the fiscal year ending February 2020 are expected to be 235 million yen - In general, fixed asset tax and city planning tax and other taxes and public dues on acquired assets are settled with the previous owners at the time of acquisition, calculated on a pro rata basis of the holding period. For MORI TRUST Hotel Reit, such settlement amount is included in the acquisition price, and it will not be recognized as expenses for the calculation period. Accordingly, fixed asset tax for Hilton Odawara Resort & Spa will be expensed starting from the fiscal period ending August 31, 2020 (9th fiscal period). - Building repairs and maintenance expenses are expected to be 4 million yen in the fiscal year ending February 2020. However, factors such 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. - Depreciation and amortization, which is calculated using the straight-line method by including incidental expenses, etc., is assumed to be 361 million yen in the fiscal period ending February 2020.
Non-operating expenses	<ul style="list-style-type: none"> - Interest expenses are expected to be 113 million yen in the fiscal period ending February 2020.
Loans	<ul style="list-style-type: none"> - MORI TRUST Hotel Reit’s outstanding balance of interest-bearing liabilities as of August 31, 2019, is 47,500 million yen. - Loans for acquiring Hilton Odawara Resort & Spa are 7,000 million yen. - It is assumed that the outstanding balance of interest-bearing liabilities will be 54,500 million yen at the end of the fiscal period ending February 2020. - It is assumed that there will be refinancing of all loans coming due before the end of the fiscal period ending February 2020. - LTV is expected to be around 48.8% at the end of the fiscal period ending February 2020. - The following formula is used in the calculation of LTV, and LTV is rounded down to the nearest first decimal place. $LTV = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$

Item	Assumptions
Investment units	<ul style="list-style-type: none"> - 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 February 2020. - Distributions per unit (excluding distributions in excess of earnings) is calculated on the basis of the estimated number of investment units issued and outstanding at the end of the fiscal period ending February 2020, which is 500,000 units.
Distribution per unit	<ul style="list-style-type: none"> - 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. - Distributions per unit (excluding total 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.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> - There are no plans at this time to distribute any cash in excess of profit (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> - 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., or rules of the Investment Trusts Association, Japan, etc. that will impact the forecast figures above. - The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.