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October 25, 2017

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Announcement of Monthly Disclosure for September 2017

With respect to the business performance of the hotels owned by Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) for September 2017, JHR informs you of the monthly sales, occupancy rates, ADR, and RevPAR of rooms department of three hotel groups as below. For each hotel’s track record of hotel operations, please check JHR’s website (Note 1).

JHR continues to announce monthly disclosure of hotels from which JHR receives variable rent or income from management contracts and whose lessees, etc. have agreed with the monthly disclosure.

| Hotel / Indicators | | September | Fluctuation compared with the same month last year (Note 9) | Change in fluctuation compared with the same month last year | Cumulative total (Note 10) | Fluctuation of the cumulative total compared with last year (Note 11) | Change in fluctuation of the cumulative total compared with last year |
|------------------------------------|----------------|-----------|---|--|----------------------------|---|---|
| The Nine HMJ Hotels | Occupancy rate | 92.9% | -0.1% | -0.1% | 91.4% | 3.1% | 3.5% |
| | ADR (JPY) | 18,383 | -327 | -1.7% | 19,323 | -242 | -1.2% |
| | RevPAR (JPY) | 17,076 | -320 | -1.8% | 17,653 | 383 | 2.2% |
| | Sales (JPY 1M) | 2,878 | -56 | -1.9% | 26,572 | 253 | 1.0% |
| The Six Accor Hotels | Occupancy rate | 85.5% | -5.1% | -5.6% | 85.0% | -1.5% | -1.7% |
| | ADR (JPY) | 12,378 | 879 | 7.6% | 12,037 | 578 | 5.0% |
| | RevPAR (JPY) | 10,581 | 165 | 1.6% | 10,227 | 319 | 3.2% |
| | Sales (JPY 1M) | 533 | 2 | 0.4% | 4,820 | 112 | 2.4% |
| The Six <i>the b</i> Hotels | Occupancy rate | 92.7% | 8.3% | 9.9% | 90.4% | 0.8% | 0.9% |
| | ADR (JPY) | 9,181 | -181 | -1.9% | 9,385 | -257 | -2.7% |
| | RevPAR (JPY) | 8,506 | 611 | 7.7% | 8,483 | -153 | -1.8% |
| | Sales (JPY 1M) | 221 | 16 | 8.0% | 2,023 | -49 | -2.4% |
| Total of Three Hotel Groups | Occupancy rate | 90.8% | -0.1% | -0.1% | 89.4% | 1.4% | 1.6% |
| | ADR (JPY) | 15,253 | -20 | -0.1% | 15,732 | 57 | 0.4% |
| | RevPAR (JPY) | 13,849 | -30 | -0.2% | 14,067 | 276 | 2.0% |
| | Sales (JPY 1M) | 3,632 | -38 | -1.0% | 33,415 | 315 | 1.0% |

<Special Items>

Although national holidays in China and South Korea, etc. in September last year were moved to October this year, inbound leisure demand continued to be firm as the number of inbound visitors to Japan recorded the highest for September. At many of JHR’s hotels mainly in major local cities, RevPAR exceeded those of the same month last year, but Typhoon occurred this month had an impact on a part of hotels such as Hotel Nikko Alivila, one of The Nine HMJ Hotels, etc.

- (Note 1) Please check JHR's website below for each hotel's (include hotels acquired this fiscal year, namely, Hilton Tokyo Narita Airport, International Garden Hotel Narita and Hotel Nikko Nara) track record of hotel operations.
<http://www.jhrth.co.jp/en/portfolio/review.html>
- (Note 2) The Nine HMJ Hotels are Kobe Meriken Park Oriental Hotel, Oriental Hotel tokyo bay, Namba Oriental Hotel, Hotel Nikko Alivila, Oriental Hotel Hiroshima, Okinawa Marriott Resort & Spa, ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel), Hotel Centraza Hakata, and Holiday Inn Osaka Namba. The Six Accor Hotels are ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, and Mercure Yokosuka. The Six *the b* Hotels are the *b* akasaka-mitsuke, the *b* ikebukuro, the *b* ochanomizu, the *b* hachioji, the *b* hakata, and the *b* suidobashi. Also, the Total of Three Hotel Groups is the total of the Nine HMJ Hotels, the Six Accor Hotels, and the Six *the b* Hotels.
- (Note 3) The comments above have been prepared based on information the asset management company had obtained from the lessees, etc. and are only provided as a reference of general trends.
- (Note 4) Numbers for each month and numbers and information shown in the comments have not been audited nor been the subject of the independent verification of the asset management company. Therefore, no guarantee is made as to the accuracy or completeness of the numbers and information. Also, the amount that is a sum total of each month may be different from total sales for the six-month or full year stated in the annual securities report to be submitted later. Sales of each month may also differ from that stated in the annual securities report. The numbers of The Nine HMJ Hotels, The Six Accor Hotels, The Six *the b* Hotels, and Total of Three Hotel Groups are calculated by the asset management company based on numbers provided by lessees, etc.
- (Note 5) Occupancy rate: The number of rooms sold during the period is divided by the number of rooms available during the same period.
- (Note 6) ADR (Average Daily Rate): Total rooms revenue for a certain period (excluding service charges) is divided by the total number of rooms sold during the period. Holiday Inn Osaka Namba, the six Accor hotels, and the six *the b* hotels do not request service charges
- (Note 7) RevPAR (Revenue Per Available Room): Total rooms revenue for a certain period (excluding service charges) is divided by the total number of available rooms during the period. It is the same as multiplying ADR by occupancy rate.
- (Note 8) Occupancy rate is rounded off to the first decimal place. ADR and RevPAR are rounded off to the nearest whole number. Sales are rounded off to the nearest million yen.
- (Note 9) Fluctuation compared with the same month last year means the fluctuation between the concerned month (September) and the same month last year.
- (Note 10) Cumulative total is the cumulative total from the beginning of the period (January) to the concerned month (September).
- (Note 11) Fluctuation of cumulative total compared with last year means the fluctuation between the cumulative total from the beginning of the period (January) to the concerned month (September) and the cumulative total from the beginning of the period last year (January) to the same concerned month (September) last year.
- (Note 12) For track record of hotel operations of hotels which JHR acquired in 2016, numbers provided by previous owners, etc. are used for calculation.
- (Note 13) Sales are only from hotels and exclude rent from non-hotel tenants.

* Website of Japan Hotel REIT Investment Corporation: <http://www.jhrth.co.jp/en/>