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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
Kaname Masuda, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hisashi Furukawa, Representative Director and President

Contact:

Makoto Hanamura
General Manager
Investor Relations Department, Operations Division
TEL: +81-3-6422-0530

Announcement of Monthly Disclosure for December 2017

With respect to the business performance of the hotels owned by Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) for December 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		December	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	86.6%	-0.7%	-0.8%	91.1%	2.3%	2.6%
	ADR (JPY)	18,944	383	2.1%	19,095	-7	0.0%
	RevPAR (JPY)	16,405	201	1.2%	17,388	441	2.6%
	Sales (JPY 1M)	3,029	-66	-2.1%	35,684	223	0.6%
The Six Accor Hotels	Occupancy rate	87.3%	0.0%	0.0%	85.3%	-1.7%	-2.0%
	ADR (JPY)	11,501	560	5.1%	11,944	600	5.3%
	RevPAR (JPY)	10,039	493	5.2%	10,185	317	3.2%
	Sales (JPY 1M)	564	21	3.9%	6,454	148	2.4%
The Six <i>the b</i> Hotels	Occupancy rate	87.9%	1.1%	1.3%	90.4%	1.3%	1.4%
	ADR (JPY)	9,504	-67	-0.7%	9,445	-230	-2.4%
	RevPAR (JPY)	8,354	50	0.6%	8,535	-85	-1.0%
	Sales (JPY 1M)	227	0	0.1%	2,721	-42	-1.5%
Total of Three Hotel Groups	Occupancy rate	87.0%	-0.2%	-0.2%	89.3%	1.0%	1.2%
	ADR (JPY)	15,286	329	2.2%	15,578	179	1.2%
	RevPAR (JPY)	13,299	257	2.0%	13,916	319	2.3%
	Sales (JPY 1M)	3,819	-44	-1.1%	44,860	330	0.7%

<Special Items>

Inbound leisure demand continued to be firm as the number of inbound visitors to Japan recorded the highest both for December and for the full year in 2017.

Christmas season in 2017 did not have three consecutive holidays as it did in 2016, which caused an impact on some hotels owned by JHR. Despite this impact, RevPAR of each three hotel groups exceeded those of the same month in 2016 as JHR’s hotels favorably attracted inbound demands mainly in major local cities.

- (Note 1) Please check JHR's website below for each hotel's (include hotels acquired in 2017, 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 (December) 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 (December).
- (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 (December) and the cumulative total from the beginning of the period last year (January) to the same concerned month (December) 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/>