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Announcement of Monthly Disclosure for December 2016

With respect to the business performance of the hotels owned by Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) for December 2016, JHR informs you of the monthly sales, occupancy rates, ADR, and RevPAR of rooms department as below.

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

**<The Five HMJ Hotels>**

Hotel / Indicators		December	Fluctuation compared with the same month last year (Note 7)	Change in fluctuation compared with the same month last year	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)	Change in fluctuation of the cumulative total compared with last year
<b>Kobe Meriken Park Oriental Hotel</b>	Occupancy rate	79.9%	5.7%	7.6%	79.1%	-1.0%	-1.2%
	ADR (JPY)	19,773	-2,257	-10.2%	17,691	330	1.9%
	RevPAR (JPY)	15,808	-555	-3.4%	13,987	90	0.6%
	Sales (JPY 1M)	523	22	4.3%	5,361	109	2.1%
<b>Oriental Hotel tokyo bay</b>	Occupancy rate	99.2%	-0.2%	-0.2%	96.8%	-1.3%	-1.4%
	ADR (JPY)	23,154	531	2.3%	20,449	423	2.1%
	RevPAR (JPY)	22,968	481	2.1%	19,799	144	0.7%
	Sales (JPY 1M)	702	7	1.1%	7,271	-51	-0.7%
<b>Namba Oriental Hotel</b>	Occupancy rate	97.1%	18.2%	23.1%	94.1%	4.4%	4.9%
	ADR (JPY)	20,205	1,619	8.7%	19,918	2,969	17.5%
	RevPAR (JPY)	19,629	4,960	33.8%	18,736	3,532	23.2%
	Sales (JPY 1M)	252	43	20.4%	2,877	347	13.7%
<b>Hotel Nikko Alivila</b>	Occupancy rate	78.3%	18.5%	31.0%	85.3%	1.7%	2.0%
	ADR (JPY)	21,513	-2,232	-9.4%	27,513	862	3.2%
	RevPAR (JPY)	16,848	2,648	18.7%	23,471	1,189	5.3%
	Sales (JPY 1M)	413	67	19.2%	6,155	207	3.5%
<b>Oriental Hotel Hiroshima</b>	Occupancy rate	79.2%	-0.3%	-0.4%	81.5%	1.6%	2.0%
	ADR (JPY)	8,755	107	1.2%	9,599	692	7.8%
	RevPAR (JPY)	6,936	57	0.8%	7,826	703	9.9%
	Sales (JPY 1M)	217	-6	-2.8%	2,240	107	5.0%
<b>Total of five hotels</b>	Sales (JPY 1M)	2,107	132	6.7%	23,905	720	3.1%

**<The HMJ Group Hotels>**

Hotel / Indicators		December	Fluctuation compared with the same month last year (Note 7)	Change in fluctuation compared with the same month last year	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)	Change in fluctuation of the cumulative total compared with last year
<b>Okinawa Marriott Resort &amp; Spa</b>	Occupancy rate	79.6%	10.4%	15.0%	85.6%		
	ADR (JPY)	16,594	-860	-4.9%	19,708		
	RevPAR (JPY)	13,212	1,132	9.4%	16,875		
	Sales (JPY 1M)	288	22	8.1%	3,933		
<b>ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)</b>	Occupancy rate	81.2%			85.2%		
	ADR (JPY)	15,389			17,237		
	RevPAR (JPY)	12,502			14,690		
	Sales (JPY 1M)	289			2,996		
<b>Hotel Centraza Hakata</b>	Occupancy rate	93.0%					
	ADR (JPY)	11,149					
	RevPAR (JPY)	10,372					
	Sales (JPY 1M)	225					
<b>Holiday Inn Osaka Namba</b>	Occupancy rate	94.7%					
	ADR (JPY)	19,739					
	RevPAR (JPY)	18,692					
	Sales (JPY 1M)	185					

**<The Six Accor Hotels>**

Hotel / Indicators		December	Fluctuation compared with the same month last year (Note 7)	Change in fluctuation compared with the same month last year	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)	Change in fluctuation of the cumulative total compared with last year
<b>Mercure Sapporo</b>	Occupancy rate	90.7%	0.3%	0.3%	85.1%	3.0%	3.6%
	ADR (JPY)	11,550	1,031	9.8%	11,830	821	7.5%
	RevPAR (JPY)	10,476	968	10.2%	10,069	1,025	11.3%
	Sales (JPY 1M)	115	8	7.0%	1,254	82	7.0%
<b>ibis Styles Sapporo</b>	Occupancy rate	90.0%	-2.1%	-2.3%	89.3%	1.5%	1.7%
	ADR (JPY)	8,751	1,010	13.0%	9,858	523	5.6%
	RevPAR (JPY)	7,878	747	10.5%	8,805	607	7.4%
	Sales (JPY 1M)	89	12	15.0%	1,122	103	10.1%
<b>ibis Tokyo Shinjuku</b>	Occupancy rate	80.7%	-0.5%	-0.6%	80.2%	-8.3%	-9.4%
	ADR (JPY)	13,099	785	6.4%	12,431	622	5.3%
	RevPAR (JPY)	10,568	571	5.7%	9,973	-483	-4.6%
	Sales (JPY 1M)	74	4	5.5%	832	-41	-4.7%
<b>ibis Styles Kyoto Station</b>	Occupancy rate	98.2%	4.6%	4.9%	97.0%	6.2%	6.8%
	ADR (JPY)	10,153	143	1.4%	11,473	982	9.4%
	RevPAR (JPY)	9,969	600	6.4%	11,124	1,604	16.8%
	Sales (JPY 1M)	76	6	9.1%	977	163	20.1%
<b>Mercure Okinawa Naha</b>	Occupancy rate	81.7%	5.4%	7.1%	83.6%	3.0%	3.7%
	ADR (JPY)	11,119	345	3.2%	11,083	1,045	10.4%
	RevPAR (JPY)	9,080	869	10.6%	9,268	1,171	14.5%
	Sales (JPY 1M)	91	9	11.0%	1,049	126	13.7%
<b>Mercure Yokosuka</b>	Occupancy rate	79.1%	-11.4%	-12.6%	87.1%		
	ADR (JPY)	12,209	752	6.6%	12,071		
	RevPAR (JPY)	9,659	-715	-6.9%	10,509		
	Sales (JPY 1M)	98	-2	-2.0%	1,071		
<b>Total of six hotels</b>	Sales (JPY 1M)	542	36	7.2%	6,306		

**<The Six the b Hotels>**

Hotel / Indicators		December	Fluctuation compared with the same month last year (Note 7)	Change in fluctuation compared with the same month last year	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)	Change in fluctuation of the cumulative total compared with last year
<b>the b akasaka-mitsuke</b>	Occupancy rate	87.7%	0.2%	0.2%	86.9%		
	ADR (JPY)	11,467	-377	-3.2%	11,965		
	RevPAR (JPY)	10,060	-306	-2.9%	10,403		
	Sales (JPY 1M)	38	-1	-3.6%	468		
<b>the b ikebukuro</b>	Occupancy rate	88.1%	-4.8%	-5.2%	88.6%		
	ADR (JPY)	10,902	358	3.4%	11,086		
	RevPAR (JPY)	9,606	-194	-2.0%	9,825		
	Sales (JPY 1M)	52	-2	-3.3%	635		
<b>the b ochanomizu</b>	Occupancy rate	88.8%	4.0%	4.7%	90.7%		
	ADR (JPY)	11,407	799	7.5%	11,075		
	RevPAR (JPY)	10,129	1,132	12.6%	10,044		
	Sales (JPY 1M)	23	2	12.1%	266		
<b>the b hachioji</b>	Occupancy rate	80.9%	-10.6%	-11.6%	87.9%		
	ADR (JPY)	6,681	-270	-3.9%	7,362		
	RevPAR (JPY)	5,403	-959	-15.1%	6,472		
	Sales (JPY 1M)	42	-7	-14.2%	564		
<b>the b hakata</b>	Occupancy rate	93.8%	0.6%	0.6%	93.8%		
	ADR (JPY)	8,434	1,329	18.7%	7,898		
	RevPAR (JPY)	7,910	1,287	19.4%	7,409		
	Sales (JPY 1M)	43	7	19.1%	478		
<b>the b suidobashi</b>	Occupancy rate	80.9%	-0.5%	-0.6%	85.4%		
	ADR (JPY)	11,067	158	1.4%	11,290		
	RevPAR (JPY)	8,954	75	0.8%	9,646		
	Sales (JPY 1M)	28	0	0.5%	351		
<b>Total of six hotels</b>	Sales (JPY 1M)	226	-1	-0.3%	2,763		

**<Special items>**

Inbound leisure demand is continuing to spread across regional cities, and many of the hotels in major local cities are attracting the demand. Therefore, their rooms department sales are doing well. On the other hand, although inbound leisure demand is strong in hotel markets in Tokyo and Osaka, they see slightly sluggish domestic demand due to a rise in accommodation unit prices, etc. Since the trend of travels by inbound visitors are shifting from group to individual tours, hotels continue their efforts to attract inbound leisure demand by further focusing on sales via the Internet.

Special items to note for each hotel are as follows.

**Kobe Meriken Park Oriental Hotel**

Although the hotel proactively attracted inbound demand and domestic group demand, domestic individual leisure demand weakened in the Kobe area. As a result, rooms department sales fell below those of the same month last year.

**Hotel Nikko Alivila, Okinawa Marriott Resort & Spa**

Despite off season in Okinawa resort area, the hotel adopted a flexible pricing strategy at an early stage in response to demand on the back of strong inbound and domestic leisure demand. This led to an increase in occupancy rate and, as a result, rooms department sales exceeded those of the same month last year.

**Mercure Sapporo, ibis Styles Sapporo**

The hotel proactively attracted inbound individual leisure demand in the higher-rate segment. As a result, rooms department sales exceeded those of the same month last year.

**Mercure Okinawa Naha**

The hotel focused on attracting strong leisure demand from inbound individual tourists as well as leisure demand from inbound tourist groups. As a result, rooms department sales exceeded those of the same month last year.

the b hakata

The hotel attracted inbound and domestic leisure demand in the higher-rate segment. As a result, rooms department sales exceeded those of the same month last year.

the b ochanomizu

The hotel proactively attracted inbound leisure demand. As a result, rooms department sales exceeded those of the same month last year.

the b hachioji

Due to a decline in leisure demand from inbound tourist groups in the Hachioji area, rooms department sales fell below those of the same month last year.

Namba Oriental Hotel, ibis Tokyo Shinjuku

The hotel was affected in December last year due to unavailability of some guest rooms resulting from renovation.

\*The sales of Mercure Sapporo, ibis Styles Sapporo, ibis Tokyo Shinjuku, ibis Styles Kyoto Station, the b akasaka-mitsuke, the b ikebukuro, the b hachioji, the b hakata, and ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel) are the sales of hotel business only, and rent from non-hotel tenant(s) is not included. The previous lessees, etc. of Mercure Yokosuka, Okinawa Marriott Resort & Spa, and the six *the b* hotels did not agree with disclosure of numerical value. Therefore, fluctuation of the cumulative total compared with last year is unavailable for these hotels. The previous lessees, etc. of ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel), Hotel Centraza Hakata, and Holiday Inn Osaka Namba did not agree with disclosure of numerical value. Therefore, fluctuation compared with the same month last year and fluctuation of the cumulative total compared with last year are unavailable for these hotels.

- (Note 1) 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. Please note that the numerical figures and information shown in the comments have neither been audited nor been the subject of the independent verification of the asset management company. No guarantee is made as to the accuracy or completeness of the numbers and information.
- (Note 2) Each month's numbers have not been audited; therefore, the amount that is a sum total of each month may be different from the six-month or annual sales total 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.
- (Note 3) Occupancy rate: The number of rooms sold during the period is divided by the number of rooms available during the same period.
- (Note 4) 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 5) 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 6) 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 7) Fluctuation compared with the same month last year means the fluctuation between the concerned month (December) and the same month last year.
- (Note 8) Cumulative total is the cumulative total from the beginning of the period (January) to the concerned month (December).
- (Note 9) 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 to the same concerned month (December) last year.

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