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Announcement of Monthly Disclosure for March 2017

With respect to the business performance of the hotels owned by Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) for March 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		March	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	92.6%	5.7%	6.6%	89.5%	5.3%	6.3%
	ADR (JPY)	17,905	-1,474	-7.6%	16,264	-846	-4.9%
	RevPAR (JPY)	16,578	-258	-1.5%	14,563	155	1.1%
	Sales (JPY 1M)	3,017	24	0.8%	7,829	168	2.2%
The Six Accor Hotels	Occupancy rate	87.1%	0.9%	1.0%	88.9%	1.5%	1.7%
	ADR (JPY)	10,586	259	2.5%	11,238	577	5.4%
	RevPAR (JPY)	9,218	316	3.6%	9,988	672	7.2%
	Sales (JPY 1M)	510	13	2.7%	1,586	69	4.5%
The Six <i>the b</i> Hotels	Occupancy rate	92.2%	-1.4%	-1.5%	88.9%	-2.5%	-2.7%
	ADR (JPY)	9,602	-239	-2.4%	9,347	-121	-1.3%
	RevPAR (JPY)	8,849	-356	-3.9%	8,313	-342	-4.0%
	Sales (JPY 1M)	240	-14	-5.6%	652	-41	-6.0%
Total of Three Hotel Groups	Occupancy rate	91.0%	3.2%	3.6%	89.3%	3.0%	3.4%
	ADR (JPY)	14,562	-660	-4.3%	13,729	-222	-1.6%
	RevPAR (JPY)	13,249	-115	-0.9%	12,254	216	1.8%
	Sales (JPY 1M)	3,767	24	0.6%	10,067	196	2.0%

The Easter holidays that started at the end of March last year was in April this year. The start of blooming and peak blooming of cherry blossoms across Japan this year is later than that of last year. Due to these factors, along with others, the number of foreign visitors to Japan was a single-digit growth. Despite the conditions above, many hotels owned by JHR in local cities continued to attract inbound leisure demand, and rooms department sales exceeded those of the same month last year. On the other hand, at hotels owned by JHR in some cities including Tokyo, rooms department sales fell below those of the same month last year due to the drop of ADR resulting from the impact of new supply, etc. as a main factor.

In this kind of environment, each hotel has been implementing various sales measures such as changing the targeted guest to maximize RevPAR.

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- (Note 1) Please check JHR's website below for the status of hotel operations of each hotel.
<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 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. 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 (March) 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 (March).
- (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 (March) and the cumulative total from the beginning of the period last year (January) to the same concerned month (March) 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.