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Announcement of Monthly Disclosure for December 2014

With respect to the business performance of the hotels owned by Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) for December 2014, JHR informs you of the monthly sales, occupancy rate, ADR, and RevPAR of rooms department as below.

JHR continues monthly disclosure of hotels that paid variable rent, etc. and whose hotel lessees, etc. have agreed with the monthly disclosure (hereinafter called “Hotels with variable rent” or the “Hotels operated under management contract”) as follows.

<Hotels with variable rent (HMJ's five hotels)>

Hotel / Indicators		December 2014	Fluctuation compared with the same month last year (Note 7)	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)
Kobe Meriken Park Oriental Hotel	Occupancy rate	81.6%	-5.0%	80.6%	-1.0%
	ADR (JPY)	18,807	826	15,355	829
	RevPAR (JPY)	15,353	-232	12,369	525
	Sales (JPY 1M)	479	-41	5,222	12
Oriental Hotel tokyo bay	Occupancy rate	99.0%	2.0%	98.1%	2.0%
	ADR (JPY)	21,687	-2,102	19,306	-819
	RevPAR (JPY)	21,463	-1,606	18,944	-406
	Sales (JPY 1M)	694	-11	7,210	28
Namba Oriental Hotel	Occupancy rate	93.7%	2.9%	90.9%	-1.0%
	ADR (JPY)	14,804	1,993	12,902	1,984
	RevPAR (JPY)	13,873	2,236	11,731	1,694
	Sales (JPY 1M)	203	20	2,149	177
Hotel Nikko Alivila	Occupancy rate	64.9%	5.7%	80.0%	2.0%
	ADR (JPY)	23,832	294	25,082	-45
	RevPAR (JPY)	15,478	1,526	20,072	478
	Sales (JPY 1M)	379	36	5,491	116
Oriental Hotel Hiroshima	Occupancy rate	78.3%	0.6%	78.1%	0.6%
	ADR (JPY)	8,451	224	8,517	71
	RevPAR (JPY)	6,617	227	6,650	105
	Sales (JPY 1M)	186	-39	2,223	-31
Total of five hotels	Sales (JPY 1M)	1,941	-35	22,296	302

<Hotels with variable rent (others)>

Hotel / Indicators		December 2014	Fluctuation compared with the same month last year (Note 7)	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)
ibis Styles Sapporo (Former Best Western Hotel Sapporo Nakajima Koen)	Occupancy rate	87.0%			
	ADR (JPY)	6,853			
	RevPAR (JPY)	5,965			
	Sales (JPY 1M)	64			

<Hotels operated under management contract>

Hotel / Indicators		December 2014	Fluctuation compared with the same month last year (Note 7)	Cumulative total (Note 8)	Fluctuation of the cumulative total compared with last year (Note 9)
Mercure Hotel Sapporo	Occupancy rate	75.1%			
	ADR (JPY)	10,000			
	RevPAR (JPY)	7,506			
	Sales (JPY 1M)	89			
ibis Tokyo Shinjuku	Occupancy rate	90.0%	-0.1%	91.9%	-0.9%
	ADR (JPY)	11,351	589	11,271	1,031
	RevPAR (JPY)	10,217	517	10,358	856
	Sales (JPY 1M)	73	4	872	77
ibis Styles Kyoto Station	Occupancy rate	87.7%	18.7%	84.7%	
	ADR (JPY)	9,284	-282	9,671	
	RevPAR (JPY)	8,138	1,539	8,193	
	Sales (JPY 1M)	58	11	690	
Mercure Hotel Okinawa Naha	Occupancy rate	69.0%			
	ADR (JPY)	9,784			
	RevPAR (JPY)	6,756			
	Sales (JPY 1M)	67			

* The sales of ibis Styles Sapporo (former Best Western Hotel Sapporo Nakajima Koen), Mercure Hotel Sapporo, ibis Tokyo Shinjuku, and ibis Styles Kyoto Station are the sales of hotel business only, and rent from non-hotel tenant(s) is not included. The previous lessees, etc. of ibis Styles Sapporo (former Best Western Hotel Sapporo Nakajima Koen), Mercure Hotel Sapporo, and Mercure Hotel Okinawa Naha did not agree with disclosure of numerical value. Therefore, fluctuation compared with the same month last year, cumulative total, and fluctuation of the cumulative total compared with last year are unavailable. Regarding ibis Styles Kyoto Station, the previous lessee did not agree with disclosure of numerical value. Therefore, fluctuation of the cumulative total compared with last year is unavailable.

Comments from Japan Hotel REIT Advisors Co., Ltd. (Asset Management Company)
concerning actual performance for December

Kobe Meriken Park Oriental Hotel

Rooms department implemented aggressive price strategies to meet demand and strived to attract both domestic and inbound leisure demand. But the occupancy rate decreased compared to the same month last year, thus rooms department sales dropped below the same month last year. As for food and beverage department, both wedding sales and general banquet sales dropped below the same month last year. As a result, the hotel's total sales fell below the same month last year by approximately JPY41M.

Oriental Hotel Tokyo Bay

With the end of Tokyo Disney Resort's thirtieth anniversary event, rooms department implemented flexible pricing strategies to attract customers, but ADR fell below the same month last year. Rooms department sales thus dropped below the same month last year. In food and beverage department, wedding sales exceeded the same month last year. Thus food and beverage department sales as a whole exceeded the same month last year. As a result, the hotel's total sales dropped below the same month last year by approximately JPY11M.

Namba Oriental Hotel

With domestic and inbound leisure demand increasing and the market being favorable, rooms department focused on attracting customers who pay higher rates. This has led to an increase in ADR. Rooms department sales thus exceeded the same month last year. As a result, the hotel's total sales exceeded the same month last year by approximately JPY20M.

Hotel Nikko Alivila

With the market being favorable, rooms department attracted customers with flexible price strategies which met demand and increased both the occupancy rate and ADR. Rooms department sales thus exceeded the same month last year. Both restaurant sales and wedding sales exceeded the same month last year, and thus food and beverage department sales as a whole exceeded the same month last year. As a result, the hotel's total sales exceeded the same month last year by approximately JPY36M.

Oriental Hotel Hiroshima

Rooms department focused on attracting domestic leisure demand, and rooms department sales exceeded the same month last year. As for food and beverage department sales, wedding sales fell below the same month last year. Thus food and beverage department sales as a whole dropped below the same month last year. As a result, the hotel's total sales fell below the same month last year by approximately JPY39M.

ibis Styles Sapporo (former Best Western Hotel Sapporo Nakajima Koen)

The hotel was rebranded and reopened as ibis Styles Sapporo on December 27, 2014. The rooms department started off on a good note, minimizing the impact of change of operators, attracting groups of inbound tourists, in addition to domestic leisure demand. The hotel continues to aim at maximizing its profit through attracting both domestic and inbound leisure demand.

Mercure Hotel Sapporo

Rooms department strived to attract groups of foreign tourists as well as domestic leisure demand. The hotel continuously strives to attract customers by targeting domestic and inbound leisure demand and aims at maximizing its profit.

ibis Tokyo Shinjuku

Rooms department attracted domestic and inbound leisure demand, and thereby increased ADR. Rooms department sales thus exceeded the same month last year. As a result, the hotel's total sales exceeded the same month last year by approximately JPY4M.

ibis Styles Kyoto Station

Amid the favorable market, in addition to attracting domestic leisure demand, rooms department also focused on appealing to inbound leisure demand mainly through the operator's booking website. This led to an increase in occupancy rate. Rooms department sales thus exceeded the same month last year. As a result, the hotel's total sales exceeded the same month last year by approximately JPY11M.

Mercure Hotel Okinawa Naha

In addition to domestic leisure demand, rooms department strived to attract inbound leisure demand. The hotel continues to aim at maximizing its profit through attracting both domestic and inbound leisure demand.

(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. Ibis Styles Sapporo (former Best Western Hotel Sapporo Nakajima Koen), Mercure Hotel Sapporo, ibis Tokyo Shinjuku, ibis Styles Kyoto Station, and Mercure Hotel Okinawa Naha 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 last year.

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