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June 29, 2012

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Announcement of the Survey Concerning the Domestic Travel Trends

Japan Hotel REIT Advisors Co., Ltd. (hereinafter called “JHRA”) which is the asset management company of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has conducted the first investigation concerning the domestic travel trends of this summer with focus on those in their twenties representing the young people, and those in their sixties and thereafter including the baby boomers for exploring the leisure market onward.

The investigation result is now available as attached.

Website of JHR: <http://www.jhrth.co.jp>

Website of JHRA: <http://www.jhra.co.jp>

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The first investigation on this summer trips of those who are in their twenties and in their sixties and thereafter

**Approximately 60% say that they will stay in the**  
same place for two nights for this summer.

They will concentrate on **one place**, taking time for visiting the classic ground.

**28.1% of men in their twenties plan to travel alone** while  
only 7.1% of women in their twenties travel alone.

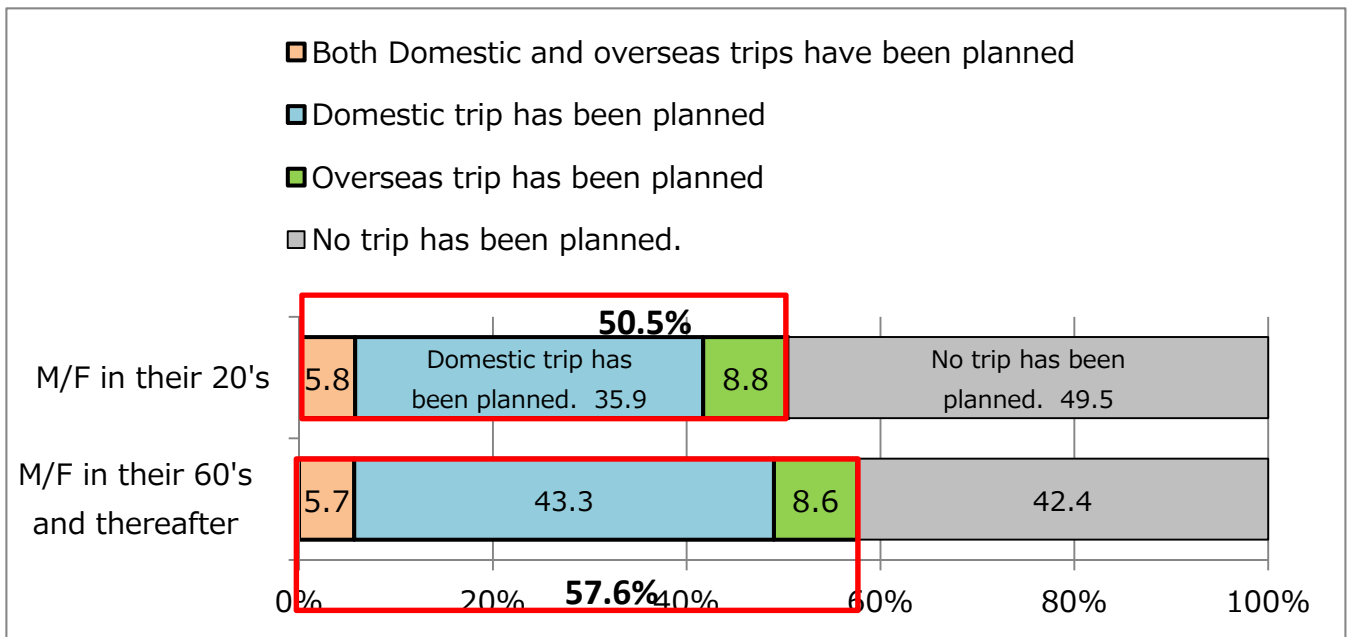
**75%** of men and women in their sixties and thereafter will travel **with their families**.

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Japan Hotel REIT Advisors ("JHRA")\* which is the asset management company of Japan Hotel REIT ("JHR"), the only investment corporation specifying in the hotels in J-REIT that has listed stocks on Tokyo Stock Exchange, conducted the first investigation to identify the domestic travel trend. With the aim of probing the leisure market onward, JHRA narrowed down the targets to men and women in their twenties representing the young people, and in their sixties and thereafter including the baby boomers. (\*JHRA is headquartered in Shibuya with the Representative Director, Hiroyuki Suzui.)

Approximately 50% of men and women in their twenties and approximately 60% of those in their sixties and thereafter said they have planned to travel (both domestic and international trips) this summer. This investigation has targeted 400 people (200 people each for twenties, and sixties and thereafter) selected from those who have planned domestic stay trips (Going back to their home town exclusive).

<Chart 1> Do you plan to travel this summer?



Note: M/F means Male/Female.

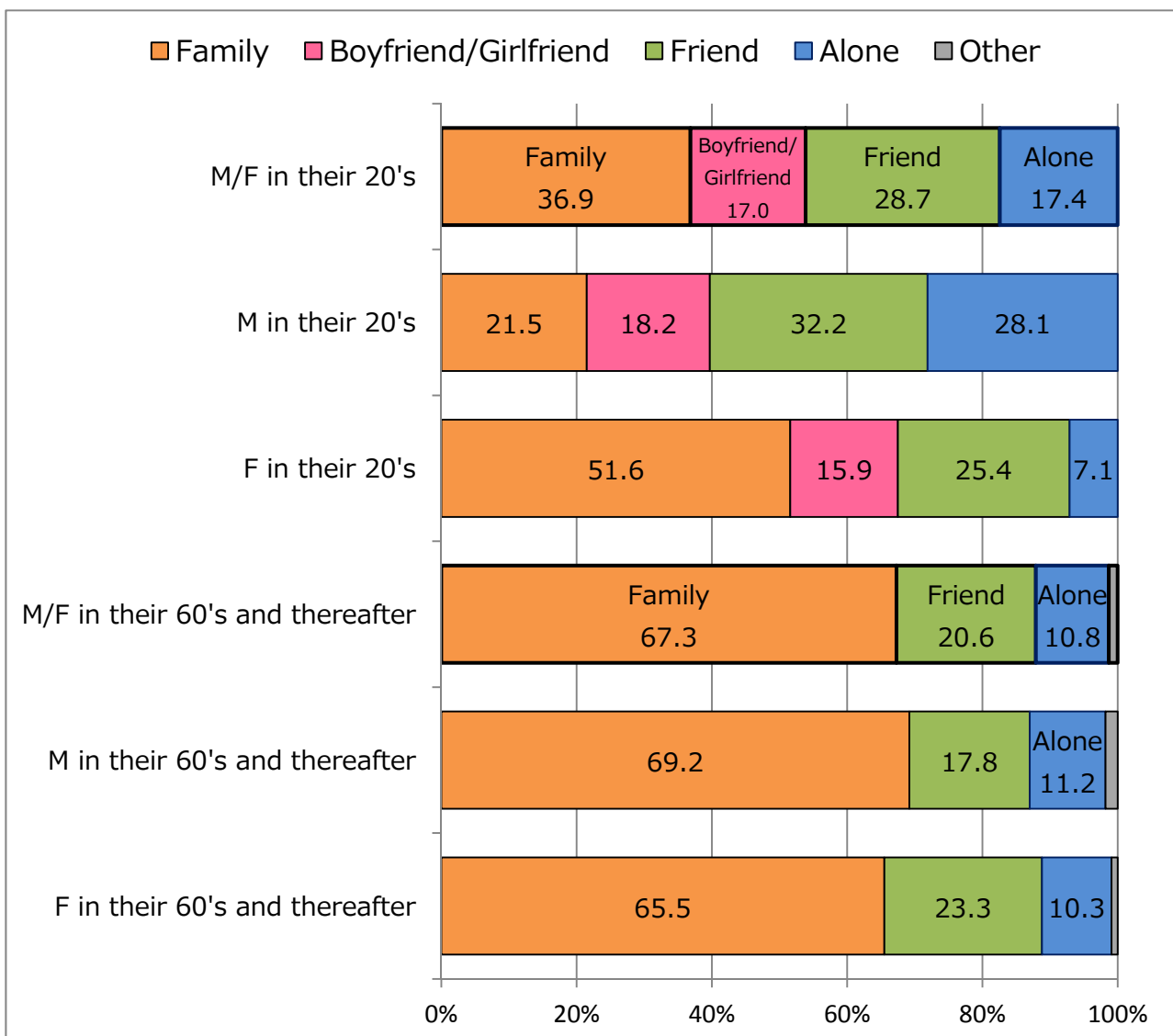
■ **Approximately 30% of men in their twenties plan to travel alone.**

**The majority of men and women in their sixties and thereafter and women in their twenties plan to travel with their families. ■**

With reference to the question “Who do you travel with?”, 17% of men and women in their twenties said “With boyfriend/girlfriend”, and 28.7% said “With affable friend”. Men and women in their twenties who plan to travel with affable friend or boyfriend/girlfriend have reached approximately 50% while 67.3% of men and women in their sixties and thereafter said “With family” or “With spouse”.

Analyzing them further by gender and generation, the men in their twenties are characteristic. Those who said they would travel with family account for 21.5% only, and 28.1% said they would travel alone. In comparison with other attributes, it is the conspicuous characteristics of the men in their twenties. “Traveling with friend” is 32.3%, which is also high ratio compared with other generation.

<Chart 2-1> Who do you plan to travel with? (Multiple answers accepted)



\*It has been calculated that the sum of each item must total 100%

■ **Approximately 60% of travelers plan to stay for three days and two nights irrespective of the generation and gender! They will stay in the same accommodations for two nights, concentrating on one place.** ■

With reference to the question concerning "How many nights will you stay?" the majority answered two nights (Men and women in their twenties, 41.5% and those in their sixties and thereafter, 38.6%). Furthermore, relatively many people (32.6%) in their sixties and thereafter who travel with their families have planned more than three-night trip. With reference to the question "Will you stay in the same accommodations for more than two nights?" 65.9% of men and women in their twenties and 60.1% of those in their sixties and thereafter say "Yes". Both generations tend to spend time in the same accommodations,

relaxing.

<Chart 2 – 2> How many nights do you plan to stay? (Average nights for all)

Average No. of nights (%)	1 night	2 nights	3 nights	4 nights	5 nights	More than 6 nights
M/F in their 20's	38.6	41.5	11.4	4.1	1.2	3.2
M/F in their 60's and thereafter	29.1	38.6	17.5	7.2	1.8	5.8

<Chart 2 – 3> How many nights do you plan to stay? (Average nights for those who travel with their families)

Average No. of nights of those who travel with family (%)	1 night	2 nights	3 nights	4 nights	5 nights	More than 6 nights
M/F in their 20's	37.3	45.1	12.1	3.3	2.2	0.0
M/F in their 60's and thereafter	22.7	44.7	16.7	8.7	1.3	5.9
						32.6

<Chart 3> Will you stay in the same accommodations for more than two nights?

Percentage	Yes	No
M/F in their 20's	65.9	34.1
M/F in their 60's and thereafter	60.1	39.9

■ The budget is the same as that of the last year. The budget of those in their twenties is reasonable, JPY5,000 per person per night to less than JPY10,000 per person per night. The budget of those in their sixties and thereafter is JPY10,000 per person per night to JPY15,000 per person per night. ■

With reference to the question “If you travel, how will your budget be for the trip this summer compared to the last summer?”, those who answered “almost the same” account for the majority (53% of men and women in their twenties and 63% of those in their sixties and

thereafter). Moreover, “Increase a little” or “Increase more than double” accounts for nearly three times higher than “Decrease a little” or “Decrease more than half”. Though the economy has not been favorable enough yet, people tend to increase the budget for the summer trip. Referring to the “expected lodging cost per night per person”, 48.5% of men and women in their twenties said JPY5,000 to less than JPY10,000, and 37% of those in their sixties and thereafter said JPY10,000 to JPY15,000.

<Chart 4 > When you travel, how will your budget be compared to the last year?

Percentage	Increase more than double	Increase slightly	Almost the same	Decrease slightly	Decrease more than half	Did not go stay trip last summer
M/F in their 20's	6.5	21.5	53.0	8.0	2.5	8.5
	28.0			10.5		
M/F in their 60's and thereafter	4.5	18.5	63.0	7.0	0.5	6.5
	23.0			7.5		

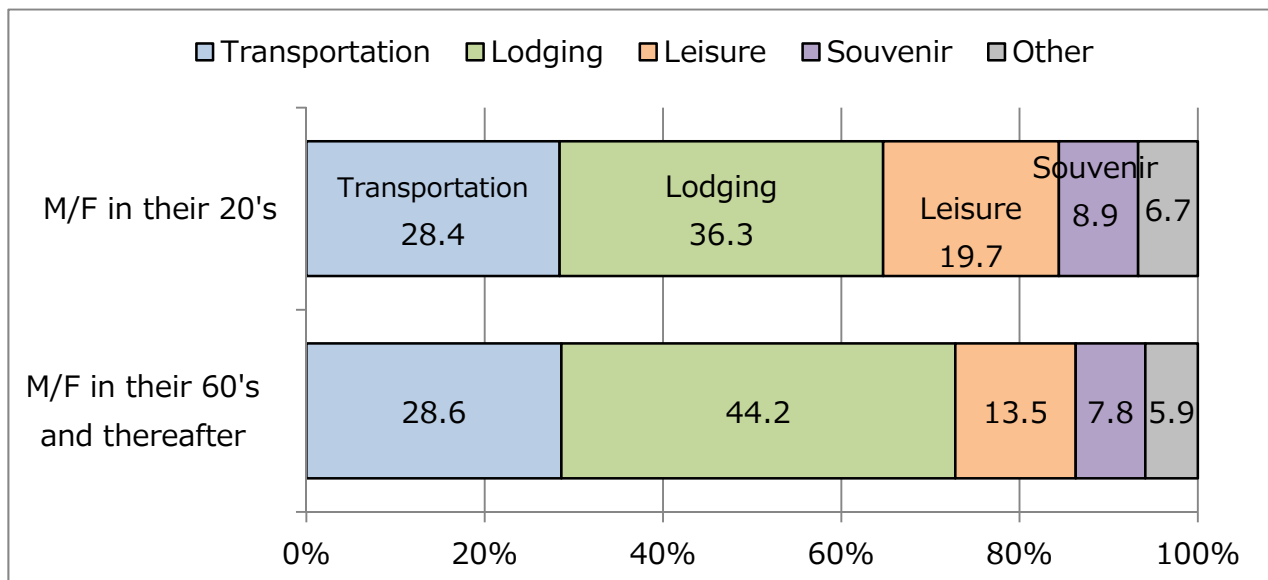
<Chart 5 > How much have you budgeted for the lodging per person per night ?  
(For instance, if four people stay in one room at JPY20,000, one person costs JPY5,000.)

Budget for lodging	Less than 5,000	More than 5,000 less than 10,000	More than 10,000 less than 15,000	More than 15,000 less than 20,000	More than 20,000
M/F in their 20's	8.5	48.5	22.5	10.5	10.0
M/F in their 60's and thereafter	5.0	24.0	37.0	23.0	11.0

■ The transportation cost accounts for less than 30% and people select the place nearby. They tend to spend money on lodging and leisure such as sightseeing. ■

With reference to the question concerning the budget breakdown for the trip, the transportation cost almost accounts for 30% for men and women in their twenties and those in their sixties and thereafter. 36.3% of men and women in their twenties spend money on lodging while the money they will spend on leisure such as sightseeing accounts for almost 20% (19.7%). On the other hand, the majority of men and women in sixties and thereafter spend money on lodging (44.2%), and leisure such as sightseeing cost accounts for 13.5%.

<Chart 6> Please let me know the breakdown of your travel expense if you travel  
(Ballpark figures are accepted for totalling 100%)

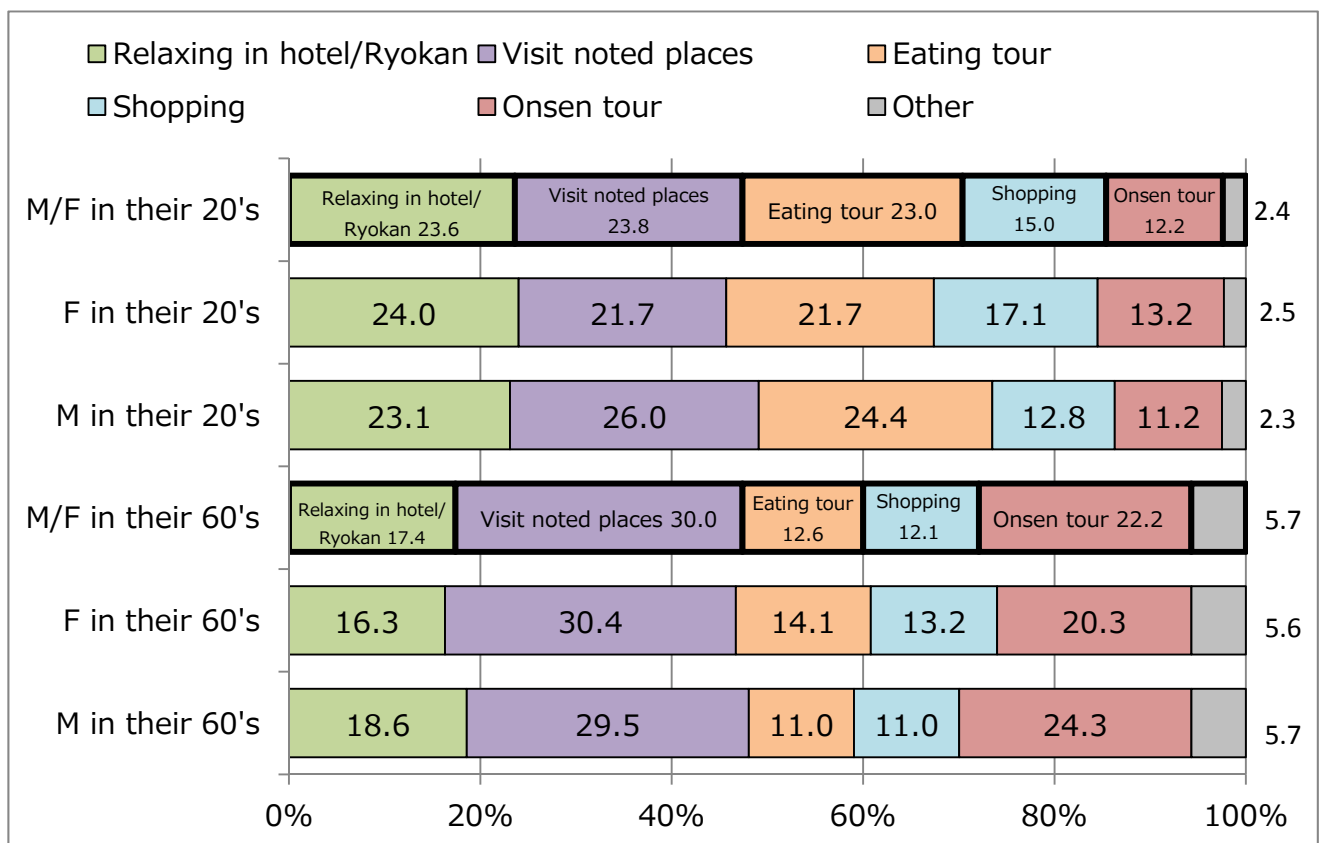


■ Those who are in their sixties are the travelers who actively visit the tourist sites, and those who are in their twenties spend their time at their own pace, relaxing at accommodations or enjoying eating tour. ■

With reference to the question concerning "How will you spend the time at the place you travel?", 30.0% of men and women in their sixties and thereafter said visiting the noted places of historic interest, and 22.2% said making Onsen tours. On the other hand, men and women in their twenties prefer staying relax at the accommodations (23.6%), visiting the noted place of historic interest (23.8%), and making eating tour (23.0%). The ratios of these three activities are the almost the same. As previously stated, the lodging cost of men

and women in their twenties is lower than that of those in their sixties and thereafter, and they plan to spend the budget on the leisure such as sightseeing (approximately 20%). They tend to find interesting things near the accommodations free and easy. Meanwhile, men and women in their sixties and thereafter tend to actively visit the noted place of historic interest or make Onsen tours despite their high lodging cost.

<Chart 7> Please let me know how to spend time at the place you visit (Multiple choice accepted)



\*It has been calculated that the sum of each item must total 100%

■ **"Location and Convenience" are matters of course. People lay emphasis on "Meals" and "Room" rather than "Bath" ■**

With reference to the question "What do you prioritize when you select the hotel or Ryokan?", "Location and Convenience" "Meals", "Room", "Bath", "Service and Hospitality" and "Other" were proposed for ranking. "Location and Convenience" are the first priority for men and women in their twenties and those in their sixties and thereafter. On the other hand, the second priority for the men and women in their twenties is "Room" while "Meals" are the second choice of those in their sixties and thereafter. This is the characteristic by age. Both



generations do not lay emphasis on “Bath”.

<Chart 8> Please number the item according to your priority.

(1 to 6 from the first priority to the last)

Percentage	No. 1	No.2	No.3	No.4	No.5	No.6
M/F in their twenties	<b>Location &amp; Convenience</b>	Room	Meals	Bath	Hospitality & Service	Other
	<b>22.4</b>	21.6	19.0	17.5	13.2	6.3
M/F in their 60's and thereafter	<b>Location &amp; Convenience</b>	Meals	Rooms	Bath	Hospitality & Service	Other
	<b>22.0</b>	21.4	19.6	17.8	12.4	6.8

### <Investigation summary>

Investigation method: Online investigation

Investigation period: June 6 to June 8, 2012

Valid respondents: 400 people

Attributes of respondents:

Those who live in Tokyo Metropolitan area (Tokyo, Saitama, Chiba and Kanagawa) and plan stay trips for this summer.

### <Breakdown of respondents>

Those who are in their twenties: Male 100 Female 100 (200 in total)

Those who are in their sixties and thereafter: Male 100 Female 100 (200 in total)

(Those who are in their sixties, 166 Those who are in their seventies, 34)

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## Summary of Japan Hotel REIT Advisors

“Japan Hotel REIT Advisors” (<http://www.jhra.co.jp>) is the asset management company of Japan Hotel REIT (Securities code 8985) that is one of J-REIT listed on Tokyo Stock Exchange.

Location:	Ebisu Neonart, 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-0031
Establishment:	August 10, 2004
Capital:	JPY300M
Major shareholders:	Rockrise Sdn Bhd K.K. Kyoritsu Maintenance

Representative Director: Orix Real Estate Corporation  
Hiroyuki Suzui  
Registration and license: Building Lots and Buildings Transaction business  
Governor of Tokyo (2) No. 83613  
Approval of Minister of Land, Infrastructure,  
Transport and Tourism No. 38  
Financial Instruments Business Operator,  
Director-General of the Kanto Local Finance  
Bureau No. 334  
Member of the Investment Trust Association, Japan



## Hiroyuki Suzui, Representative Director

**“True professionals who never stop challenging and creating” will provide attractive opportunities to invest in hotels.**

Promoting this mission, we have been managing the asset of Japan Hotel REIT. Expecting the further growth of the tourism industry and the hotel industry in Japan, we property catch the demands risen by the growths of them and convert them into the revenue. We aim for achieving WIN-WIN-WIN relationship between the hotel clientele, hotel staffs and the hotel investors.

Our major shareholder, Rockrise Sdn Bhd is Singapore-based RECAP group that has invested in the real estates throughout Asia. This RECAP group has been also placing high expectations on a big growth of the Japanese hotel industry.

If you have question, please contact us as follows:

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