

Provisional Translation Only

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Announcement of Operational Results

Fourth Term (ended August 2009) Semi-Annual

April, 2009



JAPAN HOTEL AND RESORT

Japan Hotel and Resort, Inc.

<http://www.jhrth.com>



JAPAN HOTEL AND RESORT

Japan Hotel & Resort K.K.

<http://www.jhrkk.com>



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Chapter 1 Semi-annual results and outlook for FY 2009 ended August 31, 2009

Highlights of Semi-Annual Results for FY 2009

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Half Year ended February 28, 2007 Actual	Half Year ended February 29, 2008 Actual	Half Year ended February 28, 2009 Previous Forecast (5)	Half Year ended February 28, 2009 Actual
Operating Revenues	2,710	2,952	3,007	2,974
Variable Rent Revenues	1,000	1,087	1,123	1,090
Operating Expenses	1,124	1,487	1,651	1,571
Depreciation Costs	645	768	881	864
Loss from Disposal of Fixed Assets	10	46	40	7
Operating Profit	1,585	1,465	1,355	1,402
Non-Operating Profit	△162	△321	△430	△421
Recurring Profit	1,423	1,144	924	980
Net Income	1,422	1,143	923	979
NOI (1)	2,490	2,529	2,540	2,523
NOI % (2)	6.6	5.9	6.0	5.9
FFO (3)	2,077	1,957	1,844	1,850
LTV % (4)	39.0	45.6	-	44.1
Number of Outstanding Units	91,700	91,700	105,719	105,719

(Note 1) Net Operating Income (NOI) = Rent Revenues – Rent-related Expenses + Depreciation Costs + Loss from Disposal of Fixed Assets.

(Note 2) NOI % = NOI / Acquisition Price. Semi-annual NOI is doubled for this calculation purpose.

(Note 3) Funds from Operation (FFO) = Net Income + Depreciation Costs + Loss from Disposal of Fixed Assets.

(Note 4) Loan to Value (LTV) = Interest-bearing Debt at year-end / Total Assets at year-end.

(Note 5) The previous forecast was announced in the "Notice regarding revision of forecast of operating results for FY2009 issued on January 21, 2009".

Outlook for FY 2009

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Ended August 31, 2006 Actual (1)	Ended August 31, 2007 Actual	Ended August 31, 2008 Actual	Ended August 31, 2009 Previous Forecast (2)	Ended August 31, 2009 Forecast
Operating Revenues	2,985	5,592	6,063	6,343	5,995
Variable Rent Revenues	1,148	2,109	2,315	2,428	2,219*
Step up Rent Revenues	-	-	-	147	-
Operating Expenses	1,235	2,585	3,085	3,318	3,234
Depreciation Costs	668	1,355	1,623	1,796	1,776
Loss from Disposal of Fixed Assets	54	105	71	73	26
Operating Profit	1,749	3,007	2,978	3,024	2,761
Non-Operating Profit	△288	△535	△672	△1,028	△1,006
Recurring Profit	1,461	2,472	2,306	1,996	1,755
Net Income	1,459	2,470	2,304	1,994	1,753
Dividend per Unit (yen)	15,921	26,944	25,130	18,862	16,584
NOI	2,730	4,984	5,184	5,413	5,082
NOI %	6.9	6.6	6.1	6.4	6.0
FFO	2,183	3,931	3,999	3,863	3,555
LTV %	38.8	38.4	45.1	-	40.8
Number of Outstanding Units	91,700	91,700	91,700	105,719	105,719

* This variable rent revenues are determined by the variable rent cap. For details, refer to "(Reference Information) About Deciding the Variable Rents" on the next page.

This variable rents were forecasted taking into account the competitiveness of our hotels in their current conditions and market environments, etc., but due to recent economic conditions uncertainty is increasing with regards to forecasts of the revenues of the five hotels with variable rents. In light of this situation, it is possible that variable rents will decrease to about ¥1,980 mn. Furthermore, this decrease variable rents are not the total variable rents of ¥2,250 mn calculated by multiplying the variable rent rate by the operating period hotel revenues; it is the variable rent cap. Moreover, in this case, the dividend per unit is expected to be about ¥14,400. Also, the figures in question were prepared based on currently available information, and do not guarantee the minimum decrease amount.

(Note 1) Actual operating days for FY 2006 are 198 days, from February 15 to August 31, 2006.

(Note 2) The previous forecast was announced in the "Notice regarding revision of forecast of operating results for FY2009 issued on January 21, 2009"

(Reference Information)

About Deciding the Variable Rents

Japan Hotel and Resort, Inc.

(Amount: million yen)

	$\left(\begin{array}{l} \text{GOP of} \\ \text{hotels with} \\ \text{variable} \\ \text{rents} \\ \text{(Note1,2)} \end{array} \right.$	$- \begin{array}{l} \text{Fixed rents of} \\ \text{hotels with} \\ \text{variable rents} \end{array}$	$- \begin{array}{l} \text{Operators' } \\ \text{fees (Note3)} \end{array}$	$\left. \right) \times 90\% =$	$\begin{array}{l} \text{Variable} \\ \text{rent cap} \\ \text{(Note4)} \end{array}$	$< \begin{array}{l} \text{Hotel} \\ \text{revenues (i)} \\ \text{multiplied by} \\ \text{variable rent} \\ \text{rate (Note5)} \end{array}$	$\begin{array}{l} \text{Total} \\ \text{variable} \\ \text{rents} \end{array}$	$\begin{array}{l} \text{(Reference)} \\ \text{Revenues of} \\ \text{hotels with} \\ \text{variable rents} \\ \text{(i)} \end{array}$
FY 2009 Forecast	6,148	- 3,221	- 460	X 90% =	2,219	< 2,293	2,219	22,939
FY 2008 Results	6,302	- 3,202	- 505	X 90% =	2,335	> 2,315	2,315	23,151
FY 2007 Results	6,007	- 3,000	- 534	X 90% =	2,225	> 2,109	2,109	21,096

(Note1) The hotels with variable rents are the hotels which are leased to K.K. Hotel Management Japan (hereinafter "HMJ" or "the lessee") and included four hotels in FY 2007, Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, and Hotel Nikko Alivila. With the addition of Oriental Hotel Hiroshima from FY 2008 there are now five hotels with variable rents.

(Note2) GOP (Gross Operating Profit): Total departmental profit minus unallocated expenses.

(Note3) The total fees paid to Archon Hospitality K.K. and JAL Hotels Co., Ltd.

(Note4) Variable rent cap: 90% of the adjusted GOP calculated by subtracting fixed rents and operators' fees from GOP of the five hotels with variable rents. In our December 14, 2005 fixed term building lease contract with HMJ, it was agreed that the upper limit of the total variable rents would be this variable rent cap.

(Note5) Hotel revenue did not reach the revenue threshold for stepping up so the variable rent rate is the standard rate of 10%.

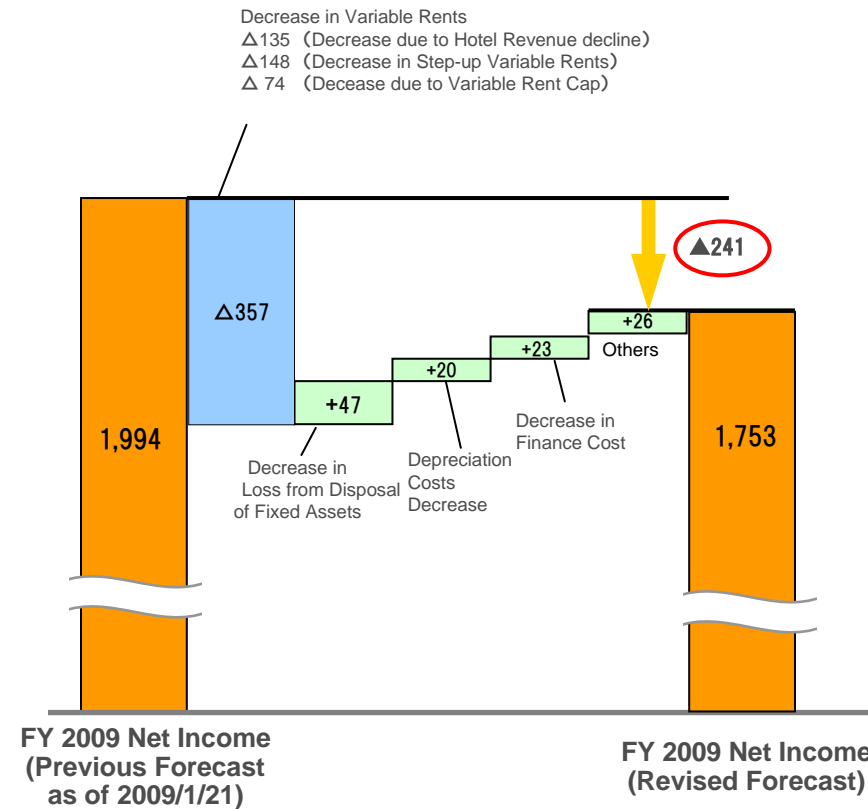
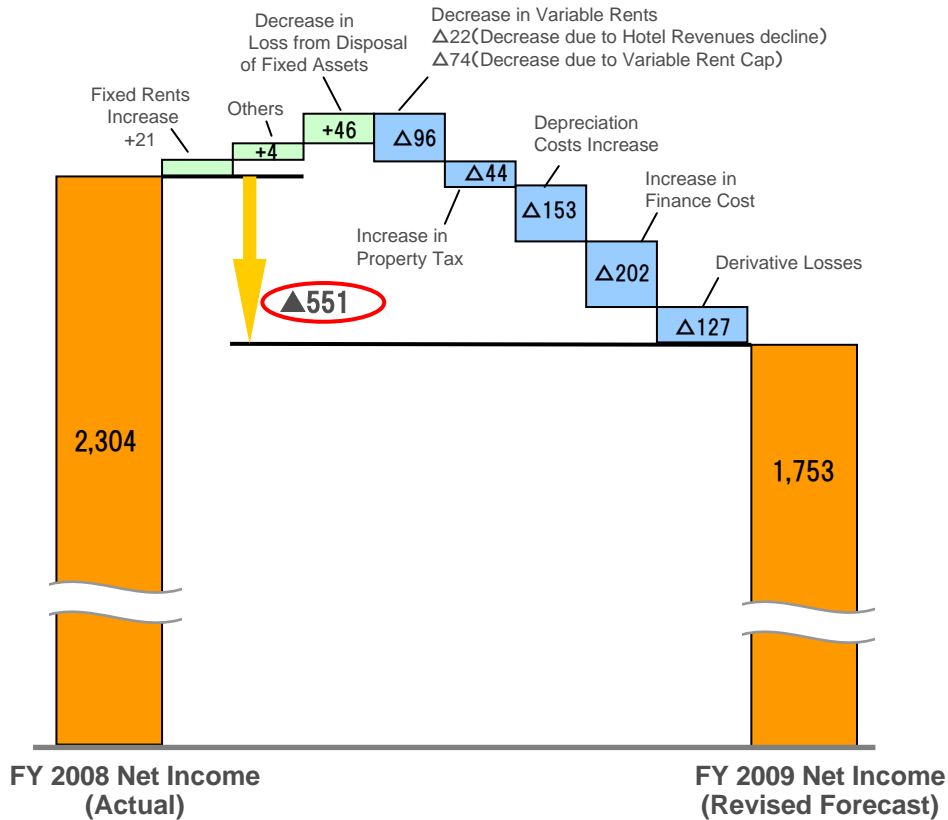
Net Income Comparison

Japan Hotel and Resort, Inc.

(Amount: million yen)

FY 2009 Revised Forecast vs FY2008 Results

FY2009 Revised Forecast vs Previous Forecast



Assumptions

- Operating Days for FY2009 are 365 days from September 1, 2008 to August 31, 2009.
- The Projections are made for the eight properties that the REIT holds as of the end of the previous financial term.
- The amount of debt outstanding at the end of FY2009 is expected to be ¥37,453mn.
- Actual operating revenues, operating profit, recurring profit, net income and dividend per unit may differ from the projections, depending on the future acquisition or a sale of a property, trends in the real estate market, and changes in other conditions surrounding the REIT. The projected dividend is not guaranteed.

Summary of Balance Sheet

Japan Hotel and Resort, Inc.

(Amount: million yen)

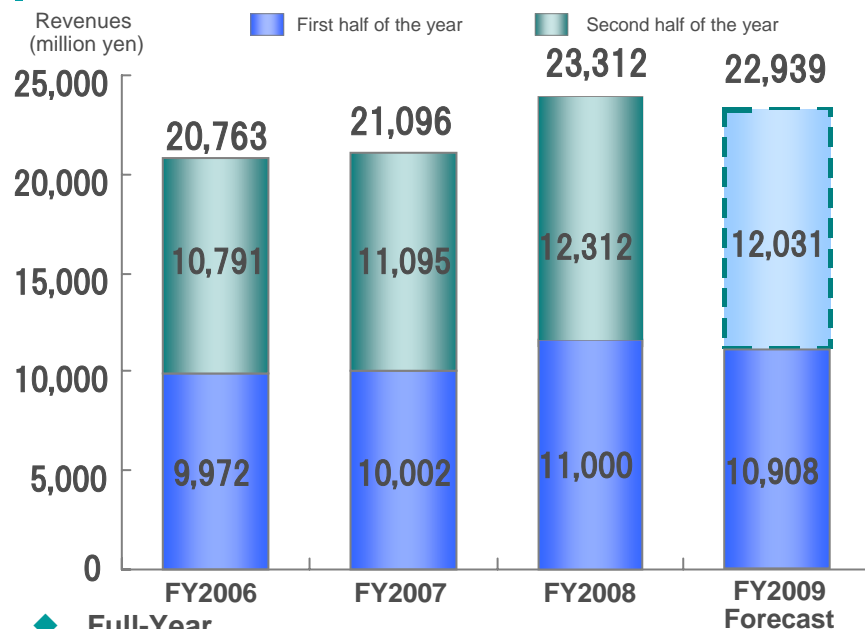
	Ended Feb. 28, 2007	(%)	Ended Feb. 29, 2008	(%)	Ended Feb. 28, 2009	(%)	Ended Feb. 28, 2007	(%)	Ended Feb. 29, 2008	(%)	Ended Feb. 28, 2009	(%)	
ASSETS						LIABILITIES							
Current Assets	5,334	6.6	6,243	6.8	6,303	6.9	Current Liabilities	652	0.8	20,177	21.9	9,333	10.2
Cash and Bank Deposit	4,173		4,794		3,740		Trade Payables	90		549		63	
Rent Receivable	1,000		1,087		480		Long-Term Debts to be repaid within one year	-		19,000		8,700	
Others	159		362		2,082		Account Payable and Other Payables	165		290		274	
Fixed Assets	76,161	93.5	85,778	93.2	85,417	93.1	Rents Received in Advance	310		329		295	
Property and Equipment at Cost	63,332	77.7	73,004	79.3	72,526	79.1	Others	86		8		0	
Buildings	1,892		2,245		2,385		Fixed Liabilities	33,528	41.1	24,838	27.0	34,038	37.1
Land	885		884		884		Long-Term Debts	31,753		22,953		31,753	
Construction in progress	5		65		28		Leasehold & Security Deposit Received	1,775		1,885		2,285	
Buildings in Trust	27,772		30,331		29,751		TOTAL LIABILITIES	34,180	41.9	45,016	48.9	43,371	47.3
Land in Trust	32,776		39,476		39,476		EQUITY						
Intangible Assets	12,337	15.1	12,351	13.4	12,370	13.5	Total Unitholders' Capital	46,014	56.5	46,014	50.0	47,514	51.8
Investment and Other Assets	492	0.6	423	0.5	519	0.6	Retained Earnings	1,422	1.7	1,143	1.2	980	1.1
Deferred Assets	-		-		17	0.02	Unrealized Gains or Losses from Deferred Hedge	△122	△0.1	△151	△0.2	△128	△0.1
TOTAL ASSETS	81,495	100.0	92,022	100.0	91,738	100.0	TOTAL EQUITY	47,315	58.1	47,006	51.1	48,366	52.7
							TOTAL LIABILITIES and UNIT HOLDERS EQUITY	81,495	100.0	92,022	100.0	91,738	100.0

Chapter 2 Highlights of Hotel Performance

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

5 Hotels⁽¹⁾ with Variable Rent Revenues & Operating Performance ⁽²⁾



◆ Full-Year

	FY2006	FY2007	FY2008
Occupancy Rate (%)	81.2%	81.4%	77.6%
ADR (yen)	18,439	19,042	18,172
RevPAR (yen)	14,963	15,500	14,107

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	80.0%	84.0%	76.4%	79.4%
ADR (yen)	15,978	16,585	16,014	16,291
RevPAR (yen)	12,780	13,925	12,235	12,938

Results for 1st Half of FY2009

- Total revenues decreased by ¥92mn (0.8%) from the first half of FY 2008.
- In the room segment, revenues increased by ¥140mn (3.3%) from the first half of FY 2008. During a time when the decline of the economy has become clear, the occupancy rate, ADR, and RevPAR increased from the first half of FY 2008.
- Meanwhile, revenues in the food & beverages segment decreased by ¥241mn (4.3%) from the first half of FY 2008 as a result of the decline in revenues from the weddings business, mainly in Kobe, which was due to competitors entering the market and reduced advertising.

Outlook for 2nd Half of FY2009

- Total revenues are forecasted to decrease by ¥281mn (2.3%) from the second half of FY 2008.
- In the room segment, due to the strengthening of the effects on the overall market from economic decline, the waning of the effects of Tokyo Disney Disneyland's 25th anniversary events, and increased competition in Okinawa from the overseas travel market, revenues are forecasted to decrease compared to the same period in FY 2008 regardless of the effects of emergency measures.
- In the food & beverages segment, while the recovery of the weddings segment is forecasted for after the next term, revenues are forecasted to decrease compared to the same period in FY 2008 due to further impact of economic decline on general banquets and restaurants.

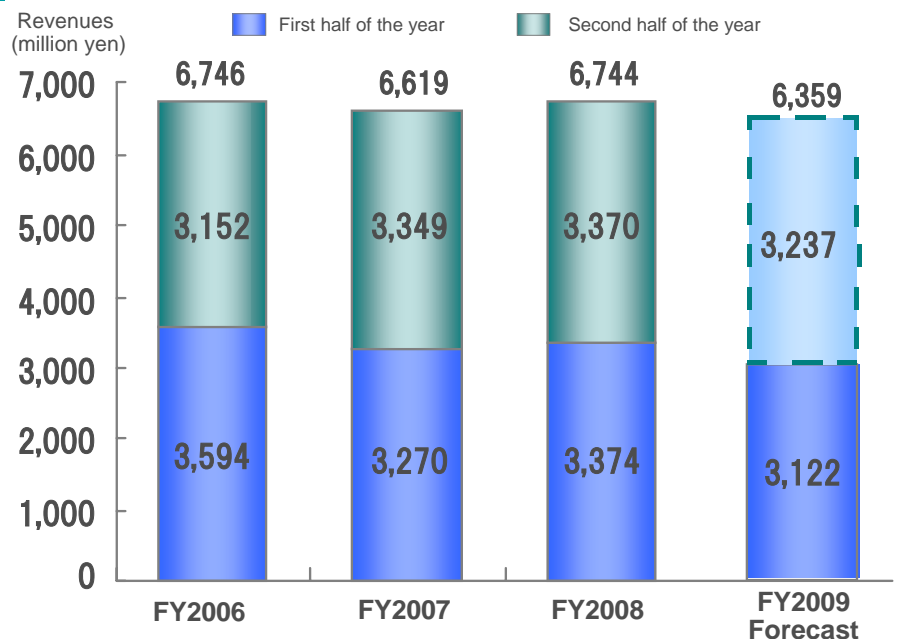
(Note1) 5 hotels include Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Aliviva and Oriental Hotel Hiroshima, all of which are leased to HMJ.

(Note2) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2008 is audited and the others are not. The data for FY 2009 is a forecast. The data for Oriental Hotel Hiroshima includes September, 2007 although the REIT acquired the hotel on October 1, 2007. The actual results for FY 2009 may differ from the forecast, depending on various factors.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Kobe Meriken Park Oriental Hotel



◆ Full-Year

	FY2006	FY2007	FY2008
Occupancy Rate (%)	78.7%	78.4%	78.0%
ADR (yen)	14,961	16,025	15,448
RevPAR (yen)	11,771	12,556	12,049

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	77.9%	79.6%	76.0%	74.9%
ADR (yen)	14,783	15,373	15,442	15,896
RevPAR (yen)	11,509	12,232	11,732	11,905

Results for 1st Half of FY2009

- Total revenues decreased by ¥252mn (7.5%) from the first half of FY 2008.
- In the room segment, while competing hotels struggle to capture demand, RevPAR improved from the first half of FY 2008 due to the expansion of our internet products and strong sales activities.
- Meanwhile, in the food & beverages segment, the number of weddings decreased due to competitors entering the market and constraint of advertisements, leading to a decrease in revenues of ¥209mn (8.7%) from the first half of FY 2008.

Outlook for 2nd Half of FY2009

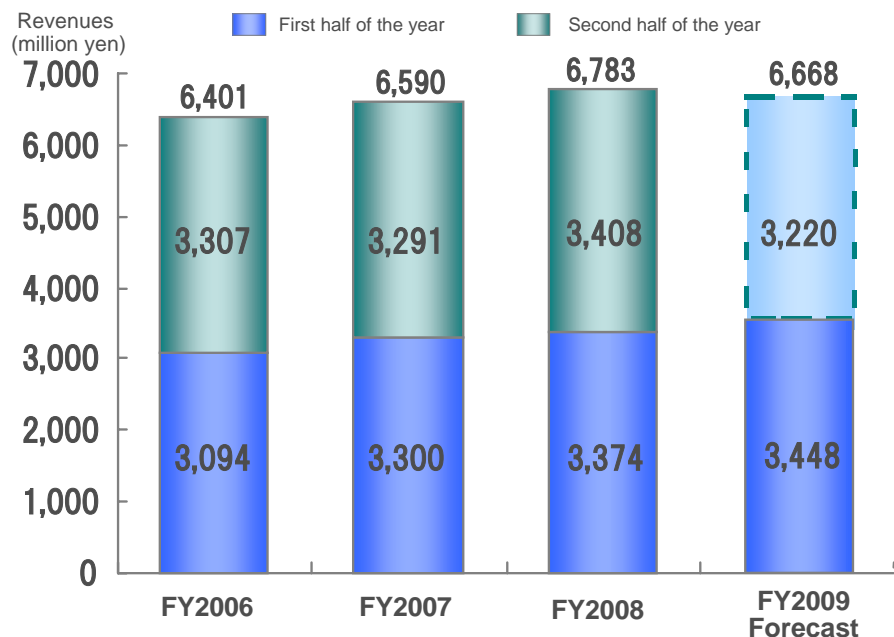
- Total revenues are forecasted to decrease by ¥133mn (3.9%) from the second half of FY 2008.
- In the room segment, a boost in demand is expected from the Hyogo prefecture tourism promotion campaign, and revenues are forecasted to exceed the results of the second half of FY 2008 due to continued effective approaches toward the expansion of product plans and sales activities.
- In the food & beverages segment, the weddings business is forecasted to see decreases in the number of weddings and a decrease in revenues from FY 2008 due to competitors entering the market, a continuation of the trend seen in the first half of the current term.

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2008 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Oriental Hotel Tokyo Bay



◆ Full-Year

	FY2006	FY2007	FY2008
Occupancy Rate (%)	83.6%	80.6%	79.6%
ADR (yen)	18,243	19,446	19,817
RevPAR (yen)	15,243	15,679	15,784

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	83.6%	86.7%	81.3%	89.3%
ADR (yen)	16,832	17,706	18,316	17,928
RevPAR (yen)	14,063	15,357	14,893	16,002

Results for 1st Half of FY2009

- Total revenues increased by ¥74mn (2.2%) from the first half of FY 2008.
- In the room segment, high occupancy rates were maintained due to Tokyo Disney Disneyland's 25th anniversary events successfully attracting a large number of guests, and our revenue management also produced results, so RevPAR improved and revenues increased by ¥101mn (6.7%) from the first half of FY 2008.
- In the food & beverages segment, revenues from weddings and banquets fell short of those of FY 2008 due to competitors entering the market, but general banquets and restaurants remained strong keeping the decrease of revenues to no more than at ¥60mn (3.7%).

Outlook for 2nd Half of FY2009

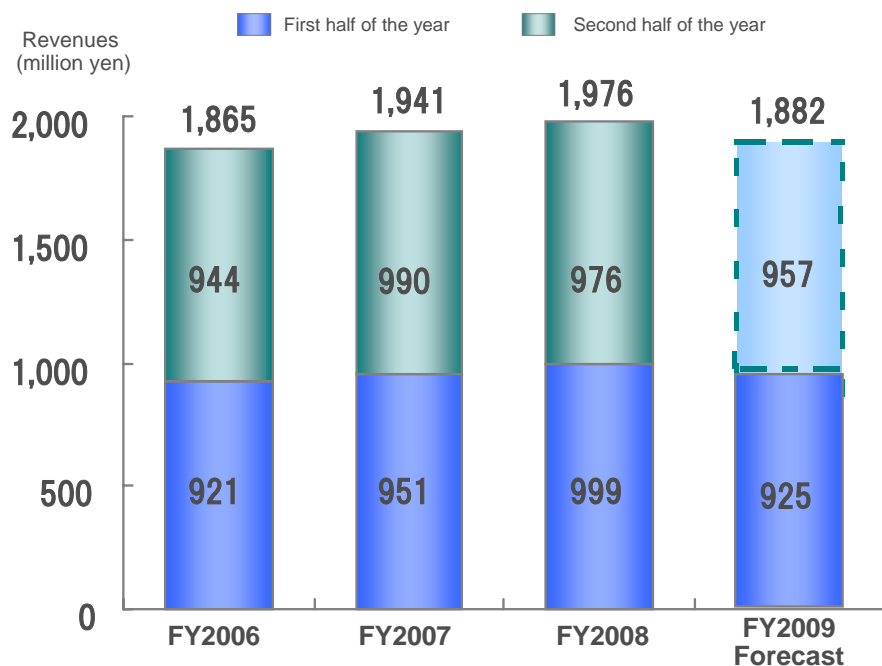
- Total revenues are forecasted to decrease by ¥188mn (5.5%) from the first half of FY 2008.
- In the room segment, revenues are forecasted to decrease from the second half of FY 2008 due to the addition of a certain degree of impact from the economic decline following the conclusion of the anniversary events and also due to decreased individual demand via agents.
- In the food & beverages segment, recovery of the weddings business is not expected until after next year and in this context segment revenues are forecasted to decrease from FY 2008 due to the weakening of general banquets because of economic decline and expectations of stagnation of individual consumption mainly in the evenings in the restaurant business.

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2008 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Namba Oriental Hotel



◆ Full-Year

	FY2006	FY2007	FY2008
Occupancy Rate (%)	80.2%	88.4%	86.8%
ADR (yen)	9,652	10,300	10,649
RevPAR (yen)	7,740	9,104	9,248

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	78.2%	88.2%	88.7%	80.4%
ADR (yen)	9,227	10,093	10,539	10,604
RevPAR (yen)	7,217	8,907	9,350	8,520

Results for 1st Half of FY2009

- Total revenues decreased by ¥74mn (7.4%) from the first half of FY 2008.
- In the room segment, due to the waning of the special factors of the World Championships in Athletics held the previous year as well as substantial declines in inbound tourism from Asia (especially South Korea) because of the strengthening of the yen since November 2008, revenues decreased by ¥45mn (9.4%) compared to the first half of FY 2008.
- In the food & beverages segment, revenues decreased by ¥18mn (22.5%) compared to the first half of FY 2008 mainly due to a weakening of revenues from breakfasts because of declines in occupancy rates.

Outlook for 2nd Half of FY2009

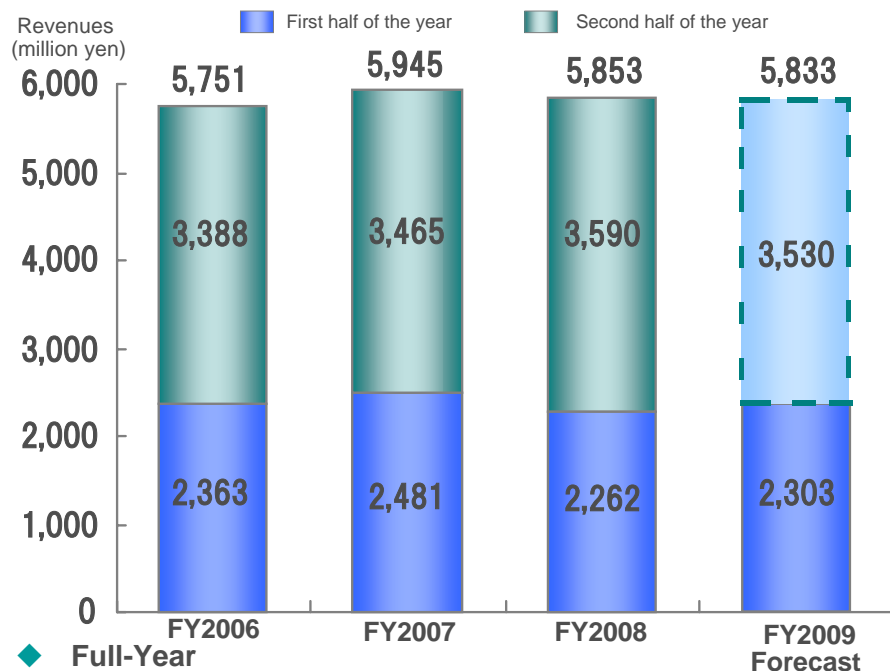
- Total revenues are forecasted to decrease by ¥19mn (1.9%) from the second half of FY 2008.
- In the room segment, certain results can be expected from strongly capturing domestic leisure demand, but as business demand weakens, inbound tourism from South Korea is expected to continue to decline due to the depreciation of the won, and revenues are forecasted to decrease compared to the same period of FY 2008.
- In the food & beverages segment, revenues are forecasted to decrease from the same period of FY 2008 as stagnation continues due to decreases in the number of guests, decreases in the number of inbound visitors with high food intake ratios, and decreases in group dinners.

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2008 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Hotel Nikko Alivila



	FY2006	FY2007	FY2008
Occupancy Rate (%)	80.7%	80.4%	77.4%
ADR (yen)	25,935	27,197	28,347
RevPAR (yen)	20,928	21,859	21,934

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	78.7%	81.3%	71.1%	73.4%
ADR (yen)	20,200	20,612	21,646	22,327
RevPAR (yen)	15,892	16,762	15,394	16,378

Results for 1st Half of FY2009

- Total revenues increased by ¥41mn (1.8%) from the first half of FY 2008.
- In the room segment, the occupancy rate, ADR, and RevPAR all increased due to the effects of guest room renovations, and revenues increased by ¥71mn (5.8%) from the first half of FY 2008.
- Meanwhile, in the food & beverages segment, revenues decreased by ¥31mn (3.8%) due to the continued trend of a decrease in restaurant food intake ratios.

Outlook for 2nd Half of FY2009

- Total revenues are forecasted to decrease by ¥60mn (1.7%) from the second half of FY 2008.
- In the room segment, guest room renovations can be expected to slow down the large-scale declines in ADR but an outflow of demand to overseas markets due to the appreciation of the yen and decreases in group demand from companies will add more downward pressure on the overall market with regards to both occupancy rates and ADR, and revenues are forecasted to decrease compared to the same period of FY 2008.
- In the food & beverages segment, food intake ratios will stop declining, but revenues are forecasted to decrease compared to the same period of FY 2008 due to the impact of decreases in the number of guests.

CAPEX III for FY2009

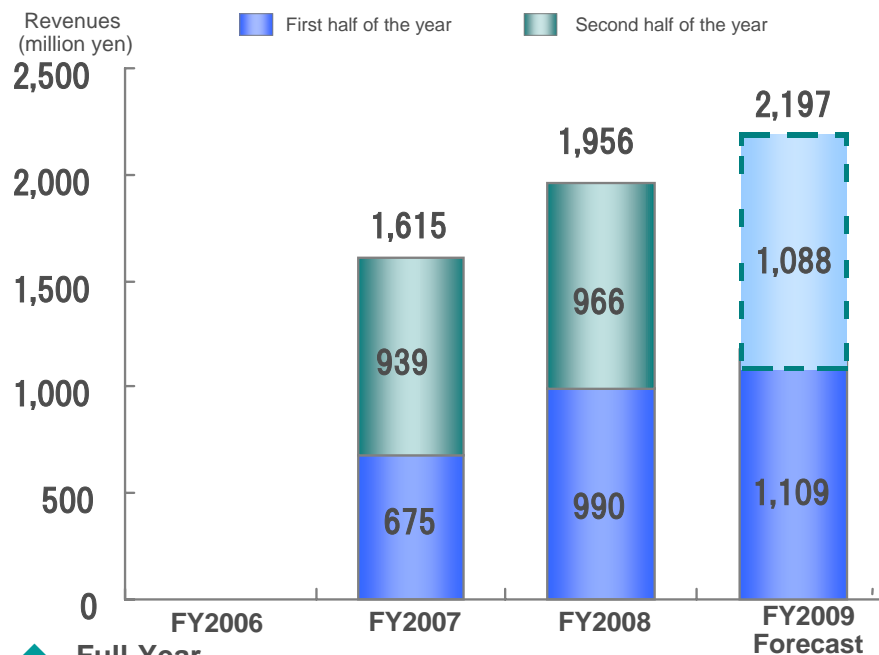
- Renovation of the south and west wing guest rooms on the first through sixth floors (114 rooms) and the hallways (¥430mn).

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2008 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Oriental Hotel Hiroshima



◆ Full-Year

	FY2006	FY2007	FY2008
Occupancy Rate (%)	—	55.3%	62.6%
ADR (yen)	—	8,350	8,876
RevPAR (yen)	—	4,617	5,556

◆ 1st Half

	FY2006	FY2007	FY2008	FY2009
Occupancy Rate (%)	—	46.7%	62.6%	73.4%
ADR (yen)	—	8,279	8,638	8,958
RevPAR (yen)	—	3,868	5,408	6,576

(Note)

1. Data for FY 2007 (Sept. '06 – Aug. '07) and for Sep. '07 occurred before the REIT acquired the hotel, and is unaudited information provided by the seller
2. Regarding the first half of FY 2008, six months revenues are used to make an equivalent comparison with other periods, although the REIT has owned the hotel for five months.
3. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

Results for 1st Half of FY2009

- Total revenues increased by ¥119mn (12%) from the first half of FY 2008.
- In the room segment, as the market stagnates due to decreases in the number of inbound guests and decreases in business demand centered on auto-related companies, expansion of reservation sources and internet sales activities following guest room renovations were successful, and revenues increased by ¥29mn (10.8%) compared to the same period last year.
- In the food & beverages segment, there were strong effects from the renovation of the third and fourth floor banquet halls for which construction was completed in early September 2008, and revenues increased by ¥77mn (11.0%) compared to the first half of FY 2008.

Outlook for 2nd Half of FY2009

- Total revenues are forecasted to increase by ¥122mn (12.6%) from the second half of FY 2008.
- In the room segment, it is predicted that the ADR of the overall market will continue to follow a trend of decline, but revenues are forecasted to increase compared to the same period last year due to the effects of the various sales strengthening measures.
- In the food & beverages segment, as the impact of competitors entering the weddings market mainly in March and April is expected, and the impact of the economy on general banquets and restaurants is expected to become more severe, revenue growth is forecasted to grow only slightly compared to the same period of FY 2008.

CAPEX III for FY2009

- Renovation of the third and fourth floor banquet halls (¥138mn).

Chapter 3 Future Investment and Management Policy

Perception of the Market Conditions

■ General Market Conditions

- Due to the worldwide economic decline triggered by the financial crisis in the United States, a sense of economic decline is strengthening in Japan.

■ Hotel Market Conditions

- A severe business environment is expected due to decreases in domestic travel as well as decreases in the number of foreign visitors to Japan, etc., reflecting the impact of the economic decline.
- Prospects for the medium to long term are positive due to (i) travel demand by the baby-boomer generation, (ii) changes in consumption propensity from time-saving expenditures to time-consuming expenditures, and (iii) increases in the number of foreign visitors to Japan by the government's promotion of Japan as a country built on tourism.



Agile business management which pays even closer attention to market trends than before is necessary

We will target growth during the period of economic recovery, and attempt to maintain and improve the competitiveness of our hotels, and improve our asset values.

Basic Policies

Through a deep understanding of the hotel business, meticulous management, and a strong cooperative relationship with the operators, the goal of the REIT is to maximize the mid/long-term value of the hotel and generate outstanding investment returns

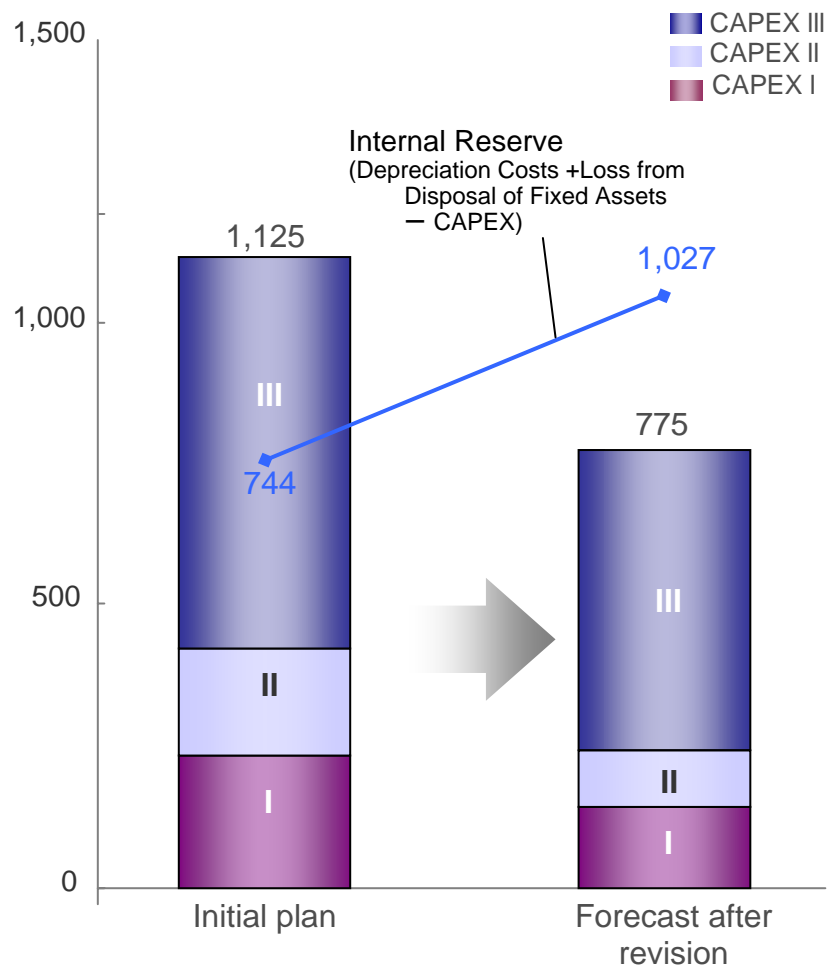
- ◆ We will conduct monitoring that focuses more on GOP so that the profitability of each property is maintained by using thorough cost management, etc.
 - Urge lessees and operators for improvements (As necessary, offer recommendations and provide support)
- ◆ While minimizing current risks, we will aim to achieve the five-year plan and continue to maximize the mid-term profitability of the five hotels with variable rents
 - Revise the management strategy reacting to the on-going changes in the market condition – postpone or cancel some of this term's capital expenditures
 - Work out details of and execute strategic capital expenditures aiming at the strengthening of mid/long-term competitiveness
 - Promote the repositioning / rebranding project

Internal Growth

Revision of FY 2009 CAPEX (Capital Expenditure)

Japan Hotel and Resort, Inc.

(Amount: million yen)



Details of CAPEX Revision

- Basically, expenditures for maintaining and managing buildings and expenditures necessary for ensuring the safety of our employees and customers will be continued.
- We will revise the investment effects in accordance with changes in economic conditions and postpone or cancel some capital expenditure.

(Million yen)

	CAPEX I	CAPEX II	CAPEX III	Total
Initial plan	227	204	693	1,125
After revision	141	101	532	775
Reduction amount	△86	△102	△160	△349

Reduction rate due to revision: **△31%**

Effects of the Revision

- Increase in internal reserve: +283 million yen
- Reduction in depreciation costs and loss from disposal of fixed assets in the current term: **△67 million yen**

(Note)
 CAPEX I: Replacement of equipments and facilities required for maintaining the asset value of properties.
 CAPEX II: Purchase of fixtures, furniture, and equipment required for operating hotels, unrelated to their building frame or facilities.
 CAPEX III: Strategic renovation of guest rooms, banquet halls and restaurants with the view to maintain and increase hotel competitiveness.

External Growth

External Growth Strategies

Japan Hotel and Resort, Inc.

Perception of the Market Condition

■ Trends in Hotel Investment Market

- Although selling prices vary depending on the location, the competence of the operators, and the brand, etc., they are expected to follow a downward trend in the coming one to two years.
- An environment in which it is easier than in the past to acquire stable and highly profitable properties is forecasted.



Select and acquire prime properties with growth potential at a low price

After acquisition, cooperate with the operator to encourage internal growth

Basic Policies

Ensure stable revenues over the short-term and the mid/long-term, and aim to acquire properties with the focus on construction of a portfolio with internal growth potential

In the mid/long-term, aim to build a portfolio which consciously maintains a balance between five items: by grade, by type, by region, by year-built and by rent type (fixed or variable)

Essential Conditions

Hotels that can bring in "domestic leisure customers" and "leisure customers visiting Japan"

Hotels that are expected to increase revenues through operational improvements

(However, it is assumed that the hotel is already ensuring stable revenues.)

- Regarding the hotel type, target major investments to city hotels and resort hotels for which a certain amount of management know-how is necessary and barriers to new entry to the market are high.
- Target investment in business hotels to those hotels which can bring in leisure demand as well.
- Regarding areas, target investments to leisure destinations and places travelers stop on the way to their final destination.

* "Leisure demand" means demand for tourism, shopping, movies and theater, exchanges of traditions and cultures, concerts, accommodation, meals, experiences of nature, marine sports, golf, skiing, summer getaways, winter getaways, etc.

<Points to focus on in the short-term >

- 1. Taking into consideration the profitability and stability, etc. of individual properties, we will make careful judgments while focusing on the funds procurement environment**
- 2. Regions: Tokyo, Osaka, Kyoto, Fukuoka, Hokkaido, Okinawa and Hakone**

External Growth

Potential Opportunities to Acquire Properties

- The asset management company searches and acquires properties using its own expertise and strong network in hotel investment, and also using the pipeline agreement with the Goldman Sachs Group, which has a wealth of know-how in hotel investments and operations



- Introduction of hotels acquired by GS
- Introduction of hotels brought by third parties to GS

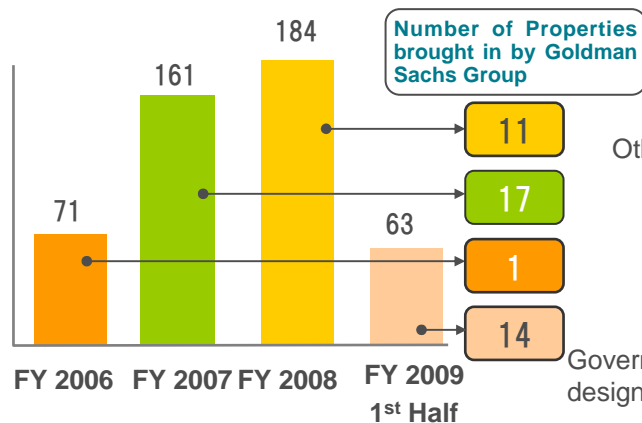


- Introduction by third parties

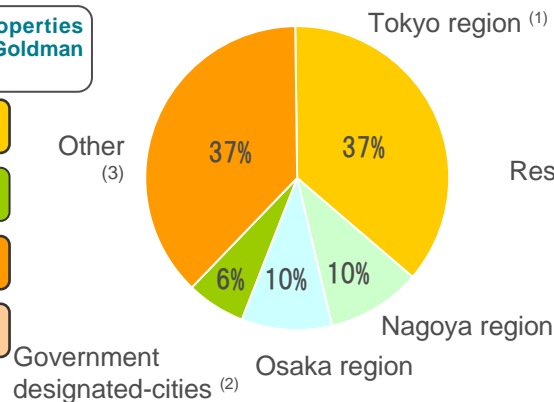


- 63 new properties were brought in during the first half of FY 2009 (September 2008 – February 2009). The number of new properties decreased from 109 to 63 compared to the first half of FY 2008, but this is because the number of new properties brought in on the condition that they would be acquired after development has decreased. Furthermore, what is characteristic is that the number of relatively high-grade existing properties introduced has increased.

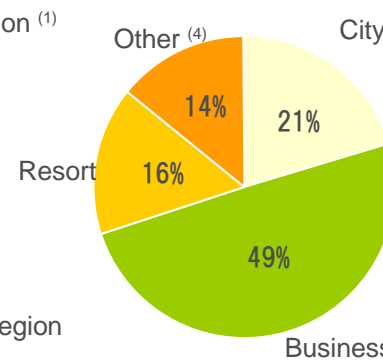
Number of properties brought in



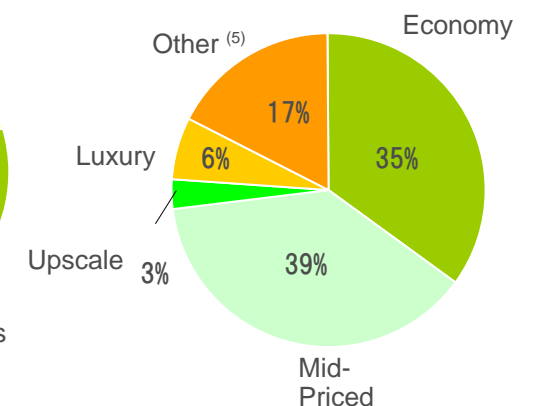
By Location



By Type



By Grade



(Note 1) The Tokyo region includes Tokyo, Kanagawa, Saitama and Chiba prefectures; the Nagoya includes Aichi, Gifu and Mie prefectures; and the Osaka includes Osaka, Kyoto, Nara and Hyogo prefectures.

(Note 2) Government-designated cities exclude those within the above three major regions.

(Note 3) Others include properties located in areas other than the three major regions or government-designated cities, and properties whose details were not disclosed when they were brought in.

(Note 4) Others include developmental properties whose types are not determined and properties whose details were not disclosed when brought in.

(Note 5) Others include developmental properties whose grades are not determined and properties whose details were not disclosed when brought in.

Perception of the Market Condition

- World-wide financial crisis and credit crunch
- The fund procurement environment surrounding J-REITs will continue to be severe for the time being.



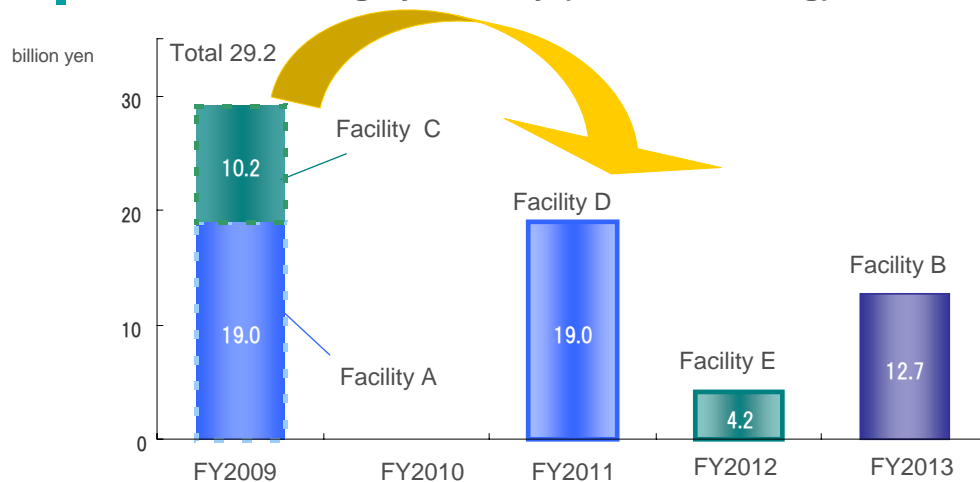
Stable financial foundation under strong relationship with the existing lenders

Basic Policies

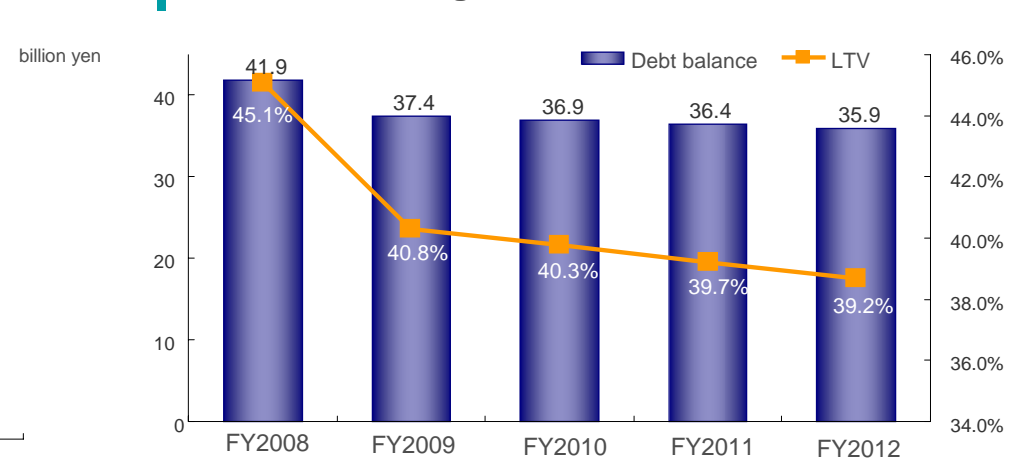
Management Placing Importance on Ensuring Financial Soundness and Stability

- Maintain conservative Loan to Value (LTV) levels: target of 30%-50%
- Diverse financing sources and disperse debt maturity
- Promote cash management
- Interest rate hedging strategy: reduce interest rates rising risk and enjoy a certain level of profit from current low interest rates

Debt Outstanding by Maturity (after refinancing) (1)



Debt Outstanding and LTV Ratio (2)



(Note 1) The graph does not include Facility F (¥1.5 billion) which will be amortized ¥500 mn annually.

(Note 2) In calculation of LTV after FY2009, the total asset amount as of the end of February, 2009 is used.

List of Debts

<as of the end of January, 2009 (before Refinance) LTV:45.7%>



Term (1)	Facility	Lender	Balance (Million Yen)	Maturity Date	Remarks
Short-term	A	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Norinchukin Bank	19,000	February 13, 2009	Unsecured, non-guaranteed
Mid-term	B		12,753	November 15, 2012	Unsecured, non-guaranteed
Short-term	C		10,200	March 24, 2009	Unsecured, non-guaranteed
Total			41,953		

< as of the end of March, 2009 (after Refinance) LTV:40.7%>



Term (1)	Facility	Lender	Balance (Million Yen)	Maturity Date	Remarks
Mid-term	B	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Norinchukin Bank	12,753	November 15, 2012	Secured, non-guaranteed
Mid-term	D		19,000	February 15, 2011	Secured, non-guaranteed
Mid-term	E		4,200	March 24, 2012	Secured, non-guaranteed
Mid-term	F		1,500	March 24, 2012	Secured, non-guaranteed, amortization payment
Total			37,453		

<as of the end of August, 2012 LTV:39.2%>

Term (1)	Facility	Lender	Balance (Million Yen)	Maturity Date	Remarks
Short-term	B	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Norinchukin Bank	12,753	November 15, 2012	Secured, non-guaranteed
N/A	D		19,000	N/A	To be reborrowed at the maturity date
Short-term	E		4,200	March 24, 2012	Secured, non-guaranteed
Total			35,953		

(Note 1) Short-term means shorter than one year, mid-term one to five years, and long-term five years or longer.

(Note 2) In calculation of LTV, the total asset amount as of the end of February, 2009 is used.

Conditions of Interest Rate Hedging

Facility	Balance (Million Yen)	FY2009	FY2010	FY2011	FY2012	FY2013
B	12,753	Interest rate swap (until Nov. 15, 2012)				
D	19,000	Interest rate cap (until Feb. 15, 2011)				

Perception of the Market Condition

- Rapid changes in economic conditions
 - Economic conditions are changing dramatically so it is difficult to forecast future market conditions or to accurately forecast the results of the company.
- Lack of depth in the J-REIT investor base
 - The J-REIT investor base is unbalanced so share prices are volatile and no market has been formed for the original middle return investment products.



- Improve the satisfaction of existing investors through appropriate information disclosure
- Construct a broad investor base

Basic Policies

Prompt disclosure of information that is easy to understand, based on the principles of timeliness, accuracy, and continuity.



◆ Improvement of the satisfaction of existing investors

- Maintain and improve the quality of monthly information disclosure
- Study the possibility of disclosure with a new method of forecasting results
- Study the possibility of introducing an investors' preferential treatment plan
- Proactive utilization of feedback through IR activities

◆ Expansion of the investor base

- Institutional investors: in addition to individual visits, study the possibility of holding site visit events at the hotels
- Foreigners: Translate some of our web site into English, overseas IR
- Individuals: Active participation in explanation meetings and IR events for individuals

1) IR Activities for Institutional Investors

Number of IR meetings: 46 in Japan

2) IR Activities for Individual Investors (4)

- “J-REIT Explanation Meeting for Individual Investors (Tokyo)” held by Daiwa Investor Relations

Date: February 28, 2009

Venue: Daiwa Conference Hall

Attendees: 235

- “TSE IR Festa 2009” held by the Tokyo Stock Exchange

Date: March 6-7, 2009

Venue: Tokyo Dome City Prism Hall

Attendees: 9,070

- “J-REIT Fair” held by the Association for Real Estate Securitization

Date: March 14, 2009

Venue: Tokyo International Forum

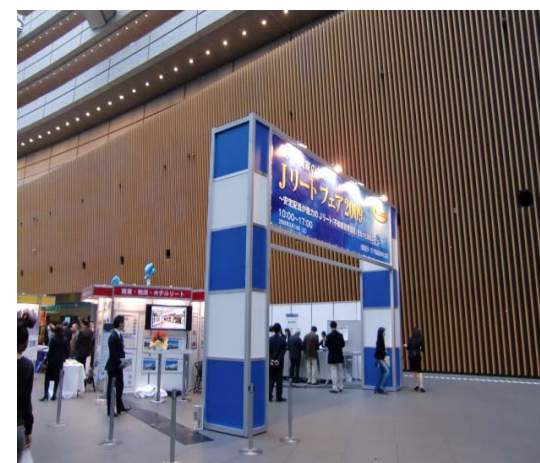
Attendees: approximately 3,000

- “Japan Hotel and Resort, Inc. Explanation Meeting” held by Japan Hotel and Resort, Inc.

Date: March 24, 2009

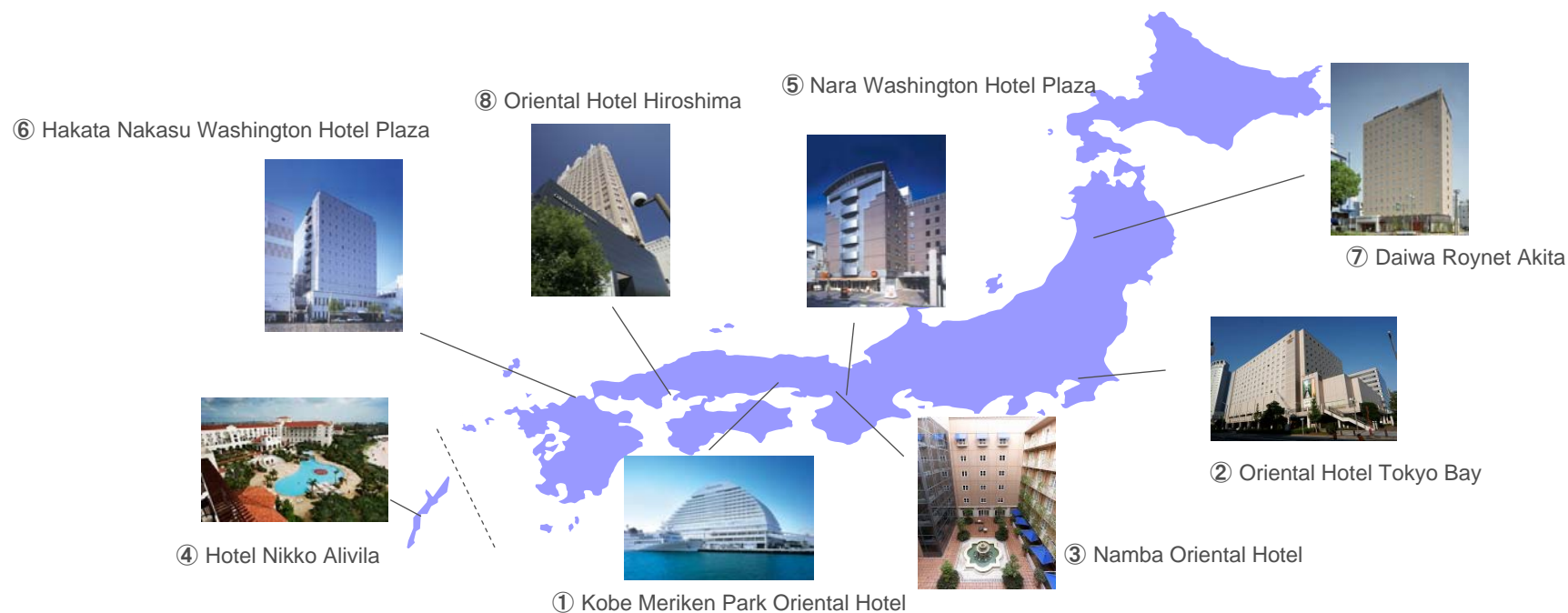
Venue: Oriental Hotel Hiroshima

Attendees: 75



Appendix A Basic Information

Portfolio Map



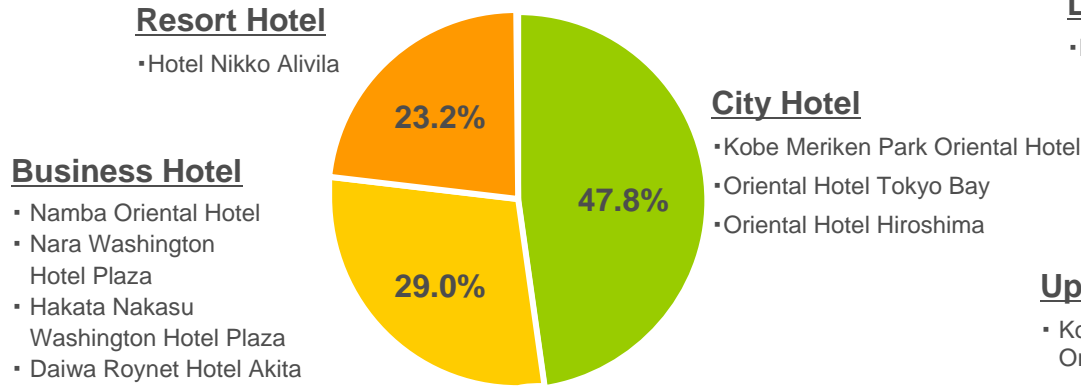
Portfolio Name	Type	Grade	Acquisition Price (million yen) (1)	Investment Ratio(%) (1)	Year Built	Number of Room(2)
① Kobe Meriken Park Oriental Hotel	City Hotel	Upper Middle	11,400	13.4	Jul 1995	319
② Oriental Hotel Tokyo Bay	City Hotel	Mid-Priced	19,400	22.8	May 1995	505
③ Namba Oriental Hotel	Business Hotel	Mid-Priced	16,700	19.6	Mar 1996	257
④ Hotel Nikko Alivila	Resort Hotel	Luxury	19,700	23.2	Apr 1994	396
⑤ Nara Washington Hotel Plaza	Business Hotel	Mid-Priced	1,800	2.1	Mar 2000	204
⑥ Hakata Nakasu Washington Hotel Plaza	Business Hotel	Mid-Priced	3,880	4.6	May 1995	247
⑦ Daiwa Roynet Hotel Akita	Business Hotel	Economy	2,278	2.7	Jun 2006	221
⑧ Oriental Hotel Hiroshima	City Hotel	Upper Middle	9,900	11.6	Sep 1993	227
Portfolio Total			85,058	100.0	-	2,376

(Note 1) The acquisition price is rounded down to the nearest million yen. The investment ratio is rounded off to the first decimal place.

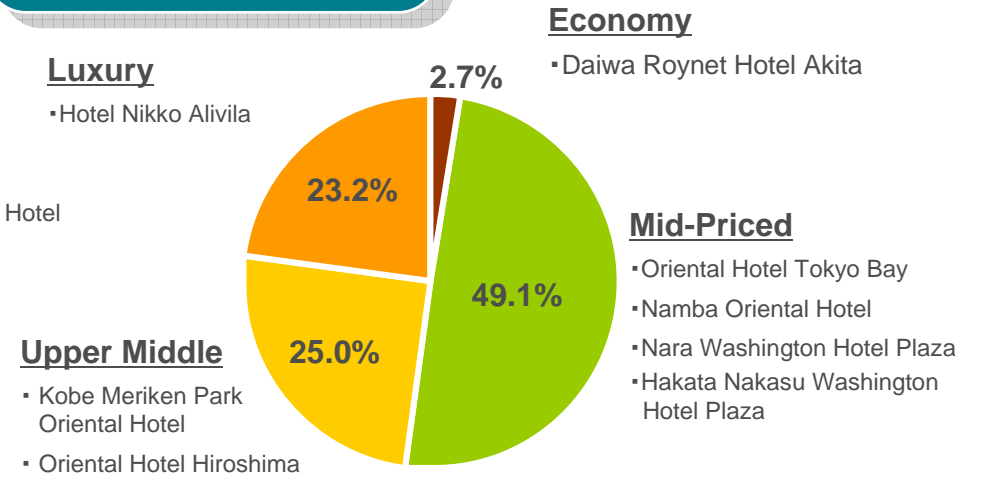
(Note 2) The number of rooms is the number of available rooms (excluding rooms used by the hotel itself for a long time) as of February, 2009.

Portfolio Diversification

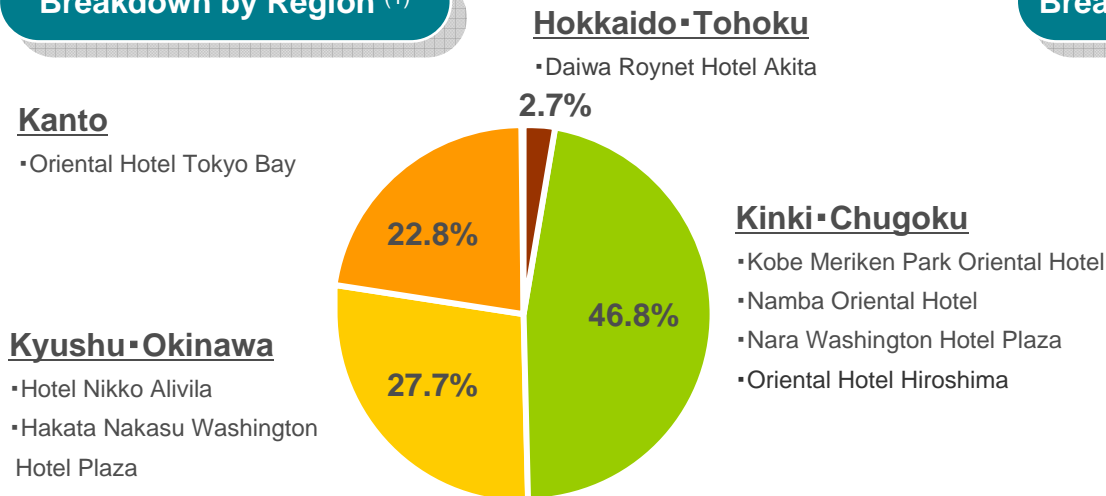
Breakdown by Type ⁽¹⁾



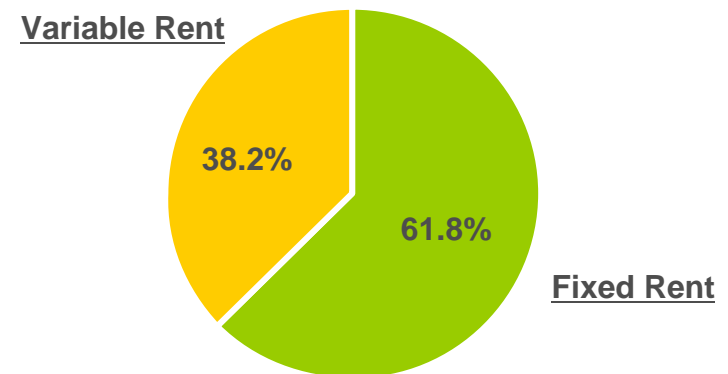
Breakdown by Grade ⁽¹⁾



Breakdown by Region ⁽¹⁾



Breakdown by Rent type ⁽²⁾



(1) Each graph represents ratio based on acquisition prices.
 (2) The ratio is based on variable rents in FY 2008.

Value of Properties

Japan Hotel and Resort, Inc.

(Amount: million yen)

Hotel	Type	Grade	Total Number of Rooms	Appraisal Value								Value at Balance Sheet ⁽¹⁾	Acquisition Price	
				as of Aug 31, 2006		as of Aug 31, 2007		as of Aug 31, 2008		as of Feb 28, 2009				
				Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Feb 28, 2009	Price	CAP Rate
Kobe Meriken Park Oriental Hotel	City	Upper Middle	319	12,000	5.4%	13,900	5.2%	13,800	5.5%	13,600	5.6%	11,218	11,400	5.4%
Oriental Hotel Tokyo Bay	City	Mid-Priced	505	19,500	5.2%	20,900	4.9%	20,900	5.1%	20,800	5.2%	19,026	19,400	5.2%
Namba Oriental Hotel	Business	Mid-Priced	257	16,700	5.0%	18,200	4.5%	17,900	4.7%	17,700	4.8%	16,539	16,700	5.0%
Hotel Nikko Alivila	Resort	Luxury	396	19,800	6.2%	21,600	5.7%	21,600	6.0%	21,000	6.1%	19,843	19,700	6.2%
Nara Washington Hotel Plaza	Business	Mid-Priced	204	1,900	6.2%	2,070	5.7%	1,970	6.0%	2,100	6.1%	1,719	1,800	6.2%
Hakata Nakasu Washington Hotel Plaza	Business	Mid-Priced	247	3,900	5.5%	4,160	5.0%	4,060	5.2%	4,110	5.3%	3,847	3,880	5.5%
Daiwa Roynet Hotel Akita	Business	Economy	221	—	—	2,240	5.2%	2,090	5.5%	2,090	5.6%	2,286	2,278	5.2%
Oriental Hotel Hiroshima	City	Upper Middle	227	—	—	—	—	9,780	5.5%	9,120	5.7%	10,386	9,900	5.3%
Total			2,376	73,800		83,070		92,100		90,520		84,868	85,058	

(1) The book value includes values of real estate, machinery, fixtures, facilities and equipments.

JHR Structure

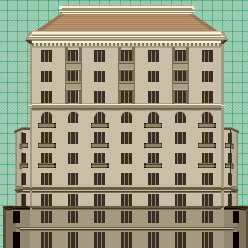
Asset Management Company

Japan Hotel & Resort K.K.

Asset Management Agreement

JAPAN HOTEL AND RESORT

Japan Hotel and Resort, Inc.



Lessee

K.K. Hotel Management Japan

Kobe Meriken Park Oriental Hotel

Oriental Hotel Tokyo Bay

Namba Oriental Hotel

Oriental Hotel Hiroshima

Hotel Nikko Alivila

Washington Hotel Corporation

Nara Washington Hotel Plaza

Hakata Nakasu Washington Hotel Plaza

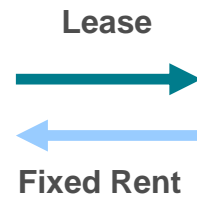
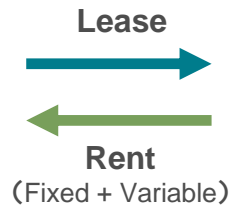
DAIWAROYAL Co., Ltd.

Daiwa Roynet Hotel Akita

Operator

Archon Hospitality K.K.

JAL Hotels Co., Ltd.



CAPEX Scheme

Japan Hotel and Resort, Inc.

CAPEX borne by JHR

Hotel	Hotel Lessee	Rent Type	CAPEX I	CAPEX II	CAPEX III
Kobe Meriken Park Oriental Hotel	K.K. Hotel Management Japan	Fixed + Variable	●	●	●
Oriental Hotel Tokyo Bay	K.K. Hotel Management Japan	Fixed + Variable	●	●	●
Namba Oriental Hotel	K.K. Hotel Management Japan	Fixed + Variable	●	●	●
Hotel Nikko Alivila	K.K. Hotel Management Japan	Fixed + Variable	●	●	●
Oriental Hotel Hiroshima	K.K. Hotel Management Japan	Fixed + Variable	●	●	●
Nara Washington Hotel Plaza	Washington Hotel K.K.	Fixed	●	—	—
Hakata Nakasu Washington Hotel Plaza	Washington Hotel K.K.	Fixed	●	—	—
Daiwa Roynet Hotel Akita	Daiwa Royal K.K.	Fixed	●	—	—

Lease agreement schemes

	Annual Fixed Rents (Amount)	Revenue Threshold for Stepping up (Amount)	Variable rents rate	
			Standard Rate	Stepped-up Rate
Kobe Meriken Park Oriental Hotel	¥ 3,000 mn	Annual Amount ¥ 21,440 mn (1)	Applied to the amount up to the revenue threshold for stepping up	Applied to the amount in excess of the revenue threshold for stepping up
Oriental Hotel Tokyo Bay			10% of the above amount	30% of the above amount
Namba Oriental Hotel				
Hotel Nikko Alivila				
Oriental Hotel Hiroshima	¥ 221 mn	Annual Amount ¥ 2,204mn	Applied to the amount up to the revenue threshold for stepping up	Applied to the amount in excess of the revenue threshold for stepping up
			10% of the above amount	40% of the above amount

(Note1) Whether Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, and Hotel Nikko Alivila (hereinafter the "Four Existing Hotels") reach the revenue threshold or not is determined based on the total revenues of the Four Existing Hotels. As stated in the "Notice regarding changes in fixed term building lease contracts (calculation methods for variable rents)" issued on October 20, 2008, the revenue threshold for stepping up was decreased from an annual amount of ¥21,515 mn to ¥21,440mn.

(Note2) The upper limit of total variable rents (sum of rents based on the standard rate and the stepped-up rate) of the above five hotels (hereinafter the "Five Subject Hotels") is a variable rent cap calculated for the Five Subject Hotels. Variable rent cap: 90% of the revised GOP (Gross Operating Profit) calculated by subtracting fixed rents and fees to operators from GOP of the five hotels.

Appendix B Five-Year Plan

CAPEX (Capital Expenditure)

Japan Hotel and Resort, Inc.

5 Hotels with Variable Rents: Major CAPEX III ⁽¹⁾

(): expenditures

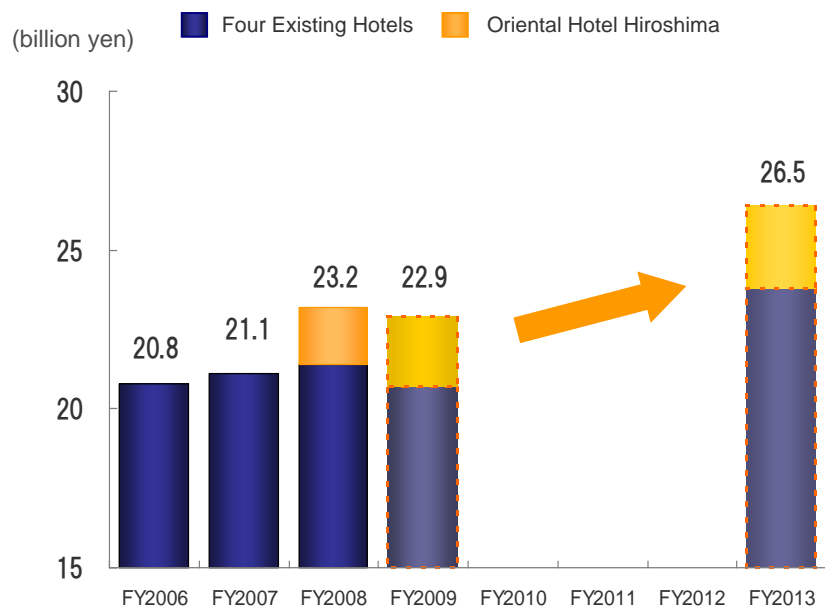
	Completed by FY 2008			In Progress	Future Plan
	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Plan	FY 2010-2013 Plan ⁽²⁾
Kobe Meriken Park Oriental Hotel	<ul style="list-style-type: none"> 12-13F Guest Rooms (¥189mn) Restaurant (¥51mn) 	<ul style="list-style-type: none"> 10-11F Guest Rooms (¥222mn) Restaurant Pier (¥98mn) 	<ul style="list-style-type: none"> Brides Room (¥68mn) Banquet (¥46mn) 	-	<ul style="list-style-type: none"> 7-9F Guest Rooms Spa, Restaurant etc.
Oriental Hotel Tokyo Bay	<ul style="list-style-type: none"> 9-10F Guest Rooms (¥145mn) Banquet (¥59mn) 	<ul style="list-style-type: none"> 7-8F Guest Rooms (¥171mn) Restaurant (¥58mn) 	<ul style="list-style-type: none"> 5-6F Guest Rooms (¥210mn) Lobby (¥60mn) 	<ul style="list-style-type: none"> 12F Guest Rooms (Postponed) 	<ul style="list-style-type: none"> 3F, 12F Guest Rooms Restaurant, Banquet, Chapel
Namba Oriental Hotel	<ul style="list-style-type: none"> 7-8F Guest Rooms (¥93mn) 	<ul style="list-style-type: none"> Restaurant (¥40mn) 	-	-	<ul style="list-style-type: none"> 4F-6F Guest Rooms
Hotel Nikko Alivila	<ul style="list-style-type: none"> Suite Rooms (¥32mn) Restaurant (¥155mn) 	-	<ul style="list-style-type: none"> 3-8F Guest Rooms (¥479mn) 	<ul style="list-style-type: none"> 1-6F Guest Rooms (¥430mn) 	<ul style="list-style-type: none"> Guest Rooms (<i>Final</i>)
Oriental Hotel Hiroshima	N/A	Acquired in October 2007	<ul style="list-style-type: none"> 7-18F Guest Rooms (¥347mn) Tenant Floor (¥23mn) 	<ul style="list-style-type: none"> 3F, 4F Banquet (¥138mn) (<i>completed</i>) 	
CAPEX III TOTAL (million yen)	793	600	1,236	532	2,731

(Note 1) CAPEX III is defined as capital expenditure related to the strategic renovation of guest rooms, banquet halls, restaurants, etc. to uphold and improve hotel competitiveness.

(Note 2) Regarding the CAPEX plan for FY 2010 and later, projects costing less than 100 million yen and projects which is not appropriate to disclose for operational reasons are not included here.

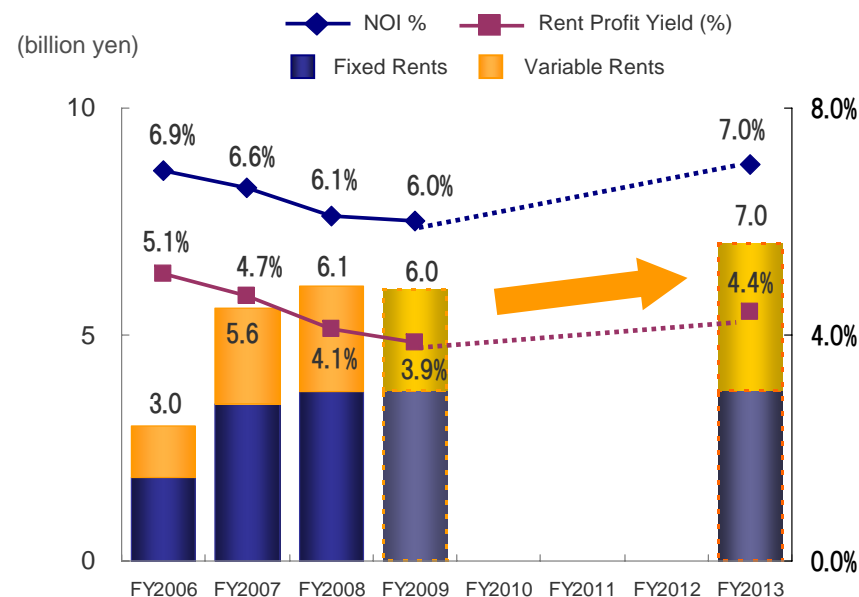
5 year-plan

5 Hotels with Variable Rents: Revenue Target (1)



	FY2006	FY2007	FY2008	FY2009	FY2013
Existing 4 Hotels	20.8	21.1	21.4	20.7	23.8
Oriental Hotel Hiroshima	0	0	1.8	2.2	2.6

The REIT's Rent Revenue Target (2)



	Rent Revenues	Variable Rents	NOI	NOI%	Rent Profit	Rent Profit Yield
FY2008	6.1	2.3	5.2	6.1%	3.5	4.1%
FY2009	6.0	2.2	5.1	6.0%	3.3	3.9%
FY2013	7.0	3.2	6.0	7.0%	3.7	4.4%

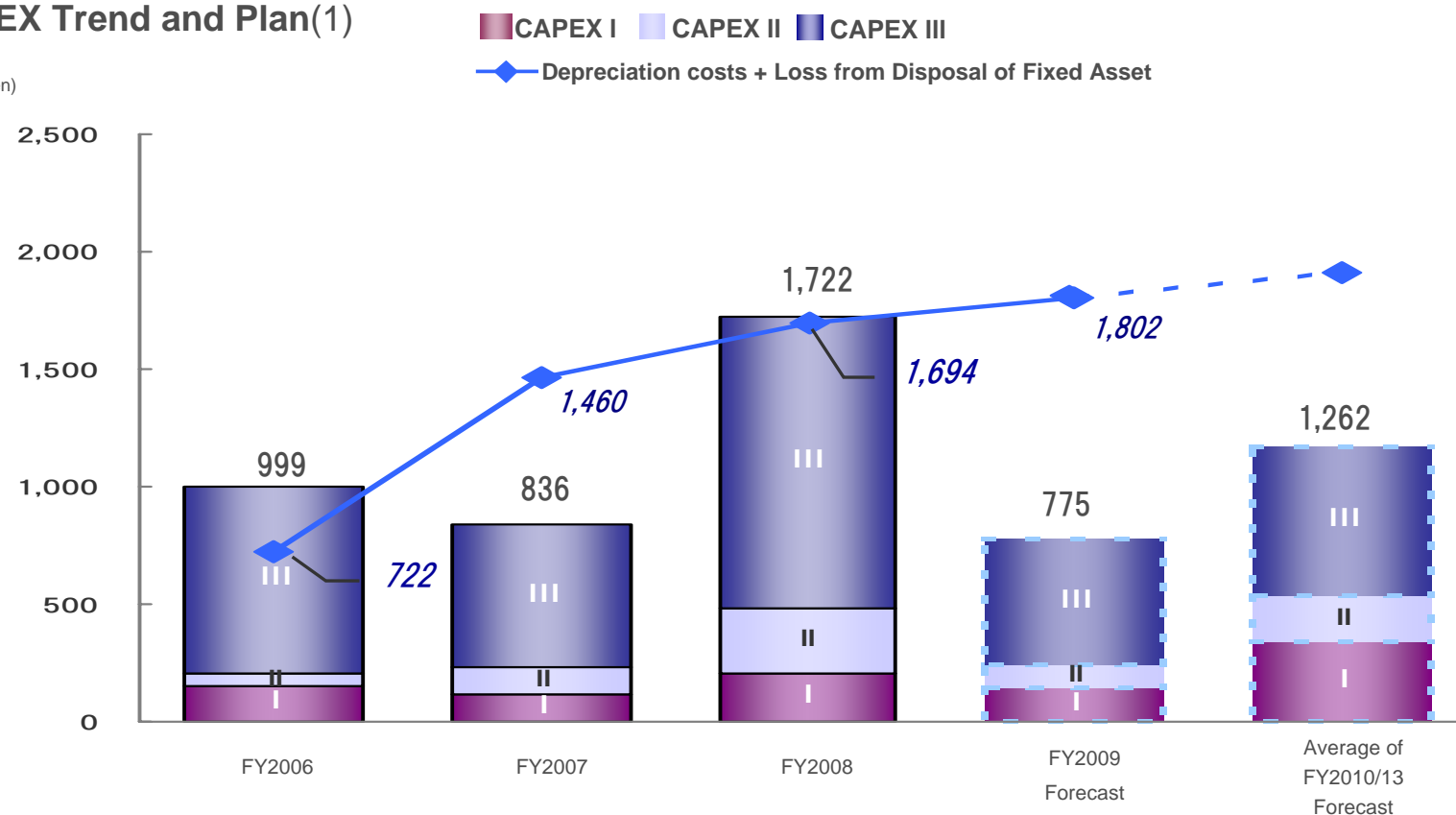
- (Note 1)
- The revenue data since IPO is provided from HMJ, and the data before IPO is from the seller. The figures from IPO to the end of FY 2008 are audited, and the others are not. The figures for FY 2009 are projections, and not guaranteed.
 - The target for FY 2013 is prepared by each hotel based on the Capex 5 Year-Plan, market conditions and each hotel's historical data, and the actual outcome may largely differ from the target depending on the market, natural disasters and changes in other conditions surrounding hotels.

- (Note 2)
- The actual operating days for FY 2006 are 198 days, thus NOI % and Rent Profit Yield (Rent Revenues/ Acquisition Price) for FY 2006 are calculated by using the annualized data.
 - The target for FY 2013 is set using the assumptions based on Capex 5 Year-Plan, market conditions and each hotel's historical data. The actual variable rent revenues may largely differ from the above target depending on various factors surrounding hotels.
 - It is presumed that the lease agreement will be re-entered under the same conditions upon termination on February 14, 2012.
 - Variable rents for FY2009 is determined by the Variable rent cap.

CAPEX (Capital Expenditure) Trend

CAPEX Trend and Plan(1)

(million yen)



- The renovation of the guest rooms of Nikko Alivila planned for FY 2007 slipped into FY 2008, and CAPEX increased as a result.
- CAPEX plan in FY2009 was revised downward from ¥1,125mn to ¥775mn.

(Note 1) The above plan is based on the current assumptions of capital expenditures for the eight existing hotels. It may be revised depending on various factors including the circumstances of the market and profitability of hotels. It is not guaranteed that the Capex 5 year-plan will be implemented as planned.

(Note 2) CAPEX I : Replacement of equipments and facilities required for maintaining the asset value of properties.
 CAPEX II : Purchase of fixtures, furniture, and equipment required for operating hotels, unrelated to their building frame or facilities.
 CAPEX III : Strategic renovation of guest rooms, banquet halls and restaurants with the view to maintain and increase hotel competitiveness.

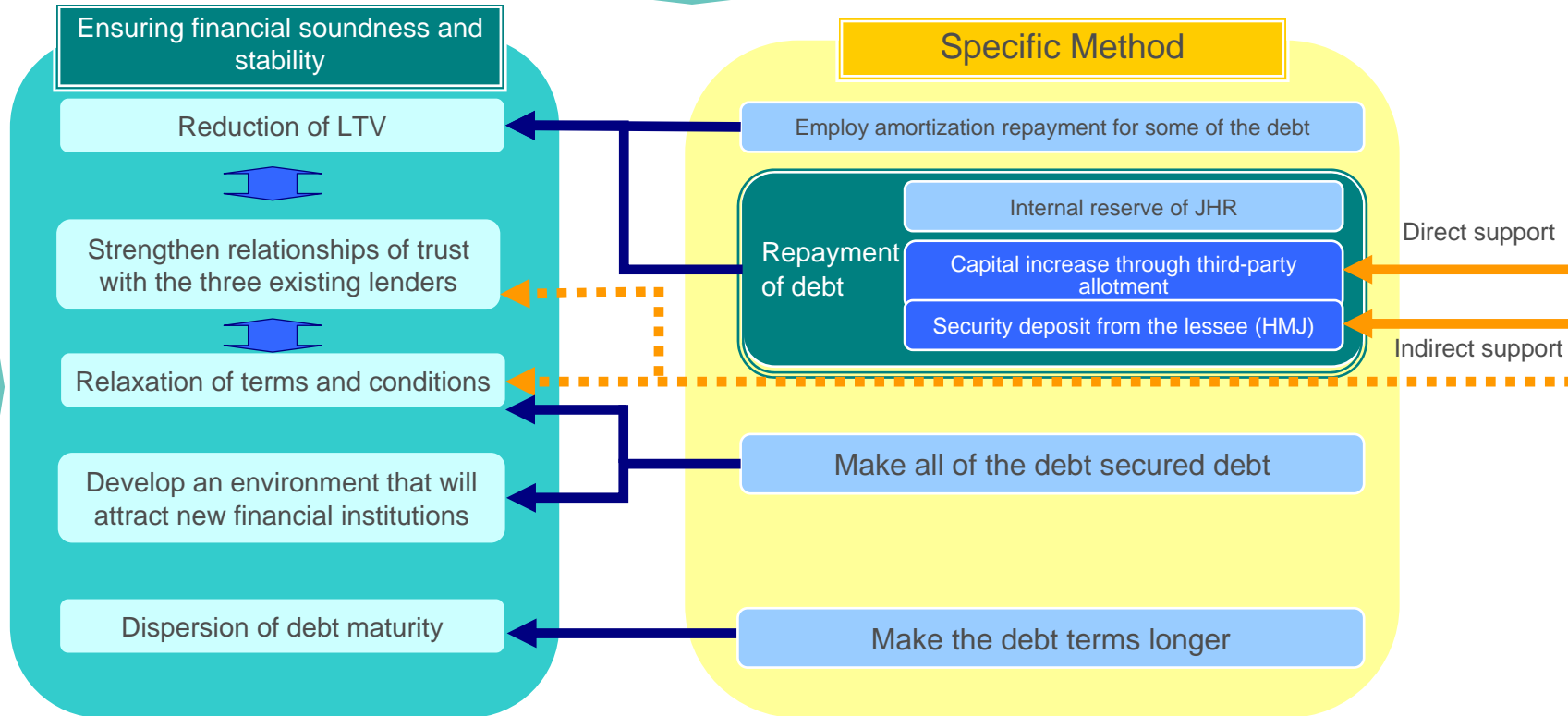
Appendix C Overview of Refinance

Refinancing Measures

Perception of the Market Condition

- World-wide financial crisis and credit crunch
- Changes in policies of financial institutions regarding financing for J-REITs

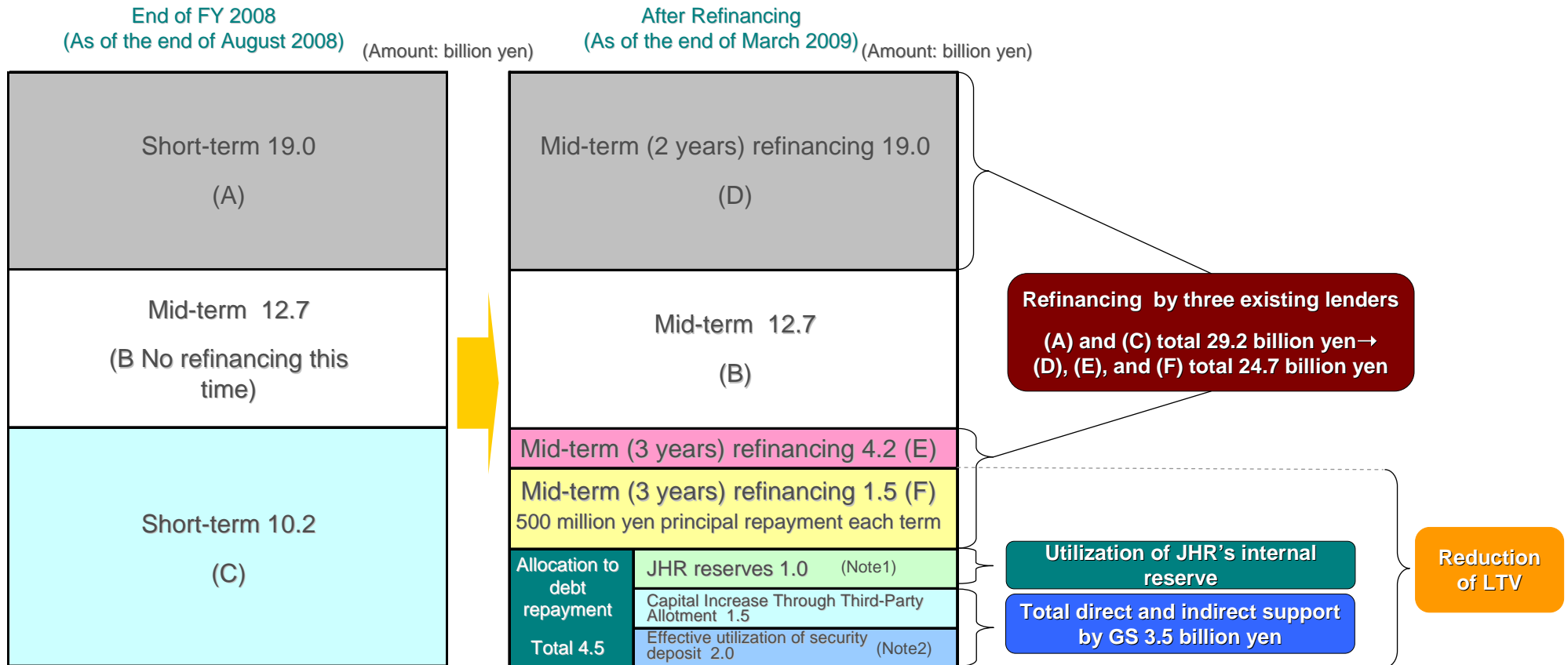
Change of financial strategies



Aim for the growth of JHR by building a financial foundation that makes external growth possible in the mid/long-term

Outline of Refinancing

Overall Scheme of the Refinancing



(Note1) 1.0 billion yen of JHR's internal reserve was applied to repayment of the debt.

(Note2) Based on our fixed term building lease contract with K.K. Hotel Management Japan (HMJ), a member of the GS Group, we increased the amount of the security deposit from approximately 1.6 billion yen to approximately 2.0 billion yen and applied it to repayment of the debt.

Outline of the Capital Increase Through Third-Party Allotment

Japan Hotel and Resort, Inc.

Intent of the Third-Party Allotment

- At a time when all of the J-REIT market is in a state of chaos, make the commitment of the GS Group to JHR stronger
- By demonstrating the commitment of the GS Group to JHR to the three existing banks which are lenders, make smooth progress of refinancing possible and enable the negotiation of favorable finance conditions
- Contribute to ensuring financial stability, a priority issue for JHR, and to reducing refinancing risk and LTV

Outline of the Third-Party Allotment

Item	Outline	
Total number of currently issued investment units	91,700 units	
Increase in number of investment units due to third-party allotment	14,019 units	
Total number of issued investment units after the third-party allotment	105,719 units	
Issue price	107,000 yen per unit	
Aggregate issue price	1,500,033,000 yen	
Allottee and number of units	Green Investment Co., Ltd.	14,019 units
Payment deadline	February 3, 2009	

Purpose for Which the Funds were Used

The funds procured through this third-party allotment were allocated to the repayment of existing debt.

Reasonableness of the Issuance Conditions

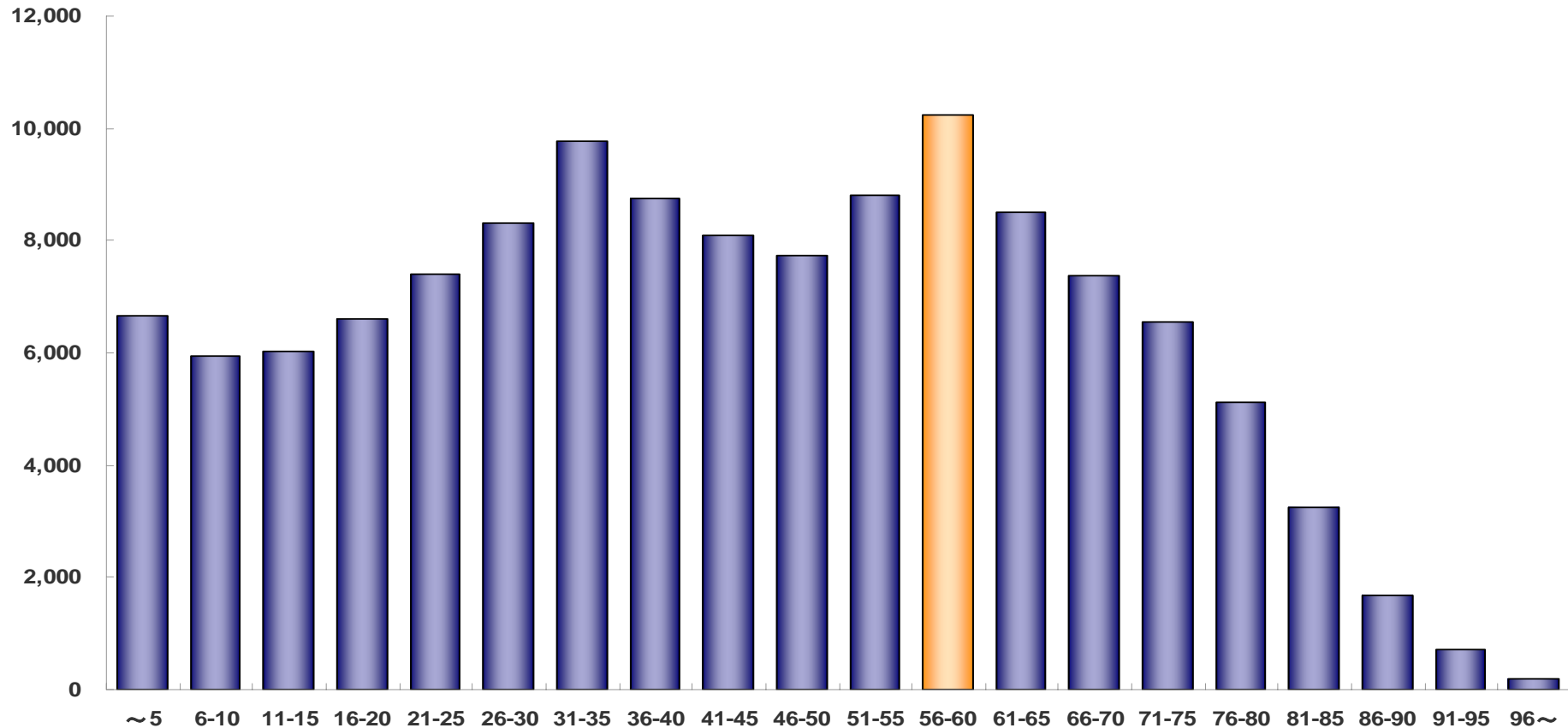
We made the issue price the average closing price of ordinary transactions for investment securities that display JHR's investment units on each trading day of the Tokyo Stock Exchange over the two months ending on the third business day before the date of issuance resolution (amounts less than 1,000 yen are rounded down).

Trading Name	Green Investment Co., Ltd.
Description of Business	Acquiring, holding, and disposing of investments in corporations established with the objective of making investments in real estate, etc., and asset-backed securities, etc. for which the main investment targets are real estate, etc.
Date of Establishment	February 12, 2004
Location of Head Office	Nishi-Azabu Annex, 3-20-16 Nishi-Azabu, Minato-ku, Tokyo
Job Title and Name of Representative	Director Leon Leung
Paid-in Capital	3,000,000 yen
Number of Issued Stocks	60
Business Year Ends	December 31
Number of Executives	1
Major Shareholder and Percentage of Stocks Held	Goldman Sachs Realty Japan Ltd. (100.0%)
Relationships, etc. of JHR or the asset management company to the allottee	This company is a wholly-owned subsidiary of the Goldman Sachs Group and therefore qualifies as an interested party of the asset management company. Furthermore, at the time of the establishment of JHR (on September 8, 2005, before the new listing) it acquired 200 investment units and has continued to hold them.
Number of units allocated	14,019 units
Amount paid	1,500,033,000 yen

Appendix D Market Data

Scale of market for Baby Boomer generation

(Units: 1,000 persons)

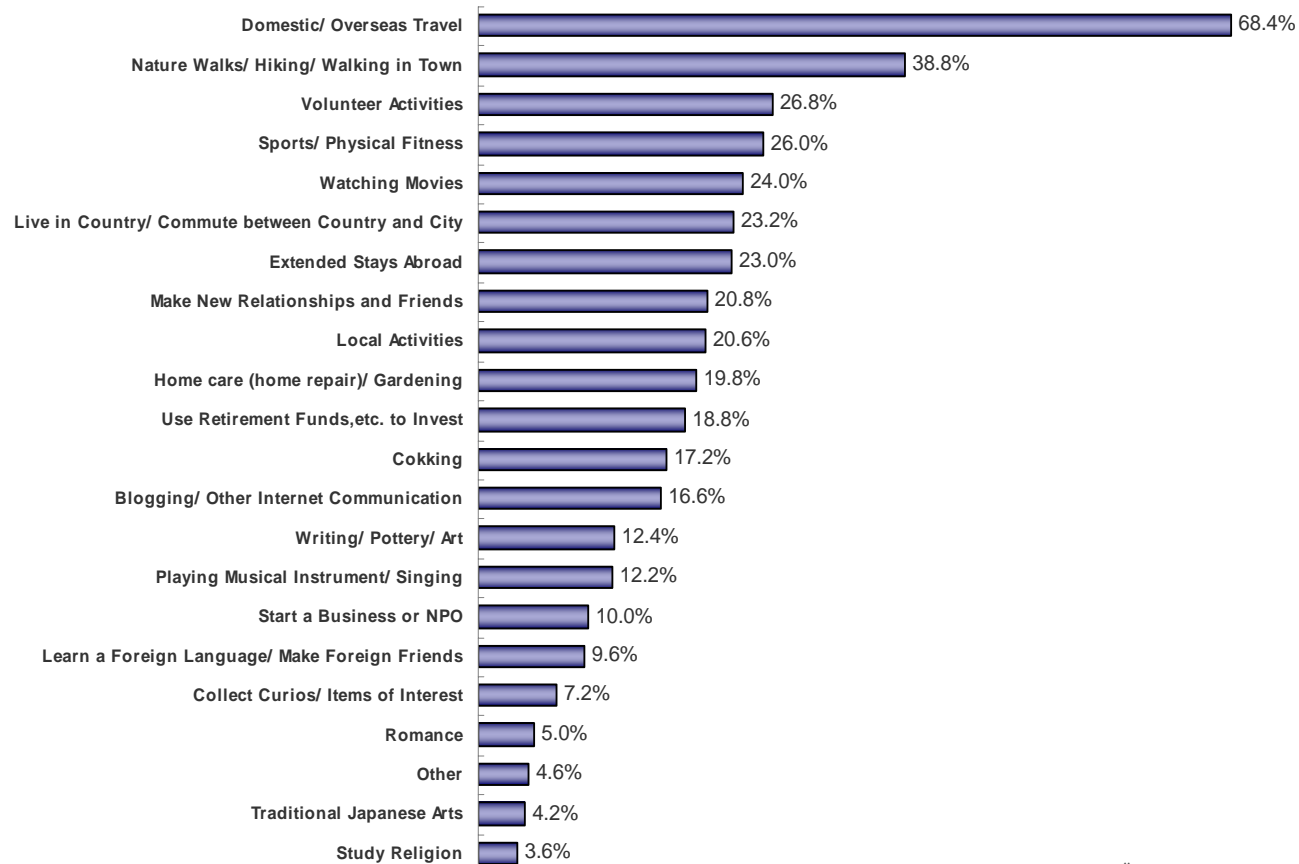


Source: Statistics Bureau, Ministry of Internal Affairs and Communications "2005 Population Census"

→ The number of Japanese population between ages 56 to 60 is 10.8 million, which makes up 8.5% of Japanese total population

Baby Boomer generation questionnaire

"Activities you would like to do in your life after the age of 60" (answer all that apply)



Source: Ministry of Land, Infrastructure and Transport, "White Paper on Land, Infrastructure, and Transport in Japan, 2006"

→ The Baby Boomer generation has the highest percentage of needs for travel in Japan and abroad, accounting for around 70% of the surveyed population

Leisure activities people desire to participate in : top five categories

No	Overall		Male		Female	
	Leisure activities	%	Leisure activities	%	Leisure activities	%
1	Domestic tourism and travel (summering, wintering, hot springs, etc.)	72.5	Domestic tourism and travel (summering, wintering, hot springs, etc.)	68.0	Domestic tourism and travel (summering, wintering, hot springs, etc.)	76.9
2	Dining Out (not counting day to day dining out)	60.5	Dining Out (not counting day to day dining out)	56.5	Dining Out (not counting day to day dining out)	64.2
3	Driving	47.3	Driving	49.7	Overseas travel	46.7
4	Overseas travel	42.5	PC (games, hobbies, communications, etc.)	41.2	Driving	45.1
5	Movies (excluding TV)	39.3	Overseas travel	38.1	Visiting Zoo, botanical gardens, aquarium & museum	44.4

→ The percentage of people desiring to participate in domestic tourism and travel was 72.5% overall. It was the No.1 activity for both genders: 68.0% for male, 76.9% for female

Potential demand for leisure activities: top five categories

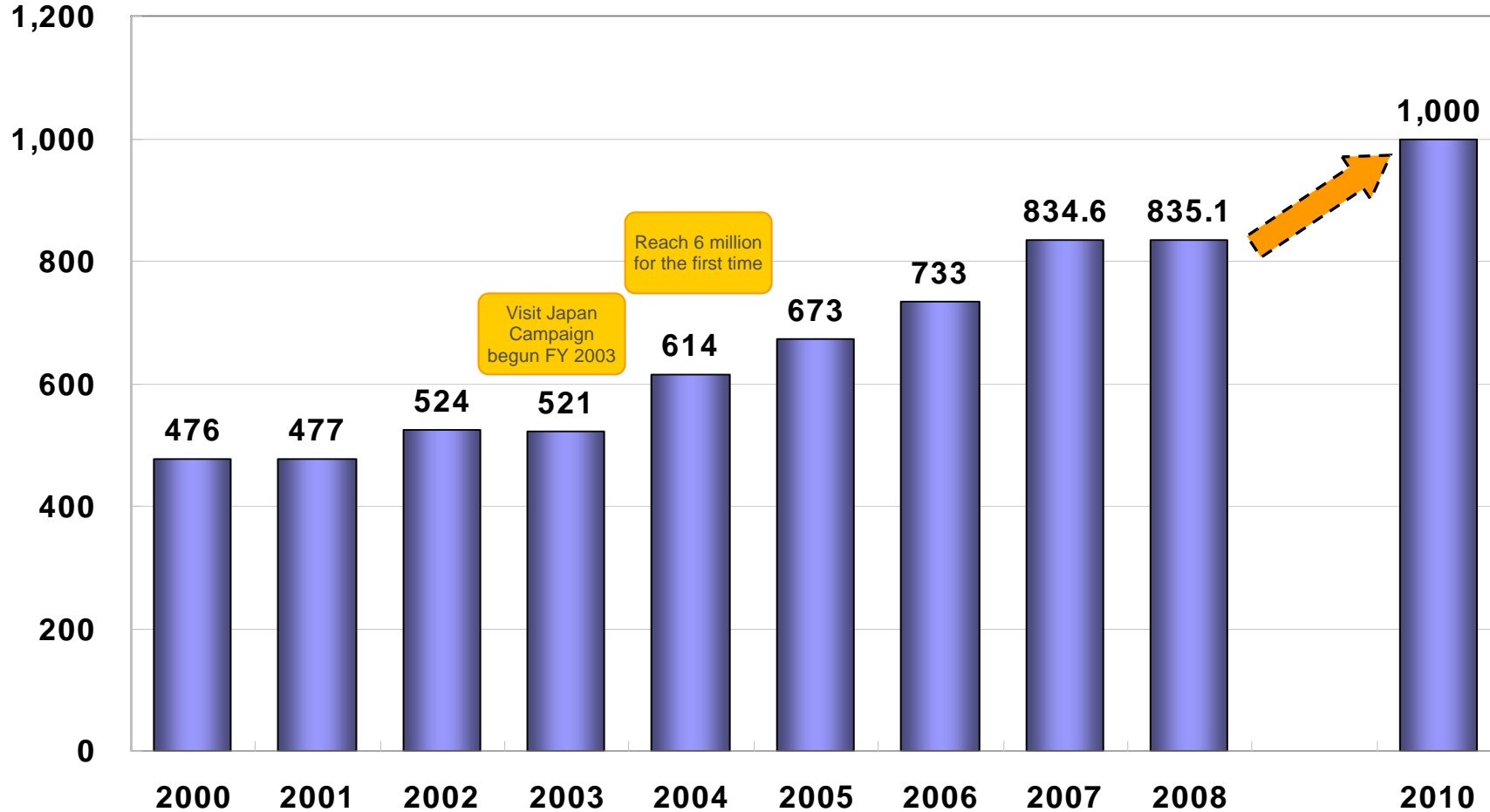
No	Leisure activities	%
1	Overseas travel	32.7
2	Domestic tourism and travel (summering, wintering, hot springs, etc.)	20.9
3	Music events, concerts	9.3
4	Pottery	8.8
5	Car camping	8.5

→ Under potential demand (percentage of people desiring to participate, minus the percentage already participating), domestic tourism and travel was No.2 overall

Source: Japan Productivity Center for Socio-Economic Development "Leisure White Paper 2008"

Trends in inbound volume

(Units: 10,000 persons)

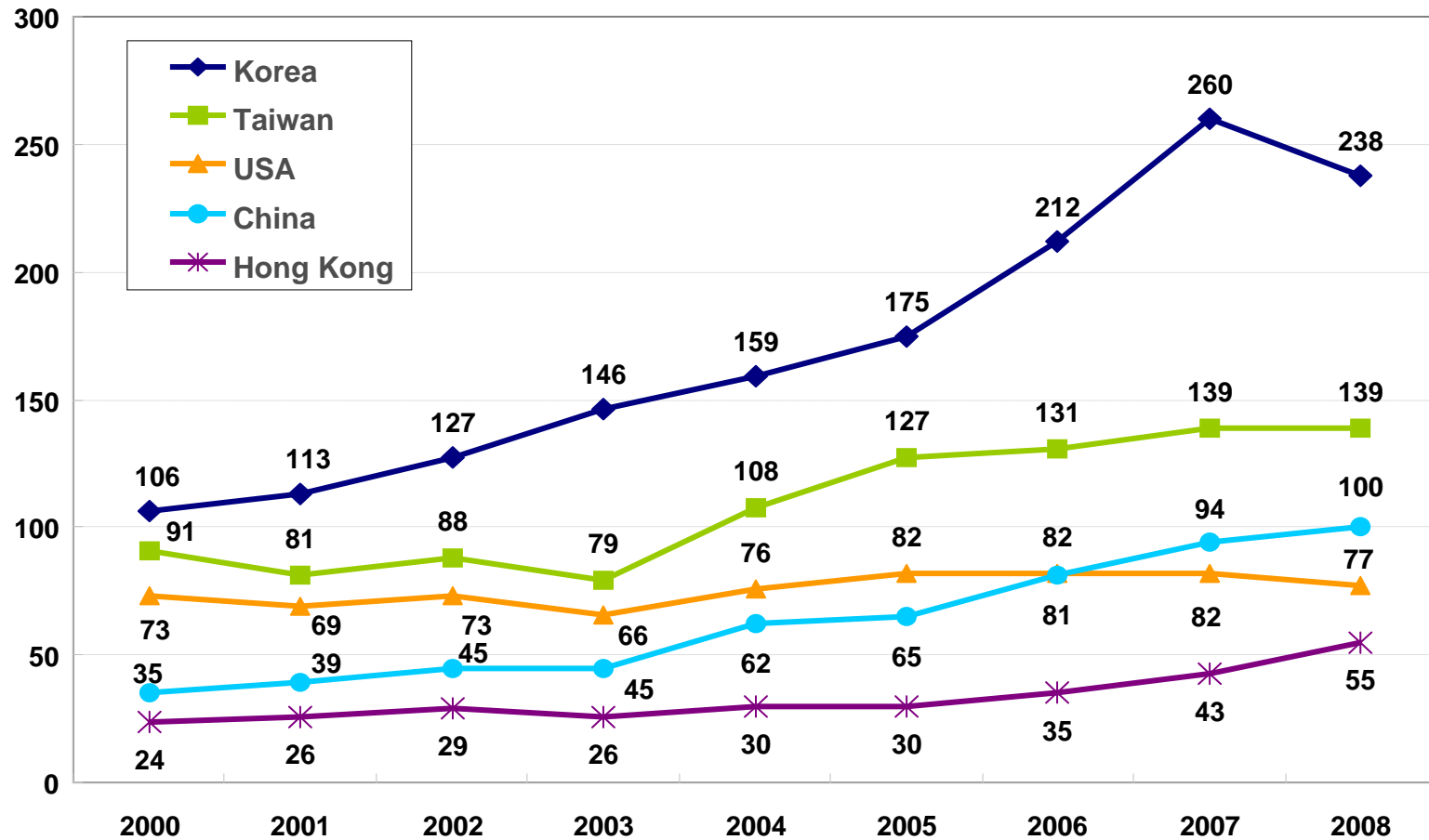


Source: Japan National Tourism Organization (JNTO)
Figures for Year 2010 is the goal set by the Government of Japan

→ The number of visitors to Japan is on a rising trend, and tourism to Japan is expected to continue to increase in the mid-long term.

Year-to-year Trends in Top Five Countries in Inbound Traffic

(Units: 10,000 persons)

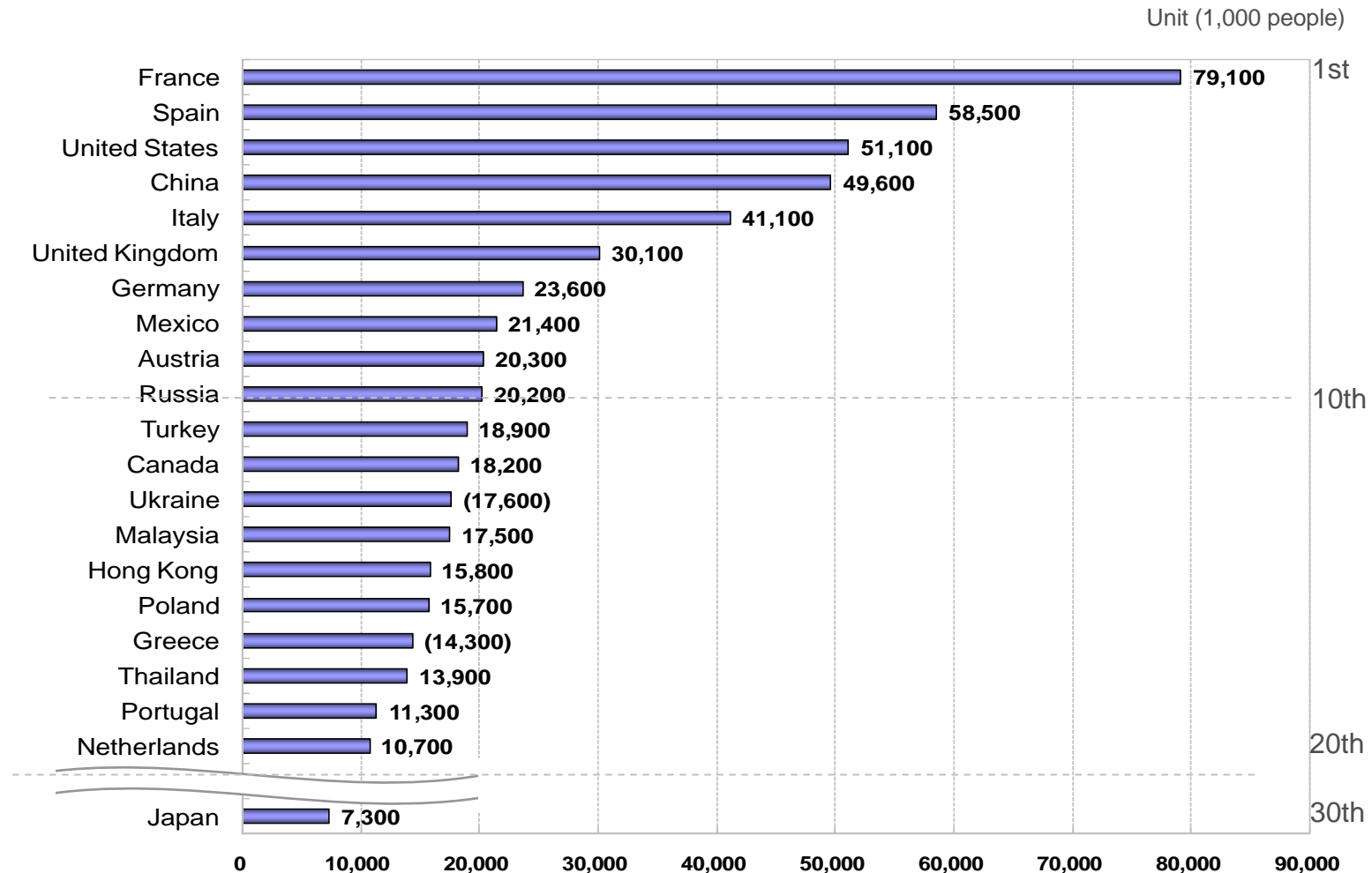


Source: Japan National Tourist Organization (JNTO)

→ Expectations for increase in number of tourists from Asia, reflecting its economic development

Number of Foreign Visitors to Countries and Regions of the World

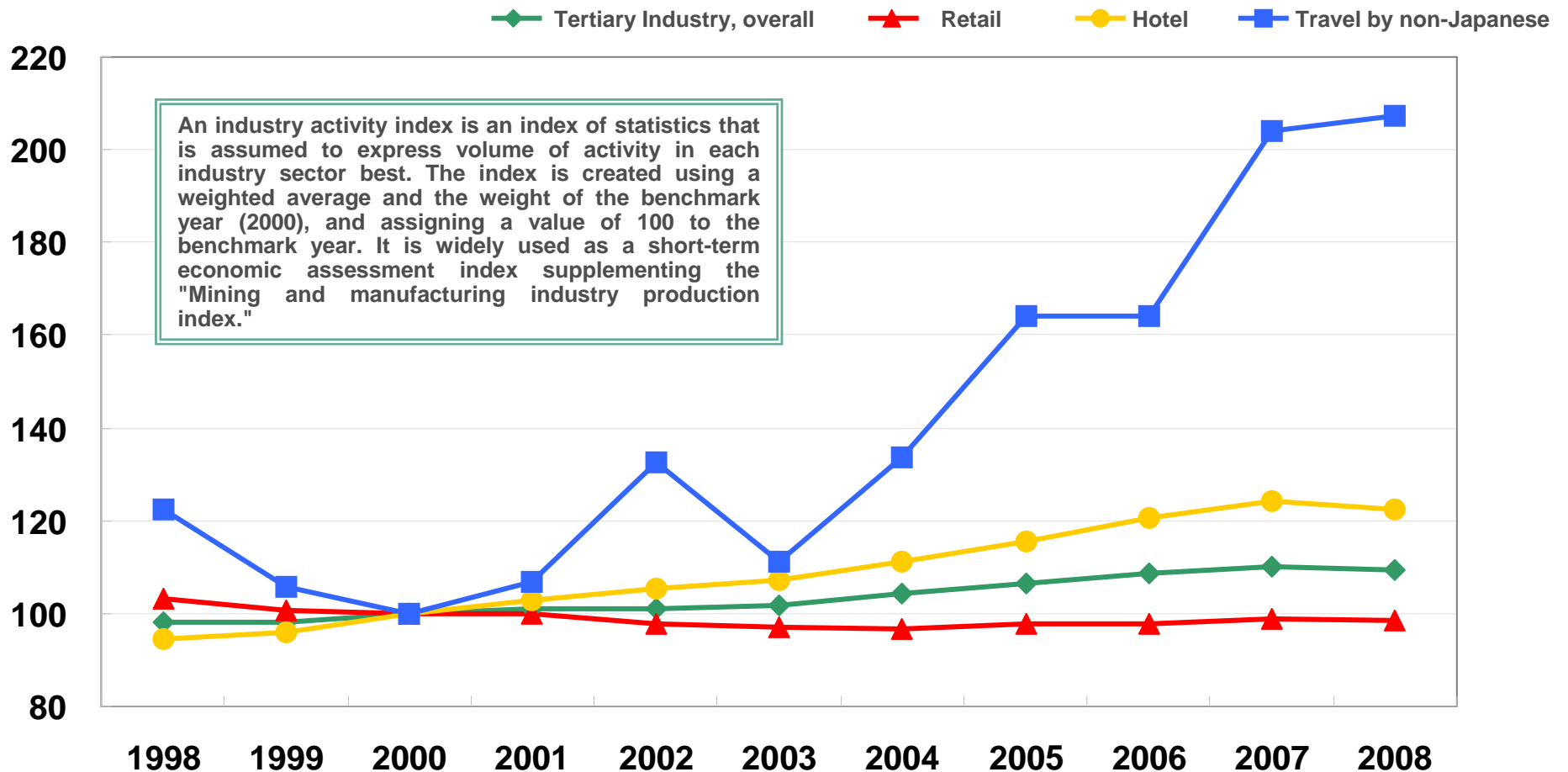
Japan Hotel and Resort, Inc.



Source: Japan National Tourism Organization (JNTO) web site (2006 preliminary figures, compiled by the UN World Tourism Organization (UNWTO))

→ There is a lot of room for growth in the number of foreign visitors to Japan compared with other countries.

Tertiary industry activity index (year 2000 = 100)



Source: Ministry of Economy, Trade and Industry

→ Hotel business is on a rising trend, and travel by non-Japanese has strong growth.

Outlook for Japanese economy

Japan Hotel and Resort, Inc.

	CY 2008 Results (1)	Goldman Sachs (1) (Mar. 5, 2009)		Daiwa Institute of Research (2) (Feb. 19, 2009)	
		CY 2009 Forecast	CY 2010 Forecast	CY 2009 Forecast	CY 2010 Forecast
		%			
Real GDP	-0.7	-6.1	0.1	-6.0	-0.0
Consumers Expenditure	0.5	-1.0	-0.4	-1.7	-0.5
Government Expenditure	0.8	1.2	1.0	1.8	0.9
Private Housing Investment	-6.9	2.2	1.7	-1.6	-0.9
Private Capital Investment	-3.7	-12.5	0.3	-16.0	-2.2
Public Fixed Investment	-6.5	-1.0	-0.7	0.6	-1.6
Exports of Goods and Services	1.7	-38.7	0.2	-28.2	0.1
Imports of Goods and Services	1.1	-21.7	-0.2	-14.7	-6.9
Nominal GDP	-1.6	-6.3	-0.7	-5.6	-1.4
GDP Deflator	-0.9	-0.2	-0.8	0.5	-1.4
Consumer Price Increases (Excluding Fresh Goods)	1.5	-1.8	-1.5	-1.2	-0.6
Domestic Corporate Goods Price	4.6	-4.4	-1.3	-2.7	-0.8
10 Year Govt. Bond Yield	1.18	1.10	1.20	1.13	1.36

(Note1) Source : Goldman Sachs Economic Research dated March 5, 2009

(Note2) Source : Japanese Economic Outlook No. 160 dated February 19, 2009

Appendix E Portfolio Data Book

Monthly Hotel Indicators

Kobe Meriken Park Oriental Hotel

Japan Hotel and Resort, Inc.

Fiscal Year							FY 2009 ended August 31, 2009								
Year	2008	2008	2008	2008	2009	2009	1st Half Total	2009	2009	2009	2009	2009	2009	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	→						Unaudited	
Occupancy Rate	75.3%	79.8%	75.5%	82.0%	65.3%	71.1%	74.9%								
ADR (Yen)	15,587	15,902	17,300	18,726	14,185	12,771	15,896								
RevPAR (Yen)	11,737	12,686	13,070	15,350	9,258	9,087	11,905								
Total Revenues (Myen)	479	562	704	578	377	422	3,122								
Rooms							757								
Food & Beverages							2,189								
Shops							55								
Tenant							31								
Others							89								
GOP (MYen)							505								

Fiscal Year							FY 2008 ended August 31, 2008								
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Audited	→						Audited	
Occupancy Rate	84.5%	79.3%	85.7%	81.4%	60.5%	64.2%	76.0%	75.1%	79.9%	82.3%	75.7%	77.1%	90.1%	80.1%	78.0%
ADR (Yen)	15,106	15,394	14,742	18,669	14,837	13,167	15,442	15,082	13,932	16,115	13,927	15,043	18,062	15,455	15,448
RevPAR (Yen)	12,772	12,206	12,636	15,191	8,983	8,457	11,732	11,332	11,125	13,264	10,541	11,605	16,267	12,372	12,049
Total Revenues (Myen)	544	614	667	627	419	503	3,374	591	542	656	536	496	549	3,370	6,744
Rooms							773							798	1,572
Food & Beverages							2,398							2,367	4,766
Shops							72							65	138
Tenant							31							31	63
Others							99							106	205
GOP (MYen)							585							733	1,319

Fiscal Year							FY 2008 VS FY 2009								
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	-9.2%	0.5%	-10.2%	0.6%	4.8%	6.9%	-1.1%								
ADR (Yen)	481	508	2,558	57	△ 652	△ 396	454								
RevPAR (Yen)	△ 1,035	480	434	159	275	630	173								
Total Revenues (Myen)	△ 65	△ 52	37	△ 49	△ 42	△ 81	△ 252								
Rooms							△ 16								
Food & Beverages							△ 209								
Shops							△ 17								
Tenant							0								
Others							△ 10								
GOP (MYen)							△ 80								

(Note) Occupancy rate is rounded off to the first decimal place. Revenue is rounded off to the nearest million yen, and ADR & Rev PAR are rounded off to the nearest yen. Monthly indicators of total Revenues, ADR & RevPAR for the first half of FY 2008 were revised due to the change of lessee's accounting process.

Monthly Hotel Indicators

Oriental Hotel Tokyo Bay

Japan Hotel and Resort, Inc.

Fiscal Year							FY 2009 ended August 31, 2009								2nd Half Total	Total
Year	2008	2008	2008	2008	2009	2009	1st Half Total	2009	2009	2009	2009	2009	2009	2009		
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Unaudited	→						Unaudited		
Occupancy Rate	91.0%	93.0%	91.6%	88.1%	79.9%	92.3%	89.3%									
ADR (Yen)	18,224	19,766	20,526	20,987	14,663	12,700	17,928									
RevPAR (Yen)	16,592	18,385	18,805	18,480	11,722	11,720	16,002									
Total Revenues (MYen)	557	650	683	633	472	454	3,448									
Rooms							1,610									
Food & Beverages							1,573									
Shops							2									
Tenant							139									
Others							125									
GOP (MYen)							825									

Fiscal Year							FY 2008 ended August 31, 2008								2nd Half Total	Total
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2008		
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Audited	→						Audited		
Occupancy Rate	84.8%	87.9%	84.1%	81.9%	70.3%	79.0%	81.3%	79.8%	64.1%	71.3%	77.8%	85.5%	89.1%	78.0%	79.6%	
ADR (Yen)	18,347	19,201	19,319	21,903	16,258	14,105	18,316	24,184	19,625	20,960	16,731	18,460	27,095	21,365	19,817	
RevPAR (Yen)	15,561	16,873	16,242	17,940	11,426	11,139	14,893	19,305	12,571	14,948	13,021	15,786	24,131	16,666	15,784	
Total Revenues (MYen)	560	624	612	659	459	460	3,374	662	492	546	485	553	672	3,408	6,783	
Rooms							1,509							1,706	3,216	
Food & Beverages							1,633							1,448	3,082	
Shops							3							2	5	
Tenant							139							136	276	
Others							90							114	204	
GOP (MYen)							795							913	1,708	

Fiscal Year							FY 2008 VS FY 2009								2nd half ttl	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug			
Occupancy Rate	6.2%	5.1%	7.5%	6.2%	9.6%	13.3%	8.0%									
ADR (Yen)	△ 123	565	1,207	△ 916	△ 1,595	△ 1,405	△ 388									
RevPAR (Yen)	1,031	1,512	2,563	540	296	581	1,109									
Total Revenues (MYen)	△ 3	26	71	△ 26	13	△ 6	74									
Rooms							101									
Food & Beverages							△ 60									
Shops							△ 1									
Tenant							△ 0									
Others							35									
GOP (MYen)							30									

(Note) Occupancy rate is rounded off to the first decimal place. Revenue is rounded off to the nearest million yen, and ADR & Rev PAR are rounded off to the nearest yen.

Monthly Hotel Indicators

Namba Oriental Hotel

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2009 ended August 31, 2009														
Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2009	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total		
Status	←						Unaudited	→						Unaudited		
Occupancy Rate	80.8%	88.2%	87.0%	75.3%	73.3%	77.5%	80.4%									
ADR (Yen)	10,615	10,665	11,482	11,061	10,397	9,183	10,604									
RevPAR (Yen)	8,576	9,411	9,990	8,325	7,617	7,117	8,520									
Total Revenues (MYen)	154	164	165	160	149	133	925									
Rooms							436									
Food & Beverages							62									
Shops							-									
Tenant							405									
Others							22									
GOP (MYen)							508									

Fiscal Year		FY 2008 ended August 31, 2008														
Year	2007	2007	2007	2007	2008	2008	1st Half	2008	2008	2008	2008	2008	2008	2008	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total		
Status	←						Audited	→						Audited		
Occupancy Rate	95.1%	91.3%	90.7%	85.0%	82.9%	87.5%	88.7%	84.2%	83.7%	86.9%	81.4%	84.7%	88.7%	85.0%	86.8%	
ADR (Yen)	10,198	10,098	10,988	11,292	10,344	10,351	10,539	10,698	10,423	10,722	10,307	10,598	11,740	10,763	10,649	
RevPAR (Yen)	9,701	9,218	9,969	9,594	8,572	9,059	9,350	9,010	8,729	9,317	8,390	8,980	10,414	9,146	9,248	
Total Revenues (MYen)	167	165	168	173	159	167	999	163	155	165	152	163	179	976	1,976	
Rooms							481							475	957	
Food & Beverages							80							64	145	
Shops							-							-	-	
Tenant							404							411	816	
Others							34							23	58	
GOP (MYen)							557							542	1,099	

Fiscal Year		FY2008 VS FY2009													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd Half ttl	Total
Occupancy Rate	-14.3%	-3.1%	-3.7%	-9.7%	-9.6%	-10.0%	-8.3%								
ADR (Yen)	417	567	494	△ 231	53	△ 1,168	65								
RevPAR (Yen)	△ 1,125	193	21	△ 1,269	△ 955	△ 1,942	△ 830								
Total Revenues (MYen)	△ 13	△ 1	△ 3	△ 13	△ 10	△ 34	△ 74								
Rooms							△ 45								
Food & Beverages							△ 18								
Shops							-								
Tenant							1								
Others							△ 12								
GOP (MYen)							△ 49								

(Note) Occupancy rate is rounded off to the first decimal place. Revenue is rounded off to the nearest million yen, and ADR & Rev PAR are rounded off to the nearest yen.

Monthly Hotel Indicators

Hotel Nikko Alivila

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2009 ended August 31, 2009														
Year	2008	2008	2008	2008	2009	2009	1st Half Total	2009	2009	2009	2009	2009	2009	2009	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←-----→						Unaudited	←-----→						Unaudited		
Occupancy Rate	94.7%	90.9%	72.9%	59.8%	55.6%	66.2%	73.4%									
ADR (Yen)	27,289	20,821	19,684	26,623	20,786	17,266	22,327									
RevPAR (Yen)	25,854	18,920	14,355	15,918	11,550	11,435	16,378									
Total Revenues (MYen)	532	467	370	368	290	275	2,303									
Rooms							1,293									
Food & Beverages							786									
Shops							177									
Tenant							-									
Others							46									
GOP (MYen)							512									

Fiscal Year		FY 2008 ended August 31, 2008														
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←-----→						Audited	←-----→						Audited		
Occupancy Rate	94.1%	90.3%	75.8%	61.1%	48.6%	56.8%	71.1%	77.4%	83.7%	83.0%	74.9%	89.6%	92.6%	83.6%	77.4%	
ADR (Yen)	26,682	19,278	18,783	23,660	24,024	16,495	21,646	22,233	22,588	23,838	22,916	42,959	62,838	33,987	28,347	
RevPAR (Yen)	25,116	17,409	14,234	14,459	11,667	9,362	15,394	17,204	18,907	19,773	17,156	38,497	58,216	28,404	21,934	
Total Revenues (MYen)	531	451	376	367	290	247	2,262	431	450	471	394	765	1,079	3,590	5,853	
Rooms							1,222							2,277	3,499	
Food & Beverages							817							981	1,798	
Shops							177							252	430	
Tenant							-							-	-	
Others							46							78	125	
GOP (MYen)							491							1,442	1,933	

Fiscal Year		FY2008 vs FY2009													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	0.6%	0.6%	-2.9%	-1.3%	7.0%	9.4%	2.3%								
ADR (Yen)	607	1,543	901	2,963	△ 3,238	771	681								
RevPAR (Yen)	738	1,511	121	1,459	△ 117	2,073	984								
Total Revenues (MYen)	1	16	△ 6	1	△ 0	28	41								
Rooms							71								
Food & Beverages							△ 31								
Shops							△ 0								
Tenant							-								
Others							△ 0								
GOP (MYen)							21								

(Note) Occupancy rate is rounded off to the first decimal place. Revenue is rounded off to the nearest million yen, and ADR & Rev PAR are rounded off to the nearest yen.

Monthly Hotel Indicators

Oriental Hotel Hiroshima

Japan Hotel and Resort, Inc.

FY 2009 ended August 31, 2009															
Fiscal Year															
Year	2008	2008	2008	2008	2009	2009	1st Half Total	2009	2009	2009	2009	2009	2009	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	→						Unaudited	
Occupancy Rate	78.4%	80.5%	79.1%	72.0%	63.2%	67.0%	73.4%								
ADR (Yen)	9,062	8,838	9,448	9,109	8,676	8,482	8,958								
RevPAR (Yen)	7,102	7,116	7,474	6,556	5,486	5,683	6,576								
Total Revenues (Myen)	167	205	242	195	155	146	1,109								
Rooms							297								
Food & Beverages							780								
Shops							-								
Tenant							12								
Others							20								
GOP (MYen)							166								

FY 2008 ended August 31, 2008															
Fiscal Year															
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Audited	→						Audited	
Occupancy Rate	-	73.1%	78.0%	62.2%	48.3%	40.0%	60.8%	36.1%	57.1%	70.1%	62.3%	74.8%	86.6%	64.2%	62.6%
ADR (Yen)	-	8,766	8,948	8,667	8,116	8,342	8,638	9,099	8,720	9,439	8,469	8,590	9,849	9,075	8,876
RevPAR (Yen)	-	6,412	6,983	5,395	3,916	3,338	5,249	3,284	4,975	6,614	5,276	6,424	8,530	5,826	5,556
Total Revenues (Myen)	-	184	205	188	129	122	829	154	160	177	173	181	122	966	1,795
Rooms							217							272	489
Food & Beverages							596							663	1,259
Shops							-							-	-
Tenant							1							11	13
Others							15							18	34
GOP (MYen)							111							132	243

FY 2008 VS FY 2009															
Fiscal Year															
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	-	7.4%	1.1%	9.8%	14.9%	27.0%	-								
ADR (Yen)	-	72	500	442	560	140	-								
RevPAR (Yen)	-	704	491	1,161	1,570	2,345	-								
Total Revenues (Myen)	-	21	37	7	26	24	-								
Rooms							-								
Food & Beverages							-								
Shops							-								
Tenant							-								
Others							-								
GOP (MYen)							-								

(Note) Occupancy rate is rounded off to the first decimal place. Revenue is rounded off to the nearest million yen, and ADR & Rev PAR are rounded off to the nearest yen.

Rent Revenues and Expenses

Japan Hotel and Resort, Inc.

(Amount: thousand yen)

	Kobe Meriken Park Oriental Hotel			Oriental Hotel Tokyo Bay			Namba Oriental Hotel			Hotel Nikko Alivila			Nara Washington Hotel Plaza (1)			
	Term	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.
	Operating Days	182	181	△ 1	182	181	△ 1	182	181	△ 1	182	181	△ 1	182	181	△ 1
Acq. Price	11,400,000			19,400,000			16,700,000			19,700,000			1,800,000			
Total Rent Revenues ①	629,689	601,051	△ 28,638	670,583	677,981	7,398	499,985	492,507	△ 7,478	704,772	708,809	4,037	73,000	73,000	0	
Fixed Rent Revenues	288,322	288,322	0	333,150	333,150	0	399,979	399,979	0	478,546	478,546	0	73,000	73,000	0	
Variable Rent Revenues	340,881	312,244	△ 28,637	337,432	344,830	7,398	100,005	92,527	△ 7,478	226,225	230,262	4,037	-	-	-	
Other Revenues	484	484	0	-	-	-	-	-	-	-	-	-	0	0	0	
Total Rent Expenses ②	399,129	403,200	4,071	328,004	309,373	△ 18,631	131,102	131,527	425	233,174	265,883	32,709	31,000	30,000	△ 1,000	
Insurance	3,625	3,192	△ 433	3,507	3,158	△ 349	1,630	1,462	△ 168	2,925	2,348	△ 577	0	0	0	
Land Lease Payment	120,938	120,938	0	-	-	-	-	-	-	9,999	9,999	0	-	-	-	
Other Lease Payment	18,291	18,287	△ 4	-	-	-	-	-	-	32,074	32,074	0	-	-	-	
Building Maintenance Fee	480	480	0	480	480	0	480	480	0	960	960	0	3,000	2,000	△ 1,000	
Trust Fee	1,500	1,900	400	1,500	1,900	400	1,500	1,900	400	2,500	2,900	400	1,000	1,000	0	
Property Tax	35,666	36,361	695	62,381	62,905	524	48,592	48,492	△ 100	36,223	35,912	△ 311	5,000	5,000	0	
Depreciation ③	202,639	214,034	11,395	225,116	240,597	15,481	78,752	79,039	287	144,258	180,399	36,141	20,000	21,000	1,000	
Loss from Disposal of Fixed Assets ④	13,032	7,144	△ 5,888	33,859	97	△ 33,762	-	-	-	-	425	425	-	-	-	
Other Expenses	2,955	861	△ 2,094	1,160	234	△ 926	146	152	6	4,231	863	△ 3,368	0	0	0	
Operating Profit ⑤ (=①-②)	230,560	197,851	△ 32,709	342,579	368,608	26,029	368,882	360,979	△ 7,903	471,598	442,925	△ 28,673	42,000	42,000	0	
NOI ⑥ (=③+④+⑤)	446,231	419,029	△ 27,202	601,554	609,302	7,748	447,634	440,018	△ 7,616	615,856	623,749	7,893	62,000	63,000	1,000	
NOI % (Annualized ⑥/ Acq. Price)	7.87%	7.41%	-0.46%	6.24%	6.33%	0.10%	5.39%	5.31%	-0.08%	6.29%	6.38%	0.10%	6.93%	7.06%	0.13%	

(Note1) The lessees of Nara Washington Hotel Plaza, Hakata Nakasu Washington Hotel Plaza and Daiwa Roynet Hotel Akita did not agree to disclose rents in thousand yen. Thus, the figures of those hotels are rounded down to the nearest million yen.

Rent Revenues and Expenses

Japan Hotel and Resort, Inc.

(Amount: thousand yen)

Term	Hakata Nakasu Washington Hotel Plaza (1)			Daiwa Roynet Hotel Akita (1)			Oriental Hotel Hiroshima (2)			Total		
	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.	FY2008 1st Half	FY2009 1st Half	Var.
	Operating Days	182	181	△ 1	182	181	△ 1	152	181	29	182	181
Acq. Price	3,880,000			2,278,000			9,900,000			85,058,000		
Total Rent Revenues ①	129,000	129,000	0	69,000	69,000	0	174,952	221,428	46,476	2,952,569	2,974,324	21,755
Fixed Rent Revenues	129,000	129,000	0	69,000	69,000	0	92,085	110,502	18,417	-	-	-
Variable Rent Revenues	-	-	-	-	-	-	82,867	110,926	28,059	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Rent Expenses ②	36,000	35,000	△ 1,000	30,000	39,000	9,000	48,046	107,705	59,659	1,237,840	1,323,035	85,195
Insurance	0	0	0	0	0	0	1,040	1,355	315	-	-	-
Land Lease Payment	0	-	-	-	-	-	-	-	-	-	-	-
Other Lease Payment	-	-	-	-	-	-	-	-	-	-	-	-
Building Maintenance Fee	2,000	1,000	△ 1,000	1,000	1,000	0	400	480	80	-	-	-
Trust Fee	1,000	1,000	0	-	-	-	1,254	1,900	646	-	-	-
Property Tax	7,000	7,000	0	-	9,000	9,000	-	24,334	24,334	-	-	-
Depreciation ③	23,000	23,000	0	28,000	28,000	0	44,707	77,532	32,825	-	-	-
Loss from Disposal of Fixed Assets ④	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	0	0	0	-	-	-	643	2,103	1,460	-	-	-
Operating Profit ⑤ (=①-②)	93,000	94,000	1,000	38,000	29,000	△ 9,000	126,906	113,722	△ 13,184	1,714,729	1,651,288	△ 63,441
NOI ⑥ (=③+④+⑤)	116,000	117,000	1,000	66,000	57,000	△ 9,000	171,613	191,254	19,641	-	-	-
NOI % (Annualized ⑥/ Acq. Price)	6.01%	6.08%	0.07%	5.83%	5.05%	-0.78%	4.17%	3.90%	-0.28%	-	-	-

(Note1) The lessees of Nara Washington Hotel Plaza, Hakata Nakasu Washington Hotel Plaza and Daiwa Roynet Hotel Akita did not agree to disclose rents in thousand yen. Thus, the figures of those hotels are rounded down to the nearest million yen.

(Note2) The data of Oriental Hotel Hiroshima in the 1st Half of FY2008 is provided for 152 days after the REIT acquired the hotel.

$$\begin{array}{|c|} \hline \text{ADR} \\ \hline \text{(Average Daily Rate)} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Occupancy Rate} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Rev PAR} \\ \hline \text{(Revenue Per Available Room)} \\ \hline \end{array}$$

■ Total room revenues during a certain period (excl. service charge) / Total rooms sold during the same period

■ Total rooms sold during a certain period / Total number of available rooms during the same period

■ Total room revenues during a certain period / Total number of available rooms during the same period

$$\begin{array}{|c|} \hline \text{GOP} \\ \hline \text{(Gross Operating Profit)} \\ \hline \end{array}$$

$$= \text{Total departmental (1) profit} - \text{Unallocated expenses}$$

(Note1) Rooms, food & beverages, shops, tenants and others

: Commonly used performance indicators for hotels

Appendix F Investor Composition and Unit Price

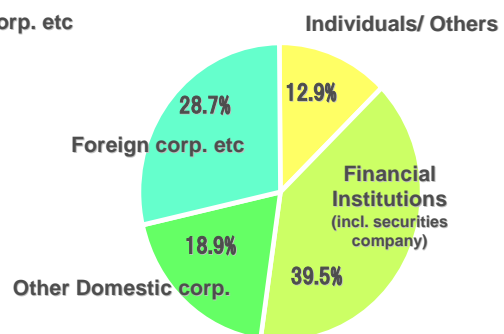
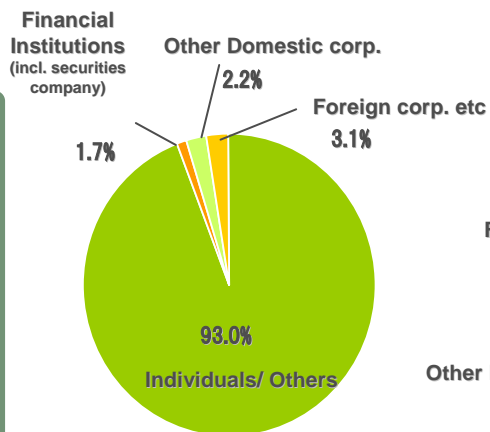
Units Held by Attribute

Number of investors⁽¹⁾

Number of investment units held⁽¹⁾

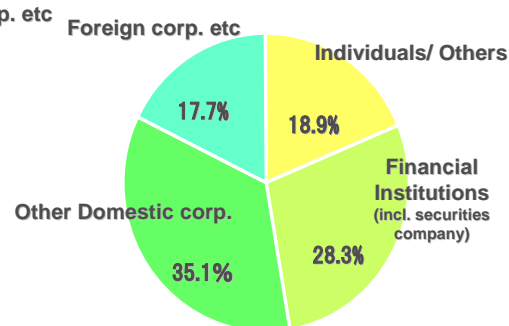
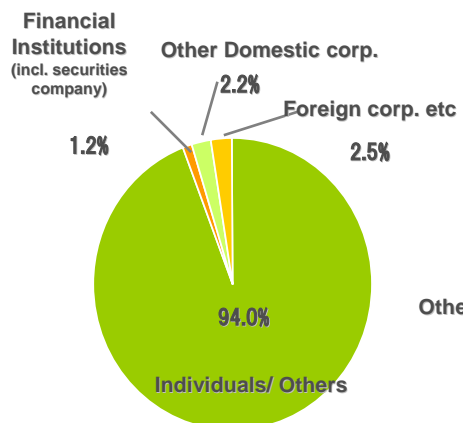
Unit-holder details (as of February 28, 2009)

Aug. 31, 2008



	Investors		Units	
	Number	%	Number	%
Individuals/Others	3,958	94.0%	20,010	18.9%
Financial Institutions (incl. securities company)	51	1.2%	29,965	28.3%
Other Domestic Corp	93	2.2%	37,060	35.1%
Foreign Corp. etc.	107	2.5%	18,684	17.7%
Total	4,209	100.0%	105,719	100.0%

Feb. 28, 2009



Top 10 Investors (as of February 28, 2009)

No	Name	# of Units Held	⁽⁴⁾ (%)
1	Green Investment Co., Ltd. ⁽²⁾	14,219	13.44
2	Japan Hotel Alliance Co., Ltd. ⁽³⁾	9,150	8.65
3	Nikko Cititrust and Banking Corporation (Inv. Trust Account)	8,660	8.19
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	7,154	6.76
5	Japan Trustee Services Bank, Ltd. (Trust Account)	4,123	3.89
6	Mori Trust Co., Ltd.	4,081	3.86
7	Shikoku Railway Company	2,245	2.12
8	Trust & Custody Services Bank, Ltd (Securities Inv. Trust A/C)	1,786	1.68
9	Goldman Sachs & Co. REG	1,658	1.56
10	The Nomura Trust and Banking Co., Ltd (Inv. Trust A/C)	1,598	1.51

(1) The ratios of the number of investors and number of investment units held to the total are rounded off to the first decimal place.

(2) Green Investment Co., Ltd. is a wholly owned subsidiary of the Goldman Sachs Group, and acquired 200 units when the REIT was established, and additionally acquired 14,019 units issued on February 3, 2009.

(3) Japan Hotel Alliance Co., Ltd. is a wholly owned subsidiary of the Goldman Sachs Group, and has transferred its assets to the REIT. It has purchased and holds 9,150 units in the REIT that were issued on February 15, 2006 through the private placement.

(4) The ratio of investment units held to the total number of investment units issued is rounded down to the second decimal place

Submission of Large Volume Holdings Reports (as of April 6, 2009)

Japan Hotel and Resort, Inc.

Submitter and Joint Holders

1. Goldman Sachs Japan Co., Ltd. (Submission to Kanto Local Finance Bureau: February 9, 2009)

Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Japan Hotel Alliance Co., Ltd.	9,150	8.66
Green Investment Co., Ltd.	14,219	13.45
Total	23,369	22.10

2. Citibank Japan Ltd. (Submission to Kanto Local Finance Bureau: February 24, 2009)

Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Nikko Asset Management Co., Ltd.	8,755	8.28
Citi Group Global Markets Limited	225	0.21
Total	8,980	8.49

3. Shikoku Railway Company (Submission to Shikoku Local Finance Bureau: April 3, 2009)

Submitter	Number of Units Held	Shareholdings (%)
Shikoku Railway Company	5,495	5.20
Total	5,495	5.20

4. Nomura Securities Co., Ltd. (Submission to Kanto Local Finance Bureau: November 10, 2008)

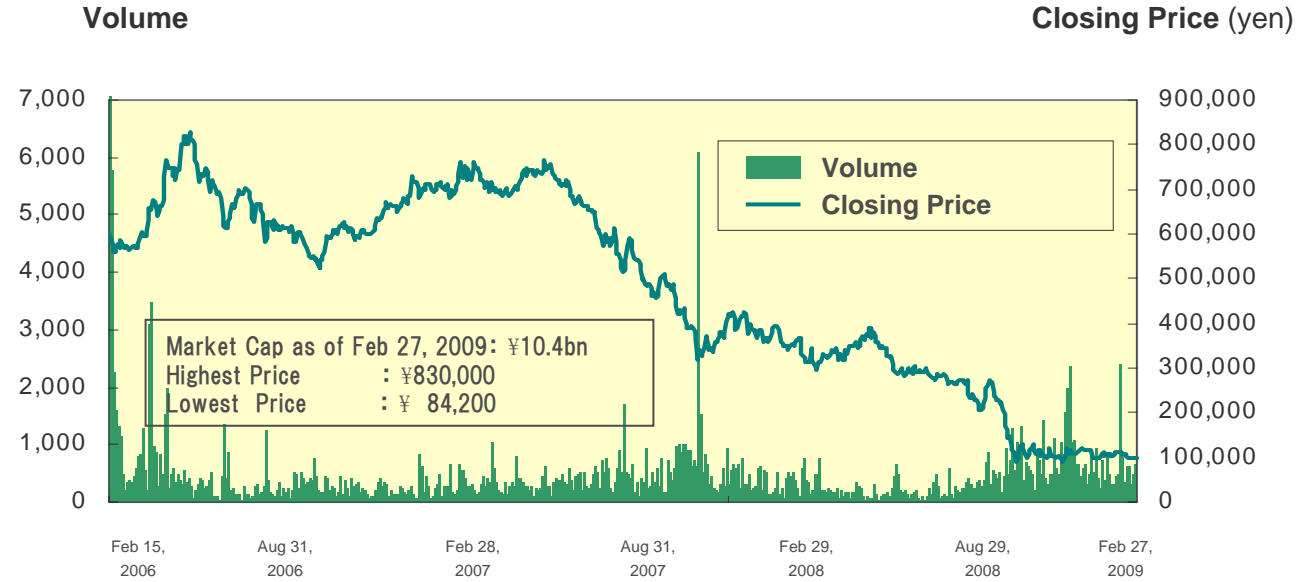
Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Nomura Securities Co., Ltd.	400	0.44
Nomura Asset Management Co., Ltd.	3,623	3.95
Total	4,023	4.39

5. American International Group, Inc (Submission to Kanto Local Finance Bureau: November 6, 2007)

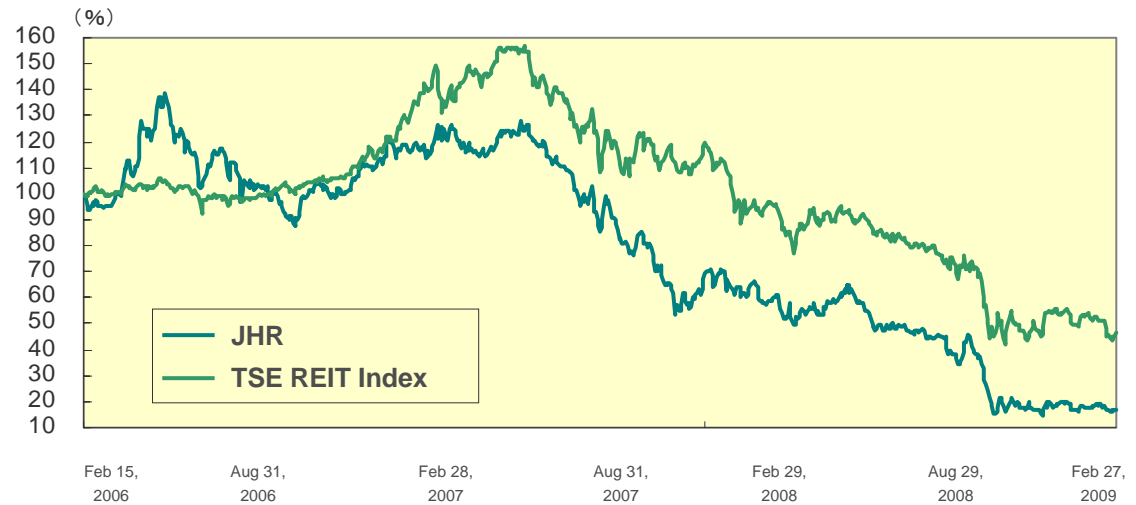
Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
AIG Star Life Insurance Co., Ltd.	857	0.93
American Life Insurance Company	1,988	2.17
AIG Edison Life Insurance Company	871	0.95
Total	3,716	4.05

(Note) The ratio of the number of investment units held to the total number of investment units issued (Shareholdings ratio) is rounded off to the second decimal place.

JHR Unit Price/ Trade Volume



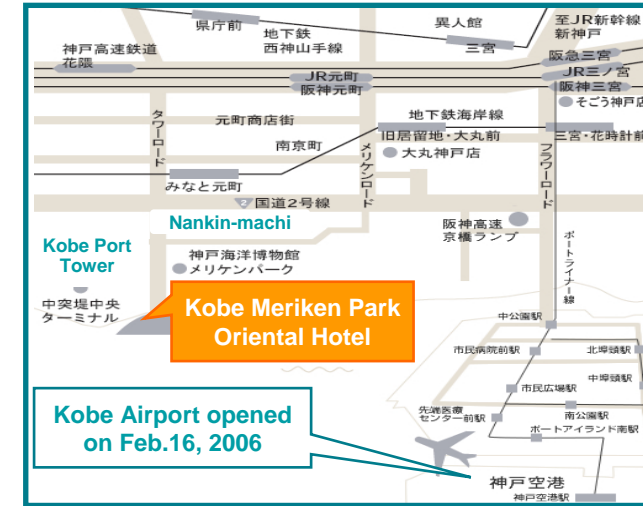
TSE REIT Index/ JHR Unit Price



Appendix G Description of Hotels

Kobe Meriken Park Oriental Hotel

Japan Hotel and Resort, Inc.



Overview

- Located on the center of Kobe and about 1.5km southwest of Sannomiya
 - Located on the pier of Meriken Park and surrounded by harbor and commercial facilities, serving demand for the urban resort experience
- With 319 rooms, a variety of restaurants and banquet facilities that can be used for weddings
- All rooms have a balcony. There is an independent seaside chapel outside. The structure of the property is ideal for an urban resort

Growth Story

- The highly unique location and the impressive exterior make this a landmark of Kobe. The hotel is utilizing these strengths to establish a unique market position that is not swayed by its competition.
- To this end the hotel is strengthening its brand power and building its competitiveness in the room and restaurant segment to add to its existing competitiveness in banquets. This improves the overall performance of the hotel.
- In FY 2009, the hotel placed the focus on organizational development, the basis of branding. The hotel will assess the progress of these efforts and the effects of the already implemented renovation of rooms, and make investments in renovation in FY 2010 and later.

Asset Overview

Appraisal Value as of Feb 28, 2009		¥ 13.6 bn
Form of Ownership	Land	Lease
	Building	Condo Ownership
Land	Location	Chuo-ku, Kobe
	Size	22,660.09㎡
Building	Structure/Floor	S/ 14 floors
	Year Built	July, 1995
	Total Floor Space	31,899.07㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Archon Hospitality K.K.	
PML		11.6%

Oriental Hotel Tokyo Bay

Japan Hotel and Resort, Inc.



Overview

- Partner hotel of Tokyo Disney Resort (TDR), directly linked to JR Shin-Urayasu Station by a pedestrian deck
- Urban hotel with 505 rooms. There are also dining and banquet facilities that can be used for weddings
- Unique structure including a chapel in the hotel atrium
- The babies' suites for facilities with children up to three years old are particularly popular and the occupancy rate of these rooms is high

Growth Story

- The hotel has been proceeding with initiatives in repositioning and rebranding since 2005. The results are notable, and the indicators for competitiveness are steadily improving.
- In the future, in order to get repeat orders from customers supporting the popular babies' suites, the hotel will renovate rooms targeted at families with children 4 years of age and older.
- With regards to the food and beverages segment, in addition to the growing restaurant sector, the hotel will support growth through renovation of the chapel, etc.

Asset Overview

Appraisal Value as of Feb 28, 2009		¥ 20.8 bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Urayasu-city, Chiba
	Size	9,914.00㎡
Building	Structure/Floor	SRC-S-RC/ 12 floors and 2 basement floors
	Year Built	May, 1995
	Total Floor Space	44,833.11㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Archon Hospitality K.K.	
PML		14.2%

Namba Oriental Hotel

Japan Hotel and Resort, Inc.



Overview

- Located in the Namba area, one of the major downtown areas in Osaka
- Arcade in the Sennichimae shopping district and many restaurants and amusement facilities in the surrounding area
- Osaka attractions, Shinsaibashi and Dotonbori, are within walking distance
- All 257 rooms have double or twin beds. The rooms are larger than those of standard economy hotels
- Many tenant facilities besides guestrooms

Growth Story

- The hotel possesses the strength of attracting not only business customers, but also inbound and other leisure customers.
- The hotel will refine its revenue management in order to utilize this strength and further improve ADR. In this process, the ratio of leisure demands will be gradually lifted.
- The restaurants are gaining more attention with their menus conscious of local production and consumption. In the future, the customer appeal will be continuously strengthened with the introduction of new products, etc.

Asset Overview

Appraisal Value as of Feb 28, 2009		¥17.7 bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Chuo-ku, Osaka
	Size	4,505.23㎡
Building	Structure/Floor	S-SRC/ 9 floors and 1 basement floor
	Year Built	March, 1996
	Total Floor Space	19,364.33㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Archon Hospitality K.K.	
PML		13.4%

Hotel Nikko Alivila

Japan Hotel and Resort, Inc.



Overview

- Located on the west-side of the Onna-son area in Okinawa
- Not contiguous to a highway; the surrounding area is quiet and provides exclusivity
- A variety of dining facilities and a banquet hall that can be used for weddings
- Beach can be viewed from all 396 rooms

Growth Story

- This hotel is widely popular as an A-class resort in Okinawa, Japan's most famous resort area.
- The hotel commenced renovations of non-renovated rooms in the third term, and an effort on this project will make it the highest quality hotel in Okinawa.
- In "soft" aspects, the hotel is differentiating itself from its competitors by enhancing its "edutainment" program in which participants can experience the bountiful nature of Yomitan-son and local culture.

Asset Overview

Appraisal Value as of Feb 28, 2009		¥21.0 bn
Form of Ownership	Land	Owned/ Lease
	Building	Owned
Land	Location	Yomitan-son, Nakagami-gun, Okinawa
	Size	67,423.55㎡
Building	Structure/Floor	SRC-S-RC / 10 floors and 1 basement floor
	Year Built	April, 1994
	Total Floor Space	38,024.98㎡
Hotel Lessee		K.K. Hotel Management Japan
Operator		JAL Hotels Co., Ltd
PML		7.3%

Oriental Hotel Hiroshima

Japan Hotel and Resort, Inc.



Overview

- Located on Heiwa Odori, the main street in Hiroshima
- Rebranding from Hiroshima Washington Hotel in October 2006
- Acquired on October 1, 2007
- Converted into a stylish urban hotel by a famous designer
- Management is supported by Archon Hospitality

Growth Story

- In September 2008, the hotel completed the renovation of the banquet halls and has nearly completed the full renovation that it has been working on for the 2 years since its rebranding.
- The improvement of quality (improvement of per-customer spending) and the improvement of the occupancy rate and the turnover rate (increase in customers) due to re-branding is progressing steadily.
- In FY 2009, the hotel will further lift its targets, build a new strategy and drastically improve the underdeveloped parts of its operations, including an organizational reform, to eliminate the gap between the "hard" and "soft" aspects.

Asset Overview

Appraisal Value as of Feb, 2009		¥ 9.12bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hiroshima-city, Hiroshima
	Size	1,792.84㎡
Building	Structure/Floor	SRC/23 floors and 2 basement floors
	Year Built	September, 1993
	Total Floor Space	13,752.22㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Archon Hospitality K.K.	
PML		10.7%

Nara Washington Hotel Plaza

Japan Hotel and Resort, Inc.

- Located in international tourist site “Nara”, the surrounding area is a downtown area
- Relatively new facilities compared with competitors
- Operated by the Washington Hotel



Asset Overview		
Appraisal Value as of Feb 28, 2009		¥ 2.1bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Nara-city. Nara
	Size	2,393.40㎡(1)
Building	Structure/Floor	S/ 7 floors
	Year Built	March, 2000
	Total Floor Space	5,385.82㎡
Hotel Lessee	Washington Hotel Corporation	
PML		13.7%

(Note) Of the 2,393.40m² of land, a portion (71.12m²) was transferred on March 16, 2009 due to land appropriation by Nara-city. Furthermore, in this land appropriation, the land area was revised from 2,393.48m² to 2,393.40m² as a result of a location survey.

Hakata Nakasu Washington Hotel Plaza

Japan Hotel and Resort, Inc.

- Located in “Fukuoka” where demand is being created for both business and leisure
- Located in “Nakasu”, one of Kyushu’s most thriving areas
- Operated by the Washington Hotel



Asset Overview		
Appraisal Value as of Feb 28, 2009		¥ 4.11bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hakata-ku, Fukuoka
	Size	1,128.46㎡
Building	Structure/ Floor	S/ 12floors
	Year Built	March, 1995
	Total Floor Space	5,692.24㎡
Hotel Lessee	Washington Hotel Corporation	
PML	8.2%	

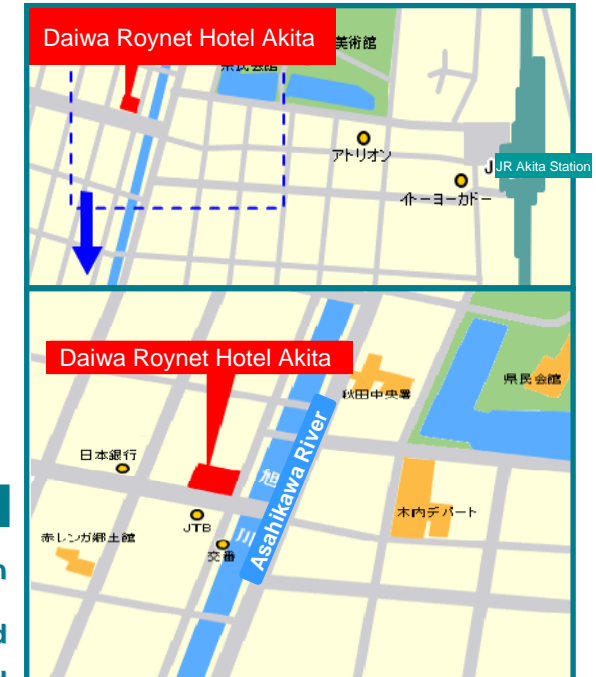
Daiwa Roynet Hotel Akita

Japan Hotel and Resort, Inc.

- Business demand in Akita
- Close to Kawabata-dori, the largest downtown in Akita
- Operated by Daiwa Royal, which runs series of Roynet Hotels
- New building built in June 2006



Asset Overview		
Appraisal Value as of Feb 28, 2009		¥ 2.09bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Akita-city, Akita
	Size	1,540.15㎡
Building	Structure/Floor	S/ 14 floors
	Year Built	June, 2006
	Total Floor Space	7,539.52㎡
Hotel Lessee		Daiwa Royal Co., Ltd
PML		6.4%



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Japan Hotel & Resort K.K.

Financial product trading company;

Director of Kanto Finance Bureau (Financial Product) No. 333 (deemed registration number)

Member of The Investment Trusts Association, Japan