

Provisional Translation Only

This English translation of the Japanese original is provided solely for information purposes. In the event that there is any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Announcement of Operational Results

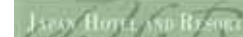
Fourth Term (ended August 2009)

October, 2009

The logo for Japan Hotel and Resort, Inc. features the company name in a white, serif font on a teal rectangular background.

Japan Hotel and Resort, Inc.

<http://www.jhrth.com>

The logo for Japan Hotel & Resort K.K. features the company name in a white, serif font on a green rectangular background.

Japan Hotel & Resort K.K.

<http://www.jhrkk.com>



Chapter 1	Annual Results for FY 2009 ended August 31, 2009	2
Chapter 2	Highlights of Hotel Performance	9
Chapter 3	Future Investment and Management Policy	16
Appendix		
	A Investor Composition and Unit Price	26
	B Basic Information	30
	C Overview of Refinance	38
	D Market Data	42
	E Portfolio Data Book	49
	F Description of Hotels	59

Chapter 1 Annual Results for FY 2009 ended August 31, 2009

Highlights of Annual Results for FY 2009

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Ended August 31, 2007 Actual	Ended August 31, 2008 Actual	Ended August 31, 2009 Forecast (5)	Ended August 31, 2009 Actual
Operating Revenues	5,592	6,063	5,359	5,385
Variable Rent Revenues	2,109	2,315	1,583	1,613
Operating Expenses	2,585	3,085	3,142	3,119
Depreciation Costs	1,355	1,623	1,757	1,752
Loss from Disposal of Fixed Assets	105	71	21	8
Operating Profit	3,007	2,978	2,216	2,265
Non-Operating Profit	535	672	1,009	1,003
Recurring Profit	2,472	2,306	1,207	1,261
Net Income	2,470	2,304	1,205	1,259
Dividend per Unit (yen)	26,944	25,130	11,400	11,913
NOI (1)	4,984	5,184	4,448	4,477
NOI % (2)	6.6	6.1	5.2	5.3
FFO (3)	3,931	3,999	2,983	3,020
LTV % (4)	38.4	45.1	40.8	42.0
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.

(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 figures in the Forecast are those announced on July 3, 2009 in "Notice regarding Revisions to the Forecast of Business Performance for the Fiscal Year ending August 31, 2009"

Outlook for FY 2010

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Half Year Ended February 28, 2009 Actual	Half Year Ended February 28, 2010 Forecast	Full Year Ended August 31, 2009 Actual	Full Year Ended August 31, 2010 Forecast
Operating Revenues	2,974	2,891	5,385	5,413
Variable Rent Revenues	1,090	1,005	1,613	1,641
Operating Expenses	1,571	1,595	3,119	3,184
Depreciation Costs	864	892	1,752	1,795
Loss from Disposal of Fixed Assets	7	11	8	29
Operating Profit	1,402	1,296	2,265	2,228
Non-Operating Profit	421	570	1,003	1,162
Recurring Profit	980	726	1,261	1,066
Net Income	979	725	1,259	1,064
Dividend per Unit (yen)	-	-	11,913	10,072
NOI	2,523	2,435	4,477	4,498
NOI %	5.9	5.7	5.3	5.3
FFO	1,850	1,628	3,020	2,889
Number of Outstanding Units	105,719	105,719	105,719	105,719

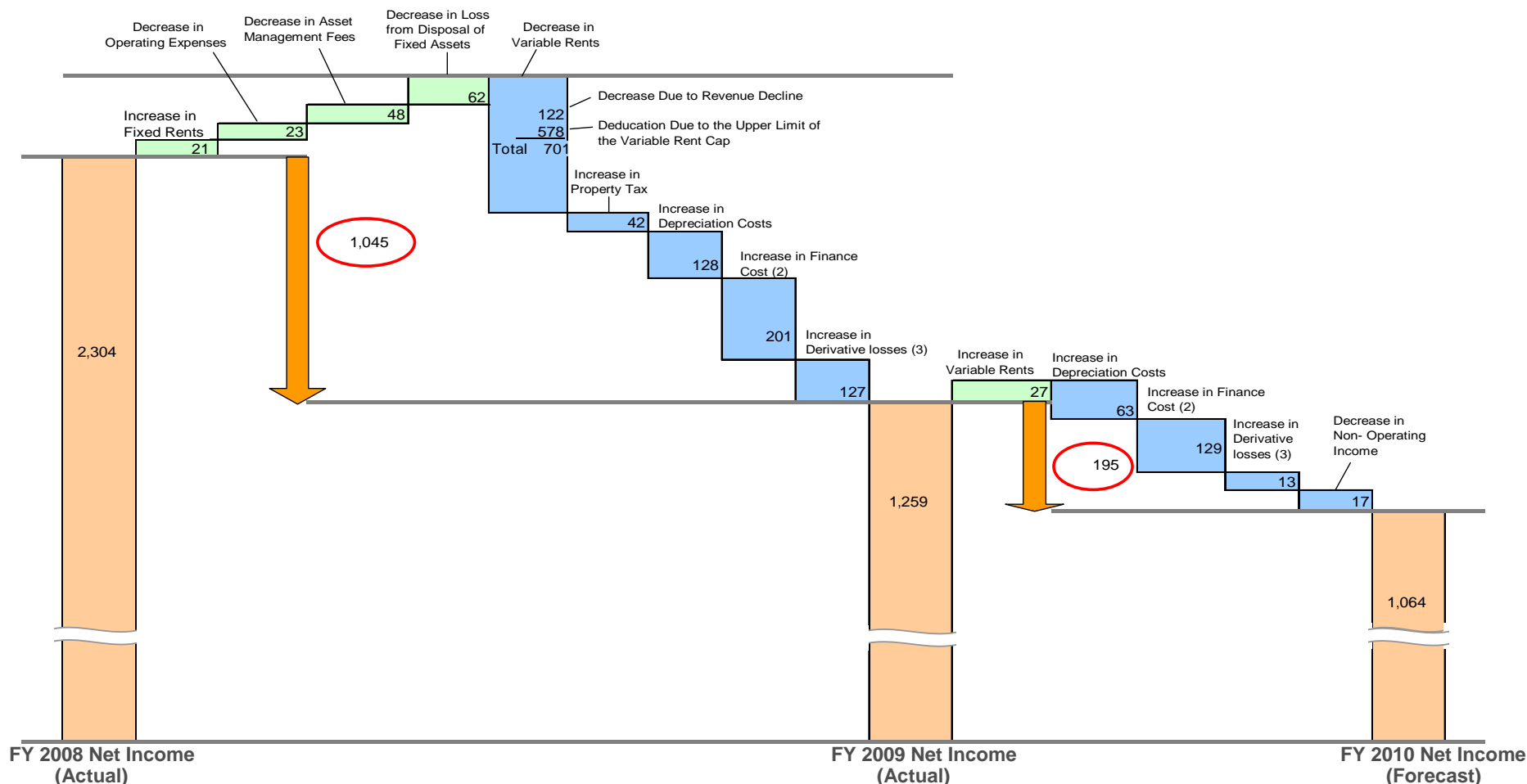
Assumptions

- Operating Days for FY2010 are 365 days from September 1, 2009 to August 31, 2010.
- The Projections are based upon the eight properties that the REIT held at the end of the fourth term (FY2009).
- The outstanding debt at the end of the fifth term(FY2010) is expected to be ¥36,953 mn.
- Actual operating revenues, recurring profit, net income and dividend per unit may differ from the outlook, 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.

Net Income Comparison

FY2009 Results VS FY2008 Results

FY2010 Forecast VS FY2009 Results



(Note 1) The "deduction due to the upper limit of the variable rent cap" is the amount deducted because the amount calculated by multiplying the revenues of the five hotels with variable rent by the variable rents rate of 10% (2,192 million yen) is greater than the variable rent cap (1,613 million yen), the upper limit of the variable rents.

(Note 2) The increase in the finance cost is mainly due to the fact that the interest rate on borrowings rose as a result of the refinancing of 29.2 billion yen implemented in FY 2009.

(Note 3) Derivative losses are amortization of the premium payment for the spread-type interest rate cap. Derivative losses incurred were approximately 262 million yen by FY 2009 and JHR plans to incur all of the remaining costs, approximately 146 million yen, in FY 2010.

(Reference Information)

About Deciding the Variable Rents

Japan Hotel and Resort, Inc.

(Amount: million yen)

	$\left(\begin{array}{l} \text{GOP of} \\ \text{Hotels with} \\ \text{Variable Rents -} \\ \text{Variable Rents} \\ \text{(note 1,2)} \end{array} \right. - \begin{array}{l} \text{Fixed Rents of} \\ \text{Hotels with} \\ \text{Variable Rents} \\ \text{(note 1)} \end{array} - \left. \begin{array}{l} \text{Operators' Fees} \\ \text{(note 3)} \end{array} \right) \times 90\% = \text{Variable Rent Cap (note 4) (a)}$		$\left(\begin{array}{l} \text{Hotel Revenues} \\ \text{multiplied by} \\ \text{Variable Rent} \\ \text{Rate} \\ \text{(note 5) (b)} \end{array} \right)$	$\left(\begin{array}{l} \text{Variable Rents} \\ \text{received (c):} \\ \text{Smaller of (a)} \\ \text{and (b)} \end{array} \right)$
FY 2010 Forecast	$\left(\begin{array}{l} 5,452 \\ - \\ 3,221 \\ - \\ 407 \end{array} \right) \times 90\% = \mathbf{1,641}$	<	2,157	1,641
FY 2009 Results	$\left(\begin{array}{l} 5,447 \\ - \\ 3,221 \\ - \\ 433 \end{array} \right) \times 90\% = \mathbf{1,613}$	<	2,192	1,613
FY 2009 Forecast as of July 3, 2009	$\left(\begin{array}{l} 5,413 \\ - \\ 3,221 \\ - \\ 433 \end{array} \right) \times 90\% = \mathbf{1,583}$	<	2,184	1,583
FY 2008 Results	$\left(\begin{array}{l} 6,303 \\ - \\ 3,202 \\ - \\ 505 \end{array} \right) \times 90\% = 2,335$	>	2,315	2,315
FY 2007 Results	$\left(\begin{array}{l} 6,007 \\ - \\ 3,000 \\ - \\ 534 \end{array} \right) \times 90\% = 2,225$	>	2,109	2,109

(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 onwards, there are five hotels.

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

(Note3) The total fees paid to JAL Hotels Co., Ltd. and Archon Hospitality K.K. and are fluctuated along with revenues and GOP of hotels with which service is provided.

(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 the fixed term building lease contract with HMJ dated December 14, 2005, 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%.

(Reference Information)

The figures in these reference materials are rounded down to the nearest million yen.

(Amount: million yen)

(1) Hotel Revenues (By Hotel)

5 Hotels with Variable Rent		FY2008	FY2009	FY2010 Forecast	FY2009 vs FY2008		FY2010 vs FY2009	
					Amount	%	Amount	%
	Kobe Meriken Park Oriental Hotel	6,744	5,999	5,816	745	11.0%	183	3.1%
	Oriental Hotel Tokyo Bay	6,783	6,542	6,458	241	3.6%	83	1.3%
	Namba Oriental Hotel	1,976	1,781	1,766	195	9.9%	14	0.8%
	Hotel Nikko Alivila	5,853	5,498	5,418	355	6.1%	80	1.4%
Sub-total		21,355	19,820	19,460	1,536	7.2%	360	1.8%
Oriental Hotel Hiroshima (note)		1,957	2,103	2,111	146	7.5%	8	0.4%
Total		23,312	21,923	21,570	1,390	6.0%	352	1.6%

(Note) Although in FY 2008 JHR owned this property for 11 months, figure for a 12-month period is used for a comparison purpose. The figure is not audited.

(2) Hotel Revenues (By Semi-Annual Period)

5 Hotels with Variable Rent	1st Half	vs LY	2nd Half	vs LY	Full Year	vs LY
FY2010 Forecast	10,054	7.8%	11,516	4.6%	21,570	1.6%
FY2009	10,908	0.8%	11,015	10.5%	21,923	6.0%
FY2008 (note)	11,000		12,312		23,312	

(Note) Although in FY 2008 JHR owned Oriental Hotel Hiroshima for 11 months, figure for a 12-month period is used for a comparison purpose. The figure is not audited.

(3) Hotel GOP (note)

5 Hotels with Variable Rent	FY2008	FY2009	FY2010 Forecast	FY2009 vs FY2008		FY2010 vs FY2009	
				Amount	%	Amount	%
Total GOP	6,303	5,447	5,453	856	13.6%	5	0.1%
Ratio of GOP to revenues	27.2%	24.8%	25.3%	-	7.2%	-	1.7%

(Note) In the case of the Oriental Hotel Hiroshima only, the figures for FY 2008 are the GOP and revenues for the 11-month period JHR owned this hotel.

(4) Rent Revenues

Rental income of JHR (note)	FY2008	FY2009	FY2010 Forecast	FY2009 vs FY2008		FY2010 vs FY2009	
				Amount	%	Amount	%
Total rental income	6,064	5,385	5,414	679	11.2%	28	0.5%
Total of fixed rents and variable rents from HMJ	5,518	4,835	4,863	683	12.4%	28	0.6%
Variable rents from HMJ	2,315	1,614	1,642	701	30.3%	28	1.7%

(Note) The total rental income is the total amount of rental income from the 8 hotels owned by JHR. In FY 2008 JHR owned the Oriental Hotel Hiroshima for 11 months.

Summary of Balance Sheet

Japan Hotel and Resort, Inc.

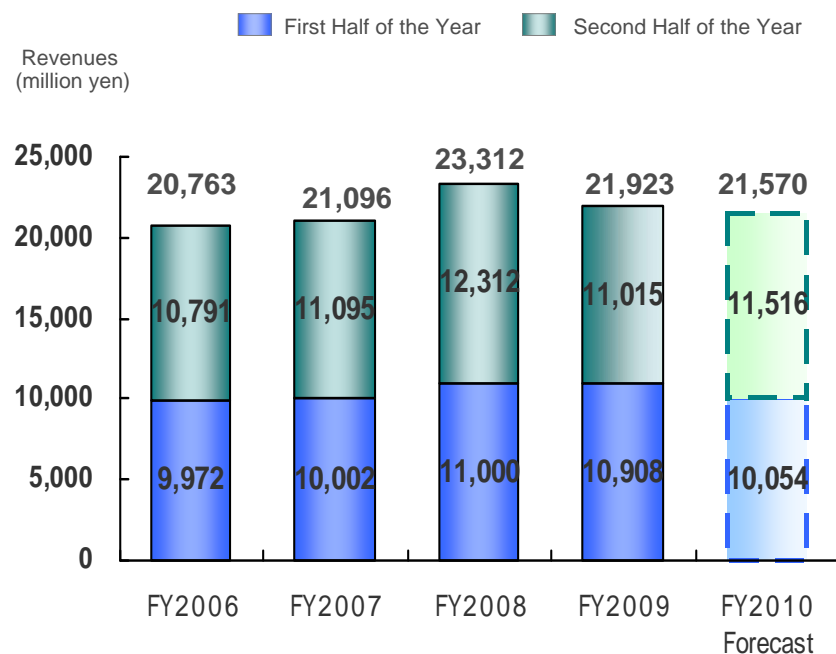
(Amount: million yen)

	Ended Aug. 31, 2008	(%)	Ended Aug. 31, 2009	(%)		Ended Aug. 31, 2008	(%)	Ended Aug. 31, 2009	(%)
ASSETS					LIABILITIES				
Current Assets	7,040	7.6	3,947	4.4	Current Liabilities	30,149	32.4	1,280	1.4
Cash and Bank Deposit	3,150		2,899		Trade and Other Payables	164		88	
Rent Receivable	1,289		0.3		Long-Term Debts to be repaid within one year	29,200		500	
Others	2,601		1,047		Account Payable and Other Payables	455		361	
Fixed Assets	85,911	92.4	85,243	95.5	Rents Received in Advance	329		330	
Property and Equipment at Cost	73,144	78.7	72,092	80.8	Others	0.6		0.6	
Buildings	1,420		1,365		Fixed Liabilities	14,638	15.7	39,238	44.0
Land	884		884		Long-Term Debts	12,753		36,953	
Buildings in Trust	29,740		28,880		Leasehold & Security Deposit Received	1,885		2,285	
Land in Trust	39,476		39,454		TOTAL LIABILITIES	44,788	48.2	40,519	45.4
Intangible Assets	12,377	13.3	12,363	13.8	EQUITY				
Investment and Other Assets	389	0.4	787	0.9	Total Unitholders' Capital	46,014	49.5	47,514	53.3
Deferred Assets	-		14		Retained Earnings	2,304		1,259	
					Unrealized Gains or Losses from Deferred Hedge	154		88	
					TOTAL EQUITY	48,164	51.8	48,685	54.6
TOTAL ASSETS	92,952	100.0	89,205	100.0	TOTAL LIABILITIES and UNIT HOLDERS EQUITY	92,952	100.0	89,205	100.0

Chapter 2 Highlights of Hotel Performance

Highlights of Hotel Performance

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



◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	81.2	81.4	77.6	75.7
ADR (Yen)	18,439	19,042	18,172	17,758
RevPAR (Yen)	14,963	15,500	14,107	13,441
GOP (M Yen)	-	6,007	6,323	5,447
GOP Rate(%)	-	28.5	27.1	24.8

Results for FY2009

- Total revenues decreased by ¥1,390mn (6.0%) from FY 2008.
- In the first half of the year, although business confidence worsened and the number of tourists visiting Japan decreased due to the strengthening of the yen, room revenues increased 3.3% compared to the same period in FY2008 as a result of the positive effect from the guest room renovations and TDR's 25th anniversary events, and the nature of lodging sector demand which in general acts slower than overall economic trend. On the other hand, food & beverage revenues decreased 4.3% from the same period in FY 2008 due to the impact of the new entry of competing wedding facilities. Total revenues decreased, as a result, by 0.8% compared to the same period in FY 2008.
- In the second half of the year, as demand for hotels dramatically decreased due to the worsening of the employment and household income environment, the spread of swine influenza infections in Japan and negative rebound from the effect from TDR's 25th anniversary events took place during the same period last year, room revenues decreased by 13.0% compared to the same period in FY 2008. Food & beverage revenues also decreased by 9.2% compared to the same period in FY 2008 because the impact of intensified competition in the weddings segment continued while revenues in the restaurants and general banquets segments decreased due to the worsening of the employment and household income environment, and the impact of the swine influenza. As a result, total revenues decreased by 10.5% compared to the same period in FY 2008.

Outlook for FY2010

- Total revenues are forecasted to decrease by ¥352mn (1.6%) from FY 2009.
- In the first half of the year, room revenues are forecasted to decrease 14.3% from the same period in FY 2009 due to a decline in demand resulting from economic stagnation and continuation of the fall in average daily rate (ADR), and further spread of swine influenza. In the food & beverages segment, although a certain degree of recovery is expected for weddings segment revenues, overall revenues in the food & beverages revenues are forecasted to decrease by 3.3% compared to the same period in FY 2009, due to the decrease in revenues in the general banquets and restaurants segments expected to continue. As a result, total revenues are forecasted to decrease 7.8% compared to the same period in FY 2009.
- In the second half of the year, room revenues are forecasted to increase 7.0% from the same period in FY 2009 because there is expected to be a recovery from the impact caused by the swine influenza, which was so severe in FY 2009, and the end of negative effect from the rebound from TDR's 25th anniversary events. In the food & beverages segment, revenues are forecasted to increase by 3.8% because a recovery from the impact of the swine influenza is expected, and a recovery in the weddings segment is projected. As a result, total revenues are forecasted to increase by 4.6% compared to the same period in FY 2009.

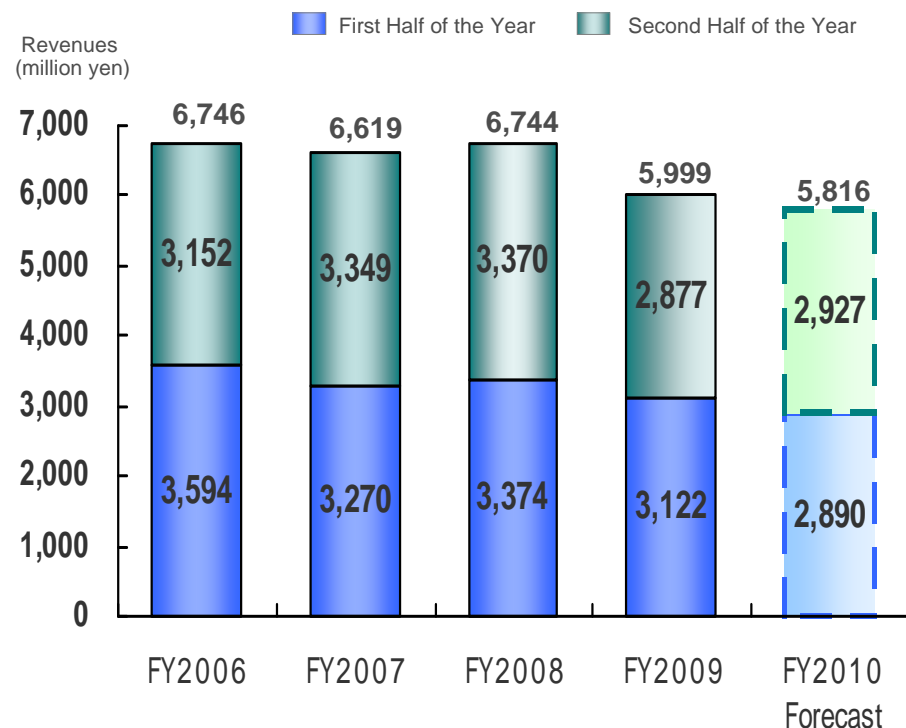
(Note1) 5 hotels include Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima, all of which are leased to HMJ. In FY 2006 the actual operating period of JHR was the approximately six and a half months beginning from February 15, 2006 (IPO) but figures for a 12-month period are shown here for the comparative analysis.

(Note2) Revenues and operating data before IPO are obtained from the seller and the data after IPO are obtained from the lessee. The data from IPO to the end of FY 2008 are audited and the others are not. The data for FY 2010 are a forecast, and the actual results may differ from the forecast, depending on various factors. (Hereinafter, this also applies to all of the hotels other than the Oriental Hotel Hiroshima.) In FY 2008 JHR owned the Oriental Hotel Hiroshima for a period of approximately 11 months but revenue and operating data figures for a 12-month period are used for the comparative analysis.

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Kobe Meriken Park Oriental Hotel



Results for FY2009

- Total revenues decreased by ¥745mn (11.0%) from FY 2008.
- In the room segment, revenues were strong in the first half of the year due to the expansion of our internet products and enhanced sales activities, but the occupancy rate fell dramatically as a result of the impact of the swine influenza outbreak in Kobe in May, and subsequently ADR also declined, so revenues decreased by ¥169mn (10.8%) from FY 2008.
- In the food & beverages segment, the number of weddings decreased due to the impact of the entry of new competitors into the market, and there were negative impacts on general banquets and restaurants due to the decrease in the number of visitors to other regions caused by the swine influenza outbreak and the decreased consumption of breakfasts resulting from the decline in the room occupancy rate, so revenues decreased by ¥520mn (10.9%) from FY 2008.

Outlook for FY2010

- Total revenues are forecasted to decrease by ¥183mn (3.1%) from FY 2009.
- In the room segment, in the second half of the year a recovery from the impact of the swine influenza is expected to lead to an increase in revenues, but the stagnation of unit prices throughout the market is expected to continue, so revenues are forecasted to decrease by ¥83mn (5.9%) from FY 2009.
- In the food & beverages segment, even though there is expected to be a negative impact from the entry of new competitors, the number of weddings is forecasted to increase due to our strengthening of the sales structure that we introduced in the middle of FY 2009. A recovery in the number of general banquets is also expected because the swine influenza will no longer have an impact and because of our enhanced sales activities, but the unit prices of the restaurants will continue to stagnate. As a result revenues for this segment are forecasted to decrease by ¥63mn (1.5%) compared to FY 2009.

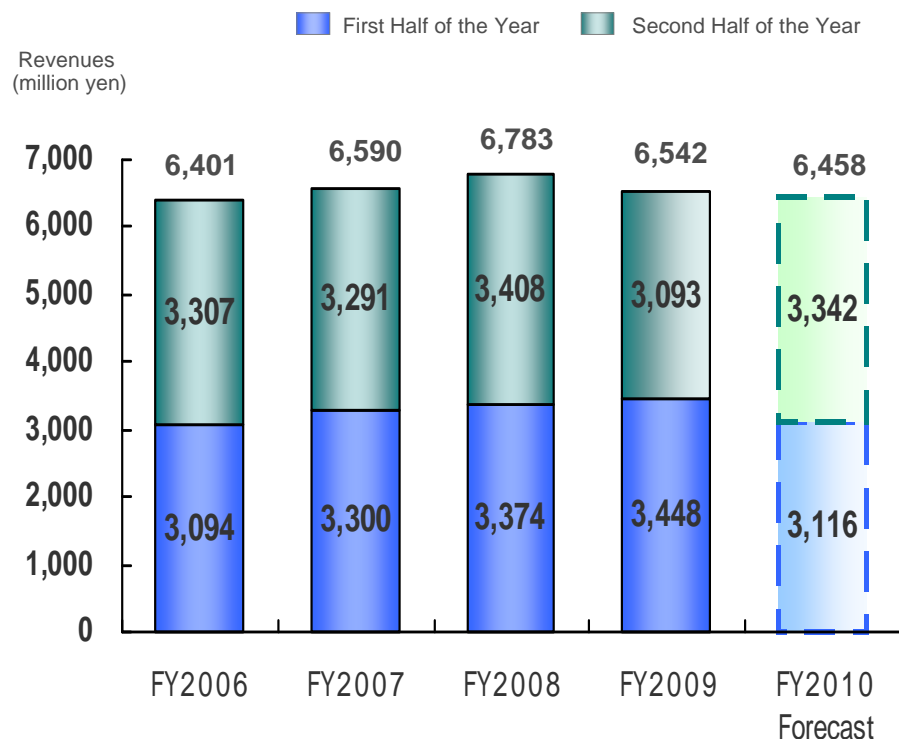
◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	78.7	78.4	78.0	70.7
ADR (Yen)	14,961	16,025	15,448	15,472
RevPAR (Yen)	11,771	12,556	12,049	10,933
GOP (M Yen)	-	1,330	1,319	891
GOP Rate(%)	-	20.1	19.6	14.8

(Note) In FY 2008 the room revenues accounting method of the lessee changed and as a result room revenues were reduced by approximately ¥75mn per year.

Highlights of Hotel Performance

Oriental Hotel Tokyo Bay



Results for FY2009

- Total revenues decreased by ¥241mn (3.6%) from FY 2008.
- In the room segment, revenues were strong in the first half of the year due to the positive effect of TDR's 25th anniversary event, etc. In the second half of the year, however, revenues fell due to negative rebound from TDR's 25th anniversary events took place in the same period last year and decline of individual demand. As a result, revenues for the full year decreased by ¥132mn (4.1%) from FY 2008.
- In the food & beverages segment, the number of weddings decreased due to the impact of the new entry of competing facilities into the market, and although restaurant revenues were strong in the first half of the year, due to the impact of the economic recession in the second half of the year, dinner revenues weakened, and revenues from general banquets also weakened because of the impact of the economic recession, and as a result revenues for the full year decreased by ¥139mn (4.5%) from FY 2008.

Outlook for FY2010

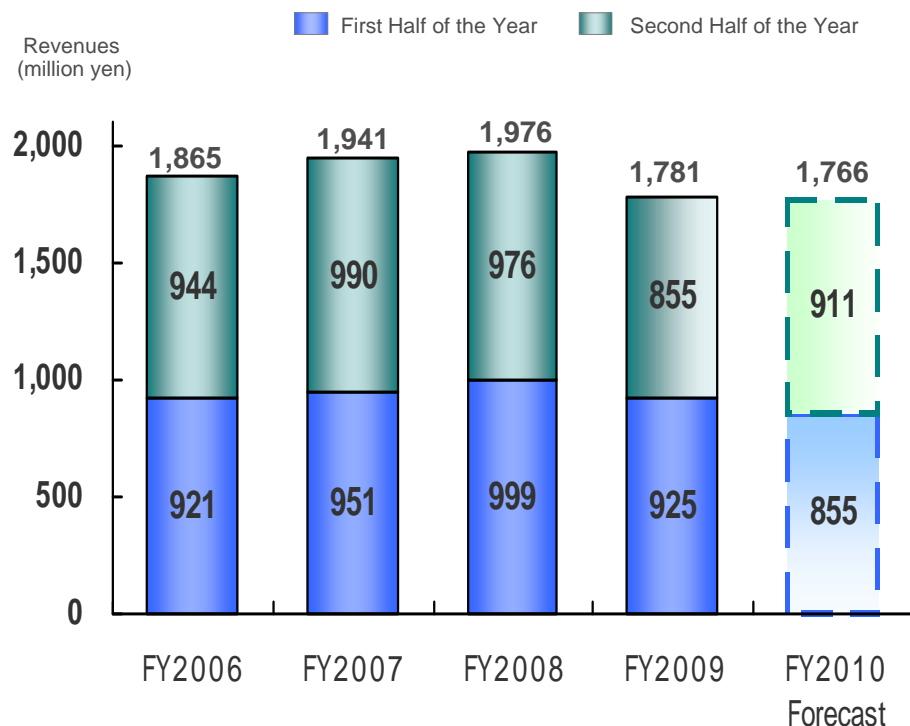
- Total revenues are forecasted to decrease by ¥83mn (1.3%).
- In the room segment, in the first half of the year revenues are expected to fall because there will be negative rebound from TDR's 25th anniversary events took place during the same period last year and individual demand is expected to stagnate due to the worsening of the economy, so even though revenues are forecasted to increase in the second half of the year due to the positive effect of the renovations we are planning to carry out this year and other factors, revenues for the full year are forecasted to decrease by ¥199mn (6.5%) from FY 2009.
- In the food & beverages segment, revenues from restaurants and general banquets are expected to continue to be weak due to the impact of the economic stagnation but weddings are expected to perform strongly due to the positive effect from the chapel renovation we carried out in October 2009, so revenues are forecasted to increase by ¥116mn (3.9%) from FY 2009.

◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	83.6	80.6	79.6	80.8
ADR (Yen)	18,243	19,446	19,817	18,830
RevPAR (Yen)	15,243	15,679	15,784	15,205
GOP (M Yen)	-	1,630	1,708	1,531
GOP Rate(%)	-	24.7	25.2	23.4

Highlights of Hotel Performance

Namba Oriental Hotel



Results for FY2009

- Total revenues decreased by ¥195mn (9.9%) from FY 2008.
- In the room segment, in addition to declines in inbound tourism from Asia (especially South Korea) because of the strengthening of the yen, and decreased business demand due to the worsening of the economy, there was also the impact of the emergence and spread of the swine influenza, so revenues decreased by ¥149mn (15.6%) from FY 2008.
- In the food & beverages segment, there was a fall in breakfast revenues due to the decrease in the number of guests, and in addition there was a decrease in group dinners from inbound tourism, so as a result revenues decreased by ¥28mn (19.2%) from FY 2008.

Outlook for FY2010

- Total revenues are forecasted to decrease by ¥14mn (0.8%) from FY 2009.
- In the room segment, the renovations of some guest rooms we are planning to carry out in FY 2010 and a recovery from the impact of the swine influenza in the second half of the year are expected to increase revenues, but overall revenues are forecasted to decrease by ¥5.5mn (0.7%) from FY 2009 due to the impact of the decrease in business demand caused by the economic slowdown, primarily in the first half of the year, and the continuing stagnation of demand from inbound tourists.

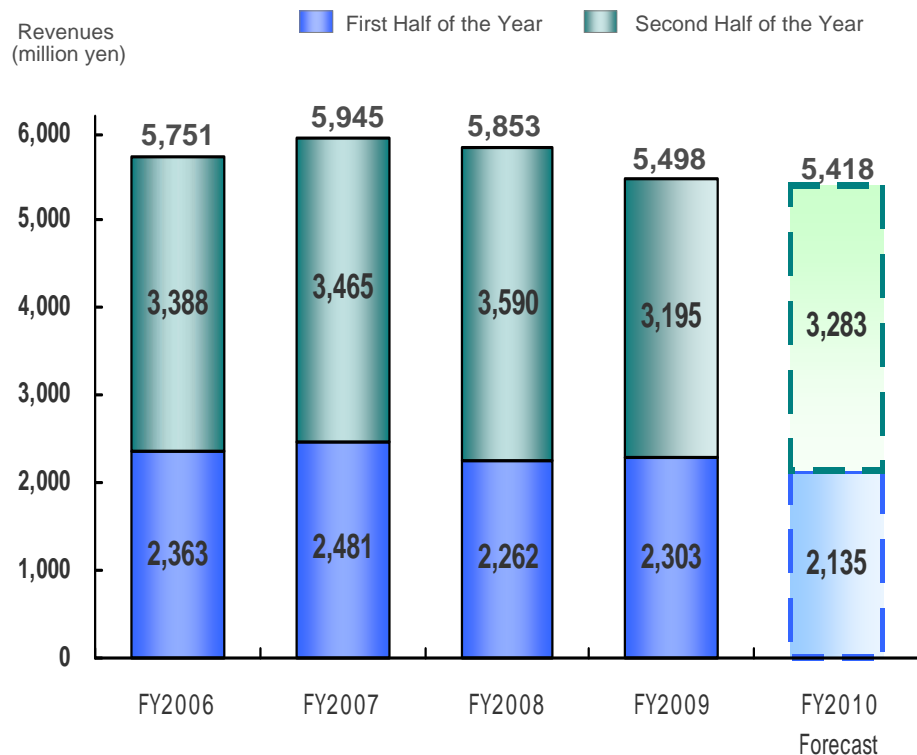
◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	80.2	88.4	86.8	75.5
ADR (Yen)	9,652	10,300	10,649	10,365
RevPAR (Yen)	7,740	9,104	9,248	7,827
GOP (M Yen)	-	1,114	1,099	963
GOP Rate(%)	-	57.4	55.6	54.1

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

Hotel Nikko Alivila



Results for FY2009

- Total revenues decreased by ¥355mn (6.1%) from FY 2008.
- In the room segment, in the first half of the year we achieved an increase in revenues due to the positive effect of renovations, but revenues in the second half of the year decreased as a result of an outflow of demand to overseas markets due to the strengthening of the yen, decreases in group demand from companies, and the impact of the swine influenza, etc. so revenues for the full year decreased by ¥181mn (5.2%) from FY 2008.
- In the food & beverages segment, food intake ratios stopped declining but revenues decreased by ¥137mn (7.6%) from FY 2008 due to the impact of decreases in the number of guests.

Outlook for FY2010

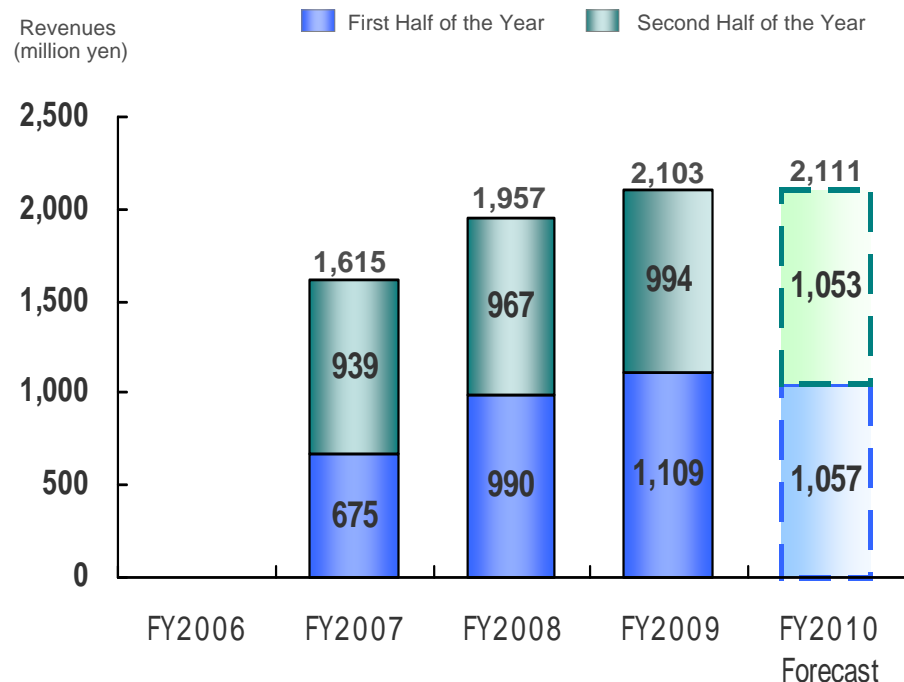
- Total revenues are forecasted to decrease by ¥80mn (1.4%) from FY 2009.
- In the room segment, we will aim to support revenues by strengthening sales through the Internet, etc. but for the time being, economic stagnation and stagnation of demand due to the swine influenza are expected to continue, so revenues are forecasted to decrease by ¥8mn (0.2%) from FY 2009.
- In the food & beverages segment, we expect the improvement of food intake ratios to continue but revenues are forecasted to decrease by ¥62mn (3.7%) from FY 2009 due to decreases in the number of guests.

◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	80.7	80.4	77.4	75.6
ADR (Yen)	25,935	27,197	28,347	27,561
RevPAR (Yen)	20,928	21,859	21,934	20,837
GOP (M Yen)	-	1,933	1,933	1,743
GOP Rate(%)	-	32.5	33.0	31.7

Highlights of Hotel Performance

Oriental Hotel Hiroshima (NOTE)



Results for FY2009

- Total revenues increased by ¥146mn (7.5%) from FY 2008.
- In the room segment, growth in the overall market continued to slow down, but our competitiveness improved due to our guest room renovations and strengthened sales policies and there was no longer an impact from the stop in sales due to guest room renovations, so revenues increased by ¥52mn (9.5%) from FY 2008.
- In the food & beverages segment, along with the strengthening of our sales structure there was also a large positive effect from the renovation of the banquet halls we carried out at the beginning of FY 2009, so revenues increased by ¥78mn (5.7%) from FY 2008.

Outlook for FY2010

- Total revenues are forecasted to increase by ¥8mn (0.4%) from FY 2009.
- In the room segment, we expect to maintain our competitiveness through strengthening of our sales policies, etc. so revenues are forecasted to be at about the same level as in FY 2009.
- In the food & beverages segment, the ability of the restaurants to attract guests is expected to weaken due to the impact of the economic slowdown but the number of weddings is expected to increase due to the strengthening of our sales promotion activities and the number of general banquets is also expected to increase due to the strengthening of our sales structure, so revenues are forecasted to increase by ¥10mn (0.7%).

◆ Operating Data

	FY2006	FY2007	FY2008	FY2009
Occ. Rate(%)	-	-	63.4	71.8
ADR (Yen)	-	-	8,853	9,043
RevPAR (Yen)	-	-	5,611	6,497
GOP (M Yen)	-	-	264	320
GOP Rate(%)	-	-	13.5	15.2

(Note) JHR acquired this property during FY 2008 but, for the comparative analysis, revenue and operating data figures for FY 2007 and FY2008 are shown based on information obtained from the seller. The figures up until FY 2009 are not audited and the figures for FY 2010 are forecasts, and the actual results may differ from the forecast, depending on various factors.

Chapter 3 Future Investment and Management Policy

Perception of the Market Conditions

General Market Conditions

- While signs that worsening of the economy has bottomed out are started to be seen and a moderate recovery of economy is expected, there are downside risks depending upon trends in the finance and capital markets and the world economy.

Hotel Market Conditions

- Although signs of a recovery in demand would be seen from next year onwards, tough management environment is expected to continue due to many uncertain factors and continued price competition.
- Prospects for the medium to long term are positive due to (i) increasing travel demand by the baby-boomer generation, (ii) changes in consumption trend from time-saving expenditures to time-enjoying expenditures, and (iii) increases in the number of foreign visitors to Japan by the nationwide promotion of tourism in Japan.



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

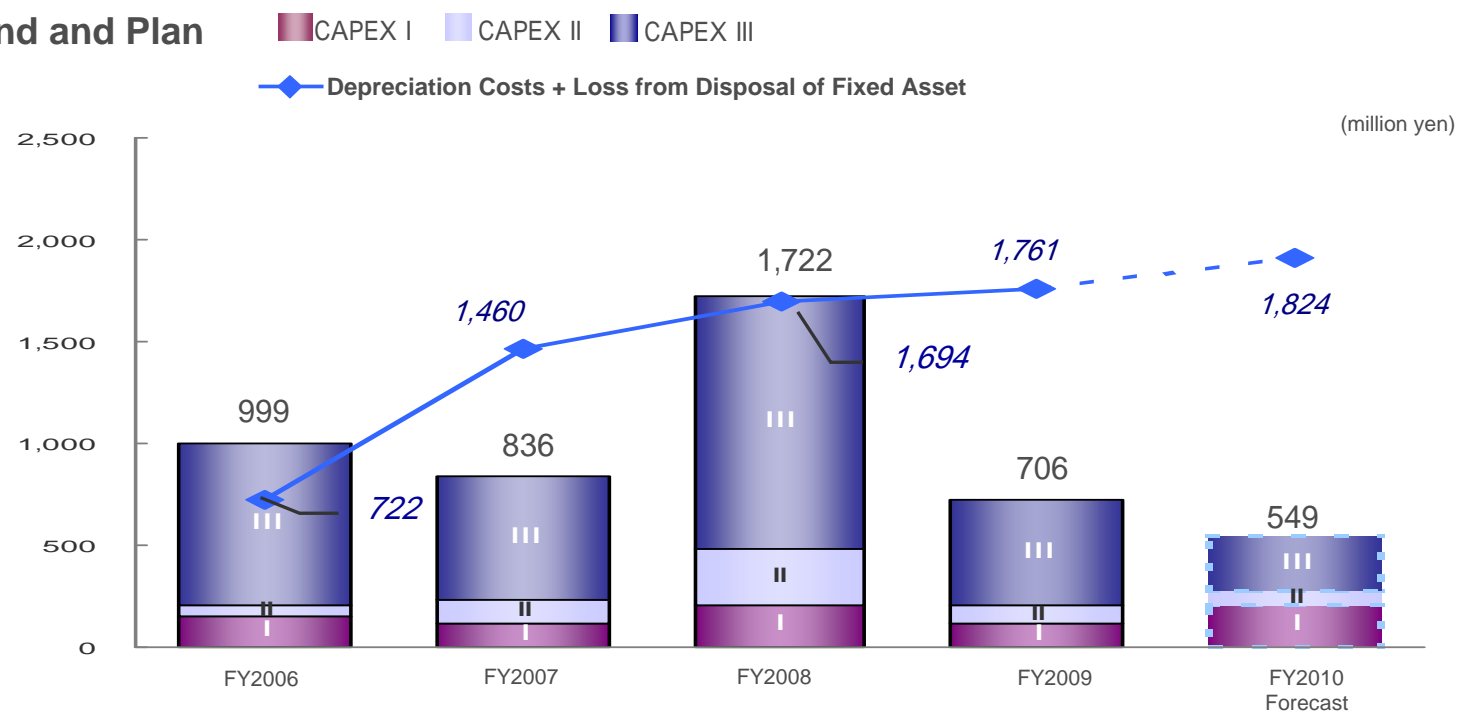
Maintaining/improving the competitiveness of our hotels and the asset values is also needed in order to gain returns in the time of economic recovery.

Basic Policies

Through a deep understanding of the hotel business, hands-on 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

- ◆ Assuming that the tough management environment will continue, we will carefully monitor revenues and GOP so that profitability at each property will be maintained
 - In order to carefully implement marketing strategies and cost management, intensively discuss with the lessee and the hotel operators, and request implementation (when necessary, provide recommendations or support)
- ◆ While minimizing current risks, we will aim to maximize the mid-term profitability of the five hotels with variable rent
 - Revise the capital expenditure plan to respond to changes in the operating environment – carefully select and implement strategic CAPEX that maintains short-term revenues and leads to strengthened competitiveness in the medium- to long-term
 - Drive forward the repositioning / rebranding project

CAPEX Trend and Plan



	FY2006	FY2007	FY2008	FY2009	FY2010 Forecast
CAPEX I	156	118	202	97	204
CAPEX II	49	118	283	90	75
CAPEX III	793	600	1,236	518	269
Total	999	836	1,722	706	549

- The renovation of the guest rooms of Nikko Alivila planned for FY 2007 slipped into FY 2008, and CAPEX in FY2008 increased as a result.
- CAPEX plan in FY2009 was revised downward from ¥1,125mn to ¥706mn.

CAPEX (Capital Expenditure Plan)

Japan Hotel and Resort, Inc.

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

(): expenditures, million yen

	Completed by FY 2009				In Progress
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010 Plan
Kobe Meriken Park Oriental Hotel	<ul style="list-style-type: none"> 12-13F Guest Rooms (189) Restaurant (51) 	<ul style="list-style-type: none"> 10-11F Guest Rooms (222) Restaurant Pier (98) 	<ul style="list-style-type: none"> Brides Room (68) Banquet(46) 	-	-
Oriental Hotel Tokyo Bay	<ul style="list-style-type: none"> 9-10F Guest Rooms (145) Banquet (59) 	<ul style="list-style-type: none"> 7-8F Guest Rooms (171) Restaurant (58) 	<ul style="list-style-type: none"> 5-6F Guest Rooms (210) Lobby (60) 	-	<ul style="list-style-type: none"> Chapel (90) 12F Guest Rooms (140)
Namba Oriental Hotel	<ul style="list-style-type: none"> 7-8F Guest Rooms (93) 	<ul style="list-style-type: none"> Restaurant (40) 	-	-	<ul style="list-style-type: none"> 4FGuest Rooms (39)
Hotel Nikko Alivila	<ul style="list-style-type: none"> Suite Rooms (32) Restaurant (155) 	-	<ul style="list-style-type: none"> 3-8FGuest Rooms (479) 	<ul style="list-style-type: none"> 1-6F South and West Guest Rooms (361) 	-
Oriental Hotel Hiroshima	N/A	Acquired in October 2007	<ul style="list-style-type: none"> 7-18F Guest Rooms (347) Tenant Floor (23) 	<ul style="list-style-type: none"> 3F,4F Banquet (138) 	-
CAPEX III TOTAL	793	600	1,236	518	269

(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) The guest rooms that we are planning to renovate in FY 2011 or later are the guestrooms on the 7th to 9th floors of the Kobe Meriken Park Oriental Hotel, the 3rd floor of the Oriental Hotel Tokyo Bay, the 5th and 6th floors of the Namba Oriental Hotel and in the center building of the Hotel Nikko Alivila.

External Growth

External Growth Strategies

Japan Hotel and Resort, Inc.

Perception of the Market Condition

■ Trends in Hotel Investment Market

- Although it is thought that real estate values will continue to fall in the short term, there is a possibility that the fall in value of highly scarce, top grade hotels will be limited.
- The acquisition of specific properties, and the timing of such acquisitions, will be determined carefully by closely examining the profitability and stability of individual properties, and the environment for fund procurement.



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, 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

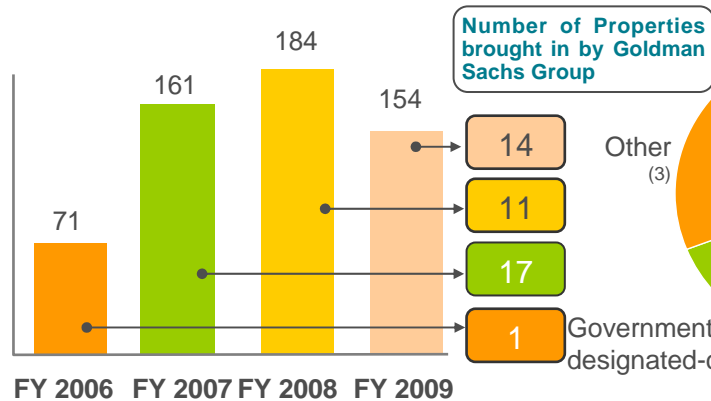
Potential Opportunities to Acquire Properties

- 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 (GS Group), which has a wealth of know-how in hotel investments and operations

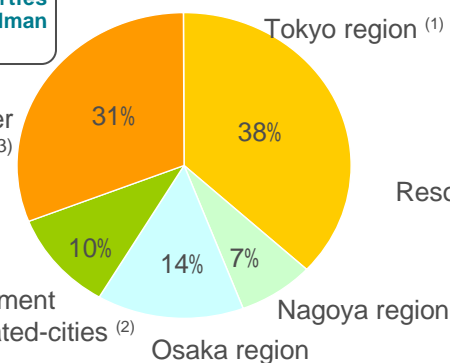


- 154 new properties were brought in during FY 2009 (September 2008 – August 2009). The number of new properties decreased from 184 to 154 compared to FY 2008, but this is because the number of new properties brought in on the condition that they would be acquired after development has decreased. Furthermore, what is characteristic is that the number of relatively high-grade existing properties in three large regions introduced has increased.

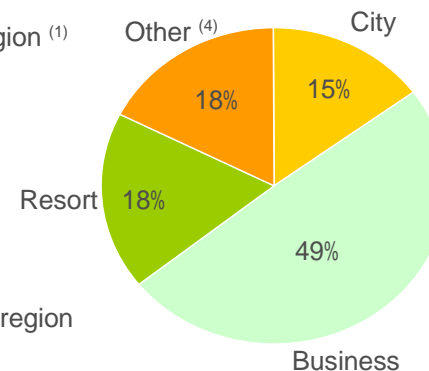
Number of properties brought in



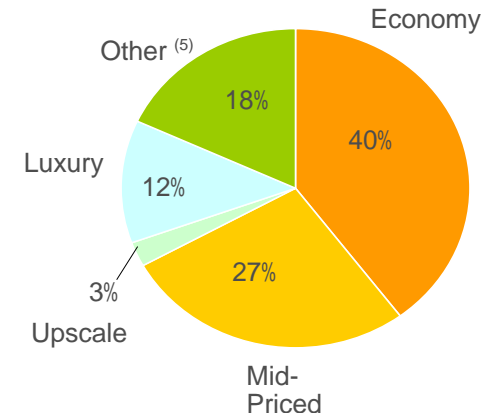
By Location



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

- Although there are signs of an improvement in the fund procurement environment of the J-REIT, there are also unstable factors, and the tough situation will continue.



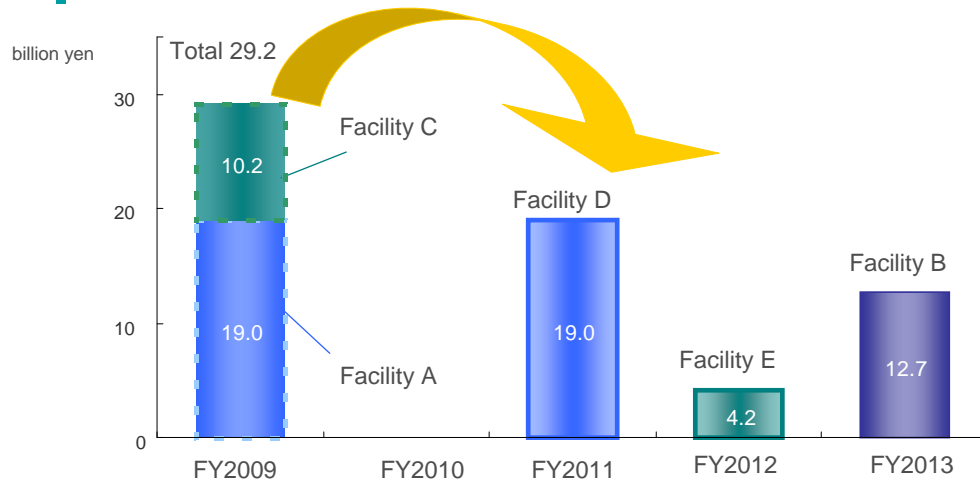
Stable financial foundation under strong relationship with the existing lenders

Basic Policies

Management Placing Importance on Ensuring Financial Soundness and Stability

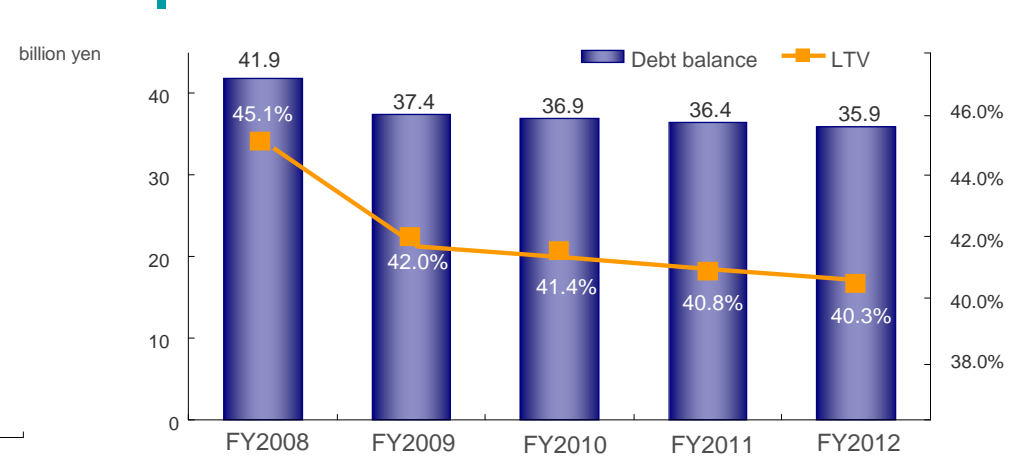
- Maintain conservative Loan to Value (LTV) levels: target of 30%-50%
- Diverse financing sources and disperse debt maturity
- Promote cash management
- Interest rate hedging strategy: reduce interest rates rising risk and enjoy a certain level of profit from current low interest rates

Debt Outstanding by Maturity (after refinancing) ⁽¹⁾



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

Debt Outstanding and LTV Ratio ⁽²⁾



(Note 2) In calculation of LTV after FY2010, the total asset amount as of the end of August 2009 is used.

List of Debts

< as of the end of August, 2009 LTV: 42.0% >



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

< as of the end of August, 2012 LTV: expected to be 40.3% >

Term (1)	Facility	Lender	Balance (Million Yen)	Maturity Date	Remarks
Short-term	B	Sumitomo Mitsui Banking Corporation	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	The Norinchukin Bank	4,200	March 24, 2012	Secured, non-guaranteed
Total			35,953		

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

(Note 2) In calculation of LTV, the total asset amount as of the end of August, 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)				

Status of Credit Rating

Rating Agency (1)	Type of Rating	Rating	Rating Outlook
Rating and Investment Information, Inc. (R & I)	Issuer Rating	A	Negative (2)

(Note 1) Moody's has withdrawn their rating as we requested. Please see our June 25, 2009 press release "Notice regarding Request to Moody's Investors Service for Withdrawal of Rating" for details.

(Note 2) Please see our July 6, 2009 press release "Notice regarding a Change of Rating Outlook" regarding the revision of the rating outlook.

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
- Enrich disclosure contents of forecasting results
- Introduction of an Investor Benefit Program
- 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, Information delivery by wire
- Individuals: Participate in explanation meetings and IR events for individuals

1) Objectives of the Introduction of a Benefit Program

- * Improve the satisfaction of current investors
- * Attract potential new investors
- * Improve JHR's profit
- * Create opportunities to reflect the views of owners in hotel operations

2) Outline of the Benefit Program

- Eligible investors: Investors recorded in the Register of Investors as of the last day of each of JHR's interim financial periods (the last day of February)
: Each investor eligible for the Benefit Program regardless of the number of investment units the investor owns
- Details of benefits: five room discount coupons offering a 50% discount on the list price and five restaurant discount coupons offering a 20% discount on the list price to each investor
- Eligible hotels: The five hotels operated by Hotel Management Japan K.K.: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima
- Expected Issuing Time and Validity Period of the Discount Coupons
 - * Expected Issuing time: late May each year (the first discount coupons will be issued in May 2010)
 - * Validity period: From June 1 of the year of issue of the discount coupon to May 31 of the following year (a one year period) (Note 1)

3) Payment of Costs

Hotel Management Japan K.K.: nominal cost of the benefit discounts

JHR: The operating costs of the program (the cost of printing and posting the discount coupons, etc.)

(Note 1) There are periods to which these benefits do not apply (examples: Golden Week, the summer holiday period, Christmas, the New Year holiday period and any days which are expected to have high occupancy rates. The periods to which these benefits do not apply differ for each hotel.)

(Note 2) The details of the operating rules of this Benefit Program will be announced at a later date, as soon as they have been decided.

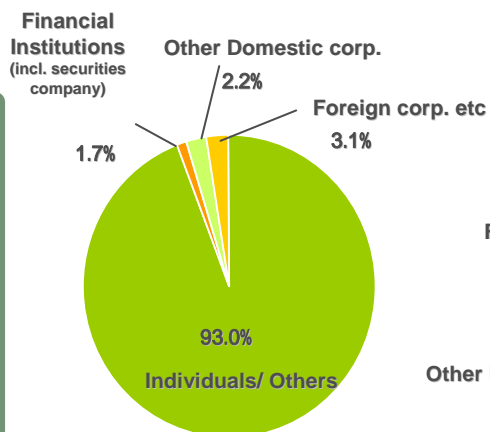
(Note 3) The implementation, details, etc. of this Benefit Program may change at a later date.

Appendix A Investor Composition and Unit Price

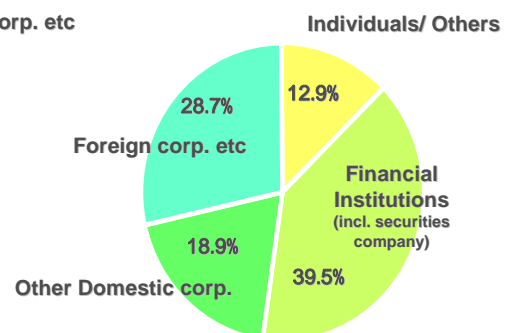
Units Held by Attribute

Number of investors(1)

Aug. 31, 2008



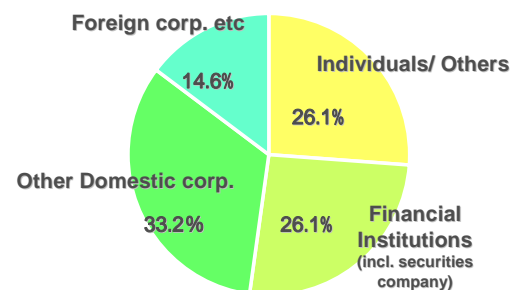
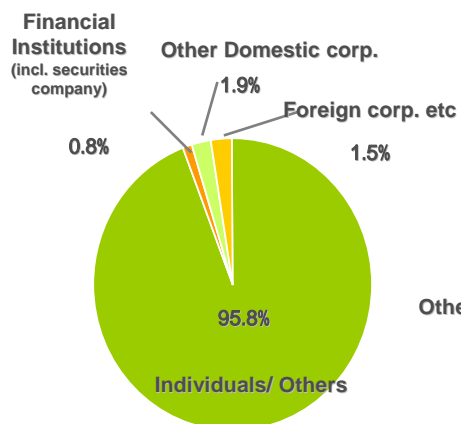
Number of investment units held(1)



Unit-holder details (as of August 31, 2009)

	Investors		Units	
	Number	%	Number	%
Individuals/Others	5,427	95.8%	27,586	26.1%
Financial Institutions (incl. securities company)	45	0.8%	27,586	26.1%
Other Domestic Corp	105	1.9%	35,129	33.2%
Foreign Corp. etc.	87	1.5%	15,418	14.6%
Total	5,664	100.0%	105,719	100.0%

Aug. 31, 2009



Top 10 Investors (as of August 31, 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)	8,564	8.10
4	Shikoku Railway Company	5,779	5.46
5	Japan Trustee Services Bank, Ltd. (Trust Account)	5,019	4.74
6	Trust & Custody Services Bank, Ltd (Securities Inv. Trust A/C)	2,804	2.65
7	The Master Trust Bank of Japan, Ltd. (Trust Account)	2,496	2.36
8	The Nomura Trust and Banking Co., Ltd (Inv. Trust A/C)	1,667	1.57
9	Goldman Sachs & Co. REG	1,618	1.53
10	MLP FS Custody	1,375	1.30

(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 October 9, 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. Nikko Citi Holdings Co., Ltd. (Submission to Kanto Local Finance Bureau: September 29, 2009)

Large Volume Holder	Number of Units Held	Shareholdings (%)
Nikko Asset Management Co., Ltd.	8,672	8.20
Total	8,672	8.20

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)

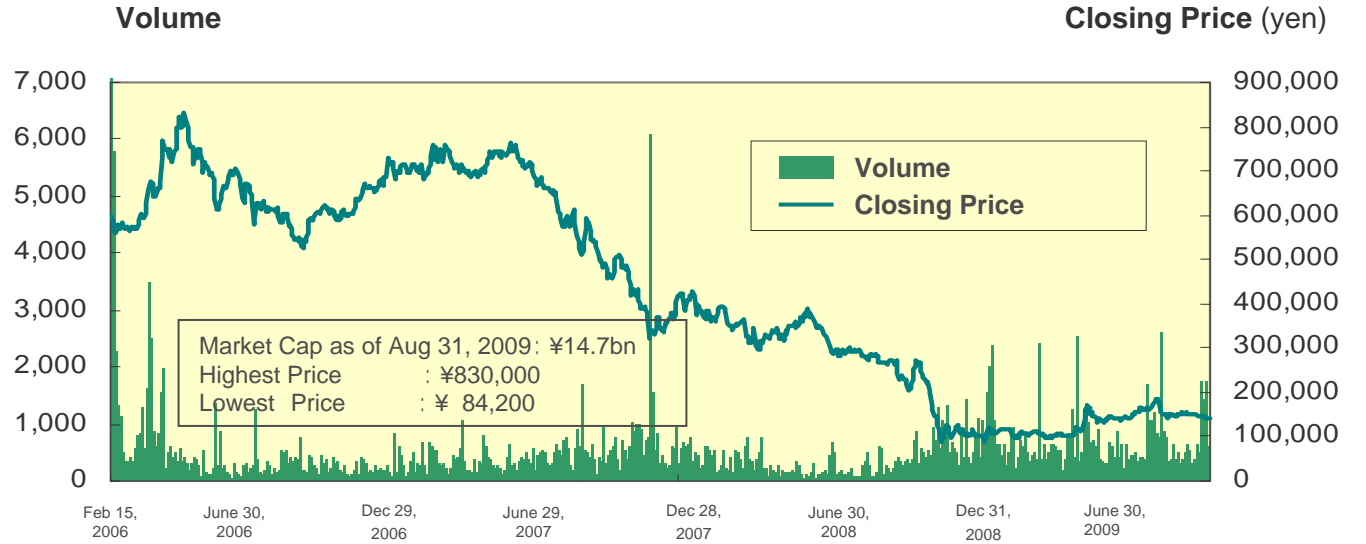
Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Nomura Securities Co., Ltd.	400	0.44
Nomura Asset Management Co., Ltd.	3,623	3.95
Total	4,023	4.39

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

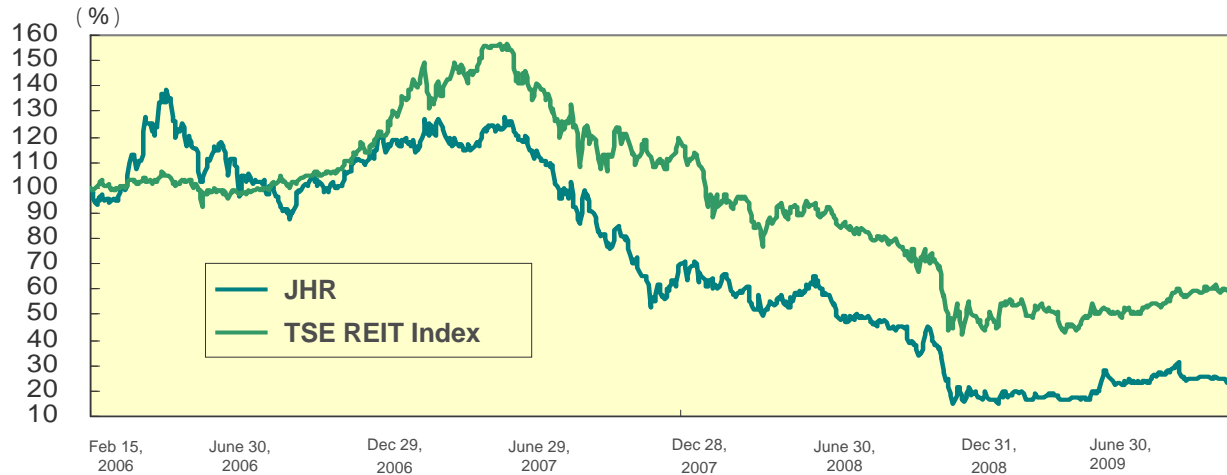
(Note) The ratio of the number of investment units held to the total number of investment units issued (Shareholdings ratio) is rounded off to the second decimal place.

JHR Unit Price/ Trade Volume



* As of August 31, 2009

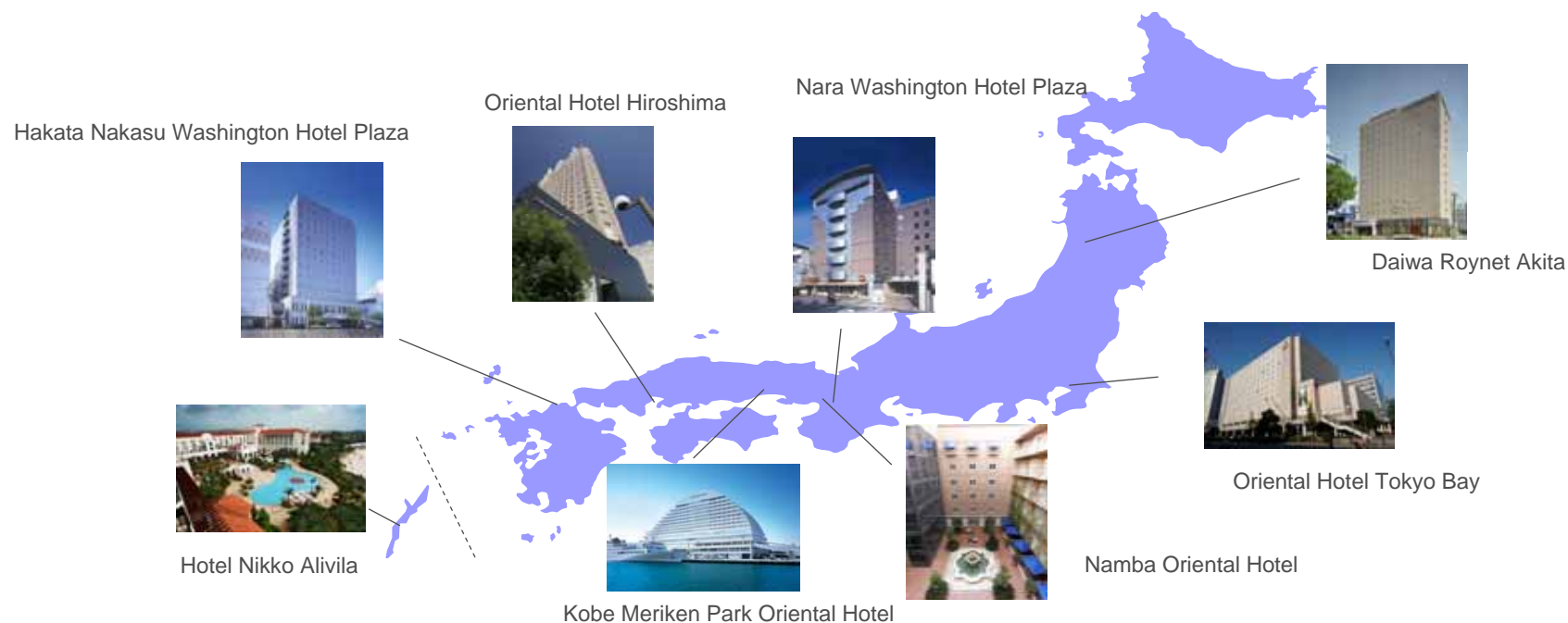
TSE REIT Index/ JHR Unit Price



* As of August 31, 2009

Appendix B Basic Information

Portfolio Map



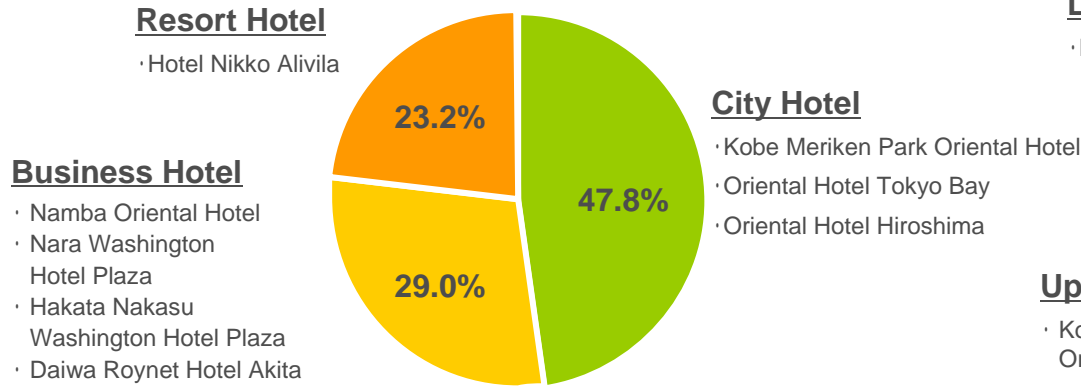
Portfolio Name	Type	Grade	Acquisition Price (million yen) (1)	Investment Ratio(%) (1)	Year Built	Numbers of Room(2)
Kobe Meriken Park Oriental Hotel	City Hotel	Upper Middle	11,400	13.4	Jul 1995	319
Oriental Hotel Tokyo Bay	City Hotel	Mid-Priced	19,400	22.8	May 1995	505
Namba Oriental Hotel	Business Hotel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

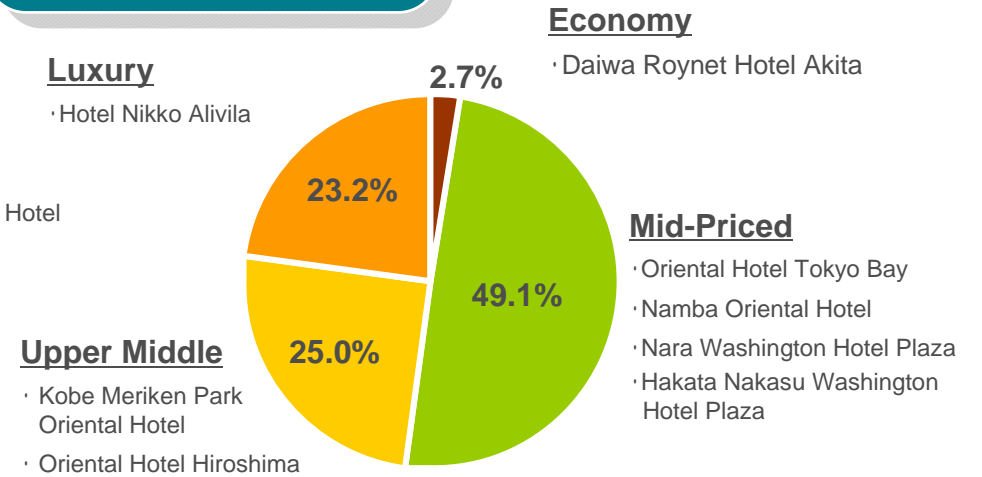
(Note 2) The number of rooms is the number of available rooms (excluding rooms used by the hotel itself for a long time) as of August, 2009.

Portfolio Diversification

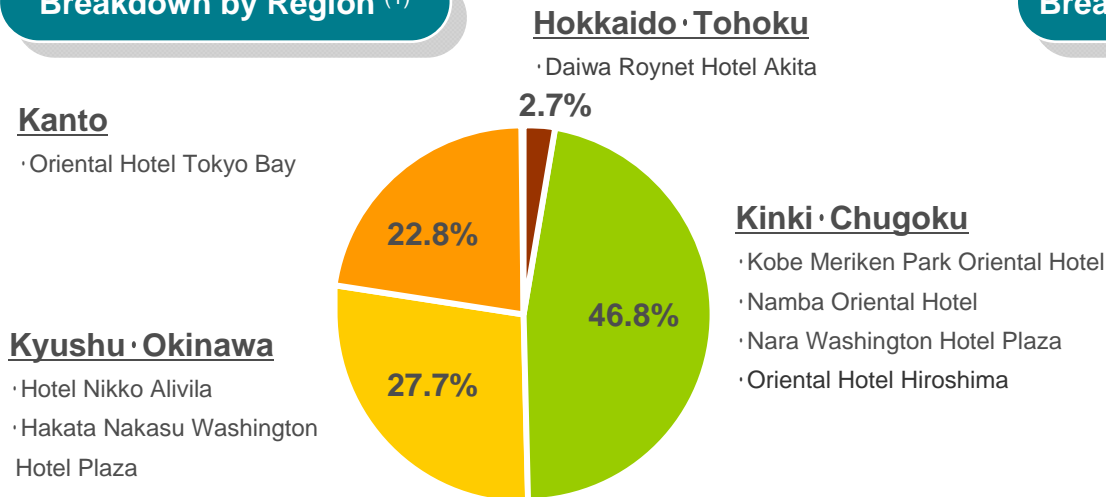
Breakdown by Type ⁽¹⁾



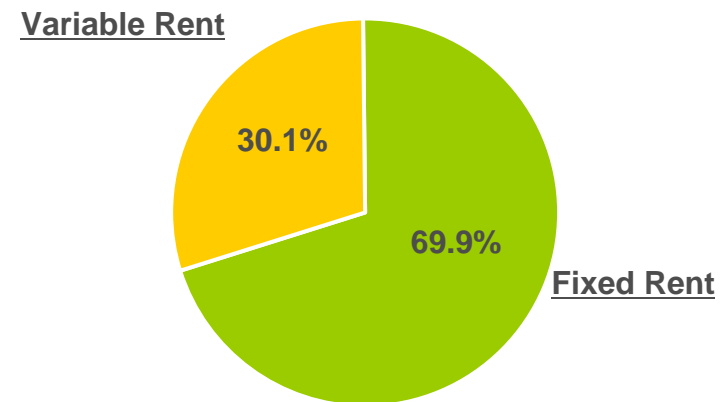
Breakdown by Grade ⁽¹⁾



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 2009.

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 Aug 31, 2009				
				Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Aug 31, 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%	12,800	5.8%	11,011	11,400	5.4%
Oriental Hotel Tokyo Bay	City	Mid-Priced	505	19,500	5.2%	20,900	4.9%	20,900	5.1%	20,300	5.3%	18,818	19,400	5.2%
Namba Oriental Hotel	Business	Mid-Priced	257	16,700	5.0%	18,200	4.5%	17,900	4.7%	16,800	5.0%	16,470	16,700	5.0%
Hotel Nikko Alivila	Resort	Luxury	396	19,800	6.2%	21,600	5.7%	21,600	6.0%	20,400	6.2%	20,041	19,700	6.2%
Nara Washington Hotel Plaza	Business	Mid-Priced	204	1,900	6.2%	2,070	5.7%	1,970	6.0%	2,070	6.2%	1,680	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%	3,960	5.5%	3,826	3,880	5.5%
Daiwa Roynet Hotel Akita	Business	Economy	221	-	-	2,240	5.2%	2,090	5.5%	1,990	5.8%	2,258	2,278	5.2%
Oriental Hotel Hiroshima	City	Upper Middle	227	-	-	-	-	9,780	5.5%	8,800	5.8%	10,326	9,900	5.3%
Total			2,376	73,800		83,070		92,100		87,120		84,433	85,058	

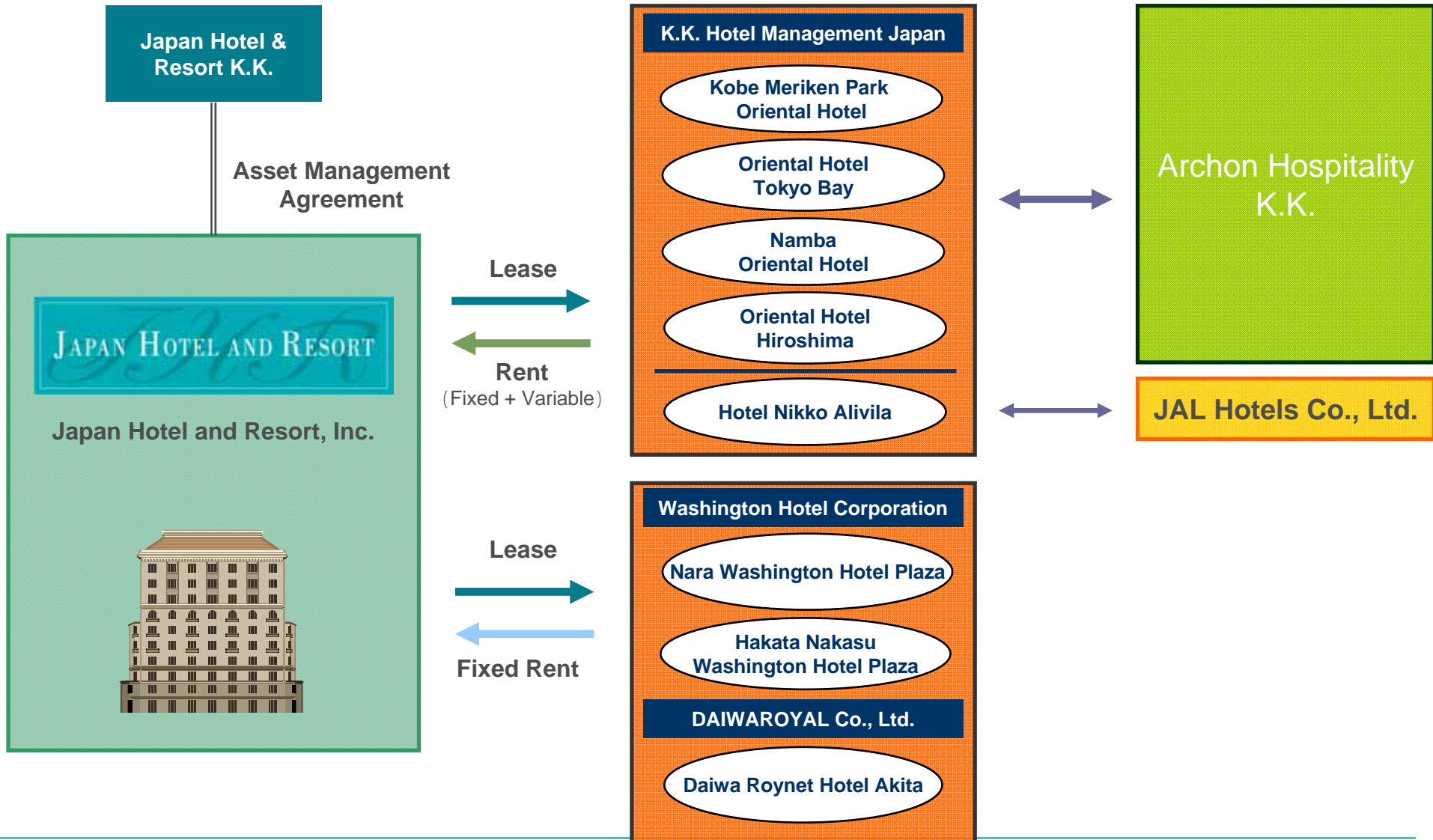
(1) The book value includes values of real estate, machinery, fixtures, facilities and equipments.

JHR Structure

Asset Management Company

Lessee

Operator



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 Corporation	Fixed		-	-
Daiwa Roynet Hotel Akita	Daiwa Royal Co., Ltd.	Fixed		-	-

Scheme of Variable Rents with Stepped-up

Japan Hotel and Resort, Inc.

	Annual Fixed Rents (¥mn)	Variable rent scheme*			CAPEX borne by JHR (1)
		Standard Rate	Stepped-up Rate	Revenue Threshold for Stepping up (¥mn)	
Kobe Meriken Park Oriental Hotel	3,000	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	Annual Amount 21,440	CAPEX I & CAPEX II & CAPEX III
Oriental Hotel Tokyo Bay					
Namba Oriental Hotel		10% of the above amount	30% of the above amount		
Hotel Nikko Alivila					
Oriental Hotel Hiroshima (acquired in October 1, 2007)	221	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	Annual Amount 2,204	
		10% of the above amount	40% of the above amount		
Nara Washington Hotel Plaza	134	N/A			CAPEX I only
Hakata Nakasu Washington Hotel Plaza	259				
Daiwa Roynet Hotel Akita	138				

* 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 is a variable rent cap calculated for the five hotels. Variable rent cap: 90% of the revised GOP (Gross Operating Profit) (note 2) calculated by subtracting fixed rents and fees to operators from GOP of the five hotels.

(Note 1) 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.

(Note 2) GOP (Gross Operating Profit): Total departmental profit minus unallocated expenses.

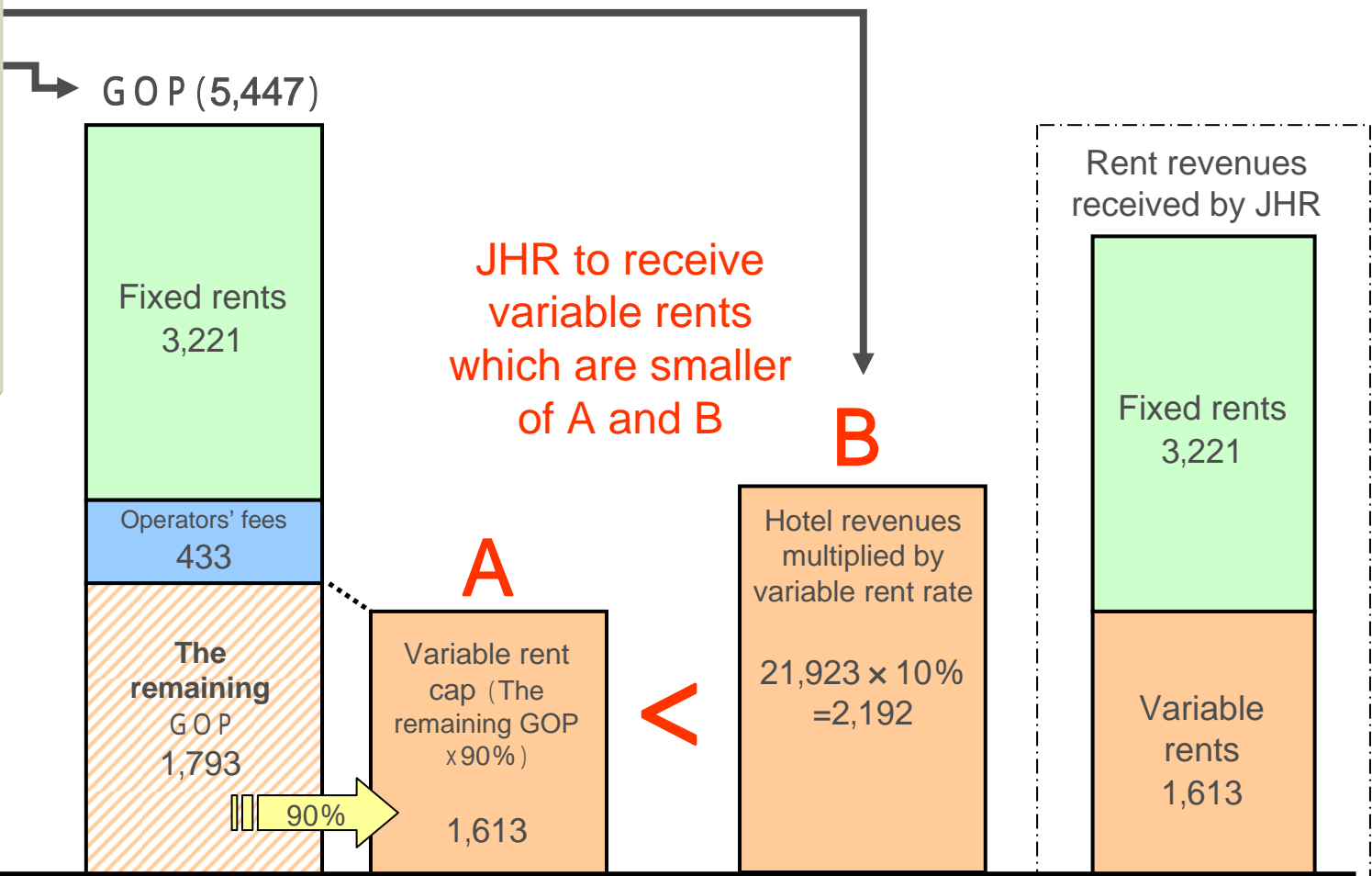
About Deciding the Variable Rents

(Amount: million yen)

(Note) numbers shown below are actual results of FY2009

Lessee (HMJ)

Revenues	21,923
GOP	5,447
Fixed rents	(3,221)
Variable rents	(1,613)
Rent revenues Total	(4,834)
Operators' fees	(433)
Other expenses	(XXX)
Income before tax	(XXX)



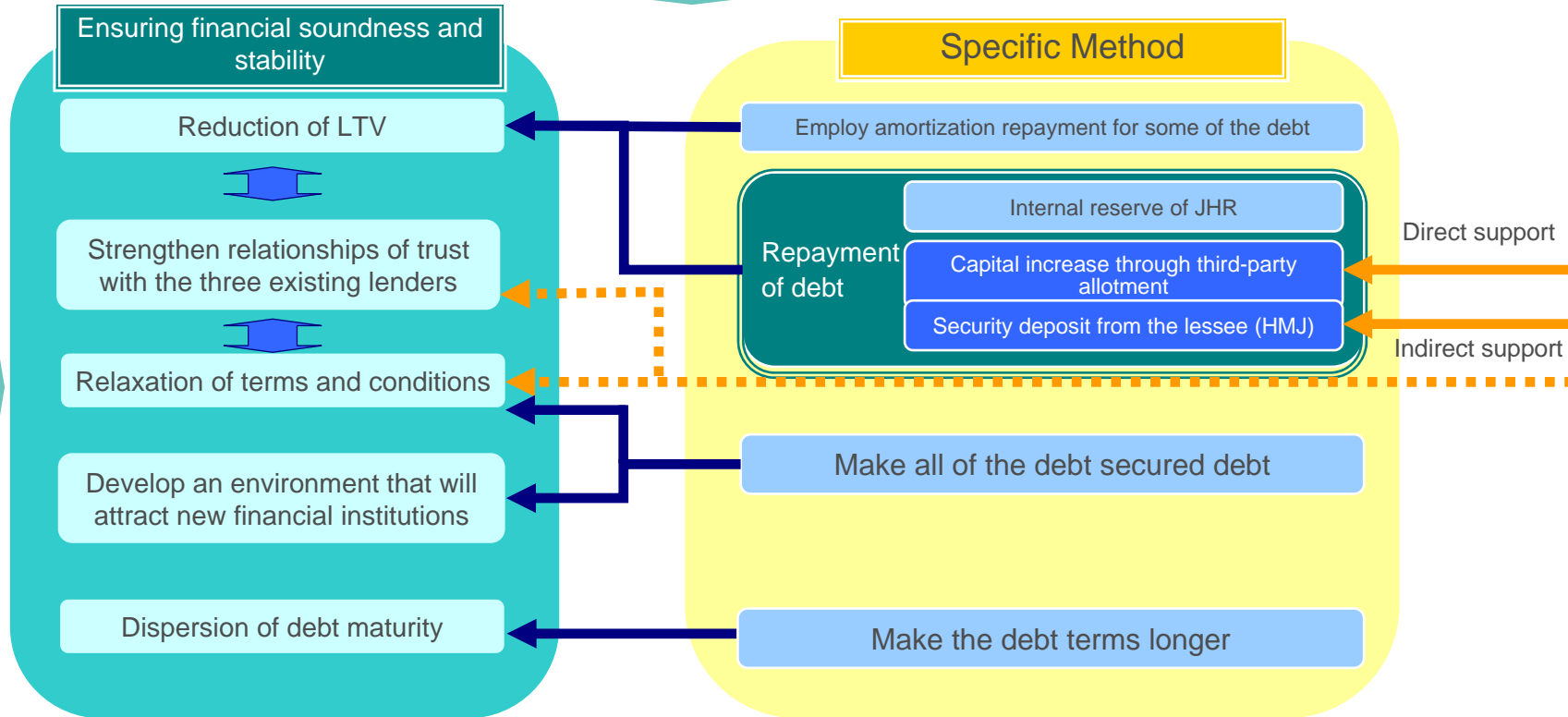
Appendix C Overview of Refinance

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

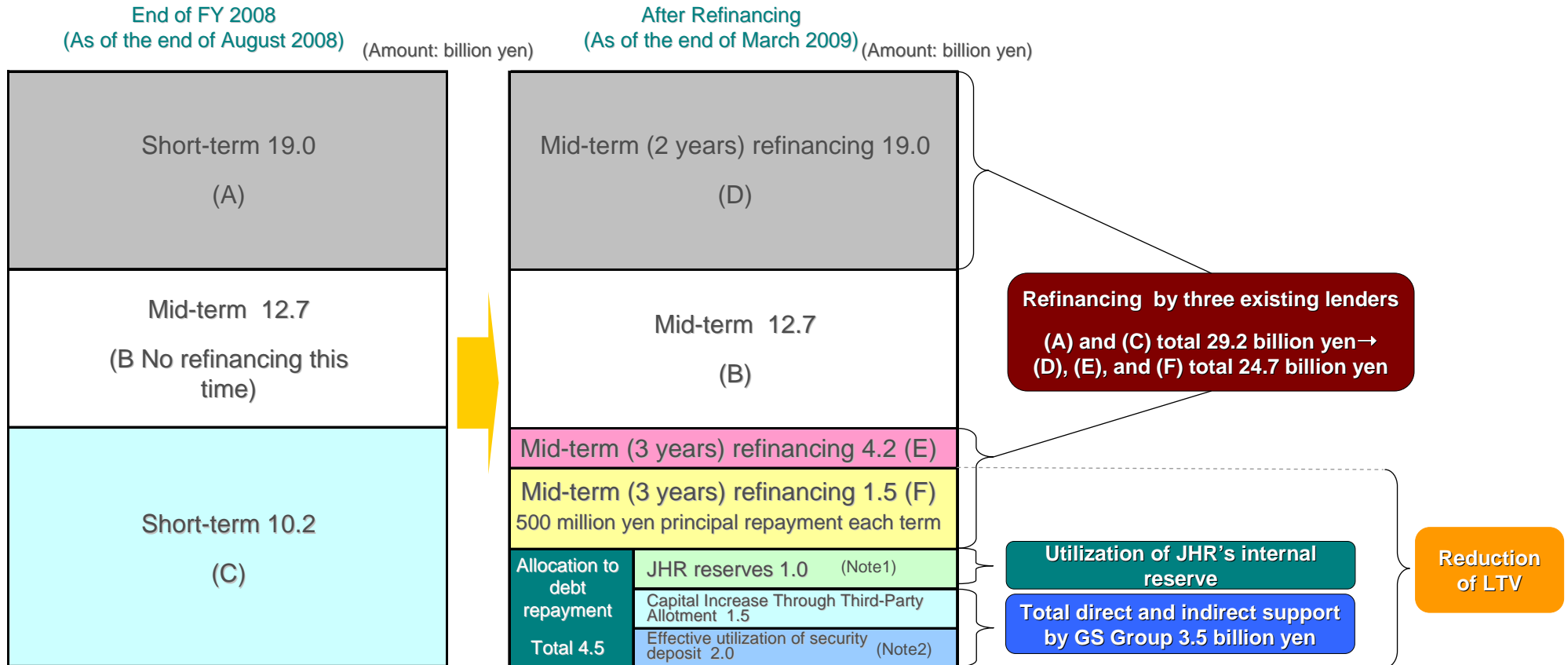
Change of financial strategies



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

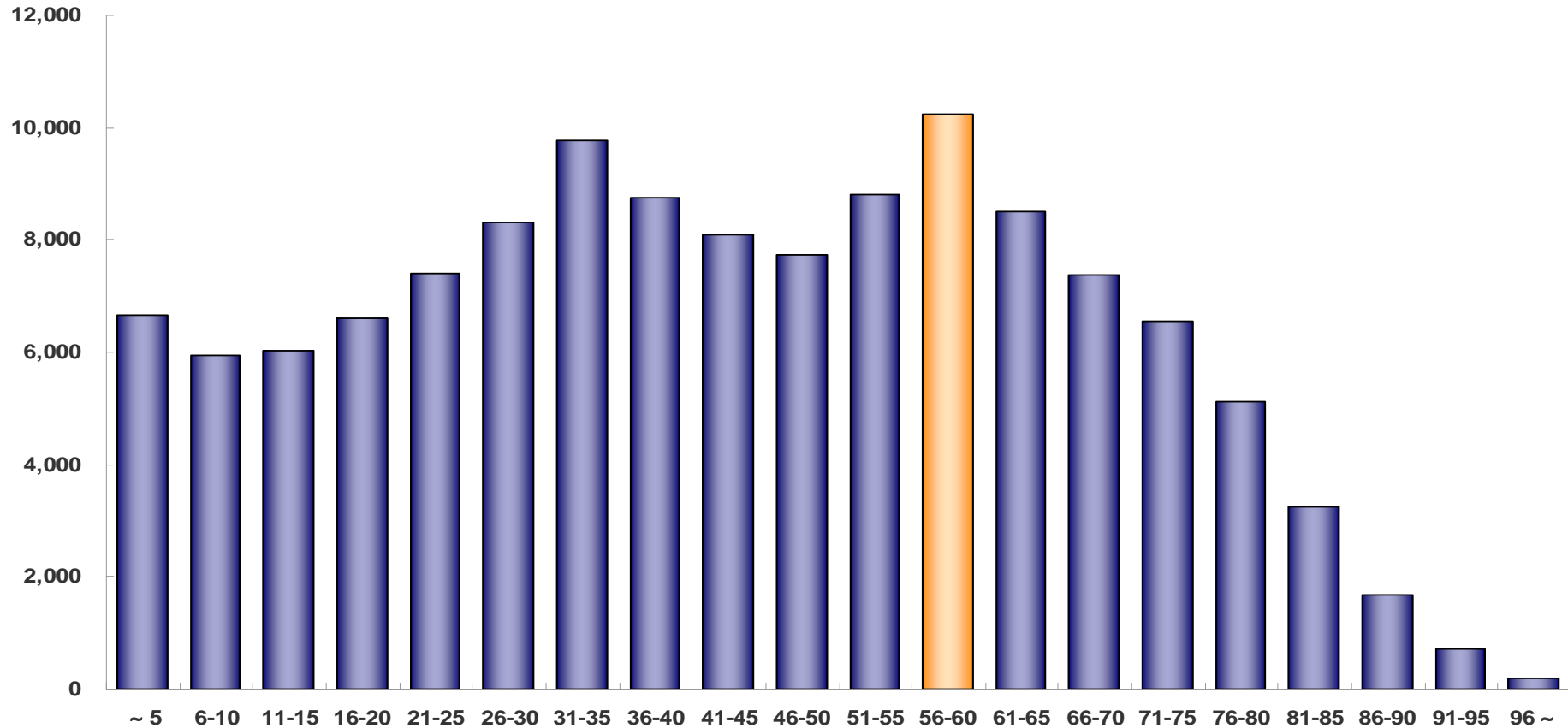
We made the issue price the average closing price of ordinary transactions for investment securities that display JHR's investment units on each trading day of the Tokyo Stock Exchange over the two months ending on the third business day before the date of issuance resolution (amounts less than 1,000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

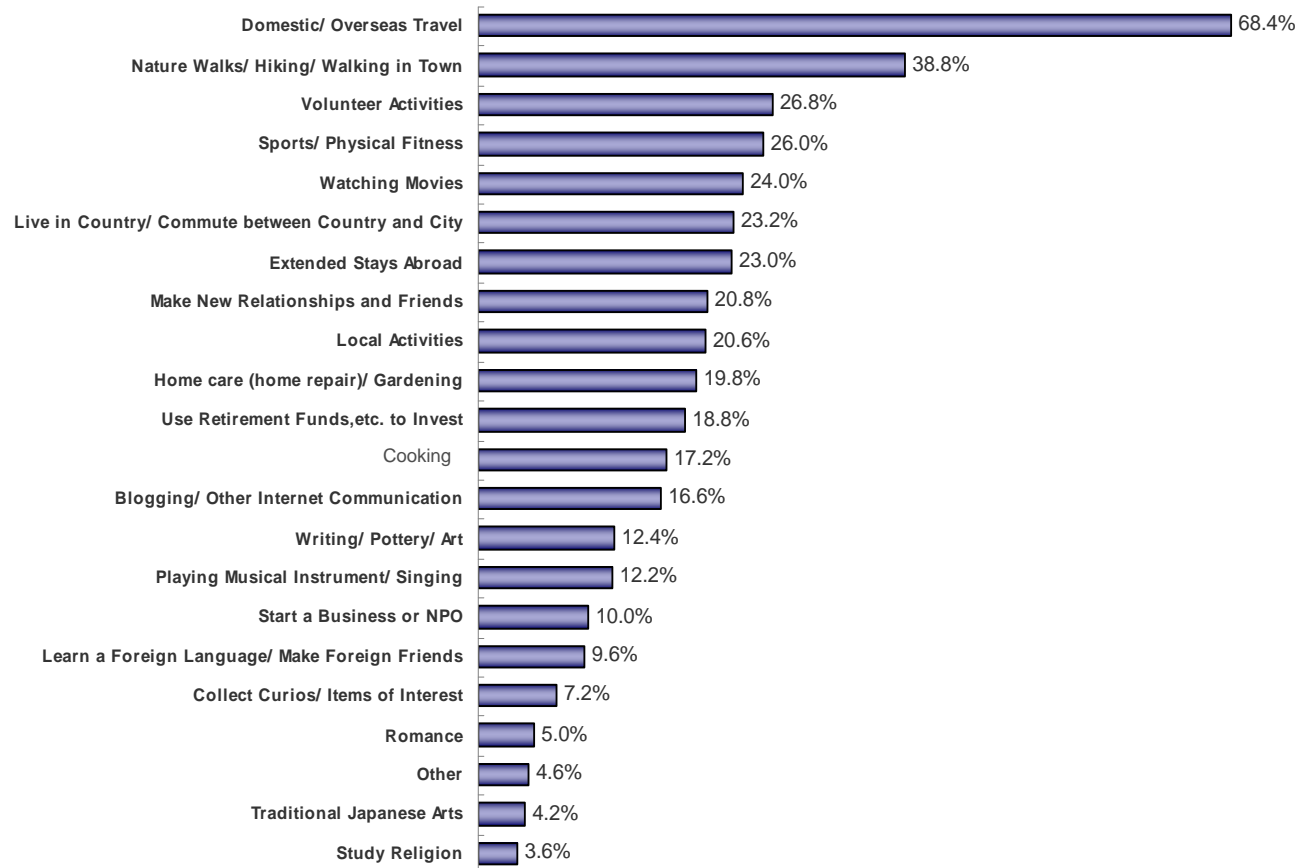


Source: Statistics Bureau, Ministry of Internal Affairs and Communications "2005 Population Census"

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: Nomura Research Institute, Ltd.

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.)	74.5	Domestic tourism and travel (summering, wintering, hot springs, etc.)	69.6	Domestic tourism and travel (summering, wintering, hot springs, etc.)	79.1
2	Dining Out (not counting day to day dining out)	62.4	Dining Out (not counting day to day dining out)	57.9	Dining Out (not counting day to day dining out)	66.7
3	Driving	47.6	Driving	49.1	Driving	46.1
4	PC (games, hobbies, communications, etc.)	39.7	PC (games, hobbies, communications, etc.)	44.8	Visiting Zoo, Botanical Gardens, Aquarium & Museum	44.3
5	Overseas travel	39.4	Lottery	39.8	Movies (excluding TV)	42.8

The percentage of people desiring to participate in domestic tourism and travel was 74.5% overall. It was the No.1 activity for both genders: 69.6% for male, 79.1% for female

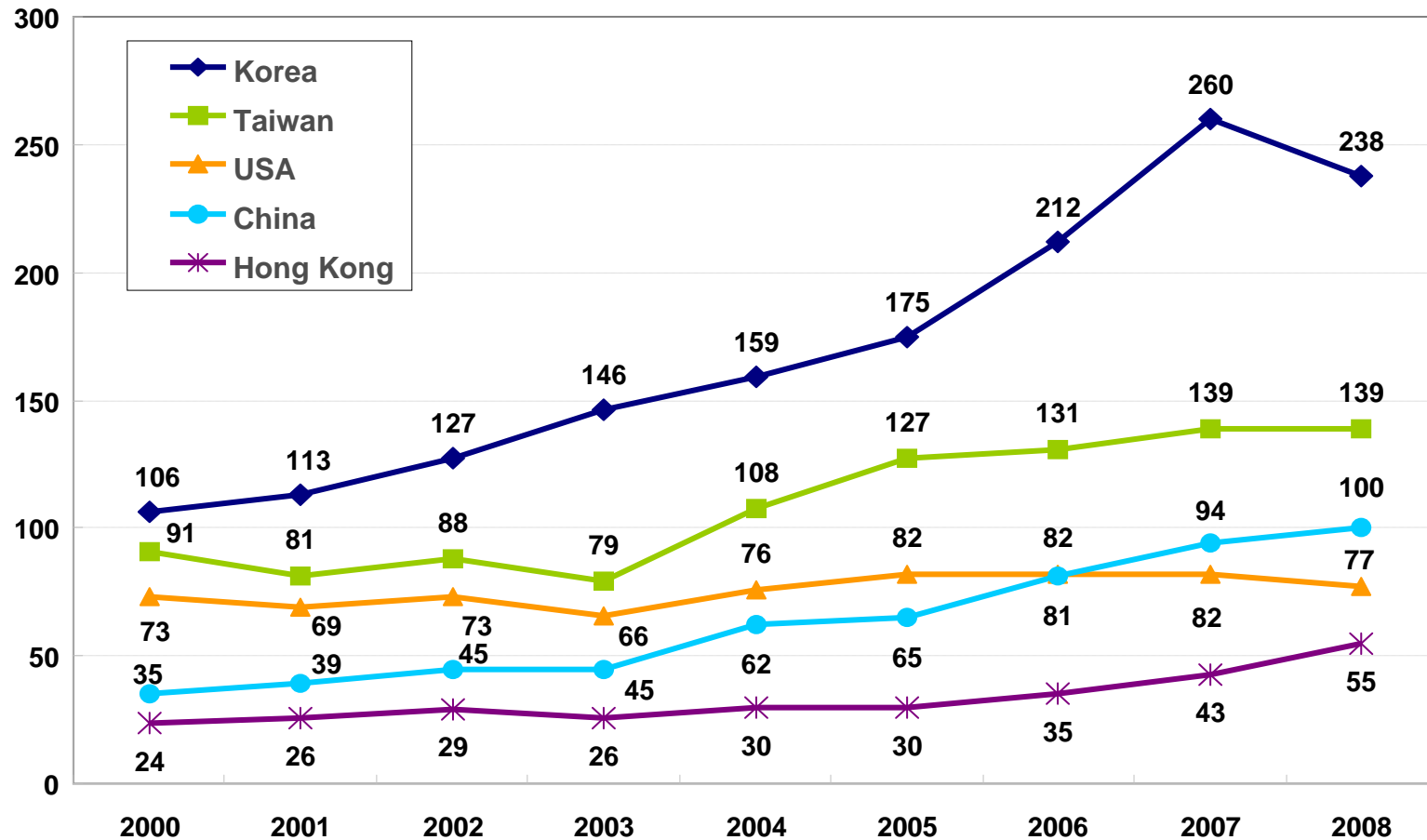
Potential demand for leisure activities: top five categories

No	Leisure activities	%
1	Overseas travel	30.8
2	Domestic tourism and travel (summering, wintering, hot springs, etc.)	20.0
3	Music events, concerts	9.7
4	Car camping	7.9
5	Watching Sports	7.4

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

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

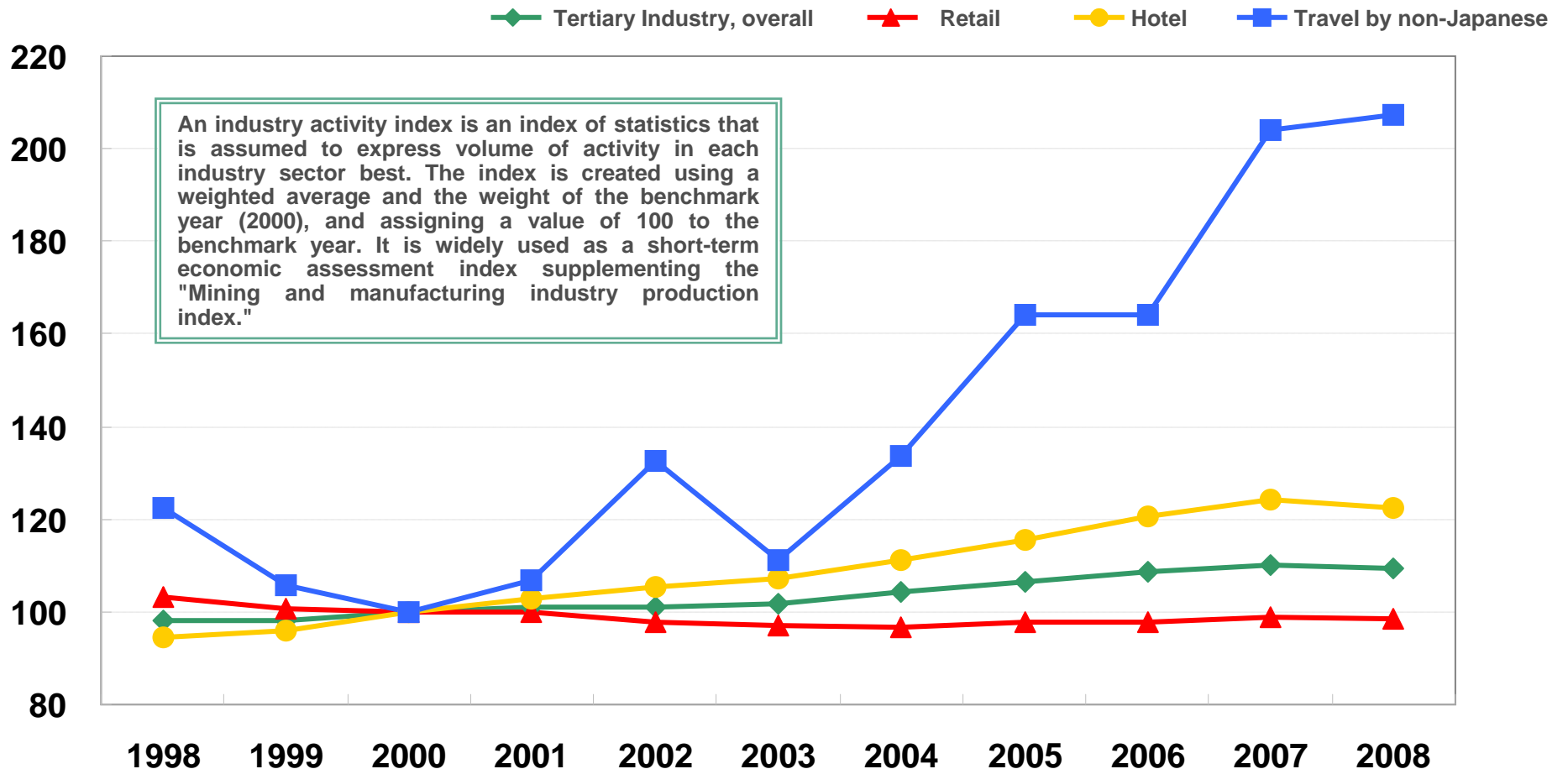
(Units: 10,000 persons)



Source: Japan National Tourist Organization (JNTO)

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

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 ⁽²⁾	Goldman Sachs ⁽¹⁾ (Aug. 21, 2009)		Daiwa Institute of Research ⁽²⁾ (Sep. 11, 2009)	
		CY 2009 Forecast	CY 2010 Forecast	CY 2009 Forecast	CY 2010 Forecast
		%			
Real GDP	-0.7	-5.2	1.5	-5.6	0.9
Consumers Expenditure	0.6	-0.8	1.3	-1.1	0.3
Government Expenditure	0.8	0.9	1.0	0.9	0.9
Private Housing Investment	-7.6	-7.6	3.0	-9.5	-2.5
Private Capital Investment	-3.9	-19.7	-0.6	-19.9	-1.0
Public Fixed Investment	-6.9	13.6	1.5	17.3	-2.0
Exports of Goods and Services	1.8	-26.5	8.5	-25.5	10.7
Imports of Goods and Services	0.9	-16.9	2.7	-15.5	3.1
Nominal GDP	-1.6	-5.2	0.8	-5.2	0.1
GDP Deflator	-0.9	0.1	-0.7	0.6	-0.8
Consumer Price Increases (Excluding Fresh Goods)	1.5	-1.3	-1.0	-1.2	-1.4
Domestic Corporate Goods Price	4.6	-4.4	-1.3	-3.3	-0.1

(Note1) Source : Goldman Sachs Economic Research dated August 21, 2009

(Note2) Source : Japanese Economic Outlook No. 162 dated September 11, 2009

Appendix E Portfolio Data Book

Hotel Indicators (Yearly)

Japan Hotel and Resort, Inc.

HMJ 5 Hotel Total

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	82.4%	81.4%	77.7%	75.7%	-2.0%
ADR (¥)	19,334	19,042	18,279	17,758	521
RevPAR (¥)	16,192	15,500	14,202	13,441	761
Total Revenues (M ¥)	11,482	21,096	23,151	21,923	1,228
Rooms	5,249	9,288	9,733	9,205	528
Food & Beverages	4,854	9,318	11,050	10,411	639
Shops	397	710	573	512	61
Tenants	629	1,154	1,168	1,174	6
Others	354	627	627	621	6
GOP (M ¥)	3,528	6,007	6,303	5,447	856
GOP(%)	30.7%	28.5%	27.2%	24.8%	-2.4%

Namba Oriental Hotel

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	80.8%	88.4%	86.8%	75.5%	-11.3%
ADR (¥)	10,023	10,300	10,649	10,365	284
RevPAR (¥)	8,114	9,104	9,248	7,827	1,421
Total Revenues (M ¥)	1,007	1,941	1,976	1,781	195
Rooms	454	939	957	807	150
Food & Beverages	72	122	145	117	28
Shops	-	-	-	-	-
Tenants	451	824	816	814	2
Others	30	55	58	43	15
GOP (M ¥)	603	1,114	1,099	963	136
GOP(%)	59.9%	57.4%	55.6%	54.1%	-1.5%

Kobe Meriken Park Oriental Hotel

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	80.0%	78.4%	78.0%	70.7%	-7.3%
ADR (¥)	14,869	16,025	15,448	15,472	24
RevPAR (¥)	11,925	12,556	12,049	10,933	1,116
Total Revenues (M ¥)	3,391	6,619	6,744	5,999	745
Rooms	860	1,663	1,572	1,403	169
Food & Beverages	2,293	4,506	4,766	4,246	520
Shops	86	155	138	107	31
Tenants	34	62	63	63	0
Others	118	233	205	181	24
GOP (M ¥)	669	1,330	1,319	891	428
GOP(%)	19.7%	20.1%	19.6%	14.8%	-4.8%

Hotel Nikko Alivila

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	82.9%	80.4%	77.4%	75.6%	-1.8%
ADR (¥)	29,516	27,197	28,347	27,561	786
RevPAR (¥)	25,077	21,859	21,934	20,837	1,097
Total Revenues (M ¥)	3,560	5,945	5,853	5,498	355
Rooms	2,154	3,485	3,499	3,318	181
Food & Beverages	1,061	1,884	1,798	1,662	136
Shops	257	443	430	402	28
Tenants	-	-	-	-	-
Others	88	134	125	116	9
GOP (M ¥)	1,310	1,933	1,933	1,743	190
GOP(%)	36.8%	32.5%	33.0%	31.7%	-1.3%

Oriental Hotel Tokyo Bay

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	84.3%	80.6%	79.6%	80.8%	1.2%
ADR (¥)	18,994	19,446	19,817	18,830	987
RevPAR (¥)	16,116	15,679	15,784	15,205	579
Total Revenues (M ¥)	3,524	6,590	6,783	6,542	241
Rooms	1,782	3,200	3,216	3,084	132
Food & Beverages	1,428	2,806	3,082	2,942	140
Shops	53	112	5	3	2
Tenants	144	267	276	274	2
Others	117	205	204	238	34
GOP (M ¥)	946	1,630	1,708	1,531	177
GOP(%)	26.8%	24.7%	25.2%	23.4%	-1.8%

Oriental Hotel Hiroshima

	FY2006 ended Aug 31'06	FY2007 ended Aug 31'07	FY2008 ended Aug 31'08	FY2009 ended Aug 31'09	Change
Occupancy Rate	-	-	62.6%	71.8%	9.2%
ADR (¥)	-	-	8,876	9,043	167
RevPAR (¥)	-	-	5,556	6,497	941
Total Revenues (M ¥)	-	-	1,795	2,103	308
Rooms	-	-	489	592	103
Food & Beverages	-	-	1,259	1,445	186
Shops	-	-	0	0	0
Tenants	-	-	13	24	11
Others	-	-	34	42	8
GOP (M ¥)	-	-	243	320	77
GOP(%)	-	-	13.5%	15.2%	1.7%

- (Note) • Hotel business figures for FY 2006 are based on period of operation from February 15, 2006 to August 31, 2006
 • Occupancy rates is rounded off to the first decimal place, Revenue is rounded off to the nearest million yen, and ADR & RevPAR are rounded off the nearest yen.
 • Revenue and performance indicator data until FY2008 was audited, and the data for FY 2009 is unaudited.
 • In FY 2008 JHR owned the Oriental Hotel Hiroshima for a period of approximately 11 months.

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	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	75.3%	79.8%	75.5%	82.0%	65.3%	71.1%	74.9%	71.1%	63.4%	53.5%	49.3%	69.8%	91.3%	66.5%	70.7%
ADR (¥)	15,587	15,902	17,300	18,726	14,185	12,771	15,896	14,435	13,777	17,984	12,818	13,873	16,523	15,001	15,472
RevPAR (¥)	11,737	12,686	13,070	15,350	9,258	9,087	11,905	10,263	8,732	9,613	6,323	9,683	15,086	9,976	10,933
Total Revenues (M¥)	479	562	704	578	377	422	3,122	524	441	541	380	462	528	2,877	5,999
Rooms							757							645	1,403
Food & Beverages							2,189							2,056	4,246
Shops							55							52	107
Tenants							31							31	63
Others							89							92	181
GOP (M¥)							505							385	891

Fiscal Year		FY 2008 ended August 31, 2008													
Year	2007	2007	2007	2007	2008	2008	1st Half	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	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 (¥)	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 (¥)	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 (M¥)	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
Tenants							31							31	63
Others							99							106	205
GOP (M¥)							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%	-4.0%	-16.5%	-28.9%	-26.4%	-7.3%	1.2%	-13.6%	-7.3%
ADR (¥)	481	508	2,558	57	652	396	454	647	155	1,869	1,109	1,170	1,539	454	24
RevPAR (¥)	1,035	480	434	159	275	630	173	1,068	2,393	3,651	4,218	1,922	1,181	2,396	1,116
Total Revenues (M¥)	65	52	37	49	42	81	252	67	101	115	156	34	21	493	745
Rooms							16							153	169
Food & Beverages							209							311	520
Shops							17							13	31
Tenants							0							0	0
Others							10							14	24
GOP (M¥)							80							348	428

(Note) Occupancy rates is rounded off to the first decimal place, Revenue is rounded off to the nearest million yen, and ADR & RevPAR are rounded off 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		FY2009 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	91.0%	93.0%	91.6%	88.1%	79.9%	92.3%	89.3%	90.7%	65.4%	65.6%	61.1%	68.0%	83.0%	72.4%	80.8%
ADR (¥)	18,224	19,766	20,526	20,987	14,663	12,700	17,928	23,269	17,553	19,948	15,263	17,181	23,621	19,923	18,830
RevPAR (¥)	16,592	18,385	18,805	18,480	11,722	11,720	16,002	21,099	11,474	13,077	9,332	11,680	19,608	14,422	15,205
Total Revenues (M¥)	557	650	683	633	472	454	3,448	692	450	522	408	470	551	3,093	6,542
Rooms							1,610							1,475	3,084
Food & Beverages							1,573							1,369	2,942
Shops							2							1	3
Tenants							139							136	274
Others							125							113	238
GOP (M¥)							825							706	1,531

Fiscal Year		FY2008 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	84.8%	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 (¥)	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 (¥)	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 (M¥)	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
Tenants							139							136	276
Others							90							114	204
GOP (M¥)							795							913	1,708

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	6.2%	5.1%	7.5%	6.2%	9.6%	13.3%	8.0%	10.9%	1.3%	-5.8%	-16.7%	-17.5%	-6.1%	-5.6%	1.2%
ADR (¥)	123	565	1,207	916	1,595	1,405	388	915	2,072	1,012	1,468	1,279	3,474	1,442	987
RevPAR (¥)	1,031	1,512	2,563	540	296	581	1,109	1,794	1,097	1,871	3,689	4,106	4,523	2,244	579
Total Revenues (M¥)	3	26	71	26	13	6	74	30	42	24	76	76	76	315	241
Rooms							101							231	132
Food & Beverages							60							79	140
Shops							1							1	2
Tenants							0							0	2
Others							35							1	34
GOP (M¥)							30							207	177

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

Monthly Hotel Indicators

Namba Oriental Hotel

Japan Hotel and Resort, Inc.

FY2009 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	80.8%	88.2%	87.0%	75.3%	73.3%	77.5%	80.4%	80.7%	76.5%	56.6%	53.3%	74.6%	82.4%	70.8%	75.5%	
ADR (¥)	10,615	10,665	11,482	11,061	10,397	9,183	10,604	10,378	10,012	10,928	9,097	9,632	10,381	10,098	10,365	
RevPAR (¥)	8,576	9,411	9,990	8,325	7,617	7,117	8,520	8,377	7,659	6,182	4,853	7,186	8,555	7,145	7,827	
Total Revenues (M¥)	154	164	165	160	149	133	925	156	145	134	117	146	158	855	1,781	
Rooms							436							372	807	
Food & Beverages							62							55	117	
Shops							-							-	-	
Tenants							405							408	814	
Others							22							21	43	
GOP (M¥)							508							455	963	

FY2008 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	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 (¥)	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 (¥)	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 (M¥)	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							-							-	-	
Tenants							404							411	816	
Others							34							23	58	
GOP (M¥)							557							542	1,099	

FY2008 vs FY2009															
Fiscal Year															
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%	-3.5%	-7.3%	-30.3%	-28.1%	-10.1%	-6.3%	-14.2%	-11.3%
ADR (¥)	417	567	494	231	53	1,168	65	320	410	206	1,210	966	1,359	665	284
RevPAR (¥)	1,125	193	21	1,269	955	1,942	830	633	1,069	3,135	3,537	1,794	1,859	2,001	1,421
Total Revenues (M¥)	13	1	3	13	10	34	74	7	10	31	35	17	21	121	195
Rooms							45							103	150
Food & Beverages							18							9	28
Shops							-							-	-
Tenants							1							3	2
Others							12							2	15
GOP (M¥)							49							87	136

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

Monthly Hotel Indicators

Hotel Nikko Alivila

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	94.7%	90.9%	72.9%	59.8%	55.6%	66.2%	73.4%	77.5%	77.6%	73.2%	77.0%	82.8%	78.7%	77.8%	75.6%		
ADR (¥)	27,289	20,821	19,684	26,623	20,786	17,266	22,327	21,730	20,517	26,518	21,032	41,999	60,457	32,415	27,561		
RevPAR (¥)	25,854	18,920	14,355	15,918	11,550	11,435	16,378	16,842	15,928	19,409	16,188	34,770	47,608	25,223	20,837		
Total Revenues (M¥)	532	467	370	368	290	275	2,303	419	388	443	372	686	887	3,195	5,498		
Rooms							1,293							2,025	3,318		
Food & Beverages							786							875	1,662		
Shops							177							225	402		
Tenants							-							-	-		
Others							46							70	116		
GOP (M¥)							512							1,231	1,743		

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	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 (¥)	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 (¥)	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 (M¥)	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		
Tenants							-							-	-		
Others							46							78	125		
GOP (M¥)							491							1,442	1,933		

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	0.6%	0.6%	-2.9%	-1.3%	7.0%	9.4%	2.3%	0.1%	-6.1%	-9.8%	2.1%	-6.8%	-13.9%	-5.8%	-1.8%		
ADR (¥)	607	1,543	901	2,963	3,238	771	681	503	2,071	2,680	1,885	1,885	1,885	1,572	786		
RevPAR (¥)	738	1,511	121	1,459	117	2,073	984	361	2,979	365	968	3,727	10,608	3,181	1,097		
Total Revenues (M¥)	1	16	6	1	0	28	41	12	62	28	22	79	192	395	355		
Rooms							71							252	181		
Food & Beverages							31							106	136		
Shops							0							27	28		
Tenants							-							-	-		
Others							0							8	9		
GOP (M¥)							21							211	190		

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

Monthly Hotel Indicators

Oriental Hotel Hiroshima

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	2nd Half	Total	
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total		
Status	←						Unaudited	←						Unaudited		
Occupancy Rate	78.4%	80.5%	79.1%	72.0%	63.2%	67.0%	73.4%	65.2%	67.3%	69.0%	66.6%	68.6%	85.1%	70.3%	71.8%	
ADR (¥)	9,062	8,838	9,448	9,109	8,676	8,482	8,958	8,855	8,597	9,788	8,479	8,738	10,021	9,129	9,043	
RevPAR (¥)	7,102	7,116	7,474	6,556	5,486	5,683	6,576	5,772	5,783	6,754	5,647	5,990	8,523	6,419	6,497	
Total Revenues (M¥)	167	205	242	195	155	146	1,109	171	168	190	174	143	147	994	2,103	
Rooms							297							295	592	
Food & Beverages							780							665	1,445	
Shops							-							-	-	
Tenants							12							12	24	
Others							20							22	42	
GOP (M¥)							166							153	320	

Fiscal Year							FY 2008 ended August 31, 2008									
Year	2007	2007	2007	2007	2008	2008	1st Half	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	-	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 (¥)	-	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 (¥)	-	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 (M¥)	-	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							-							-	-	
Tenants							1							11	13	
Others							15							18	34	
GOP (M¥)							111							132	243	

Fiscal Year							FY 2008 VS 2009									
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%	-	29.1%	10.2%	-1.1%	4.3%	-6.2%	-1.5%	6.1%	-9.2%	
ADR (¥)	-	72	500	442	560	140	-	243	123	349	11	148	172	54	167	
RevPAR (¥)	-	704	491	1,161	1,570	2,345	-	2,489	808	140	370	434	7	593	941	
Total Revenues (M¥)	-	21	37	7	26	24	-	17	8	13	1	38	25	28	308	
Rooms							-							23	103	
Food & Beverages							-							2	186	
Shops							-							-	-	
Tenants							-							1	11	
Others							-							4	8	
GOP (M¥)							-							21	77	

(Note) Occupancy rates is rounded off to the first decimal place, Revenue is rounded off to the nearest million yen, and ADR & RevPAR are rounded off 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	FY2009	Var.	FY2008	FY2009	Var.	FY2008	FY2009	Var.	FY2008	FY2009	Var.	FY2008	FY2009	Var.
	Operating Days	366	365	1	366	365	1	366	365	1	366	365	1	366	365	1
Acq. Price	11,400,000			19,400,000			16,700,000			19,700,000			1,800,000			
Total Rent Revenues	1,252,016	1,019,281	(232,735)	1,344,602	1,147,893	(196,709)	997,512	931,038	(66,474)	1,542,373	1,361,836	(180,537)	147,000	150,000	3,000	
Fixed Rent Revenues	576,645	576,645	0	666,302	666,302	0	799,960	799,960	0	957,093	957,093	0	146,000	149,000	3,000	
Variable Rent Revenues	674,401	441,667	(232,734)	678,300	481,591	(196,709)	197,552	131,078	(66,474)	585,280	404,743	(180,537)	-	-	-	
Other Revenues	969	969	0	-	-	-	-	-	-	-	-	-	1,000	1,000	0	
Total Rent Expenses	802,567	797,666	(4,901)	656,825	621,406	(35,419)	262,314	264,809	2,495	507,678	558,857	51,179	62,000	62,000	0	
Insurance	6,877	5,724	(1,153)	6,669	6,281	(388)	3,096	2,892	(204)	5,269	4,742	(527)	1,000	1,000	0	
Land Lease Payment	241,877	241,877	0	-	-	-	-	-	-	19,999	19,999	0	-	-	-	
Other Lease Payment	36,588	36,231	(357)	-	-	-	-	-	-	64,149	64,149	0	-	-	-	
Building Maintenance Fee	960	960	0	960	960	0	960	960	0	1,920	1,920	0	5,000	5,000	0	
Asset Custody Fee	3,000	3,400	400	3,000	3,400	400	3,000	3,400	400	5,000	5,400	400	2,000	2,000	0	
Property Tax/Urban Planning Tax	71,912	71,400	(512)	125,199	126,688	1,489	97,102	98,598	1,496	72,187	72,102	(85)	10,000	11,000	1,000	
Depreciation	415,432	429,096	13,664	467,601	482,705	15,104	157,807	158,569	762	324,062	380,467	56,405	42,000	42,000	0	
Loss from Disposal of Fixed Assets	20,462	7,144	(13,318)	50,363	724	(49,639)	-	-	-	710	1,085	375	-	-	-	
Other Expenses	5,456	1,830	(3,626)	3,031	645	(2,386)	348	388	40	14,379	8,989	(5,390)	0	0	0	
Operating Profit (= -)	449,448	221,615	(227,833)	687,776	526,486	(161,290)	735,197	666,228	(68,969)	1,034,694	802,979	(231,715)	85,000	88,000	3,000	
NOI (= + +)	885,342	657,855	(227,487)	1,205,742	1,009,915	(195,827)	893,005	824,797	(68,208)	1,359,467	1,184,531	(174,936)	127,000	130,000	3,000	
NOI % (Annualized / Acq.Price)	7.77%	5.77%	-2.00%	6.22%	5.21%	-1.01%	5.35%	4.94%	-0.41%	6.90%	6.01%	-0.89%	7.06%	7.22%	0.17%	

(Note) 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)

	Hakata Nakasu Washington Hotel Plaza (1)			Daiwa Roynet Hotel Akita (1)			Oriental Hotel Hiroshima			Total			
	Term	FY2008	FY2009	Var.	FY2008	FY2009	Var.	FY2008	FY2009	Var.	FY2008	FY2009	Var.
	Operating Days	366	365	1	366	365	1	336	365	29	366	365	1
Acq. Price	3,880,000			2,278,000			9,900,000			85,058,000			
Total Rent Revenues	259,000	260,000	1,000	138,000	138,000	0	382,106	375,805	(6,301)	6,063,987	5,385,167	(678,820)	
Fixed Rent Revenues	259,000	259,000	0	138,000	138,000	0	202,587	221,004	18,417	3,746,419	3,767,671	21,252	
Variable Rent Revenues	-	-	-	-	-	-	179,519	154,801	(24,718)	2,315,053	1,613,881	(701,172)	
Other Revenues	-	0	0	-	-	-	-	-	-	2,514	3,614	1,100	
Total Rent Expenses	71,000	71,000	0	68,000	78,000	10,000	143,150	213,777	70,627	2,574,832	2,669,624	94,792	
Insurance	1,000	1,000	0	1,000	1,000	0	2,394	2,726	332	27,639	25,677	(1,962)	
Land Lease Payment	-	-	-	-	-	-	-	-	-	261,876	261,876	0	
Other Lease Payment	-	-	-	-	-	-	-	-	-	100,738	100,381	(357)	
Building Maintenance Fee	4,000	3,000	(1,000)	2,000	2,000	0	880	960	80	18,605	16,697	(1,908)	
Asset Custody Fee	2,000	2,000	0	-	-	-	2,754	3,400	646	21,754	23,200	1,446	
Property Tax/Urban Planning Tax	15,000	15,000	0	7,000	18,000	11,000	20,278	48,830	28,552	420,093	463,021	42,928	
Depreciation	47,000	47,000	0	56,000	56,000	0	113,035	155,585	42,550	1,623,609	1,752,512	128,903	
Loss from Disposal of Fixed Assets	-	-	-	-	-	-	0	0	0	71,537	8,954	(62,583)	
Other Expenses	1,000	2,000	1,000	-	-	-	3,806	2,274	(1,532)	28,977	17,303	(11,674)	
Operating Profit (= -)	188,000	188,000	0	69,000	59,000	(10,000)	238,956	162,028	(76,928)	3,489,154	2,715,542	(773,611)	
NOI (= + +)	235,000	235,000	0	126,000	115,000	(11,000)	351,991	317,613	(34,378)	5,184,301	4,477,009	(707,291)	
NOI % (Annualized / Acq.Price)	6.06%	6.06%	0.00%	5.54%	5.05%	-0.49%	3.56%	3.21%	-0.35%	6.10%	5.26%	-0.83%	

(Note) 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.

ADR
(Average Daily Rate)

×

Occupancy Rate

=

Rev PAR
(Revenue Per Available Room)

■ 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

GOP
(Gross Operating Profit)

= **Total departmental (1) profit - Unallocated expenses**

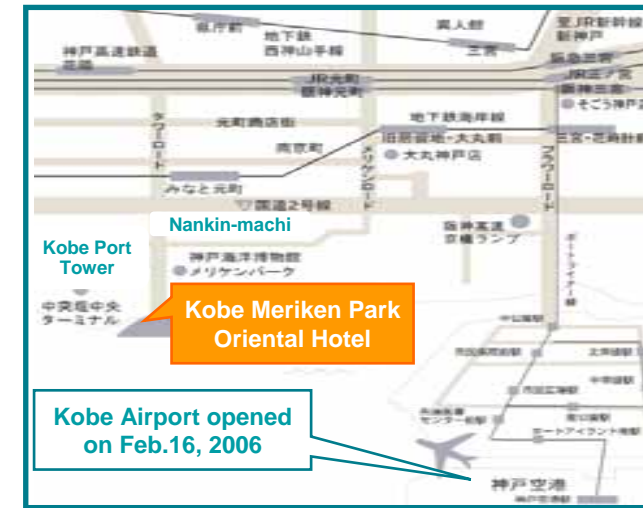
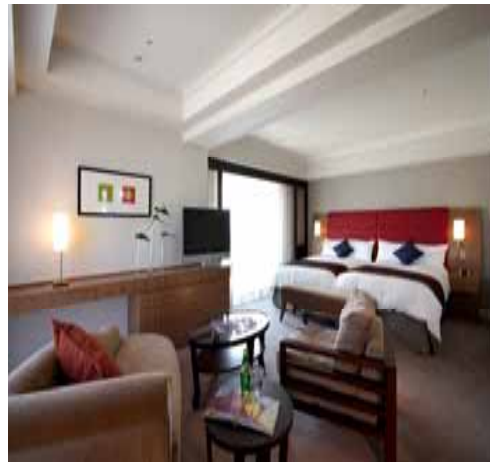
(Note1) Rooms, food & beverages, shops, tenants and others

 : Commonly used performance indicators for hotels

Appendix F **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 implemented organizational restructuring, the basis of branding. In FY 2010 the hotel will commence formulation of a specific implementation plan for re-positioning.

Asset Overview

Appraisal Value as of Aug, 2009		¥ 12.8 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.
- The hotel expects to increase its competitiveness in the weddings segment even further in FY 2010 because it has renovated the wedding chapel.
- In the future, in order to get repeat orders from customers supporting the popular babies' suites, the hotel will renovate rooms on the 12th floor targeted at families with children 4 years of age and older.

Asset Overview

Appraisal Value as of Aug, 2009		¥ 20.3 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 Aug, 2009		¥16.8 bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Chuo-ku, Osaka
	Size	4,505.23m ²
Building	Structure/Floor	S-SRC/ 9 floors and 1 basement floor
	Year Built	March, 1996
	Total Floor Space	19,364.33m ²
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 being responding to travel needs of time-enjoying expenditures. Examples include enhancing its "edutainment" program in which participants can experience the bountiful nature of Yomitan-son and local culture.

Asset Overview

Appraisal Value as of Aug, 2009		¥20.4 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 2010 the hotel will further deepen its strategy focused on art & culture based on cooperation with the local community.

Asset Overview

Appraisal Value as of Aug, 2009		¥ 8.8bn
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 Aug, 2009		¥ 2.07bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Nara-city. Nara
	Size	2,322.28㎡(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) A portion (71.12m²) was transferred on March 16, 2009 due to land appropriation by Nara-city.

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

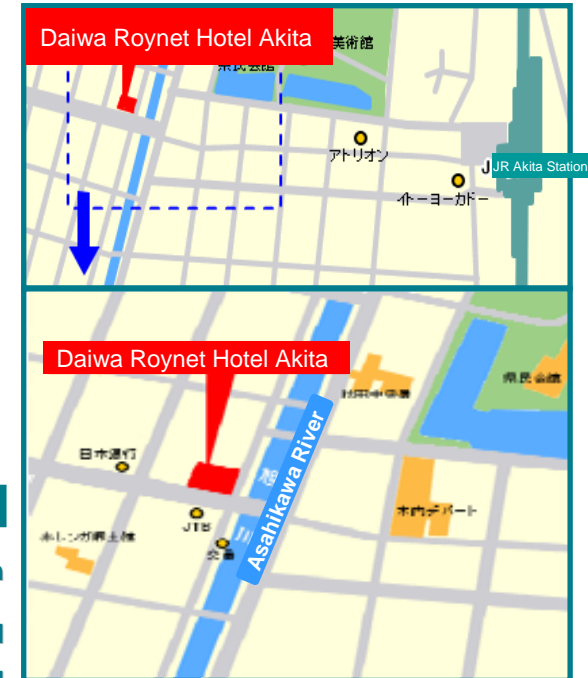


Asset Overview		
Appraisal Value as of Aug, 2009	¥ 3.96bn	
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hakata-ku, Fukuoka
	Size	1,128.46m ²
Building	Structure/ Floor	S/ 12floors
	Year Built	March, 1995
	Total Floor Space	5,692.24m ²
Hotel Lessee	Washington Hotel Corporation	
PML	8.2%	

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 Aug, 2009		¥ 1.99bn
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%

Examples of Renovation

Guest rooms		Banquet hall etc.	
Before	After	Before	After
<p>Oriental Hotel Tokyo Bay</p>  		<p>Oriental Hotel Tokyo Bay Chapel</p>  	
<p>Hotel Nikko Alivila</p>  		<p>Hotel Nikko Alivila Alivila Club desk</p>  	
<p>Oriental Hotel Hiroshima</p>  		<p>Oriental Hotel Hiroshima Banquet hall</p>  	

This material is a supplementary document prepared and provided for the understanding of the results briefing and is intended only for the purposes of providing information. It is not created with the intention of offering investment units of Japan Hotel and Resort, Inc. (hereinafter the “Investment Corporation”) or offering or selling any other particular products.

This material is neither a disclosure document nor a management report required under or based on the Financial Products and Trading Act, Investment Trust and Investment Corporation Act, government ordinances, Cabinet Office regulations, rules accompanying those acts, Tokyo Stock Exchange listing rules, or other related rules and regulations.

This material contains forward-looking statements about the financial conditions, operational results, and businesses of the Investment Corporation and Japan Hotel & Resort, K.K. (hereinafter the “Asset Management Company”), the asset management company of the Investment Corporation, and the plans and intentions of the management of those companies. The forward-looking statements contain known and unknown risks, uncertainties, and factors that may lead to material differences between the results of the Investment Corporation and explicit or implicit forecasts. Forecasts are made based on the Investment Corporation’s present and future business strategies and assumptions relating to the political and economic circumstances that will surround the Investment Corporation in the future.

Every effort has been made to ensure the accuracy of the information contained in this material. However, we do not guarantee the accuracy, certainty, validity, or fairness of the information. The information may be revised or retracted without prior notice.

When the investor subscribes to investment units of investment corporations or trades investment securities, the investor may be required to pay commissions and fees prescribed by the brokerage firm (including expenses including brokerage commission in the case of subscription to investment units and expenses including sales commission in the case of the trading of investment securities) in addition to the price of the investment units or investment securities themselves. The Investment Corporation and Asset Management Company do not offer investment units or sell investment securities. Please contact your brokerage firm for the specific amounts, upper limits, and methods of calculating commissions and fees.

Investment corporations invest in securities and real estate assets, the prices of which are subject to fluctuation. The investor may therefore incur losses, including the loss of principal, because of economic circumstances, trends in real-estate and securities markets, the characteristics of investment units and investment securities, investment corporations' mechanisms and dependence on related parties, changes in the prices and profitability of properties under management, characteristics of trust beneficiary rights under management, and other factors. The investor may also incur losses, including the loss of principal, with a deterioration in the financial conditions, including bankruptcy, of the Investment Corporation. For details, please refer to the Investment Corporation's rules, registration statements, prospectuses, financial reports, and other information from the link below:

<http://www.jhrth.com/ir/index4.html>

Japan Hotel & Resort K.K.
Financial product trading company;
Director of Kanto Finance Bureau (Financial Product) No. 333
Member of The Investment Trusts Association, Japan