



Hakone
Setsugetsuka

Announcement of Operational Results

TSE code: 8981

Sixth Term (ending August 2011) Semi-Annual
April 22, 2011

JAPAN HOTEL AND RESORT

Japan Hotel and Resort, Inc.

<http://www.jhrth.com>

JAPAN HOTEL AND RESORT

Japan Hotel & Resort K.K.

<http://www.jhrkk.com>

Japan Hotel and Resort

1. Due to the impact of the Great East Japan Earthquake, calculation of the variable rents linked to hotel revenues is difficult, and therefore the forecast for business performance for the fiscal year ending August 2011 will be determined at a later date.
2. We acquired a new asset, "Hakone Setsugetsuka," for ¥4,059mn (March 24, 2011)
3. Through refinancing, we are diversifying our funds procurement instruments (issuance of investment corporation bonds), lengthening the terms of our borrowings, dispersing our debt maturity, diversifying our lenders and reducing our borrowing costs
4. Conclusion of a new lease contract linked to GOP (to commence from September 1, 2011)

The Five Hotels with Variable Rents

1st Half

1. Revenues decreased by ¥35mn (0.4%) compared to the first half of FY 2010, and GOP fell ¥ 31mn (1.3%) compared to the first half of FY 2010
2. Revenues in the room segment increased by ¥131mn (3.5%) due to an increase in occupancy rates, and revenues in the food & beverages segment decreased ¥212mn (4.0%) due to the impact of new competitors on Wedding Revenues
3. The GOP ratio with respect to revenues declined from 23.3% in the first half of FY 2010 to 23.1%

2nd Half and Full-year

We plan to disclose the outlook for second half and full-year revenues and GOP after confirming the operating position of Tokyo Disney Resort, trends in domestic consumer sentiment, the situation with relation to the problem of the nuclear accident, rolling blackouts and power restrictions, etc., and also travel demand for Golden Week and summer holiday reservation trends

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Chapter 1 Sixth Term (ending August 2011) Semi-Annual Topics

Revisions to the Revenues Forecast

Due to the Great East Japan Earthquake that occurred on March 11, 2011, the business environment surrounding the hotels owned by JHR changed substantially as described below, and so we are now in a situation in which it is difficult to calculate the variable rents linked to hotel revenues, and therefore the forecast for business performance for the fiscal year ending August 2011 will be determined at a later date.

Changes in the market conditions	Impact after the earthquake disaster
Operating position of Tokyo Disney Resort	<ul style="list-style-type: none"> The outlook for when the resort will reopen, its operating hours, and its ability to attract customers after reopening are uncertain On March 12, 2011 the Disney Resort closed temporarily and on April 15 Disneyland only reopened; the timing of the reopening of DisneySea is still undetermined
Rolling blackouts and power restrictions	<ul style="list-style-type: none"> Due to the ongoing rolling blackouts and power restrictions, operating restrictions are forecast for attractions and hotels, and the outlook for attracting customers is uncertain
Domestic consumer sentiment	<ul style="list-style-type: none"> Due to the earthquake disaster, the nuclear problem, and the rolling blackouts, etc., there is now a mood of restraint regarding travel, banquets, etc., and cancellations are occurring The prospects for new reservations going forward are uncertain
Leakage of radiation from Fukushima Nuclear Power Station	<ul style="list-style-type: none"> Foreign visitors to Japan have decreased, and the timing of the recovery is uncertain In the Kansai area, even though room demand has been created due to evacuations from Tokyo, the sustainability of this demand is uncertain



Timing of Disclosure of the Revenues Forecast

We plan to carefully study the forecast for revenues going forward, and disclose the forecast quickly after confirming the trends of the above impacts, our results during the May holiday period, and trends in room demand during the summer holiday, etc.

Impact of the Earthquake Disaster on Building

Some damage occurred in the Oriental Hotel Tokyo Bay and the Daiwa Roynet Hotel Akita as described below, but there was no damage to the other hotels.

Name of hotel	Situation after the earthquake disaster
Oriental Hotel Tokyo Bay	There are cracks in some parts of the exterior walls of the building, and some damage inside the building, etc., and the estimated cost of the work to repair this physical damage is expected to be approximately 70 million yen (Note).
Daiwa Roynet Hotel Akita	There are cracks in some parts of the exterior walls of the building, etc., and the estimated cost of the work to repair this damage is expected to be approximately one million yen.

(Note) This amount is the total amount of the estimated cost of the work to repair this physical damage. The portion of this estimated work cost to be borne by HMJ will be decided based on the regular building lease contract.

Earthquake Disaster Support Activities by the Hotel

In Urayasu City, where the Oriental Hotel Tokyo Bay (hereinafter "OHT") is located, the water was cut off in the city due to the impact of the Great East Japan Earthquake, so OHT provided a bathing service to the people resident in the city in response to a request from the city government, and donated approximately 680,000 yen of the bathhouse admission fees to the city as relief money.

Overview of Newly Acquired Asset: Hakone Setsugetsuka (i)

Japan Hotel and Resort, Inc.



Acquisition date	March 24, 2011
Acquisition price	4,059 million yen
Funding	Cash on hand of 1,059 million yen Borrowings of 3,000 million yen (Lender: Tokyo Star Bank, Limited, period: 5 years, interest rate: 1.95% (Note), secured and non-guaranteed)
Profitability	Full-year NOI of 266 million yen, NCF of 260 million yen
Lease conditions	Regular lease contract Rent: fixed rent of 294 million yen/year Period: the 20 years from December 15, 2006 to October 31, 2026

(Note) This does not include the annual rate of depreciation of financing fees, etc.

Overview of the Real Estate

March 2011 appraisal price	4,060 million yen	
Form of ownership	Land	Ownership
	Building	Ownership
Land	Location	Hakone-machi, Ashigarashimo-gun, Kanagawa-ken
	Land Space	10,478.89m²
	Structure, number of floors	RC, B1/5F
Building	Completion	October 2006
	Total Floor Area	10,655.03m²
Hotel Lessee	Kyoritsu Maintenance Co., Ltd.	
PML	14.4%	

■ Competitiveness in terms of “hard” aspects

— Highly-accessible location:

Located in Hakone Town, which is very accessible from the Tokyo Metropolitan Area. It is located at Gora Onsen, one of the major hot springs in Hakone Town, and just one minute’s walk from Gora Station.

— It is a recently-built hotel: Completed in October 2006 and opened in November 2006

— Enhanced facilities: It is a highly competitive facility which in addition to the hot spring bathhouses and private open-air bathing facilities, is also equipped with open-air baths in each of the guest rooms.

■ Competitiveness in terms of “soft” aspects

— Lump-sum lease to Kyoritsu Maintenance Co., Ltd.:

The lessee manages business hotels and resort hotels throughout Japan, and it utilizes its outstanding management capability for this property as well to maintain high earning capacity.

Evaluation of Hakone Setsugetsuka

■ Jalan

“Jalan net top-selling accommodation rankings (101 to 300 rooms segment)”*

April 1, 2009 to March 31, 2010

No.1 in the Kanto and Koshin`etsu areas

*The annual ranking of the value of accommodation sold by Jalan net, for the period April 1, 2009 to March 31, 2010

Source: Jalan (<http://www.jalan.net>)



[Guest room]



[Open-air bath with a guest room]



[Open-air bath] (night view)

Overview of the Refinancing of Facility D <¥19.0 Billion>

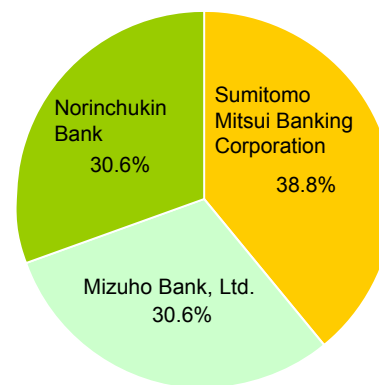
Taking the opportunity provided by the refinancing of Facility D (¥19.0 billion, maturity date February 2011), we implemented a rebuilding of our financial structure

Status of Borrowings

As of the end of August 2010

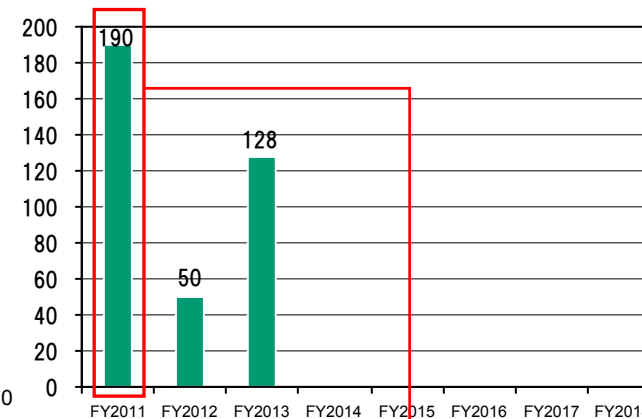
Borrowings	Lenders	Amount (million yen)	Interest rate (Note 1)	Borrowing date	Maturity Date	Remarks
Facility B	Sumitomo Mitsui Banking Corporation	12,753	1.909%	August 24, 2007	November 15, 2012	Secured
Facility D		19,000	1.695%	February 13, 2009	February 15, 2011	Secured
Facility E	Norinchukin Bank	4,200	1.957%	March 24, 2009	March 24, 2012	Secured
Facility F		750	1.657%	March 24, 2009	March 24, 2012	Secured
		36,703				

Diversification of Lenders



As of the end of August 2010

Dispersing of Debt Maturity and Lengthening the Terms of Borrowings



As of the end of August 2010

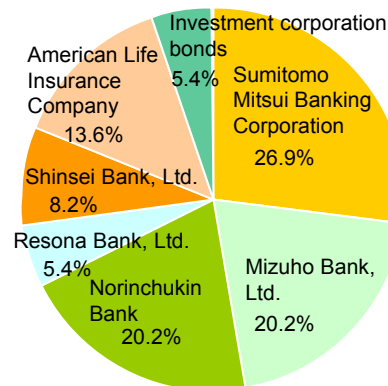
Reduction of borrowing costs (2.7% ⇒ 2.4%) (Note 2)

Refinancing

- Diversification of funds procurement instruments
- Diversification of lenders

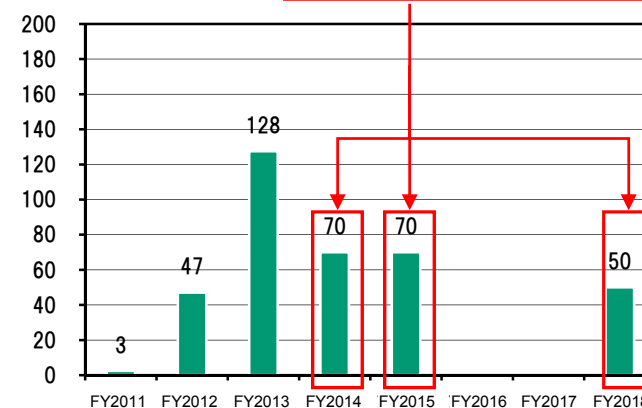
As of the end of February 2011

Borrowings	Lenders	Amount (million yen)	Interest rate (Note 1)	Borrowing date	Maturity Date	Remarks
Facility G	Resona Bank, Ltd. Shinsei Bank, Ltd.	5,000	1.640%	February 15, 2011	February 15, 2014	Secured
Facility H	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Norinchukin Bank	6,998	1.840%	February 15, 2011	February 15, 2015	Secured
Facility I	American Life Insurance Company	5,000	2.550%	February 15, 2011	February 15, 2018	Secured
First time	Investment corporation bonds	2,000	2.110%	December 28, 2010	December 27, 2013	Un-secured
		18,998				



As of the end of February 2011

Dispersing and Lengthening



As of the end of February 2011

(Note 1) This does not include the annual rate of depreciation of financing fees, etc.

(Note 2) This includes the annual rate of depreciation of financing fees, etc. Note that these figures are shown rounded down to the nearest one-tenth of a percent.

Overview of the New Lease Contract

- A simple variable rent structure (for the five HMJ hotels) that is always linked to GOP (Note)
- Established the conditions of the new lease contract so that large economic differences would not arise (the detailed calculation is on the next page)
- The contract period is the eight years from September 1, 2011 to August 31, 2019

Objectives of the Changes

- Response to changes in the hotel revenue structure going forward
 - As a result of changes in the business environment, a change aiming to collect rents based on profits rather than revenues
 - Through the introduction of the above structure, the lessor and lessee share the goal “maximization of profit”
- Meeting the requirements for capital expenditure on the Act on the Rational Use of Energy, etc.
 - Change to a structure for meeting the requirements of the Act on the Rational Use of Energy, that makes recovery of that capital investment possible

	Overview of the Rent Structure
Fixed rents	3,221 million yen annually (no change to the overall amount from currently)
Variable rents	Variable rents are calculated based on the GOP of the five HMJ hotels
	(Calculation method) Annual variable rents = [Annual total GOP of the five HMJ hotels - GOP threshold (3,351 million yen)] x 81.5%

(Note) GOP (Gross Operating Profit): the remainder after operating expenses have been deducted from hotel revenues.

HMJ Hotels: Economic Impact Arising from the Change to the Method of Calculating the Variable Rents

Japan Hotel and Resort, Inc.

Comparison of Rents with the Current Lease Contract (Unit: million yen)

Operating results	Hotel revenues (i)	Hotel GOP (ii)
FY2008 (Note 1)	23,312	6,323
FY2009	21,923	5,447
FY2010	21,431	5,678

New lease contract	GOP threshold (iii)	Variable rents (iv) = ((ii) - (iii)) x 81.5%	Fixed rents (v)	<u>Total rent (iv) + (v)</u>
FY2008	3,351	2,423	3,221	<u>5,643</u>
FY2009	3,351	1,708	3,221	<u>4,929</u>
FY2010	3,351	1,897	3,221	<u>5,117</u>

Current lease contract	Revenue linked (vi) = (i) x 10%	Variable rent cap (vii) (Note 2)	Variable rent cap (viii) = the smaller of (vi) or (vii)	Fixed rents (ix)	<u>Total rent (viii) + (ix)</u>
FY2008	2,331	2,350	2,331	3,221	<u>5,552</u>
FY2009	2,192	1,613	1,613	3,221	<u>4,834</u>
FY2010	2,143	1,852	1,852	3,221	<u>5,073</u>

(Note 1) Although in FY2008 (3rd term) JHR owned the Oriental Hotel Hiroshima for 11 months, figures for a 12-month period are used for the comparative analysis. The figures are not audited.

(Note 2) The variable rent cap is calculated as 90% of the GOP of the five hotels with variable rents minus the fixed rents of the five hotels with variable rents and the fees paid to the hotel operators.

Chapter 2 Overview of the Sixth Term (ending August 2011) Semi-Annual Results

Highlights of Semi-Annual Results for FY 2011

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Half Year Ended February 28, 2009 Actual	Half Year Ended February 28, 2010 Actual	Half Year Ended February 28, 2011 Forecast (Note 6)	Half Year Ended February 28, 2011 Actual	Difference 2011 vs. 2010
Operating Revenues	2,974	2,897	2,887	2,894	Δ3
Variable Rent Revenues (Note 1)	1,090	1,010	1,000	1,007	Δ3
Operating Expenses	1,571	1,573	1,625	1,599	26
Depreciation Costs	864	886	899	891	5
Loss from Disposal of Fixed Assets	7	6	16	15	9
Operating Profit	1,402	1,324	1,262	1,294	Δ30
Non-Operating Profit	Δ421	Δ567	Δ466	Δ470	97
Recurring Profit	980	756	796	824	68
Net Income	979	755	795	823	68
NOI (Note 2)	2,523	2,447	2,438	2,446	Δ1
NOI % (Note 3)	5.9	5.8	5.7	5.8	0
FFO (Note 4)	1,852	1,648	1,710	1,730	82
LTV % (Note 5)	44.1	42.1	-	41.6	-
Number of Outstanding Units	105,719	105,719	105,719	105,719	0

(Note 1) These variable rent revenues are calculated by multiplying the revenues of the five hotels with variable rents during the semi-annual period under review by 10%, and the variable rents that should be collected are decided using the full-year revenues and GOP of the five hotels with variable rents. The variable rents of the full-year under review are expected to be the variable rent cap, the upper limit of the variable rents.

(Note 2) Lease net operating income (NOI) = Rent revenues – rent-related expenses + depreciation costs + loss from disposal of fixed assets

(Note 3) Lease NOI % = Lease NOI/acquisition price, for the semi-annual period we used annualized figures obtained by doubling the lease NOI

(Note 4) Funds from operation (FFO) = Net income + depreciation costs + loss from disposal of fixed assets

(Note 5) Year-end loan to value ratio (LTV) = Interest-bearing debt at year-end (amount of borrowings at year-end + the investment corporation bonds balance at year-end)/total assets at year-end

(Note 6) The figures in the previous forecast are those announced on October 21, 2010 in “5th Term (ended August 2010) Announcement of Operational Results.”

Full-year Outlook for FY 2011

Japan Hotel and Resort, Inc.

(Unit: million yen)

	Ended August 31, 2008 Actual	Ended August 31, 2009 Actual	Ended August 31, 2010 Actual	Ended August 31, 2011 Previous Forecast	Ended August 31, 2011 Forecast	Difference 2011 Forecast vs. 2010
Operating Revenues	6,063	5,385	5,626	5,639	-	-
Variable Rent Revenues	2,315	1,613	1,852	1,864	-	-
Operating Expenses	3,085	3,119	3,159	3,230	-	-
Depreciation Costs	1,623	1,752	1,782	1,805	-	-
Loss from Disposal of Fixed Assets	71	8	32	17	-	-
Operating Profit	2,978	2,265	2,467	2,409	-	-
Non-Operating Profit	△ 672	△ 1,003	△ 1,129	△ 889	-	-
Recurring Profit	2,306	1,261	1,338	1,519	-	-
Net Income	2,304	1,259	1,336	1,517	-	-
Dividend per Unit (yen)	25,130	11,913	12,640	14,358	-	-
NOI (Note 1)	5,184	4,477	4,727	4,736	-	-
NOI % (Note 2)	6.1	5.3	5.6	5.6	-	-
FFO (Note 3)	3,999	3,020	3,151	3,339	-	-
LTV % (Note 4)	45.1	42.0	41.6	-	-	-
Number of Outstanding Units	91,700	105,719	105,719	105,719	-	-

(Note 1) Lease net operating income (NOI) = Rent revenues – rent-related expenses + depreciation costs + loss from disposal of fixed assets

(Note 2) Lease NOI % = Lease NOI/acquisition price

(Note 3) Funds from operation (FFO) = Net income + depreciation costs + loss from disposal of fixed assets

(Note 4) Year-end loan to value ratio (LTV) = Interest-bearing debt at year-end (amount of borrowings at year-end + the investment corporation bonds balance at year-end)/total assets at year-end

(Note 5) The figures in the previous forecast are those announced on October 21, 2010 in “5th Term (ended August 2010) Announcement of Operational Results.”

(Note 6) The current forecast for the sixth term is not shown because it is difficult to calculate a reasonable revenue forecast as of the current date due to the impact of the Great East Japan Earthquake.

(Reference Information)

Variable Rents Calculation

Japan Hotel and Resort, Inc.

	$\left(\begin{array}{ccc} \text{GOP of} & \text{Fixed Rents of} & \\ \text{Hotels with} & \text{Hotels with} & \\ \text{Variable Rents} & \text{Variable Rents} & \\ \text{(note 1, 2)} & \text{(note 1)} & \\ \text{---} & \text{---} & \\ \text{Operators' Fees} & & \\ \text{(note 3)} & & \end{array} \right) \times 90\% =$	Variable Rent Cap (note 4)(a)		Hotel Revenues multiplied by Variable Rent Rate (note 5)(b)	Variable Rents received (c): Smaller of (a) and (b)	
FY 2011 Forecast (note 6)		-			-	-
FY 2011 Previous Forecast	$\left(\begin{array}{ccc} 5,677 & - & 3,221 & - & 384 \end{array} \right)$		1,864	<	2,153	1,864
FY 2010 Actual	$\left(\begin{array}{ccc} 5,679 & - & 3,221 & - & 399 \end{array} \right)$		1,852	<	2,143	1,852
FY 2009 Actual	$\left(\begin{array}{ccc} 5,447 & - & 3,221 & - & 433 \end{array} \right)$		1,613	<	2,192	1,613
FY 2008 Actual	$\left(\begin{array}{ccc} 6,303 & - & 3,202 & - & 505 \end{array} \right)$		2,335	>	2,315	2,315

(Amount: million yen)

(Note 1) The hotels with variable rents are the five hotels leased to Hotel Management Japan K.K. (hereinafter "HMJ"): Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila, and Oriental Hotel Hiroshima.

(Note 2) GOP (Gross Operating Profit): the remainder after operating expenses have been deduced from hotel revenues.

(Note 3) The operators' fees are the total fees paid to JAL Hotels Co., Ltd. and Abilitas Hospitality (formerly known as Archon Hospitality K.K.), and are fluctuated along with the revenues and GOP of hotels with which the service is provided.

(Note 4) The variable rent cap is defined as 90% of adjusted GOP (GOP minus the fixed rents and the fees paid to the operators). In our December 14, 2005 regular building lease contract with HMJ, it was agreed that the upper limit of the total variable rents would be this variable rent cap.

(Note 5) Hotel revenue did not reach the revenue threshold for stepping up so the variable rent rate is the standard rate of 10%.

(Note 6) The current forecast for the sixth term is not shown because it is difficult to calculate a reasonable revenue forecast as of the current date due to the impact of the Great East Japan Earthquake.

Summary of Balance Sheet

Japan Hotel and Resort, Inc.

	Ended Feb 28, 2010 Amount (million yen)	(%)	Ended Feb 28, 2011 Amount (million yen)	(%)
ASSETS				
Current Assets	3,982	4.5	4,943	5.6
Cash and Bank Deposit	3,151		4,224	
Rent Receivable	461		460	
Others	370		258	
Fixed Assets	84,414	95.5	83,159	94.4
Property and Equipment at Cost	71,369	80.7	70,033	79.5
Building	2,222		2,022	
Land	884		884	
Construction in progress account	20		55	
Building in Trust	28,786		27,615	
Land in Trust	39,454		39,454	44.8
Intangible Assets	12,355	14	12,337	14.0
Investment and Other Assets	690	0.8	788	
Deferred Assets	11	0	23	
TOTAL ASSETS	88,409	100	88,126	100

	Ended Feb 28, 2010 Amount (million yen)	(%)	Ended Feb 28, 2011 Amount (million yen)	(%)
LIABILITIES				
Current Liabilities	20,196	22.8	1,301	1.5
Trade and Other Payables	46		158	
Long-Term Debts to be repaid within one year	19,500		500	
Account Payable and Other Payables	319		312	
Rents Received in Advance	330		330	
Others	0		0	
Fixed Liabilities	19,988	22.6	38,486	43.7
Investment corporation bonds			2,000	
Long-Term Debts	17,703		34,201	
Leasehold & Security Deposit Received	2,285		2,285	
TOTAL LIABILITIES	40,184	45.5	39,787	45.1
EQUITY				
Total Unitholders' Capital	47,514	53.7	47,514	53.9
Semi-annual (current term) unappropriated retained earnings	755	0.9	823	
Unrealized Gains or Losses from Deferred Hedge	△45	△0.1	—	—
TOTAL EQUITY	48,224	54.5	48,338	54.9
TOTAL LIABILITIES and UNIT HOLDERS EQUITY	88,409	100	88,126	100

(Reference Information)

Japan Hotel and Resort, Inc.

1. Hotel Revenues (By Hotel)

(Unit: million yen, amounts less than a million yen are rounded off)

		FY2008		FY2009		FY2010		FY2011	
		Actual	Vs. LY	Actual	Vs. LY	Actual	Vs. LY	Forecast (Note 2)	Vs. LY
Kobe Meriken Park Oriental Hotel	1st Half	3,374	3.2%	3,122	△7.5%	3,041	△2.6%	2,814	△7.5%
	2nd Half	3,370	0.6%	2,877	△14.6%	2,893	0.5%	-	-%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	-	-%
Oriental Hotel Tokyo Bay	1st Half	3,374	2.3%	3,448	2.2%	3,189	△7.5%	3,331	4.5%
	2nd Half	3,409	3.6%	3,093	△9.2%	3,333	7.7%	-	-%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	-	-%
Namba Oriental Hotel	1st Half	999	5.0%	925	△7.4%	866	△6.4%	917	5.9%
	2nd Half	976	△1.4%	855	△12.4%	967	13.0%	-	-%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	-	-%
Hotel Nikko Alivila	1st Half	2,262	△8.8%	2,303	1.8%	1,947	△15.5%	2,012	3.3%
	2nd Half	3,591	3.6%	3,195	△11.0%	3,086	△3.4%	-	-%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	-	-%
Oriental Hotel Hiroshima (Note 1)	1st Half	990	46.7%	1,109	12.0%	1,066	△3.9%	999	△6.3%
	2nd Half	967	2.8%	994	2.8%	1,044	5.1%	-	-%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	-	-%
Total	1st Half	11,000	3.0%	10,908	△0.8%	10,109	△7.3%	10,073	△0.4%
	2nd Half	12,312	2.3%	11,015	△10.5%	11,322	2.8%	-	-%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	-	-%

(Note 1) In FY2008 JHR owned this property for 11 months but figures for a 12-month period are used for the comparative analysis. The figures have not been audited yet.

(Note 2) The figure for the first half of FY2011 is an actual figure, but it is unaudited. Furthermore, the figures for the second half of FY2011 and the full-year are not shown because it is difficult to calculate reasonable hotel revenues as of the current date due to the impact of the Great East Japan Earthquake.

2. Hotel GOP

	FY2008		FY2009		FY2010		FY2011 (Note 3)	
	Actual	Vs. LY	Actual	Vs. LY	Actual	Vs. LY	Forecast	Vs. LY
5 Hotels with Variable Rents	6,323	9.1%	5,447	△13.9%	5,679	4.2%	-	-%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	-%	-%

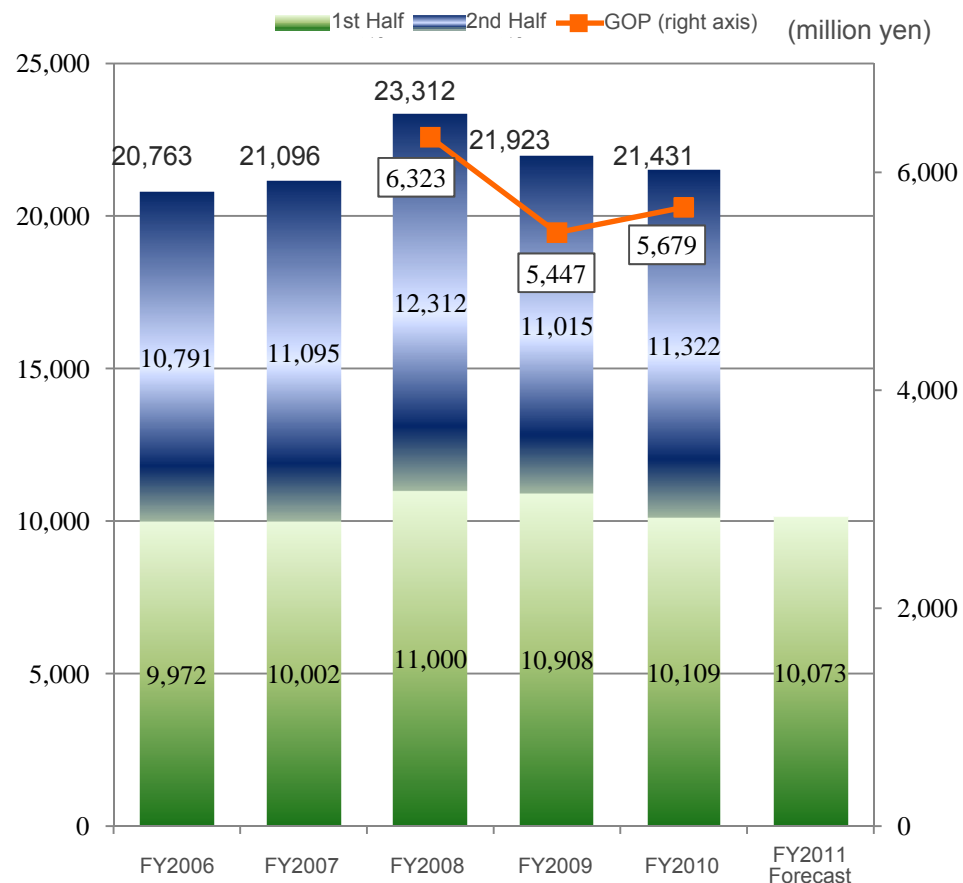
(Note 3) The figures for FY2011 are not shown because it is difficult to calculate reasonable hotel GOP as of the current date due to the impact of the Great East Japan Earthquake.

Chapter 3 Highlights of Hotel Performance

Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

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



Results of 1st Half of FY2011

- Total Revenues fell by ¥35mn (0.4%) compared to the first half of FY 2010, a result ¥65mn higher than the forecast at the beginning of the term.
- In the room segment, occupancy rates increased due to our aggressive sales of products with their price as the selling point and enhancement of sales channels at a time when the economy was bottoming out, so revenues increased by ¥132mn (3.5%) compared to the first half of FY 2010.
- In the food & beverages segment, Restaurant Revenues increased due to the rise in room occupancy and our implementation of measures to attract guests but Wedding Revenues decreased due to the impact of the entry of new competitors to the market, so segment revenues decreased ¥212mn (4.0%) compared to the first half of FY 2010.
- GOP was ¥2,325mn, a decrease of ¥31mn (1.3%) compared to the first half of FY 2010.
- Revenues decreased compared to the first half of FY 2010, and in addition we increased labor costs, repair costs, etc. with medium- to long-term growth in mind, so the GOP ratio worsened from 23.3% in the first half of previous term to 23.1% in the current term.

◆ Operating Data

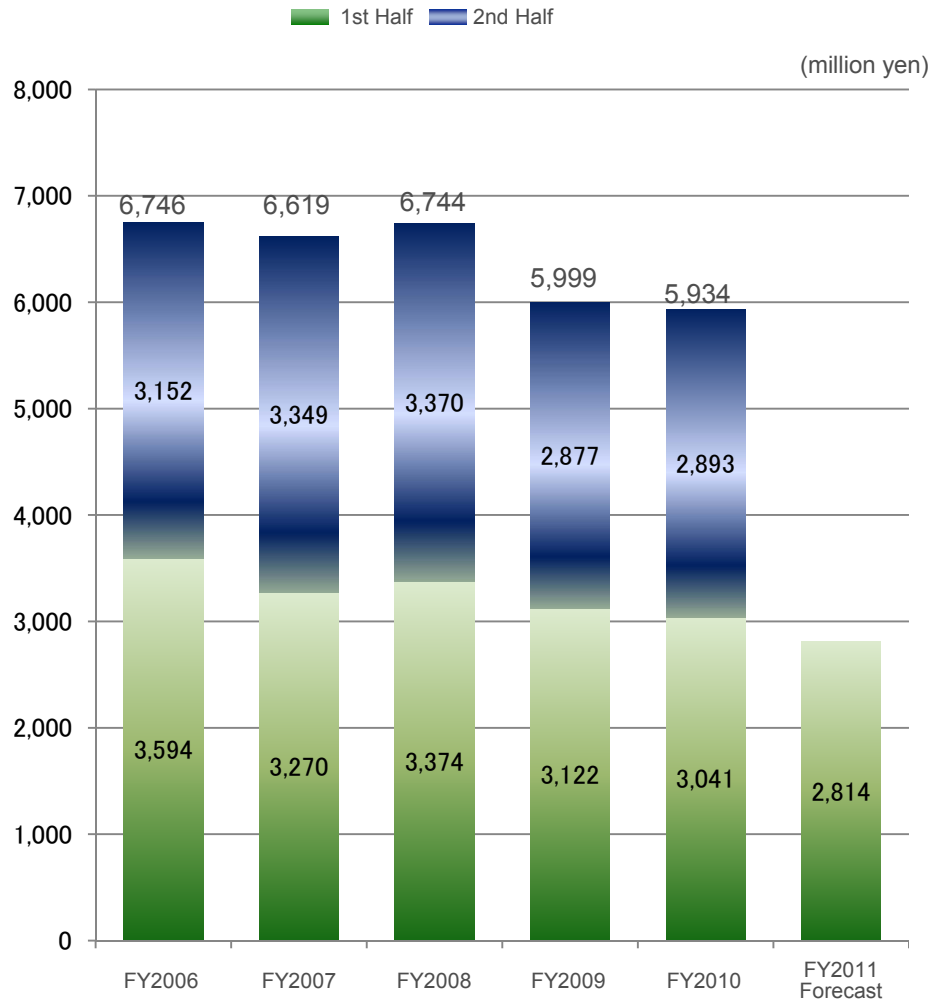
	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	81.2	81.4	77.6	75.7	78.7
ADR (Yen)	18,439	19,042	18,172	17,758	16,208
RevPAR (Yen)	14,963	15,500	14,107	13,441	12,749
GOP (MY)	-	-	6,323	5,447	5,679
GOP (%)	-	-	27.1	24.8	26.5

(Note 1) The hotels with variable rents are the five hotels leased to Hotel Management Japan K.K. (hereinafter "HMJ" or "the lessee"): Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima. In the first term (FY2006), JHR's substantial operating period was approximately six and a half months beginning on February 15, 2006, but figures for 12 months are shown for the comparative analysis. Furthermore, in the third term (FY2008) the substantial operating period of the Oriental Hotel Hiroshima was approximately 11 months, but 12-month figures for revenues, GOP and operating performance are used for the comparative analysis.

(Note 2) Revenues and operating performance before February 15, 2006 in FY2006 is obtained from the seller and the data after that date is obtained from the lessee. The forecast for the sixth term is not shown because it is difficult to calculate a reasonable revenue forecast as of the current date due to the impact of the Great East Japan Earthquake (hereinafter the same applies to all of the hotels). Please refer to "Explanation of Hotel Terminology" on page 52 for definitions of ADR and RevPAR.

Highlights of Hotel Performance

Kobe Meriken Park Oriental Hotel



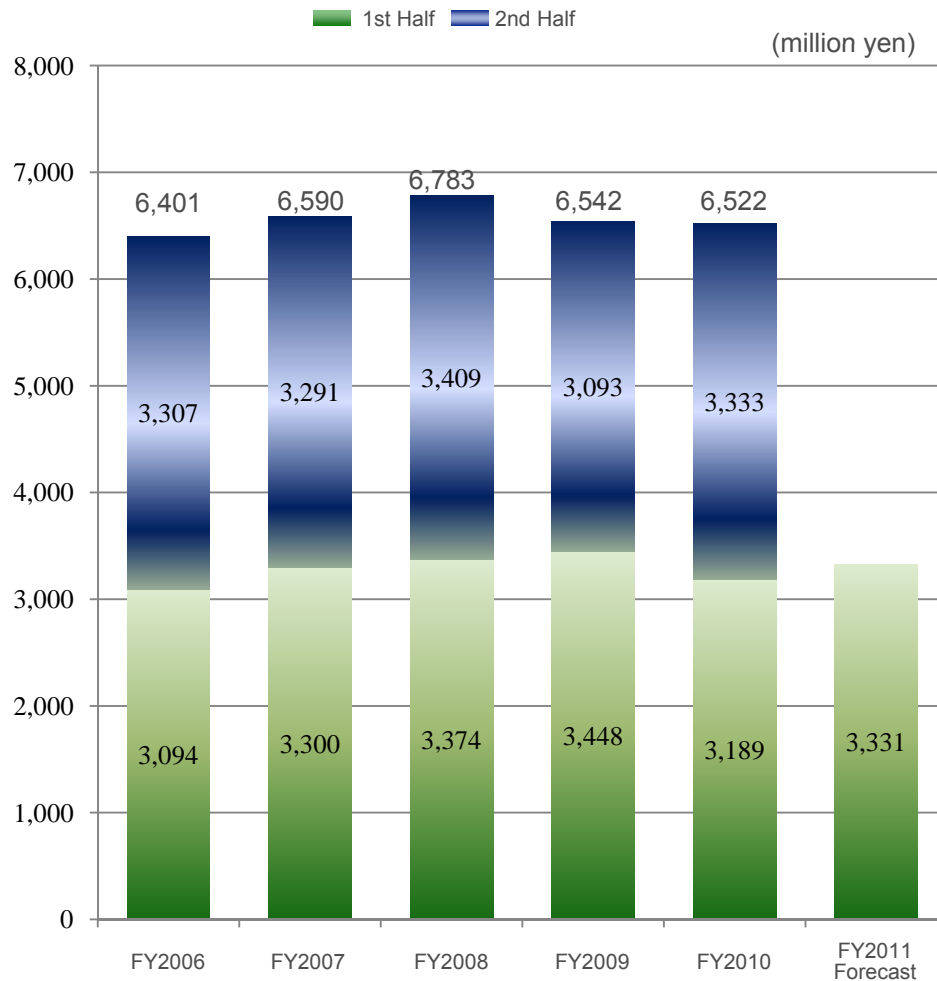
Revenue Results for 1st Half of FY2011

- Total Revenues fell by ¥227mn (7.5%) compared to the first half of FY 2010, a result ¥ 109mn lower than the forecast at the beginning of the term.
- In the room segment, we increased occupancy rates by expanding our trading zone and enhancing our sales channels with stronger sales, so revenues increased by ¥10mn (1.5%) compared to last year.
- In the food & beverages segment, revenues from general banquets increased due to a rise in their unit price but the number of wedding banquets decreased as a result of the impact of the entry of new competitors into the market, so segment revenues decreased ¥254mn (11.5%) compared to last year.

◆ Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	78.7	78.4	78.0	70.7	77.5
ADR (Yen)	14,961	16,025	15,448	15,472	13,958
RevPAR (Yen)	11,771	12,556	12,049	10,933	10,823
GOP (MY)	-	1,330	1,319	891	1,154
GOP (%)	-	20.1	19.6	14.8	19.5

Oriental Hotel Tokyo Bay



Revenue Results for 1st Half of FY2011

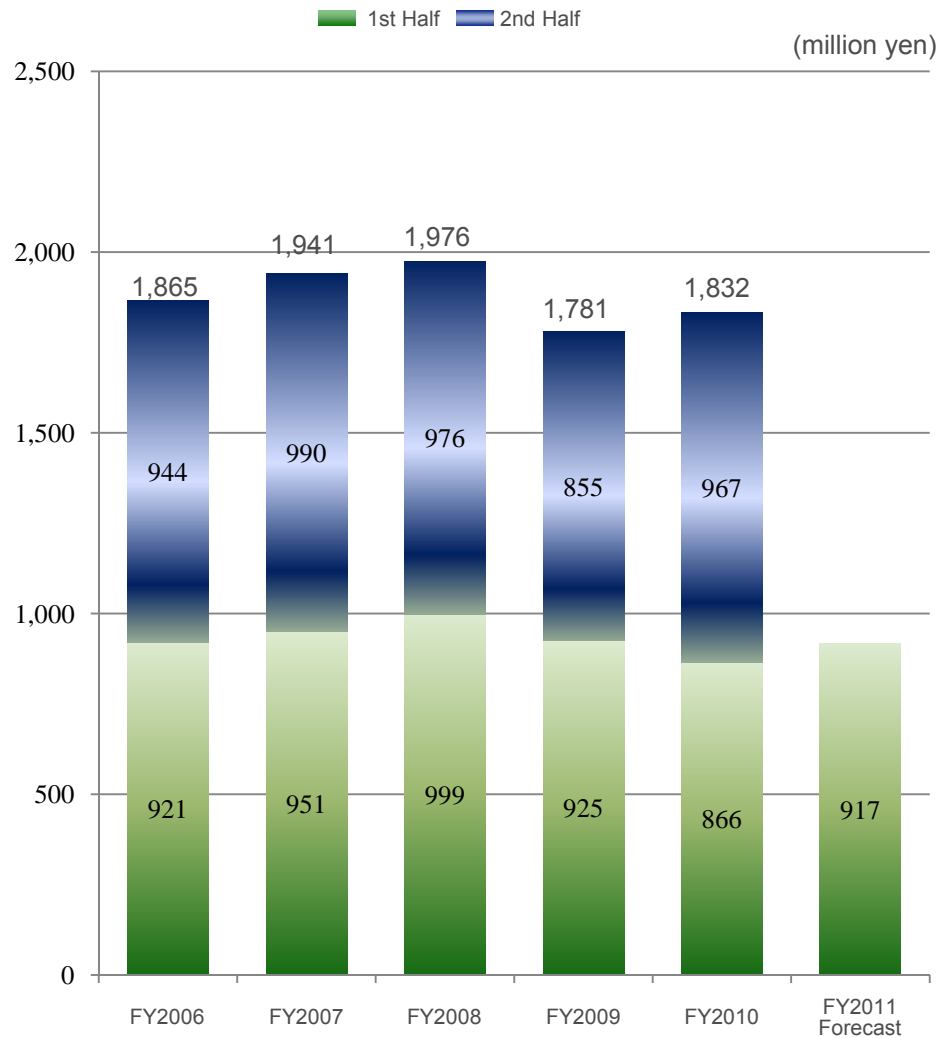
- Total Revenues rose by ¥142mn (4.5%) compared to the first half of FY 2010, a result ¥140mn higher than the forecast at the beginning of the term.
- In the room segment, at a time when the market was on a recovery path, we increased both occupancy rates and ADR through aggressive Internet sales and the strengthening of revenue management, so revenues increased by ¥104mn (7.5%) compared to last year.
- In the food & beverages segment, the number of wedding banquets decreased but Restaurant Revenues increased due to the increase in room occupancy, and General Banquet Revenues also increased due to the increase in the number of general banquets caused by our strengthening of marketing, so segment revenues increased by ¥33mn (2.1%) compared to last year.

Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	83.6	80.6	79.6	80.8	88.1
ADR (Yen)	18,243	19,446	19,817	18,830	16,673
RevPAR (Yen)	15,243	15,679	15,784	15,205	14,693
GOP (MY)	-	1,630	1,708	1,531	1,513
GOP (%)	-	24.7	25.2	23.4	23.2

Highlights of Hotel Performance

Namba Oriental Hotel



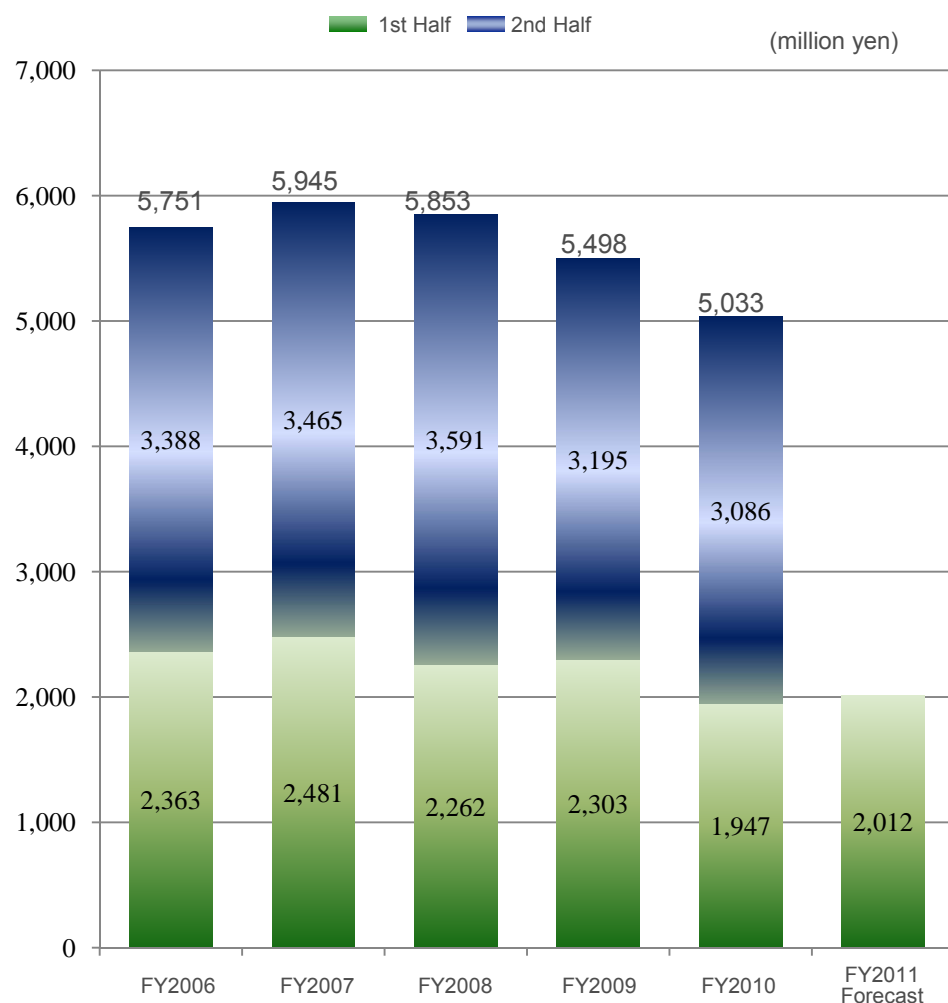
Revenue Results for 1st Half of FY2011

- Total Revenues rose by ¥51mn (5.9%) compared to the first half of FY 2010, a result ¥33mn higher than the forecast at the beginning of the term.
- In the room segment, we were able to bring in leisure demand centered on foreign visitors to Japan by enhancing our sales channels we have implemented since last year, and as a result both occupancy rates and ADR increased, so revenues increased ¥32mn (8.6%) compared to last year.
- In the food & beverages segment, due to an increase in guest room occupancy and our measures to attract guests such as menu revisions, etc., the number of people using the restaurants increased, so segment revenues increased ¥13mn (18.1%) compared to last year.

Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	80.2	88.4	86.8	75.5	81.2
ADR (Yen)	9,652	10,300	10,649	10,365	9,478
RevPAR (Yen)	7,740	9,104	9,248	7,827	7,698
GOP (MY)	-	1,114	1,099	963	1,020
GOP (%)	-	57.4	55.6	54.1	55.7

Hotel Nikko Alivila



Revenue Results for 1st Half of FY2011

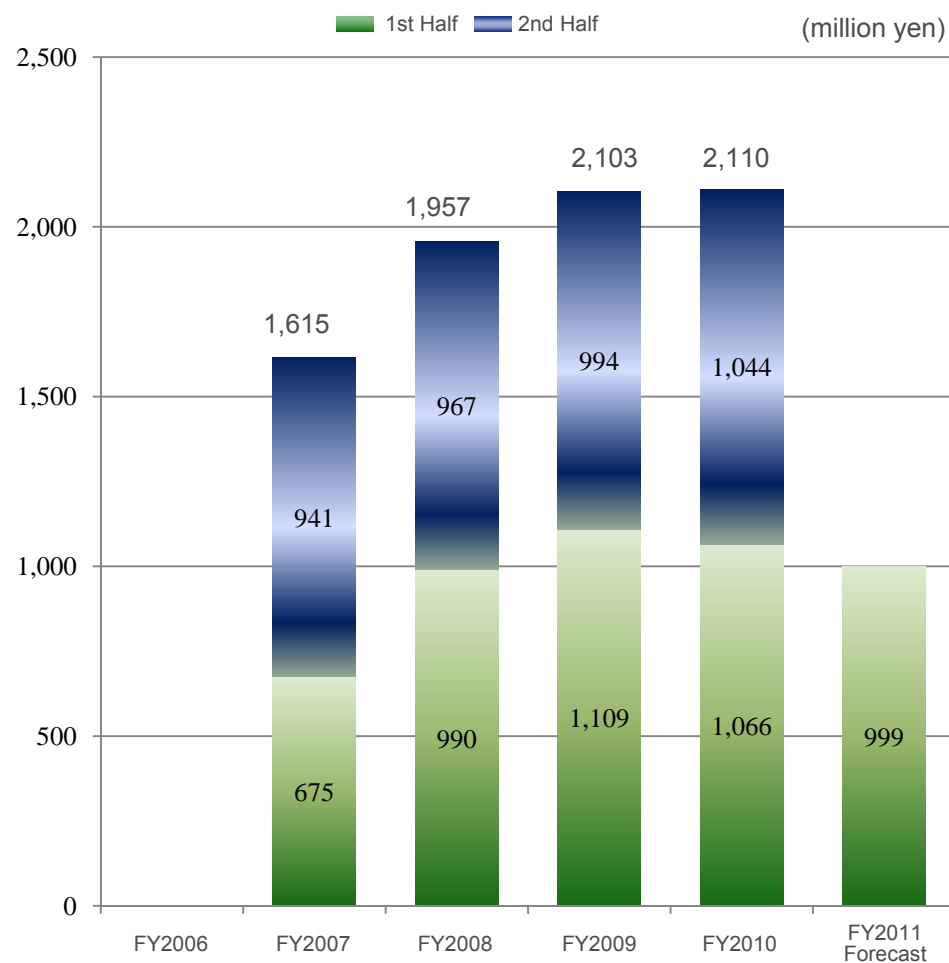
- Total Revenues rose by ¥65mn (3.3%) compared to the first half of FY 2010, a result ¥37mn higher than the forecast at the beginning of the term.
- In the room segment, occupancy rates increased due to our aggressive sales of products with their price as the selling point and our enhancement of our sales channels, so revenues increased by ¥2mn (0.2%) compared to last year.
- In the food & beverages segment, the number of restaurant guests increased as a result of the increase in room occupancy rates, so segment revenues increased by ¥59mn (8.5%) compared to last year.

◆ Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	80.7	80.4	77.4	75.6	70.0
ADR (Yen)	25,935	27,197	28,347	27,561	26,773
RevPAR (Yen)	20,928	21,859	21,934	20,837	18,754
GOP (MY)	-	1,933	1,933	1,743	1,650
GOP (%)	-	32.5	33.0	31.7	32.8

Highlights of Hotel Performance

Oriental Hotel Hiroshima (Note)



Revenue Results for 1st Half of FY2011

- Total Revenues fell by ¥67mn (6.3%) compared to the first half of FY 2010, a result ¥35mn lower than the forecast at the beginning of the term.
- In the room segment, at a time when price competition among competitors' hotels is intensifying, we adopted the strategy of trying to maintain the unit price of sales by strengthening sales to customer segments with a high unit price of sales, but both ADR and occupancy rates decreased, so revenues decreased by ¥17mn (6.0%) compared to last year.
- In the food & beverages segment, revenues from general banquets increased as their unit price rose due to our strengthening of our marketing, etc., but the number of wedding banquets decreased as a result of the impact of new competitors entering the market, so segment revenues decreased by ¥63mn (8.3%) compared to last year.

Operating Data

	FY2006	FY2007	FY2008	FY2009	FY2010
Occ. Rate (%)	-	-	63.4	71.8	71.4
ADR (Yen)	-	-	8,853	9,043	8,951
RevPAR (Yen)	-	-	5,611	6,497	6,388
GOP (MY)	-	-	264	320	340
GOP (%)	-	-	13.5	15.2	16.1

(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.

Chapter 4 Future Investment and Management Policy

Perception of the Market Conditions

■ General Market Conditions

- The economy seemed to be on a gradual recovery path, but we are in a situation in which we cannot avoid the impact of the Great East Japan Earthquake, the electricity shortages, and the Fukushima nuclear problem, etc., and in the short term there are concerns that production activity will decline and domestic consumer confidence will deteriorate.

■ Hotel Market Conditions

- We are in a situation in which we cannot avoid the impact of the Great East Japan Earthquake on the hotel business, and demand for hotels is expected to decline due to a deterioration in domestic consumer confidence, operating restrictions on tourist facilities, a decrease in foreign visitors to Japan, etc.
- In the mid/long-term (i) increasing travel demand by the baby-boomer generation and (ii) an increase in the number of foreign travelers visiting Japan as a result of government policies to promote a tourism-based country are expected.



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

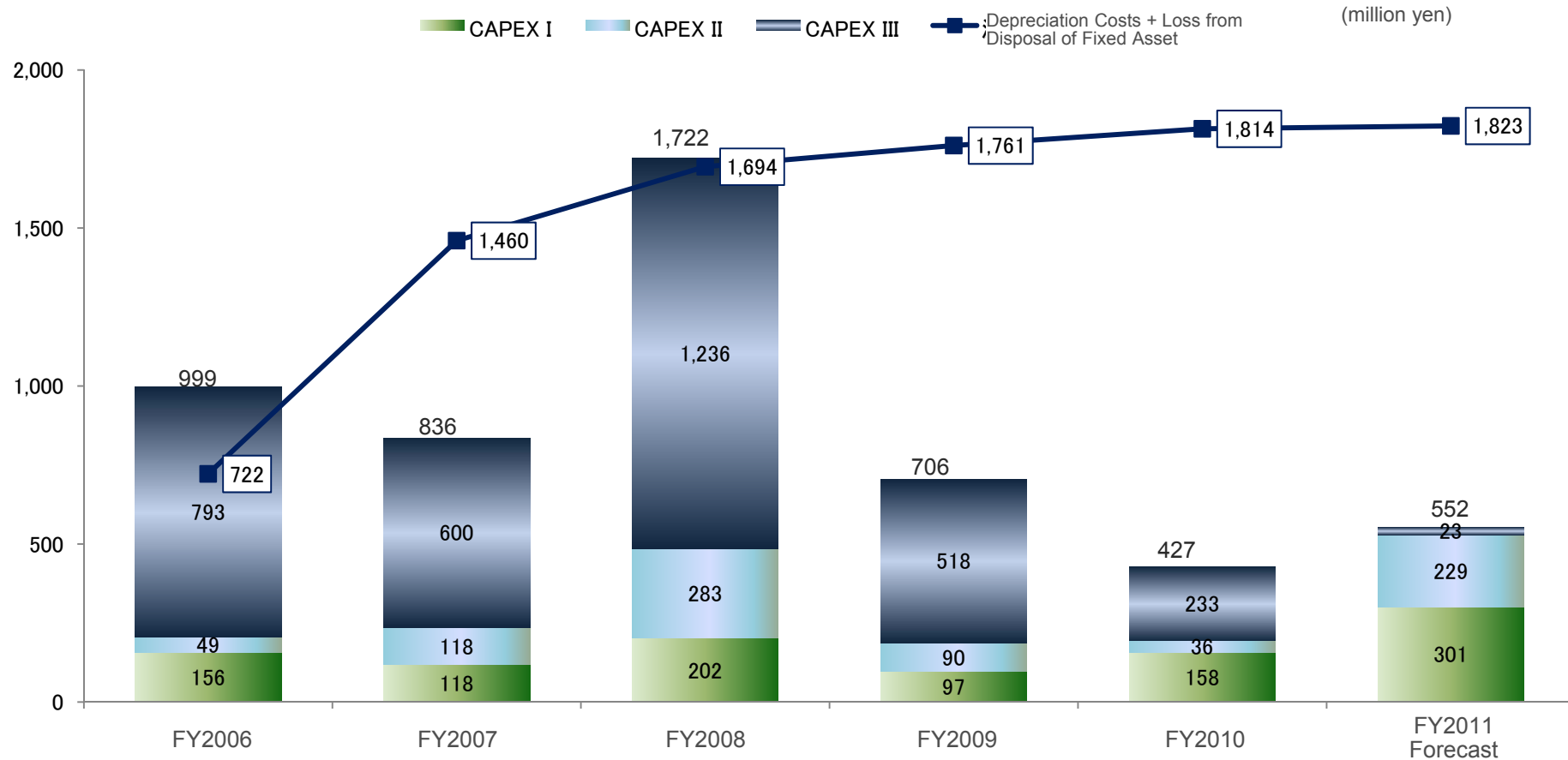
Basic Policies

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



- ◆ We will carefully monitor revenues and GOP so that profitability at each property will be improved
 - In order to develop from “price competition” to “value competition,” intensively discuss with the lessee and the hotel operators, and request implementation (when necessary, provide recommendations or support)
- ◆ We will continue to aim to maximize the mid-term profitability of the five hotels with variable rents
 - In order to ascertain changing customer needs and respond quickly to those needs, intensively discuss with the lessee and the hotel operators, and request implementation
 - Implement 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 mid/long-term
 - Drive forward the repositioning / rebranding project
- ◆ Conclusion of a new lease contract linked to GOP (commencing from September 1, 2011). (Refer to page 8 for details)

CAPEX Trend and Plan



- The estimated cost of the work to repair the physical damage caused by the Great East Japan Earthquake is expected to be 70 million yen for the Oriental Hotel Tokyo Bay and one million yen for the Daiwa Roynet Hotel Akita. Note that the amount of 70 million yen in damage for the Oriental Hotel Tokyo Bay is the total amount of the estimated cost of the work. The portion of this estimated work cost to be borne by HMJ will be decided based on the regular building lease contract.
- The CAPEX arising from the physical damage caused by the Great East Japan Earthquake is expected to stay within the scope of the initial CAPEX plan.
- 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.

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

CAPEX (Capital Expenditure Plan)

Japan Hotel and Resort, Inc.

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

(): expenditures, million yen

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 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) 	-	-	-
					■ ■ ■ Relocation Project →	
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 (77) • 12F Guest Rooms (135) 	-
					■ ■ ■ Rebranding Project →	
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"> • 4F Guest Rooms and corridors on 4, 5 and 6F (20) 	-
Hotel Nikko Alivila	<ul style="list-style-type: none"> • Suite Rooms (32) • Restaurant (155) 	-	<ul style="list-style-type: none"> • 3-8F Guest 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) 	-	<ul style="list-style-type: none"> • 3F Banquet (15) and Corner Guest Double Rooms (7)
					■ ■ ■ Rebranding Project →	
CAPEX III TOTAL	793	600	1,236	518	233	23

(Note 1) The major renovations other than the above implemented in the sixth term are renovations of the 6-8F of Kobe Meriken Park Oriental Hotel, 3-4F of Oriental Hotel Tokyo Bay, 5-6F of Namba Oriental Hotel, and the North Wing of the Hotel Nikko Alivila.

(Note 2) We converted the corner double guest rooms in the Oriental Hotel Hiroshima into twin rooms in February 2011.

Perception of the Market Conditions

■ Trends in the Hotel Investment Market

- The number of trades is limited, but trades of hotels that seem to be relatively inexpensive or prime hotels are increasing.
- Going forward, a temporary decrease in transactions due to the impact of the earthquake disaster is anticipated, but polarization of the hotels that are traded will advance and there is a possibility that the price of highly scarce, prime hotels will rise.
- 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 stable cash flow and growth potential
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

- Target investments to hotels which are superior in both hard and soft aspects.
- 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

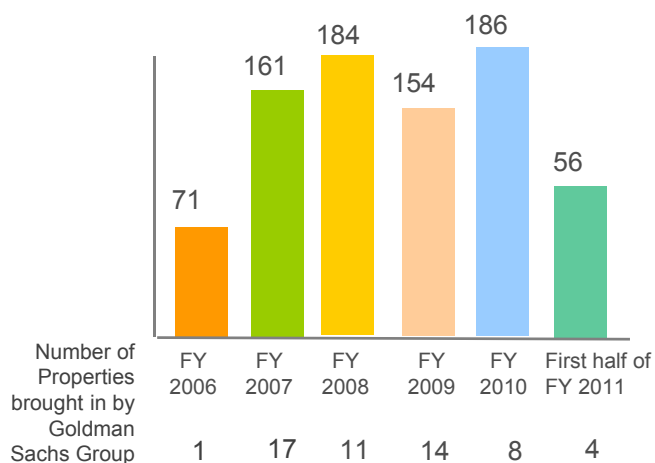
Potential Opportunities to Acquire Properties

- 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

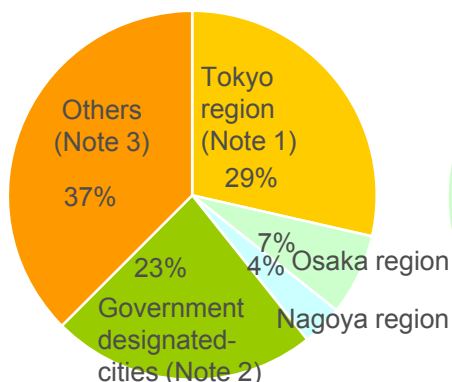


- A total of 56 properties were brought in during the first half of the 6th term (September 2010 to February 2011), 28 properties fewer than the properties brought in during the first half of the 5th term. The characteristic features were the increase in the introduction of properties in the government-designated cities outside the Osaka region and the Nagoya region, and the increase in the introduction of economy grade properties.

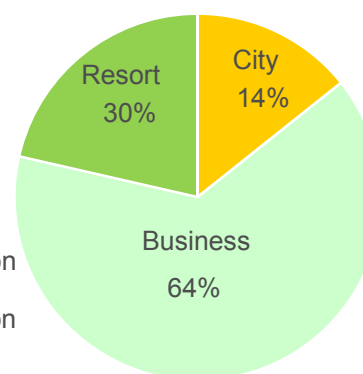
Number of properties brought in



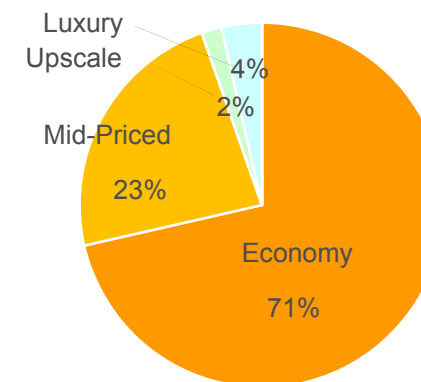
By Location



By Type



By Grade



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

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

(Note 3) "Others" includes properties located outside the three major regions and government-designated cities, and properties whose details were not disclosed when they were brought in.

Perception of the Market Conditions

Financial institutions continue to have a strict attitude toward lending to hotels in some respects, but it is possible to get financing depending on the price, rate of return and quality of new properties.



Stable financial foundation under strong relationship with the existing lenders

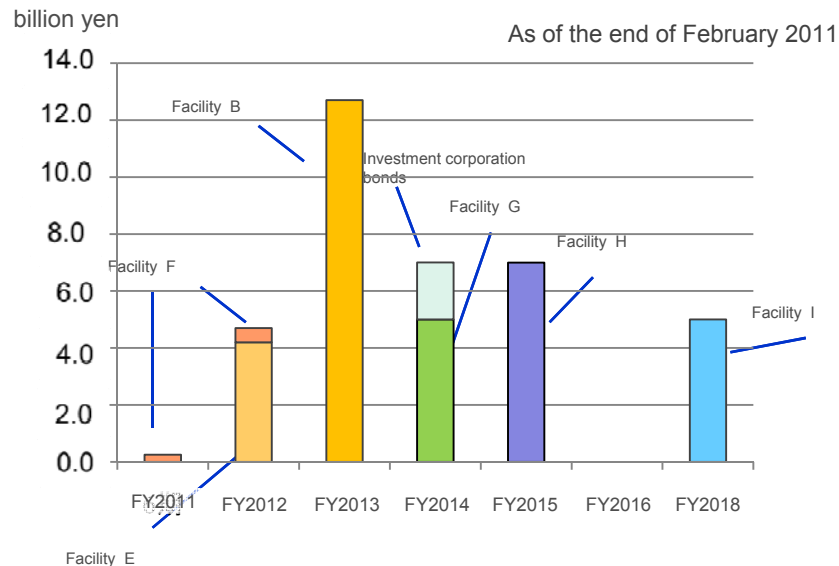
Basic Policies

Management placing importance on ensuring financial soundness and stability
 Maintain conservative Loan to Value (LTV) levels: target of 30%-50%

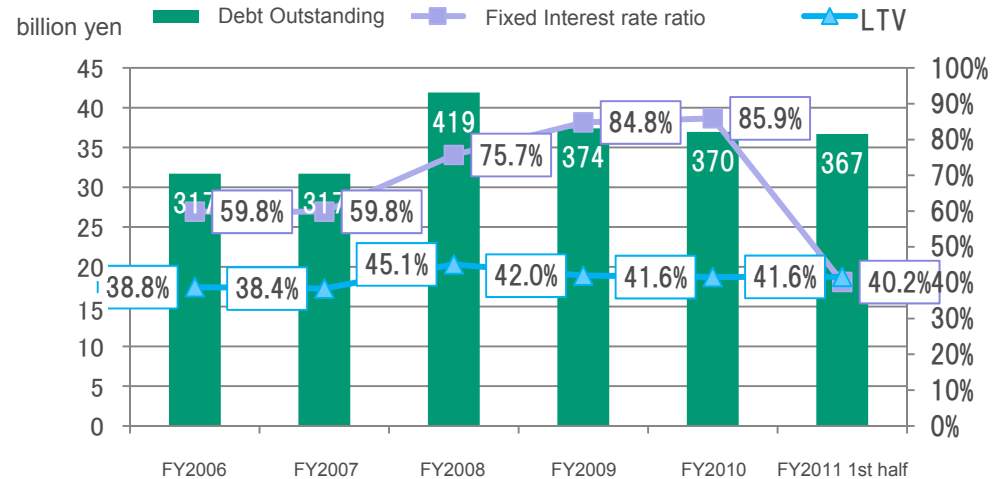
Initiatives in FY2011 (6th term): through the refinancing of Facility D (19.0 billion yen)

- We are diversifying our funds procurement instruments (issuance of investment corporation bonds), lengthening the terms of our borrowings, dispersing our debt maturity, and diversifying our lenders
- Through the refinancing of Facility D (19.0 billion yen), we are reducing our borrowing costs

Debt Outstanding by Maturity



Debt Outstanding and LTV Ratio



• Long-term fixed interest-bearing liabilities are borrowings with a reduced risk of interest rises caused by interest swap and cap transactions and investment corporation bonds
 • The year-end loan to value ratio (LTV) is the interest-bearing debt at year-end (amount of borrowings at year-end + the investment corporation bonds balance at year-end)/total assets at year-end.

List of Debts

<As of the end of February, 2011>

Term (Note 1)	Facility	Lenders	Balance (Million Yen)	Interest rate (Note 2)	Borrowing Date	Maturity Date	Remarks
Medium-term	Facility B	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Norinchukin Bank	12,753	1.909%	August 24, 2007	November 15, 2012	Secured and non-guaranteed
Medium-term	Facility E	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Norinchukin Bank	4,200	1.850%	March 24, 2009	March 24, 2012	Secured and non-guaranteed
Medium-term	Facility F	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Norinchukin Bank	750	1.550%	March 24, 2009	March 24, 2012	Secured, non-guaranteed, and amortization payment
Medium-term	Facility G	Resona Bank, Ltd. Shinsei Bank, Ltd.	5,000	1.640%	February 15, 2011	February 15, 2014	Secured and non-guaranteed
Medium-term	Facility H	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Norinchukin Bank	6,998	1.840%	February 15, 2011	February 15, 2015	Secured and non-guaranteed
Long-term	Facility I	American Life Insurance Company	5,000	2.550%	February 15, 2011	February 15, 2018	Secured and non-guaranteed
Total			34,701				

(Note 1) Short-term refers to borrowings for a term of less than one year, medium-term refers to borrowings for a term of one year to less than five years, and long-term refers to borrowings for a term of five years or longer.

(Note 2) The interest rate figures show the interest rate in the most recent interest calculation period for each facility, rounded to three decimal places. They do not include the annual rate of depreciation of financing fees and arrangement fees. The figure for Facility B also takes into consideration the effects of interest rate swaps.

List of Investment Corporation Bonds

銘柄	Date of issuance	Maturity date	Balance (million yen)	Interest rate	Remarks
First time unsecured investment corporation bonds	December 28, 2010	December 27, 2013	2,000	2.11%	Unsecured

Conditions of Interest Rate Hedging

Facility	Balance (Million Yen)	FY2009	FY2010	FY2011	FY2012
B	12,753	Interest rate swap (until Nov. 15, 2012)			

Status of Credit Rating

Rating Agency	Type of Rating	Rating	Rating Outlook
R&I	Issuer Rating	A-	Stable

Perception of the Market Condition

- 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.



Initiatives in FY2011 (6th term)

- Improvement of the satisfaction of existing investors
 - Maintain and improve the quality of monthly information disclosure
 - Enrich disclosure contents of forecasting results
 - 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: participation in explanation meetings and IR events for individuals, utilization of the full range of media, introduction of the investor benefit program, study the possibility of offering site visit tours to the properties

Investor Benefit Program Questionnaire Results [June 2010 to February 2011]

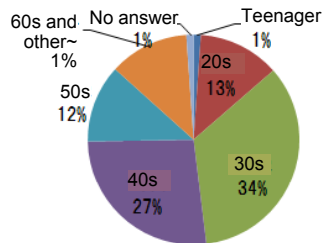
Japan Hotel and Resort, Inc.

Amount of Use

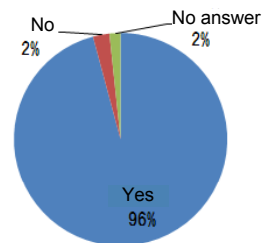
Hotel	Accommodation		Restaurants	
	No. of coupons used	No. of users	No. of coupons used	No. of users
Kobe Meriken Park Oriental Hotel	91	231	238	490
Oriental Hotel Tokyo Bay	345	1,203	485	1,534
Namba Oriental Hotel	49	174	26	33
Hotel Nikko Alivila	109	498	203	567
Oriental Hotel Hiroshima	75	125	81	216
Total	669	2,231	1,033	2,840

Accommodation

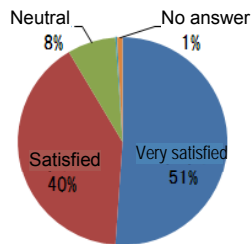
Age Group



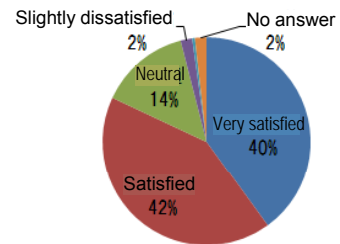
Recommended to friend(s)



Service

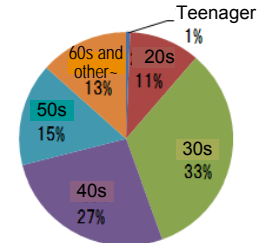


Guest rooms, fixtures, decorations

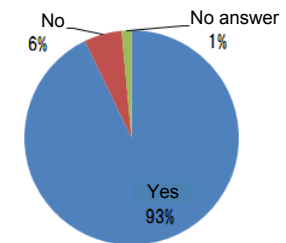


Restaurants

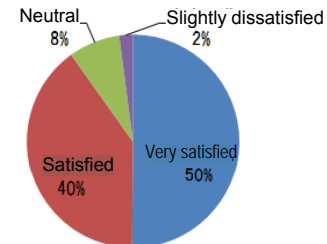
Age Group



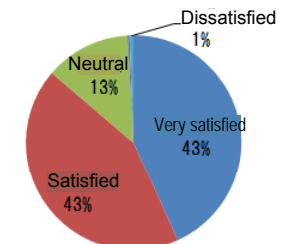
Recommended to friend(s)



Services



Flavor



Appendix A Investor Composition and Unit Price

Units Held by Attribute (As of the end of February 2011)

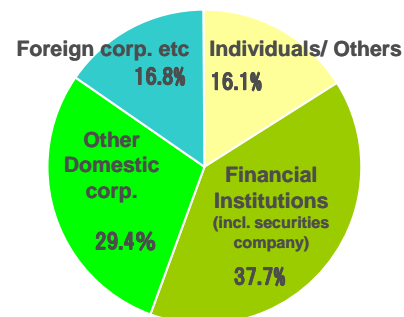
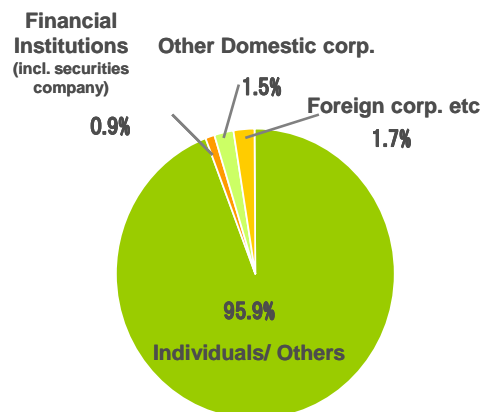
Japan Hotel and Resort, Inc.

Number of investors(1)

Number of investment units held(1)

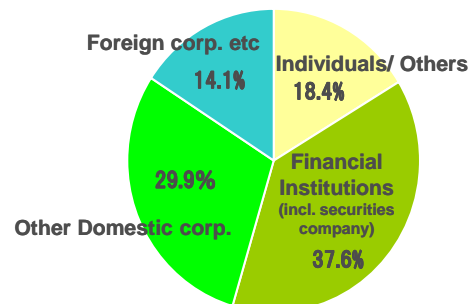
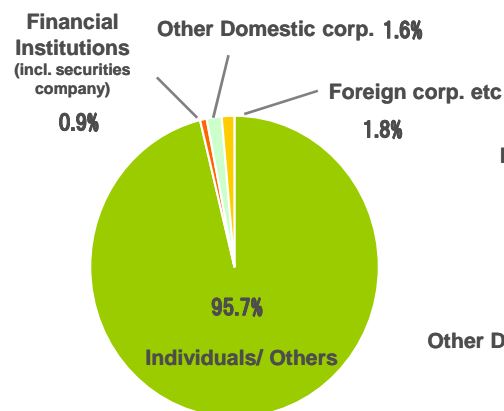
Unit-holder details (as of February 28, 2011)

As of Feb. 28, 2011



	Investors		Units	
	Number	%	Number	%
Individuals/Others	4,580	95.9%	16,992	16.1%
Financial Institutions (incl. securities company)	41	0.9%	39,879	37.7%
Other domestic corp.	72	1.5%	31,096	29.4%
Foreign corp. etc.	82	1.7%	17,752	16.8%
Total	4,775	100.0%	105,719	100.0%

Aug. 31, 2010



Top 10 Investors (as of February 28, 2011)

No.	Name	# of Units Held	(%) (Note 4)
1	Green Investment Co., Ltd. (Note 2)	14,219	13.44
2	Trust & Custody Services Bank, Ltd. (Securities inv. trust A/C)	11,890	11.24
3	Japan Trustee Services Bank, Ltd. (Trust Account)	9,659	9.13
4	Japan Hotel Alliance Co., Ltd. (Note 3)	9,150	8.65
5	The Nomura Trust and Banking Co., Ltd. (Inv. Trust Account)	7,439	7.03
6	The Master Trust Bank of Japan, Ltd. (Trust Account)	7,248	6.85
7	Shikoku Railway Company	5,301	5.01
8	Goldman Sachs & Co. REG	2,612	2.47
9	Nomura Bank (Luxembourg) S.A.	2,335	2.20
10	MLPFS Custody Account	1,628	1.53

(Note 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.

(Note 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.

(Note 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.

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

Submission of Large Volume Holdings Reports (as of April 11, 2011)

Japan Hotel and Resort, Inc.

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

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

3. The Sumitomo Trust & Banking Co., Ltd. (Submission to Kinki Local Finance Bureau: February 7, 2011)

Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Nikko Asset Management Co., Ltd.	6,256	5.92
Total	6,256	5.92

4. Mizuho Trust & Banking Co., Ltd. (Submission to Kanto Local Finance Bureau: April 11, 2011)

Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Mizuho Trust & Banking Co., Ltd.	426	0.40
Mizuho Asset Management Co., Ltd.	9,104	8.61
Shinko Asset Management Co., Ltd.	2,710	2.56
Total	12,240	11.58

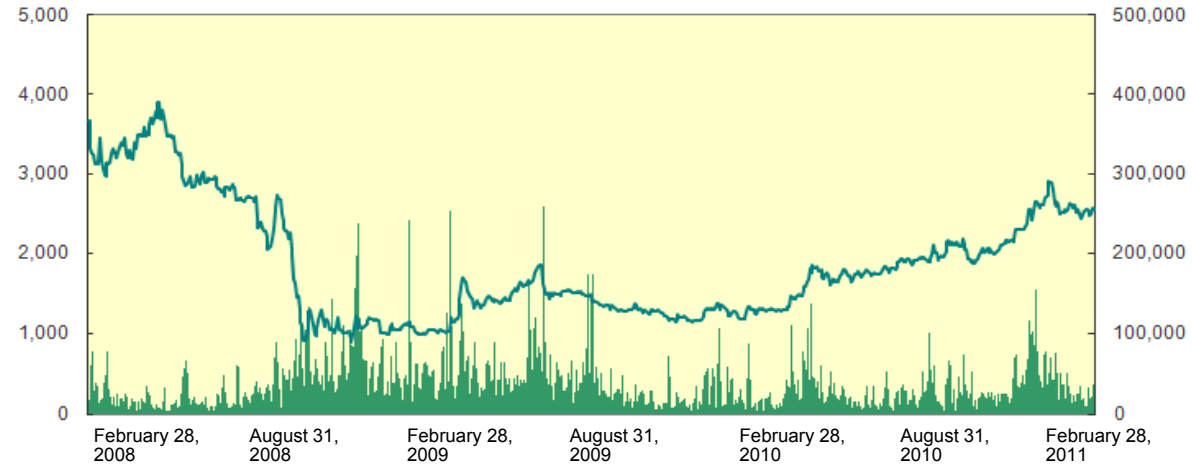
5. DIAM Co., Ltd. (Submission to Kanto Local Finance Bureau: February 2, 2011)

Submitter (Large Volume Holder)	Number of Units Held	Shareholdings (%)
DIAM Co., Ltd.	3,369	3.19
Total	3,369	3.19

**JHR Unit Price/
Trade Volume**

■ Volume
— Closing Price

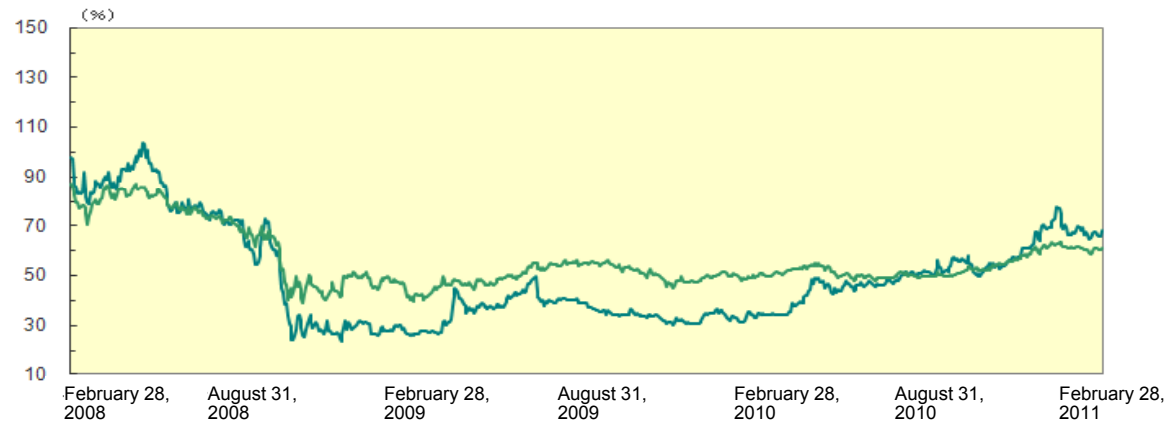
Volume



* As of February 28, 2011

**TSE REIT Index/
JHR Unit Price**

— JHR
— TSE REIT Index



* As of February 28, 2011

Appendix B Basic Information

Portfolio Map (As of the end of February 2011)

Japan Hotel and Resort, Inc.



Portfolio Name	Type	Grade	Appraisal Value (million yen) (1)	Acquisition Price (million yen) (2)	Investment Ratio(%) (2)	Year Built	Numbers of Room (3)
① Kobe Meriken Park Oriental Hotel	City Hotel	Upper Middle	12,000	11,400	13.4	Jul 1995	319
② Oriental Hotel Tokyo Bay	City Hotel	Mid-Priced	19,700	19,400	22.8	May 1995	502
③ Namba Oriental Hotel	Business Hotel	Mid-Priced	16,100	16,700	19.6	Mar 1996	257
④ Hotel Nikko Alivila	Resort Hotel	Luxury	19,700	19,700	23.2	Apr 1994	396
⑤ Nara Washington Hotel Plaza	Business Hotel	Mid-Priced	2,050	1,800	2.1	Mar 2000	204
⑥ Hakata Nakasu Washington Hotel Plaza	Business Hotel	Mid-Priced	3,710	3,880	4.6	Mar 1995	247
⑦ Daiwa Roynet Hotel Akita	Business Hotel	Economy	1,960	2,278	2.7	Jun 2006	221
⑧ Oriental Hotel Hiroshima	City Hotel	Upper Middle	7,200	9,900	11.6	Sep 1993	227
Portfolio Total			82,420	85,058	100.0	—	2,373

(Note 1) The investment ratio is calculated using the acquisition price and 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 the end of Feb 2011.

Value of Properties (As of the end of February 2011)

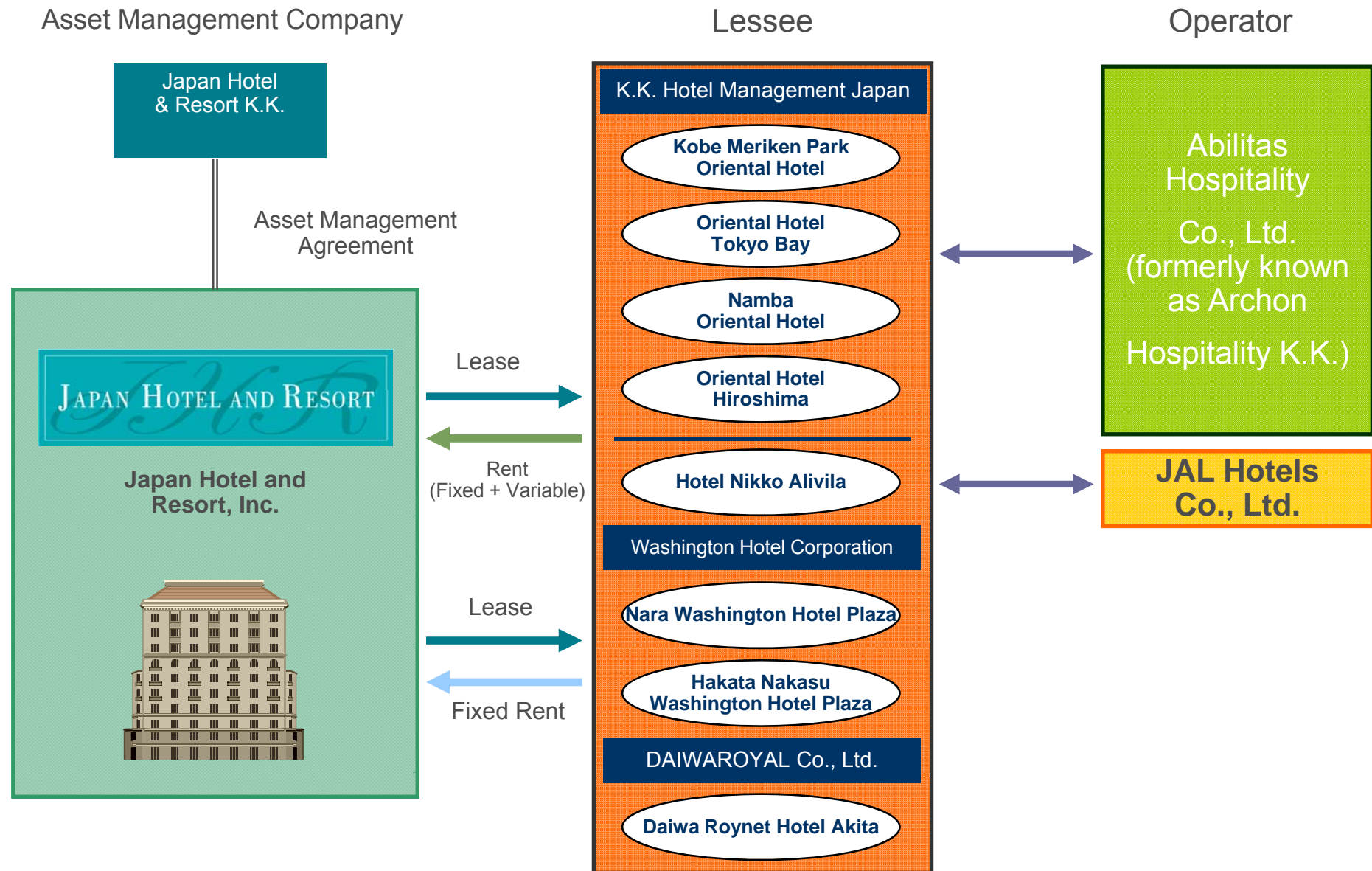
Japan Hotel and Resort, Inc.

(Amount: million yen)

Hotel	Type	Grade	Total Number of Rooms	Appraisal Value								Value at Balance Sheet (1)	Acquisition Price	
				as of Aug 31, 2008		as of Aug 31, 2009		as of Aug 31, 2010		as of Feb. 28, 2011			as of Feb. 28, 2011	Price
				Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate			
Kobe Meriken Park Oriental Hotel	City	Upper Middle	319	13,800	5.5%	12,800	5.8%	12,100	6.0%	12,000	6.0%	10,469	11,400	5.4%
Oriental Hotel Tokyo Bay	City	Mid-Priced	502	20,900	5.1%	20,300	5.3%	19,800	5.4%	19,700	5.4%	18,336	19,400	5.2%
Namba Oriental Hotel	Business	Mid-Priced	257	17,900	4.7%	16,800	5.0%	16,100	5.2%	16,100	5.2%	16,294	16,700	5.0%
Hotel Nikko Alivila	Resort	Luxury	396	21,600	6.0%	20,400	6.2%	19,700	6.3%	19,700	6.3%	19,512	19,700	6.2%
Nara Washington Hotel Plaza	Business	Mid-Priced	204	1,970	6.0%	2,070	6.2%	2,050	6.3%	2,050	6.3%	1,618	1,800	6.2%
Hakata Nakasu Washington Hotel Plaza	Business	Mid-Priced	247	4,060	5.2%	3,960	5.5%	3,710	5.9%	3,710	5.9%	3,784	3,880	5.5%
Daiwa Roynet Hotel Akita	Business	Economy	221	2,090	5.5%	1,990	5.8%	1,960	6.0%	1,960	6.0%	2,174	2,278	5.2%
Oriental Hotel Hiroshima	City	Upper Middle	227	9,780	5.5%	8,800	5.8%	7,650	6.2%	7,200	6.2%	10,127	9,900	5.3%
Total			2,373	92,100		87,120		83,070		82,420		82,316	85,058	

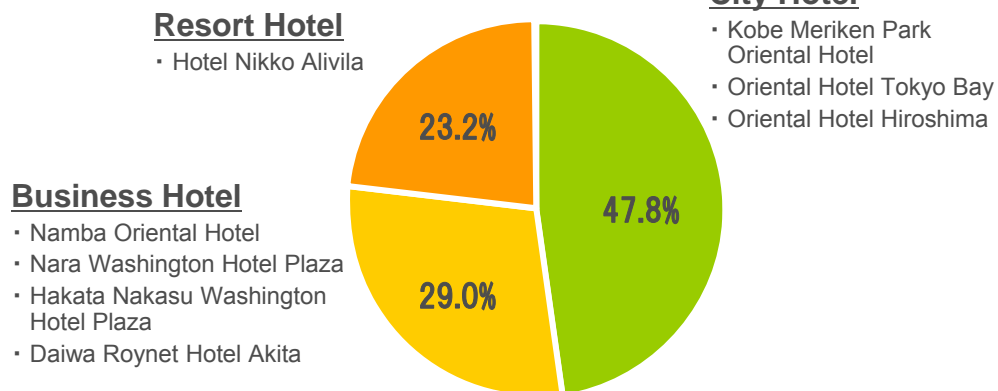
(Note1) The book value as of the end of February 2011 includes values of real estate and real estate investment trusts, machinery, fixtures, facilities and equipment.

JHR Structure (As of the end of February 2011)

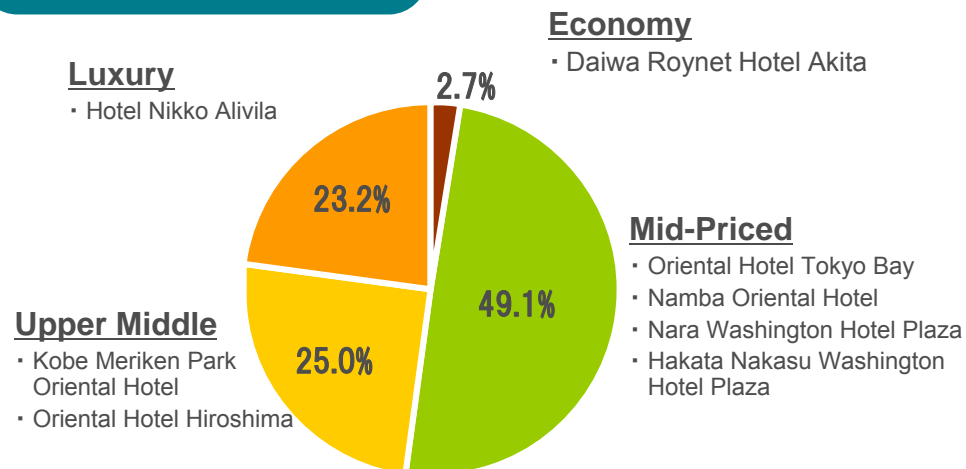


Portfolio Diversification (As of the end of February 2011)

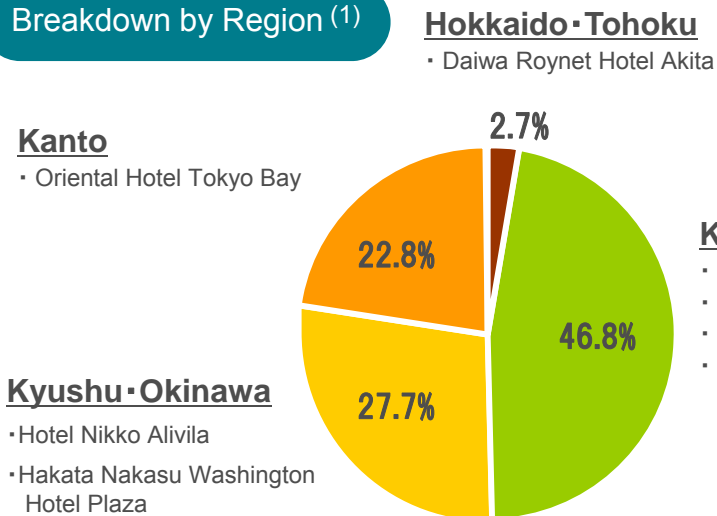
Breakdown by Type (1)



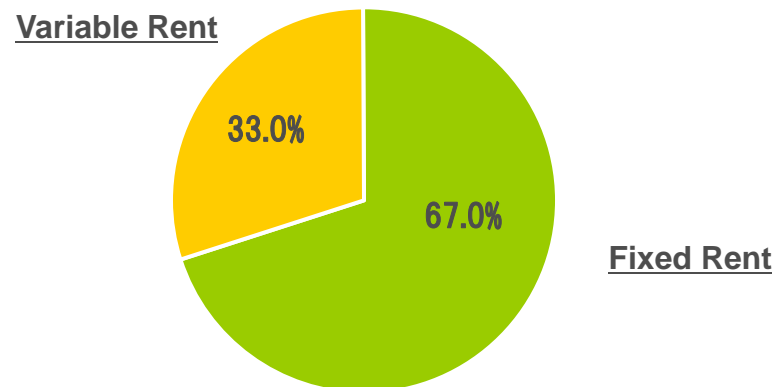
Breakdown by Grade (1)



Breakdown by Region (1)



Breakdown by Rent type (2)



(Note 1) Each graph represents ratio based on acquisition prices.

(Note 2) The ratio is based on variable rents in FY 2009.

Scheme of Variable Rents with Stepped-up

Japan Hotel and Resort, Inc.

(The current variable rents scheme will be applied until the end of August 2011)

	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		10% of the above amount	30% of the above amount		
Namba Oriental Hotel					
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= (GOP⁽²⁾ of the five hotels — Fixed rents from the five hotels — Fees to operators) X 90%

(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.

Appendix C Portfolio Data Book

Monthly Hotel Indicators

5 hotels with Variable Rents

Japan Hotel and Resort, Inc.

Fiscal Year		Year ending August 2011														
Year	2010	2010	2010	2010	2011	2011	1st Half Total	2011	2011	2011	2011	2011	2011	2011	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Unaudited							Unaudited		
Occupancy Rate	87.9%	86.1%	79.6%	76.2%	74.6%	75.8%	80.1%									
ADR (Yen)	15,745	15,203	13,833	16,063	12,912	12,213	14,413									
RevPAR (Yen)	13,846	13,089	11,018	12,242	9,632	9,258	11,541									
Total Revenues (Myen)	1,755	1,986	1,727	1,749	1,466	1,390	10,073									
Rooms							3,913									
Food & Beverages							5,067									
Shops							210									
Tenant							583									
Others							300									
GOP(Myen)							2,325									

Fiscal Year		Year ended August 2010														
Year	2009	2009	2009	2009	2010	2010	1st Half Total	2010	2010	2010	2010	2010	2010	2010	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Unaudited							Unaudited		
Occupancy Rate	78.4%	81.4%	75.4%	74.0%	66.1%	76.2%	75.2%	80.8%	80.1%	79.3%	78.6%	81.9%	91.5%	82.1%	78.7%	
ADR (Yen)	17,724	15,265	14,527	15,948	12,971	11,870	14,805	15,846	13,518	16,494	13,104	19,105	25,288	17,475	16,208	
RevPAR (Yen)	13,891	12,422	10,957	11,801	8,572	9,044	11,134	12,797	10,827	13,082	10,307	15,641	23,148	14,341	12,749	
Total Revenues (Myen)	1,692	1,924	1,882	1,753	1,396	1,462	10,109	1,843	1,655	1,961	1,572	1,910	2,382	11,322	21,431	
Rooms							3,781							4,942	8,723	
Food & Beverages							5,279							5,134	10,413	
Shops							194							269	462	
Tenant							576							633	1,209	
Others							279							345	624	
GOP(Myen)							2,356							3,322	5,679	

Fiscal Year		Year ended August 2009 VS Year ended August 2010													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half Total	Mar	Apr	May	Jun	Jul	Aug	2nd Half Total	Total
Occupancy Rate	9.6%	4.7%	4.2%	2.2%	8.5%	Δ0.4%	4.9%								
ADR (Yen)	Δ 1,979	Δ 62	Δ 694	115	Δ 59	343	Δ 392								
RevPAR (Yen)	Δ 45	667	60	440	1,060	214	407								
Total Revenues (Myen)	62	62	Δ155	Δ4	70	Δ71	Δ36								
Rooms							132								
Food & Beverages							Δ212								
Shops							17								
Tenant							7								
Others							21								
GOP(Myen)							Δ31								

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

Monthly Hotel Indicators

Japan Hotel and Resort, Inc.

Kobe Meriken Park Oriental Hotel

Fiscal Year		Year ending August 2011													
Year	2010	2010	2010	2010	2011	2011	1st Half Total	2011	2011	2011	2011	2011	2011	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	86.7%	88.3%	82.8%	89.6%	66.5%	61.4%	79.4%								
ADR (Yen)	12,966	13,891	13,084	15,787	12,050	12,149	13,478								
RevPAR (Yen)	11,240	12,261	10,835	14,140	8,019	7,456	10,707								
Total Revenues (Myen)	448	608	511	518	372	358	2,814								
Rooms							681								
Food & Beverages							1,964								
Shops							51								
Tenant							31								
Others							87								
GOP(Myen)							542								

Fiscal Year		Year ended August 2010													
Year	2009	2009	2009	2009	2010	2010	1st Half Total	2010	2010	2010	2010	2010	2010	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	71.3%	74.9%	73.3%	82.9%	70.7%	71.6%	74.2%	78.6%	78.5%	75.7%	80.3%	80.4%	91.7%	80.9%	77.5%
ADR (Yen)	15,851	14,530	14,184	16,271	12,485	11,480	14,228	12,853	11,964	15,248	12,156	13,273	16,344	13,714	13,958
RevPAR (Yen)	11,304	10,876	10,391	13,485	8,821	8,216	10,550	10,105	9,387	11,537	9,767	10,669	14,986	11,091	10,823
Total Revenues (Myen)	491	567	611	538	406	429	3,041	476	447	608	434	434	493	2,893	5,934
Rooms							672							717	1,389
Food & Beverages							2,218							1,994	4,212
Shops							45							49	94
Tenant							31							31	63
Others							75							102	177
GOP(Myen)							600							555	1,154

Fiscal Year		Year ended August 2010 VS Year ending August 2011													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half Total	Mar	Apr	May	Jun	Jul	Aug	2nd Half Total	Total
Occupancy Rate	15.4%	13.4%	9.6%	6.7%	Δ4.1%	Δ10.2%		5.3%							
ADR (Yen)	Δ 2,886	Δ 638	Δ 1,099	Δ 483	Δ 435	669	Δ 750								
RevPAR (Yen)	Δ 65	1,385	444	655	Δ 802	Δ 760	157								
Total Revenues (Myen)	Δ43	41	Δ100	Δ20	Δ34	Δ71	Δ227								
Rooms							10								
Food & Beverages							Δ254								
Shops							6								
Tenant							Δ								
Others							12								
GOP(Myen)							Δ58								

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

Monthly Hotel Indicators

Japan Hotel and Resort, Inc.

Namba Oriental Hotel

Fiscal Year		Year ending August 2011													
Year	2010	2010	2010	2010	2011	2011	1st Half Total	2011	2011	2011	2011	2011	2011	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	82.9%	79.5%	85.5%	84.0%	78.2%	79.4%	81.6%								
ADR (Yen)	9,460	9,902	9,896	10,090	9,496	9,487	9,731								
RevPAR (Yen)	7,841	7,871	8,464	8,473	7,431	7,530	7,939								
Total Revenues (Myen)	150	154	156	166	151	140	917								
Rooms							406								
Food & Beverages							84								
Shops							-								
Tenant							402								
Others							24								
GOP(Myen)							515								

Fiscal Year		Year ended August 2010													
Year	2009	2009	2009	2009	2010	2010	1st Half Total	2010	2010	2010	2010	2010	2010	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	72.8%	85.3%	84.0%	84.6%	75.5%	76.6%	79.9%	83.4%	85.8%	80.3%	78.3%	79.6%	88.0%	82.5%	81.2%
ADR (Yen)	9,640	8,555	9,409	9,472	9,025	8,835	9,152	9,812	9,520	10,333	8,953	9,893	10,145	9,788	9,478
RevPAR (Yen)	7,016	7,299	7,908	8,017	6,813	6,769	7,311	8,179	8,164	8,294	7,011	7,874	8,923	8,079	7,698
Total Revenues (Myen)	138	145	148	158	141	136	866	181	151	159	146	155	175	967	1,832
Rooms							374							420	794
Food & Beverages							71							73	144
Shops							-							-	-
Tenant							394							450	844
Others							27							24	50
GOP(Myen)							477							543	1,020

Fiscal Year		Year ended August 2010 VS Year ending August 2011													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half Total	Mar	Apr	May	Jun	Jul	Aug	2nd Half Total	Total
Occupancy Rate	10.1%	Δ5.8%	1.5%	Δ0.7%	2.7%	2.8%	1.7%								
ADR (Yen)	Δ 181	1,347	488	618	472	652	579								
RevPAR (Yen)	826	572	556	456	617	762	629								
Total Revenues (Myen)	12	10	8	8	10	4	51								
Rooms							32								
Food & Beverages							13								
Shops							-								
Tenant							9								
Others							Δ3								
GOP(Myen)							38								

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

Monthly Hotel Indicators

Japan Hotel and Resort, Inc.

Hotel Nikko Alivila

Fiscal Year		Year ending August 2011													
Year	2010	2010	2010	2010	2011	2011	1st Half Total	2011	2011	2011	2011	2011	2011	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	89.8%	80.9%	57.1%	48.7%	72.2%	74.1%	70.4%								
ADR (Yen)	25,657	18,594	16,864	22,116	16,253	14,881	19,257								
RevPAR (Yen)	23,048	15,042	9,627	10,772	11,729	11,034	13,553								
Total Revenues (Myen)	485	387	271	276	317	276	2,012								
Rooms							1,071								
Food & Beverages							745								
Shops							158								
Tenant							-								
Others							37								
GOP(Myen)							397								

Fiscal Year		Year ended August 2010													
Year	2009	2009	2009	2009	2010	2010	1st Half Total	2010	2010	2010	2010	2010	2010	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited							Unaudited	
Occupancy Rate	74.1%	73.9%	57.8%	44.6%	47.1%	74.7%	61.8%	71.3%	80.7%	74.2%	70.7%	80.3%	91.6%	78.2%	70.0%
ADR (Yen)	30,978	20,485	19,235	24,073	20,106	15,825	21,898	21,139	18,539	23,681	18,342	40,205	54,398	30,563	26,773
RevPAR (Yen)	22,944	15,148	11,125	10,734	9,465	11,829	13,531	15,073	14,955	17,580	12,975	32,295	49,838	23,893	18,754
Total Revenues (Myen)	459	384	303	266	244	291	1,947	382	384	418	316	644	943	3,086	5,033
Rooms							1,069							1,917	2,987
Food & Beverages							687							882	1,569
Shops							147							219	367
Tenant							-							-	-
Others							43							68	111
GOP(Myen)							395							1,256	1,650

Fiscal Year		Year ended August 2010 VS Year ending August 2011													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half Total	Mar	Apr	May	Jun	Jul	Aug	2nd Half Total	Total
Occupancy Rate	15.8%	6.9%	Δ0.7%	4.1%	25.1%	Δ0.6%		8.6%							
ADR (Yen)	Δ 5,321	Δ 1,891	Δ 2,371	Δ 1,956	Δ 3,854	Δ 944	Δ 2,641								
RevPAR (Yen)	104	Δ 106	Δ 1,498	37	2,264	Δ 795	22								
Total Revenues (Myen)	26	3	Δ32	10	73	Δ15	65								
Rooms							2								
Food & Beverages							59								
Shops							11								
Tenant							-								
Others							Δ6								
GOP(Myen)							2								

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

Monthly Hotel Indicators

Japan Hotel and Resort, Inc.

Oriental Hotel Hiroshima

Fiscal Year		Year ending August 2011														
Year	2010	2010	2010	2010	2011	2011	1st Half Total	2011	2011	2011	2011	2011	2011	2011	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Unaudited								Unaudited	
Occupancy Rate	70.0%	74.1%	74.3%	65.9%	57.5%	61.0%	67.2%									
ADR (Yen)	8,777	8,873	8,920	8,894	8,297	8,577	8,743									
RevPAR (Yen)	6,148	6,577	6,631	5,865	4,768	5,235	5,875									
Total Revenues (Myen)	159	188	178	204	116	153	999									
Rooms							266									
Food & Beverages							689									
Shops							0									
Tenant							12									
Others							33									
GOP(Myen)							148									

Fiscal Year		Year ended August 2010														
Year	2009	2009	2009	2009	2010	2010	1st Half Total	2010	2010	2010	2010	2010	2010	2010	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug			
Status	←						Unaudited								Unaudited	
Occupancy Rate	77.0%	72.6%	78.5%	69.3%	59.3%	64.2%	70.2%	73.0%	69.6%	70.0%	63.0%	74.3%	85.0%	72.6%	71.4%	
ADR (Yen)	9,465	8,985	9,161	8,691	8,455	8,475	8,906	8,627	8,295	9,726	8,194	9,023	9,812	8,994	8,951	
RevPAR (Yen)	7,287	6,524	7,190	6,024	5,014	5,439	6,249	6,296	5,776	6,809	5,163	6,708	8,335	6,526	6,388	
Total Revenues (Myen)	165	197	216		131	163	1,066	193	188	170	164	176	153	1,044	2,110	
Rooms							282							300	582	
Food & Beverages							751							709	1,460	
Shops							0							-	-	
Tenant							12							12	24	
Others							21							24	44	
GOP(Myen)							177							164	340	

Fiscal Year		Year ended August 2010 VS Year ending August 2011													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st Half Total	Mar	Apr	May	Jun	Jul	Aug	2nd Half Total	Total
Occupancy Rate	Δ6.9%	1.5%	Δ4.1%	Δ3.4%	Δ1.8%	Δ3.1%	Δ3.0%								
ADR (Yen)	Δ 687	Δ 112	Δ 241	203	Δ 158	102	Δ 163								
RevPAR (Yen)	Δ 1,139	53	Δ 559	Δ 159	Δ 246	Δ 204	Δ 373								
Total Revenues (Myen)	Δ6	Δ9	Δ39	204	Δ15	Δ9	Δ67								
Rooms							Δ17								
Food & Beverages							Δ63								
Shops							-								
Tenant															
Others							12								
GOP(Myen)							Δ29								

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

Rent Revenues and Expenses

Japan Hotel and Resort, Inc.

(Amount: thousand yen)

Term	Kobe Meriken Park Oriental Hotel			Oriental Hotel Tokyo Bay			Namba Oriental Hotel			Hotel Nikko Alivila			Nara Washington Hotel Plaza(1)		
	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.
	Operating Days	181	181	0	181	181	0	181	181	0	181	181	0	181	181
Acq. Price	11,400,000			19,400,000			16,700,000			19,700,000			1,800,000		
Total Rent Revenues ①	592,924	570,235	Δ 22,689	652,028	666,265	14,237	486,545	491,648	5,103	673,217	679,713	6,496	77,000	77,000	0
Fixed Rent Revenues	288,322	288,322	0	333,151	333,151	0	399,980	399,980	0	478,546	478,546	0	76,000	76,000	0
Variable Rent Revenues	304,117	281,428	Δ 22,689	318,877	333,114	14,237	86,565	91,668	5,103	194,670	201,167	6,497	-	-	-
Other Revenues	484	484	0	-	-	-	-	-	-	-	-	-	0	0	0
Total Rent Expenses ②	392,448	398,298	5,850	319,479	321,087	1,608	133,961	138,536	4,575	282,131	280,183	Δ 1,948	32,000	32,000	0
Insurance	2,506	2,204	Δ 302	3,084	2,642	Δ 442	1,414	1,236	Δ 178	2,366	2,048	Δ 318	0	0	0
Land Lease Payment	120,938	120,938	0	-	-	-	-	-	-	9,999	9,999	0	-	-	-
Other Lease Payment	17,915	16,199	Δ 1,716	-	-	-	-	-	-	32,074	32,074	0	-	-	-
Building Maintenance Fee	480	480	0	480	480	0	480	480	0	960	960	0	1,000	1,000	0
Trust Fee	1,500	1,550	50	1,500	1,550	50	1,500	1,550	50	2,500	2,300	Δ 200	1,000	0	Δ 1,000
Property Tax	34,774	34,279	Δ 495	63,958	64,935	977	50,429	51,560	1,131	36,246	36,215	Δ 31	6,000	6,000	0
Depreciation ③	213,625	211,817	Δ 1,808	243,028	246,262	3,234	79,877	82,681	2,804	197,190	195,661	Δ 1,529	21,000	21,000	0
Loss from Disposal of Fixed Assets ④	-	8,677	8,677	6,393	5,026	Δ 1,367	-	-	-	-	226	226	-	-	-
Other Expenses	707	2,151	1,444	1,033	191	Δ 842	260	1,028	768	792	697	Δ 95	0	1,000	1,000
Operating Profit ⑤ (=①-②)	200,476	171,937	Δ 28,539	332,548	345,178	12,630	352,583	353,112	529	391,085	399,529	8,444	44,000	44,000	0
NOI ⑥ (=③+④+⑤)	414,101	392,431	Δ 21,670	581,969	596,466	14,497	432,460	435,793	3,333	588,275	595,416	7,141	65,000	65,000	0
NOI % (Annualized ⑥/ Acq. Price)	7.33%	6.94%	-0.38%	6.05%	6.20%	0.15%	5.22%	5.26%	0.04%	6.02%	6.09%	0.07%	7.28%	7.28%	0.00%

(Note 1) 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.

(Note 2) These variable rent revenues are calculated by multiplying the revenues of the five hotels with variable rents during the semi-annual period under review by 10%, and the variable rents that should be collected are decided using the full-year revenues and GOP of the five hotels with variable rents. The variable rents of the full-year under review are expected to be the variable rent cap, the upper limit of the variable rents.

Rent Revenues and Expenses

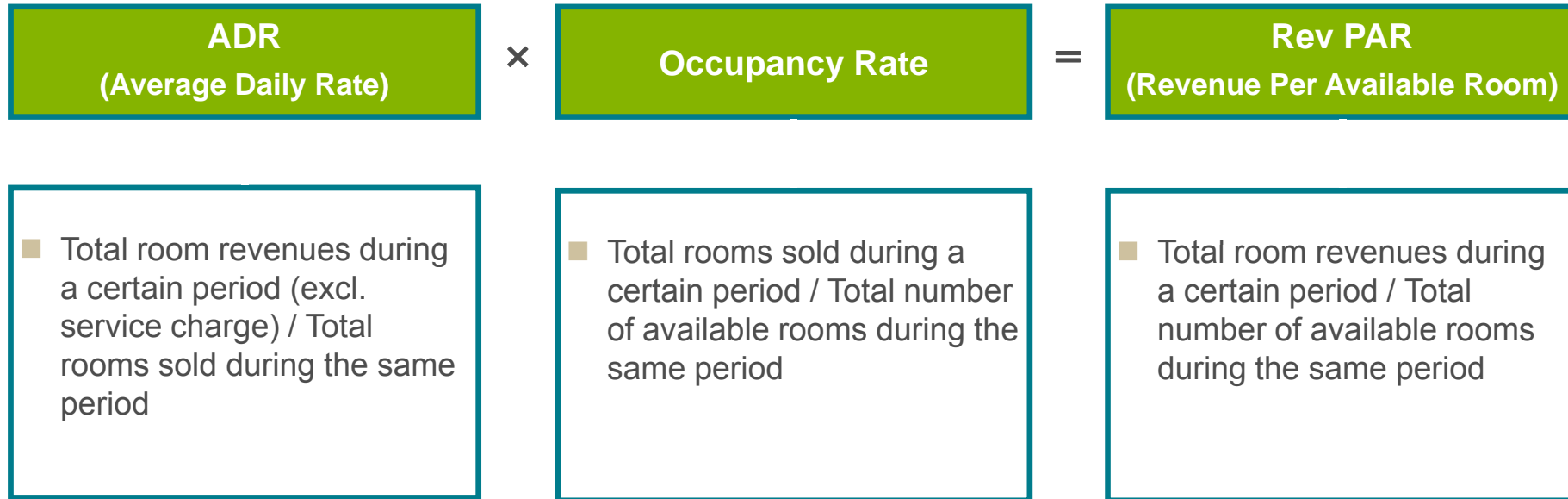
Japan Hotel and Resort, Inc.

(Amount: thousand yen)

Term	Hakata Nakasu Washington Hotel Plaza(1)			Daiwa Roynet Hotel Akita(1)			Oriental Hotel Hiroshima			Total		
	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.	FY2010 1 st Half	FY2011 1 st Half	Var.
	Operating Days	181	181	0	181	181	0	181	181	0	181	181
Acq. Price	3,880,000			2,278,000			9,900,000			85,058,000		
Total Rent Revenues ①	129,000	129,000	0	69,000	69,000	0	217,143	210,403	△ 6,740	2,897,828	2,894,341	△ 3,487
Fixed Rent Revenues	129,000	129,000	0	69,000	69,000	0	110,502	110,502	0	-	1,885,820	-
Variable Rent Revenues	-	-	-	-	-	-	106,641	99,901	△ 6,740	-	1,007,279	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	1,242	-
Total Rent Expenses ②	35,000	38,000	3,000	39,000	35,000	△ 4,000	107,845	109,820	1,975	1,343,465	1,354,644	11,179
Insurance	0	0	0	0	0	0	1,355	1,174	△ 181	12,425	10,807	△ 1,618
Land Lease Payment	-	-	-	-	-	-	-	-	-	130,938	130,938	0
Other Lease Payment	-	-	-	-	-	-	-	-	-	49,990	48,274	△ 1,716
Building Maintenance Fee	1,000	1,000	0	1,000	2,000	1,000	480	480	0	7,746	8,579	833
Trust Fee	1,000	0	△ 1,000	-	-	0	1,500	1,550	50	10,500	9,600	△ 900
Property Tax	7,000	7,000	0	9,000	4,000	△ 5,000	24,528	24,187	△ 341	233,465	230,408	△ 3,057
Depreciation ③	24,000	25,000	1,000	28,000	28,000	0	79,206	80,091	885	886,343	891,430	5,087
Loss from Disposal of Fixed Assets ④	-	-	0	-	-	0	-	1,835	0	6,393	15,766	9,373
Other Expenses	0	2,000	2,000	0	0	0	774	501	△ 273	5,662	8,838	3,176
Operating Profit ⑤ (=①-②)	94,000	91,000	△ 3,000	29,000	33,000	4,000	109,298	100,582	△ 8,716	1,554,362	1,539,697	△ 14,665
NOI ⑥ (=③+④+⑤)	118,000	116,000	△ 2,000	57,000	61,000	4,000	188,504	182,508	△ 5,996	2,447,098	2,446,893	△ 205
NOI % (Annualized ⑥/ Acq. Price)	6.13%	6.03%	-0.10%	5.05%	5.40%	0.35%	3.84%	3.72%	-0.12%	5.80%	5.80%	0.00%

(Note 1) 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.

(Note 2) These variable rent revenues are calculated by multiplying the revenues of the five hotels with variable rents during the semi-annual period under review by 10%, and the variable rents that should be collected are decided using the full-year revenues and GOP of the five hotels with variable rents. The variable rents of the full-year under review are expected to be the variable rent cap, the upper limit of the variable rents.



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 D 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 the 5th term the hotel established the hotel concept: “a resort hotel in Kobe that you will want to visit again and again to get away from your daily life and refresh yourself.” In the sixth term it will implement modifications to its marketing tools that are tied to the hotel concept.

Asset Overview

Appraisal Value as of Feb. 28, 2011		¥ 12 bn
Form of Ownership	Land	Lease
	Building	Condo Ownership
Land	Location	Chuo-ku, Kobe
	Size	22,660.09m ²
Building	Structure/Floor	S/ 14 floors
	Year Built	July, 1995
	Total Floor Space	31,899.07m ²
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Abilitas Hospitality Co., Ltd.	
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 Baby's Sweet concept guest rooms designed for families with babies are particularly popular, and along with the 12th floor guest rooms that we renovated in the 5th term (the Kiddy Sweets), the hotel won the Kids Design Award for the first time as a hotel facility.

Growth Story

- The hotel has been proceeding with initiatives in repositioning and rebranding since 2005. The results are notable, and the indicators for competitiveness are steadily improving.
- In the 5th term the hotel has renovated the chapel and the guest rooms as a part of its repositioning and rebranding initiatives.
- Due to the renovation of the chapel the number of weddings is steadily increasing and going forward it will aim to improve its operation further.
- It has renovated the guest rooms on the 12th floor to convert them into concept guest rooms for families with infant children (the Kiddy Sweets) in order to bring in customers that have been using the highly-popular Baby's Sweet, and improve the customer life time value.

Asset Overview

Appraisal Value as of Feb. 28, 2011		¥ 19.7 bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Urayasu-city, Chiba
	Size	9,914.00m ²
Building	Structure/Floor	SRC-S-RC/ 12 floors and 2 basement floors
	Year Built	May, 1995
	Total Floor Space	44,833.11m ²
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Abilitas Hospitality Co., Ltd.	
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.
- In order to take full advantage of this strength the hotel will take the opportunity provided by the guest room renovations it implemented in the 5th term to expand sales channels, bring in leisure demand which is expected to continue growing in the future, and make itself a key revenue source.
- The restaurants are gaining more attention with their menus conscious of local production and consumption. In the future, the customer appeal will be continuously strengthened with the introduction of new products, etc.

Asset Overview

Appraisal Value as of Feb. 28, 2011		¥16.1 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	Abilitas Hospitality Co., Ltd.	
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 is enhancing its service aspects while also enhancing the safety and comfort of the facility, in order to establish a position as the only hotel in Okinawa that is of the highest quality.
- 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 Feb. 28, 2011		¥19.7bn
Form of Ownership	Land	Owned/ Lease
	Building	Owned
Land	Location	Yomitanson, Nakagami-gun, Okinawa
	Size	67,038.05m ²
Building	Structure/ Floor	SRC-S-RC / 10 floors and 1 basement floor
	Year Built	April, 1994
	Total Floor Space	38,024.98m ²
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
- Became a member of the Preferred Hotel Group in FY2010. The hotel becomes the first hotel in Japan to be selected for the "Sterling Design" category of hotel.

Growth Story

- The hotel is promoting its "cultural strategy" with a concept for the hotel that goes beyond having a role as merely a hotel to becoming a space that transmits the culture of Hiroshima and therefore a place where people who seek top quality art, design, music, and cuisine gather.
- In the FY2011 the hotel will aim to further deepen its cultural strategy, and will strive to expand its customer segments through the strengthening of its operational base.
- In addition, taking full advantage of the strength of having two world heritage sites in the prefecture, it is focusing its efforts on bringing in foreign tourist demand by expanding its sales channels, etc.

Asset Overview

Appraisal Value as of Feb. 28, 2011		¥ 7.2bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hiroshima-city, Hiroshima
	Size	1,792.84m ²
Building	Structure/Floor	SRC/23 floors and 2 basement floors
	Year Built	September, 1993
	Total Floor Space	13,752.22m ²
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Abilitas Hospitality Co., Ltd.	
PML		10.7%

Nara Washington Hotel Plaza

Japan Hotel and Resort, Inc.

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



Asset Overview		
Appraisal Value as of Feb. 28, 2011		¥ 2.05bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Nara-city. Nara
	Size	2,322.28m ²
Building	Structure/ Floor	S/ 7 floors
	Year Built	March, 2000
	Total Floor Space	5,385.82m ²
Hotel Lessee	Washington Hotel Corporation	
PML		13.7%

Hakata Nakasu Washington Hotel Plaza

Japan Hotel and Resort, Inc.

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



Asset Overview		
Appraisal Value as of Feb. 28, 2011	¥ 3.71bn	
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%	

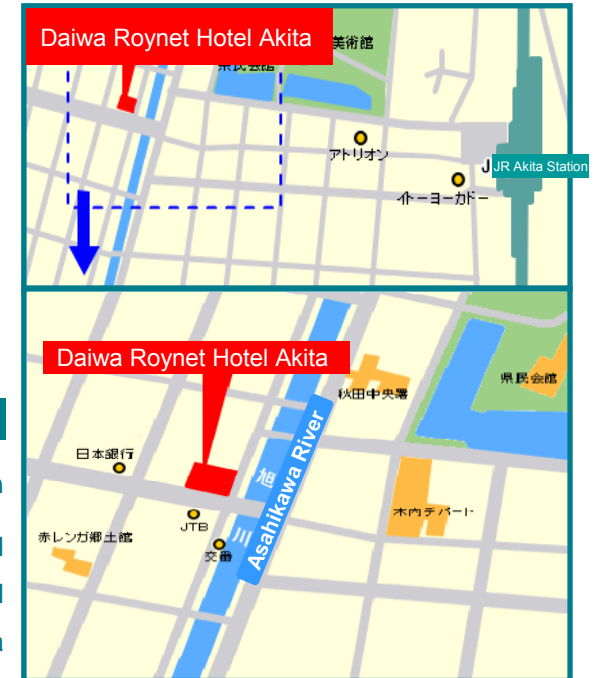
Daiwa Roynet Hotel Akita

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 Feb. 28, 2011		¥ 1.96bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Akita-city, Akita
	Size	1,540.15m ²
Building	Structure/Floor	S/ 14 floors
	Year Built	June, 2006
	Total Floor Space	7,539.52m ²
Hotel Lessee		Daiwa Royal Co., Ltd
PML		6.4%



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Financial product trading company

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