

Provisional Translation Only

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REIT Issuer:

Japan Hotel and Resort, Inc. (TSE code: 8981)
Hiroyuki Suzuki, Executive Director

Asset Management Company:

Japan Hotel & Resort K.K.
Hiroyuki Suzuki, Chief Executive Officer

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Regarding Transaction with Party with Potential Conflict of Interest

Japan Hotel and Resort, Inc. (hereinafter the "JHR") has approved the following transaction with a party with a potential conflict of interest as stipulated in Japan Hotel & Resort K.K.'s (hereinafter the "Asset Management Company") "Regulations on Transactions Involving a Potential Conflict of Interest," based on the aforementioned regulations, and the Asset Management Company has decided to implement the work related to the following transaction and placed an order on it. JHR hereby provides notice of details of this transaction as follows.

1. Details of the Transaction

JHR has decided to outsource the Project Management operations (hereinafter "PM operations") related to the following renovation work in the Namba Oriental Hotel owned by JHR to Goldman Sachs Realty Japan Ltd. (hereinafter the "GSRJL"), a party with a potential conflict of interest.

Outline of renovation work:	
1. Details of the renovations:	Renovation of the guest rooms on the 4th floor and maintenance and repair of the communal areas of the corridors and the public spaces on the 4th to 6th floors
2. Total cost of the work:	44 million yen
3. Planned work schedule:	From January to February 2010
Outline of PM operations:	
1. Subcontractor:	Goldman Sachs Realty Japan Ltd.
2. Outsourcing period:	Until inspection and approval of the work has been completed
3. Details of outsourced operations:	Implementation of budget management, schedule management and monitoring of the work details, etc. for all of the renovation work.
4. Outsourcing cost:	2 million yen

(Note) The above costs are rounded down to the nearest million yen.

【Outline of a party with a potential conflict of interest】

As of October 31, 2009

Trading Name	Goldman Sachs Realty Japan Ltd.
Location of Head Office	Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Representative Director Philippe Lerasle
Paid-in Capital	214 million yen
Major Shareholder	MLQ Investors, L.P.
Description of Business	Buying, selling and leasing of real estate and agency and mediation services for same Adviser related to buying, selling, leasing, management, construction and development, etc. of real estate; and appraisal of real estate
Relationship of JHR and the asset management company	GSRJL is an affiliated company owned by MLQ Investors L.P., the sole shareholder of the Asset Management Company, and therefore it is classified as a party with a potential conflict of interest as stipulated by the voluntary rules of the Asset Management Company.

*Japan Hotel and Resort, Inc. Website : <http://www.jhrth.com/>