

Japan Hotel and Resort, Inc.

Amended on December 19, 2008

## Announcement of Operational Results

Third Term (ended August 2008)

October, 2008



**Japan Hotel and Resort, Inc.**

<http://www.jhrth.com>



**Japan Hotel & Resort K.K.**

<http://www.jhrkk.com>

# Table of Contents

Japan Hotel and Resort, Inc.

<b>Chapter 1</b>	Annual Results for FY 2008 ended August 31, 2008	2
<b>Chapter 2</b>	Highlights of Hotel Performance	7
<b>Chapter 3</b>	Future Investment and Management Policy	15
<b>Appendix</b>		
	<b>A</b> Basic Information	26
	<b>B</b> Market Review	36
	<b>C</b> Hotel Performance	45
	<b>D</b> Investor Composition and Unit Price	55
	<b>E</b> Overview and Photos of Hotels	60

## Chapter 1 Annual Results for FY 2008

# Highlights of Annual Results for FY 2008

## Annual Results for FY 2008

(Amount: million yen)

	ended August 31, 2006 Actual <sup>(1)</sup>	ended August 31, 2007 Actual	ended August 31, 2008 Forecast	ended August 31, 2008 Actual
<b>Operating Revenues</b>	<b>2,985</b>	<b>5,592</b>	<b>6,074</b>	<b>6,063</b>
Variable Rent Revenues	1,148	2,109	2,325	2,315
<b>Operating Expenses</b>	<b>1,235</b>	<b>2,585</b>	<b>3,255</b>	<b>3,085</b>
Depreciation Costs	668	1,355	1,649	1,623
Loss from Disposal of Fixed Assets	54	105	144	71
<b>Operating Profit</b>	<b>1,749</b>	<b>3,007</b>	<b>2,819</b>	<b>2,978</b>
Non-Operating Expenses	325	542	706	686
<b>Recurring Profit</b>	<b>1,461</b>	<b>2,472</b>	<b>2,121</b>	<b>2,306</b>
<b>Net Income</b>	<b>1,459</b>	<b>2,470</b>	<b>2,120</b>	<b>2,304</b>
Dividend per Unit (yen)	<b>15,921</b>	<b>26,944</b>	<b>23,127</b>	<b>25,130</b>
NOI <sup>(2)</sup>	2,730	4,984	5,151	5,184
NOI % <sup>(3)</sup>	6.9	6.6	6.1	6.1
FFO <sup>(4)</sup>	2,183	3,931	3,914	3,999
LTV % <sup>(5)</sup>	38.8	38.4	-	45.1
Number of Outstanding Units	91,700	91,700	91,700	91,700

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

(Note 2) Net Operating Income (NOI) = Rent Revenues – Rent-related Expenses + Depreciation Costs + Loss from Disposal of Fixed Assets.

(Note 3) NOI % = NOI / Acquisition Price.

(Note 4) Funds from Operation (FFO) = Net Income + Depreciation Costs + Loss from Disposal of Fixed Assets.

(Note 5) Loan to Value (LTV) = Interest-bearing Debt at year-end / Total Assets at year-end.

# Outlook for FY 2009

## Outlook for FY 2009

(Amount: million yen)

	Half Year ended February 29, 2008 Actual	Half Year ended February 28, 2009 Forecast	ended August 31, 2008 Actual	ended August 31, 2009 Forecast
<b>Operating Revenues</b>	<b>2,952</b>	<b>3,007</b>	<b>6,063</b>	<b>6,343</b>
Variable Rent Revenues	1,087	1,123	2,315	2,428
Step up Rent Revenues	-	-	-	147
Operating Expenses	1,487	1,649	3,085	3,317
Depreciation Costs	768	881	1,623	1,796
Loss from Disposal of Fixed Assets	46	40	71	73
<b>Operating Profit</b>	<b>1,465</b>	<b>1,357</b>	<b>2,978</b>	<b>3,026</b>
Non-Operating Expenses	325	459	686	1,023
<b>Recurring Profit</b>	<b>1,144</b>	<b>907</b>	<b>2,306</b>	<b>2,021</b>
<b>Net Income</b>	<b>1,143</b>	<b>906</b>	<b>2,304</b>	<b>2,019</b>
Dividend per Unit (yen)	-	-	<b>25,130</b>	<b>22,027</b>
NOI	2,529	2,543	5,184	5,416
NOI %	5.9	6.0	6.1	6.3
FFO	1,957	1,827	3,999	3,888
LTV %	45.6	-	45.1	-
Number of Outstanding Units	91,700	91,700	91,700	91,700

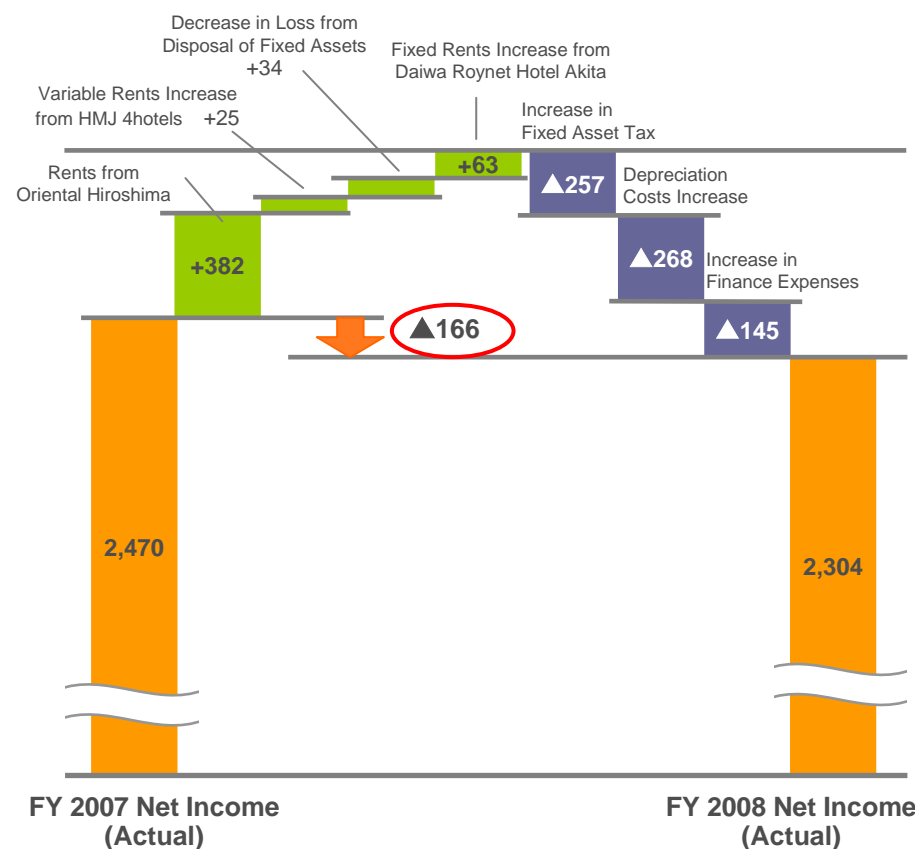
## Assumptions

- Operating Days for FY2009 are 365 days from September 1, 2008 to August 31, 2009.
- The Projections are based upon the eight properties that the REIT held at the end of the third term (FY2008).
- The outstanding debt at the end of the fourth term(FY2009) is expected to be ¥41,953 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.

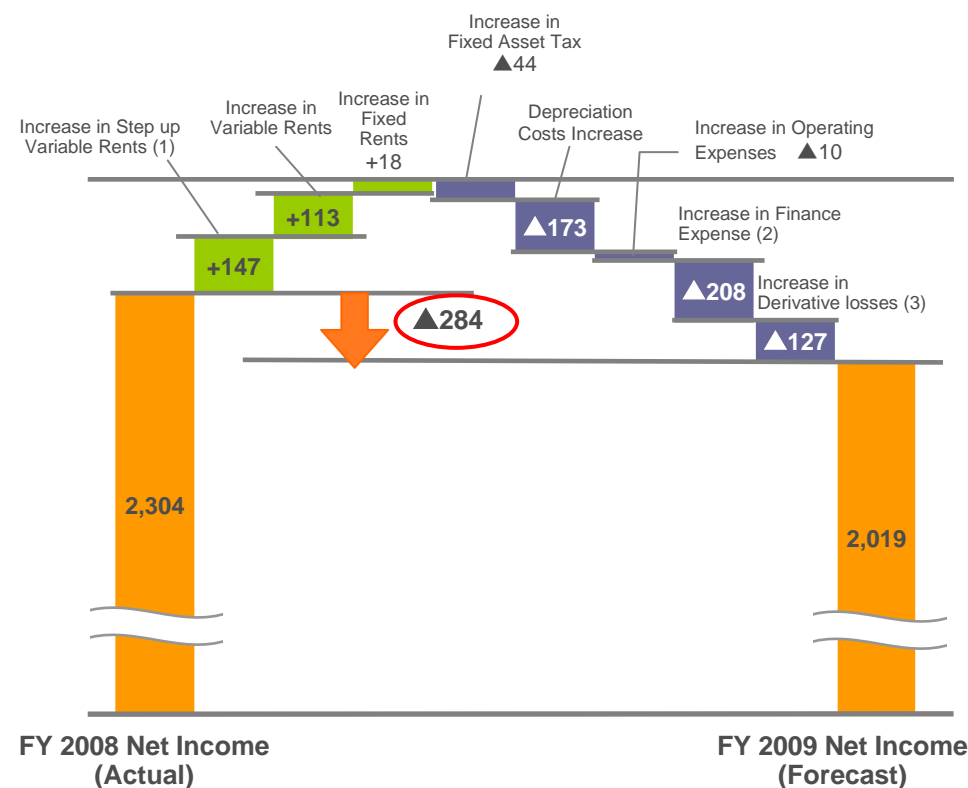
# Net Income Comparison

(Amount: million yen)

## FY2008 results vs FY 2007 results



## FY 2009 Forecast vs FY2008 results



- (Note1) The amount of increased stepped-up variable rent is calculated by multiplying the portion of the revenue exceeding the revenue threshold for stepping up, with the rate of the difference between the stepped-up rate and the standard rate. Refer to Appendix A of the basic information, "Outline of Lease Agreements" for an explanation regarding the stepped-up rate for variable rent.
- (Note2) The increase in financial expenses is mainly due to the fact that the interest rate on borrowings at the time of the reborrowing of the ¥29.2 bn due to undergo refinancing in FY2009 is expected to rise.
- (Note3) Derivative losses are amortization of the premium payment for the spread-type interest rate cap. Derivative losses incurred were ¥123mn for until FY 2007 and ¥5mn for FY 2008, and the losses are expected to be ¥132mn for FY 2009 and ¥146mn for FY 2010.

# Summary of Balance Sheet

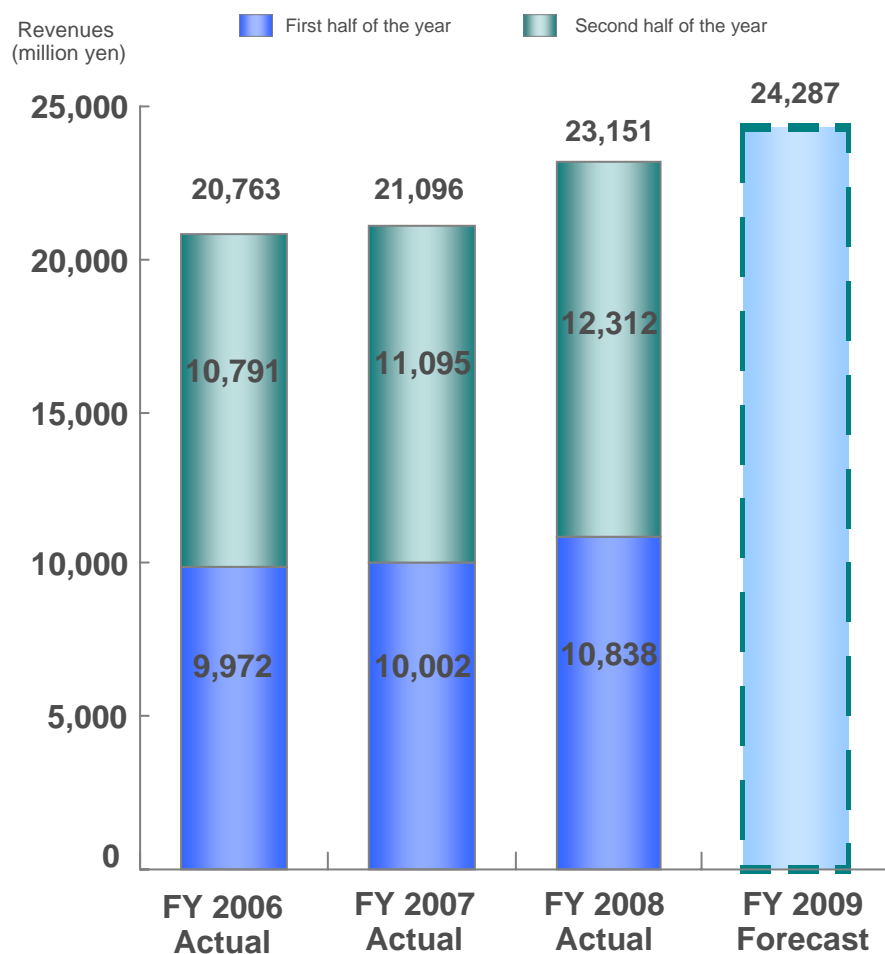
	ended August 31, 2007 (million yen)	(%)	ended August 31, 2008 (million yen)	(%)		ended August 31, 2007 (million yen)	(%)	ended August 31, 2008 (million yen)	(%)
<b>ASSETS</b>					<b>LIABILITIES</b>				
<b>Current Assets</b>	<b>6,668</b>	8.1	<b>7,040</b>	7.6	<b>Current Liabilities</b>	<b>805</b>	1.0	<b>30,149</b>	32.4
Cash and Bank Deposit	4,201	5.1	3,150	3.4	Trade Payables	172		164	
Rent Receivable	1,165	1.4	1,289	1.4	Long-Term Debts to be repaid within one year	0		29,200	
Others	1,301	1.6	2,601	2.8	Account Payable and Other Payables	315		455	
<b>Fixed Assets</b>	<b>76,053</b>	91.9	<b>85,911</b>	92.4	Rents Received in Advance	310		329	
Property and Equipment at Cost	63,212	76.4	73,144	78.7	Others	7		0.6	
Buildings	1,476		1,420		<b>Fixed Liabilities</b>	<b>33,528</b>	40.5	<b>14,638</b>	15.7
Land	884		884		Long-Term Debts	31,753	38.4	12,753	13.7
Buildings in Trust	26,876		29,740		Leasehold & Security Deposit Received	1,615	2.0	1,725	1.9
Land in Trust	32,776		39,476		<b>TOTAL LIABILITIES</b>	<b>34,334</b>	41.5	<b>44,788</b>	48.2
Intangible Assets	12,333	14.9	12,377	13.3	<b>EQUITY</b>				
Investment and Other Assets	506	0.6	389	0.4	Total Unitholders' Capital	46,014	55.6	46,014	49.5
					Retained Earnings	2,470	3.0	2,304	2.5
					Unrealized Gains or Losses from Deferred Hedge	▲97	▲0.1	▲154	▲0.2
					<b>TOTAL EQUITY</b>	<b>48,387</b>	58.5	<b>48,164</b>	51.8
<b>TOTAL ASSETS</b>	<b>82,721</b>	100.0	<b>92,952</b>	100.0	<b>TOTAL LIABILITIES and UNIT HOLDERS EQUITY</b>	<b>82,721</b>	100.0	<b>92,952</b>	100.0

## Chapter 2 Highlights of Hotel Performance



# Highlights of Hotel Performance

## HMJ 5 hotels<sup>(1)</sup> Revenues & Operating Performance<sup>(2)</sup>



### Results for FY 2008

- Revenues increased by ¥2,055 mn (9.7%) from FY 2007.
- By hotel, newly acquired Oriental Hotel Hiroshima, Oriental Hotel Tokyo Bay, and Kobe Meriken Park Oriental Hotel all contributed to the increased revenues. At Hotel Nikko Alivila, revenues declined by ¥92 million(1.5%), due to the sales suspension for the guestroom renovation.
- By segment, the impact of the acquisition of Oriental Hotel Hiroshima, the recovery of weddings at Kobe Meriken Park Oriental Hotel, and improved results for weddings, general banquets, and restaurants at Oriental Hotel Tokyo Bay due to their rebranding resulted in increased revenues in food & beverages. The room revenues also increased overall despite the impact of the sales suspension for guestroom renovation in Hotel Nikko Alivila and Oriental Hotel Hiroshima.

### Outlook for FY 2009

- Revenues are forecasted to increase by ¥1,136 mn (4.9%) from FY 2007.
- By hotel, Oriental Hotel Hiroshima ( ¥599 mn increase), Kobe Meriken Park Oriental Hotel ( ¥278 mn increase), and Hotel Nikko Alivila (¥238 mn increase) are all forecasted to contribute to an increase in revenues.
- By segment, increased revenues in food & beverages are forecasted, with most of the increases expected to come from Oriental Hotel Hiroshima and Kobe Meriken Park Oriental Hotel. Revenues in room segment are expected to grow, due to the positive effect of CAPEX in Hotel Nikko Alivila and Oriental Hotel Hiroshima.

### ◆ Full-Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	81.2%	81.4%	77.7%
ADR (yen)	18,439	19,042	18,279
RevPAR (yen)	14,963	15,500	14,202

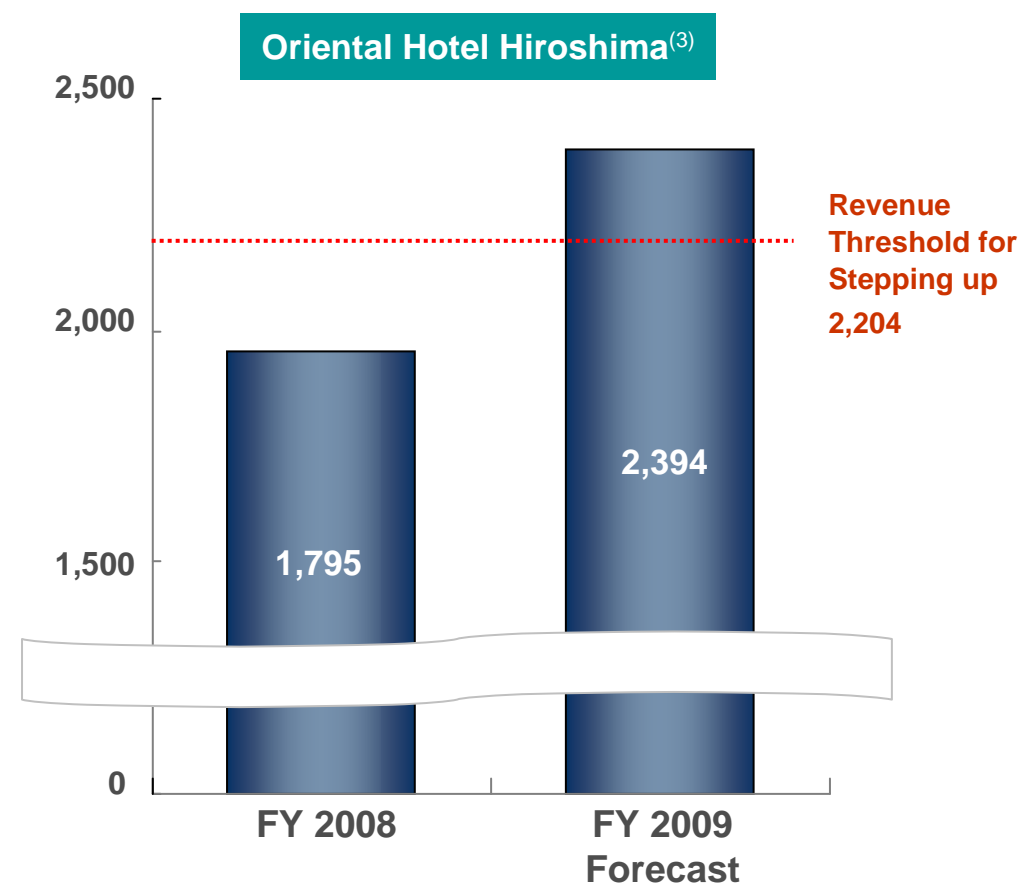
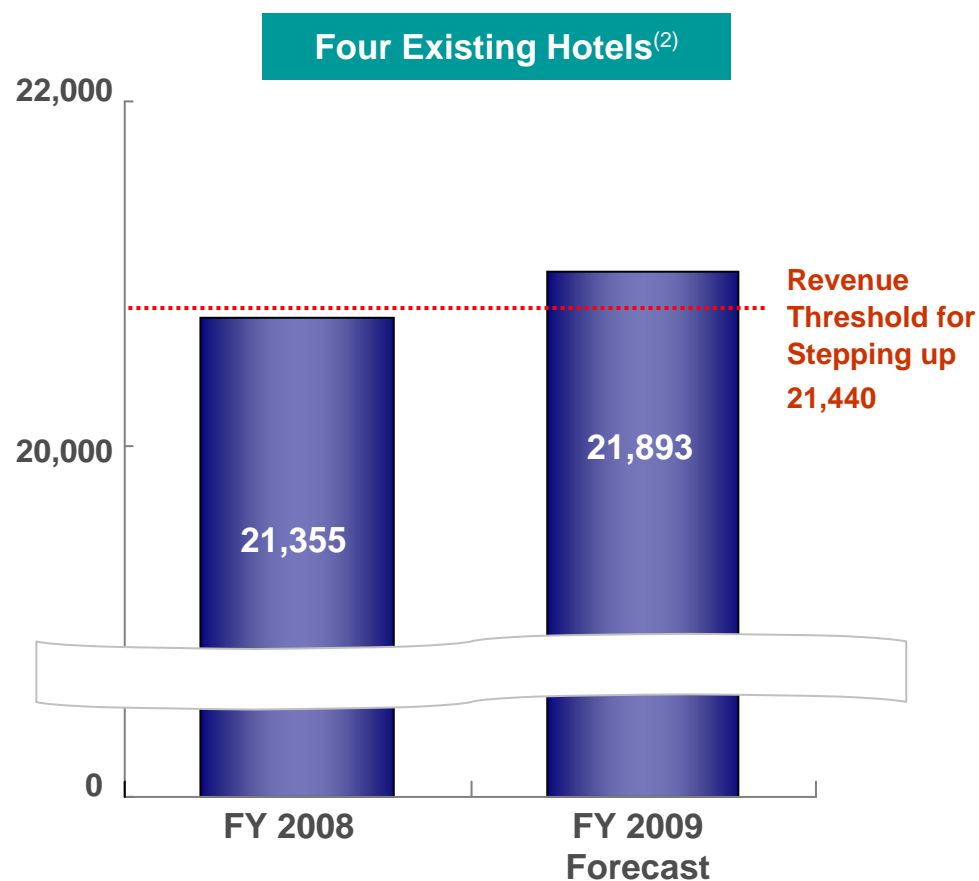
(Note1) HMJ 5 hotels include Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima, all of which are leased to Hotel Management Japan K.K. (hereinafter "HMJ" or "the lessee"). The data for Oriental Hotel Hiroshima is calculated from October 1, 2007 when the REIT acquired the hotel.

(Note2) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2007 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY 2009 may differ from the forecast, depending on various factors.

# Highlights of Hotel Performance

## Achievement of the Revenue threshold for Stepping up <sup>(1)</sup>

Revenues (million yen)



(Note 1) Please refer to "Appendix A: Basic Information, Outline of Lease Agreements" for the revenue threshold for stepping up.

(Note 2) Four existing hotels are Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel and Hotel Nikko Alivila.

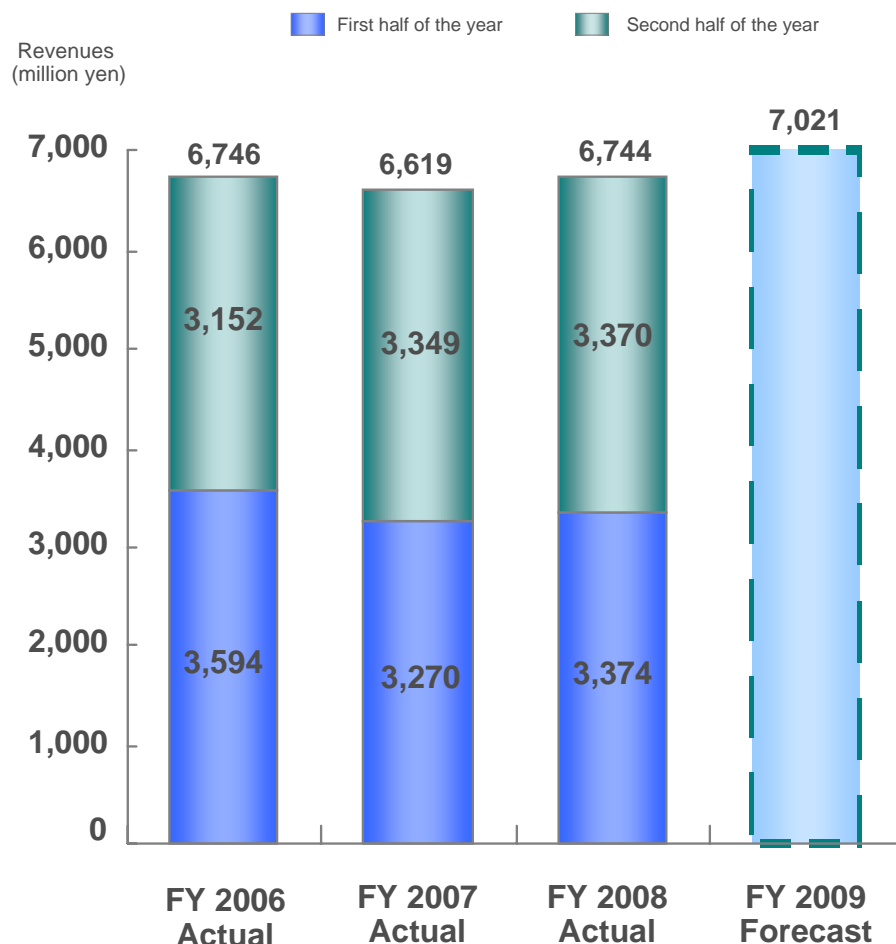
(Note 3) Revenues for FY 2008 is for five months since the REIT acquired the hotel on October 1, 2007.

# Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

## Chapter 2 Highlights of Hotel Performance

### Kobe Meriken Park Oriental Hotel



### Results for FY 2008

- Revenues increased by ¥125mn (1.9%) from FY 2007
- By segment, outstanding growth in food & beverages by ¥260mn (5.8%) was achieved. In particular, the weddings business made a big contribution to the increase in food & beverages revenues as both the number of weddings and the spending per wedding increased due to the improved marketing skills
- In room segment, ten guestrooms converted into brides rooms in February 2008, reducing the number of available rooms, and there was also an adjustment to the accounting process\*, so revenues declined ¥91mn (-5.5%).

\*An adjustment was made to the accounting process on the lessee's side, resulting in a downward adjustment of approx. ¥75mn.

### Outlook for FY 2009

- Revenues are forecast to increase by ¥278mn (4.1%) from FY 2008
- By segment, growth (4.2%) is expected to continue in food & beverage, particularly in the weddings business, partly due to the beneficial effect of CAPEX in FY 2008.
- It is noted that three\* of the seven projects for new hotels to compete have been cancelled or suspended. The room revenue is expected to increase revenue by 5.2% by increasing the precision of its revenues management skills

\*1. West side of the Port Tower (Lifestage corporation), 2. Nankinmachi (Urban Corporation)  
3. Dock site (daVinci Holdings)

- It is important to develop the organizational systems in order to steadily implement business promotion policies such as revenue management, marketing activities, etc.

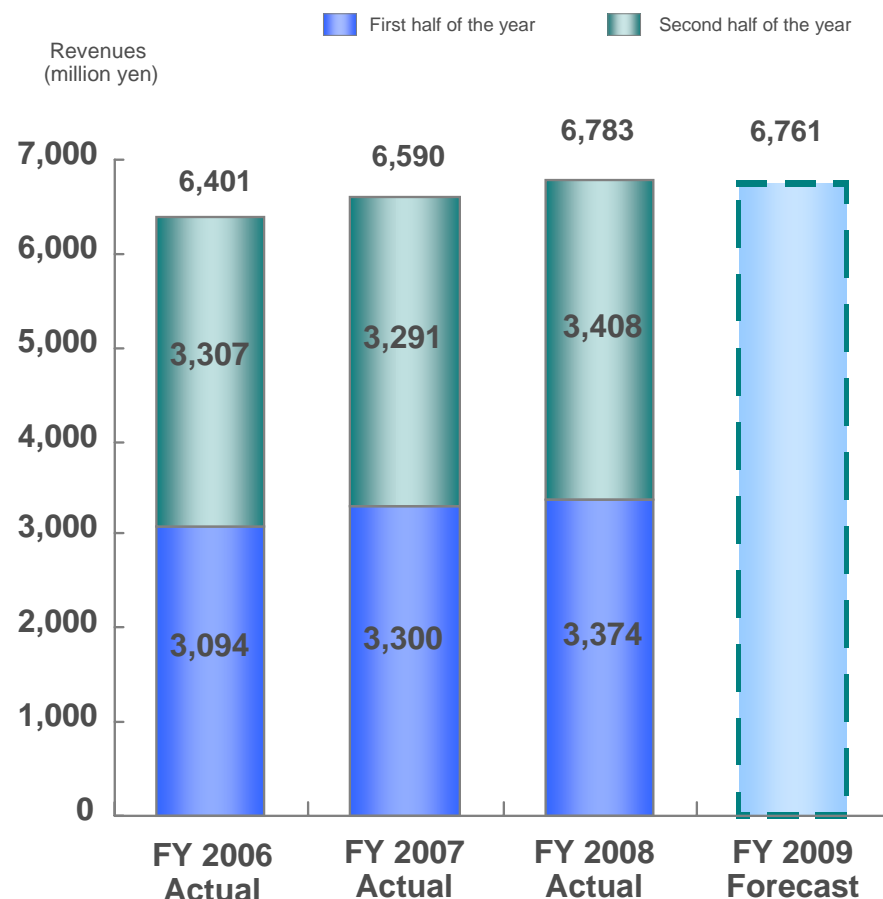
### Full Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	78.7%	78.4%	78.0%
ADR (yen)	14,961	16,025	15,448
RevPAR (yen)	11,771	12,556	12,049

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2007 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

# Highlights of Hotel Performance

## Oriental Hotel Tokyo Bay (Former Shin-Urayasu Oriental Hotel)



### Results for FY 2008

- Revenues increased by ¥193 mn(2.9%) from FY 2007.
- By segment, food & beverages was driven up (¥276mn, 9.8%) primarily by the growth in the weddings and restaurants revenues.
- In room segment, in the second half of the year, it was able to attract a larger number of guests because of Tokyo Disneyland's 25th anniversary events. It was also able to increase room rates, in particular for the Grande 6\* rooms which were introduced in FY 2007 and continued working on guestroom renovation in spring 2008. This meant that although the occupancy rate for FY 2008 fell 1.0 points, the average daily rate (ADR) increased and so overall revenues increased by ¥16 mn (0.5%).

\*These are 42m<sup>2</sup> guestrooms equipped with two double-deck beds. The Grande 6 is big enough to accommodate six people, yet maintains a high level of comfort with spaces to relax in that have sofas and tables.

### Outlook for FY 2009

- Revenues are forecasted to decrease by ¥22 mn (0.3%) from FY 2008.
- By segment, due to TDL 25th anniversary events the market should be steady until April 2009, so 1.2% growth is expected in the room segment. However, revenues in food & beverages are expected to weaken and decline by 1.0% due to a slowdown in orders\* in the weddings business.

\*It is thought that this is due to the impact of five new entrants to the guest house wedding market, including three from August to December 2007, one in March 2008 and one in November 2008.

### ◆ Full Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	83.6%	80.6%	79.6%
ADR (yen)	18,243	19,446	19,817
RevPAR (yen)	15,243	15,679	15,784

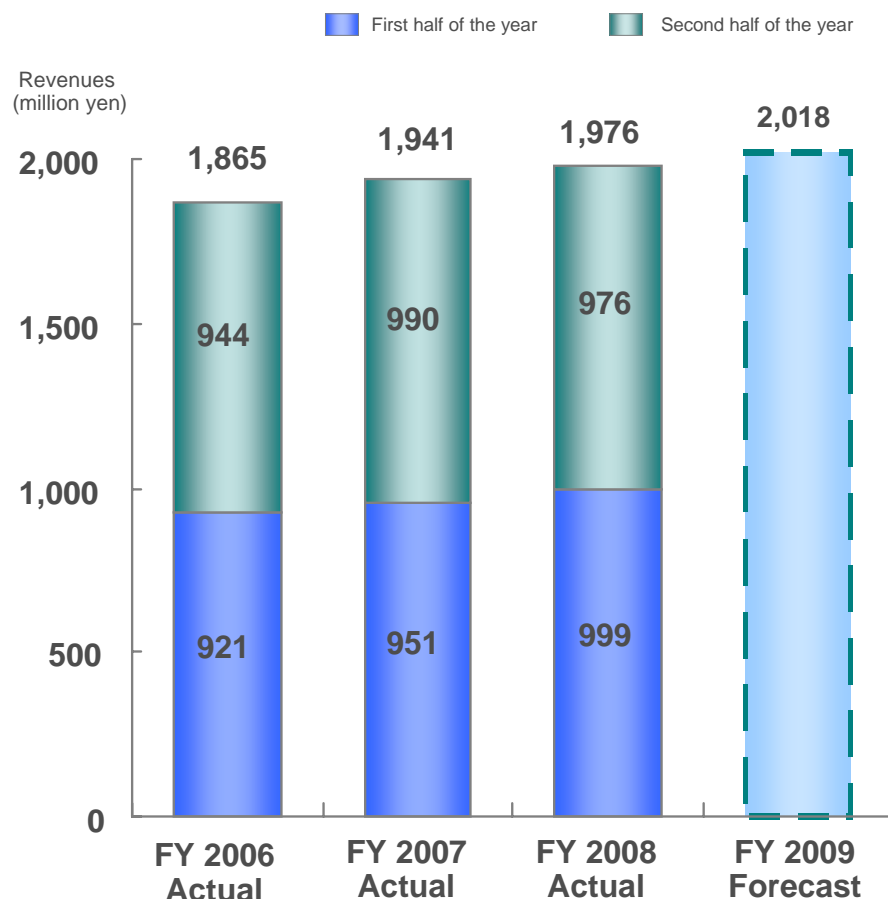
(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2007 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

# Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

## Chapter 2 Highlights of Hotel Performance

### Namba Oriental Hotel



### Results for FY 2008

- Revenues increased by ¥35 million, or 1.8%, from FY2007.
- By segment, the rooms segment (¥18 mn, 1.9%) and food & beverages segment (¥23 mn, 18.9%) drove the increase.
- The major factors behind the revenues increase in room segment were the strong demand in the first half of FY 2008 and the utilization of revenue management.
- Factors contributing to the increase in revenues in food & beverages segment included the positive effect of the renovation of the Japanese restaurant "Nagi" in FY 2007, the acquiring of groups at dinner, and the growth in revenues from breakfasts due to the increase in the number of guests.

### Outlook for FY 2009

- Revenues are forecasted to increase by ¥42 mn (2.1%) from FY 2008.
- Although any big event will not be held, the market is expected to be steady because of large-scale developments, etc. in the neighborhood, so revenues in room segment are forecast to grow 2.5%.
- Revenues in food & beverages are forecasted to grow 24.3% as Nagi, which revised its grand menu in the second half of FY 2008, launches full-scale efforts to differentiate itself from its competition.

### Full Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	80.2%	88.4%	86.8%
ADR (yen)	9,652	10,300	10,649
RevPAR (yen)	7,740	9,104	9,248

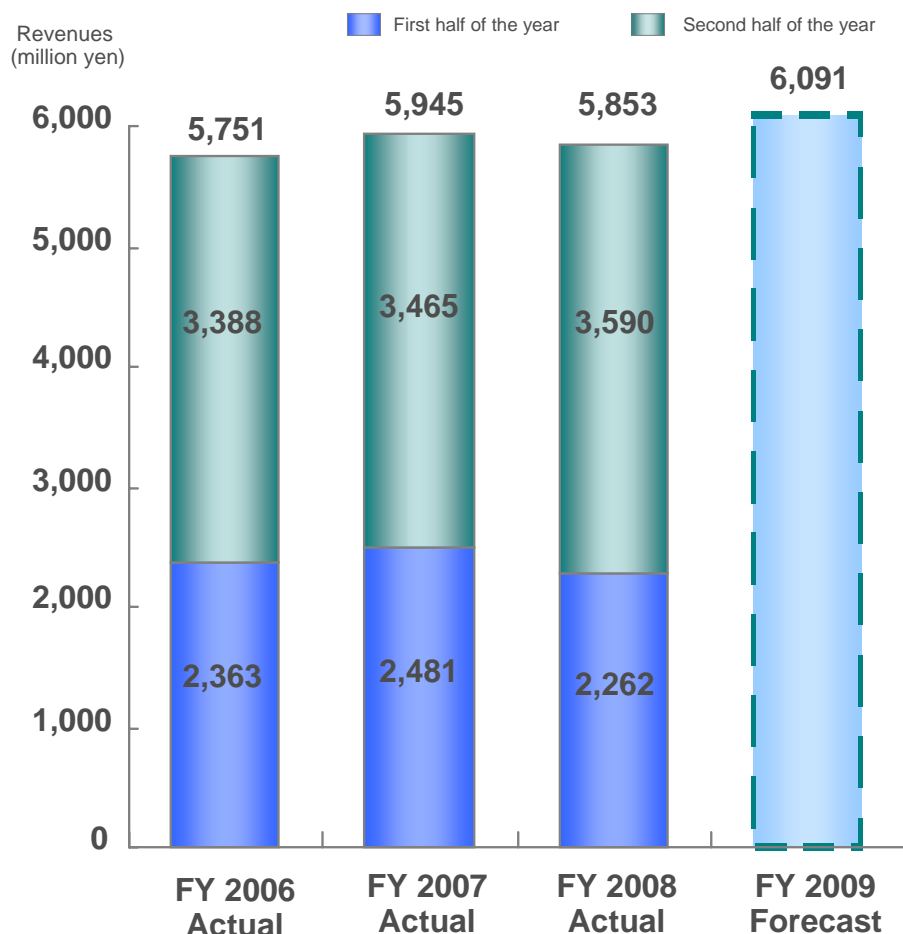
(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2007 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

# Highlights of Hotel Performance

Japan Hotel and Resort, Inc.

## Chapter 2 Highlights of Hotel Performance

### Hotel Nikko Alivila



### Results for FY 2008

- Revenues decreased by ¥92 mn (1.5%) from FY 2007.
- The number of guests declined due to sales suspension of rooms due to the large-scale guestroom renovation at the beginning of 2008, so revenues declined in all segments except room segment.
- In room segment, although the occupancy rate fell due to the sales suspension, the renovations were a success and the formulation of a precise operation plan related to sales and marketing after the renovations was successful so it was able to raise room rates and therefore ADR rose, resulting in an increase of ¥14 mn (0.4%) in revenues.

### Outlook for FY 2009

- Revenues are forecasted to increase by ¥238 mn (4.0%) from FY 2008.
- By segment, the rooms segment is expected to grow 2.5% due to the effect of the renovations in 2008, with planned renovations in the beginning of 2009 expected to contribute to increased growth in the second half of FY2009. Revenues in the food & beverages are expected to increase 7.8% due to a higher food intake ratio and other factors.

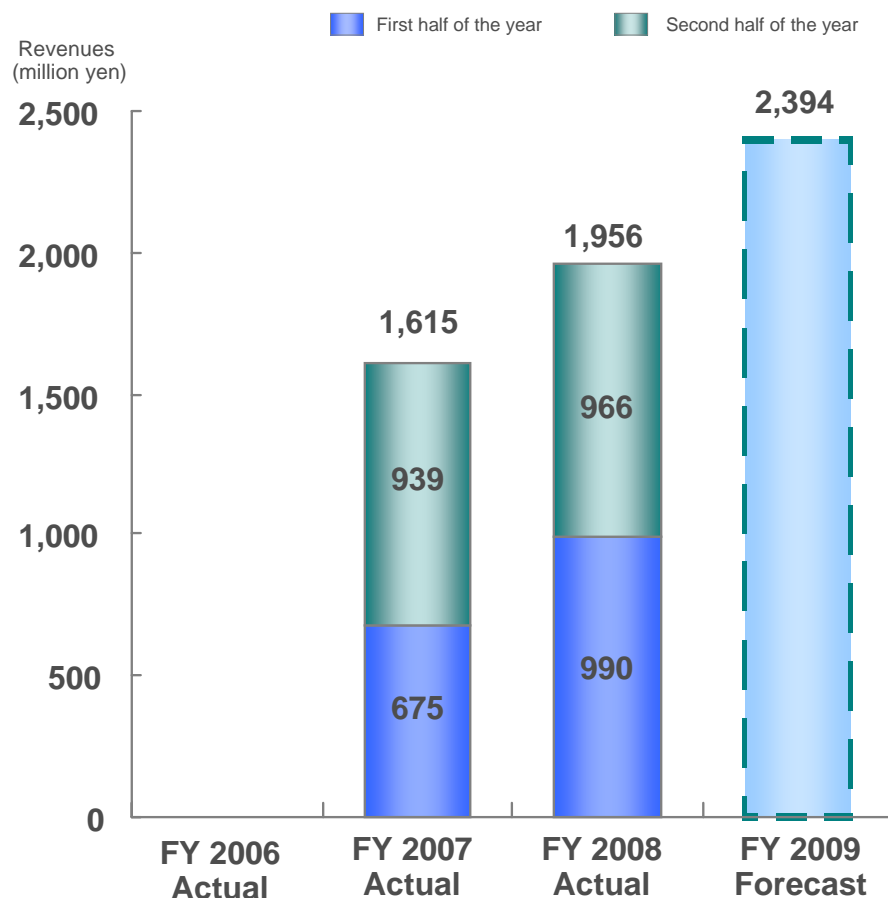
### ◆ Full Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	80.7%	80.4%	77.4%
ADR (yen)	25,935	27,197	28,347
RevPAR (yen)	20,928	21,859	21,934

(Note) Revenues and operating data before IPO is obtained from the seller and the data after IPO is obtained from the lessee. The data from IPO to the end of FY 2007 is audited and the others are not. The data for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

# Highlights of Hotel Performance

## Oriental Hotel Hiroshima



### Results for FY 2008

- Revenues increased by ¥341 mn (21.1%) from FY 2007.
- By segment, growth in food & beverages segment was particularly outstanding (+¥247 mn, +22.1%). In room segment, despite the sales suspension for the guestroom renovation, revenues increased by ¥73 mn (15.7%) from FY 2007 due to the positive effect of its rebranding.

### Outlook for FY 2009

- Total revenues are forecasted to increase by ¥438 mn (22.3%) from FY 2008.
- By segment, growth of 23.9% is forecasted in room segment with strong business demand in the market and due to maximization of the positive effects of CAPEX on the renovation of the guest rooms which was completed in the middle of April 2008. In food & beverages segment 21.3% revenue growth is expected due to the positive effect of CAPEX on the renovation of the banquet hall completed in September 2008, and the strengthening of the sales of the restaurant. In particular, an increase in both the number and the per-customer spending at wedding banquets and general banquets is expected.

### ◆ Full Year

	FY 2006	FY 2007	FY 2008
Occupancy Rate (%)	—	55.3%	62.6%
ADR (yen)	—	8,350	8,876
RevPAR (yen)	—	4,617	5,556

1. Data for FY 2007 (Sept. '06 – Aug. '07) and for Sep. '07 occurred before the REIT acquired the hotel, and is unaudited information provided by the seller

2. Regarding the first half of FY 2008, six months revenues are used to make an equivalent comparison with other periods, although the REIT has owned the hotel for five months.

3. The data for FY 2008 is unaudited and for FY 2009 is a forecast. The actual results for FY2009 may differ from the forecast, depending on various factors.

## Chapter 3 Future Investment and Management Policy



# Internal Growth

## Internal Growth Strategies

### Perception of the Market Conditions

#### ■ General Market Conditions

- The financial crisis in the U.S. has led to stagnation in the Japanese economy

#### ■ Hotel Market Conditions

- Corporate demand is declining but the motivation to spend money on travel is strong in the baby-boomer generation
- The number of leisure customers coming to Japan from emerging countries is also increasing
- Due to the world-wide credit crunch, hotel construction plans are being cancelled frequently. (In particular the increase in the supply of city and resort hotels on prime sites is slowing down.)



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

**Explore business opportunities using an insight into expanding demand, an appropriate strategy, and an agile management organization**

#### Basic Policies

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

#### ◆ Increase the profitability of the five hotels with variable rents and aim to achieve the five-year plan

- Revise the management strategy reacting to the on-going changes in the market condition
- Work out details of and execute strategic capital expenditures aiming at the strengthening of mid/long-term competitiveness
- Monitor hotel operations  
(Focusing on the numbers and the management issues behind them)
- Urge lessees and operators for improvements  
(As necessary, offer recommendations and provide support)
- Promote the repositioning / rebranding project

# Internal Growth

## CAPEX (Capital Expenditure) 5 year-plan

### HMJ 5 Hotels Major CAPEX III<sup>(1)</sup>

( ): expenditures

	Completed by FY 2008			In Progress	Future Plan
	FY 2006 Results	FY 2007 Results	FY 2008 Results	FY 2009 Plan	FY 2010-2013 Plan <sup>(2)</sup>
Kobe Meriken Park Oriental Hotel	<ul style="list-style-type: none"> <li>12-13F Guest Rooms (¥189mn)</li> <li>Restaurant (¥51mn)</li> </ul>	<ul style="list-style-type: none"> <li>10-11F Guest Rooms (¥222mn)</li> <li>Restaurant Pier (¥98mn)</li> </ul>	<ul style="list-style-type: none"> <li>Brides Room (¥68mn)</li> <li>Banquet (¥46mn)</li> </ul>	-	<ul style="list-style-type: none"> <li>7-9F Guest Rooms</li> <li>Spa, Restaurant etc.</li> </ul>
Oriental Hotel Tokyo Bay	<ul style="list-style-type: none"> <li>9-10F Guest Rooms (¥145mn)</li> <li>Banquet (¥59mn)</li> </ul>	<ul style="list-style-type: none"> <li>7-8F Guest Rooms (¥171mn)</li> <li>Restaurant (¥58mn)</li> </ul>	<ul style="list-style-type: none"> <li>5-6F Guest Rooms (¥210mn)</li> <li>Lobby (¥60mn)</li> </ul>	<ul style="list-style-type: none"> <li>12F Guest Rooms (¥110mn)</li> </ul>	<ul style="list-style-type: none"> <li>3F, 12F Guest Rooms</li> <li>Restaurant, Banquet, Chapel</li> </ul>
Namba Oriental Hotel	<ul style="list-style-type: none"> <li>7-8F Guest Rooms (¥93mn)</li> </ul>	<ul style="list-style-type: none"> <li>Restaurant (¥40mn)</li> </ul>	-	-	<ul style="list-style-type: none"> <li>4F-6F Guest Rooms</li> </ul>
Hotel Nikko Alivila	<ul style="list-style-type: none"> <li>Suite Rooms (¥32mn)</li> <li>Restaurant (¥155mn)</li> </ul>	-	<ul style="list-style-type: none"> <li>3-8F Guest Rooms (¥479mn)</li> </ul>	<ul style="list-style-type: none"> <li>3-8F Guest Rooms (¥430mn)</li> </ul>	<ul style="list-style-type: none"> <li>3-8F Guest Rooms (Final)</li> </ul>
Oriental Hotel Hiroshima	N/A	Acquired in October 2007	<ul style="list-style-type: none"> <li>7-18F Guest Rooms (¥347mn)</li> <li>Tenant Floor (¥23mn)</li> </ul>	<ul style="list-style-type: none"> <li>3F, 4F Banquet (¥137mn) (completed)</li> </ul>	
<b>CAPEX III TOTAL</b> (million yen)	<b>793</b>	<b>600</b>	<b>1,236</b>	<b>693</b>	<b>2,570</b>

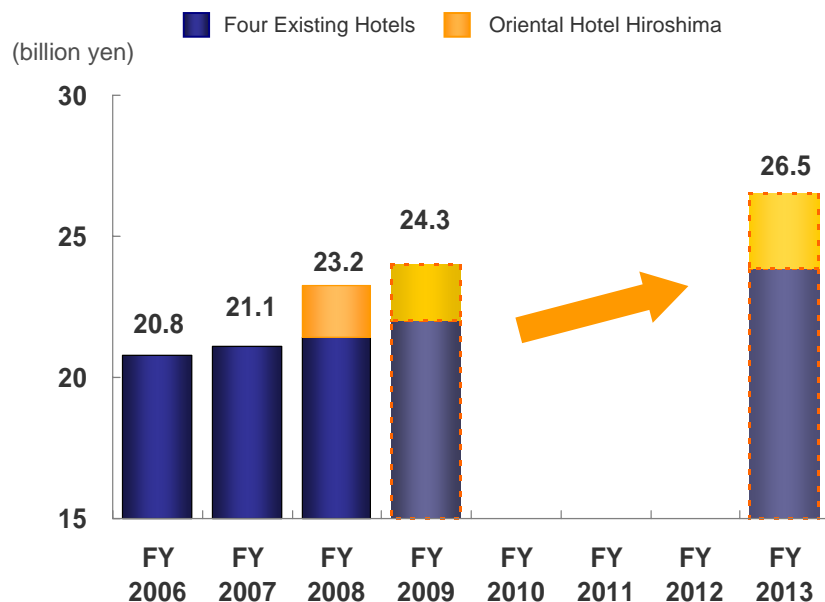
(Note 1) CAPEX III is defined as capital expenditure related to the strategic renovation of guest rooms, banquet halls, restaurants, etc. to uphold and improve hotel competitiveness.

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

# Internal Growth

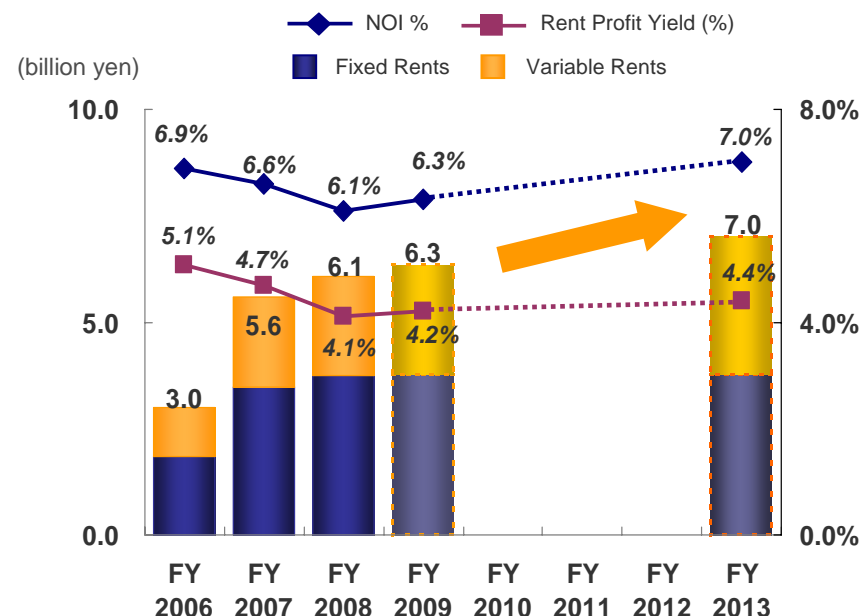
## CAPEX (Capital Expenditure) 5 year-plan

### HMJ 5 Hotels Revenue Target (1)



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2013
Existing 4 Hotels	20.8	21.1	21.4	21.9	23.8
Oriental Hotel Hiroshima	0	0	1.8	2.4	2.6

### The REIT's Rent Revenue Target (2)



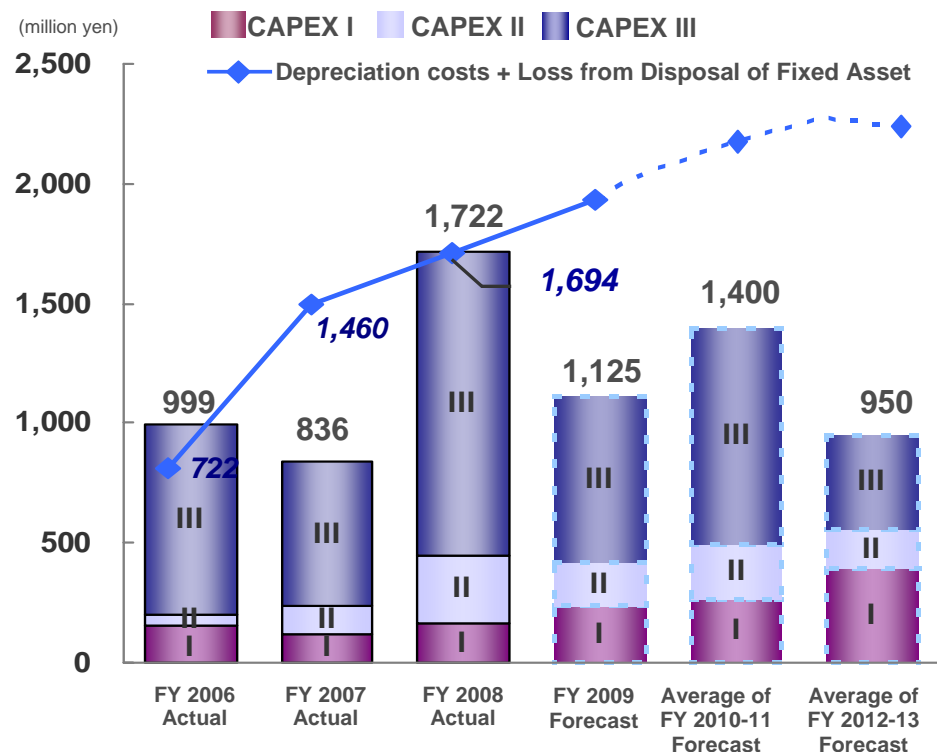
	Rent Revenues	Variable Rents	NOI	NOI%	Rent Profit	Rent Profit Yield
FY 2008	6.1	2.3	5.2	6.1%	3.5	4.1%
FY 2009	6.3	2.4	5.4	6.3%	3.5	4.2%
FY 2013	7.0	3.2	6.0	7.0%	3.7	4.4%

- (Note 1)
- The revenue data since IPO is provided from HMJ, and the data before IPO is from the seller. The figures from IPO to the end of FY 2007 are audited, and the others are not. The figures for FY 2009 are projections, and not guaranteed.
  - The target for FY 2013 is prepared by each hotel based on the Capex 5 Year-Plan, market conditions and each hotel's historical data, and the actual outcome may largely differ from the target depending on the market, natural disasters and changes in other conditions surrounding hotels.
- (Note 2)
- The actual operating days for FY 2006 are 198 days, thus NOI % and Rent Profit Yield (Rent Revenues/ Acquisition Price) for FY 2006 are calculated by using the annualized data.
  - The target for FY 2013 is set using the assumptions based on Capex 5 Year-Plan, market conditions and each hotel's historical data. The actual variable rent revenues may largely differ from the above target depending on various factors surrounding hotels.
  - It is presumed that the lease agreement will be re-entered under the same conditions upon termination on February 14, 2012.

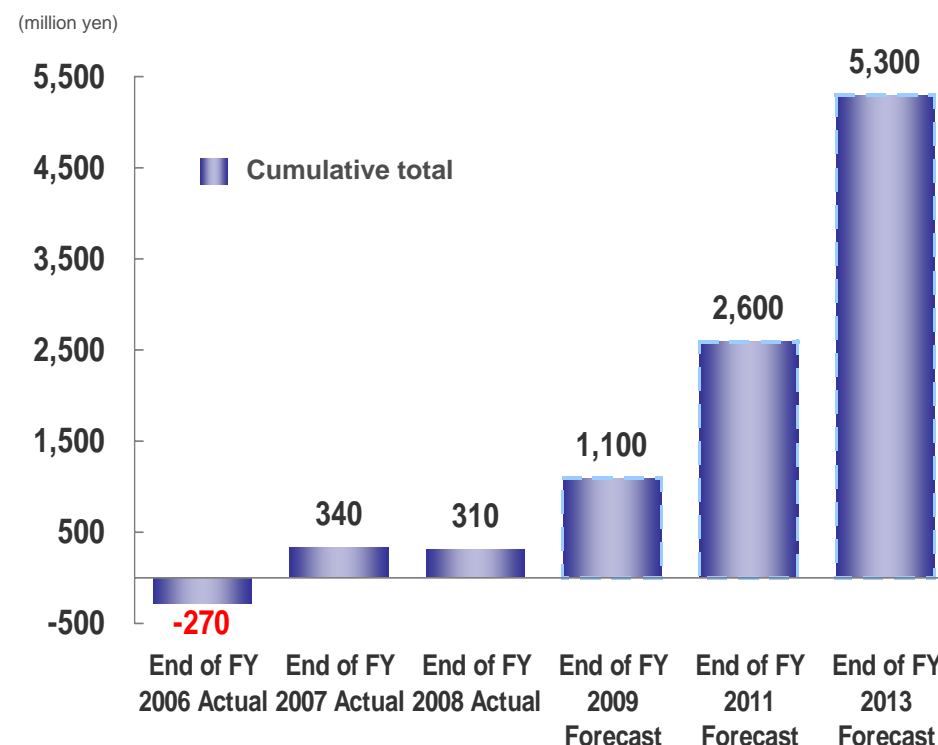
# Internal Growth

## CAPEX (Capital Expenditure) 5 year-plan

### CAPEX Trend and Plan<sup>(1)</sup>



### Accumulation of Reserved Capital<sup>(2)</sup>



- The renovation of the guest rooms of Nikko Alivila (¥479 mn) planned for FY 2007 slipped into FY 2008, and CAPEX increased as a result.
- After FY 2009, the speed of accumulation of reserved capital will increase, and the cumulative total is expected to be on a scale of ¥5,300 mn by FY 2013.

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

(Note 2) Reserved Capital is the accumulation of "Depreciation Costs + Loss from Disposal of Fixed Asset – CAPEX I, II & III".

(Note 3) 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.

## Internal Growth

Results for FY 2008 Q4 (June-August, 2008)

■ Chapter 3 Future Investment and Management Policy ■

Japan Hotel and Resort, Inc.

### ■ Four Existing Hotels

- Kobe Meriken Park Oriental Hotel
- Oriental Hotel Tokyo Bay
- Namba Oriental Hotel
- Hotel Nikko Alivila

	FY 2007 Q4		FY 2008 Q4
Revenues (million yen)	5,822	+3.7%	6,037
RevPAR (yen)	19,317	+7.8%	20,820
GOP %	32.4%	+3.1%	35.5%

# External Growth

## External Growth Strategies

### Perception of the Market Condition

#### ■ Hotel Demand Trends

- The domestic travel needs of the baby-boomer generation are increasing
- The travel needs of people visiting Japan from Asia, etc. are increasing

#### ■ Hotel Supply Trends

- The supply of new business hotels is increasing
- Development plans for city hotels and resort hotels are facing setbacks

#### ■ Trends in Hotel Investment Market

- Due to changes in the real estate and financial markets, investors without a platform for hotel investment are withdrawing from hotel investment
- Cap rates are trending upwards



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

**After acquisition, cooperate with the operator to encourage internal growth**

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

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

### Essential Conditions

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

**Hotels that are expected to increase revenues through operational improvements**

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

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

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

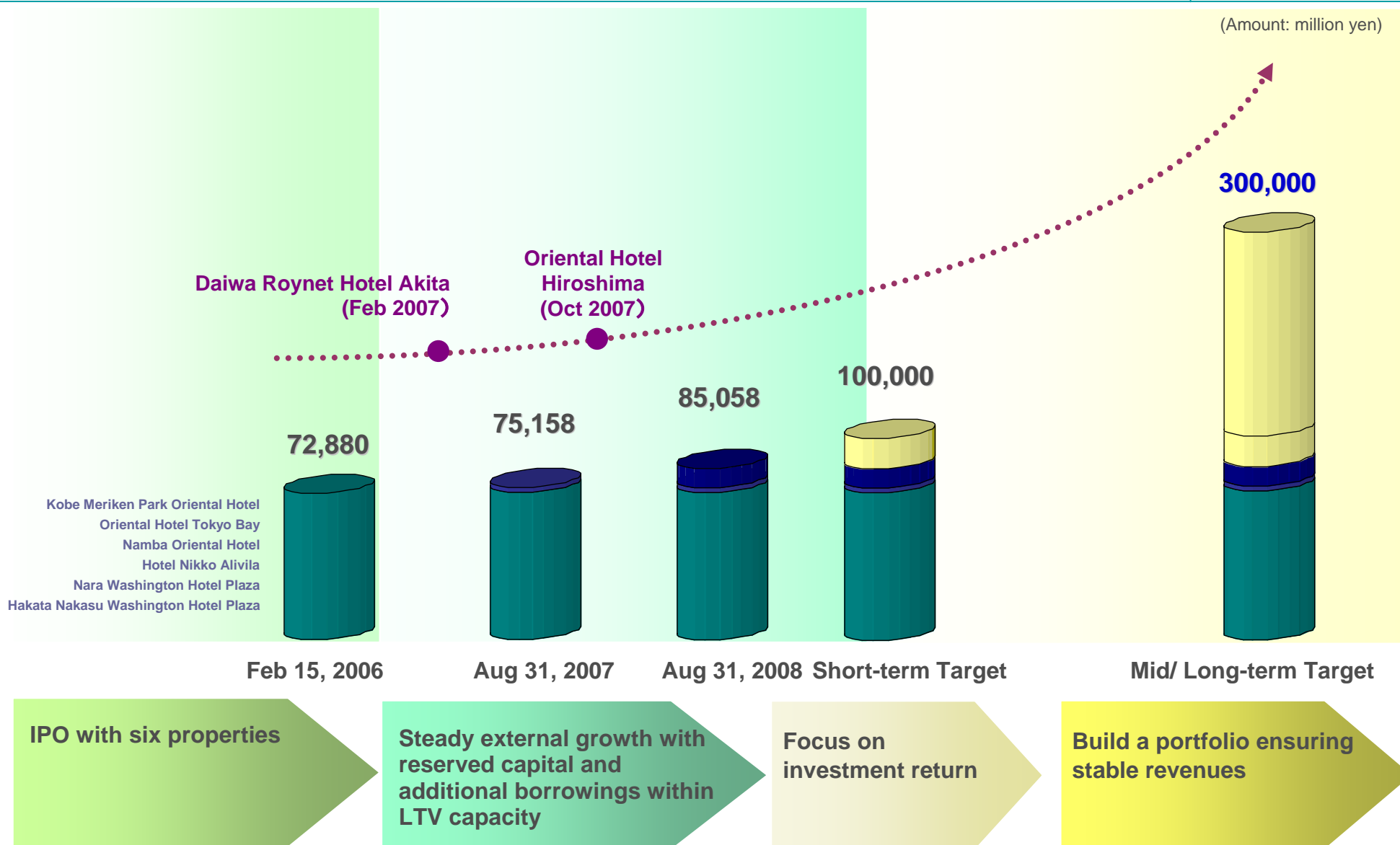
### <Points to focus on in the short-term >

**1. Properties with the focus on investment return and an emphasis on stability**

**2. Regions**

**Tokyo, Osaka, Kyoto, Fukuoka, Hokkaido, Okinawa and Hakone**

# External Growth Roadmap



# Financial Strategies

## Perception of the Market Condition

- Lenders' stance has changed since the sub-prime problem occurred
- Short-term interest rates are forecasted not to undergo major fluctuations for now, and long-term interest rates will likely move within a certain range



**Stable financial foundation under strong relationship with major Japanese banks**

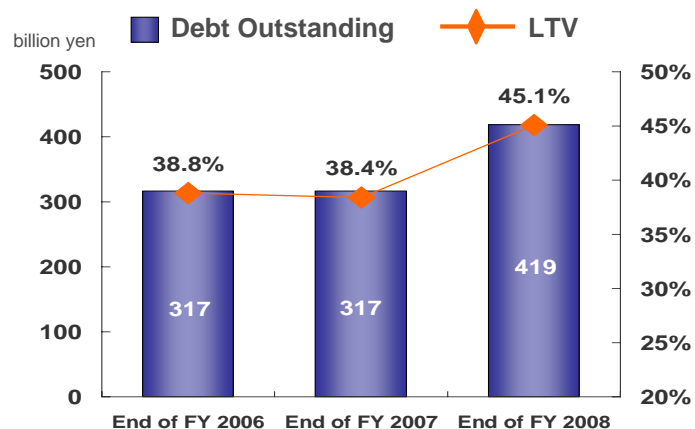
**Minimize increase in borrowing costs for refinancing**

## Basic Policies

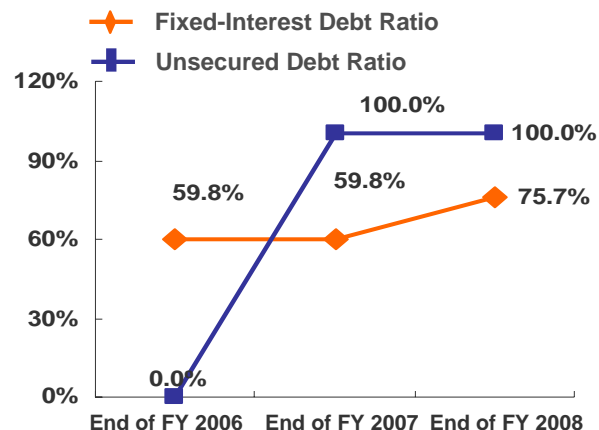
Management conscious of the balance between financial soundness and capital efficiency

- Maintain conservative Loan to Value (LTV) levels: target of 40%-50%
- Diverse financing sources and disperse debt maturity
- Keep an eye on the possibilities to issue investment corporate bonds
- Promote cash management by reducing operating funds and investing surplus funds on short-term safe assets
- Utilize additional borrowing capacity, reserved capital, and warehousing functions to acquire new properties
- Interest rate hedging strategy: reduce interest rates rising risk and enjoy a certain level of profit from current low interest rates

## Debt Outstanding and LTV Ratio<sup>(1)</sup>



## Fixed-Interest Debt Ratio<sup>(2)</sup> & Unsecured Debt Ratio<sup>(3)</sup>



(Note 1) Loan to Value (LTV) = Interest-bearing debts (debt + investment corporation bonds) at year-end / total assets at year-end

(Note 2) Fixed-interest debt includes the debt for which the spread-type interest rate cap purchased.

(Note 3) Refinancing was performed on August 24, 2007 using unsecured debt.



## Outlook for Refinancing

(billion yen)

End of FY 2008  
(August 31, 2008)

Short-Term (A)	19.0
Mid-Term (B)	12.7
Short-Term (C)	10.2



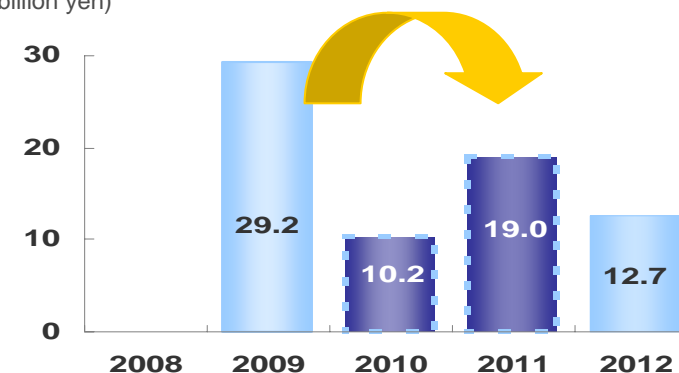
End of April, 2009  
(Assumption after Refinancing)

Refinancing by mid-term (2 years)	19.0
Mid-Term (B)	12.7
Refinancing by short-term (1 year)	10.2

- Facility A (19.0 bn) and Facility C (10.2 bn) are to undergo refinancing in February and April 2009, respectively.
- Facility A and C are planned to diversify the repayment dates through returns of two years and one year, respectively.
- Policy of adopting a banking structure that adds new banks to the existing three core banks.

## Debt Outstanding by Maturity

(billion yen)



## Sensitivity of Interest Rate on EPS

Anticipated Interest Rate*	EPS simulation for FY 2009
3.0% (+0.5%)	¥ 21,224
2.5% (±0)	(Forecast) ¥ 22,027
2.0% (−0.5%)	¥ 22,764

(Note) The anticipated interest rate on borrowings is the total of the interest rate, the spread, and annual depreciation of the financing fees for the ¥29.2 bn subject to refinancing after the refinancing is completed.

# Summary of Financing Activities

## List of Debts (as of September 30, 2008)

Term <sup>(1)</sup>	Facility	Lender	Balance (million yen)	Interest Rate <sup>(2)</sup>	Means of Hedging	Interest Rate after Hedging	Maturity Date	Repayment Method <sup>(3)</sup>	Usage	Remarks
Short-term	A	Sumitomo Mitsui Banking Corporation	19,000	1.13% (annual rate) till November 14, 2008	Spread-type interest rate cap <sup>(4)</sup>	--	February 13, 2009	Lump-sum payment in principle	Prepayment of the existing debts	Unsecured, non-guarantee
		Mizuho Bank, Ltd.								
		The Norinchukin Bank								
Short-term	C	Sumitomo Mitsui Banking Corporation	10,200	1.10% (annual rate) till October 15, 2008	--	--	April 15, 2009	Lump-sum payment in principle	Acquisition of beneficial rights to real estate trust with Oriental Hotel Hiroshima being a trust property	Unsecured, non-guarantee
		Mizuho Bank, Ltd.								
		The Norinchukin Bank								
Mid-term	B	Sumitomo Mitsui Banking Corporation	12,753	1.33% (annual rate) till November 14, 2008	Interest rate swap <sup>(5)</sup>	1.91% (annual rate) from November 16, 2007	November 15, 2012	Lump-sum payment in principle	Prepayment of the existing debts	Unsecured, non-guarantee
		Mizuho Bank, Ltd.								
		The Norinchukin Bank								
Total			41,953							

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

(Note 2) The figures for interest rate are round off to the second decimal place.

(Note 3) The REIT may decide to prepay all or part of the above debts if certain conditions, such as prior written notice, are fulfilled.

(Note 4) Spread-type interest rate cap purchased on June 23, 2006 will be applied to hedge the above term loan of ¥19 bn (facility A: variable interest rate). If six-month TIBOR is over low strike (1.30%) and under high strike (3.00%), the amount calculated by the difference between 1.30% and six-month TIBOR will be paid by the counterparty to the REIT.

(Note 5) The start date of the interest rate swap agreement concluded on September 21, 2007 is November 15, 2007, which is the first interest payment date of the above facility B.  
The fixed interest rate is 1.46%.

## Conditions of Interest Rate Hedging

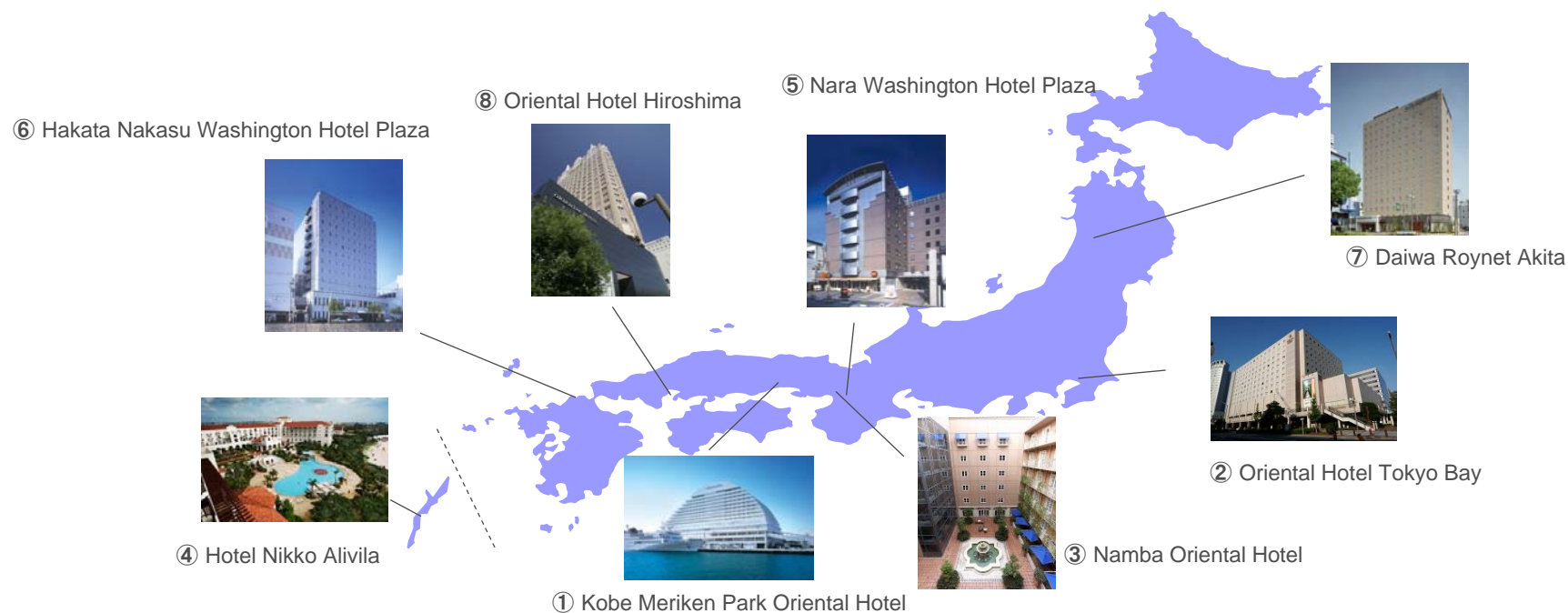
Facility	Amount (million yen)	FY 2007 Sep'06 – Aug'07	FY 2008 Sep'07 – Aug'08	FY 2009 Sep'08 – Aug'09	FY 2010 Sep'09 – Aug'10	FY 2011 Sep'10 – Aug'11	FY 2012 Sep'11 – Aug'12
A	19,000	Interest rate cap			Interest rate cap (To be applied - Feb 15, 2011)		
B	12,753		Interest rate swap				
C	10,200		Floating rate				

(Note) The total premium payment for the spread-type interest rate cap is approx. ¥ 408mn.

Derivative losses incurred through FY 2007 is ¥123mn and ¥5mn for FY 2008, are expected to be ¥132mn for FY 2009 and ¥146mn for FY 2010.

## Appendix A Basic Information

# Portfolio Map



Portfolio Name	Type	Grade	Acquisition Price (million yen)	Appraisal Value as of Aug 31, 2008 (million yen)	Investment Ratio	Year Built	Number of Room
① Kobe Meriken Park Oriental Hotel	City Hotel	Upper Middle	11,400	13,800	15.0%	Jul 1995	319
② Oriental Hotel Tokyo Bay	City Hotel	Mid-Priced	19,400	20,900	22.7%	May 1995	505
③ Namba Oriental Hotel	Business Hotel	Mid-Priced	16,700	17,900	19.4%	Mar 1996	257
④ Hotel Nikko Alivila	Resort Hotel	Luxury	19,700	21,600	23.5%	Apr 1994	396
⑤ Nara Washington Hotel Plaza	Business Hotel	Mid-Priced	1,800	1,970	2.1%	Mar 2000	204
⑥ Hakata Nakasu Washington Hotel Plaza	Business Hotel	Mid-Priced	3,880	4,060	4.4%	May 1995	247
⑦ Daiwa Roynet Hotel Akita	Business Hotel	Economy	2,278	2,090	2.3%	Jun 2006	221
⑧ Oriental Hotel Hiroshima	City Hotel	Upper Middle	9,900	9,780	10.6%	Sep 1993	227
Portfolio Total			85,058	92,100	100.0%	-	2,376

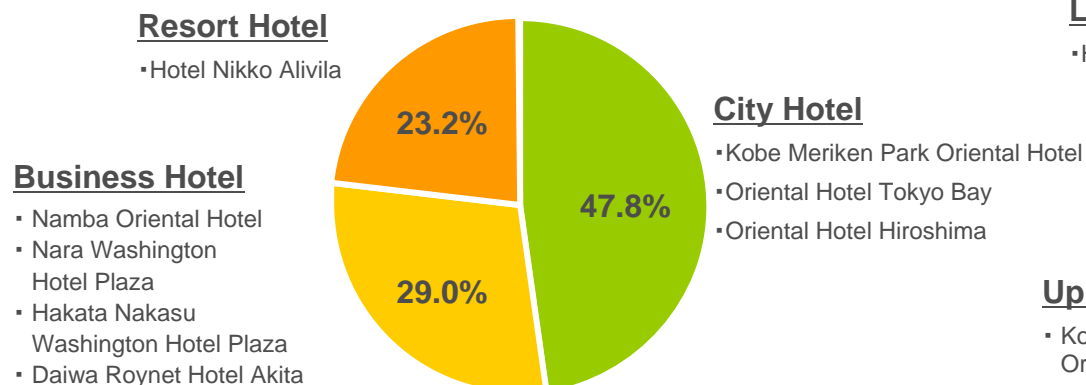
(Note 1) The above data for "Location" and "Year Built" are used from real-estate registers.

(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 31, 2008.

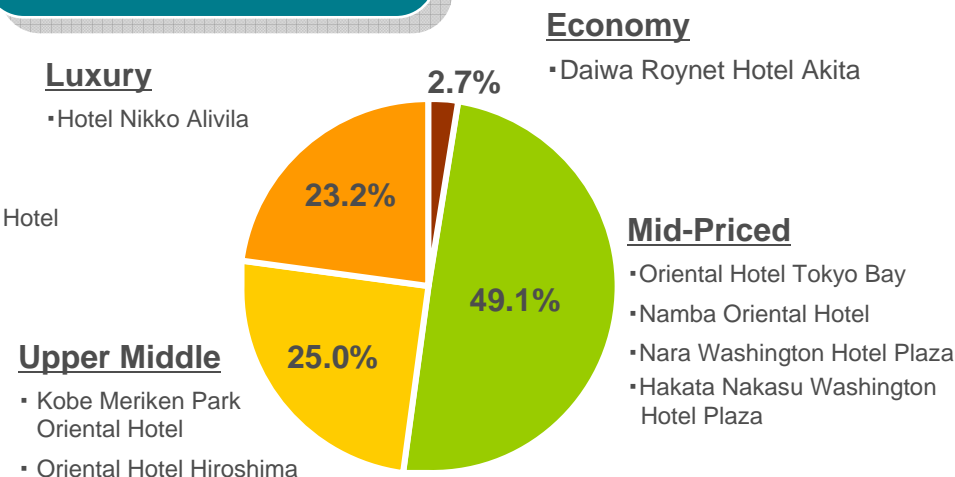
(Note 3) The acquisition price is rounded down to the nearest million yen. The investment ratio is rounded off to the first decimal place.

# Portfolio Diversification

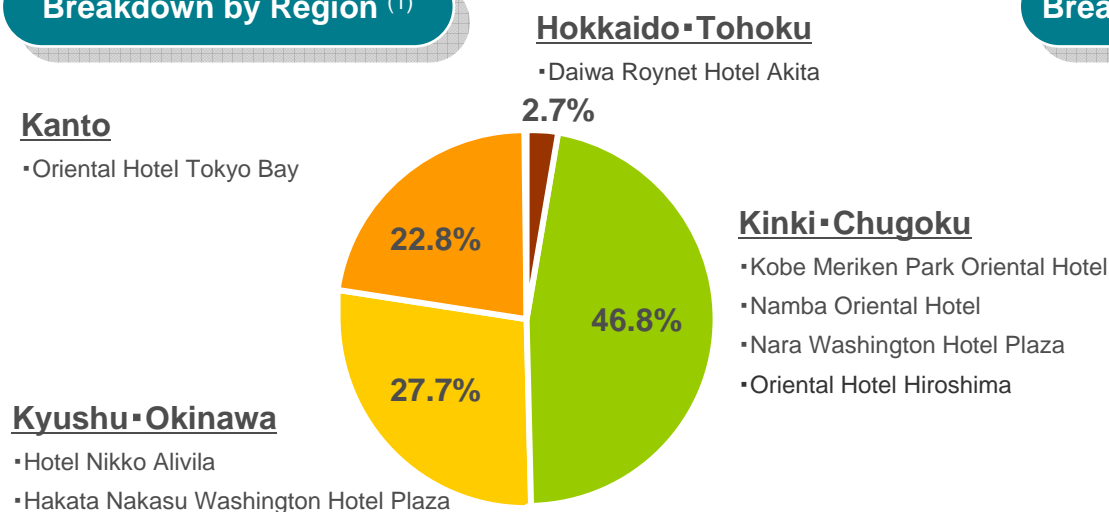
## Breakdown by Type <sup>(1)</sup>



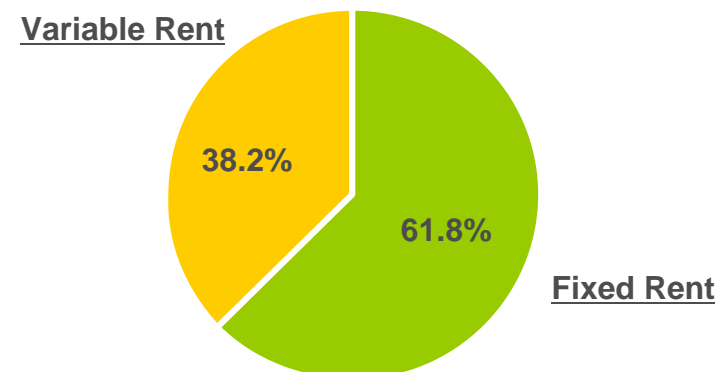
## Breakdown by Grade <sup>(1)</sup>



## Breakdown by Region <sup>(1)</sup>



## Breakdown by Rent type <sup>(2)</sup>



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

(2) The ratio is based on variable rents in FY 2008.

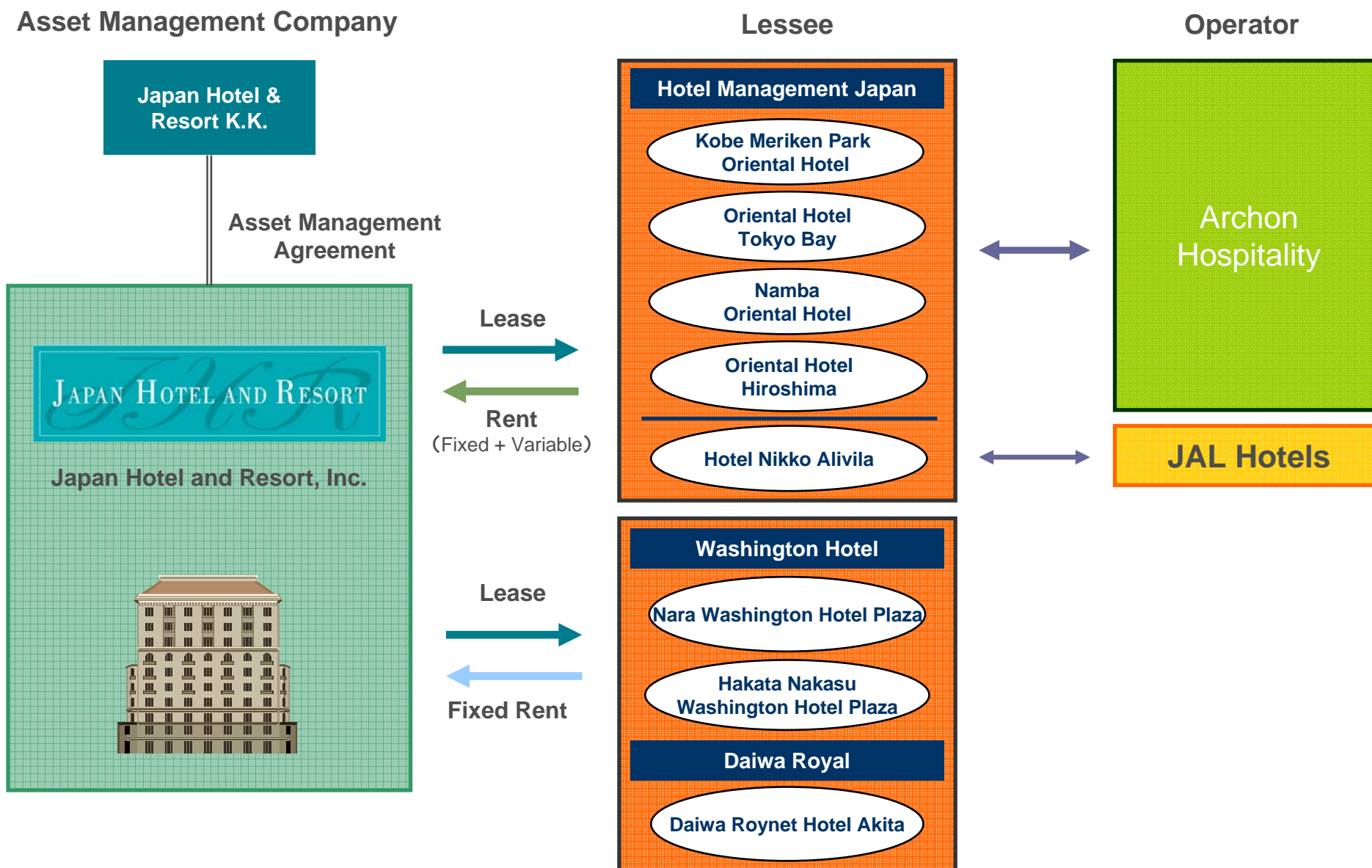
# Value of Properties

(Amount: million yen)

Hotel	Type	Grade	Total Number of Rooms	Appraisal Value								Value at Balance Sheet <sup>(1)</sup>	Acquisition Price	
				as of Aug 31, 2006		as of Aug 31,2007		as of Feb 29, 2008		as of Aug 31, 2008				
				Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	as of Aug31, 2008	Price	CAP Rate
Kobe Meriken Park Oriental Hotel	City	Upper Middle	319	12,000	5.4%	13,900	5.2%	13,900	5.2%	13,800	5.5%	11,404	11,400	5.4%
Oriental Hotel Tokyo Bay	City	Mid- Priced	505	19,500	5.2%	20,900	4.9%	21,000	4.9%	20,900	5.1%	19,251	19,400	5.2%
Namba Oriental Hotel	Business	Mid- Priced	257	16,700	5.0%	18,200	4.5%	18,200	4.5%	17,900	4.7%	16,615	16,700	5.0%
Hotel Nikko Alivila	Resort	Luxury	396	19,800	6.2%	21,600	5.7%	21,600	5.7%	21,600	6.0%	19,992	19,700	6.2%
Nara Washington Hotel Plaza	Business	Mid- Priced	204	1,900	6.2%	2,070	5.7%	2,080	5.7%	1,970	6.0%	1,740	1,800	6.2%
Hakata Nakasu Washington Hotel Plaza	Business	Mid- Priced	247	3,900	5.5%	4,160	5.0%	4,200	5.0%	4,060	5.2%	3,871	3,880	5.5%
Daiwa Roynet Hotel Akita	Business	Economy	221	—	—	2,240	5.2%	2,240	5.2%	2,090	5.5%	2,315	2,278	5.2%
Oriental Hotel Hiroshima	City	Upper Middle	227	—	—	—	—	9,900	5.3%	9,780	5.5%	10,319	9,900	5.3%
Total			2,376	73,800		83,070		93,120		92,100		85,510	85,058	

(1) The book value at annual results of FY 2008, including values of real estate, machinery, fixtures, facilities and equipments.

# JHR Structure



# CAPEX Scheme

## CAPEX borne by JHR

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



# Outline of Lease Agreements

## Lease agreement schemes

	Annual Fixed Rents (Amount)	Revenue Threshold for Stepping up (Amount)	Variable rents rate	
			Standard Rate	Stepped-up Rate
Kobe Meriken Park Oriental Hotel	¥ 3,000 mn	Annual Amount ¥ 21,440 mn (1)	Applied to the amount up to the revenue threshold for stepping up	Applied to the amount in excess of the revenue threshold for stepping up
Oriental Hotel Tokyo Bay			10% of the above amount	30% of the above amount
Namba Oriental Hotel				
Hotel Nikko Alivila			10% of the above amount	30% of the above amount
Oriental Hotel Hiroshima (Acquired on October 1, 2007)	¥ 221 mn	Annual Amount ¥ 2,204mn (2)	Applied to the amount up to the revenue threshold for stepping up	Applied to the amount in excess of the revenue threshold for stepping up
			10% of the above amount	40% of the above amount

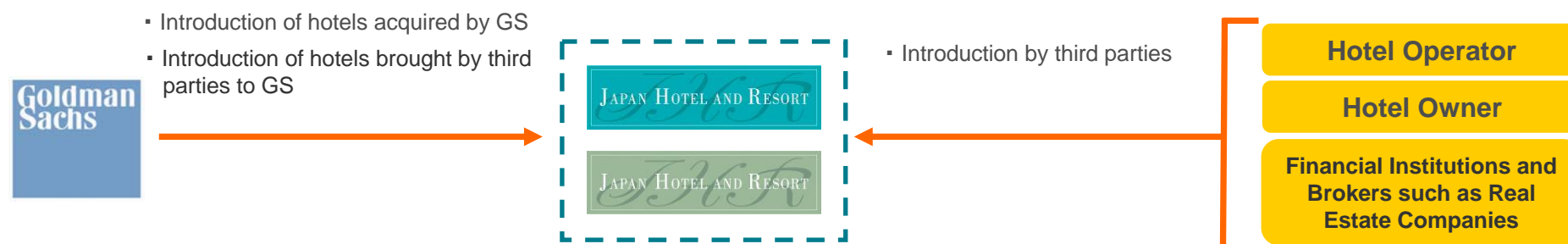
(Note1) Whether Kobe Meriken Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, and Hotel Nikko Alivila (hereinafter the “Four Existing Hotels”) reach the revenue threshold or not is determined based on the total revenues of the Four Existing Hotels. As stated in the “Notice regarding changes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

(Note2) As Oriental Hotel Hiroshima is acquired on October 1, 2007, the revenue threshold for stepping up for the third term is ¥ 2,023,000,000 (rounded down to the nearest million yen) which is calculated by dividing the expected annual revenues by the number of days of the year (366) and then multiplying by the number of days of the expected operating days (336).

(Note3) The upper limit of total variable rents (sum of rents based on the standard rate and the stepped-up rate) of the above five hotels (hereinafter the “Five Subject Hotels”) is a variable rent cap calculated for the Five Subject Hotels. Variable rent cap: 90% of the revised GOP (Gross Operating Profit) calculated by subtracting fixed rents and fees to operators from GOP of the five hotels.

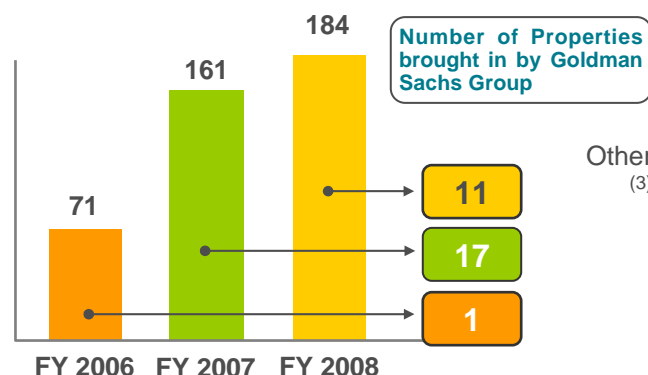
# Potential Opportunities to Acquire Properties

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

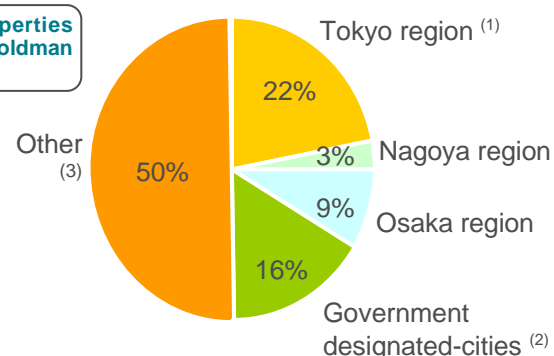


- A total of 184 properties were brought in from September 1, 2007 to August 31, 2008

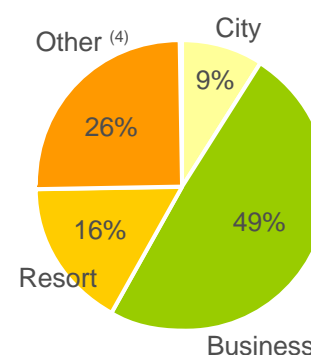
## Number of properties brought in



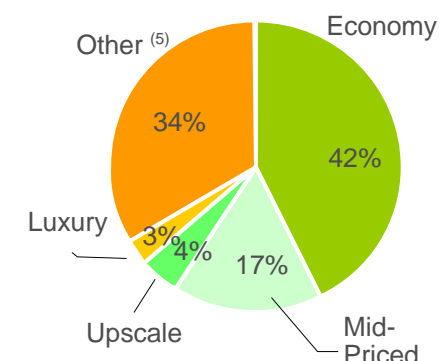
## By Location



## 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.

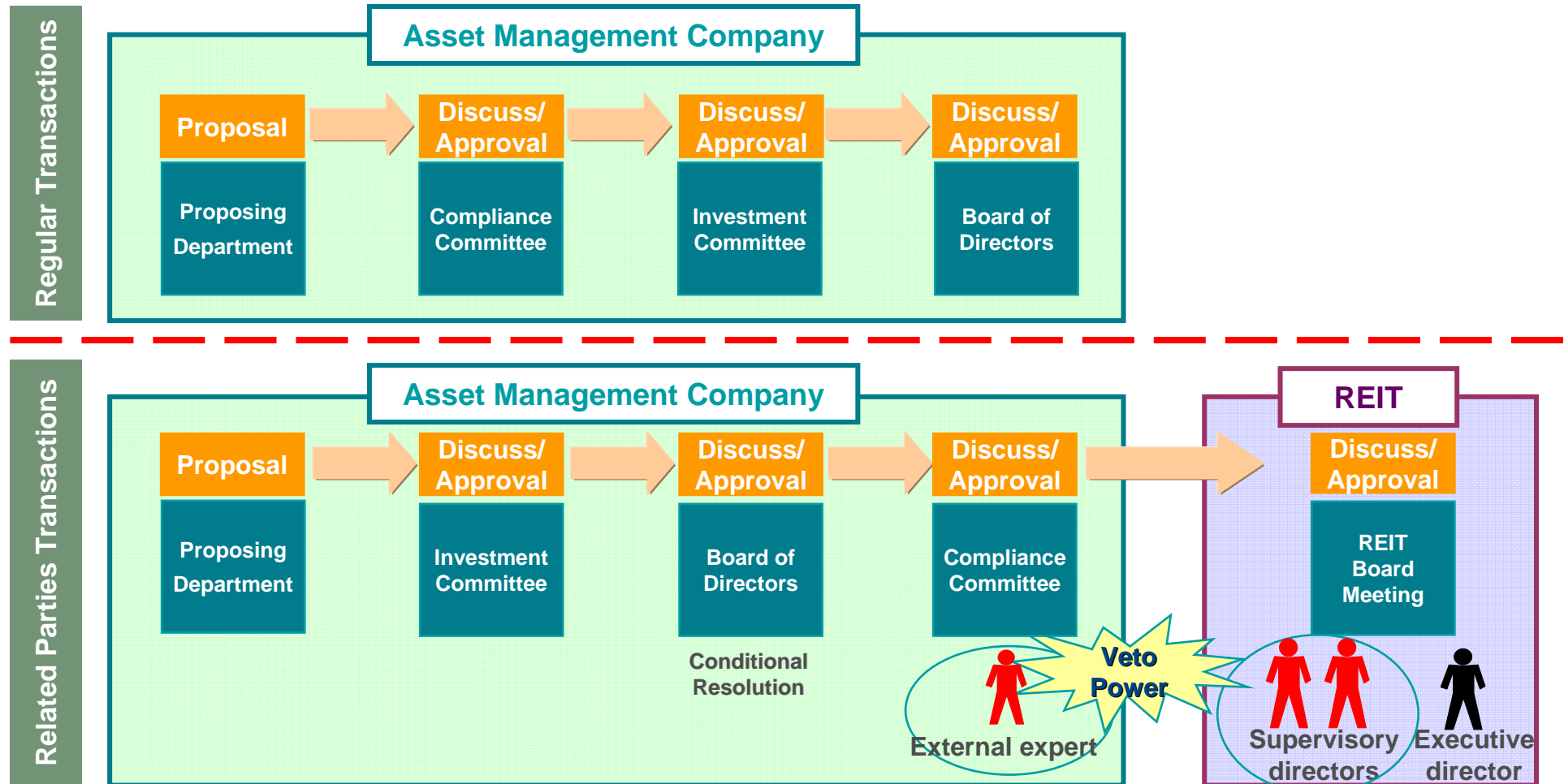
(Note 3) Others include properties located in areas other than the three major regions or government-designated cities, and properties whose details were not disclosed when they were brought in.

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

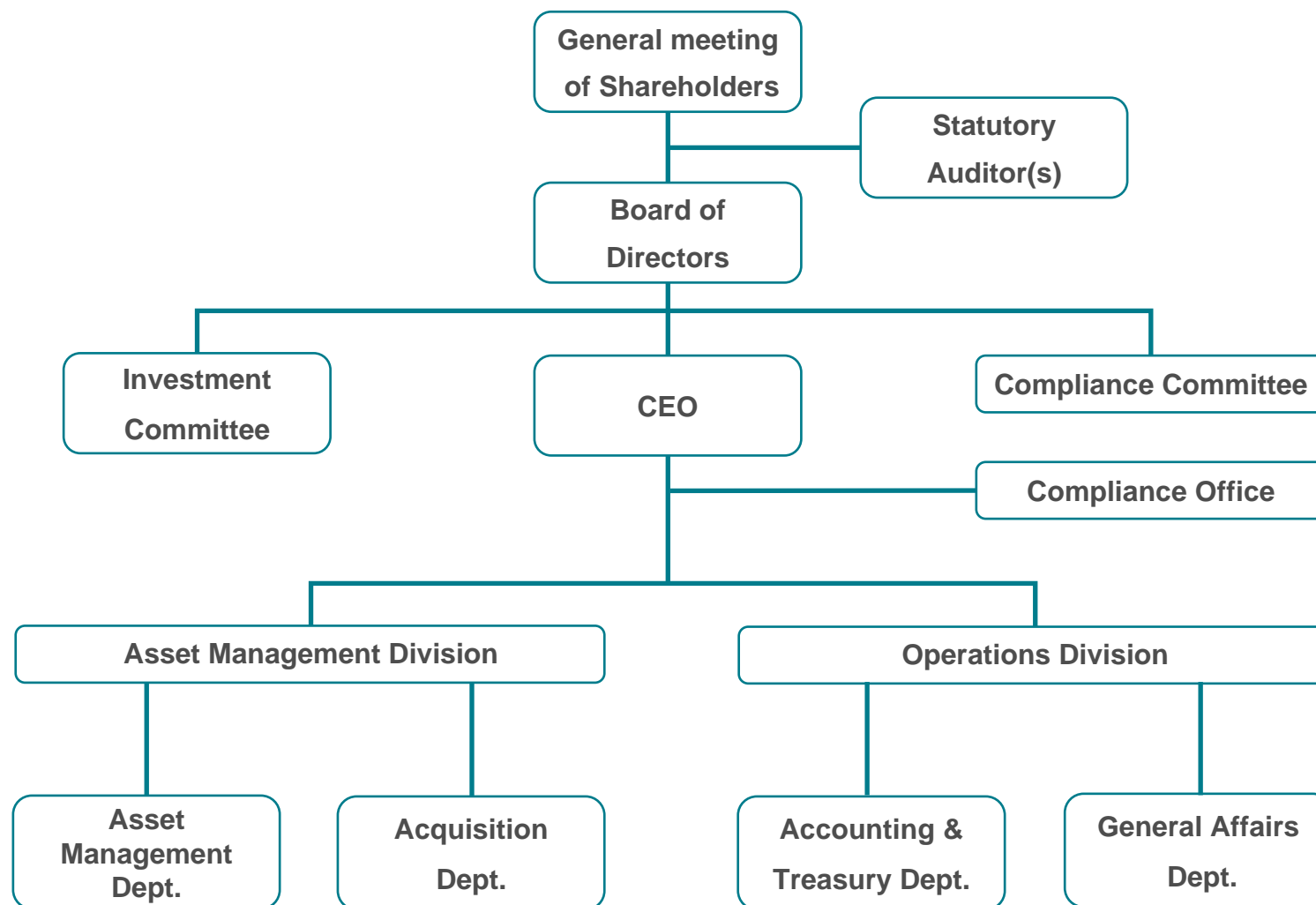
(Note 5) Others include developmental properties whose grades are not determined and properties whose details were not disclosed when brought in.

# Decision-Making Process

- An external expert must be present at the Compliance Committee when discussing deals with conflicting interests
- The external expert is the only party with veto power
- The two supervisory directors at the REIT must support the proposal



# Asset Management Company: Organizational Chart

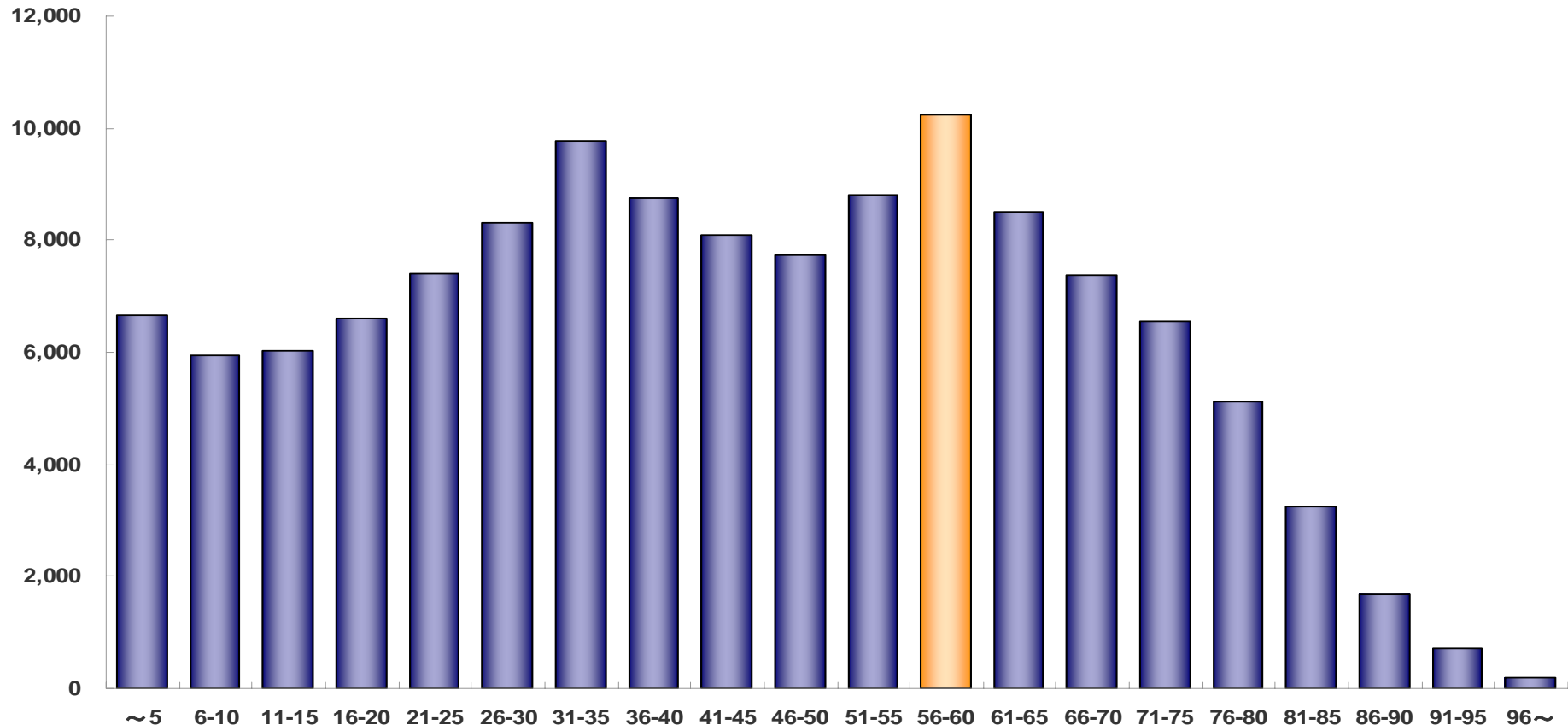


## Appendix B Market Review

# Baby Boomer Generation Travel Demand

## Scale of market for Baby Boomer generation

(Units: 1,000 persons)

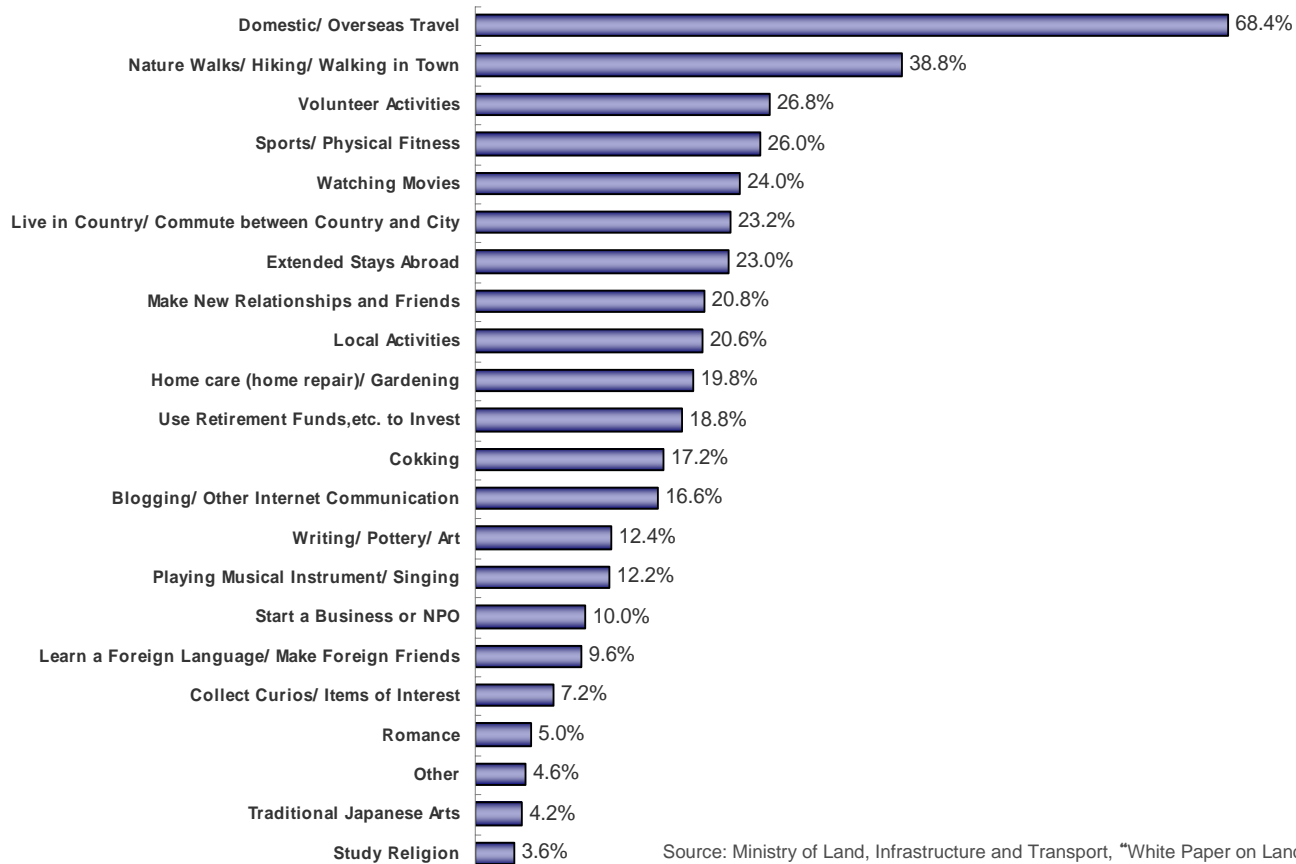


Source: Statistics Bureau, Ministry of Internal Affairs and Communications "2005 Population Census"

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

## Baby Boomer generation questionnaire

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



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

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

# Domestic Tourism and Travel Demand

## Leisure activities people desire to participate in : top five categories

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

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

## Potential demand for leisure activities: top five categories

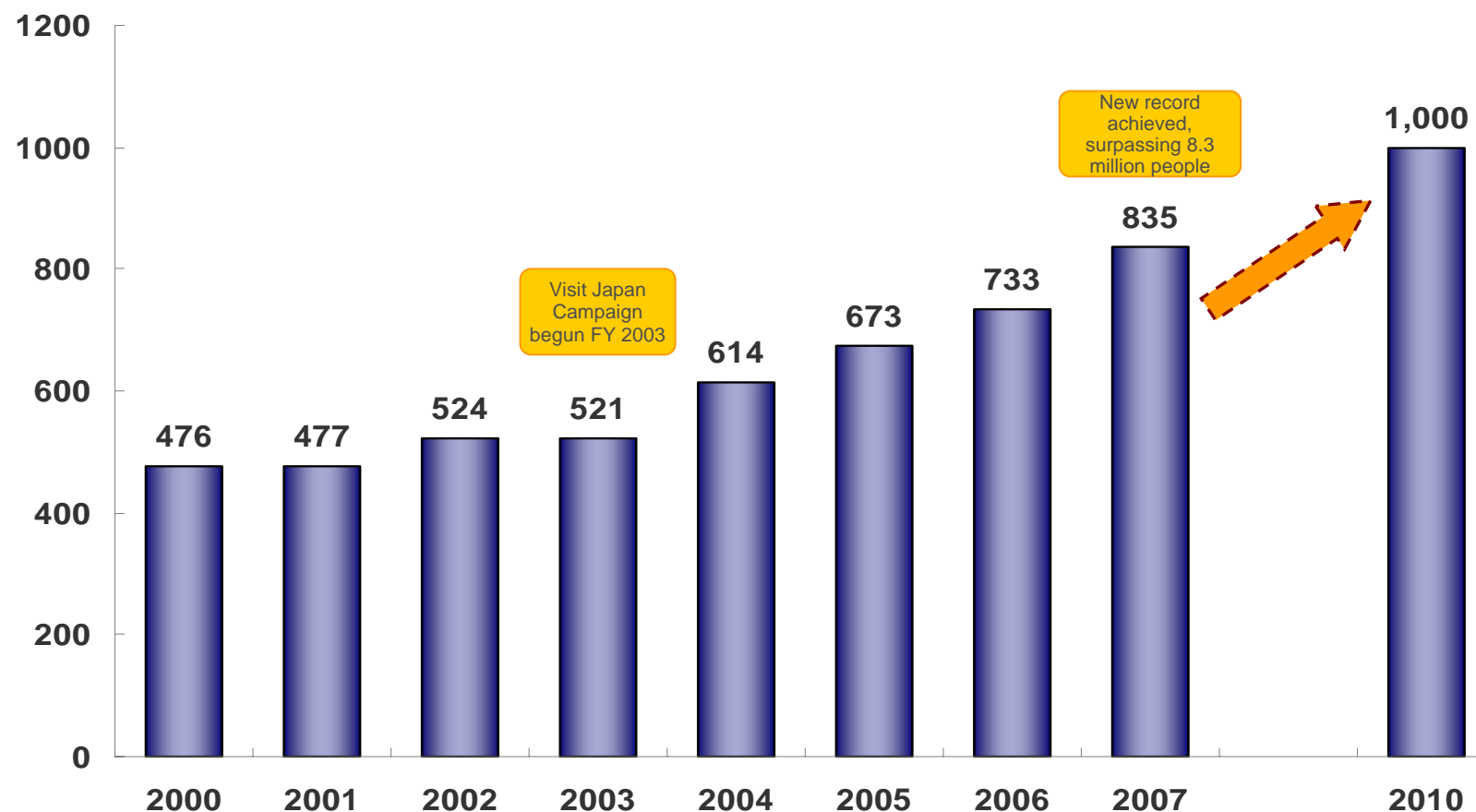
No	Leisure activities	%
1	<b>Overseas travel</b>	32.7
2	<b>Domestic tourism and travel</b> (summering, wintering, hot springs, etc.)	20.9
3	<b>Music events, concerts</b>	9.3
4	<b>Pottery</b>	8.8
5	<b>Car camping</b>	8.5

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



# Trends in inbound volume

(Units: 10,000 persons)

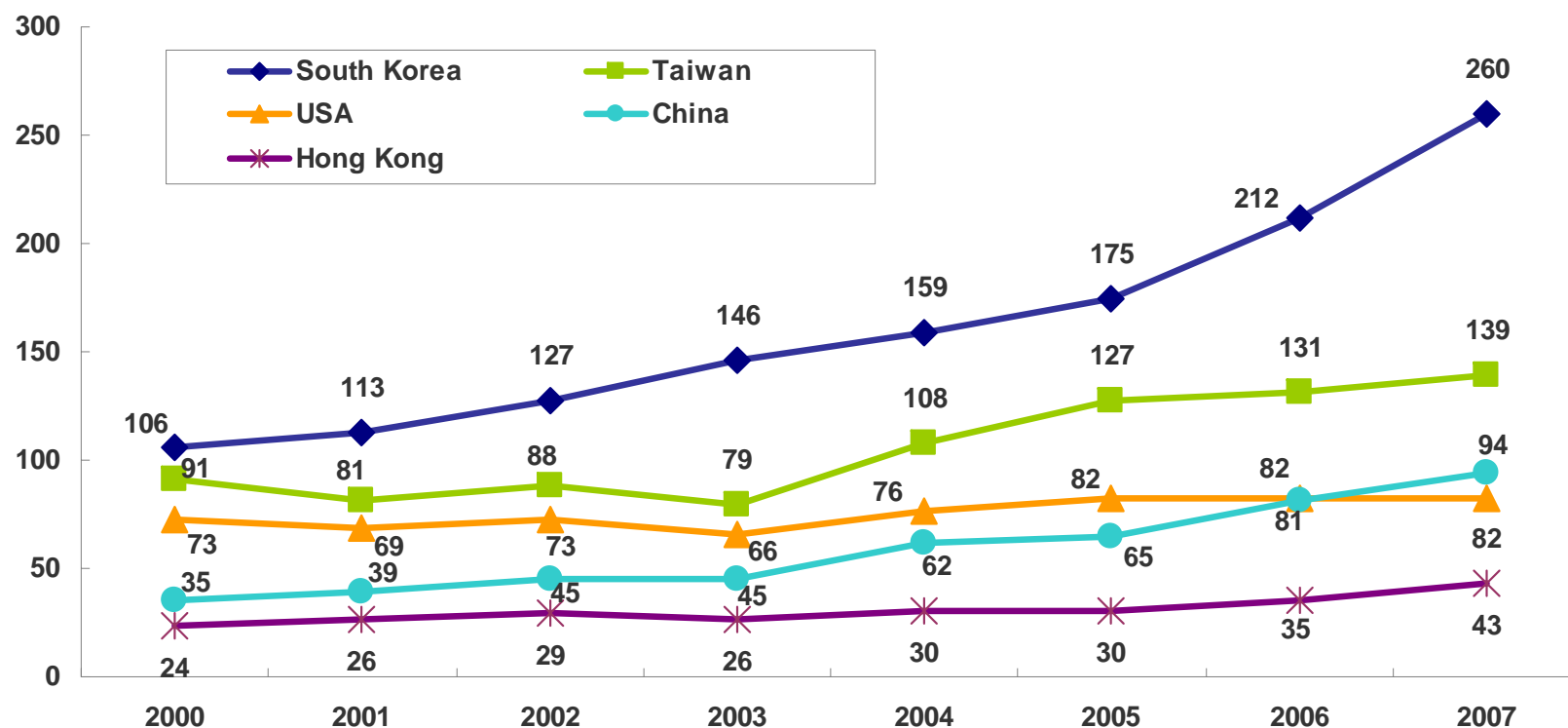


Source: Ministry of Land, Infrastructure, Transport, and Tourism, "White Paper on Tourism" 2008  
Figures for FY 2010 is the goal set by the Government of Japan

→ The number of visitors to Japan is on a rising trend,  
and tourism to Japan is expected to continue to be strong.

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

(Units: 10,000 persons)



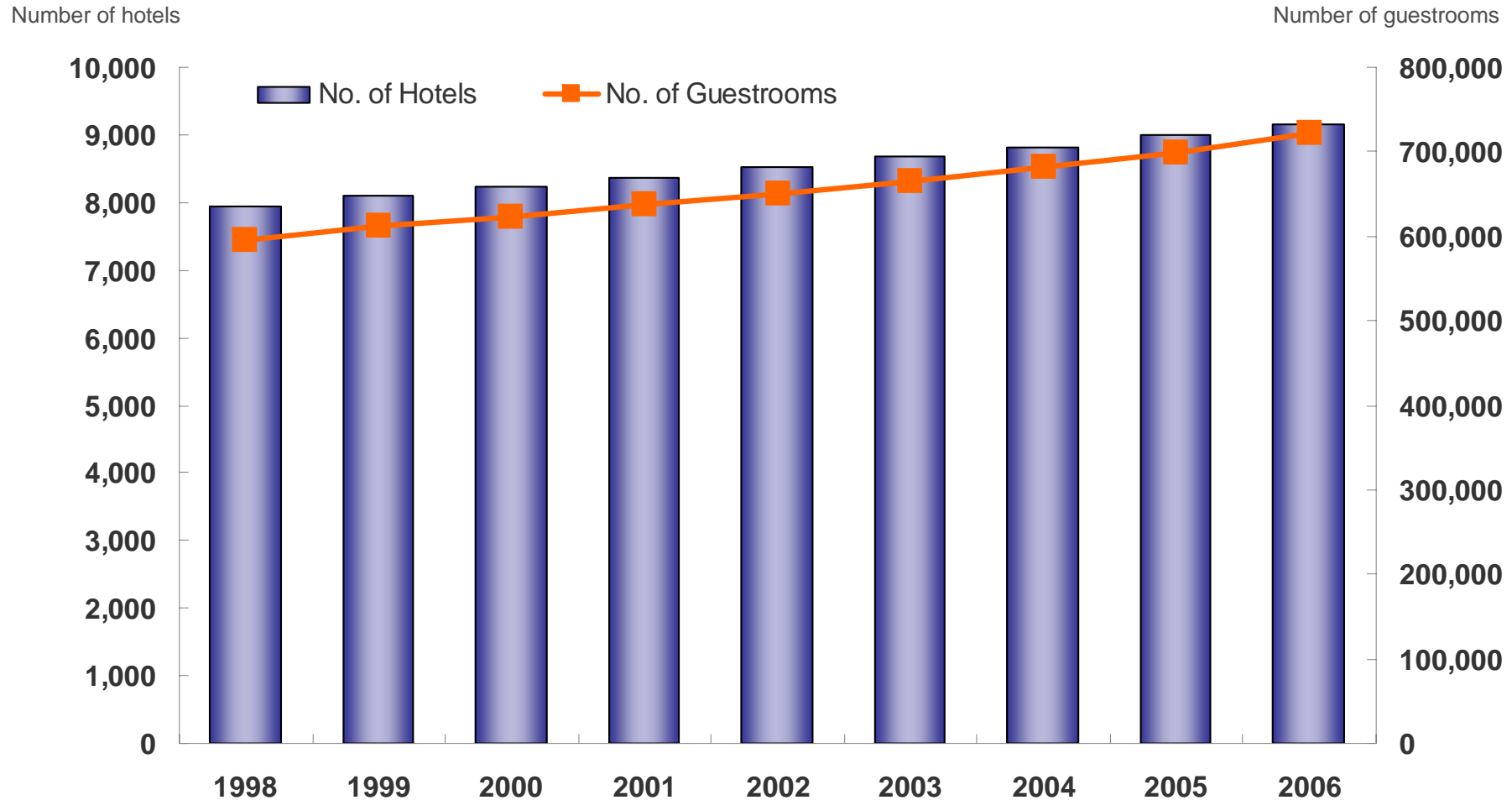
Source: Ministry of Land, Infrastructure, Transport, and Tourism, "White Paper on Tourism" 2008  
Japan National Tourist Organization (JNTO)

- Expectations for increase in number of tourists from Asia, reflect economic development
- In Jan. – June 2008, the number of tourists continues to increase from the same period in the last year: Korea (+8.1%), Taiwan (+6.9%), Hong Kong (36.7%) and China (+14.9%)

# Trends in Number of Hotel Facilities and Guestrooms

■ Appendix B Market Review ■

Japan Hotel and Resort, Inc.

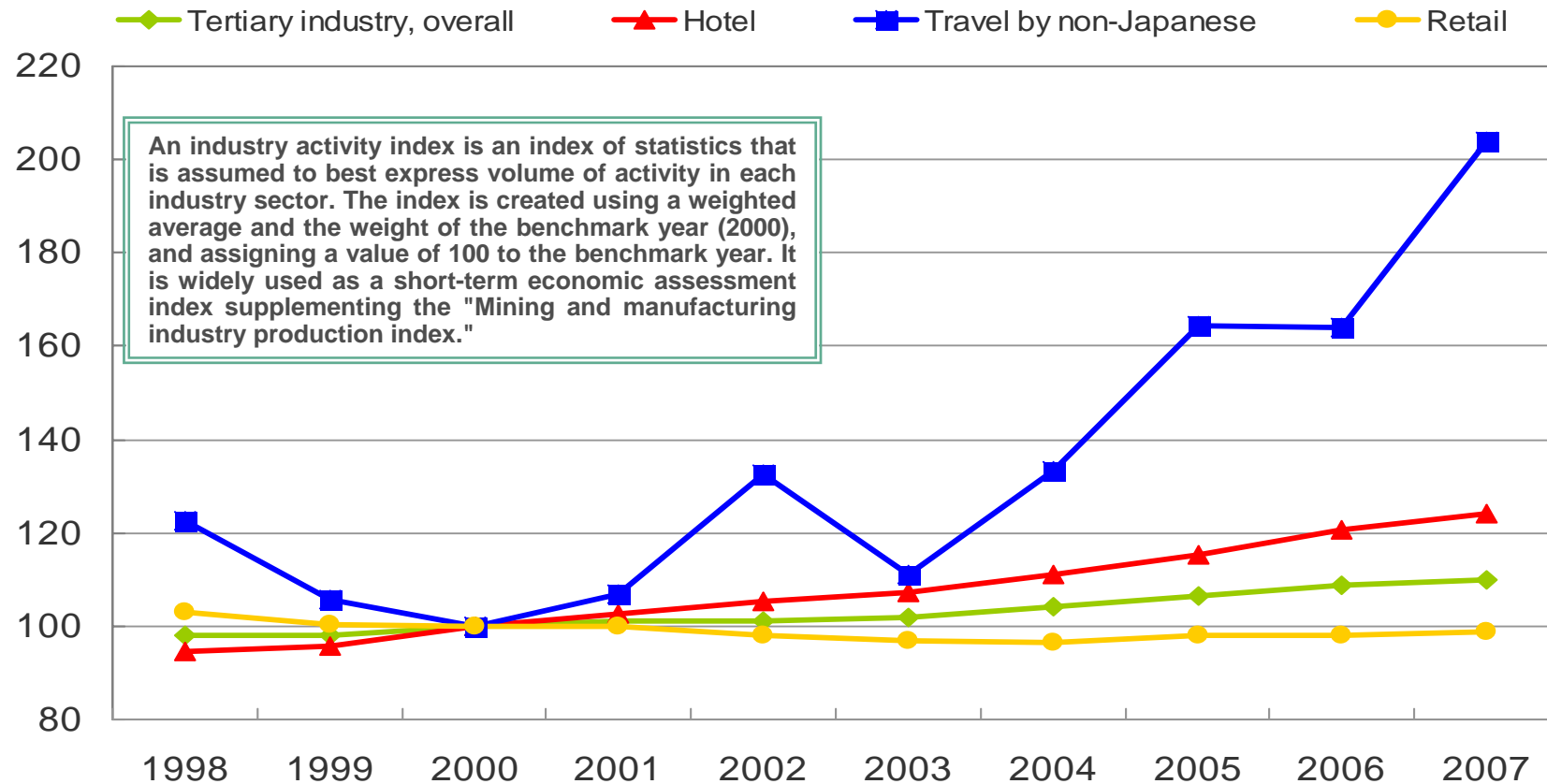


Source: Ministry of Health, Labour and Welfare, "Public Health Administration Report in 2006"

→ The number of hotels and guestrooms are showing an upward trend each year. In the past few years, the supply of new hotels, particularly budget-type, foreign-owned luxury hotel chains, has increased.

# Status of Service Industry Activities

## 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

	CY 2007 Results	Goldman Sachs <sup>(1)</sup> (October 7, 2008)		Daiwa Institute of Research <sup>(2)</sup> (September 12, 2008)		%
		CY 2008 Forecast	CY 2009 Forecast	CY 2008 Forecast	CY 2009 Forecast	
Real GDP	2.1	0.7	0.5	0.7	0.7	
Consumers Expenditure	1.5	0.8	0.6	0.8	0.8	
Government Expenditure	0.7	0.4	1.1	0.4	0.7	
Private Housing Investment	-9.5	-9.3	2.7	-9.0	4.2	
Private Capital Investment	2.2	0.2	0.9	-0.1	0.4	
Public Fixed Investment	-2.5	-4.5	-2.5	-3.7	-0.5	
Exports of Goods and Services	8.6	5.4	-0.9	4.8	0.2	
Imports of Goods and Services	1.8	-0.2	-2.0	-0.8	-0.9	
Nominal GDP	1.3	-0.3	0.8	-0.5	0.8	
GDP Deflator	-0.8	-1.0	0.4	-1.2	0.2	
Consumer Price Increases (Excluding Fresh Goods)	0.0	1.6	1.4	1.7	1.0	
Domestic Corporate Goods Price	1.8	5.3	3.9	4.2	-0.8	
10 Year Govt. Bond Yield	1.67	1.50	1.90	1.42	1.59	

(Note1) Source : Goldman Sachs Economic Research

(Note2) Source : Japanese Economic Outlook No. 158 (Revised) as of September 12, 2008

## Appendix C Hotel Performance

# Hotel Indicators (Yearly)

## ■ Appendix C Hotel Performance ■

Japan Hotel and Resort, Inc.

### ■ HMJ 5 Hotel TTL

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	82.4%	81.4%	-1.0%	77.7%	-3.7%
ADR	19,334	19,042	△ 292	18,279	△ 763
RevPAR	16,192	15,500	△ 692	14,202	△ 1,298
Total Revenues	11,482	21,096	9,614	23,151	2,055
Rooms	5,249	9,288	4,039	9,733	445
Food & Beverages	4,854	9,318	4,464	11,050	1,732
Shops	397	710	313	573	△ 137
Tenants	629	1,154	525	1,168	14
Others	354	627	273	627	0
GOP	3,528	6,007	2,479	6,303	296

### ■ Kobe Meriken Park Oriental Hotel

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	80.0%	78.4%	-1.6%	78.0%	-0.4%
ADR	14,869	16,025	1,156	15,448	△ 577
RevPAR	11,925	12,556	631	12,049	△ 507
Total Revenues	3,391	6,619	3,228	6,744	125
Rooms	860	1,663	803	1,572	△ 91
Food & Beverages	2,293	4,506	2,213	4,766	260
Shops	86	155	69	138	△ 17
Tenants	34	62	28	63	1
Others	118	233	115	205	△ 28
GOP	669	1,330	661	1,319	△ 11

### ■ Oriental Hotel Tokyo Bay

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	84.3%	80.6%	-3.7%	79.6%	-1.0%
ADR	18,994	19,446	452	19,817	371
RevPAR	16,116	15,679	△ 437	15,784	105
Total Revenues	3,524	6,590	3,066	6,783	193
Rooms	1,782	3,200	1,418	3,216	16
Food & Beverages	1,428	2,806	1,378	3,082	276
Shops	53	112	59	5	△ 107
Tenants	144	267	123	276	9
Others	117	206	89	204	△ 2
GOP	946	1,630	684	1,708	78

### ■ Namba Oriental Hotel

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	80.8%	88.4%	7.6%	86.8%	-1.6%
ADR	10,023	10,300	277	10,649	349
RevPAR	8,114	9,104	990	9,248	144
Total Revenues	1,007	1,941	934	1,976	35
Rooms	454	939	485	957	18
Food & Beverages	72	122	50	145	23
Shops	—	—	—	—	—
Tenants	451	824	373	816	△ 8
Others	30	55	25	58	3
GOP	603	1,114	511	1,099	△ 15

### ■ Hotel Nikko Alivila

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	82.9%	80.4%	-2.5%	77.4%	-3.0%
ADR	29,516	27,197	△ 2,319	28,347	1,150
RevPAR	25,077	21,859	△ 3,218	21,934	75
Total Revenues	3,560	5,945	2,385	5,853	△ 92
Rooms	2,154	3,485	1,331	3,499	14
Food & Beverages	1,061	1,884	823	1,798	△ 86
Shops	257	443	186	430	△ 13
Tenants	—	—	—	—	—
Others	88	134	46	125	△ 9
GOP	1,310	1,933	623	1,933	0

### ■ Oriental Hotel Hiroshima

	FY 2006 ended Aug 31'06	FY 2007 ended Aug 31'07	Change	FY 2008 ended Aug 31'08	Change
Occupancy Rate	—	—	—	62.6	—
ADR	—	—	—	8,876	—
RevPAR	—	—	—	5,556	—
Total Revenues	—	—	—	1,795	—
Rooms	—	—	—	489	—
Food & Beverages	—	—	—	1,259	—
Shops	—	—	—	—	—
Tenants	—	—	—	13	—
Others	—	—	—	34	—
GOP	—	—	—	243	—

- (Note) • Hotel business figures for FY 2006 are based on period of operation from February 15, 2006 to August 31, 2006  
 • Occupancy rate 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.  
 • Revenue and performance indicator data for FY 2006 & FY 2007 was audited, and the data for FY 2008 is unaudited.

# Monthly Hotel Indicators

## Kobe Meriken Park Oriental Hotel

■ Appendix C Hotel Performance ■

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2008 ended August 31, 2008													
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	← Unaudited →						Unaudited	← Unaudited →						Unaudited	
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	544	614	667	627	419	503	3,374	591	542	656	536	496	549	3,370	6,744
Rooms							773							798	1,572
Food & Beverages							2,398							2,367	4,766
Shops							72							65	138
Tenant							31							31	63
Others							99							106	205
GOP							585							733	1,319

Fiscal Year		FY 2007 ended August 31, 2007													
Year	2006	2006	2006	2006	2007	2007	1st Half Total	2007	2007	2007	2007	2007	2007	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	← Audited →						Audited	← Audited →						Audited	
Occupancy Rate	94.3%	88.6%	86.6%	81.7%	62.0%	63.3%	79.6%	83.9%	73.7%	75.3%	67.4%	69.1%	93.1%	77.2%	78.4%
ADR	13,986	14,784	15,266	19,204	14,762	13,847	15,373	15,279	16,201	17,638	16,218	16,428	18,099	16,691	16,025
RevPAR	13,193	13,106	13,215	15,689	9,153	8,764	12,232	12,825	11,938	13,275	10,937	11,347	16,846	12,877	12,556
Total Revenues	508	680	641	624	375	442	3,270	605	578	586	516	514	549	3,349	6,619
Rooms							806							857	1,663
Food & Beverages							2,239							2,267	4,506
Shops							76							79	155
Tenant							31							31	62
Others							117							115	233
GOP							665							665	1,330

Fiscal Year		FY 2007 VS FY 2008													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	-9.8%	-9.3%	-0.9%	-0.3%	-1.5%	0.9%	-3.6%	-8.8%	6.2%	7.0%	8.3%	8.0%	-3.0%	2.9%	-0.4%
ADR	1,120	610	△ 524	△ 535	75	△ 680	69	△ 197	△ 2,269	△ 1523	△ 2291	△ 1385	△ 37	△ 1236	△ 577
RevPAR	△ 421	△ 900	△ 579	△ 498	△ 170	△ 307	△ 500	△ 1493	△ 813	△ 11	△ 396	258	△ 579	△ 505	△ 507
Total Revenues	36	△ 66	26	3	44	61	104	△ 14	△ 36	70	20	△ 18	0	21	125
Rooms							△ 33							△ 59	△ 91
Food & Beverages							159							100	260
Shops							△ 4							△ 14	△ 17
Tenant							0							0	1
Others							△ 18							△ 9	△ 28
GOP							△ 80							68	△ 11

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



# Monthly Hotel Indicators

## Oriental Hotel Tokyo Bay

■ Appendix C Hotel Performance ■

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2008 ended August 31, 2008														
Year		2007	2007	2007	2007	2008	2008	1st Half total	2008	2008	2008	2008	2008	2008	2nd Half total	Total
Month		Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status		←						Unaudited	←						Unaudited	
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		560	624	612	659	459	460	3,374	662	492	546	485	553	672	3,408	6,783
	Rooms							1,509							1,706	3,216
	Food & Beverages							1,633							1,448	3,082
	Shops							3							2	5
	Tenant							139							136	276
	Other							90							114	204
GOP								795							913	1,708

Fiscal Year		FY 2007 ended August 31, 2007														
Year		2006	2006	2006	2006	2007	2007	1st Half total	2007	2007	2007	2007	2007	2007	2nd Half total	Total
Month		Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status		←						Audited	←						Audited	
Occupancy Rate		91.4%	95.5%	91.1%	82.7%	78.2%	81.4%	86.7%	92.4%	61.1%	72.1%	67.2%	65.2%	89.0%	74.6%	80.6%
ADR		18,351	18,949	18,846	20,261	14,963	13,989	17,706	22,744	21,681	20,781	17,070	18,871	25,517	21,529	19,446
RevPAR		16,774	18,091	17,160	16,750	11,697	11,387	15,357	21,026	13,247	14,989	11,475	12,300	22,706	16,065	15,679
Total Revenues		571	622	601	595	489	420	3,300	693	476	535	463	495	629	3,291	6,590
	Rooms							1,555							1,645	3,200
	Food & Beverages							1,444							1,363	2,806
	Shops							58							54	112
	Tenant							131							136	267
	Other							112							93	206
GOP								810							821	1,630

Fiscal Year		FY 2007 vs FY 2008														
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total	
Occupancy Rate	-6.6%	-7.6%	-7.0%	-0.8%	-7.9%	-2.4%	-5.4%	-12.6%	3.0%	-0.8%	10.6%	20.3%	0.1%	3.4%	-1.0%	
ADR	△ 4	252	473	1,642	1,295	116	610	1,440	△ 2,056	179	△ 339	△ 411	1578	△ 164	371	
RevPAR	△ 1,213	△ 1,218	△ 918	1,190	△ 271	△ 248	△ 464	△ 1,721	△ 676	△ 41	1,546	3,486	1425	601	105	
Total Revenues	△ 11	2	11	64	△ 30	40	74	△ 31	16	11	22	58	43	117	193	
	Rooms						△ 46							61	16	
	Food & Beverages						189							85	276	
	Shops						△ 55							△ 52	△ 107	
	Tenant						8							0	9	
	Other						△ 22							21	△ 2	
GOP							△ 15							92	78	

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

# Monthly Hotel Indicators

## Namba Oriental Hotel

■ Appendix C Hotel Performance ■

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2008 ended August 31, 2008													
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	→						Unaudited	
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	167	165	168	173	159	167	999	163	155	165	152	163	179	976	1,976
<div></div>	Rooms						481							475	957
	Food & Beverages						80							64	145
	Shops						-							-	-
	Tenants						404							411	816
	Others						34							23	58
GOP							557							542	1,099

Fiscal Year		FY 2007 ended August 31, 2007													
Year	2006	2006	2006	2006	2007	2007	1st Half Total	2007	2007	2007	2007	2007	2007	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Audited	→						Audited	
Occupancy Rate	87.8%	87.5%	91.3%	83.6%	89.4%	90.2%	88.2%	92.1%	92.3%	85.3%	82.1%	86.8%	92.4%	91.1%	88.4%
ADR	9,744	10,010	10,594	10,531	9,710	9,970	10,093	10,331	10,548	10,485	9,967	10,068	11,515	10,347	10,300
RevPAR	8,556	8,759	9,672	8,801	8,683	8,991	8,907	9,514	9,738	8,947	8,184	8,741	10,645	9,424	9,104
Total Revenues	157	161	158	164	160	151	951	168	166	162	151	161	181	990	1,941
<div></div>	Rooms						456							484	939
	Food & Beverages						56							66	122
	Shops						-							-	-
	Tenants						410							414	824
	Others						30							26	55
GOP							561							553	1,114

Fiscal Year		FY 2007 vs FY 2008													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	7.3%	3.8%	-0.6%	1.4%	-6.5%	-2.7%	0.5%	-7.9%	-8.6%	1.6%	-0.7%	-2.1%	-3.7%	-6.1%	-1.6%
ADR	454	88	394	761	634	381	446	367	△ 125	237	340	530	225	416	349
RevPAR	1,145	459	297	793	△ 111	68	443	△ 504	△ 1,009	370	206	239	△ 231	△ 278	144
Total Revenues	10	4	10	9	△ 1	16	48	△ 5	△ 11	3	1	2	△ 2	△ 14	35
<div></div>	Rooms						25							△ 9	18
	Food & Beverages						24							△ 2	23
	Shops						-							-	-
	Tenants						△ 6							△ 3	△ 8
	Others						4							△ 3	3
GOP							△ 4							△ 11	△ 15

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

# Monthly Hotel Indicators

## Hotel Nikko Alivila

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							Unaudited							Unaudited	
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	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							491							1,442	1,933

Fiscal Year		FY 2007 ended August 31, 2007													
Year	2006	2006	2006	2006	2007	2007	1st Half	2007	2007	2007	2007	2007	2007	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status							Audited							Audited	
Occupancy Rate	96.1%	91.5%	77.9%	67.9%	70.5%	84.8%	81.3%	89.7%	74.7%	62.0%	69.7%	84.3%	95.8%	79.4%	80.4%
ADR	24,983	18,384	18,053	22,641	21,837	17,563	20,612	20,990	23,949	27,309	23,724	41,899	57,584	33,856	27,197
RevPAR	23,997	16,817	14,056	15,376	15,391	14,901	16,762	18,828	17,881	16,935	16,525	35,338	55,187	26,895	21,859
Total Revenues	509	453	382	395	385	357	2,481	484	422	396	389	719	1,054	3,465	5,945
Rooms							1,326							2,160	3,485
Food & Beverages							903							981	1,884
Shops							198							245	443
Tenants							-							-	-
Others							54							79	134
GOP							593							1,340	1,933

Fiscal Year		FY 2007 vs FY 2008													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	-2.0%	-1.2%	-2.1%	-6.8%	-21.9%	-28.0%	-10.2%	-12.3%	9.0%	21.0%	5.2%	5.3%	-3.2%	4.2%	-3.0%
ADR	1,699	894	730	1,019	2,187	△ 1,068	1,034	1,243	△ 1,361	△ 3,471	△ 808	1,060	5,254	131	1,150
RevPAR	1,119	592	178	△ 917	△ 3,724	△ 5,539	△ 1,368	△ 1,624	1,026	2,838	631	3,159	3,029	1,509	75
Total Revenues	22	△ 2	△ 6	△ 28	△ 95	△ 110	△ 219	△ 53	28	75	5	46	25	125	△ 92
Rooms							△ 104							117	14
Food & Beverages							△ 86							0	△ 86
Shops							△ 21							7	△ 13
Tenants							-							-	-
Others							△ 8							△ 1	△ 9
GOP							△ 102							102	0

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

# Monthly Hotel Indicators

## Oriental Hotel Hiroshima

■ Appendix C Hotel Performance ■

Japan Hotel and Resort, Inc.

Fiscal Year		FY 2008 ended August 31, 2008													
Year	2007	2007	2007	2007	2008	2008	1st Half Total	2008	2008	2008	2008	2008	2008	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	→						Unaudited	
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	-	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							111							132	243

Fiscal Year		FY 2007 ended August 31, 2007													
Year	2006	2006	2006	2006	2007	2007	1st Half Total	2007	2007	2007	2007	2007	2007	2nd Half Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status															
Occupancy Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rooms							-							-	-
Food & Beverages							-							-	-
Shops							-							-	-
Tenants							-							-	-
Others							-							-	-
GOP							-							-	-

Fiscal Year		FY 2007 vs FY 2008													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ADR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RevPAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rooms							-							-	-
Food & Beverages							-							-	-
Shops							-							-	-
Tenants							-							-	-
Others							-							-	-
GOP							-							-	-

(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 (1)

## Appendix C Hotel Performance

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	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.
Operating Days	365	366	1	365	366	1	365	366	1	365	366	1	365	366	1
Acq. Price	11,400,000			19,400,000			16,700,000			19,700,000			1,800,000		
Total Rent Revenues ①	1,239,544	1,252,016	12,472	1,325,335	1,344,602	19,267	994,091	997,512	3,421	1,551,630	1,542,373	(9,257)	147,000	147,000	0
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	146,000	0
Variable Rent Revenues	661,929	674,401	12,472	659,033	678,300	19,267	194,131	197,552	3,421	594,537	585,280	(9,257)	—	—	—
Other Revenues	969	969	0	—	—	—	—	—	—	—	—	—	1,000	1,000	0
Total Rent Expenses ②	751,102	802,567	51,465	540,739	656,825	116,086	205,171	262,314	57,143	418,973	507,678	88,705	56,000	62,000	6,000
Insurance	7,522	6,877	(645)	7,371	6,669	(702)	3,415	3,096	(319)	6,202	5,269	(933)	1,000	1,000	0
Land Lease Payment	239,629	241,877	2,248	—	—	—	—	—	—	19,999	19,999	0	—	—	—
Other Lease Payment	36,585	36,588	3	—	—	—	—	—	—	64,149	64,149	0	—	—	—
Building Maintenance Fee	960	960	0	960	960	0	960	960	0	1,920	1,920	0	6,000	5,000	(1,000)
Asset Custody Fee	3,000	3,000	0	3,000	3,000	0	3,000	3,000	0	5,000	5,000	0	2,000	2,000	0
Property Tax/ Urban Planning Tax	29,722	71,912	42,190	51,984	125,199	73,215	40,494	97,102	56,608	30,186	72,187	42,001	4,000	10,000	6,000
Depreciation ③	377,453	415,432	37,979	420,495	467,601	47,106	154,834	157,807	2,973	283,168	324,062	40,894	41,000	42,000	1,000
Loss from Disposal of Fixed Assets ④	51,650	20,462	(31,188)	54,108	50,363	(3,745)	0	0	0	0	710	710	—	—	—
Other Expenses	4,578	5,456	878	2,819	3,031	212	2,468	348	(2,120)	8,346	14,379	6,033	0	0	0
Operating Profit ⑤ (=①-②)	488,442	449,448	(38,994)	784,596	687,776	(96,820)	788,919	735,197	(53,722)	1,132,656	1,034,694	(97,962)	91,000	85,000	(6,000)
NOI ⑥ (=③+④+⑤)	917,545	885,342	(32,203)	1,259,200	1,205,742	(53,458)	943,754	893,005	(50,749)	1,415,824	1,359,467	(56,357)	133,000	127,000	(6,000)
NOI % (Annualized ⑥/ Acq. Price)	8.05%	7.77%	-0.28%	6.49%	6.22%	-0.27%	5.65%	5.35%	-0.30%	7.19%	6.90%	-0.29%	7.42%	7.06%	-0.36%

(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 (2)

(Amount: thousand yen)

	Hakata Nakasu Washington Hotel Plaza (1)			Daiwa Roynet Hotel Akita (1)			Oriental Hotel Hiroshima			Total		
Term	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.	FY 2007	FY 2008	Var.
Operating Days	365	366	1	198	366	168	—	336	—	365	366	1
Acq. Price	3,880,000			2,278,000			9,900,000			75,158,000	85,058,000	9,900,000
<b>Total Rent Revenues ①</b>	259,000	259,000	0	74,750	138,000	63,250	—	382,106	—	5,592,700	6,063,987	471,286
Fixed Rent Revenues	259,000	259,000	0	74,750	138,000	63,250	—	202,587	—	3,480,582	3,746,419	265,837
Variable Rent Revenues	—	—	—	—	—	—	—	179,519	—	2,109,631	2,315,053	205,422
Other Revenues	—	—	—	—	—	—	—	—	—	2,487	2,514	27
<b>Total Rent Expenses ②</b>	64,000	71,000	7,000	32,737	68,000	35,263	—	143,150	—	2,069,336	2,574,832	505,496
Insurance	1,000	1,000	0	639	1,000	361	—	2,394	—	27,609	27,639	30
Land Lease Payment	—	—	—	—	—	—	—	—	—	259,628	261,876	2,248
Other Lease Payment	—	—	—	—	—	—	—	—	—	100,735	100,738	3
Building Maintenance Fee	5,000	4,000	(1,000)	1,560	2,000	440	—	880	—	18,233	18,605	372
Asset Custody Fee	2,000	2,000	0	—	—	—	—	2,754	—	18,000	21,754	3,754
Property Tax/ Urban Planning Tax	6,000	15,000	9,000	—	7,000	7,000	—	20,278	—	163,083	420,093	257,009
Depreciation ③	46,000	47,000	1,000	30,538	56,000	25,462	—	113,035	—	1,355,048	1,623,609	268,560
Loss from Disposal of Fixed Assets ④	—	—	—	—	—	—	—	—	—	105,994	71,537	(34,457)
Other Expenses	2,000	1,000	(1,000)	—	—	—	—	3,806	—	21,002	28,977	7,975
<b>Operating Profit ⑤ (=①-②)</b>	195,000	188,000	(7,000)	42,012	69,000	26,988	—	238,956	—	3,523,364	3,489,154	(34,210)
<b>NOI ⑥ (=③+④+⑤)</b>	241,000	235,000	(6,000)	72,550	126,000	53,450	—	351,991	—	4,984,407	5,184,301	199,893
<b>NOI % (Annualized ⑥/ Acq. Price)</b>	6.24%	6.07%	-0.17%	5.87%	5.54%	-0.33%	—	3.56%	—	6.63%	6.10%	-0.53%

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

# Basic Terms

**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 profit <sup>(1)</sup> — Undistributed expenses

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

 : Commonly used performance indicators for hotels

## Appendix D Investor Composition and Unit Price



# Units Held by Attribute

## Number of investors

## Number of investment units held

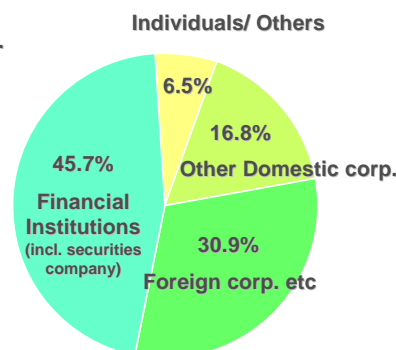
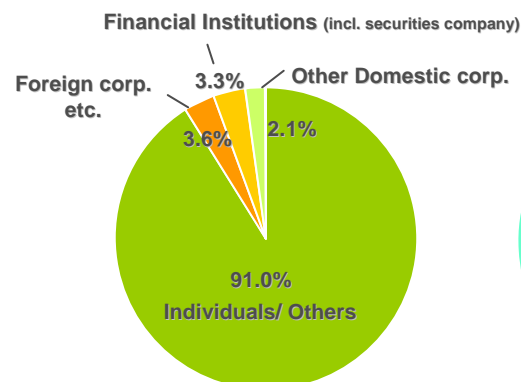
## Unit-holder details (as of August 31, 2008)

Category	Investors		Units	
	Number	%	Number	%
Individuals/ Others	3,267	93.0	11,793	12.9
Financial Institutions (incl. securities company)	61	1.7	36,211	39.5
Other Domestic Corp	77	2.2	17,369	18.9
Foreign Corp. etc.	109	3.1	26,327	28.7
<b>Total</b>	<b>3,514</b>	<b>100.0</b>	<b>91,700</b>	<b>100.0</b>

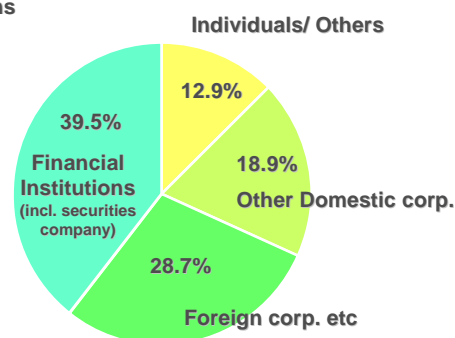
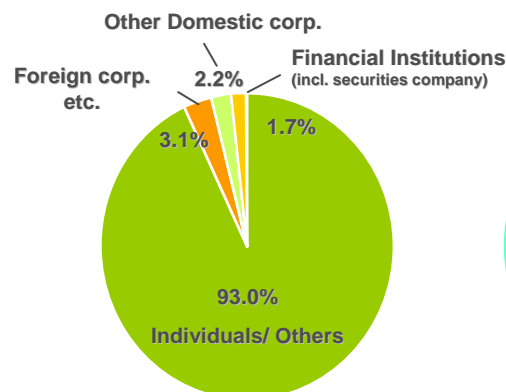
## Top 10 Investors (as of August 31, 2008)

No	Name	# of Units Held	% <sup>(3)</sup>
1	Japan Hotel Alliance Co., Ltd. <sup>(2)</sup>	9,150	9.97
2	Nikko Cititrust and Banking Corporation (Inv. Trust Account)	7,294	7.95
3	Japan Trustee Services Bank, Ltd. (Trust Account)	6,866	7.48
4	Mori Trust Co., Ltd.	4,575	4.98
5	The Master Trust Bank of Japan, Ltd. (Trust Account)	4,233	4.61
6	Indus Japan Master Fund Ltd.	3,937	4.29
7	Trust & Custody Services Bank, Ltd (Securities Inv. Trust A/C)	3,277	3.57
8	The Nomura Trust and Banking Co., Ltd (Inv. Trust A/C)	2,412	2.63
9	Goldman Sachs & Co. REG	2,377	2.59
10	UBS AG London A/C IPB Segregated Client Account	2,144	2.33

FY 2007



FY 2008



(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) Japan Hotel Alliance 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.

(3) 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 Oct 10, 2008)

## ■ Appendix D Investor Composition and Unit Price ■

Japan Hotel and Resort, Inc.

### Share Holdings of Joint Holders

#### 1. Nomura Securities Co., Ltd. (Submission to Kanto Local Finance Bureau: October 7, 2008)

Submitter or Joint Holders	Number of Shares Held (Shares, Units)	Shareholdings (%)
Nomura Securities Co., Ltd.	1,584	1.73
Nomura Asset Management Co., Ltd.	3,591	3.92
<b>Total</b>	<b>5,175</b>	<b>5.64</b>

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

Submitter or Joint Holders	Number of Shares Held (Shares, Units)	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
<b>Total</b>	<b>3,716</b>	<b>4.05</b>

#### 3. Goldman Sachs Japan Co., Ltd. (Submission to Kanto Local Finance Bureau: March 24, 2008)

Submitter or Joint Holders	Number of Shares Held (Shares, Units)	Shareholdings (%)
Goldman Sachs International	120	0.13
Japan Hotel Alliance Co., Ltd	9,150	9.98
Green Investment Co., Ltd	200	0.22
<b>Total</b>	<b>9,470</b>	<b>10.33</b>

#### 4. Morgan Stanley Japan Securities Co., Ltd. (Submission to Kanto Local Finance Bureau: November 17, 2007)

Submitter or Joint Holders	Number of Shares Held (Shares, Units)	Shareholdings (%)
Morgan Stanley Japan Securities Co., Ltd.	21	0.02
Morgan Stanley & Co. International PLC	1,035	1.13
Morgan Stanley Investment Management Limited	953	1.04
Morgan Stanley Asset & Investment Trust Management Co., Ltd.	168	0.18
Morgan Stanley Investment Management Inc	526	0.57
<b>Total</b>	<b>2,703</b>	<b>2.95</b>

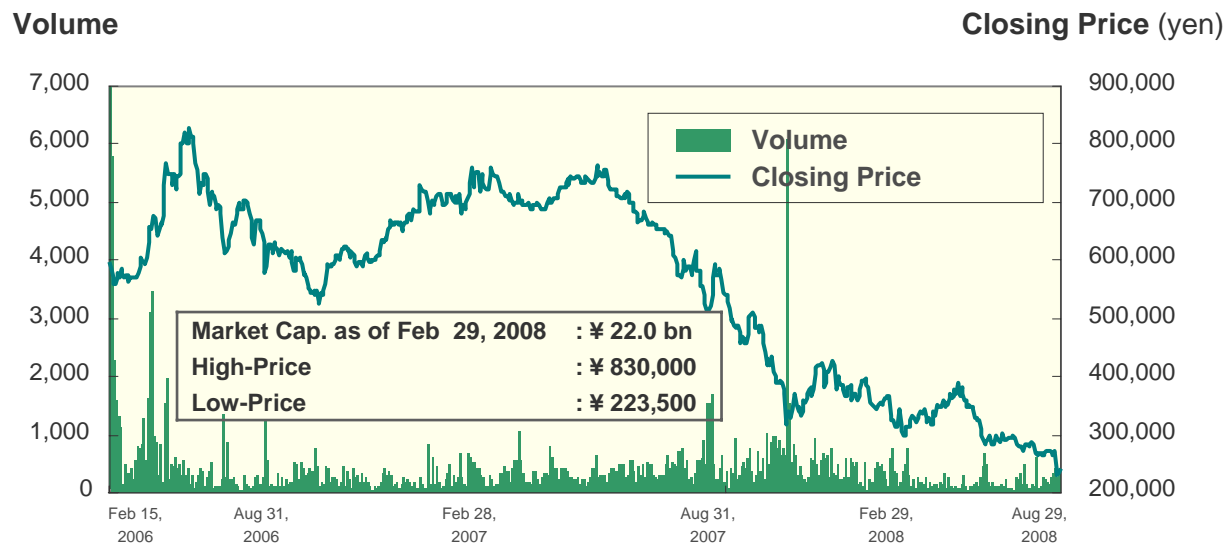
#### 5. Nikko Asset Management Co., Ltd. (Submission to Kanto Local Finance Bureau: October 5, 2007)

Submitter or Joint Holders	Number of Shares Held (Shares, Units)	Shareholdings (%)
Nikko Asset Management Co., Ltd.	6,719	7.33
Nikko Citigroup Limited	203	0.22
<b>Total</b>	<b>6,922</b>	<b>7.55</b>

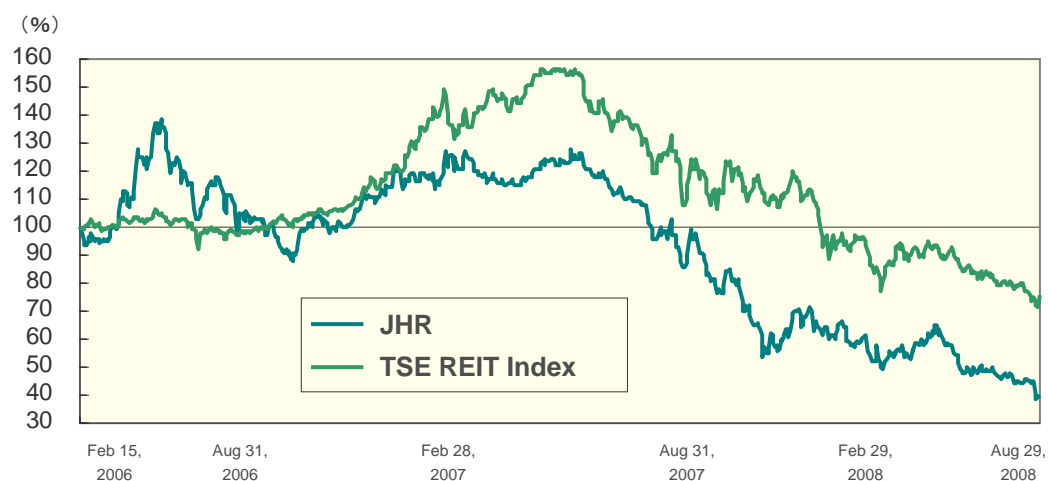
(Note) The ratio of the number of investment units held (share certificates held) to the total number of investment units issued (share holding ratio) is rounded off to the second decimal place.

# Price Performance

## JHR Unit Price/ Trade Volume



## TSE REIT Index/ JHR Unit Price



## 1) IR Activities for Institutional Investors

Number of IR meetings: 87 (59 in Japan, 28 overseas)

## 2) IR Activities for Individual Investors (6)

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

Date: October 27, 2007

Venue: Daiwa Conference Hall Attendees: 265

- “Nikkei Real Estate Finance Fair” held by Nikkei Inc.

Date: December 3, 2007

Venue: Tokyo International Forum Attendees: 7,559

- “J-REIT for Individual Investors Evening Seminar” held by Tokyo IPO

Date: April 23, 2008

Venue: Marunouchi Building Conference Square Attendees: 94

- “Living Asset Management Fair” held by Sankei Living Shimbun Inc.

Date: July 1, 2008

Venue: Cerulean Tower Attendees: 421

- “Daiwa IR Conference (J-REIT Osaka)” held by Daiwa Investor Relations

Date: July 26, 2008

Venue: Sunrise Hall (Osaka) Attendees: 197

- “Nikkei IR Fair” held by Nikkei Inc.

Date: August 22-23, 2008

Venue: Tokyo Big Sight Attendees: 14,149

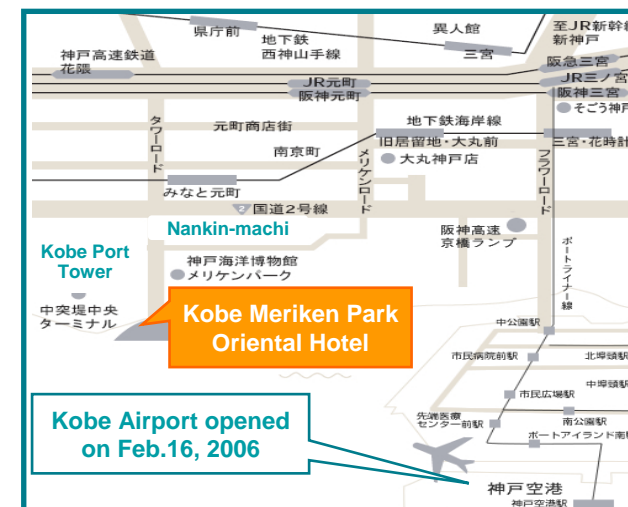


## Appendix E Overview and Photos of Hotels

# Kobe Meriken Park Oriental Hotel

■ Appendix E Overview and Photos of Hotels ■

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 rooms and restaurants to add to its existing high level of competitiveness in banquets. This improves the overall performance of the hotel.
- In FY 2009, the hotel placed the focus on organizational development, the basis of branding. The hotel will assess the progress of these efforts and the effects of the already implemented renovation of rooms, and make investments in renovation in FY 2010 and later.

## Asset Overview

Appraisal Value as of Aug 31, 2008		¥ 13.8 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%



# Kobe Meriken Park Oriental Hotel

## Renovation Report

### Renovation of the “Yacht Club” on the 14th floor

Converted into a small banquet hall “Cachette de Votre”, a private dining room accommodating wedding parties of up to 24 people, and the design concept is “Luxury & Highly Private Space”.

Expenditure : ¥ 46 mn

Effectuated : Nov. – Dec., 2007

*After*



*Before*

The area was dead space before renovation. (Photo not available)



(Note) The above expenditure includes not only expenses for buildings and associated facilities classified as fixed assets but also expenses for fixtures and equipments.

# Oriental Hotel Tokyo Bay

■ Appendix E Overview and Photos of Hotels ■

Japan Hotel and Resort, Inc.



## Overview

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

## Growth Story

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

## Asset Overview

Appraisal Value as of Aug 31, 2008	¥ 20.9 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%	



# Oriental Hotel Tokyo Bay

## Renovation Report

### Renovation Work on the Lobby and Lounge

Based on the overall design concept of the hotel, “southern France resort,” the hotel has utilized the beauty of its sky-lit atrium bathed in natural sunlight to upgrade the lobby and lounge into even higher quality and more elegant spaces.

Expenditure : ¥ 60 mn

Effected : Oct. '07 – Mar. '08



After



Before



(Note) The above expenditure includes not only expenses for buildings and associated facilities classified as fixed assets but also expenses for fixtures and equipments.

# Namba Oriental Hotel



## 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

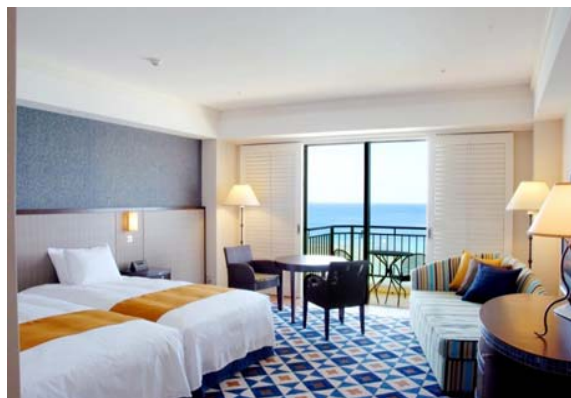
## Growth Story

- 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 31, 2008	¥17.9 bn	
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Chuo-ku, Osaka
	Size	4,505.23㎡
Building	Structure/Floor	S-SRC/ 9 floors and 1 basement floor
	Year Built	March, 1996
	Total Floor Space	19,364.33㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Archon Hospitality K.K.	
PML	13.4%	

# Hotel Nikko Alivila



## 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, and further increase in revenues are expected.
- The hotel commenced renovations of non-renovated rooms in the third term, and three years of effort on this project will make it the highest quality hotel in Okinawa.
- In "soft" aspects, the hotel is differentiating itself from its competitors by enhancing its "edutainment" program in which participants can experience the bountiful nature of Yomitan-son and local culture.

## Asset Overview

Appraisal Value as of Aug 31, 2008		¥21.6 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%



# Hotel Nikko Alivila

## Renovation Report

### Renovation of 132 rooms and corridors on the 3rd through 8th floor

Refurbished interior of rooms and renewed furniture. Also, additional lighting are installed in common space corridors. The design concept is a combination of the Spanish colonial style and the blue ocean and great scenery of Okinawa.

Expenditure : ¥ 479 mn

Effected : Jan. – Mar., 2008

*After*

*Before*



(Note) The above expenditure includes not only expenses for buildings and associated facilities classified as fixed assets but also expenses for fixtures and equipments.

# Nara Washington Hotel Plaza

- 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 31, 2008		¥ 1.97bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Nara-city. Nara
	Size	2,393.48㎡
Building	Structure/Floor	S/ 7 floors
	Year Built	March, 2000
	Total Floor Space	5,385.82㎡
Hotel Lessee	Washington Hotel Corporation	
Operator		13.7%

# Hakata Nakasu Washington Hotel Plaza

■ Appendix E Overview and Photos of Hotels ■

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



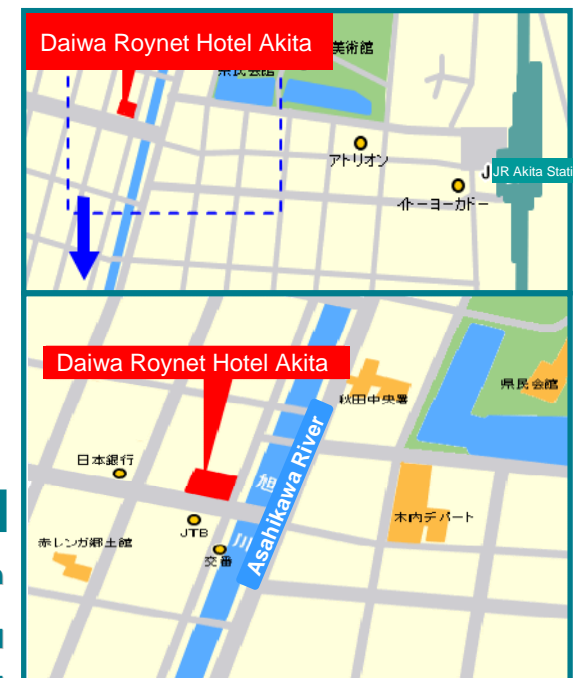
Asset Overview		
Appraisal Value as of Aug 31, 2008		¥ 4.06bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hakata-ku, Fukuoka
	Size	1,128.46㎡
Building	Structure/Floor	S/ 12floors
	Year Built	March, 1995
	Total Floor Space	5,692.24㎡
Hotel Lessee	Washington Hotel Corporation	
Operator		8.2%

# Daiwa Roynet Hotel Akita

- 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 31, 2008		¥ 2.09bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Akita-city, Akita
	Size	1,540.15㎡
Building	Structure/Floor	S/ 14 floors
	Year Built	June, 2006
	Total Floor Space	7,539.52㎡
Hotel Lessee		Daiwa Royal Co., Ltd
Operator		6.4%





# Oriental Hotel Hiroshima



## 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 it opened.
- The improvement of quality (improvement of per-customer spending) and the improvement of the occupancy rate and the turnover rate (increase in customers) due to re-branding is progressing steadily.
- In FY 2009, the hotel will further lift its targets, build a new strategy and drastically improve the underdeveloped parts of its operations, including an organizational reform, to eliminate the gap between the "hard" and "soft" aspects.

## Asset Overview

Appraisal Value as of Aug 31, 2008		¥ 9.78bn
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%



# Oriental Hotel Hiroshima

## Renovation Report

### Renovation of 191 rooms on the 7th through 18th floor

The design concept is “Exceptionally comfortable space” for all guests.

With fewer single rooms and more twin rooms, the renovated section is more convenient for couples and families.

Expenditure : ¥ 347 mn

Effectuated : Jan. – Apr., 2008



*After*

*Before*



(Note) The above expenditure includes not only expenses for buildings and associated facilities classified as fixed assets but also expenses for fixtures and equipments.

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 and 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 and Resort K.K.

Financial product trading company;

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

Member of The Investment Trusts Association, Japan