

Provisional Translation Only

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Announcement of Operational Results

Fifth Term (ended August 2010)

October, 2010

JAPAN HOTEL AND RESORT

Japan Hotel and Resort, Inc.

<http://www.jhrth.com>

JAPAN HOTEL AND RESORT

Japan Hotel & Resort K.K.

<http://www.jhrkk.com>



Japan Hotel and Resort

1. FY2010 (5th term) full-year variable rents has increased by ¥239mn (14.8%) compared to FY 2009 <¥150mn increase from the previous forecast dated June 30>
2. The dividend per unit has been revised upwards from the previous forecast dated June 30 → from ¥11,019 to ¥12,640
3. The dividend per unit in FY2011 (6th term) is forecast to be ¥14,358 (Variable rents are expected to be at the same level as in FY 2010 but we have factored in a decrease in finance-related costs, etc.)

The Five Hotels with Variable Rents

FY2010 Results

1st Half

1. Revenues decreased by ¥799mn (7.3%) compared to the first half of FY 2009, However,
2. Due to the effects of cost reduction, GOP only fell by ¥160mn (6.4%) compared to the first half of FY 2009
3. The GOP ratio with respect to revenues improved from 23.1% in the first half of FY 2009 to 23.3%

2nd Half

1. Revenues increased by ¥308mn (2.8%) compared to the second half of FY 2009.
2. Due to the effects of cost reduction, GOP increased by ¥391mn (13.3%) compared to the second half of FY 2009.

Full-year

1. Revenues decreased by ¥491mn (2.2%) compared to FY 2009.
2. GOP increased by ¥231mn (4.2%) compared to FY 2009, to ¥5,679mn.
 - * Trends toward a recovery in hotel demand and an improvement in occupancy rates were seen, but on the other hand ADR fell.
 - * Our pro-active efforts to reduce costs yielded results.

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Chapter 1 Annual Results for FY 2010 ended August 31, 2010

Highlights of Annual Results for FY 2010

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Ended August 31, 2008 Actual	Ended August 31, 2009 Actual	Ended August 31, 2010 Forecast (5)	Ended August 31, 2010 Actual	Difference 2010 vs.2009
Operating Revenues	6,063	5,385	5,476	5,626	241
Variable Rent Revenues	2,315	1,613	1,702	1,852	239
Operating Expenses	3,085	3,119	3,179	3,159	40
Depreciation Costs	1,623	1,752	1,784	1,782	30
Loss from Disposal of Fixed Assets	71	8	29	32	24
Operating Profit	2,978	2,265	2,297	2,467	202
Non-Operating Profit	△ 672	△ 1,003	△ 1,130	△ 1,129	△ 126
Recurring Profit	2,306	1,261	1,166	1,338	77
Net Income	2,304	1,259	1,164	1,336	77
Dividend per Unit (yen)	25,130	11,913	11,019	12,640	727
NOI (1)	5,184	4,477	4,568	4,727	250
NOI % (2)	6.1	5.3	5.4	5.6	0.3
FFO (3)	3,999	3,020	2,977	3,151	131
LTV % (4)	45.1	42.0	-	41.6	△ 0.4
Number of Outstanding Units	91,700	105,719	105,719	105,719	0

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

(Note 2) NOI % = NOI / Acquisition Price.

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

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

(Note 5) The figures in the Forecast are those announced on June 30, 2010 in “Notice regarding Revisions to the Forecast of Business Performance for the Fiscal Year ending August 31, 2010”

Outlook for FY 2011

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Half Year Ended February 28, 2010 Actual	Half Year Ended February 28, 2011 Forecast	Full Year Ended August 31, 2010 Actual	Full Year Ended August 31, 2011 Forecast	Difference 2011 Forecast vs. 2010
Operating Revenues	2,897	2,887	5,626	5,639	13
Variable Rent Revenues	1,010	1,000	1,852	1,864	12
Operating Expenses	1,573	1,625	3,159	3,230	71
Depreciation Costs	886	899	1,782	1,805	23
Loss from Disposal of Fixed Assets	6	16	32	17	△ 15
Operating Profit	1,324	1,262	2,467	2,409	△ 58
Non-Operating Profit	△ 567	△ 466	△ 1,129	△ 889	240
Recurring Profit	756	796	1,338	1,519	181
Net Income	755	795	1,336	1,517	181
Dividend per Unit (yen)	-	-	12,640	14,358	1,718
NOI (1)	2,447	2,438	4,727	4,736	9
NOI % (2)	5.8	5.7	5.6	5.6	0
FFO (3)	1,648	1,710	3,151	3,339	188
LTV % (4)	42.1	-	41.6	-	-
Number of Outstanding Units	105,719	105,719	105,719	105,719	0

Note) The half-year variable rents are calculated by multiplying the revenues of the five hotels with variable rents by 10%.

Assumptions

- Operating Days for FY2011 are 365 days from September 1, 2010 to August 31, 2011.
- The Projections are based upon the eight properties that the REIT held at the end of the fifth term.
- The outstanding debt at the end of the sixth term(FY2011) is expected to be ¥36,453 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.

(Reference Information)

Variable Rents Calculation

Japan Hotel and Resort, Inc.

(Amount: million yen)

	$\left(\begin{array}{l} \text{GOP of} \\ \text{Hotels with} \\ \text{Variable Rents} \\ \text{(note 1,2)} \end{array} \right) - \begin{array}{l} \text{Fixed Rents of} \\ \text{Hotels with} \\ \text{Variable Rents} \\ \text{(note 1)} \end{array} - \begin{array}{l} \text{Operators'} \\ \text{Fees} \\ \text{(note 3)} \end{array}$			X	90%	=	Variable Rent Cap (note 4) (a)		Hotel Revenues multiplied by Variable Rent Rate (note 5) (b)		Variable Rents received (c): Smaller of (a) and (b)	
FY 2011 Forecast	5,677	-	3,221	-	384	X	90%	=	1,864	<	2,153	1,864
FY 2010 Results	5,679	-	3,221	-	399	X	90%	=	1,852	<	2,143	1,852
FY 2009 Results	5,447	-	3,221	-	433	X	90%	=	1,613	<	2,192	1,613
FY 2008 Results	6,303	-	3,202	-	505	X	90%	=	2,335	>	2,315	2,315
FY 2007 Results	6,007	-	3,000	-	534	X	90%	=	2,225	>	2,109	2,109

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

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

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

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

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

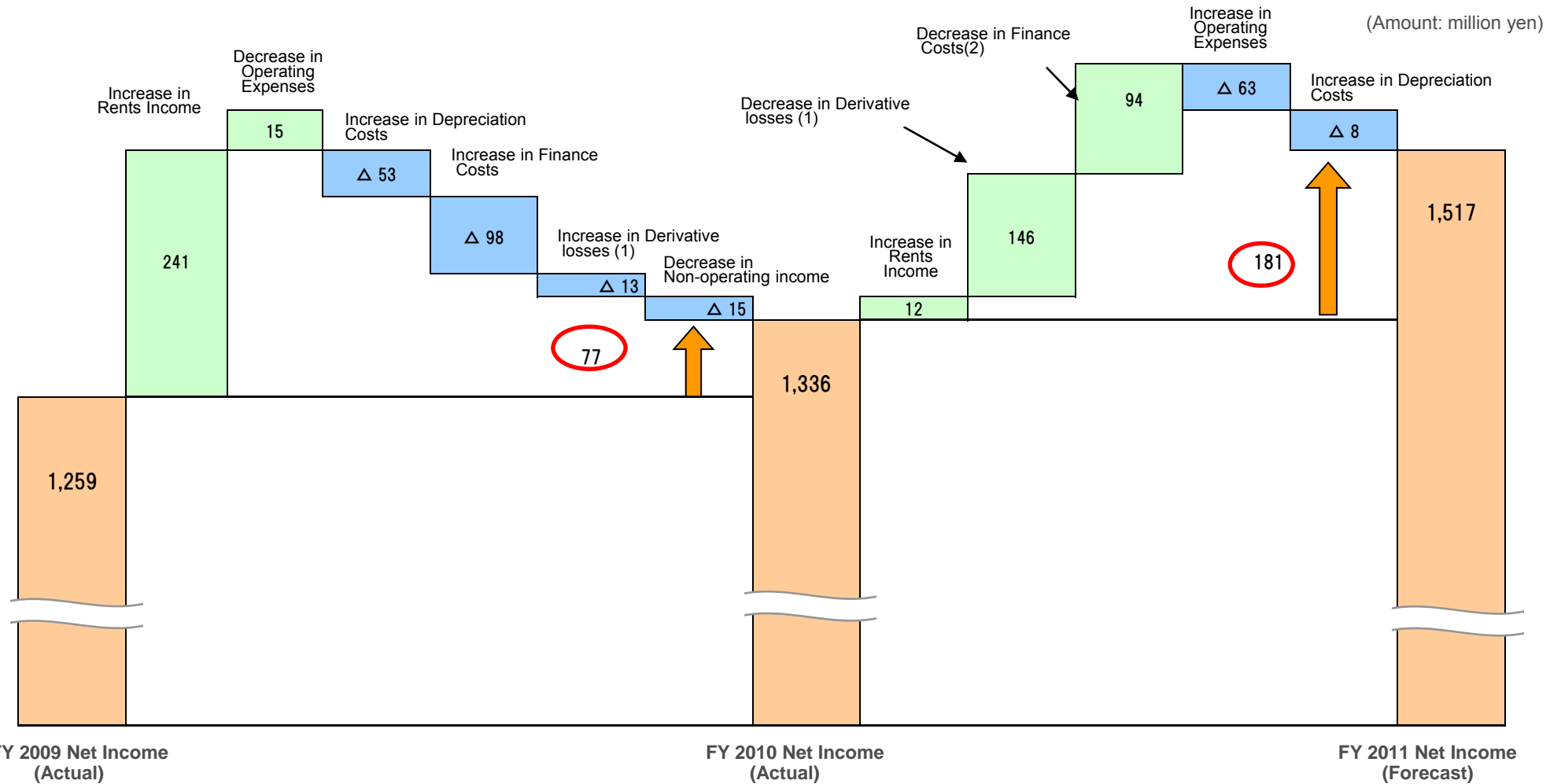
(Reference Information)

Net Income Comparison

Japan Hotel and Resort, Inc.

FY2009 Results VS FY2010 Results

FY2010 Results VS FY2011 Forecast



(Note 1) Derivative losses arise from the booking of the costs for the paid premiums of the spread interest rate cap transaction; all of the costs were booked by FY2010, so these costs are not expected to be incurred in FY2011.
 (Note 2) The expected decrease in finance costs is due to the expected fall in interest rates and fall in costs for the equal repayment of Facility F, and the expected improvement in borrowing conditions for the refinancing of Facility D planned for February 2011.

Summary of Balance Sheet

Japan Hotel and Resort, Inc.

(Amount: million yen)

	Ended Aug. 31, 2009	(%)	Ended Aug. 31, 2010	(%)
ASSETS				
Current Assets	3,947	4.4	5,178	5.8
Cash and Bank Deposit	3,558		4,599	
Rent Receivable	0.3		310	
Others	389		268	
Fixed Assets	85,243	95.5	83,668	94.2
Property and Equipment at Cost	72,092	80.8	70,700	79.6
Buildings	1,365		2,106	
Land	884		884	
Buildings in Trust	28,880		28,254	
Land in Trust	39,454		39,454	
Intangible Assets	12,363	13.8	12,346	13.9
Investment and Other Assets	787	0.9	621	0.7
Deferred Assets	14		8	
TOTAL ASSETS	89,205	100	88,855	100

	Ended Aug. 31, 2009	(%)	Ended Aug. 31, 2010	(%)
LIABILITIES				
Current Liabilities	1,280	1.4	20,265	22.8
Trade and Other Payables	88		59	
Long-Term Debts to be repaid within one year	500		19,500	
Account Payable and Other Payables	361		375	
Rents Received in Advance	330		330	
Others	0.6		0.6	
Fixed Liabilities	39,238	44	19,738	22.2
Long-Term Debts	36,953		17,453	
Leasehold & Security Deposit Received	2,285		2,285	
TOTAL LIABILITIES	40,519	45.4	40,003	45.0
EQUITY				
Total Unitholders' Capital	47,514	53.3	47,514	53.5
Retained Earnings	1,259		1,336	
Unrealized Gains or Losses from Deferred Hedge	△88		-	
TOTAL EQUITY	48,685	54.6	48,851	55.0
TOTAL LIABILITIES and UNIT HOLDERS EQUITY	89,205	100	88,855	100

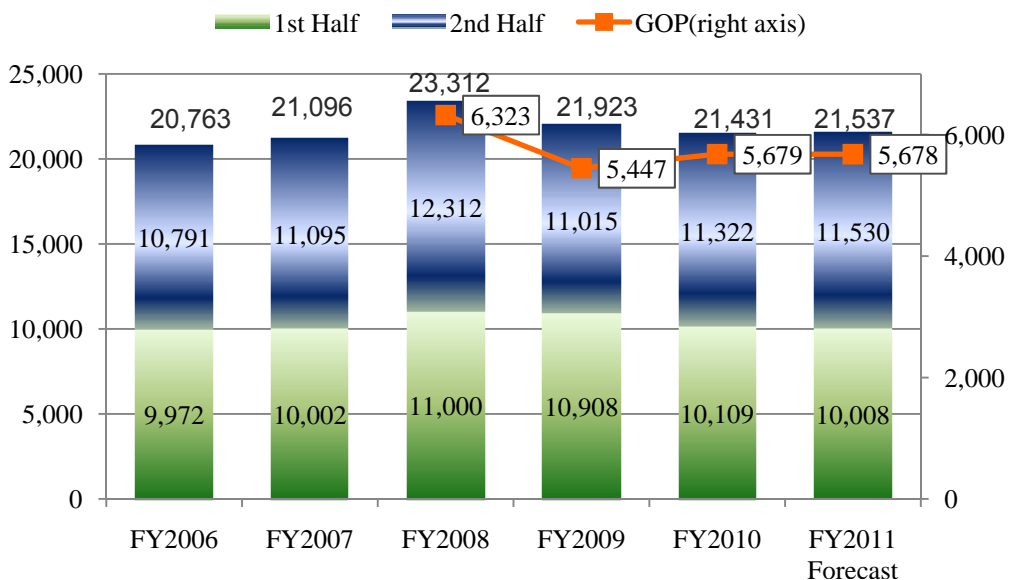
Chapter 2 Highlights of Hotel Performance

Highlights of Hotel Performance

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

Japan Hotel and Resort, Inc.

(million yen)



Results for FY2010 Sales

- Full-year total revenues decreased by ¥491mn (2.2%) compared to FY 2009.
- In the first half, revenues from the room segment decreased by 13.9% compared to the same period in FY 2009 due to the decline in demand resulting from the economic slowdown, the decrease in the number of visitors to Okinawa, and the continuing fall in ADR. In the food & beverages segment, revenues decreased by 2.1% compared to the same period in FY 2009. This was because although the number of weddings in the wedding segment recovered due to our implementation of measures to attract guests, in the restaurant segment the number of guests fell as a result of the decline in room occupancy and consumers reducing their spending on eating out. As a result, total revenues decreased by ¥799mn (7.3%) compared to FY 2009.
- In the second half, signs of a partial bottoming out of demand began to be seen, as the number of foreign visitors to Japan increased due to policies to promote tourism implemented by the government, and the number of visitors to Okinawa recovered, etc. Furthermore, occupancy recovered because the swine influenza no longer had the impact it had had in the same period in FY 2009, so although price competition continued as before, the revenues from the room segment increased by 2.7% compared to the same period in FY 2009. In the food & beverages segment, revenues increased by 2.3% compared to the same period in FY 2009. In the restaurant segment, the number of guests increased due to the rise in room occupancy, although the wedding segment was affected by the entry of new competitors. Total revenues increased by ¥308mn (2.8%) compared to FY 2009.

Outlook for FY2011 Sales

- Full-year total revenues are expected to increase by ¥106mn (0.5%) compared to FY 2010.
- In the first half, signs of a bottoming out of business confidence began to be seen but the fall in ADR continued, and although we are bringing in demand aggressively using products with their price as the selling point, room segment revenues will be at the same level as in FY 2010. In the food & beverages segment, restaurant revenues are expected to increase due to the rise in room occupancy and our implementation of measures to attract guests, but continuing on from FY 2010 the wedding will be affected by the entry of new competitors so its revenues are expected to decrease, as a result the sales in the segment is expected to decrease ¥98mn (1.9%) compared to FY 2010. Total revenues are expected to decrease by ¥101mn (1.0%).
- In the second half, we will build on the recovery of room demand to raise ADR, so the room segment revenues are expected to increase by ¥68mn (1.4%) compared to FY 2010. In the food & beverages segment, revenues are expected to increase by ¥231mn (4.5%) compared to FY 2010 due to the effects of our marketing policies in the wedding. Total revenues are expected to increase by ¥207mn (1.8%).

Outlook for FY2011 GOP

- Full-year total revenues are expected to increase by ¥106mn (0.5%) compared to FY 2010, but it is expected that GOP will be at the same level as FY 2010.
- Total costs are expected to increase by ¥107mn (0.7%) compared to FY 2010 because we will increase labor costs, marketing expenses, etc. with medium- to long-term growth in mind, but we expect to maintain the GOP ratio at about the same level (changing from 26.5% in FY 2010 to 26.4% in FY 2011).
- (Reference) Total costs in the fifth term decreased by ¥723mn (4.4%) compared to the same period in FY 2009 due to our reduction of labor costs, utilities costs, etc., so the GOP ratio improved from 24.8% in FY 2009 to 26.5% in FY 2010.

◆ Operating Data

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

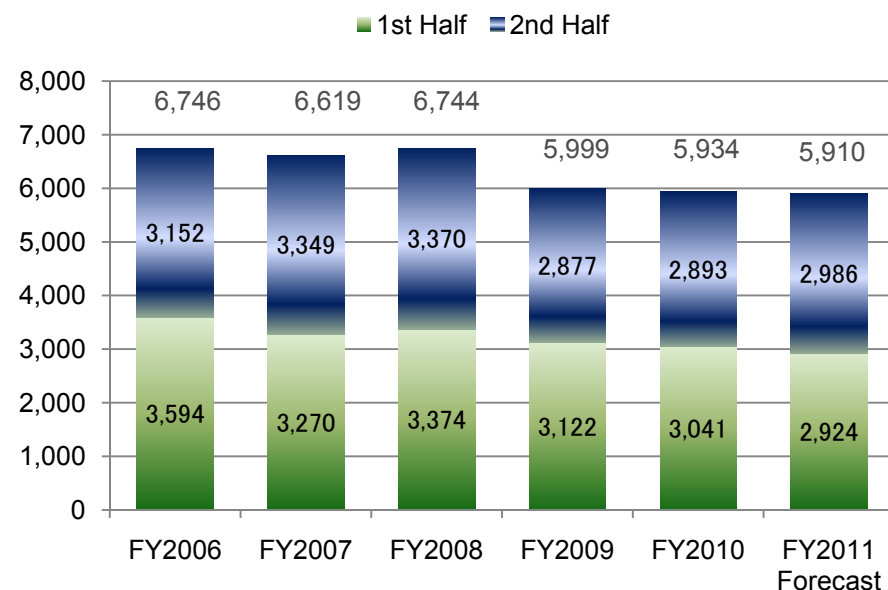
(Note1) 5 hotels include Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima, all of which are leased to HMJ. In FY 2006 the actual operating period of JHR was the approximately six and a half months beginning from February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

(Note2) Revenues and operating data before IPO are obtained from the seller and the data after IPO are obtained from the lessee. The data from IPO to the end of FY 2009 are audited and the others are not. The data for FY 2011 are a forecast, and the actual results may differ from the forecast, depending on various factors. (Hereinafter, this also applies to all of the hotels other than the Oriental Hotel Hiroshima.) In FY 2008 JHR owned the Oriental Hotel Hiroshima for a period of approximately 11 months but revenue and operating data figures for a 12-month period are used for the comparative analysis.

Highlights of Hotel Performance

Kobe Meriken Park Oriental Hotel

(million yen)



Results for FY2010

- Full-year total revenues decreased by ¥66mn (1.1%) compared to FY 2009.
- In the room segment, occupancy recovered to almost the same level as two years ago (FY 2008) because the swine influenza from the second half of FY 2009 was no longer having any impact, but ADR declined due to the impact of the trend toward lower prices across the entire market, so revenues decreased by ¥14mn (1.0%) compared to FY 2009.
- In the food & beverages segment, the unit prices of general banquets increased so their revenues were higher than in FY 2009, but the number of wedding banquets declined due to the impact of the entry of new competitors, and in the restaurant segment the number of guests declined, so segment revenues decreased by ¥34mn (0.8%) compared to FY 2009.

Outlook for FY2011

- Full-year total revenues are expected to decrease by ¥24mn (0.4%) compared to FY 2010.
- In the room segment, we will aim to expand our trading zone and our sales channels, and as a result occupancy is expected to increase and revenues are expected to increase by ¥27mn (2.0%) compared to FY 2010.
- In the food & beverages segment, we will increase the number of general banquets by strengthening our marketing and in the restaurant segment we will revise some of the store concepts and increase the average customer spend through menu revisions, so revenues are expected to be higher than in FY 2010. However, the number of wedding banquets is expected to decline due to the continuing impact of the entry of new competitors, so the segment revenues are expected to decrease by ¥26mn (0.6%) compared to FY 2010.

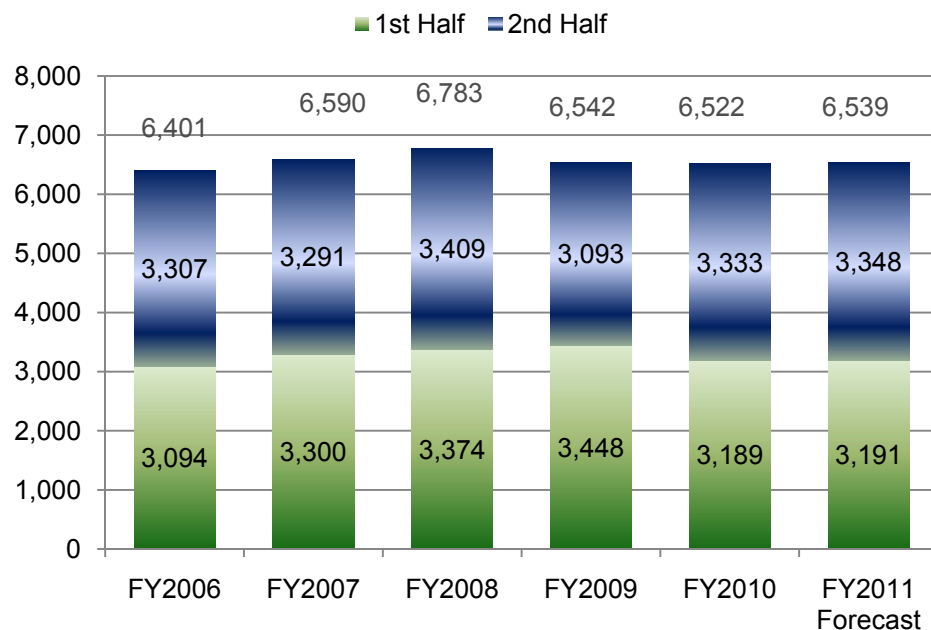
◆ Operating Data

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

Highlights of Hotel Performance

Oriental Hotel Tokyo Bay

(million yen)



Results for FY2010

- Full-year total revenues decreased by ¥20mn (0.3%) compared to FY 2009.
- In the room segment, against a background of continuing price competition among competitor hotels, in the second half occupancy was strong due to our aggressive sales of low-priced products and revenues were higher than those in the same period in FY 2009, but in the first half revenues were lower than those in the same period in FY 2009 due to the waning of the effects of Tokyo Disney Resort's 25th anniversary, etc. so revenues decreased by ¥113mn (3.7%) compared to FY 2009.
- In the food & beverages segment, due to the impact of the economic slowdown, restaurant revenues and general banquet revenues were lower than in FY 2009, but due to the effect of the chapel renovations we implemented in the first half, wedding banquet revenues were higher than in FY 2009 and as a result, segment revenues increased by ¥86mn (2.9%) compared to FY 2009.

Outlook for FY2011

- Full-year total revenues are expected to increase by ¥18mn (0.3%) compared to FY 2010.
- In the room segment, positive effects are expected from the 12F guest room renovations we implemented in FY 2010 and the events for Tokyo Disney Sea's 10th anniversary from April onwards, but price competition among competitor hotels is expected to continue so ADR is expected to be sluggish, and revenues are expected to decrease by ¥23mn (0.8%) compared to FY 2010.
- In the food & beverages segment, revenues from the general banquets segment are expected to be higher than in FY 2010 due to a rise in unit price resulting from improvements in operation, revenues from the restaurant segment are expected to be higher than in FY 2010 due to an increase in the number of guests, and both the number and unit price of wedding banquets are expected to be higher than in FY 2010 due to strengthened marketing and improved operation, so segment revenues are expected to increase by ¥53mn (1.7%) compared to FY 2010.

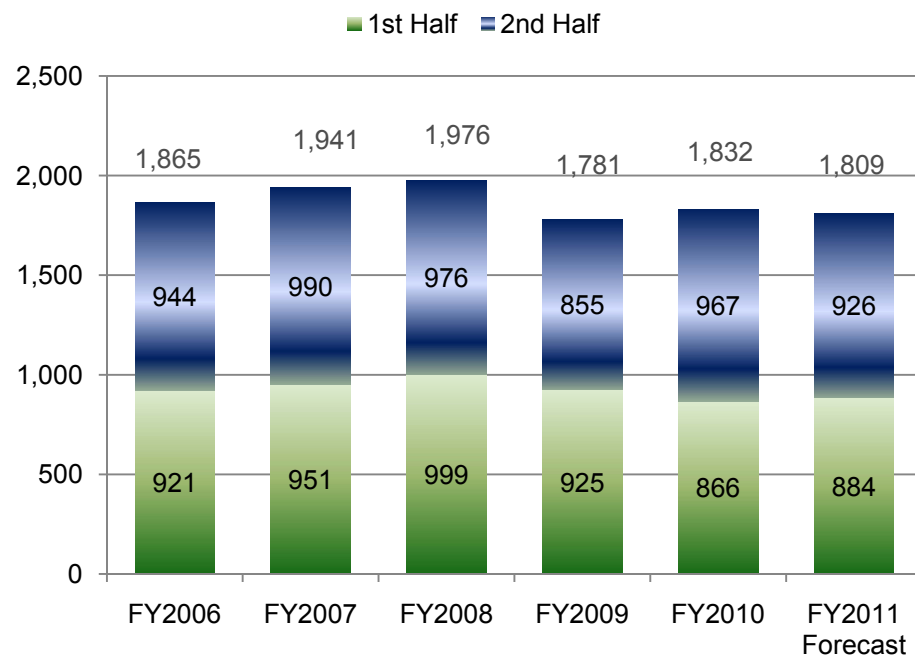
◆ Operating Data

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

Highlights of Hotel Performance

Namba Oriental Hotel

(million yen)



◆ Operating Data

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

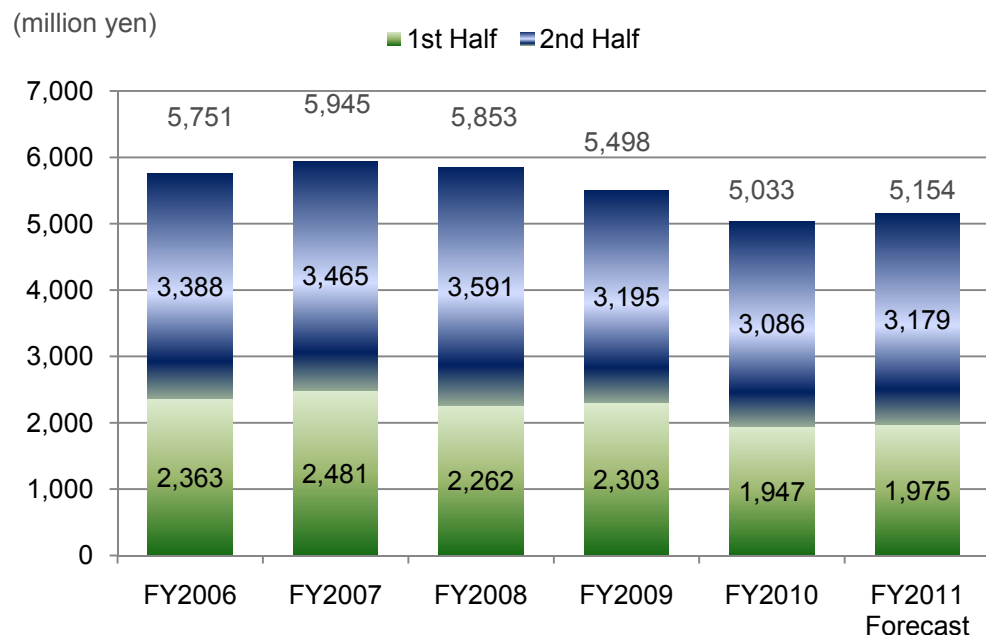
Results for FY2010

- Full-year total revenues increased by ¥52mn (2.9%) compared to FY 2009.
- In the room segment, occupancy was higher than in FY 2009 because the swine influenza from the second half of FY 2009 was no longer having any impact and demand from foreign visitors to Japan recovered, but ADR declined due to the impact of the trend toward lower prices across the entire market, so revenues decreased by ¥13mn (1.6%) compared to FY 2009.
- In the food & beverages segment, due to the recovery of guest room occupancy and our measures to attract guests such as menu revisions, etc., the number of people using the restaurants increased and revenues increased by ¥27mn (23.4%) compared to FY 2009.
- In the tenant segment, we received a cancellation fee and exit penalties from a leaving tenant so revenues increased by ¥30mn (3.7%) compared to FY 2009.

Outlook for FY2011

- Full-year total revenues are expected to decrease by ¥23mn (1.3%) compared to FY 2010.
- In the room segment, we plan to bring in leisure demand, primarily from foreign visitors to Japan, by continuing the expansion of sales channels that we started implementing in FY 2010 and so revenues are expected to increase by ¥14mn (1.7%) compared to FY 2010.
- In the food & beverages segment, guest room occupancy is expected to increase and we plan to continue implementing our measures to attract guests, so revenues are expected to increase by ¥11mn (7.9%).
- In the tenant segment, there will no longer be the contract cancellation-related revenues from the leaving tenant that we received in FY 2010 so revenues are expected to decrease by ¥41mn (4.9%) compared to FY 2010.

Hotel Nikko Alivila



Results for FY2010

- Full-year total revenues decreased by ¥465mn (8.5%) compared to FY 2009.
- In the room segment, the number of visitors to Okinawa Prefecture is recovering, but the pressure to reduce prices among competitor hotels continued, so revenues decreased by ¥332mn (10.0%) compared to FY 2009.
- In the food & beverages segment, the food intake ratio is improving due to our policies in the restaurants, but the number of restaurant guests declined as a result of the decline in guest room occupancy, so segment revenues decreased by ¥93mn (5.6%) compared to FY 2009.

Outlook for FY2011

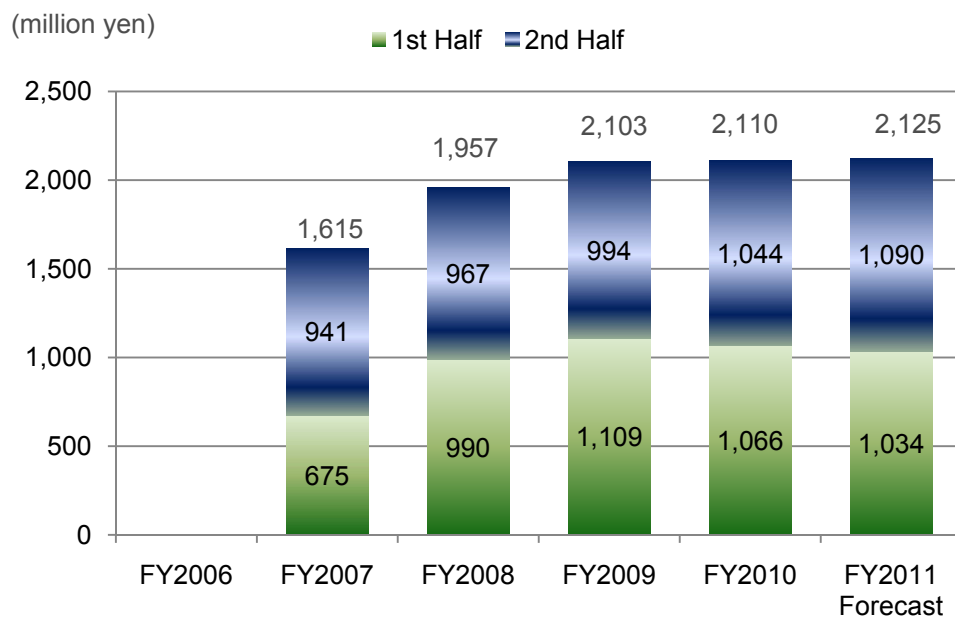
- Full-year total revenues are expected to increase by ¥121mn (2.4%) compared to FY 2010.
- In the room segment, we will aim to improve occupancy by aggressively pushing ahead with sales of products with their price as the selling point through web agents and existing travel agencies, so revenues are expected to increase by ¥39mn (1.3%) compared to FY 2010.
- In the food & beverages segment, in the overall segment, income related to the wedding facilities adjacent to the hotel that will be opened in the second half (a second chapel, etc.) is expected to increase, and the number of guests in the restaurants is expected to increase due to the improvement in guest room occupancy, so segment revenues are expected to increase by ¥88mn (5.6%) compared to FY 2010.

◆ Operating Data

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

Highlights of Hotel Performance

Oriental Hotel Hiroshima (NOTE)



Results for FY2010

- Full-year total revenues increased by ¥7mn (0.4%) compared to FY 2009.
- In the room segment, we aimed to bring in demand by enhancing our channels for attracting guests, and in the second half, revenues were higher than in FY 2009, but due to the impact of the economic slowdown in the first half revenues decreased by ¥9.8mn (1.7%) compared to FY 2009.
- In the food & beverages segment, revenues were slightly higher in the restaurant segment than in FY 2009 due to the effects of our measures to attract guests, and in the wedding segment revenues from wedding banquets were higher than in FY 2009 due to the increase in the number of weddings, so segment revenues increased by ¥15mn (1.1%) compared to FY 2009.

Outlook for FY2011

- Full-year total revenues are expected to increase by ¥14mn (0.7%) compared to FY 2010.
- In the room segment, we will maintain both occupancy and ADR at the same level as in FY 2010 by enhancing our channels for attracting guests and renovating guest rooms, so revenues are expected to increase by ¥9mn (1.5%) compared to FY 2010.
- In the food & beverages segment, general banquet revenues are expected to be slightly higher than in FY 2010 due to our strengthened marketing and improved operation, and in wedding banquets we will aim to increase the number of new visitors through media exposure and improve the contract conclusion rate by improving the operation, but due to the impact of the entry of new competitors in FY 2010 revenues are expected to be slightly lower than in FY 2010, so segment revenues are expected to increase by ¥7mn (0.5%) compared to FY 2010.

◆ Operating Data

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

(Note) JHR acquired this property during FY 2008 but, for the comparative analysis, revenue and operating data figures for FY 2007 and FY2008 are shown based on information obtained from the seller.

(Reference Information)

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

Japan Hotel and Resort, Inc.

1. Hotel Revenues (By Hotel)

(million yen)

		FY2008		FY2009		FY2010		FY2011	
		Actual	Vs. LY	Actual	Vs. LY	Actual	Vs. LY	Forecast	Vs. LY
Kobe Meriken Park Oriental Hotel	1 st Half	3,374	3.2%	3,122	△7.5%	3,041	△2.6%	2,924	△3.9%
	2 nd Half	3,370	0.6%	2,877	△14.6%	2,893	0.5%	2,986	3.2%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	5,910	△0.4%
Oriental Hotel Tokyo Bay	1 st Half	3,374	2.3%	3,448	2.2%	3,189	△7.5%	3,191	0.1%
	2 nd Half	3,409	3.6%	3,093	△9.2%	3,333	7.7%	3,348	0.5%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	6,539	0.3%
Namba Oriental Hotel	1 st Half	999	5.0%	925	△7.4%	866	△6.4%	884	2.1%
	2 nd Half	976	△1.4%	855	△12.4%	967	13.0%	926	△4.2%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	1,809	△1.3%
Hotel Nikko Alivila	1 st Half	2,262	△8.8%	2,303	1.8%	1,947	△15.5%	1,975	1.4%
	2 nd Half	3,591	3.6%	3,195	△11.0%	3,086	△3.4%	3,179	3.0%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	5,154	2.4%
Oriental Hotel Hiroshima(Note)	1 st Half	990	46.7%	1,109	12.0%	1,066	△3.9%	1,034	△3.0%
	2 nd Half	967	2.8%	994	2.8%	1,044	5.1%	1,090	4.5%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	2,125	0.7%
Total	1 st Half	11,000	3.0%	10,908	△0.8%	10,109	△7.3%	10,008	△1.0%
	2 nd Half	12,312	2.3%	11,015	△10.5%	11,322	2.8%	11,530	1.8%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	21,537	0.5%

2. Hotel GOP

	FY2008		FY2009		FY2010		FY2011	
	Actual(Note)	Vs. LY	Actual	Vs. LY	Actual	Vs. LY	Forecast	Vs. LY
5 Hotels with Variable Rents	6,323	9.1%	5,447	△13.9%	5,679	4.2%	5,678	△0.0%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	26.4%	△0.1%

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

Chapter 3 Future Investment and Management Policy

Perception of the Market Conditions

■ General Market Conditions

- It seems likely that Japan's economy will continue to follow a moderate recovery path going forward, but a decline in the effectiveness of government policies is also forecast, and there is a possibility of a slowdown in the recovery.

■ Hotel Market Conditions

- Room demand is expected to be solid due to an increase in the number of foreign tourists and travel by the baby-boomer generation, etc., but as before no signs of recovery can be seen with the falling unit price of sales.
- In the mid/long-term (i) increasing travel demand by the baby-boomer generation and (ii) an increase in the number of foreign travelers visiting Japan as a result of government policies to promote a tourism-based country are expected.



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

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

Basic Policies

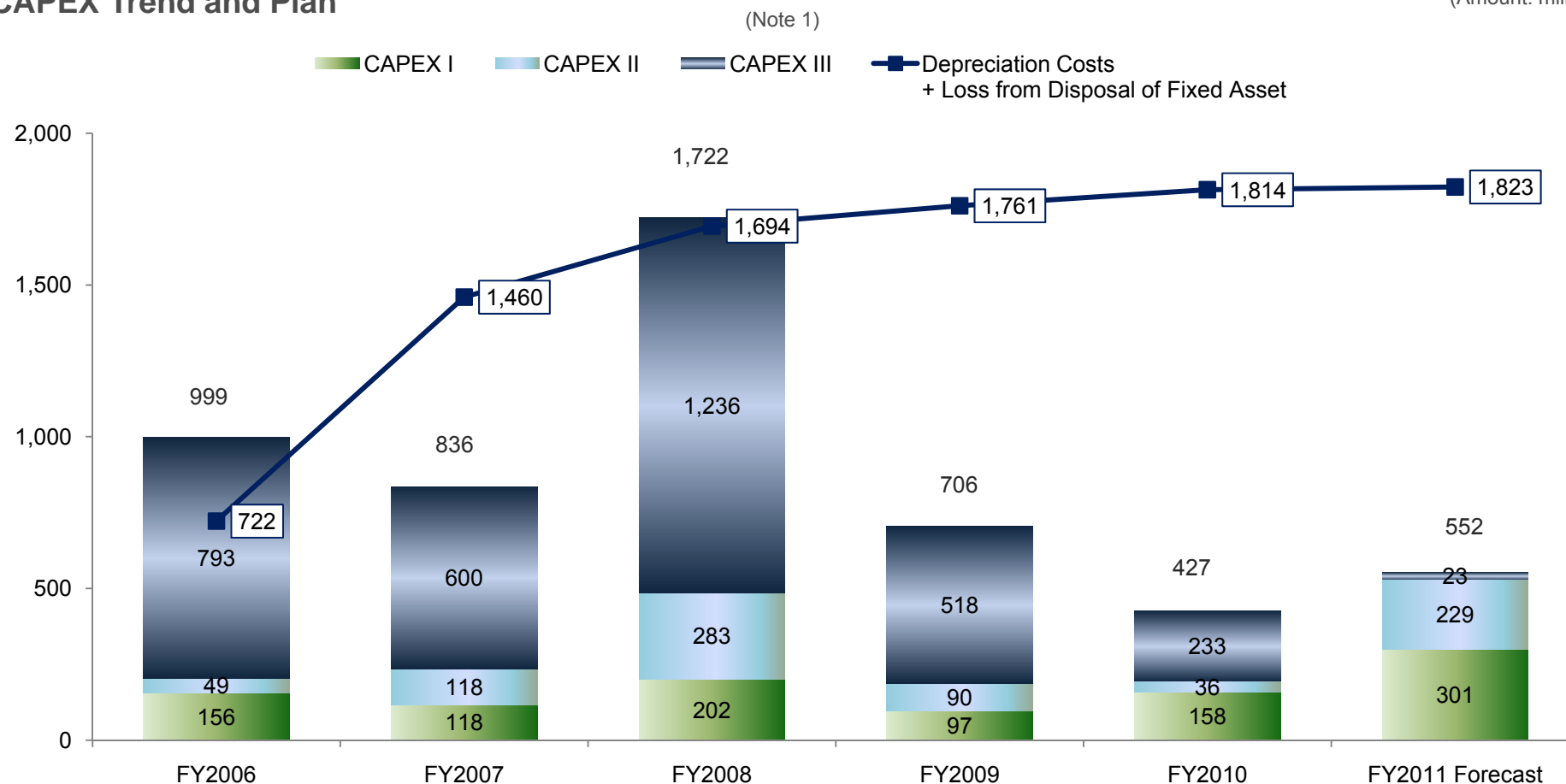
Through a deep understanding of the hotel business, hands-on management, and a strong cooperative relationship with the operators, the goal of the REIT is to maximize the mid/long-term value of the hotel and generate outstanding investment returns



- ◆ We will carefully monitor revenues and GOP so that profitability at each property will be improved
 - In order to develop from "price competition" to "value competition," intensively discuss with the lessee and the hotel operators, and request implementation (when necessary, provide recommendations or support)
- ◆ We will continue to aim to maximize the mid-term profitability of the five hotels with variable rents
 - In order to ascertain changing customer needs and respond quickly to those needs, intensively discuss with the lessee and the hotel operators, and request implementation
 - Implement the capital expenditure plan to respond to changes in the operating environment – carefully select and implement strategic CAPEX that maintains short-term revenues and leads to strengthened competitiveness in the mid/long-term
 - Drive forward the repositioning / rebranding project
 - We will commence studies and negotiations with the lessee (HMJ) aiming at the conclusion of new lease agreements or management contract agreements, to be applied From September 2011 (the 7th term) (We plan to make an announcement about this by the end of February 2011)

CAPEX Trend and Plan

(Amount: million yen)



- The renovation of the guest rooms of Nikko Alivila planned for FY 2007 slipped into FY 2008, and CAPEX in FY2008 increased as a result.

Note (1) CAPEX I : Replacement of equipments and facilities required for maintaining the asset value of properties.
 CAPEX II : Purchase of fixtures, furniture, and equipment required for operating hotels, unrelated to their building frame or facilities.
 CAPEX III : Strategic renovation of guest rooms, banquet halls and restaurants with the view to maintain and increase hotel competitiveness.

CAPEX (Capital Expenditure Plan)

Japan Hotel and Resort, Inc.

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

() : expenditures, million yen

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011 Plan
Kobe Meriken Park Oriental Hotel	<ul style="list-style-type: none"> 12-13F Guest Rooms (189) Restaurant (51) 	<ul style="list-style-type: none"> 10-11F Guest Rooms (222) Restaurant Pier (98) 	<ul style="list-style-type: none"> Brides Room (68) Banquet(46) 	-	-	-
Oriental Hotel Tokyo Bay	<ul style="list-style-type: none"> 9-10F Guest Rooms (145) Banquet (59) 	<ul style="list-style-type: none"> 7-8F Guest Rooms (171) Restaurant (58) 	<ul style="list-style-type: none"> 5-6F Guest Rooms (210) Lobby (60) 	-	<ul style="list-style-type: none"> Chapel (77) 12F Guest Rooms (135) 	-
Namba Oriental Hotel	<ul style="list-style-type: none"> 7-8F Guest Rooms (93) 	<ul style="list-style-type: none"> Restaurant (40) 	-	-	<ul style="list-style-type: none"> 4F Guest Rooms and corridors on 4, 5 and 6F (20) 	-
Hotel Nikko Alivila	<ul style="list-style-type: none"> Suite Rooms (32) Restaurant (155) 	-	<ul style="list-style-type: none"> 3-8F Guest Rooms (479) 	<ul style="list-style-type: none"> 1-6F South and West Guest Rooms (361) 	-	-
Oriental Hotel Hiroshima	N/A	Acquired in October 2007	<ul style="list-style-type: none"> 7-18F Guest Rooms (347) Tenant Floor (23) 	<ul style="list-style-type: none"> 3F,4F Banquet (138) 	-	<ul style="list-style-type: none"> 3F Banquet and Corner Guest Double Rooms (23)
CAPEX III TOTAL	793	600	1,236	518	233	23

(Note 1) The guest rooms that we are planning to renovate in FY 2011 or later are the guestrooms on the 7th to 9th floors of the Kobe Meriken Park Oriental Hotel, the 3rd floor of the Oriental Hotel Tokyo Bay, the 5th and 6th floors of the Namba Oriental Hotel and in the center building of the Hotel Nikko Alivila.

Perception of the Market Conditions

■ Trends in the Hotel Investment Market

- The number of trades is limited, but trades of hotels that seem to be relatively inexpensive or prime hotels are increasing.
- Going forward, polarization of the hotels that are traded will advance and there is a possibility that the price of highly scarce, prime hotels will rise.
- The acquisition of specific properties, and the timing of such acquisitions, will be determined carefully by closely examining the profitability and stability of individual properties, and the environment for fund procurement.



Select and acquire prime properties with stable cash flow and growth potential

After acquisition, cooperate with the operator to encourage internal growth

Basic Policies

Ensure stable revenues, and aim to acquire properties with the focus on construction of a portfolio with internal growth potential
In the mid/long-term, aim to build a portfolio which consciously maintains a balance between five items: by grade, by type, by region, by year-built and by rent type (fixed or variable)

Essential Conditions

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

Hotels that are expected to increase revenues through operational improvements

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

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

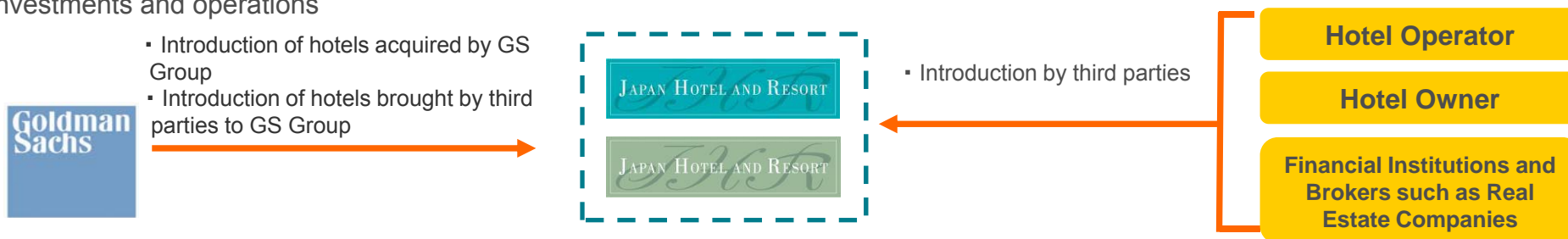
<Points to focus on in the short-term>

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

External Growth

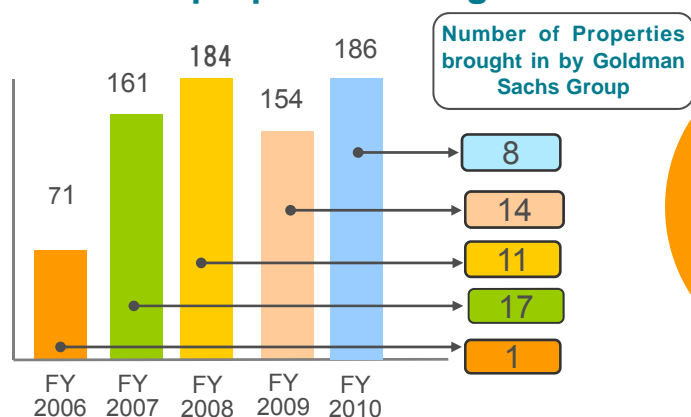
Potential Opportunities to Acquire Properties

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

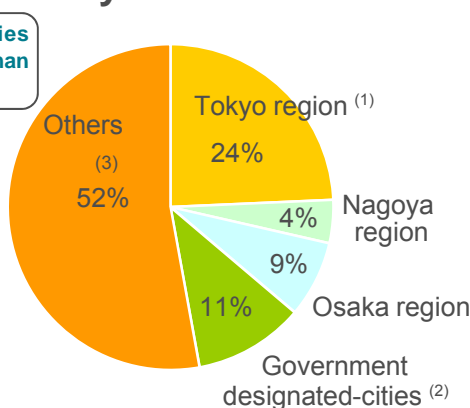


- A total of 186 properties were brought in during the 5th term (September 2009 to August 2010), 32 properties more than the properties brought in during the 4th term. The characteristic features were the decline in the number of properties brought in on the assumption of acquisition after development, and the increase in the introduction of business and resort properties outside the three major urban regions.

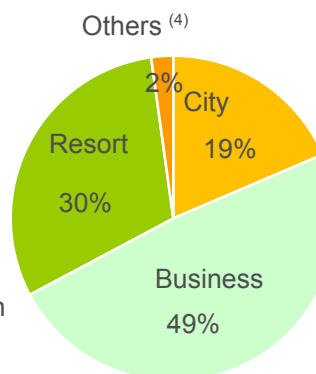
Number of properties brought in



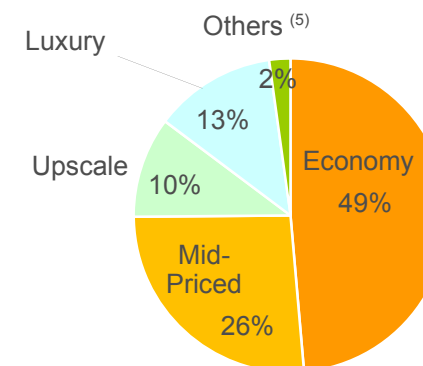
By Location



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.

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

(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.

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

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

Perception of the Market Conditions

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



Stable financial foundation under strong relationship with the existing lenders

Basic Policies

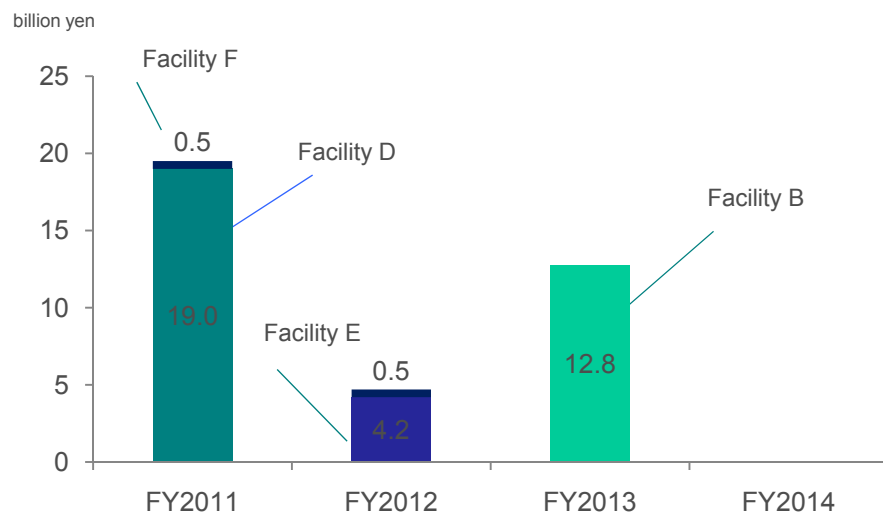
Management placing importance on ensuring financial soundness and stability

Maintain conservative Loan to Value (LTV) levels: target of 30%-50%

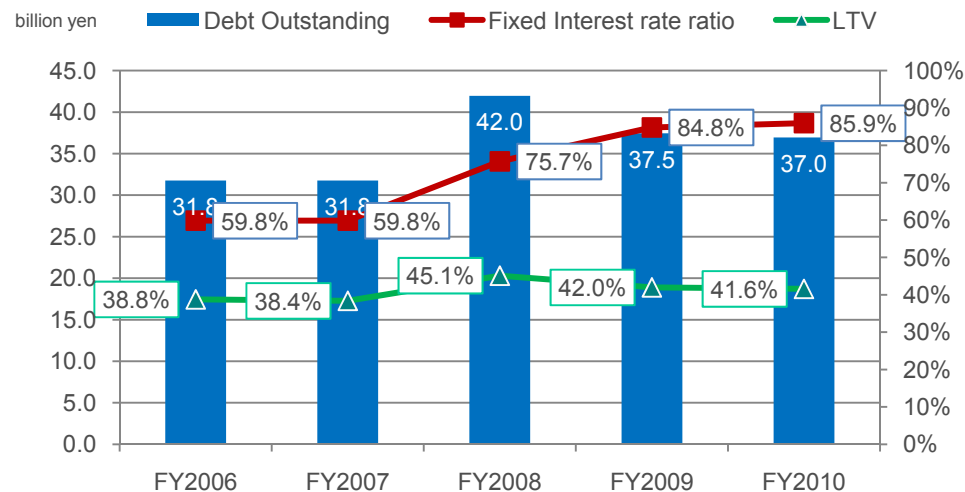
Initiatives in the FY2011

- In the refinancing of Facility D (¥19.0 billion), we aim to improve the financing conditions and attract new lenders.
- Implement funds procurement for the acquisition of new properties by strengthening our relationships with the financial institutions.

Debt Outstanding by Maturity



Debt Outstanding and LTV Ratio (2)



(1) Long-term fixed interest-bearing liabilities are borrowings with a reduced risk of interest rises caused by interest swap and cap transactions.

(2) LTV (loan-to-value, the ratio of liabilities to assets at the end of the term) equals the end-of-term interest-bearing liabilities (end-of-term borrowings + the Japan Hotel and Resort corporate bond balance) divided by the total end-of-term assets.

List of Debts

<As of the end of August, 2010>

Term (1)	Facility	Lenders	Balance (Million Yen)	Interest rate (2)	Borrowing Date	Maturity Date	Remarks
Mid-term	B	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Norinchukin Bank	12,753	1.909%	August 24, 2007	November 15, 2012	Secured, non-guaranteed
Short-term	D		19,000	1.695%	February 13, 2009	February 15, 2011	Secured, non-guaranteed
Mid-term	E		4,200	1.957%	March 24, 2009	March 24, 2012	Secured, non-guaranteed
Mid-term	F		1,000	1.657%	March 24, 2009	March 24, 2012	Secured, non-guaranteed, amortization payment
Total			36,953				

(Note)

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

(2) The interest rate figures show the interest rate in the most recent interest calculation period for each facility, rounded to three decimal places.

The annual amortization ratio of the up-front fees is not included. The figure for Facility B also takes into consideration the effects of interest rate swaps.

Conditions of Interest Rate Hedging

Facility	Balance (Million Yen)	FY2009	FY2010	FY2011	FY2012	FY2013
B	12,753	Interest rate swap (until Nov. 15, 2012)				
D	19,000	Interest rate cap (Feb.15,2009—Feb.15, 2011)				

Status of Credit Rating

Rating Agency	Type of Rating	Rating	Rating Outlook
Rating and Investment Information, Inc. (R&I)	Issuer Rating	A —	Stable

Perception of the Market Condition

- Lack of depth in the J-REIT investor base
- The J-REIT investor base is unbalanced so share prices are volatile and no market has been formed for the original middle return investment products.



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

Basic Policies

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



◆ Improvement of existing investors' satisfaction

- Maintain and improve the quality of monthly information disclosure
- Enrich disclosure contents of forecasting results
- Proactive utilization of feedback through IR activities

◆ Expansion of the investor base

- Institutional investors: in addition to individual visits, study the possibility of holding site visit events at the hotels
- Foreigners: Translate some of our web site into English, Information delivery by wire.
- Individuals: participation in explanation meetings and IR events for individuals, utilization of the full range of media, introduction of the investor benefit program, study the possibility of offering site visit tours to the properties

Investor Benefit Program Questionnaire Results [June to August 2010]

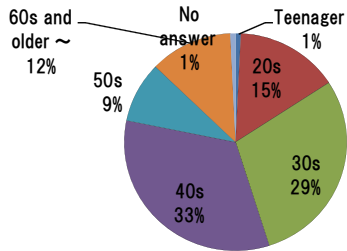
Japan Hotel and Resort, Inc.

Amount of Use

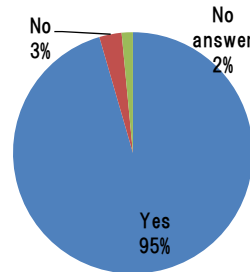
Hotel	Accommodation		Restaurants	
	No. of coupons used	No. of users	No. of coupons used	No. of users
Kobe Meriken Park Oriental Hotel	35	101	76	24
Oriental Hotel Tokyo Bay	101	372	183	578
Namba Oriental Hotel	24	65	6	17
Hotel Nikko Alivila	41	222	80	238
Oriental Hotel Hiroshima	25	43	24	54
Total	226	803	369	911

Accommodation

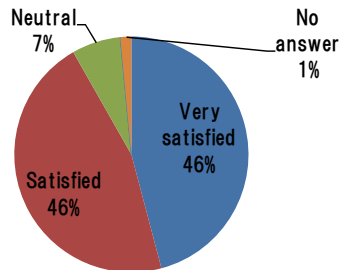
Age group



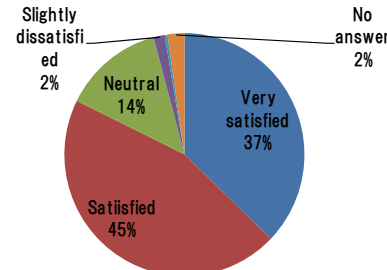
Recommended to friend(s)



Services

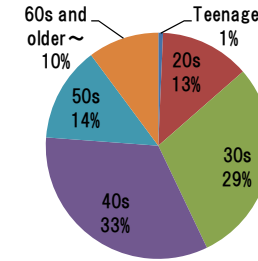


Guest rooms, fixtures, decorations

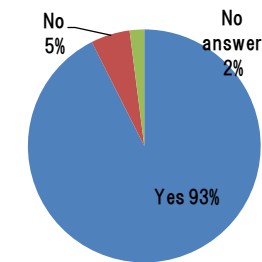


Restaurants

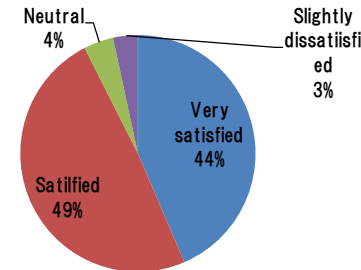
Age group



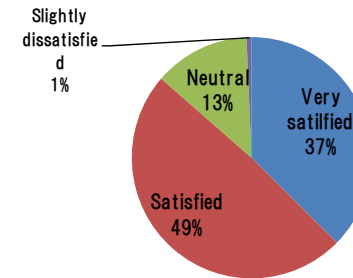
Recommended to friend(s)



Services



Flavor



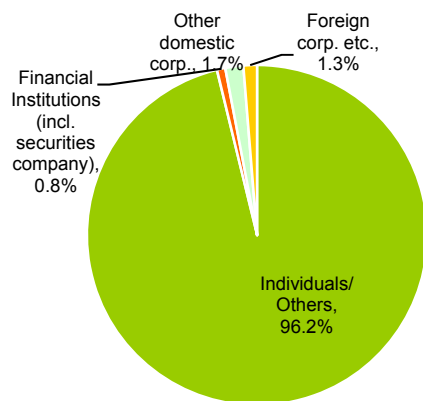
Appendix A Investor Composition and Unit Price

Units Held by Attribute

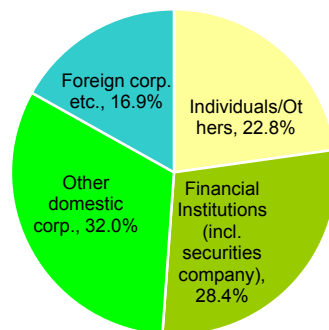
Japan Hotel and Resort, Inc.

Number of investors(1)

Feb. 28, 2010



Number of investment units held(1)



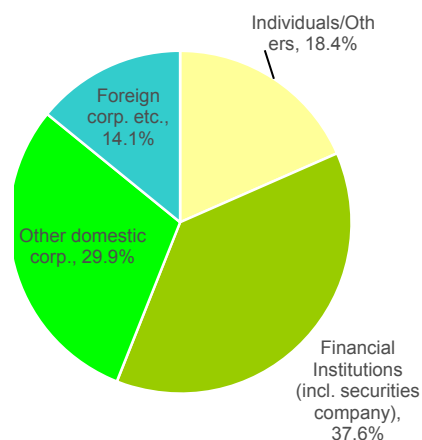
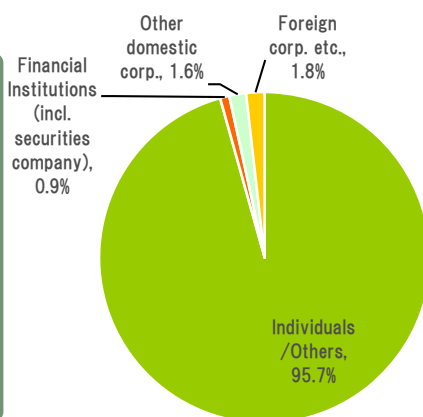
Unit-holder details (as of August 31, 2010)

	Investors		Units	
	Number	%	Number	%
Individuals/Others	4,432	95.7%	19,472	18.4%
Financial Institutions (incl. securities company)	42	0.9%	39,747	37.6%
Other domestic corp.	76	1.6%	31,564	29.9%
Foreign corp. etc.	83	1.8%	14,936	14.1%
Total	4,633	100.0%	105,719	100.0%

Top 10 Investors (as of August 31, 2010)

No.	Name	# of Units Held	(%) (4)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	15,396	14.56
2	Green Investment Co., Ltd. (2)	14,219	13.44
3	Japan Hotel Alliance Co., Ltd. (3)	9,150	8.65
4	The Nomura Trust and Banking Co., Ltd (Inv. Trust A/C)	9,142	8.64
5	Trust & Custody Services Bank, Ltd (Securities Inv. Trust A/C)	7,276	6.88
6	Shikoku Railway Company	5,301	5.01
7	The Master Trust Bank of Japan, Ltd. (Trust Account)	4,347	4.11
8	Goldman Sachs & Co. REG	2,628	2.48
9	MLPFS Custody Account	1,784	1.68
10	SI Income Strategy Investment LLP	1,500	1.41

Aug. 31, 2010



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

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

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

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

Submission of Large Volume Holdings Reports (as of October 8, 2010)

Japan Hotel and Resort, Inc.

Submitter and Joint Holders

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

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

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

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

3. The Sumitomo Trust & Banking Co., Ltd. (Submission to Kinki Local Finance Bureau: October 21, 2009)

Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Nikko Asset Management Co., Ltd.	8,450	7.99
Total	8,450	7.99

4. Mizuho Trust & Banking Co., Ltd. (Submission to Kanto Local Finance Bureau: September 24, 2010)

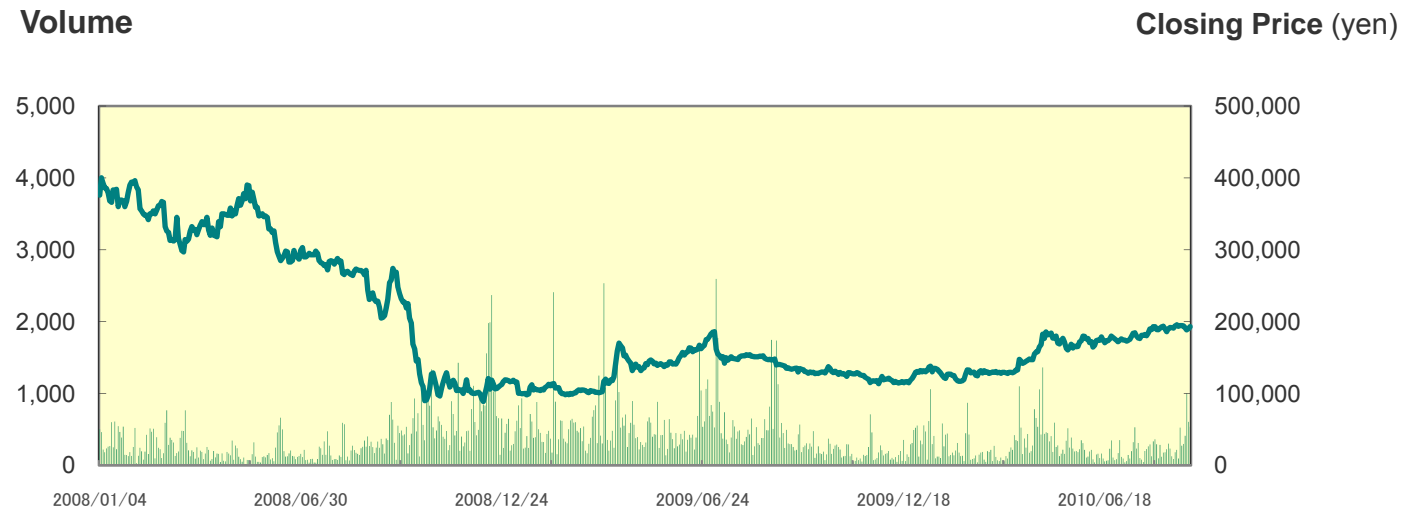
Submitter and Joint Holders	Number of Units Held	Shareholdings (%)
Mizuho Trust & Banking Co., Ltd.	364	0.34
Mizuho Securities Co., Ltd.	149	0.14
Mizuho Asset Management Co., Ltd.	5,241	4.96
Shinko Asset Management Co., Ltd.	2,241	2.12
Total	7,995	7.56

5. DIAM Co., Ltd. (Submission to Kanto Local Finance Bureau: October 8, 2010)

Submitter (Large Volume Holder)	Number of Units Held	Shareholdings (%)
DIAM Co., Ltd.	11,324	10.71
Total	11,324	10.71

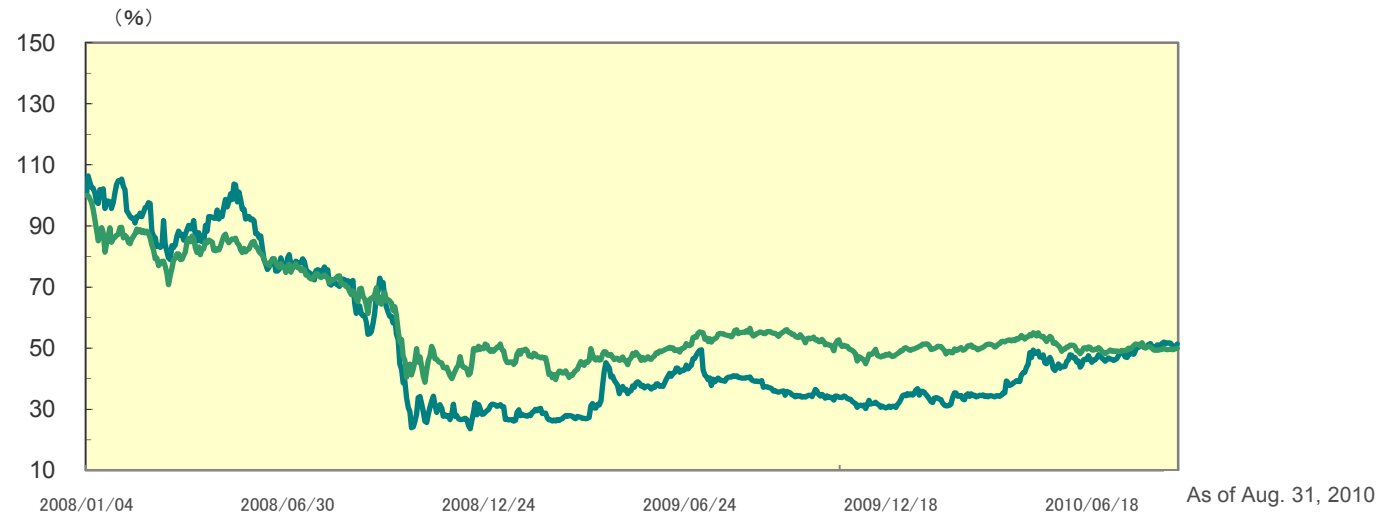
JHR Unit Price/ Trade Volume

■ Volume
— Closing Price



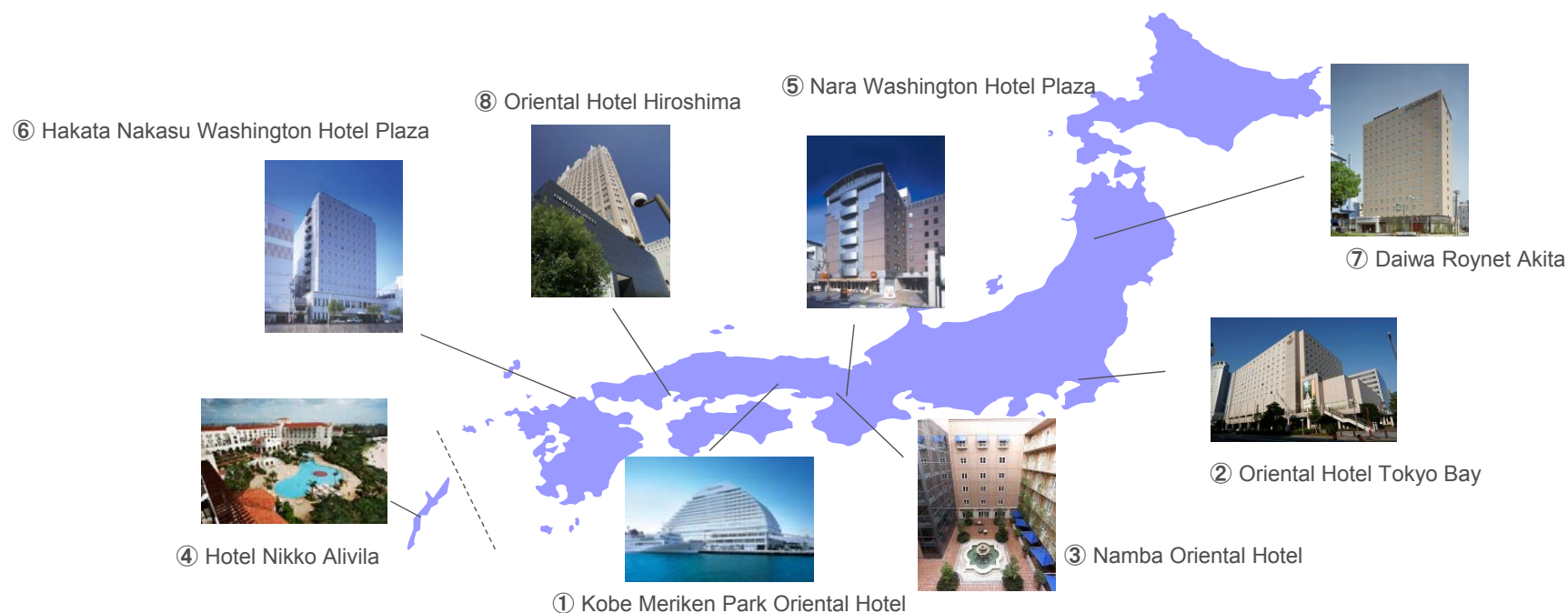
TSE REIT Index/ JHR Unit Price

— JHR
— TSE REIT Index



Appendix B Basic Information

Portfolio Map



Portfolio Name	Type	Grade	Appraisal Value (million yen) (1)	Acquisition Price (million yen) (2)	Investment Ratio(%) (2)	Year Built	Numbers of Room(3)
① Kobe Meriken Park Oriental Hotel	City Hotel	Upper Middle	12,100	11,400	13.4	Jul 1995	319
② Oriental Hotel Tokyo Bay	City Hotel	Mid-Priced	19,800	19,400	22.8	May 1995	502
③ Namba Oriental Hotel	Business Hotel	Mid-Priced	16,100	16,700	19.6	Mar 1996	257
④ Hotel Nikko Alivila	Resort Hotel	Luxury	19,700	19,700	23.2	Apr 1994	396
⑤ Nara Washington Hotel Plaza	Business Hotel	Mid-Priced	2,050	1,800	2.1	Mar 2000	204
⑥ Hakata Nakasu Washington Hotel Plaza	Business Hotel	Mid-Priced	3,710	3,880	4.6	Mar 1995	247
⑦ Daiwa Roynet Hotel Akita	Business Hotel	Economy	1,960	2,278	2.7	Jun 2006	221
⑧ Oriental Hotel Hiroshima	City Hotel	Upper Middle	7,650	9,900	11.6	Sep 1993	227
Portfolio Total			83,070	85,058	100.0	-	2,373

(Note 1) Appraisal value as of Aug 31,2010.

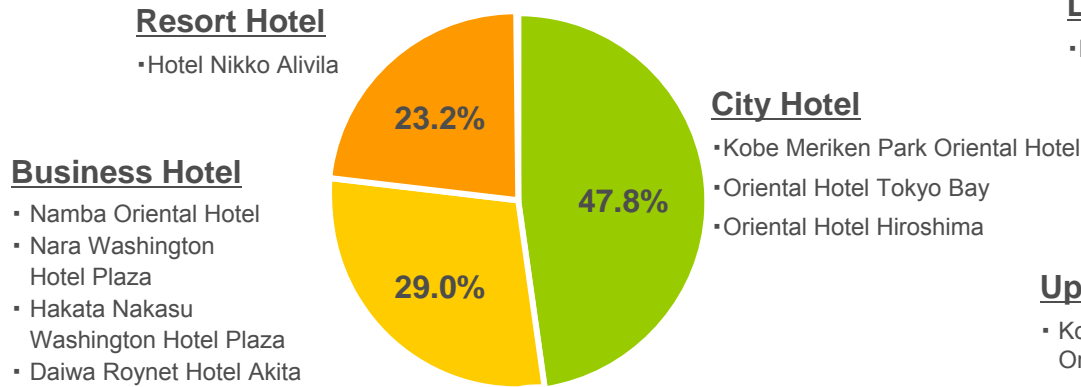
(Note 2) The acquisition price is rounded down to the nearest million yen. The investment ratio is rounded off to the first decimal place.

(Note 3) The number of rooms is the number of available rooms (excluding rooms used by the hotel itself for a long time) as of August, 2010

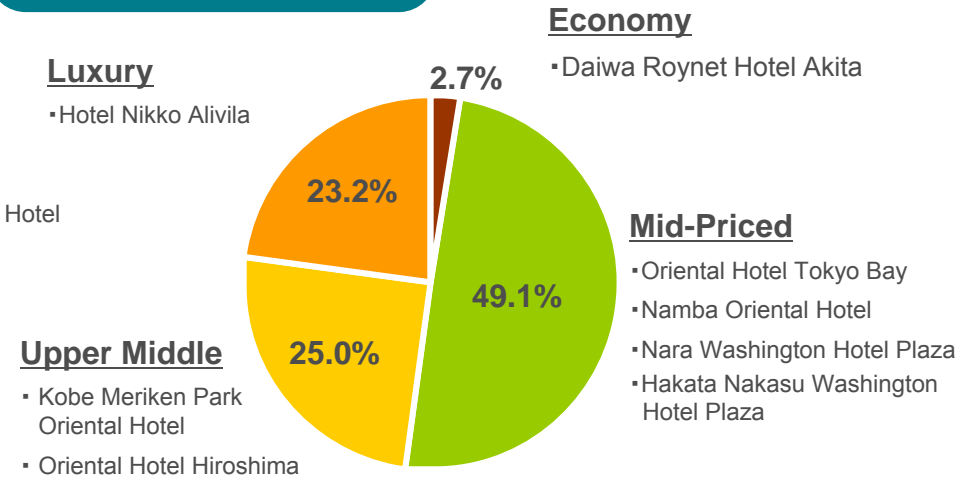
Portfolio Diversification

Japan Hotel and Resort, Inc.

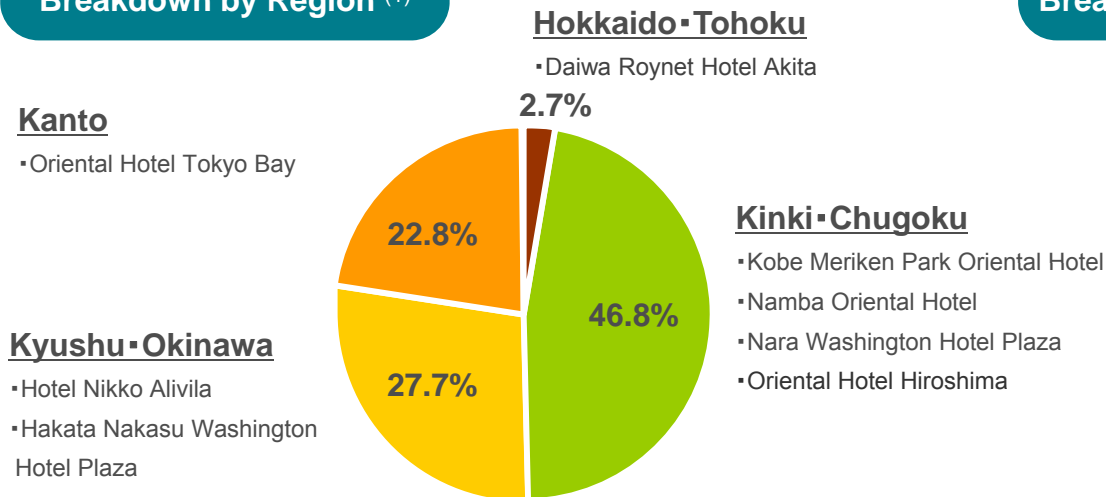
Breakdown by Type ⁽¹⁾



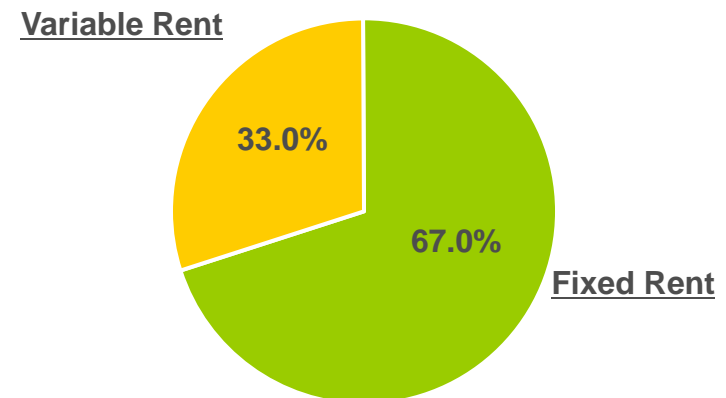
Breakdown by Grade ⁽¹⁾



Breakdown by Region ⁽¹⁾



Breakdown by Rent type ⁽²⁾



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

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

Value of Properties

Japan Hotel and Resort, Inc.

(Amount: million yen)

Hotel	Type	Grade	Total Number of Rooms	Appraisal Value								Value at Balance Sheet ⁽¹⁾	Acquisition Price	
				as of Aug 31, 2007		as of Aug 31, 2008		as of Aug 31, 2009		as of Aug 31, 2010				
				Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Appraisal Value	CAP Rate	Aug 31, 2010	Price	CAP Rate
Kobe Meriken Park Oriental Hotel	City	Upper Middle	319	13,900	5.2%	13,800	5.5%	12,800	5.8%	12,100	6.0%	10,619	11,400	5.4%
Oriental Hotel Tokyo Bay	City	Mid-Priced	502	20,900	4.9%	20,900	5.1%	20,300	5.3%	19,800	5.4%	18,554	19,400	5.2%
Namba Oriental Hotel	Business	Mid-Priced	257	18,200	4.5%	17,900	4.7%	16,800	5.0%	16,100	5.2%	16,350	16,700	5.0%
Hotel Nikko Alivila	Resort	Luxury	396	21,600	5.7%	21,600	6.0%	20,400	6.2%	19,700	6.3%	19,685	19,700	6.2%
Nara Washington Hotel Plaza	Business	Mid-Priced	204	2,070	5.7%	1,970	6.0%	2,070	6.2%	2,050	6.3%	1,638	1,800	6.2%
Hakata Nakasu Washington Hotel Plaza	Business	Mid-Priced	247	4,160	5.0%	4,060	5.2%	3,960	5.5%	3,710	5.9%	3,802	3,880	5.5%
Daiwa Roynet Hotel Akita	Business	Economy	221	2,240	5.2%	2,090	5.5%	1,990	5.8%	1,960	6.0%	2,202	2,278	5.2%
Oriental Hotel Hiroshima	City	Upper Middle	227	—	—	9,780	5.5%	8,800	5.8%	7,650	6.2%	10,193	9,900	5.3%
Total			2,373	83,070		92,100		87,120		83,070		83,046	85,058	

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

JHR Structure

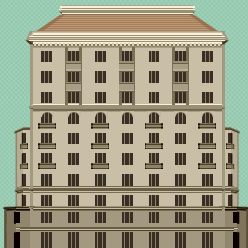
Asset Management Company

Japan Hotel & Resort K.K.

Asset Management Agreement

JAPAN HOTEL AND RESORT

Japan Hotel and Resort, Inc.



Lessee

K.K. Hotel Management Japan

Kobe Meriken Park Oriental Hotel

Oriental Hotel Tokyo Bay

Namba Oriental Hotel

Oriental Hotel Hiroshima

Hotel Nikko Alivila

Washington Hotel Corporation

Nara Washington Hotel Plaza

Hakata Nakasu Washington Hotel Plaza

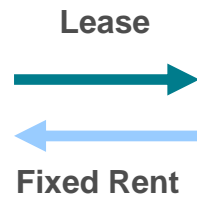
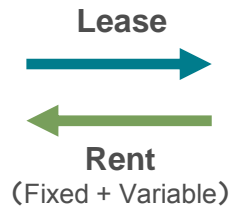
DAIWAROYAL Co., Ltd.

Daiwa Roynet Hotel Akita

Operator

Abilitas Hospitality Co., Ltd. (formerly known as Archon Hospitality K.K.)

JAL Hotels Co., Ltd.



Scheme of Variable Rents with Stepped-up (Until August, 2011)

Japan Hotel and Resort, Inc.

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

* The upper limit of total variable rents (sum of rents based on the standard rate and the stepped-up rate) of the above five hotels is a variable rent cap calculated for the five hotels.

$$\text{Variable rent cap} = (\text{GOP}(2) \text{ of the five hotels} - \text{Fixed rents from the five hotels} - \text{Fees to operators}) \times 90\%$$

- (1) CAPEX I : Replacement of equipments and facilities required for maintaining the asset value of properties.
 CAPEX II : Purchase of fixtures, furniture, and equipment required for operating hotels, unrelated to their building frame or facilities.
 CAPEX III : Strategic renovation of guest rooms, banquet halls and restaurants with the view to maintain and increase hotel competitiveness.
- (2) GOP (Gross Operating Profit): Total departmental profit minus unallocated expenses.

(Reference Information)

Outline of Management Contract Scheme

Overview

- * The management of the hotels owned by JHR is assigned to hotel business (management) companies and the business profits are brought into JHR in the form of earnings from the asset management of real estate.
- * JHR pays management contract fees (*4) to the hotel business (management) company as a consideration for the assignment of the management.

Features

- * At times of economic growth, JHR will directly receive the benefits of improved revenues, but on the other hand during economic downturns there is a possibility that the earnings from the asset management of real estate will become negative.
- * The scheme produces the advantages of the hotel owner and the hotel business (management) company having a common goal, a simple structure, increased transparency, expanded acquisition opportunities, etc.

Future Applications

- * New properties: comprehensive assessment of the characteristics, management status, etc. of the hotel real estate
- * The five hotels with variable rents: make a comprehensive assessment of the characteristics, operational situation and business environment, etc. of each piece of real estate, make a decision, and report by the end of February 2011
- * The three hotels with fixed rents: no change until the expiration dates of their agreements

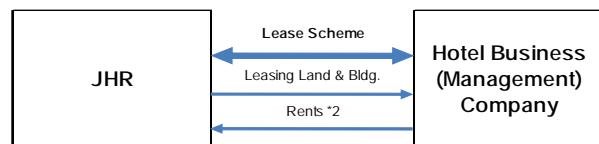
(Reference 1: Concept Diagram of Management Contract Scheme and (Reference 2: Concept Diagram of Profit and Loss Statement under the Management Contract Scheme and Lease Scheme)

<Management Contract Scheme>

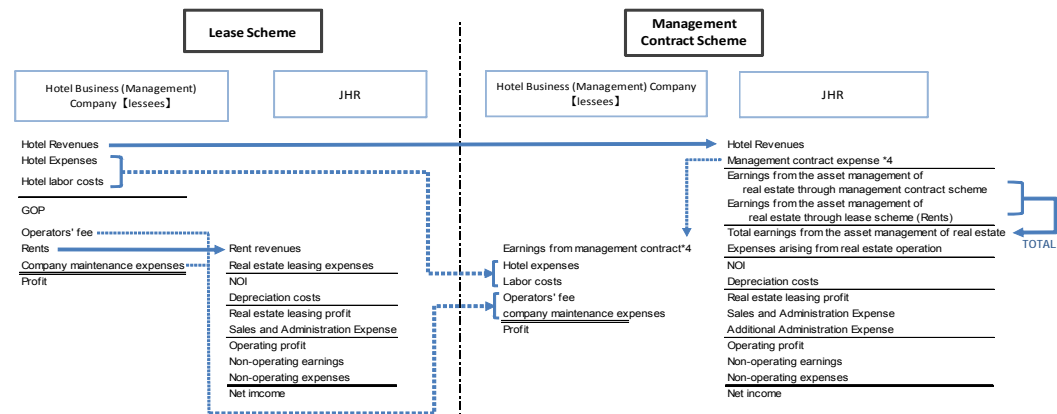


*1 : The revenues of the hotels owned by JHR minus the management contract expenses as the "earnings from the asset management of real estate through management contract" and this earnings portion corresponds to the rents that are the earnings from the operation of real estate under the Lease Scheme.

<Lease Scheme>



Note 2: The concept of variable rents has been incorporated into JHR's Lease Scheme in addition to fixed rents and we have established a scheme under which we can collect rents linked to hotel revenues.

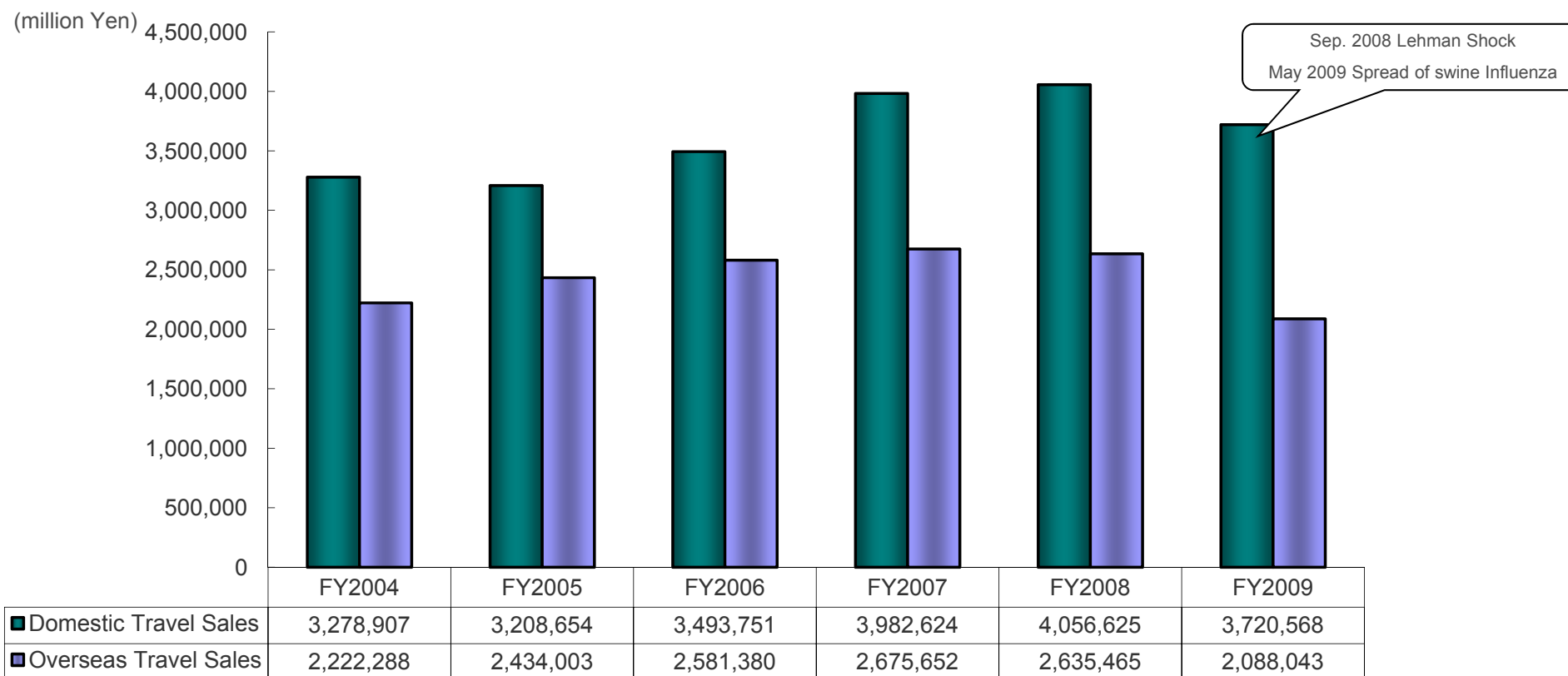


*3 The above Profit and Loss Statement is a concept diagram to facilitate understanding of the structure of the two schemes. The details of the account items, etc. have not been decided at the present time.

*4 The management contract fees that JHR pays to the hotel business (management) companies are booked as a management contract expense of JHR. Furthermore, the said management contract fees are booked as earnings from management contract by the hotel business (management) companies, and the hotel business (management) companies uses these earnings from management contract as a source of funds to pay hotel expenses such as materials costs, utilities costs, advertising costs, etc., hotel labor costs, fees to operators and company maintenance expenses.

Appendix C Market Data

Travel Market Trends



Domestic Travel Sales	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
FY2010	325,520	336,837	306,184	264,410	218,345	254,278	310,765	271,233	310,343	294,445	348,011
vs. LY	-3.50%	-14.30%	-14.20%	-13.60%	-8.30%	-4.60%	-1.01%	0.72%	5.06%	3.06%	-1.69%
Overseas Travel Sales	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
FY2010	223,757	174,009	153,830	160,922	131,281	150,004	192,016	152,735	169,193	188,306	197,660
vs. LY	-7.30%	-18.70%	-18.60%	-16.30%	-8.30%	-7.69%	6.34%	1.75%	22.54%	53.18%	25.59%

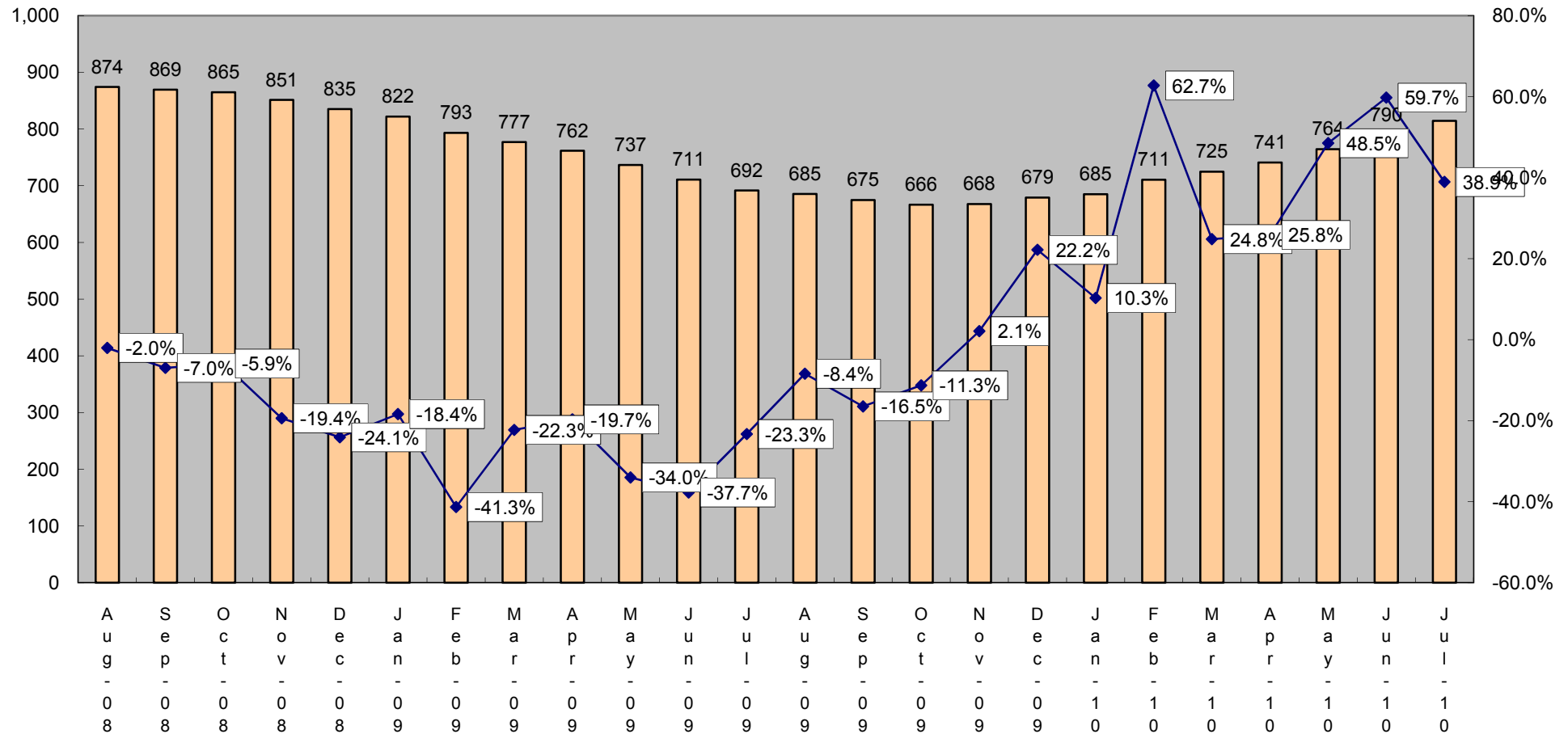
→ Signs that travel demand has bottomed out have been seen since the beginning of 2010.

The figures exclude Overseas Visitors to Japan.
Source: Japan Association of Travel Agents

Trends in Overseas Visitors to Japan

(10,000 persons)

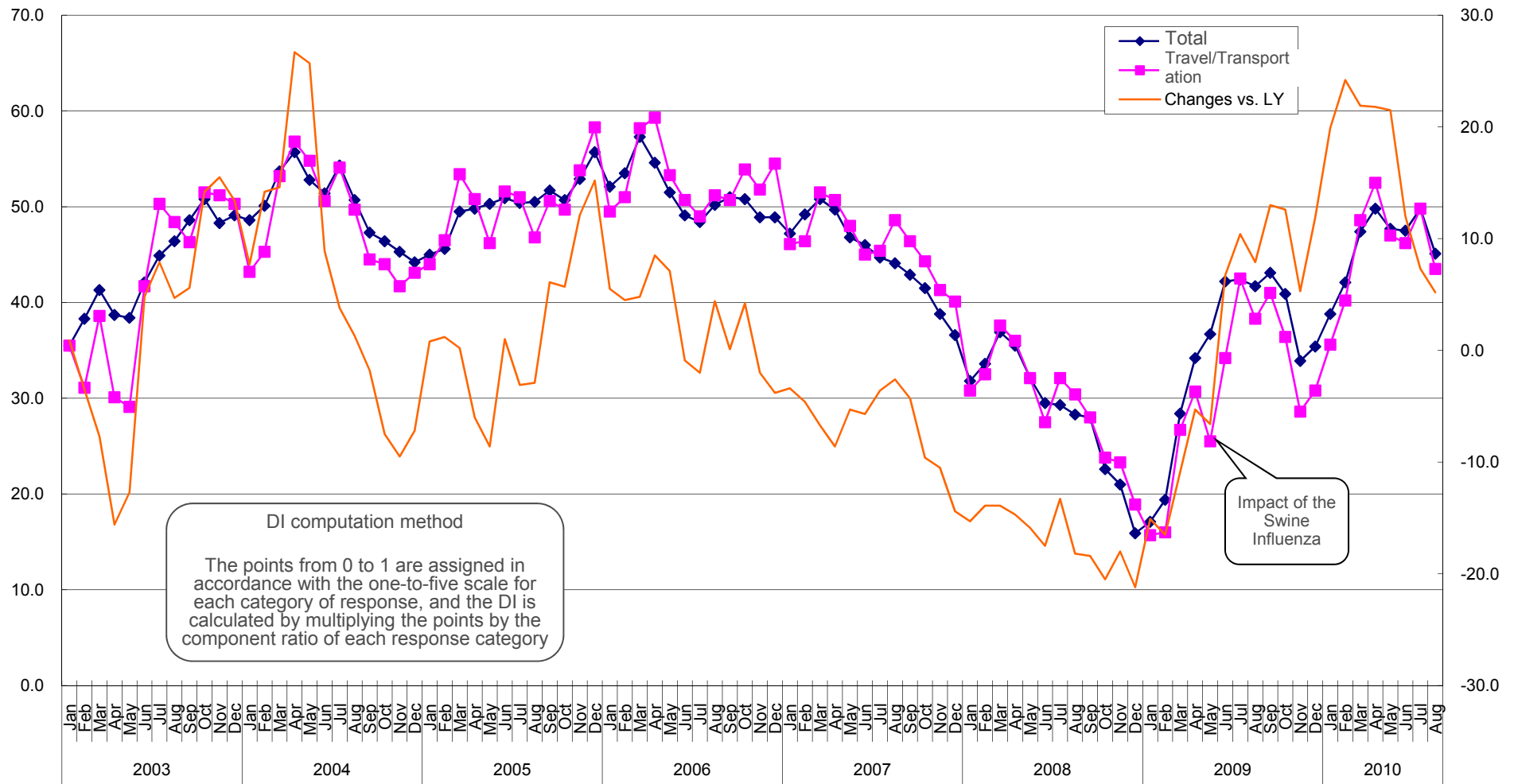
Cumulative number for 12 months vs. LY



→ Since November 2009, the number of overseas visitors to Japan has been higher each month compared to the same month in the previous year.

Source: Japan National Tourism Organization (JNTO)

Economy Watchers Survey (Current Economic Conditions DI)



Source: Cabinet Office

→ The current economic conditions DI has been in a recovery trend since June 2009.

%

	CY 2009 Results (2)	Goldman Sachs (1)		Daiwa Institute of Research (2)	
		CY 2010 Forecast	CY 2011 Forecast	CY 2010 Forecast	CY 2011 Forecast
Real GDP	-5.2	2.7	1.3	2.7	1.2
Consumers Expenditure	-1.0	2.0	0.0	2.0	0.3
Government Expenditure	1.5	1.5	0.6	1.6	1.0
Private Housing Investment	-14.2	-8.1	3.6	-8.3	2.3
Private Capital Investment	-19.2	0.7	6.9	-0.0	2.4
Public Fixed Investment	7.4	-4.0	-7.0	-4.7	-8.0
Exports of Goods and Services	-23.9	24.9	8.2	24.6	5.6
Imports of Goods and Services	-16.7	11.0	8.2	10.4	4.1
Nominal GDP	-6.1	0.7	1.1	0.9	0.3
Consumer Price Increases (Excluding Fresh Goods)	-1.3	-1.3	-0.4	-1.0	-0.1
Unemployment rate	5.1	5.1	4.8	5.2	5.1

(1) Source : Goldman Sachs Economic Research dated September 3, 2010

(2) Source : Japanese Economic Outlook No. 166 dated August 19, 2010

Appendix D Portfolio Data Book

Monthly Hotel Indicators

5 hotels with Variable Rents

Japan Hotel and Resort, Inc.

FY 2010 ended August 31, 2010															
Fiscal Year	2009						2010						2nd Half	Total	
Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	←						Unaudited	←						Unaudited	
Occupancy Rate	78.4%	81.4%	75.4%	74.0%	66.1%	76.2%	75.2%	80.8%	80.1%	79.3%	78.6%	81.9%	91.5%	82.1%	78.7%
ADR (Yen)	17,724	15,265	14,527	15,948	12,971	11,870	14,805	15,846	13,518	16,494	13,104	19,105	25,288	17,475	16,208
RevPAR (Yen)	13,891	12,422	10,957	11,801	8,572	9,044	11,134	12,797	10,827	13,082	10,307	15,641	23,148	14,341	12,749
Total Revenues (Myen)	1,692	1,924	1,882	1,753	1,396	1,462	10,109	1,843	1,655	1,961	1,572	1,910	2,382	11,322	21,431
Rooms							3,781							4,942	8,723
Food & Beverages							5,279							5,134	10,413
Shops							194							269	462
Tenant							576							633	1,209
Others							279							345	624
GOP(MYen)							2,356							3,322	5,679

FY 2009 ended August 31, 2009															
Fiscal Year	2008						2009						2nd Half	Total	
Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	←						Audited	←						Audited	
Occupancy Rate	85.7%	87.7%	81.9%	76.3%	68.3%	76.7%	79.4%	79.1%	69.8%	64.2%	62.2%	72.8%	83.8%	72.0%	75.7%
ADR (Yen)	17,921	16,643	16,920	18,589	14,307	12,602	16,291	17,862	15,280	18,728	14,794	20,918	26,416	19,349	17,758
RevPAR (Yen)	15,362	14,588	13,858	14,179	9,771	9,662	12,938	14,121	10,662	12,018	9,196	15,236	22,125	13,936	13,441
Total Revenues (Myen)	1,888	2,049	2,164	1,934	1,443	1,430	10,908	1,962	1,593	1,829	1,452	1,907	2,271	11,015	21,923
Rooms							4,393							4,812	9,205
Food & Beverages							5,391							5,020	10,411
Shops							233							278	512
Tenant							587							587	1,174
Others							303							318	621
GOP(Myen)							2,516							2,931	5,447

FY2009 vs. FY2010															
Fiscal Year	2009						2010						2nd Half	Total	
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	Δ7.3%	Δ6.3%	Δ6.5%	Δ2.3%	Δ2.2%	Δ0.5%	Δ4.2%	1.7%	10.3%	15.1%	16.5%	9.0%	7.8%	10.0%	3.0%
ADR (Yen)	Δ 197	Δ 1,377	Δ 2,393	Δ 2,641	Δ 1,336	Δ 732	Δ 1,486	Δ 2,016	Δ 1,762	Δ 2,234	Δ 1,689	Δ 1,813	Δ 1,128	Δ 1,875	Δ 1,550
RevPAR (Yen)	Δ 1,471	Δ 2,166	Δ 2,901	Δ 2,377	Δ 1,199	Δ 619	Δ 1,804	Δ 1,324	165	1,065	1,111	405	1,023	405	Δ 692
Total Revenues (Myen)	Δ196	Δ125	Δ282	Δ181	Δ47	32	Δ799	Δ120	62	132	121	3	111	308	Δ491
Rooms							Δ612							130	Δ482
Food & Beverages							Δ112							114	2
Shops							Δ40							Δ10	Δ49
Tenant							Δ12							47	35
Others							Δ24							27	3
GOP(MYen)							Δ160							391	231

(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

Kobe Meriken Park Oriental Hotel

Japan Hotel and Resort, Inc.

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

FY 2009 ended August 31, 2009															
Fiscal Year															
Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	← Audited							← Audited							
Occupancy Rate	75.3%	79.8%	75.5%	82.0%	65.3%	71.1%	74.9%	71.1%	63.4%	53.5%	49.3%	69.8%	91.3%	66.5%	70.7%
ADR (Yen)	15,587	15,902	17,300	18,726	14,185	12,771	15,896	14,435	13,777	17,984	12,818	13,873	16,523	15,001	15,472
RevPAR (Yen)	11,737	12,686	13,070	15,350	9,258	9,087	11,905	10,263	8,732	9,613	6,323	9,683	15,086	9,976	10,933
Total Revenues (Myen)	479	562	704	578	377	422	3,122	524	441	541	380	462	528	2,877	5,999
Rooms							757							645	1,403
Food & Beverages							2,189							2,056	4,246
Shops							55							52	107
Tenant							31							31	63
Others							89							92	181
GOP (MYen)							505							385	891

FY2009 vs. FY2010															
Fiscal Year															
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	Δ4.0%	Δ4.9%	Δ2.2%	0.9%	5.4%	0.5%	Δ0.7%	7.5%	15.1%	22.2%	31.0%	10.6%	0.4%	14.4%	6.8%
ADR (Yen)	264	Δ 1,372	Δ 3,116	Δ 2,455	Δ 1,700	Δ 1,291	Δ 1,668	Δ 1,582	Δ 1,813	Δ 2,736	Δ 662	Δ 600	Δ 179	Δ 1,287	Δ 1,514
RevPAR (Yen)	Δ 433	Δ 1,810	Δ 2,679	Δ 1,865	Δ 437	Δ 871	Δ 1,355	Δ 158	655	1,924	3,444	986	Δ 100	1,115	Δ 110
Total Revenues (Myen)	12	5	Δ94	Δ41	29	7	Δ81	Δ48	5	67	53	Δ28	Δ34	16	Δ66
Rooms							Δ86							72	Δ14
Food & Beverages							29							Δ62	Δ34
Shops							Δ9							Δ3	Δ13
Tenant							0							0	0
Others							Δ15							10	Δ5
GOP (MYen)							94							169	264

(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 Tokyo Bay

Japan Hotel and Resort, Inc.

FY 2010 ended August 31, 2010															
Fiscal Year															
Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	← Unaudited							← Unaudited							
Occupancy Rate	89.7%	93.2%	84.8%	88.1%	76.4%	85.4%	86.3%	91.7%	82.5%	89.4%	91.1%	88.6%	96.2%	89.9%	88.1%
ADR (Yen)	16,608	17,716	17,010	18,262	13,368	11,895	15,955	19,625	14,706	17,685	13,791	15,439	22,103	17,354	16,673
RevPAR (Yen)	14,893	16,518	14,429	16,097	10,208	10,160	13,766	18,003	12,135	15,805	12,558	13,678	21,262	15,610	14,693
Total Revenues (MYen)	439	632	605	597	474	442	3,189	610	486	605	513	501	618	3,333	6,522
Rooms							1,384							1,587	2,971
Food & Beverages							1,552							1,476	3,028
Shops							1							1	2
Tenant							139							141	279
Others							113							128	241
GOP (MYen)							708							805	1,513

FY 2009 ended August 31, 2009															
Fiscal Year															
Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	← Audited							← Audited							
Occupancy Rate	91.0%	93.0%	91.6%	88.1%	79.9%	92.3%	89.3%	90.7%	65.4%	65.6%	61.1%	68.0%	83.0%	72.4%	80.8%
ADR (Yen)	18,224	19,766	20,526	20,987	14,663	12,700	17,928	23,269	17,553	19,948	15,263	17,181	23,621	19,923	18,830
RevPAR (Yen)	16,592	18,385	18,805	18,480	11,722	11,720	16,002	21,099	11,474	13,077	9,332	11,680	19,608	14,422	15,205
Total Revenues (MYen)	557	650	683	633	472	454	3,448	692	450	522	408	470	551	3,093	6,542
Rooms							1,610							1,475	3,084
Food & Beverages							1,573							1,369	2,942
Shops							2							1	3
Tenant							139							136	274
Others							125							113	238
GOP (MYen)							825							706	1,531

FY2009 vs. FY2010															
Fiscal Year															
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	△1.3%	0.2%	△6.8%	0.0%	△3.5%	△6.9%	△3.0%	1.0%	17.1%	23.8%	30.0%	20.6%	13.2%	17.5%	7.3%
ADR (Yen)	△ 1,616	△ 2,050	△ 3,516	△ 2,725	△ 1,295	△ 805	△ 1,973	△ 3,644	△ 2,847	△ 2,263	△ 1,472	△ 1,742	△ 1,518	△ 2,569	△ 2,157
RevPAR (Yen)	△ 1,699	△ 1,867	△ 4,376	△ 2,383	△ 1,514	△ 1,560	△ 2,236	△ 3,096	661	2,728	3,226	1,998	1,654	1,188	△ 512
Total Revenues (MYen)	△117	△18	△78	△36	2	△11	△260	△82	36	84	104	31	67	239	△20
Rooms							△225							112	△113
Food & Beverages							△21							107	86
Shops							△1							△1	△2
Tenant							0							5	5
Others							△12							16	3
GOP (MYen)							△117							99	△18

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

Monthly Hotel Indicators

Namba Oriental Hotel

Japan Hotel and Resort, Inc.

FY 2010 ended August 31, 2010															
Fiscal Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2nd Half	Total
Year	2009	2009	2009	2009	2010	2010	Total	2010	2010	2010	2010	2010	2010	Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	→						Unaudited	
Occupancy Rate	72.8%	85.3%	84.0%	84.6%	75.5%	76.6%	79.9%	83.4%	85.8%	80.3%	78.3%	79.6%	88.0%	82.5%	81.2%
ADR (Yen)	9,640	8,555	9,409	9,472	9,025	8,835	9,152	9,812	9,520	10,333	8,953	9,893	10,145	9,788	9,478
RevPAR (Yen)	7,016	7,299	7,908	8,017	6,813	6,769	7,311	8,179	8,164	8,294	7,011	7,874	8,923	8,079	7,698
Total Revenues (MYen)	138	145	148	158	141	136	866	181	151	159	146	155	175	967	1,832
Rooms							374							420	794
Food & Beverages							71							73	144
Shops							-							-	-
Tenant							394							450	844
Others							27							24	50
GOP (MYen)							477							543	1,020

FY 2009 ended August 31, 2009															
Fiscal Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Year	2008	2008	2008	2008	2009	2009	Total	2009	2009	2009	2009	2009	2009	Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Audited	→						Audited	
Occupancy Rate	80.8%	88.2%	87.0%	75.3%	73.3%	77.5%	80.4%	80.7%	76.5%	56.6%	53.3%	74.6%	82.4%	70.8%	75.5%
ADR (Yen)	10,615	10,665	11,482	11,061	10,397	9,183	10,604	10,378	10,012	10,928	9,097	9,632	10,381	10,098	10,365
RevPAR (Yen)	8,576	9,411	9,990	8,325	7,617	7,117	8,520	8,377	7,659	6,182	4,853	7,186	8,555	7,145	7,827
Total Revenues (MYen)	154	164	165	160	149	133	925	156	145	134	117	146	158	855	1,781
Rooms							436							372	807
Food & Beverages							62							55	117
Shops							-							-	-
Tenant							405							408	814
Others							22							21	43
GOP (MYen)							508							455	963

FY2009 vs. FY2010															
Fiscal Year	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	Δ8.0%	Δ2.9%	Δ3.0%	9.3%	2.2%	Δ0.9%	Δ0.5%	2.7%	9.3%	23.7%	25.0%	5.0%	5.6%	11.7%	5.7%
ADR (Yen)	Δ 975	Δ 2,110	Δ 2,073	Δ 1,589	Δ 1,372	Δ 348	Δ 1,452	Δ 566	Δ 492	Δ 595	Δ 144	261	Δ 236	Δ 310	Δ 887
RevPAR (Yen)	Δ 1,560	Δ 2,112	Δ 2,082	Δ 308	Δ 804	Δ 348	Δ 1,209	Δ 198	505	2,112	2,158	688	368	934	Δ 129
Total Revenues (MYen)	Δ15	Δ20	Δ18	Δ2	Δ8	3	Δ60	25	6	26	29	9	17	111	52
Rooms							Δ62							49	Δ13
Food & Beverages							9							18	27
Shops							-							-	-
Tenant							Δ12							42	30
Others							5							3	8
GOP (MYen)							Δ31							88	57

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

Monthly Hotel Indicators

Hotel Nikko Alivila

Japan Hotel and Resort, Inc.

FY 2010 ended August 31, 2010															
Fiscal Year															
Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	←						Unaudited	→						Unaudited	
Occupancy Rate	74.1%	73.9%	57.8%	44.6%	47.1%	74.7%	61.8%	71.3%	80.7%	74.2%	70.7%	80.3%	91.6%	78.2%	70.0%
ADR (Yen)	30,978	20,485	19,235	24,073	20,106	15,825	21,898	21,139	18,539	23,681	18,342	40,205	54,398	30,563	26,773
RevPAR (Yen)	22,944	15,148	11,125	10,734	9,465	11,829	13,531	15,073	14,955	17,580	12,975	32,295	49,838	23,893	18,754
Total Revenues (MYen)	459	384	303	266	244	291	1,947	382	384	418	316	644	943	3,086	5,033
Rooms							1,069							1,917	2,987
Food & Beverages							687							882	1,569
Shops							147							219	367
Tenant							-							-	-
Others							43							68	111
GOP (MYen)							395							1,256	1,650

FY 2009 ended August 31, 2009															
Fiscal Year															
Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total	
Status	←						Audited	→						Audited	
Occupancy Rate	94.7%	90.9%	72.9%	59.8%	55.6%	66.2%	73.4%	77.5%	77.6%	73.2%	77.0%	82.8%	78.7%	77.8%	75.6%
ADR (Yen)	27,289	20,821	19,684	26,623	20,786	17,266	22,327	21,730	20,517	26,518	21,032	41,999	60,457	32,415	27,561
RevPAR (Yen)	25,854	18,920	14,355	15,918	11,550	11,435	16,378	16,842	15,928	19,409	16,188	34,770	47,608	25,223	20,837
Total Revenues (MYen)	532	467	370	368	290	275	2,303	419	388	443	372	686	887	3,195	5,498
Rooms							1,293							2,025	3,318
Food & Beverages							786							875	1,662
Shops							177							225	402
Tenant							-							-	-
Others							46							70	116
GOP (MYen)							512							1,231	1,743

FY2009 vs. FY2010															
Fiscal Year															
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	Δ20.6%	Δ17.0%	Δ15.1%	Δ15.2%	Δ8.5%	8.5%	Δ11.6%	Δ6.2%	3.1%	1.0%	Δ6.3%	Δ2.5%	12.9%	0.4%	Δ5.6%
ADR (Yen)	3,689	Δ 336	Δ 449	Δ 2,550	Δ 680	Δ 1,441	Δ 429	Δ 591	Δ 1,978	Δ 2,837	Δ 2,690	Δ 1,794	Δ 6,059	Δ 1,852	Δ 788
RevPAR (Yen)	Δ 2,910	Δ 3,772	Δ 3,230	Δ 5,184	Δ 2,085	394	Δ 2,847	Δ 1,769	Δ 973	Δ 1,829	Δ 3,213	Δ 2,475	2,230	Δ 1,330	Δ 2,083
Total Revenues (MYen)	Δ73	Δ84	Δ67	Δ102	Δ46	16	Δ356	Δ38	Δ4	Δ25	Δ56	Δ42	56	Δ109	Δ465
Rooms							Δ224							Δ108	Δ332
Food & Beverages							Δ100							7	Δ93
Shops							Δ29							Δ6	Δ35
Tenant							-							-	-
Others							Δ3							Δ2	Δ5
GOP (MYen)							Δ117							24	Δ93

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

Monthly Hotel Indicators

Oriental Hotel Hiroshima

Japan Hotel and Resort, Inc.

FY 2010 ended August 31, 2010															
Fiscal Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2nd Half	Total
Year	2009	2009	2009	2009	2010	2010	Total	2010	2010	2010	2010	2010	2010	Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Unaudited	←						Unaudited	
Occupancy Rate	77.0%	72.6%	78.5%	69.3%	59.3%	64.2%	70.2%	73.0%	69.6%	70.0%	63.0%	74.3%	85.0%	72.6%	71.4%
ADR (Yen)	9,465	8,985	9,161	8,691	8,455	8,475	8,906	8,627	8,295	9,726	8,194	9,023	9,812	8,994	8,951
RevPAR (Yen)	7,287	6,524	7,190	6,024	5,014	5,439	6,249	6,296	5,776	6,809	5,163	6,708	8,335	6,526	6,388
Total Revenues (MYen)	165	197	216	195	131	163	1,066	193	188	170	164	176	153	1,044	2,110
Rooms							282							300	582
Food & Beverages							751							709	1,460
Shops							0							-	-
Tenant							12							12	24
Others							21							24	44
GOP (MYen)							177							164	340

FY 2009 ended August 31, 2009															
Fiscal Year	2008	2008	2008	2008	2009	2009	1st Half	2009	2009	2009	2009	2009	2009	2nd Half	Total
Year	2008	2008	2008	2008	2009	2009	Total	2009	2009	2009	2009	2009	2009	Total	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb		Mar	Apr	May	Jun	Jul	Aug		
Status	←						Audited	←						Audited	
Occupancy Rate	78.4%	80.5%	79.1%	72.0%	63.2%	67.0%	73.4%	65.2%	67.3%	69.0%	66.6%	68.6%	85.1%	70.3%	71.8%
ADR (Yen)	9,062	8,838	9,448	9,109	8,676	8,482	8,958	8,855	8,597	9,788	8,479	8,738	10,021	9,129	9,043
RevPAR (Yen)	7,102	7,116	7,474	6,556	5,486	5,683	6,576	5,772	5,783	6,754	5,647	5,990	8,523	6,419	6,497
Total Revenues (MYen)	167	205	242	195	155	146	1,109	171	168	190	174	143	147	994	2,103
Rooms							297							295	592
Food & Beverages							780							665	1,445
Shops							-							-	-
Tenant							12							12	24
Others							20							22	42
GOP (MYen)							166							153	320

FY2009 vs. FY2010															
Fiscal Year	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	Δ1.4%	Δ7.9%	Δ0.6%	Δ2.7%	Δ3.9%	Δ2.8%	Δ3.2%	7.8%	2.3%	1.0%	Δ3.6%	5.7%	Δ0.1%	2.3%	Δ0.4%
ADR (Yen)	403	147	Δ 287	Δ 418	Δ 221	Δ 7	Δ 52	Δ 228	Δ 302	Δ 62	Δ 285	285	Δ 209	Δ 135	Δ 92
RevPAR (Yen)	185	Δ 592	Δ 284	Δ 532	Δ 472	Δ 244	Δ 327	524	Δ 7	55	Δ 484	718	Δ 188	107	Δ 109
Total Revenues (MYen)	Δ2	Δ8	Δ26	0	Δ24	16	Δ43	22	19	Δ19	Δ10	33	5	50	7
Rooms							Δ15							5	Δ10
Food & Beverages							Δ29							44	15
Shops							-							-	-
Tenant							0							0	0
Others							1							2	2
GOP (MYen)							10							10	21

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

(Reference Information) FY2010 vs. FY2008

Japan Hotel and Resort, Inc.

5 hotels with Variable Rents

Fiscal Year		FY 2010 ended August 31, 2010														
Year	2009	2009	2009	2009	2010	2010	1st Half	2010	2010	2010	2010	2010	2010	2010	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total		
Status	←						Unaudited	→						Unaudited		
Occupancy Rate	78.4%	81.4%	75.4%	74.0%	66.1%	76.2%	75.2%	80.8%	80.1%	79.3%	78.6%	81.9%	91.5%	82.1%	78.7%	
ADR (Yen)	17,724	15,265	14,527	15,948	12,971	11,870	14,805	15,846	13,518	16,494	13,104	19,105	25,288	17,475	16,208	
RevPAR (Yen)	13,891	12,422	10,957	11,801	8,572	9,044	11,134	12,797	10,827	13,082	10,307	15,641	23,148	14,341	12,749	
Total Revenues (MYen)	1,692	1,924	1,882	1,753	1,396	1,462	10,109	1,843	1,655	1,961	1,572	1,910	2,382	11,322	21,431	
Rooms							3,781							4,942	8,723	
Food & Beverages							5,279							5,134	10,413	
Shops							194							269	462	
Tenant							576							633	1,209	
Others							279							345	624	
GOP (MYen)							2,356							3,322	5,679	

Fiscal Year		FY 2008 ended August 31, 2008														
Year	2007	2007	2007	2007	2008	2008	1st Half	2008	2008	2008	2008	2008	2008	2008	2nd Half	Total
Month	Sep	Oct	Nov	Dec	Jan	Feb	Total	Mar	Apr	May	Jun	Jul	Aug	Total		
Status	←						Audited	→						Audited		
Occupancy Rate	86.5%	85.2%	82.6%	74.7%	62.3%	66.9%	76.4%	72.9%	73.5%	78.3%	75.2%	83.4%	89.7%	78.9%	77.6%	
ADR (Yen)	17,328	15,814	15,542	18,188	15,336	13,190	16,014	18,594	16,502	17,628	15,674	21,602	29,468	20,272	18,172	
RevPAR (Yen)	14,991	13,471	12,839	13,583	9,549	8,828	12,235	13,562	12,127	13,795	11,788	18,006	26,433	15,986	14,107	
Total Revenues (MYen)	1,964	2,037	2,028	2,014	1,457	1,500	11,000	2,002	1,799	2,014	1,740	2,158	2,600	12,312	23,312	
Rooms							4,253							5,532	9,785	
Food & Beverages							5,632							5,526	11,158	
Shops							253							320	573	
Tenant							576							592	1,168	
Others							287							342	629	
GOP (MYen)							2,559							3,764	6,323	

Fiscal Year		FY2008 vs. FY2010													
Month	Sep	Oct	Nov	Dec	Jan	Feb	1st half ttl	Mar	Apr	May	Jun	Jul	Aug	2nd half ttl	Total
Occupancy Rate	△8.1%	△3.8%	△7.2%	△0.7%	3.8%	9.3%	△1.2%	7.8%	6.6%	1.1%	3.4%	△1.5%	1.8%	3.2%	1.0%
ADR (Yen)	397	△ 549	△ 1,015	△ 2,240	△ 2,365	△ 1,319	△ 1,209	△ 2,748	△ 2,984	△ 1,134	△ 2,570	△ 2,497	△ 4,180	△ 2,798	△ 1,964
RevPAR (Yen)	△ 1,101	△ 1,049	△ 1,882	△ 1,782	△ 977	215	△ 1,101	△ 765	△ 1,300	△ 713	△ 1,482	△ 2,365	△ 3,285	△ 1,645	△ 1,357
Total Revenues (MYen)	△ 272	△ 113	△ 146	△ 261	△ 61	△ 38	△ 891	△ 159	△ 144	△ 53	△ 168	△ 248	△ 218	△ 990	△ 1881
Rooms							△ 472							△ 590	△ 1,062
Food & Beverages							△ 353							△ 392	△ 745
Shops							△ 59							△ 51	△ 111
Tenant							0							41	41
Others							△ 8							3	△ 5
GOP (MYen)							△ 203							△ 442	△ 644

(Note1) 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.

(Note2) JHR acquired Oriental Hotel Hiroshima Oct FY2008. SepFY2008 data figures are including figures of Oriental Hotel Hiroshima obtained from the seller.

Rent Revenues and Expenses

Japan Hotel and Resort, Inc.

(Amount: thousand yen)

	Kobe Meriken Park Oriental Hotel			Oriental Hotel Tokyo Bay			Namba Oriental Hotel			Hotel Nikko Alivila			Nara Washington Hotel Plaza(1)			
	Term	FY2009	FY2010	Var.	FY2009	FY2010	Var.	FY2009	FY2010	Var.	FY2009	FY2010	Var.	FY2009	FY2010	Var.
	Operating Days	365	365	0	365	365	0	365	365	0	365	365	0	365	365	0
Acq. Price	11,400,000			19,400,000			16,700,000			19,700,000			1,800,000			
Total Rent Revenues ①	1,019,281	1,090,530	71,249	1,147,893	1,230,014	82,121	931,038	958,344	27,306	1,361,836	1,392,148	30,312	150,000	154,000	4,000	
Fixed Rent Revenues	576,645	576,645	0	666,302	666,302	0	799,960	799,960	0	957,093	957,093	0	149,000	152,000	3,000	
Variable Rent Revenues	441,667	512,915	71,248	481,591	563,712	82,121	131,078	158,384	27,306	404,743	435,055	30,312	-	-	-	
Other Revenues	969	969	0	-	-	-	-	-	-	-	-	-	1,000	1,000	0	
Total Rent Expenses ②	797,666	781,898	△ 15,768	621,406	666,147	44,741	264,809	272,001	7,192	558,857	565,742	6,885	62,000	64,000	2,000	
Insurance	5,724	4,726	△ 998	6,281	5,476	△ 805	2,892	2,659	△ 233	4,742	4,430	△ 312	1,000	1,000	0	
Land Lease Payment	241,877	241,877	0	-	-	-	-	-	-	19,999	19,999	0	-	-	-	
Other Lease Payment	36,231	34,410	△ 1,821	-	-	-	-	-	-	64,149	64,149	0	-	-	-	
Building Maintenance Fee	960	960	0	960	960	0	960	960	0	1,920	1,920	0	5,000	3,000	△ 2,000	
Trust Fee	3,400	2,916	△ 484	3,400	2,916	△ 484	3,400	2,916	△ 484	5,400	4,633	△ 767	2,000	1,000	△ 1,000	
Property Tax	71,400	69,136	△ 2,264	126,688	128,731	2,043	98,598	101,801	3,203	72,102	72,467	365	11,000	13,000	2,000	
Depreciation ③	429,096	426,164	△ 2,932	482,705	490,551	7,846	158,569	162,200	3,631	380,467	395,810	15,343	42,000	42,000	0	
Loss from Disposal of Fixed Assets ④	7,144	-	△ 7,144	724	31,570	30,846	-	628	-	1,085	230	△ 855	-	-	-	
Other Expenses	1,830	1,705	△ 125	645	5,670	5,025	388	834	446	8,989	2,100	△ 6,889	0	1,000	1,000	
Operating Profit ⑤ (=①-②)	221,615	308,631	87,016	526,486	563,867	37,381	666,228	686,342	20,114	802,979	826,405	23,426	88,000	90,000	2,000	
NOI ⑥ (=③+④+⑤)	657,855	734,795	76,940	1,009,915	1,085,988	76,073	824,797	849,170	24,373	1,184,531	1,222,445	37,914	130,000	132,000	2,000	
NOI % (Annualized ⑥/ Acq. Price)	5.77%	6.45%	0.67%	5.21%	5.60%	0.39%	4.94%	5.08%	0.15%	6.01%	6.21%	0.19%	7.22%	7.33%	0.11%	

(Note 1) The lessees of Nara Washington Hotel Plaza, Hakata Nakasu Washington Hotel Plaza and Daiwa Roynet Hotel Akita did not agree to disclose rents in thousand yen. Thus, the figures of those hotels are rounded down to the nearest million yen.

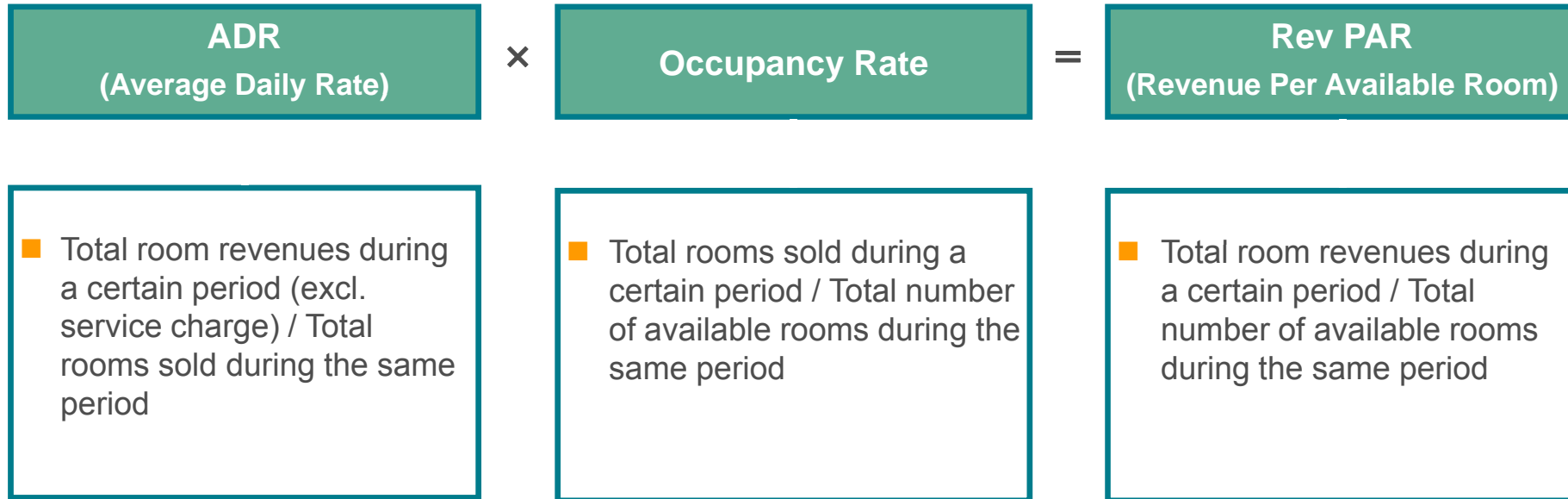
Rent Revenues and Expenses

Japan Hotel and Resort, Inc.

(Amount: thousand yen)

	Hakata Nakasu Washington Hotel Plaza(1)			Daiwa Roynet Hotel Akita(1)			Oriental Hotel Hiroshima			Total			
	Term	FY2009	FY2010	Var.	FY2009	FY2010	Var.	FY2009	FY2010	Var.	FY2009	FY2010	Var.
	Operating Days	365	365	0	365	365	0	365	365	0	365	365	0
Acq. Price	3,880,000			2,278,000			9,900,000			85,058,000			
Total Rent Revenues ①	260,000	259,000	△ 1,000	138,000	138,000	0	375,805	403,413	27,608	5,385,167	5,626,759	241,592	
Fixed Rent Revenues	259,000	259,000	0	138,000	138,000	0	221,004	221,004	0	3,767,671	3,771,640	3,969	
Variable Rent Revenues	-	-	-	-	-	-	154,801	182,409	27,608	1,613,881	1,852,476	238,595	
Other Revenues	-	-	-	-	-	-	-	-	-	3,614	2,643	△ 971	
Total Rent Expenses ②	71,000	71,000	0	78,000	76,000	△ 2,000	213,777	216,096	2,319	2,669,624	2,714,390	44,766	
Insurance	1,000	1,000	0	1,000	1,000	0	2,726	2,538	△ 188	25,677	23,311	△ 2,366	
Land Lease Payment	-	-	-	-	-	-	-	-	-	261,876	261,876	0	
Other Lease Payment	-	-	-	-	-	-	-	-	-	100,381	98,560	△ 1,821	
Building Maintenance Fee	3,000	3,000	0	2,000	3,000	1,000	960	960	0	16,697	16,186	△ 511	
Trust Fee	2,000	1,000	△ 1,000	-	-	-	3,400	2,916	△ 484	23,200	19,566	△ 3,634	
Property Tax	15,000	15,000	0	18,000	14,000	△ 4,000	48,830	48,772	△ 58	463,021	464,384	1,363	
Depreciation ③	47,000	49,000	2,000	56,000	56,000	0	155,585	159,617	4,032	1,752,512	1,782,513	30,001	
Loss from Disposal of Fixed Assets ④	-	-	-	-	-	-	-	-	-	8,954	32,430	23,476	
Other Expenses	2,000	1,000	△ 1,000	-	0	-	2,274	1,290	△ 984	17,303	15,560	△ 1,743	
Operating Profit ⑤ (=①-②)	188,000	187,000	△ 1,000	59,000	61,000	2,000	162,028	187,316	25,288	2,715,542	2,912,369	196,827	
NOI ⑥ (=③+④+⑤)	235,000	236,000	1,000	115,000	117,000	2,000	317,613	346,933	29,320	4,477,009	4,727,312	250,303	
NOI % (Annualized ⑥/ Acq. Price)	6.06%	6.08%	0.03%	5.05%	5.14%	0.09%	3.21%	3.50%	0.30%	5.26%	5.56%	0.29%	

(Note 1) The lessees of Nara Washington Hotel Plaza, Hakata Nakasu Washington Hotel Plaza and Daiwa Roynet Hotel Akita did not agree to disclose rents in thousand yen. Thus, the figures of those hotels are rounded down to the nearest million yen.



The equation for Gross Operating Profit (GOP) is shown. A yellow box on the left contains 'GOP (Gross Operating Profit)'. This is followed by an equals sign, then the text 'Total departmental (1) profit – Unallocated expenses'.

GOP
(Gross Operating Profit) = Total departmental (1) profit – Unallocated expenses

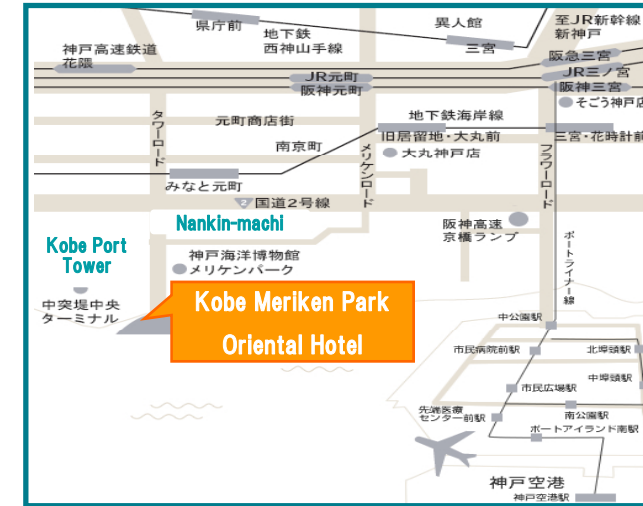
(Note1) Rooms, food & beverages, shops, tenants and others

 : Commonly used performance indicators for hotels

Appendix E Description of Hotels

Kobe Meriken Park Oriental Hotel

Japan Hotel and Resort, Inc.



Overview

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

Growth Story

- The highly unique location and the impressive exterior make this a landmark of Kobe. The hotel is utilizing these strengths to establish a unique market position that is not swayed by its competition.
- To this end the hotel is strengthening its brand power and building its competitiveness in the room and restaurant segment to add to its existing competitiveness in banquets. This improves the overall performance of the hotel.
- In the 5th term the hotel established the hotel concept: “a resort hotel in Kobe that you will want to visit again and again to get away from your daily life and refresh yourself.” In the 6th term it plans to formulate and implement action plans for each segment that are tied to the hotel concept.

Asset Overview

Appraisal Value as of Aug. 31, 2010		¥ 12.1 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	Abilitas Hospitality Co., Ltd.	
PML		11.6%

Oriental Hotel Tokyo Bay

Japan Hotel and Resort, Inc.



Overview

- Partner hotel of Tokyo Disney Resort (TDR), directly linked to JR Shin-Urayasu Station by a pedestrian deck
- Urban hotel with 502 rooms. There are also dining and banquet facilities that can be used for weddings
- Unique structure including a chapel in the hotel atrium
- The Baby's Sweet concept guest rooms designed for families with babies are particularly popular, and along with the 12th floor guest rooms that we renovated in the 5th term, the hotel won the Kids Design Award for the first time as a hotel facility.

Growth Story

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

Asset Overview

Appraisal Value as of Aug. 31 2010		¥ 19.8 bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Urayasu-city, Chiba
	Size	9,914.00㎡
Building	Structure/Floor	SRC-S-RC/ 12 floors and 2 basement floors
	Year Built	May, 1995
	Total Floor Space	44,833.11㎡
Hotel Lessee	K.K. Hotel Management Japan	
Operator	Abilitas Hospitality Co., Ltd.	
PML		14.2%

Namba Oriental Hotel

Japan Hotel and Resort, Inc.



Overview

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

Growth Story

- The hotel possesses the strength of attracting not only business customers, but also inbound and other leisure customers.
- In order to take full advantage of this strength the hotel will take the opportunity provided by the guest room renovations it implemented in the 5th term to expand sales channels, bring in leisure demand which is expected to continue growing in the future, and make itself a key revenue source.
- The restaurants are gaining more attention with their menus conscious of local production and consumption. In the future, the customer appeal will be continuously strengthened with the introduction of new products, etc.

Asset Overview

Appraisal Value as of Aug. 31, 2010		¥16.1 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	Abilitas Hospitality Co., Ltd.	
PML		13.4%

Hotel Nikko Alivila

Japan Hotel and Resort, Inc.



Overview

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

Growth Story

- This hotel is widely popular as an A-class resort in Okinawa, Japan's most famous resort area.
- The hotel is enhancing its service aspects while also enhancing the safety and comfort of the facility, in order to establish a position as the only hotel in Okinawa that is of the highest quality.
- In "soft" aspects, the hotel is differentiating itself from its competitors by being responding to travel needs of time-enjoying expenditures. Examples include enhancing its "edutainment" program in which participants can experience the bountiful nature of Yomitani-son and local culture.

Asset Overview

Appraisal Value as of Aug. 31, 2010		¥19.7bn
Form of Ownership	Land	Owned/ Lease
	Building	Owned
Land	Location	Yomitanson, Nakagami-gun, Okinawa
	Size	67,038.05mf
Building	Structure/Floor	SRC-S-RC / 10 floors and 1 basement floor
	Year Built	April, 1994
	Total Floor Space	38,024.98mf
Hotel Lessee		K.K. Hotel Management Japan
Operator		JAL Hotels Co., Ltd
PML		7.3%

Oriental Hotel Hiroshima

Japan Hotel and Resort, Inc.



Overview

- Located on Heiwa Odori, the main street in Hiroshima
- Rebranding from Hiroshima Washington Hotel in October 2006
- Acquired on October 1, 2007
- Converted into a stylish urban hotel by a famous designer
- Became a member of the Preferred Hotel Group in FY2010

Growth Story

- In September 2008, the hotel completed the renovation of the banquet halls and has nearly completed the full renovation that it has been working on for the 2 years since its rebranding.
- Due to the rebranding, it has been making steady progress in improving quality (improving the average customer spend) and improving the occupancy rates and turnover rates (increasing the number of guests).
- In the 6th term the hotel will further deepen its cultural strategy.
- In addition, taking full advantage of the strength of having two world heritage sites in the prefecture, it is focusing its efforts on bringing in foreign tourist demand by expanding its sales channels, etc.

Asset Overview

Appraisal Value as of Aug. 31, 2010		¥ 7.65bn
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	Abilitas Hospitality Co., Ltd.	
PML		10.7%

Nara Washington Hotel Plaza

Japan Hotel and Resort, Inc.

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



Asset Overview		
Appraisal Value as of Aug. 31, 2010		¥ 2.05bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Nara-city. Nara
	Size	2,322.28m ²
Building	Structure/Floor	S/ 7 floors
	Year Built	March, 2000
	Total Floor Space	5,385.82m ²
Hotel Lessee	Washington Hotel Corporation	
PML		13.7%

Hakata Nakasu Washington Hotel Plaza

Japan Hotel and Resort, Inc.

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



Asset Overview		
Appraisal Value as of Aug. 31, 2010	¥ 3.71bn	
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Hakata-ku, Fukuoka
	Size	1,128.46㎡
Building	Structure/ Floor	S/ 12floors
	Year Built	March, 1995
	Total Floor Space	5,692.24㎡
Hotel Lessee	Washington Hotel Corporation	
PML	8.2%	

Daiwa Roynet Hotel Akita

Japan Hotel and Resort, Inc.













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



Asset Overview		
Appraisal Value as of Aug. 31, 2010		¥ 1.96bn
Form of Ownership	Land	Owned
	Building	Owned
Land	Location	Akita-city, Akita
	Size	1,540.15㎡
Building	Structure/Floor	S/ 14 floors
	Year Built	June, 2006
	Total Floor Space	7,539.52㎡
Hotel Lessee		Daiwa Royal Co., Ltd
PML		6.4%



Examples of Renovation

Guest Rooms		Banquet Hall etc.	
Before	After	Before	After
<p>① Oriental Hotel Tokyo Bay</p> 		<p>① Oriental Hotel Tokyo Bay</p> 	<p>Chapel</p> 
<p>② Hotel Nikko Alivila</p> 		<p>② Hotel Nikko Alivila</p> 	<p>Club desk</p> 
<p>③ Oriental Hotel Hiroshima</p> 		<p>③ Namba Oriental Hotel</p> 	<p>Patio</p> 

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