

Provisional Translation Only

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Notice regarding Revision to the Forecast of Business Performance
for the Fiscal Year ending August 31, 2010

Japan Hotel and Resort, Inc. (hereinafter "JHR") hereby provides notice that JHR has decided to revise the forecast of business performance for the fiscal year ending August 31, 2010 (September 1, 2009 - August 31, 2010) that was announced in the Semi-Annual Operational Results for the Fiscal Year ending August 31, 2010 that were released on April 21, 2010. The details of the revision are as follows.

1. Revision to the Forecast of Business Performance for the Full Fiscal Year ending August 31, 2010 (September 1, 2009 - August 31, 2010)

	Operating Revenues	Operating Profit	Recurring Profit	Net Income	Dividend per Unit (excluding profit surplus dividend per unit)	Profit surplus dividend per unit
Previous forecast (A)	5,416 MYen	2,199 MYen	1,068 MYen	1,066 MYen	10,091 Yen	0 Yen
Revised forecast (B)	5,476 MYen	2,297 MYen	1,166 MYen	1,164 MYen	11,019 Yen	0 Yen
Change (C)=B - A	59 MYen	98 MYen	98 MYen	98 MYen	928 Yen	0 Yen
Change (D)=C/A	1.1%	4.5%	9.2%	9.2%	9.2%	0%

(Note 1) Forecasted number of issued investment units at the end of the fiscal year: 105,719

(Note 2) The above figures are rounded down to the nearest million yen and the nearest yen, and rounded off to the first decimal place.

Note: The purpose of this document is to provide the general public with information about the revision to the forecast by JHR of business performance in the fiscal year ending August 31, 2010. It was not written for the purpose of soliciting investment. Should you intend to make any investment, please do so based on your own judgment and at your own risk.

2. Reason for the Revision to the Forecast of Business Performance

JHR has made these revisions to the forecast of business performance because it now expects hotel GOP (Note) associated with the Kobe Meriken Park Oriental Hotel, the Oriental Hotel Tokyo Bay, the Numba Oriental Hotel, the Hotel Nikko Alivila and the Oriental Hotel Hiroshima (hereinafter "5 hotels with variable rents") that it leases to Hotel Management Japan K.K. (hereinafter "HMK") in the fiscal year ending August 31, 2010 will be better than in the previous forecast and because it now expects that its expenses will be lower than in the previous forecast. The main reason that JHR now expects that hotel GOP will be better than in the previous forecast is that it now expects an increase in room and restaurant revenues due to an increase in the guest room occupancy rate.

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

【Note】

1. The actual results for FY2010 may differ substantially from the forecast, depending on various factors.
2. JHR does not guarantee the dividend amount in this forecast. If in the future we expect a difference from this forecasted figure greater than a certain amount, we may make a revision to the forecast.

*The Japanese original was distributed to the press clubs in the Tokyo Stock Exchange, Ministry of Land, Infrastructure and Transport.

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

<REFERENCE>

1. Revenues

(Million Yen)

			1 st Half	vs. LY	2 nd Half	vs. LY	Full-year	vs. LY
Kobe Meriken Park Oriental Hotel	FY2010 (Note 1)	Forecast	3,041	△2.6%	2,852	△0.9%	5,893	△1.8%
		Previous (Note 2)	3,041	△2.6%	2,878	0.0%	5,919	△1.3%
	FY2009		3,122	△7.5%	2,877	△14.6%	5,999	△11.0%
	FY2008		3,374	-	3,370	-	6,744	-
Oriental Hotel Tokyo Bay	FY2010 (Note 1)	Forecast	3,189	△7.5%	3,276	5.9%	6,465	△1.2%
		Previous (Note 2)	3,189	△7.5%	3,189	3.1%	6,378	△2.5%
	FY2009		3,448	2.2%	3,093	△9.2%	6,542	△3.6%
	FY2008		3,374	-	3,409	-	6,783	-
Namba Oriental Hotel	FY2010 (Note 1)	Forecast	866	△6.4%	963	12.6%	1,829	2.7%
		Previous (Note 2)	866	△6.4%	915	7.0%	1,781	0.0%
	FY2009		925	△7.4%	855	△12.4%	1,781	△9.9%
	FY2008		999	-	976	-	1,976	-
Hotel Nikko Alivila	FY2010 (Note 1)	Forecast	1,947	△15.5%	3,111	△2.6%	5,058	△8.0%
		Previous (Note 2)	1,947	△15.5%	3,066	△4.1%	5,012	△8.8%
	FY2009		2,303	1.8%	3,195	△11.0%	5,498	△6.1%
	FY2008		2,262	-	3,591	-	5,853	-
Oriental Hotel Hiroshima (Note 3)	FY2010 (Note 1)	Forecast	1,066	△3.9%	1,037	4.4%	2,103	0.0%
		Previous (Note 2)	1,066	△3.9%	1,059	6.6%	2,125	1.1%
	FY2009		1,109	12.0%	994	2.8%	2,103	7.5%
	FY2008		990	-	967	-	1,957	-
5 Hotels with Variable Rent Revenues	FY2010 (Note 1)	Forecast	10,109	△7.3%	11,240	2.0%	21,349	△2.6%
		Previous (Note 2)	10,109	△7.3%	11,107	0.8%	21,215	△3.2%
	FY2009		10,908	△0.8%	11,015	△10.5%	21,923	△6.0%
	FY2008		11,000	-	12,312	-	23,312	-

(Note 1) The figures of FY2010 1st Half are actual, but not audited.

(Note 2) Forecast as of April 21, 2010.

(Note 3) Although in FY2008 JHR owned this property for 11 months, figure for a 12-month period is used for a comparison purpose. The figure is not audited.

2. GOP

(Million Yen)

	FY2008 (Note 1)			FY2009			FY2010 (Note 2)		
	1 st Half	2 nd Half	Full-year	1 st Half	2 nd Half	Full-year	1 st Half	2 nd Half	Full-year
5 Hotels with Variable Rent Revenues	2,539	3,764	6,303	2,516	2,931	5,447	2,356	3,167	5,523
vs. LY (amount)	-	-	-	△23	△833	△856	△160	236	76
GOP ratio with respect to revenues	23.4%	30.6%	27.2%	23.1%	26.6%	24.8%	23.3%	28.2%	25.9%

(Note 1) In the case of the Oriental Hotel Hiroshima only, the figures for FY 2008 are the GOP and revenues for the 11-month period JHR owned this property.

(Note 2) The figures of FY 2010 1st Half are actual, but not audited. The figures of FY 2010 2nd Half are forecast.(Note 3) Forecast of 5 hotels with Variable Rent Revenues as of April 21, 2010: FY2010 2nd Half 3,096 million yen, FY2010 Full-year 5,453 million yen.

3. Rent Revenues

(Million Yen)

Rent Income of JHR (Note 1)	FY2008	FY2009	FY2010		FY09 vs. FY08		FY10 vs. FY09	
			Previous (Note 2)	Current	Amount	%	Amount	%
Total Rental Income	6,064	5,385	5,417	5,476	△679	△11.2%	91	1.7%
Fixed rents and variable rents from HMJ	5,518	4,835	4,864	4,923	△683	△12.4%	88	1.8%
Variable rents from HMJ	2,315	1,614	1,643	1,702	△701	△30.3%	88	5.5%

(Note 1) The total rental income is the total amount of rental income from the 8 hotels owned by JHR.

In FY2008 JHR owned the Oriental Hotel Hiroshima for 11 months.

(Note 2) Forecast as of April 21, 2010.