

Provisional Translation Only

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June 23, 2011

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Notice regarding Revisions to the Forecast of Business Performance
for the Fiscal Year ending August 31, 2011

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, 2011 (September 1, 2010 – August 31, 2011).

1. Revision to the Forecast of Business Performance for the Full Fiscal Year ending August 31, 2011

	Operating Revenues	Operating Profit	Recurring Profit	Net Income	Dividend per Unit (excluding profit surplus dividend per unit) (Note 1)	Profit surplus dividend per unit
Previous forecast As of Oct.21, 2010 (A)	5,639 M Yen	2,409 M Yen	1,519 M Yen	1,517 M Yen	14,358 Yen	0 Yen
Previous forecast As of Apr.1, 2011	TBD	TBD	TBD	TBD	TBD	TBD
Revised forecast (B)	4760 M Yen	1514 M Yen	563 M Yen	561 M Yen	5310 Yen	0 Yen
Change (C)= (B)– (A)	△878 M Yen	△894 M Yen	△956 M Yen	△956 M Yen	△9048 Yen	0 Yen
Change (D)= C/A	△15.6 %	△37.1 %	△62.9 %	△63.0 %	△63.0 %	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.

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

At the time of our announcement on April 1 this year, the business environment of the hotels was changing rapidly due to the impact of the Great East Japan Earthquake, so the outlook for accommodation and banquet demand, etc. was uncertain for the hotels owned by JHR as well, it was difficult to make a forecast of revenues, and a rational calculation of the variable rents linked to hotel

Note: The purpose of this document is to provide the general public with information about the revisions to the forecast by JHR of business performance in the fiscal year ending August 31, 2011. 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.

revenues that JHR receives was impossible, and therefore we decided to make the forecast for business performance for the fiscal year ending August 2011 TBD. However, more than three months has passed since the Great East Japan Earthquake, and it is now possible to determine the demand outlook and revenue forecast for the five hotels with variable rents (hereinafter the “five hotels”), which provide the basis for the calculation of the variable rents. Therefore, we will make a revision to the forecast of business performance.

The forecast revenues of the five hotels in the fiscal year ending August 2011 are shown in the section below titled <Reference>. The overall revenues of the five hotels declined 35 million yen (0.4%) in the first half of this year from the first half of last year on an actual results basis. The forecast for the second half of this year is for a decline of 1,925 million yen (17.0%) from the same period last year, and the full-year forecast is a decline of 1,961 million yen (9.2%) compared to all of last year. The overall GOP for the five hotels for the full year is also expected to decline by 1,165 million yen (20.5%) from last year.

The extent of the decline in the overall revenues of the five hotels compared to last year was largest in March and has been getting smaller since then, so there are signs of recovery (Note), but we were unable to completely compensate for the decline in revenues at the hotels, particularly the Oriental Hotel Tokyo Bay which was significantly affected by the temporary closure of Tokyo Disney Resort, so the current revenues forecast is lower than the result from last year and lower than the forecasts of business performance announced on October 21, 2010.

JHR and the Asset Management Company are still in a tough business environment that has been worsened by the impact of the Great East Japan Earthquake, but we will continue to concentrate all of our efforts on maximizing the profits of JHR in the current year and future years.

(Note) The monthly revenues of the five hotels in the fiscal year ending August 2011 (unaudited figures) were 501 million yen lower in March, 359 million yen lower in April, and 320 million yen lower in May this year compared to the respective months in FY2010. During the period from June to August this year (total) revenues are expected to be 744 million yen lower than in the same three months in FY2010.

3. Others

In the Semi-Annual Operational Results for the fiscal year ending August 2011 that were announced on April 21, 2011, we stated that the estimated cost of the work to repair the physical damage caused to the Oriental Hotel Tokyo Bay by the Great East Japan Earthquake was 70 million yen. As of the current date we anticipate that in the current fiscal year JHR will book approximately 28 million yen as capital expenditure, and the hotel, which is a lessee, will book approximately 29 million yen as repair expenses. The approximately 29 million yen that will be paid by the hotel will push down the hotel's GOP and therefore bring about a decline in the variable rents received by JHR, but this decline is factored into the current revenue forecast.

Moreover, it is expected that JHR will book approximately one million yen in the current fiscal year as repair expenses for the Daiwa Roynet Hotel Akita.

< Note >

1. The actual results for FY 2011 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/>

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<Reference >

1. Revenues

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

5 hotels with variable rent		FY2008		FY2009		FY2010		FY2011 (Note 2)			
		Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Oct.21,2010	Vs.LY	Revised 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%	2,814	△7.5%
	2 nd Half	3,370	0.6%	2,877	△14.6%	2,893	0.5%	2,986	3.2%	2,718	△6.0%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	5,910	△0.4%	5,532	△6.8%
Oriental Hotel Tokyo Bay	1 st Half	3,374	2.3%	3,448	2.2%	3,189	△7.5%	3,191	0.1%	3,331	4.5%
	2 nd Half	3,409	3.6%	3,093	△9.2%	3,333	7.7%	3,348	0.5%	2,033	△39.0%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	6,539	0.3%	5,364	△17.8%
Namba Oriental Hotel	1 st Half	999	5.0%	925	△7.4%	866	△6.4%	884	2.1%	917	5.9%
	2 nd Half	976	△1.4%	855	△12.4%	967	13.0%	926	△4.2%	974	0.7%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	1,809	△1.3%	1,890	3.2%
Hotel Nikko Alivila	1 st Half	2,262	△8.8%	2,303	1.8%	1,947	△15.5%	1,975	1.4%	2,012	3.3%
	2 nd Half	3,591	3.6%	3,195	△11.0%	3,086	△3.4%	3,179	3.0%	2,754	△10.8%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	5,154	2.4%	4,766	△5.3%
Oriental Hotel Hiroshima	1 st Half	990	46.7%	1,109	12.0%	1,066	△3.9%	1,034	△3.0%	999	△6.3%
	2 nd Half	967	2.8%	994	2.8%	1,044	5.1%	1,090	4.5%	918	△12.0%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	2,125	0.7%	1,917	△9.1%
Total	1 st Half	11,000	3.0%	10,908	△0.8%	10,109	△7.3%	10,008	△1.0%	10,073	△0.4%
	2 nd Half	12,312	2.3%	11,015	△10.5%	11,322	2.8%	11,530	1.8%	9,397	△17.0%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	21,537	0.5%	19,470	△9.2%

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

(Note 2) The figures of FY2011 1st Half are actual, but not audited.

2. GOP

	FY2008		FY2009		FY2010		FY2011 (Note 2)			
	Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Oct.21,2010	Vs.LY	Revised Forecast	Vs.LY
5 Hotels with Variable Rents	6,323	9.1%	5,447	△13.9%	5,679	4.2%	5,678	△0.0%	4,513	△20.5%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	26.4%	△0.1%	23.2%	△3.3%

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