



**Provisional Translation Only**

**This English translation of the Japanese original is provided solely for information purposes. In the event that there is any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.**

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REIT Issuer:

Japan Hotel and Resort, Inc. (TSE code: 8981)  
Kaname Masuda, Executive Director

Asset Management Company:

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

Inquiries:

Noboru Itabashi  
Director, Operations Division  
Tel: +81-3-6439-0333

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 Jun.23, 2011 (A)	4,760 M Yen	1,514 M Yen	563 M Yen	561 M Yen	5,310 Yen	0 Yen
Revised forecast (B)	4,949 M Yen	1,694 M Yen	742 M Yen	740 M Yen	7,008 Yen	0 Yen
Change (C)= (B) – (A)	189 M Yen	179 M Yen	179 M Yen	179 M Yen	1,698 Yen	0 Yen
Change (D)= C/A	4.0 %	11.9 %	31.9 %	32.0 %	32.0 %	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

Approximately one month has passed since the previous forecast so we have revised the revenue forecast for the five hotels with variable rents (hereinafter the “five hotels”) for July to August this year, taking into account our performance in June this year. The result of the revision is that the overall revenues of the five hotels are now expected to increase from the previous forecast, in particular because the recovery in demand for rooms at the Hotel Nikko Alivila and the Oriental Hotel Tokyo Bay has been stronger than was anticipated last time. Consequently, 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.

profits that JHR receives are also expected to increase from the previous forecast, so we have revised upwards our forecast of business performance and our dividend forecast.

The forecast revenues of the five hotels in the fiscal year ending August 2011 are shown in the section below titled <Reference>. Compared to the previous forecast, we have increased the full-year forecast for the overall revenues of the five hotels by 335 million yen (1.7%), and we have also increased the full-year forecast for overall GOP for the five hotels by 216 million yen (4.8%).

Furthermore, looking at the comparisons with last year, 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, and the forecast for the second half of this year is for a decline of 1,589 million yen (14.0%) from the same period last year, and the full-year forecast is a decline of 1,625 million yen (7.6%) compared to all of last year. The overall GOP for the five hotels for the full-year is also expected to decline by 949 million yen (16.7%) from last year.

Note that 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. The monthly revenues of the five hotels in the fiscal year ending August 2011 (unaudited figures) were 501 million yen (27.2%) lower in March, 359 million yen (21.7%) lower in April, 320 million yen (16.4%) lower in May, and 185 million yen (11.8%) lower in June this year compared to the respective months in FY2010. Furthermore, during the period from July to August this year (total) revenues are expected to be 223 million yen (5.2%) lower than in the same two months in FY2010.

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>

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/>

<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 Jun.23,2011	Vs.LY	Revised Forecast	Vs.LY
Kobe Meriken Park Oriental Hotel	1 <sup>st</sup> Half	3,374	3.2%	3,122	△7.5%	3,041	△2.6%	2,814	△7.5%	2,814	△7.5%
	2 <sup>nd</sup> Half	3,370	0.6%	2,877	△14.6%	2,893	0.5%	2,718	△6.0%	2,725	△5.8%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	5,532	△6.8%	5,540	△6.6%
Oriental Hotel Tokyo Bay	1 <sup>st</sup> Half	3,374	2.3%	3,448	2.2%	3,189	△7.5%	3,331	4.5%	3,331	4.5%
	2 <sup>nd</sup> Half	3,409	3.6%	3,093	△9.2%	3,333	7.7%	2,033	△39.0%	2,141	△35.7%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	5,364	△17.8%	5,472	△16.1%
Namba Oriental Hotel	1 <sup>st</sup> Half	999	5.0%	925	△7.4%	866	△6.4%	917	5.9%	917	5.9%
	2 <sup>nd</sup> Half	976	△1.4%	855	△12.4%	967	13.0%	974	0.7%	993	2.7%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	1,890	3.2%	1,909	4.2%
Hotel Nikko Alivila	1 <sup>st</sup> Half	2,262	△8.8%	2,303	1.8%	1,947	△15.5%	2,012	3.3%	2,012	3.3%
	2 <sup>nd</sup> Half	3,591	3.6%	3,195	△11.0%	3,086	△3.4%	2,754	△10.8%	2,958	△4.2%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	4,766	△5.3%	4,970	△1.3%
Oriental Hotel Hiroshima (Note 1)	1 <sup>st</sup> Half	990	46.7%	1,109	12.0%	1,066	△3.9%	999	△6.3%	999	△6.3%
	2 <sup>nd</sup> Half	967	2.8%	994	2.8%	1,044	5.1%	918	△12.0%	915	△12.3%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	1,917	△9.1%	1,914	△9.3%
Total	1 <sup>st</sup> Half	11,000	3.0%	10,908	△0.8%	10,109	△7.3%	10,073	△0.4%	10,073	△0.4%
	2 <sup>nd</sup> Half	12,312	2.3%	11,015	△10.5%	11,322	2.8%	9,397	△17.0%	9,733	△14.0%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	19,470	△9.2%	19,805	△7.6%

(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 1<sup>st</sup> Half are actual, but not audited.

2. GOP

	FY2008 (Note 1)		FY2009		FY2010		FY2011			
	Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Jun.23,2011	Vs.LY	Revised Forecast	Vs.LY
5 Hotels with Variable Rents	6,323	9.1%	5,447	△13.9%	5,679	4.2%	4,513	△20.5%	4,729	△16.7%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	23.2%	△3.3%	23.9%	△2.6%

(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.