

**Provisional Translation Only**

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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 Jun.23, 2011 (A)	4,949 M Yen	1,694 M Yen	742 M Yen	740 M Yen	7,008 Yen	0 Yen
Revised forecast (B)	4,998 M Yen	1,761 M Yen	810 M Yen	808 M Yen	7,649 Yen	0 Yen
Change (C)= (B) – (A)	48 M Yen	67 M Yen	67 M Yen	67 M Yen	641 Yen	0 Yen
Change (D)= C/A	1.0 %	4.0 %	9.1 %	9.1 %	9.1 %	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 August this year, taking into account our performance in July 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 Oriental Hotel Tokyo Bay has been stronger than was anticipated last time, and because we revised the costs for the five hotels. Consequently, the variable rents linked to hotel profits that JHR receives are also expected to increase from the previous forecast; moreover we

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.

also partially revised the expenses of JHR, 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 titled <Reference>. Compared to the previous forecast, we have increased the full-year forecast for the overall revenues of the five hotels by 51 million yen (0.3%), and we have also increased the full-year forecast for overall GOP for the five hotels by 54 million yen (1.2%), a forecast which also factors in the partial revision of costs.

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 1,538 million yen (13.6%) from the same period last year, and the full-year forecast is a decline of 1,574 million yen (7.3%) compared to all of last year. The overall GOP for the five hotels for the full-year is also expected to decline by 894 million yen (15.8%) 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, 185 million yen (11.8%) lower in June, and 30 million yen (1.6%) higher in July this year compared to the respective months in FY2010. However, in August this year revenues are expected to be 202 million yen (8.5%) lower than in the same two months in FY2010.

The main reasons why revenues in July increased compared to the same month in FY2010 were that the impact from the earthquake disaster lessened, wedding revenues increased in the Mmeriken Park Oriental Hotel and the Hotel Nikko Alivila, and the Numba Oriental Hotel (\*) was able to bring in demand arising from evacuations.

On the other hand, the main reasons why revenues in August are expected to decline compared to the same month in FY2010 are the remaining impact of the earthquake disaster, particularly for the Oriental Hotel Tokyo Bay, the decline in room revenues at the Hotel Nikko Alibila due to the impact of typhoon no. 9 which occurred early in August, and the fact that the Numba Oriental Hotel will no longer be able to bring in any demand arising from evacuations.

(\*) Demand arising from evacuations from the Kanto area caused by the earthquake disaster aims to ensure reservation of guest rooms as places for evacuees to stay. Therefore, in some cases, this demand does not entail actual accommodation.

JHR and the Asset Management Company have recovered from the impact of the Great East Japan Earthquake and the hotel operating environment has become stable, but going forward we will continue to concentrate all of our efforts on maximizing the profits of JHR.

#### < 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 Jul.21,2011	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%	2,725	△5.8%	2,756	△4.7%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	5,540	△6.6%	5,570	△6.1%
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%	2,141	△35.7%	2,256	△32.3%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	5,472	△16.1%	5,587	△14.3%
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%	993	2.7%	997	3.2%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	1,909	4.2%	1,914	4.5%
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%	2,958	△4.2%	2,861	△7.3%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	4,970	△1.3%	4,873	△3.2%
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%	915	△12.3%	913	△12.6%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	1,914	△9.3%	1,912	△9.4%
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%	9,733	△14.0%	9,784	△13.6%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	19,805	△7.6%	19,856	△7.3%

(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)		FY2009		FY2010		FY2011			
	Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Jul.21,2011	Vs.LY	Revised Forecast	Vs.LY
5 Hotels with Variable Rents	6,323	9.1%	5,447	△13.9%	5,679	4.2%	4,429	△16.7%	4,784	△15.8%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	23.9%	△2.6%	24.1%	△2.4%

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

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