

**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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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) announced on August 23, 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 Aug.23, 2011 (A)	4,998 M Yen	1,761 M Yen	810 M Yen	808 M Yen	7,649 Yen	0 Yen
Revised forecast (B)	5,115 M Yen	1,874 M Yen	924 M Yen	922 M Yen	8,722 Yen	0 Yen
Change (C)= (B) – (A)	117 M Yen	113 M Yen	113 M Yen	113 M Yen	1,073 Yen	0 Yen
Change (D)= C/A	2.3 %	6.4 %	14.0 %	14.0 %	14.0 %	0 %

(Note 1) 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

In the process of preparing the financial statements for the fiscal year ending August 2011, JHR has largely ascertained its business performance during that fiscal year and thereby the full-year forecast figures have been reviewed. As a result, we now expect the hotel GOP for the five hotels with variable rents in the fiscal year ending August 2011 to be higher than in the previous forecast and JHR's variable rents to increase from the previous forecast. This is expected to result in a difference of over 5% with respect to the revised forecast for dividend per unit in the fiscal year ending August 2011 that was announced on August 23, 2011. Accordingly, we have revised our forecast for dividend per unit at this point in time.

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.

Please refer to the section below titled <Reference> for the method of calculating the variable rents, the definition of GOP, and the figures for hotel revenues and hotel GOP.

< Note>

The above forecast is based on business performance at this point in time, and the actual dividend may change in the future. JHR does not guarantee the dividend amount in this 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. Variable Rents Calculation

The variable rents in the fiscal year ending August 2011 are expected to be 1,212 million yen, which represents the variable rent cap, rather than 1,995 million yen, the amount obtained by calculating 10% of the revenues of the five hotels with variable rents. The expected amount of the variable rent cap is calculated as shown below.

	(Amount: million yen)
Forecast for total GOP for the five hotels with variable rents :	4,916
Fixed Rents for the five hotels with variable rents :	△ 3,221
Forecast for fees to the hotel operators :	△ 348
Revised GOP forecast (the total of the above) :	1,346
Variable rent cap (90% of revised GOP forecast) :	1,212

< Comparison between total amount of variable rents and variable rent cap >

(Amounts less than a million yen are rounded down)

Hotel	Revenues (2011 Forecast)	Revenue Threshold for stepping up	Variable rents rate		Variable rents			
			Standard Rate	Stepped-up Rate	Standard (a)	Stepped-up (b)	Total amount of variable rents (a)+(b)	Variable rent cap (total)
Kobe Meriken Park Oriental Hotel	18,043	21,440	10%	30%	1,804	0	1,804	1,212
Oriental Hotel Tokyo Bay								
Namba Oriental Hotel								
Hotel Nikko Alivila								
Oriental Hotel Hiroshima	1,916	2,204	10%	40%	191	0	191	
Total	19,959				1,995	0	1,995	1,212

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## 2. Revenues

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

5 hotels with variable rents		FY2008		FY2009		FY2010		FY2011 (Note 2)			
		Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Aug.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%	2,756	△4.7%	2,773	△4.1%
	Full Year	6,744	1.9%	5,999	△11.0%	5,934	△1.1%	5,570	△6.1%	5,588	△5.8%
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%	2,256	△32.3%	2,302	△30.9%
	Full Year	6,783	2.9%	6,542	△3.6%	6,522	△0.3%	5,587	△14.3%	5,634	△13.6%
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%	997	3.2%	1,000	3.4%
	Full Year	1,976	1.8%	1,781	△9.9%	1,832	2.9%	1,914	4.5%	1,917	4.6%
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%	2,861	△7.3%	2,894	△6.2%
	Full Year	5,853	△1.6%	5,498	△6.1%	5,033	△8.5%	4,873	△3.2%	4,906	△2.5%
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%	913	△12.6%	917	△12.2%
	Full Year	1,957	21.1%	2,103	7.5%	2,110	0.4%	1,912	△9.4%	1,916	△9.2%
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%	9,784	△13.6%	9,887	△12.7%
	Full Year	23,312	2.6%	21,923	△6.0%	21,431	△2.2%	19,856	△7.3%	19,960	△6.9%

(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.

## 3. GOP

	FY2008 (Note)		FY2009		FY2010		FY2011			
	Actual	Vs.LY	Actual	Vs.LY	Actual	Vs.LY	Forecast as of Aug.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%	4,784	△15.8%	4,916	△13.4%
GOP ratio to Sales	27.1%	1.6%	24.8%	△2.3%	26.5%	1.6%	24.1%	△2.4%	24.6%	△1.9%

(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.