

Provisional Translation Only

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REIT Issuer:

Japan Hotel and Resort, Inc. (TSE code: 8981)
Hiroyuki Suzui, Executive Director

Asset Management Company:

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Notice regarding Determination of Interest Rate

Japan Hotel and Resort, Inc. (hereinafter the “JHR”) hereby provides notice that the interest rate of Facility E and Facility F for the applicable period has been determined as follows.

| Term | Facility | Lender | Balance (Million Yen) | Maturity Date | Applicable Period | Interest Rate (Annual Rate) | Remarks |
|----------|---------------|-------------------------------------|-----------------------------|----------------|--|--------------------------------------|---------|
| Mid-term | E | Sumitomo Mitsui Banking Corporation | 4,200 | March 24, 2012 | September 24, 2009 – March 24, 2010 | 2.05273% (Note 2) | Secured |
| | | Mizuho Bank Ltd. | | | | | |
| | | The Norinchukin Bank | | | | | |
| Mid-term | F (Note 1) | Sumitomo Mitsui Banking Corporation | 1,500 | March 24, 2012 | September 24, 2009 – March 24, 2010 | 1.75273% (Note 2) | Secured |
| | | Mizuho Bank Ltd. | | | | | |
| | | The Norinchukin Bank | | | | | |

(Note 1) Facility F: JHR will pay back 250 million yen on each principal repayment maturity date (every year on March 24 and September 24)

(Note 2) This is the interest rate calculated by adding the spread to the basic interest rate (6 month TIBOR) . It does not include the annual rate of depreciation of financing fees

【Reference】

Status of interest-bearing debt

| Term (Note 1) | Facility | Lender | Balance (Million Yen) (Note 2) | Interest Rate | Applicable Period | Maturity Date | Means of Hedging | Payment Method | Remarks |
|------------------|----------|--|---|--------------------------|--|----------------------|---|-------------------------|---------|
| Mid-term | B | Sumitomo Mitsui Banking Corporation | 12,753 | 1.14636% (Note 3) | May 15, 2009 – November 13, 2009 | November 15, 2012 | Interest rate swap (Note 4) | Lump- sum payment | Secured |
| | | Mizuho Bank Ltd. | | | | | | | |
| | | The Norinchukin Bank | | | | | | | |
| Mid-term | D | Sumitomo Mitsui Banking Corporation | 19,000 | 1.86455% | August 14, 2009 – February 15, 2010 | February 15, 2011 | Spread-type interest rate cap (Note 5) | Lump- sum payment | Secured |
| | | Mizuho Bank Ltd. | | | | | | | |
| | | The Norinchukin Bank | | | | | | | |
| Mid-term | E | Sumitomo Mitsui Banking Corporation | 4,200 | 2.05273% | September 24, 2009 – March 24, 2010 | March 24, 2012 | — | Lump- sum payment | Secured |
| | | Mizuho Bank Ltd. | | | | | | | |
| | | The Norinchukin Bank | | | | | | | |
| Mid-term | F | Sumitomo Mitsui Banking Corporation | 1,500 | 1.75273% | September 24, 2009 – March 24, 2010 | March 24, 2012 | — | Amortization payment | Secured |
| | | Mizuho Bank Ltd. | | | | | | | |
| | | The Norinchukin Bank | | | | | | | |

(Note 1) Mid-term: one to five years.

(Note 2) The figures are rounded down to the nearest million yen.

(Note 3) The interest rate is the interest rate (annual rate) of the variable interest rate. Since November 16, 2007, the interest rate fixed by interest rate swaps has been 1.9085% because of the conclusion of the interest rate swap contract (fixed interest rate: 1.4585%)

(Note 4) The interest rate swap is to be applied with the aforementioned Facility B as the hedged item.

(Note 5) The spread-type interest rate caps purchased on June 23, 2006 are to be applied on an ongoing basis with the aforementioned Facility D as the hedged item.

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