

**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.**

December 24, 2009

REIT Issuer:

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

Asset Management Company:

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

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Notice regarding a Change of Rating

We hereby provide notice of a change of rating for Japan Hotel and Resort, Inc. (hereinafter "JHR") according to the press release issued by Rating and Investment Information, Inc. (hereinafter "R&I") on December 24, 2009 as follows :

1. Details of the Change of Rating

(Before)

Rating Agency	Type of Rating	Rating
R&I	Issuer Rating	A (Rating Outlook: Negative)

(After)

Rating Agency	Type of Rating	Rating
R&I	Issuer Rating	A- (Rating Outlook: Stable)

2. Reasons:

The press release from R&I contains the following statement. "The economic downturn and the outbreak of swine flu, among others, have depressed variable rent revenues. The rating downgrade this time is primarily attributable to a sharp decline in profit and cash flow level on the back of a decline in such revenues that are linked to financial performance of hotels owned by JHR."

3. Future Outlook

There is no change in the forecast of business performance for the fiscal year ending August 31, 2010.

Given that the economic outlook is becoming increasingly uncertain, it is likely that the harsh environment for hotel operations will continue. JHR aims to maintain and improve the competitiveness of our hotels, and improve our asset values through enhanced consultation and cooperation with the lessees and the hotel operators.

Please refer to the R&I website for details. <http://www.r-i.co.jp>

\*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/>