

Provisional Translation Only

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In the event that there is any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.**

March 22, 2011

REIT Issuer:

Japan Hotel and Resort, Inc. (TSE code: 8981)

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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, F, J for the applicable period has been determined as follows. Please refer to the notice regarding new debt financing dated March 18, 2011 for details.

Term	Facility	Lender	Balance (Million Yen)	Maturity Date	Applicable Period	Interest Rate (Annual Rate) (Note)	Remarks
Mid-term	E	Sumitomo Mitsui Banking Corporation	4,200	March 24, 2012	March 24, 2011– September 26, 2011	1.85000%	Secured
		Mizuho Bank Ltd.					
		The Norinchukin Bank					
Mid-term	F	Sumitomo Mitsui Banking Corporation	750	March 24, 2012	March 24, 2011– September 26, 2011	1.55000%	Secured
		Mizuho Bank Ltd.					
		The Norinchukin Bank					
Long-term	J	Tokyo Star Bank, Ltd.	3,000	March 24, 2016	March 24, 2011– May 13, 2011	1.95000%	Secured

(Note) 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	0.90077% (Note 3)	November 15, 2010 – May 13, 2011	November 15, 2012	Interest rate swap (Note 4)	Lump-sum payment	Secured
		Mizuho Bank Ltd.							
		The Norinchukin Bank							
Mid-term	E	Sumitomo Mitsui Banking Corporation	4,200	1.85000%	March 24, 2011 – September 26, 2011	March 24, 2012	—	Lump-sum payment	Secured
		Mizuho Bank Ltd.							
		The Norinchukin Bank							
Mid-term	F	Sumitomo Mitsui Banking Corporation	750	1.55000%	March 24, 2011 – September 26, 2011	March 24, 2012	—	Amortization payment	Secured
		Mizuho Bank Ltd.							
		The Norinchukin Bank							
Mid-term	G	Resona Bank Ltd.	5,000	1.64000%	February 15, 2011 – May 13, 2011	February 15, 2014	—	Lump-sum payment	Secured
		Shinsei Bank, Ltd.							
Mid-term	H	Sumitomo Mitsui Banking Corporation	6,998	1.84000%	February 15, 2011 – May 13, 2011	February 15, 2015	—	Lump-sum payment	Secured
		Mizuho Bank Ltd.							
		The Norinchukin Bank							
Long-term	I	American Life Insurance Company	5,000	2.55000%	February 15, 2011 – August 15, 2011	February 15, 2018	—	Lump-sum payment	Secured
Long-term	J	Tokyo Star Bank, Ltd.	3,000	1.95000%	March 24, 2011 – May 13, 2011	March 24, 2016	—	Lump-sum payment	Secured

(Note 1) Short-term: shorter than one year. Mid-term: one to five years. Long-term: five years or longer.

(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.

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