

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.

March 18, 2011

REIT Issuer:

Japan Hotel and Resort, Inc. (TSE code: 8981)
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Notice regarding New Debt Financing

Japan Hotel and Resort, Inc., (hereinafter “JHR”) hereby provides notice that JHR has decided to undertake new debt financing as follows.

1. Reason

JHR today decided to undertake long-term borrowings totaling 3,000,000,000 yen to be allocated to funding of a real estate trust beneficiary interest with “Hakone Gora Onsen Tokinoyu Setsugetsuka” (note) as the trust property.

(Note) Please refer to the notice regarding new acquisition (Hakone Setsugetsuka) released on March 18, 2011 for details.

2. Outline of new debt financing

Facility J (Long-term, 5 years)	
(1) Lender	Tokyo Star Bank, Limited
(2) Loan Amount	3,000 million yen
(3) Interest Rate	3 month TIBOR + 1.70% (Note)
(4) Drawdown Date	March 24, 2011
(5) Payment method	Lump-sum payment on maturity date
(6) Maturity Date	March 24, 2016
(7) Collateral	Secured

(Note) Interest Rate is to be announced once determined.

3. Status of borrowings of the debt financing

(Unit: million yen)

	Before	After	Change
Short-term borrowings (A)	—	—	—
Long-term borrowings to be repaid within a year (B)	4,700	4,700	—
Long-term borrowings (C)	29,751	32,751	3,000
Total (A)+(B)+(C)	34,451	37,451	—
Investment corporation bonds (D)	2,000	2,000	—
Total (A)+(B)+(C)+(D)	36,451	39,451	—
Other interest-bearing debt (E)	—	—	—
Total interest-bearing debt (A)+(B)+(C)+(D)+(E)	36,451	39,451	—

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

4. Other Matters Required for Investors to Accurately Understand and Evaluate the Information

There is no change to the content of “Investment Risks” of annual securities reports (in Japanese) filed on November 19, 2010 regarding the bond issuance risk and LTV risk, and to the business performance of JHR in the fiscal year ending August 31, 2011.

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