

Hotel Market Environment in Japan after the East Japan Earthquake

May 11, 2011

Horwath HTL – Japan



Two months have past since the nightmare of the worst earthquake in the history of Japan. In order to share updated information with hoteliers and other industry-related professionals regarding environment after the tragic disaster, Horwath HTL – Japan reports a summary of the current market situation in the country.

In the first part of this report, we will review key performance indicators (KPIs) in March for major cities in Japan, followed by comments on the current market situations. In the later part of this report, we will share a featured article “East Japan Earthquake – What did hoteliers do at the critical moment?” translated (originally in Japanese) from March and April volumes of Weekly Hotel and Restaurant with a courtesy permit by Ohta Publications. Ohta Publications is a leading industry publication in Japan and its Weekly Hotel and Restaurant is one of the most widely read industry magazines in the country. From these translated articles, readers of this report will see how Japanese hoteliers reacted immediately to the emergency with passion as well as the globally recognized Japanese hospitality.

Japanese Hotel Market Environment since March 11, 2011

The Japanese hotel industry was shaken after the earthquake. The shaking was not of a physical nature – although the country has had many physical aftershocks - but it was a big shake in the market environment, which is expected to continue in the near future.

As shown in the tables below, average RevPAR of full service hotels and resorts in March fell by a large percentage in all major markets nationwide. It should be noted that prior to the disaster, RevPAR of hotels in major markets was expected to increase in 2011. In fact, clear improvements in major KPIs namely occupancy, ADR and RevPAR of major markets were witnessed up until February; or more exactly, until March 11, 2011.

KPIs for full-service hotels / resorts in major markets

Tokyo (9 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	70.8%	74.4%	80.3%	50.8%
ADR	¥17,683	¥18,737	¥18,660	¥18,386
RevPAR	¥12,524	¥13,934	¥14,982	¥9,337

Yokohama (9 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	65.0%	68.0%	77.5%	45.7%
ADR	¥12,828	¥12,558	¥13,369	¥12,116
RevPAR	¥8,344	¥8,538	¥10,362	¥5,539

Nagoya (6 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	69.6%	71.2%	75.5%	78.1%
ADR	¥12,944	¥12,387	¥12,792	¥13,281
RevPAR	¥9,015	¥8,815	¥9,654	¥10,374

Kyoto (7 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	63.1%	61.4%	81.5%	72.1%
ADR	¥15,074	¥15,661	¥18,513	¥18,438
RevPAR	¥9,507	¥9,610	¥15,083	¥13,294

Osaka (6 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	65.1%	65.3%	75.6%	70.0%
ADR	¥13,358	¥11,262	¥13,559	¥15,231
RevPAR	¥8,697	¥7,359	¥10,248	¥10,655

Fukuoka (10 Hotels)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	62.9%	63.6%	70.1%	66.1%
ADR	¥11,218	¥11,615	¥11,096	¥12,175
RevPAR	¥7,055	¥7,383	¥7,774	¥8,041

Okinawa (12 Resorts)

	2010 Jan-Feb	2011 Jan-Feb	2010 Mar	2011 Mar
OCC	69.9%	66.9%	76.2%	61.6%
ADR	¥14,933	¥14,854	¥16,832	¥16,778
RevPAR	¥10,436	¥9,941	¥12,828	¥10,329

Source: Horwath HTL

Among the major markets, hotels in Tokyo struggled the most after the earthquake. In contrast, we see some improvements in performance for hotels in northeastern Japan - the area near the epicenter of the quake - since lodging demands have emerged from the corporate segment for recovery corps or even the local government segment for renting entire properties as shelters for locals in need.

Hotels in the greater Tokyo area have suffered more from the Fukushima Nuclear Power Plant saga rather than that of the East Japan Earthquake and Tsunami. From our past experience with the so-called "Lehman shock", we believe that the current market turmoil is completely different from that of the recessionary period in 2009. Faced with a depressed market environment after the "Lehman shock", hotels in Tokyo lost corporate clientele because of the sudden and intense economic downturn. As a result, they resorted to heavy discounting of room rates to attract leisure FIT and many hotels successfully managed to compensate for lost corporate sales with leisure demands. However, what we observed in March and April in the Tokyo market in 2011 was that all segments, including business, domestic and international leisure, FIT and groups, have all been stagnant. Hotels could not sell their inventories even if with heavy discounts. As a result, average occupancy of our sample of full-service hotels in Tokyo was down by about 30 percentage points in March.

The biggest challenge that the Japanese hotel industry will have to cope with in the short term will be the full recovery of overseas visitor arrivals. The Japan National Tourism Organization (JNTO) announced that overseas tourist arrivals to Japan have dramatically decreased in March by 50.3% compared to 2010. This trend of falling visitor arrivals is projected to continue until the problem with the nuclear power plant in Fukushima is settled. In contrast, we anticipate that domestic demand will recover sooner as we witnessed strong recovery in the domestic leisure FIT segment during "Golden Week", which is a national week-long holiday from April 29 to May 8, 2011. Major tourist areas reported that visitor arrivals was only slightly less than that in 2010 while some areas claimed that it was even more than in 2010. This, we believe, is very promising for future market recovery.

While an exact financial impact from the East Japan Earthquake is yet to be estimated, bookings for more than 560,000 rooms have been cancelled after the earthquake. Based on our research, majority of General Managers at Japanese hotels are expecting total hotel revenues for their properties to decrease by at least 10% in 2011. However, we believe that the negative effect of both the earthquake and the nuclear power plant problem would be minimal to the Japanese hotel industry in the long run. Major international tourist locations like Kyoto suffered neither damage from the quake nor repercussions from the Fukushima Nuclear Plant saga. The issue is with timing - when people recognize that things have settled and it is safe enough to travel around Japan. While it all depends on how long it takes for the Fukushima nuclear power plant problem to be resolved, we project that the market will recover by 2012 or even by later of the year.

Additionally, we have noticed that the Japanese have become more sensitive about natural disasters as well as about issues regarding nuclear power after the earthquake. More specifically, local Japanese are more conscious about having energy-saving lifestyles after the earthquake. As a result, we may see a realistic move, not just a marketing catch, to go “green” by taking initiatives and leading roles to promote eco-tourism in the Japanese hospitality industry.

Featured article

“East Japan Earthquake – What did hoteliers do at the critical moment?”
- translated from Weekly Hotel and Restaurant by Ohta Publications.

“We could finally get through to hotels in Sendai, Miyagi prefecture and some cities in Iwate prefecture after we tried to call them for two whole days”, “Our hotel in Sendai reported that their gas system is indefinitely unavailable and they are short of food supplies for their operations” – these are voices from managers at hotels in cities damaged by the East Japan Earthquake which occurred on March 11, 2011.

“Fortunately none of our guests or staff at our property is killed or injured, thanks to our experience with the quake in Kobe”, “We are now accepting local people in need in addition to our hotel guests”. Epicenter of the 9.0 earthquake was about 130km southeast off the Ojika Peninsula and the huge quake suddenly struck guests and hoteliers at hotels in northeast Japan (or Tohoku in Japanese). Live reactions that we have obtained from direct interviews with hoteliers are summarized in this report. For a note, comments from each property or hotel chain are summarized in the following format:

Hotel/Hotel Chain Name (Property Locations)

1. Reactions after the quake on March 11, 2011
2. Current operations
3. Planned future actions
4. If any, conditions of chain properties in the damaged area

Please note that the following part is a translation of an article on the March 25, 2011 edition of Weekly Hotel and Restaurant.

The Westin Tokyo (Tokyo)

1. Placed priority on safety of our guests. Allocated as much staff as possible in order to direct guests outside the property immediately after the earthquake. As elevator was not in use, guests escaped by using stairways. Since the setup of the "Emergency Office", directors of the Office (GM and other managers, EXCOM members, and other emergency staff) have provided directions to other staff. We had meetings to prepare for possible aftershocks throughout the night of March 11. We accommodated people who escaped to the surrounding area with blankets and hot drinks in the lobby area.
2. We are accepting reservations as usual. We have decided not to charge for cancellations for several days after the earthquake. Restaurant operations are partially stopped due to possible power blackouts, namely Victors (French), Yebisu (Teppan-yaki), and Compass Rose (sky lounge) until March 17. While we see some cancellations for banquets and wedding receptions, many of our clients want to hold their events as planned.
3. We will continue to put guest safety first. We aim to be back to full operations by March 17.

APA Hotel Group (Kanto/Tohoku)

1. Provided relevant information as well as bottles of water and food to hotel guests. We also offered free rooms for people in need.
2. Our properties in Yamagata (APA Hotel Yamagata Station) and Fukushima (APA Hotel Koriyama Station) are in operation with full utilities. We are now accepting guests who agree to accept possible inconvenience.
3. We are ready to provide necessary support while we have not received specific requests from national or local governments. In addition, we offer our properties as accommodations for volunteers. We are concerned about the current shortage of foods and other supplies.
4. As of March 14, gas supply is not available at three of our properties (two in Sendai and one in Iwate). It is estimated to take about three months until the three properties resume full operations.

Hospitality Partners Group (Kanto/Tohoku)

1. Put first priority on safety of hotel guests. Accommodated the escaped locals while providing water and food to them.
2. At our Aomori properties, we requested for guests to go home if they can and have them stay only if not. Currently Akio Tanaka, President, and other executive members are directly in supporting action at the damaged area in Tohoku. Necessary supplies are provided via our group properties in Hokkaido, Niigata, and Nagano.
3. We will provide necessary supplies, as food shortage is very serious in the damaged area.
4. Reportedly some properties have had some cracks due to the quake and we are inspecting all properties in the damaged area. We have contacted all group properties via public phones.

IHG • ANA Group (Kanto/Tohoku)

1. Put first priority on safety of hotel guests. Fortunately no one is injured at our properties. We directed 120 guests to our designated escape area at ANA Holiday Inn Sendai, the nearest hotel to the epicenter in our group of hotels.
2. As of March 12, two guests at ANA Holiday Inn Sendai are direct refugees from the damaged area. As ANA Holiday Inn Sendai is a designated escape area for locals, we are in close contact with local authority and provide necessary food, water, blanket and other supplies to people in need.
3. We have instructed our group of hotels that electricity usage at their properties should be kept to a minimum level to prepare for the possible scheduled blackouts by Tokyo Electric.
4. We will halt operations of ANA Holiday Inn Sendai until operational infrastructure for the property resumes. We do not currently accept new bookings for the Sendai property.

HMI Hotel Group (Tohoku)

1. Put first priority on safety of hotel guests. Fortunately no one is injured at our properties.
2. As we are able to fully contact all properties, our hotels are all in full operations. However, due to the serious shortage in supplies, we are facing difficulties in providing smooth operations.
3. As we see little physical damage to our hotels, we have managers take direct actions at each of our properties. However, we will need to provide necessary

support to properties in the damaged area so they receive necessary supplies.

4. Hotel Crown Palace Aomori (Aomori), Hotel Crown Palace Shuhoku (Akita), Hotel Perl City Akita Kawazoe (Akita), Hotel Perl City Hachinohe (Aomori), and Hotel Perl City Tendo (Yamagata) are all in usual operations.

Four Seasons Hotel Chinzanso (Tokyo)

1. Immediately after the quake, we directed our hotels guest to leave the guest room doors half open while providing them with a portable flashlight. As guest elevators were not in use, guests are offered to use employee elevators along with a staff as their guide when they return to their guestrooms. At around 20:00, we directed that guestroom doors be closed. While restaurants were reopened after the gas system resumed, room services were not provided as we voluntarily decided not to use elevators and opened our Seasons Bistro for extended business hours on the night. We were almost full in room reservations on the night, but we received a wave of cancellations after the quake. Then, after a while, we started to receive another wave of for-the-night bookings and resulted in a full house on the night. We accommodated about 60 refugees (who could not go home due to the halt in public transportations) by providing them with water and cookies, rest spaces (separate for men and women). In addition, for people in need, we provided a gown and a pair of slippers, blanket, and light meal at night and breakfast in the morning on the next day. A large monitor for updated traffic information and cell phone rechargers were provided at the rest spaces. We tried to soften anxiety of those who could not go home that night while we put our first priority on the safety of our guests.
2. While our property had no major damage, we temporarily halted our SPA operations. In addition, we operated in an energy saving mode for the next 14 days as a response to actions by the government.

Please note that the following part is a translation of an article on the April 1, 2011 edition of *Weekly Hotel and Restaurant*.

Yokohama Bay Sheraton Hotel & Towers (Yokohama)

1. Immediately after the earthquake, we notified all guests in guest rooms, restaurants, and banquet spaces to stay inside the hotel property. As the top floor shook intensely during the earthquake, we moved guests at the restaurant on the 28th floor to banquet foyers on the 4th and the 5th floor. Most of these restaurant guests stayed the night as they could not go home. We let restaurant guests use private spaces within the restaurants so that they could have a sense of calm. We provided light meals for these hotel guests. In addition, we accepted as many as 1,200 temporary refugees who could not go home for the night due to the breakdown in the train/subway system. We accommodated these refugees at public spaces from the ground floor to the 5th floor with drinking water, towels, and blankets.
2. Occupancy fell to about 70% although we had expected a full house for the weekend immediately after the earthquake. Most banquets and wedding receptions were cancelled for the weekend, too. Restaurant operations were also slow with less clientele while we keep regular operations by adjusting menus to available ingredients, except for Japanese for which we found challenging to maintain due to the lack of fresh ingredients. We expect to resume full operations by March 18. We see no operational problem as we have about eighty percent of total employees present at the workplace.
3. We are in full energy saving mode. All escalators as well as outside lightings are not in use. Although scheduled blackouts in the hotel locations are yet to be announced, we are prepared to respond to such government decisions.

Keio Plaza Hotel (Tokyo)

1. Immediately after the earthquake, based on our safety manual, we announced to our guests "Please calm down and stay at a safe place like under a desk". Our staff and guests responded calmly without panic. Then we notified hotel guests to return to their guest rooms. However, as some guests on higher floors wanted to go downstairs, our staff guided them downstairs via the emergency staircase. Operation hours for restaurants were extended the night, and reopened early in the morning on the next day. We accommodated about 1,600 people including our restaurant guests and

temporary refugees at several banquet spaces with tables and chairs as well as water and tea. Some of our staff was at present at the banquet spaces to attend to those who may feel uncomfortable. Updated traffic information was constantly provided on a large screen monitor at a banquet foyer in addition to a white board at the banquet spaces.

2. As we could secure utilities, we were in full operation the immediate weekend. However, restaurants on the higher floors were temporarily closed due to possible scheduled blackouts and inconvenience in commuting for some employees. Employees of the outlets on the higher floors were reassigned to assist operations of restaurants on lower floors. As we had a scheduled event on March 13, we called the registered participants and found that many of them were still interested in participating in the event. Therefore, we decided not to cancel the event. As a result, we had 29 participants out of planned 40, most gave us positive feedback that they were quite satisfied with the event. While there have been cancellations or postponements for banquets and wedding receptions, we plan to flexibly respond to these requests on a case-by-case basis.
3. We will keep previous room reservations as they are while we will reconfirm with clients on restaurant and banquet bookings by phone.

Hotel Okura Tokyo Bay (Chiba)

1. Putting first priority on guest safety, we directed all guests to outside lawns immediately after the earthquake. Blankets and towels as well as light meals were provided. We had all guests and employees go home if they could. Five wedding receptions for the immediate weekend have all been postponed.
2. We are not in operation due to the land damage in the surrounding area. Managers have had a meeting every hour to discuss possible actions since the earthquake. Staff members are requested to stay at home at the moment.
3. We plan to decide our directions on March 18 while we will leverage our lessons from the Kobe quake with putting safety first in mind.

Hotel Okura Tokyo (Tokyo)

1. We set up the Emergency Management Committee immediately after the earthquake. The Committee consists of about 30 managers appointed from each department. We asked hotel guests to keep calm and stay where they are as the hotel property is safe inside. The Committee members inspected

the property thoroughly while staff members at each section confirmed that all guests were safe and sound, followed by conformation on safety for staff and their families. Fortunately no injured have been confirmed among our staff members and their families while there have been some cracks on the wall and broken restaurant utensils. Our lobby was full and crowded with our guests and temporary refugees. We accommodated the refugees at our banquet space Heian with blankets and bottle of waters. Events on March 12 were all cancelled and planned participants for the events have been notified by phone or other contact methods. The Emergency Management Committee had been discharged at 14:30 on March 12.

2. We have seen a wave of cancellations for rooms and banquets since March 12.
3. Energy savings by lighting down for signage and by assigning guests on the same floor to control air-conditioning, etc. We will need to provide appropriate information to our guests with integrity as a hotel organization. In addition, we will put more stress on crisis management for earthquakes while previous focus has been put on management for fires.

Toyoko Inns (Kanto/Tohoku)

1. Put first priority on guest and staff safety. Complimentary breakfasts were provided to our hotel guests as usual.
2. Breakdown in water system has been reported at our properties in Fukushima area. Our headquarters have put together reports from all properties and provided operational directions considering the situations at each property. In addition, we provide updated information on our website so guests could know if the property they plan to stay is in operation or not. We are accepting reservations for our properties in Tohoku and Ibaraki on a limited basis.
3. Depends on conditions at each property. Latest information is constantly provided on our website.
4. As of March 14, our three properties in Aomori are in full operation. Among the four properties in Iwate, we are accepting limited reservations for the Ichinoseki property since it has been suffering from unavailability in lifelines while electricity is projected to resume on March 16. One property in Akita is in operation. Situations vary at each of our five properties in Miyagi. The Furukawa property suffers from unavailability in lifelines. Sendai Station East

#1 is not in service while Sendai Station East #2 is open. Sendai Station West is in operation but it may be closed depending on future conditions. Sendai Central property is open. Two properties in Yamagata are both open. Situations vary at each of our seven properties in Fukushima. Fukushima Station West, Fukushima Station East #1, and Fukushima Station East #2 are accepting reservations on a limited basis due to the breakdown in the water system. Both Aizu Wakamatsu and Shin Shirakawa properties are at full operation. Koriyama is operating on a limited basis while the Iwaki property is closed.

Niki Resorts (Kanto)

1. There has been some damage on the roof and walls of our main building and six pond-front rooms which were built in 1989 in addition to damages to our wine cellars and broken utensils. Water supply at East Annex was temporarily stopped. For safety sake, we transferred our guests to our contracted facility Art Biotope Nasu or to one of the 11 room in the main building newly renovated in the spring last year. With cooperation with Miyabi Kanko, we secured a chartered bus to JR Omiya station in Saitama and all guests were safely on their way home.
2. We have completely inspected facilities throughout our property including water quality. While Tohoku Shinkansen resumed its operations between Tokyo and Nasu-Shiobara on March 15, non-highway road of route 4 is the only available access for car drivers since the Tohoku highway is still closed. We are also concerned about the possible effect from the problem with Fukushima Dai-ichi Nuclear Power Plant.
3. We request cancellations for all bookings until March 23. For our contracted facility Art Biotope Nasu, we plan to accommodate local refugees at the property on a necessary basis.

Hotel New Otani (Tokyo)

1. All staff did their best to confirm safety of our guests. We communicated with each guest face to face and persuaded them to stay inside their guest rooms. We had to move by foot since all elevators were not in use. While we expected about 60% in occupancy, relatively few guests were inside the premises when the earthquake occurred at about three o'clock on Friday

afternoon. In contrast, most of the banquet rooms were full and we advised guests to avoid standing under chandeliers and to keep close to the walls. At the same time, an Emergency Office was setup based on our emergency manuals. The Office was headed by the general manager and teamed with managers from all sections, who gathered updated information as soon as possible. We started providing latest information to our guests both in Japanese and English after an official announcement on the scale of the earthquake was released. After a while, people who lost commuting methods started to arrive at our hotel thus we accommodated them with chairs, bathrobes, blankets, and drinking water.

2. About half of our room inventories are on sale because they are cracks on the wall while no critical damage was found on the building. All restaurants are open with limited menus for logistic reasons and in shorter business hours to save energy. We see more banquet cancellations on day by day, but we do not charge fees for these cancellations after the earthquake. We are accepting reservations for rooms, restaurants, banquets, and wedding receptions as usual.
3. We have been discussing on what we can do for people in the damaged area and plan to send supplies like towels, etc. Stored items such as bottles of water and emergency food were quite useful. We have our own water supply system from a private well as well as a private power generation that allows us to save energy.

President Hotel Mito (Ibaraki)

1. We confirmed safety of our 63 hotel guests immediately after the earthquake. We directed our guests to a banquet space on the ground floor since room were messed up with cracks on the wall. In addition, some guest room doors were bent and kept unopened. We provided hotel guests with bread, cookies and water.
2. Electricity was back on March 13, but elevators are still not in use. Water supply has just resumed. Little supplies are available at supermarkets or convenience stores as they were damaged. There have been aftershocks four to five times every day since the earthquake. All staff members are in action day and night for a full recovery. As we could not accommodate refugees, we take them to a shelter in the neighborhood
3. We believe every one of our guests, including students to take college

entrance exam or people from overseas, wants to go home. We are consulting with each one of those guests face-to-face as all public transportation has been shut down. We project it will take about two months until we resume our full operation as facility vendors are quite busy since the earthquake.

Please note that the following part is a translation of an article on the April 8, 2011 edition of Weekly Hotel and Restaurant.

Arcadia Ichigaya (Tokyo)

1. We had about 800 guests for 18 receptions/conferences at 22 banquet rooms when the earthquake occurred. After the strong shaking ended, we notified all guests to go outside the hotel. As all elevators were out of service, we directed the guests by using stairways. We confirmed that all five elevators properly stopped as they were at the time of the quake and all emergency doors properly opened. Some of the guests wanted to continue their meeting after the earthquake. However, as we had the second big shake at 3:15 pm, all guests agreed to move to the designated safety area and we confirmed all guests were safe and fine. We decided to temporarily close the property, except for guests who already have room reservations, for two days on March 11 and 12 since our facility staff reported that it would take long until we would be able to confirm safety of some facilities such as elevators, gas system for kitchen and air conditioning although there was no major damage on our hotel building itself. Also, we decided to open lobby spaces on the first and second floors, restaurants, and a banquet foyer on the fourth floor for temporary refugees who could not go home. Updated traffic and other earthquake-related information were provided on a large screen at the lobby. We had a maximum of about 200 refugees at our property. As train and subway system partially resumed their operations late at night, the number of refugees gradually decreased and about 20 people remained at our property until the next morning. Immediately after the earthquake, we requested for all employees to stay at designated space in banquet rooms, but we had them return home if they could as we confirmed that some train and other commuting system resumed operations. We honored room reservations for the night on condition that guests accepted that all elevators were not in use and hot water was not available for bath and shower in the guest rooms. As we were already full on March 11, we did not accept walk-in bookings for the night and directed these walk-ins to the area we opened for refugees.
2. On March 12, we closed the property as planned, except for guests with previous room reservations. However, as some guests strongly wanted to hold their meetings as planned, we accepted 7 meetings with about 200

guests on March 12 on condition that elevators and food catering service were not available. On the other hand, we have seen many cancellations on meeting/conference bookings to the end of March. We confirmed that all gas system was safe and available for use by March 12. While we were not able to cater to dinner service, we restarted accepting rooms bookings since the boiler and air conditioning are back in use. We continue to open our restaurant and cafe/bar for refugees as we did on the previous night. As the last refugee left our property at 3pm on March 12, we closed the designated space. From March 13, all restaurants except for Japanese outlet resumed full operations.

3. While situations were back to normal compared to March 11 and 12, we set up the Emergency Office on March 13 with our administrative & general manager as chief officer and sales manager as vice chief officer as Tokyo Electric Power Company (TEPCO) announced possible scheduled blackouts. The Emergency Office concluded that we cancel meetings that may fall on the blackout timings as we need to direct all guests outside at least 1.5 hours in advance of the blackouts. We also decided to request that hotel staying guests arrive after the blackouts and if guests wanted access to their guest room during blackouts, staff should be assigned near the room. All managers were required to stay at the lobby space on the ground floor and other emergency staff to stay at restaurant space on the second floor. Other employees were advised to go home if their commuting methods were available. However, in the end, TEPCO announced that Chiyoda-ku, where our property is located, should be outside scheduled blackout area, which resulted in our smooth reactions to the situations. On the other hand, we reconfirmed that latest wireless communication system should be necessary at our property for timely information sharing, speedy decision making, and integrated order-report system at emergency like this time.

Imperial Hotel (Tokyo)

1. An announcement was made immediately after the earthquake and all elevators automatically stopped (they are programmed to stop at the nearest floor at emergency). Our staff confirmed that no guest was left inside the elevators. After the shaking ended, our staff directed guests on the higher floor downstairs. Each room was checked one by one by our staff if guests were left inside. Since some guests were stranded inside their guestrooms,

we had to break the indoor locking system to open the rooms, which resulted in some of the inventory out of order as of today. While we expected a full house on March 11, occupancy on the day closed at lower than 80%. We do not charge fees for cancellations due to the earthquake. Other than our hotel guests, we accommodated about 2,000 people at the lobby, many of whom seemed to have moved from adjacent Hibiya Park. We provided these refugees with blankets and chairs as well as our stocked emergency food and water. As about 1,200 people still remained at the lobby, we provided hot vegetable soup to them in the next morning.

2. About 150 of our guestrooms have not been on sale. Since there is no major damage on our restaurants and banquet rooms, we are accepting restaurant and banquet reservations as usual. Our sales staff inquires after major clients while carefully watching the ongoing cancellation pace.
3. We are trying to do our best to save energy. Specifically, elevators and escalators at the public space are partially not in use and lighting at lobby/corridors is partially down. In addition, in the back of house, elevators are partially not in use and lightings are off as well as air conditioning/heating system are set at a bit lower temperature level in places such as corridors and staff restaurant. Also, our staff members are asking for donations by setting a donation box at the public space.

Sakata Green Hotel (Yamagata)

1. While situations should be better than in Miyagi prefecture, we had a strong shake resulting in a power blackout. We provided guests with a room free of charge for the night. Battery-operating handy searchlights which we stocked for emergency were quite useful this time. As our neighbor city of Tsuruoka did not suffer from a power blackout, we directed some of our guests to hotels in Tsuruoka.
2. 4 families from Miyagi stayed at our hotel in the week of March 14. As situations have improved, the 4 families have already gone back. Supplies for food materials had been stopped for a while, but logistics have gradually resumed since the week of March 21. We are saving energy as we may have scheduled blackouts in the future. We are especially concerned about availability for fuels (gasoline).
3. As of today, we are providing free rooms for refugees and we are in full operations as we had no damage on operational infrastructures.

Aomori Washington Hotel (Aomori)

1. We directed our guests outside the property as chandeliers shook fiercely inside. While we had a power blackout after the quake until the next morning, all guests and staff were calm.
2. We had been concerned about possible fuel shortage during the week of March 14, but things had improved by March 21. Aomori-city as a whole is in a better condition as there was no fallen building while we had a temporary power blackout. We had some refugees from Fukushima after the quake, but current guests are all staying for a short term. We are trying to save energy to respond to possible scheduled blackouts in the future.
3. As no major damage is found on our property, we are operating as usual. While we have not received any formal support requests from national or local government, we will respond to such requests, if any, as a chain.

Hilton Tokyo Bay (Chiba)

1. We directed our guests outside the property immediately after the earthquake. Our staff checked rooms one by one if any guest were left inside. After we confirmed no major damage to our property, we redirected guests inside our hotel. As elevators were not available for use for the night, our staff directed each guest to rooms with taking baggage through stairways in backyards. Guests are advised that they be escorted floor by floor and staff members are assigned either to escorting guests by stairways or waiting on each floor. We opened our lounge for guests with soft drinks and light meals while they were waiting. We offered a special discount rate for guests without reservations on the night. Also, we provided banquet space with blankets and other necessary supplies for guests who did not want to stay at a guestroom until public transportation system had resumed its operation.
2. There was no major damage to our property. While we are at a regular operation (only one restaurant is open), reservation cancellations are increasing as Tokyo Disney Land and Tokyo Disney Sea are both closed as of March 25. In addition, we are offering support for people in Urayasu to use our room and/or take a bath.
3. We put first priority on safety of our staff and guests. Also, we are saving energy as much as possible. While we may have scheduled blackouts in the future, we will need to be flexible as situations may vary.

Asami Hotel Group(Kanagawa)

1. At our Sagamihara property (Sagamihara Dai-ichi Hotel Annex), putting guest safety first, we advised our guests to stay at the lobby on the ground floor. As elevators were not in use until 8pm for a safety inspection, we guided our guests to guestrooms via the emergency stairway. We had been busy providing complimentary water and blankets as well as checking and providing updated traffic information to our guests.
At our Isehara property (Isehara Green Palace Hotel), we had a power blackout until 9pm. As all rooms were full, we accommodated extra guests with our Japanese rooms with blankets and complimentary water.
2. There was no damage to the property. We are doing our best to save energy to respond to possible scheduled blackouts. All reservations until the end of March for school-related events have been cancelled.
3. We are offering "Charity Plan for Recovery", in which hotel guests are asked to donate JPY 100 out of the room rate to Japan Red Cross in addition to setting up a Red Cross donation box at the front desk. Also, we plan to add plans to directly support people in the damaged area.

Sagamihara Oriental Hotel (Kanagawa)

1. As there was no major damage to the property, we operated as usual. We checked latest traffic information and provided it to our guests in a timely manner.
2. We did not have a power blackout and continued regular operations. Minor damage includes some broken tea cups inside guestrooms.
3. If we receive formal support requests from national or local government, we will respond to such requests. On the other hand, we advise our guests to accept inconvenience during scheduled blackouts if applicable.

JN Family (Kanagawa)

1. While we operated as usual on the day of the earthquake, we could not provide full breakfast service thus we room-serviced a bento-box to each guest the next morning. Also, as we were full on the night, we opened our rest space, banquet rooms, and lobby area for extra guests in need.
2. We had only minor damage such as some broken desk lights. While we are in a regular operation, we have received a flow of cancellations.
3. While official request for support is yet to be received, we are ready to respond if such requests are made by government.

LAXIO-INN (Kanagawa)

1. We fortunately did not have a power blackout on the night. We had about 20 people from a blackout area and provided them with a safe space at the lounge and complimentary drinking
2. There was no damage on the property. We are accepting reservations on condition that guest agree with possible inconvenience from scheduled blackouts in the future.
3. Doing the best to save energy. Plan to send donations to Japan Red Cross for recovery in the damaged region.

Smile Hotel Hachinohe (Aomori)

1. Putting guest and staff safety first, we advised that all guests and staff escape to parking space adjacent to the property. After the strong tremble had ended, we went inside the restaurant from which we could easily escape to a safe space outside. While we knew there was a huge tsunami at the Hachinohe coastline, we were scared as telephone lines are broken and there was no way to establish direct external communications. As we had a power blackout and major lifelines such as boilers stopped, we provided guests with blankets and duvets to calm them down. As aftershocks seemed to stop at around 1:30am on March 12, we allowed guests to sleep in their beds in guestrooms on the second floor on condition that the guestroom doors be open and our staff member stay on the second floor in case a big aftershock may occur.

2. We had guests continue to stay if they wanted to do so and had no way to return home. We cooked with portable cooking oven as much as we could with what all we have at the restaurant. We had a power blackout for three days since the earthquake and it took five days before our boiler system resumed. Fortunately our water system continued to be available. Our property resumed operations after March 24. From the blackout experience, we noted that we should have stocked enough batteries for an emergency. While we were concerned about possible fuel shortage, too, but the problem has been settled since March 26.
3. As we will have aftershocks in the near future, we will try to secure emergency stocks as much as possible. We also offer packages for people in the damaged area. As we need to save energy and fuel supply is not enough, we stop air conditioning and hot water supply between 8am to 3pm. We plan to collect and send donations to support recovery in the damaged region too.