

APPRAISAL REPORT

September 15, 2004

Prepared for

ABC Bank

Prepared by

(Signature)

Takashi Yamaguchi (Appraiser)

Value Workers, Inc.

20-1-303 Kitamachi, Shinjuku, Tokyo, 162-0834, Japan

Pursuant to your request, I have prepared a summary report of a complete appraisal for the subject property. The attached report details the scope of work, level of reporting, definition of value, valuation methodology, and pertinent data researched and analyzed in the development of this appraisal.

(Note)

The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated a continuing depression. These forecasts are, therefore, subject to changes with future conditions.

Japan suffered a heavy land bubble and its collapse.

This report reflects those conditions.

Please also take a look at "**What Caused the Bubble?**"

01. Memories of a Bubble in Japan

<http://www.value-workers.com/design/chick-earthworm-english.htm>

02. Swarm Intelligence

<http://www.value-workers.com/design/chick-swarm-intelligence-english.htm>

03. Diffusion of Inflationary Expectations

<http://www.value-workers.com/design/chick-fever-infection-english.htm>

04. Genes of Speculation, Price, and Value

<http://www.value-workers.com/design/chick-pricevalue-gene-english.htm>

05. Mechanism of a New Type Emergence

<http://www.value-workers.com/design/chick-newtype-emergence-english.htm>

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-1-. Final Opinion, Definition of Value, Effective Date of Appraisal

< Final Opinion of Value >

JPY 2,393,300,000.-

(In terms of cash, not including consumption tax)

(Note: Since Income Approach is the most important in this appraisal, the value estimated is whole business value which includes real estate value.)

(Net realizable value)

In case of self assessment of assets in financial institution, final opinion of value to which the client may apply 100% loan-to-value ratio is appraised bellow.

Above-mentioned value: JPY 2,393,300,000. - (a)

Brokerage fee: (a) X 0.0315 + 60,300 = JPY 75,449,000. - (b)

Net realizable value: (a) - (b) = JPY 2,317,900,000. -

< Definition of Value >

For the purpose of this report, market value is defined as:

The most probable price which a property should bring in a competitive and open market, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well-informed or well-advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

< Reasonable Exposure Time >

Around six months.

< Effective Date of Appraisal >
September 30, 2004

-2-. Scope of Work

This appraisal is performed based on the following conditions.

1. This report is a Limited Report in compliance with the Uniform Standards of Professional Appraisal Practice inasmuch as the simplifications of the market approach. I think the direct market comparison method would not be reliable in this case.
2. I conducted on-site inspection on the subject hotel.
3. I examined past 10 years' financial statements of the subject hotel.
4. I collected and examined many recent sale and disposal comparable data of hotels in Japan.
5. I collaborated with CPAs who drew up the business restructuring plan.

-3-. History of Subject Property

After built as a hotel in 1990, subject property has not been transferred to any other entities.

-4-. Identification of the Property

(1) Land

Address: 10-12 XXX-cho, WW-ku, Tokyo, Japan

<Legal description> (sq.m.: square meter)

Lot number	Category of lands	Area (sq.m.)
(1) 10-12 XXX-cho, WW-ku, Tokyo (2) 10-13 XXX-cho, WW-ku, Tokyo	Building site	(Registered Area)
		2,843.85
	Building site	251.75
Total		3,095.60

(2) Building

<Legal description>

House number	Structure, Category	Area (sq.m.)
10-12 XXX-cho, WW-ku	Steel frame reinforced concrete Flat roof 14 story, with 3 basements Hotel	(Registered Area)
		1F 1,608.33
		2F 2,572.57
		3F 1,760.13
		4F 2,131.24
		5F 1,365.19
		6F 33.00
		7F 1,074.31
		8F 676.72
		9F 642.52
		10F 642.52
		11F 642.52
		12F 642.52
		13F 642.52
		14F 650.00
B1F 1,622.58		
B2F 2,408.51		
B3F 2,486.29		
Total		21,601.47

-5-. Property right appraised, Owner on the registry book

< Property right appraised >

Land:

Fee simple [Occupant: Owner]

Building:

Fee simple (partly leased fee estate) [Occupant: Owner (partly Tenant)]

< Owner on the registry book > (As of August 23, 2004)

Land:

Owner: ABC Hotel K.K.

(Address: 10-12, XXX-cho, WW-ku, Tokyo)

Building:

Owner: ABC Hotel K.K.

(Address: 10-12, XXX-cho, WW-ku, Tokyo)

-6-. Date of On-site inspection and Report

August 23, 2004 (Date of interior and exterior inspection)

September 15, 2004 (Date of Report)

-7-. General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions and limiting conditions:

1. Appraisal of owner-occupied building and its sites (with some tenants).

There are some tenants in the hotel. This appraisal has been developed on the condition that the new owner will succeed the security deposits.

2. This appraisal is for a financial institution which considers disposal of collateral of bad loan.

3. The sizes of the land and the building depend on the registered size.

4. Premising of the mortgage erasure at the sale, the property is appraised free and clear of any or all liens or encumbrances (unless otherwise stated).

5. In recent years, hotel dealing market in Japan was under serious depression. So, the forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated a continued depression. These forecasts

are, therefore, subject to changes with future conditions.

6. Physical test for checking hazardous materials, which may or may not be present on the properties, has not been performed. The value estimated in this report is predicated on the assumption that no hazardous materials are on or in the properties that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.
7. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature which may affect value, nor for any expertise required to disclose such conditions.
8. Appraiser who performed this appraisal has no present or prospective interest in the subject property. Compensation for the appraiser is not contingent on the reporting of a predetermined value or direction in value that favors the cause of the client. This appraisal is performed in a manner that is independent, impartial and objective.

-8-. Purpose, Intended Use of the Appraisal, Intended User(s)

Purpose and Intended Use of this appraisal is for valuation of the collateral property, and definition of value is the fair market value under the condition of disposal of nonperforming loan. This appraisal is intended for the use of the client only.

-9-. Valuing Process

1. General factors which influence the price of real estate

< Economic conditions >

In Japan, economic depression had continued about 1.5 decades after the collapse of bubble economy (1990). Government had introduced various anti-deflation measures. Bank of Japan had continued ultra-low-interest rate policy. But, as a whole, Japanese economy does not get out of severe condition still now.

But recently the flattening-off trend is becoming clearer. According to the “Cabinet Office Economy Watchers Survey” in September 2004, “Japanese economy is picking up moderately”.

< Land price trend >

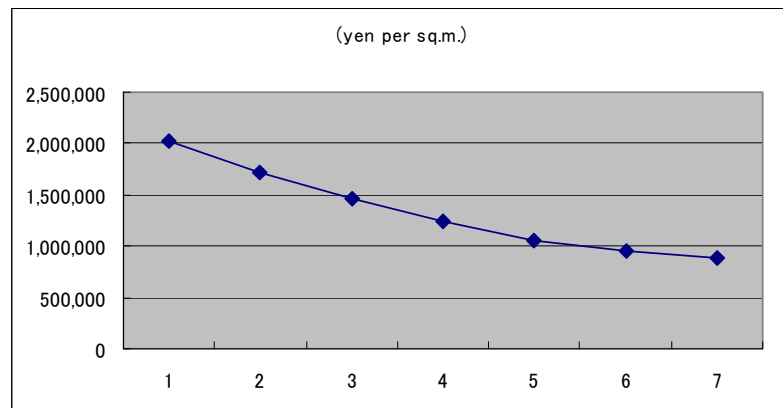
Also, in real estate dealing market, after the collapse of the bubble economy (from the second half of the 1980s to 1991), demand had been low under the sluggish economy. Although the transition of land price differs with areas, decline trend continued for over ten years.

According to the public survey of land price as of January 1, 2004, national average of land price declined by 5.0% per year. It declined for 14 consecutive years.

In three major metropolitan area (Tokyo, Osaka, and Nagoya), land price declined by 3.9%. But decline rate has diminished by 2.0%. And in the central area of these metropolitan areas, recovery of office building demand and expansion of real estate investment are observed recently.

Transition of Gov. published land price near the subject property

year	yen/sq.m.
1998	2,018,000
1999	1,715,000
2000	1,458,000
2001	1,239,000
2002	1,053,000
2003	948,000
2004	886,000



< Condominium market trend >

According to the National Real Estate Information Center, the average unit price of the new condominiums in Tokyo metropolitan area declined by 0.2% per year in 2003.

In Tokyo 23-wards it declined by 3.2%. In Tokyo Santama area it rose by 4.8%. In Kanagawa Prefecture, it rose by 1.1%. In Saitama Prefecture, it rose by 0.5%. In Chiba Prefecture, it rose by 1.2%.

2. Location and Transportation

Nearby railroad station:

XXXX station of the JR East XXXX line

Direction and distance (on road line) from the nearby railroad station:

Northeast, About 250m

3. General Condition of Subject Neighborhood

(1) Range

I identified subject neighborhood for the 10th block of Y-Chome, XXX-Cho where subject property exists.

(2) Characteristics of the subject neighborhood

< Street condition >

Paved public road of 25m width is considered to be standard in this area, and arrangement and continuity of the roads are good.

< Access >

Access to the nearby railroad station: Good

Access to the nearby shopping center: Good

Access to the public offices: Normal

< Environmental conditions >

Subject neighborhood is a commercial area where medium and high-rise

buildings (stores and offices) are standing along the road.

< Standard use of land in the area>

Width of the road: 25m width public road.

Standard lot size: 150 square meters to 300 square meters.

Standard use: Stores and offices.

< Future trend >

Few factors are observed which change the subject neighborhood in the near future.

4. General Condition of Subject Property, and Zoning

The property-specific value influences of subject land are as follows.

(1) Street conditions

< Lot classification >

Lot which fronts three roads.

< Street >

Direction	Width	Pavement	Classification	Ground height
Northwest side	About 6m	Paved	Public road	Equal level
Northeast side	About 25m	Paved	Public road	Equal level
Southwest side	About 6m	Paved	Public road	Equal level

(2) Lot conditions

< Topography >

Level

< Shape >

Close to rectangle, but a little irregular.

< Dimensions >

45 meters x 70 meters

(3) Lifeline

< Electric power service > Served

< Public water service > Served

< Public sewer service > Served

< City gas service > Served

(4) Present use of the land

Site of a hotel.

The property-specific value influences of subject building are as follows.

< Construction time >

November, 1990.

< Grade of materials and construction >

Middle grade as a hotel.

< Present use >

Building of a hotel.

< Maintenance and management >

Normal level.

< Degree of depreciation >

Normal, but large-scale repair would be needed in the near future.

< Facilities >

Guest room: 205

Restaurant: Japanese cuisine: 1, Chinese cuisine: 1, French cuisine: 1

Conference room: Large: 2, Small or medium: 10

Swimming pool: 1

Parking space: 75

Elevator: 4

Shopping mall: 1

Business center: 1

Photo shop: 1

Hairdresser's: 1

Flower shop: 1

Specific zoning classification and description

< Designation of the city planning zone >

Designated (Urbanizable zone)

< Local zoning regulations >

Range: Whole subject land.

Zoning:

Existing in an area designated as Commercial Zone.

Building restriction:

Maximum Building coverage ratio: 80%

Maximum Floor area ratio: 700% *

Existing in an area designated as Fire Prevention Zone.

* Restriction by the front road width: Not applied.

(Article 52, 2nd clause of the Building Standards Law)

< Other regulations >

- (a) XX ward's Guideline for the Land Development and the Construction of medium/high-rise building.
- (b) XX ward's Ordinance for Prevention and the Reconciliation of disputes on the construction of medium/high-rise building.
- (c) XX ward's Ordinance for Protection of Greens.
- (d) XX ward's Guideline for Welfare Circumstance.
- (e) Tokyo Metropolitan Ordinance for the Protection and Recovery of Nature.

5. Highest and Best Use

< Highest and Best Use of the land as though vacant >

In subject neighborhood, standard lot size is much smaller than the subject land. If the lot was standard size, Highest and Best Use of the subject land as though vacant would be considered to be the site of a medium/high-rise store/office building.

Many industries that are able to use such large land effectively (e.g., department store, super market, hotel etc.) are now under serious depression. When the commercial basis around XXXX station is taken into consideration, it is not so easy to get large commercial buildings' demand.

I think the demand that has normal ability and can present the highest price for the subject land under this depression is the demand of lands for high-rise condominiums (with stores/offices) that maintain good sales condition even under this depression.

(However, on a long-term viewpoint, there is possibility of commercial use.)

< Highest and Best Use of the property as improved >

I think the Highest and Best Use of the subject property as improved is the use as a hotel.

6. Marketability of Hotel

(1) Market trend of leisure related service industries

According to the "White Paper on Leisure" (written by OPQ Association), the market trend of leisure related industries is under severe depression.

Almost all types of leisure related industries are without ability to get out of the deflationary spirals, such as decrease of visitors, debasement of service price, deterioration of sales figure, and worsening of profit.

As the whole result of the investigation, the downward tendency is continuing in the number of users, sales, profit, and the visitor unit price, in 17 types of leisure related industries.

(2) Hotel Dealing Market in Japan

Under the hotel market depression, there are many hotels which have heavy deficit and are seeking another entity to transfer their business.

The major cause for this hotel market depression might be the structural change of consumption customs under economic depression. Revenue from the party section sharply decreased, and "simple wedding ceremony" pervaded.

The second cause might be the oversupply. Since many gorgeous hotels were constructed and excessive investment had been done in bubble era, oversupply of hotel had been arisen.

And a large amount of debt and gorgeous facilities' maintenance cost made their break-even point lower.

In addition, there are many other types of failures, such as, miss-investment, abandonment of reinvestment, change of locating circumstances, withdrawal led by financial institution, etc.

Although each hotel had tried expense cut down severely, it is already close to the ceiling. So, there happened many hotel bankruptcies and closings. (See attached sheet-8)

However, in public auction, buyers did not appear even at extremely low prices. Also, in voluntary sales, prices of hotels were incredibly low (in many cases, they were under a half of their value indicated by cost approach). (See attached Sheet-7)

When considering sale of a hotel, its possibility becomes major problem in this market. Until several years ago, it was quite difficult to sell a hotel in Japan.

Although taking over by foreign investors had become topics, there were many obstacles. That is, Japanese hotel accounting was different from that of their standard, so they could not make operating plans easily, or there were large gap between foreign investors' recognition of value and that of Japanese.

But recently (2001 - 2004), hotel dealing market has remarkably improved in Japan. Servicer-system, Special Purpose Company (SPC) and Real Estate Investment Trust (J-REIT) come to function. And marketability of hotel has improved clearly.

(3) Sales price of hotel

In Japan, high economic growth continued after the World War II, and there had not happened any hotel market depression for a long time. On the other hand, in US, waves of prosperity and depression repeated in hotel market and hotel dealing market had been created in a long history. And the Income Approach (DCF method) is accepted in the market to estimate the value of hotels.

When based on this method, a hotel which does not yield any cash flow does not have any value.

But, as for DCF method, there are some issues in this appraisal.

(i) About earning capacity

In Income Capitalization Method (DCF method), appraisers have to examine past financial statements and project future cash flow which subject property would generate.

Future cash flow shall be influenced by various factors, such as, transition of economic conditions, change of administrations, entry and withdrawal of other hotels, operation of other hotels, management's ability, etc.

(ii) About interest rate

In US, hotel investment had been considered as a high risk investment, because, there are few barriers for new entries of other hotels (if a competitor starts their business in same area, profit might decrease sharply), and, hotel operating circumstance is considered to be directly influenced by economic condition (construction rush times and demolishing rush times had been repeated in the past), -- etc.

For these reasons, foreign investors' anticipated rate for hotel investment in Japan is at least 10% to 15% now. Their asking price becomes much lower than the value indicated by cost approach.

High risk	Raw land	High interest rate
↑	Hotel/Motel	↑
	Warehouse center	
	Shopping center	
	Office building	
	Condominium/Apartment	
	Ready-made residence	
↓	Industrial land	↓
Low risk	Commercial network lease	Low interest rate

(4) About structural conversion

In the areas nearby XXXX station, subject hotel is exceptionally large building. And when the commercial foundation is taken into account, it might not be so easy to expect commercial demands under this economic depression.

Moreover, the building structure is too special and the lower part of it is too gorgeous for normal commercial use (e.g., stores or offices). So, I think it is not so practical to convert subject building structurally for other commercial use.

7. Application of Appraisal Methods

In this appraisal, I applied Cost Approach, Market Approach and Income Approach to estimate the value of subject property.

7-1. Cost Approach

(1) Land value

(i) Sales Comparison Approach for land value

I collected a lot of comparable land sales data in the subject and comparable

neighborhoods. Then, I compared the subject land with the comparables from the viewpoint of market-specific value influences and property-specific value influences. And I estimated the “Value indicated by the Sales Comparison Approach” of the subject land for JPY 612,000 /sq.m. (See attached sheet 1)

(ii) Development procedure for land value

On the assumption of construction of a condominium and sale of it, I evaluated the whole sales return, and then deducted its construction cost and sales cost from it. And I estimated the “Value indicated by the Development Procedure” of the subject land for JPY 674,000 /sq.m. (See attached sheet 2)

(iii) Land value

As above mentioned,

Value indicated by the Sales Comparison Approach... JPY 612,000 /sq.m.

Value indicated by the Development Procedure ... JPY 674,000 / sq.m.

Diversity resulted between indicated values.

Then, I reexamined each stages of valuing process objectively and critically, and reconsidered the feature of the methods and the data. Furthermore, relevancy to the Gov. Published land price (based on the Land Price Publication Act) was also taken into account.

Since office market condition had been not so good in subject and comparable neighborhoods, the “Value indicated by the Sales Comparison Approach” might be indicated lower.

On the other hand, subject land has good conditions as a site for condominium and its demand is strong, so the “Value indicated by the Development Procedure” might be indicated higher.

However, since the subject land is a site of a hotel, “the Value indicated by the Sales Comparison Approach” should be adopted. So I estimated the land value to be JPY 1,894,500,000.- (JPY 612,000 / sq.m.).

$$3,095.60 \text{ sq.m.} \times \text{JPY } 612,000 / \text{sq.m.} = 1,894,500,000. -$$

(2) Reproduction cost of subject building

Materials of the building, the grade of construction and the trend of the building costs were examined, and I estimated the subject building reproduction cost to be JPY 5,897,200,000.- (JPY 273,000 / sq.m.)

$$21,601.47 \text{ sq.m.} \times 273,000 / \text{sq.m.} = 5,897,200,000. -$$

(3) Reproduction cost of the subject property

The land value indicated by (1) were added to the Reproduction cost of subject building indicated by (2), and I estimated the Reproduction cost of the subject property to be JPY 7,791,700,000.-.

(4) Depreciation and the “Value indicated by the Cost Approach”

Depreciated value (based on physical, functional, economical factor, which is estimated by the methods based on economic life and observation) was deducted from the reconstruction cost of the subject property, and I estimated the “Value indicated by the Cost Approach” to be...

JPY 5,394,900,000.- (before deduction of expenditure of transfer and security deposit).

JPY 4,686,500,000. - (after deduction of expenditure of transfer and security deposit)

<Calculation process>

(Depreciation over a period)

Building depreciation (Straight line method, Salvage value = 0, are adopted)

Building JPY 5,897,200,000.- X 0.65 X (14.0 / 37) = JPY 1,450,400,000. -

Installations JPY 5,897,200,000.- X 0.35 X (14.0 / 15) = JPY 946,400,000. -

Total JPY 2,396,800,000. -

(Depreciation based on observation)

Depreciation based on observation is estimated directly by inspecting the actual condition of the composition of the subject building.

Depreciation accrues from physical factors (e.g. ordinary wear and tear, breakage, damage), functional factors (e.g. equipment shortage, outdated design and room arrangement), and external factors (e.g. marketability of the building).

Hotel industry is under severe depression in Japan now, so the marketability depreciation based on economical factor accrues considerably.

However, since in this appraisal, “sales comparison data” are compared with “the Values indicated by the Cost Approach before the deduction of expenditure of transfer and marketability depreciation”, so marketability depreciation was not reflected in the value indicated by the Cost Approach.

(Marketability of the land)

If the economy would recover, subject land as though vacant might return to the Highest and Best Use. But, under the present depression, the use as a site of a hotel is not considered to be the Highest and Best Use of subject land.

However, in order to maintain the conformity of the comparison between "market price" and "the Value indicated by the Cost Approach", marketability depreciation was not reflected in the value of subject land.

(Value indicated by the Cost Approach)

Above-mentioned depreciation was deducted from reproduction cost of the subject property, and "the Value indicated by the Cost Approach" was estimated as follows. In addition, values were estimated before and after the deduction of expenditures for transfer and security deposit, in order to compare them with "the Values indicated by the Income Capitalization Approach".

(Value before deduction of expenditures for transfer and security deposit)

JPY 7,791,700,000 - JPY 2,396,800,000 = JPY 5,394,900,000. -

(Expenditure, Taxes and Deposit)

Buyer related Stamp duty	--	JPY 360,000. -
Buyer related Brokerage fee	--	JPY 170,000,000. -
Buyer related Real estate acquisition tax	--	JPY 121,335,000. -
Buyer related Registration and license tax	--	JPY 142,196,000. -
Buyer related Building consumption tax	--	JPY 175,020,000. -
Taken over Security deposit	--	JPY 250,500,000. -
Total	--	JPY 859,411,000. -

(Value after deduction of expenditures and security deposit)

JPY 5,394,900,000 - JPY 859,411,000 = JPY 4,535,000,000. -

7-2. Market Approach

In Japan, it is unpopular to compare the value of a hotel with the value of other hotels directly, because of difficulty in collecting appropriate sales data of same

type hotels.


And, generally, under the present market condition in Japan, most hotel transactions might have enforced under bankruptcies. Usually, sales prices (SP) under the conditions of bankruptcies are much lower than the "Value indicated by the Cost Approach (VCA)".

Therefore, here, I illustrated SP / VCA ratio in comparable sales, and Upset Price (UP) / VCA ratio in public auction cases. (Also see attached Sheet-7&8)

Following ratios are comparing "SP" or "UP" with "VCA before deduction of expenditures for transfer".

<Hotel Disposal Cases>

The table content is almost entirely redacted with black bars. Only a faint watermark 'EY' is visible in the background. The structure appears to be a list of cases, each with three columns of data.



7-3. Income Approach

Income Capitalization Method (DCF method) is the method which indicates capital value by analyzing the future income, expense, capital expenditures, etc., and anticipating the future cash flow which subject property would generate.

Future cash flow shall be influenced by transition of future economic conditions, operating competitions and transition of demand-and-supply balance etc. Therefore, I adopted two scenarios of the future cash flow as follows, and estimated each value.

- (a) When, under prolonged depression, operating figures would continue in a low level as same as FY2003 for next 10 years.

Value before deduction of expenditure and security deposit.

JPY 2,821,700,000. - (See attached Sheet-3)

Value after deduction of expenditure and security deposit.

JPY 2,133,000,000. - (See attached Sheet-3)

- (b) When, under the Business Restructuring Plan, operating figures improve in the future.

Value before deduction of expenditures and security deposit.

JPY 3,098,700,000. - (See attached Sheet-4)

Value after deduction of expenditures and security deposit.

JPY 2,393,300,000. - (See attached Sheet-4)

7-4. Reconciliation and Final Opinion of Value

As above mentioned,

Value indicated by the Cost Approach

JPY 5,394,900,000. - (before deduction of expenditures and security deposit)

JPY 4,535,000,000. - (after deduction of expenditures and security deposit)

Value indicated by the Market Approach

The disposal prices of hotels are much lower than the Values indicated by the Cost Approach.

Value indicated by the Income Approach (a)

JPY 2,821,700,000. - (before deduction of expenditures and security deposit)

JPY 2,133,000,000. - (after deduction of expenditures and security deposit)

Value indicated by the Income Approach (b)

JPY 3,098,700,000. - (before deduction of expenditures and security deposit)

JPY 2,393,300,000. - (after deduction of expenditures and security deposit)

Diversity resulted among indicated values.

“Value indicated by the Cost Approach” is estimated by focusing on the costs. It is indicated by estimating the reconstruction cost of subject property, and deducting from it the depreciated value based on physical, functional, external factors.

Special purpose business properties with poor profit, of which business had worsened under the economical depression, could not be sold for the price corresponding to their cost in many cases.

Even if the “Value indicated by the Cost approach” could be an "Asking Price" of the transferor, it exceeds the price which enables the transferee's operating figures to go well.

Since if the property is not transferred, seller's deficit would accumulate farther, the seller's side is under severe situation that the property must be transferred. From the buyer's side, the reasonable value would be the "Value indicated by the Income Approach". Then the price is set by paying large attention to the "Value indicated by the Income approach".

On the other hand, when applying the Income Approach, the prospect of the future cash flow would be inevitably accompanied by the problem of uncertainty of the future business condition.

Scenario (a) is premised on that, under the prolonged depression, sales figures would continue at low level as same as FY2003 for next 10 years. Scenario (b) is premised on that, under the Business Restructuring Plan, operating figures would improve in the future.

Business restructuring plan was drawn up after repeated market analysis, acquisition of new cooperators, introduction of an effective cost reduction policy and is considered to be persuasive

In this appraisal, Market Approach is not applied directly. But it indicates the sales price level of hotels under this depression. Those data are corroborating the value indicated by Income Approach.

The client of this appraisal is a financial institution who considers disposal of the collateral property of bad loan.

Synthetically in consideration of above mentioned items, in this appraisal the “Value indicated by the Income Approach (b)” is considered to be the most persuasive.

Then I estimated the market value, as defined, of the subject property to be JPY 2,393,300,000.- (value after deduction of expenditures for transfer and security deposit).

In addition, I estimated the land price by using above-mentioned land value ratio in the Cost Approach, and also estimated the price of building and other properties by deducting the land price from whole price.

Land	JPY 2,393,300,000	X	35.1%	=	JPY 840,000,000. -
Building and other properties	JPY 2,393,300,000 - JPY 840,000,000 = JPY 1,553,300,000. -				

(Note)

The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated a continuing depression. These forecasts are, therefore, subject to changes with future conditions.

SALES DATA COMPARISON TABLE

Comparison	Lot number	category, size, date	Sale price (A)	Sale Conditions (B)	Time adjustment (C)	Standardizing (D)	Market influences (E)	A × B × C × D × E	Standard price	Property influences	Indicated Value					
	A	2-123 XXX-cho, XX-ku	category building site size 92.39m ² date 2002/12/11	1,011,123 JPY/m ²	100 100	88 100	100 100	100 125	711,831 JPY/m ²	704,000 JPY/m ²	87 100 ⑪	612,000 JPY/m ²				
B	2-223 XXX-cho, XX-ku	category building site size 100.77m ² date 2003/11/06	509,145 JPY/m ²	100 90	94 100	100 100	100 74	718,613 JPY/m ²								
C	2-323 XXX-cho, XX-ku	category building site size 254.29m ² date 2004/05/07	397,980 JPY/m ²	100 100	97 100	100 105	100 54	680,848 JPY/m ²								
α	Gov. Published land price, XX 5-X 5-123 XXX-cho, XX-ku	category building site size 117m ² date 2004/01/01	886,000 JPY/m ²	—	95 100	100 100	100 133	— JPY/m ²	—	87 100 ⑪	551,000 JPY/m ²					
β		category size date 2004/01/01	— JPY/m ²	—	95 100	100 100	100 100	— JPY/m ²	—	87 100 ⑪	0 JPY/m ²					
Factors	Property-specific value influences and standardizing (D)							Market-specific value influences (E)							Memoranda	
	Road	Accessi- bility	environ- ment	administ- ration	site	other	total	Road	Accessi- bility	environ- ment	administ- ration	other	total			
A	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/125	100/100	100/100	100/125	*1 *2 *3	*4 profitability+20 *5	
B	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/88	100/99	100/95	100/90	100/100	100/74	*1 *2 road -12	*3 station -1 *4 profitability -5 *5 FAR -10	
C	100/100	100/100	100/100	100/100	100/105	100/100	100/105	100/86	100/95	100/80	100/83	100/100	100/54	*1 three road +5 *2 road -14 *3 station -5	*4 profitability-20 *5 FAR -17	
α	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/95	100/100	100/140	100/100	100/100	100/133	*1 *2 road -5 *3	*4 profitability+35 *5	
β	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100	100/100			
Sub.L.	100/100	100/100	100/100	100/100	87/100	100/100	87/100	Memoranda *1 too large -20, three road +7								

Time adjustment January/01/2002 ~ December/31/2002 - 10.0%
 January/01/2003 ~ December/31/2003 - 6.5%
 January/01/2004 ~ September/30/2004 - 4.9%

Development Analysis Table (Construction of Condominium)

1. Plan outline

Development Area	3,095.60 m ²
Area for Sale	3,095.60 m ²
Structure and Use	SRC・16F2B・Condominium
Total Floor Srea	24,000.00 m ²
Selling Area	18,500.00 m ²
Number of Units	250 戸
Average Exclusive Area	74.00 m ²
Construction Unit Cost	210,000 JPY/m ²
Selling Unit Price	495,000 JPY/m ²

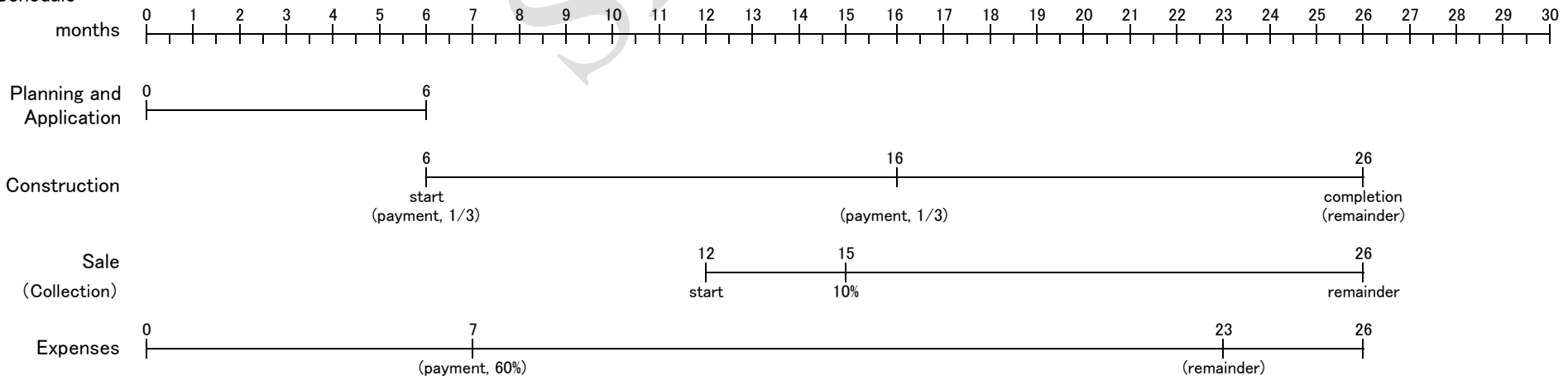
Memo

- (*1) Total Selling Amount JPY 9,157,500,000
- (*2) Total Construction Costs (include expenses of design, leveling, lifeline) JPY 5,040,000,000
- (*3) Selling, Operating Expenses 10% of Total Selling Amount
- (*4) Rate of Return on Investment 12% / year

3. Present Value (PV) Calculation Table

Item (%)		Income and Expense	Period	PV Rate (*4)	Present Value
Income	Income 10%	915,750,000	15 months	0.8679160	794,794,077
	" 0%	0	0 months	1.0000000	0
	" Remainder	8,241,750,000	26 months	0.7822780	6,447,339,707
	Total	(*1) 9,157,500,000			(a) 7,242,133,784
Expense	Construction Cost 1 / 3	1,680,000,000	6 months	0.9449110	1,587,450,480
	" 1 / 3	1,680,000,000	16 months	0.8597570	1,444,391,760
	" Remainder	1,680,000,000	26 months	0.7822780	1,314,227,040
	Sub Total	(*2) 5,040,000,000			4,346,069,280
	Expenses 60%	549,450,000	7 months	0.9360290	514,301,134
	" Remainder	366,300,000	23 months	0.8047580	294,782,855
	Sub Total	(*3) 915,750,000			809,083,989
Total	5,955,750,000			(b) 5,155,153,269	
Land Value (a) - (b) = JPY 2,086,980,000 (674,000 JPY/m²)					

2. Schedule



■ DCF method

(In the case that the same sales level as FY2003 would continue)

(Yen)

Category	Year	1st year	2nd year	3rd year	4th year	5th year	6th year	7th year	8th year	9th year	10th year	Time of resale
Income												
Bridal Sales		759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	759,370,000	
Banquet Sales		967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	967,554,000	
Staying Sales		393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	393,963,000	
Restaurant Sales		409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	409,080,000	
Parking Sales		15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	15,914,000	
Rent		34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	34,840,000	
Miscellaneous I.		11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	11,197,000	
Other Income		643,000	643,000	643,000	643,000	643,000	643,000	643,000	643,000	643,000	643,000	
Security deposit	250,500,000	0	0	0	0	0	0	0	0	0	0	
Sub total	250,500,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	2,592,561,000	
Expense												
Cost of Sales		727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	727,940,000	
Personnel Expenses		843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	843,489,000	
Operating Expenses		87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	87,924,000	
Office Expenses		74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	74,570,000	
Management Expenses		327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	327,736,000	
Equipment Expenses		70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	70,594,000	
Real Estate Taxes		52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	52,321,000	
Capital Expenditures		250,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	
Own Security deposit		0	0	0	0	0	0	0	0	0	0	0
Oother Expense		0	0	0	0	0	0	0	0	0	0	0
Security deposit		0	0	0	0	0	0	0	0	0	250,500,000	
Sub total	0	2,434,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,284,574,000	2,535,074,000	
Cash Flow (CF)	250,500,000	157,987,000	307,987,000	307,987,000	307,987,000	307,987,000	307,987,000	307,987,000	307,987,000	307,987,000	57,487,000	292,987,000
CF (present value)	250,500,000	143,624,545	254,534,711	231,395,192	210,359,265	191,235,696	173,850,632	158,046,029	143,678,209	130,616,553	22,163,727	
Total CF (present value)	1,910,004,559										Resale price	2,364,649,246
Resale price (present value)	911,674,649											
Indicated value	2,821,700,000 (Total CF (present value)+Resale price (present value))											
Purchaser's expense	-438,250,565	Capitalization rate										10.0% (after considering the profit belonging to the management)
Taken over security deposit	-250,500,000	Rate of growth										0.0%
Indicated value (sale price)	2,132,900,000	Terminal risk rate										2.0%

■ DCF method

(In the case that under the Business Restructuring Plan, management would improve in the future.)

(Yen)													
Category	Year	1st year	2nd year	3rd year	4th year	5th year	6th year	7th year	8th year	9th year	10th year	Time of resale	
Income													
Bridal Sales		800,000,000	775,000,000	750,000,000	725,000,000	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000	700,000,000		
Banquet Sales		960,000,000	910,000,000	860,000,000	860,000,000	860,000,000	860,000,000	860,000,000	860,000,000	860,000,000	860,000,000		
Staying Sales		450,000,000	430,000,000	410,000,000	410,000,000	410,000,000	410,000,000	410,000,000	410,000,000	410,000,000	410,000,000		
Restaurant Sales		400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000	400,000,000		
Parking Sales		16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000		
Rent		35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000		
Miscellaneous I.		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000		
Other Income		500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000		
Security deposit	250,500,000	0	0	0	0	0	0	0	0	0	0		
Sub total		250,500,000	2,672,500,000	2,577,500,000	2,482,500,000	2,457,500,000	2,432,500,000	2,432,500,000	2,432,500,000	2,432,500,000	2,432,500,000		
Expense													
Cost of Sales		801,098,901	776,064,560	751,030,220	725,995,879	700,961,538	700,961,538	700,961,538	700,961,538	700,961,538	700,961,538		
Personnel Expenses		778,000,000	760,000,000	754,000,000	752,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000	750,000,000		
Operating Expenses		85,000,000	77,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000		
Office Expenses		61,000,000	59,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000		
Management Expenses		320,000,000	309,000,000	309,000,000	309,000,000	309,000,000	309,000,000	309,000,000	309,000,000	309,000,000	309,000,000		
Equipment Expenses		67,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000	66,000,000		
Real Estate Taxes		52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000		
Capital Expenditures		250,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000		
Own Security deposit		0	0	0	0	0	0	0	0	0	0		
Oother Expense		0	0	0	0	0	0	0	0	0	0		
Security deposit		0	0	0	0	0	0	0	0	0	250,500,000		
Sub total		0	2,414,098,901	2,199,064,560	2,161,030,220	2,133,995,879	2,106,961,538	2,106,961,538	2,106,961,538	2,106,961,538	2,106,961,538	2,357,461,538	
Cash Flow (CF)	250,500,000	258,401,099	378,435,440	321,469,780	323,504,121	325,538,462	325,538,462	325,538,462	325,538,462	325,538,462	75,038,462	310,538,462	
CF (present value)	250,500,000	234,910,090	312,756,562	241,525,004	220,957,667	202,133,772	183,757,975	167,052,704	151,866,095	138,060,086	28,930,575		
Total CF (present value)	2,132,450,531											Resale price	2,506,304,167
Resale price (present value)	966,288,753												
Indicated value	3,098,700,000 (Total CF (present value)+Resale price (present value))												
Purchaser's expense	-454,899,015	Capitalization rate										10.0% (after considering the profit belonging to the management)	
Taken over security deposit	-250,500,000	Rate of growth										0.0%	
Indicated value (sale price)	2,393,300,000	Terminal risk rate										2.0%	

Transition of assets and liabilities, profit and loss, cash flow

**Since this report is a sample,
this page is intentionally excluded.**

Depreciable Assets List

March 31, 2003

(Depreciation is suspended because of management aggravation.)

(JPY, Year)

Category	Assets	Acquisition date	Useful life	Age	Acquisition cost	Book value
Building	Building made of steel-reinforced-concrete B1F 13F	1991/12	47.0	11.0	5,819,969,751	4,583,291,027
Equipments	Garden	1991/12	20.0	11.0	9,695,134	4,750,616
Equipments	Pavement	1991/12	10.0	11.0	5,133,104	513,310
Equipments	Anti-electric-wave-obstruction facilities	1997/11	10.0	5.0	7,745,850	3,969,751
Equipments	JR XX station signboard	1999/04	10.0	4.0	1,730,500	1,107,520
Equipments	JR YY station signboard	1999/07	10.0	3.0	3,318,500	2,198,507
Equipments	Electric power incoming units, transformation units	1991/12	15.0	11.0	52,761,880	17,073,748
Equipments	Electric power generating unit	1991/12	15.0	11.0	31,693,947	10,256,163
Equipments	Storage battery	1991/12	6.0	11.0	10,448,544	1,044,854
Equipments	Electric installation	1991/12	15.0	11.0	419,953,497	135,896,955
Equipments	Water supply, drainage and plumbing installation	1991/12	15.0	11.0	372,177,877	120,436,769
Equipments	Gas appliance	1991/12	15.0	11.0	75,488,750	24,428,366
Equipments	Air conditioning installation	1991/12	15.0	11.0	834,520,154	270,050,734
Equipments	Elevator	1991/12	17.0	11.0	194,241,402	78,560,371
Equipments	Escalator	1991/12	15.0	11.0	65,335,907	21,142,706
Equipments	Escalator hand rail	1992/05	15.0	10.0	5,839,383	2,035,611
Equipments	Escalator hand rail coping	1992/08	15.0	10.0	656,113	238,563
Equipments	Fire fighting, smoke eliminating, fire alarm equipments	1991/12	8.0	11.0	163,350,861	16,335,086
Equipments	Multi-storey parking facility	1991/12	15.0	11.0	137,352,076	44,447,132
Equipments	Multi-storey parking chain girdle	1997/02	15.0	6.0	2,600,000	1,647,360
Equipments	Building inside cable TV equipment	1991/12	18.0	11.0	16,291,589	7,108,569
Equipments	Building inside broadcast equipment	1991/12	6.0	11.0	24,005,495	2,400,550
Equipments	Purchasing Division office	1993/01	10.0	10.0	2,600,000	260,000
Equipments	Heating installation	1991/12	15.0	11.0	11,199,276	3,624,090
Equipments	Dumb waiter	1991/12	17.0	11.0	2,063,734	834,675
Equipments	Interphone equipment	1991/12	6.0	11.0	2,430,222	243,022
Equipments	Guest rooms visual display unit	1991/12	15.0	11.0	7,553,736	2,444,395
Equipments	Bathing installation	1991/12	15.0	11.0	4,568,357	1,478,324
Equipments	Tents for shops	1991/12	3.0	11.0	487,417	48,742
7F guest rooms	Woolen carpet replacement (corridor)	1996/05	3.0	6.0	1,367,114	136,711
12F guest rooms	Woolen carpet replacement (corridor)	1996/05	3.0	6.0	1,367,114	136,711
2F banquet hall	Screen	1991/12	5.0	11.0	4,104,964	410,496
5,6F banquet rooms	Screen	1991/12	5.0	11.0	2,188,303	218,830
5,6F lobbies	Carpet replacemen	1996/08	3.0	6.0	9,498,800	949,880
Western Cuisine 2	Baton lifting equipment	1991/12	17.0	11.0	6,815,072	2,756,340
Western Cuisine 2	Chandelier	1991/12	15.0	11.0	2,582,581	835,725
Western Cuisine 2	Curtain replacement	1996/07	3.0	6.0	1,052,800	105,280
1F stairs	Chandelier	1991/12	15.0	11.0	705,728	228,374
1F lobby front desk	Chandelier	1991/12	15.0	11.0	5,135,645	1,661,896
1F lobby entrance	Chandelier	1991/12	15.0	11.0	2,166,625	701,125
1F lobby	Woolen carpet replacement	1996/07	3.0	6.0	1,600,000	160,000
1F	Rolling screen	1997/02	15.0	6.0	6,500,000	4,118,400
2F banquet hall	Chandelier	1991/12	15.0	11.0	17,736,310	5,739,474
2F banquet hall	Sliding wall repair	1997/01	3.0	6.0	200,000	20,000
5F banquet rooms	Sliding wall repair	1991/12	15.0	11.0	4,525,101	1,464,328
6F banquet rooms	Sliding wall repair	1991/12	15.0	11.0	4,874,449	1,577,373
6F banquet rooms	Electromotive curtain	1991/12	15.0	11.0	2,107,973	682,145
Tel operation room	Telephone switchboard	1991/12	10.0	11.0	19,950,000	1,995,000
B3	Frozen refrigeration room	1991/12	26.0	11.0	6,273,789	3,794,296
B3 Japanese Cuisine	Cold room	1991/12	26.0	11.0	3,199,680	1,935,122
B3 Chinese Cuisine	Frozen refrigeration room	1991/12	26.0	11.0	4,349,150	2,630,298
B3Western Cuisine	Frozen refrigeration room	1991/12	26.0	11.0	7,242,145	4,379,939
2F pantry	Refrigeration room	1991/12	26.0	11.0	2,381,045	1,440,023
6F roof top	Cooling water equipment	1991/12	15.0	11.0	12,112,033	3,919,458
6F roof top	Exterior aluminum panel wall	1997/01	3.0	6.0	350,000	35,000
B3 Japanese Cuisine	kitchen partition	1991/12	3.0	11.0	311,053	31,105

(Depreciation is suspended because of management aggravation.)

(JPY, Year)

Category	Assets	Acquisition date	Useful life	Age	Acquisition cost	Book value
B3 Japanese Cuisine	Sign board	1991/12	3.0	11.0	1,329,305	132,931
B3 Japanese Cuisine	Seawater cooler	1991/12	10.0	11.0	211,072	21,107
B1 Japanese Cuisine	Japanese Cuisine equipment	1991/12	15.0	11.0	436,607	141,290
B3 Western Cuisine	kitchen equipments	1991/12	15.0	11.0	77,348	25,032
B3 Japanese Cuisine	kitchen equipments	1991/12	15.0	11.0	90,642	29,331
B3 Japanese Cuisine	Filter cleaning	1991/12	15.0	11.0	438,000	141,738
B3 Japanese Cuisine	Porch signal lamp	1991/12	15.0	11.0	278,000	89,962
tel switchboard	Partition	1992/03	3.0	11.0	207,319	20,732
2F banquet hall	Special lighting device	1991/12	15.0	11.0	31,971,462	10,345,969
3F banquet rooms	Special lighting device	1991/12	15.0	11.0	8,530,626	2,760,510
3F banquet rooms	Woolen carpet replacement	1995/08	3.0	7.0	3,360,000	336,000
5F banquet rooms	Wall cloth replacement	1996/06	3.0	6.0	1,570,000	157,000
5F banquet rooms	Wall cloth replacement	1996/08	3.0	6.0	684,720	68,472
6F banquet rooms	Special lighting device	1991/12	15.0	11.0	6,879,505	2,226,212
6F banquet rooms	Lighting device addition	1992/04	15.0	11.0	317,476	109,084
6F banquet rooms	Woolen carpet replacement	1995/08	3.0	7.0	2,730,000	273,000
6F lobbies	Wall cloth replacement	1996/05	3.0	6.0	364,000	36,400
6F banquet rooms	Wall cloth replacement	1996/06	3.0	6.0	800,000	80,000
2F banquet hall	Sound equipments	1991/12	15.0	11.0	38,616,287	12,496,234
2F banquet hall	Wireless microphone equipment	1995/08	15.0	7.0	5,980,000	3,370,328
5F banquet rooms	Sound equipments	1991/12	15.0	11.0	7,074,242	2,289,229
6F banquet rooms	Sound equipments	1991/12	15.0	11.0	3,921,095	1,268,866
Banquet rooms	VTR equipment	1991/12	6.0	11.0	27,438,282	2,743,828
Banquet rooms	Simultaneous interpretation equipments	1991/12	6.0	11.0	139,537	13,954
2F banquet rooms	Wall cloth replacement	1996/11	3.0	6.0	869,240	86,924
2F banquet hall	Movable partitions	1991/12	15.0	11.0	69,972,139	22,642,986
2F foyer	Movable partitions	1991/12	15.0	11.0	31,101,294	10,064,383
2F waiting room	Movable partitions	1991/12	15.0	11.0	609,591	197,269
5F banquet rooms	Movable partitions	1991/12	15.0	11.0	5,451,151	1,763,995
Japanese Cuisine	Kitchen equipments	1991/12	15.0	11.0	1,747,169	565,389
Japanese Cuisine	Partition	1991/12	3.0	11.0	2,412,041	241,204
Chinese Cuisine	Kitchen equipments	1991/12	15.0	11.0	3,224,877	1,043,573
Chinese Cuisine	Partition	1991/12	3.0	11.0	447,602	44,760
Western Cuisine	Kitchen equipments	1991/12	15.0	11.0	2,470,903	799,589
Western Cuisine	Partition	1991/12	3.0	11.0	628,774	62,877
2F pantry	Kitchen equipments	1991/12	15.0	11.0	1,013,198	327,876
2F pantry	Air conditioner	1995/07	15.0	7.0	2,950,000	1,633,120
5F pantry	Kitchen equipments	1991/12	15.0	11.0	112,974	36,564
6F pantry	Kitchen equipments	1991/12	15.0	11.0	930,216	301,023
6F pantry	Kitchen equipments	1991/12	15.0	11.0	153,041	49,529
6F pantry	Pantry repair	1995/07	15.0	7.0	13,340,000	7,385,024
Chinese Cuisine 2	Kitchen equipments	1991/12	15.0	11.0	42,376,709	13,713,109
Chinese Cuisine 3	Kitchen equipments	1991/12	15.0	11.0	26,558,292	8,594,265
Chinese Cuisine 3	Carpet replacement	1994/11	3.0	8.0	1,550,000	155,000
B1 Golden room	Repair	1996/09	15.0	6.0	21,700,000	13,206,620
B1 Golden room	Sound equipments	1996/11	15.0	6.0	643,690	398,188
B1 Golden room	Sound equipments	1996/11	15.0	6.0	721,359	446,237
1F Western Cuisine 2	Kitchen equipments	1991/12	15.0	11.0	785,125	254,071
1F Western Cuisine 2	Kitchen equipments	1991/12	15.0	11.0	116,000	37,540
Bakery	Equipments addition	1991/12	15.0	11.0	22,663,013	7,333,756
14F Cofee House 2	Kitchen equipments	1991/12	15.0	11.0	1,496,398	484,234
14F Cofee House 2	Carpet replacement	1995/05	3.0	7.0	2,581,000	258,100
Cofee House 2	Curtain replacement	1996/05	3.0	6.0	1,890,000	189,000
Cofee House 2	Mirror replacement	1996/05	3.0	6.0	485,300	48,530
Cofee House 2	Counter repair	1996/08	3.0	6.0	468,000	46,800
Variety shop	Equipments addition	1991/12	15.0	11.0	3,023,687	978,467
B2 dining-room	Kitchen equipments	1991/12	15.0	11.0	797,345	258,022
B2	Labor Union office remodeling	1992/06	15.0	10.0	970,000	342,992
B2	Napping room partition	1997/01	15.0	6.0	500,000	314,300
B2	Napping room partition	1997/01	15.0	6.0	980,000	616,028

(Depreciation is suspended because of management aggravation.)

(JPY, Year)

Category	Assets	Acquisition date	Useful life	Age	Acquisition cost	Book value
B2	Repair (General Affairs Division, Accounting Division)	1994/11	15.0	8.0	2,150,000	1,071,990
B2	Anti-disaster equipments (office, dressing room)	1997/01	15.0	6.0	1,150,000	722,890
3F	Repair (General sales information desk)	1993/04	15.0	10.0	3,884,840	1,567,926
3F	Sprinkler attachment	1995/07	8.0	7.0	2,875,000	449,222
2F	Repair (locker room)	1993/04	15.0	10.0	920,160	371,378
2F 3F	Woolen carpet attachment	1994/08	3.0	8.0	19,190,000	1,919,000
2F 3F	Bill-board attachment	1997/04	10.0	6.0	1,566,580	721,528
B3 Japanese Cuisine	Fish grill machine replacement	1997/04	10.0	6.0	2,300,000	1,058,000
Western Cuisine 2	Air-conditioner addition	1997/05	13.0	5.0	2,280,000	1,357,284
6F banquet rooms	Air-conditioning outlet replacement	1997/05	15.0	5.0	2,100,000	1,361,955
Coffee House 2	Curtain replacement	1997/05	3.0	5.0	765,000	76,500
Emergency staircase	Carpet replacement	1997/05	3.0	5.0	780,233	78,023
14F corridor	Carpet replacement	1997/05	3.0	5.0	473,800	47,380
3F chapel	Sound isolation work	1997/06	10.0	5.0	1,100,000	522,500
4F roof top	Prefab storeroom	1997/06	15.0	5.0	470,000	307,145
B3	Sludge deposit equipment	1997/06	15.0	5.0	15,500,000	10,129,250
Hotel	Bell desk repair	1997/06	5.0	5.0	351,000	35,100
Coffee House 3	Carpet replacement	1997/07	3.0	5.0	648,000	64,800
2F banquet hall	Interior work	1997/08	3.0	5.0	3,387,600	338,760
3F office room	Sound proof wall	1997/08	10.0	5.0	1,430,000	700,700
2F banquet hall	Sliding wall Repair	1997/08	3.0	5.0	5,590,000	559,000
3F waiting room	Air-conditioner addition	1997/08	15.0	5.0	4,650,000	3,084,810
3F office room	Air-conditioner addition	1997/08	15.0	5.0	3,580,000	2,374,972
3F office room	Signboard attachment (entrance)	1997/08	10.0	5.0	3,800,000	1,862,000
Western Cuisine 2	Woolen carpet replacement	1997/08	3.0	5.0	1,998,200	199,820
2F banquet hall	Wall paper replacement	1997/08	3.0	5.0	33,556,844	3,355,684
5F6F banquet rooms	Repair (Wireless microphone equipment)	1997/08	15.0	5.0	3,500,000	2,321,900
Western Cuisine 2	Kitchen drain pipe works	1997/12	15.0	5.0	1,827,000	1,248,211
14F	Wall cloth replacement (corridor)	1998/05	3.0	4.0	477,000	47,700
Chinese Cuisine3	Interior work	1998/05	15.0	4.0	3,800,000	2,690,210
B3	Air conditioner replacement	1998/05	15.0	4.0	5,750,000	4,070,713
1F Western Cuisine 2	Air conditioner replacement	1998/05	15.0	4.0	3,700,000	2,619,415
1F drivers room	Room air conditioner attachment	1998/05	15.0	4.0	330,000	233,534
14F	Repair (Elevator hall)	1998/05	3.0	4.0	252,960	25,296
Coffee House 2	Repair	1998/05	10.0	4.0	815,100	454,419
14F	Repair (corridor)	1998/05	3.0	4.0	468,720	46,872
2F banquet rooms	Wall cloth replacement (hall)	1998/06	3.0	4.0	2,620,470	262,047
1F	Wall cloth replacement (hall lobby)	1998/06	3.0	4.0	885,240	88,524
B3	Power transformer addition	1998/06	15.0	4.0	7,700,000	5,489,330
1F to 4F	Wall cloth replacement (wellhole)	1998/07	3.0	4.0	1,084,419	108,441
7F12F guest rooms	Wall cloth replacement (corridor)	1998/08	3.0	4.0	3,406,800	340,680
3F	Wall cloth replacement (hall)	1998/08	3.0	4.0	1,337,990	133,799
6F guest rooms	Wall cloth replacement (corridor ceiling)	1998/08	3.0	4.0	477,280	47,728
3F	Wall cloth replacement (corridor ceiling)	1998/08	3.0	4.0	224,400	22,440
3F	Carpet replacement (corridor)	1998/08	3.0	4.0	3,834,000	383,400
3F	Repair (chapel)	1998/08	15.0	4.0	50,160,000	36,255,648
Chinese Cuisine2	Interior work	1998/08	15.0	4.0	13,500,000	9,757,800
2F banquet rooms	Video projector repair	1998/08	15.0	4.0	6,500,000	4,698,200
2F banquet rooms	Repair (chandelier)	1998/08	15.0	4.0	5,800,000	4,192,240
3F	Carpet replacement (hall)	1998/08	3.0	4.0	653,400	65,340
14F kitchen	warmer table replacement	1998/08	15.0	4.0	660,000	483,582
3F	Hall sliding wall repair	1998/11	3.0	4.0	1,100,000	110,000
3F Sky Room	Wall cloth replacement (ceiling)	1998/11	3.0	4.0	548,540	54,854
3F waiting room	Interior work	1998/11	3.0	4.0	500,000	50,000
3F waiting room	Carpet replacement	1998/11	3.0	4.0	1,436,400	143,640
2F Ocean Room	Remodeling	1998/12	3.0	4.0	3,007,860	300,786
2F Ocean Room	Carpet replacement	1998/12	3.0	4.0	561,680	56,168
B3	Building management system CRT monitor replacement	1999/01	15.0	4.0	1,432,540	1,070,899
Emergency staircase	Wall cloth replacement (ceiling, wall)	1999/04	3.0	4.0	1,202,156	120,215
5F	Wall cloth replacement (hall, lobby, ceiling)	1999/04	3.0	4.0	1,245,533	124,553

(Depreciation is suspended because of management aggravation.)

(JPY, Year)

Category	Assets	Acquisition date	Useful life	Age	Acquisition cost	Book value
1F	Receiving power board UGS switch	1999/04	15.0	4.0	2,360,640	1,799,752
7F to 10F	Wall cloth replacement (guest rooms ceiling, wall)	1999/05	3.0	3.0	3,938,660	393,866
Western Cuisine 2	Alkali ion water purifier	1999/05	5.0	3.0	160,000	47,200
Chinese Cuisine3	Alkali ion water purifier	1999/05	5.0	3.0	670,000	197,650
Chinese Cuisine2	Kitchen steamer replacement	1999/05	5.0	3.0	428,400	126,378
11F to 14F	Wall cloth replacement (guest rooms ceiling, wall)	1999/05	3.0	3.0	3,401,520	340,152
5F	Wall cloth replacement (banquet rooms)	1999/06	3.0	3.0	1,640,000	164,000
Western Cuisine 2	Roll curtain	1999/06	3.0	3.0	686,400	68,640
1F to 3F	Repair (guest room toilets)	1999/08	15.0	3.0	32,400,000	23,399,280
3F	Repair (corridor)	2000/04	10.0	3.0	960,400	701,092
3F	Wall cloth replacement (corridor)	2000/04	3.0	3.0	157,500	15,894
3F	Corridor wall repair	2000/04	10.0	3.0	1,460,000	1,065,800
3F	Drain pipe works	2000/04	10.0	3.0	210,000	153,300
3F	Carpet repair	2000/04	3.0	3.0	153,750	15,516
B3F	Machine room water storage tank	2000/04	15.0	3.0	3,253,257	2,673,528
7F to 14F	Wall cloth replacement (guest rooms ceiling, wall)	2000/05	3.0	2.0	10,551,550	1,328,178
6F to 14F	Carpet replacemen (guest rooms)	2000/05	3.0	2.0	18,927,100	2,382,451
2F3F	Guide plate (waiting room)	2000/05	15.0	2.0	589,000	486,957
1F	Entrance lighting equipment	2000/05	15.0	2.0	1,980,000	1,636,965
Hotel	Electric wiring attachment	2000/05	10.0	2.0	161,000	118,738
B3F	Spring water drainage pump	2000/07	15.0	2.0	506,800	424,017
1F lobbies	Air conditioner replacement	2000/08	12.0	2.0	16,939,000	13,564,752
B2F	Repair (dressing room, waiting room)	2000/08	3.0	2.0	2,650,000	532,120
3F banquet rooms	Wall cloth replacement (ceiling , wall)	2000/08	3.0	2.0	1,401,200	281,363
14F roof top	Heat exchanger repair	2000/09	15.0	2.0	4,485,000	3,796,777
Chinese Cuisine	Kitchen steamer replacement	2000/12	5.0	2.0	400,000	232,000
B3F	Multi-pipe type flowing-through boiler	2001/03	15.0	2.0	8,852,400	7,756,917
B3F	Storage battery replacement	2001/04	6.0	2.0	3,319,650	2,327,740
2F banquet rooms	Alkali ion water purifier	2001/04	5.0	2.0	484,000	309,760
5F pantry	Alkali ion water purifier	2001/04	5.0	2.0	475,000	304,000
6F	Repair (lobby and Japanese-style room)	2001/04	15.0	2.0	6,011,860	5,297,652
1F	Western Cuisine 2 electric wire repair	2001/08	15.0	1.0	947,000	853,248
B1F	Fire-fighting installation, Electric installation	2001/08	15.0	1.0	2,486,060	2,239,942
B3F	Multi-pipe type flowing-through boiler	2001/06	15.0	1.0	8,852,400	7,888,375
B1 Chinese Cuisine3	Kitchen Repair	2001/08	15.0	1.0	1,780,000	1,603,780
B1F	Chinese Cuisine 3 remodeling	2001/08	15.0	1.0	39,000,000	35,139,000
Western Cuisine 2	Western Cuisine 2 repair	2001/08	15.0	1.0	5,255,000	4,734,755
1F	Repair (lobby)	2001/09	15.0	1.0	6,850,000	6,205,758
Western Cuisine 2	Power supply addition	2001/11	6.0	1.0	495,000	390,234
2F	Banquet rooms repair	2001/11	3.0	1.0	891,400	512,935
2F	Banquet rooms repair	2001/12	3.0	1.0	1,036,040	622,039
Shopping Arcade	Extension work (office room)	2001/12	15.0	1.0	1,160,000	1,068,128
B2F	Office room partition	2002/04	15.0	1.0	766,640	721,102
Western Cuisine 2	Repair	2002/04	15.0	1.0	2,350,000	2,210,410
3F	Repair (lobby)	2002/04	15.0	1.0	5,039,600	4,740,248
3F	Chapel repair	2002/04	15.0	1.0	853,800	803,085
3F	Roof top repair	2002/05	15.0	0.0	250,000	236,388
6F banquet rooms	Air conditioner replacement	2002/05	15.0	0.0	8,114,490	7,672,657
5F banquet rooms	Air conditioner replacement	2002/05	15.0	0.0	8,542,740	8,077,588
1F	Sprinkler installation	2002/05	15.0	0.0	1,650,000	1,560,158
6F banquet rooms	Interior repair	2002/05	15.0	0.0	5,220,601	4,936,340
3F	Repair (wedding waiting room)	2002/06	15.0	0.0	1,582,240	1,503,920
B2F	Exhaust equipment	2002/07	15.0	0.0	350,000	334,408
B2F	Room air conditioner replacement	2002/07	15.0	0.0	550,000	525,498
B2F	Fire-fighting installation repair	2002/07	15.0	0.0	220,000	210,199
B2F	Repair (guest rooms)	2002/07	15.0	0.0	3,000,000	2,866,350
2F	Interior work (banquet hall lobbies)	2002/09	15.0	0.0	25,993,165	25,092,502
6F	Interior work (elevator front)	2002/09	15.0	0.0	1,145,000	1,105,326
2F	Interior work (waiting room)	2002/09	15.0	0.0	2,763,010	2,667,272
Chinese Cuisine	Repair (air duct)	2002/09	15.0	0.0	1,900,000	1,834,165

(Depreciation is suspended because of management aggravation.)

(JPY, Year)

Category	Assets	Acquisition date	Useful life	Age	Acquisition cost	Book value
14F	Kitchen air conditioner replacement	2002/09	15.0	0.0	385,000	371,660
Western Cuisine 2	Repair	2002/11	15.0	0.0	6,837,000	6,667,785
3F	Repair (sales office room)	2002/12	15.0	0.0	490,000	480,298
1F	Woolen carpet replacement (revolving door)	2002/11	3.0	0.0	503,250	440,407
2F banquet rooms	Interior work	2003/01	15.0	0.0	1,554,945	1,531,855
5F	Repair (Forest Room, lobby)	2003/01	15.0	0.0	696,000	685,665
1F	Gardening (entrance)	2003/01	15.0	0.0	499,000	491,590
Western Cuisine 2	Gas fryer replacement	2003/01	15.0	0.0	175,000	172,402
Western Cuisine 2	Signboard (entrance)	2003/01	15.0	0.0	386,000	380,268
5F	Interior work (Forest Room, lobby)	2003/01	15.0	0.0	4,300,000	4,236,145
2F	Interior work (lobby)	2003/01	15.0	0.0	2,000,000	1,970,300
Coffee House 2	Interior work	2003/01	15.0	0.0	2,995,880	2,951,392
Chinese Cuisine 3	Steamer replacement	2003/02	15.0	0.0	400,000	396,040
1F	Artificial trees (entrance)	2003/03	15.0	0.0	300,000	298,515
1F	Exterior tent repair	2003/03	15.0	0.0	296,000	294,535
1F	Artificial trees (lobby)	2003/03	15.0	0.0	650,000	646,783
Coffee House 2	Ceiling lighting equipment replacement	2003/03	15.0	0.0	993,000	988,085
		1902/12				
	Total				9,366,512,275	5,869,787,568

**Area map, Residential map,
Public sectional map, Building drawing, Photographs**

**Since this report is a sample, pages of
Maps
Public sectional map, Building drawings, Photographs
are intentionally excluded.**

Certification

I certify to the best of my knowledge and belief that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favoring the client.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. I have the knowledge and experience to complete the assignment competently.
8. No one provided significant professional assistance to the person(s) signing this report.

Signature: *Eakashi Yamaguchi*

Date of certification: September 15, 2004