



# NEWS RELEASE

Dec 21, 2010

## R&I Assigns A-: Japan Hotel and Resort, Inc. Shelf Reg. SB No.1

Rating and Investment Information, Inc. (R&I) has announced the following.

**ISSUER:** Japan Hotel and Resort, Inc. (Sec. Code: 8981)  
Preliminary Rating for the Shelf Registration (Bonds)  
  
Unsec. Str. Bonds No.1  
New Issue

### R&I RATING: A- (Assigned)

#### **RATIONALE:**

Japan Hotel and Resort, Inc. (JHR) is a real estate investment trust (J-REIT) which was listed on the stock exchange in February 2006. It specializes in hotels and is sponsored by the Goldman Sachs Group.

JHR invests in hotels located in major cities throughout Japan. For its major hotels, JHR employs the variable rent system under which rent revenues are linked to the revenues of hotels. Although JHR's profit and cash flow levels, as well as the business environment for hotels, appear to have bottomed, a rapid recovery is unlikely partly because of the entry of new competitors. Its debt ratio also remains at a conservative level. JHR intends to work on issues such as extending the maturity profile, staggering maturities and reducing borrowing costs.

The primary rating methodologies applied to this rating are provided at "R&I J-REIT Rating Methodology" and "Basic Methodologies for R&I's Credit Rating". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/sf/about/methodology/index.html>

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

#### **R&I RATINGS:**

**ISSUER:** Japan Hotel and Resort, Inc. (Sec. Code: 8981)  
**ISSUE:** Preliminary Rating for the Shelf Registration (Bonds)  
Issue Amount: Yen 100,000 million (Shelf Amount)  
Issue Period: Two years from Jul 01, 2010

**R&I RATING:** A- (Assigned)

<b>LONG-TERM ISSUE RATING:</b>	<b>Issue Date</b>	<b>Redemption</b>	<b>Issue Amount (mn)</b>
Unsec. Str. Bonds No.1	Dec 28, 2010	Dec 27, 2013	Yen 2,000

**R&I RATING:** A- (Assigned)

**ISSUER RATING:** A-  
**RATING OUTLOOK:** Stable

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <http://www.r-i.co.jp/eng/policy/policy.html>.

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