

**Sale of equity in Kinugawa Grand Hotel Co., Ltd., receipt of payment for convertible bonds with attached warrants prior to their redemption date, and receipt of payment in full for Kinugawa Grand Hotel Co., Ltd. debt**

**Tokyo, April 28, 2006** – The Industrial Revitalization Committee of the Industrial Revitalization Committee of Japan (“IRCJ”) has decided to sell the equity it holds in Kinugawa Grand Hotel Co., Ltd. (“Kinugawa Grand Hotel”). It will also receive payment for convertible bonds prior to their redemption date and receive payment in full for Kinugawa Grand Hotel debt. As a result of this, the IRCJ will no longer hold any debt or any other obligation of Kinugawa Grand Hotel.

**1. Name of company concerned**

Kinugawa Grand Hotel Co., Ltd.

**2. Process to date**

On January 18, 2005, the IRCJ approved an application for assistance by Kinugawa Grand Hotel under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. On February 28 of the same year, the IRCJ reached agreement on the purchase of Kinugawa Grand Hotel's debt under Article 25, Clause 1 of the same act.

In accordance with the revitalization plan, in June 2005 a capital decrease and subsequent increase was carried out and, through a capital injection of ¥80 million, the IRCJ acquired ordinary shares corresponding to 40% of voting rights. Further, in October 2005 the IRCJ purchased convertible bonds with attached warrants issued by the target company at the nominal issue price of ¥125 million.

Since then, a measurable degree of progress has been made towards revitalization, allowing the IRCJ to make preparations for, and reach agreement on, the sales of its equity to Friendship Company Co., Ltd. A sales contract has been agreed and the sale is scheduled to take place at the end of May 2006. Further, the IRCJ is scheduled to receive early redemption of its convertible bonds with attached warrants and to receive payment in full for remaining Kinugawa Grand Hotel debt.

Note: An overview of the recipient company is provided on the separate sheet

**3. Capital amounts, etc.**

Through a capital injection of ¥80 million, the IRCJ acquired ordinary shares corresponding to 40% of voting rights. The IRCJ will sell all of its ordinary shares in Kinugawa Grand Hotel.

#### **4. Convertible bonds**

The IRCJ purchased convertible bonds with warrants attached issued by Kinugawa Grand Hotel at the nominal issue price of ¥125 million. The IRCJ will receive early redemption of all these bonds at the nominal issue price.

#### **5. Debt amounts, etc.**

The principal value of Kinugawa Grand Hotel's debt was ¥101.05 million, for which the IRCJ paid financial institutions ¥95.998 million. Following a partial repayment through business revenues and other such sources, debt of ¥99.244 million currently remains. The IRCJ is scheduled to receive payment in full for the face value of all remaining debt at the time of closing of the sales contract referred to in (2) above.

#### **6. Comment from the State Ministers in charge of the Industrial Revitalization Corporation of Japan**

None expressed

Note on comments from ministers: The IRCJ is a quasi-governmental organization. As such, the IRCJ is required to obtain comments about decisions to assist private-sector companies from the three government ministers in charge of the IRCJ.

#### **For more information, please contact**

Corporate Planning Department

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#### **About the IRCJ**

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 200 employees and is based in Tokyo. For more information please visit [www.ircj.co.jp](http://www.ircj.co.jp)

**Overview of Recipient Company**

Friendship Company Co., Ltd.

Location:	Utsunomiya City, Tochigi Prefecture
Representative:	Haruyasu Minakawa
Establishment:	March 3, 2006
Paid-in capital:	¥10 million