

## IRCJ to sell equity and convertible bonds in Kamaya Ryokan Co., Ltd.

**Tokyo, April 28, 2006** – The Industrial Revitalization Committee of the Industrial Revitalization Corporation of Japan (“IRCJ”) has decided to sell the equity and convertible bonds with warrants attached it holds in Kamaya Ryokan Co., Ltd. (“Kamaya Ryokan”). As a result of this sale, the IRCJ will no longer hold any debt or other obligations of Kamaya Ryokan.

### **1. Name of company concerned**

Kamaya Ryokan Co., Ltd. (reorganized from limited company to joint stock company in December 2005)

### **2. Process to date**

On February 3, 2005 the IRCJ approved an application for assistance by Kamaya Ryokan under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. On February 28, 2005, the IRCJ reached agreement on the purchase of Kamaya Ryokan’s debt from financial institutions under Article 25, Clause 1 of the same act.

In December 2005, in accordance with the revitalization plan, a capital decrease and subsequent recapitalization was carried out, and the IRCJ acquired ordinary shares corresponding to 40% of voting rights through a capital investment of ¥28 million. In addition, in March 2006, the IRCJ purchased convertible bonds with warrants attached issued by the target company at the nominal issue price of ¥20.5 million.

Since then, a measurable degree of progress has been made towards revitalization, enabling the IRCJ to make preparations for, and reach agreement on, the sale of its equity to the sponsor company Daiwa Securities SMBC Principal Investments Co., Ltd. (“Daiwa PI”) and several employees of Kamaya Ryokan. A sale contract has been concluded and the sale is scheduled to take place at the end of May 2006. The IRCJ also plans to sell the convertible bonds to Daiwa PI.

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

### **3. Capital amounts, etc.**

Through a capital investment of ¥28 million, the IRCJ acquired ordinary shares of Kamaya Ryokan corresponding to 40% of voting rights. The IRCJ will sell all of its ordinary shares in Kamaya Ryokan.

### **4. Convertible bonds**

The IRCJ purchased convertible bonds with warrants attached issued by the target company at the nominal issue price of ¥20.5 million. The IRCJ will sell all of the convertible bonds to Daiwa PI at their nominal issue price.

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

The principal value of Kamaya Ryokan's debt was ¥1 million, for which the IRCJ paid ¥20,000 to financial institutions. Following debt forgiveness of ¥979,000 in line with the industrial revitalization program, payment was received in full for the remaining debt of ¥21,000 as of June 2005.

## **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**

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The Industrial Revitalization Corporation of Japan

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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

Daiwa Securities SMBC Principal Investments Co., Ltd.

Location:	1-8-1 Marunouchi, Chiyoda-ku, Tokyo
Representative:	Hideo Watanabe
Established:	October 1, 2001
Paid-in capital:	¥2.0 billion
No. of employees:	90
Main businesses:	Private equity investments, real estate investments, debt investments, formation and management of various funds (such as regional revitalization funds, corporate revitalization funds), emission rights related investments, and other