

## IRCJ to sell equity and convertible bonds in Kinugawa Plaza Hotel

**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 Kinugawa Onsen Sansuikaku (“Kinugawa Plaza Hotel”). As a result of this sale, the IRCJ will no longer hold any debt or other obligations of Kinugawa Plaza Hotel.

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

Kinugawa Onsen Sansuikaku Co., Ltd. (changed from limited to joint stock company in May 2005)

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

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

In April 2005, in accordance with the revitalization plan, a capital increase and subsequent recapitalization was carried out and the IRCJ acquired ordinary shares corresponding to 40% of voting rights through a capital investment of ¥120 million. In addition, in August 2005, the IRCJ purchased convertible bonds with attached warrants issued by the target company at the nominal issue price of ¥175 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 the target company. 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 with warrants attached to Daiwa PI.

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

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

Through a capital investment of ¥120 million, the IRCJ acquired ordinary shares of Kinugawa Plaza Hotel corresponding to 40% of voting rights. The IRCJ will sell all of its ordinary shares in Kinugawa Plaza Hotel.

### **4. Convertible bonds**

The IRCJ purchased convertible bonds with warrants attached at the nominal issue price of ¥175 million. The IRCJ will sell all of its convertible bonds to Daiwa PI at the nominal issue price.

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

The principal value of Kinugawa Plaza Hotel's debt was ¥1 million, for which the IRCJ paid ¥33,000 to financial institutions. Following debt forgiveness of ¥965,000 in accordance with the revitalization plan, payment was received in full for the remaining debt of ¥35,000 on 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**

Corporate Planning Department

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 others