

Outline of Operations Support Company

The IRCJ plans to establish an operations support company that will work with multiple Japanese inns and hotels, including Shikisai Hotel, after they have been approved for assistance by the IRCJ. An outline of the proposed company is as follows.

1. Purpose

The Operations Support Company (OSC) is intended to provide long term, stable equity capital to Shikisai Hotel and other Japanese inns and hotels situated principally in Tochigi prefecture that have been approved for assistance by the IRCJ. The proposed OSC will at the same time seek to comprehensively modernize and increase the efficiency of management at these businesses, moving them away from the typical *family business* style that has characterized their operations. The OSC is intended to help speed up revitalization of Shikisai and other hotels approved for assistance by the IRCJ by providing operational support in accounting, budgeting, joint purchasing and other areas so that they can achieve sustainable financial health.

2. Investors and capital

It is planned that the IRCJ will capitalize and initially be the 100% shareholder of the OSC.

3. Business activity

1. Operations Support Division

Accounting, joint purchasing, joint transportation, sales planning, management guidance and related services.

2. Fund Management Division

Management of fund supplying equity capital to Japanese inns and hotels approved for assistance by the IRCJ. The application of funds will be restricted to the provision of necessary equity capital to individual companies approved for assistance by the IRCJ.

4. Personnel

The number of employees will be limited to 10-20 people, depending on the number of companies approved for assistance. It is planned to staff the OSC with experienced operators from the hotel industry, and to also receive personnel support from Ashikaga Bank.

5. Other

The IRCJ, following its capitalization of the OSC and the fund that the OSC will manage, will seek to exit its investments within three years.

Schematic outline of hotel revitalization plan

Revitalization fund supplies funds for forward investment and operational support to improve management

