

IRCJ to sell equity in Shikisai Hotel Co., Ltd.

Tokyo, April 28, 2006 – The Industrial Revitalization Committee of the Industrial Revitalization Corporation of Japan (“the IRCJ”) has decided to sell the equity it holds in Shikisai Hotel Co., Ltd. (“Shikisai Hotel”). As a result of this, the IRCJ will no longer hold any debt or obligations of Shikisai Hotel.

1. Name of company concerned

Shikisai Hotel Co., Ltd.

2. Background

On June 4, 2004 the IRCJ approved an application for assistance by Shikisai Hotel under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003. On July 30, 2004 the IRCJ reached agreement on the purchase of Shikisai Hotel’s debt from financial institutions under Article 25, Clause 1 of the same act.

In accordance with the revitalization plan, in November 2004 a company divestiture into a new company, the New Shikisai Hotel, was carried out, along with a capital increase of the new company. Through a capital injection of ¥186 million, the IRCJ obtained ordinary shares corresponding to 97% of voting rights (¥96.5 million) and 100% of preferred shares (¥89.5 million). Following this, in March 2005, the IRCJ transferred 58.7% of its ordinary shares and 60% of its preferred shares to Tochigi Friendly Capital, Limited (“TFC”).

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 Daiwa SMBC Principal Investment (“Daiwa PI”) and several Shikisai Hotel employees. A sale contract has been promptly agreed with the recipients and the sale is scheduled to take place in May of this year.

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

3. Capital amounts, etc.

Through a capital injection of ¥186 million the IRCJ acquired ordinary shares corresponding to 97% of voting rights (capital ¥96.5 million) and 100% of preferred shares (¥89.5 million). The IRCJ then transferred 58.7% of its ordinary shares and 60% of its preferred shares to TFC. Following this transfer, the IRCJ retained ordinary shares corresponding to 40% of voting rights (¥39.8 million) and 40% of preferred shares (¥35.8 million) with a combined value of ¥75.6 million. The IRCJ will sell all of its equity in Shikisai Hotel.

4. Debt amounts, etc.

The principal of Shikisai Hotel's debt was ¥1 million, for which the IRCJ paid ¥83,000 to financial institutions. ¥917,000 was handled in a debt forgiveness scheme and in March 2005 the IRCJ received payment in full of the remaining ¥83,000 from the New Shikisai Hotel.

5. Comments from the 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 from the government ministers in charge of the IRCJ about decisions to assist or engage in other initiatives relating to private sector companies.

For more information, please contact

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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

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