

[Translation]

July 20, 2020

To whom it may concern

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Representative: Tatsuya Yoshimoto, President
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Notice Regarding Company Split (Absorption-type Company Split)
Between Consolidated Subsidiaries

We hereby announce that, with an effective date of September 1, 2020, through a company split (absorption-type company split) conducted between Daimaru Matsuzakaya Department Stores Co. Ltd. (“Daimaru Matsuzakaya Department Stores”) and PARCO Co., Ltd. (“PARCO”), wholly owned subsidiaries of the Company, it was resolved at the Board of Directors of both parties held on July 20, 2020, that PARCO will succeed to the real estate business (with some exception) of Daimaru Matsuzakaya Department Stores (the “Absorption-type Company Split”).

Since the Absorption-type Company Split is an absorption-type company split conducted between wholly owned subsidiaries of the Company, some disclosure items and details thereof are omitted.

1. Purpose of the Absorption-type Company Split

The Group is working to restructure the Group in order to realize the Group Vision, “Create and Bring to Life ‘New Happiness.’” This year, in order to quickly promote a fundamental but flexible reform of our business portfolio based on quick decision-making, we have made PARCO a wholly owned subsidiary.

Through the Absorption-type Company Split, aiming to concentrate the Group assets and centralize operation, supervision and development functions, we will transfer Daimaru Matsuzakaya Department Stores’ real estate business to PARCO, which has excellent expertise in the business area of development and operation of urban commercial facilities. By doing so, we intend to fully utilize PARCO’s business expertise and strengthen its competitiveness and business base as a retail and real estate business group, and improve management efficiency.

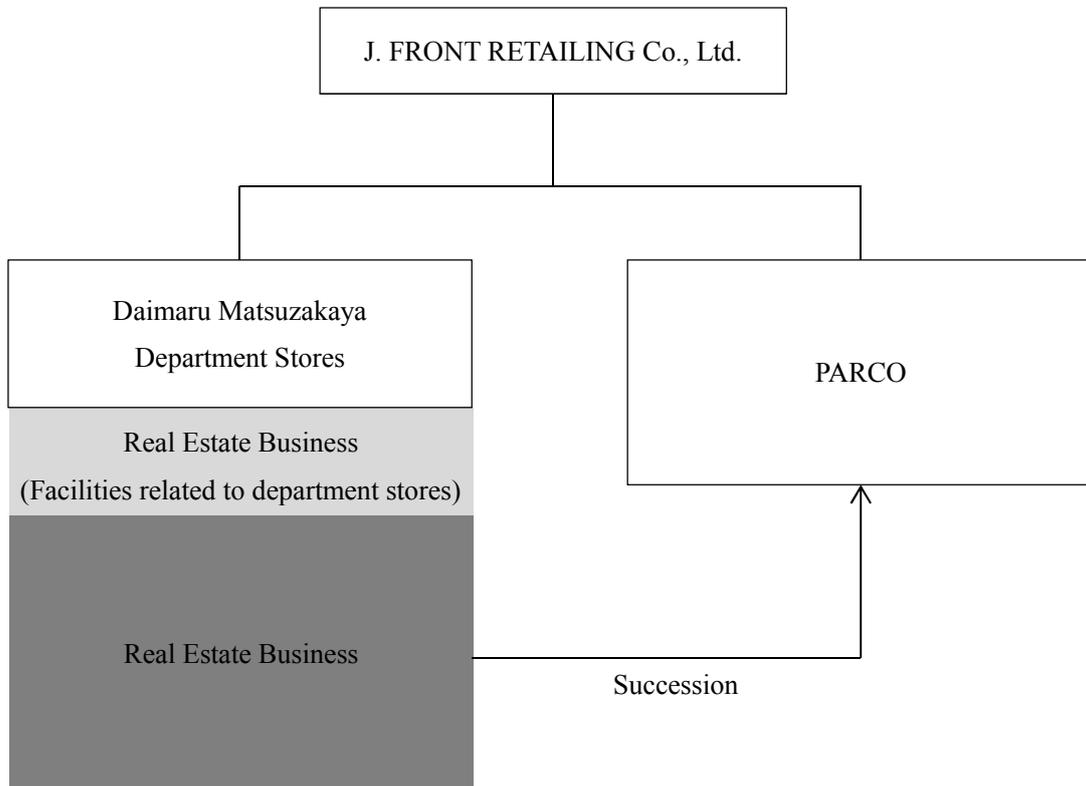
Looking forward, PARCO will take the lead in the real estate business of the Group, promote joint development of stores including large complex facilities that were difficult for both companies to tackle alone, as well as promote effective use of the land and buildings owned by the Group, and will work to further improve the corporate value and brand value of the Group.

2. Summary of the Absorption-type Company Split

(1) Object of the succession

Mainly, facilities except those related to department stores and stores that need to cooperate with department stores, and their business operations will be succeeded.

The number of facilities and properties to be succeeded is 47, and the total asset book value (IFRS based) is approximately 110.0 billion yen. (As of February 29, 2020)



(2) Schedule of the Absorption-type Company Split

Resolution date of Board of Directors at Daimaru Matsuzakaya Department Stores	July 20, 2020
Resolution date of Board of Directors at PARCO	July 20, 2020
Conclusion date of agreement of company split	July 20, 2020
Shareholders Meeting of Daimaru Matsuzakaya Department Stores for approval of company split	August 17, 2020 (planned)
Company split date (effective date)	September 1, 2020 (planned)

(3) Formula of the Absorption-type Company Split

Daimaru Matsuzakaya Department Stores will be the company splitting in an absorption-type company split, and PARCO will be the company succeeding in an absorption-type company split.

(4) Details of allocation relating to the Absorption-type Company Split

Since the Absorption-type Company Split will be conducted by wholly owned subsidiaries, no shares will be allocated and no other consideration will be delivered.

(5) Handling of share acquisition rights and bond certificates with share acquisition rights following the Absorption-type Company Split

No items to report.

(6) Increase or decrease in share capital due to the Absorption-type Company Split

No increase or decrease in share capital.

(7) Rights and responsibilities succeeded by the succeeding company

PARCO will succeed to the assets, liabilities and other rights and responsibilities and contractual status held by Daimaru Matsuzakaya Department Stores immediately before the occurrence of the Absorption-type Company Split, related to the businesses to be succeeded, as specified in the absorption-type company split agreement.

(8) Prospects for performance of obligations

After the effective date of the Absorption-type Company Split, we consider that there will be no issue with the prospects for performance of obligations that PARCO should bear.

3. Overview of the companies involved in the restructuring of the organization

(1) Company name	Daimaru Matsuzakaya Department Stores Co. Ltd. (Company splitting in an absorption-type company split)	PARCO Co., Ltd. (Company succeeding in an absorption-type company split)
(2) Headquarters	18-11, Kiba 2-chome, Koto-ku, Tokyo	28-2, Minami-Ikebukuro 1-chome, Toshima-ku, Tokyo
(3) Representative	Taro Sawada, President and Representative Director	Kozo Makiyama, Representative Director, President and Executive Officer
(4) Business	Retail business centered on department store business	Development and operation of commercial facilities
(5) Share capital	10,000 million yen	34,367 million yen
(6) Established	February 1, 1910	February 13, 1953
(7) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%	J. FRONT RETAILING Co., Ltd. 100%

4. Status of companies involved after the Absorption-type Company Split

There will be no change in the name, location, the representatives' position and name, the business, share capital, and accounting period of the companies involved.

5. Future prospects

Since the Absorption-type Company Split is a company split between wholly owned subsidiaries of the Company, its impact on the Company's consolidated financial results of the fiscal year ending February 28, 2021 is expected to be insignificant.

END

(Attachment) Major facilities and businesses to be transferred

Facilities and businesses already developed	Ueno Frontier Tower, BINO GINZA, BINO OKACHIMACHI, BINO HIGASHINOTOIN, Comterrace Okachimachi, Comterrace Higashi-Shinsaibashi, Cross Ginza, Cattleya Plaza Isezaki and others, 32 in total
Properties and businesses to be developed in the future	The north wing of the Daimaru Shinsaibashi store, property at Nishiki 3-chome, Naka-ku, Nagoya (planned), Nihon Seimei Sakae Building and others, 15 in total