[Translation]

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To Whom It May Concern

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Notice Regarding Commencement of Tender Offer for Shares of PARCO CO., LTD. (Securities Code: 8251)

J. FRONT RETAILING Co., Ltd. (the "Tender Offeror") announces that its board of directors resolved at a meeting held today to acquire the common shares (the "Target Company Common Shares") of PARCO CO., LTD. (First Section of the Tokyo Stock Exchange, Inc. (the "TSE"), securities code 8251; the "Target Company") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act"), as described below.

1. Purpose, etc. of the Tender Offer

(1) Overview of the Tender Offer

The Tender Offeror, as of this date, holds 65,922,614 shares of the Target Company's common shares (ownership ratio (Note 1): 64.98%) listed on the First Section of the TSE and the Target Company is a consolidated subsidiary of the Tender Offeror. The Tender Offeror, at a meeting of its board of directors held today, resolved to make the Tender Offer for all of the Target Company's issued shares (excluding, however, the Target Company Common Shares already owned by the Tender Offeror and treasury shares owned by the Target Company; the same applies hereinafter) with the objective of converting the Target Company into a wholly owned subsidiary of the Tender Offeror.

(Note 1) "Ownership ratio" means the percentage of the number of shares (101,456,830 shares) found by subtracting the number of treasury shares owned by the Target Company as of November 30 2019 (6,147 shares) (the number of treasury shares stated in the Consolidated Financial Results for the Nine Months of the Fiscal Year Ending February 29, 2020 (under IFRS) that was published by the Target Company on December 25 2019 (the "Quarterly Report") (364,903 shares) includes 358,756 Target Company Common Shares owned by a trust for delivery of shares to officers as of that same date, so this number excludes those shares) from the total number of issued shares (101,462,977 shares) of the Target Company as of that same date as stated in the Quarterly Report (rounded to the nearest second decimal place). The same applies hereinafter.

In the Tender Offer, since the Tender Offeror is planning to make the Target Company a wholly owned Subsidiary, the Tender Offeror has set the minimum number of shares to be purchased at 1,715,286 shares (ownership ratio: 1.69%), and if the total number of share certificates, etc. tendered for sale, etc. in response to the Tender Offer (the "Tendered Share Certificates, Etc.") falls short of the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the Tendered Share Certificates, Etc. However, the Tender Offeror has not set any maximum limit on the number of shares to be acquired, and will purchase all of the shares tendered if the total number of shares tendered is equal to or greater than the minimum number of shares to be purchased.

The minimum number of shares to be purchased has been set so that, if the Tender Offer is concluded, the total number of voting rights of the Target Company owned by Tender Offeror will be at least two-thirds of the total voting rights of the Target Company (1,014,568 voting rights pertaining to the number of shares (101,456,830 shares) found by subtracting the number of treasury shares held by the Target Company as of the same date (6,147 shares) (the number of treasury shares stated in the Quarterly Report (364,903 shares) includes 358,756 Target Company Common Shares owned by a trust for delivery of shares to officers as of that same date, so this number excludes those shares) from the total number of issued shares (101,462,977 shares) of the Target Company as of November 30 2019 as stated in the Quarterly Report).

Tender Offeror has executed an agreement to tender in the Tender Offer as stated below. As establishing a minimum number of shares to be purchased in the Tender Offer based on the number of shares within the agreement to tender could (i) cause uncertainty regarding the materialization of the Tender Offer and (ii) create the possibility of not benefitting ordinary shareholders who wish to tender in the Tender Offer, the Tender Offeror has instead set the minimum number of shares to be purchased as stated above.

In making the Tender Offer, as of this date the Tender Offeror has entered into an agreement with the Target Company's second-largest shareholder, Aeon Co., Ltd. (number of shares held: 8,272,900; ownership ratio: 8.15%; "Aeon") to tender in the Tender Offer for all of the Target Company Common Shares owned by Aeon and all of the Target Company Common Shares for which Aeon has authority to dispose (number of shares with authority to dispose: 1,860,900 shares; ownership ratio: 1.83%) under the Specified Comprehensive Trust Agreement dated October 29, 2010 with Sumitomo Mitsui Trust Bank, Limited. In addition, as of this date the Tender Offeror enters into an agreement with the Target Company's third-largest shareholder, Credit Saison Co., Ltd. (number of shares held: 7,771,500; ownership ratio: 7.66%; "Credit Saison"; together with Aeon, individually or collectively, the "Accepting Shareholders") to tender in the Tender Offer for all of the Target Company Common Shares owned by Credit Saison (the agreements on accepting the Tender Offer entered into with Aeon and Credit Saison are referred to hereinafter individually or collectively as the "Offer Acceptance Agreements"). In the Offer Acceptance Agreements, the agreement of the Accepting Shareholder has been obtained to tender in the Tender Offer for all of the Target Company Common Shares owned or for the rights of disposition held therefor by the Accepting Shareholder (the total number of shares owned: 17,905,300 shares, the total ownership ratio: 17.65%). Please refer to *(3) Material Agreements, etc. Related to the Tender Offer* for more details of the Offer Acceptance Agreements.

Furthermore, according to "Announcement of Opinion in Support of Tender Offer for Our Shares to be Conducted by J. FRONT RETAILING Co., Ltd., a Controlling Shareholder, and Recommendation for Our Shareholders to Tender Their Shares in Tender Offer" released today by the Target Company (the "Target Company Press Release"), at the Board of Directors meeting held on same day, the Target Company reportedly adopted a resolution to express an opinion supporting the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer. This opinion and recommendation are based on determinations that the transactions, which are intended to make the Target Company into a wholly-owned subsidiary of the Tender Offeror (including the Tender Offer; the "Transactions"), will contribute to the enhancement of the Target Company's corporate value and that the Tender Offer provides the Target Company's shareholders with a reasonable opportunity to sell their shares.

According to the Target Company Press Release, the above Board of Directors resolution was reportedly adopted by the method described below in "*(e) Approval of all Non-Interested Directors at the Target Company* in the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.*"

If the Tender Offer is concluded, the Tender Offeror intends to receive a loan of up to 670 hundred million yen (the "Purchase Loan") from Nomura Capital Investment Co., Ltd. ("NCI"), the proceeds of which the Tender Offeror intends to apply to funds for settlement of the Tender Offer and expenses incidental thereto. The financing conditions of the Purchase Loan are to be stipulated in a financing agreement pertaining to the Purchase Loan through separate discussions with NCI.

Because the Tender Offeror's objective is to convert the Target Company into a wholly owned subsidiary of the Tender

Offeror, in the event it is not possible to acquire all of the issued shares of the Target Company in the Tender Offer, the Tender Offeror intends to acquire all of the issued shares of the Target Company by implementing the Transactions described in *(5) Policy for Reorganization, etc. After Tender Offer (Matters Regarding So-called Two-Step Acquisition)*.

(2) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer and Post Tender Offer Management Policy

(i) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer

(a) Background to the Tender Offer

The Tender Offeror is a holding company that was established in September 2007 by a management integration between The Daimaru, Inc. and Matsuzakaya Holdings Co., Ltd. and at the time of its establishment, was listed on the First Section of the Tokyo Stock Exchange, the First Section of the Osaka Securities Exchange, Co. Inc., and the First Section of the Nagoya Stock Exchange, Inc. (as a result of the integration of the spot markets of the Tokyo Stock Exchange and the Osaka Securities Exchange, Co. Inc. in July 2013, the Tender Offeror is currently listed only on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange, Inc.). The Tender Offeror Group (meaning the Tender Offeror together with its subsidiaries and affiliates, including the Target Company; the same applies hereinafter) currently consists of the Tender Offeror itself as a pure holding company, 32 subsidiaries, and 7 affiliates (40 companies in total). With a focus on the department store business, the Tender Offeror Group is developing the PARCO business, real estate business, credit and finance business, and other businesses (including temporary staffing services, design and construction contracting services, and wholesale services). Under a stated Group Vision of "Create and Bring to life 'New Happiness'", and based on the FY2017–2021 JFR Group Medium-term Business Plan (the "Tender Offeror Group's Medium-Term Business Plan") announced on October 5, 2016, the Tender Offeror Group is aiming to become a 'multi-service retailer' (Note 2) that transcends the traditional boundaries of the retail business by working to further strengthen the competitiveness and earnings capabilities of its established businesses while also stepping-up efforts in three key businesses (credit and finance services, temporary staffing services, and design and construction contracting services).

(Note 2) "Multi service retailer" means, having promoted on the one hand the strengthening of competitiveness and earning power in the Tender Offeror Group as a multi retailer (i.e., a hybrid retailer) such as by reforming the existing business model, including the establishment of a new department store model, the strategy of currently expanding the business domain to the services domain based on the determination that growth in the retail industry alone will be difficult.

In the two years following the formulation of the Tender Offeror Group's Medium-Term Business Plan, the Tender Offeror has steadily pursued initiatives designed to reform its business portfolio, including by opening unprecedented new multi-purpose retail facilities like Ginza Six, the largest retail space in the Ginza area (approximately 47,000 m^2) boasting stores from 241 brands, 122 of which are flagship stores with the power to send their messages, at the time of the opening, April 2017, and Ueno Frontier Tower, a large-scale multi-purpose facility with a shopping space comprising Matsuzakaya Ueno, PARCO_ya, and a multiplex cinema, and an office space in the Ueno Okachimachi area.

At the same time, the Tender Offeror recognizes a need to take steps to continue achieving growth across the group overall even amidst future changes in the operating climate, such as the declining population and the shrinking of the fashion retail market in Japan, as described in *(b) Background and Purpose to the Tender Offeror's Decision to Make Tender Offer*. To ensure achievement of the earnings target (consolidated operating profit) set out by the Tender Offeror Group's Medium-Term Business Plan for its third year, FY2019, the Tender Offeror sees a need to step up the speed at which it is addressing the achievement of dramatic growth and the realization of a growth strategy designed to reform its business portfolio. Moreover, a core management issue is ESG (Note 3) initiatives directed to sustainable business growth and the realization of a sustainable society. In that context, the Tender Offeror recognizes that it is required to act with ESG perspectives in mind in all aspects of its operations.

(Note 3) "ESG" is an acronym for "Environment", "Social" and "Governance."

Meanwhile, the Target Company was established as Ikebukuro Station Building Co., Ltd. In February 1953, changed its trade name to Marubutsu Co., Ltd. In May 1957, and again changed its trade name to PARCO CO., LTD. In April 1970. The Target Company was listed on the Second Section of the TSE in January 1987 and transferred to the First Section of the TSE in August 1988. As of today, the Target Company Group is comprised of the Target Company, five subsidiaries and two affiliates (eight companies in total), and it currently engages in the Shopping Complex Business, as its core business, operating PARCO commercial facilities, primarily in the Tokyo metropolitan region and other major cities throughout Japan, including Nagoya, Sapporo and Fukuoka, and it also engages in other businesses, including Retail Business, Space Engineering and Management Business, Digital Marketing Business, Entertainment Business and Overseas Business. The Target Company believes that the Target Company Group possesses outstanding business know-how relating to the operation and development of advanced and culturally valuable urban commercial facilities. With "A Business Group that Prospers in Urban Markets" as its long-term vision, the Target Company announced as of April 6, 2017 the Target Company's Medium-term Business Plan (FY2017-2021) (the "Target Company's Medium-term Business Plan") based on such vision, and aims, under its three social roles, i.e., "Incubation," "Urban Revitalization," and "Trends Communication," to promote business selection and concentration and realize growth by increasing the unique value it provides to urban areas.

With regard to the relationships between the Target Company and the Tender Offeror, based on the belief that the two companies can improve each other's corporate value by effectively utilizing their store bases and customer basis each other, in March 2012, the Tender Offeror acquired 27,400,000 shares of the Target Company Common Shares (an ownership ratio of 33.22% based on the total number of issued shares at that time), and made the Target Company an equity-method affiliate. Subsequently, in July 2012, based on the decision that the collaborative pursuit of both companies' businesses under a stronger capital relationship will lead to the seamless use of management resources of both companies, the two companies concluded a capital and business alliance agreement. In August 2012, the Tender Offeror acquired the Target Company Common Shares through a tender offer by the Tender Offeror (after the acquisition, the number of the Target Company Common Shares held by the Tender Offeror is 65,922,614 shares (ownership ratio: 64.98%)) and the Target Company became a consolidated subsidiary of the Tender Offeror.

The Target Company Group positioned the period for the Target Company's Medium-term Business Plan as the business portfolio reform period and adopted three strategies: "Evolve the store brands," "Produce commercial real estate" and "Expand soft content." Recently, the Target Company Group has been steadily taking various measures based on these three strategies, including undertaking large-scale projects, such as the new Shibuya PARCO, Kinshicho PARCO and SAN-A Urasoe West Coast PARCO CITY, developing low to medium-rise shopping complexes, such as Kyoto ZERO GATE, Harajuku ZERO GATE and Kawasaki ZERO GATE, and making the decision to close unprofitable locations in the Retail Business and close the Utsunomiya PARCO and Kumamoto PARCO.

In fiscal 2019, the third year of the Target Company's Medium-Term Business Plan, the Target Company is aware that it needs to confirm the progress and results of the Target Company's Medium-Term Business Plan, accelerate business portfolio transformation to achieve financial results targets (operating revenue, operating profit, profit attributable to owners of parent, EBITDA and ROE), and aim to achieve further growth by widening the value provided through business in urban areas. Furthermore, in 2019, the Target Company marked its 50th anniversary of the opening of the Ikebukuro PARCO, the first store of the Target Company, and the Target Company reaches a significant milestone for deepening deliberations on the next long-term business vision

(b) Background and Purpose to the Tender Offeror's Decision to Make Tender Offer

The Tender Offeror made the Target Company a subsidiary of Tender Offeror through the following transactions for the purpose of strengthening its competitiveness and improving corporate value through collaboration with the Target Company, which has excellent know-how in the business domain that is the development and operation of urban commercial facilities. Firstly, in March 2012 The Tender Offeror acquired 27,400,000 of the Target Company Common Shares (33.22% of issued shares at that time) from Mori Trust Co., Ltd. And made the Target Company an equity-method affiliate. Subsequently, in July 2012, the Tender Offeror and the Target Company entered into a capital and business alliance agreement, and in August 2012 the Tender Offeror implemented a tender offer for common shares of the Target Company, thereby acquiring 38,522,614 Target Company Common Shares (ownership ratio: 37.97%) and bringing its holding of Target Company Common Shares to 65,922,614 shares (ownership ratio: 64.98%).

Through that tender offer the Tender Offeror became the parent company of the Target Company, and over the seven years since that tender offer settlement date, that has been a catalyst for efforts between the two companies in a broad range of areas designed to boost the corporate value and the brand value of the Tender Offeror Group, including the Target Company. Examples include strengthening the business foundation as a retail business group, enhancing the competitive edge of retail facilities by sharing and deploying expertise, and improving sales activities by making mutual use of each other's customer bases.

More specifically, in addition to the two companies having jointly developed stores in Ueno Frontier Tower, which opened in November 2017, and in the north wing of Daimaru Shinsaibashi, a project which is still ongoing, they have achieved business synergies in many areas such as through joint sales promotions that make use of both companies' customer bases, with the Nagoya area leading the list. The Tender Offeror believes that the growth of the Tender Offeror Group, the Target Company included, has benefited from the realization of the alliance in a broad range of areas, including the development of a greater mutual understanding through personnel exchanges and the sharing of business connections.

The climate surrounding the Tender Offeror Group is expected to become ever more challenging in the future due to the October 2019 consumption tax increase and the uncertain outlook for the economy in the wake of the 2020 Tokyo Olympics and Paralympics, as well as due to having to confront market transformations such as the declining population and the shrinking of the fashion retail market in Japan, changes to the operating climate for established businesses, particularly physical stores, due to the rise of EC (Note 4), advances in ICT (Note 5), and the increasing diversity of people's lifestyles and values.

(Note 4) "EC" is an abbreviation for Electronic Commerce.
(Note 5) "ICT" is an abbreviation for Information and Communications Technology.

With such major shifts in climate expected, further improvements in the companies' businesses and brand values will require flexible adaptation to ever-changing consumer needs. Further collaboration than ever is therefore considered essential. While the Tender Offeror and the Target Company have previously pursued deepening collaborations in joint store development and sales promotion, consolidation of group resources and unification of management and development functions is insufficient under the current capital relationship between the Tender Offeror and the Target Company. Also, because the Tender Offeror and the Target Company are listed, each management team has a certain degree of independence and consequently, it takes time for Tender Offeror Group to make decisions. Thus, transformation of its business portfolio is insufficient across business units, even at the group level. The Tender Offeror believes that in order to move ahead with a thorough and flexible transformation of the Tender Offeror Group's business portfolio with a sense of speed backed by rapid decision-making, it will be necessary to further deepen the ties between the two companies and to concentrate management resources and for this purpose, it is necessary to make the Target Company into a wholly owned subsidiary.

The Tender Offeror believes that by making the Target Company into a wholly owned subsidiary, Tender Offeror and Target Company will be united, enabling swift and flexible decision-making, and additionally, as stated in (A) through (D) below, it will be possible to generate and maximize business synergies more rapidly that result from ties with the Target Company and to a greater extent, move ahead with transformation of its business portfolio to pursue the vision of the Tender Offeror Group as a multi service retailer, and therefore contribute to further increases in the corporate value and the brand value of both companies.

In addition, the Tender Offeror Group is considering growth by strengthening each business such as its existing “department store business,” “shopping center real-estate business,” and “credit finance business,” as well as “life solutions and lifestyle business” and “future pathways business,” which makes inroads to new markets. Making the Target Company into a wholly owned subsidiary of Tender Offeror will enable a thorough and flexible transformation of the Tender Offeror Group’s business portfolio, thereby the Tender Offeror will create synergies with the Target Company in each business and establish a business foundation that can respond to any changes. Through these initiatives, the Tender Offeror Group, including the Target Company, will accelerate the group transformation aiming to achieve the Group Vision of “Create and Bring to life ‘New Happiness’”.

(A) Strengthening the Business Base as a Retail/Real Estate Business Group

In jointly developing stores, including large-scale multi-purpose facilities that the Target Company would find it difficult to handle alone, we believe that in addition to working together to promote development, it will be possible for the Target Company to make effective use of the land and properties owned by the Tender Offeror.

As part of these efforts, once the Target Company has become a wholly owned subsidiary of the Tender Offeror, by (i) transferring the real estate business of Tender Offeror’s consolidated subsidiary Daimaru Matsuzakaya Department Stores Co., Ltd. (“Daimaru Matsuzakaya”) to the Target Company which has excellent business know-how in the management and development of urban commercial facilities and (ii) seeking to consolidate group resources and unify management and development functions, it is anticipated that the Target Company will take the lead in running the Tender Offeror Group’s real estate business. By doing so, the Tender Offeror Group intends to fully utilize the Target Company’s superior business expertise and strengthen its business base as a retail and real estate group.

In addition, it is anticipated that customer data of both companies will be mutually utilized to further strengthen the sales capabilities of the Tender Offeror Group, including Target Company.

(B) Strengthening Related Businesses Aimed at Development as a Multi-Service Retailer

In addition to store development, it is expected to be possible to promote cooperation in similar related businesses such as design and construction across business units at the group level. By enabling full utilization of the Target Company’s superior business expertise in areas like the entertainment business on the Tender Offeror side as well, it will be possible to expand the scope of the service and business offerings of the Tender Offeror Group overall.

(C) Improving Management Efficiency

Faced with a need to address the increasing diversification of lifestyles, the group will pursue integrated new business development at the group level and thereby attain improvements in management efficiency. It is expected that integrating back-office functions, including investor-related operations, financing operations, and general shareholders meeting convocation and management operations and implementing systems investments across the group will generate substantial efficiency improvements.

(D) Enhancement of Competitiveness by Sharing Expertise through Personnel Exchange

Because it will allow the promotion of an even greater degree of cross-business-unit personnel exchange, it will be possible to share the varied expertise on which the Tender Offeror Group and the Target Company have built their competitiveness, which will help with the provision of a broad range of services to meet increasingly diverse customer needs. In this way, the enhancement of competitiveness of the Tender Offeror Group, including the Target Company, will be realized.

After becoming the Target Company’s parent company, the Tender Offeror continued to discuss business cooperation and the form of the group structure with the Target Company. With respect to measures to help boost the corporate value of the two companies even further, in late August 2019, the Tender Offeror, after having judged that further strengthening cooperation with the Target Company and pursuing thorough and flexible transformations of the Tender Offeror Group’s business portfolio necessitated further deepening the relationship of the two companies and concentrating management resources by making the Target Company a wholly owned subsidiary of the Tender Offeror, appointed Nomura Securities Co., Ltd. ("Nomura Securities"), which is independent from the Tender Offeror and the Target Company, as a financial advisor and third-party valuation firm and Miura & Partners as a legal advisor, and the Tender Offeror studied the Transactions. After carrying out that study, the Tender Offeror, on August 28, 2019, informed the Target Company that it wished to commence consideration and discussion of the Transactions. The Tender Offeror subsequently engaged in due diligence to look carefully at the feasibility of the Tender Offer between mid October 2019 and early December, 2019, while continuing to negotiate in parallel with the Target Company on the terms of the Transactions, including the Tender Offer. In addition, since mid November, 2019, the Tender Offeror has held several rounds of discussions and negotiations with the Target Company regarding the purchase, etc. price of the Target Company Common Shares in the Tender Offer (the "Tender Offer Price"). Specifically, in mid November, 2019, the Tender Offeror submitted an initial proposal (1,750 yen per share) regarding the Tender Offer Price, comprehensively taking into consideration examples of premiums offered when determining the price in purchases, etc. in examples of past tender offers for share certificates, etc. by parties other than the issuer (example cases of tender offers aimed at making a company a wholly owned subsidiary), whether the Target Company's board of directors will approve the Tender Offer, trends in the market share price for the Target Company Common Shares, and forecasts regarding the number of shares to be offered for subscription under the Tender Offer. Thereafter, through several rounds of discussions and negotiations with the Target Company, in late November 2019, the Tender Offeror increased the initial offer price and made the final proposal (1,850 yen per share) for the Tender Offer to the Target Company and continued discussions and negotiations with the Target Company.

As described above, the Tender Offeror believes that in order to fully realize the aforementioned synergies stated in (A) through (D) above, it will be necessary to move ahead with a thorough and flexible transformation of the Tender Offeror Group's business portfolio with a sense of speed backed by rapid decision making, by converting the Target Company into a wholly owned subsidiary. As a result, in today's meeting of its board of directors, the Tender Offeror determined that by making the Target Company into a wholly owned subsidiary it will be possible to deepen ties with the Target Company further and to concentrate management resources, and thereby increase the corporate value and the brand value of the Tender Offeror Group, including the Target Company, and allow the creation of a corporate group that can draw a bright future, thus accelerating progress toward the Tender Offeror Group's vision of a multi-service retailer that exceeds the limits of retail trade, and resolved to commence the Tender Offer.

(c) Decision-Making Process and Reasoning at the Target Company

According to the Target Company Press Release, the Target Company, as described in *(b) Background and Purpose to the Tender Offeror's Decision to Make Tender Offer* above, reportedly received a proposal concerning the Transactions from the Tender Offeror on August 28, 2019. The Target Company received such proposal, as described below in the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.,* in light of the structural potential conflicts that may arise in the course of the review of the Transactions by the Target Company due to the fact that the Tender Offeror is a controlling shareholder of the Target Company and two of the Target Company's Directors also serve as Executive Officers of the Tender Offeror, in order to ensure the fairness of the Transactions, the Target Company reportedly determined, by resolution of its Board of Directors meeting on August 29, 2019, to appoint Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as its financial advisor and third-party valuation institution independent from the Tender Offeror and the Target Company and to appoint Nagashima Ohno & Tsunematsu as its legal advisor, also independent from the Tender Offeror and the Target Company, and requested that Mitsubishi UFJ Morgan Stanley Securities as the third-party appraiser submit a valuation report concerning the Target Company Common Shares (the "Target Company's Common Share Valuation Report"). On the same day, the Target Company's Board of Directors reportedly adopted a resolution to establish a special committee (the "Special Committee") consisted of independent third-party members to avoid conflicts of interest, establishing a structure for conducting deliberations and negotiations regarding the Transactions. For details of the composition of the Special Committee and its actual activities, please refer to *(c) Establishment of an Independent Special Committee at the Target*

Company and Obtaining a Written Report from that Special Committee in the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.* below.

Subsequently, on August 29, 2019, the Target Company reportedly determined that the proposal concerning the Transactions by the Tender Offeror dated August 28, 2019 would enable the Target Company to pursue further increase of the corporate value of the Target Company by the Target Company becoming a wholly-owned subsidiary of the Tender Offeror and undertaking integrated business development on the basis of a stronger capital relationship, and the Tender Offeror and the Target Company commenced concrete deliberations and discussions on whether and how the Transactions should be implemented. After undergoing the Tender Offeror's due diligence from mid-October to early December 2019, the Target Company conducted continuous discussions with the Tender Offeror.

As a result, on December 26, 2019, the Target Company reportedly determined that, as described in "*(ii) Post Tender Offer Management Policy*" considering that (A) it is expected that the Tender Offeror will manage the Target Company not to avoid damaging the Target Company's unique identity, such as its corporate culture, natural atmosphere and human resources, and (B) a certain understanding and consideration for the sources of the Target Company's corporate value are expressed, no significant disadvantage can be found as a result of the Transactions, and further increase in its corporate value can be expected by carrying out the following through the Transactions.

i. Acceleration of Growth of Entire Target Company Group

By becoming a wholly-owned subsidiary of the Tender Offeror, which is the holding company of the Target Company, through the Transactions, the Target Company will be reportedly able to accelerate the future growth it envisions by leveraging the Tender Offeror's management resources, increasing the feasibility of such growth and expanding the growth areas themselves. This will reportedly enable the Target Company to take on challenges in new fields transcending the boundaries of the Target Company's business development to date, such as large-scale real estate development in urban areas, small-scale real estate development other than ZERO GATE stores, which are low to medium-rise shopping complexes in prime urban locations, and development of new businesses corresponding to diverse consumption. In addition, stock listing and back-office costs and operations will be reportedly streamlined, creating an environment in which the Target Company can concentrate on business expansion as an operating company.

ii. Reinforcement of Bases of Real Estate Business and Diversification of Real Estate Development

The real estate business of Daimaru Matsuzakaya, a consolidated subsidiary in the Tender Offeror Group, is scheduled to be transferred to the Target Company following the Target Company becoming a wholly-owned subsidiary of the Tender Offeror. This will reportedly enable the Target Company (a) to take charge of income-generating properties, in particular, the prime locations in major urban areas, such as Osaka, Kyoto and Nagoya, which are currently managed by the real estate business of Daimaru Matsuzakaya, and (b) to acquire new commercial bases, including those in the areas where the Target Company has not yet opened stores.

In addition, since the Target Company will take the lead in the real estate business of the Tender Offeror Group, the Target Company will be reportedly able to make the maximum use of financial resources, networks, and intelligence assets of the Tender Offeror in the development of real estate. This will reportedly enable the Target Company to establish a business foundation that will lead to the diversification of the Target Company's development strategies, including business development that goes beyond the scope of commercial development that has been conducted independently by the Target Company to date, and expansion of opportunities for mixed-use development in major urban areas and development of new business formats. The Target Company reportedly believes that it will be able to provide new commercial facilities and value beyond its existing business formats (i.e., PARCO stores and ZERO GATE), and thereby contribute to the improvement of the corporate value of the Target Company Group.

iii. Increase of Value to be Provided by Existing Stores and Improvement of Their Competitiveness

The Target Company and Daimaru Matsuzakaya will be able to link together the customers and customer data possessed by both companies more than ever before, which will reportedly enable the Target Company to approach customer segments that had no contact with the Target Company and also improve the accuracy of its marketing activities. Furthermore, by utilizing Daimaru Matsuzakaya's business partners and networks, the Target Company will be reportedly able to have new business partners open their stores in the Target Company's commercial facilities, such as existing PARCO stores, and develop new business formats. This will reportedly enable Daimaru Matsuzakaya and the Target Company to provide customers who visit their stores with new retail shops and products that they have never experienced as well as mutual services and information, thereby providing increased value to customers.

In addition, the Target Company reportedly believes that the competitiveness of existing stores of the two companies will increase in major urban areas where both companies operate stores in the same districts, and that the Target Company will be able to offer additional value, such as Daimaru Matsuzakaya's products, retail shops and services, in the areas where only the Target Company operates stores.

iv. Evolution of Related Businesses and Establishment of a Position in Industry

The expansion of real estate development as described in ii. above will increase the commercial spaces which the Target Company manages, and as a result, will also reportedly expand the scale, bases and domains of the related businesses of the Target Company (i.e., Space Engineering and Management Business, Retail Business, Digital Marketing Business and Entertainment Business), as well as collaboration within the Tender Offeror Group. The Target Company reportedly believes that this will lead to the evolution of each related business and the increase of opportunities for expansion of business into new customer segments and sales channels (including overseas expansion) and collaboration with new business partners, and therefore the Target Company will be reportedly able to the further establish its position within the industry.

v. Realization of New Businesses

By combining the customer data owned by both parties, such as the customer data for Department Store Business of the Tender Offeror Group and that for Shopping Complex Business of the Target Company Group, it will be reportedly possible to provide value to a wide range of customers and provide new services and products tailored to the various life stages of the relevant customers.

Also, in addition to combining the above customer data, the financial resources of the Tender Offeror and the alignment of the R&D Functions (Note 6) of the Target Company and the Tender Offeror will reportedly lead to the development of new businesses in business areas where it would be highly difficult to do so by the Target Company itself, and to the acceleration and increase of the likelihood of the realization of new businesses.

(Note 6) R&D (Research and Development) Functions means the functions, among others, related to the scientific research or the technological development of a company.

vi. Contribution to Development of Business Partners of Target Company

The Target Company reportedly believes that, through the aforementioned business expansion and enlargement of business domains, the Target Company will be able to provide more opportunities for tenants and business partners, who are equal partners of the Target Company, to open new stores or develop new businesses.

vii. Provision of New Stages of Performance for Employees of Target Company Group

For employees, who are a source of the corporate value of the Target Company Group, the Target Company reportedly believes that the evolution and expansion of each business of the Target Company will enable them to reach new stages of performance and obtain diverse growth opportunities, which will lead to the self-fulfillment of each employee.

Furthermore, the Tender Offeror and the Target Company started concrete consideration/discussion of the terms of the Transactions, including the Tender Offer Price, in mid-November 2019, and continued to discuss and negotiate subsequently.

On December 26, 2019, the Target Company reportedly determined that the Tender Offer provides the Target Company's shareholders a reasonable opportunity to sell their shares based on the fact that: (a) the Tender Offer Price exceeds the upper end of the calculation results pursuant to the market price analysis in the Target Company's Common Share Valuation Report and is within the range of the calculation results pursuant to the discounted cash flow analysis ("DCF Analysis") as described below in *(b) Acquisition by the Target Company of a Share Valuation Report from an Independent Third-party Valuation Firm* under the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.*,; (b) the Tender Offer Price represents a premium of 35.63% (here and hereafter in relation to calculation of premiums, rounded to two decimal places) over 1,364 yen, which was the closing price of the Target Company Common Shares on the First Section of the Tokyo Stock Exchange on December 25, 2019, a premium of 37.55% over 1,345 yen (here and hereafter in relation to calculation of simple averages of closing prices, rounded to the nearest whole yen), which is the simple average of closing prices during the one-month period ending on December 25, 2019, and a premium of 40.47% over 1,317 yen, which is the simple average of closing prices during the three-month period ending on December 25, 2019, a premium of 46.94% over 1,259 yen, which is the simple average of closing prices during the six-month period ending on December 25, 2019; (c) consideration was given to the interests of minority shareholders when determining the Tender Offer Price including the adoption of measures to ensure the fairness of the Tender Offer such as measures to avoid conflicts of interests as described below in the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.*,; (d) after taking the measures described above, the Tender Offeror and the Target Company engaged in discussions and negotiations on multiple occasions to the same extent as discussions and negotiations for a transaction between independent parties, and more specifically, the Tender Offer Price was proposed as the result of sincere and ongoing discussions and negotiations conducted while taking into consideration the valuation results for the share value of the Target Company Common Shares by Mitsubishi UFJ Morgan Stanley Securities as well as the deliberations of the Special Committee; and (e) the Special Committee expressed an opinion to the effect that the terms and conditions of the Tender Offer including the Tender Offer Price are appropriate.

For details of the method by which the abovementioned resolution of the Target Company's board of directors was reached, please refer to *(e) Approval of all Non-Interested Directors at the Target Company* in the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.*

(ii) Post Tender Offer Management Policy

The Tender Offeror believes the Target Company Group has been able to realize its ability to develop and operate progressive urban retail facilities with rich cultural features that find support from large numbers of customers thanks to the advanced corporate culture, atmosphere, and personnel that the Target Company Group has fostered. Based on this view, although the specific post-Tender Offer management policy of the Target Company will be decided through consultation between the Tender Offeror and the Target Company, it is expected that after the Target Company becomes a wholly owned subsidiary the Tender Offeror will strengthen the ties between the Target Company and the Tender Offeror, and to avoid damaging the unique identity of the progressive corporate culture, atmosphere, and personnel of the Target Company, will maintain the independent management approaches, trade names, and store brands established by the Target Company. Meanwhile, the functions and roles of the Tender Offeror as a pure holding company will be made explicit, including through revision of the Group Management Rules, and those functions that can be made more efficient by unification, primarily back-office functions, will be transferred to the Tender Offeror pursuant to a consultation process that takes the Target Company's opinion into account. This is intended to improve the corporate value and brand value of the Tender Offeror Group, including the Target Company.

Currently, Kozo Makiyama, the director, president and representative executive officer of the Target Company serves concurrently as the director and Taro Sawada, representative managing executive officer of the Tender Offeror and the managing executive officer of the Tender Offeror serves concurrently as the director of the Target Company. Regarding the management structure after the conversion of the Target Company into a wholly owned subsidiary, it is planned that the Target Company's current management team will continue to take responsibility for management, but it is planned that the details will be worked out through consultation with the Target Company, taking into account also the management structures of companies in the Tender Offeror Group. In terms of the organizational design of the Target Company, it is anticipated that there will be a transition from a company with a nominating committee, etc. to a company with auditors. It is also planned that there will be personnel exchanges between the Tender Offeror and the Target Company. No changes are planned to the terms of employment, etc. of Target Company Group employees.

(3) Material Agreements, etc. Related to the Tender Offer

As detailed in *(1) Overview of the Tender Offer* above, the Tender Offeror enters into the Offer Acceptance Agreements with the Accepting Shareholders as of today, and the Accepting Shareholder agrees to tender in the Tender Offer for all of the Target Company Common Shares owned or for the rights of disposition held therefor by the Accepting Shareholder (the total number of shares owned: 17,905,300 shares, the total ownership ratio: 17.65%).

The Offer Acceptance Agreement prescribes as conditions precedent to the subscription to the Tender Offer by the Accepting Shareholder that (i) the Tender Offer by the Tender Offeror is duly and validly commenced in accordance with the applicable laws and regulations, etc. and has not been withdrawn, (ii) the representations and warranties (Note 7) by the Tender Offeror are true and accurate in all material respects, and (iii) there is no significant breach by the Tender Offeror of the obligations under the Offer Acceptance Agreements (Note 8). However, even if all or part of the above conditions precedent are not satisfied, there are no restrictions on the Accepting Shareholder waiving those conditions precedent at its own discretion and subscribing to the Tender Offer.

(Note 7) In the Offer Acceptance Agreement, the Tender Offeror sets out its representations and warranties regarding (a) its establishment and valid existence, (b) the holding of the necessary capacity and the performance of the necessary procedures to execute and perform the Offer Acceptance Agreement, (c) the feasibility of compulsory execution, (d) the acquisition of authorizations and permissions, etc., (e) the non-existence of any violation of any law or regulation, etc., (f) having sufficient funds required for a purchase, etc. on the commencement date of the settlement regarding the Tender Offer, and (g) the non-existence of a relationship with antisocial forces, etc.

(Note 8) In the Offer Acceptance Agreement, the Tender Offeror bears the obligations to (i) implement the Tender Offer, (ii) carry out the required procedures for the Tender Offer, (iii) provide due compensation, (iv) pay its taxes, public dues, and other expenses, (v) maintain confidentiality, and (vi) maintain the non-assignment of contractual rights.

(4) Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest.

The Tender Offeror and the Target Company are implementing the measures (a) through (f) listed below to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, in light of the Target Company being a consolidated subsidiary of the Tender Offeror, the Transactions, including the Tender Offer, falling under an important transaction with a controlling shareholder, and the continued personnel and business relationship between the Tender Offeror and the Target Company. Further, Kozo Makiyama, the director, president and representative executive officer of the Target Company, serves concurrently as the director and representative managing executive officer of the Tender Offeror, and Taro Sawada, the managing executive officer of the Tender Offeror, serves concurrently as the director of the Target Company. Since Kozo Makiyama is participating in discussions and negotiations for the Transactions from the position of the Target Company, from the standpoint of preventing any conflict of interest, he is not participating in any way in discussions and negotiations in relation to the Transactions or the deliberations and resolutions by the board of directors of the Tender Offeror from the position of the Tender Offeror. Since Taro Sawada is participating in discussions and negotiations for the Transactions from the position of the Tender Offeror, from the standpoint of preventing any conflict of interest, he is not participating in any way in discussions and negotiations in relation to the Transactions or the deliberations and resolutions by the board of directors of the Target Company from the position of the Target Company.

(a) Acquisition by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Valuation Firm
(b) Acquisition by the Target Company of a Share Valuation Report from an Independent Third-party Valuation Firm
(c) Establishment of an independent special committee at the Target Company and obtaining a written report from that special committee
(d) Advice from an Independent Law Firm to the Target Company
(e) Approval of all Non-Interested Directors at the Target Company
(f) Measures to Ensure Purchase Opportunities from Other Offerors

For details of the above matters, please see the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation, etc. of the Purchase, etc. Price* under *2. Outline of the Purchase, etc.*, below.

(5) Policy for Reorganization, etc. After Tender Offer (Matters Regarding So-called Two-Step Acquisition)

If the Tender Offeror cannot acquire all of the Target Company's issued shares under the Tender Offer as detailed in *(1) Overview of the Tender Offer* above, the Tender Offeror plans to implement procedures for the purpose of acquiring all of the Target Company's issued shares using the following methods after the conclusion of the Tender Offer.

(i) Demand for Share Cash-Out

If the total number of voting rights of the Target Company owned by the Tender Offeror comes to 90% or more of the number of voting rights of all shareholders of the Target Company as a result of the conclusion of the Tender Offer, the Tender Offeror plans to demand from all shareholders of the Target Company (excluding the Tender Offeror and the Target Company) to sell all shares of the Target Company Common Shares that they own (the "Demand for Share Cash-Out") in accordance with Article 179 of the Companies Act (Act No. 86 of 2005; as amended; hereinafter the same) promptly after the completion of settlement of the Tender Offer. Under the Demand for Share Cash-Out, the Tender Offeror plans to stipulate that it will deliver to the Target Company's shareholders (excluding the Tender Offeror and the Target Company) the same amount of money as the Tender Offer Price as consideration per share of the Target Company Common Shares. In that case, the Tender Offeror shall notify the Target Company to that effect and seek approval of the Demand for Share Cash-Out from the Target Company. If the Target Company approves the Demand for Share Cash-Out by a board of directors resolution, the Tender Offeror shall acquire all of the Target Company Common Shares owned by all of the Target Company's shareholders (excluding the Tender Offeror and the Target Company) from those Target Company shareholders on the acquisition date set out in the Demand for Share Cash-Out without requiring the individual consent of the Target Company's shareholders in accordance with the procedures set out in the relevant laws and regulations. According to the Target Company Press Release, if the Tender Offeror makes a demand for the sale of shares, it is planned that the Target Company's board of directors will approve that demand for the sale of shares. If the Demand for Share Cash-Out is carried out, the Target Company's shareholders may petition for a court to determine the sale price of the Target Company Common Shares that they own in accordance with Article 179-8 of the Companies Act or any other relevant laws and regulations.

Further, if the Transactions are forecast to be completed in the period until May 31, 2020 as a result of the Demand for Share Cash-Out, the Tender Offeror plans to demand to the Target Company that, on the condition of the completion of the Transactions, the Target Company partially amend its Articles of Incorporation to eliminate the decided date of reference for determining shareholder voting rights at the annual shareholders meeting such that the shareholders who are entitled to exercise rights at the annual shareholders meeting of the Target Company for the period ending February 29, 2020 (the "Annual Shareholders Meeting") would be limited to solely the shareholders after completion of the Transactions (meaning the Tender Offeror). Therefore, even if a shareholder is entered or recorded in the Target Company's shareholder register on February 29, 2020, that shareholder may not be entitled to exercise its rights at the Annual Shareholders Meeting.

(ii) Share Consolidation

If the total number of voting rights of the Target Company owned by the Tender Offeror after the conclusion of the Tender Offer is less than 90% of the number of voting rights of all shareholders of the Target Company, the Tender Offeror plans to demand as an agenda item for discussion at the Annual Shareholders Meeting for the Target Company to consolidate the Target Company Common Shares in accordance with Article 180 of the Companies Act (the "Share Consolidation") and to amend the Articles of Incorporation to the effect that the provisions regarding share units will be abolished on the condition that the Share Consolidation is effected. The Tender Offeror plans to approve the above agenda item at the Annual Shareholders Meeting.

If the agenda item for the Share Consolidation is approved at the Annual Shareholders Meeting, on the date that the Share Consolidation is effective, the Target Company's shareholders will own the number of Target Company Common Shares that is in proportion to the Share Consolidation approved at the Annual Shareholders Meeting. If due to the Share Consolidation there is a fraction less than one share in the number of shares, the cash obtained by selling the Target Company Common Shares equivalent to the total number of fractional shares (if there is a fraction less than one share in the total number of fractional shares, that fraction will be rounded down; hereinafter the same) to the Target Company or the Tender Offeror will be done in accordance with the procedures set out in Article 235 of the Companies Act and other relevant laws and regulations and will be delivered to the shareholders of the Target Company. With regard to the sale price of the Target Company Common Shares equivalent to the total number of fractional shares, after establishing that the amount of cash to be delivered to the shareholders of the Target Company who did not tender in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of the sale will be the same as the price obtained by multiplying the Tender Offer Price by the number of shares of Target Company Common Shares owned by each such shareholder, the Tender Offeror plans to demand that the Target Company file for permission for sale by private contract with the court. In addition, the ratio for consolidation of the Target Company Common Shares has not been established as of today, but it is planned that the number of shares of Target Company Common Shares owned by shareholders of the Target Company who did not tender in the Tender Offer (excluding the Tender Offeror and the Target Company) will be determined as a fraction that is less than one share so that only the Tender Offeror owns all of the Target Company Common Shares (excluding treasury shares owned by the Target Company).

If the Share Consolidation is carried out and due to carrying out the Share Consolidation there is a fraction less than one share in the number of shares, it is provided under the Companies Act to the effect that, in accordance with Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations, the Target Company's shareholders who did not tender in the Tender Offer (excluding the Tender Offeror and the Target Company) may demand that the Target Company purchase all of the fractional shares less than one share of the shares that they own at a fair price, and they may file a petition with the court to determine the price of the Target Company Common Shares. Further, the Tender Offer does not at all solicit approval by all of the Target Company's shareholders at the Annual Shareholders Meeting.

It is possible that depending on the revision or enforcement of relevant laws and regulations or interpretations by the relevant authorities, time will be required for implementation or changes in the method of implementation will arise with respect to the procedures set forth in (i) and (ii) above. However, even in that case, if the Tender Offer is concluded, it is planned that a method for delivering cash to the Target Company's shareholders who do not tender in the Tender Offer (excluding the Tender Offeror and the Target Company) will finally be adopted, and the amount of money to be delivered to those Target Company's shareholders in that case is planned to be calculated to be the same as the price obtained by multiplying the Tender Offer Price by the number of shares of the Target Company Common Shares that were owned by those Target Company's shareholders. However, if there is a petition for a decision for the sale price regarding the Demand for Share Cash-Out or a petition for a decision for the price regarding the Demand for Share Cash-Out with regard to the Share Consolidation, the sale price for shares of the Target Company Common Shares or the price regarding the Demand for Share Cash-Out will be finally determined by the court.

It is planned that the Target Company will make a public announcement promptly with respect to the specific procedures and timing for implementation in each of the cases above after discussions with and a decision by the Target Company. Further, each of the Target Company's shareholders are personally responsible for confirming with a tax specialist the handling of taxes in relation to the subscription to the Tender Offer or the above procedures.

(6) Likelihood of Delisting and Reasons Therefor

As of today, the Target Company Common Shares are listed on the First Section of the Tokyo Stock Exchange, but the Tender Offeror is not establishing a maximum number for the share certificates, etc. that it will purchase in the Tender Offer. Therefore, depending on the result of the Tender Offer, the Target Company Common Shares may be delisted through the prescribed procedures in accordance with the delisting standards set out by the Tokyo Stock Exchange. In addition, even if the Target Company Common Shares does not fall under those standards at the time of conclusion of the Tender Offer, if each of the procedures described in *(5) Policy for Reorganization, etc. After Tender Offer (Matters Regarding So-called Two-Step Acquisition)* above are carried out after concluding the Tender Offer, the Target Company Common Shares will fall under the delisting standards, and will be delisted through the prescribed procedures. Further, after delisting the Target Company Common Shares, the Target Company Common Shares will no longer be able to be traded on the Tokyo Stock Exchange.

2. Outline of the Purchase, etc.

(1) Outline of the Target Company

(i)	Name	PARCO CO., LTD.	
(ii)	Address	1-28-2, Minami-Ikebukuro, Toshima-ku, Tokyo	
(iii)	Name and Title of Representative	Kozo Makiyama, President and Representative Executive Officer	
(iv)	Description of Business Activities	Shopping complex business for developing and operating commercial facilities, space engineering and management business, retail business, entertainment business, and web consulting business	
(v)	Stated capital	34,367 million yen	
(vi)	Date of Establishment	February 13, 1953	
(vii)	Major Shareholders and Ownership Percentages (as of August 31, 2019)	J. FRONT RETAILING Co., Ltd.	64.98%
		Aeon Co., Ltd.	8.15%
		Credit Saison Co., Ltd.	7.66%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.93%
		MUFG Bank, Ltd.	0.92%
		GOLDMAN SACHS INTERNATIONAL (Standing proxy Goldman Sachs Japan Co., Ltd.)	0.91%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.70%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	0.62%

		Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.36%
		Japan Trustee Services Bank, Ltd. (Trust Account 1)	0.26%
(viii)	Relationship Between Listed Companies and the Target Company		
	Capital Relationship	As of today, the Tender Offeror owns 65,922,614 shares of the Target Company Common Shares (ownership ratio: 64.98%).	
	Personnel Relationship	As of today, the director, president and representative executive officer of the Target Company serves concurrently as the director and representative managing executive officer of the Tender Offeror, and the managing executive officer of the Tender Offeror serves concurrently as the director of the Target Company. In addition, one employee of Daimaru Matsuzakaya, which is a wholly-owned subsidiary of the Tender Offeror, is seconded to the Target Company, and one employee of the Target Company is seconded to GINZA SIX Retail Management Co., Ltd., which is a subsidiary of Daimaru Matsuzakaya, which is a wholly-owned subsidiary of the Tender Offeror.	
	Business Relationship	There is no business relationship of note between the Tender Offeror and the Target Company. The Target Company Group recorded a revenue of 563 million yen from the Tender Offeror Group through construction contracting, real estate leasing, and other transactions (fiscal year ended February 2019). On the other hand, the Tender Offeror Group recorded revenue of 342 million yen from the Target Company through real estate leasing and other transactions (fiscal year ended February 2019).	
	Status as Related Parties	The Target Company is a consolidated subsidiary of the Tender Offeror and falls under a related party of the Tender Offeror.	

(2) Schedule, etc.

(i) Schedule

Date of board of directors resolution	December 26, 2019 (Thursday)
Date of public notice for commencement of Tender Offer	December 27, 2019 (Friday) Electronic notice will be given and notice to that effect will be published in the Nihon Keizai Newspaper (Web address for electronic notice: http://disclosure.edinet-fsa.go.jp/)
Submission date for tender offer statement	December 27, 2019 (Friday)

(ii) Purchase, etc. Period Originally Specified in the Tender Offer Statement

From December 27, 2019 (Friday) to February 17, 2020 (Monday) (30 business days)

(iii) Possibility of Extension Based on a Request by the Target Company

N/A

(3) Purchase, etc. Price

1,850 yen per share of common share

(4) Basis for Calculation of the Purchase, etc. Price, etc.

(i) Basis for Calculation

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested that Nomura Securities, a financial advisor, calculate the share value of the Target Company as a third-party valuation firm independent from the Tender Offeror and the Target Company. Nomura Securities is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer.

As a result of considering the calculation method in the Tender Offer, Nomura Securities carried out the calculation using the average market price method because the Target Company Common Shares is listed on the First Section of the Tokyo Stock Exchange, the comparable company comparison method because there are listed companies that are comparable to the Target Company and it is possible to infer the share value of the Target Company Common Shares using the comparable company comparison method, and the discounted cash flow method (the "DCF Method") to reflect the situation regarding future business activities in the calculation, and the Tender Offeror obtained the share valuation report (the "Tender Offeror Valuation Report") from Nomura Securities as of this day. Further, the Tender Offeror has not obtained an opinion regarding the appropriateness of the Tender Offer Price (known as a fairness opinion) from Nomura Securities.

According to Nomura Securities, the results of the calculation of the share value per share of the Target Company Common Shares are as follows:

Average market price method:	1,259 yen to 1,364 yen
Comparable company comparison method:	831 yen to 1,188 yen
DCF Method:	1,470 yen to 2,040 yen

The calculation under the average market price method demonstrates that the range of the share value per share of the Target Company Common Shares is between 1,259 yen and 1,364 yen, on the basis that the closing price of regular transactions for the Target Company Common Shares on the First Section of the Tokyo Stock Exchange on the record date of December 25, 2019 was 1,364 yen, the simple average of the closing prices on the previous five business days was 1,355 yen, the simple average of the closing prices in the most recent one month was 1,345 yen, the simple average of the closing prices in the most recent three months was 1,317 yen, and the simple average of the closing prices in the most recent six months was 1,259 yen.

Under the comparable company comparison method, the share value of the Target Company is calculated by comparing the market price and financial indicators showing profitability of listed companies that conduct business that is comparatively similar to the Target Company, and the range of the share value per share of the Target Company Common Shares is calculated as being between 831 yen and 1,188 yen,.

The calculation under the DCF Method demonstrates that the range of the share value per share of the Target Company Common Shares is between 1,470 yen and 2,040 yen, as a result of analyzing the corporate value and the share value of the Target Company by discounting the free cash flow that is expected to be generated by the Target Company from the fiscal year ending in February 2020 to the current value using a certain discount rate, based on various factors such as revenues and investment plans in the business plan for the fiscal year ending in February 2020 to the fiscal year ending in February 2023 of the Target Company and information publicly available.

The business plan for the fiscal year ending in February 2020 to the fiscal year ending February 2023 of the Target Company, for which Nomura Securities used the DCF Method, includes fiscal years for which significant increases or decreases in profits are expected. Specifically, in the fiscal year ending February 2020, a significant increase in operating profits is expected resulting from a rebound from expenses that arose in the fiscal year ending February 2019 relating to store closings and in the fiscal year ending February 2022, a significant increase in operating profits is expected resulting from the opening of Shinsaibashi PARCO. Additionally, since it is difficult to make a specific estimate of the synergistic effects that are expected to be realized as a result of the Transactions, these have not been taken into account in the financial forecasts.

The Tender Offeror has referred to the calculation results for each method detailed in the Tender Offeror Valuation Report obtained from Nomura Securities, considering the price is within the range of the calculation results for DCF Method, and finally determined the Tender Offer Price of 1,850 yen per share through a resolution at a meeting of the board of directors held today, comprehensively taking into consideration examples of premiums offered when determining the price in purchases, etc. in examples of past tender offers for share certificates, etc. by parties other than the issuer (example cases of tender offers aimed at making a company a wholly owned subsidiary), whether the Target Company's board of directors will approve the Tender Offer, trends in the market share price for the Target Company Common Shares, and forecasts regarding the number of shares to be offered for subscription under the Tender Offer, and based on the results of consultations and negotiations with the Target Company.

Further, the Tender Offer Price of 1,850 yen per share is the amount obtained by adding a premium of, respectively, 35.63 % to 1,364 yen, which was the closing price for regular transactions for the Target Company Common Shares on the First Section of the Tokyo Stock Exchange on December 25, 2019, which is the business day before the announcement day for the implementation of the Tender Offer, 37.55 % to 1,345 yen, which is the simple average of the closing prices for regular transactions in the month prior to the same date (i.e., from November 26, 2019 to December 25, 2019), 40.47 % to 1,317 yen, which is the simple average of closing prices for regular transactions in the three months prior to the same date (i.e., from September 26, 2019 to December 25, 2019), and 46.94 % to 1,259 yen, which is the simple average of closing prices for regular transactions in the six months prior to the same date (i.e., from June 26, 2019 to December 25, 2019).

(Note) In calculating the Target Company's share value, Nomura Securities has assumed that all public information and information provided to it are accurate and complete, and it has not independently verified the accuracy or completeness thereof. Also, Nomura Securities has not independently evaluated, appraised or assessed, or requested that any third-party organization appraise or assess, any assets or liabilities (including financial derivatives, off-balance sheet assets and liabilities, and other contingent liabilities) of the Target Company or its associate companies, including analyzing and evaluating their individual assets and liabilities. The Target Company's financial forecast (including profit plans and other information) is assumed to have been reasonably examined or prepared based on the best, bona-fide forecast and decision-making that are presently available to the Target Company's management. Calculations by Nomura Securities reflect the information obtained and economic conditions learned by Nomura Securities up to and including December 25, 2019. Calculations by Nomura Securities are solely for reference purposes for the Tender Offeror's board of directors to consider the Target Company's share value.

(ii) Background of Calculation

(Process of Determining the Tender Offer Price)

After becoming the Target Company's parent company, the Tender Offeror continued to discuss business cooperation and the form of the group structure with the Target Company. Toward the end of August 2019, the Tender Offeror determined that it was necessary to convert the Target Company to a wholly owned subsidiary of the Tender Offeror and further deepen cooperation between the two companies and concentrate their management resources, and appointed Nomura Securities, which is independent from the Tender Offeror and the Target Company, as the financial advisor and third-party valuation firm and Miura & Partners as the legal advisor. In addition, in relation to the Transactions the Target Company appointed Mitsubishi UFJ Morgan Stanley Securities, which is independent from the Tender Offeror and the Target Company, as the financial advisor and third-party valuation firm and Nagashima Ohno & Tsunematsu as the legal advisor, and created a system for consulting on and negotiating the Tender Offer. Moreover, the Tender Offeror implemented due diligence to investigate the possibility of realizing the Tender Offer from mid-way through October 2019 until the end of December 2019, while at the same time continuing discussions with the Target Company regarding the terms and conditions of the Transactions, including the Tender Offer. Furthermore, from the middle of November 2019, the Tender Offeror repeatedly discussed and negotiated the Tender Offer Price a number of times with the Target Company. Specifically, in mid November, 2019, the Tender Offeror submitted an initial proposal (1,750 yen per share) regarding the Tender Offer Price, comprehensively taking into consideration examples of premiums offered when determining the price in purchases, etc. in examples of past tender offers for share certificates, etc. by parties other than the issuer (example cases of tender offers aimed at making a company a wholly owned subsidiary), whether the Target Company's board of directors will approve the Tender Offer, trends in the market share price for the Target Company Common Shares, and forecasts regarding the number of shares to be offered for subscription under the Tender Offer.

Thereafter, through several rounds of discussions and negotiations with the Target Company, in late November 2019, the Tender Offeror increased the initial offer price and the Target Company then made the final proposal (1,850 yen per share) for the Tender Offer and continued discussions and negotiations with the Target Company.

As a result, the Tender Offeror believes that in order to realize the business synergies described under *(b) Background and Purpose to the Tender Offeror's Decision to Make Tender Offer above* under *(i) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer* under *(2) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer and Post Tender Offer Management Policy* under *1. Purpose, etc. of the Tender Offer* above, it is necessary to thoroughly and flexibly transform its business portfolio by moving ahead with a sense of speed backed by rapid decision-making, by making the Target Company a wholly owned subsidiary. As a result, in today's meeting of its board of directors, the Tender Offeror decided that through making the Target Company a wholly-owned subsidiary, by further deepening ties between the two companies and concentrating their management resources, it will make possible further improvement of the corporate value and the brand value of the Tender Offeror Group including the Target Company and the creation of a corporate group that can draw a vibrant future image and enable it to accelerate its expansion as a "multi-service retailer" that exceeds the limits of retail trade, which is the aim of the Tender Offeror Group, and the Tender Offeror made a resolution to commence the Tender Offer.

(a) Acquisition of a Share Valuation Report from an Independent Third-party Valuation Firm

When determining the Tender Offer Price, the Tender Offeror requested that Nomura Securities, a financial advisor of the Tender Offeror, calculate the share value of the Target Company. Nomura Securities is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer. In addition, the Tender Offeror has not obtained an opinion regarding the appropriateness of the Tender Offer Price for the Target Company Common Shares (known as a fairness opinion) from Nomura Securities.

(b) Outline of the Opinion

Nomura Securities calculated the share value of the Target Company using the average market price method, the comparable company comparison method, and the DCF Method, and the following are the ranges of the share value per share of the Target Company Common Shares calculated using each of those methods.

Average market price method:	1,259 yen to 1,364 yen
Comparable company comparison method:	831 yen to 1,188 yen
DCF Method:	1,470 yen to 2,040 yen

(c) Process to Determining the Tender Offer Price Based on the Opinion

The Tender Offeror has referred to the calculation results for each method detailed in the Tender Offeror Valuation Report obtained from Nomura Securities and finally determined the Tender Offer Price of 1,850 yen per share through a resolution at a meeting of the board of directors held today, comprehensively taking into consideration examples of premiums offered when determining the price in purchases, etc. in examples of past tender offers for share certificates, etc. by parties other than the issuer (example cases of tender offers aimed at making a company a wholly owned subsidiary), whether the Target Company's board of directors will approve the Tender Offer, trends in the market share price for the Target Company Common Shares, and forecasts regarding the number of shares to be offered for tender under the Tender Offer, and based on the results of consultations and negotiations with the Target Company. For details, see *(i) Basis for Calculation* above.

(Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

The Tender Offeror and the Target Company have implemented the following measures as measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest, in light of the Target Company being a consolidated subsidiary of the Tender Offeror and the Transactions, including the Tender Offer, falling under a material transaction, etc. with a controlling shareholder, and the continued personnel and business relationship between the Tender Offeror and the Target Company. Further, Kozo Makiyama, the director, president and representative executive officer of the Target Company, serves concurrently as the director and representative managing executive officer of the Tender Offeror, and Taro Sawada, the managing executive officer of the Tender Offeror, serves concurrently as the director of the Target Company. Since Kozo Makiyama is participating in discussions and negotiations for the Transactions from the position of the Target Company, from the standpoint of preventing any conflict of interest, he is not participating in any way in discussions and negotiations in relation to the Transactions or the deliberations and resolutions by the board of directors of the Tender Offeror from the position of the Tender Offeror. Since Taro Sawada is participating in discussions and negotiations for the Transactions from the position of the Tender Offeror, from the standpoint of preventing any conflict of interest, he is not participating in any way in discussions and negotiations in relation to the Transactions or the deliberations and resolutions by the board of directors of the Target Company from the position of the Target Company.

(a) Acquisition by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Valuation Firm

When determining the Tender Offer Price, in order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested that Nomura Securities, a financial advisor, calculate the share value of the Target Company as a third-party valuation firm independent from the Tender Offeror and the Target Company. Please refer to *(i) Basis for Calculation* above for details on the Tender Offeror Valuation Report regarding the results of the calculation of the Target Company's share value obtained by the Tender Offeror from Nomura Securities.

(b) Acquisition by the Target Company of a Share Valuation Report from an Independent Third-party Valuation Firm

According to the Target Company Press Release, when reviewing the Tender Offer Price presented by the Tender Offeror and expressing an opinion on the Tender Offer, to ensure fairness, the Target Company reportedly requested that Mitsubishi UFJ Morgan Stanley Securities, a third-party appraiser independent from the Target Company and the Tender Offeror, calculate the value of the Target Company Common Shares and received from Mitsubishi UFJ Morgan Stanley Securities the Target Company's Common Share Valuation Report dated December 26, 2019. Mitsubishi UFJ Morgan Stanley Securities is reportedly not a related party of the Target Company or the Tender Offeror and has no material interests relating to the Transactions.

As a result of its examination of the valuation methods used for the Tender Offer, Mitsubishi UFJ Morgan Stanley Securities reportedly adopted the following valuation methods, and calculated the value of the Target Company Common Shares, with the assumption that the Target Company is a going concern and based on a belief that a multifaceted valuation is appropriate with regard to the value of the Target Company Common Shares: since the Target Company is listed on the First Section of the TSE and has a market value, market price analysis; and the DCF Analysis in order to reflect assessment of intrinsic value based on the status of future business activities. The Target Company reportedly has not received an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from Mitsubishi UFJ Morgan Stanley Securities.

The following are reportedly the ranges of values per share of the Target Company Common Shares calculated according to each of the valuation methods indicated above.

Market price analysis:	1,259 yen to 1,364 yen
DCF Analysis:	1,548 yen to 2,008 yen

The range of the value per share of the Target Company Common Shares obtained from market price analysis is reportedly from 1,259 to 1,364 yen with December 25, 2019 being the calculation reference date; based on 1,364 yen, which is the closing price of Company Common Shares quoted on the First Section of the Tokyo Stock Exchange on the reference date; 1,345 yen, which is the simple average of closing prices during the most recent one-month period; 1,317 yen, which is the simple average of closing prices during the most recent three-month period; and 1,259 yen, which is the simple average of closing prices during the most recent six-month period.

The range of the value per share of the Target Company Common Shares obtained from the DCF Analysis is reportedly from 1,548 to 2,008 yen, which is based on the corporate value and share value of the Target Company calculated by discounting, to the current value at a certain discount rate, the free cash flow that the Target Company is expected to generate in and after the fiscal year ending February 29, 2020, taking into consideration the business plan prepared by the Target Company for the period from the fiscal year ending February 29, 2020 to the fiscal year ending February 28, 2023, recent performance trends, information publicly disclosed by the Target Company, and other factors. The discount rates used for the calculation range from 3.25 % to 3.75 %, the multiple method was reportedly used to calculate the going concern value, and the EBITDA multiples used for the calculation range from 9.0 times to 11.0 times.

The business plan for the period from the fiscal year ending February 29, 2020 to the fiscal year ending February 28, 2023, which has been prepared by the Target Company and used by Mitsubishi UFJ Morgan Stanley Securities for the DCF Analysis, reportedly includes business years in which a significant increase or decrease in revenues or profits is expected. Specifically, a substantial increase in operating profit is reportedly expected in the fiscal year ending February 29, 2020 as a result of recovery from the store closing related expenses that arose in the fiscal year ended February 28, 2019, and a substantial increase in operating profit is expected in the fiscal year ending February 28, 2022 as a result of the opening of PARCO Shinsaibashi. These financial forecasts do not reportedly take into account the synergy effects that can be expected to be realized through the Transactions, because it is difficult to specifically estimate such synergy effects at present.

(million yen)

	FY 2020	FY 2021	FY 2022	FY 2023
Operating revenue	114,100	107,314	115,166	115,445
Operating profit	10,800	11,289	14,764	14,773
EBITDA	18,066	19,789	23,664	23,691
Free cash flow	13,371	3,115	9,275	8,888

(fiscal year ending in February)

Furthermore, Mitsubishi UFJ Morgan Stanley Securities reportedly performed a calculation using comparable company analysis as reference values. The range of the value per share of the Target Company Common Shares obtained from comparable company analysis is reportedly as indicated below.

Comparable company analysis: 480 yen to 1,174 yen

Comparable company analysis reportedly calculated the Target Company’s corporate value and share value by comparison with, among others, the market prices and other financial indices indicating profitability of the listed companies that engage in the business relatively comparable to the business of the Target Company. In light of the fact that there are certain limitations to the comparability of the Target Company’s business and that of other listed companies, the analysis results are reportedly intended as reference values only. The listed companies determined to be relatively comparable are J. FRONT RETAILING Co., Ltd., Isetan Mitsukoshi Holdings Ltd., Takashimaya Company, Limited, and AEON Mall Co., Ltd. The calculation was performed using EBITDA multiples and the range of the value per share of the Target Company Common Shares obtained from comparable company analysis is reportedly from 480 to 1,174 yen.

(Note) The analysis by Mitsubishi UFJ Morgan Stanley Securities, and the analysis of value of the Target Company Common Shares that serves as its basis, is intended only to contribute to the reference of the Target Company. The analysis does not constitute a financial opinion or recommendation by Mitsubishi UFJ Morgan Stanley Securities or its affiliates and does not express an opinion or make any recommendation concerning any actions of shareholders of the Target Company or the Tender Offeror in relation to the Tender Offer, or any exercise of voting rights by shareholders in relation to any general meeting of shareholders regarding the Transactions.

When performing its analysis, Mitsubishi UFJ Morgan Stanley Securities relied on information that has been publicly disclosed or was obtained by provision by the Target Company or other means with the assumption that information is accurate and complete, and Mitsubishi UFJ Morgan Stanley Securities makes no independent verification concerning the accuracy or completeness of that information. Furthermore, Mitsubishi UFJ Morgan Stanley Securities assumed that financial forecasts were reasonably prepared and produced by the Target Company reflecting the best available forecasts and determinations available as of December 25, 2019 relating to the Target Company's future financial standing. Mitsubishi UFJ Morgan Stanley Securities did not perform any independent evaluation or examination of the Target Company's assets and liabilities (including contingent liabilities). The analysis by Mitsubishi UFJ Morgan Stanley Securities is based on financial, economic, currency, market, and other conditions as of December 25, 2019 and information obtained by Mitsubishi UFJ Morgan Stanley Securities as of December 25, 2019. Events occurring after the said date may have an impact on the analysis by Mitsubishi UFJ Morgan Stanley Securities and the assumptions used in the preparation of its valuation report, but Mitsubishi UFJ Morgan Stanley Securities is not obligated to update, amend, or reconfirm the valuation report or analysis.

The preparation of the valuation report and its underlying analysis are complex processes, and they may not necessarily be suitable for partial analysis or summary descriptions. The valuation range based on the specific analyses identified in the said valuation report may not be construed as an assessment by Mitsubishi UFJ Morgan Stanley Securities of the Target Company's actual value.

Mitsubishi UFJ Morgan Stanley Securities provided the service as the Target Company's financial advisor in relation to the Transactions and will receive the fees as consideration for the relevant service. Receipt of a substantial portion of those fees is conditioned on the public announcement and completion of the Transactions.

(c) Establishment of an Independent Special Committee at the Target Company and Obtaining a Written Report from that Special Committee

According to the Target Company Press Release, in light of the facts that the Target Company is a consolidated subsidiary of the Tender Offeror and the Transactions including the Tender Offer constitute material transactions with the controlling shareholder, the Target Company's Board of Directors reportedly established the Special Committee on August 29, 2019 consisting of three members, Mr. Hiroshi Takahashi (External Director of the Target Company; an independent officer), Ms. Noriko Nakamura (External Director of the Target Company; an independent officer), and Mr. Tadayuki Seki (External Director of the Target Company; an independent officer), in order to avoid arbitrariness in the Target Company's decision-making relating to the Transactions including the Tender Offer and to ensure fairness, transparency, and objectiveness in the decision-making process. The Board of Directors consulted with the Special Committee on: (A) whether the Transactions are appropriate as transactions contributing to enhancement of the Target Company's corporate value and (B) whether the Transactions including the Tender Offer are disadvantageous to the Target Company's minority shareholders upon consideration of (x) the appropriateness of the Tender Offer Price and other terms and conditions of the Tender Offer, premised upon the conduct of the Transactions, and (y) the fairness of negotiations and other procedures leading up to the Transactions (collectively, the "Consultation Matters") and requested the Special Committee to submit a report. The membership of the Special Committee has not reportedly changed since its establishment, and the members elected Mr. Hiroshi Takahashi as committee chairman from among the members. Each member of the Special Committee will be reportedly paid a fixed amount of remuneration in exchange for his/her duties, besides his/her remuneration as an External Director.

The meetings of the Special Committee were reportedly held 10 times in total during the period from September 25, 2019 to December 24, 2019, at which the members engaged in serious deliberation and discussion on the Consultation Matters. Specifically, at the first meeting of the Special Committee, the committee reportedly confirmed that it shall operate in the following manner: Proposals, questions, and other opinions from the Special Committee shall be conveyed via the Target Company to the Tender Offeror; if there is a request from the Special Committee to provide an opportunity for direct discussions with the Tender Offeror, the Target Company shall make its best effort to secure such an opportunity; the Special Committee shall receive timely reports from the Target Company on the status of discussions with the Tender Offeror; the Special Committee shall establish, as necessary, policies concerning negotiation with the Tender Offeror about the terms and conditions of the Transactions; and the Special Committee may express its opinions on material matters. In addition, the Special Committee reportedly confirmed that with regard to Mitsubishi UFJ Morgan Stanley Securities, which the Target Company selected as its financial advisor and third-party appraiser, and Nagashima Ohno & Tsunematsu, which the Target Company selected as its legal advisor, there are no doubt on their expertise and independence, and accordingly, the Special Committee has no objection to receiving professional advice from these advisors and also, when the Special Committee deems it necessary, the Special Committee may independently appoint attorneys, certified public accountants, and other advisors and seek their advice at the Target Company's expense. Subsequently the special Committee received an explanation from the Target Company concerning the background of receiving the proposal for the Transactions from the Tender Offeror, the purpose of the Transactions, the status and future outlook of the Target Company's and the Tender Offeror's business, synergy effects that can be expected from the Transactions, and other topics, and the Target Company responded to questions from the Special Committee. The Special Committee also received a report from the Target Company on the structure for, background of, and details of deliberations and negotiations concerning the Transactions between the Tender Offeror and the Target Company and discussed those details. In addition, upon the Target Company's preparation of the business plan containing the financial forecasts, which will be disclosed to the Tender Offeror, or which Mitsubishi UFJ Morgan Stanley Securities will use for the basis of calculation of the share value of the Target Company Common Shares, the Special Committee has received explanations from the Target Company and Mitsubishi UFJ Morgan Stanley Securities about, among others, details and preparation process of the proposed business plan, and the material assumptions, and the Target Company and Mitsubishi UFJ Morgan Stanley Securities reportedly responded to questions from the Special Committee. Upon receiving those explanations and answers to such questions, the Special Committee has reportedly confirmed the reasonableness of the details and the preparation process of the definitive business plan. Furthermore, the Special Committee reportedly received an explanation from Mitsubishi UFJ Morgan Stanley Securities on the calculation of the value of the Target Company Common Shares and an explanation from Nagashima Ohno & Tsunematsu on the Transactions including measures that should be taken to mitigate or prevent conflicts of interest in the Transactions, and each responded to questions from the Special Committee. In light of these details, the Special Committee had reportedly repeated discussions with Mitsubishi UFJ Morgan Stanley Securities and Nagashima Ohno & Tsunematsu and deliberated and discussed on the purpose of the Transactions, the decision-making process for the Transactions, and the terms and conditions of the Transactions including the Tender Offer Price.

Through this process and as a result of in-depth deliberation and discussion concerning the Consultation Matters, on December 26, 2019, upon a resolution adopted unanimously by the Special Committee members the Special Committee reportedly submitted to the Target Company's Board of Directors the report summarized as follows (the "Report").

i. Opinion of Special Committee

The Special Committee believes that:

(i) the Transactions are appropriate since they contribute to enhancing the Target Company's corporate value;

(ii) the Transactions including the Tender Offer are not disadvantageous to the Target Company's minority shareholders since (x) tender offer price and other terms and conditions of the Tender Offer as a part of the Transactions are believed to be appropriate, and (y) the negotiations and other procedures leading up to the Transactions are believed to be fair; and

(iii) in addition, it is appropriate that the Target Company's Board of Directors makes decision (a) to express its opinion to support the Tender Offer and recommend shareholders of the Target Company to tender shares in response to the Tender Offer and (b) to approve the Demand for Share Cash Out or the Share Consolidation implemented as part of the Transaction after the Tender Offer, since each decision contributes to enhancing the Target Company's corporate value and is not disadvantageous to the minority shareholders of the Target Company.

ii. Whether Transactions are appropriate as they contribute to enhancing Company's corporate value (Consultation Matter (A))

The significance and objectives of the Tender Offeror's carrying out the Transactions, the expected synergies for the Tender Offeror from the Transactions, and the management policies after the Transactions and other factors of the Tender Offeror in the Transactions are described generally above in "(ii) Background and Purpose of Tender Offeror That Led to Its Decision to Implement Tender Offer" and "(iii) Management Policy after Tender Offer" in "(b) Background and Purpose of, and Decision-Making Process for, Tender Offeror That Led to Its Decision to Implement Tender Offer, and Its Management Policy after Tender Offer" of "(2) Grounds and Reasons for Opinion concerning Tender Offer". Further, the value that the Target Company expects to achieve through the Transactions is described generally above in "(c) Background and Reasons of Company That Led to Its Decision to Support Tender Offer" in "(2) Grounds and Reasons for Opinion concerning Tender Offer".

In addition, since the Target Company's human resources and corporate cultures are particularly important elements for the purpose of maintaining and developing the source of the Target Company's corporate value, the Special Committee believes it is an important factor for judging whether the Transactions are appropriate as transactions contributing to enhancing the Target Company's corporate value that such human resources and corporate culture will not be impaired after the Transactions. With respect to this point, since the commencement of full blown negotiation between the Tender Offeror and the Target Company, both parties have engaged in ongoing discussions. Furthermore, as described above in "(iii) Management Policy after Tender Offer" in "(b) Background and Purpose of, and Decision-Making Process for, Tender Offeror That Led to Its Decision to Implement Tender Offer, and Its Management Policy after Tender Offer" of "(2) Grounds and Reasons for Opinion concerning Tender Offer," the Tender Offeror will operate the Target Company in a manner that does not impair the Target Company's unique characteristics, such as its corporate culture, environment and human resources, which indicates a certain level of understanding and consideration by the Tender Offeror.

The Special Committee engaged in in-depth deliberations and discussions, taking into consideration the above, and concluded that the abovementioned explanations from the Tender Offeror and the Target Company achieved a certain degree of specificity and further concluded that there were no contradictions between the explanations provided by the Tender Offeror and the explanations provided by the Target Company, nor was there any inconsistency in their understanding. Moreover, the Special Committee has no particular doubts about the Target Company's understanding of the management environment and the relevant values the Target Company intends to realize through the Transactions, and the Special Committee concluded that while there are many multiple advantages to be found in the Transactions, there is no particularly significant disadvantages in respect of the Transactions.

Accordingly, the Special Committee believes that the Transactions are appropriate since they contribute to enhancing the Target Company's corporate value. In addition, it is appropriate that the Target Company's Board of Directors makes decision (a) to express its opinion to support the Tender Offer and recommend shareholders of the Target Company to tender shares in response to the Tender Offer and (b) to approve the Demand for Share

Cash Out or resolve the Share Consolidation implemented as part of the Transaction after the Tender Offer, since each decision contributes to enhancing the Target Company's corporate value.

iii. Appropriateness of tender offer price and other terms and conditions of Tender Offer based on Transactions (Consultation Matter (B)(x))

The Target Company conducted negotiations concerning the Tender Offer Price with the advice from Mitsubishi UFJ Morgan Stanley Securities, and the Special Committee expressed an opinion on the negotiations after receiving explanations concerning the status of negotiations from Mitsubishi UFJ Morgan Stanley Securities and the Target Company. The Target Company presented the Tender Offeror with a tender offer price that the Target Company considered to be fair by taking into consideration the opinion of the Special Committee. Furthermore, the final Tender Offer Price agreed by the parties is adequately and reasonably higher than the price initially offered by the Tender Offeror to the Target Company. In light of the above, the Special Committee believes that the Tender Offer Price was determined as a result of negotiations based on objective and consistent discussions between the Target Company and the Tender Offeror on an arm's length basis.

Moreover, the Tender Offer Price exceeds the upper limit value of the calculation results based on the market price analysis conducted by Mitsubishi UFJ Morgan Stanley Securities, a third-party appraiser, based on the business plan prepared by the Target Company, the content and preparation process, among others, of which were determined by the Special Committee to be reasonable. Further, the Tender Offer Price is within the price range of the calculation results based on the DCF analysis and exceeds the median value of such price range. Furthermore, it exceeds the price range of the calculation results based on the comparable company analysis, although it is only a reference value. Additionally, the Tender Offer Price includes a premium at a level comparing well with premiums in recent similar cases.

It is also believed that the transaction terms and conditions of the Tender Offer other than the Tender Offer Price, including the matters set forth in paragraph iv below, are equivalent to the terms and conditions of transactions of similar type and scope.

Therefore, the Special Committee believes that tender offer price and other terms and conditions of the Tender Offer as a part of the Transactions are appropriate.

iv. Fairness of negotiations and other procedures leading up to Transactions (Consultation Matter (B)(y))

The Special Committee believes that necessary and adequate measures to ensure the fairness of the Transactions have been taken and that those measures to ensure fairness have actually been effectively implemented since (i) when deliberating on the Transactions, the Target Company established the Special Committee, and various measures taken to enhance the effectiveness of the Special Committee are deemed adequate in light of the policies set out in "Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders' Interests" dated June 28, 2019, which was formulated by the Ministry of Economy, Trade and Industry, and are comparable to those in recent similar cases, (ii) the Directors who may have interests in the Transactions are not expected to participate in relevant deliberations and resolutions of the Target Company's Board of Directors, and, with respect to the negotiations regarding the Transactions thus far, structural conflicts of interest have also been handled with prudence in light of the relationship between the Tender Offeror, as a controlling shareholder, and the Target Company, as a controlled company, (iii) the Target Company received advice from attorneys with Nagashima Ohno & Tsunematsu, which the Target Company appointed as its legal advisor independent from the parties involved in the Transactions, and received the Target Company's Common Share Valuation Report from Mitsubishi UFJ Morgan Stanley Securities, which the Target Company appointed as a third-party appraiser independent from the parties involved in the Transactions, (iv) it is believed that a so-called indirect market check is being conducted by taking measures to secure an opportunity for other offerors to carry out a tender offer and other opportunities, (v) it is recognized that the Target Company is providing sufficient information to the shareholders of the Target Company so that the shareholders have significant decision-making materials that will contribute to determining, among others, the appropriateness of the transaction terms and conditions, and (vi) it is believed that measures to eliminate coerciveness have been taken in relation to the Transactions, and so on. It should be noted that no "majority-of-minority" condition has been set in relation to the minimum number of shares to be purchased by the Tender Offer, but it is considered that this should not necessarily be interpreted as an indicator that the measures to ensure fairness are inadequate.

Therefore, it is believed that due consideration has been given to the interests of the Target Company's minority shareholders through fair procedures in the Transactions.

v. Whether Transactions including Tender Offer are disadvantageous to Company's minority shareholders (Consultation Matter (B))

As examined in detail above in iii. and iv., the Special Committee believes that the fairness of the overall terms and conditions of the Transaction, including the Tender Offer Price, has been ensured from the perspective of the Target Company's minority shareholders and due consideration has been given to the interests of the Target Company's minority shareholders through fair procedures.

Based on the above, the Special Committee believes that the Transactions including the Tender Offer are not disadvantageous to the Target Company's minority shareholders. In addition, it is appropriate that the Target Company's Board of Directors makes decision (a) to express its opinion to support the Tender Offer and recommend shareholders of the Target Company to tender shares in response to the Tender Offer and (b) to approve the Demand for Share Cash Out or resolve the Share Consolidation implemented as part of the Transaction after the Tender Offer, since each decision is not disadvantageous to the minority shareholders of the Target Company.

(d) Advice from an Independent Law Firm to the Target Company

According to the Target Company Press Release, to ensure fairness and appropriateness in the decision-making methods and process by the Target Company's Board of Directors in relation to the Transactions including the Tender Offer, the Target Company reportedly obtained legal advice from Nagashima Ohno & Tsunematsu, a legal advisor that is independent from the Tender Offeror and the Target Company, on the decision-making methods and process by the Target Company's Board of Directors in relation to the Transactions including the Tender Offer.

Nagashima Ohno & Tsunematsu is not a related party of the Tender Offeror or the Target Company, and has reportedly no material interests to be described relating to the Transactions.

(e) Approval of all Non-Interested Directors at the Target Company

According to the Target Company Press Release, at the meeting of the Target Company's Board of Directors held today, out of the six Directors (including three External Directors), with unanimous votes by the four Directors, excluding the two Directors who did not participate in the deliberations and resolutions relating to the Transactions including the Tender Offer for the reasons set forth below, the Target Company reportedly resolved to express an opinion in support of the Tender Offer, and to recommend that the Target Company's shareholders tender their shares in the Tender Offer. Among the Target Company's directors, Mr. Kozo Makiyama is also a Director and Managing Officer of the Tender Offeror, and from the perspective of avoiding conflicts of interest, Mr. Makiyama did not reportedly participate in the deliberation and resolution by the Board of Directors, when the above-stated resolution in support of the Tender Offer was adopted. However, in light of the fact that (i) as the Target Company's Representative Executive Officer and President, Mr. Makiyama has irreplaceable knowledge and experience that will be essential for deliberating and negotiating the Transactions from the perspective of enhancing the Target Company's corporate value; and (ii) Mr. Makiyama handles "PARCO business" at the Tender Offeror as well, Mr. Makiyama participated in the discussions and negotiations relating to the Transactions from the Target Company's perspective, while he did not reportedly participate at all in the discussions and negotiations or the Board of Directors deliberations or resolutions relating to the Transactions from the perspective of the Tender Offeror. Furthermore, among the Target Company's Directors, Mr. Taro Sawada is also a Managing Officer of the Tender Offeror, and from the perspective of enhancing the fairness, transparency, and objectiveness of the Target Company's Board of Directors decision making and avoiding conflicts of interest in relation to the Tender Offer, Mr. Sawada did not participate in the deliberations and resolutions by the Board of Directors relating to the Tender Offer including the above-stated resolution in support of the Tender Offer and did not reportedly participate in the discussions and negotiations with the Tender Offeror from the Target Company's perspective.

(f) Measures to Ensure Purchase Opportunities from Other Offerors

The Tender Offeror has set a relatively long period of 30 business days as the purchase, etc. period in the Tender Offer (the "Tender Offer Period"), when the minimum period set out in laws and regulations is 20 business days. The establishment of a relatively long Tender Offer Period is intended to ensure an appropriate opportunity for all shareholders of the Target Company to decide whether to tender in the Tender Offer and to ensure parties other than the Tender Offeror an opportunity to carry out a counter purchase, etc., thereby ensuring the suitability of the Tender Offer Price. Further, the Tender Offeror and the Target Company have not formed an agreement, etc. with details that restrict contact between a party making a counter purchase offer and the Target Company, such as an agreement including a deal protection provision that prohibits contact by the Target Company with a party making a counter purchase offer, and by establishing the above Tender Offer Period and ensuring the opportunity for a counter purchase, etc., consideration has been given to ensuring the fairness of the Tender Offer.

Further, since the Tender Offeror as described in *(1) Overview of the Tender Offer* under *1. Purpose of Tender Offer* above, as of this day, owns 65,922,614 shares (64.98% ownership ratio, establishing a minimum number of shares to be purchased (a so-called Majority of Minority) in the Tender Offer would cause the formation of the Tender Offer to be unstable and is, if anything, considered to have the possibility of not benefitting the ordinary shareholders who wish to tender in the Tender Offer, and therefore the Tender Offeror has not established a minimum number of shares to be purchased (a so-called Majority of Minority), however we believe that sufficient consideration has been given to the interests of the Target Company's minority shareholders by establishing the measures in (a) through (f) above with regard to the Tender Offeror and the Target Company.

(iii) Relationship with the Valuation Firm

Nomura Securities, which is the financial advisor to the Tender Offeror (the valuation firm), is not a related party of the Tender Offeror or the Target Company and does not have any material interest in the Tender Offer.

(5) Number of Share Certificates, etc. to be Purchased

Number to be Purchased	Minimum Number to be Purchased	Maximum Number to be Purchased
35,534,216	1,715,286	N/A

(Note 1) The Tender Offeror will not make a purchase, etc. of any of the Tendered Share Certificates, Etc. if the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (1,715,286 shares). The Tender Offeror will make a purchase, etc. of all of the Tendered Share Certificates, Etc. if the aggregate number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased.

(Note 2) As no maximum number of shares to be purchased in the Tender Offer has been set, the number of share certificates, etc. to be purchased is equal to the difference of the total number of issued shares as of November 30, 2019 as stated in the Quarterly Report (101,462,977 shares) less the number of treasury shares held by the Target Company as of that date (6,147 shares) (the number of treasury shares stated in the Quarterly Report (364,903 shares) includes 358,756 Target Company Common Shares owned by a trust for delivery of shares to officers as of that same date, so this number excludes those shares) and the number of Target Company Common Shares held by the Tender Offeror as of that date (65,922,614 shares).

(Note 3) Shares that are less than one unit are subject to the Tender Offer. If a shareholder exercises its right to request purchase of shares under the Companies Act with respect to shares that are less than one unit, the Target Company may conduct a share buyback during the Tender Offer Period through the procedures provided for by laws and regulations.

(Note 4) The Tender Offeror does not intend to acquire the treasury shares held by the Target Company through the tender offer.

(6) Change in Ownership Ratio of Share Certificates, etc. through Purchase, etc.

Number of voting rights pertaining to share certificates, etc. held by the Tender Offeror before purchase, etc.	659,226	(Ownership ratio of share certificates, etc. before purchase, etc. 64.98%)
Number of voting rights pertaining to share certificates, etc. held by specially related parties before purchase, etc.	0	(Ownership ratio of share certificates, etc. before purchase, etc. 0%)
Number of voting rights pertaining to share certificates, etc. held by the Tender Offeror after purchase, etc.	1,014,568	(Ownership ratio of share certificates, etc. after purchase, etc. 100%)
Number of voting rights pertaining to share certificates, etc. held by specially related parties after purchase, etc.	0	(Ownership ratio of share certificates, etc. after purchase, etc. 0%)
Number of voting rights of all shareholders, etc. of the Target Company	1,014,224	

(Note 1) The “Number of voting rights pertaining to share certificates, etc. held by specially related parties before purchase, etc.” is the total of the number of voting rights pertaining to the share certificates, etc. held by each specially related party (however, excluding specially related parties excluded from the specially related parties for the purpose of calculation of the ownership ratio of share certificates, etc. under each item of Article 27-2(1) of the Act, pursuant to Article 3(2)(i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Order of the Ministry of Finance No. 38 of 1990, as amended; the “Cabinet Office Order”)). Because share certificates, etc. held by specially related parties (excluding treasury shares held by the Target Company) are also subject to the Tender Offer, the number of voting rights pertaining to share certificates, etc. to be held by specially related parties after purchase, etc. is stated as zero. The Tender Offeror will confirm the share certificates, etc. of the Target Company held by specially related parties after the date hereof and disclose the details of amendments as necessary.

(Note 2) The “Number of voting rights of all shareholders, etc. of the Target Company” is the total number of voting rights of all shareholders as of August 31, 2019 as stated in the Second Quarterly Securities Report for the 81st Fiscal Year issued by the Target Company on October 9, 2019 (in which one share unit is stated as 100 shares); however, because shares less than one unit are also subject to the Tender Offer, for the purpose of calculating the “Ownership ratio of share certificates, etc. before purchase, etc.” and “Ownership ratio of share certificates, etc. after purchase, etc.,” the “Number of voting rights of all shareholders, etc. of the Target Company” is calculated as the number of voting rights (1,014,568 voting rights) pertaining to the number of shares (101,456,830 shares) equivalent to the difference of the total number of issued shares of the Target Company as of November 30, 2019 as stated in the Quarterly Report (101,462,977 shares) less the number of treasury shares held by the Target Company as of that date (6,147 shares) (the number of treasury shares stated in the

Quarterly Report (364,903 shares) includes 358,756 Target Company Common Shares owned by a trust for delivery of shares to officers as of that same date, so this number excludes those shares).

(Note 3) The "Ownership ratio of share certificates, etc. before purchase, etc." and the "Ownership ratio of share certificates, etc. after purchase, etc." is rounded to the nearest second decimal place.

(7) Purchase price: 65,738,299,600 yen

(Note) The purchase price is the product of the number of shares to be purchased (35,534,216 shares) multiplied by the Tender Offer Price (1,850 yen).

(8) Method of settlement

(i) Name and head office location of the financial instruments business operator, bank or other entity conducting settlement of the purchase, etc.

Nomura Securities Co., Ltd., 1-9-1 Nihombashi, Chuo-ku, Tokyo

(ii) Commencement date of settlement

Tuesday, February 25, 2020

(iii) Method of settlement

A notice of purchase, etc. through the Tender Offer will be sent by post to the address of each tendering shareholder, etc. (or its standing proxy in the case of an overseas resident shareholder, etc.) without delay after the end of the Tender Offer Period.

The purchase will be settled in money. The tendering shareholders, etc. may receive payment of the sale price through the Tender Offer by bank transfer or another method specified by the tendering shareholder, etc., without delay after the commencement of settlement (remittance fees may apply).

(iv) Method of return of Share Certificates, etc.

If the Tender Offeror does not purchase all of the Tendered Share Certificates, Etc. due to a condition provided for in *(i) Existence and content of conditions provided for in Article 27-13(4)* and *(ii) Existence and content of conditions for the withdrawal, etc. of the tender offer and method of disclosure of withdrawal, etc.* under *(9) Other conditions and methods of the purchase, etc.* below, the share certificates, etc. to be returned will be returned by restoration of the accounts of the tendering shareholders, etc. at the tender offer agent to the records as of immediately before the shares were tendered, promptly on or after the second business day after the end of the Tender Offer Period (or the date of withdrawal, etc. if the Tender Offer is withdrawn, etc.) (if transferring share certificates, etc. to the account of a tendering shareholder, etc. at another financial instruments business operator, etc., please inquire at the head office or a branch office of the tender offer agent that handled the tendering).

(9) Other conditions and methods of the purchase, etc.

(i) Existence and content of conditions provided for in Article 27-13(4)

The Tender Offeror will not purchase, etc. any of the Tendered Share Certificates, Etc. if the aggregate number of the Tendered Share Certificates, Etc. is less than the minimum number of shares to be purchased (1,715,286 shares). The Tender Offeror will purchase, etc. all of the Tendered Share Certificates, Etc. if the aggregate number of the Tendered Share Certificates, Etc. is equal to or greater than the minimum number of shares to be purchased, etc. (1,715,286 shares).

(ii) Existence and content of conditions for the withdrawal, etc. of the tender offer and method of disclosure of withdrawal, etc.

The Tender Offer will be withdrawn, etc. if any of the conditions provided for in Article 14(1)(i)(a) through (i) or (l) through (r) or (iii)(a) through (h) and (j), or Article 14(2)(iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the "Order") is triggered. The "facts equivalent to those set forth in (a) to (i)" provided for in Article 14(1)(iii)(j) of the Order refer to (i) where a statutory disclosure document issued by the Target Company is found to contain false statements with respect to a material matter or to omit a material matter to be included, and the Tender Offeror was unaware of that false statement or omission and could not have learned of that false statement or omission by the application of adequate care, and (ii) where an event provided for in (iii)(a) through (g) arises with respect to a material subsidiary of the Target Company.

If the Tender Offeror intends to withdraw, etc. the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nihon Keizai Newspaper. However, if it is impracticable to make public notice before the end of the Tender Offer Period, the Tender Offeror will make a public announcement by a method provided for in Article 20 of the Order, and make public notice immediately thereafter.

(iii) Existence and content of conditions for the reduction of the purchase, etc. price and method of disclosure of reduction

Pursuant to the provisions of Article 27-6(1)(i) of the Act, if the Target Company commits any of the acts provided for in Article 13(1) of the Cabinet Office Order during the Tender Offer Period, the Tender Offeror may reduce the tender offer price in accordance with the standard provided for in Article 19(1) of the Cabinet Office Order. The Tender Offeror will give notice of any reduction in the purchase, etc. price by electronic public notice and publish a notice to that effect in the Nihon Keizai Newspaper. However, if it is impracticable to make public notice before the end of the Tender Offer Period, the Tender Offeror will make a public announcement by a method provided for in Article 20 of the Order, and make public notice immediately thereafter. Any reduction in the purchase, etc. price will also apply to Tendered Share Certificates, Etc. tendered before the date of public notice of the reduction.

(iv) Matters concerning the right of cancellation of tendering shareholders, etc.

A tendering shareholder, etc. may cancel its agreement with respect to the Tender Offer at any time during the Tender Offer Period. Cancellation of an agreement should be conducted by delivering or sending a written document stating the intention to cancel the agreement with respect to the Tender Offer (a "Cancellation Notice") to the head office or a branch office for the tender offer agent by 15:30 on the last day of the Tender Offer Period (Tokyo time). If sent, the Cancellation Notice must arrive before 15:30 on the last day of the Tender Offer Period (Tokyo time).

Cancellation of an agreement made through the online service may be conducted through the online service (https://hometrade.nomura.co.jp/) or by delivery or sending of a Cancellation Notice. If cancelling through the online service, please follow the onscreen instructions and complete the cancellation procedure by 15:30 on the last day of the Tender Offer Period (Tokyo time). An agreement made in-store cannot be cancelled through the online service. If delivering or sending a Cancellation Notice, please request a Cancellation Notice form from a retail location in advance, and deliver or send the Cancellation Notice to that retail location by 15:30 on the last day of the Tender Offer Period (Tokyo time). If sent, the Cancellation Notice must arrive before 15:30 on the last day of the Tender Offer Period (Tokyo time).

The Tender Offeror will not seek compensation or a penalty from a tendering shareholder, etc. in the case of agreement cancellation. The Tender Offeror will bear the cost of returning the Tendered Share Certificates, Etc. to the tendering shareholder, etc.

(v) Method of disclosure of changes to the conditions, etc. of the purchase

The Tender Offeror may change the conditions, etc. of the purchase during the Tender Offer Period except where prohibited by Article 27-6(1) of the Act and Article 13 of the Cabinet Office Order.

If the Tender Offeror intends to change the conditions, etc. of the purchase, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nihon Keizai Newspaper. However, if it is impracticable to make public notice before the end of the Tender Offer Period, the Tender Offeror will make a public announcement by a method provided for in Article 20 of the Order, and make public notice immediately thereafter. Any change to the conditions of the purchase, etc. will also apply to Tendered Share Certificates, Etc. tendered before the date of public notice of the change.

(vi) Method of disclosure of submission of an amended tender offer statement

If the Tender Offeror submits an amended tender offer statement to the Kanto Local Finance Bureau (excluding the case provided for in the proviso of Article 27-8(11) of the Act), it will immediately make a public announcement, by a method provided for in Article 20 of the Cabinet Office Order, of those matters contained in the amended tender offer statement that pertain to matters in the public notice of commencement of the tender offer. The Tender Offeror will also immediately amend the tender offer explanation statement and deliver the amended explanation statement to any tendering shareholders, etc. who have already received the tender offer explanation statement; provided, however, that if the amendment is minor in scope, the Tender Offeror may prepare and deliver to those tendering shareholders, etc. a written description of the reason for the amendment, the affected matters, and the amended content.

(vii) Method of disclosure of the results of the tender offer

The results of the Tender Offer will be publicly announced by a method provided for in Article 9-4 of the Order or Article 30-2 of the Cabinet Office Order on the day after the last day of the Tender Offer Period.

(10) Date of public notice of commencement of the tender offer

Friday, December 27, 2019

(11) Tender offer agent

Nomura Securities Co., Ltd., 1-9-1 Nihombashi, Chuo-ku, Tokyo

3. Policy after the Tender Offer and future outlook

See *(2) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer and Post Tender Offer Management Policy, (4) Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest, (5) Policy for Reorganization, etc. After Tender Offer (Matters Regarding So-called Two-Step Acquisition)*, and *(6) Likelihood of Delisting and Reasons Therefor* under *1. Purpose, etc. of the Tender Offer* above.

4. Other

(1) Existence and content of an agreement between the Tender Offeror and the Target Company or its officers

(i) Existence and content of an agreement between the Tender Offeror and the Target Company

According to the Target Company Press Release, the Target Company carried out a resolution to the effect that it declares its opinion approving the Tender Offer and that it recommends subscribing to the Tender Offer. For details of the Target Company's decision-making, see the Target Company Press Release and *(e) Approval of all Non-Interested Directors at the Target Company* under the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.* above.

(ii) Background, purpose and decision-making process to decision to implement Tender Offer, and post Tender Offer management policy

See *(2) Background, Purpose and Decision-Making Process to Decision to Implement the Tender Offer and Post Tender Offer Management Policy* under *1. Purpose, etc. of the Tender Offer* above.

(iii) Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

See the section headed *Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest* under *(ii) Background of Calculation* under *(4) Basis for Calculation of the Purchase, etc. Price, etc.* under *2. Outline of the Purchase, etc.* above.

(2) Other information necessary for investors to judge the merits of tendering shares in the purchase, etc.

(i) Public announcement of "Consolidated Financial Results for the Nine Months of the Fiscal Year Ending February 29, 2020 (under IFRS)."

On December 25, 2019, the Target Company publicly announced the Quarterly Report." Based on that public announcement, the consolidated profit and loss of the Target Company is as follows. The relevant details have not undergone a quarterly review by an audit corporation pursuant to the provisions set forth in Article 193-2(1) of the Act. Furthermore, the following summary of the public announcement is an excerpt of the information published by the Target Company, and the Tender Offeror is not in a position to assess the accuracy or truth of that information, nor has the Tender Offeror attempted to do so. For details, see the public announcement.

- Profit and Loss (Consolidated)

Fiscal year ended	February 2020, Q3
Operating income	88,029 million yen
Operating costs	66,188 million yen
Selling, general and administrative expenses	14,377 million yen
Other revenue	3,710 million yen
Other expenses	1,043 million yen
Profit attributable to owners of the parent company	5,323 million yen

- Results Per Share (Consolidated)

Fiscal year ended	February 2020, Q3
Base quarterly profit per share	52.66 yen
Parent company owners' equity per share	1,227.65 yen

(ii) Revision of dividend forecast for the fiscal year ending February 2020 and abolition of shareholder benefits system

According to the Target Company's "Notice Concerning Revision of Dividend Forecast for the Fiscal Year Ending February 2020 and the Abolition of Shareholder Benefits" announced today, the Target Company, at its board of directors meeting convened on the same date, resolved that it will revise the dividend forecast for the fiscal year ending February 2020 that was publicly announced in the Quarterly Report, that it will not carry out a dividend at the end of the fiscal year ending February 29, 2020 and the PARCO 50th anniversary dividend, and that it will abolish the shareholder benefits system from the fiscal year ending February 29, 2020. For details, see the Target Company's public announcement.

End

Soliciting Regulations

This press release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the tender offer explanation statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation to sell or purchase any securities, and neither this press release (or a part of this press release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this press release may not be relied upon at the time of entering into any such agreement.

U.S. Regulations

The Tender Offer shall be implemented in compliance with the procedures and information disclosure standards provided by the Financial Instruments and Exchange Act of Japan, which procedures and standards are not necessarily identical to the procedures and information disclosure standards applied in the United States. Specifically, Article 13 (e) and Article 14 (d) the Securities Exchange Act of 1934 (as amended; hereinafter, the "1934 Securities Exchange Act") and the rules promulgated under such Articles do not apply to the Tender Offer, and the Tender Offer is not necessarily in compliance with the procedures and standards thereunder. All of the financial information contained in this press release is based on Japanese accounting standards or the International Financial Reporting Standards (IFRS), not U.S. accounting standards, and may not necessarily be comparable to financial information based on U.S. accounting standards. Further, it may be difficult to enforce any right or demand arising under U.S. federal securities laws, because both the Tender Offeror and the Target Company are incorporated outside the United States and none of their officers are U.S. residents. It may be impossible to take legal action against a non-U.S. company or its officers in a non-U.S. court for a violation of U.S. securities laws. Furthermore, there is no guarantee that a non-U.S. company or officer is subject to the jurisdiction of a U.S. court.

All procedures in connection with the Tender Offer shall be conducted in the Japanese language. While all or part of the documents in connection with the Tender Offer may be prepared in English, the Japanese documents shall prevail in case of any discrepancy between the Japanese documents and the corresponding English documents.

The Tender Offeror, its affiliates, and their respective financial advisors (including their affiliates) may, in the ordinary course of their business, purchase shares of the Target Company, or act in preparation for such purchase, for their own account or for their customers' account before or during the purchase period of the Tender Offer, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 and to the extent permitted under Japanese financial instruments and exchange regulations and other applicable laws and ordinances. If any information concerning such purchase is disclosed in Japan, the relevant purchaser will also disclose such information on its English website.

Forward-Looking Statements

This press release contains statements of what the Tender Offeror and other companies "anticipate," "expect," "intend," "plan," and "believe" about future business, and other "forward-looking statements" as defined in Article 27A of the United States Securities Act of 1933 (as amended) and Article 21E of the 1934 Securities Exchange Act. The actual results may significantly differ from the projections implied or expressly stated as "forward-looking statements" due to known or unknown risks, uncertainties or other factors. The Tender Offeror and its affiliates are not in the position to covenant that the projections implied or expressly stated as "forward-looking statements" will actually be realized. The "forward-looking statements" contained herein have been prepared based on the information available to the Tender Offeror as of the date of this press release and, unless required by laws and regulations, neither the Tender Offeror nor its affiliates is obligated to update or correct the statements made herein in order to reflect future events or circumstances.

Other Countries

The announcement, issuance, or distribution of this press release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restrictions. The announcement, issue or distribution of this press release should not be interpreted as an offer to purchase or a solicitation of an offer to sell, but simply as a distribution of information.