



January 10, 2020

To Whom It May Concern

Company name: Mitsui Matsushima Holdings Co., Ltd.
Representative: Tsuneo Amano, Representative Director and
President
(Stock Code 1518, 1st Section of the Tokyo Stock
Exchange and Fukuoka Stock Exchange)
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Notice Concerning a Change in Consolidated Subsidiary (Stock Transfer)

The Board of Directors of Mitsui Matsushima Holdings Co., Ltd. (hereinafter the “Company”) approved a resolution at a meeting held on January 10, 2020. The resolution was to transfer all of the shares the Company holds in its consolidated subsidiary M&M Service Co., Ltd. (hereinafter “M&M Service”) to a special purpose acquisition company which will be established by Daiwa PI Partners Co., Ltd. (hereinafter “Daiwa PI”). The Company then concluded the stock transfer agreement.

1. Reason for stock transfer

Since its establishment in 1997, M&M Service has operated resort-type accommodation facilities and offered management services for recreational facilities, training centers and other facilities owned by private companies and local governments around Japan. After it became the Company’s consolidated subsidiary in July 2012, thanks to its continuous efforts to strengthen its management system and expand employee training, its efficient facility management and heartfelt hospitality have been highly evaluated by its clients and users. Moreover, it has maintained a high market share in this industry. As strong demand for travel backed by visitors from overseas as well as post-war baby boomers can be expected in the future, the foundation for further expansion and growth in the business is steadily taking shape.

Under such circumstances, the Company has thought it needs to consider making active investments in the reservation system and facilities/equipment and expanding business through the acquisition of new customers and other measures. The aim is to ensure that M&M Service can utilize the tailwind of its favorable external environment and grow its business further. In this situation, the Company received an acquisition proposal from Daiwa PI, and has carefully deliberated on this. Daiwa PI has sufficient experience in investments in companies that offer management services for facilities, including resort-type facilities, and hotels. The Company believes that Daiwa PI’s knowledge and industry network acquired through such experience will contribute to M&M Service’s future growth strategies and business solution. Considering these factors comprehensively, the Company judged that M&M Service’s corporate value could be enhanced based on Daiwa PI’s proposal, rather than intending to grow its business within the Mitsui Matsushima Group, and thus decided to transfer all shares held by the Company.

2. Overview of Subsidiary subject to change

(1)	Name	M&M Service Co., Ltd.		
(2)	Location	6-26, Kitahama 2-chome, Chuo-ku, Osaka-shi, Osaka, Japan		
(3)	Representative name and title	Satoru Koike, Representative Director and President		
(4)	Business operations	Operation of resort-type accommodation facilities, provision of management services for recreational facilities, etc.		
(5)	Capital	30 million yen		
(6)	Date of establishment	September 1, 1997		
(7)	Major shareholders and stock ownership ratio	Mitsui Matsushima Holdings Co., Ltd. 100.00%		
(8)	Relationship between listed company and said Subsidiary	Capital relationship	The Company holds 100% of the said Subsidiary's shares.	
		Personnel relationship	The posts of five directors and one auditor of the said Subsidiary are served concurrently by the Company's directors and employees. Furthermore, the said Subsidiary has accepted two workers on loan from the Company.	
		Transactional relationship	The said Subsidiary conducts restaurant and wedding businesses at the Mitsui Minato Club owned by the Company.	
(9)	Operating performance and financial status for most recent three years for said Subsidiary			
	Financial accounting period	Year ended March 2017	Year ended March 2018	Year ended March 2019
	Net assets	663 million yen	812 million yen	945 million yen
	Total assets	2,266 million yen	2,044 million yen	1,637 million yen
	Net assets per share	2,009,000 yen	2,463,000 yen	2,865,000 yen
	Net sales	5,961 million yen	6,117 million yen	5,314 million yen
	Operating profit	196 million yen	173 million yen	154 million yen
	Ordinary profit	215 million yen	209 million yen	196 million yen
	Net profit	151 million yen	149 million yen	132 million yen
	Net profit per share	459,000 yen	454,000 yen	402,000 yen

3. Overview of Purchaser

(1)	Name	M&M Holdings Co., Ltd. (planned to be established by the stock transfer date)		
(2)	Location	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan		
(3)	Grounds for establishment	Laws of Japan		
(4)	Purpose of formation	Special purpose company that will be established in order to acquire shares of M&M Service Co., Ltd.		
(5)	Date of establishment	February 28, 2020 (planned)		
(6)	Total investment	1,000,000 yen		
(7)	Investors, investment ratio, overview of investors	Investment business association "DPIP corporate support 1" (Operating partner: Daiwa PI Partners Co., Ltd.)		
(8)	Overview of the operating partner	Name	Daiwa PI Partners Co., Ltd.	
		Location	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	
		Representative name and title	Hideki Araki, Representative Director and President	
		Business operations	Private equity investment and investment business centering on monetary claims	

	Capital	12,000 million yen
(9) Relationship between listed company and this fund	Relationship between listed company and this fund	None
	Relationship between listed company and officers	None
	Relationship between listed company and domestic representative	None

4. Number of shares to be transferred, transfer price and status of shares owned before and after transfer

(1) Number of shares held before change	330 shares (Number of voting rights: 330) (Holding ratio of voting rights: 100.00%)
(2) Number of shares to be transferred	330 shares (Number of voting rights: 330)
(3) Transfer price	The price will not be disclosed due to confidentiality obligations agreed between the parties.
(4) Number of shares held after change	0 shares (Number of voting rights: 0) (Holding ratio of voting rights: 0.00%)

5. Schedule

(1) Date of resolution of Board of Directors	January 10, 2020
(2) Contract date	January 10, 2020
(3) Effective date of stock transfer	March 31, 2020 (planned)

6. Future projections

The Company is investigating possible effects from the stock transfer on the Company's consolidated earnings. Further announcements will be made after such effects are clarified.

7. Preferential benefits to shareholders

Discount tickets as preferential benefits to shareholders for M&M Service's facilities can be used even after the stock transfer date, provided they are within the validity period.