

## LIM Advisors Statement on Revised Tender Offer for NichiiGakkan

TOKYO—3 August 2020---LIM Advisors Limited (“LIM Advisors”), which represents investment funds that collectively own shares of NichiiGakkan Co., Ltd. (“NichiiGakkan” or the “Company”) (TSE:9792), notes the increase in the tender offer price for all the common stock of NichiiGakkan by K.K. BCJ-44 (the “Tender Offeror”) to ¥1,670 per share, which was announced on Friday 31 July 2020. While an improvement in offer terms, LIM Advisors believes the revised tender offer price continues to be substantially below fair value of approximately ¥2,400 per share. Therefore, LIM Advisors will not be tendering its shares into the revised offer.

LIM Advisors is surprised to see the special terms being afforded to Effissimo Capital Management Pte Ltd. (“Effissimo”) in return for their support for the tender offer. The Tender Offeror, by making a side agreement with Effissimo to allow Effissimo to reinvest in NichiiGakkan post privatisation, essentially offers differential terms to some investors over others. It is unclear why the Tender Offeror has not offered the same terms to other minority investors. What is clear, however, is that by choosing to reinvest in NichiiGakkan post privatization, it appears that Effissimo agrees with LIM Advisors’ assessment that the Company’s long term value is substantially more than the revised tender offer price of ¥1,670 per share. METI’s Fair M&A Guidelines (the “Guidelines”) make it clear that general shareholders (i.e. minority and non-control shareholders) should share an appropriate portion of the value that cannot be realized without executing the M&A transaction, but in this transaction it seems that only certain large investors will be allowed to share in this value. Thus, LIM Advisors is concerned that the Board of Directors of the Company (the “Board”) is supporting unequal treatment between minority shareholders.

The lack of “majority of minority” conditions in the tender offer, which is recommended by METI’s Fair M&A Guidelines, is now an even more glaring concern. The Tender Offeror now only requires approximately 23% of independent minority investors to tender to meet the minimum acceptance condition of the revised tender offer.

LIM Advisors is very disappointed by the Board’s corporate governance, the lack of willingness by the Board to publicly engage with minority investors such as ourselves, and the failure of the Board to secure a higher price for the Company through an active market check or otherwise. LIM Advisors regrets the Board’s decision to continue to recommend shareholders tender their shares into the revised tender offer, without any apparent further consideration of the points indicated in LIM Advisors’ previous letters to the Board and the circumstances stated above. The Company has failed to publicly respond to any of LIM Advisors’ questions in its letter to the Board dated 22 July 2020 despite the relevance to all shareholders of the Company as well as the governmental bodies who have been working to promote Abenomics and restore Japan as a global financial center. The questions are even more pertinent now given the new developments including differential terms for some shareholders.

LIM Advisors is also of the view that any impact of Covid-19 upon the financial performance of the Company is likely to be short term and will not diminish the long term value of the Company. The Company has leading market positions in its key markets and has a strong long-term outlook given ongoing demographic changes in Japan.

LIM Advisors will not be tendering its shares into the revised offer and believes that the revised tender offer should be rejected. LIM Advisors encourages other shareholders to communicate their views to the Board.

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#### About LIM Advisors

LIM Advisors is a multi-strategy investment manager with over 24 years of experience in equity and credit investments across the Asia-Pacific region. LIM Advisors was founded in 1995 and has its headquarters in Hong Kong with offices in Tokyo and London. LIM Advisors has been investing in Japan for over 20 years and opened its Tokyo office in 2002.

#### Contacts

Please contact the following with any questions or enquiries regarding the matters set out in this statement.

LIM ADVISORS LIMITED

Email: [info@limadvisors.com](mailto:info@limadvisors.com)

Tel: +852-2533-0900