

Translation

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June 26, 2017

To whom it may concern:

Company name: CRESCO LTD.
Representative: President, Operating Officer Hiroyuki Nemoto
(Stock code: 4674 Tokyo Stock Exchange, First Section)
Inquiries: Director, Managing Executive Kazuo Sugiyama
Officer, General Manager of
Accounting & Finance Unit
TEL +81-3-5769-8011

Notice Concerning Own-Share Repurchase and Tender Offer

CRESCO LTD. (the “Company”) hereby announces that it resolved at a meeting of its Board of Directors held on June 26, 2017, to implement an own-share repurchase by means of a tender offer (the “Tender Offer”) in accordance with the provisions of Article 156, paragraph 1 of the Companies Act (law No. 86 of 2005, as amended; hereinafter referred to as the “Companies Act”) applied by replacing terms pursuant to the provisions of Article 459, paragraph 1 of the same Act and the provisions of the Company’s Articles of Incorporation. Details are set forth below.

1. Purpose of the Own-Share Repurchase

The Company considers the return of its profits to shareholders as an important managerial issue. The Company’s basic policy of profit return is to maintain profit allocation that is appropriate in light of its financial results, while increasing shareholders’ equity and keeping long-term and stable earning power. With respect to dividend payouts, the Company aims to continually provide dividends equivalent to 40% of such profit, as calculated as if net extraordinary income or losses were zero based on the Company’s ordinary profit. In addition, the Company’s Articles of Incorporation provide that, unless otherwise specified by laws and regulations, the Company may, by resolution of its Board of Directors, without requiring a resolution at a general meeting of shareholders, determine the particulars contained in the items of Article 459, paragraph 1 of the Companies Act. The aim of this provision is to implement a flexible capital policy by delegating the authority for distribution of dividends of surplus and repurchase of own shares to the Board of Directors. The Company has heretofore implemented repurchases of its own shares by means of market purchases to return profits to shareholders.

It was under these circumstances that, in early March 2017, the Company received notice from Iwasaki Corporation Ltd. (“Iwasaki Corporation”), the Company’s major and largest shareholder (number of shares held as of today: 3,439,624 shares; shareholding ratio to the Company’s total of 12,000,000 issued shares (the “Holding Ratio”): 28.66% (this figure is rounded off to the second decimal places; same applies to calculations of Holding Ratios hereinafter)) that it intends to sell a part of its holdings of the Company’s common shares. Iwasaki Corporation is an asset management company whose voting rights are wholly owned by Toshio Iwasaki, the Chairman & CEO of the Company, and his close relatives (his spouse, eldest son and daughter).

In response to this, in mid-March 2017, the Company commenced studies concretely toward acquisition of such shares as treasury shares, considering the impact on the liquidity and market price of the Company’s common shares by temporarily releasing a significant number of shares into the market. As a result, the Company finally believed that the acquisition of such shares as treasury shares would contribute to raising the Company’s earnings per share (EPS), return on equity (ROE) and other indicators of capital efficiency, leading to returns for its shareholders.

With regard to the specific method of acquiring its own shares, as a result of repeated considerations from the perspective of maintaining fairness among shareholders and transactional transparency, the Company determined that a tender offer is the appropriate method. The Company believes that as to the purchase price under the Tender Offer (the “Tender Offer Purchase Price”), emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the Company’s common shares, taking into consideration factors such as the fact that the Company’s common shares are traded on the financial instrument exchange and that publicly-traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges.

In addition, the Company determined, from the perspective of respecting the interests of those shareholders who would not tender their shares to the Tender Offer and retain ownership of the Company’s common shares, purchase at a price with a certain level of discount from the market price applied would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company made reference to past examples of own-share repurchases through tender offer by other companies.

Funds required for the settlement of the Tender Offer will be appropriated by own funds. In light of the 5,514,441 thousand yen (consolidated) in cash and deposits that the Company had as of March 31, 2017, and cash flows from its business activities to be accumulated in the future, the Company regards that its financial soundness and stability would be maintained after the Tender Offer.

Based on the above consideration, in early April 2017, the Company asked Iwasaki Corporation if the corporation would apply for the Tender Offer at a price with a certain level of discount from the market price applied. As a result, in mid-May 2017, the

Company received an answer from Iwasaki Corporation that it would apply 600,000 shares (Holding Ratio: 5.00%), a part of the Company's shares which it holds.

Following internal considerations in response to the answer, the Company and Iwasaki Corporation discussed over concrete terms and conditions of the Tender Offer in late May 2017. The Company proposed to Iwasaki Corporation that the Tender Offer Purchase Price should be a price discounted at about 7% from the simple average of the closing prices of the Company's common shares on the First Section of the Tokyo Stock Exchange (the "TSE") during the three months up to June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (June 26, 2017).

As a result, in early June 2017, Iwasaki Corporation responded to the Company that, if the Company resolves to implement the Tender Offer, it would tender 600,000 shares, a part of its holdings of the Company's shares (Holding Ratio: 5.00%) under the above terms and conditions.

Following these considerations and determinations, the Company resolved at a meeting of its Board of Directors held on June 26, 2017, to implement an own-share repurchase by means of the Tender Offer in accordance with the provisions of the Company's Articles of Incorporation pursuant to Article 459, paragraph 1 of the Companies Act and the provisions of Article 156, paragraph 1 of the same Act. In addition, the maximum number of shares that the Company plans to repurchase under the Tender Offer will be 660,000 shares (5.50% of the total number of the Company's issued shares) from the perspective of providing an opportunity to tender shares to shareholders other than Iwasaki Corporation.

Toshio Iwasaki, the Chairman & CEO of the Company concurrently serving as a director of Iwasaki Corporation, was not involved in discussions and negotiations on the terms and conditions of the Tender Offer from the standpoint of the Company and did not take part in the deliberation and resolution by the Board of Directors regarding the Tender Offer, from the perspective of avoiding conflicts of interest and heightening fairness in transactions, as being a person with special interests regarding the Tender Offer.

Further, in mid-June 2017, Iwasaki Corporation explained to the Company that it plans to continue to hold the 2,839,624 common shares of the Company (Holding Ratio: 23.66%) that are not to be tendered to the Tender Offer.

Policy concerning the disposal or other treatment of treasury shares that will be acquired through the Tender Offer is currently undecided.

2. Details of the Board of Directors Resolution Concerning the Own-Share Repurchase

(1) Details of resolution

Class of shares	Total number of shares	Aggregate purchase amount
Common shares	660,100 shares (maximum)	1,976,339,400 yen (maximum)

(Note 1) Total number of issued shares:	12,000,000 shares
(Note 2) Ratio to the total number of issued shares:	5.50% (rounded off to the second decimal places)
(Note 3) Acquisition period:	From June 27, 2017 (Tuesday) to August 25, 2017 (Friday)

(2) Publicly-traded securities relating to treasury shares previously acquired pursuant to the resolution

Not applicable.

3. Summary of the Own-Share Repurchase

(1) Time table

(i) Date of the Board of Directors resolution	June 26, 2017 (Monday)
(ii) Date of public notice of commencement of the tender offer	June 27, 2017 (Tuesday) Public notice shall be made electronically with notice to that effect in "The Nikkei" newspaper. (URL for electronic announcement: http://disclosure.edinet-fsa.go.jp/)
(iii) Date of submission of Tender Offer Statement	June 27, 2017 (Tuesday)
(iv) Tender offer period	From June 27, 2017 (Tuesday) to July 25, 2017 (Tuesday) (20 business days)

(2) Purchase price

2,994 yen per common share

(3) Basis for calculation of the purchase price

a. Basis of the calculation

When calculating the Tender Offer Purchase Price, the Company believes that emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the Company's common shares, taking into consideration factors such as the fact that the Company's common shares are traded on the financial instrument exchange and that publicly-traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges. Also, considering that market share prices are subject to daily fluctuations as a result of economic circumstances and various other factors, the Company determined the proper market value as the market price of the Company's common shares by taking into account the desirability of consideration of changes in the share price over a certain period and by making reference to the closing price on the First Section of the TSE of the Company's common shares on June 23, 2017, the business day immediately prior to the date of resolution on the implementation of the Tender Offer (June 26, 2017), which is 3,735 yen, the simple average of the closing prices of the Company's common shares during the one month and three months prior to June 23, 2017, which are 3,692 yen and 3,219 yen (rounded off to the nearest whole yen; same applies hereinafter to calculations of the simple average of closing prices), respectively.

In addition, the Company determined, from the perspective of respecting the interests of those shareholders who would not tender their shares to the Tender Offer and retain ownership of the Company's common shares, purchase at a price with a certain level of discount from the market price applied would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company made reference to past examples of own-share repurchases through tender offer by other companies.

Based on the above consideration, in early April 2017, the Company asked Iwasaki Corporation if the corporation would apply for the Tender Offer at a price with a certain level of discount from the market price applied. As a result, in mid-May 2017, the Company received an answer from Iwasaki Corporation that it would apply 600,000 shares (Holding Ratio: 5.00%), a part of the Company's shares which it holds. Following internal considerations in response to the answer, the Company and Iwasaki Corporation discussed over concrete terms and conditions of the Tender Offer in late May 2017. The Company proposed to Iwasaki Corporation to repurchase shares at the Tender Offer Purchase Price, which is a price discounted at about 7% from the simple average of the closing prices of the Company's common shares on the First Section of the TSE during the three months up to June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (June 26, 2017). As a result, in early June 2017, Iwasaki Corporation responded to the Company that, if the Company resolves to implement the Tender Offer, it would tender 600,000 shares, a part of its holdings of the Company's shares (Holding Ratio: 5.00%) under the above terms and conditions.

In light of the above, the Company resolved at a meeting of its Board of Directors held on June 26, 2017, that the Tender Offer Purchase Price will be 2,994 yen (rounded off to the nearest whole yen), which is the price discounted at 7% from 3,219 yen, the simple average of the closing prices of the Company's common shares on the First Section of the TSE during the three months up to June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the resolution on the implementation of the Tender Offer was adopted.

Also, the Tender Offer Purchase Price of 2,994 yen is the price discounted at 19.84% (rounded off to the second decimal places; same applies to calculations of discount ratios hereinafter) from 3,735 yen, which is the closing price of the Company's common shares on the First Section of the TSE on June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the resolution on the implementation of the Tender Offer was adopted (June 26, 2017), the price discounted at 18.91% from 3,692 yen, which is the simple average of closing prices of the Company's common shares during the one month up to June 23, 2017, and the price discounted at 6.99% from 3,219 yen, which is the simple average of closing prices of the Company's common shares during the three months up to June 23, 2017.

b. Background to the calculation

The Company considers the return of its profits to shareholders as an important managerial issue. The Company's basic policy of profit return is to maintain profit allocation that is appropriate in light of its financial results, while increasing shareholders' equity and keeping long-term and stable earning power. With respect to dividend payouts, the Company aims to continually provide dividends equivalent to 40% of such profit, as calculated as if net extraordinary income or losses were zero based on the Company's ordinary profit.

It was under these circumstances that, in early March 2017, the Company received notice from Iwasaki Corporation, the Company's major and largest shareholder (number of shares held as of today: 3,439,624 shares; Holding Ratio: 28.66%) that it intends to sell a part of its holdings of the Company's common shares.

In response to this, in mid-March 2017, the Company commenced studies concretely toward acquisition of such shares as treasury shares, considering the impact on the liquidity and market price of the Company's common shares by temporarily releasing a significant number of shares into the market. As a result, the Company finally believed that the acquisition of such shares as treasury shares would contribute to raising the Company's earnings per share (EPS), return on equity (ROE) and other measures of capital efficiency, leading to returns for its shareholders.

With regard to the specific method of acquiring its own shares, as a result of repeated considerations from the perspective of maintaining fairness among shareholders and transactional transparency, the Company determined that a tender offer is the appropriate method. The Company believes that as to the Tender Offer Purchase Price, emphasis must be placed on clarity and objectivity of criteria as well as market prices as the basis for appropriate pricing of the Company's common shares, taking into consideration factors such as the fact that the Company's common shares are traded on the financial

instrument exchange and that publicly-traded companies often carry out acquisitions of their own shares through market purchases on financial instrument exchanges.

In addition, the Company determined, from the perspective of respecting the interests of those shareholders who would not tender their shares to the Tender Offer and retain ownership of the Company's common shares, purchase at a price with a certain level of discount from the market price applied would be appropriate to control the outflow of capital from the Company as much as possible. With regard to the discount rate, the Company made reference to past examples of own-share repurchases through tender offer by other companies.

Based on the above consideration, in early April 2017, the Company asked Iwasaki Corporation if the corporation would apply for the Tender Offer at a price with a certain level of discount from the market price applied. As a result, in mid-May 2017, the Company received an answer from Iwasaki Corporation that it would apply 600,000 shares (Holding Ratio: 5.00%), a part of the Company's shares which it holds. Following internal considerations in response to the answer, the Company and Iwasaki Corporation discussed over concrete terms and conditions of the Tender Offer in late May 2017. The Company proposed to Iwasaki Corporation that the Tender Offer Purchase Price should be a price discounted at about 7% from the simple average of the closing prices of the Company's common shares on the First Section of the TSE during the three months up to June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was to be resolved (June 26, 2017). As a result, in early June 2017, Iwasaki Corporation responded to the Company that, if the Company resolves to implement the Tender Offer, it would tender 600,000 shares, a part of its holdings of the Company's shares (Holding Ratio: 5.00%) under the above terms and conditions.

In light of the above, the Company resolved at a meeting of the Board of Directors held on June 26, 2017, that the Tender Offer Purchase Price will be 2,994 yen (rounded off to the nearest whole yen), which is the price discounted at 7% from 3,219 yen, which is the simple average of the closing prices of the Company's common shares on the First Section of the TSE during the three months up to June 23, 2017, the business day immediately prior to the date of the Board of Directors meeting at which the implementation of the Tender Offer was resolved.

(4) Planned number of shares to be purchased

Class of shares	Planned number of shares to be purchased	Expected number of excess shares	Total
Common share	660,000 shares	– shares	660,000 shares

(Note 1) If the total number of shares tendered (refers to shares tendered to the Tender Offer; hereinafter the same) does not exceed the planned number of shares to be purchased (660,000 shares), the Company will purchase all tendered shares. If the total number of shares tendered exceeds the planned number of shares to be purchased (660,000 shares), the Company will not purchase all or some of the excess portion and will implement delivery-versus-payment settlement with regard to the shares in accordance with the pro rata method specified in Article 27-22-2, paragraph 2 of the Financial Instruments and Exchange Act (law No. 25 of 1948, as amended), as applied mutatis mutandis pursuant to Article 27-13, paragraph 5 of the same Act and with Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ministry of Finance Order No. 95 of 1994, as amended). (If the number of tendered shares by a shareholder contains a portion of shares less than 1 unit (100 shares), the maximum number of shares to be purchased, as calculated on the pro rata method, will be the number of tendered share by each shareholder.

(Note 2) Shares less than 1 unit shall be subject to the Tender Offer. In the case where a shareholder exercises the right to demand purchase of shares less than 1 unit pursuant to the Companies Act, the Company may purchase its own shares during the tender period of the Tender Offer (the "Tender Offer Period") in accordance with the procedures specified by laws and regulations.

(Note 3) Ratio to the total issued shares: 5.50% (rounded off to the second decimal places)

(5) Funds necessary for the purchase

1,999,840,000 yen

(Note) The amount of funds necessary for the purchase is the total of the estimated purchase proceeds (1,976,040,000 yen), purchase procedure fees, and various expenses for newspaper public notice relating to the Tender Offer and printing expenses for Tender Offer explanatory documents and other necessary documents.

(6) Settlement method

a. Name of the securities company or bank that will perform settlement relating to the repurchase and address of its main office

Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo

b. Settlement commencement date

August 17, 2017 (Thursday)

c. Settlement method

Without delay after the end of the Tender Offer Period, notice of purchase pursuant to the Tender Offer will be sent to shareholders tendering through the Tender Offer (the “Tendering Shareholders”) (in the case of a foreign shareholder, the shareholder’s standing proxy) at their address or location. Purchases will be made in cash. The amount equal to the purchase proceeds relating to the purchased shares less applicable withholding taxes regarding deemed dividends (see note) will be remitted by the tender offer agent to the location designated by the Tendering Shareholder (in the case of a foreign shareholder, the shareholder’s standing proxy) or paid to the account of the Tendering Shareholders opened with the tender offer agent for the tendered shares, without delay after the settlement commencement date in accordance with instructions from the Tendering Shareholder (in the case of a foreign shareholder, the shareholder’s standing proxy).

(Note) Imposition of taxes on shares purchased pursuant to a tender offer

(*) Please refer to your tax accountant or other professional concerning specific tax-related questions and make your own determinations.

i) Individual shareholders

If the amount of money to be delivered for tendering shares pursuant to the Tender Offer exceeds the amount of the portion corresponding to the shares that are the basis of the delivery included in the capital of the tender offeror, the issuer corporation of shares (in the case of a consolidated corporation, the amount of consolidated capital), the amount of the excess portion (the “Amount of Deemed Dividends”) is subject to taxation as the amount of dividend income. Furthermore, the amount of the monies to be delivered for tendering shares minus the Amount of Deemed Dividends is deemed to be income from the transfer of shares.

If the Amount of Deemed Dividends does not exist, all of the monies to be delivered for tendering shares are income from the transfer of shares.

The Amount of Deemed Dividends is in principle subject to withholding equal to 20.315% (15.315% in income taxes and the Special Reconstruction Corporation Tax under the Act on Special Measures concerning Securing Financial Resources Necessary to Implement Measures for Reconstruction in Response to the Great East Japan Earthquake (Law No. 117 of 2011; hereinafter referred to as the “Special Reconstruction Corporation Tax”) and 5% in resident taxes (non-residents are exempt from the resident tax); provided, however, that in the case where an individual shareholder is a large shareholder specified in Article 4-6-2, paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation, 20.42% of the payment is withheld (income tax and Special Reconstruction Corporation Tax only). In addition, the amount of income from the transfer of shares minus acquisition cost relating to the shares, etc. is in principle subject to separate self-assessment taxation (non-residents without a permanent domestic establishment are in principle not subject to the taxation). In the case where shares in a tax-free account specified in Article 37-14 of the Act on Special Measures Concerning Taxation (Tax-free status of income from transfers relating to small amounts of publicly-traded shares in tax-free accounts) are tendered pursuant to the Tender Offer and the financial instruments business operator with which the tax-free account was opened is Mizuho Securities Co., Ltd., income from the transfer of shares pursuant to the Tender Offer is in principle tax free. If the tax-free account was opened with a financial instruments business operator other than Mizuho Securities Co., Ltd., the treatment described above may not apply.

ii) Corporate shareholders

The Amount of Deemed Dividends is in principle subject to 15.315% withholding (income tax and Special Reconstruction Corporation Tax) as dividends. The amount of the monies to be delivered for tendering shares minus the Amount of Deemed Dividends is the amount of consideration for the transfer of securities.

iii) Foreign shareholders who are eligible and wish to have the income tax and Special Reconstruction Corporation Tax on the Amount of Deemed Dividends reduced or exempted pursuant to an applicable tax treaty must submit the written notice regarding the tax treaty to the tender offer agent by the last day of the Tender Offer Period.

(7) Other

a. The Tender Offer is not conducted in the United States or for the United States, either directly or indirectly, and is not conducted by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, facsimile, electronic mail, internet communications, telex and telephone), and moreover, is not conducted through any securities exchange facility in the United States. The Tender Offer may not be subscribed through any of the aforementioned methods or means, or through the aforementioned facilities, or from the United States.

Furthermore, Tender Offer Statement and related documents regarding the Tender Offer are not sent to or distributed and may not be sent or distributed in the United States or from the United States by means of mail or any other method. The Company may not accept any subscriptions to the Tender Offer that directly or indirectly violate the aforementioned

restrictions. Tendering Shareholders (in the case of a foreign shareholder, the shareholder's standing proxy) may be requested to make the following representations and warranties to the tender offer agent when tendering shares pursuant of the Tender Offer.

Tendering Shareholders: (i) are not in the United States at the time of subscription and submission of the tender offer subscription; (ii) have not received or sent any information regarding the Tender Offer (including any copies), directly or indirectly, in the United States, to the United States, or from the United States; (iii) have not used, directly or indirectly, any U.S. mail, other interstate or international commercial methods or means (including, but not limited to, facsimile, electronic mail, internet communications, telex and telephone), and securities exchange facilities in the United States, when signing and delivering any offer or tender offer subscription forms; and (iv) do not act as any other party's agent, trustee or mandatary without discretionary power (except when such other party gives all instructions regarding the offer from the outside of the United States).

- b. In early June 2017, Iwasaki Corporation responded to the Company that, if the Company resolves to implement the Tender Offer, it would tender 600,000 shares, a part of its holdings of the Company's shares (Holding Ratio: 5.00%).

Further, in mid-June 2017, Iwasaki Corporation explained to the Company that it plans to continue to hold the 2,839,624 common shares of the Company (Holding Ratio: 23.66%) that are not to be tendered to the Tender Offer.

(Reference) Status of treasury shares held as of June 26, 2017

Total number of issued shares (excluding treasury shares)	11,340,432 shares
Number of treasury shares	659,568 shares