

# Announcement concerning the Agreement on Capital and Business Alliance Entered with The Earth Co. and the Subscription for Shares by the Company's consolidated subsidiary through Third-party Allotment (Sub-subsidiary Acquisition)

Mar 1, 2013

## Don Quijote Co., Ltd.

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Don Quijote Co., Ltd. (hereinafter referred to as the “**Company**”) announces that its board of directors passed a resolution today, with respect to the agreement on capital and business alliance that will be entered into among The Earth Co. (hereinafter referred to as “**TE**”), the Company and its consolidated subsidiary LN (hereinafter referred to as “**LN**”), which includes third-party allotment of new shares issued by TE. The Company also announces that as result of LN’s subscription for shares issued by TE, TE is planned to become the consolidated subsidiary (Sub-subsidiary) of the Company.

1. The Purpose of the agreement on capital and business alliance and the subscription for shares

The Company believes that there is a need for the Company to promote the efficient operation of the real estate owned by the Company and its affiliated companies because of the increase in the number of real estate the Company possesses due to the recent opening of new stores and the increase in the size of the stores in various areas.

For this reason, based on the proposal of capital and business alliance from TE, the Company has entered into the agreement on capital and business alliance for the purpose of TE providing knowledge and know-how regarding real estate that it possesses as well as to receive advice based thereon, and decided LN to subscribe for new shares issued by TE through its third-party allotment.

2. The details of the business alliance , etc.

- (1) The details of the business alliance

- (a) TE will provide the Company and its affiliates with advice, knowledge and know-how for the efficient operation of the real estate owned by the Company and its affiliates.

- (b) TE will utilize the Company’s name recognition to implement various measures to

increase the number of users of and enhance the awareness of “MOTHER’S AUCTION” and “Sumu Sumu Navi” operated by TE.

(2) The details of capital alliance

Please refer to "5. Overview of Third-party Allotment by TE" below.

3. Company Outlines of LN (As of March 1, 2013)

(1)	Name	LN Co., Ltd.
(2)	Type of Business	Real estate operating
(3)	Founded	July 9, 2012
(4)	Location	2-19-10, Aobadai, Meguro-ku, Tokyo
(5)	Representative	Ryuji Yasumoto
(6)	Capital stock	¥100 million (Don Quijote Co., Ltd. wholly-owned subsidiary)

4. Company Outlines of TE (As of March 1, 2013)

(1)	Name	The Earth Co.	
(2)	Type of Business	Advertising, Business service, Real estate operating	
(3)	Founded	September 1, 1999	
(4)	Location	2-2-12, Hirano-cho, Chuo-ku, Osaka	
(5)	Representative	Yoshinori Ikezoe	
(6)	Capital stock	¥3,253 million	
(7)	The Number of employees	7 (As of September,2012)	
(8)	Major Shareholders and Shareholding Ratio (As of Feb 28,2013)	Tricolore 2 LLC.	29.59%
		Takahiro Sugahara	4.42%
		LN	4.10%
		Takako Ando	2.53%
		Rakuten Securities, Inc.	1.97%
		Yoshinori Ikezoe	1.92%
		Hikari Securities, Inc.	1.91%
		Kazuya Motooka	1.83%
		Yukio Fujimi	1.36%
	Seiko Kanzuki	1.10%	
(9)	Relationship between the two companies	Shareholding	LN acquired 60,000 shares of TE (shareholding ratio of 4.10%) in February 1, 2013. Following the issuing of new shares for this capital increase through third-party allotment, LN is slated to own 1,360,000 shares (shareholding ratio of 49.20%).

		Personal	There is no personal relationship to be stated between the Company and TE. In addition, there is no personal relationship to be particularly mentioned between parties or companies affiliated with the Company and parties or companies affiliated with TE.	
		Transaction	There is no transaction relationship to be stated between the Company and TE. In addition, there is no personal relationship to be particularly mentioned between parties or companies affiliated with the Company and parties or companies affiliated with TE.	
(10)	URL	<a href="http://corp.the-earth.tv/index.html">http://corp.the-earth.tv/index.html</a>		
(11)	Financial results for most recent three years (millions of yen)			
	Fiscal year ending	March 31, 2010	March 31, 2011	March 31, 2012
	Consolidated Net Assets	801	86	△152
	Consolidated Total Assets	9,089	798	329
	Consolidated Net income Per assets (yen)	1,794.02	160.28	△191.75
	Consolidated Net sales	1,628	287	103
	Consolidated operating income	△1,879	△1,370	△545
	Consolidated Recurring income	△2,224	△1,417	△595
	Consolidated Net income	△2,458	△1,413	△802
	Consolidated Net income Per share (yen)	△8,270.51	△3,028.34	△1,243.83
	Dividends per share (yen)	—	—	--

#### 5. Overview of Third-party Allotment by TE

(1) Date of payment	April 22, 2013
(2) Number of new common Shares to be issued	1,300,000
(3) Issue price	¥1,300 per share
(4) Total amount issued	¥1,690 million
(5) Method of offering or allotment	Third party allotment of shares
(6) The target and number of allocation	LN / 1,300,000
(7) Others	This issuing of new shares (hereafter referred to as “capital increase through third-party allotment”) is conditional upon (1) the notification regarding the submission of a

	securities registration statement has taken effect as per the Financial Instruments and Exchange Act, and (2) the proposal authorizing the capital increase through third-party allotment is approved by the shareholders of TE at the extraordinary general meeting of shareholders scheduled to be held on Friday, April 19, 2013.
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6. Our number of the acquisition shares, situation of the acquisition value

(1) Outstanding shares prior to offering	60,000 (Voting right : 60,000、 Ratio against total voting right : 4.10%)
(2) Number of the acquisition shares	1,300,000 (Voting right : 1,300,000)
(3) Total acquisition value	¥1,690 million
(4) Outstanding shares after offering	1,360,000 (Voting right : 1,360,000、 Ratio against total voting right : 49.20%)

7. Schedule

(1) Resolution of board of directors meetings	March 1, 2013
(2) Execution of the business and capital alliance agreements	March 1, 2013
(3) Date of payment	April 22, 2013
(4) Date of shares acquisition	April 22, 2013