

To Our Shareholders

Company name:	Don Quijote Holdings Co., Ltd.
Representative:	Koji Oohara, President and Representative Director and COO
Securities code:	7532, First Section, Tokyo Stock Exchange
Location of head office:	2-19-10 Aobadai, Meguro-ku, Tokyo
Information disclosure officer:	Mitsuo Takahashi, Senior Managing Director and CFO
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Notification Regarding Underwriting of Convertible Bonds and Share Options Issued by Japan Asset Marketing Co., Ltd.

Don Quijote Holdings Co., Ltd. (“the Company” hereafter) hereby provides the following notice regarding a resolution adopted at a meeting of the board of directors today concerning the underwriting of unsecured convertible bonds and share options to be issued based on a third-party allocation by Japan Asset Marketing Co., Ltd. (“JAM” head office: Edogawa-ku, Tokyo; President and Representative Director: Takayuki Koshizuka; Tokyo Mothers: 8922), a consolidated subsidiary of the Company.

1. Purpose of this underwriting

JAM became a consolidated subsidiary of the Company in April 2013 as a result of a third-party allocation of shares based on a capital and business alliance agreement between the Company and LN Co., Ltd., a wholly-owned subsidiary of the Company. Thereafter, the Company created a structure where it transferred real estate (buildings) owned by the Don Quijote Group to JAM. JAM developed and managed this real estate and newly acquired real estate, and various retail companies in the Don Quijote Group leased business stores and other real estate from JAM. This change of structure produced benefits in that the Company became able to efficiently manage and use real estate owned by the Don Quijote Group and various retail companies in the Don Quijote Group became able to concentrate on their core businesses.

The Company believes that it will be possible to further accelerate the opening of new stores, which is the growth engine for the Don Quijote Group, by adopting a method whereby JAM will acquire real estate in the form of new income-generating properties and land for development by using the funds procured from the issuance of the unsecured convertible bonds and share options, and various retail companies in the Don Quijote Group will lease real estate (buildings) owned by JAM.

In this way, it was decided to conduct this underwriting because the Company believes that further strengthening a structure that enables JAM to efficiently manage and use real estate (buildings) used in the Don Quijote Group through this underwriting will be beneficial from the viewpoint of improving the

corporate value of the Don Quijote Group.

2. Outline of JAM

(As of November 27, 2014)

1)	Company name	Japan Asset Marketing Co., Ltd.	
2)	Main business activities	Real estate lease and management business	
3)	Date of establishment	September 1, 1999	
4)	Head office location	4-14-1 Kita-Kasai, Edogawa-ku, Tokyo, Japan	
5)	Representative	Takayuki Koshizuka, President and Representative Director	
6)	Capital	4,097 million yen	
7)	Number of employees	76 (as of the end of September 2014)	
8)	Major shareholders and shareholding ratio (as of the end of Sep. 2014)	LN Co., Ltd.	49.19%
		The Bank of New York, Non-Treaty JASDEC account (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	7.47%
		CBHK – GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED – CLIENT ACCOUNT (Standing proxy: Citibank Japan Ltd.)	3.28%
		CBHK – PHILLIP SEC(HK) LTD – CLIENT MASTER (Standing proxy: Citibank Japan Ltd.)	1.95%
		State Street Bank and Trust Company (Standing proxy: Tokyo Branch of. Hong Kong Shanghai Bank)	1.37%
9)	Relationship between the Company and JAM	Capital relationship	The Company's fully-owned subsidiary, LN Co., Ltd., owns 136,000,000 shares (49.19% of voting rights) of JAM.
		Personnel relationship	The Company seconds to JAM its three directors and two auditors.
		Business relationship	JAM and the Company, as well as its fully-owned subsidiary LN Co., Ltd. concluded a capital and business alliance agreement and have agreed that (i) JAM gives advice and provides its knowledge and know-how to the Don Quijote Group for efficient management of its owned properties and (ii) business alliance will be conducted regarding various measures to expand users of JAM services and raise its recognition by using the Company's high profile. In addition, the Company leases out its fixed assets (land) and extends loans to JAM based on a loan agreement.

10)	URL	http://www.jasset.co.jp		
11)	Consolidated business performance and consolidated financial condition for the last three years (million yen)			
	Fiscal term	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	Total net assets	-152	204	3,725
	Total assets	329	313	58,776
	Total net assets per share (yen)	-191.75	1.39	13.48
	Net sales	83	131	3,378
	Operating profit	-545	-385	1,105
	Recurring profit	-595	-427	803
	Net profit	-802	-205	1,833
	Earnings per share (yen)	-1,243.83	-1.94	6.82
	Dividend per share (yen)	—	—	—

(Note) JAM conducted a 100-for-1 stock split of common shares with an effective date of November 1, 2013. Net profit per share and net assets per share are calculated assuming the stock split was conducted at the beginning of the fiscal year ended March 31, 2013.

3. Outline of this underwriting

The Company intends to underwrite all of the following unsecured convertible bonds and share options issued by JAM.

(1) Unsecured convertible bonds

1)	Payment date	December 12, 2014
2)	Total number of share options	250
3)	Issue price of bonds and share options	The issue price of the bonds is 100,000,000 yen (100 yen per face value of 100 yen) The share options will be issued gratis
4)	Number of latent shares resulting from this issuance	168,918,918
5)	Aggregate amount of issue price	25,000,000,000 yen
6)	Conversion price	148 yen
7)	Other	(i) Fixed conversion price and number of applicable shares The convertible bonds have a fixed conversion price and are different from so-called MSCB and MS warrants, which have price adjustment conditions attached. (ii) Early redemption provisions

	<p>From the day following the issuance date of the convertible bonds onward, JAM is permitted to redeem all or a part of the remaining bonds after notifying the Company, which is the holder of the bond rights, of this intention, the reason for this, and other necessary matters in advance and in writing.</p> <p>(iii) Transfer restrictions The transfer of the convertible bonds shall require the approval of the board of directors of JAM.</p> <p>(iv) Other Each of the above items is conditional upon the effectiveness of notification by JAM under the Financial Instruments and Exchange Act.</p>
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(2) Share options

1)	Allotment date	December 12, 2014
2)	Total number of share options	675
3)	Issue price	86,000 yen per share option (aggregate amount of 58,050,000 yen)
4)	Number of latent shares resulting from this issuance	67,500,000 (100,000 shares per share option)
5)	Payment amount	10,048,050,000 yen (Breakdown) Payment amount on issuance of share options: 58,050,000 yen Payment amount on exercise of share options: 9,990,000,000 yen
6)	Exercise price	148 yen
7)	Other	<p>(i) Fixed exercise price and number of applicable shares The share options have a fixed exercise price and are different from so-called MSCB and MS warrants, which have price adjustment conditions attached.</p> <p>(ii) Exercise instructions and exercise approval for the share options Under the share option allotment agreement that is scheduled to be concluded between JAM and the Company, which is the allottee, if the closing price of JAM common shares based on ordinary transactions on the Tokyo Stock Exchange, Inc. exceeds the exercise price on any day during the exercisable period, JAM may issue instructions to the Company, which is the allottee, to the effect that the share options should be exercised (the "Exercise Instructions" hereafter), after specifying the number of share options that should be exercised, during the exercisable period. Moreover, if JAM issues the Exercise Instructions, it is planned to be stipulated that the Company, which is the allottee, must exercise the number of share options specified in the Exercise Instructions according to the Exercise Instructions, in accordance with the Exercise Instructions,</p>

	<p>within ten trading days from the date when the Exercise Instructions are issued.</p> <p>Further, under the same agreement, if the Company, which is the allottee, wishes to exercise the share options that it holds (but excluding the case when it exercises the share options in accordance with the Exercise Instructions issued by JAM), it must request approval to exercise the share options (the “Exercise Approval” hereafter), after specifying the number of share options it wishes to exercise. In addition, when receiving the Exercise Approval from JAM, it is planned to be stipulated that the share options may be exercised within the range of the number specified in the Exercise Approval, in accordance with the Exercise Approval, only within ten trading days from the date when the Exercise Approval is received.</p> <p>Moreover, with respect to the same agreement, it is planned to be stipulated that the Company may not exercise the share options except in the case when the Company exercises the share options according to the Exercise Instructions issued by JAM and the case when it exercises the share options in accordance with the Exercise Approval after obtaining the Exercise Approval of JAM.</p> <p>(iii) Acquisition provisions</p> <p>After the issuance of the share options, when the board of directors of JAM resolves to acquire the share options, JAM may acquire all of the share options based on the issue price. In this case, after this resolution, JAM shall provide prior notification to the Company, which is the option rights holder, in advance and in writing up to two weeks before the date of acquisition of the share options.</p> <p>(iv) Transfer restrictions</p> <p>The transfer of the share options shall require the approval of the board of directors of JAM.</p> <p>(v) Other</p> <p>Each of the above items is conditional upon the effectiveness of notification by JAM under the Financial Instruments and Exchange Act.</p>
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4. Status of shareholding of the Company and its affiliates if all of the unsecured convertible bonds are converted to common shares and all of the share options are exercised (estimated)

(1) Number of shares held before change	136,000,000 (number of voting rights: 1,360,000, percentage of voting rights held: 49.19%)
(2) Number of shares acquired	236,418,918 (number of voting rights: 2,364,189)
(3) Number of shares held after change	372,418,918 (number of voting rights: 3,724,189, percentage of voting rights held: 72.61%)

5. Impact on earnings

The Company believes that this underwriting will have a minimal impact on the Company's consolidated earnings, but if it is newly revealed that it will have a significant impact on earnings, the Company will promptly notify this.