

October 11, 2018

To whom it may concern

Company name:	Don Quijote Holdings Co., Ltd.
Representative:	Koji Ohara, President and CEO
Security Code:	7532 First Section, Tokyo Stock Exchange
Address:	2-19-10 Aobadai, Meguro-ku, Tokyo
Information disclosure:	Mitsuo Takahashi, Senior Managing Director and CFO
Phone:	+81-3-5725-7588

Announcement of Acquisition of Shares of UNY CO., LTD. (Changes in the Subsidiary, etc.) and Expression of Opinion regarding Planned Commencement of Tender Offer for Shares in Don Quijote Holdings Co., Ltd. by a Wholly-Owned Subsidiary of FamilyMart UNY Holdings, Co., Ltd.

Don Quijote Holdings Co., Ltd. (the “Company”) resolved at the Board of Directors’ meeting held today to acquire 60% of the shares of UNY CO., LTD. (“UNY”) from FamilyMart UNY Holdings Co., Ltd. (“FamilyMart UNY HD”) and convert UNY into a wholly-owned subsidiary of the Company (the “Share Acquisition”) as described in “I. Acquisition of Shares of UNY Accompanied by Changes in Subsidiaries, etc. (Conversion into Subsidiary and Conversion into Sub-subsidiary)” below, and, in regard to a tender offer (the “Tender Offer”) for the common shares of the Company (the “Company’s Shares”) through a wholly-owned subsidiary (the “Tender Offeror”) of FamilyMart UNY HD that will be implemented for the purpose of making the Company into an equity method affiliate of FamilyMart UNY HD as described in “II. Expression of Opinion on the Tender Offer” below, to agree to the Tender Offer if the Tender Offer is started, and leave the decision on whether to respond to the Tender Offer up to shareholders because the Company’s Shares will remain listed even after the Tender Offer as the opinion of the Company as of today, as described below.

The Share Acquisition and the Tender Offer are independent transactions, and one transaction is not a precondition for the other transaction. Therefore, even if one transaction is not completed as planned, whether in full or in part, the other transaction may be conducted.

If the Share Acquisition is conducted, UNY will become a wholly-owned subsidiary of the Company, and UCS CO., LTD. (“UCS”), which is a wholly-owned subsidiary of UNY, will also become a wholly-owned subsidiary (sub-subsidiary) of the Company.

In addition, according to the “Announcement of Planned Commencement of Tender Offer for Shares in Don Quijote Holdings Co., Ltd. (Code No. 7532) and Transfer of Shares Accompanied by Changes to Subsidiary” released today by FamilyMart UNY HD (“FamilyMart UNY HD Press Release”), the details

of the Tender Offeror have yet to be decided on at this time. In addition, according to the FamilyMart UNY HD Press Release, the Tender Offer will be conducted promptly if certain conditions are fulfilled such as (1) the Company's Board of Directors has resolved to express an opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution (note). As of today, FamilyMart UNY HD aims to have the Tender Offeror start the Tender Offer in early November 2018. Because a portion of the details of the Tender Offer have not been decided on in this manner as of today, the Company's Board of Directors will make another resolution on the expression of an opinion regarding the Tender Offer when the Tender Offer is started. Further, while the screening procedures under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the "Antimonopoly Act") on the Tender Offeror have not been completed as of today, they are expected to be completed before the start of the Tender Offer, or at the latest, without delay after the start of the Tender Offer. If there are any changes in such expectations, there could be a delay in the starting timing of the Tender Offer or an extension in the offer period for the Tender Offer ("Tender Offer Period").

Because there will be an upper limit on the number of shares to be purchased under this Tender Offer and the Company and FamilyMart UNY HD have confirmed that the Company's Shares will remain listed even after the Tender Offer is made, the Company's Shares will remain listed on the First Section of the Tokyo Stock Exchange even after the Tender Offer.

(Note) The preconditions for the implementation of the Tender Offer are: (1) mentioned above; (2) there are no petitions, lawsuits, or proceedings with judicial or administrative institutions, etc. calling for the start of the Tender Offer to be prohibited or limited or judgments, etc. by judicial or administrative institutions, etc. prohibiting or limiting the start of the Tender Offer; (3) there are no material facts regarding the Company (refers to material facts prescribed in Article 166, paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") or facts on the Tender Offer (refers to facts prescribed in Article 167, paragraph 2 of the Act) that are not disclosed; and (4) there are no grounds that could have a significant adverse effect on the business, financial position, management, cash flows, or outlook for these items of the Company or its subsidiaries and affiliates, and there have been no significant changes in the stock market conditions or other market environments, financial environments, or economic environments in Japan or overseas.

The Company resolved at the Board of Directors' meeting held today to change its trade name to "Pan Pacific International Holdings Corporation." For details of partial amendments to the Articles of Incorporation in connection with the change of trade name, please refer to the Company's announcement "Announcement Regarding Partial Amendments to the Articles of Incorporation to Change Trade Name, and Change in Officers" released today.

I. Acquisition of Shares of UNY Accompanied by Changes in Subsidiaries, etc. (Conversion into Subsidiary and Conversion into Sub-subsidiary)

The Company owns 40% of the shares of UNY as of today, and it was decided through a resolution of the Board of Directors' meeting held today to acquire 60% of the shares of UNY from FamilyMart UNY HD and convert UNY into a wholly-owned subsidiary, as described below. UNY will consequently become a specified subsidiary of the Company. In addition, with the conversion of UNY into a wholly-owned subsidiary, UNY's wholly-owned subsidiary, UCS will also become a wholly-owned subsidiary (sub-subsidiary).

1. Reason for the Share Acquisition

The Company reached the agreement with FamilyMart UNY HD that cooperation and mutual complementary effects could be expected by leveraging the respective management resources and unique strengths and know-how of both companies beyond group boundaries as there is little competition because the core businesses of each corporate group differ, that further refining UNY's strengths up until now in the food business, etc. in order to strongly grow the general merchandise store business ("GMS Business") while leveraging what FamilyMart UNY HD considers are the Company's strengths, such as support from a wide range of customers including young people, the development of consumable-time stores with strong amusement qualities (stores where consumers enjoy their time as they would at an amusement facility while also doing their shopping), and know-how for supporting the night market and inbound market, would contribute to improvements in medium to long-term corporate value for UNY, and that incorporating UNY in the Group that has a major presence in the Chukyo area, which the Company considers a potential future major commercial area, and a member base of 5 million people mainly consisting of families would contribute to an improvement in the Company's corporate value. Accordingly, the Company decided to conduct a close alliance including capital, and not only cooperation through a business alliance, and on August 31, 2017, concluded a business alliance agreement with FamilyMart UNY HD ("2017 Business Alliance Agreement").

After the 2017 Business Alliance Agreement was entered, the Company and UNY worked to develop double-name stores for six existing Apita and Piago stores. In February and March 2018, UNY's strengths up until now in the food business and the Company's know-how of stores for consumable-time store format with strong amusement qualities were combined in these six stores, which were converted into a new store format as MEGA Don Quijote UNY, and newly opened. The Company believes that considerable growth has been achieved with these six stores because during the period of six months from March to August 2018 following this conversion, cumulative net sales increased about 90% year on year from 6.8 billion yen to 13.2 billion yen and the cumulative average number of customers per day for the six stores increased about 60% year on year from around 20,000 people to around 32,000 people.

The results achieved with these double-name stores have led to high hopes for further strengthened alliance with UNY using this new store format as a model case. Seeing the steady growth of UNY stores that had been converted into a new store format for six months before approximately one year has elapsed since the business alliance between the Company and FamilyMart UNY HD had begun, the Company and FamilyMart UNY HD began discussions once again on the approach towards a capital relationship with UNY in late August 2018. As a result of the continued discussions, it was deemed that the corporate

value of UNY could be further improved through an even deeper alliance with the Company in order to achieve further store operations improvements, improvements in the efficiency of commercial distribution, and the implementation of measures to promptly respond to diversifying customer needs. Meanwhile, the Company also concluded that it would be possible to enhance competitiveness and further improve the corporate value of the Company through a combined efforts with UNY in accelerating the creation of new bricks-and-mortar stores with strong amusement qualities by leveraging the solid trust UNY has built over the years with its customers mainly in the Chukyo area. Consequently, the Company today decided to purchase all of the shares of UNY held by FamilyMart UNY HD.

For the funds required for the Share Acquisition, the Company will use hybrid financing as well as cash reserves and borrowing from financial institutions while taking into consideration the avoidance of a decline in capital efficiency from share dilution and the maintenance and improvement of financial soundness, and has no plans of procuring funds through the issuance of new shares.

While hybrid financing is a liability, it will not result in the dilution of shares, since it is a form of financing that has aspects and characteristics similar to capital including optional deferral of interest payments, an especially long repayment period, and treatment that is subordinated with respect to liquidation proceedings and bankruptcy proceedings, the Company expects to obtain certification as funds to be handled like capital for a certain percentage of the funds procured through hybrid financing from a rating agency (i.e., Japan Credit Rating Agency, Ltd.).

2. Outline of the Subsidiaries, etc. to be Acquired

1) UNY CO., LTD.

(1) Name	UNY CO., LTD.	
(2) Location	1 Amaikegotanda-cho, Inazawa-shi, Aichi	
(3) Name and Title of Representative	Norio Sako, Representative Director and President	
(4) Description of Business	General retail chain store operator covering clothing, food, housing, and leisure	
(5) Capital	¥10,000 million (non-consolidated) (As of February 20, 2018)	
(6) Date of Establishment	February 16, 2012	
(7) Major Shareholders and Ownership Percentages	FamilyMart UNY Holdings Co., Ltd.	60.0%
	The Company	40.0%
(8) Relationship between the Company and UNY CO., LTD.	Capital Relationship	As shown above.
	Personnel Relationship	Three Directors, two Executive Officers and one employee of the Company serve concurrently as directors of UNY CO., LTD., and two Directors of the Company serve concurrently as Corporate Auditors of UNY CO., LTD.

	Business Relationship	The Company and UNY have entered into a management instruction agreement and the Company engages in the lending of funds to UNY. Additionally, the Company's subsidiary has entered into an agreement with UNY's subsidiary to supply products to be sold at stores operated by the said subsidiary.	
(9) Operating Results and Financial Condition for the Last Three Years of UNY CO., LTD. (Non-consolidated)			
Accounting Period	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net assets	¥163,177 million	¥108,785 million	¥90,040 million
Total assets	¥560,255 million	¥505,797 million	¥438,389 million
Net assets per share	¥815,885.71	¥543,929.31	¥450,204.06
Net sales	¥716,994 million	¥699,822 million	¥670,649 million
Operating profit	¥10,623 million	¥13,866 million	¥17,977 million
Ordinary profit	¥10,939 million	¥13,925 million	¥16,963 million
Profit attributable to owners of parent	¥2,541 million	¥(56,599) million	¥9,265 million
Profit per share	¥12,707.60	¥(282,996.50)	¥46,329.98
Dividend per share	—	—	¥3,387.94

(Note) UNY does not prepare consolidated financial statements. Furthermore, while UNY has several subsidiaries in addition to UCS, it has considerable business transactions with each of its subsidiaries including UCS. Accordingly, the consolidated operating results and consolidated financial position of UNY differ substantially from the simple aggregation of the financial figures of UNY and each of its subsidiaries. Consequently, only the non-consolidated operating results and financial position of UNY are stated.

2) UCS CO., LTD. (Sub-subsidiary)

(1) Name	UCS CO., LTD.	
(2) Location	1 Amaikegotanda-cho, Inazawa-shi, Aichi	
(3) Name and Title of Representative	Hideki Goto, Representative Director and President	
(4) Description of Business	Credit card, insurance and leasing business	
(5) Capital	¥1,610 million (non-consolidated) (As of February 20, 2018)	
(6) Date of Establishment	May 17, 1991	
(7) Major Shareholders and Ownership Percentages	UNY CO., LTD.	100.0%
(8) Relationship between the	Capital Relationship	There are no capital relationships between

Company and UCS CO., LTD.		the two companies.	
	Personnel Relationship	There are no personnel relationships between the two companies.	
	Business Relationship	The Company provides guarantees to the debt obligations of UCS to FamilyMart UNY Holdings Co., Ltd. Additionally, the Company and UCS have entered into credit card merchant agreement regarding the credit card issued by UCS.	
(9) Operating Results and Financial Condition for the Last Three Years of UCS CO., LTD. (Non-consolidated)			
Accounting Period	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net assets	¥24,665 million	¥24,216 million	¥26,346 million
Total assets	¥144,611 million	¥150,442 million	¥148,843 million
Net assets per share	¥1,311.47	¥1,287.61	¥1,400.83
Net sales	¥19,500 million	¥19,997 million	¥20,103 million
Operating profit	¥3,837 million	¥301 million	¥3,381 million
Ordinary profit	¥3,840 million	¥304 million	¥3,835 million
Profit attributable to owners of parent	¥2,333 million	¥19 million	¥2,599 million
Profit per share	¥124.07	¥1.03	¥138.24
Dividend per share	¥25	¥25	—

3. Outline of the Party from Which the Company Will Acquire Stocks

(1) Name	FamilyMart UNY Holdings Co., Ltd.	
(2) Location	3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	
(3) Name and Title of Representative	Koji Takayanagi, Representative Director and President	
(4) Description of Business	A holding company for operators of general merchandise stores and convenience stores, etc.	
(5) Capital	¥16,659 million (As of February 28, 2018)	
(6) Date of Establishment	September 1, 1981	
(7) Total equity	¥589,377 million (as of February 28, 2018)	
(8) Total assets	¥1,732,506 million (as of February 28, 2018)	
(9) Major Shareholders and Ownership Percentages (As of August 31, 2018)	ITOCHU Corporation	41.43%
	The Master Trust Bank of Japan, Ltd. (Trust account)	9.89%
	ITOCHU RETAIL INVESTMENT, LLC	8.58%
	Japan Trustee Services Bank, Ltd. (Trust account)	5.30%
	Trust & Custody Services Bank, Ltd. (Securities	2.07%

	Investment Trust Account)	
	NTT DOCOMO, INC.	1.43%
	Nippon Life Insurance Company	1.22%
	STATE STREET BANK WEST CLIENT - TREATY 505234	1.12%
	BNP Paribas Securities (Japan) Limited	1.11%
	Japan Trustee Services Bank, Ltd. (Trust account 5)	0.96%
(10) Relationship between the Company and FamilyMart UNY Holdings Co., Ltd.	Capital Relationship	There are no capital relationships between the two companies.
	Personnel Relationship	There are no personnel relationships between the two companies.
	Business Relationship	There are no business relationships between the two companies.
	Status as Related Parties	Not applicable.

4. Number of Acquired Shares, Acquisition Cost and Shares Held Before and After Acquisition

(1) Number of shares owned before change	Common shares of UNY: 80,000 shares (Ownership ratio of voting rights: 40.0%)
(2) Number of acquired shares	Common shares of UNY: 120,000 shares (Ownership ratio of voting rights: 60.0%)
(3) Acquisition cost	Common shares of UNY: ¥28,200 million
(4) Number of shares owned after change	Common shares of UNY: 200,000 shares (Ownership ratio of voting rights: 100.0%)

5. Schedule

Date of resolution of the Board of Directors (The Company and FamilyMart UNY Holdings Co., Ltd.)	October 11, 2018
Date of conclusion of share transfer agreement	October 11, 2018
Date of execution of share transfer	January 2019 (Planned)

(Note) Conditional on that the waiting period and the approval screening period under the Antimonopoly Act have passed.

6. Outlook

If the Share Acquisition is conducted, UNY and UCS will become wholly-owned subsidiaries of the Company. In such a case, a revision to the consolidated business forecast for the fiscal year ending June 30, 2019, released on August 10, 2018, will be necessary, due to the impact from the change in UNY and its subsidiaries including UCS, which are equity method affiliates in which the Company has a 40% stake, to consolidated subsidiaries, among other factors. Such impact is currently being examined, and an announcement will be made once the detailed amount is determined.

II. Expression of Opinion on the Tender Offer

Regarding the tender offer on the common shares of the Company by the Tender Offeror, the Company resolved at the Board of Directors' meeting held today to agree to the Tender Offer if the Tender Offer is started as the opinion of the Company as of today, and to leave the decision on whether to respond to the Tender Offer up to shareholders because the Company's Shares will remain listed even after the Tender Offer.

1. Overview of the Tender Offeror

According to FamilyMart UNY HD, although the Tender Offeror will be a wholly-owned subsidiary of FamilyMart UNY HD, because the details have not been decided on yet, details will be provided once they are determined. For an overview of FamilyMart UNY HD that decided to acquire Company's Shares by way of the Tender Offer through the Tender Offeror, refer to "3. Outline of the Party from Which the Company Will Acquire Stocks" of "I. Acquisition of Shares of UNY Accompanied by Changes in Subsidiaries, etc. (Conversion into Subsidiary and Conversion into Sub-subsidiary)".

2. Offer Price

6,600 yen per common share ("Tender Offer Price")

3. Details, Basis, and Reason for Opinion on the Tender Offer

(1) Details of opinion on the Tender Offer

At the Board of Directors' meeting held today, the Company resolved to agree to the Tender Offer if the Tender Offer is started as the opinion of the Company as of today based on the basis and reason described in "(2) Basis and Reason for Opinion on the Tender Offer" below. In addition, it was resolved at this Board of Directors' meeting to leave the decision on whether to respond to the Tender Offer up to shareholders because the Company's Shares will remain listed even after the Tender Offer.

(2) Basis and Reason for Opinion on the Tender Offer

The descriptions on FamilyMart UNY HD in the basis and reason for opinion on the Tender Offer are

based on explanations received from FamilyMart UNY HD.

1) Overview of the Tender Offer

FamilyMart UNY HD resolved at its Board of Directors' meeting held today to, for the purpose of converting the Company into an equity method affiliate of FamilyMart UNY HD (the "Transaction"), have the Tender Offeror conduct the Tender Offer for the Company's Shares with a schedule so that the Tender Offer Period would be between 20 to 30 business days under the precondition for the start of the Tender Offer that certain conditions are fulfilled, such as that the Company's Board of Directors has resolved to express an opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution.

As of today, the Company's Shares are listed on the First Section of the Tokyo Stock Exchange, and because FamilyMart UNY HD will conduct the Tender Offer for the purpose of converting the Company into an equity method affiliate and the Company and FamilyMart UNY HD have a policy of maintaining the listing of the Company's Shares even after the Tender Offer is made, there will be an upper limit on the number of shares to be purchased in the Tender Offer of 32,108,700 shares (Note 1) (ownership ratio (Note 2): 20.17% (rounded off to 2 decimal places; same applies for all percentage calculations below). This upper limit on the number of shares to be purchased is the minimum number of shares required for FamilyMart UNY HD to stably convert the Company into an equity method affiliate, and was calculated while taking into consideration the issuance of subscription rights in the future in light of the number of subscription rights issued by the Company and the amount of subscription rights issued over the past three years. If the Tender Offeror were to acquire 32,108,700 shares of the Company's Shares by way of the Tender Offer, FamilyMart UNY HD would own 20% or more of the total shareholder voting rights of the Company (Note 3) through the Tender Offeror.

If the total number of share certificates, etc. offered for sale in response to the Tender Offer ("Share Certificates, etc. Offered for Sale") exceeds the upper limit on the number of shares to be purchased (scheduled to be 32,108,700 shares), the excess share certificates, etc. shall not be purchased, whether in full or in part, but transferred or otherwise settled in respect of a tender offer of share certificates, etc. using the method of proportional distribution as prescribed in Article 27-13, paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended). Meanwhile, there is no lower limit on the number of shares to be purchased in the Tender Offer, and if the total number of Share Certificates, etc. Offered for Sale is less than the upper limit on the number of shares to be purchased (scheduled to be 32,108,700 shares), all Share Certificates, etc. Offered for Sale shall be purchased.

(Note 1) The upper limit on the number of shares to be purchased in the Tender Offer (scheduled to be 32,108,700 shares) is equivalent to 20.00% (20.30% of the total number of shareholder voting rights of the Company) of the number of shares (160,561,427 shares) calculated by adding to the total number of issued shares as of June 30, 2018 (158,193,160 shares) stated in the securities report for the 38th fiscal period submitted by the Company on September 26, 2018 (the "Securities Report of the Company") the number of the

Company's Shares (979,200 shares) to be issued upon exercise of the subscription rights (9,779 units) excluding a decrease (a total of 12 units) due to the exercise of subscription rights (3 units) and the termination of subscription rights (9 units) reported by the Company as a fluctuation from July 1, 2018 to October 10, 2018 from the number of subscription rights (9,791 units) as of June 30, 2018, the number of shares (300 shares) granted for the subscription rights (3 units) exercised as described above, and a certain number of shares (1,393,400 shares) taking into consideration the issuance of subscription rights in the future, and then deducting the number of treasury shares (4,633 shares) held by the Company as of that date. However, the final upper limit on the number of shares to be purchased will be decided in consideration of the number of treasury shares held by the Company according to the most recent information available as of the start of the Tender Offer before the Tender Offer starts.

(Note 2) The ownership ratio refers to the ratio compared to the number of shares (159,168,027 shares) calculated by adding to the total number of issued shares as of June 30, 2018 (158,193,160 shares) stated in the Securities Report of the Company, the number of the Company's Shares (979,200 shares) to be issued upon exercise of the subscription rights (9,779 units) excluding a decrease (a total of 12 units) due to the exercise of subscription rights (3 units) and the termination of subscription rights (9 units) reported by the Company as a fluctuation from July 1, 2018 to October 10, 2018 from the number of subscription rights (9,791 units) as of June 30, 2018, and the number of shares (300 shares) granted for the subscription rights (3 units) exercised as described above, and then deducting the number of treasury shares (4,633 shares) held by the Company as of that date.

(Note 3) Refers to the total number of shareholder voting rights as of June 30, 2018 stated in the Securities Report of the Company.

2) Purpose and Background of the Tender Offer

FamilyMart Co., Ltd. ("Former FamilyMart"), which is the predecessor of FamilyMart UNY HD that is the wholly-owning parent of the Tender Offeror, listed its shares on the Tokyo Stock Exchange in December 1987. In September 2016, Former FamilyMart conducted a business integration through an absorption-type merger with UNY Group Holdings Co., Ltd. (listed on the first section of the Tokyo Stock Exchange and the Nagoya Stock Exchange at that time) with the Former FamilyMart being the surviving company, and made a transition to a pure holding company structure, subsequently changing the trade name to FamilyMart UNY HD. According to the FamilyMart UNY HD Press Release, FamilyMart UNY HD is a corporate group consisting of FamilyMart UNY HD, 35 subsidiaries, and 25 affiliates and joint ventures, for a total of 61 companies (as of August 31, 2018). It is engaged in a convenience store business ("CVS Business") centered around FamilyMart Co., Ltd. ("FamilyMart") and a GMS Business and peripheral businesses centered around UNY.

The CVS Business has a network of approximately 17,000 stores in Japan. The conversion of Circle K Sunkus brand stores into FamilyMart brand stores is underway, and scheduled to be completed in

November of this year. In addition, the three major reforms, namely structural reform in ready-to-eat items, marketing reform, and operations reform, will be pursued in an aim to achieve further synergies.

In the GMS Business, retail stores are operated and managed in response to the needs of customers in each region, including the general merchandise store business Apita and the supermarket business Piago, in an aim to make the lives of customers more abundant.

Meanwhile, the Company listed its shares on the Tokyo Stock Exchange in June 1998. Although the Company was established as Just Co., Ltd. in September 1980 for the purpose of wholesale and retail sales of daily necessities, etc., in March 1989 it opened the first Don Quijote store in Fuchu City, Tokyo in order to sell quality products to consumers at a cheaper price and changed its main business format from wholesale to retail. Since the Company changed its trade name to Don Quijote Co., Ltd. in September 1995, it has opened 379 stores in Japan, 37 stores in the U.S., and 2 stores in Singapore (as of June 30, 2018) with a focus on discount stores centered around the Don Quijote brand. The Company moved to a pure holding company structure through a company split and changed its trade name to Don Quijote Holdings Co., Ltd. in December 2013. The Company is a corporate group currently consisting of 52 consolidated subsidiaries, 18 non-consolidated subsidiaries, 2 equity method affiliates, and 3 non-equity method affiliates (as of June 30, 2018), and is engaged in the retail business with the management and operation of discount stores such as Don Quijote, Picasso, and MEGA Don Quijote as the core business and the tenant leasing business in which parts of stores are leased to tenants.

The management environment for the retail industry in Japan continues to be challenging as a result of factors including the shrinking market due to a decline in the total population, intensifying inter-industry competitive environment, including expanding e-commerce, continued inclinations of consumers towards low prices, and human resource shortages at stores and in the logistics sector. In addition, the needs of consumers are becoming increasingly diverse and consumers are rapidly becoming more selective. Within this environment, in the future of the retail industry, it will be necessary to create attractive stores and diversify sales channels, develop and offer better products, and adopt more competitive pricing in response to the changing needs of consumers, and it is also necessary to pursue more efficient management including improvements in the efficiency of store operations and the streamlining of commercial distribution.

FamilyMart UNY HD and the Company started considering a business alliance between the two companies on June 13, 2017 based on the belief that, in the retail businesses conducted by both companies within this difficult operations environment, cooperation and mutual complementary effects could be expected by leveraging the respective management resources and unique strengths and know-how of both companies beyond group boundaries as there is little competition because the core businesses of each corporate group differ. Subsequently, on August 24, 2017, FamilyMart UNY HD and the Company signed a basic agreement as a result of discussions on the details of the alliance including cooperation in the retail business, the joint development and purchase of products, streamlining of the logistics function, and cooperation in overseas markets and in the development of

new business formats. The Company and FamilyMart UNY HD then reached the agreement in addition to the conducting a business alliance, that further refining UNY's strengths up until now in the food business, etc. in order to strongly grow the GMS Business while leveraging what FamilyMart UNY HD considers are the Company's strengths, such as support from a wide range of customers including young people, the development of consumable-time store format with strong amusement qualities, and know-how for supporting the night market and inbound market, would contribute to improvements in medium- to long-term corporate value for UNY, and that incorporating UNY that has a major presence in the Chukyo area, which the Company considers a potential future major commercial area, and a member base of 5 million people mainly consisting of families would contribute to an improvement in the Company's corporate value. Accordingly, the Company decided to conduct a close alliance including capital, and not only cooperation through a business alliance, and on August 31, 2017, concluded a business alliance agreement with FamilyMart UNY HD, and at the same time, FamilyMart UNY HD transferred 40% of its 100% ownership of the shares of UNY to the Company on November 21, 2017.

Based on this business alliance agreement, the Company and UNY worked to develop double-name stores for six existing Apita and Piago stores. As described in "1. Reason for the Share Acquisition" of "I. Acquisition of Shares of UNY Accompanied by Changes in Subsidiaries, etc. (Conversion into Subsidiary and Conversion into Sub-subsidiary)," after seeing the steady growth of UNY stores that had been converted into a new store format in cooperation with the Company that has strengths in large-scale retail store operations know-how for six months before approximately one year has elapsed since the business alliance between the Company and FamilyMart UNY HD had begun, FamilyMart UNY HD and the Company began discussions once again on the approach towards a capital relationship with UNY in around late August 2018. As a result of the continued discussions, it was decided to transfer all of the remaining shares of UNY held by FamilyMart UNY HD to the Company, and the share transfer agreement related to the Share Acquisition was signed. Going forward, the Company will further discuss with FamilyMart UNY HD on business alliance policies and other details after the Tender Offer is implemented.

In addition, the cooperation between FamilyMart UNY HD and the Company has gone beyond just the GMS Business of FamilyMart UNY HD to include partnerships in the CVS Business. Specifically, FamilyMart Tachikawa Minami-dori Store, FamilyMart Otori Jinja Mae Store, and FamilyMart Setagaya Kamata 3-Chome Store, were renewed and reopened in June 2018 as joint test stores that pursue the joy of shopping by incorporating the product lineup, and sales floor planning and operations methods of Don Quijote stores, and strong results have been achieved for these stores currently as daily sales exceeded those before the store renewal supported by measures such as the rolling out of products in which both companies have strength.

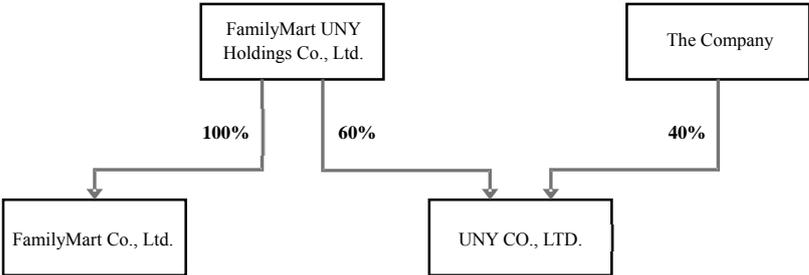
While the operating environment for the retail industry becomes even more challenging going forward amid shrinking markets due to a declining population and rising personnel cost levels due to a shortage of human resources at stores and in the logistics sector, consumers are also rapidly becoming more selective. Under such circumstances, it is increasingly necessary to offer consumers products that are more attractive and more price-competitive. To this end, it is necessary to create

attractive stores, diversify sales channels, streamline operations by developing and offering better products, and also to effectively utilize management resources, on a certain scale. Against this backdrop, FamilyMart UNY HD deemed that going one more step further ahead of the current business alliance and further strengthening relationships with the Group, which includes the new addition of UNY, and developing the distribution group with its strong presence would be essential. The total sales of the three companies of the Company, UNY, and FamilyMart are around 4.7 trillion yen, and the going forward, efforts will be made to continue the sharing of the strengths and know-how of each company beyond industry boundaries and further advance joint product development, purchases, and sales promotion in order to enhance competitiveness and strengthen profitability. In addition, the building of the customer base including data marketing and cooperation in areas such as financial services will be pursued in an aim to offer more attractive products and services in line with the needs of customers. Furthermore, in the expansion of the overseas business, in addition to FamilyMart UNY HD and the Group, the use of the overseas network of the ITOCHU Corporation that is the parent company of FamilyMart UNY HD is being considered for joint overseas expansion.

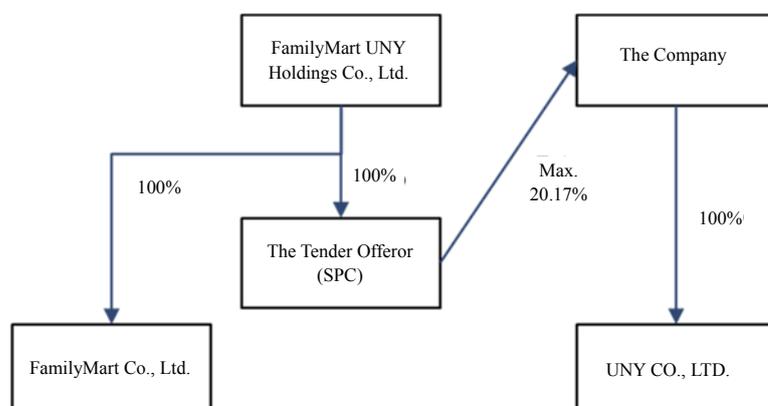
In light of this background, in early September 2018, FamilyMart UNY HD proposed to the Company the implementation of a Tender Offer for the purpose of converting the Company into equity method affiliate, and as a result of careful discussions and studies with the Company, FamilyMart UNY HD decided, for the purpose of converting the Company into equity method affiliate, to have the Tender Offeror acquire the Company’s Shares by way of the Tender Offer for the Company’s Shares, with 32,108,700 shares (ownership ratio: 20.17%) as the upper limit on the number of shares to be purchased.

In addition, as described above, FamilyMart UNY HD also decided to transfer all of the shares of its consolidated subsidiary UNY to the Company (the “Transfer”). The capital relationship between FamilyMart UNY HD, the Company, and UNY after the Tender Offer and the Transfer is as follows.

(Current state)



(Immediately after the Transfer and the Tender Offer)



3) Processes and Reasons for Decision by the Company to Agree to the Tender Offer

(i) Processes and reasons for decision by the Company

Since the signing of the business alliance agreement with FamilyMart UNY HD on August 31, 2017, the Company has continued to explore opportunities for partnerships beyond the boundaries of industries in the discount store business, GMS Business, and CVS Business.

Subsequently, as described above in “1. Reason for the Share Acquisition” of “I. Acquisition of Shares of UNY Accompanied by Changes in Subsidiaries, etc. (Conversion into Subsidiary and Conversion into Sub-subsidiary),” the Company and UNY worked to develop double-name stores for six existing Apita and Piago stores, and the results achieved with these double-name stores led to high hopes for further strengthened alliance with UNY using the new store format as a model case.

In addition, as described above in “2) Purpose and Background of the Tender Offer”, the cooperation between the Company and FamilyMart UNY HD has gone beyond just the GMS Business to include partnerships in the CVS Business. In June 2018, three FamilyMart-type joint experiment stores that pursue the joy of shopping uniquely possible for real stores were opened in Tokyo by leveraging know-how, such as on product lineup in line with the needs of the region and creating attractive sales floors through compression displays, and strong results have been achieved for these stores currently.

As described above, the Company and FamilyMart UNY HD have created a success model for the collaboration between both companies through the business alliance since August 31, 2017.

However, looking at the retail industry overall, with the approach of waves of change in the business environment due to the impact of factors including the further emergence of e-commerce and the advance of declining birthrates and aging populations, the Company has reached the decision that, in order to survive in this difficult operating environment, it would be essential to strengthen structures that enables the Company to respond to drastic changes in the future through the establishment of the

3rd highest economic sphere in the Japanese retail industry with the total revenues of 4.7 trillion yen of the three companies of the Company, UNY, and FamilyMart (The figures were calculated using the IR materials of other companies engaged in the retail business. The total amount of non-consolidated-basis net sales of FamilyMart (including sale of franchisees) and UNY for the fiscal year ended February 28, 2018 were 3,728.8 billion yen. Consolidated net sales of the Company for the fiscal year ended June 30, 2018 were 941.5 billion yen.) and the continued sharing of the strengths and know-how of both companies beyond industry boundaries.

In light of this background, FamilyMart UNY HD proposed to the Company the implementation of a Tender Offer for the purpose of converting the Company into an equity method affiliate in early September 2018, and the three companies conducted further discussions and studies on the appropriate form of organization from the perspective of maximizing synergies between the Company, FamilyMart UNY HD, and UNY. As a result, the conclusion was reached that going beyond the current business alliance relationship of the Company and FamilyMart UNY HD to make the Company a new equity method affiliate of FamilyMart UNY HD, sharing management resources with FamilyMart UNY HD and its parent company ITOCHU Corporation, and working to make the alliance between both companies more solid and integrated in order to strengthen growth potential and profitability would be essential for continued improvements in the corporate value of the Company.

(ii) Approval of all Directors (including Audit & Supervisory Committee Members) at the Company

In regard to the above, a resolution was made at the Board of Directors' meeting held today with the approval of all Directors (including Audit & Supervisory Committee Members) to agree to the Tender Offer if the Tender Offer is started as the opinion of the Company as of today. In addition, in consideration of the fact that the Company's Shares will remain listed even after the Tender Offer and there will be an upper limit on the number of shares to be purchased under this Tender Offer, and in light of that sufficient reasonableness can be recognized in the option of holding the Company's Shares after the Tender Offer as a shareholder of the Company, it was resolved at this Board of Directors' meeting to leave the decision on whether to respond to the Tender Offer up to shareholders because the Company's Shares will remain listed even after the Tender Offer.

The Board of Directors held today related to the resolution above was participated by all 13 Directors (including 4 Outside Directors) of the Company, and it was resolved unanimously with the approval of all Directors (including Audit & Supervisory Committee Members).

In addition, because the Tender Offer is scheduled to be started when certain preconditions are fulfilled, such as that the Company's Board of Directors has resolved to express an opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution, and a portion of the details of the Tender Offer have not been decided on as of today, including the details of the Tender Offeror, the Company's Board of Directors will make another resolution on the expression of an opinion regarding the Tender Offer when the Tender Offer is started.

(iii) Advice from an independent legal advisor and independent financial advisors to the Company

In order to ensure the transparency and fairness of the decision-making process by the Company's Board of Directors concerning the Tender Offer, the Company has assigned Nagashima Ohno & Tsunematsu as its external legal advisor, and Mizuho Bank, Ltd. and SMBC Nikko Securities Inc. as its financial advisors, and advice has been received on the decision-making methods, processes, and other points related to the Company's Board of Directors concerning the Tender Offer.

4) Management policies after the Tender Offer

FamilyMart UNY HD will strengthen the alliance while respecting the independence of the Company's management after the Tender Offer. In terms of the Company's management structure and composition of Directors following the Tender Offer, although there are plans for the Company to accept at least one Director from FamilyMart UNY HD, no other matters concerning personnel have been decided on at this point in time, and they will be subject to discussions in the future.

The Company resolved at the Board of Directors held today to nominate Takao Yasuda, the founder of the Company, as a candidate for part-time Director, in addition to at least one Director planned to be accepted from FamilyMart UNY HD. For details of the changes to Directors, please refer to the Company's announcement "Announcement Regarding Partial Amendments to the Articles of Incorporation to Change Trade Name, and Change in Officers" released today.

(3) Matters concerning calculation

1) Response by the Company

As described above in "3) Processes and Reasons for Decision by the Company to Agree to the Tender Offer" of "(2) Basis and Reason for Opinion on the Tender Offer," regarding the Tender Offer Price, because FamilyMart UNY HD does not intend to delist the Company's Shares after the Tender Offer and the policy is to continue the listing of the Company's Shares after the Tender Offer, the Company has resolved to take a neutral stance on the appropriateness of the Tender Offer Price and defer from making a judgment. Therefore, the Company has not acquired an independent share value assessment report from a third-party calculation institution regarding the Tender Offer, and has not examined the appropriateness of the Tender Offer Price.

2) Acquisition of a share value assessment report from an independent third-party calculation institution by FamilyMart UNY HD

In order to ensure the fairness of the Tender Offer Price, FamilyMart UNY HD has requested Nomura Securities Co., Ltd. ("Nomura Securities"), which is the financial advisor of FamilyMart UNY HD to calculate the share value of the Company's Shares as a third-party calculation institution independent from FamilyMart UNY HD and the Company in deciding on the Tender Offer Price.

After considering factors including the Company's financial position and trends in the market share price of the Company's Shares, Nomura Securities decided that it would be appropriate to conduct a multifaceted assessment, and as a result of consideration on the calculation method that should be adopted from among multiple share value calculation methods, it used the average market share price method and DCF method to calculate the share value of the Company's Shares under the assumption that the Company is a going concern. FamilyMart UNY HD acquired the share value assessment report from Nomura Securities on October 10, 2018. Nomura Securities is not a related party of FamilyMart UNY HD or the Company, and has no material interests in relation to the Tender Offer. In addition, FamilyMart UNY HD has not acquired an opinion letter on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The range of share value per share of the Company's Shares calculated based on each of the methods above by Nomura Securities is as follows.

Average market share price method: 5,365 yen to 6,050 yen

DCF method: 5,352 yen to 7,953 yen

Under the average market share price method, the range of share value per share of the Company's Shares was analyzed as between 5,365 yen and 6,050 yen, based on the closing price of the Company's Shares on the First Section of the Tokyo Stock Exchange on the base date of 6,050 yen, using October 10, 2018 as a base date, the simple average of the closing price for the past five business days of 5,746 yen (rounded off to the nearest whole number; same applies for the simple average of the closing price below), the simple average of the closing price for the past one month of 5,610 yen, the simple average of the closing price for the past three months of 5,365 yen, and the simple average of the closing price for the past six months of 5,498 yen.

Under the DCF method, the range of share value per share of the Company's Shares was analyzed as between 5,352 yen to 7,953 yen by conducting an analysis of the free cash flows the Company is expected to generate that is discounted to the current value by a set discount rate to find the Company's corporate value and share value, based on the Company's future earnings projections from the fiscal year ending June 30, 2019 onwards in consideration of various factors including the business plans from the fiscal year ending June 30, 2019 to the fiscal year ending June 30, 2023 confirmed by FamilyMart UNY HD that were provided by the Company, recent earnings trends, and publicly released information.

Because it is currently difficult to specifically calculate the synergies that can be expected from the implementation of the Transaction and the Transfer, consideration has not been given to the synergies in the business plans that are the basis for the calculation through the DCF method above. However, consideration has been given to the assumption of UNY becoming a wholly-owned subsidiary of the Company through the Transfer.

3) Background and calculation basis, etc. leading to the decision on the Tender Offer Price

According to the FamilyMart UNY HD Press Release, FamilyMart UNY HD proposed to the Company the implementation of a Tender Offer for the purpose of converting the Company into an equity method affiliate in order to strengthen the relationship between both companies in around early September 2018, and FamilyMart UNY HD used this as an opportunity to appoint Nomura Securities as a financial advisor and a third-party calculation institution independent from FamilyMart UNY HD and the Company and Mori Hamada & Matsumoto as a legal advisor in early September 2018 in order to establish a structure for discussions and negotiations related to the Tender Offer.

Subsequently, FamilyMart UNY HD conducted due diligence on the Company from early September 2018 to early October 2018, and then in early October 2018, FamilyMart UNY HD and the Company came to share the recognition that making the Company into an equity method affiliate of FamilyMart UNY HD would make it possible to improve the corporate value over the medium to long term of both companies by further strengthening relationship between both companies for development into a distribution group with a strong presence, further advancing joint product development, purchases, and sales promotion, and also pursuing cooperation in areas such as data marketing, financial services, and overseas expansion. After that, on October 9, 2018, FamilyMart UNY HD proposed to the Company a summary of the conditions for the Tender Offer, including the Tender Offer Price of 6,600 yen.

Then, at the Board of Directors' meeting of FamilyMart UNY HD held today, FamilyMart UNY HD decided to conduct the Tender Offer for the purpose of making the Company into an equity method affiliate, and decided that the Tender Offer Price shall be 6,600 yen after comprehensively considering such factors as the results of due diligence on the Company conducted from early September 2018 to early October 2018, whether the Company's Board of Directors agrees to the Tender Offer, trends in the market share price of the Company's Shares, cases of premium granted in tender offers for share certificates, etc. by other issuers in the past, and the prospect for response to the Tender Offer, while taking into consideration the details and results of the calculation stated in the share value assessment report.

The Tender Offer Price is a price that adds a premium of 9.09% (rounded off to 2 decimal places; same applies for premiums (%) on the stock prices below) to the closing price of the Company's Shares of 6,050 yen on the First Section of the Tokyo Stock Exchange on October 10, 2018 that is the business day prior to the announcement date of the Tender Offer, 17.65% to the simple average of the closing price for the past one month of 5,610 yen, 23.02 % to the simple average of the closing price for the past three months of 5,365 yen, and 20.04% to the simple average of the closing price for the past six months of 5,498 yen.

(4) Plans for additional acquisition of share certificates, etc. after the Tender Offer

As described above, FamilyMart UNY HD plans to hold at least 20% of total number of shareholder voting rights through the Tender Offeror by way of the Tender Offer, and make the Company into an equity method affiliate of FamilyMart UNY HD.

If this objective is not achieved by way of the Tender Offer, FamilyMart UNY HD still has the intent to

additionally acquire Company's Shares by means of market trading and other methods depending on market trends and other factors, although details have yet to be decided at this point in time.

As part of such an additional acquisition, the Tender Offeror is considering borrowing Company's Shares from DQ WINDMOLEN B. V., which is the largest and a major shareholder of the Company (no. of shares held: 23,407,000 (ownership ratio: 14.71%); the "Lender"), to hold voting rights relating the borrowed shares, depending on the response to the Tender Offer. In the event that such a borrowing is implemented, the Tender Offeror will acquire shares of the Company at all reasonable time by way of market trading and other methods after the implementation of the borrowing, and return the borrowed shares to the Lender.

(5) Prospects for Maintaining the Listing and Reasons Therefor

As of today, the Company's Shares are listed on the First Section of the Tokyo Stock Exchange, and although the Tender Offer is not intended for delisting the Company's Shares, FamilyMart UNY HD will conduct a Tender Offer through the Tender Offeror with 32,108,700 shares (Note) (ownership ratio: 20.17%) as the upper limit on the number of shares to be purchased. Accordingly, the Company's Shares will remain listed on the First Section of the Tokyo Stock Exchange even after the Tender Offer is made.

(Note) The upper limit on the number of shares to be purchased in the Tender Offer (scheduled to be 32,108,700 shares) is equivalent to 20.00% (20.30% of the total number of shareholder voting rights of the Company) of the number of shares (160,561,427 shares) calculated by adding to the total number of issued shares as of June 30, 2018 (158,193,160 shares) stated in the Securities Report of the Company the number of the Company's Shares (979,200 shares) to be issued upon exercise of the subscription rights (9,779 units) excluding a decrease (a total of 12 units) due to the exercise of subscription right (3 units) and the termination of subscription rights (9 units) reported by the Company as a fluctuation from July 1, 2018 to October 10, 2018, from the number of subscription rights (9,791 units) as of June 30, 2018, the number of shares (300 shares) granted for the subscription rights (3 units) exercised as described above, and a certain number of shares (1,393,400 shares) taking into consideration the issuance of subscription rights in the future, and then deducting the number of treasury shares (4,633 shares) held by the Company as of that date. However, the final upper limit on the number of shares to be purchased will be decided in consideration of the number of treasury shares held by the Company according to the most recent information available as of the start of the Tender Offer before the Tender Offer starts.

4. Important Agreements Regarding the Response to the Tender Offer between the Tender Offeror and the Shareholders of the Company

Not applicable

5. Details of Benefits Provided by the Tender Offeror or Parties that Have Special Relationship with the

Tender Offeror

Not applicable

6. Response Policy for Basic Policy Relating to the Control of the Company

Not applicable

7. Questions Regarding the Tender Offeror

Not applicable

8. Requests for Extension of the Tender Offer Period

Undecided

9. Outlook

For details on the policies after the Tender Offer, please refer to “4) Management policies after the Tender Offer” of “(2) Basis and Reason for Opinion on the Tender Offer,” and “(5) Prospects for Maintaining the Listing and Reasons Therefor” of “3. Details, Basis, and Reason for Opinion on the Tender Offer” above.

Any additional information arising from this matter that should be disclosed will be disclosed promptly.

End of the document