

November 6, 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
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**Announcement of Expression of Opinion regarding the Tender Offer for Shares in Don Quijote Holdings Co., Ltd. by FDU Investment, LLC, a Wholly-Owned Subsidiary of FamilyMart UNY Holdings, Co., Ltd.**

Don Quijote Holdings Co., Ltd. (the “Company”) announced in its press release dated October 11, 2018, “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.,” that the Company would acquire 60% of the shares in UNY CO., LTD. (“UNY”) from FamilyMart UNY Holdings Co., Ltd. (“FamilyMart UNY HD”), thereby converting UNY into a wholly-owned subsidiary of the Company, and that the Company would, with respect to a tender offer (the “Tender Offer”) for the common shares of the Company (the “Company’s Shares”) by a wholly-owned subsidiary of FamilyMart UNY HD undertaken with the intention of converting the Company into an equity method affiliate of FamilyMart UNY HD, agree, as the opinion of the Company as of the aforementioned date of the press release, to the Tender Offer if the Tender Offer is started, while leaving the decision regarding whether to respond to the Tender Offer up to the shareholders, as the Company’s Shares will remain listed even after the Tender Offer.

According to the “Announcement of the Commencement of the Tender Offer for Shares in Don Quijote Holdings Co., Ltd. (Code No. 7532),” released today by FamilyMart UNY HD and the Tender Offeror (as defined hereunder), FDU Investment, LLC (the “Tender Offeror”), a wholly-owned subsidiary of FamilyMart UNY HD, decided to commence the Tender Offer on November 7, 2018. On the basis of the aforementioned, the Company would like to inform all concerned that it has decided, by a resolution at the Board of Directors’ meeting held today, to agree to the Tender Offer based on its renewed determination on this action as a result of a further review thereof, while leaving the decision regarding whether to respond to the Tender Offer up to the shareholders, as the Company’s Shares will remain listed even after the Tender Offer.

## 1. Overview of the Tender Offeror

(1) Name	FDU Investment, LLC	
(2) Location	3-1-1 Higashi-Ikebukuro, Toshima-ku, Tokyo	
(3) Name and Title of Representative	Isao Kubo, Executor of business	
(4) Description of Business	Acquisition and holding of the share certificates, etc. of the Company	
(5) Capital	¥1,000,000 (As of November 6, 2018)	
(6) Date of Establishment	October 15, 2018	
(7) Major Shareholders and Ownership Percentages	FamilyMart UNY Holdings Co., Ltd. 100.0%	
(8) Relationship between the Company and FDU Investment, LLC	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.

## 2. Offer Price

6,600 yen per common share

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

### (1) Details of the Opinion on the Tender Offer

The Company decided, by a resolution supported by the consent of all Directors (including Audit & Supervisory Committee Members) at the Board of Directors' meeting held on October 11, 2018, to agree to the Tender Offer if the Tender Offer is started, as the opinion of the Company as of the aforementioned date, based on the grounds and reasons stated in the following "(2) Basis and Reason for Opinion on the Tender Offer." 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 the sufficient reasonableness that can be recognized regarding 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 regarding whether to respond to the Tender Offer up to the shareholders.

Subsequently, as a result of a further review of the Tender Offer, the Company renewed its determination to agree to the Tender Offer at the Board of Directors' meeting held today, in the belief that there was no reason to change the aforementioned preliminary decision regarding the Tender Offer, even in consideration of changes, if any, in the market and other business environment since the Board of Directors' meeting held on October 11, 2018, while leaving the decision regarding whether to respond to

the Tender Offer up to the shareholders, as the Company's Shares will remain listed even after the Tender Offer.

For details of the decision-making process at the Board of Directors of the Company, please refer to "4) 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."

## (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

The Tender Offeror is a limited liability company established on October 15, 2018, primarily intended for acquiring and holding the share certificates, etc. of the Company through the Tender Offer, and is wholly owned by FamilyMart UNY HD, as of today. As of today, the Tender Offeror and FamilyMart UNY HD do not hold any shares of the Company listed on the First Section of the Tokyo Stock Exchange, Inc. (the "First Section of the Tokyo Stock Exchange").

As announced by FamilyMart UNY HD, the wholly-owning parent of the Tender Offeror in its press release dated October 11, 2018, "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," FamilyMart UNY HD resolved at its Board of Directors' meeting held on October 11, 2018, to have the Tender Offeror conduct the Tender Offer for the Company's Shares, with the intention of converting the Company into an equity method affiliate of FamilyMart UNY HD, with a schedule such that the period of the Tender Offer would be between 20 and 30 business days, subject to the conditions for the commencement of the Tender Offer, as follows: (i) the Company's Board of Directors has resolved to express the opinion that it supports the Tender Offer, and has not resolved to withdraw that resolution or made any resolution that contradicts that resolution; (ii) there are no petitions, lawsuits, or proceedings with judicial or administrative institutions, etc. calling for the commencement of the Tender Offer to be prohibited or limited, or judgments, etc. by judicial or administrative institutions, etc. prohibiting or limiting the commencement of the Tender Offer; (iii) 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 regarding the Tender Offer (refers to the facts prescribed in Article 167, Paragraph 2 of the Act) that are not disclosed; and, (iv) 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.

Today, the Tender Offeror, being satisfied that all of the aforementioned conditions for the Tender Offer were met, decided to commence the Tender Offer on November 7, 2018.

Further to the above, the screening procedures on the Tender Offeror under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended) were completed as of November 5, 2018.

The Company's Shares are listed on the First Section of the Tokyo Stock Exchange as of today, while the Tender Offeror and FamilyMart UNY HD are to conduct the Tender Offer with the intention of converting the Company into an equity method affiliate of FamilyMart UNY HD, maintaining the listing of the Company's Shares after the successful conclusion of the Tender Offer. As such, the upper limit on the number of shares to be purchased under the Tender Offer will be set at 32,108,700 shares (Note 1) (ownership ratio (Note 2): 20.17% (rounded off to two decimal places; hereinafter, the same applies in all calculations of ratios)). 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 (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 (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 (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 (160,577,827 shares) calculated by adding to the total number of issued shares, as of September 30, 2018 (158,193,160 shares) stated in the Earnings Briefing released by the Company on November 6, 2018 (consolidated according to J-GAAP) for the first quarter of the fiscal year ending June 30, 2019 (the "Earnings Briefing of the Company"), the number of the Company's Shares (962,000 shares) to be issued upon exercise of the subscription rights (9,607 units), as calculated by excluding a decrease (a total of 184 units) due to the exercise of subscription rights (164 units) and the termination of subscription rights (20 units), reported by the Company as a fluctuation in the period between July 1, 2018 and November 2, 2018, from the number of subscription rights (9,791 units), as of June 30, 2018 stated in the Securities Report for the 38th fiscal period submitted by the Company on September 26, 2018 (the "Securities Report of the Company"), along with the number of the Company's Shares (16,400 shares) granted for the subscription rights (164 units) exercised as described above, and a certain number of shares (1,410,900

shares) taking into consideration the potential for the future issuance of subscription rights, and then deducting the number of treasury shares (4,633 shares) held by the Company as of September 30, 2018, as stated in the Earnings Briefing of the Company.

(Note 2) The ownership ratio refers to the ratio compared to the number of shares (159,166,927 shares), calculated by adding to the total number of issued shares, as of September 30, 2018 (158,193,160 shares) stated in the Earnings Briefing of the Company, the number of the Company's Shares (962,000 shares) to be issued upon exercise of the subscription rights (9,607 units), excluding a decrease (a total of 184 units) due to the exercise of subscription rights (164 units) and the termination of subscription rights (20 units) reported by the Company as a fluctuation in the period between July 1, 2018 and November 2, 2018 from the number of subscription rights (9,791 units), as of June 30, 2018 stated in the Securities Report of the Company, along with the number of the Company's Shares (16,400 shares) granted for the subscription rights (164 units) exercised as described above, and then deducting the number of treasury shares (4,633 shares) held by the Company as of September 30, 2018, as stated in the Earnings Briefing of the Company.

(Note 3) Refers to the total number of shareholder voting rights as of June 30, 2018, as 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, which 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 its trade name to FamilyMart UNY HD. According to FamilyMart UNY HD, 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 general merchandise store business ("GMS Business"), along with 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 currently underway, and is scheduled to be completed in late 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 385 stores in Japan, 37 stores in the U.S., and 2 stores in Singapore (as of September 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 55 consolidated subsidiaries, 16 non-consolidated subsidiaries, 2 equity method affiliates, and 3 non-equity method affiliates (as of September 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 the current difficult operations environment, cooperation and mutually 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, since the core businesses of the corporate groups 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 conducting a business alliance, that the further refinement of UNY's demonstrated strengths in the food business, etc. in order to achieve strong growth of the GMS Business by FamilyMart UNY HD, while leveraging the characteristics regarded by FamilyMart UNY HD to be the Company's strengths, including support from a wide range of customers including young people, the development of a consumable-time store format with strong amusement qualities (stores in which consumers have a good time in addition to shopping, as if they were visiting an amusement facility), 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, which has a major presence in the Chukyo area, considered by the Company to be a

potential future major commercial area, and a member base of 5 million people consisting primarily of families, would contribute to an improvement in the Company's corporate value. Accordingly, the Company decided to conduct a close collaboration, including not only business cooperation but also capital, through a business alliance, and on August 31, 2017 concluded a business alliance agreement with FamilyMart UNY HD, while 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. In February and March 2018, UNY's demonstrated strengths in the food business and the Company's know-how regarding stores with a 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 through these six stores, as during the six month period from March to August 2018 following this conversion, cumulative net sales increased by roughly 90% year-on-year from 6.8 billion yen to 13.2 billion yen, and the cumulative average number of customers per day for those six stores increased by roughly 60% year-on-year from around 20,000 persons to around 32,000 persons.

The aforementioned success of the double-name stores has led us to develop great expectations for the further enhancement of the collaboration with UNY, based on this new model format. Nearly one year after the launch of the business alliance between FamilyMart UNY HD and the Company, both parties started renewed talks in late August 2018 regarding the desired/optimal capital relationship involving UNY, after having confirmed the ongoing robust growth of the UNY stores six months after their store format conversion, based on the collaboration capitalizing on the Company's know-how in operating large-scale retail stores. Following a period for the aforementioned talks, on October 11, 2018 the parties reached the conclusion that FamilyMart UNY HD would transfer all of the shares in UNY it held after the previous transfer, to the Company (the "Transfer"), and a share transfer agreement related to the Transfer was signed. This move was undertaken because both parties believed that the conversion of UNY into the wholly-owned subsidiary of the Company would deepen the partnership between UNY and the Company, which, along with the implementation of measures for further improving store operations, streamlining commercial distribution, and promptly responding to diversifying customer needs, should enhance UNY's corporate value. For further detail of the Transfer, and the outline of UNY as well as its main subsidiary UCS CO., LTD., please refer to the Company's press release dated October 11, 2018, "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.". Going forward, the Company will hold further discussions with FamilyMart UNY HD regarding business alliance policies and other details after the Tender Offer has been 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, regarding the expansion of overseas business, in addition to FamilyMart UNY HD and the Group, the use of the overseas network of the ITOCHU Corporation, which is the parent company of FamilyMart UNY HD, is being considered for joint overseas expansion.

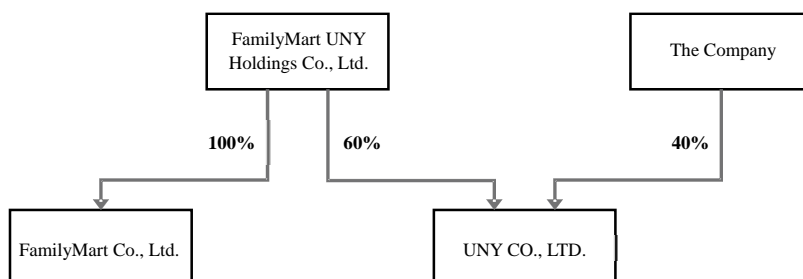
Given the aforementioned circumstances, in early September 2018 FamilyMart UNY HD proposed to the Company the implementation of the Tender Offer intended to convert the Company into an equity method affiliate of FamilyMart UNY HD. Following careful consultations and reviews involving the Company, subsequent to such proposal, FamilyMart UNY HD decided at its Board of Directors' meeting held on October 11, 2018, to have the Tender Offeror acquire the Company's Shares with the intention of converting the Company into an equity method affiliate of FamilyMart UNY HD, through the Tender Offer for the Company's Shares, setting an upper limit of 32,108,700 shares (ownership ratio: 20.17%) on the number of shares to be purchased.

Subsequently, it was further learned that the Tender Offeror has decided today to commence the Tender Offer on November 7, 2018.

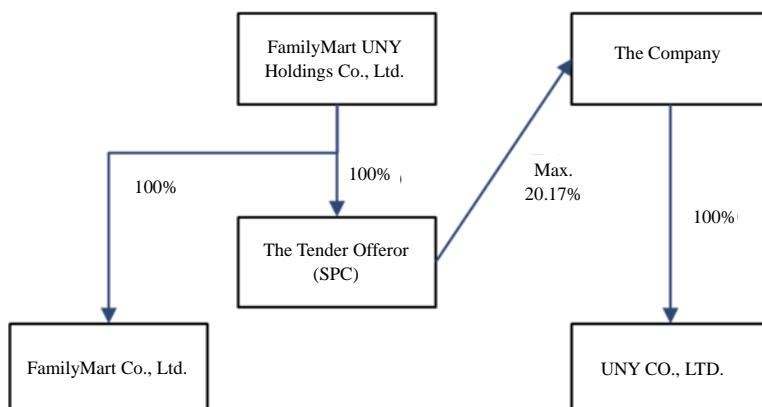
As aforementioned, FamilyMart UNY HD decided at its Board of Directors' meeting held on October 11, 2018, on the Transfer along with the Tender Offer. The capital relationship involving FamilyMart UNY HD, the Company, and UNY after the implementation of the Tender Offer and the Transfer will be as follows.



(Current state)



(Immediately after the Transfer and the Tender Offer)



### 3) Management policies after the Tender Offer

The Tender Offeror and FamilyMart UNY HD are set to strengthen the business alliance with the Company after the Tender Offer, respecting the independence of the management of the Company. With respect to the management structure and the composition of the Board of Directors of the Company following the Tender Offer, while the Company is scheduled to accept secondment of at least one Director from FamilyMart UNY HD, no other matters including personnel affairs, with the exception of the aforementioned director level secondment, have been decided at this point in time, and consultations shall continue in this regard.

Apart from the aforementioned candidate(s) for Director(s) to be seconded from FamilyMart UNY HD, the Company resolved at the Board of Directors' meeting held on October 11, 2018, to nominate Takao Yasuda, the founder of the Company, as candidate for part-time Director of the Company at the Extraordinary General Meeting of Shareholders scheduled in January 2019.

### 4) 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 “2) Purpose and Background of the Tender Offer,” 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 a 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 as a whole, with the approach of a wave of change in the business environment due to the impact of factors such as the further emergence of e-commerce and the advance of declining birthrates and the aging population, the Company has reached the conclusion that, in order to survive in this difficult operating environment, it is essential to strengthen the structures that will enable 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 a total revenue of 4.7 trillion yen across the three companies of the Company, UNY, and FamilyMart, as well as the continued sharing of the strengths and know-how of both companies, beyond industry boundaries. (These figures are calculated based on the IR materials of the six largest retail businesses, which have respective net sales in excess of one trillion yen. Incidentally, the total amount of non-consolidated-basis net sales of FamilyMart (including franchise sales) and UNY for the fiscal year ended February 28, 2018 amounted to 3,728.8 billion yen. The consolidated net sales of the Company for the fiscal year ended June 30, 2018 amounted to 941.5 billion yen.)

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.

For details of the decision-making process at the Board of Directors of the Company, please refer to “(ii) Approval of all Directors (including Audit & Supervisory Committee Members) at the Company.”

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

The Company decided, by a resolution supported by the consent of all Directors (including Audit & Supervisory Committee Members) at the Board of Directors' meeting held on October 11, 2018, to agree to the Tender Offer if the Tender Offer is started, as the opinion of the Company as of the aforementioned date, based on the grounds and reasons stated in the aforementioned "(i) Processes and reasons for decision by the Company." 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 the sufficient reasonableness that can be recognized regarding 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. Since the Tender Offer is scheduled to be commenced when certain preconditions have been fulfilled, such as when the Company's Board of Directors has resolved to express the 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 as of that date, 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 commenced. The aforementioned Board of Directors' meeting was attended by all 13 Directors (including four Outside Directors) of the Company, and passed the resolution by the unanimous consent of all Directors (including Audit & Supervisory Committee Members).

Subsequently, the Company, as a result of the further review of the Tender Offer, renewed its determination to agree to the Tender Offer at the Board of Directors' meeting held on November 6, 2018, in the belief that there was no reason to change the aforementioned preliminary decision regarding the Tender Offer, even in consideration of the changes, if any, in the market and other business environment since the Board of Directors' meeting held on October 11, 2018, while leaving the decision regarding whether to respond to the Tender Offer up to the shareholders, as the Company's Shares will remain listed even after the Tender Offer. The aforementioned resolution by the Board of Directors was passed by the unanimous consent of all 13 Directors (including Audit & Supervisory Committee Members) of the Company, four of whom were Outside Directors.

(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.

(3) Matters concerning calculation

1) Response by the Company

As described above in “4) 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 unit price of the Company’s Shares for the purpose of the Tender Offer (the “Tender Offer Price”), the Company has resolved to take a neutral stance regarding the appropriateness of the Tender Offer Price and defer making a judgment, as 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. Therefore, the Company has not acquired a 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) Obtainment of a share value assessment report from a 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 the Tender Offeror, 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 a consideration of the calculation method that should be adopted from among multiple share value calculation methods, it employed 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 (“share value assessment report”) from Nomura Securities on October 10, 2018. Nomura Securities is not a related party of the Tender Offeror, FamilyMart UNY HD, or the Company, and has no material interests related to the Tender Offer. In addition, FamilyMart UNY HD has not acquired an opinion letter regarding 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 implementation of the Tender Offer and the Transfer, consideration has not been given to such synergies in the business plans that are the basis for the calculation using the DCF method above. However, consideration has been given to the assumption that UNY will become a wholly-owned subsidiary of the Company through the Transfer. For the purpose of the analysis by the DCF method, Nomura Securities used the business plans of the Company that covered the fiscal years in which a sizable increase in profit was expected, specifically a significant increase in operating profit from the fiscal year ended June 30, 2018 to the fiscal year ending June 30, 2019. This increase was anticipated due to the projection of FamilyMart UNY HD, based on the assumption that UNY is scheduled to become a wholly-owned subsidiary of the Company through the Transfer. An examination is under way regarding the impact of the Tender Offer and the Transfer on the consolidated operating results of the Company for the fiscal year ending June 30, 2019, and any matter requiring disclosure that arises after completion of the Transfer shall be announced immediately.

On October 11, 2018, FamilyMart UNY HD decided that the Tender Offer Price shall be 6,600 yen, after comprehensively considering factors such 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 prospects for a response to the Tender Offer, while taking into consideration the details and results of the calculation stated in the share value assessment report.

Afterward, FamilyMart UNY HD confirmed that no significant change had been observed in either the business condition of the Company or the environment surrounding the Tender Offer, and decided today to not change the Tender Offer Price.

The Tender Offer Price is a price that discounts 2.37% (rounded off to two decimal places; the same applies for discounts and premiums (%) on the stock prices below) to the closing price of the Company's Shares of 6,760 yen on the First Section of the Tokyo Stock Exchange on November 5, 2018, which was the business day prior to today, 1.08% discounted from the simple average of the closing price for the past one month of 6,672 yen, 13.85% of premium added to the simple average of the closing price for the past three months of 5,797 yen, and 16.83% of premium added to the simple average of the closing price for the past six months of 5,649 yen, while adding a premium of 9.09% 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, which was the business day prior to the date of announcement of the Tender Offer, 17.65% to the simple average of the closing price for the prior one month of 5,610 yen, 23.02% to the simple average of the

closing price for the prior three months of 5,365 yen, and 20.04% to the simple average of the closing price for the prior six months of 5,498 yen.

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

As described in “(1) Overview of the Tender Offer” of “(2) Basis and Reason for Opinion on the Tender Offer,” the Tender Offeror and FamilyMart UNY HD plan to hold at least 20% of the total number of shareholder voting rights of the Company through the Tender Offer, and convert 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 additional acquisition, the Tender Offeror is considering the possibility, subject to the results of the Tender Offer as well as market trends, of borrowing the Company’s Shares from DQ WINDMOLEN B. V., a major shareholder of the Company (number of shares held: 23,407,000 [ownership ratio: 14.71%]; the “Lender”) that is serving as the asset management company for the founding family of the Company, which would achieve the holding of voting rights for the borrowed shares. 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 (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 (160,577,827 shares) calculated by adding to the total number of issued shares, as of September 30, 2018 (158,193,160 shares), stated in the Earnings Briefing of the Company, the number of the Company’s Shares (962,000 shares) to be issued upon exercise of the subscription rights (9,607 units), excluding a decrease (total of 184 units) due to the exercise of subscription right (164 units) and the termination of subscription rights (20 units), reported by the Company as a fluctuation in the period between July 1, 2018 and November 2, 2018, from the number of subscription rights (9,791 units), as of June 30, 2018 stated in the Securities Report of the Company, the number of shares (16,400 shares) granted for the subscription rights (164 units) exercised as described above, and a certain number of shares (1,410,900 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 September 30, 2018, as stated in the Earnings Briefing of the Company.

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

Not applicable

9. Outlook

For details on the policies after the Tender Offer, please refer to “3) 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.

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