



## Statement by Oasis Management Company Ltd. on FamilyMart

(Stock Code: 8028 JT)

**\*Oasis urges FamilyMart Board to protect minority shareholders**

**\*Oasis calls on FamilyMart Board to pay special dividend**

**\* Oasis calls on FamilyMart to set record date for special dividend prior to settlement of tender offer**

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HONG KONG & TOKYO--(BUSINESS WIRE)--Oasis Management Company Ltd. ("Oasis") is the manager to funds that are minority shareholders of FamilyMart Co., Ltd. (8028 JP) ("FamilyMart" or the "Company").

On July 8, 2020, FamilyMart's parent company, Itochu Corporation (8001 JP) ("Itochu"), through its subsidiary Retail Investment Company, LLC, announced its intention to launch a tender offer for FamilyMart at 2,300Y per share and subsequently privatize the Company.

The tender offer price is below the lowest point of the DCF range provided by PricewaterhouseCoopers ("PwC"), the financial advisor to FamilyMart's Special Committee, which indicated that Y2,472 - Y3,040 per share would be fair value. Of the three financial advisors involved in the transaction, including Itochu's financial advisors, none have deemed 2,300Y per share to be a fair price.

FamilyMart agrees that the price is too low, as per the "(Amendments) Announcement of Opinion Pertaining to the Tender Offer of the Company's Shares by Retail Investment Company, LLC, a Subsidiary of ITOCHU Corporation, the Parent Company":

"The Tender Offer is not at a level where the Company can actively recommend that its general shareholders should tender their shares in the Tender Offer because, for example, the Company does not believe that a sufficient premium has been added compared to the levels of premiums in other tender offers of a purchase size of at least JPY 50 billion conducted for the purpose of making a company private that have been announced since 2010."

Yet, FamilyMart has not done enough to protect its general shareholders' interests. However, it is not too late.

On August 5, 2020, Itochu's CFO said that Itochu does not believe that FamilyMart's value is worth more than 2,300Y per share, and Itochu would give up taking FamilyMart private if the bid fails. Itochu clearly believes the value is higher. If not, they would not have made the offer to buy out all minority shares in the Company.

Oasis urges FamilyMart to set the record date of a special dividend prior the settlement of the tender offer and subsequently pay the special dividend. Only by doing so can fair value be delivered to shareholders. FamilyMart's Articles of Incorporation allow the Board of Directors to determine the distribution of special dividends, and approval at a shareholder meeting would not be required. FamilyMart has a sufficient distributable amount to pay a special dividend of up to 1,062Y.

Directors owe an obligation to transfer fair corporate value as part of their duty of care in a privatization transaction; we believe FamilyMart's Board has a duty to consider this special dividend, and a duty to ensure the total economic consideration paid to minority shareholders reaches a level such that FamilyMart can actively recommend its shareholders should tender their shares.

The mid-point of Merrill Lynch Japan Securities Co., Ltd. (FamilyMart's financial advisor)'s DCF range is 2,743Y, and the mid-point of PwC's DCF range is 2,756Y. While we believe even these numbers are unfair and too low, the Company should look at this range as a reference point.

As there is no article in the Tender Offer Document stating that the Tender Offeror can withdraw its tender offer or reduce the price because of the Company paying special dividend, we believe FamilyMart can pursue this option without risking the cancellation of the tender offer itself for those shareholders who want to option of tendering.

Oasis strongly urges FamilyMart to announce a special dividend in order to protect its minority shareholders' interests and ensure that *all* shareholders receive fair value for their shares, not just Itochu, in keeping with METI's Fair M&A Guidelines and the spirit of Japan's corporate governance efforts.

### **About Oasis**

Oasis Management Company Ltd. manages private investment funds focused on opportunities in a wide array of asset classes across countries and sectors. Oasis was founded in 2002 by Seth H. Fischer, who leads the firm as its Chief Investment Officer. More information about Oasis is available at <https://oasiscm.com>. Oasis has adopted the Japan FSA's "Principles of Responsible Institutional Investors" (a/k/a Japan Stewardship Code) and in line with those principles, Oasis monitors and engages with our investee companies. Oasis is by no means soliciting or requesting shareholders to jointly exercise their rights (including, but not limited to, voting rights) together with Oasis, and Oasis disclaims its intention to be deemed or treated as a Joint Holder (kyo-do hoyu-sha) with other shareholders under the Japanese Financial Instruments and Exchange Act by virtue of its act to express its view and opinions or other activities to engage in dialogue with other shareholders. In addition, Oasis is by no means soliciting or requesting other shareholders to grant or deliver their proxies to Oasis for any upcoming AGM. Oasis is not and should not be considered to solicit, encourage, induce, or seek from any shareholders to authorize Oasis or any other third party as their proxy in exercising their voting rights on their behalf.

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