

“The Results Accumulated over These Three Years
Will Provide the Foundation for the Next Dramatic Growth.”



YAMAMOTO Ryoichi

President

Q As specific initiatives of the “urban dominant strategy,” what is progressing?

A With the Ginza 6-chome District 10 Redevelopment Project, we will develop a large-scale complex with necessary functions for the district including commercial facilities and offices as well as cultural facilities and a tourism hub to further enhance the appeal of Ginza, one of the most prestigious areas in Japan. For commercial space, which will be the largest in the Ginza area, we will create completely new commercial facilities of world class quality right for Ginza as a destination of diverse people not just from Japan, but from around the world. To this end, we will work with other commercial floor owners to develop and operate all commercial floors in an integrated manner.

With the project for the south wing of Matsuzakaya Ueno store, we are rebuilding it into a high-rise complex comprising the department store’s basement food floor connected from the main building, Parco, a cinema complex and sophisticated offices. The efforts of the Group’s businesses including department stores and Parco and local people will be united to develop the area. Thus we will draw new crowds to the Okachimachi area, which is being redeveloped, in Ueno and create a business model that allows us to contribute to local revitalization and mutually grow with local communities.

In the Shinsaibashi area, while Daimaru Shinsaibashi store has developed shops in its surroundings, Daimaru COM Development operates a shopping mall, an underground mall and specialty stores, and Parco operates two Zero Gate stores. In order to radically strengthen competitiveness in the Osaka area, we would like to develop early and implement a redevelopment plan of the Shinsaibashi area centered on the department store and involving the use of real estates and commercial facilities in its surroundings.



Artist’s impression of Ginza 6-chome District 10 Redevelopment
*Subject to changes.

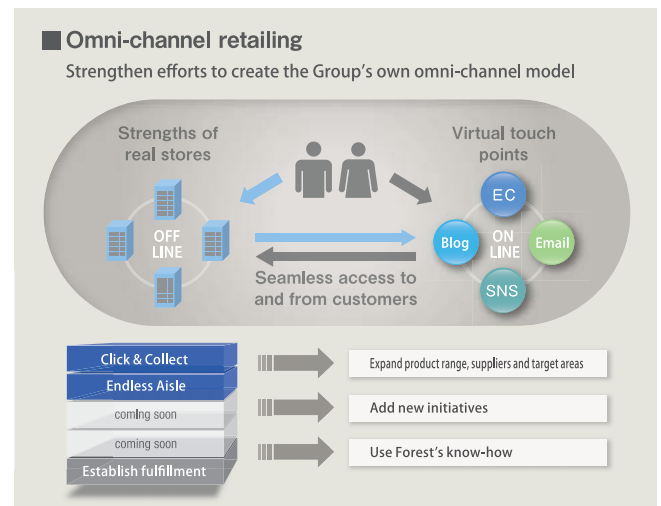
Q You launched omni-channel initiative last year.

A As for omni-channel retailing initiative, toward the establishment of the Group’s own omni-channel model, we will draw more support for the Group mainly at stores in major urban areas and meticulously serve customers by offering products, services and information online and at real stores alike and making ourselves accessible to and from customers seamlessly anytime and anywhere to ensure an advantage over our competitors.

Specifically, we will address new initiatives including the expansion of product range, suppliers and target areas of Click & Collect and Endless Aisle services, both of which we launched last year, to further enhance customer convenience.

Using the know-how of Forest, which became our consolidated subsidiary in December 2013, for the highly efficient operation of logistics and the development and operation of sophisticated information systems, we will establish and improve our order fulfillment capabilities mainly in the Tokyo metropolitan area. Specifically, we will start a trial home delivery service of food products for customers living near Matsuzakaya Ueno store using Forest’s delivery network. We will also tackle new initiatives in fashion and accessories categories.

The Group has the advantage of having real stores in major cities and a total of six million customers. For the future, we will consider how to create touch points virtually as well as at real stores.



Q How will you address affiliated businesses?

A With respect to affiliated businesses, we will focus on Credit Business and Staffing Service and Commissioned Sales Operations Business.

As for Credit Business, we will work to develop new accounts in cooperation with department stores, encourage switch from reward cards for cash purchases to credit cards, and dramatically increase membership by revamping reward points policy. We will also enhance the appeal and convenience of our cards by expanding a network of member stores outside the Group and improving cardholder privileges to encourage frequent use as a main card and increase utilization rate and sales per account.

Dimples', a staffing company, will strengthen operations in the Tokyo metropolitan, Nagoya and Keihanshin areas, and by using its expertise cultivated through Department Store Business, the company will expand sales staffing, information business and checkout operations mainly in highly professional fields to increase profits outside the Group. Daimaru Matsuzakaya Sales Associates, which was spun off from Dimples' in September 2012 to undertake commissioned sales operations, will evolve expertise in serving customers, selling and training to contribute to improving sales capabilities at the department stores of the Group. The company will also expand business into the commissioned operation of the shops of the suppliers to department stores, and then, into external commercial facilities.



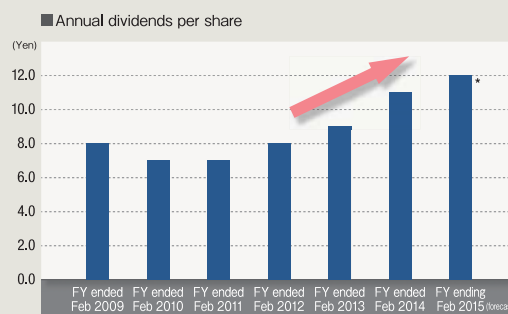
Q What do you think about shareholder return?

A The basic policy of J. Front Retailing is to appropriately return profits to shareholders targeting a consolidated dividend payout ratio of at least 30% in consideration of profit levels, future capital investment and cash flow trends while striving to maintain and improve a sound financial condition. J. Front Retailing will also consider purchasing treasury stock as appropriate in order to improve its capital efficiency and implement its capital policy flexibly.

In order to improve convenience for investors and other market users, we are planning to change the number of shares per unit from 1,000 shares to 100 shares and consolidate these shares at a rate of one share for every two shares as of September 1, 2014.

For fiscal year 2013, we have decided to pay a year-end dividend of ¥6 per share, up ¥1 from our original forecast of ¥5 per share because the Group's net profit per share was higher than expected. Combined with the interim dividend, the dividend totals ¥11 per share for the full year, up ¥2 from the previous year. For fiscal year 2014, we are planning to pay an interim dividend of ¥6 per share. The year-end dividend is expected to be ¥12 per share due to the one-for-two share consolidation planned for September 1. Calculated on a pre-consolidation basis, the year-end dividend will be ¥6 per share and the annual dividend will be ¥12 per share, up ¥1 from the previous year, marking the fourth consecutive year of increase. Keeping a close eye on our profit levels and cash flow trends, we intend to continue to increase dividend payments.

■ Fourth consecutive year of dividend increase



*Forecast for the fiscal year ending February 2015 is presented on a pre-consolidation basis.

- For the fiscal year ending February 2015, the interim dividend is expected to be ¥6 per share, up ¥1 from the previous year.
- The year-end dividend is planned to be ¥12 per share due to the one-for-two share consolidation as of September 1.
- The annual dividend will be ¥12 per share on a pre-consolidation basis, up ¥1 from the previous year, marking the fourth consecutive year of increase.

We recognize these three years as a “phase of constructing the foundation” to make various preparations for the next great growth, which is an extremely important period that will affect the size of growth for fiscal year 2017 and beyond. As a multi-retailer, the Group will respond quickly to market changes, create and continue to offer to customers new values, and steadily accumulate the results achieved through the foregoing initiatives so that our corporate value will improve dramatically in the future.