



We Will Greatly Change the Group's Business Structure for "Discontinuous Growth."

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This year marks the 10th anniversary of the establishment of J. Front Retailing (the "Company") and the 300th anniversary of the foundation of Daimaru, a department store chain. It is thanks to support of our stakeholders and we would like to express our sincere appreciation.

We have considered what kinds of roles we will be able to play and how we will be able to contribute to society in anticipation of changes in the environment surrounding us over the next 10 and 20 years. And in hopes of providing new forms of value with respect to "lifestyles" as well as "means of seeking enjoyment," we newly developed the Group Vision phrased as "Create and Bring to Life 'New Happiness.'"

To achieve this vision, with the Medium-term Business Plan starting in this fiscal year as a starting point, we will drastically alter the course of the management to "discontinuous growth," which is not an extension of the past, and promote new initiatives.

The term for the new Medium-term Business Plan is the five years up until fiscal year 2021 when returns from large redevelopment projects we are currently working on will be generated. During the period, we aim at realization of dramatic growth. And by positioning the period as a "phase of the Group's structural change" for discontinuous growth, we will expand our business domain.

That is to say, during the five-year period, the Group will take one step away from its past approach as a multifaceted retailer focusing on retail business to act as a "Multi Service Retailer" expanding into new business fields and realize bold review of its business portfolio.

Specifically, we will expand the Real Estate Business through the

full implementation of the Urban Dominant Strategy for growing with local communities and innovate the business models of the core Department Store Business and Parco Business, which includes the enhancement of ICT compatibility. Furthermore, we will expand our business with a focus on existing businesses with growth potential including credit and finance, staffing service and design and construction. At the same time, we will make forays into new service business fields using our core competence through M&A and alliance.

We have decided to apply the International Financial Reporting Standards (IFRS) from the current fiscal year 2017. The purposes are effective management based on appropriate asset evaluation and business management emphasizing profit for the current period as well as the enhancement of accountability to domestic and overseas investors by improving the international comparability of financial information. At the same time, in order to further strengthen governance, the Company transitioned from a "company with Audit & Supervisory Board" to a "company with three committees" by a resolution of the annual shareholders meeting in May this year.

We think fiscal year 2017 will be a "turning point" to greatly change the Group's course of business. We will commit ourselves to achieving sustainable growth and the medium- to long-term enhancement of corporate value by steadily carrying out the Medium-term Business Plan stated herein so that it will produce visible results. And we will contribute to the development of society and the creation of the future as a public entity of society by "Creating and Bringing to Life 'New Happiness'" to closely support customers.

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