[Translation]

July 13, 2018

To whom it may concern

Company name: J. FRONT RETAILING Co., Ltd.
Representative: Ryoichi Yamamoto, President
(Securities code: 3086, First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange)
Inquiries: Hajime Inagami, Senior General Manager of Investor Relations and Group Communications Promotion Division, Management Strategy Unit
(TEL: +81-3-6895-0178 (from overseas))

Notice Regarding Conclusion of Agreement with Tottori Daimaru Co., Ltd.

J. FRONT RETAILING CO., Ltd. (the "Company") announced that its subsidiary, Daimaru Matsuzakaya Department Stores Co. Ltd. ("Daimaru Matsuzakaya Department Stores"), has concluded an agreement (the "Agreement") with its 14% owned Tottori Daimaru Co., Ltd. ("Tottori Daimaru") as described below.

1. Reason for concluding an agreement with Tottori Daimaru

Based on a contract concluded as of October 13, 1949 between Daimaru Matsuzakaya Department Stores (The Daimaru, Inc. at the time of conclusion) and Tottori Daimaru, Daimaru Matsuzakaya Department Stores has held some shares of Tottori Daimaru, lending its trade name and trademark of "Daimaru", and has continued to cooperate in areas of product procurement and to exchange human resources, etc. However, with the decline in consumer behavior due to the sluggish local economy, the increase in competitive environment and the like, situation called for a drastic reform. Consequently, Tottori Daimaru recently gave notice of a plan (the "Plan") which centered on a company split to be conducted on September 1, 2018 (the "Company Split Date") and a transfer to a new capital and management system (Please refer to "3. Method of business succession, etc. of Tottori Daimaru" as stated below for the method of business succession to New Tottori Daimaru.) under a newly established company ("New Tottori Daimaru"). In addition to the enhancement of previous merchandising in department store, the Plan features implementation of various measures including renovation of facilities to increase appeal by attracting new traders through funds procured from entities including Hinomaru Group, the first-lien shareholder of Tottori Daimaru.

As a result of careful review, in light of Tottori Daimaru's certain social contribution in the local community, Daimaru Matsuzakaya Department Stores has agreed to the Plan, reaching a conclusion that Tottori Daimaru's transfer to a new capital and management system will be the best initiative and contribute to the local economy. Furthermore, judging that granting the use of trade name and trademark of "Daimaru" to New Tottori Daimaru will contribute to a smooth business succession, Daimaru Matsuzakaya Department Stores concluded the Agreement. Based on the Agreement, a license agreement in regard to the trade name and trademark between New Tottori Daimaru, and a consignment agreement under which product procurement and trader attraction, etc. will be entrusted from New Tottori Daimaru, will be concluded in the future.

If the Plan is implemented, capital relationship with New Tottori Daimaru will not exist as of the Company Split Date. However, Daimaru Matsuzakaya Department Stores is committed to support the development of New Tottori Daimaru.

2. Overview of counterparty (Tottori Daimaru)

(As of February 28, 2018)

(1)	Name	Tottori Daimaru Co., Ltd.	
(2)	Headquarters	151, Imamachi 2-chome, Tottori-shi, Tottori	
(3)	Representative	Masaaki Yonehara, President	
(4)	Business	Department store business	
(5)	Capital stock	¥ 180 million	
(6)	Established	February 26, 1937	
(7)	Major shareholder and shareholding ratio (As of February 28, 2018)	Hinomaru Sou Honsha Co., Ltd 14.7% Daimaru Matsuzakaya Department Stores Co. Ltd. 14.0%	
(8)	Relationships with the Company	Capital relationship	Daimaru Matsuzakaya Department Stores Co. Ltd., which is the Company's wholly owned subsidiary holds 504,000 shares of Tottori Daimaru (Equity ownership: 14.0% as of February 28, 2018 (the percentage is rounded to the nearest one decimal place).
		Personnel relationships	One Representative Director, one Director and one Audit & Supervisory Board Member have been dispatched from Daimaru Matsuzakaya Department Stores Co. Ltd., which is the Company's wholly owned subsidiary.
		Transactional relationship	Daimaru Matsuzakaya Department Stores Co. Ltd., which is the Company's wholly owned subsidiary grants the use of trade name and trademark, etc. of "Daimaru" and cooperates in Tottori Daimaru's product procurement.
		Status as related party	Tottori Daimaru does not fall under the category of related party of the Company.

3. Method of business succession, etc. of Tottori Daimaru

If the Plan is implemented, as of the Company Split Date, (i) Tottori Daimaru will succeed all its businesses including the department store business to a new company funded by Hinomaru Group, etc. by way of absorption-type split, (ii) the name of the new company will be changed to a new trade name of "Tottori Daimaru Co., Ltd.", and (iii) the current trade name Tottori Daimaru will be changed to another trade name (such company after the Company Split Date, the "Remaining Company"). The Remaining Company is planned to be dissolved and liquidated afterwards.

4. Number of shares held before and after the Company Split Date

・ Number of shares held before the transfer
Shares of Tottori Daimaru 504,000 shares (Shareholding ratio 14.0%)

・ Number of shares held after the transfer
Shares of New Tottori Daimaru 0 shares (Shareholding ratio 0%)

5. Future prospects

The impact of this decision on the Company's consolidated earnings for the current period is negligible and no change has been made to the consolidated earnings forecasts of the current period at this time.

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