



Results Presentation for First Six Months of Fiscal Year Ending Feb 28, 2018

J. FRONT RETAILING

10th
anniversary



October 11, 2017

J. Front Retailing Co., Ltd.

YAMAMOTO Ryoichi

Director, President and
Representative Executive Officer

Create and Bring to Life “New Happiness.”



J. FRONT RETAILING

Today's Agenda

I. 1H FY2017 Results (IFRS)

II. 2H and Full FY2017 Forecast (IFRS)

III. Progress and Future Initiatives of
Medium-term Business Plan

1H FY2017 Results (IFRS)

1H FY2017 Consolidated Results (IFRS)

- ▶ Revenue and profit increased due to strong performance of department store, real estate and wholesale businesses mainly in urban areas
- ▶ Operating profit and profit attributable to owners of parent were above Apr forecast
- ▶ Interim dividend was ¥16 per share including YoY increase of ¥1 in ordinary dividend and commemorative dividend of ¥1

First six months of fiscal year ending Feb 28, 2018	Results	YoY		Vs Apr forecast	
		Change	% change	Change	% change
Revenue	234,510	13,261	6.0	7,510	3.3
Gross profit	104,988	424	0.4	288	0.3
SGA	82,210	(253)	(0.3)	(1,590)	(1.9)
Other operating revenue	5,686	3,993	235.8	3,286	136.9
Other operating expenses	1,784	(516)	(22.4)	(516)	(22.4)
Operating profit	26,680	5,186	24.1	5,680	27.0
Profit attributable to owners of parent	16,315	2,466	17.8	3,515	27.5
Gross profit	558,304	5,247	0.9	4,804	0.9
Business profit	22,778	677	3.1	1,878	9.0
Dividend per share (Yen)	(Interim) 16	2	—	—	—

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

*Interim dividend for the current year Includes commemorative dividend for the 10th anniversary of the founding of J. Front Retailing.

1H FY2017 Segment Information (IFRS)

- ▶ Department Store Business was driven by brisk consumption of foreign tourists and Japanese affluent people
- ▶ Parco Business decreased revenue partly due to rebuilding of “Shibuya Parco” and decreased profit due to absence of gain on sales of real estate recorded in LY
- ▶ Real Estate Business was positively affected by opening of Ginza Six. Credit and Finance Business and Other also increased revenue and profit.

(Millions of yen, %)

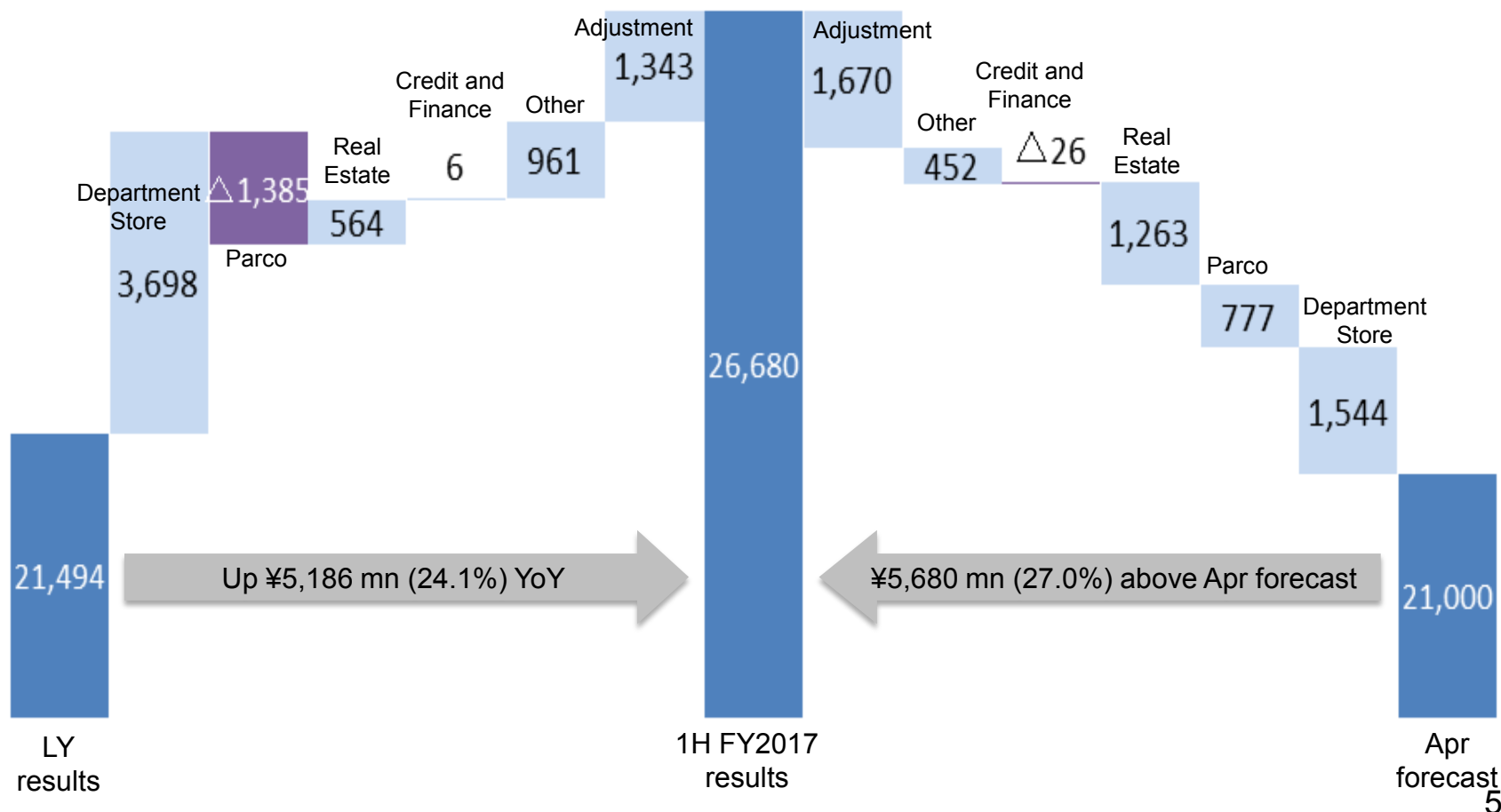
First six months of fiscal year ending Feb 28, 2018	Revenue				Operating profit			
	Results	YoY		Vs Apr forecast	Results	YoY		Vs Apr forecast
		Change	% change	Change		Change	% change	Change
Department Store	132,293	1,192	0.9	293	12,904	3,698	40.2	1,544
Parco	45,230	(1,938)	(4.1)	(270)	6,677	(1,385)	(17.2)	777
Real Estate	5,849	3,341	133.2	350	1,663	564	51.3	1,263
Credit and Finance	4,962	194	4.1	13	1,306	6	0.4	26
Other	65,509	8,943	15.8	6,610	2,701	961	55.2	452

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

1H FY2017 Segment Information (IFRS)

1H FY2017 analysis of changes in consolidated operating profit by segment

(Millions of yen)



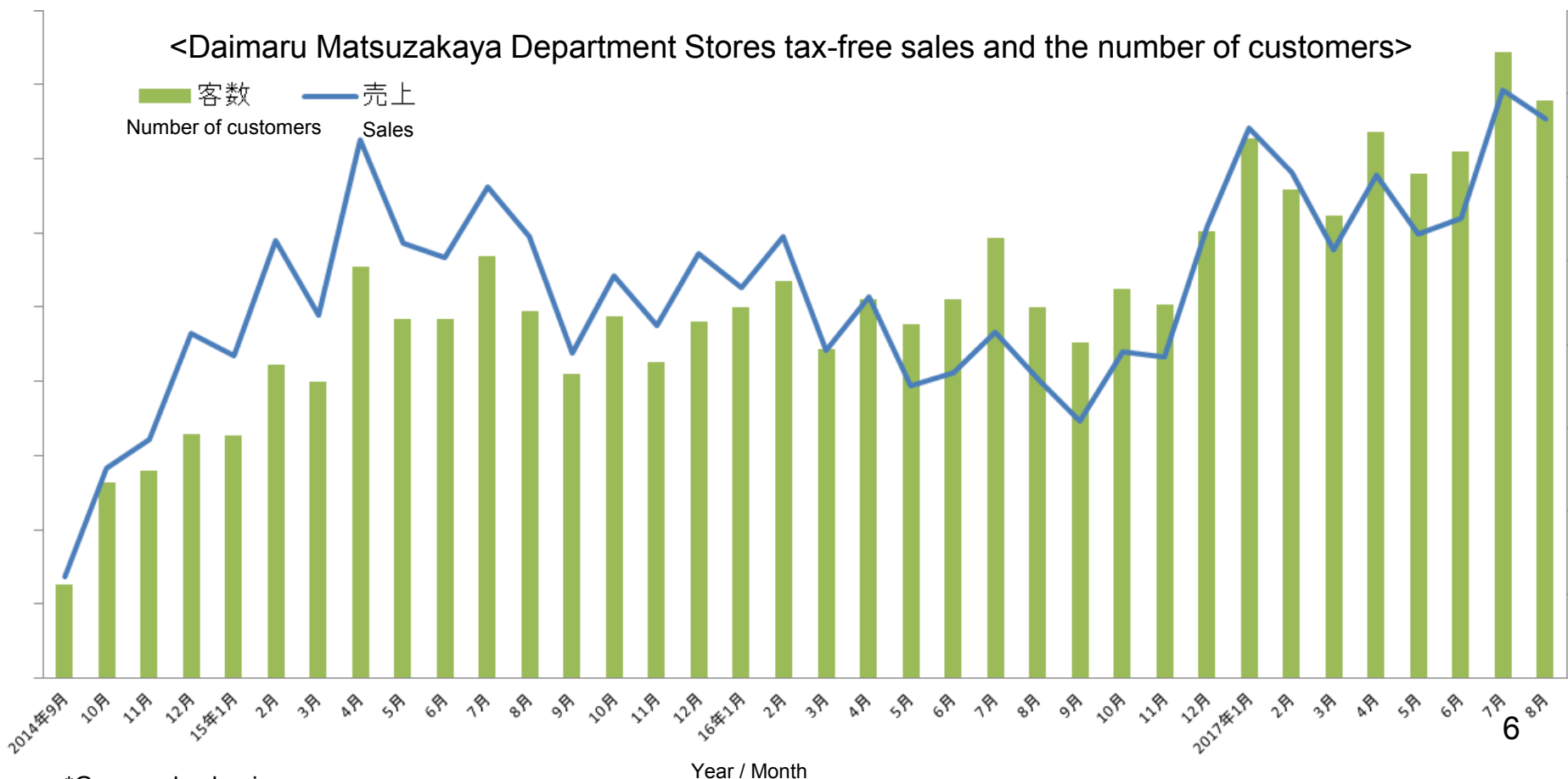
*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

- ▶ “Tax-free sales” as an indicator of inbound tourists’ spending increased and exceeded ¥20 bn in 1H
- ▶ Sales per customer were below LY in Mar and Apr but above LY in and after May
- ▶ Sales were up 52.7% YoY, sales per customer up 6.0%, the number of customers up 44.1% in total for 1H

<Daimaru Matsuzakaya Department Stores tax-free sales and the number of customers>

客数
Number of customers

売上
Sales

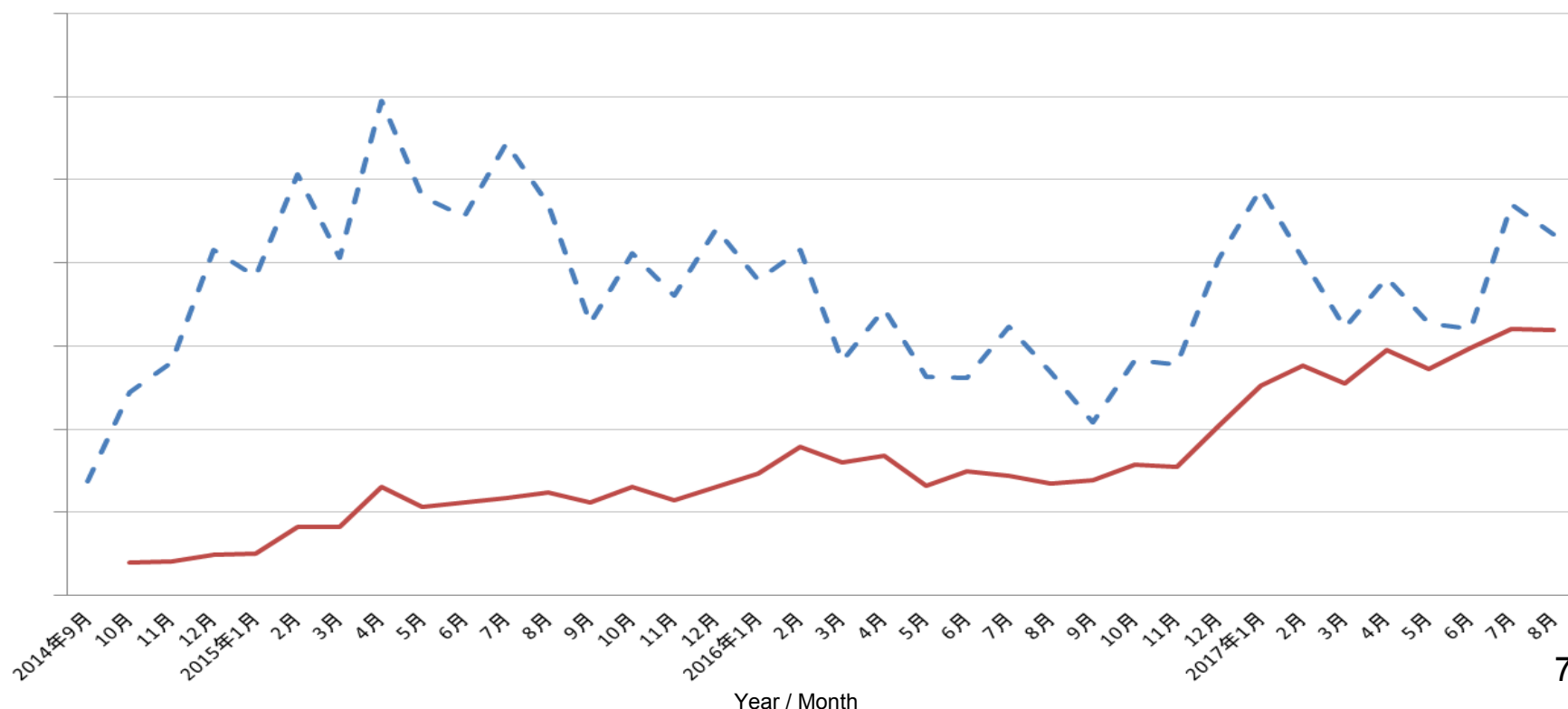


*Gross sales basis

- ▶ By country, sales to Chinese customers accounted for 83.2%, an overwhelming share of total sales to inbound tourists
- ▶ By product, sales of “consumables,” mainly cosmetics, almost doubled to a level close to sales of “general products”

<Tax-free sales of “general products” and “consumables”>

— 一般品 — 消耗品
General products Consumables



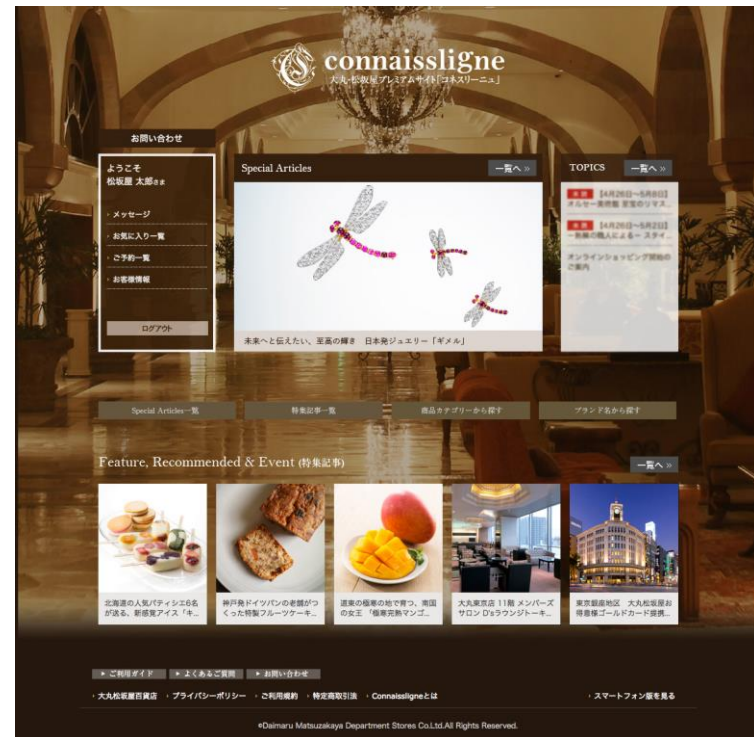
*Gross sales basis

- ▶ Purchase by Japanese affluent *gaisho* (out-of-store sales) customers was strong due to a stable share price level
- ▶ Credit sales of 9 flagship stores increased 1.2% YoY in total for 1H and 1.9% in 2Q alone
- ▶ The number of new *gaisho* card accounts steadily increased to 6,433 in 1H and expected to be 13,000 in full year

“Gold Card”
for *gaisho* customers



Closed website for *gaisho* customers
“Connaissligné”



1H FY2017 Daimaru Matsuzakaya Department Stores

- ▶ Shinsaibashi store increased sales by double digits 10.8% YoY due to strong sales to the affluent and inbound tourists
- ▶ Tokyo store increased sales for the 12th consecutive month attracting Japanese and foreign tourists and office workers
- ▶ Luxury items and cosmetics drove total sales growth. Real Estate Business was positively affected by opening of “Ginza Six” in Apr 20

1H FY2017 Daimaru Matsuzakaya Department Stores YoY % change of gross sales by store

First six months of fiscal year ending Feb 28, 2018	1Q	2Q	1H
Daimaru Shinsaibashi	7.5	14.0	10.8
Daimaru Umeda	(0.9)	2.7	1.0
Daimaru Tokyo	5.0	6.9	6.0
Daimaru Kyoto	(0.2)	3.4	1.6
Daimaru Kobe	(1.1)	(0.4)	(0.8)
Daimaru Sapporo	3.5	4.9	4.2
Matsuzakaya Nagoya	(2.3)	(0.1)	(1.2)
Matsuzakaya Ueno	(5.2)	(3.0)	(4.1)
Matsuzakaya Shizuoka	3.7	(1.4)	1.1
Total all stores	0.7	2.9	1.8
Real Estate Division	194.7	288.1	241.9

*YoY % changes of store sales are on a gross sales basis.

- ▶ Inbound tourists' spending and purchase by Japanese affluent people were strong. Opening of Ginza Six on Apr 20 also had a positive effect.
- ▶ Costs were controlled overall in spite of increased advertising costs and operation costs associated with opening of Ginza Six
- ▶ Sold two unused real estates in Tokyo to increase asset efficiency

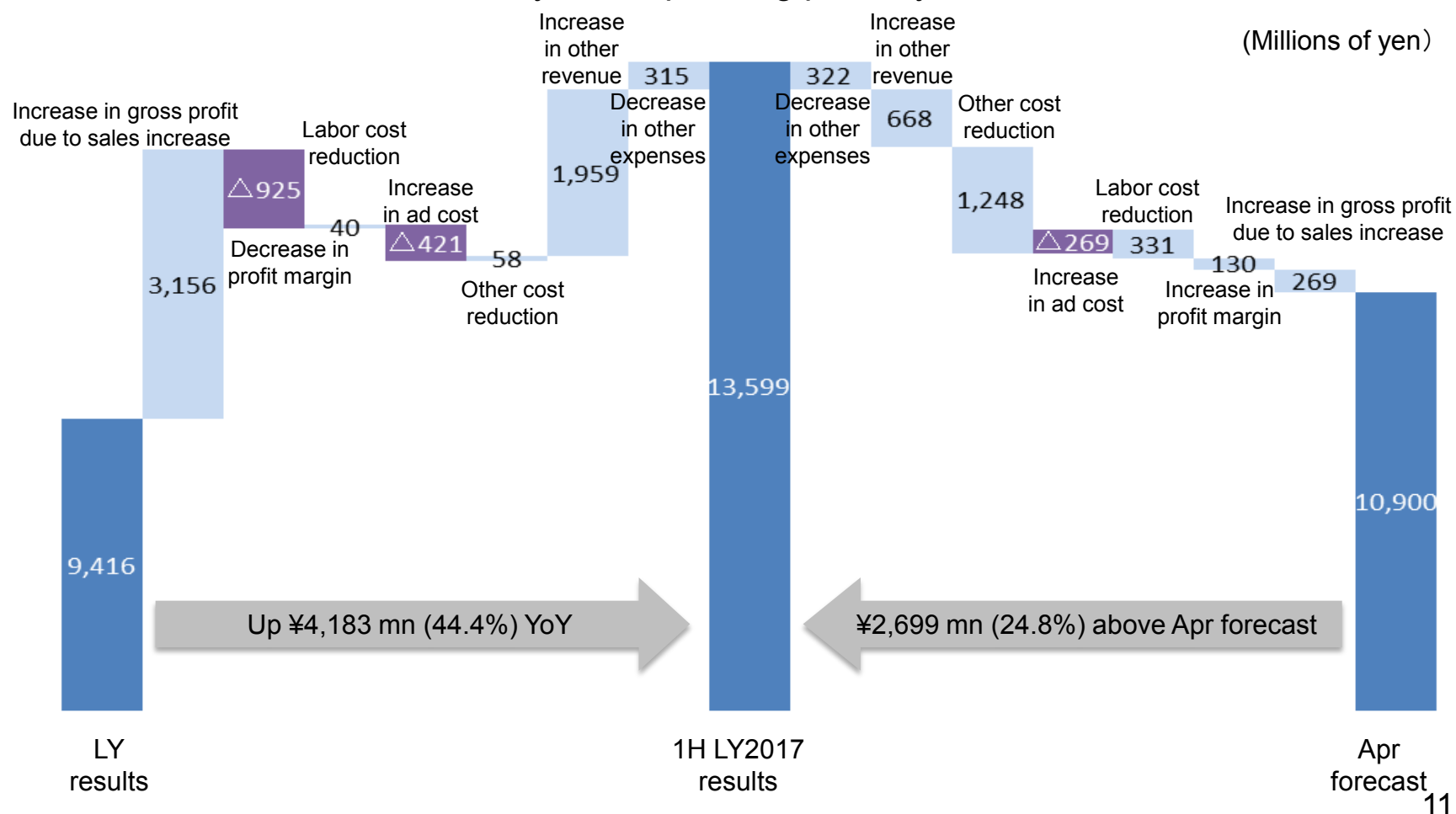
(Millions of yen, %)

First six months of fiscal year ending Feb 28, 2018	Results	YoY		Vs Apr forecast	
		Change	% change	Change	% change
Revenue	123,464	5,367	4.5	464	0.4
Gross profit	71,699	2,231	3.2	399	0.6
SGA	59,190	323	0.5	(1,310)	(2.2)
Other revenue	2,068	1,959	—	668	47.7
Other expenses	978	(315)	(24.4)	(322)	(24.8)
Operating profit	13,599	4,183	44.4	2,699	24.8
Profit	9,659	2,554	35.9	2,059	27.1
Gross sales	321,597	9,835	3.2	1,597	0.5
Business profit	12,509	1,909	18.0	1,709	15.8

10

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

1H FY2017 Daimaru Matsuzakaya Department Stores analysis of operating profit by factor



*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

- ▶ Equity increased ¥13.8 bn to ¥382.4 bn, equity ratio increased 0.3 points to 37.0%
- ▶ Operating cash flows increased ¥25.6 bn mainly due to sales of reserve floor area for redevelopment of Shibuya Parco
- ▶ Investing cash outflows decreased ¥3.8 bn partly due to gain on sales of shares of subsidiaries
- ▶ Financial cash flows include issue of bonds and reduction of interest-bearing debt by redemption of commercial paper, etc.

<Consolidated balance sheet> (Millions of yen)

First six months of fiscal year ending Feb 28, 2018	Results	YoY change
Total assets	1,034,346	29,277
Interest-bearing debt	200,868	(5,084)
Equity attributable to owners of parent	382,459	13,888
Equity ratio (%)	37.0	(RD) 0.3

<Cash flows> (Millions of yen)

First six months of fiscal year ending Feb 28, 2018	Results	YoY change
Operating cash flows	41,654	25,687
Investing cash flows	(7,773)	3,873
Financial cash flows	(9,357)	(7,535)

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

2H FY2017 Forecast (IFRS)

Despite concerns over geopolitical risks, the world economy is steadily recovering

Moderate recovery trend of the domestic economy continues
against a backdrop of improvement of employment and income situation

Consumers continue to economize due to anxiety about the future
such as increased social security burden

Polarized consumption / gap between urban and rural areas

Solid spending by the affluent ⇔ Low spending by volume zone

Increasing foreign tourists to Japan / regrowth of inbound tourists' spending

Stronger consumption shift from products to services and experiences

Accelerated global growth of online sales ⇔ Struggling physical stores mainly in Europe and US

Dramatic development of IoT era

2H FY2017 Consolidated Financial Forecast (IFRS) J. FRONT RETAILING

- ▶ Revenue will increase in Department Store Business, Real Estate Business, etc. but will be affected by transfer of subsidiary's business
- ▶ Operating profit will increase partly due to SGA reduced by business transfer and overhaul of investment
- ▶ Profit will decrease partly due to worsening performance at equity method associates

(Millions of yen, %)

Second six months of fiscal year ending Feb 28, 2018	Forecast	YoY		Vs Apr forecast	
		Change	% change	Change	% change
Revenue	237,489	6,233	2.7	(4,511)	(1.9)
Gross profit	107,911	(91)	(0.1)	(2,389)	(2.2)
SGA	84,889	(315)	(0.4)	(1,011)	(1.2)
Other operating revenue	1,313	(1,077)	(45.1)	13	0.9
Other operating expenses	2,015	(2,940)	(59.3)	(185)	(8.4)
Operating profit	22,319	2,087	10.3	(1,181)	(5.0)
Profit attributable to owners of parent	12,184	(1,019)	(7.7)	(1,516)	(11.1)
Gross sales	583,695	2,411	0.4	(10,805)	(1.8)
Business profit	23,721	924	4.1	(1,379)	(5.5)

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

2H FY2017 Segment Information Forecast (IFRS) J. FRONT RETAILING

- ▶ In Department Store Business, revenue will increase in all flagship stores but remain sluggish in rural/suburban stores
- ▶ In Parco Business, effect of temporary closing of Shibuya Parco will come to an end but rural stores will be carefully reviewed
- ▶ In Real Estate Business, Ginza Six will fully operate and “Ueno Frontier Tower” will open on Nov 4
- ▶ In Other, revenue will decrease due to transfer of subsidiary’s business but profit will increase partly due to withdrawal from unprofitable business

(Millions of yen, %)

Second six months of fiscal year ending Feb 28, 2018	Revenue				Operating profit			
	Forecast	YoY		Vs Apr forecast	Forecast	YoY		Vs Apr forecast
		Change	% change			Change	% change	
Department Store	140,606	3,475	2.5	2,007	13,145	128	1.0	(54)
Parco	48,769	2,158	4.6	(830)	4,922	(36)	(0.7)	(677)
Real Estate	7,050	4,554	182.4	50	336	1,088	—	237
Credit and Finance	5,317	238	4.7	67	1,563	8	0.5	(4)
Other	55,240	(2,778)	(4.8)	(5,560)	2,798	1,558	125.6	(232)

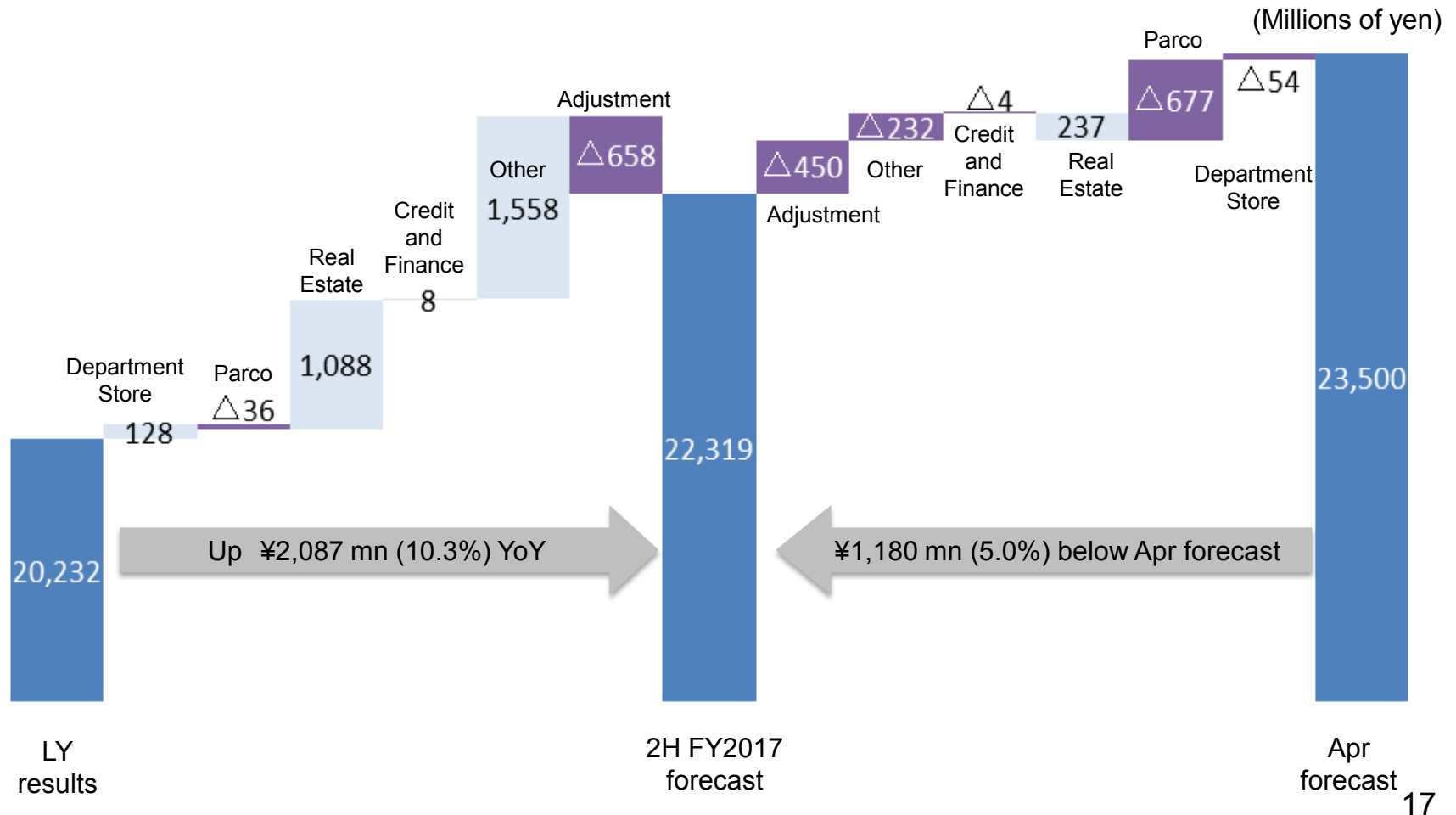
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2H FY2017 Segment Information (IFRS)



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2H FY2017 analysis of changes in consolidated operating profit by segment



*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

Full FY2017 Forecast (IFRS)

Full FY2017 Consolidated Financial Forecast (IFRS) J. FRONT RETAILING

- ▶ Revenue will increase in all business segments including Department Store and Real Estate
- ▶ Operating profit forecast was revised up ¥4.5 bn vs Apr forecast
- ▶ Annual dividend per share will be ¥32 including ¥2 increase in ordinary dividend and commemorative dividend of ¥2

(Millions of yen, %)

Full fiscal year ending Feb 28, 2018	Forecast	YoY		Vs Apr forecast	
		Change	% change	Change	% change
Revenue	472,000	19,495	4.3	3,000	0.6
Gross profit	212,900	333	0.2	(2,100)	(1.0)
SGA	167,100	(568)	(0.3)	(2,600)	(1.5)
Other operating revenue	7,000	2,916	71.4	3,300	89.2
Other operating expenses	3,800	(3,455)	(47.6)	(700)	(15.6)
Operating profit	49,000	7,273	17.4	4,500	10.1
Profit attributable to owners of parent	28,500	1,448	5.4	2,000	7.5
Gross sales	1,142,000	7,658	0.7	(6,000)	(0.5)
Business profit	46,500	1,602	3.6	500	1.1
Dividend per share (Yen)	(Annual) 32	4	—	—	—

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

*Annual dividend for the current year Includes commemorative dividend for the 10th anniversary of the founding of J. Front Retailing.

Full FY2017 Segment Information Forecast (IFRS) J. FRONT RETAILING

- ▶ Department Store Business will increase revenue and profit, driven by urban stores where purchase by inbound tourists and the affluent is strong
- ▶ Parco Business has factored in temporary closing of Shibuya Parco and sluggish sales of rural stores despite new store openings
- ▶ Real Estate Business will increase revenue and profit due to opening of Ginza Six and Ueno Frontier Tower
- ▶ Other will increase profit due to strong performance of Daimaru Kogyo and withdrawal from unprofitable business despite effect of business transfer

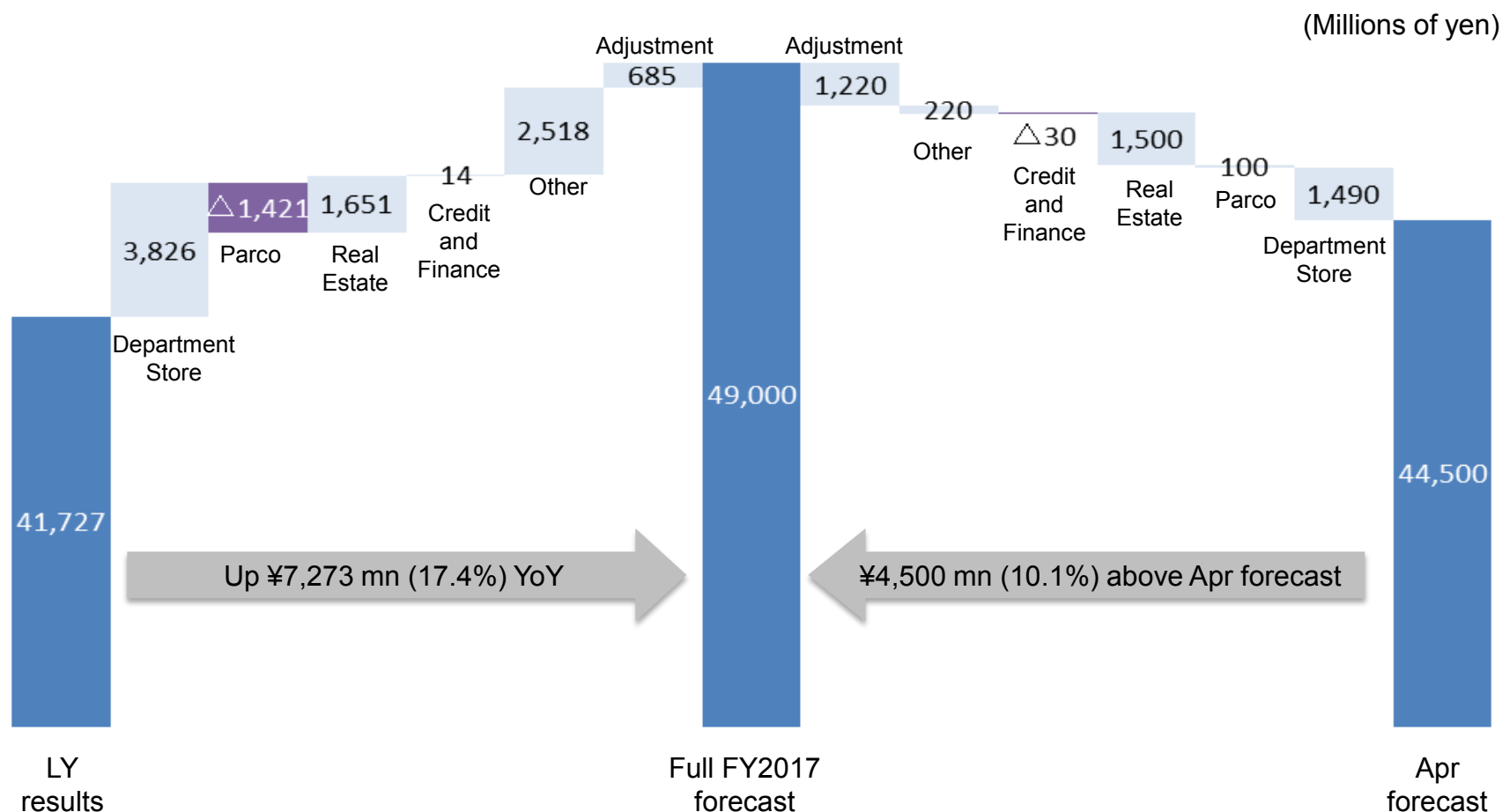
(Millions of yen, %)

Full fiscal year ending Feb 28, 2018	Revenue				Operating profit			
	Forecast	YoY		Vs Apr forecast	Forecast	YoY		Vs Apr forecast
		Change	% change	Change		Change	% change	Change
Department Store	272,900	4,667	1.7	2,300	26,050	3,826	17.2	1,490
Parco	94,000	220	0.2	(1,100)	11,600	(1,421)	(10.9)	100
Real Estate	12,900	7,895	157.8	400	2,000	1,651	473.7	1,500
Credit and Finance	10,280	432	4.4	80	2,870	14	0.5	(30)
Other	120,750	6,165	5.4	1,050	5,500	2,518	84.5	220

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

Full FY2017 Segment Information

Full FY2017 analysis of changes in consolidated operating profit by segment



*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

- ▶ Equity will be ¥390 bn and equity ratio will be 37.7%
- ▶ Interest-bearing debt will decrease ¥10.9 bn YoY to ¥195 bn
- ▶ Operating cash flows will increase ¥16.5 bn YoY to ¥53 bn partly due to increased operating profit, receipt of proceeds from sales of reserve floor area of Shibuya Parco
- ▶ Free cash flow will improve from initial forecast to be positive at ¥18.5 bn

<Balance sheet>

(Millions of yen)

Fiscal year ending Feb 28, 2018	Forecast	YoY change
Total assets	1,035,000	29,931
Interest-bearing debt	195,000	(10,952)
Equity attributable to owners of parent	390,000	21,429
Equity ratio (%)	37.7	(RD) 1.0

<Cash flows>

(Millions of yen)

Fiscal year ending Feb 28, 2018	Forecast	YoY change
Operating cash flows	53,000	16,592
Investing cash flows	(34,500)	(3,905)
Financing cash flows	(20,500)	(18,403)

*YoY changes and YoY % changes have been calculated by converting figures for the previous year to IFRS-based figures.

Progress and Future Initiatives of FY2017 to 2021 Medium-term Business Plan

Toward Achievement of the Group Vision

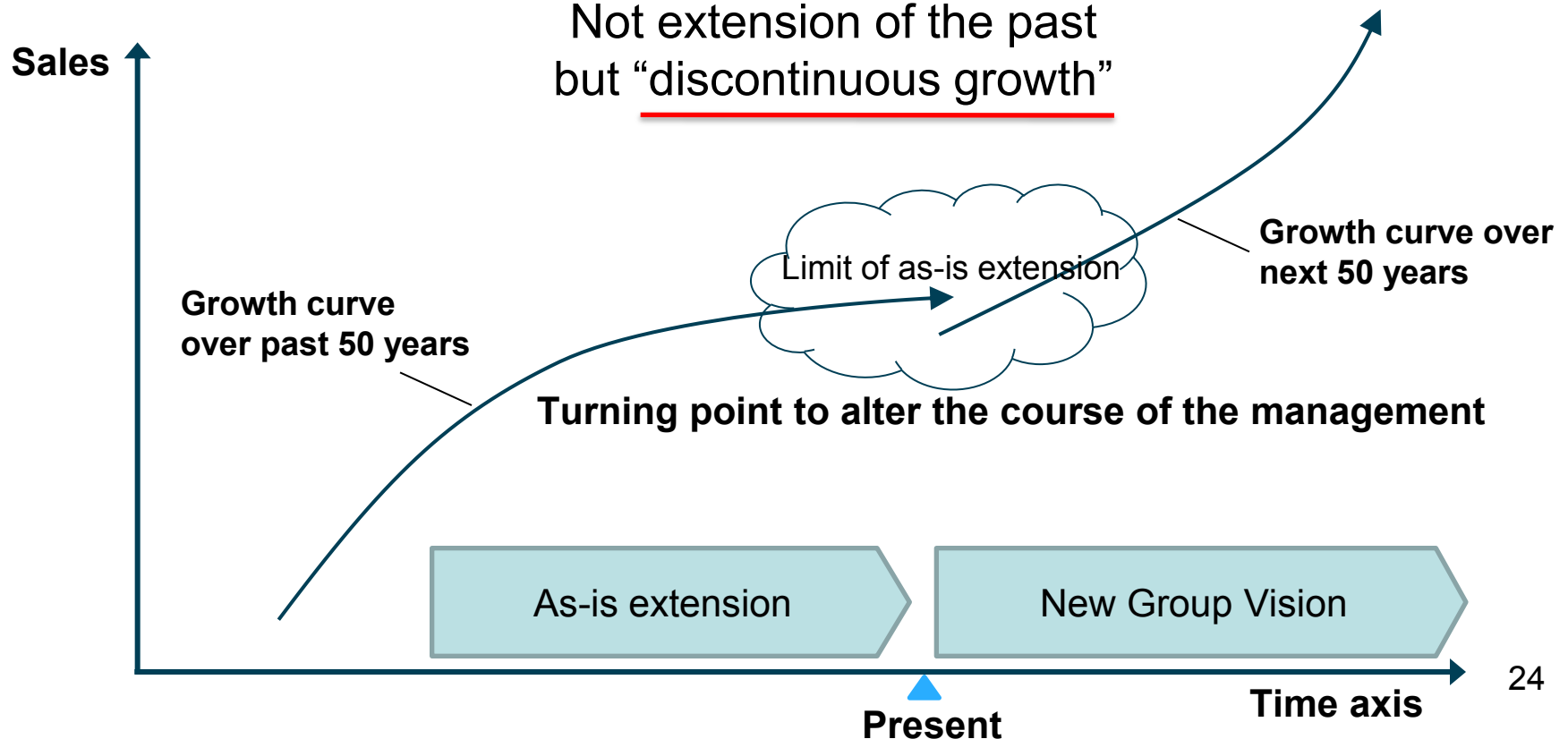


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New Group Vision “Create and Bring to Life ‘New Happiness.’”

Medium-term Business Plan, which started in FY2017,
as new “starting point”

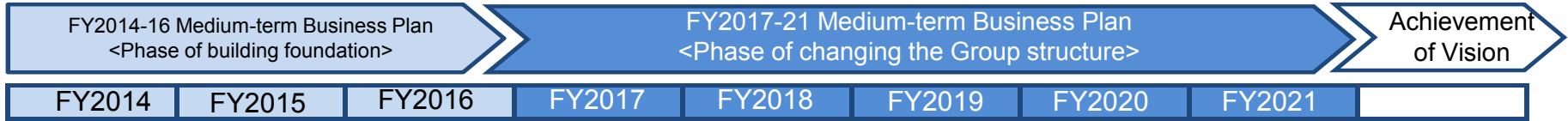
Not extension of the past
but “discontinuous growth”



Period of Current Medium-term Business Plan Is “Phase of Changing the Group Structure”



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“Multi Service Retailer”

beyond the framework of retailing



Urban Dominant Strategy

- ▶ Big projects launched during the period of the previous Medium-term Business Plan opened or will open
- ▶ They will draw new crowds to local areas and greatly contribute to revenue during the period of the current Medium-term Plan



*The photos are for illustrative purpose only.

- ▶ On Apr 20, innovative luxury mall without any peer in the world “Ginza Six” opened



G S I X
G I N Z A S I X

Unconventional
store environment
using art

Customer management
and customer analysis
using ICT

Brand lineup,
the majority of which
are flagship stores

Promotion drawing
attention and
conscious of
being spread on
SNS

Symbol of “discontinuous growth” addressed by the Company
in the current Medium-term Plan

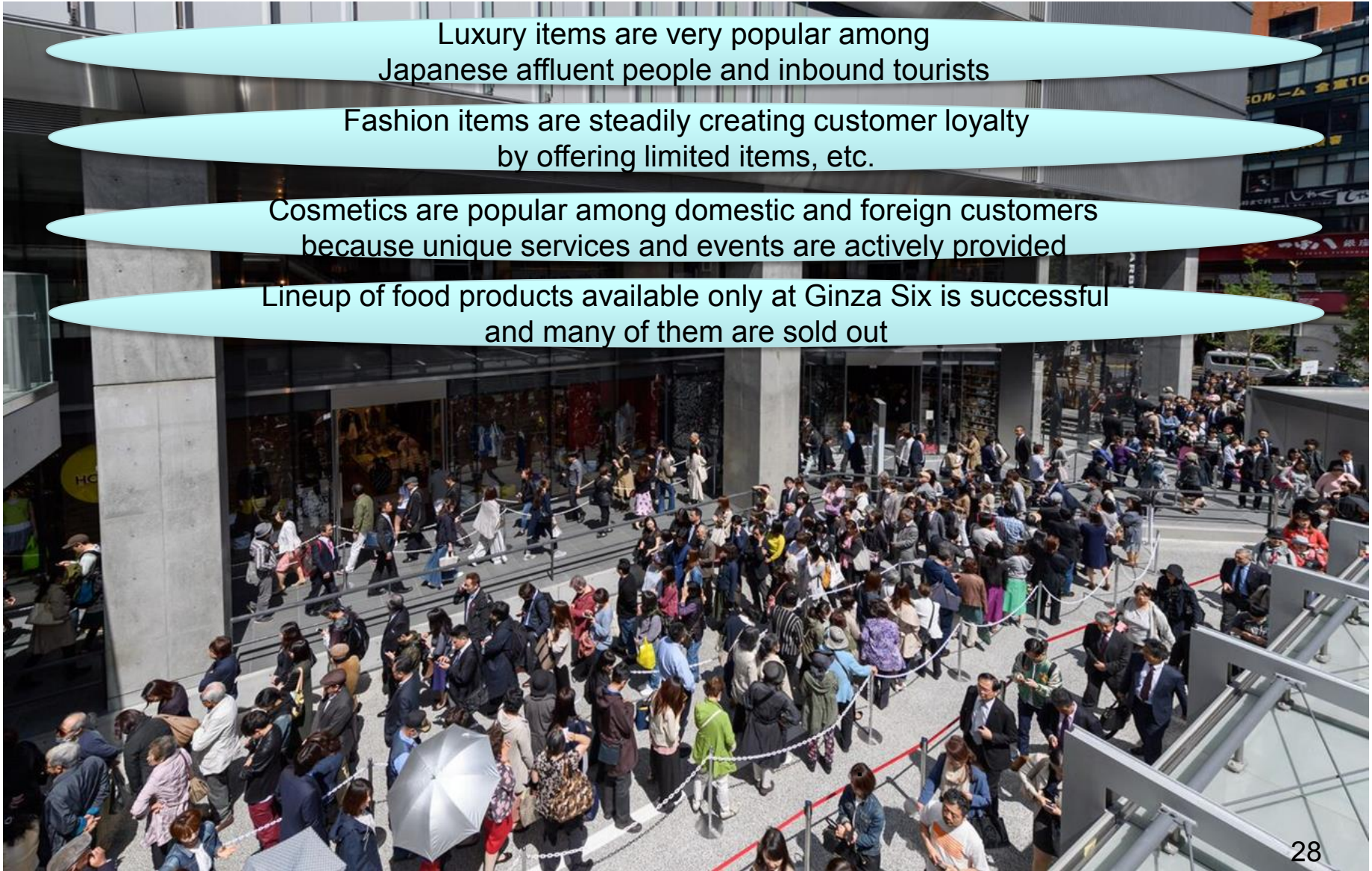
Store Trend of Ginza Six

Luxury items are very popular among Japanese affluent people and inbound tourists

Fashion items are steadily creating customer loyalty by offering limited items, etc.

Cosmetics are popular among domestic and foreign customers because unique services and events are actively provided

Lineup of food products available only at Ginza Six is successful and many of them are sold out



Great Response to Media Exposure and SNS

8,200

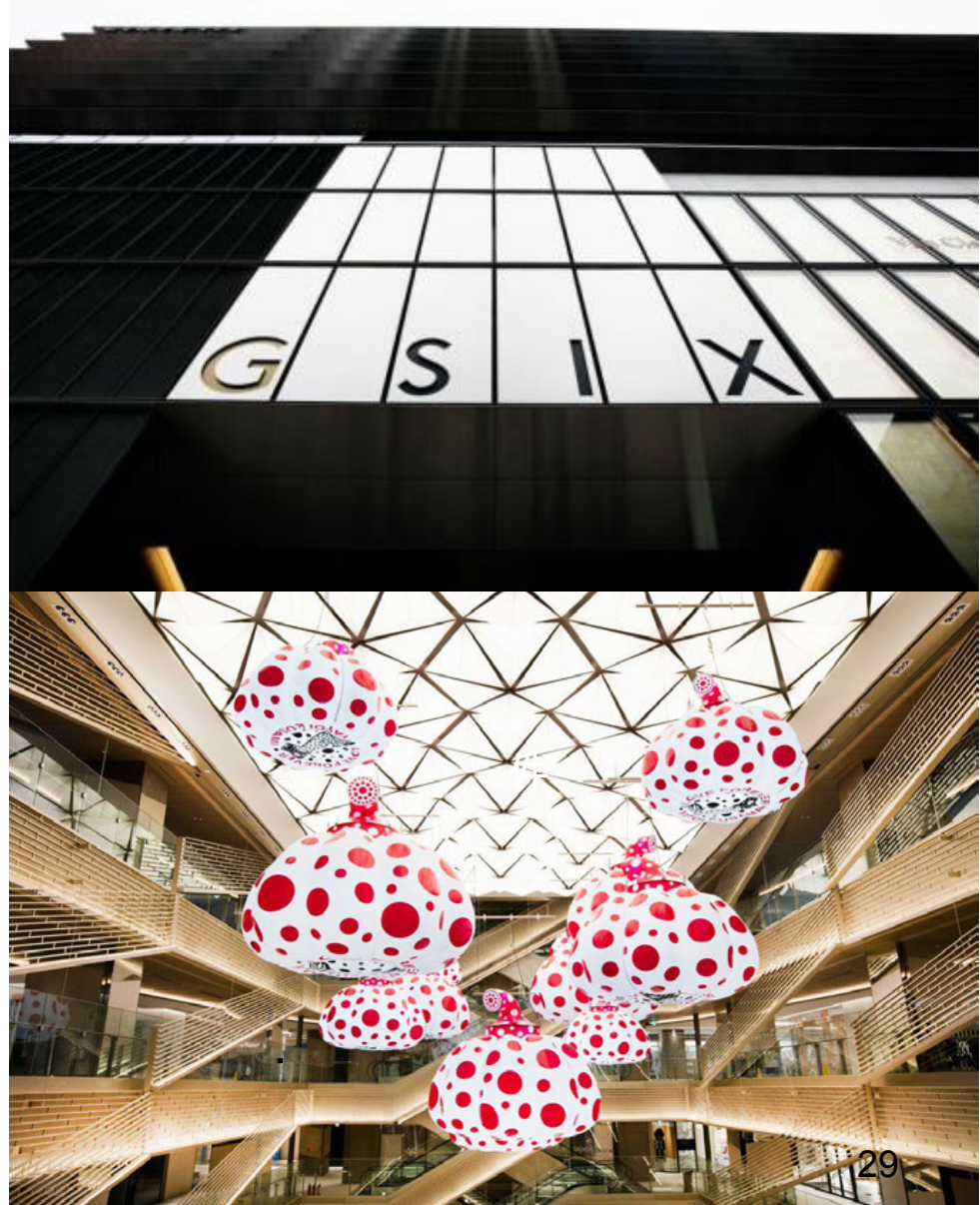
*Number of media exposures from Apr 1 to 23
(TV, newspaper, magazine and website)

3_h40_{min}

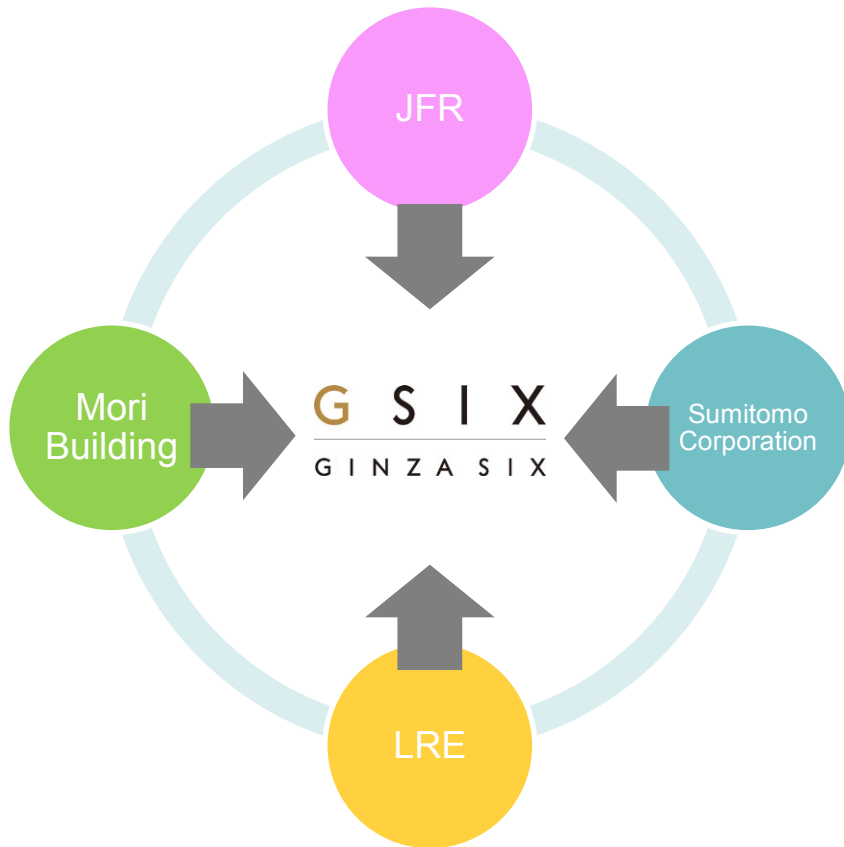
*TV airtime from Apr 1 to 23

39,158

*Number of posts on Instagram at 21:00 on Apr 24



“Combination of different elements” through initiatives beyond company level



Four companies shared the objective of creating new “world-class” value



Four companies, which have different corporate cultures, put together their wisdom and energy



“Innovative luxury mall” was born through chemistry among four companies

“Discontinuous initiative” abandoning past successful experiences

6 luxury duplex boutiques add color to the facade

Store space design such as bold atrium
welcoming visitors with art

Floor composition beyond the framework of
department store’s merchandise classification

Customer touch points centered on
smartphone application



Create special
experience/value



First Year Forecast of Ginza Six

- ▶ Both sales and customer traffic do well toward the first year sales target of entire Ginza Six
- ▶ The first year operating profit of the Company will far exceed the forecast made at the beginning of the current period



For entire Ginza Six

- Target for first year sales: ¥60 bn
- Target for annual number of customers: 20 mn people

Ueno Frontier Tower

(Rebuilding of South Wing of Matsuzakaya Ueno Store)



J. FRONT RETAILING

- ▶ Commercial complex with Parco, cinema complex and offices above ground and department store in basement
- ▶ Due to open on Nov 4, 2017 with the aim of tapping new customer segments.
¥15.2 bn will be invested



*The photo is for illustrative purpose only.

New Concept Store “PARCO_ya”

- ▶ 68 shops based on marketing from every angle to cater to a little older people than Parco's existing target customers
- ▶ Parco's first new store opening in the 23 wards of Tokyo in 44 years since opening of “Shibuya Parco” in 1973
- ▶ Contribute to tapping the local market by offering value with new concept

ちょっと上の、
おとなの、
パルコ。



PARCO_ya

11.4 sat OPEN
松坂屋上野店隣り

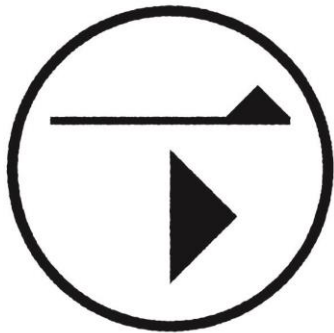


*The photo is for illustrative purpose only.

“Shitamachi Front” Will Open

- ▶ Urban Dominant Strategy in Ueno area is fully in progress under the name of “Shitamachi Front”
- ▶ Create new culture and lifestyle in addition to existing appeal of the area
- ▶ Contribute to revitalizing the area by providing information and holding events in conjunction with the community site “Ueno ga Suki” and adjacent “Okachimachi Panda Hiroba”

Open on Nov 4, 2017



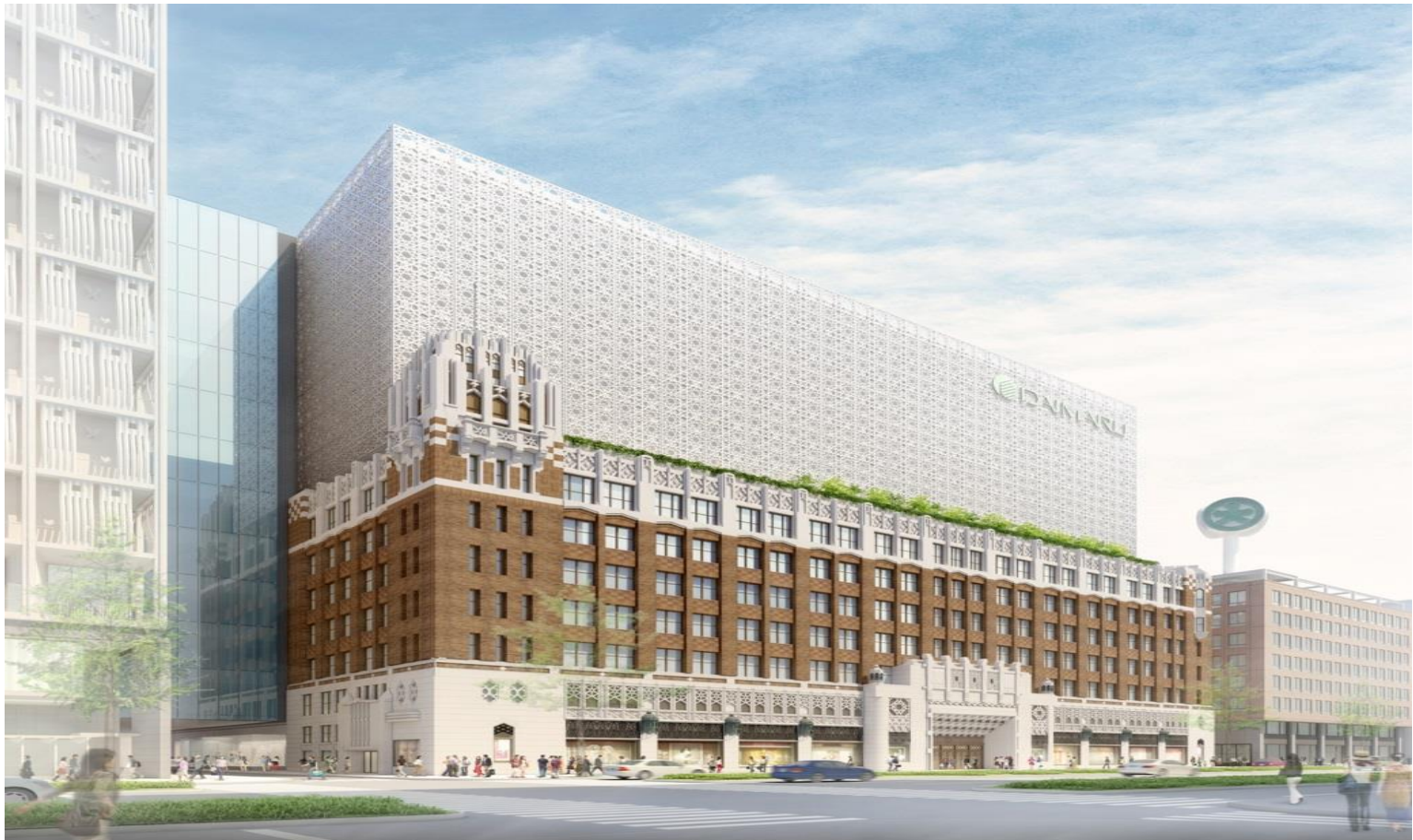
シタマチ.フロント

SHITAMACHI.FRONT



Innovation of New Department Store Model (Rebuilding of Main Building of Shinsaibashi Store)

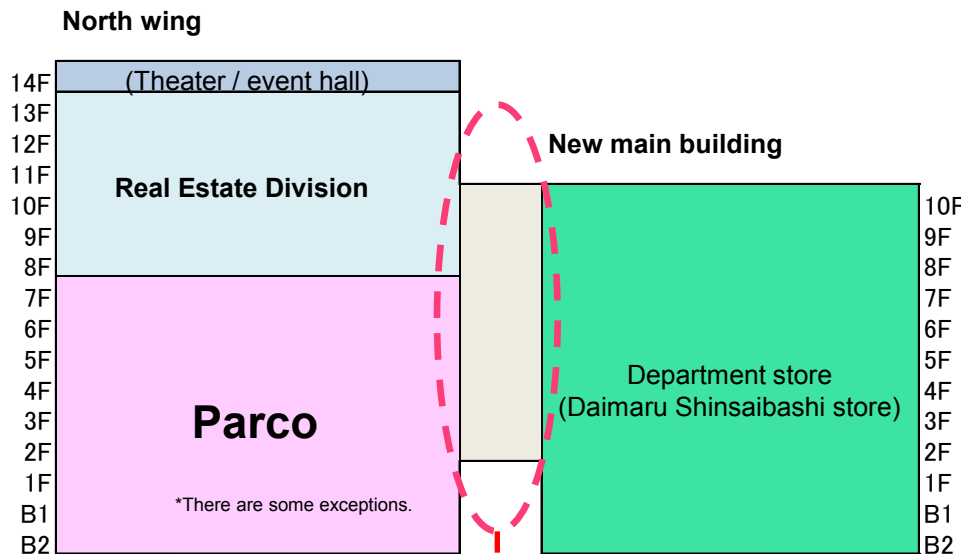
- ▶ Scheduled to open in fall 2019 as model most representing innovation of “new department store model”
- ▶ Show never-seen-before future form in product selection, service, store environment, etc.
- ▶ Create additional value unique to a physical store while taking advantage of its strength in sales to the affluent and inbound tourists



*The photo is for illustrative purpose only.

Decided to Open “Parco” as Big Tenant of North Wing

- ▶ Convert north wing of Shinsaibashi store into “real estate rental” business model after completing new main building
- ▶ Core tenant “Parco” will occupy B2F to 7F. Real Estate Division will operate higher floors
- ▶ Promote Urban Dominant Strategy by opening a new store in Osaka that has no store in Parco format



Connect to north wing after
rebuilding new main
building (spring 2021)

Hybrid commercial complex
with more than 80,000m² floor area

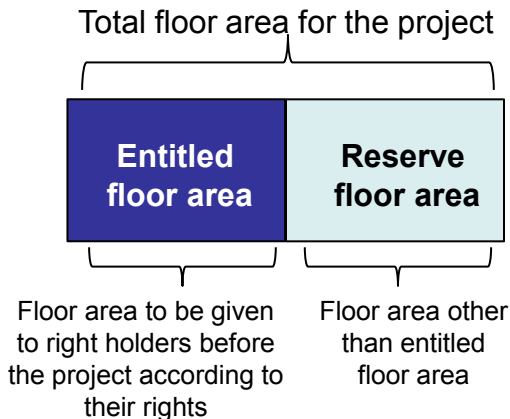
<Map around Shinsaibashi store>



Scheme of “Udagawa-cho District 14/15 Category 1 Urban Redevelopment Project”

December 2015

Tokyo Metropolitan Government approved urban planning project of special urban renaissance district
→ Floor-area ratio increased
(Allowable total floor area increased)



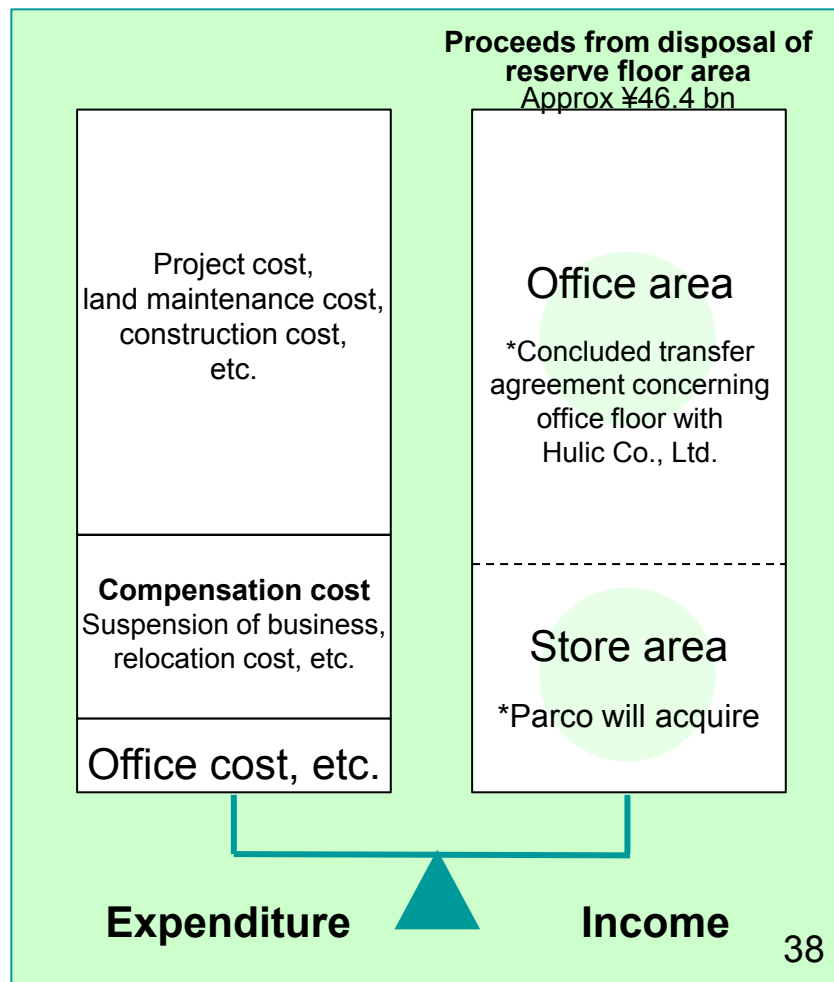
August 2016

Execution of urban development project was approved

May 2017

Started construction and concluded transfer agreement concerning office floor

Income and expenditure of
Udagawa-cho District 14/15 Category 1 Urban Redevelopment Project





Innovation of Parco Business — Rebuilding of Shibuya Parco

- ▶ Create next-generation commercial space by rebuilding “Shibuya Parco,” origin of Parco’s uniqueness
- ▶ Increase opportunities to connect with companies through multi-use complex building and provide advanced tenant services
- ▶ Evolve store brand by applying various new initiatives and know-how to other stores







Schedule

2015	Jun	Submitted a proposal to the Tokyo Metropolitan Government for urban planning
	Dec	The Tokyo Metropolitan Government approved the proposal
2016	Mar	“Shibuya Project” was formed as part of organizational changes
	Apr	Announced the temporary closing of Shibuya Parco Part 1/3
	Aug	The Tokyo Metropolitan Government approved the execution of the project Shibuya Parco Part 1/3 temporarily closed for rebuilding
	Nov	Right conversion plan was approved
2017	May	Started construction and concluded a transfer agreement concerning the office floor
2019	Fall	Open the new complex (scheduled)

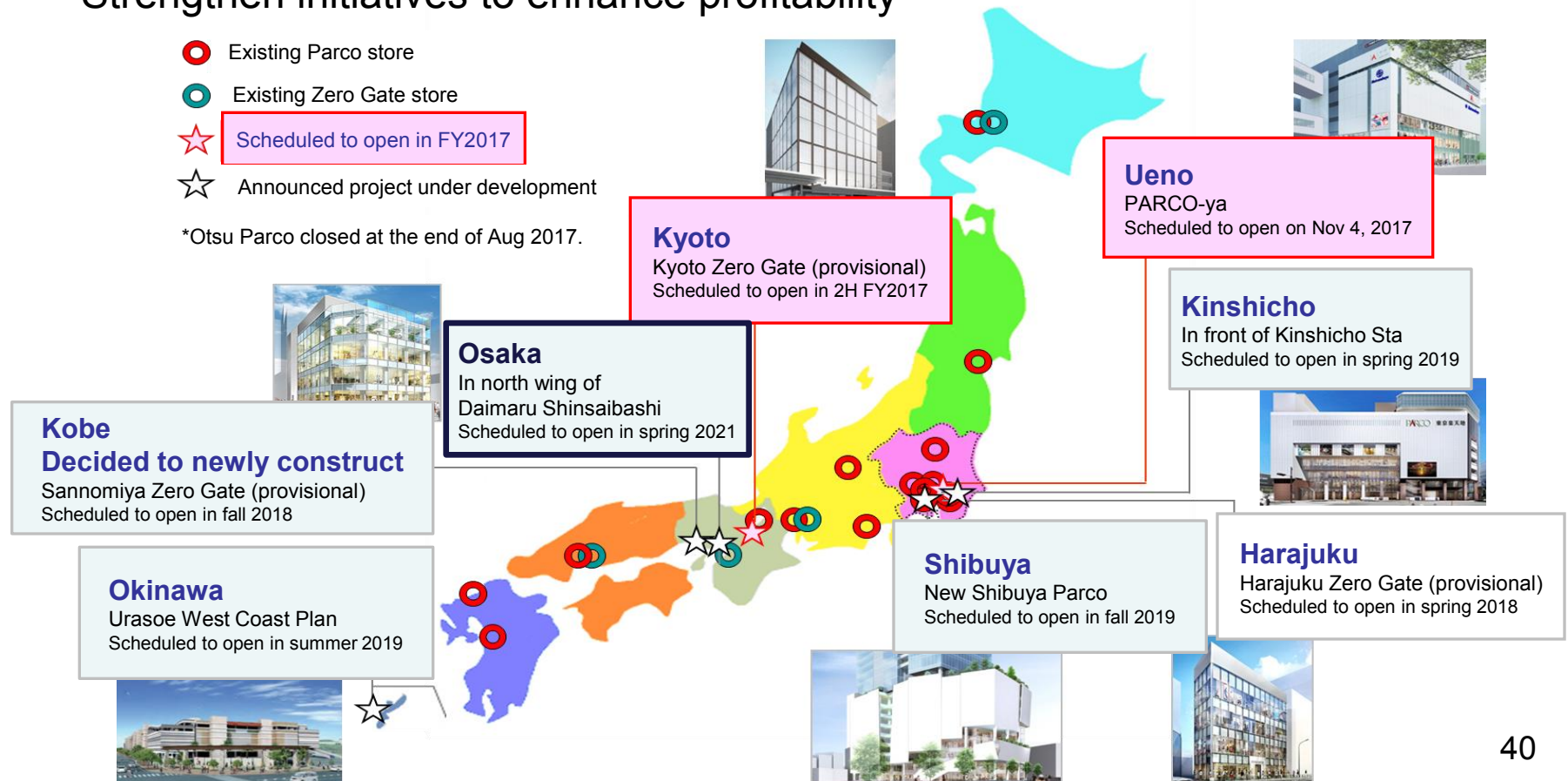
Overview

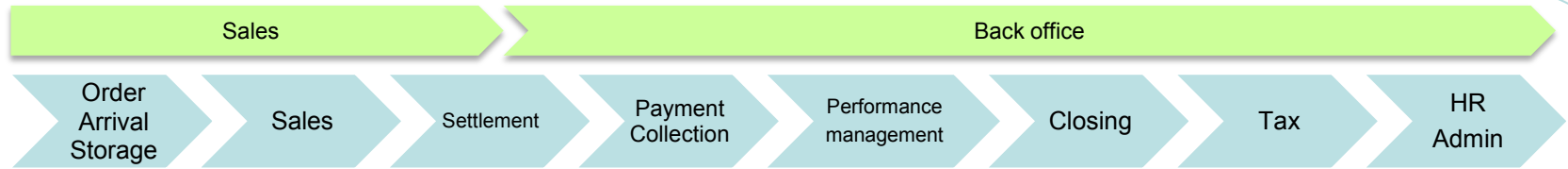
Land area	Approx. 5,380m ²
Total floor area	Approx. 63,830m ²
Building size	18 floors above ground, 3 basement floors
Investment amount	Approx. ¥21.4 billion

- ▶ Cultivate urban areas with growth potential by developing Parco, Zero Gate and new formats
- ▶ Decided to open a store in north wing of Daimaru Shinsaibashi store
8 development projects are in progress
- ▶ Actively promote far-sighted scrap and build policy
Strengthen initiatives to enhance profitability

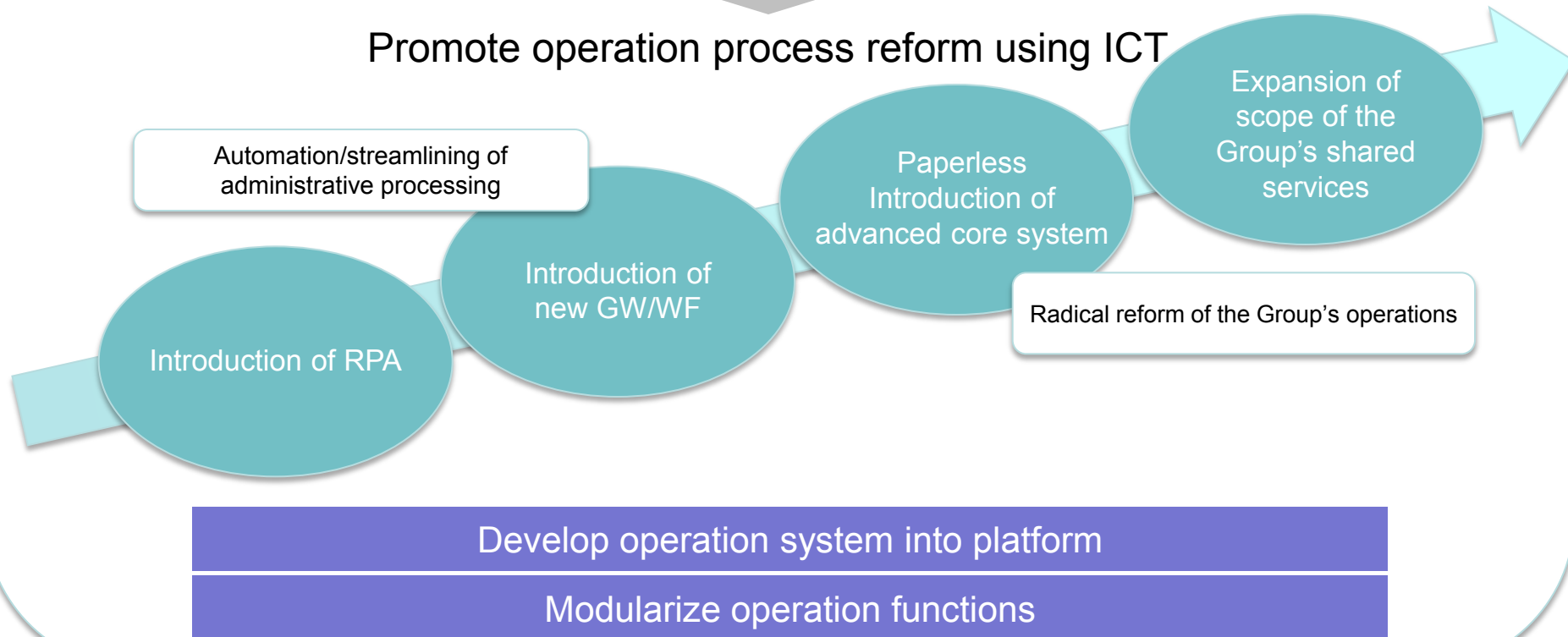
-  Existing Parco store
-  Existing Zero Gate store
-  Scheduled to open in FY2017
-  Announced project under development

*Otsu Parco closed at the end of Aug 2017.





Promote operation process reform using ICT

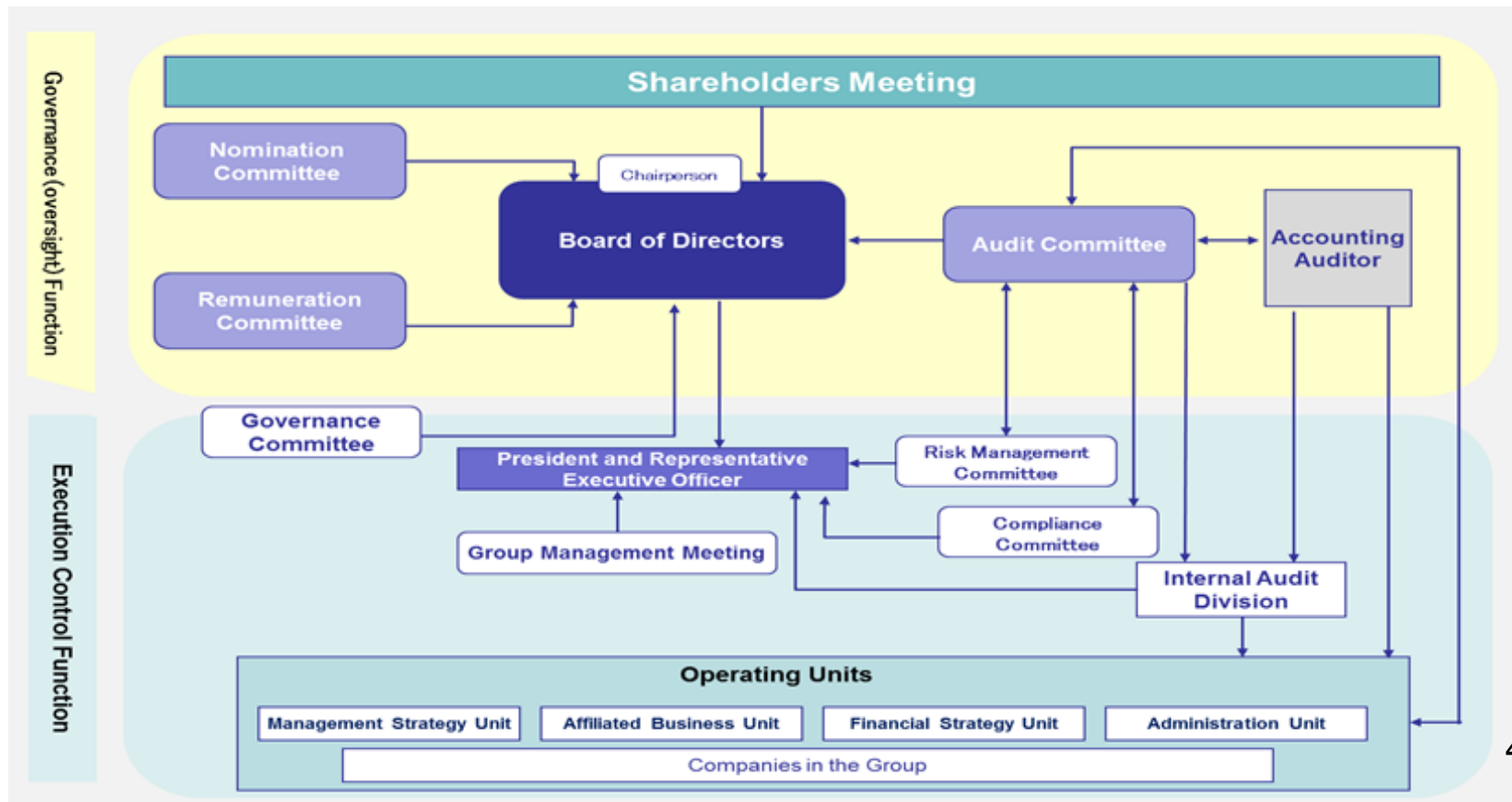


Implement “working style reform” by radical overhaul of operation frames centered on paperless processing ⁴¹

Changes in Form of Corporate Governance

- ▶ Decide to transition to company with three committees by resolution of Annual Shareholders Meeting in May 2017
- ▶ Form three statutory committees including “Nomination Committee,” “Audit Committee” and “Remuneration Committee” to increase transparency and objectivity in management
- ▶ Further expedite the management decision-making by separating “oversight” from “execution”

<Company with three committees>



<Basic policy for executive remuneration>

Remuneration composition

Basic : Bonus : PS
1 : 0.6 : 0.6

Incentive

Short-term: Bonus
Mid-to-long term: Stock

Shareholding

Continuous shareholding
for 3 years

*Incentives are not provided to Non-executive Directors (Inside/Outside).

【Introduction of stock-based remuneration system】

Executive Officers of the Company and
major business companies of the Group

System linked to
consolidated
performance
achievement rate

Non-executive Directors

Predetermined number
of shares are issued

- ▶ Revised the Article “Exercise of Voting Right by Proxy” of the Articles of Incorporation at the 10th Annual Shareholders Meeting


(Exercise of Voting Right by Proxy)

Article 18

A Shareholder may designate another Shareholder with voting rights to exercise the designating Shareholder’s voting right.

Notwithstanding the first paragraph of this article, an institutional investor that owns shares in the name of a trust bank, etc. and does not own shares in their own name may attend a Shareholders Meeting and exercise voting rights as a proxy.

Each such Shareholder or proxy shall submit a document evidencing their proxy power to the Company at each Shareholders Meeting.

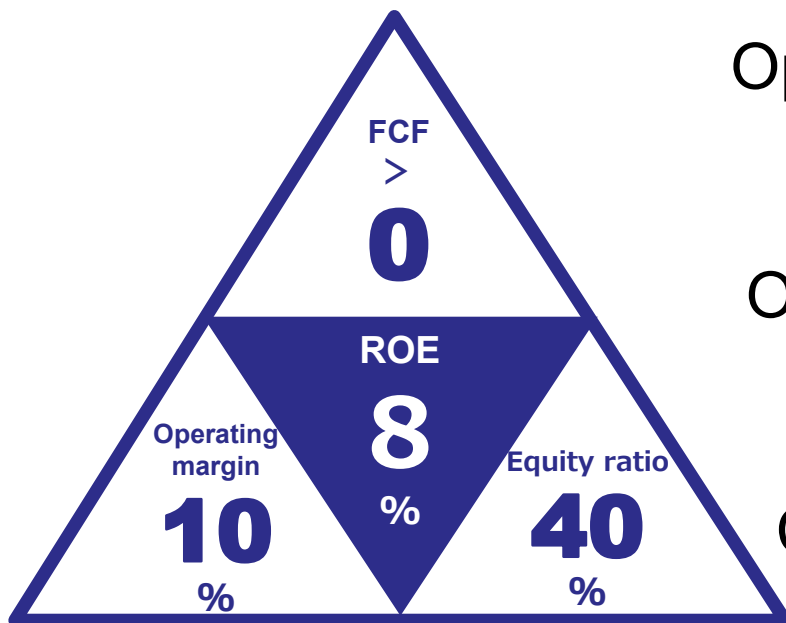


A beneficial shareholder can attend a Shareholders Meeting
and exercise voting rights as a proxy.



Allow global institutional investors to attend
Shareholders Meetings with high legal stability

<Financial strategy structure diagram>



Operating profit **¥5.6 bn**

(Up ¥14.2 bn from FY2016)

Operating margin **10%**

Consolidated ROE **8.0%**
or higher

Reason behind ROE target of 8%

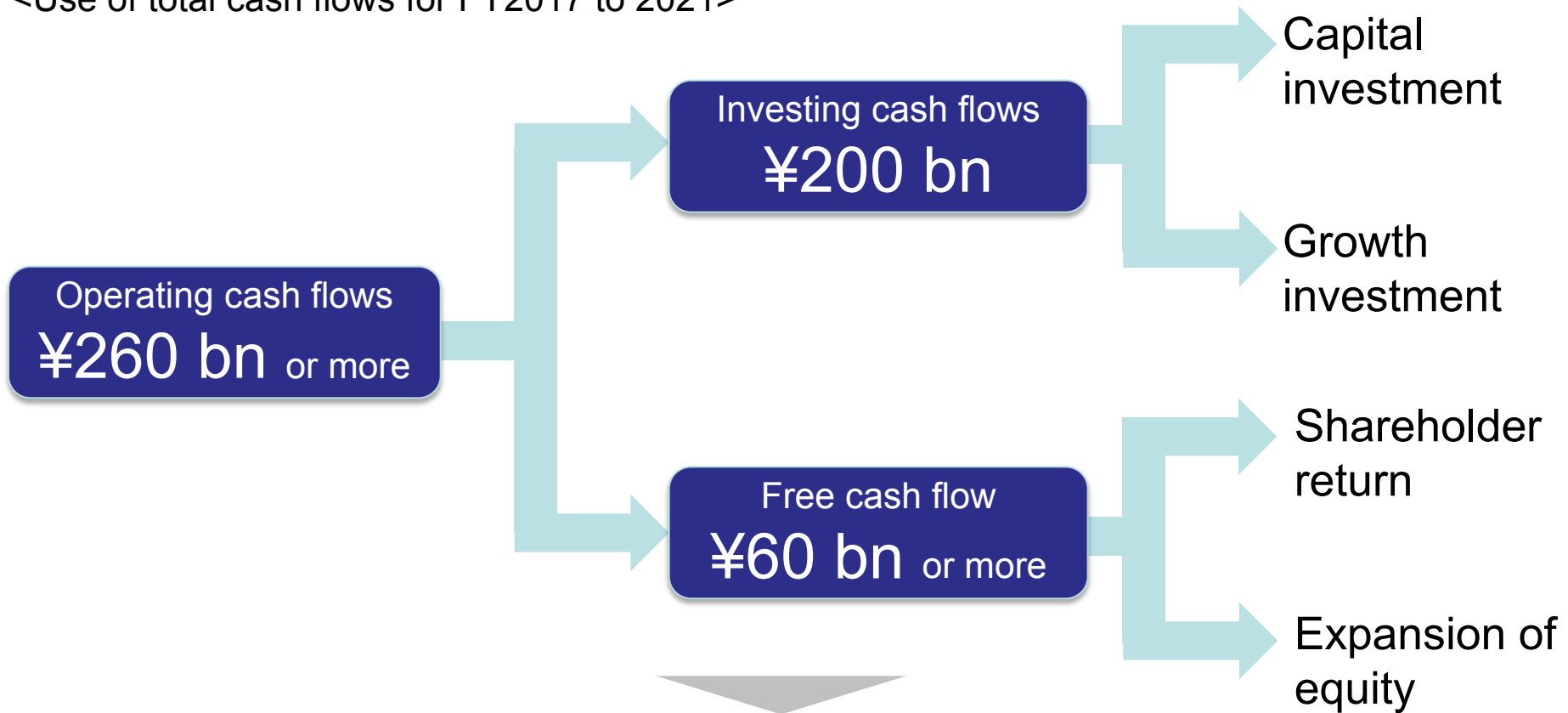
FY2021
ROE target

8.0%
or higher

Shareholders' equity
cost recognized by
the Company

> 6 – 7%

<Use of total cash flows for FY2017 to 2021>

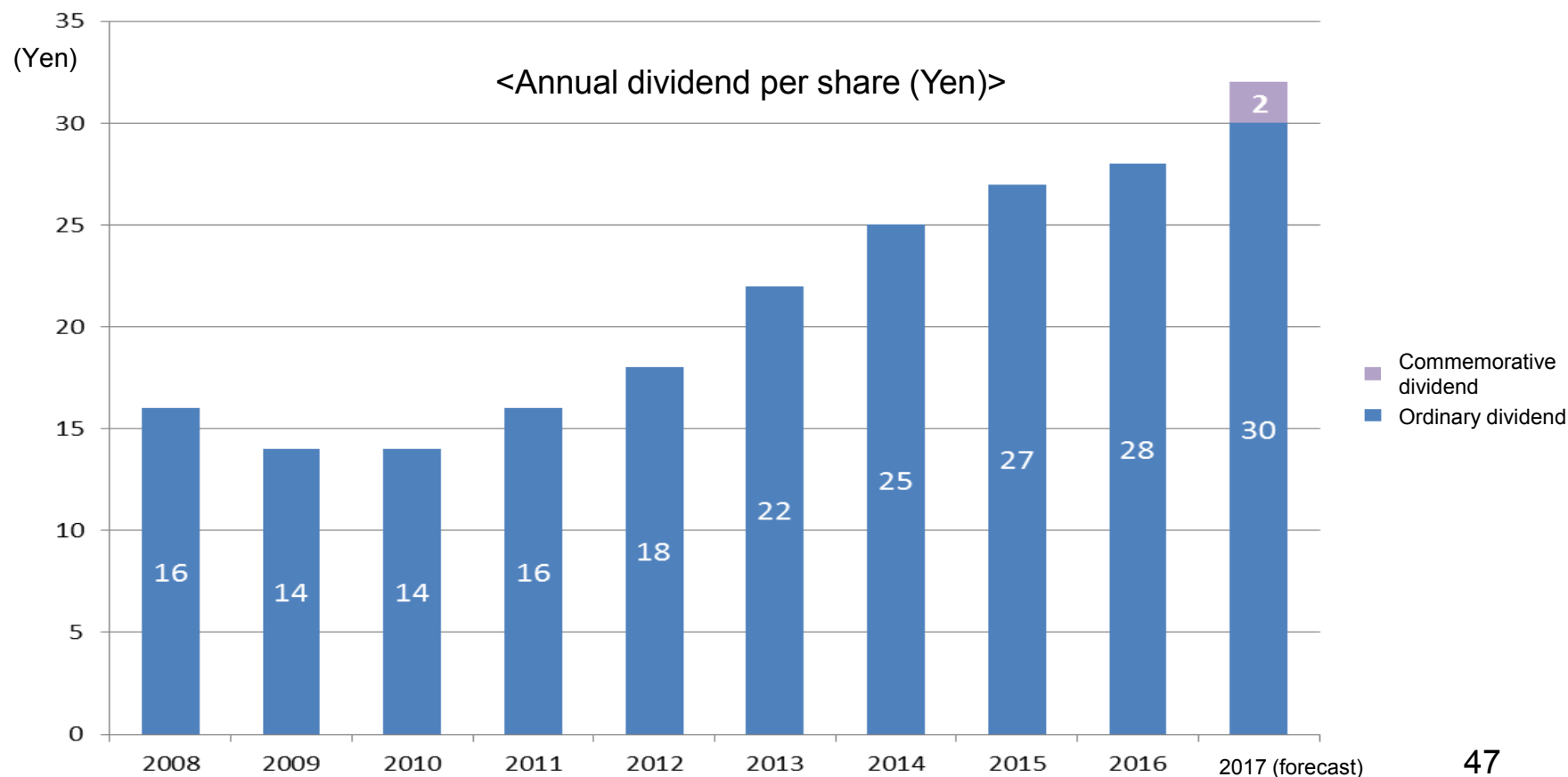


Implement capital policy well balanced among strategic investment, improvement of shareholder return and expansion of equity

Realize the management structure that can achieve 8% ROE continuously ⁴⁶

Shareholder Return Policy

- ▶ Continued shareholder return based on profit allocation according to performance and targeting dividend payout ratio of at least 30%
- ▶ Increase ordinary dividend ¥2 YoY and pay commemorative dividend of ¥2 in FY ending Feb 28, 2018, marking 7th consecutive dividend increase
- ▶ Purchase own shares as appropriate in consideration of strategic investment, financial condition, etc. as a whole



*Annual dividend per share is shown on a post-share consolidation basis.

<Challenges to become what a department store ought to be (some examples)>

Existence value of physical stores amid the rise of online shopping

Review of floor composition overly dependent on women's clothing

Optimization of customer composition,
a large share of which is taken up by old generations

Slow response to ICT



Department stores are facing the “greatest turning point” ever

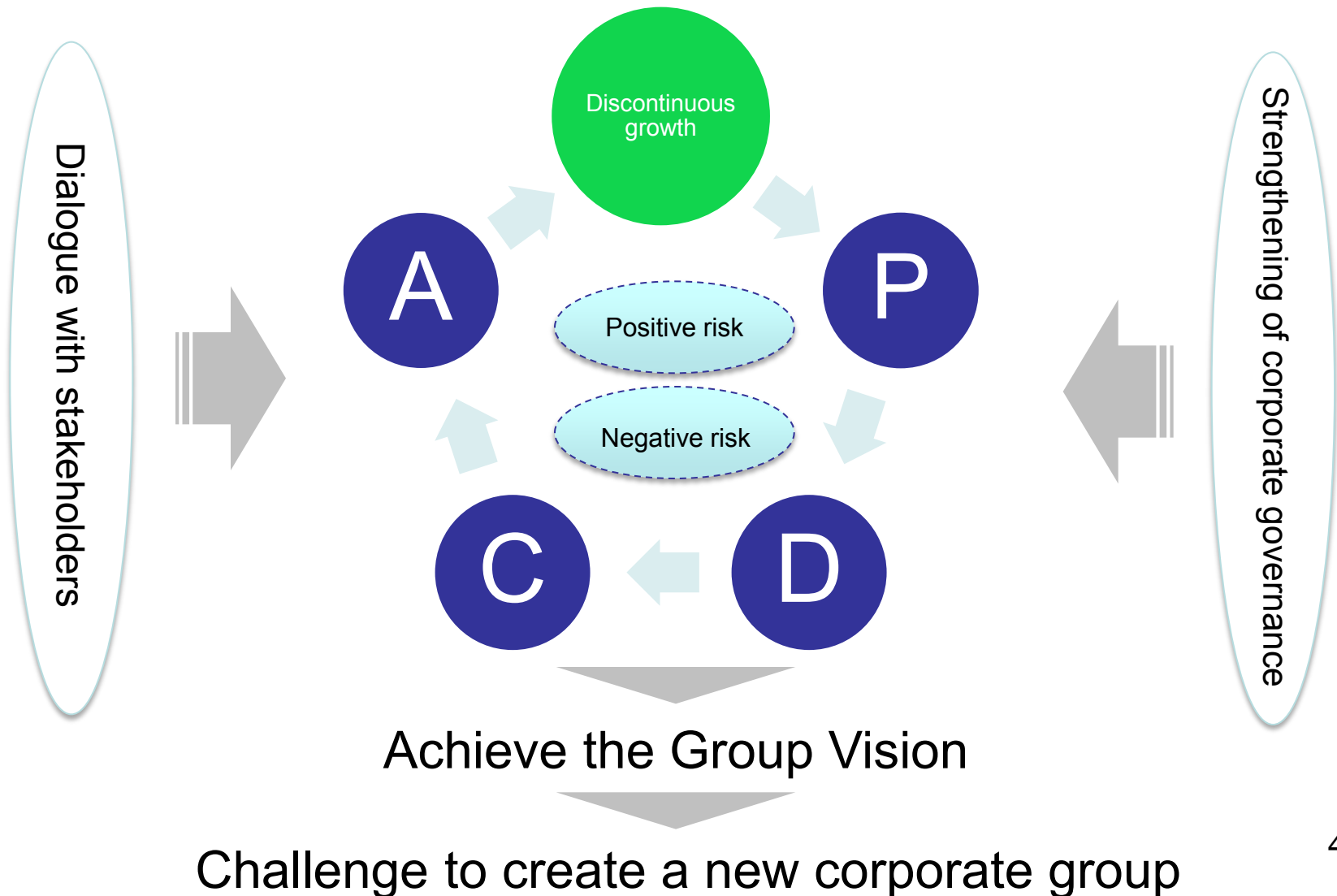


Urgent need to transform business model and portfolio



Need to “combine different elements” by highly taking
advantage of diversity inside/outside the Group

Steering of the management addressing both positive and negative risks



Website

<http://www.j-front-retailing.com>

facebook

<http://www.facebook.com/J.FrontRetailing>

Create and Bring to Life
“New Happiness.”



J. FRONT RETAILING

Forward-looking statements in this document represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties and other factors. Therefore, actual results may differ materially from the results anticipated herein due to changes in various factors.