

[Translation]

October 27, 2015

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)
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Notice Regarding Response to Tender Offer for Hakuseisha Co., Ltd. Shares and
Related Change in Equity Method Associate Status

J. FRONT RETAILING Co., Ltd. (the “Company”) and wholly owned subsidiary Daimaru Matsuzakaya Department Stores Co., Ltd. (“Daimaru Matsuzakaya Department Stores”) resolved at meetings of their respective Boards of Directors held today to respond to a planned tender offer (the “Tender Offer”) for shares in Hakuseisha Co., Ltd. (“Hakuseisha”; stock code: 9736, TSE JASDAQ Standard Section) by AEON DELIGHT CO., LTD. (“AEON DELIGHT”). Daimaru Matsuzakaya Department Stores has entered into a tender offer acceptance agreement (the “Agreement”) with AEON DELIGHT to sell its entire holding of 2,046,170 shares of Hakuseisha common stock to AEON DELIGHT.

If Daimaru Matsuzakaya Department Stores agrees to respond to the Tender Offer in accordance with the terms of the Agreement, and the Tender Offer is completed successfully, Hakuseisha will no longer be treated as an equity method associate of the Company.

1. Reasons for responding to the Tender Offer

The J. FRONT RETAILING Group (the “Group”) owns a balanced portfolio of store assets in central urban areas throughout Japan, such as the Daimaru, Matsuzakaya and PARCO department store chains, as well as a base of prime customers. Under its Medium-term Business Plan, which covers the three years from 2014 to 2016, the Group is targeting sustained growth and development as a competitive and profitable multi-channel retailer.

Hakuseisha was established in August 1954 to secure orders for outsourced cleaning services from the newly opened Daimaru Tokyo store, now operated by wholly owned subsidiary Daimaru Matsuzakaya Department Stores. Hakuseisha subsequently developed into a building maintenance company providing building security and management services. The Group acquired shares in Hakuseisha through a capital increase conducted by the company in October 1968, becoming a major shareholder. Hakuseisha is currently an equity method associate of the Company. Hakuseisha has supported the Group by improving the service quality and cost efficiency of the Group’s facilities, and its business with non-Group companies now accounts for over 70% of sales, benefiting the Group in the form of dividends and equity method income.

However, Hakuseisha faces an increasingly competitive environment in the building maintenance sector. Price competition is intensifying as customers and building owners put greater emphasis on cutting costs, while building maintenance companies now need to have a broad range of capabilities to address the increasingly diverse needs of customers.

Against this backdrop, the Company, which is the parent company of Hakuseisha's largest shareholder, Daimaru Matsuzakaya Department Stores, received an approach from AEON DELIGHT in around October 2014 regarding the sale of shares in Hakuseisha. In around June 2015, the Company received a further approach from AEON DELIGHT regarding a proposal to create a stronger capital alliance, including making Hakuseisha a wholly owned AEON DELIGHT's subsidiary through a tender offer.

AEON DELIGHT believes there is potential for various synergies between Hakuseisha, which is mainly focused on cleaning services, and the AEON DELIGHT Group, which aims to create operating environments for customers that allow them to focus on their core businesses, and operates a comprehensive facility management service (FMS) business that minimizes the total cost of customers' non-core operations. The AEON DELIGHT Group is also aiming to reinforce its hygiene & cleaning services, which are a core part of its FMS business.

The Company believes that Hakuseisha would have access to more opportunities to develop its business and increase its corporate value under the management of AEON DELIGHT, which would identify significant potential synergies with Hakuseisha. The Group is also likely to benefit from further improvements in service provision and cost efficiency in cleaning and security services, and amid efforts to identify and focus on strategic businesses to support the Group's growth as a multi-channel retailer, the transfer of Hakuseisha to AEON DELIGHT would also allow the Company to channel management resources further into core businesses. In light of these factors, the Company decided to respond to the Tender Offer and concluded the Agreement with AEON DELIGHT.

In conjunction with the implementation of the Tender Offer and Daimaru Matsuzakaya Department Stores' response to the Tender Offer, the Company today concluded, with AEON DELIGHT and Hakuseisha, an agreement covering areas such as the outsourcing of cleaning, security, facility management and other operations conducted by Hakuseisha, and the transfer of personnel on loan from AEON DELIGHT to Hakuseisha.

2. Overview of the Tender Offer

Below is an overview of the Tender Offer announced by AEON DELIGHT in a press release dated today, "Notice on Commencement of Tender Offer for Hakuseisha Co., Ltd. Shares (Stock Code: 9736), etc."

(1)	Total number of shares to be acquired	Common shares of Hakuseisha	7,619,207 shares
(2)	Acquisition price	¥800 per share	
(3)	Tender offer period	From October 28, 2015 to December 10, 2015	
(4)	Settlement commencement date	December 17, 2015	

(5) Other	<p>No limit has been set for the number of shares to be acquired through the Tender Offer, so Hakuseisha's common stock may be delisted depending on the outcome of the Tender Offer.</p> <p>In addition, even if conditions for delisting are not met after the completion of the Tender Offer, AEON DELIGHT intends to make Hakuseisha a wholly owned subsidiary, provided that the Tender Offer is successful and the total number of shares tendered (the "tendered shares") exceeds 4,933,000. This would also result in the delisting of Hakuseisha's common stock.</p> <p>AEON DELIGHT intends to maintain the listing for Hakuseisha's common stock if the total number of tendered shares is less than 4,933,000.</p>
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3. Overview of Hakuseisha (equity method associate to be transferred)

(As of March 31, 2015)

(1)	Corporate name	Hakuseisha Co., Ltd.											
(2)	Location	1-3-9 Iwamoto-cho, Chiyoda-ku, Tokyo											
(3)	Name and title of representative	Takashi Uchida, President and Director											
(4)	Businesses	Building maintenance business, security business and other businesses											
(5)	Capital	¥450 million											
(6)	Established	August 13, 1954											
(7)	Major shareholders and shareholding ratio (The shareholding ratio is calculated by subtracting treasury shares.)	<table> <tr> <td>Daimaru Matsuzakaya Department Stores Co. Ltd.</td> <td>25.4%</td> </tr> <tr> <td>Shigeaki Kashiwagi</td> <td>6.7%</td> </tr> <tr> <td>Kankyouseibi Co., Ltd.</td> <td>5.6%</td> </tr> <tr> <td>Setsuko Tsutsui</td> <td>5.5%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>4.8%</td> </tr> </table>		Daimaru Matsuzakaya Department Stores Co. Ltd.	25.4%	Shigeaki Kashiwagi	6.7%	Kankyouseibi Co., Ltd.	5.6%	Setsuko Tsutsui	5.5%	Sumitomo Mitsui Banking Corporation	4.8%
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Setsuko Tsutsui	5.5%												
Sumitomo Mitsui Banking Corporation	4.8%												
(8)	Relationship between the Company and the company concerned	Capital relationship	The Company's wholly owned subsidiary, Daimaru Matsuzakaya Department Stores, owns 2,046,170 shares of Hakuseisha's common stock (25.4% of voting rights, based on the definition below in "5. Number of tendered shares, transfer price and number of shares held before and after the Tender Offer). Hakuseisha owns 404,500 shares of the Company's common stock, equivalent to 0.15% of total shares issued (as of August 31, 2015).										
		Personal relationship	One of the Company's Directors has a concurrent position as an Outside Director of Hakuseisha. In addition, 70 employees of wholly owned subsidiary Daimaru Matsuzakaya Department Stores are currently working on loan to Hakuseisha.										
		Business relationship	Wholly owned subsidiary Daimaru Matsuzakaya Department Stores outsources building maintenance, security and other operations to Hakuseisha for an annual fee of ¥2,546 million (based on Hakuseisha's fiscal year ended March 2015).										
		Status of the company concerned as related party	Hakuseisha is an equity method associate of the Company.										

(9) Consolidated operating results and consolidated financial position of the company concerned for the most recent three fiscal years			
Fiscal year ended	March 31, 2013	March 31, 2014	March 31, 2015
Net assets	¥6,169 million	¥6,501 million	¥6,636 million
Total assets	¥8,024 million	¥8,603 million	¥8,821 million
Net assets per share	¥764.33	¥805.55	¥822.48
Net sales	¥9,722 million	¥10,036 million	¥9,838 million
Operating income	¥354 million	¥264 million	¥175 million
Ordinary income	¥454 million	¥448 million	¥275 million
Net income	¥296 million	¥289 million	¥172 million
Net income per share	¥36.70	¥35.89	¥21.37
Annual dividend per share	¥10.00	¥10.00	¥10.00

4. Overview of AEON DELIGHT (Tender Offeror)

(As of August 31, 2015)

(1)	Corporate name	AEON DELIGHT CO., LTD.					
(2)	Location	2-3-2 Minamisemba, Chuo-ku, Osaka City, Osaka					
(3)	Name and title of representative	Ippei Nakayama, President					
(4)	Businesses	Comprehensive FMS (Facility Management service), and other businesses					
(5)	Capital	¥3,238 million					
(6)	Established	November 16, 1972					
(7)	Net assets	¥80,999 million					
(8)	Total assets	¥129,355 million					
(9)	Major shareholders and shareholding ratio	<table border="0"> <tr> <td>AEON Retail Co., Ltd.</td> <td style="text-align: right;">42.94%</td> </tr> <tr> <td>AEON CO., LTD.</td> <td style="text-align: right;">16.81%</td> </tr> </table>		AEON Retail Co., Ltd.	42.94%	AEON CO., LTD.	16.81%
AEON Retail Co., Ltd.	42.94%						
AEON CO., LTD.	16.81%						
(10)	Relationship between the Company and the company concerned	Capital relationship	There is no capital relationship between the Company and AEON DELIGHT required to be referred to herein. In addition, there is no capital relationship between interested parties and associated companies of the Company and interested parties and associated companies of AEON DELIGHT required to be referred to herein.				
		Personal relationship	There is no personal relationship between the Company and AEON DELIGHT required to be referred to herein. In addition, there is no personal relationship between interested parties and associated companies of the Company and interested parties and associated companies of AEON DELIGHT required to be referred to herein.				
		Business relationship	There is no business relationship between the Company and AEON DELIGHT required to be referred to herein. In addition, there is no business relationship between interested parties and associated companies of the Company and interested parties and associated companies of AEON DELIGHT required to be referred to herein.				
		Status of the seller as related party	AEON DELIGHT does not qualify as related party of the Company. In addition, the interested parties and associated companies of AEON DELIGHT do not qualify as related parties of the Company.				

5. Number of tendered shares, transfer price and number of shares held before and after the Tender Offer

(1)	Number of shares held before the Tender Offer	2,046,170 shares (Number of voting rights: 2,046) (Ratio of voting rights held: 25.4%) (*1)
(2)	Number of tendered shares	2,046,170 shares (Number of voting rights: 2,046)
(3)	Transfer price (*2)	¥1,636 million
(4)	Number of shares held after the Tender Offer (*3)	0 shares (Number of voting rights: 0) (Ratio of voting rights held: 0%)

(*1) "Ratio of voting rights held" is calculated based on the number of voting rights (8,026) attached to 8,069,207 shares of Hakuseisha stock, which is the total number of issued shares (9,000,000) as of September 30, 2015 disclosed in Hakuseisha's "Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 2016 (Japanese GAAP)," (the "earnings report"), issued on October 27, 2015, less the number of shares of treasury stock (930,793) held by Hakuseisha as of September 30, 2015 disclosed in the earnings report (rounded to the first two decimal places).

(*2) "Transfer price" is the number of shares tendered by Daimaru Matsuzakaya Department Stores multiplied by the Tender Offer acquisition price.

(*3) "Number of shares held after the Tender Offer" is the number of shares of Hakuseisha common stock that will be held by Daimaru Matsuzakaya Department Stores if the tender offer is successful and all its shares of common stock are purchased by AEON DELIGHT.

6. Schedule of the Tender Offer, etc.

(1)	Date of resolution by the Board of Directors	October 27, 2015
(2)	Date of the tender offer agreement conclusion	October 27, 2015
(3)	Date of public notice of commencement of the tender offer bid	October 28, 2015
(4)	Tender offer period	From October 28, 2015 to December 10, 2015
(5)	Settlement commencement date	December 17, 2015

7. Outlook

If Daimaru Matsuzakaya Department Stores agrees to respond to the Tender Offer in accordance with the terms of the Agreement, and the Tender Offer is completed successfully, Hakuseisha will no longer be treated as an equity method associate of the Company.

The Company's response to the Tender Offer and the related change in status of Hakuseisha as an equity method associate will have an immaterial impact on the Company's consolidated results for the fiscal year ending February 2016.

END

(Reference) Consolidated earnings forecasts for the current fiscal year (announced on October 6, 2015) and results for the previous fiscal year

	Net sales	Operating income	Ordinary income	Net income
Forecasts for the current fiscal year (Fiscal year ending February 29, 2016)	¥1,180,000 million	¥47,000 million	¥46,500 million	¥25,500 million
Results for the previous fiscal year (Fiscal year ended February 28, 2015)	¥1,149,529 million	¥42,091 million	¥40,404 million	¥19,918 million