

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: Takayuki Makita, Executive Officer,
 Senior General Manager of Corporate Governance
 Promotion, Management Strategy Unit
 (TEL: +81-3-6895-0178 (from overseas))

Notice Regarding Absorption-type Merger of Consolidated Subsidiaries

J. FRONT RETAILING Co., Ltd. (the “Company”) resolved at a meeting of its Board of Directors held today that the Company’s wholly-owned subsidiary JFR Service Co. Ltd. (“JFR Service”) would absorb the Company’s wholly-owned subsidiaries JFR Office Support Co., Ltd. (“JFR Office Support”) and JFR Consulting Co. Ltd. (“JFR Consulting”) through a merger (the “Merger”), with the effective date of September 1, 2016, as described below.

1. Purpose of the Merger

The J. FRONT RETAILING Group (the “Group” or “JFR Group”) has been moving to raise the productivity of the Group as a whole by establishing shared services companies into which to consolidate the administrative functions common to each Group company, such as facility management of the business operating companies; office administration, such as bookkeeping and payroll; and purchasing administration.

The purposes of the Merger are on one hand to lower the operating cost of providing the aforesaid functions, which are redundantly provided across three companies, by consolidating the three shared services companies into one company, and on the other hand to realize greater efficiency within the JFR Group and provide a higher standard of support functions to each company by improving aspects such as expertise, market information capability, proposal capability and promptness of decision making through strengthening the Group’s unified organizational operations structure and implementing business reforms horizontally across the organization.

2. Summary of the Merger

(1) Schedule of the Merger

Date of resolutions of Boards of Directors (parties to merger)	July 26, 2016
Date of entering into absorption-type merger agreement (parties to merger)	July 26, 2016
Shareholders meeting to approve merger (surviving company)	Pursuant to Paragraph 2, Article 796 of the Companies Act, the Merger will be conducted without approval by resolution of shareholders meeting.
” (disappearing company)	August 10, 2016 (scheduled)
Date of merger (effective date)	September 1, 2016 (scheduled)

(2) Format of the Merger

Under an absorption-type merger whereby the surviving company will be JFR Service, JFR Office Support and JFR Consulting will be dissolved.

(3) Details of allotments related to the Merger

Since the parties to the merger are all wholly-owned subsidiaries of the Company, there is no allotment of shares or any other cash, etc. as a result of the Merger.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares related to the Merger

No items to report.

3. Overview of parties to the Merger

(As of February 29, 2016)

(1) Company name	JFR Service Co. Ltd. (surviving company)
(2) Headquarters	36-20, Higashi-Nippori 4-chome, Arakawa-ku, Tokyo
(3) Representative	President, MIYOSHI Shigeru
(4) Business	Leasing and parking management
(5) Capital stock	100 million yen
(6) Established	May 6, 1941
(7) Fiscal year-end	End of February
(8) Total assets	2,700 million yen
(9) Net assets	1,551 million yen
(10) Number of employees	134
(11) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%

(As of February 29, 2016)

(1) Company name	JFR Office Support Co., Ltd. (disappearing company)	JFR Consulting Co. Ltd. (disappearing company)
(2) Headquarters	7-3, Nishi-Shinsaibashi 1-chome, Chuo-ku, Osaka	18-11, Kiba 2-chome, Koto-ku, Tokyo
(3) Representative	President, HIRAKO Hideki	President, TAITO Katsuhiko
(4) Business	Commissioned back-office service	Consulting
(5) Capital stock	100 million yen	100 million yen
(6) Established	March 1, 2006	September 1, 2010
(7) Fiscal year-end	End of February	End of February
(8) Total assets	27,395 million yen	78 million yen
(9) Net assets	830 million yen	48 million yen
(10) Number of employees	267	17
(11) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%	J. FRONT RETAILING Co., Ltd. 100%

4. Status after the Merger

(Scheduled on September 1, 2016)

(1) Company name	JFR Service Co. Ltd.
(2) Headquarters	18-11, Kiba 2-chome, Koto-ku, Tokyo
(3) Representative	President, KUBOI Satori
(4) Business	Leasing, parking management, commissioned back-office service and consulting
(5) Capital stock	100 million yen
(6) Fiscal year-end	End of February
(7) Number of employees	433
(8) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%

5. Future prospects

As the parties to the absorption-type merger are all wholly-owned subsidiaries of the Company, the impact on the Company's consolidated financial results of the fiscal year ending February 28, 2017 are expected to be insignificant.

END

(Reference) Consolidated earnings forecasts for the fiscal year ending February 28, 2017 (forecast announced on April 7, 2016) and previous year's consolidated results.

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of parent
Consolidated earnings forecasts (Fiscal year ending February 28, 2017)	1,175,000	50,000	48,000	28,000
Previous year's consolidated results (Fiscal year ended February 29, 2016)	1,163,564	48,038	47,910	26,313