

[Translation]

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To whom it may concern

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Notice Regarding Disposal of Treasury Shares by Third-Party Allotment in Line with the
Introduction of the New Stock-based Remuneration System for Officers

J. FRONT RETAILING Co., Ltd. (the “Company”) has resolved at the meeting of its Board of Directors held today to dispose treasury shares by a third-party allotment in line with the introduction of the new stock-based remuneration system for officers (the “Disposal of Treasury Shares”) as described below.

1. Overview of disposal

(1) Disposal date	July 27, 2021
(2) Class and total number of shares to be disposed of	365,100 ordinary shares
(3) Disposal price	¥1,050 per share
(4) Total value of the disposal	¥383,355,000
(5) Planned disposal recipients	Through third-party allotment (i) The Master Trust Bank of Japan, Ltd. (Board Incentive Plan (BIP) Trust Account: 76086) (“Trust II”) 17,000 shares (ii) Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trusted to Custody Bank of Japan, Ltd. (Trust Account)) 348,100 shares (“Trust III”)
(6) Other	The Disposal of Treasury Shares is conditioned on the registration taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purposes and reasons of the disposal

As described in the “Notice Regarding Introduction of a New Stock-based Remuneration System for Officers” released today, the Company has resolved to introduce a new stock-based remuneration system utilizing a trust (the “System”), targeting (i) Directors and Executive Officers of the Company, (ii) Directors and Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd., and (iii) Executive Officers of PARCO Co., Ltd. (collectively, the “Officers”).

The Disposal of Treasury Shares is a disposal of treasury shares to The Master Trust Bank of Japan, Ltd., a co-trustee of the trust agreement which will be entered into with Mitsubishi UFJ Trust and Banking Corporation, for Trust II, and to Sumitomo Mitsui Trust Bank, Limited (Re-trust

trustee: Custody Bank of Japan, Ltd.), for Trust III, by means of third-party allotment in line with the introduction of the System by the Company.

The number of shares for the disposal shall be part of the number of shares expected to be granted to the Officers during the trust period pursuant to the share granting rules resolved by the Company's Remuneration Committee, etc., and the level of dilution is 0.13% of the total 270,565,764 shares of issued shares as of February 28, 2021 (rounded off to two decimal places, and 0.14% of the total 2,633,605 units of voting rights as of February 28, 2021).

The Company's shares to be allotted in the Disposal of Treasury Shares will be granted to the Officers in accordance with the share granting rules, and as the shares for the Disposal of Treasury Shares are not expected to be released into the stock market as a batch, the impact on the stock market will be minimal and the number of shares for the disposal and the level of dilution is deemed to be reasonable.

< Overview of Trust Agreement >

	[Reference] Trust I (*)	Trust II	Trust III
(i) Type of trust	Monetary trust other than designated individually-operated monetary trust (third party benefit trust)		
(ii) Purpose of trust	To provide incentives to the Company's Executive Officers, and Directors and Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd.	To involve the Company's Non-executive Directors in management with a medium-to long-term view from a different standpoint to the executives as representatives of stakeholders	To provide incentives to the Executive Officers of PARCO Co., Ltd.
(iii) Settlor	The Company		
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)		Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)
(v) Beneficiaries	Executive Officers of the Company and Directors and Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. who satisfy the criteria of beneficiary	The Company's Non-executive Directors who satisfy the criteria of beneficiary	Executive Officers of PARCO Co., Ltd. who satisfy the criteria of beneficiary
(vi) Trust administrator	Third party who has no special interests with the Company (certified public accountant)		
(vii) Trust agreement date	July 14, 2017 (Change scheduled for July 20, 2021)		July 9, 2018 (Change scheduled for July 27, 2021)
(viii) Trust period	From July 14, 2017 till the end of August 2022 (Due to changes to the trust agreement scheduled for July 20, 2021, an extension until August 31, 2024 is planned.)		From July 9, 2018 till the end of July 2023 (Due to changes to the trust agreement scheduled for July 27, 2021, an extension until August 31, 2024 is planned.)
(ix) Exercise of voting rights	Voting rights shall not be exercised		

* Although Trust I is also included in the System, it is excluded from the Disposal of Treasury Shares.

3. Basis of calculation and specific details for the disposal price

In order to eliminate arbitrariness in setting the disposal price, the Company has considered the recent trends in the share price, and used ¥1,050, which is the closing price for the Company's shares on the Tokyo Stock Exchange Inc. (the "Tokyo Stock Exchange") on the day immediately prior to the date of the resolution of the Board of Directors concerning this disposal of treasury shares (June 28, 2021). The Company has adopted the closing price for the Company's shares on the day immediately prior to the date of the resolution at the meeting of the Board of Directors

because it is the market price immediately prior to the date of the said resolution at the meeting of the Board of Directors and it is believed that the basis of calculation is reasonable and reflects a high level of objectivity.

Furthermore, the said price is the average closing price of ¥1,113 (rounded down to the nearest yen) on the Tokyo Stock Exchange for the one-month period immediately prior to the date of such resolution at the meeting of the Board of Directors (from May 31, 2021 to June 28, 2021) multiplied by 94.34% (deviation of (5.66)%); the average closing price of ¥1,055 (rounded down to the nearest yen) on the Tokyo Stock Exchange for the three-month period immediately prior to the date of such resolution at the meeting of the Board of Directors (from March 29, 2021 to June 28, 2021) multiplied by 99.53% (deviation of (0.47)%); and the average closing price of ¥1,016 (rounded down to the nearest yen) on the Tokyo Stock Exchange over the six-month period immediately prior to the date of such resolution at the meeting of the Board of Directors (from December 29, 2020 to June 28, 2021) multiplied by 103.35% (deviation of 3.35%). Therefore, the Company has judged that the said disposal price is not particularly advantageous.

4. Procedures under the corporate code of conduct

Procedures for receipt of opinions from independent third parties or procedures for confirmation of the intent of shareholders under Article 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange will not be necessary, since the dilution rate due to the Disposal of Treasury Shares is less than 25% with no changes in the controlling shareholders.

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