

# Become a True Multifaceted Retailer by Improving the Foundations for Growth

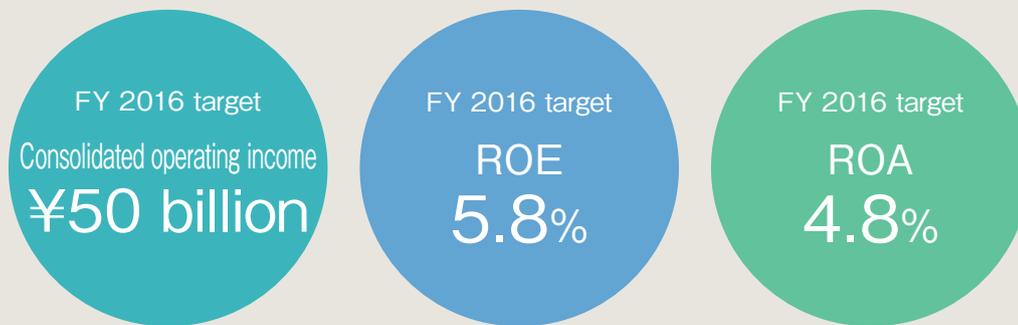
J. Front Retailing is planning to complete the Ginza 6-chome District 10 Redevelopment Project in 2016 and open the south wing of Matsuzakaya Ueno store, which is being rebuilt, in 2017.

Therefore, during the period from FY 2014 to 2016, in anticipation of progress in 2017 and beyond, we will further advance our efforts to establish a new department store model while meeting a wide range of customer needs and drastically enhancing the Group's competitiveness and profitability by strengthening our efforts as a multifaceted retailer including Parco, StylingLife

Holdings and Forest. Thereby we will improve corporate value and generate funds for growth in 2017 and beyond.

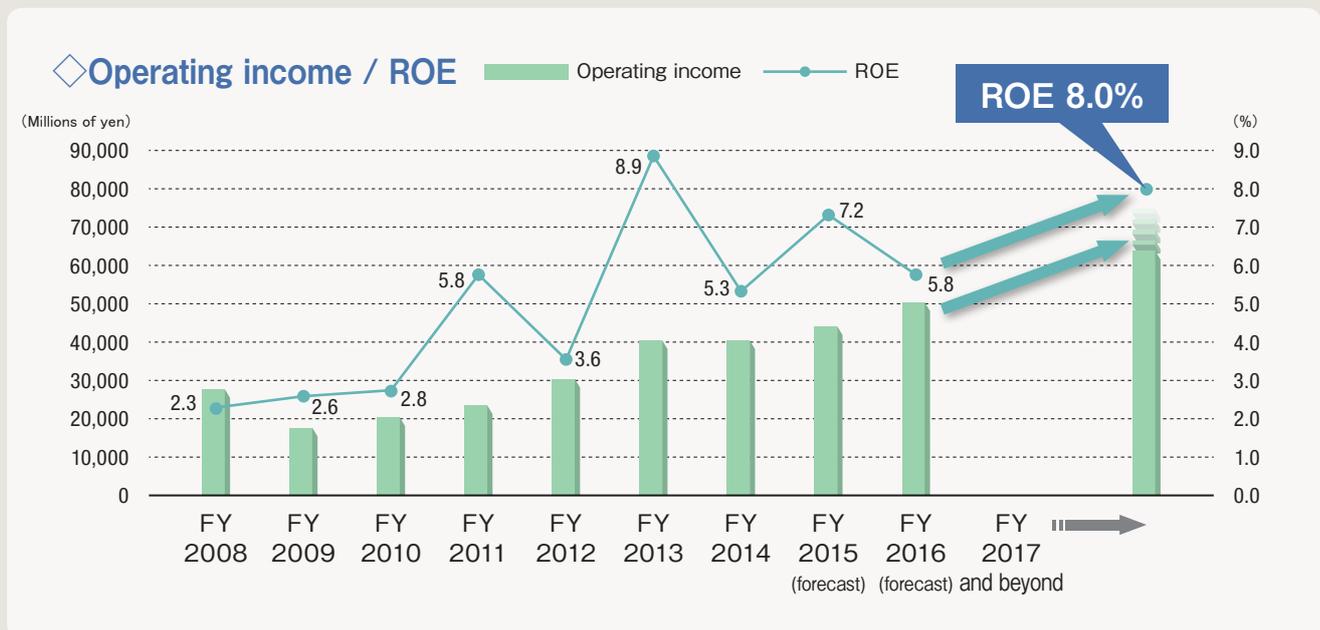
In addition, using the Group's management resources, we will work to build the foundations of the business model, which places stores at its core and allows us to grow along with local communities (Urban Dominant Strategy), and to promote omnichannel retailing. They are expected to grow in the medium- and long-term.

We will also actively address M&A and business alliance with external organizations to broaden our business as a multifaceted retailer.



FY 2014 - 2016  
Operating cash flows  
**¥130 billion or more**

FY 2014 - 2016  
Capital investment / growth investment  
**¥110 billion**



## ◇ Drastically enhance competitiveness and profitability of each business and spread business wings

### Department Store Business

#### ■ Establish a new department store model and clarify store strategies

We will accelerate our initiatives to establish a new department store model with the aim of creating attractive stores favored by a wide range of customers and a highly profitable business model. Each store will identify the needs of local market and customers and implement the store strategy to become more competitive in the local area.

(Four key stores) Matsuzakaya Nagoya, Daimaru Tokyo, Daimaru Sapporo and Daimaru Kobe

#### ■ Develop wealthy consumer markets

We will provide extensive values including not just traditional merchandise categories but services to wealthy consumer markets, which will be broadened in the future. Using the Otokuisama Gold Card, which was converted into a credit card, as a strong tool, we will find new customers mainly among the new rich in urban areas.

#### ■ Better meet the demand from inbound tourists

We will actively serve foreign tourists to Japan, which are considerably increasing in number recently, and strengthen the measures to attract them by expanding our range of products and services and using digital measures and foreign media in an effort to boost sales to foreign tourists.



Daimaru Tokyo store



Matsuzakaya Nagoya store

### Parco Business

#### ■ Enlarge and newly develop Parco stores

After Fukuoka Parco opened the new building (fall 2014) and increased the floor area of the main building (spring 2015), we will develop Sendai New Annex (tentative name), the second store in the Sendai area, aiming to open in spring 2016.

#### ■ Expand Zero Gate business

Following the opening of Nagoya Zero Gate last year, we aim to develop seven or more stores in Sapporo (spring 2016) and other areas during the period for the current Medium-term Business Plan by promoting speedy development that meets commercial demands in urban areas.

#### ■ Actively renovate stores

Parco will renovate around 15% of its retail space every year and always provide fresh information that meets changing and diversifying consumer needs to attract more customers and increase sales.



Fukuoka Parco



Nagoya Zero Gate

### M&A / alliance

In April 2015, the Company announced a capital and business alliance with Senshukai Co., Ltd., and in May, Senshukai was converted into an associate accounted for using equity method (investment ratio: 22.62%). We will strengthen our department store's original merchandising using their product development capabilities and expand our e-commerce business sales and earnings using their expertise in e-commerce operations.



Catalogs of Senshukai

## ◇ Build the foundations of the business model for growing along with local communities



#### ■ Redevelop the Ginza 6-chome District 10 (Scheduled to open in November 2016)

We strive to create a new commercial facility suited for "Ginza," which has visitors from all over the world, and we will operate all commercial floors in an integrated manner with other commercial floor owners.

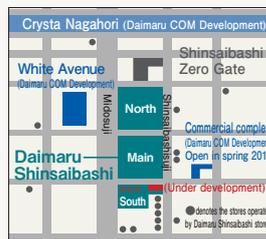


#### ■ Rebuild the south wing of Matsuzakaya Ueno store (Scheduled to open in fall 2017)

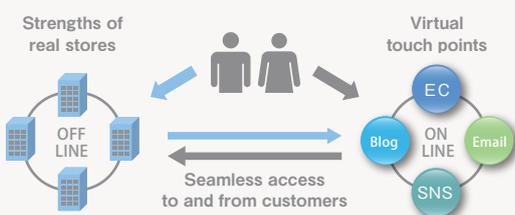
We will rebuild the south wing of Ueno store into a high-rise complex consisting of Parco, a cinema complex and sophisticated office facilities, all of which are new in the Ueno Okachimachi area, to draw new crowds.

#### ■ Areas we consider redeveloping: Shinsaibashi area / Nagoya area

In order to drastically strengthen competitiveness in increasingly competitive areas, we will move forward with the realization of redevelopment projects, which are centered on our department stores in the areas and involves the use of the surrounding real estates and commercial facilities.



## ◇ Promote omnichannel retailing



With the aim of establishing predominance over the competition in the mid- to long-term, we will raise the level of customer support of the Group centered on retail stores in key urban areas, offer products, services and information similarly online and in physical stores, thus realizing fine-tuned response to our customers by providing seamless access to and from them anytime, anywhere.

