

[Translation]

November 25, 2013

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 Acquisition of Forest Co., Ltd. as a Consolidated Subsidiary

J. FRONT RETAILING Co., Ltd. (the “Company”) resolved at a meeting of its Board of Directors held today to acquire 70.52% of the shares of Forest Co., Ltd. from KOKUYO Co., Ltd. and Mr. Toshiro Fuchigami, and make Forest Co., Ltd. a consolidated subsidiary, as described below.

#### 1. Reason for Acquisition of Shares

The J. Front Retailing Group (the “Group”) aims to construct an “omni-channel retailing” structure providing customers with convenient services that combine the benefits of various sales channels such as physical stores and internet mail order retailing.

Forest Co., Ltd. (“Forest”), the company to be made a consolidated subsidiary, operates a mail order business centered on the Kanto area covering products including stationery, furniture and daily necessities. Forest possesses knowhow in the areas of efficient logistics operations and the development and operation of advanced information systems.

The Group believes that utilizing the knowhow of Forest will speed up the Group’s efforts to develop efficient and flexible order fulfillment capabilities (the series of operations from making a product order to receipt of the order, its settlement, warehousing operations and distribution, and the systems involved), which will underpin its “omni-channel retailing” structure.

Looking ahead, the Group will promote cooperation among Forest, Daimaru Matsuzakaya Department Stores and other group companies and work to enhance corporate value.

## 2. Overview of Changing Subsidiary (Forest Co., Ltd.)

(1) Name	Forest Co., Ltd.		
(2) Location	1-1, Shimo-cho 2-chome, Omiya-ku, Saitama-shi, Saitama		
(3) Representative	Toshiro Fuchigami, President		
(4) Businesses	Mail order retailing of supplies for business use, office furniture, office automation equipment, etc.		
(5) Capital stock	¥90 million		
(6) Date established	July 20, 1992		
(7) Major shareholders and equity ownership	KOKUYO Co., Ltd.: 46.39% Waon King Co., Ltd.: 27.09% Toshiro Fuchigami: 24.13%		
(8) Relationship with the Company	Capital relationship	No material relationship; no material relationships among related parties or companies.	
	Personnel relationship	No material relationship; no material relationships among related parties or companies.	
	Business relationship	No material relationship; JFR Online Co. Ltd., a consolidated subsidiary of the Company, wholesales food and cosmetic products, etc. to Forest.	
(9) Three-year summary of operating results and financial position of Forest (Millions of yen, unless otherwise noted)			
Fiscal period	Fiscal year ended November 30, 2010	Fiscal year ended November 30, 2011	Fiscal year ended November 30, 2012
Net assets	956	1,028	1,114
Total assets	2,977	2,917	2,944
Net assets per share (yen)	15,888	17,084	18,504
Net sales	11,926	11,883	12,071
Operating income	333	266	250
Ordinary income	341	271	253
Net income	195	140	134
Net income per share (yen)	3,248	2,331	2,235
Dividends per share (yen)	1,136	815	782

3-1. Overview of Acquisition Counterparty (KOKUYO Co., Ltd.)

(As of June 30, 2013)

(1) Name	KOKUYO Co., Ltd.	
(2) Location	1-1, Oimazato-minami 6-chome, Higashinari-ku, Osaka-shi	
(3) Representative	Akihiro Kuroda, Chief Executive Officer, President and Director	
(4) Businesses	Holding company	
(5) Capital stock	¥15,847 million	
(6) Date established	July 10, 1920	
(7) Net assets	¥162,564 million	
(8) Total assets	¥269,048 million	
(9) Major shareholders and equity ownership	Kokuyo Kyoekai:	6.87%
	Japan Trustee Services Bank, Ltd. (Trust Account):	4.26%
	Kokuyo Enterprise Co., Ltd.:	3.25%
	Kokuyo Kyowakai:	2.90%
	KURODA AFFORESTATION PROMOTION CORPORATION DONATION:	2.80%
(10) Relationship with the Company	Capital relationship	No material relationship; no material relationships among related parties or companies.
	Personnel relationship	No material relationship; no material relationships among related parties or companies.
	Business relationship	No material relationship; no material relationships among related parties or companies.
	Current status as a related party	KOKUYO Co., Ltd. does not fall under the category of related party of the Company; related parties or companies of KOKUYO Co., Ltd. do not fall under the category of related party of the Company.

3-2. Overview of Acquisition Counterparty (Mr. Toshiro Fuchigami)

(1) Name	Toshiro Fuchigami
(2) Address	Omiya-ku, Saitama-shi, Saitama
(3) Relationship with the Company	The relevant individual does not fall under the category of related party of the Company.

4. Number of Shares to Be Acquired, Acquisition Price and Share Ownership Before and After the Acquisition

(1) Number of shares held before the acquisition	0 shares (Voting rights: 0) (Equity ownership: 0%)
(2) Number of shares to be acquired	42,456 shares (Voting rights: 42,456)
(3) Acquisition price	Forest Co., Ltd. common stock:       ¥2,064 million Advisory fees and other (estimate):   ¥70 million Total (estimate):                       ¥2,134 million
(4) Number of shares to be held after the acquisition	42,456 shares (Voting rights: 42,456) (Equity ownership: 70.52%)

5. Schedule

(1) Resolution of the Board of Directors	November 25, 2013
(2) Conclusion of agreement	November 25, 2013
(3) Effective date of share transfer	December 20, 2013 (planned)

6. Outlook

The impact of this acquisition on consolidated earnings for the year ending February 28, 2014, is immaterial.

END

(Reference)

Consolidated earnings forecasts of the current period (announced October 8, 2013) and actual consolidated earnings results of the previous fiscal year

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Consolidated earnings forecasts of the fiscal year ending February 28, 2014	1,160,000	42,500	40,000	29,000
Actual consolidated earnings results of the fiscal year ended February 28, 2013	1,092,756	30,857	32,202	12,183