

[Translation]

December 27, 2016

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 Dissolution and Liquidation of Overseas Consolidated Subsidiary

J. FRONT RETAILING Co., Ltd. (the “Company”) resolved at a meeting of its Board of Directors held today to dissolve and liquidate the Company’s consolidated subsidiary JFR PLAZA Inc. (“JFR PLAZA”), as described below.

#### 1. Reason for the dissolution and liquidation

JFR PLAZA was established in Taiwan through joint capital contribution by the Company and an equity method associate of the Company, StylingLife Holdings Inc. in August 2012. Through the powerful compiling role of PLAZA, a prominent general goods shop in Japan, JFR PLAZA has worked to propose general goods that are in vogue in Japan and supply high-quality Japanese products.

However, JFR PLAZA’s earnings have been falling below initial targets, and it has been continuing to post operating deficits despite implementing such measures as revising the merchandise lineup and cutting costs.

Upon considering the future outlook for JFR PLAZA amid an intensifying competitive environment, management judged it would be difficult to achieve profitability. Therefore, management decided to withdraw the PLAZA business from Taiwan, and to dissolve and liquidate the company.

## 2. Overview of the subsidiary to be dissolved

(As of December 31, 2015)

(1) Company name	JFR PLAZA Inc.		
(2) Headquarters	6F-2, No, 129, Sec. 2, Chung Shan North Road, Taipei, Taiwan		
(3) Representative	President, KOBAYASHI Yasuyuki		
(4) Business	General merchandise retailing		
(5) Capital stock	NT\$185,000 thousand		
(6) Established	August 20, 2012		
(7) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd.	90.0%	
	StylingLife Holdings Inc.	10.0%	
(8) Relationship with the Company	Capital relationship	90% owned by the Company	
	Personnel relationship	Two Directors of the Company are concurrently serving as Directors of JFR PLAZA.	
	Transactional relationship	Lending funds, etc.	
	Status as a related party	A consolidated subsidiary of the Company and categorized as a related party	
(9) Operating results and financial position for the most recent three fiscal years (Thousand NT\$)			
Fiscal year-end	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Net assets	148,977	107,859	37,140
Total assets	161,232	156,036	145,119
Net assets per share	NT\$8.05	NT\$5.83	NT\$2.00
Net sales	53,520	111,703	131,684
Operating income	(29,765)	(41,196)	(59,797)
Ordinary income	(29,268)	(41,118)	(62,170)
Profit	(29,268)	(41,118)	(70,719)
Basic earnings per share	NT\$(1.58)	NT\$(2.22)	NT\$(3.82)
Dividends per share	–	–	–

## 3. Schedule of the dissolution and liquidation

June 2017 (scheduled)	Dissolution resolution at a meeting of JFR PLAZA's Board of Directors and the liquidation of JFR PLAZA
December 2017 (scheduled)	Completion of the liquidation

## 4. Future prospects

On the consolidated financial results for the first nine months of the fiscal year ending February 28, 2017 disclosed today, the Company recognized an expected loss on dissolution of JFR PLAZA of 348 million yen in extraordinary losses.

No revision has been made in accordance with this to the consolidated earnings forecasts.

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