

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 Commencement of New Business

J. FRONT RETAILING Co., Ltd. (the “Company”) has resolved at the meeting of its Board of Directors held today, to commence a new business (the “New Business”) and establish a business company for the New Business, as follows.

1. Purpose of commencing the New Business

With the aim of offering new value in both “lifestyles” and “leisure-styles,” the J. FRONT RETAILING Group (the “Group”) has formulated the new Group Vision of “Create and Bring ‘New Happiness’ to Your Life” last year.

The Group aims to become a “multifaceted-services retailer” that transcends the borders of retail in order to achieve “discontinuous growth” as defined in its FY2017–2021 Medium-term Business Plan based on the new Group Vision. In this first step, we will start up the New Business.

2. Overview of the New Business

(1) Details of the New Business

The New Business aims to operate unlicensed infant childcare facilities that fulfill both enrichment of early-childhood education and provision of extended-hour childcare with the goal of taking away some of the worries and inconveniences that accompany early childhood parenting.

In exploring our options regarding the operation of unlicensed infant childcare facilities within the Group, we concluded that the best approach would be to collaborate with partners who can provide curriculums focused on developing in children “capability of thought” that would put these children in good stead toward becoming future global human resources who will play active roles by promoting not only intellectual training, but also physical exercise that from a neurological perspective promotes brain development, as well as English, the foundation of global communication. Accordingly, the Group has decided to collaborate with Tact Kodomomirai Co., Ltd., a group company of YARUKI Switch Group Holdings Co., Ltd., which operates Kids Duo International (“KDI”), and enter the New Business under a franchise model.

(2) Business plan

Our short-term objective is to open the first childcare facility in April 2019.

(3) Overview of the childcare facility scheduled to open

KDI’s model is based on an unlicensed childcare facility with a floor area of 300 - 400 *tsubo* (approximately 1,000 - 1,300 square meters), 12 classes (four years with three classes in each), and 342 pupils, and we are assuming that the New Business will operate unlicensed childcare facilities on the same kind of scale.

3. Overview of the new business company to be established

(1) Name	JFR Kodomo Mirai Co., Ltd.
(2) Headquarters	2-18-11 Kiba, Koto-ku, Tokyo
(3) Administrative headquarters	Nihonbashi 1-chome Mitsui Building 12F, 1-4-1 Nihonbashi, Chuo-ku, Tokyo
(4) Representative	Atsushi Kato, President
(5) Business	Operation of unlicensed childcare facilities
(6) Capital stock	¥100 million
(7) Date of establishment	March 1, 2018 (Planned)
(8) Fiscal year-end	End of February
(9) Shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%

4. Future prospects

No material impact on the consolidated performance of the Company is anticipated for the fiscal year ending February 28, 2018. Going forward, in the event that the new business is seen having an impact on consolidated performance, it will be disclosed in a timely fashion when we have definite information.

5. Other reference information

(1) Overview of YARUKI Switch Group Holdings Co., Ltd.

(1) Name	YARUKI Switch Group Holdings Co., Ltd.
(2) Headquarters	Hatchobori Daiichi Seimei Building, 2-24-2 Hatchobori, Chuo-ku, Tokyo
(3) Representative	Naoshi Takahashi, President
(4) Business	Management of cram schools with individual instruction, English conversation schools, infant education, and private-sector nurseries. In addition, through holding shares or equity stakes in the companies involved in these businesses, it provides support, management, outsourced administration functions and management guidance in relation to the business activities of said companies.

(2) Overview of Tact Kodomomirai Co., Ltd.

(1) Name	Tact Kodomomirai Co., Ltd.
(2) Headquarters	Hatchobori Daiichi Seimei Building, 2-24-2 Hatchobori, Chuo-ku, Tokyo
(3) Representative	Naoshi Takahashi, President
(4) Business	Operation of English conversation schools, infant education, bilingual nurseries, childcare for pupils and infants in an English environment, and children's sports facilities.

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