

To whom it may concern

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Notice Regarding Company Split (Absorption-type Company Split)
Between Consolidated Subsidiaries

J. FRONT RETAILING Co., Ltd. (the “Company”) hereby announces that, as announced in “Notice Regarding Reorganization of the Developer Business” released on October 11, 2022, with an effective date of March 1, 2023, through a company split (absorption-type company split) conducted between PARCO CO., LTD. (“PARCO”) and J. Front City Development Co., Ltd. (“J. Front City Development”), wholly owned subsidiaries of the Company, it was resolved at the Board of Directors of both parties that J. Front City Development will succeed to the Developer Business of PARCO (the “Absorption-type Company Split”).

Since the Absorption-type Company Split is an absorption-type company split conducted between wholly owned subsidiaries of the Company, some disclosure items and details thereof are omitted.

1. Purpose of the Absorption-type Company Split

In order to realize the Group Vision “Create and Bring to Life ‘New Happiness’” and transform the business portfolio, the Company has positioned the Developer Business, in addition to the core Department Store and SC (Shopping Center) Businesses, as a key business in the Group’s regrowth, and aims to propose diverse urban living and contribute to appealing local area development.

In order to achieve this, aiming for further growth of the business by maximizing the value of Group-owned real estate with an eye on 2030, as announced in “Notice Regarding Reorganization of the Developer Business” released on October 11, 2022, it was decided that the Company will have J. Front City Development, direct subsidiary of the Company, succeed to the Developer Business currently operated by PARCO.

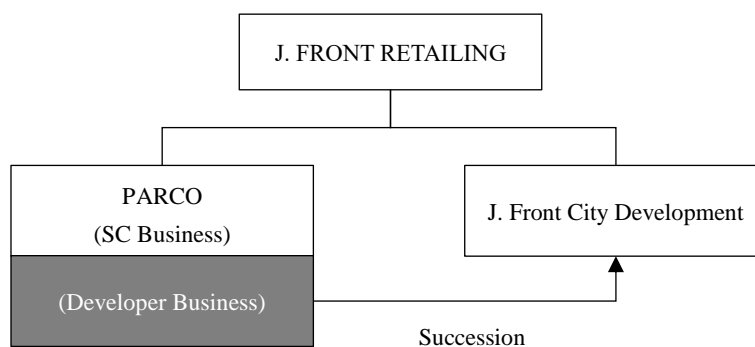
Seizing the opportunities provided to us through the Absorption-type Company Split, we intend to accelerate promotion of a diverse range of complex development encompassing not only commercial projects but also hotel, office and residential projects in our priority areas encompassing the seven cities upon which the Company’s business is based, to contribute to the appeal of the urban area. Furthermore, we will continue to work on solving social issues, such as “coexistence with local communities,” “realization of decarbonized society” and “realization of healthy, secure, and safe lives of customers,” etc. In doing so, we will also fully leverage our business bases, such as department stores and SC, etc., resources and knowhow, as well as create new value for spaces that only the Company can provide utilizing digital technologies, in addition to brick-and-mortar stores, to contribute to improving added value in each of the regions that we operate.

2. Summary of the Absorption-type Company Split

(1) Object of the succession

Mainly, the facilities and business operations of the Developer Business that are currently operated by PARCO will be succeeded.

The number of facilities and properties to be succeeded is 38, and the total asset book value (IFRS based) is approximately 83.0 billion yen. (As of February 28, 2022)



(2) Schedule of the Absorption-type Company Split

Resolution date of Board of Directors at PARCO	December 23, 2022
Resolution date of Board of Directors at J. Front City Development	December 23, 2022
Conclusion date of agreement of company split	December 23, 2022
Shareholders Meeting of PARCO for approval of company split	February 20, 2023 (planned)
Company split date (effective date)	March 1, 2023 (planned)

(3) Formula of the Absorption-type Company Split

PARCO will be the company splitting in an absorption-type company split, and J. Front City Development will be the company succeeding in an absorption-type company split.

(4) Details of allocation relating to the Absorption-type Company Split

Since the Absorption-type Company Split will be conducted by wholly owned subsidiaries, no shares will be allocated and no other consideration will be delivered.

(5) Handling of share acquisition rights and bond certificates with share acquisition rights following the Absorption-type Company Split

No items to report.

(6) Increase or decrease in share capital due to the Absorption-type Company Split

No increase or decrease in share capital.

(7) Rights and responsibilities succeeded by the succeeding company

J. Front City Development will succeed to the assets, liabilities and other rights and responsibilities and contractual status held by PARCO immediately before the occurrence of the Absorption-type Company Split, related to the businesses to be succeeded, as specified in the absorption-type company split agreement.

(8) Prospects for performance of obligations

After the effective date of the Absorption-type Company Split, we consider that there will be no issue with the prospects for performance of obligations that J. Front City Development should bear.

3. Outline of companies involved in the Absorption-type Company Split (As of November 30, 2022)

(1) Company name	PARCO CO., LTD. (Company splitting in an absorption-type company split)	J. Front City Development Co., Ltd. (Company succeeding in an absorption-type company split)
(2) Headquarters	28-2, Minami-Ikebukuro 1-chome, Toshima-ku, Tokyo	8-16, Shinsencho, Shibuya-ku, Tokyo
(3) Representative:	MAKIYAMA Kozo, Representative Director, President and Executive Officer	HIRAI Yuji, President and Representative Director
(4) Business	Shopping centers, entertainment and other businesses	Development, leasing, management and operation of real estate
(5) Capital	34,367 million yen	10 million yen
(6) Established	February 13, 1953	June 3, 2005
(7) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%	J. FRONT RETAILING Co., Ltd. 100%
(8) Total assets	412,783 million yen (*1)	110,000 million yen (*2)
(9) Number of employees	661	70 (*2)

*1 As of August 31, 2022

*2 Scheduled on March 1, 2023

4. Status of companies involved after the Absorption-type Company Split

There will be no change in the name, location, the representatives' position and name, the business, share capital, and accounting period of the companies involved.

5. Future prospects

Since the Absorption-type Company Split is a company split between wholly owned subsidiaries of the Company, its impact on the consolidated financial results of the fiscal year ending February 28, 2023 is expected to be insignificant.

END

(Reference) Major facilities and businesses to be transferred

Facilities and businesses already developed	Nine ZERO GATE facilities, four BINO facilities, two Comterrace facilities, Ueno Frontier Tower, Cross Ginza and others, 33 in total
Properties and businesses to be developed in the future	(Tentative name) Nishiki 3-25 District Project (Tentative name) Shinsaibashi Project (Tentative name) Chiyoda, Naka-ku, Nagoya Rental Condominiums Project (Tentative name) Naka-ku, Yokohama Rental Condominiums Project (Tentative name) Kajiyacho, Shimogyo-ku, Kyoto Project, five in total