

# Interim 2013/02 Financial Results

October 9, 2012



Statements contained herein regarding cost and revenue projections reflect our judgment based on information currently available, and involve a number of risks and uncertainties. It should be noted that actual results could differ materially from the cost and revenue projections stated herein due to a variety of factors. Significant factors that could affect actual performance include but are not limited to the economic environment surrounding the department store industry, market trends, and exchange rate fluctuations.

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# I. Interim 2013/02 Financial Highlights

## Consolidated performance

( Yen in 100Million )

	1H FY2012	Year-on-year		Compared to 1H FY2010		Change from Projection	
Operating Revenue	4,198	+98	+2.4%	-29	-0.7%	-42	-1.0%
SG&A expenses	1,191	+23	+2.0%	-24	-2.0%	-14	-1.1%
Operating Income	101	+11	+11.6%	+21	+26.7%	+1	+1.2%
Ordinary Income	117	+10	+8.8%	+16	+16.2%	+2	+2.1%
Net Income	66	+12	+22.8%	-18	-21.0%	+6	+10.1%

### Operating revenue

Sales and other operating revenue increased 9.8 billion yen, mainly reflecting higher sales in reaction to the negative effects of the earthquake on the Group's core domestic Department Store segment and Takashimaya Space Create Co., Ltd.

### SG&A expenses

Selling, general and administrative expenses increased 2.3 billion yen, primarily reflecting higher heating and lighting expenses as a reaction to electricity saving and strengthened sales promotion initiatives, despite our efforts to reduce selling, general and administrative expenses, such as by changing the loyalty point rate.

### Operating income

Operating income rose 1.1 billion yen, chiefly reflecting higher income due to higher revenues.

### Ordinary income

Ordinary income rose 1.0 billion yen, due to higher operating income.

### Net income

Net income increased 1.2 billion yen, primarily reflecting a decrease in the loss on revaluation of investment securities, as well as higher ordinary income.

## Performance by Individual Companies

( Yen in 100Million )

	Operating Revenue	Year-on-year	Compared to 1H FY2010	Change from Projection	Operating Income	Year-on-year	Compared to 1H FY2010	Change from Projection
Takashimaya and Domestic Department Stores Subsidiary	3,610	+2.1%	-1.4%	-1.1%	19	-26.2%	-45.8%	-32.0%
		+75	-50	-41		-7	-16	-9
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	188	+3.5%	+7.1%	+0.1%	39	+10.3%	+15.3%	+6.0%
		+6	+12	+0		+4	+5	+2
Takashimaya Singapore	185	+0.4%	+9.7%	-1.3%	16	-1.1%	+21.2%	-3.1%
		+1	+16	-2		-0	+3	-1
Takshimaya Credit	79	+1.0%	-1.8%	-0.2%	19	+22.2%	+98.3%	+11.3%
		+1	-1	-0		+3	+9	+2
Takashimasya Space Create	106	+31.5%	+13.3%	+17.0%	3	-	-	+161.1%
		+25	+12	+15		+3	+4	+2
Others and eliminations	30	-	-	-	5	-	-	-
		-11	-19	-14		+8	+16	+6
Consolidated	4,198	+2.4%	-0.7%	-1.0%	101	+11.6%	+26.7%	+1.2%
		+98	-29	-42		+11	+21	+1

### Takashimaya Co., Ltd. and domestic department store subsidiaries

Sales and other operating revenue rose 7.5 billion yen, mainly reflecting higher sales in reaction to the negative effects of the earthquake. Operating income declined 0.7 billion yen, attributable to the effect of a lower profit margin for merchandise and an increase in selling, general and administrative expenses associated with renovation expenses, system development expenses, and higher heating and lighting expenses due to the rate hike.

### Toshin Development Co., Ltd. & Toshin Development Singapore PTE. Ltd.

Both revenue and income increased, primarily thanks to high revenue at Singapore Takashimaya Shopping Center due to revised rents for tenants, as well as the strong performance of shopping centers in Japan, such as Tamagawa Takashimaya Shopping Center, Kashiwa Takashimaya Station Mall, and Nagareyama Otakanomori Shopping Center.

### Takashimaya Singapore Ltd.

Sales and other operating revenue rose, due to positive factors such as the introduction of new brands, the effect of the renovation of shopping floors, and measures to attract foreign tourists. Operating income remained almost in line with last year's level, reflecting the effect of foreign exchange.

### Takashimaya Credit Co., Ltd.

Sales and other operating revenue increased, due to an increase in credit card transaction volume in reaction to the negative effects of the earthquake. Operating income rose, reflecting decreased credit losses and other selling, general and administrative expenses, as well as higher revenue.

### Takashimaya Space Create Co., Ltd.

Sales and other operating revenue rose, as orders for luxury brands and other items recovered in reaction to the negative effects of the earthquake last year. Operating income returned to the black, thanks to improvements in the profit margin, in addition to higher revenue.

## Non-consolidated performance

( Yen in 100Million )

	1H FY2012	Year-on-year	Compared to 1H FY2010	Change from Projection
Operating Revenue	3,343	+78 +2.4%	-41 -1.2%	-37 -1.1%
Gross Margin Ratio	25.47%	-0.21	-0.43	-0.36
SG&A expenses	872	+20 +2.3%	-7 -0.8%	-13 -1.4%
Operating Income	16	-7 -29.8%	-19 -53.4%	-9 -34.0%
Ordinary Income	35	-5 -12.4%	-25 -41.8%	-5 -12.7%
Net Income	19	-39 -66.9%	-2 -11.1%	-1 -2.9%

Gross Margin Ratio = Gross Profit / Gross Sales

### Operating revenue

Sales and other operating revenue increased 7.8 billion yen, mainly due to higher sales in reaction to the negative effects of the earthquake.

### SG&A expenses

Selling, general and administrative expenses rose 2.0 billion yen, chiefly attributable to an increase in promotion expenses to boost sales, and higher transport expenses and other/general affairs expenses associated with renovation expenses, system development costs, and higher heating and lighting expenses due to the rate hike.

### Operating income

Operating income declined 0.7 billion yen due to the effect of the lower profit margin for merchandise and an increase (of 2.0 billion yen) in selling, general and administrative expenses, despite factors that increased income, such as the reaction to the negative effects of the earthquake.

### Ordinary income

Ordinary income declined 0.5 billion yen, mainly due to a drop in sales and other operating revenue.

### Net income

Net income fell 3.9 billion yen, primarily reflecting decreased ordinary income and the effects of the difference from the liquidation of a subsidiary in the previous year, despite a decrease in the loss on revaluation of investment securities.

## Non-Consolidated SG&A Expenses

( Yen in 100Million )

	1H FY2012	Year-on-year		Compared to 1H FY2010		Change from Projection	
Personnel-related expenses	301	+5	+1.6%	-8	-2.5%	-2	-0.6%
Advertising expenses	119	+2	+1.7%	+2	+2.1%	+5	+4.6%
Transport expenses and other/general affairs expenses	299	+15	+5.2%	+4	+1.2%	-13	-4.3%
Accounting-related expenses	153	-2	-1.1%	-6	-3.8%	-3	-1.7%
<b>Total</b>	<b>872</b>	<b>+20</b>	<b>+2.3%</b>	<b>-7</b>	<b>-0.8%</b>	<b>-13</b>	<b>-1.4%</b>

### Personnel-related expenses

Personnel-related expenses rose 0.5 billion yen, mainly attributable to increases in bonuses and legal welfare expenses, despite declines in salaries and retirement benefit expenses as a result of a reduction in the number of staff.

### Advertising expenses

Advertising expenses rose 0.2 billion yen, chiefly reflecting higher advertising expenses, despite lower expenses related to loyalty points from changing the preferential rate for credit card holders.

### Transport expenses and other/general affairs expenses

Transport expenses and other/general affairs expenses increased 1.5 billion yen, mainly due to an increase in fees associated with higher sales, an increase (of 0.6 billion yen) in depreciation associated with the implementation of a new accounting system in September 2011, and higher heating and lighting expenses associated with the rate hike, despite decreased outsourcing costs as a result of a review of outsourcing operations.

### Accounting-related expenses

Accounting-related expenses declined 0.2 billion yen, primarily reflecting the refund of property taxes.

## II. Projected 2013/02 Financial Highlights

### Consolidated Cost and Revenue Projections

( Yen in 100Million )

	Current year Projection	Year-on-year		Compared to FY2010		Change from Projection	
Operating Revenue	8,745	+164	+1.9%	+50	+0.6%	-55	-0.6%
SG&A expenses	2,420	+25	+1.1%	-25	-1.0%	-27	-1.1%
Operating Income	250	+39	+18.5%	+68	+37.6%	+10	+4.2%
Ordinary Income	275	+31	+12.9%	+50	+22.3%	+10	+3.8%
Net Income	135	+26	+23.9%	-3	-2.5%	+5	+3.8%

#### Operating revenue

The Company plans to take in higher revenue from its domestic department stores, due to improvements in independently developed products and the progress of sales initiatives and renovation effects at large stores in the second half, in addition to increased sales in reaction to the negative effects of the earthquake in the first half. On a consolidated basis, an increase of 16.4 billion yen is expected as a result of strengthening the sales capabilities of subsidiaries and entering new businesses (the housing reform).

#### SG&A expenses

Selling, general and administrative expenses are expected to rise by only 2.5 billion yen for the full year, due to our efforts to improve business efficiency to reduce selling, general and administrative expenses in the second half, although selling, general and administrative expenses increased substantially in the first half due to higher heating and lighting expenses as a reaction to electricity saving, and improvements to sales promotion initiatives.

#### Operating income

Operating income is expected to increase 3.9 billion yen, reflecting the higher income derived from increases in sales, particularly at domestic department stores, as well as a review of selling, general and administrative expenses and additional income from subsidiaries such as Toshin Development Co., Ltd. and Takashimaya Credit Co., Ltd. in the second half.

#### Ordinary income

Ordinary income is expected to increase by only 3.1 billion yen, mainly attributable to a fall in gains from gift certificate adjustments, despite higher operating income.

#### Net income

Net income is expected to increase 2.6 billion yen, primarily reflecting an increase in ordinary income.



## Cost and Revenue Projections of Individual Companies

( Yen in 100Million )

	Operating Revenue	Year-on-year	Compared to 1H FY2010	Change from Projection	Operating Income	Year-on-year	Compared to 1H FY2010	Change from Projection
Takashimaya and Domestic Department Stores Subsidiary	7,516	+1.6%	-0.5%	-0.7%	93	+34.7%	+15.5%	-5.9%
		+115	-38	-51		+24	+13	-6
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	380	+2.2%	+10.0%	+0.2%	79	+6.5%	+17.8%	+5.4%
		+8	+35	+1		+5	+12	+4
Takashimaya Singapore	391	+4.2%	+10.7%	+0.0%	35	+1.8%	+21.3%	+0.4%
		+16	+38	+0		+1	+6	+0
Takshimaya Credit	160	+2.8%	+0.5%	+1.3%	36	+11.6%	+68.7%	+6.0%
		+4	+1	+2		+4	+15	+2
Takashimasya Space Create	216	+12.8%	+1.6%	+10.4%	6	+181.5%	+383.3%	+52.8%
		+25	+3	+20		+4	+5	+2
Others and eliminations	82	-	-	-	1	-	-	-
		-5	+11	-29		+1	+18	+8
Consolidated	8,745	+1.9%	+0.6%	-0.6%	250	+18.5%	+37.6%	+4.2%
		+164	+50	-55		+39	+68	+10

### Takashimaya Co., Ltd. and domestic department store subsidiaries

Takashimaya and its domestic department store subsidiaries plan to achieve higher revenue and income chiefly by improving independently developed products and implementing measures to bolster online sales in the second half, in addition to increased sales in reaction to the negative effects of the earthquake in the first half.

### Toshin Development Co., Ltd. & Toshin Development Singapore PTE. Ltd.

Toshin Development expects higher revenue and income from strengthening the ability of shopping centers to attract customers and increasing tenants' sales through events and joint sales promotions, etc. in cooperation with department stores, as well as by steadily promoting rent revisions and replacing tenants.

### Takashimaya Singapore Ltd.

Takashimaya Singapore plans to record higher revenue through measures such as introducing new brands, relocating and renovating shopping floors, and attracting foreign tourists, and to post higher income, despite an increase in selling, general and administrative expenses.

### Takashimaya Credit Co., Ltd.

Takashimaya Credit plans to record higher revenue and income by increasing transaction volume by promoting the active use of cards and focusing on gaining new customers.

### Takashimaya Space Create Co., Ltd.

Takashimaya Space Create plans to increase revenue (by 2.5 billion yen) and income by strengthening its planning and proposal-type sales to secure comprehensive orders that cover planning, design, construction, and management. Takashimaya Space Create has also recently entered the housing reform business in the current fiscal year in an alliance with department stores.

## Non-Consolidated Cost and Revenue Projections

( Yen in 100Million )

	Current year Projection	Year-on-year	Compared to FY2010	Change from Projection
Operating Revenue	6,955	+113 +1.6%	-24 -0.3%	-50 -0.7%
Gross Margin Ratio	25.58%	-0.06	-0.23	-0.17
SG&A expenses	1,769	+5 +0.3%	-29 -1.6%	-18 -1.0%
Operating Income	85	+21 +32.4%	+7 +8.4%	-5 -5.6%
Ordinary Income	105	+23 +27.3%	-6 -5.2%	-5 -4.5%
Net Income	42	-23 -35.1%	+10 +30.0%	-3 -6.7%

Gross Margin Ratio = Gross Profit / Gross Sales

### Operating revenue

The Company plans to record an increase of 11.3 billion yen in sales and other operating revenue by further strengthening its merchandising power and sales capabilities through improvements to independently developed products and increases in online sales in the second half, in addition to higher sales in reaction to the negative effects of the earthquake in the first half.

### SG&A expenses

Selling, general and administrative expenses are expected to increase 0.5 billion yen, as an increase in general affairs expenses in the first half associated with renovation expenses, system development expenses, and higher heating and lighting expenses due to the rate hike is unlikely to be offset by a decrease in selling, general and administrative expenses due to a review of outsourcing expenses and lower expenses related to loyalty points in the second half.

### Operating income

Operating income is expected to increase 2.1 billion yen, due to the higher income derived from increased revenue for the full year and the reduction of selling, general and administrative expenses in the second half, despite an increase in selling, general and administrative expenses in the first half.

### Ordinary income

Ordinary income is expected to rise 2.3 billion yen, mainly reflecting an increase in operating income.

### Net income

Net income is expected to decline 2.3 billion yen, primarily due to the effects of the difference from the liquidation of a subsidiary in the previous year, despite higher ordinary income.

## Non-consolidated SG&A Expense Projections

( Yen in 100Million )

	Current year Projection	Year-on-year		Compared to FY2010		Change from Projection	
Personnel-related expenses	618	+3	+0.5%	-15	-2.3%	+0	-0.1%
Advertising expenses	246	-7	-2.8%	-1	-0.6%	+10	+4.2%
Transport expenses and other/general affairs expenses	601	+16	+2.7%	-2	-0.3%	-23	-3.7%
Accounting-related expenses	304	-7	-2.4%	-11	-3.5%	-4	-1.4%
<b>Total</b>	<b>1,769</b>	<b>+5</b>	<b>+0.3%</b>	<b>-29</b>	<b>-1.6%</b>	<b>-18</b>	<b>-1.0%</b>

### Personnel-related expenses

Personnel-related expenses are expected to increase 0.3 billion yen, mainly attributable to increases in legal welfare expenses and salaries for temporary staff, despite a decline in salaries due to a reduction in the number of staff and a drop in bonuses in the second half.

### Advertising expenses

Advertising expenses are expected to decrease by 0.7 billion yen, primarily reflecting lower expenses related to loyalty points associated with changes in the loyalty point rate, despite an increase (of 1.1 billion yen) in advertising expenses for higher revenue.

### Transport expenses and other/general affairs expenses

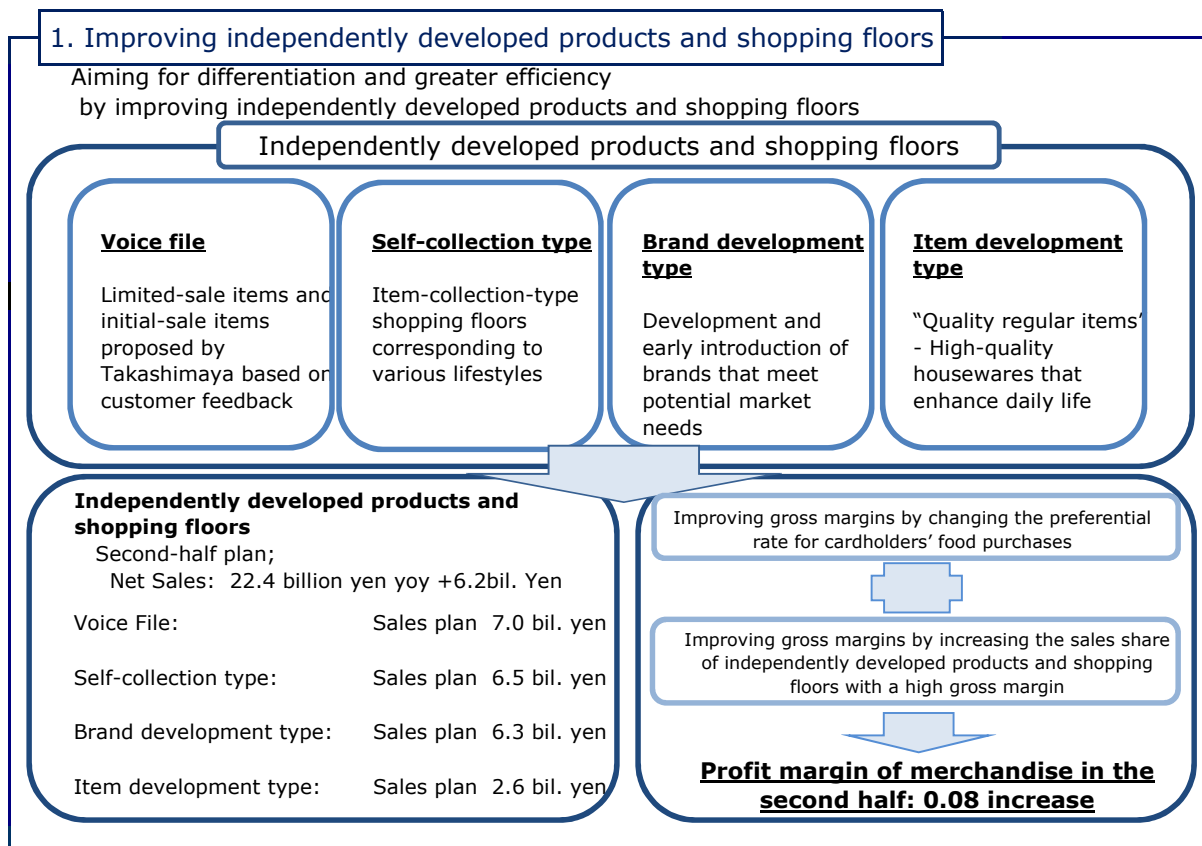
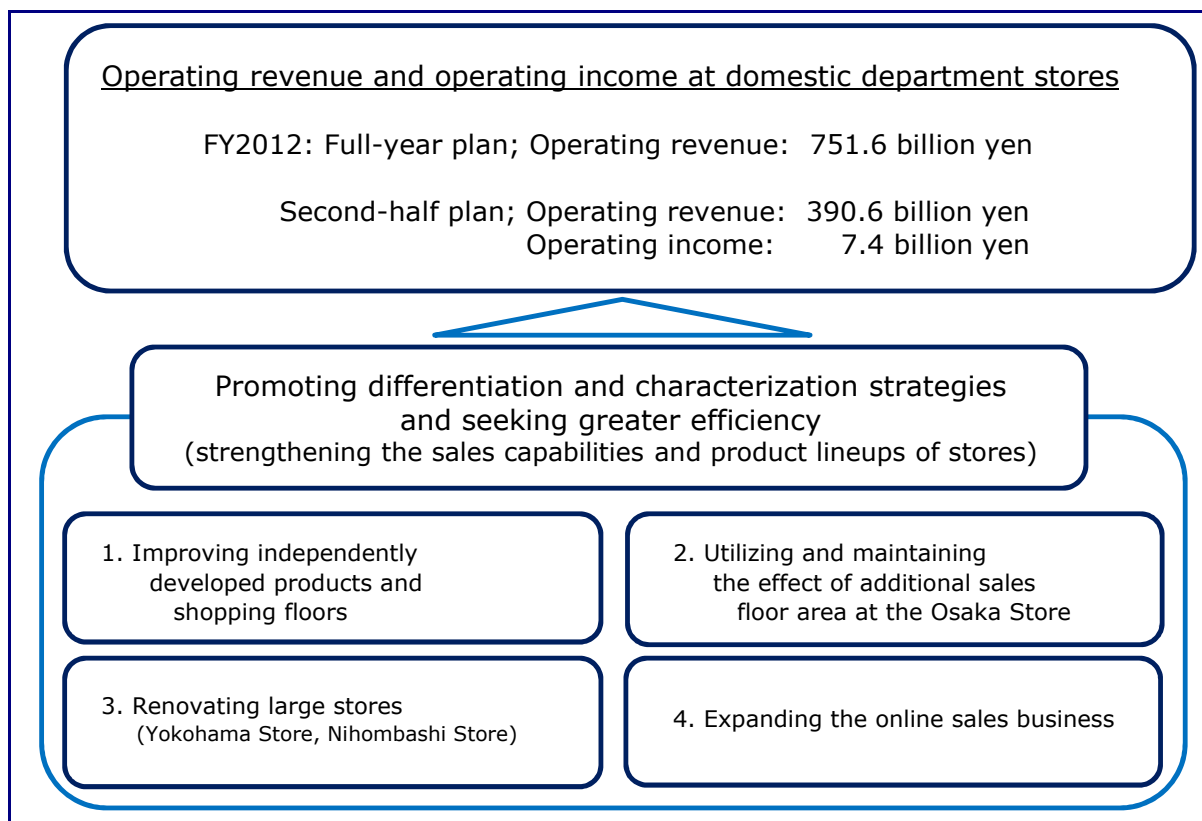
Transport expenses and other/general affairs expenses are expected to increase 1.6 billion yen, chiefly due to a rise in repair costs associated with safety investments and renovation projects and higher heating and lighting expenses due to the rate hike, in addition to higher depreciation associated with renovation projects and system development.

### Accounting-related expenses

Accounting-related expenses are expected to decrease 0.7 billion, mainly reflecting lower rents and the refund of property taxes.

# III. The Takashimaya Group's Sales Strategy

## The Domestic Department Sales Strategy



## 2. Utilizing and maintaining the effect of additional sales floor area at the Osaka Store

### (1) Revenue plan and results

( Yen in 100Million )

	Plan	Results	YoY
FY2010	+120	+63	+6.3%
FY2011	+150	+40	+3.8%
Total	+270	+103	
1st Half	+18	+5	+0.8%
2nd Half	(Plan) +18	+18	+3.3%
FY2012	+36	+23	+2.1%
Total		+126	

(Reference) Impact of renovation after taking into account trends, competition effects, and other factors

( Yen in 100Million )

FY2010	+120
FY2011	+74
Total	+194
1st Half	+16
2nd Half	+35
FY2012	+51
Total	+245

### (2) Overview of revenue in the first half

#### i) Capture and retention of new customers

• Both the number of members and revenue from members exceeded levels a year ago (number of members: up 10.7% year on year, revenue from members: up 4.2%)

#### ii) Further review of brands after the addition of a sales floor area

• Recently introduced women's wear (9 brands), women's accessories (2 brands), and food (4 brands) => Women's accessories met projections, but women's wear and food did not meet forecasts.

### (3) Efforts in the second half

#### i) Increasing revenue through member initiatives

(target number of members: up 5.0% year on year, increase revenue by 1.1 billion yen)

#### ii) Attracting and retaining customers in the Minami area

(target number of customers visiting the store: up 2.0% year on year, increase revenue by 0.5 billion yen)

#### iii) Reviewing certain shopping floors to continuously create the effect of additional sales floor area (increase revenue by 0.2 billion yen)

## 3. Renovating large stores (Yokohama Store, Nihombashi Store)

Differentiating ourselves from local competing stores by proposing new lifestyles

### (1) Renovation of the Yokohama Store

(second half: 2.3 billion yen investment; effect of increasing revenue by 1.0 billion yen)

#### i) Overview of the renovation implemented in the first half ( Yen in 100Million )

	Investment amount		Sales growth		
	Plan	Results	Plan	Results	Difference
1st Half	24	24	+9	+5	-4
2nd Half	(Plan)	23	(Plan)	+10	
FY2012	47	47	+19	+15	-4

#### ii) Efforts in the second half

○ Measures to improve women's wear clothing that did not meet forecasts in the first half

○ Details of major renovations in the second half

- the renovation of higher floors, from the fifth to seventh stories, is expected to be completed by the end of FY2012

### (2) Renovation of the Nihombashi Store

(second half: 0.9 billion yen investment; effect of increasing revenue by 0.3 billion yen)

#### i) Key points of the renovation

- Proposing a better-quality life as the flagship store
- Retaining highly rated customers and capturing next-generation customers, with a view toward the redevelopment of Nihombashi

#### ii) Implementation status of the renovation

<Women's wear and women's accessories>

0.5 billion yen investment; effect of increasing revenue by 0.2 billion yen

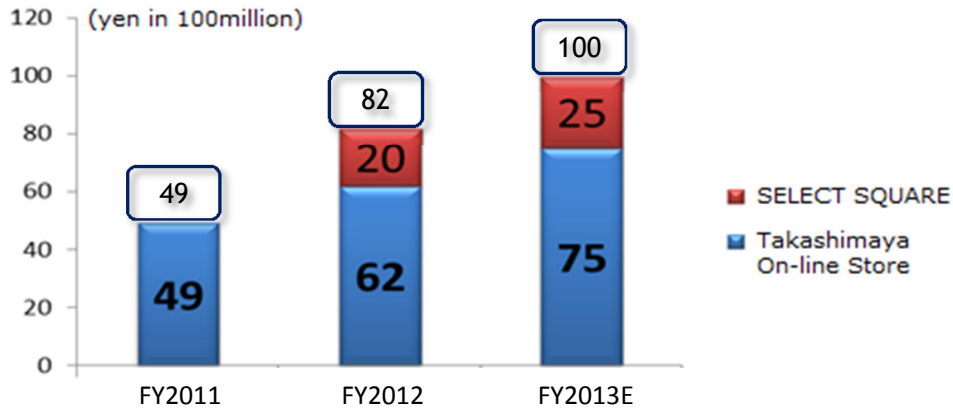
<Foods>

0.1 billion yen investment; effect of increasing revenue by 0.1 billion yen

## 4. Expanding the online sales business

Aiming for omni-channel retailing by promoting the use of both online stores and brick-and-mortar stores

~Establishing a 10 billion yen sales structure by 2013 based on a capital alliance with SELECT SQUARE (achieved sales of 8.2 billion yen in FY2012)~



\* For FY2012, the simple total annual revenues

### (1) Creating synergy by amalgamating customer bases and expertise

- Promoting the amalgamation of the 300,000 members of SELECT SQUARE and the 760,000 members of the Takashimaya Online Store and Takashimaya card members (Begun in the second half of 2012. \* In October raised the loyalty point rates when using the Takashimaya card at SELECT SQUARE)
- Strengthening market competitiveness in the fashion field by combining the Takashimaya Fashion Mall and SELECT SQUARE websites (Implemented in the second half of 2012)

### (2) Strengthening the operating base of the site to increase earnings power

- Significantly improving costs and speed by bringing in SELECT SQUARE's fulfillment functions (reducing the site's operation costs by 0.1 billion yen a year and the number of days required to post items on the site from the current 5-10 days to 3-5 days)
- Accelerating the seamless operation of brick-and-mortar stores and online stores to facilitate their mutual use. (Second half of 2012 [projected]: \* The addition of a point-up function to Company credit cards, the realization of a settlement by the Tomonokai Card, and the response to smartphones, etc.)

#### [Overview of SELECT SQUARE]

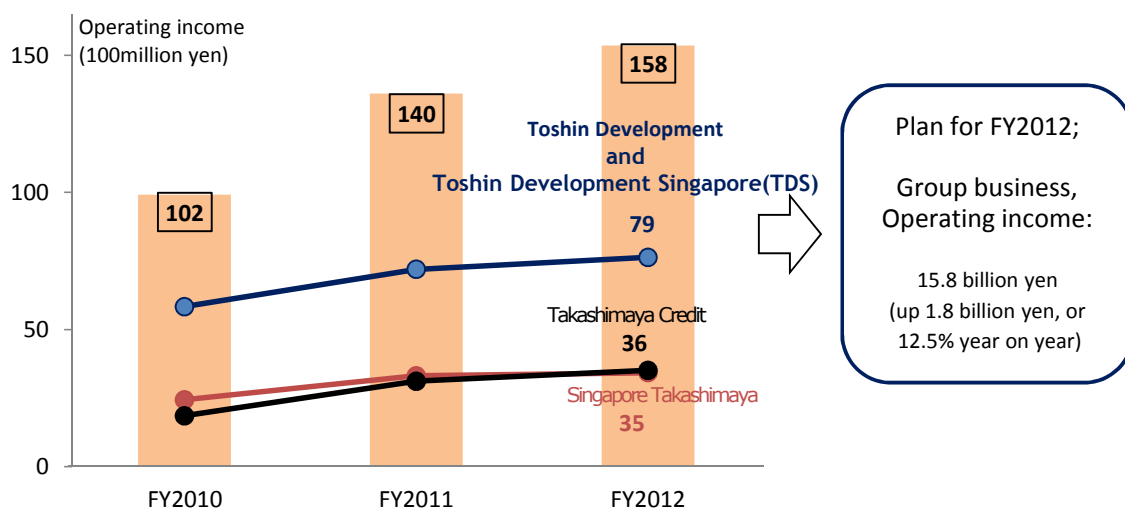
- A pioneer fashion mall site, with 300,000 members and annual sales of 1.8 billion yen, which mainly offers goods from select stores
- Strengths include cost competitiveness and the speed of uploading items onto the site from its in-house fulfillment services
  - \* Fulfillment services: Services from ordering to settlement, selection, and shipping of goods

# The Group's Sales Strategy

## Management policy for the Group companies

"All Group companies will strive to increase department store revenues by mobilizing their comprehensive strength and, at the same time, bolster the income of each company by creating synergies with the department stores in each business field."

### Aiming for the sustainable growth of the Takashimaya Group



## Major Group Companies

### Toshin Development Co., Ltd. (including Toshin Development Singapore PTE. Ltd.)

Plan for FY2012; Operating income: 7.9 billion yen, up 0.5 billion yen, or 6.5% year on year

- Strengthening major operating bases
- Promoting the development of existing shopping centers

### Takashimaya Credit Co., Ltd.

Plan for FY2012; Operating income: 3.6 billion yen, up 0.4 billion yen, or 11.6% year on year

- Promoting the use of the card in an integrated manner with department stores (transaction volume: 656 billion yen, up 3.6% year on year)
- Reducing credit losses by strengthening credit management through measures such as optimizing credit and operating its own collection business (down 0.3 billion yen, or 34.2% year on year)
- Improving services further to retain and increase members
  - Equipping a new terminal with the ability to issue point shopping tickets and conduct balance inquiries of loyalty points and Tomonokai (80 terminals at all stores)

### Takashimaya Singapore Ltd.

Plan for FY2012; Operating income: 3.5 billion yen, up 0.1 billion yen, or 1.8% year on year

- Maintaining its superior status as the dominant No. 1 store in the region
- Activating its function as the development base of the Takashimaya Group in ASEAN
  - Promoting the plan to open a department store in Vietnam (opened a Ho Chi Minh office in October)

## IV. The Growth Strategy

### Asian strategies

Promoting business development in the two main fast-growing areas, China and ASEAN, by using the management resources of Takashimaya Singapore and the management expertise of Toshin Development

(Operating income for FY2016: up 4 billion yen compared with FY2012)

- Opening stores in ASEAN and China
  - In ASEAN, accelerating the plan with major cities where Takashimaya Singapore has a strong influence as candidates (in Vietnam, Indonesia, Thailand, etc.)
  - Solidifying the base in China by opening the Shanghai Takashimaya department store and considering participating in the development plan for the adjacent land
- Promoting development together with Takashimaya Singapore and Toshin Development
  - Accelerating store openings by using Takashimaya Singapore's brand strength, funding capabilities, human resources (global) and merchandise procurement capabilities (ability to collect information and merchandise procurement channels)
  - Promoting development from the perspective of town development by using Toshin Development's facilities operation knowledge and ability to attract tenants (the development of Vietnam Saigon Center and the adjacent land in Shanghai, etc.)
- Employing various methods including M&A, joint ventures, and business alliances

### Plan to open the Shanghai Takashimaya department store

- Opening     December 2012
- Concept     A high-quality lifestyle department store that provides a full range of high-quality products and services

7F	Restaurants
6F	Living items
5F	Men's wear, men's accessories, sports
4F	Baby and children's items
3F	Women's wear, women's accessories
2F	Men's and women's wear and accessories
1F	International brands, cosmetics
B1F	Foods
B2~4F	Parking

- Services and store environment
  - Providing the finely tuned hospitality services unique to Takashimaya
  - A comfortable store environment and full-service facilities focusing on amenities (restaurants, multi-functional toilets, and powder rooms on each floor)

- Overview of the plan
 

Sales	13 billion yen (for the first year)
Investment	4 billion yen
Department store	59,000 m <sup>2</sup>
Offices	70,000 m <sup>2</sup>
Parking spaces	960

- Development plan for surrounding area
  - Considering participating in the development plan for the adjacent land to improve competitiveness in the area (Considering the integrated operation of commercial facilities to be developed along with Shanghai Takashimaya in cooperation with Toshin Development)





Plan to participate in the development of the 1st and 2nd phases of the Saigon Center in Vietnam

○ In partnership with Keppel Land Limited, participating in the development of a large-scale complex that is expected to open in 2015 in Ho Chi Minh City, Vietnam

○ Overview of the Saigon Center (1st and 2nd phases)

Site area 11,084m<sup>2</sup>  
 Floor area 173,600m<sup>2</sup>  
 Commercial area 52,000m<sup>2</sup>  
 department store area 15,000m<sup>2</sup>  
 as well as offices and a service apartment



○ For the 2nd phase of the plan, currently establishing a local resident office (in October) to prepare for the 2015 opening. Currently applying for various permits to establish a local department store  
 For the existing 1st phase plan, planning to conclude the agreement by around the end of the current fiscal year.

○ Considering a plan to add more sales floor area to expand the commercial facility in tandem with the growth of the city, to become the No. 1 commercial facility in the area.

Nihombashi Store redevelopment plan

○ Adding 12,000 m<sup>2</sup> of sales floor area to the commercial facilities section of the Nihombashi redevelopment plan, for a store opening at the end of FY2018.

○ Making an investment upfront to maintain store sales capabilities during the construction period (2014–2018) and an investment to strengthen sales capabilities by implementing measures to enhance services: 2 billion yen for FY2012–FY2013

○ Investment: 15 billion yen (investments in additional sales floor area and interior renovation costs for the main building)



	FY2012	FY2013	FY2014	~	FY2018
Main building	Investments : 2 billion yen	Transferring functions in the old wing	Doing renovation work in the main building in sequence		
Development area			Demo-lishing	Const-ruktion start	Com-pletion
					Interior work
					Grand open-ing

## V. CSR Management

### CSR Management

The basic policy of CSR management is to respond and contribute to the needs of a society that is becoming increasingly diversified and sophisticated.

Create new values unique to Takashimaya by applying the management resources developed through the Company's history and tradition over the past 180 years to future management and sales initiatives.

#### Reconfirming management resources ~ Construction of the Takashimaya Archive ~

##### <Purpose>

- Looking back over the Company's 180-year history, sharing its basic values, such as the Company's enterprising spirit as a whole, and passing them down as the Company's DNA so they can be distilled into new values.
- Striving to gain customer trust further and increase competitiveness by promoting the Takashimaya brand that the Company has created together with its customers.

##### <Content>

- Compiling the Company's 180-year history (to be published in March 2013)  
This consolidates the Company's history and spirit from its founding. Distributing it to a wide range of stakeholders, including not only employees, but also shareholders, business partners, and oversea subsidiaries to promote it as a corporate message.
- Digitizing the documents in the historical museum (to be released in March 2013)  
Digitizing the artwork and documents owned by the Takashimaya Historical Museum and posting them on the Company's website.
- Holding a Company exhibition, "Life, Art, and Takashimaya (provisional title)" (April 2013)  
The Setagaya Art Museum in Tokyo will hold a Company exhibition that will examine the artworks and documents Takashimaya owns from various perspectives and analyze the close relationship between the department store and the arts and people's lives from the standpoint of industrial history.

#### (2) Development of a foundation for CSR management

- i) Strengthening the functions of the Takashimaya Group CSR Committee
  - Responding and contributing to a changing society through our business activities  
= Fulfilling our corporate social responsibilities  
=> Upgrading management and sales activities
- ii) Establishing a new Group Risk Management Committee
  - Developing a risk management system that is designed not only to comply with laws and regulations in a restricted sense, but also to properly respond to potential and essential risks from a medium- and long-term perspective.

#### (3) Responding to the most important social needs

- i) Working to support the reconstruction of disaster-stricken areas through our core business
  - Providing industrial support that is expected to have a ripple effect, such as economic support and employment in disaster-stricken areas.
  - Expanding the sales and information transmission channels for products in the Tohoku region into mail-order and others, in addition to stores and online sales.
- ii) Disaster-preparedness efforts
  - Bolstering customer stockpiles in addition to those for employees (approximately 20,000 packs, including water and biscuits)
  - Developing a supply system of essential goods by concluding a support agreement with approximately 50 companies, including manufacturers and logistics companies, at the time of disaster.