Financial Results FY2011

06 April 2012

Takashimaya

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. Results for FY2011 (the fiscal year ended February 29, 2012)

Consolidated performance

(Yen in Billion)

	1 H	Year on Year	2 H	Year on Year	Full-year	Year on Year	Change from Projection
Operating Revenue	410	-3.0% -13	448	+0.3% +1	858	-1.3% -11	-0.4% -3
SG&A expenses	117	-3.9% -5	123	-0.2% -0	240	-2.0% -5	-1.0% -2
Operating Income	9	+13.5% +1	12	+18.1% +2	21	+16.1% +3	+5.5% +1
Ordinary Income	11	+6.8% +1	14	+9.5% +1	24	+8.3% +2	+8.2% +2
Net Income	5	-35.7% -3	6	+0.6% +0	11	-21.3% -3	+21.1% +2

* Projections are those announced on December 26, 2011.

Operating revenue
Sales and other operating revenue declined, reflecting the negative effects of the earthquake on the Group's core domestic Department Store segment (a decrease of 10 billion yen), which could not be offset by a subsequent recovery in sales and higher sales from subsidiaries.

SG&A expenses
Selling, general and administrative expenses fell 5 billion yen, primarily reflecting lower labor costs, mainly through a reduction in the number of employees based in the Company, but also in subsidiaries.

Operating Income
Operating income rose 2.9 billion yen, chiefly reflecting cuts in selling, general and administrative expenses in domestic department stores, offsetting lower income due to declines in revenues and the gross profit margin ratio.

Ordinary Income
Ordinary income rose 1.9 billion yen, given higher operating income, which offset declines mainly in gains from donated fixed assets as a result of the renovation of the Osaka Store in the previous fiscal year.

Net Income
Net income declined 2.9 billion yen, primarily reflecting the lack of gains on the sale of fixed assets in New York, which was recorded in the previous fiscal year, despite higher income, given decreases in the loss on disposal of fixed assets and in expenses for restoration to the original condition as a result of completing the renovation of the Osaka Store, and lower income taxes, in addition to higher ordinary income.

Performance by Individual Companies (Full-year)

(Yen in Billion)

	Operating Revenue	Year on Year	Change from Projection	Operating Income	Year on Year	Change from Projection
Takashimaya Co., Ltd. & Domestic Department store subsidiaries	740	-2.0% -15	-0.8% -6	7	-14.2% -1	+4.3% +0
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	37	+7.6% +3	+0.6% +0	7	+10.6% +1	+0.8% +0
Takashimaya Singapore Ltd.	37	+6.3% +2	-0.9% -0	3	+19.2% +1	+1.6% +0
Takashimaya Credit Co., Ltd.	16	-2.2% -0	-0.9% -0	3	+51.2% +1	+11.1% +0
Takashimaya Space Create Co., Ltd.	19	-9.9% -2	+3.1% +1	0	+71.7% +0	-1.3% -0
Others and eliminations	9	--- +2	--- +3	(0)	--- +2	--- +0
Consolidated	858	-1.3% -11	-0.4% -3	21	+16.1% +3	+5.5% +1

* Projections are those announced on December 26, 2011.

Takashimaya Co., Ltd. & Domestic department store subsidiaries
Both revenue and income declined, given the effects of the earthquake, which could not be offset by a subsequent recovery in sales. (Refer to Page 4 for details of nonconsolidated results.)

Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.
Both revenue and income rose in Japan due to the completion of the restoration of Tamagawa Takashimaya Shopping Center and the opening of Futako Tamagawa Rise Dogwood Plaza (in March 2011). Revenue and income also increased in Singapore, reflecting the longer fiscal period as a result of the change in fiscal period (which was 10 months in the previous fiscal year).

Takashimaya Singapore Ltd.
Both revenue and income rose in terms of both local currency and the yen, mainly due to steady domestic consumption and measures taken in response to tourism.

Takashimaya Credit Co., Ltd.
Sales and other operating revenue fell 0.4 billion yen, given declines in the transaction volumes of cards and in interest income from cash, due to the effects of the earthquake. Operating income rose 1.1 billion yen, reflecting declines in credit losses, outsourcing costs, and other selling, general and administrative expenses.

Takashimaya Space Create Co., Ltd.
Sales and other operating revenue decreased 2.1 billion yen, mainly reflecting delays and a suspension of orders due to the effects of the earthquake. Operating income rose 0.1 billion yen, chiefly attributable to lower selling, general and administrative expenses.

Non-consolidated performance

(Yen in Billion)

	1 H	Year on Year	2 H	Year on Year	Full-year	Year on Year	Change from Projection
Operating Revenue	327	-3.5% -12	358	-0.5% -2	684	-2.0% -14	-0.7% -5
Gross Margin	25.68%	-0.22	25.60%	-0.12	25.64%	-0.17	-0.07
SG&A expenses	85	-3.1% -3	91	-0.6% -1	176	-1.8% -3	-1.2% -2
Operating Income	2	-33.7% -1	4	-5.2% -0	6	-18.1% -1	+7.0% +0
Ordinary Income	4	-33.6% -2	4	-16.1% -1	8	-25.6% -3	+10.0% +1
Net Income	6	+168.4% +4	1	-42.2% -0	6	+100.2% +3	+17.6% +1

* Projections are those announced on December 26, 2011.

Operating revenue
Sales and other operating revenue declined, given a drop in sales mainly from the effects of the earthquake, which could not be offset by higher sales on the back of the effects of the renovation of the Osaka Store and other factors.

Gross Margin
The gross profit margin ratio fell 0.17%, given an increase in the share of products with low margin rates as a result of the increase in the allocation of food immediately after the earthquake, and the initiative taken to secure hot-selling products.

SG&A expenses
Selling, general and administrative expenses fell 3.3 billion yen, chiefly attributable to declines in labor costs, general expenses, and accounting expenses as a result of measures taken to cut the selling, general and administrative expenses. (Refer to Page 4 for details.)

Operating Income
Operating income declined 1.4 billion yen, given lower revenue and a decline in the gross profit margin ratio reflecting the effects of the earthquake, despite efforts made to cut selling, general and administrative expenses.

Ordinary Income
Ordinary income fell 2.8 billion yen, mainly due to declines in gains on donated fixed assets and in gains on gift certificate adjustments, in addition to lower operating income.

Net Income
Net income rose 3.2 billion yen, primarily reflecting a gain from the liquidation of a subsidiary (New York), despite lower ordinary income.

Non-Consolidated SG&A Expenses

(Yen in Billion)

	FY2011	FY2010	Year on Year	Projection	Change from Projection
Personnel-related expenses	61	63	-2.8% -2	62	-1.4% -1
Transport expenses and other	(1)	(1)	---- -0	(1)	---- +0
Promotion expenses	25	25	+2.4% +1	25	+0.2% +0
General affairs expenses	59	61	-2.7% -2	61	-2.3% -1
Accounting-related expenses	31	31	-1.2% -0	31	-0.2% -0
Total	176	180	-1.8% -3	179	-1.2% -2

* Projections are those announced on December 26, 2011.

Personnel-related expenses

Personnel-related expenses fell 1.8 billion yen, mainly attributable to declines in salaries and retirement benefit expenses, as a result of a reduction in the number of staff.

Promotion expenses

Advertising expenses rose 0.6 billion yen, chiefly reflecting higher advertising expenses related to events associated with the Company’s 180th anniversary.

General affairs expenses

Transport expenses and other fell 1.6 billion yen, primarily attributable to a decline in outsourcing costs as a result of a review of outsourcing operations, lower repairing costs reflecting a drop in the number of renovation works, and lower heating and lighting expenses as a result of an initiative to promote energy conservation in the wake of the earthquake, despite a rise in depreciation mainly due to the renovation of the Osaka Store.

Accounting-related expenses

Accounting-related expenses decreased 0.4 billion yen, mainly reflecting lower rents as a result of negotiations to cut rents.

II. Projections for FY2012 (the fiscal year ended February 28, 2013)

Consolidated Cost and Revenue Projections

(Yen in Billion)

	1 H	Year on Year	Compared to FY2010	Full-year	Year on Year	Compared to FY2010
Operating Revenue	424	+3.4% +14	+0.3% +1	880	+2.5% +22	+1.2% +11
SG&A expenses	120	+3.1% +4	-0.9% -1	245	+2.2% +5	+0.1% +0
Operating Income	10	+10.3% +1	+25.2% +2	24	+13.7% +3	+32.1% +6
Ordinary Income	12	+6.6% +1	+13.9% +1	27	+8.8% +2	+17.9% +4
Net Income	6	+11.6% +1	-28.2% -2	13	+19.3% +2	-6.1% -1

Operating Revenue
The Company plans to achieve higher revenue in domestic department stores, from a recovery in sales in response to the slump after the earthquake (up 10 billion yen) and the effects of investments in large-scale stores and measures to encourage customers to visit these stores (an increase of 9 billion yen on a nonconsolidated basis and an increase of 0.3 billion yen from domestic department store subsidiaries), by capturing business opportunities when the economy enters a recovery phase.
Overall, sales and other operating revenues are expected to increase by 21.9 billion yen, reflecting the effects of the strengthening of the sales capabilities of Takashimaya Singapore on the back of the strong Singaporean economy, and the entry of new businesses from Takashimaya Space Create.

SG&A expenses
Selling, general and administrative expenses are expected to rise by 5.2 billion yen, reflecting investments and the strengthening of sales promotion initiatives to bolster sales at domestic department stores as well as taking initiatives to decrease the selling, general and administrative expenses as a result of changes in the loyalty point rate for food.

Operating Income
Operating income is expected to climb 2.9 billion yen, given the rise in transaction volumes for Takashimaya credit cards and increases in other operating income on the back of recovery in consumption, in addition to higher income from increased sales and an improvement in the gross profit margin ratio of domestic department stores.

Ordinary Income
Ordinary income is expected to rise 2.1 billion yen, mainly attributable to higher operating income, despite declines in certain gains, including gains from gift certificate adjustments.

Net Income
Net income is expected to rise 2.1 billion yen, primarily reflecting an increase in income as a result of decreased losses from the disaster (the earthquake) compared with those of the previous year, in addition to a rise in ordinary income.

Cost and Revenue Projections of Individual Companies (Full-Year)

(Yen in Billion)

	Operating Revenue	Year on Year	Compared to FY2010	Operating Income	Year on Year	Compared to FY2010
Takashimaya Co., Ltd. & Domestic Department store subsidiaries	757	+2.2% +17	+0.2% +1	10	+43.2% +3	+22.8% +2
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	38	+2.0% +1	+9.8% +3	8	+1.1% +0	+11.8% +1
Takashimaya Singapore Ltd.	39	+4.2% +2	+10.7% +4	4	+1.4% +0	+20.9% +1
Takashimaya Credit Co., Ltd.	16	+1.5% +0	-0.8% -0	3	+5.3% +0	+59.3% +1
Takashimaya Space Create Co., Ltd.	20	+2.2% +0	-8.0% -2	0	+84.2% +0	+216.3% +0
Others and eliminations	11	---- +2	---- +4	(1)	---- -1	---- +1
Consolidated	880	+2.5% +22	+1.2% +11	24	+13.7% +3	+32.1% +6

Takashimaya Co., Ltd. & Domestic department store subsidiaries

Takashimaya and its domestic department store subsidiaries plan to achieve higher revenue and operating income chiefly by taking advantage of the recovery in the business in response to the slump after the earthquake (a rise of 10 billion yen) and the effects of the renovation of the Osaka Store, and by carrying out aggressive initiatives to encourage customers to visit stores, and measures to bolster sales in the online sales business

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

Toshin Development expects higher revenue and operating income by thoroughly implementing measures to deal with competitors and promoting the renovation of facilities and other initiatives to improve the convenience of customers in domestic shopping centers, as well as strengthening leasing in Singapore.

Takashimaya Singapore Ltd.

Takashimaya Singapore plans to record higher revenue and operating income by taking advantage of strong consumer demand from the continued steady domestic consumption in Singapore, and by capturing the foreign tourist market.

Takashimaya Credit Co., Ltd.

Takashimaya Credit plans to post higher revenue and operating income mainly by taking advantage of the recovery in the business in response to the slump after the earthquake, securing higher transaction volumes by promoting the active use of cards through various measures including changing the loyalty points rate (from 1% to 3%) at specialty stores in shopping centers managed by Toshin Development, and increasing income from annual membership fees by focusing on gaining new customers.

Takashimaya Space Create Co., Ltd.

Takashimaya Space Create plans to record higher revenue and operating income mainly by strengthening planning and proposal type sales to secure comprehensive orders that cover planning, designing, construction, and management, and launching a private renovation business by collaborating with furniture sales departments in domestic department stores.

Non-Consolidated Cost and Revenue Projections

(Yen in Billion)

	1 H	Year on Year	Compared to FY2010	Full-year	Year on Year	Compared to FY2010
OperatingRevenue	338	+3.5% +11	-0.1% -0	701	+2.4% +16	+0.4% +3
Gross Margin	25.83%	+0.15	-0.07	25.75%	+0.11	-0.06
SG&Aexpenses	88	+3.8% +3	+0.6% +1	179	+1.3% +2	-0.6% -1
OperatingIncome	3	+6.4% +0	-29.4% -1	9	+40.2% +3	+14.8% +1
OrdinaryIncome	4	+0.4% +0	-33.3% -2	11	+33.4% +3	-0.7% -0
Net Income	2	-65.9% -4	-8.4% -0	5	-30.4% -2	+39.3% +1

Operating revenue

The Company plans to record an increase of 16.3 billion yen in sales and other operating revenue chiefly by taking advantage of the recovery in the business in response to the slump after the earthquake (a rise of 10 billion yen) and the renovation of the Yokohama Store, and by capturing new demand through improvement of independently developed products and holding new events, and expanding the number of members in the online sales business. (Refer to Page 9 and Page 10 for details.)

Gross Margin

The gross profit margin ratio is expected to improve by 0.11 as the Company strives to expand its share of products with a high margin ratio, such as women's and men's wear, and it will adopt special new services for the Takashimaya Card.

SG&A expenses

Selling, general and administrative expenses are expected to rise 2.2 billion yen, mainly reflecting higher general expenses due to a decline in the collection of gift certificates, the renovation of stores, the development of systems, and increases in electric power charges and fuel costs, despite lower advertising expenses as a result of changes in the loyalty point rate for food.

Operating Income

Operating income is expected to increase 2.6 billion yen, given a rise in income (4.8 billion yen) reflecting higher revenue and an improved gross profit margin ratio, offsetting higher selling, general and administrative expenses in the effort to achieve higher revenue.

Ordinary Income

Ordinary income is expected to rise 2.8 billion yen, mainly reflecting a gain from donated fixed assets as a result of the renovation of the Yokohama Store and other stores, in addition to higher operating income.

Net Income

Net income is expected to fall 2 billion yen, primarily due to a decrease in the difference from the liquidation of a subsidiary (New York) in the previous fiscal year, despite higher ordinary income.

Non-consolidated SG&A Expense Projections

(Yen in Billion)

	1 H	Year on Year	Compared to FY2010	Full-year	Year on Year	Compared to FY2010
Personnel-related expenses	30	+2.2% +1	-1.9% -1	62	+0.6% +0	-2.3% -1
Transport expenses and other	(0)	---- +0	---- +0	(0)	---- +0	---- +0
Promotion expenses	11	-2.8% -0	-2.4% -0	24	-6.7% -2	-4.5% -1
General affairs expenses	32	+9.4% +3	+5.3% +2	63	+6.1% +4	+3.3% +2
Accounting-related expenses	16	+0.6% +0	-2.1% -0	31	-0.9% -0	-2.1% -1
Total	88	+3.8% +3	+0.6% +1	179	+1.3% +2	-0.6% -1

Personnel-related expenses

Personnel-related expenses are expected to rise 0.4 billion yen, mainly due to higher welfare expenses, chiefly from an increase in the premium rate for the employees' pension plan, despite declines in salaries and retirement benefit expenses as a result of a reduction in the number of staff.

Promotion expenses

Advertising expenses are expected to fall 1.7 billion yen, given lower expenses related to loyalty points as a result of changes in the loyalty point rate for food, despite increases in advertising costs and other expenses in an effort to bolster sales.

General affairs expenses

Transport expenses and other are expected to rise 3.6 billion yen, mainly reflecting an increase in heating and lighting expenses as a result of higher electric power charges and fuel costs, and increases in repair costs related to safe investments and renovation works, in addition to higher commission fees as a result of a decline in fee income from collecting the gift certificates of other companies, and higher depreciation related to renovation works and system development.

Accounting-related expenses

Accounting-related expenses are expected to fall 0.3 billion yen, mainly reflecting lower rents.

III. The Takashimaya Group's Sales Strategy for FY2012

1. Sales Strategy for Domestic Department Stores-Effort to Increase Sales

Responding to new needs

(1) Strengthening independently developed products; Sales impact: Up 4.7 billion yen

○ Initiatives to improve customer satisfaction (value > price), increase differentiation and characterization, and bolster sales

(2) Impact on sales from renovation: 5.8 billion yen

<<Renovation of the Yokohama Store>>

Investment of 8.7 billion yen over a three-year period from 2011 to 2013; Sales impact: 7.9 billion yen

Challenges to be addressed

(i) Gaining support from three-generation families
(ii) Complicated and inconvenient positioning of shopping floors
(iii) Promotion of barrier-free space
(iv) Developing closer relationships with existing customers

Details of the renovation (2012)

(i) Renovation of living and children's wear floors
(ii) Improving the convenience of customers by streamlining flow
(to be carried out at all the stores)
(iii) Introducing automatic entrance doors, and increasing rest areas
(iv) Improving uneven product lineups

Measures to encourage customers to visit stores

Bolstering the number of customers visiting the stores and sales by aggressively allocating advertising expenses; Sales impact: Up 3.4 billion yen

(1) Strengthening information transmission by issuing a lifestyle-type tabloid magazine that features products that share common themes

(2) Holding cultural events and new events unique to Takashimaya; Sales impact: 0.5 billion yen

(3) Strengthening advertising through public transportation by taking advantage of the store network

Shared advertising for events held by different stores on subway trains and other measures

Online sales business

Achieving revenue of 10 billion yen in the online sales business at an early stage by cooperating with real shops and effectively managing the 3.83 million members

(1) Strengthening strategies to develop a steady customer foundation

Online members; FY2011: 680,000 members -> FY2012: 800,000

(i) Encouraging Takashimaya Card holders to become online members
(ii) Focusing on bolstering the number of members by strengthening external alliances

(2) Maximizing synergistic effects through integration with real shops

(i) Becoming the largest and strongest MD in the industry on the Internet by taking advantage of our number of large-scale stores
(ii) Promoting characteristics and attractiveness by strengthening promotional events for local products based on the specific features of stores
(iii) Encouraging customers to visit stores by using information transmission (SNS, videos, word of mouth, etc.), unique Internet features

Present situation and challenges of the Osaka Store

(1) Plan and results of the new main building of the Osaka Store

(Yen in Billion)

Sales		Plan	Results	YoY
	FY2010	+12	+6	+6.3%
	FY2011	+15	+4	+3.8%
	2years	+27	+10	
	FY2012	(Plan)	+4	+3.3%
	Total		+14	

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

FY2010	12
FY2011	7
2years	19
FY2012	4
Total	24

(2) Challenges and countermeasures

(i) Sluggish sales of particular zone brands of women's wear and certain brands of cosmetics and women's accessories

[Countermeasures] Continually introducing popular brands and adjusting product lineups

(ii) Lack of awareness of new sales floors

[Countermeasures] Strengthening approach to targeted strategic generations (between 25 years old and 44 years old)

(iii) Insufficient capturing and maintenance of new customers

[Countermeasures] Capturing customers at an early stage and increasing customer attraction in an entire area by taking competitors into account

(3) Revenue plan for the current fiscal year

Plan for FY2012: 113.7 billion yen (up 3.3%, or 3.6 billion yen year on year)

2. The Group’s Sales Strategy

Management policies for group companies

○ **All the Group companies will strive to bolster income through external transactions and support the sales capabilities of the department stores through their individual operations.**

○ **Through these initiatives, the Group companies and the department stores will strive to exert synergies and continually improve the comprehensive strength of the Takashimaya Group.**

Marchandise

Service

RT corp. (restaurant)
Good live
(Food wholesale, etc.)

TAPP
Century & Co.
Takashimaya Insurance

Department store

Toshin Development
Takashimaya Space Create
Takashimaya Service

Takashimaya Credit
A.T.A.
Takashimaya Tomonokai

Facilities and environment

Attracting customers and sales promotion

Plan for FY2012

Operating income: 14.1 billion yen

(up 1%, or 0.1 billion yen year on year)

Toshin Development Co., Ltd.

Plan for FY2012; Operating income: 7.5 billion yen (up 1%, or 0.1 billion yen year on year)

(1) Steadily carrying out measures to achieve a planned operating income of 7.5 billion yen

(i) Tamagawa Takashimaya Shopping Center; Operating income: 5.2 billion yen
- Strengthening sales promotion of food tenants in cooperation with department stores

(ii) Kashiwa Takashimaya Shopping Mall/Nagareyama Otakanomori Shopping Center; Operating income: 2.3 billion yen
- Raising the rates of loyalty points for the Takashimaya Card granted to specialty stores to increase customer traffic to and from the department stores
- Developing the surrounding areas based on the concept of creating community-based towns

(iii) Singapore Takashimaya Shopping Center; Operating income: 1.4 billion yen
- Strengthening the luxury brand zone to improve the store image

(2) Restructuring of Hakata operations Target: Achieving profitable operations

Co-ownership interests (50%) of real estate (trust beneficiary rights) for Eeny Meeny Miny Mo at Hakata Riverain were acquired in February 2012.

Taking advantage of its sole ownership, the Company will aim to achieve profitable operations by strengthening leasing flexibility and cost efficiencies.

(3) Growth strategies

(i) Promoting the Saigon Center project (Vietnam)
(ii) Participating in various development projects that will support the growth of the department stores
(iii) Promoting the concept of creating community-based towns

Takashimaya Singapore Ltd.

Plan for FY2012; Operating income: 3.5 billion yen (up 2%, or 0.1 billion yen year on year)

<Steady income growth based on a robust domestic economy;
maintaining an unrivaled status as the No. 1 store in the region>

○ Average growth rates over the past five years

- Sales and other operating revenue: 5%; Operating income: 7%

(1) Promoting sales activities by taking advantage of our superior status as the No. 1 store in the region

- Increasing attraction for tourists from neighboring countries, and strengthening sales promotion
- Strengthening the specialty boutique zone and floors for general women's items - Revitalizing the food floors

Aggressive introduction of Japanese brands (Donq Bakery and other stores)

(2) Fulfilling our role as the development center of the Takashimaya Group in ASEAN

(i) Establishing a management style in Asia

(ii) Promoting a plan to open department stores in Ho Chi Minh City, Vietnam

Takashimaya Credit Co., Ltd.

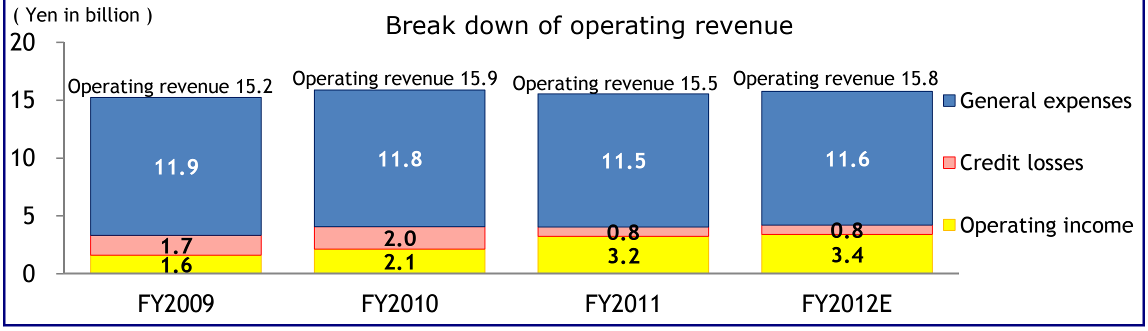
Plan for FY2012; Operating income: 3.4 billion yen (up 5%, or 0.2 billion yen year on year)

(1) Taking initiatives based on member opinions as shown below to increase sales and other operating revenue

Sales and other operating revenue: 15.8 billion yen (up 0.23 billion yen)

(i) Accelerating the capturing of new members
○ Improving the attractiveness of the card by reviewing its services and convenience
(ii) Promoting the use of the card
○ Increasing opportunities to use the card through the cooperation of subsidiaries

(2) Regarding operating costs, the Company will aim to improve cost efficiencies by reducing the risk of credit losses and reviewing outsourcing costs.



IV. Long-Term Business Plans of the Takashimaya Group

Basic concept

Goals of the Takashimaya Group

Aiming to become a leading corporate group in the industry by striving to further improve corporate value

Basic strategies

1. Domestic department store business: Improving competitiveness by developing thorough community-based business models by store
2. Domestic group business: Maximizing synergies with the department store business
3. Overseas business: Increasing the number of stores by focusing on the two main regions: China and ASEAN

(1) Private spending

Private spending is likely to grow approximately 1% annually over the next five years through gradual economic growth after taking the consumption tax hike into consideration

(2) Department store industry

(i) Sales trends

Anticipating a long-term declining trend as the basic structural trend

(ii) Great East Japan Earthquake

While demand for reconstruction from the Great East Japan Earthquake is expected in the short term, this demand is expected to be absorbed into the long-term declining trend.

(iii) Consumption tax hikes: April 2014 (5% -> 8%); October 2015 (8% -> 10%)

Negative impact of 240 billion yen (down 4.0%) in sales and other operating revenue for the overall industry

The size of the market will contract from 6.2 trillion yen to 5.2 trillion yen.

These estimates* are made based on changes in department store sales during the previous hike in consumption taxes (in 1997, from 3% to 5%).

* Provisional calculations were made based on the amount of divergence between trends before and after the consumption tax hike.

(3) Takashimaya

(i) Sales trends

Sales trends are expected to basically follow those of the department store industry.

(ii) Great East Japan Earthquake

In the medium-term, in the same manner as the department store industry, sales trends are likely to be absorbed into the long-term declining trend.

(iii) Consumption tax hikes:

Estimated effects on the Company based on the abovementioned method used in (2)(iii):

The current plan includes negative effects of 30 billion yen in sales and other operating revenue and 6 billion yen in operating income.

-> To respond to the changes in the operating environment mentioned above, the Group will carry out its basic strategies. (Refer to the next page for details.)

Numerical targets

	FY2012		FY2016	Changes
○ Sales and other operating revenue:	880 billion yen	→	880 billion yen	Unchanged
○ Operating income:	24 billion yen	→	35 billion yen	Up 11 billion yen
- Operating income ratio:	2.9%	→	4.0%	
- ROE:	4.2%	→	6.2%	
- Equity ratio:	40.4%	→	48.4%	
- Interest-bearing	104 billion yen	→	50 billion yen	
- Cash and deposits on hand:	65 billion yen	→	65 billion yen	

Basic strategies

○ Concentrating investments in strategic segments
((i) Large-scale stores, (ii) Shopping centers, (iii) Overseas business)
○ Continuing to carry out structural reform
(efficient human resources system and reviewing the cost structure)
-> Further strengthening the management foundation

Investment amount (over five years): 140 billion yen; Sales and other operating revenue (2016–2012): Unchanged; Operating income (2016–2012): Up 11 billion yen

	Investment amount	Operating revenue	Operating income
1. Domestic department store business:	60 billion yen	Down 55 billion yen	Up 2 billion yen
2. Domestic group business:	30 billion yen	Up 20 billion yen	Up 5 billion yen
3. Overseas business:	50 billion yen	Up 35 billion yen	Up 4 billion yen

(1) Domestic department store business: Improving competitiveness by thoroughly developing community-based business models by store

Investment amount (over five years): 60 billion yen Operating revenue: Down 55 billion yen Operating income: Up 2 billion yen

(Yen in billion)

Main initiatives, etc	Investment amount	Operating revenue	Operating income
(i) Sales strategies: Investment effects from five large-scale stores, strengthening the online, etc.	40	40	13
(ii) Structural reform: Carrying out efficient store management by acquiring tenants, and reviewing the cost structure	0	0	12
(iii) Investments in facilities: Investing in safety, security, and the environment	20	0	0
(iv) Downward trend of the department store market (6.2 trillion yen □ 5.2 trillion yen)	0	(95)	(23)
Total	60	(55)	2

(2) Domestic group business: Maximizing synergies with the department stores business

Investment amount (over five years): 30 billion yen Operating revenue: Up 20 billion yen Operating income: Up 5 billion yen

(Yen in billion)

Main initiatives, etc	Investment amount	Operating revenue	Operating income
(i) Sales strategies: Developing the areas surrounding existing shopping centers by Toshin Development	28	20	4
(ii) Structural reform: Reviewing human resources and the cost structure	0	0	1
(iii) Investments in facilities: Investing in safety, security, and the environment	2	0	0
Total	30	20	5

(3) Overseas business: Increasing the number of stores by focusing on the two main regions: China and ASEAN

Investment amount (over five years): 50 billion yen Operating revenue: Up 35 billion yen Operating income: Up 4 billion yen

(Yen in billion)

Main initiatives, etc	Investment amount	Operating revenue	Operating income
(i) China business: Promoting a plan to open a second store following the first store opened in Shanghai, and carrying out M&A and other initiatives	15	25	2
(ii) ASEAN business: Promoting plans to open a third and fourth ASEAN store following the plan in Vietnam, and carrying out M&A and other initiatives	35	10	2
Total	50	35	4

Asian strategies

Making aggressive investments of 50 billion yen (until 2016), and accelerating business developments in the two main fast-growing areas, China and ASEAN, by using the management resources of Takashimaya Singapore and the management know-how of Toshin Development, making the Asian business the Group’s major earnings pillar
(Operating income for FY2016: Up 4 billion yen compared with FY2012)

○ Opening Takashimaya department stores in China and ASEAN
- Planning to open the first store in Shanghai (in the autumn of 2012) and open a second and third store in China over the next five years
- Planning to open a store in Vietnam (in 2015), following the store in Singapore, and open a third and fourth store over the next five years in ASEAN

○ Promoting town development through a town concept centered around commercial facilities by using the brand strength of Takashimaya Singapore
- Accelerating the opening of stores by using the brand strength, funding capabilities, human resources, and procurement capabilities of Takashimaya Singapore
- Carrying out development that extends to offices, condominiums, and other facilities based in commercial facilities (department stores and shopping centers)
  Example: Saigon Center in Vietnam (in 2015)
- Adopting a number of management methods, including M&A, joint ventures, and business alliances

○ Creating synergies between domestic and overseas stores by establishing a Takashimaya brand

Plan to open Shanghai Takashimaya department store

○ Opening: Autumn 2012
○ Investment amount: Approximately 4 billion yen
○ Human resources plan: 185 people
○ Planned sales for the first year (for one year): 13 billion yen
○ Planned store location: Gubei, Hongqiao district
- A transportation hub for the airport and railways and a high-end residential, cultural, and international area where overseas representatives and wealthy Chinese reside
- The store will be directly connected to Yili Road station on Shanghai Metro Line 10

○ Profile of the department store
The basic concept is a high-quality life department store that provides a full range of high-quality products and services
Sales floor area: Approximately 40,000 m2 (First basement to 7th floor)

Profile of the overall facility
Site area: Approximately 22,000 m^2
Floor area: Approximately 120,000 m^2
Department store: Approximately 60,000 m^2
Office: Approximately 60,000 m^2
Car parking space: Approximately 960 cars

Plan to participate in the development of Saigon centre 2nd phase

○ Details of the business plan

The Group is participating in the development of a large-scale complex in Ho Chi Minh City, Vietnam, with Keppel Land Limited*, a business partner.

- Opening a department store wholly owned by Takashimaya Singapore
- Capital participation in the second phase of the Saigon Center real estate business by Toshin Development
- Managing the second phase of the Saigon Centre commercial facility by establishing a joint commercial management venture with subsidiaries of both Toshin Development and Keppel Land

○ Overall profile of the second phase of the Saigon Centre

- Site area: 8,345 m^2
- Floor area: Approximately 134,300 m^2
  Commercial area: Approximately 50,000 m^2
  including a department store area of approximately 15,000 m^2

* Keppel Land Limited
Keppel Land Limited was established in Singapore in 1890, and is one of Asia's leading property companies.

Tokyo Store redevelopment plan

○ The Company is not required to raise funds to acquire the commercial floor, because the floor was equivalently exchanged with land the Company owned on the development site.

○ Developing a new urban-style shopping center for the main building and an additional sales floor area of 12,000 m^2 with the cooperation of Toshin Development

○ Strengthening the cultural information transmission function mainly by maintaining the main building of the Tokyo Store as an important cultural property and redeveloping a culture hall in accordance with the urban plan;
Also promoting the creation of towns that are resilient to disasters and eco-friendly

○ Investment amount: 15 billion yen (= investments in additional floor area and interior renovation costs in the main building)
Opening: FY2018 (planned)

	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		Grand opening
Development area			Demolishing / Construction start		Completion / Interior work / Grand opening

V. CSR Management

Basic concept

Basic policy of CSR management:

Responding and contributing to the needs of a society that is becoming increasingly diversified and sophisticated, through the Group's overall business activities

- To achieve this goal, understand the history and always take on new challenges.
- In doing so, learn the Group's business activities over the past 180 years, and share the knowledge obtained with all colleagues.
- Develop a stimulating organizational culture by encouraging free and active discussion

(1) Developing a foundation for CSR management: Changing to active CSR

(i) Strengthening the functions of the Takashimaya Group CSR Committee

Responding and contributing to a society that is changing through its business activities = Fulfilling corporate social responsibilities

-> Upgrading management and sales activities

(ii) Newly establishing a Group Risk Management Committee

Developing a risk management system that is designed not only to comply with laws and regulations in a limited sense, but also to accurately respond to the risks that can take place while the Group is confronting new business opportunities

Managing risk by balancing risks and challenges

(iii) Regularly holding Regional Forums

Hold company-wide regional forums to develop a stimulating organizational culture through free and active discussion

(2) Responding to the needs of a society that is becoming increasingly diversified and sophisticated

(i) Promoting a Takashimaya Archive Project

Reviewing the Company's 180-year history, and sharing among all employees the capabilities that the Company has developed to respond to a range of societal needs; new insights obtained through these initiatives will be used in future business activities.

- Preparing the Company's 180-year history
- Digitizing the documents in the museum
- Holding a Company exhibition, "Life, Art, and Takashimaya (provisional name)" at a museum in Tokyo (scheduled to be held in 2013)

(ii) Initiatives to support disaster-stricken areas and deal with electric power supply problems

– As a response to societal needs that must be dealt with on a priority basis

- Support for disaster-stricken areas: The Group will support the industry in the Tohoku region, and continually back up the business activities of manufacturers and business partners in the region through the sales of their products.
- Electric power supply problems: To reduce electric power consumption, the Group will change its lighting to energy-saving LED lighting at its stores and offices, and aim to introduce LED lighting in all facilities by FY2015. (Percentage of use of LEDs in FY2012: 44%)

(3) Developing businesses that are integrated into the local community

- Twenty domestic stores and each Asia store will carefully respond to the needs in its local area, and focus on business activities that are integrated into the local community. = Foundation of CSR management