

“Multi Service Retailer” beyond the Framework of Retail

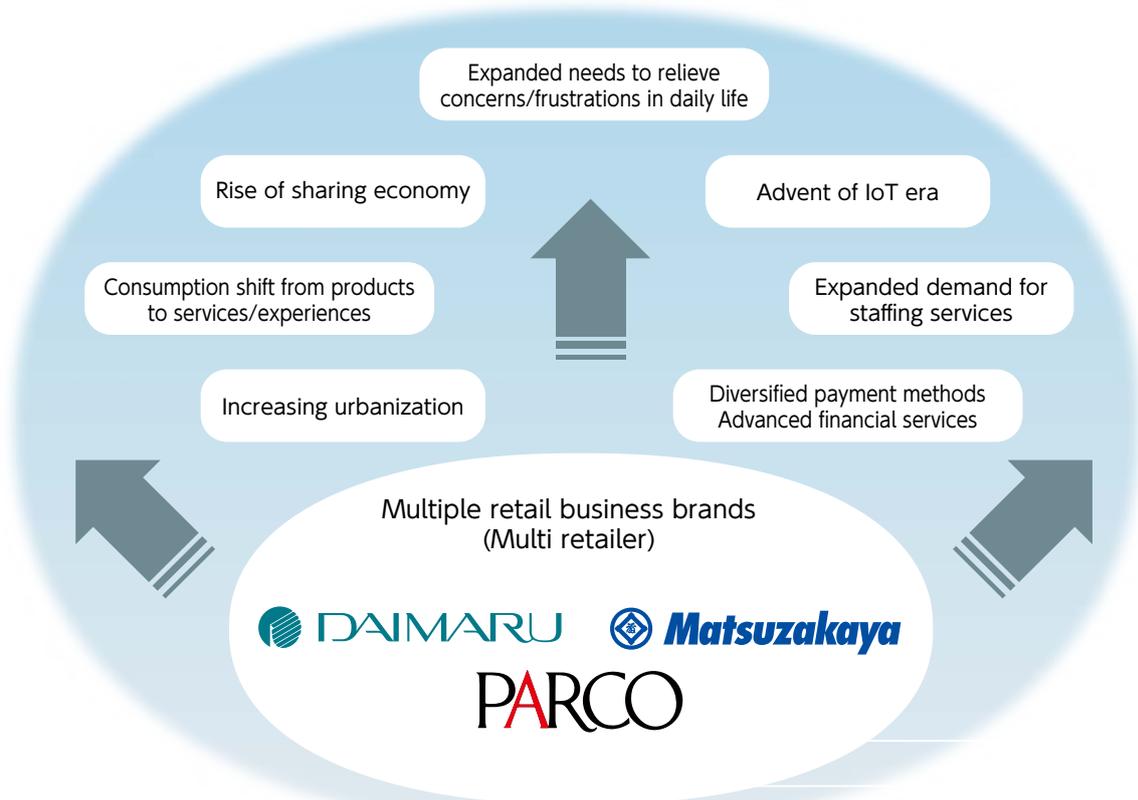
We are a business group with the retail business and the real estate business as its core, including department stores Daimaru and Matsuzakaya, commercial complexes Parco and a luxury commercial complex Ginza Six.

The histories of Daimaru and Matsuzakaya began respectively when Shimomura Hikoemon Shokei opened a kimono fabric store “Daimonjiya” in Fushimi, Kyoto in 1717 and Ito Genzaemon Sukemichi, a son of Ito Ranmaru Sukehiro who served Oda Nobunaga, opened a kimono fabric and fancy goods wholesale store in Honmachi, Nagoya in 1611. Both companies started as kimono dealers but have changed their business models for as long as 300 and 400 years, respectively, by responding appropriately to the changing times and grew as department stores.

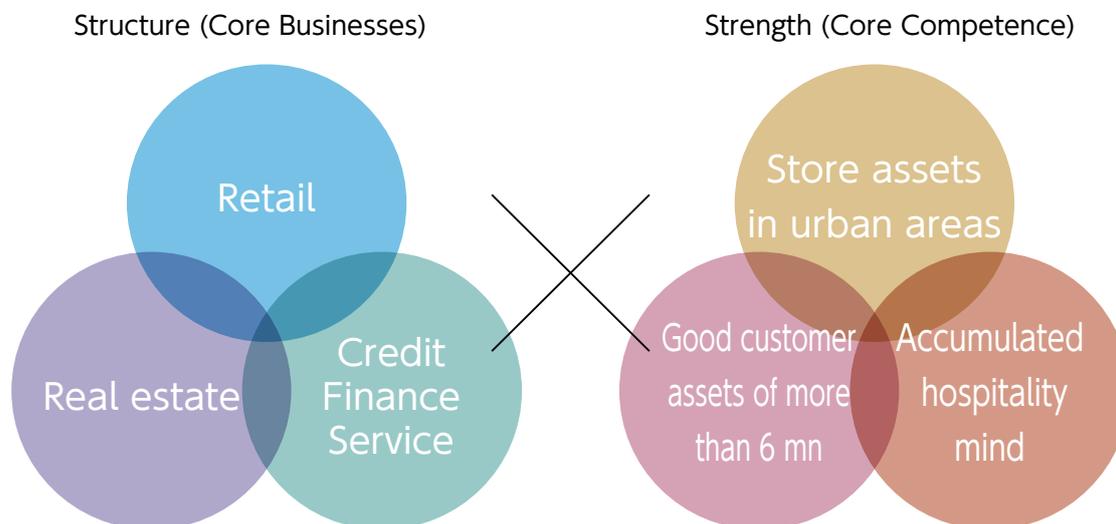
After management integration in September 2007, the Company aggressively pursues M&A opportunities to expand its business wings for growth. We converted Parco Co., Ltd. into a consolidated subsidiary and StylingLife Holdings Inc. and other companies into equity method associates to broaden our business as a multi retailer with department stores as our core.

And under the new “FY 2017 to 2021 Medium-term Business Plan,” we strive to change the Group structure toward development as a “Multi Service Retailer” beyond the framework of retail to expand our business domain for discontinuous growth based on the new Group Vision “Create and Bring to Life ‘New Happiness.’” With respect to the business portfolio, while growing the core Department Store Business and Parco Business, we will expand into new areas such as the Real Estate Business and Credit and Finance Business to increase their shares.

Multi Service Retailer



Source of Value Creation



The Group's strengths

1

Store assets in urban areas nationwide

The Group has store assets including department stores, Parco and Ginza Six in major cities across Japan, from Sapporo to Tokyo, Nagoya, Osaka and Hakata. In key areas, we will promote the "Urban Dominant Strategy" for growing with local communities by putting together small- and medium-sized stores around these flagship stores as their core and attract new crowd to live in harmony with local communities.

2

Good customer assets of more than six million people

Daimaru, Matsuzakaya and Parco have good customer assets of more than six million cardholders. Department stores have an organization of affluent *gaisho* (out-of-store sales) customers whose sales share is more than 20%. As a new initiative, we will introduce an app with a payment function, which will further increase our customer assets under the concept of "Lifetime Service Hub."

3

Accumulated hospitality

Our hospitality mind has been accumulated in our history. Under the corporate credo of Service before Profit, the spirit born out of customer services provided by thoroughly putting the customer first and serving the community is alive in the Group value chain. It leads to the operation of a staffing service company Dimples' and Daimaru Matsuzakaya Sales Associates, which leverage this strength.

As a "Multi Service Retailer" beyond the framework of retail, we will capitalize on our business portfolio and core competence mentioned above and respond nimbly to changes in the times with the support of well-trained diverse human resources and effective governance that improves the transparency of management in an effort to create values demanded by society.