**Financial Targets (FY 2016)**

- **Consolidated operating profit**: ¥50 billion
- **Consolidated operating margin**: 4.2%
- **ROE**: 5.8%
- **ROA**: 4.8%
- **Operating cash flows**: ¥130 billion or more
  (total for FY2014-2016)

**Capital Investment and Growth Investment (total for FY2014-2016)**

- **Department Store Business**: ¥49.5 billion
- **Parco Business**: ¥37 billion
- **Other Businesses**: ¥3.5 billion
- **M&A**: ¥20 billion

| [ Total ] | ¥110 billion |

**Financial Target Graph**

- **Consolidated operating profit (OP)** and **ROE**

*ROE for FY 2011 and FY 2013 is shown in real terms excluding special factors.

**Positioning of the FY2014-2016 Medium-term Business Plan**

<table>
<thead>
<tr>
<th>Phase for constructing foundations (FY2014-2016)</th>
<th>Phase of dramatic growth (FY2017-2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a new department store model, and otherwise transform the business model with respect to existing businesses</td>
<td>Engage in Group-wide efforts to enhance the appeal of urban areas with our stores at the core, and achieve growth in line with the development of local communities</td>
</tr>
<tr>
<td>Further improve management efficiency (organizational and workforce structure reform, cost optimization)</td>
<td>Enhance the Tokyo metropolitan area business through the Ginza 6-chome District 10 Redevelopment Project and Ueno Store South Wing Rebuilding Project</td>
</tr>
<tr>
<td>Enhance competitiveness by upgrading core technologies</td>
<td>Provide the same products, services and information as those available through physical stores, while creating an environment to enable access to and from customers anytime, anywhere</td>
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</table>

- Drastically enhance competitiveness and profitability as a multi-retailer
- Construct a business model for growth along with regions
  (urban dominant strategy)
- Promote omni-channel retailing that leverages the strengths of real stores
Image of Medium-term Growth

Drastically enhance competitiveness and profitability as a multi-retailer

- Department Store Business ¥28.5 billion (¥6.5 billion higher than FY2013)
  - Significantly higher profits at four priority stores (Daimaru Tokyo, Kobe and Sapporo and Matsuzakaya Nagoya)
  - Expansion of the upscale market centered on sales to geisha customers
  - Rebuilding of Original Merchandising Business and development of new businesses
  - Reinforcing of capabilities to serve tourists from overseas

- Parco Business ¥13.3 billion (¥1.3 billion higher than FY2013)
  - Opening of the new building of Fukukawa Parco (Q1 2014) and floor space expansion of the main building (spring 2015)
  - Development of Sendai New Building (tentative name) (spring 2016)
  - Swift development of Zero Gate business including Nagoya (Q1 2014) and Sapporo (spring 2016) projects
  - Annual renovation of roughly 15% of overall floor space tailored to shifting and diversifying consumer needs

- Other Businesses ¥8.2 billion (¥1.4 billion higher than FY2013)
  - Credit Business ¥4 billion (¥0.8 billion higher than FY2013)
  - Staffing Service and Commissioned Sales Operations Business ¥1.3 billion (¥0.4 billion higher than FY2013), etc.

Forge a business model for growth along with regions (urban dominant strategy)

- Ginza 6-chome District 10 Redevelopment (scheduled to open in November 2016)
  - Image of external view "Subject to changes.
  - We are committed to creating an unparalleled commercial facility with the right concept for Ginza which has long attracted a diverse range of visitors from throughout Japan and the entire world and we will work with other commercial floor owners to operate all commercial floors in an integrated manner.

- Rebuilding of the South Wing of Matsuzakaya Ueno Store (scheduled to open in fall 2017)
  - The south wing will be rebuilt as a high-rise complex featuring a Parco store, a cinema complex and sophisticated office facilities such that are not currently available in the Okauchimachi district, Ueno. This project will breathe new life into the Okauchimachi district, which is undergoing many redevelopments, and contribute to the vitality of the area.

- Shinsaibashi District Redevelopment
  - To make us significantly more competitive in the Osaka area where an over-abundance of large commercial facilities increases competition, we will move forward with the Shinsaibashi district redevelopment project which is centered on Daimaru Shinsaibashi store (the main building and north and south wing), and also involves the use of real estate and commercial facilities in the district.

Promote omni-channel retailing

With the aim of establishing predominance over the competition in the mid- to long-term, we will raise the level of customer support of the Group centered on retail stores in key urban areas, offer products, services and information similarly online and in physical stores, thus realizing fine-tuned response to our customers by providing seamless access to and from them anytime, anywhere.

Dramatic growth in 2017 and after