

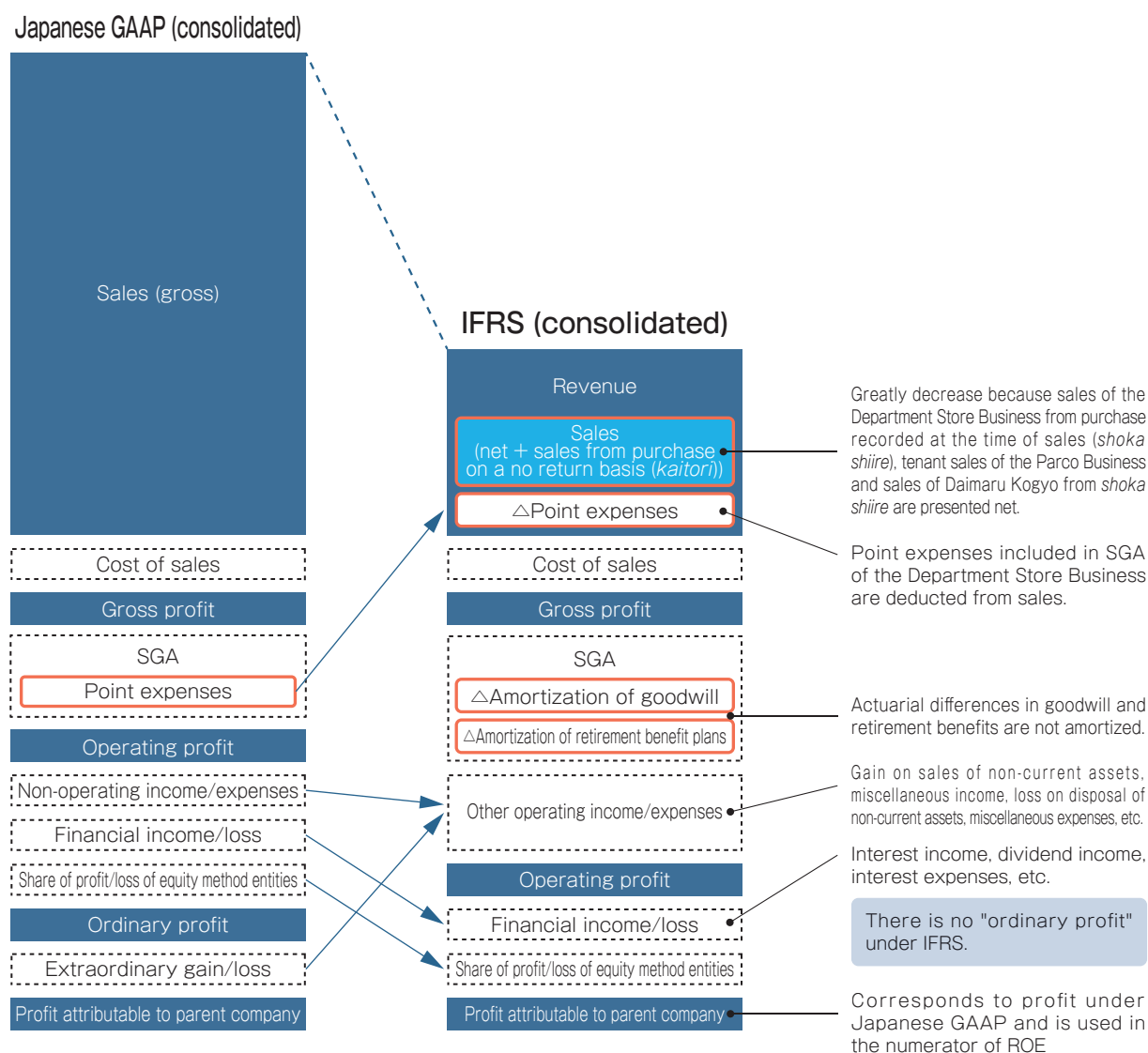


# Major Changes Resulting from Application of IFRS (International Financial Reporting Standards)

The Company has decided to apply the International Financial Reporting Standards (IFRS) beginning in March 2017 for the purpose of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and enhancing accountability to domestic and overseas investors by improving the international comparability of financial information.

The Group discloses earnings forecasts and financial results, including the quantitative management objectives set forth in the Medium-term Business Plan, which started in fiscal year 2017, on an IFRS basis.

## Comparison between Japanese GAAP and IFRS



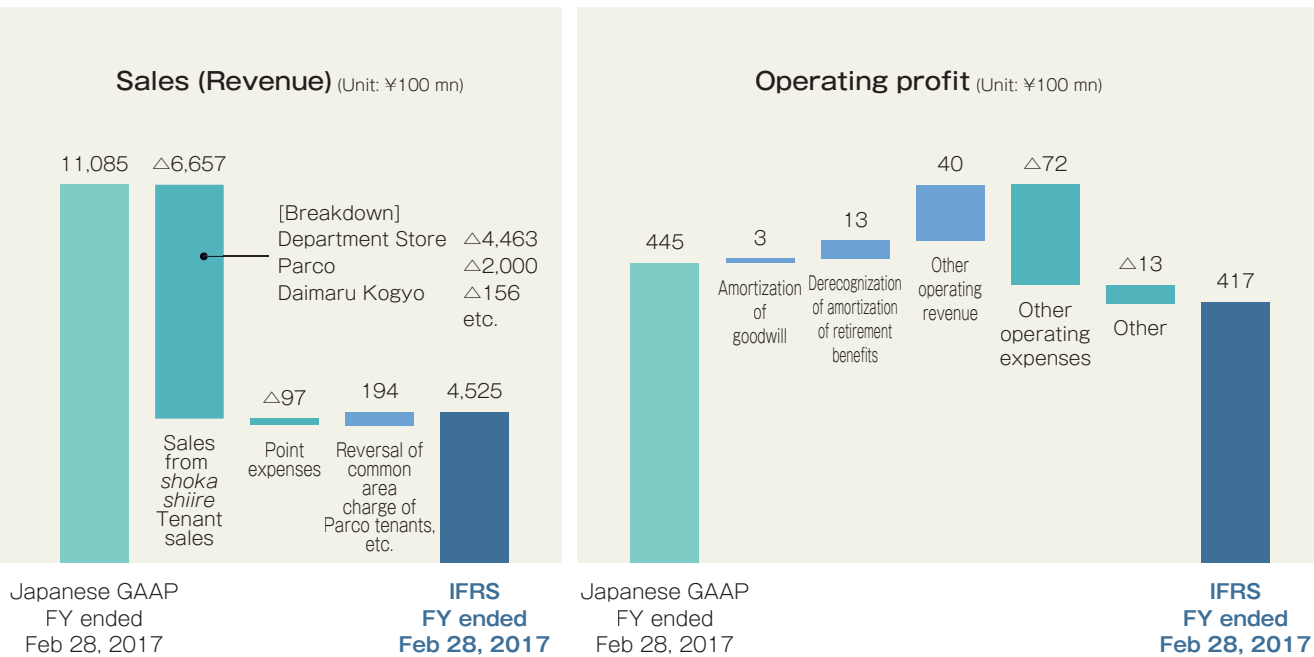
### Reference indicator

In consolidated financial statements, with the objective of maintaining comparability with previous periods, the following reference indicators are presented.

<b>Gross sales</b>	Of revenue under IFRS, mainly sales from <i>shoka shiire</i> of the Department Store Business have been converted into gross amount and the net amount of sales of the Parco Business into tenant transaction amount (gross amount basis).
<b>Business profit</b>	(Operating profit under IFRS) - (Other operating revenue, etc. under IFRS) + (Other operating expenses, etc. under IFRS)

## Consolidated P/L

- Sales decrease by around 60% due to net presentation of sales from *shoka shiire* and tenant sales and deduction of point expenses.
- Operating profit decreases partly due to reclassification of non-operating income/expenses and extraordinary gain/loss (e.g. loss on disposal of non-current assets).



## Consolidated B/S

- Assets (land, leasehold right and others) and shareholders' equity (retained earnings) decrease due to recalculation of the book value of land, etc. made at market value at the time of transition to IFRS. Liabilities decrease due to tax effect.

(Unit: ¥100 mn)

