



ISETAN MITSUKOSHI HOLDINGS

## Annual Report 2016

Exceed  
your expectations

Times are changing.  
You don't want just a repeat of yesterday.  
You want to move forward.  
And you want your surroundings to move too.  
Feel confident. Face forward.  
Desire the best. Challenge the world.  
Enlarge your outlook, your life.  
Expect more.

Use your strength,  
Industriousness and creativity,  
to your best advantage.  
And see what you can become.

#\_this is japan



MITSUKOSHI

ISETAN



# What is... “this is japan.”?

In 2011, we decided to take a fresh look at the value emanating from Japan’s traditions, culture, and sense of beauty and begin offering our customers new value under a campaign we called “JAPAN SENSES.” Taking this initiative even deeper, we created “this is japan.” in 2015 to draw on the five senses — as shaped in the aesthetic realm of Japan — to curate product offerings, hone the sense of hospitality we bring to customer service, and even shape the personal demeanor of our employees. Through “this is japan.” we have refined the very essence of Isetan Mitsukoshi.

“this is japan.” sets the tone for a new Isetan Mitsukoshi Group as it looks to the future. It provides a foundation for our motivation and conduct; it is an expression of the frame of mind that will guide us as we select tangible and intangible value rooted in Japan’s culture and way of life, and bring it to customers in Japan and abroad.

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### What’s new about “this is japan.” in 2016?

In 2016, the second year of “this is japan.”, we have launched a new advertising campaign featuring Eddie Jones, formerly the head coach who led Japan’s national rugby team to unprecedented success in the 2015 Rugby World Cup. “Exceed your expectations” — That is Eddie Jones’ message to Japan and we are promoting that, together with “this is japan.” in 2016. Instagram hashtag: #\_this is japan



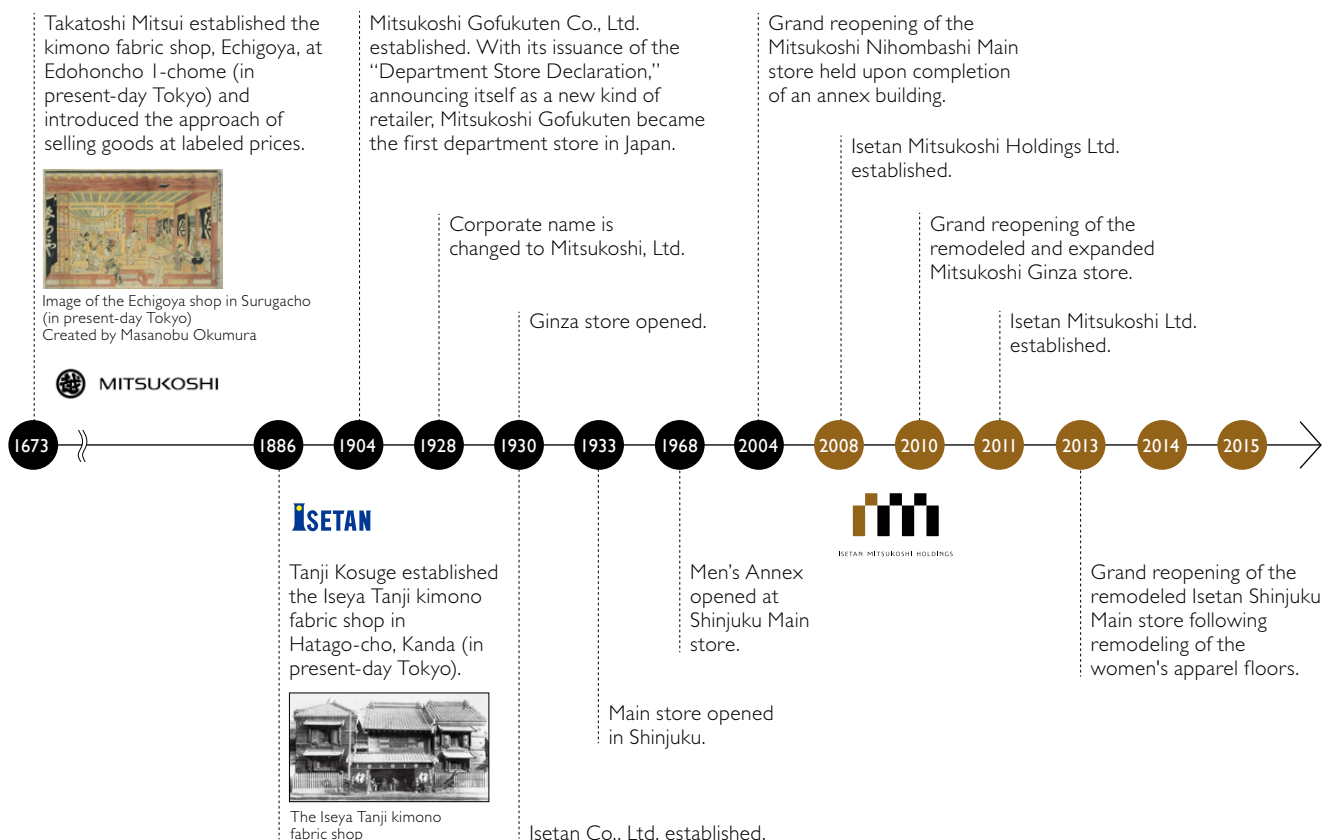
## Isetan Mitsukoshi Group

# Group Vision

To become the indispensable department store for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in the many different aspects of their lives.

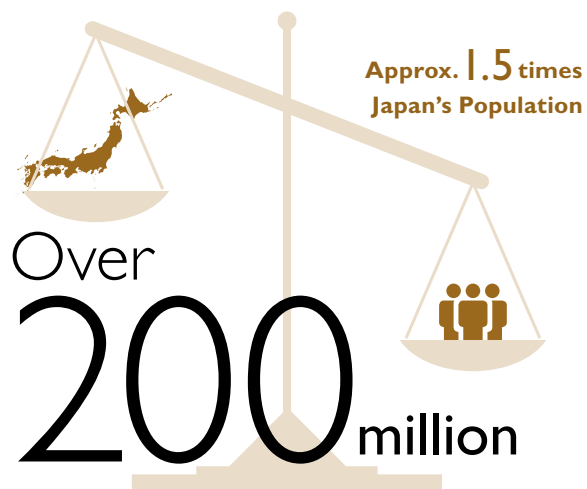
By doing so, we aim to become the world's foremost retail services group with high profitability and sustained growth.

### History of the Isetan Mitsukoshi Group



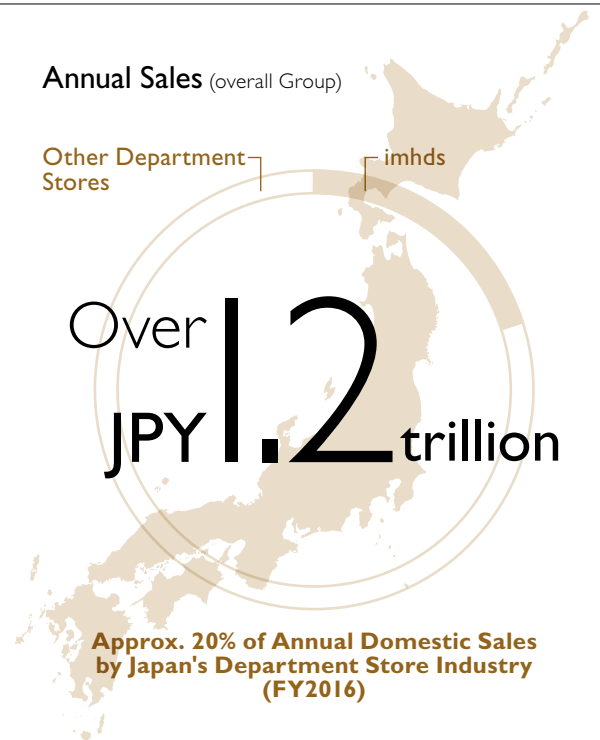
## Isetan Mitsukoshi in Numbers

### Annual Store Visits (total of group department stores in Japan)

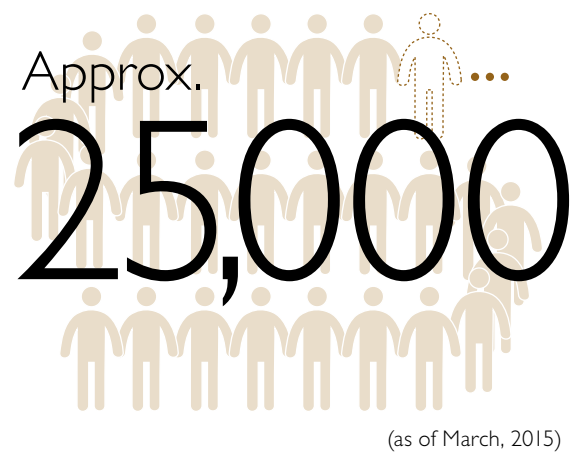


Japan's population of approximately 127 million. < Isetan Mitsukoshi's store visits exceed

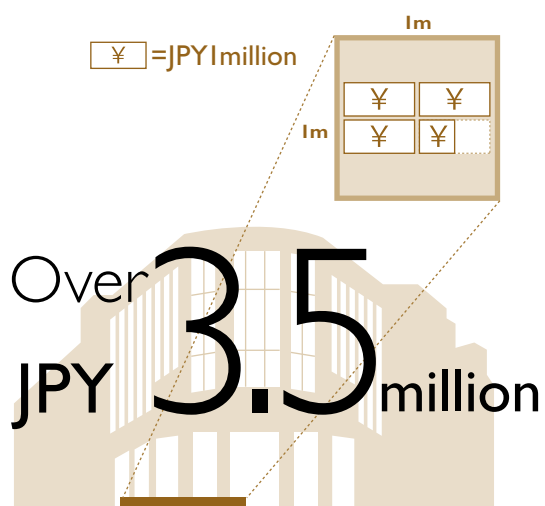
### Annual Sales (overall Group)



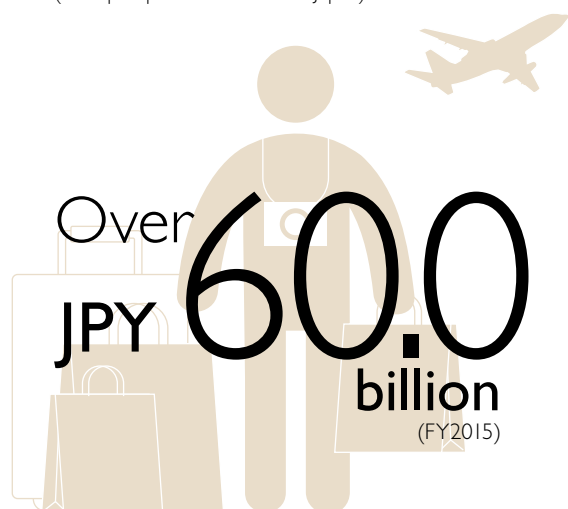
### Employees (overall Group in Japan) Excluding part-time employees and trainees



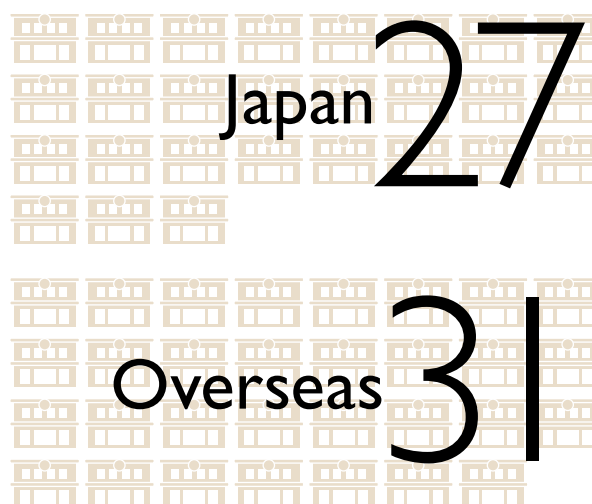
### Annual Sales per 1m<sup>2</sup> of Sales Floor (Isetan Shinjuku Main Store)



### Sales to Inbound Tourists (Group department stores in Japan)



### Total Number of Stores Including equity-method affiliates



(as of April 2016)



# Basic Strategies and Business Development

Advancing Four Basic Strategies to Achieve 50 Billion Yen in Consolidated Operating Income in FY2018 and Sustainable Growth Going Forward.



## Changes in Society

Falling Birthrate/Aging Population



Diversifying Consumer Needs



Greater Inbound Demand



More Women in the Workforce



Advance of Digital Technology



## Medium-Term Management Plan

### BASIC STRATEGY 1

#### Creating content with high customer value

- Offer merchandise, services, and information representing unparalleled customer value from a global perspective, and propose new lifestyles consolidating this value.

### BASIC STRATEGY 2

#### Expanding and enhancing customer interaction

- Continuously enhance and expand customer interaction at the three flagship stores (Isetan Shinjuku Main Store, Mitsukoshi Nihombashi Main Store, Mitsukoshi Ginza Store)
- Draw on the Group's broad range of resources to develop customer interaction tailored to customer consumption profiles.

### BASIC STRATEGY 3

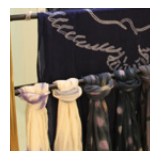
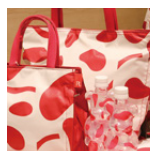
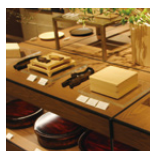
#### Improving productivity

- Create a new business framework (reform the business model)
- Develop commercial real estate operations that take advantage of the Group's merchandise curation capabilities as a retailing enterprise.
- Apply the Group's real estate holdings throughout Japan in the most productive ways possible.

### BASIC STRATEGY 4

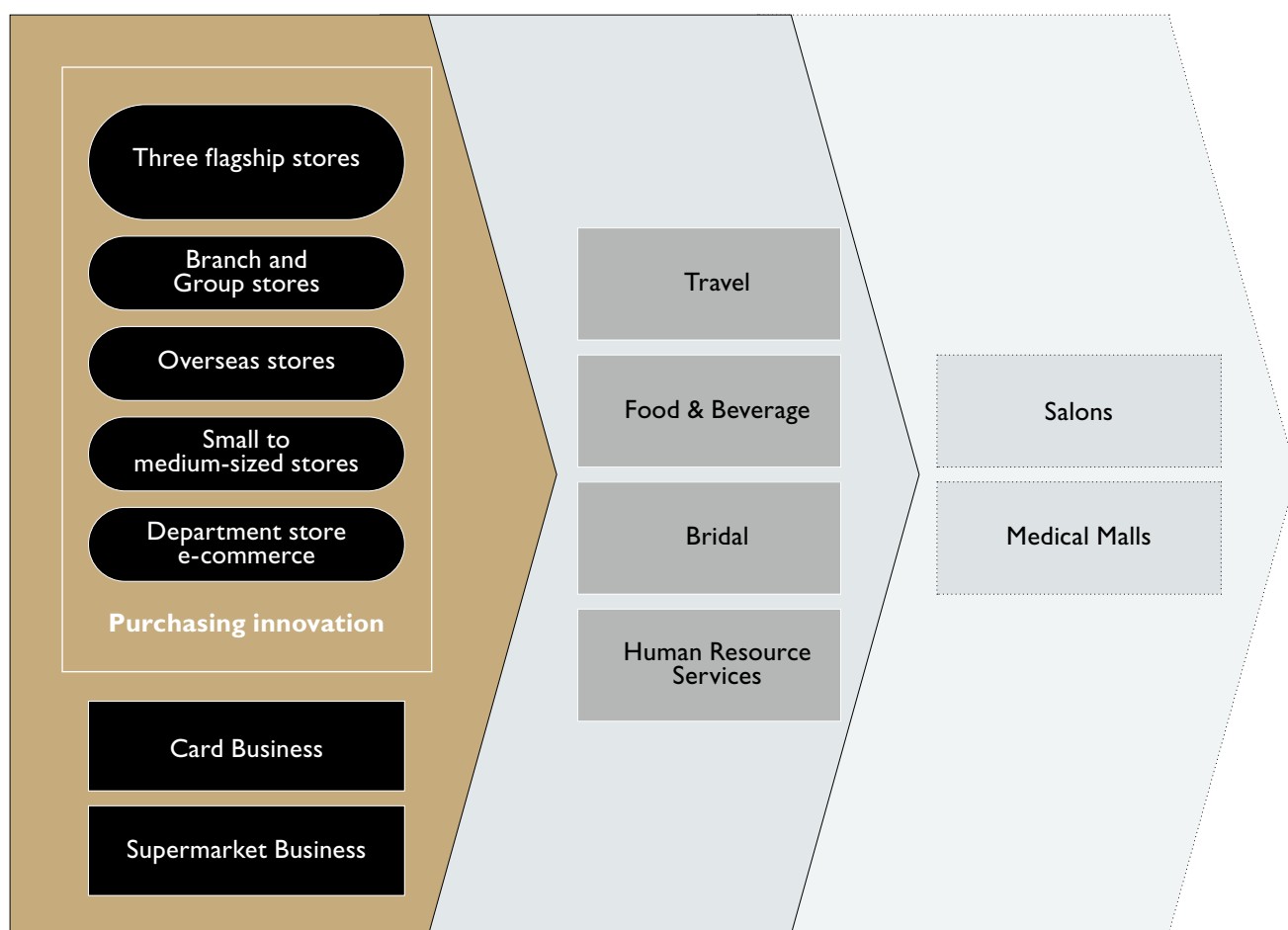
#### Strengthening fundamentals to use group resources

- Apply fundamental strengths developed in the department store and other businesses as part of an effort to use Group resources wherever they may be of value throughout the Group.
- Continue accumulating know-how and resources, and apply them to even greater effect in merchandising, operations, and cost management.



Strengthen the Department Store Business

Development of New Businesses for Even Greater Growth



### Strengthening Fundamentals

(Strengthen human resource development/Develop Group marketing strategy)

### Corporate Governance

We will continue to create absolute value to achieve JPY50 billion in operating profit in FY2018 and sustainable growth beyond.



Hiroshi Ohnishi President and CEO

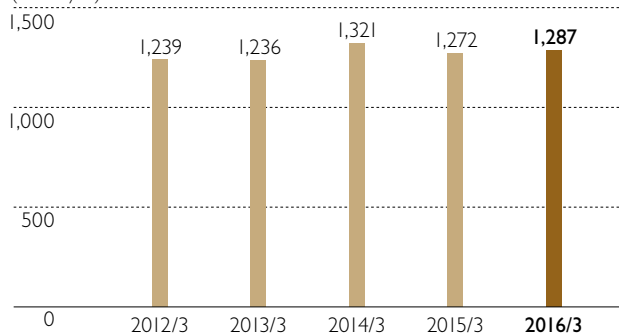
## Financial Results for FY2015

The Isetan Mitsukoshi Group focuses its resources, and know-how we began developing even before the advent of department stores in Japan, on realizing its Group Vision — namely, “To become the indispensable department store for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in the many different aspects of their lives. By doing so, we aim to become the world’s foremost retail services group with high profitability and sustained growth” Toward that end, we embarked on our Japan Senses campaign in 2011 to offer new value based on the best of Japanese traditions and culture. In 2015, we took that campaign to an even deeper level by further refining the singularity of already unique products and services, and creating new value the world could not ignore, under the theme, “this is japan.”

As for business results, solid first-half sales mainly at our three flagship stores, in Shinjuku, Nihombashi, and Ginza, underpinned FY2015 net sales of JPY1,287.2 billion, up approximately JPY15.1 billion, or 1.2%, from the previous fiscal year. Operating income finished the year at JPY33.1 billion, up 0.1%. Results in both cases came in below targets.

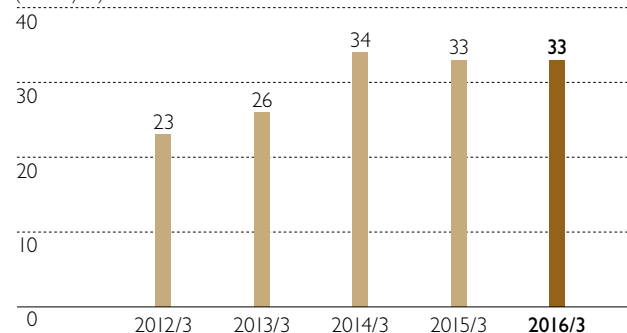
### Net Sales

(Billion yen)



### Operating Income

(Billion yen)





## FY2016 Earnings Forecast

For FY2016, we are projecting net sales of JPY1,360.0 billion, an increase of JPY72.7 billion, or 5.7% compared to the previous fiscal year. (Excluding the impact of the loyalty point system introduction for MI Card credit cards, net sales are projected to increase by JPY35.6 billion, or 2.8%.) Operating income is expected to reach JPY37.0 billion.

With consumption by inbound tourists having passed its peak, and increasingly severe competition in sales of clothing, there will be significant challenges in getting sales back on track and in achieving earnings targets. Nevertheless, by further enhancing our line of highly unique merchandise and expanding our sales channels to include more small- and medium-sized stores, and electronic commerce, we aim to increase sales, raise our profit margin, and achieve planned targets.

## Shareholder Returns

The Isetan Mitsukoshi Group's basic approach to shareholder returns is to maintain stable dividend levels while increasing corporate value over the long term. We aim to return profit

to our shareholders based on a comprehensive consideration of the management environment, our business performance, and financial soundness.

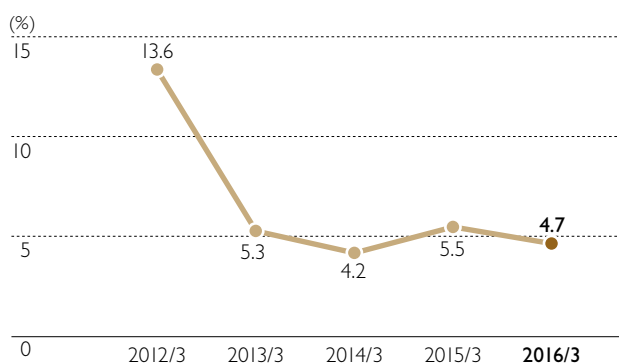
For FY2016, we are projecting a full-year dividend of JPY12 per share, including an interim dividend of JPY6 per share and a year-end dividend of JPY6 per share. Going forward, we intend to maintain a dividend payout rate of 20%.

Regarding economic conditions for the coming period, factors such as the slowdown in the Chinese economy, yen appreciation, and the downward trend in share prices point to difficult times ahead. And with personal consumption slowing down in general, and not only among the middle class, it is likely that more time will be needed before a robust recovery takes hold.

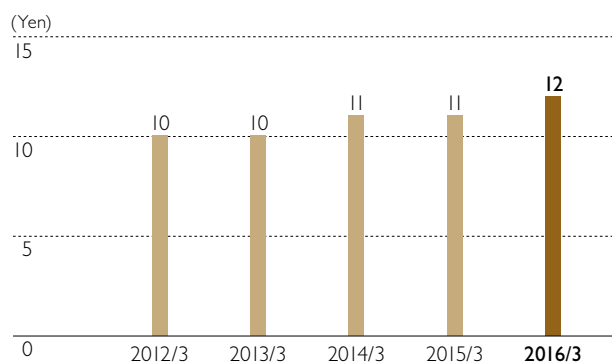
Given these conditions, the Isetan Mitsukoshi Group aims to focus investments and streamline operations, while continuing to act with a sense of urgency in implementing the Medium-Term Management Plan to achieve further growth. Our greater goals are to create absolute value found nowhere else and achieve ongoing increases in corporate value.

We will also continue to be earnest and open-minded in interactions with shareholders and other stakeholders to maintain and build on these indispensable relationships, which rely on a foundation of trust. We thank you for your support and encouragement going forward.

### ROE



### Cash Dividend Per Share



## Offering New Value through Stores Created Like No Others

The Isetan Shinjuku Main Store gives life to art, music, and future entertainment.

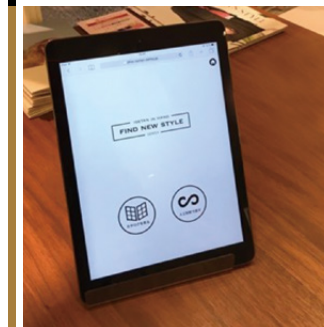
The Mitsukoshi Nihombashi Main Store creates art and culture that appeal to a new segment of customers.

The Mitsukoshi Ginza Store has refined itself to serve the needs of a global clientele.



## Applying Digital Technology to Offer New Value

### Offering a New Shopping Experience with the SENSY Artificial Intelligence System



In April 2015, we introduced the ISETAN Navi app. With ISETAN Navi, users can find directions to Isetan stores, and receive timely suggestions, details on upcoming events, and other information making shopping at Isetan even more enjoyable.

SENSY is an app that uses data on the styling approaches of popular fashion stylists. We began inviting customers to experience SENSY at Isetan stores in March 2016.



### Various Events Making Use of Advanced Technology



The "ISETAN MEN'S x Microsoft Surface ~Wear the Future~" campaign, expressing the "Future Department Store" concept, was conducted in February 2016.

We have held events melding fashion and the latest in digital technology. The Memomi virtual fitting mirror and other products were displayed in August 2015.

## Conducting a Wide Variety of Events Promoting Japanese Culture

### Promoting Japanese Style in Daily Life



SEKItowa was introduced in February 2016 as an original brand boutique offering men's fashion and design applying creative techniques used in traditional Japanese crafts.

Gallery LIFE MINING, a space for promoting uniquely Japanese lifestyles and culture, was opened in February 2016.

### Japanese Food Culture Experienced through the Five Senses



Aiming to create a venue for encountering a new sense of taste, we opened Jiyuan, an environment for experiencing enjoyment and pleasure through seasonal cuisine, in March 2016.



The World's Most Up-to-Date  
Global Department Store

## Mitsukoshi Ginza Store



## Major Remodeling to Deliver “the World’s Highest Level of Hospitality”

### Practicing the World's Highest Level of Hospitality in Serving International Customers



The Foreign Customer Service counter was established in September 2015 to provide the world's highest level of hospitality to customers coming to us from locations across the globe.

### Disseminating Information on the Latest Trends in Japan and Throughout the World



Global Message spaces were introduced in October 2015 in the main section of every floor to promote the latest in styles from Japan and across the world.

### Japan's First Airport-Style Downtown Duty-Free Store Outside of Okinawa



Japan Duty Free GINZA was opened in January 2016 as an airport-style downtown duty-free store offering what every international traveler wants, in a sophisticated environment where the best of Japanese tradition coexists with the latest in Japanese innovation.

## On the Horizon

### Isetan Shinjuku Main Store

Remodeling of the restaurant and food products floor is scheduled to take place in the 2016–2017 timeframe. Given the planned expansion of the Japan and international food market, consideration is being given to having restaurants stay open until midnight.

### Mitsukoshi Nihombashi Main Store

A JPY12 billion comprehensive remodeling is scheduled for completion in spring of 2018. Kengo Kuma has been commissioned to realize his vision of a “Culture Resort Department Store.”



Mitsukoshi Nihombashi Main Store:  
Rendering of the Main Building's 1<sup>st</sup> floor after remodeling

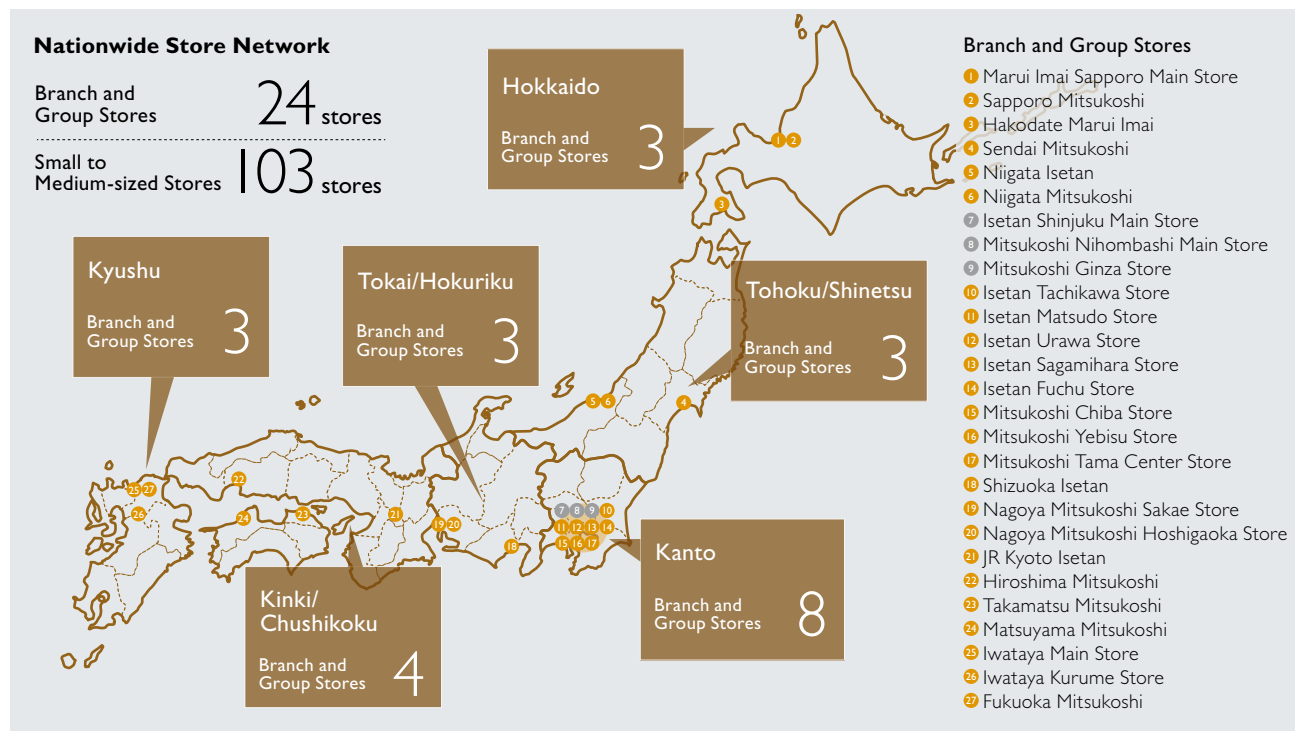
### Mitsukoshi Ginza Store

An extension of the major remodeling completed in fall of 2015 and enhancement of the 8th floor duty-free store are planned to add the final touches to the world's most up-to-date global department store.



## Draw on Diverse Offerings and Stores to Strengthen Earnings

Focus development attention on SPA and internally curated merchandise, and continue to open small to medium-sized stores (low-cost operations linked to main stores) to reach a total of 126 stores by FY2018.



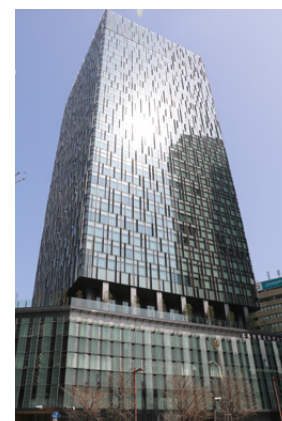
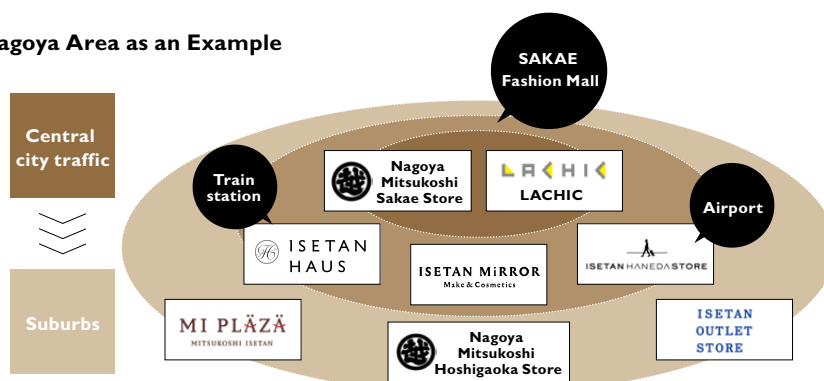
as of July 31, 2016

### Branch and Group Stores

Use an Area-Dominance Strategy to Draw Customers to a Diverse Range of Stores

- Focus on developing small to medium-sized stores around regional flagship stores
- Offer internally curated and SPA merchandise

### Nagoya Area as an Example



Exterior view of Nagoya Isetan Haus

## Small to Medium-sized Stores

### Accelerate Openings of Small to Medium-Sized Stores

- Open stores across a diversity of formats responding to customer needs throughout Japan
- Open 126 small to medium-sized stores by FY2018

#### MI PLAZA Satellite Shops

Stores with a very strong local orientation

Offering general goods, food products, gift items, and other merchandise and services



79  
stores

#### ISETAN HANEDA STORE

Airport-terminal-style store

Focuses on men's and ladies' fashion and accessories for business and leisure travelers



3  
stores

#### ISETAN MIRROR Store emphasizing bold merchandise line

Using the know-how of the Isetan Shinjuku Main Store, this store offers luxury cosmetics and accessories



13  
stores

#### Select Stores Medium-sized stores offering internally curated merchandise

Specialty stores emphasizing their ability to internally curate fashion merchandise



3  
stores

#### ISETAN OUTLET STORE

Located in suburban outlet malls, these stores offer a diverse merchandise selection



5  
stores

Present

103  
stores



FY2018 Target

126  
stores

## Newly Opened Select Stores

### ISETAN SALONE MEN'S (Marunouchi)

Opened in December 2015 with approx. 900m<sup>2</sup> of floor space

Exclusive men's fashion store with the salon approach of the Men's Annex of the Isetan Shinjuku Main Store



### ISETAN HAUS (Nagoya)

Opened in March 2016 with approx. 3,000m<sup>2</sup> of floor space

Drawing on the curating and promotion capabilities of the Isetan Shinjuku Main Store, these stores offer an optimal balance of merchandise reflecting regional characteristics





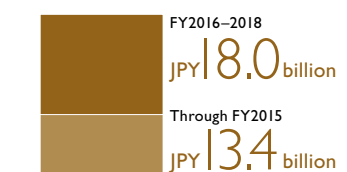
## Toward Value Creation and Earnings Growth

To create new, cultivated lifestyles, we develop and procure highly compelling content on a global basis. Putting forth exceptional merchandise customers will prize, we offer optimal balances of value and price in making the most of the SPA business model to enhance our profitability.

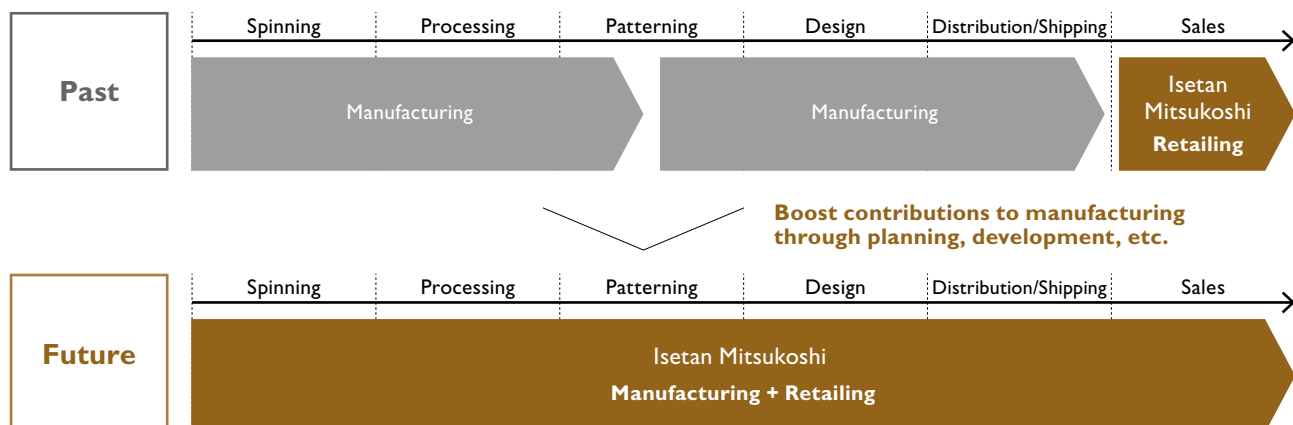
### Procurement System Reform

- Revising upward the original targets of our Medium-Term Management Plan, we are now aiming to achieve JPY30 billion in value creation by FY2018
- SPA branding and concentration by focusing on value and price  
<NUMBER TWENTY-ONE (Women's shoes)/ISETAN MEN'S (Men's fashion)/BPQC/Slice of life/ISETAN TARTAN (Women's fashion and accessories)>

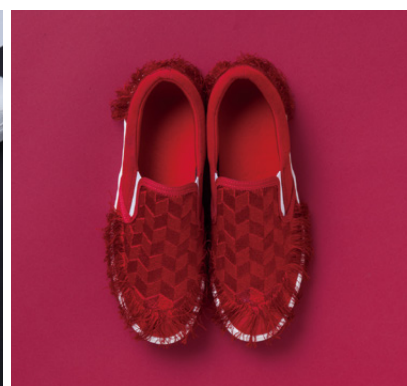
Earnings Impact of Procurement System Reform



### Earnings Creation by Pursuing the SPA Business Model



### SPA Business Model Example Case—NUMBER TWENTY-ONE



NUMBER TWENTY-ONE becomes the No.1 brand (pairs sold) of women's shoes

## Strengthening Fundamentals

- Establish an information strategy division to create new value for customers and enhance productivity
- Use the integrated customer database to build the system platforms that will serve as the foundation for next-generation management and support customer value.
- Establish a new marketing approach applying artificial intelligence (AI) and other tools to offer new value beyond expectations

### Development of Growth Areas that Provide New Value

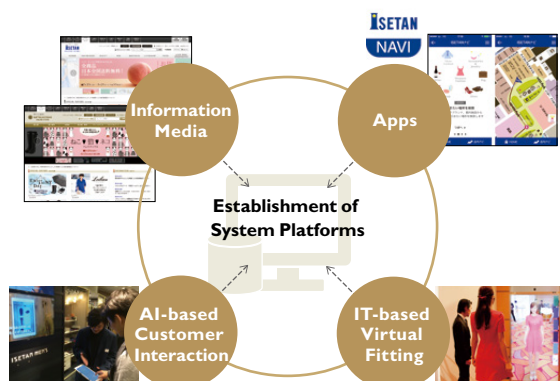
**Intangible Businesses**  
(Food and beverage, bridal, travel, etc.)

**Digital Businesses**

**Global Development**

#### IT Strategy

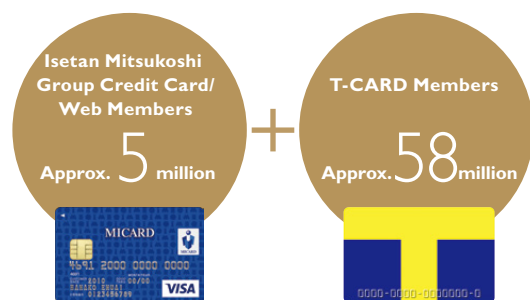
Use the latest IT to build system platforms serving as the foundation for next-generation management and supporting customer value.



#### Group Marketing Strategy

Use internal group data and external data to pursue digital marketing.

##### Member Information Platform



### Strengthen Human Resource Development

**Career Opportunities for Diverse Workforce**

**Promotion and Professional Development of Women and People Early in Their Careers**

**Hiring of Specialists**

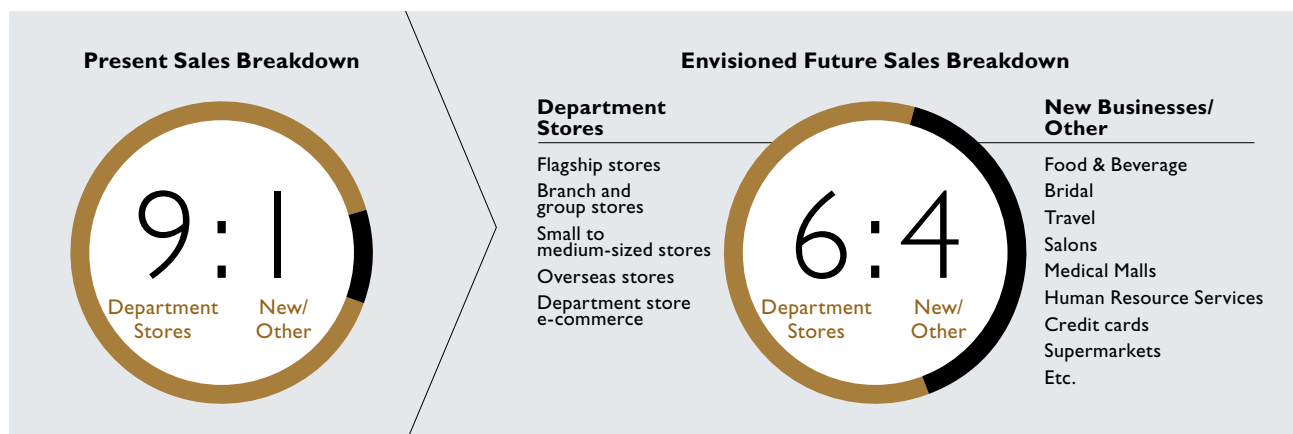
## For Further Growth Expanding Our Business Beyond the Tangible

In expanding our business in growth sectors, as called for in our Medium-Term Management Plan, we see tremendous potential in the area of intangibles related to customers' life events and are moving forward with the development of highly unique new businesses drawing on the strengths of the Isetan Mitsukoshi Group.

### New Businesses

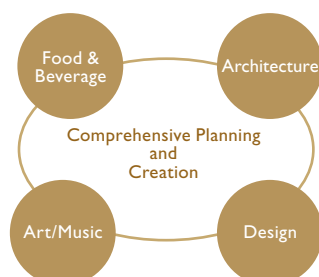
#### Strengthening New Business Initiatives through Partnerships with Companies that Are Experts in Their Fields

- Melding the outstanding customer base and integrity developed over the long history of the Isetan Mitsukoshi Group, with the exceptional sensibilities and troves of expertise found in partner companies, creates an unprecedented ability to shape the tangible and intangible



#### Food & Beverage Business

Establishment of a new company with Transit General Office Inc.  
Comprehensive planning and creation of restaurants and cafés inside and outside the Group.



#### Bridal Business

Establishment of a Joint Venture with Plan Do See Inc.  
Offering next-generation customers wedding ceremonies unlike any other.



#### Travel Business

Establishment of Isetan Mitsukoshi Travel Co., Ltd.  
Development and sales of premium value-added travel packages.

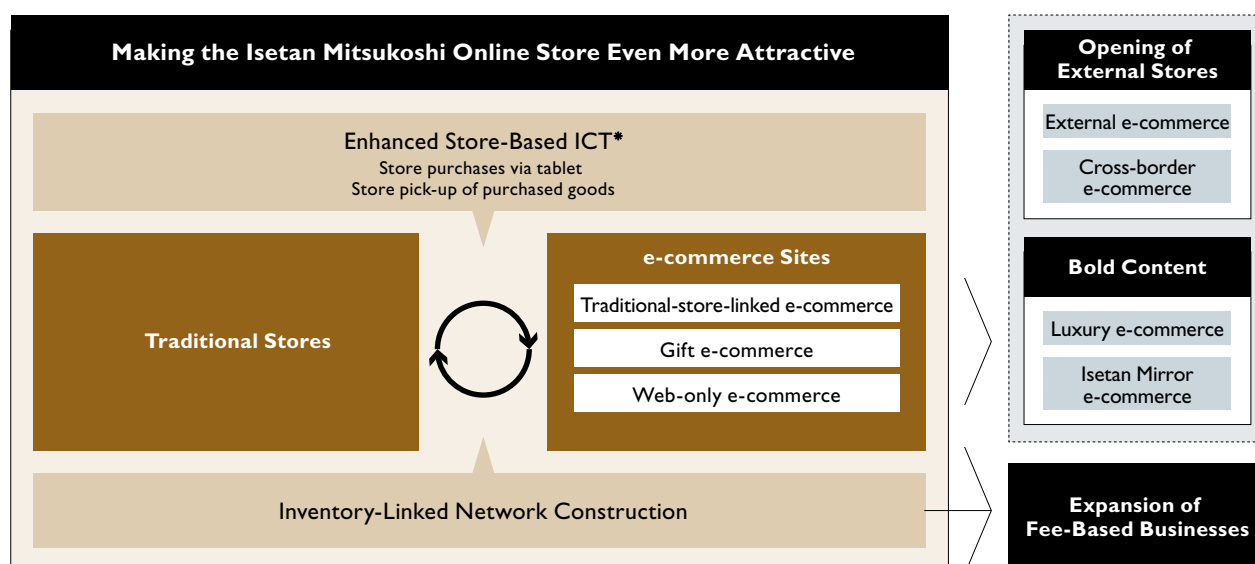


Mitsukoshi Premium Cruiser

## E-commerce Business

### Strengthening the e-commerce Business to Expand Customer Interactions

- Use the Isetan Mitsukoshi Online Store as a resource for expanding the e-commerce business
- Having established NOREN NOREN ISETAN MITSUKOSHI as a luxury online store enabling lifestyle suggestions in collaboration with Isetan Mitsukoshi traditional stores and stylists (salespeople), launch forays into external and cross-border e-commerce



\*Information and Communication Technology

## Adding E-commerce to Mix

### New Phase of Our Global Strategy

- With “this is japan.” — the evolved extension of the JAPAN SENSES campaign to introduce exceptional goods and creative skills from throughout Japan — setting the tone, focus on introducing the history and culture behind *monozukuri*, together with Japanese spirituality, to the world
- Use global e-commerce, outbound, and other channels to introduce Japanese content to the world



Opening of the “ISETAN The Japan Store Kuala Lumpur” with the cooperation of the Cool Japan Fund, in October 2016.



ISETAN The Japan Store Kuala Lumpur:  
Rendering of the ground floor

# Corporate Governance

## Basic Views

The Isetan Mitsukoshi Group, in striving to fulfill its vision of being the world's foremost retail services group, is committed to earning and maintaining the trust of its customers, employees, shareholders, business partners, local communities, and all other stakeholders.

### Corporate Governance Guidelines

<http://www.imhds.co.jp/ir/governance/index.html>

## Corporate Governance System

Since its establishment in 2008, the Group has employed a governance system under which it has adopted the "Company with Audit & Supervisory Board" form defined in Japanese law and, accordingly, has established separate oversight and business execution functions as described below. Promoting aboveboard, highly transparent management activities and swift decision making, we are striving to maximize our corporate value.

### • Management Oversight Structure

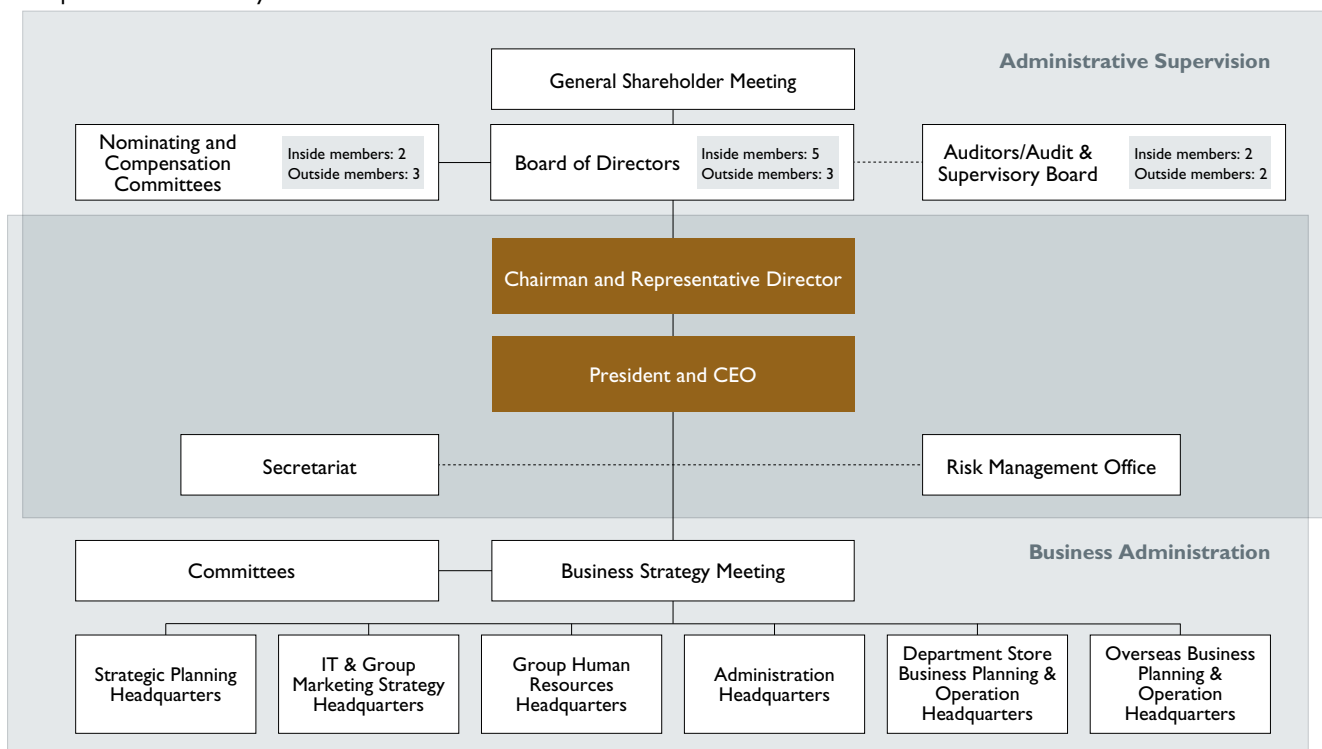
#### Board of Directors

The Board of Directors, consisting of three outside directors and five inside directors, meets once a month, as a rule, to perform its function as the Group's highest management-decision-making body. In addition, two outside Audit & Supervisory Board members and two full-time Audit & Supervisory Board members attend meetings of the Board of Directors as independent observers to help ensure that responsibilities to exercise due diligence and loyalty are fulfilled by the directors in the performance of their duties.

#### Advisory Body to the Board of Directors Nomination and Remuneration Committee

The Nomination and Remuneration Committee, established as an advisory body to the Board of Directors, consists of three outside directors and two inside directors. As a rule, it meets once a month to discuss personnel and remuneration matters concerning directors, executive officers, and others, and reports its findings to the Board of Directors.

### Corporate Governance System





## Audit & Supervisory Board Members and the Audit & Supervisory Board

Audit & Supervisory Board members, as members of an independent body overseeing directors in the performance of their duties, help to ensure the Company's healthy, sustainable growth and contribute to the maintenance of corporate governance that is equal to the trust of society. In addition, Audit & Supervisory Board members regularly exchange views with the representative directors and independent auditor, and share information on internal audit results and other matters with the Internal Audit Division, within a system intended to ensure effective audits.

The Audit & Supervisory Board consists of two outside members and two full-time members who, as a rule, meet once a month to hear reports by each Audit & Supervisory Board member on important matters that have emerged in carrying out the audit plan. They also discuss and render decisions on these matters as necessary.

### • Business Execution Structure

#### Business Strategy Meeting

The Business Strategy Meeting consists of executive officers approved by the Board of Directors. As a rule, it meets once a week to discuss and render swift and timely decisions on matters of import to the Group.

#### Various Other Committees

The Compliance and Risk Management Committee, Environmental Committee, Group Corporate Philosophy

Committee, and other committees have been established as advisory bodies to the Business Strategy Meeting. Consisting of members from throughout the Company, these committees continuously undertake studies and examinations of matters that may involve various parts of the Group and are important to Group management.

## Internal Control System

The Group, in striving to practice aboveboard, highly transparent group management and maximize corporate value through initiatives aimed at fulfilling the Group Vision, is implementing its basic policy on the construction of an internal control system to ensure propriety in its business activities.

### Basic Policy on the Construction of an Internal Control System

<http://www.imhds.co.jp/ir/governance/internal-control.html>

## Officer Remuneration

Remuneration for directors and Audit & Supervisory Board members is determined based on discussions by the Nomination and Remuneration Committee, which consists of three outside directors and two representative directors. Remuneration is comprised of basic remuneration paid in fixed monthly amounts; a bonus that is linked to the results of an annual performance review and intended as a regular incentive; and stock options, which are linked to corporate value and are intended as a medium- to long-term incentive.

### Remuneration Amounts for Directors and Audit & Supervisory Board Members

Position	Fixed Remuneration		Bonus		Stock Options	
	Recipients (Individuals)	Amount Paid (¥ Millions)	Recipients (Individuals)	Amount Paid (¥ Millions)	Recipients (Individuals)	Amount Paid (¥ Millions)
Director (Outside director)	9 (3)	177 (32)	5 (-)	58 (-)	5 (-)	48 (-)
Audit & Supervisory Board Member (Outside member)	5 (2)	63 (19)	- (-)	- (-)	- (-)	- (-)
Total	14 (5)	240 (51)	5 (-)	58 (-)	58 (-)	48 (-)

# Risk Management

## Basic View

The Group has established its Basic Regulations on Risk Management to implement overall risk management for all Group companies and has established various measures both for risk management during normal times and for management during times of emergency.

In pursuit of risk management, a risk map analyzing the impact significance and realization likelihood of risks is prepared annually to make apparent the risks facing the Group and strengthen policies for minimizing the impacts of risks that are realized. More specifically, target risks, which vary depending on changes in the Group's environment, are identified and measures to counter them are developed.

## Risk Management System

### • Risk Management Office

The Risk Management Office, established as an independent division directly under senior management, pursues the centralized management of risks affecting the entire Group.

During normal times, the office engages in activities aimed at managing risks to corporate value, quality, safety, health, and employees; ensuring thorough compliance; enhancing the quality of internal controls; and promoting robust corporate governance.

The Risk Management Office responds with speed and flexibility to any risks that are realized.

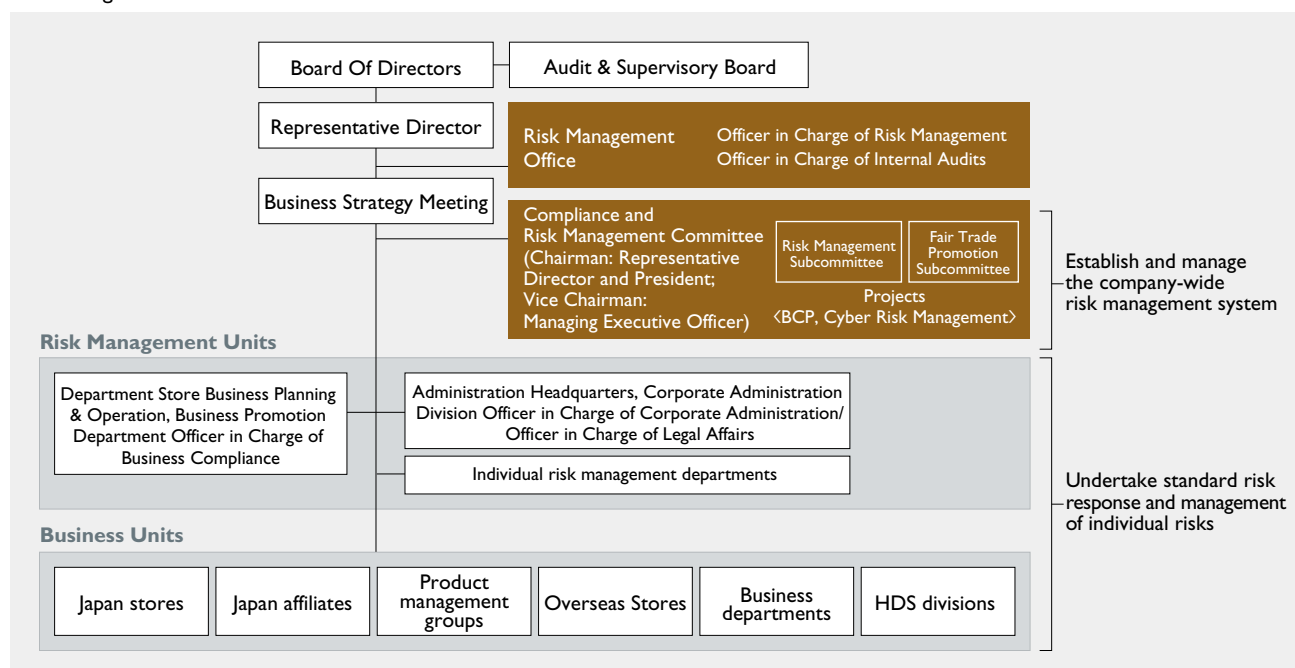
### • Compliance and Risk Management Committee

Established as an advisory body to the Business Strategy Meeting, the Compliance and Risk Management Committee monitors the implementation of measures aimed at minimizing the impacts of potential risks and known risks should they be realized, and advances measures aimed at achieving integrated risk management for the entire Group.

The Compliance and Risk Management Committee is chaired by the representative director and president, who selects 22 other individuals to serve on the committee, making for a total of 23 members.

Audit & Supervisory Board members, and representatives of relevant departments, attend committee meetings as observers and share information.

## Risk Management Structure



# Compliance

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## Basic View

The Group believes that everyone at the Group must embrace compliance as part of our values, consciousness, and actions if we are to truly respect not only the law but also ethics, and social norms and rules. The Isetan Mitsukoshi Group Corporate Philosophy has been set forth as a code of conduct for executives and other employees. Efforts are made to ensure that our corporate philosophy is embraced throughout the Group and to maintain and enhance our compliance system, so that we remain equal to the trust of society.

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## Compliance System

The Internal Audit Division was established within the Risk Management Office as an independent body to audit the legality and acceptability of business activities.

As one measure for ensuring thorough understanding of these matters in regular business activities, employees are provided with the Compliance Guidebook, which sets forth laws and regulations that must be complied with, and provides standards for ethical behavior, in relationships with customers and business partners.

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## Principal Initiatives

### • Personal Information Protection

To be equal to the trust customers place in us and respond to their expectations, the Group has formulated and made public its Privacy Policy for properly managing and using the personal information customers entrust to us.

In addition, we have established Our Personal Information Management Rules based on our Privacy Policy, and practice proper usage, and strict protection and management, of our customers' personal information.

### • Insider Trading Prevention

Regarding the handling of confidential information, the Group has established its Insider Trading Prevention Rules, and, with strict management of information and initiatives aimed at enhancing awareness of the importance of proper information management, we have established an insider trading prevention system that has gained the trust of equity markets and stakeholders.

The system we have put in place requires that executives and other employees assigned to certain divisions take steps such as providing prior notification when engaging in the trading of equity or other securities.

### • Development of an IR Policy

The Group has formulated and disclosed its IR Policy, and makes strenuous efforts to practice fair information disclosure and communication, in an effort to gain the trust and understanding of shareholders and other investors through its IR activities (public relations activities directed toward shareholders and other investors).

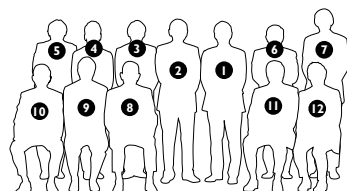
### • Internal Hotline

The Group Hotline Rules have been established to swiftly bring to light and correct inappropriate conduct that occurs at the Group. The Group Hotline is an internal reporting system that all Group employees and all employees of Group business partners may use, via internal and external channels, to report inappropriate conduct.

### • Response to Antisocial Forces

The Group has clearly stated in its Basic Policy on Internal Control System Construction that it will reject relationships with antisocial forces, refuse inappropriate requests from them, and take measures to prevent damage they may attempt to inflict.

## Directors and Officers



- |                   |                   |                 |                      |
|-------------------|-------------------|-----------------|----------------------|
| ❶ Hiroshi Ohnishi | ❷ Toshihiko Sugie | ❸ Yoshio Takino | ❹ Katsunori Nagayasu |
| ❺ Kunio Ishizuka  | ❻ Hideharu Wada   | ❼ Shohei Utsuda | ❽ Koichi Miyata      |
| ❾ Takuya Matsuo   | ❿ Hidenori Takeda | ⓫ Yoshinori Ida | ⓬ Hirotaka Fujiwara  |

### Directors

\* Position currently held

#### Kunio Ishizuka | Chairman and Representative Director

Born September 11, 1949

May 1972 - Joined Mitsukoshi, Limited

February 2012 - Appointed Chairman and Representative Director\* at Isetan Mitsukoshi Holdings Ltd.

April 2012 - Appointed Chairman and Representative Director\* at Isetan Mitsukoshi Ltd.

June 2013 - Appointed Outside Director\* at Sekisui Chemical Co., Ltd.

#### Hiroshi Ohnishi | President and CEO

Born June 13, 1955

April 1979 - Joined Isetan Co., Ltd.

February 2012 - Appointed President and CEO\* at Isetan Mitsukoshi Holdings Ltd. and President and CEO\* at Isetan Mitsukoshi Ltd.

May 2016 - Chairman\* of the Japan Department Stores Association

#### Takuya Matsuo | Director and Senior Managing Executive Officer, Department Store Business Planning & Operation

Born December 27, 1958

April 1982 - Joined Isetan Co., Ltd.

April 2015 - Appointed Director and Senior Managing Executive Officer, Department Store Business Planning & Operation\* at Isetan Mitsukoshi Holdings Ltd., and Director and Senior Managing Executive Officer, Department Store Business Planning & Operation\* at Isetan Mitsukoshi Ltd.

#### Toshihiko Sugie | Director and Senior Managing Executive Officer, Strategic Planning Headquarters

Born February 15, 1961

April 1983 - Joined Isetan Co., Ltd.

June 2012 - Appointed Director, Managing Executive Officer, Strategic Planning Headquarters at Isetan Mitsukoshi Holdings Ltd.

April 2013 - Appointed Director, Managing Executive Officer, Strategic Planning Headquarters at Isetan Mitsukoshi Ltd.

April 2016 - Appointed Director, Senior Managing Executive Officer\*, Strategic Planning Headquarters at Isetan Mitsukoshi Holdings Ltd. Appointed Director, Senior Managing Executive Officer\*, Strategic Planning Headquarters at Isetan Mitsukoshi Ltd.

#### Hideharu Wada | Director, Managing Executive Officer, Administration Headquarters and Properties Administration Division

Born January 4, 1956

June 1978 - Joined Mitsukoshi, Limited

April 2016 - Appointed Director, Managing Executive Officer\*, Operations Headquarters at Isetan Mitsukoshi Ltd.

June 2016 - Appointed Director, Managing Executive Officer\*, Administration Headquarters and Properties Administration Division at Isetan Mitsukoshi Holdings Ltd.

## Outside Directors

\* Position currently held

### Shoei Utsuda | Outside Director Independent Officer

Born February 12, 1943

April 1967 - Joined Mitsui & Co., Ltd.  
June 2007 - Appointed Director\* at Tokyo Broadcasting System Holdings, Inc.  
April 2009 - Appointed Chairman and Representative Director, Mitsui & Co., Ltd. and Director\* at Tokyo Broadcasting System Television, Inc.  
May 2009 - Appointed Chairman\* of the Japan-Vietnam Association  
June 2013 - Appointed Director\* at Isetan Mitsukoshi Holdings Ltd.  
November 2013 - Appointed Director\* at Cool Japan Fund Inc.  
June 2014 - Appointed Outside Director\* at Nomura Research Institute, Ltd.  
June 2015 - Appointed Counselor\* at Mitsui & Co., Ltd.

#### Rationale for appointment

As an experienced corporate manager, Shoei Utsuda has a strong record of accomplishment in ensuring high compliance awareness, restructuring organizations, and achieving gains in business performance. His appointment was based on the assessment that Isetan Mitsukoshi Holdings would benefit from his wealth of experience and knowledge, and that his independent advice and recommendations would contribute significantly to the reasonableness and propriety of decision-making by the Board of Directors.

#### Activities

Attended 14 of 15 Board of Directors' meetings held during the fiscal year under review.

### Yoshinori Ida | Outside Director Independent Officer

Born May 18, 1943

April 1966 - Joined Isuzu Motors Limited  
June 2012 - Appointed Special Advisor\* at Isuzu Motors Limited  
June 2013 - Appointed Director\* at Isetan Mitsukoshi Holdings Ltd.

#### Rationale for appointment

As an experienced corporate manager, Yoshinori Ida has a strong record of achievement in restructuring organizations from the ground up and greatly improving business performance. His appointment was based on the assessment that Isetan Mitsukoshi Holdings would benefit from his wealth of experience and knowledge, and that his independent advice and recommendations would contribute significantly to the reasonableness and propriety of decision-making by the Board of Directors.

#### Activities

Attended all 15 Board of Directors' meetings held during the fiscal year under review.

### Katsunori Nagayasu | Outside Director

Born April 6, 1947

May 1970 - Joined the Mitsubishi Bank, Ltd.  
April 2012 - Appointed Chairman at the Bank of Tokyo-Mitsubishi UFJ, Ltd.  
June 2013 - Appointed Audit & Supervisory Board Member\* at Nippon Steel & Sumitomo Metal Corporation  
June 2014 - Appointed Director\* at Isetan Mitsukoshi Holdings Ltd. and Audit & Supervisory Board Member\* at Mitsubishi Motors Corporation  
March 2016 - Appointed Director\* at Kirin Holdings Company, Limited.  
April 2016 - Appointed Senior Advisor\* at Bank of Tokyo-Mitsubishi UFJ, Ltd.

#### Rationale for appointment

Katsunori Nagayasu has acquired a wealth of experience and financial expertise through a long career in financial institution management. He was appointed as an outside director based on the judgment that his experience and expertise would contribute to the management of Isetan Mitsukoshi Holdings and that his broad insight would allow him to provide advice and recommendations that would help to ensure the reasonableness and propriety of decision-making by the Board of Directors.

#### Activities

Attended all 15 Board of Directors' meetings held during the fiscal year under review.

## Audit & Supervisory Board Members \* Position currently held

### Hiddenori Takeda | Audit & Supervisory Board Member

Born July 5, 1954

April 1978 - Joined Mitsui Bank  
May 2006 - Joined Mitsukoshi, Limited  
June 2015 - Appointed Audit & Supervisory Board Member\* at Isetan Mitsukoshi Holdings Ltd.

### Yoshio Takino | Audit & Supervisory Board Member

Born May 11, 1956

April 1981 - Joined Isetan Co., Ltd.  
June 2016 - Appointed Audit & Supervisory Board Member\* at Isetan Mitsukoshi Holdings Ltd.

### Koichi Miyata | Outside Audit & Supervisory Board Member

Born November 16, 1953

April 1976 - Joined Mitsui Bank  
April 2010 - Appointed Senior Managing Director at Sumitomo Mitsui Financial Group  
April 2011 - Appointed President\* at Sumitomo Mitsui Financial Group, Appointed Director\* at the Sumitomo Mitsui Banking Corporation  
June 2014 - Appointed Director\* at Sony Corporation  
April 2016 - Appointed Director\* at Mitsui Life Insurance Company Limited  
June 2016 - Appointed Outside Audit & Supervisory Board Member\* at Isetan Mitsukoshi Holdings Ltd.

#### Rationale for appointment

Koichi Miyata has a wealth of experience in financial institution management and expertise in financial matters. His appointment as an Outside Audit & Supervisory Board Member was based on the assessment that his experience and expertise would contribute to audits of Isetan Mitsukoshi Holdings, and that his advice and recommendations would help to ensure the reasonableness and propriety of decision-making by the Board of Directors.

### Hiroataka Fujiwara | Outside Audit & Supervisory Board Member Independent Officer

Born May 21, 1954

April 1985 - Joined Law Offices of Iijima and Yamada  
April 1995 - Founded Hikari Sogo Law Offices  
April 2007 - Appointed Lecturer\* at Keio University Law School  
January 2015 - Appointed Representative Partner\* at Hikari Sogo Law Offices  
June 2016 - Appointed Outside Audit & Supervisory Board Member\* at Isetan Mitsukoshi Holdings Ltd.

#### Rationale for appointment

Hiroataka Fujiwara has developed outstanding insight over many years of professional practice as an attorney-at-law. His appointment as an Outside Audit & Supervisory Board Member was based on the assessment that his insight would contribute to the building and maintenance of audit and compliance systems at Isetan Mitsukoshi Holdings, and that his independent advice and recommendations would help to ensure the reasonableness and propriety of decision-making by the Board of Directors.



# Company Profile/List of Consolidated Subsidiaries

## Company Profile

<b>Company name</b>	Isetan Mitsukoshi Holdings Ltd.	<b>Established</b>	April 1, 2008
<b>Principal businesses</b>	1. Management planning and management of subsidiaries and group companies engaged in department store and other businesses, and all related operations 2. Department store businesses	<b>Head office</b>	5-16-10, Shinjuku, Shinjuku-ku, Tokyo 160-0022, Japan
<b>Representatives</b>	Kunio Ishizuka, Chairman and Representative Director (concurrently Chairman and Representative Director, Isetan Mitsukoshi Ltd.) Hiroshi Ohnishi, President and CEO (concurrently President and CEO, Isetan Mitsukoshi Ltd.)	<b>Capital</b>	JPY50.2 billion
		<b>Fiscal year ended</b>	March 31
		<b>Employees</b>	12,363 (as of April 1, 2016)

## List of Consolidated Subsidiaries

<b>Department store business</b>	<p>ISETAN (CHINA) CO., LTD. SHANGHAI MEI LONG ZHEN ISETAN DEPARTMENT STORE CO., LTD. ISETAN TIANJIN CO., LTD. TIANJIN BINHAI NEW DISTRICT ISETAN CO., LTD. CHENGDU ISETAN DEPARTMENT STORE CO., LTD. MITSUKOSHI ITALIA S.p.A. MITSUKOSHI (U.S.A.), INC.</p> <p><b>Credit, Finance, and Fellowship Businesses</b></p> <p>MICARD Co. LTD. MITOMONOKAI Co., Ltd.</p> <p><b>Other retail &amp; specialty store business</b></p> <p>Isetan Mitsukoshi Food Service, Ltd. MAMMINA Co., Ltd.</p>	<b>Mail-order Businesses</b>	<p>Isetan Mitsukoshi Direct Shopping Ltd.</p> <p><b>Real Estate Management Businesses</b></p> <p>Isetan Mitsukoshi Real Estate Co., Ltd.* Isetan Mitsukoshi Property Design Ltd.**</p> <p><b>Information Processing Services</b></p> <p>Isetan Mitsukoshi System Solutions Ltd.</p> <p><b>Human Resource Services</b></p> <p>Isetan Mitsukoshi Human Solutions Ltd.</p>	<b>Logistics Businesses</b>	<p>Isetan Mitsukoshi Business Support Ltd.</p> <p><b>Manufacturing, Import/Export, and Wholesale Businesses</b></p> <p>Isetan Mitsukoshi Gift Solutions Ltd. Leotex Co., Ltd. Leo Mart Co., Ltd. Century Trading Co., Ltd. Isetan Mitsukoshi Italia S.r.l.</p> <p><b>Other Businesses</b></p> <p>Studio Alta Co., Ltd. Isetan Mitsukoshi Travel Co., Ltd.***</p>
<b>Japan</b>					
Isetan Mitsukoshi Holdings Ltd.					
Isetan Mitsukoshi Ltd.					
Sapporo Marui Mitsukoshi Ltd.					
Hakodate Marui Imai Ltd.					
Sendai Mitsukoshi Ltd.					
Nagoya Mitsukoshi Ltd.					
Shizuoka Isetan Co., Ltd.					
Niigata Isetan Mitsukoshi Ltd.					
Hiroshima Mitsukoshi Ltd.					
Takamatsu Mitsukoshi Ltd.					
Matsuyama Mitsukoshi Ltd.					
Iwataya Mitsukoshi Ltd.					
<b>Overseas</b>					
ISETAN (SINGAPORE) LTD.					
ISETAN OF JAPAN SDN.BHD.					
ISETAN (THAILAND) CO., LTD.					

\* Mitsukoshi Real Estate Co., Ltd. changed its name to Isetan Mitsukoshi Real Estate Co., Ltd. as of April 1, 2015.

\*\* Isetan Mitsukoshi Property Design Ltd. and Mitsukoshi Kankyo Design Co., Ltd. merged on October 1, 2014, with Isetan Mitsukoshi Property Design Ltd. as the surviving company.

\*\*\*Isetan Mitsukoshi Travel Co., Ltd. was established through the spinoff of Isetan Mitsukoshi Ltd.'s travel operations on July 1, 2015.

# Stock Information

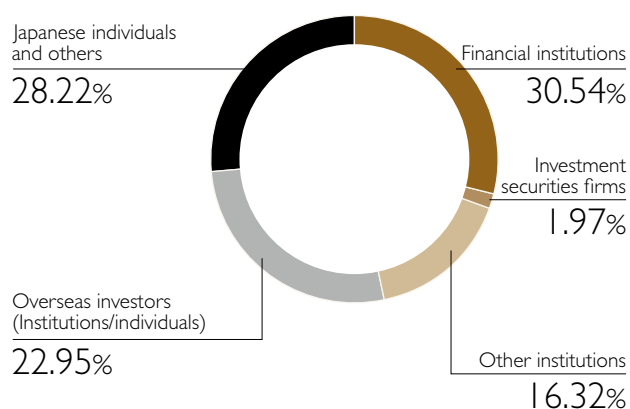
## Essential Data (as of March 31, 2016)

Common Stock Authorized 1,500,000,000 shares  
1 trading unit = 100 shares

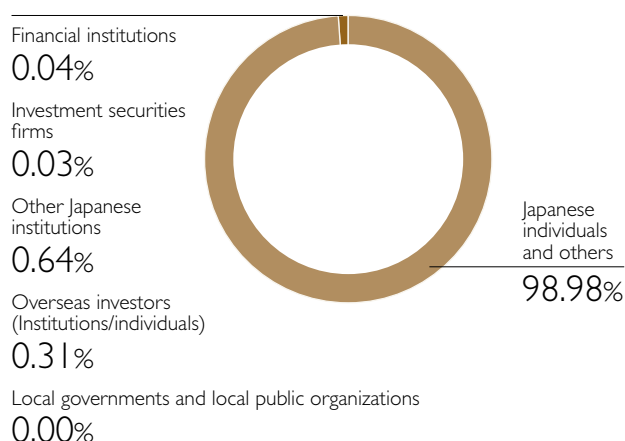
Numbers of Shareholders 204,173

Common Stock Issued 395,118,414  
Includes 3,464,401 treasury shares

### Stock Ownership Breakdown



### Breakdown by Numbers of Investors



## Principal Shareholders (as of March 31, 2016)

Shareholder	Shares Held	Ownership Percentage
The Master Trust Bank of Japan, Ltd. (Trust account)	25,285,300	6.46
Japan Trustee Services Bank, Ltd. (Trust account)	18,952,200	4.84
The Mitsukoshi Health and Welfare Foundation	13,667,832	3.49
Isetan Mitsukoshi Group's partner holding companies	7,808,378	1.99
SHIMIZU CORPORATION	6,200,000	1.58
JP MORGAN CHASE BANK 380055	5,854,488	1.49
Meiji Yasuda Life Insurance Company	5,697,279	1.45
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,342,995	1.36
Mitsui Sumitomo Insurance Company, Limited	5,299,805	1.35
STATE STREET BANK WEST CLIENT-TREATY 505234	5,263,891	1.34



ISETAN MITSUKOSHI HOLDINGS

For Inquiries:  
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Administration Headquarters, Isetan Mitsukoshi Holdings Ltd.  
<http://www.imhds.co.jp/english/>