Materials for Members of the Press

June 3, 2015

Members of the Press:

Fukuoka Airport Building Co., Ltd.
Nishi-Nippon Railroad Co., Ltd.
Isetan Mitsukoshi Holdings Ltd.
Iwataya Mitsukoshi Ltd.

# Opening of Airport Duty-free Shop at Fukuoka Mitsukoshi

Fukuoka Airport Building Co., Ltd. (hereinafter "Fukuoka Airport Building"), Nishi-Nippon Railroad Co., Ltd. (hereinafter "Nishi-Nippon Railroad"), and Isetan Mitsukoshi Holdings Ltd. (hereinafter "Isetan Mitsukoshi HD") have agreed to establish a joint venture company with the objective of opening an airport duty-free shop at Fukuoka Mitsukoshi. The details of the transaction are as follows.

## 1. Reason for Establishing the Joint Venture and Opening an Airport Duty-free Shop at Fukuoka Mitsukoshi

In 2014, there were over 13 million foreign tourists visiting Japan, in line with Japan's growth strategy of promoting tourism. The consumption tax exemption system was amended in October 2014 as part of efforts to increase consumption from foreign tourists visiting Japan, leading to more than 18,000 consumption tax-free shops in Japan (as of April 1 2015; Japan Tourism Agency research). The number of foreign tourists visiting Kyushu and Fukuoka by both sea and air is on an increasing trend, and more than 1.2 million foreign tourists entered the country from Fukuoka Airport and the Port of Hakata in 2014, with growing numbers especially from Fukuoka Airport and cruise ships.

Under such circumstances, Fukuoka Airport Building, Nishi-Nippon Railroad, and Isetan Mitsukoshi HD, using accumulated duty-free sales know-how and management resources, sought ways to provide foreign tourists at Kyushu and Fukuoka with a superior shopping environment. In order to promote new consumption demand to both Japanese and foreign tourists exiting Japan, make it a shopping hot spot representing Fukuoka City, and raise Fukuoka City's value as a tourism center, the companies have jointly established a new company, opening an airport duty-free shop (shop under bonded status) at Fukuoka Mitsukoshi.

Moving forward, the companies will make concrete preparations to open a shop that emphasizes products that bring the tradition and culture of Japan to customers, in addition to superb and classic global goods.

2. Overview of the Joint Venture

| | |
|---|---|
| Corporation name | Fukuoka Duty Free Co., Ltd. (Tentative) |
| Representative | Undecided |
| Head office | Tenjin, Chuo-ku, Fukuoka |
| Capital | 50.00 million yen |
| Investment ratio | Fukuoka Airport Building: 60%, Nishi-Nippon Railroad: 30%, Isetan Mitsukoshi HD: 10% |

3. Shop Overview

Targeted at Japanese tourists departing from Fukuoka Airport, as well as foreign tourists entering Japan via Fukuoka Airport and cruise ships.

| | |
|---|---|
| Store name | FUKUOKA DUTY FREE SHOP (Tentative) |
| Store location | 9th Floor, Fukuoka Mitsukoshi (Floor area: approx. 1,300 ㎡) |
| Target customers | Travelers departing from Fukuoka Airport and Port of Hakata |
| Store type | Airport duty-free shop (shop under bonded status) |
| Sales items | Planned to comprise fashion items, mainly luxury brands, watches and jewelry, cosmetics, food and alcohol, tobacco, miscellaneous goods, electronics, etc. |
| First year sales target | 3.0 billion yen |

4. Opening Date

April 1, 2016 (Planned)

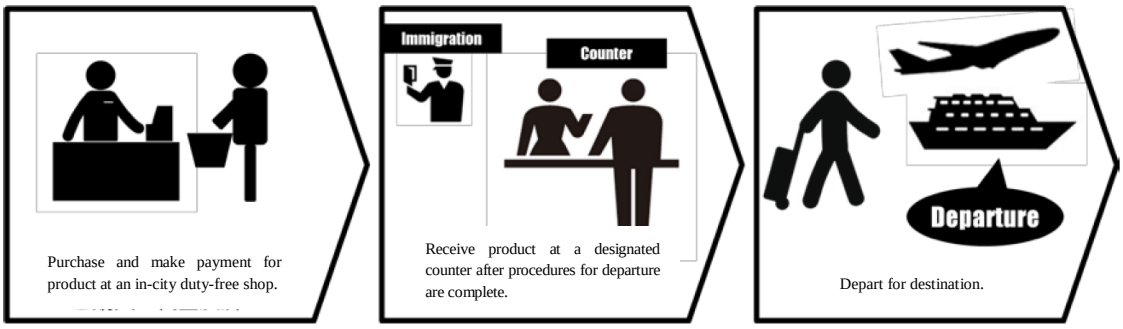
Reference: What is an airport duty-free shop (shop under bonded status)?

A duty-free shop that exempts customs duties as well as taxes on alcohol and tobacco, in addition to consumption tax. Both foreign tourists and Japanese nationals with plans to leave Japan may purchase items. A passport and boarding pass are necessary at the time of purchase, and any purchased items may be received at a designated counter after procedures for departure at the airport or port have been completed.

<Scope of tax exemption>

| Store Type | Consumption Tax | Customs Duties | Alcohol Tax | Tobacco Tax | Eligible Persons |
|---|---|---|---|---|---|
| Airport Duty-free Shop (Shop under bonded status) DUTY FREE | ○ | ○ | ○ | ○ | Departing Japanese nationals, foreign nationals |
| Tax-free Shop TAX FREE | ○ | × | × | × | Departing foreign nationals, Japanese nationals living abroad |

<Using a Duty-free Shop>




* A passport and boarding pass must be presented at time of purchase.

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