

## Further Grow in Urban Markets

### Four business segments

The Parco Business consists of the core Shopping Complex Business, the Retail Business, the Space Engineering and Management Business and the Other Business.

In the Shopping Complex Business, which operates commercial complexes Parco, we run a hybrid business combining commercial business and real estate business as a commercial developer. In the commercial business, we aim to increase sales of individual tenants by regenerating through renovation, attracting customers through advertisement and promotional activities, and providing meticulous support to our tenants. And in the real estate business, we offer a total package of services necessary for the operation of commercial complex ranging from the development and planning of building to maintenance and management.

In the Retail Business, which operates unique specialty stores, we develop and operate select shops in five categories including watches, eyeglasses, cosmetics, personal items and business format development. Under the concept of a group of specialty shops selling unique fashion items, we operate 185 stores (as of the last day of February 2016) across Japan and an online store. We also expand our range of original products, develop new business formats, and open new stores in fashion-sensitive commercial complexes in urban and semi-urban central areas in an effort to increase revenue.

In the Space Engineering and Management Business ranging from the space product business that creates space including interior design and display setting to the building management business that maintains facility safety, we provide comprehensive services and solutions that accommodate all stages of facility development including space design, designing, construction, facility operation and safety management.

The Other Business includes the entertainment business, which produces diverse attractive contents in theater, music, films and publishing, the web consulting business, which provides web-based information services, and other businesses.

### Toward the achievement of Parco Group 2020 Long-term Vision

With a goal of realizing a “business group that prospers in urban markets” under the 2020 Long-term Vision, Parco Group aims to become a “pioneer group that designs 24/7 urban life” and a “creative driver group that creates urban maturity.” In order to achieve this vision, we focus on three business strategies including the “cultivation of major urban areas,” the “expansion of core targets” and the “unique and innovative use of ICT.”

With regard to the “cultivation of major urban areas” to add new commercial presence in Tokyo and government-designated cities across Japan, the main building of Fukuoka Parco increased its floor space and Nagoya Parco Midi opened in the area adjacent to Nagoya Parco in March 2015 and the new building of Sendai Parco will open in summer 2016. In fall 2017, a new format of Parco will open in the south wing of the Matsuzakaya Ueno store, which will be being rebuilt, and in fall 2019, Shibuya Parco, which we decided to rebuild, will be reborn as a “next-generation global shopping complex.” With regard to the full-scale operation of Zero Gate, a new business model in urban areas, the 6th store Sapporo Zero Gate opened in February 2016 and Hiroshima Zero Gate II (tentative name) will also open in fall 2016.

With regard to the “expansion of core targets,” we expand our target to mature generations who are as sensitive as young people to broadly accommodate values and lifestyles which are diversifying with urban maturation and changes in social environment.

With regard to the “unique and innovative use of ICT,” we are transforming our business to omnichannel retailing by creating a fun atmosphere with digital signage and events, offering attractive experiences only physical stores can provide, and developing new buying methods through websites and our own smartphone applications.

### Pursue group synergy

With regard to synergy as J. Front Retailing Group, results are produced in new opening in the new south wing of the Matsuzakaya Ueno store, joint supplier policy, joint promotions in the areas where its stores adjoin Daimaru or Matsuzakaya stores, cost reduction through the economies of scale such as package buying, and collaborative interior works between J. Front Design & Construction and Parco Space Systems. In addition to them, we will strive to create a greater synergy in the Urban Dominant Strategy and overseas business strategy.



Fukuoka Parco



Nagoya Parco Midi





Artist's impression of Sendai Parco



Artist's impression of Hiroshima Zero Gate