

## History of Value Creation



PARCO 50th Anniversary

Since its initial opening, PARCO has proposed new lifestyles to the public by actively introducing the cutting edge of culture not only in fashion but also music, the arts, theater, and other areas. By functioning as a space for the creativity of many new people of talent, PARCO has also created new value shared by society at large.

Amid the changing times and economic climate, and even transformation in consumer trends, facing these challenges and evolving the social role of the PARCO Group, namely its origin points of “Incubation,” “Urban Revitalization,” and “Trends Communication,” provides the foundation that spurs business growth and is leading to the realization of our Long-term Vision and sustained profit growth.

### Incubation

A new generation always follows the emergence of dynamic new talent. At the PARCO Group, we will continue to tirelessly identify, encourage and grow alongside new talent a process we call “Incubation.”

### Urban Revitalization

Leveraging a wealth of expertise in store development, PARCO pursues store operations, new development, and property renovations that contribute to the advancement and prosperity of towns and cities. To this end, we will contribute to appealing urban revitalization that strives for spaces where people can gather, share time and space, enjoy themselves and relax.

### Trends Communication

PARCO produces quality cultural events in Japan and abroad, proposing options for enriching lifestyles. Utilizing advanced ICT, we are promoting steps to enhance services for delivering new enjoyment and cultivate communication.



1969

Opened Ikebukuro PARCO



1973

Opened Shibuya PARCO



1973

Promoted development of the adjacent street, Via PARCO [Park Street]



## 1970s Era of PARCO Founding

High economic growth

Stable growth

- 1974 ■ Launched a culture magazine Bikkuri Hausu (Surprise House)
- 1975 ■ Opened Sapporo PARCO
- 1977 ■ Opened Tsudanuma PARCO



Photo by Atsushi Nishimura

1973

Opened PARCO Theater (former Seibu Theater)



1975

Sapporo PARCO opening poster



1977

Communicating art culture information  
Hosted “Wall Paint” event outside of  
Shibuya PARCO

1974

Launched PARCO Report, a sales  
analysis newsletter for tenant owners

1977

Launched marketing information magazine  
ACROSS Monthly





**1980**

Launched open competitions Japan graphics exhibit and Japan objet d'art exhibit aimed at discovering new talent in illustration and photography



**1981**

Opened Shibuya PARCO PART 3



**1980**

Started ACROSS fixed-point observation, which continues today



**1981**

The first Afternoon Tea shop opened inside Shibuya PARCO PART 3

## 1980s Era of PARCO Development

High consumption society

Bubble economy

- 1980** ■ Opened Kichijoji PARCO
- 1981** ■ Opened SPACE PART 3 inside Shibuya PARCO to serve as PARCO's cultural dissemination center
- 1983** ■ Opened Shin-Tokorozawa PARCO
- 1984** ■ Opened Matsumoto PARCO
- 1986** ■ Opened Kumamoto PARCO
- 1988** ■ Launched free paper Games
- 1989** ■ Opened Chofu PARCO



**1983**

Opened SR6 (show room 6), a small annex to Shibuya PARCO



**1989**

Opened Nagoya PARCO



**1988**

Opened Shibuya CLUB QUATTRO, which offers live music



**1991**

Opened PARCO BOOK CENTER and LOGOS GALLERY inside Shibuya PARCO



**1992**

Launched open competition urban art exhibit

- 1993** ■ Opened Hibiya PARCO
- 1994** ■ Opened Ikebukuro P'PARCO
- 1996** ■ Expanded floor space of Matsumoto PARCO
- 1998** ■ Opened Nagoya PARCO South Building
- 1999** ■ Opened mini-theater CINE QUINTO



**1993**

Opened Tokyo FM Shibuya Spain Hill Studio inside Shibuya PARCO PART 1



**1994**

Opened Hiroshima PARCO

## 1990s to 2000s Era of PARCO Transformation

The Heisei Recession  
(the lost decade)

Surpassed Izanagi economic boom  
(Japan's rapid growth period from 1965 to 1970)

Worldwide recession

- 2001** ■ NEUVE A CO., LTD. started Retail business
- Opened Hiroshima PARCO New Building
- 2002** ■ Opened an art gallery PARCO MUSEUM inside Shibuya PARCO
- 2003** ■ Launched swimsuit campaign SWIM DRESS PARCO
- 2007** ■ Opened Shizuoka PARCO
- Opened Urawa PARCO



**2001**

Renovated Shibuya PARCO's main entrance in preparation to celebrate its 30th anniversary



**2007**

Supported young designers' activities  
Sponsored THEATRE PRODUCTS art floor



**2008**

Opened Sendai PARCO



**2009**

Ikebukuro PARCO  
40th anniversary campaign





**2010**  
Opened Fukuoka PARCO



**2014**  
Released POCKET PARCO,  
the official app



**2018**  
Revival open of mini-theater CINE QUINTO



**2011**  
Started ZERO GATE business



**2014**  
Opened collaboration cafe  
THE GUEST cafe & diner

**2018**  
Started joint operation of BOOSTER,  
a crowd funding service, with CAMPFIRE, Inc.

**BOOSTER**  
by PARCO & CAMPFIRE

## 2010s Era of PARCO Evolution

### Low growth

- 2010** ■ Launched PARCO Corporate Message "LOVE HUMAN."
- Launched "once A month" shop produced by PARCO
- 2012** ■ Held "Hello Shibuya TOKYO with Singapore" aiming to support overseas business growth of young Japanese creators
- Held Tenjin Laboratory culture event aiming to discover and support young creators in Kyushu

### Abenomics

- 2013** ■ Opened Shinsaibashi ZERO GATE
- Opened Dotonbori ZERO GATE
- Opened Hiroshima ZERO GATE
- 2014** ■ Launched crowd-funding service BOOSTER
- Launched PARCO Corporate Message "SPECIAL IN YOU."
- Opened Nagoya ZERO GATE
- Opened Fukuoka PARCO New Building

- 2015** ■ Expanded floor space of Fukuoka PARCO
- Opened Nagoya PARCO midi
- 2016** ■ Opened Sapporo ZERO GATE
- Opened Sendai PARCO2
- Opened Hiroshima ZERO GATE2
- Opened "itadakimasu by PARCO"
- 2017** ■ Opened Kyoto ZERO GATE
- 2018** ■ Opened Harajuku ZERO GATE
- Opened Sannomiya ZERO GATE



**2011**  
Female creative talent-led cultural event  
Shibukaru Festival



**2013**  
Singapore runway show "PARCO next NEXT" for  
grooming young Singaporean designers



**2017**  
Opened PARCO\_ya

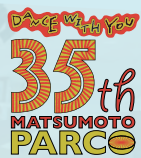


**2013**  
Introduced P-WALL giant digital signage  
display at Shibuya PARCO



**2016**  
Shibuya PARCO temporarily closed for redevelopment





Matsumoto PARCO  
35th anniversary



Nagoya PARCO  
30th anniversary



Hiroshima PARCO  
25th anniversary



Ikebukuro P'PARCO  
25th anniversary




Opened March 16, 2019  
Kinshicho PARCO



Opened June 27, 2019  
SAN-A Urasoe West Coast  
PARCO CITY

### Anniversary Festival

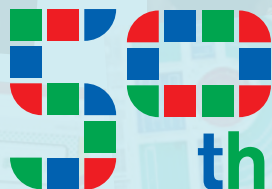
The PARCO stores above held an anniversary festival. The exciting celebrations were attended by artists and customers with links to the local community, as well as prominent celebrities and others.

See  **P. 32** for details

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50年目の、新しいパルコ。

2019



PARCO

### PARCO 50th Anniversary

This year as PARCO marks its 50th anniversary, the company is busy with a host of new projects, including Kinshicho, Okinawa, Urasoe, and Shibuya. PARCO will strengthen its three social roles of “Incubation,” “Urban Revitalization, and “Trends Communication” even further as a true “evolution from our point of origin.” There is plenty to be excited about in 2019, our 50th anniversary year.



Due to open in November 2019  
Shibuya PARCO




Due to open in early fall 2019  
Kawasaki ZERO GATE  
(tentative name)

Kawasaki ZERO GATE is to be situated in a triangular plot bordered by the main road in front of JR Kawasaki Station and Shinkawa Street. We plan to open a commercial facility that will help to enhance the pleasure of walking in the town and enliven the local area.



Due to open in spring 2021  
North Building of  
Daimaru Shinsaibashi

The North Building of Daimaru Shinsaibashi is located in Osaka's Shinsaibashi district, a leading commercial area in the Kansai region. The facility is to open there as a second joint venture with the J. Front Retailing Group.

See  **P. 06** for details



Due to open in November 2019

Next-Generation Commercial Facility

# Shibuya PARCO

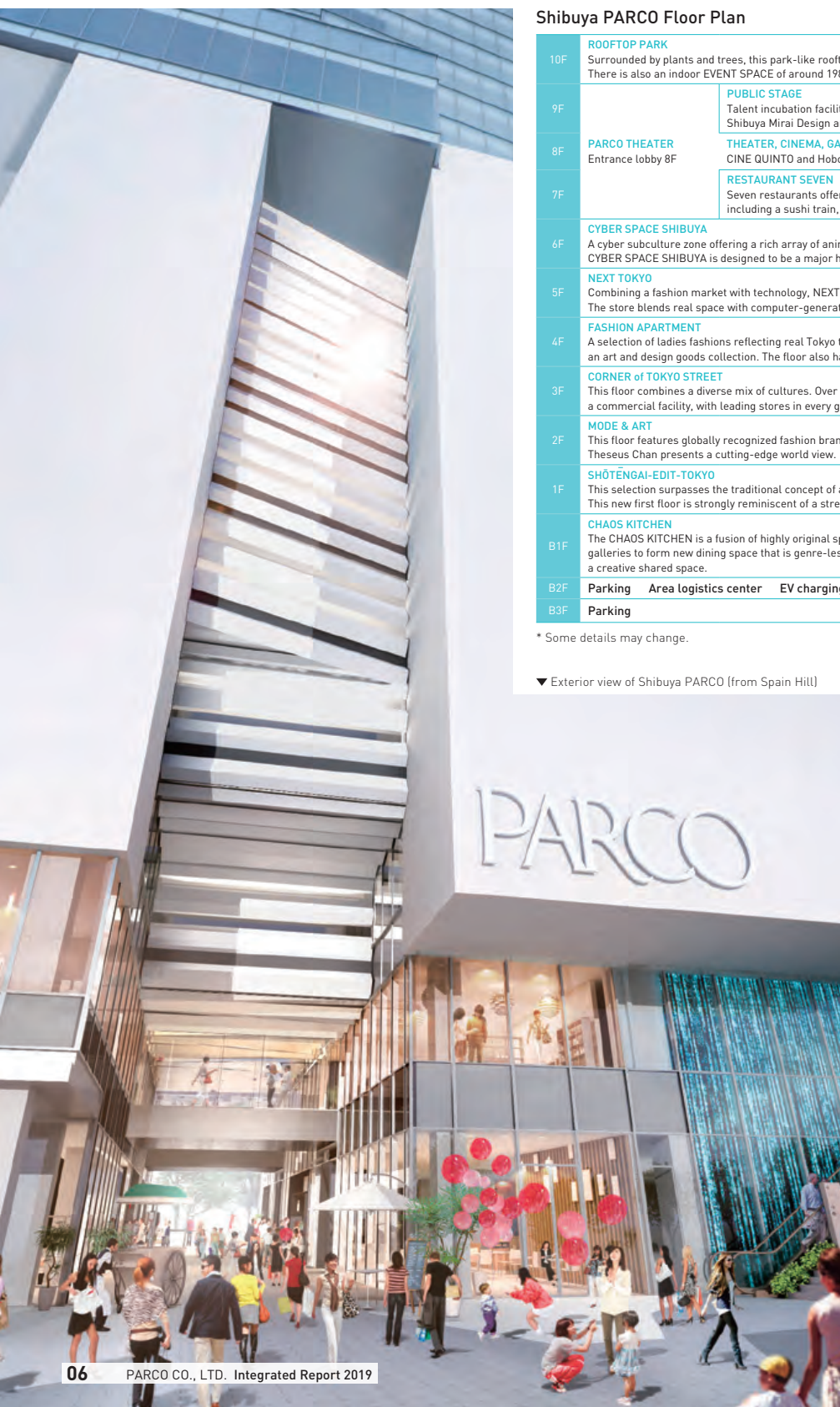
## Shibuya PARCO Floor Plan

10F	<b>ROOFTOP PARK</b> Surrounded by plants and trees, this park-like rooftop space covers approximately 1,388 m <sup>2</sup> . There is also an indoor EVENT SPACE of around 198 m <sup>2</sup> .		
9F		<b>PUBLIC STAGE</b> Talent incubation facilities jointly operated with Shibuya City, Shibuya Mirai Design and Creative Studio	Cycle parking
8F	<b>PARCO THEATER</b> Entrance lobby 8F	<b>THEATER, CINEMA, GALLERY</b> CINE QUINTO and Hobo Nichiyoubi	Cycle parking
7F		<b>RESTAURANT SEVEN</b> Seven restaurants offering exciting options for local and overseas visitors, including a sushi train, tempura, and ramen.	
6F	<b>CYBER SPACE SHIBUYA</b> A cyber subculture zone offering a rich array of anime, games, manga, and popular subculture content. CYBER SPACE SHIBUYA is designed to be a major hub for Japanese culture fans.		
5F	<b>NEXT TOKYO</b> Combining a fashion market with technology, NEXT TOKYO offers the joy of shopping with even more convenience. The store blends real space with computer-generated works to create a next-generation sales space for a digital age.		
4F	<b>FASHION APARTMENT</b> A selection of ladies fashions reflecting real Tokyo trends. In addition, PARCO MUSEUM TOKYO forms the core of an art and design goods collection. The floor also has a sustainable services zone.		
3F	<b>CORNER of TOKYO STREET</b> This floor combines a diverse mix of cultures. Over half of the floor area features stores opening for the first time in a commercial facility, with leading stores in every genre, including designer, street, and vintage fashion.		
2F	<b>MODE &amp; ART</b> This floor features globally recognized fashion brands centered around MODE. A shared space created with Theseus Chan presents a cutting-edge world view.		
1F	<b>SHÖTENGAI-EDIT-TOKYO</b> This selection surpasses the traditional concept of a main floor by allowing customers to view a wide variety of items with ease. This new first floor is strongly reminiscent of a street where various people, cultures, and fashions can intermingle.		
B1F	<b>CHAOS KITCHEN</b> The CHAOS KITCHEN is a fusion of highly original specialty stores, popular eateries, and new formats, as well as record stores and galleries to form new dining space that is genre-less, scene-less, and gender-less. Designer Sou Fujimoto has worked to realize a creative shared space.		
B2F	Parking	Area logistics center	EV charging station
B3F	Parking		

\* Some details may change.

▼ Exterior view of Shibuya PARCO (from Spain Hill)

▼ 1st basement floor CHAOS KITCHEN ©Sou Fujimoto Architects



▼ 5th floor NEXT TOKYO (XR art rendering)



**Shibuya PARCO is designed not to meet needs, but to create them, and in doing so, provide new consumption proposals and values. We aim to surpass the traditional concept of a commercial facility, sharing the sense and creativity of the designers and creators and conducting new initiatives to propose fresh stimulation and excitement as experience value. In this way, we will create a global center for trend communication.**

### QUATTRO LABO (B1F)

A music café and bar equipped with a high-end audio system and a record collection of over 3,000 discs



### CINE QUINTO (tentative name) (8F)

A mini theater worth visiting offering a selection of films to satisfy culture-lovers

**CINE QUINTO**

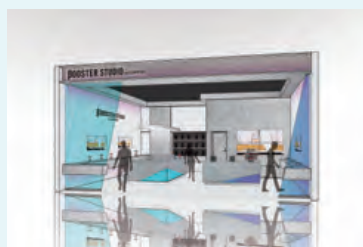
### GALLERY X (B1F)

Presented by PARCO with borderless, cutting-edge curation across all genres



### BOOSTER STUDIO by CAMPFIRE (1F)

Introducing Japanese first experiential AI showroom created using crowd-funding



### PARCO THEATER (8F)

A luxury theater to appeal to the world as a cultural dissemination center with all premium-class seating



### CUBE (tentative name) (5F)

An omni-channel sales space offering over-the-counter sales combined with an e-commerce facility



### PARCO MUSEUM TOKYO (4F)

A museum to communicate information to the world as a cultural dissemination center



## Contribution to the local community through redevelopment

We are creating a pedestrian-friendly environment and providing an area logistics center and car park within the building to help resolve local issues. Making use of our outdoor plaza, we will hold a wide range of events in coordination with the local community, fashion shows, music, and food events, to help create excitement in the town.

#### Outdoor plaza and elevated walkway

An elevated walkway that enables people to enjoy shopping just as though they were walking through Shibuya, and an outdoor space for resting



#### Nakashibu Street

A pedestrian-only corridor open 24 hours. Both sides of the cutout corridor are lined with road-side stores with art windows appearing on the second-floor section



#### A next-generation environmentally friendly building

The new PARCO Shibuya project has been evaluated highly by the Ministry of Land, Infrastructure, Transport and Tourism for (1) creation of attractive outdoor spaces with the outdoor plaza and elevated walkway, (2) highly efficient energy system based on a co-generation system, and (3) initiatives to promote efficient energy use through digital communications. As a result, the project was selected as a "Leading Sustainable Building Project (CO<sub>2</sub> Reduction Leader)".

# A New PARCO Reborn

2019 marks the 50th anniversary of the opening of Ikebukuro PARCO in 1969. It is a year of dramatic change for us. Four major projects are under way: Kinshicho PARCO, SAN-A Urasoe West Coast PARCO CITY, Kawasaki ZERO GATE (tentative name), and Shibuya PARCO; and new buildings will be opening from spring through to autumn. Among these, the reopening of Shibuya PARCO is especially significant for us.

Since I was appointed to this position in 2011, I have considered our stance on “Incubation,” “Urban Revitalization,” and “Trends Communication” to be the very essence of PARCO’s DNA. We have been searching for a new mode for PARCO that is aligned with the times under the concept of “evolving from our point of origin.” When was PARCO’s point of origin formed? Looking back 50 years, I feel that it was in 1981 with the opening of Shibuya PARCO PART 3 that PARCO’s DNA was established. Shibuya PARCO grew together with tenants, gathered a host of young artists and creators into the Shibuya area, and contributed to its revitalization. It created a third building that was probably the first in Japan to propose lifestyles and not only engaged in communication of advertising and trends, but also the presentation of the building itself functioned as a proposal. I think this mode of operation is PARCO’s point of origin, which continues to this day.

In November 2019, Shibuya PARCO, which can rightly be considered PARCO’s point of origin, is to be reborn. To create a completely new Shibuya PARCO that surpasses all expectations, we feel it is necessary for PARCO itself to be reborn. Our task is to take PARCO’s DNA and evolve it even further, aiming into the future from its 50th year.

For “Incubation,” we have focused again on “individual” talent. PARCO has always discovered and developed new talent in the entertainment and advertising fields; but now our goal is to bring back shopping spaces that are heterogenous in a bid to rediscover the excitement of fashion. We will support fashion designers and producers who are striving alone as individuals,

and have them unleash their talents in PARCO, which will become PARCO’s driving power. This is another way that we will empower PARCO.

From a perspective of “Urban Revitalization” and “Trends Communication,” it is important in this day and age to consider the virtual space of the internet. Just as Shibuya PARCO once provided stimulation for the district and built excitement around Shibuya while being stimulated by it in return, in the virtual world too, we seek to establish spaces that have an inherent PARCO character while engaging in interactive communication. Rather than a one-way flow of information with PARCO acting alone, I believe we can provide everyone with better value by cooperating with those around us, responding to local topics and feedback from our users, and sometimes collaborating on interesting new initiatives with other companies. In both the real and virtual spaces, my first goal is to have people come and visit the area around PARCO and drop by on their way home. Then their shopping experiences will be associated with memories of happy outings. I feel that this may be one of the essential things that makes shopping fun.

In 2019, PARCO will refashion its DNA. By responding to many expectations while simultaneously subverting and exceeding them, we will be reborn as a new PARCO. I ask all our stakeholders to continue their kind understanding and support.

July 2019

PARCO CO., LTD.

President and Representative Executive Officer

*Kozo Makiyama*



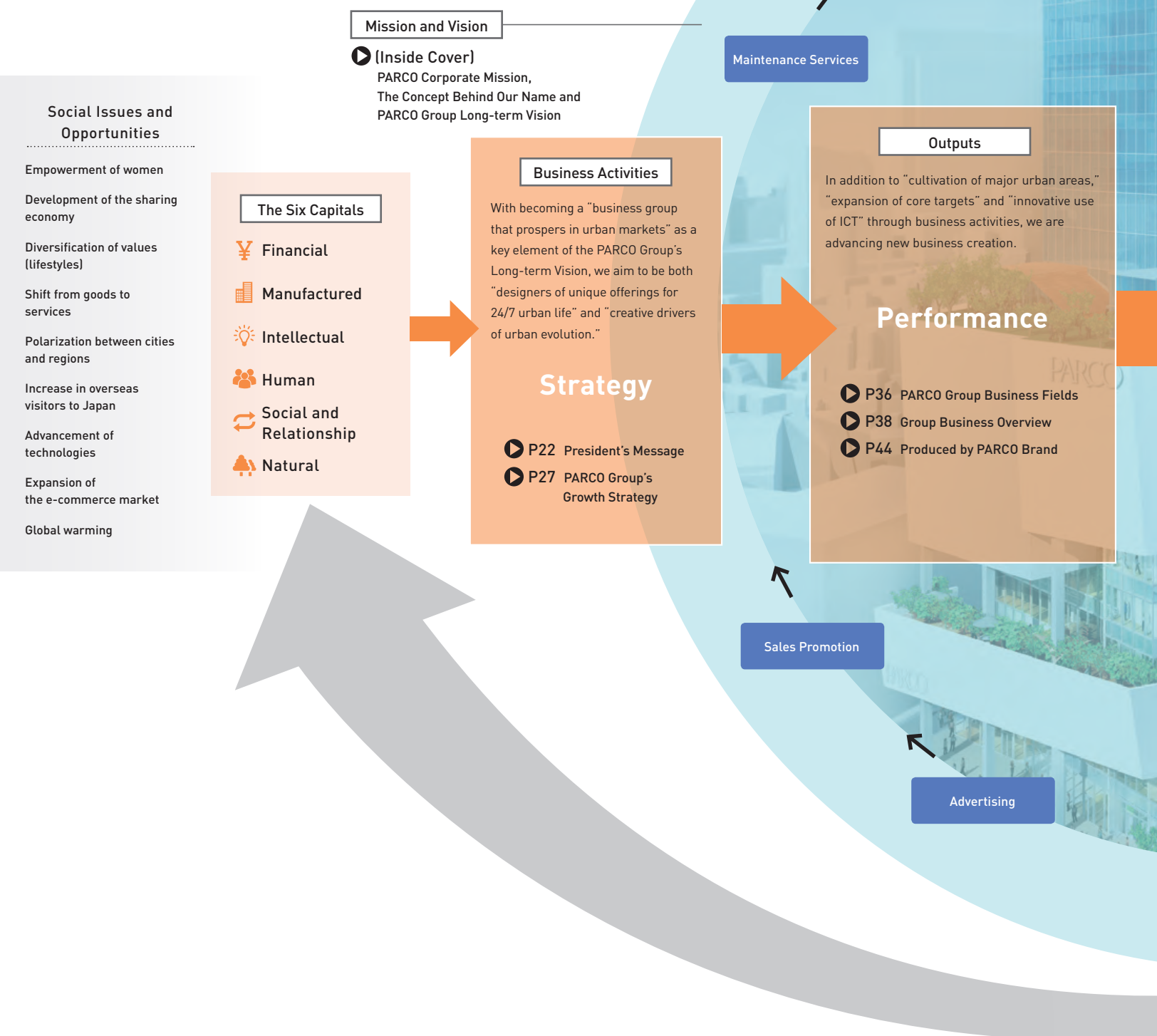


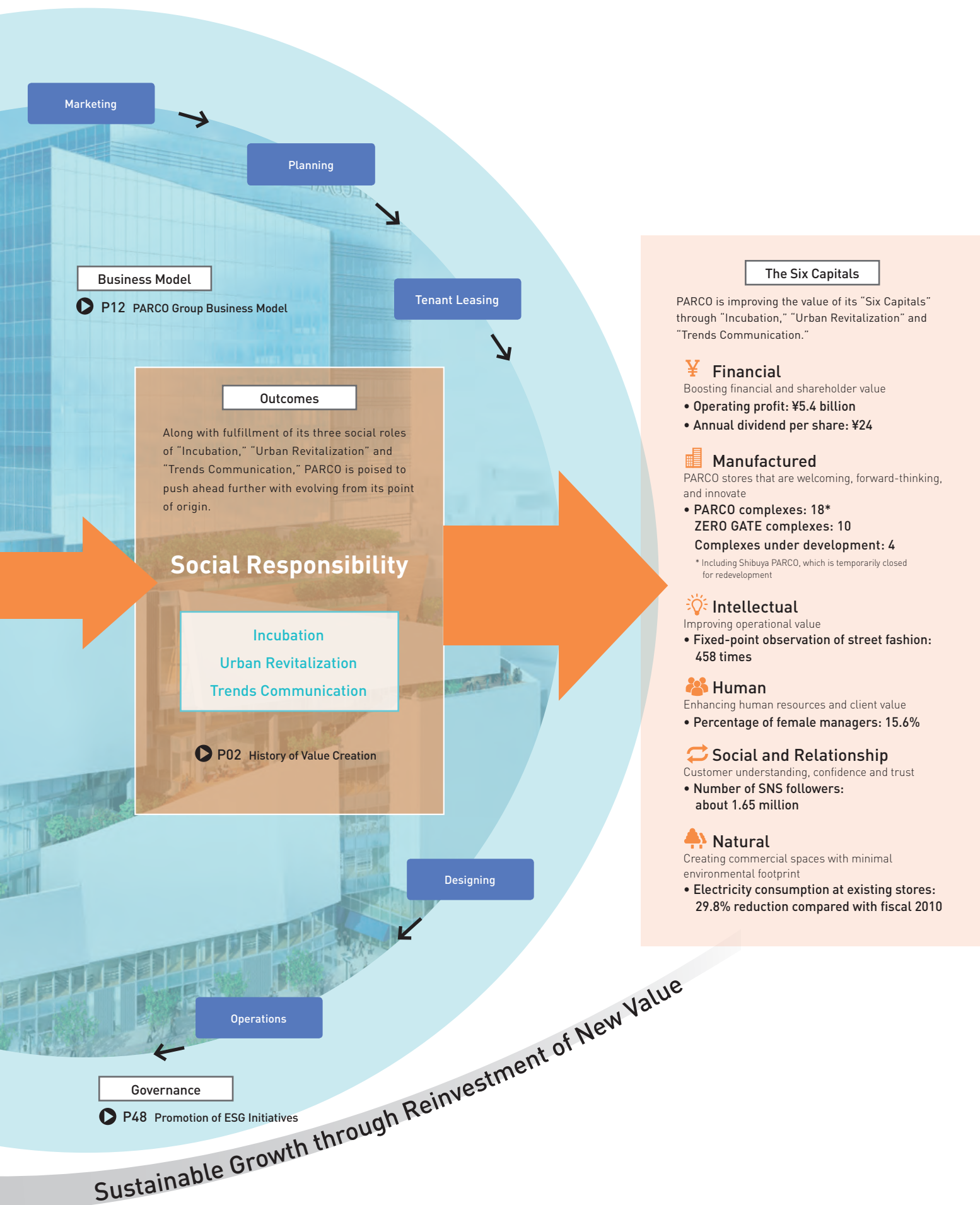


# The PARCO Group Value Creation Process

PARCO, together with its stakeholders, strives to create new lifestyles, guided by the PARCO Group Corporate Mission and the sentiment embodied in the PARCO name. In business, PARCO leverages its capabilities as a comprehensive commercial space producer, while pursuing management strategies in step with the times, to propose ways to enrich consumer lifestyles. This encapsulates the creation of new value to which society can connect. PARCO views the tireless advancement of such value through “Incubation,” “Urban Revitalization” and “Trends Communication” as its social role.

By taking full advantage of its “Six Capitals” and keeping the PARCO Group business model revolving, the delivery of new value becomes synonymous with the brand value of the PARCO Group. Put differently, this results in a process for the creation of new value to which society at large can connect.







# PARCO Group Business Model

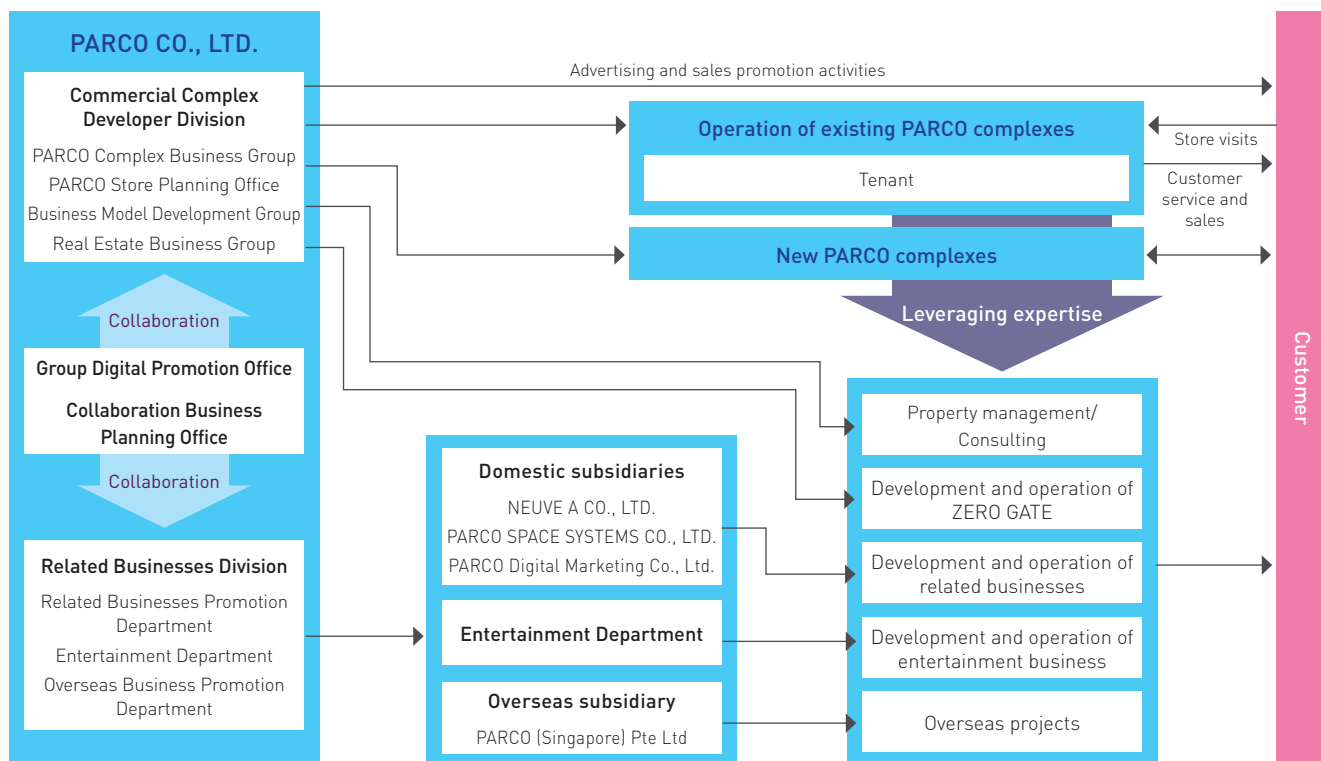
## Business Portfolio

The PARCO Group is involved in four categories of business. Our core Shopping Complex Business operates our PARCO Commercial facilities. The Retail Business operates distinctive specialty shops. The Space Engineering and Management Business conducts interior design, decorating and electrical work, and manages buildings. Finally, our Other Business segment operates our entertainment business and provides web-based information services.

PARCO works with its tenants to create commercial spaces that provide customers with enjoyment and maximize synergies within the Group.



## Leveraging Expertise Cultivated in the Operation and Development of PARCO in New Businesses



## Strong in Comprehensive Shopping Complex Production

The production of shopping complexes involves marketing in the area of the store, planning the building from the proposal stage onward, the selection of tenants and design of environments that fit the concept, and the store's management. At the same time, we enhance customer appeal through advertising and sales promotion activities utilizing ICT and through our management of daily maintenance, and support the peace of mind and safety operation of shops. In addition, we are constantly creating novel sales spaces by promoting their remodeling. This integrated production supports the creation of attractive commercial spaces.

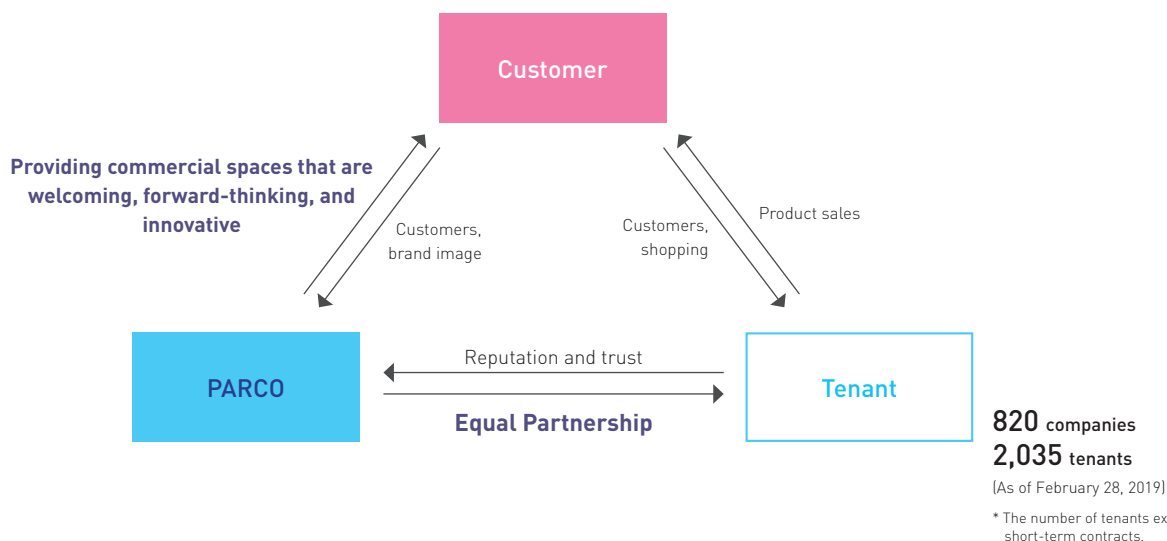


## Equal Partnership

One of the main characteristics that distinguishes the PARCO Group's core Shopping Complex Business is our equal partnership with tenants. We view our tenants as partners with whom we can grow and develop by virtue of our mutually shared values. Every one of our corporate divisions at PARCO headquarters works to support the operations of the PARCO shopping complexes where our tenants open their stores.

The Commercial Complex Developer Division groups each PARCO store into the two categories of city complexes and community complexes and provides tenant support, promotion, CRM operations as well as handling new store operations. The Related Businesses Division leverages expertise cultivated by PARCO through development and operations in new business activities. Furthermore, the Group Digital Promotion Office promoted strategic information collection and analysis, while the Collaboration Business Planning Office creates new businesses and will provide support for each division and expand its businesses.

### Building "Win-Win" Relationships through Strong Ties of Trust with Tenants



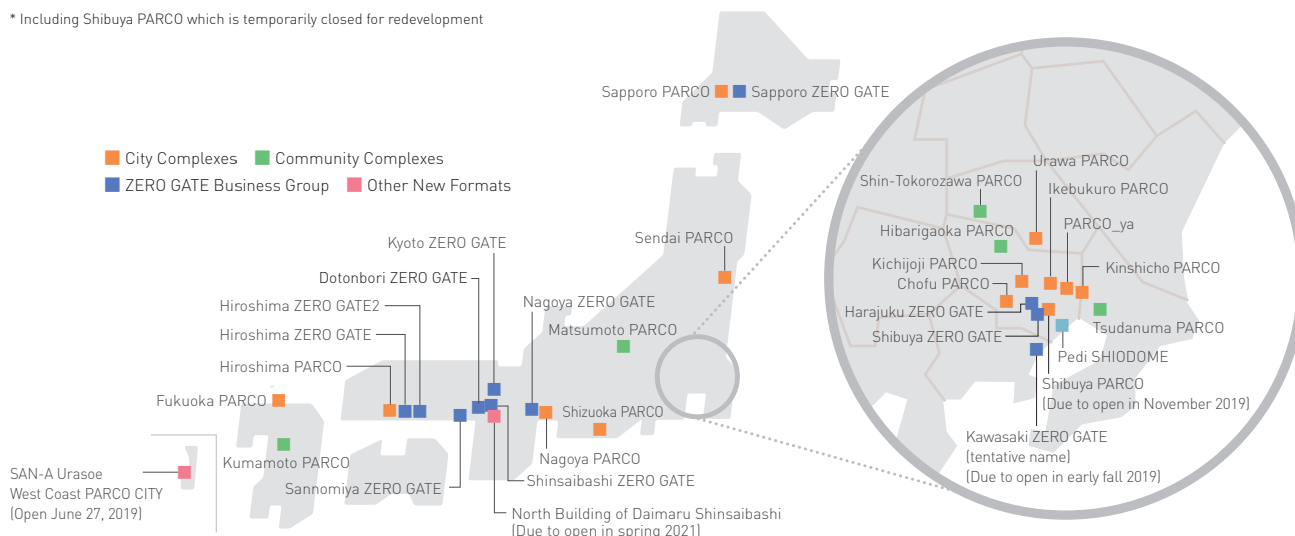


## Development of Stores in the Shopping Complex Business

In each market where PARCO shopping complexes open, we utilize a different store concept. In order to be able to respond quickly and precisely to the constant changes in the environments of each location, we group the 18 shopping complexes\* according to function based on their target market characteristics. After categorizing a complex as either a City Complex or a Community Complex, the next step in building a robust revenue base is to optimize product composition and operation methods at each facility to suit the applicable customer base.

We are promoting the diversification of development schemes, in the PARCO and ZERO GATE formats and in new formats, to acquire sites in primarily urban areas where we have not yet opened complexes.

\* Including Shibuya PARCO which is temporarily closed for redevelopment



### City Complexes

PARCO will secure predominance in the market by providing well-informed, active urban consumers with relevant themes and topics, while offering fashionable, innovative and enjoyable lifestyle propositions. We will also lay the foundation for new business by pursuing unique collaborations with tenants, creators and companies in other industries.

#### Sapporo PARCO

FY2018 Tenant Transaction Volume: ¥13,200 million

3-3 Minami-Ichijo Nishi, Chuo-ku, Sapporo City, Hokkaido  
B2F-8F

Open 24 August, 1975

sapporo.parco.jp



#### Ikebukuro PARCO

FY2018 Tenant Transaction Volume: ¥28,134 million

1-28-2 Minami-Ikebukuro, Toshima-ku, Tokyo

Main Building: B2F-8F

Open 23 November, 1969

P'PARCO: B2F-8F

Open 10 March, 1994

ikebukuro.parco.jp



#### Sendai PARCO

FY2018 Tenant Transaction Volume: ¥20,197 million

1-2-3 Chuo, Aoba-ku, Sendai City, Miyagi  
Main Building: B1F-9F

Open 23 August, 2008

Sendai PARCO2: 1F-9F

3-7-5 Chuo, Aoba-ku, Sendai City, Miyagi

Open 1 July, 2016

sendai.parco.jp



#### PARCO\_ua

FY2018 Tenant Transaction Volume: ¥5,788 million

3-24-6 Ueno, Taito-ku, Tokyo  
1F-6F

Open 4 November, 2017

parcoya-ueno.parco.jp



#### Urawa PARCO

FY2018 Tenant Transaction Volume: ¥26,095 million

11-1 Higashi-Takasago-cho, Urawa-ku, Saitama City, Saitama  
B1F-7F

Open 10 October, 2007

urawa.parco.jp



#### Kichijoji PARCO

FY2018 Tenant Transaction Volume: ¥9,668 million

1-5-1 Kichijoji-honcho, Musashino City, Tokyo  
B2F-8F

Open 21 September, 1980

kichijoji.parco.jp



## Shibuya PARCO

Due to open in November 2019

15-1 Udagawa-cho, Shibuya-ku, Tokyo  
B3F-19F

**CLUB QUATTRO:**

32-13 Udagawa-cho, Shibuya-ku, Tokyo  
4F-5F

Open 28 June, 1988

club-quattro.com



## Kinshicho PARCO

Open 16 March, 2019

4-27-14 Kotobashi, Sumida-ku, Tokyo  
1F-7F

Open 16 March, 2019

kinshicho.parco.jp



## Chofu PARCO

FY2018 Tenant Transaction Volume: ¥17,994 million

1-38-1 Kojima-cho, Chofu City, Tokyo  
B1F-10F

Open 25 May, 1989

chofu.parco.jp



## Shizuoka PARCO

FY2018 Tenant Transaction Volume: ¥9,947 million

6-7 Koyamachi, Aoi-ku, Shizuoka City, Shizuoka  
B1F-8F

Open 15 March, 2007

shizuoka.parco.jp



## Nagoya PARCO

FY2018 Tenant Transaction Volume: ¥34,245 million

3-29-1 Sakae, Naka-ku, Nagoya City, Aichi

West Building: B1F-11F

East Building: B1F-8F

Open 29 June, 1989

South Building: B1F-10F

Open 6 November, 1998

mid: 1F-3F

Open 27 March, 2015

nagoya.parco.jp



## Hiroshima PARCO

FY2018 Tenant Transaction Volume: ¥16,136 million

10-1 Hondori, Naka-ku, Hiroshima City, Hiroshima

Main Building: B1F-10F

Open 9 April, 1994

New Building: B1F-9F

Open 21 September, 2001

hiroshima.parco.jp



## Fukuoka PARCO

FY2018 Tenant Transaction Volume: ¥22,350 million

2-11-1 Tenjin, Chuo-ku, Fukuoka City, Fukuoka

Main Building: B1F-8F

Open 19 March, 2010

New Building: B2F-6F

Open 13 November, 2014

fukuoka.parco.jp



## Community Complexes

This category of complex does not merely market fashion but will make proposals that respond to regional needs by taking into account such market characteristics as functionality and convenience. Facilities are multi-functional and multi-purpose, featuring a range of goods and services from food, general merchandise, appliances, school supplies, to sports goods. Various activities such as community events will be organized to attract customers from the local neighborhood.

## Tsudanuma PARCO

FY2018 Tenant Transaction Volume: ¥12,091 million

2-18-1 Maebara-Nishi, Funabashi City, Chiba

A Building: B1F-6F

B Building: B1F-6F

Open 1 July, 1977

tsudanuma.parco.jp



## Shin-Tokorozawa PARCO

FY2018 Tenant Transaction Volume: ¥10,126 million

1-2-1 Midori-cho, Tokorozawa City, Saitama

PARCO: B1F-5F

Let's: B1F-4F

Open 23 June, 1983

shintokorozawa.parco.jp



## Hibarigaoka PARCO

FY2018 Tenant Transaction Volume: ¥7,071 million

1-1-1 Hibarigaoka, Nishi-Tokyo City, Tokyo

B1F-5F

Open 8 October, 1993

hibarigaoka.parco.jp



## Matsumoto PARCO

FY2018 Tenant Transaction Volume: ¥6,016 million

1-10-30 Chuo, Matsumoto City, Nagano

B1F-6F

Open 23 August, 1984

matsumoto.parco.jp



## Kumamoto PARCO

FY2018 Tenant Transaction Volume: ¥4,007 million

5-1 Totorihoncho, Chuo-ku, Kumamoto City, Kumamoto

B1F-9F

Open 2 May, 1986

kumamoto.parco.jp

\* Scheduled to cease operating in February 2020



\* Tenant transaction volume includes fixed rate tenant sales.



## ZERO GATE Business

PARCO has been producing and proposing urban lifestyles centered on fashion, culture, and a variety of other themes. Now, the ZERO GATE business will propose new lifestyles and values based on the concepts of making a new beginning, or “ZERO,” followed by a “GATE,” which symbolizes making an entry to an urban area.

### Sapporo ZERO GATE

3-15-1 Minami-Nijo Nishi, Chuo-ku,  
Sapporo City, Hokkaido  
B2F, 1F-4F  
**Open** 26 February, 2016



### Shinsaibashi ZERO GATE

1-9-1 Shinsaibashi-suji, Chuo-ku, Osaka City, Osaka  
B2F-4F  
**Open** 13 April, 2013



### Shibuya ZERO GATE

16-9 Udagawa-cho, Shibuya-ku, Tokyo  
B1F-4F  
**Open** 16 April, 2011



### Dotonbori ZERO GATE

1-8-22 Dotonbori, Chuo-ku, Osaka City, Osaka  
1F-3F  
**Open** 20 April, 2013



### Harajuku ZERO GATE

4-31-12 Jingumae, Shibuya-ku, Tokyo  
1F-4F  
**Open** 17 March, 2018



### Hiroshima ZERO GATE

2-7, Shintench, Naka-ku, Hiroshima City, Hiroshima  
1F-3F  
**Open** 10 October, 2013



### Hiroshima ZERO GATE2

9-4 Hondori, Naka-ku, Hiroshima City, Hiroshima  
1F-3F  
**Open** 10 September, 2016



### Nagoya ZERO GATE

3-28-11 Sakae, Naka-ku, Nagoya City, Aichi  
1F-3F  
**Open** 10 October, 2014



### Kyoto ZERO GATE

83-1 Shijo Street Takakura Higashiiru, Tachibana-cho,  
Shimogyo-ku, Kyoto City, Kyoto  
B2F-7F  
**Open** 4 November, 2017



### Sannomiya ZERO GATE

2-11-3 Sannomiya-cho, Chuo-ku, Kobe City, Hyogo  
1F-4F  
**Open** 14 September, 2018



### Kawasaki ZERO GATE (tentative name)

1-1, etc., Ogawa-cho, Kawasaki-ku,  
Kawasaki City, Kanagawa  
1F-2F  
Due to open in early fall 2019



### Pedi SHIODOME

1-9-1 Higashi-Shinbashi, Minato-ku, Tokyo B2F-B1F, 2F  
**Open** 16 February, 2005  
www.pedi-s.com

## Other New Formats

### SAN-A Urasoe West Coast PARCO CITY

3-1-1 Irijima, Urasoe-shi, Okinawa  
**Open** June 27, 2019  
www.parcocity.jp



### North Building of Daimaru Shinsaibashi

1-8-3 Shinsaibashi-suji, Chuo-ku,  
Osaka City, Osaka  
B2F-7F  
Due to open in spring 2021

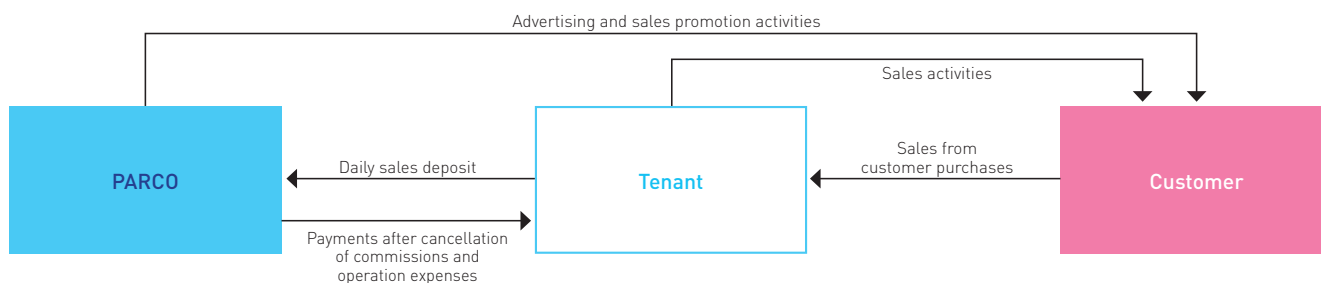


## Profit Structure for the Shopping Complex Business

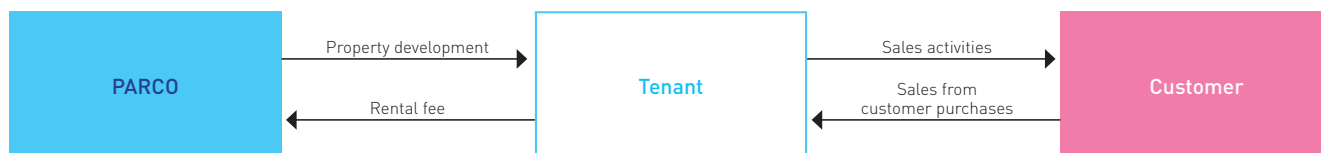
Under store lease agreements, PARCO is responsible for advertising, sales promotion and other marketing activities. PARCO receives the gross sales that these tenants generate through sales to customers as sales deposits. After a certain period of time, PARCO pays tenants the amount after deduction of commission and other items from the sales deposits. This system has the advantages of eliminating the risks of carrying inventories and bad debt. Commissions are based on a declining rate system, with commissions fixed up to an established reference sales amount and a lower rate applying beyond that reference sales amount. The establishment of a reference sales amount hedges the risk of stagnant sales. The application of a diminishing rate to sales offers advantages to both the tenant and to PARCO. If tenant sales from customer purchases increase due to the tenant's sales efforts, the tenant's commission rate decreases. At the same time, PARCO's commission income increases in terms of the absolute amount.

In contrast to earlier PARCO-style operations, in the ZERO GATE business there are no sales promotions, and profits come from rental revenue.

### PARCO-style Operations Profit Structure



### ZERO GATE Business Profit Structure



## Development of Stores in the Retail Business

The Retail Business is centered on NEUVE A, which operates highly discerning select stores under three businesses, while developing new business formats in collaboration with the Shopping Complex Business. The business is currently undertaking a scrap-and-build program for its stores, aiming to increase revenue.

**Number of locations: 171** (49 in PARCO complexes)

Ratio of shops outside of PARCO: 71.3%

### Wristwear Business

TiCTAC (Watch specialty shop) **85** (15 in PARCO complex)

### Beauty Business

ROSEMARY (Cosmetics and accessories specialty shop) **20** (13 in PARCO complex)

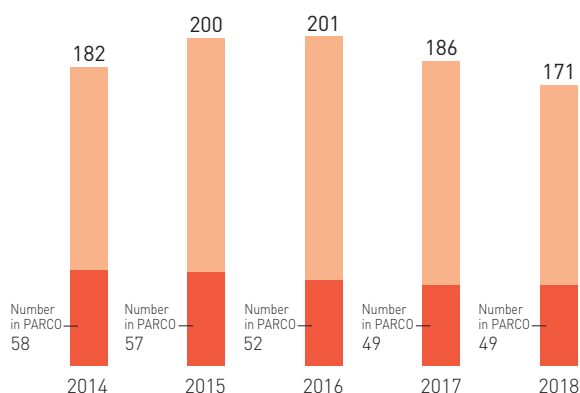
### Cross Category Business

POKER FACE (Eyeglass specialty shop) **25** (10 in PARCO complex)

COLLECTORS (Men's variety shop) **37** (11 in PARCO complex)

Other businesses **4** (0 in PARCO complex)

### Number of shops





# Consolidated Financial and Non-Financial Highlights

## Operating profit

**¥5.4 billion**

Profit declined due to losses incurred with the cessation of operations at Utsunomiya PARCO and Kumamoto PARCO as well as impairment losses at other stores, as the Company promoted scrap-and-build under the Medium-term Business Plan (FY2017-2021).

## Commemorative dividend planned for fiscal 2019

**¥26 annual dividend**

PARCO positions the return of profit to shareholders as one of its most important management policies. In fiscal 2018, our annual dividend per share was ¥24. For fiscal 2019, we plan to pay a commemorative dividend of ¥2 per share for PARCO's 50th anniversary, for an annual dividend of ¥26.

## Percent of independent external directors

**50%**

In 2003, PARCO adopted the "Company with Three Committees" system (formerly "Company with Committees" system), which includes a Nominating Committee, in order to build a highly transparent corporate governance structure. Independent directors (external directors) make up half of the Board of Directors, ensuring the objectivity necessary to supervise management.

## Renovated zone year-on-year tenant transaction volume comparison

**116.2%**

We reorganized the tenant mix and expanded the product lineup to keep pace with changes in consumer values and purchasing behavior. In addition, we conducted renovations for every store totaling approximately 37,000 m<sup>2</sup>, including opening a mini-theater, "UPLINK Kichijoji PARCO," as a new cultural dissemination center.

## Number of POCKET PARCO downloads

**Over 1 million downloads**

We conducted a renewal of POCKET PARCO, our official smartphone application, to increase the enjoyment of shopping and offer greater convenience from the customer's perspective, including expanding article content and opening exclusive online stores.

## Number of SNS followers

**About 1.65 million**

PARCO is connected with over 1.65 million followers through social networking services (Facebook, Twitter, Instagram and LINE) and provides new services and ways of enjoying commercial facilities that are rooted in stores and utilize the Internet.

## Percentage of Female Managers

**15.6%**

We formulated an action plan in response to the Advancement of Women Act that includes cultivating female managerial candidates, providing opportunities for boosting the career consciousness of young female employees, and creating a workplace more conducive for employees with time constraints; and we are actively engaged in carrying it out.

## Percent of employees returning to work after childrearing leave

**100%**

Work-life management is deeply embedded within PARCO, and we work to support both working life and the childrearing and nursing care demands of our employees. PARCO has a full menu of systems in place that exceed legal standards, and is sharing role models for diverse working styles.

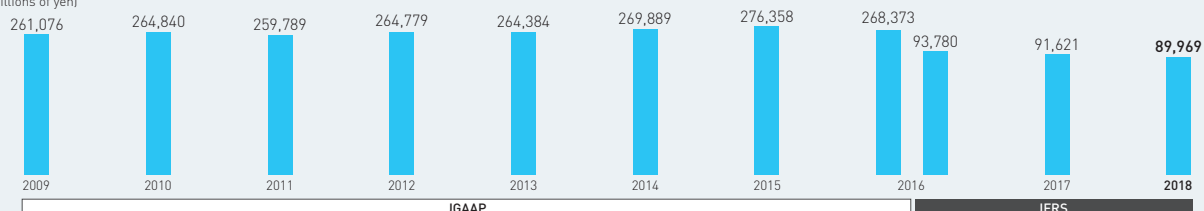
## Electricity consumption at existing stores compared to FY2010\*1

**Down 29.8%**

To reduce electricity consumption, which accounts for a majority of the energy used by commercial facilities, PARCO is converting to energy-saving facilities and equipment and working to utilize energy more efficiently through introduction of the latest technologies and other measures.

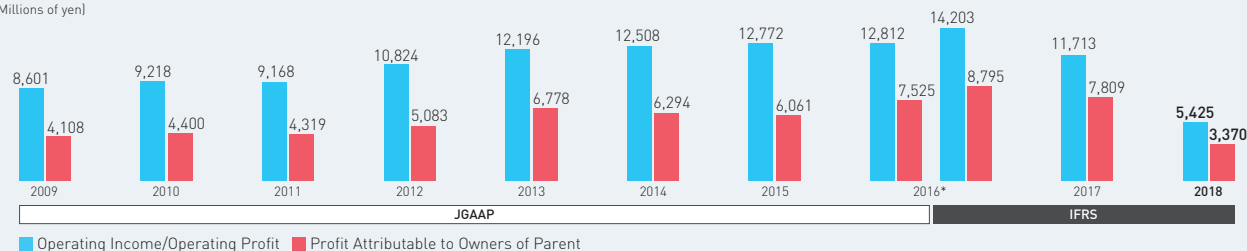
## Net Sales/Operating Revenue

(Millions of yen)



## Operating Income/Operating Profit and Profit Attributable to Owners of Parent

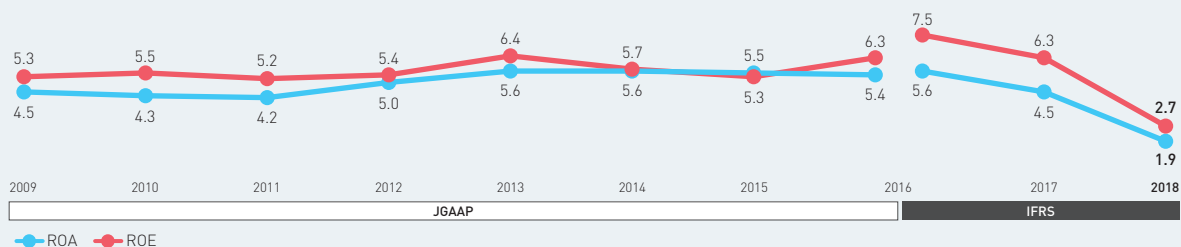
(Millions of yen)



\* We recorded extraordinary income from gain on sales of non-assets and so forth

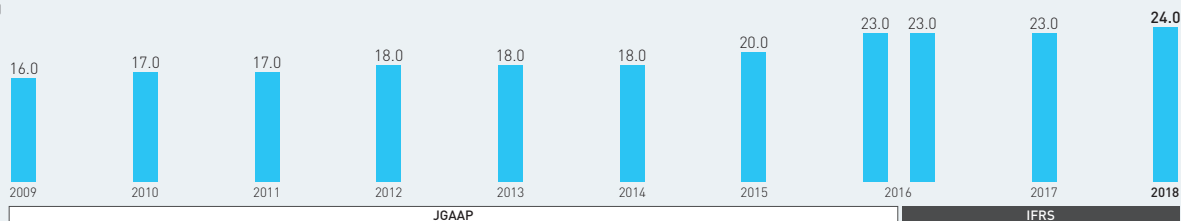
## ROA\*2/ROE

(%)



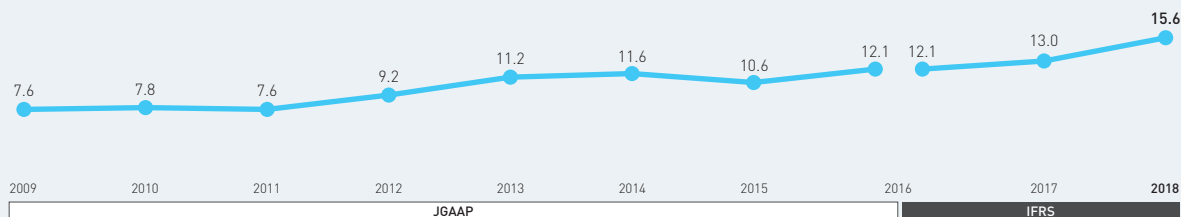
## Cash Dividend per Share

(Yen)



## Percentage of Female Managers

(%)



For long-term numerical data and other indices, please refer to the PARCO website and FACTBOOK 2019

### [Investor Relations]

URL [www.parco.co.jp/en/ir/](http://www.parco.co.jp/en/ir/)

### [Promotion of ESG Initiatives]

URL [www.parco.co.jp/en/ir/esg/](http://www.parco.co.jp/en/ir/esg/)

### [Sustainability]

URL [www.parco.co.jp/en/csr/](http://www.parco.co.jp/en/csr/)

### [FACTBOOK 2019]

URL [www.parco.co.jp/en/ir/library/financial/factbook.php](http://www.parco.co.jp/en/ir/library/financial/factbook.php)

\*1 We formulated the PARCO Group Environmental Policy in fiscal 2010 and recognize the importance of our relationship with the global environment in shopping center operations and other related activities as a key theme. On this basis, we promote environmental conservation activities to help pass on a sustainable society to future generations.

\*2 Ratio of ordinary income to total assets (Return on Assets)=Ordinary Income/Total Assets (average of start and end of year values) ×100/  
Ratio of profit before tax to total assets (Return on Assets)=Profit Before Tax/Total Assets (average of start and end of year values) ×100



# Eleven-Year Financial and Non-Financial Summary

## JGAAP

JGAAP/IFRS	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
------------	-------------	-------------	-------------	-------------

### Consolidated

Net Sales/Operating Revenue	282,509	261,076	264,840	259,789
Operating Gross Profit	44,976	42,019	42,024	41,625
Selling, General and Administrative Expense	35,614	33,417	32,806	32,456
Business Profit* <sup>1</sup>	-	-	-	-
Operating Income/Operating Profit	9,362	8,601	9,218	9,168
Operating Income Ratio/Operating Profit Ratio	3.3	3.3	3.5	3.5
Ordinary Income	9,171	8,554	8,750	8,966
Profit Before Income Taxes/Profit Before Tax	6,248	7,053	7,717	7,333
Profit Attributable to Owners of Parent	3,730	4,108	4,400	4,319
EBITDA* <sup>2</sup>	14,953	14,189	15,837	15,508
Total Assets	191,681	187,093	222,135	208,697
Equity/Total Equity Attributable to Owners of Parent* <sup>3</sup>	75,592	78,632	81,844	84,555
Interest-Bearing Debt	40,777	38,487	73,447	59,536
Equity Ratio/Ratio of Total Equity Attributable to Owners of Parent (%)	39.4	42.0	36.8	40.5
Debt-to-Equity Ratio (times)	0.54	0.49	0.90	0.70
Return on Assets (ROA) (%) <sup>*4</sup>	4.8	4.5	4.3	4.2
Return on Equity (ROE) (%)	5.0	5.3	5.5	5.2
Net Cash Provided by Operating Activities	2,713	8,921	12,025	11,274
Net Cash Used in Investing Activities	(14,148)	(7,405)	(42,290)	(584)
Free Cash Flows	(11,434)	1,516	(30,265)	10,689
Capital Expenditure	14,306	7,796	43,553	3,395
Depreciation and Amortization/Depreciation and Amortization Expense* <sup>5</sup>	5,591	5,588	6,618	6,339
Basic Earnings per Share (Yen)	45.29	49.87	53.41	52.49
Cash Dividend per Share (Yen)	16.00	16.00	17.00	17.00

### Non-consolidated

Sales Floor Areas (m <sup>2</sup> )	447,500	444,500	454,000	443,000
Area Renovated (m <sup>2</sup> )	34,000	36,000	45,000	64,000
Renovation Effect (Year-on-year by zone) (%)	117.8	110.9	120.4	132.2
PARCO Card Sales Amounts	44,706	44,371	45,115	44,738
PARCO Card Holders (People)	1,564,331	1,574,888	1,618,616	1,612,634
Number of POCKET PARCO Downloads	-	-	-	-

### Society (Non-consolidated)

Percent of Female Employees (%)	42.0	45.2	44.5	43.6
20s (%)	54.0	61.2	62.2	60.1
30s (%)	52.3	54.5	49.7	47.9
40s (%)	34.5	36.4	38.6	40.6
50s or over (%)	19.4	20.4	24.8	24.6
Number of Female Managers (People)	12	12	9	9
Percentage of Female Managers (%)	10.7	7.6	7.8	7.6
SNS Followers (People)	-	-	-	-

### Environment (Non-consolidated)

Electricity Consumption at Existing Stores Year-on-year (%) * <sup>6</sup>	96.9	98.3	97.7	84.1
Total Water Consumption at Existing Stores Year-on-year (%) * <sup>6</sup>	96.1	99.7	98.1	89.7
CO <sub>2</sub> Emissions at Existing Stores Year-on-year (%) * <sup>6</sup>	109.1	102.4	98.2	82.8
Recycling Rate (%)	54.74	58.49	62.34	66.08

\*1 Business profit=Operating gross profit – Selling, General and Administrative Expense

\*2 EBITDA=Operating Profit + Depreciation and Amortization Expense

Depreciation accounted under Selling, General and Administrative Expense is used for EBITDA calculated under JGAAP, and Depreciation and Amortization Expense listed in the consolidated statements of cash flows is used for EBITDA calculated under IFRS.

\*3 Equity is calculated based on Net Assets and Non-controlling Interest.

Total Equity Attributable to Owners of Parent is calculated based on Total Equity and Non-controlling Interest.

					IFRS		
					(Millions of yen)		
Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2016	Fiscal 2017	Fiscal 2018
264,779	264,384	269,889	276,358	268,373	93,780	91,621	89,969
42,567	43,776	45,269	46,655	45,446	31,302	29,263	28,108
31,742	31,580	32,760	33,883	32,633	18,505	18,979	19,384
-	-	-	-	-	12,797	10,284	8,723
10,824	12,196	12,508	12,772	12,812	14,203	11,713	5,425
4.1	4.6	4.6	4.6	4.8	15.1	12.8	6.0
10,329	12,013	12,499	12,673	13,253	-	-	-
9,102	11,283	10,582	10,137	11,829	13,669	11,455	5,049
5,083	6,778	6,294	6,061	7,525	8,795	7,809	3,370
16,926	18,052	18,402	19,010	18,189	19,502	17,372	11,389
206,243	220,757	226,830	236,315	250,323	248,806	261,835	275,369
103,573	108,823	113,211	116,474	122,039	120,600	126,311	126,908
37,375	50,424	45,229	54,518	58,099	58,162	52,820	61,740
50.2	49.3	49.9	49.3	48.8	48.5	48.2	46.1
0.36	0.46	0.40	0.47	0.48	0.48	0.42	0.49
5.0	5.6	5.6	5.5	5.4	5.6	4.5	1.9
5.4	6.4	5.7	5.3	6.3	7.5	6.3	2.7
13,938	9,864	15,281	14,652	12,901	7,690	21,386	4,529
(2,139)	(27,886)	(7,612)	(19,325)	(10,098)	(4,961)	(11,552)	(13,909)
11,798	(18,022)	7,668	(4,673)	2,802	2,729	9,834	(9,379)
5,632	36,330	10,532	23,487	18,723	18,723	12,895	14,449
6,101	5,856	5,894	6,238	5,377	5,298	5,659	5,963
54.44	66.81	62.04	59.75	74.17	86.69	76.97	33.30
18.00	18.00	18.00	20.00	23.00	23.00	23.00	24.00
442,600	442,600	451,000	456,000	409,000	409,000	398,000	401,000
53,000	44,000	46,000	40,000	55,000	55,000	35,000	37,000
117.4	111.0	118.6	116.6	112.7	112.7	126.7	116.2
49,214	52,465	56,478	58,158	58,539	58,539	56,091	51,078
1,614,637	1,643,027	1,754,321	1,885,972	1,990,970	1,990,970	2,031,988	2,018,475
-	-	23,797	273,274	540,234	540,234	781,538	1,040,650
43.1	43.7	43.4	43.8	42.5	42.5	43.7	45.2
59.2	58.5	58.2	56.8	56.2	56.2	54.9	61.5
46.4	49.2	47.4	50.3	49.0	49.0	52.4	52.9
39.8	42.2	44.6	44.6	43.1	43.1	44.4	46.4
24.6	28.3	29.3	29.8	30.2	30.2	30.3	30.7
13	16	17	16	19	19	21	26
9.2	11.2	11.6	10.6	12.1	12.1	13.0	15.6
-	480,684	1,027,045	1,206,903	1,217,630	1,217,630	1,541,355	1,656,896
98.0	97.3	95.0	98.8	97.8	97.8	98.1	100.0
91.6	99.6	97.0	98.0	95.2	95.2	97.5	101.1
99.4	104.2	90.8	94.0	100.0	100.0	97.1	100.0
66.51	66.71	67.29	67.69	68.29	68.29	68.95	69.24

\*4 Ratio of ordinary income to total assets (Return on Assets)=Ordinary Income/Total Assets (average of start and end of year values) ×100/

Ratio of profit before tax to total assets (Return on Assets)=Profit Before Tax/Total Assets (average of start and end of year values) ×100

\*5 Depreciation and Amortization Expense in the Consolidated Statements of Cash Flows is the total including depreciation of cost of revenues at PARCO stores as well as depreciation of Selling, General and Administrative Expense.

\*6 Calculated based on the closing of Atsugi PARCO and the opening of Sendai PARCO in fiscal 2008, the opening of Fukuoka PARCO and the closing of Oita PARCO in fiscal 2010, the closing of Shinsaibashi PARCO in fiscal 2011, the opening of Fukuoka PARCO New Building in fiscal 2014, the expanding floor space of Fukuoka PARCO Main Building and the opening of the Nagoya PARCO midi in fiscal 2015, the opening of Sendai PARCO2, the temporary closing of Shibuya PARCO, and the closing of Chiba PARCO in fiscal 2016, the closing of Otsu PARCO and the opening of PARCO\_ya, excluding tenant areas.