



Aiming to be a business group that prospers in urban markets

Overview of the business environment

The market is facing a time of dramatic change

Looking at population trends since 1969, when we opened Ikebukuro PARCO, up to 2010 the population increased, mainly in the 20 large cities known as ordinance-designated cities, such as Tokyo, and we saw increasing polarization between cities and regions. From 2010, the aging of the population progressed, and the general population began to decline. In 2018, population decline also became apparent in some of the ordinance-designated cities. Looking ahead, the aging and decline of the general population is expected to continue, and Japan is expected to see further densification of cities as the population flowing into cities around the country with people seeking greater convenience afforded by infrastructure and other facilities in urban areas.

In the retail industry in 2018, consumer confidence remained sluggish amid a string of natural disasters in Japan, including heavy rain, typhoons and earthquakes, and lackluster growth in sales of ladieswear. By industry type, shopping centers' performance improved year on year, having made progress in renewals, while department stores' performance declined overall, with inbound sales the deciding factor due to the impact of China's revision of its e-commerce law. On the other hand, the e-commerce market continued to expand, mainly due to its high level of convenience, lifestyle

exchanges, and increasing activity in C2C trading via smartphones. We have also seen the line between the real world and the internet fading as e-commerce stores made real store openings and developed services, and so forth.

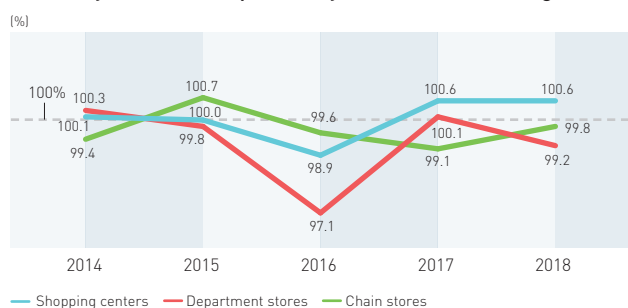
With respect to changing consumption trends, major changes include the sharing economy in which people share products and services with others, sympathetic consumption through use of social networking services, and a shift from goods to services and diversification of values driven by lifestyle changes associated with the empowerment of women. Moreover, there is also a change in consumption moving from goods to services among overseas customers, with increasing visitors to Japan each year promoting expansion in uniquely Japanese experiential services. The advance of technologies in various fields is considered likely to usher in an era of dramatic change in the markets, including new consumption experiences and store management methods.

Population of Tokyo and 20 large cities (ordinance-designated cities) in Japan

	1970	2010	Compared to 1970	2018	Compared to 2010
Japan's total	103,720,060	128,057,352	23.5	126,417,000	-1.3
Tokyo 23 wards	11,408,071	13,159,388	15.4	13,857,664	5.3
Yokohama, Kanagawa	2,238,264	3,688,773	64.8	3,740,172	1.4
Osaka, Osaka	2,980,487	2,665,314	-10.6	2,725,006	2.2
Nagoya, Aichi	2,036,053	2,263,894	11.2	2,320,361	2.5
Sapporo, Hokkaido	1,010,123	1,913,545	89.4	1,966,416	2.8
Fukuoka, Fukuoka	853,270	1,463,743	71.5	1,579,450	7.9
Kobe, Hyogo	1,288,937	1,544,200	19.8	1,527,407	-1.1
Kawasaki, Kanagawa	973,486	1,425,512	46.4	1,516,483	6.4
Kyoto, Kyoto	1,419,165	1,474,015	3.9	1,468,980	-0.3
Saitama, Saitama	600,976	1,222,434	103.4	1,295,607	6.0
Hiroshima, Hiroshima	541,998	1,173,843	116.6	1,199,252	2.2
Sendai, Miyagi	545,065	1,045,986	91.9	1,088,669	4.1
Chiba, Chiba	482,133	961,749	99.5	977,247	1.6
Kitakyushu, Fukuoka	1,042,321	976,846	-6.3	945,595	-3.2
Sakai, Osaka	594,367	841,966	41.7	831,017	-1.3
Niigata, Niigata	383,919	811,901	111.5	800,582	-1.4
Hamamatsu, Shizuoka	432,221	800,866	85.3	794,025	-0.9
Kumamoto, Kumamoto	440,020	734,474	66.9	739,556	0.7
Sagamihara, Kanagawa	278,326	717,544	157.8	723,012	0.8
Okayama, Okayama	375,106	709,584	89.2	721,329	1.7
Shizuoka, Shizuoka	651,344	716,197	10.0	695,416	-2.9

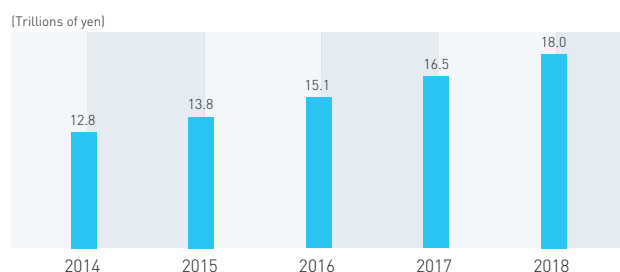
Cited from the Ministry of Health, Labour and Welfare's Vital Statistics

Year-on-year sales comparison by retail format (existing stores)



Sourced from the Japan Council of Shopping Centers, Japan Department Stores Association, and Japan Chain Stores Association

EC market scale



Cited from the Ministry of Economy, Trade and Industry's E-Commerce Market Survey

Earnings evaluation and forecast

Promote business portfolio innovation with speed

We continued as before to promote store openings in urban areas centered on ordinance-designated cities, while cultivating peripheral businesses to achieve growth. With the dramatic changes in the market presenting a mixture of risk and opportunities, in fiscal 2014, we announced the PARCO Group Long-term Vision and Three Business Strategies. Then, we formulated a Medium-term Business Plan to develop our businesses along the themes of execution of growth strategy from fiscal 2014 to fiscal 2016, and reforms to the business portfolio in fiscal 2017 and onward.

In the second year of the Medium-term Business Plan, fiscal 2018, we recorded decreases in revenue and profit, mainly due to a decision to close unprofitable locations in the Retail Business and close Utsunomiya PARCO and Kumamoto PARCO in the previous fiscal year. Meanwhile, we conducted various measures for future growth. On the theme of creating new added value corresponding to diverse consumption, we promote the structural reform of our buildings with the aim of proposing more enriching lifestyles for the highly attuned generations, and strengthening new functions for attracting customers at real stores. Moreover, increased strategies for bringing in customers by motivating them with experiences that can only be had at real stores, and bolstered events and programs coordinated with the local community, helped boost customer traffic and transaction volume at PARCO stores. For the e-commerce markets, we overhauled our official POCKET PARCO app, and renewed the official PARCO online sales portal, renaming it from KAERU PARCO to PARCO ONLINE STORE and taking steps to offer something different to our physical stores. In response to inbound demand, we worked to increase recognition of PARCO in China. These efforts included opening an official account on one of China's largest social networking services and holding campaigns featuring collaborations with Japanese artists that enjoy strong popularity in greater China.

The market environment for fiscal 2019 will include changes in the role of real stores due to acceleration of e-commerce among apparel companies, changes in consumer sentiment, such as service consumption and the sharing economy, rapid technology advances in various fields, and intensifying competition among commercial facilities, mainly in urban areas. A consumption tax hike has also been planned, which is expected to further depress consumer confidence, and cashless payments are expected to expand rapidly. In response to this external environment, in fiscal 2019 we will work quickly to reform our business portfolio and we are planning for increases in revenue and profit with a contribution from the opening of four buildings in different retail formats, starting with Kinshicho PARCO in March 2019. Furthermore, we will move ahead with strengthening our response to the digital environment and CRM strategy with a view to building a new customer-focused business model. These initiatives include diversifying our payment functions with the introduction of our point service, PARCO POINT, and the QR-code payment service, PARCO PAY in autumn.

In November 2019, we will open Shibuya PARCO, which is the origin of the Group. Shibuya PARCO will incorporate a range of experiential elements using digital technology, as it is reborn as a completely new shopping center. By creating a next-generation commercial space in the global city of Shibuya, PARCO's store brand will evolve even further. As the new spirit generated by Shibuya PARCO spreads through PARCO stores and Group businesses nationwide, I am certain that this will enable us to achieve the Medium-term Business Plan and thereby realize our Long-term Vision.

For details of our growth strategy, refer to "PARCO Group's Growth Strategy" beginning on page 27.

Risks

- Falling birthrate and aging society
- Increasingly tough competitive environment
- Expansion of the e-commerce market
- Expansion of the sharing economy
- Consumption tax increase

Opportunities

- Increase in urban population
- Empowerment of women
- Advancement of technologies
- Diversification of values
- Shift from goods to services
- Changes in inbound tourism demand



President Makiyama talking to the press at the preview event of Kinshicho PARCO

Shareholder returns

Dividend of ¥26 planned for fiscal 2019 with a commemorative dividend for PARCO 50th anniversary

We view the return of profits to shareholders through the achievement of sustainable growth and medium- to long-term improvements in corporate value as one of our most important policies. In paying cash dividends from retained earnings, our basic stance is to pay a stable dividend to shareholders following careful consideration of business performance and the payout ratio. Our policy regarding

internal reserves is to effectively utilize such funds to preserve financial soundness and promote future business development.

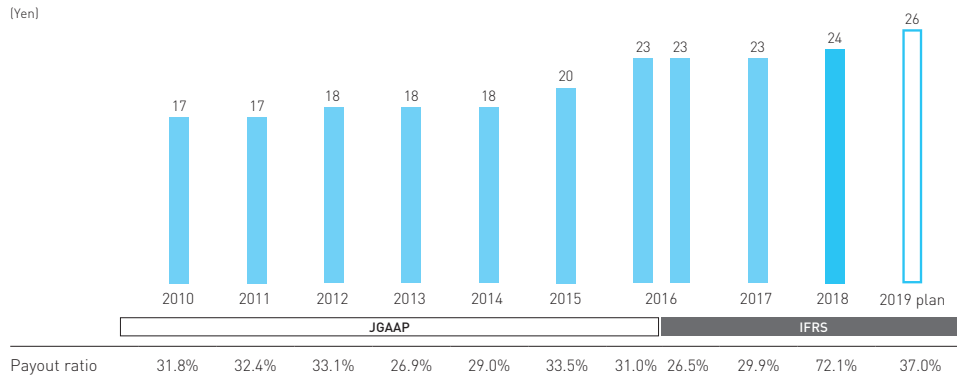
In fiscal 2018, our annual dividend per share was ¥24, an increase of ¥1, and the payout ratio was 72.1%. For fiscal 2019, we plan to pay a commemorative dividend of ¥2 per share for PARCO's 50th anniversary, for an annual dividend of ¥26 (ordinary dividend of ¥24 and commemorative dividend of ¥2) with an expected payout ratio of 37.0%. We have also instituted various reward programs to make shopping at PARCO nationwide even more enjoyable for shareholders.

Visit our website for details on shareholder rewards.

URL www.parco.co.jp/en/ir/benefit/

Cash dividend per share and payout ratio

(Yen)



Promotion of ESG Initiatives

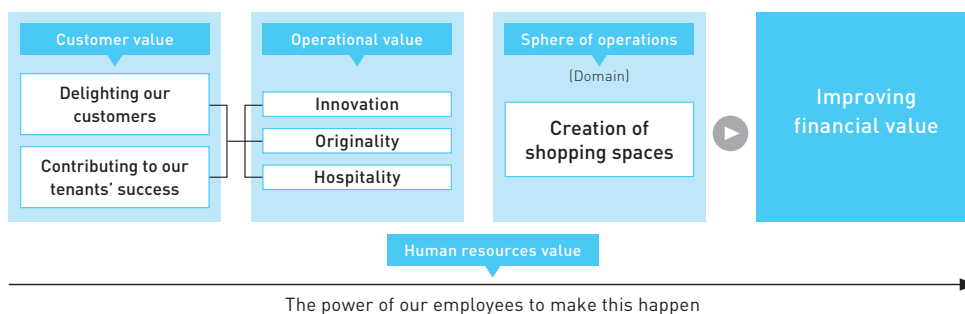
Putting our Corporate Mission into practice is how we carry out CSR

We view CSR as the concrete embodiment of our Corporate Mission and the backbone of our business itself. That mission is expressed as "Creating welcoming, forward-thinking, innovative spaces that provide an enjoyable experience for customers and help our tenants prosper." CSR for the PARCO Group consists of working through our business activities to realize this mission while earning the trust and satisfaction of stakeholders. Forward-thinking, innovative activities in this context means to further the evolution of the points or origin that define PARCO, "Incubation," "Urban Revitalization," and "Trends Communication," which also represent our role in society, while staying on top of the changing times. We have organized this approach in a system diagram to more fully integrate it into the company. In addition, to help bring our daily activities closer to the ideal of the Corporate Mission, we have set out the "Ten guidelines for PARCO employees and Five actions being taken by PARCO," which are promoted throughout the company. Our aim is to develop and grow as a company by creating value that satisfies all stakeholders, including customers, tenants, shareholders and employees, continuing to provide that value, and securing appropriate levels of profit as a result.

For further information about the "Ten guidelines for PARCO employees and five actions being taken by PARCO," please visit the following website.

URL www.parco.co.jp/en/about/vision/guidelines.php

PARCO Corporate Mission System diagram





In fiscal 2018, we established six themes and actively pursued them, taking a fresh perspective on the SDGs and recognizing the PARCO group's social role is to create new value in sympathy with society and develop constantly. We consider the themes to be consistent with obtaining the trust and satisfaction of our stakeholders and increasing our corporate value. They include the four themes of "Next generation," which involves supporting the talents of the next generation's workforce, "Culture," in the form of providing new cultural value and culture-based markets, "Local communities," which includes working to enhance the attractiveness of local communities and neighborhoods, and the "Environment," in which we aim to create commercial spaces with minimal environmental footprint. To these we have added the themes of "Work style reform" and "Compliance," as we promote initiatives aimed at sustainable management. We will continue to recognize the PARCO group's responsibilities and roles in accordance with social issues and demands. Mindful of the SDGs, we will tackle the Six Themes through our three social roles as we strive to contribute to solutions for social issues.

For details, refer to "Promotion of ESG Initiatives" beginning on page 48.

PARCO's Six Themes and Related ESG and SDGs



PARCO Group's Growth Strategy

Positioning of the PARCO Group Long-term Vision and Medium-term Business Plan (FY2017-2021)

The structure of the market is changing dramatically, with the globalization of Japan's consumer environment, rising urban populations due to a trend of settlement in urban areas, and diversification in customer needs with further advancement in ICT technology. Overseas, as the China market reaches maturity and ASEAN cities continue their growth trajectory, we are encountering opportunities to expand new businesses.

To firmly grasp these changes in Japan and overseas and translate them into business opportunities, we established the PARCO Group Long-term Vision in 2014, which is to become "A business group that prospers in urban markets," and we are promoting Three Business Strategies. To achieve this vision, in the second period of

the plan we formulated the Medium-term Business Plan based on Three Business Strategies, which we are now executing. Under Medium-term Business Plan (FY2014–FY2016), in the period for executing growth strategy, we built a stable foundation for stores, specified the Shibuya PARCO redevelopment plan for the next phase of growth, and opened new stores. We also worked to promote growth strategies by developing the ZERO GATE format in the area around the existing store. In Medium-term Business Plan (FY2017–FY2021), during the business portfolio reform period, we aim to promote business selection and concentration and realize growth by increasing the unique value we provide to urban areas.

PARCO Group Long-term Vision

A Business Group that Prospers in Urban Markets

—Designers of unique offerings for 24/7 urban life

—Creative drivers of urban evolution

Three Business Strategies

- ① Cultivation of major urban areas
- ② Expansion of core targets
- ③ Innovative use of ICT

Medium-term Business Plan (FY2017-2021)

Realizing Growth by Widening Unique Value Provided to Urban Areas

Three Tactics

- Tactic 1** Evolve the store brands
- Tactic 2** Produce commercial real estate
- Tactic 3** Expand soft content

Four Directions

- Direction 1** Expand domain to include commercial real estate and soft businesses that leverage PARCO's intrinsic expertise and capabilities
- Direction 2** Increase operational efficiency through business resource choice and focus—be a compact, high-yield business group
- Direction 3** Widen unique value provided to meet the diversifying needs of urban consumers and business owners
- Direction 4** Develop corporate culture that expands our purpose in society

Management indicator targets

Operating profit:	EBITDA:	ROE:	EPS (Basic earnings per share):
¥14.7 billion	¥23.5 billion	6.5–7.0%	¥92.02

Two steps toward growth

Up to FY2013

Stabilization of store business, germination of new businesses

Phase 1: FY2014-2016

Execution of growth strategy

Phase 2: FY2017-2021

Reforms to business portfolio



Overview of the Medium-term Business Plan (FY2017-2021)

Under Medium-term Business Plan (FY2017-2021), we are now executing Three Tactics: "Evolve the store brands," "Produce commercial real estate," and "Expand soft content" based on the three Business Strategies of our Long-term Vision. We will contribute to urban maturation by providing unique PARCO value, which encompasses values like personal fulfilment, new inspiration and contentment, throughout our Group businesses, including the PARCO stores business, to meet the needs of consumers seeking fulfilling urban lifestyles and business owners active in urban areas. Moreover, to achieve this we will refine our businesses and expand business areas to raise the value of the PARCO Group's existence and reform our business portfolio.

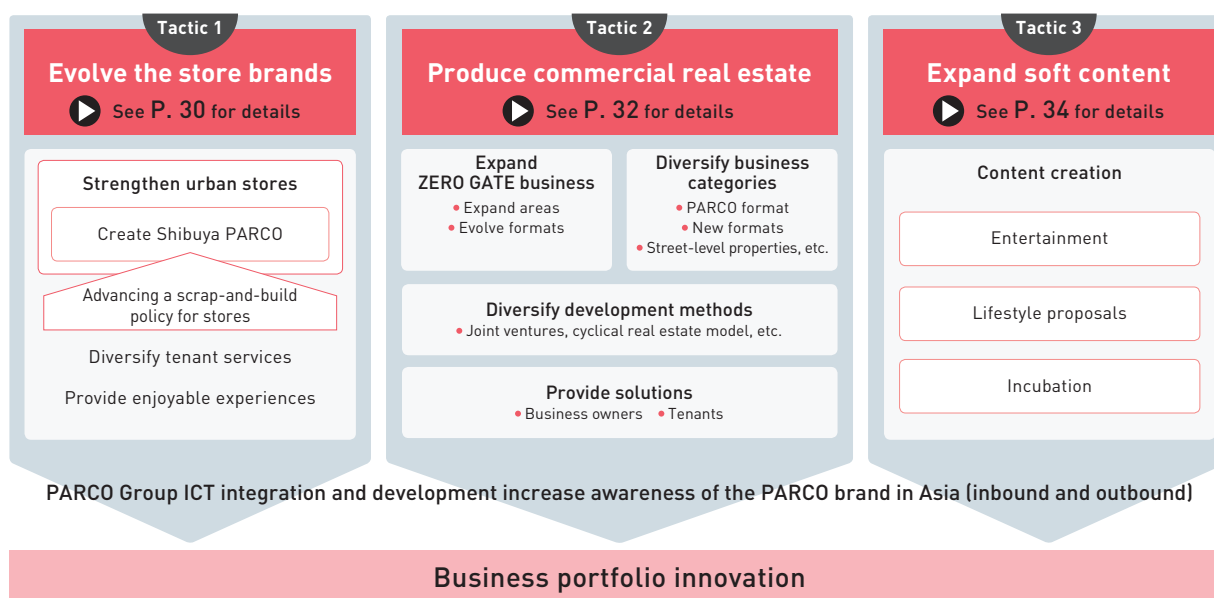
For Tactic 1, "Evolve the store brands," we will apply key concepts that emerge in the creation of Shibuya PARCO to strengthen existing stores. We will also work to create next-generation commercial spaces and stabilize earnings by enhancing unique tenant services and providing consumers with genuine retail experiences.

For Tactic 2, "Produce commercial real estate," we will work to increase format variety by creating new formats alongside the existing PARCO and ZERO GATE formats with the goal of acquiring sites primarily in urban areas with growth potential where we have not yet opened complexes. In addition, we will offer unique solutions to commercial facility operators and tenant stores, including the Space Engineering and Management Business and Digital Marketing Business operated by Group companies.

For Tactic 3, "Expand soft content," we plan to evolve our entertainment content and create new content, the locus of PARCO's unique soft content, and further expand the range of specialty stores managed by Group companies in the lifestyle business. Further, the PARCO Group will play the role of incubator and collaborate with up-and-coming creators and companies to provide novel experiences to consumers.



Realizing Growth by Widening Unique Value Provided to Urban Areas



Progress of Medium-term Management Plan (FY2017-2021)

In fiscal 2018, the second year of Medium-term Management Plan (FY2017-2021), operating revenue declined 1.8% year on year to ¥89,969 million, mainly reflecting the closure of unprofitable locations in the Retail Business in the previous fiscal year. Operating profit was ¥5,425 million, down 53.7% year on year, mainly reflecting losses related to the planned closure of Utsunomiya PARCO and Kumamoto PARCO in fiscal 2019 and the booking of impairment losses for other stores. Profit before tax was ¥5,049 million, down 55.9%, and profit attributable to owners of parent was ¥3,370 million, down 56.8%.

Meanwhile, in fiscal 2018, we worked steadily to develop new locations in urban markets. We opened Harajuku ZERO GATE in March and made the decision in April to open Kawasaki ZERO GATE (tentative name). In August, Kyoto ZERO GATE was fully opened and Sannomiya ZERO GATE opened its doors in September. We also made preparations to open a number of stores in fiscal 2019, including Kinshicho PARCO, which opened in March 2019, SAN-A Urasoe West Coast PARCO CITY, Kawasaki ZERO GATE (tentative name) and Shibuya PARCO. In the PARCO stores business, we stepped up efforts to adapt to changes in consumer values and the retail environment, such as

intensifying competition between commercial facilities and growing use of online channels for apparel purchases. Specifically, we adjusted tenant composition, broadened product choice and worked to attract up-and-coming tenants. We also updated our official POCKET PARCO app and the PARCO ONLINE STORE to create a more enjoyable, convenient shopping experience for customers.

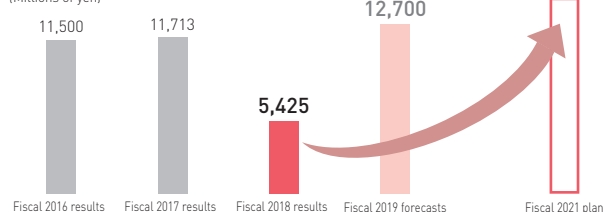
In fiscal 2019, to mark the 50th anniversary of the opening of Ikebukuro PARCO, we will develop proposals for next-generation commercial facilities, building on the momentum achieved with the redevelopment of Shibuya PARCO. We will also implement reforms in the stores business, aiming to respond to the evolving digital landscape by creating a new customer-focused business model anchored by a stronger CRM strategy. In addition, we will open four different retail formats. Through these measures, we aim to achieve our management indicator targets. By implementing the above initiatives, we are targeting fiscal 2019 operating revenue of ¥116.2 billion, up 29.2% year on year*, operating income of ¥12.7 billion, up 134.1%, and profit attributable to owners of parent of ¥7.1 billion, up 110.7% year on year.

* The forecast for operating revenue includes a one-off increase from the sale of land that was kept on hold during the Shibuya redevelopment project. The same amount has been factored into operating cost.

Progress on management indicator targets

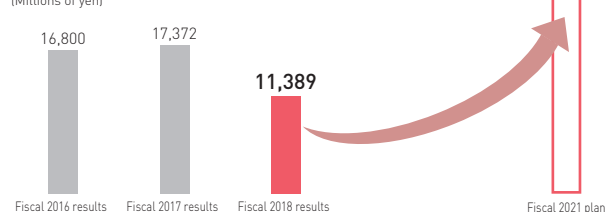
Operating profit

(Millions of yen)



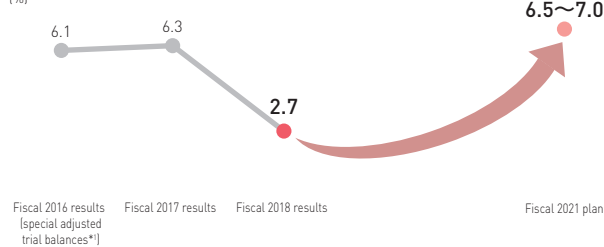
EBITDA*2

(Millions of yen)



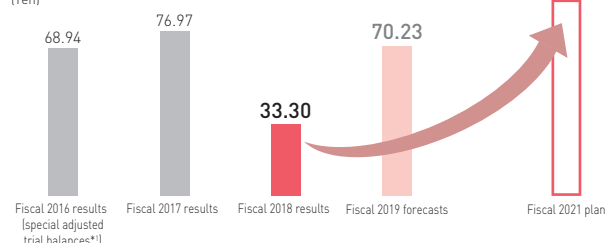
ROE*3

(%)



EPS**4 (Basic earnings per share)

(Yen)



*1 Adjustments have been made for proceeds from the sale of Shibuya ZERO GATE, proceeds from the sale of Chiba parking, losses on the closure of Otsu PARCO and other factors.

*2 EBITDA=Operating Profit + Depreciation and Amortization Expense

*3 ROE= Profit Attributable to Owners of Parent÷Shareholders' Equity

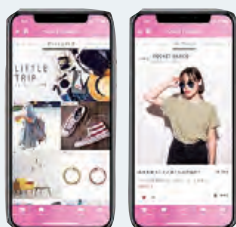
*4 EPS (basic earnings per share) = Profit Attributable to Owners of Parent÷Number of Common Shares Outstanding

Progress on producing commercial real estate under the Medium-term Business Plan

	Target	Projects Opened/Planned	Opened/Scheduled				Remaining
			2017	2018	2019	2021	
PARCO Format	5 projects	4 projects	PARCO_ya	Nov.			1 project
			Kinshicho PARCO		Mar.		
			Shibuya PARCO		Nov.		
			North Building of Daimaru Shinsaibashi			Spring	
New Format	2 projects	1 project	SAN-A Urasoe West Coast PARCO CITY		Jun.		1 project
ZERO GATE Format	5 projects	4 projects	Kyoto ZERO GATE	Nov.			1 project
			Harajuku ZERO GATE		Mar.		
			Sannomiya ZERO GATE		Sept.		
			Kawasaki ZERO GATE (tentative name)		Early Fall		
Total	12 projects	9 projects (5 opened, 4 currently planned)					3 projects

Tactic 1

Evolve the Store Brands



PARCO ONLINE STORE



Expand the functions and content of POCKET PARCO, the official app

On November 22, 2018 (Thursday), we carried out a major overhaul of POCKET PARCO. The app now distributes PARCO Journal, an entertainment column edited by PARCO to provide a quick, one-minute read, which we operate as owned media. The column aims to satisfy users' curiosity by introducing seasonal fashion trends and items of interest, area-specific content highlighting local attractions, and providing PARCO's own entertainment information. We also renewed the official PARCO online sales portal, KAERU PARCO, as PARCO ONLINE STORE. In addition to the previous services and stores, we will promote cutting-edge new brands and select stores exclusively online, with a different perspective from physical PARCO stores. Looking ahead, we will build on the POCKET PARCO platform, which enables people to experience PARCO anytime, anywhere, by adding payment functions and other convenient features, while promoting customer communication using digital technology.

NEWVIEW AWARDS 2018 Calls for VR*¹ Content

We set up NEWVIEW as a joint project with Psychic VR Lab Co., Ltd. and Loftwork Inc. and held the NEWVIEW AWARDS 2018. The awards look toward a time in the near future when everyone will have access to expression in three-dimensional space and seek to discover and support next-generation creators who are able to lead the way in new expressions of VR, culture, and lifestyles. In June and July 2018, we called for entries, and received 219 works from seven countries, with nine being selected for awards. The Gold prize (Grand Prix) was awarded to virtual YouTuber Emoco's personal VR exhibition, "EMOCO'S FIRST PRIVATE EXHIBITION," while the PARCO Award was presented for XR*² space designer Discont's entry, "SHAPE MEMORY OF YOU."

*1 VR: Virtual Reality. A technology that enables users to experience a virtual world projected inside a special headset.

*2 XR: A collective term for technologies such as VR that enable users to experience virtual spaces and objects generated by computers as though they exist in the real world.



SHAPE MEMORY OF YOU

An experimental attempt to recover a lost body and body sense in a VR setting, SHAPE MEMORY OF YOU comprises seven installations that invoke the sense of the body's existence and then challenge the body sense.



Judge's Comment Managing Executive Officer Sensui of PARCO

It was a piece that stirred my expectations of "I wonder what's coming up next" while going around the seven exhibitions in the space, while the space changed as I advanced forward. In addition, among current creators of VR spaces, there are many skilled people who call themselves "engineers," but through this award, a creator appeared taking on the title of a "VR space designer" (the creator of this piece, Discont). This made me think that VR will be taking a huge step in shifting towards art, fashion and culture in the future, which is why I chose this piece.

We have started creating a piece with Discont.

The finished work will be unveiled on the 5th floor of Shibuya PARCO, which is scheduled for completion in November 2019.

Message from Stakeholders



Discont
XR space designer

After receiving the PARCO Award at NEWVIEW AWARDS 2018, I started exploring my potential as an XR space designer every day. As a creator, I am constantly aiming to generate superlative experiences that nobody has ever seen before. This is indeed the vision of NEWVIEW. I don't think that anyone can predict where the new phenomenon inspired by NEWVIEW will lead. However, as I experience the new winds of change on the front line of XR, I cannot help but feel that we are on the cusp of a new era.

When Shibuya PARCO opens, we will take the first step toward the vision of NEWVIEW with the presentation of this work.

This is an important step in creating the future of XR. I am very excited to be able to create this moment together with PARCO.

■ Creating new value that crosses the divide between the internet and the real world

PARCO has been engaged in various initiatives such as the incubation space, UP NEXT, aiming to foster new stores and brands. Our aspiration is to create new value that crosses the divide between the internet and the real world, and to allow the potential of store brands to blossom and grow into stores that will become part of PARCO, and by extension the retail industry, in the future.

Supporting business expansion of SHOPCOUNTER and fashion brands

SHOPCOUNTER is a market-place service offering leases on empty stores in shopping centers, train stations, and other commercial spaces and retail areas, operated by COUNTERWORKS Inc. We collaborated with COUNTERWORKS Inc. to open a SHOPCOUNTER POP UP STORE to jointly operate the UP NEXT incubation space at Ikebukuro PARCO from April to July 2019. We called for applicants on SHOPCOUNTER, aiming to give creators and influencers active on YouTube and social networking services an opportunity to expand their businesses by opening a store for several weeks to showcase their own internet-based brands in a physical store.



Ikebukuro PARCO Main Building
1st basement floor UP NEXT
SHOPCOUNTER POP UP STORE
Unisex brand store, harapeco

Exchanging unwanted items for shopping coupons and providing instant buying and selling experiences on CASH

The popular app CASH provided by Bank, Inc., enables items to be exchanged instantly for cash. We collaborated with Bank, Inc. to open a pop up store, CASH here, in Ikebukuro PARCO. At the first store in November 2018, people brought in fashion items and exchanged them for Ikebukuro PARCO shopping coupons, providing an experience of being able to use the coupons directly to purchase new items, which can only be had at a physical store. For the second pop up store, which opened in March 2019, we provided an even more convenient experience, in that users did not need to carry items into the store, but

needed only to show a photograph on a smart-phone which could be scanned and bought on the spot by CASH.



Ikebukuro PARCO Main building
3rd floor event space
CASH here second pop up store

Opening the first pop up store selected by STORES.jp

PARCO collaborated with STORES.jp, Inc., which operates the online store construction service STORES.jp, to open pop up stores at Fukuoka, Nagoya, and Ikebukuro PARCOs. STORES.jp Inc. carefully selected innovative and forward-looking owners who applied under the different themes of apparel and food. At the first pop up store in Fukuoka PARCO in December 2018, we introduced 16 brands of coffee, tea, and sweets to be enjoyed at home under theme of "Order in for a Cafe at Home." At the second pop up store at Nagoya PARCO in January 2019, we introduced 13 brands of selected accessories under the theme of "My Favorite Self."



Third pop up store in March 2019
Ikebukuro PARCO Main Building
1st basement floor UP NEXT
"Spring Coordination for
Mother and Child"
Introducing 9 fashion item brands
for mothers and children to enjoy
together.

Showrooming store FACY STORE's debut opening in a commercial facility

FACY is a fashion service operated by STYLER Inc. offering professional online consultations. We collaborated with STYLER Inc. in the commercial facility debut opening of FACY STORE, a showrooming* store, at Kichijoji PARCO in February 2019, as a limited time project. We provided a new shopping experience by combining the ability to hold actual products, which can only be experienced at stores, with online services.

*Showrooming refers to checking a product in a physical store before purchasing it online.



Kichijoji PARCO 1st floor
Koen-dori street-front space
TURN the TABLE
FACY STORE

A personal styling experience event by airCloset

airCloset, Inc. operates Japan's first and largest monthly fashion rental service for women, airCloset. PARCO teamed up with airCloset, Inc. to hold personal styling experience events with professional stylists at Urawa and Kichijoji PARCOs. Customers were able to discuss their fashion concerns with stylists and receive proposals for styling that truly suits them, enjoying new encounters with fashion and communication with the stylists.



Urawa PARCO 2nd floor
event space
Personal styling experience event

Tactic 2

Produce Commercial Real Estate

Stores Opened in Fiscal 2018

Opened in March 2018

Harajuku ZERO GATE

This facility opened in March 2018 on Meiji Dori avenue in the Harajuku and Jingumae area, which has a high profile both in Japan and internationally. With a popular social networking service character merchandise store LINE FRIENDS flagship store in Harajuku and a fitness gym, B.I.F BY NERBY, based on a new concept developed in Japan of using martial arts to pursue Japanese feminine beauty, the facility contributes to the vibrancy of the district and helps to improve circulation through the area.



Fully opened in August 2018

Kyoto ZERO GATE

Located adjacent to the Daimaru Kyoto department store, facing Shijo Street, Kyoto's commercial center, this facility opened on some of the upper floors in November 2017. The facility fully opened in August 2018 with the opening of Apple Kyoto, Apple's first directly managed store in Kyoto. Encased with huge sheets of glass presenting a traditional Japanese shoji screen motif, the entire building has a distinctive illumination effect in the evenings, when it lights up like a traditional Japanese lantern.



Opened in September 2018

Sannomiya ZERO GATE

This facility opened in September 2018 at the intersection of Kobe's Sannomiya Center Gai shopping street and Tor Road, which connects the former foreign settlement and the Yamate area. The facility's opening was preceded by the openings of Kobe's first lifestyle store, COLONY 2139, and the first adidas Brand Core Store in western Japan, based on the STADIUM concept. In February 2019, Hot Yoga Studio lolve and the photo sticker booth specialty store, girls mignon opened. The facility will contribute to enlivening Kobe's Sannomiya district.



Stores Opened in Fiscal 2019

Opened on March 16, 2019

Change is starting

Opening of Kinshicho PARCO

Kinshicho PARCO opened on March 16, 2019 in Sumida-ku, eastern Tokyo, which has been drawing attention following the appearance of the TOKYO SKYTREE. For this facility, we leased a portion of the Rakutenchi Building and made major renovations to the interior and exterior. Kinshicho PARCO will provide a new function in the Kinshicho urban subcenter, providing stores with an urban sensitivity and enhancing services that maximize the convenience of the station-front area. The building is designed to serve as local infrastructure for attracting visitors to the district for more than just shopping, and will meet the needs of local customers and help to increase the charm of the Kinshicho area. Tenants in the store are on-board with the Kinshicho PARCO concept and include some of the largest, or latest, format openings, as well as local stores from Sumida-ku and famous "Kinshicho Legend" stores from the area. Kinshicho PARCO will continue striving to be a facility where all kinds of people can spend quality time.

Opened on June 27, 2019

A shared sense of happiness— from here into the future

Opening of SAN-A Urasoe West Coast PARCO CITY

SAN-A Urasoe West Coast PARCO CITY was opened in Urasoe City, Okinawa Prefecture on June 27, 2019. It will be operated by major Okinawan distributor SAN-A CO., LTD. and SAN-A PARCO, Inc., a joint venture established by SAN-A CO., LTD. and PARCO CO., LTD. for operating commercial facilities. SAN-A Urasoe West Coast PARCO CITY is a large-scale facility with a store area of around 60,000m², set in a prime location approximately 15 minutes' drive from Naha Airport overlooking the beautiful sea. A rich variety of stores is combined with PARCO's environmental design and soft content to provide completely new value to the Okinawan market, targeting the growing local population and the expanding number of domestic and overseas tourists, who current number 9.8 million per year.

Hybrid store lineup offering urban sensitivity and a strong local flavor

Of the 105 stores, 69 are opening in the Kinshicho area for the first time

The first floor is the entrance floor looking onto the street, featuring imported brands, cosmetics, cafes, and a food hall with openings by famous local eateries. On the second, third and fifth floors, men's and ladies' fashion stores open along with related stores and large-scale accessory retailers. The entire fourth floor is dedicated to the lifestyle store MUJI, with a combined cafe. The sixth floor has a direct connection to a cinema, and is set up as a casual restaurant zone open to everyone, and an elaborately designed fashion and culture floor. The seventh floor is the top floor, offering service function for local living infrastructure such as a post office, a medical mall, and satellite offices. The facility is designed to be a close part of everyday life.

Kinshicho PARCO Floor Plan

7F	10 stores	Living support services as a new urban function
6F	16 stores	Eateries that cater to local needs and lifestyle proposals centered on family fashion
5F	24 stores	Men's and ladies' fashion & culture and life-long education floor
4F	1 store	Latest style large-scale lifestyle store covering an entire floor
3F	21 stores	Urban ladies fashion & kids world and cafe
2F	16 stores	Fashion-conscious zone
1F	17 stores	New Sumida Style

1F Sumida Food Hall



A food hall featuring well-known local eateries and popular restaurants from around the city

7F One-stop, convenient services



A post office providing social infrastructure functions and a host of service function stores such as clinics



Message from Stakeholders



Junichi Akaike

Representative Director and President
PEET co., LTD.

Kinshicho PARCO 6th floor
G-LAND EXTREME

We are very grateful to have the opportunity to open a store at Kinshicho PARCO. We have been selling apparel here in Kinshicho since 1968. We started opening directly operated stores around 20 years ago, and it is now the main format of our business.

The Rakutenchi Building where Kinshicho PARCO has opened holds memories for me as I used to come here to see movies as a child. At the time, the area around the south gate of Kinshicho Station was booming, and the north gate area was a bit lonely. Then, the north gate area was redeveloped about 25 years ago, and it was reborn with city hotels and office buildings. When the TOKYO SKYTREE opened, Kinshicho Station entered the spotlight as it is the nearest JR station. Kinshicho PARCO is in a superb location in the middle of the north and south gates, connecting them. I am certain that the complex will continue to develop going forward.

We will provide top quality casual wear to Kinshicho PARCO customers, with gratitude to Kinshicho for our 50 years of business there.

Thank you for your support.

A rich variety of tenant stores to cater to diverse needs, from daily shopping to special occasions

Of the 250 stores, 94 are opening in Okinawa for the first time

Ninety-four stores will be opening in Okinawa for the first time, including urban style fashion brands, fast fashions from overseas, cosmetics stores, and popular restaurants from around Japan. In addition, the facility features a full range of stores offering everything from classic souvenirs to new local store formats, and food themes from all over Japan to provide a flavor of Okinawa and Japan, along with 50 local Okinawan company's stores.

The first floor takes the theme of "enjoying living through the seasons," catering to daily needs as well as proposing a slightly more up-market every-day experience, and new lifestyles for enjoying abundant day-to-day living. The theme for the second floor is "enjoying urban style." It features the first select stores in the area, as well as overseas fast-fashion brands for a main focus on highly discerning fashion to propose urban lifestyles. The third floor theme is "enjoying local specialties," offering a new "third place" and entertainment for the community as a floor that proposes ways to spend leisure time.



SAN-A Urasoe West Coast PARCO CITY Floor Plan

3F	85 stores (including 36 stores opening in Okinawa for the first time)	Enjoying local specialties
2F	93 stores (including 47 stores opening in Okinawa for the first time)	Enjoying urban style
1F	72 stores (including 11 stores opening in Okinawa for the first time)	Enjoying living through the seasons



Tactic 3

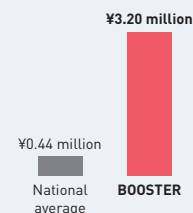
Expand Soft Content

Crowd-Funding Service BOOSTER

URL <https://camp-fire.jp/booster-parco>

BOOSTER started in December 2014 to provide support for well-intentioned community contribution projects and new product development projects of start-ups with promising technologies and ideas. We add PARCO-style incubation and collaboration opportunities into the mix to provide support with fund raising, advertising, test marketing, and other challenges. In June 2018, PARCO concluded an alliance and investment agreement with CAMPFIRE, Inc., operator of Japan's No. 1 crowd-funding platform CAMPFIRE. The two companies began jointly operating BOOSTER in July. The crowdfunding services utilizes both company's strengths, including measures such as distributing information to around 540,000 CAMPFIRE members and approximately 1.65 million people following PARCO on social networking services and running sales promotions at real stores such as PARCO stores nationwide. The alliance has produced Japan's top crowdfunding service in terms of amounts fund circulation per project and target amount achievement rate. Now one year on since the alliance was formed, BOOSTER is performing strongly, not only with individual and start-up projects, but also with a growing number of major companies' ESG- and SDG-related projects and new product development projects.

High level of fund circulation per project



Cited from Yano Research Institute Ltd.'s "Crowdfunding Market 2018"

Collaboration with "ToukenRanbu-ONLINE-" and Daimaru Matsuzakaya

Promoting the Appeal of Osaka Town throughout Japan through a cultural property revitalization project at Osaka's iconic shrine

This project aimed to newly reconstruct the Ishikirimaru Sword, an important cultural property belonging to the Ishikiri Tsurugiya Shrine, and offer it to the shrine. Thank-you gifts for project supporters and advertising were prepared with cooperation from the wildly popular PC browser and smartphone game "ToukenRanbu-ONLINE-" (wild dance of swords), while Daimaru Umeda Store has also assisted with displays and advertising. Through this kind of PARCO-style collaboration, we received tremendous support and communicated the appeal of Osaka throughout Japan.



Press conference held at Daimaru Umeda Store

Japan's first showroom specialized for trialing products, BOOSTER STUDIO by CAMPFIRE to open in Shibuya PARCO

PARCO and CAMPFIRE plan to jointly operate Japanese first showroom store specialized for trialing products, using crowd-funding and AI. The store will display products at the trial stage, such as unique digital products, technologies, and ideas of start-ups and major manufacturers. The store will provide feedback to exhibitors for the exhibited products including customer behavior data and AI analysis, as well as information acquired through conversation with the store staff. By partnering with BOOSTER, the store can offer exhibitors both online and real-world marketing data, aiming to be of use in improving products, developing new products, and formulating the next retail strategy, such as opening a physical store.

BOOSTER STUDIO by CAMPFIRE

Cultural Information Dissemination Center PARCO MUSEUM

URL <https://art.parco.jp>

As part of the temporary closure of Shibuya PARCO, PARCO MUSEUM was relocated to the seventh floor of the Ikebukuro PARCO Main Building, then renovated and reopened in September 2016. Here it continues to create and curate diverse exhibitions and events transcending the existing categories of art, design and culture. In fiscal 2018, we ran a photography exhibition by a popular actor, "Ryoma Takeuchi Photography Exhibition~ unreleased -photo by Akinori Ito-." An alternative version of a photography collection that is already making waves, this exhibition contains only photos not included in the collection. A film was also shown with the photographs, providing a peek into the atmosphere of the shoots. We also sold original merchandise such as a version of the photography collection with a limited-edition cover for the gallery, which was highly regarded.



Ryoma Takeuchi at the press conference

Message from Stakeholders



Ryoma Takeuchi
Actor

Last year, I was delighted to create a photography exhibition together with PARCO at the same time as the "Ryoma Takeuchi" photography collection. It was my first time trying a photography exhibition, and since it toured Japan, it was a major event for me. There were some tough challenges, but with the help of everyone we succeeded. Thank you all so much.

Development of Collaboration Cafe

We develop various Collaboration Cafes through original content development and tie-ins with companies to provide new consumer experiences.

THE GUEST cafe & diner

URL www.the-guest.com

PARCO develops cafes tied in with various content such as popular characters, films and anime. Featuring themed menus, the cafes enable customers to engage in the unique worlds of particular works. There are now five* in operation around the country. In 2019, we collaborated with the new book "Tokyo Ghoul: re" in the popular manga series "Tokyo Ghoul," which has sold over 37 million publications. We have opened Tokyo Ghoul: re Cafes in five locations nationwide. The cafe will reprise popular menu items such as Disgusting Sandwich, which enjoyed great popularity in 2017 when we opened a Tokyo Ghoul Cafe that generated a huge response. We also created a collaboration menu featuring images of the unique characters in the "Tokyo Ghoul: re" manga.

* Ikebukuro PARCO, Nagoya PARCO, Fukuoka PARCO, Sapporo PARCO and Shinsaibashi 161



Gourmet Tsukiyama's roast beef
from "Tokyo Ghoul: re Cafe" collaboration menu
© Sui Ishida/Shueish

#Matcha PARCO

In our second collaboration with Morinaga Milk Industry Co., Ltd., we held limited-time openings of #Matcha PARCO collaboration cafes offering special matcha-flavored versions of Morinaga Milk Industry Co., Ltd.'s main brands, PINO, PARM, MOW, and Mitsu to Yuki. The #Matcha PARCO cafes opened at our PARCO stores in four cities: Nagoya, Fukuoka, Ikebukuro, and Hiroshima starting in April 2019. The cafe venues were decorated with matcha motifs, and offered matcha sampler plates with exclusive flavors and limited menus from each store. The cafes were highly popular, and sold out day after day.



Nagoya PARCO Limited Menu
"Every type of ice cream x mitarashi shiratama
(sticky rice ball with sweet sauce)"



Fukuoka PARCO New Building 3rd floor
#Matcha PARCO operating
in 24/7 cafe apartment

"Detective Conan Cafe in Bangkok"

In August 2018, we opened Thailand's first "Detective Conan Cafe in Bangkok" for a limited time—our fourth overseas collaboration cafe project. Using the popular Japanese manga character Detective Conan for the motif, this first full-fledged collaboration cafe overseas was enjoyed by many customers. This project was realized with the assistance of Siam Piwat Co., Ltd., a business alliance partner in our inbound tourism strategy.



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Activities to communicate PARCO culture overseas

We will promote responses to both inbound visitors and consumers overseas through activities such as developing original soft content throughout Asia and collaborating with shopping centers overseas, boosting recognition of the PARCO brand throughout Asia.

The olfactory exhibition "Smell Exhibition Super"

In cooperation with Aichi Television Broadcasting Co., Ltd. and MCIP Holdings Co., Ltd., we held the olfactory exhibition "Smell Exhibition Super" at the Huashan Laugh & Peace Factory inside Huashan 1914 Creative Park, an art and pop-culture area in Taiwan, for a limited time starting in April 2019. The event made full use of the olfactory sense to present a range of smells from pleasant to sharp. Sound, lighting, and images were also used to create an intriguing world of smell. The event had been highly popular in Japan, and was enjoyed by the overseas public as well, with over 30,000 visitors.



Japanese restaurant zone "itadakimasu by PARCO"

URL www.parcoitadakimasu.com

Since December 2016, we have been operating "itadakimasu by PARCO," a Japanese restaurant zone featuring seven restaurants, produced by PARCO, in the 100 AM commercial facility in the prominent Singapore office district of Tanjong Pagar. Based on the concept of "Japanese tastes every day of the week," the restaurants provide authentic Japanese taste and quality at affordable prices. With the increase in offices and residents that has accompanied development in the surrounding areas, the restaurants are performing steadily.



"itadakimasu by PARCO"
opened in December 2016