

## Success of Value Creation PARCO Group Business Fields

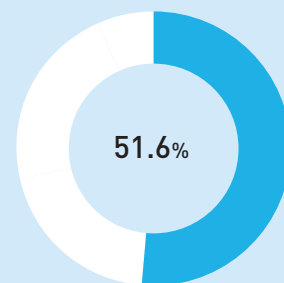
### Shopping Complex Business

The Shopping Complex Business is the PARCO Group's flagship operation. As a commercial developer, this business functions as a hybrid business model that combines retail and real estate operations.

On the retail side, this business seeks to improve the sales of each tenant by enhancing the appeal of new shopping complex additions through renovation, attracting customers through advertisement and sales promotion activities, and by offering detailed tenant support. On the real estate side, this business serves as a comprehensive producer for a full menu of services essential to commercial facility operation, ranging from building development and planning to upkeep and management.

While focusing on the development and operation of PARCO locations, this business promotes development of ZERO GATE and other new business models.

Operating Revenue Composition



\* Figures calculated using figures before eliminations of inter-segment transactions.

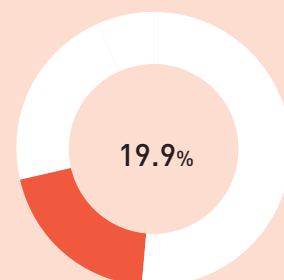
### Retail Business

The Retail Business is centered on NEUVE A CO., LTD., which develops and operates select stores engaging in multiple businesses, namely wristwatches, eyewear, cosmetics, men's accessories, and stationery.

As a company that operates unique specialty stores with a focus on general merchandise, NEUVE A has 171 store locations across Japan (as of February 28, 2019) and an online store. NEUVE A aims to expand earnings by enhancing its lineup of original goods, taking steps to develop new business formats, promoting the development of an omni-channel structure by accelerating its digital strategy, and strengthening marketing.

(As of February 28, 2019, 122 non-PARCO locations, with 71.3% of locations outside of PARCO)

Operating Revenue Composition



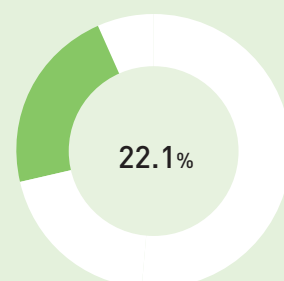
\* Figures calculated using figures before eliminations of inter-segment transactions.

### Space Engineering and Management Business

PARCO SPACE SYSTEMS CO., LTD., which handles the Space Engineering and Management Business, provides comprehensive services and solutions for every phase of the creation of a facility, including space design planning and construction, facility operation, and safety management. Services range from the space product business, which covers aspects of space creation such as interior design and display presentation, to the building management business, concerned with the maintenance and management of facility safety and comfort.

For shopping complexes, specialty stores, public facilities, large-scale city hotels, medical facilities, museums, and other facilities where users value aesthetic design and comfort, we take advantage of PARCO's deep expertise to help sustain and enhance the business partner's asset value.

Operating Revenue Composition



\* Figures calculated using figures before eliminations of inter-segment transactions.

### Other Business

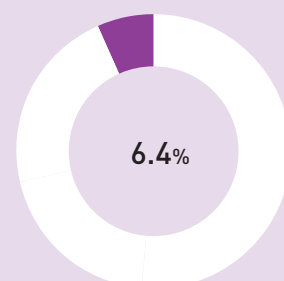
#### Entertainment Business

In the entertainment business, handled by PARCO CO., LTD., we produce a wide variety of compelling content for theater, music, movies and publications. Through this business, we disseminate information of the most popular topics of the day and create added value, which in turn enhances the PARCO brand.

#### Digital Marketing Business

PARCO Digital Marketing Co., Ltd. handles our digital marketing business and provides support for use of ICT technologies at PARCO. In its core business of providing support for ICT use at commercial facilities, the company draws on the technological and operational capacities it has cultivated through ICT use at PARCO to provide store operation solutions for more than 300 commercial facilities and specialty stores.

Operating Revenue Composition

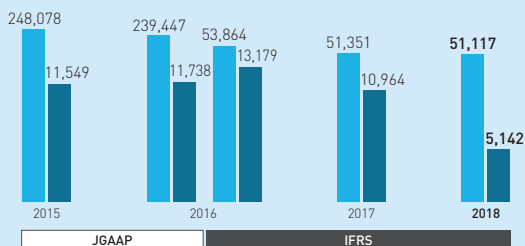


\* Figures calculated using figures before eliminations of inter-segment transactions.

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

## Net Sales/Operating Revenue and Operating Income/Operating Profit\*

(Millions of yen)



■ Net Sales/Operating Revenue ■ Operating Income/Operating Profit

\* PARCO CO., LTD.'s entertainment business results are included in its Other Business segment.

## PARCO CO., LTD.

Head Office	8-16 Shinsen-cho, Shibuya-ku, Tokyo
Established	February 13, 1953
Operating Revenue	¥56,288 million
Operating Profit	¥4,792 million
Paid-in Capital	¥34,367 million
Employees	651
No. of Locations (PARCO/ZERO GATE)	18 locations*1 / 10 locations

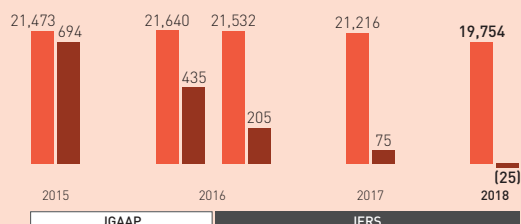
\*1 Including Shibuya PARCO, which is temporarily closed for redevelopment.

See [P. 38](#)  
for details

URL [www.neuve-a.com](http://www.neuve-a.com)

## Net Sales/Operating Revenue and Operating Income/Operating Profit (Loss)

(Millions of yen)



■ Net Sales/Operating Revenue ■ Operating Income/Operating Profit (Loss)

## NEUVE A CO., LTD.

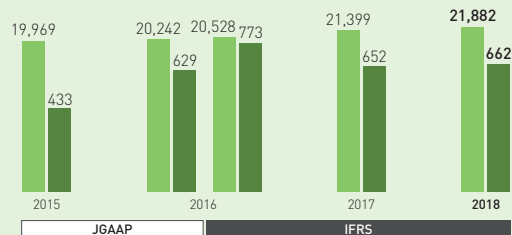
Headquarters	8-16 Shinsen-cho, Shibuya-ku, Tokyo
Established	June 1, 2001
Operating Revenue	¥19,754 million
Operating Loss	¥25 million
Paid-in Capital	¥490 million
Employees	580
No. of Locations	171

See [P. 40](#)  
for details

URL [www.parco-space.co.jp](http://www.parco-space.co.jp)

## Net Sales/Operating Revenue and Operating Income/Operating Profit

(Millions of yen)



■ Net Sales/Operating Revenue ■ Operating Income/Operating Profit

## PARCO SPACE SYSTEMS CO., LTD.

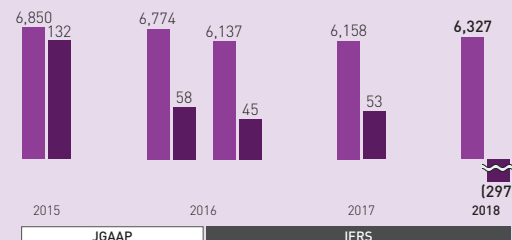
Headquarters	8-16 Shinsen-cho, Shibuya-ku, Tokyo
Established	April 1, 1969
Operating Revenue	¥21,882 million
Operating Profit	¥662 million
Paid-in Capital	¥490 million
Employees	912
No. of Locations	32

See [P. 41](#)  
for details

URL [www.parco-digital.co.jp](http://www.parco-digital.co.jp)

## Net Sales/Operating Revenue and Operating Income/Operating Profit (Loss)\*

(Millions of yen)



■ Net Sales/Operating Revenue ■ Operating Income/Operating Profit (Loss)

\* PARCO CO., LTD.'s entertainment business results are included in its Other Business segment.

## PARCO Digital Marketing CO., LTD.

Headquarters	8-16 Shinsen-cho, Shibuya-ku, Tokyo
Established	April 1, 2000
Operating Revenue	¥1,017 million
Operating Profit	¥77 million
Paid-in Capital	¥10 million
Employees	60

See [P. 42](#)  
for details

# Shopping Complex Business

Operating Revenue: **¥51,117 million** Operating Profit: **¥5,142 million**

## PARCO CO., LTD.

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

### Risks

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

### Opportunities

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

## Achievements in Fiscal 2018

In the PARCO stores business, we pushed ahead with preparations to open a number of stores in fiscal 2019, including Kinshicho PARCO, which opened in March 2019, and Shibuya PARCO, scheduled to open in November. Under our store policies, in order to evolve and establish store brands in the categories of Urban Complexes and Community Complexes, we reorganized the tenant mix and expanded the product lineup so that we can respond to the changing consumers' values and behavior. We also opened UPLINK Kichijoji PARCO, a new cultural dissemination center with a mini-theater. As a result, during fiscal 2018, we renovated approximately 37,000 m<sup>2</sup> of floor space across all our stores. PARCO tenant transaction volume in this refurbished area grew by 16.2% year on year.

In store promotions, we ran a number of events that helped boost customer traffic and transaction volume at our stores. Events included "SUPER COOKIE LAND neoneo," an exhibition by comedian Cookie of Yasei Bakudan, and an exhibition of previously unreleased photos of popular actor Ryoma Takeuchi, taken by photographer Akinori Ito. We also strengthened collaboration with local TV stations, resulting in several events for kids themed around topics as diverse as poisonous insects, the science of smell and interesting animals.

As for the use of ICT in customer strategy, we conducted a major overhaul of our official POCKET PARCO app to enhance its usability. In addition, we renewed our official PARCO online sales portal, changing it

from KAERU PARCO to PARCO ONLINE STORE. Featuring exclusive online shops, the new site is designed to offer something different to our physical stores.

In other areas, we sponsored the VR\* content NEWVIEW AWARDS 2018 with Psychic VR Lab and Loftwork Inc. Through the pioneering joint project, we aim to help develop new ways of using VR technology and uncover and support the next generation of creators in the fields of fashion and art.

\* Short for virtual reality: the use of computer technology to create virtual environments that appear real.

## Themes for Fiscal 2019

In 2019, which marks our 50th opening anniversary, we will complete the redevelopment of Shibuya PARCO and open its doors for business. Our goal is to use the new Shibuya PARCO store as a hub to link all the Group's content, creating a next-generation commercial facility that brings together physical and digital retail and promotes the strengths of our new PARCO store brand. We will also implement reforms to build a new customer-focused business model to adapt to the evolving digital landscape, create a more enjoyable and convenient shopping experience for customers, develop new consumer themes and attract tenants. From fiscal 2019, we will realign each PARCO store as either a City Complex\* or a Community Complex\*, based on customers and markets.

\*See "Development of Stores in the Shopping Complex Business" on page 14 for a breakdown.

## Key Renovations in Fiscal 2018

### Urban Complexes

At Nagoya, Ikebukuro, and Hiroshima PARCOs, we targeted discerning adults who enjoy urban lifestyles with the introduction for the first time in the market of a popular cosmetics shop and a combined men's and ladies' shop catering to couples. In addition to respond to demand for service consumption at our Urban Complexes, we introduced topical food specialty stores, restaurants, cafes, and services. At Nagoya PARCO, we increased the floor area of eight stores, including food hall formats, helping expand a new customer segment.



Shizuoka PARCO 2nd floor  
Women's clothing GRACE CONTINENTAL



Nagoya PARCO West Building 7th floor  
Restaurants Floor  
PARCO RESTAURANTS & FOODHALL

### Community Complexes

Aiming to maintain close links to local communities, we introduced a high-quality supermarket at Hibarigaoka PARCO and renovated the food floor at Shin-Tokorozawa PARCO to propose items to brighten up and enrich life for a wide range of customer segments in the market. Meanwhile, at Kichijoji PARCO, we opened UPLINK Kichijoji PARCO, a five-screen mini-theater to serve as a cultural dissemination center. By expanding the functions of our community complexes to serve as one-stop facilities offering a wider range of enjoyment for visitors, we are working to increase the scope and number of customers.



Shin-Tokorozawa PARCO 1st basement floor  
Supermarket KITCHEN LAND



Photo by Takehiko Murata  
Kichijoji PARCO 2nd basement floor  
Mini-theater UPLINK Kichijoji PARCO

## Store Data Highlights

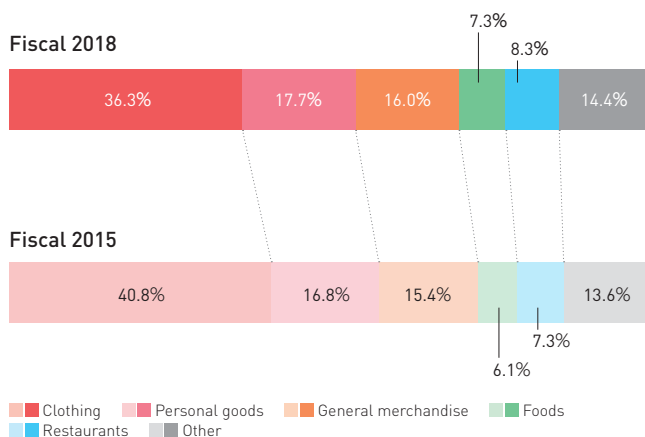
Sales floor area: 401,000 m<sup>2</sup> (100.8%)

Store visitors: 141,866,000 (101.9%) (Existing stores)

Year-on-year comparison of existing average spend per customer: 95.2% (Existing stores)

## Sales Composition by Category

Strengthening our hand not only in fashion, but also in personal goods, general merchandise, and foods, in response to changing lifestyles.



## Store Renovations Results

We reorganized the tenant mix and expanded the product lineup to keep pace of changes in consumer values and purchasing behavior. In addition, we conducted renovations for every store including opening a mini-theater as a new cultural dissemination center.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Zones renovated	425	380	441	289	348
Area renovated (m <sup>2</sup> )	46,000	40,000	55,000	35,000	37,000
Renovation effect (Year-on-year sales comparison by zone/ %)	118.6	116.6	112.7	126.7	116.2
New tenant store openings in renovated zones	233	219	225	174	193

## Operating Revenue by Store

(Year-on-year Tenant Transaction Volume and Transaction Volume Comparison\*)

Total sales fell due to the impact of competition on existing stores, despite the contribution from newly opened stores.

	(Millions of yen)		
	Fiscal 2017	Fiscal 2018	Year-on-year change
<b>Urban Complexes Group</b>	<b>149,549</b>	<b>151,415</b>	<b>101.2%</b>
Sapporo PARCO	13,421	13,200	98.4%
Sendai PARCO	20,030	20,197	100.8%
Ikebukuro PARCO	28,458	28,134	98.9%
PARCO_ya	2,265	5,788	-
Shibuya PARCO	1,138	1,413	124.2%
Shizuoka PARCO	10,600	9,947	93.8%
Nagoya PARCO	34,671	34,245	98.8%
Hiroshima PARCO	16,719	16,136	96.5%
Fukuoka PARCO	22,243	22,350	100.5%
<b>Community Complexes Group</b>	<b>99,901</b>	<b>95,185</b>	<b>95.3%</b>
Utsunomiya PARCO	3,061	2,113	69.0%
Urawa PARCO	24,618	26,095	106.0%
Shin-Tokorozawa PARCO	10,614	10,126	95.4%
Tsudanuma PARCO	10,682	12,091	113.2%
Hibarigaoka PARCO	8,162	7,071	86.6%
Kichijoji PARCO	9,619	9,668	100.5%
Chofu PARCO	18,576	17,994	96.9%
Matsumoto PARCO	7,278	6,016	82.7%
Otsu PARCO	2,297	-	-
Kumamoto PARCO	4,989	4,007	80.3%
<b>Total of Existing Store Group*2</b>	<b>237,466</b>	<b>240,811</b>	<b>98.3%</b>
<b>Total</b>	<b>249,451</b>	<b>246,600</b>	<b>98.9%</b>

\*1 Tenant transaction volume includes fixed rate tenant sales. The values for the previous year used to calculate YoY percentages are calculated on the same basis.

\*2 Data for extended floor area at Shibuya PARCO PART 1 and PART 3, Sendai PARCO2, Otsu PARCO, and PARCO\_ya excluded from "Fiscal 2017 Total of Existing Store Group"  
Data for extended floor area at Otsu PARCO, and PARCO\_ya excluded from "Fiscal 2018 Total of Existing Store Group"

# Retail Business

Operating Revenue: **¥19,754 million**    Operating Loss: **¥25 million**

## NEUVE A CO., LTD.

URL [www.neuve-a.com](http://www.neuve-a.com)

### Risks

- Changes in inbound tourism demand
- Difficulty in securing human resources
- Consumption tax increase

### Opportunities

- Diversification of values
- Advancement of technologies

### Achievements in Fiscal 2018

NEUVE A CO., LTD. reported lower operating revenue and operating profit year on year, reflecting a decrease in the number of stores and changes in the inbound demand environment and in year-end shopping season demand trends. We are working to bolster profits by developing and selling original products in each business.

### Themes for Fiscal 2019

In fiscal 2019, the company will reinforce existing businesses by implementing a scrap-and-build policy and work with the Shopping Complex Business to develop innovative new approaches, including new formats. The company will also continue to reinforce CRM in line with Group's digital strategy, in a bid to expand our customer contact points.



NEUVE A Members app  
NEUVE A's app enables members to enjoy shopping at special prices through all brands and online stores.

### Development of highly discerning select stores

#### TiCTAC (Watch specialty shop)

Comprehensive offering of superb watches from Japan and abroad, from select to originals

#### ROSEMARY (Cosmetics and accessories specialty shop)

ROSEMARY aims to realize the total possibilities of beauty through product offerings attuned to women's lifestyles

#### POKER FACE (Eyeglass specialty shop)

Offering high-quality and stylish eyewear options

#### COLLECTORS (Men's variety shop)

Offering men's fashion accessories rich in design and functionality for uses from casual to business



CHRONO TOKYO  
Mechanical timepieces designed by independent watchmaker Hajime Asaoka. TiCTAC's original brand.



THE WHITE SCREEN  
NEUVE A original brand



COMPLETE WORKS  
COLLECTORS original products



Mitsuhiro Matsuzaki  
President

**We intend to realize an exciting second founding, bringing together the strengths of our existing business, our digital strategy, and our new businesses.**

As the retail environment continues to change rapidly, PARCO's strengths lie in having a host of highly differentiated accessories specialty shops, such as TiCTAC. With prime store locations throughout Japan and strong capabilities in tenant selection, we have proposed lifestyle consumption goods in the form of accessories. Looking ahead, we will bring together our physical store network with our digital strategy (e-commerce, omni-channel, CRM, and trends communication). With the creation of new businesses, we will add a new customer segment to our current base of 700,000 members, and use digital technology to expand customer contact points without limitations on time and space. As the core of our business, stores will serve as a physical space for customers to visit, and we will enhance their content through merchandising and services.

# Space Engineering and Management Business

Operating Revenue: **¥21,882 million** Operating Profit: **¥662 million**

## PARCO SPACE SYSTEMS CO., LTD.

URL [www.parco-space.co.jp](http://www.parco-space.co.jp)

### Risks

- Human resource shortages
- Increase in personnel expenses and construction material costs
- Decline in new store openings
- Slowdown in construction business sentiment
- Automation and elimination of human workers in the building maintenance industry

### Opportunities

- Continued demand for stock renewal and renovation
- Expansion of the inbound market
- Introduction of 5G mobile telecommunication system

## Achievements in Fiscal 2018

PARCO SPACE SYSTEMS CO., LTD. reported higher operating revenue compared with the previous fiscal year, mainly due to new orders for construction ahead of the opening of Kinshicho PARCO and operation contracts from several new facilities.

## Themes for Fiscal 2019

In fiscal 2019, the company will leverage the expertise and technologies it has built up through contracting work for PARCO and external clients. Using those strengths, the company aims to consolidate its functions in the facility management department and the retail space design department to reinforce its system for securing combined orders in building management services for external commercial facilities. Also, building on efforts in the previous fiscal year, the company will continue to work closely with the J. Front Retailing Group to expand its business.

## Service operations

Interior Construction	Facility Management	Construction Administration
Security	Parking	Housekeeping
Advertising Visuals	Interior Design	Electrical Work
Lighting / LED / ECO	Property Management	Information
Cleaning	Hotel Banquet	Display / Visual Merchandising



Space design, lighting design, partial construction assistance  
Dazaifu Station (Nishitetsu Dazaifu Line)



Facility management, space design, display presentation, lighting design, interior construction  
Odakyu Hon-Atsugi MYLORD



Space design and interior construction  
TaKuSuRu (Table tennis space in Tokyo Dome City)



Direction for advertising visuals  
2018 Spring/Summer visuals for "shop in" select cosmetics shop



**Kowa Indei**  
President

### Creating analogue value in the age of digitalization to create comfortable spaces for everyone

Our professional group has accumulated a wealth of experience through facility management and space creation. We use our total capabilities to provide services at every stage in the facility life cycle, working closely with shops, facilities, and real estate, we excel at operating from the owner's perspective.

The digitalization of the big data we have accumulated over about 50 years, enables us to offer smart facility operation and space creation services. As well as increasing the value of facilities, these services will also provide analogue solutions that enable people to relax and enjoy themselves with a sense of comfort that will create new encounters and ideas.



## Other Business (Entertainment Business and PARCO Digital Marketing CO., LTD.)

Operating Revenue: **¥6,327 million**    Operating Loss: **¥297 million**

### Entertainment Business

URL [www.parco-enta.com](http://www.parco-enta.com)

#### Risks

- Decline in popularity of hit products
- Advancement of technologies
- Consumption tax increase

#### Opportunities

- Diversification of values
- Shift from goods to services

### Achievements in Fiscal 2018

The entertainment business of PARCO CO., LTD. opened two mini-theaters in fiscal 2018, CINE QUINTO and UPLINK Kichijoji PARCO, which will serve as new cultural dissemination centers in our movie business, and staged a number of plays and shows, including “Touch and Go,” written and directed by Koki Mitani, and “Do You Wanna Dance?,” featuring pop idol group, “Momoiro Clover Z.” The popularity of the events supported higher operating revenue in the entertainment business compared with the previous fiscal year. However, operating profit declined year on year, with the business unable to absorb an increase in expenses related to new initiatives, such as the cost of opening new entertainment facilities.

### Themes for Fiscal 2019

In fiscal 2019, we plan to develop theaters and multiple other cultural dissemination centers, along with the reopening of Shibuya PARCO. Also, the business will work to generate synergies with the PARCO stores business by developing unique content and strengthening cultural dissemination centers, such as CINE QUINTO and UPLINK Kichijoji PARCO, which were opened in fiscal 2018.



Mini-theater CINE QUINTO  
Opened in July 2018



Produced by PARCO      Photo by Akihito Abe  
Monday, September 24, 2018 to Monday, October 8, 2018  
“Do You Wanna Dance?”

#### Movies

Friday, July 5, 2019 Nationwide roadshow

Sponsored by PARCO

### “Diner”

Tatsuya Fujiwara, Tina Tamashiro  
Masataka Kubota, Kanata Hongo, Shinji Takeda, Takumi Saitoh, Eriko Sato, Nobuaki Kaneko  
Shun Oguri, Anna Tsuchiya, Miki Maya, Eiji Okuda  
Novel: Yumeaki Hirayama “Diner” (POPLAR Bunko series, POPLAR Publishing)  
Adapted screenplay: Hirohito Goto, Yoshikazu Sugiyama and Mika Ninagawa  
Music: Shinichi Osawa  
Director: Mika Ninagawa  
Distribution: Warner Bros.

**Smash hit “Helter Skelter” director Mika Ninagawa’s first film with a male lead actor is pure entertainment from start to finish.**

The film has a vibrant cast, including Tatsuya Fujiwara as the lead actor and Tina Tamashiro cast as the heroine.

At a diner staffed entirely by assassins, a new battle to the death is about to begin. In the space between first-class cooking and death, a gripping and highly colorful thriller takes place!



©2019 “Diner” Film Partners

#### Movies

### Mini-theater UPLINK Kichijoji PARCO

UPLINK Kichijoji PARCO is a five-screen, 300-seat mini-theater that opened on the second basement floor of Kichijoji PARCO in December 2018. Up until now, we had conducted joint distribution and advertising of movie products with UPLINK, and the operation of movie theaters is our first joint business with them. The five screens will show exciting selections from global film festivals, art films, independent films, and others that had been shown at UPLINK Shibuya, as well as family-oriented films enjoyed by the community. By screening a diverse range of films, the theater aspires to provide patrons with a window on the world.

URL <https://joji.uplink.co.jp/>



Photo by Takehiko Murata  
Kichijoji PARCO 2nd basement floor  
Mini-theater UPLINK Kichijoji PARCO

## Theater

Produced by PARCO

## “A Doll’s House, Part 2”

Friday, August 9 to Sunday, September 1, 2019  
 Venue: Kinokuniya southern theatre TAKASHIMAYA

Script: Lucas Hnath Translation: Keiko Tsuneda Director: Tamiya Kuriyama  
 Cast: Hiromi Nagasaku, Hajime Yamazaki, Rin Nasu and Masayo Umezawa

“A Doll’s House, Part 2” written by up-and-coming playwright Lucas Hnath, picks up after Henrik Ibsen’s “A Doll’s House” concludes. This innovative work will be performed for the first time in Japan, directed by Tamiya Kuriyama.

Henrik Ibsen’s “A Doll’s House” upset social conventions when it was first unveiled with an ending that painted a picture of women’s independence. Since then, the play has become a modern classic that continues to be performed around the world 140 years later. The new play, by emergent American playwright Lucas Hnath, boldly continues the story in an ambitious work written for contemporary audiences. Following on from PARCO’s award-winning production, “The Children,” with director Tamiya Kuriyama being awarded The 26th Yomiuri Theater Awards for The Theater Award and The Best Director Award, “A Doll’s House, Part 2” is an early challenger in the category of topical translated play. With the talented Hiromi Nagasaku playing the leading role, the play is certain to impress.



## Music

## CLUB QUATTRO

We run live music events at our four “CLUB QUATTRO” venues in Shibuya, Nagoya (Nagoya PARCO East Building 8th floor), Umeda, and Hiroshima (Hiroshima PARCO Main Building 10th floor).

In 2019, Nagoya CLUB QUATTRO celebrated its 30th opening anniversary with a series of special live performances running from June through to autumn under the title “NEW DIRECTION 2019.”

URL [www.club-quattro.com](http://www.club-quattro.com)



## Publishing

## “Kojitsu Nikki-Kisetsu no Youni Ikiru”

(Every day a good day diary-living each season as it passes)

Author: Noriko Morishita

List price: ¥1,500 (tax exclusive) Size: 188 mm × 130 mm

The much anticipated follow up to the original essays that inspired the hit movie “Nichinichi Kore Kojitsu” (Every Day a Good Day) starring Haru Kuroki, Kiki Kirin, and Mikako Tabe.

Forty years after taking up tea ceremony, what has happened to the author? This book tells the story of a journey of the heart to confront the self while experiencing each of the traditional 24 seasons of the year and the tea house.

Full of tasteful illustrations by the author.

Each essay is a challenging pearl of wisdom.



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

## PARCO Digital Marketing CO., LTD.

URL [www.parco-digital.co.jp](http://www.parco-digital.co.jp)

## Risks

- Conservative mindset due to fear of risk

## Opportunities

- Advancement and popularization of technologies

## Achievements in Fiscal 2018

PARCO Digital Marketing CO., LTD. stepped up efforts to win new clients, focusing on diverse services using ICT for commercial facilities and specialty retailers. As a result, operating revenue and operating profit both increased compared with the previous fiscal year.

## Themes for Fiscal 2019

In fiscal 2019, the company will make efforts to cultivate external clients and expand its business by reinforcing its core business of providing integrated digital services to commercial facilities and specialty retailers.



New PICTONA service bringing together the necessary groupware functions for commercial facilities and website management functions



**Shiro Morinaga**  
 President

## Creating Solutions for Physical Retail in a New Era

Our role is to help with the use of digital technology to support commercial facilities and specialty stores. In January 2019, we launched PICTONA, a new service to resolve the communication issues with both customers and tenancies using a single interface. We also support stores in all stages of using digital technologies from planning and proposal to content creation and operation for items such as digital signage for expanding customer contact in stores and marketing tools. We listen carefully to feedback from staff working in physical retail and contribute to enjoyable physical retail experiences for customers and the staff as a digital services provider focused on practical real-world solutions.



## Success of Value Creation Produced by PARCO Brand

PARCO since its founding has not simply sold things; rather, our business has always been producing new ways of spending time and enjoying life. We have worked to create distinctive forms of culture as a communicator of new lifestyles, and this has played an important role in enhancing our corporate brand and differentiating “PARCO” shopping complexes from competitors.

### Seasonal Ad Campaigns

#### PARCO 2018 Autumn/Winter and PARCO 2019 Spring/Summer

URL [www.parco.jp/style/](http://www.parco.jp/style/)

From the 2018 Seasonal Ad Campaigns, we have aimed to create new forms of advertising expression by hiring young Japanese creators and gathering young talent to work together. This process embodies our corporate approach of incubation and taking up new challenges, which we have developed over the years. In PARCO 2018 Autumn/Winter, we hired young creators, mainly in their 20s, such as photographer Kisshomaru Shimamura and film maker Kento Yamada. The images for the campaign also provided an opportunity for young creators to showcase their talents, winning the Jury Selection for the Entertainment Division in the 22nd Japan Media Arts Festival. For PARCO 2019 Spring/Summer, we asked up-and-coming director Aya Igashi to direct and script a short movie. Ms. Igashi's film “TOKERU,” a graduation project from her student days, was selected for the Cinéfondation division at the 70th Festival de Cannes, making her the youngest Japanese director to officially present a film at the festival. The lead role and graphic model for the PARCO 2019 Summer/Spring movie was played by actor Yuki Sakurai, while for the art director we hired designer and illustrator Asuka Wakida, whose work shows a vibrant sensitivity. Their own unique interpretations of the themes of the movie are expressed through the graphics.



PARCO 2018 Autumn/Winter season poster



PARCO 2019 Spring/Summer season poster

### Corporate Message for Discovering and Supporting New Talent

#### “SPECIAL IN YOU.”

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

In 2010, PARCO launched the corporate message “LOVE HUMAN.” Staying true to that sentiment, from 2014 we unveiled a new corporate message, “SPECIAL IN YOU.” This message drives PARCO to a more powerful focus on incubation activities to uncover and support talent. In our 11th message, we featured the musician St. Vincent, an international female singer, songwriter, and guitarist of the 21st century whose work as a creator is highly respected. For our 12th message, we have featured singer and songwriter Masayoshi Oishi.



11th message 2018 “SPECIAL IN YOU.” Featuring St. Vincent



12th message 2019 “SPECIAL IN YOU.” Featuring Masayoshi Oishi

### Culture Dissemination Center and Art Space

#### GALLERY X BY PARCO

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

GALLERY X BY PARCO, opened in Shibuya in December 2016, generates culture across genres, including art, music, fashion and anime, and sends it out into Shibuya and beyond. In September 2018, the gallery teamed up with TV Asahi Corporation to present “Ossan's Love Exhibition – I'm Glad I Met You,” the first official exhibition based on the sensational popular TV drama “Ossan's Love,” a comedy about an office love triangle between three men that has whipped up a storm on social networking services. The exhibition featured several props used in shooting the series and photographs of several notable scenes to create a space where visitors could really feel the world and energy of the drama. Many items of original merchandise items were exclusively available at the exhibition venue.



### Street Fashion Marketing

#### “ACROSS”

URL [www.web-across.com](http://www.web-across.com)

“ACROSS” is a media distributed by the think-tank department that studies Tokyo youth fashion and culture. Based on fixed-point observation, and initially started in August 1980, ACROSS now takes requests from inside and outside the company to conduct research on various fields in Japan and overseas.

Since June 2017, ACROSS has been participating in the Google Arts & Culture: We Wear Culture project of Google Inc.'s non-profit organization Google Cultural Institute. We present around 40 years of records on urban environments and styles.



Google Arts & Culture: We Wear Culture

URL <https://artsandculture.google.com/>

## Supporting Young Designers and Artists

PARCO supports various activities for discovering and incubating young designers and artists, aiming to create new cultures. These activities have helped to grow brands and networks of like-minded people that are helping to boost our corporate brand.

### FASHION PORT NEW EAST

We provided support for the 2019 spring-summer and autumn-winter collection shows at FASHION PORT NEW EAST, an event held as a part of Amazon Fashion Week TOKYO to discover and support young designers. We have provided continuous support for this event, which has run twice in the past four years since October 2015. Having young designers present their designs, we hope that new talent for the next generation will serve as a new source of strength for the Japanese fashion industry. For the 2020 Spring/Summer Collection, we are planning projects to back this new talent by renaming and revamping the format of the event to increase its impact.

#### Brands Participating in 2019 Autumn/Winter Collection Show



- 1 SHUSHU/TONG
- 2 kotohayokozawa
- 3 malamute



Group photograph with participating designers  
President Ishikawa of Vantan Inc. (center left) and  
Executive Officer Mizoguchi of PARCO for the Market Creation  
Department (center right)

### Asia Fashion Collection

PARCO and Vantan Inc. are jointly involved in measures to discover and incubate young designers in Asia. For this collection, young designers from Japan, South Korea, Taiwan, and Thailand compete for the right to appear in international events such as the runway at the New York Fashion Week and Taipei IN Style, as well as to exhibit a collection at PARCO. At the New York Stage held in February 2019, we held a fashion show featuring seven brands by young Asian designers which was attended by around 350 people connected with the global fashion industry. We aim to continue developing Asia's fashion industry by discovering and incubating young Asian designers.

### DANCE DANCE ASIA—Crossing the Movements

The Asia Center was established by the Japan Foundation to promote cultural and sports exchange and the Japanese language within the ASEAN region. Since 2014, we have collaborated with the Asia Center to pursue the potential of performing arts through street dance with a backdrop of independently developing Asian culture. In March 2018, the fourth year of our collaboration, we invited three people, Vince Mendoza of the Philippines, Koutei Sennin of Japan, and Hamdi Fabas of Indonesia, to perform and choreograph three pieces with emerging new dancers comprised of multiple nationalities to showcase a fusion of diverse expressive capabilities, exquisite technique, and music. The program has been scheduled again for July 2019, this time for five pieces combining the superb technique, expressive capabilities, and music of 48 artists and dancers in total from Japan and six Southeast Asian countries.



© Yosuke Kamiyama/DANCE DANCE ASIA Tokyo performance 2018  
"Uchu" (Cosmos) Choreographed and produced by Koutei Sennin

### Shibuya StreetDance Week

We serve as the Executive Committee Secretariat for Shibuya StreetDance Week, one of the largest street dance festivals in Japan, which has been running since 2015. Shibuya StreetDance Week aims to establish street dance as a new form of art and culture that is widely enjoyed by all manner of people, and to transmit high-quality entertainment from Shibuya, which is an important cultural center for street dance, to the world, thereby helping to create excitement in the Shibuya area. The event was held for the fourth time in November 2018, and featured various collaborations by local Shibuya dance studios and performances in front of local commercial facilities.



Shibuya StreetDance Week 2018

## Success of Value Creation Fiscal 2018 Accolades and Awards

## PARCO Group

## Corporate Website Wins Various Awards

The company received the 2018 Internet IR Excellence Awards by Daiwa Investor Relations Co., Ltd. The company also received an AAA rating in the overall category of the 2018 All Japanese Listed Companies' Website Ranking from Nikko Investor Relations Co., Ltd. In the Gomez IR Website Ranking for 2018, the company was ranked third in the retail business category and received a Silver Prize overall.



Award Ceremony for the 2018 Internet IR Excellence Awards  
From left: Representative Director and President Hasegawa, Daiwa Investor Relations Co., Ltd.; Managing Executive Officer Abe of PARCO; Professor Kitagawa, Aoyama Business School.

## Named a Noteworthy IT Strategy Company for Three Consecutive Years

PARCO has been named a Noteworthy IT Strategy Company\* for three consecutive years, as a company conducting noteworthy initiatives regarding proactive use of IT in management. This time, the company was recognized for the uniqueness of its concept of providing real-store sales of products and services developed by customers assisted by the crowdfunding service BOOSTER. The company also received an evaluation that its willingness to use robots, smart speakers, and VR as measures to lift store sales have contributed to profitability and growth.



\* The Noteworthy IT Strategy Company: In the process of the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange jointly selecting the Competitive IT Strategy Company Stock Selection program, companies that were not included in the program but demonstrated outstanding efforts for IT utilization are awarded the Noteworthy IT Strategy Company designation by METI.

## Selected as one of the "Companies with Greatest Improvement in IR"

At the 2018 IR Awards held by the Japan Investor Relations Association (JIRA), the Company was selected as one of the "Companies with Greatest Improvement in IR." This new category was set up to commemorate the 25th anniversary of the JIRA's establishment.

## Shopping Complex Business

## Received the Information Technology Utilization Prize and the Heisei Memorial Special Prize

At the 21st Grand Prize for Developers & Tenants chosen by leading national developers and tenants sponsored by Senken Shimbun, PARCO\_ya won the Information Technology Utilization Prize, and Ikebukuro PARCO won the Heisei Memorial Special Prize for its contribution to the local community through its efforts to maintain sales in tandem with its tenants.



Left: General Manager Kurihara of PARCO\_ya  
Right: General Manager Ueno of Ikebukuro PARCO

## Jury Selection at 22nd Japan Media Arts Festival

At the 22nd Japan Media Arts Festival, the PARCO 2018 AW Campaign video created by a young creative team in their 20s, including photographer Kisshomaru Shimamura and film maker Kento Yamada, was included in the Jury Selection for the Entertainment Division.



PARCO 2018 AW poster



PARCO 2018 AW campaign video

## Bronze Award at the 3rd Animonozukuri Awards

At the 3rd Animonozukuri Awards for collaborative works and advertising promotions featuring anime, manga, and characters, the collaboration cafe, "Detective Conan Cafe in Bangkok," which opened in Thailand in August 2018, received the Bronze Award in the International Division.



"Detective Conan Cafe in Bangkok"  
©GA/S,Y,T  
©2018 GA/DCC

## Entertainment Department

PARCO's Entertainment Department produced theater productions and purchased and distributed film productions that received awards.

## Theater

## "Antigone" performed in January 2018

Yu Aoi (Antigone)

- The 69th Art Encouragement Prize for New Artists (Drama)
- The 26th Yomiuri Theater Awards for The Best Actress Award
- The 53th Kinokuniya Theatre Awards to individuals



"Antigone"

## "The Children" performed in September 2018

Tamiya Kuriyama (Director)

- The 26th Yomiuri Theater Awards for The Theater Award and The Best Director Award

Mayumi Wakamura (Rose)

- The 44th Kazuo Kikuta Theater Awards (Drama)

Jun Ogasawara (Lighting)

- The 26th Yomiuri Theater Awards for The Outstanding Staff Award

Masahiro Inoue (Sound)

- The 26th Yomiuri Theater Awards for The Outstanding Staff Award



"The Children"

## "The Sea of Fertility" performed in November 2018

Ikue Osada (Script)

- The 53th Kinokuniya Theatre Awards to individuals

Masahiro Inoue (Sound)

- The 26th Yomiuri Theater Awards for The Outstanding Staff Award



"The Sea of Fertility"

## Movies

## "C'est la Vie!" purchased and distributed by PARCO

Air France Audience Award at Festival du Film Français au Japon 2018

## "Nichinichi Kore Kojitsu" for which PARCO participated in the production committee

The 43rd Hochi Theater Awards for Director and Supporting Actress



"C'est la Vie!" purchased and distributed by PARCO



"Nichinichi Kore Kojitsu" for which PARCO participated in the production committee



## Message from Stakeholders



**Kosuke Kawamura**  
Collage artist, graphic designer,  
and art director

### AKIRA ART WALL, a public art wall created on the temporary barrier around the Shibuya PARCO construction site

Over a reconstruction period of around three years for Shibuya PARCO until its opening in November 2019, we used the art of the “AKIRA” manga created by Katsuhiro Otomo to create an art installation on the temporary barrier around the construction site to create excitement in the area. The collage design for the AKIRA ART WALL was created by Kosuke Kawamura. Mr. Kawamura has been involved in various initiatives with PARCO, such as providing art next to the escalator for the mini-theater UPLINK Kichijoji PARCO, which opened on the second floor of Kichijoji PARCO. As an artist, he has also been active internationally in across and expanding area, including space presentation and provision of works in the art, product, and commercial fields. We asked him to talk more about the AKIRA ART WALL.

**“From the beginning, I definitely wanted to create something new. Nowadays, putting productions on temporary barriers is taken for granted, but initially I was wondering whether the actual production itself would be possible! One new aspect was that unlike an ordinary work, this one was created on the assumption that it would be removed. Moreover, there was no specific target audience as with an advertisement. If anything, the audience was the district. It was for humanity. For the Earth.”**

This initiative will culminate in an individual exhibition, the “KOSUKE KAWAMURA-ARCHIVE-” at PARCO MUSEUM in Ikebukuro PARCO from June to July 2019. Then Mr. Kawamura will move on to his next project.

**“I’m looking forward to seeing everything updated in the new Shibuya PARCO. Although it will be new, I hope that it will continue to be a place that attracts cool artists as it used to be.”**

### The AKIRA ART WALL received the Good Design Award 2018

The AKIRA ART WALL, which used the temporary barrier around the reconstruction site for Shibuya PARCO, received the Good Design Award 2018. It is a collaboration between prominent Japanese manga creator and film director Katsuhiro Otomo’s renowned work, “AKIRA,” and collage artist Kosuke Kawamura. The art production was installed on the temporary barrier in October 2017, with the intention of creating excitement around the Via PARCO (Park Street) and Spain Hill areas during the construction period. It received the award for its affinity with the Shibuya district, which is undergoing redevelopment, and for having attracted many visitors from in and outside Japan as a point of interest. In February 2019, it will be changed to Art Wall Project No. 3, the largest project of its kind ever, communicating to the world that Shibuya is a flashpoint for art and culture.



First Art Installation  
Tuesday, October 17, 2017 to Tuesday, May 15, 2018  
©MASH+ROOM/KODANSHA  
©Kosuke Kawamura  
Photo by TAKAMURADAISUKE



Second Art Installation  
Wednesday, May 16, 2018 to Wednesday, February 27, 2019  
©MASH+ROOM/KODANSHA  
©Kosuke Kawamura  
Photo by TAKAMURADAISUKE



Third Art Installation  
Thursday, February 28, 2019 to Early Summer  
©MASH+ROOM/KODANSHA  
©Kosuke Kawamura



The Good Design Award presentation ceremony.