Grow with Local Communities

J. Front Retaining (the “Company”) is actively working to enhance the appeal of the entire area with a store as its core and promotes the Urban Dominant Strategy to build a business model for growing with local communities.

The Company has great advantages such as store assets located mainly in big cities across Japan in a balanced manner, including Daimaru and Matsuzakaya department stores and Parco and Zero Gate stores, as well as excellent customer assets. The population concentration in urban areas is expected to continue and we, as a group, aim to gain dominance in urban areas through mutual effective use of these assets. Thereby we will draw new crowds to each area while increasing asset value and making real estates profitable in the medium term.

Currently four big projects are underway in the Ginza, Ueno, Shinjuku and Shibuya areas for the medium-term growth, which will be realized between 2017 and 2019.

PROJECT 1

Ginza Project (Ginza 6-chome District 10 Category 1 Urban Redevelopment Project)

While inheriting DNA from the Ginza Matsuzakaya store, which had been along with the streets of Ginza and continued to try something new and out of the box, J. Front Retailing gathers the full force of the Group and is working with its business partners including Mori Building Co., Ltd., L Real Estate and Sumitomo Corporation to go ahead with the project toward the creation of an unprecedented all-new commercial complex.

This project is to redevelop in an integrated manner an approximately 1.4-hectare two-block site comprising a block including the former site of the Matsuzakaya Ginza store (10, Ginza 6-chome) and the adjacent block (11, Ginza 6-chome) in Ginza, Chuo-ku, Tokyo.

The concept of the new retail facility is “Life at its Best.” We are planning to invite approximately 240 high-quality and high-class tenants ranging from luxury brands and fashion and lifestyle retailers to restaurants and cafes to operate in the building with a façade spanning as long as 115 meters along the Chuo-dori street, which will further enhance the value of Ginza, one of the world’s most prestigious fashion streets.

It is intended to become a world-class quality retail facility with environment and service solutions so that customers not only in Japan but from all over the world can enjoy shopping in an elegant, comfortable and pleasant manner.

It is being carried out as a Category 1 Urban Redevelopment Project. Therefore, the Company is expected to invest approximately ¥7 billion in interior work and others in accordance with the scheme below. The completion of construction is scheduled for next January and its opening for next April.
Overview of facility

Ginza area’s largest complex facility for various uses including retail and office

This project is to create one of the largest complexes in the Ginza area with 13 floors above ground and six below, which consists of approximately 46,000-square-meter (approximately 1,890 square meter) retail facilities, large office floors, a typical floor of which has rental rooms covering approximately 6,100 square meters (approximately 1,980 square meter), and a cultural and exchange facility Kanze Nohgakudo. We will also introduce a rooftop garden with the area’s largest space and facilities to welcome visitors, including tour bus loading/unloading space.

Cross-section view from B1F to rooftop

*Subject to change*

**Commercial facilities**
- **B2F – 6F/13F (partial)**
  - Commercial space of approximately 46,000 square meters (approximately 1,980 square meter) (including sales floor area) will be created. It will blend in with surrounding commercial facilities and become a regional center.

**Office**
- **7F – 12F/13F (partial)**
  - Large areas of office space with floor space approximately 6,100 square meters (approximately 1,980 square meter), a typical floor of which has rental rooms covering approximately 6,100 square meters (approximately 1,980 square meter), will be created.

**Rooftop**
- Approximately 3,950-square-meter rooftop garden tentatively named Ginza Garden, which will be the largest in the Ginza area and open to the public, will be installed.

**Tourism hub (1F)**
- Ginza Tourist Station (revered name), “Ginza’s first” tour bus loading/unloading space and a tourist information desk will be installed.

**Cultural facility (5F)**
- Kanze Nohgakudo, a new theater of Kanzeza, the largest school of noh, will be installed.
- In the Edo era, the Kanze family’s houses with stages and residences stood in a row in Ginza.
The Company is rebuilding the south wing of the Matsuzakaya Ueno store to draw new crowds to the Ueno Okachimachi area where redevelopment is in progress and contribute to local revitalization. After rebuilding, the south wing will be rebranded as a high-rise complex with 23 floors above ground and two basement floors featuring retail facilities, a cinema complex and office facilities in fall 2017.

The "new south wing" will house retail facilities on the lower floors from the 1st basement floor to the 10th floor above ground. The 1st basement floor will be unified with the main building and the bridges on the 3rd and 6th floors above ground will connect the south wing to the main building. Daimaru Matsuzakaya Department Stores will operate the 1st basement floor, which will be unified with the main building. The 1st to 6th floors and the 7th to 10th floors will be occupied by Parco in the Group and Toho Cinemas, respectively. In the meantime, the higher floors from the 12th to 22nd will be leased as sophisticated office facilities to ensure stable rental revenue. Five rail lines including JR Yamanote Line, Keihan Tohoku Line, Tokyo Metro Ginza Line and Hibiya Line and Toei Subway Oedo Line run through the Okachimachi area where the Ueno store is located. The area has such good access to transportation and the daytime population is expected to increase by installing office facilities.

Prior to the rebuilding of the south wing, in June 2009, the Company opened the Matsuzakaya Park Place 24, a parking building with commercial space, in the block adjacent to the east of the south wing as part of the development of the surroundings of the Ueno store. After that, the block in front of the south exit of JR Okachimachi Station, which is adjacent to the east of the parking building, was developed as a square named Okachimachi Panda Hinsa. Thus we have been developing the area in cooperation with the government and the local community. In addition, we built a four-story commercial building on our property on the south of the parking building. An outdoor equipment shop was invited to occupy the building and it opened as Com Terrace Okachimachi in September 2015. In the Okachimachi Panda Hinsa, the "Tohoku Reconstruction Support Event: Tohoku Support Campaign" was held. The event was organized by the Tohoku Reconstruction Support Committee in the Ueno Area, which was formed on the initiative of the Association of Okachimachi Station South Exit Stores and the Ueno store. Thus we contribute to attracting crowds to the area in cooperation with the government and merchants’ associations.

As mentioned above, we combine the efforts of the Group’s businesses including department stores as a core and Parco and local people to contribute to local revitalization and grow with the local community.
Rebuilding Project for the Main Building of the Daimaru Shinsaibashi Store

The main building of Daimaru Shinsaibashi store will be reborn as a full-scale department store which can maximize the possibility and potential of the Shinsaibashi area and better cater to global customers. The new main building is expected to be approximately 60 meters high with three basement floors and 11 floors above ground and about 30% larger sales floors of 40,000 square meters will be created. The exterior wall on the side of the Midosuji street will be preserved and the newly built upper part will be set back to aesthetically harmonize with the preserved exterior wall. With respect to the interior, we will investigate existing interior and pick out reusable components and use them in the interior environment of the new building mainly on the first floor based on our concept of store planning. Furthermore, in order to improve access to the Shinsaibashi-suji shopping arcade, we will renovate the underground walkway from the ticket gate of the subway station and make it barrier free by widening the walkway and installing elevators and up and down escalators. We will also create an underground bicycle parking area, which holds approximately 390 units, and green the roof to help resolve regional issues. At the same time, we will install facilities that contribute to increasing international competitiveness such as Inbound Center (tentative name) to revitalize the area. The new main building is planned to open in fall 2019.

In conjunction with the rebuilding of the main building, we will actively introduce large specialty shops and popular brands in the north wing on the basis of the achievements of our new department store model to attract new customers to the area while beefing up efforts to secure stable revenues by gaining rent income.

The main building will be connected and unified with the north wing over the road after completing the reconstruction to dramatically improve each other’s accessibility. The connection work is planned to be completed in spring 2021.

By thus creating the new Shinsaibashi store, we will increase the competitiveness of the area and draw new crowds while contributing to the development of the area by enhancing the safety of the building and inheriting the value of Vories’ architectural work.

Map around Daimaru Shinsaibashi store

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@ denotes the stores operated by Daimaru Shinsaibashi store.
Shibuya Parco Rebuilding Project
(Udagawa-cho 15 Development Project)

Parco, as a scheduled executor of the Udagawa-cho 15 Development Project, submitted a future development proposal to the Tokyo Metropolitan Government for "urban planning as a special urban renaissance district" including existing Shibuya Parco in accordance with the Act on Special Measures Concerning Urban Renaissance in June 2015 and the project was approved in December. We will consider the details of the new building and expect it to be approximately 110 meters high with the total floor area of approximately 65,000 square meters comprising 20 floors above ground and three basement floors. The construction period is scheduled to start in March 2017 and end in September 2019.

For this purpose, we decided to temporarily close existing Shibuya Parco on August 7, 2016. Shibuya Parco made a start with the opening of Shibuya Parco Part 1 in 1973. Since then it has led the image of Parco brand as a flagship store by providing lifestyle proposals for urban consumers and cultural information through entertainment.

Parco has formulated a long-term vision toward 2020 to firmly capture recent major changes in domestic and international markets, environments and consumer sentiment and turn them into business opportunities. We recognize that this project plays a role in strengthening the Parco brand to achieve our long-term vision.

In addition, the Shibuya area is a unique and varied melting pot of values and cultures, and recently, many people visit it from abroad as a base for providing cultural information. Thus it is increasingly expected to develop and attracts global attention.

We will enhance our contribution to revitalizing the area by creating new Shibuya Parco as a next generation global shopping center through this project.
Roots of the Urban Dominant Strategy

From “Dots” to “Areas” —
Shop Development Started around the Kobe Store

J. Front Retailing pursues the Urban Dominant Strategy. It has its roots in the shop development in the Former Foreign Settlement of Kobe, which was conducted by the Daimaru Kobe store to revitalize not the store alone but the area as a whole.

This initiative started in 1987. At that time, the center of transportation and business was shifted to Sannomiya. Therefore, Motomachi, where the Daimaru Kobe store is located, was relatively losing vitality and it was urgent to create the appeal of the store to attract footfall. The shop development around the store began with Daimaru’s own buildings, but they were not enough to revitalize the area. So Daimaru actively invited some brands to open their boutiques in other buildings in the Former Foreign Settlement to draw more customers to the whole area. Now the number of various unique brands and shops we operate using the familiar but new appearance of historical modern Western-style buildings including the Former Foreign Settlement Building 38 and the Block 30 has reached as many as 61 and they bring new life to the history of the streets.

Such know-how has been applied to other stores. The Daimaru Shinsaibashi store operates 12 brands and shops including Agnès b. and Chanel Boutique mainly in the Shinsaibashi Shopping Arcade running north and south on the east of the store. The Daimaru Kyoto store operates eight brands and shops including Louis Vuitton Store and Tokyu Hands around the Shijo Karasuma area. They contribute to attracting crowds to these areas. We would like to use the know-how cultivated through the shop development in Kobe, Shinsaibashi and Kyoto at a group-wide level to "build a business model for growing with local communities."

*The numbers of brands and shops are as of the last day of February 2016.