



Management Strategy > Urban Dominant Strategy

Establish “Ecosystem” along with Local Communities



Area development with stores at the core

We think we will be able to attract more new crowds to the area using or based on our assets such as department stores and Parco, which operate in major cities throughout Japan. And as a result, we might be able to further enhance asset value and asset efficiency – The Urban Dominant strategy is an initiative for community development and coexistence with communities making the best use of the strength of the Company that has stores in urban locations.

The Urban Dominant strategy has its roots in an initiative at the Daimaru Kobe store. The Daimaru Kobe store developed the shops in the Former Foreign Settlement of Kobe to revitalize not the single “point” but the “area” as a whole. This initiative started in 1987. At that time, the center of transportation and business of the Kobe area shifted to Sannomiya and Motomachi where the Daimaru Kobe store is located was being relatively devitalized. Therefore, it was urgent to create the appeal of the store to attract customers. The shop development around the store started with our own buildings. But they are not enough to revitalize the area. So the Daimaru Kobe store actively invited some brands to open their

boutiques in other buildings in the Former Foreign Settlement to draw more customers to the whole area. The number of a wide variety of unique brands and shops using the nostalgic but new look of historic modern western-style architectures such as “Former Foreign Settlement Building 38” and “Block 30” has reached more than 60 and they bring new life to the history of the area.

Then such know-how has been applied to the Daimaru Shinsaibashi store and Daimaru Kyoto store and expanded and developed into the “Urban Dominant strategy.”

In promoting the Urban Dominant strategy in the future, positioning Shinsaibashi, Kyoto, Kobe, Nagoya and Ueno as five key areas, we will also clarify respective “area strategies” by implementing promotion programs for developing the areas around our stores and motivating people to visit the areas to create attractive areas with our stores at their core.

Major developments in the Nagoya area

Two development projects have started in the Nagoya area, one of the key areas.

One is opening of commercial facility in “Nihon Seimei Sakaemachi Building” (tentative). Daimaru Matsuzakaya Department Stores will develop a commercial facility by master-leasing the property owned by Nippon Life Insurance Company and finding tenants. The building located in the center of the Sakae area will have two floors under the ground and six floors above the ground with a total floor area of 6,343 square meters. Given its

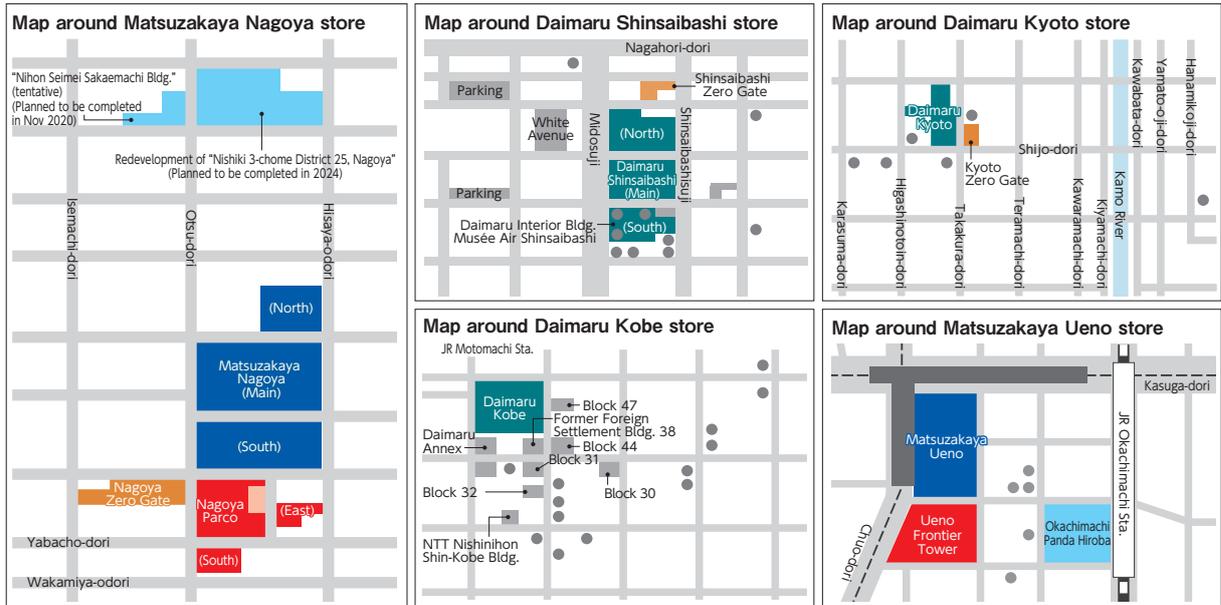


Shop leased near Kobe store



Bino Higashinotoin

● denotes shops operated by or leased from Daimaru Matsuzakaya Department Stores.



location in the center of the Sakae area, we will develop the new commercial facility by creating the Group synergy with the Matsuzakaya Nagoya store, Nagoya Parco, etc. to help attract more customers to the area. Construction is planned to be completed in November 2020.

The other is redevelopment of "Nishiki 3-chome District 25, Nagoya." Daimaru Matsuzakaya Department Stores and Nagoya City concluded a basic agreement in January this year to mutually cooperate in developing the land owned by them. The total site area is 4,862.96 square meters of which 3,040.82 square meters are owned by Daimaru Matsuzakaya Department Stores. The following are the key development conditions: (1) Daimaru Matsuzakaya Department Stores shall operate commercial specialty store business in the lower part from the 2nd basement floor to upper floors; (2) The main functions to be introduced by the participant candidate shall include stay, culture, learning and amusement; and (3) The building shall be connected to the subway facilities and the underground mall facilities and ensure barrier-free access by installing slopes and elevators and by other means. We aim to complete construction in fiscal year 2024.

They are merely a few examples. We, along with department stores and Parco in the key areas, will promote the Urban Dominant strategy to help enliven local communities and grow with them by creating the Group synergy through expansion of such real estate area under management.

Draw in new customers as a landmark of the area

Two redevelopment projects, which changed the business model from department store operation to real estate rental, attract new crowds to the areas and steadily contribute to revenue.

"Ginza Six," the largest luxury mall in the Ginza area, collected world-class quality brands. The complex that was created by developing the two blocks including the former site of the Matsuzakaya Ginza store as one attracts customers not only from Tokyo but also from across Japan and even across the world since it opened in April 2017. Foreign customers account for about 30% and customers in their 20s and 30s occupy the majority. Thus it pulls in new customers who did not visit our stores before. The concept for creating floors beyond product categories, which can be said to be one of its success factors, is applied to the new main building of the Daimaru Shinsaihashi store, which will open on September 20 this year.

The south wing of the Matsuzakaya Ueno store was rebuilt and remodeled as a high-rise commercial complex "Ueno Frontier Tower" in November 2017. It has Parco's new format store Parco_ua as an anchor tenant and also a cinema complex and highly functional offices. Thereby it became a landmark that attracts a wide range of customers. This is the first large-scale joint development project with Parco and we think the experience and know-how obtained here will be used in the new north wing of the Daimaru Shinsaihashi store, which will open in 2021.

We will create new value and create new customers in the area. Our Urban Dominant strategy will get into full swing.



Ginza Six



Ueno Frontier Tower