Connect People and Co-create Communities.

Communities are like an "ecosystem" in nature. Department stores, shopping centers, and various other facilities related to people's lives attract people to them, breathe life into them, and help the communities grow. We believe that the role of the Group is not to succeed only at the stores such as Daimaru, Matsuzakaya, and PARCO, which are "points," but to maximize value in the expanse of communities, which are "areas," where we are the base point.

This initiative has its root in the development of shops around our department store in the Former



Foreign Settlement in Kobe, which we have been working on since the late 1980s. The Daimaru Kobe store has invited luxury brands to open their boutiques in buildings around the store in the Former Foreign Settlement to make the area lively and strengthen the ability of the entire area to attract customers. We use this know-how to promote such initiative in other areas. We do not do this alone, but work with local people to create a crowd in the area. What is important is that we grow together, and we believe that this will lead to sustainability in the area.

Focused development in 7 cities

The Developer Business has been strengthened by consolidating and centralizing organizational functions at Parco. On the other hand, for this business, which is positioned as a major segment of the Group, to achieve further full-scale development and growth in the future, we considered it essential to strengthen a system that enables us to take a bird's-eye view of the Group and respond more quickly to changes in the environment.

To this end, in March 2023, we spun off Parco's developer department and established a new company J. Front City Development. The new company will work to make the area more attractive mainly in the seven cities of Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Fukuoka, where our department stores and PARCO stores are located, and contribute to adding value to these areas through the development of buildings that include hotels, offices, and residences, based on retail, in order to solve social issues such as "coexistence with local communities" and "realization of decarbonized society" and achieve

business growth at the same time.

Of these, development projects in the Shinsaibashi area in Osaka and the Sakae area in Nagoya are both taking shape toward completion in 2026. In Tenjin, Fukuoka, we decided to consider and promote a large-scale development project, triggered by a large-scale reconstruction promotion project called Tenjin Big Bang promoted by Fukuoka City.

At the same time as the establishment of this new company, a new CRE Strategy Unit was established within the holding company to optimize the Developer Business from the Group's perspective and maximize value creation. By having the President of the holding company concurrently serve as the head of this unit, we have strengthened our system for promoting strategies while taking a broader view of the Group

The strength of the Group's Developer Business lies in the ability to sublimate the "content curation capabilities," which are the strengths of the Department Store and Parco, to the Group level and create synergies. Therefore, we believe that it will be possible to develop unique commercial

facilities that create new value not found in Daimaru. Matsuzakava. or PARCO stores. With this in mind, we will work with the local communities to achieve medium- to long-term growth as a unique developer business.

Value Creation

Connect with people, connect people

The Group, with retail at its core, is characterized by its role and competence in connecting "producers" and "users" in the supply chain. Taking advantage of the nationwide network of Daimaru, Matsuzakaya, and PARCO stores, we contribute to regional revitalization by discovering and communicating the attractions of each area. We promote regional revitalization through "local production for local consumption" initiatives in which locally produced products are locally consumed.

Think LOCAL

As part of its sustainability activities, Daimaru Matsuzakaya Department Stores is involved in the Think LOCAL project to think about and support local issues. In late August 2022, we launched a web magazine "Think LOCAL," which features original articles on attractive people, goods, and things. Linked to the Nippon wo Otorivose Chisan Ichiba (Japanese market for local products), which sells local delicacies online, it promotes a system that encourages people to read about, buy, and support local products.



We are also involved in a project called Kyushu Tankentai (Kyushu

expedition team) in which the Department Store's employees visit cities in Kyushu and Okinawa to collect information on, discover, and introduce attractive people, goods, things, and culture that are not yet widely known, in cooperation with local governments, with the aim of revitalizing the entire Kyushu region. As of July 2023, we have visited all 119 cities in Kyushu and Okinawa and have been certified as an information dissemination ambassador by 112 cities. Under these circumstances, Hakata Daimaru and Kumamoto Prefecture signed a comprehensive partnership agreement in March of this year in order to further revitalize the area by communicating the appeal of the products made in Kumamoto Prefecture while leveraging their respective strengths.

In addition, the crowdfunding BOOSTER jointly operated by Parco and CAMPFIRE, Inc. has evolved initiatives through collaboration between Daimaru, Matsuzakaya, and PARCO stores in each area and their local communities. Through various projects including #Stand by TOHOKU (Sendai PARCO), Project Nagoya Goya (Matsuzakaya Nagoya and Nagoya PARCO), Shizuoka MIRUI Project (Matsuzakaya Shizuoka and Shizuoka PARCO), Mikke! kyoto (Daimaru Kyoto), Think SDGs (Daimaru Shinsaibashi and Shinsaibashi PARCO), we support local craftspeople and businesses in the areas where the Group's stores are located. We contribute to the development of local communities by making the most of the features and strengths of the Group, which is rooted in the local communities through its stores.

Buy/sell tokens Rewards for token holders

Participate in/contribute to the cor



Communities evolve

"Community" is one of the important keywords in promoting urban development that is unique to the Group. We invested in Financie, Inc., which operates businesses such as a tokenissuing crowdfunding and community that uses blockchain technology FiNANCiE, and decided to work on building a new community-based business model. The two companies are moving forward with a specific business alliance to co-create new value by combining their respective strengths. As one of the business developments utilizing tokens in the web 3 area, we expect to increase the feasibility and speed of creating a new regional revitalization model to discover and nurture specialty products through the community activities of the Kyushu Tankentai.

In order for the Group to coexist with local communities and achieve mediumto long-term growth through CSV (Creating Shared Value), we recognize the need to raise our ability to build and operate communities and to discover and nurture content to the level of resources.

Community-based innovation. This is the concept of an economic zone that is unique to the Group, where the real and digital worlds are fused together based on the community. The Group's urban development will respond to the new era of customer creation while actively incorporating these web 3 mechanisms.

