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Grow and Coexist with Local Communities

Long-term targets



Urban Dominant Strategy

Business model that pursues growth with local communities

The Group's Urban Dominant strategy is a business model to enhance the appeal of the entire area with the stores at its core and pursue growth with local communities. Promoting the Urban Dominant strategy leads to enhancing the appeal of the area and local contribution.

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 "points" but the "area" as a whole. Such shop development started with our own buildings. And then, the Daimaru Kobe store actively invited some brands to open their boutiques in other buildings in the Former Foreign Settlement to further revitalize the area and draw more customers to the entire area.

5 key areas of Urban Dominant strategy

The know-how of the Daimaru Kobe store has been applied to the Daimaru Shinsaibashi store and the

Daimaru Kyoto store and expanded and developed into the "Urban Dominant strategy."

Positioning five areas including Shinsaibashi, Kyoto, Kobe, Nagoya and Ueno as its key areas, we will continue to promote the "Urban Dominant strategy."

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ **Grow and Coexist with Local Communities** Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

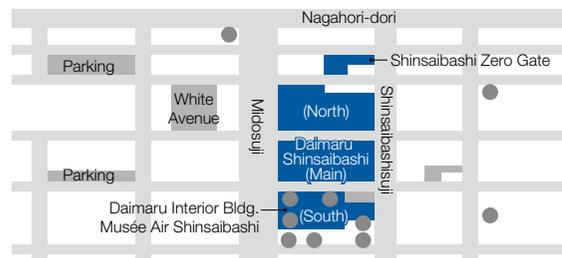
●Shinsaibashi area

The Shinsaibashi area is a world-class commercial area with characteristic blocks such as the 44-meter-wide Midosuji avenue, the bustling Shinsaibashi shopping arcade that is visited by some 150,000 people on weekends, Amerikamura (American village), Minamisenba and Horie.

The Daimaru Shinsaibashi store, which has about 300 years of history since first opening in the area, rebuilt its main building and celebrated its grand opening as a “department store that will evolve looking out at the world and toward the future” in September 2019. It was reborn as a landmark in the Shinsaibashi area with distinctive specialty shops including first openings in the Kansai area and shops in new formats. The Daimaru Shinsaibashi store recognizes that it has an important responsibility for making the Shinsaibashi area adored by the world. It will contribute to enhancing the appeal of the area by enticing foreign tourists to Japan to visit the area as a core commercial facility for them and draw new crowds to the area.



Main building of Daimaru Shinsaibashi store Elevator hall



Map around Daimaru Shinsaibashi store

●Kyoto area

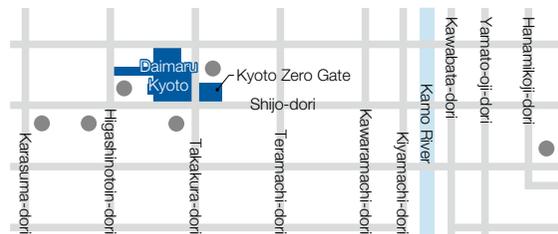
In the Kyoto area, Daimaru Matsuzakaya Department Stores opened the “Daimaru Kyoto Store Gion Machiya” in 2016 to celebrate the 300th anniversary of Daimaru’s foundation. Subsequently, in March 2018, we renovated an over 100-year-old Kyo-machiya townhouse and opened the “Blue Bottle Coffee Kyoto Cafe” with Blue Bottle Coffee in the Nanzenji area. By preserving and using the machiya, we inherit its historical value and contribute to revitalizing the area. And we are well received by people in Japan and abroad as well as residents in Kyoto.

In addition, in April 2019, we opened the “Bino Higashinotoin” featuring “beauty & health” on the Higashinotoin-dori street.

We also actively support the next generation by organizing the “Daimaru Kyotokko Gakuen (Daimaru school for children in Kyoto)” in which children in Kyoto learn traditional culture, customs, etc., which are the appeal of Kyoto where they live, using the Daimaru Kyoto store as a school building and other events with customer participation in partnership with local universities.



Blue Bottle Coffee Kyoto Cafe Bino Higashinotoin



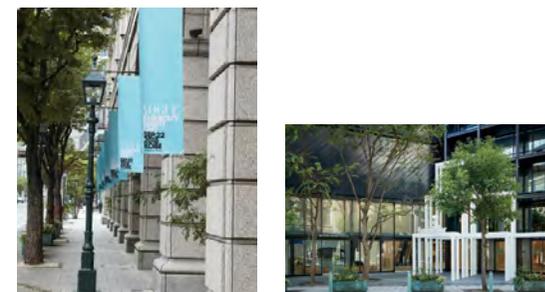
Map around Daimaru Kyoto store

●Kobe area

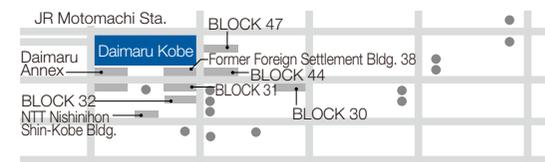
In the Kobe area, we have developed shops around our department store since 1987, about 30 years ago. At that time, the center of transportation and business of the Kobe area shifted from Motomachi to Sannomiya and Motomachi where the Daimaru Kobe store is located was relatively devitalized. The initiative to attract people to the store not by developing the “points” of our own buildings but by revitalizing the entire “area” is the roots of our Urban Dominant strategy.

The Daimaru Kobe store invites cutting-edge fashion brands to open their boutiques in exotic buildings in Motomachi, Kobe, which historically developed as a foreign settlement, to attract more customers to the area. Currently approximately 60 shops operate around the store and the area combining shopping and sightseeing attracts customers from a wider area.

The store organizes events using the appeal of the Former Foreign Settlement on a regular basis such as Vogue’s shopping event “Vogue Fashion’s Night Out,” which has been held since 2017.



Vogue Fashion's Night Out Shop near Kobe store



Map around Daimaru Kobe store

→ **Grow and Coexist with Local Communities** Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

● Nagoya area

In the Nagoya area, two development projects started. One is the opening of a commercial facility in the “Nihon Seimei Sakaemachi Building” (tentative). Daimaru Matsuzakaya Department Stores has decided to develop a commercial facility by master-leasing the property owned by Nippon Life Insurance Company and looking for tenants. Given its 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 create a bustle in and attract more customers to the Sakae area. Construction is planned to be completed in November 2020.

The other is the redevelopment of the “Nagoya Nishiki 3-chome District 25.” Daimaru Matsuzakaya Department Stores and Nagoya City concluded a basic agreement in January 2019 to mutually cooperate in developing the land owned by them. We aim to complete construction in fiscal year 2024.



Map around Matsuzakaya Nagoya store

● Ueno area

In the Ueno area, the “Ueno Frontier Tower” was opened in 2017. The complex with Parco's new format store “Parco_ya” as an anchor tenant and also a cinema complex and highly functional offices serves as a landmark that attracts a wide range of customers.

We are involved in a local project named “Shitamachi Front” including the “Ueno Frontier Tower.” Specifically, we strengthen efforts to disseminate local information and appeal using the community site “Ueno ga Suki (We love Ueno).” By creating multiple sales spaces in conjunction with this community site, we built a new system to increase customer loyalty, which helps strengthen customer relations.

We invite plans from the government and local companies and plans that can contribute to *chisan-chisho* and hold various events with local people in the adjacent “Okachimachi Panda Hiroba.” In December 2019, we renovated the second annex of the Matsuzakaya Ueno store and opened the “Bino Okachimachi.” Through these efforts, we help dramatically



Matsuzakaya and Ueno Frontier Tower



Map around Matsuzakaya Ueno store

increase the ability to attract customers to the Ueno Okachimachi area.

The Matsuzakaya Ueno store developed with the community the road adjacent to the “Shitamachi Front” as a new “street” and named the part from the “Shitamachi Front” to Yushima Tenmangu “Gakumon no Michi (the road of study).” Its vigorous efforts include the organization of events that can attract more customers, the development of related products, a food truck business and environmental improvement.

By strengthening collaboration with the government and local malls and companies, we will expand events in the “Okachimachi Panda Hiroba” and promote the expansion and revitalization of the economy of the Ueno Okachimachi area.

Events held in Okachimachi Panda Hiroba in FY2019

Month	Event	No. of visitors (people)
Mar	2nd Beautiful Mother Park in Shitamachi Marche	Approx. 9,000
Apr	Ueno – Tohoku Festival 2019	Approx. 15,000
	Disaster Prevention & Outdoor Fair	Approx. 900
May	Mottainai Kids Flea Market	Approx. 600
	2nd Shitamachi Marche & Gourmet Fair Celebrating Ueno Museum Week	Approx. 12,000
Jul	3rd Shitamachi Marche	Approx. 10,000
	Shitamachi Panda Beer Night	Approx. 12,000
Aug	Hawaiian Festival	Approx. 6,000
Sep	3rd Beautiful Mother Park in Shitamachi Marche	Approx. 10,000
	Equestrian Club Rein Horse Riding Festival	Approx. 7,000
Oct	Radio Gymnastics (Sep - Nov)	Approx. 150
	Rugby World Cup Support Event	Approx. 20,000
Nov	6th Shitamachi Halloween 2019	Approx. 12,000
	4th Shitamachi Marche	Approx. 18,000
	Fukushima Festival in Panda Hiroba 2019	Approx. 19,000
Dec	Uwatto! Kashiwazaki in Okachimachi Panda Hiroba	Approx. 9,600
	Jewelry Festa	Approx. 5,000

As of December 31, 2019



Okachimachi Panda Hiroba