
PARCO

PARCO Co., Ltd.

Five-Year Medium-Term Management Plan
(Fiscal 2005 – Fiscal 2009)

April 14, 2005 announcement

Five-Year Medium-Term Management Plan (Fiscal 2005 – Fiscal 2009)

Themes

(1) Strengthening operational and development capabilities of shopping complexes

1-1: Strategic store grouping strategy

1-2: Opening of stores primarily in major urban centers

(2) Fostering new businesses and taking on new challenges

2-1: Expansion and development of property management business

2-2: Taking on the challenge of new development schemes

(3) Deepening and broadening peripheral businesses

3-1: Expansion of businesses that use content, such as the entertainment business

3-2: Strengthening of building management business of PARCO SPACING SYSTEMS (PSS) and development of new businesses

3-3: Expansion of business content through aggressive NEUVE A store openings

Five-Year Medium-Term Management Plan (Fiscal 2005 – Fiscal 2009)

(1) Strengthening operational and development capabilities of shopping complexes

1-1 Strategic store grouping strategy

- In addition to the strengthening and expansion of key stores through the “complex-by-complex” approach, PARCO will adopt a method of operation based on the strategic store grouping strategy, enhancing inter-company (PARCO and tenant) efforts.
- PARCO will expand its original product line, adopt new business proposals, and exercise innovative zoning in response to market needs by grouping according to store theme and merchandise, promoting differentiation from the competition and growth in customer numbers.
- PARCO will consider dramatic reform, including changes in business type, as a method of reviewing building profit structures (e.g., change to property management-type building).

Five-Year Medium-Term Management Plan (Fiscal 2005 - Fiscal 2009)

(1) Strengthening of operational and development capabilities of shopping complexes

1-2. Development of new stores primarily in major urban centers

Major urban centers with no store yet

Yokohama, Kawasaki, Shizuoka, Kyoto, Kobe, Kitakyushu, Fukuoka, (Osaka)

Method of development

Property development

Change of existing facilities

Blue = Store opened (Major urban centers) 5 cities

Yellow = Planned store opening 2 cities

Red = No store yet 7 cities

Progress in Development of New Stores (Property Development)

Images are illustrations and may differ from actual stores.



[Urawa Station East Exit]

Urawa Station East Exit Area: Type II Urban Area Redevelopment Project through Development of Facilities and Building

Completion of construction: Fall 2007 (Scheduled)

Floor area: Approx, 67,000m²

(1 floor underground/7 floors above ground)



[Sendai Station West Exit]

Chuo 1-chome District 2 Urban Redevelopment Project

Completion of construction: Spring 2008 (scheduled)

Floor area: Approx. 26,000m²

(1 floor underground/9 floors above ground)

Five-Year Medium-Term Management Plan (Fiscal 2005 - Fiscal2009)

(2) Fostering new businesses and challenges

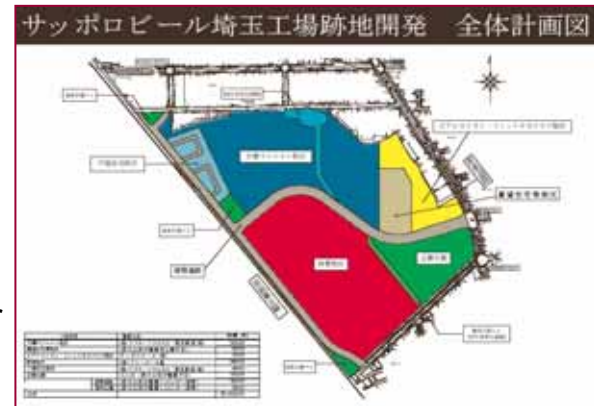
2-1. Property management business Ito-Yokado Kawaguchi Namiki SC (Provisional name)

Opening: Fall 2005 (Scheduled)

Sales floor space: Approx. 34,600m²

Contracted by Ito-Yokado Co., Ltd.

- Support operations, such as attraction of tenants for specialty store mall section, prior to opening (mall planning)
- Plans for commission for property management operations after opening.



2-2. Taking on the challenge of new development schemes

As part of these new development schemes, PARCO will take on areas such as asset management operations, primarily of shopping complexes.

Five-Year Medium-Term Management Plan (Fiscal 2005 – Fiscal 2009)

(3) Deepening and broadening peripheral businesses

3-1. Expansion of businesses that use content, such as the entertainment business

1. Theater Division

- The company will seek to expand theatrical productions not only at PARCO Theater, but also in external theaters and regional theaters.
- PARCO will extend its business in secondary usage of performances (production and sale of DVDs, publication of plays).

| | | Fiscal 2005 (Forecast) | Fiscal 2004 | Fiscal 2003 |
|---|-----------------------|---------------------------|----------------|----------------|
| PARCO Theater | No. of productions | 333 | 297 | 297 |
| | Audience | 137,000 | 120,636 | 116,040 |
| External productions (Includes regional) | No. of productions | 251 | 221 | 343 |
| | Audience | 200,000 | 220,919 | 340,412 |
| Total | No. of productions | 584 | 518 | 640 |
| | Audience | 337,000 | 341,555 | 456,452 |

笑の大学
warai no daigaku



2. Audio-visual Division

PARCO will not only operate single movie theaters but will also enter the rights business.

Five-Year Medium-Term Management Plan (Fiscal 2005 – Fiscal 2009)

(3) Deepening and broadening peripheral businesses

3-2. PSS: Strengthening building management business and developing new businesses

3-3. NEUVE A: Expanding business content through aggressive store openings



PARCO SPACE SYSTEMS CO., LTD.

- Strengthening building management business
- Developing new business
(call centers/agency business, etc.)

NEUVE A

NEUVE A CO., LTD.

- Initial period of building the business complete, moving to growth stage.
- Developing into a 140-store organization by opening 48 new stores in the next five years.

* PARCO external ratio 42% 55%

Five-Year Medium-Term Management Plan (Fiscal 2005 – Fiscal 2009)

Management Targets (Fiscal 2009/Consolidated)

Management Target

| Unit: Million yen | Fiscal 2009 | | Fiscal 2004 Results |
|-------------------|-------------|------------------------------|---------------------|
| | Target | Difference from 2004 Results | |
| Net sales | 300,000 | +42,375 | 257,625 |
| Ordinary income | 12,000 | +3,921 | 8,079 |
| Net income | 6,000 | +4,258 | 1,742 |
| ROE | 8.2% | +5.2% | 3.0% |

Sales Target by Segment

| Unit: Million yen | Fiscal 2009 | | Fiscal 2004 Results |
|---|-------------|------------------------------|---------------------|
| | Target | Difference from 2004 Results | |
| Development Business | 276,819 | +40,362 | 236,456 |
| Retail Business | 18,812 | +3,491 | 15,321 |
| Space Engineering and Management Business | 24,252 | -1,477 | 25,729 |
| Other Business | 2,614 | +110 | 2,504 |
| Total-consolidated (after elimination) | 300,000 | +42,375 | 257,625 |

PARCO

<http://www.parco.co.jp/>

The numerical forecasts contained in these materials are based on data available as of April 14, 2005 and include uncertain factors. Actual results may differ from the figures given here due to such factors as changes in business conditions.

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