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For Immediate Release

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PARCO forms business and capital alliance with Stylife Corporation

PARCO Co., Ltd. (“PARCO”) today concluded an agreement to form a business and capital alliance with Stylife Corporation (“Stylife”). The details are as follows.

1. Reason for alliance

In order to achieve its business vision for fiscal 2015 of becoming an “urban lifestyle producer,” PARCO is currently pursuing the following three business strategies based on its 2010-2012 medium-term business plan: (1) innovation at existing complexes, (2) expansion of the urban retail business both in Japan and overseas, and (3) rapid development of related and new businesses.

Stylife, meanwhile, is working to accelerate growth within its fashion e-commerce business (which focuses mainly on sales of women’s clothing, general merchandise and so forth), by seeking to “improve customer satisfaction,” “develop a new earnings base,” “improve brand recognition,” and “enhance HR development and organizational strength.” As one of its strategies for achieving these goals, Stylife is actively considering and implementing alliances with other companies.

Since May 2009, Stylife has been operating the designer brand specialty store “nuan+” on the PARCO-CITY online shopping mall website operated by PARCO subsidiary PARCO-CITY CO., LTD. (“PARCO-CITY”).

Now, after much discussion on further collaboration, PARCO Group (specifically PARCO and PARCO-CITY) and Stylife have reached agreement to pursue a business and capital alliance. The two groups will utilize their strengths and expertise to enhance their presence in the overall fashion sales value chain—encompassing both e-commerce business and shopping complex business—in areas ranging from developing and attracting brands to promotion, marketing and distribution. The aim is to achieve business growth in the fashion e-commerce market, which is expected to see significant growth over the medium to long term.



Under the business alliance, PARCO will share with Stylife its tenant development capabilities and event promotion expertise as an urban shopping complex operator. Stylife, meanwhile, will share with PARCO its fulfillment capabilities (including product distribution and shopping website development), magazine production capabilities (from photography and editing through to sales), and e-commerce systems development expertise as an e-commerce business operator.

The alliance will help PARCO to further link its shopping complex and e-commerce businesses and enhance its lifestyle offerings for urban consumers. It will help Stylife to attract customers by providing access to a broader customer base, and improve its product capabilities by more quickly attracting leading brands.

The capital alliance involves PARCO making an equity investment in Stylife, through which PARCO aims to develop and enhance its relationship with Stylife over the medium to long term and thus increase the effectiveness of the business alliance. The capital alliance will also give Stylife access to the growth capital it needs to flexibly improve its systems and other aspects of its business. As such, the alliance is expected to improve the corporate value of both parties.

2. Details of business alliance

The aim of the alliance is to help both groups to grow their business, by enhancing their presence in the overall fashion sales value chain—encompassing both e-commerce business and shopping complex business—in order to develop and attract brands, increase sales channels, and improve the ability to attract customers.

(1) “Stylife PARCO-CITY” opened on PARCO-CITY

On April 13, 2011, the trendy women’s fashion site “Stylife PARCO-CITY” opened on the PARCO-CITY online shopping mall, as the first step in the business alliance. This has allowed PARCO-CITY to enhance its lineup of popular women’s fashion brands and given Stylife access a new customer base.

(2) Using PARCO Group network to attract brands to Stylife

PARCO Group will utilize its tenant network to attract brands to Stylife.

Stylife will use this opportunity to more quickly attract leading brands to enhance its product capabilities, and by doing so aims to increase customer numbers.

By helping Stylife to attract brands, PARCO Group aims to enhance product lineup at the Stylife PARCO-CITY and thus improve customer satisfaction.

(3) Joint cross-promotions utilizing the strengths of both groups

Both parties will carry out joint cross-promotions, utilizing multiple information channels



including PARCO's actual stores, Stylife's mail order magazine "Look!s," and the e-commerce websites of both companies.

Both companies will work to attract more customers by making use of a broader range of sales channels and enhancing their ability to communicate their messages to customers.

3. Details of capital alliance

The purpose of the capital alliance is to strengthen the trust between PARCO and Stylife, and by doing so increase the effectiveness of the business alliance.

(1) Acquisition by PARCO of 15% equity interest in Stylife

- PARCO will acquire 1,647 Stylife shares from Stylife shareholder OPT, Inc. (approximately 7.7% of Stylife's total outstanding shares*).
- On May 13, 2011, PARCO will subscribe to 1,576 shares of common stock (approximately 7.3% of Stylife's total outstanding shares*), via Stylife's issuance of new shares and disposal of treasury shares by third-party allotment.

(2) Appointment of director from PARCO Group to Stylife board

- PARCO and Stylife have agreed to submit a proposal to appoint one person from PARCO as an external director of Stylife at Stylife's Annual General Meeting of Shareholders scheduled for June 2011.

As a result of the above, PARCO plans to make Stylife an equity-method affiliate.

*Percentages of Stylife's total outstanding shares are calculated using the denominator of 21,483 total outstanding shares, which represents the total number of outstanding shares before the capital increase by third-party allotment.

4. Overview of Stylife Corporation

(As of March 31, 2011)

(1)	Company name	Stylife Corporation
(2)	Head office	1-2-3 Kita-Aoyama, Minato-ku, Tokyo
(3)	Representative	Shinji Iwamoto, President and Representative Director
(4)	Main business	Production and publication of "Look!s" magazine, mail order sales, planning and operation of internet shopping malls, and various e-commerce related businesses
(5)	Capital	¥1,456,770,000
(6)	Date of establishment	May 12, 2000

(7) Major shareholders and ownership interest	BURNEDEST Japan Limited	53.9%
	Kowa Company, Ltd.	8.1%
	OPT, Inc.	8.1%
	Stylife Corporation	2.5%
	Hidetaka Takayama	1.9%
(As of March 31, 2011)		

(8) Relationship with PARCO	
Capital relationship	No noteworthy capital relationship exists between PARCO and Stylife. Moreover, no particularly noteworthy capital relationships exist between affiliated parties or companies of PARCO and affiliated parties or companies of Stylife.
Personnel relationship	No noteworthy personnel relationship exists between PARCO and Stylife. Moreover, no particularly noteworthy personnel relationship exists between affiliated parties or companies of PARCO and affiliated parties or companies of Stylife.
Business relationship	Stylife has opened the designer brand specialty store “nuan+” on the PARCO-CITY online shopping mall operated by PARCO subsidiary PARCO-CITY CO., LTD.
Related party status	Stylife is not deemed to be a related party of PARCO. No affiliated parties or companies of Stylife are deemed to be related parties of PARCO.

(9) Consolidated financial results for the previous three fiscal years (Units: thousands of yen, unless otherwise stated)			
Fiscal year	FY2008/3	FY2009/3	FY2010/3
Consolidated net assets	2,615,612	2,181,348	2,355,313
Consolidated total assets	3,671,809	4,884,854	4,902,419
Consolidated net assets per share (¥)	128,172.32	109,576.96	118,315.83
Consolidated net sales	5,934,872	7,005,840	7,665,131
Consolidated operating income	192,176	91,707	4,788
Consolidated ordinary income	233,098	106,406	5,325
Consolidated net income	148,762	(329,760)	215,394
Consolidated net income per share (¥)	7,289.80	(16,375.32)	10,820.02
Dividend per share (¥)	1,750	2,500	2,500

5. Schedule

(1) Conclusion of business and capital alliance agreement	April 27, 2011
(2) Conclusion of subscription agreement pertaining to third-party allotment	April 27, 2011
(3) Conclusion of share transfer agreement with OPT, Inc.	April 27, 2011



(4) Acquisition of shares from OPT, Inc.	May 13, 2011
(5) Payment date for capital increase by third-party allotment	May 13, 2011

6. Impact on earnings

The impact of this business and capital alliance on PARCO's earnings will be incorporated into earnings forecasts in line with the progress of the alliance.

Ends