

PARCO CO., LTD. FY2012 Q3 (Mar.-Nov.) Briefing Material

1. Overview of FY2012 Q3 results

■Q3 results

Unit: Million yen

Consolidated	FY2012 Q3 Mar.-Nov.	FY2011 Q3 Mar.-Nov.	Change ¥	Change %	Change %			Full-year forecasts	Change %
					Mar.-May	June-Aug.	Sept.-Nov.		
Net sales	193,855	187,992	5,863	3.1%	7.2%	0.2%	2.1%	269,000	3.5%
Operating income	7,341	6,156	1,185	19.3%	46.5%	6.1%	16.8%	10,700	16.7%
Ordinary income	6,922	5,997	925	15.4%	47.3%	(1.1%)	16.7%	10,300	14.9%
Net income ^{*1}	3,793	2,902	890	30.7%	10.3%	9.2%	80.8%	5,200	20.4%
EBITDA ^{*3}	11,869	10,843	1,026	9.5%	20.7%	2.6%	8.1%	--	--

Non-consolidated	FY2012 Q3 Mar.-Nov.	FY2011 Q3 Mar.-Nov.	Change ¥	Change %	Change %			Full-year forecasts	Change %
					Mar.-May	June-Aug.	Sept.-Nov.		
Net sales	177,454	172,751	4,703	2.7%	7.6%	(0.5%)	1.2%	248,000	3.7%
Operating income	6,915	5,827	1,087	18.7%	45.0%	3.4%	19.2%	10,000	17.3%
Ordinary income ^{*2}	7,083	6,526	557	8.5%	5.0%	1.6%	21.6%	10,000	9.1%
Net income ^{*1,2}	4,164	3,815	348	9.1%	(21.9%)	(2.1%)	91.8%	5,400	18.8%
EBITDA ^{*3}	11,171	10,241	930	9.1%	20.0%	0.9%	9.4%	--	--

^{*1} Consolidated and non-consolidated results for the current fiscal year include ¥570 million in extraordinary income in damages awarded to Shibuya PARCO PART 2 on final judgment following appeal

^{*2} Non-consolidated non-operating income includes dividends received from subsidiaries (¥1 billion for FY2011 and ¥500 million for FY2012)

^{*3} EBITDA in these tables refers to operating income plus depreciation and amortization

■ Consolidated results by segment

Unit: Million yen

		FY2012 Q3 Mar.-Nov.	Change ¥	Change %
Shopping Complex Business ^{*1}	Net sales	175,198	4,615	2.7%
	Segment Income	6,811	1,141	20.1%
Retail Business	Net sales	12,177	653	5.7%
	Segment Income	173	56	48.0%
Space Engineering and Management Business	Net sales	14,374	311	2.2%
	Segment Income	409	59	17.1%
Other Business ^{*1}	Net sales	4,783	68	1.4%
	Segment Loss	(52)	(57)	--
Total	Net sales	206,533	5,648	2.8%
	Segment Income	7,342	1,199	19.5%
Adjustments	Net sales	(10,630)	184	(1.7%)
	Segment Loss	(0)	(14)	--
Consolidated	Net sales	195,902	5,832	3.1%
	Segment Income	7,341	1,185	19.3%

■ Consolidated SG&A expenses

Unit: Million yen

	FY2012 Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,138	87	1.2%
Lease/rental	6,423	(194)	(2.9%)
Advertising	2,625	308	13.3%
Agency services	4,273	(121)	(2.8%)
Building and repairs	1,253	19	1.6%
Depreciation	4,528	(159)	(3.4%)
Tax and dues	984	73	8.1%
Reversal of common- service charges	(5,925)	(142)	2.5%
Total SG&A	23,887	(250)	(1.0%)

Note:

Figures for net sales by segment include operating revenue
Segment income or loss refers to operating income or loss

FY2012 Q3 results overview

FY2012 Mar.-Nov. Sales and profits increased as net sales grew in PARCO renovated zones and sales were also boosted by an increase in new PARCO Card members and strong performances at NEUVE A and PARCO SPACE SYSTEMS.

PARCO CO., LTD: Sales and profits increased. Renovations and changes to Store Card scheme were successful and quarterly net sales of existing store tenants continued YoY improvement from the second quarter of FY2011.

NEUVE A: Sales and profits were up with growth in sales of original products and contribution from new shops in FY2011 and FY2012. TICTAC (wristwatches) and COLLECTORS (men's/ladies' general merchandise) drove strong sales. Increased total number of stores to 160.

PARCO SPACE SYSTEMS CO., LTD: Sales and profits grew due to increase in interior work orders from large retail stores, LED conversion and new contracts in business related to guest rooms at foreign-brand hotels.

PARCO CITY CO., LTD.: Web consulting business received new orders from commercial complexes for web site construction and management and SNS consulting.

PARCO Entertainment (PARCO): Staged high quality and highly topical plays by proven producers and talented actors, such as Koki Mitani's *Bunraku* effort, and the musical "The Wiz", produced by Amon Miyamoto.

2. Overview of sales

■ Non-consolidated tenant sales by store

Unit: Million yen

Store	FY2012 Q3 Mar.-Nov.		Change %		
	Net sales	Change %	Mar.-May	June-Aug.	Sept.-Nov.
Urban Store Group					
Sapporo PARCO ^{*1}	7,832	0.2%	(0.5%)	(4.7%)	5.7%
Sendai PARCO	9,693	14.4%	57.4%	1.9%	(1.6%)
Ikebukuro PARCO	21,668	5.2%	10.8%	3.7%	1.4%
Shibuya PARCO	9,305	4.5%	13.4%	(4.7%)	6.5%
Shizuoka PARCO	7,438	(4.5%)	(7.0%)	(10.8%)	5.3%
Nagoya PARCO	24,895	1.0%	4.3%	(1.9%)	0.8%
Hiroshima PARCO ^{*1}	12,529	2.0%	3.1%	1.1%	1.6%
Fukuoka PARCO	8,722	5.9%	5.4%	4.9%	7.5%
Total	102,086	3.4%	8.6%	(0.7%)	2.5%
Community Store Group					
Utsunomiya PARCO	3,750	(1.7%)	6.6%	(6.9%)	(4.1%)
Urawa PARCO	11,933	12.5%	27.0%	14.6%	(0.7%)
Shin-Tokorozawa PARCO	6,218	5.5%	10.2%	2.4%	4.2%
Chiba PARCO	5,221	1.4%	5.1%	0.2%	(0.9%)
Tsudanuma PARCO	6,824	0.7%	5.5%	(0.5%)	(2.7%)
Hibarigaoka PARCO	5,809	0.5%	5.0%	(3.8%)	0.4%
Kichijoji PARCO	5,864	(0.8%)	10.7%	(3.4%)	(8.6%)
Chofu PARCO	12,458	2.7%	7.4%	(0.9%)	1.8%
Matsumoto PARCO	5,449	(2.0%)	0.4%	(0.6%)	(5.5%)
Otsu PARCO	3,450	3.1%	(0.5%)	1.0%	9.0%
Kumamoto PARCO	3,808	5.5%	9.5%	3.8%	3.2%
Total	70,789	3.2%	9.2%	1.4%	(0.6%)
Existing store total ^{*2}	172,875	3.3%	8.9%	0.2%	1.2%
Sapporo PARCO New Building	—	—	—	—	—
Shinsaibashi PARCO	—	—	—	—	—
Total ^{*3}	172,875	2.8%	7.9%	(0.3%)	1.1%

*Sapporo PARCO New Building closed March 30, 2011;
Shinsaibashi PARCO closed September 30, 2011

■ Non-consolidated integrated sales of stores, paying customers

Comparisons are with same period of previous year

	FY2012 Q3 Mar.-Nov.	Change %		
		Mar.-May	Jun.-Aug.	Sept.-Nov.
Paying customers	3.9%	7.5%	1.4%	3.0%
Average spend per customer	1.0%	3.7%	0.6%	(1.2%)

Note: Sales by item, renovated zone sales comparison, paying customers and average spend per customer are based on "integrated sales" of stores.

"Integrated sales" demonstrate the overall sales capability of a store, and include net sales by tenants, sales at PARCO Theater and other facilities, and sales to tenants under fixed rent contracts.

■ Non-consolidated existing store sales by item

Comparisons are with same period of previous year

Category and item	FY2012 Q3 Mar.-Nov.	Change %		
		Mar.-May	June-Aug.	Sept.-Nov.
Womenswear	(1.8%)	6.3%	(5.2%)	(5.3%)
Menswear	1.7%	7.7%	(1.0%)	(2.1%)
General clothing	15.9%	18.3%	10.2%	18.9%
Clothing	2.9%	8.9%	(0.6%)	0.7%
Shoes	3.6%	9.7%	1.6%	0.0%
Bags	10.2%	17.3%	6.1%	7.3%
Accessories	0.2%	11.0%	(3.8%)	(5.1%)
Cosmetics	1.9%	5.6%	(0.4%)	0.7%
Personal items	5.1%	12.7%	2.4%	0.8%
Culture-related	(2.7%)	3.3%	(5.1%)	(6.1%)
Living-related	(0.6%)	5.6%	(4.4%)	(3.2%)
General Merchandise	(2.5%)	3.2%	(6.0%)	(4.7%)
Foods	4.0%	7.3%	2.7%	1.9%
Restaurants	15.3%	19.3%	11.9%	14.9%
Other	18.6%	35.2%	15.4%	9.2%

■ Non-consolidated renovation

FY2012 Q3 (Mar.-Nov.) renovation results

Scale of renovation: 482 sections, approx. 49,000m²
(of which new stores comprised 219 sections)

Effect of renovation:

Sales up 19.4% in same zone comparison

Planned FY2012 renovation (Start-of-year plan):

Scale: Approx. 46,000m²

■ Non-consolidated stores/sales area

19 stores (29 buildings) in total
Sales area: Approx. 443,000m² (as of end Nov. 2012)

^{*1} Sapporo PARCO figures exclude the New Building

^{*2} Existing store total excludes Sapporo PARCO New Building and Shinsaibashi PARCO

^{*3} Comparison of total store performance with previous year includes the previous year's performance of Sapporo PARCO and Shinsaibashi

Non-consolidated news

- Renovated a total of approximately 49,000m² in 9 months, exceeding the start-of-year plan of 46,000m². Sales in renovated zones grew 19.4% YoY.
- In Urban stores, improved PR capabilities by introducing new-category stores and brands that capture consumer trends. At Nagoya PARCO, implemented fashion-strengthening renovations focusing on the South Building. Throughout the store, including the West Building, formed the regions largest gathering of select stores, underscoring our presence in the market. At Shibuya PARCO, with incubation and promotion of the fusion of art, culture and fashion as key themes, opened stores by designers selected for the micro funding established by PARCO CO. LTD. and created a floor focused on highly topical pop culture themes. Initiatives at both stores contributed to sales growth, increased customer traffic and attention. In Shizuoka PARCO, completely renovated stores in the vicinity of the 1st floor entrance and improved the building's image. Disseminated trend information with not just fashion but also a wide range of items.
- In Community stores, presented community-based consumption unique to PARCO by introducing shops providing daily necessities and bringing in seasonal brands, quality fashion and boutique stores. Renovated lower floors of Hibarigaoka PARCO with PARCO quality as the theme.
- Clothing and personal items were strong, and restaurants also performed favorably following total renewal of the restaurant floor, including environmental improvements to common use areas.
- Through enhancement of service to new and high-value PARCO Card members from this period, there was a considerable increase in the number of new members and PARCO Card sales grew significantly by 10.6%, contributing to an increase in sales volume.