

feeling, parco

2013 autumn

PARCO CO., LTD.
FY2013 First Half Results
Investor Presentation
TSE 1st Section 8251



PARCO

Presentation Contents

- I. Overview of FY2013 H1 results
- II. New business development
- III. PARCO stores business
- IV. PARCO Group business
- V. Engagement with J. Front Retailing
- VI. CSR Initiatives

Consolidated results

H1 income exceeded forecasts and achieved a record high on strong performance at PARCO Group, with PARCO CO., LTD. at its core.

Unit: Million yen

Consolidated	FY2013 H1 (Mar – Aug)	FY2012 H1 (Mar – Aug)	Change ¥	Change %	Initial forecasts	Change ¥	Change %
Net sales	129,401	128,337	1,064	0.8%	131,150	(1,748)	(1.3)%
Operating income	5,926	4,858	1,068	22.0%	5,350	576	10.8%
Ordinary income	5,824	4,554	1,269	27.9%	5,150	674	13.1%
Net income	3,280	2,237	1,042	46.6%	2,650	630	23.8%
EBITDA*1	8,797	7,845	951	12.1%	-	-	-

Consolidated	End of FY2013 H1	End of FY2012	Change ¥
Total assets	221,604	206,243	15,360
Net assets	106,166	103,573	2,593
Interest-bearing debt*2	49,509	37,375	12,133
Equity ratio	47.9%	50.2%	(2.3%)

*1EBITDA in this table refers to operating income plus depreciation and amortization

*2The ¥12.1 billion increase in interest-bearing debt, was primarily due to financing for the acquisition of trust beneficiary rights in Fukuoka PARCO

I. Overview of FY2013 H1 results (2)
Consolidated results by segment

4/31

**Achieved sales and profit growth in shopping complex business
and retail business.**

Unit: Million yen

		FY2013 (Mar – Aug)	FY2012 (Mar – Aug)	Change ¥	Change %
Shopping Complex Business	Net sales	118,107	116,177	1,930	1.7%
	Segment income	5,627	4,479	1,148	25.6%
Retail Business	Net sales	9,001	8,343	657	7.9%
	Segment income	225	206	18	9.1%
Space Engineering and Management Business	Net sales	8,992	9,102	(109)	(1.2%)
	Segment income	131	174	(42)	(24.5%)
Other Business	Net sales	2,461	3,152	(690)	(21.9%)
	Segment loss	(49)	(4)	(45)	-
Consolidated	Net sales	131,261	129,666	1,594	1.2%
	Segment income	5,926	4,858	1,068	22.0%

Figures for net sales by segment include operating revenue

Segment income and loss refers to operating income and loss

PARCO's Entertainment Business earnings are included in Other Business

Due to adjustments between business segment results, totals of business segment figures differ from consolidated figures

Selling, general and administrative expenses; capital expenditure 5/31

Selling, general and administrative expenses

Unit: Million yen

Consolidated		Amount	Change ¥	Change %
FY2013 H1 (Mar-Aug)	Personnel	4,876	116	2.4%
	Lease/rental	4,070	(217)	(5.1%)
	Advertising	1,458	(21)	(1.5%)
	Agency services	2,639	(338)	(11.4%)
	Building and repairs	906	51	6.1%
	Depreciation	2,870	(116)	(3.9%)
	Tax and dues	836	83	11.0%
	Reversal of common service charges	(3,987)	(35)	0.9%
	Total SG&A	15,618	(322)	(2.0%)

Capital expenditure

Consolidated		Amount	Change ¥	Change %
FY2013 H1 (Mar-August)	Capex*	32,110	28,912	903.9%

*The ¥28.9 billion increase in capital expenditure was primarily due to financing for the acquisition of trust beneficiary rights in Fukuoka PARCO

Non-consolidated results

Achieved sales and profit growth on strong performance by existing stores and ZERO GATE business expansion.

Unit: Million yen

Non-consolidated	FY2013 H1 (Mar – Aug)	FY2012 H1 (Mar – Aug)	Change ¥	Change %	Initial forecasts	Change ¥	Change %
Net sales	118,332	117,683	648	0.6%	119,950	(1,618)	(1.3%)
Operating income	5,750	4,555	1,194	26.2%	5,250	500	9.5%
Ordinary income ^{*1}	5,741	4,786	955	20.0%	5,050	691	13.7%
Net income ^{*1}	3,346	2,614	732	28.0%	2,650	696	26.3%
EBITDA ^{*2}	8,417	7,363	1,054	14.3%	-	-	-

Non-consolidated	End of FY2013 H1	End of FY2012	Change ¥
Total assets	218,798	203,181	15,616
Net assets	107,031	104,413	2,618
Interest-bearing debt ^{*3}	53,280	39,928	13,352
Equity ratio	48.9%	51.4%	(2.5%)

^{*1} Ordinary income and quarterly net income include dividend income from subsidiaries (¥100 million in FY2013 and ¥500 million in FY2012)

^{*2} EBITDA in this table refers to operating income plus depreciation and amortization

^{*3} The ¥13.3 billion increase in interest-bearing debt was primarily due to financing for the acquisition of trust beneficiary rights in Fukuoka PARCO

Full-year forecast

**Targeting consecutive years of sales and profit growth
and record high profits.**

Upward revision of full-year profit forecast.

Unit: Million yen

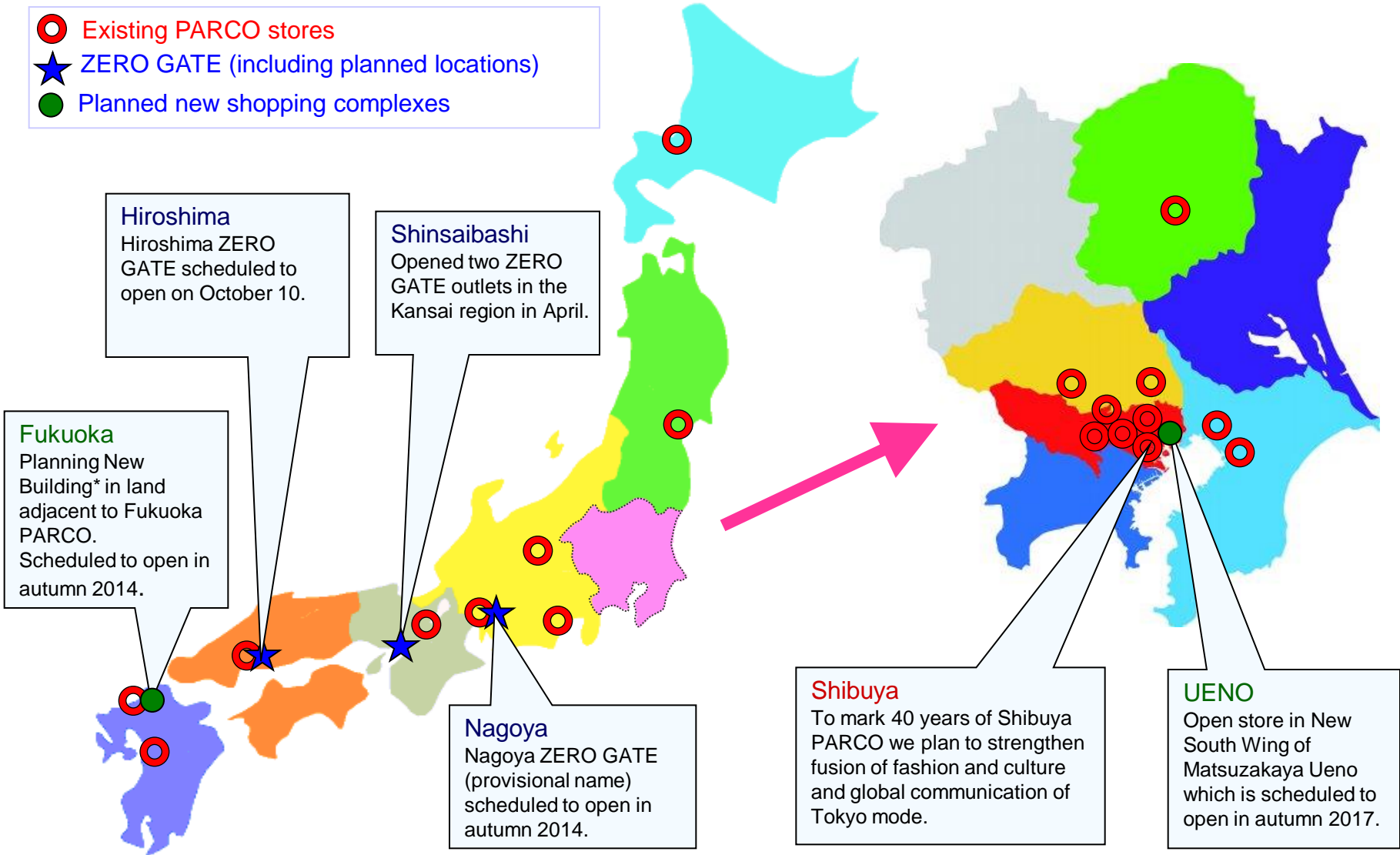
Consolidated	FY2013 Revised forecasts	FY2012 Results	Change ¥	Change %	Initial forecasts	Change ¥	Change %
Net sales	267,900	264,779	3,120	1.2%	271,400	(3,500)	(1.3%)
Operating income	12,200	10,824	1,375	12.7%	11,800	400	3.4%
Ordinary income	11,900	10,329	1,570	15.2%	11,350	550	4.8%
Net income	6,350	5,083	1,266	24.9%	6,000	350	5.8%

Non- consolidated	FY2013 Revised forecasts	FY2012 Results	Change ¥	Change %	Initial forecasts	Change ¥	Change %
Net sales	246,000	242,706	3,293	1.4%	249,100	(3,100)	(1.2%)
Operating income	11,800	10,166	1,633	16.1%	11,350	450	4.0%
Ordinary income	11,600	10,276	1,323	12.9%	10,900	700	6.4%
Net income	6,350	5,444	905	16.6%	5,850	500	8.5%

**We have decided to pay an interim dividend per share of ¥9
and are planning to pay an annual dividend per share of ¥18.**

Pursuing business development focused on Key urban locations.

- Existing PARCO stores
- ZERO GATE (including planned locations)
- Planned new shopping complexes



Expanding locations in Tokyo area in synergy with JFR Group.

Open store in New South Wing of Matsuzakaya Ueno, which is scheduled to open in autumn 2017.

Open store in new high-rise complex (New South Wing) and aim to create a shopping complex in tune with the market by utilizing our strength in comprehensive production of urban-type shopping complexes.

Overview of plan for PARCO shopping complex

Building scale	Above-ground floors 1 - 6 (2 below-ground floors, 23 above-ground floors, 1 penthouse floor (non-residential))
Total floor area	Approx. 12,000m ² (Approx. 42,000m ²)
Opening	Autumn 2017 expected

*Information in parenthesis refers to overall plan for Matsuzakaya Ueno New South Building

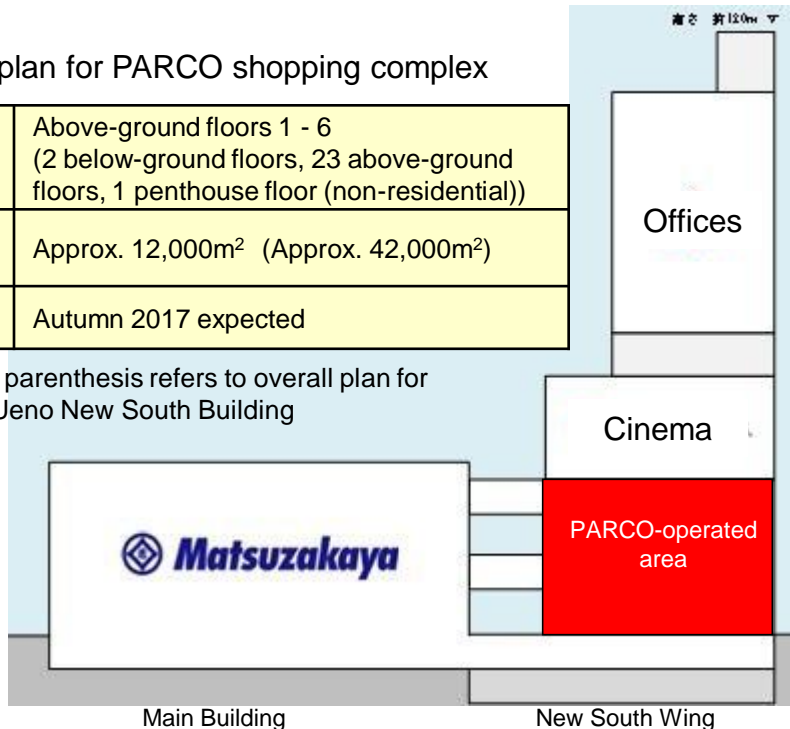


Illustration of overall division of Matsuzakaya Ueno

*JFR is an abbreviation of J. Front Retailing



**Strengthening the foundations of urban-type PARCO
in Fukuoka's Tenjin district.**

Planning New Building* on land adjacent to Fukuoka PARCO.
Targeting autumn 2014 opening.

Planning to construct New Building* on site of existing structure and operate under a two-building system.

Raise the degree of completion of PARCO's urban-type stores.

Overview of Fukuoka PARCO New Building* plan

Building scale	6 above-ground floors 3 below-ground floors Steel construction
Total floor area	Approx. 14,000m ²
Reconstruction schedule	June 2013: Demolition starts December 2013: Reconstruction starts Autumn 2014: New Building* opens (expected)



Design image of exterior of
Fukuoka PARCO Main Building
and New Building*

*Provisional name

The opening of two ZERO GATE stores has contributed to increasing the charm and vitalization of the Shinsaibashi area.

ZERO GATE business: New business model developing low- to medium-rise shopping complexes in urban locations.



Shinsaibashi ZERO GATE

Shinsaibashi ZERO GATE (one of Japan's largest H&M stores)
Dotonbori ZERO GATE (first Forever 21 store in Kansai)

- Shinsaibashi Zero Gate opened on April 13, Dotonbori ZERO GATE on April 20.
- Managed efficiently in line with business scale.

Overview of Shinsaibashi ZERO GATE

Structure	2 Under-ground floors 4 over-ground floors
Building area	Total floor area approx. 5,500m ²

Overview of Dotonbori ZERO GATE

Structure	3 over-ground floors
Building area	Total floor area approx. 3,800m ²



Dotonbori ZERO GATE

Accelerate ZERO GATE store openings.



Hiroshima ZERO GATE

- Occupying floors 1 to 3, the shopping complex section, of new building adjacent to Hiroshima PARCO New Building.
- 6-store configuration scheduled to open on October 10.

Plan overview

Structure	Floors 1 – 3 within Hiroshima Toho Building
Floor area	2,577m ²

Nagoya ZERO GATE*

- Lease land in the Sakae area, Nagoya’s commercial center, and build shopping complex. (Land already selected).
- Aiming to open in autumn 2014.

Plan overview

Structure	3 over-ground floors (planned)
Floor area	Approx. 7,500m ² (planned)



*Provisional name

Opened NISON CITY MALL in Suzhou, China in September.

Local subsidiary PARCO CONSULTING (SUZHOU) CO., Ltd completed its establishment support business and NISON CITY MALL opened on 28 September.

NISON CITY MALL: Nison Plaza shopping complex, Suzhou City.



PARCO Marina Bay in Singapore will close at the end of March 2014 due to expiry of the agreement.

H1 achievements

Area renovated	Renovated approx. 18,000m ² in FY2013 H1 (sales in renovated zones grew 4.3% YoY)
<p>Implemented renovations based around women's lifestyle proposals and strengthened communication of trends.</p> <ul style="list-style-type: none"> •In Urban Stores in addition to enhancing ladies' fashion through highly effective floor renovation, we implemented renovations focused on strengthening communication of fashion trends. •In Community Stores we introduced new items and non-fashion items such as home electronics, and strengthened lifestyle offerings. 	

H2 plans

Area scheduled for renovation	Approx. 31,000m ² scheduled for renovation in H2; approx. 49,000m ² in full year (6.5% more than planned)
<p>Plan to launch a thematic renovation which inspires and captures the imagination of VIP customers.</p> <ul style="list-style-type: none"> •Accurately capture changes in consumption and create a new value-added lifestyle building. •In urban stores, to respond to lifestyle diversification and shifts in consumptive orientation, we are offering quality clothing, personal items and general merchandise, expanding customer segments (to adults), and increasing average customer spend. •In Community stores we are strengthening utility and convenience by introducing a variety of non-fashion, daily-use items and expanding customer segments under the theme of providing high quality of life in the suburban market. 	

Continue renovations marking Shibuya PARCO's 40th anniversary, integrate fashion and culture, and enhance our communication of global fashion trends.

H1

Actively expanded stores that communicate trends, primarily new business category and multi-category stores.

- Introducing 10 stores such as new business categories in ladies fashion and select shops integrated with gallery cafes that combine fashion with surf culture.



H2

Continue Shibuya PARCO's evolution as the shopping complex to experience *Shibuya*, which has the attention of the world.

- Strengthen offerings of fashion options by introducing Japanese brands that communicate TOKYO mode.
- Open store selling accessories for digital devices.
- Establish a gallery for communicating street culture.

Continue renovation towards the reorganization of the building marking the 15th anniversary of the South Building opening (this year) and the 25th anniversary of the West and East Buildings (next year).



H1

Evolution of the market's largest gathering of select shops

- Following last year's renovation of select shops on the 1st and 2nd floor of the South Building, Nagoya PARCO introduced up-and-coming select shops to the 3rd floor
- Reorganized the lower level floors of the South Building to cater to couples

H2

Pursue renovations to further increase consumer traffic at the three buildings of Nagoya PARCO

- Continue to attract leading select shops to each building
- Pursue synergies among the three buildings of Nagoya PARCO by strengthening new trend proposals centered on fashion
- Aim to continue renovation to the upper level floors of the South Building to create an environment accepted by men and women of all ages



Hiroshima PARCO

Main Building and New Building are evolving in timing with the opening of ZERO GATE and further increasing their position in the market.

Aiming to evolve from the no.1 fashion building in the Chu-Shikoku market to the next stage and offer urban lifestyle options to a wider range of customers.

- Planned largest-scale renovation in since the opening of Hiroshima PARCO (36 stores, 3,100m²)
- Introduce lifestyle select shops in the Main Building and the New Building and gather market-leading select shops
- Aim to increase variety by introducing experience-based consumption and high quality fashion



Community Store Group

Continue to offer lifestyle options on the theme of high quality of life in the suburbs.

Shin-Tokorozawa PARCO

Promote multiple functionality by introducing home electronics stores for which there is high potential demand.

Evolve into a shopping complex that can meet all the daily needs of local consumers.

Hibarigaoka PARCO

Aim to improve ability to attract customers by introducing large-scale craft shops.



Otsu PARCO

Meet local customer needs by introducing large casual fashion tenants and outdoor stores.

Matsumoto PARCO

Strengthen ability to provide high quality fashion options by renovating the entire men's floor.

Develop a floor that can win over a diverse customer base in synergy with last year's renovation of the general merchandise floor.

III. Existing Stores Business (6)

Tenant sales by store

19/31

Urban and community stores were strong due to sales promotion focused on PARCO Card service and events coordinated with the local area, in addition to the results of renovations.

Unit: Million yen

	PARCO store	Net sales	Change %
Urban Store Group	Sapporo PARCO	5,357	6.0%
	Sendai PARCO	6,430	0.2%
	Ikebukuro PARCO	13,977	(3.4%)
	Shibuya PARCO	6,789	9.6%
	Shizuoka PARCO	5,049	3.4%
	Nagoya PARCO	17,057	4.8%
	Hiroshima PARCO	8,141	(0.5%)
	Fukuoka PARCO	5,877	(0.3%)
	8 store total	68,680	1.9%

	PARCO store	Net sales	Change %
	All store total	116,067	1.2%

	PARCO store	Net sales	Change %
Community Store Group	Utsunomiya PARCO	2,372	(4.1%)
	Urawa PARCO	8,443	5.7%
	Shin-Tokorozawa PARCO	4,231	3.1%
	Chiba PARCO	3,314	(6.5%)
	Tsudanuma PARCO	4,618	0.5%
	Hibarigaoka PARCO	3,760	(3.1%)
	Kichijoji PARCO	3,806	(4.7%)
	Chofu PARCO	8,450	1.8%
	Matsumoto PARCO	3,629	(0.2%)
	Otsu PARCO	2,218	(1.1%)
	Kumamoto PARCO	2,540	0.7%
11 store total	47,387	0.2%	

Clothing performed well, driven by select shops and large casual fashion brands. Personal items, mainly shoes and bags—which were activated in tune with the clothing market—and experience-based consumption categories, such as restaurants and services also performed well.

Category and item	Existing stores FY2013
Womenswear	(4.4%)
Menswear	(4.4%)
General clothing	16.1%
Clothing	0.4%
Shoes	2.6%
Bags	3.8%
Accessories	(5.4%)
Cosmetics	3.5%
Personal items	2.2%

Category and item	Existing stores FY2013
Culture-related	0.8%
Hobby and living-related	(3.1%)
General merchandise	(0.4%)
Foods	(0.1%)
Restaurants	5.9%
Other (Services, etc.)	3.6%

Existing stores YoY change %	FY2012	FY2013
Paying customers	2.7%	0.3%
Average spend per customer	0.7%	1.0%

*Paying customers and average spend per customer are based on “integrated sales” of stores. “Integrated sales” indicate the overall sales strength of a store, and include tenant sales, sales at PARCO Theater and other facilities, and sales to tenants under fixed rent contracts

Activation of Class S members, who greatly increased in number as a result of strengthening PARCO Card service, contributed to sales.

Success by strengthening PARCO Card member benefit plan which maximize the effect of the increase of Class S members

<H1 Results>

Number of PARCO Card members at end August 2013 (YoY)	1,630,000 (+1.2%)
PARCO Card sales amount (YoY change)	¥25.1 billion (+8.0%)
PARCO Card share of net sales (YOY change)	18.7% (+1.2%)
Number of Class S members (YoY change)	160,000 (+177.3%)
YoY change in spending by Class S members	+38.7%

Showcase the enjoyment of a “real” physical store and communicate trends using PARCO’s strength in planning and creativity.

Shibuya PARCO

Roll out the 40th anniversary promotion leveraging PARCO museum, etc.

- As a first step, an art event will be held at Shibuya PARCO’s 40th anniversary exhibition, featuring a network of creators cultivated over 40 years.
- Subsequent art and culture events for a wide range of customers will be held on an on-going basis.
- Contribute to the increase in overall PARCO customer numbers through a ripple effect at each store.

Ikebukuro PARCO

Hold on-going events, mainly on weekends,
by turning the rooftop into event space

- Deliver a variety of contents such as live shows, movies and flea markets and strengthen the ability to attract customers by being topical.

Ikebukuro PARCO rooftop event, ROOFTOP FILMS



Store Promotions: Web Communication

**Evolution to omni-channel compatible website.
Pursuing customer expansion in both real stores and EC
with the website as a hub.**

Design a web platform which leads to success for our tenant partners.
Implement “24-hour PARCO” through tenant staff’s real-store customer service and web customer service (shop blog).
New O2O* initiatives.

1. Began sequential renewal of websites of all 19 PARCO stores from this period

- Added SNS collaboration function to tenant shop blogs and enhanced information diffusion.
- Launched web membership to draw customers into PARCO’s real stores.
- Began service to send customers from the PARCO website to tenants’ EC website

2. Active use of SNS

- Opened an official account on the communication app “LINE.”
Acquired a large number of customers through roll out of collaboration campaign for the summer sale.

*O2O = ONLINE TO OFFLINE



**In H1, achieved sales and profit growth with aggressive store openings.
 In H2 too, plan to open topical facilities with growth potential.**

H1 achievements

Opened 11 stores. 170-store network as of end August 2013



TICTAC GRAND FRONT OSAKA

TiCTAC

- Strengthened product lineup of original products including some created through brand collaborations.
- Continued sales promotions to make an eco-friendly social contribution.

EYEWEAR

- Increased sales in major brands.



H2 plans

Promote business expansion through introduction of new customer service

- Aggressively open stores. 5 stores already scheduled for opening in H2.
- Also focus on services for existing customers utilizing O2O such as development and introduction of smartphone apps.

*As of end of August, 2013

Share of stores outside PARCO	67.6 %
Share of stores inside PARCO	32.4 %

Business (product)	Stores
TiCTAC (wristwatches)	79
EYEWEAR (eyeglasses)	27
ROSEMARY (cosmetics, general merchandise)	28
COLLECTORS (men's/ladies' general merchandise)	36

**Increased orders from new clients and existing clients in H1.
Plan to further increase and expand orders
from outside the PARCO Group in H2.**

H1 achievements

External large-scale construction orders exceeded expectations, leading to an increase in sales for the interior construction and electrical work.
Sales and profits did not meet H1 2012 results but have achieved the plan for H1 2013.



Japanese Red Cross
Soramachi Blood Donation Room, *feel*

H2 plans

Further structure enhancements to acquire new clients

- Establishment of structures to gain new external clients for the building management business
- Expand and enhance external sales to new clients for the electrical work and interior construction too, centered on energy-saving consultation and energy-saving lighting design.
- Infrastructure development to efficiently operate facility management business.

**Increased revenues in H1 due to strong new-client development.
Further expand business focused on
projects outside the PARCO Group in H2 .**

Achievements in H2

With the transfer of the EC business to PARCO, sales did not meet H1 2012 results. However, development of new clients in the web consulting business has been steady and the business has returned to the black with profit increasing YoY and exceeding plans for the current period.



Development example of the new solution (product):
Smartphone app “My Dear Pockets.”(NEUVE A)

Plans for H2

Pursue business expansion focused on retail business and shopping complexes outside PARCO Group

- O2O promotion support: Introduction of smartphone websites and applications, placement, and management of digital signage
- Recruitment support: Management of fashion recruitment site *Shopsnavi*.

Staging many high-quality topical theatre performances.

H1 achievements

Sales and profits failed to match the results of H1 2012 because of last year's success with movie hits and multi-content roll out, and the closure of "Le Theatre Ginza by PARCO."

One of the theatre performances for the PARCO Theatre 40th anniversary placed in the top 5 in the mid-term Yomiuri Theater Awards.

"Dialogue with Horowitz"	Koki Mitani (writer, producer)
"Shumi no heya" (The Hobby Room)	Furusawa Ryota (writer), Isao Yukisada (producer)
"Lemming"	Shuji Terayama (project marking 30-year anniversary of his death)
"iSAMU"	Amon Miyamoto (writer, producer)

H2 plans

Plan to feature a large number of quality performances at PARCO Theatre, in particular productions by popular directors.

Promote new business category development, such as the gallery in Shibuya PARCO 3 which fuse street art and fashion, for content development.

"Lost in Yonkers"	Koki Mitani (writer, producer)
"Koukoujyu Panic!! Shougekitotsu!!"	Kankuro Kudo (writer, producer)



In addition to the Ueno project, we are pursuing synergies to raise the business value of both companies.

H1 achievements

- Increased scale of planning of joint promotions
- Initiatives to hold Daimaru Matsuzakaya seasonal events at PARCO
- Mutual provision of shareholder rewards
- Mutual service of house Card
- Joint promotion of summer sales



H2 plans

- Daimaru Matsuzakaya to open self-operated shops in PARCO
- Start regular courtesy service of the House Card.

Supporting the global business growth of fashion designers that will lead the next generation.

First time for a Japanese shopping complex to participate in the runway fashion show of Asia's largest fashion event, Asia Fashion Exchange, held in Singapore.

Designers supported by PARCO's Fashion Micro Fund* No. 1 held a show and a networking event with Singapore designers.

*FIGHT FASHION FUND



Held Asia Fashion Collection -Global Incubation Project-

Plan for young designers from Korea, Hong Kong, and Taiwan, selected by Parco in collaboration with fashion institutions in each country, to stage brand runway shows in Tokyo and New York together with Japanese designers.

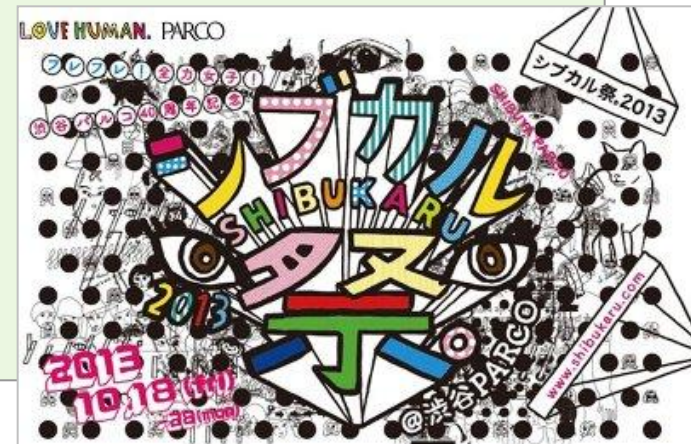


Discover and support young designers and creators and provide galleries and other space throughout PARCO buildings as presentation space

Shibuya PARCO 40th anniversary Shibuya Culture Festival, *Shibu-cul Matsuri* 2013 -Let's go! Full-power Girls!-

Now in its third year, the theme of this year's *Shibu-cul Matsuri* is "Support."

This year, Shibuya PARCO's continuous efforts to uncover hidden talent will be enlarged and expanded to include other PARCO stores and collaboration in street fashion events.



Fukuoka PARCO *Tenjin Labo* 2013

Fukuoka PARCO event, launched in 2012, supports young talent from Fukuoka/Kyushu.

This year, PARCO will discover young creators from Kyushu under the theme of "Mirai" (future), PARCO





Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of October. 1, 2013, and are subject to a number of risks and uncertainties. Actual results may be materially different.

Perspective drawings and other pictorial representations contained in this presentation are images and may differ materially from the actual items they represent.

All rights to this material remain with PARCO or its authorized third parties. Unauthorized copying, dissemination, adaptation or distribution of this material is prohibited, as is any use of this material outside the scope of private use as defined under copyright laws.