
PARCO

PARCO Co., Ltd.

Results Briefing for the 66th Term
(Ended February 2005)

Briefing Outline

1. Highlights of Results for the 66th Term (Ended February 2005) and Earnings Forecasts for the 67th Term (Ending February 2006)
2. 66th Term Operating Highlights
3. Five Year Medium-Term Management Plan

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1. Highlights of Results for the 66th Term (Ended February 2005) and Earnings Forecasts for the 67th Term (Ending February 2006)

Highlights of Results for the 66th Term (Consolidated)

Consolidated Results

Unit: Million yen

	66th term	Forecast	% of forecast	Previous year	YoY
Net sales	257,625	257,000	100.2%	281,478	91.5%
Operating income	8,441	8,200	102.9%	8,894	94.9%
Ordinary income	8,079	7,600	106.3%	7,792	103.7%
Net income	1,742	1,500	116.1%	2,791	62.4%

	End of 66th term	End of previous year	Amount of difference
Total assets	187,993	203,688	-15,695
Shareholders' equity	61,760	54,575	7,184
Interest bearing debt	48,732	67,341	-18,609
Shareholders' equity/total assets	32.9%	26.8%	—

Notes: 1. LIBRO CO., LTD.: Excluded from consolidation due to transfer of shares on July 15, 2003 (excluded from second half of fiscal 2003).

2. WAVE CO., LTD.: Excluded from consolidation due to transfer of shares on April 27, 2004 (excluded from the 66th term).

Reference: Fiscal 2003 first half sales for LIBRO: Approximately 11.6 billion yen (before elimination).

Fiscal 2003 sales for WAVE: Approximately 10 billion yen (before elimination).

3. The company adopted impairment accounting two years early in the 66th term, and it posted 2.4 billion yen in impairment losses.

Highlights of Results by Segment for the 66th Term

Unit: Million yen

Development Business

Despite consistent efforts in renovating existing stores, opening of new stores and implementation of business plans, there were delays in recovery in some stores due to competition. The drop in sales during the extensive renovation also impacted results.

Retail Business

There was a major impact from the transfers of shares in LIBRO and Wave. NEUVE A CO., LTD. (a specialty store for general merchandise) expanded sales by increasing its number of stores through a scrap-and-build strategy and strengthening existing stores through renovation.

Space Engineering and Management Business

PARCO SPACE SYSTEMS CO., LTD., recorded substantial sales growth, with a significant increase in orders for interior finishing work from tenants accompanying the renovation of PARCO stores as well as an increase in external orders for work.

		66th Term	Previous year	Amount of difference
Development Business	Sales	238,410	244,348	-5,938
	Operating income	7,257	7,739	-481
Retail Business	Sales	15,320	37,703	-22,382
	Operating income	277	580	-303
Space Engineering and Management Business	Sales	25,729	23,577	2,152
	Operating income	559	139	419
Other Business	Sales	2,510	3,025	-514
	Operating income	79	-4	83
Total	Sales	281,971	308,655	-26,683
	Operating income	8,173	8,454	-281
Eliminations or Corporate	Sales	(22,696)	(25,644)	2,948
	Operating income	267	439	-171
Consolidated Total	Sales	259,275	283,010	-23,735
	Operating income	8,441	8,894	-453

Note: Sales results by segment include operating income.

Highlights of Results for the 66th Term (Non-consolidated)

Non-consolidated Results

Unit: Million yen

	66th term	Forecast	% of forecast	Previous year	YoY
Net sales	236,359	237,000	99.7%	242,421	97.5%
Operating income	7,212	7,100	101.6%	7,701	93.7%
Ordinary income	6,557	6,300	104.1%	6,893	95.1%
Net income	1,262	1,200	105.2%	1,914	66.0%

	End of 66th term	End of previous year	Amount of difference
Total assets	183,890	193,523	-9,633
Shareholders' equity	64,171	57,508	6,663
Interest bearing debt	53,652	67,524	-13,871
Shareholders' equity/total assets	34.9%	29.7%	-

* The company adopted impairment accounting two years early in the 66th term, and it posted 2.2 billion yen in impairment losses.

Changes in Specialty Store Sales (YoY)

1Q	2Q	3Q	4Q	Full year
95.3%	97.7%	98.7%	100.2%	98.0%

Highlights of Results for the 66th Term: Main Selling, General and Administrative Expenses

Unit: Million yen

SG&A Expenses		66th term			Previous year			Forecasts for the year ending Feb. 2006		
		Results	YoY	Proportion of sales	Results	YoY	Proportion of sales			
Consolidated	Salaries & wages	8,775	76.8%	3.4%	11,429	87.5%	4.1%	30,200	101.6%	11.8%
	Leased land & office rent	8,135	81.3%	3.2%	10,007	84.9%	3.6%			
	Advertising expenditure	3,565	94.6%	1.4%	3,771	101.0%	1.3%			
	Commission	5,098	103.6%	2.0%	4,920	104.5%	1.7%			
	Depreciation & amortization	4,140	100.9%	1.6%	4,102	96.1%	1.5%			
	Total SG&A expenses	29,722	83.6%	11.5%	35,553	90.5%	12.6%			
Non-consolidated	Salaries & wages	4,831	99.6%	2.0%	4,848	96.3%	2.0%	23,600	101.4%	10.0%
	Leased land & office rent	7,433	98.7%	3.1%	7,532	90.3%	3.1%			
	Advertising expenditure	3,454	97.2%	1.5%	3,554	105.3%	1.5%			
	Commission	5,454	103.8%	2.3%	5,252	111.6%	2.2%			
	Depreciation & amortization	4,337	103.9%	1.8%	4,174	100.8%	1.7%			
	Total SG&A expenses	23,278	100.0%	9.8%	23,283	99.5%	9.6%			

Capital Investment Depreciation and Amortization

Unit: Million yen

		66th term		Previous year		Forecasts for year ending Feb. 2006	
		Results	YoY	Results	YoY	YoY	
Consolidated	Capital Investment	73	172.9%	42	82.4%	95	128.9%
	Depreciation & amortization	42	101.9%	41	96.1%	42	99.6%
Non-consolidated	Capital investment	67	114.4%	58	154.9%	91	134.3%
	Depreciation & amortization	43	103.9%	41	100.8%	43	99.0%

Highlights of Results for the 66th Term: Status of Interest-Bearing Debt

Consolidated

Unit: Million yen

	End of 66th term		End of 65th term		End of 64th term	
	Results	YoY	Results	YoY	Results	YoY
Short-term borrowings	14,704	73.5%	20,012	66.4%	30,154	82.5%
Long-term borrowings	20,028	62.4%	32,092	92.6%	34,658	121.2%
Sub-total	34,732	66.7%	52,104	80.4%	64,813	99.5%
Bonds-outstanding	14,000	91.9%	15,237	99.3%	15,337	104.5%
Total	48,732	72.4%	67,341	84.0%	80,150	100.4%

Non-consolidated

	End of 66th term		End of 65th term		End of 64th term	
	Results	YoY	Results	YoY	Results	YoY
Short-term borrowings	19,624	96.9%	20,244	93.8%	21,583	82.5%
Long-term borrowings	20,028	62.5%	32,042	94.1%	34,047	125.0%
Sub-total	39,652	75.8%	52,287	94.0%	55,631	104.1%
Bonds-outstanding	14,000	91.9%	15,237	99.3%	15,337	104.5%
Total	53,652	79.5%	67,524	95.1%	70,968	104.2%

Earnings Forecasts for the 67th Term (Year Ending February 2006)

Earnings Forecasts

Unit: Million yen

		Earnings forecasts for year ending Feb. 2006	Results (year ended Feb. 2005)	Amount of difference	Percentage difference
Consolidated	Net sales	255,000	257,625	-2,625	99.0%
	Operating income	8,500	8,441	59	100.7%
	Ordinary income	8,200	8,079	121	101.5%
	Net income	3,200	1,742	1,458	183.6%
Non-consolidated	Net sales	237,000	236,359	641	100.3%
	Operating income	7,300	7,212	88	101.2%
	Ordinary income	6,800	6,557	243	103.7%
	Net income	2,500	1,262	1,238	198.0%

2. 66th Term Operating Highlights

- Operating Highlights
- Existing Store Renovation
- New Complexes
- Key Affiliated Companies
- Main Plans for 67th Term

Operating Highlights (1): Sales by Store -1






Unit: Million yen

	Trend	66th		Previous year		Topics
		Sales	YoY	Sales	YoY	
Sapporo		15,004	91.8%	16,343	81.8%	Positive indications due to holding of major events and progress with renovations
Utsunomiya		9,498	97.3%	9,758	104.7%	Affected by major suburban complexes. Continuing merchandise renewal and strengthening capacity to attract customers.
Shin-Tokorozawa	↗	8,386	103.7%	8,085	96.7%	Complete renovation of food floor led to positive developments on both the food floor and the sundries and personal effects floor.
Ikebukuro		30,851	98.2%	31,423	100.0%	While main building did not achieve last year's sales, floors 1, 2 and 4 of P' PARCO were fully renovated and achieved last year's sales.
Shibuya	↗	18,272	100.2%	18,230	99.1%	Full renewal of PART 3, progress with renovation, plus identification of targets for PART 2 and Quattro.
Hibarigaoka		8,847	93.3%	9,482	94.9%	Firm sales with renovated zone achieving last year's sales due to strengthening of new merchandise and enhancement of its environment.
Kichijoji	↗	9,871	101.6%	9,717	102.4%	Achieved previous year's sales for third successive year due to collaboration with city events and strengthening of personal effects and lifestyle sundries product lines.
Chofu	↗	17,670	101.1%	17,480	98.8%	First full renewals were conducted for floors 1 - 4 since opening in response to changing market and customer segments.
Tsudanuma		10,386	95.1%	10,919	93.5%	Implemented major renovations, with post-renovation sales achieving previous year's sales, resulting in customer growth.
Chiba		10,692	92.1%	11,605	95.5%	Floors 3, 4 and 6 renovated to improve flow of shopping, and renovated zone achieved previous year's sales.

Continued on next page

Operating Highlights (1): Sales by Store-2

Unit: Million yen

	Trend	66th		Previous year		Topics
		Sales	YoY	Sales	YoY	
Atsugi		4,194	102.7%	4,085	88.6%	Steady growth due to introduction of mainstay merchandise based around family themes and sports, etc.
Matsumoto		8,756	100.3%	8,731	103.2%	Achieved previous year's sales for second consecutive year due to further strengthening of capacity to attract customers from a large region and focus on customer development.
Gifu		2,489	86.0%	2,895	88.2%	Struggling due to impact of losses to major urban complexes and Nagoya market.
Nagoya		38,290	102.2%	37,468	102.9%	Achieved previous year's sales for fourth successive year with successful year-round promotions on the theme of the store's 15th anniversary.
Otsu		8,005	97.8%	8,181	99.5%	Renovated area sales, achieving previous year's sales. Strengthening of in-store events and other trend-setting events.
Shinsaibashi		1,566	86.4%	1,813	74.2%	Main building appealing to customers with range of sundries while DUE failed to achieve previous year's sales, despite new operating hours.
Hiroshima		16,512	98.7%	16,725	112.5%	Affected by major urban complexes. Promoting come back aimed at increasing customer numbers.
Oita		5,180	91.7%	5,649	95.8%	Reorganization of 5th floor men's wear area and strengthening of information and trend-setting functions with establishment of new PARCO Gallery, etc.
Kumamoto		6,793	91.5%	7,424	101.7%	Affected by major urban complexes. Promoting differentiation in an effort to increase customer numbers.
Total		231,270	98.0%	236,023	98.4%	Record 606 tenants and 59,000m ² were renovated.

Operating Highlights (2): Breakdown of Sales by Merchandise Category

Unit: Million yen

Sales by Merchandise Category

· In clothing, young women's fashion, which aimed to increase customer numbers through strategies such as an aggressive denim promotion, turned in a good performance, and overall women's wear and clothing achieved the previous year's sales.

· Personal effects and sundries performed well due to a strengthening of product proposals, such as limited goods and gifts, and achieved the previous year's sales.

· Although foods and restaurants struggled because of factors such as more intense competition, there were indications of recovery in foods due to the effect of the major Shin-Tokorozawa PARCO renovation.

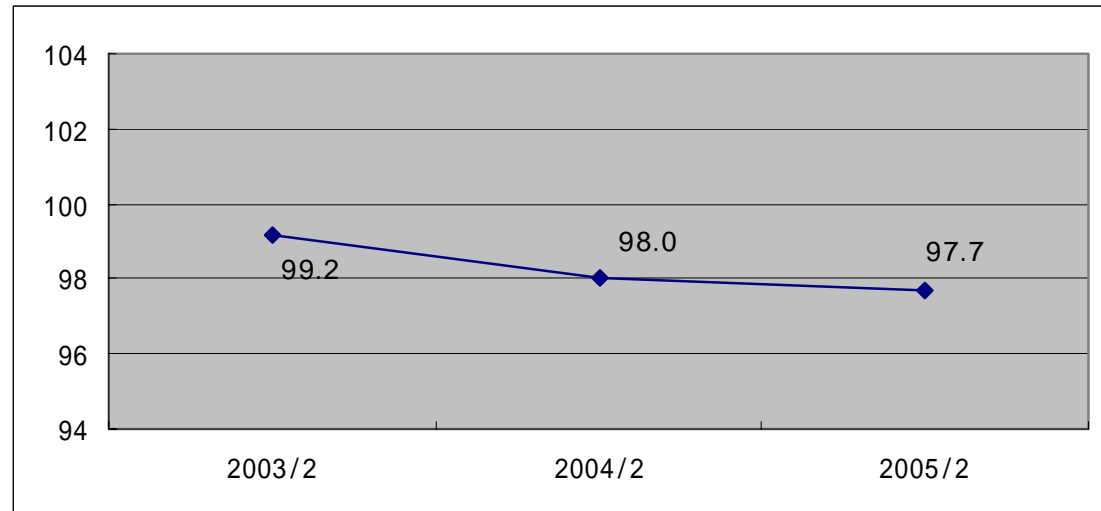
* Figures in parentheses indicate integrated sales for each store. Integrated sales for each store indicates overall sales strength of stores and includes sales of PARCO Theater and fixed rent tenants as well as specialty store sales.

Merchandise category		Sales	YoY comparison
Clothing	Teen fashion		(89.6%)
	Young fashion		(106.5%)
	Adult fashion		(89.5%)
	Women's wear		(100.3%)
	Men's wear		(97.4%)
	Sports wear		(102.3%)
	Kimono		(85.6%)
	Children's wear		(90.8%)
	Clothing	106,386	100.5%
Personal effects	Shoes		(101.4%)
	Bags		(106.6%)
	Jewelry, watches, etc.		(96.2%)
	Cosmetics		(98.0%)
	Personal effects	31,502	101.2%
Sundries	43,919	103.3%	
Foods	9,973	98.9%	
Restaurants	11,430	93.0%	
Others	28,061	82.2%	

Operating Highlights (3):

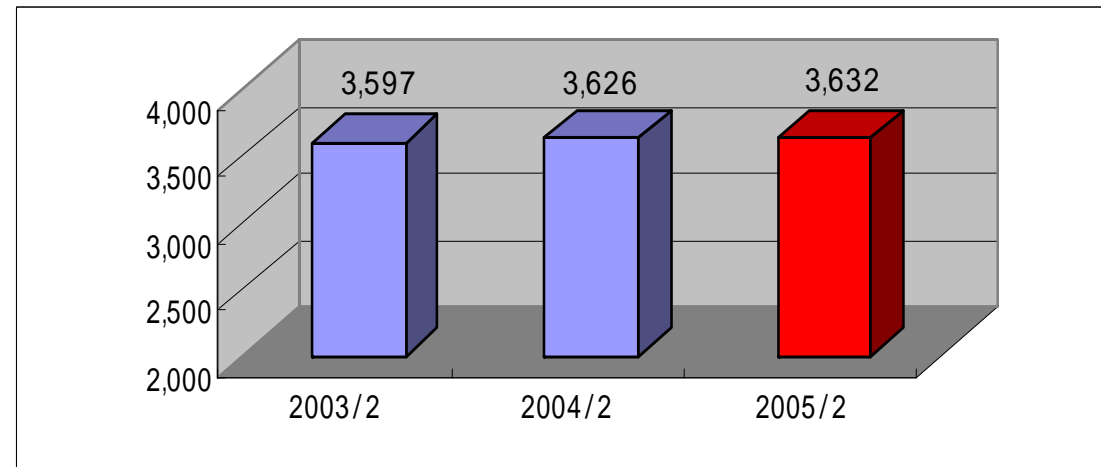
Number of Customers and Average Spending per Customer

Trends in the number of Customers (YoY)



Trends in Average Spending per Customer (Unit: Yen)

Three-year record high



* Customer numbers and spending per customer based on integrated sales for each store. Integrated sales for each store indicates overall sales strength of stores and includes sales of PARCO Theater and fixed rent tenants as well as specialty store sales.

Renovation of Existing Stores: Summary

Outline of Sales Floors

Total Number of Tenants: 2,615 Sales Floor Area: 372,530m²

Results of Renovation in First Half

Theme: Increasing customer retention and frequency of store visits
reflecting market needs through introduction of new merchandising
attracting new customers and broadening customer base
strengthening of lifestyle proposals

Scale of Renovation: 606 tenants 59,100m²

* Includes 314 new tenants

Effects: YoY sales 116.7% (up by 5,130 million yen)

Main Store Renovations

Urban stores: Shibuya, Nagoya

Suburban stores: Chofu, Shin-Tokorozawa

Status of Renovation (1): Shibuya PARCO

Scale of Renovation: 105 tenants 9,700m²
 Zone effect: YoY Sales 141.7% (up by 1,474 million yen)

Changes in
specialty store
sales

	1Q	2Q	1H	3Q	4Q	2H	Full year
Shibuya	94.1%	91.9%	93.0%	105.2%	109.8%	107.6%	100.2%

Change of Themes for Quattro Building (April 2004)

Introduction of new Gallery 2 with large scale sports theme by fully renovating floors 1-4.

Full Renovation of PART 3 (September 2004): 80 tenants, about 4,600m²

Major improvements to building facilities and environment, such as development of natural light for lower floors and installation of new down escalator.

Development of new merchandising focus, introducing 47 new stores, including 25 first time urban stores.

Renovation of Upper Floor of PART 2 (October 2004)

Creating a lifestyle design building for adults that includes stores for relaxation and learning that matches the lower interior floors,

* Series of Shibuya PARCO 30th anniversary renovations completed



In the future, Shibuya PARCO will strengthen the appeal of each building's image and enhancing mobility by improving image consistency, aiming for growth as a building totally supported by the market

PARCO

Status of Renovation (2): Nagoya PARCO

Scale of renovation: 71 tenants 5,100m²
 Zone effect: YoY sales 109.4% (up by 272 million yen)

Changes in
specialty store
sales

	1Q	2Q	1H	3Q	4Q	2H	Full year
Nagoya	99.2%	101.0%	100.0%	101.1%	106.9%	104.1%	102.2%



Aggressive renewal, pursuing broadening of customer segments from next-generation families to young fashion, and attracting new customers

West Building, 6th Floor: Full renovation, including shared environment for children's wear zone (First renovation since opening)

West Building 3rd and 4th Floors/South Building: Strengthening of merchandising for late 20s age group. Introduction of young affluent line.



Renovation for West and South Buildings to enhance fashion floors → Part of the full renovations being implemented (14,600m²) for three years since fiscal 2002 to address the increasingly competitive market.

< Reference >

March 2005
Overview

Monthly sales YOY: 105.1% * Total sales for each store

Mitsukoshi Annex (LACHIC) open Wednesday March 9.

Four day major sales promotion with "PARCOLLE" (PARCO Collection) theme: Thur., March 3 – Sun., March 6

* 10% off with store card PEC

* Audience promotion "KITTY. EX" Hello Kitty 30th Anniversary Exhibition

Status of Renovation (3): Chofu PARCO

Scale of renovation: 62 tenants 4,800m²
 Zone effect: YoY sales 105.5% (up by 263 million yen)

Changes in
specialty store
sales

	1Q	2Q	1H	3Q	4Q	2H	Full year
Chofu	101.1%	102.2%	101.7%	101.8%	99.4%	100.5%	101.1%



- Floors were reorganized, focusing on the Generation Y women in their 30s, the customer group showing the highest growth in the Chofu market
 - (1) Enhanced fashion sense
 - (2) Upgraded variety of merchandising for general lifestyle merchandise
 - (3) Leisure time services such as cafes and massage parlors
 - (4) Improved amenities such as overhaul of main entrance, including automatic doors, renovated women's bathrooms, and extended operating hours to become established as community information center for the Keio Line market

* Of the renovated tenants, 30 were new tenants

Status of Renovation (4): Shin-Tokorozawa PARCO

Scale of renovation: 36 tenants 6,000m²
 Zone effect: YoY sales 150.2% (up by 782 million yen)

Change in
specialty store
sales

	1Q	2Q	1H	3Q	4Q	2H	Full year
Shin-Tokorozawa	91.3%	95.4%	93.3%	115.5%	113.1%	114.2%	103.7%

Full renovation of foods floor, the centerpiece of the building, to enhance penetration as community-oriented shopping complex. Concentration of unique stores to stay ahead of growing market competition.

PARCO B1 Foods Floor (July 2004)

First full renovation of PARCO Food Terrace since 1997

Major efforts by mainstay tenant Kitchen Land generated sales exceeding YoY levels and targets.

LET'S, 1st, 2nd and 4th Floor (October 2004)

Seeking to enhance floors for interiors, sundries and restaurants that can be enjoyed by the three-generation family.



66th Term: New Shopping Complex “Pedi Shiodome”

Opening: Wednesday, February 16, 2005 (Grand opening)

Location: Tokyo Shiodome Building B2, B1 and 2F

Number of stores: 24 (4 retailers, 15 restaurants, 5 services)

Sales floor space: Approximately 4,470m²

Business hours: Hours differ by store (some stores have regular day closed)



66th Term Network Issues



PARCO SPACE SYSTEMS CO., LTD.

Operating Highlights

* Both sales and operating income grew significantly not only due to PARCO renovation but also due to electrical installation work related to Millennium Retailing, Inc. and construction orders from tenants at AMU PLAZA KAGOSHIMA, COCOON Saitama and "Pedi Shiodome."

	Results	% of Target	YoY
Sales	25,729	123.5%	111.1%
Operating income	614	183.0%	361.1%

Creating a Streamlined Structure

* PARCO SPACE SYSTEMS has built a streamlined structure through the disposal of idle assets, adoption of impairment accounting two years early, rationalization of work and optimization of human resources.

Extraordinary loss from sale of property: 430 million yen

Impairment loss due to adoption of impairment accounting two years early: 230 million yen

67th Term (Ending February 2006): Major Renovation Plans

Renovation Theme: Pursue renewal of stores, including environmental improvements, with a priority on increasing buildings' capacity to attract customers and enhancing earning capability.

Scale of renovation: 398 tenants 33,000m² * Excludes Sapporo PARCO Annex (3,200m²)

Sapporo PARCO	Taking the opportunity afforded by the opening of the annex to maximize synergies between the two buildings and advance the restructuring of main store merchandising.
Shin-Tokorozawa PARCO	Increasing market penetration through consistently strengthening offerings for daily life and the three-generation family.
Ikebukuro PARCO	Renovation in step with the times based on improving the environment of the entrance floor in the main building.
Chiba PARCO	Renewal of the building's image, including reorganization of the 1st Floor entrance hall.
Nagoya PARCO	Further delineation of the unique character of each of the three buildings and strengthening of capacity to attract customers.
Hiroshima PARCO	Active introduction of urban merchandising with the aim of differentiation from suburban competition.

67th Term (Ending February 2006): New Complex

Sapporo PARCO Annex

Opening: Thursday, March 31, 2005

Location: South side of Sapporo PARCO main building

Number of stores: 11 (1 floor underground / 5 floors above ground)

Sales floor space: Approx. 3,200m² (about 17,400m² including main building)



67th Term (Ending February 2006): Network Issues

NEUVE A

NEUVE A CO., LTD.

Moving from establishment phase (2000 - 2004) to growth stage, targeting 100-store (+8) organization during fiscal 2005. * Seeking growth in five businesses, including the new business, annabeille.



Watches

TiC TAC



Cosmetics and cosmetic accessories

ROSEMARY



Fashion accessories

annabeille



Glasses

POKER FACE



General merchandise for men

COLLECTORS

QUALITY AS TOP PRIORITY

As of the end of February 2005	Number of stores	Of which outside PARCO	Ratio of stores outside PARCO
TICTAC	30	(16)	53%
POKER FACE	19	(10)	53%
COLLECTORS	19	(8)	42%
ROSEMARY	22	(4)	18%
annabeille	2	(1)	50%
5 Businesses Total	92	(39)	42%

Fiscal 2005 store openings (*Only includes projects determined as April 2005)

April 8 KUZUHA MALL (TiCTAC/ROSEMARY/annabeille)

April 15 Nagasaki AMU PLAZA (TiCTAC)

April 26 Hiroshima Alpark (ROSEMARY/annabeille)

* Number of stores as of February 28, 2005

* One store in the new KOBOLD business included in COLLECTORS.

67th Term (Ending February 2006): Corporate Governance

1. Candidate for External Director (Increased by one director)

- PARCO will further strengthen corporate governance and improve management transparency by increasing the number of external directors by one to balance the number of internal and external directors (five of each).

Ms. Yukako Uchinaga

Currently Senior Managing Director for Asia Pacific Technical Operations, IBM Japan, Ltd.

2. Establishment of New CEO and COO roles

- As CEO, President & Chief Executive Officer shall design plans and strategies related to the overall management of PARCO and the PARCO network.
- As COO, the Executive Vice President shall execute operations related to overall management based on the management plans and strategies determined by the company.

3. Establishment of New Corporate Social Responsibility (CSR) Committee

- PARCO will further strengthen efforts in such areas as legal compliance, conduct based on corporate ethics, compliance, risk management, social contribution activities and environmental conservation.
- The company will establish a new CSR Committee to oversee the efforts of the PARCO network overall, and the Risk Management Committee and the CS Committee will be positioned as specialist sub-committees of the CSR Committee.

3. Five Year Medium-Term Management Plan

- Strengthening operational and development capabilities of shopping complexes
- Fostering new businesses and taking on new challenges
- Deepening and broadening peripheral businesses
- Management targets (Consolidated Fiscal 2009)

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

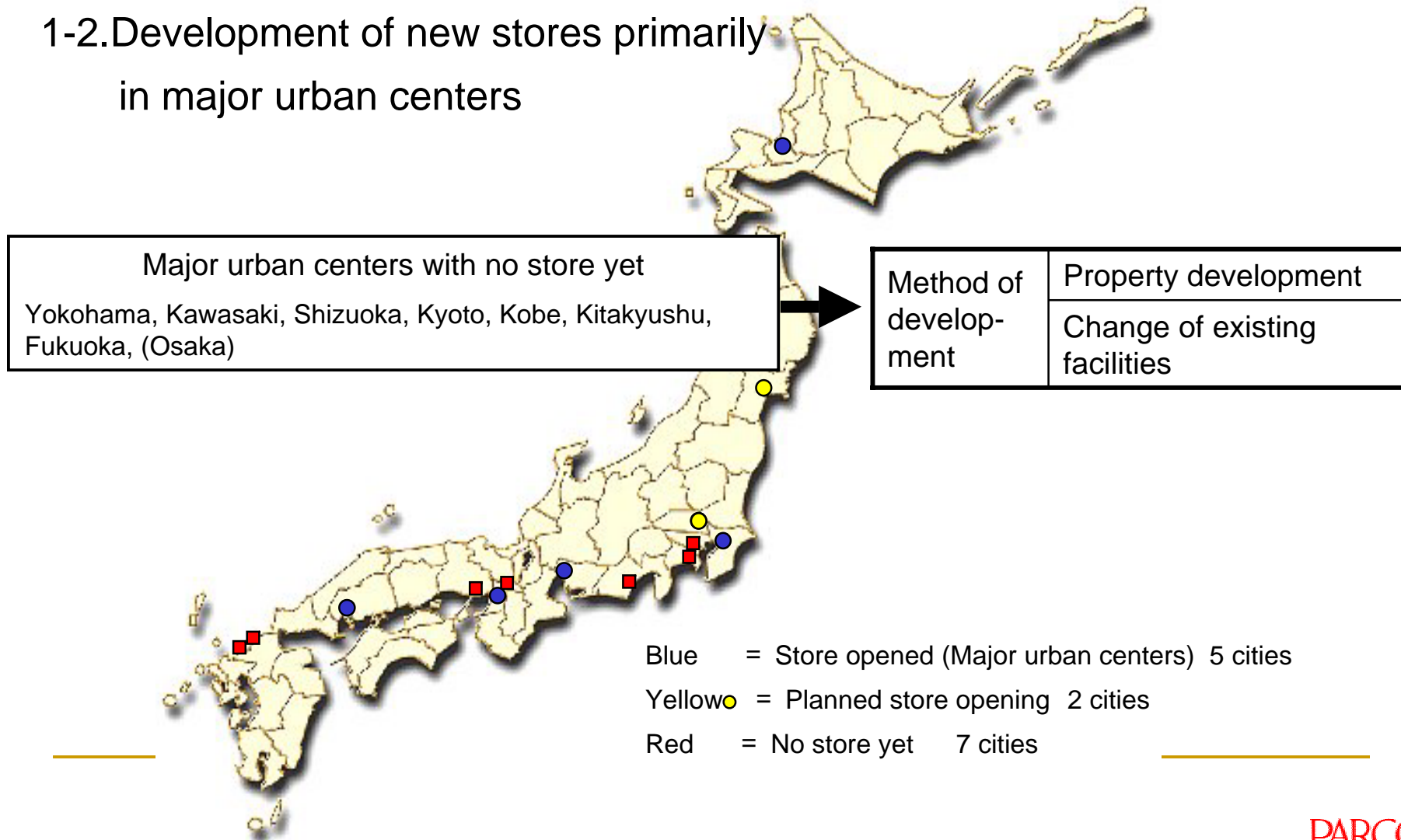
1-1 Strategic store grouping strategy

- 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



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

2. Audio-visual Division

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



PARCO

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

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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