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For Immediate Release

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PARCO agrees business and capital alliance with Apparel-Web Inc.

PARCO CO., Ltd. (“PARCO”) today announced the completion of a business and capital alliance agreement with Apparel-Web Inc. (“Apparel-web”). The details follow.

1. Reason for business and capital alliance

To enhance PARCO Group’s ability to identify and develop strategies for market changes at home and abroad, the company has established the goal of being a *Business group that prospers in urban markets* as its long-term corporate vision for 2020 and strives to be a *Designer of unique offerings for 24/7 urban life and Creative drivers of urban evolution*.

The three strategic axes developed to realize PARCO Group’s long-term vision: “*Cultivation of major urban areas*,” “*Expansion of core targets*,” and “*Innovative use of ICT*,” are outlined in the company’s FY2014-16 Medium-term Business Plan, and are being implemented through five tactics (1. *Prioritization of the PARCO Stores Business*, 2. *Development centered on areas around core urban stores and entry into new major cities in Japan*, 3. *Expansion of related businesses and creation of new businesses*, 4. *Rebuilding of overseas business*, 5. *Strengthen management foundations to support further business advances*).

New business partner Apparel-web is a unique company that provides business support and development services for domestic retail stores specializing in the apparel and fashion industries. It has three operations: a solutions business proposing, executing, and supporting web strategy; a business providing the platforms needed by fashion businesses; and an overseas business providing multifaceted support for fashion and apparel companies expanding overseas.

This business alliance with Apparel-web will create new value for the PARCO Group by generating a new form of shopping pleasure through the use of the web centered on physical stores, as part of PARCO Group’s strategy of “*innovative use of ICT*,” and as a result of its compatibility with group-related businesses and overseas businesses.

This capital alliance is expected to enhance the corporate value of both entities—for PARCO, by increasing the effectiveness of its business partnership with Apparel-web by establishing a stable, medium- to long-term relationship through an equity investment in that entity; and for Apparel-web, by facilitating the procurement of funds for growth strategies.

Through this business and capital alliance, PARCO and Apparel-Web will bring together know-how acquired through experience with overseas operations and the provision of ICT support to domestic retail stores, thereby allowing the companies to expand the range of services offered to the operators of such stores and shopping complexes.

2. Outline of business alliance

- (1) Domestic operations: Promote ICT-based 'omni-channel marketing' contributing to *the prioritization of the PARCO Stores Business*.
- (2) PARCO Group related businesses: Implement group-wide business collaboration, sharing of know-how and business creation trials contributing to the *expansion of related businesses and creation of new businesses*.
- (3) Overseas business: Strengthen our response to inbound demand and provide overseas expansion support to retail stores through cross-border EC and physical stores to capture growth in overseas markets.

3. Outline of capital partnership

- (1) PARCO will invest approximately ¥400 million under a third-party allotment of shares
- (2) PARCO will appoint one candidate to a position of external director.

Following on the above, Apparel-web will become an affiliate of PARCO accounted for by the equity method.

4. General overview of partner to business/capital partnership agreement (as of 3 August 2015)

(1) Name	Apparel-Web, Inc.
(2) Address	2-2-1 Nihonbashi Horidome-cho, Chuo-ku, Tokyo
(3) Representative name, title	Kenji Chigira, Representative Director
(4) Business description	Web-based marketing support for fashion and apparel
(5) Capitalization	¥390 million
(6) Date of establishment	January 27, 2000

5. Date of agreement

Conclusion of Business and Capital Partnership Agreement
and Shareholders' Agreement:

August 3, 2015

6. Outlook

It is expected that impact on financial results for the current fiscal year will be minor.