

PARCO CO., LTD.
FY2013 Financial Highlights
(March 1, 2013 –
February 28, 2014)

FY2014-16
PARCO Group
Medium-term Business Plan

TSE 1st Section 8251



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1. FY2013 Results (1)

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Operating income, ordinary income, net income, and EBITDA increased significantly, reaching record levels

Consolidated Results

Unit: Million yen

Consolidated	FY2013	FY2012	Change¥	Change%	Forecasts	Change¥	Change%
Net sales	264,384	264,779	(395)	(0.1%)	267,900	(3,515)	(1.3%)
Operating income	12,196	10,824	1,371	12.7%	12,200	(3)	0%
Ordinary income	12,013	10,329	1,683	16.3%	11,900	113	1.0%
Net income	6,778	5,083	1,694	33.3%	6,350	428	6.7%
EBITDA ¹	18,052	16,926	1,126	6.7%	—	—	—

Consolidated	FY2013	FY2012	Change¥	Change%
Total assets	220,757	206,243	14,513	7.0%
Net assets	108,823	103,573	5,250	5.1%
Interest-bearing debt ²	50,424	37,375	13,049	34.9%
Equity ratio	49.3%	50.2%	(0.9%)	
Market price-based equity ratio	40.5%	43.6%		
Debt service coverage ratio: years	5.1	2.7		
Interest coverage ratio: times	19.8	20.3		

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

² ¥13 billion increase in interest-bearing debt was primarily due to financing for the acquisition of trust beneficiary rights in Fukuoka

1. FY2013 Results (2)

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Achieved sales and profit growth, also record profits in Shopping Complex Business and Retail Business

Consolidated results by segment

Unit: Million yen

		FY2013	FY2012	Change¥
Shopping Complex Business	Net Sales	241,680	239,806	1,874
	Segment income	11,437	9,788	1,649
Retail Business	Net sales	18,344	17,174	1,170
	Segment income	565	530	35
Space Engineering and Management Business	Net sales	17,643	18,581	(938)
	Segment income	255	410	(155)
Other Business	Net sales	5,624	6,287	(662)
	Segment loss	(20)	90	(111)
Consolidated	Net sales	268,292	267,512	780
	Segment income	12,196	10,824	1,371

Figures for net sales by segment include operating revenue

Segment income and loss is adjusted to operating income in the consolidated statements of income

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

1. FY2013 Results (3)

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Selling, general and administrative expenses

Unit: Million yen

Consolidated		Amount	Change¥	Change%
FY2013	Personnel	9,769	231	2.4%
	Lease/rental	8,261	(405)	(4.7%)
	Advertising	3,248	213	7.0%
	Agency services	5,345	(280)	(5.0%)
	Building and repairs	2,049	378	22.6%
	Depreciation	5,856	(245)	(4.0%)
	Tax and dues	1,477	(160)	(9.8%)
	Reversal of common service charges	(7,953)	(33)	0.4%
	Total SG&A	31,580	(162)	(0.5%)

Capital expenditure

Consolidated		Amount	Change¥	Change%
FY2013	Capex	36,330	30,698	545.0%

* The ¥30.7 billion increase in capital expenditure was primarily due to financing for the acquisition of physical fixed assets, including trust beneficiary rights in Fukuoka

1. FY2013 Results (4)

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Operating income, ordinary income and net income increased significantly, reaching record levels for second consecutive year

Non-consolidated results

Unit: Million yen

Non-consolidated	FY2013	FY2012	Change ¥	Change %	Forecasts	Change ¥	Change %
Net sales	242,653	242,706	(52)	(0.0%)	246,000	(3,346)	(1.4%)
Operating income	11,823	10,166	1,656	16.3%	11,800	23	0.2%
Ordinary income	11,725	10,276	1,449	14.1%	11,600	125	1.1%
Net income	6,772	5,444	1,328	24.4%	6,350	422	6.7%
EBITDA*1	17,258	15,898	1,360	8.6%	—	—	—

Non-consolidated	FY2013	FY2012	Change ¥	Change %
Total assets	218,915	203,181	15,733	7.7%
Net assets	109,554	104,413	5,140	4.9%
Interest-bearing debt*2	53,275	39,928	13,347	33.4%
Equity ratio	50.0%	51.4%	(1.3%)	

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

*2 The ¥13.3 billion increase in interest-bearing debt was primarily due to financing for the acquisition of trust beneficiary rights in Fukuoka.

Decided to pay FY2013 term end dividend per share of ¥9. Annual dividend per share of ¥18.

2. Existing Stores Business (1)

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Stable performance as a result of store renovations and sales promotion primarily related to PARCO card service
Renovations to strengthen select shops and trend communication contributed to Urban Store Group sales

FY2013 Tenant sales by store

Unit: Million yen

	Store	Net sales	Change
Urban Store Group	Sapporo PARCO	11,417	5.3%
	Sendai PARCO	13,312	(0.4%)
	Ikebukuro PARCO	28,409	(3.0%)
	Shibuya PARCO	13,468	5.3%
	Shizuoka PARCO	10,300	(0.2%)
	Nagoya PARCO	35,616	2.1%
	Hiroshima PARCO	17,270	0.6%
	Fukuoka PARCO	12,059	1.1%
	8 store total	141,856	0.9%
	Store	Net sales	Change
	Total for all stores	237,389	0.3%

	Store	Net sales	Change
Community Store Group	Utsunomiya PARCO	4,767	(6.6%)
	Urawa PARCO	16,934	4.7%
	Shin-Tokorozawa	8,881	5.6%
	Chiba PARCO	6,383	(10.1%)
	Tsudanuma PARCO	9,121	(0.5%)
	Hibarigaoka PARCO	7,575	(3.1%)
	Kichijoji PARCO	7,575	(4.6%)
	Chofu PARCO	17,082	1.0%
	Matsumoto PARCO	7,531	(1.4%)
	Otsu PARCO	4,495	(2.2%)
	Kumamoto PARCO	5,184	(1.4%)
	11 store total	95,532	(0.6%)

2. Existing Stores Business (2)

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General clothing (including select style and brand style clothes) drove sales overall
In personal items, sales of bags as clothing accents, were strong

FY2013 Sales by item, customers, average spend per customer

Category and item	Total of existing stores	Category and item	Total of existing stores
Womenswear	(5.7%)	Culture-related	1.7%
Menswear	(5.6%)	Hobby and living-related	0.6%
General clothing	11.7%	General merchandise	1.3%
Clothing	(1.5%)	Foods	0.5%
Shoes	0.6%	Restaurants	3.5%
Bags	8.2%	Other (service, etc.)	6.0%
Accessories	(3.9%)	Existing stores YoY change %	FY2012 FY2013
Cosmetics	2.6%	Paying customers	2.7% (0.5%)
Personal items	1.7%	Average spend per customer	0.7% 1.3%

Sales by item, paying customers and average spend per customer are based on "integrated sales" of stores. "Integrated sales" indicate the overall sales performance of a store, and include tenant sales, sales at PARCO Theater and other facilities, and sales to tenants under fixed rent contracts

2. Existing Stores Business (3)

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Parco Store renovation

Renovated approx 44,000m²
Renovated-zone sales up 11.0% YoY



Hiroshima PARCO
URBAN RESEARCH DOORS

- In Urban Stores, strengthened Shibuya PARCO's communication of global trends. Also pursued renovations to increase consumer traffic at the three buildings of Nagoya PARCO and are conducting ongoing renovations at Hiroshima PARCO to offer urban lifestyle options
- In Community Stores, in response to regional needs we introduced home electronics stores, large-scale craft shops, outdoor stores, and other retail shops to Shin-Tokorozawa PARCO, Hibarigaoka PARCO, Otsu PARCO, and others

PARCO Card Overview

Increased PARCO Card sales amounts and promoted the development of PARCO customers by strengthening PARCO Card services

PARCO Card sales amount (YoY change)	¥52.4 billion (+6.6%)
PARCO Card share of net sales (YOY change)	19.1% (+1.1%)
Number of PARCO Card members at end of FY2013 (YoY change)	1.643 million (+1.8%)

3. New Business Development

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Rapid expansion of locations with the opening of three ZERO GATE stores



Shinsaibashi
ZERO GATE

- Shinsaibashi ZERO GATE (one of Japan's largest H&M stores)
- Dotonbori ZERO GATE (first Forever 21 store in Kansai)
- Hiroshima ZERO GATE (adjacent to Hiroshima PARCO. Tenants: GAP, Kojitsusanso)

Overview of Shinsaibashi ZERO GATE

Structure	2 below-ground floors 4 above-ground floors
Floor area	Approx. 5,500m ²

Overview of Dotonbori ZERO GATE

Structure	3 above-ground floors
Floor area	Approx. 3,800m ²

Overview of Hiroshima ZERO GATE

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

Hiroshima ZERO GATE



Dotonbori ZERO GATE

4. Related Businesses

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1. Retail Business (NEUVE A CO., LTD.)

Achieved sales and profit growth. New record highs in sales, operating income, ordinary income, and net income.

Aggressive new store openings in TiCTAC and EYEWEAR drove overall company performance and original product development was also strong. Opening of 17 new stores increased store network to 172.

2. Space Engineering and Management Business (PARCO SPACE SYSTEMS CO., LTD.)

Increased orders from new clients for projects such as design planning, interior construction, and electrical work offset a decrease in orders from major existing clients, and operating income exceeded original targets.

3. IT Consulting Business (PARCO CITY Co., LTD.)

Strengthened Web Consulting Business in collaboration with PARCO. Operating income increased from the previous fiscal year due an increase in orders from new shopping complex clients and large-scale renewal of the PARCO website.

4. Entertainment Business (PARCO CO., LTD.)

Staged PARCO Theatre 40th Anniversary performances over a one-year period
Featured high-quality, topical performances including works written and produced by Koki Mitani, Amon Miyamoto, Kankuro Kudo, and written by Shuji Terayama.

5. Unique PARCO CSR Initiatives

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Expanded domestic and international projects and initiatives to support the next generation of creators

Nagoya PARCO *NagoPAR* cultural festival “The Garden of PARCO”

This project, to provide presentation space for designers and creators throughout PARCO buildings, began at Shibuya PARCO in 2011 and since then been expanded to multiple locations. In 2012, the project was expanded to Fukuoka PARCO and in 2013 it focused on young talent from Nagoya and other regions who are active in their home region while sharing their creativity with the world.

Asia Fashion Collection - Global Incubation Project

PARCO discovers and incubates young designers through the Asia Fashion Collection Global Incubation Project in partnership with fashion institutions throughout Asia.

This year, a selected brand from each country was given the opportunity to hold fashion shows at Tokyo and New York collections. The brands were also exhibited at Shibuya PARCO and an exhibition and show were held in Taiwan in April.



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**FY2014-16
Medium-term Business Plan
PARCO Group**

- Previous Medium-Term Business Plan: Target Attainment
 - Prospects for the PARCO Group toward 2020
 - Two Steps toward Growth
 - Business Deployment Outline for FY2014-16
 - Five tactics for Business Growth
 - ① PARCO Stores Business
 - ② Development Business
 - ③ Related Businesses
 - ④ Overseas Business
 - ⑤ Strengthening of Management Foundation
- *Collaboration with J Front Retailing Group

Previous Medium-Term Business Plan: Target Attainment (i) **15/37**

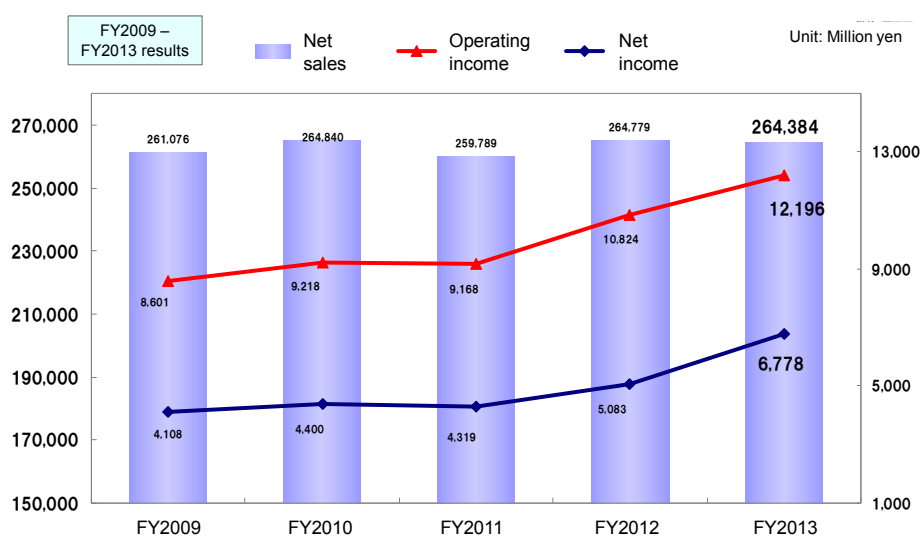
FY2013 operating income: ¥12.2 billion
Exceeded target of final year of FY2010-12 medium-term plan (¥12.0 billion)

Stable growth in shopping complex business through two-format conversion, renovation of existing stores; opening of Fukuoka PARCO; contributions from ZERO GATE, other new developments; growth in related businesses

	Targets within previous plan	Action
Shopping complexes	Innovation at existing complexes Two format conversions; renovating; cost reforms	<ul style="list-style-type: none"> Refined merchandise-specific operational methods for Urban Stores, Community Stores Improved profitability through store scrapping (Oita PARCO; Sapporo PARCO New Building; Shinsaibashi PARCO)
Domestic store development	Expansion to uncovered areas in greater Tokyo, Kansai	<ul style="list-style-type: none"> Opened Fukuoka PARCO (2010) Advanced ZERO GATE as up-and-coming format for new development (Shinsaibashi, Dotonbori, Hiroshima)
Expansion of related businesses and new businesses	EC business IT/website consulting Entertainment Retail Space Engineering & Management	<p>Growth through strengthening of overall business structure and expansion of projects with external partners</p> <ul style="list-style-type: none"> PARCO City: growth through IT/website consulting Entertainment: growth through quality content Retail: growth through store openings Space engineering/management: growth through external orders
Overseas expansion	Priority on expansion into China	<ul style="list-style-type: none"> Accumulated overseas business expertise through opening of NISON CITY MALL (Suzhou, China) and PARCO Marina Bay (Singapore) Business rebuilding under the current medium-term business plan
Strengthening of management foundation	Diversification of financial strategy Overhaul of real estate strategy Development of M&A and alliance strategy	<ul style="list-style-type: none"> Enhanced financial soundness by diversifying sources our funds, raising equity ratio Raised managerial efficiency by acquiring existing stores' assets Advanced an M&A and alliance strategy for further business growth based on the results of business collaborations with EC companies and other partners

Previous Medium-Term Business Plan: Target Attainment (ii) **16/37**

Record high operating income for second consecutive year



2020: changes in the business environment

Growth in urban markets

Rising urban populations, demographic shift, increasingly diversified customer needs, municipal development

A new stage for overseas markets

China market reaches maturity; further growth in ASEAN cities

PARCO Group 2020 Long-term Vision

A business group that prospers in urban markets

- *Designers of unique offerings for 24/7 urban life*
- *Creative drivers of urban evolution*

Management policy toward the attainment of this long-term vision

The PARCO Group is to revamp its business portfolio to better create new added value through "incubation," "urban revitalization," and "trend communication," offering the goods and services required by urban consumers and commercial operators.

PARCO Group: endeavoring to realize long-term vision by advancing three strategies

Three business strategies

Cultivation of major urban areas

- Emphasize business expansion in urban areas
- Offer more value to our customers by expanding our network of shopping facilities in such areas

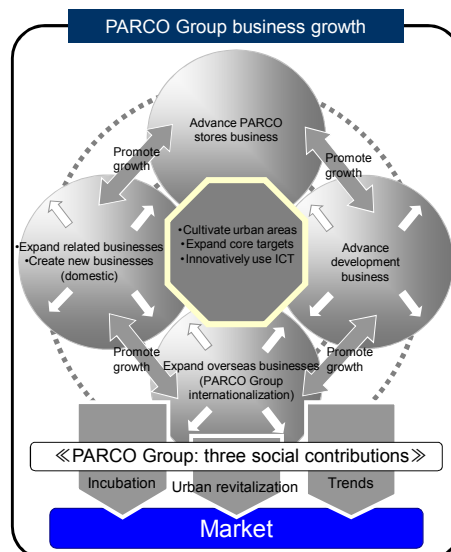
Expansion of core targets

- Accommodate a demographic shift and an increasingly diverse lifestyles by broadening our core market to include all who seek to enjoy city life, from young people to older, more mature individuals who retain youthful sensitivities

Innovative use of ICT*

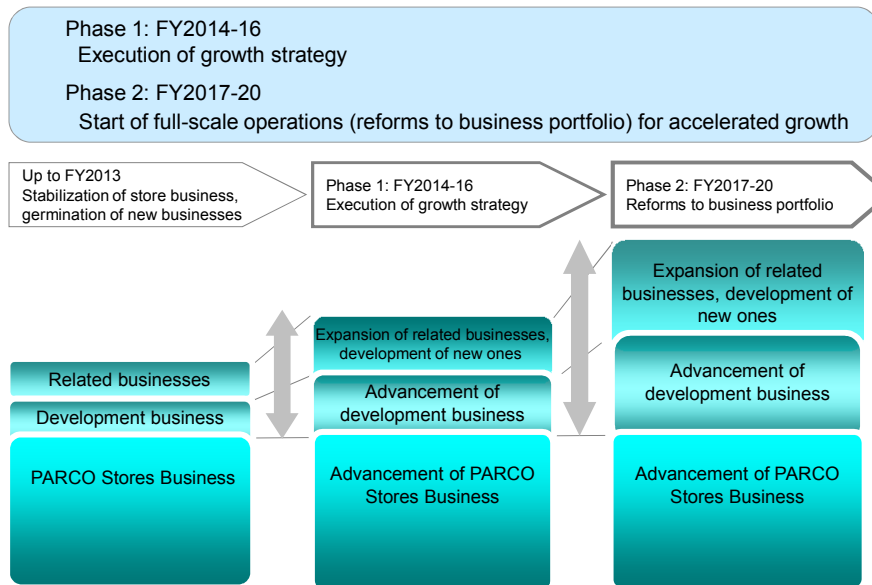
- Create a new form of shopping pleasure based on the web use of stores
- Revolutionize/recreate businesses through ICT

*ICT: Information and Communication Technology



Two Steps Toward Growth

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Business Deployment Outline for FY2014-16 (1st Phase)

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- Upfront investment and expenditure to promote development, foster business creation, and rebuild overseas operations to open a path for growth toward 2020
- Concurrently, we aim to maintain stable growth within the mainstay PARCO Stores Business through target expansion, tenant reconfiguration, web utilization, and operational reform. We are also aiming to achieve revenue and profit growth through expansion of projects with external partners in related businesses.
- An emphasis on diversity management to set a stage for continual business growth into the future

Units: billion yen

Consolidated	FY2016 target	FY2013 actual	FY2016 plan vs. FY2013 actual			3-yr plan	Description
			Growth	Difference			
Net sales	293.0	264.4	+10.8%	+28.6	Recurring investments	14.2	Store renovations, related businesses, etc.
Operating income	13.5	12.2	+10.7%	+1.3	Strategic investments	22.8	Shopping complex development, new business development, etc.
Net income	7.5	6.8	+10.7%	+0.7			
EBITDA*	20.0	18.1	+10.8%	+1.9	Total investment	37.0	

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

Five tactics: First Phase (FY2014-16)

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Tactic ①	Prioritization of the PARCO Stores Business	Stable growth as an earnings foundation
Tactic ②	Development centered on areas around core urban stores and entry into new major cities in Japan	More development projects than under the previous medium-term plan
Tactic ③	Expansion of related businesses and creation of new businesses	Creation and development of a third revenue pillar
Tactic ④	Rebuilding of overseas business	Earnings improvement through expanded application of "small package business model" (attainment of profitability by overseas subsidiaries)
Tactic ⑤	Strengthening of management foundations for further business advances	

Seek further growth through strengthened collaboration with J Front Retailing Group

Tactic ①: Prioritization of the PARCO Stores Business (i)

22/37

Make PARCO stores the leaders in urban retail by attracting tenants, increasing customer traffic

Urban Stores, Community Stores two-pronged advance

	Urban Stores	Community Stores
Directionality	<u>Proposal for concept of new shopping complexes</u> Ripple effects originating from innovation at Shibuya PARCO, a new shopping center model ¹⁾ at Fukuoka PARCO New Building* (*centered on tenant optimization/web utilization)	<u>Optimization through operational reconfiguration</u> Application of multi-function shopping complex model to Urawa PARCO and Chofu PARCO, and application of extension of efficient operations
Expansion of core target market	Core target to extend up to "adults with youthful sensibilities who enjoy urban life"	Responding to the needs of consumers who center their daily activities on suburban commuter stations
Tenant reconfiguration	<u>Strengthen lifestyle propositions</u> • More variety, more items (shift in emphasis from apparel to food & living) • Introduction, advancement of themes (subcultures; anime; digital life; etc.)	<u>Increase, diversity customer traffic</u> • Tenants that are part of the community • Food service tenants • Diverse tenants (sundries, sports clubs, consumer electronics, various services)
	Annual renewal/revitalization of 15% of total tenant lease area	
Advance operational reforms	<u>Strengthen tenant communications</u> • Stronger on-site support	<u>Efficiency through operational centralization</u> • Headquarters to handle renovation, advertising & promotion, repetitive store tasks

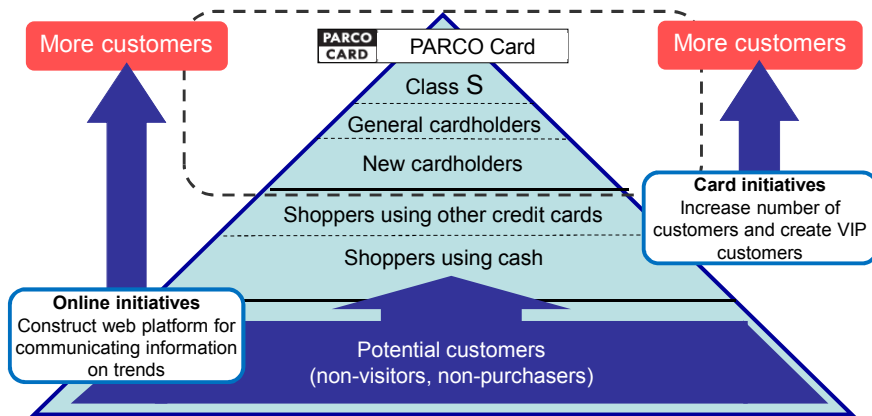
*Provisional name

Tactic ①: Prioritization of the PARCO Stores Business (ii)

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Turn potential customers into loyal, VIP customers (Class S) by utilizing a web-based approach and the PARCO Card

- Utilize the web to turn potential customers into PARCO fans
- Utilize the PARCO Card to turn new fans into VIP customers

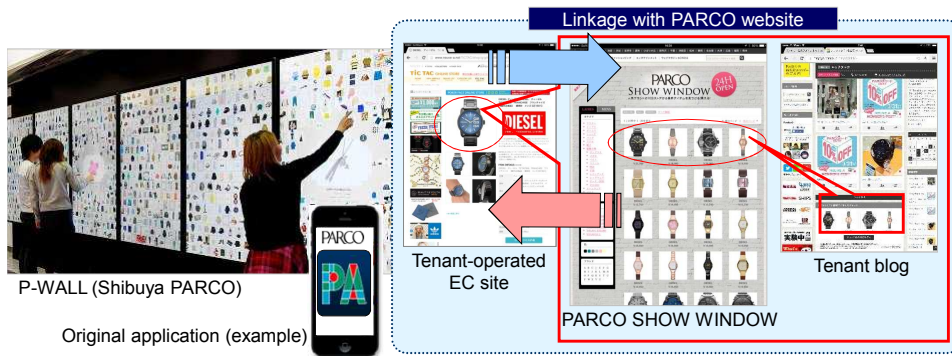


Tactic ①: Prioritization of the PARCO Stores Business (iii)

24/37

24/7 PARCO for the enjoyment of consumers and tenant business operations
 A new consumption experience - A new consumption environment
 - Raising the added-value proposition of our shopping complexes-

- Expanded opportunities for customer interaction via PARCO website (tenant blogs, external collaboration)
- Leading viewers to tenant-operated electronic-commerce (EC) sites (PARCO SHOW WINDOW)
- EC sales out of tenant inventory in PARCO shopping complexes
- Personalized approaches (original application development)
- Electronic signage for in-store use (P-WALL)

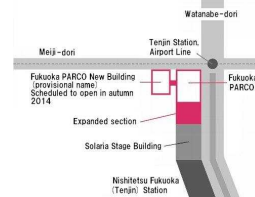


Realization of “shopping complex evolution” at Fukuoka PARCO
(New Building*, additional floor space)

- Tenant rearrangement at Fukuoka PARCO
(New concept shops, extended selection of items ranging from apparel to food and housing)
- New consumption experiences via digital communication environment
(Wi-Fi coverage throughout, original digital signage, internally developed applications, client data analysis support for tenants, etc.)

*Provisional name

	Construction of New Building*, to open autumn 2014 Additional floor space at Solaria Stage, to open spring 2015	
Overview	Fukuoka PARCO New Building*	Additional floor space
Structure	3 below-ground floors 6 above-ground floors	B1, 3M, 3F, 4F
Floor area	Approx. 14,000m ²	Approx. 3,300m ² (planned)
Opening	Autumn 2014	Spring 2015



Tactic ②: Development centered around core urban stores,
entry into new major cities in Japan (i)

Diverse set of developments, including PARCO and ZERO GATE categories,
new categories, property management, collaboration with J Front Retailing

Three-year development goals

- Four PARCO-type/new category (additional floor space, new annexes)
[Fukuoka PARCO New Building*, Fukuoka PARCO (additional floor space), Sendai PARCO New Building*, etc.]
Development area: major cities where we do not yet have a presence (particularly areas in central Tokyo, Yokohama, and the Kyoto/Osaka/Kobe metropolitan area) and areas around our Urban Stores
- Seven ZERO GATE projects
Five ZERO GATE stores (Nagoya, Sapporo, etc.), two property management
Development area: prime districts in central Tokyo, areas around core PARCO stores, and urban communities
- Format conversion of pre-existing commercial facilities

Group business growth through advancement of development projects

- Area revitalization by peripheral development of areas around existing stores
- Efforts to extend to Building Management Business (PARCO Space Systems) and the Web Consulting Business for shopping centers (PARCO-CITY)
- Streamline operations in PARCO Stores Business to allow us to develop stores in urban areas where the cost of real-estate is high

*Provisional name

Tactic ②: Development centered around core urban stores, entry into new major cities in Japan (ii)

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Central Sendai—new store slated to open in spring 2016

Expansion near JR Sendai Station to further vitalize an actively developing district

Two-store deployment within central Sendai, the urban hub of the Tohoku region, to further raise PARCO's market visibility



Overview	Sendai PARCO New Building*
Site area	Approx. 3,600m ²
Floor area	Approx. 25,000m ² (planned)
Opening	Spring 2016 (planned)

*Provisional name

Tactic ②: Development centered around core urban stores, entry into new major cities in Japan (iii)

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ZERO GATE—accelerated development around core urban stores (Nagoya, Sapporo)

Nagoya ZERO GATE*

- Located in Sakae, the central Nagoya commercial district
- Slated to open in autumn 2014

Sapporo ZERO GATE*

- Located in the Odori, the central Sapporo commercial district
- Slated to open in spring 2016

Nagoya ZERO GATE* design image



Overview	Nagoya ZERO GATE*	Sapporo ZERO GATE*
Structure	3 above-ground floors (planned)	B2, B1, 1F-4F
Floor area	Approx. 7,500m ² (planned)	2,965.52m ² (PARCO share of total project floor area)
Opening	Autumn 2014 (planned)	Spring 2016 (planned)

Sapporo ZERO GATE* design image

*Provisional name

**Tactic ③: Expansion of related businesses
and creation of new businesses**

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Corporate value, customer satisfaction — create and develop a third revenue pillar to follow on PARCO Stores Business and development business

Further delighting and moving urban consumers

Retail Business

- Aggressive store expansion centered on key TICTAC business
- Revitalization of existing business categories, development of new ones through planning and development of original merchandise

Entertainment Business

- Development of high-quality content, diversification of earnings base by utilization in multiple forums
- Development of new business opportunities through collaboration with overseas agents

PARCO-operated Shops Business

- Opening of stores in non-PARCO shopping complexes, development of original products

Proposing solutions to contribute to the development of Japanese commerce

Space Engineering and Management Business

- Leveraging comprehensive strength in facility-related business to expand business in interior construction, property management, building management, and hotel facility management
- Expansion of external client base by establishing a combined order-receiving system

Web Consulting Business

- Development of the SC Concierge—a service that supports the ICT strategy of shopping centers—and expansion of human resources consulting services

Tactic ④: Rebuilding of overseas business

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Establish a foundation for a globalized PARCO business

Build a global business by utilizing our domestic tenant network, shopping center operational expertise

Concentrate on areas where we can put our expertise to work

- Southeast Asia ⇒ Singapore, Bangkok, Kuala Lumpur
- East Asia ⇒ Taipei, major cities in China

Identify local needs, nimbly expand bases to support overseas advances of Japanese restaurants

- Deploy special restaurant zones (3-year target: 4 locations)
 - Nimble deployment by use of small-scale business schemes
 - Establish contact with potential partners

Utilize PARCO Group expertise in collaboration with local partners

- Select business schemes that align with regional characteristics
 - Pursue business development through investment-based business model that allows us to take the initiative in shopping complex management

Tactic ⑤: Strengthening of management foundations to support further business advances

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1. Promotion of diversity

- Establishment of Diversity Committee
- Appointments of talented leaders toward minimum goal of 15% female representation in managerial posts
- Promotion of a suitable work-life balance
- Strengthening of internal communication to lead to new business creation

2. Development of uniquely-PARCO CSR activities centered on incubation

- Promotion/encouragement of promising young fashion designers
- Expanded crowd funding to support talented young creators

3. Promotion of ICT

- Enhancement of work efficiency and quality
- Business growth through deeper communication with tenants

4. Strengthening of financial base

- Reinforcement of financial stature, primarily through an emphasis on cash flow
- Consideration of business model based on self-sustaining reinvestment
- Advancement of financial strategy toward ROA target of 5.7% in FY2016
- Enhance corporate valuation ahead of introduction of IFRS accounting standards

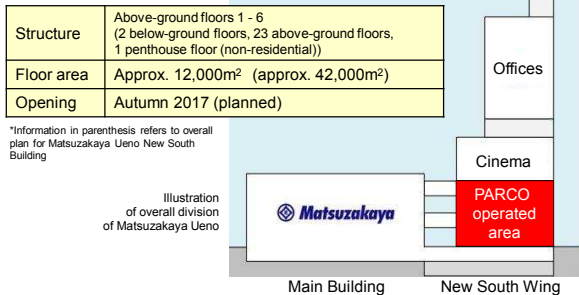
Seek further growth through strengthened collaboration with J Front Retailing Group

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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



- Enhance urban appeal by linking the assets of J Front Retailing Group to the comprehensive capabilities of PARCO Group
- Promote growth at PARCO and J. Front Retailing Group through joint tenant development, expansion of PARCO-operated stores, and collaboration in related businesses

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1. FY2014 Forecasts

Consolidated will aim to achieve a record net profit for net sales, ordinary income and net income

Unit: Million yen

Consolidated	FY2014 forecasts (year to Feb. 2015)	FY2013 results (year to Feb.2014)	Change ¥	Change %
Net sales	273,000	264,384	8,615	3.3%
Operating income	12,200	12,196	3	0.0%
Ordinary income	12,050	12,013	36	0.3%
Net income	6,800	6,778	21	0.3%
Non-consolidated	FY2014 Forecasts	FY2013 results	Change ¥	Change %
Net sales	249,400	242,653	6,746	2.8%
Operating income	11,500	11,823	(323)	(2.7%)
Ordinary income	11,350	11,725	(375)	(3.2%)
Net income	6,550	6,772	(222)	(3.3%)
Consolidated	FY2014 forecasts	FY2013 results	Change ¥	Change %
Capital expenditure	18,148	36,330	(18,182)	(50.0%)

Planning to pay interim dividend per share of ¥9 and annual dividend per share of ¥18

2. PARCO Store renovation FY2014 Plan

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Plan to renovate total floor area of approx. 41,000m²



Shibuya PARCO

We will continue to fuse fashion and culture and communicate trends globally.

At Part 1, we will introduce collaboration cafes together with popular characters (such as Kiki and Lala), seasonal fashion brands, and leading select shops. In addition, at Part 3, we are planning to introduce new large-scale topical fashion shops

- At **Fukuoka PARCO** we will begin large scale reorganization to increase customer traffic and customer browsing time. With the opening of Fukuoka PARCO New Building in autumn, the store will be large enough to offer the full lineup of an Urban Store and become a new Tenjin landmark.
- At **Nagoya PARCO** we will pursue reorganization to contribute to raising the appeal of the region. With the opening of Nagoya ZERO GATE in autumn, as well as continuing to provide ladies' trends in the West Building and lifestyle options in the South Building, we will raise the function of the area as a shopping hub.
- At **Ikebukuro PARCO**, we plan to introduce seasonal fashion brands in spring, large-scale, topical general merchandise stores in summer, and in autumn we plan to introduce tenants that will target new customer acquisition, strengthening of P'PARCO's ability to communicate trends.

3. New Business Development FY2014 openings

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



Design image

Construction of New Building* adjacent to Fukuoka PARCO

Scheduled to open in autumn 2014

- Raise the appeal of and increase customer traffic in Fukuoka's Tenjin district, the central commercial district of Kyushu

Overview

Structure	6 above-ground floors 3 below-ground floors
Floor area	Approx. 14,000m ²

Accelerate expansion of ZERO GATE business around key Urban Stores

Nagoya ZERO GATE* scheduled to open autumn 2014

- Open shopping complex in the Sakae area, Nagoya's commercial center

Overview

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

*Provisional name



Nagoya ZERO GATE* design image

1. Retail Business (NEUVE A CO., LTD.)

We will promote our policy of aggressive store openings, centered on TICTAC, with the aim of creating a 186-store network by the end of FY2014. We will strive to improve margins by increasing the share of sales of original merchandise, while also pursuing the development of new business fields and aiming for sustainable business expansion.

2. Space Engineering and Management Business (PARCO SPACE SYSTEMS CO., LTD.)

Leveraging the technology and expertise that we have acquired through our experience in operating large-scale shopping complexes, we will aim to further increase orders from external clients. Our efforts will center on the Space Product Business, which undertakes contract work ranging from design to electrical work and interior construction, the Hotel Business, which is engaged in housekeeping and banquet services, and new businesses engaged in property management and building management.

3. IT Consulting Business (PARCO CITY Co., LTD.)

We will aim to enhance our services business, which includes SC Concierge—a service that supports the ICT strategy of shopping centers—and other original offerings, increase sales, and acquire new clients such as non-PARCO shopping complexes and retail business.

4. Entertainment Business (PARCO CO., LTD.)

We will strengthen our acquisition of international movies through partnership with overseas agents and promote the development of new entertainment business.

At PARCO Theatre we will stage highly topical productions, including work by Kankuro Kudo and Koki Mitani.



Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of Apr. 1, 2014, and are subject to a number of risks and uncertainties. Actual results may be materially different.

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