

PARCO

Quarterly Report
FY 2015 Q3

1

Performance Overview

The strong performance of PARCO Group companies in the third quarter resulted in increased sales, with operating income surpassing targets and setting a new record for the third consecutive fiscal year.

- In the Shopping Complex Business, growth in sales and profits was boosted by the full third-quarter operation of Fukuoka PARCO New Building and Nagoya ZERO GATE, which opened in the previous fiscal year, and by the opening of the Fukuoka PARCO Main Building extension and Nagoya PARCO midi in March.
- New store openings from NEUVE A CO., LTD. in the Retail Business and increased construction orders for PARCO SPACE SYSTEMS CO., LTD. in the Space Engineering and Management Business contributed to the rise in sales and profit.
- Operating income increased 5.2% year on year, yielding record profits and reflecting contributions from Fukuoka PARCO New Building and Nagoya ZERO GATE. Net income declined 5.9% year on year mainly due to losses on termination of operations associated with the decision to close Chiba PARCO. Forecasts for the fiscal year ending February 29, 2016 remain unchanged.

2

Comments from the President

The major achievement of the third quarter performance was the combined strong performance of the PARCO Group companies. Sales and profit grew in PARCO CO., LTD. as well as across the Group among NEUVE A CO., LTD., PARCO SPACE SYSTEMS CO. LTD., and PARCO-CITY CO. LTD. The decline in net income was the result of the decision to close Chiba PARCO (scheduled for November 2016), which was made in consideration of changes to the commercial environment and outlook.

At PARCO, the strengthening of core stores as a result of increases in PARCO store and ZERO GATE locations in Fukuoka and Nagoya contributed to increases in sales and profits. Looking ahead, we are making steady progress in implementing our business strategy. For the first time in our history, PARCO will be advancing into the Kyoto and Kobe areas with the announcement of plans to establish ZERO GATE stores in each region. Additionally, our urban development plan proposal to the Tokyo Metropolitan Government for the Shibuya PARCO area as a special urban renaissance district was approved in December, and has moved into the specific planning phase.

NEUVE A CO., LTD. posted robust earnings due to the strong performance of existing locations and the opening of 16 new locations in addition to the five excellent locations acquired in the center of Osaka's commercial district in Q2 to grow the TICTAC business. Increases in orders for interior construction work and electrical work at retail stores at PARCO SPACE SYSTEMS CO. LTD., and web development orders at PARCO CITY CO. LTD. also led to positive overall results.

Through these initiatives, PARCO Group is pursuing aggressive forward-looking strategies while further strengthening trend communication and store selection and developing attractive stores that put smiles on the faces of customers from all over the world. We ask for the continued understanding and support of our many stakeholders as we move forward.

Through the combined efforts of our Group companies, PARCO Group is pursuing aggressive forward-looking strategies while further strengthening trend communication and store selection, and developing the captivating stores that customers from all over the world have come to associate with us. We ask for the continued support of the PARCO Group's many stakeholders in our activities moving forward.

Kozo Makiyama
President and Representative Executive Officer

3

Store-Opening Plans

2016

Scheduled opening of
Sapporo ZERO GATE
(provisional name)
Sendai PARCO New Building
(provisional name)

2017

Scheduled opening of
Kyoto ZERO GATE
(provisional name)
the new store in Ueno

to be decided

Scheduled opening of
Sannomiya ZERO GATE
(provisional name)

4

Financial Highlights

Millions of yen

	FY 2015	FY 2014	Change	Change	FY 2014
	Q3	Q3			
For the Period					
Net sales	¥ 204,230	¥ 197,300	¥ 6,929	3.5%	¥ 269,889
Operating income	9,295	8,834	461	5.2%	12,508
Ordinary income	9,175	8,811	363	4.1%	12,499
Net income	4,749	5,045	(295)	(5.9%)	6,294
EBITDA	13,901	13,135	766	5.8%	18,402
Cash flows from operating activities	9,834	11,544	(1,709)	-	15,281
Cash flows from investing activities	(12,411)	(5,467)	(6,934)	-	(7,612)
Cash flows from financing activities	1,402	(4,204)	5,607	-	(7,206)
Cash and cash equivalents at end of period	2,876	5,429	(2,552)	-	4,059
At the Period End					
Total assets	234,530	-	7,700	-	226,830
Net assets	115,224	-	2,013	-	113,211
Per Share Data					
Net income (yen)	46.81	49.73	(2.92)	(5.9%)	62.04

Consolidated Results by Segment

	Millions of yen		
	FY 2015 Q3	change	change
Shopping Complex Business			
Sales	¥183,318	¥ 5,056	2.8%
Segment income	8,614	336	4.1%
Retail Business			
Sales	15,169	1,160	8.3%
Segment income	259	32	14.5%
Space Engineering and Management Business			
Sales	15,625	1,202	8.3%
Segment income	439	178	68.2%
Other Business			
Sales	5,048	(191)	(3.7%)
Segment income	13	(105)	(88.9%)
Total			
Sales	219,160	7,228	3.4%
Segment income	9,326	443	5.0%
Consolidated (after adjustment)			
Sales	207,787	7,324	3.7%
Segment income	9,295	461	5.2%

Millions of yen

FY 2015 Q3

	FY 2015 Q3	change
Credit Card		
Credit card sales amount	¥ 88,486	4.0%
PARCO Card sales amount	44,440	3.8%

Non-consolidated Tenant Sales by Store

	Millions of yen	
	FY 2015 Q3	Change
Urban store group		
Sapporo PARCO	¥ 9,081	6.0%
Sendai PARCO	9,628	0.7%
Ikebukuro PARCO	20,375	(1.8%)
Shibuya PARCO	11,533	6.0%
Shizuoka PARCO	7,504	3.4%
Nagoya PARCO	26,699	4.9%
Hiroshima PARCO	12,184	(1.9%)
Fukuoka PARCO	14,428	44.5%
8 store total	111,434	6.3%
Community store group		
Utsunomiya PARCO	3,232	(1.9%)
Urawa PARCO	12,550	(3.5%)
Shin-Tokorozawa	6,994	4.2%
Chiba PARCO	3,942	(7.9%)
Tsudanuma PARCO	6,470	(2.1%)
Hibarigaoka PARCO	5,440	(2.9%)
Kichijoji PARCO	5,200	(4.0%)
Chofu PARCO	12,554	0.1%
Matsumoto PARCO	5,207	(4.9%)
Otsu PARCO	2,722	(16.4%)
Kumamoto PARCO	3,781	(0.0%)
11 store total	68,097	(2.7%)
Total	179,531	2.7%
Existing store total	174,303	(0.1%)