


PARCO



Quarterly Report
FY 2015 Q4

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Performance Overview

Sales increased resulting from the strong performance of the Shopping Complex Business, centered on PARCO; the Retail Business comprising NEUVE A; and the Space Engineering and Management Business, comprising PARCO SPACE SYSTEMS. Operating income set a new record for the fourth consecutive fiscal year. The Medium-term Business Plan is progressing steadily.

- In the Shopping Complex Business, the expansion of PARCO's core stores in Fukuoka and Nagoya contributed to sales and profit growth.
- New store openings from NEUVE A CO., LTD. and strong performance of existing stores 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 2.1% year on year, yielding record profits. Net income declined 3.7% year on year mainly due to losses on termination of operations associated with the decision to close Chiba PARCO and impairment losses at Utsunomiya PARCO.

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Comments from the President

The major achievements of business performance in FY2015, the halfway point of the Medium-term Business Plan, was the strengthening of core PARCO stores and the steady implementation of strategies for the future.

In addition to the expansion of core PARCO stores in Fukuoka and Nagoya we opened Sapporo ZERO GATE. Sendai PARCO New Building* is scheduled to open in early summer 2016 and Hiroshima ZERO GATE II* is scheduled to open in the autumn.

Our proposal to develop the area including Shibuya PARCO as a special urban renaissance district, one of our strategies for the future, was approved by the Tokyo Metropolitan Government and we are aiming to complete the project in FY2019. We have now begun the phase of formulating specific plans for the new Shibuya PARCO. Since its launch, Shibuya PARCO has communicated cultural trends through entertainment and lifestyle proposals for urban consumers and has been the driving force behind PARCO's brand image as its flagship store. In line with the plan to create a reborn Shibuya PARCO, the store will close temporarily for reconstruction purposes.

FY2015 saw the full-scale deployment of the POCKET PARCO official app, which allows customers to view products and receive customer service messages 24-hours a day. The app has already achieved results, with increased store visit and purchasing frequency among PARCO Card members who registered on the app. From March 2016 the addition of AI will allow for more precise communication. Through the combination of the POCKET PARCO app, PARCO Card, and Kaeru PARCO—which lets customers make online reservations and purchases from real shops within PARCO stores—we will further promote store visits and sales and drive improvement of the customer base.

Through the combined strength of our Group companies, PARCO Group is aiming to achieve consolidated operating income of ¥13.5 billion in FY2016, the final year of the Medium-term Business Plan.

PARCO Group is pursuing an aggressive forward-looking strategy while further strengthening trend communication and shop 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

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Store-Opening Plans

2016	2017	2019	to be decided
Scheduled opening of Sendai PARCO New Building (provisional name) Hiroshima ZERO GATE II (provisional name)	Scheduled opening of Kyoto ZERO GATE (provisional name) New store in Ueno	Scheduled completion of Udagawa-cho 15 Development Project	Scheduled opening of Sannomiya ZERO GATE (provisional name)

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Financial Highlights

Millions of yen

	FY 2015	FY 2014	Change	Change
For the Period				
Net sales	¥ 276,358	¥ 269,889	¥ 6,468	2.4%
Operating income	12,772	12,508	263	2.1%
Ordinary income	12,673	12,499	173	1.4%
Net income	6,061	6,294	(232)	(3.7%)
EBITDA	19,010	18,402	608	3.3%
Cash flows from operating activities	14,652	15,281	(628)	-
Cash flows from investing activities	(19,325)	(7,612)	(11,713)	-
Cash flows from financing activities	7,203	(7,206)	14,410	-
Cash and cash equivalents at end of period	6,840	4,333	-	-
At the Period End				
Total assets	236,315	226,830	9,485	4.2%
Net assets	116,474	113,211	3,263	2.9%
Per Share Data				
Net income (yen)	59.75	62.04	(2.29)	(3.7%)

Consolidated Results by Segment			
	Millions of yen		
	FY 2015	change	Change
Shopping Complex Business			
Sales	¥248,078	¥ 4,294	1.8%
Segment income	11,549	231	2.0%
Retail Business			
Sales	21,473	1,670	8.4%
Segment income	694	46	7.2%
Space Engineering and Management Business			
Sales	19,969	986	5.2%
Segment income	433	105	32.0%
Other Business			
Sales	6,850	(40)	(0.6%)
Segment income	132	(123)	(48.3%)
Total			
Sales	296,372	6,911	2.4%
Segment income	12,809	258	2.1%
Consolidated (after adjustment)			
Sales	281,050	6,838	2.5%
Segment income	12,772	263	2.1%

	Millions of yen	
	FY 2015	change
Credit Card		
Credit card sales amount	¥ 118,162	3.1%
PARCO Card sales amount	58,158	3.0%

Non-consolidated Tenant Sales by Store		
	Millions of yen	
	FY 2015	Change
Urban store group		
Sapporo PARCO	¥ 12,415	4.4%
Sendai PARCO	13,309	1.3%
Ikebukuro PARCO	27,296	(3.4%)
Shibuya PARCO	15,336	4.6%
Shizuoka PARCO	10,339	2.4%
Nagoya PARCO	36,772	4.4%
Hiroshima PARCO	16,645	(2.0%)
Fukuoka PARCO	19,573	32.0%
8 store total	151,689	4.6%
Community store group		
Utsunomiya PARCO	4,311	(3.7%)
Urawa PARCO	16,869	(3.3%)
Shin-Tokorozawa	9,303	2.8%
Chiba PARCO	5,157	(9.8%)
Tsudanuma PARCO	8,526	(3.2%)
Hibarigaoka PARCO	7,255	(2.7%)
Kichijoji PARCO	6,934	(4.7%)
Chofu PARCO	17,064	0.9%
Matsumoto PARCO	7,219	(3.5%)
Otsu PARCO	3,613	(15.5%)
Kumamoto PARCO	5,135	(0.7%)
11 store total	91,389	(2.9%)
Total	243,079	1.6%
Existing store total	235,979	(0.7%)