

# PARCO CO., LTD. FY2011 Q3 (Mar.-Nov.) Briefing Material

## 1. Overview of FY2011 Q3 results

### ■ Q3 results

Unit: Million yen

Consolidated	FY2011 Q3 Mar.-Nov.	FY2010 Q3 Mar.-Nov.	Change ¥	Change %	Change %				Full-year forecasts	Change %
					Mar.-May	June-Aug.	Mar.-Aug.	Sept.-Nov.		
Net sales	187,992	194,149	(6,156)	(3.2%)	(7.4%)	(0.2%)	(3.8%)	(1.9%)	263,600	(0.5%)
Operating income	6,156	6,522	(365)	(5.6%)	(32.0%)	6.3%	(11.5%)	8.0%	9,000	(2.4%)
Ordinary income	5,997	6,115	(118)	(1.9%)	(35.2%)	14.7%	(8.4%)	13.9%	8,750	0.0%
Net income	2,902	3,041	(138)	(4.6%)	(39.3%)	31.0%	(3.5%)	(6.9%)	4,300	(2.3%)
EBITDA	10,843	11,436	(592)	(5.2%)	(20.0%)	1.9%	(8.6%)	2.0%	--	--

  

Non-consolidated	FY2011 Q3 Mar.-Nov.	FY2010 Q3 Mar.-Nov.	Change ¥	Change %	Change %				Full-year forecasts	Change %
					Mar.-May	June-Aug.	Mar.-Aug.	Sept.-Nov.		
Net sales	172,751	179,523	(6,772)	(3.8%)	(8.4%)	(0.4%)	(4.4%)	(2.5%)	242,700	(1.1%)
Operating income	5,827	6,241	(413)	(6.6%)	(30.9%)	6.8%	(10.7%)	2.5%	8,400	(3.6%)
Ordinary income	6,526	5,830	695	11.9%	15.9%	9.7%	12.6%	10.2%	8,900	8.2%
Net income	3,815	2,975	840	28.2%	65.0%	27.5%	45.9%	(11.5%)	5,000	17.9%
EBITDA	10,241	10,952	(710)	(6.5%)	(20.2%)	1.5%	(8.9%)	(1.5%)	--	--

\*EBITDA in these tables refers to operating income plus depreciation and amortization. \*Earnings forecasts are unchanged from those announced on Oct. 5, 2011.

\*Non-consolidated ordinary income and net income includes dividends received from subsidiaries of ¥1 billion.

### ■ Consolidated results by segment

Unit: Million yen

		FY2011 Q3 Mar.-Nov.	(Reference) Change ¥
Shopping Complex Business*1	Net sales	170,583	(11,067)
	Operating income	5,669	(384)
Retail Business	Net sales	11,523	586
	Operating income	117	42
Space Engineering and Management Business	Net sales	14,062	(611)
	Operating income	349	0
Other Business*1	Net sales	4,714	4,296
	Operating income	5	1
Total	Net sales	200,884	(6,795)
	Operating income	6,142	(340)
Adjustments	Net sales	(10,814)	589
	Operating income	13	(24)
Amount recorded in income statement	Net sales	190,070	(6,205)
	Operating income	6,156	(365)

### ■ Consolidated SG&A expenses

Unit: Million yen

	FY2011 Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,050	68	1.0%
Lease/rental	6,618	(576)	(8.0%)
Advertising	2,317	(85)	(3.6%)
Agency services	4,395	(31)	(0.7%)
Building and repairs	1,233	77	6.7%
Depreciation	4,687	(227)	(4.6%)
Tax and dues	910	77	9.3%
Reversal of common- service charges	(5,783)	254	(4.2%)
<b>Total SG&amp;A</b>	<b>24,137</b>	<b>(259)</b>	<b>(1.1%)</b>

Unit: Million yen

Reference		FY2011 Q3 Mar.-Nov.	FY2010 Q3 Mar.-Nov.	Change ¥
PARCO-CITY CO., LTD.	Net sales	486	424	61
	Operating income	(7)	3	(11)

\*Figures for net sales by segment include operating revenue.

\*1 The entertainment business of PARCO CO., LTD., included in Shopping Complex Business until last fiscal year, has been included in Other Business from this fiscal year.

Figures for PARCO-CITY CO., LTD., conventionally included in Other Business, are above.

### Consolidated

FY2011 Mar.-Nov. net sales down 3.2% and operating income down 5.6% YoY. Sept.-Nov. net sales down 1.9% but operating income up 8.0%, continuing the positive performance from the second quarter

### NEUVE A

Achieved net sales and operating income increases in Mar.-Nov. on opening new stores, carrying out renovation and pursuing various marketing plans. Opened 5 new stores in non-PARCO Group complexes, including a TICTAC store in the new Lumine complex in Yurakucho, central Tokyo. Opened 17 stores in Mar.-Nov., bringing total to 155

### PARCO SPACE SYSTEMS

Mar.-Nov. operating income up 0.1% YoY. Recovery trend in Sept.-Nov. due to increase in interior work orders from retail stores and facility management orders from foreign-owned hotels

### PARCO-CITY

Conducted biggest renewal since opening online shopping mall in Oct. E-commerce sales performed strongly

### Entertainment Business (PARCO)

Mar.-Nov. sales strong, up 33.8% YoY, driven by excellent content, with PARCO winning a Group Award at the 46th Kinokuniya Theatre Awards for three plays staged in 2011

## 2. Overview of sales

### ■ Non-consolidated tenant sales by store

Unit: Million yen

Store	FY2011 Q3 Mar.-Nov.		Change %			
	Net sales	Change %	Mar.-May	June-Aug.	Mar.-Aug.	Sept.-Nov.
<b>Urban Store Group</b>						
Sapporo PARCO *1	7,819	5.5%	7.8%	12.8%	10.3%	(2.9%)
Sendai PARCO	8,477	16.0%	(12.2%)	28.9%	8.2%	30.5%
Ikebukuro PARCO	20,599	(7.6%)	(9.9%)	(6.0%)	(8.0%)	(7.0%)
Shibuya PARCO	8,905	(10.4%)	(17.4%)	(4.1%)	(10.6%)	(10.0%)
Shizuoka PARCO	7,787	(1.9%)	(0.4%)	3.3%	1.5%	(8.5%)
Nagoya PARCO	24,641	(0.4%)	(4.3%)	3.4%	(0.5%)	(0.3%)
Hiroshima PARCO	12,288	0.3%	(1.5%)	0.3%	(0.6%)	1.9%
<b>Total</b>	<b>90,519</b>	<b>(1.5%)</b>	<b>(6.0%)</b>	<b>2.6%</b>	<b>(1.8%)</b>	<b>(1.0%)</b>
<b>Community Store Group</b>						
Utsunomiya PARCO	3,817	(5.9%)	(13.3%)	(1.9%)	(7.7%)	(2.2%)
Urawa PARCO	10,604	10.3%	1.6%	10.9%	6.3%	17.9%
Shin-Tokorozawa PARCO	5,892	(3.0%)	(8.3%)	(0.8%)	(4.7%)	0.4%
Chiba PARCO	5,147	2.2%	(1.6%)	3.9%	1.1%	4.6%
Tsudanuma PARCO	6,775	(2.0%)	(6.7%)	0.2%	(3.3%)	0.6%
Hibarigaoka PARCO	5,780	(2.3%)	(4.5%)	4.3%	(0.2%)	(6.3%)
Kichijoji PARCO	5,913	(10.2%)	(20.4%)	(9.9%)	(15.2%)	0.9%
Chofu PARCO	12,130	(3.4%)	(7.1%)	1.9%	(2.7%)	(4.8%)
Matsumoto PARCO	5,560	0.8%	0.1%	0.0%	0.1%	2.2%
Otsu PARCO	3,345	(11.9%)	(12.6%)	(11.1%)	(11.9%)	(11.8%)
Kumamoto PARCO	3,611	1.7%	(1.3%)	0.3%	(0.5%)	6.2%
<b>Total</b>	<b>68,579</b>	<b>(1.5%)</b>	<b>(6.5%)</b>	<b>0.8%</b>	<b>(2.9%)</b>	<b>1.4%</b>
<b>Existing store total</b>	<b>159,098</b>	<b>(1.5%)</b>	<b>(6.2%)</b>	<b>1.8%</b>	<b>(2.3%)</b>	<b>0.0%</b>
Fukuoka PARCO	8,236	—	—	(14.6%)	—	(8.2%)
Sapporo PARCO New Building	71	—	—	—	—	—
Shinsaibashi PARCO	762	—	(13.7%)	(41.5%)	(26.8%)	—
(Oita PARCO)	—	—	—	—	—	—
<b>Total</b>	<b>168,168</b>	<b>(4.3%)</b>	<b>(9.0%)</b>	<b>(1.2%)</b>	<b>(5.2%)</b>	<b>(2.7%)</b>

\*Sapporo PARCO figures exclude the New Building (closed Mar. 30, 2011).

### ■ Non-consolidated integrated sales of stores, paying customers

Comparisons are with same period of previous year

	FY2011 Q3 Mar.-Nov.	Change %			
		Mar.-May	Jun.-Aug.	Mar.-Aug.	Sept.-Nov.
Paying customers	(2.7%)	(6.4%)	(0.6%)	(3.4%)	(1.0%)
Average spend per customer	2.6%	0.1%	4.2%	2.1%	3.3%

### ■ Non-consolidated existing store sales by item

Comparisons are with same period of previous year

Category and item	FY2011 Q3 Mar.-Nov.	Change %			
		Mar.-May	June-Aug.	Mar.-Aug.	Sept.-Nov.
<b>Clothing</b>					
Womenswear	(3.6%)	(8.7%)	(0.1%)	(4.5%)	(2.0%)
Menswear	(1.5%)	(4.3%)	1.1%	(1.6%)	(1.2%)
General clothing	10.5%	5.4%	14.4%	9.8%	11.7%
<b>Total</b>	<b>(0.6%)</b>	<b>(5.0%)</b>	<b>2.2%</b>	<b>(1.4%)</b>	<b>0.7%</b>
<b>Personal items</b>					
Shoes	0.8%	(4.2%)	5.0%	0.3%	1.6%
Bags	(2.0%)	(10.6%)	0.1%	(5.4%)	5.9%
Accessories	1.4%	(11.8%)	7.6%	(2.1%)	9.0%
Cosmetics	(1.2%)	(7.2%)	1.7%	(2.9%)	2.3%
<b>Total</b>	<b>2.5%</b>	<b>(5.4%)</b>	<b>7.4%</b>	<b>0.9%</b>	<b>5.6%</b>
<b>General merchandise</b>					
Culture-related	(2.7%)	(7.6%)	1.4%	(3.2%)	(1.6%)
Living-related	(2.1%)	(8.0%)	5.4%	(1.8%)	(2.6%)
<b>Total</b>	<b>(2.4%)</b>	<b>(7.8%)</b>	<b>3.2%</b>	<b>(2.6%)</b>	<b>(2.1%)</b>
<b>Foods</b>	<b>(2.2%)</b>	<b>(5.1%)</b>	<b>(0.2%)</b>	<b>(2.7%)</b>	<b>(1.3%)</b>
<b>Restaurants</b>	<b>(8.6%)</b>	<b>(13.6%)</b>	<b>(6.4%)</b>	<b>(10.0%)</b>	<b>(5.5%)</b>
<b>Other</b>	<b>7.7%</b>	<b>(7.6%)</b>	<b>11.0%</b>	<b>2.8%</b>	<b>17.9%</b>

### ■ Non-consolidated renovation

#### FY2011 Q3 (Mar.-Nov.) renovation results

Scale of renovation: 598 sections, approx. 59,500m<sup>2</sup>  
(of which new stores comprised 240 sections)

#### Effect of renovation:

Sales up 29.5% in same zone comparison

#### Planned FY2011 renovation:

Scale: Approx. 61,000m<sup>2</sup> (45,000m<sup>2</sup> renovated in FY2010)

### ■ Non-consolidated stores/sales area

19 stores (29 buildings) in total

Sales area: Approx. 443,000m<sup>2</sup> (as of end Nov. 2011)

\*Existing store figures exclude Fukuoka PARCO (opened Mar. 19, 2010), Sapporo PARCO New Building (closed Mar. 30, 2011), Shinsaibashi PARCO (closed Sept. 30, 2011) and Oita PARCO (closed Jan. 31, 2011).  
Note: Sales by item, renovated zone sales comparison, paying customers and average spend per customer are based on integrated sales of stores. Integrated sales demonstrate the overall sales capability of a store, and include net sales by tenants, sales at PARCO Theater and other facilities, and sales to tenants under fixed rent contracts.

### Non-consolidated PARCO

Sept.-Nov. net sales down 2.5% but existing store sales were unchanged YoY, continuing their strong performance from June-Aug. Sept.-Nov. operating income and average spend per customer remained strong, up 2.5% and 3.3% respectively. Sales grew in December too, driven by the effects of renovation as well as brisk sales of winter items as the temperature fell in Japan

“ Planning annual renovation of approx. 61,000m<sup>2</sup>, one of the largest ever. Renovated approx. 59,500m<sup>2</sup> in Mar.-Nov., more than all of last year (45,000m<sup>2</sup>). Same zone sales increased strongly, up 29.5% YoY

“ Urban Store Group renovation focused on fashion. Completely renewed 7th and 8th floor restaurant area of Ikebukuro PARCO for first time in 12 years. Sendai PARCO continues to perform well. Resumed operations quickly after the earthquake, and carried out the first major renovation since opening. Hiroshima PARCO renovation further strengthened the store's trendy fashion offerings and diversified its tenant mix

“ In the Community Store Group, turned part of the atrium at Urawa PARCO into sales space, added new major tenants that can draw a wide range of customers, and carried out a renewal opening at end Aug./start Sept. Urawa PARCO recorded double-digit sales growth due to the sales of these tenants and also the knock-on effect throughout the store. Chiba PARCO revitalized its offering by adding a large hobby and craft store and others

“ Our new ZERO GATE business model for developing low to medium-rise urban shopping complexes followed on from the opening of its first store in Shibuya in 2011 with decisions to (1) turn Shinsaibashi PARCO into a ZERO GATE store; (2) open a store in Hiroshima; and (3) open a store in the Dotonbori area of Osaka (all scheduled to open in 2013)

“ Overseas, won a mandate in Oct. to operate and manage a shopping complex in Suzhou City, China. Store to open in Sept. 2012. Plan to establish a local subsidiary in Suzhou to operate this business and also target further business expansion in China

“ Started an innovative designer support fund. This uses the services of a microfund management company to enable investment in lots of ¥30,000 in up-and-coming, next-generation fashion designers. Decided on the three designers that the fund will invest in. Planning to seek fund investors/raise funds from end Jan. and open shops of the designers for a limited period and promote the designers in PARCO stores