

## Presentation Contents

1. Overview of FY2008 results
2. Five-year medium-term management plan progress update and developments planned for FY2009
3. Future growth strategy

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## FY2008 Consolidated results

Unit: Million yen

	FY2008	FY2007	Change ¥	Change %	Forecast amounts
Net sales	282,509	286,788	(4,279)	(1.5%)	294,000
Operating income	9,362	10,090	(728)	(7.2%)	10,300
Ordinary income	9,171	9,973	(802)	(8.0%)	10,000
Net income	3,730	5,167	(1,436)	(27.8%)	5,000

	End of FY2008	End of FY2007	Change ¥	Change %
Total assets	191,681	189,989	1,692	0.9%
Net assets	75,617	73,981	1,636	2.2%
Interest-bearing debt	40,777	33,065	7,711	23.3%
Equity ratio	39.4%	38.9%		
Market price-based equity ratio	31.3%	55.5%		
Debt service coverage ratio: years	15.0	2.6		
Interest coverage ratio: times	4.2	21.0		

\*Figures for end of FY2008 are due to factors including:

- (1) An increase in receivables due to the last day of the fiscal year being a bank holiday
- (2) A decrease in payables due to a shortening of the payment term
- (3) A large amount of income and other taxes paid in the year under review with respect to income in the year under review

Excluding these one-off factors, the figures would be:

Debt service coverage ratio: **4.5 years**  
Interest coverage ratio: **14.1 times**

## FY2008 Consolidated results by segment

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Unit: Million yen

### Shopping Complex Business

PARCO CO., LTD. endeavored to carry out strategic renovations and enhance advertising and marketing and promotional strategy, but sales declined slightly, impacted by the deteriorating economic conditions

### Retail Business

NEUVE A CO., LTD. continued to pursue a scrap and build policy, increasing total stores to 131

### Space Engineering and Management Business

PARCO SPACE SYSTEMS CO., LTD. did not achieve growth on last year, when it received a continued flow of orders for major construction work

		FY2008	FY2007	Change
Shopping Complex Business	Net sales	264,595	266,263	(1,667)
	Operating income	8,826	9,085	(259)
Retail Business	Net sales	17,079	17,097	(18)
	Operating income	276	496	(219)
Space Engineering and Management Business	Net sales	22,437	26,365	(3,928)
	Operating income	383	695	(311)
Other Business	Net sales	2,218	2,330	(112)
	Operating income (loss)	(125)	(118)	(6)
Subtotal	Net sales	306,330	312,056	(5,726)
	Operating income	9,361	10,158	(797)
Eliminations or corporate	Net sales	21,220	22,774	1,554
	Operating income	0	67	68
Total	Net sales	285,109	289,281	(4,172)
	Operating income	9,362	10,090	(728)

Note: Figures for net sales by segment include operating revenue.

## FY2008 Non-consolidated results

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Unit: Million yen

	FY2008	FY2007	Change ¥	Change %	Forecast amounts
Net sales	261,751	263,525	(1,774)	(0.7%)	273,500
Operating income	8,885	9,087	(201)	(2.2%)	9,600
Ordinary income	9,067	8,974	92	1.0%	9,650
Net income	4,004	4,841	(837)	(17.3%)	4,950

	End of FY2008	End of FY2007	Change ¥	Change %
Total assets	187,186	182,257	4,928	2.7%
Net assets	76,000	73,652	2,348	3.2%
Interest-bearing debt	42,457	33,925	8,531	25.1%
Equity ratio	40.6%	40.4%	--	--

## FY2008 Tenant sales by store

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### All store total down 0.7% year-on-year

Focused on enhancing competitiveness such as by carrying out strategic renovation and enhancing marketing and promotional strategy, and sought to increase ways to incentivize customers to make purchases, such as increasing New Year's Day opening and "4-day sales" at all stores  
Continued to open stores in major cities. Opened Sendai PARCO, our first store in the Tohoku region of northern Japan, in Aug. 2008

Shibuya PARCO Part 2 temporarily suspended its business operations on January 1, 2008 to carry out earthquake retrofitting work. Also, the merchandise floors of Shibuya Quattro Building closed at the end of May 2008. Excluding these factors, sales at Shibuya PARCO were down 6.0% from FY2007.

The entire B1 food floor of Hibarigaoka PARCO was closed for renovation from Feb. 5 to May 29, 2007.

Existing stores total: Figures for stores except for Shizuoka PARCO (opened on Mar. 15, 2007), Urawa PARCO (opened on Oct. 10, 2007), Sendai PARCO (opened on Aug. 23, 2008), and Atsugi PARCO (closed on Feb. 24, 2008)

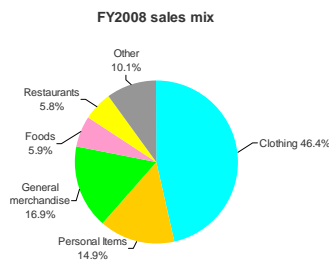
Unit: Million yen

	PARCO store	FY2008	
		Net sales	Change
Flagship stores	Ikebukuro	33,970	(2.4%)
	Shibuya	18,236	(15.7%)
	Sapporo	12,941	(1.8%)
	Chofu	17,319	(0.8%)
	Nagoya	40,436	(1.8%)
	Hiroshima	18,990	(0.2%)
	<b>Sub-total</b>	<b>141,895</b>	<b>(3.7%)</b>
Kanto stores	Kichijoji	10,359	(3.7%)
	Hibarigaoka	9,037	4.7%
	Shin-Tokorozawa	8,875	(5.1%)
	Chiba	8,830	(7.9%)
	Tsudanuma	10,312	(7.9%)
	Utsunomiya	7,521	(6.9%)
	<b>Sub-total</b>	<b>54,937</b>	<b>(4.6%)</b>
Regional stores	Matsumoto	8,757	(5.4%)
	Shinsaibashi	2,056	7.6%
	Otsu	7,870	(7.2%)
	Oita	4,394	(2.7%)
	Kumamoto	5,606	(5.1%)
		<b>Sub-total</b>	<b>28,686</b>
	<b>Existing stores total</b>	<b>225,518</b>	<b>(4.0%)</b>
	<b>Existing stores excluding Shibuya PARCO Part 2 and Quattro Building</b>	<b>225,518</b>	<b>(3.1%)</b>
	Shizuoka	10,296	(6.0%)
	Urawa	13,112	88.2%
	Sendai	6,265	--
	<b>Total</b>	<b>255,194</b>	<b>(0.7%)</b>

## FY2008 Year-on-year sales comparisons by item

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### Living-related general merchandise steady



Clothing and personal items experiencing difficulties overall, with no notable hits  
Living-related general merchandise performed steadily, buoyed by the bringing to market of general merchandise and fancy goods offerings leveraging seasonal and color-based themes, but culture-related merchandise such as CDs and books continued to experience difficulties

Existing stores: Figures for stores except for Shizuoka PARCO (opened Mar. 15, 2007), Urawa PARCO (opened Oct. 10, 2007), Sendai PARCO (opened Aug. 23, 2008), and Atsugi PARCO (closed Feb. 24, 2008).

Category and item	FY2008 Change %	
	All stores total	Existing stores
Womenswear	(1.2%)	(4.2%)
Menswear	(6.1%)	(8.8%)
General clothing	3.3%	0.9%
<b>Clothing</b>	<b>(2.9%)</b>	<b>(5.2%)</b>
Shoes	(3.1%)	(6.3%)
Bags	(1.0%)	(4.0%)
Accessories	(4.6%)	(9.8%)
Cosmetics	4.1%	2.1%
<b>Personal items</b>	<b>1.0%</b>	<b>(3.1%)</b>
Culture-related	(1.9%)	(7.2%)
Living-related	4.7%	3.7%
<b>General merchandise</b>	<b>(1.4%)</b>	<b>(5.3%)</b>
Foods	18.9%	5.0%
Restaurants	7.3%	(3.3%)
Other	10.0%	9.4%

Note: Comparisons with the previous fiscal year are based on integrated store sales. Integrated store sales indicates the overall sales strength of stores, as it includes tenant sales as well as the sales of PARCO Theater and fixed rate tenants.

## FY2008 New stores

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**Sendai PARCO opened on Aug. 23, 2008**

New store in a multifunctional building including commercial and office space that connects directly to JR Sendai Station, a key hub in the Tohoku region of Northern Japan. Aiming to establish position in market by extending the scope of fashion items in the future and enhancing events and campaigns to encourage consumers to make purchases.



2nd floor entrance, Sendai PARCO

Sendai PARCO



## FY2008 Renovation

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**Renovated 34,000m<sup>2</sup> in FY2008**

60% of total area renovated was at flagship stores



Ikebukuro PARCO

### FY2008 renovation results:

Scale of renovation: 390 sections, approx. 34,000m<sup>2</sup> (of which new stores comprised 179 sections)

Effect of renovation: Sales up 17.8% in same zone comparison



Hiroshima PARCO

### Total store overview as of end Feb. 2009:

20 stores, 37 buildings, 3,087 tenants, sales area of 447,500m<sup>2</sup>

## FY2008 Stores undergoing major renovation

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### Enhancing ability to make proposals and stimulating demand

#### Nagoya PARCO

- Enhanced position as a multifaceted store combining men's and women's fashion and personal items
- Enhanced eat-in and take-out dining offerings
- Bolstered linkage between the three buildings/encouraged multiple purchases at different stores
- Scale of renovation: 83 sections, 6,500m<sup>2</sup>



Nagoya PARCO

#### Sapporo PARCO

- Fully renovated the womenswear floors, including adding a major general retailer
- Also renovated the front exterior of the building
- Biggest renovation since opening
- Scale of renovation: 36 sections, 3,700m<sup>2</sup>



Sapporo PARCO

### Meeting market needs

#### Chofu PARCO

- Renovated restaurant floor
- Reshuffled store portfolio and improved sales area environment
- Scale of renovation: 20 sections, 2,900m<sup>2</sup>



Chofu PARCO

## FY2008 Other topics

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After School

### Movie business: Movies invested in during FY2008 all won awards

*After School, Detroit Metal City and PACO and the Magical Book* received 18 Japan Academy Awards

### Theater business: Received prestigious theater award

*Shiawase saiko arigato maji-de!*, which premiered in Oct. 2008 at PARCO Theater, received the prestigious Kishida Kunio Drama Award

### NEUVE A CO., LTD. steadily expanded to 131 stores

Opened 15 and closed 6 stores under scrap and build policy



TICTAC in Narita Airport Terminal 1 mall

### Stores opened in FY2008 H2

	Shopping complex	Store
Sept.	Canal City Hakata	GLOCCA by COLLECTORS
Oct.	TOKYU HANDS SANNOMIYA	TICTAC
	Kyobashi Keihan Mall	TICTAC
	Kokubunji L	TICTAC
Nov.	Otsu PARCO	POKER FACE
Feb.	Narita Airport Terminal 1 mall	TICTAC
	LUMINE Omiya	TORQUE

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### Five-year medium-term management plan (FY2005-2009)

#### Five-year medium-term management plan progress update

Unit: million yen

Consolidated	FY2005 Results	FY2006 Results	FY2007 Results	FY2008 Results	FY2009 Targets
Net sales	262,408	266,645	286,788	282,509	300,000
Ordinary income	8,879	9,594	9,973	9,171	12,000
Net income	4,006	4,503	5,167	3,730	6,000
Net assets	66,975	70,777	73,981	75,617	
Equity ratio	36.7%	38.7%	38.9%	39.4%	
Interest-bearing debt	38,883	34,863	33,065	40,777	
ROE	6.2%	6.5%	7.2%	5.0%	8.2%
Affiliates (excluding PARCO)	9	8	8	8	

Sales targets by segment	FY2005 Results	FY2006 Results	FY2007 Results	FY2008 Results	FY2009 Targets
Shopping Complex Business	242,675	246,450	263,525	261,751	276,819
Retail Business	15,946	16,718	17,097	17,079	18,812
Space Engineering and Management Business	21,985	22,754	26,365	22,437	24,252
Other Business	2,579	2,442	2,326	2,218	2,614
Consolidated total (after eliminations)	262,408	266,645	286,788	282,509	300,000

**Targeted response to business environment**

Enhance competitiveness through continuous innovation at existing stores and develop efficient management system

Plan and bring to market new business with the aim of raising corporate value

Increase business leveraging PARCO's expertise, including through collaboration with a broad range of partners

**FY2009 initiatives**

Based on these business objectives, we see  
FY2009 as a year to  
**strengthen existing business**  
and  
**consolidate base ahead of developing growth strategies**  
and we intend to implement the following policies:

**Planned renovation in FY2009: 510 sections, approx. 45,000m<sup>2</sup>**

Enhance appeal of stores, achieve differentiation from competitors' shopping complexes, and enhance ability to attract customers

**Stores undergoing major renovation and renovation themes**

Nagoya PARCO	Improve variety of offerings as a combined men's and women's fashion store Seek increase in shopping by couples Strengthen linkage between East, West and South buildings (continuing on from previous fiscal year)
Ikebukuro PARCO	Further strengthen womenswear sections, from casual through to dressy Increase returning customers by reconfiguring general merchandise zone Inspire new trends and make full use of prime location above Ikebukuro Station
Hiroshima PARCO	Focus: Enhancing young women's casual lineup Propose and market urban lifestyle offerings targeting a broad range of consumer sectors Leverage the strengths of the two buildings and make clear the functions of each building



**Renovation in Spring 2009: 205 sections, 18,000m<sup>2</sup>**

**Urban store group**

**Shizuoka PARCO**



Indicative image of Shizutetsu store, Shizuoka PARCO

Assumption: Neighboring building redevelopment opens in 2010 and is expected to increase area's daytime population

Plan: Install large comprehensive food shop (*Shizutetsu*)

Objective: Leverage synergies with existing basement food stores (confectionary stores, etc.) and increase customers

**Nagoya PARCO/Hiroshima PARCO/five other stores**

Plan: Introduce stores appearing in area for first time and new-type stores

Objective: Increase sales by renovating 9,700m<sup>2</sup> in total

**Kanto store group**

**Urawa PARCO**



Urawa PARCO

Plan: Enhance apparel, childrens' clothes, cosmetics for daily use

Objective: Meet unmet regional needs by providing hitherto unavailable products and functions

**Chofu PARCO/Hibarigaoka PARCO**

Plan: Add large-scale specialty stores

Objective: Expand customer base and customer numbers/increase time customers spend in stores

**Proactively implement marketing and promotional strategy**

Use anniversary plans to incentivize customers to visit and make purchases at PARCO stores

2009: 40th anniversary of Ikebukuro PARCO

Deploy anniversary plans: Generate synergies through enhanced store advertisement and revamping of corporate branding (full-scale start from Autumn 2009)

FY2009 sees 20th anniversaries of Nagoya PARCO and Chofu PARCO, 15th anniversary of Hiroshima PARCO and 25th anniversary of Matsumoto PARCO  
Leverage the anniversaries to seek to energize sales areas and stores by implementing campaigns to incentivize customers to visit and make purchases



**Customer strategy using PARCO Card**

Discount plan: Continue 5% off PARCO Card discount

Sale plan: Establish position of "4-day sale" plan

**Fukuoka PARCO\* scheduled to open in Spring 2010**

Fukuoka PARCO scheduled to open in terminal building directly connected to Tenjin Metro Station in the central Fukuoka Tenjin area  
Signed lease agreement in December 2008.  
Construction and preparations currently proceeding steadily ahead of opening



Fukuoka PARCO\*

**PARCO scheduled to open in Millenia Walk, Singapore in Spring 2010**

PARCO scheduled to open in the Millenia Walk marina area of Singapore  
Preparations currently underway, leveraging the expertise gained from the management of PARCO Bugis Junction and CENTRAL



PARCO@Millenia\*

\*Provisional names

**NEUVE A CO., LTD.**  
**Continue scrap and build policy and focus on reinforcing management structure**

Continue growth strategy by opening new stores in non-PARCO shopping complexes with prime locations/environments  
Set 2009 as the year to reinforce management structure by striving to develop information systems and nurture seeds of growth in each business, including through launching e-commerce business through company-owned websites and strengthening original product lineup



COMPLETE WORKS TOKYO,  
LUMINE EST Shinjuku



POKER FACE,  
LAZONA Kawasaki Plaza

**Stores opened or planned in FY2009 Q1**

	Shopping complex	Store
Mar.	LUMINE EST Shinjuku	COMPLETE WORKS TOKYO
Mar.	LAZONA Kawasaki Plaza	POKER FACE
Mar.	Tenjin IMS	TICTAC
Apr.	LaLaport TOKYO-BAY	COLLECTORS

Continue to flexibly and actively open stores in non-PARCO shopping complexes

## FY2009 Forecasts and dividends

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Forecasting higher net income on strengthening of existing business and rationalization accompanying business reorganization

Unit: Million yen

	FY2009 (ending Feb. 2010) Forecasts	FY2008 (ended Feb. 2009) Results	Change ¥	Change %	
Consolidated	Net sales	280,000	282,509	(2,509)	(0.9%)
	Operating income	9,400	9,362	37	0.4%
	Ordinary income	9,200	9,171	28	0.3%
	Net income	4,500	3,730	769	20.6%
Non- consolidated	Net sales	260,000	261,751	(1,751)	(0.7%)
	Operating income	9,000	8,885	114	1.3%
	Ordinary income	8,800	9,067	(267)	(2.9%)
	Net income	4,400	4,004	395	9.9%

### Dividends

FY2008: Decided to increase annual dividend per share for fifth consecutive year by ¥1 to ¥16  
 FY2009: Planning to maintain annual dividend per share at ¥16 (with interim dividend of ¥8)



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**I) Strengthen Shopping Complex Business**

- (1) Expand market share through growth strategy including developments in vicinity of existing stores
- (2) Establish new business models in collaboration with external companies
- (3) Maintain freshness of sales spaces by continuing efficient renovation premised on achieving appropriate investment returns
- (4) Deploy business resources efficiently through scrap and build policy

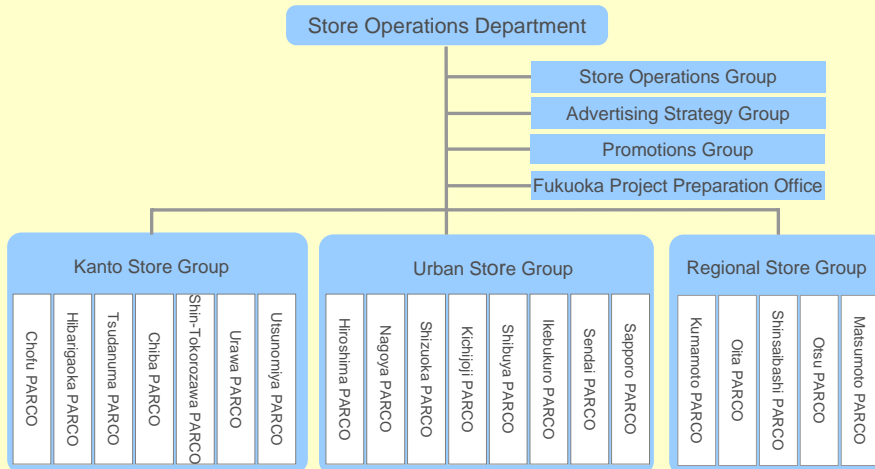
**II) Develop new growth strategies**

- (1) Restructure business (property management, consulting, multifunctional facility management) that leverages our core business capabilities
- (2) Develop overseas business by opening stores under master lease agreements and collaborating with local companies
- (3) Expand business utilizing contents in the entertainment business
- (4) Pursue retail business by collaborating with fashionable and unique specialty stores
- (5) Improve virtual business by combining e-commerce and existing stores and pursuing collaborations with external parties

**Consolidate base ahead of developing growth strategies (1)**

**Introduced store grouping system**

Enhancing competitiveness by developing strategies attuned to store characteristics



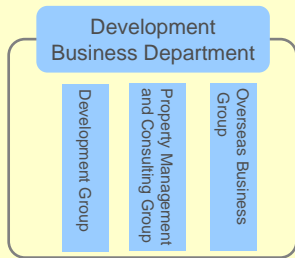
**Established new Business Strategy Office in organizational restructuring**

Realizing policy for raising corporate value by  
Planning new business strategies  
Enhancing marketing capabilities  
Strategically using IT



**Centralized development functions**

Making it easier to  
Expand existing business  
Acquire new business  
in an integrated manner, by centralizing  
development functions at the Development  
Business Group



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