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# PARCO

PARCO Co., Ltd.

Results Briefing for the 65<sup>th</sup> Term

April 20, 2004

# Content of Today's Briefing

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1. Highlights of Results for the 65<sup>th</sup> Term and Earnings Forecast for the Year Ending February 2005
2. Key Issues for the 65<sup>th</sup> Term
3. Toward Future Growth

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# 1. Results Highlights and Forecasts

- Highlights of results for the 65<sup>th</sup> term
- Earnings forecast for the year ending February 2005

# Highlights of Results for the 65<sup>th</sup> Term (Consolidated)

## Consolidated Results Unit: Million yen

	65 <sup>th</sup> term	Previous year	Amount of difference	Percentage difference
Net sales	281,478	297,614	-16,136	94.6%
Operating income	8,894	8,348	545	106.5%
Ordinary income	7,792	7,328	463	106.3%
Net income	2,791	2,373	417	117.6%
Total assets	203,688	222,541	-18,852	91.5%
Shareholders' equity	54,575	55,209	-634	98.9%
Interest bearing debt	67,341	80,150	-12,808	84.0%

### Notes:

- 1. PARCO BEAUTY SYSTEMS CO., LTD.:** Excluded from consolidation due to management buyout conducted February 28, 2003
- 2. LIBRO CO., LTD.:** Excluded from consolidation due to transfer of shares on July 15, 2003 (excluded from second half of fiscal 2003)

### Reference:

- 1. Fiscal 2002 sales for PARCO BEAUTY SYSTEMS:** Approx. 1.6 billion yen
- 2. Fiscal 2002 sales for LIBRO:** Approx. 23.7 billion yen, Fiscal 2003 first half sales: Approx. 11.7 billion yen.

# Highlights of Results for the 65<sup>th</sup> Term (Non-consolidated)






## Non-consolidated Results Unit: Million yen

	65 <sup>th</sup> term	Previous year	Amount of difference	Percentage difference
Net sales	242,421	244,936	-2,514	99.0%
Operating income	7,701	7,371	330	104.5%
Ordinary income	6,893	6,352	541	108.5%
Net income	1,914	1,401	512	136.6%
Total assets	193,523	201,572	-8,048	96.0%
Shareholders' equity	57,508	58,737	-1,229	98.0%
Interest bearing debt	67,524	70,968	-3,444	95.1%

## Consolidated: Non-consolidated Ratio









	65 <sup>th</sup> term	Previous year
Net sales	116%	122%
Operating income	115%	113%
Ordinary income	113%	115%
Net income	146%	169%

# Highlights of Results for the 65<sup>th</sup> Term (Non-consolidated): Sales by Store

Unit: Million yen	Trend 	65 <sup>th</sup> term		Previous year		Topics
		Sales	YoY	Sales	YoY	
Ikebukuro		31,423	100.0%	31,417	104.6%	Above previous year for fourth successive term due to sustained effect of refurbishment. Refurbishment of P' in fiscal 2004
Shibuya		18,230	99.1%	18,392	97.6%	Total refurbishment of Part 2 B1F-3F/ Refurbishment of Part 3 and Quattro in fiscal 2004
Sapporo		16,343	81.8%	19,972	95.2%	Effect of JR tower. Strengthening customer retention strategy using PEC card.
Gifu		2,895	88.2%	3,283	84.8%	Suffering from outflow of customers to large-scale suburban shopping centers and Nagoya commercial zone
Chiba		11,605	95.5%	12,152	93.7%	Intensification of market environment. Total renewal of 1F, including entrance, in fiscal 2004.
Tsudanuma		10,919	93.5%	11,675	95.5%	Major refurbishment in fiscal 2004 in response to changing market due to intensification of competition
Kichijoji		9,717	102.4%	9,492	101.0%	3rd consecutive year of earnings growth. Refurbishment of 2,800 m <sup>2</sup> . Strengthening of customer attraction functions.
Oita		5,649	95.8%	5,899	93.1%	2nd half customer numbers reach previous year's due to enhancement of fashion variety service
Shin-Tokorozawa		8,085	96.7%	8,358	96.9%	Total refurbishment of B1F food floor in fiscal 2004

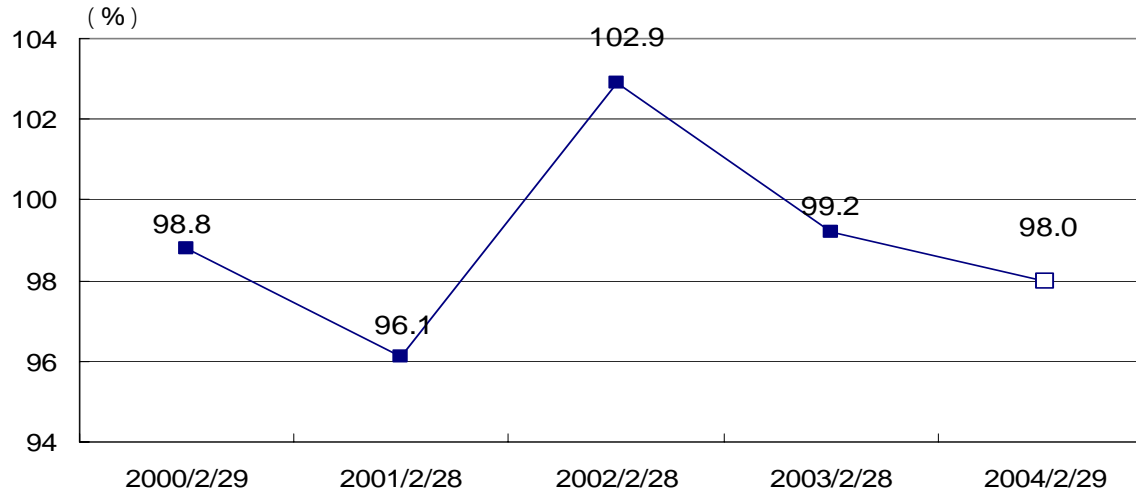
# Highlights of Results for the 65<sup>th</sup> Term (Non-consolidated): Sales by Store

(Cont.)

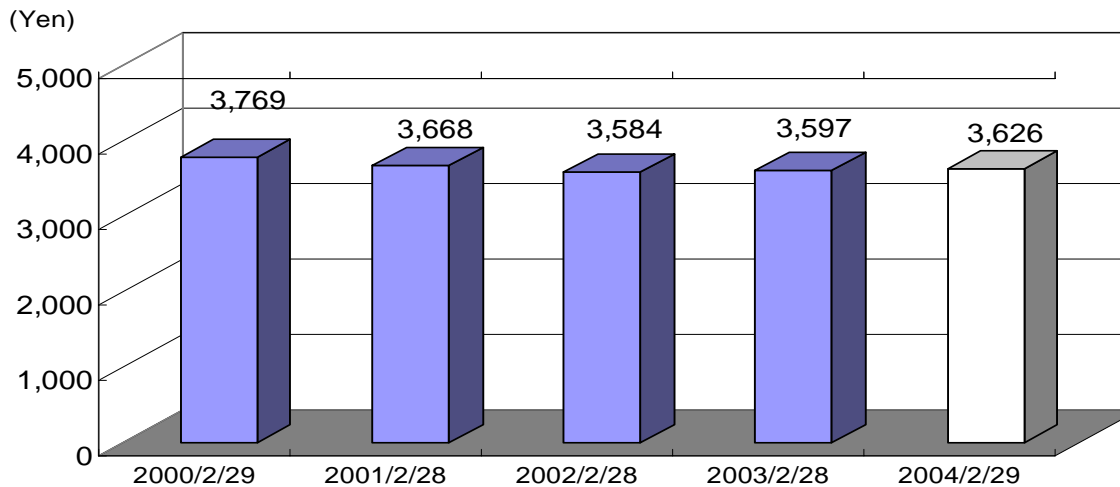
Unit: Million yen	Trend 	65 <sup>th</sup> term		Previous year		Topics
		Sales	YoY	Sales	YoY	
Matsumoto		8,731	103.2%	8,463	99.0%	Expansion of area from which customers visit store through strengthening of promotion over a wide area
Kumamoto		7,424	101.7%	7,300	91.9%	Moving from “recovery” to “maintaining stable growth” in fiscal 2004
Chofu		17,480	98.8%	17,687	97.8%	Failed to reach previous year’s sales due to closure for large-scale refurbishment. Positive development due to grand opening of refurbishment on April 1.
Nagoya		37,468	102.9%	36,425	100.6%	3rd consecutive year of earnings growth. Main entrance renewal. Restaurant refurbishment in fiscal 2004
Shinsaibashi		1,813	74.2%	2,443	74.8%	Suffering from inability to match fiscal 2002 World Cup sales
Atsugi		4,085	88.6%	4,610	85.6%	Main building comparison: 108.8%
Hibarigaoka		9,482	94.9%	9,994	95.7%	Main building comparison 100.5% due to effect of refurbishment. Small building (Nos Vos by PARCO) suffering
Hiroshima		16,725	112.5%	14,861	126.1%	3rd consecutive year of earnings growth. Developing PARCO’s first junior zone
Otsu		8,181	99.5%	8,218	94.6%	Introduction of large-scale family business with aim of strengthening attraction of new family groups
Utsunomiya		9,758	104.7%	9,321	102.3%	Even after results of refurbishment have run course, effect sustained due to penetration of new store image
Total		236,023	98.4%	239,971	98.9%	Total refurbishment: 448 tenants, 42,000 m <sup>2</sup> (includes 229 new tenants)

# Highlights of Results for the 65<sup>th</sup> Term (Non-consolidated): Trends in the Number of Customers & Average Spending per Customer

## Trends in the Number of Customers for Existing Stores



## Average Spending per Customer (All Stores)





# Highlights of Results for the 65<sup>th</sup> Term (Non-consolidated): Breakdown of Sales by Merchandise Category

Unit: Million yen

## Breakdown of Sales by Merchandise Category in the 65<sup>th</sup> Term

- The strong performance by young women's fashion underpinned women's wear overall due to the contribution of specialty shops and the strong operations of hit merchandise.
- Recovery in men's wear
- In non-fashion, general lifestyle merchandise with enhanced lifestyle proposal characteristics performed well
- Foods and restaurants suffered from intensifying competition as well as anxiety over ingredients.

Merchandise category		Sales	Year on year comparison
	Teen's fashion		(95.9%)
	Young fashion		(106.9%)
	Adult fashion		(81.1%)
	Women's wear		(101.3%)
	Men's wear		(100.2%)
	Sports wear		(87.8%)
	Kimono		(101.1%)
	Children's wear		(91.7%)
	Clothing	105,848	99.8%
	Shoes		(91.9%)
	Bags		(100.9%)
	Jewelry, watches, etc.		(99.2%)
	Cosmetics		(101.8%)
	Personal effects	31,129	97.0%
	Sundries	42,520	99.9%
	Foods	10,085	93.8%
	Restaurants	12,287	90.8%
	Others	34,152	97.5%

Notes: Figures in parentheses include tenants with fixed rent contracts.

# Main Selling, General and Administrative Expenses

## SG&A Expenses

SG&A Expenses		65 <sup>th</sup> term			Previous year			Unit: Million yen		
		Results	YoY	Proportion of sales	Results	YoY	Proportion of sales			
Consolidated	Salaries & wages	11,429	87.5%	4.1%	13,058	87.2%	4.4%			
	Leased land & office rent	10,007	84.9%	3.6%	11,782	100.0%	4.0%			
	Advertising expenditure	3,771	101.0%	1.3%	3,733	102.7%	1.3%			
	Commission	4,920	104.5%	1.7%	4,706	99.8%	1.6%	Forecasts for year ending Feb. 2005		
	Depreciation & amortization	4,102	96.1%	1.5%	4,267	96.2%	1.4%		YoY	Proportion of sales
	<b>Total SG&amp;A expenses</b>	<b>35,553</b>	<b>90.5%</b>	<b>12.6%</b>	<b>39,273</b>	<b>92.1%</b>	<b>13.2%</b>	<b>30,000</b>	<b>84.4%</b>	<b>11.5%</b>
Non-consolidated	Salaries & wages	4,848	96.3%	2.0%	5,036	98.3%	2.1%			
	Leased land & office rent	7,532	90.3%	3.1%	8,338	103.2%	3.4%			
	Advertising expenditure	3,554	105.3%	1.5%	3,376	106.5%	1.4%			
	Commission	5,252	111.6%	2.2%	4,706	96.8%	1.9%			
	Depreciation & amortization	4,174	100.8%	1.7%	4,141	104.0%	1.7%			
	<b>Total SG&amp;A expenses</b>	<b>23,283</b>	<b>99.5%</b>	<b>9.6%</b>	<b>23,407</b>	<b>100.0%</b>	<b>9.6%</b>	<b>23,400</b>	<b>100.5%</b>	<b>9.6%</b>

## Capital Investment

### Depreciation and Amortization

		65 <sup>th</sup> term		Previous year		Forecasts for year ending Feb. '05	
		Results	YoY	Results	YoY	YoY	
Consolidated	Capital investment	42	82.4%	51	72.9%	88	209.5%
	Depreciation & amortization	41	96.1%	43	97.7%		
Non-consolidated	Capital investment	46	121.1%	38	66.7%	85	184.8%
	Depreciation & amortization	42	100.8%	41	104.0%	44	106.3%

# Status of Interest Bearing Debt

## Consolidated

Unit: Million yen

	2004/02/29		2003/02/28		2002/02/28	
	Results	YoY	Results	YoY	Results	YoY
Short-term borrowings	20,012	66.4%	30,154	82.5%	36,569	93.6%
Commercial paper	0	-	0	-	0	-
Long-term borrowings	32,092	92.6%	34,658	121.2%	28,586	95.3%
Sub-total	52,104	80.4%	64,813	99.5%	65,155	94.3%
Bonds-outstanding	15,237	99.3%	15,337	104.5%	14,674	46.7%
Total	67,341	84.0%	80,150	100.4%	79,829	79.4%

## Non-consolidated

Unit: Million yen

	2004/02/29		2003/02/28		2002/02/28	
	Results	YoY	Results	YoY	Results	YoY
Short-term borrowings	20,244	93.8%	21,583	82.5%	26,169	101.4%
Commercial paper	0	-	0	-	0	-
Long-term borrowings	32,042	94.1%	34,048	125.0%	27,246	100.9%
Sub-total	52,286	94.0%	55,631	104.1%	53,415	101.1%
Bonds-outstanding	15,237	99.3%	15,337	104.5%	14,674	46.7%
Total	67,524	95.1%	70,968	104.2%	68,089	80.9%

# Earnings Forecasts for Year Ending February 2005

## Earnings Forecasts

Unit: Million yen

		Earnings forecast for year ending Feb 2005	Interim period
Consolidated	Net Sales	261,000	127,000
	Operating income	8,900	4,200
	Ordinary income	7,900	3,700
	Net income	3,000	1,700
Non-consolidated	Net Sales	244,000	118,000
	Operating income	7,700	3,700
	Ordinary income	6,800	3,100
	Net income	2,500	1,300

## Consolidated: Non-consolidated Ratio (full year)

	Earnings forecast for year ending Feb. 2005	65 <sup>th</sup> term
Net Sales	107%	116%
Operation income	116%	115%
Ordinary income	116%	113%
Net income	120%	146%

## Dividends

The meeting of the board of directors held on April 19, 2004 resolved to increase the annual dividend for the 66<sup>th</sup> term (the year ending February 2005) by 2 yen compared to the previous year to an annual dividend of 10 yen (includes the interim dividend of 5 yen).

## 2. Key Issues for the 65<sup>th</sup> Term

- Status of Refurbishment of Existing Stores
- Entertainment Business
- Reorganization of the PARCO Network
- Changes in the Composition of Shareholders

# Status of Refurbishment of Existing Stores: Summary of the 65<sup>th</sup> Term

## Outline of Sales Floors

Total Number of Tenants: 2,566  
Sales Floor Area: 372,110 m<sup>2</sup>

## Results of Refurbishment in Fiscal 2003

Scale of Refurbishment:  
448 tenants and 42,000 m<sup>2</sup> implemented

\* Entrance of 229 new tenants

Effect: Sales 119.3% of previous year  
(up by 3,866 million yen)

- Promotion of new building regeneration based on the characteristics and market position of each store.
- Winning new customers, broadening customer groups and giving concrete form to consumer needs by promoting introduction of new merchandise. Seeking to strengthen ability to attract customers and improve competitiveness within the market.

## Main Stores where Refurbishment Implemented

Nagoya, Hiroshima, Kichijoji,  
Shibuya, Chiba, Hibarigaoka

# Status of Refurbishment at Existing Stores 1: Nagoya PARCO

## Fiscal 2003 Business Results

Sales 37,468 million yen (102.9% of previous year)

## Results of Refurbishment in Fiscal 2003

Scale of refurbishment: 56 tenants and 4,600 m<sup>2</sup> implemented  
Effect: Sales 145.0% of previous year (up by 1,469 million yen)

## Theme of Refurbishment

Promotion of regeneration and introduction of new merchandise through fashion reorganization  
Reflecting consumers needs and promoting differentiation in the market

- Construction of “New Nagoya PARCO” for overall lifestyle enjoyment
- Entrance of 28 new tenants, including 20 tenants in Nagoya for the first time
- Promotion of further differentiation within the market based on a fresh look for the Grand floor, including the introduction of “COACH” in the first floor of the West Building
- Installation of an additional downward escalator to promote mobility
- First renewal of main entrance to the West Building since the store opened in 1989, and creation of a bright space with an open feel facing onto Otsu-dori, Nagoya’s main street
- Achievement of earnings growth for 3<sup>rd</sup> consecutive year



# Status of Refurbishment of Existing Stores 2: Hiroshima PARCO

## Fiscal 2003 Business Results

Sales 16,725 million yen (112.5% of previous year)

## Results of Refurbishment in Fiscal 2003

Scale of refurbishment: 56 tenants and 5,700 m<sup>2</sup> implemented  
Effect: Sales 133.7% of previous year (up by 782 million yen)

## Theme of Refurbishment

Promotion of regeneration and introduction of new merchandise through fashion reorganization  
Reflecting consumers needs and promoting differentiation in the market

- Aiming for further enhancement of positioning as “No. 1 fashion building in the Chugoku and Shikoku regions” and boosting attraction of customers from a wider area
- Entrance of 32 new tenants, including 25 tenants in Hiroshima for the first time
- Broadening range of customers and promoting further competitive differentiation through greater variety of merchandise such as development of first PARCO junior zone, including introduction of “GAP” on 4F of Annex building, promoting introduction of market’s first store opening brand, introduction of sport and casual zones through greater efficiency in general merchandise zone, to further consolidate market advantage
- Achievement of 3<sup>rd</sup> consecutive year of earnings growth due to permeation of the Main/Annex dual building system and active continuation of refurbishment





# Status of Refurbishment of Existing Stores 3: Kichijoji PARCO

## Fiscal 2003 Business Results

Sales 9,717 million yen (102.4% of previous year)

## Results of Refurbishment in Fiscal 2003

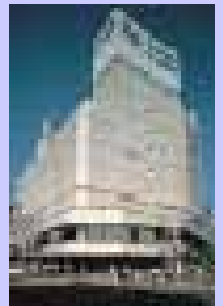
Scale of refurbishment: 33 tenants and 2,800 m<sup>2</sup> implemented  
Effect: Sales 127.4% of previous year (up by 305 million yen)

## Theme of Refurbishment

Strengthening capability to propose lifestyles, primarily by addressing general merchandise

Widening the range of customers and improving browsing and customer attraction functions

- Entrance of 21 new tenants (all entering Kichijoji for the first time )
- Boosting customer attraction facilities by establishing a sound/sport and culture theme through total refurbishment centered on the new entrance of “HMV” to Basement 1F
- Promotion of fashion regeneration based round ladies and casual zones, achievement of 3<sup>rd</sup> consecutive year of earnings growth



# Entertainment Business

PARCO Theater performed strongly as a result of the “**30<sup>th</sup> Anniversary Commemoration Program**” to mark the 30 years since its establishment. Sales and gross profit on sales for the business overall reached 138.6% and 135.7% of the previous year, respectively.

## Theater Business

In addition to the strong performance by the revival staging of “**Okepi! (The Orchestra Pit)**”, the large number of hit works included “**Kurotokage,**” “**Woman in Black,**” “**Nazo no Geshukunin,**” “**Futatabi no Koi,**” “**Akihiro Miwa recital ‘Ai,**” and “**Blue Beard's Castle.**”

- Significant increase in both annual performance and audience numbers
- Sales of performance DVDs also strong



## Music Business

Lining up anniversary program to mark 15 years since the opening of Shibuya CLUB QUATTRO, increasing sense of brand. CLUB QUATTROs in Shibuya, Nagoya, Shinsaibashi and Hiroshima all performing well and leading the field of music.

**QUATTRO  
STANDARDS+**

## Film Business

Screenings performing well including “**Jose to Tora to Sakanatachi**” and “**Blue Crush**” for the road show, late show “**Jigoku Koshien**” and morning show “**Moomin**”.

- “**Jose to Tora to Sakanatachi**”  
Total revenue: Over 100 million yen  
Total audience: 67,000  
Strong performance puts it in top five independent Japanese films



**CINE QUINTO**  
PARCO

## Publishing Business

Akihiro Miwa’s “**Jinsei Note (Notes on Life)**” and “**Ah Seifu no Hosoku (Oh, the Principle of Positive and Negative)**” continue to sell well.

This year’s new publications “**Terayama Shuji Meigenshu,**” “**Bagel & Bagel**” and “**3D Nail**” also doing well.

**PARCO出版**



# Reorganization of the PARCO Network

**Reorganization of the network began in fiscal 2000 with the aim of concentrating management resources.**

## **Transfer of LIBRO shares:**

**Strengthening the management base in the intensely competitive specialist bookshop market**

90% of LIBRO shares transferred to Nippon Shuppan Hanbai Inc.  
Gain on sale: 340 million yen (July 15, 2003)



## **Reorganization of hotel business:**

**Aiming to separate asset ownership and management**

PARCO owns hotel assets, and established Hotel New Creston Co., Ltd., a hotel management company

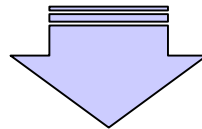
## **Transfer of Wave shares:**

**Creating a group based on share value with Tower Records Japan Inc. Expecting effective use of management resources and business expansion.**

Gain transferred to PARCO from WAVE reserve:  
150 million yen (600 million yen increase in consolidated net income due to tax effects)

\* Underwriting of private placement of new shares by Tower Records equal in amount to transfer proceeds.

The logo for WAVE, consisting of the word "WAVE" in a large, bold, black, sans-serif font.

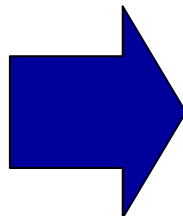


**The above practically completes the reorganization of the network, and PARCO is now moving toward establishing the foundation for the expansion of its business content.**

# Changes in the Composition of Shareholders

## Changes in the Composition of the Leading Shareholders

February 28, 1998		
1	Seibu Dept. Stores	14.6%
2	Seibu Railway Co., Ltd	5.9%
3	Seibu Construction	5.4%
4	Sumitomo Trust&Banking	4.8%
5	Saison Network	4.3%



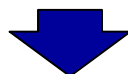
February 29, 2004		
1	Mori Trust	27.2%
2	Japan Trustee Services Bank	13.1%
3	PARCO (treasury stock)	-%
4	Credit Saison	9.6%
5	The Master Trust Bank of Japan	9.5%

Saison Group holding: 28.9%



Saison Group holding: 9.6%

December 1, 2003 : 11,000,000 shares of PARCO stock held by the Seibu Department Store group liquidated



Secondary Offering : 6 million shares: secondary offering of shares in connection with disposal of treasury stock  
 900,000 shares: secondary offering of shares through over-allotment

[Summary of sales]

Number of shares sold: 6,900,000, Sale price: 683 yen,

Aggregate sale price: 4,712,700,000 yen, Application period: March 30-April 1, Remittance date: April 6, Delivery date: April 7

# Progress of PARCO Structural Reform

Concentration of management resources on shopping complex development business, the principal business

PARCO non-consolidated Unit: Million yen	60 <sup>th</sup> term (Fiscal 1998)	61 <sup>st</sup> term (1999)	62 <sup>nd</sup> term (2000)	63 <sup>rd</sup> term (2001)	64 <sup>th</sup> term (2002)	65 <sup>th</sup> term (2003)
Net sales	274,902	263,840	246,126	248,525	244,936	242,421
Operation income	6,276	6,277	6,296	6,929	7,371	7,701
Ordinary income	5,488	4,872	4,886	5,719	6,352	6,893
Net income	839	530	-3,753	1,127	1,401	1,914
Total assets	243,054	234,434	215,314	202,846	201,572	193,523
Interest bearing debt	97,629	93,942	84,212	68,089	70,968	67,523
Shareholders' equity	53,896	54,585	50,331	57,419	58,738	57,508
ROA	2.36%	2.04%	2.17%	2.74%	3.14%	3.49%
Notes	<ul style="list-style-type: none"> <li>Opening of South Building, Nagoya PARCO</li> <li>Loss on write-down of Seiyu Corporation shares PARCO Group: 5.1 billion yen (Includes PARCO: 250 million yen)</li> <li>Liquidation of Creston Development (golf course development company): 5.6 billion yen loss</li> </ul> <p>Note for the 66<sup>th</sup> term (fiscal 2004): Capital tie-up agreement with Tower Records Japan Inc. and Wave Co., Ltd., Management buyout at J Foods Co., Ltd.</p>	<ul style="list-style-type: none"> <li>Recovery of investment in Intercontinental Hotel (IHC) PARCO Group: 12.5 billion yen (Includes PARCO: 10 billion yen)</li> <li>Loss on write-down of Seiyu shares: 2.9 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>Sale of Saison Co., Ltd., shares Loss on sale: 5 billion yen Recovery of funds: 8.9 billion yen</li> <li>Liquidation of Walk: 1.1 billion yen loss</li> <li>Loss on write-down of Across: 2.9 billion yen</li> <li>Wave reserve: 1.4 billion yen loss</li> </ul>	<ul style="list-style-type: none"> <li>Opening of Annex building at Hiroshima PARCO</li> <li>Operational and capital tie-up with Mori Trust Co., Ltd.</li> <li>Loss on write-down of Seiwa Sangyo shares: 1.5 billion yen</li> <li>Loss on write-down of Creston Hotel: 700 million yen</li> <li>Sale of Japan Horseback Riding Club: ± 0</li> <li>Management buyout at PBD (Singapore subsidiary): ± 0</li> </ul>	<ul style="list-style-type: none"> <li>Opening of Zero Gate</li> <li>Gain on sale of Seiyu shares: 270 million yen</li> <li>Loss on write-down of Seibu Dept. Stores shares: 560 million yen</li> <li>Withdrawal from Atsugi Due : 1.1 billion yen loss</li> <li>Liquidation of parco.tv: 100 million yen loss</li> <li>Liquidation of PARCO Foods: 400 million yen loss</li> <li>Management buyout at PARCO Beauty Systems: 50 million yen loss</li> </ul>	<ul style="list-style-type: none"> <li>Gain on sales of Libro shares: 340 million yen</li> <li>Reorganization of hotel business Establishment of Hotel New Creston Liquidation of Creston Hotel: 1.3 billion yen loss</li> <li>Gain transferred from Wave reserve: 150 million yen</li> <li>Gain on sale of Seiyu shares: 100 million yen</li> <li>Liquidation of Across: ± 0</li> <li>J Foods reserve: 280 million yen loss</li> <li>Dissolution of Fukido: 50 million yen loss</li> </ul>

### 3. Toward Future Growth

- Business Development Strategy
- PARCO Network System
- Overseas Company Group
- Existing Store Refurbishment

# Business Development Strategy



# PARCO Network System

**Change in the number of companies:**

**February 28, 1998, 30 companies (25 domestic companies)**

**→ February 29, 2004, 11 companies (8 domestic companies)**

Network reorganization completed in fiscal 2003. In the future, we are aiming to expand the earnings of the entire network based on the theme of increasing corporate value.

**Strategic company group:** Plays a strategic role in the overall PARCO network  
PARCO, PARCO SPACE SYSTEMS (interior finishing, building maintenance and property management), PARCO-CITY (IT)

**Operational company group:** Aims to generate profits outside of PARCO stores  
NEUVE A (general merchandise sales), HARLEY-DAVIDSON CITY (Harley-Davidson sales)

**Functional company group:** Has a high level of expertise and contributes to shopping complex management

HOTEL NEW CRESTON (hotel operation), PALM GARDEN (food sales), MAINICHI  
NEWSPAPERS CULTURE CITY (culture school)

**Overseas company group:** Center of Southeast Asian strategy

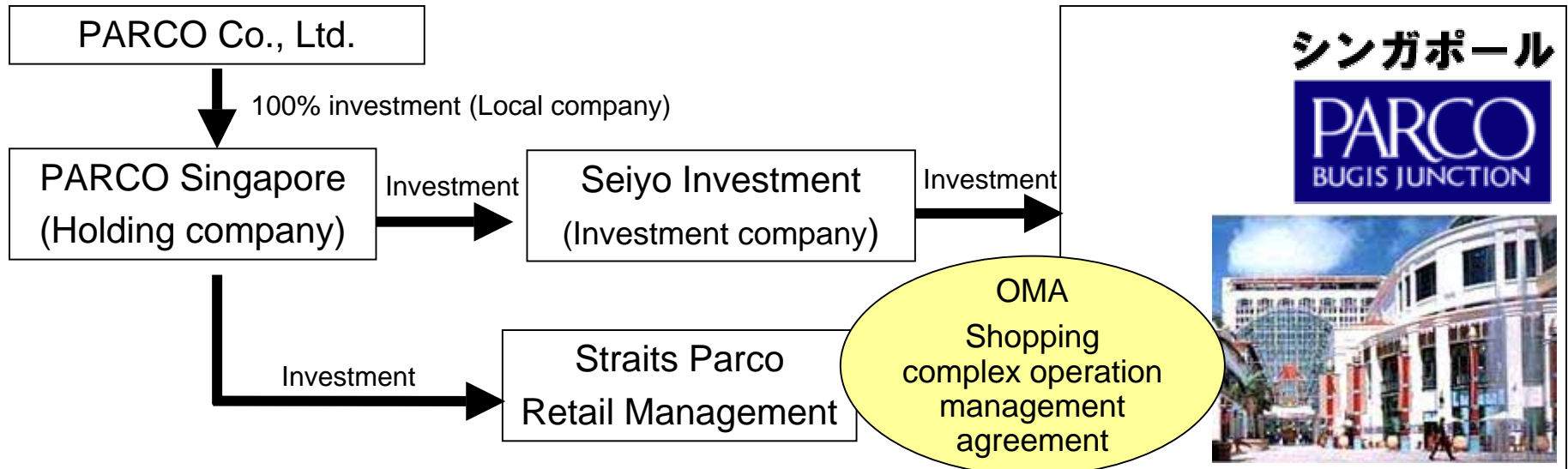
PARCO Singapore (holding company), Seiyo Investment (investment company), Straits  
Parco Retail Management (shopping complex operation)



# Overseas Company Group

## Overseas company group: Center of Southeast Asian strategy

PARCO Singapore (holding company), Seiyo Investment (investment company), Straits Parco Retail Management (shopping complex operation)



PARCO Bugis Junction is a retail division of a multiplex in Singapore's Bugis district that opened in 1995.

Earnings have grown for seven consecutive years through fiscal 2003.

It has attracted attention from Southeast Asian countries and has been subcontracted in Singapore, Thailand and Taiwan for consulting, tenant leasing and interior finishing.

In the future, PARCO aims to expand its operations in Southeast Asia based on Singapore.

# Existing Store Refurbishment

## Store Strategy in the 66<sup>th</sup> Term

In order to continue to be an appealing line of shopping complexes that gains the support of customers, PARCO aims to promote renovation, improve the shopping environment, and review its service system.

- Thorough awareness of remarketing at each store to build the “complex-by-complex” strategy
- Active promotion of improved differentiation based on a long-term outlook

## Refurbishment Plan for the 66<sup>th</sup> Term

Scale of refurbishment: 568 tenants and about 52,800 m<sup>2</sup>

## Main Store for Refurbishment

### Shibuya PARCO

Complete refurbishment of Part 3. Replacement of merchandise aiming for a “library store that suggests real Shibuya life”, and proposal of a new, multi-function complex consumer style building.

Creation of a beautiful and comfortable shopping area with the installation of a new escalator and the partial replacement of the exterior walls with glass. Complete renewal of PARCO QUATTRO also to take place.



## Other Stores for Refurbishment

Chofu, Tsudanuma, Nagoya, Ikebukuro, Hibarigaoka, Shin-Tokorozawa, Chiba

# Existing Store Refurbishment – Chofu PARCO and Tsudanuma PARCO

## Chofu PARCO

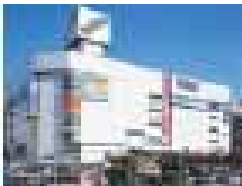


Scale of refurbishment: 80 tenants and 10,700 m<sup>2</sup>  
28 new tenants (20 stores entering PARCO for first time)

“NEXT Chofu, NEXT Chofu PARCO!”

- 15th anniversary of opening campaign to run for the year of 2004. Grand opening on April 1 with the aim of creating a “fresh and healthful” lifestyle building.
- Largest scale refurbishment since 1989 opening. Complete renewal of fashion zone on 1F-4F. Refurbishment of slightly less than 50% of entire store.
- Reorganization of floor zoning to target young married women aged in their 30s, the boom young customer group, in response to the changing Chofu market. Aiming to promote improved repeat rate, increased visit length and browsing.
- Also implementing renewal of entrance in front of station and improvements to amenity environment.

## Tsudanuma PARCO



Scale of refurbishment: 65 tenants and 5,500 m<sup>2</sup>  
23 new tenants (5 stores entering PARCO for first time)

- Aiming to once again strengthen advantage of location as a shopping complex in front of the station, and mobilize a wide range of customer groups. Grand opening on April 29.
- Renewal of all seven floors. Refurbishment of slightly less than 50% of entire store.
- Promotion of fashion zone-based refurbishment to strength the “PARCO” brand and pursuit of differentiation.
- Renewal of 2F entrance to Annex A building with aim of strengthening ability to attract customers from JR Tsudanuma Station.
- Proposal of a comfortable refined environment through improvements to the shared environment of floors.



<http://www.parco.co.jp/>

## Results Briefing for the 65<sup>th</sup> Term

END

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