

1. Overview of FY2008 Q3 results

Q3 results

Non-consolidated net sales and net income both up from FY2007 Q3, partly due to contributions from new stores Urawa PARCO and Sendai PARCO. Consolidated net sales and net income both down, partly in reaction to the major construction orders received by an interior work subsidiary in FY2007 Q3

Unit: Million yen

Consolidated	Q3 Mar.-Nov.	Change ¥	Change %	Full-year forecasts	Change %
Net sales	209,240	(968)	(0.5%)	294,000	2.5%
Operating income	7,042	(795)	(10.2%)	10,300	2.1%
Ordinary income	6,898	(821)	(10.6%)	10,000	0.3%
Net income	3,427	(741)	(17.8%)	5,000	(3.2%)

Non-consolidated	Q3 Mar.-Nov.	Change ¥	Change %	Full-year forecasts	Change %
Net sales	194,082	2,595	1.4%	273,500	3.8%
Operating income	6,889	(5)	(0.1%)	9,600	5.6%
Ordinary income	7,123	330	4.9%	9,650	7.5%
Net income	3,785	192	5.4%	4,950	2.2%

Consolidated results by segment

Net sales up in the Shopping Complex Business and Retail Business, with new stores contributing. Net sales down in the Space Engineering and Management Business, due to a decline in construction orders and other factors, as well as the strong performance in FY2007 Q3

Unit: Million yen

		Q3 Mar.-Nov.	Change ¥
Shopping Complex Business	Net sales	196,245	2,672
	Operating income	6,861	(62)
Retail Business	Net sales	12,360	196
	Operating income	79	(120)
Space Engineering and Management Business	Net sales	16,489	(4,112)
	Operating income	207	(635)
Other Business	Net sales	1,629	(83)
	Operating loss	(107)	(8)
Subtotal	Net sales	226,725	(1,327)
	Operating income	7,041	(827)
Eliminations or corporate	Net sales	(15,505)	435
	Operating income	1	31
Total	Net sales	211,220	(891)
	Operating income	7,042	(795)

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

Consolidated SG&A expenses

SG&A expenses increased, partly as a result of store opening expenses accompanying the opening of new stores

Unit: Million yen

	Q3 Mar.-Nov.	Change ¥	Change %
Personnel	7,277	243	3.5%
Lease/rental	7,626	553	7.8%
Advertising	3,079	(216)	(6.6%)
Agency services	4,884	312	6.8%
Depreciation	4,034	688	20.6%
Total SG&A	26,217	1,560	6.3%

## 2. Overview of sales

### Non-consolidated quarterly trends in tenant sales

Flagship stores Nagoya PARCO and Hiroshima PARCO performed well, partly reflecting successful autumn renovations

(Comparison with same period of previous year)

	FY08 Q1	Q2	Q3
All stores	1.2%	2.6%	0.8%
Existing stores *1	(1.5%)	(2.2%)	(3.2%)
Existing stores excluding Shibuya PARCO Part 2 and Quattro Building*2	(0.8%)	(0.8%)	(2.2%)

\*1 "Existing stores" does not include Shizuoka PARCO (opened on Mar. 15, 2007), Urawa PARCO (opened on Oct. 10, 2007), Sendai PARCO (opened on Aug. 23, 2008) or Atsugi PARCO (closed on Feb. 24, 2008).

\*2 Shibuya PARCO Part 2 temporarily suspended its business operations from Jan. 1, 2008 for earthquake retrofitting work. Also, the merchandise floors of Shibuya Quattro Building closed at the end of May 2008.

### Non-consolidated tenant sales by store

Unit: Million yen

	Store	Q3 Mar.-Nov.	
		Net sales	Change %
Flagship stores	Ikebukuro PARCO	25,527	(0.6%)
	Shibuya PARCO	13,759	*1 (13.7%)
	Sapporo PARCO	9,533	(2.3%)
	Chofu PARCO	12,915	(0.4%)
	Nagoya PARCO	29,835	0.2%
	Hiroshima PARCO	13,937	0.7%
	<b>Total flagship stores</b>	<b>105,509</b>	<b>(2.3%)</b>
Kanto region stores	Kichijoji PARCO	7,771	(1.7%)
	Hibarigaoka PARCO	6,777	*2 8.1%
	Shin-Tokorozawa PARCO	6,699	(3.3%)
	Chiba PARCO	6,568	(5.7%)
	Tsudanuma PARCO	7,792	(6.9%)
	Utsunomiya PARCO	5,573	(5.5%)
	<b>Total Kanto region stores</b>	<b>41,182</b>	<b>(2.7%)</b>
Regional stores	Matsumoto PARCO	6,463	(3.7%)
	Shinsaibashi PARCO	1,533	9.2%
	Otsu PARCO	6,229	(1.1%)
	Oita PARCO	3,206	(1.6%)
	Kumamoto PARCO	4,071	(3.0%)
	<b>Total regional stores</b>	<b>21,504</b>	<b>(1.7%)</b>
	<b>Total existing stores</b>	<b>168,196</b>	<b>*3 (2.3%)</b>
	Existing stores excluding Shibuya PARCO Part 2 and Quattro Building	168,196	(1.3%)
	Shizuoka PARCO	7,463	(8.3%)
	Urawa PARCO	9,814	212.7%
	Sendai PARCO	3,591	-
	(Atsugi PARCO)	-	-
	<b>Total</b>	<b>189,066</b>	<b>1.5%</b>

\*1 Shibuya PARCO Part 2 temporarily suspended its business operations from Jan. 1, 2008 for 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 2.9% from FY2007 Q3.

\*2 The food floor (B1 floor) of Hibarigaoka PARCO was fully closed for renovation from Feb. 5, 2007 to May 29, 2007.

\*3 "Total existing stores" does not include Shizuoka PARCO (opened on Mar. 15, 2007), Urawa PARCO (opened on Oct. 10, 2007), Sendai PARCO (opened on Aug. 23, 2008) or Atsugi PARCO (closed on Feb. 24, 2008).

### Non-consolidated sales by item

Living-related general merchandise continued to perform strongly

Category and item	Q3 Mar.-Nov	
	Change %	
	All stores total	Existing stores
Womenswear	0.9%	(2.4%)
Menswear	(3.3%)	(6.3%)
General clothing	5.0%	2.2%
<b>Clothing</b>	<b>(0.5%)</b>	<b>(3.1%)</b>
Shoes	(0.8%)	(4.1%)
Bags	0.9%	(1.9%)
Accessories	(3.1%)	(8.3%)
Cosmetics	3.7%	2.0%
<b>Personal items</b>	<b>2.6%</b>	<b>(1.8%)</b>
Culture-related	0.4%	(5.4%)
Living-related	6.3%	4.5%
<b>General merchandise</b>	<b>0.6%</b>	<b>(3.9%)</b>
Foods	27.9%	6.8%
Restaurants	10.9%	(2.6%)
Other	10.1%	7.1%

\*Sales by item are "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 renovation

#### FY2008 Q3 renovation results:

##### Scale of renovation:

363 sections/approx. 31,400m<sup>2</sup>  
(of which new stores comprised 169 sections)

##### Effect of renovation:

Sales up 18.1% in same zone comparison

##### Planned FY08 renovation:

Scale: 472 sections/approx. 46,000m<sup>2</sup>

### Non-consolidated stores/tenants/sales area

20 stores in total  
Total tenants: 3,178  
Sales area: 447,500m<sup>2</sup>

(as of end Aug. 08)

### < Other Highlights >

·<PARCO> Decided to open store in Fukuoka Tenjin 2-chome Building.\*  
Opening planned for Spring 2010

[Shopping Complex Business]

·<NEUVE A> Opened 5 new stores in Sept.-Nov., bringing total stores to 134

[Retail Business]

\*Provisional name. Formerly Iwataya Honkan.