



PARCO CO., LTD.
FY2010 Results Investor Presentation
(March 1, 2010 – February 28, 2011)
TSE 1st Section 8251

Summary

I FY2010 results overview

Consolidated and non-consolidated net sales and income both increased YoY and exceeded initial forecasts

- Contribution from new store Fukuoka PARCO, higher sales at existing stores due to renovations, and cost-cutting initiatives all contributed
- Retail Business, Space Engineering and Management Business and all other businesses grew net sales and income, due to increases in orders from external clients, etc.

II Key business strategies: FY2010 achievements and FY2011 plans

Medium-term Business Plan Business Strategy 1: Innovation at existing stores

FY2010 achievements	Renovated 45,000m ² Renovated-zone sales up 20.4% and customer numbers up 21.9% YoY
FY2011 plans	Targeting record-high renovation of 61,000m ² . Continuing to innovate existing stores, dividing PARCO stores into urban stores and community stores based on local market characteristics

Medium-term Business Plan Business Strategy 2: Expansion of commercial activities in urban areas both in Japan and overseas

FY2010 achievements	Fukuoka PARCO opened and performed strongly, exceeding initial forecasts
FY2011 plans	<u>Japan:</u> Open stores with a new business model: low- to medium-rise urban shopping complexes <u>Overseas:</u> Signed memorandum of understanding with CapitaMalls Asia Limited toward forming a business alliance. Taking steps toward business expansion in China

Medium-term Business Plan Business Strategy 3: Rapid development of related and new businesses

FY2010 achievements	Achieved higher net sales and income at each group company, with contribution from increase in orders from external clients, etc.
FY2011 plans	In the e-commerce business, opened trendy fashion site Stylife in the PARCO-CITY online shopping mall as the first step in a business alliance with Stylife Corporation

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FY2010 Consolidated results

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Achieved targets and posted higher net sales and income for first time in three years in first year of medium-term business plan

Unit: Million yen

	FY2010	FY2009	Change ¥	Change %	Forecast amounts	Change ¥
Net sales	264,840	261,076	3,763	1.4%	264,000	840
Operating income	9,218	8,601	617	7.2%	8,700	518
Ordinary income	8,750	8,554	195	2.3%	8,300	450
Net income	4,400	4,108	291	7.1%	4,200	200
EBITDA*	15,837	14,189	1,647	11.6%	—	—

	FY2010	FY2009	Change ¥	Change %
Total assets	222,135	187,093	35,041	18.7%
Net assets	81,868	78,657	3,210	4.1%
Interest-bearing debt	73,447	38,487	34,960	90.8%
Equity ratio	36.8%	42.0%		
Market price-based equity ratio	30.2%	30.7%		
Debt service coverage ratio: years	6.1	4.3		
Interest coverage ratio: times	15.1	13.4		

*EBITDA in this table refers to operating income plus depreciation and amortization.

FY2010 Consolidated results by segment

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Shopping Complex Business

PARCO CO., LTD. achieved higher net sales and income on strong performance by new store Fukuoka PARCO, and renovation, marketing plans and advertising attuned to the different characteristics of existing stores

Retail Business

NEUVE A CO., LTD. continued to open stores in leading shopping centers nationwide, bringing total stores to 140. Improved profitability by successfully expanding the range of private brand products

Space Engineering and Management Business

PARCO SPACE SYSTEMS CO., LTD. received interior work orders from major external shopping complexes. Expanded sales channels through environmental proposals leveraging the strengths of a series of energy-efficient original private brand lighting fixtures

Other Business

PARCO CITY CO., LTD. achieved increased orders for websites from shopping complexes and also successfully started specialist recruitment portal sites for the fashion industry and 'fashion building' shopping complexes

*1 PALM GARDEN CO., LTD., which was included in the figures for FY2009, stopped doing business as of the end of Feb. 2010.

*2 Sold HOTEL NEW CRESTON CO., LTD., which was included in the figures for FY2009 H1, in June 2009, exiting the hotel business.

Reference		FY2010	FY2009	Change ¥
NEUVE A CO., LTD.*	Net sales	15,396	14,981	414
	Operating income	338	328	9
PARCO-CITY CO., LTD.**	Net sales	600	570	29
	Operating income	16	13	2

Unit: Million yen

		FY2010	FY2009	Change ¥
Shopping Complex Business	Net sales	248,307	246,010	2,297
	Operating income	8,434	8,005	429
Retail Business*	Net sales	15,396	16,971	(1,575)
	Operating income	332	303	28
Space Engineering and Management Business	Net sales	18,830	17,758	1,072
	Operating income	385	209	176
Other Business**	Net sales	591	954	(363)
	Operating income	16	26	(9)
Subtotal	Net sales	283,126	281,695	1,430
	Operating income	9,169	8,543	625
Eliminations or Corporate	Net sales	(15,466)	(18,007)	2,541
	Operating income	49	57	(8)
Total	Net sales	267,659	263,688	3,971
	Operating income	9,218	8,601	617

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

FY2010 Non-consolidated results

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Grew net sales and income, driven by three recently opened stores and new store Fukuoka PARCO

Unit: Million yen

	FY2010	FY2009	Change ¥	Change %	Forecast amounts	Change ¥
Net sales	245,488	243,349	2,138	0.9%	245,000	488
Operating income	8,709	8,154	554	6.8%	8,200	509
Ordinary income	8,222	8,208	14	0.2%	7,700	522
Net income	4,242	4,184	58	1.4%	4,000	242
EBITDA*	15,042	13,473	1,569	—	—	—

	FY2010	FY2009	Change ¥	Change %
Total assets	218,846	183,189	35,657	19.5%
Net assets	82,136	79,059	3,076	3.9%
Interest-bearing debt	75,372	40,514	34,858	86.0%
Equity ratio	37.5%	43.2%		

*EBITDA in this table refers to operating income plus depreciation and amortization.

Decided to pay an annual dividend per share of ¥17 in FY2010 (including a year-end dividend per share of ¥9, ¥1 higher than planned) (paid an annual dividend per share of ¥16 in FY2009)

FY2010 Tenant sales by store

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All-store total up 1.1%

Unit: Million yen

PARCO store		Net sales	Change %
Urban Store Group	Sapporo PARCO	11,240	(6.8%)
	Sendai PARCO (opened Aug. 2008)	10,143	4.5%
	Ikebukuro PARCO	30,329	(3.3%)
	Shibuya PARCO	13,537	(10.9%)
	Shizuoka PARCO (opened Mar. 2007)	10,993	4.4%
	Nagoya PARCO	34,431	(5.8%)
	Hiroshima PARCO	17,011	(4.7%)
	Total	127,688	(4.2%)

PARCO store		Net sales	Change %
Kanto Store Group	Utsunomiya PARCO	5,568	(13.0%)
	Urawa PARCO (opened Oct. 2007)	13,257	5.6%
	Shin-Tokorozawa PARCO	8,132	(0.8%)
	Chiba PARCO	6,907	(7.4%)
	Tsudanuma PARCO	9,303	(2.8%)
	Hibarigaoka PARCO* ¹	7,930	2.1%
	Kichijoji PARCO	8,741	(5.1%)
	Chofu PARCO	16,914	(0.7%)
Total	76,755	(1.8%)	

PARCO store		Net sales	Change %
Regional Store Group	Matsumoto PARCO	7,649	(3.0%)
	Otsu PARCO	5,022	(16.9%)
	Shinsaibashi PARCO	1,856	(0.4%)
	Kumamoto PARCO	4,952	(4.9%)
	Total	19,480	(7.2%)

PARCO store		Net sales	Change %
Existing stores* ²		223,924	(3.7%)
Fukuoka PARCO (opened Mar. 2010)		13,126	--
Oita PARCO (closed Jan. 2011)		3,454	--
Total		240,505	1.1%

*1 Hibarigaoka PARCO year-on-year figures exclude the annex "NosVos by PARCO," which closed on Feb. 28, 2010.

*2 Existing store total excludes figures for Fukuoka PARCO (opened Mar. 19, 2010), the Hibarigaoka PARCO annex "NosVos by PARCO" (closed Feb. 28, 2010), and Oita PARCO (closed Jan. 31, 2011).

FY2010 Year-on-year sales comparisons by item

9/25

General clothing and foods performed strongly

- ◎ In the clothing category, general clothing performed strongly, driven by the introduction of stores combining men's and women's offerings. Highly functional clothing that meets the needs of a wide range of generations was popular
- ◎ Foods continued to perform well, partly due to the introduction of new tenants

Existing stores	FY2009 total	FY2010				
		1Q	2Q	3Q	4Q	Total
Change % from FY2009						
Tenant sales	(6.8%)	(4.9%)	(4.9%)	(3.8%)	(1.1%)	(3.7%)
Paying customers	(2.8%)	(0.9%)	(0.7%)	(0.5%)	(0.4%)	(0.6%)
Average spend per customer	(5.6%)	(4.4%)	(3.6%)	(3.2%)	(0.7%)	(3.0%)

Existing store total excludes the figures for Fukuoka PARCO (opened Mar. 19, 2010), the "NosVos by PARCO" annex of Hibarigaoka PARCO (closed Feb. 28, 2010), and Oita PARCO (closed Jan. 31, 2011).

Category and item	FY2010 Change % from FY2009	
	All stores	Existing stores
Womenswear	(2.9%)	(6.2%)
Menswear	(4.9%)	(7.2%)
General clothing	13.4%	4.8%
Clothing	(0.2%)	(4.2%)
Shoes	(1.5%)	(5.8%)
Bags	(2.8%)	(10.8%)
Accessories	0.3%	(6.1%)
Cosmetics	8.0%	(0.1%)
Personal items	2.3%	(4.6%)
Culture-related	0.5%	(4.9%)
Hobby and household-related	1.9%	(3.1%)
General merchandise	1.7%	(3.2%)
Foods	0.1%	0.0%
Restaurants	1.4%	(5.1%)
Other	4.1%	(1.1%)

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.

Selling, general and administrative expenses; capital expenditure 10/25

Selling, general and administrative expenses

Unit: Million yen

Consolidated		Amount	Change ¥	Change %
FY2010	Personnel	9,395	(8)	(0.1%)
	Lease/rental	9,530	(764)	(7.4%)
	Advertising	3,181	(456)	(12.5%)
	Agency services	5,905	(230)	(3.8%)
	Depreciation	6,618	1,030	18.4%
	Tax and dues	1,346	(81)	(5.7%)
	Total SG&A	32,806	(611)	(1.8%)

Capital expenditure

Unit: Million yen

Consolidated		Amount	Change ¥	Change %
FY2010	Capex	43,553*	35,757	458.7%

*Approx. ¥36,400 million of this was for acquisition of ownership of the land and building of Urawa PARCO in Mar. 2010 and of P'PARCO in Oct. 2010.

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New vision

Through a broadening of business fields, evolve from being an urban commercial developer centered on shopping centers to become **an urban lifestyle producer**

Pursuing three business strategies

to strengthen the management foundation

- | | |
|---------------------|--|
| Business strategy 1 | Innovation at existing complexes
- Build a robust revenue base |
| Business strategy 2 | Expand the urban retail business both in Japan and overseas
- Establish a business foundation for further growth |
| Business strategy 3 | Rapid development of related and new businesses
- Broaden existing business fields |

More information on our medium-term business plan is available at:
http://www.parco.co.jp/group/en/corporate/ir_06.php

Renovated approx. 45,000m², 429 sections, in FY2010
Renovated-zone sales up 20.4% and customer numbers up 21.9% YoY

Proceeded with effective renovation in line with the direction stores are pursuing, such as by strengthening ability to offer the very latest trendsetting fashions and introducing large fashion and general merchandise stores for families that take into account the characteristics of the local commercial areas
 The 3 stores opened in 2007-2008 performed strongly, driven by continuous renovation

Urawa PARCO: Acquired ownership of the land and building of Urawa PARCO and currently proceeding with large-scale renovation of the entire store, ahead of the completion of the pedestrian walkway connecting the east and west exits of Urawa Station (scheduled for 2013).
 Introduced an outdoor sports store, family fashion stores, a range of service offerings, and in Oct. 2010 a large hobby and craft store with a broad customer following. These stores are performing strongly and are having a knock-on effect and increasing customer circulation at other stores



Shizuoka PARCO: Sales growing strongly as the store continues to win the support of local shoppers. Extended lineup of ladies fashion, outdoor sports, travel and other items and increased customer numbers, by pursuing initiatives with local companies and attracting tenants from roadside store locations, etc., aiming for further growth

Sendai PARCO: Sought to better fit the local market and successfully won customer support by carrying out renovation to make the store easier to understand and easier to shop in, such as by adding fashion and general merchandise offerings based on continuous market analysis

Tenant sales	FY2009	FY2010				
Change % from FY2009	total	Q1	Q2	Q3	Q4	Total
Urawa PARCO	(4.3%)	(0.2%)	0.7%	10.9%	10.9%	5.6%
Shizuoka PARCO	2.3%	4.0%	5.9%	3.2%	4.3%	4.4%
Sendai PARCO	-	4.7%	2.1%	3.9%	7.1%	4.5%

Reorganize into two store types, urban stores and community stores
Plan to carry out biggest-ever renovation, of approx. 61,000m²

Urban stores Increase customers by broadening range of items and continuing to showcase sense of fashion and innovation



Nagoya PARCO

Nagoya PARCO: Carry out renovation to improve variety in tenant portfolio, aiming to increase customer motivation to shop in main building. Create a highly varied product mix that includes cosmetics, personal items, etc. within a ladies fashion offering that appeals to women of all generations

Shibuya PARCO: Change business model of ZERO GATE to a new business model for urban shopping complexes and introduce an overseas casual fashion brand to Japan for the first time

3 stores opened in 2007-2008 Seek to win customer support by further enhancing offering through continuous renovation



Shizuoka PARCO

Urawa PARCO: Continue the focused, large-scale renovation begun last year to transform Urawa PARCO into a model community store, increase floor space of atrium, and introduce large consumer appliance and general clothing stores, aiming to further increase customer numbers

Shizuoka PARCO: Introduce tenants providing a wide range of lifestyle offerings ranging from fashion and foods through to various services. Anticipating further increase in customer numbers

Sendai PARCO: Increase customers and the frequency of their visits by further enhancing the variety of items available and introducing a broad range of stores including young casual, family fashion, restaurant and food offerings

Fukuoka PARCO (opened in Mar. 2010):

Recorded annual net sales of approx. ¥13,800 million and achieved 14 million customers, exceeding targets by 25% and 40% respectively, in first year



Fukuoka PARCO

Fukuoka PARCO:

Net sales and customer numbers above forecasts and trending favorably, supported by easy-to-shop layout with an increased ratio of general goods, beauty goods, foods, and F&B outlets; highly varied product structure, with many new shops and stores opening in Fukuoka for the first time. Closely positioned with local region, and successfully using IT tools in sales promotions.

- Annual customer numbers of approx. 14 million beat target by 40%
- Annual net sales of approx. ¥13.8 bn beat target by 25%
- Won Fukuoka Urban Beautification Award in Nov. 2010
- Selected for New Entrant Award by Senken Shimbun in Feb. 2011 in its 13th Best Developer and Best Tenant Awards

Fukuoka PARCO:

Mar. 19, 2010 – Mar. 18, 2011 results

	Result	Target	Exceeded target by
Net sales	Approx. ¥13.8 bn	¥11.0 bn	25.4%
Customers	14 million	10 million	40.0%

Expand and enhance network in greater Tokyo and Kansai by developing new locations through M&A/alliances and converting existing facilities



Open stores with a new business model: low- to medium-rise urban shopping complexes. Seek to develop business models that do not necessarily operate under the established PARCO format

Shibuya PARCO ZERO GATE, Shinsaibashi PARCO:

Operate as new business models to for urban shopping complexes, taking advantage of prime locations and using efficient, scale-appropriate management methods



Shibuya PARCO ZERO GATE:

Apr. 16, 2011 sees the grand reopening of ZERO GATE following a complete renovation of ahead of Shibuya PARCO's 40th anniversary. The new ZERO GATE will host Japan's first Bershka store

Bershka:

A ladies' and mens' casual clothing and accessories brand, owned by the Inditex Group, headquartered in Spain, that also manages the ZARA brand. Has over 680 stores in 48 countries. Opening in Japan for the first time.

Floor layout: Ladies: Floors 1, 2 and 3
Mens: Floor 4



Shinsaibashi PARCO:

Shinsaibashi PARCO main building and the DUE Annex scheduled to close in Sept. 2011



Planned reopening in June 2013

PARCO Marina Bay opened in Singapore in Mar. 2010

Signed memorandum of understanding on business alliance with CapitaMalls Asia Limited in Apr. 2011

Main aspects of agreement

- In China, investigate collaborative management of new or existing commercial premises
- In Japan, investigate collaborative development and management of new projects

CapitaMalls Asia Limited: locations throughout Asia



CapitaMalls Asia Limited:

- One of Asia's leading real estate companies, listed on the SGX and specializing in commercial premises
- In China, currently managing Raffle's City Shanghai and others among portfolio of 38 properties in Shanghai, Peking and 32 other cities, with 15 other developments in planning. Aiming to expand to around 100 properties in 3 to 5 years
- Has good relationship with PARCO and sound understanding of respective capabilities, developed through initiatives such as joint management since 1995 of Singapore facility PARCO Bugis Junction with CapitaMalls Asia Limited, the commercial premises division of Asia's largest real estate firm, CapitaLand Limited

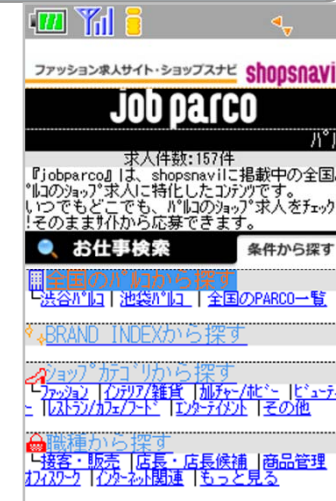
Name	CapitaMalls Asia Limited
Main business	Development, investment, management of commercial premises; structuring and management of real estate funds and REITs
Capital	SGD 4,605,000,000- approx. ¥299.3 bn (1 SGD=¥65)
Established	Oct. 12, 2004

**Web consulting and e-commerce business:
PARCO CITY CO., LTD.**

FY2010

Web consulting business:

- ◎ Further expanded website operation mandates from external shopping malls
End of FY2010: 30 SC mandates (up 2 since end of previous year)
- ◎ Launched “shopsnavi” business, mobile job information website specializing in fashion industry and fashion stores/services



“shopsnavi” mobile job information website



Announcing the opening of “Stylife” on the PARCO-CITY top page

FY2011

E-commerce mall (online shopping mall) business:

- ◎ Opening “Stylife,” a trendy fashion website on the PARCO-CITY online shopping mall, as the first step in a business alliance with Stylife Corporation

Increased scale by adding 200 brands and 15,000 items, for a total of 640 brands and 45,000 items—enhancing the PARCO internet shopping experience

Entertainment business

FY2010

- ◎ In the theatre division, received mandate to develop and run plays and other productions from the Kanagawa Arts Theatre. Expanding business with multi-streaming and wider variety of performances
 - Aiming to diversify revenue sources in combination with existing operations of PARCO Theater and Le Theatre GINZA by PARCO



Kanagawa Arts Theatre
©Hideo Mori

FY2011

- ◎ *The Temple of the Golden Pavilion* performing at NY festival
 - *The Temple of the Golden Pavilion*, after its season at the Kanagawa Arts Theatre, is the only Japanese piece selected to play at the Lincoln Center Festival in NY, scheduled for July 2011
- ◎ Active engagement in contents and rights business
 - Aiming to diversity earnings by making multiple use of superior content in performance, publishing and other such channels
 - Continuing to expand rights business through investing in film rights, etc.
 - ☆ Example of film production investment in 2011:
The Kids Are All Right (for release in April)
(Nominated for four Academy Awards)



The Kids Are All Right
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UGC Ph All Rights Reserved.

Retail business: NEUVE A CO., LTD.

FY2010

- ◎ Continued strategy of launching at leading shopping centers nationwide
 - Continued scrap & build strategy. Increased network by 4 to 140 stores, with 82 in non-PARCO premises providing 50.9% of sales

FY2011

- ◎ Planning to open 18 new stores, centered on strong watch business
- ◎ Expanding sales of original products to lift gross margins
 - Introducing more original watches, glasses and general goods



*Haneda Airport International Terminal
TORQUE*



“Mottainai Watch Exchange” and “Pink Ribbon Campaign” activities were continued throughout FY2010

**Space engineering and management business:
PARCO SPACE SYSTEMS CO., LTD.**

FY2010

- ◎ Received building maintenance mandates from large corporations
 - Won hotel and other facility mandate from foreign airline company, and construction renovation contract for large commercial premise

FY2011

- ◎ Expand business with focus on environment (power saving)
 - Centered on P'es Lighting series of original private brand energy-saving lighting developed in collaboration with a major lighting manufacturer, target sales to a diverse range of growing businesses and businesses retrofitting for energy efficiency



*P'es Lighting
LED lights*

Contents of business alliance

(1) Cooperation in securing external professional personnel

*Secured three professionals for overseas, real estate and M&A fields

(2) Provision of information using DBJ's domestic and overseas networks

(3) Provision of advice and help in implementing individual projects such as M&A

Update on PARCO's progress in five target areas	
Development of stores in Japan	Currently formulating business schemes and detailed plans for business model transformation and M&A
Expansion of overseas business	Opened Hong Kong Representative Office and made full-scale start to business negotiations, etc. relating to business in China
E-commerce business	Currently consolidating information on business alliances and M&A and proceeding with concrete negotiations
Real estate strategy	Currently formulating plan for new real estate strategy, including improvement of real estate asset value
Financial and IR strategy	Established and began to implement new investment criteria and reworked IR strategy

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PARCO would like to express its condolences to the victims of the Great East Japan Earthquake and subsequent tsunami on March 11, 2011.

The impact on our business operations is as follows:
(For further details see our press release of March 23, 2011.)

Status of store operation (as of end Mar.)	PARCO	All 20 stores operating (except for certain tenant)
	NEUVE A	All 140 stores operating
Estimated losses (estimates as of end Mar.)	PARCO	Around ¥150 million (fixed assets)
	NEUVE A	Around ¥4 million (products)

*Our present assessment is that other Group companies have not experienced significant damage.

The Group is currently carrying out collections to raise money at PARCO stores nationwide, while the online shopping mall PARCO-CITY is selling original wallpapers through a specially established earthquake and tsunami donations page and donating all proceeds from these sales. All money raised goes to the Japanese Red Cross Society to support the people affected by the earthquake and tsunami.

PARCO itself has also donated ¥10 million to the Japanese Red Cross Society to support the disaster relief efforts.

PARCO existing store business conditions: YoY comparison

	Integrated store sales				Integrated store sales
	Mar. 1-10 <small>(same day of week comparison)</small>	Mar. 11-20 <small>(same day of week comparison)</small>	Mar. 21-31 <small>(same day of week comparison)</small>	Mar. total <small>(calendar month comparison)</small>	Apr. 1-10 <small>(same day of week comparison)</small>
Stores subject to rolling blackouts (10 stores)	(0.2%)	(56.6%)	(13.9%)	(24.7%)	1.1%
Sendai PARCO*1	4.1%	(99.9%)	(77.7%)	(64.8%)	2.0%
Existing stores—quick estimate*2	(2.3%)	(39.7%)	(10.8%)	(18.7%)	1.2%

*1 Sendai PARCO reopened its first floor and B1 floor for business on Mar. 26, and reopened all other floors on Mar. 30.

As of April 10, Sendai PARCO has been operating on shortened opening hours (11:00am-6:00pm) (some tenant stores using gas remain closed).

*2 Existing stores excludes figures for Fukuoka PARCO and Oita PARCO.

As part of its support for tenants, PARCO decided to relax the rent conditions for tenant stores in regions affected by the earthquake and/or subject to rolling blackouts. Rent for these stores for the period from Mar. 1 to 31 has been reduced on a pro-rata basis by calculating actual operating hours in March as a percentage of total scheduled operating hours for the month.



Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of Apr. 11, 2011, and are subject to a number of risks and uncertainties. Actual results may be materially different.

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