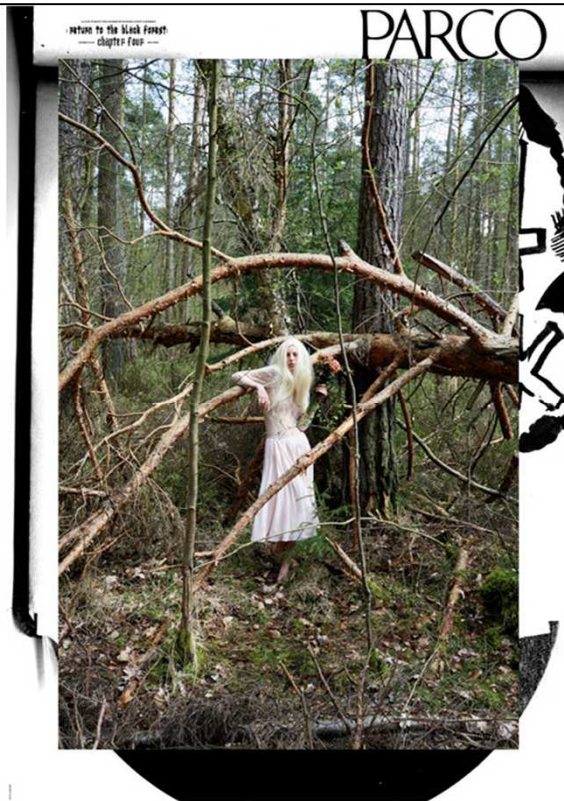


PARCO CO., LTD.
FY2016 Financial Highlights
(March 1, 2016 – February 28, 2017)

FY2017-21
PARCO Group
Medium-term Business Plan
TSE 1st Section 8251



Overview of FY2016 results

Medium-term Business Plan (FY2017-21)

FY2017 forecasts

Let me begin the explanation of the overview of FY2016 followed by the Medium-term Business Plan of Parco group covering from 2017 to 2021 using the presentation material. So today, we have two parts in the presentation.

**Operating income reached record highs for fifth consecutive fiscal year.
Net income was highest ever and achieved target.**

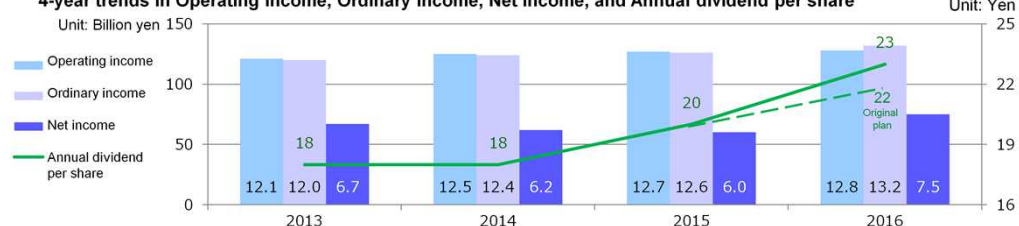
Unit: Million yen

Consolidated	FY2016	FY2015	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Net sales	268,373	276,358	(7,984)	(2.9%)	271,000	(2,626)	(1.0%)
Operating income	12,812	12,772	40	0.3%	12,900	(87)	(0.7%)
Ordinary income	13,253	12,673	580	4.6%	13,100	153	1.2%
Net income attributable to parent ¹	7,525	6,061	1,463	24.1%	6,900	625	9.1%
EBITDA ²	18,189	19,010	(821)	(4.3%)	18,486	(296)	(1.6%)

¹ The main reason for the increase in net income and the difference from forecast was the recording extraordinary income from the sale of real estate related to the reconstruction on Shibuya PARCO

² EBITDA in this table refers to operating income plus depreciation and amortization.

4-year trends in Operating income, Ordinary income, Net income, and Annual dividend per share



In FY2016, paid end-of-year dividend per share of ¥12.
Annual dividend per share was ¥23; a higher than forecast increase of ¥3.

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This page is on consolidated results. Operating income reached record highs for the fifth consecutive fiscal year. Net income attributable to parent was the highest ever and achieved the target.

Consolidated net sales declined YOY to 268.373 billion yen which was down 7.984 billion yen due to the impact from the sluggish trend of sales of apparel in Parco and the impact from temporary suspension of Shibuya Parco operation although Sendai Parco 2 opened in July and increase in construction orders at Parco Space Systems in Space Engineering and Management Business.

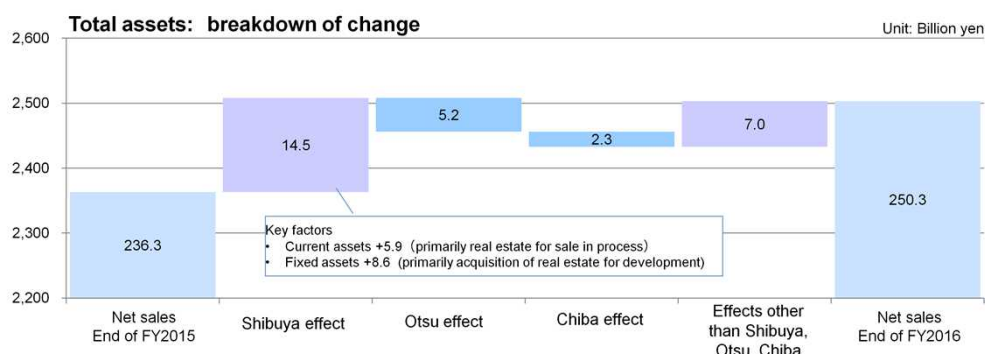
Operating income increased to the record high of 12.812 billion yen up 40 million yen on the back of the full year contribution from Sapporo Zero Gate which was opened in February 2016 and cost reductions mainly at existing Parco stores. Ordinary income was 13.253 billion yen up 580 million yen YOY or up 153 million yen versus the forecast thanks in part to non-operating profit from compensation money received relating to Shibuya redevelopment. Net income attributable to parent was 7.525 billion up 1.463 billion YOY or 24.2% contributed by the sale of non-current assets related to Shibuya redevelopment project offsetting the loss from closure of Otsu Parco. EBITDA was 18.189 billion yen. We decided to pay the end-of-year dividend of 12 yen per share for FY2016, which is higher than the forecast and it will make annual dividend 23 yen per share, up 3 yen YOY.

FY2016 Results (2) Consolidated results (Balance sheet)

4/30

Unit: Million yen

Consolidated	End of FY2016	End of FY2015	Change ¥	Change %
Total assets	250,323	236,315	14,007	5.9%
Net assets	122,039	116,474	5,564	4.8%
Interest-bearing debt	58,099	54,518	3,581	6.6%
Equity ratio	48.8%	49.3%	(0.5%)	
Market price-based equity ratio	47.3%	37.2%		
Debt service coverage ratio: years	4.5	3.7		
Interest coverage ratio: times	34.3	36.0		



Total assets at the end of the year were 250.323 billion yen, which was up from the end of FY2015 by 12.007 billion yen due to the acquisition of Sendai Parco 2 and temporary increase in assets relating to Shibuya redevelopment project. Net assets totaled to 122.039 billion yen and equity ratio was 48.8%. Total assets increased significantly due to suspension and closures of stores and development plans as you can see from the graph at the bottom. Interest-bearing debt increased by 3.581 billion yen.

Achieved profit growth in Shopping Complex Business and sales and profit growth in Space Engineering and Management Business.

Consolidated results by segment

Unit: Million yen

		FY2016	FY2015	Change ¥	Change %
Shopping Complex Business	Net sales	239,447	248,078	(8,631)	(3.5%)
	Segment income	11,738	11,549	189	1.6%
Retail Business	Net sales	21,640	21,473	166	0.8%
	Segment income	435	694	(258)	(37.3%)
Space Engineering and Management Business	Net sales	20,242	19,969	272	1.4%
	Segment income	629	433	196	45.2%
Other Business	Net sales	6,774	6,850	(76)	(1.1%)
	Segment income	58	132	(74)	(55.9%)
Consolidated	Net sales	273,377	281,050	(7,673)	(2.7%)
	Segment income	12,812	12,772	40	0.3%

Figures for net sales by segment include operating revenue.

Segment income refers to operating income.

PARCO's Entertainment Business earnings are included in Other Business.

Due to adjustments between business segment results, totals of business segment figures differ from consolidated figures.

Consolidated results by segment

Shopping Complex Business centering on Parco Co., Ltd. increased its segment income. Retail Business achieved an increase in net sales but segment income declined due to higher opening cost relating to NEUVE A. Space Engineering and Management Business centering on Parco Space Systems achieved an increase both in net sales and segment income thanks to increase in orders for interior and electricity construction work as well as winning new contracts. Other Business saw a decline in net sales due to a large impact from suspension of Parco Theater in entertainment business although Parco City achieved increases both in net sales and income. Parco City changed its name effective on March 1, 2017 to Parco Design Marketing to reflect its focus on web designing and web marketing.

FY2016 Results (4) **Selling, general and administrative expenses** 6/30

Selling, general and administrative expenses

Unit: Million yen

Consolidated	FY2016	FY2015	Change ¥	Change %
Personnel	10,339	10,252	87	0.9%
Lease/rental	9,106	8,943	163	1.8%
Advertising	3,287	3,341	(53)	(1.6%)
Agency services	5,259	5,393	(133)	(2.5%)
Depreciation	5,377	6,238	(861)	(13.8%)
Total SG&A	32,633	33,883	(1,249)	(3.7%)

Capital expenditure

Consolidated	FY2016	FY2015	Change ¥	Change %
Capex	18,723	23,487	(4,763)	(20.3%)

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Consolidated selling, general & administrative expenses and capital spending. Consolidated SG&A expenses decreased YOY by 1.249 billion yen driven by reduction in outsourcing expenses at existing Parco stores and lower depreciation expense due to the depreciation method change. Capital expenditure was around 18.7 billion yen, down 4.7 billion yen YOY.

Net sales declined but profit increased due to the progress of ZERO GATE business, and reduction in sales and general administrative expenses.

Non-consolidated results

Unit: Million yen

	FY2016	FY2015	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Net sales	240,221	249,366	(9,145)	(3.7%)	242,600	(2,378)	(1.0%)
Operating income	11,815	11,731	84	0.7%	11,700	115	1.0%
Ordinary income	12,618	11,727	890	7.6%	12,200	418	3.4%
Net income attributable to parent	6,049	5,932	117	2.0%	5,500	549	10.0%
EBITDA*	16,788	17,520	(732)	(4.2%)	16,756	31	0.2%

	End of FY2016	End of FY2015	Change
Total assets	247,027	233,450	13,577
Net assets	120,758	116,827	3,931

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

Non-consolidated results. Although net sales declined, income at all levels increased.

Overview of FY2016 Results

Medium-term Business Plan for FY2017-2021

- Previous Medium-term Business Plan: target attainment
- Overview and outlook for the PARCO Group
- Three tactics for business growth
- Target figures for FY2017-2021 (Japanese GAAP & IFRS)
- Development by business

FY2017 full-year forecasts

The medium-term business plan for FY2017 to 2021

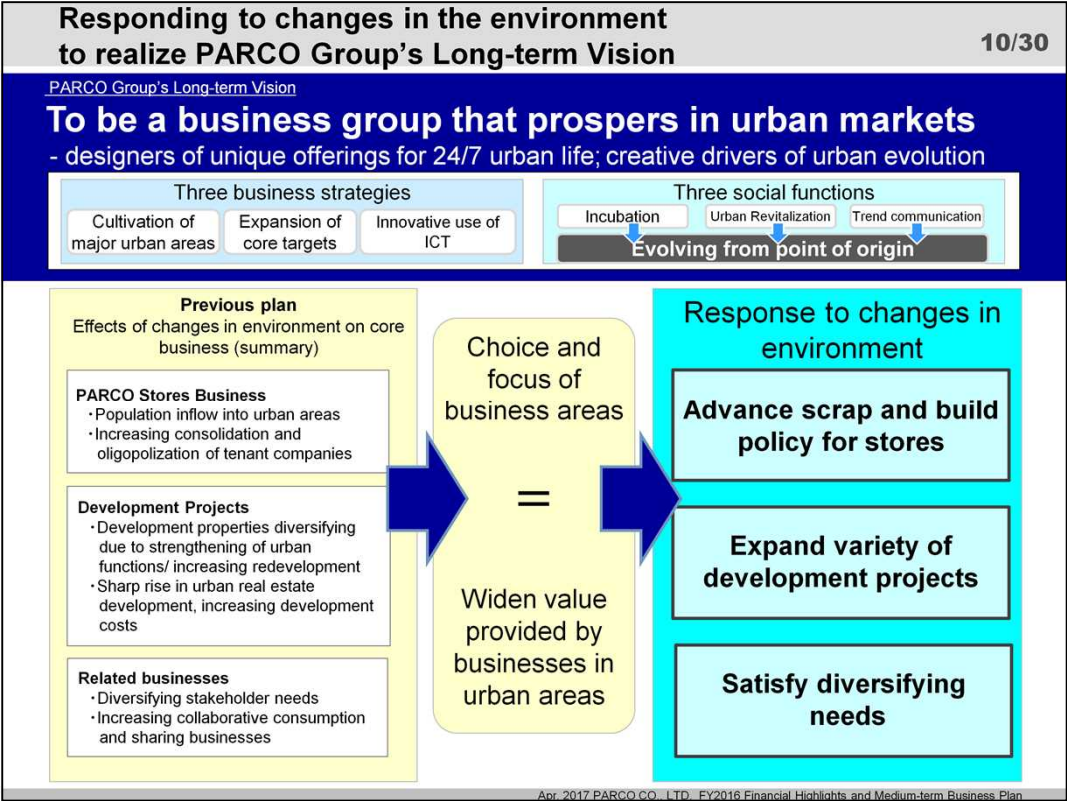
Achieved ¥12.8 billion operating income and stable income growth in FY2016.

Differed from the final target for the 2014-2016 Business Plan (¥13.5 billion) by ¥0.7 billion due to changes in the consumer environment slowing growth in the PARCO Stores Business, delays to development schedules, and other factors.

	2013-16 change	Actions taken
PARCO Stores Business	-¥0.1bn ※Excluding Shibuya and Chiba stores (+¥0.8bn)	<ul style="list-style-type: none"> • Started work on Shibuya PARCO reconstruction plan • Opened new stores • Realized evolved commercial spaces • Implemented ICT schemes • Closed Chiba PARCO
Development Projects	+¥0.5bn	<ul style="list-style-type: none"> • Continued development of ZERO GATE • Formulated new development plan
Related Business	+¥0.7bn	<ul style="list-style-type: none"> • Expanded related businesses externally • Started development of overseas businesses

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Parco group positioned its previous medium-term business plan which started in FY 2014 a period when we make specific actions based on the growth strategy. And we made efforts to innovate existing business models, increase in the number of locations through development projects and expansion of related businesses externally. As a result, we achieved 12.8 billion operating income and stable growth in FY2016, the final year of the plan, however, we missed our original operating income target of 13.5 billion yen by 0.7 billion yen due to changes in the consumer environment slowing growth in the Parco Store Businesses, delays to development schedules and other factors. Specific actions we have taken are as written on this page.



Previous plan

Effects of changes in environment on core business (summary)

PARCO Stores Business

- Population inflow into urban areas
- Increasing consolidation and oligopolization of tenant companies

Development Projects

- Development properties diversifying due to strengthening of urban functions/ increasing redevelopment
- Sharp rise in urban real estate development, increasing development costs

Related businesses

- Diversifying stakeholder needs
- Increasing collaborative consumption and sharing businesses

Choice and focus of business areas

=

Widen value provided by businesses in urban areas

Response to changes in environment

Advance scrap and build policy for stores

Expand variety of development projects

Satisfy diversifying needs

Parco group's long-term vision.

To realize our long-term vision of becoming a business group that prospers in urban markets, we must respond to the environment which is changing quite rapidly. What we need is "choice and focus of business areas" to widen values provided by businesses in urban areas.

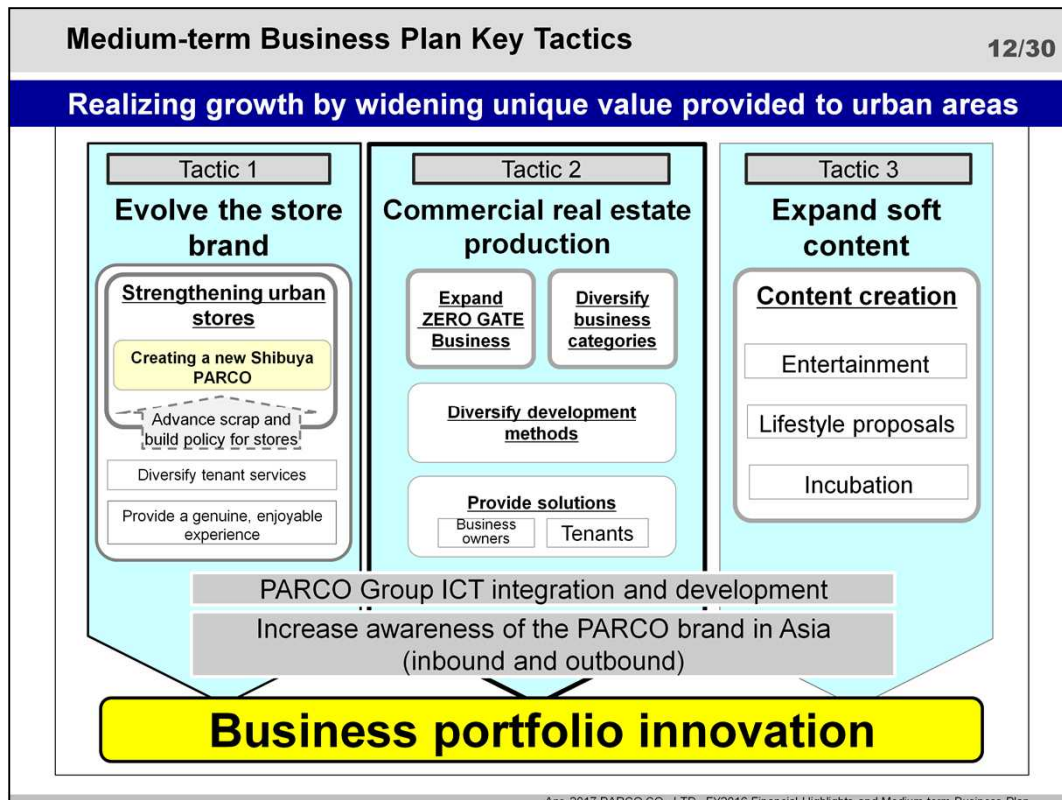
Recognize unfulfilled needs by providing value to maturing cities, primarily through the Stores Business



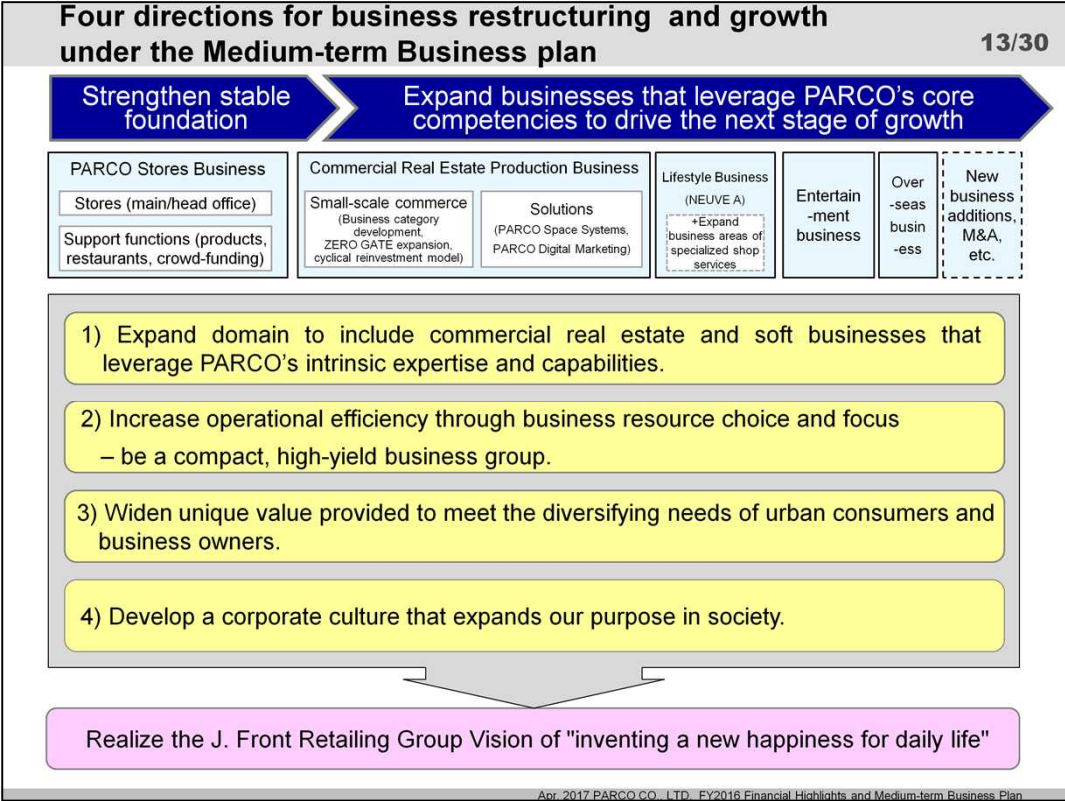
Contribute to ‘city maturity’ by leveraging Group businesses to meet the diversifying needs of consumers looking to enjoy an urban lifestyle and business owners in urban areas through the provision of PARCO’s unique values, such as *personal fulfilment, new inspirations, and contentment*.

To achieve this, PARCO Group will update its businesses and expand into new business areas to improve existing value provided and realize business portfolio innovation.

This illustrates what we are trying to achieve under the long-term vision. We think it is important for us to provide unique values only we can provide to contribute to cities’ maturity.



To achieve our medium-term business plan, we are going to work on the following three key tactics. Tactic 1 is to evolve the store brand, which means we work to strengthen urban stores through spreading the essence from creating a new Shibuya Parco. By advancing in the effort of scrap and build of stores, we are going to strengthen our business competitive advantage, diversify our unique tenant services and enhance its attractiveness as a retail space through providing new types of real experience leveraging Parco group's. Tactic 2 is to produce commercial real estate. To expand our business into the areas mainly where we don't have any presence, we would like to promote Zero Gate business and create Parco style new business formats. We would like to diversify business categories to promote development. To realize this, we are thinking about diversifying development methods as well. Tactic 3 is to expand soft contents. We would like to work on enhancing existing contents we have in entertainment business and retail business as well as to create new contents. What is common at the heart of all three tactics is the business portfolio innovation which is driven by new businesses arising mainly from new Shibuya Parco, which I will explain in more details later, and the stage in Shibuya and the platform including web we have in place.



We are propelling businesses under the following four directions to implement key tactics. Four directions are as written here on this page. By implementing key tactics under these four directions, we will be in line with J Front Retailing Group's vision of inventing a new happiness for daily life and we, the Parco business, would like to lead this initiative to realize the group vision.

**The new Shibuya PARCO ① – core initiative
of the Medium-term Business Plan's key tactics**

14/30

Creating a new Shibuya PARCO

- Creating a next-generation commercial space by reconstructing Shibuya PARCO, the venue that shaped the PARCO Group's unique qualities.
- Realizing new concepts that have never been applied to shopping complexes to provide evolved values such as *growth spaces for business owners*, and *new inspiration for urban consumers*.



- Increase opportunities to connect with new companies through a multi-use complex building
- Create advanced tenant services in anticipation of developments in e-commerce
- Improve soft content and partnerships on the creation of Shibuya Entertainment City.
- Increase the PARCO brand's global presence as the original next-generation shopping complex.

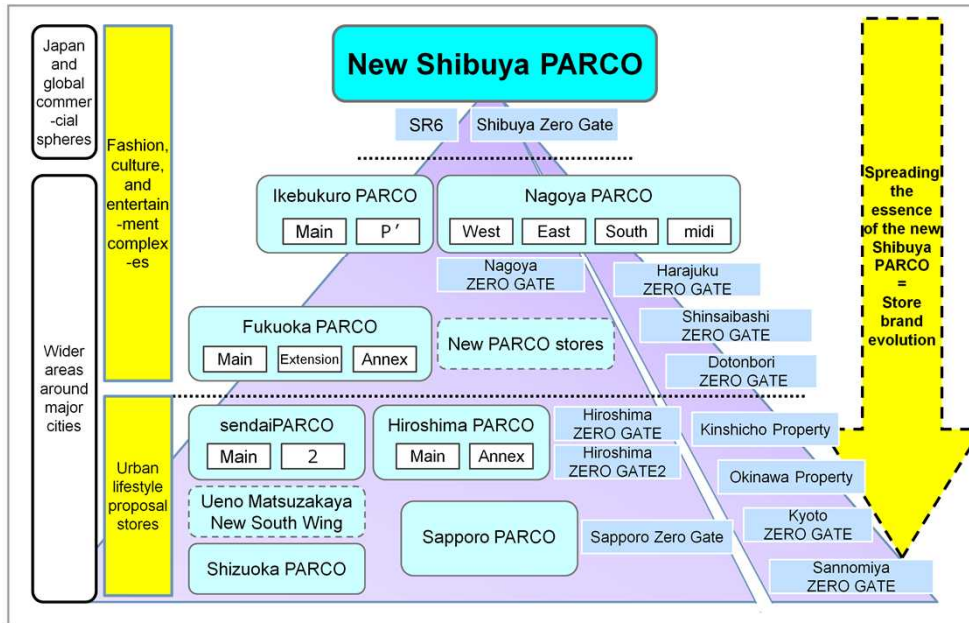
**Realize the evolution of the PARCO Store brand by
applying new Shibuya PARCO concepts to other PARCO
urban stores.**

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We position creating a new Shibuya Parco in the medium-term business plan a driver to achieve the group vision. Shibuya Parco has been the origin of Parco's uniqueness. With the new Shibuya Parco, we would like to create a next-generation commercial space by applying new concepts we had not seen in conventional shopping complex before. In this process, we believe Parco's store brand will evolve driven by innovation, internal collaboration and involvement of external parties with Parco group staffs pursuing the parts they would like to express because it is Shibuya and because we are Parco in the near future market of Shibuya.

The new Shibuya PARCO ② – core initiative of the Medium-term Business Plan's key tactics

Cultivate urban areas by applying original concepts from the new Shibuya PARCO



New Shibuya Parco will be complete in the autumn of 2019, the mid-point in the medium-term business plan. Until it gets completed, we will work on the various factors as you can see on this page in terms of what we are going to do to cultivate urban areas at the accelerated pace and spread the essence of the new Shibuya Parco in other urban Parco stores.

Target figures for FY2017-2021^① (IFRS)

16/30

From FY2017, International Financial Reporting Standards (IFRS) will be adopted for all consolidated financial statements

Aim: strengthen efforts to boost profit creation capabilities by improving the international comparability of financial information for stakeholders and increasing understanding and awareness of our business model by more accurately reflecting it in financial statements.

Units: billion yen

Consolidated	FY2021 target	FY2016 results	FY2021 plan vs. FY2016 actual	
			Growth	Difference
Net sales	121.4	94.0	29.1%	+27.4
Operating income	14.7	14.2	3.5%	+0.5
Net income	9.3	8.7	6.9%	+0.6
EBITDA*	23.5	19.4	21.1%	+4.1

Operating income margins: Japanese GAAP (vs. sales) FY2021 4.7% ⇔ IFRS (vs. operating revenue) 12.2%

Changes to major items in the statements of income

	Japanese GAAP	IFRS
Net sales	Sales by commission-contract tenants Sales at PARCO Theatre, etc.	Tenant rent Sales at PARCO Theatre, etc., Expenses borne by tenants (reversal items for SG&A expenses under Japanese GAAP)
Cost of sales	Tenant sales minus tenant rent Expenses borne by tenants	Store-related expenses (SG&A expenses items other than reversal items)
Non-operating income, expenses, extraordinary profit / loss	Not included in operating income	Included in operating income (excludes net financial revenue)

* FY2016 financial results (restated from Japanese GAAP figures) are pro-forma figures after restatement of Japanese GAAP figures to IFRS. The auditing process has not been completed and figures are subject to change.

Apr. 2017 PARCO CO., LTD. FY2016 Financial Highlights and Medium-term Business Plan

Parco group will start applying International Financial Reporting Standards, IFRS, voluntarily from FY2017. IFRS based target figures for the fifth year, FY2021, are as indicated in this chart. We aim at achieving the target of net sales of 121.4 billion yen, operating income of 14.7 billion and net income of 9.3 billion yen.

Target figures for FY2017-2021 ② (IFRS)
17/30
Reference: performance indicators for FY2016 excluding special circumstances

(Special circumstances: gain on sale of Shibuya ZERO GATE, gain on sale of Chiba parking area, loss on closure of Otsu PARCO, etc.)

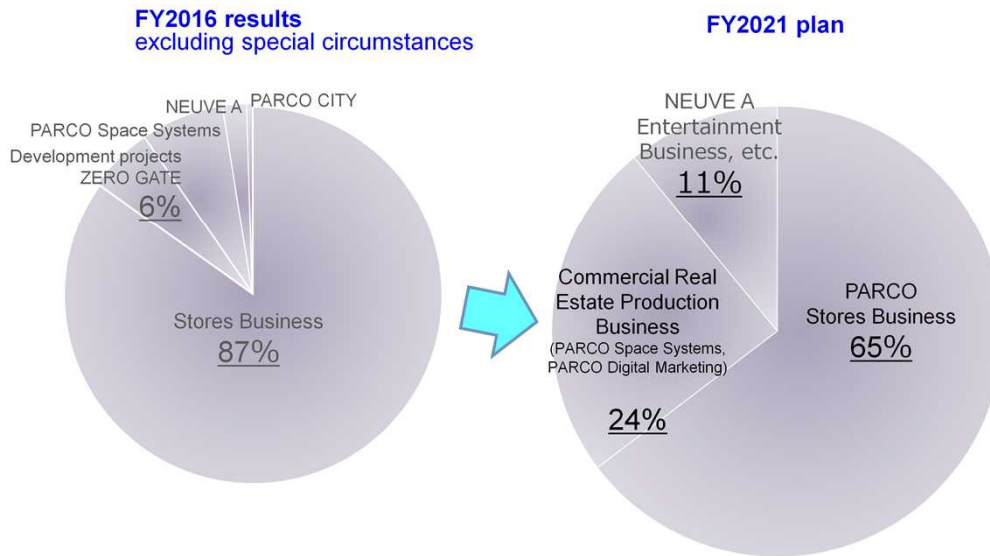
Units: billion yen

Consolidated	FY2021 target	FY2016 results	FY2021 plan vs. FY2016 actual	
			Growth	Difference
Operating revenue	121.4	94.0	29.1%	+27.4
Operating income	14.7	11.5	27.8%	+3.2
Net income	9.3	7.0	32.9%	+2.3
EBITDA *	23.5	16.8	39.9%	+6.7
*EBITDA in this table refers to operating income plus depreciation and amortization				
ROE	6.5~7.0%	6.1%	-	+0.4~+0.9%
EPS	92.02	68.94	-	+23.07

Apr. 2017 PARCO CO., LTD. FY2016 Financial Highlights and Medium-term Business Plan

We had one-off factors pushing up operating income for FY2016 such as other operating income and other operating expense relating to rebuilding Shibuya Parco, closure of Chiba Parco and the decision to close Otsu Parco. Therefore, this page shows true apples-to-apples comparison adjusting for those one-off items. We will target EBITDA of 23.5 billion yen, ROE of 6.5 to 7% and EPS of 92 yen over the coming five years.

Realizing business portfolio innovation by growing revenue from other businesses to move away from an over-reliance on Stores Business



We are going to innovate business portfolio in this medium-term business plan period. As this pie chart shows, we would like to reduce the dependence on the store business, which represents 87% of the income to 65% by growing revenue from other businesses.

**Promoting growth
by using 60% of ¥66.8 billion for Strategic investments.**

Units: billion yen

	5-yr Plan	Weight		Description
Strategic investments	40.4	60%		Shopping complex development, new business development, etc.
Recurring investments	26.4	40%		Store renovations, related businesses, etc.
Total investment	66.8	—		

Plan five-year total operating cash flow of 77.3 billion yen

Apr. 2017 PARCO CO., LTD. FY2016 Financial Highlights and Medium-term Business Plan

5 year cumulative investment plan

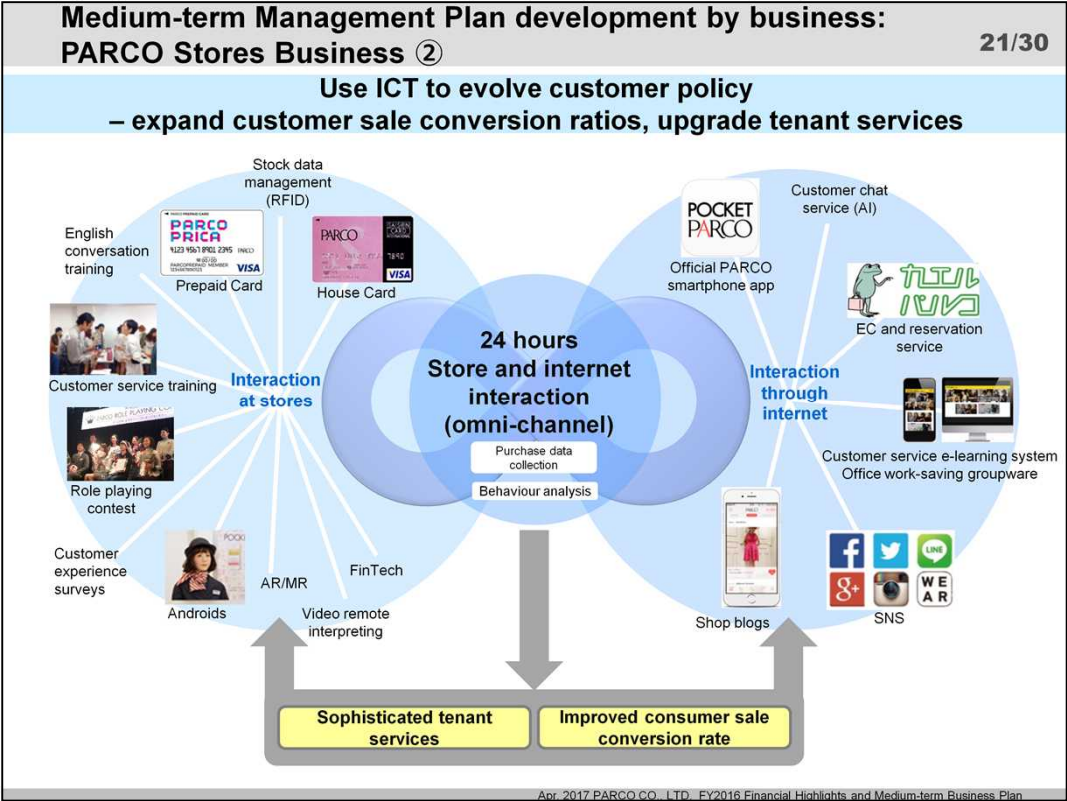
We plan to spend 40.4 billion yen for strategic investments to grow Parco group and 26.4 billion yen for recurring investments which will total 66.8 billion yen over 5 years.

Medium-term Management Plan development by business: PARCO Stores Business①		20/30
Initiatives to consolidate business advantages and widen value provided		
Focus business resources on Urban Stores		
Build – Ueno Matsuzakaya New South Wing Store (autumn 2017), new Shibuya PARCO (autumn 2019), two other new stores Scrap – Otsu PARCO (August 2017)		
Consumers – widen store appeal		
Provide spaces for genuine new experiences – creating unique in-store value		
Evolve tenant composition • Encourage businesses providing new customer experiences to become tenants • Collaborations with tenant companies, tenant business category development, new business category creation Provide enjoyment that transcends previous retail experience • Create new value to provide to consumers – fulfilling lifestyles, services, information, realizations, shared experience, etc.		
Store owners – provide unique tenant services		
Provide a platform to maximize communication with consumers (create fans) – increase benefit to tenants • Evolve a retail environment for securing stable sales – encourage CRM strategy and shopfront selling operations, etc. • Update store functions to accommodate increase in tenant EC operations • Apply ICT to increase effectiveness of the Stores Business – increase time for communication between tenants and customers		

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Key points in each business.

First, our key point in Parco's store business is to solidify our business advantages and widen values provided while focusing our business resources on urban stores. The key element of focusing our business resources is to leverage ICT, which is illustrated on Page 21.



By leveraging ICT, we would like to evolve customer policy and provide more useful real-time information to customers through which will increase customer sales conversion ratio and tenants can take more time for customers through upgraded tenant services and stay connected even when the store is closed. These are the actions we are going to promote.

Medium-term Management Plan development by business: Commercial Real Estate Production Business ①	22/30
Advance into new areas to contribute to local development and secure greater profitability	
Small-scale commercial business development plan (5-year): 12 new openings	
<ul style="list-style-type: none"> ■ ZERO GATE: 5 stores (Kyoto, Harajuku, Sannomiya, and 2 others) ■ PARCO: 4 stores (Matsuzakaya Ueno New South Wing Store, new Shibuya PARCO, and 2 others) ■ New formats: 3 stores (Okinawa, Kinshicho, and 1 other) ■ Development expansion <ul style="list-style-type: none"> • Diversify business categories (ZERO GATE: adopt multi-tenant system, medium-to-high-end targets, etc.) • Evolve business categories (Matsuzakaya Ueno New South Wing Store, new Shibuya PARCO) • Diversify development framework (collaborations with outside companies, cyclical real estate investment model etc.) 	
Offer solutions and support growth for entrepreneurs	
<p>Utilize the expertise cultivated through collaboration in PARCO's Stores Business and offer a range of original services</p> <p>(PARCO SPACE SYSTEMS) (PARCO Digital Marketing)</p>	
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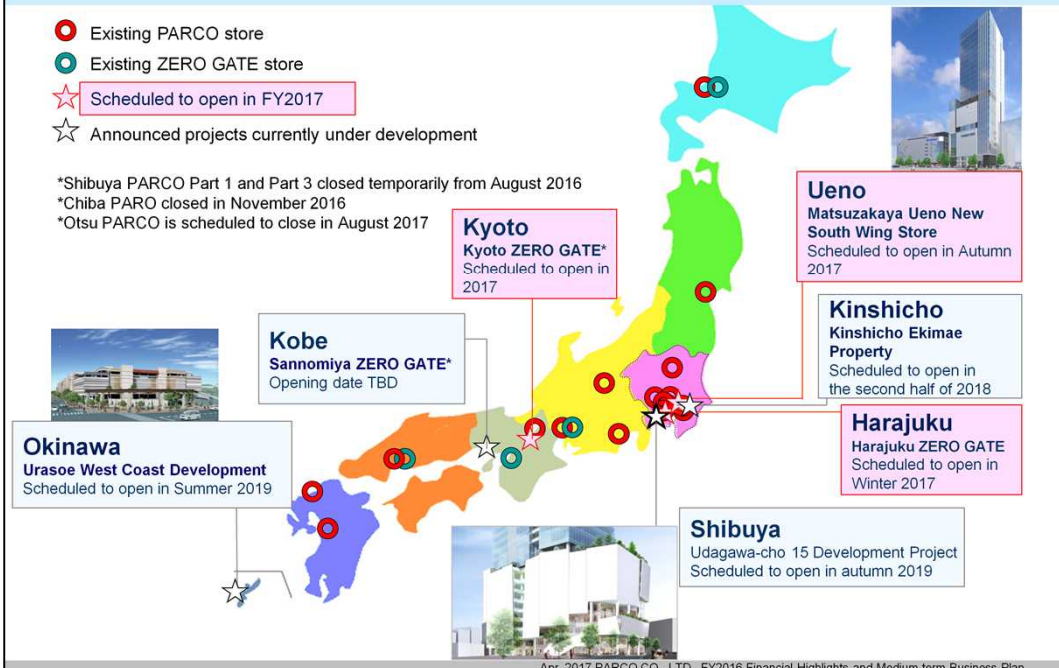
Development plans

We would like to open stores mainly in untapped urban areas. We plan to open 5 Zero Gate stores, 4 Parco stores and 3 new format stores, which will come to 12 in total to generate profit growth for sure.

Development projects

- Existing PARCO store
- Existing ZERO GATE store
- ★ Scheduled to open in FY2017
- ★ Announced projects currently under development

*Shibuya PARCO Part 1 and Part 3 closed temporarily from August 2016
 *Chiba PARCO closed in November 2016
 *Otsu PARCO is scheduled to close in August 2017



The map with development projects plotted.

As we have just announced today, now Kinshicho is newly added. Parco decided to lease a part of a large station-front property of its main building and its anex owned by Tokyo Rakutenchi to convert into a new retail building. So now Kinshicho is one of 12 new development projects. Ongoing projects under way include already announced Urasoe West Coast Development in Okinawa and Zero Gate in Kyoto, Kobe as well as Harajuku.

**Medium-term Management Plan development by business:
Soft Content Business**

24/30

Provide urban stakeholders with *personal fulfillment, inspiration, and new lifestyles*

Neuve A

- Expand business areas of specialized shop services
 - Expand shops in 4 existing and 8 new business categories
 - Improve profitability through full EC operations
 - Collaborate with external specialized shops on initiatives in new business areas

Entertainment Business

- Expand original live entertainment and globalize
 - Create a new entertainment space with the opening of the new Shibuya PARCO Theater
 - Raise familiarity in the global market by developing and distributing original content

Overseas businesses

- Raise brand recognition in Asia (inbound and outbound)
 - Adapt PARCO Group content overseas
 - Overseas shopping centers and business owner collaboration

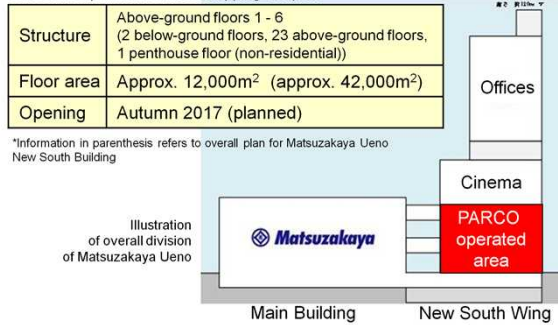
Through Parco's group businesses of Neuve A, entertainment business and overseas business, we would like to provide urban stakeholders with personal fulfillment, inspiration and new lifestyle.

Leverage JFR Group assets to expand value provided

Engaging in an urban dominant strategy: Matsuzakaya Ueno New South Wing Store

- Evolve Stores Business to create new business categories in new markets
- Launch stores in multi-use complexes to develop new approaches to building operations

Overview of plan for PARCO shopping complex



The first synergy project with J Front Retailing group in our urban dominant strategy in which we are opening a store in Matsuzakaya Ueno New South Wing in autumn 2017. All the details written here are already decided and currently ongoing.

Medium-term Management Plan: Corporate culture 26/30

Expand the PARCO Group's purpose in society, promote the development of a unique company culture, and improve sustainable business practices

Building a movement that exceeds market expectations

Inspiration, new discoveries, and personal fulfilment

The diagram illustrates a process for building a movement that exceeds market expectations. It is structured as follows:

- Internal Processes:** Brainstorming, Ideation, and Incubation.
- External Sources:** New talent, Creators, and Emerging companies.
- Collaboration:** A central process involving Challenge and Experiment, connecting internal and external elements.
- Goals and Outcomes:**
 - Demonstrate employee skills:**
 - Flat communication
 - Incorporating diversity & inclusion in management
 - Work-style reform
 - Sustainable management:**
 - Meaningfulness, corporate responsibility, business efficiency, and governance

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To propel business development furthermore, we are going to challenge to clarify our corporate culture. We are to collaborate ideas coming from within internal ourselves with talents we can leverage from external outside and evolve ourselves furthermore as Parco creating new movements in the society. Under this thinking, we would like to develop advanced new Shibuya Parco by each employee injecting specific ideas and concepts they feel passionate about reflecting.

Overview of FY2016 results

Medium-term Business Plan (FY2017-21)

FY2017 forecasts

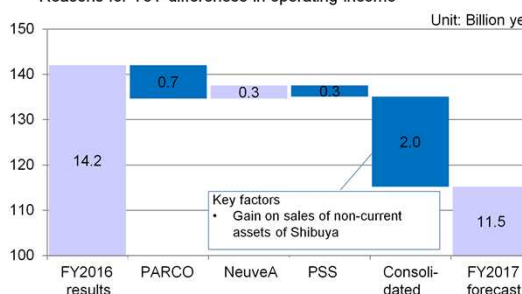
FY2017 forecast

Forecasting an increase in consolidated sales and a decline in consolidated profit due to store closings, temporary store closings, and an increase in depreciation and amortization, and other factors.

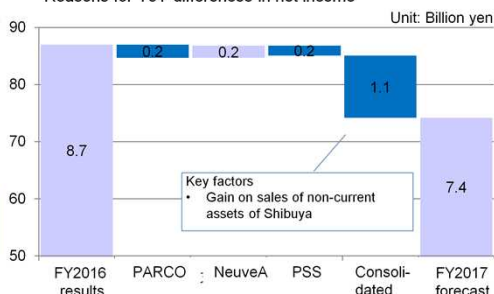
Unit: Million yen

Consolidated (IFRS)	FY2017 forecasts (year to Feb. 2018)	FY2016 results (year to Feb. 2017)	Change ¥	Change %
Net sales	95,100	94,022	1,077	1.1%
Operating income	11,500	14,203	(2,703)	(19.0%)
Net income attributable to owners of parent	7,400	8,795	(1,395)	(15.9%)

Reasons for YoY differences in operating income



Reasons for YoY differences in net income



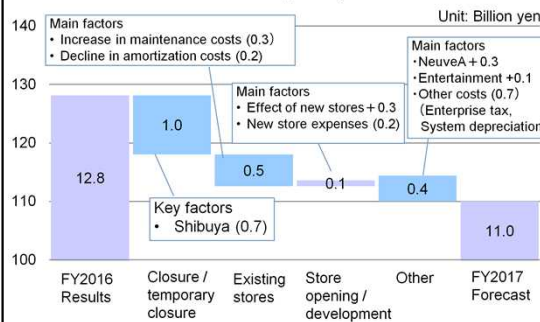
FY2016 financial results (restated from Japanese GAAP figures) are pro-forma figures after restatement of Japanese GAAP figures to IFRS. The auditing process has not been completed and figures are subject to change.

These forecast figures are based on IFRS. We are forecasting higher net sales for FY2017, the first year in the medium-term business plan driven by opening a store in Matsuzakaya Ueno New South Wing as I explained just a while ago and full year contribution from Sendai Parco 2 which opened in 2016. However, we are projecting lower operating income due to the impact from temporary suspension of Shibuya Parco, closure of Chiba Parco, higher depreciation expenses on the back of asset expansion and on top of that, we have further impact from the sale of non-current assets in FY2016 in spite of additional profits coming from new stores opened last year such as Sendai Parco 2 and compensation money relating to Shibuya development.

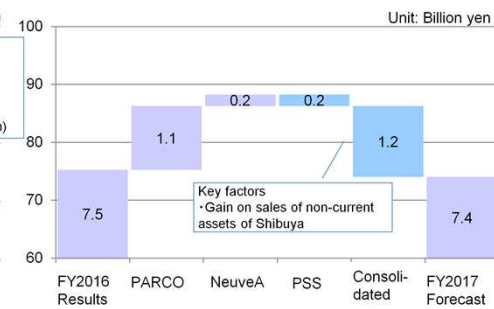
Unit: Million yen

Consolidated (Japanese GAAP)	FY2017 forecasts (year to Feb. 2018)	FY2016 results (year to Feb. 2017)	Change ¥	Change %
Net sales	267,100	268,373	(1,273)	(0.5%)
Operating income	11,000	12,812	(1,812)	(4.1%)
Net income attributable to parent	7,400	7,525	(125)	(1.7%)

Reasons for YoY differences in operating income



Reasons for YoY differences in net income



FY2017 forecasts under Japanese GAAP are pro-forma figures and are subject to change.

We have attached a supplemental page to explain these.

FY2017: Other targets and forecasts**30/30**

1. Consolidated Capital expenditure

Unit: Million yen

Consolidated	FY2017 forecasts	FY2016 results
Capital expenditure	15,389	18,723

*Capex forecasts for FY2016 are on a recorded basis. Capex results for FY2015 are on a capital basis.

2. Share

Targeting annual dividend per share of ¥23 (planned interim dividend per share of ¥11)

3. Store-Opening Plans

1. Matsuzakaya Ueno New South Wing Store: Scheduled to open in autumn 2017
2. Jingumae, Shibuya "Harajuku ZERO GATE"*: Scheduled to open in winter 2017
3. Shijo Street, Kyoto "Kyoto ZERO GATE"*: Scheduled to open in FY2017

*Provisional name

4. PARCO store renovation

Area scheduled for renovation : Approx.44,000 m² (FY2016 achievement: Approx.55,000m²)

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We are showing other targets and forecasts for FY2017. Capital expenditure is projected to be 15.4 billion yen. Our dividend forecast is to pay interim dividend of 11 yen and end-of-the year dividend of 12 yen, which will total 23 yen per share annually, which is flat from this year.



Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of April. 6, 2017, and are subject to a number of risks and uncertainties. Actual results may be materially different.

Perspective drawings and other pictorial representations contained in this presentation are images and may differ materially from the actual items they represent.

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