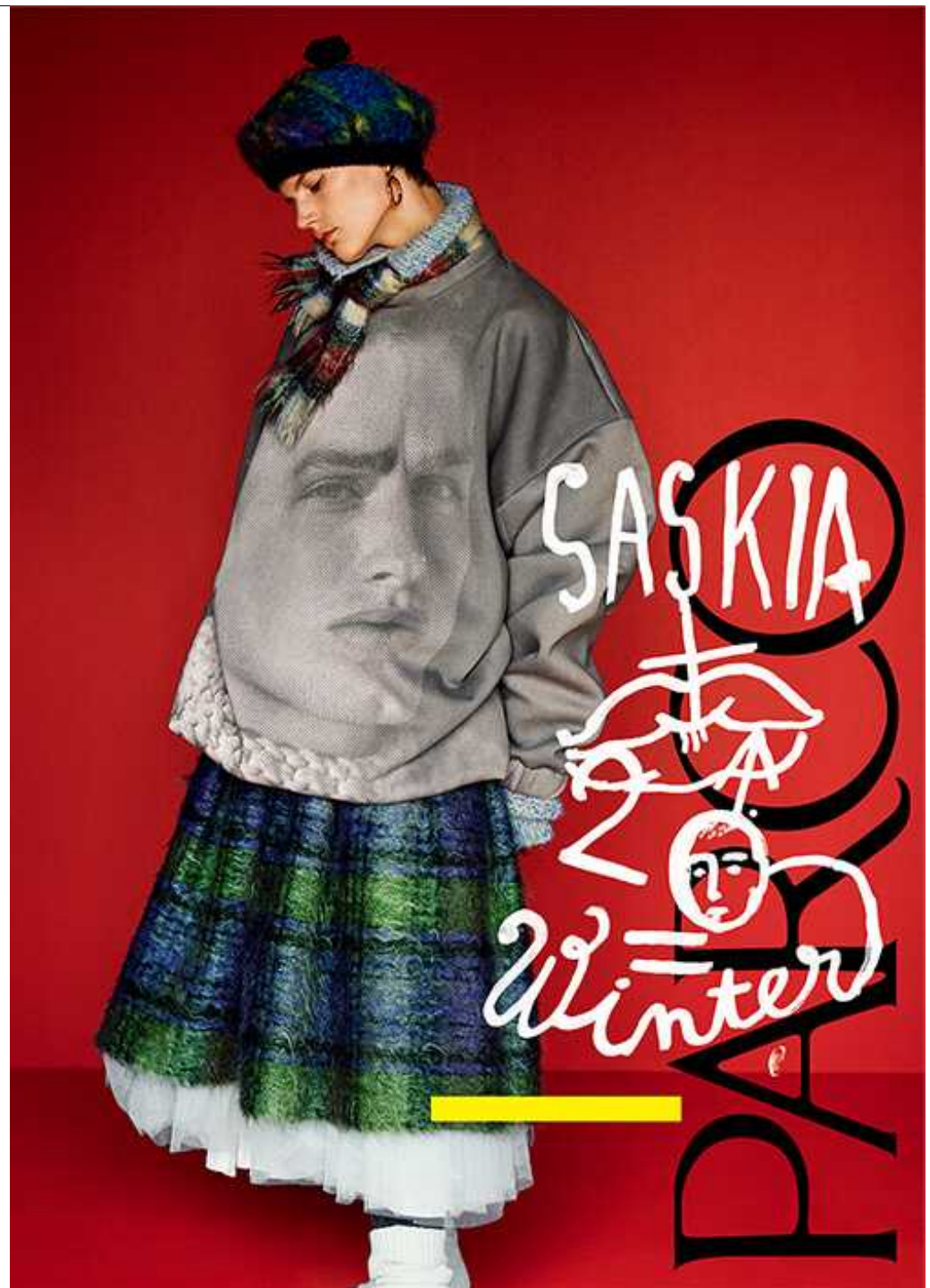


PARCO CO., LTD.
FY2017 First Half Results
Investor Presentation

TSE 1st Section 8251

*As of 2017, PARCO has adopted IFRS



- In Q2, operating profit and profit exceeded forecasts despite YoY decreases in revenue and profit caused by the temporary closure of Shibuya PARCO and closure of Chiba PARCO.
- PARCO's Medium-term Business Plan outlines our business portfolio innovation as the direction we will take to develop our business to achieve future growth.
- Of the 12 development projects targeted in the Medium-term Business Plan, 8 are already underway.
- New development project in the North Building of Daimaru Shinsaibashi announced in September. The new PARCO store will open in the Shinsaibashi area of Osaka, an area with no current PARCO presence.
- Advancement in new construction of Sannomiya ZERO GATE and steady progress in the new Shibuya PARCO and across all development projects.
- Planned opening of J. Front Retailing joint project PARCO_ya in Ueno, and Kyoto ZERO GATE in a popular Kyoto commercial district in H2.
- Closure of Otsu PARCO, which was opened 1996, in August based on recent changes in the commercial environment and prospects for future returns on investment.

Overview of FY2017 H1 results and FY2017 full-year forecasts

Shopping Complex Business

Development Projects

PARCO Stores Business

PARCO Group Related Businesses

Profit in Shopping Complex Business exceeded forecasts despite decreases in revenue and profit due to decrease in the number of PARCO stores.

Unit: Million yen

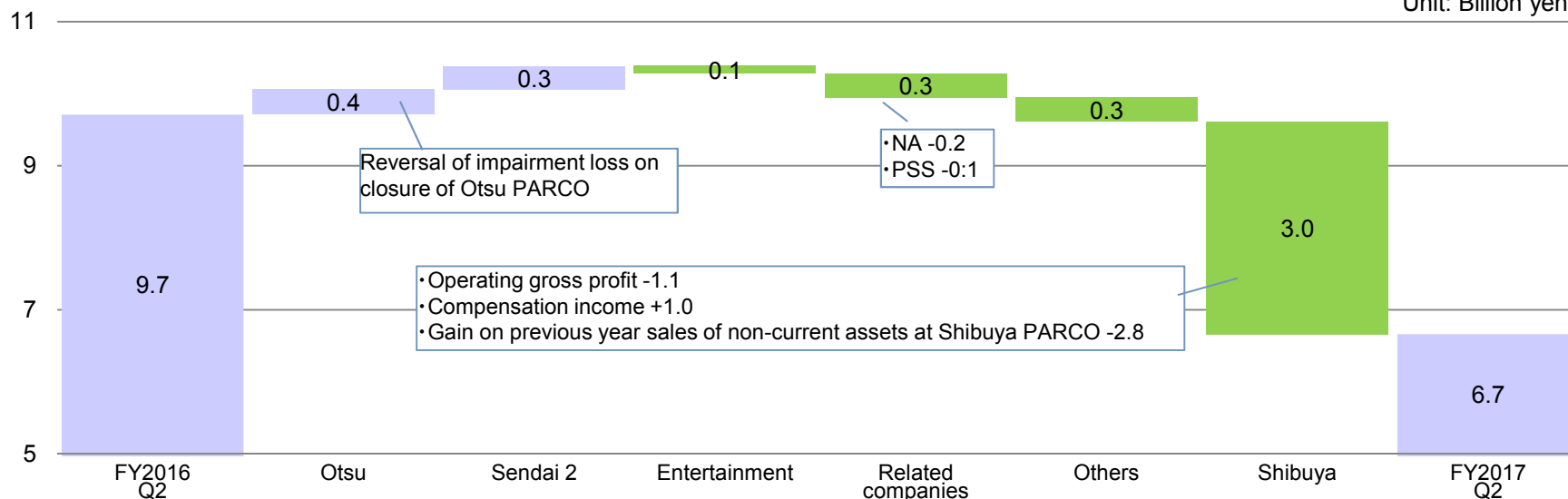
Consolidated	FY2017 Mar.-Aug.	FY2016 Mar.-Aug.	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Operating revenue	45,230	47,168	(1,938)	(4.1%)	45,500	(269)	(0.6%)
Operating profit *1	6,666	9,716	(3,049)	(31.4%)	5,900	766	13.0%
Profit *1	4,469	5,672	(1,202)	(21.2%)	3,800	669	17.6%
EBITDA *2	9,398	12,322	(2,923)	(23.7%)	—	—	—

*1 Operating profit and profit decreased mainly as a result of the sale of real estate in connection with the reconstruction of Shibuya PARCO the previous year

*2 EBITDA (IFRS) in the table above refers to operating revenue plus depreciation and amortization (the depreciation and amortization expenses listed in the consolidated statements of cash flows).

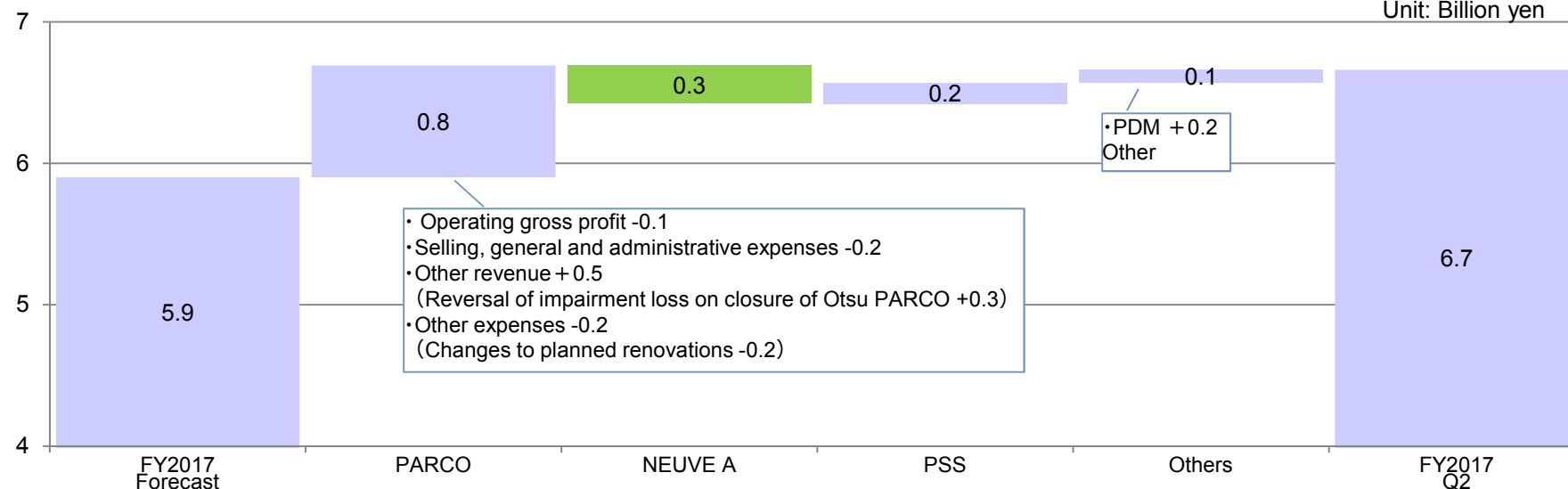
Factors behind YoY change in operating profit

Unit: Billion yen



Factors behind change in operating profit from forecasts

Unit: Billion yen

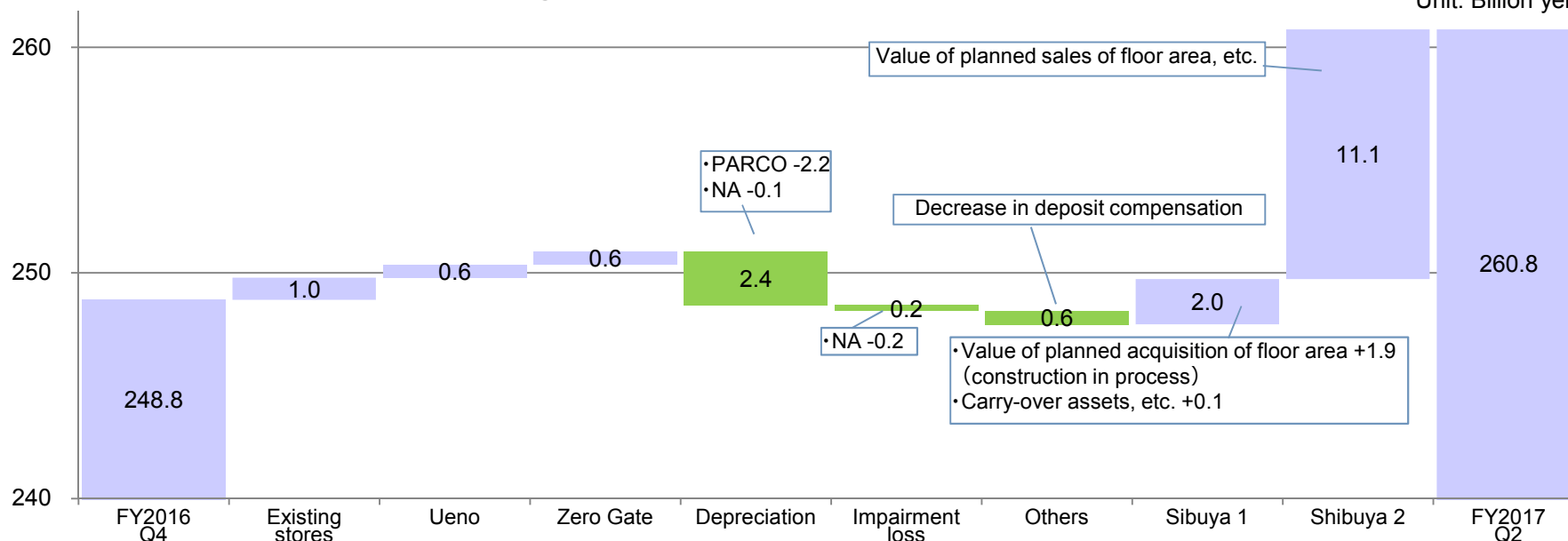


Unit: Million yen

Consolidated	FY2017 End of Aug.	End of FY2016	Change ¥
Total assets	260,803	248,806	11,997
Net assets	123,842	120,600	3,242
Interest-bearing debt	47,665	58,162	(10,496)
Market price-based equity ratio	47.5%	48.5%	(1.0%)

Total assets: Breakdown of change

Unit: Billion yen



Unit: Million yen

		2017 Mar - Aug	2016 Mar - Aug	Change ¥	Change %
Shopping Complex Business	Operating revenue	25,513	27,483	(1,970)	(7.2%)
	Segment profit	6,617	9,256	(2,638)	(28.5%)
Retail Business	Operating revenue	10,597	10,404	193	1.9%
	Segment loss	(192)	26	(218)	-
Space Engineering and Management Business	Operating revenue	10,273	10,619	(345)	(3.3%)
	Segment profit	299	393	(93)	(23.8%)
Other Business	Operating revenue	2,781	3,021	(240)	(8.0%)
	Segment loss	(55)	46	(102)	-
Consolidated	Operating revenue	45,230	47,168	(1,938)	(4.1%)
	Segment profit	6,666	9,716	(3,049)	(31.4%)

Segment profit or loss refers to operating profit.

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.

FY2017 First Half Results (5)

Consolidated selling, general and administrative expenses and capital expenditure

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Selling, general & administrative expenses

Unit: Million yen

Consolidated	2017 Mar - Aug	2016 Mar - Aug	Change ¥	Change %
Personnel	3,998	3,955	43	1.1%
Lease/rental	1,461	1,382	78	5.7%
Advertising	334	305	29	9.7%
Agency services	568	552	16	3.0%
Depreciation *1	426	404	21	5.4%
Taxes and dues	399	310	89	28.7%
Total SG&A	9,424	9,143	280	3.1%

*1 Figures for depreciation include depreciation from processing of selling, general and administrative expenses and processing of operating costs

Capital expenditure

Consolidated	2017 Mar - Aug	2016 Mar - Aug	Change ¥	Change %
Capex	5,205	10,689	(5,484)	(51.3%)

*YoY change in capital expenditure principally reflects investments pertaining to Sendai PARCO 2 and the reconstruction of Shibuya PARCO in the previous year

Overall, profit exceeded forecasts despite YoY decreases in revenue and profit.

Non-Consolidated results

Unit: Million yen

	FY2017 Mar - Aug	FY2016 Mar - Aug	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Operating revenue	27,828	29,976	(2,148)	(7.2%)	28,246	(417)	(1.5%)
Operating profit *1	6,522	7,576	(1,054)	(13.9%)	5,724	798	13.9%
Profit *1	4,682	4,750	(68)	(1.4%)	3,996	686	17.2%

* Operating profit and profit decreased mainly as a result of the sale of real estate in connection with the reconstruction of Shibuya PARCO the previous year

	FY2017 End of Aug	End of FY2016	Change ¥
Total assets	257,168	245,802	11,365
Net assets	123,062	119,621	3,441

Upward revision in operating profit and profit

Unit: Million yen

Consolidated	FY2017 Revised forecast	FY2016 results	Change ¥	Change %	Initial forecast	Change ¥
Operating revenue	94,000	93,780	219	0.2%	95,100	(1,100)
Operating profit	11,600	14,203	(2,603)	(18.3%)	11,500	100
Profit	7,500	8,795	(1,295)	(14.7%)	7,400	100

Planning to set interim dividend per share of ¥11 and annual dividend per share of ¥23.

Overview of FY2017 H1 results and FY2017 full-year forecasts





Shopping Complex Business

Development Projects

PARCO Stores Business

PARCO Group Related Businesses

Total of 8 development plans in progress, including new store opening planned in the North Building of Daimaru Shinsaibashi.

-  Existing PARCO store
-  Existing ZERO GATE store
-  Scheduled to open in H2 FY2017
-  Under development

Otsu PARCO closed in August 2017



*Provisional name

1 PARCO store and 1 ZERO GATE store scheduled to open in FY2017.

PARCO_ya (located inside Ueno Frontier Tower) to open on November 4

- Cater to new market as the first new PARCO store opening in the 23 wards of Tokyo in 44 years since Shibuya PARCO
- Opening in large-scale multi-use complex with selection of specialty shops tailored to target demographics
- Brand new PARCO_ya name to clearly portray uniqueness from existing PARCO stores to customers
- Second-generation baby boomer adult men and women designated as target demographic



PARCO_ya scale	1F-6F
PARCO_ya floor area	Approx. 8,200m ²

Kyoto ZERO GATE* to open in H2 FY2017

Popular commercial area adjacent to Daimaru Kyoto

Building scale	B2F-7F
Total floor area	Approx. 5,200m ² (planned)

*Provisional name

Steady progress across all development projects

Development progress

New Shibuya PARCO	<ul style="list-style-type: none"> • Construction started (May) • Transfer agreement for reserved floor space in office portion (May)
Kinshicho Ekimae Property	<ul style="list-style-type: none"> • Decision on opening reached (April) • Agreement on opening commercial property reached (April)
Urasoe West Coast Development	<ul style="list-style-type: none"> • Construction started (July)
Harajuku ZERO GATE*	<ul style="list-style-type: none"> • Construction started (June)
Sannomiya ZERO GATE*	<ul style="list-style-type: none"> • Decision on new construction agreed (July) • Demolition work on existing structure begins (July)

*Provisional name

Images of each development project



**Planned opening in Shinsaibashi announced;
12 target development plans with 8 currently underway.**

New store opening planned in the North Building of Daimaru Shinsaibashi, an area with no current PARCO presence. Opening set for spring of 2021.

- PARCO store opening in Shinsaibashi, a highly popular commercial area with strong interest among foreign visitors to Japan
- Walkway connecting North Building to Main Building planned for 2F – 10F

*PARCO lease portion

Scale	B2F-7F
Floor area	Approx. 22,000m ² (planned)
Opening	Spring 2021 (planned)

Medium-term Business plan progress

	Target	Planned				Remaining	
		Planned opening					
		2017	2018	2019	2021		
PARCO	4	3	PARCO_ya	Autumn			1
			New Shibuya PARCO North Building of Daimaru Shinsaibashi		Autumn	Spring	
New formats	3	2	Kinshicho Ekimae Property		Spring		1
			Urasoe West Coast Development		Summer		
ZERO GATE	5	3	Kyoto ZERO GATE	H2			2
			Harajuku ZERO GATE		Spring		
			Sannomiya ZERO GATE		Autumn		
Total	12		8			4	

Advance renovations based on consumers' changing lifestyles and demand.

Total renovation area in H1: Approx. 18,000m², renovation zone transaction volume YoY increase of 27.5%

- Urban stores: Renovations principally at Nagoya PARCO. Renovation zone transaction volume YoY increase of 25.9%
- Community stores: Renovations principally at Urawa PARCO. Renovation zone transaction volume YoY increase of 29.8%

Expected full-year total of 44,000m²

Urban stores

- **Advance renovations and utilize respective themes to foster a new pattern of consumer behavior centered on preferred and value-based consumption**
- **Planned focus on renovations at Fukuoka PARCO and Nagoya PARCO in H2**

New non-sales efforts at Fukuoka PARCO to increase store appeal and attract customers

- Attracted new-age hostel (April) and share office (December), both new efforts inside a shopping complex

Responding to the growingly diverse needs of women with unique values at Nagoya PARCO

- Developed restaurant floor (May) to share fun times comfortably and enjoy local ingredients in a photogenic space
- Further expand on fashionable brands to reinforce offerings in fashion (H2)



BOOK AND BED TOKYO

Community stores

- **Restructure tenant composition to focus on key tenants with high capacity to attract customers, and improve one-stop offerings by attracting tenants with new items and services catered to each market**
- **In H2, renovate foods floor at Tsudanuma PARCO and Urawa PARCO to fulfill regional demand**

Opening of “TsudanuMarche” in B1F of Tsudanuma PARCO on October 5

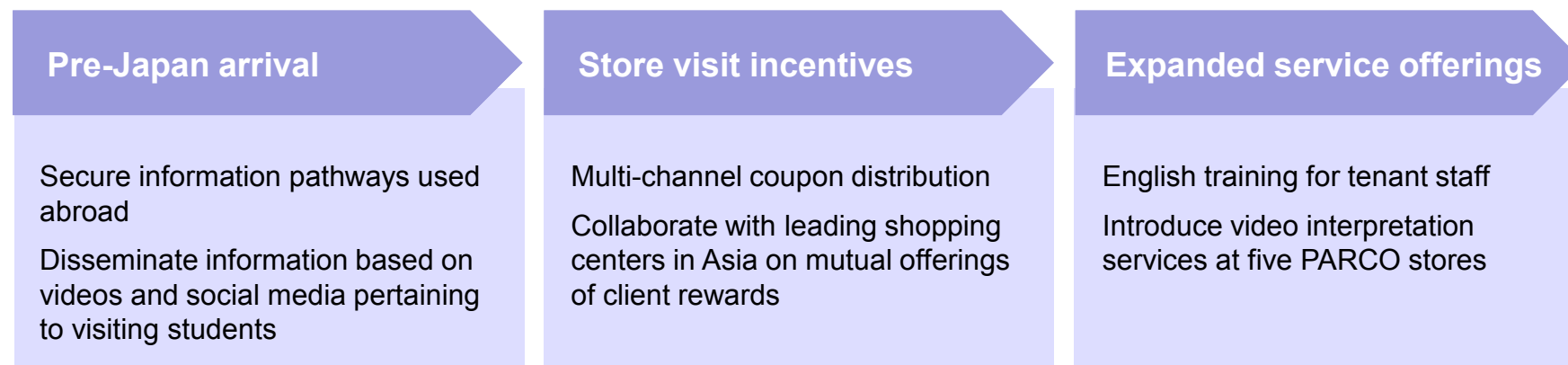
- Full grand opening of the basement floors of Buildings A and B at Tsudanuma PARCO
- Introduce high-specialty, high-quality foods and expand lifestyle necessities and household goods at all 15 shops



Opening planned for high-quality food zone including large-scale supermarket in B1F of Urawa PARCO at the end of November

- Target three-generation families, centered on 30-40 year-old demographic in nearby business district
- Opening of new urban format of large-scale supermarket Yaoko and a variety of specialty shops including sweets shops, grocery stores and cafes, and household good shops.

Continue to support growth in inbound transaction volume through pre-arrival approaches and increased offerings of services at stores.



Reference: Inbound achievements	Sapporo PARCO	Ikebukuro PARCO	Fukuoka PARCO	Nagoya PARCO	All-store total*1
YoY change in purchases by foreign-issued credit cards	7.2%	43.8%	69.3%	128.9%	35.6%
Share of transaction volume accounted for by foreign-issued credit cards (YoY change) ²	11.6% (+0.6%)	3.7% (+0.9%)	2.5% (+0.9%)	1.2% (+0.7%)	1.6% (+0.5%)

1 All-store totals for YoY change in purchases by foreign-issued credit cards do not include figures from Shibuya PARCO

2 Share of net sales accounted for by foreign-issued credit cards represent the share in tenant transaction volume

Utilize ICT in tenant support and proof-of-concept testing to yield future contributions.

Advance and evolve individual customer relations strategies through technology

- Proof-of-concept testing of AI-capable robots to offer customers ideal products
- Utilize data obtained from stores and apps in strategy development
- Introduce systems for quantifying customer numbers and characteristics across shops. Offer service to tenants (to be implemented at PARCO_ya in November)



Enhance shop sales and operating efficiency by expanding Kaeru PARCO functionality

- Proof-of-concept testing of delivery boxes utilizing blockchain technology
- Link EC product data and in-store inventory data with Kaeru PARCO to optimize operations by reducing product registration-related labor

Actively deploy robot technology to revitalize and optimize shop operations

- Shift shop staff trainings to an online environment (initiated at Fukuoka PARCO in July and currently being rolled out at other stores)
- Proof-of-concept testing of automatic store guidance and stocking robots



Demonstrate capability to develop productions through collaborations and full use of generationally relevant content.

PARCO Museum exhibitions

Showcase record-breaking PARCO original exhibitions at Ikebukuro PARCO and other external venues

Collaborations with popular films

Implement advertising tie-ups with PARCO Grand Bazaar and limited-time collaboration cafes at PARCO stores throughout Japan

Promotional events on Parco_ya opening

Hold joint PARCO exhibitions at Matsuzakaya Ueno, and link exhibitions from Ueno's own Tokyo Metropolitan Art Museum and PARCO-distributed films to PARCO_ya opening promotions



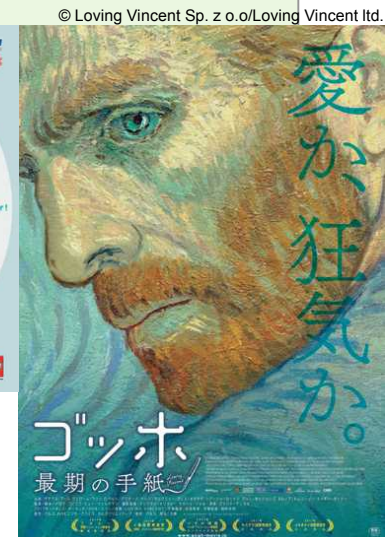
The record-setting "Tokyo Creators' File Festival"



Collaborations with hit films at PARCO's summer Grand Bazaar
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Joint exhibition at Matsuzakaya Ueno and PARCO_ya of PIECE OF PEACE



The PARCO-distributed film *Loving Vincent*

Overview of FY2017 H1 results and FY2017 full-year forecasts

Shopping Complex Business

Development Projects

PARCO Stores Business

PARCO Group Related Businesses

PARCO Group Related Businesses (1)

Retail Store Business (NEUVE A), Space Engineering and Management Business (PARCO SPACE SYSTEMS)

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Retail Store Business (NEUVE A)

Operating revenue growth and profit downturn in H1. Prioritize sales in existing stores to enhance profitability.

H1 achievements

- Sound performance in ROSEMARY and EYEWEAR businesses, but challenging operating environment in TICTAC and COLLECTORS businesses
- 2 stores opened with 14 unprofitable stores restructured

H2 plans

- Prioritize improvement of sales at existing stores, alongside two new store openings
- Accelerate strengthening of products and systems to expand EC sales

Business name (item)	No. of shops
TICTAC (watches)	94
EYEWEAR (eyeglasses)	27
ROSEMARY (cosmetics, sundry goods)	23
COLLECTORS (men's sundry goods)	40
Other new business categories	5

Space Engineering and Management Business (PARCO SPACE SYSTEMS)

Despite YoY decrease, operating revenue and profit exceeded forecasts in H1. Increase in construction orders expected in H2.

H1 achievements

- Decline in operating revenue following large-scale interior work orders among tenants at Sendai PARCO 2 the previous year
- Profit targets reached due to new construction orders for large-scale external shopping complexes and several new projects in hotel business

H2 plans

- Expected increase in construction orders including interior work orders from PARCO_ya tenants

PARCO Group Related Businesses (2)

23/24

Other Business (PARCO Digital Marketing, Entertainment Business)

PARCO Digital Marketing

Profit increase in H1. Strengthen business foundation through focus on expanding digital marketing business.

H1 achievements

- Acquisitions of 6 new clients contributed to profit growth despite decline in operating revenue from withdrawal of human resources business

H2 plans

- Expand corporate support businesses under theme of ICT support, including promotion of omni-channelization, etc.

Entertainment Business (PARCO CO., LTD)

Decrease in operating revenue and profits in H1 due to closure of theater and movie theater as a result of Shibuya PARCO renovations. Focus on external locations and collaboration cafes.

H1 achievements

- Repeat production of *Singin' in the Rain* at external locations, and strong review for productions directed by Koki Mitani, and others
- Deployment of successful Shibuya PARCO character collaboration cafes at five stores including Ikebukuro PARCO

H2 plans

- Planned holding of popular productions including *The Rocky Horror Picture Show* and *Orlando* at external theaters
- Production planned of the fully painted film *Loving Vincent*





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