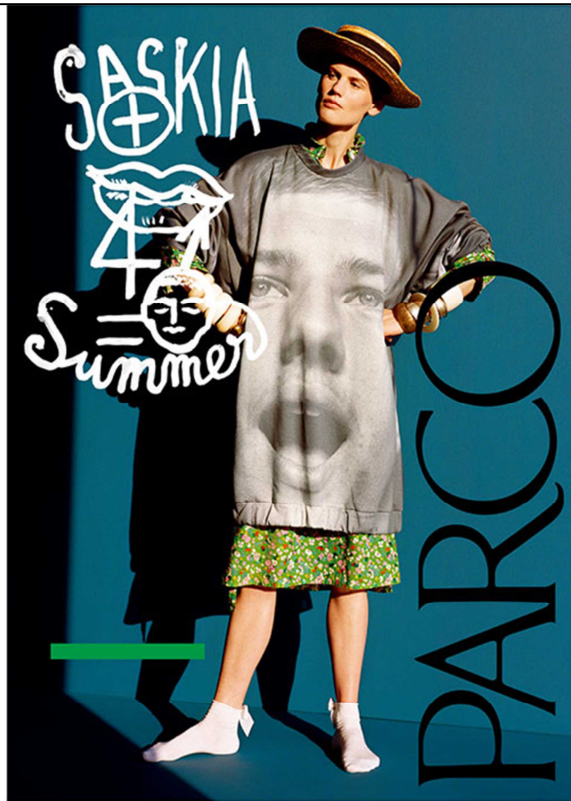


PARCO CO., LTD.
FY2017 Financial Highlights
(March 1, 2017 – February 28, 2018)
TSE 1st Section 8251



- **FY2017:** Operating profit and profit exceeded targets, primarily due to contributions from the opening of new stores in the current fiscal year and reversal of allowance on the closure of Otsu PARCO. This was despite decreases in revenue and profit caused by permanent and temporary store closures in the previous fiscal year and permanent store closures in the fiscal year under review.
- **FY2017:** PARCO_ya, a new commercial facility in Ueno, opened in November and early sales were strong. A section of Kyoto ZERO GATE opened in the same month.
- **FY2018:** A section of Harajuku ZERO GATE opened in March, and Sannomiya ZERO GATE is projected to open this autumn. Announcement of ZERO GATE Kawasaki store on April 9.
- Of the 12 development projects targeted in PARCO's Medium-term Business Plan, 3 have already opened, and an additional 6 are in development and making steady progress.
- **FY2018** profit is expected to be in line with forecasts for the second year of the Medium-term Management Plan. Revenue is expected to increase as a result of new store openings including ZERO GATE, with a marginal increase in operating profit after incorporating the closure of Otsu PARCO (reversal of allowance) in FY2017 and rising development costs in FY2018.
- Annual dividend per share in FY2018 is projected to be 24 yen, a 1 yen increase over FY2017.

Overview of FY2017 results / FY2018 full-year forecasts

Shopping Complex Business

Development Projects

PARCO Stores Business

PARCO Group Related Businesses

ESG Approach

Profit and operating profit exceeded targets despite a decline in revenue and profit resulting from a decrease in the number of PARCO stores in the Shopping Complex Business and despite a gain on the sale of fixed assets relating to the redevelopment of Shibuya PARCO in the previous fiscal year.

Unit: Million yen

Consolidated	FY2017	FY2016	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Operating revenue	91,621	93,780	(2,159)	(2.3%)	94,000	(2,378)	(2.5%)
Operating profit	11,713	14,203	(2,490)	(17.5%)	11,600	113	1.0%
Profit	7,809	8,795	(985)	(11.2%)	7,500	309	4.1%
EBITDA*	17,372	19,502	(2,130)	(10.9%)	—	—	—

*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).

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The company's performance during FY 2017 was negatively affected by the temporary closing of Shibuya Parco, as well as the permanent closing of Chiba Parco and Otsu Parco, which lead to a reduction in the total number of store locations.

Similarly, last year we booked a non-recurring profit on the sale of fixed assets within the scope of the company's Shibuya re-development project, making it all the more difficult to beat last year's results.

Given these two factors, PARCO Co. Ltd reported both a decrease, YoY in revenue and profits.

Nevertheless, we were able to exceed expectations for the metric of operating profits, as well as for the metric of profit.

Regarding operating revenue, year-round store operations at Sendai Parco 2, as well as the opening of Parco_ya in Ueno, and Parco Space systems, made a positive contribution to the company bottom-line. However, it wasn't enough to offset a sluggish fashion and apparel retail market environment, as well as the temporary closure of Shibuya Parco, combined with the permanent closure of Otsu PARCO.

This comes to a grand total of 91.6 billion yen in perating revenue, which represents a 2.159 billion yen contraction on an annualized basis.

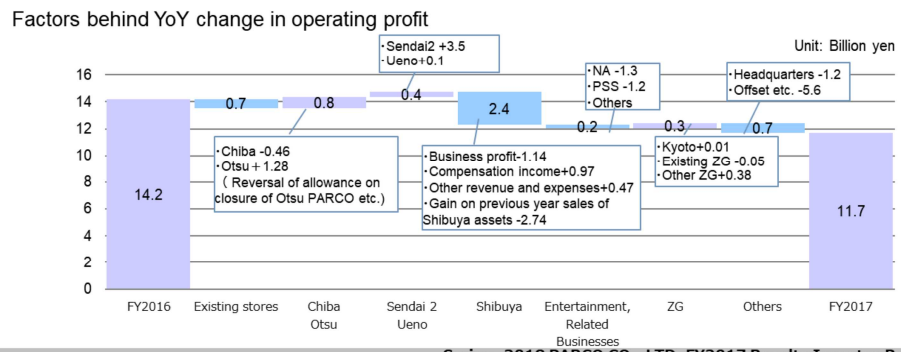
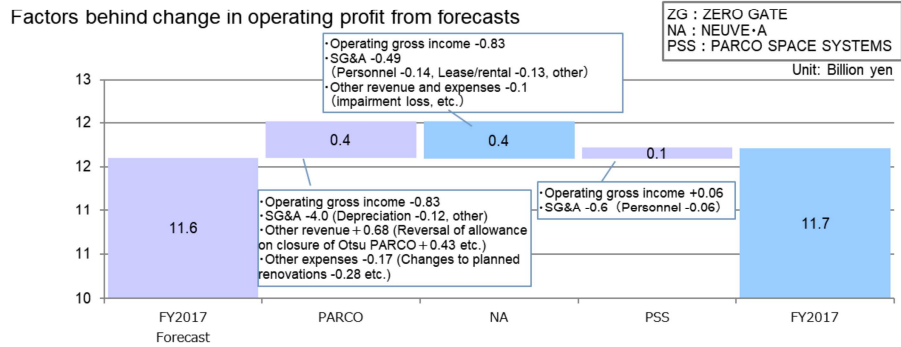
Regarding the metric of operating profits, we reported 11.713 billion yen.

This represents a contraction YoY, but due to increases in productivity and cost efficiency, as well as for the reversal of allowance for losses associated with the closing of Otsu Parco, we were still able to beat estimates.

Profit attributable to the parent company stood at 7.809 billion yen, which represents a 985 million contraction YoY.

As I've just mentioned, we did better than expected for the metric of operating profit, which combined with a reduction in interest-bearing liabilities, allowed us to exceed expectations regarding profit attributable to the parent company.

Last but not least, we also posted 17.372 billion yen in EBITDA.



You can find all this information in this graphicform.

As you can see from the graph, we saw a contraction in terms of business profits due to a reduction in the total number of Parco store locations, as well as a decline in gross operating profit.

This translated into a total of 10.28 billion yen in business profits, down 2.513 billion yen YoY.

In terms of operating profits, we were unable to offset losses associated with existing Parco store locations.

This was particularly difficult given the boost we received from the non-recurrent sale of fixed assets related to the company's new Shibuya re-development project during the previous fiscal year.

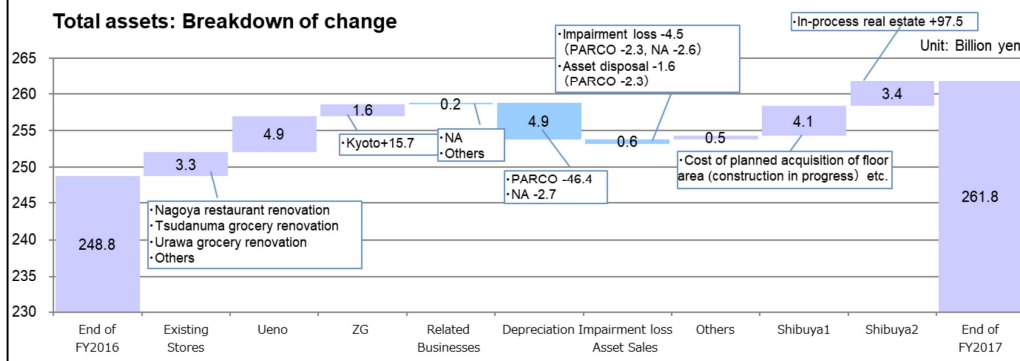
The grand total came at 11.713 billion yen for the metric of operating profit.

This translates into a 2.49 billion yen contraction YoY.

Total assets increased due to the one-off accounting treatment effects of progress in the new Shibuya PARCO development plan.

Unit: Million yen

	End of FY2017	End of FY2016	Change ¥	Change %
Total assets	261,835	248,806	13,029	5.2%
Total equity	126,311	120,600	5,710	4.7%
Interest-bearing debt	52,820	58,162	(5,342)	(9.2%)
Equity ratio	48.2%	48.5%	(0.2%)	
ROE (Equity attributable to the owners of the parent)	6.3%	7.5%	(1.2%)	
ROA (Ratio of gross income to net asset value)	4.5%	5.6%	(1.1%)	



We saw an expansion of Parco's total asset, due to the development of Parco_ya Ueno and the Zero Gate Project in Kyoto, as well as due to the acquisition of floor area within the context of the new Shibuya re-development project, all to the tune of 3.4 billion yen.

This represents an increase of 13.029 billion yen YoY, for a total of 261.835 billion yen.

Furthermore, included in the asset balances for Parco_ya Ueno and Project Zero Gate are approximately 4.8 billion yen in financial leases.

Total equity stood at 126.31 billion yen with an equity ratio attributable to the owners of the parent company of 48.2% with interest-bearing debt totaling 52.82 billion yen, which translates into a decline YoY of 5.342 billion yen.

The ROE stood at 6.3%, while the ROA contracted 1.1% to 4.5%.

This is mostly due to the aforementioned increase in the company's asset balance.

Both are perfectly in line with company estimates.

Revenue and profit decreased in the Retail Business due to impairment losses and poor performance of key businesses. Revenue increased in the Space Engineering and Management Business due to strong orders in exterior construction, but profits decreased due to profits recorded on the sale of fixed assets in the previous fiscal year.

Unit: Million yen

		FY2017	FY2016	Change ¥	Change %
Shopping Complex Business	Operating revenue	51,351	53,864	(2,513)	(4.7%)
	Segment profit	10,964	13,179	(2,215)	(16.8%)
Retail Business	Operating revenue	21,216	21,532	(315)	(1.5%)
	Segment profit	75	205	(129)	(63.3%)
Space Engineering and Management Business	Operating revenue	21,399	20,528	870	4.2%
	Segment profit	652	773	(121)	(15.6%)
Other Business	Operating revenue	6,158	6,137	20	0.3%
	Segment profit	53	45	7	17.2%
Consolidated	Operating revenue	91,621	93,780	(2,159)	(2.3%)
	Segment profit	11,713	14,203	(2,490)	(17.5%)

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.

It's Parco Co. Ltd's consolidated results by segment.

As you can see from the chart, we registered both a decrease in revenue and profitability for the Shopping Complex Business.

The same applies for the next category of Retail Business, due to sluggish demand for the Tic Tac brand associated with Neuve A, as well as due to the booking of impairment losses associated with the closure of non-performing store locations.

Regarding the segment entitled "Space Engineering and Management" represented by Parco Space Systems, this segment registered an increase in operating revenue, due to healthy demand for their interior construction and electrical installation solutions.

We posted a decline in segment profit, but if we exclude non-recurring profits derived from the sale of assets during FY 2016, you'll see profitability for this segment is actually up YOY.

Regarding the performance of Parco Digital Marketing listed under the item "Other Business", we saw a contraction in revenue due to the company's decision to pull out of human resources management.

We were however able to offset this loss by re-focusing on our core business of internet marketing, which allowed us to deliver an increase in profits for the segment.

Also in the segment of "Other Business", the "Entertainment" division posted an increase in revenue as a result of operations in the fields of theater and music.

However, due a loss of revenue due to the temporary closure of Parco Stage, as well as associated maintenance costs, we were unable to turn a profit for this sub-category.

As a whole, the segment of "Other Business" registered an increase both in terms of operating revenue and segment profit.

FY2017 Results (5)

Consolidated selling, general and administrative expenses and capital expenditure **8/23**

Selling, general & administrative expenses

Unit: Million yen

Consolidated	FY2017	FY2016	Change ¥	Change %
Personnel	8,032	8,097	(65)	(0.8%)
Lease/rental	3,013	2,885	127	4.4%
Advertising	665	580	85	14.7%
Agency services	1,200	1,152	48	4.2%
Depreciation *1	857	835	21	2.6%
Taxes and dues *2	818	544	273	50.2%
Total SG&A	18,979	18,505	474	2.6%

*1 Figures for depreciation include depreciation from processing of selling, general and administrative expenses and processing of operating costs, a total of 5.7 billion JPY, a YoY increase of 6.8%.

*2 The effects of the pro forma standard taxation system is the primary factor behind the increase in taxes and dues.

Capital Expenditure

Unit : Million yen

Consolidated	FY2017	FY2016	Change ¥	Change %
Capex*	12,895	18,723	(5,827)	(31.0%)

*YoY change in capital expenditure principally reflects investments pertaining to the renovation of Shibuya PARCO in the previous year.

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It provides a numerical breakdown of selling, general & administrative expenses.

The effects of the pro-forma standard taxation system is the primary factor behind the increase in taxes and dues, as well as higher interest payments associated with land leases.

All combined, total SG & A increased by 474 million yen.

In terms of depreciation, which is shown here as including SG & A as well as the processing of operating costs, it comes to a total of 5.659 billion, which in turn translates into an increase of 6.8% YoY.

Regarding the metric of capital expenditure, this item stood at 12.895 billion yen for FY 2017, down 5.828 billion yen.

Consolidated profit forecasts are in line with the second year targets of the Medium-term Business Plan.

Unit: Million yen

Consolidated	FY2018 Forecast (to Feb 2019)	FY2017 Results (to Feb 2018)	Change ¥	Change %
Operating revenue	96,000	91,621	4,378	4.8%
Operating profit	11,750	11,713	36	0.3%
Profit	7,700	7,809	(109)	(1.4%)

- Operating revenue is projected to increase due to contributions from the opening of Harajuku ZERO GATE and Sannomiya ZERO GATE, and the opening of PARCO_ ya Ueno in FY2017.
- The increase in operating profit is projected to be marginal, impacted by the closure of Otsu PARCO last year and growing development costs from FY2018.

Capital expenditure

Unit: Million yen

Consolidated	FY2018 Plan (Appropriation base)	FY2017 (Capital base)
Capex	20,375	12,895

- FY2018 capex targets will be set in line with progress of the Shibuya redevelopment project and other development projects.

*Capex forecasts for FY2018 are on an accrual basis, and include a finance lease portion of about 3.5 billion yen.

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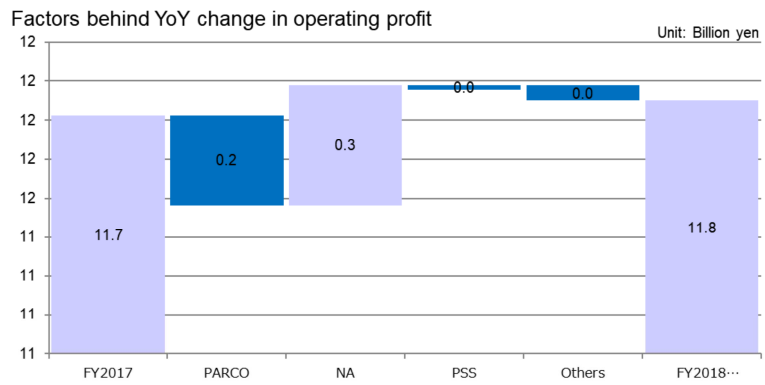
It contains our full-year forecast for FY 2018.

We project an increase in operating revenue and business profit due to the opening and full utilization of new store locations like Parco_ ya Ueno.

We also project a marginal increase in operating profit, impacted by the closure of Otsu Parco last year and growing development costs from FY 2018.

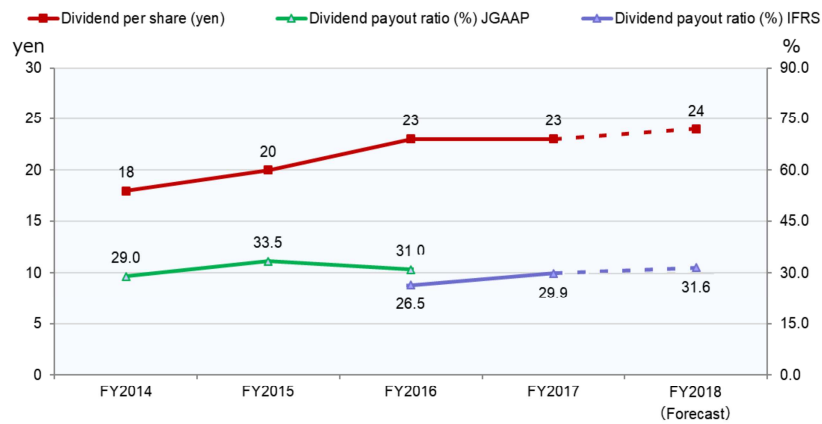
Regarding the metric of capital expenditure, we make allowance for approximately 20.3 billion yen for FY 2018.

Capex forecasts for FY 2018 are on an accrual basis, and include a finance lease portion of about 3.5 billion yen.



The graph contains a graphic representation of our operation forecast for each constituent entity.

Plan to increase FY2018 annual dividend per share by 1 JPY to 24 JPY.

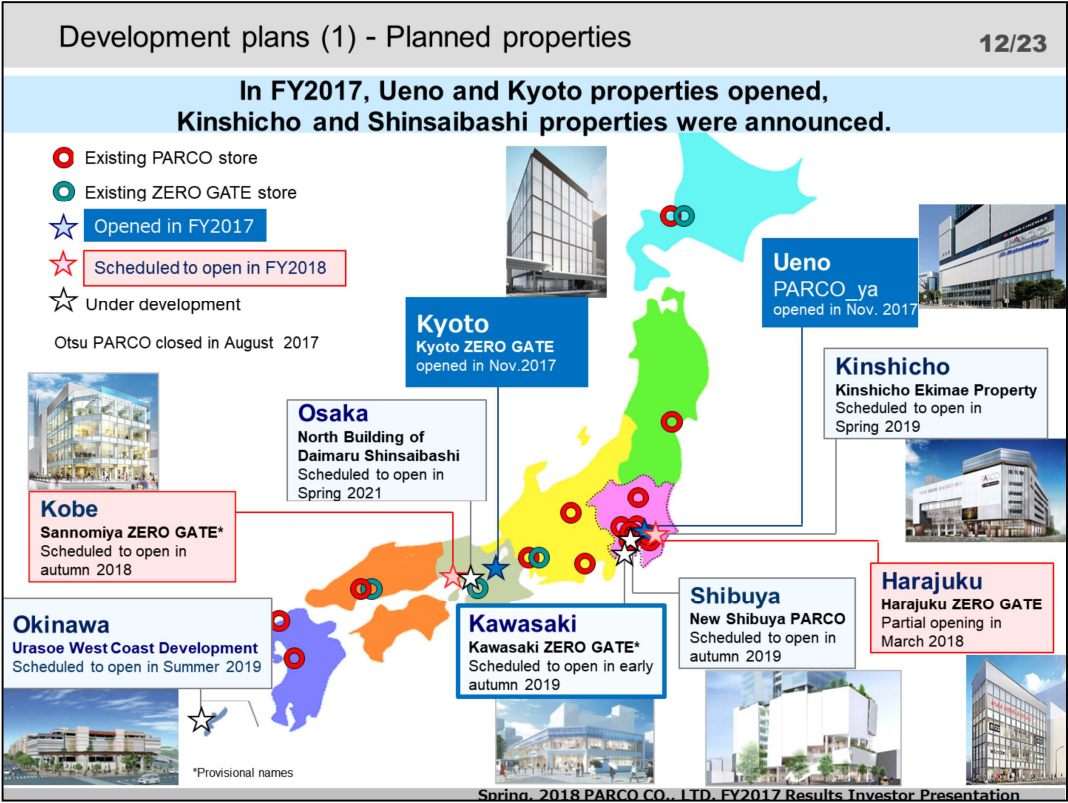


- Core policy is to maintain stable dividends, while considering business results and the payout ratio.
- End year dividend in FY2017 was 12 JPY per share. Total dividend for the year was 23 JPY per share as planned.
- Annual dividend for FY2018 planned to increase by 1 JPY per share, to a total of 24 JPY, with an interim dividend of 12 JPY per share.

We intend to maintain our commitment towards rewarding those who invest in the company through the regular payment of stable dividend yields, while keeping a close eye on corporate earnings performance and the overall dividend payout ratio.

Interim dividends stood at 12 yen per share for the second-half of FY 2017, for a total annual dividend of 23 yen per share, in line with company expectations.

The planned dividend payout schedule for FY2018 includes an interim dividend of 12 yen per share, for an annual dividend of 24 yen per share, or a 1 yen increase.



FY 2017 marked the opening of Parco_ya in Ueno and Zero Gate in Kyoto, as well as the announcement of new properties in Kinshicho, and in North building of Daimaru Shinsaibashi.

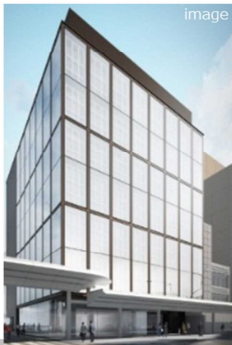
We have also just announced a new Zero Gate property in Kawasaki.

One PARCO store and one ZERO GATE store opened in FY2017.

PARCO_ya opened in November inside Ueno Frontier Tower, as part of the Matsuzakaya former south building redevelopment project.

*Includes only portion rented by PARCO

- 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.
- Strong performance that exceeded targets and achieved profitability, with the restaurant floor performing particularly well.



Building scale*	1F-6F
Total floor area*	Approx. 8,200m ²

Upper floor of Kyoto ZERO GATE opened in November

- Located in high profile area of central Kyoto
- Adjacent to Daimaru Kyoto
- Achieved profitability and contributed to consolidated profit

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

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As I've just mentioned, FY2017 marked the opening of Parco_ya in Ueno, in a new shopping complex, it used to be the South Building of the Matsuzakaya department store.

Operations at the new Ueno property got off to a good start, generating robust results, and readily achieving profitability.

It has thus far exceeded all expectations, with special emphasis on the restaurant floor, which has performed particularly well.

Regarding the Zero Gate property in central Kyoto, the upper floors currently in operation.

Despite this, it has already achieved profitability and is actively contributing to the company bottom-line.

Plans for two new large-scale properties announced.



*PARCO lease portion

Sumida Ward, Kinshicho Ekimae Property. Opening set for spring of 2019.

- Store opening in Kinchicho, Sumida Ward, where urban development and revitalization are expected.
- New location in Eastern Tokyo area.

Scale*	B1F-7F
Floor area*	26,654m ² (planned)
Investment	Approx. ¥1.9bn (planned)

North Building of Daimaru Shinsaibashi, owned by J. Front Retailing Group. Opening set for spring of 2021.

- A lively commercial area in Osaka popular among foreign visitors to Japan where there are currently no PARCO stores.
- Walkway connecting North Building to Main Building planned for 2F – 10F.

Scale*	B2F-7F
Floor area*	Approx. 22,000m ² (planned)
Investment	Approx. ¥4bn (planned)



As I've just mentioned, we green-lit the construction of two new projects, the first of which will be located in the Sumida Ward of Tokyo, in what is currently known as the Tokyo Rakutenchi Building directly facing Kinshicho Station.

The opening is set for the Spring of 2019.

In a similar fashion, we will also be opening a new property in the North Building of the Daimaru Shinsaibashi department store in Osaka.

The opening is set for the Spring of 2021.

Kawasaki ZERO GATE*. Opening set for Autumn of 2019.

- Kawasaki ZERO GATE is expected to expand and develop the urban functions of Kawasaki city center.
- High visibility location on the corner of a major intersection in front of Kawasaki Station.
- New commercial facility aiming to contribute to the area by generating even more activity.

Scale	1F-2F
Floor area	Approx. 3,400m ² (planned)
Investment	Approx. ¥0.1bn (planned)



We have announced just today the development of a new property in Kawasaki set to open in the Fall of 2019 on the corner of a major intersection directly facing Kawasaki Station.

It's a two-floor building rather than a large shopping complex, but we hope to make our mark and contribute to the local economy, which is characterized by a large proportion of renowned stores with a long and prestigious history.

Two ZERO GATE store openings.

Harajuku ZERO GATE, opened in March 2018.

- Opened in area with high concentration of large domestic and international shopping complexes and fashionable, street-facing stores.
- So far has attracted a popular SNS character-goods shop and a fitness gym.

Scale	1F-4F
Floor area	Approx. 943m ²
Investment	¥0.45bn (planned)



LINE FRIENDS flagship store opened in Harajuku ZERO GATE*

Sannomiya ZERO GATE*, opening set for autumn of 2018.



- New store opening in Sannomiya, the lively commercial center of Kobe, one of Kansai's biggest cities.
- Construction began in July 2017.

Scale	1F-4F
Floor area	Approx. 1,500m ² (planned)
Investment (construction)	Approx. ¥0.62bn (planned)

*Provisional name

We will also be opening two Zero Gate properties during FY 2018.

In fact, one of the two properties is already in operation in the Harajuku area of Tokyo.

A four-story building, the first three floors are currently occupied by the "LINE FRIENDS" Flagship store, which sells merchandise related to the popular SNS application "LINE FRIENDS", while the fourth floor is currently occupied by a fitness gym.

Similarly, we also have plans to open another Zero Gate store in Sannomiya, in Kobe.

This too will be a four-story building.

The opening is set for the Fall of 2018.

Out of twelve development projects laid out in the five year plan, three have launched and six are currently underway.

Medium-term Business plan progress

	Target	Planned	Planned opening				Remaining
			2017	2018	2019	2021	
PARCO	4	PARCO_ya	Nov.				1
		New Shibuya PARCO			Autumn		
		North Building of Daimaru Shinsaibashi				Spring	
New formats	3	Kinshicho Ekimae Property			Spring		1
		Urasoe West Coast Development			Summer		
ZERO GATE	5	Kyoto ZERO GATE	Nov.				2
		Harajuku ZERO GATE		Mar.			
		Sannomiya ZERO GATE		Autumn			
		Kawasaki ZERO GATE			Early Autumn		
Total	12	9 (3 launched, 6 currently underway)				3	

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It contains a list of the company's building pipeline moving forward, for a total of 12 properties.

Of these 12 locations, 3 are already in operation, with a further 6 in the active stages of development.

Progress with renovation proposals to the market based on changes in consumption and store characteristics.

FY2017 : Total renovation area: approx. 35,000m²
(Renovation zone transaction volume YoY increase of 26.7%)

● Urban stores

Renovation zone transaction volume

YoY increase of 22.6%

Increased introduction restaurants that serve as an information space, and proposals for spaces that offer new ways of communicating



Fukuoka PARCO: The first co-working/shared office space in a commercial facility

● Community stores

Renovation zone transaction volume

YoY increase of 31.7%

Promote customer retention and on-site shopping habits centred around the renovation of food floor and attraction of large-scale key tenants with strong ability bring in customers



Urawa PARCO: Large-scale supermarket "YAOKO" attracted to basement level 1st floor

FY2018 planned renovation area: Approx. 35,000m²

Create new added value based on consumption diversity, expand variety of fashion zones by strengthening the introduction of new items centered on cosmetic and food related products

● Urban stores

Introduce "Health & Beauty," a provider of added value for lifestyles, and pursue ideas for new food styles, including new shop offerings and interiors, and the use common spaces in PARCO stores.

● Community stores

Continue strengthening proposals matched to market needs by renovating food speciality stores and introducing high-quality supermarkets

The current slides contains an overview of our operations at Parco stores, referred to in the slide as the "Parco Store Business".

This first section provides an overview of store renovations for the Parco brand.

We carried out comprehensive store renovations during FY 2017 to the tune of 35,000 square meters to better meet our customers'needs.

Our efforts have paid off handsomely in the form of an increase YoY of 26.7% in transaction volume for the areas benefitting from these renovations.

Worthy of particular mention are the large-scale supermarket zone on the basement floors of Urawa Parco, and Tsudanuma Parco.

We are currently in the process of renovating and modernizing these two areas.

During FY 2018 we intend to unlock value by responding to the various and growing needs of our customer base.

To this end, we shall continue our renovation efforts to cover an additional 35,000 square meters in floor space, with special emphasis on the areas of cosmetics and food products.

Expansion of transaction volume among priority customers and key policy targets.

Credit card sales amount

Transaction volume expansion by PARCO class S card holders which rewards high customer loyalty

Card Results	Credit card	Unit: Million yen	
		PARCO Card	PARCO Card Class S
PARCO Tenant Transaction Volume (existing stores)	109,138	55,430	37,144
YoY	(0.4%)	(2.4%)	7.5%
Transaction volume shares of existing stores (YoY)	44.8% (+0.7%)	22.8% (▲0.1%)	15.2% (+1.3%)

Reference: Results of inbound demand from overseas visitors to Japan

Continue to expand inbound transaction volume by approaching customers before they visit and expanding services at time of visit.

Reference: Inbound achievements	Sapporo PARCO	Ikebukuro PARCO	Fukuoka PARCO	Nagoya PARCO	All-store total*1
YoY change in purchases by foreign-issued credit card	3.7%	25.2%	54.2%	183.2%	25.1%
Share of transaction volume accounted for by foreign-issued credit cards (YoY change)*2	12.2% (+0.7%)	3.9% (+0.7%)	2.7% (+0.9%)	1.3% (+0.8%)	1.7% (+0.1%)

*1 All-store totals for YoY change in purchases by foreign-issued credit cards do not include figures from Shibuya PARCO, PARCO_ya, Otsu PARCO and Chiba PARCO.

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

The slide on page 19 details the second pillar of our strategy for the Parco store business - customer service.

We saw an increase in the volume of credit card purchases by holders of the so-called "Class S" Parco Card, which rewards high customer loyalty.

We also registered an increase in the volume from foreign— issued credit cards, for an allstore average increase of 25.1% YoY.

PARCO Stores Business (3) – Utilizing ICT for customers and tenants 20/23

Implementing proof-of-concept testing ahead of full-scale introduction at new Shibuya PARCO (opening in autumn 2019).

For customers

- Trial Run for Coordinate 3D scanner**
Broad promotion of fashion through customers social media activity
- Guidance via Alexa voice service**
Developing in-shop voice search services, Launching at Ikebukuro PARCO
- Improving Pocket PARCO media outreach**
Enhancing the purchase menu with links to detailed information (planned introduction for second half of FY2018)

For companies and stores

- Shop staff web training**
Focusing on customer service at store front with boosted efficiency.
- Data analysis of customer numbers and attribution processes**
Optimizing personnel structure and utilizing product reviews.
- Proxy management of brand EC site**
Handling overall operations including website Creation.

New Shibuya PARCO

PARCO's ANREALAGE EC site
Looking Back at 2006/S-2017 A/W collection

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This outlines the third pillar of our growth strategy for the "Parco Stores Business" - the use of ICT to better serve our customers and tenants.

We are currently testing several proof-of-concept technologies ahead of full-scale deployment at the new Shibuya Parco store.

One such technologies is a 3D full body scanner allowing customers to visualize in 3D how they look wearing a particular outfit, and share that image with their friends on social media.

Another is voice search technology via integration with Amazon's Alexa.

This service can currently be used at Ikebukuro Parco.

Last but not least, is a mobile app called "Pocket Parco."

This apps allows us to improve customers'shopping experience by providing useful links with detailed product information.

We also have several technological solutions geared t.owards companies and st.ores.

This involves, for example, extensive employee training t.o learn how t.o operate with the latest technologies.

We will also be providing detailed analytics to store tenants, with data including the number of daily visitors, age, gender, and other types of granular information.

Last but not least, we shall also be offering proxy management services for brand e-commerce sites, through which we can handle payment processing, product delivery and other functions for our customers.

PARCO Group Related Businesses (1)

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

21/23

Retail Business (NEUVE A) Revenue and profit down due in part to poor performance at key TicTAC business and impairment loss. Change of strategy planned for FY2018.

FY2017 achievements

- ROSEMARY, EYEWEAR, performing well but key TiCTAC business struggling.
- 4 shops opened, but 19 shops being closed due to underperformance, slimming down store numbers.

FY2018 plans

- Strategy shift from “expanding number of shops” to “expanding customer contact.”
- Improve existing shop revenues and profitability
- Further scrapping of unprofitable shops, shift our management resources to best performing shops, new business areas, and EC.

(End of 2016, 201 stores → End of 2017, 186 stores)

Business name (item)	No. of shops
TiCTAC (watches)	93
EYEWEAR (eyeglasses)	26
ROSEMARY (cosmetics, sundry goods)	22
COLLECTORS (men's sundry goods)	40
Other new business categories	5

Space Engineering and Management Business (PARCO SPACE SYSTEMS)

Increased profits from higher number of external construction orders. Continuing to strengthen business base for FY2018.

FY2017 achievements

- Increased revenue from new hotel consignments and external construction orders.
- Profits increased when gains on sale of Chiba PARCO related assets in the previous fiscal year are excluded.

FY2018 plans

- Further strengthen business base by implementing personnel management measures and improving office environment, while further driving expansion of external business.

Spring, 2018 PARCO CO., LTD. FY2017 Results Investor Presentation

This is the section entitled "Parco Group Related Businesses".

The current slide pertains to our plans for Neuve A. The previous strategy for Neuve A had been to expand the number of stores, however, moving forward, we have decided to be more discerning, and shift the company's management resources to our best performing stores, as well as to e-commerce and other initiatives to drive consumer engagement.

Regarding Parco Space Systems, results have been strong for this category.

Moving forward, we intend to further strengthen the company's business base by implementing personnel management measures, and improving office environment, while at the same time making inroads into external business avenues.

Other Business (PARCO Digital Marketing)

Increase profits by focusing on web business. Continue strengthening business base.

FY2017 achievements

- Despite a sales decrease due to withdrawal from the human resources business, operating income increased due to cost efficiency of increased concentration on web business.

FY2018 plans

- Further strengthen development by supporting use of digital services both online and in storefronts, continue accepting orders from commercial facilities and specialty stores using the latest ICT and a diverse array of support menus.

Other Business (Entertainment Business (PARCO CO., LTD))

Revenue increased in FY2017. FY2018 goals include establishing a business base and planning large external projects.

FY2017 achievements

- Several films distributed domestically by PARCO have been highly rated internationally, winning and being nominated for several academy awards.
- Theatrical performances of *The Rocky Horror Picture Show* were huge hits that generated a lot of attention.

FY2018 plans

- Re-open mini theater "CNE QUINTO" in Shibuya this July as a two-screen theater.
- Organize staging of productions such as *Edo wa moeteiru ka*, written and produced by Koki Mitani, and Irish screenwriter Martin McDonagh's *Hangmen*.



For "Parco Digital Marketing" we intend to offer support regarding the use of digital and web-related technologies both at the online and brick-and-mortar level.

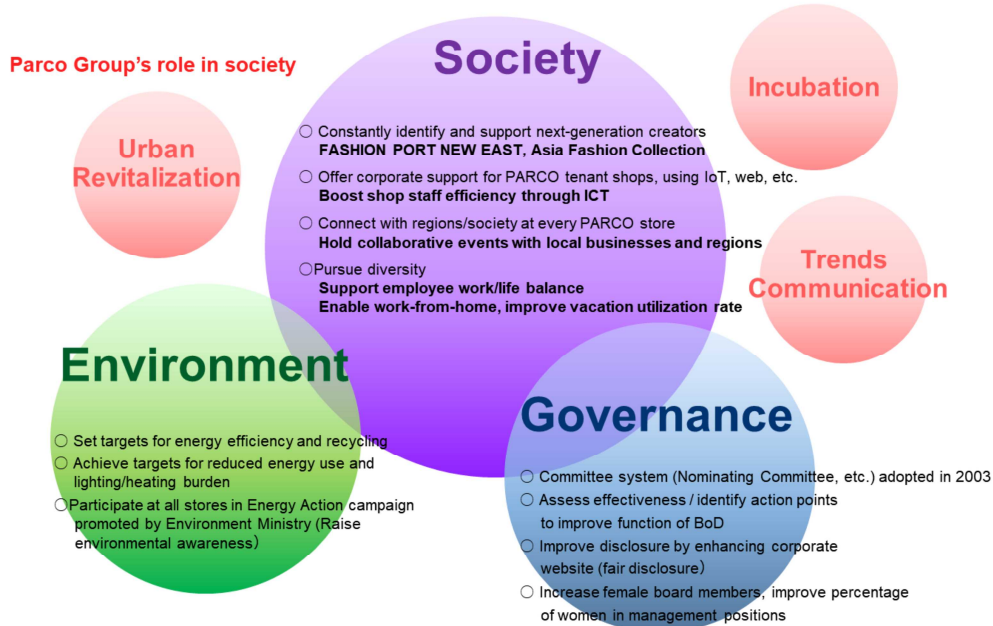
We also plan on expanding the scope of our support program for retailers and specialty stores, as well as leverage the latest in information and communication technologies to allow us to retain existing customers as well as acquire new ones.

In terms of the Entertainment division, as I've mentioned previously, Parco Theater is currently not in season, however, we continue to offer the latest, hottest plays, such as "Is Edo burning?" or "Hangmen" by renowned playwright Martin McDonagh through partnerships with other theaters.

We also have plans for the revival of the "Cine Quinto" mini-theater in July of this year.

Located between Parco and Shibuya Station, Cine Quinto will be a two-screen theater.

Through the relentless pursuit of value by fulfilling the PARCO Group's social role create new value to which Society can connect



This last slide details our commitment to playing a positive role in society, through initiatives such as urban revitalization and the incubation of new ideas.

This commitment applies to all three spheres of Society, Environment and Governance.

This concludes today's earnings briefing.



Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of April. 9, 2018, and are subject to a number of risks and uncertainties. Actual results may be materially different.

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