

FY2018 H1 results summary

- Revenue and profits declined in FY2018 H1 due to sluggish performance by PARCO stores and the absence of reversal of allowance from the closure of Otsu Parco recorded in the same period of the previous fiscal year. This was despite contributions from PARCO_ya and Kyoto ZERO GATE, which opened last fiscal year and Harajuku ZERO GATE, which opened in March.
- Interim dividend amount is ¥12 per share, a ¥1 increase compared with fiscal 2017. The annual dividend for fiscal 2018 will be increased to ¥24.
- In the PARCO Stores Business, recognizing current issues, we are seeking to drive improvements in item selection through the creation of new styles of consumerism like experiential consumption.
- We expanded the lineup of services for tenants and customers with CRM* policies that incorporate ICT and a unique PARCO perspective, focusing on the development of our official smartphone app, POCKET PARCO, as a platform for the distribution of promotional articles and blog posts.
- In the Entertainment Business, in July, we reopened Cine Quinto, a two-screen mini theatre in Shibuya.
- In new building developments, Harajuku ZERO GATE opened in March and Sannomiya ZEROGATE opened in September, while Kyoto ZERO GATE fully opened in August, following its partial opening in November 2017. We also announced the tenants for a new ZERO GATE store in central Kawasaki, scheduled to open in early autumn 2019.
- Four of the 12 building developments targeted in the medium-term plan have now opened for business and planning for five others is in progress.

^{*} Customer relationship management

PARCO	3/23
Overview of FY2018 H1 results and FY2018 full-year forecasts	
Current issues and future policies	
Development projects and other topics	

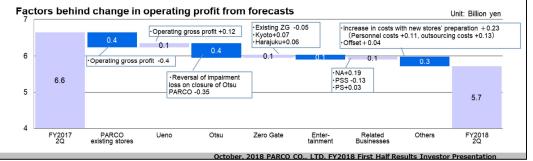
Briefing in accordance with the presentation materials for Q2 of the Fiscal Year ending in February 2019 $\,$

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Revenue and profit declined due to sluggish performance at PARCO stores and despite contributions from stores opening in previous quarters.

							Unit: Million yen
Consolidated	FY2018 MarAug.	FY2017 MarAug.	Change ¥	Change %	Forecasts	Difference from forecast ¥	Difference from forecast %
Operating revenue	44,184	45,230	(1,045)	(2.3%)	46,400	(2,215)	(4.8%)
Operating profit	5,707	6,666	(958)	(14.4%)	6,400	(692)	(10.8%)
Profit	3,786	4,469	(682)	(15.3%)	4,250	(463)	(10.9%)
EBITDA*	8,625	9,398	(773)	(8.2%)	_	_	_

*EBITDA 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).



Details the company's consolidated results for Q2.

We registered a decrease for the metrics of both revenue and profit during Q2, due to an increasingly competitive environment and overall adverse business conditions for PARCO stores.

PARCO_ya Ueno and Kyoto ZERO GATE, both of which opened last quarter, as well as Harajuku ZERO GATE, which opened in March of this year, all contributed to the metric of operating revenue.

Despite this, however, adverse race conditions surrounding PARCO stores and weak demand for apparel products dampened sales.

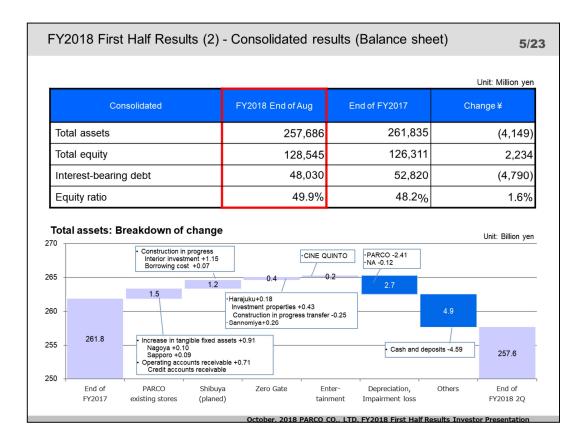
Similarly, and in the Entertainment Business, the sub-segment of theater posted strong results last year, while the Space Engineering and Management Business registered a number of large-scale external orders.

Robust results for these two segments in 2017 made it difficult to beat last year's performance.

For the Retail Business, weaker sales at Neuve A, among other factors, led to a contraction of 1.045 billion yen YoYin operating revenue, which printed at 44.184 billion yen for Q2.

We suffered a setback for the metric of operating profit, which stood at 5.707 billion yen at the end of Q2, due to the absence of a reversal of allowance from the closing of Otsu PARCO.

which was in play last year. This represents a contraction of 958 million yen YoY. Profit stood at 3.786 billion yen, or a 682 million yen contraction YoY.



The company's Balance Sheet statement

We registered an expansion of tangible fixed assets derived from the revamping of existing PARCO stores, as well as higher construction in progress or CIP associated with the New Shibuya PARCO store.

Despite this, we saw an increase in depreciation costs associated with PARCO and Neuve A, and the retirement of fixed assets.

Debt servicing also resulted in lower cash and deposits.

All in all, we saw a contraction of 4.149 billion yen compared to the end of the previous Fiscal Year.

Total assets thus stood at 257.686 billion yen at the end of August.

Total equity expanded by 2.234 billion yen and stood at 128.545 billion yen at the end of August of this year.

The company's Equity Ratio printed at 49.9%, while we reduced Interestbearing debt by 4.790 billion yen during the same period.

FY2018 First Half Results (3) - Consolidated results by segment and Capex

6/23

Consolidated results by segment

Unit: Million yen

		2018 Mar - Aug	2017 Mar - Aug	Change ¥	Change %
Shopping Complex	Operating revenue	25,490	25,513	(22)	(0.1%)
Business	Segment profit	5,764	6,617	(853)	(12.9%)
Retail Business	Operating revenue	9,927	10,597	(670)	(6.3%)
Retail Busiliess	Segment loss	(3)	(192)	189	_
Space Engineering	Operating revenue	9,990	10,273	(283)	(2.8%)
and Management Business	Segment profit	165	299	(133)	(44.7%)
Other Business	Operating revenue	2,692	2,781	(88)	(3.2%)
Other Busiliess	Segment loss	(198)	(55)	(142)	_
Consolidated	Operating revenue	44,184	45,230	(1,045)	(2.3%)
Consolidated	Segment profit	5,707	6,666	(958)	(14.4%)

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.

Capital Expenditure

Unit: Million yen

Consolidated	2018 Mar - Aug	2017 Mar - Aug	Change ¥	Change %
Capex	4,384	5,205	(820)	(15.8%)

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The consolidated results on a per-segment basis

We registered a contraction in terms of revenue and profit across the board, even outside the Shopping Complex Business.

For the Retail Business, TiC TAC, NEUVE A's main business, continued to underperform, due to lower revenue derived from a reduction of non-performing stores

However, we were able to reduce operating losses through re-structuring efforts designed to weed out nonperforming stores.

Regarding PARCO Space System, or the Space Engineering and Management Business, significant large-scale external orders made last year's performance difficult to beat and led to a contraction in terms of both revenue and profit. Our timely implementation of Information and Communication Technologies at commercial facilities allowed us to increase revenue and profit within the scope of PARCO's Digital Marketing Business.

However, PARCO's Entertainment Business suffered a setback derived from several factors I outlined earlier in this presentation, as well as due to higher production costs, leading to a contrantion for the segment trend "Other Business"

Revision to full-year forecast in view of H1 performance

Unit: Million yen

Consolidated	FY2018 Revised forecast	FY2017 results	Change ¥	Change %	Initial forecast	Change ¥
Operating revenue	93,700	91,621	2,078	2.3%	96,000	(2,300)
Operating profit	10,800	11,713	(913)	(7.8%)	11,750	(950)
Profit	7,100	7,809	(709)	(9.1%)	7,700	(600)

Decision to increase the interim dividend per share by 1 yen

Interim dividend amount is ¥12 per share, a ¥1 increase compared with fiscal 2017. The annual dividend for fiscal 2018 will be increased to ¥24.

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The consolidated forecast for the full Fiscal Year ending in February 2019

We have revised our projections down to 93.7 billion yen for the metric of Operating revenue during this period.

We similarly adjusted our forecast to reflect 10.8 billion yen in Operating profit and 7.1 billion yen in Profit for the same period.

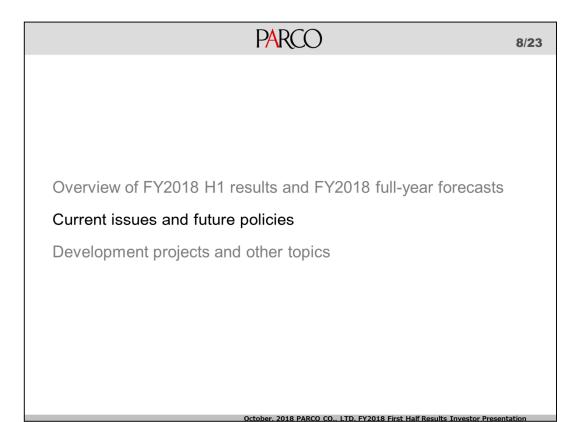
Based on the careful examination of our initiatives and tesults for HI of the Fiscal Year ending in Febtuaty 2019, we expect the ptojects approved during HI to start bearing fluit duting the latter part of the current fiscal year.

As such, we believe we would have been able to deliver results conforming to our forecast announced at the beginning of the year, were it not for an increase in Capex, which has led us to issue a revision to the company's earnings forecast for the current fiscal year.

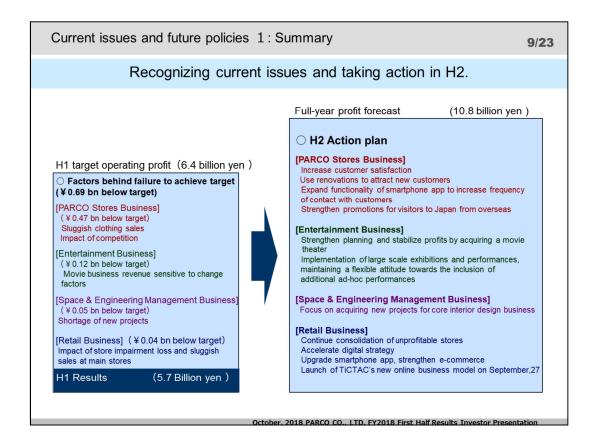
Regarding the company's dividend payout policy, we raised our interim dividend to 12 yen per share.

This represents an increase of 1 yen per share compared to FY 2017.

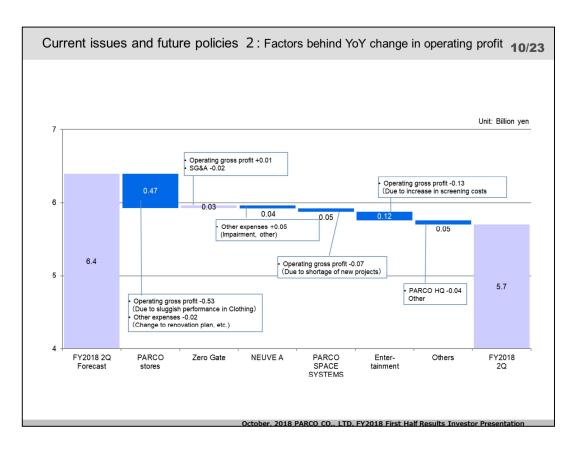
We similarly forecast an increase of 1 yen per share to our full-year dividend, for a total of 24 yen per share.



Some challenges and opportunities for the company and outline a few strategies and initiatives moving forward



A summary of the current situation



A diagram outlining several factors affecting the metric of Operating profit

Current issues and future policies 3: PARCO Stores Business ①

11/23

Accelerating our response to anticipated changes in consumer values and purchasing behavior.

<H1 Achievements>

- O Advance renovation with theme of creating new added value
- © Renovation zone transaction volume YOY increase of 16.3%
- Incubation space "UP NEXT" to be established in all urban stores by March



*Existing stores <

		-	
Sales by Clothing*	Change		
Womenswear	(11.1%)		
Menswear	(9.2%)		
General clothing	0.3%		
Clothing		(6.5%)	
	Change	Share in sales	
PARCO Card sales amount*	(9.0%)	21.0%	

<Current issues>

Fukuoka PARCO "UP NEXT"

- ○Sluggish clothing sales
- Changes in consumer attitudes to fashion, rise of ecommerce
- Pursuing ongoing renovations to adapt to diversity of consumption, but results are gradual
- Large impact on Ikebukuro PARCO, where clothing accounts for a large share of sales
- Olmpact of competition
- Large impact on Shizuoka PARCO and Matsumoto
 PARCO
- ODecrease in PARCO Card transaction volume

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This slide and beyond contain a more detailed analysis of each individual business segment.

First, I would like to start with the PARCO Stores Business on page 11. We registered a total of 14,000 square meters in store renovations and double-digit growth of 16.3% during HI of the current Fiscal Year for stores which were part of our renovation efforts.

We set up a new incubation space, termed "UP NEXT", at all our stores located in urban store group starting in March of this year.

We similarly embrace a variety of companies and brands as part of our multifaced approach.

In addition to making these a permanent feature of PARCO stores all across the country, we are taking the steps necessary to find new shops, artists and designers to coincide with the opening of the New Shibuya PARCO in the Fall of 2019.

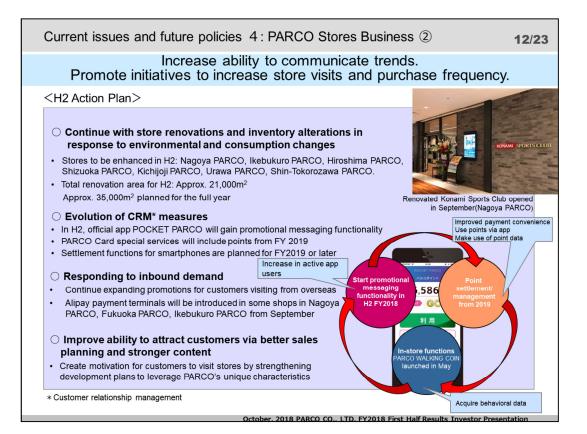
We hope to create a new environment allowing us to deliver value to our customers, whose spending habits continue acquiring a more diverse and multifaced nature.

We are in the process of adapting to changes in consumer preferences.

Despite our commitment, extreme weather conditions in the form of a pronounced heat wave during the Summer months and an active Typhoon season negatively affected our operations.

Apparel sales are also down for the industry as a whole, while business competition at some of our stores also exceeded our forecasts.

As a result, occupancy rates at existing stores during HI was down YoY.



The strategy to deal with these various issues during H2

Our strategic themes for H2 include store renovation and Customer Relationship Management (CRM) policies, as well as a strategy to service inbound demand from abroad.

Finally, we shall also be betting on new sales initiatives designed to generate footfall at our stores.

The diagram on page 12 is representative of this strategy.

We intend to transition to a point reward system for the PARCO card after FY2019.

We current offer a 5% discount to "Class S" customers, that is, people who make purchases in excess of 100,000 yen at our stores.

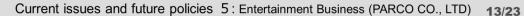
We want to transition to a point rewards paradigm.

We want to make it fun and easy for our customers to use their loyalty point reward balance and to incentivize them to make purchases and accrue more points.

We hope to integrate this with smart phone payment options in the future, and aggregate payment and customer preference data in a centralized, single-reference framework.

We want to introduce new features such as a "In-store mode" and a "Media Commerce", combining media and commerce, feature for smart phone devices, as well as allowing customers to pay with their point rewards card at checkout. We shall be integrating all three exclusive features in our Pocket PARCO app as part of our effort to update our CRM efforts.

We expect to have implemented these initiatives by the time the New Shibuya PARCO opens in the Fall of 2019.



Stabilize profits by enhancing content plans, providing places for customers to enjoy themselves, and expanding the number of entertainment bases.

<H1 Achievements>

Re-opening of mini theater "CINE QUINTO" in Shibuya in July.



<Current Issues>

- Business instability due to reduced number of entertainment venues accompanying temporary closure of Shibuya PARCO
- Impact of sensitivity of movie business revenue to change factors

<H2 Action Plan>

- Maintain profit by expanding number of entertainment venues
- Increase business stability by raising the profile of "New CINE QUINTO"
- Implement large scale external performances beyond the scope of current plans
- Increased profit from ad-hoc performances
- Cooperate among departments within the Entertainment Business to expand planned content via publications and exhibitions



The strategies for the Entertainment Business

Shibuya PARCO was not available as a base of operations during HI, which had a significant negative effect on revenue during this period.

However, we are confident in our ability to carry out large-scale initiatives designed to counterbalance this setback.

In July of this year, we brought back, CINE QUINTO, a dualscreen theater in Shibuya.

Moving forward, we intend to raise visibility for CINE QUINTO, which we hope will translate into higher seat occupancy rates and allow us to stabilize revenue and operations.

We have similarly invested in the movie adaptation of the best-selling essay "Nichi-NichiKore-Koujitsu", which will be shown at CINE QUINTO.

We'll similarly be publishing its sequel as part of our strategy of linking up all our various initiatives across different media types in the Entertainment Business and expand our sources of revenue for the segment.

Focusing on increasing operating profit for core business.

<H1 Achievements>

- Expanded the amount of orders from existing customers
- New PBM service contract in addition to Harajuku ZERO GATE
- Selected as a winner for the DSA's 2018 Design Awards in two categories: "Show Window and Visual Design Space" and "Exhibition, Promotion Space"



The interior design of Offt Korakuen was the largest project we've handled so far

<Current Issues>

- Shortage of new projects for some business divisions
- Opifficulties maintaining the human resources needed to drive business development

<H2 Action Plan>

- Focus on acquiring new projects for our highly profitable core interior design/electrical systems business
- Use new recruiting methods to attract additional specialized personnel
- *1 Property and Building Management
- *2 Space and environmental design awards sponsored by the Japan Design Space Association (DSA)

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The strategy for PARCO Space Systems

We received orders outside the scope of existing initiatives.

However, and in the absence of large-scale orders of the magnitude we saw last year, we registered a contraction in revenue and profit for the segment.

During H2, we hope to continue securing new consignments in the category of interior design and electrical construction work, both of which are PARCO Space Systems'area of expertise.

We have similarly ramped up our hiring efforts and secured the help of professionals with the technical knowhow needed to carry out these tasks.

Orders for these types of services continue coming in at a healthy clip, to the point where we've had to turn customers down.

We want to continue our efforts to increase the number of external orders and put in place a structure allowing us to deal with this type of demand.

Current issues and future policies 7: NEUVE A

15/23

Implement new measures and stabilize the performance of existing shops in response to a changing consumer environment

<H1 Achievements>

- Renovated two TiCTAC shops to increase floor space, strengthening existing stores
- Eight shops closed, pursuing strategy of consolidating unprofitable locations
- O Total of 178 shops at the end of H1
- (A decrease of 23 shops since beginning of FY2017)

NEUVE A MEMBER'S App





TICTAC USED+

Website for the purchase and sale of used watches

<Current Issues>

- O Changing strategy from expanding number of stores to expanding customer base
- O Insufficient response to changes in consumer
- O Delay in establishment of e-commerce structure

<H2 Action Plan>

- O Continue with the closure of unprofitable locations, consolidating into a more reasonable number
- Six locations scheduled to close in H2
- O Recovery of TiCTAC's business
- Online sale of used watches began in September
- Accelerate digital strategy
- Strengthen CRM via app upgrades

2018 PARCO CO. LTD. EV2018 First Half R

The strategy for Neue A, in Retailing.Business

Last year, we reduced the number of existing Neuve A stores.

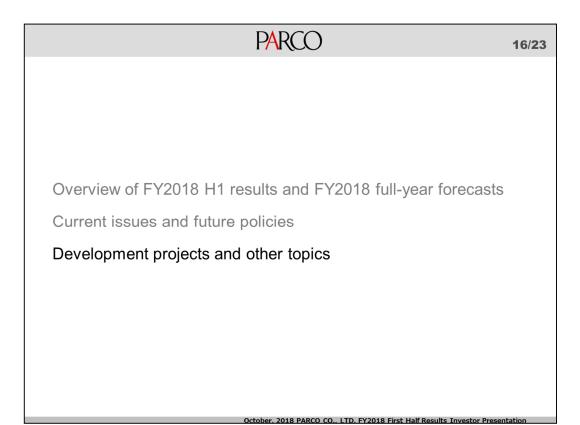
As a result, and excluding impairment losses on a number of stores, operating profit metrics have turned out in line with company guidance estimates. Moving forward, we intend to shift our strategy from the expansion of existing stores towards a commitment to customer relationship management and the expansion of our customer base, while continuing the scrapping of underperforming stores and promoting our presence in the field of online commerce.

In summation, this strategy involves keeping and expanding upon the best features of our existing brick-and-mortar stores, which we hope will bring earnings stability, while strengthening our online presence.

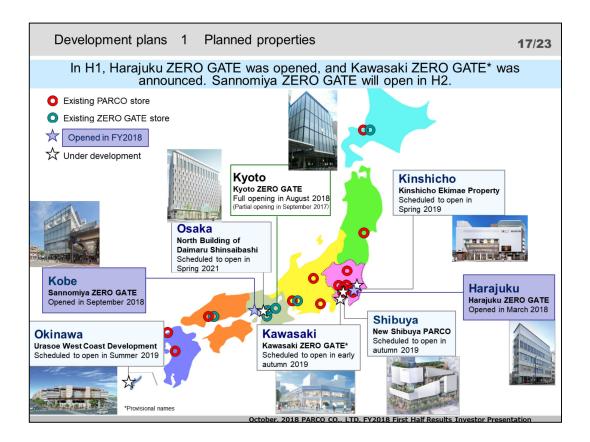
We began a new online initiative, namely the sale of used watches in September of this year.

We repair watches bringing them back to top condition and then selling them to our customers.

There has been considerable demand for this service from our customer base, who value our commitment to quality and trust our products and services. We similarly intend to continue betting on our digital strategy involving the expansion of our online store.



The company's Development projects and other topics



An outline of our store lineup pipeline

Of the 12 developments targeted in the medium-term plan, 4 have opened and planning for 5 others is in progress.

Medium-term Business plan progress

	Target		Planned	Planned opening				Remaining							
				2017	2018	2019	2021								
			PARCO_ya Ueno	Nov.											
PARCO	4	3	New Shibuya PARCO			Autumn		1							
			North Building of Daimaru Shinsaibashi				Spring								
New	1 3 12		3	3	3	3	2	3 2	2	Kinshicho Ekimae Property	Sprir		Spring		1
formats			Urasoe West Coast Development			Summer		'							
			Kyoto ZERO GATE	Nov.											
ZERO	5	5 4	Harajuku ZERO GATE		Mar.			1							
GATE	5	3 4	7	Sannomiya ZERO GATE		Sep.			'						
			Kawasaki ZERO GATE*			Early Autumn									
Total	12	9 (4 launched, 5 currently underway)				3									

Our five-year Medium-term Management Plan contains a total of 12 projects, four of which are already in operation, while 5 are currently under construction. Alongside PARCO_ya Ueno, the ZERO GATE projects in Kyoto, Harajuku and Sannomiya are already in operation.

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We also have new format properties lined up.

These properties, slated for 2019, and in expected order of completion, are a master lease in the form of our Kinshicho Ekimae Property located in Sumida Ward (Spring 2019), a joint venture in the form of the Urasoe West Coast Development Property in Okinawa, Kawasaki ZERO GATE and a multi-purpose building in the form of the New Shibuya PARCO, slated for the Fall of 2019. Lastly, and slated for opening in the Spring of 2021 is a PARCO store in the North Building of Daimaru Shinsaibashi, previously occupied by the SOGO department store.

Development plans 3 Progress made in FY2018 H1

19/23

One ZERO GATE opened, one announced. Attracted tenants from business categories with contemporary relevance.



Harajuku ZERO GATE, opened in March 2018.

Tenants include a popular SNS character store and a fitness gym

Kyoto ZERO GATE, fully opened in August 2018.

• Floors B1F-4F are occupied by Apple Kyoto

Scale	1F-4F
Floor area	Approx. 943m ²





Floors 1-3 are occupied by the LINE FRIENDS flagship store

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

- Current focus is on attracting tenants that are expected to expand and develop the urban functionality of Kawasaki city center
- Located in a highly visible triangular plot at a major intersection across from JR Kawasaki Station

Scale	1F-2F
Floor area	Approx.3,400m ² (planned)
Investment	Approx. ¥100mil (planned)

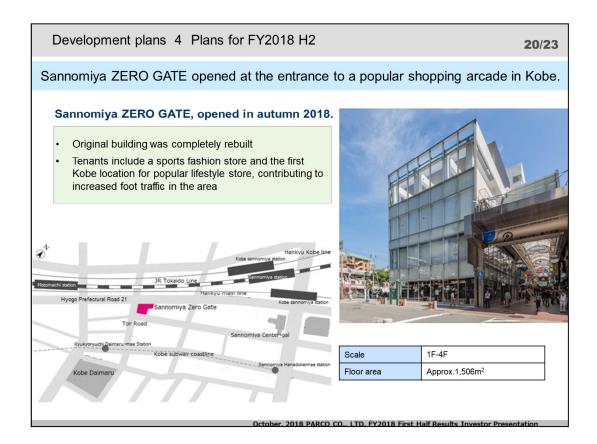


Pictures and an artist rendition of three of our new properties

The design for Kyoto ZERO GATE, which opened to the public in August of this year, was inspired by traditional Japanese paper lanterns found in Kyoto.

The building lights up at night and houses an Apple store on the ground floor was heavily inspired by Japanese aesthetics.

Construction took quite a while, but it attracted 1,700 people when it opened to the public in August of this year, setting a good pace from day one.



Sannomiya ZERO GATE opened at the entrance to a popular shopping arcade in Kobe in autumn 2018.

Original building was completely rebuilt

Tenants include a sports fashion store and the first Kobe location for popular lifestyle store, contributing to increased foot traffic in the area

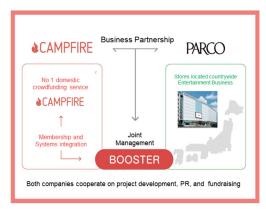
Crowdfunding Business

21/23

Creating a high-value service that appeals to customers in a wide variety of fields around the world.

In June, PARCO entered into both a business partnership and an investment agreement with CAMPFIRE

- The companies are jointly managing crowdfunding service BOOSTER, including cooperation on project development, PR, and fundraising
- Collaboration on the implementation of membership and system integration have yielded synergistic effects
- PARCO acquired shares in CAMPFIRE in order to strengthen its partnership





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PARCO's crowd funding business

Back in June of this year, we announced a business partnership and investment agreement with CAMPFIRE.

CAMPFIRE, a purchase-based crowdfunding platform, is currently ranked first domestically in terms of listings and page views,

Both companies will operate PARCO's purchase-based crowdfunding platform, termed "BOOSTER," and increase the number of quality and listings on the platform.

We further expect to continue growing BOOSTER's online presence and increase traffic to the website, which we believe will be beneficial.

In addition to this, CAMPFIRE is currently researching and developing a new financial service, which both companies will start testing and using.

The incubation of new business ideas is a fundamental pillar of PARCO's business philosophy.

For this reason, we intend to combine each company's respective strengths and resources, and through healthy competition, to develop new ways through which to create value and contribute to society.

For this reason, we are committed to continuing and expanding this initiative in partnership with CAMPFIRE.

Overseas Business / Parco Digital Marketing

22/23

Overseas Business

Our efforts in Asia succeed through the utilization of PARCO Group's knowhow and soft content.



- "itadakimasu by PARCO," an authentic Japanese food court in Singapore, has successfully acquired a strong, regular customer base
- PARCO's commercial facility design consulting business in Ho Chu Minh is making steady progress
- In August, PARCO opened a character-themed cafe for a limited time at a commercial facility in Bangkok, Thailand

DETECTIVE CONAN CAFE in Bangkok PARCO's fourth character-themed café overseas

PARCO Digital Marketing Income and profit increased in H1. Business foundation strengthened through expansion of digital marketing business.

<H1 Achievements>

- · Successful adoption of proposals for services making active use of ICT in commercial facilities and retail stores
- <H2 Action Plan>
- · Provide appealing services with a competitive edge gained from high-value product development
- · Expand support for business proposals making active use of digital technology



Overseas Business

Our efforts in Asia succeed through the utilization of PARCO Group's knowhow and soft content.

"itadakimasu by PARCO," an authentic Japanese food court in Singapore, has successfully acquired a strong, regular customer base

PARCO's commercial facility design consulting business in Ho Chu Minh is making steady progress

In August, PARCO opened a character-themed cafe for a limited time at a commercial facility in Bangkok, Thailand

PARCO Digital Marketing

Income and profit increased in H1. Business foundation strengthened through expansion of digital marketing business

Successful adoption of proposals for services making active use of ICT in commercial facilities and retail stores in H1.

We will provide appealing services with a competitive edge gained from highvalue product development in H2.

We will expand support for business proposals making active use of digital technology in H2.



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Our thoughts are with those affected by recent natural disasters in Japan. We wish you a speedy recovery and return to normal life.