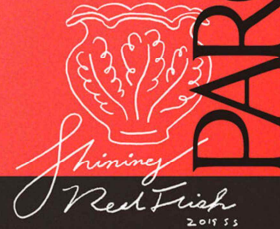




PARCO CO., LTD.
FY2018 Financial Highlights
(March 1, 2018 – February 28, 2019)
TSE 1st Section 8251



parco.jp/style/

FY 2018 financial highlights of PARCO Co., Ltd.

Summary

□ Operating results

- Contribution in FY2018 from newly opened properties, but environment for PARCO stores business remained challenging.
- Revenue and profit growth expected in FY2019 due to contribution from 4 new properties and absence of losses from store closures recorded in FY2018.
- Dividend increased by 1 yen in FY 2018 in line with plan. Increase of 2 yen planned for FY2019 to mark 50th anniversary year.

□ Medium-term Business plan progress

- Targeting FY2021 operating profit of 14.7 billion yen.

□ Development plans

- Opened Harajuku ZERO GATE and Sannomiya ZERO GATE in FY2018.
- Plan to open four properties in different business categories, including new Shibuya PARCO in FY2019.

□ PARCO Stores Business

- Enhanced structure of Commercial Complex Developer Division to enable it to handle development to store management.
- Pursued Scrap & Build policy with a focus on the future of the PARCO stores business.
- Introduced points services and upgraded payment environment, increasing customer touchpoints and purchasing opportunities.

□ ESG Approach

- With SDGs in mind, contribute to addressing six major social issues through the 3 social roles of the PARCO Group

Overview of FY2018 results and FY2019 full-year forecasts

Medium-term Business Plan

Issues in FY2018 and key measures for FY2019

Topics:

- Development Plans
- PARCO Stores Business
- ESG: Our Approach

Revenue and profit declined due in part to the continued impact of competition in the PARCO stores business and despite contributions from newly opened properties.

- Operating revenue declined due in part to the reduction in number of NEUVE A shops and ongoing challenges facing PARCO stores amid harsh competition and sluggish sales in clothing. The decline in revenue is despite contribution from PARCO_ya Ueno and new ZERO GATE stores.
- Operating profit declined due to losses on the closure of stores as the decision to close was recorded at the end of the fiscal year.
- Profit increased at PARCO SPACE SYSTEMS and PARCO DIGITAL MARKETING.

Unit: Million yen

	FY2018	FY2017	Change ¥	Change %	Forecasts *2	Difference from forecast ¥	Difference from forecast %
Operating revenue	89,969	91,621	(1,651)	(1.8%)	90,800	(830)	(0.9%)
Operating profit	5,425	11,713	(6,287)	(53.7%)	5,100	325	6.4%
Profit	3,370	7,809	(4,438)	(56.8%)	3,100	270	8.7%
EBITDA*1	11,389	17,372	(5,982)	(34.4%)	—	—	—

*1 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).

*2 Forecasts are figures announced externally on February 28, 2019.

To explain consolidated results of FY 2018.

Despite contribution from new stores of PARCO in our core shopping complex business, some stores and retail business of NUEVE A had challenging situations and losses on store closures were recognized, as a result, both revenue and profit declined.

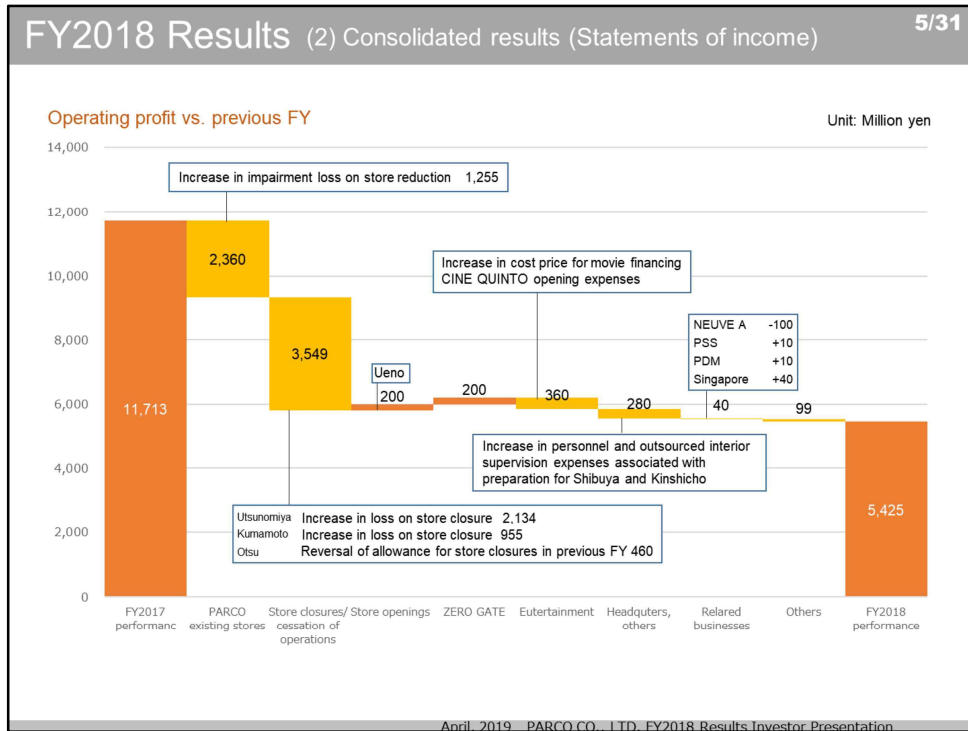
Operating revenue decreased by 1 billion 651 million yen to 89 billion 969 million yen year-on-year. Stores opened in FY 2017 and 2018 and PARCO SPACE SYSTEMS made a positive contribution to operating revenue, however, we had following negative factors. Existing stores of PARCO experienced harsh competition and sluggish sales in clothing shops, in addition, NUEVE A struggled with its sluggish watch business and decreased number of shops as a result of closing unprofitable shops.

Business profit declined by 1.56 billion yen to 8 billion 723 million yen. This is due to lower operating revenue, increased advance expenses for new PARCO stores and opening expenses of a cinema in entertainment business, despite cost reduction such as advertising costs mainly for existing PARCO stores,

Operating profit was 5 billion 425 million yen. This is due to recognition of other expenses including losses on store closures of 3 billion 89 million yen with decision to close Utsunomiya and Kumamoto PARCO, and impairment loss on stores of 1 billion 296 million yen.

Profit attributable to owners of parent was 3 billion 370 million yen.

EBITDA was 11 billion 389 million yen.



The chart analyses the changes from the previous fiscal year.

Business profit decreased 1.56 billion yen despite contributions from PARCO-ya Ueno and ZERO GATE stores. This is because of sluggish sales in some PARCO stores, cost increase with a movie we invested in for entertainment business, reopening expenses of Cine Quinto, increase of advance expenses such as labor cost and commission expenses related to opening of new PARCO stores, and earlier mentioned sluggish performance of NUEVE A.

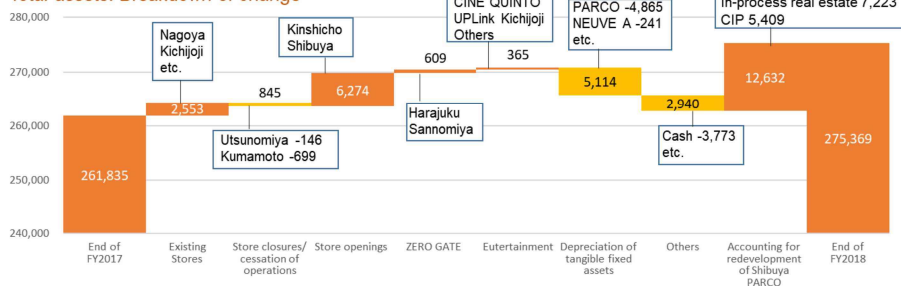
We recognized losses on store closures of Utsunomiya and Kumamoto PARCO, which were decided to be closed by the end of FY 2019, and impairment loss of existing PARCO stores, and this resulted in the decrease of operating profit by 6 billion 287 million yen.

FY2018 Results (3) Consolidated results (Statements of financial position) 6/31

Total assets increased as a result of the redevelopment of Shibuya PARCO, investment into Kinshicho PARCO, and other factors.

Consolidated	End of FY2018	End of FY2017	Change ¥	Change %
Total assets	275,369	261,835	13,534	5.2%
Total equity	126,908	126,311	597	0.5%
Interest-bearing debt	61,740	52,820	8,920	16.9%
Equity ratio	46.1%	48.2%	(2.2%)	
ROA (Ratio of gross income to net asset value)	1.9%	4.5%	(2.6%)	
ROE (Equity attributable to the owners of the parent)	2.7%	6.3%	(3.7%)	

Total assets: Breakdown of change



April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

Total assets increased by 13 billion 534 million yen year-on-year to 275 billion 369 million yen.

This is mainly due to an increase of 12.6 billion yen by cost of reserve floor space planned to be acquired in redevelopment of new Shibuya PARCO and in-process real estate, in addition, fixed asset increase due to opening of Kinshicho and new Shibuya PARCO.

Total equity was 126 billion 908 million yen and equity ratio was 46.1%.

Interest-bearing debt increased 8.92 billion yen to 61.74 billion yen.

ROA was 1.9% due to decrease in profit before tax and increased total assets, and ROE was 2.7% because of decreased profit.

Decline of ROA and ROE is tentative, and it is expected to make a recovery in FY 2019.

FY2018 Results (4) Consolidated results by segment and Capex

7/31

Consolidated results by segment		FY2018	FY2017	Change ¥	Change %
Unit: Million yen					
Shopping Complex Business	Operating revenue	51,117	51,351	(233)	(0.5%)
	Segment profit	5,142	10,964	(5,821)	(53.1%)
Retail Business	Operating revenue	19,754	21,216	(1,462)	(6.9%)
	Segment profit	(25)	75	(100)	-
Space Engineering and Management Business	Operating revenue	21,882	21,399	483	2.3%
	Segment profit	662	652	9	1.4%
Other Business	Operating revenue	6,327	6,158	169	2.8%
	Segment profit or loss	(297)	53	(350)	-
Consolidated	Operating revenue	89,969	91,621	(1,651)	(1.8%)
	Segment profit	5,425	11,713	(6,287)	(53.7%)

- 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.

	FY2018	FY2017	Change ¥	Change %
Unit: Million yen				
Capital Expenditure *	14,449	12,895	1,554	12.1%

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

Consolidated results of shopping complex business recorded decrease both in revenue and profits.

NUEVE A for retail business recognized declined revenue and profits as they struggled with its main watch business, TiCTAC, and also due to decreased number of shops by closing unprofitable shops.

PARCO SPACE SYSTEMS for space engineering and management business recorded increase in revenue and profits thanks to order increase for interior works.

In "other business", PARCO Digital Marketing increased revenue and profits as they acquire more clients of external commercial facilities by offering ICT services.

Entertainment business of PARCO increased its revenue owing to Cine Quinto which reopened in July, however, its profit declined due to absence of strong performance of PARCO Theater recorded in the previous year, increased cost of a movie we invested in and opening expenses for Cine Quinto.

The total of other business recognized increased revenue and declined profits.

FY 2019 full-year forecasts (1) Consolidated forecasts, Capex forecast 8/31

Contribution expected from opening of 4 stores in PARCO and ZERO GATE categories.

- Forecasting YoY improvement in operating revenue, business profit, and operating profit at each major Group company.
- Forecasting an increase in operating profit and profit for the period due to the absence of losses associated with the decision to close stores recorded in the previous fiscal year.

Unit: Million yen

Consolidated forecasts	FY2019 Forecast (to Feb 2020)	FY2018 Results (to Feb 2019)	Change ¥	Change %
Operating revenue	116,200	89,969	26,230	29.2%
Operating profit	12,700	5,425	7,274	134.1%
Profit	7,100	3,370	3,729	110.7%

*Operating profit includes that temporary sales floor expansion at the Shibuya redevelopment project, which is forecasted as an operating cost.

- Capex for FY2019 primarily includes planning costs for the Shibuya redevelopment project.

Unit: Million yen

Capital expenditure	FY2019 Plan (Appropriation basis)	FY2018 (Capital basis)
Capex	17,688	14,449

*Capex plan for FY2019 is on an appropriation basis. FY2018 figure is on a capital basis.

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

FY 2019 full-year forecasts

For FY 2019, which is the 3rd year of the current medium-term business plan, we expect increase in revenue and profits in anticipation of contribution from opening of 4 stores in Kinshicho PARCO, San-A Urasoe West Coast PARCO City, new Shibuya PARCO and ZERO GATE in Kawasaki

Operating revenue forecast includes tentative increase by sales of reserve floor space at the Shibuya redevelopment project and its equivalent amount is recognized as an operating cost. Even after excluding this factor, operating revenue in real terms is expected to grow by opening new stores.

Operating revenue and operating profit are estimated to grow year-on-year in each major group company.

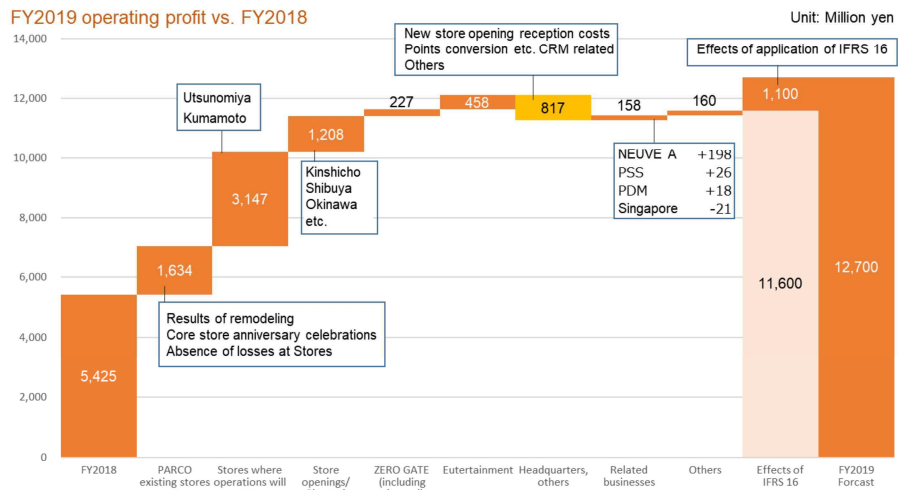
Operating profit and profit are forecasted to grow due to the absence of loss on store closures associated with the decision to close Utsunomiya and Kumamoto PARCO recognized in FY2018.

Capital expenditure in FY 2019 is estimated to be about 17.7 billion yen with scheduled progress of the redevelopment project in Shibuya.

FY 2019 full-year forecasts (2) FY2018 Changes in YoY Performance 9/31

In FY2019 there will be contributions to operating profit from new store openings, the Entertainment business, and an absence of losses from store closures recorded in FY2018.

FY2019 operating profit vs. FY2018



*The FY2019 operating profit forecasts of 12,700 million yen and 11,600 million yen are after and before the application of IFRS 16, respectively.

Factors of year-on-year changes for FY2019 operating profit forecast.

Effect of application of IFRS 16

10/31

Application of IFRS 16 affects Statements of financial position, Statements of income, and Statements of cash flows.

- Total assets increased by 91.3 billion yen because operating leases are now recognized as right-of-use assets
- Operating profit increased due to change in how land and building lease fees are recorded. Previously recorded as land and building lease fees, but now recorded as depreciation and interest expenses.
- Interest expense correlates with lease liability so will decrease over time.

Unit: Billion yen

Consolidated	End of FY2018 Before application of IFRS 16	Beginning of FY2019 Before application of IFRS 16	Change	Remarks
Total assets	275.3	366.6	91.3	Right-of-use assets, etc.
Liabilities	148.4	244.4	96.0	Lease liabilities
Total equity	126.9	122.2	(4.7)	Difference due to change in accounting method

Consolidated	FY2019 forecasts Before application of IFRS 16	FY2019 forecasts After application of IFRS 16	Change	Remarks
Operating profit	11.6	12.7	1.1	Decline in land and building lease fees, increase in depreciation expense
Profit before tax	10.7	10.5	(0.2)	Increase in interest expense, etc.
Profit	7.2	7.1	(0.1)	

* Figures for the beginning of FY2019 are pre-audit estimates and are subject to change.

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

Application of IFRS 16 in FY 2019 will significantly affect statements of financial position, statements of income and statements of cash flows.

In statements of financial position, operating leases are now recognized as right-of-use assets, and this is estimated to increase the total assets by 91.3 billion yen.

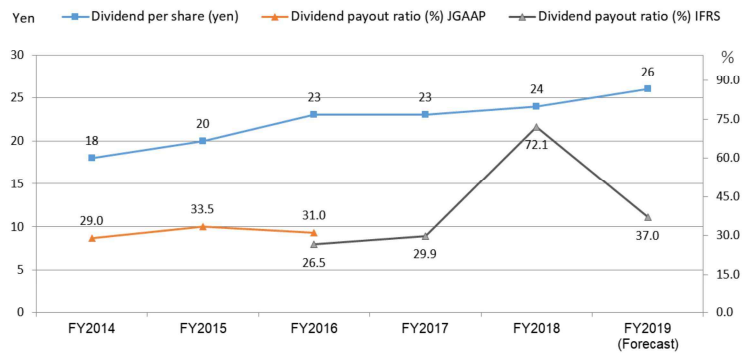
In statements of income, leases were recorded as land and building lease fee, but now they are recognized as depreciation expense and interest expense, and this partial recognition as interest expense will increase operating profit by 1.1 billion yen.

Land and building lease fees will decrease 10.4 billion yen and depreciation expense will increase 9.3 billion yen. As interest expense correlates with lease liability and it is expected to decrease gradually. Interest expense is forecasted to increase 1.4 billion yen in FY 2019.

Please note these numbers after the application of IFRS 16 are approximate numbers before audit and they are subject to change.

**Increase FY2018 dividend by 1 yen in line with plan.
2-yen dividend increase planned for FY2019 to mark 50th anniversary year.**

- PARCO's basic stance is to pay a stable dividend to shareholders following careful consideration of business performance and the payout ratio.
- FY2018 year-end dividend per share fixed at 12 yen
- FY2018 annual dividend per share increased by 1 yen to 24 yen in line with plan
- Forecast for FY2019 is for interim dividend of 13 yen and year-end dividend of 13 yen, representing a 2-yen increase in annual dividend of 26 yen.



April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

About dividend

Our policy is to maintain stable dividend payment with careful consideration of the payout ratio.

We decided FY 2018 dividend per share as planned, that is 12 yen for year-end dividend and 24 yen for annual payment.

In FY 2019, we plan to raise the dividend by 2 yen to mark 50th anniversary of PARCO, and annual payment will be 26 yen.

Overview of FY2018 results and FY2019 full-year forecasts

Medium-term Business Plan

Issues in FY2018 and key measures for FY2019

Topics:

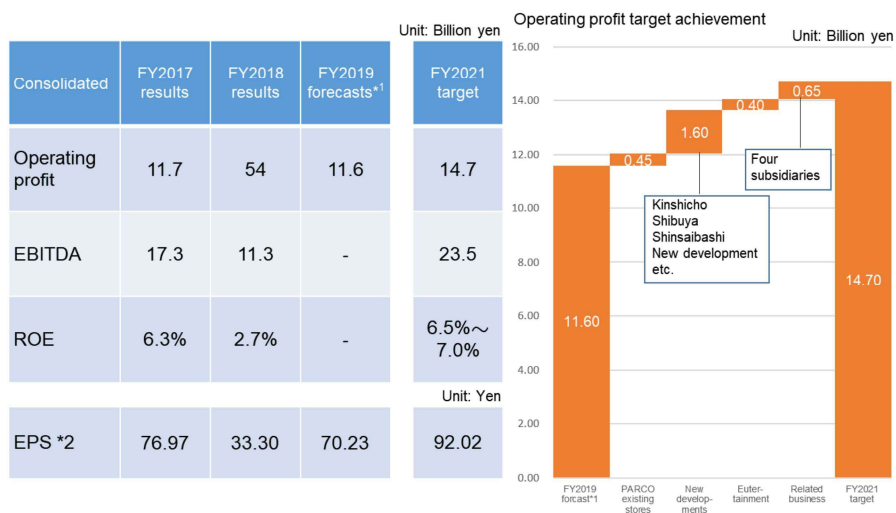
- Development Plans
- PARCO Stores Business
- ESG: Our Approach

The progress of medium-term business plan

Medium-term Business plan progress (1)

13/31

Aiming to achieve operating profit of 14.7 billion yen in FY2021, the final year of the Medium-term Business Plan.



* 1 The FY2019 forecast operating profit figure of 11.6 billion yen is prior to the effects of the application of IFRS 16.

* 2 EPS (basic earnings per share) is calculated as follows: profit attributable to owners of parent / total number of shares issued.

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

Toward FY 2021, we plan to generate profit by opening new stores in FY 2019 and new development projects including the one in Shinsaibashi. Also, existing PARCO stores, entertainment business and 4 subsidiaries such as PARCO SPACE SYSTEMS are expected to contribute to achieve the profit goal.

By achieving the goal of FY 2019, we will make sure to achieve our original operating profit target of 14.7 billion yen in FY 2021, which is the final year of the medium-term business plan.

Medium-term Business plan progress (2)

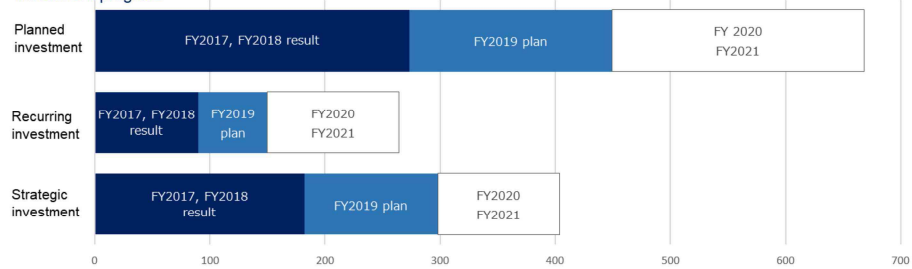
14/31

27.3 billion yen invested in FY2017 and FY2018.
Plan to invest 66.8 bn yen over five years.

Unit: Billion yen

	5-year plan	FY2017, FY2018 result	FY2019 plan	
Planned investment	66.8	27.3	17.6	
Strategic investment	40.4	18.2	11.6	Development of commercial facilities and new projects, etc.
Recurring investment	26.4	9.0	6.0	Store enhancements, related businesses, etc.
Operating cash flow	77.3 +	25.9	-	

Investment progress



*Investment results are on a capital basis. Plans are on an appropriation basis.

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

Total investment in FY 2017 and 2018 was 27.3 billion yen, and we plan to invest 66.8 billion yen over 5 years of medium-term business plan for good amount of investment.

Medium-term Business plan progress (3)

15/31

Out of the twelve development projects laid out in the five-year plan, five have launched, four are currently underway, and development of the remaining three is proceeding.

	Planned	Planned opening			
		2017	2018	2019	2021
PARCO	PARCO_ya	Nov.			
	Kinshicho PARC			Mar.	
	New Shibuya PARCO			Autumn	
	North Building of Daimaru Shinsaibashi				Spring
New formats	SAN-A Urasoe West Coast PARCO CITY			Summer	
ZERO GATE	Kyoto ZERO GATE	Nov.			
	Harajuku ZERO GATE		Mar.		
	Sannomiya ZERO GATE		Sep.		
	Kawasaki ZERO GATE			Early Autumn	
Total	9 (5 launched, 4 currently underway)				



Progress of development projects in the medium-term business plan

As shown on the table, out of 12 development projects planned in the 5-year plan, 5 have already been opened and 4 are progressing steadily.

We already opened PARCO-ya Ueno, and ZERO GATE in Kyoto, Harajuku and Sannomiya, and Kinshicho PARCO just opened in March 2019.

4 Projects in progress are, San-A Urasoe West Coast PARCO City, ZERO GATE in Kawasaki, new Shibuya PARCO and PARCO in North Building of Daimaru Shinsaibashi which is planned to be open in spring 2021 and remaining 3 projects are proceeding as well.

Overview of FY2018 results and FY2019 full-year forecasts

Medium-term Business Plan

Issues in FY2018 and key measures for FY2019

Topics:

- Development Plans
- PARCO Stores Business
- ESG: Our Approach

Topics

PARCO

- Full opening of Kyoto ZERO GATE, opening of Harajuku ZERO GATE and Sannomiya ZERO GATE
- Decision to close Utsunomiya PARCO and Kumamoto PARCO and pursuit of Scrap & Build policy with a focus on the future.

Entertainment Business

- Renewal opening of two-screen CINE QUINTO in Shibuya.

NEUVE・A

- Closure of 15 unprofitable shops to improve revenue and profit, launched online specialist used-watch shop.

PARCO SPACE SYSTEMS

- Interior construction orders from Kinshicho PARCO tenants.

Issues

PARCO

- PARCO stores facing ongoing challenges with sluggish sales in apparel goods and impact of competition.

Entertainment Business

- Increase in costs due sluggish ticket sales for films in which we invested putting pressure on business performance.

NEUVE・A

- Continued sluggish sales in core watch business, slow growth in EC business

Key initiatives

PARCO

- Drive the success of 4 new properties to open in FY2019.
- Pursue enhancements by introducing new stores with services and items in step with market needs.
- Leverage PARCO's 50th anniversary, the anniversaries of core stores, and the opening of new Shibuya PARCO.
- Increase customer touchpoints and revolutionize business model by responding to changes in the digital environment and through the pursuit of CRM strategy
- Strengthen structures for capturing inbound demand by upgrading infrastructure through the introduction of QR and barcode payment systems and other innovations.

Entertainment Business

- Leverage the strength of PARCO's unique content at the opening of the Shibuya location to drive traffic to our stores.

NEUVE-A

- Create new business categories that contribute to the uniqueness of PARCO. Expansion of watch business.
- Maintain scrap & build policy, increase number of shops with openings at Kinshicho PARCO and new Shibuya PARCO, among others.
- Pursue omnichannel strategy, strengthening EC, etc.

PARCO SPACE SYSTEMS

- Increase revenue and profit through interior construction orders from tenant at new PARCO stores and elsewhere.
- Acquire total-building management contracts in step with new store developments

PARCO Digital Marketing

- Plan shift to multiple digital services business

CRM ; Customer Relationship Management

Overview of FY2018 results and FY2019 full-year forecasts





Medium-term Business Plan

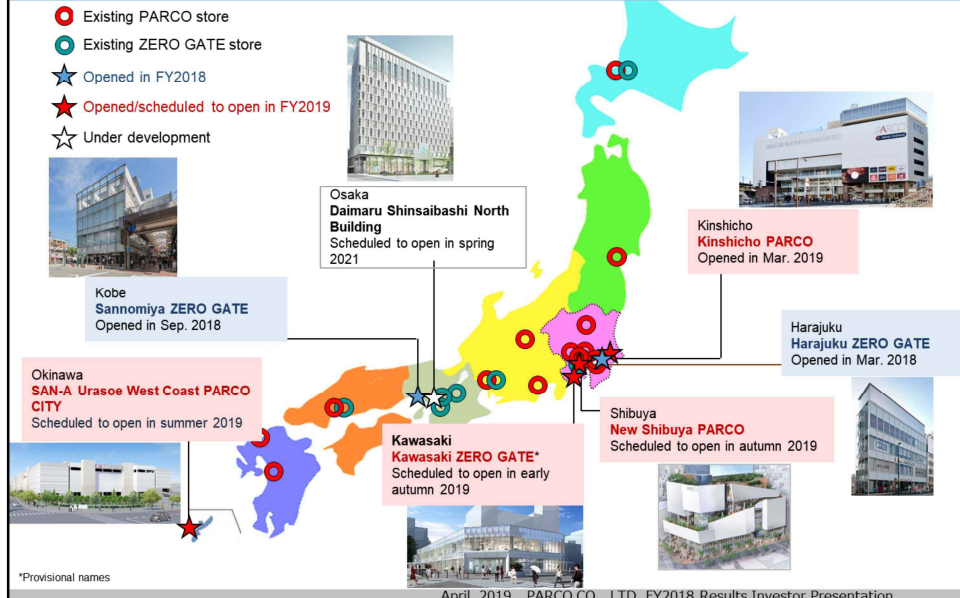
Issues in FY2018 and key measures for FY2019

Topics:

- Development Plans
- PARCO Stores Business
- ESG: Our Approach

In FY2019, PARCO will open two new PARCO stores, one ZERO GATE store, and one property in a new business category.

-  Existing PARCO store
-  Existing ZERO GATE store
-  Opened in FY2018
-  Opened/scheduled to open in FY2019
-  Under development



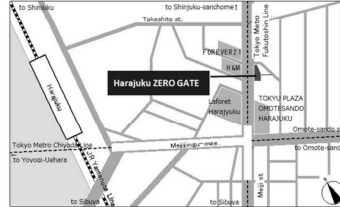
Harajuku ZERO GATE and Sannomiya ZERO GATE opened in FY2018.



Harajuku ZERO GATE opened in March on Meiji Dori in the Jingumae district.

Tenants include an SNS character store and a fitness gym.

Scale	1F-4F
Floor area	Approx. 943m ²

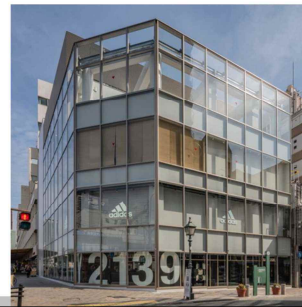


Sannomiya ZERO GATE fully opened in February.

Attracted major shops with a one floor-one shop configuration on four levels.



Scale	1F-4F
Floor area	Approx. 1,506m ²



Four properties in four different formats opening in FY2019.



Kinshicho PARCO

Opened in March
PARCO opened in existing multi-use complex with shop's selling brands' full lines.



SAN-A Urasoe West Coast PARCO CITY

Set to open in summer 2019
Participation in Okinawa's premier mall through a joint venture with a local company.



Kawasaki ZERO GATE*

Set to open in early autumn 2019
A ZERO GATE business opening in a city designated by government ordinance.



New Shibuya PARCO

Set to open in autumn 2019
Shift to multi-use complex model leveraging first opening in a special urban renaissance district.

*Provisional names

All these 4 development projects are in different business categories.

Kinshicho PARCO opened on March 16. Strong initial performance.

- Synergies maximized by opening in a multi-use complex that also houses an amusement facility.
- The facility is contributing to regional infrastructure through an abundant line-up of tenants offering lifestyle support services other than shopping.
- Great selection of restaurants is successfully meeting the needs of the Sumida area, attracting more customers.

Customers lining up for the opening



Scene from the opening

In front of Sumida Food Hall on the first floor



*PARCO lease portion

Scale*	1F-7F
Floor area*	Approx.22,857m ²

PARCO CO., LTD. FY2018 Results Investor Presentation

Kinshicho PARCO was opened under a master lease agreement on March 16th. It started its business quite successfully as we had expected.

Its floor area is about 23,000 m², and it has amusement facilities and a cinema in the same property. Synergies are maximized by opening this store in a multi-purpose complex. It serves as a local infrastructure with tenants such as clinics and a post office which support everyday life and motivate customers to visit the place for other reasons than shopping.

It made a great start with a food hall with character and one of the largest Muji store in Tokyo which occupies one entire floor.

Okinawa's premier mall to open through a joint venture and an 11th ZERO GATE to open in early fall.

SAN-A Urasoe West Coast PARCO CITY to open in summer 2019



- The name expresses the combination of a new "city" for Urasoe and the brand image of PARCO.
- A huge selection of approximately 250 shops set to open including shops such as ZARA, FURLA, and MHL, opening in the prefecture for the first time.

Scale	Commercial area: 1F-3F
Floor area	Approx. 60,000m ² (planned)

Kawasaki ZERO GATE* to open in early fall 2019

- Opening 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.

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

*Provisional name



San-A Urasoe West Coast PARCO City is a collaborative project with a major local company San-A. We named it as PARCO City to express the combination of a new city for Urasoe and the brand image of PARCO.

It plans to accommodate a wide variety of about 250 shops including fashion brands opening for the first time in Okinawa prefecture and famous restaurants from all over Japan.

We also plan to open ZERO GATE in Kawasaki in early fall 2019.

It is located on the corner of an intersection in front of JR Kawasaki Station. It is a great location with high visibility, and its tenants are already decided.

New Shibuya PARCO to open in fall as the multi-use shopping complex of the future.

- Initiatives at the new Shibuya PARCO will evolve the PARCO brand to a new stage and contribute to improving the company's image.
- Aim is to realize a shopping complex that meets inbound demand and sends a message to the world.
- A pioneering model for ICT use in PARCO shopping centers.
- Breaking new ground for PARCO by engaging global companies – e.g. Nintendo physical store confirmed as tenant.
- Aim to develop entertainment and content for overseas development through the Overseas Business Promotion Department.

Scale	B3F-19F
Floor area	Approx. 63,908m ²

SC; Shopping Center



We are preparing for new Shibuya PARCO to be opened in this fall as a multi-purpose shopping complex of the future.

We are certain that initiatives at the new Shibuya PARCO will take the PARCO brand to a new stage and contribute to improving the image of the company PARCO and tenant companies.

We position Shibuya PARCO as a pioneering model for ICT utilization in PARCO shopping complexes, and with ICT capabilities, we will enhance shops and PARCO store's interior environment which meet inbound demand and send a message to the world.

Enhanced structure of Commercial Complex Developer Division to enable it to handle everything from development to store management.

- Established a structure that facilitates cooperation among each of the Complex Business Group, Store Planning Office, Business Model Development Group, and Real Estate Business Group
- Established a Market Creation Division that aims to create markets which attract customers as well as tenants
- Restructured Complex Groups with the aim of creating new markets and formats suited to the characteristics of each Group

City Complex Group 12 complexes

- Strengthened brand image communication to increase the unique appeal of real shopping complexes in contrast to digital stores (creation of new shops and services, etc.)
- Optimized merchandise balance in line with market needs
- Created and expanded zones where visitors can enjoy experiences and sensations, such as restaurants, food outlets, and services

Community Complex Group 6 complexes

- Continued to evolve shopping complexes that have close links to local communities and meet the needs of a broad range of demographics

Enhancing organizational structure in PARCO stores business

Pursue scrap and build policy that takes into account changes in the environment surrounding the PARCO Stores Business.

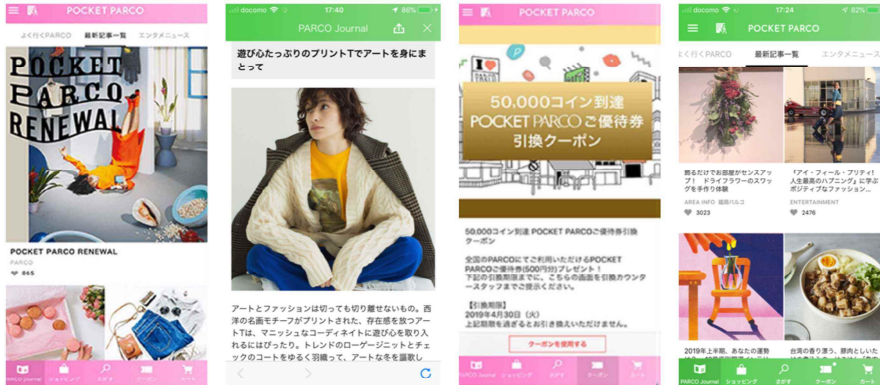
- Preparations underway for Kinshicho PARCO, new Shibuya PARCO, and the North Building of Daimaru Shinsaibashi in FY2019.
- Decision to close Utsunomiya PARCO and Kumamoto PARCO announced in February 2019.
- Considerations underway regarding working with the building owner to reconstruct Kumamoto PARCO as a multi-use building and open a new commercial facility.
- 17 store structure as of the end of FY2018. 18 store structure planned for the end of FY2021.

Stores opening	Opening date	Stores closing	Closing date
Kinshicho PARCO	March 16, 2019	Utsunomiya PARCO	May 31, 2019
New Shibuya PARCO	Fall 2019	Kumamoto PARCO	Feb 29, 2020
North Building of Daimaru Shinsaibashi	Spring 2021		

Promotion of scrap and build in PARCO stores business

Increased customer touchpoints by evolving the digital environment through app renewal, etc.

- Established spaces for cultivating new tenants by providing tenant support for opening stores and developing e-commerce.
- Official app POCKET PARCO reached one million downloads in November.
- Renewed POCKET PARCO by enhancing article content, incorporating exclusive online stores, etc..

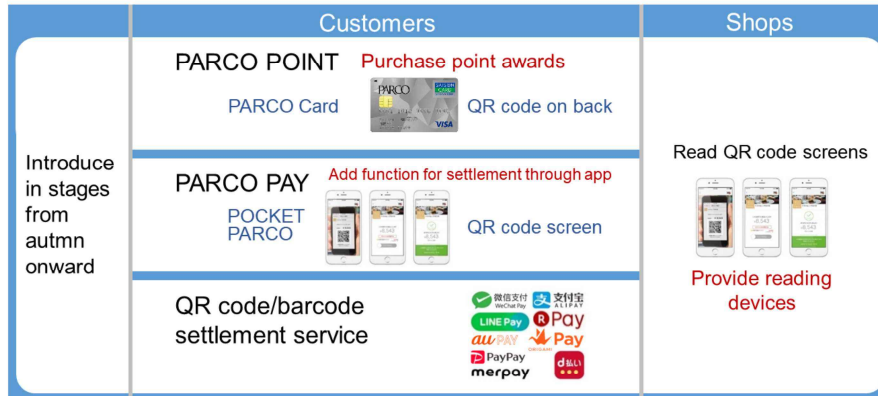


Examples of POCKET PARCO articles

- Total renovation area: Approx. 37,000㎡ (renovation zone transaction volume YoY increase of 16.2%)

Establish an environment for card bonuses and settlement, increasing customer touchpoints and purchase opportunities.

- Start PARCO POINT. Shift PARCO Card services from discounts to point awards
- Begin PARCO PAY through POCKET PARCO
- Strengthen framework for engaging inbound customers through sales promotions using QR code/barcode settlement, etc.



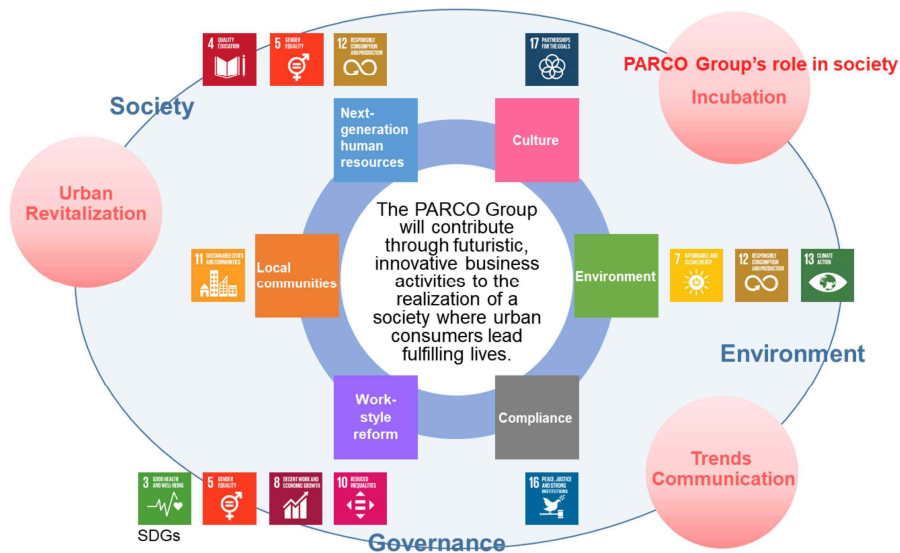
- Carry out renovations aimed at rebuilding merchandise balance. Planned renovation area: Approx. 39,000m²

We plan to execute measures such as utilizing ICT, addressing cashless payment required by the times, staging enjoyment, etc.

First, we will enhance Pocket PARCO, and on top of this, PARCO Card will make a transition from discount system to shopping point award by the end of FY 2019. At the same time, we will launch PARCO Pay.

Such a significant change of environment will allow shops, our primary customers, to allocate more time for serving their customers as they are not bothered by other tasks, and shopping customers can have better experiences without stress. That is the environment we intend to realize.

With the UN SDGs in mind, PARCO Group aims to contribute to the resolution of societal issues through its three social roles and based around six key themes.



SDGs : Sustainable Development Goals

April 2019 PARCO CO., LTD. FY2018 Results Investor Presentation

We actively address issues related to ESG as requirements of the times and continuously improve our corporate value.

Our social roles are urban revitalization, incubation and trend communication, and we will contribute to the resolution of social issues through these roles.

We will actively implement ESG to contribute to growth of society.



Statements in this presentation that are not historical fact, such as forecasts, are forward-looking statements, based on information available as of April 8, 2019, and are subject to a number of risks and uncertainties. Actual results may be materially different.

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