



Financial Results for FY2018 Q3

March 1, 2018 - November 30, 2018



AEON MALL Co., Ltd.

(TSE: 8905)

As of January 8, 2019



Financial Results for FY2018 Q3

Summary of Financial Results

• Overview of Consolidated Results	P 3-4
• Operating Income by Segment	P 5
• Nominal Operating Profit Improvement by Segment	P 6
• Overseas: Specialty Store Sales Trends (Existing Malls)	P 7
• Overseas Malls Scheduled for Activation Measures	P 8
• Overseas: Transitioning to Profitability	P 9
• Overseas: Quarterly Business Trends	P 10
• Overseas: FY2018 New Mall Launches	P 11
• Japan: Specialty Store Sales at Existing 73 Malls	P 12-14
• Japan: (1) AEON MALL Black Friday	P 15
• Japan: (2) Happiness Mall	P 16
• Japan: (3) Attraction of Overseas Specialty Stores to Japan	P 17
• Japan: Mall Business – FY2018 Existing Mall Renewals	P 18
• Japan: Mall Business – FY2018 New Mall Launches	P 19
• Japan: Urban Shopping Center Business – FY2018 New Store Openings	P 20
• Income Statement Summary	P 21
• Business Performance: Region/Segment Analysis	P 22
• Balance Sheet Summary	P 23
• Cash Flow Statement Summary	P 24
Consolidated Business Targets and Guidance (FY2018)	P 26-27
Attachment	P 29-33

Vision for 2025

Vision for 2025	P 35
Breakdown of Operating Income / Financial Indicators	P 36

Medium-Term Management Plan (FY2017 to FY2019)

Growth Initiatives	P 39-41
Consolidated Business Targets	
Consolidated Results	P 43
Results by Segment	P 44
Number of New Mall Openings and Malls to Be Revitalized	P 45
Capital Investment	P 46
Financing Plans and Investment Breakdown	P 47
Overseas Business	
Capture Growth Opportunities in Asia	
I. Reap the Benefits of Rising Brand Penetration (via Area-Dominant Strategy)	P 49-52
II. Develop and Manage Superior Malls	P 53-56
III. Measures to Increase Operating Revenues	P 57
New Mall Openings: Medium-Term Management Plan	P 58
Overseas Business: Operating Income	P 59
Beijing and Tianjin Areas	P 60
Jiangsu and Zhejiang Areas / Hubei Area / Guangdong Area	P 61
Vietnam	P 62
Indonesia	P 63
Cambodia	P 64
Domestic Business	
SC Industry Comparison with the U.S.	P 66
Assessing the Domestic Market	P 67-68
Develop Latent Sources of Domestic Demand	
I. Happiness Mall Project	P 69-71
II. Promote Localization	P 72-73
Become the Overwhelmingly Dominant Mall in Each Region	
I. Conduct Floor Expansions and Implement Effective Revitalization Measures	P 74-77
II. Open New Malls in Untapped Territory	P 77
IV. Improve ES for Tenants	P 78
Capture Urban Growth Opportunities	
I. Establish Branding for New OPA	P 79-81
Implement Optimal Financing Mix and Build Organizational Structures That Support Growth	
I. Secure Financing to Support Growth Business Models	P 82-83
II. Promote Management Diversity	P 84
III. ESG Initiatives	P 85-86

Summary of Financial Results

Overview of Consolidated Results (1)

Revenue and Profit Growth

Record highs for operating revenue, operating income, ordinary income, and net income

(Unit: ¥, Millions, %)

	Q3 FY2018 (Actual)	Q3 FY2017 (Actual)	Year-on-year		FY2018 (Plan)	Progress rate
			Change	%		
Operating revenue	231,126	211,797	19,328	109.1	320,000	72.2
Operating costs	175,372	158,048	17,323	111.0	-	-
Gross Profit	55,754	53,748	2,005	103.7	-	-
Selling, general and administrative expenses	20,265	20,492	(227)	98.9	-	-
Operating income	35,488	33,256	2,232	106.7	53,500	66.3
Ordinary income	34,690	32,988	1,702	105.2	51,000	68.0
Net income attributable to owners of parent	22,604	19,676	2,928	114.9	32,000	70.6
Net income per share (yen)	99.38	86.51	-	-	140.70	-

(Unit: ¥, Millions)

Total assets	1,227,982
Equity	377,491
Equity ratio(%)	30.7
Debt-equity-ratio(times)	1.3
Net Debt-equity-ratio(times)*	1.1
EBITDA	72,065

*Net D/E Ratio = (interest-bearing debt - cash and cash equivalents from CF statement) / equity

	Number of new malls opened ^{*1}	Number of stores (As of November 30, 2018)
Japan	4	153 ^{*2}
China	2	19
Cambodia	1	2
Vietnam	0	4
Indonesia	0	2
Total	7	180
Urban style Shopping Center(OPA)	2	23

*1 Includes malls opened between March 1, 2018 and November 30, 2018.

*2 Includes 70 large-scale commercial facilities that AEON MALL manages and operates on behalf of AEON Retail Co., Ltd.

Overview of Consolidated Results (2)

First Half, Q3 Profit Performance Remains In Line With Plan

Despite some variance on a segment-by-segment basis, Q3 performance as a whole was in line with plan.

FY2018	Q1 (Three Months)	Q2 (Three Months)	Q3 (Three Months)	Q3 (Cumulative)
Operating revenue	YoY +8.0%	YoY +11.3%	YoY +8.1%	YoY +9.1%
Operating income	YoY +4.5%	YoY +14.9%	YoY +1.2%	YoY +6.7%

Operating Income by Segment

Unit: ¥, 100millions

		Q3	Q3 Plan	Vs. Plan	Prior Year	Vs. Plan
Japan	Malls	357	351	+6	345	+12
	Urban SC	(6)	0	(6)	(3)	(3)
Overseas	China	(4)	0	(4)	(11)	+6
	ASEAN	7	3	+4	1	+6
Total		354	354	±0	332	+22

Unit: ¥, 100 millions

		Q3	Q3 Assessment	
Japan	Malls	357	Excellent	In addition to strong sales, improvements in operating costs and SG&A contributed to outperforming plan.
	Urban SC	(6)	Fair	Delays in major renovations at existing locations and related sales opportunity loss resulted in cumulative Q3 profit declines. We expect to see the positive impact of major renovations beginning Q4, driving top line improvements.
Overseas	China	(4)	Fair	Comparative store sales growth slowed. While we did not meet plan, specialty store sales and operating revenue rose at 13 existing malls (sales up 11.9%; operating revenue up 13.3% or +¥2.2 billion). We expect to see the impact of renovations lead to a transition to stable growth in the future.
	ASEAN	7	Excellent	All three ASEAN countries achieved profits and outperformed plan. We forecast continued favorable sales, expecting sales to outperform plan for the year.
Total		354	Good	Favorable performance in Japan mall businesses and ASEAN covered for plan shortfalls in urban mall shopping centers and China. We expect this trend to hold for the full year, allowing us to achieve our published plan figures.

Q3 results in line with plan figures

Full-year plan achievement also expected

Nominal Operating Profit Improvement by Segment

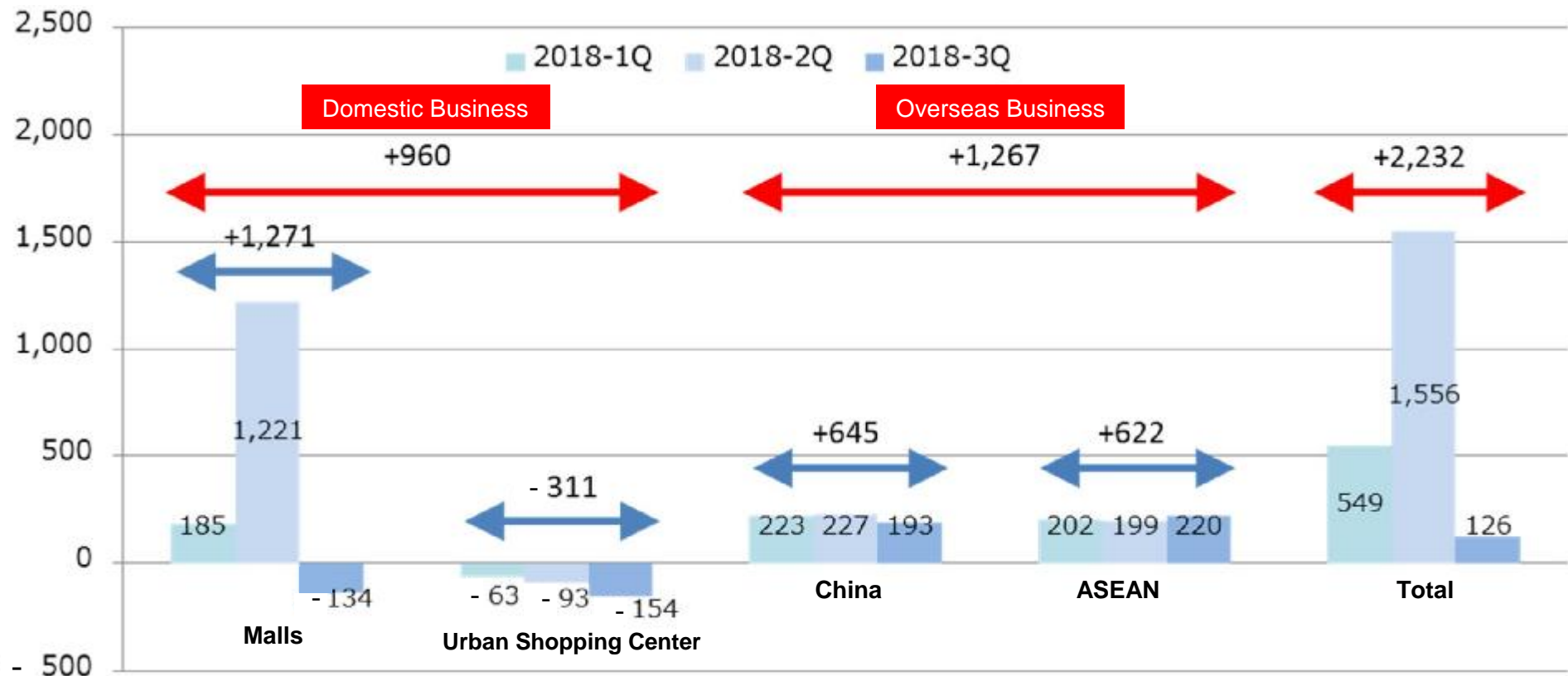
Our overseas business accounts for more than 50 percent of the increase in operating income, driving profit growth.

In Japan, our mall business profits made up for profit declines in the urban shopping center business, securing overall profit growth.

*See P.5 for performance vs. internal plan

◆ Quarterly OP Change by Segment

Unit: ¥, Millions



[Capturing Asian Growth Opportunities] Overseas: Specialty Store Sales Trends (Existing Malls)

- (1) **Seventy percent of malls have been open for more than three years**, entering a cycle of stable growth.
 - (2) Many malls have been open for three to four years, **becoming more active and introducing revised lease terms, mainly for tenants reaching the end of lease agreements.**
- We expect to see **stable growth** in the next fiscal year and beyond, **reflecting the impact of greater activity.**

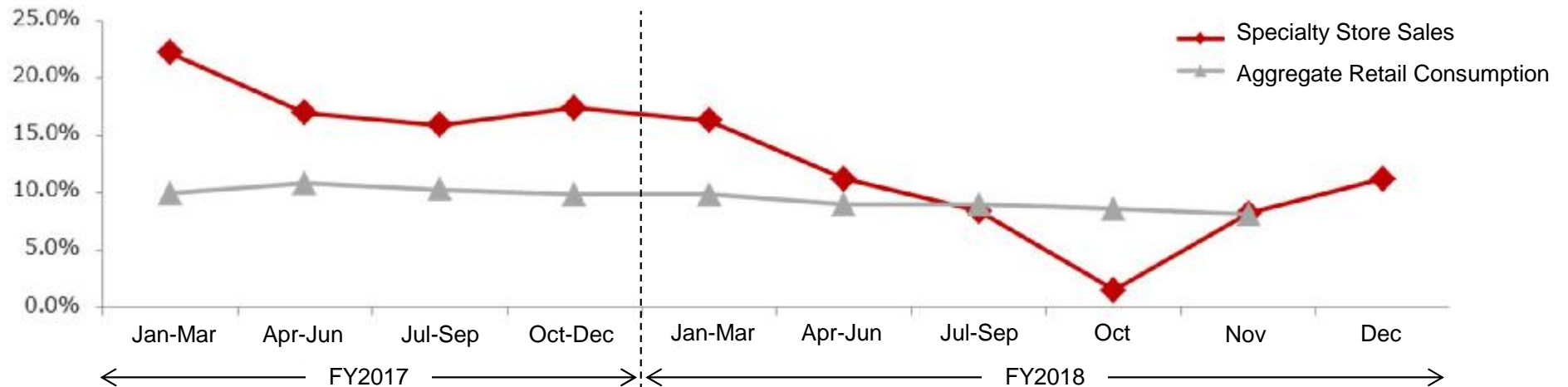
Overseas: Existing Malls, YoY

*Overseas corporate affiliates have fiscal years ending in Dec.

*Indonesia: Data omitted owing to local business practices and difficulty in securing accurate specialty store sales numbers

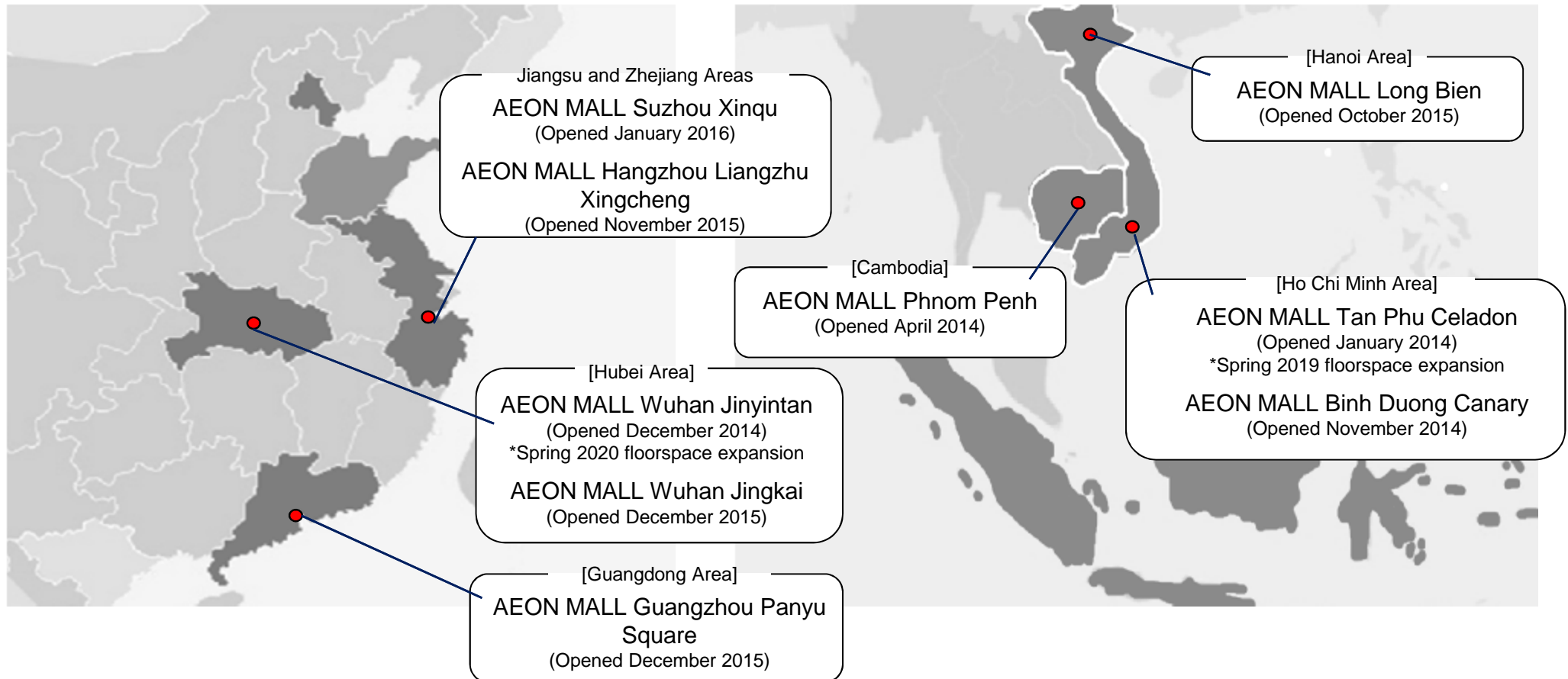
	China		Vietnam		Cambodia	
	FY2017 Jan-Dec (Cumulative)	FY2018 Jan-Sep (Cumulative)	FY2017 Jan-Dec (Cumulative)	FY2018 Jan-Sep (Cumulative)	FY2017 Jan-Dec (Cumulative)	FY2018 Jan-Sep (Cumulative)
Specialty Store Sales	118.0%	111.9%	118.6%	113.6%	114.5%	100.2%
Visitor Traffic	110.5%	102.4%	102.2%	104.6%	111.6%	87.8%

China: Specialty Store Sales, YoY Growth



Renovating malls opened in 2014 and 2015 whose tenants are now reaching the end of three-year leases

Overseas Malls Undergoing Major Renovations



In FY2018 Q3...

10 Chinese malls and 7 ASEAN malls reported profits

	China	ASEAN
Malls Asinging to Net Profit	10 malls Beijing Int'l Mall (2008) Tianjin TEDA (2010) Tianjin Zhongbei (2012) Suzhou Wuzhong (2014) Wuhan Jinyintan (2014) Suzhou Yuanqu Hudong (2015) Hangzhou Liangzhu Xingcheng (2015) Wuhan Jingkai (2015) Suzhou xinqu (2016) Wuhan Jinqiao (2017)	7 malls Tan Phu Celadon (2014) Binh Duong Canary (2014) Phnom Penh (2014) BSD CITY (2015) Long Bien (2015) Binh Tan (2016) Jakarta Garden City (2017)
Malls Generating Losses	7 malls Tianjin Meijiang (2014) Beijing Fengtai (2015) Guangzhou Panyu Square (2015) Hebei Yanjiao (2016) Tianjin Jinnan (2017) Nantong Xinghu (2017) Foshan Dali (2017)	<hr/>

Note: Malls opening prior to fiscal year end. Years in parentheses indicate year of mall opening.

In FY2018 Q3...

- Overseas business overall **recorded operating income.**
- Profit improvement of **¥1.2 bn (China + 600 mn; ASEAN +600 mn)**
- Depreciation and accrued average lease expenses totaled ¥12.0 bn, **operating cash flow was +¥11.8 bn.**

Overseas

	FY2017				
	Q1	Q2	Q3	Q4	Full-year
Operating revenue	7,498	7,316	7,744	10,052	32,611
YoY	+1,087	+1,405	+1,407	+3,003	+6,904
Gross profit	618	624	565	1,071	2,879
YoY	+1,005	+822	+659	+875	+3,362
Operating income	(161)	(366)	(418)	62	(884)
YoY	+913	+670	+427	+904	+2,915
Simple Operating CF	2,681	1,985	1,428	3,720	9,816

	FY2018			
	Q1	Q2	Q3	Full-year
Operating revenue	10,686	10,944	11,073	32,704
YoY	+3,187	+3,628	+3,328	+10,145
Gross profit	1,205	1,068	1,071	3,345
YoY	+586	+444	+505	+1,537
Operating income	265	61	(4)	321
YoY	+426	+427	+413	+1,267
Simple Operating CF	3,986	3,709	4,173	11,870

Unit: ¥, Millions

China

	FY2017				
	Q1	Q2	Q3	Q4	Full-year
Operating revenue	5,534	5,354	5,692	7,315	23,896
YoY	+573	+995	+1,219	+2,189	+4,977
Gross profit	371	330	261	666	1,630
YoY	+818	+682	+476	+676	+2,654
Operating income	(220)	(414)	(480)	(17)	(1,132)
YoY	+750	+513	+298	+757	+2,318
Simple Operating CF	2,106	800	1,380	2,943	7,231

	FY2018			
	Q1	Q2	Q3	Full-year
Operating revenue	8,214	8,262	8,124	24,602
YoY	+2,680	+2,908	+2,432	+8,021
Gross profit	725	579	524	1,830
YoY	+354	+248	+263	+866
Operating income	3	(187)	(286)	(469)
YoY	+223	+227	+193	+645
Simple Operating CF	2,919	2,530	2,936	8,386

ASEAN

	FY2017				
	Q1	Q2	Q3	Q4	Full-year
Operating revenue	1,964	1,961	2,052	2,737	8,715
YoY	+514	+410	+187	+814	+1,926
Gross profit	246	293	304	404	1,248
YoY	+186	+139	+182	+198	+707
Operating income	59	48	61	79	248
YoY	+163	+157	+129	+147	+597
Simple Operating CF	574	1,184	47	777	2,584

	FY2018			
	Q1	Q2	Q3	Full-year
Operating revenue	2,471	2,681	2,948	8,102
YoY	+507	+719	+896	+2,123
Gross profit	479	488	546	1,514
YoY	+232	+195	+242	+670
Operating income	261	248	281	791
YoY	+202	+199	+220	+622
Simple Operating CF	1,067	1,179	1,236	3,483

AEON MALL Yantai Jinshatan
(Yantai, Shandong Province)



Opened: May 25, 2018
Land Area: 93,000m² Lease Area: 72,000m²
Parking Capacity: 2,700 cars Tenants: 220 stores

AEON MALL Sen Sok City (Phnom Penh)



Opened: May 30, 2018
Land Area: 100,000m² Lease Area: 85,000m²
Parking Capacity: 2,300 cars Tenants: 200 stores

AEON MALL Guangzhou Jinsha (Guangzhou City, Guangdong) Grand Opening November 9, 2018



Land Area: 71,700m² Lease Area: 65,000m²
Parking Capacity: 3,000 cars Tenants: 170 stores

<Mall Concept>

Share the Oasis



Specially themed rest areas located throughout the facility



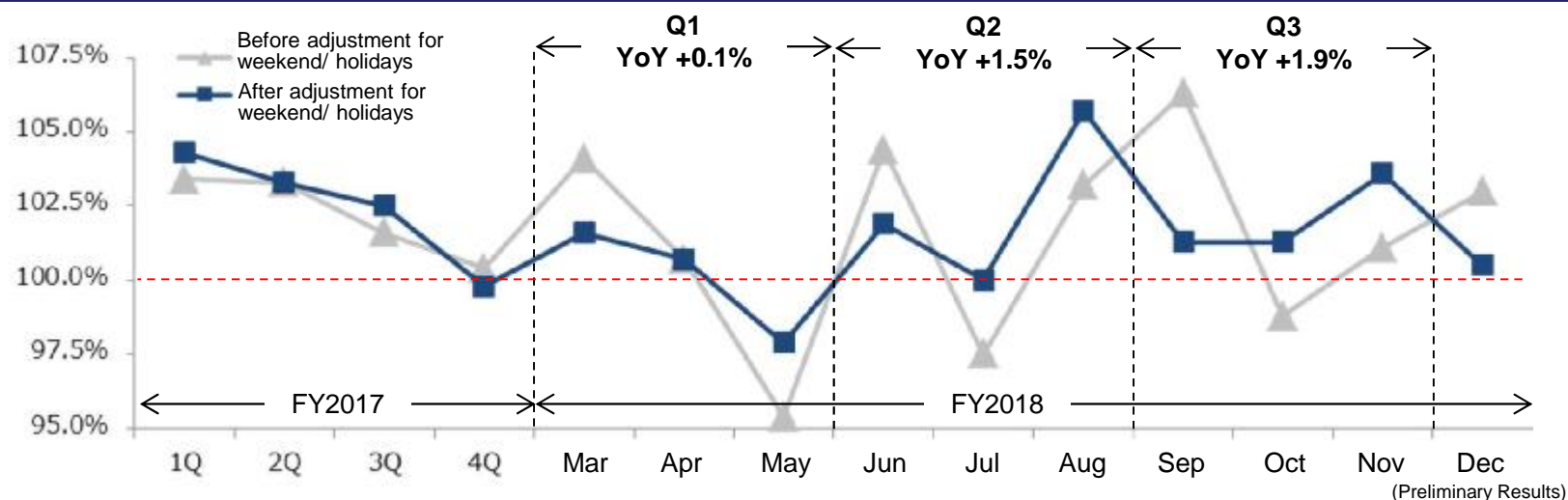
SKY GARDEN

Garden terrace connecting third floor to rooftop parking area

Japan: Specialty Store Sales at Existing 73 Malls

Plan calls for 2.5% annual growth. Q3 was 1.9% higher year on year, slightly behind plan.
Unseasonable weather in September and October slowed growth to 1.3%; partly due to Black Friday promotions, November performance was up 3.6%, signaling a recovery.

*Figures are adjusted for days of the week.



Specialty store sales	FY2017					FY2018						
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	1st Quarter	2nd Quarter	1st Half	September	October	November	3rd Quarter
Before adjustment for weekend/ holidays	103.4%	103.3%	101.6%	100.4%	102.2%	100.1%	101.5%	100.8%	106.3%	98.8%	101.1%	101.9%
No. of holidays	-1	±0	-1	+1	-1	±0	-1	-1	2	-1	-1	±0
After adjustment for weekend/ holidays	104.3%	103.3%	102.5%	99.8%	102.4%	100.1%	102.5%	101.3%	101.3%	101.3%	103.6%	101.9%
No. of customers through checkout *	104.0%	103.4%	99.6%	99.2%	101.6%	99.7%	101.7%	100.7%	107.1%	98.9%	101.1%	102.3%
Average customer Transaction *	99.4%	99.9%	102.0%	101.2%	100.6%	100.5%	99.8%	100.1%	99.3%	99.9%	100.0%	99.7%
No. of cars parked	102.6%	101.9%	100.6%	99.0%	101.0%	99.9%	100.5%	100.2%	102.9%	98.2%	100.1%	100.4%
No. of visitors	101.9%	101.9%	99.1%	97.9%	100.2%	98.7%	99.5%	99.1%	104.3%	98.0%	99.7%	100.6%

*GMS and other anchor tenant data not included.

Japan: Specialty Store Sales at Existing 73 Malls: YoY% Change by Segment

While Q3 experienced a decline in apparel (-4.4% vs. prior year) due to unseasonably hot weather in October, Q3 cinema revenues were up 19.6% due to improved customer traffic generation, driving overall revenue growth.

	FY2017				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
All Specialty stores	103.4%	103.3%	101.6%	100.4%	102.2%
Large Specialty stores subtotal	106.2%	106.8%	108.4%	103.3%	106.0%
Apparel	98.6%	98.8%	100.6%	97.9%	99.0%
Accessories	99.5%	101.6%	97.6%	96.8%	98.8%
Miscellaneous goods	105.9%	109.2%	107.1%	105.3%	106.8%
Hobby Items	104.7%	103.8%	103.3%	102.5%	103.6%
Groceries	113.3%	111.3%	106.7%	106.8%	109.4%
Dining	103.2%	102.9%	101.5%	101.4%	102.2%
Amusement	115.5%	106.4%	83.5%	90.9%	99.4%
Cinema	124.2%	102.9%	65.1%	77.8%	93.3%
Services	106.6%	103.1%	103.3%	103.8%	104.2%
Specialty stores subtotal	103.0%	102.8%	100.8%	100.0%	101.7%

	FY2018						
	1st Quarter	2nd Quarter	1st Half	September	October	November	3Q Total
All Specialty stores	100.1%	101.5%	100.8%	106.3%	98.8%	101.1%	101.2%
Large Specialty stores subtotal	102.2%	104.1%	103.1%	109.0%	102.0%	102.3%	103.5%
Apparel	98.0%	98.2%	98.1%	102.2%	95.6%	98.2%	98.2%
Accessories	97.8%	99.0%	98.4%	100.3%	96.7%	100.4%	98.6%
Miscellaneous goods	106.0%	106.0%	106.0%	108.3%	103.1%	103.5%	105.6%
Hobby Items	101.7%	102.1%	101.9%	110.1%	98.3%	97.4%	101.8%
Groceries	102.8%	105.0%	103.9%	107.4%	103.2%	104.0%	104.2%
Dining	100.9%	102.5%	101.7%	107.9%	97.7%	100.1%	101.7%
Amusement	92.4%	101.3%	96.9%	127.7%	96.5%	110.9%	100.6%
Cinema	84.3%	99.9%	91.8%	147.2%	93.7%	120.3%	97.7%
Services	101.9%	101.8%	101.9%	102.9%	105.7%	107.7%	103.0%
Specialty stores subtotal	99.9%	101.2%	100.5%	105.9%	98.4%	100.9%	100.9%

Japan: Specialty Store Sales at Existing 73 Malls: YoY % Change vs Industry

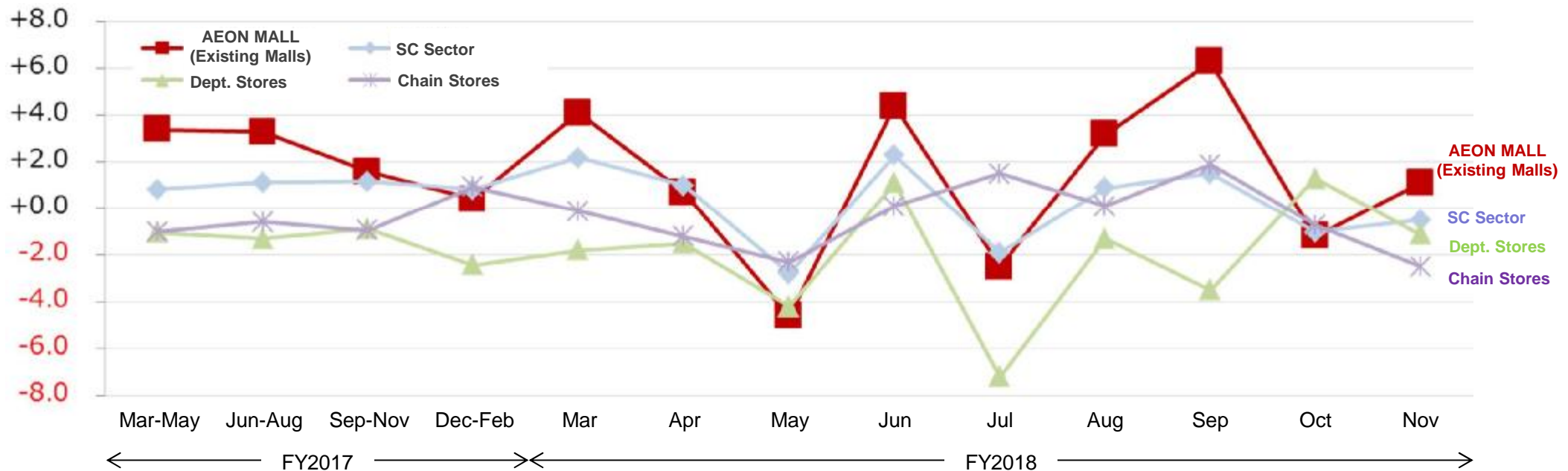
Survival of the fittest, as more Japanese retail facilities become **victims of natural selection**.
First priority is to **win against brick-and-mortar rivals**, rather than compete against e-commerce.

◆ YoY Sales Comparisons: AEON MALL, SC Sector, Dept. Stores, Chain Stores

*FY2017 three-month averages for SCs, department stores, and chain stores, uses simple monthly averages.

*YoY Comparisons for AEON MALL are before calendar adjustments.

*Department store sales exclude the impact from overseas tourists visiting Japan.



AEON MALL Black Friday

Held November 23 through November 25 (three days) in all AEON MALLs throughout Japan



Favorable results as customer traffic increased 2.7% and specialty store sales improved 6.6% during the promotion

(Note) Promotion held November 23 through November 26 (four days) in previous year. Figures compared to four-day period in the previous year.



AEON MALL strives to offer Happiness Malls.

The goal of AEON MALL is to provide spaces where customers find happiness.
We want members of the community to live in happiness and joy.
In addition to daily shopping, we strive to create Happiness Malls that encourage joy through fun, engaging programs.

Four Pillars of the Happiness Mall Project

HEALTH Physical and mental health	WELLNESS Excitement and Satisfaction Casual enjoyment of art and culture
COMMUNITY Activities that promote social interaction among people in the community	OPPORTUNITY Experiences With Products, Services Creating opportunities to encounter new values and lifestyles

Happiness Mall Project Initiatives at AEON MALLs

1,000-Person Radio Calisthenics

Mall: AEON MALL Higashikurume

[Details]
Sponsored a 1,000-Person Radio Calisthenics event in the facility’s parking lot. Expanded the scale of an annual Higashikurume City event. Opening ceremony attended by Tokyo Governor Koike.
Nearly 1,300 people in attendance.



Parent-Child Emotional Development Concert

Mall: AEON MALL Hinode

[Details]
Three musicians from Ome City performed an audience-participation style concert to teach emotional development to children.
Instrument and musical skill workshops were held during the breaks between concerts.



Celebration and Tea Party for Every Day a Good Day (Movie)

Mall: AEON MALL Shinkomatsu

[Details]
Celebration of the release of the movie, *Every Day a Good Day*, which highlights the Japanese tea ceremony. The event was a collaboration among AEON Cinema, the Urasenke Tea Ceremony Fellowship (local tea ceremony group), and AEON MALL. The event featured tea ceremonies using local artisan-made cups and tea ceremony demonstrations prior to the movie showing.



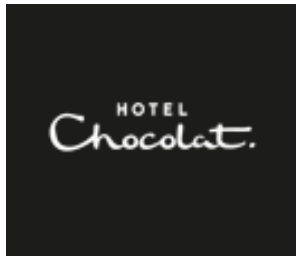
[Develop Latent Sources of Domestic Demand]

Japan: (3) Attraction of Overseas Specialty Stores to Japan

Hotel Chocolat

Mall: AEON LakeTown mori
Opened: November 23, 2018

Opened in London in 2004. More than 100 locations inside and outside of England. Product design, manufacture, and sales all conducted in-house by the company using cacao grown at company farms. First location in Japan.



HaiDiLao Hot Pot

Mall: AEON MALL Makuhari Shintoshin
Opened: August 25, 2018

Established in China in 1994. Sichuan hot pot chain with about 200 branches worldwide, including the U.S., Singapore and Korea as well as China. Arrived in Japan in 2015 and has two branches in Tokyo, but this is its first in a shopping mall. First-ever location in a mall facility.



*Also opened in Shinsaibashi OPA

MINISO

Mall: AEON MALL Iwaki Onahama
Opened: August 3, 2018

Casual general goods brand operating in China and other countries across the world. Operates more than 1,000 locations in more than 70 countries. Location opened in August at AEON MALL Makuhari Shintoshin and October at AEON MALL Tsudanuma.



A! Xiang (rice noodles)

Mall: AEON LakeTown mori
Opened: April 26, 2018
Other branches in AEON malls: 17 in China

Rice noodle restaurant started in China in 2000. Has over 500 directly operated stores in China.



MJstyle

Mall: AEON MALL Makuhari Shintoshin
Opened: June 28, 2018
Other branches in AEON malls: Seven in China

Fast-fashion brand founded in Shanghai 2001 in; operates nearly 300 stores throughout China. This is its first store outside of China.



FY2018 Q3: Review of Consolidated Results (March 1, 2018 – November 30, 2018)



[Becoming the Overwhelmingly Dominant Mall in Each Region]

Japan: Mall Business – FY2018 Existing Mall Renewals

Specialty store sales increased **+8.6%**
Total of 22 existing malls underwent renovations in FY2017 and FY2018

Shopping malls	Location	Date reopened	Tenants	No. of tenants on reopening
AEON MALL Miyazaki	Miyazaki city, Miyazaki Pref.	March 16	250	155
AEON MALL Kashihara	Kashihara city, Nara Pref.	March 17	230	22
AEON MALL Sakai Kitahanada	Sakai city, Osaka Pref.	March 20	170	27
AEON MALL Itami	Itami city, Hyogo Pref.	April 27	150	33
AEON MALL Fukutsu	Fukutsu city, Fukuoka Pref.	July 13	190	15
AEON MALL Kumamoto	Kashima-machi, Kamimashiki-gun, Kumamoto Pref.	July 20	200	47
AEON MALL Kurashiki	Kurashiki city, Okayama Pref.	July 20	240	8
AEON MALL Fukuoka	Kasuya-machi, Kasuya-gun, Fukuoka Pref.	October 26	220	7

AEON MALL Fukuoka

Phase 1 Renovation October 26, 2018

Opened: October 2005
Land Area: 217,000m²
Lease Area: 90,000m²
Parking Capacity: 5,300 cars
Tenants: 220 stores

- Ø Large-scale renovation in two phases covering nearly 140 stores
- Ø Phase 1 renovations covered seven lifestyle specialty retailers on the 2F of the west mall



	New	Transfer/Renovation	Total
Phase 1 (Oct. 2018)	7	—	7
Phase 2 (Fall 2019)	16	114	130
Total	23	114	137

AEON MALL Miyazaki

Floorspace and wing expansion March 16, 2018

Opened: May 2005
Land Area: 200,000m²
Lease Area: 84,000m² (+14,000m²)
Parking Capacity: 4,300 cars (+300 cars)
Tenants: 250 stores (+70 stores)



YoY change in sales at specialty stores after expansion of floor area: 30.9%
(March 16, 2018 to November 30, 2018)



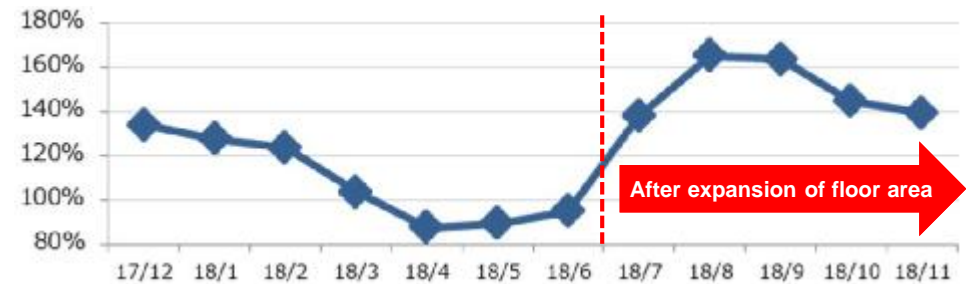
AEON MALL Kumamoto

Floorspace and wing expansion July 20, 2018

Opened: October 2005
Land Area: 207,000m²
Lease Area: 84,000m² (+11,000m²)
Parking Capacity: 5,000 cars (+500 cars)
Tenants: 200 stores (+47 stores)



YoY change in sales at specialty stores after expansion of floor area: 59.1%
(July 20, 2018 to November 30, 2018)



[Become the Overwhelmingly Dominant Mall in Each Region]

Japan: Mall Business – FY2018 New Mall Launches

AEON MALL Zama (Zama City, Kanagawa Pref.)



Opened: March 16, 2018
Land Area: 58,000m² Lease Area: 50,000m²
Parking Capacity: 2,500 cars
Tenants: 160 stores

THE OUTLETS HIROSHIMA (Hiroshima City, Hiroshima Pref.)



Opened: April 27, 2018
Land Area: 268,000m² Lease Area: 53,000m²
Parking Capacity: 4,000 cars
Tenants: 200 stores

AEON MALL Iwaki Onahama (Iwaki city, Fukushima Pref.)



Opened: June 15, 2018
Land Area: 44,000m² Lease Area: 50,000m²
Parking Capacity: 1,300 cars
Tenants: 130 stores

AEON MALL Tsu-Minami (Tsu City, Mie Pref.) Grand Opening November 9, 2018



Site area: 108,000m² Lease Area: 60,000m²
Parking Capacity: 3,400 cars
Tenants: 170 stores

<Mall Concept>

A New Kind of Smart Mall: A Mall for Connections



Latest Digital Mall Initiatives

270-Inch LED screen installed in the main court area the first floor, nearly 60 digital signs located throughout main floor traffic areas, food court, etc.

【Capture Urban Growth Opportunities】

Japan: Urban Shopping Center Business – FY2018 New Store Openings

Naha OPA (Naha City, Okinawa Pref.) opened October 16, 2018



Lease Area: 5,200m²
Tenants: 50 stores



Hachioji OPA (Hachioji City, Tokyo) opened November 29, 2018



Lease Area: 6,200m²
Tenants: 40 stores



【Capture Urban Growth Opportunities】

Japan: Urban Shopping Center Business – FY2018 Existing Store Renovations

Hamleys

World Porters Vivre Opened November 30, 2018

Canal City OPA Opened December 1, 2018

First Japanese location for *Hamleys*, the oldest toy store in the United Kingdom (258 years).

Customer service staff called entertainers and demonstrators provide an experiential sales style creating an entertaining atmosphere in the stores.



HaiDiLao Hot Pot Restaurant

Shinsaibashi OPA

Opened October 17, 2018

Intended to attract more inbound demand from the numerous Chinese tourists in the Shinsaibashi area.



Tokyu Hands

Takasaki OPA

Opened November 23, 2018

First location opened in northern Kanto region in response to high customer demand for a large-scale home furnishings retailer.



MUJI Store

Shinyurigaoka OPA

Grand reopening December 7, 2018

Occupying the third floor (nearly 2,400 m²)
New Cafe&Meal MUJI in addition to traditional full spectrum of products.



FY2018 Q3: Review of Consolidated Results (March 1, 2018 – November 30, 2018)

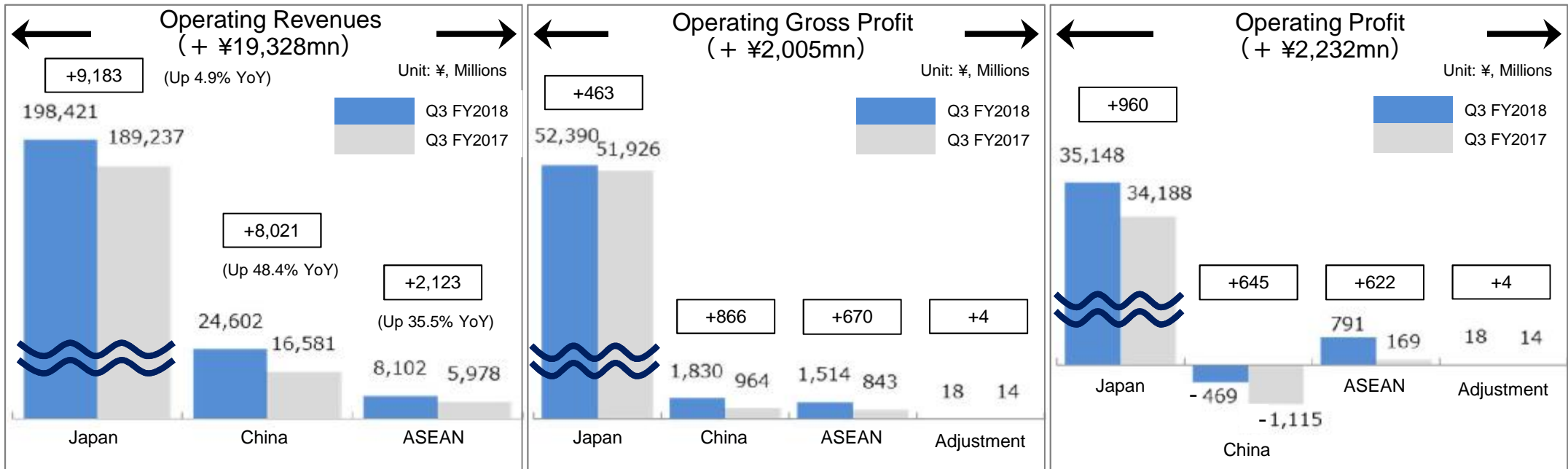


Income Statement Summary

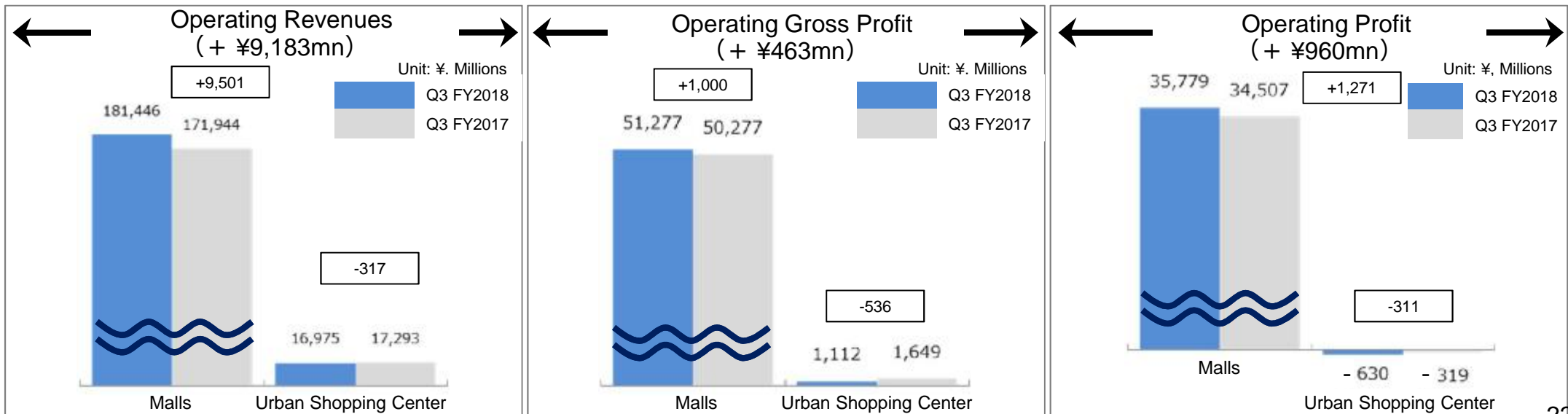
							(¥, millions)
Consolidated (¥, millions)	Q3 FY2018	Ratio	Q3 FY2017	Ratio	YoY Growth	Nominal Chg	Comment
Operating Revenue	231,126	100.0%	211,797	100.0%	109.1%	19,328	- Japan: 10 new malls +¥8,423 million - Japan: Existing 73 malls +¥1,176 million - Japan: Urban style shopping center business (OPA) -¥317 million - Japan: Other -¥97 million - Overseas malls +¥10,145 million
Operating costs	175,372	75.9%	158,048	74.6%	111.0%	17,323	- Japan: 10 new malls +¥8,427 million - Japan: Existing 73 malls +¥569 million - Japan: Urban style shopping center business (OPA) +¥218 million - Japan: Other -¥495 million - Overseas malls +¥8,607 million
Gross profit	55,754	24.1%	53,748	25.4%	103.7%	2,005	- Japan: 10 new malls -¥4 million - Japan: Existing 73 malls +¥606 million - Japan: Urban style shopping center business (OPA) -¥536 million - Japan: Other +¥397 million - Overseas malls +¥1,537 million
SG&A expenses	20,265	8.7%	20,492	9.7%	98.9%	(227)	- Japan: Mall business (excludes OPA) -¥271 million - Japan: Urban style shopping center business (OPA) -¥224 million - Overseas business +¥269 million
Operating income	35,488	15.4%	33,256	15.7%	106.7%	2,232	
Non-operating profits	2,987	1.2%	2,757	1.3%	108.3%	229	- Subsidy income -¥384 million - Compensation paid by departing tenants +¥213 million - Interest income +¥111 million - Gain on valuation of derivatives due to currency hedging +¥298 million
Non-operating expenses	3,785	1.6%	3,026	1.4%	125.1%	759	- Bond issuance costs +¥313 million - Interest expenses +¥514 million - Foreign exchange losses -¥123 million
Ordinary income	34,690	15.0%	32,988	15.6%	105.2%	1,702	* Exchange-related balance of payments +¥421 million
Extraordinary gains	1,518	0.7%	650	0.3%	233.5%	868	- Gains on sale of fixed assets +¥1,510 million - Compensation received [Current term: ¥0, Previous term ¥616 million] -¥616 million
Extraordinary losses	1,826	0.8%	3,491	1.7%	52.3%	(1,665)	- Asset impairment losses -¥69 million - Provision for losses from store closures [Current term: ¥0, Previous term ¥442 million] -¥442 million - Loss on cancellation of lease agreements [Current term: ¥0, Previous term ¥948 million] -¥948 million
Income before income taxes	34,382	14.9%	30,146	14.2%	114.0%	4,235	
Income taxes	12,411	5.4%	10,661	5.0%	116.4%	1,749	
Net income	21,970	9.5%	19,485	9.2%	112.8%	2,485	
Net income (loss) attribute to non-controlling interests	(633)	(0.3%)	(191)	(0.1%)	—	(442)	
Net income attribute to owners of parent	22,604	9.8%	19,676	9.3%	114.9%	2,928	

* Ten new malls in Japan (five malls opened in 2017, four malls opened in 2018, The Company acquired AEON Lake Town OUTLET on February 28, 2018)

Business Performance: Region/Segment Analysis



◆ Japan: Segment Breakdown



FY2018 Q3: Review of Consolidated Results (March 1, 2018 – November 30, 2018)



Balance Sheet Summary

(¥, millions)

Consolidated (¥, millions)	Q3 FY2018	FY2017	Change	Comment
Cash and deposits	59,880	54,586	5,293	
Deposits to associated companies	22,700	630	22,070	- AEON Group's surplus fund management
Other current assets	58,824	46,374	12,450	
Current assets	141,404	101,590	39,814	
Property, plant and equipment	935,232	874,267	60,965	- Acquisition of property, plant and equipment +¥110,400 million - Depreciation -¥31,249 million
Intangible fixed assets	3,718	3,812	(93)	
Investments and other assets	147,626	144,110	3,515	- Long-term prepayment expense (Inc.land-use rights) -¥1,937 million - Right of using land +¥5,009 million
Fixed assets	1,086,578	1,022,190	64,387	
Total assets	1,227,982	1,123,781	104,201	
Income taxes payable	4,474	8,677	(4,202)	
Deposits from tenants	60,186	38,614	21,571	
Accounts payable-construction	61,119	86,369	(25,250)	
Other current liabilities	76,220	87,000	(10,779)	- Commercial paper -¥11,000 million - Bonds due within one year +¥15,000 million - Current portion of long-term debt -¥16,076 million
Current liabilities	202,000	220,661	(18,661)	
Long-term liabilities	637,897	517,558	120,339	- Straight bonds +¥65,000 million - Long-term debt +¥45,719 million - Lease deposits from lessees +¥4,764 million
Total liabilities	839,898	738,219	101,678	
Total equity	388,084	385,561	2,523	
Equity ratio	30.7%	33.2%	(2.5%)	

Equity	377,491	373,572	3,918
Interest-bearing debt	504,392	405,749	98,642
Ratio of interest-bearing debt to assets	41.1%	36.1%	5.0%
Debt-to-equity ratio (times)	1.3	1.1	0.2
Net debt-to-equity ratio (times)	1.1	0.9	0.2

[Change in interest-bearing debt]

(¥ million)

	Q3 FY2018	FY2017	Change
Commercial paper	-	11,000	(11,000)
Bonds due within one year	15,000	-	15,000
Current portion of long-term debt	13,670	29,746	(16,076)
Straight bonds	235,000	170,000	65,000
Long-term debt	240,722	195,002	45,719
Total	504,392	405,749	98,642

Cash Flow Statement Summary

(¥, millions)

Consolidated(¥ million)	Q3 FY2018	Q3 FY2017	Change	Main Items
Cash flows from operating activities	70,689	55,901	14,787	<ul style="list-style-type: none"> - Net income before taxes ¥34,382 million - Depreciation ¥31,998 million - Deposits received from specialty stores ¥21,720 million - Payment of corporate taxes -¥16,774 million
Cash flows from investing activities	(128,568)	(131,876)	3,307	<ul style="list-style-type: none"> - Purchase of property, plant and equipment -¥144,625 million - Purchase of long-term prepaid expenses (Rights to use overseas land, etc) -¥1,981 million - Increase in guarantee deposits (net) ¥4,928 million <p>*Capital Investment ¥146,606 million</p>
Cash flows from financing activities	87,654	56,788	30,866	<ul style="list-style-type: none"> - Net increase in short-term debt -¥11,000 million - Proceeds from long-term debt ¥53,235 million - Repayment of long-term debt -¥25,384 million - Proceeds from issuance of bonds ¥80,000 million - Dividends paid -¥8,642 million
Cash and cash equivalents at year-end	81,137	50,551	30,585	

Consolidated Business Targets and Guidance (FY2018)

FY2018 Guidance

	Amount	YoY
Operating Revenue	¥320.0 bn	+ 11.1 %
Operating Income	¥53.5 bn	+ 8.7 %
Ordinary Income	¥51.0 bn	+ 4.0 %
Net Income Attributable to Owners of Parent	¥32.0 bn	+ 4.8 %

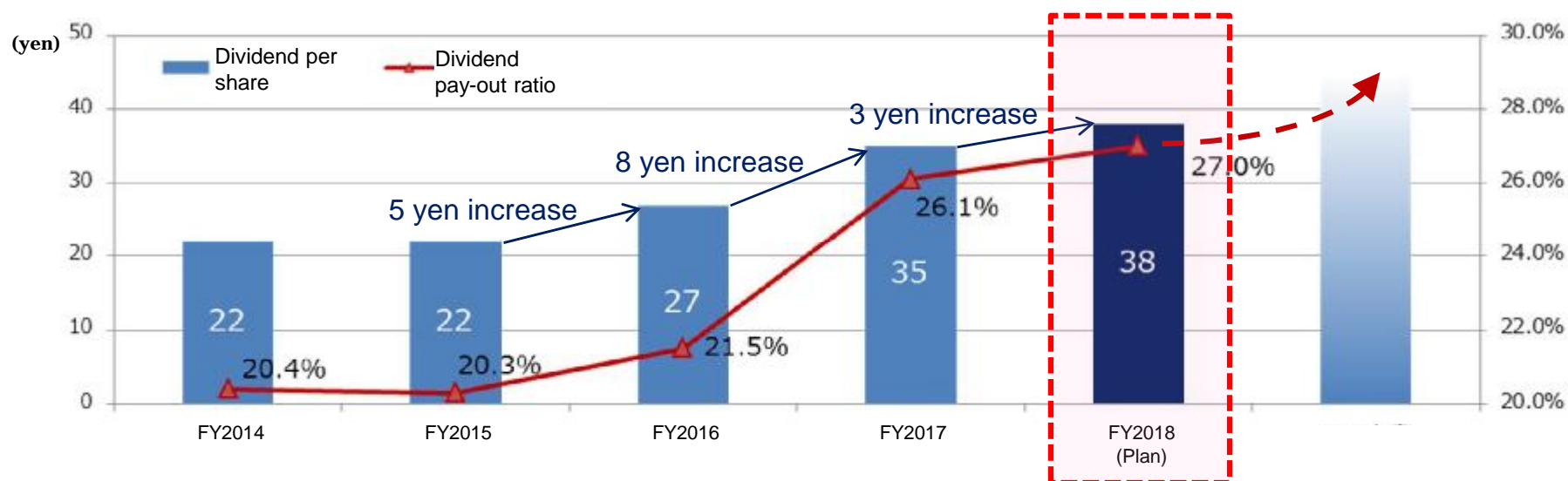
Capital Expenditure	¥190.0 bn
Depreciation *	¥50.0 bn

* Depreciation amounted to ¥43.4 billion (including amortization of long-term prepaid expenses) when calculated under the same conditions as FY2017.

Profit Sharing

- **We raised our consolidated payout ratio target from 20% to 25%** as our overseas business has entered a stage of generating cash flows.
- To provide higher shareholder returns for FY2018, we plan to increase the FY2018 full-year dividend per share by **¥3 to ¥38, representing a payout ratio of 27%.**

Fiscal Year	Dividend per Share			Payout Ratio
	Interim	Year-End	Full-Year	
2016 (Actual)	¥13.50	¥13.50	¥27.00	21.5%
2017 (Actual)	¥16.00	¥19.00	¥35.00	26.1%
2018 (Plan)	¥19.00	¥19.00	¥38.00	27.0%



Attachments

(Mall Data)

List of Malls (1)



	Shopping malls (Domestic)	Opening	Total leasing area (m ²)	Parking	Tenants	Land& building ownership	Land lease/ Building ownership	Land& building lease	Property management
1	AEON MALL Tsugaru Kashiwa	November 1992	40,000	2,600	90	◎			
2	AEON MALL Akita	September 1993	58,000	3,200	150	◎			
3	AEON MALL Futtsu	September 1993	28,000	1,400	90			☆	
4	AEON MALL Shimoda	April 1995	59,000	4,000	120	◎			
5	Shopping Mall Festa	April 1996	32,000	3,800	90	◎			
6	AEON MALL Suzuka	November 1996	70,000	4,200	180			☆	
7	AEON MALL Sanko	December 1996	40,000	2,500	70	◎			
8	AEON MALL Uki	November 1997	63,000	3,300	100			☆	
9	AEON MALL Kurashiki	September 1999	83,000	4,700	240			☆	
10	AEON MALL Narita	March 2000	65,000	4,000	170			☆	
11	AEON MALL Okazaki	September 2000	80,000	4,300	170		◎		
12	AEON MALL Kawaguchi Maekawa	November 2000	66,000	2,400	170			◎	
13	AEON MALL Kochi	December 2000	57,000	3,100	140			◎	
14	AEON MALL Niihama	June 2001	66,000	3,500	120		◎		
15	AEON MALL Higashiura	July 2001	55,000	5,000	110			☆	
16	AEON MALL Yamato	December 2001	35,000	1,900	90			☆	
17	AEON MALL Takaoka	September 2002	62,000	3,600	130		◎		
18	AEON MALL Itami	October 2002	57,000	2,800	150			☆	
19	AEON MALL Morioka	August 2003	52,000	2,600	130			☆	
20	AEON MALL Ota	December 2003	62,000	4,200	150			☆	
21	AEON MALL Kyoto Gojo	March 2004	36,000	1,700	140			☆	
22	AEON MALL Hiroshima Fuchu	March 2004	98,000	5,000	280	◎			
23	AEON MALL Kashihara	April 2004	80,000	5,000	230		◎		
24	AEON MALL Kisogawa	June 2004	66,000	4,400	170			◎	
25	AEON MALL Fukuoka	June 2004	90,000	5,300	220			☆	
26	AEON MALL Hamamatsu Shitoro	August 2004	65,000	3,500	160			☆	
27	AEON MALL Sakai Kitahanada	October 2004	72,000	2,800	170			☆	
28	AEON MALL Rinku Sennan	November 2004	76,000	4,700	170		◎		
29	AEON MALL Nogata	April 2005	58,000	3,400	140			☆	
30	AEON MALL Miyazaki	May 2005	84,000	4,300	250		◎		

☆ Securitized

List of Malls (2)

	Shopping malls (Domestic)	Opening	Total leasing area (m ²)	Parking	Tenants	Land& building ownership	Land lease/ Building ownership	Land& building lease	Property management
31	AEON MALL Kumamoto	October 2005	84,000	5,000	200			☆	
32	AEON MALL Mito Uchihara	November 2005	78,000	4,500	200			☆	
33	AEON MALL Chiba New Town	April 2006	79,000	4,000	180			☆	
34	AEON MALL Takasaki	October 2006	59,000	3,700	170			☆	
35	AEON MALL Musashimurayama	November 2006	78,000	4,000	180			☆	
36	AEON MALL Tsurumi Ryokuchi	November 2006	53,000	2,200	160			☆	
37	AEON MALL Kobe Kita	November 2006	55,000	4,000	160			☆	
38	AEON MALL Natori	February 2007	67,000	3,900	170		◎		
39	AEON MALL Hanyu	November 2007	75,000	5,000	210	◎			
40	AEON MALL Hinode	November 2007	64,000	3,600	160		◎		
41	Aeon Lake Town Kaze	October 2008	61,000	2,300	230			◎	
42	AEON MALL Kusatsu	November 2008	78,000	4,500	190		◎		
43	AEON MALL Chikushino	December 2008	80,000	3,800	210		◎		
44	AEON MALL Miyakonojo-Ekimae	December 2008	28,000	1,700	100			☆	
45	mozo wondercity	April 2009	101,000	5,000	230				◎
46	AEON MALL Hiroshima Gion	April 2009	50,000	2,800	130		◎		
47	AEON MALL Aratamabashi	March 2010	38,000	1,700	120			☆	
48	AEON MALL Yamatokoriyama	March 2010	67,000	4,100	170			☆	
49	AEON MALL KYOTO	June 2010	51,000	1,100	130			☆	
50	AEON MALL Kofu Showa	March 2011	70,000	3,500	180			☆	
51	AEON MALL Omuta	March 2011	57,000	4,800	130	◎			
52	Aeon Lake Town Outlet	April 2011	23,000	1,100	130		◎		
53	Hiroshima Danbara Shopping Center	September 2011	24,000	800	60			◎	
54	AEON MALL Fukutsu	April 2012	63,000	3,500	180			☆	
55	AEON MALL Tsukuba	March 2013	64,000	4,000	200			☆	
56	AEON MALL Kasukabe	March 2013	56,000	2,900	180			☆	
57	Kobe Harborland Umie	April 2013	85,000	3,000	230				◎
58	AEON MALL Toin	November 2013	58,000	3,500	155		◎		
59	AEON MALL Makuhari Shintoshin	December 2013	128,000	7,300	360		◎		
60	AEON MALL Tendo	March 2014	47,000	3,000	130		◎		

☆ Securitized

List of Malls (3)



	Shopping malls (Domestic)	Opening	Total leasing area (m ²)	Parking	Tenants	Land& building ownership	Land lease/ Building ownership	Land& building lease	Property management
61	AEON MALL Wakayama	March 2014	69,000	3,500	210			☆	
62	AEON MALL Nagoya chaya	June 2014	75,000	4,100	200		◎		
63	AEON MALL Kyoto Katsuragawa	October 2014	77,000	3,100	220			☆	
64	AEON MALL Kisarazu	October 2014	84,000	4,000	160		◎		
65	AEON MALL Tamadaira Woods	November 2014	24,000	1,000	130			☆	
66	AEON MALL Okayama	December 2014	92,000	2,500	350			☆	
67	AEON MALL Asahikawa	March 2015	29,000	900	130			◎	
68	AEON MALL Okinawa Rycom	April 2015	78,000	4,000	230		◎		
69	AEON MALL Shijonawate	October 2015	75,000	4,100	200		◎		
70	AEON MALL Tokoname	December 2015	86,700	4,000	180		◎		
71	AEON MALL Sakai Teppochō	March 2016	56,000	2,600	160		◎		
72	AEON MALL Imabari Shintoshī	April 2016	54,000	2,900	120	◎			
73	AEON MALL Nagakute	December 2016	59,000	2,600	200		◎		
74	QUALITE PRIX	December 2016	13,200	1,750	60			◎	
75	AEON MALL Shin Komatsu	March 2017	63,000	3,400	170			☆	
76	AEON SERITO Senmonkan	April 2017	9,100	400	35			◎	
77	AEON MALL Tokushima	April 2017	50,000	3,100	160		◎		
78	AEON MALL Kobe Minami	September 2017	39,000	1,400	130		◎		
79	AEON MALL Matsumoto	September 2017	49,000	2,300	170	◎			
80	AEON MALL Zama	March 2018	50,000	2,500	160		◎		
81	THE OUTLETS HIROSHIMA	April 2018	53,000	4,000	200	◎			
82	AEON MALL Iwaki Onahama	June 2018	50,000	1,300	130		◎		
83	AEON MALL Tsu Minami	June 2018	60,000	3,400	170	◎			
Domestic Total			5,071,000	274,350	13,700	12	26	43	2

☆Securitized

*In addition to the above, AEON MALL manages and operates retail facilities (GLA 2,797,000 m² ,8,070 specialty stores) on behalf of AEON Retail Co., Ltd.

List of Malls (4)



	Shopping malls (China)	Opening	Total leasing area (m ²)	Parking	Tenants	Land& building ownership	Land lease/ Building ownership	Land& building lease	Property management
1	AEON MALL Beijing International Mall (CHINA)	November 2008	53,000	3,000	120			⊙	
2	AEON MALL Tianjin TEDA (CHINA)	October 2010	55,000	2,500	130			⊙	
3	AEON MALL Tianjin Zhongbei (CHINA)	April 2012	62,000	3,700	150			⊙	
4	AEON MALL Tianjin Meijiang (CHINA)	January 2014	63,000	2,400	170			⊙	
5	AEON MALL Suzhou Wuzhong (CHINA)	April 2014	75,000	3,100	190			⊙	
6	AEON MALL Wuhan Jinyintan (CHINA)	December 2014	70,000	2,900	200			⊙	
7	AEON MALL Suzhou Yuanqu Hudong (CHINA)	Ma y 2015	74,000	3,000	200	⊙			
8	AEON MALL Beijing Fengtai (CHINA)	September 2015	58,000	2,000	180			⊙	
9	AEON MALL Hangzhou Liangzhu Xincheng (CHINA)	November 2015	66,000	2,500	180	⊙			
10	AEON MALL Wuhan Jingkai (CHINA)	December 2015	105,000	4,000	300	⊙			
11	AEON MALL Guangzhou Panyu Square (CHINA)	January 2016	65,000	1,700	170			⊙	
12	AEON MALL Suzhou Xinqu (CHINA)	January 2014	74,000	3,200	280			⊙	
13	AEON MALL Hebei Yanjiao (CHINA)	November 2016	70,000	3,000	200			⊙	
14	AEON MALL Tinajin Jinnan (CHINA)	October 2017	70,000	2,600	210			⊙	
15	AEON MALL Nantong Xinghu (CHINA)	December 2017	77,000	3,000	280			⊙	
16	AEON MALL Wuhan Jinqiao (CHINA)	December 2017	54,700	1,700	190			⊙	
17	AEON MALL Foshan Dali (CHINA)	December 2017	69,000	2,600	240			⊙	
18	AEON MALL Yantai Jinshatan (CHINA)	May 2018	72,000	2,700	220	⊙			
19	AEON MALL Guanzhou Jinsha (CHINA)	November 2018	65,000	3,000	170			⊙	

ASEAN

	Shopping malls (ASEAN)	Opening	Total leasing area (m ²)	Parking	Tenants	Land& building ownership	Land lease/ Building ownership	Land& building lease	Property management
1	AEON MALL Tan Phu Celadon (VIETNAM)	January 2014	47,000	500	120				⊙
2	AEON MALL Binh Duong Canary (VIETNAM)	November 2014	49,000	1,000	150			⊙	
3	AEON MALL Long Bien (VIETNAM)	October 2015	72,000	1,000	180	⊙			
4	AEON MALL VBnh Tan (VIETNAM)	July 2016	60,000	1,500	160			⊙	
5	AEON MALL Phnompenh (CAMBODIA)	June 2014	66,000	2,200	190	⊙			
6	AEON MALL Sen Sok City (CAMBODIA)	May 2018	85,000	2,300	200	⊙			
7	AEON MALL BSD CITY (INDONESIA)	Ma y 2015	77,000	2,100	280	⊙			
8	AEON MALL Jakarta Garden City (INDONESIA)	September 2017	63,000	3,000	220	⊙			
Overseas Total			1,816,700	66,200	5,280	9	0	17	1
Grand Total			6,887,700	340,550	18,980	21	26	60	3

As of November 30, 2018

	Urban Shopping centers	Opening	Total leasing area (m ²)	Tenants
1	Sannomiya VIVRE	November 1969	5,700	34
2	Tenjin VIVRE	November 1976	9,800	74
3	Yokohama VIVRE	October 1978	17,800	137
4	Sendai FORUS	November 1984	14,600	105
5	Shinsaibashi OPA	November 1994	10,500	135
	OPA Kirei-kan	August 1998	2,300	Included in Shinsaibashi OPA
6	Kitaoji VIVRE	March 1995	22,200	92
7	Fujisawa OPA	March 1996	9,000	65
8	Canal City OPA	April 1996	13,300	124
9	Akashi VIVRE	October 1997	16,400	70
10	Shinyurigaoka OPA	November 1997	12,100	98
11	Kawaramachi OPA	November 1998	9,800	101
12	Seisekisakuragaoka OPA	September 1999	16,100	57
13	WORLD PORTERS VIVRE	September 1999	18,100	93
14	Kanazawa FORUS	November 2006	26,100	197
15	VIVRE GENE Lake Town	September 2008	2,900	22
16	Nagoya Wonder City VIVRE	April 2009	2,700	10
17	Umeda OPA	April 2013	2,200	19
18	Sannomiya OPA II	February 2017	11,700	50
19	Mito OPA	March 2017	12,500	61
20	Akita OPA	October 2017	11,500	60
21	Takasaki OPA	October 2017	26,000	160
22	Naha OPA	October 2018	5,200	50
23	Hashioji OPA	November 2018	6,200	40
Urban Shopping Center Total			284,700	1,854

Note: Akita OPA reopened October 2017 after seismic retrofitting and interior/exterior/equipment refurbishing.

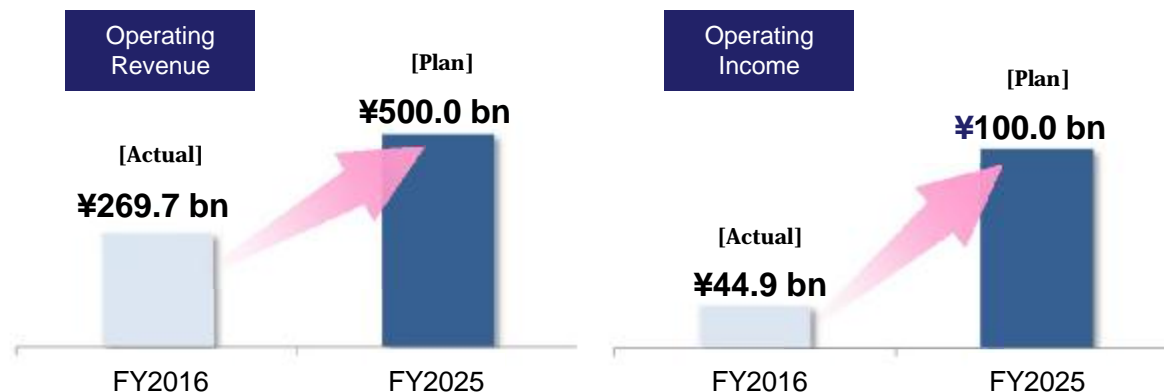
As of November 30, 2018

Vision for 2025

Vision for 2025

- (1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
- (2) Make AEON MALL a leading global commercial developer with consolidated operating income of ¥100.0 billion.
- (3) Conduct floorspace expansions and renovations in Japan to become the dominant mall in each area.
- (4) Target overseas operating income of ¥35.0 billion (operating margin 20%) across 70 malls, operating at the same level of efficiency and scale as our domestic operations.

Numerical Targets
Operating Revenue ¥500 bn
Operating Income ¥100 bn



Medium-Term Management Plan (FY2017 to FY2019)

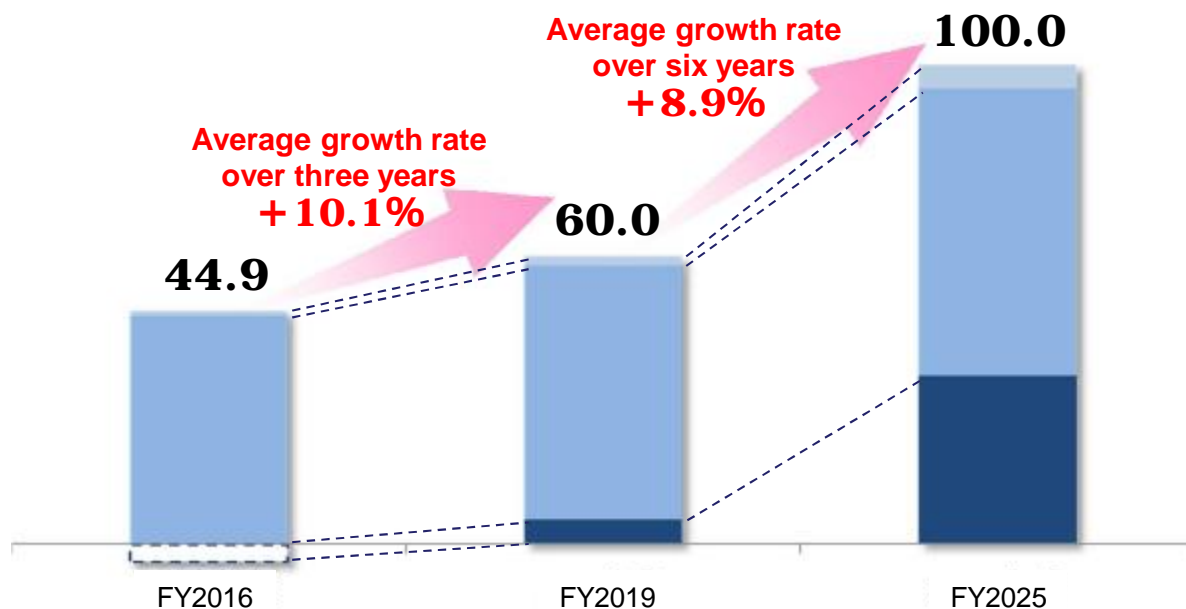
Numerical Targets
Operating Revenue ¥340 billion
Operating Income ¥60 billion

Priority Measures

- (1) Capture Growth Opportunities in Asia
- (2) Develop Latent Sources of Domestic Demand
- (3) Become the Overwhelmingly Dominant Mall in Each Region
- (4) Capture Urban Growth Opportunities
- (5) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth

◆ Breakdown of Operating Income

Unit : ¥, billions



		Actual	Plan	Plan
Breakdown of Operating Income		FY2016	FY2019	FY2025
	Urban Shopping Center Business	2.7%	3.3%	5.0%
	Domestic Mall Business	105.8%	88.4%	60.0%
	Overseas Business	-8.5%	8.3%	35.0%

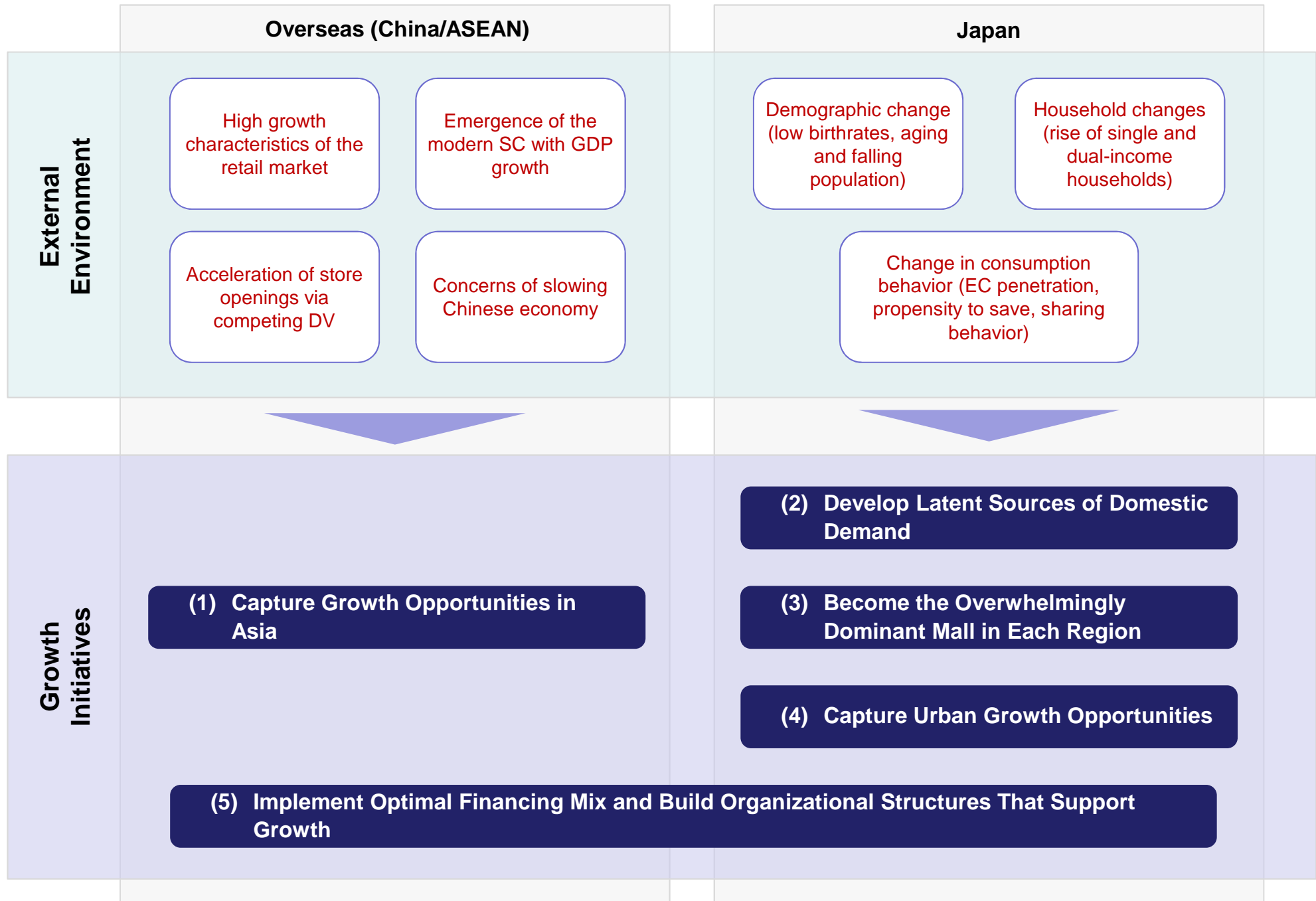
◆ Financial Indicators

		Actual	Plan	Plan
		FY2016	FY2019	FY2025
Efficiency	ROIC	4.4%	4.5%	6% or higher
Safety	Net debt-equity ratio	1.0 times	1.2 times	Around 1.0 times

Medium-Term Management Plan

(FY2017 to FY2019)

Growth Initiatives



<p>(1) Capture Growth Opportunities in Asia</p>	<ul style="list-style-type: none"> I. Reap the benefits of rising brand penetration (via area-dominant strategy) II. Develop and manage superior malls III. Implement measures to increase operating revenues IV. Promote local management
<p>(2) Develop Latent Sources of Domestic Demand</p>	<ul style="list-style-type: none"> I. Execute <i>Happiness Mall</i> project II. Promote localization
<p>(3) Become the Overwhelmingly Dominant Mall in Each Region</p>	<ul style="list-style-type: none"> I. Conduct floor expansions and implement effective revitalization measures II. Open new malls in untapped territory III. Develop new formats IV. Improve ES for tenants
<p>(4) Capture Urban Growth Opportunities</p>	<ul style="list-style-type: none"> I. Establish branding for new OPA <ul style="list-style-type: none"> - Develop new format in urban locations - Renovate existing stores and engage in strategic S&B/refining - Open new stores in urban areas
<p>(5) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth</p>	<ul style="list-style-type: none"> I. Secure financing to support growth business models II. Promote management diversity III. Engage in ESG initiatives

Business Environment and AEON MALL Initiatives

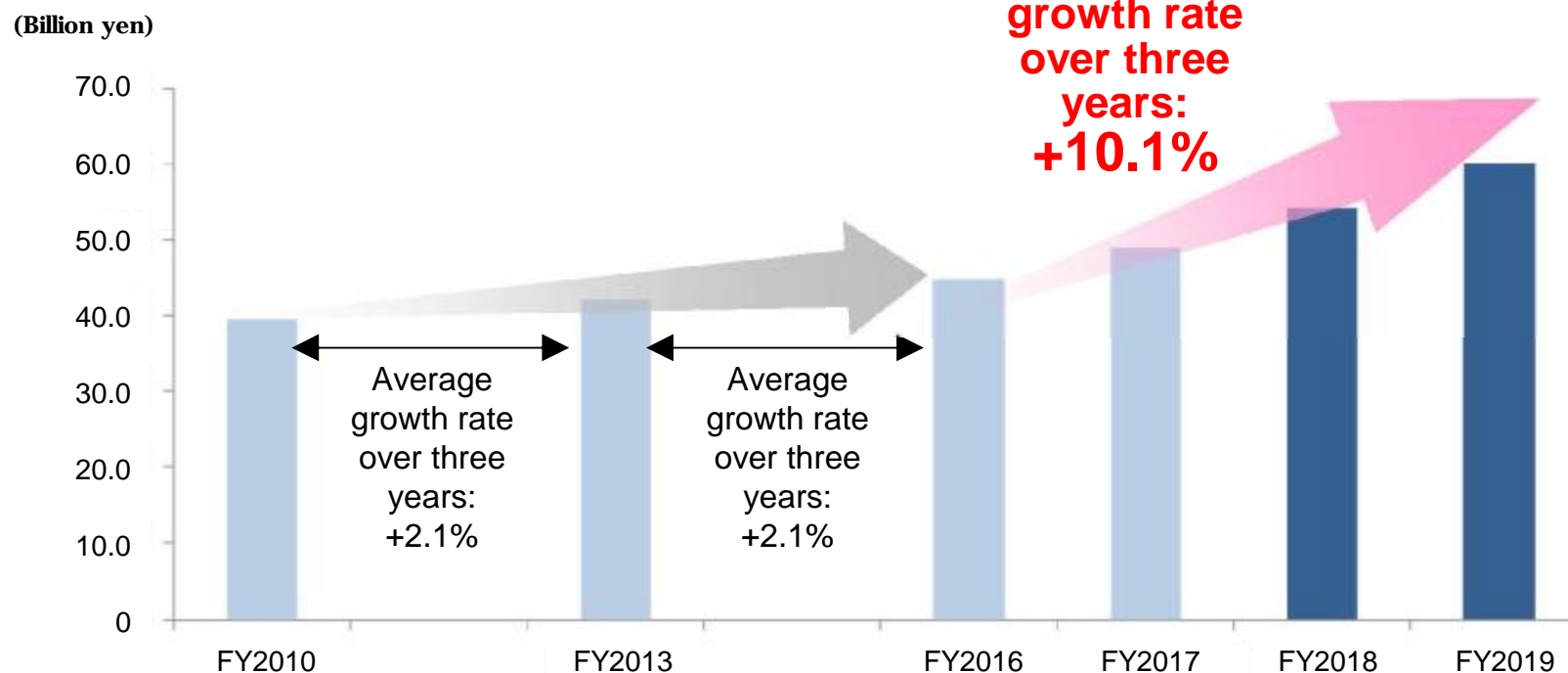
Business Environment		AEON MALL Initiatives (Business Opportunities)
China	<ul style="list-style-type: none"> • Changes in consumer environment due to trade friction with the U.S. • Slowdown in economic growth rate 	P.53
ASEAN	<ul style="list-style-type: none"> • Response to rapidly developing markets 	P.55
Overseas	<ul style="list-style-type: none"> • Changes in competitive environment overseas 	P.56
Japan Malls	<ul style="list-style-type: none"> • Changes in demographics due to population decline • E-commerce transaction growth 	P.68,P.76
Urban SC	<ul style="list-style-type: none"> • Weakness in fashion-store building format due to apparel sales slump 	P.80

Consolidated Business Targets

◆ Consolidated Results

	[Actual]	[Actual]	[Plan]	[Plan]	
	FY2016	FY2017	FY2018	FY2019	Average Growth Rate Over Three Years
Operating Revenue	¥269.7 bn	¥288.1 bn	¥320.0 bn	¥340.0 bn	+ 8.0 %
Operating Income	¥44.9 bn	¥49.2 bn	¥53.5 bn	¥60.0 bn	+10.1 %

Change in Operating Income



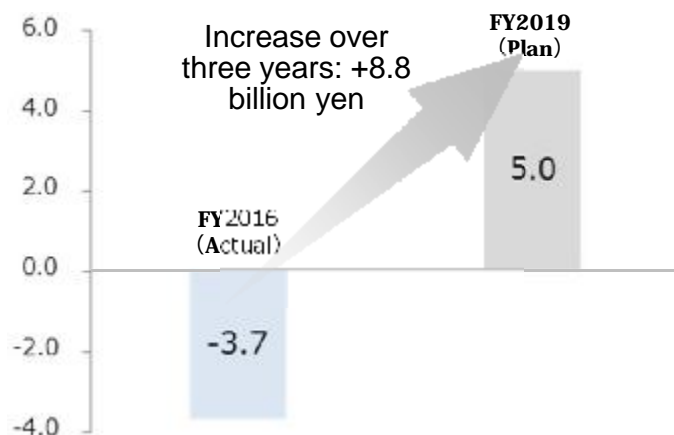
Consolidated Business Targets

- Overseas business achieved a ¥2.9 billion year-on-year improvement in profit for FY2017. We did not change our FY2019 profit target of ¥5.0 billion, which is an ¥8.8 billion increase compared to FY2016.
- Profit improvement in our urban shopping center business (OPA) was slow, falling short of the FY2017 target by ¥2.1 billion. We changed our FY2019 profit target to ¥2.0 billion, which is ¥2.0 billion lower than the initial target.
- Our domestic mall business performed well due to floorspace expansions and other revitalization efforts. FY2017 specialty stores sales were up 2.2% YoY compared with our initial plan of 1% growth. Existing mall revenue improved; we revised our FY2019 profit target to ¥53.0 billion, up ¥2.0 billion from the initial target.

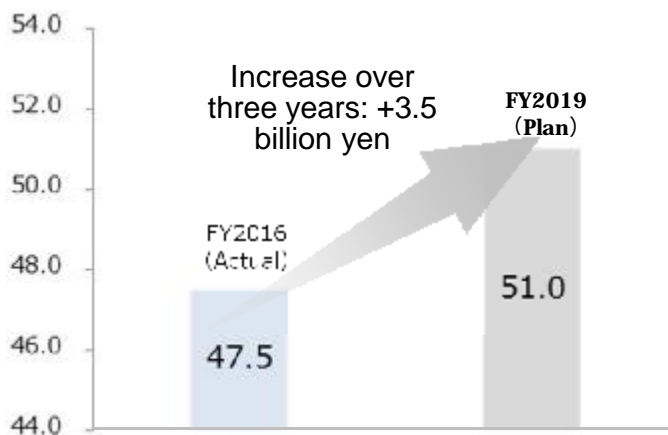
◆ Results by Segment

(Billion yen)

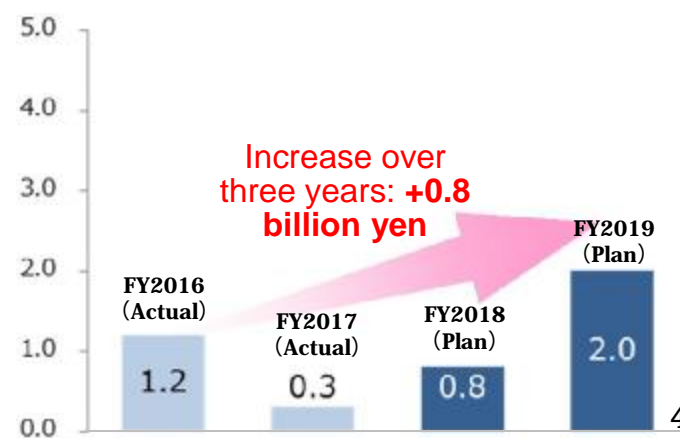
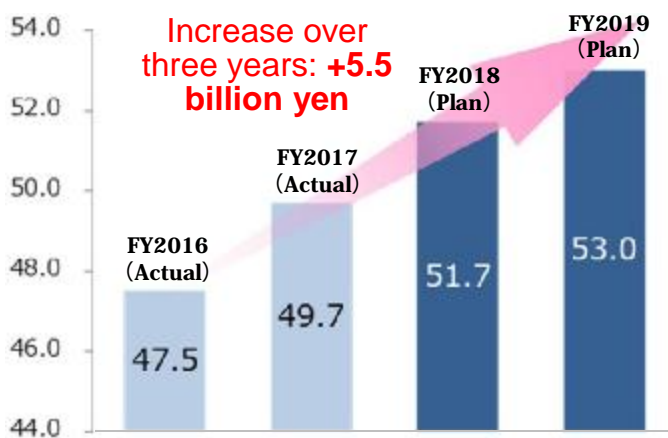
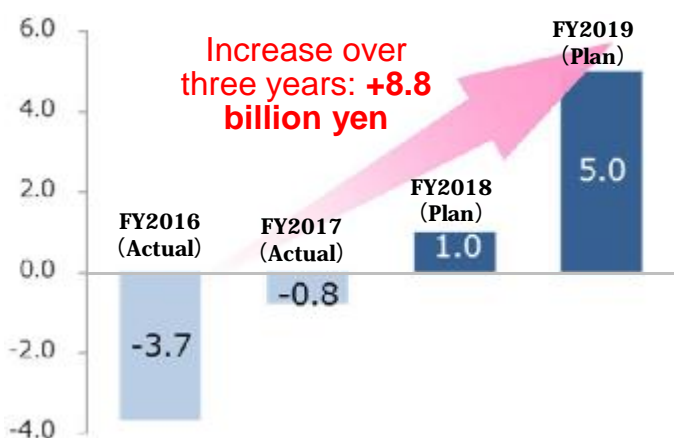
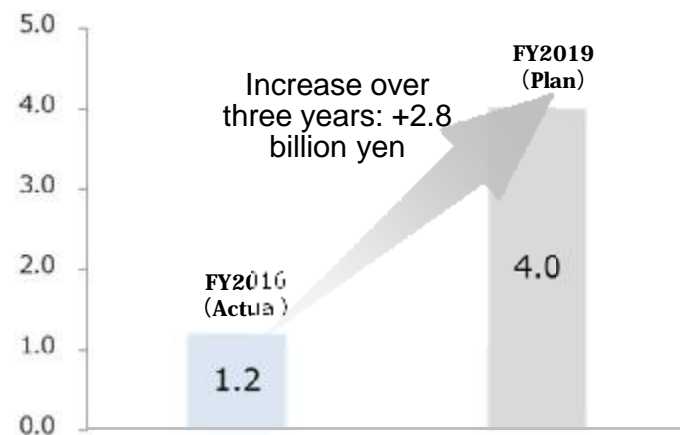
Overseas Business (China/ASEAN)



Domestic Mall Business



Urban Shopping Center Business



**We plan to open a total of 27 new malls during the three years of the medium-term management plan.
The number of mall openings overseas will exceed those in Japan as our overseas shift gains momentum.**

(10 malls in Japan, 12 malls overseas, 5 urban shopping centers)

Overseas

- New openings will decrease by 1 mall in China and 2 malls in Indonesia from the initial plan, but these are only delays, and our policy of accelerating mall openings is unchanged.

Japan

- We have slowed the pace of new mall openings as construction costs remain high.
- At existing malls, floorspace expansions are planned at eight malls over the three years, in addition to revitalization centered on tenant replacement upon the expiration of fixed-term leases of tenants at around 10 malls per year.

◆ Number of New Mall Openings and Malls to Be Revitalized

Overseas (China & ASEAN)

	[Actual]	[Plan]	[Plan]	
<Number of New Mall Openings>	FY2017	FY2018	FY2019	Total
Overseas	5	3	4	12
China	4	2	2	8
ASEAN	1	1	2	4

Japan

	[Actual]	[Plan]	[Plan]	
<Number of New Mall Openings>	FY2017	FY2018	FY2019	Total
Mall *1	5	4	1	10
Urban Shopping Center	2	2	1	5

<Number of malls to be Revitalized>	FY2017	FY2018	FY2019	Total
Increase in floor area *2	2	2	4	8
Renewal	12	8	10	30

*1(New mall) + *2(Increase in floor area)	7	6	5	18
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- Capital investment in FY2017 included **¥50.0 billion in unplanned investments** related to the purchase of existing assets of AEON MALL Hiroshima Fuchu and other properties in Japan.
- Due to the unplanned investment mentioned above, we adjusted our three-year total investment forecast to **¥500 billion**, up **¥50.0 billion compared to** our original plan.

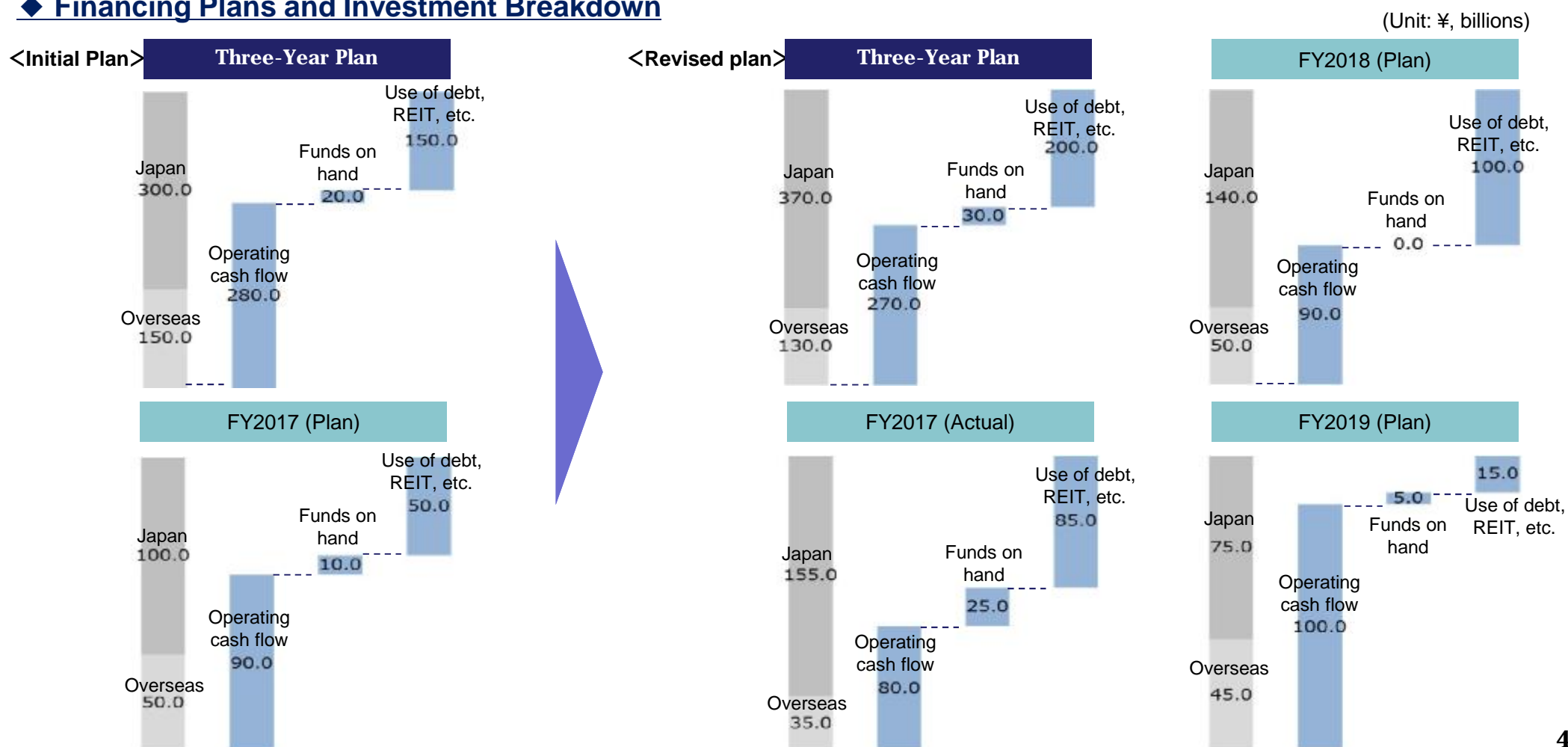
◆ Capital Investment

Revised Plan	[Actual]		[Plan]		Three-Year Total	Vs. Initial Plan
	FY2017	Vs. Initial Plan	FY2018	FY2019		
Capital Investment	190.0	+ 40.0	190.0	120.0	500.0	+ 50.0
Japan	155.0	+ 55.0	140.0	75.0	370.0	+ 70.0
Store openings of new malls	80.0	+ 30.0	90.0	30.0	200.0	+ 30.0
Revitalization of existing malls	70.0	+ 40.0	30.0	40.0	140.0	+ 40.0
Urban SC (OPA)	5.0	-15.0	20.0	5.0	30.0	±0
Overseas	35.0	-15.0	50.0	45.0	130.0	-20.0
China	15.0	-5.0	10.0	5.0	30.0	-30.0
ASEAN	20.0	-10.0	40.0	40.0	100.0	+ 10.0

(Unit: ¥, billions)

- Funding for the ¥500 billion in capital investment over three years will be provided by the following sources:
Operating cash flow: ¥270 billion Funds on hand: ¥30 billion Use of debt and REIT: ¥200 billion
- Our Overseas business is **entering a stage where it can generate cash flow**. We expect significant improvement in free cash flow over the next medium-term management plan and beyond.
- We will use leverage during this medium-term management plan, while keeping our net debt-equity ratio at around 1.0 times to maintain financial soundness over the medium to long term.

◆ Financing Plans and Investment Breakdown



Overseas Business

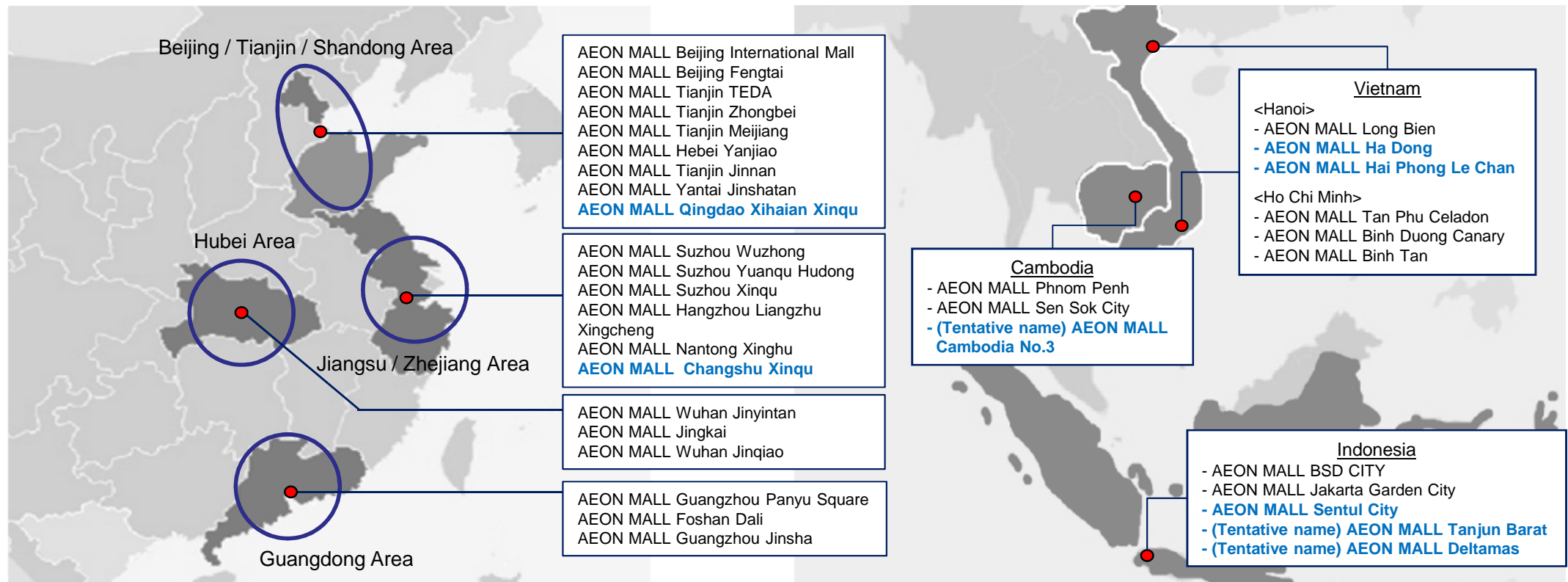
I. Reap the Benefits of Rising Brand Penetration (via Area-Dominant Strategy)

Strategic Area

Improving Lease Terms

Benefits of Suzhou Area Dominant Strategy

Implementing an area-dominant strategy in four Chinese regions and three countries in ASEAN



* Blue text indicates malls scheduled for opening

* Blue text indicates malls scheduled for opening

As of November 30, 2018

I. Reap the Benefits of Rising Brand Penetration (via Area-Dominant Strategy)

Strategic Area

Improving Lease Terms

Benefits of Suzhou Area Dominant Strategy

【Locations for Store Launches】

Areas with likely economic growth and mall business viability.

- (1) Expanding middle-income class (2) Advancing motorization
- (3) Advancing regional development (4) Lack of competing retail facilities

Growth in Disposable Income / Per Capita GDP / Aggregate Retail Consumption

* 2008 indexed at 100.

◆ Hubei Province	2008	2012	2016
Disposable Income	100	158	223
Per Capita GDP	100	194	277
Aggregate Retail Consumption	100	193	315

Our rising profile in our operating area allows us to build strong relationships with local governments and leading developers, securing an ongoing project development pipeline.

◆ Build strong relationships with local governments

Cooperative Relationships With the Vietnamese Government

Groundbreaking ceremony for a land division project overseen by a local developer. Ceremony attendees included the prime minister of Vietnam and Japanese Ambassador Umeda.



Prime Minister Phuc of the Socialist Republic of Vietnam.

Cooperative Relationships With the Wuhan People's Government

- Cooperative agreement signed with the Wuhan City People's Government for the October 2011 development of a large-scale shopping center
- Letter of intent related to business development signed with the Wuhan Hongshan People's Government and the Qingshan government at a Hubei Province economic seminar held August 2018.



Hubei Province Governor Wang Xiaodong

I. Reap the Benefits of Rising Brand Penetration (via Area-Dominant Strategy)

Strategic Area

Improving Lease Terms

Benefits of Suzhou Area Dominant Strategy

Strong area branding through multiple locations allow us to attract quality tenants and secure much more favorable leasing terms.

◆ Attract quality tenants



Decathlon
(AEON MALL Sen Sok City)



Food Republic
(AEON MALL Sen Sok City)



Marks & Spencer
(AEON MALL Long Bien)

Monthly rent per tsubo for specialty stores at Suzhou Xinqu (third store) is about **1.6 times** that of Suzhou Wuzhong (first store).

◆ Comparison of Leasing Conditions at Three in the Suzhou Area

(Comparison at five months after opening)

*Suzhou Wuzhong indexed at 100



I. Reap the Benefits of Rising Brand Penetration (via Area-Dominant Strategy)

Strategic Area

Improving Lease Terms

Benefits of Suzhou Area Dominant Strategy

- (1) Brand penetration for the third mall in the area provided better lease terms, while top-line revenues exceeded forecast, and the mall delivered **profits in its first year**.
- (2) For accounting purposes, real estate costs (proprietor lease fees) are **averaged over the term of the non-cancelable term of the contract (8-years)**. Accordingly, operating expenses were flat.
- (3) Assuming top-line growth mirrors forecasts, we expect **profit generation to match Japanese domestic malls in six or seven years** (¥1bn-plus on a gross operating profit base).

AEON MALL Suzhou Xinqu (Jan. 2016 opened)



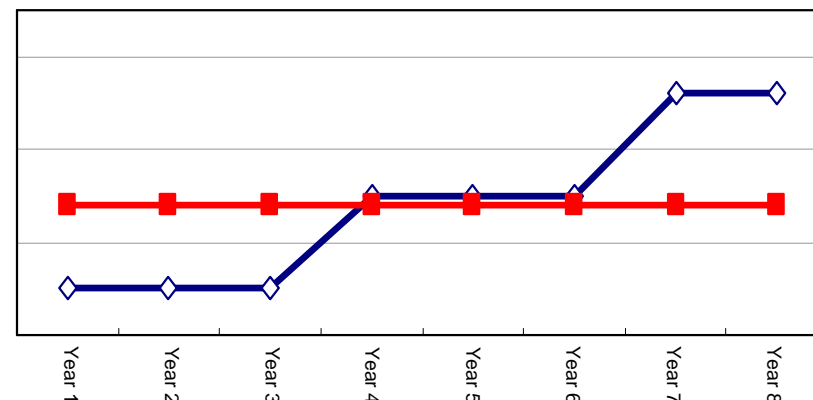
(Unit: RMB, Ths)



Average and Staggered Lease Costs

<Comparison>

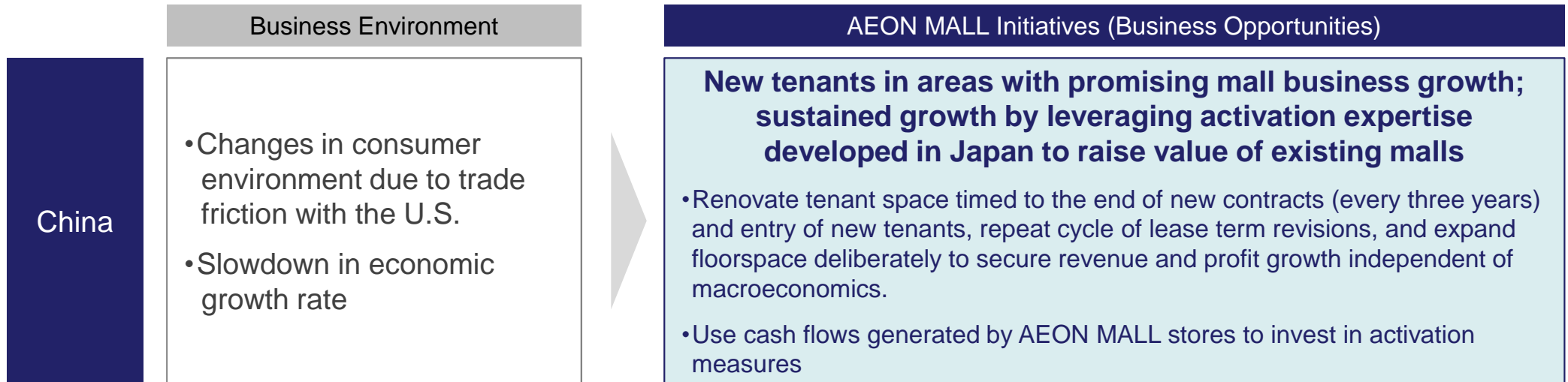
- ◇— Cash Leasing Cost: Staggered Structure for Actual Payment
- Accounting Leasing Cost: Use of Contract-term Average



Average Lease Costs

Initially, lease expenses are recognized for accounting purposes in amounts different than actual payments; from year four forward, lease costs recognized for accounting purposes are lower than actual cash payments.

II. Develop and Manage Superior Malls

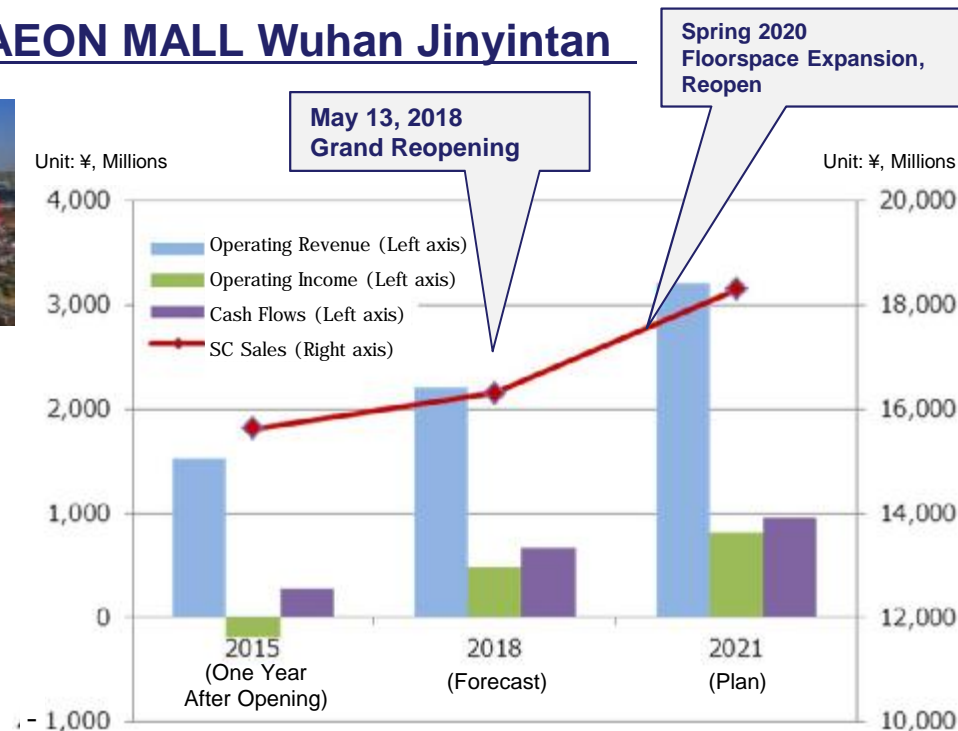


Activation Measures at AEON MALL Wuhan Jinyintan



Spring 2020 Floorspace Expansion, Reopen

Opened: December 19, 2014
 Land Area: 88,000m²
 Lease Area: 90,000m² (+15,000m²)
 Parking Capacity: 3,100 cars (+200 cars)
 Number of tenants: 280 stores (+75)



Impact of activation measures and floorspace expansion after reopening:

- Operating revenue up nearly **1.4 times**
- Operating income of nearly **1.7 times**

(Comparison of 2015 versus 2021)

Successfully conducted talks with land and building owners about future activation through expansion (mall is operated under master lease)

Use cash flows generated by AEON MALL stores to pay for AEON MALL portion of investment

II. Develop and Manage Superior Malls

AEON MALL Tan Phu Celadon Expansion and reopening scheduled for April 25, 2019



Opened:	Jan 2014
Land Area:	70,000m ² (+35,000m ²)
Lease Area:	80,000m ² (+33,000 m ²)
Parking Capacity:	2,000 cars (+1,500 cars) 11,000 motorcycles (+7,000)
Tenants:	210 Stores (+90 stores)



II. Develop and Manage Superior Malls

Business Environment

ASEAN

- Response to rapidly developing markets

AEON MALL Initiatives (Business Opportunities)

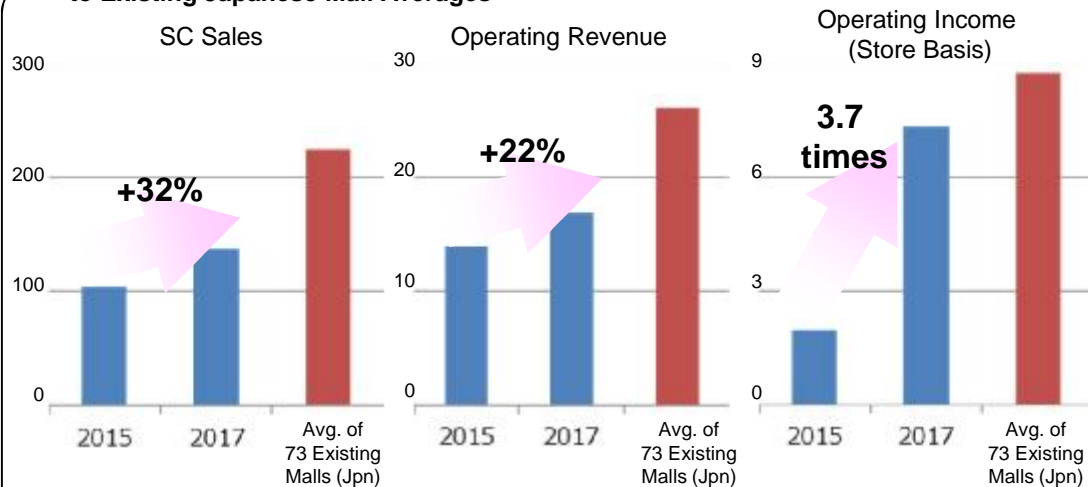
Capture overwhelming market share through leading-edge malls designed for market needs of the future

- Introduce MD structure offering expanded restaurant and entertainment choices, improved service functions, and other features answering future market needs.
- Capture overwhelming **share of heavily concentrated market segment** through leading-edge mall development
- More recently, comparatively lower income and consumption standards have led to low profit levels initially; however, high growth rates are likely to lead to profit growth that outperforms Japan.

Developments in Cambodia

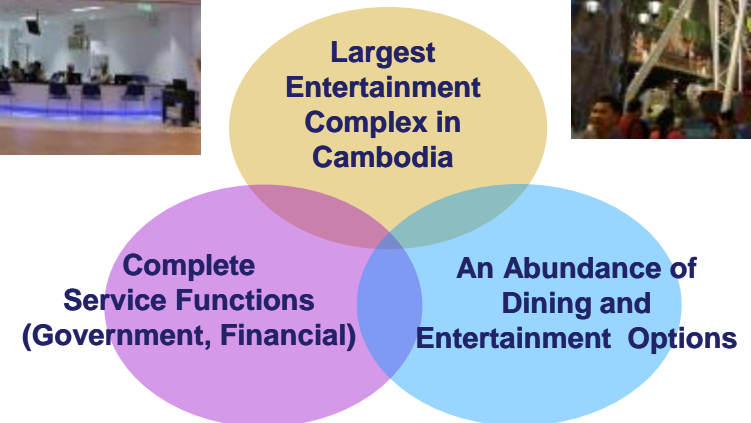
◆ Mall No.1 (Opened June 2014) Results and Comparison to Existing Japanese Mall Averages

Unit: US\$ millions



*Average of 73 existing Japanese malls converted at US\$1=¥112.17 (average exchange rate for 2017).

◆ Mall No.2 Designed to Answer Future Needs



Leading-Edge Malls x High Growth Rates ⇒ **Capture Overwhelming Market Share**

II. Develop and Manage Superior Malls

Business Environment

Overseas

- Changes in competitive environment overseas

AEON MALL Initiatives (Business Opportunities)

Leverage mall management and operations expertise from Japan to develop competitive malls

- While overseas developers tend to emphasize efficiency, our malls in China and ASEAN featured large-scale flat parking area, reflecting our understanding future motorization in these regions. These parking lots also serve as a competitive advantage for use in future expansion.
- We conduct shopping mall management and operations that compare favorably with Japanese malls, offering facilities that provide comfort, security, and safety on par with Japan.

AEON MALL Strengths Overseas

(1) Large-scale parking capacity reflecting motorization

(2) Ability to organize a store floor that is suitable for the locale

(3) Meet the demand for experiential consumption by offering more entertainment options

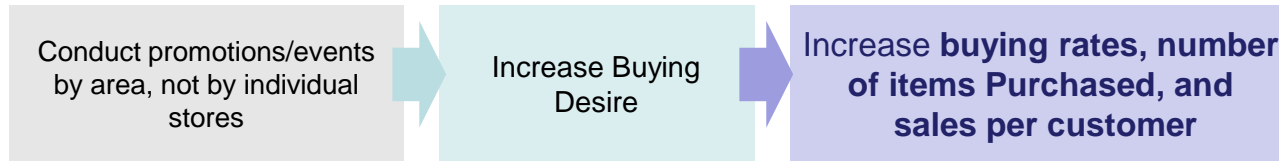
(4) Hold events that attract customers

(5) Provide comfortable, secure and safe facilities



III. Measures to Increase Operating Revenues

◆ Increase area marketing capability



Sales by Area



Jiangsu and Zhejiang area
Joint event with Alipay



Vietnam
Highly promoted Black Friday sale.

◆ Increase floor value



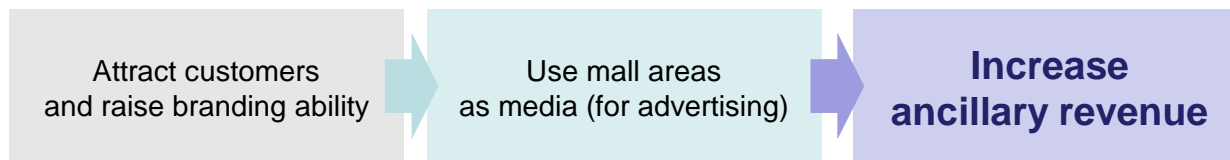
Meeting to Recruit Tenants



AEON MALL Yantai Jinshatan
(opened May 2018)

Participation of 265 tenant companies;
409 persons in total
(156 merchandising business companies,
109 restaurants and other companies)

◆ Increase incidental income



Use Mall Space



China:
Fee-based event using the events space

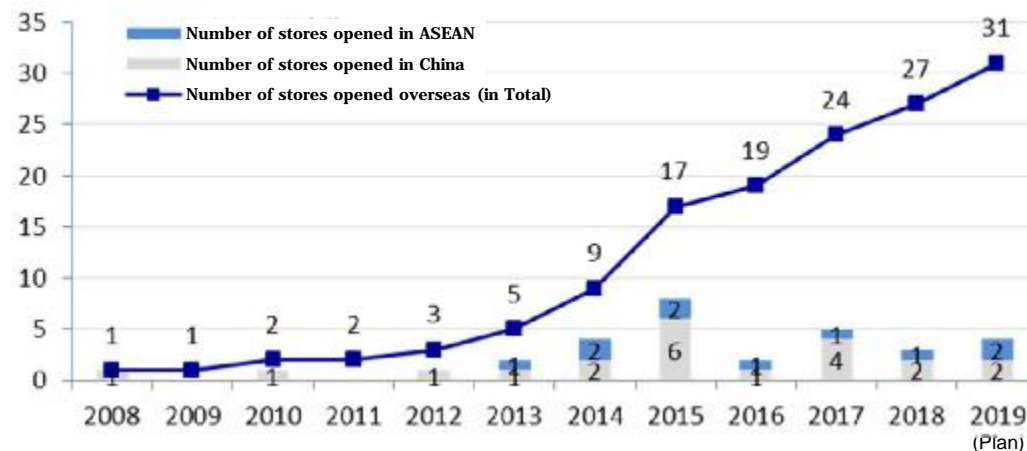


Cambodia:
Decorations with sponsors

New Mall Openings: Medium-Term Management Plan

We plan to open 12 new malls over the next three years (eight in China and four in ASEAN)

	End of FY2016	Three-Year Plan			Three-Year Total	End of FY2019
		FY2017 (Actual)	FY2018 (Actual)	FY2019 (Plan)		
Overseas	19	5	3	4	12	31
China	13	4	2	2	8	21
ASEAN	6	1	1	2	4	10



China

FY2019

	Scheduled opening date	Site area	Total leasing area	Parking	Number of specialty stores
AEON MALL Changshu Xinqu	FY2019	About 149,000 m ²	About 63,000 m ²	About 3,700 cars	Undisclosed
AEON MALL Qingdao Xihaian Xinqu	FY2019	About 64,700 m ²	About 71,000 m ²	About 2,600 cars	Undisclosed

ASEAN

FY2019

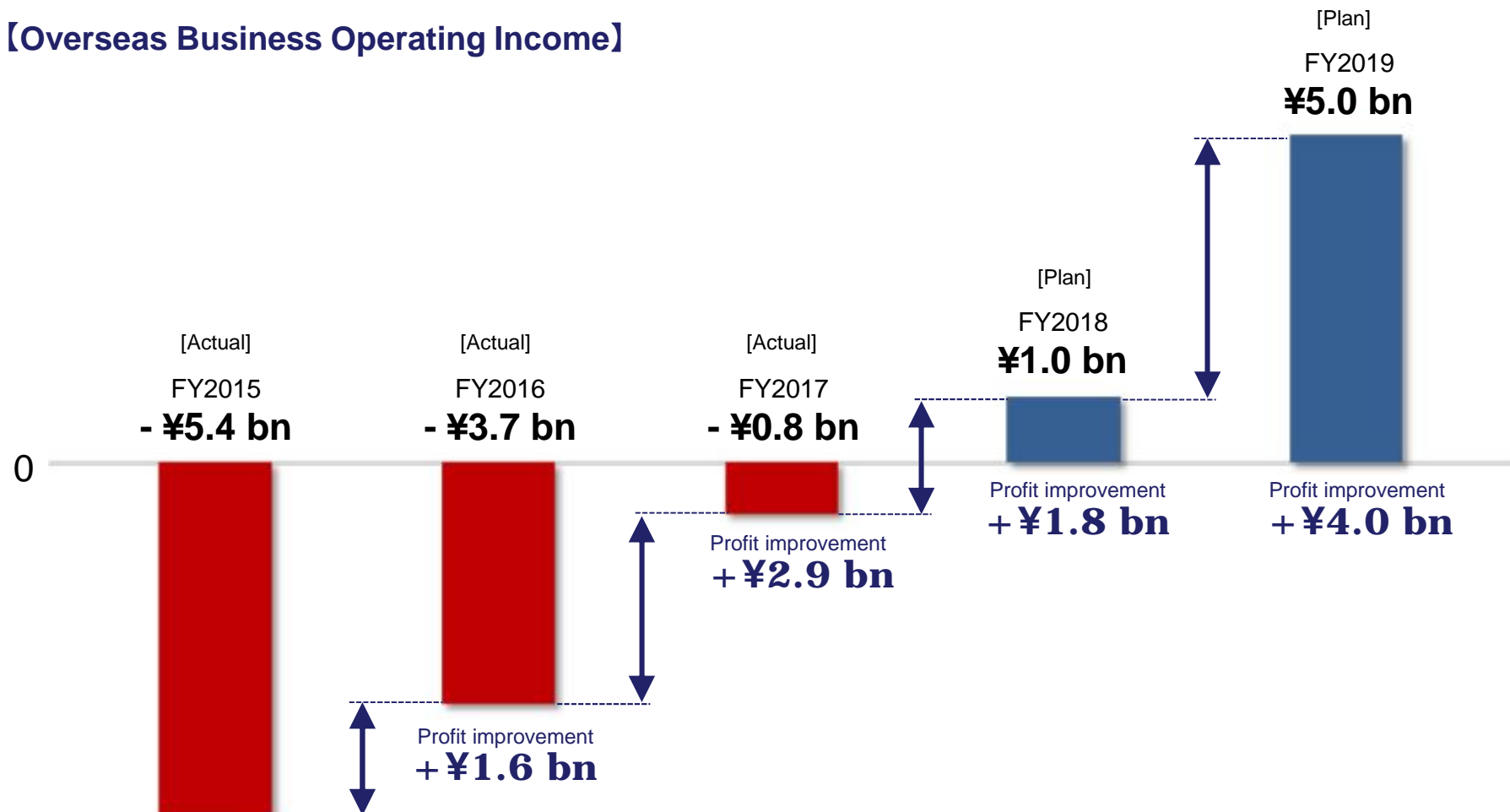
Vietnam	Scheduled opening date	Site area	Total leasing area	Parking	Number of specialty stores
AEON MALL Ha dong	FY2019	About 98,000 m ²	About 74,000 m ²	About 2,100 cars About 9,000 motorbikes	About 200 stores

Indonesia	Scheduled opening date	Site area	Total leasing area	Parking	Number of specialty stores
AEON MALL Sentul City	FY2019	About 78,000 m ²	About 71,000 m ²	About 3,000 cars	About 250 stores

Overseas Business: Operating Income

Swung to profit in FY2017 Q4 (non-cumulative) → **Entering a stage of expanding profits**

[Overseas Business Operating Income]



Beijing and Tianjin Areas

<Store openings in the Beijing and Tianjin areas; Shandong Province>



* The stores shown in red are scheduled to open.



AEON MALL Yantai Qingdao Xihaian Xinqu



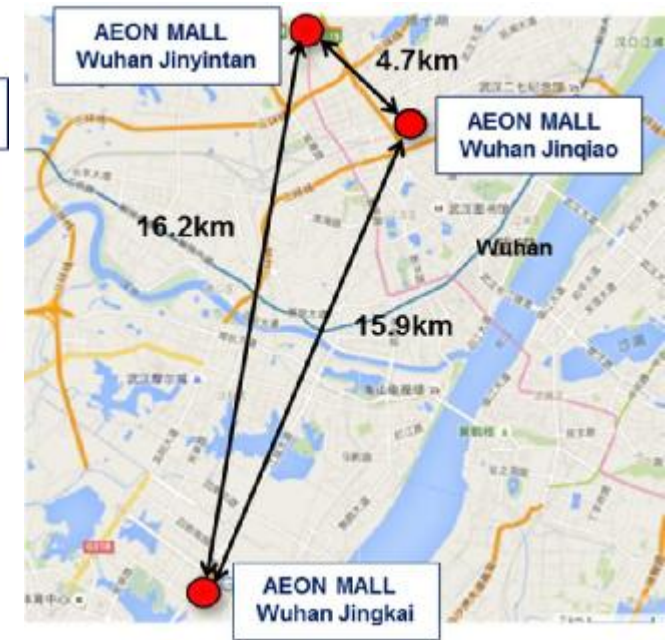
(1) Capturing Asian Growth Opportunities

Jiangsu and Zhejiang Areas

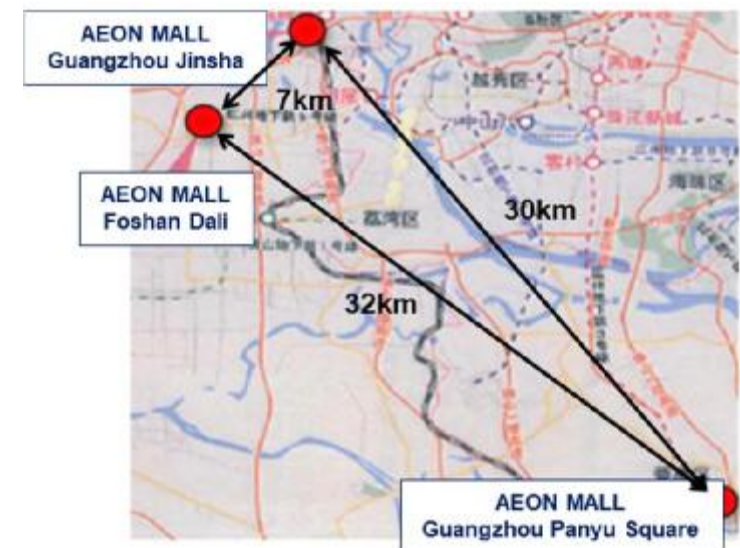


* The stores shown in red are scheduled to open.

[Hubei Area]

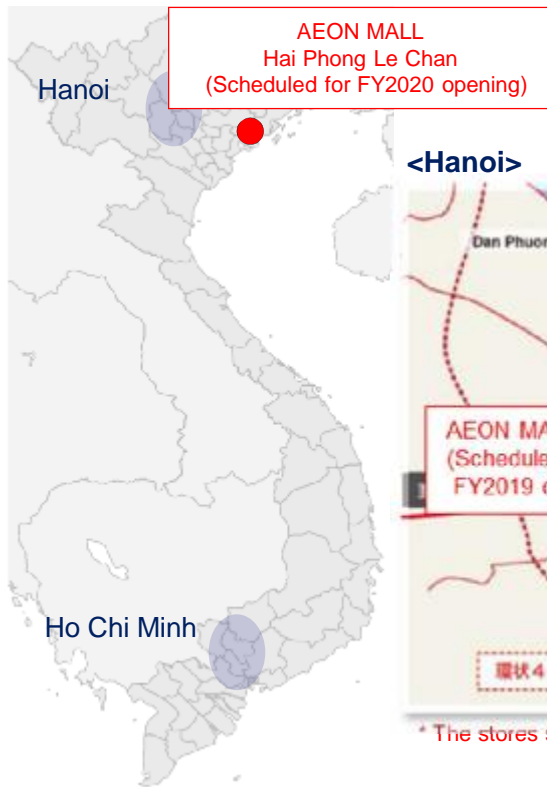


[Guangdong Area]

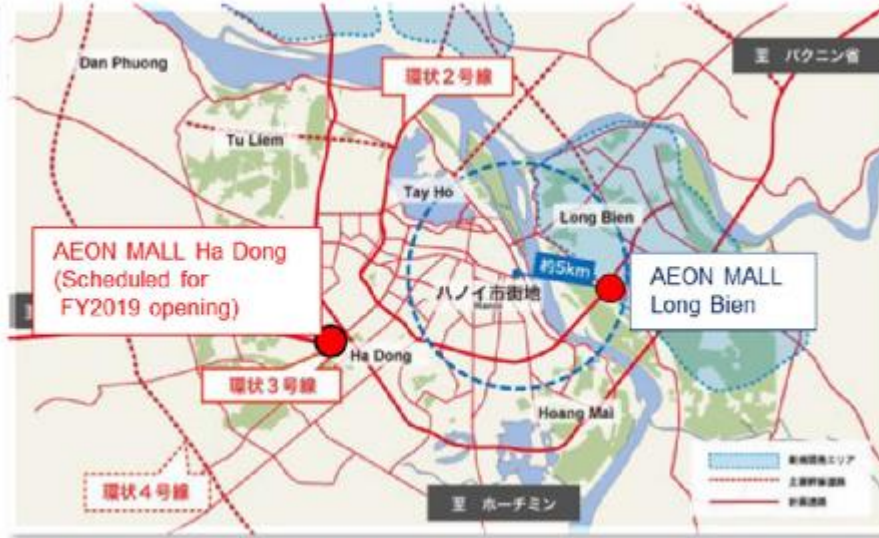


AEON MALL Changshu Xinqu

Vietnam



<Hanoi>



* The stores shown in red are scheduled to be opened.

<Ho Chi Minh>



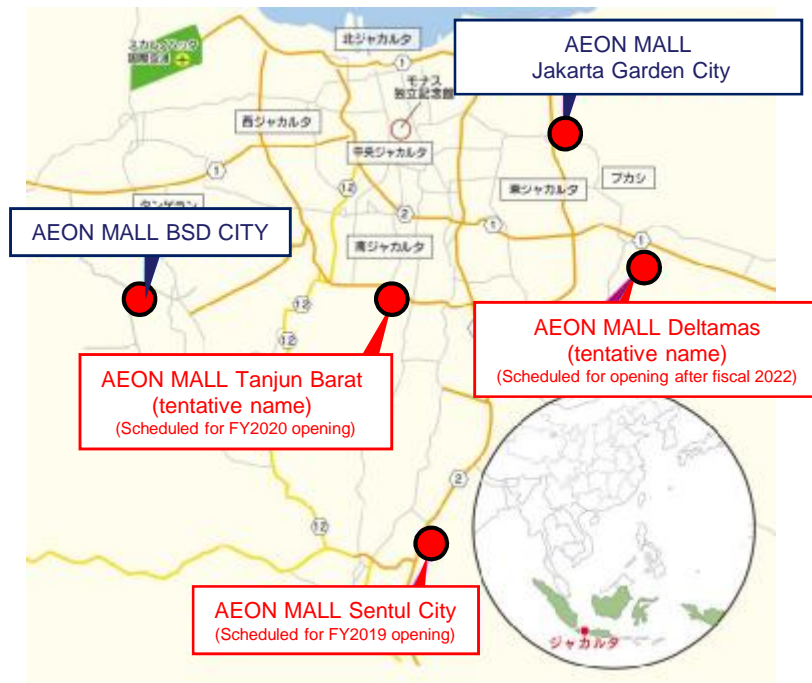
AEON MALL Ha Dong



AEON MALL Hai Phong Le Chan



Indonesia



* The stores shown in red are scheduled to open.

AEON MALL Sentul City (Expected Opening in FY2019) Launch via Master Lease Arrangement with Local Developer



Owner: Sentul City Company (PT SENTUL CITY TBK)

Sentul City is developing a roughly 3,000ha project incorporating residences, offices, schools, hospitals, a golf course, a sports facility, and a convention center. The area is located in western Java, Bogor, about one hour from central Jakarta by car.

AEON MALL Jakarta Garden City



Opened: September 30, 2017
Land Area: 85,000m² Lease Area: 63,000m²
Parking Capacity: 3,000 cars Tenants: 220 stores

Improved Amusement Facilities



The Number One Food Space in East Jakarta

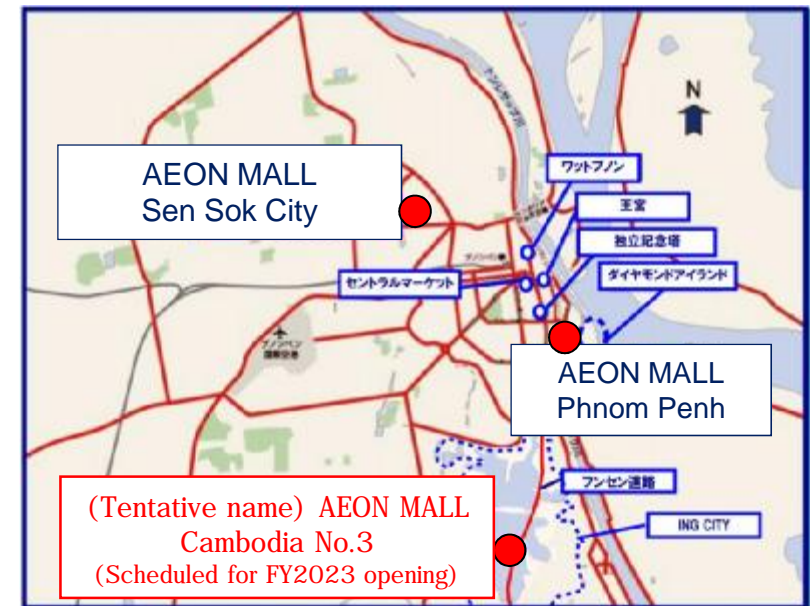


Cambodia

AEON MALL Sen Sok City



Opened: May 30, 2018
 Land Area: 100,000m² Lease Area: 85,000m²
 Parking Capacity: 2,300 cars Tenants: 200 stores



* The stores shown in red are scheduled to open.

Malls Designed to Answer Future Market Needs

◆ Largest Entertainment Complex in Cambodia



A water park where visitors can enjoy a full-sized water slide and a floating pool



Indoor Amusement Park



Recording studio for a leading Cambodian TV station

◆ Complete Service Functions



Driver's license renewal office and other government service functions

In-store branches for five banks, including some of Cambodia's largest



Domestic Business

SC Industry Comparison to the U.S.

- Large-scale malls in the U.S. are 6.3x the size of Japan. Population per mall is 0.4x that of Japan, suggesting **excess supply in the U.S.**
- **Large-scale malls per capita remains low in Japan**, suggesting the SC market is substantially different compared to the U.S.

SC Comparison: Japan vs U.S.

	Japan (As of Dec 2017)	U.S. (As of Dec 2017)	U.S./Japan
Large-Scale Mall Count*	190	1,202	6.3x
Population (millions)	126.7	325.8	2.6x
Population per Mall (thousands)	667	271	0.4x
Total SC Sales (¥, Billions)	31,986	303,677	9.5x
Total Retail Sales (¥, Billions)	142,514	569,303	4.0x
Share of SC Sales Relative to Total Retail Sales	22.4%	53.3%	2.4x

*Japan data based on 40,000m²+. U.S. data based on RSC, SC component of SRSC.

* U.S. Total SC Sales, Total Retail Sales based on US\$ = ¥112.17 (avg. rate for FY2017).

* Source: Japan Council of Shopping Centers, AEON MALL calculations based on METI "Statistical Research of Commerce Trends."

Assessing the Domestic Market

Changes in Demographics

Changes in Family Structure

Changes in
Consumer Behavior

Changes in
Information Environment

Selection and elimination
of physical stores

Stagnant business
in the apparel industry

Expansion of e-commerce

Decrease of labor force

Progression of Battle for Domestic Commercial Facilities

Ongoing Closures of Rival Large-Scale SCs
due to Industry Consolidation

Opportunity to Secure ¥810 billion in Sales
and 40,000 in Staff

**Develop Latent Sources of
Domestic Demand**

(Expansion of target age, Cultivation of existing
business areas)

**Become the Overwhelmingly
Dominant Mall in Each Region**

**Capture Urban Growth
Opportunities**

**Capitalize on and benefit from accelerating consolidation of the commercial
property sector**

Assessing the Domestic Market

Business Environment

Japan Malls

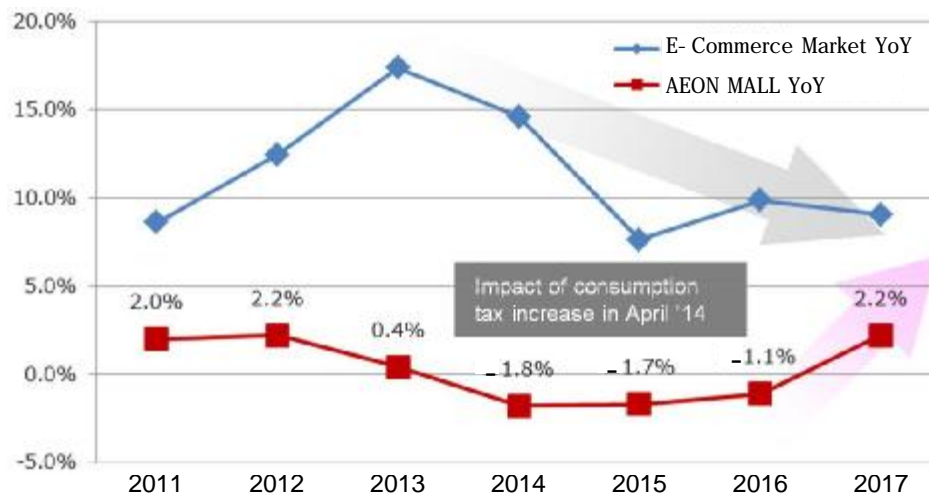
- E-commerce transaction growth
(Brick-and-mortar versus e-commerce)

AEON MALL Initiatives (Business Opportunities)

Impact of e-commerce is limited in light of the range of functions and daily needs goods offered by brick-and-mortar

- While the e-commerce market (sales of goods) is growing, growth rates have slowed. Meanwhile, recent revenue growth rates at our malls are rising.
- Malls in the U.S. mainly sell goods; however, our malls also **offer a complete range of dining, entertainment, and other in-person functions.**
- Using general merchandisers as anchor tenants and offering daily needs goods results in **high traffic and synergistic shopping.**

Year-on-Year Comparison of the E-Commerce Market and AEON Existing Specialty Store Sales



*Source: Fiscal 2017 Electronic Commerce Market Survey, METI

Multiple Functions Encourage More Mall Customer Traffic

◆ Happiness Mall Project

ハピネスモール



AEON Mall Walking X FUN+WALK PROJECT

Collaboration with the Japan Sports Agency to promote healthier living through walking



◆ Expansion of Public Functions



Administrative Branch Office



Postal Office



Library

I. Happiness Mall Project

ハピネスモール

AEON MALL strives to offer Happiness Malls.

The goal of AEON MALL is to provide spaces where customers find happiness.

We want members of the community to live in happiness and joy.

In addition to daily shopping, we strive to create Happiness Malls that encourage joy through fun, engaging programs.

- HEALTH -

HEALTH

Physical and mental health



- WELLNESS -

Excitement and Satisfaction

Casual enjoyment of art and culture



- COMMUNITY -

Community

Activities that promote social interaction among people in the community



- OPPORTUNITY -

Experiences With Products, Services

Creating opportunities to encounter new values and lifestyles



I. Happiness Mall Project

HEALTH



Physical and mental health

Mall Walking



Yoga Classes

AEON MALL Okinawa Rycom



Opera de AEON MALL: Enjoying Opera

Held in the cinema complex at AEON MALL Nagakute and AEON MALL Tokoname



WELLNESS



Excitement and Satisfaction

Casual enjoyment of
art and culture

I. Happiness Mall Project

COMMUNITY



Activities that promote social interaction among people in the community

Tsugaru City Library



AEON MALL Tsugaru Kashiwa

CHITA CAT Project



AEON MALL Tokoname

Nationwide AEON Shop Association Role-Playing Contest



OPPORTUNITY



Experiences With Products, Services

Creating opportunities to encounter new values and lifestyles

II. Promote Localization

THE OUTLETS HIROSHIMA (Hiroshima City, Hiroshima Pref.)

Retail Space for Regional Revitalization

THE OUTLETS



Opening: April 27, 2018
Land Area: 268,000m² Lease Area: 53,000m²
Parking Capacity: 4,000 cars Tenants: 200 stores



(1) A Full-fledged Outlet Mall



(2) Entertainment



Only year-round ice-skating rink in Hiroshima Prefecture



Experiential projection mapping incorporating latest smartphone technology



Bowling alley designed with a Hiroshima Carp theme

(3) Harmony with Local Community



The restaurant zone, where visitors can enjoy local delicacies of the Setouchi area and Hiroshima



A household goods zone with craftspeople and creators from the Setouchi area



Serving as a hub of information on local specialty goods and tourism

II. Promote Localization

◆ The Hyper-Localization 2018

Mall collaborations across six categories –
Industry Education
Government Private Organizations
Culture & History Products
 – to highlight the appeal of the region where the mall is located.

Events

Mall	Project	Details
QUALITE PLIX	New Dining! Sapporo Ole!	Local high-school students and companies participated in an educational event about milk; sales of collaborative menu items.
AEON MALL Zama	Make 100 Friends? US/Japan Kids and Family Mixer	US/Japan cultural interchange between Camp Zama and Zama City conducted at regular intervals.
AEON MALL Kasukabe	Happiness Mall University	Health, Wellness, Community Opportunity featuring different activities held in collaboration between Saitama Pref. and universities.
AEON MALL Yachiyomidorigaoka	Rose Carnival! Yachiyo roses cover the hill!	Activity highlighting the geographic features of Yachiyo City using roses. Joint event between local elementary schools, businesses, and Yachiyo City.
AEON MALL Suzuka	Suzukazumi, an Ongoing Tradition	Event to promote the quality and use of locally famous traditional Suzukazumi (charcoal).
AEON MALL Okazaki	Roots of Kawaii (Rune Naito)	First-ever exhibit and events featuring Rune Naito (Okazaki native artist/creator) in Okazaki City.

Mall	Project	Details
AEON MALL Kyoto Katsuragawa	Walk for Happiness, Happiness Town	Local citizens created a Happiness Map (based on Muko City disaster prevention map) to provide information about health promotion and tourism.
AEON MALL Rinku Sennan	Fall in Love with Sennan, AEON MALL Rinku Sennan	Mixer and dating event to highlight the best dating spots in the local area for romantic liaisons.
AEON MALL Kobe Minami	Peace through AEON MALL Project to Build Confidence in Children	Shopping and job simulations to teach children confidence through new experiences.
AEON Matsue Shopping Center	Talk about Matsue, Tea Culture and Dreamy Treats	Event held jointly between Matsue City and citizens promoting the culture of Matsue through Dreamy Treats; Matsue is known as one of the three best locations in Japan for traditional Japanese confections.
AEON MALL Omuta	Omuta Karuta Festival, Learn How to OMUTA through Karuta	Event promoting the history of Omuta, the birthplace of karuta (traditional card game).

◆ Expand Public Functions

Social Functions Undertaken by Malls

(i) Sales activities

(ii) Job creation

(iii) Public Functions

(iv) Regional development

(v) Coexistence with the environment

Administrative Branch Office



Clinic



Post Office



Library



Facilities relied on as an essential part of the community

(3) Become the Overwhelmingly Dominant Mall in Each Region



I. Conduct Floor Expansions and Implement Effective Revitalization Measures

U Three-Year Revitalization Plan

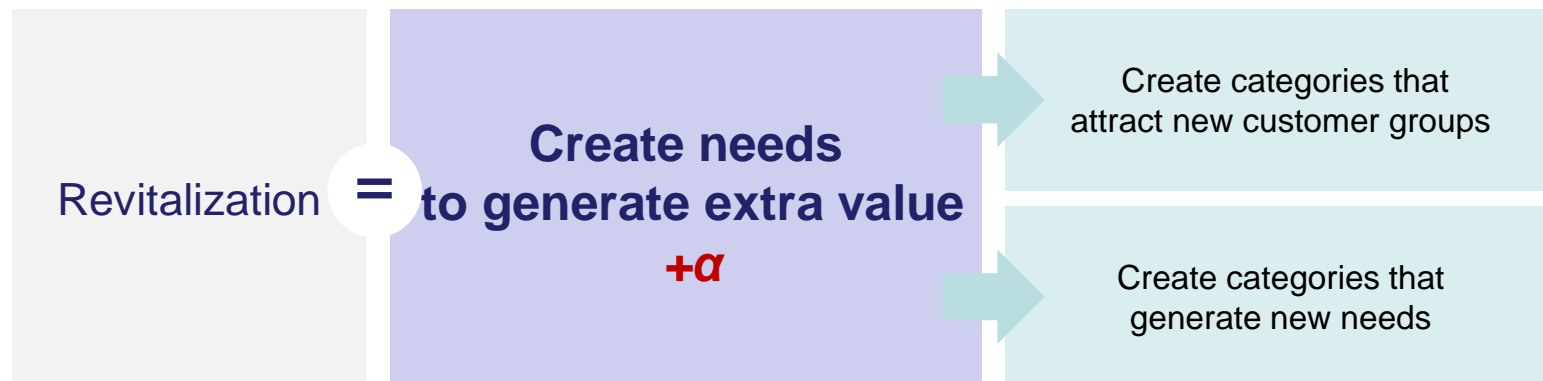
	[Actual]	[Plan]	[Plan]	
	FY2017	FY2018	FY2019	Three-Year Total
Floorspace Expansion	2 malls	2 malls	4 malls	8 malls
Renovation	12 malls	8 malls	10 malls	30 malls

* Excludes large commercial facilities of AEON Retail Co., Ltd.

U Approach to revitalization

The average age of AEON MALL buildings is 10.9 years. We can increase the value of these malls through revitalization measures.

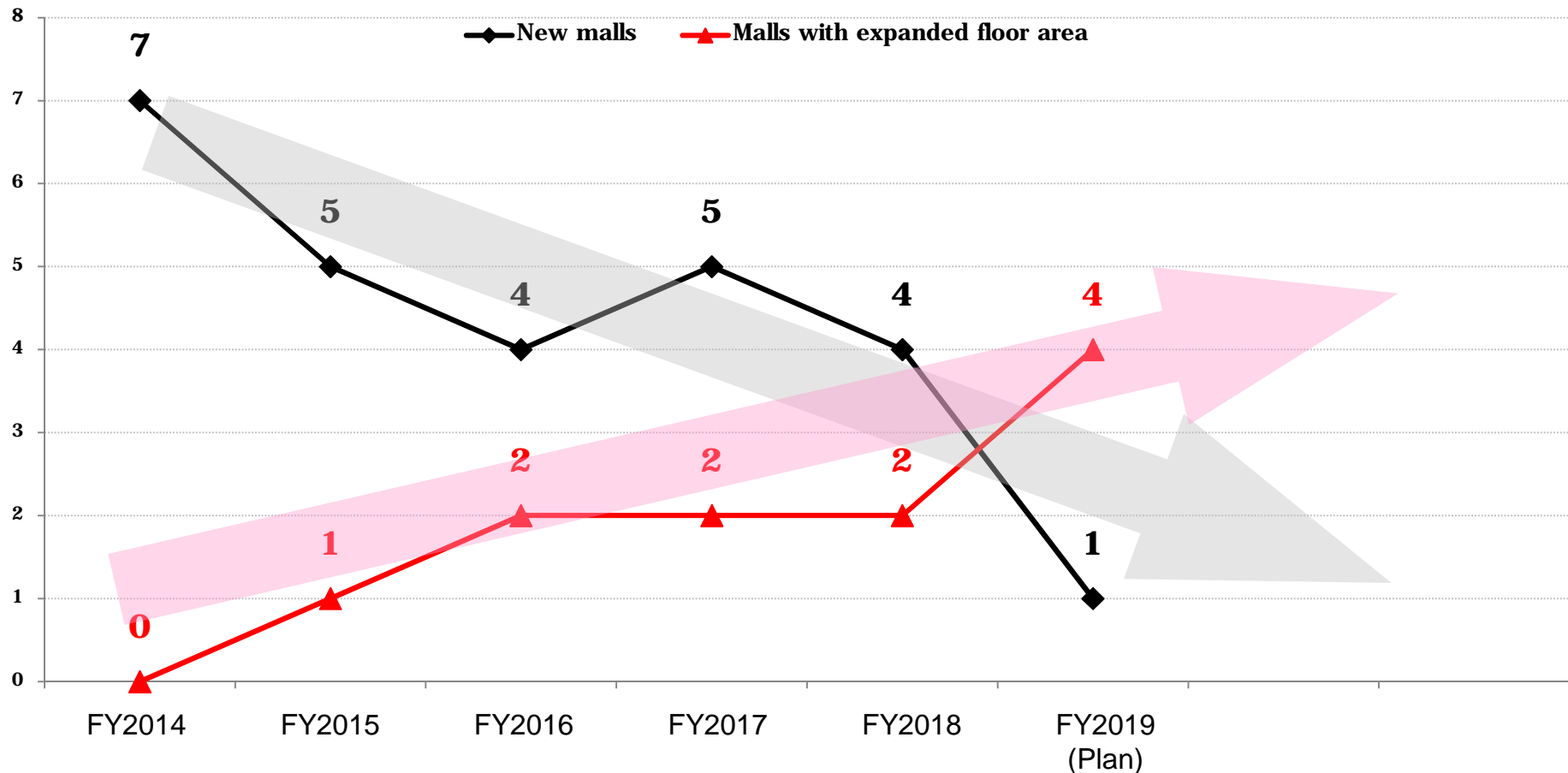
- We are implementing large-scale renovations (revitalization) of existing shopping malls to increase their appeal and sense of newness, improving their earning power. -



(3) Become the Overwhelmingly Dominant Mall in Each Region

I. Conduct Floor Expansions and Implement Effective Revitalization Measures

With construction costs remaining high, we will select new mall openings carefully and in untapped territory. We will invest resources in floorspace expansion and renovation, which provide higher investment efficiency.



(3) Become the Overwhelmingly Dominant Mall in Each Region

I. Conduct Floorspace Expansions and Implement Effective Revitalization Measures

Business Environment

Japan
Malls

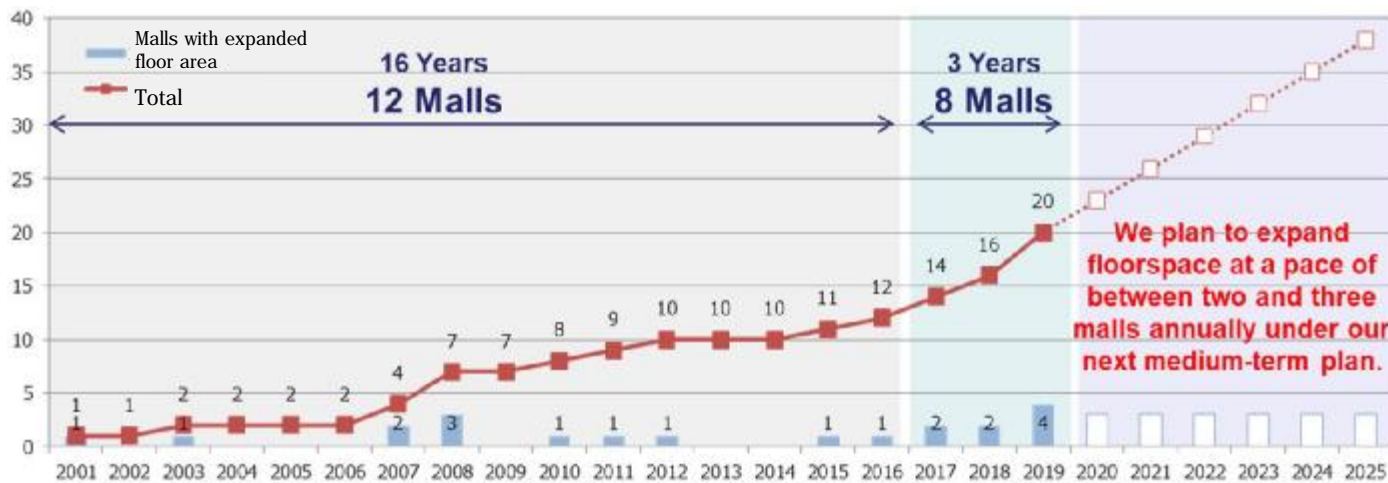
- **Changes in demographics due to population decline**
(Brick-and-mortar versus brick-and-mortar)

AEON MALL Initiatives (Business Opportunities)

Use of floorspace expansion to secure area dominance among competing brick-and-mortar businesses

Engage in the most effective floorspace expansion possible to secure area dominance. As the competition becomes victims of natural selection, we will grow our market share among brick-and-mortar businesses within our market areas.

Floorspace Expansions



Fundamental Approach

- Ø Rezone entire mall area (including existing sections) to revitalize the mall. Generate sales growth rates in excess of comparable floorspace.

◆ AEON MALL Kofu Showa Specialty Store Sales

Specialty store sales ratio post-expansion **162.9%**
(145.8% increase in sales floorspace)
(Period: November 23, 2017 to August 31, 2018)



(3) Become the Overwhelmingly Dominant Mall in Each Region



I. Conduct Floorspace Expansions and Implement Effective Revitalization Measures

FY2019 : Four malls

AEON MALL Higashiura

Spring 2019

Scheduled floorspace and wing expansion



Opened: July 2001
Site Area: 110,000m² Lease Area: 75,000m²(+12,000m²)
Parking Capacity: 4,600 cars Tenants: 170 stores (+50 stores)

AEON MALL Okinawa Rycom

Spring 2019

Scheduled floorspace expansion



Opened: April 2015
Site Area: 175,000m² Lease Area: 86,000m² (+8,000m²)
Parking Capacity: 4,000 cars Tenants: 240 stores (+10 stores)

AEON MALL Natori

Spring 2019

Scheduled floorspace and wing expansion



Opened: February 2007
Site Area: 158,000m² Lease Area: 80,000m² (+13,000m²)
Parking Capacity: 4,500 cars Tenants: 240 stores (+50 stores)

AEON MALL Takaoka

Fall 2019

Scheduled floorspace and wing expansion



Opened: September 2002
Site Area: 209,000m² (+64,000m²) Lease Area: 79,000m² (+17,000m²)
Parking Capacity: 4,700 cars(+1,100 cars) Tenants: 200 stores (+70 stores)

**Expanding floorspace of malls that are already No.1 position in their region.
Further Enhancing Dominant No.1 Position**

II. Open New Malls in Untapped Territory

U Three-Year Plan for New Mall Openings

	End of FY2016	Three-Year Plan			Three-Year Total	FY2019
		FY2017 (Actual)	FY2018 (Plan)	FY2019 (Plan)		
Malls	147	5	4	1	10	154

U Plan for New Mall Openings in Japan (FY2019)

Name of facility	Location	Scheduled opening date	Site area	Total leasing area	Parking
AEON Fujiidera Shopping Center	Fujiidera, Osaka Pref.	Spring of 2019	About 14,200 m ²	About 15,300 m ²	Undisclosed

(3) Become the Overwhelmingly Dominant Mall in Each Region

IV. Improve ES for Tenants

Decrease in working age population due to falling birth rates and population aging (labor shortage)

Increase in tenant employee turnover rates and hiring frequency

Solutions to issues that go beyond DV/tenant boundaries

- (1) **Employee lounges** where employees can recharge themselves and enjoy alone-time.
- (2) **Employee benefits** that offer actual time and economic value.
- (3) **Child-care support** that allows employees with children to work with peace of mind
- (4) **WAON points** awarded to employees according to their attendance
- (5) **Mental and physical support** that results in happy employees



Create facilities that meet the needs of an increasingly diverse society and facility ongoing work

Create malls that become the first choice of tenants

I. Establish Branding for New OPA

Renovate existing stores and engage in strategic S&B/refining

Develop new format in urban locations

Open new stores in urban areas

Strengthen profitability of urban shopping centers

◆ Three-Year Plan for opening new urban shopping centers

End of FY2016	Three-Year Plan			Three-Year Total	End of FY2019
	FY2017 (Actual)	FY2018 (Actual)	FY2019 (Plan)		
20	2	2	1	5	24

Note: Sannomiya OPA closed on February 28, 2018.

◆ Plan for new urban shopping center openings (FY2019)

Name of facility	Location	Scheduled opening date	Total leasing area
(tentative name) Oita OPA	Oita, Oita Pref.	Spring of 2019	About 4,000 m ²



(Tentative name) Oita OPA 79

I. Establish Branding for New OPA

Business Environment

Urban SC

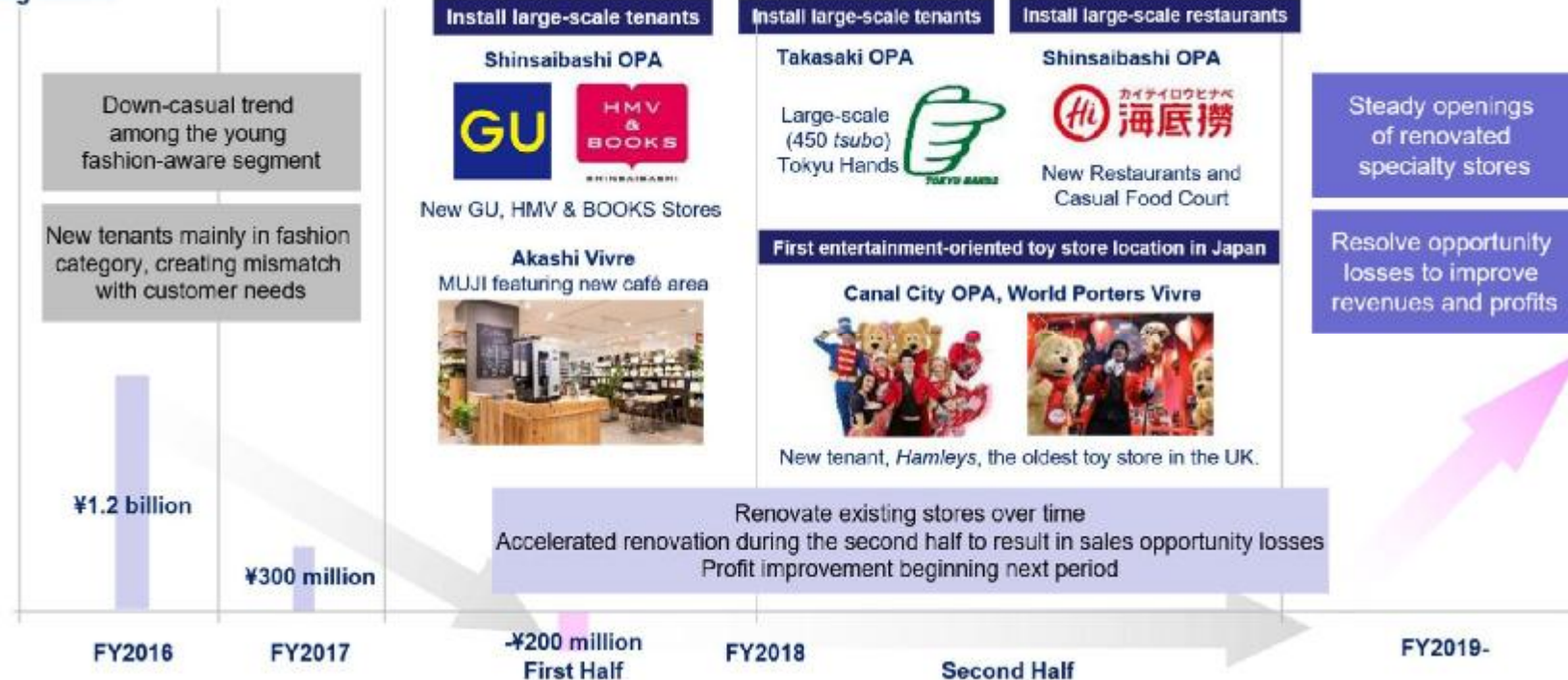
- Weakness in fashion-store building format due to apparel sales slump

AEON MALL Initiatives (Business Opportunities)

Complete renovation of existing stores results in improved earnings capability

- Renovate existing stores based on location-specific characteristics
Transition away from apparel-based merchandising; transition toward lifestyle format.
- Accelerate major renovations for tenants in larger spaces beginning in the second half of fiscal 2018. We expect temporary sales opportunity losses this fiscal year; however, we forecast improved revenues and profits beginning in the next fiscal year.

Operating income



(4) Capture Urban Growth Opportunities

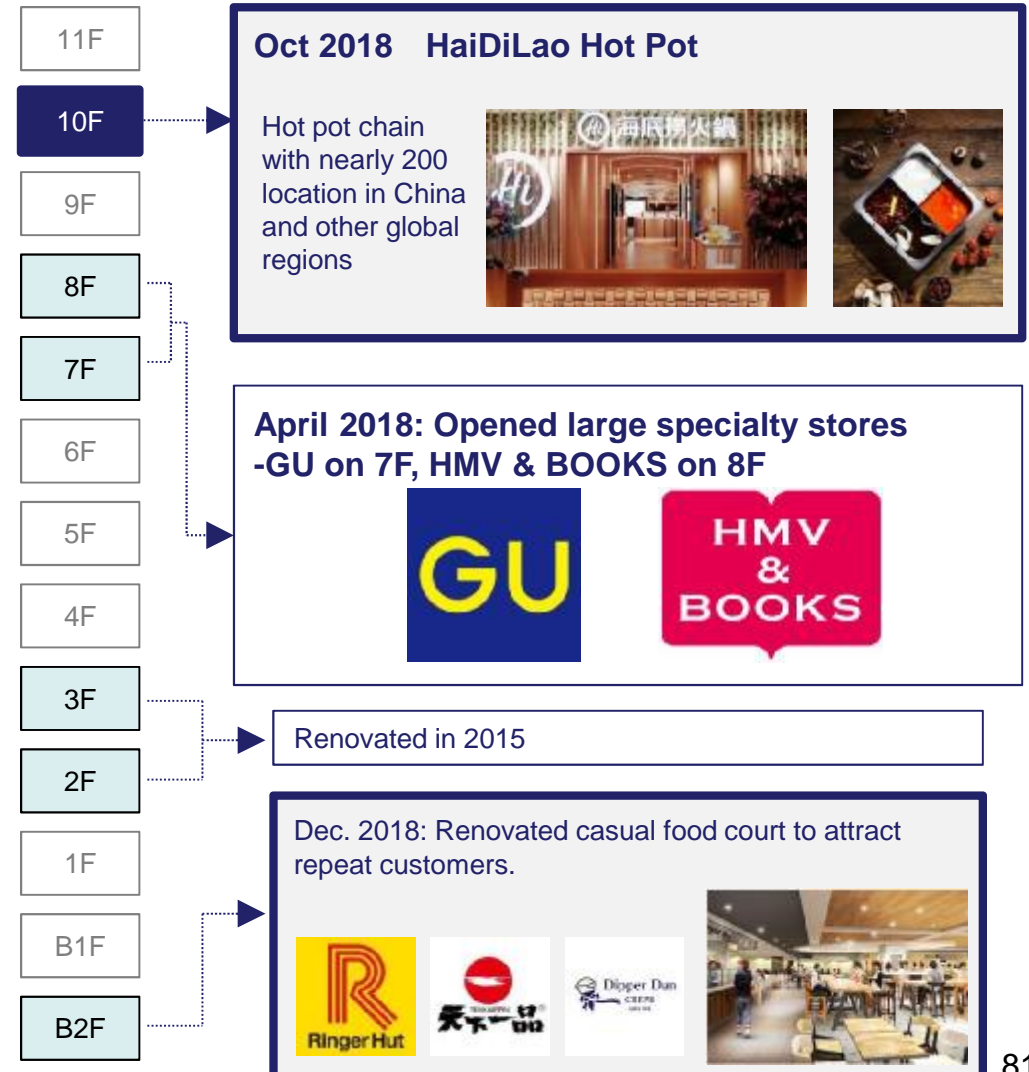
I. Establish Branding for New OPA

Conducting renovations in stages according to location-specific characteristics to boost drawing power

Canal City OPA

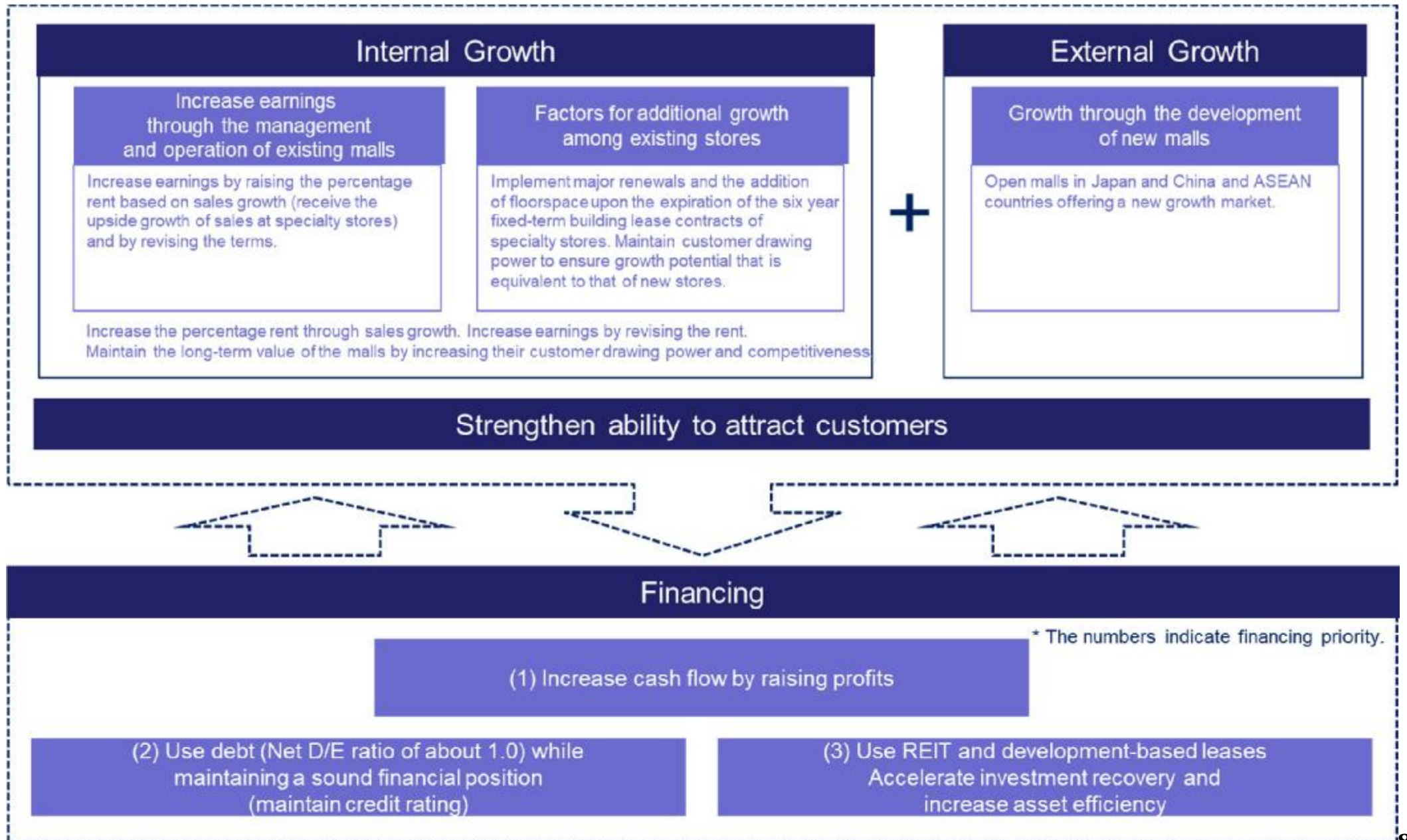


Shinsaibashi OPA



(5) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth

I. Secure Financing to Support Growth Business Models



(5) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth

I. Secure Financing to Support Growth Business Models

By issuing a bond for individuals, we will secure stable and diverse funding methods.

Nickname: **Happiness Mall Bond**

- Posters and leaflets accompanying sales activities help to **publicize the Happiness Mall**.
- To motivate customers to visit the mall**, we distribute cinema tickets and send invitations to Happiness Mall events as benefits and prizes to bond purchasers.



Summary of Bond Issue

Name of bonds	AEON MALL Co., Ltd. Unsecured Bonds Series 14 (terms applied pari passu among bonds)
Total amount of bonds	¥30,000 million
Amount of each bond	¥1 million
Coupon rate	0.39%
Issue price	¥100 per face value of ¥100
Date of issuance	March 7, 2018
Method and due date for the redemption	Bullet bond, where the entire face value is paid at once on the maturity date of March 7, 2023
Collateral	No collateral or guarantee is pledged and no assets are specifically reserved to secure the bonds.
Use of Proceeds	The proceeds will be used for repayment of commercial paper and for a portion of the repayment of debt.

Overview of Benefits for Bond Purchasers

(1) Free AEON Cinema tickets

- ¥1 million purchasers: Two tickets
- ¥2 million purchasers: Four tickets



(2) Invitations to Happiness Mall events

- Opera de AEON MALL
Carmen highlights
- Dream Collaboration concert



Note: About 20 events are planned at AEON malls nationwide from September through December 2018

II. Promote Management Diversity

Selected in FY2017 as a Nadeshiko Brand for a Second Consecutive Year

The Nadeshiko Brand program highlights companies listed in the First Section of the Tokyo Stock Exchange from each industry that actively promote the participation of female employees, including creating a supportive working environment. Selected companies can also be considered as companies with growth potential in the sense that they have the ability to make use of diverse human resources and the ability to adapt to a changing environment.

About the Nadeshiko Brand program

The aim of the Nadeshiko Brand is to introduce certain listed companies that are outstanding in terms of encouraging the empowerment of women in the workplace as attractive securities investment opportunities to investors who put emphasis on improving corporate value in the mid- and long-term, in an aim to promote investment in such enterprises and accelerate efforts encouraging women's success in the workplace. Since FY2012, METI and the TSE have been scoring enterprises according to their progress in the encouragement of women's success while screening them based on financial indicators.



Expanding Day-Care Facilities as Company-Led Childcare Businesses

The AEON Yume-Mirai Nursery School at AEON MALL and Aeon Group shopping complexes is an on-site childcare service for preschool-aged children of employees of the Aeon Group and tenant specialty stores. To support work-life balance for employees raising children, these facilities operate at 27 locations nationwide, including facilities established in partnership with other childcare service providers. Nineteen of these facilities are certified as company-led childcare services by the Cabinet Office (as of November 2018).

Company-Led Childcare Business

Implemented for the purpose of contributing to reducing the number of children on the waiting list for a childcare center and supporting the lifestyle of both managing a career and raising children by increasing childcare services that allow diverse working styles based on company-led, in-house childcare business.



■ Aeon Group In-House Nursery Schools (as of November 30, 2018)

Inside AEON Malls

- | | | |
|---|---|--|
| (1) AEON MALL Makuhashi Shintoshin (approved by Chiba City) | (2) AEON MALL Okinawa Rycom (approved by Kitanakagusuku Town) | (3) AEON MALL Tokoname (approved by Tokoname City) |
| (4) AEON MALL LakeTown mori (approved by Koshigaya City) | (5) AEON MALL Natori (company-led childcare business) | (6) AEON MALL Nagoya Chaya (company-led childcare business) |
| (7) AEON MALL Nagakute (company-led childcare business) | (8) AEON MALL Mito Uchihara (company-led childcare business) | (9) AEON MALL Shinkomatsu (company-led childcare business) |
| (10) AEON MALL Tokushima (company-led childcare business) | (11) AEON MALL Matsumoto (company-led childcare business) | (12) AEON MALL Kobe Minami (company-led childcare business) |
| (13) AEON Mall Zama (company-led childcare business) | (14) THE OUTLETS HIROSHIMA (company-led childcare business) | (15) AEON MALL Hiroshima Gion (company-led childcare business) |
| (16) AEON MALL Iwaki Onahama (company-led childcare business) | (17) AEON MALL Kumamoto (company-led childcare business) | (18) AEON MALL Tsu-Minami (company-led childcare business) |

AEON Yume-Mirai Nursery Schools Established in Aeon Group Company Commercial Facilities

- | | | |
|---|---|--|
| (1) AEON Style Shonan Chigasaki (approved by Chigasaki City) | (2) AEON TOWN Aira (approved by Saga City) | (3) AEON MALL Saga Yamato (company-led childcare business) |
| (4) AEON Fukuoka Higashi Shopping Center (company-led childcare business) | (5) AEON Otagana Shopping Center (company-led childcare business) | |
| (6) AEON Haebaru Shopping Center (company-led childcare business) | (7) AEON Town Shunan (company-led childcare business) | |

* Two other centers are operated based on alliances with general childcare business operators.

(5) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth



III. ESG Initiatives

Selected as a Member of ESG Indices

MSCI Japan ESG Select•Leaders Index

MSCI Japan Empowering Women (WIN) Index

Of the three ESG Indices GPIF* has adopted as indices for Investment for Social Responsibility, AEON MALL has been selected for inclusion in the following two.



* GPIF: Government Pension Investment Fund (welfare and national pension plans)

An independent administrative agency tasked with administrating and managing pension assets of the Employees' Pension and National Pension under the jurisdiction of the Ministry of Health, Labor & Welfare

SNAM Sustainability Index

AEON MALL has been a selected component of the Sompo Japan Nipponkoa Asset Management Co., Ltd. *SNAM Sustainability Index* since its inception in 2012.



Morningstar Socially Responsible Index (MS- SRI)

AEON MALL has been selected as a component of the Morningstar Socially Responsible Index, one of Japan's leading socially responsible investment funds.

Morningstar Japan K.K. selects 150 companies from listed companies in Japan by assessing social responsibility and converting the component stock prices into an index.



AEON MALL received the *Green Star* (highest) rating from GRESB* Real Estate for a fourth consecutive year

AEON Mall recognized for outstanding management/policies and execution/measurement related to environmental awareness and sustainability

- AEON MALL scored 80 points compared to a 68- point average for participating companies and funds.
- Awarded Four Stars (GRESB Rating) based on aggregate comparative score.
- AEON MALL received an A rating under the GRESB Disclosure Rating (ESG disclosure level).



The Global Real Estate Sustainability Benchmark (GRESB)

A benchmark evaluating an entity's real asset environment, social, and governance considerations. The benchmark was established in 2009 led by the major European pension funds who were also leaders in the principles of the United Nations Responsible Investing (PRI) initiative.

AEON MALL Matsumoto Awarded ABINC Certification*

Examples of Certification Evaluation

- Maintained unique local landscape and environment by preserving certain on- site vegetation; transplanting 70 trees of varied growth.
- Trees not transplanted were recycled into chairs and tables used in the sky garden food court.



Malls with Certification

Mall Name	Date Certified
AEON MALL Toin	Feb. 2014
AEON MALL Tamadaira Woods	Feb. 2015
AEON MALL Tokoname	Feb. 2016
AEON MALL Shijonawate	Feb. 2016
AEON MALL Sakai Teppocho	Feb. 2016
AEON MALL Nagakute	Feb. 2017
AEON MALL Matsumoto	Mar. 2018

*ABINC Certification

A system in which efforts in the creation of biodiversity- friendly green areas are objectively evaluated and certified by the Association for Business Innovation in Harmony with Nature and the Community (ABINC), based on the Guidelines for Sustainable Business Sites created and registered by the Japan Business Initiative for Biodiversity (JBIB).

III. ESG Initiatives

First Japanese Company to Become a Member of EV100 *

We promote the expansion of electric vehicle (EV) charging stations as an environmental and sustainability measure. EV charging stations are now installed at AEON MALL shopping mall locations* in Japan.

• **142 malls** in Japan: **1,476 units** • **10 malls** in China: **461 units**

(As of Feb 2018)

Japan



China



*Excluding PM malls (which we manage and operate the building under contract from the owner)
*Figures include 70 malls that we manage and operate on behalf of AEON Retail Co., Ltd.

* EV100

An initiative to promote electric vehicles. The program launch was announced by The Climate Group, an international environmental non-governmental organization working to reduce greenhouse gas emissions, during Climate Week NYC, held from September 18-24, 2017 in New York. EV100 is an international business initiative for corporate promotion of the use of electric vehicles and environmental improvement. The Company has been an official member since November 10, 2017.

AEON MALL Makuhari Shintoshin (Grand Mall) and AEON Yume-Mirai Nursery School Nagoya Chaya Conduct Pre-Verification of Conformity with WELL Certification

Two facilities, AEON MALL Makuhari Shintoshin (Grand Mall) and AEON Yume-Mirai Nursery School Nagoya Chaya, conducted early pre-verification of conformity with the WELL Building Standard (WELL Certification) as domestic commercial facilities.



AEON MALL Makuhari Shintoshin



AEON Yume-Mirai Nursery School Nagoya Chaya

* WELL Certification (WELL Building Standard)

Developed in the U.S. as the world's first building standard focusing on human health and wellness, this system rates indoor spaces across seven categories in the relationship between people and buildings.

* Categories: (1) Air (2) Water (3) Nourishment (4) Light (5) Fitness (6) Comfort (7) Mind

Initiatives to Prevent Global Warming

◆Third Consecutive Excellence Award at Osaka Stop! Global Warming Awards (FY2017)

An award for excellence in corporate initiatives in business activities given by the Department of Environment, Agriculture, Forestry and Fisheries of the Osaka Prefectural Government to increase business incentives to stop global warming and to promote the spread of countermeasures to prevent global warming, mitigate the heat island phenomenon and level electricity demand.

Achievement

Reduction Rate (unit base): 8.3% (vs. FY2015)

Facilities Covered

- AEON MALL Neyagawa
- AEON MALL Sakai Kitahanada
- AEON MALL Rinku Sennan
- AEON MALL Tsurumi Ryokuchi
- AEON MALL Shijonawate
- AEON MALL Sakai Teppochō



◆First Special Excellence Award under the Kyoto City Business Operators' Emissions Reduction Plan System (FY2017)

An award for excellence in corporate initiatives based on a comprehensive evaluation of emissions reduction plans and reports for each Three-Year Plan period under the business operators' emissions reduction plan system pursuant to the Kyoto City Global Warming Regulations.

Achievement

Reduction Rate (total volume base): 13.5% (vs. FY2013)

Facilities Covered

- AEON MALL Kyoto Gojo
- AEON MALL KYOTO
- AEON MALL Kyoto Katsuragawa



First Annual Tree Planting in Jakarta, Indonesia

AEON Environmental Foundation (Takuya Okada, managing director and honorary chairman and advisor at Aeon Co., Ltd.) sponsored the First Annual Jakarta, Indonesia Tree Planting project on September 22. The event took place in Pantai Indah Kapuk, located in the north of Jakarta.

