



At AEON Mall, we are moving to further strengthen our business base in Japan. In parallel, we are eyeing new growth by quickening the development of our shopping mall business in China and ASEAN markets.

President and CEO

Soichi Okazaki



Operating Results for Fiscal 2010

The fiscal year ended February 20, 2011 saw the opening of three new shopping malls in Japan - AEON Mall Aratamabashi (Aichi Prefecture), AEON Mall Yamatokoriyama (Nara Prefecture), and AEON Mall KYOTO (Kyoto Prefecture) - as well as renovations at 12 existing malls. In China, the year saw the opening on September 21, 2010 of AEON Mall Tianjin TEDA (Tianjin), our second store in China after the AEON Beijing International Mall Shopping Center (Beijing), opened in 2008.

Along with these initiatives, we continued to promote ongoing cost structure reforms. As a result, operating revenue for the fiscal year under review rose 4.4% year on year, to ¥145.1 billion. Operating income was up 6.6% to ¥39.6 billion, while net income rose 2.6% to ¥22.3 billion, as we recorded a 22nd consecutive term of growth in revenue and earnings (net income).

ÆON Mall offers its sincerest condolences to all those whose lives have been deeply affected by the Great East Japan Earthquake.

The Impact of the Great East Japan Earthquake and Conditions in Fiscal 2011

In terms of ÆON Mall's own situation with respect to the Great East Japan Earthquake that struck on March 11, 2011, we experienced no physical injuries from the disaster. As for the malls themselves, several in the Tohoku and Kanto (northeastern and eastern Japan) regions experienced light damage to buildings and equipment as a direct result of the earthquake. However none saw any water damage due to the tsunami, with most buildings and parking structures left largely unaffected.

In the immediate aftermath of the disaster, we set up a task force to confirm the safety of our customers, and all employees of both ÆON Mall and our tenants, in addition to assessing the damage to our shopping malls. Seven of our malls suffered partial damage and had to close temporarily. Stores at these malls managed directly by ÆON (GMS) soon reopened however, and began supplying food and other daily essentials. Specialty stores too were swift to reopen their doors with stores at six of the damaged malls open again before the end of March. The remaining mall, ÆON Mall Natori AIRY (Miyagi Prefecture), having sustained substantial damage, was not due to reopen until September. The strength of local demand however, was such that we decided to restart operations of specialty stores on the first two floors on April 24. Stores on the third floor followed suit on June 9, with the whole shopping mall open for business by the end of that same month.

Regarding conditions in the fiscal year ending February 20, 2012, we were successful in completing all mall openings and renovations of existing malls scheduled for the first quarter of fiscal 2011 as planned. These new shopping malls were ÆON Mall Kofu Showa (Yamanashi Prefecture), opened on March 17, and ÆON Mall Omuta (Fukuoka Prefecture), opened on March 18. Sales from specialty stores, together with visitor numbers, at the Company's 51 existing malls (as of February 20, 2010) in March and April were down on figures for the same period last year. The main factors behind this slump were the steep drop in consumption in the wake of the disaster as well as the temporary closures of certain shopping malls associated with the earthquake. Figures from May onwards on the other hand, indicated a recovery with both sales and visitor numbers rising year on year.

In terms of financial results in fiscal 2011, we are projecting operating revenue of ¥152.0 billion (up 4.7% year on year), operating income of between ¥41.5 billion (up 4.7%) and ¥43.0 billion (up 8.4%), and net income of between ¥21.5 billion (down 3.9%) and ¥22.4 billion (up 0.1%). The projection for operating revenue takes the impact of the Great East Japan Earthquake into account. The lower and upper limit projections for operating income on the other hand, represent figures calculated before and after the earthquake respectively. Having said that, we are making efforts to realize the pre-earthquake target of ¥43.0 billion by reducing costs through structural reform.

In accordance with Article 27 of the Electricity Business Act, shopping malls within the service areas of Tohoku Electric Power and Tokyo Electric Power are legally obliged to reduce their power consumption by 15% during the peak summer months. According to demonstration experiments carried out at affected shopping malls from May, we have the potential to reduce consumption by more than the stipulated 15%. The same was found to be true for all shopping malls, including those in Kansai region which are currently facing similar restrictions.

Now a word on the payment of cash dividends to our shareholders. Based on our policy of stable and consistent dividends, we propose a total annual dividend of ¥20 per share, consisting of interim and year-end dividends of ¥10 per share respectively for fiscal 2011, aiming for the same annual payout ratio as fiscal 2010 of 15%.

Dividends

	Dividend Per Share (Yen)			Total Dividends Paid (Full year)	Payout Ratio (Consolidated)	Dividends / Net Assets (Consolidated)
	2nd Quarter	Year-end	Full year	(Millions of yen)	(%)	(%)
11/2	10.00	10.00	20.00	3,622	16.2	2.2
10/2	10.00	10.00	20.00	3,622	16.6	2.4
09/2	10.00	10.00	20.00	3,622	16.9	2.8
08/2	7.50	10.00	17.50	3,169	15.3	3.0

Towards Further Growth—Overview of the New Medium-Term Management Plan and its Mission

ÆON Co., Ltd. announced a new Medium-Term Management Plan starting from fiscal 2011. The direction outlined in the plan calls for a consolidating of functions in the ÆON Group's developer business around ÆON Mall.

As the core company responsible for the Group's developer business, we intend to take full advantage of the Group's management resources to accelerate the pace of openings, develop new sites for malls, and promote our property management business, while further expanding our domestic operations. In tandem, we will forge ahead with our program of shopping center renovations and groom new sources of revenue, such as advertising at the Group's 100-plus malls. Through such policies we intend to expand our business base in Japan while, at the same time, embarking on measures to develop our shopping mall business in China and ASEAN markets, and become the best known developer of shopping centers across Asia. Taking these initiatives into account, our new three-year Medium-Term Management Plan, starting in fiscal 2011, targets an annual growth rate of 9% in the final year of the plan, the year ending February 20, 2014.

Our mission, in moving forward with the policies outlined above is threefold.

- 1 Foster an "All New ÆON Mall"
- 2 Integrate all functions of the ÆON Group's developer business
- 3 Expedite development of shopping malls in Asia (China and the ASEAN region)

1 Foster an "All New ÆON Mall"

In order to improve the value of our malls we are aggressively pursuing both the development of new shopping malls and the renovation of existing malls. We believe that the concept of the shopping mall evolves, and we are working to reflect our perception of what the next generation of shopping malls should offer into new mall developments and renovation plans for existing malls, thereby creating an "All New ÆON Mall."

2 Integrate all functions of the ÆON Group's developer business

The Group's shopping mall business performed well in fiscal 2010 on the back of renovations to 12 malls and synchronized sales across the 23,000 general merchandise stores and specialty stores at our malls. By expediting the restructuring of our organization to integrate all functions of the developer business, including development and leasing, we intend to take full advantage of the scale of the ÆON Group's 100 malls when pursuing similar coordinated sales and projects in our mall media business. With this in mind, we intend to double the number of mall openings from fiscal 2013 onwards. The scale of the Group's mall network has benefits from the point of view of leasing also. For example, a tenant opening a store in our malls for the first time is spoilt for choice with over 100 malls in 100 different markets. This increases the appeal of our malls to prospective tenants and by extension allows us to select a more attractive tenant mix. We also expect this integration of functions to yield synergies for the whole Group for scrap and build projects and existing mall renovations.

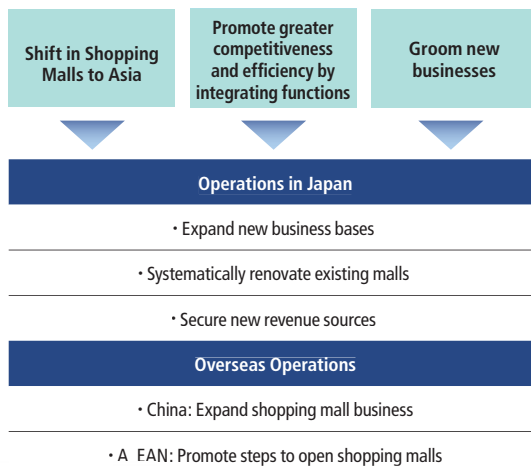


3 Expedite development of shopping malls in Asia (China and the ASEAN region)

In China, where the pace of economic growth remains strong, ÆON Mall has identified a number of sites capable of supporting malls in the suburbs of Beijing and Tianjin. On June 27, 2011, ÆON Mall entered into cooperation agreements with the Tianjin Commission of Commerce and the Tianjin Municipal People's Government for the opening of over five new shopping malls in the next five years. Meanwhile, in ASEAN economies, two new trends—suburbanization and widespread car ownership—indicate to us the dawn of the age of the shopping mall. In order to advance our developments in both China and ASEAN economies, we intend to pool all staff from developer business divisions of all ÆON Group companies together in our development division, and thereby position ÆON Mall as the core company for shopping mall development both domestically and overseas. In addition to plans for new malls in regions of China outside Beijing and Tianjin, we are starting to identify possible properties for new mall developments in Vietnam, and are looking at initiatives in Indonesia, Cambodia, Laos, Malaysia, and India. Going forward, we aim to accelerate further mall developments in China and the ASEAN region.

ÆON Mall Growth Strategy

ÆON Group Developer Business Strategy



Promote and Expand New Businesses

- PM business: Expand business bases in Japan
- Expand revenue from advertising and events leveraging the Group's 100 shopping malls

Management Targets for Fiscal 2013 (ending Feb. 2014)

Operating revenue	180,000 million yen (7.4% annual growth)
Ordinary income	50,000 million yen (9.4% annual growth)
Capital expenditures	220,000 million yen (3-year total)
Depreciation and amortization	73,000 million yen (3-year total)

ÆON Mall cannot hope to achieve the sustainable growth we seek without the vital support of our shareholders and range of other stakeholders, including members of the community and tenant companies. To meet your expectations for the Company, we are determined to strive to attain ever greater growth.

July 2011

President and CEO