

## Special Feature ② Deep Plowing the Domestic Business

# AEON MALL evolving with local communities

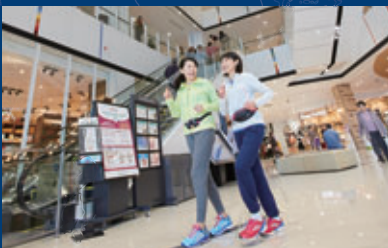
A declining birthrate, an aging population and people returning to downtown areas, are ringing the changes on commercial facilities in the domestic market.

Against this backdrop, in accordance with our localization concept and in light of changes in regional environments, AEON MALL is renewing and expanding the floor space in its malls as it creates the overwhelmingly No.1 mall in each region.

In addition to this, we are pressing on with a succession of new initiatives including opening stores in urban areas with concentrated populations to attract a broader customer base.

### Health & Wellness

Toward malls that offer “happiness” in people’s lives & their local communities



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Creating malls that are overwhelmingly No. 1 in their regions



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New stir and bustle in regional & urban areas both



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## Amid a maturing market, birthrates continue to decline, society continues to age, and people continue to return to urban areas.

One could say that the downward trend in new openings of large malls in Japan strengthens AEON MALL's dominant position given that it already owns half the malls in the country. Amid the conspicuous return of people to urban areas and a growing elderly demographic, initiatives to attract new types of customers to existing malls are key.

### Population Age Composition

(Unit: Individuals, Thsds)

	2015	2020	2025	2030	2035
Total	127,095	125,325	122,544	119,125	115,216
0 to 14	15,945 (12.5%)	15,075 (12.0%)	14,073 (11.5%)	13,212 (11.1%)	12,457 (10.8%)
15 to 64	77,282 (60.8%)	74,058 (59.1%)	71,701 (58.5%)	68,754 (57.7%)	64,942 (56.4%)
Over 65	33,868 (26.6%)	36,192 (28.9%)	36,771 (30.0%)	37,160 (31.2%)	37,817 (32.8%)

Source: "Population Projections for Japan". National Institute of Population and Social Security Research (2017 figures)

### Changes in Population Caused by People Returning to Downtown Areas

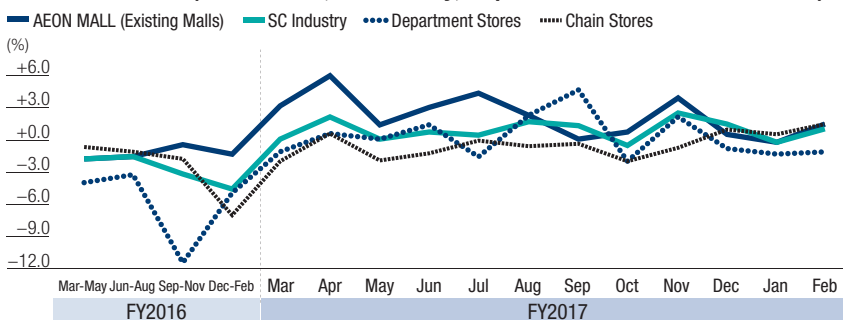
	2015	2020	2025	2030	2035
The three major metropolitan areas	51.4%	51.9%	52.5%	53.1%	53.9%
Other than the three major metropolitan areas	48.6%	48.1%	47.5%	46.9%	46.1%

Source: Ministry of Land, Infrastructure, Transport and Tourism, Seisakubukai Long-Term Vision Committee "Long Term Vision for Land" Summary

## Via reinvigoration of existing malls, advance regional mall No.1 spot strategy

In accordance with precise area marketing we are accelerating shop-floor expansions and renewals at existing malls to increase their appeal. We are beefing up the creation of malls in line with area-by-area concepts. We are also pressing ahead with new store openings in urban areas to reap the benefit of new demand from urban population growth.

### Sales Trends YoY (AEON MALL, SC Industry, Department Stores & Chain Stores)



\* FY2016 3-month average figures for SC Industry, Department Stores & Chain Stores arrived at from simple average of each month.

\* YoY figures for AEON MALL are before adjustments for number of operating days.

Source: Japan Council of Shopping Centers, Japan Department Stores Association & Japan Chain Stores Association.

### No. New Store Openings

	FY2016 End	3-Year Plan			3-Year Plan Total
		FY2017	FY2018	FY2019	
Malls	147	5	4	1	10
Urban SCs	20	2	2	1	5

### No. Reinvigorated Malls (Japan)

	FY2017 - (FY2/2018)	FY2018 - (FY2/2018)	FY2019 - (FY2/2018)	Total
+ Floor Space	2	2	4	8
Renewal	12	8	10	30
Total	14	10	14	38



Mall Walking Event  
(AEON MALL Matsumoto)

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## Toward malls that offer “happiness” in people’s lives & their local communities

AEON MALL Matsumoto (Nagano Prefecture), which opened in September 2017, is a model for the “Happiness Mall” we are currently promoting.

We will implement initiatives that play to, and bolster, the strengths of real, physical malls via facilities that are rooted in local communities and address regional issues such as declining birthrates, aging society and the dilution of communities. We aim to elevate our position as “places to make memories.”



Opera de AEON MALL. *Opera no Tanoshimi* (AEON MALL Nagakute)

## Toward realizing Wellness Life, making our local clientele healthy in both “Mind” and “Body”

AEON MALL Matsumoto opened in Matsumoto City in September 2017. Matsumoto City aspires to be a “Sustainable Healthy City.” Within the mall’s design concept - “Time for happiness in the middle of Shinshu,” Aeon Mall’s “Happiness Mall” concept, something that it has been promoting since FY2017, can be clearly seen.

The commercial facility that we dream about is one where customers are brimming with excitement upon arriving and smiling with satisfaction upon leaving. Based around the four pillars of Health, Wellness, Community & Opportunity, activities are starting in AEON MALLs nationwide to unite all specialty stores and their staff in offering visitors the space and time in which to feel fun and fulfillment with all five of their senses. Our objective is offering “Happiness” to a wide range of customers of all ages via playing to and bolstering the strengths of real, physical facilities. We include in such efforts the use of our floor space for such activities as mall walking, live concerts, seminars and workshops in cooperation with specialty stores.



Child-Raising Support Event



“Herbarium” Workshop



# Expansion & Renewal

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## Creating malls that are overwhelmingly No. 1 in their regions

The reopening of the renovated AEON MALL Miyazaki in March 2018 was akin to opening an entirely new mall not only for its extensive shop-floor expansion, but also because roughly half of all specialty stores were replaced. In so doing, Aeon Mall made full use of marketing information accumulated since the mall first opened its doors. Activating new regional needs was an aim. Since reopening, sales have been trending well ahead of the increase in floor space and fueling our efforts to create Japan's "overwhelmingly No.1 mall in their regions."



AEON MALL Miyazaki

## Strengthen fast fashion and lifestyle offerings. Uncover regional needs to further expand our customer base

AEON MALL Miyazaki has been transformed into one of Kyushu's biggest malls. The shop floor expansion has allowed the number of specialty stores to rise from 170 to 240. Furthermore, 92 or roughly one-half of the specialty stores in the existing floor space have been replaced. Responding to heightened regional customer demand, the mall's main attraction is its "Urban Lifestyle" offering, made possible by deepening the ranks of specialty stores focused on global fashion, kids and hobbies.

Moreover, in between the existing building and the annex housing the extra floor space, we added a new courtyard garden space called the "hinata TERRACE". Placing playground equipment in a spacious lawned area facing the food court and cafés has created a place where children can play and members of the local community gather for a variety of events, and links be forged.

Amid a maturing domestic market, via the renewal of existing malls similar in scope to the opening of entirely new malls, AEON MALL is securing its position from "No.1 in the area" to the "Overwhelmingly No.1 mall in the region."



Area of extra floor space

# New stir and bustle in regional & urban areas both

“THE OUTLETS”, a new format large-sized commercial facility. “Takasaki OPA”, a new format urban shopping center. Making the most of the mall business knowhow we have cultivated, AEON MALL will roll out across Japan commercial facilities designed from a *localization* perspective and tailored to the character of, and issues facing, each region.

## A new concept commercial facility for local economic revitalization – THE OUTLETS HIROSHIMA

THE OUTLETS HIROSHIMA, which opened in April 2018 in Hiroshima’s Saeki Ward, is designed to help revitalize the local economy via a completely new business format. Its hybrid format boasts a full-fledged outlet where premium brands from around the world are offered, “big entertainment” featuring an activities facility in collaboration with the local professional baseball team, and a “Local Food, Drink and Produce Cluster Zone” where the culture and lifestyle of Hiroshima and the Seto-uchi region can be experienced. By appealing not only to locals, but to tourists from all over Japan and overseas, we aim to position the facility as a mall capable of attracting a broad spectrum of customers thereby helping to contribute toward the revitalization of the local economy.



Gourmet zone “Kinsai Yokocho” – An assembly of local gourmet restaurants



Entertainment Zone: Hoshikage City. An ice rink that is open throughout the year





# New Format

## Takasaki OPA, a new format urban shopping center that proposes a new lifestyle

Takasaki OPA (Gumma Prefecture), which opened in October 2017, is a model store for the reborn OPA brand. OPA became an AEON MALL subsidiary in 2016 and the building of this new store on the site of the old Takasaki Vivre building near the western entrance to JR Takasaki Station was a collaborative endeavor. The shopping center, which comprises tenants who cater to both the everyday and the spending of quality time, is broadening its traditional young adult target customer base to include working women and making the most of its *ekimae* (station front) location. Not mostly about clothing, as would conventionally be the case, it is a store that makes comprehensive lifestyle propositions through clothing, eating and living, and therefore has a higher proportion of places to buy food and sundry goods and for dining. Working with town planners who are seeking to revitalize the Takasaki Ekimae area, we aim to attract eight million visitors every year.



The Fashion Floor, where are clustered the most luxury select shops in the Northern Kanto region



The "Cosme Kitchen Market" which offers natural and organic cosmetics



"Takasaki Jiman" offering famous local produce and confectionery that are popular in Takasaki