

# Moving onto the path to growth by steadily carrying forward priority measures.

Positioning the three years (2014–2016) in the current three-year plan as the takeoff period for growth, we will pursue growth strategies to become the leading commercial developer in Asia. We will move onto the path to growth in the three years (2017–2020) of the next plan by aggressively and steadily promoting new mall openings in Japan and overseas, and by revitalizing existing malls in Japan.

## Medium-Term Management Plan for FY2014 to FY2016

Numerical targets

As of the announcement on April 8, 2014

Revisions announced on April 9, 2015

Revisions announced on April 13, 2016

<p><b>Operating revenue</b> ..... ¥300 billion</p> <p><b>Ordinary income</b> ..... ¥60 billion</p> <p>Capital expenditure (cumulative total) ..... ¥600 billion</p>	<p><b>Operating revenue</b> ..... ¥270 billion</p> <p><b>Ordinary income</b> ..... ¥48 billion</p> <p>Capital expenditure (cumulative total) ..... ¥470 billion</p>	<p><b>Operating revenue</b> ..... ¥280 billion</p> <p><b>Ordinary income</b> ..... ¥45 billion</p> <p>Capital expenditure (cumulative total) ..... ¥505 billion</p>
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**Reasons for revisions to the plan**

Numerical targets were revised downward, reflecting the significant reduction of the number of new openings planned for three years, taking into account the changing market environments in Japan and overseas.

**Reasons for revisions to the plan**

Numerical targets were revised, reflecting the revision of new openings planned in Japan and overseas and the further reduction of the number of new openings planned for three years.

\*However, operating revenue was revised upward because operating revenue of ¥25 billion of OPA Co., Ltd., which became a subsidiary, was consolidated.

Priority Measures

**Priority Measure 1** Improvement of profitability
 

- Establishment of a new renovation model
- Development of nationally uniform promotion
- Utilization of economies of scale

**Priority Measure 2** Expansion of new facilities in Japan

**Changes in the number of new openings**

FY	2014 (Plan)	2015 (Plan)	2016 (Plan)
Value	7	10	9

**Changes in the number of new openings (after revisions to the plan)**

FY	2014 (Result)	2015 (Result)	2016 (Plan)
Value	7	5	7

**Changes in the number of new openings (after revisions to the plan)**

FY	2014 (Result)	2015 (Result)	2016 (Plan)
Value	7	5	6

**Reasons for revisions to the plan**

The number of new openings planned was revised, taking into account the delay in the opening years due to the demand-supply gap between the growing demand and labor shortage in the construction industry in Japan and rising construction costs.

**Reasons for revisions to the plan**

The number of new openings planned for fiscal 2016 was revised further in light of the consumption environment in Japan.

\*The breakdown of six malls includes a decrease of two in self-developed malls and an increase of two in master lease projects with the low absolute amount of profit.

**Priority Measure 3** Establishment of business foundation in China and the ASEAN region

**Changes in the number of new openings**

FY	2014 (Plan)	2015 (Plan)	2016 (Plan)
Value	6	9	10

**Changes in the number of new openings (after revisions to the plan)**

FY	2014 (Result)	2015 (Result)	2016 (Plan)
Value	4	8	6

**Changes in the number of new openings (after revisions to the plan)**

FY	2014 (Result)	2015 (Result)	2016 (Plan)
Value	4	8	2

**Reasons for revisions to the plan**

The number of new openings planned was revised, mainly taking into account the delay in the opening years of some malls due to the tightening of procedures for new openings in China, as well as the currency risk and tightened regulations on foreign capital in Indonesia.

**Reasons for revisions to the plan**

The number of new openings planned in China for fiscal 2016 was revised, reflecting the tightening of fire-fighting procedures for the opening of commercial facilities and prolonged construction periods in China.

**Priority Measure 4** Full enforcement of financial discipline

**Priority Measure 5** Strengthening of employee pool and governance

## Progress in plans and forecast

<b>Results in FY2014</b> (March 1, 2014 to February 28, 2015)	<b>Results in FY2015</b> (March 1, 2015 to February 29, 2016)	<b>Forecast for FY2016</b> (March 1, 2016 to February 28, 2017)
<p><b>Operating revenue</b> .. ¥203.9 billion</p> <p><b>Ordinary income</b> ..... ¥41.1 billion</p> <p>Capital expenditure ..... ¥181.9 billion</p>	<p><b>Operating revenue</b> .. ¥229.7 billion</p> <p><b>Ordinary income</b> ..... ¥42.4 billion</p> <p>Capital expenditure ..... ¥174.0 billion</p>	<p><b>Operating revenue</b> ..... ¥280 billion</p> <p><b>Ordinary income</b> ..... ¥45 billion</p> <p>Capital expenditure ..... ¥150.0 billion</p>
<p><b>Major Initiatives</b></p>		
<p><b>Promotion of large-scale renovation at existing malls</b></p>		
<ul style="list-style-type: none"> <li>Implemented renovation at eight malls, including changes in the business categories and the relocation of tenants.</li> </ul>	<ul style="list-style-type: none"> <li><b>Implemented renovation at 12 malls</b>, including large-scale remodeling and floor expansion.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to <b>implement renovation at 21 malls</b>, including floor expansion at 2 malls.</li> </ul>
<p>Implement measures to attract customers, leveraging the Group strength (nationwide sale and the planning of sales promotion using WAON, etc.).</p>		
<p>Implement the “planning of ultimate localization,” which involves adopting a localized approach for running malls.</p>		
<p>Enhancement of malls in response to inbound demand and the promotion of digitalization</p>		
<p><b>Development of new concept malls tailored to local characteristics</b></p>		
<ul style="list-style-type: none"> <li><b>Opened seven new malls as planned</b>, including AEON MALL Okayama, a flagship mall.</li> </ul>	<ul style="list-style-type: none"> <li><b>Opened five new malls.</b></li> <li>Opened unique malls that aim to transmit local charm, such as AEON MALL Okinawa Rycom and AEON MALL Tokoname.</li> </ul>	<ul style="list-style-type: none"> <li><b>Plan to open six new malls</b>, including the regeneration of commercial facilities of Group companies such as Daiiei.</li> <li><b>Begin developing the urban fashion building business</b>, which will serve as a new business category.</li> </ul>
<p><b>Major Initiatives</b></p>		
<p><b>Acceleration of the opening of dominant malls in four areas in China</b></p>		
<ul style="list-style-type: none"> <li>Opened the first mall in Jiangsu Province.</li> <li>Opened the first mall in Hubei Province.</li> </ul>	<ul style="list-style-type: none"> <li>Opened a total of six new malls in four areas, including AEON MALL Wuhan Jingkai, a flagship mall.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to open one mall in Hebei Province (the construction of seven other malls has already begun).</li> </ul>
<p><b>Establishment of the business foundation in three ASEAN countries</b></p>		
<ul style="list-style-type: none"> <li>Opened the first mall in Cambodia and the second mall in Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>Opened the first mall in Indonesia.</li> <li>Opened the first mall in the Hanoi area, Vietnam.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to open the third mall in Vietnam.</li> </ul>
<p>Promote the localization of human resources and management.</p>		
<p>Improving asset efficiency through various methods of funding and by enhancing shareholder returns</p>		
<p>Strengthening corporate governance and cultivating a wide range of employees by promoting diversity *See pages from P. 59 and P. 71 for details.</p>		