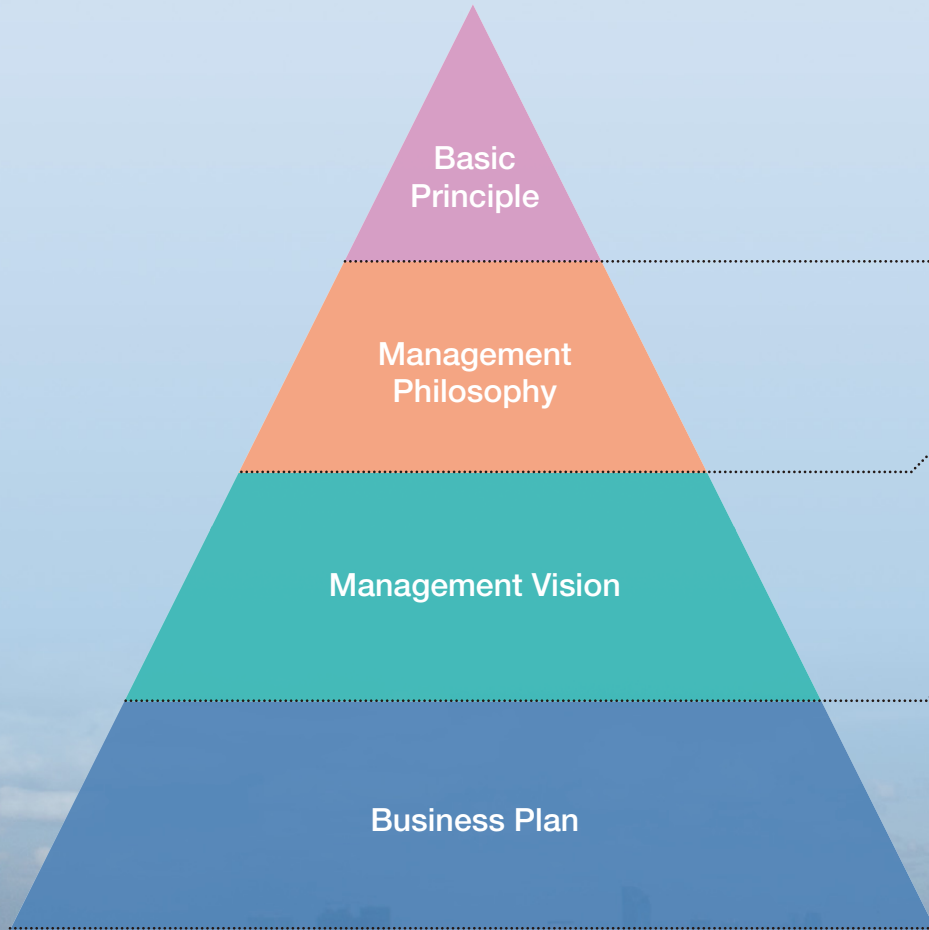


Our Philosophy

Corporate Slogan



Sharing a sense of lively participation



Basic Principle

The Customer Comes First

Management Philosophy

AEON MALL is a Life Design Developer*,
creating the future of community living.

* *Life Design* extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

Management Vision

Becoming a company that will touch the hearts of 5 billion visitors throughout Asia

- Ultimately, our challenge is to be consistent in localization to enhance the attractive aspects of various regions by working in tandem with partners.
- As Life Design Producers, we will go beyond working in a conventional commercial context and keep our company growing by opening up business opportunities to produce future ways of living.
- We will solidify and strengthen our financial and business foundations by taking full advantage of our company's assets, including our worldwide malls and capabilities, to continue our growth.
- We are a company of professionals that continue to innovate.
- We see and consider life from customers' perspectives so that we can share the best, most memorable moments of life with those customers.

Business Plan

Medium-Term Management Plan (FY2017-FY2019)

Produce net profits and launch a stable growth trajectory in our Overseas Business
Become the dominant mall in each region of Japan, mainly through existing mall revitalization activities

Earnings Targets

Consolidated Operating Revenue: **¥326 billion**
Consolidated Operating Income: **¥62 billion**

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 billion.
- (3) Conduct floor space 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.

Our History of Value Creation

AEON MALL continues to evolve in response to changing lifestyles. As ever, we remain committed to growing and developing, both in Japan and overseas.

1992

The rise of motorization

Innovating customer shopping experiences through malls in suburbs across Japan

The first AEON MALL location, AEON MALL Tsugaru Kashiwa (Aomori Prefecture), opened in 1992 amid growing domestic motorization. A mall with a large parking lot and diverse tenants offering a wide variety of merchandise in a suburban area proved successful from the aspect of town planning in attracting customers who drove to the store in their own cars. It was the harbinger of an era in which lifestyles shifted from urban areas and train stations to the suburbs.

2000

Ongoing need to revitalize communities

A community-based space offering a wide range of lifestyle services

AEON MALL began serving as infrastructure for local communities, offering entertainment, public administrative and community functions, and disaster relief support. We played a role in reactivating communities by responding to calls for opening AEON MALL shopping centers.

Large-Scale Retail Stores Law

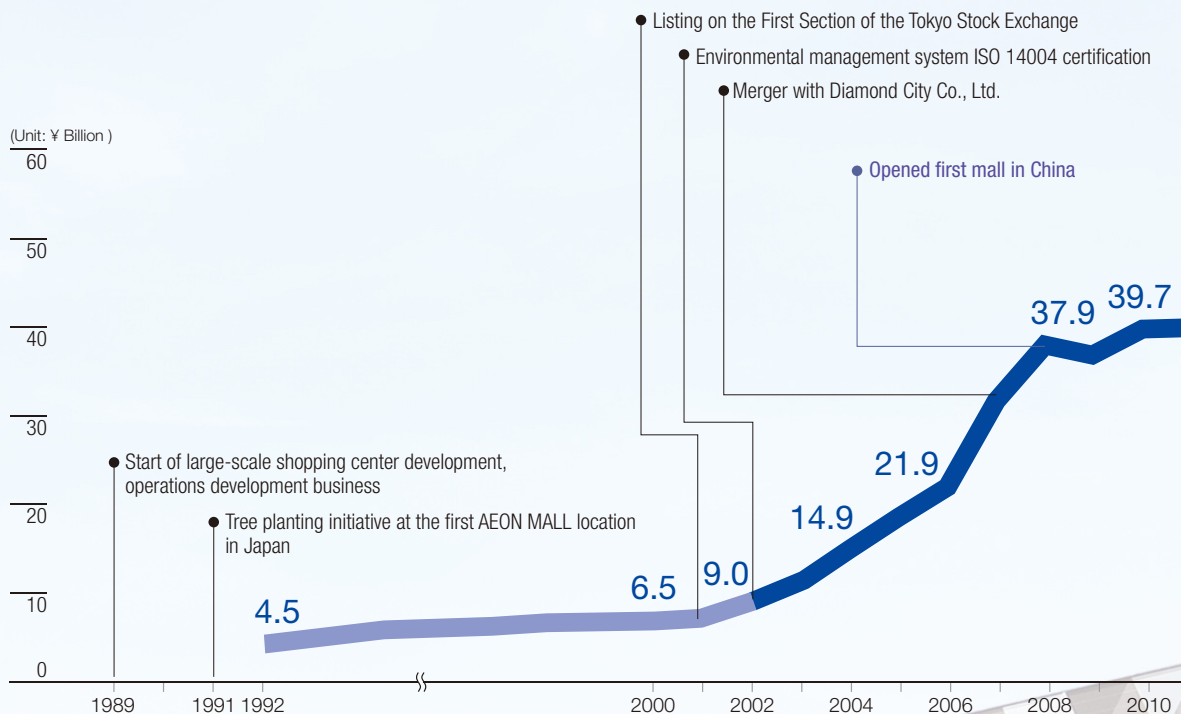
Audits required for large store openings for store area, closing time, number of days closed, etc. In 1994, restrictions on store size, application procedures, closing times, and closing days were eased.

Three Laws Related to Town Development

Deregulation resulted in examining large-scale stores according to social vectors, including the impact on the economy and living environment. Authority shifted from the national to the local level.

* The Three Laws related to town development are defined as the (1) City Planning Act which governs zoning (land use regulations), (2) the Large-scale Retail Location Law, which sets up systems to coordinate with local communities, and (3) the City Center Revitalization Act, which supports the revitalization of city centers.

Operating Income



AEON MALL Iwaki Onahama (Fukushima Prefecture)

2011

A growing community presence in Japan and overseas

Unique malls tailored to the characteristics of each region and country

Shopping centers throughout Japan became more homogenized and subject to even more competition. AEON MALL developed unique malls that focused on localization, pursuing a strategy of opening in growth areas of Asia seeing an expansion of the middle class. We are increasing our presence in local communities both in Japan and overseas.

2017

A growing middle class in Asia

Becoming the dominant commercial developer in Asia, striving to resolve local issues in Japan and overseas

In China and the ASEAN, AEON MALL serves as a partner urban and regional development. We build malls that respond to strong consumer markets. In Japan, AEON is confronting the challenge of weakened connections within communities due to declining birth rates and an aging population. Here, we pursue value by working with local governments as a leader in regional revitalization.

Revised City Planning Act

With no sign of ending in the decline of city centers, the development permitting system under the City Planning Act was revised in 2007. Regulations were tightened for the opening of stores having a total floor space of 10,000m² or more.

Medium-term management plan 2011-2013

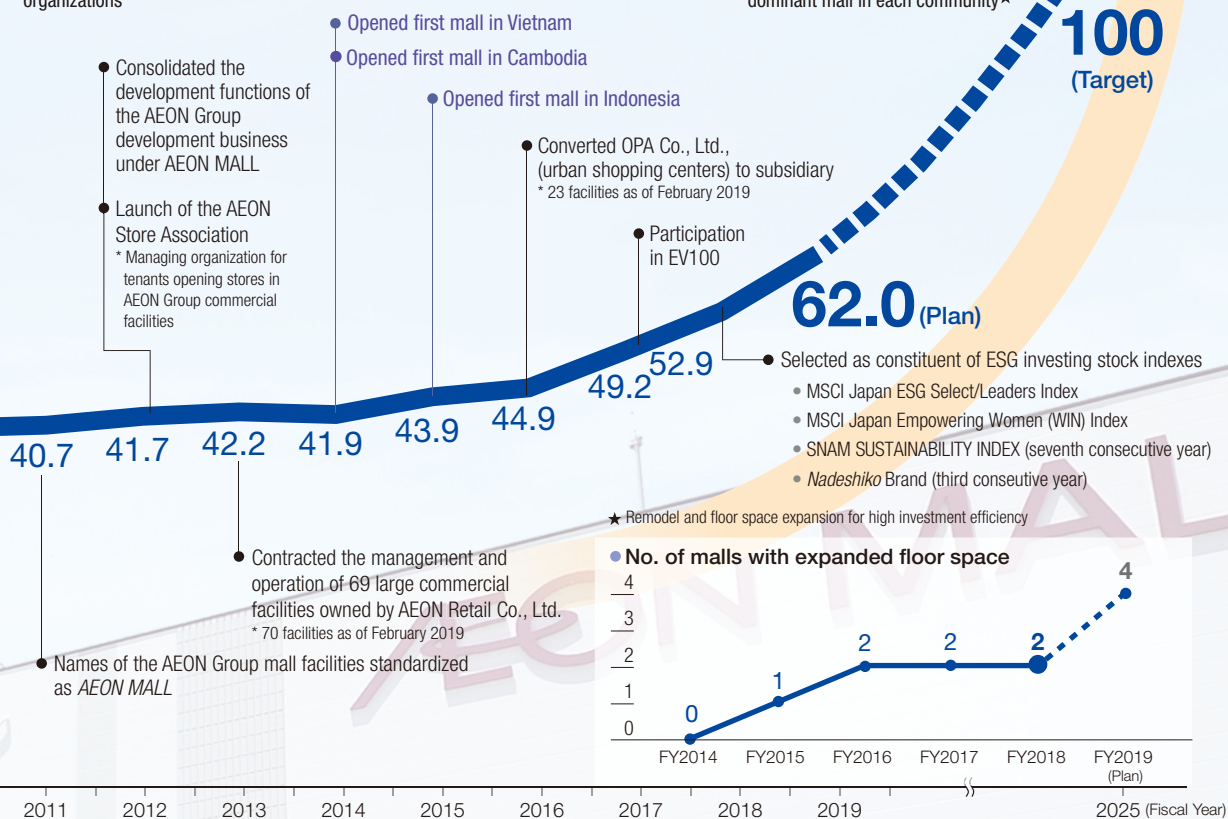
A period for building a foundation supporting new growth, for integrating the functions of our developer business, and for strengthening our overseas organizations

Medium-term management plan 2014-2016

Preparing for takeoff by developing new concepts for malls in Japan, while accelerating store openings in China and ASEAN

Medium-term management plan 2017-2019

Generating profit and setting a path for stable growth in our overseas businesses, while revitalizing our operations in Japan to make AEON MALL the overwhelmingly dominant mall in each community*



The Strengths of AEON MALL

AEON MALL has cultivated six strengths as we continue to grow along with the communities we serve. We will endeavor to further deepen the foundations of our business by improving on these strengths.

Strength 1

Ability to generate and procure funds for growth

We generate cash flows through managing and operating shopping malls. This allows us to maintain a consistently sound financial position and leverage borrowing capacity (net debt-equity ratio of about 1:1) to procure funds. We generate growth funds through the sale of mall land and buildings to real estate investment trusts and the use of development leases. These vehicles allow us access to flexible investments in growth, while accelerating the speed of return on investment and improving asset efficiency.

- EBITDA: **¥101.7 billion** (Overseas: ¥14.7 billion)
- Equity ratio: **31.9%**
- Net D/E ratio: **1.1 times**

Strength 2

Overwhelming scale of

AEON MALL manages and operates over 150 malls in Japan, serving nearly 1.2 billion customer visits annually. We leverage the retail-based development

- No. of malls:
Japan: 153 Overseas: 27
- No. of urban shopping centers:
Japan: 23
- Gross leasable area (GLA) :
9,982,000m²
Japan: 8,154,000m²
Overseas: 1,828,000m²

Strength 4

Sustainable malls that coexistent with local communities

We use the expertise gained through operating more than 200 locations worldwide to develop and operate comfortable, safe, and secure malls that meet the needs of a wide spectrum of customers. We focus intently on the unique characteristics and needs of each community. Our Happiness Malls community initiatives and public functions coordinated with local government provide sustainable malls that become the first choice of both customers and tenants.

- Happiness Mall Events Held in All malls
- No. of malls signing disaster prevention agreements with local authorities: **150**
- No. of malls serving as disaster prevention sites: **37**



Disaster prevention event, *Asaminami Bosai FES!* 2018 (AEON MALL Hiroshima Gion (Hiroshima Prefecture))

Strength 5

Robust network

AEON MALL has built a nationwide network in Japan together with our tenants. Through these close strategic partnerships, we advance initiatives designed to meet local needs. We use a customer

- No. of specialty store operators:
Approx. 8,000 companies
- No. of participants in the AEON Store Association Customer Service Role-Playing Contest* (Japan):
Approx. 8,000 companies and 30,000 employees

* Events where tenant specialty store employees compete, displaying their customer service skills. In addition to Japan, these events are held in China, Cambodia, Vietnam, and Indonesia.



AEON MALL Yantai Jinshatan (China)

operations and ability to attract customers

expertise cultivated in Japan with localized operations to expand in China, ASEAN, and other countries overseas.



AEON MALL Sen Sok City (Cambodia)

responding to local needs

service role playing contest to build a stronger awareness of customer service and help staff share best practices and expertise that transcend any one particular line of business. These contests lead to higher levels of service quality throughout the AEON MALL organization.



AEON Store Association Customer Service Role-Playing Contest

Strength

3

Diversity of staff driving growth

We strive to create an environment in which a diversity of human resources can maximize their abilities regardless of gender, age, or nationality. Along with giving our Japanese employees the opportunity to obtain business experience overseas, we strive to promote overseas local staff to senior management positions. Our growth is linked directly this interaction among AEON people.

- Percentage of women in managerial positions: **15.1%**
- No. of local staff overseas: **1,227 employees**



AEON MALL BSD CITY Office (Indonesia)

Strength

6

Environmental preservation

AEON MALL has introduced technologies to reduce our environmental impact, including LED lighting, solar power generation, EV (electric vehicle) charging stations, and trash recycling systems. We are working to save energy, reduce CO₂ emissions, and decrease waste emissions. We also act as community centers in the areas we serve, conducting environmental communication activities for our customers, educational visits for elementary school students, and more. At the same time, we foster stronger environmental management through acquiring ISO 14001 certification and other initiatives.

- Use of LED lighting: **100%** (mall common areas)
- No. of EV charging stations:
Japan: 1,829 stations (146 malls)
China: 503 stations (12 malls)



EV charging station (AEON MALL Zama (Kanagawa Prefecture))



Our Value Creation Model

AEON MALL creates value through three approaches to business development, strengthening our foundation of value creation as we work toward our 2025 long-term vision. We leverage the comprehensive advantages we have built as a commercial developer with experience in everything from shopping mall development to mall management and operations.

Input

(management resources serving as strengths)

Ability to generate and procure funds for growth

Overwhelming scale of operations and ability to attract customers

Diversity of staff driving growth

Sustainable malls that coexistent with local communities

Robust network responding to local needs



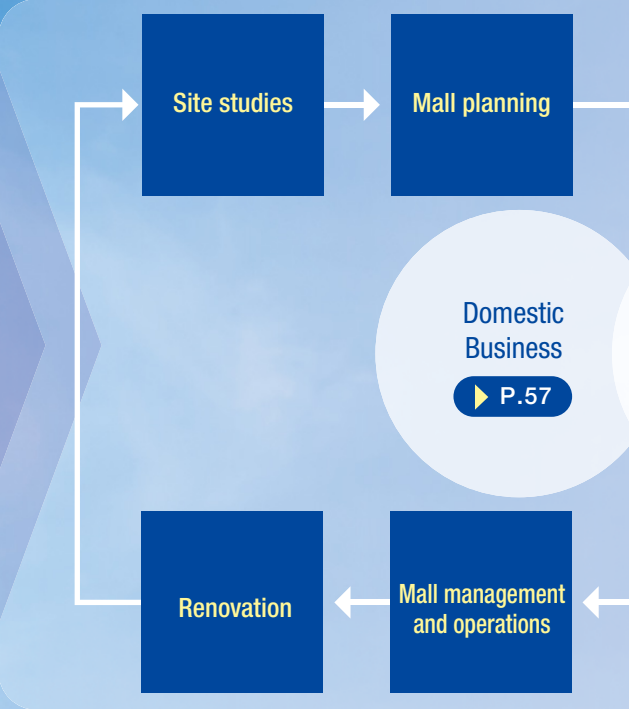
Environmental preservation

Business activities (businesses and services)

Developing Community and Social Infrastructure
▶ P.61




Building Bridges to Local Communities
▶ P.63

Accountability in Business
▶ P.66




Vision for 2025

Social issues

AEON MALL Phnom Penh (Cambodia)



that contribute to the lives of local customers)

Outcomes

(value provided to companies and stakeholders)

The Environment

▶ P.64



Development

Construction

Overseas
Business

▶ P.59

Sustainable
development
that responds to
local changes

Leasing

Diversity and
Work-Style Reform

▶ P.65



(long-term vision)

Business environment/megatrends

Customers

Providing day-to-day abundance, enjoyment, safety, and security

- Customer purchases: +1.6% year on year
- Customers participating in Happiness Mall events: Approx. 4 million

Local Communities

Contributing to local communities by revitalizing local economies and expanding public functions

- Malls engaging in hyper-localization*: All malls
 - * Initiatives for creating the future of community living together with local citizens. These events highlight the appeal of the local community with the support of local governments, educational institutes, businesses, and the community at large.
- Expansion of public functions: Branch offices for government services, polling places, post offices, venues for events, libraries

Partner Companies

Providing opportunities for growth through partnerships

- No. of participants in the AEON Store Association Customer Service Role-Playing Contest*:
 - Japan: Approx. 10,000
 - Overseas: China: Approx. 4,000 ASEAN: Approx. 800
 - * Contest in which tenant specialty store staff display customer service techniques, raising awareness of and improving customer service skills.

Employees

Create lively and stimulating workplaces

- No. of in-mall childcare facilities: 18 (total no. of children: 535)
 - * 25 in AEON Group facilities

Shareholders and Investors

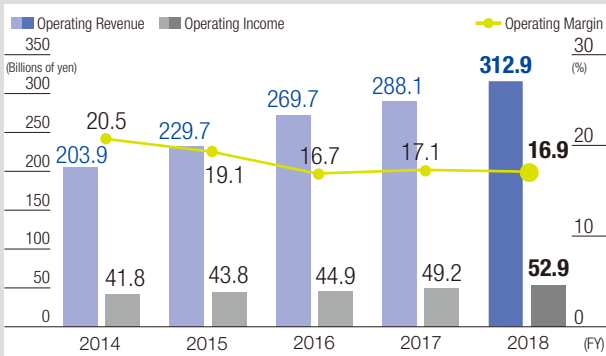
Stable shareholder returns

- Rate of profit growth: 11.3%
(FY2017-2019 Avg. growth rate from FY2017 to FY2019)
- Payout ratio: 25.8%

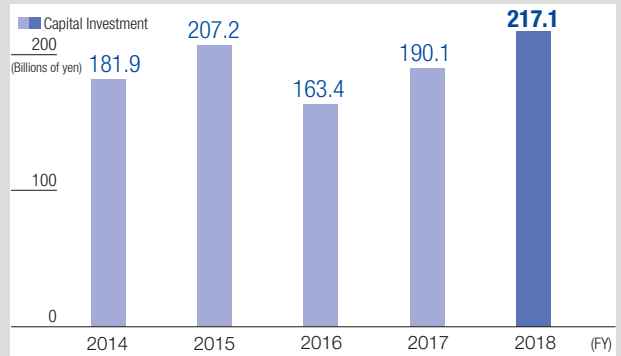
Financial and Non-Financial Highlights

Financial Highlights

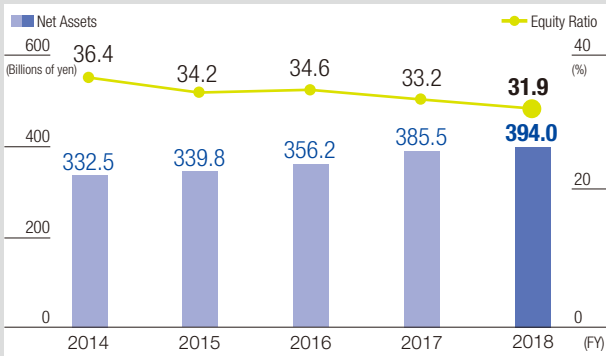
Operating Revenue/Operating Income/Operating Margin



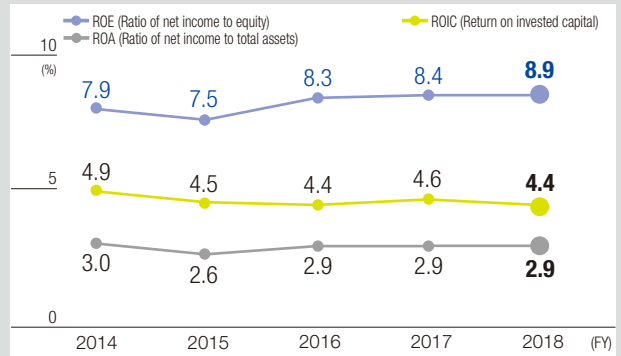
Capital Investment



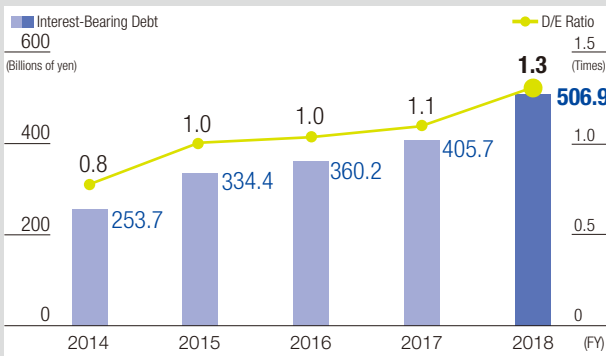
Net Assets/Equity Ratio



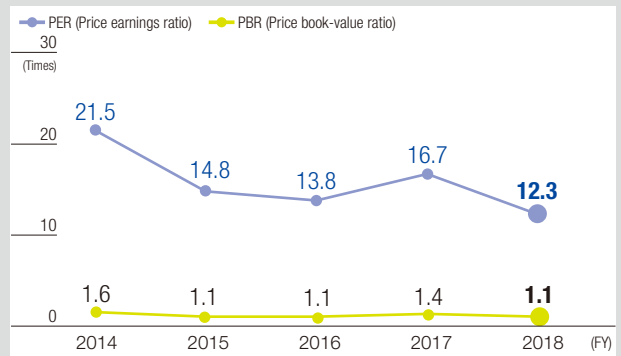
ROE/ROA/ROIC



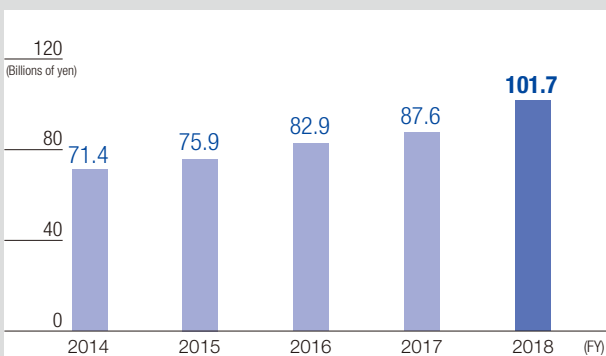
Interest-Bearing Debt/D/E Ratio



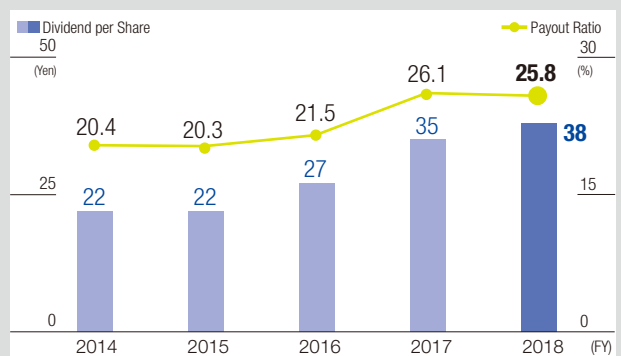
PER (Price earnings ratio)/PBR (Price book-value ratio)



EBITDA



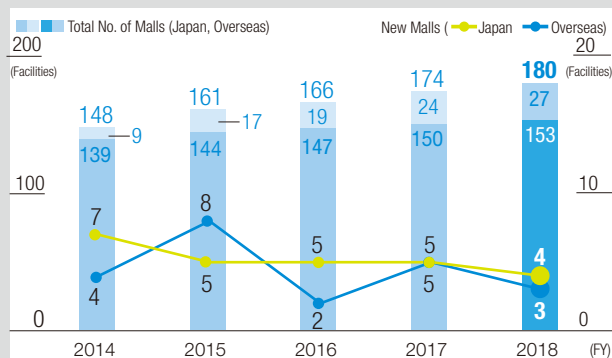
Dividend per Share/Payout Ratio



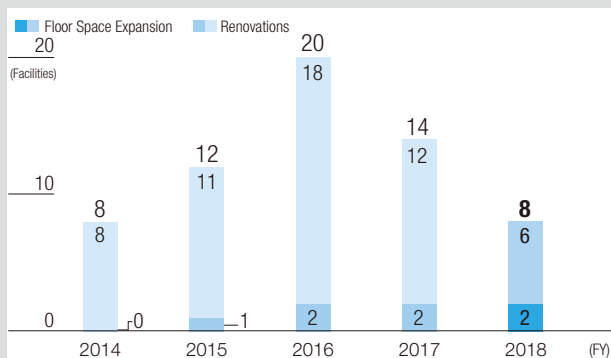
Consolidated fiscal years beginning March 1 and ending the last day of February

■ Non-Financial Highlights

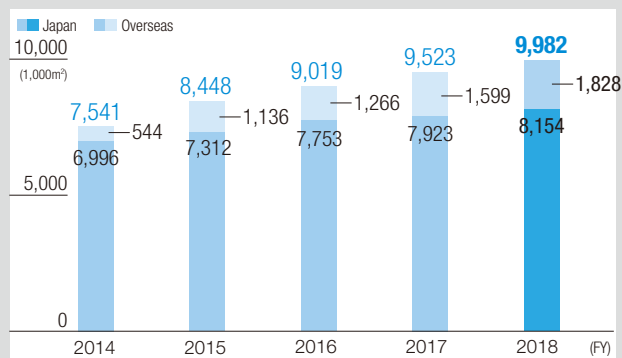
Total No. of Malls (Japan, Overseas)/New Malls (Japan, Overseas)



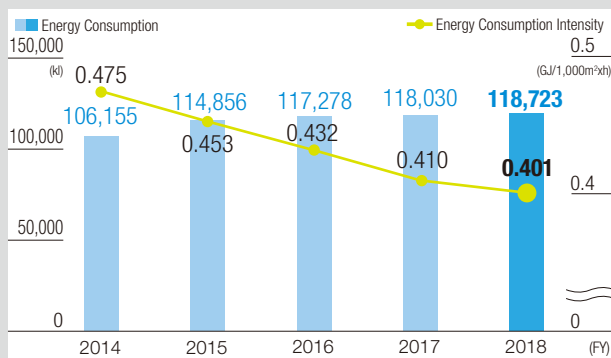
No. of Reactivated Malls (Floor Space Expansion/Renovations)*



Gross Leasable Area (GLA) (Japan / Overseas)

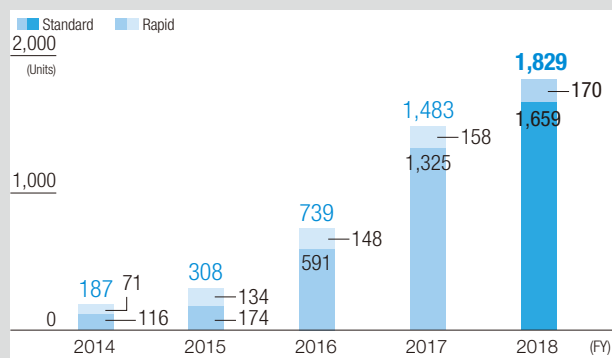


Energy Consumption/Energy Consumption Intensity



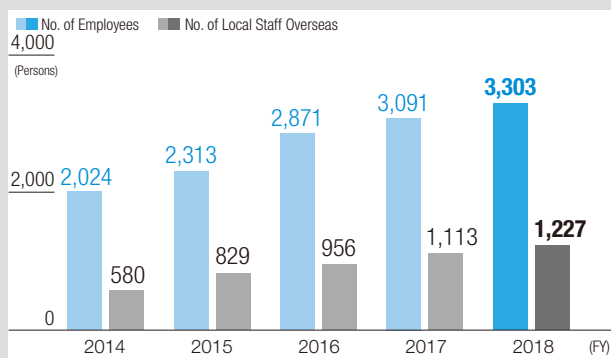
Energy consumption intensity see P.67

No. of EV Chargers (Standard/Rapid)*

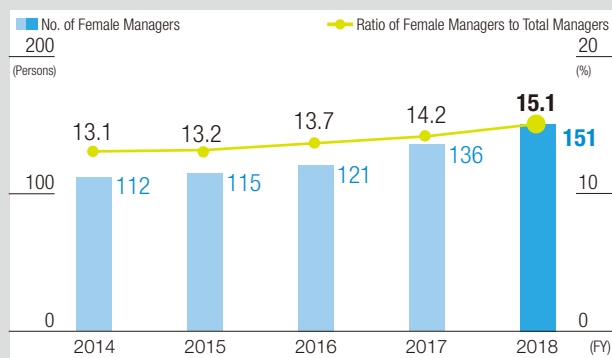


2,332 charges installed worldwide as of February 2019

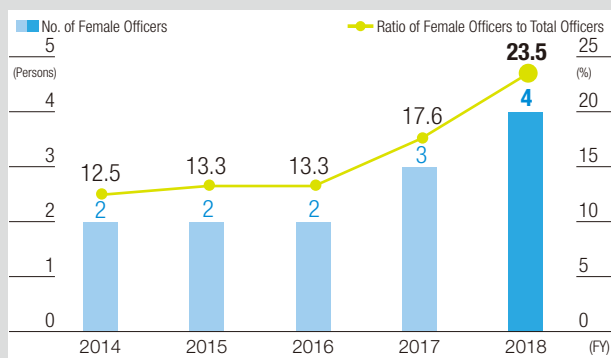
No. of Employees/No. of Local Staff Overseas



No. and Ratio of Female Managers*



No. and Ratio of Female Officers*



* Non-consolidated