

New Phase, New Growth





Basic Philosophy

Customer First

Management Philosophy

AEON MALL is a Life Design Developer, creating a “Life for the Future” with local communities.

Life Design means designing the future of people’s lives by transcending the framework of commercial facilities and improving a range of functions, not only for shopping but also in terms of meeting people and fostering local culture, always with an eye on each person’s life stage.





Management Vision

We aim to become a company that touches the hearts of the 5 billion people throughout Asia

Aspirations for 2025 (Long-term Vision)

- (1) We aim to build a portfolio of multiple businesses not dependent on the single domestic mall business as a source of profit generation.
- (2) We will aim to take AEON MALL to the level of leading global commercial developers with consolidated operating income of more than ¥100 billion.
- (3) For domestic malls, we will be aggressively implementing floor expansions and renewal operations to create malls that are overwhelmingly No. 1 in their regions.
- (4) Overseas, we aim for operating profit of JPY35.0 billion (operating margin 20%) with 70 malls – the same level of efficiency and scale as our domestic operations.



Embracing change to grow with communities

From 1992

Against the backdrop of an increase in the use of motor vehicles

We innovate customer shopping by building our own markets in suburbs around the country.

The first AEON MALL store, AEON MALL Tsugarukashiwa (Aomori Prefecture), opened in 1992 amid growing domestic motorization. The development of a mall with a large car park and diverse tenants offering a wide variety of merchandise in a suburban area proved successful at attracting customers who drove to the store in their own cars. It was the harbinger of an era in which the focus of peoples' lives shifted from urban centers and areas around stations to the suburbs.

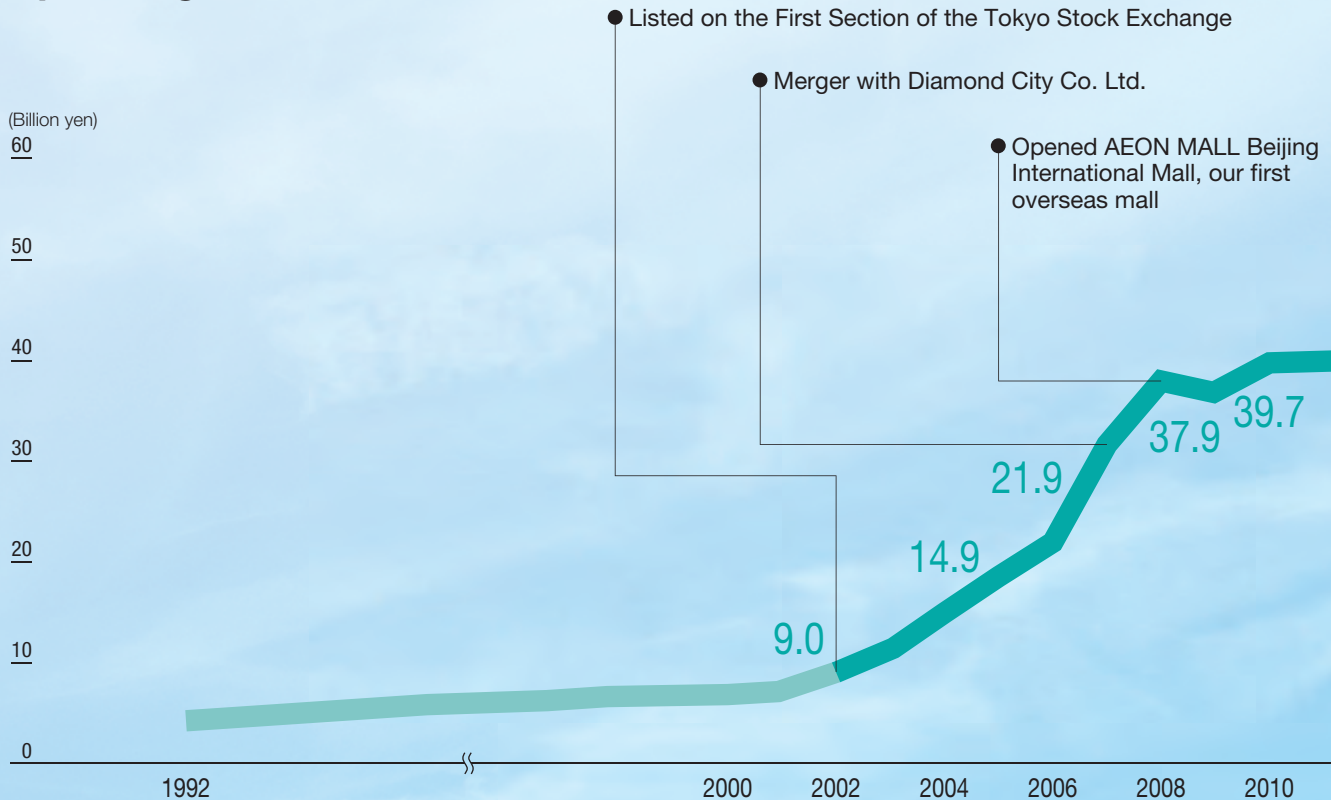
From 2000

Answering the call to invigorate communities

Our malls provide a variety of lifestyle functions & are closely associated with communities as places where people gather.

Amid the ongoing trend of residential areas and commercial facilities shifting to the suburbs, AEON MALL has evolved into something beyond the standard commercial function. It has come to serve as infrastructure for local communities with entertainment, public administrative & community functions, and disaster prevention functions. Responding to calls for the opening of Aeon Malls, we have played a part in invigorating local communities.

Operating Income



AEON MALL, which has been evolving by keeping an eye on the changes in people's lifestyles, will continue to grow hand-in-hand with regional development at home and abroad.

From 2011

A growing presence in regional areas at home & abroad

We design a "Life for the Future" tailored to regional and national characteristics.

Today, when malls stand side by side in many parts of the country, there is increased homogenization and intensifying competition. In contrast, AEON MALL develops unique malls with a focus on localization. And in growth areas in Asia where the middle-class population is expanding, the Company has implemented a store launch offensive. We are bolstering our presence in local communities in Japan and overseas.

Medium-Term Management Plan 2011–2013

Positioning 2011 through 2013 as a period for building the foundation for new growth, we integrated developer business functions and bolstered our organization overseas.

Medium-Term Management Plan 2014–2016

To stimulate growth, we focused on developing new concept malls in Japan and fast-tracked mall openings in China and the ASEAN region.

Medium-Term Management Plan 2017–2019

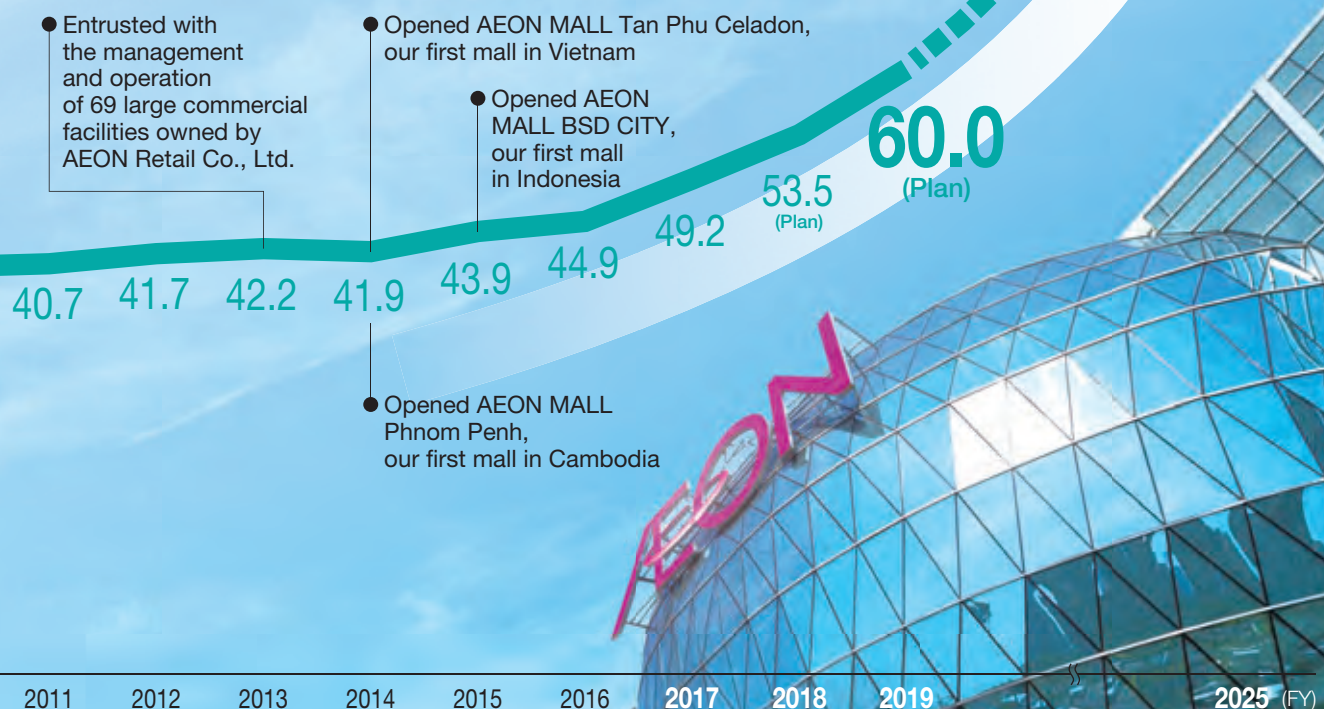
Focusing on making the overseas business profitable and realization of stable road to growth. At home, pushing to become Japan's No.1 mall per region via reinvigoration of existing stores primarily.

From 2017

On the back of Asia's expanding middle class

Help resolve regional issues at home and abroad
En route to becoming Asia's leading commercial developer

In China and the ASEAN region where consumption appetite is robust, AEON MALL is a partner who supports regional development and the creation of cities through the building of malls. In Japan, we are facing up to issues arising from a falling birthrate and the thinning out of regional communities via pursuit of value along with local administrations to reinvigorate their economies.



AEON MALL Suzhou Yuanqu Hudong

Staying abreast of customer changes, we create the value needed for future regional prosperity.

Business Environment/ Mega Trends

Japan

- Falling population/
Advancing age of society
- Decaying regional
economies/Concentration
of population in cities
- Transition from the
consumption of things to
the consumption of
values
- Rise of the EC market/
Market commoditization

Overseas

- Economic growth in Asia/
Middle-class population
expansion
- Advance of the Asian
economic bloc (FTA
network)

AEON MALL Co., Ltd.

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- 4 Overseas, we aim for operating profit of JPY35.0 billion (operating margin 20%) with 70 malls – the same level of efficiency and scale as our domestic operations.

Leveraging our collective strength as a commercial developer - from development to management and operation of shopping malls, we will continue to provide the value required of an ever-changing lives of regional customers.

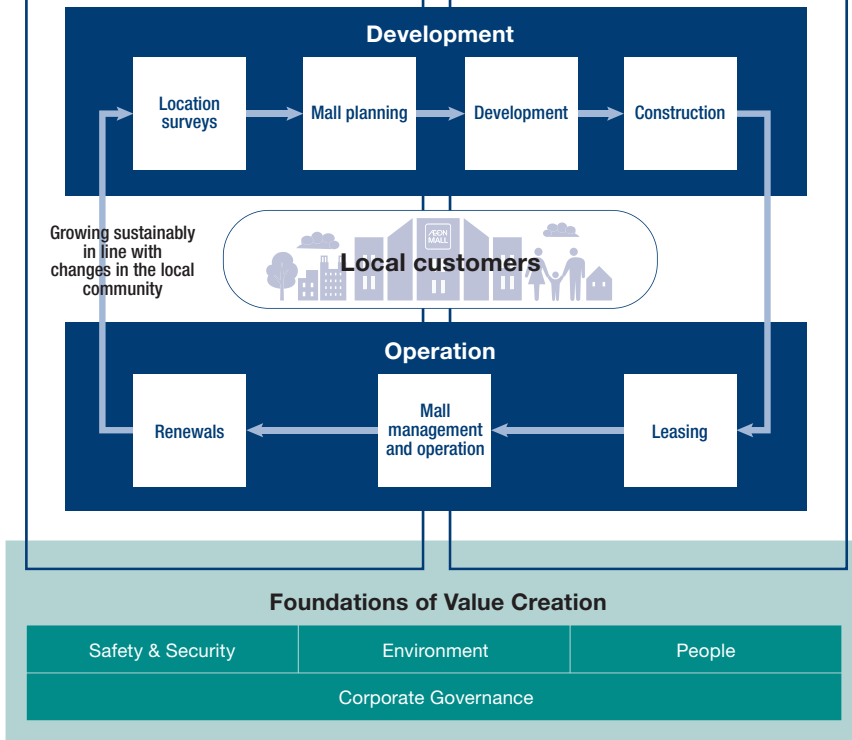
Business Flow & Strengths

Development Knowhow from a Retail Perspective

As a member of the largest retail distribution group in Japan, our strength lies in the depth of retail experience the group has accumulated over several decades. We tap into it when coming up with ideas, and when developing, managing & operating malls from a long-term perspective that takes changes in regional lifestyles into account.

Overwhelming Network

The competitiveness of our malls stems from our partnership with the AEON Store Association (Doyu-tenkai) which is comprised of roughly 8,000 tenant companies, our close ties with anchor tenant AEON and specialty stores/financial services companies, as well as our close collaboration with Aeon Group in facility management.



Values Benefiting Stakeholders

Customers

- Access to rich daily experiences and amusement
- Access to a pleasant and convenient shopping environment
- Creation of a comfortable and attractive community

Local communities

- Revitalization of the regional economy via job creation
- Contribution to the creation of new regional attractions
- Contribution to the creation of cities that take both people and the environment into consideration

Partner companies

- Provision of growth opportunities based on partnerships

Employees

- Provision of job satisfaction that comes from contributing to local communities
- Provision of personal growth opportunities for each employee

Shareholders and investors

- Stable return of profits

Happiness for life, regional economies and the world



AEON MALL Wuhan Jinqiao

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Special Feature ②

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AEON MALL's ESG Initiatives

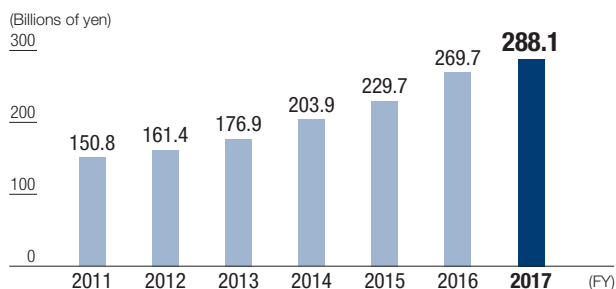
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Financial and Non-Financial Highlights

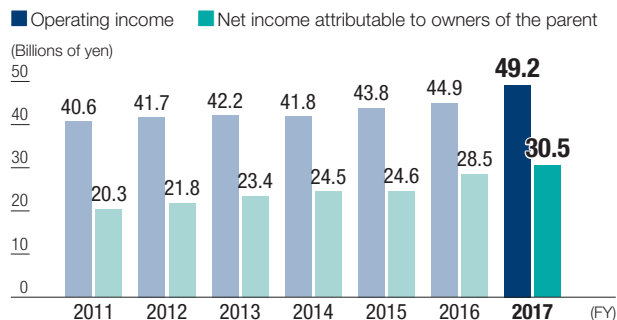
AEON MALL Co., Ltd. and its subsidiaries
Consolidated fiscal year ended February 28, 2018

Financial Highlights

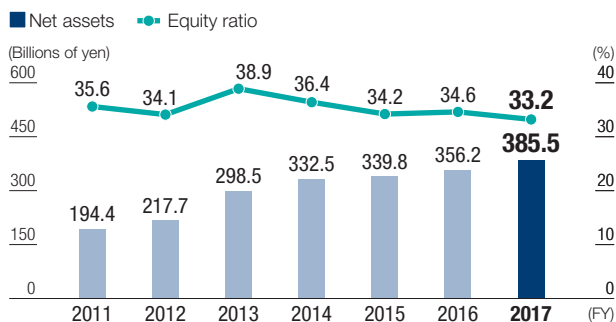
Operating Revenue



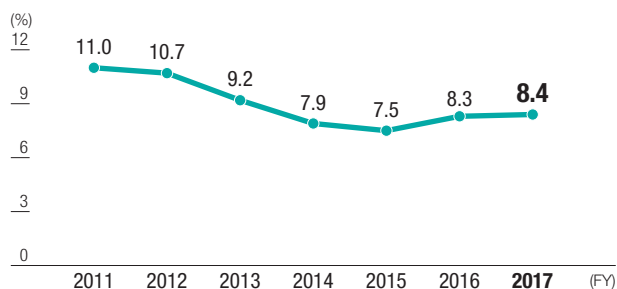
Operating Income/Net Income Attributable to Owners of the parent



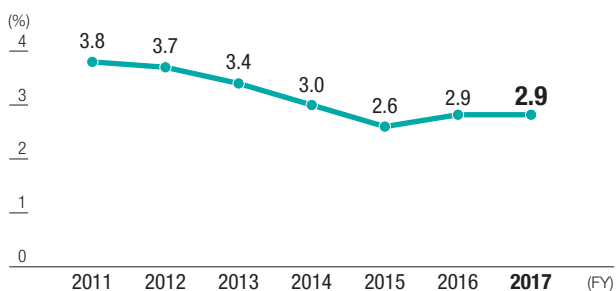
Net Assets / Equity Ratio



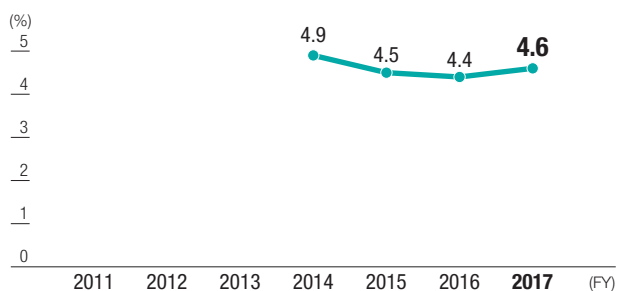
ROE (Ratio of net income to equity)



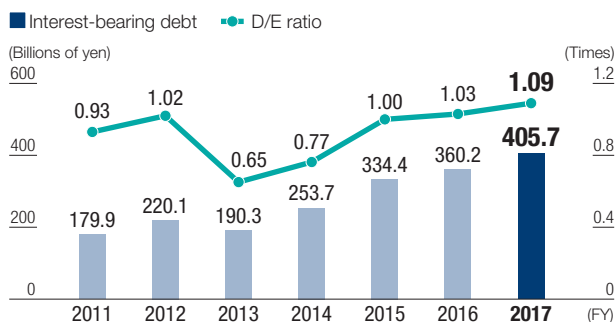
ROA (Ratio of net income to total assets)



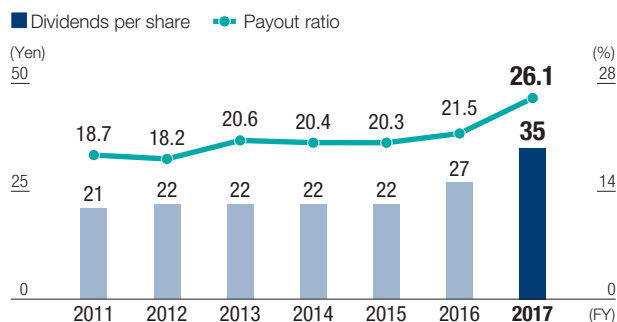
ROIC (Return on invested capital)



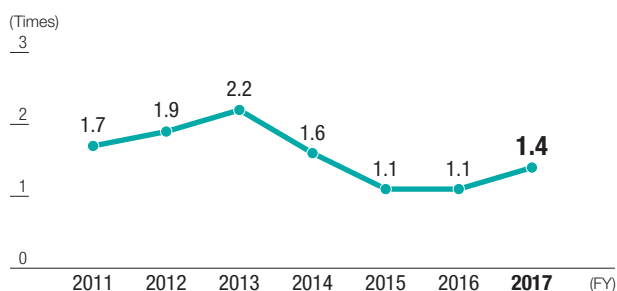
Interest-Bearing Debt / D/E Ratio



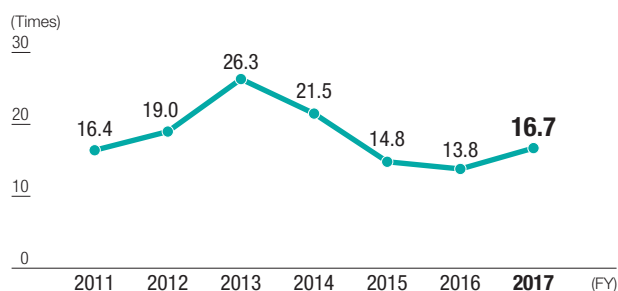
Dividend per Share / Payout Ratio



PBR (Price book-value ratio)

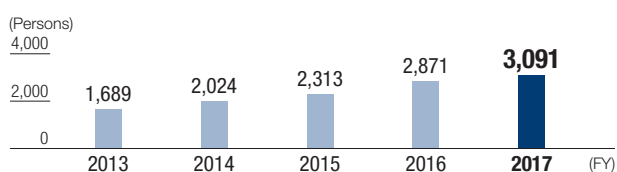


PER (Price earnings ratio)

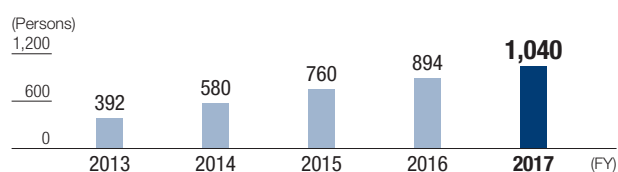


Non-Financial Highlights

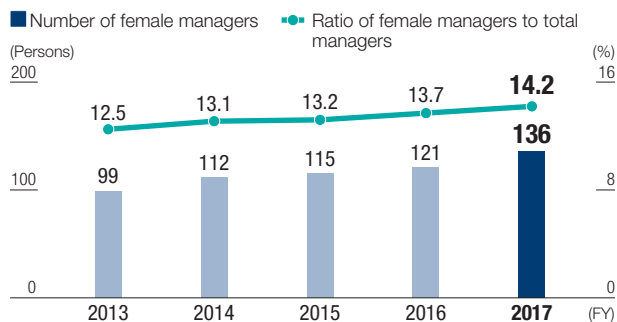
Number of Employees (Consolidated)



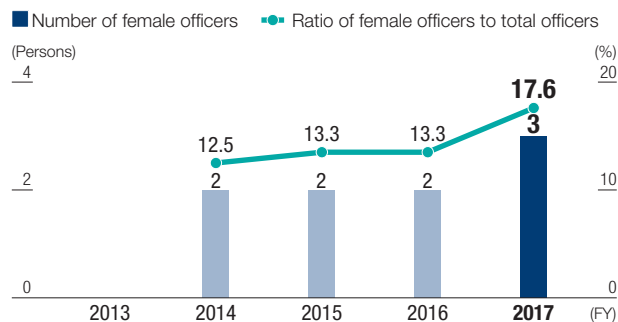
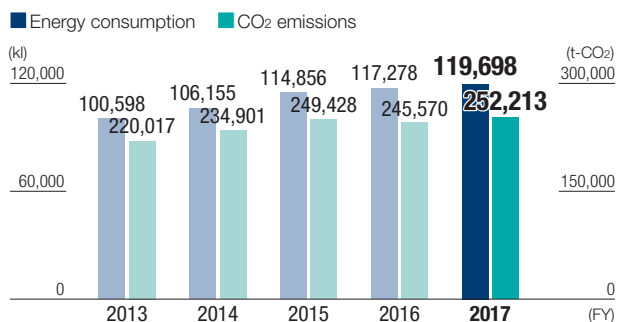
Number of Local Staff at Overseas Subsidiaries



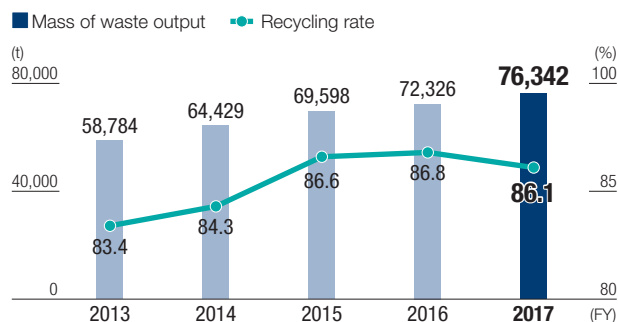
Number of Female Managers



Number of Female Officers

Energy Consumption / CO₂ Emissions

Mass of Waste Output / Recycling Rate



Highlights by Business Segment

Business Overview

Domestic Business



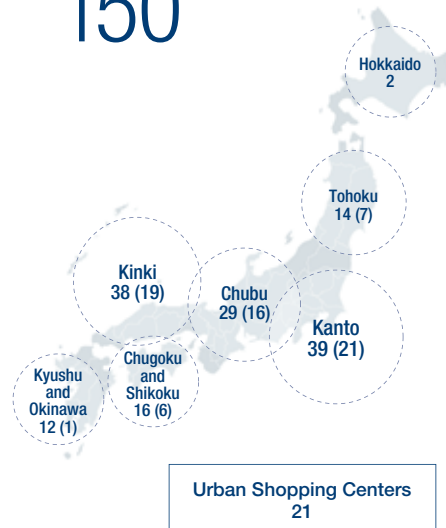
We are the leading commercial developer in Japan. Leveraging this position and the expertise nurtured over many years from a customer perspective business approach, we offer a comprehensive mall business service covering everything from site development to mall planning & development, tenant leasing, and mall management and operation.

Our current focus is to deliver on key themes in our 2017-2019 medium-term management plan: “Developing Latent Sources of Domestic Demand,” and “Creating Malls that are Overwhelmingly No. 1 in their Regions.” We are continuing to carry out floor expansions and renewals in existing malls. We are also expanding other format stores, such as our urban shopping centers. As at the end of February 2018, we were managing the operation of 150* shopping malls and urban shopping centers.

* Includes 70 malls whose management and operation have been assigned by AEON Retail.

Number of Malls in Japan

150



* Number in parentheses represent the number of malls whose management & operation have been assigned by AEON Retail.

Overseas Business



Accelerating new store openings in China and the ASEAN region where there is continuous growth. Using our strengths in shopping mall development and operations that we have developed in Japan, we are offering new, fulfilling lifestyles to our local customers by developing shopping malls with large parking lots suited to local characteristics.

Since the first mall was opened in Beijing, China in November 2008, we have been developing malls in regions with rapidly growing middle-income populations. Currently, we are focusing on four areas—the Beijing and Tianjin area, the Jiangsu and Zhejiang area, the Hubei area, and the Guangdong area—to advance mall openings under the area dominant strategy. In the ASEAN region, we have opened AEON MALLs in Cambodia and Indonesia following the opening of the first mall in Vietnam in January 2014.

Number of Overseas Malls

24



Overview of FY2017

New Malls

- Opened 5 new malls.
- Opened Takasaki OPA (Gunma Prefecture) as an urban shopping center. It is the first of a new generation of OPA stores. Compared with the original OPA format, the new-lifestyle format OPA offers a wider-ranging mix of general merchandise, food and services.

Existing Malls

- Carried out floor space expansion in 2 malls. Conducted renewals of 12 malls.
- Opened a new cinema complex at AEON MALL Tokoname (Aichi Prefecture) beefing-up the mall's entertainment functions to draw customers in.
- Built a new annex to expand the floor space at AEON MALL Kofu Showa (Yamanashi Prefecture). This brings the cumulative number of stores to have been renovated to 146, or 80% of existing stores. 180 specialty stores and 70,000m² of leased floor space secured our position as the overwhelmingly dominant mall operator in Japan.



AEON MALL Kofu Showa

Outlook for FY2018

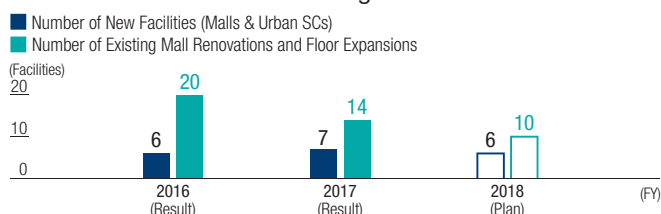
New Malls

- We plan the opening of 4 malls (including AEON MALL Zama (Kanagawa Prefecture) which opened in March).
- April 2018 marked the opening of THE OUTLETS HIROSHIMA, a new format mall designed to help invigorate the local economy via broadcasting of the regions' attractions to audiences near and far.

Existing Malls

- Plans call for the renewal of 8 malls and the floor space expansion of 2 malls. This includes rebuilding to expand floor space in AEON MALL Kumamoto's western sub-anchor zone, which has been closed for business due to damage incurred in the April 2016 Kumamoto Earthquake.
- Promote localization by hosting events and the like that make the most of regional characteristics & so beef-up customer pulling power.
- Increase efficiencies to advance low-cost operations.

Number of New Facilities/Existing Mall Renewals



China

- Opened 4 new malls.
 - AEON MALL Tianjin Jinnan, our 4th mall in Tianjin
 - AEON MALL Nantong Xinghu, our 1st mall in Nantong & our 4th mall in Jiangsu Province
 - AEON MALL Wuhan Jinqiao, our 3rd mall in Wuhan, Hubei Province
 - AEON MALL Foshan Dali, our 1st mall in Foshan & our 2nd mall in Guangdong Province
- Promoted initiatives to enhance sales power by improving face-to-face customer services and the skillsets of all staff.

ASEAN

- Opened AEON MALL Jakarta Garden City, our 2nd store in Indonesia.
- Became proactively involved in the development of large shopping malls in Hanoi City after the signing in June of a "Comprehensive Memorandum of Understanding regarding Commercial Environmental Development in Hanoi City" with the Hanoi People's Committee.



AEON MALL Jakarta Garden City

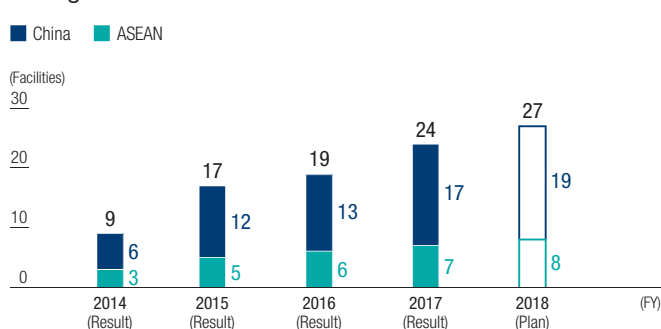
China

- We plan the opening of 2 new malls.

ASEAN

- Following the success of AEON MALL Phnom Penh, our first mall in Cambodia which opened in June 2014, we plan to open a second mall, AEON MALL Sen Sok City.
- In Vietnam, we are making preparations for the FY2019 opening of AEON MALL Ha Dong, our second mall in Hanoi. We will also be advancing the development of other large shopping malls in Hanoi, and press on with new development projects in Ho Chi Minh.

Changes in the Number of Overseas Malls





Entering a new growth stage

Akio Yoshida
President and CEO

Q How would you assess AEON MALL's performance in FY2017 (FY2/18)?

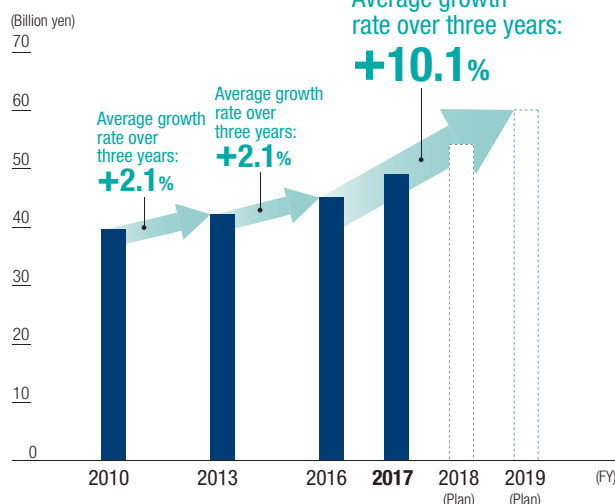
We achieved a historical high in profits with higher revenues/ earnings on the back of improved profits overseas and the benefits of floor space expansions/ renewals in Japan.

In FY2017 the AEON MALL was able to deliver an increase in both revenues and earnings, achieving a historical high in consolidated income from the operating level down. It was the third consecutive year of operating income growth and the eighth year of growth at the recurring level.

In the domestic business, we implemented our aggressive floor space expansion/renewal program at existing malls and opened seven new malls, including two OPA-format facilities (urban shopping centers). We also rolled out diverse sales events, including "AEON Black Friday", which resulted in a year over year +2.2% increase in specialty store sales at our existing 72 domestic malls.

In the overseas business, the positive branding effect of our ongoing "dominant store opening" strategy in China and ASEAN has led to continued double-digit growth in specialty store sales. Whilst investing for growth in our areas of operation in China and the ASEAN has meant that initial development and structural costs have weighed on results, the rate of profit recovery accelerated in FY2017 with the OP line improving +JPY2.9 billion year-over-year (prior year was +JPY1.6 billion). The overseas business was in fact profitable for the three months of the fourth quarter, and we believe it will turn a profit for the full year in FY2018.

Change in Operating Income



FY2017 was the first year of our three-year medium-term business plan and overall we believe we are off to a buoyant start. In FY2018 we will continue to pursue our objective of even greater profit growth with aggressive initiatives in both the domestic and overseas businesses.

Q What sort of growth are you aiming for over the medium to long term?

Making the most of the “strengths” we have cultivated in Japan, we aim to become a truly global commercial developer.

Before deciding on our three year medium-term business plan, we first went about setting our “Aspirations for 2025” to clarify our vision from a long-term perspective. The most important issue here is securing profit growth from the “building of a portfolio of multiple businesses” and not one dependent solely on the domestic mall business. Currently the major part of our operating income is generated by our domestic malls. But by 2025 we expect the proportion of overall operating profits from overseas to rise to 35%. We also envisage growth in urban shopping centers which would allow for a portfolio of several businesses. Through such business development, we aim in FY2025 to achieve “JPY 100 billion in consolidated operating income” and raise the level of business efficiency and safety to be on a par with those of leading global commercial developers.

To achieve this, we will focus our energy on implementing our “A-Mall (Dominant Area No. 1)” strategy for our domestic malls. Against the backdrop of falling birthrates, an aging society, changes in consumption

styles, the expansion of e-commerce et al, Japan’s shopping center (SC) market is likely to see long term contraction and concomitant consolidation as competition intensifies over a shrinking pie. As a look at events in the U.S. will reveal, the Japanese SC industry will likely polarize between those facilities that have the support of their customers and thrive, and those that do not. Amid this dramatic change in the operating environment, we will focus on mall renewals and floor space expansion at existing malls to ensure that over 70% of them become dominant area No. 1 malls (A-Malls) or malls with the most customer drawing power in any given region.

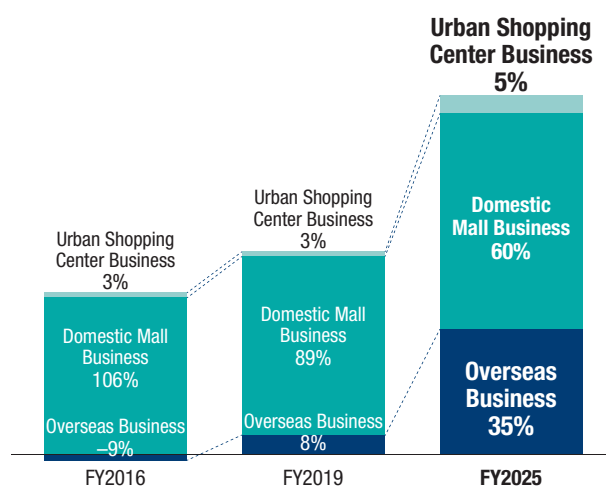
At the same time, our overseas business is the growth driver of the future. By 2025, we aim for them to have achieved levels of profitability and scale matching that of our directly operated domestic malls. Compared with the domestic market, there is plenty of room for growth overseas (China, the ASEAN). Our “Japanese-style” malls, crafted from the management and operational knowhow we have cultivated in Japan, are proving popular in the Chinese and ASEAN regions. They continue to post double-digit growth in retail sales. As we expand the scale of our overseas business, we will also work to enhance penetration of the AEON MALL brand in each area of operation and thereby achieve further revenue expansion.

In addition to the above, we aim to continue to proactively address the evolution of digital. Making the most of the knowhow we have cultivated over several decades in real (bricks and mortar) stores, we look to take up the challenge of creating an omni-channel business with a distinctively AEON MALL slant.

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Breakdown of 2025 Operating Profit



Three-Year Medium-Term Growth Program

1 Capturing Asian Growth Opportunities	I. Reaping benefits of rising brand penetration (via area-dominant strategy) II. Development and management of superior malls III. Measures to increase operating revenues IV. Promotion of local management
2 Developing Latent Sources of Domestic Demand	I. Happiness Mall project II. Promotion of localization
3 Creating Malls that are Overwhelmingly No. 1 in their Regions	I. Advance effective floor expansion/ renewal measures. II. New mall openings in untapped territory III. Development of new formats IV. Improvement of ES for tenants
4 Capturing Urban Growth Opportunities	I. Establishment of branding for new OPA -Promotion of renewal of existing stores and strategic S&B/refining -Development of new format in urban locations -Opening of New Stores in urban areas
5 Implementation of Financial Mix/ Management Structures to Support Growth	I. Financing to support growth business model II. Promotion of diversity management

Q What concrete progress has there been in the three year medium-term growth strategy?

The overseas business is shifting from a period of initial investment to a period of harvest. We will fast-track our dominant strategy and work on growth in Asian markets.

To realize our “Aspirations for 2025”, we started a new “three-year medium-term plan” from FY2017 and are implementing measures in accordance with the plan’s growth program.

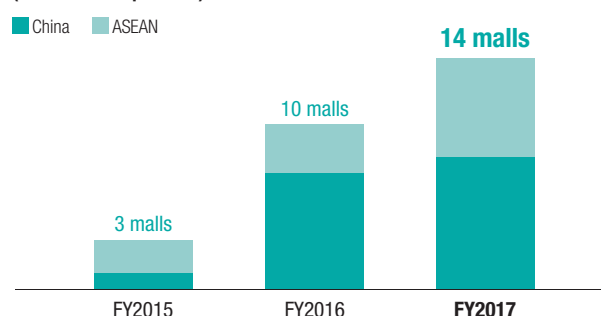
Firstly, overseas, eight out of thirteen of the existing malls that opened up through FY2016 in China and all six ASEAN malls have turned profitable. As such, the outlook is for overall profitability for the overseas business in FY2018. One could say the not insignificant risk associated with investments to secure large plots of land, build enormous car parks and open the largest of area malls with over 200 specialty stores, has started to pay off against a backdrop of strong market growth. Major contributing factors to this success are seen to be the “high endorsement of Japanese-style” malls by locals and the penetration of “branding based on our area dominant strategy.” The comfortable atmosphere of Aeon Malls with sanitary rest rooms, clean floors, considerate and polite attendants, and other elements that comprise a standard level of service in Japan, has been a widespread talking point for local media and on SNS that has led to attracting customers. Increased recognition of these elements has been heightened via our area dominant mall opening strategy. Moreover, AEON MALL’s reputation as a highly competitive mall brand is taking root not only among customers, but also among the tenant specialty store operators.

In China, we have been proceeding with our area dominant store openings in four main areas: Beijing/Tianjin,

Jiangsu/Zhejiang, Hubei and Guangdong. In the Jiangsu/Zhejiang and Hubei areas in particular, the benefits of a strong brand, besides the increased customer traffic, have allowed easier solicitation of top specialty stores and more favorable leasing terms. The opening of AEON MALL Wuhan Jinqiao (Wuhan City, Hubei Province), our third mall in the Hubei area, was a huge success that further enhanced the already strong AEON MALL brand established by malls one and two. Indeed, there were 750,000 visitors in the first week and admission, in fact, had to be restricted. Business at the mall is trending above plan and delivering the highest revenue ever amongst the malls we have opened in China. We note that our mall opening plans in this area is being executed as part of a larger town plan coordinated with the People’s Government of Wuhan Municipality. Going forward, we expect our cooperative relationship with said government to broaden.

In the ASEAN region, we are carrying out our dominant store opening strategy in the three countries of Vietnam, Cambodia and Indonesia. Business is trending well in all three countries. In Indonesia we opened our

Number of Overseas Malls Turning Profitable (store level profits)



second mall in the Jakarta area - AEON MALL Jakarta Garden City, in September 2017. Boasting the largest Ferris wheel in the country on its roof, it enjoys high appraisal as a full-fledged entertainment mall. In Vietnam, we are planning to open our second mall in Hanoi - AEON MALL Ha Dong, in 2019. It is being implemented in accordance with the "Comprehensive Memorandum of Understanding regarding Commercial Environmental Development in Hanoi City" that we signed with the Hanoi People's Committee in June 2017. In Cambodia too, following the very good performance of our first mall (2014), we plan to open our second mall - "AEON MALL Sen Sok City" (Phnom Penh) during FY2018.

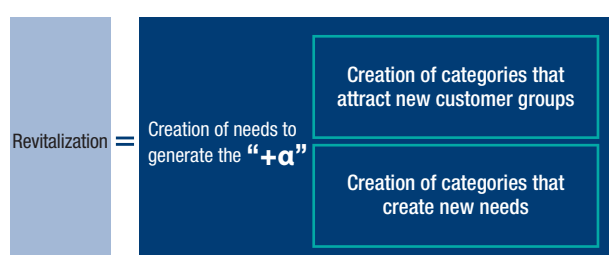
We also plan to put to use in our domestic business the knowhow we have garnered from business development overseas. Take architectural design; relative to Japan where restrictive regulations are numerous, there is quite a lot of freedom overseas. As such, the overseas business provides an opportunity to challenge the norm and come up with mall designs that have never been seen before. Indeed, there is much to be learned in the area of cutting edge architectural structures and space design among other things. Finally, we are beginning to invite to Japan some of the specialty stores with which we have formed new relationships in China and ASEAN.

We regard the consolidation of commercial facilities in Japan as an opportunity for growth. We will press on with the development of "overwhelmingly dominant regional malls."

In Japan, we are making steady progress with our strategy of making our domestic malls "A-Malls," or more specifically, "overwhelmingly dominant malls in their respective regions." To this end, we have been focused on revitalization investment to expand floor space and implement mall renewals over the past two to three years. Indeed, where the aim is to increase customer drawing

Approach to Revitalization

The average age of AEON MALL structures is 10.9 years.
Via revitalization, further enhancement of value.



power and customer satisfaction, mall renewals and floor expansion enables us to offer more precisely matched content than building a new mall from scratch. This is because existing malls have the benefit of cumulative data about the sort of merchandise and services customers seek. When floor expansion is implemented, demand for such latent needs can be met in one stroke. So the point of floor expansion is not about simply increasing the square meterage of a facility. Floor expansion is used as an opportunity to implement renewal of the entire mall such that as an image, we have a new larger mall where an older smaller mall once stood. In fact, adding extra floor space to two existing malls has the effect of increasing overall sales by as much as building a new mall. It is through such an approach that we aim to increase market share.

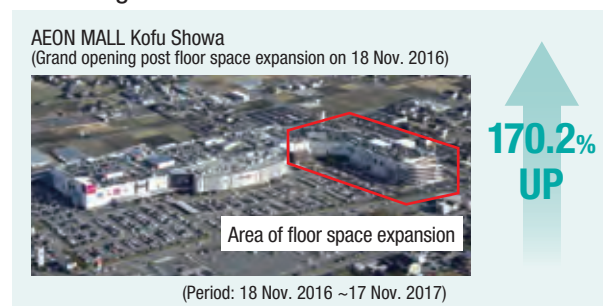
The positive effect of floor expansion and renewals is manifesting itself in our healthy results. In particular, those malls with increased floor space has experienced sales increases that outstrip the increases in GLA. In other words, extra floor space translates into dramatic increases in local market share as the malls become "overwhelmingly No. 1 in their regions." Take AEON MALL Kofu Showa (Yamanashi Pref.); floor space was expanded in November 2017. By providing a full line-up of fast fashion brands that local shoppers desired, post-renewal sales increased at a significantly higher rate than the +45% increase in GLA. This trend has continued. Nationwide, we plan similar floor space expansion/renewal from FY2018 onwards to revitalize existing malls.

On top of which, we are also promoting initiatives relating to our "Happiness Mall" concept in our domestic

Three-Year Revitalization Plan

	FY2017 (Actual)	FY2018 (Plan)	FY2019 (Plan)	3-year Total
Expansion of floor area	2 malls	2 malls	4 malls	8 malls
Renewal	12 malls	8 malls	10 malls	30 malls

Sales at Specialty Stores Post Floor Space Expansion: YoY Change



malls. The aim is to encourage local customers, regardless of age or sex, to be healthy in both “mind” and “body.” To this end, we aim to make our malls places to create happy memories through experiences and activities related to the four keywords of Health, Wellness (wonderment/ fulfillment), Community (region) & Opportunity (product/service and/or experience).

In April 2018 we also opened a new format facility called the “THE OUTLETS” in Hiroshima Prefecture. This project was designed to meet the revitalization needs of the local community and as such, represented a departure from our conventional formats. “THE OUTLETS” was developed with the concepts of outlet, entertainment, and interaction with the local community in mind. It targets not only customers from the local area, but also tourists from Japan and overseas.

Another area of focus is OPA, an operator of urban shopping centers (SC) that became a subsidiary in March 2016. We plan to steadily rebuild this business. In October 2017 we opened Takasaki OPA (Gunma Pref.). Going forward, we will be reviewing OPA store concepts on an SC by SC basis and carry out remodeling to trigger revitalization.

Q What in your view are the most important issues for sustainable growth?

As a regional business, we must remind ourselves of our social values and help engender happiness in life, regional economies and the world.

AEON MALL does not exist solely to provide local customers

with the merchandise and services they seek. Indeed, as it serves as a broadcaster of public services/ regional information, a place for community gatherings, a base for regional disaster prevention, and a central player in the revitalization of area communities, it begins to become an integral part of local infrastructure. This aspect is even more pronounced overseas, where the creation of towns and further commercial development are still in their infancy. In Cambodia, where we opened our first mall in 2014, the quality of service in our “Japanese-style” mall was an eye-opener. Our competitors followed our lead. In fact, we are said to have had such a major impact on local commercial practices and peoples’ lives that local newspapers coined the phrase “Before and After AEON” in reference to the significant change in peoples’ lifestyles. In recent years, there has been a tightening of environmental regulations in China. But we were building our Chinese malls consistent with Japanese environmental protection protocols well before such tightening. Such proactive action has led to renewed attention to how we go about building our malls. It is our firm belief, however, that it is precisely the activity of understanding and preempting the future needs of communities that ultimately wins over the trust of the local community.

In thinking about AEON MALL’s long-term sustainable growth, we think the single most important factor is focusing on our value to local communities, determining a growth strategy, and implementing such strategies in our day to day business activities. Consistent with this thinking, every month I chair a meeting of the CSR Council (see page 37 for details) in which Council members debate and build

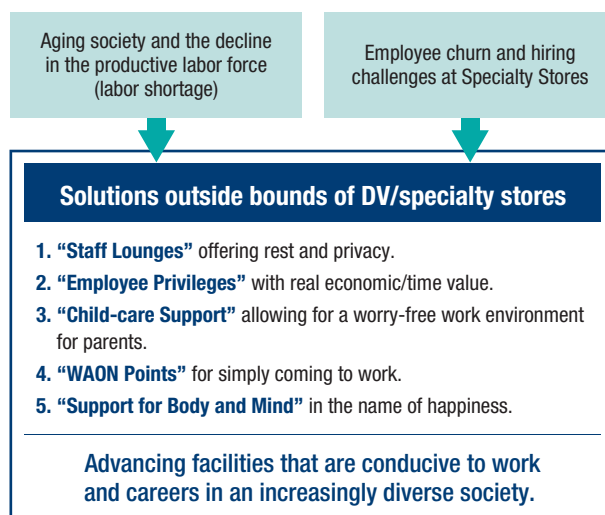
Happiness Mall Initiatives

Toward “A Place for Customers to Create Happy Memories”



Initiatives to Enhance Employee Satisfaction

Creating Malls Specialty Store Operators will Embrace



policy on a variety of themes relating to E (Environment), S (Society), G (Governance) and C (Communication). We systematically promote action as an integral part of the management process.

Also, when thinking from a medium to long-term perspective, the most important element is people (see pages 53-54). The proportionate size of our overseas business is growing larger and diversity management will become increasingly important over time. As well as the encouragement of women in the workplace, a major issue that will only grow larger is global management of human resources. Our workforce today is made up of increasingly diverse nationalities.

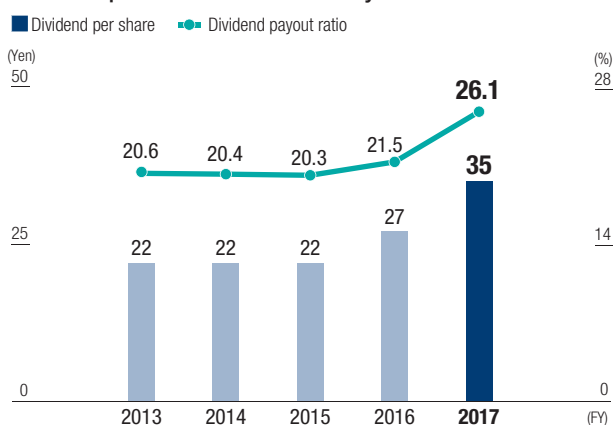
To this end, we promote those who excel to senior positions irrespective of their nationality. Already, at five of our malls in China, local staff have been appointed to the position of Mall General Manager. Going forward, we look to further advance localization via promotion of local staff to head up entire regions (president of subsidiaries). Nor is such nurturing of local staff and/or implementation of diverse work practices limited to Aeon Mall staff. We include here the staff of the tenant specialty stores working in our malls. To date, as the introduction of in-mall child-care facilities - "AEON Yumemirai Hoikuen" might demonstrate, we have always tried to be proactive in implementing initiatives aimed at those who work in our malls. But in FY2017, we took a further step with our Employee Satisfaction (ES) initiative. Each mall decided on an ES theme and from 100 case studies, the initiatives from two malls were recognized with the "Best Practice" award.

Promote stronger overseas governance and establish a system by which diverse opinions can be reflected in policy.

We continue to further bolster our corporate governance. In particular, it is my thinking that a focus on overseas governance is required. In China, we have already started to introduce internal controls on a par with those we have in Japan. Going forward, we look to broaden the net to include the ASEAN countries. In the area of audits as well, we look to enhance internal controls by dispatching auditors overseas. We have our outside directors participate in overseas inspection visits once or twice a year. Having seen the actual state of play, they provide us with wide-ranging advice on issues such as staff training, overseas governance, rule making and actual case studies for reference.

Finally, it is the solid understanding by our outside directors of our business and related challenges that leads also to a more dynamic board of director meeting.

Dividend per Share & Dividend Payout Ratio



Q Finally, a message to your shareholders please.

On top of increasing dividends owing to profit growth, we have raised our payout ratio to 25%.

As regards to distribution of profits, our basic policy has been to consider the balance between stable dividend and investment for growth, and a consolidated payout ratio greater than 20%. But because our overseas business has entered a stage where it can generate a positive cash flow, it was decided at a board meeting on 11 April 2018 to hike the payout ratio to 25%. At the same time, owing to the fact that net income attributable to owners of the parent in FY2017 exceeded targets, the initial FY2017 term-end dividend per share forecast of JPY16 (+JPY2.5) was raised to JPY19 (+JPY5.5). When combined with the interim dividend of JPY16, full-year dividends were JPY35 (+JPY8.0) and the consolidated payout ratio came to 26.1%.

For FY2018, we plan to raise the annual dividend by JPY3 to JPY38 (+JPY3) for an anticipated 27.0% consolidated payout ratio.

I would like to humbly thank all of our shareholders and investors for your continued support and understanding.

President and CEO

Special Feature ① Accelerating Overseas Development

Advancing our “Dominance” strategy: Into a new growth stage

In accordance with our dominance strategy, AEON MALL is increasing the number of new malls in the expanding markets of China and the ASEAN region.

As a result of our burgeoning brand power in each area of operation, overseas mall sales and visitor numbers have continued to increase. Earnings have also increased meaning that overall overseas operational profitability is in sight.

Going forward, in tandem with accelerating the opening of new stores in existing areas, we plan to open malls in new areas for the next growth stage.

China

Growing penetration of the AEON MALL brand in China's leading cities of growth



p21

Indonesia

A touchstone in one of the world's most populous countries. Developing malls that become regional landmarks



p23

Vietnam

Accelerating our area dominant strategy in the foremost ASEAN growth market



p25

Dominant Store
Openings

China

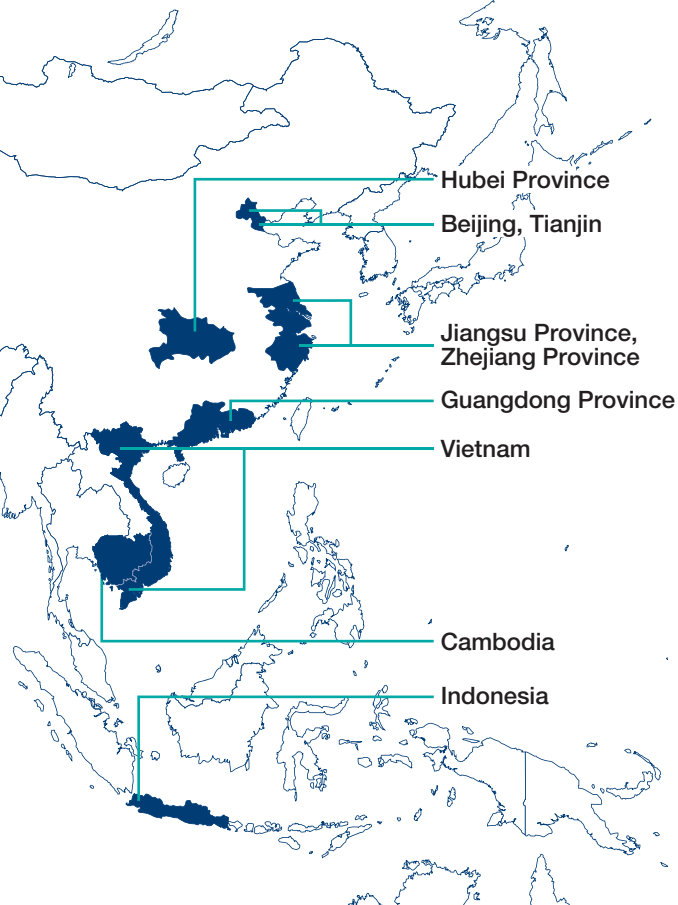
4 areas

ASEAN

3 countries

Overseas Operating Revenues

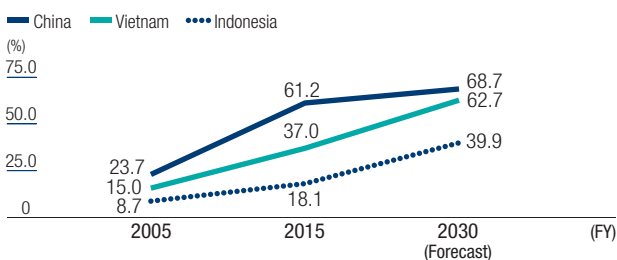
+27% YoY



Market Expansion in tandem with middle-class growth

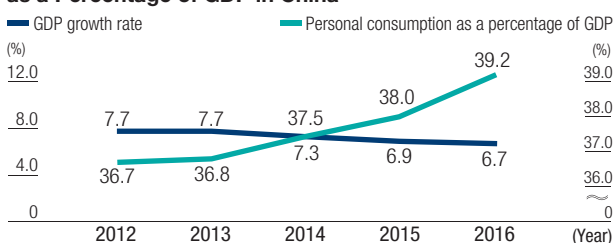
In China, individual consumption grew to 39% of GDP in 2016. In the future, it is expected to grow to be on a par with that of developed countries (Japan 60%, USA 70%). While there are fears that the economic growth rate of the ASEAN region will temporarily slow, it is noted that the average age of the ASEAN population is young (20s) suggesting expansion of the middle-income population going forward.

Ratio of the Middle-Income Earners to All Households



* Low-income earners: Annual household disposable income is less than US\$5,000.
Middle-income earners: Annual household disposable income is at US\$5,000 or more but less than US\$35,000.
High-income earners: Annual household disposable income is US\$35,000 or more.
* Source: IMF

GDP Growth Rate and Personal Consumption as a Percentage of GDP in China



Expansion overseas via buoyant existing mall performance and accelerated store openings

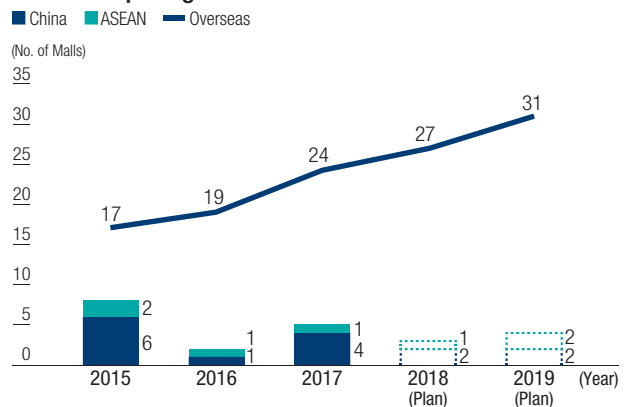
The abundance of AEON MALL's accumulated operational knowhow is a strength that feeds into creating attractive malls and increasing pulling power. The range of services and merchandise on offer has been very well received. This has translated into continued increases in the number of visitors and existing mall sales. We will continue to open new malls and accelerate earnings improvement in our overseas business, the growth driver of the future.

FY2017 Existing Mall YoY Trends

	China	Vietnam	Cambodia
Specialty store sales	+18.0%	+18.6%	+14.5%
Visitor numbers	+10.5%	+2.2%	+11.6%

* The percentage for Indonesia has not been included because retail traditions in the country mean there are many specialty stores that do not report sales.

New Mall Openings: Results and Plans





AEON MALL Wuhan Jinqiao

Special Feature ① Accelerating Overseas Development

Growing penetration of the AEON MALL brand in China's leading cities of growth

The city of Wuhan in Hubei Province, with its 10 million citizens, possesses one of the highest growth potential among Chinese cities.

AEON MALL Wuhan Jinqiao, our 3rd mall in Wuhan, opened for business in December 2017. Benefiting from the tail-wind of a huge increase in brand recognition via our two existing malls, it has been breaking AEON MALL records in China with "historical highs" in visitor numbers and earnings. Today it continues to enjoy a popularity that could be called fanatical.



AEON MALL Wuhan Jinqiao

Making use of area branding knowledge and experience, taking up the challenge of creating attractive malls in the highly competitive urban segment

The first AEON MALL store in Wuhan opened its doors in the city's New Town area in 2014, followed by the opening of a second mall in a suburban area of the city in 2015. Annual visitor numbers at both malls have been consistently buoyant trending at around 15 million. The combined success of these malls led to a meteoric rise in tenant applications and meant our third mall was fully occupied when it opened. Efforts to beef-up restaurants, kids & amusement offerings translated into the mall featuring numerous new formats and new-to-Wuhan tenants. Despite its highly competitive urban location, business has been so robust that from day 1 admission to the mall has had to be controlled.

We also renewed our promotion methods with the launch of our third mall. Eliminating pamphlets, we focused instead on SNS media and in-store digital signage which translated into greater customer pulling power. Other initiatives such as the introduction of mobile payments have given the mall an appeal that shines down to the last detail, something the competition cannot approach. We will roll out these initiatives throughout China to bolster the AEON MALL brand in all areas of operation.





Indonesia

Special Feature ① Accelerating Overseas Development

A touchstone in one of the world's most populous countries. Developing malls that become regional landmarks

AEON MALL Jakarta Garden City, our second mall in Indonesia, which opened for business in September 2017. With a ferris wheel on its roof, the mall stands out in an area crammed full of numerous commercial facilities and is fast being regarded by many as a new regional landmark. And so begins the new challenge of developing this massive market of 260 million people with an average age of 29.



AEON MALL Jakarta Garden City

Via differentiation through entertainment and food, enhancing recognition of the AEON MALL brand

AEON MALL Jakarta Garden City opened in an area advancing integrated development encompassing residential, commercial, public facilities, and other facilities in eastern Jakarta. The mall's most distinguishing feature is the way in which it is designed to promote entertainment and dining where most commercial facilities in Jakarta are about selling goods. This approach has successfully differentiated the mall from other commercial facilities in the surrounding area.

For Entertainment, the mall features a variety of attractions including one of the largest ice-rinks in the country, a 9 screen 2,000-seat cinema complex, and a FANPEKKA playground experience. For Dining, it features over 100 restaurants, including a 1,300-seat food court that is among the largest in the country and 25 eateries that are new to the region. The clarity of the mall's special character has expanded the understanding of what constitutes a Japanese mall that was established by our first mall in the country. It has also increased brand recognition and raised AEON MALL's presence in this, the largest ASEAN market.



"Gourmet Garden" Food Court



Ice Skating Rink



Vietnam

Special Feature ① Accelerating Overseas Development

Accelerating our area dominant strategy in the foremost ASEAN growth market

Vietnam, a young person's country with a total population of 95 million, 60% of whom are under 35 years of age. Since the 2014 opening of our first mall in this country of sustained 6% annual economic growth, we have pursued an area dominant strategy in the Northern and Southern regions where culture and lifestyles differ. Via clean, safe and secure facilities and/or Japanese "hospitality," we are steadily strengthening our brand power.

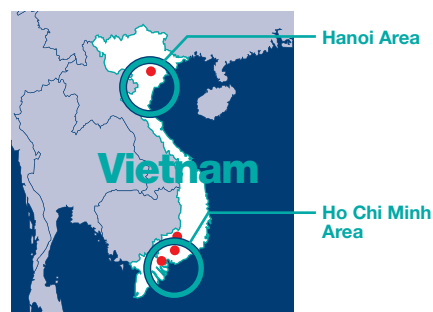


AEON MALL Long Bien

Pressing on with dominant mall openings in the North and the South. Leveraging trust in Japanese brands to accelerate openings

We have opened 3 malls in South Vietnam (Ho Chi Minh area) since opening our first mall here in 2014. All three malls are already profitable. The lifestyle proposals and experiences offered by the new sensation entertainment mall concept AEON MALL Binh Tan, which opened in 2016 in Ho Chi Minh City, have proven particularly popular among data savvy young adults and families.

In North Vietnam (Hanoi area), where fewer foreign businesses have set up shop, we opened our first mall, AEON MALL Long Bien, in 2016 in Hanoi City. Turnover has been buoyant and the mall is already profitable. Most customers are drawn by the offer of Japanese quality merchandise & services and an opportunity to take time off from everyday life. Aeon Group has exchanged a "Comprehensive Memorandum of Understanding regarding Commercial Environmental Development in Hanoi City" with the Hanoi People's Committee. Going forward, we plan to accelerate mall openings in the Northern region starting with AEON MALL Ha Dong (Hanoi City) which we plan to open in 2019.



Map of Northern and Southern Mall Openings



AEON MALL Ha Dong

Senior Management Speaks

Overseas Business: To Date and Beyond

China Business

Refining our brand and management structures as we enter a phase of stable growth

Hisayuki Sato

Director, General Manager,
China Division

As a pioneer in Japanese-style suburban Shopping Centers

AEON MALL's entry into China began with the opening of the AEON MALL Beijing International Mall in 2008. We initiated our area dominant store opening strategy in the Beijing/ Tianjin area with a format that did not exist in China at the time, namely "suburban malls equipped with large-scale parking lots." Subsequently, we added Jiangsu/ Zhejiang, Hubei and Guangdong to our strategic areas.

AEON MALL Suzhou Wuzhong (Suzhou City, Jiangsu) opened in 2014 and represented the first mall in a new geographic. At this mall, we stressed "Japanese Quality" which included general cleanliness, sanitation, safety & security, and the practice of hospitality. Highly rated by locals, the mall won the "Excellent Store Design Award" from the China Chain Store & Franchise Association. And having carried out full-fledged dominant store openings in our four strategic areas since 2015, the total number of AEON MALL malls in China has risen to 17.



AEON MALL Suzhou Wuzhong

Leveraging enhanced "Brand Power" and "Management Prowess"

Although we failed to achieve our target of "overall profitability" in FY2107, our 10th year of doing business in China, revenue rose +20% year-on-year (YoY) and operating income improved by +2.3 billion yen. With revenue at almost all existing malls trending up between +15% to +30%YoY, overall profitability is within sight.

One factor in improving profits has been greater "brand power". With our area dominant store opening strategy, the AEON MALL brand, supported by "Japan Quality," has led to increasing brand recognition in each operating area. This, in turn, has led to increasing interest among potential tenants and rising rent. Today, we are

able to command rent that is 1.5x higher than when we first entered the market. Another factor is "Management Prowess". In such areas as administration of entire leasing blocks and mall operations management, we have improved the precision with which a variety of functions are implemented. Nurturing of local staff for local responsibilities all help to underpin the generation of profit.

Further refining business and management structures for stable growth

We are focusing on the following three points to further strengthen business and management structures as we head towards operational profitability in China in FY2018.

1. Enhance mall profitability

At the same time as reinvigorating existing malls in response to changes in their surrounding environments, we are also revising our rent conditions. And while working to reduce operational costs, we will also be looking to strengthen partnerships with specialty store operators.

2. Strengthen new store development

Along with developing sites for malls three years out, we have reached a policy decision to enter new geographical areas beyond the existing four regions. We will be deliberating the medium to long-term growth prospects.

3. Reinforce management structure and governance

We aim to enhance the overall strength of the organization via implementation of a new promotion examination system, the advancement of a fair and transparent recruitment process, and the application of clear incentives for transferees to facilitate intra-regional mobility. Additionally, as a measure to bolster corporate governance, we established a Risk Management Committee and a Compliance Division last year. The caliber of the former is such that it is J-SOX compliant. The latter retains lawyers to check for improper activity. By creating such third-party entities that are independent of the executive divisions, we aim to enhance our governance systems.

Road Map of Business in China

	Medium Term Business Plan 2011 – 2013			Medium Term Business Plan 2014 – 2016			Medium Term Business Plan 2017 – 2019			2020	...	2025
	2011	2012	2013	2014	2015	2016	2017	2018	2019			
New Openings	0	1	1	2	6	1	4	2	2			
No. of Malls	2	3	4	6	12	13	17	19	21			
Operating Revenue (JPY, bn)	10	17	30	60	115	189	238	—	—			
Operating income (JPY, bn)	-8	-14	-23	-35	-44	-34	-11	—	—			

Rebuilding Existing SCs
Mall Openings
in New Regions

ASEAN Business

Into a full-fledged growth phase on a foundation of high local popularity

Mitsugu Tamai Director, General Manager, ASEAN Division



Creating a sure presence in the commercial scene of each country

The development of our ASEAN business began in 2014, when we opened our first and second malls in Vietnam and our first mall in Cambodia. The reaction to these malls, particularly in Cambodia where visitors in its first year exceeded the country's entire population of 15 million, was extraordinary. Such was the effect that on peoples' lives that the phrase "Before & After Aeon" was coined by local media.

In 2015 we opened our first Indonesian mall in the retail battlefields of the Jakarta suburbs. Tapping into one of our strengths - "development expertise from a retailer's perspective," we succeeded in building an attractive mall different from competing facilities that has allowed a gradual increase in brand penetration.

It is on the back of such success that we implement our area dominant store strategy in the four areas of Ho Chi Minh and Hanoi in Vietnam, Cambodia and Indonesia. We currently operate a total of seven malls in ASEAN.



AEON MALL Binh Tan

Operating profitability has been attained. Look to further enhance management structures

In FY2017, we achieved our target of "overall operational profitability in the three ASEAN countries we operate." Although it was Cambodia that drove earnings, recognition of the AEON MALL brand in the other three areas is steadily rising. The virtuous circle of increased brand power → increased customer traffic → increased attractiveness to specialty stores → increased rent is apparent.

Ahead of full-fledged contribution to revenue and profit to the group, we have been advancing regional corporate governance. Specifically, we aim to advance

J-SOX compatible Japanese controls in all of ASEAN. Starting in Vietnam where the scale of our business is greatest, we are making preparations for full-fledged launch in FY2019. Similar initiatives will start in Indonesia in FY2018 and Cambodia in FY2019.

Toward operational profitability & a self-contained organizational structure in each country

In FY2018 we aim to achieve "operational profitability" in the three countries where we have opened malls. To this end, the following four initiatives are key.

1. Generating profits and profitability enhancement at existing malls

We are working to further enhance brand power and profitability at all existing malls. In each country of operation, we aim to be No.1 in terms of GLA and customer traffic.

2. Building an organizational structure befitting ten malls in FY2019

We regard this to be the most important of this year's initiatives. Responding to differences in operating environments, we look to create country specific risk management committees as well as self-contained management structures for internal controls. As part of our efforts toward overwhelming differentiation, we will be introducing our Cambodian customer interaction role-playing competition to Vietnam and Indonesia. We look to implement a pan-Asia version in the future.

3. New mall success

In FY2018, we will be opening our second mall in high-flying Cambodia to further advance overwhelming brand power.

4. Reinforcing new site development

Concomitant with new site development in our current three countries of exposure, we consider advancing into Myanmar and Laos. We plan an expansion that calls for 10 ASEAN malls in FY2019 and still more by 2025.

ASEAN Business Roadmap

	Medium Term Business Plan 2014 – 2016			Medium Term Business Plan 2017 – 2019			2020	...	2025
	2014	2015	2016	2017	2018	2019			
New Openings	3	2	1	1	1	2			
No. of Malls	3	5	6	7	8	10			
Operating Revenue (JPY, bn)	11	42	67	87	—	—			
Operating income (JPY, bn)	-9	-10	-3	2	—	—			

Rebuilding Existing SCs
Mall Openings
in New Regions

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



p31

Expansion & Renewal

Creating malls that are
overwhelmingly
No. 1 in their regions



p33

New Format

New stir and bustle in regional &
urban areas both



p35

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

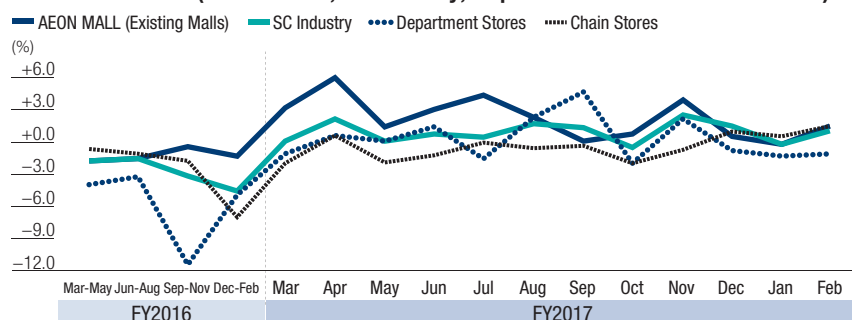
	2015	2020	2025	2030	2035
The three major metropolitan areas	51.4%	51.9%	52.5%	53.1%	53.9%
Other than the three major metropolitan areas	48.6%	48.1%	47.5%	46.9%	46.1%

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)

Special Feature ② Deep Plowing the Domestic Business

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

Special Feature ② Deep Plowing the Domestic Business

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 Yokochi” – 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 confectionary that are popular in Takasaki

Working to resolve CSR issues in 4 areas of ESG

Akio Yoshida CSR Council Chair



At the monthly "AEON MALL CSR Council Meeting" initiatives are deliberated and advanced

At AEON MALL, because we conduct business with close links to the local community, we regard resolving the community's social issues as a business mission. We aspire to be a company that is about "Creating Shared Value (CSV)", steered by "Management that regards CSR and Business as one".

The President chairs a meeting of the "AEON MALL CSR Council" every month to debate the content of initiatives and the ongoing state of issues, mainly in the four areas of E (the Environment), S (Society), G (Stronger Governance) and C (Communication).

A subordinate organization of separate committees has also been set up to manage developments in certain themes, for example, those relating to making a contribution to society and the environment.

Main topics debated under this structure in FY2017 include the "Installation of charging facilities for electric vehicles (EV)" and "How to respond to the United Nations Sustainable Development Goals (SDGs)". For SDGs, clarity is being sought regarding which of the UN goals business should focus on, and what sort of contribution it can make for the goals to be reached. We will continue to discuss these topics in the future.

As we are constantly aware of the need not just to reduce the burden our business places on the environment and society, but also to respond to societal expectations, we will seek direction of our CSR activities.

External Recognition



GRESB Real Estate Assessments

"GRESB Real Estate Assessments" is the international benchmark for assessing environmental, social and governance (ESG) performance of real assets. AEON MALL initiatives relating to consideration for the environment and sustainability were given the highest GRESB "Green Star" rating in the categories of "Management & Policy" and "Implementation & Measurement."



2017 Constituent
MSCI Japan ESG
Select Leaders Index

MSCI Japan ESG Select Leaders Index

AEON MALL is one of the constituents of the "MSCI Japan ESG Select Leaders Index", an investment index made up of stocks with an exceptional ESG performance rating, selected from the top 500 stocks by market capitalisation.



2017 Constituent
MSCI Japan Empowering
Women Index (WIN)

MSCI Japan Empowering Women Index (WIN)

AEON MALL is one of the constituents of the "MSCI Japan Empowering Women Index (WIN)", an investment index made up of businesses rated as having superior levels of gender diversity among their workforce. Selected from the top 500 stocks by market capitalisation.

SDGs

Main Activities relating to AEON MALL's Business

The "Five Pillars" of AEON MALL's Activities

Continuous contribution to local communities

The opening of a new mall brings stable employment to the local area and feeds into increases in tax revenues and population. We are also proactively involved in other ways to contribute to the local community.

Building good partnerships

Providing information is one way in which we support the AEON Store Association (Doyu-tenkai)*1 and specialty stores in our commercial properties.

Realization of a work environment with high vitality

We are creating an environment designed to make it easier for staff to do their jobs.

Constant pursuit of safety

Whether it be from the perspective of food hygiene, disaster prevention, or any other perspective, we are dedicated to building safe shopping malls.

Implementation of environmental conservation

In addition to implementing initiatives to reduce our mall's impact on the environment in accordance with the goals of the "Aeon ECO Project,"*3 we are also calling for our customers to support our efforts.

*1 Partners who aim to work with AEON MALL to improve business performance, in accordance with our corporate ideal "to serve the community through business" and in the spirit of "one mind, one action".

SDGs & AEON MALL's Business

What is SDG?

SDGs stand for Sustainable Development Goals, of which there are seventeen, adopted at the United Nations Sustainable Development Summit in September 2015. To reach these goals there are 169 specific targets to be achieved by all nations by 2030.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Examples		Our external commitments	
		ISO26000 Core Subjects	SDG Themes
Expansion of New Malls			
Activities that contribute to the local community	The "AEON Happy Yellow Receipt Campaign" is an example of a donation activity in which customers place their yellow receipts in a Donations Box. In turn, for AEON MALL donates 1% of the total amount. On AEON Day, which falls on the eleventh day of each month, as one of our "Clean & Green (C&G)" activities, we join forces with specialty store employees to clean the sidewalks, parks and roadside wooded areas around our malls.	Community involvement and development	1 2 4 9 10 11 12 17
Support for Aeon Shop Association shops & specialty stores	We have established a "Diversity Promotion Group" within the Aeon Shop Association to promote the creation of malls that are easy for shop staff to work. As well as providing a variety of information and advice to specialty store staff, we are also involved in improving the overall level of staff skills at our malls.	Fair operating practices	4 8 17
Promotion of Diversity	Established a "Diversity Promotion Group" Established in-mall child-care facilities*2 for staff	Organizational governance / Human rights / Labor practices	4 5 8 10
Respect for Human Rights	Every year we run an "AEON Code of Conduct & Human Rights Training" program for all employees.		
Universal Design	From 2005 we introduced a full-fledged universal design program to promote the creation of malls that are both physically and emotionally agreeable places for all our customers to spend time in.	Consumer issues	3 9 10 11 16
Hygiene Management	We regularly carry out food hygiene inspections of all the restaurants in our malls.		
Disaster Prevention	Most domestic malls have entered into written cooperation agreements with local administrators pertaining to disaster prevention and other such activities. We periodically carry out comprehensive emergency response drills.		
Effective Use of Energy	Air conditioning efficiency has been improved with the installation of green/plant-based walls for mall exteriors. We have installed high efficiency LED lighting and energy efficient air conditioning & ventilation systems	The environment	6 7 9 11 12 13 15 17
Introduction of Renewable Energy	We have installed solar power generation systems and storage batteries in our malls		
Effective Use of Resources	To maintain waste water quality standards, we are installing advanced facilities in our malls. We rigorously separate and recycle the waste from our malls		
Contribute to Our Customers' ECO	We were the first Japanese company to participate in the "EV100*4" initiative and have installed charging facilities for electric vehicles (EV) at 142 of our malls in Japan and 10 malls in China. Develop an environment that makes it easy to visit our malls by train or bus. Through in-mall announcements and the distribution of booklets, we are raising ECO awareness among our customers and employees.		
Contribute to the Local Environment	As well as implementing planting programs in the areas around our malls, whenever we open a new mall, together with our customers, we plant suitable trees in the area.		

*2 Daycare facilities as described in "Business-driven Day Care" materials from the Cabinet Office, Government of Japan.

*3 For details, please visit <https://www.aeon.info/environment/manifesto.html> (Japanese only)

*4 An international initiative begun in September 2017 by the International Environmental NGO "The Climate Group". The objective of the initiative is for business to establish the infrastructure for, and promote the use of, electric vehicles.



Masao Kawabata
Outside Director/
Independent Officer*

Mami Taira
Outside Director/
Independent Officer*

Junichi Suzuki
Outside Audit & Supervisory
Board Member (Full-time)

Yumiko Ichige
Outside Audit & Supervisory
Board Member/
Independent Officer*

Takao Muramatsu
Outside Audit & Supervisory
Board Member/
Independent Officer*

* An Independent Officer is an outside director or outside Audit & Supervisory Board member who poses no risk of a conflict of interest with minority shareholders in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange.

Round-Table Discussion with Outside Officers

Toward a Global Company comprising a work force and value-set rich in diversity that creates 'Future Living' in Japan and Asia

Two outside directors and three outside auditors are enrolled at AEON MALL. They apply an objective perspective and specialist knowledge to check management of the company and thereby help raise corporate value. For the third consecutive year, we invited them to a round-table talk to review activities over the past year and to share their views and suggestions on company policies for FY2018 and other issues such as corporate governance.

* This round-table talk was held on March 2, 2018.

A Look Back at the Past Year

The outside directors participated in drawing-up the long-term vision to 2025

Suzuki: Let us begin this, the third outside director round-table talk, by looking back at the activities of the past year and how various issues panned out. Please also give your thoughts on, and impressions of, the domestic and overseas mall inspection visits in which you participated last year.

Taira: It was about three years ago that I asked President Yoshida about AEON MALL's medium to long-term targets. I get the feeling that during the period since, the Company's medium to long-term strategy has evolved significantly. A long-term vision for the Company, "AEON MALL in 2025" has been laid out, and a new medium-term management plan was launched in FY2017. I think the fact that we outside directors were given the opportunity to express our views and participate in the process of drafting both items was in itself significant progress. Since FY2016 we have also been participants in the Aeon Shop Association "Diversity Promotion Group" where we submitted various proposals. It was out of such activities that, employing Aeon Retail's logistics network, the shopping service for specialty store employees was born. Just one example of progress over the past year in the areas of effective use of Group resources as well.

Suzuki: This is an extremely interesting initiative from the perspective of elevating mall employee satisfaction (ES) that includes tenant specialty store staff. Further developing such ideas to build a sort of Group-internal ecosystem with malls at its center would, I believe, bring an even stronger sense of unity to those who work within their walls.

Taira: There was also a lot to be discovered by actually



going to inspect malls – things not communicable in meetings alone. My feeling was that I'd very much like to see the "Happiness Mall" initiative rolled out in every mall.

Kawabata: As Ms. Taira said, last year was one in which we were able to confirm the AEON MALL growth story. President Yoshida has articulated the shape the business is to take in 2025, and the growth initiatives to make that reality have been making steady progress. One extremely important milestone was the real prospect of operating profits being posted in the overseas business, the largest driver of medium to long-term growth.

Suzuki: I think in last year's round-table talk, you pointed out the importance of nurturing overseas staff.

Kawabata: Visiting malls in China, Indonesia and Vietnam reminded me how important that is. There are extremely talented people, both Japanese and local, working at the malls. I sense that furthering greater depth in such personnel will be key to invigorate AEON MALL on the path to 2025.

Ichige: It is likely that AEON MALL's operating environment will undergo considerable change going forward. There can be no doubt that the positioning of the overseas business within the overall growth strategy will be of ever greater importance against the backdrop of a shrinking domestic market. It is also vital that the company responds in a manner apposite to technological advances in logistics, marketing and the like. The fact that today there exists a future vision taking such environmental changes into consideration is, therefore, a significant achievement.

Suzuki: Ms. Ichige, I think you have continuously stressed the importance of bolstering risk management.

Ichige: Yes, because when implementing an offensive strategy, it becomes more important than ever to fully recognise where the risks lie. In this regard, the fact that the Company implemented two years ago, a company-wide risk survey and developed a risk map was

enormous prospect I would think. Further, on the operational side of risk management, I felt I was also able to confirm PDCA functionality last year when doubts I voiced over a certain survey triggered an immediate additional survey that ultimately resulted in improvements being made.

Muramatsu: AEON MALL's business model is unique in that it provides a platform to the retail industry and is therefore neither simply a retailer nor a developer. This presents an issue when deciding which indicator to use to measure the profitability of investment projects. This is something I have been considering since my appointment to the Audit and Supervisory Board. Indicators such as ROE, ROA and ROIC are extremely important, but because they are expressed as a percentage or a multiple, conditions can mean they do not reflect management's sense of the qualitative state of affairs. I think it is worth considering the use of an absolute sum indicator like EVA (Economic Value Added) as well.

Suzuki: This year, you visited a good number of malls. What was your impression?

Muramatsu: Regarding domestic malls, I felt that with regional economies in stagnation, greater acceleration in regional shift is required. Whilst from the malls in China and the ASEAN region, I felt the raw power associated with areas that continue to economic expansion. Talking to local employees I had a sense of sympathy or serendipity that "along with these individuals, AEON MALL will also grow."

Kawabata: When we build a mall overseas on vast unoccupied land in particular, we can see the development of entirely new communities as new residence, schools, hospitals et al are built in surrounding areas. In short, the development of a mall is triggering the development of multi-faceted communities.

Muramatsu: There is a widening view recently that when assessing corporate value, ESG performance should be

taken in consideration besides financial performance. Viewed from the perspective of "enriching lives in local communities", AEON MALL's overseas investments can be viewed as ESG investment itself. As such, I believe, Aeon Mall's efforts have great future prospects.

Suzuki: What you describe, Mr. Muramatsu, is in fact AEON's corporate philosophy in a nutshell. AEON's guiding principles are to serve the "customer first", to pursue "peace", to respect "individuals", and to contribute to the "local community". I think the company's business in Asia, on the threshold of dynamic development, is an extremely easy to understand embodiment of these principles.

Muramatsu: Going forward, I think there needs to be greater personnel exchange among local employees overseas and employees in Japan. Through such exchanges, I would like local employees to share and understand AEON MALL's values and principles. In turn, I would like young Japanese employees to travel to overseas malls and feel for themselves the passion and the power that is inherent in developing communities.

Suzuki: An issue that I have sensed over the past year, one that I spoke about last year, is "management in keeping with a growing organisation". In the course of visiting several malls, I actually found cases where instructions and other output from senior management meetings were not being adequately communicated to the shop floor. I got the feeling that more thorough application of policy, stronger communication between HQ and field staff, and application of PDCA was required. In short, a stronger organization capable of solving problems is required.

In the Aftermath of the Announcement of the FY2018 Plans

Making effective use of digitalization whilst successfully responding to e-commerce and its expansion

Suzuki: In the wake of the FY2018 Management Plan and the various divisional business guidelines, I would like to ask for your impressions, assessment and any thoughts on potential issues.

Kawabata: Since last fiscal year we have been involved in the management plan drafting process. This year, we outside directors were given the opportunity to participate and voice our opinions at preliminary discussions when plans were still only being considered. This allowed me to gain an extremely good understanding of the thinking behind AEON MALL's plans through 2025. Various





initiatives were discussed, and I noticed that people from all divisions spoke most passionately was the “Happiness Mall” initiative. Indeed, from a health and wellness perspective, there is an effort by the staff of the Aeon Shop Association’s specialty stores and tenants, together with the Company, to make Aeon Malls still more attractive. When such efforts succeed and take concrete form, it would constitute something beneficial that can only be offered by, and experienced in, a physical store that online shopping cannot offer.

Ichige: AEON MALL’s business model is neither B2B nor B2C, but what might appropriately be called a unique B2B2C. What makes the company special is that it does not only provides tenants, its direct clients, with a platform, but also offers a variety of services designed from the customer’s point of view. Indeed, looking at this year’s plans, I felt it was the result of approaching issues from the perspective of both tenants and customers. Take what has been factored into the digitalization initiative as an example: as well as targeting cost reduction via efficient operations and labor-saving measures, initiatives also include enhancing customer convenience, growing customer traffic and increasing sales.

Suzuki: That shows, I think, that AEON MALL continues to carry its retail DNA roots. Firmly rooted within Aeon Mall is the notion that a mall is not just a business that is OK attracting specialty store tenants – a mall requires placing utmost importance on attracting more customers and ensuring their satisfaction. That this comes naturally to the company is one of its strengths, but it is an area for which more awareness initiatives will be needed going forward as domestic and overseas business growth.

Muramatsu: I have for some time thought that “how the company conveys the AEON MALL brand image” could be an issue. With the announcement of the management plan, as I listened to explanations of the “Happiness Mall” and/or overseas businesses, I thought about the possibility of a

corporate image that might convey messages as “doing something fun” or “creating new towns in Asia” ... images providing people hope for the future.

Kawabata: With the wide penetration of the name and image of “Aeon,” it is not uncommon for our malls to be introduced as “Aeon’s Shopping Mall”. I get the feeling that whilst AEON MALL is known throughout Japan, what AEON MALL Co., Ltd as a company does is actually not so well known. If social areas in which the company is deeply involved are highlighted and properly communicated as Mr. Muramatsu proposes, I believe AEON MALL’s presence as a company will benefit and its appeal to young people will grow.

Taira: Within the new management plan, initiatives relating to digitalization was one area I sensed potential issue. How the Company responds to the expanding e-commerce challenge should certainly become an important management issue going forward.

Suzuki: Whilst I felt there was good recognition of such issues, awareness of risk, as well as a sense of enthusiasm in the presentation of the plans, and whilst it included several concrete measures, the challenges of how to quickly put ideas into practice and develop them over the medium-term are, I think, likely to become major issues.

Taira: I think AEON MALL’s biggest strength has to be its ability to draw customers in. The company is currently making the most of offline geographical advantages to increase this drawing power, but going forward. I feel thought needs to be given to how to cleverly add digital technology into the mix and turn drawing power into earnings. Whilst the mandate is a difficult one that requires new innovative thinking, this past March the Digital Promotions Division was established with a female general manager at the helm. I look forward to coming developments.

Suzuki: The newly created Digital Promotions Division



goes beyond current organizational frameworks and has been tasked with building an omni-channel business model that makes use of the company's offline strengths, beefing-up customer services, and generating profits from online business. I think that in addition to this sort of cross-organizational structure, more effective use of external resources could be an important factor in AEON MALL expediting its digitalization roll out. In recent years manufacturers have been focusing on developing new products and businesses through open innovation. Perhaps the Aeon Mall should also take up the challenge of creating new business through collaboration with not only IT, but with a variety of other industry players.

Towards Stronger Corporate Governance

Maintaining governance effectiveness, whilst pursuing Board of Director diversity

Suzuki: The Corporate Governance Code will be revised this year to include items such as "Establishment of Board of Director Diversity". Given such moves, I invite your opinions on AEON MALL's corporate governance and the role of the Board of Directors.

Ichige: Last year we carried out an assessment of the Board of Directors' effectiveness. Looking at the results, I think that when it comes to monitoring of current business performance, the effectiveness of the Board is solid. That said, an issue that will need addressing going forward is the monitoring of medium to long-term business strategies. For long-term shareholders, it is not only the current state of the business that is important, but also how that business can be expected to grow in the future. To demonstrate this there is a need for monitoring of policy initiatives, such as personnel training and organizational reform in accordance with medium to



long-term strategy. Going forward, I think there is need for discussion as to how this can be realized as a function of the Board.

Muramatsu: Of utmost importance when bolstering governance is the creation of a stage that enables governance to properly function. For example, a Board of Director management model requires outside directors who understand the specifics of an industry. Similarly, a monitoring model requires individuals who are expert in areas such as data analysis and risk management.

Taira: As you say, I think appropriate ongoing deliberation is required for issues such as the composition of the Board that includes Outside Directors, or criteria for Director remuneration. For Aeon Mall to increase its corporate value over the long term, the issue of what constitutes an optimal governance structure needs to be viewed from the same perspective as its shareholders.

Kawabata: I think the search for the proper form of governance will probably translate into improving "Diversity in the Board of Directors" over the medium to long term. A key acronym when looking at diversity is "GEG". The first G stands for Gender (social and/or cultural sexuality) diversity and refers to how important it is that women be encouraged in their work, and that those with talent be appointed to the Board. The E stands for Ethnicity and refers to the appointment of an ethnically diverse range of people. If the company's long-term vision is made reality, 35% of profits will be generated by overseas business in 2025. As the importance of overseas business grows, it follows that a seat on the Board will be occupied by someone from overseas. The final letter G stands for Generation and refers to the utilization of young personnel.

Suzuki: There is a possibility, for example, that a Board that drafted a 10-year long-term plan will lack any of the Board members that voted on it ten years hence. Thus,



from the perspective of responsible decision-making, from the perspective of securing diverse opinions, it would seem extremely important to have young persons participate in management.

Kawabata: Earlier we touched on the probability that digitalization will become ever more important. In order to harness and make effective use of new developments in IT such as AI and IoT, the strength of young persons well-versed in these technologies will likely be needed. I would hope that as such employees develop and participate in management, AEON MALL will turn to be the sort of company that can get ahead of the curve and create new businesses.

Outlook for FY2018

Reinforcement of internal control monitoring with overseas business expansion

Suzuki: Finally, please let us know which activity you, as an outside director, are looking to focus on going forward.

Muramatsu: Last year I was given the opportunity to inspect a large number of malls and learned a great deal in the process. Going forward, I hope I will be able to give useful advice not only from a numbers angle, but from real personal experience of the various management issues facing the Company.

Taira: I understand that both the Chinese and ASEAN businesses are expected to turn in an operating profit this year. It will be epoch-making for a Japanese retail

company to make a profit overseas and I certainly plan to be around to welcome the event.

Kawabata: To date, through the Supervisory Board and other activities, I have had many opportunities to talk with executives and managers. I have also been able to meet with younger employees at home and abroad, through visits to malls. Going forward, I hope to have proactive dialogue with AEON MALL employees and be involved in the process of finding and developing the managers of the future.

Ichige: As an auditor, I am most interested in whether internal controls are functioning properly. Going forward I intend to remain in close communication with the Internal Audit Division. Also, in the name of making effective use of group resources, I am thinking that it might be a good idea to create opportunities for information/ opinion exchange amongst the group companies.

Suzuki: There are several companies in the Group with outside directors. It might, in fact, be interesting to organize meetings amongst group outside directors for information and opinion sharing. Like Ms. Ichige, I think I will be focusing my efforts on internal controls. In particular, it is vital that controls are reinforced when businesses make the transition from establishment to growth as is the case with the overseas subsidiaries. Internal controls need to match expanding business. To prevent situations where internal control rules requiring revisions are left to ad hoc operational responses and/or situations where there is inconsistency between parent and subsidiary, I plan to conduct my monitoring responsibilities as a high priority issue. Thank you all for today.



Corporate Governance

For the long-term stable enhancement of corporate value, we are implementing measures to reinforce our corporate governance functions and to create management structures that allow for fast decision making.

Basic Stance

Based on the principle of putting “customers first,” our management philosophy is to be a “Life Design Developer” that creates “future lifestyles” along with local communities. Specifically, we define “life design” as the offering of new services that go beyond the scope of traditional commercial facilities to suit the life stage of local customers. We aim to design future lifestyles by going beyond simple shopping and emphasizing people interaction and cultural development. It is our principle to work for the betterment of people’s lifestyles and the economic and cultural development of local communities. We aim to do this by further leveraging our strength as a developer rooted in retail, maintaining a localization perspective, and building malls unique to respective to regions (both domestic and abroad).

In recognition of the fact that corporate governance is one of the most important aspects of management to achieve this, we look to continuously upgrade our corporate governance functions.

1. Working with our shareholders, we shall provide and maintain an equitable environment for shareholder rights and the execution thereof for sustainable growth.

2. The Board of Directors & senior management shall demonstrate leadership to secure proactive ESG & CSR initiatives and a fostering of a corporate culture conducive to ethics and respect with regard to both business practice and customer/ stakeholder rights.
3. To secure transparency and fairness, we shall make financial and non-financial disclosure in a judicious and easy to understand manner in accordance with our “Disclosure Policy” and “Information Disclosure & Management Rules.”
4. The Board of Directors, which is comprised primarily of directors with expert knowledge of retail, shall implement measures to further leverage the company’s strength as a developer rooted in retail, realize highly transparent management via the appointment of independent outside directors to bolster supervisory functions, and establish and advance key business strategies such as our long-term vision and medium-term business plans.
5. The opinions and assessments garnered from constructive dialogue with shareholders shall be reflected in the management of the company and used to enhance corporate value.

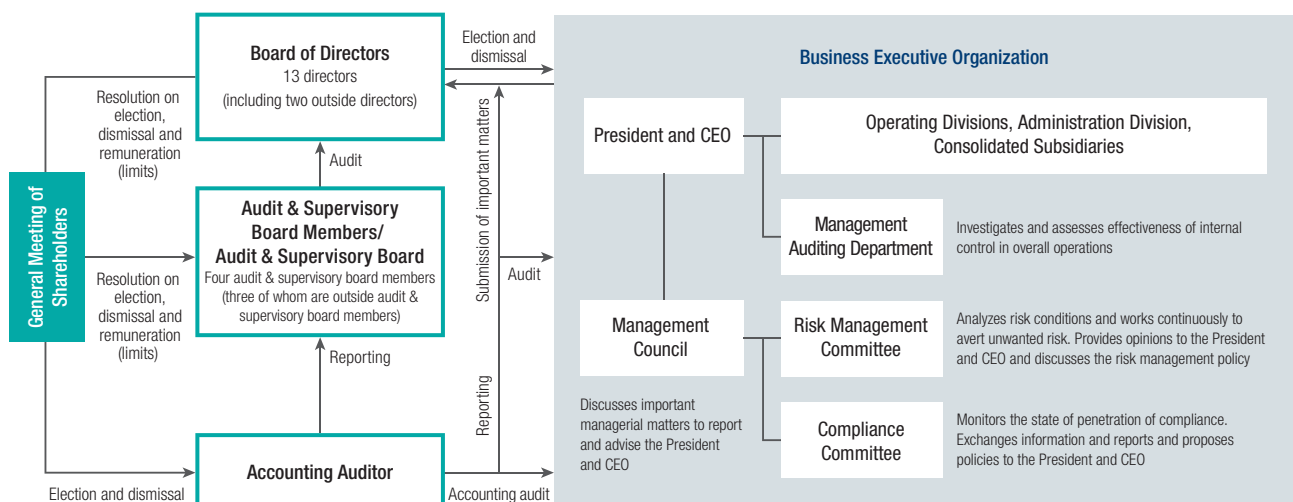
Corporate Governance System

The Management Council is the President’s inquiry arm with core members constituted by directors above the rank of Managing Director, full-time Audit & Supervisory Board members and individuals appointed by the President. It has been established to act as an advisory body on matters pertaining to the bolstering of strategic management functions and the streamlining of decision-making processes. To bolster supervisory functions, Board Meetings chaired by the President and CEO are convened at least once a month.

In addition to the above, AEON MALL implements meetings/ sessions attended by executives below the rank of

Representative Director (heads of divisions, business departments and administrative functions) to ensure business efficiency and information sharing. The Company employs an Audit and Supervisory Board system comprised mainly by outside auditors, and has established a framework allowing members of the Audit and Supervisory Board to fully perform their auditing functions in cooperation with accounting auditors and the Management Audit Department. All members of the Audit and Supervisory Board attend meetings of the Board of Directors, and full-time Audit & Supervisory Board members attend the Management Council.

Corporate Governance Organization Chart (as of February 28, 2018)



Corporate Governance Code

At AEON MALL we are proactively bolstering corporate governance to improve management efficiency/ soundness and to achieve continuous enhancement of corporate value. Specifically, we seek to improve the efficacy of corporate

governance by combining initiatives aimed at structural and systemic issues as well as initiatives directed at individual officers. We enforce each of the principles in our corporate governance code and aim to further refine said code going forward.

Administering Board of Director Meetings

The Board of Directors holds meetings at least once a month and/or when deemed necessary. For issues deemed to pose significant risk to Aeon Mall and its group and requiring the approval of the President and/or the board, deliberations at the Management Council are conducted before final decision is made by the President and/or the Board of Directors. As regards to execution of business operations, executive authority is granted and management responsibility clarified based on the "Rules for Job Position Management," "Rules for the Division of Duties," "Rules for Authority," and "Rules for Approval Request," and "Rules for the Management of Affiliates."

Status of Appointment of Outside Directors

Outside directors have a role of ensuring transparency of the Board of Directors by supervising inside directors and providing advice to management. Audit & supervisory board members participate in meetings of the Board of Directors whilst maintaining arms-length distance from management. As needed, they request detailed explanations regarding business operations so as to improve the efficacy of managerial supervision.

We have no specific stipulated independence criteria for the selection of outside auditors. The essential thinking, however, is that they must have knowledge and experience regarding audits of regulatory compliance of directors and overall management administration. They must also have no risk of conflicts of interest with general shareholders.

Holding of Concurrent Position of Outside Directors and Audit & Supervisory Board Members, Reasons for Election, etc. (as of end-May, 2018)

	Name	Organization	Concurrent Position	Relationship with AEON MALL	Reasons for Election
Outside Directors	Mami Taira	Taira Tax & Accounting Consulting Group	Partner	No transactional relations	Owing to skills cultivated in her years as a certified public accountant and tax accountant, Mami Taira was asked to continue her services at our company as an accounting expert. Having previous experience as a director and auditor for other firms, she provides advice and supervisory functions, as well as practical advice on the promotion of diversity management. Ms. Taira has no past relations with a major shareholder of Aeon Mall, nor an entity with which Aeon Mall conducts major business. She is therefore deemed to have no particular conflicts of interest with the Company, and we consider that she is appropriately qualified to be an independent director.
		Suzuden Corporation	Outside Director		
		Iseki & Co., Ltd.	Outside Audit & Supervisory Board Member		
	Masao Kawabata	Brainwoods Corporation, Ltd.	Advisor	No transactional relations	Masao Kawabata was asked to continue his services at Aeon Mall and to contribute his views developed from extensive overseas experience managing foreign subsidiaries of Japanese companies across a multitude of countries. He also has experience in public relations, investor relations, and risk management. Mr. Kawabata has no past relations with a major shareholder of Aeon Mall, nor an entity with which Aeon Mall conducts major business. He is therefore deemed to have no particular conflicts of interest with the Company, and we consider that he is appropriately qualified to be an independent director.
		English-Speaking Union of Japan	Director		
Outside Audit & Supervisory Board Members	Maki Watanabe	AEON TOWN Co., Ltd. OPA Co., Ltd.	Outside Audit & Supervisory Board Member	No transactional relations	Maki Watanabe has been put forward as a new member of the Audit and Supervisory Board on the conviction that the wealth of accounting experience she has amassed at AEON Co., Ltd. and her experience as an auditor of many AEON Group companies can be put to beneficial use at Aeon Mall.
	Yumiko Ichige	Nozomi Sogo Attorneys at Law	Partner	No transactional relations	Yumiko Ichige has experience and expertise as an attorney for corporate legal affairs as well as experience serving as a director and auditor at other firms. She is able to draw on her expertise to present opinions and perform supervisory roles from both a legal and governance perspective. She was asked to continue to contribute to the management of the Company. Ms. Ichige has no past relations with a major shareholder of Aeon Mall, nor an entity with which Aeon Mall conducts major business. She is therefore deemed to have no particular conflicts of interest with the Company, and we consider that she is appropriately qualified to be an independent director.
		NEC Networks & System Integration Corporation Sushiro Global Holdings Ltd.	Outside Director		
	Takao Muramatsu	Muramatsu Tax Accountant Office	Head	No transactional relations	Takao Muramatsu supervises and provides pertinent suggestions based on both the robust expertise in tax affairs he developed in his many years of service at the Regional Taxation Bureau, as well as his experience as a director and auditor at other firms. He was selected in the anticipation that he will continue to provide his expertise the management of the Company. Mr. Muramatsu has no past relations with a major shareholder of Aeon Mall, nor an entity with which Aeon Mall conducts major business. He is therefore deemed to have no particular conflicts of interest with the Company, and we consider that he is appropriately qualified to be an independent director.
		Besterra Co., Ltd. Serendip Consulting Co., Ltd.	Outside Audit & Supervisory Board Member		
		Globeride, Inc.	Outside Director		

Activities of Outside Directors and Outside Auditors (FY2017)

Title	Name	No. of sessions attended		Activity Descriptions
		Board of Directors	Audit & Supervisory Board	
Outside Director	Mami Taira	17/17	—	Leveraging her background as an accounting specialist and her experience as a director and auditor at other firms, Ms. Taira makes discerning remarks as appropriate and from the standpoint of fairness and transparency, points out issues relating to policy implementation both at home and abroad.
	Masao Kawabata	17/17	—	Making use of the wealth of experience he has as a business manager in Japan and overseas, Mr. Kawabata makes for more dynamic board meetings with his cross-checks on corporate growth from long-term vantage points and his review of factual accuracy in the decision making process.
Outside Audit & Supervisory Board Members	Yumiko Ichige	17/17	16/16	Ms. Ichige makes use of her expertise as a lawyer and her experience as a director and auditor at other firms to make necessary remarks as appropriate. She provides comment, for example, on the drafting of medium-term strategy from the perspective of minority shareholders and/or the corporate governance code.
	Takao Muramatsu	17/17	16/16	Mr. Muramatsu makes use of the wealth of his expertise in tax affairs and his experience as a director and auditor at other firms to provide critical input as appropriate. He provides opinion on such issues as the appropriateness of investment profitability planning and enhancement of the soundness of corporate governance.

Board Member Training Policy

Via seminars for newly appointed directors and/or seminars hosted by the President, AEON MALL affords members of the Board of Directors/ Audit and Supervisory Board opportunities to further improve their leadership skills, nurture skills for corporate strategy, and elevate their understanding of compliance and governance among other things.

Newly appointed outside members of the Board of Directors/ Audit and Supervisory Board are provided with a training program to advance understanding the Company. The program includes visits to our malls, industry information, AEON MALL Group and/or AEON Group histories, and business, strategy, finances, and organizational outlines.

Subsequently, at least once a year, we have our outside directors and auditors visit our overseas malls to deepen their understanding of one of the key pillars to AEON MALL's business – the overseas business.

Outside Director Support System

As a support system for outside directors and auditors, the General Affairs Division provides two staff members to assist members of the Audit and Supervisory Board including outside auditors. In the interests of time efficient discussion, the staff provide board meeting materials and briefings in advance, and at any time, will provide such necessary information accurately and on a timely basis.

Initiatives to Assess Board of Director Efficacy

Since FY2016, we have been implementing a program to assess the efficacy of our Board of Directors. That first year, the assessment took the form of a questionnaire answered by all members of the Board of Directors and the Audit & Supervisory Board. The focus then was on accurately identifying the status quo from a variety of angles vis-a-vis

each principle of the corporate governance code.

An external organization was used to collate and analyze the data. Views were exchanged with outside directors and a review meeting was held by internal Board members. Subsequently, deliberations for improvement were conducted at the July Board Meeting. A summary of the deliberations follow.

Result of FY2/2017 Assessment

Assessment

- A characteristic of the Board, and a strength, is that PDCAs are in place to improve the way in which the Board functions vis-à-vis corporate governance code and other such regulations.
- Each officer displays accurate awareness of the issues in need of improvement and are highly motivated to make improvements.

Outstanding Issues

- Discussion needed on what would constitute an ideal AEON MALL Board of Directors.
- Further bolstering of the supervisory function of the Board required.
- Deeper discussion from a medium to long-term as well as a management philosophy perspective required.

Remuneration for Executives

Remuneration for members of the Board of Directors is comprised of a basic component and a performance-linked component. Upper limits are fixed at the general meeting of shareholders. Remuneration is determined within the upper

limit based such factors as position/title and business performance. Remuneration of Audit & Supervisory Board members is decided within the limits resolved at the general meeting of shareholders by the Audit & Supervisory Board members.

Remuneration for Directors and Audit & Supervisory Board Members (FY 2017)

Category	Total amount incl. remuneration (million yen)	Total amount for each type of compensation (in million yen)			Number of officers in the category
		Basic remuneration	Stock options	Expected amount of executive bonuses	
Directors (excl. outside directors)	255	163	34	57	10
Audit & Supervisory Board Members (excl. outside audit & supervisory board members)	–	–	–	–	–
Outside officers	35	35	–	–	5

(Note)

*1 Data (on the left) does not include one director and two members of the Audit and Supervisory Board (of whom one retired following the end of the 17 May 2017 AGM) who received no remuneration.

*2 Based on the resolution of the General Meeting of Shareholders, the maximum monetary remuneration of a director is 600,000,000 yen per year (resolution of the General Meeting of Shareholders held on May 17, 2007); The maximum remuneration based on stock options is 100,000,000 yen per year (resolution of the General Meeting of Shareholders held on May 17, 2007); The maximum remuneration of an auditor is 50,000,000 yen per year (resolution of the General Meeting of Shareholders held on May 8, 2002).

*3 The total amounts of remuneration shown on the left include the following:

- Expected executive bonuses of 57.3 million yen (for nine directors employed by the company as of February 28, 2018. Does not include two directors and two outside directors receiving no remuneration).
- Remuneration based on stock options of 34.742 million yen (for nine directors employed by the company as of 10 May 2017. Does not include one (1) director and two (2) outside directors receiving no remuneration).

Communications with Shareholders and Investors

Preparation & announcement of disclosure policy

We have prepared a disclosure policy where basic policies, standards for information disclosure, method of disclosure, and IR blackout periods are articulated.

Regular information meetings for individual investors

We hold company briefings for individual investors.

Regular information meetings for analysts and institutional investors

We hold quarterly briefings by company representatives and IR officers

Regular information meetings for foreign investors

We prepare English versions of the company's annual reports, IR website, and other reference materials and publish them at the same time as the Japanese versions. Additionally, we hold

quarterly telephone conferences for foreign investors and regularly participate in conferences held in Japan for foreign investors.

Posting of IR information on the company website

In addition to financial results information, timely disclosure materials other than financial results, official unabridged financial statements and/or quarterly financial reports, and shareholder communications, we post audio recordings of financial results briefings on our website.

Establishment of IR department (contact persons)

Tasked with information disclosure, we have established an IR Group within the Corporate Planning Department. (Phone: 043-212-6733)

Other

We hold individual meetings for domestic and foreign investors and securities analysts. In addition, we provide AEON MALL tours and other events as demand requires.

Compliance Promotion System

To build better relationships with local communities and fulfill the Company's corporate social responsibilities, Aeon Mall focuses on compliance management and adheres to the AEON Code of Conduct which is the AEON Group's guide to conduct. A "Compliance Committee" headed by the Director of the Administration Division has been created to enforce compliance with and/or identify or deliberate problem areas as regards to laws and regulations, the Articles of Incorporation, and internal rules. The proceedings of the Compliance Committee are reported to the Management Council, and important issues are reported to the Board of

Directors. To protect any individual reporting internal problems, the Company has introduced the Helpline AEON MALL "HR 110 hotline" (the Company's labor union has separately launched "Union 110 hotline"). We aim to introduce a similar helpline at all subsidiaries. In the event something is reported via the above hotline(s), the Company will investigate the reported activity. Where unacceptable behavior is shown to have taken place, disciplinary action will be implemented based on internal rules and measures to prevent recurrence will be drafted and/or be implemented across the Company. The Compliance Committee will be notified of such events.

Risk Management Promotion Structure

AEON MALL designates its President and CEO as the executive director and business divisional heads as directors in charge of risk management. It is tasked with developing a system and environment to ensure business continuity and the safety of human lives. The Company Group has established "Risk Management Rules" with the aim of preventing danger and/or minimizing damage from any occurrence of danger. It has also designated a management unit for each risk category to enable management of risk faced by the entire Group and thereby prevent damage to the brand and/or allow enhancement of corporate value. In the event of urgent and substantial potential loss to the Aeon Mall and/or the Group, the Company will, based on the Risk Management Rules, implement appropriate communications

and decision-making to minimize loss.

The Risk Management Committee, headed by the Director of the Administration Division, has been established as an entity to be responsible for the overall Group's risk management. The entity discusses solutions and challenges pertaining to risk management and reports proceedings to the Management Council, which is an advisory body to the President and CEO and consists of managing directors or above, full-time Audit & Supervisory Board members, and persons appointed by the President. Important issues are reported to the Board of Directors. The department responsible for internal auditing helps in enhancing the effectiveness of risk management and conducts internal audits based on the "Internal Auditing Rules."

Directors and Audit & Supervisory Board Members (as of May 30, 2018)

Directors



Akio Yoshida
President and CEO

April 1983: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
September 2005: General Manager, Tohoku Development Department, AEON Co., Ltd.
September 2009: General Manager, Kanto Development Department, AEON Retail Co., Ltd.
February 2011: General Manager, Management Department, International Planning Department, AEON MALL Co., Ltd.
March 2011: Director, AEON (CHINA) CO., LTD.
March 2011: General Manager, China Development Management Department, China Division, AEON MALL Co., Ltd.
March 2012: General Manager, China Division, AEON MALL Co., Ltd.
April 2014: General Manager, Sales Division and Chief China Business Officer, AEON MALL Co., Ltd.
May 2014: Managing Director, General Manager, Sales Division and Chief China Business Officer, AEON MALL Co., Ltd.
February 2015: President and CEO, AEON MALL Co., Ltd. and Chief China Business Officer, AEON MALL Co., Ltd.
April 2015: President and CEO, AEON MALL Co., Ltd. (to present)
March 2016: Vice President, Developer Operations, AEON Co., Ltd. (to present)



Mitsuhiro Fujiki
Managing Director

April 1985: Joined AEON MALL Co., Ltd.
April 2011: General Manager, AEON MALL Niihama, AEON MALL Co., Ltd.
November 2012: General Manager, AEON MALL Miyazaki, AEON MALL Co., Ltd.
April 2013: General Manager, West Japan Business Department, Sales Division, AEON MALL Co., Ltd.
September 2014: General Manager, Chugoku & Shikoku Business Department, Sales Division, AEON MALL Co., Ltd.
February 2015: Deputy General Manager, Sales Division, AEON MALL Co., Ltd.
April 2015: General Manager, Sales Division, AEON MALL Co., Ltd.
May 2015: Director, General Manager, Sales Division, AEON MALL Co., Ltd.
April 2017: Director, General Manager, Leasing Division, AEON MALL Co., Ltd.
May 2018: Managing Director, General Manager, Leasing Division, AEON MALL Co., Ltd. (to present)



Kaoru Iwamoto
Senior Managing Director

April 1977: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
April 2001: General Manager, Kinki Development Department, SC Development Division, JUSCO Co., Ltd.
March 2005: General Manager, West Japan Development Department, Development Division, AEON Co., Ltd.
April 2008: Supervisor, Development Division, AEON MALL Co., Ltd.
May 2008: Director, Deputy General Manager, Development Division, AEON MALL Co., Ltd.
May 2009: Director, General Manager, Development Division, AEON MALL Co., Ltd.
May 2010: Managing Director, General Manager, Development Division, AEON MALL Co., Ltd.
May 2012: Senior Managing Director, General Manager, Development Division, AEON MALL Co., Ltd. (to present)



Motoya Okada
Director and Advisor

March 1979: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
May 1990: Director, JUSCO Co., Ltd.
February 1992: Managing Director, JUSCO Co., Ltd.
May 1995: Senior Managing Director, JUSCO Co., Ltd.
June 1997: President, JUSCO Co., Ltd.
May 1998: Director, AEON MALL Co., Ltd.
May 2002: Director and Advisor, AEON MALL Co., Ltd. (to present)
May 2003: Director and President and Representative Executive Officer, AEON Co., Ltd.
March 2012: Director and President and Representative Executive Officer, Group CEO, AEON Co., Ltd. (to present)
February 2015: Director and Advisor, AEON Retail Co., Ltd. (to present)



Seiichi Chiba
Senior Managing Director

April 1978: Joined The Dai-ichi Kangyo Bank, Ltd. (now Mizuho Bank, Ltd.)
September 1993: Assistant Manager, New York Branch, The Dai-ichi Kangyo Bank, Ltd.
April 2002: Deputy Manager, Credit Department No. 3, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)
October 2002: General Manager, Corporate Department No. 4, Mizuho Corporate Bank, Ltd.
May 2003: General Manager, Global Corporate Department No. 2, Mizuho Corporate Bank, Ltd.
April 2005: Executive Officer, General Manager, Corporate Restructuring Division No. 1, Mizuho Corporate Bank, Ltd.
April 2007: Managing Executive Officer, Mizuho Corporate Bank, Ltd.
May 2010: Vice President, AEON Co., Ltd.
May 2010: Vice President Chief Financial Officer, AEON Group, Manager in Charge of Finance, AEON Group
May 2010: Audit & Supervisory Board Member, AEON MALL Co., Ltd.
March 2011: Vice President CFO, AEON Group
May 2013: Senior Managing Director, General Manager, Finance & Accounting Division/Chief Financial Officer, AEON MALL Co., Ltd.
April 2015: Senior Managing Director, General Manager, Finance & Accounting Division/Chief Financial Officer, and Chief ASEAN Business Officer (to present)



Mitsugu Tamai
Director

July 1999: Joined AEON Credit Service Co., Ltd.
May 2006: Director, General Manager, Finance & Accounting Management Department, AEON Credit Service Co., Ltd.
April 2007: Director, General Manager, Finance & Accounting Division, AEON Credit Service Co., Ltd.
March 2010: Director, General Manager, Affiliate Management Division, AEON Credit Service Co., Ltd.
May 2011: Executive Officer, General Manager, Administration Department, Affiliate Management Division, AEON Credit Service Co., Ltd.
March 2012: Aide to the Group Control and Accounting Officer, AEON Co., Ltd.
May 2012: Audit & Supervisory Board Member, AEON Kyushu Co., Ltd.
May 2012: Audit & Supervisory Board Member, AEON Delight Co., Ltd.
August 2012: General Manager, Administration Division, AEON MALL Co., Ltd.
April 2013: General Manager, ASEAN Division, AEON MALL Co., Ltd.
May 2013: Director, General Manager, ASEAN Division, AEON MALL Co., Ltd. (to present)



Akio Mishima
Managing Director

April 2000: Joined AEON MALL Co., Ltd.
July 2006: General Manager, Existing Store Management Department, Leasing Division, AEON MALL Co., Ltd.
July 2007: General Manager, AEON MALL Kisogawa, AEON MALL Co., Ltd.
May 2009: General Manager, Kanto & Tohoku Leasing Department, Leasing Management Department, Sales Division, AEON MALL Co., Ltd.
April 2011: General Manager, Leasing Management Department, Sales Division, AEON MALL Co., Ltd.
May 2012: Director, General Manager, Leasing Division, AEON MALL Co., Ltd.
April 2013: Director, Manager, Leasing Management Department, Sales Division, AEON MALL Co., Ltd.
April 2015: Director, General Manager, Leasing Division, AEON MALL Co., Ltd.
May 2016: Managing Director, General Manager, Leasing Division, AEON MALL Co., Ltd.
April 2017: Managing Director, General Manager, Sales Division, AEON MALL Co., Ltd. (to present)



Hisayuki Sato
Director

March 1981: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
March 1990: Tohoku Development Department, JUSCO Co., Ltd.
October 2008: General Manager, Development Division, AEON (China) Co., Ltd.
March 2011: General Manager, AEON MALL Beijing Tianjin Development Division, China Division, AEON MALL Co., Ltd.
September 2012: General Manager, China Development Management Department, China Division, AEON MALL Co., Ltd.
April 2014: Chief Executive Officer, AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD.
March 2016: General Manager, Development Management Division, AEON MALL (CHINA) CO., LTD. (to present)
April 2016: General Manager, China Division, AEON MALL Co., Ltd.
April 2016: Chief Executive Officer, AEON MALL (CHINA) CO., LTD. (to present)
May 2016: Director, General Manager, China Division, AEON MALL Co., Ltd. (to present)

Corporate Auditors



Masahiko Okamoto

Director

March 1981: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 March 1997: General Manager, Human Resources and General Affairs Department, MEGA MART Business Division, JUSCO Co., Ltd.
 March 2000: General Manager, Human Resources Training Department, Kinki Business Division, JUSCO Co., Ltd.
 March 2001: Chief, HQ Administration Center JUSCO Co., Ltd.
 April 2006: General Manager, Business Support Office, JUSCO Co., Ltd.
 September 2008: General Manager, Human Resources Training Department, Kanto Company, JUSCO Co., Ltd.
 February 2015: General Manager, General Affairs Department, Administration Division, AEON MALL Co., Ltd.
 April 2018: General Manager, Administration Division, AEON MALL Co., Ltd.
 May 2018: Director, General Manager, Administration Division, AEON MALL Co., Ltd. (to present)



Hiroshi Yokoyama

Director

April 1987: Joined The Chuo Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)
 October 2000: Manager, Real Estate Investment and Development Department, The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)
 April 2004: Joined AEON MALL Co., Ltd.
 April 2004: Finance Group Manager, Finance and Accounting Group, Administrative Division, AEON MALL Co., Ltd.
 August 2007: General Manager, Finance and Accounting Department, Administrative Division, AEON MALL Co., Ltd.
 May 2013: General Manager, Finance and Accounting Management Department, Finance and Accounting Division, AEON MALL Co., Ltd.
 April 2017: General Manager, Planning Management Department, Development Division, AEON MALL Co., Ltd.
 May 2017: Director and General Manager, Planning Management Department, Development Division, AEON MALL Co., Ltd. (to present)



Akiko Nakarai

Director

December 2003: Joined DIAMOND CITY Co., Ltd. (now AEON MALL Co., Ltd.)
 April 2011: General Manager, AEON MALL Miyakonojokimae, AEON MALL Co., Ltd.
 April 2013: General Manager, AEON MALL Fukutsu, AEON MALL Co., Ltd.
 July 2016: Representative Business Director, AEON MALL KIDS DREAM Limited Liability Company (to present)
 March 2018: General Manager, Digital Promotion Management Department, Sales Division, AEON MALL Co., Ltd.
 May 2018: Director and General Manager, Digital Promotion Management Department, Sales Division, AEON MALL Co., Ltd. (to present)



Mami Taira

Outside Director / Independent Officer*

October 1987: Joined Tohmatsu Awoki & Sanwa (now Deloitte Touche Tohmatsu LLC)
 October 1990: Joined Yoshio Hayakawa Tax Accountant Office
 September 1991: Registered as a certified public accountant
 April 1992: Registered as a certified tax accountant
 October 2002: Partner, Taira Tax & Accounting Consulting Group (to present)
 May 2011: Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd.
 May 2014: Outside Director, AEON MALL Co., Ltd. (to present)
 June 2014: Outside Audit & Supervisory Board Member, Suzuden Corporation
 March 2016: Outside Audit & Supervisory Board Member, Iseki & Co., Ltd. (to present)
 June 2016: Outside Director, Suzuden Corporation (to present)



Masao Kawabata

Outside Director / Independent Officer*

April 1971: Joined Pioneer Corporation
 November 1996: President, Pioneer GB Ltd.
 June 2004: Senior Executive Officer in charge of PR/IR and risk management, Pioneer Corporation
 April 2008: Chairman and CEO, Pioneer North America, Inc.
 June 2009: Advisor, Pioneer Corporation
 July 2010: Secretary-General, Foundation for the Advancement of Music Appreciation
 July 2012: Advisor, Eiken Foundation of Japan
 September 2014: Advisor, Brainwoods Corporation, Ltd. (to present)
 May 2015: Outside Director, AEON MALL Co., Ltd. (to present)
 June 2015: Director, the English-Speaking Union of Japan (to present)



Maki Watanabe

Full-time Audit & Supervisory Board Member (Outside)

April 1988: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 July 1992: Hyogo Accounting Department, JUSCO Co., Ltd.
 November 1993: Main Accounts Department, Accounting Division, JUSCO Co., Ltd.
 March 2010: General Manager, Accounting Division, JUSCO Co., Ltd.
 May 2013: Outside Audit & Supervisory Board Member, AEON HOKKAIDO Corp.
 August 2013: General Manager, Group Accounting Division, AEON Co., Ltd.
 May 2017: Audit & Supervisory Board Member, AEON MALL Co., Ltd.
 May 2018: Full-time Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)



Yumiko Ichige

Outside Audit & Supervisory Board Member/Independent Officer*

April 1989: Registered as an attorney
 April 1989: Joined IBM Japan, Ltd.
 December 2007: Partner, NOZOMI SOGO Attorneys at Law (to present)
 April 2009: Deputy Chairman, Daini Tokyo Bar Association
 September 2010: Deputy Secretary General, Japan Federation of Bar Associations
 June 2012: Outside Director, NEC Networks & System Integration Corporation (to present)
 May 2014: Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)
 December 2014: Outside Audit & Supervisory Board Member, Sanyo Trading Co., Ltd.
 December 2015: Outside Director, Sanyo Trading Co., Ltd.
 December 2016: Outside Director, Sushiro Global Holdings Ltd. (to present)



Takao Muramatsu

Outside Audit & Supervisory Board Member/Independent Officer*

April 1979: Joined the Tokyo Regional Taxation Bureau
 April 1988: Chief Investigator, Special Investigation Division, Tokyo District Public Prosecutors Office
 July 1991: Investigator, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency
 July 1998: Assistant Director, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency
 July 2003: Deputy District Director, Shibuya Tax Office
 July 2005: Chief Investigator, Criminal Investigation Department, Tokyo Regional Taxation Bureau
 July 2009: Chief Inspector, Osaka Regional Taxation Bureau
 July 2010: Chief Internal Inspector, National Tax Agency
 July 2012: Assistant Regional Commissioner, Nagoya Regional Taxation Bureau
 June 2013: Regional Commissioner, Takamatsu Regional Taxation Bureau
 October 2014: Registered as a certified tax accountant, Muramatsu Tax Accountant Office
 April 2015: Outside Audit & Supervisory Board Member, Besterra Co., Ltd. (to present)
 April 2016: Outside Audit & Supervisory Board Member, Serendip Consulting Co., Ltd. (to present)
 May 2016: Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)
 June 2016: Outside Director, Globetide, Inc. (to present)



Hideki Hayami

Audit & Supervisory Board Member

April 1996: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
 September 1997: Control Department, JUSCO Co., Ltd.
 May 2008: Group Control Department, JUSCO Co., Ltd.
 April 2009: Corporate Management Division, JUSCO Co., Ltd.
 May 2010: Audit & Supervisory Board Member, Pet City Co., Ltd. (now AEONPET Inc.)
 May 2012: Director and General Manager, Business Management Division, COX Co., Ltd.
 February 2016: Director and Head of Accounting, COX Co., Ltd.
 February 2017: General Manager, Administration Division and Business Promotion Division, COX Co., Ltd.
 March 2017: General Manager, Business Management Division, AEON Co., Ltd. (to present)
 May 2018: Audit & Supervisory Board Member, AEON MALL Co., Ltd. (to present)

* Outside directors and outside Audit & Supervisory Board members that pose no risk of a conflict of interest with minority shareholders in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange.

Creating Malls that are Safe and Secure

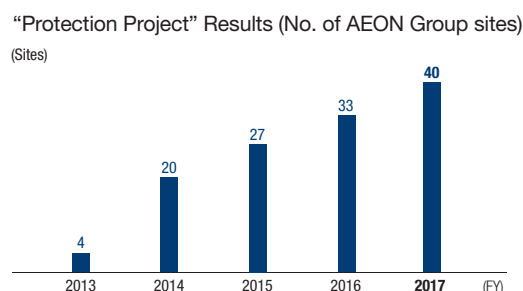
While increasing the number of stores that can act as temporary shelters (disaster prevention bases), we strive to improve the safety and security of our malls from a variety of perspectives including disasters, usability and crime prevention.

Initiatives

Indicator Trends

As part of the "Aeon ECO Project" that the AEON Group started in 2012, we are actively pursuing "Protection Project" to increase the number of stores that can act as temporary evacuation sites in times of emergency, and disaster prevention bases for rescue and disaster relief operations.

In accordance with a consolidated 2020 target of 100 facilities nationwide that can act as disaster prevention bases, AEON Group had established disaster prevention bases in 40 sites by the end of FY2017. Of these, 28 are malls owned and managed by AEON MALL.



Collaboration with Third-Parties

146 malls have concluded an agreement on disaster prevention with local government authorities

Our efforts to enhance the ability of malls to function as natural disaster reconstruction bases has been recognized and to date, many of our domestic malls have entered into such agreements. (Please see page 50 for details regarding disaster prevention agreements with local government authorities)

Agreement concluded with

146 malls (as at end of FY2017)

Examples of major initiatives ①

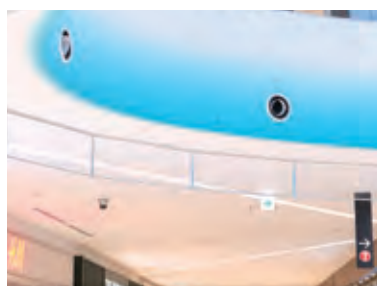
Pursuit of Both Tangible and Intangible Safety and Security

Enhancing earthquake-proofing and flood prevention measures

At each AEON MALL facility, we are taking measures to improve safety in anticipation of possible earthquakes, floods, and/or other such events.

In malls that have opened in recent years, we have been introducing ceiling-collapse prevention measures that comply with the Ministry of Land, Infrastructure, Transport and Tourism's (MLIT) "Notice of Technical Standards Relating to Ceiling Collapse Countermeasures." We have also been reviewing materials used in smoke barriers to minimize secondary injury resulting from ruptures and scattering of broken fragments. And as a countermeasure to flooding, we

have been building our malls in positions higher than the anticipated flood levels shown on local authorities' hazard maps.



Hanging smoke barrier featuring hard to scatter fire-resistant sheets (AEON MALL Tokushima)

Securing safety from the perspective of usability (ease of use)

Signage that is easy to see and wide aisles and corridors play a role in not just improving customer convenience, as they play a role in preventing collisions and falls and thusly help in securing safety. We introduced full-fledged universal design in 2005, and continue to make continuous improvements, both tangible and intangible. Introduced in September 2017, "AEON MALL Matsumoto (Nagano Prefecture)" became the first large-scale commercial facility in Japan to feature an artificial intelligence (AI) dialogue-based interactive mall information system. We have been implementing similar systems in all our new and renewed malls.



Interactive AI Information System



In-mall Kobans and crime prevention

To afford our customers security, much effort goes into crime prevention.

One example is the placement of kobans (small police stations) in the mall. Another is the carrying out of large-scale crime prevention drills in coordination with local authorities including police and/or fire departments. In FY2017 we carried out large-scale training drills at “AEON MALL Imabari Shintoshi (Aichi Prefecture)” and three other malls based on scenarios that included criminals barricading themselves in stores and discovery of suspicious-looking objects.



Police Box on premises of AEON MALL Tokushima

Toward business continuity even in times of disaster

To the extent we are a part of regional infrastructure in supplying food and daily necessities, we are making effort to enable facility operations even in times of emergency or disaster. Much effort has gone into securing electric power and/or drinking water in the event of a widespread power outage or water outage. To this end, in some malls we have begun installing emergency faucets to access water stored in water tanks and on-premise electric generators.



Faucet for emergency water access

Examples of major initiatives ②

Pursuit of Safety with the Local Community

Disaster prevention agreements with local authorities

The majority of AEON MALL's domestic malls have entered into agreements pertaining to disaster prevention with local authorities.

As an example, “AEON MALL Tokushima (Tokushima Prefecture),” which opened in April 2017, has entered into an agreement designating the mall as a temporary shelter in the event of a large-scale disaster. Washrooms and other such facilities are made available in such an event.

Implementation of a nationwide disaster prevention caravan

From March to December 2017, in partnership with the Boy Scout Association of Japan and AEON Co., Ltd., we sponsored a “Nationwide Disaster Prevention Caravan”. On the premises of approximately 70 AEON Group commercial facilities



Making and carrying an individual on a simple stretcher

across Japan, under the motto “Be Prepared,” we implemented a practical program that included making a simple stretcher, actually carrying an individual on the stretcher, and making disaster prevention goods out of newspaper.

Implementation of a joint disaster prevention program in partnership with various entities

Specialty store employees participate in disaster prevention training exercises that we periodically carry out in all of our malls. In May 2017 we hosted a large-scale joint disaster prevention event at “AEON MALL Hiroshima Gion (Hiroshima Prefecture)”. Over a six-day period it was possible to experience



Disaster prevention event at AEON MALL Hiroshima Gion

disaster simulations, erect “balloon shelters,” and see an exhibition of self-defense force, fire service, police and MLIT special vehicles.

Creation of Environmentally Friendly Malls

We are promoting the creation of malls that are environmentally friendly in a variety of ways. Initiatives to support the spread of EVs (electric vehicles) and reduce mall energy consumption are ways we try to lighten the burden on the environment.

Initiatives

Environmental Policies

Whilst elevating the quality of its services, AEON MALL endeavors to realize a sustainable society by creating malls that minimize the impact on the environment and make efficient use of energy resources. As such, AEON MALL has prescribed an environmental policy as follows. In addition, the Company will work to promote communications with its many customers and contribute to local communities.

1. AEON MALL shall contribute to the mitigation of climate change and adaptation to climate change.
2. AEON MALL shall realize zero-emission malls to conserve the earth's resources and to build a recycling-oriented society.
3. AEON MALL shall promote the protection of biodiversity and ecosystems.

4. AEON MALL shall contribute to improving the living environments of its partners, including its customers, as well as to the development and environmental protection of local communities.
5. AEON MALL shall comply with environmental laws and regulations as well as with the required matters the Company has decided to accept.
6. AEON MALL shall build an Environmental Management System, formulate targets and build a system for preventing contamination in each department as well as promote continuous improvements to raise environmental performance.
7. AEON MALL shall raise environmental awareness among all employees and widen its circle of initiatives with customers and partners.
8. These policies shall be made known to the Company's employees as well as partners, while publicly disclosing the Company's environmental information.

Indicator Trends

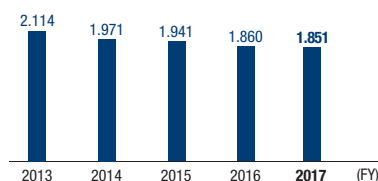
As part of the "Aeon ECO Project" that the AEON Group started in 2012, we are promoting two initiatives: "Protection Project" to make more efficient use of energy and further reduce the amount we consume, and "Generation Project" to proactively introduce

renewable energy.

In addition to which we are also working to reduce the amount of water used and the amount of waste generated in our malls.

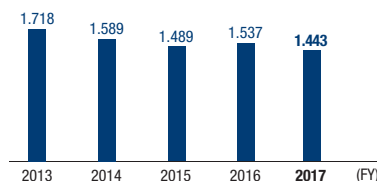
Energy Consumption Rate

(GJ/m²)



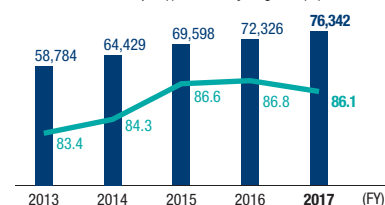
Water Consumption Rate

(m³/m²)



Mass of Waste Output & Recycling Rate

■ Mass of waste output (t) ■ Recycling rate (%)



External Recognition

GRESB Real Estate Assessment: "Green Star" Awarded

AEON MALL initiatives relating to environment consideration and sustainability were given the highest GRESB "Green Star" rating in the categories of "Management & Policy" and "Implementation Measurement". For information regarding GRESB, please see page 37.



Two malls acquired "DBJ Green Building Certification"

In January 2018 two malls, "AEON MALL Kyoto (Kyoto Prefecture)" and "AEON MALL Mito Uchiyama (Ibaraki Prefecture)" acquired the "DBJ Green Building Certification," a program from the Development Bank of Japan to accredit real estate projects that demonstrate consideration toward the environmental and society. Both malls were awarded a "Five Star" rating, amongst the highest domestically.



Examples of major initiatives ①

Promote Involvement with the Local Community Both Within and Outside Japan

Expand "Smart AEON" initiative

AEON Group has five guiding standards with regard to mall development. They include such items as cooperation with the local community and construction that minimizes environmental impact. The Company is working to expand malls meeting all five standards which are designated as "Smart AEON" malls. Nine of the malls under AEON MALL management have been recognized as Smart AEON malls.



Installation of charging facilities for electric vehicles (EV) both within and outside Japan

EVs are attracting attention as a technology that promises to contribute to a low carbon society. At AEON MALL, we have been pressing ahead with the installation of EV



EV charger

charging facilities and as of FY2017-end, installation in all 142 domestic malls was completed. In China, where the penetration of EVs is rapid, we have installed a total of 461 EV chargers across ten malls. In November 2017 we became the first Japanese company to join "EV100," the international business initiative advocating EVs and their infrastructure.

Continuation of "AEON Hometown Forestry Program"

With new mall openings, we have made it a practice to plant indigenous trees/ flora along with the local community in a program called "AEON Hometown Forestry Program." We have continued with such efforts and as of FY2017-end, the Aeon Group has planted a cumulative total of approximately 11.6 million plants.



Planting out

Examples of major initiatives ②

Reducing the Environmental Burden in the Supply Chain

Working with specialty stores and other partners to reduce environmental burdens

We have been requesting the cooperation of specialty stores to help reduce environment burdens.

For example, we have sought from specialty stores, shop designs that take into consideration construction methods that minimize waste generation, the use of LED lighting, the use of recycled and recyclable building materials, and the adoption of environmentally friendly products.

Continuation of employee/ supplier eco education

AEON MALL's environmental policy and eco planning are ISO14001 Environmental Management Systems (EMS) accredited. As such, under regular training programs, International Standard EMS requirements are communicated to our employees/ suppliers in the hopes such efforts will further understanding of our environmental efforts.



Developing People and the Management Structures to Support Business

With a focus on personnel development and the promotion of diversity management, we support our employees' diverse working styles. In recent years, we have also expanded our initiatives to include specialty store staff.

Initiatives

Indicator Trends

Employee numbers have tended to rise in accordance with growth in the scale of our business. There is also increasing activity around the recruitment of local staff overseas and the exchange of personnel between AEON Group companies. In light of which we have been equipping the workplace environment so that they are easy for employees with a variety of backgrounds to work in.

For some time now, diversity management has been

an important theme for us. As an example, we have focused our efforts on providing support to workers having child care and/or nursing care responsibilities. We have also worked to address excessively long working hours that has come to society's attention in recent years. Owing to such efforts, we have seen an increase in the number of female managers/officers and a rise in the number of persons taking maternity/paternity leave to enable furthering of their careers upon return.

Number of Employees (As of Feb 2018)

Indicator	FY2013	FY2014	FY2015	FY2016	FY2017
No. employees consolidated	1,689	2,024	2,313	2,871	3,091
No. employees parent (of which, women)	1,249 (304)	1,369 (345)	1,458 (384)	1,596 (498)	1,682 (551)

Number of Female Managers & Officers/ Those Returning from Maternity Leave (As of August 2017)

Indicator	FY2013	FY2014	FY2015	FY2016	FY2017
No. female managers (%)	99 (12.5%)	112 (13.1%)	115 (13.2%)	121 (13.7%)	136 (14.2%)
No. female officers (%)	—	2 (12.5%)	2 (13.3%)	2 (13.3%)	3 (17.6%)
No. those returning from child-care leave (of which, men)	16 (1)	18 (1)	34 (0)	49 (1)	55 (0)

Note) In FY2015 we changed the tabulation parameters for the number of female managers. Data in this chart from FY2014 and before has been adjusted to reflect the new tabulation framework.

External Recognition

"Eruboshi" certification: Awarded level 3 (highest rank)

In April 2016, we were recognized for our efforts in the promotion of women in the workforce and awarded the highest possible rank of Level 3 under "Eruboshi" certification.



Designated a "Nadeshiko Brand" for the active roles women play in the workplace

In March 2018, AEON MALL was selected as one of the composite stocks of the "Nadeshiko Brand 2018."

The index consists of companies deemed superior in encouraging women to play active roles in the workplace.



Examples of major initiatives ①

Diversity Management Promotion

Promoting the creation of worker-friendly workplaces from a variety of angles

AEON MALL began in 2007 an initiative to promote diversity. The aim was to create a worker-friendly atmosphere where employees with differing backgrounds and varying values could all easily work, regardless of sex, nationality, career point, or AEON Group affiliations. We have worked to proactively support work balance for those with child and/or nursing care responsibilities. We have made more robust our holiday leave program. And importantly, we have worked to ensure the creation of a corporate culture that encourages the use of such programs. It is from a variety of angles that we support the worker and diversity.

Thorough commitment to reduction of overtime

Initiatives toward reducing long working hours have been fully

implemented since 2014. Better work timekeeping systems have contributed to the visibility of actual overtime, and by promoting management of individual schedules on internal systems, we have been able to create an environment conducive to individual and workplace initiated operational efficiency.

Since 2016, we have also added work efficiency and productivity improvement as a factor in employee appraisals. The aim here has been to raise awareness that "avoiding excessive overtime results, in fact, to better appraisals."

Expansion of in-mall child day-care facilities

AEON MALL, with the aim of enhancing the balance between work and childcare for mall workers, has been building an in-mall nursery school called. "AEON Yume Mirai Nursery School." As of February 2018-end, there were 20* of them located across Japan. In recent years, new mall plans have



without fail included childcare facilities. Indeed, the 8 childcare facilities that have opened since 2016 have all qualified for the government Cabinet Office's "Assistance for Business-driven Childcare" program.

AEON MALL is now in the process of opening these facilities for use by specialty store staff as well as members of the local community.

One specialty store commented that our efforts here were "a real plus for recruiting."

* Includes six AEON Yume Mirai Nursery School facilities situated on other AEON Group premises and two facilities run in a tie-up arrangement with a third-party childcare service provider.



AEON Yume Mirai Nursery School

Toward an easy to work workplace for our partners too

The "Diversity Promotion Group" fulfills requests for improvements

The AEON Group established a "Diversity Promotion Group" within the Aeon Store Association (Doyu-tenkai, composed of specialty stores) in June 2016, to realize malls that are conducive to work for specialty store employees. With roughly

equal numbers of participants from the specialty stores and AEON MALL, the group engages in a candid exchange of views on improvements to the workplace.

Directors from AEON MALL and outside AEON MALL attend the group meeting. Ideas are deliberated by management then and there allowing for expeditious execution.

Diversity Promotion Group Characteristics

- Attended by both specialty store representatives and developers.
- Suggestions voiced are deliberated on the spot, making for expeditious execution where applicable.

Start of recruitment support service for partners

Not only are we improving workplace environments at our malls, we are also starting an initiative to directly support specialty stores in their recruitment activities.

At AEON MALL Iwakionahama (Fukushima Prefecture) which opened in June 2018, a new industry-first service matching individuals wanting to work at AEON MALL with specialty store worker needs was created. In conjunction with third party specialists, we sought out in advance, people expressing interest in working at AEON MALL. These individuals were then introduced to specialty stores planning a store launch. Going forward, we plan to offer similar support services at other new malls.

Examples of major initiatives ②

Personnel Development

Enhancement of personnel development programs

We offer a variety of training courses to suit employees' degrees of growth and their role. Two examples are "AEON Basic Training", which teaches AEON's management philosophy and value set, and "Commercial Developer On the Job Training" to acquire the requisite knowledge and skills for that line of work. There are also programs for core personnel training, such as the "ABS (AEON Business School) Program". The opportunity to learn is provided to those who want it.

Exchange of personnel between Japan and other countries

In the interests of cultivating human resources responsible for the future of our growing overseas business, we have in recent years been bolstering exchange of personnel between domestic and overseas businesses. In instances where an individual is sent from Japan to China or ASEAN, the employee will be expected to spend a year participating in a training program where he or she will experience first-hand, local cultures and historical context. Focused primarily on younger employees, the aim is to promote enhancement of skillsets and development of leadership.

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Forward-Looking Statements

The information provided in this annual report contains forward-looking statements as it pertains to the future business performance of AEON MALL. As these statements are based on information available at the time of the creation of the annual report, actual results may differ materially due to a variety of factors. Unless otherwise stated, earnings forecasts and other projections in this annual report are as of May 2018.

About the Cover

The photo on the cover shows AEON MALL Jakarta Garden City, the company's second mall in Indonesia which opened on September 30, 2017.