



AEON MALL CO., LTD.



New Phase, New Growth

ANNUAL REPORT 2016



Basic Philosophy

Customers First

Management Philosophy

AEON MALL is a Life Design Developer that creates 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, with an eye on each person's life stage.



Management Vision

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

Growth Strategy

1. Development of malls in Japan based on a new concept
2. Promotion of the remodeling of existing malls
3. Active openings in China and the ASEAN region

Achieving growth together with the community with an eye on the changing times

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

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

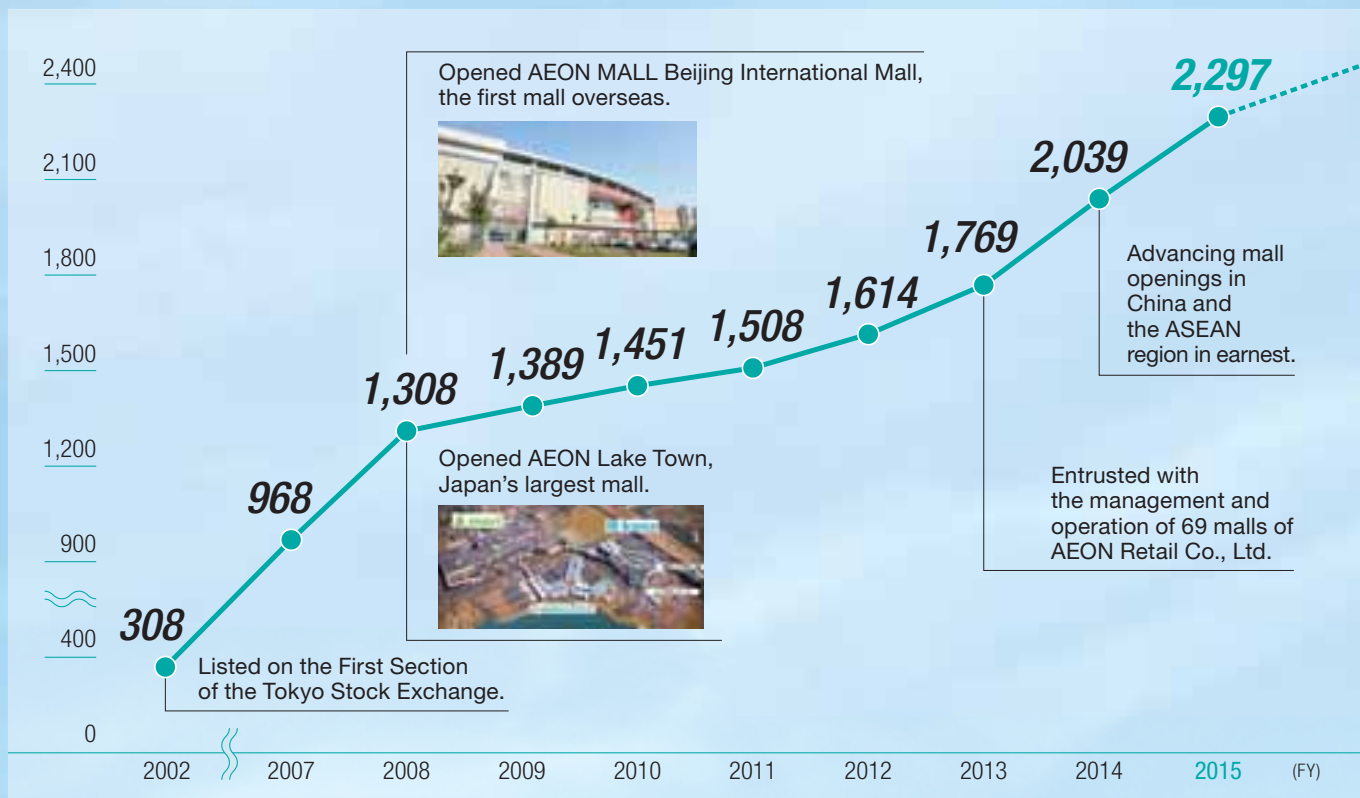
We develop malls with large parking lots that bring together stores from a wide range of business categories in suburban areas to cater to the growing use of motor vehicles. We have succeeded in attracting customers who visit malls by car, and have been a leader in the era when the bases of people's lives are shifting from cities and station proximity to the suburbs.

Amid the call to enliven communities

We are closely associated with communities as places where people gather by providing a variety of lifestyle functions.

Amid the ongoing trend of residential areas and commercial facilities shifting to the suburbs, AEON MALL has evolved into an infrastructure for local communities that is equipped with an entertainment function and an administrative and community function, as well as a function as a disaster prevention base in local communities beyond the framework of a commercial facility. Responding to calls for opening of malls, we have played a part in enlivening local communities.

Operating Revenue (100 million yen)



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.

Using regional revitalization in Japan and growth in Asia as the background

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, homogenization and intensified competition are progressing. AEON MALL is developing unique malls with a focus on localization, and has begun to go on the offensive in its mall opening in growth areas in Asia where the middle-class population is expanding. We will bolster our presence in local communities in Japan and overseas.

Becoming Asia's leading commercial developer

**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**

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

AEON MALL Suzhou Yuanqu Hudong

Creating a “life for the future” leveraging our collective strength

Business Environment/ Mega Trends

Japan

- Falling population/advancement of aging society
- Withering regional economies/concentration of population in cities
- Transition from the consumption of things to the consumption of values
- Rise of the EC market/commoditization of the market

Overseas

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

Our Strengths 1

Development expertise from a retailer's perspective

Our strengths are creativity unique to the retail industry, which we have been cultivating for many years, and development capability based on Japan's strongest track record and extensive experience as a member of Japan's largest retail distribution group.

Location Surveys

- Pipeline of development projects
- Return on investment forecast

Mall planning

- Building of commercial spaces
- Concepts/themes

Development

- Timely acquisition of permits

Development

Local customers



AEON MALL

Operation

Renovations

- Maintaining and increasing the value of malls through revitalization and floor expansion in accordance with changes in the regional markets.

Mall management and operation

- Creation of entertainment spaces
- Low-cost operations

Our Strengths 2

Mall operation from a customer's perspective

The source of our strong ability to attract customers is the operation of malls from a long-term perspective, looking to changes in regional lifestyles, based on our Customers First philosophy as a commercial developer.

We will continue to provide the necessary values for the lives of local customers in the constantly changing regions, leveraging our collective strength as a commercial developer from the development to the management and operation of malls.

Construction

- Basic design to achieve concept
- Efficient construction plan

Leasing

- Ability to attract tenants
- Tenant mix/replacement

Growing sustainably in line with changes in the local community

Our Strengths 3 Overwhelming group synergy

Close coordination with the Group companies that engage in a large variety of businesses including retail, services and finance is generating the competitiveness of our malls.

Values benefitting stakeholders

Customers

- Provision of daily luxury and amusement
- Creation of a livable and attractive community

Local communities

- Revitalization of the regional economy by creating employment
- Contribution to the creation of new regional charms

Partner companies

- Provision of growth opportunities and support for sales expansion based on partnership

Employees

- Provision of job satisfaction that will contribute to local communities
- Provision of a place for growth opportunities for each employee

Shareholders and investors

- Stable return of profits

Grand entrance of
AEON MALL Long Bien

Becoming an indispensable entity in the region

—What we are contemplating is a “life for the future.”



INDEX

Business Performance and Growth Strategy

- 9 Financial Highlights
- 11 Highlights by Business Segment
- 13 Message from the President



- 19 Medium-Term Management Plan

Operational Overview and Forecast

- 21 Domestic Business
- 25 **Special Feature I**
Approach to Developing New Concept Malls
Proposing an Attractive Tenant Mix
Proposing the Ultimate in Localization
- 29 **Special Feature II Domestic Report**
AEON MALL Tokoname
AEON MALL Shijonawate
AEON MALL Chikushino
- 35 New Openings from Fiscal 2016 Onwards
- 37 Overseas Business
- 41 **Special Feature I China Report**
AEON MALL Wuhan Jingkai
AEON MALL Suzhou Xinqu
AEON MALL Beijing Fengtai
- 47 **Special Feature II ASEAN Report**
AEON MALL Long Bien
AEON MALL BSD CITY
- 51 New Openings from Fiscal 2016 Onwards

Corporate Governance and CSR

- 53 **Special Project**
Round-Table Talk with Outside Officers



- 59 Corporate Governance
- 65 Directors and Audit & Supervisory Board Members
- 67 CSR Activities
- 75 Corporate Data/Investor Information

Financial Highlights

AEON MALL Co., Ltd. and its subsidiaries
Consolidated fiscal year ended February 29, 2016

	Millions of Yen				Thousands of U.S. Dollars (Note)	
	2011	2012	2013	2014	2015	2015
For the year:						
Operating revenue	¥ 150,886	¥ 161,427	¥ 176,931	¥ 203,902	¥ 229,754	\$ 2,021,777
Operating income	40,656	41,743	42,227	41,872	43,870	386,051
Net income	20,355	21,865	23,430	24,513	24,639	216,822
Capital expenditures	73,044	53,536	114,859	181,953	174,055	1,531,634
Depreciation and amortization	20,739	21,621	23,945	29,574	32,088	282,371
Operating cash flows	23,248	63,226	44,382	76,152	61,785	543,698
Investing cash flows	(68,323)	(69,751)	(47,143)	(127,505)	(146,332)	(1,287,688)
Financing cash flows	25,889	35,493	17,232	54,994	73,446	646,306
Free cash flows	(45,075)	(6,525)	(2,761)	(51,353)	(84,547)	(743,989)
Per share data (yen and U.S. dollars):						
Net income	¥ 112.37	¥ 109.73	¥ 106.96	¥ 107.58	¥ 108.43	\$ 0.95
Cash dividends	21.00	22.00	22.00	22.00	22.00	0.19
At year-end:						
Total assets	¥ 543,761	¥ 630,887	¥ 759,245	¥ 900,957	¥ 974,970	\$ 8,579,462
Total equity	194,474	217,776	298,526	332,536	339,849	2,990,577
Interest-bearing debt	179,911	220,146	190,366	253,798	334,406	2,942,682
Ratio:						
Equity ratio (%)	35.6	34.1	38.9	36.4	34.2	—
ROE (Return on equity) (%)	11.0	10.7	9.2	7.9	7.5	—
ROA (Ratio of net income to total assets) (%)	3.8	3.7	3.4	3.0	2.6	—
ROIC (Return on invested capital) (%)	—	—	—	4.9	4.5	—
Debt-equity ratio (times)	0.93	1.02	0.65	0.77	1.0	—
PER (times)	16.4	19.0	26.3	21.5	14.8	—
PBR (times)	1.7	1.9	2.2	1.6	1.1	—

Note: For the convenience of readers, the value in U.S. dollars is calculated with the estimated exchange rate as of February 29, 2016 at 113.64 yen to the dollar.

* Because of a revision to the accounting period, fiscal 2012 had a period of 12 months and eight days, specifically starting on February 21, 2012 and ending on February 28, 2013.

* AEON MALL issued 23,500,000 new shares on June 19, 2013 and 2,500,000 new shares on July 12, 2013.

On August 1, 2013, AEON MALL executed a 1.1-for-1 split of common shares.

Accordingly, net income per share has been calculated on the assumption that the share split took place at the beginning of fiscal 2012.

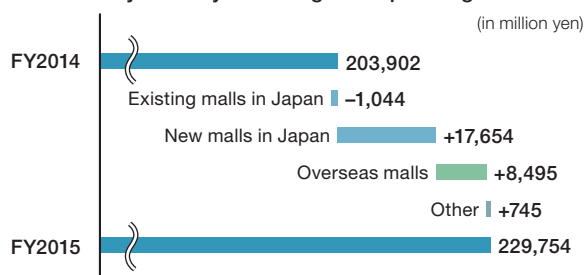
New mall openings in Japan and higher revenue in the overseas business helped to achieve double-digit growth.

(Operating revenue was up 12.7%, or 25,852 million yen)

Sales at specialty stores in existing malls totaled 98.3% of those in the previous year due to the stagnation of consumer spending, reflecting an uncertain outlook for the future such as concerns regarding slower growth in the world economy, and operating revenue at existing malls declined by 175,855 million yen (99.4% of that in the previous year).

Meanwhile, operating revenue at 11 new malls in Japan (seven malls opened in FY2014 and four malls opened in FY2015) increased by 17,654 million yen, and operating revenue at overseas malls rose by 8,495 million yen. As a result, total operating revenue increased to 229,754 million yen, or 112.7% of the level a year ago.

Factors for year-on-year changes in operating revenue

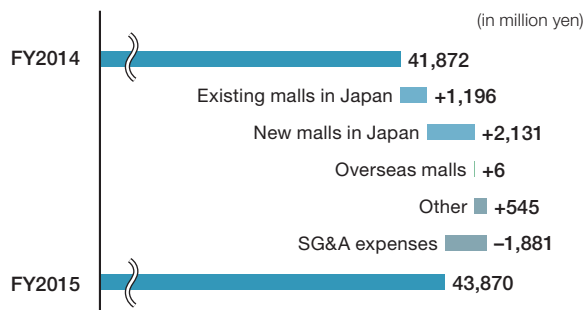


A year-on-year increase in income was achieved thanks to the strong performance of the domestic business.

(Operating income was up 4.8%, or 1,998 million yen.)

Operating income at existing malls in Japan increased by 1,196 million yen year on year due to the effect of cost improvements, and operating income at new malls also rose by 2,131 million yen. Operating income at overseas malls also increased by 6 million yen despite negative factors associated with the generation of initial expenses due to the opening of eight new malls. SG&A expenses rose 1,881 million yen, and total operating income increased to 43,870 million yen, or 104.8% of the level a year ago.

Factors for year-on-year changes in operating income



Actively promoted investment in growth in Japan, China and ASEAN countries.

We are actively investing in Japan and overseas to increase earnings and promote streamlining, and total capital expenditure amounted to 174,055 million yen, including 102,650 million yen for the opening of five new malls and floor expansion at existing malls in Japan, 38,229 million yen for the opening of six new malls in China, and 33,196 million yen for the opening of two new malls in ASEAN.

We will continue to make capital investments to open new malls and other facilities, and capital expenditure for FY2016 is scheduled to reach 150,000 million yen.

Breakdown of Capital Expenditure

In Japan		102,650 million yen
Overseas	China	38,229 million yen
	ASEAN	33,196 million yen
Total		174,055 million yen

Highlights by Business Segment

Business Overview

Domestic Businesses



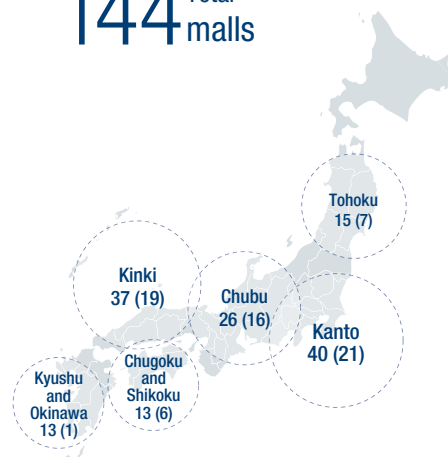
As the leading commercial developer in Japan, having obtained expertise over many years from a customer's perspective, we will develop a comprehensive mall business covering everything from site development to planning, developing, tenant leasing, and the management and operation of shopping malls. As of the end of February 2016, we operate 144 shopping malls* across Japan.

We have been achieving growth based on suburban shopping malls with large parking lots to cater to the growing use of motor vehicles. In recent years, with the spread of shopping malls throughout Japan, we are now focusing on the perspective of localization and developing malls with new concepts, taking the unique characteristics of each community into account.

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

Grouping and Number of Shopping Malls in Japan

144 Total malls



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

Overseas Businesses



We are developing our overseas business as a new growth driver and accelerating new mall openings in emerging areas such as China and the ASEAN region. Using the strengths in shopping mall development and operation 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 the 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 accelerate the opening of new malls. In ASEAN countries, 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

17 Overseas malls

China

AEON MALL Beijing International Mall
AEON MALL Beijing Fengtai
AEON MALL Tianjin TEDA
AEON MALL Tianjin Zhongbei
AEON MALL Tianjin Meijiang
AEON MALL Suzhou Wuzhong
AEON MALL Suzhou Yuanqu Hudong
AEON MALL Suzhou Xinqu
AEON MALL Hangzhou Liangzhu Xincheng
AEON MALL Wuhan Jinyintan
AEON MALL Wuhan Jingkal
AEON MALL Guangzhou Panyu Square

Cambodia

AEON MALL Phnom Penh

Vietnam

AEON MALL Tan Phu Celadon
AEON MALL Binh Duong Canary
AEON MALL Long Bien

Indonesia

AEON MALL BSD CITY

Overview of FY2015

New Malls

- Five new malls were opened based on new concepts that take local characteristics into account.
- AEON MALL Okinawa Rycom was opened. It is a full-scale resort mall with enhanced services for tourists.
- AEON MALL Tokoname was opened. It operates an outdoor entertainment park on its vast site (► See P. 29–30 for details).

Existing Malls

- We implemented a large-scale replacement of tenants at 11 malls, including AEON Lake Town. At AEON MALL Chikushino, existing tenants were also renewed to a large extent, along with floor expansion.



AEON MALL Okinawa Rycom



AEON MALL Chikushino

Outlook for FY2016

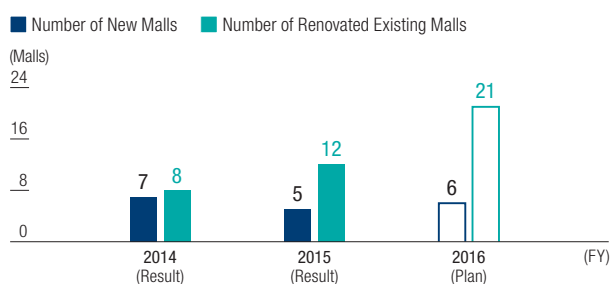
New Malls

- Four malls, including the acceptance of the assignment of property management (PM), are to be opened.
- The development of concept malls leveraging local characteristics continues to be a focus.
- The management and operation of the two facilities AEON QUALITE PRIX New Sapporo and Daiei Kobe Sannomiya Store will commence after large-scale renovations.

Existing Malls

- Large-scale renovations will be implemented at 21 malls.
- Profitability will be enhanced by promoting the following four initiatives: the expansion of supplementary revenue using mall spaces, the promotion of localization, the promotion of digitalization, and response to inbound tourism.

Changes in the Number of New Malls/Renovated Existing Malls



China

- Six new malls including AEON MALL Wuhan Jingkai were opened (► See p. 41–42 for details).
- AEON MALL Guangzhou Panyu Square, the first mall in Guangdong Province, was opened.
- AEON MALL Suzhou Yuanqu Hudong and AEON MALL Suzhou Xinqu were opened (► See p. 43–44 for details). A structure has been established where the city center of Suzhou is surrounded by three malls.

ASEAN

- AEON MALL BSD CITY, the first mall in Indonesia, was opened. (► See p. 49–50 for details).
- AEON MALL Long Bien, the third mall in Vietnam and the first mall in the Hanoi area, was opened. (► See p. 47–48 for details).
- AEON MALL Phnom Penh, which was opened in 2014, received the Eco Business Award of the Kingdom of Cambodia.



AEON MALL Wuhan Jingkai



AEON MALL Long Bien

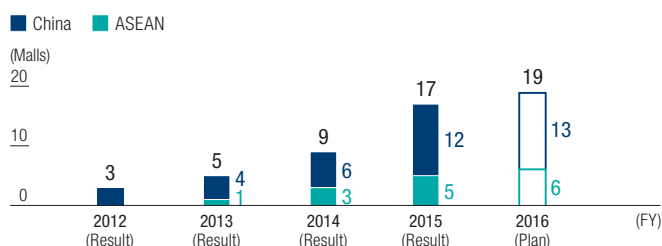
China

- AEON MALL Hebei Yanjiao, the first mall in the Hebei Provision, was opened. The construction of seven other malls has already commenced.
- Efforts are being made to improve operations.

ASEAN

- The construction of the second mall in Cambodia has begun in preparation for the opening in FY2018.
- AEON MALL Binh Tan, the third mall in Ho Chi Minh City, was opened in July 2016. Preparations for the opening of a new mall in Hanoi are also being made.
- In Indonesia, a plan to construct three new facilities is underway. A scheme to address foreign currency risk and strengthened regulations regarding foreign capital has also been established.

Changes in the Number of Overseas Malls (including scheduled changes)





Focusing on aggressive business expansion overseas and reinforcing the revenue base in Japan ahead of the new growth stage.

Akio Yoshida
President and CEO

Q1

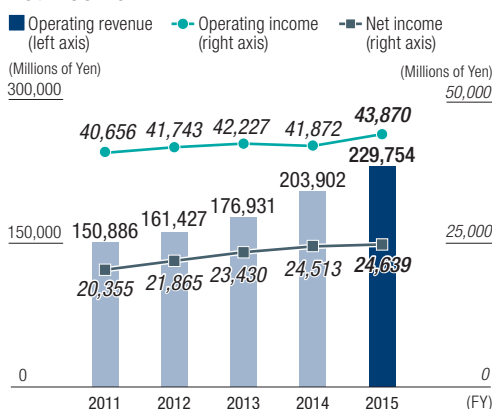
How would you rate the company's performance in fiscal 2015 (year ended February 2016)?

A1

The strengthening of business structure ahead of the new growth stage has run its course, and profits reached a record high in all stages.

In fiscal 2015, consolidated operating revenue achieved double-digit growth of 12.7% year on year, to ¥229,754 million, thanks to steady growth in sales at existing malls overseas and the effect of opening 13 new malls in Japan and overseas. Although consumption in Japan remained weak, operating income, ordinary income and net income all exceeded

Operating revenue, operating income, and net income



the budget and reached a record high as a result of our efforts to control expenses in a planned manner, including the implementation of efficient sale promotion measures.

The company has been working to build a foundation for new growth since fiscal 2012. We have also been strengthening the business structure by promoting proactive growth initiatives in Japan and overseas, including the integration of developer functions of the Group and the development of the overseas business. Although growth in operating income slowed from fiscal 2012 due to the increase in prior costs for these growth initiatives, we were able to achieve a record high profit in all stages in fiscal 2015, due in part to the fact that our efforts to strengthen the business structure had run their course. We forecast higher revenue and income once again in fiscal 2016, given the proactive measures we will take for the further acceleration of growth.

Q2 What can you tell us about the domestic business?

A2 We are striving to reinforce our revenue base through the renovation of existing malls, and by focusing on the development of distinctive malls tailored to local characteristics.

To achieve sustainable growth and stable revenue in the domestic business, it is important to revitalize existing malls by renovating them in a planned manner. In fiscal 2015, we renovated a total of 11 malls, and sales at specialty stores in each mall maintained almost double-digit growth on a year-on-year basis after renovation.

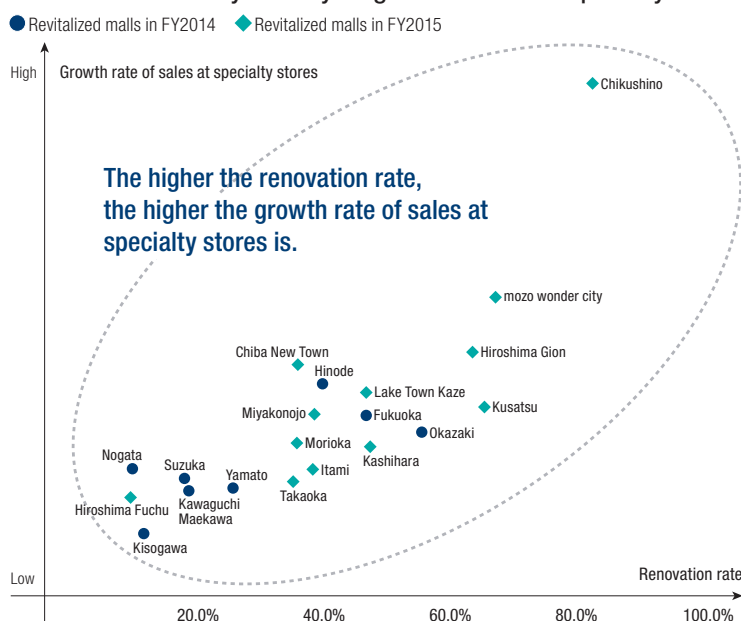
At AEON Lake Town, one of the flagship malls of the company, renovation was conducted in two phases in April and November, and more than 500 stores, or approximately 70% of a total of 710 stores, were upgraded. In the second phase of renovation, a deck that connects “Kaze” and the outlets was constructed to improve the overall circulation inside Lake Town, which consists of three malls. At [AEON MALL Chikushino](#) (► See P. 33–34 for details), a large-scale renovation, which included floor expansion equal to 16% of the gross leasable area, was implemented in

December and 182 stores, or about 90% of all 210 stores, were upgraded. As a result, sales at specialty stores in AEON Lake Town exhibited double-digit growth year on year, while AEON MALL Chikushino showed growth of 1.5 times year on year.

Looking at new mall openings in Japan, we focus on developing each individual mall with a clear concept after identifying local characteristics and market needs. At [AEON MALL Tokoname](#) (► See P. 29–30 for details) which opened in December 2015, we built an outdoor park equipped with experienced-based facilities such as field athletics and a cart circuit on its vast site of approximately 202,000 m² taking advantage of it being a seaside location next to Chubu Centrair International Airport. To meet inbound demand, we have also installed landmarks such as large lanterns in a Japanese style and beckoning cats, as well as foreign exchange machines, multilingual guide signs, and a departure board showing the flight time of planes, aiming to create a mall where foreign customers are able to comfortably enjoy their time. Gaining popularity thanks to these features, the mall is crowded with the customers it draws from a wide range of areas, including Nagoya City and other prefectures, as well as foreign customers.

At [AEON MALL Shijonawate](#) (► See P. 31–32 for details) which opened in October 2015, we developed a “mall in mall” that applies our concepts to specific squares inside the large mall. As an urban mall on the outskirts of Osaka City, one of the concepts for this mall is to target adult women with highly sensitive tastes in fashion, general merchandise, and cosmetics. With these efforts, it promotes the cultivation of urban demand.

Renovation rate and year-on-year growth in sales at specialty stores



Q3 What is the status of the overseas business?

A3 We promote the opening of dominant malls targeting the growth areas in each country to strengthen our branding and achieve competitive leasing.

We have been aggressively promoting new mall openings, positioning the overseas business in China and the ASEAN region as an important growth driver for the future. In fiscal 2015, we opened eight malls, and the total number of overseas malls reached 17 malls (as of the end of fiscal 2015).

In China, we opened six new malls in fiscal 2015 and have developed 12 malls at present. [AEON MALL Wuhan Jingkai](#) (► See P. 41–42 for details), the second mall in Hubei Province that opened in December 2015, is the largest AEON MALL in China with gross leasable area of 105,000m². We also opened [AEON MALL Suzhou Xinqu](#) (► See P. 43–44 for details), the third mall in Jiangsu Province, in January 2016.

In China, we promote mall openings in four areas, including the Hubei area and Jiangsu and Zhejiang area, in addition to the Beijing and Tianjin area and the Guangdong area. Building a dominant mall in each area has not only helped to strengthen the branding of AEON MALL to local customers and expand our market share, but has also had a profound effect on leasing. Our policy for the ongoing development of malls and positive results in the first mall are highly valued by leading specialty stores in the region, and this has helped them open a store in the second and third malls on favorable terms in many cases. This has enabled us to build highly competitive malls.

Year-on-Year Changes at Existing Malls in China

	Cumulative figures for January 2014 to December 2014	Cumulative figures for January 2015 to December 2015
Sales of specialty stores at AEON MALLs*	117.9%	124.9%
Number of visitors to AEON MALLs*	121.4%	110.8%

* Three malls for January 2014 to December 2014, and four malls for January 2015 to December 2015 (excluding AEON MALL Tianjin TEDA, which suspended business from August 2015 to December 2015)

* The fiscal year-end of local subsidiaries in China is December 31.

In regard to the Chinese market, concern has been raised about slower economic growth, given that the GDP growth rate has fallen below 7%. However, we need to keep in mind that there are structural changes in the Chinese economy that are causing the slower growth in GDP. In fact, while growth in overheated real estate investment and exports decelerates, consumer spending continues to maintain steady growth of around 10% even now. Sales at specialty stores in existing AEON MALLs in China continue to grow at a higher pace than the growth in retail sales in China as a whole (up 10.7%), and the number of visitors has also maintained double-digit growth year on year. The expansion of consumer spending is a major engine for the economic policies of the Chinese government, and we believe that the further expansion of sales can be expected as the middle-class population increases in size.

In ASEAN countries, we opened two new malls in 2015 and have now developed a total of five malls, including three malls in Vietnam, one mall in Cambodia, and one mall in Indonesia. At AEON MALL Phnom Penh, the first mall in Cambodia which opened in June 2014, we built an additional multi-story parking lot for 800 cars in July 2015 in response to the sharp increase in the number of visitors who come by car. Thanks to this endeavor, both the number of visitors and sales increased significantly, and this mall entered the black in fiscal 2015. Following this success, we have secured a site for the second mall, which is also in Phnom Penh. We plan to open the second mall in fiscal 2018 and make it different from the first by enhancing amusement and service functions.

In Indonesia, the development of new towns is moving forward at full blast in the suburbs of Jakarta in the Greater Jakarta area, which has a population of 30 million



people. [AEON MALL BSD CITY](#) (▶ See P. 49–50 for details), the first mall in Indonesia that opened in May 2015, is located in a district that attracts attention as one of the new town development projects. Currently, several properties are listed up as candidates for a mall in the same suburbs of Jakarta. We plan to open one mall in fiscal 2017 and two malls in fiscal 2018.

In Vietnam where we have developed three malls, including [AEON MALL Long Bien](#) (▶ See P. 47–48 for details) which opened in Hanoi in October 2015, AEON Co., Ltd. concluded a comprehensive memorandum with Ho Chi Minh City in March 2016 on the investment and business promotion of the AEON Group companies in the City. In July 2016, we opened AEON MALL Binh Tan, the fourth mall in Vietnam. We will continue to promote new mall openings in Ho Chi Minh City, taking advantage of our cooperative relationship with the City, and consider new mall openings in Hanoi as well.

To strengthen the foundation for the overseas business, we focus on cultivating the reinforcement of local employees and the localization of operation. The [strengths of AEON MALL](#) (▶ See P. 38 for details) in China and the ASEAN markets lie in the attractive

industry structure of malls in the development of concept zones, facilities that pay special attention to cleanliness, safety, and the environment, and operation by local employees with Japanese-style hospitality skills. To firmly establish these differentiating elements as the culture of AEON Mall, it is important to foster individuals from among local employees capable of becoming executives in the future, and leaving the operation of the mall to them.

In China, where we have been developing the mall business since 2008, there are already four malls that are operated by only local employees. Although our approach used to be handing off operation to local staff after Japanese employees set things on track, we will leave the opening of a new mall entirely to Chinese employees in fiscal 2016 as the next step of localization. In ASEAN countries as well, we intend to gradually promote the localization of operation in step with the situation of each mall.

We also put our efforts into strengthening the personnel development system and the development of career programs for local employees, as well as the localization of operation. In China and the ASEAN region, career options are expanding widely along with economic development. Therefore, we intend to secure excellent employees and raise their motivation by clearly demonstrating the future vision that if local employees put forward the effort and achieve results, they will be able to hold important positions in AEON MALL.

Q4 What are the medium- to long-term growth strategies?

A4 We will aggressively expand the overseas business to make it profitable early on. At the same time, we will focus on incorporating new demand such as that from seniors in Japan.

To achieve sustainable growth over the medium to long term, AEON MALL will further expand the overseas business in China and the ASEAN region, which are growth markets.

We will also focus on strengthening the revenue base in Japan by opening new malls and revitalizing existing malls in a planned manner, and work to create new markets by

developing urban fashion buildings.

In the overseas business, we will open new malls by carefully selecting areas with prospects for economic development and market expansion for the mall business, and promote efforts to enhance earnings at existing malls. In fiscal 2016, we plan to make a total of 10 malls profitable.

At the same time, we will work to increase profitability at existing malls in Japan, where consumer spending remains weak after the consumption tax hike, through large-scale revitalization programs. Concerning results in fiscal 2014 and fiscal 2015, there is data showing that the higher the store renovation rate, the higher the growth rate of sales at specialty store is. Therefore, we plan to revitalize 21 malls, twice the number in the previous fiscal year, in fiscal 2016.

Looking at new mall openings from fiscal 2016 in Japan, we plan to narrow down malls to those with prospects for sufficient revenue in suburban areas with no large stores, taking into account the effects of rising construction costs and other factors. We will make efforts to achieve efficient growth investment in less time and at lower cost by allocating management resources to breathe new life into existing malls.

When revitalizing existing malls and opening new malls, we will focus on [incorporating the new domestic demand](#) (► See P. 25–26 for details) associated with changes in the social environment, such as the aging population and declining birth rate. Compared with the young and the middle age groups, seniors tend to have a larger balance in

savings and a higher percentage of individuals with a driver's license. Therefore, we will make a strong effort to develop concept zones for active seniors as the main target in addition to families, which were the main targets in the past, and build facilities where senior customers can spend time more comfortably. In addition, to take in the inbound demand that is expected to increase in the years leading up to the 2020 Summer Olympics in Tokyo, we will enhance our services for foreigners, such as foreign exchange machines and multilingual information.

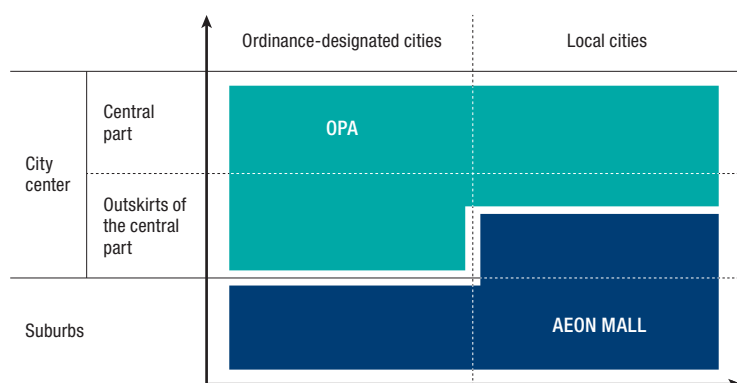
To improve such customer services, we plan to proactively use the latest information technology, such as the concierge robots and digital signage that we have currently introduced on a trial basis at AEON MALL Makuhari New City. In addition to eating and drinking establishments, we will also strengthen our ability to attract customers further by enhancing the experience-based stores and facilities for hobbies, sports, health and beauty, which only real malls can provide.

Three major metropolitan areas have a smaller rate of population decline than the national average, and in recent years there has been a noticeable trend of people returning to urban areas. Although we have developed the mall business centered on suburban shopping malls in the past, we will strengthen the urban fashion building business in the years ahead to seize new business opportunities in these city centers, leveraging the brand of OPA, a company that we made a subsidiary in March 2016. Although the fashion buildings of 21 stores

Medium- and long-term growth strategies (Image)



Integration of expertise in the fashion building business and the mall business



currently operated by OPA include those with old equipment, they all boast optimal locations, such as being located in front of the station or directly connected to the station. We will develop them as new urban fashion buildings that propose a lifestyle for the career generation in apparel and fashionable merchandise, as well as eating and drinking establishments, by conducting the necessary replacement and renewal of equipment and using our expertise in the mall business. In addition, in and after fiscal 2017, we plan to open new OPA stores.

One initiative essential to realizing these

medium- to long-term growth strategies is the strengthening of our manpower. The age structure of our employees is characterized by a large number of young personnel who have been with the company for several years, in comparison with middle age employees. Therefore, we will work to strengthen the cultivation of young employees in a focused manner to make them an operational force early on and develop their abilities. In addition, we will also develop the middle age employees into the next-generation management capable of understanding the job site from the managerial perspective through education, training, and job rotation in Japan and overseas.

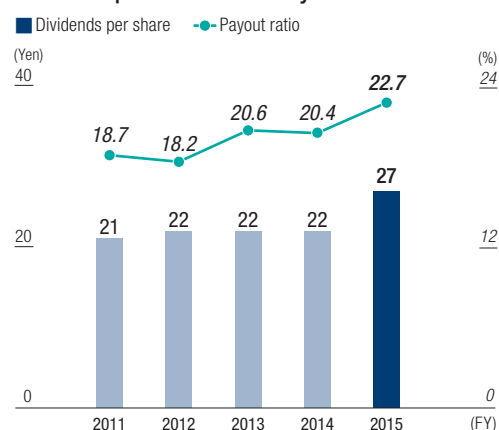
Another important perspective is [the promotion of diversity](#) (► See P. 71–72 for details). Due in part to the rising percentage of overseas businesses, promoting the active participation of women and realizing greater diversity that goes beyond nationality are also important measures for the company. As part of these efforts, we will develop a framework that enables excellent local employees in China and the ASEAN region to participate in the management of the company, as well as the operation of local malls, in the future.

Q5 Finally, what is your outlook on dividends and shareholder returns?

A5 We plan to pay out annual dividends of ¥22 per share in the fiscal year under review and increase dividends by ¥5 in the next fiscal year.

Our basic policy on profit distribution to shareholders is to maintain a dividend payout ratio 20% or more, taking into account the balance between stable dividends and growth investment. We plan to pay out annual dividends of ¥22 per share, as in fiscal 2015, increasing the amount by ¥5 per share, to ¥27, in the next fiscal year, taking into account our initial profit plan in addition to a dividend increase due to profit growth. The payout ratio will be 22.7%. We will also continue to enhance returns to shareholders.

Dividend per Share and Payout Ratio



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

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

Medium-Term Management Plan for FY2014 to FY2016

Numerical targets

As of the announcement on April 8, 2014

Operating revenue ¥300 billion
 Ordinary income ¥60 billion
 Capital expenditure (cumulative total) ¥600 billion

Revisions announced on April 9, 2015

Operating revenue ¥270 billion
 Ordinary income ¥48 billion
 Capital expenditure (cumulative total) ¥470 billion

Reasons for revisions to the plan

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

Revisions announced on April 13, 2016

Operating revenue ¥280 billion
 Ordinary income ¥45 billion
 Capital expenditure (cumulative total) ¥505 billion

Reasons for revisions to the plan

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

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

Priority Measures

Priority Measure 1

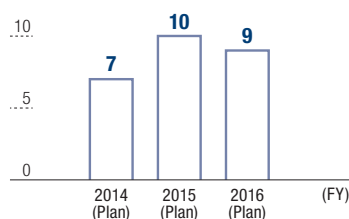
Improvement of profitability

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

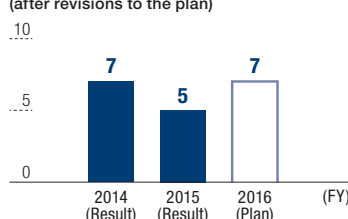
Priority Measure 2

Expansion of new facilities in Japan

Changes in the number of new openings



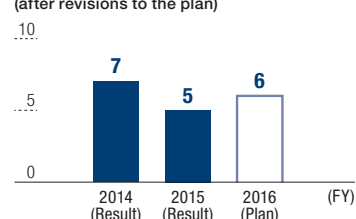
Changes in the number of new openings (after revisions to the plan)



Reasons for revisions to the plan

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

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



Reasons for revisions to the plan

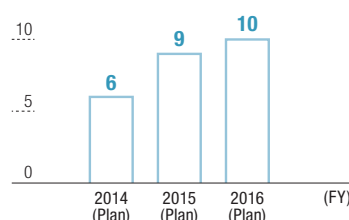
The number of new openings planned for fiscal 2016 was revised further in light of the consumption environment in Japan.

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

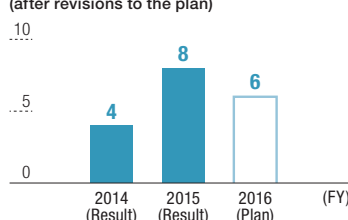
Priority Measure 3

Establishment of business foundation in China and the ASEAN region

Changes in the number of new openings



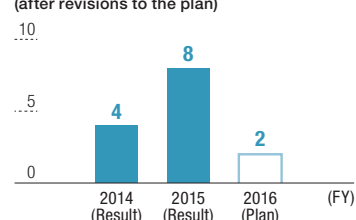
Changes in the number of new openings (after revisions to the plan)



Reasons for revisions to the plan

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

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



Reasons for revisions to the plan

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

Priority Measure 4

Full enforcement of financial discipline

Priority Measure 5

Strengthening of employee pool and governance

Progress in plans and forecast

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

Domestic Business

Promoting growth by opening new malls and breathing new life into existing malls in line with regional characteristics.

We contribute to the revitalization of local communities in many parts of Japan, leveraging our overwhelming track record in malls and the retail expertise we have developed in a mature domestic market, one marked by the ongoing trends of an aging population, a declining birth rate, and a population return to downtown areas. We seek to explore new demand and create new markets.

Market Trends/Strengths of AEON MALL	22
Overview of Fiscal 2015	23
Forecast for Fiscal 2016	24

Special Feature I Approach to Developing New Concept Malls



Proposing an Attractive Tenant Mix

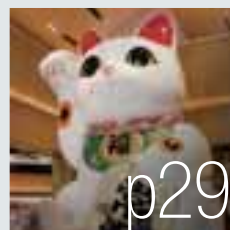
p25



Proposing the Ultimate in Localization

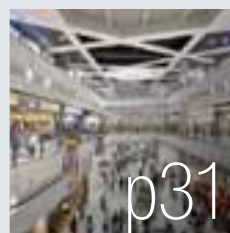
p27

Special Feature II Domestic Report



Developing Local Attractions Together with the Local Community
"AEON MALL Tokoname"

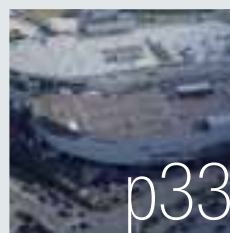
p29



A new form of mall that uncovers urban demand

"AEON MALL Shijonawate"

p31



Market Creation named "Renovation"

"AEON MALL Chikushino"

p33

New Openings from Fiscal 2016 Onwards	35
---	----

Market Trends

Malls are entering the era of selection, driven by the maturing of the retail market.

The mall industry accounts for 22.1% of all retail sales, suggesting that there is considerable scope for growth compared to the United States, a developed market for malls, where the mall industry has a 55.5% market share. However, because the City Planning Act included regulations on the opening of large stores, the opening of large new malls has been on the decline, and the presence of AEON MALL, whose malls already account for half of all

large malls in Japan, is becoming increasingly significant.

In addition, the population of seniors continues to rise, even as the overall population in Japan is in decline. However, the decline of the population in the three major metropolitan areas is relatively small, implying that there is a trend that can be labeled as a return to downtown areas. There is a need to explore new domestic demand, focusing on the aforementioned trends.

Changes in the percentages of retail sales by industry

	2005	2015
Malls	19.8%	22.1%
Department stores	5.8%	4.4%
Chain stores	10.5%	9.4%

* Source: The Current Survey of Commerce by the Ministry of Economy, Trade and Industry and data from the Japan Council of Shopping Centers, the Japan Department Stores Association, and the Japan Chain Stores Association

Changes in population distribution by age group (10,000 people)

	2015	2025	2035
Total population	12,659	12,065	11,212
65 or older	3,395 (26.8%)	3,657 (30.3%)	3,740 (33.4%)
0-14	1,582 (12.5%)	1,324 (11.0%)	1,128 (10.1%)

Changes in the deposit balance by householder age group (households of two persons or more) (10,000 yen)

	2011	2013	2015
Under 40	554	558	608
40-49	1,118	1,049	1,024
50-59	1,588	1,595	1,751
60-69	2,363	2,385	2,402
70 or older	2,211	2,385	2,389

Changes in population caused by people returning to downtown areas (10,000 people)

	2015	2025	2035
Total population	12,659	12,065 (-4.7%)	11,212 (-11.4%)
The three major metropolitan areas	6,792	6,586 (-3.0%)	6,207 (-8.6%)
Other than the three major metropolitan areas	5,866	5,479 (-6.6%)	5,004 (-14.7%)

* Three major metropolitan areas: The Tokyo metropolitan area, the Chukyo area, and the Kinki area

Status of large mall openings

	2000 or earlier	2001 - 2005	2006 - 2010	2011 - 2015	2016 - 2020 (forecast)
Number of malls with 40,000 m ² or larger	39	41	62	34	Approx. 35
AEON Group	16	28	34	19	Approx. 25
Competitors	23	13	28	15	Approx. 10

* Survey conducted by AEON MALL.

Strengths of AEON MALL

Overwhelming track record and retail expertise cultivated as strengths

AEON MALL, which boasts Japan's strongest track record in developing and operating large commercial facilities, has an overwhelming advantage in the present mall market in Japan, where its planning capabilities in revitalizing local communities is put to the test. AEON MALL participates in the regional development of local governments, such as land rezoning projects. As a developer in Japan's largest retail distribution group, the greatest strength underlying our strong track record is our business know-how rooted in a retailer's perspective, which we have cultivated in line with our Customers First philosophy, and our strong partnership with tenant companies in the AEON Association Shops Committee, the largest body of its kind in Japan.

Leveraging these strengths, we will pursue new forms of innovation in the retail market. This market is now mature, so we need to explore new demand and create new markets.



Overview of Fiscal 2015

Development of new malls

Opened five new distinctive malls such as AEON MALL Okinawa Rycom.

To expand new facilities in Japan, we opened five malls in fiscal 2015. All are distinctive concept malls in line with regional and location-specific characteristics. AEON MALL Okinawa Rycom provides culture and entertainment features by which visitors are able to experience an Okinawan atmosphere. It has approximately 60 restaurants offering the largest selection of local and foreign foods, and provides services for inbound tourism (foreign tourists visiting Japan) that are more enhanced than other existing malls to meet local needs for attracting tourists. AEON MALL Tokoname, which is located near Chubu Centrair International Airport, also conveys local charm by enhancing multilingual services for foreign tourists and holding events that highlight local specialties.

New malls developed in fiscal 2015

Name	Location	Features
AEON MALL Asahikawa Ekimae	Hokkaido	Provides a tourism promotion function and proposes lifestyles, taking advantage of its location directly connected to the station.
AEON MALL Okinawa Rycom	Okinawa Prefecture	Provides an entertainment function by which visitors are able to experience an Okinawan experience, and establishes a wide variety of restaurants.
AEON MALL Tonami	Toyama Prefecture	Meets the needs of three-generation families, with "AEON Style" as the core.
AEON MALL Shijonawate	Osaka Prefecture	Enhances specialty stores based on the concept of creating "fun for grownups," in addition to providing an infrastructure function.
AEON MALL Tokoname	Aichi Prefecture	Sells regional characteristics through events and other measures. Seeks to become a full-fledged entertainment mall.



AEON MALL Okinawa Rycom



AEON MALL Tokoname



AEON MALL Asahikawa Ekimae



AEON MALL Shijonawate



AEON MALL Tonami

Existing malls

Twelve malls were renovated, including the expansion of floors, by promoting large-scale renovations.

In fiscal 2015, we replaced tenants significantly at 11 malls and renovated AEON MALL Chikushino, including the expansion of floors. All renovated malls continue to perform well. At AEON Lake Town, sales at specialty stores showed double-digit growth as a result of upgrading 70% of 710 stores and increasing circulation within the mall. At AEON MALL Chikushino, 182 of the 210 stores were upgraded through the introduction of new tenants and the relocation and remodeling of existing tenants, causing sales at specialty stores to increase by

as much as 1.5 times from the previous year. As a result of these efforts, operating income at existing malls increased to 102.1% of the level a year ago in fiscal 2015.

Malls renovated in fiscal 2015

Name	Location	Tenants	New Tenants
AEON MALL Takaoka	Toyama Prefecture	130	49
AEON MALL Itami	Hyogo Prefecture	150	61
AEON MALL Kusatsu	Shiga Prefecture	190	131
AEON MALL Miyakonojo Ekimae	Miyazaki Prefecture	100	41
AEON MALL Hiroshima Fuchu	Hiroshima Prefecture	200	22
AEON MALL Hiroshima Gion	Hiroshima Prefecture	130	87
mozo wonder city	Aichi Prefecture	230	163
AEON MALL Morioka	Iwate Prefecture	120	46
AEON MALL Chiba New Town	Chiba Prefecture	180	69
AEON Lake Town	Saitama Prefecture	710	509
AEON MALL Kashihara	Nara Prefecture	230	116
AEON MALL Chikushino	Fukuoka Prefecture	210	182



AEON Lake Town



AEON MALL Chikushino

Forecast for Fiscal 2016

Development of new malls

Planning to open six new malls, including the acceptance of entrusted PM and the regeneration of facilities in the Group.

In fiscal 2016, we plan to open four malls including the acceptance of entrusted property management (PM). We will continue to promote the development of concept malls, taking advantage of regional characteristics. One example of this is AEON MALL Imabari New City, which plans to enhance sports shops to account for the popularity of soccer and cycling in Imabari City.

In addition, we plan to begin managing and operating two facilities of AEON QUALITE PRIX New Sapporo and Daiiei Kobe Sannomiya Store, which are existing stores of AEON Group companies, after renovating them significantly.

Given the current situation in which construction costs remain high, we will achieve profitability by absorbing costs while considering making changes to building specifications when opening new malls.

New openings planned for fiscal 2016



Existing malls

Renovating 21 malls across the country, including the expansion of floors at two malls.

In fiscal 2016, we will carry out large-scale renovations at 21 malls, twice the level of a year ago, to breathe new life into existing malls. In addition to these renovations, we will increase the profitability of malls through the following four measures.

The first is the expansion of incidental income by using mall space. We will translate our strong ability to attract customers into revenue by increasing paid events and product exhibitions in cooperation with companies and local governments.



Renovated AEON MALL Akita

The second measure is the promotion of localization. We will increase our ability to attract customers by offering attractive

community-based malls.

The third is the promotion of digitalization. We will work to enhance guide signs inside the mall using Pepper*, strengthen content such as websites and SNS, and improve our public relations.

The fourth measure is responding to inbound tourism. We will strive to attract inbound demand by enhancing tax-exempt support at specialty stores and expanding shopping functions and services for foreign tourists.

* Humanoid robot developed by SoftBank Robotics Corp. We are adopting a number of measures by using the robot in our own unique way.



Concierge robot "Pepper"



Introduction of a large digital signage



New Concept ▶

Special
Feature

I

Approach to Developing New Concept Malls

Proposing an Attractive Tenant Mix

With the aging population and the declining birth rate, the diversification of lifestyles, and the ongoing spread of Internet shopping, the functions and roles that AEON MALLs in each region are expected to fulfill also continue to change. Based on a philosophy of establishing ourselves as a “Life Design Developer,” AEON MALL is pursuing an attractive tenant mix that will meet a diverse array of needs of local customers by actively identifying environmental changes.

Pursuit of leasing innovation from a distinct perspective.

AEON MALL is currently promoting the enhancement of leasing from four perspectives to achieve a tenant mix tailored to the wide variety of lifestyles that local customers lead.

The first perspective entails the “discovery of prospective industry sectors.” The company not only promotes further enhancement of the food area, including popular and new eating and drinking establishments and restaurants that use organic ingredients in response to growing health consciousness, but also expanding experience-based facilities where customers can spend quality time, such as field athletics and “super sento,” or deluxe bathhouses. In addition, we focus our efforts on attracting tenants in great demand, such as shops selling custom-made items for good sleep

that are popular among seniors.

In an effort to “approach new business categories and concept malls,” we will develop zones that focus on working women, create a health and wellness vision that targets seniors, and promote the development of new business categories that explore interests such as painting and calligraphy in greater depth.

We will also put a lot of effort into the “discovery of local tenants,” such as promising local stores that carry special local products and traditional crafts, etc. in order to develop a unique mall that takes advantage of regional characteristics.

At the same time, we will also focus on “attracting overseas tenants and their mutual entry” by using the strong business network unique to the company that conducts business on a global scale. For example, by recreating a unique store plan and worldview from a mall in China in Japanese malls, we will provide a world of cuisine that cannot otherwise be experienced in Japan.



Service & Entertainment



Global

The company is pressing forward with efforts to reinforce its organization structure in the leasing division to promote these initiatives quickly and effectively. The company has established a new section that will formulate leasing strategies for new and existing malls and develop new business categories in the leasing division. Also, the operations section in charge of the leasing operations at existing malls is putting a lot of effort into discovering prominent tenants in each region and supporting their operations after they open, working in cooperation with local tenants in each region and sales forces on site. We have also set up the overseas leasing department, which was a separate organization in the past, inside the leasing division to strengthen its cooperation with leasing in Japan.

Using Japan's largest tenant network as a strength.

Our partnership with approximately 8,000 tenant companies provides a great strength we can draw upon when putting these leasing strategies into practice. The company operates the AEON Association Shops Community to improve its customer service, analyze the consumption trends of customers, and promote the formulation and implementation of more active measures to attract customers in cooperation with these tenant companies. The AEON Association Shops Community is organized around the two main pillars of the regional and

industry sectors, and actively promotes information sharing, joint training, and joint events among member tenants. Thanks to interaction with this community, we are now beginning to win referrals to distinct local tenants and support the smooth opening of stores for new tenants. Moving forward, we will promote business development together with tenants through the activities of the AEON Association Shops Community, for instance by developing new brands through alliances with them and encouraging them to participate in preparing the zoning of newly developed concept malls and open their stores at overseas malls developed by the company.

The company will strive to develop shopping malls that are supported and loved by local communities and customers while valuing the relationship of trust with so many tenant companies.

Akio Mishima

Managing Director
General Manager,
Leasing Division



Special
Feature

I

Approach to Developing New Concept Malls

Proposing the Ultimate in Localization

Along with progress in the homogenization of shopping centers and intensifying competitions among malls, differentiation that reflects regional characteristics and needs of local customers is becoming an increasingly important issue that needs to be tackled.

AEON MALL is working to develop malls indispensable for local communities by promoting the ultimate in localization from their standpoint.

On-site mall employees who carry out projects for local communities.

Based on the management philosophy of establishing ourselves as a “Life Design Developer,” a concept that we created in April 2015, AEON MALL is pursuing the ultimate in localization. AEON MALLs in different regions create a “life for the future” with people in local communities by further refining regional traits in cooperation with partners such as local governments, educational institutions, and local companies.

It is essential for the employees who actually work at regional malls to play a key role in carrying out this localization, instead of having the head office lead the way. For this reason, in fiscal 2015 we invited employees, in particular young employees, working at 143 malls managed and operated by the company in Japan to propose their own “localization projects.” We carefully selected 23 projects from among the 195 applications submitted, and ran them between September and November 2015.

At AEON MALL Sakudaira, for example, we held an event to transmit the charm of “cake center Saku” in collaboration with a local group of patissiers. This event drew upon Saku City’s reputation as one of the three largest cake producing towns in Japan, alongside Kobe and Jiyugaoka. The overall response to the event was positive, with customers who took part saying that it helped them to rediscover the charm of Saku and deepen their ties to the local area. At AEON MALL Niihama, we organized a large-scale disaster prevention event open to local customers. During the event, customers were given the opportunity to stay overnight at the mall and take part in emergency drills and disaster prevention education, all of which were designed to ensure that the mall can fully perform its role as a regional evacuation facility. We enlisted the help of different groups such as the local government, police station, fire department, and an organization from the Maritime Safety Agency to put on the event. Overall, the event was rated quite highly by the participants, with people indicating that they had never experienced such a full-scale drill in which the related organizations worked as one and demonstrated an incredibly high level of cooperation. We have already received multiple requests from other local governments in the surrounding area to conduct a similar event.

Aichi ▶

Creating different forms of appeal together with local governments and companies, drawing upon the area’s reputation for producing Tokoname ware and its status as one of the six oldest ceramic production areas in Japan.



Okinawa ▶

Developed as a true resort mall befitting of its location in one of Japan’s leading resort areas. The finished mall incorporates Okinawan culture and caters to the needs of inbound tourists.





◀ Ehime

Ultimate in Localization Project

Yes! There's AEON MALL!!
Disaster prevention experience
at AEON MALL Niihama

Held a disaster prevention event open to local customers, who were invited to stay overnight at the mall during a simulation of the Nankai Trough earthquake that is expected to occur.



◀ Nagano

Ultimate in Localization Project

Cake center Saku

Held an event with local residents that draws upon Saku's reputation as being one of the three largest cake production towns in Japan.



The company will continue its bottom-up approach to achieving the ultimate in localization by openly seeking project proposals that reflect the perspective of local communities in order to move forward with its initiatives at all malls in line with regional characteristics and needs of local communities. In fiscal 2016, we plan to collect ideas for and conduct new localization projects in which more customers and staff on site will be able to participate. We will give shape to as many localization projects as possible by establishing the "Remake Award," which aims to foster innovation by combining existing projects and the ideas we have obtained from these initiatives and changing our own perspective.

Shift from "uncovering" regional traits and appeal to "creating" new forms.

The "ultimate in localization" approach is an important concept underlying the planning and development of new malls. At AEON MALL Okinawa Rycom, we have pursued a number of initiatives to create a mall that reflects the regional characteristics of Okinawa, one of the leading resort areas in Japan. We installed a huge ornamental aquarium, hold events that incorporate Okinawan culture, and have enhanced services to better cater to the needs of tourists. AEON MALL Tokoname has been bustling with customers ever since it first opened because it was developed as an entertainment park that draws upon the diverse array of tourism resources in the area, such as the history of ceramic production in the town and its rich natural setting.

In the future, however, we believe that it will be more important for malls to become places that provide new value to local community, such as malls where senior citizens and children living in urban areas can experience nature or malls that offer the finest in comfort for women. To achieve these aims, we must dig deeper to unearth the needs of local customers, as well as reflect the regional characteristics and carefully study hidden points of appeal.

The company will continue to pursue the ultimate in localization at each AEON MALL. All the employees at the head office and those in each region will return to the basics, working to "think and take action on their own." We will accomplish the aims of medium to long-term development together with local communities by transforming AEON MALLs into points that transmit new regional appeal.



Mitsuhiro Fujiki

Director
General Manager,
Sales Division

Special
Feature

II

Domestic Report

“AEON MALL Tokoname”

Developing Local Attractions Together with the Local Community

AEON MALL Tokoname, which was developed on a vast site of approximately 202,000 square meters, faces Chubu Centrair International Airport on the opposite shore. Working together with local government offices and companies, it presents local attractions to Japanese customers and those from other countries in an integrated manner. The beckoning cat, which is representative of Tokoname ware, is the main icon of this mall. The idea of developing malls into experience-based facilities where customers can have many hours of fun is gaining in popularity. Thanks to this approach, the mall enjoyed strong business performance of 120% of the plan for the first three months after it opened, attracting customers from a wider than expected range of areas, including Nagoya City and other prefectures.

Focusing on creating local appeal with items such as Tokoname ware, a product of one of the oldest ceramic production areas in Japan.

Tokoname City is a town known for producing ceramics called Tokoname ware. It is one of the six oldest ceramic production areas in Japan. It is also the largest production area of Tokoname Manekineko (beckoning cat), which holds an oval gold coin, so the mall uses this cat as its main icon in presenting different forms of appeal to draw in customers. The huge monument standing 7 m tall in the center of Tokoname Norengai, the restaurant area on the first floor, has had a major impact. Taking a commemorative photo in front of this monument has been a kind of tradition ever since the mall opened, and has helped make more people aware of the mall through SNS and other media.

The mall has worked together with the local community to develop a variety of initiatives, such as Manekineko Street, where about 50 large and small manekinekos stand side by side, the Manekineko Festival, and Tokoname Ware Fair. In addition, in the integrated CAT Project promoted by Centrair (C), AEON MALL (A), and Tokoname City (T), the three parties are carrying forward ongoing initiatives in a unified fashion to help enhance the appeal of Tokoname and the Rinku area. The first of these is the free shuttle bus that connects Chubu International Airport and AEON MALL. It is already up and running, and has been well received by customers and tourists from different parts of Japan and other countries.

Offering hospitality to Japanese and international customers with a variety of experiences.

Another major feature of the mall is Wonder Forest CURIO, a vast entertainment park situated next to the artificial Rinku Beach. Visitors spend an average of 145 minutes in the park, thanks to the variety of activities it offers. There is a full-fledged cart circuit that runs a total length of 600 meters, a BBQ field where visitors can easily enjoy barbecued food while they're shopping, field athletics, the Wonder Rink, which serves as a swimming pool in the summer and ice skating rink in the winter, and the Tokoname Onsen Mago no Yu, which features an outdoor hot spring bath.

In addition, because the mall is located right next to an international airport, it offers a full range of services and systems for inbound tourism, such as a smart tax-free counter, foreign exchange machines, and multilingual information. We plan to focus more energy on outbound tourism as well in the years to come and transmit the charm of Tokoname and Aichi Prefecture to the rest of the world.

VOICE

Tackling urban development that can only be promoted here, working in line with the “glocal” concept.

In developing the mall, we sought to achieve a style of urban development that could only be promoted here, and were fully conscious of the Tokoname color as we worked in close cooperation with the prefectural and local governments. Driven by the glocal (global + local) concept, we want to continue growing together with the local community in this area, which possesses the largest potential in Aichi Prefecture.



Takuya Okada
General Manager





Tokoname Noren-gai



Manekineko Festival



Chita CAT Project
Free shuttle bus



Field athletics



Seaside circuit



Special
Feature

II

Domestic Report

“AEON MALL Shijonawate”

A new form of mall that uncovers urban demand



AEON MALL Shijonawate opened for business in October 2015 in the Suna and Sinke Region of the Osaka East Urban Area Project, an area that straddles the border of Shijonawate City and Neyagawa City in Osaka Prefecture. It is located in the suburbs of one of Japan's largest metropolitan areas, and has a market population of approximately 2 million people.

AEON MALL Shijonawate employs a number of different means to bring in customers. It mainly targets second-generation baby boomers with sophisticated tastes who have established their own lifestyles.

Various means that encourage grownups to visit the mall.

AEON MALL Shijonawate employs a number of novel means based on the ideas of “enjoying quality time in a relaxed manner” and “helping grownups to have fun.” One example of these ideas in practice is Nawate Ippin Yokocho, a food sales zone next to the food zone on the first floor of the core store GMS. It offers a full range of special ingredients, local gems, and fine articles, and establishes a sense of synergy with GMS. Every day it is crowded with customers who come to do their shopping at the mall. The restaurant area (Mori No Restaurant) on the second floor boasts a collection of 19 restaurants perfect for any occasion, whether it be dinner or something more celebratory. These restaurants cater to the needs of people of all ages. In addition, the tenant mix tailored to the lifestyles of urban adults has made the mall more attractive to customers, employing means such as a zone in the first store area that brings together global brands, a large sports specialty store, and the first 4DX cinema complex in Osaka.

VOICE

We aim to develop an ever-evolving mall together with the local community.

This mall is situated on the border of two cities, and prior to its opening we spent a considerable amount of time working to build close relationships with each city. We will continue our efforts to make this mall one of the top 10 in Japan, transforming it into a landmark facility in the region. At the same time, we will work to firmly respond to changes in the customer segments and customer needs in the medium to long term.



Hidekazu Suzuki
General Manager





Horse Haniwa objects



Original character Nawamaru-Kun

Coexisting with the local community by creating a space that incorporates local culture and nature.

One of the aims of the mall is to coexist with the local community. It actively incorporates elements of history and culture from the surrounding areas into the interior

and exterior design of the facility. It also features topiary models that imitate the Horse Haniwa, which was unearthed in Shijonawate, in front of the main entrance. There are wall-paintings in the nursing room and the kids' space on each floor that depict Nawamaru-Kun, the mascot character of Shijonawate City.

In addition, we do a number of things to create personal connections between local residents and AEON MALL Shijonawate. The mall offers places where local customers can relax. There is Kusunoki Garden, where camphor trees, the city tree of Shijonawate, are planted, and Sakura Garden, which has four kinds of Japanese cherry trees, the city trees of Neyagawa. There is also the Karuta Local History Trail, an approximately 1-km walking route that circles around the site in which guideposts bearing local history karuta and haiku of Shijonawate City are placed every 30 meters.

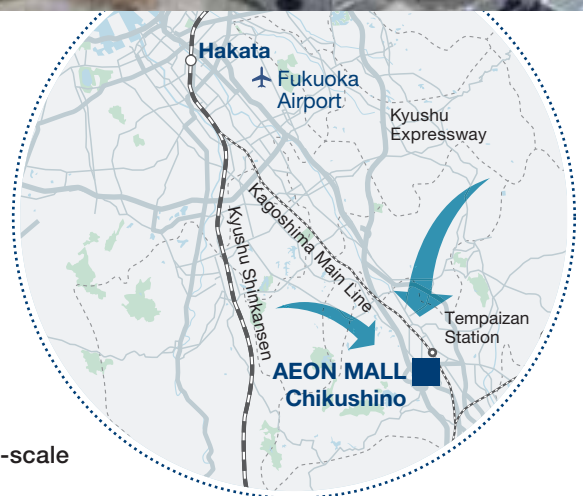




Domestic Report "AEON MALL Chikushino"

Market Creation named "Renovation"

AEON MALL Chikushino in Fukuoka Prefecture conducted a large-scale renovation in December 2015 that involved enlarging its facilities. This renovation coincided with the seventh anniversary of its opening, and was undertaken in response to the growing population in the neighboring areas and changing customer needs. The mall worked to encourage more young people and new families to visit by creating new attractions. It renovated a total of 182 stores, or roughly 90% of all stores in the mall. This large scale renovation helped it create a new market.



Mall development that continues to evolve in response to changes in the local environment

The centerpiece of this renovation is Purple Mall, a newly constructed three-story building that connects to the existing building. It has a zone on the second floor where there is a concentration of global fast fashion stores, such as H&M and GAP, which are popular among young people in their 20s and 30s. There are also aggregates of stores and facilities for children, such as Toys“R”Us, Babies“R”Us, and an indoor playground operated by AEON Fantasy Co., Ltd., and a dance school for children on the third floor. The mall has built a good reputation as a place where children and parents can have fun all day.

MUJI and UNIQLO, which were in high demand for the existing building, opened stores, and major chain store tenants such as Tsutaya Books, located next to a cafe based on a new concept, were renovated and also enhanced. The food court was expanded 1.5 times to accommodate 1,100 seats, making it one of the largest in terms of area in Kyushu.

The reborn AEON MALL Chikushino has made itself

more competitive in areas around the Hakata and Tenjin districts, and sales after renovation remain strong at 140 to 150% of the level a year ago. AEON MALL is in a constant state of evolution as it works to respond to regional developments and changes in the market environment.

VOICE

We aim to become the number one mall in Kyushu, and always maintain a fresh image.

This year the mall celebrates its eighth anniversary. Though nearly a decade has passed, we want the mall to remain a place that always offers customers in the surrounding areas fresh surprises and discoveries and a high level of satisfaction. Our aim is to become the number one mall in Kyushu, and we will do that by working together with tenants to evolve and achieve the same goal, leveraging the knowledge and information we have accumulated.



Hiroshi Minobe
General Manager



Main street of Purple Mall



Mollyfantasy



Tsutaya Books/ MUJI



AEON Fantasy Kidzooona



Food court

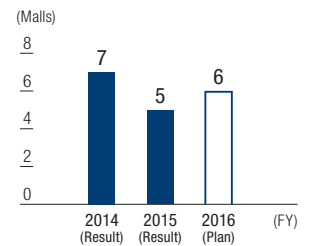


New Openings from Fiscal 2016 Onwards

Promoting Distinctive Mall Development in Line with Regional Characteristics

We are planning to open six newly developed malls in fiscal 2016, and intend to keep on opening malls throughout Japan after that too. In each case, we will be developing malls based on distinctive new concepts in line with the characteristics and needs of the surrounding area, with an emphasis on localization.

Projected new openings for the current three-year period



AEON MALL Sakai Teppochō (Osaka Prefecture)

Opened March 19, 2016

Acting as the center of the community where people, goods, and information interact.

Taking advantage of its good location near the border with Osaka City, the mall responds to the needs of the fertile market with a population of 1.1 million people that live within 20-minute drive. It will enhance its capacity as a community base, making the most of the charm of Sakai City, which has prospered since ancient times as a place where people, goods, and information interact.

AEON MALL Imabari New City (Ehime Prefecture)

Opened April 23, 2016

Acting as the “seventh island in Shimanami” where customers are able to fully appreciate Imabari.

Given its location at the eastern end of Shimanami Expressway which connects Imabari City with a wide area, the underlying concept of the mall is the “seventh island of Shimanami.” It has built a line-up that enables customers to fully appreciate Imabari in different ways. The mall promotes the introduction of fashion brands born in Shikoku and has enhanced the range of international sundries and imported foods. It has also established a sports shop in light of the popularity of cycling in the area, and a restaurant zone that is one of the largest in Shikoku and serves food made with rich local ingredients.





AEON MALL Nagakute (Aichi Prefecture)

Scheduled to open in December 2016

Standing as a new landmark in Nagakute.

Nagakute City has grown as a commuter town of Nagoya City, and the population is expected to rise even further in the future. The mall is located in an area that is developing infrastructure as a gateway to the city. Taking advantage of its location, the mall will meet the daily needs of local customers by offering convenience, a sense of value, a metropolitan feel, and a sense of high quality.

New openings scheduled for fiscal 2017

- AEON MALL New Komatsu (Ishikawa Prefecture)
Scheduled to open in spring 2017
- AEON MALL Tokushima (Tokushima Prefecture)
Scheduled to open in spring 2017
- Mito OPA (Ibaraki Prefecture) (tentative name)
Scheduled to open in spring 2017
- SENRITO Yomiuri Phase II (Osaka Prefecture) (tentative name)
Scheduled to open in spring 2017
- AEON MALL Kobe Minami (Hyogo Prefecture) (tentative name)
Scheduled to open in June 2017
- Takasaki OPA (Gunma Prefecture) (tentative name)
Scheduled to open in fall 2017
- AEON MALL Higashi Matsumoto (Nagano Prefecture) (tentative name)
Scheduled to open in fall 2017

Acceptance of Entrustment of Property Management (PM)

AEON MALL Izumo (Shimane Prefecture)

Opened May 2, 2016

Creating new sensations to customers visiting the mall.

Based on the mall concept of "always creating new sensations in Izumo," the mall promotes building up a selection of products that offer the distinctive tastes of the region, as well as those that deliver new tastes to the region. The mall also works to enhance various specialty stores and fulfill its community function. It aims to become a shopping mall that can create new relationships with customers whenever they visit.



Regeneration of commercial facilities in the Group

AEON QUALITE PRIX New Sapporo (Hokkaido)

Scheduled to open in fall 2016

Renovated a commercial facility that has been a favorite of the local community, making full use of our expertise.

We renovated AEON QUALITE PRIX New Sapporo (former Printemps New Sapporo) which originally opened in 1982 and whose business was taken over by AEON MALL in September 2015 for revitalization. Making the most of its excellent location directly connected to multiple public transportation systems and offering great access to the expressway, we aim to revitalize it as a facility loved by everyone who visits it, making full use of our expertise.

Daiei Kobe Sannomiya Store (Hyogo Prefecture)

Scheduled to open in spring 2017

Renovating the store as a commercial facility that proposes select lifestyles.

We will renovate the store by renting the second to ninth floors of the commercial facility managed and operated by The Daiei, Inc. We will create a place that offers local residents and business persons select lifestyles in terms of food, sundries, beauty, and health.

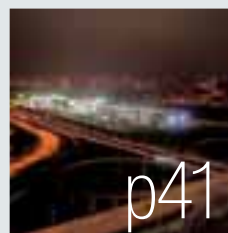
Overseas Business

Accelerating growth with dominant strategy in China and the ASEAN region

We are accelerating the multifaceted development of attractive malls in growth areas in Asia where the number of middle-income earners is growing, taking advantage of our strengths in the mall business we have cultivated in Japan. We are steadily increasing our presence.

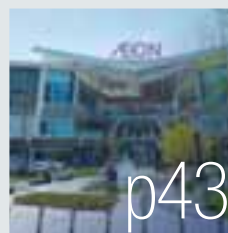
Market Trends/Strengths of AEON MALL	38
Overview of Fiscal 2015	39
Forecast for Fiscal 2016	40

Special Feature I China Report



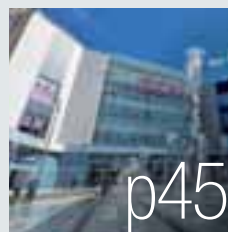
Strategic Move in Wuhan, the Fastest Growing City in China

**“AEON MALL
Wuhan Jingkai”**



Accelerating the cultivation of dominant strategy through localization

**“AEON MALL
Suzhou Xinqu”**



Working to propose urban lifestyles

**“AEON MALL
Beijing Fengtai”**

Special Feature II ASEAN Report



Unexplored region for foreign capital
Potential exploited in Hanoi

“AEON MALL Long Bien”



“Japanese mall” that proves its merits in the intense competition of the mall business

“AEON MALL BSD CITY”

New Openings from Fiscal 2016 Onwards	51
---	----

Market Trends

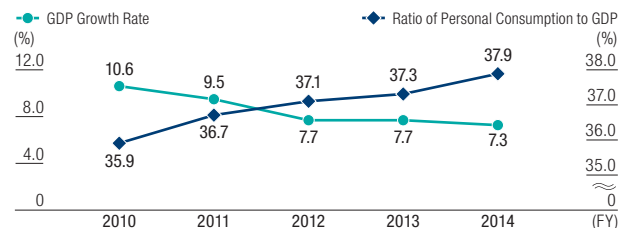
The consumer market is expanding, driven by the growing number of middle-income earners.

China is shifting its economic development model under the New Normal from export- and investment-driven growth to a domestic demand model that focuses on consumption and services. Personal consumption accounts for more than 35% of China's GDP, and it is expected to rise further in the future and reach the level of developed nations (60% in Japan and 70% in the United States). Driven by the sharp increase in the number of middle-income earners, retail sales are showing a double-digit growth, and the consumer market is expected to expand further.

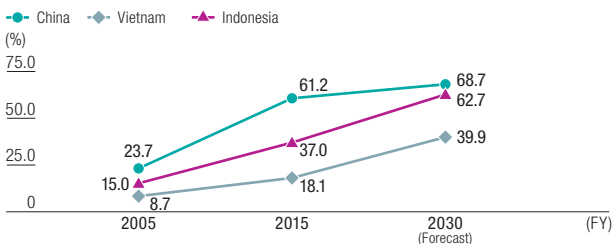
In the ASEAN region, there are also concerns that economic growth may slow down temporarily. However, high growth rates are expected to continue over the

medium to long term, given that the average ages of citizens in ASEAN nations are somewhere between 20 and 29, and that the number of middle-income earners is expected to expand in the future.

GDP Growth Rate and the Ratio of Personal Consumption to GDP in China

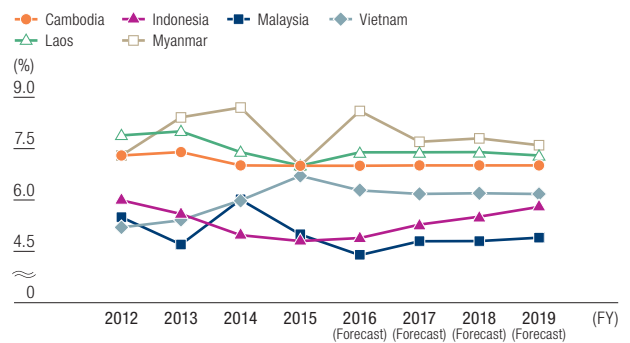


Ratio of the Middle-Income Earners to All Households



* 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

Growth Rate and Forecasts for Other Asian Countries



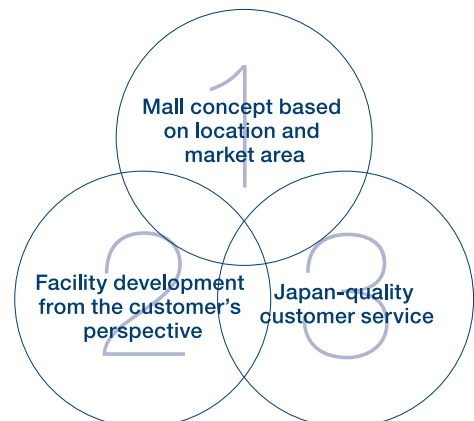
* Source: IMF World Economic Outlook Database (April 2016)

Strengths of AEON MALL

Using a wealth of mall management and operation know-how cultivated in Japan

In overseas markets, malls are commonly developed by a general developer as part of the mixed use development of residential buildings and offices, which are operated primarily to increase the asset value with the expectation of selling them. AEON MALL, on the other hand, has accumulated a wealth of operation know-how that helps create mall appeal and increase their ability to attract customers as a commercial developer focusing on revenue from the operation of malls. This is the greatest strength of AEON MALL.

In overseas markets, the source of AEON MALL's competitiveness is the creation of mall concepts tailored to the location and the market area and fine-tuned zoning and merchandising in line with these concepts. The building of facilities from a customer's perspective, such as a comfortable shopping environment with enhanced amenities, and Japan-quality customer services embodied by tenant employees are highly valued by middle-income earners who look for better products and services.



Overview of Fiscal 2015

China

Sales of specialty stores at existing malls grew 24%. Aggressively opened six additional malls.

In China, sales of specialty stores at four existing malls increased 24.9% year on year, remaining higher than the growth rate of 10.7% in overall retail sales in China. We also opened six additional malls in fiscal 2015. Sales remained firm at all malls, centering on AEON MALL Wuhan Jingkai and AEON MALL Suzhou Yuanqu Hudong. In addition to the above, we also opened AEON MALL Suzhou Xinqu in Suzhou, and we put in place a structure that encompasses the city center with three malls. We have also opened AEON MALL Guangzhou Panyu Square in Guangdong Province, a priority area. With these efforts, we will continue working to improve our branding and expand our market share.

Year-on-Year Changes at Existing Malls in China

	Cumulative figures for January 2014 to December 2014	Cumulative figures for January 2015 to December 2015
Sales of specialty stores at AEON MALLs*	117.9%	124.9%
Number of visitors to AEON MALLs*	121.4%	110.8%

* Three malls for January 2014 to December 2014, and four malls for January 2015 to December 2015 (excluding AEON MALL Tianjin TEDA, which suspended business from August 2015 to December 2015)

* The fiscal year-end of local subsidiaries in China is December 31.



AEON MALL Suzhou Yuanqu Hudong



AEON MALL Suzhou Xinqu



AEON MALL Hangzhou Liangzhu Xincheng



AEON MALL Wuhan Jingkai



AEON MALL Beijing Fengtai



AEON MALL Guangzhou Panyu Square

ASEAN

Opened first mall in Hanoi, Vietnam in addition to first mall in Indonesia.

In the ASEAN region, we moved forward with mall openings in suburban areas, opening our first mall in Indonesia and third mall in Vietnam. We now have five malls in the ASEAN region.

At AEON MALL BSD CITY, the first mall in Indonesia, the number of visitors exceeded 13 million for the first 12 months after it opened, and sales remained strong. Given this, we plan to open more malls in Indonesia in the years ahead.

In Vietnam, we opened AEON MALL Long Bien, the first mall in the Hanoi area. It got off to a flying start, with



AEON MALL BSD CITY



AEON MALL Long Bien

the number of visitors exceeding 11 million in eight months. Further expansion of the market area is expected in light of the materialization of development plans for offices and schools in the neighborhood.

TOPICS

Received the Eco-Business Awards in the Kingdom of Cambodia.

In October 2015, AEON MALL Phnom Penh received special awards (the Environmental Award and the 3R Award) in the Eco-Business Awards sponsored by the Ministry of Tourism of the Kingdom of Cambodia for its various corporate social responsibility (CSR) initiatives.



Forecast for Fiscal 2016

China

Planning to open a new mall and preparing for the early start of business in seven malls that have already been constructed.

In China, we will maintain growth by continuing to promote the opening of dominant malls and further improving our mall operation, which is our strength.

In recent years, fire-fighting-related procedures have become tighter in China, and the construction work of large commercial facilities has been prolonged. For these reasons, we will open only AEON MALL Hebei Yanjiao, the first mall in Hebei Province, in fiscal 2016. However, we have already commenced the construction of seven malls and plan to open them over time.

The move to construct large commercial facilities has been expanding in the last few years, and they are expected to be screened in the future. Given these trends, we will focus on differentiating our malls from other facilities by improving our branding and operation through the promotion of our dominant strategy. To sustain continuous growth, we will build attractive malls in competitive areas.

New Openings Planned for Fiscal 2016 and Onwards



ASEAN

Opened third mall in Ho Chi Minh City.
Preparing for openings in Cambodia and Indonesia.

In Cambodia, we began constructing the second mall after AEON MALL Phnom Penh, and plan to open this new mall in 2018. In Vietnam, AEON MALL Binh Tan, the third mall in Ho Chi Minh City, opened in July 2016. We also plan to open a new mall in Hanoi. In Indonesia, we plan to open three facilities following the favorable response to AEON MALL BSD CITY. We will also work to improve our operation know-how at AEON MALL BSD CITY, and build a scheme to address foreign currency risks and tightening regulations on foreign capital.

In addition to these malls, we have begun considering the prospects of developing new malls in Myanmar and other ASEAN nations.

New Openings Planned for Fiscal 2016 and Onwards



Special
Feature

I

China Report

“AEON MALL Wuhan Jingkai”

AEON MALL
Wuhan Jinyintan

Hubei area

● AEON MALL Wuhan Shi Qiao (tentative name)
● Scheduled to open in fiscal 2017● AEON MALL
Wuhan Jingkai

Strategic Move in Wuhan, the Fastest Growing City in China

Wuhan, the capital of Hubei Province, is one of the fastest growing cities in China. Currently there are more development projects in progress there than in Beijing when the Olympics were held. AEON MALL Wuhan Jingkai, which opened as the second mall in Wuhan in the Wuhan Economic & Technological Development Zone in the southwest part of the capital that is undergoing development as a subcenter, is the largest flagship mall in China. The number of visitors to the mall has grown steadily to 15 million annually, rising at a much faster pace than planned. The mall has been well received, and has set a positive course for the future.

Flagship mall boasting the region's largest site area of 270,000 square meters.

AEON MALL Wuhan Jingkai brings together 300 specialty stores in Hall A and Hall B, measuring 530 meters in length on the largest site area in Wuhan, totaling 270,000 square meters, and with parking spaces for 4,500 cars, the most in the city. Aiming to become a lifestyle mall where customers of various generations, particularly families, come to spend time and have fun all

day, the mall has given shape to its concept of “fun from the heart and five senses” by offering a wide variety of stores and facilities. There is a restaurant zone where customers can enjoy cuisine from many different parts of China and countries around the world, various kinds of kids' amusement facilities such as FANPEKKA provided by AEON Fantasy, Cutting up, a popular sports gym, and a cinema complex with eight screens and 1,362 seats. The mall provides customers with “special moments” through various events such as the Japan Fair and workshops given by specialty stores on one of the largest event courts in the region set up on the site.

Creating a future vision of incorporating area growth, applying our strength of Japanese quality and services.

We place particular emphasis on Japanese-style cordial hospitality and the creation of a pleasant and comfortable space in the operation of our malls. The perfect example of this is our restroom concept. We not only set up a children's bathroom, baby room, and powder room, but also arrange restroom spaces based on a different theme for each floor. Customers rate our restrooms highly for offering bright, clean, and pleasant spaces, a stark contrast to the image of restrooms at existing commercial facilities.

In addition, the courteous response of staff who received training about Japanese-style customer service, as well as other devices that make children happy, such as a cruising train running inside the mall and shopping carts decorated with characters, have also been well-received. We plan to develop three additional malls in the Wuhan area including Wuchang, the largest district in Wuhan, based on a cooperation agreement with the

Wuhan Municipal People's Government. We will promote the mall opening strategy to cover the entire area of Wuhan, a high growth region, through the two existing malls and three new malls.

VOICE

We also want to help improve the commercial level of the region with Japanese-style hospitality.

At the mall, we always strive to improve the hospitality and motivation of tenants' employees through hospitality training by Japanese instructors and a customer service contest. The employees in the mall will continue working together to offer high quality services that boost the brand value and contribute to the development of commercial facilities.



Kiyohiro Sasaki
General Manager



FANPEKKA, a new playground



Sports factory zone



Kisha Poppo, a cruising train that runs inside the mall



Bright and clean restroom



Special
Feature

I

China Report
“AEON MALL Suzhou Xinqu”

Accelerating the cultivation of dominant strategy through localization

The city of Suzhou, which is near Shanghai, is the capital of Jiangsu Province.

There are approximately 50 million people who live within a range of 100 kilometers.

AEON MALL Suzhou Xinqu is the third mall to open in this high potential area. It has seen a steady increase in the number of visitors, thanks to the strong “AEON MALL” brand that has been boosted by the success of the two malls that came before it.

We will accelerate horizontal development in the surrounding areas, with the management capabilities of the local personnel we have cultivated acting as the driving force.

Jiangsu area

● AEON MALL
Suzhou Xinqu



Liang Yuan, a traditional food area



Mollyfantasy, a kids area



Square of relaxation for families

Steadily rising brand value stemming from the success of the two existing malls in the area.

AEON MALL Suzhou Xinqu, which opened in the special zone (Suzhou New District) designed to attract foreign-affiliated companies that will drive the economy of Suzhou, brings together 280 specialty stores in a building with a distinct exterior that will make it a new landmark in the region. The mall puts a lot of effort into improving food and entertainment, and its business performance remains much stronger than planned since it opened.

AEON MALL made its foray into the Suzhou area in 2014. AEON MALL Suzhou Wuzhong, the first mall opened in the suburbs, attracts customers visiting the mall by car from a wide range of areas, debunking the common notion that “commercial facilities should be in the city center.” Business is thriving, and the parking lot is full practically every day. In May 2015, AEON MALL Suzhou Yuanqu Hudong, the second mall, opened in an urban area. It has become popular from new urban families, thanks to the enhancement of events and other experience-based forms of consumption. Reflecting the success of the first and second malls, AEON MALL Suzhou Xinqu is receiving an increasing number of requests for store openings from tenant companies. At the third mall, we have further improved profitability by splitting the space into smaller units to increase the integration density of tenants.

Building a 20-mall structure by 2030, with local staff as the major driving force.

The successful experience of the three existing malls in the Suzhou area has also contributed to the development of local staff. Local staff members engaged in the development and operation of the three malls are absorbing our customer-first philosophy and Japanese-style operation know-how. They then take this knowledge and work to adapt it in their own way to local culture and business practices. They are making efforts to create new concepts for malls in line with local characteristics.

In this area, we have a policy of shifting mall operation to a new system where the local staff play a leading role in development projects and operate malls as the general manager even after they open. At a new mall scheduled to open in Nantong in the suburbs of Suzhou, local staff members are playing key roles in proceeding with the preparations. We aim to build a 20-mall structure that will cover the entire area of Jiangsu Province by 2030. To do this, we will accelerate horizontal development into the neighboring areas of Suzhou through “real localization” described above.

VOICE

Aiming to develop malls based on the “From Japan, Made in China” concept.

When the first mall opened in Suzhou, I was moved to see customers gathering and lining up in an area where “there was literally nothing.” Mall development is an undertaking that leave its mark on the map, so to speak. In the future, I want to create malls with my own hands that I can be proud of for years to come.

Hu Lei
Assistant General Manager
Jiangsu Development
Division

Hiroyuki Ohyabu
General Manager
Jiangsu Development
Division

Zhuo Yayun
The Development
Manager
Jiangsu Development
Division

Becoming an entity that contributes to regional development by improving the brand power cultivated by the company.

When I studied in Japan, I came to know AEON MALL and was introduced to its “customers first” philosophy. It involves providing value that no other company can offer, and making proposals that only we, who know the region, can make. I intend to further enhance this value.



Special
Feature

I

China Report

“AEON MALL Beijing Fengtai”

Working to propose urban lifestyles.

Seven years have passed since the opening of AEON MALL Beijing International Mall.

It stands as successful example of a suburban mall that continues to grow today.

AEON MALL Beijing Fengtai, the long-awaited second mall, will be the key test of whether we can propose urban lifestyles in China.

It has started off on a good note, with the number of visitors standing at 20,000 on weekdays and 30,000 on weekends. A new challenge has begun in the suburbs of a metropolitan area that is expected to grow further.

Proposing sophisticated lifestyles in a central area where the middle-class population is growing considerably.

AEON MALL Beijing Fengtai is located about one kilometer south of the South 4th Ring Road, the main road in southern Beijing. It offers good access from central Beijing, and lies next to a business district packed with large Chinese companies and foreign-affiliated companies, and a residential district with high-rise

apartments. The area around the mall is expected to grow in the future, with multiple development projects already underway in the neighboring areas.

Based on the concept of a “park where visitors can discover their own tastes,” the mall focuses on proposing lifestyles to young high-income earners with sophisticated tastes who commute to the inner-city district of Beijing. Instead of general large specialty stores, it has semi-core tenants such as MAAN COFFEE, a book café which is very popular among young people in Beijing, and MUJI from Japan. It also proposes urban



lifestyles, taking advantage of a tenant mix that is different from other stereotypical malls, such as a zone for selecting highly sensitive shops and apparel brands, a health club that is popular among the middle and the wealthy classes in Beijing, and beauty shops.

Aiming to become a key location where citizens gather and relax by holding events together with the local community.

Another focus of AEON MALL Beijing Fengtai is creating of a community space where local residents can gather and relax. The fountain square of approximately 1,000 square meters outside the main entrance is normally used as a playground for children and a place where people coming and going can relax. It is also equipped with full-scale sound facilities so that it can be used by the local community as an event site.

Recently it has become a site for square dancing (guang chang wu), which is very popular in China. Groups of more than 500 local citizens gather here for square dancing on the weekends. The mall aims to become a key location in the local community in a real sense by boosting the number of local fans by contributing to the region in this way.



MAAN COFFEE, a book cafe popular among young people in Beijing



Square dancing on the fountain square



Gym in the sports park

VOICE

Carefully planned mall development know-how cultivated in Japan is our competitive edge.

The mall places top priority on the provision of enjoyment average malls cannot offer by specifying a concept theme for each area. The mall development know-how we cultivated in Japan pays careful attention to every aspect of a mall, from merchandizing catered to the market area, to the movement of people inside the mall and the cleanliness of restrooms. I feel that this know-how has been well-received by people in China as well.



Norikazu Ohya
General Manager

Unexplored region for foreign capital Potential exploited in Hanoi

Well-dressed customers enjoy shopping.

At AEON MALL Long Bien, which opened as the third mall in Vietnam in a new residential area in the suburbs of Hanoi, customers come to the mall to look for high-quality products and services and extraordinary time.

They present a sharp contrast to the casually dressed customers that fill the mall in Ho Chi Minh City.

The number of visitors to AEON MALL Long Bien in the first month after it opened was 2.12 million.

Even now it remains awash with an enthusiastic bustle.

Japanese-style hospitality that brings a smile to Vietnamese customers.

Based on the concept of “Japanese Heart, Vietnamese Smile,” AEON MALL Long Bien sets itself apart from competitors by providing high-quality Japan-level services in all aspects, from the selection of products to customer service and clean restrooms.

Compared with open-minded citizens in Ho Chi Minh City, customers in Hanoi tend to purchase goods only in trustworthy shops. However, because the brand value of “Japan” is high in Vietnam, the arrangement of zones featuring Japan and Japan-related events are very popular. In addition, a number of Japanese tenants such

as AEON Fivi, a supermarket in alliance with local capital, have opened stores. This type of mall development is highly valued by the local government, and the mall was commended as an excellent project at the Hanoi City Party Convention. It received an award for being the only commercial facility operated by foreign capital.



Poster at the time of opening

Offering extraordinary time through experience-based mall development.

Another feature is the development of an experience-based mall with fulfilling entertainment and eating and drinking facilities. The mall provides customers in Hanoi who still do not have many entertainment options with a highly satisfactory extraordinary time.

For example, Mirror Maze, a haunted house that is very popular among junior high and high school students, has recorded sales that are more than five times the plan. In light of the experiences with the first and second malls in Vietnam, food and drink zones have also been developed with different themes for each floor so that customers can use them in a way that fits their purpose. In particular, Vietnam Food Court, which recreates the back streets of good old Hanoi, is really popular. Customers spend an average of more than 150 minutes in the mall. We will continue to develop it further as a place where customers can have fun all day.



AEON FIVE, a supermarket



Vietnamese stall restaurant



Mirror Maze, a Vietnamese version of a haunted house

VOICE

I want to increase our presence as a partner of Japanese companies that have entered Vietnam.



Ko Sakami
General Manager
Leasing Department

Because AEON MALL has already developed multiple malls in Vietnam, which has strict regulations on foreign-affiliated companies entering its market, more and more Japanese companies are visiting the mall and making requests to open stores. We will continue to boost our presence and competitiveness in Vietnam by building a win-win relationship with these companies.



ASEAN Report “AEON MALL BSD CITY”

“Japanese mall” that proves its merits in the intense competition of the mall business

AEON MALL
BSD CITY

Competition is fierce in Jakarta. There are more than 100 commercial facilities crowded in an area within 30 kilometers of the city center.

AEON MALL BSD CITY, which was established as the first mall in Indonesia in the southwest suburbs of the city where joint development is progressing, strives to set itself apart from other commercial facilities with the carefully crafted mall operation know-how it has cultivated as a commercial developer in Japan.

A challenge to put the AEON brand to the test has begun in a massive market with a population of 255 million people whose average age is 25 years old.

Promoting mall development using the popular “Japan brand.”

AEON MALL BSD CITY focuses on mall development that puts forward the “Japan brand” to set itself apart from other malls in the suburbs of Jakarta, where

competition is fierce. One of its focal points is food, which is a great incentive for Indonesian customers to come to the mall. Ramen Village offers a collection of shops selling Japanese ramen, for which there is great demand in Indonesia. It is so crowded with customers who line up every day to eat ramen. Food Culture, a food court with a number of Japanese food shops, is also enhancing its



ability to pull in customers, thanks to synergy with events held in the court every day. Events with Japanese festival and character themes are also frequently held in the mall in collaboration with Japanese companies, the Cool Japan Fund of the Ministry of Economy, Trade and Industry, the Japan Travel and Tourism Association, and other Japanese organizations. We are transmitting Japan's attractions to customers in Jakarta.

Promoting dominant strategy in “customer first” mall development.

In Indonesia, commercial facilities are generally developed and operated as part of a joint development project by real estate developers. In contrast, one strength of a commercial developer like AEON MALL is its ability to keep its facilities fresh and original through the strategic and carefully crafted operation of malls in all aspects, from the overall concept and zoning of a mall to the tenant mix and merchandising.

In developing our business, we move forward with an expansion strategy in partnership with Sinar Mas Land Limited, the largest real estate developer in Indonesia. We plan to open two additional malls in the suburbs of Jakarta through a joint venture, and at least two more malls on our own. We will also enhance our presence in the largest market in ASEAN by promoting our dominant strategy, with the aim of developing malls in other Indonesian cities.



VOICE

We will rely on our “customers first” philosophy to boost our presence in the market.



Adrian Pranata
General Manager

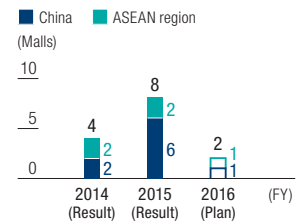
The biggest reason for my decision to join AEON MALL is that it applies its “customers first” philosophy in all aspects of development and operation. When we opened the first mall, all the members worked to achieve the aims of the same philosophy. I want to gain a better understanding of how to run malls and AEON’s leasing know-how so that I can handle the overall operations in Indonesia in the future.

New Openings from Fiscal 2016 Onwards

Further accelerating mall developments in **China**, the **ASEAN** region and other locations where urban development is in progress.

Advancing new mall developments in suburbs where urban development is progressing amid the growth of the middle-income class and the furtherance of motorization.

Progress and Projections in the Three-Year New Openings Plan



China



AEON MALL Tianjin Jinnan

Scheduled to open in fiscal 2017

Site area: Approx. 91,000 m²
Floor space: Approx. 77,000 m²
Specialty stores: Approx. 230

AEON MALL Wuhan Shi Qiao

Scheduled to open in fiscal 2017

Site area: Approx. 46,200 m²
Parking: Approx. 1,900 vehicles



AEON MALL Foshan Dali

Scheduled to open in fiscal 2017

Site area: Approx. 83,200 m²
Parking: Approx. 3,200 vehicles



AEON MALL Hebei Yanjiao

Scheduled to open in fall 2016

Site area: Approx. 72,000 m² Floor space: Approx. 72,500 m²
Parking: Approx. 2,900 vehicles



AEON MALL Yantai Jinshatan

Scheduled to open in fiscal 2018

Site area: Approx. 111,000 m²
Parking: Approx. 2,800 vehicles



AEON MALL Nantong Xinghu

Scheduled to open in the second half of fiscal 2017

Site area: Approx. 113,200 m²
Parking: Approx. 2,800 vehicles



AEON MALL Guangzhou Jinsha

Scheduled to open in fiscal 2018

Site area: Approx. 84,500 m²
Parking: Approx. 3,600 vehicles



ASEAN

AEON MALL Cambodia No. 2**Scheduled to open in fiscal 2018**Site area: Approx. 100,000 m²Floor space: Approx. 80,000 m²

Parking: Approx. 2,000 motorcycles / 25,000 vehicles

**AEON MALL Binh Tan****Opened July 1, 2016**Site area: Approx. 46,800 m² Floor space: Approx. 60,000 m²

Specialty stores: 160

Parking: 4,000 motorcycles / 1,500 vehicles

**AEON MALL Jakarta Garden City****Scheduled to open in fiscal 2017**Site area: Approx. 85,000 m² Floor space: Approx. 60,000 m²**AEON MALL Sentul City**
Scheduled to open in fiscal 2018Site area: Approx. 78,000 m²Floor space: Approx. 71,000 m²

Specialty stores: Approx. 250

Parking: Approx. 3,000 vehicles

**AEON MALL DELTA MAS****Scheduled to open in fiscal 2018**Site area: Approx. 200,000 m²

Special
Project

Round-Table Talk with Outside Officers

Achieving sustainable growth and the higher corporate value by reflecting a diverse range of value in management



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)

* 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.
* Their profiles are stated in p.65-66.

Outside officers consisting of two outside directors and three outside Audit & Supervisory Board members are currently enrolled at AEON MALL. They help improve corporate value by checking the management of the company from an objective standpoint.

We asked the outside officers to share their thoughts about the running of the Board of Directors and discuss business issues.

Roles outside officers are expected to fulfill

Applying wide-ranging expertise to examine the legitimacy, fairness, and reasonability of management decisions from an outside perspective.

—What kind of careers have you led? What do you focus on in your duties as an outside officer?

Suzuki: After joining JUSCO in 1980, I worked on the sales floor for about three years. After that, I was in charge of the budget management of an area and human affairs at the head office. After working as the general manager of a mall, I was dispatched to locations overseas. For a period of 15 years, I handled the business administration at local subsidiaries in Thailand, Beijing, and Hong Kong. In Thailand, I was in charge of reconstructing business following the Asian economic crisis. In Hong Kong, I was also involved in management at a listed company directed at shareholders. After returning to Japan in 2015, I was appointed an Audit & Supervisory Board member of AEON MALL.

Ichige: How has your experience in overseas business helped you at your present post?

Suzuki: Contrary to my current post, when I worked as the executive vice president in Hong Kong, I was in a position to answer questions raised by local independent outside directors. I was in a tougher environment than Japan in a sense that things would only work out if I made a logical explanation. This made me recognize the importance of “logical and reasonable” thinking, and making decisions logically and reasonably by accurately grasping facts. As an Audit & Supervisory Board member,



I want to communicate my views from the perspective of what is right based on logical and reasonable thinking, instead of thinking about who is right and what is readily accepted. As Peter Drucker says, this approach ensures that the right decisions will be made.

Taira: I currently work as a partner at a tax accountant corporation. Before that I worked for an audit corporation as a certified public accountant, and a tax accountant office as a certified tax accountant. I became an outside Audit & Supervisory Board member of AEON MALL in 2011, and have been attending the Board of Directors meetings as an outside director since 2014. Because I was unfamiliar with management in areas other than financial accounting, I felt a bit confused at first and wondered what I could do. But now I want to properly fulfill my role in areas such as financial accounting and make decisions based on social common sense.

Kawabata: I have served as an outside director since May 2015. Before that I worked for 40 years at an electronic manufacturer. Like Mr. Suzuki, I spent a lot of time overseas, and over a period of 22 years I worked in five countries: Australia, Italy, the United Kingdom, Belgium, and the United States. In the United Kingdom, I was in charge of managing a local subsidiary and also had experience working as a responsible official for a regional headquarters in North America. After returning to the head office, we engaged in things such as public relations, investor relations, risk management, and brand strategies.

Taira: You have a lot of experience overseas. What kind of things do you give priority to as an outside director?

Kawabata: This kind of overlaps with the “logical and reasonable” thinking of Mr. Suzuki, but my motto is to be “fair and reasonable.” Being fair, reasonable, and persuasive is essential for business management,

whether it be in Japan or another country.

Ichige: I became an outside Audit & Supervisory Board member in 2014. This year marks my third year as an outside officer. After being certified as a lawyer in 1989, I joined IBM Japan and worked as an in-house lawyer. At IBM Japan, I handled the legal follow up of various contracts, the board of directors meetings, and general meetings of shareholders, and helped formulate compliance programs.

Suzuki: Being an in-house lawyer means that you are an independent lawyer, as well as an employee of the company. It seems there may be cases in which both positions are not compatible.

Ichige: Yes there are. My basic approach to my job is to combine both positions, but my boss at the time told me to defer to my conscience as a lawyer if for some reason both positions cannot be made compatible. Even though I'm paid by the company, as an in-house lawyer I believe that I have a duty to express my own independent opinions. In that respect, it is quite similar to being an outside officer.

Suzuki: What is the difference between the role of a corporate lawyer and the role of a lawyer as an Audit & Supervisory Board member?

Ichige: The basic duties of a corporate lawyer are to conduct legal examinations and give advice on individual issues on the table. The major role of a lawyer as an Audit & Supervisory Board member is to check the legal responsibilities of the board members, and check whether they properly perform the fiduciary duty of loyalty and the duty of care of a prudent manager, etc. provided for in the Companies Act. There are two points of view in monitoring the decision-making process. The first is to check for any careless or flawed thinking in the recognition of facts that formed the grounds for decisions. The second is to check whether the process or details of decisions were incredibly irrational. In a certain sense, this is no different than legally analyzing whether the "logical and reasonable" principle and "fair

and reasonable" principle are observed.

Muramatsu: After joining the National Tax Agency, I conducted tax inspections in the Tokyo Regional Taxation Bureau and the Criminal Investigation Department. After that, I was dispatched to the Special Investigation Department of the Tokyo District Public Prosecutors Office and worked as an investigator handling the bribery issues of companies. After returning to the National Tax Agency, I managed and taught people how to do tax inspections at Regional Taxation Bureaus across the country, and then served as an inspector who checked for misconduct in the duties of the staff at the National Tax Agency and Regional Taxation Bureau. After that, I served as the Assistant Regional Commissioner (Management and Co-ordination) of the Nagoya Regional Taxation Bureau and the Regional Commissioner of the Takamatsu Regional Taxation Bureau before leaving the National Tax Agency. I then opened a tax accountant office in Tokyo, and since May 2016, I have served as an outside Audit & Supervisory Board member of AEON MALL.

Suzuki: Drawing upon your many years of experience in taking an active role in the tax inspections and internal audits of organizations, what will be your approach to checking the management of AEON MALL in the years to come?

Muramatsu: In tax inspections, we not only verify the numbers in the financial statements and accounting books, but also examine accounting procedures from the back to see whether there are any problematic movements of funds at the back of these numbers and books. I feel that verifying things from a different angle is also helpful in doing my job as an outside auditor of the company. It's also obviously important to calmly check the criteria for management decisions and the decision-making of the company and ensure they do not deviate from the general social common sense.

Opinions and suggestions about the Board of Directors and its operation

Developing medium- to long-term strategies for sustainable growth by encouraging active discussions that go beyond the boundaries of responsible businesses.

—What are your thoughts on the Board of Directors of the company and its operation? Do you have any suggestions?

Kawabata: I have attended the Board of Directors meetings held over the past year, and feel there is a nice open atmosphere in which everyone can freely speak their mind. Each agenda item is explained in detail beforehand in an advance briefing, making it easy for the outside officers





to understand them, ask the right questions, and present opinions. This is a point I believe deserves to be rated highly.

Taira: When I first became an Audit & Supervisory Board member in 2011, it still seemed that communication between executives and outside officers was rather awkward. When an outside director asked a question, an executive officer would flash an uncomfortable look. This response made us mindful of what we said, and wonder whether we should even ask questions like that. However, since then everyone has become able to state their opinions and freely ask questions, just as Mr. Kawabata said. I feel that everyone who attends meetings make it a point to carefully listen to our opinions and seriously consider them.

Suzuki: I think that the executive officers were originally confused because the outside directors asked strange questions and made some unexpected statements. However, the real meaning behind the presence of outside officers is to state thoughts from an outside perspective and offer a diverse range of views. I think that they should say what's on their mind and not worry about us or the atmosphere in the room.

Ichige: I feel that is very important. In a certain sense, executive officers are professional business managers, so they should be able to make more rational decisions about individual management issues than us outsiders. In addition, they all have detailed knowledge about business. However, this means there could be times when there is information or knowledge that is implicitly shared among them. As a result, agenda items are taken for granted and passed without checking whether this implicit knowledge is really true.

Taira: That's right. It seems that people at AEON MALL as well as the retail industry tend to tacitly accept the notion that the growth strategy is synonymous with "expanding business by aggressively developing new stores by borrowing large amounts of money."

Ichige: Outside directors can help deepen the level of discussions at Board of Directors meetings by raising doubts or making statements from different angles that

challenge the common sense notions in the industry and implicit knowledge of the company. This will help us make better and more accurate management decisions.

Kawabata: I would also suggest holding more active discussions on medium- to long-term management themes at the Board of Directors meetings, such as how AEON MALL should go about achieving sustainable growth in the future.

Taira: I agree. To do that, we need to make the Board of Directors meetings opportunities for executive officers to discuss issues related to other departments and the company-wide management themes in greater depth. This would give the board members a stronger sense of ownership that goes beyond the boundaries of business departments of which they are in charge.

Suzuki: The Board of Directors members are directors first, and those duties come before handling the execution of business. They are responsible for the management decisions of other departments as well, and must actively, and not passively, comment on issues affecting those departments. The mutual supervisory function of directors can be exerted more naturally when vigorous discussion extends beyond the bounds of departments.

Kawabata: There is a total of 73 items in the Corporate Governance Code, but the one that is believed to be particularly difficult to apply is evaluating the Board of Directors. I would love for the directors to comply with this item by deepening the level of discussions, and by adopting a means for the self-review and mutual review of directors. I believe that if they can achieve these two aims, AEON MALL will become a wonderful company as well in terms of governance.

Ichige: In addition, it would be nice to set up a means for executives to pass on the issues that come up at each Board of Directors meeting, including the opinions of outside officers, as feedback through the PDCA cycle. This would help to further enhance our monitoring capabilities.

Opinions and suggestions about the development of the overseas business

Challenging task of strengthening the risk management of the overseas business by establishing a shared sense of value between Japan and countries overseas.

—Do you have any thoughts, suggestions, or advice regarding the overseas business the company is aggressively developing?

Suzuki: We are unlikely to see much expansion in terms of the scale of the domestic market, so that in a sense it

is only natural for companies to move into growth markets such as China and the rest of Asia to maintain sustainable growth. However, the overseas business always involves risks that do not exist in the domestic business. This makes it important to take measures to address these risks and not overlook them.

Ichige: In my early days as an outside Audit & Supervisory Board member, I proposed preparing and using a checklist specifically related to risks in overseas investment to create a better sense of risk awareness. Shortly after that the checklist was prepared and came to be used as one of the tools for evaluating risks. However, because the business environment is constantly changing, gaps often arise between the initial recognition of facts and the actual situation after an investment is made. In order for the company to make decisions promptly and take appropriate measures in these situations, I think we need to implement a PDCA cycle that continuously monitors the overseas business situation and changes in the business environment.

Kawabata: Another key to strengthening the risk management of the overseas business is establishing a shared sense of value between overseas subsidiaries and the head office. A yellow light may be up at an overseas subsidiary, but the head office fails to notice it. On the other hand, the head office may be holding up a red light, but the overseas subsidiary plows through, believing that the light is still green. To establish a uniform level of risk awareness, it is important to cultivate skilled individuals at overseas subsidiaries.

Suzuki: As you said, I think it is important to develop the personnel system and give local employees at overseas subsidiaries opportunities to exercise their initiatives more in business operation. Most Japanese employees only have a few years of experience working at an overseas subsidiary, so it is difficult for them to identify local business risks without the help of local employees, who know local business practices and professional attitudes

inside and out. In light of these factors, the mission of Japanese employees is to combine the knowledge, experience, and information of local employees with the corporate philosophy and know-how of AEON MALL created in Japan, and ensure that this philosophy firmly takes root.

Muramatsu: I agree. I visited China for a tax seminar about 15 years ago, and since then I have had a circle of contacts there. Through them, I have had the opportunity to look after young Chinese adults who come to study in Japan. They are very eager to learn, speak Japanese well, and think in an extremely logical fashion. It is important to hire many of these talented individuals and share the corporate philosophy of AEON MALL through the exchange of personnel and other means.

Taira: People also believe there is a high risk of accounting problems arising overseas due in part to difference in the tax system, the commercial code, and other laws. I think we need to develop a system that enables us to soundly control these accounting problems from Japan by visualizing them, instead of leaving them to be handled by overseas subsidiaries.

Suzuki: The heads of overseas subsidiaries are in a position to improve business performance by simply putting their foot on the accelerator. In that sense, we may need a mechanism that allows us to slam the brake from Japan.

Muramatsu: Speaking of the tax system in China, it has improved dramatically over the last 15 years, so I think the tax risk has lowered. That said, major differences in business attitudes can be seen in China and Japan. Thus, it's important that we strengthen governance.

Challenges in boosting corporate value

Creating a new business model by actively employing a wide range of employees.

—Finally, what do you think of the challenges AEON MALL needs to address to enhance its corporate value in the years ahead?

Taira: The issue that concerns me the most is people. The greatest strength of AEON MALL is that it places importance on the customer's vantage point. This emphasis permeates every facet of AEON MALL's business operations as a developer with roots in a retail business. However, because the business scale is expanding rapidly, I am worried that AEON MALL might not be able to pass on its DNA to future generations. If that happens, it will become no different than any other ordinary developer. Thus, I would like to see the company



cultivate individuals with a broad spectrum of knowledge and diverse range of views by actively exchanging personnel with AEON Group companies such as AEON Retail and AEON Financial Service, for example.

Kawabata: In addition to fostering and training employees, I think there is also a need to strengthen the department responsible for management strategies. While it currently examines business strategies on a daily basis, I think that it needs to more seriously consider medium- to long-term growth strategies. The business environment is changing drastically, so it needs to determine whether the company can grow sustainably with the business model that acts as an extension of the past model, or whether it may be the time to create a new business model.

Ichige: I want the company to become more diverse. I think the company needs to actively incorporate a diverse range of values within its management because the lifestyles of customers and the business categories of tenants are diversifying at a tremendous pace. Although the company is rated highly for promoting diversity, such as becoming the first company headquartered in Chiba Prefecture to be certified as an excellent company under the Act of Promotion of Women's Participation and Advancement in the Workplace, I want the company to continue incorporating the views of female employees within management and increase the number of female managers. I also believe that the company will be able to make management



decisions that better reflect more diverse values by setting a means for gathering feedback from excellent local personnel who play an active role overseas, and apply this feedback to decision-making in Japan.

Muramatsu: I was only appointed Audit & Supervisory Board member recently, and so I really can't talk about the business specifics, but I have learned a lot by listening to everyone speak here today. I will work together with you to fulfill my duties as an outside Audit & Supervisory Board member.

Suzuki: Thank you very much for the fascinating conversation today. All of us here are committed to enhancing the corporate value of AEON MALL by continuing to present our thoughts directly to the executives.



Corporate Governance

For the long-term and stable enhancement of corporate value, we are working to upgrade our corporate governance functions and to build a system for quick decision making.

Basic Stance

Our management philosophy is to be a “Life Design Developer” that creates future lifestyles with local communities based on the principle of putting customers first. We define “Life Design” as expanding various functions to suit the life stages of local customers beyond the framework of commercial facilities and designing future lifestyles that include not only shopping, but getting to know people, developing cultures, and other activities. Basing on our management philosophy, we seek to contribute to the improvement of people’s lifestyles and the development of local communities by creating malls in Japan and overseas that are unique to each region in view of localization.

We continue to develop shopping malls as community centers that contribute to the growth of local economies and cultures and become an integral part of local communities according to this basic policy. We believe that taking responsibility for our shareholders, customers, business partners, local communities, employees, and other stakeholders through corporate activities in light of such management policies will lead to the long-term and steady improvement of AEON MALL’s corporate value. To achieve this, we will strive to improve our corporate governance and increase our competitiveness through efficient decision making.

AEON MALL is enhancing its strengths as a commercial developer in the retail industry based on management led by directors with a comprehensive knowledge of the retail business, and is strengthening and maintaining management soundness by employing an auditor system.

AEON MALL hires auditors, and its Audit & Supervisory Board comprises of three outside auditors (including two independent officers). The auditors observe the audit standards established by the Audit & Supervisory Board, audit policies, division of duties, etc., communicate with the

directors, the internal audit department, and other employees, attend the Board of Directors’ meetings and other important meetings, receive reports from the directors, employees, and other individuals on their duties, and investigate the operation and property of the head office and other offices, aiming to improve the company’s corporate governance, and express their opinions as necessary.

Under this system, we will increase our management transparency and efficiency and ensure legal compliance and risk control to further enhance the company’s corporate governance system.

Management Structure and Activities

We have established an auditor system and as of the end of February 2016, we have 11 directors (two outside directors) and four auditors (four outside auditors). AEON MALL seeks to improve and maintain its management efficiency by configuring the Board of Directors with members who have a profound knowledge of the company’s businesses, and to strengthen and maintain management soundness by enhancing the auditors’ function. As a general rule, the Board of Directors and the Audit & Supervisory Board both meet once a month.

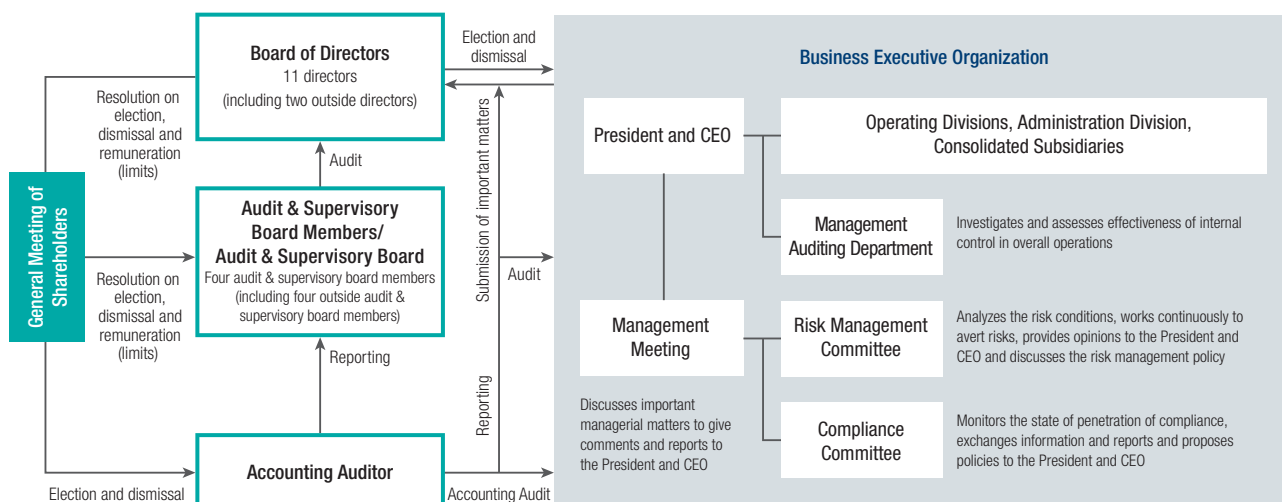
1 Board of Directors

Discusses important managerial matters, policies and key issues concerning business operations. To strengthen its managerial supervisory functions, the President and CEO chairs the Board and it meets at least once a month, with the attendance of four outside directors.

2 Audit & Supervisory Board

Exchanges information and opinions with the Management Auditing Department as an internal auditing body and with the accounting auditor to increase the effectiveness of auditing. Two of the four outside audit & supervisory board members is an independent officer.

Corporate Governance Organization Chart (as of February 29, 2016)



3 Accounting Auditor

AEON MALL contracts with Deloitte Touche Tohmatsu LLC to carry out accounting audits under the Companies Act and those under the Financial Instruments and Exchange Act. AEON MALL has no special relationship of interest with Deloitte Touche Tohmatsu LLC or with any of its executive officers who are involved in auditing AEON MALL.

Facts on Accounting Auditor (FY 2015)

Name of Accounting Auditor	Deloitte Touche Tohmatsu LLC
Remuneration for fiscal year under review*1	65 million yen
Total amount payable from AEON MALL to the accounting auditor including remuneration*2	86 million yen

*1 The figure specifies the total amount for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act.

*2 The figure represents the total amount of the economic benefits of AEON MALL and its subsidiaries.

4 Management Meeting

Serves as an advisory body for the President and CEO and discusses, coordinates and makes decisions on matters to be referred to the Board of Directors, matters to be resolved by the President and CEO and important matters concerning business operations to ensure effective management. Comprises full-time directors and outside directors, heads of divisions, business departments and administrative functions, it meets once a week in principle. For governance purposes, one full-time audit & supervisory board member attends every session.

5 Management Auditing Department

To facilitate the execution and control of business operations, seven dedicated personnel collaborate with the heads of individual divisions to investigate and assess internal control on overall operations in terms of its effectiveness and functionality. This department is independent of any on-site operating department.

Sessions Convened by the Board of Directors, the Audit & Supervisory Board and the Management Meeting (FY 2015)

Body		No. of sessions	Main members and attendees
Board of Directors	Chaired by the President and CEO and at least one meeting to be convened each month	19	Directors and audit & supervisory board members
Audit & Supervisory Board		15	Audit & supervisory board members
Management Meeting	An advisory body to the President and CEO, consisting mainly of directors at the levels of managing directors and higher and full-time audit & supervisory board members, at least one meeting to be convened each week in principle	32	President and CEO, directors

Relationship with Parent Company

AEON Co., Ltd., the parent company of AEON MALL, reorganized itself into a pure holding company on August 21, 2008. While focusing on the retail business centering on the general merchandising store (GMS) business, AEON Co., Ltd. operates multiple businesses including general finance services and developer services. AEON MALL is handling the developer business as a core company of the AEON Group. AEON Co., Ltd. holds 50.78% of the voting rights of AEON MALL and its affiliates, including 49.86% under its direct ownership*. However, AEON MALL makes managerial

decisions on day-to-day business operations independently, while consulting with AEON Co., Ltd. or reporting to it with respect to significant issues concerning business operations. AEON MALL makes decisions on economic and other conditions for transactions with AEON Co., Ltd. and its affiliates in the same manner as for general transactions and they are subject to the approval process of the Board of Directors and other relevant bodies. AEON MALL mutually respects autonomy and independence with AEON Co., Ltd. and other companies in the AEON Group while maintaining close ties with them in an effort to achieve continued growth and development and to increase financial results.

* As of the end of fiscal 2015

Remuneration for Executives

The following shows the total remuneration for each type of executive, the total amount of each type of remuneration, and the number of executives who receive compensation.

Remuneration for Directors and Audit & Supervisory Board Members (FY 2015)

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)	203	118	43	42	11
Audit & Supervisory Board Members (excl. outside audit & supervisory board members)	—	—	—	—	—
Outside officers	33	33	—	—	7

*1 The above includes three directors who retired at the close of the 104th (FY2014) Ordinary General Meeting of Shareholders held on May 21, 2015 and two auditors who resigned, and does not include a director who receives 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 above include the following:
 • Expected executive bonuses of 42 million yen (for seven directors employed by the company as of February 29, 2016, which does not include a director who receives no remuneration and outside directors)
 • Remuneration based on stock options of 43 million yen (for ten directors employed by the company as of April 21, 2015, which does not include a director who receives no remuneration)

Policy for determining the amounts of executive remuneration

The amounts of directors' remuneration are determined within the ranges resolved by the General Meeting of Shareholders, taking into account the positions, performance, etc. The amounts of auditors' remuneration are determined within the ranges resolved by the General Meeting of Shareholders after a deliberation of the auditors.

IR Activities

The following describes the investor relations activities of AEON MALL.

Prepare and announce the company's disclosure policy

We prepare our disclosure policy and announce our basic policies, standards for information disclosure, method of disclosing information, and "IR Quiet Period."

Hold periodical briefings for individual investors

We hold company briefings for individual investors.

Hold periodical briefings for analysts and institutional investors

We hold quarterly briefings for the President and CEO and IR personnel of organizations.

Hold periodical briefings 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.

Post IR information on the company website

In addition to information on financial results, timely disclosure of materials other than financial data, securities reports, quarterly reports, and shareholders news, we post audio recordings of financial results briefings on our website.

Establish a department for (personnel in charge of) investor relations

We have established the IR Group as a full-time section responsible for information disclosure. (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 at appropriate times.

Basic Concept and Development of Internal Control System

System to store and manage information on directors' execution of duties

We prepare written approvals, meeting minutes, and other documents required for executive directors and employees to perform their duties based on internal regulations. Documents that have been prepared are stored and managed in a secure, searchable format appropriate for each storage medium, and are maintained in a viewable form as necessary.

The management division specified in the Document Management Rules takes charge of the management of such records and prevents leakage to external parties.

Rules for controlling the risk of operating loss incurred by AEON MALL and its subsidiaries ("the Company Group") and other systems

AEON MALL designates its President and CEO as the general director of risk management and its heads of divisions as directors in charge of risk management, and develops 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 risks and minimizing the damage from any crisis that has occurred, and strives to reduce danger and damage. It has also designated a management division for each risk category to control the entire Company Group's risk of loss, thereby preventing damage to its brand value and increasing its corporate value. The Group will respond appropriately to any risk of urgent and serious loss that has arisen through appropriate communication and decision making based on the Risk Management Rules to minimize the damage.

The Risk Management Committee, headed by the Director of the Administration Division, has been established as an organization in charge of the Company Group's risk management, which discusses solutions to issues in the risk management of the entire Company Group and reports the proceedings of the Risk Management Committee to the Management Meeting, acting as an advisory body to the President and CEO, consisting of directors at the level of managing director and 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 performs internal audits according to the Internal Auditing Rules to increase the effectiveness of risk management.

System to ensure the efficiency of duties performed by the company's directors, directors of the company's subsidiaries, executive officers, employees who carry out operations, personnel who perform duties as specified in Article 598-1 of the Companies Act, and other persons equivalent to such personnel ("subsidiaries' directors, etc.")

The Board of Directors holds meetings once a month, and occasionally when necessary. Decisions requiring the approval of the President or someone higher, which may cause a serious risk that affects the Company Group, are discussed by the Management Meeting and are subsequently approved by the President or resolved by the Board of Directors. In the performance of duties, management responsibility is clarified by providing the authority required for the performance of duties based on the Rules for Job Position Management, Rules for the Division of Duties, Rules for Authority, and Rules for Asking Approval, and Rules for the Management of Affiliates.

As a system to ensure the efficiency of the performance of duties of the subsidiaries' directors, etc., the Company approves a Group Medium-term Management Plan, annual management goals, budget distribution, etc. that include subsidiaries at the meetings of the Board of Directors, inspects the progress of business strategies and measures in line with such plan and goals on a quarterly basis, and receives reports on other important information.

System to ensure compliance in the performance of duties of the company's directors and employees and subsidiaries' directors, etc. and employees with laws and regulations and the Articles of Incorporation

The company focuses on compliance management and complies with AEON Code of Conduct, the code of conduct of the AEON Group, to build better relationships with local communities and fulfill its corporate social responsibility.

A Compliance Committee headed by the Director of Administration Division has been established, which ensures the Company Group's compliance with laws and regulations, the Articles of Incorporation, and internal rules, points out problems, and discusses solutions. The proceedings of the Compliance Committee are reported to the Management Meeting, and important issues are reported to the Board of Directors. As a contact point for reporting internal problems that prevent disadvantages for the informant, the company has established the Helpline AEON MALL Employees' 110 hotline (the AEON MALL labor union has separately launched Union 110 hotline). We will also establish a helpline

equivalent to that of AEON MALL within its subsidiaries. If any violation of legal compliance regarding these helplines is reported to AEON, the department responsible will carefully investigate the case, take the necessary measures for a confirmed violation based on the internal rules, develop measures to prevent recurrence or have the relevant department develop such measures and implement them throughout the company, and report on the progress to the Compliance Committee.

System to ensure the appropriate operations of the corporate group, comprising the company, its parent, and subsidiaries

Transactions that may cause a conflict of interest in essence between the company and its parent or transactions in a competitive relationship with the parent are examined in detail by the Management Meeting and carried out after being approved by the Board of Directors.

For transactions with Group companies that also include subsidiaries, the department carrying out such transactions performs its duties under the appropriate conditions based on market prices, which does not reduce the profits of the company. In terms of pricing, the company obtains written third-party assessments or other information if an objective evaluation is available and submits the information required for assessment to the Board of Directors and the Management Meeting.

As a system of reporting matters concerning the performance of duties of the subsidiaries' directors, etc. to the company, the company requires the subsidiaries to report their monthly business performance, financial results, and other details required by the company to the Management Meeting based on the Rules for the Management of Affiliates established by the company. The internal audit department inspects the company and its subsidiaries based on the Internal Auditing Rules to ensure the appropriate operations of the company and its subsidiaries and reports to the President and the Audit & Supervisory Board by means of a written internal audit report.

Matters concerning employees who provide assistance with the duties of the company's auditors ("Assistants") when the auditors decide to hire such Assistants, matters concerning the independence of the Assistants from the company's directors, and matters related to ensuring the effectiveness of the instructions provided to the Assistants

The company selects and appoints Assistants for the auditors upon consultation with the Audit & Supervisory Board. The Assistants will not receive orders or instructions from the directors or any other employees.

The personnel appraisal of Assistants is performed through consultation with the auditors, and personnel changes and reprimanding of Assistants require the advance agreement of the Audit and Supervisory Board.

System of reporting to the company's auditors

As a system for the company's directors and employees and subsidiaries' directors, etc. and employees to make reports to the company's auditors, the directors and employees report on the management situation, business operation, financial position, progress of internal audits, status of risk management and compliance, and other matters at a meeting of the Board of Directors or the Management Meeting attended by the auditors.

If the company's directors or employees or the subsidiaries' directors, etc. or employees discover matters that affect the operations or business performance of the company or its subsidiaries, violations of laws and regulations, or other issues concerning legal compliance, which may cause serious damage to the company or its subsidiaries, or these have been reported by any of such persons, they shall immediately report to the company's Audit & Supervisory Board. The company and its subsidiaries are prohibited from treating a person who has made such a report in an unfair manner because they have made a report, and will ensure that this rule is clearly communicated to the company's directors and employees and the subsidiaries' directors, etc., auditors, and employees.

Matters concerning policies for the advance payment of expenses required for the performance of duties of the company's auditors and reimbursement and other procedures for the treatment of expenses or obligations associated with the performance of such duties

When the company receives a request for the advance payment, etc. of expenses from auditors based on Article 388 of the Companies Act, the company shall pay such expenses without delay based on the internal rules. The

responsible department takes measures regarding the budget required for such payment in every fiscal period.

Other systems to ensure the effective auditing of the company's auditors

The internal audit department works closely with the Audit & Supervisory Board by, for instance, discussing the details of internal audits with the auditors as appropriate, and performs audit operations in cooperation to contribute to effective auditing by the auditors.

Basic concept and process for eliminating antisocial forces

Basic Stance

From the perspectives of the strict implementation of compliance management and the protection of the company, we are aware that it is our corporate social responsibility to have no relations with antisocial forces, to take a firm attitude towards their unreasonable demands and to reject such demands.

Readiness to Eliminate Antisocial Forces

- (1) In the event of any unreasonable demand from any antisocial force, no individual staff member should deal with it on their own. It is stipulated that we will give an organizational response, including the possibility of civil or penal legal action, after building close collaboration with outside experts and investigative authorities.
- (2) We are a member of the Bouryokudan Tsuiho Chiba Kenmin Kaigi (Chiba Prefectural Citizen Committee Against Organized Crime Groups). In close collaboration with the police, crime prevention associations and other organizations, we will strive to gather information about antisocial forces and gather together information from across the Company, including information collected from our individual business offices. We will also undertake in-house activities to build awareness.
- (3) The company investigates any involvement of its business partners with antisocial forces and eliminates such forces based on the Transaction Management Rules.

Election of Outside Officers

Outside directors have a role of ensuring transparency of the Board of Directors by supervising inside directors and giving advice to the management on the basis of their views. Audit & supervisory board members participate in meetings of the Board of Directors at a position distant from the management to request detailed explanations about

directors' operations as needed to improve the effectiveness of the managerial supervision.

We have no specific stipulated independence criteria for the election of outside directors, but they are elected in accordance with a basic concept according to which outside directors must have knowledge and experience requisite to the auditing of directors' compliance and operational control and must have no risk of a conflict of interest with general shareholders.

Activities of outside director and outside auditors (FY 2015)

Title	Name	No. of sessions attended		Activity Descriptions
		Board of Directors	Audit & Supervisory Board	
Outside Director	Mami Taira	18/19	—	Made the necessary remarks as appropriate, including confirmation from the standpoint of fairness and transparency and indicating issues related to putting policies into practice, based on her knowledge as an accounting specialist and her experience as an auditor at other companies.
	Masao Kawabata	14/14*	—	Made the necessary remarks as appropriate, including confirmation from the standpoint of medium- to long-term business growth and indicating the accuracy of management decisions, based on his wealth of experience as a business manager in Japan and overseas.
Outside Audit & Supervisory Board Members	Junichi Suzuki	14/14*	10/10*	Made the necessary remarks as appropriate, including confirmation from the standpoint of enhancing the corporate value and indicating the reasonability of decision-making, based on his wealth of experience at the overseas subsidiaries of the Group companies.
	Yotoku Hiramatsu	17/19	14/15	Made the necessary remarks as appropriate, including confirmation of the reasonability of management numbers, based on his many years of experience in the administration divisions of AEON Group companies, including AEON Co., Ltd., and his knowledge as an Audit & Supervisory Board member.
	Yumiko Ichige	19/19	13/15	Made the necessary remarks as appropriate, including the confirmation of legality from the standpoint of a minority shareholder and indicating the fairness of intergroup transactions, based on her expertise as a lawyer and her experience as a director and an auditor at other companies.
	Makoto Fukuda	14/14*	10/10*	Made the necessary remarks as appropriate, including confirmation from the standpoint of accuracy and objectivity and indicating processes leading up to the outcome, based on his wealth of experience and knowledge about finance he developed in the Group companies.

* For officers marked with an asterisk (*), the figure specified as denominator indicates the number of sessions of the Board of Directors or the Audit & Supervisory Board convened after his or her assumption of the post.

Holding of Concurrent Position of Outside Directors and Audit & Supervisory Board Members, Reasons for Election, etc. (as of May 17, 2016)

	Name	Organization	Concurrent Position	Relationship with AEON MALL	Reasons for Election
Outside Directors	Mami Taira*	Hayakawa & Taira Certified Public Tax Accountants' Corporation	Partner	No transactional relations	She was elected in the expectation that she will use her good judgment as an accounting expert that she developed as a certified public accountant and tax accountant and her experience as an auditor for other companies in the management of our company. Although she does not have past experience of involvement in the direct management of a company, we have determined that she is capable of performing her duties appropriately as an outside director for the above reasons. She is not from any of AEON MALL's major shareholders or major business partners, and therefore has no special interest in the company, and we consider that she is qualified as an independent director.
		Suzuden Corporation	Outside Audit & Supervisory Board Member		
		Iseki & Co., Ltd.			
	Masao Kawabata*	Brainwoods Corporation, Ltd.	Advisor	No transactional relations	He has extensive experience as a business manager of an overseas subsidiary and was elected in the expectation that he will use his experience in the company's overseas expansion and risk management. He is not from any of AEON MALL's major shareholders or major business partners and therefore has no special interest in the company, and we consider that he is qualified as an independent director.
		English-Speaking Union of Japan	Director		
Outside Audit & Supervisory Board Members	Junichi Suzuki	Shimoda Town Co., Ltd. Hiwada Shopping Mall Co., Ltd.	Outside Audit & Supervisory Board Member	Subsidiary	He has ample experience at an overseas subsidiary of a company in the AEON Group and was elected in the expectation that he will use his experience in the company's management, including its business in China and ASEAN region.
	Yumiko Ichige*	Nozomi Sogo Attorneys at Law	Partner	No transactional relations	She has experience and expertise as an attorney for corporate legal affairs and was elected in the expectation that she will use her perspective as a legal expert in the management of the company. Although she does not have past experience of involvement in the direct management of a company, we have determined that she is capable of appropriately performing her duties as an outside auditor for the above reasons. She is not from any of AEON MALL's major shareholders or major business partners, and therefore has no special interest in the company, and we consider that she is qualified as an independent director.
		NEC Networks & System Integration Corporation	Outside Director		
		Sanyo Trading Co., Ltd.			
	Takao Muramatsu	Muramatsu Tax Accountant Office	Outside Audit & Supervisory Board Member	No transactional relations	He was elected in the expectation that he will use his great deal of expertise in tax affairs that he developed in his many years of service at Regional Taxation Bureaus and his experience as an auditor at other companies for the management of the company. He is not from any of AEON MALL's major shareholders or major business partners, and therefore has no special interest in the company, and we consider that he is qualified as an independent officer.
		Besterra Co., Ltd.			
		Serendip Consulting Co., Ltd.			

* Meets requirements for independent directors set out by the Tokyo Stock Exchange

Directors and Audit & Supervisory Board Members (as of May 17, 2016)

Directors



Noriyuki Murakami
Chairman

Date of birth April 3, 1951

Profile

March 1974: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
May 2000: Director, General Manager, Merchandising Division, JUSCO Co., Ltd.
February 2002: Director, General Manager, SSM Merchandising Division, AEON Co., Ltd.
May 2003: Managing Executive Officer, AEON Co., Ltd.
February 2004: Managing Executive Officer, Sales Planning, AEON Co., Ltd.
May 2006: Senior Managing Director, Sales, AEON MALL Co., Ltd.
April 2007: President and CEO, AEON MALL Co., Ltd.
May 2011: Chairman, AEON MALL Co., Ltd. (to present)
March 2012: Senior Executive Vice President, Advisor to CEO, AEON Co., Ltd.
Representative, Tohoku, AEON Co., Ltd.
March 2014: Executive Vice President, AEON Co., Ltd.
Representative, Tohoku, AEON Co., Ltd.
May 2014: Corporate Advisor, AEON Co., Ltd.
Representative, Tohoku, AEON Co., Ltd. (to present)



Akio Yoshida
President and CEO

Date of birth May 26, 1960

Profile

April 1983: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
September 2005: General Manager, Tohoku Development Department, AEON Co., Ltd.
March 2008: General Manager, Kanto Development Department No. 1, 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)

Important concurrent position

Director, AEON (CHINA) CO., LTD.



Kaoru Iwamoto
Senior Managing Director

Date of birth August 7, 1954

Profile

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)



Seiichi Chiba
Senior Managing Director

Date of birth July 28, 1955

Profile

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)



Yoshiharu Umeda
Senior Managing Director

Date of birth October 8, 1955

Profile

March 1978: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
August 2007: General Manager, AEON MALL Sakaitahanada prou, AEON MALL Co., Ltd.
May 2009: General Manager, AEON MALL Hanyu, AEON MALL Co., Ltd.
May 2011: Director, General Manager, West Japan Business Department, Sales Division, AEON MALL Co., Ltd.
August 2012: Director, Administration, AEON MALL Co., Ltd.
April 2013: Director, General Manager, Administration Division, AEON MALL Co., Ltd.
May 2013: Managing Director, General Manager, Administration Division, AEON MALL Co., Ltd.
April 2015: Managing Director, General Manager, Administration Division and Chief China Business Officer, AEON MALL Co., Ltd.
May 2016: Senior Managing Director, General Manager, Administration Division and Chief China Business Officer, AEON MALL Co., Ltd. (to present)

Important concurrent position

Director, Shimoda Town Co., Ltd.



Akio Mishima
Managing Director

Date of birth November 8, 1958

Profile

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, General Manager, Leasing Management Department, Sales Division, AEON MALL Co., Ltd.
April 2015: Director, General Manager, Leasing Division, AEON MALL Co., Ltd. (to present)
May 2016: Managing Director, General Manager, Leasing Division, AEON MALL Co., Ltd. (to present)



Motoya Okada
Director and Advisor

Date of birth June 17, 1951

Profile

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)



Mitsuhiro Fujiki
Director

Date of birth November 21, 1960

Profile

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. (to present)

Directors



Mitsugu Tamai
Director

Date of birth July 5, 1962

Profile

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)



Hisayuki Sato
Director

Date of birth December 8, 1957

Profile

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: Chief Executive Officer, AEON MALL (CHINA) CO., LTD. (to present)
May 2016: Director, General Manager, China Division, AEON MALL Co., Ltd. (to present)

Important concurrent positions

Director, SUZHOU MALL REAL ESTATE DEVELOPMENT CO., LTD.
Director, HANGZHOU YUZHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD.
Director, WUHAN MALL REAL ESTATE DEVELOPMENT CO., LTD.
Director, YANTAI MALL REAL ESTATE DEVELOPMENT CO., LTD.



Mami Taira
Outside Director/
Independent Officer*

Date of birth February 20, 1962

Profile

October 1987: Joined Tohatsu 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 (to present)
March 2016: Outside Auditor, Iseki & Co., Ltd. (to present)



Masao Kawabata
Outside Director/
Independent Officer*

Date of birth August 10, 1948

Profile

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)

Corporate Auditors



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

Date of birth August 9, 1956

Profile

April 1980: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
September 1996: Store Manager, JUSCO Sakasagawa, JUSCO Co., Ltd. (now AEON Co., Ltd.)
September 1998: General Manager, Administration Division, Siam-JUSCO Co., Ltd. (now AEON (Thailand) Co., Ltd.)
April 2002: Director, General Manager, Administration Division, AEON (Thailand) Co., Ltd.
May 2008: Group Human Resources Department, AEON Co., Ltd.
May 2009: Director, Vice President, General Manager of Administration Division, AEON (China) Co., Ltd.
July 2011: General Manager, Administration Division, AEON Stores (Hong Kong) Co., Ltd.
May 2012: Director, Vice President, AEON Stores (Hong Kong) Co., Ltd.
May 2015: Full-time Auditor, AEON MALL Co., Ltd. (to present)



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

Date of birth March 13, 1961

Profile

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 Auditor, AEON MALL Co., Ltd. (to present)



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

Date of birth October 1, 1953

Profile

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: Registration as a tax accountant, Muramatsu Certified Tax Accountant Office (to present)
April 2015: Outside Auditor, Besterra Co., Ltd. (to present)
April 2016: Outside Auditor, Serendip Consulting Co., Ltd. (to present)
May 2016: Outside Auditor, AEON MALL Co., Ltd. (to present)



Makoto Fukuda
Auditor

Date of birth April 23, 1974

Profile

April 2001: Joined JUSCO Co., Ltd. (now AEON Co., Ltd.)
April 2009: Secretariat Division, JUSCO Co., Ltd. (now AEON Co., Ltd.)
May 2013: Outside Audit & Supervisory Board Member, Zwei Co., Ltd.
June 2013: Manager, Financial Planning Division, AEON Co., Ltd.
February 2015: Manager, Finance Division, AEON Co., Ltd. (to present)
May 2015: Outside Audit & Supervisory Board Member, AEON MALL Co., Ltd.
May 2016: Auditor, AEON MALL Co., Ltd. (to present)

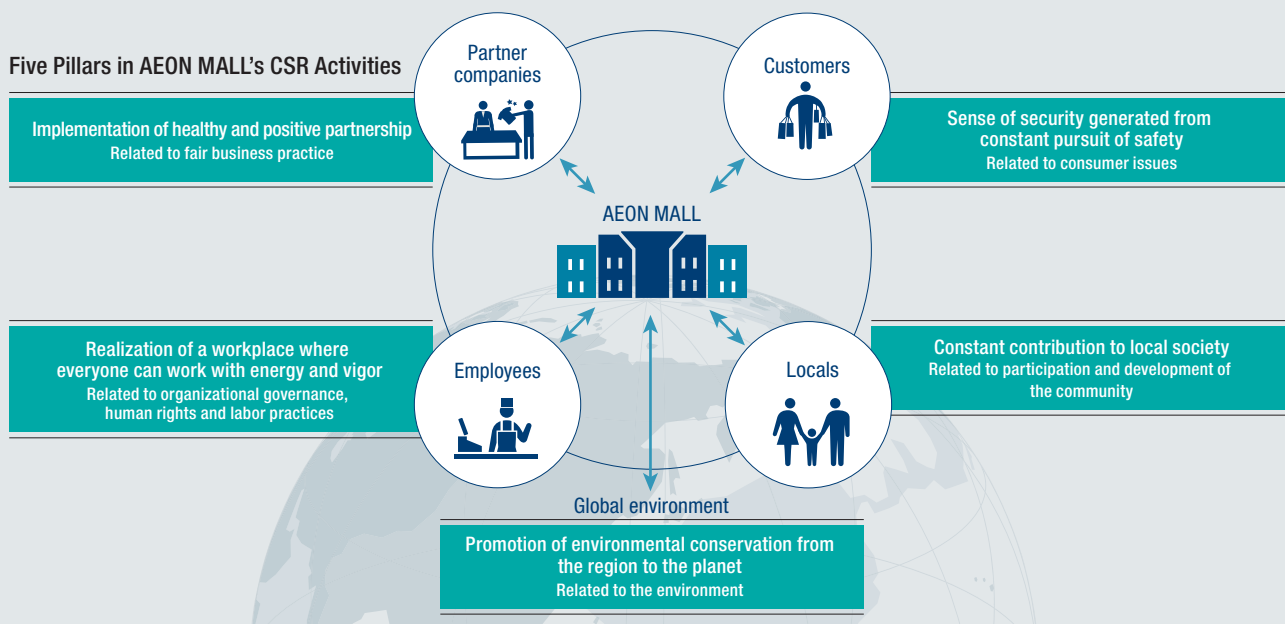
* An outside director or auditor without the risk of a conflict of interest with minority shareholders in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange.

CSR Activities

To continue sustainable development together with society, we are working to build good relations with our stakeholders.

Basic Stance

We continue to fulfill our social responsibility based on the “five pillars” in line with ISO 26000.



Our management philosophy of “AEON MALL is a life design developer that works with communities and produces ways of living for the future” applies not only to our business activities, but also to our CSR activities. On the basis of this stance, we are carrying out CSR activities with the five pillars shown in the diagram, taking into account ISO 26000, an international standard on social responsibility, and relationships with various stakeholders.

We will maintain our sustainable growth together with local residents by carrying on these five activities.



FTSE4Good
Used as an international index for socially responsible investment (SRI) for nine consecutive years.

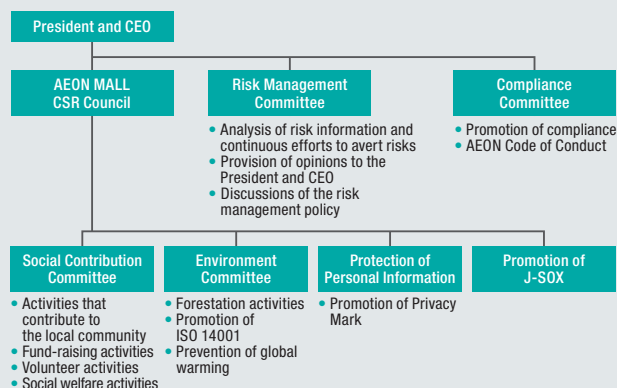


DBJ Environmental Ratings
AEON MALL was rated the highest two consecutive times and granted an environmental rating loan.

CSR Promotion System

We understand that we have a social responsibility to develop shopping malls that coexist in harmony with the environment and with communities, and that our fulfillment of this responsibility leads to continuous growth of shopping malls in local communities. Advancing our policy on corporate activities in social, environmental and ethical aspects, AEON MALL CSR Council holds monthly meetings chaired by the president and CEO to manage the progress of CSR activities and make swift decisions to resolve any issues. For individual issues related to social, environmental and ethical aspects, dedicated committees are set up to promote activities.

Organizational Chart for CSR Promotion





Continuous contribution to the local community

We maintain close contact with local communities to share and solve issues through exchange, thereby making the real contribution that local residents seek.

Revitalizing local economies by opening malls

Opening a new shopping mall creates several thousand stable jobs, increases tax revenue, and promotes population growth in the surrounding area. AEON MALL invites approximately one third of the specialty stores as mall tenants from neighboring areas to stimulate the local economy, and outsources various operations such as cleaning and distribution to local companies to share the economic effects on a wider scale.

Expansion of public services

AEON MALL sets up various public services inside its malls that customers can use when they go shopping, such as post offices, medical facilities, local government offices, banks, and money exchange machines. It also provides a multipurpose hall "AEON Hall" as a venue for coming-of-age ceremonies, collective final return filing, voting in elections, and other local public events.



Post office

Clean & Green activities

As part of the "Clean & Green" activities carried out by the AEON Group since 1991, we clean sidewalks, parks, roadside tree areas, and other areas around the malls with the employees of mall tenants on AEON Day, which is the 11th of each month.

Donation activities

As the base for social contribution activities, we ask customers who visit our malls for their cooperation in our donation activities. Each year we gain the understanding and support of our customers.

Results of donation activities in FY2015

(Total of all AEON MALLs in Japan)

Activities	Period	Total Amount Collected
Tohoku Restoration Support Sky Station Construction Support Fund	March 1 to March 29, 2015	2,372,111 yen
Nepal Earthquake Emergency Restoration Support Fund-raising	April 28 to May 10, 2015	5,952,465 yen
Myanmar school construction support fund-raising	April 4 to June 7, 2015	6,548,762 yen
24-hour TV program charity fund-raising	June 10 to August 30, 2015	30,555,301 yen
Kanto/Tohoku District Torrential Rain Damage Emergency Support Fund-raising	September 11 to September 30, 2015	7,931,026 yen
AEON/UNICEF safe water campaign fund-raising	October 1 to November 15, 2015	3,426,277 yen
Disabled person support fund-raising	February 10 to March 13, 2016	3,876,003 yen
Total		60,661,945 yen

Community contribution activities in various regions

As a member of local communities, AEON MALL respects traditional events such as local festivals and cultural activities of citizens, and provides support that goes beyond the framework of commercial facilities at its malls in Japan and other countries.

Focus

Ongoing support for disaster-stricken areas

"Higashi-matsushima Stitch Girls" project

The "Higashi-matsushima Stitch Girls" project started at the suggestion of the talent figure Misato Okada in 2013. It is run by the Higashimatsushima Organization for Progress and Economy, Education and Energy. This is an initiative to create opportunities for local women to set up a new industry based on traditional Danish cross-stitch needlework and play an active role. It was selected by the Reconstruction Agency in



Stitch Girl members



June 2014 as a model business to drive the "new Tohoku" forward. There are currently 73 women who take part as stitch girls. The company widely promotes the activities of this project by holding workshops, exhibitions and sales at its malls in the Tokyo metropolitan area as part of its support activities for Higashi-matsushima City, which the company began soon after the Great East Japan Earthquake.

Project that brings people together

The AEON Group is working on a "project that brings people together," aiming to help communities recover and rebuild from the Great East Japan Earthquake. In fiscal 2015, we dispatched a total of 566 volunteers over ten times to Minamisoma City, Fukushima Prefecture, and other places. We also dispatched volunteers to Joso City, Ibaraki Prefecture, which suffered damage due to the collapse of a levee following heavy rainfall in September 2015.



Implementation of healthy and positive partnerships

Following universally ethical practices, we will continue to build sound and more solid cooperative relationships with our partners, and at the same time take into account the business practices of various countries.

Enhancing support for specialty stores

We consider tenants at AEON MALLs to be important partners, and have established “AEON Association Shops Community” consisting of 8,000 companies that have opened stores at our malls. Through this association, we aim to grow together and work to achieve a common goal. AEON Association Shops Community engages in wide-ranging activities, such as sharing information among tenant companies, joint human resource development, the issuing of bulletins, and website operation. It also takes part in other PR activities and social contribution activities.



AEON Association Shops Community members' website

Providing a comfortable work environment

We strive to provide a comfortable work environment for the employees of AEON MALL tenants. We have set up boxes in which tenant employees can submit questions and opinions, and are gradually increasing the number of malls that have resting spaces, convenience stores, powder rooms, and other facilities exclusively for employees.



Rest space



Convenience store for employees

Focus

Holding contests for employees

Role-playing contest

The Nationwide Role-Playing Contest of the AEON Association Shops Community, the largest contest of its kind in Japan, was held at the Tokyo Dome City Hall on November 5, 2015. It helps the employees of about 28,000 stores across Japan who represent the AEON Association Shops Community improve their customer-service skills. This was the fifth time the contest was held, and seven employees who demonstrated particularly excellent skills were commended.



Fifth Nationwide Role-Playing Contest of the AEON Association Shops Community

VP Contest

To practice creating more attractive sales floors, we also hold a VP (Visual Presentation) Contest every year. Separated into the “POP category” and the “Display category,” applications with photographs are submitted from the member stores of the AEON Association Shops Community nationwide. Award winning shops and stores, which were determined by VP experts, are introduced along with comments and explanations in the bulletin “DO YOU!” and on the website with the all members of the AEON Association Shops Community. This information is used as a reference by shops and stores in creating their sales floors.



Grand prize in FY2015
POP category
ROMANDO ROLL
at AEON Fukushima



Grand prize in FY2015
Display category
COMME CA ISM
at AEON MALL Hiroshima Fuchu

Sense of security generated from constant pursuit of safety

We promote town development by providing various forms of safety measures to people connected to our operations. Our mission is to offer a sense of security to all people who come to visit our malls.

Ensuring safety and security during disasters

As AEON MALLs, we, including tenant employees, regularly carry out disaster drills in preparation for disasters so that we can secure customers' safety. The majority of AEON MALLs in Japan have signed agreements with local governments on cooperation in disaster control activities, and the company is acquiring functions as a disaster control base of the communities such as by setting up sources of drinking water, portable toilets, and large tents called balloon shelters for emergency evacuation, etc. We are also working to make AEON MALLs more resistant to earthquakes.



Ceiling with higher aseismic capacity

Evolving universal design

We adopted full-scale universal design in 2005 ahead of other commercial facilities, and have developed and implemented our original AEON MALL Universal Design Guidelines at each AEON MALL. We are making efforts to develop shopping malls where all customers, including disabled people, pregnant women, and foreign customers, can feel safe and comfortable.



Universal design restroom

Food hygiene management

We consider food hygiene management to be one of the most important factors in enabling all of our customers to enjoy their food free of worry. We have established a wide and unique range of strict rules on the handling of food, date/temperature management, hygiene management in the workplace, health management of workers, and more. In addition, we periodically carry out food hygiene inspections at all the eating and drinking establishments.



Restroom for employees of eating and drinking establishments

Activities to eliminate antisocial forces are commended.

We are moving forward with efforts to eliminate antisocial forces by setting forth provisions to eliminate antisocial forces in the tenant agreements for opening stores at our malls (see P. 63 for details). In recognition of their proactive efforts, AEON MALL and AEON MALL Okinawa Rycom received a commendation

certificate from the chairman emeritus (governor of Okinawa Prefecture) of the Bouryokudan Tsuiho Okinawa Kenmin Kaigi (Okinawa Prefectural Citizen Committee Against Organized Crime Groups) at the Bouryokudan Kaimetsu Naha Shimin Kekki Taikai (Naha Citizen Rally to Eliminate Organized Crime Groups) of the 24th Bouryokudan Tsuiho Okinawa Kenmin Taikai (Okinawa Prefectural Citizen Protest Against Organized Crime Groups) on November 16, 2015.



Awards Ceremony

Report on our response to the explosion accident that occurred in the Binhai New Area of Tianjin

A large-scale explosion accident occurred in the Binhai New Area, two kilometers away from AEON MALL Tianjin TEDA in Tianjin City, at around 11 p.m. on August 12, 2015.

Receiving an emergency call from the custodian immediately after the accident, company staff members rushed to the scene to confirm the safety of employees, check for damage, and take measures to prevent theft, such as boarding up the mall. On August 15, the president of AEON MALL arrived at the mall and decided to withdraw temporarily in light of the conflicting information about the area. Subsequently, AEON MALL Tianjin TEDA resumed restoration work on September 1 when the restricted area designation was removed. From September 20 and all through October, the AEON supermarket was re-opened in a phased manner, and operations for the entire mall resumed on November 1, 81 days after the accident.

When restoring operation, the mall drew upon the lessons learned from the Great East Japan Earthquake. It adopted a basic approach in which safety comes first, convenience comes second, and appearance comes third. It gave first priority to restoring the fire-fighting equipment, opening the mall after confirming safety was ensured despite the minor inconveniences, and then finally fixed up the appearance. We also gave consideration to sustaining the morale of employees by asking them to use this opportunity to refurbish areas that had aged, and worked to show the public how the mall had been reborn.

Although it is impossible to predict accidents like this beforehand, we feel that we were able to restore the mall quickly, thanks to the cooperation of the government and the tenant owners. We will make efforts to take the proper measures when an accident or a disaster occurs, and think about what we can do now for the local residents to whom we are indebted.

Realization of a workplace where everyone can work with energy and vigor

We respect human rights and strive to build organizations and workplaces where all employees can contribute to the company's growth and fully apply their abilities, regardless of gender and nationality.

Becoming a company that allows diverse human resources to display their potential

The number of employees has risen significantly over the past few years due to the expansion of mall openings. We will focus more on creating an environment where individuals from various backgrounds can work based on shared values, regardless of their nationality and gender.

Employee Data (as of February 29, 2016)

	FY 2014	FY 2015
Number of employees (including the number of temporary workers)	3,334 (1,310)	3,683 (1,370)
New employees (male/female)	82 (34/48)	84 (36/48)
Employees who have received childcare leave (of which male)	18 (1)	19 (1)

Promoting the globalization of human resources

At AEON MALLs operating overseas, our policy is to put local staff in charge of helping our philosophy take root in local communities in a way that is adapted to the respective languages and customs of each country. At the local subsidiaries and AEON MALLs established in China and ASEAN countries, approximately 780 local workers play active roles as members of the AEON Group. We are giving them opportunities for exchange and to interact with others, such as short-term training sessions at AEON MALLs in Japan.

Local subsidiary staff (as of March 31, 2016)

China	457
Cambodia	62
Vietnam	161
Indonesia	97
Total	777

FOCUS

Efforts to promote the active participation of women

Past efforts (FY2005–FY2015)

We were among the first to make efforts to promote diversity in fiscal 2005. We prepared the "Minnade Kosodate Sukusuku Guidebook (universal guidebook for healthy child-raising)" to actively make efforts to create a better working environment through measures such as shortening regular work hours and creating a system to facilitate the use of childcare leave. In fiscal 2007, we were certified by the Ministry of Health, Labour and Welfare as a company that puts "Kurumin" child-raising support initiatives into practice.



Kurumin Mark

Major efforts

FY2012: Established the Women Success Promotion Committee in collaboration with labor and management.

We held this committee for female employees five times and discussed issues involving the work of women.

FY2013: Conducted a questionnaire to assess the current status.

In response to the opinions voiced by female employees, such as the lack of a female role model or female executive to look up to, we held a career-building meeting three times to raise the awareness of female employees and review the system.

FY2014–FY2015: Conducted career training and management training sessions.

Working in cooperation with the AEON Group, we held career training for young female employees, and management training for candidates for managerial posts and all female employees who currently hold managerial posts.

FY2016: Acquired the Level 3 "Eruboshi Certification."

The Eruboshi company certification is a system established by the Minister of Health, Labour and Welfare to recognize companies that have met the criteria set under the Act on Promotion of Women's Participation and Advancement in the Workplace and have exhibited superior performance. The Eruboshi certification has three levels based on the number of criteria satisfied. The company received the highest Eruboshi ranking of Level 3.



Childcare and nursing-care support systems

System accompanied by legal obligation	Criteria of the company	Legal obligation
Childcare leave system	Employees who have a child less than 3 years old	Employees who have a child less than 1 year old
Childcare working system	Employees who have a child under junior high school age	Employees who have a child less than 3 years old
Nursing-care leave system	A total of one year per subject family member	A total of 93 days per subject family member
Nursing-care working system	A total of two years per subject family member	A total of 93 days per subject family member
Our own system	Content	
Re-entry system	An employee who has applied for registration in this system when he/she resigns will be able to apply to come back to work whenever he/she wishes to return.	
Switching system	A community employee (not accompanied by move and relocation) is able to change to a career employee (accompanied by move and relocation) by submitting an application.	

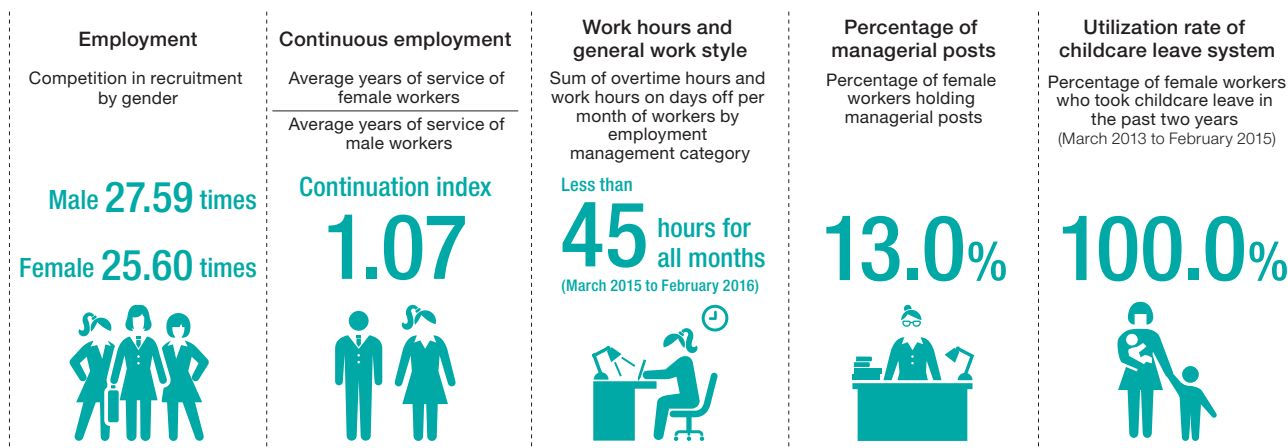
Providing training about LGBT issues

We launched a new LGBT program in fiscal 2015 in the “AEON Code of Conduct Training” that the AEON Group implements each year. Workers deepened their understanding of LGBT issues by attending the training session and discussing the way things should be at the workplace. Through the AEON Code of Conduct Training, we are striving to create workplaces where all employees are able to continue working in a vibrant manner.

Promoting efforts under the “global framework agreement”

The “global framework agreement” is an arrangement to set a framework for companies to share the principles of labor, human rights, and the environment with workers and put them into practice. In 2014, AEON Co., Ltd. concluded a “global framework agreement” with the Federation of AEON Group Workers’ Unions, as well as UNI Global Union and UA ZENSEN, industry labor organizations in which the Federation of AEON Group Workers’ Unions is a member. This was the third time this agreement has been concluded in Japan. The details of this agreement include respect for the eight core conventions of the International Labour Organization (ILO), which incorporate agreements relating to the minimum age of employment, workplace health and safety, and the working environment. Working together with these parties, we are pursuing initiatives related to labor, human rights, and the environment in Japan and other countries, along with the details of this agreement.

Information on the current status of women’s active participation (As of February 29, 2016)



Expansion of AEON Yume-Mirai Nursery Schools

Nursing-related specialty stores have opened at approximately 60 locations among the malls run by the company across Japan. The facilities that satisfy the conditions described below are run as AEON Yume-Mirai Nursery School, a nursery facility for employees. Currently, the school is run at four malls: AEON MALL Makuhari New City, AEON MALL Okinawa Rycom, AEON MALL Tokoname, and AEON Lake Town. The school in Makuhari New City is directly managed by the AEON Group, while a school opening contract has been concluded with the operators at other malls.

In addition, facilities that have acquired a license open more than 20% of their enrollment limit to local residents, helping to reduce the number of children on the waiting-list.

Selection criteria for AEON Yume-Mirai Nursery School

- 1) The school must have a quota for workers in the AEON Group.
- 2) The school must be open every day, including holidays, in accordance with the business hours of the mall as a general rule.
- 3) The school must accept pre-school children from the age of 0.
- 4) The school must be accredited or be run in accordance with accredited standards



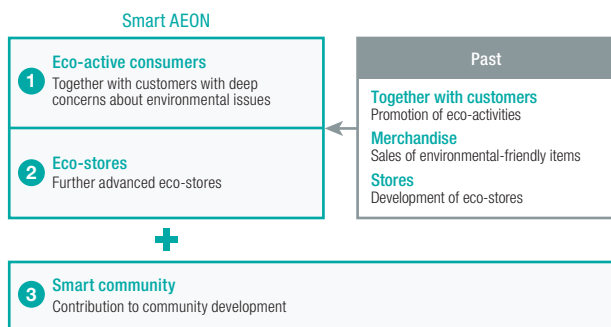
Implementing environmental conservation, both regionally and globally

We promote town development in harmony with nature by implementing energy-saving and waste control policies. To this end, we introduce the latest technologies to minimize the environmental load and create ways to protect the local ecology.

Towards advanced eco-malls

Operation of Smart AEON

Smart AEON represents the next-generation of eco stores that improve energy efficiency and implement disaster control across the town. It is a new model of commercial facilities that supports a form of sustainable town development that meets the standards specified by AEON Eco Project, which expresses the environmental goals of the AEON Group. We are developing Smart AEON at 10 malls operated by the company, including AEON MALL Sakai Teppocho that opened in March 2016.



Increasing installation of battery chargers for electric vehicles (EV)

In an effort to preserve the global environment and bring about a sustainable society, we are installing more electric vehicle chargers at AEON MALLs to help increase the use of electric vehicles that emit no carbon dioxide as well as plug-in hybrid vehicles. Many customers use these chargers. As of April 1, 2016, we have built a network of 193 electric vehicle charging stations, together with the commercial facilities of other AEON Group companies. We are also working to build a system for charging the station fees, using our electronic money "WAON" to offer a more stable service as a social infrastructure.



Electric vehicle charging station

Promoting the use of public transportation systems

AEON MALL is developing an environment that enables customers to use public transportation system, such as train and bus, to visit its malls. For malls within walking distance of the station, we are creating an environment that facilitates the use of public transportation systems, cooperating with railway companies and transportation authorities to provide customers visiting the mall by train with special benefits.

Continued activities for AEON Hometown Forests Program

We have been implementing AEON Hometown Forests Program since it started in Malaysia in 1991. When a new AEON MALL is opened, we plant seedlings of trees that grow naturally at the location, as it is best suited to the local natural environment, together with our customers. As of the end of February 2016, the total number of trees that have been planted reached approximately 11,200,000 (AEON Group total).



Planting trees

Environmental activities with the use of natural energy

Solar power generation

We are introducing solar power generation systems ahead of other commercial facilities. These systems have been installed in AEON MALLs in Japan and overseas to cover part of their power demand. Some malls have adopted a system capable of using electricity generated by solar panels during power blackouts caused by natural disasters or other catastrophes.



Solar power generation

Wall greening and planting

Greening on the wall surfaces of shopping malls not only improves the scenery, but also helps suppress the rise in indoor temperatures during summer to reduce the amount of energy consumed by air conditioning. AEON MALL Okayama has created Haremachi Garden, which is composed of step gardens on the open-top space from the fifth to the seventh floors, to provide customers with a green space where they can relax.



Wall greening

Day-to-day activities at individual shopping malls

Energy-saving efforts

We are replacing lights in AEON MALLs with more energy-efficient and longer lasting LEDs. They are used for 100% of the lighting in the communal areas of malls that have opened in recent years. LEDs are also used as the light source units for outdoor illumination signs. In addition, AEON MALLs have introduced advanced energy-saving technologies such as ice thermal storage systems, which store ice by using night-time electricity and use it for air-cooling during business hours, and air-conditioning cold water cascade systems, which consist of multiple air-conditioning machines positioned in cascade to boost air-conditioning efficiency.



LED lighting

Recycling and reducing waste

To reduce the waste malls generate, each mall has introduced a system in which mall tenants cooperate to separate waste into 17 categories and weigh it accordingly. After weighing the waste of each category, the specialty stores paste a sticker indicating the weight of the waste and collectively dispose of it at the specified storage place for each category. We keep track of the recycling rate for each category. For fiscal 2015, the recycling rate increased from 84.3% in fiscal 2014 to 86.6%.

Environmental communication

Reducing the environmental load at each mall not only requires the efforts of the company, but also the understanding and cooperation of the tenants and customers. Therefore, we have distributed booklets and placed notices on the backyard bulletins asking the staff of tenants to cooperate. In addition, we introduce our environmental activities inside malls through Eco-Information and Eco-Bench, and ask customers to carry reusable shopping bags and cooperate with recycling efforts.

Focus

Our environmental efforts are highly regarded in many quarters.

Acquired the “Green Star” in the GRESB Assessment

In the Global Real Estate Sustainability Benchmark (GRESB), an international benchmark for measuring the sustainability of real estate companies and investment institutions, the company placed 16th (out of 92 companies) in the Asian region in 2015 and 126th (out of 688 companies) worldwide. We have now acquired the “Green Star”—the highest award—as a company that makes excellent efforts in both the formulation/disclosure and execution/measurement of environment policy.



Received the “Osaka Stop Global Warming Award”

In March 2015, we received an award of excellence in the “Global Warming Measures Category” of the “Osaka Stop Global Warming Award” that is sponsored by the Osaka Prefectural Government’s Environment, Agriculture, Forestry and Fisheries Department for our efforts to reduce greenhouse gas emissions produced by the five malls we directly manage in the prefecture. This award recognizes business operators who are doing an excellent job of promoting and encouraging measures to prevent global warming, alleviate the heat island phenomenon, and level out demand for electricity.

Three new malls acquired the ABINC certification

Three malls that opened in and after October 2015—AEON MALL Shijonawate, AEON MALL Tokoname, and AEON MALL Sakai Teppochō—successfully acquired the “Association for Business Innovation in Harmony with Nature and Community (ABINC)” certification. This certification is based on the Japan Business Initiatives for Biodiversity (JBIB) Guidelines created and registered by JBIB. Recipients of this certification are objectively evaluated and certified by the ABINC for their efforts in creating biodiversity-friendly green areas. AEON MALL Toin (in 2013) and AEON MALL Tamadaira Woods (in 2014) have also acquired the certification in the past.



We have set up nest boxes in the wooded areas on the site of AEON MALL Tokoname.

Company Name	AEON MALL Co., Ltd.	
Date Established	November 1911	
Capital Stock	¥42,217,000,000	
Headquarters	1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8539, Japan	
Phone and Facsimile Numbers	TEL: 81-(43)-212-6733 FAX: 81-(43)-212-6779	
Offices	Sendai Office	Mitsumaru Building 2F, 3-3-3 Chuo, Aoba-ku, Sendai-shi, Miyagi 980-8442, Japan
	Nagoya Office	Aizo building 6F, 5-25-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-0002, Japan
	Osaka Office	Kurabo Annex Building 12F, 2-4-11 Kyutaromachi, Chuo-ku, Osaka-shi, Osaka 541-0056, Japan
	Hiroshima Office	1-3-52 Danbara-minami, Minami-ku, Hiroshima-shi, Hiroshima 732-0814, Japan
	Fukuoka Office	Sankyo Fukuoka Building 5F, 2-9-11 Hakataekiminami, Hakata-ku, Fukuoka-shi, Fukuoka 812-0016, Japan
	Shanghai Resident Office	Room 1204, An-Tai Building, 107 Zunyi Road, Changning District, Shanghai, China P.C. 200051
	Jinan Resident Office	Room B 1601 YUQUAN SIMPSON HOTEL 68 Luo Yuan Road, Jinan, Shandong pro., China P.C. 250063
	Hangzhou Resident Office	Room 2402, 25A Floor, Guangli Building, 136 Qingchun Road, Xiacheng District, Hangzhou, Zhejiang pro., China P.C. 310003
	Ho Chi Minh Resident Office	Room 3102.B, 31F, Lim Tower, No9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City
Number of Shopping Malls	161 (incl. overseas)	
Business Activities	Development of large-scale shopping malls, tenant leasing and operation/management	
Number of Employees	2,313	
Stock Listings	The First Section of the Tokyo Stock Exchange (Securities code 8905)	
Transfer Agent	Mizuho Trust and Banking Co., Ltd. 2-1, Yaesu 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan	
Independent Auditors	Deloitte Touche Tohmatsu LLC Shinagawa Intercity Tower, 2-15-3, Konan, Minato-ku, Tokyo 108-6221, Japan	

Stock Information

Number of Shares Authorized	320,000,000
Number of Shares Outstanding	227,902,027
Number of Shareholders	43,558

Major Shareholders

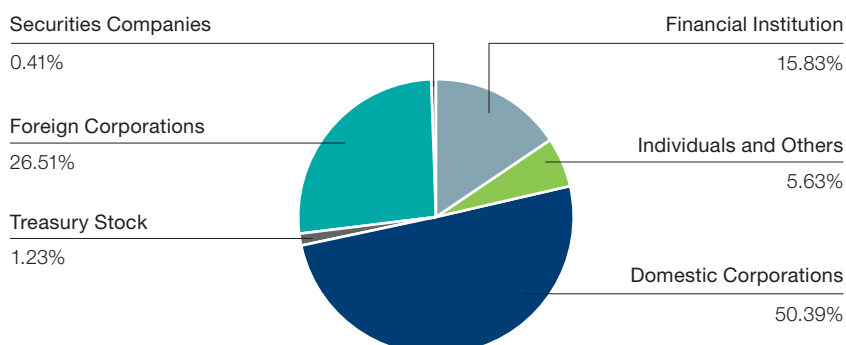
Shareholders' Names	Number of Shares (Thousands)	Percentage of voting rights (%)
AEON Co., Ltd.	112,116	49.80
Japan Trustee Services Bank, Ltd. (Trust Account)	6,531	2.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,784	2.12
JPMorgan Chase Bank, N.A. 385174	4,109	1.82
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,834	1.25
STATE STREET BANK AND TRUST COMPANY 505223	2,278	1.01
NORTHERN TRUST CO. (AVFC) RE-HSD00	2,089	0.92
SAJAP	2,005	0.89
STATE STREET BANK WEST CLIENT-TREATY 505234	1,953	0.86
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,851	0.82

*1 Shareholdings are rounded down to the nearest 1,000 shares.

*2 We hold 2,802,839 treasury shares, but are not listed in the above table of the shareholders.

*3 The ratio of shareholdings is rounded down to 2 decimal places after deducting the treasury shares.

Distribution of Shares (shareholders ratio)



ÆON MALL CO., LTD.

1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba 261-8539, Japan

TEL: 81-(43)-212-6733 FAX: 81-(43)-212-6779

<http://www.aeonmall.com/en>

Forward-Looking Statements

This annual report contains forward-looking statements such as the future business performance of AEON MALL. As these statements are based on the currently available information at the time of the creation of the annual report, the actual results may differ materially due to various factors. Earnings forecasts and other projections in this annual report were formulated and announced as of August 2016.

About the cover

The photo on the cover shows AEON MALL Binh Tan, which opened in Ho Chi Minh City on July 1, 2016.