Consolidated Financial Results (Japanese Accounting Standards) for the First Three Quarters of the Fiscal Year Ending February 28, 2017

January 11, 2017

Company name	AEON Mall Co., Ltd.	Listings	The First Section of the Tokyo Stock Exchange
Securities code	8905	URL	http://www.aeonmall.com/en/ir/index.html
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Scheduled dates:

Submission of statutory quarterly financial report	January 13, 2017
Commencement of dividend payments	-
Supplementary documents for quarterly results	Yes
Quarterly results briefing	Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Three Quarters of the Year Ending February 28, 2017 (March 1, 2016 to November 30, 2016)

(1) Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Nine months ended	million yen	%	million yen	%	million yen	%	million yen	%
November 30, 2016	198,403	18.3	29,893	0.2	30,153	7.3	16,572	10.9
November 30, 2015	167,704	13.4	29,830	4.7	28,109	0.3	14,944	(6.2)

(Note) Comprehensive income Nine months ended November 30, 2016 -14,622 million yen (–%)
Nine months ended November 30, 2015 7,636 million yen (-63.3 %)

	Net income per share	Net income per share (diluted)
Nine months ended	yen	yen
November 30, 2016	72.88	72.85
November 30, 2015	65.58	65.55

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Nine months ended November 30, 2016	1,036,670	324,183	30.7
Year ended February 29, 2016	974,970	339,849	34.2

(Note) Equity Nine months ended November 30, 2016: 318,320 million yen Year ended February 29, 2016: 333,547 million yen

2. Dividends

	Dividend per share				
(Record date)	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Year ended February 29, 2016	–	11.00	–	11.00	22.00
Year ending February 28, 2017	–	13.50	–		
Year ending February 28, 2017 (Projection)				13.50	27.00

(Note) Revisions to dividend projection published most recently: None

3. Consolidated Earnings Projections for the Year Ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(Percentage figures represent changes from the corresponding period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	280,000	21.9	46,500	6.0	45,000	6.1	27,000	9.6	118.75

(Note) Revisions to dividends projections published most recently: None

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

[1] Changes in accounting policies in accordance with changes in accounting principles: Yes

[2] Changes in accounting policies other than the above: None

[3] Changes in accounting estimates: None

[4] Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

[1] Number of shares issued at period-end (including treasury stock)

November 30, 2016:	227,413,489 shares	February 29, 2016:	227,902,027 shares

[2] Treasury stock at period-end

November 30, 2016:	50 shares	February 29, 2016:	2,802,839 shares

[3] Average number of shares issued

November 30, 2016:	227,389,363 shares	November 30, 2015:	227,855,226 shares

* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been reviewed at the time of the announcement of these consolidated financial results, as these results are excluded from quarterly review procedures based on said Act.

* Explanations and other special notes concerning the appropriate use of earnings projections

(Notes concerning statements about the future, etc.)

The statements about the future, including earnings projections, included in this report are based on information currently available to the Company and certain assumptions considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See "(3) Explanation of information on future forecasts such as the consolidated operating results forecast" of "1. Qualitative Information on Quarterly Consolidated Operating Results," on page 7 of the Accompanying Materials for the assumptions of the earnings forecasts and points to note in the use of earnings forecasts.

(Procedure for obtaining supplementary information on financial results)

The Company is scheduled to hold a financial briefing for institutional investors and analysts on January 12, 2017. The materials handed out at this briefing will be posted on the Company's web page on January 11, 2017, and the audio recording will be made available on the Company's web page as soon as possible after the briefing.

Accompanying Materials — Contents

1. Qualitative Information on Quarterly Consolidated Operating Results

(1) Explanation of operating results

During the first three quarters of the fiscal year ending February 28, 2017, the Japanese economy showed some evidence of a recovery in corporate earnings and employment. Consumer spending remained sluggish, however, reflecting growing demand for low-price products based on customers' persistent budget-mindedness.

In this environment, the Company actively renewed existing malls in Japan tailored to local customer needs and developed new malls adapted to local characteristics. OPA Co., Ltd., which became a subsidiary on March 1, 2016, moved forward with its urban fashion buildings business. Now that it has acquired a new growth business category in urban areas, the Group is shifting its focus to urban areas.

Overseas, 17 existing malls in China and the ASEAN region performed well. The Company also opened two malls in Vietnam and China, bringing the total number of malls in China and the ASEAN region to 19.

As a result, in the first three quarters under review, operating revenue totaled 198,403 million yen (118.3% year on year). Operating costs increased to 149,152 million yen (123.4% year on year) due to business expansion, resulting in gross profit of 49,250 million yen (105.1% year on year).

Selling, general and administrative expenses increased to 19,356 million yen (113.7% year on year). As a consequence, operating income rose to 29,893 million yen (100.2% year on year).

Ordinary income stood at 30,153 million yen (107.3% year on year) as a result of an improvement of 1,980 million yen in non-operating income compared with the first three quarters of the previous fiscal year. This improvement was mainly due to the posting of subsidy income from the government of 796 million yen.

Extraordinary losses fell by 106 million yen from a year ago. In the first three quarters under review, extraordinary losses were 2,664 million yen, including a loss on retirement of fixed assets of 1,315 million yen and expenses for the closure of two malls of subsidiary OPA Co., Ltd. of 653 million yen (309 million yen in impairment losses and 343 million yen in provision for loss on store closing), but in the first three quarters of the previous fiscal year, the Company posted extraordinary losses of 2,771 million yen, including impairment losses of 686 million yen and provision for loss on store closing of 1,152 million yen. The closure of two malls of OPA Co., Ltd. aims to strengthen its management, through which Omiya OPA (Saitama) will be closed in January 2017 and Oita FORUS (Oita) will be closed temporarily in February 2017 for reconstruction as an OPA business.

As a result, net income attributable to owners of parent came to 16,572 million yen (110.9% year on year).

i) Domestic Businesses

In this segment, operating revenue rose to 179,744 million yen (114.3% year on year), and operating income decreased to 32,837 million yen (97.9% year on year).

The Company opened AEON MALL Sakai Teppocho (Osaka) in March, AEON MALL Imabari New City (Ehime) in April, and AEON MALL Izumo (Shimane) in May.

AEON MALL Sakai Teppocho was opened on the site of a Daicel Corporation plant that was closed in 2007. The mall employs a recycled sewage water multiple-use model for the first time in Japan. The mall has been built in consideration of the environment and the aesthetic qualities of the area.

AEON MALL Imabari New City is located in the Imabari Shintoshi No. 1 District, a new development area in Imabari. Shimanami Open Park, a court and a separate building, has opened a new type of store in response to the age of the "sixth sector industrialization" of agriculture, forestry, and fishery, and a variety of events including concerts by home-grown musicians are held in the event space in the park.

AEON MALL Izumo has opened on the site of the AEON Izumo, which was closed in 2014. The mall has abundant food-related facilities: a food merchandise zone on the first floor, restaurants on the second floor, and a food court on the third floor.

New domestic malls in first three quarters under review

Name of Mall	Location	Opening Date
AEON MALL Sakai Teppocho	Osaka Prefecture	March 2016
AEON MALL Imabari New City	Ehime Prefecture	April 2016
AEON MALL Izumo (Note)	Shimane Prefecture	May 2016

(Note) AEON MALL Izumo has been established by AEON Retail Co., Ltd. and is managed and operated by the Company under a property management (PM) contract.

Existing malls implemented sales promotions using Aeon Card and electronic money WAON and, in addition to events involving customer participation, the Aeon Black Friday Sale for three days from November 25 to 27 as a new promotional campaign. The Aeon Black Friday Sale follows the example of Black Friday in the U.S., which is held on the fourth Friday in November and when consumption is reportedly at its highest, marking the start of the Christmas shopping spree. It was held at AEON MALLs nationwide, featuring high-quality branded products, large home appliances, trendy fashion, and other promotional items and large discounts, and it was exceptionally successful in terms of both of visitor numbers and sales.

In terms of the renewal of existing malls, the Company revitalized 17 malls, including renewal with an extension built at AEON MALL Morioka (Iwate) and AEON MALL Hiroshima Fuchu (Hiroshima).

AEON MALL Morioka added a new extension zone consisting of 23 stores in the multilevel parking facilities (6,000 m^2) on the second floor in March 2016 following the renewal of 46 stores in September 2015, and implemented the second phase of renewal comprising 56 stores in the existing mall zone. More than 70% of the entire mall was revitalized in the first and the second phases of the renewal.

AEON MALL Hiroshima Fuchu expanded the zone for eating and drinking establishments in the sub-core zone on the first floor in April 2015 and implemented the third-phase renewal in November following the first- and second-phase renewals in March and July, respectively. A total of 210 stores comprising 75% of the entire mall were renovated in the first, second, and third phases of the renewal, including the entry of 80 stores in the new extension building added on the south side of the mall premises and the replacement of specialty stores in the existing building. As a result, the mall's total leasable area increased by 20,000 m^2, to 98,000 m^2, and 80 specialty stores were added to the total of 280, making it the largest mall in the Chugoku and Shikoku area.

Other malls were also renewed. We upgraded entire malls by introducing new tenants and changing business categories and relocating existing tenants. All of them exhibited solid performance.

Malls renewed in the first three quarters under review

Name of Mall	Location	Date reopened	Tenants	New tenants (1) (See Note)	Relocations & refurbishments (2)	No. of tenants on reopening (1) + (2)
AEON MALL Hiroshima Fuchu	Hiroshima Prefecture	March 4	280	22 (12)	44	66
		July 15		20 (11)	12	32
		November 18		82 (40)	30	112
AEON MALL Morioka	Iwate Prefecture	March 4	130	28 (14)	28	56
AEON MALL Kobe Kita	Hyogo Prefecture	March 18	160	32 (14)	26	58
AEON MALL Natori	Miyagi Prefecture	March 18	170	24 (10)	35	59
AEON MALL Mito Uchihara	Ibaraki Prefecture	April 15	200	20 (8)	41	61
AEON MALL Tsurumi Ryokuchi	Osaka Prefecture	April 22	160	31 (18)	28	59
AEON MALL Akita	Akita Prefecture	April 22	150	36 (26)	67	103
AEON MALL Kyoto Gojyo	Kyoto Prefecture	April 22	140	37 (13)	54	91
AEON MALL Ota	Gunma Prefecture	April 22	150	23 (12)	36	59
AEON MALL Tsugaru Kashiwa	Aomori Prefecture	April 22	90	13 (7)	27	40
AEON MALL KYOTO	Kyoto Prefecture	September 16	130	34 (14)	73	107
AEON MALL Yamatokoriyama	Nara Prefecture	September 16	170	43 (23)	101	144
AEON MALL Aratamabashi	Aichi Prefecture	October 28	120	28 (6)	30	58
NaRaFamily	Nara Prefecture	November 1	120	35 (20)	20	55
AEON MALL Shimoda	Aomori Prefecture	November 18	120	20 (7)	62	82
AEON MALL Hamamatsushitoro	Shizuoka Prefecture	November 18	160	5 (3)	33	38
AEON MALL Hanyu	Saitama Prefecture	November 18	210	10 (2)	8	18

(Notes) 1. Figures in brackets represent new tenants opening for the first time in the prefecture.
2. AEON MALL Hiroshima Fuchu carried out renewal, including floor space expansion, in November, following the first phase of renewal in March and the second phase in July.
3. AEON MALL Morioka was expanded.

AEON MALL Kumamoto, which suspended its operation due to the 2016 Kumamoto Earthquakes and resumed the operation of some specialty stores in the mall and the core store AEON Kumamoto on July 20, resumed the operation of eight restaurants in the restaurant zone in December and will resume the operation of the rest of the restaurants in January 2017. AEON MALL Kumamoto has agreed with AEON REIT Investment Corporation, the owner of the mall, to rebuild part of the west mall and resume operation at an early stage to revitalize the mall and make it a more attractive, safer, and highly-advanced mall, given that 10 years have passed since it first opened.
OPA Co., Ltd., which operates a fashion building business, has been working to open Mito OPA (tentative name) (Ibaraki) and Takasaki OPA (tentative name) (Gunma) in 2017.
As for the existing malls, Shinsaibashi OPA (Osaka) was renovated in September to establish 11 stores in the food merchandise zone on the second basement floor. Shinsaibashi OPA has been implementing step-by-step renewal since 2014, converting itself from a conventional fashion center into a business that proposes lifestyles.
The Company was rated highly in an evaluation conducted by GRESB (Note 1) Real Estate Assessment in 2016 as an excellent operator in both "Management and Policy" and "Practice and Measurement" because of its consideration for the environment and sustainability efforts. Just like last year, the Company was awarded the "Green Star," the highest assessment, and "Five Stars," the highest rank in the GRESB Rating in a relative assessment of total scores. In this survey, the project to build the first recycled sewage water multiple-use model in Japan at AEON MALL Sakai Teppocho and multiple efforts regarding community and town development centered around the next-generation store Disaster Responsive Smart AEON were adopted as an excellent innovation case study due to the sustainability efforts to achieve a good balance between environmental preservation and social contribution and economic benefits.
AEON MALL Makuhari New City (Chiba) achieved S Rank in the CASBEE (Note 2) real estate evaluation for all four facility buildings comprising the mall. The mall's advanced emissions initiatives including the use of renewable energy, activities to acquire major certifications for environmental performance, the use of LED equipment, and the introduction of a cogeneration system to significantly reduce energy consumption and CO_2 compared to conventional buildings, were rated highly.
AEON MALL Okinawa Rycom (Okinawa) received the 2016 Asia Pacific Shopping Center Awards in the design development and new development section of the International Council of Shopping Centers (ICSC) based on a comprehensive assessment of its superior design, development plans, management and operation, etc.
AEON MALL Tamadaira Woods (Tokyo) received the ABINC Special Award of the Association for Business Initiative in Harmony with Nature and Community (ABINC) for the mall's various initiatives to protect the local ecosystems, which were recognized as a pioneering endeavor in exploring the possibility of preserving biodiversity in large commercial facilities.
On November 18, AEON MALL Natori (Miyagi) opened Aeon Yume-Mirai Nursery School, the in-house daycare facilities that have been established and expanded by the Aeon Group. It is the first childcare center of the Aeon Group approved for the company-led childcare project implemented by the Cabinet Office for the purpose of reducing the number of children on the waiting list for a childcare center and supporting the lifestyle of both managing a career and raising children. On November 30, AEON MALL Nagoya Chaya (Aichi) also opened Aeon Yume-Mirai Nursery School (a company-led childcare project) at its site. It is the 10th in-house nursery school (Note 3) operated by the Aeon Group, and it will continue to carry out activities that will assist as many people as possible to combine work and childcare, including the employees of the Aeon Group companies.

(Notes)
1. GRESB (Global Real Estate Sustainability Benchmark): A benchmark for measuring the sustainability performance of real estate companies and real estate investment companies based on the questionnaire conducted by GRESB Foundation, which was established by a group of pension funds in Europe and others.
2. CASBEE (Comprehensive Assessment System for Built Environment Efficiency): The most widely recognized certification system in Japan, which assesses and rates the environmental performance of buildings. It comprehensively evaluates a building's environmental performance, which includes considerations for scenery in addition to aspects aimed at reducing the environmental impact, such as saving energy and resources and recycling capabilities.
3. In addition to Aeon Yume-Mirai Nursery Schools, two childcare centers used by employees based on the alliance between general childcare business operators and Aeon are included.

ii) Overseas Businesses

(China Business)

In this segment, operating revenue increased to 13,792 million yen (176.9% year on year), and operating loss was 2,676 million yen (compared with an operating loss of 2,994 million yen in the first three quarters of the previous fiscal year). Five of the 12 malls turned positive, and the operating loss in the third quarter (3 months) of the current fiscal year improved 299 million yen from a year ago.

In November, the Company opened AEON MALL Hebei Yanjiao (Sanhe, Hebei) as its first mall in Hebei Province.

This mall is located in the Yanjiao Economic and Technological Development Zone, approximately 40 km east of central Beijing, which is developing housing land as a commuter town of Beijing. With its tenants consisting of 200 stores including 90 operators opening their first store in the Yanjiao area, the mall operates a food concept zone with 18 stores serving traditional Chinese cuisine in a casual manner in the mall section of the first basement floor. The building offers a sense of openness with terrace seats and five large atriums. The mall's Kids' Zone is one of the largest in the region, with an area of approximately 4,500 m^2, which not only sells products, but also offers children's amusement such as multiple activity-based facilities.

The Company has been opening dominant malls in the four main areas of China, namely the Beijing and Tianjin area, the Jiangsu and Zhejiang area, Hubei area, and Guangdong area. In Suzhou, Jiangsu Province, where the Company operates three malls, the brand recognition and customer attraction power of AEON Malls increased, thanks partly to the effect of the opening of a dominant mall, which has enabled the Company to attract good tenants and conclude contracts with more favorable leasing terms. Sales at AEON MALL Suzhou Xinqu (Suzhou), the third mall in Suzhou, which opened in January 2016, is expecting a surplus from its initial year.

(ASEAN Business)

In this segment, operating revenue rose to 4,866 million yen (185.9% year on year), and operating loss stood at 281 million yen (compared with an operating loss of 729 million yen in the first three quarters of the previous fiscal year). Three of the five malls turned positive, and the operating loss in the third quarter (3 months) of the current fiscal year improved 165 million yen from a year ago.

In July 2016, the Company opened AEON MALL Binh Tan (Ho Chi Minh City), the fourth mall in Vietnam and the third mall in Ho Chi Minh City. The tenants consist of 160 stores, including 16 stores that opened for the first time in Vietnam. The mall possesses one of the largest zones for eating and drinking establishments in Ho Chi Minh City on each floor, and offers comprehensive entertainment for families to enjoy, such as a cinema and family karaoke.

In Cambodia, AEON MALL Phnom Penh (Phnom Penh), the first mall in Cambodia that opened in June 2014, has been performing well. In response, the Company has been constructing a second mall, AEON MALL Sen Sok City (Phnom Penh), with the aim of opening in fiscal 2018.

In Indonesia, because new towns are being developed in the suburbs, AEON MALL BSD CITY (Tangerang, Banten), which opened in May 2015, has been performing well. In addition, three malls including AEON MALL Jakarta Garden City (Jakarta) scheduled for opening in fiscal 2017 have been preparing for their openings.

New overseas Malls in the first three quarters under review

	Name of Mall	Location	Opening Date
China	AEON MALL Hebei Yanjiao	Sanhe, Hebei	November 2016
Vietnam	AEON MALL Binh Tan	Ho Chi Minh	July 2016

* Store opening plans are stated according to the Japanese fiscal year. The fiscal year-end of overseas subsidiaries is December 31.

The overseas business, which is considered as the driver of future growth, remained on an improving trend in its profits in the first half of the fiscal year under review, and progress is being made as planned on the way to the growth path in terms of both existing malls and new malls. Because the suburban market for the mall business is expected to expand in China and the ASEAN region, given progress in motorization and the expansion of the middle-income group, the Company will continue to develop business actively.

(2) Explanation of financial position

i) Assets, Liabilities and Net Assets

Assets

Total assets stood at 1,036,670 million yen, up 61,700 million yen from February 29, 2016. This was chiefly attributable to the acquisition of property, plant and equipment of 100,245 million yen due to an increase in assets as OPA Co., Ltd. became a subsidiary, the opening of new malls, and the advance acquisition of land for development in the future, which offset a decline in fixed assets of 28,482 million yen due to depreciation.

Liabilities

Total liabilities stood at 712,486 million yen, up 77,365 million yen from February 29, 2016. This was mainly due to an increase in bonds (including “bonds due within one year”) of 34,800 million yen and net increases in short-term debt of 29,315 million yen and commercial papers of 30,000 million yen, which offset decreases in accounts payable-other of 28,236 million yen related to equipment associated with the opening of new malls (included in “Other current liabilities”) and income taxes payable of 8,991 million yen.

Net assets

Net assets totaled 324,183 million yen, down 15,665 million yen from February 29, 2016. This was primarily attributable to a decrease in treasury shares of 6,101 million yen with OPA Co., Ltd. becoming a subsidiary through a share exchange and cancellation of treasury shares, in addition to the posting of net income attributable to owners of parent of 16,572 million yen, which offset a decrease of 30,773 million yen in foreign currency translation adjustment.

ii) Cash Flows

Cash and cash equivalents (“cash”) as of November 30, 2016 amounted to 48,864 million yen, down 4,788 million yen from February 29, 2016.

Cash flows in the first three quarters were as follows.

Cash flows from operating activities

Net cash provided by operating activities was 49,971 million yen (compared with 46,676 million yen in the first three quarters of the previous fiscal year). The primary factors included income before income taxes of 27,530 million yen (25,432 million yen), depreciation and amortization of 28,482 million yen (23,298 million yen), an increase in deposits received from specialty stores of 16,318 million yen (a decrease of 894 million yen), and income taxes paid of 19,786 million yen (17,024 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 123,070 million yen (compared with 126,687 million yen in the first three quarters of the previous fiscal year). The major factors were purchase of property, plant and equipment of 119,755 million yen (156,261 million yen) due to payments for equipment at AEON MALL Shijonawate (Osaka) and AEON MALL Tokoname (Aichi), which opened in the previous fiscal year, and AEON MALL Sakai Teppocho (Osaka) opened in the first three quarters under review, the advance acquisition of land for development, and proceeds from lease deposits from lessees of 11,169 million yen (10,275 million yen).

Cash flows from financing activities

Net cash provided by financing activities was 75,050 million yen (76,627 million yen in the first three quarters of the previous fiscal year). This was chiefly attributable to proceeds from the issuance of bonds of 35,000 million yen (30,000 million yen), proceeds from long-term debt of 25,762 million yen (24,113 million yen), and an increase in short-term debt and commercial papers of 47,476 million yen (55,780 million yen), as well as the repayment of long-term debt of 27,128 million yen (22,684 million yen), and dividends paid of 5,546 million yen (5,012 million yen).

(3) Explanation of information on future forecasts such as the consolidated operating results forecast

(Domestic Businesses)

AEON MALL Nagakute (Aichi) opened in December 2016. It opened as the core facilities in the Rinimoterrace Scheme promoted by the Nagakute city government, which offers a space for food services operated by 53 businesses, including a food court and restaurants, which occupy more than a quarter of the entire area, in addition to the food concept zone located at the center of the first floor of the mall building.

The management and operation of QUALITE PRIX (Hokkaido) also commenced in December 2016. The Company will succeed to a master lease at the Aeon Group's existing retail properties and will remodel them. The new management and operation of Sannomiya OPA 2 (the second floor through to the ninth floor only) (Hyogo) will also commence in the spring of 2017.

At its existing malls, the Company will undertake the revitalization of four malls, including the renewal of AEON MALL Makuhari New City (Chiba).

AEON MALL Makuhari New City consists of Grand Mall, Family Mall, Pet Mall, and Active Mall, each of which involves a different concept. In an effort to make Family Mall more convenient and enjoyable for families, the Company opened Aeon Style Makuhari New City Food Store on December 17, 2016, and it will open new large amusement facilities, etc. in the spring of 2017.

The Company will also launch sales promotions catering to the needs of local communities, provide tenant support, and further reinforce efforts to increase customer satisfaction with the aim of increasing the malls' ability to attract customers and boosting sales. Meanwhile, the Company will reduce costs and increase mall revenues by building a more efficient operation system using the economies of scale with more than 140 malls in Japan.

In the fashion building business operated by OPA Co., Ltd., we will strive to expand earnings, combining its expertise in the fashion buildings business in city centers and the Company's expertise in the mall business.

Malls to be opened in Japan in and after the fourth quarter

Name of Mall	Location	Due to open
AEON MALL Nagakute	Aichi Prefecture	December 2016
QUALITE PRIX (Note 1)	Hokkaido	December 2016
Sannomiya OPA2 (Note 2)	Hyogo Prefecture	Spring in 2017

(Notes) 1. The Company will lease, manage, and operate the second basement and the third basement of an existing shopping center managed and operated by AEON Hokkaido.

2. The Company will lease, manage, and operate the second floor through to the ninth floor of an existing shopping center operated by The Daiei, Inc.

(Overseas Businesses)

In the China business, we will promote development of properties primarily in four areas: Beijing and Tianjin, Jiangsu and Zhejiang, Hubei, and Guangdong. Meanwhile, the Company will work to enhance its expertise in the management and operation of the existing malls to expand earnings.

In the ASEAN business, the Company will work to expand earnings at existing malls and open new properties in Vietnam, Cambodia, and Indonesia.

The consolidated earnings forecasts for the fiscal year ending February 28, 2017 are unchanged from the forecasts in the Consolidated Financial Results announced on April 13, 2016.

2. Matters Regarding Summary Information (Notes)

(1) Material changes in consolidated subsidiaries during the period

Not applicable

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

(Application of the Accounting Standard for Business Combinations, etc.)

Starting the first quarter of the current fiscal year, the Company is applying the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on September 13, 2013) and has changed its accounting policy to post differences arising from changes in the Company's ownership interests in subsidiaries that the Company continues to control in capital surplus and to post costs related to acquisitions as expenses in the consolidated fiscal year when the expenses are incurred. The Company has also changed the accounting policy for the allocation of acquisition costs so that for business combinations carried out from the beginning of the first quarter of the current fiscal year, revisions to the allocation of acquisition costs resulting from the completion of provisional accounting will be reflected in the consolidated financial statements for the consolidated quarter when the business combinations take place. In addition, the Company has changed the presentation of net income and other items and has changed minority interests to non-controlling interests. To reflect these changes, the quarterly consolidated financial statements and consolidated financial statements for the first three quarters of the previous consolidated fiscal year and the previous consolidated fiscal year have been replaced.

In the quarterly consolidated statements of cash flows for the first three quarters under review, cash flows associated with acquisitions or sales of shares in subsidiaries that do not result in change in the scope of consolidation are posted in cash flows from financing activities, and cash flows associated with expenses related to acquisitions of shares in subsidiaries resulting in change in the scope of consolidation or expenses related to acquisitions or sales of shares in subsidiaries that do not result in change in the scope of consolidation are posted in cash flows from operating activities.

These accounting standards are applied from the beginning of the first quarter of the current fiscal year in accordance with the transitional provisions specified in 58-2 (4) of the Accounting Standard for Business Combinations, 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of the application of the accounting standards on the quarterly consolidated financial statements for the first three quarters under review is minor.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of February 29, 2016	As of November 30, 2016
Assets		
Current assets:		
Cash and deposits	55,375	49,420
Notes and accounts receivable—trade	5,713	4,737
Other current assets	31,073	44,086
Allowance for doubtful receivables	(33)	(30)
Total current assets	92,129	98,213
Fixed assets:		
Property, plant and equipment:		
Building and structures, net	506,885	531,050
Land	212,423	216,198
Other, net	35,407	57,929
Total property, plant and equipment	754,716	805,178
Intangible assets:	3,677	4,159
Investments and other assets:		
Lease deposits paid	44,105	54,053
Other	80,370	76,292
Allowance for doubtful receivables	(27)	(1,226)
Total investments and other assets	124,447	129,118
Total fixed assets	882,840	938,456
Total assets	974,970	1,036,670

(Million yen)

	As of February 29, 2016	As of November 30, 2016
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	14,239	14,289
Short-term debt	8,339	37,655
Commercial papers	–	30,000
Bonds due within one year	200	10,000
Current portion of long-term debt	38,585	42,827
Income taxes payable	10,556	1,564
Deposits received from specialty stores	32,643	48,939
Allowance for employee bonus	1,218	1,584
Allowance for director and auditor performance-based remuneration	76	56
Provision for loss on store closing	1,797	955
Other current liabilities	103,742	73,961
Total current liabilities	211,398	261,835
Long-term liabilities:		
Straight bonds	95,000	120,000
Long-term debt	192,281	186,235
Accrued retirement benefits to employees	600	497
Asset retirement obligations	9,680	11,301
Lease deposits from lessees	122,199	129,137
Provision for loss on guarantees	525	–
Other long-term liabilities	3,435	3,479
Total long-term liabilities	423,722	450,651
Total liabilities	635,120	712,486
Net assets		
Shareholders' equity:		
Common stock	42,217	42,255
Capital surplus	42,525	42,028
Retained earnings	235,826	245,688
Treasury stock, at cost	(6,101)	(0)
Total shareholders' equity	314,468	329,972
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	1,168	1,191
Foreign currency translation adjustment	18,213	(12,560)
Remeasurements of defined benefit plans	(302)	(283)
Total accumulated other comprehensive income	19,079	(11,651)
Stock acquisition rights	193	139
Non-controlling interests	6,108	5,723
Total net assets	339,849	324,183
Total liabilities and net assets	974,970	1,036,670

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(For the nine months ended November 30, 2015 and November 30, 2016)

(Million yen)

Nine months ended	November 30, 2015	November 30, 2016
Operating revenue	167,704	198,403
Operating costs	120,848	149,152
Gross profit	46,856	49,250
Selling, general and administrative expenses	17,025	19,356
Operating income	29,830	29,893
Non-operating profits:		
Interest income	415	269
Compensation paid by departing tenants	621	1,112
Foreign exchange gains	–	445
Subsidy income	175	796
Other non-operating profits	532	371
Total non-operating profits	1,745	2,995
Non-operating expenses:		
Interest expenses	1,861	1,818
Loss on valuation of derivatives	–	381
Foreign exchange losses	1,183	–
Other non-operating expenses	421	535
Total non-operating expenses	3,466	2,735
Ordinary income	28,109	30,153
Extraordinary gains:		
Gain on sales of fixed assets	0	41
Gain on change in equity	92	–
Total extraordinary gains	93	41
Extraordinary losses:		
Loss on sales of fixed assets	1	5
Loss on retirement of fixed assets	642	1,315
Impairment loss	686	309
Provision for loss on store closing	1,152	343
Provision of allowance for doubtful accounts	–	675
Other extraordinary losses	288	15
Total extraordinary losses	2,771	2,664
Income before income taxes	25,432	27,530
Income taxes:		
—Current	12,059	10,675
—Deferred	(447)	96
Total income taxes	11,611	10,771
Net income	13,820	16,758
Net income (loss) attributable to non-controlling interests	(1,124)	185
Net income attributable to owners of parent	14,944	16,572

(Quarterly consolidated statements of comprehensive income)
(For the nine months ended November 30, 2015 and November 30, 2016)

(Million yen)

Nine months ended	November 30, 2015	November 30, 2016
Net income	13,820	16,758
Other comprehensive income:		
Net unrealized gain on available-for-sale securities	306	23
Foreign currency translation adjustment	(6,501)	(31,422)
Remeasurements of defined benefit plans, net of tax	10	18
Total other comprehensive income	(6,183)	(31,380)
Comprehensive income	7,636	(14,622)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	9,261	(14,158)
Comprehensive income attributable to non-controlling interests	(1,625)	(463)

(3) Quarterly consolidated statements of cash flows

(Million yen)

Nine months ended	November 30, 2015	November 30, 2016
Cash flows from operating activities:		
Income before income taxes	25,432	27,530
Depreciation and amortization	23,298	28,482
Impairment loss	686	309
Increase (decrease) in provision for loss on store closing	1,152	(841)
Loss (gain) on change in equity	(92)	–
Interest and dividend income	(439)	(300)
Interest expenses	1,861	1,818
Decrease (increase) in receivable—trade accounts	(22)	192
Increase (decrease) in payable—trade accounts	3,949	1,792
Increase (decrease) in deposits received from specialty stores	(894)	16,318
Other, net	10,302	(3,884)
Subtotal	65,231	71,417
Interest and dividends received	396	209
Interest paid	(1,926)	(1,869)
Income taxes paid	(17,024)	(19,786)
Net cash provided by (used in) operating activities	46,676	49,971
Cash flows from investing activities:		
Purchase of property, plant and equipment	(156,261)	(119,755)
Proceeds from sales of property, plant and equipment	33,197	559
Payment of lease deposits to lessors	(2,167)	(2,656)
Reimbursement of lease deposits to lessors	656	1,821
Repayment of lease deposits from lessees	(6,784)	(10,956)
Proceeds from lease deposits from lessees	10,275	11,169
Other payments	(10,436)	(3,665)
Other proceeds	4,832	412
Net cash provided by (used in) investing activities	(126,687)	(123,070)
Cash flows from financing activities:		
Increase (decrease) in short-term debt and commercial papers	55,780	47,476
Proceeds from long-term debt	24,113	25,762
Repayment of long-term debt	(22,684)	(27,128)
Proceeds from issuance of bonds	30,000	35,000
Redemption of bonds	–	(200)
Purchase of treasury stock	(1)	(0)
Dividends paid	(5,012)	(5,546)
Dividends paid to non-controlling interests	(6)	(6)
Payments to trust account for acquisition of treasury stock	(6,007)	–
Other	445	(306)
Net cash provided by (used in) financing activities	76,627	75,050
Foreign currency translation adjustments on cash and cash equivalents	(1,390)	(7,498)
Net increase (decrease) in cash and cash equivalents	(4,774)	(5,546)
Cash and cash equivalents at beginning of the period	67,222	53,652
Increase in cash and cash equivalents resulting from share exchanges	–	757
Cash and cash equivalents at end of the period	62,447	48,864

(4) Notes on quarterly consolidated financial statements

Notes on the going concern assumption

Not applicable

Notes on significant change in shareholders' equity, if any

The Company implemented a share exchange, whose effective date is March 1, 2016. Following the share exchange, the Company has become a wholly owning parent company, and OPA Co., Ltd. has become a wholly owned subsidiary. Mainly due to the share exchange, capital surplus declined 535 million yen, and treasury stock decreased 4,937 million yen.

At a meeting of the Board of Directors held on September 20, 2016, the Company resolved to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act and canceled 534,058 shares of treasury stock as of September 30, 2016. As a result, retained earnings and treasury stock decreased 1,164 million yen each during the first three quarters of the consolidated fiscal year under review.

Segment information

[Segment information]

I. Consolidated cumulative first three quarters (March 1, 2015, to November 30, 2015)

1. Information on profit and loss and sales of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Adjustment (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Operating revenue						
Operating revenue to external customers	157,291	7,795	2,617	167,704	–	167,704
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	157,291	7,795	2,617	167,704	–	167,704
Segment profit (loss)	33,546	(2,994)	(729)	29,822	8	29,830

(Notes) 1. Adjustment to segment profit (loss) is adjustment to unrealized gains in intersegment transactions.
2. Segment profit (loss) is adjusted to operating income on the quarterly consolidated statement of income.

2. Information on impairment loss of fixed assets or goodwill of each reporting segment

Important impairment loss on fixed assets

In the "Japan" segment, an impairment loss has been recognized in the asset group of malls that are expected to close down. The amount of this impairment loss recognized for the first three quarters under review is 686 million yen.

II. Consolidated cumulative first three quarters (March 1, 2016, to November 30, 2016)

1. Information on profit and loss and sales of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Adjustment (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Operating revenue						
Operating revenue to external customers	179,744	13,792	4,866	198,403	–	198,403
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	179,744	13,792	4,866	198,403	–	198,403
Segment profit (loss)	32,837	(2,676)	(281)	29,879	14	29,893

(Notes) 1. Adjustment to segment profit (loss) is adjustment to unrealized gains in intersegment transactions.
2. Segment profit (loss) is adjusted to operating income on the quarterly consolidated statement of income.

2. Information on impairment loss of fixed assets or goodwill of each reporting segment

Important impairment loss on fixed assets

In the “Japan” segment, an impairment loss has been recognized in the asset group of malls that are expected to close down. The amount of this impairment loss recognized for the first three quarters under review is 309 million yen.

Business combination

Transaction under common control

1. Outline of the transaction
   (1) Name and business of the company acquired
      Name: OPA Co., Ltd. (hereinafter “OPA”)
      Business: Operation, management, and development of retail properties
   (2) Date of business combination
      March 1, 2016
   (3) Legal form of business combination
      A share exchange upon which the Company has become a wholly owing parent company and OPA has become a wholly owned subsidiary
   (4) Changes in the names of companies after the business combination
      No change
   (5) Other information related to the transaction
      OPA manages and operates nine fashion buildings located in midtown areas. In addition, OPA manages and operates fashion buildings in the VIVRE FORUS business (excluding retail business), which OPA took over from AEON Retail through an absorption-type demerger on March 1, 2016. The purposes of the business combination are as follows:
      - Through the share exchange, the abovementioned businesses are integrated into the Company, which plays a core role in the AEON Group as a developer;
      - The business expertise of both companies is combined to increase the number of new business bases, renovate existing facilities, and create attractive commercial facilities for customers; and
      - The Company strengthens its management foundations and enhance its corporate value.

2. Accounting treatment
   The Company has treated the share exchange as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on September 13, 2013).

3. Acquisition of shares in the subsidiary
   (1) Acquisition cost and breakdown of the cost by class of shares
      Acquisition cost: 4,937 million yen (Breakdown) Treasury stock: 4,937 million yen
   (2) Share exchange ratio, calculation method, and number of shares delivered
      (i) Share exchange ratio
         47.48 common shares in the Company for 1 common shares in OPA
      (ii) Calculation method
         To ensure the fairness and appropriateness of the share exchange ratio, the Company chose PricewaterhouseCoopers Kyoto (PwC Kyoto) as an independent third-party institution to calculate the share exchange ratio and asked for the calculation. Based on the calculation, the Company and OPA carefully negotiated over the share exchange ratio. Both parties have decided that the share exchange ratio above is appropriate and have agreed on it.
      (iii) Number of shares delivered
         2,268,879