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For Immediate Release

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Notice Concerning Conclusion of Development Agreement (AEON MALL Kumamoto)

AEON REIT Investment Corporation (we or the “Investment Corporation”) hereby announces as follows, that AEON Reit Management Co., Ltd. (the “Asset Manager”) to which the Investment Corporation entrusts the management of its assets, resolved and concluded the Development Agreement for AEON MALL Kumamoto (the “Property”) owned by the Investment Corporation based on the discussion about development the sub-anchor zone of the Property with AEON Mall Co., Ltd., a lessee of the Property with which we previously entered into the Pipeline Support Agreement and the Shopping Center Management Agreement (hereinafter collectively, the “Support Agreements”).

Through the Support Agreements with AEON Group, the Investment Corporation and the Asset Manager will establish a strong support structure of AEON Group to us. We will be able to fully utilize the know-how and integrated capabilities in the development and operation of the retail and related properties that AEON Group have cultivated, and we will be aiming to expand our portfolio over the medium to long term.

We will also seek to further improve the asset value cooperating with AEON Mall Co., Ltd. for developing the sub-anchor zone of the Property which was left behind damages by the Kumamoto Earthquake in April 2016 and was completely torn down recently, and develop it as a shopping center which can meet every need from the local customers.

1. Overview of the Development Agreement:

- (1) Property name
AEON MALL Kumamoto
- (2) Entities with which the Agreement is made
AEON Mall Co., Ltd.
Sumitomo Mitsui Trust Bank, Limited (the “Trustee”)
- (3) Outline of the Agreement
 - (a) On the premises of the Property, the building is to be newly constructed, provided that AEON Mall Co., Ltd. bears the associated expenses and responsibility (hereinafter, the building shall be referred to as the “Building”).
 - (b) The trustee and AEON Mall Co., Ltd. will conclude a lease agreement for the premises of the Building (lease agreement establishing a fixed term land lease right for business purposes, regulated in Article 23(1) of the Act on Land and Building Leases; hereinafter referred to as the “Agreement

Establishing Fixed Term Land Lease Right for Business Purposes”) before delivery to AEON Mall Co., Ltd. (Note)

- (c) The Investment Corporation obtains the rights to preferentially negotiate (the “Preferential Negotiation Rights”) regarding receipt of status, rights and duties under the agreement for the construction of the Building (and after its completion, acquisition of the Building).

(Notes) However, if the Investment Corporation acquires the Building (or the status, rights and duties under the agreement for the construction of the Building) by exercising the Preferential Negotiation Rights as mentioned above (the Preferential Negotiation Rights granted in the Agreement Establishing Fixed Term Land Lease Right for Business Purposes), it is assumed that the Building (or the status, rights and duties under the agreement for the construction of the Building) will be included in the subjects of the master lease agreement for the existing building between the Trustee and AEON Mall Co., Ltd. after it is added to the trust, and that the Agreement Establishing Fixed Term Land Lease Right for Business Purposes will not be concluded or may end at the timing of the acquisition.

< Overview of the Preferential Negotiation Rights (Note) >

Description of the Preferential Negotiation Rights	The rights to preferentially negotiate regarding receipt of status, rights and duties under the agreement of construction of the Building (after its completion, the acquisition of the Building)
Period of the preferential negotiation	Period of validity of the Development Agreement

(Notes)

However, in the Agreement Establishing Fixed Term Land Lease Right for Business Purposes, rights to preferentially negotiate will be regulated regarding status, rights and duties of the agreement of construction of the Building (after its completion, the acquisition of the Building).

As of today this does not constitute a decision by the Investment Corporation to receive status, rights and duties under the agreement of construction of the Building (after its completion, the acquisition of the Building). The rights shall not be deemed a guarantee that we assure to acquire the property, nor shall we be obliged to receive status, rights and duties under the agreement of construction of the Building (after its completion, the acquisition of the Building) as this is a right the Investment Corporation obtained based on the Development Agreement.

For acquiring the property, we will get required due diligence done and make a decision based on the internal rule which is the “Rule for Interested-Party Transactions” of AEON Reit Management Co., Ltd. (the “Asset Manager”).

However, the Investment Corporation and the Asset Manager will pay no consideration to the entities with which the aforesaid agreement is made for obtaining the Preferential Negotiation Rights.

(4) Future plan

Obtainment of building confirmation	September 25, 2017
Conclusion of the Development Agreement (scheduled)	Autumn, 2017
Start of construction of the Building (scheduled)	Autumn, 2017
Completion of the Building (scheduled)	2018

2. Purpose of the Development:

The development of the sub-anchor zone of the Property will be conducted for the purpose of enhancing profit of the Property, ensuring stable revenue over the medium to long term and realizing improvement of asset value through the Expansion, by cooperating with AEON Mall Co., Ltd. and developing it as a shopping center which can meet every need from the local customers.

3. Overview of the Building (scheduled):

Structure/Floors	Three-storied steel-framed
Gross floor area	28,162.88 m ²
Use	Stores

(Notes) The information is based on the details of the building confirmation application form.

Overview of the existing building (for your reference):

Address	2232, Aza Nagaike, Oaza Uejima, Kashima-machi, Kamimashiki-gun, Kumamoto
Lot area	206,231.69 m ²
Structure/Floors (Note)	(1) Four-storied steel-framed with flat roof (2) Two-storied steel-framed with flat roof
Gross floor area (Note)	(1) 92,869.34 m ² (2) 8,263.04 m ²
Use (Note)	(1) Department store (current use: stores, office, parking space, movie theater) (2) Parking space

(Notes) The information above is based on the description in the land register.

4. Future Outlook:

The aforesaid does not constitute a decision by the Investment Corporation to acquire the Building. Furthermore, there is no impact to the forecasts of performance and distributions (estimated figures) of the Investment Corporation.

5. Others:

The Investment Corporation will make a prompt announcement if any matters to be disclosed related to the development arise.

*The Investment Corporation's website: <http://www.aeon-jreit.co.jp/en/>

<Attached reference> Architectural rendering of AEON MALL Kumamoto



(Notes)

The Building is circled in red. The architectural rendering shows an image of a planned-to-be-completed-building, thus may differ from the actual building.