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For Immediate Release

Investment Corporation:
AEON REIT Investment Corporation
1-2-1, Kanda Nishiki-cho, Chiyoda-ku, Tokyo
Representative: Yasuo Shiozaki, Executive Director
(Securities code: 3292)

Asset Manager:
AEON Reit Management Co., Ltd.
Representative: Yasuo Shiozaki, Representative Director and
President

Inquiries: Keiji Tsukahara, Senior Managing Director and
General Manager of the Finance and Planning
Department

(TEL: +81-3-5283-6360)

Follow-Up Notice Concerning Conclusion of Floor-Space Expansion Development
Agreement (for Expansion at AEON MALL Kofu Showa)

AEON REIT Investment Corporation (the “Investment Corporation”) has decided to renew all buildings at AEON MALL Kofu Showa (the “Property”), its owned asset, including an expansion at the Property, the construction of which was completed according to the timetable announced in its news release dated August 31, 2016, Notice Concerning Additional Conclusion of Floor-Space Expansion Development Agreement (for Expanded Building of AEON MALL Kofu Showa), and to reopen the renovated shopping mall on November 23, 2017. Please note that the Investment Corporation does not own the expansion at the Property. Nor has the Investment Corporation decided to acquire the expansion.

Accordingly, AEON Reit Management Co., Ltd. (the “Asset Manager”), an asset management company to which the Investment Corporation entrusts the management of its assets, has decided to conclude the Lease Agreement for the Grounds of the Expansion (a lease agreement for establishing a fixed-term land leasehold for commercial sites prescribed in Paragraph 1, Article 23 of the Act on Land and Building Leases, the “Fixed-Term Land Leasehold Establishment Agreement for the Business”) and the Agreement for Modifying the Building Lease Agreement (for AEON MALL) dated January 18, 2016 (the “Agreement for Modifying the Building Lease Agreement”) with AEON Mall Co., Ltd., the lessee of the Property, in accordance with the provisions of the three-party Floor-Space Expansion Development Agreement (for Expanded Building of AEON MALL Kofu Showa) dated August 25, 2016, concluded by the Investment Corporation, Mitsubishi UFJ Trust and Banking Corporation (the “Trustee”) and AEON Mall Co., Ltd. Details are as follows.

1. Overview of the Fixed-Term Land Leasehold Establishment Agreement for the Business and the Agreement for Modifying the Building Lease Agreement
 - (1) Property name
AEON MALL Kofu Showa
 - (2) Parties to the Agreements
AEON Mall Co., Ltd.
The Trustee
 - (3) Outline of the Agreements
 - ① The Trustee will lease land in the Property to AEON Mall Co., Ltd. as grounds for the expansion

in the Property. At the same time, the Trustee will exclude grounds for the buildings from the scope of lease in the Building Lease Agreement.

- ② The term of Fixed-Term Land Leasehold Establishment Agreement for the Business is 49 years and 11 months from the day AEON Mall Co., Ltd transferred the expansion from the contractor.
- ③ The Investment Corporation will have rights for preferential negotiations for acquiring the expansion (the “Preferential Negotiation Rights”).
- ④ The Fixed-Term Land Leasehold Establishment Agreement for the Business will terminate at the point where the concerned properties are acquired in cases where the Investment Corporation acquires the expansion by exercising Preferential Negotiation Rights granted in the same Agreement.

(Note) The rent of the Fixed-Term Land Leasehold Establishment Agreement for the Business is not disclosed as no consent to disclosure has been obtained from the lessee.

< Overview of Preferential Negotiation Rights >

Description of the Preferential Negotiation Rights	The rights of the Investment Corporation to preferentially negotiate for the acquisition of the expansion
Period of the preferential negotiations	Term of validity of the Fixed-Term Land Leasehold Establishment Agreement for the Business

As of the date of this news release, the Investment Corporation has not decided to acquire the expansion. There is no guarantee that the Investment Corporation will be able to acquire them for sure. Preferential Negotiation Rights are rights the Investment Corporation owns on the basis of the Fixed-Term Land Leasehold Establishment Agreement for the Business. They do not oblige the Investment Corporation to acquire the expansion.

For the acquisition of the expansion, the Investment Corporation will form a decision based on the Rule for Interested-Party Transactions of the Asset Manager after performing the necessary due diligence.

The Investment Corporation and the Asset Manager will pay no consideration to other parties to the Fixed-Term Land Leasehold Establishment Agreement for the Business for the acquisition of Preferential Negotiation Rights.

2. Purposes of Floor-Space Expansion and Renovation

The Investment Corporation aims to evolve the Property into a shopping mall capable of satisfying the demands of local customers in all respects, expand revenues generated by the Property, secure stable revenues over medium and long terms and enhance the asset value of the Property through the expansion of floor space and the renovation of buildings in cooperation with AEON Mall Co., Ltd.

3. Points Regarding the Expansion

The expansion will be constructed on the south side of the grounds that has been used as a parking lot in a way to connect with existed building. The expansion will evolve into a third place (note) that satisfies all requirements of local customers, including areas for enjoying hobbies and recreational activities, by introducing specialty stores that propose trendy fashion items and new lifestyles.

(Note) A third place refers to the third favorite place after home and the place of work.

The concept for floor space expansion and renovation adopted by AEON Mall Co., Ltd., the lessee of the Property, is as follows.

Yamanashi Central Park
A Community Third Place for Enriching Life in Yamanashi,
Covering All Aspects from Daily Living Comfort to Latest Trends

4. Overview of the Expansion

Structure/floors	① Reinforced concrete steel-framed structure with three ground levels ② Steel-framed structure with a single ground level
Total floor area	② 36,660.18 m ² ③ 36.00 m ²
Use	① Stores ② Garage

(Note) Information provided above is based on statements in the application form for building confirmation.

Overview of the Existed Building

Address	434-3, Ikkuiminakami, Showa-cho, Nakakoma County, Yamanashi Pref.
Lot area (Note 1)	121,308.22 m ²
Structure/floors (Note 2)	Reinforced concrete steel-framed structure with a flat roof and four ground levels
Total floor area (Note 2)	66,417.84 m ²
Use (Note 2)	Stores and movie theaters

(Note 1) This information is based on statements in the land register which do not match the current status in some cases. The stated area includes the leased land area of 101,971.94 m².

(Note 2) This information is based on statements in the land register. Buildings in the Property include an attached machine room (91.67 m²). The area of this room is not included in the total floor area.

5. Renovation of Existing Buildings

Existing buildings will offer a total of 83 stores. They include 37 newcomers, 8 relocated stores and 35 remodeled ones. Furthermore, AEON MALL Kofu Showa will reopen on November 23, 2017 as the first lifestyle store complex in Yamanashi Prefecture offering highly specialized products and services under the new name of AEON Style Kofu Showa following its opening to invited guests on November 10, 2017.

6. Future Outlook

Renovation stated above will have minor effect on the state of asset management for or dividends forecasts (estimates) by the Investment Corporation because the Investment Corporation has not decided to acquire the expansion.

7. Others

The Investment Corporation will promptly disclose any matter that requires disclosure in cases where such matter arises.

* Parties to which this material is distributed: the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism

* The official website for the Investment Corporation: <http://www.aeon-jreit.co.jp/en/>

< Attached references >

Reference 1: A conceptual drawing for AEON MALL Kofu Showa

Reference 2: A map of the surrounding area

< Attached references >

Reference 1: A conceptual drawing for AEON MALL Kofu Showa



(Note) The expansion is the section circled in red. This conceptual drawing was produced with the images of the expansion before its completion. The expansion in the drawing differs from the actual one for that reason.

Reference 2: A map of the surrounding area

