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For Immediate Release

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Notice of Sale and Purchase of Domestic Properties

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces that AEON Reit Management Co., Ltd. (the “Asset Manager”), to which the Investment Corporation entrusts asset management, today determined to sell and purchase the following beneficiary rights of domestic real estate in trust (the “Sale” and the “Purchase,” respectively, and the “Transactions,” collectively. The asset sold in the Sale and the asset purchased in the Purchase will be referred to as the “Asset to be Sold” and the “Asset to be Purchased,” respectively).

1. Summary of the Transaction

(1) Summary of the Sale

Property number (Note 1)	Property Name	Location	Planned Selling Price (in millions of yen) (Note 2)	Book Value (in millions of yen) (Note 3)	Difference between Planned Selling Price and Book Value (in millions of yen) (Note 4)	Purchaser (Note 5)
RSC-14	AEON MALL Kumamoto	Kamimashiki-gun, Kumamoto Pref.	14,500	14,388	111	Special purpose company (in Japan)

(1) Execution date of the sale June 29, 2018
 and purchase agreement:

(2) Scheduled date of sale: June 29, 2018

(3) Purchaser: Please refer to “3. (3) Overview of the transferee and the acquirer” below.

(4) Use of proceeds from sale: Funds for the purchase of the property to be purchased, etc.

(5) Method of settlement: Lump-sum payment at the time of sale

(Notes)

- (1) “Property number” indicates a numbered classification of properties based on types such as commercial facilities: SRSC (super regional shopping center), RSC (regional shopping center), CSC (community shopping center), NSC (neighborhood shopping center), SM (supermarket) and L (logistics). A “shopping center” means, in general, a retail property containing a combination of retail businesses, restaurant businesses and other services, managed as one unit and formed, developed and owned by developers, and is sometimes referred as “SC”. In most cases, the location, scale

- and type of each shopping center conform to the characteristics of its commercial area, and the property of each shopping center also includes a parking area appropriate for its type and scale. The same applies to the following.
- (2) The planned selling price is the trading value of the asset to be sold as indicated in the sale and purchase agreement for the asset to be sold (excluding national and local consumption taxes and expenses such as trading fees, rounded down to the nearest million yen), which does not include the payment of fixed asset tax, city planning tax, etc.
 - (3) The book value presented is the estimated book value of the asset to be sold as of the scheduled date of sale.
 - (4) The difference between the planned selling price and the book value is the reference value calculated as the difference between the planned selling price and the book value, which is different from the profit or loss on sale.
 - (5) The details of the purchaser are not disclosed because its approval for disclosure could not be obtained.
 - (6) With respect to the development agreement concluded between Mitsui Sumitomo Trust and Banking Co., Ltd., AEON Mall Co., Ltd. and Investment Corporation, announced in the "Announcement of Conclusion of Development Agreement for Aeon Mall Kumamoto" on September 28, 2017, Investment Corporation will withdraw on June 29, 2018 following this transfer.

(2) Summary of Planned Acquisition

Property number	Property name	Location	planned Purchase Price (in millions of yen) (Note 1)	Seller
RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	13,333	Godo Kaisha Double O3

(1) Execution date of the sale June 29, 2018
and purchase agreement:

(2) Anticipated acquisition date: July 2, 2018

(3) Sellers: Please refer to "3. (3) Overview of the transferee and the acquirer" below.

(4) Acquisition funds: Net proceeds from the Sale

(5) Method of settlement: Payment of entire amount upon delivery

(Note) (1) The planned purchase price is the trading value of the asset to be sold as indicated in the sale and purchase agreement for the asset to be sold (excluding national and local consumption taxes and expenses such as trading fees, rounded down to the nearest million yen), which does not include the payment of fixed asset tax, city planning tax, etc.

2. Reasons for the Transactions

The Investment Corporation positions retail and related properties, etc., which are "local communities and their retail business infrastructure," as its key investment targets, and aims to achieve a medium- to long-term increase in investor value by ensuring stable medium- to long-term earnings and the steady growth of assets under its management. More specifically, it considers "portfolio quality," "dividend" per unit, and "net asset value NAV" at all times in its business operation.

Based on this policy, the Investment Corporation has been carefully examining the possibility of both the continuous ownership and sale of AEON MALL Kumamoto, which was struck and damaged by the Kumamoto earthquake in April 2016 and generated an unrealized loss in comparison to its appraisal value. The Investment Corporation has also been repeatedly considering the purchase of competitive retail and related properties and the replacement of AEON MALL Kumamoto in the scenario of selling the mall.

It has now concluded that it should sell AEON MALL Kumamoto for a price that is higher than its appraisal value and could eliminate the unrealized loss and purchase the competitive AEON MALL Kyoto Gojo, and carry out these transactions simultaneously; the Investment Corporation has therefore decided to implement the Transactions.

It expects that the Transactions will help increase the "quality of its portfolio," "dividend" per unit, and

NAV, and will contribute to growth in investor value. Financial indicators, etc. will change as a result of the Transactions as presented below.

[Changes in financial indicators, etc. due to the Transactions] (Note)

	Before the Transactions	After the Transactions	Difference
NAV per unit	128,301 yen	129,514yen	+1,213yen
Unrealized profit	35,863 million yen	37,841 million yen	+2,155 million yen

Notes: The calculation methods are as follows:

NAV per unit

Before the Transactions: NAV per unit as of the end of the 10th fiscal period (ended January 31, 2018)

“NAV per unit as of the end of the 10th fiscal period (ending January 31, 2018)” has been calculated using the following formula.

NAV per unit = NAV as of the end of the 10th fiscal period (ended January 31, 2018) ^{(*)1} divided by the number of investment units issued (1,777,347) as of the end of the 10th fiscal period (ended January 31, 2018)

*1. NAV is the difference between the assets and liabilities (net value) of the Investment Corporation when the value of the real estate-related assets owned by the Investment Corporation calculated using the following formula is appraised based on the appraisal value, which is different from the value of net assets stated in the balance sheet.
“NAV as of the end of the 10th fiscal period (ended January 31, 2018) “= total unitholders’ capital as of the end of the 10th fiscal period (ended January 31, 2018) ^{(*)2} added with unrealized profit or loss on portfolio as of the end of the 10th fiscal period (ended January 31, 2018) ^{(*)3}

*2. Total unitholders’ capital as of the end of the 10th fiscal period (ended January 31, 2018) has been calculated by subtracting the deduction from unitholders’ capital from total unitholders’ capital.

*3. Unrealized profit or loss on portfolio as of the end of the 10th fiscal period (ended January 31, 2018) has been calculated using the following formula. The “appraisal value” of rights to the trust, of which AEON CO. (M) BHD. operating AEON Taman Universiti Shopping Centre is the trustee, and the “appraisal value” and “book value” of AEON MALL SEREMBAN 2 held through JAMBATAN MANSEIBASHI (M) Sdn. Bhd. have been converted to yen using the exchange rate as of the end of the 10th fiscal period (ended January 31, 2018).

Unrealized profit or loss on portfolio = total book value of assets held at the end of the 10th fiscal period (ended January 31, 2018) subtracted from the total appraised value of assets held at the end of the 10th fiscal period (ended January 31, 2018)

After the Transactions: Divide the result of subtracting the “difference between the new appraisal value obtained at the time of the sale and the book value at the time of the sale” of the Asset to be Sold from the value resulted from adding the total amount of differences between the appraisal values and book values of assets held at the end of the 10th fiscal period (ended January 31, 2018) to the total unitholders’ capital as of the same time and adding the “difference between the appraisal value at the time of the purchase and the planned purchase price” of the Asset to be Purchased by the number of investment units issued, and add the result to the value before the Transactions.

Unrealized profit

Before the Transactions: unrealized profit as of the end of the 10th fiscal period (ended January 31, 2018)

After the Transactions: Subtract the “difference between the new appraisal value obtained at the time of the sale and the book value at the time of the sale” of the asset to be sold from the value before the Transactions and add the “difference between the appraisal value at the time of the purchase and the planned purchase price.”

(i) Reasons for the Sale

AEON MALL Kumamoto (the “Asset to be Sold”) was seriously damaged in two earthquakes, both with a maximum seismic intensity of 7, on April 14 (foreshock) and April 15 (main shock) in 2016. Subsequently, the Investment Corporation achieved an early recovery in cooperation with Aeon Group (note 1), in which the first floor of Anchor Store resumed operation in April 2016, its second floor and East Mall in July 2016, and West Mall in March 2017. Sub-Anchor Zone, which suffered particularly serious damage, has been demolished, and reconstruction led by Aeon Mall Co., Ltd. is underway to build a new Sub-Anchor Zone.

Meanwhile, the book value of the Investment Corporation increased due to investment in the measures for recovery from the earthquake and resume operation, and an unrealized loss had been created in comparison to the appraisal value as of the end of January 2018. Additionally, the investment yield had declined due to a decrease in the leasable area and the master lease fees after the demolition of Sub-Anchor Zone.

The Investment Corporation decided that the retail property concerned should be operated together with the new Sub-Anchor Zone and has examined two scenarios – either to additionally purchase Sub-Anchor Zone and continue to operate it together with the existing buildings or to sell the existing buildings without additionally purchasing Sub-Anchor Zone – when the new Sub-Anchor Zone was soon to be completed and investigated the possibility of selling the buildings.

As a result of this and undertaking negotiations with a potential purchaser of the Asset to be Sold, it has received an offer of a price higher than the appraised value, and this would enable the sale to be made at a price that could eliminate the unrealized loss. Further, the probability of purchasing AEON MALL Kyoto Gojo, a property that could compensate for the decline in earnings after the sale of AEON MALL Kumamoto, increased, and the Investment Corporation therefore decided to implement the Purchase. It plans to allocate the proceeds from the Sale to the purchase of AEON MALL Kyoto Gojo.

(Note 1) “Aeon Group” is a group consisting of the pure holding company AEON CO., LTD., as well as its 291 consolidated subsidiaries and 31 affiliates as of the end of February 2018. The same applies to the following.

(ii) Reasons for the Purchase

AEON MALL Kyoto Gojo (the “Asset to be Purchased”) is located in Ukyo-ku, which has the second-largest population among the 11 districts of Kyoto city. The direct distance from JR Kyoto Station is 3 km, and National Route No.9 (Gojo-dori), which runs in front of the mall site, provides good road accessibility. The location is characterized by high residential density in the neighboring areas, constituting a large local market, and the trading area population is approximately 340,000 within three kilometers and approximately 740,000 within five kilometers.

The property is characterized by the land included on the site, which is scarce in the city of Kyoto, being one of the popular areas thanks to the recent growth in demand for tourism. The mall is located in a populated housing area in Kyoto and enjoys the local population, which is a “life infrastructure asset” that has continued to operate stably for many years, serving particularly the neighboring shoppers who purchase food and commodities. For these reasons, the Investment Corporation considered it to be a property that would contribute to improving its revenue base and decided to purchase it.

The Investment Corporation deems that the tenants of the Asset to be Purchased comply with the tenant selection criteria presented in the Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties that was submitted on April 25, 2018.

3. Overview of the Asset to be Sold and the Asset to be Purchased

The tables below show an overview of the Asset to be Sold, which is expected to be sold by the Investment Corporation, and the Asset to be Purchased, which is expected to be added to the Investment Corporation's portfolio (the "Individual Property Tables"). When referring to the Individual Property Tables, please refer to the following explanation of the terms used in the tables.

In principle, unless otherwise noted, all information included in the tables is as of June 1, 2018.

For some properties, we may not acquire all or part of the ownership right or part of the leasehold right of a site where each facility is located, or may not acquire part of the ownership of building(s), structure(s), etc. located within the same site.

- (a) *Anticipated transfer price* or *anticipated acquisition price* represents the sale or purchase price shown in the sale and purchase agreement of the Anticipated Property to Transfer or the Anticipated Property to Acquire (excluding national and local consumption taxes and expenses, such as transaction fees, and is rounded down to the nearest million yen).
- (b) *Address* represents the displayed address of each property. If there is no displayed address, the building address in the property registry is shown (one of the addresses if there are multiple addresses).
- (c) *Type of specified asset* represents a category of either purchase or sale through trust beneficiary interests or purchase or sale of real estate ownership rights.
- (d) *Anticipated transfer date* or *anticipated acquisition date* represents the scheduled date of transfer or acquisition shown in the sale and purchase agreement of the Anticipated Property to Transfer or the Anticipated Property to Acquire, which we entered into with a purchaser or a seller.
- (e) *Land*
 - *Lot area* is based on the description in the land register, and the lot area of some sites may not match the current status. If a trustee of the Asset to be Sold or the Asset to be Purchased subleases only part of a parcel of land, the sublease area used for the Asset to be Sold or the Asset to be Purchased is calculated based on the area stated in the sublease contract.
 - *Use district* represents types of districts listed in Article 8, paragraph 1, item 1 of the City Planning Act.
 - *Coverage ratio* and *Floor-area ratio* represent, in principle, the figures stipulated in accordance with applicable laws and regulations, such as the Building Standards Act and the City Planning Act. Certain easing measures or restrictions will be applied to the coverage ratio and the floor-area ratio in the Anticipated Property to Transfer or the Anticipated Property to Acquire. If there are multiple floor-area ratios applicable to the lot, the multiple ratios are listed side by side, or the figure after converting to the floor-area ratio for the entire lot is noted.
 - *Ownership type* represents a type of right that a trustee of a real estate trust possesses or is due to possess with respect to the Anticipated Property to Transfer or the Anticipated Property to Acquire.
- (f) *Building*
 - *Completion date* represents the date of completion as described in the property registry. If there are expansions and/or reconstructions, the time of these expansions and/or reconstructions are also noted.
 - *Structure/Floors* is based on the property registry.
 - *Total floor area* is based on the property registry. Any attached buildings are noted separately.
 - *Use* represents main items among the building types noted in the property registry.
 - *Ownership type* represents a type of right that a trustee of a real estate trust possesses or is due to possess with respect to the Anticipated Property to Transfer or the Anticipated Property to Acquire.
 - When there are multiple buildings, *Completion date*, *Structure/Floors*, *Total floor area*, *Use* and *Ownership type* represent those of each building with numbers.
- (g) *Master lease company* represents the companies with which we have entered into a master lease agreement for the Anticipated Property to Transfer or the Anticipated Property to Acquire, which is in effect as of the date hereof, or due to enter into such an agreement hereafter.
We plan to conclude a master lease agreement with AEON MALL Co., Ltd. (as master lessee) for the Asset to be Purchased on July 2, 2018.

- (h) *Property management company* (the “PM company”) with respect to each Anticipated Property is the company with which we have entered into a property management agreement, which is to enter into such an agreement hereafter.
- (i) *PML value* represents Probable Maximum Loss (the “PML”) based on the report as of June 2018 prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. We evaluate earthquake-related risk analysis as part of due diligence at the time of acquiring assets, by requesting it to Tokio Marine & Nichido Risk Consulting Co., Ltd. The analysis evaluates the earthquake resistance of the building by its unique structure evaluation method based on the structure plans and structure calculation documents, compares it with contents of the structure calculation documents, and evaluates the final earthquake resistance of the subject building. We calculate the PML value of a building by an earthquake based on overall results of evaluation including hazards caused by earthquakes and ground conditions, taking into account a building’s sensitivity to earthquakes, based on the final earthquake resistance assessment.
- (j) *Collateralized* indicates whether a property is collateralized or not and shows “Yes” if an Anticipated Property (excluding leased land portions) is collateralized.
- (k) *Tenant details*
 - *Number of tenants* represents the total number of tenants who have entered into an individual lease agreement for the Asset to be Sold or the Asset to be Purchased, which will be in effect as of the date when we purchase or sell such assets. In cases where a master lease agreement is entered into and its rent is fixed under the master lease agreement, it represents the number of master lease companies.
 - *Annual contracted rent* represents an annualized amount, which is calculated by multiplying the monthly rent (excluding national and local consumption taxes) stipulated in an individual lease agreement for the Anticipated Property to Transfer or the Anticipated Property to Acquire, which will be in effect when the Investment Corporation acquires such assets, by 12, and which is rounded to the nearest million yen.
 - *Leasehold/Security deposits* represents an amount specified in an individual lease agreement for the Anticipated Property to Transfer or the Anticipated Property to Acquire, which will be in effect when the Investment Corporation acquires or transfers such assets, and which is rounded to the nearest million yen.
 - *Total leased area* represents the leased area shown in an individual lease agreement for the Anticipated Property to Transfer or the Anticipated Property to Acquire, which will be in effect when the Investment Corporation acquires or transfers such assets.
 - *Total leasable area* represents the leasable area that is considered possible to lease, based on an individual lease agreement for the Anticipated Property to Transfer or the Anticipated Property to Acquire, which will be in effect when the Investment Corporation acquires or transfers such assets, or floor plans, etc.
 - *Occupancy rate* represents the proportion of the total leased area to the total leasable area in relation to the Anticipated Property to Transfer or the Anticipated Property to Acquire at the time of acquisition or transfer by the Investment Corporation, and the figure is rounded to the nearest tenth.
- (l) *Special remarks* represent, in principle, items related to the interests in or use of, etc. individual assets, which remarks are considered important, as well as items considered to be important matters based on their degree of impact on an asset’s appraisal value, profitability or disposability, based on information as of June 1, 2018.

(1) Overview of the Anticipated Property to Transfer

(RSC-14) AEON MALL Kumamoto

P r o p e r t y n a m e		AEON MALL Kumamoto
Anticipated transfer price		¥14,500 million
A d d r e s s		2232 Aza Nagaike, Oaza Uejima, Kashima-machi, Kamimashiki-gun, Kumamoto
Type of specified asset		Trust beneficiary interest
Trust establishment date		November 22, 2013
T r u s t e e		Sumitomo Mitsui Trust Bank, Limited
Trust period termination date		November 30, 2023
Anticipated transfer date		June 29, 2018
L a n d (Note 1)	Lot area(Note 2)	206,231.69 m ²
	U s e d i s t r i c t	Neighborhood commercial district
	Coverage ratio(Note 3)	90%
	Floor-area ratio	200%
	Ownership type	Ownership rights and leasehold rights
Building (Note 4)	Completion date	September 16, 2005 for both (1) and (2)
	Structure/Floors	(1) Steel-framed, flat roof / 4 stories above ground (2) Steel-framed, flat roof / 2 stories above ground
	Total floor area	(1) 92,869.34 m ² (2) 8,263.04 m ²
	U s e	(1) Department store (2) Parking lots
	Ownership type	Ownership rights for both (1) and (2)
Master lease company		AEON MALL Co., Ltd.
Classification of master lease		Fixed rent (Note 5)
A p p r a i s a l v a l u e (A s s o f)		¥12,500 million (June 1, 2018)
A p p r a i s e r		Japan Real Estate Institute
T e n a n t d e t a i l s		
	Number of tenants	1
	Annual contracted rents	¥983 million
	Leasehold/Security deposits	¥584 million
	Total leased area	101,132.38 m ²
	Total leasable area	101,132.38 m ²
	O c c u p a n c y r a t e	100.0%
S p e c i a l r e m a r k s		While this property suffered significant damage due to the Kumamoto Earthquakes in 2016, including foundation settlement due to liquefaction, collapsed ceilings, fallen equipment and appliances, and the breakage of floor tiles and exterior walls, this table shows the information before the Kumamoto Earthquakes in 2016 (except for the appraisal value and annual contracted rents).

(Notes)

- (1) Easement is given to a piece of land outside the premises that is a part of the land as a dominant land for the purpose of passage.
- (2) 64,366.58 m² of leased land is included.
- (3) While the coverage ratio of the land in this property is originally 80%, it has been eased due to an addition for the corner lot of the land, and the coverage ratio to be applied is 90%.
- (4) In addition to the two buildings of the retail property owned by the Investment Corporation, a building owned by a third party exists on the premises of the property.
- (5) In addition to fixed rent, the amount of the fixed assets tax and city planning tax are paid as variable rent. Besides, variable rent is reviewed every year for the changes of fixed assets tax and city planning tax.

(2) Overview of the Anticipated Property to Acquire

(RSC-31) AEON MALL Kyoto Gojo

P r o p e r t y n a m e		AEON MALL Kyoto Gojo
Anticipated acquisition price		¥13,333 million
A d d r e s s		25-1, Saiin Oiwakecho, Ukyo-ku, Kyoto-shi, Kyoto
Type of specified asset		Trust beneficiary interest
Trust establishment date		March 28, 2014
T r u s t e e		Mitsubishi UFJ Trust and Banking Corporation
Trust period termination date		July 31, 2028
Anticipated acquisition date		July 2, 2018
L a n d	L o t a r e a	46,973.92 m ²
	U s e d i s t r i c t	Industrial district
	C o v e r a g e r a t i o (N o t e 1)	60%
	F l o o r - a r e a r a t i o (N o t e 2)	300%
	O w n e r s h i p t y p e	Ownership rights
B u i l d i n g (N o t e 3)	C o m p l e t i o n d a t e	January 21, 2004
	S t r u c t u r e / F l o o r s	Steel-framed/steel-reinforced concrete, steel-framed, flat roof/6 stories above ground
	T o t a l f l o o r a r e a	86,984.79 m ²
	U s e	Shops and Parking lots
	O w n e r s h i p t y p e	Ownership rights
M a s t e r l e a s e c o m p a n y		AEON MALL Co., Ltd.
Classification of master lease		Fixed rent(Note 4)
Property management company		GEO-AKAMATSU Co., LTD.
P M L v a l u e		11.6%
C o l l a t e r a l i z e d		No
A p p r a i s a l v a l u e (A s o f)		¥13,600 million (June 1, 2018)
A p p r a i s e r		The Tanizawa Sōgō Appraisal Co., Ltd.
T e n a n t d e t a i l s		
	N u m b e r o f t e n a n t s	1
	A n n u a l c o n t r a c t e d r e n t s	¥875 million
	L e a s e h o l d / S e c u r i t y d e p o s i t s	—
	T o t a l l e a s e d a r e a	86,984.79 m ²
	T o t a l l e a s a b l e a r e a	86,984.79 m ²
	O c c u p a n c y r a t e	100.0%
S p e c i a l r e m a r k s		Not applicable.

(Notes)

- (1) While the coverage ratio of this property is originally 60%, it has been eased due to an addition for the corner lot of the land, and the coverage ratio to be applied is 70%.
- (2) While the floor-area ratio is 300%, 200% is applied to some of the land.
- (3) The buildings of this property include six warehouses (total of 326.77 m²) as attached buildings. The area of these buildings is not included in the total floor area.
- (4) In addition to fixed rent, the amount of the fixed assets tax and city planning tax are paid as variable rent. Besides, variable rent is reviewed every year for the changes of fixed assets tax and city planning tax.

(3) Overview of the transferee and the acquirer

(RSC-14) Transferee of AEON MALL Kumamoto

The purchaser is a special purpose company in Japan. The details of the purchaser will not be disclosed because we have not obtained its consent. As of today's date, the purchaser falls under neither an interested person as stipulated in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951 including subsequent revisions) nor an interested party under the internal rule "Rule for Interested-Party Transactions" of the Asset Manager.

(RSC-31) Acquirer of AEON MALL Kyoto Gojo

RSC-51) Acquirer of AECN MALL Kyoto Gojo	
N a m e	Godo Kaisha Double O3
A d d r e s s	1-4-1, Nihombashi, Chuo-ku, Tokyo
Name and title of the company r e p r e s e n t a t i v e	Representative partner: Double O Holdings Association Manager: Hideki Koizumi
B u s i n e s s	1. Acquisition and possession of real estate 2. Lease and management of real estate 3. Acquisition, possession and disposal of real estate trust beneficiary rights Any other auxiliary and/or related businesses to the items described above
P a i d - i n c a p i t a l	100,000yen
E s t a b l i s h m e n t d a t e	March 3, 2014
N e t a s s e t s	Not disclosed as the acquirer has not agreed to the disclosure of information.
T o t a l a s s e t s	
Shareholders and equity position	
Relationship with the Investment Corporation and the Asset Manager	
C a p i t a l	Not applicable.
H u m a n r e s o u r c e s	
T r a n s a c t i o n s	
R e l a t e d p a r t y	

4. Overview of property owners, etc.

With regard to the transfer of the Anticipated Property to Transfer and the acquisition of the Anticipated Property to Acquire, there is no transfer or acquisition from parties that have a particular relationship with the Investment Corporation or the Asset Manager.

5. Overview of brokerage

There is no brokerage in the transfer and the acquisition of the properties.

6. Schedule for the transfer and the acquisition

Property Number	Property name	Date of determination of transfer/acquisition	Scheduled date of execution of the sale and purchase agreement	Scheduled date of payment	Anticipated transfer date/acquisition date
RSC-14	AEON MALL Kumamoto	June 28, 2018	June 29, 2018	June 29, 2018	June 29, 2018
RSC-31	AEON MALL Kyoto Gojo			July 2, 2018	July 2, 2018

7. Transactions with Interested Parties, etc.

(1) Real estate lease agreement (master lease agreement)

The Investment Corporation will enter into a master lease agreement for AEON MALL Kyoto Gojo with AEON MALL Co., Ltd. (master lessee) through a trustee of the Anticipated Property to Acquire. Since AEON MALL Co., Ltd. (master lessee) is a subsidiary, etc. of AEON CO., LTD., the parent company of the Asset Manager, and an interested person as defined in Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of Investment Trust Act, as well as an interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager, in connection with entering into such a master lease agreement through the trustee of the Anticipated Property Acquirer, the Asset Manager has undergone the decision-making process prescribed by this interested party transaction rule.

Overview of lessees– Master lease agreement

(RSC-31) AEON MALL Kyoto Gojo

N a m e	AEON MALL Co., Ltd.
A d d r e s s	1-5-1, Nakase, Mihama-ku, Chiba-shi, Chiba
Name and title of the c o m p a n y r e p r e s e n t a t i v e	Akio Yoshida President and CEO
B u s i n e s s	Mall Business (Developer Business)
P a i d - i n c a p i t a l	¥42,271 million (as of February 28, 2018)
E s t a b l i s h m e n t d a t e	November 12, 1911
N e t a s s e t s	¥385,561 million (as of February 28, 2018)
T o t a l a s s e t s	¥1,123,781 million (as of February 28, 2018)
Shareholders and equity p o s i t i o n	AEON Co., Ltd. 55.18% (As of February 28, 2018)
Relationship with the Investment Corporation and the Asset Manager	
C a p i t a l	Not applicable.
H u m a n r e s o u r c e s	Not applicable.
T r a n s a c t i o n s	Transactions with the Investment Corporation Total rent income ¥6,074 million (August 1, 2017~January 31, 2018) Total land rent paid, etc. ¥679 million (August 1, 2017~January 31, 2018) Transaction with the Asset Manager AEON Retail Co., Ltd. entered into the pipeline support agreement and shopping center management agreement with the Asset Manager.
R e l a t e d p a r t y	AEON MALL Co., Ltd. is a Related Party of the Investment Corporation. It is also an Interested Party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager and an Interested Party defined by the Investment Trust Act.

8. Forward commitment, etc. (Note)

Not applicable.

(Note) *Forward commitment contract, etc.* refers to a post-dated sale and purchase contract and any other similar contract by which both parties are bound to make payment of a price and deliver a property/properties after the lapse of more than one month from the date of the conclusion of the contract.

9. Future outlook

Associated with the transfer, a gain on transfer of about ¥31 million yen is expected to be posted in the fiscal period ending July 31, 2018. Please refer to the “Notice Concerning Revision to Forecasts for Performance and Distributions for the Fiscal Period Ending July 31, 2018 and January 31, 2019” announced today for more details on the impact of the transfer on the Investment Corporation’s expected performance and distributions in the fiscal period ending July 31, 2018 (from February 1, 2018 to July 31, 2018) and the fiscal period ending January 31, 2019 (from August 1, 2018 to January 31, 2019).

10. Appraisal summary

Property name	AEON MALL Kumamoto	
Appraisal value	¥12,500,000,000	
Appraiser	Japan Real Estate Institute	
Appraisal date	June 1, 2018	

Item	Amount or percentage	Summary
Capitalization approach price	¥12,500,000,000	Both the discounted cash flow income and direct capitalization method income are considered to have the same level of normativity and were linked in the estimation.
Price calculated by the Direct Capitalization approach	¥12,600,000,000	
Operating income	¥983,857,000	
Gross rental income	¥983,857,000	Total office rent income based on the terms of lease agreements, taking into account such terms and tenants' ability to pay rent, etc.
Losses due to vacancies, etc.	¥0	No losses due to vacancies, in light of the condition of tenants, competitiveness of the property as a retail facility, conditions in lease agreements, etc.
Operating expenses	¥194,646,000	
Maintenance	¥0	No maintenance costs because the property is leased in its entirety as a retail facility, and tenants are responsible for their own daily management and operation.
Utilities costs	¥0	No utilities costs because they are paid by tenants.
Repair costs	¥22,886,000	
Property management fees	¥2,700,000	Calculated by taking into account compensation rates in similar properties, individuality of the target property, etc.
Advertisement for leasing, etc.	¥0	No costs for brokerage and advertising when inviting new tenants in light of the long-term blanket contract covering the retail property
Taxes	¥97,533,000	Calculated based on the tax-related documents
Insurance premium	¥4,836,000	Calculated by taking into account the insurance premiums based on the insurance policy and premium rates of the target buildings and similar buildings
Other expenses	¥66,691,000	Calculated as the annual amount of ground rent paid
Net operating income	¥789,211,000	
Return on investment of temporary available funds	¥5,849,000	Return on investment is assessed at 1.0%, taking into account the interest rate levels, etc. of both investment and financing.
Capital expenditure	¥37,580,000	Assessed using engineering reports, etc. as a reference
Net cash flow	¥757,480,000	
Capitalization rate	6.0%	A rate estimated by determining as a base rate the yield of a property considered to have the lowest investment risk, adjusting for variance based on location of the target property, competitiveness of the stores such as building conditions (age, total floor area, facility quality, etc.), terms and conditions of lease agreements, and other conditions (such as matters related to the interests in the land and building), and additionally taking into account future uncertainty, transaction yields of similar properties, results of interviews with investors, etc.
Price calculated by the Discounted Cash Flow approach	¥12,300,000,000	
Discount rate	5.7%	A rate estimated by comprehensively taking into account the individuality, etc. of the target property and using the return on investment, etc. of similar properties as a reference.
Terminal capitalization rate	6.3%	A rate estimated by comprehensively taking into account future trends in the return on investment, the risk associated with the target property as an investment, general prediction of economic growth rates in the future, trends in real estate prices and rents, etc. with reference to the transaction yields of similar properties.
Cash approach price	¥11,600,000,000	
Ratio of land	48.9%	
Ratio of building	51.1%	

Other matters to which the Appraiser paid attention at the time of Appraisal	Not applicable
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Property name	AEON MALL Kyoto Gojo
Appraisal value	¥13,600,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	June 1, 2018

Item	Amount or percentage	Summary
Capitalization approach price	¥13,600,000,000	Calculated based on a price by the Discounted Cash Flow approach as a standard, after examining it by the Direct Capitalization approach, which is based on transactions yields in a market and is relatively less susceptible to the assumed factors.
Price calculated by the Direct Capitalization approach	¥13,800,000,000	
Operating income	¥875,996,832	
Gross rental income	¥875,996,832	Actual rents in a market
Losses due to vacancies, etc.	¥0	No losses due to vacancies, since calculation is based on the assumption that the whole building is leased to one tenant. The risks of tenants leaving a property and fluctuations in net income as a result of a rent revision are incorporated into the yield.
Operating expenses	¥153,585,967	
Maintenance	¥0	No maintenance costs because they are paid by tenant based on the amendment to the building lease agreement
Utilities costs	¥0	No utilities costs because they are paid by tenant based on the amendment to the building lease agreement
Repair costs	¥16,000,000	Assessed using engineering reports, etc. as a reference
Property management fees	¥1,824,000	Assessed based on the property management agreement
Advertisement for leasing, etc.	¥0	
Taxes	¥131,156,800	Assessed based on the tax-related documents
Insurance premium	¥3,729,170	Calculated based on the insurance documents.
Other expenses	¥875,997	Assessed based on similar transactions, etc.
Net operating income	¥722,410,865	
Return on investment of temporary available funds	¥0	No return on investment of temporary available funds
Capital expenditure	¥44,000,000	No capital expenditure because they are paid by tenant based on the amendment to the building lease agreement
Net cash flow	¥678,410,865	
Capitalization rate	4.9%	A rate estimated by comparing several transaction yields in neighboring areas or similar areas within the same demand and supply area.
Price calculated by the Discounted Cash Flow approach	¥13,500,000,000	
Discount rate	4.9% till 8 th year 5.0% since 9 th year	A rate estimated by taking into account individual risk factors affecting the target property in light of base yields of suburban retail and related properties
Terminal capitalization rate	5.1%	A rate estimated by taking into account future uncertainties based on the capitalization rate.
Cash approach price	¥14,100,000,000	
Ratio of land	71.2%	
Ratio of building	28.8%	

Other matters to which the Appraiser paid attention at the time of Appraisal	Not applicable.
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End

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange, Inc.), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

*AEON REIT Investment Corporation’s website: <https://www.aeon-jreit.co.jp/en/index.html>

Attachments

Reference material 1	Outline of building engineering report
Reference material 2	Photos of the properties and maps of the surrounding areas
Reference material 3	Portfolio after the Transactions

Attachments

Reference material 1 Outline of building engineering report

Property Number	Property name	Replacement cost (in millions of yen) (Note 1, 2)	Repair and maintenance expenses at time of survey (in thousands of yen) (Note 1)			Engineering firm	Survey period (Note 4)
			Urgent	Short term (Note 3)	Long term (Note 3)		
RSC-31	AEON MALL Kyoto Gojo	7,367	0	0	58,378	Nippon Kanzai Co., Ltd.	April 2018

(Notes)

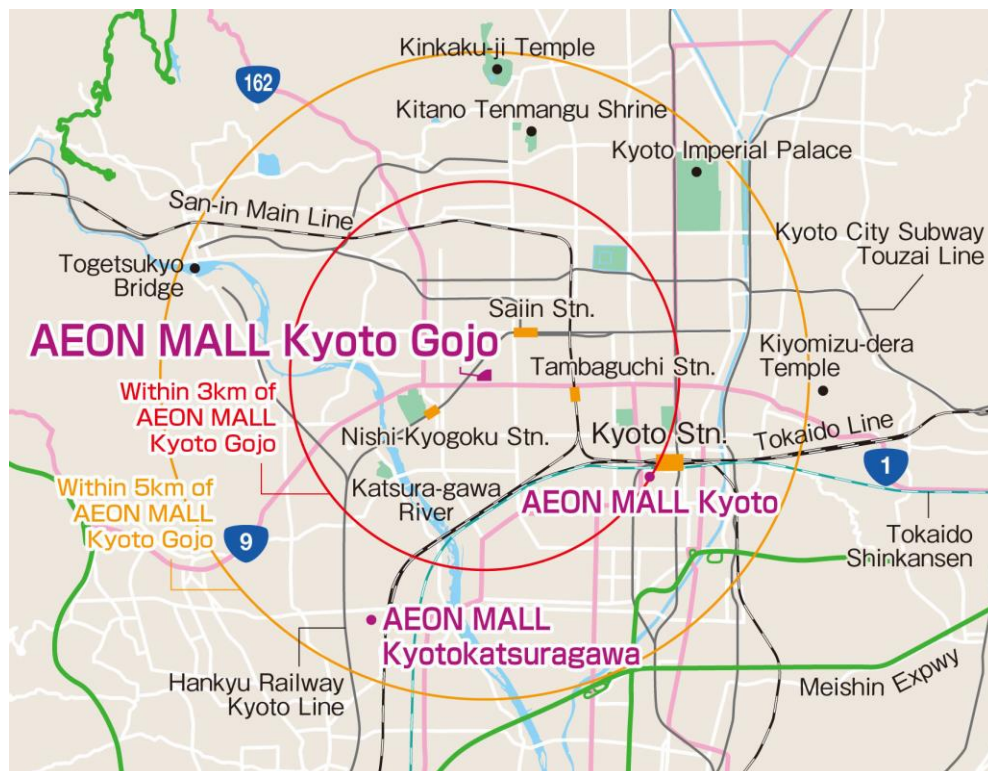
- (1) *Replacement cost* and *Repair and maintenance expenses* are shown by truncating portions of less than a million yen and a thousand yen, respectively.
- (2) *Replacement cost* represents the amount which does not include national and local consumption taxes shown in the building engineering report on a building inspection, observance of related laws and regulations, evaluation of repair and maintenance expenses, environmental assessment, etc.
- (3) *Short term* represents repair and maintenance expenses to be required within one year from a point of research when each research company made trial calculations, while *long term* represents such costs by converting the costs to be required within 10 to 15 years (the period varies from company to company) from such point of research into an annual average amount by the Asset Manager.
- (4) *Survey period* represents the reporting or the survey date of the building engineering report.

Reference material 2 Photos of the properties and maps of the surrounding areas

AEON MALL Kyoto Gojo Photo of the property



AEON MALL Kyoto Gojo Map of the surrounding area



Reference material 3 Portfolio after the Transactions

Property number	Property name	Location	Acquisition price (scheduled) (in millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Sellers
SRSC-1	AEON LakeTown mori	Koshigaya City, Saitama Pref.	21,190	6.0	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze	Koshigaya City, Saitama Pref.	6,730	1.9	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	5,340	1.5	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	6,680	1.9	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 3)	Mito City, Ibaraki Pref.	16,565	4.7	AEON Mall Co., Ltd. and Mito-Shi, Ibaraki
RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	6,860	1.9	Tokyo Century Corporation
RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	10,220	2.9	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	4,950	1.4	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	9,660	2.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	3,290	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	7,230	2.0	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	7,780	2.2	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	17,890	5.0	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	8,740	2.5	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	11,246 (Note 4)	3.2	Tokyo Century Corporation and AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	Kamimashiki County, Kumamoto Pref.	—	—	AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	21,470	6.0	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	5,900	1.7	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	1,780	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	2,560	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	1,350	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	2,210	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	14,500	4.1	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba-Newtown	Inzai City, Chiba Pref.	12,190	3.4	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa	Nakakoma Country, Yamanashi Pref.	8,389	2.4	AEON Mall Co., Ltd. and Showa-cho Jyoei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido	7,840	2.2	Mevius Gamma Special Purpose Company

RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	6,280	1.8	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	16,860	4.7	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	13,400	3.8	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	12,030	3.4	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	9,940	2.8	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	9,552	2.7	Godo Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	13,333	3.8	Godo Kaisha Double O3
CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	6,410	1.8	Sumitomo Mitsui Finance and Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	Chiba City, Chiba Pref.	3,748	1.1	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	Osaka City, Osaka Pref.	4,394	1.2	Godo Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	14,280	4.0	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	Sakai City, Osaka Pref.	9,870	2.8	Tokyo Century Corporation
L-3	Daiei-Ibaraki Process Center	Ibaraki City, Osaka Pref.	6,810	1.9	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Center	Johor, Malaysia	658 (RM 20 million) (Note 5)	0.2	AEON Malaysia
M-2	AEON MALL SEREMBAN 2	Negeri Sembilan, Malaysia	5,252 (RM 215 million) (Note 5)	1.5	Swiss Advanced Technology Institute (M) Sdn. Bhd.
Total		—	355,378	100.0	—

(Notes)

- (1) *Acquisition price (scheduled)* represents the purchase price of each asset shown in the sale and purchase agreement on each Anticipated Property (excluding national and local consumption taxes and costs such as broker's commissions, etc., and the amount is rounded down to the nearest million yen.).
- (2) *Investment ratio* represents the proportion of an acquisition price (scheduled) of each trust beneficiary interest to the total of acquisition prices (scheduled) and each ratio is rounded to one decimal place.
- (3) AEON MALL Mitouchihara includes adjacent lands acquired on April 28, 2015, other than currently held real estate trust beneficiary interests.
- (4) Acquisition price of AEON MALL Nogata has been decreased due to the event the Investment Corporation has transferred part of land.
- (5) Acquisition price of AEON Taman Universiti Shopping Centre represents the total yen amount of the considerations actually paid by the Investment Corporation to AEON CO. (M) BHD. over several times (the sale and purchase price, etc., shown in the sale and purchase agreement, etc.), excluding expenses incurred on the acquisition of the property (broker's commissions and taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to 1 RM, rounded down to the second decimal place. Acquisition price of AEON MALL SEREMBAN 2 represents the purchase price (the sale and purchase price, etc., shown in the sale and purchase agreement), excluding expenses incurred on the acquisition of the property (broker's commissions and taxes and dues, etc.), paid by the Investment Corporation acquired to Swiss Advanced Technology Institute (M) Sdn. Bhd. through JAMBATAN MANSEIBASHI (M) Sdn. Bhd. (overseas real estate holding corporation (means the corporation stipulated in Article 221-2, Item 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations) which we have established in Malaysia). The exchange rate is ¥24.43 to 1 RM dated on September 30, 2016 (rounded down to the second decimal place).