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August 24, 2018

For Immediate Release

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AEON REIT Investment Corporation
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Notice Concerning Acquisition (Additional Acquisition of the Extended Building)
and Lease of Domestic Property

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 decided to purchase the following trust beneficiary rights in relation to the extended building of AEON MALL Kofu Showa (the “Purchase”) (the asset purchased in the Purchase will be referred to as the “Asset to be Purchased,” and the existing building and the extended building of AEON MALL Kofu Showa will be referred to as the “Property”).

In addition, the purchaser of the Asset to be Purchased, which is AEON MALL Co., Ltd., is a subsidiary of AEON Co., Ltd., which is the parent company of the Asset Manager. Accordingly, the said purchaser falls under an interested person as stipulated in Article 201 of the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”) and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (the “Order for Enforcement of the Investment Trusts Act”), and also falls under an interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager. Accordingly, the Asset Manager undertook the procedures for decision-making as stipulated in the said Rule for Interested-Party Transactions when conducting a transaction to add the Asset to be Purchased with AEON MALL Co., Ltd.

1. Summary of Planned Acquisitions

Property number (Note 1)	Property Name	Location	Anticipated acquisition price (in millions of yen) (Note 2)	Seller
RSC-23	AEON MALL Kofu Showa (Extended Building)	Nakakoma Country, Yamanashi Pref.	7,100	AEON Mall Co., Ltd.

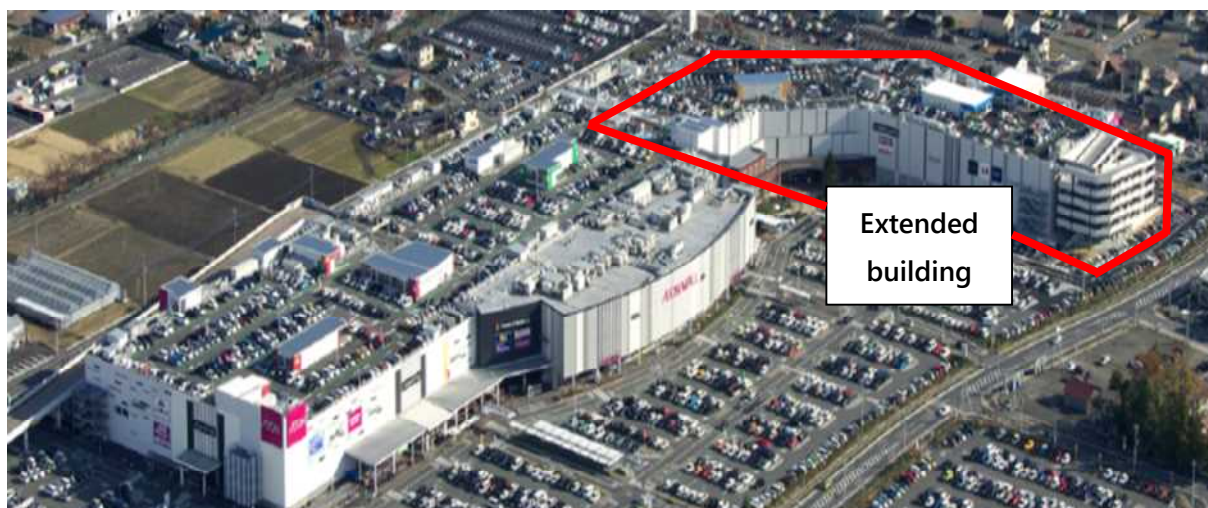
* Summary of Property after Purchase

Property number (Note 1)	Property Name	Location	Anticipated acquisition price (in millions of yen) (Note 2)	Seller
RSC-23	AEON MALL Kofu Showa (extended building)	Nakakoma Country, Yamanashi Pref.	7,100	AEON Mall Co., Ltd.
	AEON MALL Kofu Showa (existing building)		8,389	AEON Mall Co., Ltd. and Showa-cho Jyoei Land Readjustment Association
RSC-23	AEON MALL Kofu Showa (existing building and extended building)	Nakakoma Country, Yamanashi Pref.	15,489 (Note 3)	AEON Mall Co., Ltd. and Showa-cho Jyoei Land Readjustment Association

- (1) Execution date of the purchase agreement: August 24, 2018
(2) Anticipated acquisition date: September 3, 2018
(3) Sellers: Please refer to “3. (3) Overview of the acquirer” below.
(4) Acquisition funds: Cash on hand
(5) Method of settlement: Payment of entire amount upon delivery

(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 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.
- (3) The price is the total amount of the acquisition price of the existing building and the extended building of AEON MALL Kofu Showa (including land to be additionally purchased) does not include the payment of fixed assets tax, city planning tax, etc.



2. Reasons for the Purchase

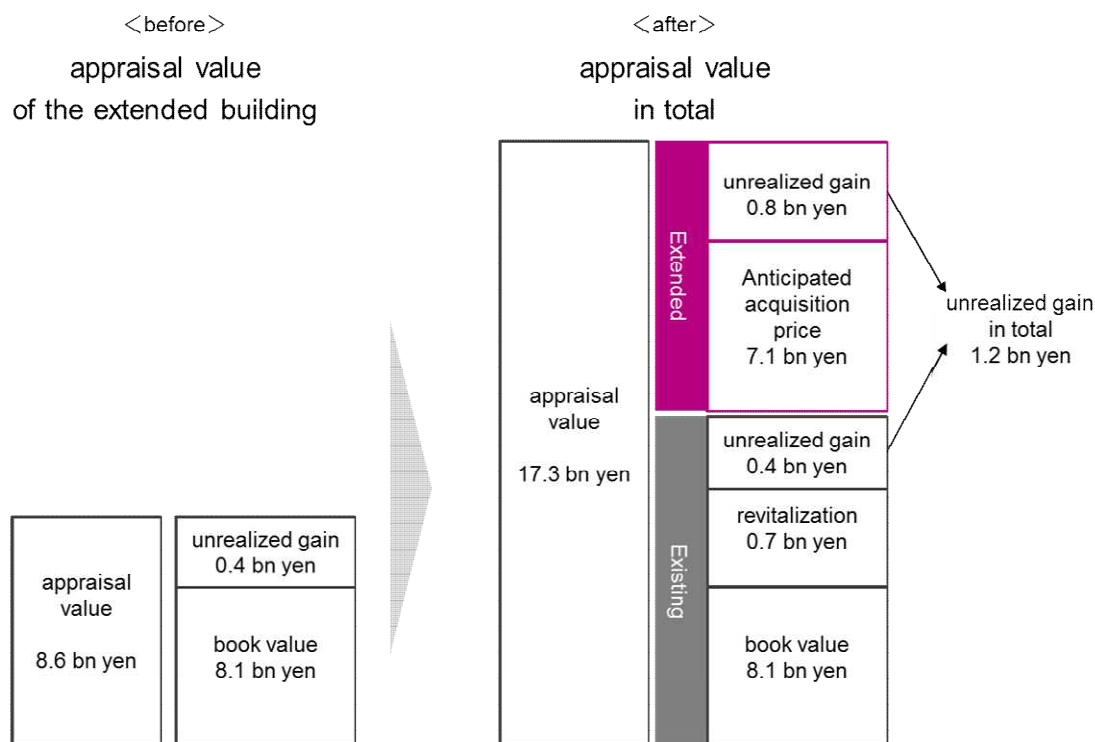
The Investment Corporation positions retail and related properties, etc., which are “local communities and their retail business infrastructure,” as its key investment targets, and aims to achieve a medium-to long-term increase in investor value by ensuring stable medium- to long-term earnings and the steady growth of assets under its management while receiving the strong support of the AEON Group (Note 1). More specifically, it takes portfolio quality, dividend per unit, and net asset value NAV into consideration at all times in its business operation.

AEON MALL Kofu Showa was the top mall in the region in terms of competitiveness, AEON MALL Co., Ltd., which is the lessee of the existing building, led the achievement of the expansion of the space to enhance the ability to attract customers from a wider area (Note 2). It was opened grandly as the overwhelming top mall in the region that are gave support to by the people in the community on November 23, 2017. The total floor area increased about 1.5 times, from about 66,000 square meters to about 99,000 square meters. Also, the sales of the specialty stores significantly exceeded those of the previous fiscal year.

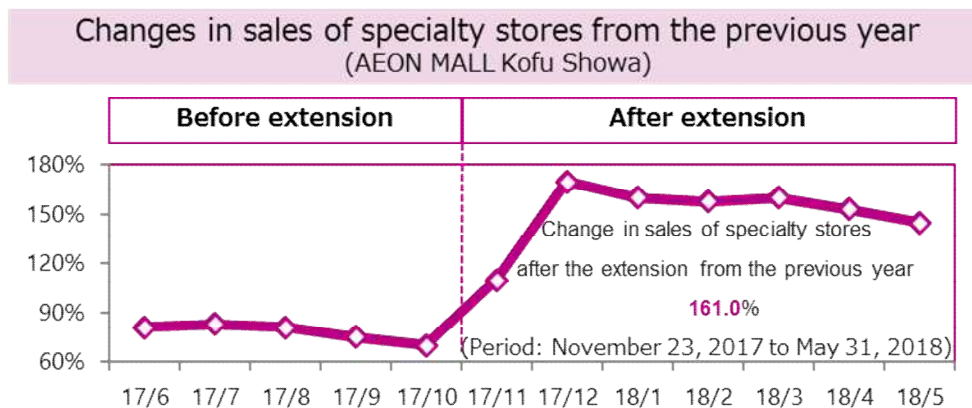
In addition, concurrently with the new construction of the extended building, the existing building was also significantly renovated. The core store was reborn as the first AEON STYLE store of Yamanashi Prefecture. The Investment Corporation made investments in the renewal in cooperation with AEON MALL Co., Ltd. With respect to the existing annual rent, a rent increase from 806 million yen to 857 million yen.

The appraisal value of the extended building is 4.4billion yen which is lower than Anticipated acquisition price 7.1billion yen. However, the unrealized gain will be 1.2 billion yen increased by 0.8 billion yen from 0.4 billion yen due to the integrated operation of the Property. The acquisition this time will contribute to the quality of the portfolio.

As a part of the strategic management of abundant cash flow created from an amount equivalent to depreciation expenses that exceed 8.5 billion yen annually, with a plan to further increase the earning power of the portfolios, we recently decided to purchase the extended building of AEON MALL Kofu Showa entirely with our own funds.



- (Note 1) The “AEON Group” refers to the group that consists of AEON Co., Ltd., which is a pure holding company, and 291 consolidated subsidiaries and 31 companies accounted for using the equity method (as of the end of February 2018). The same shall apply hereinafter.
- (Note 2) For details, please see the “Notice Concerning Additional Conclusion of Floor-Space Expansion Development Agreement (for Expanded Building of AEON MALL Kofu Showa)” that was announced on August 31, 2016 and the “Follow-Up Notice Concerning Conclusion of Floor-Space Expansion Development Agreement (for Expansion at AEON MALL Kofu Showa)” that was announced on November 17, 2017.



(Source) Prepared by the Asset Manager based on Financial Results for FY2018 Q1of AEON MALL Co., Ltd..

<Changes in financial indicators due to the Acquisition >

	Before the Purchase	After the Purchase	Difference
Unrealized gain (Note 1)	450 million yen	1,260 million yen	+800 million yen
Annual rent (Note 2) (Note 3)	806 million yen	Existing building 857 million yen Extended building 489 million yen Total 1,346 million yen	Existing building +50 million yen Extended building +489 million yen Total +539 million yen

(Note 1) Notes: The calculation methods are as follows:

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

After the Acquisition: unrealized profit added the “difference between the appraisal value of the Property at the time of the acquisition and the total of the appraisal value of the existing building at the end of the 10th fiscal period, and the revitalization cost.”

(Note 2) An amount is calculated on an annual basis by multiplying the monthly rent set forth in the lease contract in relation to the Asset to be Purchased that is effective at the time of the purchase by the Investment Corporation by twelve (exclusive of national and local consumption taxes). It is rounded down to the nearest million yen.

(Note 3) With respect to the existing building of AEON MALL Kofu Showa, concurrently with the development of the extended building, works for revitalization were conducted. The annual contracted rents increased by 50 million yen, from 806 million yen to 857 million yen.

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 Purchased

The tables below show an overview of 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 August 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 acquisition price represents the sale or purchase price shown in the sale and purchase agreement of 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 the category of acquisition; either acquisition through trust beneficiary interests or acquisition of real estate ownership rights.

(d) Anticipated acquisition date represents the scheduled date of acquisition shown in the sale and purchase agreement on the relevant Anticipated Properties, 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 an Anticipated Property subleases only part of a parcel of land, a figure calculated based on an 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. Depending on the acquired asset, certain easing measures or restrictions may be applied to the floor-area ratio and the coverage ratio. 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 types of rights a trustee of a real estate trust possesses or is due to possess with respect to an Anticipated Property.

(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 types of rights a trustee of a real estate trust possesses or is due to possess with respect to an Anticipated Property.
- 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 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 August 24, 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 prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. The existing building is as of June 2018, the extended building is as of August 2018. 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 each Anticipated Property, which will be in effect as of the date we acquire 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 each Anticipated Property, 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 each Anticipated Property, which will be in effect when the Investment Corporation acquires 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 each Anticipated Property, which will be in effect when the Investment Corporation acquires such assets.
- Total leasable area represents the leasable area considered possible to lease, based on an individual lease agreement for each Anticipated Property, which will be in effect when the Investment Corporation acquires such assets, or floor plans, etc.
- Occupancy rate represents the proportion of total leased area to total leasable area in relation to each Anticipated Property at the time of acquisition 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 August 1, 2018.

(RSC-23) AEON MALL Kofu Showa

Property name		AEON MALL Kofu Showa	
		The existing building	The extended building
Anticipated acquisition price		8,389 million yen	7,100 million yen
Address		Suizyou434-3, Ikkui, Showa-cho Nakakoma-gun, Yamanashi	Kanayasiki1511, Ikkui, Showa-cho Nakakoma-gun, Yamanashi
Type of specified asset		Trust beneficiary interest	
Trust establishment date		February 29, 2016	September 3, 2018
Trustee		Mitsubishi UFJ Trust and Banking Corporation	
Trust period termination date		February 28, 2026	September 30, 2028
Anticipated acquisition date		February 29, 2016、March 1, 2016 (additional acquisition of the land)	September 3, 2018
L a n d	Lot area	119,064.22 m ² (Note 1)	
	Use district (Note2)	①commercial district ②Quasi-residential district ③Category 1 exclusively middle-to-high-rise residential district ④Category 1 residential district	commercial district
	Coverage ratio (Note2)	①80% ②～④60%	80%
	Floor-area ratio (Note2)	①400% ②～④200%	400%
	Ownership type	Ownership rights and leasehold rights, leasehold rights	
Building	Completion date	March 11, 2011	November 20, 2017
	Structure/Floors	steel-reinforced concrete, Steel-framed/steel-reinforced concrete, flat roof/4 stories above ground	Steel-framed/steel-reinforced concrete, steel-framed, flat roof/3 stories above ground
	Total floor area	66,417.84 m ² (Note3)	33,262.87 m ²
	U s e	Shops and Movie Theater	Shops
	Ownership type	Ownership rights	Ownership rights
Master lease company		AEON MALL Co., Ltd.	
Classification of master lease		Classification of master lease(Note4)	
Property management company		GEO-AKAMATSU Co., LTD.	
PML value		2.5%	3.1%
Collateralized		No	
Appraisal value (As of)		17,300million yen (August 1, 2018)	
Appraiser		Japan Real Estate Institute	
Tenant details			
		1	
		1,346 million (Note4)	
		637 million	
		99,680.71 m ²	
		99,680.71 m ²	
		100.0%	
Special remarks		Not applicable.	

(Note 1) An area of 99,727.94 square meters, which is the leased land part, is included.

(Note 2) The coverage ratio was originally 80% for the use district of ① and 60% for the use districts of ②, ③ and ④. However, it has been eased due to an addition for the corner lot of the land in question, and the coverage ratio to be applied based on the proportionate calculation is 85.68%. The floor-area ratio of the land of the Property was originally 400% for the use district of ① and 200% for the use districts of ②, ③ and ④. However, the floor-area ratio to be applied based on the proportionate calculation is 356.80%.

(Note 3) The buildings of this property include the building of the machine room (91.67 square meters) as an attached building. The area of this building is not included in the total floor area.

(Note 4) In addition to the fixed rent, the amount of the fixed assets tax and city planning tax are paid as additional variable rent. The variable rent is reviewed every year for the changes of the fixed assets tax and city planning tax.

(2) Overview of the seller

(RSC-23) AEON MALL Kofu Showa

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.

4. Overview of property owners, etc.

The purchase of properties from persons with a special relationship is as shown below. In the table below, (i) company name/name, (ii) relationship with the persons with a special relationship, (iii) background of/reasons for the purchase and other information are stated.

Property name (location)	Former owners/beneficiaries of the trust	Past owners/beneficiaries of the trust
	(i), (ii), (iii) Purchase (transfer) price Date of purchase (transfer)	(i), (ii), (iii) Purchase (transfer) price Date of purchase (transfer)
AEON MALL Kofu Showa (building whose space was expanded) (1511, Kanayashiki, Ikkui, Showacho, Nakakoma-gun, Yamanashi)	(i) AEON MALL Co., Ltd. (ii) Subsidiaries of AEON Co., Ltd., which is the parent company of the Asset Manager (iii) It is the property developed by the former owners/beneficiaries of the trust.	—
	It is the property developed by the former owners/beneficiaries of the trust, and thus the information is omitted.	—
	November, 2017 (Note)	—

(Note) The date of completion is stated.

5. Overview of brokerage

There was no brokerage in the acquisition of the asset above.

6. Schedule of acquisition

Property Number	Property name	Date of determination of acquisition	Scheduled date of execution of purchase agreement	Scheduled date of payment	Anticipated acquisition date
RSC-23	AEON MALL Kofu Showa (Extended Building)	August 24, 2018	August 24, 2018	September 3, 2018	September 3, 2018

7. Transactions with Interested Parties, etc.

(1) Changes in procedures for acquisition of assets, etc. from Interested Parties

The Investment Corporation considers it important to establish an appropriate governance system in order to maximize the investors' value and has set up a structure in which opinions of third parties without interests with the AEON group, are reflected in the decision-making of the Asset Manager in relation to transactions with Interested Parties, such as acquisition of assets from the AEON group. Concretely, we have a decision-making process in which external specialists, a third party without interests with the AEON group, are appointed as members in both the Investment Committee and the Compliance Committee and it is required that such external specialists are present at the committees and vote in favor of such transaction when transactions with Interested Parties is determined.

(2) Acquisition of assets

AEON Mall Co., Ltd., the seller of the Assets to be acquired, is the Subsidiary of AEON CO., LTD. who is the parent company of the Asset Manager. Such seller applies to the Interested Party defined by the Article 201 of Investment Trust Act and the Article 123 of Order for Enforcement of Investment Trust Act, and also applies to the interested party under the internal rule "Rule for Interested-Party Transactions" of the Asset Manager. Upon transaction of acquiring the Assets to be acquired with AEON Mall Co., Ltd., the Asset Manager has gone through the decision-making process which is determined by such interested-party transaction rule

(3) Real estate lease agreement (master lease agreement)

The Investment Corporation will enter into a master lease agreement for AEON MALL Kofu Showa(Extend building) 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 – Mater lease agreement>

(RSC-23) AEON MALL Kofu Showa
Please refer to "3. (2) Overview of sellers"

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

Please refer to the “Notice Concerning Revision to the Forecasts for Performance and Distributions for the Fiscal Period Ending January 31, 2019, and the Forecasts for Performance and Distributions for the Fiscal Period Ending July 31, 2019.

10. Appraisal summary

Property name	AEON MALL Kofu Showa(existing building and extended building) (Note1) (Note2)
Appraisal value	¥17,300,000,000
Appraiser	Japan Real Estate Institute
Appraisal date	August 1, 2018

Item	Summary	
Capitalization approach price	¥17,300,000,000	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	¥17,400,000,000	
Operating income	¥1,346,256,000	
Gross rental income	¥1,346,256,000	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	¥331,590,000	
Maintenance	¥50,000	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	¥10,788,000	Calculation after taking into account the yearly average amount of repair costs in the management and operation plan hereafter, the levels of such costs for similar properties, the engineering report, etc.
Property management fees	¥2,640,000	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	¥125,963,000	Calculated based on the tax-related documents
Insurance premium	¥6,159,000	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	¥185,990,000	Calculated as the annual amount of ground rent paid
Net operating income	¥1,014,666,000	
Return on investment of temporary available funds	¥6,374,000	Return on investment is assessed at 1.0%, taking into account the interest rate levels, etc. of both investment and financing.
Capital expenditure	¥31,869,000	Assessed using engineering reports, etc. as a reference
Net cash flow	¥989,171,000	
Capitalization rate	5.7%	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	¥17,200,000,000	
Discount rate	5.2%	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	5.9%	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	¥16,700,000,000	
Ratio of land	34.5%	
Ratio of building	65.5%	
Other matters to which the Appraiser paid attention at the time of Appraisal	Not applicable	

(Note1) The appraised value of the extended building alone is 4,470 million yen, which is obtained by multiplying the appraised value (existing building + extended building): 17.3 billion yen by 25.8%, which is the ratio in relation to the extended building based on the price obtained with the addition of the land/building. This case is the partial appraisal of the extended building alone where the land and building are combined, therefore the price of one piece of real estate, which combines the extended building/existing building, was assessed and the partial appraisal was conducted on the extended building given the state of the building and the site.

	AEON MALL Kofu Showa (land)	AEON MALL Kofu Showa (building)	
		Existing building	Extended building
Ratio of land/building based on the price obtained by addition of the Property	34.5%	39.7%	25.8%

(Note2) It is provided that in the case of the purchase of real estate and the beneficiary rights of real estate in trust from an interested party, the purchase may not be made at a price that exceeds the appraisal value appraised by the interested party or a real estate appraiser (including corporations) that does not fall under the persons set forth in the respective items of Article 244-2 of the Order for Enforcement of the Investment Trusts Act (however, when the land adjacent to the real estate that the Investment Corporation and other entities already hold (the “Real Estate Held”) is additionally purchased, when the building on the Real Estate Held is additionally purchased, and when it is otherwise considered that the real estate that the Investment Corporation and other entities intend to purchase (the “Real Estate to be Purchased”) and the Real Estate Held are managed together as combined real estate, an amount obtained by deducting the appraised value or surveyed value in relation to the Real Estate Held only from the appraised value or surveyed value obtained by the appraisal or survey of the Real Estate to be Purchased and the Real Estate Held based on the assumption of such combined management) (exclusive of taxes, broker’s commissions, purchase costs, costs necessary for the creation of the trust, reserve funds in the trust account, trust revenues, an amount of settlement of fixed assets taxes and other charges on a pro rata basis according to the period and other purchase costs and expenses).

With respect to the planned Acquisition Price 7.1 billion, it does not exceed 8.7 billion yen, which is the amount obtained by deducting the appraised value of the Property 17.3 billion from the appraised value of the existing building 8.6 billion yen.

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 Acquisition

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- 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-23	AEON MALL Kofu Showa (Extend Building)	3,396	0	0	3,954	Nippon Kanzai Co., Ltd.	May 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 Kofu Showa Photo of the property



AEON MALL Kofu Showa Map of the surrounding area



Reference material 3 Portfolio after the Acquisition

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	5.8	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	1.8	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 3)	Mito City, Ibaraki Pref.	16,565	4.6	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	2.8	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	2.1	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	17,890	4.9	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	8,740	2.4	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	11,246 (Note 4)	3.1	Tokyo Century Corporation and AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	21,470	5.9	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	5,900	1.6	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	4.0	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.	15,489	4.3	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	1.7	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	3.7	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	12,030	3.3	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	9,940	2.7	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	9,552	2.6	Godo Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	13,333	3.7	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	1.0	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	3.9	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	Sakai City, Osaka Pref.	9,870	2.7	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)	1.4	Swiss Advanced Technology Institute (M) Sdn. Bhd.
Total		—	362,478	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).