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For Immediate Release

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Notice Concerning Establishment of Green Finance Framework

As announced today in the “Notice Concerning Debt Financing Through Green Jointly Operated Specified Money Trust (AEON Reit Green Trust),” AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces that it has decided to conclude a loan agreement with the lender on October 17, 2019, based on the Jointly-Operated Specified Money Trust (common name: AEON Reit Green Trust), and undertake debt financing with respect to the refinancing fund of 3.3 billion yen (the “Debt Financing”), which will be used for repayments related to the borrowing of 15.6 billion yen, whose maturity date is October 21, 2019. Details are as follows.

To continuously undertake Green Finance (Note 1), which includes the Debt Financing, AEON Reit Management Co. Ltd. (the “Asset Management Company”) has established the Green Finance Framework. Details are as follows.

The Investment Corporation has obtained the Green 1(F) rating, which is the highest evaluation in the Japan Credit Rating Agency, Ltd. (JCR) Green Finance Framework Evaluations (Note 2).

(Note 1) In the Asset Management Company, “Green Finance” collectively means borrowings or the issuance of investment corporation bonds to use all borrowed funds for the acquisition of Green Qualified Assets or the refinancing of funds required for the acquisition of Green Qualified Assets.

(Note 2) For details on JCR Green Finance Framework Evaluations, visit <https://www.jcr.co.jp/greenfinance/green/> or the Japan Credit Rating Agency website.

1. Purpose and background of the establishment of the Green Finance Framework

With the basic philosophy of contributing to the enrichment of people's lives and local communities through investment in retail facilities and related properties, the Investment Corporation aims to ensure stable income in the medium to long term by investing in assets that form the backbone of local communities and their lifestyle infrastructure. To achieve such a philosophy and goal, it is important to take ESG into consideration in all aspects of operations and collaborate with stakeholders who facilitate it. Based on this concept, the Asset Management Company, with which the Investment Corporation entrusts the management of its assets, established a policy for sustainability and has been facilitating the implementation thereof. In addition, the Investment Corporation has decided to establish its Green Finance Framework to enhance fund procurement

Disclaimer: This announcement has been prepared for the public disclosure of Establishment of Green Finance Framework and has not been prepared for the purpose of soliciting investment. Any investment decision should be based on an investor's own responsibility and judgment after reading the prospectus for the new investment units and secondary offering of investment units, as well as any revisions thereto (if any) prepared by us.

means by attracting more investors who are ready to make ESG investments and contribute to the development of Green Finance initiatives while simultaneously realizing such a philosophy and goal.

2. Overview of the Green Finance Framework

(1) Use of funds procured through Green Finance

The Investment Corporation will use all funds procured through Green Finance to acquire Green Qualified Assets (Note), refinance the borrowings used for the acquisition of Green Qualified Assets or redeem outstanding investment corporation bonds used for the acquisition of Green Qualified Assets.

(Note) Green Qualified Assets refer to properties that meet the criteria 1 and 2 specified in (2).

(2) Criteria for qualification

(i) Qualification criteria 1

Relevant properties have obtained or are expected to obtain any certification that falls under the following.

- a. Three, four or five stars in the DBJ Green Building Certification;
- b. B+, A or S ranking in the CASBEE Real Estate Certification;
- c. Three, four or five stars in the BELS Evaluation;
- d. Silver, Gold or Platinum in the LEED certification; and
- e. Any third-party certificate, other than the said certifications, whose ratings are equivalent to such respective ratings.

(ii) Qualification criteria 2

Real estate under management has undergone facility renovations aimed at making improvements that are beneficial from an environmental perspective, such as energy efficiency and water consumption performance.

(3) Procedures for making proposals and decisions on projects

Proposals for green projects, for which funds procured through Green Financing are used, are made by the Finance and Planning Department of the Asset Management Company, and decisions are made at meetings of the Investment Committee and Board meetings of the Investment Corporation. The same procedures are supposed to be applied irrespective of the method adopted for fund procurement.

(4) Management of procured funds

The Investment Corporation establishes an upper limit to a balance of Green Finance (the “Upper limit of Green Finance Procurement”) by multiplying the total acquisition value of Green Qualified Assets owned by the Investment Corporation by the total asset LTV (Loan to Value/Interest-bearing ratio) as of the final day of the most recent calculation period at the time of fund procurement through Financing. The Investment Corporation manages a balance of Green Finance to ensure that such a balance does not surpass the upper limit of Green Finance Procurement.

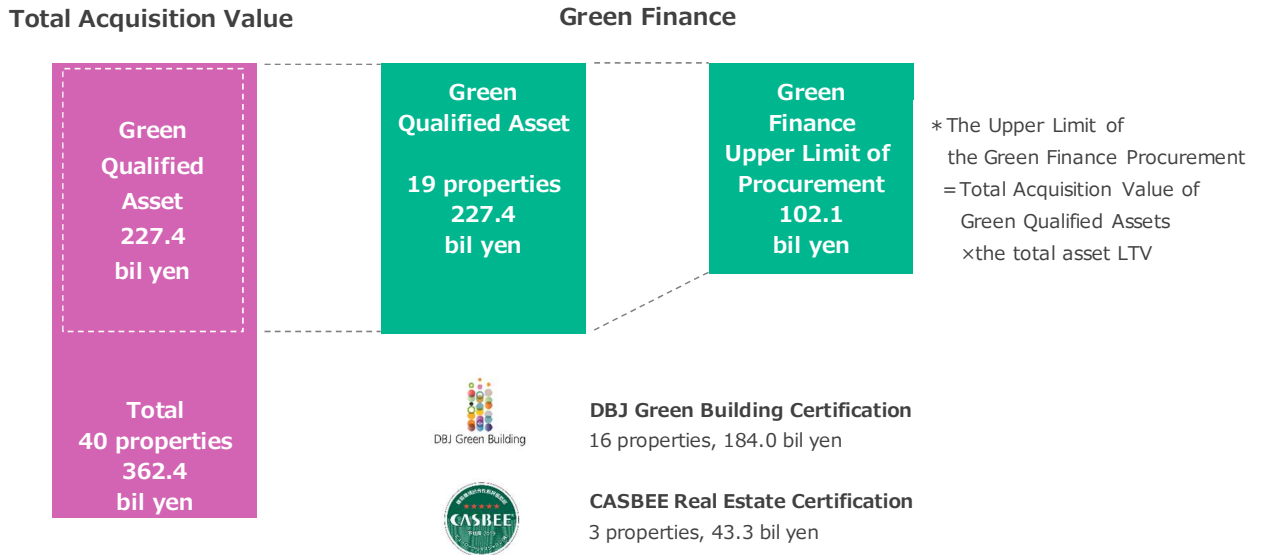
The Investment Corporation also internally traces and manages allocated funds on a project-by-project basis to the extent that there is a balance of funds procured through Green Financing.

The Investment Corporation uses all funds procured through Green Finance, promptly or at the earliest opportunity, to acquire Green Qualified Assets, refinance existing borrowings that have been used for the acquisition of Green Qualified Assets and redeem outstanding investment corporation bonds that have been used for the acquisition of Green Qualified Assets. If none of the funds procured through Green Finance are used promptly or tentatively for Green Qualified Assets, the Investment Corporation specifies the amount of funds that has not been used and manages the same amount as cash or cash equivalents until it is used for Green Qualified Assets. If none of the funds procured through Green Financing are used promptly or tentatively, the Investment Corporation discloses the progress on the

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use of procured funds until all of such procured funds are used for Green Qualified Assets.

The upper limit of the Green Finance Procurement was 102.1 billion yen as of August 31, 2019. (Total acquisition value of Green Qualified Assets × 44.9%, which was the total asset LTV as of August 31, 2019.)



(5) Reporting

In addition, to the extent that there is a balance of funds procured through Green Financing, the Investment Corporation discloses the following indicators on the Investment Corporation’s website.

- Number of properties, certification levels and total acquisition values with respect to Green Qualified Assets;
- Upper limit of procurement of Green Finance;
- Amounts of electricity, gases and greenhouse gases, among other fuels, consumed by properties owned by the Investment Corporation; and
- Contents of facility renovations which meet criteria 2 specified in (2) and their expected reduction rate of energy efficiency, etc.

End

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

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