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January 16, 2023

For Immediate Release

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces that at a meeting of its board of directors held on January 16, 2023, the Investment Corporation’s board of directors adopted a resolution regarding the issuance of new investment units and the secondary offering of investment units as detailed below.

1. Issuance of new investment units through a public offering (Primary Offering)

- | | |
|--|--|
| (1) Number of investment units to be offered | 75,700 units |
| (2) Amount to be paid in (issue value) | To be determined
To be determined at a meeting of our board of directors to be held on a day during the period from Thursday, January 19, 2023 to Tuesday, January 24, 2023 (the “Issue Price Determination Date”) |
| (3) Total amount to be paid in (total issue value) | To be determined |
| (4) Issue price (offer price) | To be determined
To be determined on the Issue Price Determination Date by taking into account market demand and other conditions in accordance with Article 25 of the Rules Concerning Underwriting, Etc. of Securities set forth by the Japan Securities Dealers Association within the tentatively set price range, which shall be the closing price in regular trading of the Investment Corporation’s investment units (the “Investment Units”) on the Tokyo Stock Exchange, Inc. on the Issue Price Determination Date (or, if there is no closing price on that date, the closing price on the most recent day before that date), less the expected distributions per unit of 3,270 yen for the fiscal period ending January 31, 2023, multiplied by a factor between 0.90 to 1.00 (price shall be rounded down to the nearest yen). |
| (5) Total issue price | To be determined |

Disclaimer: This press release has been prepared for the public disclosure of issuance of new investment units and secondary offering of investment units of AEON REIT Investment Corporation 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 prepared by us.

This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933 (the “Securities Act”). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be offered, publicly or otherwise, in the United States.

- (total offer price)
- (6) Method of offering All Investment Units are to be through primary offering purchased and underwritten by certain underwriters (the “Underwriters”). Certain of the Underwriters act as joint lead managers.
- (7) Details of underwriting agreement The Underwriters shall pay to the Investment Corporation the total amount to be paid in (total issue value) for the Primary Offering on the payment date stated in (11) below, and the difference from the total issue price (total offer price) shall be the proceeds of the Underwriters. The Investment Corporation shall not pay an underwriting fee to the Underwriters.
- (8) Subscription unit 1 unit or more in multiples of 1 unit
- (9) Subscription period The business day following the Issue Price Determination Date.
- (10) Payment period for deposit in units From the business day following the Issue Price Determination Date to the day two business days after the Issue Price Determination Date.
- (11) Payment date Wednesday, February 1, 2023
- (12) Delivery date Thursday, February 2, 2023
- (13) The amount to be paid in (issue value), the issue price (offer price) and any other matters necessary for this issuance of new Investment Units shall be determined at future meetings of our board of directors.
- (14) Each of the above items shall be subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

2. Secondary offering of investment units (secondary offering through over-allotment) (refer to “Reference 1” below)

- (1) Number of investment units to be offered 3,785 units
The number of Investment Units to be offered above is shown as the maximum number of Investment Units to be offered in the Secondary Offering. It is possible that the number of Investment Units to be offered may decrease or the Secondary Offering itself may be cancelled depending on market demand and other conditions in the Primary Offering. The number of Investment Units to be offered shall be determined at the Investment Corporation’s board of directors meeting to be held on the Issue Price Determination Date, taking into consideration market demand and other conditions in the Primary Offering.
- (2) Seller One of the Underwriters
- (3) Offer price To be determined
To be determined on the Issue Price Determination Date. The offer price shall be the same as the issue price (offer price) stated in 1. (4) above.
- (4) Total amount of offer value To be determined
- (5) Method of offering One of the Underwriters will make a secondary offering of up to 3,785 units of the Investment Units borrowed from AEON CO., LTD., taking into account market demand and other conditions in the Primary Offering, apart from the Primary Offering.
- (6) Subscription unit 1 unit or more in multiples of 1 unit
- (7) Subscription period Same as the period stated in 1.(9) above
- (8) Payment period for deposit in units Thursday, February 2, 2023

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- (9) Delivery date Same as the date stated in 1.(12) above
- (10) The number of investment units to be offered, the offer price and any other matters necessary for the Secondary Offering of Investment Units shall be determined at future meetings of our board of directors.
- (11) Each of the above items shall be subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

3. Issuance of new Investment Units through a Third-Party Allotment (refer to “Reference 1” below)

- (1) Number of investment units to be offered 3,785 units
- (2) Amount to be paid in (issue value) To be determined
To be determined at a meeting of our board of directors to be held on the Issue Price Determination Date. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) stated in 1. (2) above.
- (3) Total amount to be paid in (total issue value) To be determined
- (4) Allottee One of the Underwriters
- (5) Subscription unit 1 unit or more in multiples of 1 unit
- (6) Subscription period (subscription date) Monday, February 20, 2023
- (7) Payment date Tuesday, February 21, 2023
- (8) The issuance of new Investment Units not subscribed to within the subscription period (subscription date) stated in (6) above shall be cancelled.
- (9) The amount to be paid in (issue value) and any other matters necessary for this issuance of new Investment Units shall be determined at future meetings of our board of directors.
- (10) Each of the above items shall be subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

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<Reference>

1. Secondary Offering through over-allotment, etc.

Apart from the Primary Offering, a secondary offering through over-allotment (the “Secondary Offering”) will be made, in which one of the Underwriters (the “relevant Underwriter”) for the Primary Offering will make a secondary offering of up to 3,785 Investment Units borrowed from AEON CO., LTD., taking into account market demand and other conditions in the Primary Offering. Although the number of Investment Units to be offered in the Secondary Offering is planned to be 3,785 units, this is the maximum number of Investment Units to be offered and, depending on market demand and other conditions in the Primary Offering, the number may be decreased, or the Secondary Offering itself may be cancelled.

In connection with the Secondary Offering through over-allotment, we have determined, at the meeting of our board of directors held on Monday, January 16, 2023, to issue 3,785 Investment Units through a third-party allotment, for which the payment date is Tuesday, February 21, 2023 and the allottee is the relevant Underwriter (the “Third-Party Allotment”), for the purpose of satisfying the obligation of the relevant Underwriter to return the Investment Units borrowed from AEON CO., LTD., (the “Borrowed Investment Units”).

Furthermore, the relevant Underwriter may also purchase Investment Units on the Tokyo Stock Exchange, Inc. up to the number of Investment Units to be offered in the Secondary Offering for the purpose of returning the Borrowed Investment Units (the “Syndicate Cover Transactions”) during the period starting the day following the subscription period of the Primary Offering and the Secondary Offering to Wednesday, February 15, 2023 (the “Syndicate Cover Transaction Period”). All Investment Units acquired by the relevant Underwriter through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. During the Syndicate Cover Transaction Period, the relevant Underwriter at its discretion may refrain from conducting any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of units purchased reaches the number of Investment Units to be offered in the Secondary Offering.

In addition, the relevant Underwriter may conduct a stabilization transaction associated with the Primary Offering and the Secondary Offering, and may allocate all or part of the Investment Units purchased through the stabilization transaction to return the Borrowed Investment Units.

The relevant Underwriter plans to subscribe for the necessary number of Investment Units to be issued through the Third-Party Allotment, which number is to be calculated by deducting the number of units acquired through stabilization transaction, as well as Syndicate Cover Transactions, to return the Borrowed Investment Units from the number of Investment Units to be offered in the Secondary Offering. For this reason, the units to be issued through the Third-Party Allotment may not be subscribed for in part or in whole, and as a result, the subscription right may be forfeited and the final number of units to be issued through the Third-Party Allotment may be reduced to the same extent, or the issuance itself may be cancelled.

The above transactions shall be made by the relevant Underwriter in consultation with other Underwriters.

2. Change in the number of Investment Units issued and outstanding associated with the issuance of new Investment Units

Total number of Investment Units issued and outstanding	2,044,467 units
Increase in the number of Investment Units associated with the issuance of new Investment Units through the public offering	75,700 units

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Total number of Investment Units issued and outstanding after the issuance of new Investment Units through the public offering 2,120,167 units

Increase in the number of Investment Units associated with the Third-Party Allotment 3,785 units (Note)

Total number of Investment Units outstanding after the Third-Party Allotment 2,123,952 units (Note)

(Note) These figures are based on the assumption that the relevant Underwriter subscribes for all Investment Units to be issued through the Third-Party Allotment, and all of the new Investment Units are issued.

3. Objectives and reasons for the issuance

Upon carefully taking into account the current LTV (the ratio of total interest-bearing debts to total assets) level, market trends and the level of distributions, we determined to issue new Investment Units for the following reasons: to advance expansion and diversification of the scale of our portfolio through acquiring new Specified Assets (as defined in the Article 2, Section 1 of Investment Trust and Investment Corporation Act, such meaning the same hereafter), and to further reinforce our revenue-generation foundation.

4. Total amount to be procured, use of proceeds and anticipated disbursement period

(1) Total amount to be procured (approximate net balance)

11,340,601,860 yen (maximum)

(Note) This is the total amount of 10,800,573,200 yen in proceeds from the Primary Offering and up to 540,028,660 yen in proceeds from the issuance of new Investment Units through the Third-Party Allotment. In addition, the above amount is a prospective amount calculated using the closing price in regular trading of the Investment Units on the Tokyo Stock Exchange, Inc. as of Friday, December 30, 2022.

(2) Specific use of proceeds and anticipated disbursement period

The net proceeds from the Primary Offering (10,800,573,200 yen) will be used to fund part of the acquisition of “New properties” (Note1) as stated in “Notice Concerning Acquisition and Leases of Domestic Properties” released today. Net proceeds from the issuance of new Investment Units through the Third-Party Allotment (maximum of 540,028,660 yen) will be used to reserve as cash for funding future acquisition of Specified Assets or for repayment of borrowings.

(Notes)

1. “New properties” refer to “AEON MALL Wakayama”, and “AEON MALL Miyakononojo Ekimae”.
2. The net proceeds from the offering will be deposited in a bank until the disbursement.

5. Designation of allottee

As the allottee specified by the Investment Corporation, the Underwriters plan to sell, to AEON CO., LTD., the shareholder of the Asset Manager, 15,818 units from among the Investment Units to be sold in the Primary Offering.

6. Future prospects

Please refer to “Notice Concerning Revision to the Forecasts for Performance and Distributions for the Fiscal Period Ending July 31, 2023 and the Forecasts for Performance and Distributions for the Fiscal Period Ending January 31, 2024” released today.

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7. Lock-up

(1) In connection with the Primary Offering, we plan to request AEON CO., LTD. to promise to the joint lead managers that it shall not, without the prior written consent of the joint lead managers effectuate any sale, etc., of the Investment Units it holds during the period from the Issue Price Determination Date to the 180th day from the delivery date for the Primary Offering (excluding lending Investment Units for the purpose of the Secondary Offering, etc.).

The joint lead managers are expected to have the right to cancel all or part of the relevant agreed restrictions at their discretion even during the period noted above.

(2) In connection with the Primary Offering, the Investment Corporation agreed with the joint lead managers not to issue Investment Units without the prior written consent of the joint lead managers during the period from Issue Price Determination Date to the 90th day from the delivery date for the Primary Offering (excluding issuance of new Investment Units associated with the Primary Offering, the Third-Party Allotment and split of Investment Units, etc.).

The joint lead managers have the right to cancel all or part of the relevant agreed restrictions at their own discretion, even during the period noted above.

End

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

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