

AEON KYUSHU Announced Integration of Management with Maxvalu Kyushu, etc. – No Immediate Impact on the Rating and JCR will Pay Attention to the Possible Effect by the Integration

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on a basic agreement on integration of management between AEON KYUSHU CO., LTD. (security code: 2653), and Maxvalu Kyushu Co., Ltd. (security code: 3171) and AEON Store Kyushu Co., Ltd.

- (1) On October 10, AEON KYUSHU CO., LTD. ("the Company") announced that the Company had entered into a basic agreement on integration of management between Maxvalu Kyushu Co., Ltd. and AEON Store Kyushu Co., Ltd. This integration will undertake as of September 1, 2019, aiming to establish a wholly owning parent company (a holding company) by means of a joint share transfer of these three companies. After the integration, they will engage in deliberation and consideration over restructuring of their business into food business and non-food business.
- (2) JCR evaluates that the Company holds solid integrity with AEON Group ("the Group"), taking into account that the Company's merchandise policy as well as its strategy for opening new stores are managed in cooperation with the Group. For this reason, credit strength of the Group is strongly reflected in the Company's rating. This integration will undertake as a part of supermarket business reform based on the Group's medium term management plan and there is no change in the relation between the Company and the Group. Therefore JCR determines that this integration will not have immediate impact on the Company's rating. Going forward, JCR will pay attention to whether this integration leads to the enhancement of its competitive strength in Kyushu area.

Hiroyuki Chikusa, Hiroyoshi Ohtsuka

<Reference>

Issuer: AEON KYUSHU CO., LTD.

Long-term Issuer Rating: A- Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.