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Japan Airport Terminal Co., Ltd.
Representative: Nobuaki Yokota, President
(Securities Code: 9706, First Section of the Tokyo Stock Exchange)
Inquiries: Kazuhito Tanaka, Managing Director,
General Manager of Administrative Department
(Tel. +81-3-5757-8000)

Expiration of Fixed-Term Leases for Certain Stores in Kansai International Airport and Start of Management of the Stores under Contract

Japan Airport Terminal Co., Ltd. operates 11 branded boutique stores in Kansai International Airport's passenger terminal in collaboration with Kansai Airports. When the fixed-term leases for 7 of the stores expire at the end of March 2017, the Company will not renew the lease agreements, but will instead start managing the stores under contract from Okinawa DFS Co., Ltd., which is due to enter into a new agreement with Kansai Airports. Details are as follows:

1. Background

From the time Kansai International Airport was opened in 1994, Japan Airport Terminal Co., Ltd. was contracted to manage directly-operated duty-free stores under contract and undertake product wholesaling in Kansai International Airport's passenger terminal on behalf of Kansai International Airport Co., Ltd., the company that preceded Kansai Airports. When its store management agreement expired at the end of March 2013, the Company entered into fixed-term lease agreements with Kansai International Airport Co., Ltd., and subsequently operated 11 branded boutique stores in the terminal.

It has now been decided not to renew the leases for 7 of the 11 branded boutique stores when they expire at the end of March 2017. Instead, the Company is to start managing the stores under contract from Okinawa DFS Co., Ltd., which is due to enter into a new agreement with Kansai Airports.

The leases for the other 4 stores are not subject to expiry at the end of March 2017, so the Company will continue to operate those stores directly as previously.

2. Details of Stores Affected

Seven branded boutique stores with a total area of 519.72 m²

3rd Floor, main Terminal 1 Building, Kansai International Airport

(Cartier, Tiffany & Co., Bulgari, Omega, Bottega Veneta, Coach, Rolex)

3. Effect on the Company's Business Results from the Current Fiscal Year On

There will be no effect on full-year consolidated or non-consolidated business results for the current fiscal year (the year ending March 2017) because the Company will continue to operate the stores until the end of March 2017.

There will be negligible effect on full-year consolidated or non-consolidated business results for next fiscal year (the year ending March 2018) because sales of 4.5 billion yen are projected for the 7 stores

during the current year.

The expiration of the leases for the 7 stores was not taken into account for the profit-loss plan (FY2016–2018) in the medium-term business plan (FY2016–2020) announced on May 11, 2016.