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For Immediate Release

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Notice Concerning Revision to Forecasts for Performance and Distributions for the Fiscal Period Ending July 31, 2016 and Forecasts for Performance and Distributions for the Fiscal Period Ending January 31, 2017

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces revisions to its forecasts for performance and distributions (forecast figures) for the fiscal period ending July 31, 2016 (from February 1, 2016 to July 31, 2016), which were originally published in “Financial Report for the Fiscal Period Ended July 31, 2015” dated September 11, 2015 as detailed below.

In addition, we hereby announce our forecasts for performance and distributions for the fiscal period ending January 31, 2017 (from August 1, 2016 to January 31, 2017).

1. Revision to the forecasts for performance

(1) Revision to the forecasts for performance and distributions for the fiscal period ending July 31, 2016

	Operating revenues (in millions of yen)	Operating income (in millions of yen)	Ordinary income (in millions of yen)	Net income (in millions of yen)	Distributions per unit (excluding distributions in excess of earnings) (in yen)	Distributions in excess of earnings per unit (in yen)
Previous forecasts (A)	9,403	3,315	2,771	2,763	2,530	—
Revised forecasts (B)	11,180	4,169	3,478	3,470	2,650	—
Amount of change (B-A)	1,776	854	707	706	120	—
Rate of change (%)	18.9	25.8	25.5	25.6	4.7	—
(Reference) Previous period results (fiscal period ended July 31, 2015)	9,164	3,505	2,978	2,969	2,724	—

Disclaimer: This announcement has been prepared for the public disclosure of the revision to forecasts for performance and distributions for the fiscal period ending July 31, 2016 and forecasts for performance and distributions for the fiscal period ending January 31, 2017 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.

(2)Forecasts for performance and distributions for the fiscal period ending January 31, 2017

	Operating revenues (in millions of yen)	Operating income (in millions of yen)	Ordinary income (in millions of yen)	Net income (in millions of yen)	Distributions per unit (excluding distributions in excess of earnings) (in yen)	Distributions in excess of earnings per unit (in yen)
Fiscal period ending January 31, 2017	11,696	4,412	3,665	3,657	2,790	—

(Reference)

Fiscal period ending July 31, 2016:

Anticipated number of investment units outstanding at the end of the period: 1,309,467 units (1,090,200 units assumed at previous announcement)

Fiscal period ending January 31, 2017:

Anticipated number of investment units outstanding at the end of the period: 1,309,467 units

(Notes)

1. The above forecast figures represent current calculations based on the assumptions shown in the attachment, “Assumptions Underlying the Forecasts for the fiscal periods ending July 31, 2016 and January 31, 2017.” Actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) may differ from these forecasts due to factors in the future such as additional acquisitions or sales of properties, or other assets, changes in the real estate market, the actual number and issue price of newly issued investment units, trends in interest rates and other changes in circumstances affecting us. In addition, these forecasts are not a guarantee of distribution amounts.
2. We may revise the above forecasts in the event that the difference between the above forecasts and actual results are anticipated to be over a certain threshold.
3. The values are truncated to the unit, and percentages are rounded to the first decimal place. The same applies below.

2. Reasons for revision to forecasts

The assumptions for the forecasts for the fiscal period ending July 31, 2016 released on September 11, 2015 have changed due to the anticipated acquisition of properties and the issuance of new investment units in connection therewith, which we announced in “Notice Concerning Acquisition and Leases of Domestic Properties” and “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”, both dated today. For this reason, the forecasts for the performance and distributions for the fiscal period ending July 31, 2016 have been revised.

At the same time, we announce the forecast for the performance and distributions for the fiscal period ending January 31, 2017 based on the same assumptions.

As of today, the forecasts for distributions for the fiscal period ending January 31, 2016 released on September 11, 2015 remain the same.

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: <http://www.aeon-jreit.co.jp/en/>

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(Attachment)

Assumptions Underlying the Forecasts
for the Fiscal Periods Ending July 31, 2016 and January 31, 2017

Item	Assumptions
Calculation period	- Fiscal period ending July 31, 2016 (182 days from February 1, 2016 to July 31, 2016, the 7th period) - Fiscal period ending January 31, 2017 (184 days from August 1, 2016 to January 31, 2017, the 8th period)
Portfolio	- We assume a total of 28 properties, with 23 properties currently held (the “Current Properties”) to which are added five properties to be acquired on February 15, 2016, February 29, 2016, March 29, 2016 and May 31, 2016 (the “Anticipated Properties”). See “Notice Concerning Acquisition and Leases of Domestic Properties” announced today. - To forecast performance, we assumed that the Anticipated Properties would be acquired within the above timeline, and that there would be no change in assets under management (acquisition of new assets or sales of Current Properties) until the fiscal period ending January 31, 2017 (the 8th period). - In fact, however, changes in actual results may occur on account of changes in assets under management other than as detailed above.
Operating revenues	- Revenues from the leasing of the Current Properties are calculated based on currently effective lease contracts and market fluctuations. Revenues from the leasing of the Anticipated Properties are calculated based on information acquired from the current owner of each Anticipated Property, the current lease contract from the scheduled date of acquisition, market movement and other factors. - Operating revenue is based on the assumption that tenants will pay rent without delinquency.
Operating expenses	- Of the expenses in the leasing business that are principal operating expenses, for the Current Properties, expenses other than depreciation are calculated reflecting variable expense factors based on the actual historical expenses. Expenses for the Anticipated Properties are calculated by reflecting fluctuating factors, based on the amount in the appraisal report, taking into account information acquired from the current owner of each Anticipated Property. - Although property taxes and city planning taxes on the Anticipated Properties are generally calculated on a pro-rata basis with the current owners and settled at the time of acquisition, an amount equivalent to such tax is not expensed in the period when the assets are acquired, as it is included in the acquisition price. The total amount of property taxes, city planning taxes and other taxes on the Anticipated Properties that are included in the acquisition cost is assumed to be 421 million yen. Property taxes, city planning taxes, and other taxes on the Current Properties to be expensed in the fiscal period ending July 31, 2016 (the 7th period) and the fiscal Period ending January 31, 2017 (the 8th period) will be 1,139 million yen and 1,184 million yen respectively. The property taxes, city planning taxes and other taxes for fiscal year 2017 in relation to the Anticipated Properties will be expensed from the period ending July 2017 (the 9th period). - Building repair expenses are accounted for as expenses required for every business period according to the amount planned by the asset manager (AEON Reit Management Co. Ltd.), taking into account the amount in the engineering report and appraisal report. However, repair and maintenance expenses in each business period may differ largely from the expected amount for reasons such as: damage to buildings from certain unexpected factors and other repair expenses that do not occur regularly. In general, the amount of repair expenses varies considerably from year to year. - Depreciation expenses including ancillary costs are calculated by the straight-line method. The forecast assumes 3,179 million yen in the fiscal period ending July 31, 2016 (the 7th period) and 3,254 million yen in the fiscal period ending January

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	31, 2017 (the 8 th period).
Non-operating expenses	- For interest expenses and other borrowing costs, 597 million yen in the fiscal period ending July 31, 2016 (the 7th period) and 681 million yen in the fiscal period ending January 31, 2017 (the 8th period) are projected. - For the expenses associated with issuance of investment units as disclosed in the release, “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units”, dated today, totaling 216 million yen is expected. Of such relevant expenses, 206 million yen are assumed to be depreciated according to the straight line method over three years. For the fiscal period ending July 31, 2016 (the 7th period), 9 million yen is estimated as expenses.
Borrowings	- The Investment Corporation’s balance of interest-bearing debt totals 75,400 million yen as of today. We took out loans totaling 25,500 million yen on February 29, 2016, March 29, 2016, and May 31, 2016 to finance partly the acquisition of the Anticipated Properties and related expenses. Thus, we assumed a balance of 100,900 million yen. - LTV at the end of the fiscal period ending July 31, 2016 (the 7th period) and the fiscal period ending January 31, 2017 (the 8th period) is expected to be around 42.9% and 42.7%, respectively. - To calculate LTV, the following formula is used: $\text{LTV} = (\text{Total interest-bearing debt plus tenant leasehold and guarantee deposits received (including tenant leasehold and guarantee deposits received in trust)} / \text{Total assets}) \times 100$ - LTV may be subject to change, depending on the issue price of new investment units issued this time.
Investment units	- In addition to the 1,090,200 investment units currently outstanding, we assumed a total of 219,267 investment units to be newly issued through an offering of new investment units and a third-party allotment. This assumes the maximum issuance allowable pursuant to the third-party allotment. Such amounts were determined at the board of directors meeting held today. For details on the Investment Unit issuance, see “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” announced today. - Except for the above, we have assumed that the number of investment units will remain unchanged, without any further issuance of new investment units through the fiscal period ending January 31, 2017 (the 8th period). - Distributions per unit for the period ending July 31, 2016 (the 7th period) and the fiscal period ending January 31, 2017 (the 8th period) are calculated based on the number of investment units outstanding, 1,309,467, for each respective period.
Distributions per unit (excluding distributions in excess of earnings)	- Distributions per unit (excluding distribution in excess of earnings) are calculated based on the fund distribution policy provided in our Articles of Incorporation. - Distributions per unit may change due to various factors including changes in rent revenues attributable to changes in the assets under management and changes in tenants, as well as the occurrence of unexpected repairs and maintenance.
Distributions in excess of earnings per unit	The Investment Corporation currently does not intend to pay distributions in excess of earnings per unit in the periods covered by the forecasts.
Others	- It is assumed that no revision that would have an impact on the forecast values above will be made in the laws, tax systems, accounting standards, listing rules, the rules of the Investment Trusts Association, Japan, or other applicable rules and regulations. - It is assumed that no unexpected significant change will occur with respect to general economic behavior, real estate market conditions and other similar conditions.

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