

This is an English translation of summarized financial results prepared for reference purposes only. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

March 15, 2016

Financial Report for the Fiscal Period Ended January 31, 2016 (August 1, 2015 — January 31, 2016)

AEON REIT Investment Corporation

Listing: Tokyo Stock Exchange
Securities code: 3292
URL: <http://www.aeon-jreit.co.jp/en/>
Representative: Kenji Kawahara, Executive Director

Asset management company: AEON Reit Management Co., Ltd.
Representative: Kenji Kawahara, Representative Director and President
Contact: Keiji Tsukahara, Director, General Manager of the Finance and Planning Department
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Scheduled date to file securities report: April 25, 2016
Scheduled date to commence distribution payments: April 15, 2016

Preparation of supplementary material on financial report: Yes
Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended January 31, 2016 (August 1, 2015 — January 31, 2016)

(1) Operating results

(Percentages show changes from the previous period)

	Operating revenue		Operating income		Ordinary income		Net income	
Fiscal period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2016	9,406	2.6	3,588	2.4	3,048	2.4	3,041	2.4
July 31, 2015	9,164	23.5	3,505	24.7	2,978	26.6	2,969	26.4

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
Fiscal period ended	Yen	%	%	%
January 31, 2016	2,790	2.5	1.5	32.4
July 31, 2015	2,746	2.7	1.6	32.5

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
January 31, 2016	2,790	3,041	0	0	100.0	2.5
July 31, 2015	2,724	2,969	0	0	100.0	2.6

(Note) Due to the issuance of new investment units, the payout ratio for the fiscal period ended July 31, 2015 was calculated using the following formula:

$$\text{Payout ratio} = \text{Total distributions (excluding distributions in excess of earnings)} / \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2016	204,447	119,489	58.4	109,603
July 31, 2015	203,795	119,417	58.6	109,536

(Reference) Equity

As of January 31, 2016: ¥119,489 million

As of July 31, 2015: ¥119,417 million

(4) Cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2016	7,935	(456)	(2,992)	15,950
July 31, 2015	4,497	(36,172)	30,089	11,464

2. Forecasts of performance for the fiscal periods ending July 31, 2016 (February 1, 2016 – July 31, 2016) and January 31, 2017 (August 1, 2016 – January 31, 2017)

(Percentages show changes from the previous period)

	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Fiscal period ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
July 31, 2016	11,190	19.0	4,185	16.6	3,542	16.2	3,534	16.2	2,695	–
January 31, 2017	11,708	4.6	4,477	7.0	3,803	7.3	3,794	7.4	2,895	–

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted total number of investment units issued)

For the fiscal period ending July 31, 2016: ¥2,699

For the fiscal period ending January 31, 2017: ¥2,898

*** Other**

(1) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- | | |
|---|------|
| a. Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| b. Changes in accounting policies due to reasons other than a. above: | None |
| c. Changes in accounting estimates: | None |
| d. Retrospective restatement: | None |

(2) Total number of investment units issued

- | | |
|---|-----------------|
| a. Total number of investment units issued at end of period (including treasury investment units) | |
| As of January 31, 2016 | 1,090,200 units |
| As of July 31, 2015 | 1,090,200 units |
| b. Number of treasury investment units at end of period | |
| As of January 31, 2016 | 0 units |
| As of July 31, 2015 | 0 units |

(Note) Please refer to “Per Unit Information” on page 32 for the number of investment units used as the basis for calculating net income per unit.

*** Status of audit procedures**

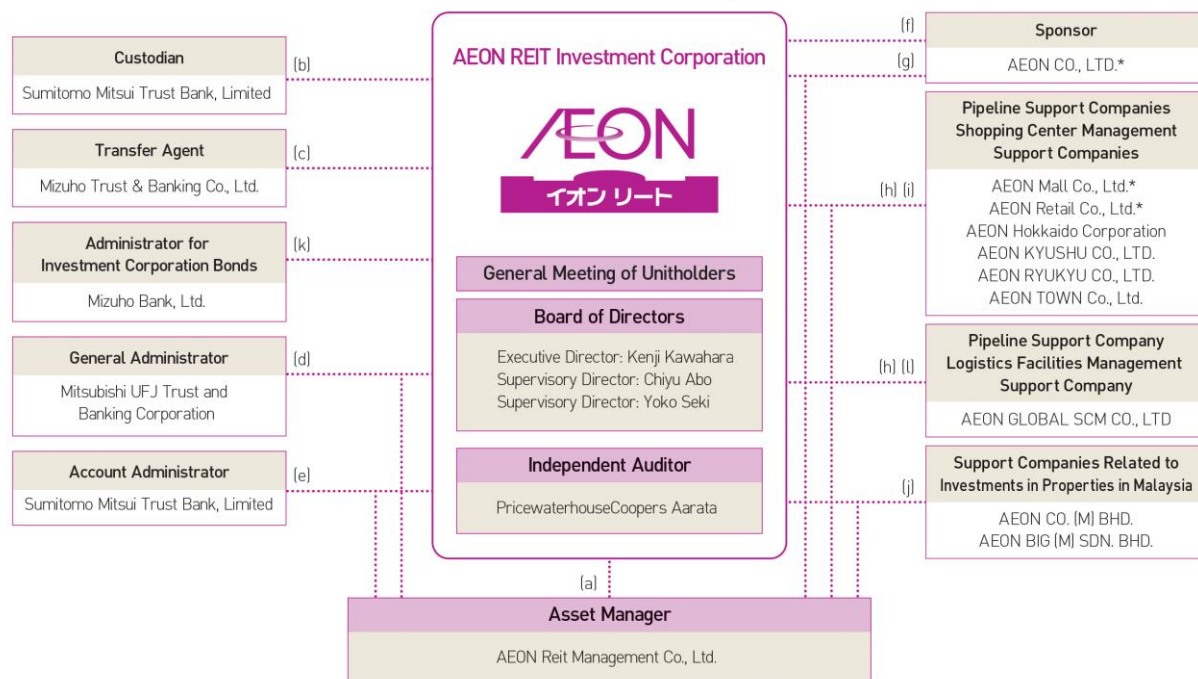
As of the time of disclosure of this financial report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

*** Remarks on appropriate use of forecasts of performance and other special notes**

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. Furthermore, these forecasts are not intended to guarantee the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending July 31, 2016 (February 1, 2016 – July 31, 2016) and January 31, 2017 (August 1, 2016 – January 31, 2017)” on pages 11 and 12 for information on assumptions for the forecasts of operating results.

1. The Investment Corporation and Related Corporations

The following gives an overview of AEON REIT Investment Corporation (hereinafter referred to as the “Investment Corporation”) and its related corporations, showing their names, roles and details of related work (including other important related parties of the Investment Corporation). AEON GLOBAL SCM Co., Ltd. has been added to pipeline support company and logistics facilities management support company, and AEON BIG (M) SDN. BHD. has been added to support companies related to investments in properties in Malaysia in the “Management structure of the Investment Corporation” stated in the latest Securities Report (submitted on October 28, 2015, including subsequent revisions).



- (a) Assets management agreement
- (b) Asset custody agreement
- (c) Transfer agency agreement
- (d) General administration agreement
- (e) Account administration agreement
- (f) Trademark license agreement
- (g) Sponsor support agreements
- (h) Pipeline support agreements
- (i) Shopping center management agreements
- (j) Memorandums of understanding on investments in properties in Malaysia
- (k) Fiscal, issuing and payment agency agreement
- (l) Logistics facilities management agreement

(Note) AEON Co., Ltd., AEON Mall Co., Ltd. and AEON Retail Co., Ltd. fall under the category of specified associated corporations specified in the Financial Instruments Exchange Act and other laws and regulations.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on October 28, 2015; prepared in Japanese only), the disclosure is omitted.

(2) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

The Investment Corporation intends to invest primarily in retail and related properties that form the backbone of communities and their retail business infrastructure, and we aim to ensure stable income in the medium to long term and achieve steady portfolio growth by investing in retail and related properties.

The Investment Corporation was established on November 30, 2012, with AEON Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended). The Investment Corporation was listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (securities code: 3292) on November 22, 2013. New investment units (140,200 units) were issued in February 2015, and with the funds procured through this issuance of new investment units as well as the funds procured from ¥12,400 million of new borrowings, the Investment Corporation acquired six properties (total acquisition price of ¥35,270 million). In addition, in April 2015, the Investment Corporation carried out an additional acquisition of land for AEON MALL Mitouchihara (¥105 million).

As a result, the real estate held by the Investment Corporation as of January 31, 2016, numbered 23 properties in Japan and overseas, with a total acquisition price of ¥194,363 million.

(B) Investment environment and performance

(a) Investment environment

In the Japanese economy, there was a growing risk that the instability of financial markets, caused by further decline in oil prices and the uncertain outlook for emerging economies such as China and resource-rich countries, will adversely affect business and consumer confidence.

The GDP growth rate for October to December 2015 was negative for the first time in two quarters, experiencing a 1.4% drop, and it was clear from weak private sector consumption and housing investment that Japan’s economy remained in the doldrums.

The J-REIT market was strong, benefiting from an increase to the limit for J-REIT purchases from 5% to 10% of total investment units issued by that REIT, which was announced by the BOJ in December 2015, the introduction of a negative interest rate in January 2016 and the ensuing lowering of long-term interest rates, and expectations of additional monetary easing measures in the future.

(b) Performance

Operating under these circumstances, on December 1, 2015, the Investment Corporation and the Asset Manager executed a Pipeline Support Agreement and Logistics Facilities Management Agreement with AEON GLOBAL SCM Co., Ltd. and exchanged a Memorandum of Understanding on Investments in Properties in Malaysia with AEON BIG (M) SDN. BHD., to further consolidate the base for future external growth.

We also worked to maintain and enhance capital value through capital expenditure in relation to current properties held, including work that is required to be done periodically such as store air conditioning renewal work and ramp steel painting work.

(C) Financing

The Investment Corporation sought to diversify and extend debt maturities and diversify financing methods by issuing ¥2,000 million in investment corporation bonds on October 6, 2015 and using the proceeds to repay existing borrowings.

As a result, the Investment Corporation's interest-bearing debt balance as of January 31, 2016 was ¥75,400 million and loan-to-value, or LTV (which is defined as the ratio of (i) aggregate amount of our interest-bearing debt plus tenant leasehold and security deposits, and the tenant leasehold and security deposits in trust to (ii) total assets that the Investment Corporation holds) came to 40.8%.

The ratio of long-term interest-bearing debt as of January 31, 2016 (which we define as the ratio of (i) long-term interest-bearing debt, including current portion of long-term loans payable, to (ii) total interest-bearing debts) is 100.0%. The fixed interest rate (which we define as the ratio of (i) interest-bearing debts with payment of fixed interests, including interest-bearing debts fixed by an interest swap, to (ii) total interest-bearing debts) is 87.1%. The Investment Corporation maintains a sound and conservative financial structure in light of these ratios as well as the above-mentioned LTV ratio.

The credit rating the Investment Corporation has obtained as of January 31, 2016 is as follows:

<Credit rating>

Rating agency	Target	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA-	Stable

(D) Overview of financial results and distributions

As a result of the above-mentioned operations, operating revenue came to ¥9,406 million, operating income came to ¥3,588 million, ordinary income came to ¥3,048 million, and net income came to ¥3,041 million, for the fiscal period under review.

It was decided that approximately all unappropriated retained earnings would be distributed, except a fraction of less than ¥1 of distributions per investment unit, with the aim that the maximum amount of profit distributions would be included in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥2,790.

The Investment Corporation will not pay the portion of the cash amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of the Investment Corporation.

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

In our outlook for the Japanese economy, we expect that weak domestic demand, particularly personal consumption, and the disarray of the global financial markets will exacerbate the appreciation of the yen and stock price declines, and there is a high risk that a downturn in corporate earnings and dampened corporate confidence will lead to the postponement of capital investment. At the end of FY2016, we expect to see an increase in the growth rate driven by a last-minute rush of demand for consumer goods and housing ahead of the consumption tax hike scheduled for April 2017. However, this is not to say that Japan's economy will be on a strong recovery path and we predict that the increase in the GDP growth rate for FY2016 will be no more than around 1.5%.

Turning to consumer prices, high corporate earnings and the tight labor market have not translated into commensurate growth in wages and corporate investment across the economy as a whole and, with the drop in the expected rate of inflation resulting from lower crude prices, consumer prices remain at a standstill. On this basis, we expect the Consumer Price Index to rise by no more than 1%.

In the environment surrounding retail properties, according to the "Consumer Confidence Survey" for January 2016 announced by the Cabinet Office of Japan, the "Consumer Confidence Index" for January 2016 worsened slightly from the previous month of December, turning negative for the first time in four months. There is rising concern over the economic outlook due to the stock price declines

and appreciation of the yen seen since the beginning of the year, and the Cabinet Office lowered its assessment of consumer spending from showing “signs of picking up” that was the assessment until the previous month to “the pace of the pickup in consumer confidence is becoming moderate.” Also, at urban retail properties, inbound demand continues to grow along with the increase in the number of people visiting Japan from overseas due to the weak yen, and this is expected to spread to regional economies going forward.

Although there is no change to our main scenario projection of moderate recovery in the global economy supported by the U.S. and other advanced economies, activity in China's manufacturing sector appears to be weakening, and the world economy is growing at a slower pace, reflecting slowdown in resource rich countries.

At the beginning of January 2016, concern that China's economy was faltering triggered global sell-offs, causing disarray on global markets. Although the markets are now starting to regain their composure, they still remain highly volatile.

Looking at risk factors for the future, among the emerging economies, China's growth continues to slow, while the economies of Russia and Brazil are shrinking due to tumbling resource prices. In the U.S., the Fed raised interest rates in December 2015 but appears to be adopting a cautious approach to the timing of future additional hikes. The Eurozone is also expected to show moderate growth, underpinned by monetary easing and lower oil prices. However, given the volatility of the global markets since the beginning of the year, the outlook is increasingly uncertain.

(B) Future investment policy

(a) Basic policy

The Investment Corporation aims to secure stable profits as well as to maintain and raise asset values in the medium to long term. It will work to sustain and improve rent income, conduct adequate management and repair and maintenance measures, and optimize and streamline management costs.

(b) Investment policy and growth strategy

The Aeon Group has the ability to collectively develop and operate large-scale and other types of retail properties. Under the Investment Corporation's growth strategy, we aim to grow our portfolio in the medium to long term by fully utilizing Aeon Group's collective strengths.

The Investment Corporation aims to expand asset size, improve the stability of investments, and improve fund procurement capabilities by acquiring from the AEON Group commercial facilities and other types of properties developed by the AEON Group based on Sponsor Support Agreements, Pipeline Support Agreements and Memorandum of Understanding on Investments in Properties in Malaysia. Furthermore, by improving fund procurement capabilities, we aim to acquire further properties, thereby expanding our portfolio size. From the standpoint of the Aeon Group, by selling retail and other types of properties to the Investment Corporation, it becomes possible for the Aeon Group to use the acquired funds to execute growth investment (such as for development of new stores). Executing such growth investment contributes to increasing the revenue of the Aeon Group and boosting its corporate value, which in turn further supports the growth of the Investment Corporation. We are building a mutually beneficial relationship with the Aeon Group that creates a virtuous cycle for both entities, as discussed above, and thus aim to maximize unitholder value.

(c) Financial strategy

The Investment Corporation will maintain a strong financial structure and aim to keep a conservative debt ratio. In investing, we have set an upper limit for the LTV at 60% and intend to maintain an LTV ratio of about 50%. To reduce risks of refinancing and fluctuations in interest rates, the Investment Corporation will consider extending the terms of its loans and fixing interest rates as a part of its efforts to ensure appropriate operation.

iii) Significant events after balance sheet date

(A) Issuance of new investment units

At the board of directors' meetings held on January 18, 2016 and February 1, 2016, the Investment Corporation passed resolutions on the issuance of new investment units. Details are as follows. Payment for the issuance of new investment units by way of public offering was completed on February 8, 2016 and payment for the issuance of new investment units by way of third-party allotment was completed on February 25, 2016.

a. Issuance of new investment units by way of public offering

Number of new investment units issued	208,826 units
(Domestic: 135,737 units; International: 73,089 units (Note))	
Issue price	¥125,190 per unit
Total issue price	¥26,142,926,940
Paid-in amount	¥121,081 per unit
Total paid-in amount	¥25,284,860,906
Payment date	February 8, 2016
Dividend calculation date	February 1, 2016

(Note) International offering of investment units in markets outside of Japan, mainly in the United States, Europe and Asia. (However, within the United States, the investment units are sold only to qualified institutional buyers in accordance with Rule 144A under the United States Securities Act of 1933, as amended.)

b. Issuance of new investment units by way of third-party allotment

Number of new investment units issued	10,441 units
Paid-in amount	¥121,081 per unit
Total paid-in amount	¥1,264,206,721
Payment date	February 25, 2016
Dividend calculation date	February 1, 2016
Allottee	Nomura Securities Co., Ltd.

c. Uses of funds

The Investment Corporation is using the funds raised through the above public offering to partially finance acquisitions of trust beneficiary rights in the properties stated in (B) New acquisitions later in this report (excluding "AEON MALL Kofu Showa (Additional acquisition of land)"). The Investment Corporation is keeping the funds raised through third-party allotment as cash reserves to partially finance acquisitions of specified assets in the future and partially fund the repayment of interest-bearing debt.

(B) New acquisitions

The Investment Corporation acquired trust beneficiary rights in the following four properties (total acquisition price: ¥37,169 million).

Name	Location	Acquisition Price (million yen)	Acquisition Date	Seller
AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	14,500	February 29, 2016	AEON Mall Co., Ltd.
AEON MALL Kofu Showa	Nakakoma-gun, Yamanashi Pref.	8,000	February 29, 2016	AEON Mall Co., Ltd.
AEON MALL Kofu Showa (Additional acquisition of land)	Nakakoma-gun, Yamanashi Pref.	389	March 1, 2016	Joei Land Readjustment Zone in Showa-cho
Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	14,280	February 15, 2016	Century Tokyo Leasing Corporation
Total	—	37,169	—	—

(Note) Acquisition price represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc. relating to the acquired asset) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

The Investment Corporation executed sales and purchase agreements concerning trust beneficiary rights in the following two properties (total planned acquisition price ¥18,600 million) on January 18, 2016.

Name	Location	Planned Acquisition Price (million yen)	Execution Date	Seller
AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	12,190	March 29, 2016	Century Tokyo Leasing Corporation
AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	6,410	May 31, 2016	Sumitomo Mitsui Finance and Leasing Company, Limited
Total	—	18,600	—	—

(Note) *Planned Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc. related to the asset to be acquired) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

(C) New borrowings

The Investment Corporation drew down the following loans to partially finance the acquisitions of AEON MALL Yamatokoriyama and AEON MALL Kofu Showa stated in (B) New acquisitions above and to partially cover related expenses.

Category	Lender	Amount Borrowed (billion yen)	Interest Rate	Drawdown Date	Principal Repayment Date	Repayment Method	Collateral
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	2.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.22%	February 29, 2016	October 20, 2017	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited. The Hyakugo Bank, Ltd.	4.1	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.22% (Note 1)		October 21, 2019		
	Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	1.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 1.12% (Note 2)		October 20, 2027		

(Note 1) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.14750% by concluding an interest rate swap agreement on February 25, 2016.

(Note 2) The Investment Corporation converted the interest rate to a virtual fixed rate of 1.40730% by concluding an interest rate swap agreement on February 25, 2016.

The Investment Corporation executed the following individual term loan agreements on February 25, 2016, to partially finance the acquisitions of AEON MALL Chiba Newtown (mall, and cinema and sports complex) and AEON Chigasaki-Chuo Shopping Center stated in (C) New Acquisitions above and to partially cover related expenses.

Category	Lender	Amount Borrowed (billion yen)	Interest Rate	Drawdown Date	Principal Repayment Date	Repayment Method	Collateral
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited. The Mie Bank, Ltd. The Hyakugo Bank, Ltd. The 77 Bank, Ltd. The Hiroshima Bank, Ltd.	6.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.37% (Note 1)	March 29, 2016	October 20, 2021	To be repaid in full on the principal repayment date	Unsecured/Unguaranteed
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Development Bank of Japan Inc. AEON Bank, Ltd.	5.8	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.52% (Note 2)		October 20, 2022		
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. AEON Bank, Ltd. The Mie Bank, Ltd.	6.6	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.82% (Note 3)	May 31, 2016	October 20, 2025		

(Note 1) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.35125% by concluding an interest rate swap agreement on February 25, 2016.

(Note 2) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.54100% by concluding an interest rate swap agreement on February 25, 2016.

(Note 3) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.99100% by concluding an interest rate swap agreement on February 25, 2016.

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending
July 31, 2016 (February 1, 2016 – July 31, 2016) and
January 31, 2017 (August 1, 2016 – January 31, 2017)**

Item	Assumptions
Accounting period	• Fiscal period ending July 31, 2016 (182 days from February 1, 2016 to July 31, 2016, the 7th fiscal period) • Fiscal period ending January 31, 2017 (184 days from August 1, 2016 to January 31, 2017, the 8th fiscal period)
Portfolio	• We have assumed that we will add the two properties in relation to which we concluded trust beneficiary right sales and purchase agreements on January 18, 2016 (hereafter “assets-to-be-acquired”) to the 26 properties that we hold as of the date of this financial report (hereinafter “assets currently held”), making a total of 28 properties. For further details about acquisition of the assets-to-be-acquired, please refer to “Notice Concerning Acquisition and Leases of Domestic Properties” dated January 18, 2016. • We have assumed that we acquire the assets-to-be-acquired on the planned acquisition dates above, and there will be no change in the investment portfolio (acquisition of new properties, transfers of assets currently held, etc.) until the end the eighth fiscal period ending January 31, 2017. • The actual figures may fluctuate due to changes in the investment portfolio besides the foregoing.
Operating revenue	• We have calculated leasing business revenue from the assets currently held taking into account factors such as the relevant lease agreements effective as of the date of this financial report and market trends. We have calculated leasing business revenue from the assets-to-be-acquired taking into consideration factors such as information provided by the current owners of the assets-to-be-acquired, the relevant lease agreements that will be effective as of the planned date of acquisition of the assets-to-be-acquired, and market trends. • We have assumed no delinquencies or non-payment of rents by tenants.
Operating expenses	• Operating expenses mainly comprise expenses related to rent business. Our assumptions for those expenses, excluding depreciation expenses, and assets currently held are calculated based on historical experience, making certain adjustments as appropriate so as to reflect changeable factors in expenses. Our assumptions for assets-to-be-acquired are calculated based on amounts stated in appraisal reports, taking information provided by the owners of the assets-to-be-acquired into consideration and making certain adjustments as appropriate so as to reflect changeable factors in expenses. • Generally, fixed asset tax and city planning tax related to the acquired properties are prorated based on the period of ownership with the previous holder and settled at the time of acquisition. Such settlement money equivalent is included in the acquisition costs and therefore not recognized as expenses during the accounting period of the acquisition. We estimated the total amount of fixed asset tax, city planning tax and depreciable asset tax on assets-to-be-acquired at ¥421 million, which will be included in the acquisition costs. For fixed asset tax, city planning tax and depreciable asset tax on the assets currently held, we have assumed expenses of ¥1,139 million for the 7th fiscal period and ¥1,140 million for the 8th fiscal period. With respect to the assets-to-be-acquired, we have assumed that fixed asset tax, city planning tax and depreciable asset tax will be expensed from the fiscal period ending July 31, 2017 (9th fiscal period). • We have assumed the repair and maintenance expenses for buildings required in each fiscal period based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repair and maintenance expenses in each period may differ substantially from our forecasts, as (i) we acknowledge that we may incur expenses for urgent repairs to properties due to damage to buildings caused by a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses incurred from one fiscal period to another, and (iii) expenses are not incurred based on a regular schedule. • We have assumed that we will incur depreciation expenses, including some related expenses, of ¥3,177 million for the 7th fiscal period and ¥3,247 million for the 8th fiscal period. These figures are calculated using the straight-line method.

Item	Assumptions
Non-operating expenses	• We have assumed interest expenses and other borrowing-related expenses of ¥554 million for the 7th fiscal period and ¥610 million for the 8th fiscal period. • We estimate that expenses for the issuance of investment units and other matters announced in the Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units dated January 18, 2016 will total ¥202 million, and we have assumed that ¥195 million of these expenses will be depreciated by the straight line method over 3 years. We have also assumed that the remaining ¥6 million will be recorded as expenses in the fiscal period ending July 31, 2016 (7th fiscal period).
Borrowings	• As of March 15, 2016, the Investment Corporation has interest-bearing debt totaling ¥82,500 million. We have assumed we will borrow a total of ¥18,400 million yen on March 29, 2016 and May 31, 2016 under agreements executed on February 25, 2016, to partially fund acquisitions of assets-to-be-acquired and to partially cover related expenses. We assume that our interest-bearing debt will be ¥100,900 million yen. We anticipate our LTV ratio will be approximately 43.0% as of the end of the 7th fiscal period, July 31, 2016, and approximately 42.8% as of the end of the 8th fiscal period, January 31, 2017. • To calculate our LTV, we use the following formula: $\text{LTV} = \frac{\text{Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust)}}{\text{Total assets}} \times 100$
Investment units	• Distributions per unit for the 7th and 8th fiscal periods are calculated based on the assumption that the forecasted total number of investment units issued as of the respective period-end will be 1,309,467 units.
Distributions per unit	• We have calculated distributions per unit (excluding distributions in excess of earnings) based on the cash distribution policy prescribed in our Articles of Incorporation. • Fluctuations in rent revenue due to changes in our portfolio and other factors, unforeseeable repair and maintenance incurred and other various factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	• We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).
Others	• Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. • Our forecasts assume no unforeseeable significant changes will occur in general economic trends or conditions in the real estate market.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
Assets		
Current assets		
Cash and deposits	6,795,562	11,288,616
Cash and deposits in trust	4,668,783	4,662,204
Prepaid expenses	318,094	327,360
Deferred tax assets	—	19
Income taxes receivable	493	481
Consumption taxes receivable	1,270,899	—
Other	381	13,046
Total current assets	13,054,213	16,291,729
Non-current assets		
Property and equipment		
Land	107,708	107,708
Buildings in trust	110,462,096	110,698,513
Accumulated depreciation	(7,952,544)	(10,543,880)
Buildings in trust, net	102,509,551	100,154,633
Structures in trust	801,705	801,705
Accumulated depreciation	(295,461)	(381,653)
Structures in trust, net	506,244	420,052
Tools, furniture and fixtures in trust	—	2,352
Accumulated depreciation	—	(164)
Tools, furniture and fixtures in trust, net	—	2,187
Land in trust	63,430,093	63,430,093
Construction in progress in trust	—	1,512
Total property and equipment	166,553,598	164,116,186
Intangible assets		
Leasehold rights in trust	23,137,757	23,137,757
Total intangible assets	23,137,757	23,137,757
Investments and other assets		
Long-term prepaid expenses	903,427	777,258
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	913,427	787,258
Total non-current assets	190,604,782	188,041,203
Deferred assets		
Investment unit issuance expenses	136,231	91,339
Investment corporation bond issuance costs	—	23,035
Total deferred assets	136,231	114,375
Total assets	203,795,228	204,447,308

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	644,234	561,038
Short-term loans payable	2,000,000	—
Current portion of long-term loans payable	—	9,000,000
Accounts payable - other	187,737	190,791
Accrued expenses	21,472	28,924
Income taxes payable	605	679
Accrued consumption taxes	—	651,868
Other	11,925	12,585
Total current liabilities	2,865,975	10,445,888
Non-current liabilities		
Investment corporation bond	—	2,000,000
Long-term loans payable	73,400,000	64,400,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	8,109,511	8,109,511
Total non-current liabilities	81,512,139	74,512,139
Total liabilities	84,378,114	84,958,027
Net assets		
Unitholders' equity		
Unitholders' capital	116,447,057	116,447,057
Surplus		
Unappropriated retained earnings	2,970,056	3,042,224
Total surplus	2,970,056	3,042,224
Total unitholders' equity	119,417,113	119,489,281
Total net assets	*1 119,417,113	*1 119,489,281
Total liabilities and net assets	203,795,228	204,447,308

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From February 1, 2015 to July 31, 2015)		Current fiscal period (From August 1, 2015 to January 31, 2016)	
Operating revenue				
Rent revenue - real estate	*1	9,163,638	*1	9,406,039
Gain on sales of real estate properties	*2	611		—
Total operating revenue		9,164,250		9,406,039
Operating expenses				
Expenses related to rent business	*1	5,168,792	*1	5,265,919
Asset management fee		360,189		416,931
Asset custody fee		10,370		10,609
Administrative service fees		34,440		38,634
Directors' compensations		3,600		3,600
Taxes and dues		1,398		114
Other operating expenses		80,198		81,307
Total operating expenses		5,658,990		5,817,118
Operating income		3,505,259		3,588,920
Non-operating income				
Interest income		2,842		3,915
Compensation income		1,852		—
Interest on refund		—		2,301
Other		62		—
Total non-operating income		4,758		6,216
Non-operating expenses				
Interest expenses		345,084		356,775
Interest expenses on investment corporation bonds		—		5,776
Amortization of investment unit issuance expenses		44,891		44,891
Amortization of investment corporation bond issuance costs		—		794
Borrowing related expenses		139,218		138,037
Other		2,595		351
Total non-operating expenses		531,789		546,626
Ordinary income		2,978,228		3,048,510
Income before income taxes		2,978,228		3,048,510
Income taxes - current		8,765		6,658
Income taxes - deferred		26		(19)
Total income taxes		8,791		6,638
Net income		2,969,437		3,041,872
Retained earnings brought forward		619		351
Unappropriated retained earnings		2,970,056		3,042,224

(3) Statements of Unitholders' Equity

Previous fiscal period (From February 1, 2015 to July 31, 2015)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	96,351,350	2,349,969	2,349,969	98,701,319	98,701,319
Changes of items during period					
Issuance of new investment units	20,095,707			20,095,707	20,095,707
Dividends of surplus		(2,349,350)	(2,349,350)	(2,349,350)	(2,349,350)
Net income		2,969,437	2,969,437	2,969,437	2,969,437
Total changes of items during period	20,095,707	620,087	620,087	20,715,794	20,715,794
Balance at end of current period	*1 116,447,057	2,970,056	2,970,056	119,417,113	119,417,113

Current fiscal period (From August 1, 2015 to January 31, 2016)

(Unit: Thousands of yen)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	116,447,057	2,970,056	2,970,056	119,417,113	119,417,113
Changes of items during period					
Dividends of surplus		(2,969,704)	(2,969,704)	(2,969,704)	(2,969,704)
Net income		3,041,872	3,041,872	3,041,872	3,041,872
Total changes of items during period	—	72,167	72,167	72,167	72,167
Balance at end of current period	*1 116,447,057	3,042,224	3,042,224	119,489,281	119,489,281

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
I Unappropriated retained earnings	2,970,056,366	3,042,224,005
II Distributions	2,969,704,800	3,041,658,000
[Distributions per investment unit]	[2,724]	[2,790]
III Earnings carried forward	351,566	566,005
Calculation method for distributions	Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, the Investment Corporation will pay distributions of profits at the total amount of ¥2,969,704,800, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 1,090,200, which is the total number of investment units issued; provided, however, that the Investment Corporation will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of the Investment Corporation.	Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, the Investment Corporation will pay distributions of profits at the total amount of ¥3,041,658,000, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 1,090,200, which is the total number of investment units issued; provided, however, that the Investment Corporation will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of the Investment Corporation.

(5) Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
Cash flows from operating activities		
Income before income taxes	2,978,228	3,048,510
Depreciation	2,659,956	2,677,691
Amortization of investment corporation bond issuance costs	—	794
Amortization of investment unit issuance expenses	44,891	44,891
Interest income	(2,842)	(3,915)
Interest expenses	345,084	362,551
(Increase) decrease in consumption taxes refund receivable	(1,270,899)	1,270,899
(Decrease) increase in accrued consumption taxes	(205,608)	651,868
Increase in prepaid expenses	(218)	(9,266)
Increase in operating accounts payable	278,835	133,269
Increase in accounts payable - other	53,698	3,053
(Increase) decrease in long-term prepaid expenses	(38,752)	126,168
Decrease in property and equipment in trust due to sale	3,237	—
Other, net	2,169	(13,482)
Subtotal	4,847,779	8,293,036
Interest income received	2,461	4,296
Interest expenses paid	(343,201)	(355,100)
Income taxes paid	(9,195)	(6,572)
Net cash provided by (used in) operating activities	4,497,843	7,935,661
Cash flows from investing activities		
Purchase of property and equipment	(107,708)	—
Purchase of property and equipment in trust	(31,673,390)	(456,746)
Purchase of intangible assets in trust	(5,092,230)	—
Proceeds from tenant leasehold and security deposits	2,628	—
Proceeds from tenant leasehold and security deposits in trust	698,122	—
Net cash provided by (used in) investing activities	(36,172,578)	(456,746)
Cash flows from financing activities		
Proceeds from short-term loans payable	2,000,000	—
Decrease in short-term loans payable	—	(2,000,000)
Proceeds from long-term loans payable	10,400,000	—
Proceeds from issuance of investment corporation bonds	—	1,976,169
Proceeds from issuance of investment units	20,038,101	—
Dividends paid	(2,348,572)	(2,968,261)
Net cash provided by (used in) financing activities	30,089,528	(2,992,091)
Effect of exchange rate change on cash and cash equivalents	69	(347)
Net (decrease) increase in cash and cash equivalents	(1,585,137)	4,486,475
Cash and cash equivalents at beginning of period	13,049,482	11,464,345
Cash and cash equivalents at end of period	*1 11,464,345	*1 15,950,821

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Significant Accounting Policies

1. Method of depreciation of non-current assets	(1) Property and equipment The straight-line method is used. The useful lives of property and equipment are listed below. <table> <tr> <td>Buildings in trust</td><td>3 to 41 years</td></tr> <tr> <td>Structures in trust</td><td>3 to 35 years</td></tr> <tr> <td>Tools, furniture and fixtures in trust</td><td>6 years</td></tr> </table> (2) Long-term prepaid expenses The straight-line method is used.	Buildings in trust	3 to 41 years	Structures in trust	3 to 35 years	Tools, furniture and fixtures in trust	6 years
Buildings in trust	3 to 41 years						
Structures in trust	3 to 35 years						
Tools, furniture and fixtures in trust	6 years						
2. Accounting method for deferred assets	(1) Investment unit issuance expenses These expenses are depreciated using the straight-line method over three years. (2) Investment corporation bond issuance expenses These expenses are depreciated using the straight-line method over the term of the investment corporation bonds.						
3. Conversion of assets and liabilities in foreign currency into Japanese yen	Monetary claims and obligations in foreign currency are converted based on the spot exchange rate as of the end of the fiscal period. Translation adjustment is recognized in income or loss.						
4. Recognition of revenue and expenses	Property-related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc., for real properties held, the amount of tax levied corresponding to the accounting period is recorded as expenses related to rent business. The amount equivalent to property-related taxes to be paid by the Investment Corporation in the first year for acquisition of real properties or beneficiary rights of real estate in trust is not recorded as expenses but included in the acquisition costs for the related properties. In the current fiscal period, there is no amount equivalent to property-related taxes included in the acquisition costs for the related properties.						
5. Method of hedge accounting	(1) Method of hedge accounting Special treatment is applied for interest rate swaps. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on borrowings (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the regulations that stipulate the basic policy of risk management. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.						
6. Scope of cash and cash equivalents in the statement of cash flows	Cash and cash equivalents in the statement of cash flows include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.						

7. Other significant information for preparation of financial statements	(1) Accounting policy for beneficiary rights of real estate, etc. in trust With regard to beneficiary rights of real estate, etc. in trust, all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets: i) Cash and deposits in trust ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust iii) Leasehold rights in trust iv) Tenant leasehold and security deposits in trust (2) Accounting policy for consumption taxes National and local consumption taxes are accounted for by the tax-exclusion method.
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(8) Notes to Financial Statements

Notes to Balance Sheets

- *1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: Thousands of yen)

Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
50,000	50,000

Notes to Statements of Income

*1. Breakdown of income (loss) from real estate leasing business

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
A. Real estate leasing business revenue		
Rent revenue—real estate		
Rent	9,162,254	9,387,809
Other rent revenue—real estate	1,383	18,229
Total real estate leasing business revenue	9,163,638	9,406,039
B. Real estate leasing business expenses		
Expenses related to rent business		
Expenses for management and operation	25,679	26,539
Repairs and maintenance expenses	346,012	371,869
Insurance expenses	48,892	50,673
Trust fees	12,402	12,710
Land rent paid	1,196,635	1,248,376
Taxes and dues	876,620	876,394
Depreciation	2,659,956	2,677,691
Other expenses related to rent business	2,591	1,664
Total real estate leasing business expenses	5,168,792	5,265,919
C. Income (loss) from real estate leasing business (A – B)	3,994,846	4,140,119

*2. Breakdown of gain on sales of real estate properties

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
(Portion of land of AEON MALL Nogata)		
Proceeds from sales of real estate properties	3,867	—
Cost of sales of real estate properties	3,237	—
Other expenses related to sales	19	—
Gain on sales of real estate properties	611	—

Notes to Statements of Unitholders' Equity

- *1. Total number of authorized investment units and total number of investment units issued

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued	1,090,200 units	1,090,200 units

Notes to Statements of Cash Flows

- *1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheets

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
	(Unit: Thousands of yen)	
Cash and deposits	6,795,562	11,288,616
Cash and deposits in trust	4,668,783	4,662,204
Cash and cash equivalents	11,464,345	15,950,821

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
	(Unit: Thousands of yen)	
Due within 1 year	18,775,224	18,778,463
Due after 1 year	106,071,819	96,702,515
Total	124,847,044	115,480,979

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

The Investment Corporation seeks as its basic policy to execute a stable, flexible and efficient financial strategy, and procures funds by borrowing, issuing investment corporation bonds (including short-term investment corporation bonds; same shall apply hereafter), or issuing investment units for purposes including portfolio growth through property acquisitions.

Derivative transactions are carried out only to hedge the risk of fluctuations in interest rates associated with borrowings, exchange rate fluctuation risks associated with operating receivables or obligations in foreign currency, and other risks.

(2) Content and risks of financial instruments and risk management system therefor

Borrowings and investment corporation bonds are received mainly for the purpose of acquiring real estate and beneficiary rights of real estate in trust.

Tenant leasehold and security deposits in trust are deposits provided by tenants under lease agreements.

Floating-rate loans payable are exposed to the risk of fluctuations in interest rates. However, by appropriately managing debt ratio, etc., it is possible to limit the impact of market interest rate rises on

the operations of the Investment Corporation. Furthermore, these risks are managed through derivative transactions (interest rate swaps) as hedging instruments in certain floating-rate loans payable in order to fix interest rate payments and hedge the risk of fluctuations in interest rates. The hedge effectiveness of the interest rate swaps is assessed, by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items and based on the respective amount of changes; provided, however, that the assessment of hedge effectiveness is omitted for those interest rate swaps that satisfy the requirements for special treatment.

Derivative transactions are conducted and managed in accordance with the internal regulations that specify the basic policy of risk management.

Borrowings, investment corporation bonds and tenant leasehold and security deposits in trust are exposed to liquidity risks. However, the Investment Corporation manages these risks through preparing a monthly funding plan, maintaining liquidity on hand, and other means by the Asset Manager.

Operating receivables in foreign currency associated with the acquisition of overseas properties are exposed to the risk of fluctuations in exchange rates. However, since the percentage of these receivables to total assets is low, they are handled under a system in which the Asset Manager monitors the risk and examines the necessity of hedging it with the use of derivative transactions such as forward foreign exchange contract transactions.

(3) Supplementary remarks on fair value, etc., of financial instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if there is no market price available. As certain assumptions are used in calculating these values, if different assumptions, etc., are used, these values could vary.

2. Matters regarding fair value, etc., of financial instruments

Balance sheet carrying amounts, fair values, and the difference between the two values are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in the table below ^(Note 2).

Previous fiscal period (as of July 31, 2015)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	6,795,562	6,795,562	—
(2) Cash and deposits in trust	4,668,783	4,668,783	—
Total assets	11,464,345	11,464,345	—
(3) Short-term loans payable	2,000,000	2,000,000	—
(6) Long-term loans payable	73,400,000	74,595,531	1,195,531
Total liabilities	75,400,000	76,595,531	1,195,531
(7) Derivative transactions	—	—	—

Current fiscal period (as of January 31, 2016)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,288,616	11,288,616	—
(2) Cash and deposits in trust	4,662,204	4,662,204	—
Total assets	15,950,821	15,950,821	—
(4) Current portion of long-term loans payable	9,000,000	9,000,000	—
(5) Investment corporation bonds	2,000,000	2,038,400	38,400
(6) Long-term loans payable	64,400,000	65,944,720	1,544,720
Total liabilities	75,400,000	76,983,120	1,583,120
(7) Derivative transactions	—	—	—

(Note 1) Measurement of fair values of financial instruments

(1) Cash and deposits, (2) Cash and deposits in trust, (3) Short-term loans payable

The book value is used as the fair value of these items, given that the fair value is almost equivalent to the amount of the book value, as it is settled in a short time.

(4) Current portion of long-term loans payable, (6) Long-term loans payable

Because the interest rates of long-term loans payable carrying floating interest rates are to be revised periodically and thus their fair value is almost the same as the book value, the book value is used as the fair value of these liabilities. The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the total of principal and interest at the rate assumed when a new, similar loan corresponding to the remaining period is made. The fair values for interest rate swaps, to which special treatment is applied, are included in the fair value of long-term loans payable, a hedged item.

(5) Investment corporation bonds

The reference value disclosed by the Japan Securities Dealers Association is used as the fair value.

(7) Derivative transactions

Please refer to “Derivative Transactions” described later.

(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	8,109,511	8,109,511
Total	8,112,139	8,112,139

Tenant leasehold and security deposits and *tenant leasehold and security deposits in trust*, which are deposited by lessees of rental properties, are not subject to fair value disclosure because there are no market prices for them and it is not possible to reasonably estimate future cash flow, and therefore it is considered to be extremely difficult to determine their fair values.

(Note 3) Redemption schedule for monetary claims after balance sheet date

Previous fiscal period (as of July 31, 2015)

(Unit: Thousands of yen)

	Due within 1 year
Cash and deposits	6,795,562
Cash and deposits in trust	4,668,783
Total	11,464,345

Current fiscal period (as of January 31, 2016)

(Unit: Thousands of yen)

	Due within 1 year
Cash and deposits	11,288,616
Cash and deposits in trust	4,662,204
Total	15,950,821

(Note 4) Expected amount of repayments of investment corporation bonds and loans payable after balance sheet date

Previous fiscal period (as of July 31, 2015)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	2,000,000	—	—	—	—	—
Long-term loans payable	—	9,000,000	700,000	27,000,000	1,200,000	35,500,000
Total	2,000,000	9,000,000	700,000	27,000,000	1,200,000	35,500,000

Current fiscal period (as of January 31, 2016)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Current portion of long-term loans payable	9,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	2,000,000
Long-term loans payable	—	700,000	27,000,000	1,200,000	22,000,000	13,500,000
Total	9,000,000	700,000	27,000,000	1,200,000	22,000,000	15,500,000

Securities

Previous fiscal period (as of July 31, 2015)

Not applicable.

Current fiscal period (as of January 31, 2016)

Not applicable.

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of July 31, 2015)

Not applicable.

Current fiscal period (as of January 31, 2016)

Not applicable.

2. Derivative transactions applying hedge accounting

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

Previous fiscal period (as of July 31, 2015)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measure-ment method for fair value
				Portion due after 1 year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	63,700,000	63,700,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of “(6) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Current fiscal period (as of January 31, 2016)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measure-ment method for fair value
				Portion due after 1 year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	63,700,000	63,700,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of “(6) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Retirement Benefits

Previous fiscal period (as of July 31, 2015)

Not applicable.

Current fiscal period (as of January 31, 2016)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
Deferred tax assets		
Accrued business office taxes, currently not deductible	–	19
Total deferred tax assets	–	19
Net deferred tax assets	–	19

2. Reconciliation of significant difference between the normal effective statutory tax rate and the actual effective tax rate after application of tax effect accounting

	(Unit: %)	
	Previous fiscal period (As of July 31, 2015)	Current fiscal period (As of January 31, 2016)
Normal effective statutory tax rate	34.15	32.31
(Adjustments)		
Distributions paid included in deductibles	(34.05)	(32.24)
Other	0.19	0.15
Effective tax rate after application of tax effect accounting	0.30	0.22

Share of Profit or Loss of Entities Accounted for Using Equity Method

Previous fiscal period (as of July 31, 2015)

Not applicable.

Current fiscal period (as of January 31, 2016)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (from February 1, 2015 to July 31, 2015)

Not applicable.

Current fiscal period (from August 1, 2015 to January 31, 2016)

Not applicable.

2. Associates, etc.

Previous fiscal period (from February 1, 2015 to July 31, 2015)

Not applicable.

Current fiscal period (from August 1, 2015 to January 31, 2016)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (from February 1, 2015 to July 31, 2015)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	—	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	483,409	Accounts payable—other	143,548
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	—	—	Lessee and recipient of land rent payment	Leasing business revenue	4,082,794	Tenant leasehold and security deposits in trust	3,552,595
								Land rent paid, etc.	724,554	—	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,210	Real estate business	—	—	Acquisition of beneficiary rights of real estate in trust, and lessee and recipient of land rent payment	Acquisition of beneficiary rights of real estate in trust	21,470,000	—	—
								Leasing business revenue	4,448,055	Tenant leasehold and security deposits	2,628
										Tenant leasehold and security deposits in trust	4,556,916
								Land rent paid, etc.	334,161	—	—
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	—	—	Lessee and recipient of land rent payment	Leasing business revenue	608,119	—	—
								Land rent paid, etc.	137,896	—	—
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto City, Tokyo	51,250	Banking business	—	—	Lender	Interest expenses	6,428	Accrued expenses	395
								Payment of borrowing-related fees	1,395	—	—
								Borrowing of long-term loans	300,000	Long-term loans payable	2,300,000
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—	—	Lessee	Leasing business revenue (Note 4)	23,286	—	—

(Note 1) Of the above amounts, the amount of transaction does not include consumption taxes.

(Note 2) Transaction terms are determined through price negotiations based on current market prices.

(Note 3) The asset management fee includes ¥123,200 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc., and ¥19 thousand in disposition fees deducted from gain on sales of real estate properties.

(Note 4) Amount of transaction is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

Current fiscal period (from August 1, 2015 to January 31, 2016)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Inter-locking directorate, etc.	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	—	Interlocking directorate: 1	Asset Manager	Payment of asset management fee	416,931	Accounts payable—other	150,710
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	—	—	Lessee and recipient of land rent payment	Leasing business revenue	4,143,082	Tenant leasehold and security deposits in trust	3,552,595
								Land rent paid, etc.	748,735	—	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,215	Real estate business	—	—	Lessee and recipient of land rent payment	Leasing business revenue	4,545,912	Tenant leasehold and security deposits	2,628
										Tenant leasehold and security deposits in trust	4,556,916
								Land rent paid, etc.	334,166	—	—
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	—	—	Lessee and recipient of land rent payment	Leasing business revenue	678,168	—	—
								Land rent paid, etc.	165,475	—	—
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto City, Tokyo	51,250	Banking business	—	—	Lender	Interest expenses	6,619	Accrued expenses	431
								Borrowing of long-term loans	—	Long-term loans payable	2,300,000
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—	—	Lessee	Leasing business revenue (Note 3)	20,646	—	—

(Note 1) Of the above amounts, the amount of transaction does not include consumption taxes.

(Note 2) Transaction terms are determined through price negotiations based on current market prices.

(Note 3) *Amount of transaction* is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

4. Officers and principal individual unitholders

Previous fiscal period (from February 1, 2015 to July 31, 2015)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Inter-locking directorate, etc.	Business relationship				
Officer	Kenji Kawahara	—	—	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.	(owned) Direct 0.0%	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	483,409	Accounts payable—other	143,548

(Note 1) Of the above amounts, the amount of transaction does not include consumption taxes.

(Note 2) Transaction terms and policy for determining transaction terms, etc.

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Kenji Kawahara in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.
3. The asset management fee includes ¥123,200 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc., and ¥19 thousand in disposition fees deducted from gain on sales of real estate properties.

Current fiscal period (from August 1, 2015 to January 31, 2016)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Inter-locking directorate, etc.	Business relationship				
Officer	Kenji Kawahara	—	—	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.	(owned) Direct 0.0%	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	416,931	Accounts payable—other	150,710

(Note 1) Of the above amounts, the amount of transaction does not include consumption taxes.

(Note 2) Transaction terms and policy for determining transaction terms, etc.

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Kenji Kawahara in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.

Asset Retirement Obligations

Previous fiscal period (as of July 31, 2015)

Not applicable.

Current fiscal period (as of January 31, 2016)

Not applicable.

Investment and Rental Properties

The Investment Corporation holds retail properties. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these rental properties are as follows. The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income.”

(Unit: Thousands of yen)

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
Balance sheet carrying amount		
Balance at beginning of period	155,380,069	189,691,355
Changes during period	34,311,286	(2,438,923)
Balance at end of period	189,691,355	187,252,432
Fair value at end of period	206,311,800	208,355,400

(Note 1) The balance sheet carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) In changes during the previous fiscal period, the increase is mainly due to acquisition of six properties (AEON MALL KYOTO, AEON MALL Sapporo-Hiraoka, AEON MALL Kushiro-Showa, AEON MALL Rifu, AEON MALL Yamagata-Minami, and AEON MALL Yokkaichi-Kita) (¥35,906,307 thousand), an increase in land from the final order for the actual allocation (¥161,873 thousand), an increase due to the acquisition of land (¥107,708 thousand), as well as capital expenditures such as repair work to invigorate stores of current properties (¥798,591 thousand). The main reasons for the decrease during the previous fiscal period are depreciation (¥2,659,956 thousand) and the sale of land (¥3,237 thousand). The main reason for the increase during the current fiscal period is capital expenditures such as external wall painting of the current properties (¥238,768 thousand) and the main reason for the decrease during the current fiscal period is depreciation (¥2,677,691 thousand).

(Note 3) The fair value at end of period is the appraisal value or survey price provided by an independent real estate appraiser.

Segment Information, etc.

1. Segment information

Disclosure is omitted as the Investment Corporation is comprised of a single reportable segment engaged in the real estate leasing business.

2. Related information

Previous fiscal period (from February 1, 2015 to July 31, 2015)

(1) Information about products and services

Disclosure is omitted as operating revenue from external customers of products and services within a single segment exceeds 90% of operating revenue on the statement of income.

(2) Information about geographical area

i) Operating revenue

Disclosure is omitted since operating revenue from external customers in Japan exceeds 90% of operating revenue on the statement of income.

ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	4,082,794	Real estate leasing business
AEON Mall Co., Ltd.	4,448,055	Real estate leasing business
AEON Hokkaido Corporation	608,119	Real estate leasing business
AEON CO. (M) BHD.	23,286	Real estate leasing business

Current fiscal period (from August 1, 2015 to January 31, 2016)

(1) Information about products and services

Disclosure is omitted as operating revenue from external customers of products and services within a single segment exceeds 90% of operating revenue on the statement of income.

(2) Information about geographical area

i) Operating revenue

Disclosure is omitted since operating revenue from external customers in Japan exceeds 90% of operating revenue on the statement of income.

ii) Property and equipment

Disclosure is omitted since the amount of property and equipment located in Japan exceeds 90% of property and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	4,143,082	Real estate leasing business
AEON Mall Co., Ltd.	4,545,912	Real estate leasing business
AEON Hokkaido Corporation	678,168	Real estate leasing business
AEON CO. (M) BHD.	20,646	Real estate leasing business

Per Unit Information

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
Net assets per unit	¥109,536	¥109,603
Net income per unit	¥2,746	¥2,790

(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Fully diluted net income per investment unit is not presented, as there is no potential investment unit.

(Note 2) The basis for calculating net income per unit is as follows:

	Previous fiscal period (From February 1, 2015 to July 31, 2015)	Current fiscal period (From August 1, 2015 to January 31, 2016)
Net income (Thousands of yen)	2,969,437	3,041,872
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	2,969,437	3,041,872
Average number of investment units for the period (Units)	1,081,176	1,090,200

Significant Subsequent Events

1. Issuance of new investment units

At the board of directors' meetings held on January 18, 2016 and February 1, 2016, the Investment Corporation passed resolutions on the issuance of new investment units. Details are as follows. Payment for the issuance of new investment units by way of public offering was completed on February 8, 2016 and payment for the issuance of new investment units by way of third-party allotment was completed on February 25, 2016.

- (1) Issuance of new investment units by way of public offering

Number of new investment units issued	208,826 units
(Domestic: 135,737 units; International: 73,089 units (Note))	
Issue price	¥125,190 per unit
Total issue price	¥26,142,926,940
Paid-in amount	¥121,081 per unit
Total paid-in amount	¥25,284,860,906
Payment date	February 8, 2016
Dividend calculation date	February 1, 2016

(Note) International offering of investment units in markets outside of Japan, mainly in the United States, Europe and Asia. (However, within the United States, the investment units are sold only to qualified institutional buyers in accordance with Rule 144A under the United States Securities Act of 1933, as amended.)
- (2) Issuance of new investment units by way of third-party allotment

Number of new investment units issued	10,441 units
Paid-in amount	¥121,081 per unit
Total paid-in amount	¥1,264,206,721
Payment date	February 25, 2016
Dividend calculation date	February 1, 2016
Allottee	Nomura Securities Co., Ltd.
- (3) Uses of funds

The Investment Corporation is using the funds raised through the above public offering to partially finance acquisitions of trust beneficiary rights in the properties stated in (B) New acquisitions later in this report (excluding "AEON MALL Kofu Showa (Additional acquisition of land)"). The Investment Corporation is keeping the funds raised through third-party allotment as cash reserves to partially finance acquisitions of specified assets in the future and partially fund the repayment of interest-bearing debt.

2. New acquisitions

The Investment Corporation acquired trust beneficiary rights in the following four properties (total acquisition price: ¥37,169 million).

Name	Location	Acquisition Price (million yen)	Acquisition Date	Seller
AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	14,500	February 29, 2016	AEON Mall Co., Ltd.
AEON MALL Kofu Showa	Nakakoma-gun, Yamanashi Pref.	8,000	February 29, 2016	AEON Mall Co., Ltd.
AEON MALL Kofu Showa (Additional acquisition of land)	Nakakoma-gun, Yamanashi Pref.	389	March 1, 2016	Joei Land Readjustment Zone in Showa-cho
Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	14,280	February 15, 2016	Century Tokyo Leasing Corporation
Total	—	37,169	—	—

(Note) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc. relating to the acquired asset) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

The Investment Corporation executed sales and purchase agreements concerning trust beneficiary rights in the following two properties (total planned acquisition price ¥18,600 million) on January 18, 2016.

Name	Location	Planned Acquisition Price (million yen)	Execution Date	Seller
AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	12,190	March 29, 2016	Century Tokyo Leasing Corporation
AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	6,410	May 31, 2016	Sumitomo Mitsui Finance and Leasing Company, Limited
Total	—	18,600	—	—

(Note) *Planned Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc. related to the asset to be acquired) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

3. New borrowings

The Investment Corporation drew down the following loans to partially finance the acquisitions of AEON MALL Yamatokoriyama and AEON MALL Kofu Showa stated in 2. New acquisitions above and to partially cover related expenses.

Category	Lender	Amount Borrowed (billion yen)	Interest Rate	Drawdown Date	Principal Repayment Date	Repayment Method	Collateral
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	2.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.22%	February 29, 2016	October 20, 2017	To be repaid in full on the principal repayment date	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited. The Hyakugo Bank, Ltd.	4.1	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.22% (Note 1)		October 21, 2019		
	Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	1.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 1.12% (Note 2)		October 20, 2027		

(Note 1) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.14750% by concluding an interest rate swap agreement on February 25, 2016.

(Note 2) The Investment Corporation converted the interest rate to a virtual fixed rate of 1.40730% by concluding an interest rate swap agreement on February 25, 2016.

The Investment Corporation executed the following individual term loan agreements on February 25, 2016, to partially finance the acquisitions of AEON MALL Chiba Newtown (mall, and cinema and sports complex) and AEON Chigasaki-Chuo Shopping Center stated in (C) New Acquisitions above and to partially cover related expenses.

Category	Lender	Amount Borrowed (billion yen)	Interest Rate	Drawdown Date	Principal Repayment Date	Repayment Method	Collateral
Long-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Resona Bank, Limited. The Mie Bank, Ltd. The Hyakugo Bank, Ltd. The 77 Bank, Ltd. The Hiroshima Bank, Ltd.	6.0	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.37% (Note 1)	March 29, 2016	October 20, 2021	To be repaid in full on the principal repayment date	Unsecured/Unguaranteed
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Norinchukin Bank Mizuho Trust & Banking Co., Ltd. Development Bank of Japan Inc. AEON Bank, Ltd.	5.8	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.52% (Note 2)		October 20, 2022		
	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. AEON Bank, Ltd. The Mie Bank, Ltd.	6.6	Base Interest Rate (3-month JBA Japanese Yen TIBOR) + 0.82% (Note 3)	May 31, 2016	October 20, 2025		

(Note 1) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.35125% by concluding an interest rate swap agreement on February 25, 2016.

(Note 2) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.54100% by concluding an interest rate swap agreement on February 25, 2016.

(Note 3) The Investment Corporation converted the interest rate to a virtual fixed rate of 0.99100% by concluding an interest rate swap agreement on February 25, 2016.

(9) Changes in Total Number of Investment Units Issued

Changes in the total number of investment units issued and the total unitholders' capital of the Investment Corporation since its incorporation until January 31, 2016 are as follows:

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Thousands of yen)		Remarks
		Change	Balance	Change	Balance	
November 30, 2012	Incorporation through private placement	5,000	5,000	500,000	500,000	(Note 1)
November 21, 2013	Capital increase through public offering	900,000	905,000	91,287,000	91,787,000	(Note 2)
December 17, 2013	Capital increase through third-party allotment	45,000	950,000	4,564,350	96,351,350	(Note 3)
February 12, 2015	Capital increase through public offering	133,190	1,083,190	19,090,921	115,442,271	(Note 4)
February 25, 2015	Capital increase through third-party allotment	7,010	1,090,200	1,004,785	116,447,057	(Note 5)

(Note 1) At the incorporation of the Investment Corporation, investment units were issued with an issue price per unit of ¥100,000.

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥105,000 (issue value: ¥101,430), for the purpose of procuring funds to acquire new properties.

(Note 3) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥101,430.

(Note 4) New investment units were issued through public offering with an issue price per unit of ¥148,200 (issue value: ¥143,336), for the purpose of procuring funds to acquire new properties.

(Note 5) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥143,336.

4. Changes in Officers

(1) Changes in Officers of the Investment Corporation

There have been no changes in officers of the Investment Corporation described in "Officers" in the latest Securities Report (submitted on October 28, 2015; prepared in Japanese only).

(2) Changes in Officers of Asset Manager

There have been no changes in officers of the Investment Corporation described in "Officers" in the latest Securities Report (submitted on October 28, 2015; prepared in Japanese only).

5. Reference Information

(1) Status of Investment

Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of July 31, 2015)					Current fiscal period (As of January 31, 2016)				
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)		
					Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 3)	Percentage to total assets (%)				Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4)	Percentage to total assets (%)	
Beneficiary rights of real estate in trust	Retail properties	Hokkaido and Tohoku	23,330	11.4	—	—	—	22,991	11.2	—	—	—
		Kanto (Note 5)	60,125	29.5	—	—	—	59,393	29.1	—	—	—
		Tokai, Hokuriku and Chubu	19,503	9.6	—	—	—	19,242	9.4	—	—	—
		Kinki	28,489	14.0	—	—	—	28,201	13.8	—	—	—
		Chugoku and Shikoku	33,144	16.3	—	—	—	32,644	16.0	—	—	—
		Kyushu and Okinawa	24,401	12.0	—	—	—	24,089	11.8	—	—	—
		Malaysia	697	0.3	697	(6)	0.3	688	0.3	688	(76)	0.3
Total			189,691	93.1	697	(6)	0.3	187,252	91.6	688	(76)	0.3
Deposits and other assets			14,103	6.9	14	0	0.0	17,194	8.4	14	0	0.0
Total assets			203,795	100.0	711	(6)	0.3	204,447	100.0	703	(76)	0.3

	Previous fiscal period (As of July 31, 2015)		Current fiscal period (As of January 31, 2016)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	84,378	41.4	84,958	41.6
Total net assets	119,417	58.6	119,489	58.4

(Note 1) Details of the constituents of *Region* categories are shown below.

Hokkaido and Tohoku: Hokkaido, Aomori, Akita, Iwate, Yamagata, Miyagi, and Fukushima prefectures

Kanto: Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, and Gunma prefectures

Tokai, Hokuriku and Chubu: Aichi, Shizuoka, Mie, Niigata, Toyama, Ishikawa, Fukui, Nagano, Yamanashi, and Gifu prefectures

Kinki: Osaka, Kyoto, Nara, Shiga, Wakayama, and Hyogo prefectures

Chugoku and Shikoku: Tottori, Okayama, Shimane, Hiroshima, Yamaguchi, Kagawa, Tokushima, Ehime, and Kochi prefectures

Kyushu and Okinawa: Fukuoka, Kumamoto, Saga, Nagasaki, Oita, Miyazaki, Kagoshima, and Okinawa prefectures

Malaysia: The whole land of Malaysia is presented as one category.

(Note 2) *Total amount held* represents the balance sheet carrying amount (for real estate and beneficiary rights of real estate in trust, book value less depreciation expenses) as of the end of the fiscal period. Construction in progress in trust is not included in beneficiary rights of real estate in trust.

(Note 3) *Unrealized gain (loss) on valuation of foreign currency* as of July 31, 2015 represents the amount found by subtracting the book value at the end of the period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at the end of the period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (July 31, 2015; 1RM = ¥32.49; rounded down to the nearest 100th).

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2016 represents the amount found by subtracting the book value at the end of the period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at the end of the period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (January 31, 2016); however, it was converted to Japanese yen based on the exchange rate as of the business day immediately preceding the end of the fiscal period (January 29, 2016; 1 RM = ¥29.17; rounded down to the nearest 100th) because January 31, 2016, was not a business day.

(Note 5) “AEON MALL Mitouchihara,” located in “Kanto,” includes, in addition to the beneficiary rights of real estate in trust portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; as of July 31, 2015, the balance sheet carrying amount is ¥107 million).

(2) Investment Assets

i) Major investment securities

Not applicable.

ii) Investment properties

A summary of the properties held by the Investment Corporation is provided for the convenience of readers in “iii) Other main investment assets” below.

iii) Other main investment assets

(A) Summary of real estate and beneficiary rights of real estate in trust

The summary of real estate, etc., held by the Investment Corporation as of January 31, 2016 (the end of the 6th fiscal period) is shown below.

Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Seller
SRSC-1	AEON LakeTown mori (Note 4)	21,190	20,406	23,000	10.9	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	6,652	7,670	3.5	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,024	5,650	2.7	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,379	7,020	3.4	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	15,696	18,012	8.5	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	6,499	7,940	3.5	Century Tokyo Leasing Corporation
RSC-5	AEON Sagami-hara Shopping Center	10,220	10,139	10,700	5.3	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	4,494	5,160	2.5	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,324	10,100	5.0	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,218	3,620	1.7	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,827	7,610	3.7	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	7,335	8,320	4.0	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	17,200	19,000	9.2	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	8,107	9,190	4.5	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,250	10,646	12,900	5.8	Century Tokyo Leasing Corporation AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	14,060	13,443	15,000	7.2	AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	21,374	22,200	11.0	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,872	6,230	3.0	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,811	1,900	0.9	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,542	2,730	1.3	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata- Minami	1,350	1,360	1,450	0.7	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,203	2,370	1.1	Forester Special Purpose Company
M-1	AEON Taman Universiti Shopping Centre (Note 6)	658 [20 million RM]	688 [21 million RM]	583 [20 million RM]	0.3	AEON CO. (M) BHD.
Total		194,363	187,252	208,355	100.0	

(Note 1) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

(Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2016, or survey price shown on a survey report of property. For the summary of appraisal, please refer to “Summary of real estate appraisal” described below.

(Note 3) *Investment percentage* is calculated by dividing the acquisition price of each property by the total of the acquisition price, and is rounded to the nearest tenth.

(Note 4) The Investment Corporation holds 40% of each beneficiary right of real estate in trust of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Assessed value at end of period* describes the amount representing the Investment Corporation’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the beneficiary rights of real estate in trust (40% for each property).

(Note 5) This property includes, in addition to the beneficiary rights of real estate in trust portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥107 million, and the assessed value at the end of the period is ¥112 million).

(Note 6) *Acquisition price* represents the total yen amount of the considerations actually paid by the Investment Corporation to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to 1 RM, rounded down to the nearest 100th.

Book value at end of period represents the amount obtained by subtracting the accumulated depreciation amount at the end of the fiscal period from the sum of the amount presented in the *Acquisition price* and expenses incurred on the acquisition of the property (related expenses). For related expenses paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses paid in RM, the amount obtained after converting it to Japanese yen using the exchange rate at the time of the transaction (the average spot exchange rate of the month preceding the month in which the transaction was carried out) has been added to the *Acquisition price*.

The Investment Corporation holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2016, or survey price shown on a survey report of property, equivalent to the Investment Corporation’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate as of the end of the fiscal period (January 31, 2016). However, since this was not a business day, the exchange rate as of the business day immediately preceding the end of the fiscal period (January 29, 2016; 1 RM = ¥29.17; rounded down to the nearest 100th) was used.

(B) Overview of lease

The overview of lease (annual contracted rent, leasehold/security deposits, total leasable area, total leased area, and occupancy rate) of real estate, etc., held by the Investment Corporation as of the end of the current fiscal period (January 31, 2016) is shown below.

Type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold/security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties	SRSC-1	AEON LakeTown mori (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	683	685	160,387.00	160,387.00	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	339	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	336	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	351	354	60,682.20	60,682.20	100.0
	RSC-3	AEON MALL Mitouchihara	Mito City, Ibaraki Pref.	November 8, 2005	725 (Note 3)	726 (Note 3)	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	475	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	419	420	75,056.62	75,056.62	100.0
	RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	March 29, 2007	326	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	442	446	125,236.10	125,236.10	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	213	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	426	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	736	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	456	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	555	545	151,969.51	151,969.51	100.0
	RSC-14	AEON MALL Kumamoto	Kamimashiki County, Kumamoto Pref.	September 16, 2005	589	584	101,132.38	101,132.38	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	696	698	136,468.45	136,468.45	100.0
	RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	November 10, 2000	448	—	78,360.81	78,360.81	100.0
	RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	September 13, 2000	234	—	51,763.05	51,763.05	100.0
	RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	April 18, 2000	209	—	66,385.29	66,385.29	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	162	—	53,487.94	53,487.94	100.0
	RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	228	—	41,417.23	41,417.23	100.0
	M-1	AEON Taman Universiti Shopping Centre (Note 4)	Johor, Malaysia	May 30, 2002	20 [704 thousand RM]	—	22,870.45	22,870.45	100.0
Total					9,406	8,112	2,133,670.59	2,133,670.59	100.0

(Note 1) Total leasable area represents gross leasable space based on the lease agreement or floor plan for buildings in each acquired property.

(Note 2) The Investment Corporation holds 40% of each beneficiary right of real estate in trust of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). Annual contracted rent and Leasehold/security deposits represent the amounts equivalent to the Investment Corporation’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the beneficiary rights of real estate in trust (40% for each property).

(Note 3) Annual contracted rent and Leasehold/security deposits of “AEON MALL Mitouchihara” include an amount based on the lease agreement for land of AEON MALL Mitouchihara that was additionally acquired on April 28, 2015.

(Note 4) *Date of construction* represents the date noted in the Technical Due Diligence Review (including the Supplementary Letter, “Technical Due Diligence Review”) prepared by Knight Frank Malaysia Sdn. Bhd. (the Malaysia office of Knight Frank LLP.) and Knight Frank Estate Management Pte. Ltd. (collectively, “Knight Frank Malaysia”) as the date of obtaining the Certificate of Fitness for Occupation Approval for main buildings.

The Investment Corporation holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust of AEON Taman Universiti Shopping Centre. *Annual contracted rent* describes the figure equivalent to the Investment Corporation’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust. *Annual contracted rent* represents the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

Total leasable area and *Total leased area* represent the gross floor area as indicated in the Technical Due Diligence Review prepared by Knight Frank Malaysia.

(C) Summary of real estate appraisal

The summary of real estate appraisal (appraisal value; return price based on direct capitalization method and direct capitalization rate; return price based on DCF method, discount rate and terminal capitalization rate; and NOI) for the properties held as of January 31, 2016 (the end of the 6th fiscal period) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Return price					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	23,000	23,300	5.0	22,800	5.0 5.1 (Note 4)	5.2	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,670	7,880	5.4	7,580	5.3 5.4 (Note 5)	5.7	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	5,650	5,710	6.8	5,580	6.3	6.9	450
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,020	7,110	6.3	6,920	6.0	6.6	479
RSC-3	AEON MALL Mitouchihara (Beneficiary rights of real estate in trust) (Note 6)	Japan Real Estate Institute	17,900	18,000	6.1	17,700	5.7	6.3	1,117
	AEON MALL Mitouchihara (Land) (Note 6)	Japan Real Estate Institute	112	—	—	112	5.2	—	—
RSC-4	AEON MALL Ota	Japan Real Estate Institute	7,940	7,990	6.5	7,890	6.0	6.7	573
RSC-5	AEON Sagamihara Shopping Center	Japan Real Estate Institute	10,700	10,800	5.3	10,600	5.0	5.5	645
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	5,160	5,190	6.9	5,130	6.4	7.2	379
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,100	10,200	6.3	9,990	5.9	6.7	727
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,620	3,720	6.7	3,580	6.6 6.7 (Note 7)	7.0	283
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,610	7,640	6.9	7,570	6.6	7.1	536
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,320	8,380	6.9	8,260	6.5	7.2	601
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,000	19,100	6.1	18,900	5.8	6.3	1,233
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	9,190	9,280	6.5	9,100	6.1	6.8	617
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	12,900	13,000	6.4	12,800	6.1	6.7	864
RSC-14	AEON MALL Kumamoto	Japan Real Estate Institute	15,000	15,200	6.1	14,800	5.8	6.4	952
RSC-15	AEON MALL KYOTO	Japan Real Estate Institute	22,200	22,400	4.9	22,000	4.6	5.1	1,097
RSC-16	AEON MALL Sapporo-Hiraoka	The Tanizawa Sōgō Appraisal Co., Ltd.	6,230	6,430	6.3	6,140	6.3 6.4 (Note 8)	6.6	437
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,900	1,980	6.9	1,860	6.9 7.0 (Note 9)	7.2	173
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,730	2,810	6.5	2,690	6.5 6.6 (Note 10)	6.8	220
RSC-19	AEON MALL Yamagata-Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	1,450	1,510	6.7	1,420	6.7 6.8 (Note 11)	7.0	129
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,370	2,470	6.4	2,330	6.4 6.5 (Note 12)	6.7	198
M-1	AEON Taman Universiti Shopping Centre (Note 13)	Japan Real Estate Institute	583 [20 million RM]	—	—	583 [20 million RM]	6.5 6.0 (Note 14)	7.0	39 [1 million RM]
Total			208,355	—	—	206,335	—	—	—

- (Note 1) *Appraisal value* represents the appraisal value as of the valuation date of January 31, 2016.
- (Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from NCF (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from NOI. NOI shown above is assumed with the direct capitalization method. Amounts of NOI are rounded down to the nearest million yen.
- (Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and NOI describe the Investment Corporation's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the beneficiary rights of real estate in trust (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 5.0% during the initial eight years and 5.1% from the ninth year.
- (Note 5) Discount rates for AEON LakeTown kaze are 5.3% during the initial eight years and 5.4% from the ninth year.
- (Note 6) For AEON MALL Mitouchihara, there exist both a portion of beneficiary rights of real estate in trust and a real estate portion, and as we have obtained separate appraisal report for each, these have been entered separately.
- (Note 7) Discount rates for AEON MALL Meiwa are 6.6% during the initial two years and 6.7% from the third year.
- (Note 8) Discount rates for AEON MALL Sapporo-Hiraoka are 6.3% during the initial six years and 6.4% from the seventh year.
- (Note 9) Discount rates for AEON MALL Kushiro-Showa are 6.9% during the initial three years and 7.0% from the fourth year.
- (Note 10) Discount rates for AEON MALL Rifu are 6.5% during the initial six years and 6.6% from the seventh year.
- (Note 11) Discount rates for AEON MALL Yamagata-Minami are 6.7% during the initial four years and 6.8% from the fifth year.
- (Note 12) Discount rates for AEON MALL Yokkaichi-Kita are 6.4% during the initial three years and 6.5% from the fourth year.
- (Note 13) Pursuant to the local appraisal methodology, we entrusted the evaluation of the appraisal value of the property to Japan Real Estate Institute. *Appraisal value* represents the amount equivalent to the Investment Corporation's pro-rata portion of the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust, and is based on the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2016. The prices and NOI in *Return price* show the amount representing the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust, and is based on prices, etc., calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method). The amounts are converted to Japanese yen based on the exchange rate as of the end of the fiscal period (January 31, 2016). However, since this was not a business day, the exchange rate as of the business day immediately preceding the end of the fiscal period (January 29, 2016; 1 RM = ¥29.17; rounded down to the nearest 100th) was used.
- (Note 14) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.

(D) Capital expenditures for properties held

a. Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (those exceeding ¥30 million per work) that the Investment Corporation plans to conduct for properties held as of January 31, 2016.

The estimated construction cost below includes the portion expensed for accounting purposes.

Property name (Location)	Purpose	Scheduled period	Estimated cost of construction works (Millions of yen)		
			Total amount	Payment for the period	Total amount already paid
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido)	Work to renew EHP of air-conditioning system	From September 2016 to September 2016	57	—	—
AEON MALL Morioka (Morioka City, Iwate Pref.)	Work to expand and invigorate mall	From July 2015 to April 2016	986	—	—
AEON MALL Mitouchihara (Mito City, Ibaraki Pref.)	External wall painting work	From November 2015 to April 2016	300	—	—
AEON Sagami-hara Shopping Center (Sagami-hara City, Kanagawa Pref.)	Work to renew EHP of air-conditioning system	From April 2016 to July 2016	51	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	External wall painting work	From November 2015 to June 2016	175	1	1
AEON MALL Meiwa (Taki County, Mie Pref.)	Air conditioning renewal work	From September 2016 to October 2016	77	—	—
	Work to renew EHP of air-conditioning system	From September 2016 to November 2016	35	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Asphalting work	From May 2016 to June 2016	82	—	—
	Rezoning work	From August 2016 to August 2016	40	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Work to renew GHP of air-conditioning system	From November 2016 to November 2016	38	—	—
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Work to convert lighting to LEDs	From May 2016 to May 2016	85	—	—
	External wall painting work	From August 2016 to January 2017	306	—	—
AEON MALL Kumamoto (Kamimashiki County, Kumamoto Pref.)	Work to renew central monitoring system	From July 2016 to July 2016	66	—	—

b. Capital expenditures during the period

For properties held by the Investment Corporation as of January 31, 2016, the major construction works that fall into capital expenditure (those exceeding ¥10 million per work) conducted by the Investment Corporation during the current fiscal period are shown in the table below. The capital expenditure for the current fiscal period amounted to ¥238 million, and repair and maintenance expenses that were accounted for as expense came to ¥371 million. On aggregate, construction work of ¥610 million was carried out during the fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON Sagami-hara Shopping Center (Sagami-hara City, Kanagawa Pref.)	Automatic fire alarm renewal work	From October 2015 to December 2015	17
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Air conditioning renewal work	From November 2015 to December 2015	49
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Ramp steel painting work	From November 2015 to January 2016	40
AEON MALL Kumamoto (Kamimashiki County, Kumamoto Pref.)	Work to convert lighting to LEDs	From November 2015 to November 2015	10

(E) Statements of income of individual properties

6th fiscal period (from August 1, 2015 to January 31, 2016)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3	RSC-4
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara (Note 2)	AEON MALL Ota
Number of operating days	184	184	184	184	184	184
(A) Real estate leasing business revenue	683,064	339,894	336,846	351,814	725,920	475,343
Rent revenue—real estate	683,064	339,894	336,846	351,814	725,920	475,343
(B) Real estate leasing business expenses	90,676	117,158	114,124	117,797	171,513	194,879
Expenses for management and operation (Note 1)	1,826	1,371	1,820	1,790	1,400	1,400
Taxes and dues	83,465	35,513	43,848	46,564	77,338	39,611
Insurance expenses	2,444	1,816	2,334	1,411	3,768	2,027
Repairs and maintenance expenses	2,876	19	16,353	12,733	13,888	19,203
Land rent paid	—	77,775	49,748	54,704	75,095	132,591
Other expenses related to rent business	63	661	20	594	21	45
(C) NOI (A – B)	592,388	222,736	222,721	234,017	554,407	280,464
(D) Depreciation	224,774	102,447	96,967	82,967	241,716	113,533
(E) Income from leasing business (C – D)	367,614	120,288	125,754	151,050	312,690	166,930
(F) Capital expenditures	2,617	—	—	3,693	1,955	1,780
(G) NCF (C – F)	589,770	222,736	222,721	230,324	552,451	278,683

(Note 1) *Expenses for management and operation* include trust fees.

(Note 2) For this property, there exist both a portion of beneficiary rights of real estate in trust and a real estate portion. The real estate portion is the land of AEON MALL Mitouchihara (Mito City, Ibaraki Prefecture) that was additionally acquired on April 28, 2015. The number of operating days are 184 days, real estate leasing business revenue is ¥2,628 thousand and no real estate leasing business expenses were incurred.

(Note 3) *Real estate leasing business revenue* and *Real estate leasing business expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-5	RSC-6	RSC-7	RSC-8	RSC-9	RSC-10
Property name	AEON Sagami-hara Shopping Center	AEON MALL Ogaki	AEON MALL Suzuka	AEON MALL Meiwa	AEON MALL Kasai-Hojo	AEON MALL Hiezu
Number of operating days	184	184	184	184	184	184
(A) Real estate leasing business revenue	419,598	326,832	442,643	213,255	325,905	426,463
Rent revenue—real estate	419,598	326,832	442,643	213,255	325,905	426,463
(B) Real estate leasing business expenses	95,646	152,313	80,326	83,359	59,029	142,907
Expenses for management and operation (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	76,151	34,115	55,655	23,016	41,912	43,450
Insurance expenses	3,269	1,457	2,908	870	1,027	2,328
Repairs and maintenance expenses	14,790	20,768	19,889	20,055	4,558	23,186
Land rent paid	—	94,212	—	37,567	9,677	72,092
Other expenses related to rent business	34	—	22	—	4	—
(C) NOI (A – B)	323,951	174,519	362,317	129,896	266,876	283,555
(D) Depreciation	81,158	118,544	101,398	37,361	103,919	147,045
(E) Income from leasing business (C – D)	242,793	55,974	260,918	92,534	162,957	136,510
(F) Capital expenditures	25,172	10,277	6,884	10,981	920	1,667
(G) NCF (C – F)	298,778	164,241	355,433	118,914	265,955	281,888

(Note 1) *Expenses for management and operation* include trust fees.

(Note 2) For this property, there exist both a portion of beneficiary rights of real estate in trust and a real estate portion. The real estate portion is the land of AEON MALL Mitouchihara (Mito City, Ibaraki Prefecture) that was additionally acquired on April 28, 2015. The number of operating days are 184 days, real estate leasing business revenue is ¥2,628 thousand and no real estate leasing business expenses were incurred.

(Note 3) *Real estate leasing business revenue* and *Real estate leasing business expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-11	RSC-12	RSC-13	RSC-14	RSC-15	RSC-16
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL Kumamoto	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka
Number of operating days	184	184	184	184	184	184
(A) Real estate leasing business revenue	736,774	456,688	555,895	589,232	696,661	448,603
Rent revenue—real estate	736,774	456,688	555,895	589,232	696,661	448,603
(B) Real estate leasing business expenses	151,820	145,492	140,210	136,753	12,171	181,078
Expenses for management and operation (Note 1)	1,850	1,850	1,850	1,850	1,562	2,180
Taxes and dues	97,870	54,100	60,290	62,604	—	—
Insurance expenses	3,968	2,413	4,447	2,981	3,704	2,057
Repairs and maintenance expenses	48,031	2,159	30,228	35,972	6,896	11,365
Land rent paid	—	84,915	43,384	33,345	—	165,475
Other expenses related to rent business	100	53	10	—	8	—
(C) NOI (A – B)	584,953	311,195	415,684	452,478	684,490	267,525
(D) Depreciation	242,557	184,100	201,725	184,331	184,675	95,465
(E) Income from leasing business (C – D)	342,396	127,095	213,958	268,147	499,814	172,059
(F) Capital expenditures	71,075	1,389	53,379	21,167	—	8,639
(G) NCF (C – F)	513,877	309,806	362,305	431,311	684,490	258,885

(Note 1) *Expenses for management and operation* include trust fees.

(Note 2) For this property, there exist both a portion of beneficiary rights of real estate in trust and a real estate portion. The real estate portion is the land of AEON MALL Mitouchihara (Mito City, Ibaraki Prefecture) that was additionally acquired on April 28, 2015. The number of operating days are 184 days, real estate leasing business revenue is ¥2,628 thousand and no real estate leasing business expenses were incurred.

(Note 3) *Real estate leasing business revenue* and *Real estate leasing business expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-17	RSC-18	RSC-19	RSC-20	M-1	
Property name	AEON MALL Kushiro-Showa	AEON MALL Rifu	AEON MALL Yamagata-Minami	AEON MALL Yokkaichi-Kita	AEON Taman Universiti Shopping Centre (Note 3)	Total
Number of operating days	184	184	184	184	184	—
(A) Real estate leasing business revenue	234,388	209,049	162,246	228,269	20,646	9,406,039
Rent revenue—real estate	234,388	209,049	162,246	228,269	20,646	9,406,039
(B) Real estate leasing business expenses	139,039	84,567	73,028	102,857	1,475	2,588,227
Expenses for management and operation (Note 1)	2,180	1,760	1,820	1,760	419	39,249
Taxes and dues	—	—	—	—	887	876,394
Insurance expenses	1,325	1,614	1,324	1,005	167	50,673
Repairs and maintenance expenses	39,670	15,255	5,341	8,623	—	371,869
Land rent paid	95,864	65,915	64,541	91,469	—	1,248,376
Other expenses related to rent business	—	21	—	—	0	1,664
(C) NOI (A – B)	95,348	124,481	89,218	125,411	19,171	6,817,811
(D) Depreciation	27,397	39,908	23,985	33,321	8,386	2,677,691
(E) Income from leasing business (C – D)	67,950	84,573	65,233	92,090	10,784	4,140,119
(F) Capital expenditures	11,327	—	4,107	1,732	—	238,768
(G) NCF (C – F)	84,021	124,481	85,111	123,679	19,171	6,579,043

(Note 1) *Expenses for management and operation* include trust fees.

(Note 2) For this property, there exist both a portion of beneficiary rights of real estate in trust and a real estate portion. The real estate portion is the land of AEON MALL Mitouchihara (Mito City, Ibaraki Prefecture) that was additionally acquired on April 28, 2015. The number of operating days are 184 days, real estate leasing business revenue is ¥2,628 thousand and no real estate leasing business expenses were incurred.

(Note 3) *Real estate leasing business revenue* and *Real estate leasing business expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).