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For Immediate Release

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Notice Concerning the Acquisition of Shares in an Overseas Real Estate Holding Corporation and Leases of Overseas Properties

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces that AEON Reit Management Co., Ltd. (the “Asset Manager”), to which the Investment Corporation entrusts the management of its assets, has today decided on the acquisition of the shares issued at the time of establishment by a Malaysian corporation that plans to hold overseas properties and shares to be additionally issued by the Malaysian corporation and the acquisition of an overseas property by the Malaysian corporation and leases of the said overseas property. Details are as described below.

The Malaysian corporation falls under an overseas real estate holding corporation (as defined in Article 105, Item 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations) (the “Overseas SPC”), and the Investment Corporation will be able to acquire the overseas property legally under Article 27 and Article 28, Paragraph 4 of its Articles of Incorporation.

The lessee of the said overseas property (the master lessee), AEON CO. (M) BHD., is an interested party as defined in Article 201 of the Investment Trust and Investment Corporation Act (the “Investment Trust Act”) and Article 123 of the Order for Enforcement of the Investment Trust and Investment Corporation Act (the “Order for Enforcement of Investment Trust Act”), and is also an interested party under the Asset Manager’s internal rule “Rule for Interested-Party Transactions.” In connection with the leases to AEON CO. (M) BHD., the Asset Manager has gone through the decision-making process prescribed by this interested-party transaction rule.

1. Summary of Planned Acquisitions

(1) Shares issued by the Overseas SPC at the time of establishment

(1) Assets to be acquired	Two shares to be issued by the Overseas SPC (for the overview of the Overseas SPC, please refer to “3. (1) (i) Overview of the Overseas SPC” below).
(2) Anticipated acquisition price	RM 2 (56 yen) (Note) (RM refers to Malaysian Ringgit. The same will apply hereinafter.)
(3) Anticipated acquisition date:	April 26, 2016

(4) Sellers:	One share each from two Malaysians residing in Malaysia (for the overview of the sellers, please refer to “3. (2) (i) Overview of the Sellers of the shares of the Overseas SPC” below).
(5) Acquisition funds:	Own funds

(Note) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). The price does not include the expenses required for the acquisition of the shares.

(2) Shares to be additionally issued by the Overseas SPC (when the Overseas SPC pays an amount equivalent to the deposit to the seller of the overseas property)

(1) Assets to be acquired	34,000,000 shares to be additionally issued by the Overseas SPC (34,000,000 shares of the outstanding shares of 34,000,002 shares (100% interest))
(2) Anticipated acquisition price	RM 34,000,000 (953,360,000 yen) (Note) (Amount obtained by adding expenses to an amount equivalent to 10% of the anticipated acquisition price of the overseas property)
(3) Anticipated acquisition date:	May 10, 2016
(4) Sellers:	Plan to underwrite at the time of additional issuance by the Overseas SPC
(5) Acquisition funds:	Own funds

(Note) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). The price does not include the expenses required for the acquisition of the shares.

(3) Shares to be additionally issued by the Overseas SPC (when the Overseas SPC receives the delivery of the overseas property)

(1) Assets to be acquired	205,110,000 shares to be additionally issued by the Overseas SPC (205,110,000 shares of the outstanding shares of 239,110,002 shares (100% interest)) (Note 1)
(2) Anticipated acquisition price	RM 205,110,000 (5,751,284,400 yen) (Notes 1 and 2) (Amount obtained by adding goods and services taxes to the anticipated acquisition price of the overseas property and other working capital to an amount equivalent to 90% of the said anticipated acquisition price)
(3) Anticipated acquisition date:	Undecided (planned to be a certain date after the Overseas SPC has obtained approval, etc. from the competent state government in Malaysia)
(4) Sellers:	Plan to underwrite at the time of additional issuance by the Overseas SPC
(5) Acquisition funds:	Own funds and loans (Planned)

(Note 1) The number of shares to be additionally issued by the Overseas SPC may increase or decrease according to changes in the expenses required for the acquisition and management of the overseas property and, in accordance with such changes, the number of shares to be acquired by the Investment Corporation and the acquisition price will change.

(Note 2) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). The price does not include the expenses required for the acquisition of the shares.

(4) Overseas property to be acquired by the Overseas SPC

(1) Assets to be acquired	AEON MALL SEREMBAN 2
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(2) Anticipated acquisition price	RM 215,000,000 (6,028,600,000 yen)
(3) Anticipated date of sales agreement	April 26, 2016
(4) Anticipated acquisition date:	Undecided (planned to be a certain date after the Overseas SPC has obtained approval, etc. from the competent state government in Malaysia)
(5) Sellers:	Swiss Advanced Technology Institute (M) Sdn. Bhd. (for the overview of the seller, please refer to “3. (2) (ii) Overview of the Seller of the Overseas Property” below).
(6) Acquisition funds:	Own funds (funds raised by capital increase with the Investment Corporation as the underwriter)
(7) Method of settlement:	After the Investment Corporation has acquired the shares issued at the time of establishment by the Overseas SPC, the Overseas SPC will increase its capital, with the Investment Corporation as the underwriter, when (1) the Overseas SPC pays an amount equivalent to the deposit to the seller of the overseas property and (2) the Overseas SPC receives the delivery of the overseas property, and then the Overseas SPC will make the payment for acquiring the overseas property to its seller, using the funds from the capital increase. The Investment Corporation will underwrite the capital increase of the Overseas SPC at the time of (1) and (2).
(8) Other noteworthy matters	In the sales agreement with conditions precedent that the Overseas SPC will conclude with the seller of the overseas property, the acquisition of the approval of the government of the state where the overseas property is located and an approval, etc. at a general meeting of shareholders of AEON CO. (M) BHD., which is the lessee of the overseas property, upon the conclusion of a lease agreement with the Overseas SPC are set as the conditions precedent.

(Note) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). It is an amount (the sales price, etc. stated in the sales agreement, etc.) that does not include expenses (commissions, taxes and public dues, etc.) required for the acquisition of the property.

2. Reasons for Acquisition and Leases

The Investment Corporation intends to improve its portfolio in both quality and quantity by acquiring the Anticipated Properties in accordance with its policies regarding its target properties and other investment policies as defined in its Article of Incorporation. As a result of the incorporation of the overseas property (the “Overseas Property”) to be acquired by the Overseas SPC, our portfolio will expand to 29 properties (including two overseas properties) and the aggregate (anticipated) acquisition price will increase to 256.1 billion yen. The Investment Corporation believes that it will be able to steadily expand the size of the portfolio, diversify the regions and further strengthen the income base.

The Overseas Property will be acquired based on a scheme of using an “overseas real estate corporation,” which has been introduced by the revised Act on Investment Trusts and Investment Corporations (the “revised Investment Trust Act”) that came into force on December 1, 2014 (the “Scheme”) for the first time as J-REIT. We believe that the use of the Scheme will not only lead the way to diversified investment in overseas regions beyond Japan, but will also become able to take on overseas economic growth to a certain extent, in addition to hedging against the risk that the economy and the real estate market in Japan may fluctuate, through investments in overseas properties.

The AEON Group has been opening malls in Malaysia for more than 30 years, and has gained a certain market share. The Investment Corporation has analyzed that Malaysia is a country and region where medium- to long-term economic growth continues to be promising and believes that Malaysia is a region suitable for an investment target, taking the following factors into comprehensive consideration: a track record in retail business operation (referring to the history of an income record such as net sales in the past retail business; the same will apply hereinafter in 2.) can be confirmed; it is a region where the population has been growing and future market growth can be expected; and the legal and tax systems have been fully developed.

The Investment Corporation appreciated the following points when it decided to acquire AEON MALL SEREMBAN 2 (the “Property” in 2.), which the Investment Corporation will acquire through the Overseas SPC.

- The Seremban District in the state of Negeri Sembilan where the Property is located is a region with a favorable living environment as a newly developed area in the suburbs of Kuala Lumpur, the capital city of Malaysia, and the Property has a long-term track record as a regional shopping center (Note) with a large commercial area and stable and long-term operational experience.
(Note) The regional shopping center (RSC) is a regional-type shopping center with a large commercial area including a general merchandise store (a general supermarket dealing comprehensively in various goods used in everyday life such as foodstuffs and daily necessities as well as clothing items, home electronics and furniture) or another similar store as the anchor tenant and a complex of over 50 specialty stores.
- High visibility, surrounded on all four sides by roads and an excellent location with good access from the main roads.
- Having competitive specifications in terms of the store structure consisting of specialty stores including movie theaters and amusement facilities in addition to AEON, an anchor tenant, and the arrangement of escalators and indoor parking.
- The Property has high competitiveness as the leading regional store that has been operated by AEON CO. (M) BHD. since the commencement of business in September 2005, and has maintained a solid and stable ability to pull in customers as a life infrastructure asset rooted in the local community.
- Certain internal growth can be expected given that the rent received by the Overseas SPC from AEON CO. (M) BHD., the lessee of the Overseas Property, will be adjusted every three years after concluding the lease agreement in step with changes in the consumer price index (the “CPI”) published by the Department of Statistics Malaysia (however, the rent hike may not exceed 10% of the monthly rent before adjustment). There is no year when the CPI has fallen from the previous year in the past 35 years, and the average rate of increase in the most recent decade is 2.6%.

In addition, we believe that the tenants of the Anticipated Properties satisfy the selection criteria for tenants written in the “Report on the Management Structure and System”, which we published on October 28, 2015.

3. Overview of the Anticipated Properties and Leases

(1) Summary of the Anticipated Properties

The tables below show the overview of shares to be issued by the Overseas SPC that the Investment Corporation intends to acquire (the “Shares of the Overseas SPC”) and the overview of the Overseas Property (the “Individual Property Tables”). When referring to the Individual Property Tables, please refer to the following explanation of the terms used in the tables.

In principle, unless otherwise noted, all information included in the tables is as of March 31, 2016.

- (a) *Address* represents the title particulars (in the case of multiple addresses, one of them) recorded in the issue document of the title.
- (b) *Land*
 - *Lot area* represents the land area written in the issue document of the title. *Use district* is indicated based on the real estate appraisal prepared by the Japan Real Estate Institute.
- (c) *Building*
Completion year, Structure/Floors, Total floor area and Use are indicated based on the building condition inspection report prepared by Takenaka Corporation.
- (d) *Ownership type* is described without categorizing the land and buildings. Under Malaysian laws, land is considered to include all of the buildings, structures and attached fittings on the land, and it is not possible to trade buildings, structures and attached fittings alone separately from the land.

- (e) *Master lease company* represents the companies with which we are due to enter into a master lease agreement for the Overseas Property. *Type of master lease* indicates either the fixed-rent or the pass-through type.
- (f) *PML value* represents Probable Maximum Loss (the “PML”) based on the report as of April 2016 prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. We evaluate earthquake-related risk analysis as part of due diligence at the time of acquiring assets, by requesting it to Tokio Marine & Nichido Risk Consulting Co., Ltd. The analysis evaluates the earthquake resistance of the building by its unique structure evaluation method based on the structure plans and structure calculation documents, compares it with contents of the structure calculation documents, and evaluates the final earthquake resistance of the subject building. We calculate the PML value of a building by an earthquake based on overall results of evaluation including hazards caused by earthquakes and ground conditions, taking into account a building’s sensitivity to earthquakes, based on the final earthquake resistance assessment.
- (g) *Collateralized* indicates whether a property is collateralized or not and shows “Yes” if the Overseas Property that is the transaction target of the Overseas SPC is collateralized.
- (h) *Tenant details*
- *Number of tenants* represents the total number of tenants who have entered into a lease agreement for the Overseas Property, which will be in effect as of the date the Overseas SPC acquires such assets. In cases where a master lease agreement is entered into and its rent is fixed under the master lease agreement, it represents the number of master lease companies.
 - *Annual contracted rent* represents an annualized amount, which is calculated by multiplying the portion equivalent to the monthly fixed rent stipulated in a lease agreement for the Overseas Property, which will be in effect when the Overseas SPC acquires such assets, by 12, and which is rounded to the nearest million yen.
 - *Leasehold/Security deposits* represents an amount of the bank guarantee specified in a lease agreement for the Overseas Property, which will be in effect when the Overseas SPC acquires such assets, and which is rounded to the nearest million yen.
 - *Total leased area* and *Total leasable area* are the same as the total floor area of the building, and thus the said area is indicated.
 - *Occupancy rate* represents the proportion of total leased area to total leasable area in relation to the Overseas Property at the time of acquisition by the Overseas SPC, and the figure is rounded to the nearest tenth.
- (i) *Special remarks* represent, in principle, items related to the interests in or use of, etc. individual assets, which remarks are considered important, as well as items considered to be important matters based on their degree of impact on an asset’s appraisal value, profitability or disposability, based on information as of March 31, 2016.
- (j) Amounts converted to yen are rounded down to the nearest full unit.

(i) Overview of the Overseas SPC

1) Overview of the Overseas SPC

Name	JAMBATAN MANSEIBASHI (M) Sdn. Bhd.	
Overview	(1) The Overseas SPC is a private limited company established under the Companies Act 1965 of Malaysia.	
	(2) The overview of the Overseas SPC's balance sheet is as follows.	
	JAMBATAN MANSEIBASHI (M) Sdn. Bhd.	
	(Assets)	(Net assets)
	Other assets RM 2 (56 yen)	Capital stock, etc. RM 2 (56 yen)
	Total assets RM 2 (56 yen)	Total liabilities and net assets RM 2 (56 yen)
	(Note) Capital stock, etc. of the Overseas SPC at the time when the Investment Corporation acquires the shares issued at the time of establishment by the Overseas SPC is RM 2 (56 yen). After the Overseas SPC has issued additional shares, it will be RM 239,110,002 (6,704,644,456 yen).	
	(3) The fiscal year of the Overseas SPC is one year from August 1 every year to July 31 of the following year. However, the Overseas SPC will close its books for the midterm settlement of accounts on January 31 every year.	
	(4) The Overseas SPC will perform accounting treatment in accordance with the accounting standards of Malaysia (corresponding to IFRS). Properties acquired by the Overseas SPC will be recognized as investment properties and evaluated based on their real estate appraisal based on the fair value model without recognizing depreciation every fiscal year for accounting purposes. Although corporate tax will be levied at the tax rate of 24% from 2016 in Malaysia, the current legal system does not have a scheme for deducting the corporate tax from foreign tax in Japan. Accordingly, when the Investment Corporation receives dividends from the Overseas SPC, dividends after subtracting the 24% tax will be received.	

(Note) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)).

(ii) Overview of shares issued by the Overseas SPC at the time of establishment

Name	Outstanding shares issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd. (2 shares)
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(iii) Overview of shares to be additionally issued by the Overseas SPC (when the Overseas SPC pays an amount equivalent to the deposit the seller of the overseas property)

Name	Shares additionally issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd. (34,000,000 shares)
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(iv) Overview of shares to be additionally issued by the Overseas SPC (when the Overseas SPC receives the delivery of the overseas property)

Name	Shares additionally issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd. (205,110,000 shares)
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(v) Overview of the Overseas Property

7) Overview of the Overseas Property

Property name		AEON MALL SEREMBAN 2
Anticipated acquisition price		RM 215,000,000 (6,028 million yen) (Note 1)
Address		Geran No. Hakmilik 145168, Lot No. 27052, Bandar Seremban Utama, Daerah Seremban, Negeri Sembilan, Malaysia
Type of specified asset		Real estate
Anticipated acquisition date		Undecided (planned to be a certain date after the Overseas SPC has obtained the approval, etc. of the competent state government in Malaysia)
Land	Lot area	51,186.00 m ²
	Use district	Commercial district
Building	Completion year	2005
	Structure/Floors	Reinforced concrete and partial steel structure building with four stories above ground
	Total floor area	81,135.00 m ²
	Use	Retail stores, restaurants, movie theaters, bowling alley
Ownership type		Freehold (ownership)
Master lease company		AEON CO. (M) BHD.

Type of master lease	Fixed-rent (Note 2)
PML value	4.0%
Collateralized	No
Appraisal value (As of)	RM 230,000,000 (6,449 million yen) (Note 2) (April 15, 2016)
Appraiser	Japan Real Estate Institute
Tenant details	
Number of tenants	1
Annual contracted rents	RM 13,650,000 (382 million yen) and an amount equivalent to taxes, etc. (Note 2) (Note 3)
Leasehold/Security deposits	-
Total leased area	81,135.00 m ²
Total leasable area	81,135.00 m ²
Occupancy rate	100%
Special remarks	Not applicable.

(Note 1) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). It is an amount (the sales price, etc. stated in the sales agreement, etc.) that does not include expenses (commissions, taxes and public dues, etc.) required for the acquisition of the property. (Note 2) Although in addition to the fixed rent, the variable rent equivalent to taxes, etc. on the Overseas Property that the Overseas SPC as the lessee will bear is also payable, it is not linked to the rent income of the master lessee, and thus the type is determined as "fixed-rent."

(Note 3) Dividends received by the Investment Corporation from the Overseas SPC and the total rent income received by the Overseas SPC from the master lessee as a result of investment in AEON MALL SEREMBAN 2 do not match. Depending on the time when the Overseas SPC acquires the Overseas Property, the income in the first year of operation is expected to be lower as much of the incorporation expenses and operating costs of the Overseas SPC will be incurred.

(2) Overview of sellers

(i) Overview of the sellers of the Shares of the Overseas SPC

Name	Not disclosed because the sellers do not consent to disclosure.
Address	Not disclosed because the sellers do not consent to disclosure.
Relationships of the individuals with the Investment Corporation and the Asset Manager	Not applicable.

(ii) Overview of the sellers of the Overseas Property

Name	Swiss Advanced Technology Institute (M) Sdn. Bhd.
Address	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara Heights, 50490 Kuala Lumpur, Malaysia
Name and title of the company representative	Director, Goh Richard Chee Heng
Business	Real estate investment business
Paid-in capital	RM 100,000 (2,804,000 yen) (Note)
Establishment date	November 20, 1996
Net assets	Not disclosed because the sellers do not consent to disclosure.
Total assets	Not disclosed because the sellers do not consent to disclosure.
Large shareholder and equity position	Reco Home Builder Pte Ltd (shareholding ratio 100%)
Relationship with the Investment Corporation and the Asset Manager	
Capital	Not applicable.
Human resources	Not applicable.
Transactions	Not applicable.
Related party	Not applicable.

(Note) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)).

4. Overview of property owners, etc.

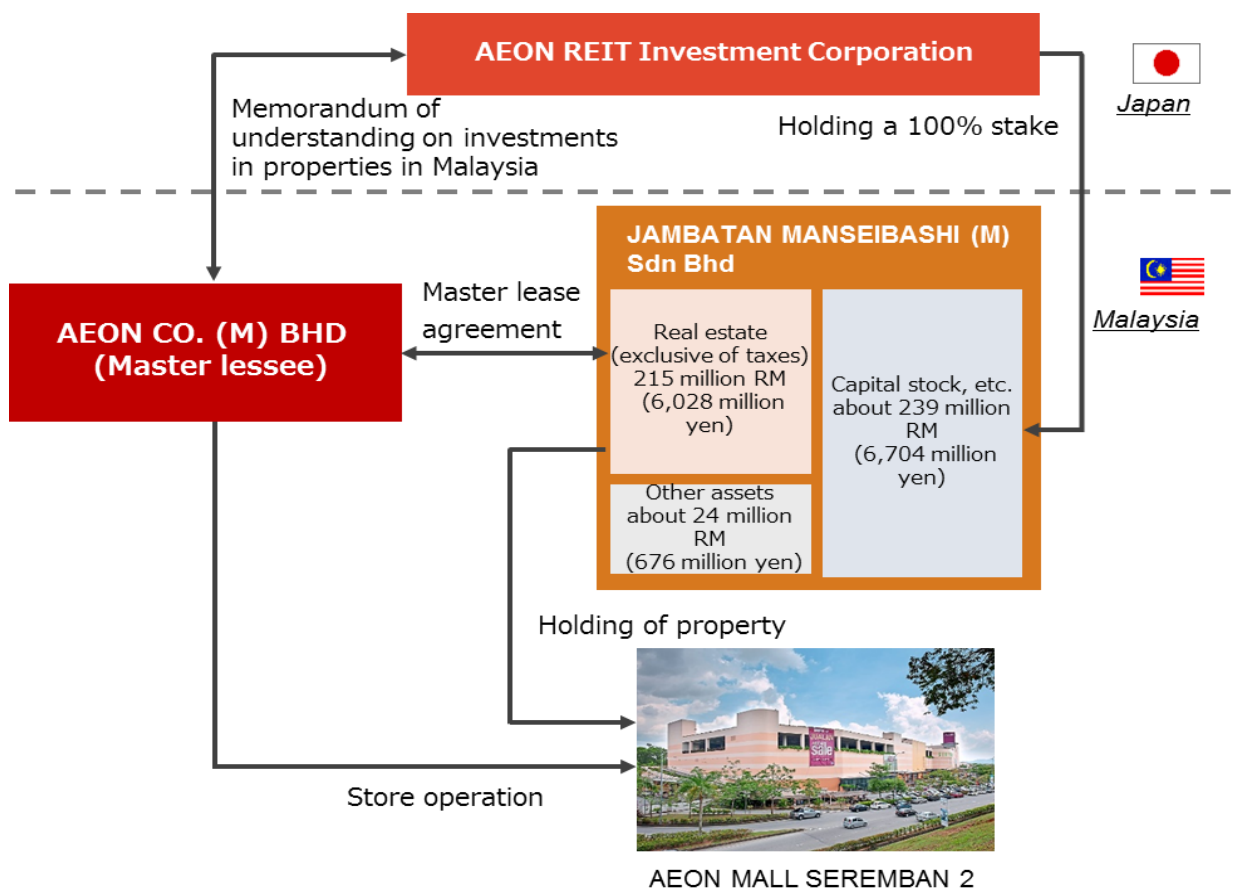
The current owner of AEON MALL SEREMBAN 2, which the Investment Corporation will acquire through the Overseas SPC, is a foreign corporation and does not have any special interests in the Investment Corporation and the Asset Manager.

5. Overview of brokerage

There was no brokerage in the acquisition of the assets above.

6. Overview of the Scheme

(1) Overview of the Scheme (After the acquisition of the Overseas Property through the Overseas SPC)



(Note) Currently, we assume that the assets to be owned by the Investment Corporation in the Scheme are only shares in the Overseas SPC. However, the Investment Corporation could provide loans to the Overseas SPC and underwrite bonds issued by the Overseas SPC in the future in light of their economic rationality.

(2) Overview of the legal system for the acquisition of real estate in Malaysia

The following approvals are necessary for foreign capital to acquire real estate in Malaysia.

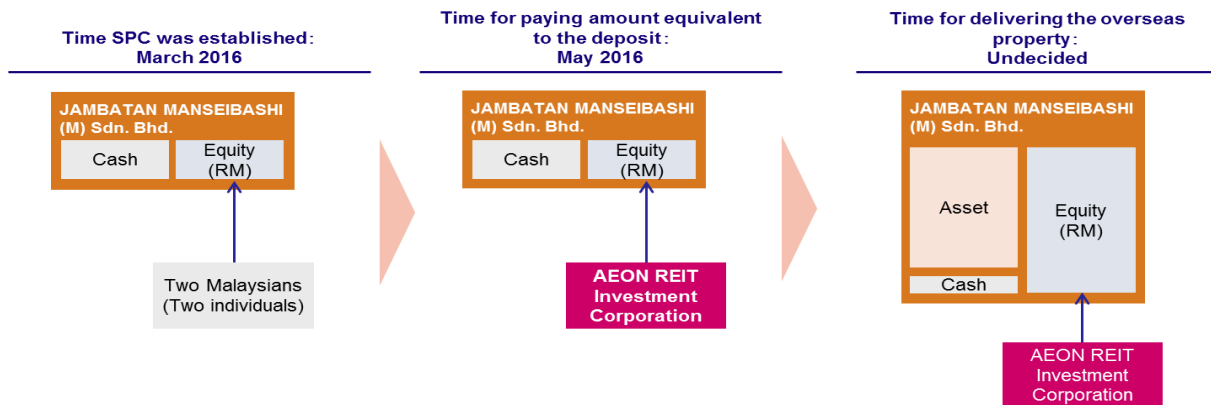
(i) Approval of the Economic Planning Unit

Generally, in cases where foreign capital acquires real estate (excluding residential properties; the same will apply hereinafter) located in Malaysia, if the acquisition falls under (a) the direct acquisition of real estate of 20 million Malaysian Ringgit or more that will dilute the ownership interest in the real estate that was owned by certain Malaysian capital (“Bumiputera Capital”) or (b) the indirect acquisition of real estate of more than 20 million Malaysian Ringgit through the acquisition of shares in a company whose total assets are made up of more than 50% real estate that will entail the transfer of control in cases where Bumiputera Capital holds the shares, the approval of the Economic Planning Unit (the “EPU”), which is under the jurisdiction of the Prime Minister of Malaysia, is necessary. However, with respect to the acquisition of the Overseas Property by the Overseas SPC, we have received advice from a local expert that the approval of the EPU will be unnecessary as Swiss Advanced Technology Institute (M) Sdn. Bhd., the seller, has already been deemed as foreign capital.

(ii) Approval under the National Land Code

The National Land Code in Malaysia stipulates that the approval of a state government (“State Government Approval”) is necessary for foreign capital to dispose of or acquire land (excluding industrial land) on the Malay Peninsula. In addition, some land is subject to the condition that the transfer, lease and other disposal thereof shall be subject to State Government Approval. The state government is able to set certain conditions for such approval. When the Overseas SPC acquires the Overseas Property, the acquisition of State Government Approval will be necessary.

(3) Flow until the acquisition of the Overseas Property



(4) Time when the Investment Corporation records dividends received from the Overseas SPC as income

The first fiscal year of the Overseas SPC after its establishment will be from the payment date of initial capital stock, etc. to July 31, 2016. As dividends in RM will be fixed after the settlement of accounts and the audit of the Overseas SPC have been completed under Malaysian laws, it will be the 8th fiscal period (ending January 31, 2017) when the Investment Corporation will be able to recognize dividends in RM for the first fiscal year of the Overseas SPC ending July 31, 2016 as income. In addition, as incorporation expenses will be needed for the first year of the operation of Overseas SPC, no dividends may be paid to the Investment Corporation according to the time of the acquisition of the Overseas Property. Furthermore, if the acquisition of the property is later than expected due to a delay in the acquisition of the State Government Approval, etc., it could be after the 9th fiscal period (ending July 31, 2017) when the Investment Corporation will receive substantive dividends.

7. Scope of hedges of foreign exchange risk and the concept of the hedge ratio

(1) Scope of hedges of foreign exchange risk and the hedge ratio when acquiring shares issued by the Overseas SPC

The Investment Corporation does not intend to hedge against foreign exchange risk when it acquires the shares issued by the Overseas SPC at the time of establishment for RM 2 (56 yen) on April 26, 2016. As for the amount of capital increase that the Investment Corporation will underwrite when the Overseas SPC pays an amount equivalent to the deposit to the seller of the Overseas Property and the amount of capital increase that the Investment Corporation will underwrite when the Overseas SPC receives the delivery of the Overseas Property from the seller, the Investment Corporation will consider hedging against the foreign exchange risk by the method of forward exchange contract, etc. by which the payment of RM on a certain date at a certain price is promised at that time.

(2) Scope of hedges of foreign exchange risk and the hedge ratio when receiving dividends from the Overseas SPC

When the Investment Corporation receives income from the Overseas Property as dividends from the Overseas SPC after the Investment Corporation has acquired the Overseas Property through the Overseas SPC, the Investment Corporation will consider hedging against the foreign exchange risk by the method of forward exchange contract, etc. by which the payment of RM on a certain date after the fiscal period of the Investment Corporation at a certain price is promised at that time.

8. Method of settlement

Please refer to “1. Summary of Planned Acquisitions (4)” above.

9. Schedule of acquisition

Please refer to “1. Summary of Planned Acquisitions (1) through (4)” above.

10. Transactions with interested persons, etc.

(1) Changes in procedures for acquiring assets from interested parties, etc.

Bearing in mind that the construction of an appropriate governance system is important for maximizing unitholder value, the Investment Corporation has been building the framework whereby the opinions of third parties without any interest in the AEON Group (Note) will be reflected in the Asset Manager’s decision-making on transactions with interested persons such as the acquisition of assets, etc. from the AEON Group. Specifically, outside experts who are third parties without any interest in the AEON Group are appointed as members of the Investment Committee and the Compliance Committee, and the attendance and agreement of the outside experts are deemed essential in the decision-making process for the governing body to make decisions on transactions with interested parties.

(Note) The AEON Group consists of AEON Co., Ltd., which is the pure holding company, and its 284 consolidated subsidiaries and 31 equity-method affiliates (as of the end of February 2015). The same will apply hereinafter.

(2) Real estate lease agreement (master lease agreement)

The Investment Corporation will conclude a master lease agreement with AEON CO. (M) BHD. through the Overseas SPC that will acquire the Overseas Property. The party who will conclude the master lease agreement is a subsidiary, etc. of AEON Co., Ltd., which is the parent company of the Asset Manager, and falls under the interested persons, etc. as prescribed in Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Investment Trust Act and falls under the interested persons in the “regulations on transactions with interested persons,” the internal regulations of the Asset Manager. For this reason, the Asset Manager will go through the decision-making procedures set forth in the regulations on transactions with interested persons when it has the Overseas SPC conclude the master lease agreement.

Overview of lessees – Master lease agreement

(M-2) AEON MALL SEREMBAN 2

Name	AEON CO. (M) BHD.
Address	3rd Floor, AEON Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras 55100 Kuala Lumpur, Malaysia
Name and title of the company representative	Nur Qamarina Chew binti Abdullah, Managing Director
Business	General Merchandise Store Business (GMS Business)
Paid-in capital	RM 702,000,000 (19,684,080,000 yen) (Note 1) (as of December 31, 2015)
Establishment date	September 15, 1984
Net assets	RM 1,833,599,000 (51,414,115,960 yen) (Note 1) (as of December 31, 2015)
Total assets	RM 4,042,303,000 (113,346,176,120 yen) (Note 1) (as of December 31, 2015)
Shareholders and equity position	AEON CO., LTD. 51.0% (as of March 31, 2015)
Relationship with the Investment Corporation and the Asset Manager	
Capital	Not applicable.
Human resources	Not applicable.
Transactions	Transactions with the Investment Corporation (from August 1, 2015 to January 31, 2016): Total rent income ¥20 million (RM 704 thousand) (Note 2) Transactions with the Investment Corporation and the Asset Manager: Has concluded the memorandum of understanding on investments in properties in Malaysia.
Related party	AEON CO. (M) BHD. is a Related Party of the Investment Corporation. It is

		also an interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager and Interested Party defined by the Investment Trust Act.
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(Note 1) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)).

(Note 2) The total rent income is stated by converting it to yen using the exchange rate (the average for spot exchange rates in the month before the month when the transaction was conducted) at the time when the transaction occurred.

11. Forward commitment, etc.

(1) Transaction that falls under forward commitment, etc. (Note)

Property number	Property name	Date of execution of the sale and purchase agreement	Date of acquisition of a property/properties
M-2	AEON MALL SEREMBAN 2	April 26, 2016	Undecided (planned to be a certain date after the Overseas SPC has obtained approval, etc. from the competent state government in Malaysia)

(Note) *Forward commitment contract, etc.* means a post-dated sale and purchase contract and any other similar contract by which both parties are bound to make payment of a price and deliver property/properties after the lapse of more than one month from the date of the conclusion of the contract.

(2) Impact on the financial condition of the Investment Corporation if the transaction subject to the forward commitment contract, etc. cannot be completed

The Overseas SPC must pay the transaction price within one (1) month of the satisfaction of the conditions precedent under the sale and purchase agreement for AEON MALL SEREMBAN 2. If the Overseas SPC cannot pay the transaction price, it may demand a moratorium for one (1) month; in this case, the Overseas SPC must pay the delinquency charges. In addition, if the Overseas SPC cannot pay the transaction price upon the expiry of the said moratorium, it may be demanded to pay the liquidated damages in an amount equivalent to 10% of the transaction price, and the counterparty may cancel the sale and purchase agreement or demand specific performance.

In that case, the Investment Corporation's liability as the shareholder of the Overseas SPC is limited and the Investment Corporation will not be required to make payment beyond the amount of capital contribution that it has already made. If the Investment Corporation decides to assume a burden through capital increase to the Overseas SPC, the amount of the liquidated damages (RM 21,500,000 (602,860,000 yen)) will not exceed the estimated net income for the fiscal period ending July 31, 2016 (and the fiscal period ending January 31, 2017) of the Investment Corporation as publicly announced in the “Financial Results for the Fiscal Period Ended January 31, 2016.” Accordingly, the financial condition of the Investment Corporation will be unlikely to be directly subject to materially adverse effects.

12. Future outlook

For more details on the impact of acquisition of the Anticipated Property on the Investment Corporation's expected performance and distributions in the fiscal period ending July 31, 2016 (from February 1, 2016 to July 31, 2016) and the fiscal period ending January 31, 2017 (from August 1, 2016 to January 31, 2017), we will disclose them anew after the date of acquisition of the Overseas Property has been fixed as the Overseas SPC has obtained approval, etc. from the competent state government in Malaysia.

13. Appraisal summary

A real estate appraisal has been acquired for AEON MALL SEREMBAN 2, which the Overseas SPC intends to acquire.

The Investment Corporation has acquired the real estate appraisal based on the Overseas Appraisal Support Method (a Japanese appraiser requests that an overseas appraiser collect and provide basic materials and other support considered to be necessary to complete the appraisal (“Overseas Appraisal Support Work”), and the Japanese appraiser performs the appraisal by using the services of the Overseas Appraisal Support Work) in accordance with the Guidelines for Appraising Overseas Investment Real Estate (formulated on January 25, 2008) set forth by the Ministry of Land, Infrastructure, Transport and Tourism.

The Investment Corporation has appointed Knight Frank Malaysia (meaning the Malaysian branch of Knight Frank LLP), which has the qualification and title certified and recognized as a professional in Malaysia, as the Overseas Appraiser, and Japan Real Estate Institute performs the appraisal after the Investment Corporation has requested that the overseas appraiser collect and provide basic materials and other support considered to be necessary to complete the appraisal and has received its services of Overseas Appraisal Support Work.

Property name	AEON MALL SEREMBAN 2
Appraisal value	RM 230,000,000 (6,449 million yen)
Appraisal method	Overseas Appraisal Support Method
Appraiser	Japan Real Estate Institute
Name of appraisal supporter	Knight Frank Malaysia
Appraisal date	April 15, 2016

Item	Amount or percentage		Summary
Capitalization approach price	RM 230,000,000		Applying mutatis mutandis the Inwood method (method of capitalization over a definite term), one of the direct capitalization methods in the Japanese standards, the capitalization approach price is estimated based on the capitalization method by summing the total present value of the net income until the building lease agreement has expired and the present value of land and building prices after the contract period has expired.
	Within the contract period	Year after the contract period has expired	
	1st - 10.0th years	11th year	
Operating income	RM 13,650,000	RM 15,356,000	
Potential gross rental income	RM 13,650,000	RM 15,356,000	Rent income from rental rooms based on the terms and conditions of the lease agreement is recorded in light of the terms and conditions of the lease agreement and the rent payment capacity of the lessee. In the year after the contract period has expired, rent is expected to rise 12.5% on the assumption that the lessee will continue to lease the property.
Losses due to vacancies, etc.	0	0	No losses due to vacancies, in light of the relationship to tenant, competitiveness of the property as a retail facility, conditions in lease agreements, etc.
Operating expenses	RM 137,000	RM 154,000	
Maintenance	0	0	The day-to-day management and operation of the subject building will be provided by the lessee on its own as it is leased in a block as a store facility. Accordingly, no maintenance costs are recorded.
Utilities costs	0	0	No utilities costs because they are paid by tenant
Repair costs	0	0	No repair costs because they are paid by tenant
Property management fees	RM 137,000	RM 154,000	Calculated by taking into account compensation rates in similar properties, individuality of the subject property, etc.
Advertisement for leasing, etc.	0	0	No costs for brokerage and advertising when inviting new tenants in light of the long-termed blanket contract shops covering the retail property
Taxes	0	0	No taxes because they are paid by tenant
Insurance premium	0	0	No insurance premium because they are paid by tenant
Other expenses	0	0	No special expenses to be recorded
Net operating income	RM 13,513,000	RM 15,202,000	
Discount rate	6.00%	6.00%	A rate estimated by comprehensively taking into account the individuality of the subject property and other factors, with reference to the return on investment for similar properties, etc.
Terminal capitalization rate	-	6.50%	A rate estimated by comprehensively taking into account future trends in the return on investment, the possibility of putting investment in the subject property at risk as an investment, a general prediction of GDP growth rates in

			the future, trends in real estate prices and rents, with reference to the transaction yield in relation to similar properties, etc.
Cash approach price	RM 230,000,000		
Ratio of land	23.4%		
Ratio of building	76.6%		
Other matters to which the appraiser paid attention at the time of appraisal	Not applicable.		

End

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange, Inc.), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

* AEON REIT Investment Corporation’s website: <http://www.aeon-jreit.co.jp/en/>

<Attachments>

Reference material 1	Outline of building engineering report
Reference material 2	Outline of earthquake risk analysis
Reference material 3	Photo of the property and map of the surrounding area
Reference material 4	Portfolio after acquisition of Anticipated Property

<Attachments>

Reference material 1 Outline of building engineering report

Property number	Property name	Replacement cost (Note 2)	Repair and maintenance expenses at time of survey (Note 3)			Engineering firm	Survey period (Note 4)	Remarks
			Urgent (Note 3)	Short term (Note 3)	Long term (Note 3)			
M-2	AEON MALL SEREMBAN 2	RM 175,300 thousand (4,915 million yen)	RM 63 thousand (1 million yen)	RM 14 thousand (0 million yen)	RM 6,727 thousand (188 million yen)	Takenaka Corporation	April, 2016	There are no important findings to be disclosed.

(Note 1) The Investment Corporation has acquired a building engineering report related to building inspection, compliance with related laws and regulations, the evaluation of repair and maintenance expenses and environmental assessment, etc. on AEON MALL SEREMBAN 2 from Takenaka Corporation. The description of the building engineering report expresses the opinions of the reporter, and the Investment Corporation does not guarantee the accuracy of its content. There is no special interest between Takenaka Corporation and the Investment Corporation or the Asset Manager.

(Note 2) *Replacement cost* represents the amount (excluding goods and services taxes) shown in the building engineering report, and is stated by rounding off to RM thousand.

(Note 3) *Repair and maintenance expenses* are stated by rounding off to RM thousand. *Short term* represents repair costs to be required within one year from a point of research when the research company made trial calculations. *Long term* represents such costs by converting the costs to be required within eleven years from a point of research into an annual average amount by the Asset Manager.

(Note 4) *Survey period* lists the date when the building engineering report was prepared.

Reference material 2 Outline of earthquake risk analysis

Property number	Property name	PML value (Probable Maximum Loss) (%)	Engineering firm	Survey period
M-2 (Note)	AEON MALL SEREMBAN 2	4.0	Tokio Marine & Nichido Risk Consulting Co., Ltd.	April 2016

(Note) The Investment Corporation has asked Tokio Marine & Nichido Risk Consulting Co., Ltd. to make an earthquake risk analysis as part of its due diligence for acquiring AEON MALL SEREMBAN 2 through the overseas real estate holding corporation, and has acquired an earthquake risk assessment report. The description of the earthquake risk assessment report expresses the opinions of the reporter, and the Investment Corporation does not guarantee the accuracy of its content. There is no special interest between Tokio Marine & Nichido Risk Consulting Co., Ltd. and the Investment Corporation or the Asset Manager.

Reference material 3 Photo of the property and map of the surrounding area

<AEON MALL SEREMBAN 2 Photo of the property>



<AEON MALL SEREMBAN 2 Map of the surrounding area>



Reference material 4 Portfolio after acquisition of Anticipated Property

<Assets and Properties Acquired>

Property number	Property name	Location	Acquisition price (scheduled) (million yen) (Note 1)	Investment ratio (%) (Note 2)	Sellers
SRSC-1	AEON LakeTown mori	Koshigaya City, Saitama Pref.	21,190	8.3	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze	Koshigaya City, Saitama Pref.	6,730	2.6	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	5,340	2.1	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	6,680	2.6	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 3)	Mito City, Ibaraki Pref.	16,565	6.5	AEON Mall Co., Ltd. and Mito-Shi, Ibaraki
RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	6,860	2.7	Century Tokyo Leasing Corporation
RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	10,220	4.0	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	4,950	1.9	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	9,660	3.8	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	3,290	1.3	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	7,230	2.8	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	7,780	3.0	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	17,890	7.0	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	8,740	3.4	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	11,250	4.4	Century Tokyo Leasing Corporation and AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	Kamimashiki County, Kumamoto Pref.	14,060	5.5	AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	21,470	8.4	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	5,900	2.3	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	1,780	0.7	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	2,560	1.0	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	1,350	0.5	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	2,210	0.9	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	14,500	5.7	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba-Newtown	Inzai City, Chiba Pref.	12,190	4.8	Century Tokyo Leasing Corporation
RSC-23	AEON MALL Kofu Showa	Nakakoma Country, Yamanashi Pref.	8,389	3.3	AEON Mall Co., Ltd. and Showa Joei Land Rezoning Association
CSC-1	AEON Chigasaki-Chuo Shopping Center (Note 4)	Chigasaki City, Kanagawa Pref.	6,410	2.5	Sumitomo Mitsui Finance and Leasing Co., Ltd.
L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	14,280	5.6	Century Tokyo Leasing Corporation

Subtotal for assets in Japan		—	249,474	97.4	—
M-1	AEON Taman Universiti Shopping Centre	Johor, Malaysia	658 (RM 20 million) (Note 5)	0.3	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	6,028 (RM 215 million) (Note 7)	2.4	Swiss Advanced Technology Institute (M) Sdn. Bhd.
Subtotal for assets overseas		—	6,687	2.6	—
Total		—	256,161	100.0	—

<Securities Acquired>

Securities name	Type of assets	Quantity	Book value (Note 8)		Valuation amount (Note 8)		Valuation gain or loss (million yen)	Remarks
			Unit price (yen)	Amount (million yen)	Unit price (yen)	Amount (million yen)		
JAMBATAN MANSEIBASHI (M) Sdn. Bhd.	Stock	239,110,002	28.04 (RM 1)	6,704 (RM 239,110,002)	28.04 (RM 1)	6,704 (RM 239,110,002)	—	(Note 9)

(Note 1) *Acquisition price (scheduled)* represents the purchase price of each asset shown in the sale and purchase agreement on each Anticipated Property (excluding national and local consumption taxes and costs such as broker's commissions, etc., and the amount is rounded down to the nearest million yen.).

(Note 2) *Investment ratio* represents a proportion of the acquisition price (scheduled) of each asset in the total of the acquisition prices (scheduled), and each proportion is rounded to one decimal place. AEON MALL SEREMBAN 2 is not an asset that the Investment Corporation will own directly, but an asset that the Investment Corporation will acquire through the Overseas SPC. However, as dividend income that the Investment Corporation will receive from the Overseas SPC is backed up by the real estate rent revenue that the Overseas SPC will earn through the Overseas Property, the *Investment ratio* in Assets and Properties Acquired is calculated on the assumption that the Investment Corporation directly owns the Overseas Property. In reality, what the Investment Corporation owns is shares in the Overseas SPC, and their acquisition price and the scheduled acquisition price of the Overseas Property do not match. As a result, the total acquisition price (scheduled) of the Assets and Properties Acquired and the total value of property, plant and equipment and intangible assets of the Investment Corporation do not match.

(Note 3) AEON MALL Mitouchihara includes adjacent lands acquired on April 28, 2015, other than currently held real estate trust beneficiary interests.

(Note 4) AEON Chigasaki-Chuo Shopping Center is to be acquired on May 31, 2016.

(Note 5) The Investment Corporation acquired AEON Taman Universiti Shopping Centre for RM 20 million from AEON Co. (M) BHD. Amount of transaction 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 second decimal place.

(Note 6) AEON MALL SEREMBAN 2 is owned through shares stated in the Securities Acquired.

(Note 7) RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). It is an amount (the sales price, etc. stated in the sales agreement, etc.) that does not include expenses (commissions, taxes and public dues, etc.) required for the acquisition of the property.

(Note 8) *Book value* represents the consideration for all the shares issued by the Overseas SPC that the Investment Corporation will acquire. *Valuation amount* is the same as the book value, as it will be the valuation amount of shares in the Overseas SPC at the time when the Overseas SPC acquires the Overseas Property. RM are converted to yen using the exchange rate on April 22, 2016 (1 RM = 28.04 yen (rounded off to the second decimal place)). This is an amount including incorporation expenses and operating costs of the Overseas SPC, in addition to the consideration for acquiring AEON MALL SEREMBAN 2.

(Note 9) The investment asset is AEON MALL SEREMBAN 2, which the Overseas SPC owns based on the form of its right to the property.