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For Immediate Release

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Notice Concerning the Impact of the 2016 Kumamoto Earthquake (Fifth report),
Revisions to the Forecasts of Performance and Distributions for the 7th Fiscal Period Ending
July 31, 2016 and the 8th Fiscal Period Ending January 31, 2017

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) and AEON Reit Management Co., Ltd. (the “Asset Manager”) to which the Investment Corporation entrusts the management of its assets, deeply express condolence to all the victims from the 2016 Kumamoto Earthquake (the “Earthquake”) disaster and wish for the earliest possible recovery and restoration of the areas affected.

The Investment Corporation announces that it further revised the forecasts of performance and distributions for the 7th fiscal period ending July 31, 2016 and the 8th fiscal period ending January 31, 2017 as follows which were announced in the “Financial Report (REIT) for the 6th fiscal period ended January 31, 2016” as of March 15, 2016 and the Notice for revisions issued on June 23, 2016.

However, please note that the following forecasts of performance and distributions shall be our assumption as of today which actual result might not follow as mentioned below.

1. Forecast of performance for the 7th fiscal period ending July 31, 2016:
(From February 1, 2016 to July 31, 2016)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	DPU (Exclusive of Distribution in Excess of Earnings)	Distribution in Excess of Earnings per Unit
Previous Forecast (A)	11,190 Millions of yen	4,185 Millions of yen	3,542 Millions of yen	To be determined	To be determined	To be determined
Revised Forecast (B)	10,911 Millions of yen	4,244 Millions of yen	3,605 Millions of yen	△2,034 Millions of yen	0 Yen	1,455 Yen
Change (B-A)	△278 Millions of yen	58 Millions of yen	62 Millions of yen	— Millions of yen	— Yen	— Yen
Change (%)	△2.4 %	1.3 %	1.7 %	— %	— %	— %

(Note)

Forecasted number of issued investment units at the end of the 7th fiscal period ending July 31, 2016: 1,309,467 units

2. Forecast of performance for the 8th fiscal period ending January 31, 2017:
(From August 1, 2016 to January 31, 2017)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	DPU (Exclusive of Distribution in Excess of Earnings)	Distribution in Excess of Earnings per Unit
Previous Forecast (A)	11,708 Millions of yen	4,477 Millions of yen	3,803 Millions of yen	3,794 Millions of yen	To be determined	To be determined
Revised Forecast (B)	11,468 Millions of yen	4,493 Millions of yen	3,823 Millions of yen	3,818 Millions of yen	2,915 Yen	0 Yen
Change (B-A)	△240 Millions of yen	16 Millions of yen	20 Millions of yen	24 Millions of yen	— Yen	— Yen
Change (%)	△2.0 %	0.3 %	0.5 %	0.6 %	— %	— %

(Note)

Forecasted number of issued investment units at the end of the 8th fiscal period ending January 31, 2017: 1,309,467 units

3. Reason for revisions to the forecasts of performance:

(1) Recognition of Extraordinary Losses:

After the Earthquake, the Asset Manager requested Takenaka Corporation (the “Constructor”) to verify the condition of the damages in detail and assess restoration action etc. which constructed the buildings of the property.

With the on-site investigation etc. made immediately after the Earthquake, the Asset Manager has been working in order to restore the property getting support from AEON MALL Co., Ltd. which is a master lease company and provides the Investment Corporation and the Asset Manager with shopping center management (Please refer to the “Notice Concerning the Impact of the 2016 Kumamoto Earthquake (Fourth report), Revisions to the Forecasts of Performance and Distributions for the Fiscal Period Ending July 31, 2016 and the Fiscal Period Ending January 31, 2017” which was issued as of June 23, 2016).

However, since it was under verification and assessment for restoration cost of the property which made us unable to make a calculation of reasonable amount as of June 23, 2016 both (1) forecasted net income and DPU (exclusive of distribution in excess of earnings) for the 7th fiscal period ending July 31, 2016 and forecasted DPU (exclusive of distribution in excess of earnings) for the 8th fiscal period ending January 31, 2017 were yet to be determined.

Even though an assessment report made by the Constructor is still required to be scrutinized for obtaining the overall picture of restoration cost related to the whole property, ¥4,576 million for repair cost and ¥1,051 million for loss on retirement of noncurrent assets etc. are to be recognized as extraordinary losses for the 7th fiscal period ending July 31, 2016 when the Asset Manager makes a tentative calculation based on the assumption as far as we are having a grasp of restoration cost as of now. Separately from repair cost, ¥2,923 million for capital expenditure is to be recognized which is not calculated as expenses. However, verification on restoration work details and cost for the property are requested to an architectural firm which is the third party and these amounts may fluctuate later on. In AEON MALL Nogata as well, ¥4 million for repair cost is to be recognized as extraordinary loss. Accordingly, we hereby revise the forecasts of performance and distributions for the 7th fiscal period ending July 31, 2016 and the 8th fiscal period ending January 31, 2017 as mentioned above. Regarding rents of the property from a master lease company, calculation is made for income in a conservative way based on the assumption that we will fail to receive part of the rents after the Earthquake, still amount of the rents for the 7th fiscal period is not yet confirmed as of now.

However, please note that the aforementioned extraordinary losses and capital expenditure are forecasted figures as per the tentative calculation made by the Asset Manager as of now, and these amounts may widely differ depending on details of future restoration work and construction period etc..

(2) Revisions to the Forecasts of Performance and Distributions for the 7th Fiscal Period Ending July 31, 2016:

As getting affected by the Earthquake, we have been taken various consideration including acquisition and sales of properties as well as review on cost etc. in order to try to minimize losses. However, as a matter of fact it is inevitable to recognize undisposed loss for the fiscal period due to forecasted large amount of extraordinary losses.

Considering the situation, the Asset Manager aims at avoiding to carry over losses incurred in the fiscal period to the next which enables us to have a condition to distribute profit from the next fiscal period onwards and plans to make a proposal to the Investment Corporation by Asset Manager that the undisposed loss for the fiscal period shall be eliminated by deducting from total capital amount etc. (“Capital reduction without compensation”) in the statement of cash distributions for the 7th fiscal period ending July 31, 2016 under the Article 136(2) of the Act on Investment Trust and Investment Corporations. Still, there will not be changes in number of issued investment units as capital reduction without compensation doesn’t come along with redemption.

In addition, considering the situation we will fail to distribute profit for the fiscal period, the Asset Manager also plans to make a proposal to the Investment Corporation to make distribution in excess of earnings at the time of closure of the account for the fiscal period. Total amount of distribution in excess of earnings is to be fixed within the range of up to 60% of the depreciation amount which incurs in the calculation period.

However, capital reduction without compensation and distribution in excess of earnings are to be finalized with due approval for the financial statements etc. by the Investment Corporation’s Board of Directors’ Meeting.

(3) Revisions to the Forecasts of Performance and Distributions for the 8th Fiscal Period Ending January 31, 2017:

As mentioned in 3. above, calculation is made for forecasts of distributions based on the assumption capital reduction without compensation would eliminate undisposed loss recognized in the preceding fiscal period. Also, the rents of the property from a master lease company are still yet to be determined even though it is calculated based on the assumption which we will fail to receive part of them same as the preceding fiscal period.

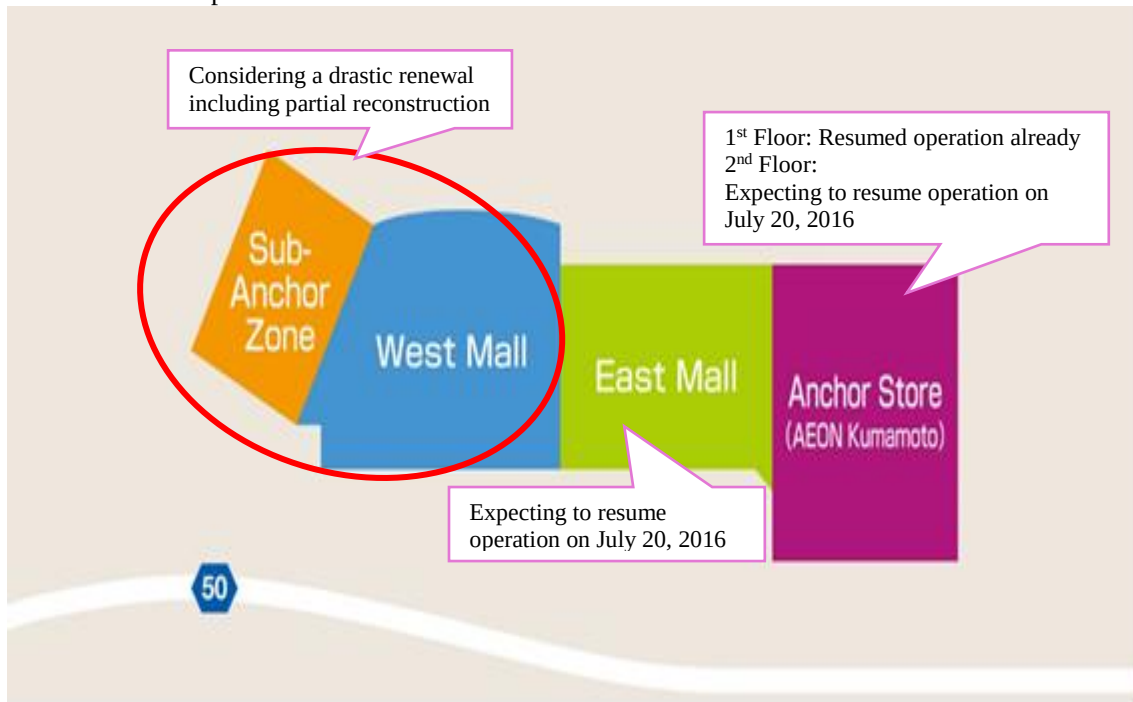
However, distribution in excess of earnings is not scheduled to be made in the fiscal period.

4. Status of AEON MALL Kumamoto:

As announced before, the 1st floor of AEON Kumamoto already resumed operation which is an anchor store and the 2nd floor of AEON Kumamoto and East Mall are to be resumed by July 20, 2016. For AEON Kumamoto are to be renewed to “AEON style” which will be the first model in Kyushu area.

As it has been 10 years since the establishments of the property, we reached an agreement with AEON MALL Co., Ltd. and AEON Kyushu Co., Ltd which are the sponsor group to consider a drastic renewal including partial reconstruction in the West Mall and Sub-Anchor Zone so that we can improve the value of the asset and revive it to more attractive, safer and most-advanced mall in the restoration, and we are making efforts to improve income.

The schematic map of AEON MALL Kumamoto:



Please refer to the following websites etc. for more details of operating status.

*AEON Kyushu Co., Ltd.: <http://aeon-kyushu.info/>

*AEON MALL Kumamoto: <http://kumamoto-aeonmall.com/>

The Investment Corporation and the Asset Manager continuously devote ourselves to restore from the impact by the Earthquake at the earliest and maximize income of the Investment Corporation in the fiscal period and the next onwards.

*The Investment Corporation's website: <http://www.aeon-jreit.co.jp/en/>

Assumptions for the 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 hold 28 properties (“assets currently held”) as of today. • We have assumed that there will be no changes in the investment portfolio (acquisition of new properties, sales of assets currently held etc.) until the end of the 8th 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 today and market trends etc.. • However, AEON MALL Kumamoto (the “property”) which was affected by the 2016 Kumamoto Earthquake (the “Earthquake”) is calculated based on the conservative assumption that after the earthquake, we will fail to receive part of the rents for the 7th fiscal period ending July 31, 2016 and the 8th fiscal period ending January 31, 2017. • 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. • 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. For fixed asset tax, city planning tax and depreciable asset tax on the assets currently held, we have assumed expenses of ¥1,135 million for the 7th fiscal period and ¥1,134 million for the 8th fiscal period. With respect to the 5 assets acquired as of today (AEON MALL Yamatokoriyama, AEON MALL Chiba-Newtown ((Mall, Theater and Sports Building)), AEON MALL Kofu Showa, AEON Chigasaki-Chuo Shopping Center and Daiei-Kawasaki Process Center) which were announced in the “Notice Concerning Acquisition and Leases of Domestic Properties” as of January 18, 2016, 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 etc. caused by a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses etc. 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 associated expenses etc., of ¥3,185 million for the 7th fiscal period and ¥3,241 million for the 8th fiscal period. These figures are calculated using the straight-line method.
Non-operating expenses	• We have assumed interest expenses and other borrowing-related expenses of ¥558 million for the 7th fiscal period ending July 31, 2016 and ¥610 million for the 8th fiscal period ending January 31, 2017.

Extraordinary losses	Due to the Earthquake, part of the property was affected. We have estimated that ¥5,628 million for repair cost and loss on retirement of noncurrent assets etc. are to be recognized for the 7th fiscal period ending July 31, 2016 and in AEON MALL Nogata as well, ¥4 million for repair cost is to be recognized. We have assumed that these repair costs and loss on retirement of noncurrent assets are to be provisioned and recognized as extraordinary losses. However, please note that the amounts may widely differ depending on future assessment and the condition of the damages etc..
Interest-bearing debts	- As of today, the balance of interest-bearing debts of AEON REIT Investment Corporation (“we” or the “Investment Corporation”) is ¥100,900 million and we have estimated that it will shift on the same level for the 7th fiscal period ending July 31, 2016 and the 8th fiscal period ending January 31, 2017. - Out of ¥100,900 million for the balance of interest-bearing debts as of today, due for repayment for ¥9,000 million of long-term loan is to be made in the 8th fiscal period ending January 31, 2017. We have assumed that repayment will be made by using refinancing. We have estimated that our LTV (loan – to - value) ratio will be approximately 43.6% as of the end of the 7th fiscal period ending July 31, 2016 and 43.6% as of the end of the 8th fiscal period ending January 31, 2017. - To calculate our LTV, we use the following formula. $\text{LTV} = \frac{\text{Total interest-bearing debts plus tenant leasehold and guarantee deposits received (including tenant leasehold and guarantee deposits received in trust)} / \text{Total assets} \times 100}{100}$
Investment units	Distribution per unit (Exclusive of distribution in excess of earnings) and distribution in excess of earnings per unit for the 7th fiscal period ending July 31, 2016 and the 8th fiscal period ending January 31, 2017 are calculated based on the assumption that the forecasted total number of issued investment units at the end of each fiscal period will be 1,309,467 units.
DPU (Exclusive of Distribution in Excess of Earnings)	- We have calculated based on the cash distribution policy prescribed in the Articles of Incorporation of the Investment Corporation. - Fluctuations in rent revenue due to changes etc. in our portfolio and other factors, unforeseeable repair and maintenance etc. incurred and other various factors may lead to changes in the amount of distribution per unit (Exclusive of distribution in excess of earnings).
Distribution in Excess of Earnings per Unit	- We have calculated distribution in excess of earnings per unit for the 7th fiscal period ending July 31, 2016 based on the cash distribution policy exceeding profit prescribed in the Articles of Incorporation of the Investment Corporation. - Total amount of distribution in excess of earnings for the 7th fiscal period ending July 31, 2016 will be fixed within the range of up to 60% of the depreciation amount which incurs in the calculation period and we have estimated the amount will be ¥1,910 million. - Depreciation amount may fluctuate against estimated amount as of now, depending on fluctuation of management assets, some associated cost etc. incurred, capital expenditure amount, proportional method for acquisition amount of each asset and life of each asset adopted etc.. Therefore, total amount of distribution in excess of earnings may also fluctuate depending on various factors including the aforementioned above which is calculated based on depreciation amount. - For fixing amount of distribution in excess of earnings, required capital to sustain the

	value of assets currently held, securement of liquidity enough at hand after distribution in excess of earnings and LTV level after distribution in excess of earnings will be considered. ● We have no plans to make distribution in excess of earnings for the 8th fiscal period ending January 31, 2017.
Others	● Our forecasts assume no revisions that impact on the aforementioned 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 etc.