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For Immediate Release

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Notice Concerning Acquisition and Leases of Domestic 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, today determined to acquire and lease domestic real estate trust beneficiary interests of the following two properties (the “Assets to be acquired”). AEON Retail Co., Ltd., the seller of AEON MALL Oyama, one of the Assets to be acquired, is a subsidiary of AEON CO., LTD. who is the parent company of the Asset Manager. Such seller applies to the Interested Party defined by the Article 201 of the Act on Investment Trust and Investment Corporations (the “Investment Trust Act”) and the Article 123 of the Order for Enforcement of the Act on Investment Trust and Investment Corporations (the “Order for Enforcement of the Investment Trust Act”), and also applies to the interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager. Upon transaction of acquiring the Asset to be acquired, with AEON Retail Co., Ltd., the Asset Manager has gone through the decision-making process which is determined by such interested-party transaction rule.

1. Summary of Acquisition

Property number (Note)	Property name	Location	Anticipated acquisition price (in millions of yen)	Seller
RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido	7,840	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	6,280	AEON Retail Co., Ltd.
Total		—	14,120	—

- (1) Conclusion date of the sale and purchase agreement : August 25, 2016
- (2) Anticipated acquisition date : August 29, 2016 (AEON MALL Oyama)
September 1, 2016 (AEON MALL Tomakomai)
- (3) Seller : Please refer to “3. (2) Overview of sellers” below
- (4) Acquisition funds : Loan and its own funds which are to be resolved at the meeting of the board of directors of the Investment Corporation held on August 25, 2016
- (5) Method of settlement : Payment of entire amount upon delivery

(Notes)

“Property number” indicates a numbered classification of properties based on types of retail and related properties: SRSC (Super regional shopping center), RSC (Regional shopping center), CSC (Community shopping center), NSC (Neighborhood shopping center), SM (Supermarket) and L (Logistics). Meanwhile, a shopping center means, in general, a retail and related property containing a combination of retail businesses, restaurant businesses and other services which is managed as one unit and is formed, developed and owned by developers and is sometimes referred as “SC”. In most cases, the location, scale and type of stores conform to the characteristics of the commercial area, and the property also contains a parking area appropriate for the type and scale of stores contained within the shopping center.

2. Reasons for acquisition and leases

Assets to be acquired are to be acquired exercising preferential negotiation rights related to the two properties announced by the Investment Corporation in the “Notice Concerning Obtainment of Preferential Negotiation Rights for Acquisition of a Property” issued as of July 15, 2016 and July 28, 2016.

Pursuant to the object and the policy of its asset management prescribed in the Articles of Incorporation of the Investment Corporation, we aim to enrich our portfolio by acquiring Assets to be acquired. Upon acquisition of the Assets to be acquired, our portfolio will be expanded to thirty properties and its total (anticipated) acquisition price will increase to ¥264.2 billion, and we believe that the acquisition of the property will enhance to firmly expand the scale of our portfolio, develop its diversification and strengthen further revenue base.

AEON MALL Tomakomai is one of the large-scale retail and related properties operated by AEON Retail Co., Ltd. and characterized as Regional Shopping Center having approximately 120 specialty stores mainly led by a General Merchandise Store – “AEON Tomakomai” operated by AEON Hokkaido Corporation. The property has the largest scale of its retail and related properties areas and parking capacity in the southern part of the prefecture and also has stable and long-term management track records as the only mall-type-shopping-center in the area. Tomakomai City where the property is located is approximately 60 kilometers southeast of Sapporo City with a 5th largest population in the prefecture; 170,000 people. AEON MALL Tomakomai is approximately 4 kilometers northeast of JR Tomakomai station where Muroran Main Line, Hidaka Main Line and Chitose Line are linked up and an accessibility is provided facing in the National Route 36 which is called the artery of the inland roads in the prefecture. The property is leading to form the largest scale of road-side-type central shopping point in the city. With respect to trade-area wise population, the area covers 74,000 people within five kilometers, 139,000 people within ten kilometers and 179,000 people within fifteen kilometers.

AEON MALL Oyama is one of the large-scale shopping centers which is operated by AEON MALL Co., Ltd. and characterized as Regional Shopping Center having approximately 80 specialty stores mainly led by a General Merchandise Store – “AEON Oyama”. After the establishment of the property in April, 1997 the division of specialty stores was expanded in October, 2008 and the property has stable and long-term management track records. AEON MALL Oyama is approximately 3 kilometers northeast of JR Oyama station where Tohoku Shinkansen, Tohoku Main Line, Ryomo Line and Mito Line are linked up and a good accessibility is provided facing in the Prefectural Road 33 and 339. Oyama City where the property is located is the southern part of Tochigi prefecture with a 2nd largest population in the prefecture; 160,000 people, following only after Utsunomiya City. In addition to large-size plants, there are Oyama Eastern Industrial Park on the east side and many factory-worker households in the area. With respect to trade-area wise population, the area covers 47,000 people within three kilometers and 132,000 people within five kilometers.

In addition, we believe that the tenants of the Assets to be acquired meet the selection criteria of tenants stated in the “Report on the Management Structure and System”, which we submitted on April 28, 2016.

3. Overview of Assets to be acquired and leased

(1) Summary of Assets to be acquired

The tables below show an overview of individual assets that the Investment Corporation is due to acquire. When referring to the tables, please refer to the following explanations of the terms used in the tables.

In principle, unless otherwise noted, all information included in the tables is as of August 1, 2016.

For some properties, we may not acquire all or part of the ownership right or part of the leasehold right of a site where each shopping center is located, or may not acquire part of the ownership of building(s), structure(s), etc., located within the same SC site.

- (a) *Anticipated acquisition price* represents the purchase price of each asset shown in the sale and purchase agreement of each Asset to be acquired (excluding national and local consumption taxes and expenses such as transaction fees, etc., and is rounded down to the nearest million yen).
- (b) *Address* represents the displayed address of each property. If there is no displayed address, the building address in the property registry is shown (one of the addresses if there are multiple addresses).
- (c) *Type of specified asset* represents the category of acquisition; either acquisition through trust beneficiary interests or acquisition of real estate ownership rights.
- (d) *Anticipated acquisition date* represents the scheduled date of acquisition shown in the sale and purchase agreement on each Asset to be acquired which we entered into with seller.

(e) *Land*

- *Lot area* is based on a description in the land register, and some sites may not match the current status. In case that a trustee of an Asset to be acquired is subleased only part of a parcel of land to, a figure calculated based on an actual measurement of the subleased portion of an Asset to be acquired is described.
- *Use district* represents types of such districts those listed in Article 8, paragraph 1, item 1 of the City Planning Act.
- *Coverage ratio* and *Floor-area ratio* represent, in principle, the figures stipulated in accordance with the relevant laws and regulations such as the Building Standards Act and the City Planning Act. Depending on the acquired asset, certain easing measures or restrictions may be applied to the floor-area ratio and the coverage ratio. If there are multiple floor-area ratios applied to the lot, the multiple ratios applied floor-area ratios are listed side by side, or the figure after converting to the floor-area ratio for the entire lot is noted.
- *Ownership type* represents types of rights a trustee of a real estate trust possesses or is due to possess with respect to an Asset to be acquired.

(f) *Building*

- *Completion date* represents the date of completion as described in the property registry. If there are expansions and/or reconstructions, the time of these expansions and/or reconstructions are also noted.
- *Structure/Floors* is represented based on the property registry.
- *Total floor area* is represented based on the property registry. Any attached buildings are noted separately.
- *Use* represents main items among the building types noted in the property registry.
- *Ownership type* represents types of rights a trustee of a real estate trust possesses or is due to possess with respect to an Asset to an Asset to be acquired.

(g) *Master lease company* represents the companies with which we have entered into a master lease agreement for each Asset to be acquired, which is in effect as of the date hereof, or due to enter into such an agreement hereafter.

(h) *Property management company* (the “PM company”) represents the companies with which we have entered into a property management agreement for each Asset to be acquired, which is in effect as of the date hereof, or due to enter into such an agreement hereafter.

(i) *PML value* represents Probable Maximum Loss (the “PML”) based on the “Earthquake-related Risk Survey and Portfolio Analysis Report on the 29 Properties” as of August, 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 an earthquake-proof capability of a 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-proof capability 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 conditions of the ground, taking into account a building-peculiar fragility to earthquakes, based on the said final earthquake-proof capability.

(j) *Collateralized* represents whether a property is collateralized or not and shows “Yes” if a property in relation to an Asset to be acquired by the Investment Corporation (excluding leased land portions) is collateralized.

(k) *Tenant details*

- *Number of tenants* represents the total number of tenants who have entered into an individual lease agreement for Asset to be acquired, which will be in effect as of the date we acquire 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 monthly rent (excluding national and local consumption taxes) stipulated in an individual lease agreement for each Asset to be acquired, which will be in effect, when the Investment Corporation acquires such assets, by 12, and which is rounded to the nearest million yen.
- *Leasehold/Security deposits* represents an amount which is specified in an individual lease agreement for each Asset to be acquired, which will be in effect, when the Investment Corporation acquires such assets, and which is rounded to the nearest million yen.
- *Total leased area* represents a leased area shown in an individual lease agreement for each Asset to be acquired, which will be in effect, when the Investment Corporation acquires such assets.
- *Total leasable area* represents a leasable area which is considered possible to lease, based on an individual lease agreement for each Asset to be acquired, which will be in effect, when the Investment Corporation acquires such assets, or floor plans, etc.
- *Occupancy rate* represents a proportion of a total rental area in a total rentable area in relation to each Asset to be acquired at the time of acquisition by the Investment Corporation, and the figure is rounded to the nearest tenth.

- (l) *Special remarks* represent, in principle, items related to the interests or use, etc. on individual assets which are considered important, as well as items which are considered to be important matters based on their degree of impact on an asset's appraisal value, profitability, or disposability, based on the current information as of August 1, 2016.

(RSC-24) AEON MALL Tomakomai

Property name		AEON MALL Tomakomai
Anticipated acquisition price		¥7,840 million
Address		3-1-20, Yanagi-machi, Tomakomai City, Hokkaido
Type of specified asset		Trust beneficiary interests
Trust establishment date		September 1, 2016
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Termination date of trust period		August 31, 2026
Anticipated acquisition date		September 1, 2016
Land	Lot area	139,751.46m ²
	Use district	Quasi-industrial district
	Coverage ratio(Note1)	70%
	Floor-area ratio	200%
	Ownership type	Ownership rights
Building (Note 2)	Completion date	April 8, 2005
	Structure/Floors	Three-storied steel building with flat roof
	Total floor area	71,308.33m ²
	Use	Stores
	Ownership type	Ownership rights
Master lease company		AEON Retail Co., Ltd.
Category of Master lease company		Fixed-rent (Note 3)
Property management company		PRIME PLACE Co., Ltd.
PML value		2.9%
Collateralized		Nil
Appraisal value (As of)		¥8,040 million (August 1, 2016)
Appraisal agency		The Tanizawa Sōgō Appraisal Co., Ltd.
Tenant details		
	Number of tenants	1
	Annual contracted rents	¥683 million
	Leasehold/Security deposits	¥0 million
	Total leased area	71,308.33m ²
	Total leasable area	71,308.33m ²
	Occupancy rate	100.0%
Special remarks		Not applicable

(Notes)

- (1) The original coverage ratio of this property's land was 60%. However, as this land is located at a corner, a specific calculation is used, thereby easing the applied coverage ratio to 70%.
- (2) In addition to building of the retail and related property which is owned by the Investment Corporation, a building is located associated to a petrol station which is owned by a third party within premise of the property.
- (3) In addition to fixed-rent, an additional variable amount is updated annually equaling to the property tax and city planning tax applicable to the property.

(RSC-25) AEON MALL Oyama

Property name		AEON MALL Oyama
Anticipated acquisition price		¥6,280 million
Address		1352-3, Azanishiyama, Oazanakakuki, Oyama City, Tochigi Prefecture
Type of specified asset		Trust beneficiary interests
Trust establishment date		August 29, 2016
Trustee		Mizuho Trust & Banking Co., Ltd.
Termination date of trust period		August 31, 2026
Anticipated acquisition date		August 29, 2016
Land	Lot area	50,119.61m ²
	Use district	Category 2 residential district
	Coverage ratio(Note1)	70%
	Floor-area ratio	200%
	Ownership type	Ownership rights
Building (Note2)	Completion date	Building 1: April 18, 1997 Building 2: October 15, 2008
	Structure/Floors	Building 1 and Building 2: Three-storied steel building with flat roof
	Total floor area	Building 1: 29,496.83m ² Building 2: 18,375.50m ²
	Use	Building 1 and Building 2: Department stores
	Ownership type	Ownership rights
Master lease company		AEON Retail Co., Ltd.
Category of Master lease company		Fixed-rent (Note 3)
Property management company		AEON DELIGHT CO., LTD.
PML value		4.5%
Collateralized		Nil
Appraisal value (As of)		¥6,370 million (August 1, 2016)
Appraisal agency		Japan Real Estate Institute
Tenant details		
	Number of tenants	1
	Annual contracted rents	¥558 million
	Leasehold/Security deposits	¥279 million
	Total leased area	47,872.33m ²
	Total leasable area	47,872.33m ²
	Occupancy rate	100.0%
Special remarks		The area where the property is located is designated to be Category 2 residential district. However, in the district, its use of floor area of the stores etc. are limited to not exceeding 10,000m ² on November 30, 2007 which was after application of building confirmation for the Building 2 of the property. Accordingly this is a legal-nonconforming-building as of the date. In case the building of the property is rebuilt in future, it may not be on the same scale of the existing one.

(Notes)

- (1) The original coverage ratio of this property's land was 60%. However, as this land is located at a corner, a specific calculation is used, thereby easing the applied coverage ratio to 70%.
- (2) As there are plural buildings, each building is numbered and individual information is described.
- (3) In addition to fixed-rent, an additional variable amount is updated annually equaling to the property tax and city planning tax applicable to the property.

(2) Overview of sellers

(RSC-24) AEON MALL Tomakomai

Name	Mevius Gamma Special Purpose Company
Address	4-3-14, Kudan Kita, Chiyoda-ku, Tokyo
Name and title of the company representative	Mr. Koji Nagata, Director
Business	Receipt, administration and disposal of the specified assets in accordance with the plan of liquidation of the assets based on the act on the liquidation of specified assets
Paid-in capital	¥1,550 million
Establishment date	January 30, 2008
Net assets	Not disclosed due to no consent obtained from the seller
Total assets	Not disclosed due to no consent obtained from the seller
Major shareholder and equity-holding ratio	Not disclosed due to no consent obtained from the seller
Relationship with the Investment Corporation and the Asset Manager	
Capital	Not applicable
Human resources	Not applicable
Transactions	Among the Investment Corporation, the Asset Manager and Mevius Gamma Special Purpose Company, there is no transaction to be mentioned. The Investment Corporation entered into an outsourcing agreement in relation to accounting of the fixed assets with a company whose president is an accountant and a director of Mevius Gamma Special Purpose Company, and the Asset Manager entered into the same in relation to taxation with it.
Related party	Not applicable

(RSC-25) AEON MALL Oyama

Name	AEON Retail Co., Ltd.
Address	1-5-1, Nakase, Mihama-ku, Chiba City, Chiba Prefecture
Name and title of the company representative	Mr. Soichi Okazaki, Representative Director and President
Business	General retail seller
Paid-in capital	¥48,970 million (as of February 29, 2016)
Establishment date	August 21, 2008
Net assets	¥269,841 million (as of February 29, 2016)
Total assets	¥1,169,629 million (as of February 29, 2016)
Major shareholder and equity-holding ratio	AEON CO., LTD., 100.0% (as of February 29, 2016)
Relationship with the Investment Corporation and the Asset Manager	
Capital	Not applicable
Human resources	Two employees are temporarily transferred to the Asset Manager as of today.
Transactions	Transactions with the Investment Corporation: Total rent revenue ¥4,143 million(from August 1,2015 to January 31,2016) Total land rent paid ¥748 million(from August 1,2015 to January 31, 2016) Transactions with the Asset Manager: AEON Retail Co., Ltd. entered into a pipeline support agreement and shopping center management agreement with the Asset Manager.
Related party	AEON Retail Co., Ltd. applies to the related party of the Investment Corporation. Also it applies to the interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager and Interested Party defined by the Investment Trust Act.

4. Overview of property owners, etc.

Details of property acquisition from parties with which the Investment Corporation has a particular relationship are given as follows.

Property name (Address)		AEON MALL Oyama (1352-3, Azanishiyama, Oazanakakuki, Oyama City, Tochigi Prefecture)	
Overview of property owners, etc.		Previous owner	Former owner
	Company name	AEON Retail Co., Ltd.	Except for parties which do not have any special interests
	Relationship with whom has special interests	Subsidiary of AEON CO., LTD., the parent company of the Asset Manager	—
	Background and reason of acquisition, etc.	(1) Acquisition for the purpose of its development	—
		(2) Acquisition for the purpose of its sale integrating the land and building owned by the party	—
	Acquisition price	(1) Not applicable as the property is owned for more than one year	—
		(2) ¥4,300 million (Note)	—
	Acquisition timing	(1) October, 2007 (Land) October, 2008 (Building)	—
		(2) August, 2016 (Land) August, 2016 (Building)	—

(Notes)

This is an acquisition price when the previous owner acquired the land ((Lot area: 65,689.48m²) and the two buildings (Total floor area: 29,694.14 m²) from the former owner, including the building and premise of the Property which we are to acquire.

5. Overview of brokerage

There is no brokerage in the acquisition of the asset above.

6. Schedule of acquisition

Property Number	Property name	Date of determination of acquisition	Date of conclusion of the sale and purchase agreement	Scheduled date of payment	Anticipated acquisition date
RSC-24	AEON MALL Tomakomai	August 24, 2016	August 25, 2016	September 1, 2016	September 1, 2016
RSC-25	AEON MALL Oyama			August 29, 2016	August 29, 2016

7. Transactions with Interested Parties, etc.

(1) Procedures for acquisition of assets, etc. from Interested Parties

The Investment Corporation considers it important to establish an appropriate

governance system in order to maximize the investors' value and has set up a structure in which opinions of third parties without interests with the AEON group (Note), are reflected in the decision-making of the Asset Manager in relation to transactions with Interested Parties, such as acquisition of assets from the AEON group. Concretely, we have a decision-making process in which external specialists, a third party without interests with the AEON group, are appointed as members in both the Investment Committee and the Compliance Committee and it is required that such external specialists are present at the committees and vote in favor of such transaction when transactions with Interested Parties is determined.

(Notes)

The AEON Group consists of AEON Co., Ltd., which is the pure holding company, and its 295 consolidated subsidiaries and 33 equity-method affiliates (as of the end of February 2016). The same will apply hereinafter.

(2) Acquisition of assets

AEON Retail Co., Ltd., the seller of AEON MALL Oyama, one of the Assets to be acquired, is a subsidiary of AEON CO., LTD. who is the parent company of the Asset Manager. Such seller applies to the Interested Party defined by the Article 201 of Investment Trust Act and the Article 123 of the Order for Enforcement of Investment Trust Act, and also applies to the interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager. Upon transaction of acquiring the Assets to be acquired with AEON Retail Co., Ltd., the Asset Manager has gone through the decision-making process which is determined by such interested-party transaction rule.

(3) Real estate lease agreement (Master lease agreement)

The Investment Corporation will enter into a master lease agreement for “AEON MALL Tomakomai” and “AEON MALL Oyama” with AEON Retail Co., Ltd. through trustees of each Asset to be acquired. Since those contractors are all subsidiaries, etc. of AEON CO., LTD., the parent company of the Asset Manager, and apply to the Interested Party defined by the Article 201 of Investment Trust Act and the Article 123 of the Order for Enforcement of Investment Trust Act, and also applies to the interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager. Upon entering into the master lease agreements through trustees of each Asset to be acquired, the Asset Manager has gone through the decision-making process which is determined by such interested-party transaction rule.

(4) Property management

The Investment Corporation outsources the property management of “AEON MALL Oyama”, one of the Assets to be acquired, to AEON DELIGHT CO., LTD. Since AEON DELIGHT CO., LTD. is a subsidiary, etc. of AEON CO., LTD., the parent company of the Asset Manager, and applies to the Interested Party defined by the Article 201 of Investment Trust Act and the Article 123 of the Order for Enforcement of Investment Trust Act, and also applies to the interested party under the internal rule “Rule for

Interested-Party Transactions” of the Asset Manager. Upon entering into the property management agreement through a trustee of such Asset to be acquired, the Asset Manager has gone through the decision-making process which is determined by such Interested-party transaction rule.

<Overview of lessees (1) – Mater lease agreement>

(RSC-24) AEON MALL Tomakomai, (RSC-25) AEON MALL Oyama
Please refer to “3.(2) Overview of sellers”

<Overview of lessees (2) – Property management>

(RSC-25) AEON MALL Oyama

Name		AEON DELIGHT CO., LTD.
Address		2-3-2, Minamisémba, Chuo-ku, Osaka City, Osaka Prefecture
Name and title of the company representative		Mr. Ippei Nakayama, Representative Director and President
Business		General facility management service business, Real estate leasing business
Paid-in capital		¥3,238 million (as of May 31, 2016)
Establishment date		November 16, 1972
Net assets		¥85,325 million (as of May 31, 2016)
Total assets		¥134,111 million (as of May 31, 2016)
Major shareholder and equity position		AEON Retail Co., Ltd. 30.57% AEON CO., LTD. 11.27% (as of February 29, 2016)
Relationship with the Investment Corporation and the Asset Manager		
	Capital	Not applicable
	Human resources	Not applicable
	Transactions	Transactions with the Investment Corporation: Total commissions paid (administration fees) ¥6 million (August 1, 2015 to January 31, 2016)
	Related party	AEON DELIGHT CO., LTD. does not apply to the Related Parties of the Investment Corporation. However, it applies to the interested party under the internal rule “Rule for Interested-Party Transactions” of the Asset Manager and Interested Party defined by the Investment Trust Act.

8. Future outlook

Regarding the Investment Corporation’s forecasts of performance and distributions for the fiscal period ending January 2017 (from August 1, 2016 to January 31, 2017), the impact of acquisition of the Assets to be acquired is slight. However, since we are currently reviewing the figures on other revenue and expenditures, we will release its latest figures with the same for the fiscal period ending July 2017 (from February 1, 2017 to July 31, 2017) at the time of announcement of financial results for the fiscal period ended July, 2016 which is scheduled to be held on September 14, 2016.

9. Appraisal summary

Property name	AEON MALL Tomakomai
Appraisal value	¥8,040,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	August 1, 2016

Item	Amount or percentage	Summary
Capitalization approach price	¥8,040,000,000	Calculation based on a price by the Discounted Cash Flow approach as a standard, after examining it by the direct capitalization approach, which is based on transactions yields in a market and is not so much affected by assumed factors relatively.
Price calculated by the direct capitalization approach	¥8,150,000,000	
Operating income	¥683,007,300	
Gross rental income	¥683,007,300	Actual rents in a market.
Losses due to vacancies, etc.	¥0	No losses due to vacancies, since calculation is based on the assumption that the whole building is leased to one tenant. Risks of tenants leaving a property and fluctuations in Net cash flow as a result of a revision of a rent are incorporated into a rate.
Operating expenses	¥154,914,667	
Maintenance costs	¥0	
Utilities costs	¥0	
Repair costs	¥25,340,000	Calculation base on the engineering report, etc.
Property management fees	¥2,700,000	Calculation based on the materials submitted by the party which made request.
Advertisement for leasing, etc.	¥0	
Taxes	¥122,976,300	Calculation based on the property tax and city planning in FY 2016.
Insurance premium	¥3,215,360	Calculation based on quote of insurance premiums. No coverage by earthquake insurance.
Other expenses	¥683,003	Calculation by taking into account for 0.1 % of operating expenses as other expenses.
Net operating income	¥528,092,633	
Return on investment of temporary available funds	¥0	
Capital expenditure	¥47,060,000	Calculation base on the engineering report, etc.
Net cash flow	¥481,032,633	
Capitalization rate	5.9%	A rate estimated by comparing several transaction yields in neighbor areas or similar areas within the location of properties and estimating fluctuation of future net cash flow and taking into account for relation to discount rate.
Price calculated by the Discounted Cash Flow approach	¥7,990,000,000	

	Discount rate	5.9% (upto eighth year) 6.0% (ninth year onwards)	A rate estimated determining a base return of retail and related properties in suburb and taking into account for individual risk related to applicable real estates to the base return with reference to the return on investment in similar properties, etc.
	Terminal capitalization rate	6.1%	A rate estimated by taking into account for future trends of the return on investment.
Cash approach price		¥7,800,000,000	
	Ratio of land	49.1%	
	Ratio of building	50.9%	
Other matters Appraiser paid attention at the time of Appraisal		Not applicable	

Property name	AEON MALL Oyama
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Appraisal value	¥6,370,000,000
Appraiser	Japan Real Estate Institute
Appraisal date	August 1, 2016

Item	Amount or percentage	Summary
Capitalization approach price	¥6,370,000,000	Calculation by connecting a price by the Discounted Cash Flow approach to a price by the direct capitalization approach based on the judgment that both prices have qualities of becoming the norm at the same level.
Price calculated by the direct capitalization approach	¥6,400,000,000	
Operating income	¥558,864,000	
Gross rental income	¥558,864,000	Total office rent income based on conditions in lease agreements, taking into account for such conditions, tenants' ability to pay rents, etc.
Losses due to vacancies, etc.	¥0	No losses due to vacancies, in light of situations surrounding tenants, competitiveness as retail and related properties, conditions in lease agreements, etc.
Operating expenses	¥102,528,000	
Maintenance costs	¥0	The day-to-day management and operation 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	No utilities costs as they are paid by tenant.
Repair costs	¥28,184,000	Calculation after taking into account for a yearly average amount of repair costs in the management and operation plan hereafter, levels of such costs in similar properties, the engineering report, etc.
Property management fees	¥1,800,000	Calculation by taking into account for compensation rates in similar properties, individuality of the subject property, etc.
Advertisement for leasing, etc.	¥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	¥69,972,000	Calculation based on the taxes related documents.
Insurance premium	¥2,572,000	Calculation by taking into account for insurance premiums as per insurance contract and insurance ratio similar to applicable buildings.
Other expenses	¥0	No other expenses to be calculated.
Net operating income	¥456,336,000	
Return on investment of temporary available funds	¥5,589,000	A yield is estimated at 2.0%, taking into account for interest rate levels in the managing and raising of funds both.
Capital expenditure	¥26,523,000	An estimated figure in light of levels of capital expenditure in similar properties, the age of the subject building, a yearly average amount of renewal expenses in the engineering report, etc.
Net cash flow	¥435,402,000	
Capitalization rate	6.8%	A rate estimated by determining a base rate as a yield of a property considered to have the lowest investment risk, adjusting spread in relation to the location of the subject property, competitiveness of the property conditions (ages of building, total floor area and facility level etc.), terms and conditions of lease agreements, etc. and other conditions (rights of land and building etc.), and additionally taking into

			account of uncertainty in the future, a transaction yield in relation to similar properties, results of a hearing from each investor, etc.
	Price calculated by the Discounted Cash Flow approach	¥6,340,000,000	
	Discount rate	6.5%	A rate estimated by taking into account for individuality of the subject property, etc. comprehensively, with reference to the return on investment in similar properties, etc.
	Terminal capitalization rate	7.0%	A rate estimated by taking into account for future trends of the return on investment, possibility of putting investment in the subject property at risk as an investment, general prediction of GDP growth rates in the future, trends of real estate prices and rents, comprehensively, with reference to a transaction yield in relation to similar properties.
	Cash approach price	¥5,580,000,000	
	Ratio of land	42.0%	
	Ratio of building	58.0%	
Other matters Appraiser paid attention at the time of Appraisal		Not applicable	

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

<Attached reference>

- Reference material 1: Outline of Building engineering report
- Reference material 2: Exterior images of the properties and maps of the surrounding area
- Reference material 3: Portfolio after acquisition of Assets to be acquired

<Reference material 1: Outline of Building engineering report>

Property number	Property name	Replacement cost (in millions of yen) (Note 1, 2)	Repair costs at the time of the survey (in thousands of yen) (Note 1)			Engineering firm	Survey period (Note 4)
			Urgent	Short term (Note 3)	Long term (Note 3)		
RSC-24	AEON MALL Tomakomai	6,553	0	0	72,967	Nippon Kanzai Co., Ltd.	August, 2016
RSC-25	AEON MALL Oyama	4,836	0	25,000	51,360	Tokio Marine & Nichido Risk Consulting Co., Ltd.	August, 2016

(Notes)

- (1) *Replacement cost* and *Repair costs* are shown by rounding down fractions of less than a million yen and a thousand yen, respectively.
- (2) *Replacement cost* represents the amount which does not include national and local consumption taxes shown in the Building engineering report on a building inspection, observance of related laws and regulations, evaluation of repair costs, environmental assessment, etc.
- (3) *Short term* represents the repair costs to be required within one year from a point of research when each research company made calculation on a trial basis, while *Long term* represents such costs by converting the costs to be required within eleven to twelve years (The period varies from company to company.) from the said point of research into an annual average amount by the Asset Manager.
- (4) *Survey period* represents the date when the Building engineering report was prepared.

<Reference material 2: Exterior images of the properties and maps of the surrounding area>

Exterior image of AEON MALL Tomakomai:



Map of the surrounding area of AEON MALL Tomakomai:



Exterior image of AEON MALL Oyama:



Map of the surrounding area of AEON MALL Oyama:



<Reference material 3: Portfolio after acquisition of Assets to be acquired>

Assets of real estates in portfolio:

Property number	Property name	Location	(Anticipated) acquisition price (in millions of yen) (Note 1)	Investment ratio (%) (Note 2)	Sellers
SRSC-1	AEON LakeTown mori	Koshigaya City, Saitama Pref.	21,190	8.0	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze	Koshigaya City, Saitama Pref.	6,730	2.5	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	5,340	2.0	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	6,680	2.5	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 3)	Mito City, Ibaraki Pref.	16,565	6.3	AEON Mall Co., Ltd. and Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	6,860	2.6	Century Tokyo Leasing Corporation
RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	10,220	3.9	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	3.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	3,290	1.2	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	7,230	2.7	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	7,780	2.9	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	17,890	6.8	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	8,740	3.3	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	11,250	4.3	Century Tokyo Leasing Corporation and AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	Kamimashiki County, Kumamoto Pref.	14,060	5.3	AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	21,470	8.1	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	5,900	2.2	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	0.8	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	14,500	5.5	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba-Newtown	Inzai City, Chiba Pref.	12,190	4.6	Century Tokyo Leasing Corporation
RSC-23	AEON MALL Kofu Showa	Nakakoma County, Yamanashi Pref.	8,389	3.2	AEON Mall Co., Ltd. and Showa Joei Land Rezoning Association
RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido	7,840	3.0	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	6,280	2.4	AEON Retail Co., Ltd.
CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	6,410	2.4	Sumitomo Mitsui Finance and Leasing Co., Ltd.
L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	14,280	5.4	Century Tokyo Leasing Corporation
Subtotal for domestic properties		—	263,594	99.8	—
M-1	AEON Taman Universiti Shopping Centre	Johor, Malaysia	658 (RM20 million) (Note 4)	0.2	AEON CO.(M) BHD.
Subtotal for overseas property		—	658	0.2	—
Grand total		—	264,252	100.0	—

(Notes)

- (1) *(Anticipated) acquisition price* represents the purchase price of each asset shown in the sale and purchase agreement on each Asset to be acquired (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).
- (2) *Investment ratio* represents the proportion of an (anticipated) acquisition price of each asset in a total of (anticipated) acquisition prices and each proportion is rounded to one decimal place.
- (3) This property includes, in addition to the real estate trust beneficiary interests in truth portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015).
- (4) The Investment Corporation acquired AEON Taman Universiti Shopping Centre for RM 20 million from AEON CO. (M) BHD. The acquisition price in yen represents the total of several instalment payments in yen made by the Investment Corporation to AEON CO. (M) BHD. It does not include various costs required to acquire the real estate, etc., (broker's commissions, taxes and dues, etc.) and is the amount, etc., stated in the sale and purchase agreement. The weighted average of exchange rates at each payment was ¥32.92 to RM1, rounded to two decimal places.