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September 11, 2014

Financial Report for the Fiscal Period Ended July 31, 2014 (February 1, 2014 – July 31, 2014)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Kenji Kawahara, Representative Director and President
 Contact: Keiji Tsukahara, Director, General Manager of the Finance and Planning Department
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Scheduled date to file securities report: October 30, 2014
 Scheduled date to commence distribution payments: October 15, 2014

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

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended July 31, 2014 (February 1, 2014 – July 31, 2014)

(1) Operating results

(Percentages show changes from the previous period)

Fiscal period ended	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2014	7,420	167.5	2,805	133.4	2,338	207.2	2,337	207.6
January 31, 2014	2,773	–	1,201	–	761	–	759	–

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
July 31, 2014	2,460	2.4	1.4	31.5
January 31, 2014	2,062	1.6	0.9	27.4

(Note 1) Although the accounting period for the Investment Corporation's fiscal period ended January 31, 2014 includes 184 days from August 1, 2013 to January 31, 2014, its substantial asset management period covers only 71 days from November 22, 2013 to January 31, 2014.

(Note 2) Net income per unit for the fiscal period ended January 31, 2014 is ¥813, when calculated using the day-weighted average of number of units outstanding (934,154 units) where November 22, 2013, the actual asset management start date, is regarded as the beginning of the fiscal period.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
July 31, 2014	2,461	2,337	0	0	100.0	2.4
January 31, 2014	686	651	0	0	85.8	0.8

(Note 1) Distributions per unit for the fiscal period ended January 31, 2014 were calculated by dividing the amount equal to current unappropriated retained earnings less undisposed loss at July 31, 2013 (¥107 million) by the number of investment units issued. The major difference between distributions per unit and net income per unit arises from this calculation.

(Note 2) Due to the issuance of new investment units, the payout ratio for the fiscal period ended January 31, 2014 was calculated using the following formula, rounded to the nearest tenth:
Payout ratio = Total distributions / Net income × 100

(Note 3) Distributions to net assets are calculated using the following formula:
Distributions per unit (excluding distributions in excess of earnings) / {(Net assets per unit at beginning of period + Net assets per unit at end of period) / 2} × 100

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2014	169,913	98,689	58.1	103,883
January 31, 2014	171,644	97,003	56.5	102,108

(Reference) Equity

As of July 31, 2014: ¥98,689 million
As of January 31, 2014: ¥97,003 million

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2014	9,812	(856)	(4,647)	11,288
January 31, 2014	(3,899)	(152,173)	162,639	6,979

2. Forecasts of performance for the fiscal periods ending January 31, 2015 (August 1, 2014 – January 31, 2015) and July 31, 2015 (February 1, 2015 – July 31, 2015)

(Percentages show changes from the previous period)

Fiscal period ending	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
January 31, 2015	7,418	0.0	2,784	(0.7)	2,325	(0.5)	2,319	(0.8)	2,440	–
July 31, 2015	7,418	0.0	2,764	(0.7)	2,315	(0.5)	2,307	(0.5)	2,430	–

(Reference) Forecasted net income per unit

For the fiscal period ending January 31, 2015: ¥2,442
For the fiscal period ending July 31, 2015: ¥2,429

* **Other**

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

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

(2) Number of investment units issued

- | | |
|---|---------------|
| a. Number of investment units issued at end of period (including treasury investment units) | |
| As of July 31, 2014 | 950,000 units |
| As of January 31, 2014 | 950,000 units |
| b. Number of treasury investment units at end of period | |
| As of July 31, 2014 | 0 units |
| As of January 31, 2014 | 0 units |

(Note) Please refer to “Per Unit Information” on page 30 for the number of investment units used as the basis for calculating net income per unit.

* **Status of audit procedures**

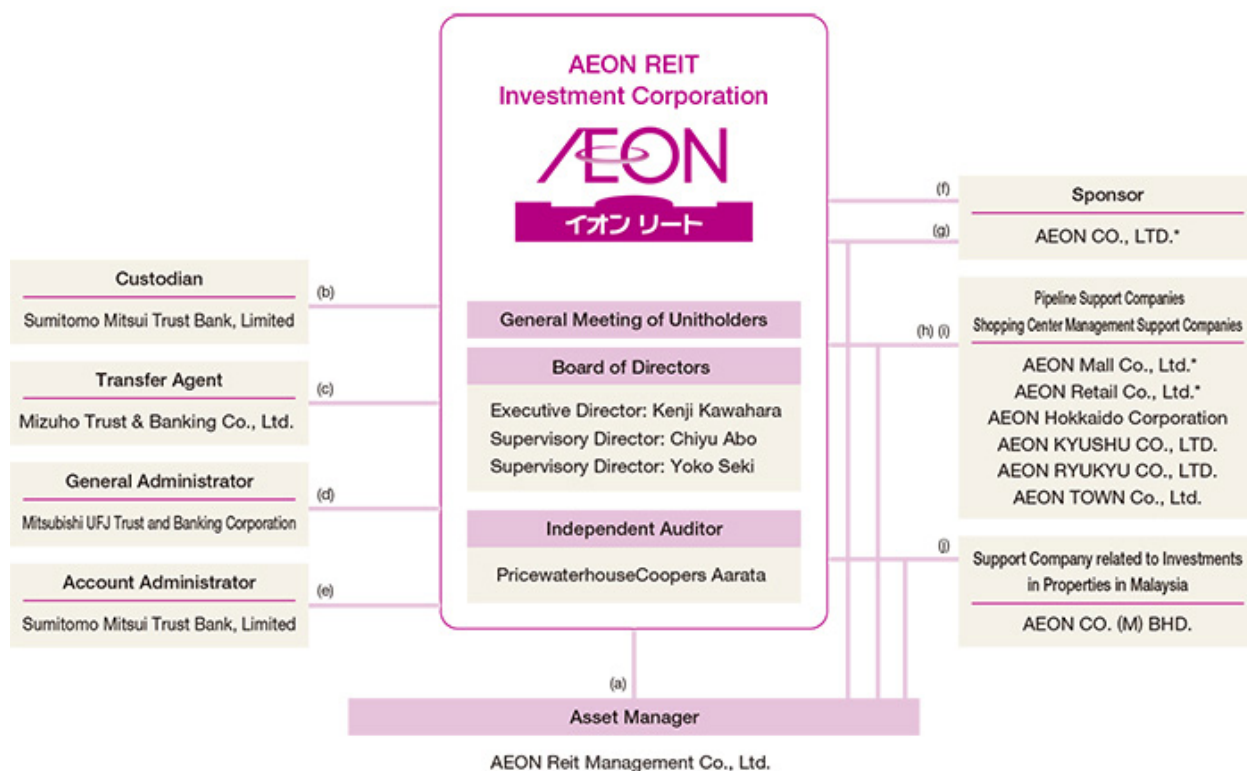
As of the time of disclosure of this financial report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. Furthermore, these forecasts are not intended to guarantee the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending January 31, 2015 (August 1, 2014 – January 31, 2015) and July 31, 2015 (February 1, 2015 – July 31, 2015)” on pages 8 and 9 for information on assumptions for the forecasts of operating results.

1. The Investment Corporation and Related Corporations

The names of AEON REIT Investment Corporation (“we” or the “Investment Corporation”) and its related corporations, and an outline of its asset management roles and related operations (including other major related parties of the Investment Corporation) are shown as follows. AEON Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD. and AEON TOWN Co., Ltd. are added in “Pipeline Support Companies” and “Shopping Center Management Support Companies” in the “Management structure of the Investment Corporation” in the Securities Report (filed on April 28, 2014, including amendments filed thereafter; prepared in Japanese only).



- (a) Asset management agreement
- (b) Asset custody agreement
- (c) Transfer agency agreement
- (d) General administration agreement
- (e) Account administration agreement

- (f) Trademark license agreement
- (g) Sponsor support agreement
- (h) Pipeline support agreements
- (i) Shopping center management agreements
- (j) A memorandum of understanding on investments in properties in Malaysia

(Note) AEON CO., LTD., AEON Mall Co., Ltd. and AEON Retail Co., Ltd. qualify as specified related entities under the Financial Instruments and Exchange Act and other laws and regulations of Japan.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on April 28, 2014, including amendments thereafter; prepared in Japanese only), the disclosure is omitted.

(2) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

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

The Investment Corporation was established on November 30, 2012, with unitholders' capital of ¥500 million (5,000 units) and AEON Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (Act No. 198 of 1951, as amended). The Investment Corporation subsequently issued new investment units (900,000 units) through a public offering with the payment due date on November 21, 2013, which were listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (Securities code: 3292) on November 22, 2013. In addition, new investment units (45,000 units) were issued through third-party allotment on December 17, 2013. As a result, the number of total investment units issued came to 950,000 units.

The real estate held by the Investment Corporation as of July 31, 2014, numbered 17 properties, with a total acquisition price of ¥158,988 million.

(B) Investment environment and performance

(a) Investment environment

In the Japanese economy, despite a lingering pullback in demand following a rush ahead of a consumption tax hike implemented in April 2014, there was a trend of moderate recovery mainly supported by the continuation of yen depreciation and the upward trend in share prices, an upturn in corporate performance, increased capital expenditure and improvements in employment and wages. In addition, the J-REIT market benefited from active property acquisitions on the back of a favorable fund procurement environment, with aggregate market value in the market as a whole hitting a record high.

(b) Performance

Operating under these circumstances, on June 19, 2014, the Investment Corporation and the Asset Manager concluded a “Pipeline support agreement” and a “Shopping center management agreement” with each of four Aeon Group companies (AEON Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD. and AEON TOWN Co., Ltd.) in order to further strengthen future external growth.

In addition, the Investment Corporation acquired AEON Taman Universiti Shopping Centre, which is located in Johor, Malaysia, from AEON CO. (M) BHD. on June 25, 2014, for 20 million RM (¥658 million) ^(Note), becoming the first J-REIT to invest in overseas properties. As a result, the real estate owned by the Investment Corporation as of July 31, 2014, numbered 17 properties with a total acquisition price of ¥158,988 million, and the occupancy rate of the Investment Corporation's whole portfolio became 100.0%.

(Note) RM refers to the Malaysian Ringgit and the acquisition price in Japanese yen is the total yen amount of the considerations actually paid by the Investment Corporation to AEON CO. (M) BHD. over several times (excluding transaction fees and other various costs, rounded down to the nearest unit).

(C) Financing

The Investment Corporation carried out early repayment of the whole amount of short-term loans payable using cash on hand on April 21, 2014, resulting in a borrowing balance of ¥63,000 million as

of July 31, 2014. Consequently, loan-to-value, or LTV (which we define as the ratio of (i) the aggregate amount of our interest-bearing debt plus the tenant leasehold and security deposits in trust to (ii) total assets that the Investment Corporation holds) came to 41.4%.

As a result, the ratio of long-term interest-bearing debt as of July 31, 2014 (which we define as the ratio of (i) long-term interest-bearing debt, including current portion of long-term loans payable, to (ii) total interest-bearing debts) is 100.0%. The fixed interest rate (which we define as the ratio of (i) interest-bearing debts with payment of fixed interests, including interest-bearing debts fixed by an interest swap, to (ii) total interest-bearing debts) is 85.7%. The Investment Corporation maintains a sound and conservative financial structure in light of this ratio as well as the above-mentioned LTV ratio.

The credit rating the Investment Corporation has obtained as of July 31, 2014 is as follows:

<Credit rating>

Rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	AA-	Stable

(D) Overview of financial results and distributions

As a result of the above-mentioned operations, operating revenue came to ¥7,420 million, operating income came to ¥2,805 million, ordinary income came to ¥2,338 million, and net income came to ¥2,337 million, for the fiscal period under review.

It was decided that approximately all unappropriated retained earnings would be distributed, except a fraction of less than ¥1 of distributions per investment unit, with the aim that the maximum amount of profit distributions would be included in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥2,461.

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

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

In our outlook for the Japanese economy, we forecast that the impact from the pullback in consumption following the rush ahead of the consumption tax hike in April will gradually ease and that moderate economic growth will continue. Firm corporate performance is expected to drive an increase in capital expenditure. In the area of household finances, there have been further improvements in the employment and income environments will reflect pay rises primarily at large companies, labor shortages and others, leading to expectations that individual consumption and investment in housing will continue to be firm.

In the environment surrounding retail properties, according to the “Consumer Confidence Survey” for July 2014 announced by the Cabinet Office of Japan, the “Consumer Confidence Index” improved for three consecutive months and consumer confidence is recovering. Furthermore, according to the “Family Income and Expenditure Survey” for June 2014 announced by the Statistics Bureau, Ministry of Internal Affairs and Communications of Japan, “consumption expenditures excluding housing expenditure, etc.” are improving after bottoming out in April 2014. As sales are recovering mainly in large retail properties following a decline resulting from the demand pullback caused by the consumption tax hike, sales are expected to remain firm from the next fiscal period despite negative factors such as unseasonable weather.

In economies outside Japan, the U.S. and other developed countries are on a recovery track. Consequently, although there are differences in the strength of recoveries in emerging countries, they are also expected to head towards recovery on the back of export growth resulting from the economic upturns in developed countries.

On the other hand, there are risk factors such as an increase in geopolitical risks from growing tensions in the Middle East and Ukraine, a slowdown in economic recovery in the U.S., a worsening

of economic conditions in emerging countries, and a prolonged slump in individual consumption resulting from the consumption tax hike. The Investment Corporation will take careful note of these risks.

(B) Future investment policy

(a) Basic policy

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

(b) Investment policy and growth strategy

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

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

(c) Financial strategy

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

iii) Significant events after balance sheet date

Not applicable.

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending
January 31, 2015 (August 1, 2014 – January 31, 2015) and
July 31, 2015 (February 1, 2015 – July 31, 2015)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending January 31, 2015 (184 days from August 1, 2014 to January 31, 2015, the 4th fiscal period) • Fiscal period ending July 31, 2015 (181 days from February 1, 2015 to July 31, 2015, the 5th fiscal period)
Portfolio	<ul style="list-style-type: none"> • We have assumed that there will be no changes in the composition of our portfolio (acquisition of new properties or sale of the current properties) associated with the 17 properties that we hold as of the date of this financial report until the end of the 5th fiscal period, July 31, 2015. • The actual figures may fluctuate due to acquisition of new properties, disposal of properties held or other reasons.
Operating revenue	<ul style="list-style-type: none"> • We have calculated leasing business revenue from the assets currently held taking into account the relevant lease agreements effective as of the date of this financial report. • We have assumed no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Operating expenses mainly comprise expenses related to rent business. Our assumptions for those expenses, excluding depreciation expenses, are calculated based on historical experience, making certain adjustments as appropriate so as to reflect changeable factors in expenses. • We have assumed fixed asset tax, city planning tax and depreciable asset tax of ¥902 million for the 4th fiscal period and ¥902 million for the 5th fiscal period. • We have assumed the repair and maintenance expenses for buildings required in each fiscal period based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repair and maintenance expenses in each period may differ substantially from our forecasts, as (i) we acknowledge that we may incur expenses for urgent repairs to properties due to damage to buildings caused by a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses incurred from one fiscal period to another, and (iii) expenses are not incurred based on a regular schedule. • We have assumed that we will incur depreciation expenses, including some depreciation-related expenses, of ¥2,249 million for the 4th fiscal period and ¥2,264 million for the 5th fiscal period. These figures are calculated using the straight-line method.
Non-operating expenses	<ul style="list-style-type: none"> • We have assumed interest expenses and other borrowing-related expenses of ¥425 million for the 4th fiscal period and ¥418 million for the 5th fiscal period.
Borrowings	<ul style="list-style-type: none"> • As of July 31, 2014, we have borrowings totaling ¥63,000 million (the lenders are qualified institutional investors as defined in Article 2, paragraph 3, item 1 of the Financial Instruments and Exchange Act). • We anticipate our LTV ratio will be approximately 41% as of the end of the 4th fiscal period, January 31, 2015, and approximately 41% as of the end of the 5th fiscal period, July 31, 2015. • To calculate our LTV, we use the following formula: LTV = Total interest-bearing debt plus tenant leasehold and guarantee deposits (including tenant leasehold and guarantee deposits in trust) / Total assets × 100
Investment units	<ul style="list-style-type: none"> • We have assumed there will be no change in the number of investment units outstanding resulting from the issuance of additional investment units, etc., until the end of the 5th fiscal period, July 31, 2015. • Distributions per unit for the 4th and 5th fiscal periods are calculated based on the assumption that the number of units issued and outstanding as of each end of the periods will total 950,000 units.
Distributions per unit	<ul style="list-style-type: none"> • We have calculated distributions per unit (excluding distributions in excess of earnings) based on the cash distribution policy prescribed in our Articles of Incorporation. • Fluctuations in rent revenue due to changes in our portfolio and other factors, unforeseeable repair and maintenance incurred and other various factors may lead to changes in the amount of distributions per unit.

Item	Assumptions
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> ● We currently have no plans to pay cash distributions in excess of earnings (distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> ● Our forecasts assume no revisions that impact on the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. ● Our forecasts assume no unforeseeable significant changes will occur in general economic trends or conditions in the real estate market.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Assets		
Current assets		
Cash and deposits	2,615,345	7,730,592
Cash and deposits in trust	4,364,553	3,558,075
Prepaid expenses	337,789	286,863
Deferred tax assets	36	8
Consumption taxes receivable	4,490,071	-
Other	-	202
Total current assets	11,807,796	11,575,742
Non-current assets		
Property and equipment		
Buildings in trust	89,868,954	90,471,656
Accumulated depreciation	(1,070,235)	(3,217,380)
Buildings in trust, net	88,798,718	87,254,275
Structures in trust	700,665	751,115
Accumulated depreciation	(41,276)	(124,952)
Structures in trust, net	659,388	626,163
Land in trust	50,903,990	51,257,258
Construction in progress in trust	117,448	-
Total property and equipment	140,479,545	139,137,698
Intangible assets		
Leasehold rights in trust	18,045,526	18,045,526
Total intangible assets	18,045,526	18,045,526
Investments and other assets		
Long-term prepaid expenses	1,107,588	986,131
Lease and guarantee deposits	10,000	10,000
Total investments and other assets	1,117,588	996,131
Total non-current assets	159,642,661	158,179,356
Deferred assets		
Investment unit issuance expenses	194,098	158,807
Total deferred assets	194,098	158,807
Total assets	171,644,556	169,913,906

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	46,775	204,962
Short-term loans payable	4,000,000	–
Accounts payable - other	149,417	137,428
Accrued expenses	20,327	16,396
Income taxes payable	1,343	717
Accrued consumption taxes	–	448,597
Other	11,816	4,897
Total current liabilities	4,229,681	812,999
Non-current liabilities		
Long-term loans payable	63,000,000	63,000,000
Tenant leasehold and security deposits in trust	7,411,389	7,411,389
Total non-current liabilities	70,411,389	70,411,389
Total liabilities	74,641,070	71,224,388
Net assets		
Unitholders' equity		
Unitholders' capital	96,351,350	96,351,350
Surplus		
Unappropriated retained earnings (undisposed loss)	652,135	2,338,167
Total surplus	652,135	2,338,167
Total unitholders' equity	97,003,485	98,689,517
Total net assets	*1 97,003,485	*1 98,689,517
Total liabilities and net assets	171,644,556	169,913,906

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From August 1, 2013 to January 31, 2014)		Current fiscal period (From February 1, 2014 to July 31, 2014)	
Operating revenue				
Rent revenue - real estate	*1	2,773,937	*1	7,420,670
Total operating revenue		2,773,937		7,420,670
Operating expenses				
Expenses related to rent business	*1	1,439,883	*1	4,163,244
Asset management fee		102,131		328,357
Asset custody fee		3,580		6,904
Administrative service fees		13,414		36,501
Directors' compensations		3,600		3,600
Taxes and dues		3		167
Other operating expenses		9,557		76,751
Total operating expenses		1,572,171		4,615,527
Operating income		1,201,765		2,805,142
Non-operating income				
Interest income		91		451
Other		-		934
Total non-operating income		91		1,386
Non-operating expenses				
Interest expenses		116,352		301,108
Amortization of investment unit issuance expenses		17,645		35,290
Other offering costs associated with issuance of investment units		207,250		-
Borrowing related expenses		99,301		131,582
Other		-		0
Total non-operating expenses		440,549		467,983
Ordinary income		761,307		2,338,546
Income before income taxes		761,307		2,338,546
Income taxes - current		1,352		786
Income taxes - deferred		(36)		27
Total income taxes		1,316		814
Net income		759,991		2,337,731
Retained earnings (deficit) brought forward		(107,855)		435
Unappropriated retained earnings (undisposed loss)		652,135		2,338,167

(3) Statements of Unitholders' Equity

Previous fiscal period (From August 1, 2013 to January 31, 2014)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	500,000	(107,855)	(107,855)	392,144	392,144
Changes of items during period					
Issuance of new investment units	95,851,350		–	95,851,350	95,851,350
Net income		759,991	759,991	759,991	759,991
Total changes of items during period	95,851,350	759,991	759,991	96,611,341	96,611,341
Balance at end of current period	*1 96,351,350	652,135	652,135	97,003,485	97,003,485

Current fiscal period (From February 1, 2014 to July 31, 2014)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	96,351,350	652,135	652,135	97,003,485	97,003,485
Changes of items during period					
Dividends of surplus		(651,700)	(651,700)	(651,700)	(651,700)
Net income		2,337,731	2,337,731	2,337,731	2,337,731
Total changes of items during period	–	1,686,031	1,686,031	1,686,031	1,686,031
Balance at end of current period	*1 96,351,350	2,338,167	2,338,167	98,689,517	98,689,517

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
I Unappropriated retained earnings	652,135,903	2,338,167,369
II Distributions	651,700,000	2,337,950,000
[Distributions per investment unit]	[686]	[2,461]
III Earnings carried forward	435,903	217,369
Calculation method for distributions	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, the Investment Corporation will pay distributions of profits at the total amount of ¥651,700,000, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 950,000, which is the number of investment units issued; provided, however, that the Investment Corporation will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of the Investment Corporation.</p>	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of the Investment Corporation, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, the Investment Corporation will pay distributions of profits at the total amount of ¥2,337,950,000, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 950,000, which is the number of investment units issued; provided, however, that the Investment Corporation will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of the Investment Corporation.</p>

(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Cash flows from operating activities		
Income before income taxes	761,307	2,338,546
Depreciation	1,111,512	2,230,820
Amortization of investment unit issuance expenses	17,645	35,290
Interest income	(91)	(451)
Interest expenses	116,352	301,108
Decrease (increase) in consumption taxes refund receivable	(4,490,071)	4,490,071
Increase in accrued consumption taxes	–	448,597
Decrease (increase) in prepaid expenses	(337,789)	50,925
Increase in operating accounts payable	20,633	100,831
Increase in accounts payable - other	92,920	13,106
Decrease (increase) in long-term prepaid expenses	(1,107,588)	121,457
Other, net	11,710	(11,341)
Subtotal	(3,803,458)	10,118,961
Interest income received	91	374
Interest expenses paid	(96,024)	(305,039)
Income taxes paid	(198)	(1,413)
Net cash provided by (used in) operating activities	(3,899,590)	9,812,883
Cash flows from investing activities		
Purchase of property and equipment in trust	(141,539,819)	(856,713)
Purchase of intangible assets in trust	(18,045,526)	–
Proceeds from tenant leasehold and security deposits in trust	7,411,389	–
Net cash used in investing activities	(152,173,957)	(856,713)
Cash flows from financing activities		
Increase in short-term loans payable	4,000,000	–
Decrease in short-term loans payable	–	(4,000,000)
Proceeds from long-term loans payable	66,000,000	–
Repayments of long-term loans payable	(3,000,000)	–
Proceeds from issuance of investment units	95,639,606	–
Dividends paid	–	(647,412)
Net cash provided by (used in) financing activities	162,639,606	(4,647,412)
Effect of exchange rate change on cash and cash equivalents	–	10
Net increase in cash and cash equivalents	6,566,058	4,308,767
Cash and cash equivalents at beginning of period	413,841	6,979,899
Cash and cash equivalents at end of period	*1 6,979,899	*1 11,288,667

7. Other significant information for preparation of financial statements	<p>(1) Accounting policy for trust beneficiary rights in real estate, etc.</p> <p>With regard to trust beneficiary rights in real estate, etc., all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income.</p> <p>Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust, structures in trust, land in trust and construction in progress in trust iii) Leasehold rights in trust iv) Tenant leasehold and security deposits in trust <p>(2) Accounting policy for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method.</p>
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(8) Notes to Financial Statements

Notes to Balance Sheets

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

(Unit: Thousands of yen)

Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
50,000	50,000

Notes to Statements of Income

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
A. Real estate leasing business revenue		
Rent revenue—real estate		
Rent	2,773,937	7,416,911
Other rent revenue—real estate	—	3,759
Total real estate leasing business revenue	2,773,937	7,420,670
B. Real estate leasing business expenses		
Expenses related to rent business		
Expenses for management and operation	6,808	18,222
Repairs and maintenance expenses	17,228	196,140
Insurance expenses	15,859	40,646
Trust fees	3,551	9,561
Land rent paid	283,677	764,421
Taxes and dues	—	901,648
Depreciation	1,111,512	2,230,820
Other expenses related to rent business	1,245	1,783
Total real estate leasing business expenses	1,439,883	4,163,244
C. Income (loss) from real estate leasing business (A – B)	1,334,053	3,257,425

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued	950,000 units	950,000 units

Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Cash and deposits	2,615,345	7,730,592
Cash and deposits in trust	4,364,553	3,558,075
Cash and cash equivalents	6,979,899	11,288,667

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Due within 1 year	14,822,778	14,836,217
Due after 1 year	105,326,543	98,111,950
Total	120,149,321	112,948,168

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

Derivative transactions are conducted and managed in accordance with the internal regulations that

specify the basic policy of risk management.

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

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

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

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

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

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

Previous fiscal period (as of January 31, 2014)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	2,615,345	2,615,345	—
(2) Cash and deposits in trust	4,364,553	4,364,553	—
Total assets	6,979,899	6,979,899	—
(3) Short-term loans payable	4,000,000	4,000,000	—
(4) Long-term loans payable	63,000,000	63,180,428	180,428
Total liabilities	67,000,000	67,180,428	180,428
(5) Derivative transactions	—	—	—

Current fiscal period (as of July 31, 2014)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	7,730,592	7,730,592	—
(2) Cash and deposits in trust	3,558,075	3,558,075	—
Total assets	11,288,667	11,288,667	—
(3) Long-term loans payable	63,000,000	63,739,280	739,280
Total liabilities	63,000,000	63,739,280	739,280
(4) Derivative transactions	—	—	—

(Note 1) Measurement of fair values of financial instruments

(1) Cash and deposits, (2) Cash and deposits in trust

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

(3) Long-term loans payable

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

(4) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)		
Category	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Tenant leasehold and security deposits in trust	7,411,389	7,411,389

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

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

Previous fiscal period (as of January 31, 2014)

(Unit: Thousands of yen)	
	Due within 1 year
Cash and deposits	2,615,345
Cash and deposits in trust	4,364,553
Total	6,979,899

Current fiscal period (as of July 31, 2014)

(Unit: Thousands of yen)	
	Due within 1 year
Cash and deposits	7,730,592
Cash and deposits in trust	3,558,075
Total	11,288,667

(Note 4) Expected amount of repayments of loans payable after balance sheet date

Previous fiscal period (as of January 31, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	4,000,000	–	–	–	–	–
Long-term loans payable	–	–	9,000,000	–	27,000,000	27,000,000
Total	4,000,000	–	9,000,000	–	27,000,000	27,000,000

Current fiscal period (as of July 31, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans payable	–	–	9,000,000	–	27,000,000	27,000,000
Total	–	–	9,000,000	–	27,000,000	27,000,000

Securities

Previous fiscal period (as of January 31, 2014)

Not applicable.

Current fiscal period (as of July 31, 2014)

Not applicable.

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of January 31, 2014)

Not applicable.

Current fiscal period (as of July 31, 2014)

Not applicable.

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (as of January 31, 2014)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	54,000,000	54,000,000	(Note)	–

(Note) Fair value for interest rate swap with the special treatment is included in fair value of “(4) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Current fiscal period (as of July 31, 2014)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	54,000,000	54,000,000	(Note)	–

(Note) Fair value of interest rate swap with the special treatment is included in fair value of “(3) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Retirement Benefits

Previous fiscal period (as of January 31, 2014)

Not applicable.

Current fiscal period (as of July 31, 2014)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Deferred tax assets		
Accrued business office taxes, currently not deductible	36	8
Total deferred tax assets	36	8
Net deferred tax assets	36	8

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

	(Unit: %)	
	Previous fiscal period (As of January 31, 2014)	Current fiscal period (As of July 31, 2014)
Normal effective statutory tax rate	36.59	36.59
(Adjustments)		
Distributions paid included in deductibles	(31.32)	(36.58)
Change in valuation allowance	(5.17)	-
Other	0.07	0.02
Effective tax rate after application of tax effect accounting	0.17	0.03

3. Revision to amounts of deferred tax assets and deferred tax liabilities due to the change in the rate of income taxes

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction (a surtax for reconstruction funding after the Great East Japan Earthquake) will no longer be levied from the fiscal period beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal period beginning on August 1, 2014, the normal effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 36.59% to 34.16%.

The impact of this change is immaterial.

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

Previous fiscal period (as of January 31, 2014)

Not applicable.

Current fiscal period (as of July 31, 2014)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (from August 1, 2013 to January 31, 2014)

Not applicable.

Current fiscal period (from February 1, 2014 to July 31, 2014)

Not applicable.

2. Associates, etc.

Previous fiscal period (from August 1, 2013 to January 31, 2014)

Not applicable.

Current fiscal period (from February 1, 2014 to July 31, 2014)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (from August 1, 2013 to January 31, 2014)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee	540,131	Accounts payable–other	107,238
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	–	–	Acquisition of beneficiary rights of real estate in trust, lessee and recipient of land rent payment	Acquisition of beneficiary rights of real estate in trust	76,810,000	–	–
								Leasing business revenue	1,302,674	Tenant leasehold and security deposits in trust	3,552,595
								Land rent paid, etc.	158,633	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,194	Real estate business	–	–	Acquisition of beneficiary rights of real estate in trust, lessee and recipient of land rent payment	Acquisition of beneficiary rights of real estate in trust	64,650,000	–	–
								Leasing business revenue	1,471,254	Tenant leasehold and security deposits in trust	3,858,794
								Land rent paid, etc.	126,201	–	–
Subsidiary of other affiliate	AEON BANK, LTD.	Koto City, Tokyo	51,250	Banking business	–	–	Lender	Interest expenses	2,187	Accrued expenses	408
								Payment of borrowing-related fees	10,000	–	–
								Borrowing of long-term loans	2,000,000	Long-term loans payable	2,000,000

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

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

(Note 3) The asset management fee includes management fees of ¥438,000 thousand related to property acquisitions, included in the book values of the individual real properties, etc.

Current fiscal period (from February 1, 2014 to July 31, 2014)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee	330,003	Accounts payable–other	106,424
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	–	–	Lessee and recipient of land rent payment	Leasing business revenue	3,550,207	Tenant leasehold and security deposits in trust	3,552,595
								Land rent paid, etc.	430,236	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,204	Real estate business	–	–	Lessee and recipient of land rent payment	Leasing business revenue	3,862,383	Tenant leasehold and security deposits in trust	3,858,794
								Land rent paid, etc.	334,161	–	–
Subsidiary of other affiliate	AEON BANK, LTD.	Koto City, Tokyo	51,250	Banking business	–	–	Lender	Interest expenses	6,106	Accrued expenses	334
								Borrowing of long-term loans	–	Long-term loans payable	2,000,000
Subsidiary of other affiliate	AEON CO. (M) BHD.	Johor, Malaysia	702 million RM	Retail business	–	–	Acquisition of beneficiary rights of real estate in trust, and lessee	Acquisition of beneficiary rights of real estate in trust	658,493	–	–
								Leasing business revenue	4,320	–	–

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

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

(Note 3) The asset management fee includes management fees of ¥1,646 thousand related to property acquisitions, included in the book values of the individual real properties, etc.

4. Officers and principal individual unitholders

Previous fiscal period (from August 1, 2013 to January 31, 2014)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Inter-locking directorate, etc.	Business relationship				
Officer	Kenji Kawahara	-	-	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.	-	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.		Asset management fee to the Asset Manager	540,131	Accounts payable-other	107,238

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

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

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Kenji Kawahara in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.
3. The asset management fee includes management fees of ¥438,000 thousand related to property acquisitions, included in the book values of the individual real properties, etc.

Current fiscal period (from February 1, 2014 to July 31, 2014)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Inter-locking directorate, etc.	Business relationship				
Officer	Kenji Kawahara	-	-	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.	-	Executive Director of the Investment Corporation and Representative Director and President of AEON Reit Management Co., Ltd.		Asset management fee to the Asset Manager	330,003	Accounts payable-other	106,424

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

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

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Kenji Kawahara in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Investment Corporation.
3. The asset management fee includes management fees of ¥1,646 thousand related to property acquisitions, included in the book values of the individual real properties, etc.

Asset Retirement Obligations

Previous fiscal period (as of January 31, 2014)

Not applicable.

Current fiscal period (as of July 31, 2014)

Not applicable.

Investment and Rental Properties

The Investment Corporation holds retail properties. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these rental properties are as follows:

(Unit: Thousands of yen)

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Balance sheet carrying amount		
Balance at beginning of period	–	158,407,624
Changes during period	158,407,624	(1,224,399)
Balance at end of period	158,407,624	157,183,225
Fair value at end of period	166,990,000	167,835,400

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

(Note 2) In changes during the current fiscal period, the increase is mainly due to the acquisition of one property (AEON Taman Universiti Shopping Centre) (¥716,572 thousand), while the decrease is principally attributable to depreciation (¥2,230,820 thousand).

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

The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income.”

Segment Information, etc.

1. Segment information

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

2. Related information

Previous fiscal period (from August 1, 2013 to January 31, 2014)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	1,302,674	Real estate leasing business
AEON Mall Co., Ltd.	1,471,254	Real estate leasing business

Current fiscal period (from February 1, 2014 to July 31, 2014)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	3,550,207	Real estate leasing business
AEON Mall Co., Ltd.	3,862,383	Real estate leasing business
AEON CO. (M) BHD.	4,320	Real estate leasing business

Per Unit Information

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Net assets per unit	¥102,108	¥103,883
Net income per unit	¥2,062	¥2,460

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

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

	Previous fiscal period (From August 1, 2013 to January 31, 2014)	Current fiscal period (From February 1, 2014 to July 31, 2014)
Net income (Thousands of yen)	759,991	2,337,731
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	759,991	2,337,731
Average number of investment units for the period (Units)	368,423	950,000

Significant Subsequent Events

Not applicable.

(9) Changes in Number of Investment Units Issued

Changes in total unitholders' capital and the total number of investment units issued and outstanding of the Investment Corporation since its incorporation until July 31, 2014 are as follows:

Date	Event	Total number of investment units issued and outstanding (Units)		Total unitholders' capital (Thousands of yen)		Remarks
		Change	Balance	Change	Balance	
November 30, 2012	Incorporation through private placement	5,000	5,000	500,000	500,000	(Note 1)
November 21, 2013	Capital increase through public offering	900,000	905,000	91,287,000	91,787,000	(Note 2)
December 17, 2013	Capital increase through third-party allotment	45,000	950,000	4,564,350	96,351,350	(Note 3)

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

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥105,000 (issue value: ¥101,430).

(Note 3) New investment units were issued through third-party allotment with an issue price per unit of ¥105,000 (issue value: ¥101,430).

4. Changes in Officers

(1) Changes in Officers of the Investment Corporation

There have been no changes in officers of the Investment Corporation described in "Officers" in the Securities Report (submitted on April 28, 2014; prepared in Japanese only).

(2) Changes in Officers of the Asset Manager

On May 26, 2014, Tsunekazu Haraguchi and Yutaka Yuge assumed office as Directors (part-time), and Kazuhide Kamitani and Kazumasa Hamada retired from office as Directors (part-time) on the same date. Yutaka Yuge passed away on August 25, 2014, and thus retired from his office as Director (part-time).

For details, please refer to the news release dated May 13, 2014, titled "Notice Concerning Change of Director in the Asset Manager" and the news release dated August 28, 2014, titled "Notice Concerning Passing and Retiring of Director at the Asset Manager."

5. Reference Information

(1) Status of Investment

Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of January 31, 2014)				Current fiscal period (As of July 31, 2014)					
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)			
					Unrealized gain (loss) on valuation of foreign currency (Millions of yen)	Percentage to total assets (%)			Unrealized gain (loss) on valuation of foreign currency (Millions of yen)	Percentage to total assets (%)		
Beneficiary rights of real estate in trust	Retail properties	Hokkaido and Tohoku	12,055	7.0	—	—	—	11,888	7.0	—	—	—
		Kanto	61,444	35.8	—	—	—	60,836	35.8	—	—	—
		Tokai, Hokuriku and Chubu	17,952	10.5	—	—	—	17,710	10.4	—	—	—
		Kinki	7,238	4.2	—	—	—	7,136	4.2	—	—	—
		Chugoku and Shikoku	34,374	20.0	—	—	—	33,869	19.9	—	—	—
		Kyushu and Okinawa	25,342	14.8	—	—	—	25,028	14.7	—	—	—
		Malaysia (Note 3)	117	0.1	117	(1)	0.1	713	0.4	713	(11)	0.4
Total			158,525	92.4	117	(1)	0.1	157,183	92.5	713	(11)	0.4
Deposits and other assets			13,119	7.6	—	—	—	12,730	7.5	0	0	0.0
Total assets			171,644	100.0	117	(1)	0.1	169,913	100.0	713	(11)	0.4

	Previous fiscal period (As of January 31, 2014)		Current fiscal period (As of July 31, 2014)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	74,641	43.5	71,224	41.9
Total net assets	97,003	56.5	98,689	58.1

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

Hokkaido and Tohoku:	Hokkaido, Aomori, Akita, Iwate, Yamagata, Miyagi, and Fukushima prefectures
Kanto:	Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, and Gunma prefectures
Tokai, Hokuriku and Chubu:	Aichi, Shizuoka, Mie, Niigata, Toyama, Ishikawa, Fukui, Nagano, Yamanashi, and Gifu prefectures
Kinki:	Osaka, Kyoto, Nara, Shiga, Wakayama, and Hyogo prefectures
Chugoku and Shikoku:	Tottori, Okayama, Shimane, Hiroshima, Yamaguchi, Kagawa, Tokushima, Ehime, and Kochi prefectures
Kyushu and Okinawa:	Fukuoka, Kumamoto, Saga, Nagasaki, Oita, Miyazaki, Kagoshima, and Okinawa prefectures
Malaysia:	The whole land of Malaysia is presented as one category.

(Note 2) *Total amount held* represents the balance sheet carrying amount (for real estate and beneficiary rights of real estate in trust, book value less depreciation expenses) as of the end of the fiscal period.

(Note 3) As of January 31, 2014, the Investment Corporation did not hold property in Malaysia. The amount represents the deposit made on the conclusion date of the sale and purchase agreement that is recorded in construction in progress in trust.

(2) Investment Assets

i) Major investment securities

Not applicable.

ii) Investment properties

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

The summary of real estate, etc., held by the Investment Corporation as of July 31, 2014 (the end of the 3rd fiscal period) is shown below.

Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Seller
SRSC-1	AEON LakeTown mori (Note 4)	21,190	20,934	22,100	13.3	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	6,624	7,040	4.2	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,264	5,590	3.4	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,623	7,010	4.2	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara	16,460	16,293	17,300	10.4	AEON Mall Co., Ltd.
RSC-4	AEON MALL Ota	6,860	6,775	7,820	4.3	Century Tokyo Leasing Corporation
RSC-5	AEON Sagamihara Shopping Center	10,220	10,208	10,300	6.4	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	4,837	5,210	3.1	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,596	10,100	6.1	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,276	3,550	2.1	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	7,136	7,610	4.5	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	7,632	8,170	4.9	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	17,691	18,700	11.3	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	8,545	9,190	5.5	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,250	11,122	12,800	7.1	Century Tokyo Leasing Corporation AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	14,060	13,905	14,700	8.8	AEON Mall Co., Ltd.
M-1	AEON Taman Universiti Shopping Centre (Note 5)	658 [20 million RM]	713 [21 million RM]	645 [20 million RM]	0.4	AEON CO. (M) BHD.
	Total	158,988	157,183	167,835	100.0	

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

(Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of July 31, 2014, or survey price shown on a survey report of property. For the summary of appraisal, please refer to "Summary of real estate appraisal" described below.

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

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

(Note 5) *Acquisition price* represents the total yen amount of the considerations actually paid by the Investment Corporation to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

The Investment Corporation holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value as of the valuation date of July 31, 2014, or survey price on a survey report of property, equivalent to the Investment Corporation's pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights in trust of real estate. The amount of *Assessed value at end of period* was converted to Japanese yen based on the exchange rate as of the end of the fiscal period (July 31, 2014; 1 RM = ¥32.27; rounded down to the nearest 100th).

(B) Overview of lease

The overview of lease (annual contracted rent, leasehold/security deposits, total leasable area, total leased area, and occupancy rate) of real estate, etc., held by the Investment Corporation as of the end of the current fiscal period (July 31, 2014) is shown below.

Type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold/security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties	SRSC-1	AEON LakeTown mori (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	685	685	160,387.00	160,387.00	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	330	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	338	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	354	354	60,682.20	60,682.20	100.0
	RSC-3	AEON MALL Mitouchihara (Note 3)	Mito City, Ibaraki Pref.	November 8, 2005	725	724	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	476	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	420	420	75,056.62	75,056.62	100.0
	RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	March 29, 2007	329	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	446	446	125,236.10	125,236.10	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	214	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	328	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	425	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	741	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	460	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	548	545	151,969.51	151,969.51	100.0
RSC-14	AEON MALL Kumamoto	Kamimashiki County, Kumamoto Pref.	September 16, 2005	584	584	101,132.38	101,132.38	100.0	
M-1	AEON Taman Universiti Shopping Centre (Note 4)	Johor, Malaysia	May 30, 2002	4 [136 thousand RM]	–	22,870.45	22,870.45	100.0	
Total					7,416	7,411	1,705,787.82	1,705,787.82	100.0

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

(Note 2) The Investment Corporation holds 40% of each beneficiary right of real estate in trust of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). Annual contracted rent and Leasehold/security deposits represent the amounts equivalent to the Investment Corporation’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the beneficiary rights of real estate in trust (40% for each property). Lots of “AEON LakeTown mori” and “AEON LakeTown kaze” comprise provisionally allocated land and reserved land located within the area of the Koshigaya LakeTown Specific Land Readjustment Project, which was carried out by Urban Renaissance Agency as a Koshigaya City planning project. The Location shown above is the location of the original plot areas prior to the provisional allocation.

(Note 3) This property’s lot comprises provisionally allocated land and reserved land located within the area of the Land Readjustment Project of North land plot of JR Uchihara train station, which was carried out by Mito City as a Mito/Katsuta City planning project. The Location shown above is the location of the original plot areas prior to the provisional allocation.

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

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

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

(C) Summary of real estate appraisal

- a. The summary of real estate appraisal (appraisal value; return price based on direct capitalization method and direct capitalization rate; return price based on DCF method, discount rate and terminal capitalization rate; and NOI) for the properties held as of July 31, 2014 (the end of the 3rd fiscal period) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Return price					NOI (Millions of yen) (Note 2)
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	22,100	22,400	5.2	22,000	5.2 5.3 (Note 4)	5.4	1,181
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,040	7,220	5.6	6,960	5.5 5.6 (Note 5)	5.9	418
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	5,590	5,620	6.9	5,550	6.5	7.1	451
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,010	7,110	6.3	6,910	6.0	6.6	479
RSC-3	AEON MALL Mitouchihara	Japan Real Estate Institute	17,300	17,400	6.3	17,100	5.9	6.5	1,117
RSC-4	AEON MALL Ota	Japan Real Estate Institute	7,820	7,860	6.6	7,770	6.1	6.8	574
RSC-5	AEON Sagamihara Shopping Center	Japan Real Estate Institute	10,300	10,400	5.5	10,200	5.2	5.7	646
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	5,210	5,260	6.8	5,160	6.4	7.1	380
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,100	10,200	6.3	9,980	5.9	6.7	727
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,550	3,650	6.8	3,510	6.7 6.8 (Note 6)	7.1	282
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,610	7,640	6.9	7,570	6.6	7.1	537
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,170	8,230	6.9	8,110	6.5	7.2	591
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	18,700	18,800	6.2	18,600	5.9	6.4	1,233
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	9,190	9,270	6.5	9,100	6.1	6.8	618
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	12,800	12,900	6.4	12,600	6.1	6.7	856
RSC-14	AEON MALL Kumamoto	Japan Real Estate Institute	14,700	14,800	6.2	14,500	5.9	6.5	947
M-1	AEON Taman Universiti Shopping Centre (Note 7)	Japan Real Estate Institute	645 [20 million RM]	–	–	645 [20 million RM]	6.5 6.0 (Note 8)	7.0	43 [1 million RM]
Total			167,835	–	–	166,265	–	–	11,077

(Note 1) *Appraisal value* represents the appraisal value as of the valuation date of July 31, 2014.

(Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from NCF (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from NOI. NOI shown above is assumed with the direct capitalization method. NOI is rounded to the nearest million yen.

(Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and NOI describe the Investment Corporation's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the beneficiary rights of real estate in trust (40% for each property).

(Note 4) Discount rates for AEON LakeTown mori are 5.2% during the initial ten years and 5.3% for the eleventh year.

(Note 5) Discount rates for AEON LakeTown kaze are 5.5% during the initial ten years and 5.6% for the eleventh year.

(Note 6) Discount rates for AEON MALL Meiwa are 6.7% during the initial four years and 6.8% for the next seven years.

(Note 7) Pursuant to the local appraisal methodology, we entrusted the evaluation of the appraisal value of the property to Japan Real Estate Institute. *Appraisal value* represents the amount equivalent to the Investment Corporation's pro-rata portion of the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust, and is based on the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2014. The prices and NOI in *Return price* show the amount representing the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust of the beneficiary rights of real estate in trust, and is based on prices, etc., calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method). In addition, the amount in Malaysian Ringgit was converted to Japanese yen based on the exchange rate as of the end of the fiscal period (July 31, 2014; 1 RM = ¥32.27; rounded down to the nearest 100th).

(Note 8) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.

(D) Capital expenditures for properties held

a. Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (those exceeding ¥10 million per work) that the Investment Corporation plans to conduct for properties held as of July 31, 2014.

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

Property name (Location)	Purpose	Scheduled period	Estimated cost of construction works (Millions of yen)		
			Total amount	Payment for the period	Total amount already paid
AEON MALL Morioka (Morioka City, Iwate Pref.)	Ramp painting work	From August 2014 to September 2014	16	-	-
	Air conditioning renewal work	From September 2014 to November 2014	46	-	-
AEON MALL Ota (Ota City, Gunma Pref.)	Air conditioning renewal work	From November 2014 to December 2014	27	-	-
AEON Sagami-hara Shopping Center (Sagami-hara City, Kanagawa Pref.)	Repair work to invigorate stores	From August 2014 to October 2014	90	-	-
	Fire alarm and sensor system renewal work	From October 2014 to November 2014	20	-	-
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Air conditioning renewal work	From August 2014 to September 2014	17	-	-
	Air conditioning renewal work	From September 2014 to October 2014	100	-	-
	Sealing renewal work	From October 2014 to November 2014	14	-	-
AEON MALL Ayagawa (Ayauta County, Kagawa Pref.)	External wall painting work	From September 2014 to October 2014	70	-	-
	Planting and sleeper replacement work	From October 2014 to November 2014	10	-	-
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Ramp painting work	From November 2014 to January 2015	23	-	-
AEON MALL Kumamoto (Kamimashiki County, Kumamoto Pref.)	Work to convert lighting to LEDs	From October 2014 to November 2014	46	-	-

b. Capital expenditures during the period

For properties held by the Investment Corporation as of July 31, 2014, the major construction works that fall into capital expenditure (those exceeding ¥10 million per work) conducted by the Investment Corporation during the current fiscal period are shown in the table below. The capital expenditure for the current fiscal period amounted to ¥289 million, and repair and maintenance expenses that were accounted for as expense came to ¥196 million. On aggregate, construction work of ¥485 million was carried out during the fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Mitouchihara (Mito City, Ibaraki Pref.)	Work to increase drainage water management facilities	From January 2014 to March 2014	74
AEON Sagami-hara Shopping Center (Sagami-hara City, Kanagawa Pref.)	Work for earthquake safety measures	From February 2014 to February 2014	18
	Air conditioning renewal work	From May 2014 to June 2014	21
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Air conditioning renewal work	From April 2014 to July 2014	41
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Work for rainwater/discharged water measures in underground parking area, etc.	From October 2013 to March 2014	109

(E) Statements of income of individual properties

3rd fiscal period (from February 1, 2014 to July 31, 2014)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3	RSC-4
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara	AEON MALL Ota
Number of operating days	181	181	181	181	181	181
(A) Operating revenue	685,461	333,795	338,726	354,487	725,799	476,910
Rent revenue—real estate	685,461	333,795	338,726	354,487	725,799	476,910
(B) Operating expenses	93,270	119,573	109,487	116,695	176,997	187,946
Expenses for management and operation (Note 1)	1,826	1,426	1,820	1,790	1,400	1,400
Taxes and dues	85,244	37,025	45,031	46,779	79,212	40,948
Insurance expenses	2,403	1,785	2,430	1,515	4,063	2,089
Repairs and maintenance expenses	3,722	2,277	10,395	11,503	16,358	10,870
Land rent paid	16	77,034	49,748	54,704	75,090	132,591
Other expenses related to rent business	55	24	61	402	873	46
(C) NOI (A – B)	592,191	214,222	229,238	237,792	548,802	288,963
(D) Depreciation	224,717	96,403	95,486	82,786	240,950	111,273
(E) Income from leasing business (C – D)	367,474	117,818	133,751	155,005	307,852	177,690
(F) Capital expenditures	–	1,448	6,765	4,859	86,101	6,360
(G) NCF (C – F)	592,191	212,774	222,472	232,932	462,701	282,602

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

(Note 2) *Operating revenue* and *Operating expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-5	RSC-6	RSC-7	RSC-8	RSC-9	RSC-10
Property name	AEON Sagamihara Shopping Center	AEON MALL Ogaki	AEON MALL Suzuka	AEON MALL Meiwa	AEON MALL Kasai-Hojo	AEON MALL Hiezu
Number of operating days	181	181	181	181	181	181
(A) Operating revenue	420,320	329,751	446,118	214,749	328,607	425,747
Rent revenue—real estate	420,320	329,751	446,118	214,749	328,607	425,747
(B) Operating expenses	94,903	136,303	85,800	74,745	56,694	125,976
Expenses for management and operation (Note 1)	1,400	1,760	1,850	1,850	1,850	1,950
Taxes and dues	77,320	35,341	57,588	24,140	42,836	45,047
Insurance expenses	2,814	1,562	3,019	885	1,111	2,453
Repairs and maintenance expenses	13,332	3,426	23,320	10,184	1,213	4,392
Land rent paid	–	94,212	–	37,567	9,677	72,132
Other expenses related to rent business	35	–	22	117	6	–
(C) NOI (A – B)	325,416	193,447	360,317	140,003	271,913	299,771
(D) Depreciation	76,222	118,225	100,339	35,947	103,817	143,496
(E) Income from leasing business (C – D)	249,194	75,222	259,977	104,056	168,095	156,275
(F) Capital expenditures	47,665	5,038	6,596	899	1,680	3,380
(G) NCF (C – F)	277,751	188,409	353,720	139,104	270,233	296,391

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

(Note 2) *Operating revenue* and *Operating expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-11	RSC-12	RSC-13	RSC-14	M-1
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL Kumamoto	AEON Taman Universiti Shopping Centre (Note 2)
Number of operating days	181	181	181	181	36
(A) Operating revenue	742,302	460,337	548,462	584,770	4,320
Rent revenue—real estate	742,302	460,337	548,462	584,770	4,320
(B) Operating expenses	121,897	144,929	174,764	112,334	102
Expenses for management and operation (Note 1)	1,850	1,850	1,850	1,850	61
Taxes and dues	101,911	55,506	62,690	65,021	—
Insurance expenses	4,115	2,523	4,578	3,252	40
Repairs and maintenance expenses	13,942	90	62,245	8,864	—
Land rent paid	—	84,915	43,384	33,345	—
Other expenses related to rent business	77	44	15	—	—
(C) NOI (A – B)	620,404	315,407	373,697	472,435	4,218
(D) Depreciation	234,857	182,257	199,829	181,414	2,795
(E) Income from leasing business (C – D)	385,547	133,150	173,868	291,021	1,423
(F) Capital expenditures	51,328	982	60,085	6,657	—
(G) NCF (C – F)	569,076	314,425	313,612	465,778	4,218

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

(Note 2) *Operating revenue* and *Operating expenses* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).