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For Immediate Release

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Notice Concerning Revision to the Forecasts for Performance and Distributions for the Fiscal Period Ending January 31, 2020 and the Forecasts for Performance and Distributions for the Fiscal Period Ending July 31, 2020

AEON REIT Investment Corporation (“we” or the “Investment Corporation”) hereby announces revisions to its forecasts for performance and distributions (forecast figures) for the fiscal period ending January 31, 2020 (from August 1, 2019 to January 31, 2020), which were originally published in “Financial Report for the Fiscal Period Ended January 31, 2019” dated March 14, 2019 as detailed below.

In addition, we hereby announce our forecasts for performance and distributions for the fiscal period ending July 31, 2020 (from February 1, 2020 to July 31, 2020).

1. Revision to the forecasts for performance

(1) Revision to the forecasts for performance and distributions for the fiscal period ending January 31, 2020

	Operating revenues (in millions of yen)	Operating income (in millions of yen)	Ordinary income (in millions of yen)	Net income (in millions of yen)	Distributions per unit (excluding distributions in excess of earnings) (in yen)	Distributions in excess of earnings per unit (in yen)
Previous forecasts (A)	16,335	6,180	5,333	5,332	3,000	0
Revised forecasts (B)	16,849	6,545	5,673	5,672	3,025	0
Amount of change (B - A)	514	364	339	339	25	0
Rate of change (B - A) / (A)	3.1%	5.9%	6.4%	6.4%	0.8%	-

Disclaimer: This announcement has been prepared for the public disclosure of the revision to the forecasts for performance and distributions for the fiscal period ending January 31, 2020 and the forecasts for performance and distributions for the fiscal period ending July 31, 2020 of AEON REIT Investment Corporation and has not been prepared for the purpose of soliciting investment. Any investment decision should be based on an investor’s own responsibility and judgment after reading the prospectus for the new investment units and secondary offering of investment units, as well as any revisions thereto (if any) prepared by us.

(2) The forecasts for performance and distributions for the fiscal period ending July 31, 2020

	Operating revenues (in millions of yen)	Operating income (in millions of yen)	Ordinary income (in millions of yen)	Net income (in millions of yen)	Distributions per unit (excluding distributions in excess of earnings) (in yen)	Distributions in excess of earnings per unit (in yen)
Forecasts	17,544	6,701	5,847	5,846	3,120	0

(Reference)

Fiscal period ending January 31, 2020:

Anticipated number of investment units outstanding at the end of the period: 1,873,317 units (1,777,347 units assumed at previous announcement)

Fiscal period ending July 31, 2020:

Anticipated number of investment units outstanding at the end of the period: 1,873,317 units

(Notes)

1. The above forecast figures represent current calculations based on the assumptions shown in Attachment, “Assumptions Underlying the Forecasts for the Fiscal Periods Ending January 31, 2020 and July 31, 2020.” Actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding distributions in excess of earnings) may differ from these forecasts due to factors in the future such as additional acquisitions or sales of properties, or other assets, changes in the real estate market, the actual number and issue price of newly issued investment units, trends in interest rates and other changes in circumstances affecting us. In addition, these forecasts are not a guarantee of distribution amounts.
2. We may revise the above forecasts in the event that the difference between the above forecasts and actual results are anticipated to be over a certain threshold.
3. The values are truncated to the unit, and percentages are rounded to the first decimal place. The same applies below.

2. Reasons for revision and announcement

The assumptions for the forecasts for the fiscal period ending January 31, 2020 released on March 14, 2019 have changed due to the anticipated acquisition of properties and the issuance of new investment units, which we announced in “Notice Concerning Acquisition and Leases of Domestic Properties” and “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today. For this reason, the forecasts for the performance and distributions for the fiscal period ending January 31, 2020 have been revised.

At the same time, we announce the forecasts for the performance and distributions for the fiscal period ending July 31, 2020 based on the same assumptions.

Furthermore, the actual operating results and distributions for the fiscal period ended July 31, 2019 (from February 1, 2019 to July 31, 2019) are scheduled to be announced in “Financial Report for the Fiscal Period Ended July 31, 2019 (the 13th Period)” to be announced in mid-September 2019.

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

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

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【Attachment】

Assumptions Underlying the Forecasts
for the Fiscal Periods Ending January 31, 2020 and July 31, 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending January 31, 2020 (184 days from August 1, 2019 to January 31, 2020, the 14th Period) • Fiscal period ending July 31, 2020 (182 days from February 1, 2020 to July 31, 2020, the 15th Period)
Portfolio	<ul style="list-style-type: none"> • We assume a total of 42 properties, for which we currently hold 40 properties (the “Current Properties” (including AEON MALL SEREMBAN 2 which we own through the acquisition of all of the issued and outstanding shares of overseas special purpose company (the “Overseas SPC”) which holds the property)) and intend to acquire 2 additional properties on September 3, 2019 and February 3, 2020 (the “Anticipated Properties”). For the details of the acquisition of the Anticipated Properties, see “Notice Concerning Acquisition and Leases of Domestic Properties” announced today. • With respect to forecast performance, we assumed that the Anticipated Properties would be acquired within the above timeline, and that there would be no change in assets under management (acquisition of new assets or sales of the Current Properties, etc.) until the fiscal period ending July 31, 2020 (the 15th Period). • However, changes in actual results may occur on account of changes in assets under management other than as detailed above.
Operating revenues	<ul style="list-style-type: none"> • Revenues from the leasing of the Current Properties are calculated based on currently effective lease contracts and market fluctuations. Dividend income received from the Overseas SPC is calculated based on receiving term-end dividends in the fiscal period ending January 31, 2020 (the 14th Period) and interim dividends in the fiscal period ending July 31, 2020 (the 15th Period). The exchange rate is assumed ¥24.00 to 1 RM. Revenues from the leasing of the Anticipated Properties are calculated based on information acquired from the current owner of each Anticipated Property, the current lease contract that is effective as of the scheduled date of acquisition of each Anticipated Property, market movement and other factors. • Operating revenues are based on the assumption that tenants will pay rent without delinquency.
Operating expenses	<ul style="list-style-type: none"> • Of the expenses in the leasing business that are principal operating expenses, for the Current Properties, expenses other than depreciation are calculated reflecting variable expense factors based on the actual historical expenses. Expenses for the Anticipated Properties are calculated by reflecting fluctuating factors, based on the amount in the appraisal report, taking into account information acquired from the current owner of each Anticipated Property. • Although property taxes, city planning taxes and depreciable property taxes on the acquired assets are generally calculated on a pro-rata basis with the current owners and settled at the time of acquisition, an amount equivalent to such tax is not expensed in the period when the assets are acquired, as it is included in the acquisition price. The total amount of property taxes, city planning taxes and other taxes on the Anticipated Properties that are included in the acquisition cost is assumed to be 153 million yen. Property taxes, city planning taxes and depreciable property taxes on the Current Properties to be expensed in the fiscal period ending January 31, 2020 (the 14th Period) and the fiscal period ending July 31, 2020 (the 15th Period) will be 1,904 million yen and 1,982 million yen respectively. The property taxes, city planning taxes and depreciable property taxes for fiscal year 2020 in relation to “AEON MALL Fukutsu” will be expensed from the fiscal period ending July 31, 2020 (the 15th Period). The property taxes, city planning taxes and depreciable property taxes for fiscal year 2021 in relation to “AEON MALL Tamadaira woods”

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	<p>will be expensed from the fiscal period ending July 31, 2021 (the 17th Period).</p> <ul style="list-style-type: none"> • Building repair expenses are accounted for as expenses required for every business period according to the mid-to-long term building repair plan developed by the asset manager (AEON Reit Management Co. Ltd.). However, repair and maintenance expenses in each business period may differ largely from the expected amount for reasons such as: damage to buildings from certain unexpected factors and other repair expenses that do not occur regularly. In general, the amount of repair expenses varies considerably from year to year. • Depreciation expenses including ancillary costs are calculated by the straight-line method. The forecast assumes 4,551 million yen in the fiscal period ending January 31, 2020 (the 14th Period) and 4,630 million yen in the fiscal period ending July 31, 2020 (the 15th Period).
Non-operating expenses	<ul style="list-style-type: none"> • For interest expenses and other borrowing costs, 829 million yen in the fiscal period ending January 31, 2020 (the 14th Period) and 840 million yen in the fiscal period ending July 31, 2020 (the 15th Period) are projected.
Borrowings	<ul style="list-style-type: none"> • The Investment Corporation's balance of interest-bearing debt totals 150,000 million yen as of today. It is assumed that we will draw short term loans totaling 9,800 million yen on February 3, 2020 to partly finance the acquisition of the Anticipated Properties and related expenses. It is assumed that all of the short term loan will be repaid on October 20, 2020. • It is assumed that we will refinance 15,600 million yen in borrowings that will mature in the fiscal period ending January 31, 2020 (the 14th Period) (repayment date: October 21, 2019) for the same amount. • LTV at the end of the fiscal period ending January 31, 2020 (the 14th Period) and the fiscal period ending July 31, 2020 (the 15th Period) is expected to be around 43.4% and 44.9%, respectively. • To calculate LTV, the following formula is used: $\text{LTV} = (\text{Total interest-bearing debt plus tenant leasehold and guarantee deposits received (including tenant leasehold and guarantee deposits received in trust)} / \text{Total assets}) \times 100$ • LTV may be subject to change, depending on the issue price of new investment units to be issued this time and a third-party allotment.
Investment units	<ul style="list-style-type: none"> • In addition to the 1,777,347 investment units currently outstanding as of today, we assumed a total of 95,970 investment units to be newly and fully issued through an offering of new investment units (91,400 investment units) and a third-party allotment (up to 4,570 investment units). Such amounts were determined at the board of directors meeting held today. For details on the Investment Unit issuance, see "Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units" announced today. • Except for the above, we have assumed that the number of investment units will remain unchanged, without any further issuance of new investment units through the fiscal period ending July 31, 2020 (the 15th Period). • Distributions per unit for the fiscal period ending January 31, 2020 (the 14th Period) and the fiscal period ending July 31, 2020 (the 15th Period) are calculated based on the number of investment units outstanding, 1,873,317, for each respective period.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) are calculated based on the fund distribution policy provided in our Articles of Incorporation. • Distributions per unit may change due to various factors including changes in rent revenues attributable to changes in the assets under management and changes in tenants, as well as the occurrence of unexpected repairs and maintenance.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • The Investment Corporation currently does not intend to pay distributions in excess of earnings per unit in the periods covered by the forecasts.
Others	<ul style="list-style-type: none"> • It is assumed that no revision that would have an impact on the forecast values above will be made in the laws, tax systems, accounting standards, listing rules, the rules of

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	<p>the Investment Trusts Association, Japan, or other applicable rules and regulations.</p> <ul style="list-style-type: none">• It is assumed that no unexpected significant change will occur with respect to general economic behavior, real estate market conditions and other similar conditions.
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