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September 17, 2019

Financial Report for the Fiscal Period Ended July 31, 2019 (February 1, 2019 – July 31, 2019)

AEON REIT Investment Corporation

Listing: Tokyo Stock Exchange
Securities code: 3292
URL: <https://www.aeon-jreit.co.jp/en/index.html>
Representative: Akifumi Togawa, Executive Director

Asset management company: AEON Reit Management Co., Ltd.
Representative: Nobuaki Seki, Representative Director and President
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Scheduled date to file securities report: October 23, 2019
Scheduled date to commence distribution payments: October 15, 2019

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, 2019 (February 1, 2019 – July 31, 2019)

(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, 2019	16,357	0.2	6,226	(1.7)	5,416	(0.6)	5,492	3.1
January 31, 2019	16,329	0.8	6,335	2.5	5,448	2.9	5,325	1.4

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
July 31, 2019	3,090	2.8	1.5	33.1
January 31, 2019	2,996	2.7	1.5	33.4

(2) Distributions

Fiscal period ended	Distribution per unit (excluding distributions in excess of retained earnings)	Total cash distributions (excluding distributions in excess of retained earnings)	Distribution in excess of retained earnings per unit	Total cash distributions in excess of retained earnings	Payout ratio	Cash distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
July 31, 2019	3,047	5,415	—	—	98.6	2.7
January 31, 2019	3,066	5,449	—	—	102.3	2.8

(Note) Distribution per unit for the fiscal period ended January 31, 2019 is calculated by dividing the amount, which is obtained by adding the amount reversed from provision of distribution reserve (the amount obtained by subtracting extraordinary income comprising insurance income from extraordinary losses comprising loss on disaster and provision for loss on disaster) of ¥122 million to unappropriated retained earnings of ¥5,327 million, by the total number of investment units issued and outstanding.

Distribution per unit for the fiscal period ended July 31, 2019 is calculated by dividing the amount, which is obtained by adding the amount reversed from provision of distribution reserve (extraordinary income comprising insurance income for disaster) of ¥76 million to unappropriated retained earnings of ¥5,492 million, by the total number of investment units issued and outstanding.

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2019	362,417	198,062	54.7	111,437
January 31, 2019	362,296	198,019	54.7	111,413

(Reference) Equity As of July 31, 2019: ¥198,062 million As of January 31, 2019: ¥198,019 million

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (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, 2019	10,948	(570)	(5,448)	22,255
January 31, 2019	8,636	(8,437)	(5,358)	17,326

2. Forecasts of performance for the fiscal periods ending January 31, 2020 (August 1, 2019 – January 31, 2020) and July 31, 2020 (February 1, 2020 – July 31, 2020)

(Percentages show changes from the previous period)

	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit
Fiscal period ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
January 31, 2020	16,849	3.0	6,545	5.1	5,673	4.7	5,672	3.3	3,025	—
July 31, 2020	17,544	4.1	6,701	2.4	5,847	3.1	5,846	3.1	3,120	—

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted total number of investment units issued and outstanding)

For the fiscal period ending January 31, 2020: ¥3,028

For the fiscal period ending July 31, 2020: ¥3,120

*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) Total number of investment units issued and outstanding

- a. Total number of investment units issued and outstanding at end of period (including treasury investment units)
 - As of July 31, 2019 1,777,347 units
 - As of January 31, 2019 1,777,347 units

- b. Number of treasury investment units at end of period
 - As of July 31, 2019 0 units
 - As of January 31, 2019 0 units

(Note) Please refer to “Per Unit Information” on page 32 for the number of investment units used as the basis for calculating net income per unit.

* Status of audit procedures

This financial report is not subject to audit procedures by public accountants or audit corporations.

* Special notes

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to AEON REIT and on certain assumptions AEON REIT 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 shall not be construed as a guarantee of the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending January 2020 (August 1, 2019 – January 31, 2020) and July 2020 (February 1, 2020 – July 31, 2020)” on pages 7 and 8 for information on assumptions for the forecasts of operating results.

1. Status of Asset Management

(1) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Overview of AEON REIT

AEON REIT Investment Corporation (hereinafter, “AEON REIT”) invests primarily in retail and related properties which, as an integral part of the communities in which they are located, form the backbone of the communities and their retail business infrastructure. Through said investment, we aim to ensure stable earnings over the medium to long term and achieve steady portfolio growth.

AEON REIT was established on November 30, 2012 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”), with AEON Reit Management Co., Ltd. (hereinafter, the “Asset Manager”) serving as the organizer. AEON REIT was listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (securities code: 3292) on November 22, 2013.

The real estate held by AEON REIT as of July 31, 2019 totaled 40 properties in Japan and overseas, including AEON MALL SEREMBAN 2 it owns through an overseas real estate holding corporation established in Malaysia (hereinafter, the “Overseas SPC”), with a total acquisition price of ¥362,478 million. Total leasable area is 3,430,516.37 m² and the occupancy rate of the entire portfolio is 100.0% as of the same date.

(B) Operating environment and performance

(a) Operating environment

In the fiscal period under review, the Japanese economy saw real GDP for the first quarter (April – June) of 2019 (preliminary release) achieve growth, increasing 0.4% from the preceding quarter. In the corporate sector, capital investments remained strong. Consumer spending remained solid, as employment continued to expand and wages rose at a modestly accelerating pace while consumers became increasingly thrifty.

In the real estate investment market, with willingness to acquire properties remaining strong given a favorable fund procurement environment in the low-interest-rate setting, the for-sale market continues to be felt overheated, as seen in the soaring transaction prices. As such, it should become increasingly important to discern the profitability of individual properties and timeliness of transactions.

The long-term yields in Japan have remained stable at a low level due to the Bank of Japan continuing its monetary easing policy, and J-REITs have achieved strong performances. The J-REIT market stayed on an upward trend from the beginning of 2019, amid long-term yields remaining at a low level, as focuses were placed on J-REITs’ high distribution yield and their nature of being susceptible to economic conditions, and the Tokyo Stock Exchange (TSE) REIT Index closed the fiscal period at 2,017.48 points on July 31, 2019 (on a closing price basis). AEON REIT will closely monitor the market trends going forward, paying close attention to the U.S. interest rate cuts, the exit strategy of the Bank of Japan on its monetary easing policy, and the impact these will give on the financial and capital markets.

(b) Performance

At AEON REIT, AEON MALL Kofu Showa (Extended Building), which we acquired on September 3, 2018 for ¥7,100 million, operated throughout the fiscal period to perform leasing business.

With regard to internal growth, AEON REIT replaced anti-smoke hanging walls, which are used to suppress smoke diffusion in case from fire, at some of its owned properties from those with glass materials to those with incombustible films, thereby achieving upward revisions of rents there. The replacement will keep the damages from falls of the anti-smoke hanging walls upon disasters to a minimum and allow prompt restoration from disaster damages. As such, AEON REIT promoted its endeavors on disaster prevention and mitigation.

On top of these efforts, AEON REIT is making endeavors for Environment, Social and Governance (ESG) awareness. In the 13th fiscal period ended July 2019, it obtained DBJ Green Building Certification for AEON MALL Suzuka, AEON MALL Ota, AEON MALL Hiezu, AEON MALL Ayagawa and AEON MALL Kyoto Gojo in March 2019, and re-obtained it for AEON MALL Itamikoya in July 2019. It also acquired “Rank S” of the CASBEE for Building Certification for AEON MALL Kofu Showa in March 2019. Other than these, AEON REIT obtained “Green Star” in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment (the survey conducted in 2019), marking the fourth consecutive year of recognition with the highest ranking. Moreover, since July 2017, AEON REIT has been included in the MSCI Japan ESG Select Leaders Index provided by MSCI Inc. Going forward, AEON REIT will continue to proactively take initiatives on ESG issues.

(C) Financing

AEON REIT conducted no debt financing in the 13th fiscal period. Accordingly, as of July 31, 2019, AEON REIT had a balance of interest-bearing debt totaling ¥150,000 million, remaining unchanged from the end of the previous fiscal period, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 44.9%.

The ratio of long-term interest-bearing debt (the ratio of long-term interest-bearing debt (including the current portion of long-term loans payable) to total interest-bearing debt) was 100% as of July 31, 2019. The ratio of fixed-rate debt (the ratio of interest-bearing debt with fixed interest payment (including interest-bearing debt with interest fixed through swaps) to total interest-bearing debt) was 95.7% as of the same date. Together with the above-mentioned LTV, these figures indicate that AEON REIT has maintained a sound and conservative financial structure. AEON REIT works to diversify the repayment dates and extend maturities of interest-bearing debt with an aim to further reinforce its financial base.

As of July 31, 2019, AEON REIT had the following credit rating.

<Credit rating>

Credit rating agency	Rating type	Credit rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA-	Stable

(D) Results and cash distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥16,357 million, operating income of ¥6,226 million, ordinary income of ¥5,416 million and net income of ¥5,492 million for the 13th fiscal period ended July 31, 2019. Furthermore, AEON REIT recorded ¥76 million in total in insurance income for the damages caused by the Hokkaido Eastern Iburi Earthquake as extraordinary income.

As for cash distribution for the 13th fiscal period, distribution per unit came to ¥3,047 as a result of deducting ¥76 million in provision of distribution reserve (the extraordinary income comprising insurance income) from ¥5,492 million in unappropriated retained earnings.

Furthermore, AEON REIT shall not distribute cash in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation.

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

The world economy is expected to show signs of slowdown going forward in the face of concerns over heightened uncertainties of overseas political and economic situations and stronger impact of geopolitical risks. In accordance with this, the Japanese economy is presumed to stay in a standstill, with exports failing to grow and under the impact of the consumption tax rate hike, among other factors.

The environment surrounding retail properties and the retail industry is expected to remain solid, as the employment and income environments will improve and the number of employees and wages will increase amid continued labor shortage, while consumers will be inclined to be even thriftier due to the consumption tax rate hike scheduled for October 2019. As the situation continues where consumers are increasingly diversifying their lifestyles and needs and appear to become more oriented to exercising thriftiness and being selective, AEON REIT believes it must make responses to the changes in the business environment, by conducting renovations of the stores and other measures.

As for the Malaysian economy, the real GDP growth rate for the first quarter of 2019 increased 4.5% year-on-year. While such events were observed as private-sector investment decelerating and public spending decreasing, consumer spending, which accounts for 60% of the entire GDP, continued to grow backed by the favorable income and employment environments. As such, AEON REIT foresees that the economy will remain solid going forward.

(B) Future investment policy

(a) Basic policy

AEON REIT aims to secure stable income as well as to maintain and enhance asset value over the medium to long term by endeavoring to sustain and improve rent revenue, conduct adequate management and repairs and maintenance measures, and optimize and streamline management costs.

(b) Investment policy and growth strategy

The AEON Group has the collective strength to consistently develop and operate large-scale retail properties and other retail properties of various types. In implementing its growth strategy, AEON REIT seeks for growth of its portfolio over the medium to long term by fully utilizing the collective strengths of the Aeon Group.

AEON REIT believes that it can expand its portfolio size, improve the stability of investments, and enhance its financing capabilities by acquiring retail and related properties developed by the AEON Group from the Group, based on the Sponsor Support Agreements, Pipeline Support Agreements and Memorandum of Understanding on Investments in Properties in Malaysia. Moreover, by improving financing capabilities, it works to acquire more properties, thereby expanding its portfolio size. From the viewpoint of the Aeon Group, selling its retail and related properties to AEON REIT allows the Group to use the obtained funds to execute investments for growth (such as development of new stores). Executing such investment for growth should contribute to increased revenue and higher corporate value of the AEON Group, which in turn supports further growth of AEON REIT. By building a mutually beneficial relationship with the Aeon Group that creates a virtuous cycle for both entities, as discussed above, AEON REIT aims to maximize unitholder value.

(c) Financial strategy

AEON REIT will maintain a strong financial base while working to control the debt ratio in a conservative manner. In conducting financial operations, it has set the upper limit of its LTV ratio at 60% and works to keep the ratio at around 50% as a rule. To mitigate refinance risk and interest rate fluctuation risk, AEON REIT will consider extending loan maturities and fixing interest rates in an effort to ensure appropriate operations.

iii) Significant events after balance sheet date

(A) Issuance of new investment units

At its Board of Directors meetings held on August 20, 2019 and August 28, 2019, AEON REIT resolved to issue new investment units, as described below. Payment for new investment units issued through public offering was completed on September 3, 2019. The units to be issued through third-party allotment may not be subscribed for in part or in whole and, as a result, the final number of units to be issued through third-party allotment may be reduced to the same extent, or the issuance itself may be cancelled.

a. Issuance of new investment units through public offering

Number of investment units issued:	91,400 units
Issue price:	133,477 yen per unit
Total issue price:	12,199,797,800 yen
Paid-in amount (issue value):	129,164 yen per unit
Total paid-in amount (total issue value):	11,805,589,600 yen
Payment date:	September 3, 2019
Date of commencement of distribution calculation:	August 1, 2019

b. Issuance of new investment units through third-party allotment

Number of investment units to be issued:	4,570 units
Amount to be paid in (issue value):	129,164 yen per unit
Total amount to be paid in (total issue value):	590,279,480 yen
Payment date:	October 1, 2019
Date of commencement of distribution calculation:	August 1, 2019
Allottee:	Nomura Securities Co., Ltd.

c. Use of proceeds

The proceeds from the aforementioned public offering will be used to partly fund the acquisition of AEON MALL Fukutsu among the trust beneficiary rights in real estate for the properties described in (B) Property acquisitions below. The proceeds from the third-party allotment will be kept as cash on hand, which has decreased due to payment to partly fund the acquisition of AEON MALL Fukutsu, and will be used to fund acquisitions of specified assets or repayment of borrowings in the future.

(B) Property acquisitions

AEON REIT acquired the trust beneficiary right in real estate of a property described below (acquisition price: ¥18,040 million).

Property name	Location	Acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Fukutsu	Fukutsu City, Fukuoka Pref.	18,040	September 3, 2019	(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

AEON REIT concluded sale and purchase agreement for the trust beneficiary right in real estate of a property described below (planned acquisition price: ¥9,667 million) on August 20, 2019.

Property name	Location	Planned acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Tamadaira woods	Hino City, Tokyo	9,667	February 3, 2020	(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the property to be acquired) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending January 2020
(August 1, 2019 – January 31, 2020) and July 2020 (February 1, 2020 – July 31, 2020)**

Item	Assumptions
Accounting 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 fiscal period) Fiscal period ending July 31, 2020 (182 days from February 1, 2020 to July 31, 2020, the 15th fiscal period)
Portfolio	<ul style="list-style-type: none"> For the forecasts of performance, the number of investment assets is assumed to be 42, comprising 41 properties (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of September 17, 2019 (hereinafter, the “assets currently held”) plus a property to be acquired as of February 3, 2020 and for which a trust beneficiary rights in real estate sale and purchase agreement has been concluded (hereinafter, the “asset to be acquired”). For details of the acquisition of the asset to be acquired, please refer to “Notice Concerning Acquisition and Leases of Domestic Properties” announced on August 20, 2019. It is assumed that the asset to be acquired is deemed to have been acquired as of the date indicated above and, through the end of the 15th fiscal period ending July 2020, there will be no change (acquisition of new properties or sale of existing properties, etc.) in the number of investment assets. The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc.
Operating revenue	<ul style="list-style-type: none"> Rent revenue – real estate from the assets currently held has been calculated by taking into account such factors as the relevant lease agreements effective as of September 17, 2019 and market trends. Dividends from the Overseas SPC have been calculated on the assumption that period-end dividends will be received during the fiscal period ending January 31, 2020 (14th fiscal period) and interim dividends will be received during the fiscal period ending July 31, 2020 (15th fiscal period). Furthermore, the exchange rate of Malaysia is assumed to be Malaysian Ringgit (hereinafter, “RM”) 1 = JPY 24.00. Rent revenue – real estate from the asset to be acquired has been calculated in consideration of the information provided by the current owner of each of the asset to be acquired, lease agreements to be effective as of the planned acquisition dates of the asset to be acquired and the market trends, among other factors. It is assumed that there is 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. Those expenses, excluding depreciation expenses, are calculated on the basis of historical data and by reflecting variable factors of expenses for the assets currently held. As for the asset to be acquired, the expenses have been calculated based on the amounts stated in the appraisal report and by reflecting variable factors of expenses, with considerations given to information provided by the current owner of the asset to be acquired, etc. Generally, fixed asset taxes, city planning taxes and depreciable asset taxes for the acquired properties are prorated based on the period of ownership with the previous owners and settled at the time of acquisition. The amount equivalent to such settlement is included in the acquisition costs and therefore not recognized as expenses for the fiscal period in which the acquisition takes place. The total amount of fixed asset taxes, city planning taxes and depreciable asset taxes for the asset to be acquired is assumed to be ¥153 million, which will be included in the acquisition costs. As for fixed asset taxes, city planning taxes and depreciable asset taxes for AEON MALL Fukutsu and the assets currently held, AEON REIT assumes to record ¥1,904 million for the 14th fiscal period and ¥1,982 million for the 15th fiscal period as expenses. For AEON MALL Fukutsu, which AEON REIT acquired as of September 3, 2019, fixed asset taxes, city planning taxes and depreciable asset taxes for fiscal 2020 will be expensed from the 15th fiscal period ending July 31, 2020. For AEON MALL Tamadaira woods, the asset to be acquired, fixed asset taxes, city planning taxes and depreciable asset taxes for fiscal 2021 will be expensed from the 17th fiscal period ending July 31, 2021. For repairs and maintenance expenses for buildings, amounts assumed to be required in each fiscal period is recorded as expenses, based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from the forecasts, as (i) there is no denying the possibility of repairs and maintenance expenses being incurred

Item	Assumptions
	<p>urgently due to damages to buildings caused by unforeseeable factors, (ii) generally, incurred expenses differ substantially from one fiscal period to another, and (iii) expenses are not incurred on a regular basis, among other reasons.</p> <ul style="list-style-type: none"> • Depreciation of property and equipment is computed by the straight-line method, including related expenses, and is assumed to be ¥4,551 million for the 14th fiscal period and ¥4,630 million for the 15th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses are assumed to be ¥829 million for the 14th fiscal period and ¥840 million for the 15th fiscal period.
Borrowings	<ul style="list-style-type: none"> • As of September 17, 2019, AEON REIT has interest-bearing debt totaling ¥150,000 million. It is assumed, however, that AEON REIT will borrow ¥9,800 million in short-term loans payable as of February 3, 2020 in order to partly fund the acquisition of the asset to be acquired and related expenses. AEON REIT assumes to make full repayment of the short-term loans payable on October 20, 2020. • It is assumed that AEON REIT will refinance ¥15,600 million in borrowings that will mature in the 14th fiscal period (repayment date: October 21, 2019) for the same amount. • LTV ratio is anticipated to be approximately 43.4% as of the end of the 14th fiscal period (January 31, 2020) and approximately 44.9% as of the end of the 15th fiscal period (July 31, 2020). • LTV is calculated by using the following formula: $\text{LTV} = \frac{\text{Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust)}}{\text{Total assets}} \times 100$ • The LTV ratio may differ depending on the total paid-in amount (total issue value) of the new investment units through public offering and the total amount to be paid in (total issue value) of the new investment units through third-party allotment, as announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated August 20, 2019.
Investment units	<ul style="list-style-type: none"> • Distribution per unit for the 14th and 15th fiscal periods is calculated based on the forecast total number of investment units issued and outstanding of 1,873,317 units as of the end of the respective fiscal periods.
Distribution per unit	<ul style="list-style-type: none"> • Distribution per unit (excluding distribution in excess of retained earnings) has been calculated based on the cash distribution policy prescribed in the Articles of Incorporation of AEON REIT. • Fluctuations in rent revenue due to changes in the portfolio and other factors, unforeseeable repairs and maintenance incurred and other various factors may lead to changes in the amount of distribution per unit.
Distribution in excess of retained earnings per unit	<ul style="list-style-type: none"> • AEON REIT currently has no plan to pay cash distribution in excess of retained earnings (distribution in excess of retained earnings per unit).
Others	<ul style="list-style-type: none"> • It is assumed that no revisions that may impact 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. • It is assumed that no unforeseeable significant changes will occur in general economic trends or conditions in the real estate market, etc.

2. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2019)	Current fiscal period (As of July 31, 2019)
Assets		
Current assets		
Cash and deposits	9,504,798	15,120,973
Cash and deposits in trust	7,821,463	7,134,065
Prepaid expenses	592,920	428,371
Income taxes receivable	15	12
Consumption taxes receivable	459,376	–
Other	8,417	12,285
Total current assets	18,386,990	22,695,708
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	198,242,682	198,601,976
Accumulated depreciation	(32,252,949)	(36,634,093)
Buildings in trust, net	165,989,732	161,967,882
Structures in trust	1,230,658	1,288,833
Accumulated depreciation	(827,171)	(887,909)
Structures in trust, net	403,486	400,923
Tools, furniture and fixtures in trust	9,583	9,583
Accumulated depreciation	(2,816)	(3,621)
Tools, furniture and fixtures in trust, net	6,766	5,961
Land in trust	120,885,426	120,885,426
Construction in progress in trust	1,188	–
Total property and equipment	287,395,064	283,368,657
Intangible assets		
Leasehold rights in trust	49,235,482	49,235,482
Total intangible assets	49,235,482	49,235,482
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	937,301	821,638
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	7,026,215	6,910,553
Total non-current assets	343,656,762	339,514,693
Deferred assets		
Investment unit issuance expenses	83,417	46,199
Investment corporation bond issuance costs	169,353	160,471
Total deferred assets	252,771	206,671
Total assets	362,296,524	362,417,072

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2019)	Current fiscal period (As of July 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	950,743	344,650
Current portion of long-term loans payable	15,600,000	15,600,000
Accounts payable - other	365,061	354,655
Accrued expenses	63,109	59,865
Income taxes payable	605	605
Accrued consumption taxes	—	825,417
Provision for loss on disaster	126,859	—
Other	188,462	187,415
Total current liabilities	17,294,840	17,372,609
Non-current liabilities		
Investment corporation bond	21,000,000	21,000,000
Long-term loans payable	113,400,000	113,400,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,579,149	12,579,149
Total non-current liabilities	146,981,777	146,981,777
Total liabilities	164,276,617	164,354,387
Net assets		
Unitholders' equity		
Unitholders' capital	195,698,024	195,698,024
Deduction from unitholders' capital		
Other deduction from unitholders' capital	(3,525,697)	(3,525,697)
Total deduction from unitholders' capital	(3,525,697)	(3,525,697)
Unitholders' capital, net	192,172,327	192,172,327
Surplus		
Voluntary reserve		
Distribution reserve	520,000	397,913
Total voluntary reserve	520,000	397,913
Unappropriated retained earnings (undisposed loss)	5,327,579	5,492,445
Total surplus	5,847,579	5,890,358
Total unitholders' equity	198,019,906	198,062,685
Total net assets	*1 198,019,906	*1 198,062,685
Total liabilities and net assets	362,296,524	362,417,072

(2) Statements of Income

	(Unit: Thousands of yen)			
	Previous fiscal period (From August 1, 2018 to January 31, 2019)		Current fiscal period (From February 1, 2019 to July 31, 2019)	
Operating revenue				
Rent revenue - real estate	*1	16,197,957	*1	16,226,615
Dividends received	*2	131,628	*2	131,239
Total operating revenue		16,329,586		16,357,854
Operating expenses				
Expenses related to rent business	*1	9,068,931	*1	9,196,848
Asset management fee		752,486		749,507
Asset custody fee		18,915		18,840
Administrative service fees		56,176		55,067
Directors' compensation		3,600		3,600
Taxes and dues		6,617		4,816
Other operating expenses		87,172		102,846
Total operating expenses		9,993,899		10,131,526
Operating income		6,335,687		6,226,328
Non-operating income				
Interest income		100		83
Refund of unpaid distributions		1,377		1,375
Other		—		2,320
Total non-operating income		1,478		3,780
Non-operating expenses				
Interest expenses		549,357		503,687
Interest expenses on investment corporation bonds		42,915		83,027
Amortization of investment unit issuance expenses		68,684		37,218
Amortization of investment corporation bond issuance costs		5,375		8,881
Investment corporation bond issuance costs		19,714		—
Borrowing related expenses		202,275		180,945
Other		315		102
Total non-operating expenses		888,637		813,862
Ordinary income		5,448,528		5,416,246
Extraordinary income				
Insurance income	*3	152,758	*3	76,483
Total extraordinary income		152,758		76,483
Extraordinary losses				
Loss on disaster	*4	147,986		—
Provision for loss on disaster	*4	126,859		—
Total extraordinary losses		274,845		—
Income (loss) before income taxes		5,326,441		5,492,730
Income taxes - current		605		605
Total income taxes		605		605
Net income (loss)		5,325,836		5,492,125
Retained earnings brought forward		1,742		319
Unappropriated retained earnings (undisposed loss)		5,327,579		5,492,445

(3) Statements of Unitholders' Equity

Previous fiscal period (From August 1, 2018 to January 31, 2019)

(Unit: Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Surplus	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital		Voluntary reserve	
					Distribution reserve	Total voluntary reserve
Balance at beginning of current period	195,698,024	(3,525,697)	(3,525,697)	192,172,327	520,000	520,000
Changes of items during period						
Dividends of surplus						
Net income						
Total changes of items during period	—	—	—	—	—	—
Balance at end of current period	*1 195,698,024	(3,525,697)	(3,525,697)	192,172,327	520,000	520,000

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,255,580	5,775,580	197,947,907	197,947,907
Changes of items during period				
Dividends of surplus	(5,253,837)	(5,253,837)	(5,253,837)	(5,253,837)
Net income	5,325,836	5,325,836	5,325,836	5,325,836
Total changes of items during period	71,998	71,998	71,998	71,998
Balance at end of current period	5,327,579	5,847,579	198,019,906	198,019,906

Current fiscal period (From February 1, 2019 to July 31, 2019)

(Unit: Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Surplus	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital		Voluntary reserve	
					Distribution reserve	Total voluntary reserve
Balance at beginning of current period	195,698,024	(3,525,697)	(3,525,697)	192,172,327	520,000	520,000
Changes of items during period						
Reversal of provision of distribution reserve					(122,086)	(122,086)
Dividends of surplus						
Net income						
Total changes of items during period	—	—	—	—	(122,086)	(122,086)
Balance at end of current period	*1 195,698,024	(3,525,697)	(3,525,697)	192,172,327	397,913	397,913

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,327,579	5,847,579	198,019,906	198,019,906
Changes of items during period				
Reversal of provision of distribution reserve	122,086	—	—	—
Dividends of surplus	(5,449,345)	(5,449,345)	(5,449,345)	(5,449,345)
Net income	5,492,125	5,492,125	5,492,125	5,492,125
Total changes of items during period	164,866	42,779	42,779	42,779
Balance at end of current period	5,492,445	5,890,358	198,062,685	198,062,685

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From August 1, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
I Unappropriated retained earnings (undisposed loss)	5,327,579,118	5,492,445,151
II Voluntary reserve		
Reversal of provision of distribution reserve	122,086,746	—
III Total cash distributions	5,449,345,902	5,415,576,309
[Distribution per unit]	[3,066]	[3,047]
IV Voluntary reserve		
Provision of distribution reserve	—	76,483,773
V Retained earnings brought forward	319,962	385,069
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 AEON REIT, 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, AEON REIT will pay distributions of profits at the total amount of ¥5,449,345,902, which combines ¥5,327,579,118 in unappropriated retained earnings and ¥122,086,746 reversed from provision of distribution reserve (the amount obtained by subtracting extraordinary income comprising insurance income for disasters from extraordinary losses comprising loss on disaster and provision for loss on disaster) and which is the amount that does not exceed this combined amount and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of AEON REIT, 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, AEON REIT will pay distributions of profits at the total amount of ¥5,415,576,309, which is obtained by deducting ¥76,483,773 in provision of distribution reserve (the extraordinary income comprising insurance income) from ¥5,492,445,151 in unappropriated retained earnings and which is the amount that does not exceed this combined amount and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>

(5) Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Cash flows from operating activities		
Income before income taxes	5,326,441	5,492,730
Depreciation	4,424,597	4,442,687
Amortization of investment corporation bond issuance costs	5,375	8,881
Amortization of investment unit issuance expenses	68,684	37,218
Interest income	(100)	(83)
Interest expenses	592,272	586,714
Insurance income	(152,758)	(76,483)
Loss on disaster	147,986	—
Increase (decrease) in provision for loss on disaster	94,300	(126,859)
Decrease (increase) in consumption taxes refund receivable	(459,376)	459,376
Increase (decrease) in accrued consumption taxes	(1,184,456)	825,417
Decrease (increase) in prepaid expenses	(147,930)	173,458
Increase (decrease) in operating accounts payable	416,012	(504,879)
Increase (decrease) in accounts payable - other	16,627	(10,406)
Decrease in long-term prepaid expenses	40,869	156,498
Other, net	6,405	(2,249)
Subtotal	9,194,951	11,462,022
Interest income received	100	83
Interest expenses paid	(581,355)	(589,958)
Proceeds from insurance income	152,758	76,483
Payments for loss on disaster	(129,505)	—
Income taxes paid	(607)	(602)
Net cash provided by operating activities	8,636,341	10,948,028
Cash flows from investing activities		
Purchase of long-term prepaid expenses	—	(53,458)
Purchase of property and equipment in trust	(8,688,126)	(517,494)
Proceeds from tenant leasehold and security deposits in trust	250,828	—
Net cash used in investing activities	(8,437,298)	(570,952)
Cash flows from financing activities		
Proceeds from long-term loans payable	12,000,000	—
Repayments of long-term loans payable	(27,000,000)	—
Proceeds from issuance of investment corporation bonds	14,894,808	—
Dividends paid	(5,252,858)	(5,448,162)
Net cash (used in) provided by financing activities	(5,358,049)	(5,448,162)
Effect of exchange rate change on cash and cash equivalents	(270)	(136)
Net increase (decrease) in cash and cash equivalents	(5,159,276)	4,928,777
Cash and cash equivalents at beginning of period	22,485,538	17,326,261
Cash and cash equivalents at end of period	*1 17,326,261	*1 22,255,039

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Significant Accounting Policies

1. Valuation standard and method for securities	<p>Securities</p> <p>Shares of subsidiaries and associates</p> <p>Shares issued by an overseas real estate holding corporation, as set forth in Article 221-2-1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations, are stated utilizing the moving- average cost method.</p>						
2. Method of depreciation of non-current assets	<p>(1) Property and equipment</p> <p>Depreciation of property and equipment is computed by the straight-line method over the following useful lives:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings in trust</td><td style="text-align: right;">3 to 51 years</td></tr> <tr> <td>Structures in trust</td><td style="text-align: right;">3 to 35 years</td></tr> <tr> <td>Tools, furniture and fixtures in trust</td><td style="text-align: right;">6 years</td></tr> </table> <p>(2) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings in trust	3 to 51 years	Structures in trust	3 to 35 years	Tools, furniture and fixtures in trust	6 years
Buildings in trust	3 to 51 years						
Structures in trust	3 to 35 years						
Tools, furniture and fixtures in trust	6 years						
3. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses</p> <p>Investment unit issuance expenses are capitalized and amortized by the straight-line method over three years.</p> <p>(2) Investment corporation bond issuance expenses</p> <p>Investment corporation bond issuance costs are capitalized and amortized by the straight-line method over the respective terms of the investment corporation bonds.</p>						
4. Standards for recognition of allowances	<p>Provision for loss on disaster</p> <p>Of the expenses for restoration works for the properties that were damaged by the Hokkaido Eastern Iburi Earthquake and Typhoon Jebi, the amount that was reasonably estimated as of the end of the fiscal period ended January 31, 2019, was recorded as allowance for loss on disaster.</p>						
5. Conversion of assets and liabilities in foreign currency into Japanese yen	<p>Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.</p>						
6. Recognition of revenue and expenses	<p>Property-related taxes</p> <p>For fixed asset tax, city planning tax, depreciable asset tax, etc., for real properties held, the amount of tax levied corresponding to the accounting period is recorded as expenses related to rent business.</p> <p>The amount equivalent to property-related taxes to be paid by AEON REIT in the first year for acquisition of real properties or trust beneficiary rights in real estate is not recorded as expenses but included in the acquisition costs for the related properties.</p> <p>In the previous and current fiscal periods, there was no amount equivalent to property-related taxes included in the acquisition costs for the related real properties.</p>						

7. Method of hedge accounting	<p>(1) Method of hedge accounting Special treatment is applied for interest rate swaps.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on borrowings</p> <p>(3) Hedging policy AEON REIT conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of AEON REIT pursuant to the regulations that stipulate the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>
8. Scope of cash and cash equivalents in the statement of cash flows	Cash and cash equivalents in the statement of cash flows consist of cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
9. Other significant information for preparation of financial statements	<p>(1) Accounting policy for trust beneficiary rights in real estate, etc. 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. 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, tools, furniture and fixtures 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 National and local consumption taxes are accounted for by the tax-exclusion method.</p>

(8) Notes to Financial Statements

Notes to Balance Sheets

(Unit: Thousands of yen)

Previous fiscal period (As of January 31, 2019)	Current fiscal period (As of July 31, 2019)
*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations 50,000	*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations 50,000

Notes to Statements of Income

*1. Breakdown of revenues and expenses related to real estate leasing business

Previous fiscal period (From August 1, 2018 to January 31, 2019)		(Unit: Thousands of yen)
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	16,117,260
	Other rent revenue—real estate	80,697
	Total revenues related to real estate leasing business	16,197,957
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	42,846
	Repairs and maintenance expenses	532,102
	Insurance expenses	155,278
	Trust fees	20,708
	Land rent paid	2,020,929
	Taxes and dues	1,818,691
	Depreciation	4,424,597
	Water charges	51,835
	Other expenses related to rent business	1,941
	Total expenses related to real estate leasing business	9,068,931
C.	Operating income from real estate leasing business (A – B)	7,129,026
Current fiscal period (From February 1, 2019 to July 31, 2019)		(Unit: Thousands of yen)
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	16,169,293
	Other rent revenue—real estate	57,321
	Total revenues related to real estate leasing business	16,226,615
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	42,846
	Repairs and maintenance expenses	555,091
	Insurance expenses	154,466
	Trust fees	20,704
	Land rent paid	2,020,959
	Taxes and dues	1,904,130
	Depreciation	4,442,687
	Water charges	49,064
	Other expenses related to rent business	6,897
	Total expenses related to real estate leasing business	9,196,848
C.	Operating income from real estate leasing business (A – B)	7,029,767

*2. Breakdown of dividends received

Previous fiscal period (From August 1, 2018 to January 31, 2019)

The entire amount of the maximum distributable amount (RM 4,870,924 (¥131,628 thousand)) after deducting interim dividends based on the second fiscal period results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends (Note 4), which were calculated on the following basis.

Items of statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. and the basis of calculating dividends (from August 1, 2017 to July 31, 2018).

(Unit: RM (Thousands of yen))

Revenues related to real estate leasing business	14,793,759	(402,686)
Expenses related to real estate leasing business	1,331,571	(36,245)
Other expenses	251,027	(6,832)
Unrealized gain from valuation of investment properties	-	(-)
Net income before income taxes	13,211,161	(359,607)
Net income before income taxes after deducting unrealized gain	13,211,161	(359,607)
Corporate income taxes on net income before income taxes after deducting unrealized gain	3,241,046	(88,221)
Maximum distributable amount (Note 4)	9,970,115	(269,426)
Interim dividends (Note 3)	5,099,191	(140,636)
Maximum distribution amount after deducting interim dividends (Note 4)	4,870,924	(131,628)

(Note 1) The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 27.22 rounded down to the second decimal place)) is used.

(Note 3) Interim dividends are converted to the yen value by using the forward exchange rate on May 7, 2018 of RM 1 = JPY 27.58 (rounded down to the second decimal place.)

(Note 4) Maximum distributable amount, maximum distribution amount after deducting interim dividends and dividends are converted to the yen value by using the forward exchange rate on November 5, 2018 of RM 1 = JPY 27.02 (rounded down to the second decimal place.)

Current fiscal period (From February 1, 2019 to July 31, 2019)

The entire amount of the maximum distributable amount (RM 4,984,463 (¥131,239 thousand)) based on the third fiscal period interim results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends (Note 3), which were calculated on the following basis.

Items of statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. and the basis of calculating dividends (from August 1, 2018 to January 31, 2019).

(Unit: RM (Thousands of yen))

Revenues related to real estate leasing business	7,388,581	(199,417)
Expenses related to real estate leasing business	664,503	(17,934)
Other expenses	97,096	(2,620)
Unrealized gain from valuation of investment properties	-	(-)
Net income before income taxes	6,626,982	(178,862)
Net income before income taxes after deducting unrealized gain	6,626,982	(178,862)
Corporate income taxes on net income before income taxes after deducting unrealized gain	1,642,519	(44,331)
Maximum distributable amount (Note 3)	4,984,463	(131,239)
Interim dividends (Note 3)	4,984,463	(131,239)

(Note 1) The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 26.99 rounded down to the second decimal place)) is used.

(Note 3) Maximum distributable amount and interim dividends are converted to the yen value by using the forward exchange rate on May 10, 2019 of RM 1 = JPY 26.32 (rounded down to the second decimal place.)

***3. Breakdown of extraordinary income**

Previous fiscal period (From August 1, 2018 to January 31, 2019)

AEON REIT recorded ¥152,758 thousand in insurance income for the assets damaged by the Hokkaido Eastern Iburi Earthquake and Typhoon Jebi.

Current fiscal period (From February 1, 2019 to July 31, 2019)

AEON REIT recorded ¥76,483 thousand in insurance income for the assets damaged by the Hokkaido Eastern Iburi Earthquake.

***4. Breakdown of extraordinary losses**

Previous fiscal period (From August 1, 2018 to January 31, 2019)

1) Loss on disaster

Losses related to the assets that were damaged by the Hokkaido Eastern Iburi Earthquake and Typhoon Jebi (expenses for restoration works) were recognized as loss on disaster (¥147,986 thousand).

2) Provision for loss on disaster

With regard to the assets that were damaged by the Hokkaido Eastern Iburi Earthquake and Typhoon Jebi, expenses for restoration works that were reasonably estimated as of the end of the fiscal period ended January 31, 2019 (¥126,859 thousand) were recorded as provision of allowance for loss on disaster.

Current fiscal period (From February 1, 2019 to July 31, 2019)

Not applicable.

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From August 1, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,777,347 units	1,777,347 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, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Cash and deposits	9,504,798	15,120,973
Cash and deposits in trust	7,821,463	7,134,065
Cash and cash equivalents	17,326,261	22,255,039

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2019)	Current fiscal period (As of July 31, 2019)
Due within 1 year	32,332,946	32,334,971
Due after 1 year	116,608,345	101,462,278
Total	148,941,291	133,797,249

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

AEON REIT 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; the 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

Proceeds from loans payable and investment corporation bonds are used 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.

Loans payable with floating interest rates are exposed to the risk of fluctuations in interest rates. However, by appropriately managing the debt ratio, etc., it is possible to limit the impact of a rise in market interest rates on the operations of AEON REIT. 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 be omitted for those interest rate swaps that meet the criteria for exceptional treatment.

Derivative transactions are conducted and managed in accordance with the internal regulations that specify the basic policy for risk management.

Loans payable, investment corporation bonds and tenant leasehold and security deposits in trust are exposed to liquidity risks. However, AEON REIT manages these risks through preparing monthly financing plans, maintaining liquidity on hand, and other means by the Asset Manager.

Operating receivables denominated in foreign currencies 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.

AEON REIT may be engaged in foreign currency denominated transactions in connection with investments in overseas real estate, etc. Such transactions carry the risk of fluctuations in exchange rates, and exchange rate fluctuations may negatively affect AEON REIT's earnings. If the yen is increasingly appreciated against other currencies, the yen-value of foreign currency denominated transactions that arise in connection with investments in overseas real estate, etc. may be diminished to negatively impact AEON REIT's net income for the relevant fiscal period.

Moreover, if there are foreign denominated assets and liabilities in connection with investments in overseas real estate, etc., certain accounts of these assets and liabilities will be converted into yen at the exchange rates prevailing on the closing date for the preparation of financial statements. Due to exchange rate fluctuations, these accounts may negatively affect AEON REIT's net income.

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

The fair values of financial instruments include values based on market prices or reasonably calculated values if there are no market prices 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 values are considered to be extremely difficult to determine are not included in the table below ^(Note 2).

Previous fiscal period (as of January 31, 2019)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	9,504,798	9,504,798	—
(2) Cash and deposits in trust	7,821,463	7,821,463	—
Total assets	17,326,261	17,326,261	—
(3) Current portion of long-term loans payable	15,600,000	15,597,133	(2,866)
(4) Investment corporation bonds	21,000,000	21,114,700	114,700
(5) Long-term loans payable	113,400,000	114,650,818	1,250,818
Total liabilities	150,000,000	151,362,652	1,362,652
(6) Derivative transactions	—	—	—

Current fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	15,120,973	15,120,973	—
(2) Cash and deposits in trust	7,134,065	7,134,065	—
Total assets	22,255,039	22,255,039	—
(3) Current portion of long-term loans payable	15,600,000	15,599,085	(914)
(4) Investment corporation bonds	21,000,000	21,378,600	378,600
(5) Long-term loans payable	113,400,000	114,961,032	1,561,032
Total liabilities	150,000,000	151,938,718	1,938,718
(6) 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 items, given that the fair value is almost equivalent to the amount of the book value, as it is settled in a short time.

(3) Current portion of long-term loans payable, (5) Long-term loans payable

Because the interest rates of long-term loans payable with 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 value for interest rate swaps, to which special treatment is applied, is included in the fair value of long-term loans payable, a hedged item.

(4) Investment corporation bonds

The fair value of investment corporation bonds is based on the reference price disclosed by the Japan Securities Dealers Association.

(6) 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)	
	Previous fiscal period (As of January 31, 2019)	Current fiscal period (As of July 31, 2019)
Shares of subsidiaries and associates	6,078,453	6,078,453
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,579,149	12,579,149
Total	18,660,231	18,660,231

Shares of subsidiaries and associates and *Tenant leasehold and security deposits* and *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, 2019)

(Unit: Thousands of yen)	
	Due in 1 year or less
Cash and deposits	9,504,798
Cash and deposits in trust	7,821,463
Total	17,326,261

Current fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)	
	Due in 1 year or less
Cash and deposits	15,120,973
Cash and deposits in trust	7,134,065
Total	22,255,039

(Note 4) Expected amount of repayments of investment corporation bonds and loans payable after balance sheet date

Previous fiscal period (as of January 31, 2019)

	(Unit: Thousands of yen)					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	15,600,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	21,000,000
Long-term loans payable	—	22,000,000	19,100,000	17,200,000	20,400,000	34,700,000
Total	15,600,000	22,000,000	19,100,000	17,200,000	20,400,000	55,700,000

Current fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	15,600,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	21,000,000
Long-term loans payable	—	22,000,000	19,100,000	17,200,000	20,400,000	34,700,000
Total	15,600,000	22,000,000	19,100,000	17,200,000	20,400,000	55,700,000

Securities

Previous fiscal period (as of January 31, 2019)

1. Shares of subsidiaries and associates

Please refer to “(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine” in “2. Matters regarding fair value, etc., of financial instruments” of “Matters regarding financial instruments” above.

Current fiscal period (as of July 31, 2019)

1. Shares of subsidiaries and associates

Please refer to “(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine” in “2. Matters regarding fair value, etc., of financial instruments” of “Matters regarding financial instruments” above.

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of January 31, 2019)

Not applicable.

Current fiscal period (as of July 31, 2019)

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, 2019)

(Unit: Thousands of yen)

Method of hedge accounting	Type of derivative transaction	Major hedged item	Contract amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	120,500,000	111,300,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of “(5) 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, 2019)

(Unit: Thousands of yen)						
Method of hedge accounting	Type of derivative transaction	Major hedged item	Contract amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	120,500,000	111,300,000	(Note)	—

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(5) 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, 2019)

Not applicable.

Current fiscal period (as of July 31, 2019)

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, 2019)	Current fiscal period (As of July 31, 2019)
Deferred tax assets		
Tax loss carried forward (Note)	337,236	322,907
Valuation reserve for tax loss carried forward	(337,236)	(322,907)
Total deferred tax assets	—	—
Net deferred tax assets	—	—

(Note) For the tax loss carried forward and the amount of the deferred tax assets by carry-forward period, please refer to “3. Tax loss carried forward and amount of deferred tax assets by carry-forward period.”

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, 2019)	Current fiscal period (As of July 31, 2019)
Normal effective statutory tax rate	31.51	31.51
(Adjustments)		
Distributions paid included in deductibles	(31.32)	(31.07)
Provision of distribution reserve	—	(0.44)
Reversal of provision of distribution reserve	0.72	—
Other	(0.90)	0.01
Effective tax rate after application of tax effect accounting	0.01	0.01

3. Tax loss carried forward and amount of deferred tax assets by carry-forward period

Previous fiscal period (as of January 31, 2019)

(Unit: Thousands of yen)

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
Tax loss carried forward (Note)	–	–	–	–	–	337,236	337,236
Valuation reserve	–	–	–	–	–	(337,236)	(337,236)
Total deferred tax assets	–	–	–	–	–	–	–

(Note) Tax loss carried forward represents the amount multiplied by the effective statutory tax rate.

Current fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
Tax loss carried forward (Note)	–	–	–	–	–	322,907	322,907
Valuation reserve	–	–	–	–	–	(322,907)	(322,907)
Total deferred tax assets	–	–	–	–	–	–	–

(Note) Tax loss carried forward represents the amount multiplied by the effective statutory tax rate.

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

Previous fiscal period (as of January 31, 2019)

Not applicable.

Current fiscal period (as of July 31, 2019)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

Current fiscal period (from February 1, 2019 to July 31, 2019)

Not applicable.

2. Associates, etc.

Previous fiscal period (from August 1, 2018 to January 31, 2019)

Not applicable.

Current fiscal period (from February 1, 2019 to July 31, 2019)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (from August 1, 2018 to January 31, 2019)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)	Relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda Ward, Tokyo	350	Investment management business	—	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	770,236	Accounts payable - other	278,951
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	100	Retail business	—	—	Lessee and recipient of land rent payment	Rent revenue – real estate	7,593,599	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,176,195	—	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,313	Real estate business	—	—	Lessee and recipient of land rent payment	Purchase of trust beneficiary rights in real estate	7,100,000	—	—
								Rent revenue – real estate	6,254,681	Tenant leasehold and security deposits	2,628
										Tenant leasehold and security deposits in trust	5,787,728
								Land rent paid, etc.	646,227	—	—
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	—	—	Lessee and recipient of land rent payment	Rent revenue – real estate	677,059	—	—
								Land rent paid, etc.	165,475	—	—
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	—	—	Lender	Repayment of long-term loans	2,000,000	Current portion of long-term loans payable	300,000
								Borrowing of long-term loans	900,000	Long-term loans payable	3,300,000
								Interest expenses	12,412	Accrued expenses	677
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—	—	Lessee	Rent revenue – real estate (Note 4)	20,537	—	—

(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 ¥17,750 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

(Note 4) *Amount of transaction* is converted 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).

Current fiscal period (from February 1, 2019 to July 31, 2019)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)	Relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda Ward, Tokyo	350	Investment management business	—	Interlocking directorate: 1	Asset Manager	Payment of asset management fee	749,507	Accounts payable - other	285,620
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	100	Retail business	—	—	Lessee and recipient of land rent payment	Rent revenue – real estate	7,593,575	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,176,195	—	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,364	Real estate business	—	—	Lessee and recipient of land rent payment	Rent revenue – real estate	6,306,320	Tenant leasehold and security deposits	2,628
										Tenant leasehold and security deposits in trust	5,787,728
								Land rent paid, etc.	646,227	—	—
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	—	—	Lessee and recipient of land rent payment	Rent revenue – real estate	677,072	—	—
								Land rent paid, etc.	165,475	—	—
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	—	—	Lender	Interest expenses	11,149	Current portion of long-term loans payable	300,000
										Long-term loans payable	3,300,000
										Accrued expenses	614
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—	—	Lessee	Rent revenue – real estate (Note 3)	20,210	—	—

(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) *Amount of transaction* is converted 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).

4. Officers and principal individual unitholders

Previous fiscal period (from August 1, 2018 to January 31, 2019)

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				
Officer	Yasuo Shiozaki	—	—	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	770,236	Accounts payable - other	278,951

(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 Yasuo Shiozaki 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 AEON REIT.
3. The asset management fee includes ¥17,750 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

Current fiscal period (from February 1, 2019 to July 31, 2019)

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				
Officer	Yasuo Shiozaki	—	—	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	321,730	Accounts payable - other	—

(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. Yasuo Shiozaki retired from the office of Representative Director and President of AEON Reit Management Co., Ltd. as of May 23, 2019, and Nobuaki Seki took the position as of the same date. Accordingly, the amount of transaction indicates the figure of the transaction Yasuo Shiozaki conducted as representative of a third party (AEON Reit Management Co., Ltd.) for the period from February 1, 2019 to May 31, 2019 that included his tenure as such. In addition, his remuneration amount is based on the terms and conditions set forth in the Articles of Incorporation of AEON REIT.

Asset Retirement Obligations

Previous fiscal period (as of January 31, 2019)

Not applicable.

Current fiscal period (as of July 31, 2019)

Not applicable.

Investment and Rental Properties

AEON REIT holds retail properties. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these rental properties are as follows. Amounts do not include AEON Mall Seremban 2 held through the overseas SPC. The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income.”

(Unit: Thousands of yen)		
	Previous fiscal period (From August 1, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Balance sheet carrying amount		
Balance at beginning of period	332,516,752	336,630,546
Changes during period	4,113,794	(4,026,406)
Balance at end of period	336,630,546	332,604,140
Fair value at end of period	381,670,858	383,535,042

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

(Note 2) Of the changes during the previous fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Kofu Showa (Extended Building)) with an acquisition price of ¥7,140,246 thousand and capital expenditures at existing properties amounting to ¥1,398,145 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,424,597 thousand. Of the changes during the current fiscal period, the increase is mainly due to capital expenditures at existing properties amounting to ¥416,280 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,442,687 thousand.

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

Segment Information, etc.

1. Segment information

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

2. Related information

Previous fiscal period (from August 1, 2018 to January 31, 2019)

(1) Information about products and services

Disclosure is omitted since 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.	7,593,599	Real estate leasing business
AEON Mall Co., Ltd.	6,254,681	Real estate leasing business
AEON Hokkaido Corporation	677,059	Real estate leasing business
AEON KYUSHU Co., Ltd.	588,929	Real estate leasing business
The Daiei, Inc.	588,685	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,537	Real estate leasing business

(Note) *Operating revenue* in converted into yen using the foreign exchange rate prevailing at the time the transaction occurred (monthly average spot exchange rate for the month directly preceding the month in which the transaction took place).

Current fiscal period (from February 1, 2019 to July 31, 2019)

(1) Information about products and services

Disclosure is omitted since 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.	7,593,575	Real estate leasing business
AEON Mall Co., Ltd.	6,306,320	Real estate leasing business
AEON Hokkaido Corporation	677,072	Real estate leasing business
The Daiei, Inc.	637,653	Real estate leasing business
AEON KYUSHU Co., Ltd.	589,661	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,210	Real estate leasing business

(Note) *Operating revenue* in converted into yen using the foreign exchange rate prevailing at the time the transaction occurred (monthly average spot exchange rate for the month directly preceding the month in which the transaction took place).

Per Unit Information

	Previous fiscal period (From August 1, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Net assets per unit	¥111,413	¥111,437
Net income per unit	¥2,996	¥3,090

(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, 2018 to January 31, 2019)	Current fiscal period (From February 1, 2019 to July 31, 2019)
Net income (Thousands of yen)	5,325,836	5,492,125
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	5,325,836	5,492,125
Average number of investment units for the period (Units)	1,777,347	1,777,347

Significant Subsequent Events

(A) Issuance of new investment units

At its Board of Directors meetings held on August 20, 2019 and August 28, 2019, AEON REIT resolved to issue new investment units, as described below. Payment for new investment units issued through public offering was completed on September 3, 2019. The units to be issued through third-party allotment may not be subscribed for in part or in whole and, as a result, the final number of units to be issued through third-party allotment may be reduced to the same extent, or the issuance itself may be cancelled.

a. Issuance of new investment units through public offering

Number of investment units issued:	91,400 units
Issue price:	133,477 yen per unit
Total issue price:	12,199,797,800 yen
Paid-in amount (issue value):	129,164 yen per unit
Total paid-in amount (total issue value):	11,805,589,600 yen
Payment date:	September 3, 2019
Date of commencement of distribution calculation:	August 1, 2019

b. Issuance of new investment units through third-party allotment

Number of investment units to be issued:	4,570 units
Amount to be paid in (issue value):	129,164 yen per unit
Total amount to be paid in (total issue value):	590,279,480 yen
Payment date:	October 1, 2019
Date of commencement of distribution calculation:	August 1, 2019
Allottee:	Nomura Securities Co., Ltd.

c. Use of proceeds

The proceeds from the aforementioned public offering will be used to partly fund the acquisition of AEON MALL Fukutsu among the trust beneficiary rights in real estate for the properties described in (B) Property acquisitions below. The proceeds from the third-party allotment will be kept as cash on hand, which has decreased due to payment to partly fund the acquisition of AEON MALL Fukutsu, and will be used to fund acquisitions of specified assets or repayment of borrowings in the future.

(B) Property acquisitions

AEON REIT acquired the trust beneficiary right in real estate of a property described below (acquisition price: ¥18,040 million).

Property name	Location	Acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Fukutsu	Fukutsu City, Fukuoka Pref.	18,040	September 3, 2019	(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

AEON REIT concluded sale and purchase agreement for the trust beneficiary right in real estate of a property described below (planned acquisition price: ¥9,667 million) on August 20, 2019.

Property name	Location	Planned acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Tamadaira woods	Hino City, Tokyo	9,667	February 3, 2020	(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the property to be acquired) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

(9) Changes in Total Number of Investment Units Issued

Changes in the total number of investment units issued and the total unitholders' capital of AEON REIT in the last five years are as follows:

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen) (Note 1)		Remarks
		Change	Balance	Change	Balance	
February 12, 2015	Capital increase through public offering	133,190	1,083,190	19,090	115,442	(Note 2)
February 25, 2015	Capital increase through third-party allotment	7,010	1,090,200	1,004	116,447	(Note 3)
February 8, 2016	Capital increase through public offering	208,826	1,299,026	25,284	141,731	(Note 4)
February 25, 2016	Capital increase through third-party allotment	10,441	1,309,467	1,264	142,996	(Note 5)
September 14, 2016	Capital reduction without compensation	–	1,309,467	(1,626)	141,369	(Note 6)
September 14, 2016	Cash distribution in excess of retained earnings (return of capital to unitholders)	–	1,309,467	(1,898)	139,470	(Note 7)
February 22, 2017	Capital increase through public offering	310,900	1,620,367	35,767	175,238	(Note 8)
March 14, 2017	Capital increase through third-party allotment	15,545	1,635,912	1,788	177,026	(Note 9)
September 27, 2017	Capital increase through public offering	134,700	1,770,612	14,424	191,451	(Note 10)
October 24, 2017	Capital increase through third-party allotment	6,735	1,777,347	721	192,172	(Note 11)

(Note 1) Difference between unitholders' capital and the amount of deduction from unitholders' capital is indicated.

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥148,200 (issue value: ¥143,336), for the purpose of procuring funds to acquire new properties.

(Note 3) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥143,336.

(Note 4) New investment units were issued through public offering with an issue price per unit of ¥125,190 (issue value: ¥121,081), for the purpose of procuring funds to acquire new properties.

(Note 5) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥121,081.

(Note 6) The undisposed loss of ¥1,626,970 thousand that was recorded as extraordinary losses for the 7th fiscal period has been eliminated as AEON REIT implemented a capital reduction without compensation (deducting the amount from unitholders' capital), as set forth in Article 136-2 of the Investment Trusts Act.

(Note 7) AEON REIT made a resolution at its Board of Directors meeting held on September 14, 2016 to make cash distribution in excess of retained earnings (¥1,450 per unit) (return of unitholders' capital that corresponds to distribution through capital reduction under Japanese tax laws) as cash distribution for the 7th fiscal period. Payment started on October 14, 2016.

(Note 8) New investment units were issued through public offering with an issue price per unit of ¥118,950 (issue value: ¥115,046), for the purpose of procuring funds to acquire new properties.

(Note 9) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥115,046.

(Note 10) New investment units were issued through public offering with an issue price per unit of ¥110,662 (issue value: ¥107,086), for the purpose of procuring funds to acquire new properties.

(Note 11) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥107,086.

3. Reference Information

(1) Status of Investment

i) Status of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of January 31, 2019)					Current fiscal period (As of July 31, 2019)				
			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) (Note 3)	Percentage to total assets (%)				Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4)	Percentage to total assets (%)	
Trust beneficiary rights in real estate	Retail properties, etc.	Hokkaido and Tohoku	29,940	8.3	—	—	—	29,547	8.2	—	—	—
		Kanto (Note 5)	118,086	32.6	—	—	—	116,742	32.2	—	—	—
		Tokai, Hokuuriku and Chubu	43,616	12.0	—	—	—	43,004	11.9	—	—	—
		Kinki	90,883	25.1	—	—	—	90,035	24.8	—	—	—
		Chugoku and Shikoku	30,594	8.4	—	—	—	30,152	8.3	—	—	—
		Kyushu and Okinawa	22,864	6.3	—	—	—	22,485	6.2	—	—	—
		Malaysia	645	0.2	645	(118)	0.2	637	0.2	637	(123)	0.2
Total			336,630	92.9	645	(118)	0.2	332,604	91.8	637	(123)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.7	6,078	324	1.7	6,078	1.7	6,078	248	1.7
Deposits and other assets			19,587	5.4	14	-	0.0	23,734	6.5	14	0	0.0
Total assets			362,296	100.0	6,738	206	1.9	362,417	100.0	6,729	124	1.9

	Previous fiscal period (As of January 31, 2019)		Current fiscal period (As of July 31, 2019)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	164,276	45.3	164,354	45.3
Total net assets	198,019	54.7	198,062	54.7

(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, Hokuuriku 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 trust beneficiary rights in real estate, book value less depreciation expenses) as of the end of the fiscal period.

(Note 3) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2019 represents the amount obtained by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate on the closing date (January 31, 2019). The applied exchange rate on the closing date (January 31, 2019) is RM 1 = ¥26.66 (rounded down to the second decimal place). As there is no official foreign exchange rate for the RM, the reference exchange rate of Mizuho Bank, Ltd. is adopted for conversion to the yen. The same shall apply hereafter.

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of July 31, 2019 represents the amount found by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (July 31, 2019). The applied exchange rate on the closing date (July 31, 2019) is RM 1 = ¥26.34 (rounded down to the second decimal place).

(Note 5) “AEON MALL Mitouchihara,” located in “Kanto,” includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the balance sheet carrying amount is ¥108 million).

(Note 6) *Shares of subsidiaries and associates* represents stocks issued by overseas real estate holding corporations defined in Article 221-2, Paragraph 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations.

(2) Investment Assets

ii) Major investment securities

Investment securities held by AEON REIT as of the end of the current period are as follows.

Security name	Type of assets	Business type	Quantity (shares)	Book value		Estimated value		As a percentage of total assets (%)
				Unit value (yen)	Amount (Thousands of yen)	Unit value (yen)	Amount (Thousands of yen)	
JAMBATAN MANSEIBASHI (M) Sdn. Bhd.	Shares of affiliate company	Overseas real estate holding corporation	239,110,002	25.42 (RM 1)	6,078,453 (RM 240,185,002)	25.42 (RM 1)	6,078,453 (RM 240,185,002)	1.7

(Note) The *Estimated value* of the stocks of the affiliate in question represents the acquisition value since it was deemed extremely difficult to assess their market value.

Investment ratio by asset type and business type

Type	Area	Business type	As a percentage of total assets (%)
Shares of affiliate company	Malaysia	Overseas real estate holding corporation	1.7
Total			1.7

iii) Investment properties

A summary of the properties held by AEON REIT is provided for the convenience of readers in “iii) Other main investment assets” below.

iv) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of July 31, 2019 (the end of the 13th 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	18,978	24,200	5.8	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	5,960	8,050	1.9	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,374	6,830	1.5	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,007	7,080	1.8	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	14,298	17,414	4.6	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	5,910	8,060	1.9	Tokyo Century Corporation
RSC-5	AEON Sagami-hara Shopping Center	10,220	9,717	11,000	2.8	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	3,744	4,950	1.4	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,302	10,200	2.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,163	3,710	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,144	7,610	2.0	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	6,928	8,310	2.1	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,388	19,800	4.9	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	6,835	8,710	2.4	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,246	9,684	13,300	3.1	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	20,090	22,500	5.9	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,355	6,440	1.6	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,725	1,960	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,298	2,810	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,309	1,490	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,186	2,660	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	14,500	13,459	14,800	4.0	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,690	12,400	3.4	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa (Note 6)	15,489	15,480	17,300	4.3	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,476	8,350	2.2	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	5,862	6,450	1.7	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	16,177	17,600	4.7	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	12,800	14,100	3.7	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	11,378	12,400	3.3	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	9,126	10,600	2.7	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	9,183	9,820	2.6	Godo Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	13,333	13,283	13,900	3.7	Godo Kaisha Double O3
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,341	6,590	1.8	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,582	3,860	1.0	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,393	4,730	1.2	Godo Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	14,280	13,838	15,100	3.9	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,648	10,600	2.7	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,837	7,290	1.9	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 7)	658 [RM 20 million]	637 [RM 19 million]	561 [RM 21 million]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 8)	5,252 [RM 215 million]	—	6,137 [RM 233 million]	1.4	Swiss Advanced Technology Institute(M) Sdn. Bhd.
Total		362,478	332,604 (Note 9)	389,672	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, 2019, 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) AEON REIT holds 40% of each trust beneficiary right in real estate 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 AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 5) This property includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥108 million, and the assessed value at the end of the period is ¥114 million).
- (Note 6) For this property *Acquisition price*, *Book value at end of period*, *Assessed value at end of period* and *Investment percentage* represent the amounts and figures that include the “Extended Building” AEON REIT additionally acquired as of September 3, 2018.
- (Note 7) *Acquisition price* represents the total yen amount of the considerations actually paid by AEON REIT to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to RM 1, rounded down to the nearest hundredth.
- Book value at end of period* represents the amount obtained by subtracting the accumulated depreciation amount at the end of the fiscal period from the sum of the amount presented in the *Acquisition price*, expenses incurred on the acquisition of the property (related expenses) and capital expenditures. For related expenses paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses paid in RM, the amount obtained after converting it to Japanese yen using the exchange rate at the time of the transaction (the average spot exchange rate of the month preceding the month in which the transaction was carried out) has been added to the *Acquisition price*.
- AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate 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 shown on the appraisal report of property as of the valuation date of July 31, 2019, or survey price shown on a survey report of property, equivalent to AEON REIT’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 beneficiary rights in real estate. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.34; rounded down to the second decimal place) on the closing date (July 31, 2019).
- (Note 8) The amount of *Acquisition price* indicates the value at which AEON REIT acquired AEON MALL SEREMBAN 2 from the seller through the Overseas SPC (the sale price, etc. stated in the sale agreement, etc., excluding the expenses (brokerage commissions, taxes and dues, etc.) that were required for the acquisition of AEON MALL SEREMBAN 2). The exchange rate on September 30, 2016 (RM 1 = ¥24.43; rounded down to the second decimal place) is applied for the conversion from RM to Japanese yen.
- Book value at end of period* is not indicated as AEON REIT does not directly own the property. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.34; rounded down to the second decimal place) on the closing date (July 31, 2019).
- (Note 9) The total amount excludes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.

(B) Overview of lease

The overview of lease (annual contracted rent, leasehold and security deposits, total leasable area, total leased area, and occupancy rate as of July 31, 2019) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (July 31, 2019) is shown below.

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	SRSC-1	AEON LakeTown mori (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	681	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	338	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	370	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	351	354	60,682.20	60,682.20	100.0
	RSC-3	AEON MALL Mitouchihara	Mito City, Ibaraki Pref.	November 8, 2005	723 (Note 3)	726 (Note 3)	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	481	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	418	420	75,056.62	75,056.62	100.0
	RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	March 29, 2007	325	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	454	446	125,253.74	125,253.74	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	215	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	429	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	743	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	455	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	558	545	151,969.51	151,969.51	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	699	698	136,468.45	136,468.45	100.0
	RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	November 10, 2000	447	—	78,360.81	78,360.81	100.0
	RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	September 13, 2000	229	—	51,763.05	51,763.05	100.0
	RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	April 18, 2000	208	—	66,478.91	66,478.91	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	161	—	53,502.94	53,502.94	100.0
	RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	233	—	41,447.33	41,447.33	100.0
	RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	February 16, 2010	764	768	105,230.88	105,230.88	100.0
	RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	April 17, 2006	402	403	107,425.97	107,425.97	100.0
	RSC-23	AEON MALL Kofu Showa (Note 4)	Nakakoma County, Yamanashi Pref.	March 11, 2011	673	643	99,772.38	99,772.38	100.0
	RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	342	—	71,308.33	71,308.33	100.0

	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	277	279	47,872.33	47,872.33	100.0
	RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	848	851	122,944.71	122,944.71	100.0

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	September 12, 2007	589	–	132,341.35	132,341.35	100.0
	RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	May 19, 2009	533	536	86,848.51	86,848.51	100.0
	RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	September 30, 2008	490	492	70,948.14	70,948.14	100.0
	RSC-30	AEON MALL Shimotsuna	Shimotsuna City, Ibaraki Pref.	November 17, 1997	386	–	58,402.66	58,402.66	100.0
	RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	January 21, 2004	437	–	87,311.56	87,311.56	100.0
	CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	October 13, 2000	224	223	63,158.24	63,158.24	100.0
	CSC-2	AEON STYLE Kenigawahama	Chiba City, Chiba Pref.	November 20, 1991	176	177	29,947.62	29,947.62	100.0
	CSC-3	AEON Kireuriwari Shopping Center	Osaka City, Osaka Pref.	November 21, 2005	173	–	27,603.46	27,603.46	100.0
	L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	April 22, 1997	491	269	59,265.77	59,265.77	100.0
	L-2	AEON Minami-Osaka RDC	Sakai City, Osaka Pref.	April 25, 1995	289	144	50,197.06	50,197.06	100.0
	L-3	Daiei Ibaraki Process Center	Ibaraki City, Osaka Pref.	June 14, 1977	251	263	50,783.58	50,783.58	100.0
	M-1	AEON Taman Universiti Shopping Centre (Note 5)	Johor, Malaysia	May 30, 2002	20 [RM 756 thousand]	–	22,870.00	22,870.00	100.0
	M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	2005	197 [RM 7,393 thousand]	–	81,135.00	81,135.00	100.0
Total					16,423 (Note 7)	12,581	3,430,516.37	3,430,516.37	100.0

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

Total leasable area includes the area of attached buildings.

(Note 2) AEON REIT holds 40% of each trust beneficiary right in real estate 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 AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).

(Note 3) *Annual contracted rent* and *Leasehold/security deposits* of “AEON MALL Mitouchihara” include an amount based on the lease agreement for land of AEON MALL Mitouchihara that was additionally acquired on April 28, 2015.

(Note 4) *Annual contracted rent*, *Leasehold/security deposits*, *Total leasable area*, *Total leased area* and *Occupancy rate* of AEON MALL Kofu Showa represent the amounts and figures that include those of the “Extended Building” AEON REIT additionally acquired as of September 3, 2018. Furthermore, the date of construction of the “Extended Building” is November 20, 2017.

(Note 5) *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.

AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre. *Annual contracted rent* describes the figure equivalent to AEON REIT’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 beneficiary rights in real estate. *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 or the building floor area as indicated in the real estate appraisal report prepared by the Japan Real Estate Institute.

(Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥26.67; rounded down to the second decimal place).

(Note 7) The total amount of annual contracted rent is calculated by including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC. Accordingly, the total amount of annual contracted rent in the above table does not match the rent revenue – real estate of AEON REIT.

(C) Summary of real estate appraisal

The summary of real estate appraisal (appraisal value; income approach value and capitalization rate based on direct capitalization method, income approach value, discount rate and terminal capitalization rate based on DCF method, and NOI) for the already acquired properties (including real estate AEON REIT owns through the Overseas SPC) as of the end of the 13th fiscal period (July 31, 2019) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	24,200	24,600	4.7	24,000	4.7 4.8 (Note 4)	4.9	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	8,050	8,270	5.1	7,950	5.0 5.1 (Note 4)	5.4	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,830	6,890	6.6	6,770	6.2	6.8	525
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,080	7,180	6.2	6,980	5.9	6.5	479
RSC-3	AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5)	Japan Real Estate Institute	17,300	17,400	6.0	17,100	5.6	6.2	1,105
	AEON MALL Mitouchihara (Land) (Note 5)	Japan Real Estate Institute	114	—	—	114	5.2	—	—
RSC-4	AEON MALL Ota	Japan Real Estate Institute	8,060	8,130	6.4	7,980	5.9	6.6	588
RSC-5	AEON Sagami-hara Shopping Center	Japan Real Estate Institute	11,000	11,100	5.2	10,900	4.9	5.4	668
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	4,950	4,970	7.0	4,920	6.3	7.5	378
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,200	10,300	6.2	10,100	5.8	6.6	775
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,710	3,810	6.4	3,660	6.3 6.4 (Note 4)	6.7	280
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,610	7,640	6.8	7,570	6.5	7.0	535
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,310	8,370	6.8	8,250	6.4	7.1	607
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,800	19,900	6.0	19,600	5.7	6.2	1,267
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	8,710	8,790	6.5	8,630	6.1	6.8	610
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	13,300	13,300	6.4	13,200	6.0	6.6	887
RSC-15	AEON MALL KYOTO	Japan Real Estate Institute	22,500	22,700	4.8	22,300	4.5	5.0	1,097
RSC-16	AEON MALL Sapporo-Hiraoka	The Tanizawa Sōgō Appraisal Co., Ltd.	6,440	6,650	6.1	6,350	6.1 6.2 (Note 4)	6.4	437
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,960	2,040	6.7	1,930	6.7 6.8 (Note 4)	7.0	173
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,810	2,900	6.3	2,770	6.3 6.4 (Note 4)	6.6	220

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
RSC-19	AEON MALL Yamagata-Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	1,490	1,550	6.5	1,470	6.5 6.6 (Note 4)	6.8	129
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,660	2,770	6.1	2,610	6.1 6.2 (Note 4)	6.4	209
RSC-21	AEON MALL Yamatokoriyama	Japan Real Estate Institute	14,800	15,000	5.6	14,600	5.1	5.8	878
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Japan Real Estate Institute	12,400	12,500	4.9	12,200	4.6	5.1	625
RSC-23	AEON MALL Kofu Showa (Note 6)	Japan Real Estate Institute	17,300	17,400	5.7	17,200	5.2	5.9	1,014
RSC-24	AEON MALL Tomakomai	The Tanizawa Sōgō Appraisal Co., Ltd.	8,350	8,480	5.8	8,290	5.8 5.9 (Note 4)	6.0	535
RSC-25	AEON MALL Oyama	Japan Real Estate Institute	6,450	6,480	6.7	6,420	6.4	6.9	457
RSC-26	AEON MALL Itamikoya	Japan Real Estate Institute	17,600	17,900	5.6	17,300	5.1	5.8	1,025
RSC-27	AEON MALL Kagoshima	The Tanizawa Sōgō Appraisal Co., Ltd.	14,100	14,400	5.9	14,000	5.9 6.0 (Note 4)	6.2	894
RSC-28	AEON MALL Tsuchiura	Japan Real Estate Institute	12,400	12,400	6.3	12,300	5.8	6.5	801
RSC-29	AEON MALL Kahoku	Japan Real Estate Institute	10,600	10,600	6.9	10,600	6.4	7.1	759
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,820	9,850	6.4	9,780	6.0	6.6	630
RSC-31	AEON MALL Kyoto Gojo	The Tanizawa Sōgō Appraisal Co., Ltd.	13,900	14,100	4.8	13,800	4.8 4.9 (Note 4)	5.0	722
CSC-1	AEON Chigasaki-Chuo Shopping Center	Japan Real Estate Institute	6,590	6,630	5.0	6,550	4.7	5.2	346
CSC-2	AEON STYLE Kemigawahama	Japan Real Estate Institute	3,860	3,880	6.2	3,830	5.7	6.4	270
CSC-3	AEON Kireuriwari Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	4,730	4,870	5.1	4,670	5.1 5.2 (Note 4)	5.4	248
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,100	15,200	4.9	14,900	4.3	5.3	766
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	10,600	10,700	4.8	10,400	4.5	5.1	519
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,290	7,330	5.0	7,250	4.7	5.2	409
M-1	AEON Taman Universiti Shopping Centre (Note 7)	Japan Real Estate Institute	561 [RM 21 million]	—	—	561 [RM 21 million]	6.5 6.0 (Note 8)	7.0	38 [RM 1 million]
M-2	AEON MALL SEREMBAN 2 (Note 7) (Note 9)	Japan Real Estate Institute	6,137 [RM 233 million]	—	—	6,137 [RM 233 million]	6.0	6.5	359 [RM 13 million]
Total			389,672	—	—	385,942	—	—	—

- (Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of July 31, 2019 or the survey value indicated in the real estate survey report.
- (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. Amounts of NOI are rounded down 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 AEON REIT's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 4.7% during the initial four years and 4.8% from the fifth year.
Discount rates for AEON LakeTown kaze are 5.0% during the initial four years and 5.1% from the fifth year.
Discount rates for AEON MALL Meiwa are 6.3% during the initial two years and 6.4% from the third year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.1% during the initial two years and 6.2% from the third year.
Discount rates for AEON MALL Kushiro-Showa are 6.7% during the initial two years and 6.8% from the third year.
Discount rates for AEON MALL Rifu are 6.3% during the initial two years and 6.4% from the third year.
Discount rates for AEON MALL Yamagata-Minami are 6.5% during the initial two years and 6.6% from the third year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.1% during the initial year and 6.2% from the second year.
Discount rates for AEON MALL Tomakomai are 5.8% during the initial five years and 5.9% from the sixth year.
Discount rates for AEON MALL Kagoshima are 5.9% during the initial four years and 6.0% from the fifth year.
Discount rates for AEON MALL Kyoto Gojo are 4.8% during the initial seven years and 4.9% from the eighth year.
Discount rates for AEON Kireuriwari Shopping Center are 5.1% during the initial eight years and 5.2% from the ninth year.
- (Note 5) For AEON MALL Mitouchihara, there exist both a portion of trust beneficiary rights in real estate and a real estate portion, and as we have obtained separate appraisal report for each, these have been entered separately.
- (Note 6) For AEON MALL Kofu Shiwa, the amounts and figures are indicated combined with those of the Extended Building AEON REIT additionally acquired on September 3, 2018.
- (Note 7) Pursuant to the local appraisal methodology, the evaluation of the appraisal value of AEON Taman Universiti Shopping Centre and AEON MALL SEREMBAN 2 has been entrusted to Japan Real Estate Institute. *Appraisal value* of AEON Taman Universiti Shopping Centre is based on the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2019, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and NOI in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2019. The amounts indicated in yen in *Appraisal value* and the prices and NOI in *Income approach value* have been converted to the yen using the exchange rate of July 31, 2019 (RM 1 = ¥26.34 (rounded down to the second decimal place)).
- (Note 8) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.
- (Note 9) The property is owned by AEON REIT through the Overseas SPC.

(D) Statements of income of individual properties

13th fiscal period (from February 1, 2019 to July 31, 2019)

(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) Revenues related to real estate leasing business	681,122	338,659	370,167	351,755	723,011	481,367
Rent revenue—real estate	681,122	338,659	370,167	351,755	723,011	481,367
(B) Expenses related to real estate leasing business	105,616	117,685	127,835	128,495	178,880	195,098
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400	1,400
Taxes and dues	80,682	32,733	43,347	46,301	74,109	38,237
Insurance expenses	5,062	3,691	4,237	2,501	7,368	3,873
Repairs and maintenance expenses	17,971	23	28,656	23,049	20,007	18,950
Land rent paid	16	78,959	49,748	54,704	75,121	132,591
Utilities	—	—	—	—	—	—
Other expenses related to rent business	55	991	25	148	873	45
(C) NOI (A – B)	575,506	220,974	242,331	223,260	544,131	286,268
(D) Depreciation	207,300	95,181	131,805	80,889	246,316	118,507
(E) Income from leasing business (C – D)	368,205	125,792	110,526	142,370	297,814	167,760
(F) Capital expenditures	—	—	49,119	2,804	17,066	37,796
(G) NCF (C – F)	575,506	220,974	193,212	220,455	527,065	248,471

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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) Revenues related to real estate leasing business	418,789	325,343	454,569	215,475	325,086	429,993
Rent revenue—real estate	418,789	325,343	454,569	215,475	325,086	429,993
(B) Expenses related to real estate leasing business	91,841	146,060	126,249	78,790	58,407	140,569
Property and facility management fees (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	74,637	32,507	53,511	21,666	40,476	42,000
Insurance expenses	5,378	2,710	5,528	1,531	1,894	4,602
Repairs and maintenance expenses	10,402	14,869	61,614	16,059	4,506	19,953
Land rent paid	—	94,212	—	37,567	9,677	72,092
Utilities	—	—	—	—	—	—
Other expenses related to rent business	22	—	3,744	115	3	70
(C) NOI (A – B)	326,947	179,282	328,320	136,684	266,678	289,424
(D) Depreciation	88,210	100,504	117,432	35,859	95,290	147,793
(E) Income from leasing business (C – D)	238,737	78,778	210,887	100,824	171,387	141,630
(F) Capital expenditures	693	—	98,071	18,110	3,622	51,419
(G) NCF (C – F)	326,254	179,282	230,248	118,574	263,056	238,005

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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-15	RSC-16	RSC-17
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka	AEON MALL Kushiro-Showa
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	743,325	455,024	558,577	699,311	447,445	229,627
Rent revenue—real estate	743,325	455,024	558,577	699,311	447,445	229,627
(B) Expenses related to real estate leasing business	120,120	168,012	136,196	159,763	249,636	151,138
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,562	2,180	2,180
Taxes and dues	94,774	52,239	57,277	127,989	44,266	30,403
Insurance expenses	7,822	4,620	8,017	6,702	3,712	2,387
Repairs and maintenance expenses	15,579	24,352	25,651	23,493	34,002	20,304
Land rent paid	—	84,915	43,384	—	165,475	95,864
Utilities	—	—	—	—	—	—
Other expenses related to rent business	94	35	17	16	—	—
(C) NOI (A – B)	623,204	287,011	422,380	539,547	197,809	78,488
(D) Depreciation	195,310	184,755	209,748	185,165	75,086	26,141
(E) Income from leasing business (C – D)	427,894	102,255	212,631	354,381	122,723	52,347
(F) Capital expenditures	30,310	3,914	5,539	—	32,806	—
(G) NCF (C – F)	592,894	283,097	416,841	539,547	165,002	78,488

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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-18	RSC-19	RSC-20	RSC-21	RSC-22	RSC-23
Property name	AEON MALL Rifu	AEON MALL Yamagata-Minami	AEON MALL Yokkaichi-Kita	AEON MALL Yamatokoriyama	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	AEON MALL Kofu Showa (Note 2)
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	208,875	161,767	233,792	764,175	402,247	673,079
Rent revenue—real estate	208,875	161,767	233,792	764,175	402,247	673,079
(B) Expenses related to real estate leasing business	112,046	103,245	137,114	326,361	98,874	172,459
Property and facility management fees (Note 1)	1,760	1,820	1,760	1,760	1,670	1,820
Taxes and dues	21,149	18,743	21,449	60,370	71,314	62,688
Insurance expenses	2,907	2,383	1,808	5,391	4,293	6,296
Repairs and maintenance expenses	20,290	15,756	20,628	6,430	21,330	8,659
Land rent paid	65,915	64,541	91,469	252,386	238	92,995
Utilities	—	—	—	—	—	—
Other expenses related to rent business	23	—	—	22	27	—
(C) NOI (A – B)	96,829	58,522	96,677	437,813	303,372	500,619
(D) Depreciation	37,850	22,357	31,098	176,666	103,008	262,713
(E) Income from leasing business (C – D)	58,978	36,164	65,579	261,146	200,364	237,906
(F) Capital expenditures	10,664	7,722	8,114	4,515	—	—
(G) NCF (C – F)	86,165	50,799	88,563	433,298	303,372	500,619

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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-24	RSC-25	RSC-26	RSC-27	RSC-28	RSC-29
Property name	AEON MALL Tomakomai	AEON MALL Oyama	AEON MALL Itamikoya	AEON MALL Kagoshima	AEON MALL Tsuchiura	AEON MALL Kahoku
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	342,915	277,687	848,514	589,667	533,830	490,493
Rent revenue—real estate	342,915	277,687	848,514	589,667	533,830	490,493
(B) Expenses related to real estate leasing business	80,552	46,987	326,665	149,147	134,832	114,139
Property and facility management fees (Note 1)	1,850	1,400	1,376	1,688	1,334	1,580
Taxes and dues	60,346	32,536	94,647	94,268	54,747	41,309
Insurance expenses	3,263	2,387	6,630	5,757	4,239	3,688
Repairs and maintenance expenses	15,092	10,655	783	14,511	9,923	9,113
Land rent paid	—	—	223,227	32,792	64,567	58,428
Utilities	—	—	—	—	—	—
Other expenses related to rent business	—	8	—	130	20	20
(C) NOI (A – B)	262,363	230,700	521,848	440,519	398,997	376,353
(D) Depreciation	121,810	90,103	191,744	174,535	163,329	188,698
(E) Income from leasing business (C – D)	140,552	140,596	330,104	265,984	235,668	187,655
(F) Capital expenditures	—	16,250	4,741	—	—	—
(G) NCF (C – F)	262,363	214,449	517,107	440,519	398,997	376,353

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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-30	RSC-31	CSC-1	CSC-2	CSC-3	L-1
Property name	AEON MALL Shimotsuma	AEON MALL Kyoto Gojo	AEON Chigasaki-Chuo Shopping Center	AEON STYLE Kemigawahama	AEON Kireuriwari Shopping Center	Daiei-Kawasaki Process Center
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	386,520	437,973	224,126	176,043	173,498	491,726
Rent revenue—real estate	386,520	437,973	224,126	176,043	173,498	491,726
(B) Expenses related to real estate leasing business	73,783	76,579	44,950	35,271	50,790	108,205
Property and facility management fees (Note 1)	1,610	1,412	1,400	1,298	1,406	1,580
Taxes and dues	28,084	65,430	34,619	17,403	21,565	48,924
Insurance expenses	3,397	3,701	2,344	1,495	3,019	5,111
Repairs and maintenance expenses	287	6,036	6,566	—	155	3,273
Land rent paid	40,378	—	—	15,056	24,625	6
Utilities	—	—	—	—	—	49,059
Other expenses related to rent business	26	—	20	17	19	250
(C) NOI (A – B)	312,737	361,394	179,175	140,772	122,708	383,520
(D) Depreciation	116,557	88,811	46,255	53,677	41,640	95,153
(E) Income from leasing business (C – D)	196,179	272,582	132,920	87,095	81,067	288,366
(F) Capital expenditures	—	2,937	6,359	—	—	1,504
(G) NCF (C – F)	312,737	358,456	172,816	140,772	122,708	382,015

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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	L-2	L-3	M-1	
Property name	AEON Minami-Osaka RDC	Daiei Ibaraki Process Center	AEON Taman Universiti Shopping Centre (Note 3)	Total
Number of operating days	181	181	181	-
(A) Revenues related to real estate leasing business	289,620	251,197	20,210	16,226,615
Rent revenue—real estate	289,620	251,197	20,210	16,226,615
(B) Expenses related to real estate leasing business	30,598	49,937	1,216	4,754,161
Property and facility management fees (Note 1)	1,370	1,700	403	63,550
Taxes and dues	26,102	40,525	739	1,904,130
Insurance expenses	2,826	1,806	72	154,466
Repairs and maintenance expenses	279	5,870	—	555,091
Land rent paid	—	—	—	2,020,959
Utilities	—	4	—	49,064
Other expenses related to rent business	20	30	0	6,897
(C) NOI (A – B)	259,021	201,259	18,994	11,472,454
(D) Depreciation	67,487	19,717	8,168	4,442,687
(E) Income from leasing business (C – D)	191,533	181,542	10,825	7,029,767
(F) Capital expenditures	—	2,196	—	416,280
(G) NCF (C – F)	259,021	199,063	18,994	11,056,173

(Note 1) *Property and facility management fees* include trust fees.

(Note 2) AEON REIT acquired the Extended Building on September 3, 2018.

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* 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).

(2) Capital expenditures for properties held

(A) Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (mainly those exceeding ¥30 million per work) that AEON REIT plans to conduct for properties held as of July 31, 2019.

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 Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Renewal of emergency broadcasting equipment	From October 2019 to December 2019	30	—	—
	Rooftop waterproofing at AEON Building	From April 2020 to July 2020	41	—	—
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air conditioning units	From November 2019 to May 2020	113	—	—
AEON LakeTown mori (Koshigaya City, Saitama Pref.)	Urethane injection into cavity under the floor	From October 2019 to November 2019	32	—	—
AEON MALL Chiba Newtown (Inzai City, Chiba Pref.)	Work on anti-smoke hanging incombustible sheets	From March 2020 to June 2020	38	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of air conditioning unit	From October 2019 to December 2019	58	—	—
	Work on anti-smoke hanging incombustible sheets	From September 2019 to November 2019	35	—	—
	Renewal of extra high-tension power facilities	From March 2020 to March 2020	75	—	—
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air conditioning units	From September 2019 to May 2020	72	—	—
AEON MALL Meiwa (Taki County, Mie Pref.)	Revitalization	From September 2019 to November 2019	165	—	—
AEON MALL Yamatokoriyama (Yamatokoriyama City, Nara Pref.)	Work on anti-smoke hanging incombustible sheets	From September 2019 to November 2019	35	—	—
AEON MALL KYOTO (Kyoto City, Kyoto Pref.)	Work on anti-smoke hanging incombustible sheets	From September 2019 to November 2019	37	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air conditioning units	From November 2019 to November 2019	31	—	—
	Renewal of air conditioning units	From November 2019 to May 2020	282	—	—
	Work on anti-smoke hanging incombustible sheets	From March 2020 to June 2020	49	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of sanitary facilities	From March 2020 to June 2020	32	—	—
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of gas heat pumps for air conditioning units	From October 2019 to December 2019	61	—	—
AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.)	Exterior wall painting	From September 2019 to April 2020	300	—	—

(B) Capital expenditures during the period

For properties held by AEON REIT as of July 31, 2019, the major construction works that fall into capital expenditure (those exceeding ¥30 million per work) conducted by AEON REIT during the current fiscal period are shown in the table below. The capital expenditure for the current period amounted to ¥416 million. Combined with ¥555 million in repairs and maintenance that was classified as expenses, AEON REIT conducted construction works totaling ¥971 million in the current fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of anti-smoke hanging walls	From May 2019 to June 2019	34
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Connection to public sewerage	From November 2018 to March 2019	80
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air conditioning units	From March 2019 to March 2019	30