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March 16, 2018

Financial Report for the Fiscal Period Ended January 31, 2018 (August 1, 2017 – January 31, 2018)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Yasuo Shiozaki, Representative Director and President
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Scheduled date to file securities report: April 25, 2018
 Scheduled date to commence distribution payments: April 13, 2018

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 January 31, 2018 (August 1, 2017 – January 31, 2018)

(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	%
January 31, 2018	15,780	7.8	6,276	11.6	5,389	12.9	5,383	1.4
July 31, 2017	14,642	22.3	5,624	20.4	4,773	20.6	5,306	34.2

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
January 31, 2018	3,107	2.8	1.5	34.2
July 31, 2017	3,324	3.3	1.5	32.6

(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	%	%
January 31, 2018	3,029	5,383	0	0	100.0	2.7
July 31, 2017	2,926	4,786	0	0	90.2	2.6

(Note 1) Distribution per unit (excluding distributions in excess of retained earnings) for the fiscal period ended July 31, 2017 are calculated by dividing the amount that is obtained by deducting 520 million yen in provision of distribution reserve from retained earnings by the total number of investment units issued and outstanding.

(Note 2) Payout ratio for the fiscal period ended January 31, 2018 and the fiscal period ended July 31, 2017 is calculated by using the following formula:

$$\text{Payout ratio} = \text{Total cash distributions (excluding distributions in excess of retained earnings)} / \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2018	362,698	198,077	54.6	111,445
July 31, 2017	345,017	182,334	52.8	111,457
(Reference) Equity	As of January 31, 2018:	¥198,077 million	As of July 31, 2017:	¥182,334 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
January 31, 2018	12,747	(25,808)	11,787	17,579
July 31, 2017	2,532	(60,965)	63,124	18,852

2. Forecasts of performance for the fiscal periods ending July 31, 2018 (February 1, 2018 – July 31, 2018) and January 31, 2019 (August 1, 2018 – January 31, 2019)

(Percentages show changes from the previous period)

Fiscal period ending	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
July 31, 2018	16,143	2.3	5,995	(4.5)	5,111	(5.1)	5,106	(5.1)	2,870	0
January 31, 2019	16,147	0.0	6,019	0.4	5,130	0.4	5,125	0.4	2,880	0

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted total number of investment units issued and outstanding)
For the fiscal period ending July 31, 2018: ¥2,874
For the fiscal period ending January 31, 2019: ¥2,884

* 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 January 31, 2018 1,777,347 units
 - As of July 31, 2017 1,635,912 units
- b. Number of treasury investment units at end of period
 - As of January 31, 2018 0 units
 - As of July 31, 2017 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

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

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to 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 July 31, 2018 (February 1, 2018 – July 31, 2018) and January 31, 2019 (August 1, 2018 – January 31, 2019)” on pages 7 and 8 for information on assumptions for the forecasts of operating results.

1. AEON REIT Investment Corporation and Related Corporations

Disclosure is omitted since there have been no significant changes from the “Management Structure of the Investment Corporation” in the latest Securities Report (submitted on October 30, 2017; prepared in Japanese only).

2. Investment Policies and Status of Asset Management

(1) Investment Policies

Disclosure is omitted since there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on October 30, 2017; prepared in Japanese only).

(2) 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. In the fiscal period under review (10th fiscal period), AEON REIT issued new investment units in September and October 2017 (total paid-in amount: ¥15,145 million). Using the procured funds in combination with 6,000 million yen in new debt financing, AEON REIT acquired 4 properties comprising AEON MALL Shimotsuma, AEON Kireuriwari Shopping Center, Daiei Ibaraki Process Center and AEON STYLE Kemigawahama (total acquisition price: ¥24,504 million).

As a result, the real estate held by AEON REIT as of January 31, 2018 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 ¥355,194 million. Total leasable area is 3,411,074.32m² and the occupancy rate of the entire portfolio is 100% as of the same date.

(B) Operating environment and performance

(a) Operating environment

The Japanese economy stayed on a moderate recovery trend, as real GDP for the fourth quarter (October – December) of 2017 (preliminary release) achieved growth for eight consecutive quarters. The corporate sector, which continued to show improvements in performance led by exports, proactively made capital investments. Meanwhile, consumer spending has been and will remain solid backed by improvements in the employment and income environments.

In the real estate investment market, with investors highly willing to acquire properties 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. This should make it increasingly important to discern the profitability of individual properties.

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. Although the J-REIT market had been on a weak note against the backdrop of such factors as a shift in the capital flows of investment trusts offering monthly dividends (many of which incorporate J-REITs in their portfolios),

it started to pick up in the second half of 2017, with the Tokyo Stock Exchange (TSE) REIT Index closing the fiscal period at 1,744.89 points on January 31, 2018 (on a closing price basis). AEON REIT will closely monitor the market trends going forward, paying close attention to the interest rate hike trend in the U.S. and the impact it will give on the financial and capital markets.

(b) Performance

Under these conditions, AEON REIT and the Asset Manager steadily promoted external growth through property acquisitions. AEON REIT acquired 4 properties (total acquisition price: ¥24,504 million) by using funds procured through issuance of new investment units in September and October 2017 as well as through new debt financing, expanding its portfolio size to ¥355.1 billion. Of these properties, AEON STYLE Kemigawahama (acquisition price: ¥3,748 million), which AEON REIT acquired on November 30, 2017, is a store for which AEON Retail Co., Ltd. had conducted refurbishment, including shift to an AEON STYLE store (a new store that has evolved into a concentration of attractive specialty stores to suit the local trade area), before the acquisition. AEON REIT acquired the property after AEON Retail Co., Ltd. started operations of the store as its operator.

With regard to internal growth, AEON REIT made investments for revitalization at AEON MALL Suzuka and AEON MALL Kurashiki with upward revisions of rents, enhancing the respective asset value. Moreover, as the construction of the building with expanded floor space completed, the entire buildings of AEON MALL Kofu Show including its existing buildings made renewal opening on November 23, 2017. Note that AEON REIT neither owns the building with expanded floor space nor has decided to acquire it.

On top of these efforts, as AEON REIT makes endeavors for Environment, Social and Governance (ESG) awareness, it obtained “Green Star” in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment (the survey conducted in 2017), marking the second consecutive year of recognition with the highest ranking. In December 2017, AEON REIT received an “A” grade from Sumitomo Mitsui Banking Corporation in recognition of its commitment to environmentally aware initiatives in asset management, according to the bank’s funding program based on an evaluation of environmental considerations. In January 2018, AEON MALL KYOTO and AEON MALL Mitouchihara were recognized with the highest rank in the five-level rating of the DBJ Green Building Certification conducted by the Development Bank of Japan Inc. Going forward, AEON REIT will continue to proactively take initiatives on ESG issues.

(C) Financing

a. Issuance of new investment units

AEON REIT additionally issued new investment units, with payment dates set on September 27, 2017 for the new investment units through public offering (134,700 units) and on October 24, 2017 for the new investment units through third-party allotment (6,735 units), in order to partly fund the acquisition of four properties (AEON MALL Shimotsuma, AEON Kireuriwari Shopping Center, Daiei Ibaraki Process Center and AEON STYLE Kemigawahama) (total acquisition price: ¥24,504 million). The total number of investment units issued and outstanding is 1,777,347 units as of January 31, 2018.

b. Debt financing, etc.

In the 10th fiscal period, AEON REIT conducted debt financing totaling ¥6,000 million in bridge loans on September 19, 2017 to partly fund the acquisition of 2 properties, which it acquired in September 2017, and related expenses, and repaid ¥4,500 million of the loans on September 29, 2017. For the remaining ¥1,500 million and the ¥4,200 million that was refinanced on October 20, 2017 in order to diversify debt repayment dates and extend loan maturities, AEON REIT refinanced the amount with ¥2,000 million in investment corporation bonds issued on December 8, 2017 and ¥3,700 million borrowed on December 27, 2017.

As of January 31, 2018, AEON REIT had a balance of interest-bearing debt totaling ¥150,000 million, 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 January 31, 2018. 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 January 31, 2018, 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 ¥15,780 million, operating income of ¥6,276 million, ordinary income of ¥5,389 million and net income of ¥5,383 million for the 10th fiscal period ended January 31, 2018.

As for cash distribution for the 10th fiscal period, AEON REIT decided to distribute approximately all unappropriated retained earnings, except for a fraction of less than ¥1 of distributions per, with the aim that the maximum amount of distribution of earnings is deducted as expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, distribution per unit came to 3,029 yen for the fiscal period under review.

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

Looking ahead, the Japanese economy is expected to stay on a recovery trend backed by strong corporate performance and improvement in the employment and income environments, amid the world economy continuing to show high growth, although caution must be paid to uncertainties of overseas political and economic situations and the impact of geopolitical risks. Consumer spending will also pick up modestly, as AEON REIT sees it.

In terms of the environment surrounding retail properties, consumer sentiment is expected to pick up with the employment and income environments improving. As 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, high growth continued with real GDP growth rate for October through December 2017 increasing 5.9% and for the entire year increasing 5.9%, both on a year-on-year basis. Along with solid growth in consumer spending backed by favorable income and employment environments, exports remained strong in the face of the growing world economy and rising national resource prices. 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

Not applicable.

Assumptions for Forecasts of Performance for the Fiscal Periods Ending July 31, 2018 (February 1, 2018 – July 31, 2018) and January 31, 2019 (August 1, 2018 – January 31, 2019)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending July 31, 2018 (181 days from February 1, 2018 to July 31, 2018, the 11th fiscal period) Fiscal period ending January 31, 2019 (184 days from August 1, 2018 to January 31, 2019, the 12th fiscal period)
Portfolio	<ul style="list-style-type: none"> For the forecasts of performance, the number of investment assets is assumed to be 40 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of March 16, 2018 (hereinafter, the “assets currently held”). It is assumed that, through the end of the 12th fiscal period ending January 2019, 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 March 16, 2018 and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that interim dividends will be received during the fiscal period ending July 31, 2018 (11th fiscal period) and period-end dividends will be received during the fiscal period ending January 31, 2019 (12th fiscal period). Furthermore, the exchange rate of Malaysia is assumed to be RM 1 = JPY 25.00. 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. 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. As for fixed asset taxes, city planning taxes and depreciable asset taxes for the assets currently held, AEON REIT assumes to record ¥1,905 million for the 11th fiscal period and ¥1,905 million for the 12th fiscal period as expenses. 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 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. Depreciation of property and equipment is computed by the straight-line method, including related expenses, and is assumed to be ¥4,416 million for the 11th fiscal period and ¥4,436 million for the 12th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and other borrowing-related expenses are assumed to be ¥814 million for the 11th fiscal period and ¥817 million for the 12th fiscal period.
Borrowings	<ul style="list-style-type: none"> As of March 16, 2018, AEON REIT has interest-bearing debt totaling ¥150,000 million. It is assumed that AEON REIT will refinance ¥27,000 million in new borrowings that will mature in the 12th fiscal period (repayment date: October 22, 2018) for the same amount. LTV ratio is anticipated to be approximately 45.0% as of the end of the 11th fiscal period (July 31, 2018) and approximately 44.9% as of the end of the 12th fiscal period (January 31, 2019). LTV is calculated by using the following formula: LTV = Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust) / Total assets × 100

Item	Assumptions
Investment units	<ul style="list-style-type: none"> ● Distribution per unit for the 11th and 12th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 1,777,347 units issued and outstanding as of March 16, 2018. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 12th fiscal period, without any change in the number of investment units.
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. ● It is assumed that no reversal of distribution reserve will be made for the 11th fiscal period and the 12th fiscal period.
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.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2017)	Current fiscal period (As of January 31, 2018)
Assets		
Current assets		
Cash and deposits	12,002,593	9,538,680
Cash and deposits in trust	6,850,168	8,041,075
Prepaid expenses	512,960	647,245
Income taxes receivable	9	14
Consumption taxes receivable	2,421,369	-
Other	11,486	10,497
Total current assets	21,798,587	18,237,512
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	184,255,828	194,730,075
Accumulated depreciation	(20,901,945)	(25,176,671)
Buildings in trust, net	163,353,883	169,553,403
Structures in trust	1,241,307	1,348,942
Accumulated depreciation	(663,978)	(769,638)
Structures in trust, net	577,328	579,303
Tools, furniture and fixtures in trust	3,467	9,191
Accumulated depreciation	(830)	(1,274)
Tools, furniture and fixtures in trust, net	2,636	7,917
Land in trust	104,717,380	116,511,568
Total property and equipment	268,759,693	286,760,656
Intangible assets		
Leasehold rights in trust	46,785,787	50,178,762
Total intangible assets	46,785,787	50,178,762
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	1,280,749	1,138,607
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	7,369,664	7,227,521
Total non-current assets	322,915,145	344,166,940
Deferred assets		
Investment unit issuance expenses	251,602	220,787
Investment corporation bond issuance costs	52,322	73,159
Total deferred assets	303,924	293,946
Total assets	345,017,657	362,698,399

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2017)	Current fiscal period (As of January 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	1,177,198	851,409
Current portion of long-term loans payable	4,200,000	27,000,000
Accounts payable - other	334,632	350,377
Accrued expenses	48,121	44,192
Income taxes payable	605	605
Accrued consumption taxes	-	268,141
Other	148,320	190,685
Total current liabilities	5,908,878	28,705,412
Non-current liabilities		
Investment corporation bond	4,000,000	6,000,000
Long-term loans payable	140,300,000	117,000,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,471,849	12,913,216
Total non-current liabilities	156,774,477	135,915,844
Total liabilities	162,683,355	164,621,256
Net assets		
Unitholders' equity		
Unitholders' capital	180,552,316	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	177,026,618	192,172,327
Surplus		
Voluntary reserve		
Distribution reserve	-	520,000
Total voluntary reserve	-	520,000
Unappropriated retained earnings (undisposed loss)	5,307,682	5,384,815
Total surplus	5,307,682	5,904,815
Total unitholders' equity	182,334,301	198,077,143
Total net assets	*1 182,334,301	*1 198,077,143
Total liabilities and net assets	345,017,657	362,698,399

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From February 1, 2017 to July 31, 2017)		Current fiscal period (From August 1, 2017 to January 31, 2018)	
Operating revenue				
Rent revenue - real estate	*1	14,561,163	*1	15,656,508
Dividends received	*2	81,390	*2	123,790
Total operating revenue		14,642,554		15,780,299
Operating expenses				
Expenses related to rent business	*1	8,253,947	*1	8,599,621
Asset management fee		613,960		722,381
Asset custody fee		17,380		18,478
Administrative service fees		50,702		58,076
Directors' compensation		3,600		3,600
Taxes and dues		2,814		1,684
Other operating expenses		75,297		99,467
Total operating expenses		9,017,702		9,503,310
Operating income		5,624,851		6,276,989
Non-operating income				
Interest income		62		91
Refund of unpaid distributions		2,662		3,382
Interest on refund		-		3,249
Other		-		709
Total non-operating income		2,724		7,433
Non-operating expenses				
Interest expenses		546,237		578,222
Interest expenses on investment corporation bonds		17,907		20,061
Amortization of investment unit issuance expenses		70,587		77,002
Investment unit issuance expenses		4,413		30
Amortization of investment corporation bond issuance costs		2,438		2,832
Other offering costs associated with issuance of investment units		334		4
Borrowing related expenses		211,943		217,262
Other		13		-
Total non-operating expenses		853,875		895,417
Ordinary income		4,773,701		5,389,004
Extraordinary income				
Gain on reversal of provision for loss on disaster	*3	500,263		-
Refund of fixed asset tax	*3	37,555		-
Total extraordinary income		537,819		-
Income (loss) before income taxes		5,311,520		5,389,004
Income taxes - current		4,621		5,193
Total income taxes		4,621		5,193
Net income (loss)		5,306,899		5,383,811
Retained earnings brought forward		783		1,004
Unappropriated retained earnings (undisposed loss)		5,307,682		5,384,815

(3) Statements of Unitholders' Equity

Previous fiscal period (From February 1, 2017 to July 31, 2017)

(Unit: Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Surplus		Total unitholders' equity	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	142,996,124	(3,525,697)	(3,525,697)	(139,470,427)	3,954,064	3,954,064	143,424,491	143,424,491
Changes of items during period								
Issuance of new investment units	37,556,191			37,556,191			37,556,191	37,556,191
Dividends of surplus					(3,953,280)	(3,953,280)	(3,953,280)	(3,953,280)
Net income (loss)					5,306,899	5,306,899	5,306,899	5,306,899
Total changes of items during period	37,556,191	-	-	37,556,191	1,353,618	1,353,618	38,909,809	38,909,809
Balance at end of current period	*1 180,552,316	(3,525,697)	(3,525,697)	177,026,618	5,307,682	5,307,682	182,334,301	182,334,301

Current fiscal period (From August 1, 2017 to January 31, 2018)

(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	180,552,316	(3,525,697)	(3,525,697)	177,026,618	-	-
Changes of items during period						
Issuance of new investment units	15,145,708			15,145,708		
Provision of distribution reserve					520,000	520,000
Dividends of surplus						
Net income (loss)						
Total changes of items during period	15,145,708	-	-	15,145,708	520,000	520,000
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	5,307,682	5,307,682	182,334,301	182,334,301
Changes of items during period				
Issuance of new investment units			15,145,708	15,145,708
Provision of distribution reserve	(520,000)	-	-	-
Dividends of surplus	(4,786,678)	(4,786,678)	(4,786,678)	(4,786,678)
Net income (loss)	5,383,811	5,383,811	5,383,811	5,383,811
Total changes of items during period	77,133	597,133	15,742,841	15,742,841
Balance at end of current period	5,384,815	5,904,815	198,077,143	198,077,143

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
I Unappropriated retained earnings (undisposed loss)	5,307,682,761	5,384,815,846
II Total cash distributions [Distribution per unit]	4,786,678,512 [2,926]	5,383,584,063 [3,029]
III Voluntary reserve (Provision of distribution reserve)	520,000,000	—
IV Retained earnings brought forward	1,004,249	1,231,783
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 ¥4,786,678,512, which is the amount that does not exceed the balance of retained earnings (¥5,307,682,761) after internally reserving ¥520,000,000, which is part of the gain on reversal of provision for loss on disaster and refund of fixed asset tax, as distribution reserve and is the greatest value among integral multiples of 1,635,912, 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 ¥5,383,584,063, which is the amount that does not exceed the unappropriated retained earnings (¥5,384,815,846) 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 February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Cash flows from operating activities		
Income (loss) before income taxes	5,311,520	5,389,004
Depreciation	4,176,697	4,380,830
Amortization of investment corporation bond issuance costs	2,438	2,832
Amortization of investment unit issuance expenses	70,587	77,002
Interest income	(62)	(91)
Interest expenses	564,144	598,284
Increase in provision for loss on disaster	(3,755,901)	-
Decrease (increase) in consumption taxes refund receivable	(2,421,369)	2,421,369
Increase (decrease) in accrued consumption taxes	(183,490)	268,141
Increase in prepaid expenses	21,577	(134,285)
Increase (decrease) in operating accounts payable	(77,089)	148,968
Increase (decrease) in accounts payable - other	73,379	15,745
Decrease (increase) in long-term prepaid expenses	(163,940)	142,142
Other, net	(523,578)	44,608
Subtotal	3,094,916	13,354,552
Interest income received	62	91
Interest expenses paid	(558,172)	(602,213)
Income taxes paid	(4,605)	(5,197)
Net cash provided by operating activities	2,532,200	12,747,233
Cash flows from investing activities		
Purchase of property and equipment in trust	(47,821,363)	(22,856,550)
Purchase of intangible assets in trust	(15,169,018)	(3,392,974)
Proceeds from tenant leasehold and security deposits in trust	2,025,203	441,366
Net cash used in investing activities	(60,965,178)	(25,808,158)
Cash flows from financing activities		
Proceeds from short-term loans payable	29,700,000	10,200,000
Repayment of short-term loans payable	(29,700,000)	(10,200,000)
Proceeds from long-term loans payable	29,700,000	3,700,000
Repayments of long-term loans payable	-	(4,200,000)
Proceeds from issuance of investment corporation bonds	-	1,976,330
Proceeds from issuance of investment units	37,379,068	15,099,520
Dividends paid	(3,954,937)	(4,788,643)
Net cash (used in) provided by financing activities	63,124,130	11,787,207
Effect of exchange rate change on cash and cash equivalents	(10)	710
Net increase (decrease) in cash and cash equivalents	4,691,142	(1,273,006)
Cash and cash equivalents at beginning of period	14,161,619	18,852,762
Cash and cash equivalents at end of period	*1 18,852,762	*1 17,579,755

(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="margin-left: 20px;"> <tr> <td>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. 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>						
5. 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 current fiscal period, the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥53,041 thousand, and in the previous fiscal period the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥542,976 thousand.</p>						

6. 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>
7. 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.
8. 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 and land 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 July 31, 2017)		Current fiscal period (As of January 31, 2018)
*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
2. Forward commitment, etc. The Asset Manager resolved at its Investment Committee meeting held on June 23, 2017 to acquire Kemigawahama Bayside Mall Feria (tentative name: AEON STYLE Kemigawahama) (planned acquisition price: ¥3,748 million) from AEON Retail Co., Ltd. on November 30, 2017.		2. Forward commitment, etc.	Not applicable.

Notes to Statements of Income

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

Previous fiscal period (reference) (From February 1, 2017 to July 31, 2017)	(Unit: Thousands of yen)
A. Revenues related to real estate leasing business	
Rent revenue—real estate	
Rent	14,502,617
Other rent revenue—real estate	58,546
Total revenues related to real estate leasing business	14,561,163
B. Expenses related to real estate leasing business	
Expenses related to rent business	
Property and facility management fees	38,616
Repairs and maintenance expenses	445,511
Insurance expenses	136,943
Trust fees	18,359
Land rent paid	1,913,179
Taxes and dues	1,473,539
Depreciation	4,176,697
Water charges	47,842
Other expenses related to rent business	3,258
Total expenses related to real estate leasing business	8,253,947
C. Operating income from real estate leasing business (A – B)	6,307,216
Current fiscal period (From August 1, 2017 to January 31, 2018)	(Unit: Thousands of yen)
A. Revenues related to real estate leasing business	
Rent revenue—real estate	
Rent	15,599,991
Other rent revenue—real estate	56,517
Total revenues related to real estate leasing business	15,656,508
B. Expenses related to real estate leasing business	
Expenses related to rent business	
Property and facility management fees	41,812
Repairs and maintenance expenses	452,715
Insurance expenses	150,025
Trust fees	20,149
Land rent paid	2,026,984
Taxes and dues	1,473,499
Depreciation	4,380,830
Water charges	51,549
Other expenses related to rent business	2,055
Total expenses related to real estate leasing business	8,599,621
C. Operating income from real estate leasing business (A – B)	7,056,886

*2. Breakdown of dividends received

Previous fiscal period (from February 1, 2017 to July 31, 2017)

The entire amount of the maximum distributable amount (RM 3,139,732 (¥81,390 thousand)) based on the first fiscal period interim results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends, 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 March 2, 2016 to January 31, 2017).

(Unit: RM (Thousands of yen))

Revenues related to real estate leasing business	4,972,727	(129,489)
Expenses related to real estate leasing business	231,707	(6,033)
Other expenses	428,785	(11,165)
Unrealized gain from valuation of investment properties	7,217,424	(187,941)
Net income before income taxes	11,529,659	(300,232)
Net income before income taxes after deducting unrealized gain	4,312,234	(112,290)
Corporate income taxes on net income before income taxes after deducting unrealized gain	1,172,502	(30,531)
Maximum distributable amount (Note 3)	3,139,732	(81,390)

(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 = JPY26.04 (rounded down to the second decimal place)) is used.

(Note 3) Maximum distributable amount and dividends are converted to the yen value by using the forward exchange rate of RM 1 = JPY25.92 (rounded down to the second decimal place.)

Current fiscal period (From August 1, 2017 to January 31, 2018)

The entire amount of the maximum distributable amount (RM 4,849,374 (¥123,790 thousand)) after deducting interim dividends based on the first 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 March 2, 2016 to July 31, 2017).

(Unit: RM (Thousands of yen))

Revenues related to real estate leasing business	12,369,157	(320,484)
Expenses related to real estate leasing business	902,497	(23,383)
Other expenses	554,485	(14,366)
Unrealized gain from valuation of investment properties	7,227,044	(187,252)
Net income before income taxes	18,139,219	(469,987)
Net income before income taxes after deducting unrealized gain	10,912,174	(282,734)
Corporate income taxes on net income before income taxes after deducting unrealized gain	2,923,068	(75,736)
Maximum distributable amount (Note 4)	7,989,106	(203,881)
Interim dividends (Note 3)	3,139,732	(81,390)
Maximum distribution amount after deducting interim dividends (Note 4)	4,849,374	(123,790)

(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 = JPY25.91 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 26, 2017 of RM 1 = JPY25.92 (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 September 5, 2017 of RM 1 = JPY25.52 (rounded down to the second decimal place.)

***3. Breakdown of extraordinary income**

Previous fiscal period (From February 1, 2017 to July 31, 2017)

1) Gain on reversal of provision for loss on disaster

The work volume of the piping reinforcement work for ground improvement at the West Mall of AEON MALL Kumamoto was reasonably reduced and, of the restoration work expenses recorded as provision for loss on disaster, the expenses classified as repairs and maintenance expenses were reduced by ¥500 million. Accordingly, AEON REIT recorded the amount as gain on reversal of provision for loss on disaster in extraordinary income.

2) Refund of fixed asset tax

With regard to the fixed asset tax in fiscal 2016 for AEON MALL Kumamoto, AEON REIT received a tax refund notice dated April 7, 2017 because of a reduction in tax for the Kumamoto Earthquake, and ¥37 million was refunded. Accordingly, AEON REIT recorded the refund as refund of fixed asset tax in extraordinary income.

Current fiscal period (From August 1, 2017 to January 31, 2018)

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 February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,635,912 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 February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Cash and deposits	12,002,593	9,538,680
Cash and deposits in trust	6,850,168	8,041,075
Cash and cash equivalents	18,852,762	17,579,755

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2017)	Current fiscal period (As of January 31, 2018)
Due within 1 year	29,578,927	31,934,211
Due after 1 year	137,185,786	137,523,674
Total	166,764,713	169,457,885

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 July 31, 2017)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	12,002,593	12,002,593	—
(2) Cash and deposits in trust	6,850,168	6,850,168	—
Total assets	18,852,762	18,852,762	—
(3) Current portion of long-term loans payable	4,200,000	4,200,000	—
(4) Investment corporation bonds	4,000,000	4,000,600	600
(5) Long-term loans payable	140,300,000	141,170,120	870,120
Total liabilities	148,500,000	149,370,720	870,720
(6) Derivative transactions	—	—	—

Current fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	9,538,680	9,538,680	—
(2) Cash and deposits in trust	8,041,075	8,041,075	—
Total assets	17,579,755	17,579,755	—
(3) Current portion of long-term loans payable	27,000,000	27,099,581	99,581
(4) Investment corporation bonds	6,000,000	5,995,200	(4,800)
(5) Long-term loans payable	117,000,000	117,654,222	654,222
Total liabilities	150,000,000	150,749,004	749,004
(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 July 31, 2017)	Current fiscal period (As of January 31, 2018)
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	12,471,849	12,913,216
Total	18,552,931	18,994,298

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 July 31, 2017)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	12,002,593
Cash and deposits in trust	6,850,168
Total	18,852,762

Current fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	9,538,680
Cash and deposits in trust	8,041,075
Total	17,579,755

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

Previous fiscal period (as of July 31, 2017)

(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	4,200,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	4,000,000
Long-term loans payable	—	27,000,000	15,600,000	22,000,000	16,100,000	59,600,000
Total	4,200,000	27,000,000	15,600,000	22,000,000	16,100,000	63,600,000

Current fiscal period (as of January 31, 2018)

(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	27,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	6,000,000
Long-term loans payable	—	15,600,000	22,000,000	16,100,000	17,200,000	46,100,000
Total	27,000,000	15,600,000	22,000,000	16,100,000	17,200,000	52,100,000

Securities

Previous fiscal period (as of July 31, 2017)

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 January 31, 2018)

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 July 31, 2017)

Not applicable.

Current fiscal period (as of January 31, 2018)

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 July 31, 2017)

(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	132,500,000	132,500,000	(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 January 31, 2018)

(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	135,900,000	108,900,000	(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 July 31, 2017)

Not applicable.

Current fiscal period (as of January 31, 2018)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2017)	Current fiscal period (As of January 31, 2018)
Deferred tax assets		
Tax loss carried forward	350,650	350,386
Valuation reserve	(350,650)	(350,386)
Total deferred tax assets	–	–
Net deferred tax assets	–	–

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 July 31, 2017)	Current fiscal period (As of January 31, 2018)
Normal effective statutory tax rate	31.74	31.74
(Adjustments)		
Distributions paid included in deductibles	(28.60)	(31.71)
Increase (decrease) in valuation reserve	(3.11)	0.00
Other	0.06	0.07
Effective tax rate after application of tax effect accounting	0.09	0.10

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

Previous fiscal period (as of July 31, 2017)

Not applicable.

Current fiscal period (as of January 31, 2018)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (from February 1, 2017 to July 31, 2017)

Not applicable.

Current fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

2. Associates, etc.

Previous fiscal period (from February 1, 2017 to July 31, 2017)

Not applicable.

Current fiscal period (from August 1, 2017 to January 31, 2018)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (from February 1, 2017 to July 31, 2017)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	793,885	Accounts payable - other	269,399
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	–	–	Purchase of real estate beneficiary interests, lessee and recipient of land rent payment	Purchase of trust beneficiary rights in real estate	52,230,000	–	–
								Rent revenue – real estate	6,564,405	Tenant leasehold and security deposits in trust	5,935,920
								Land rent paid, etc.	1,040,354	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,256	Real estate business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	6,017,455	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	679,573	–	–
								Land rent paid, etc.	679,573	–	–
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	678,399	–	–
								Land rent paid, etc.	165,475	–	–
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto City, Tokyo	51,250	Banking business	–	–	Lender	Borrowing of long-term loans	1,100,000	Long-term loans payable	4,700,000
								Interest expenses	12,126	Accrued expenses	878
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	–	–	Lessee	Rent revenue – real estate (Note 4)	19,385	–	–

(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 ¥179,925 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 August 1, 2017 to January 31, 2018)

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	Ending balance (Thousands of yen)
						Interlocking officers	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda City, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	835,531	Accounts payable - other	281,937
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	–	–	Purchase of real estate beneficiary interests, lessee and recipient of land rent payment	Purchase of trust beneficiary rights in real estate	3,748,000	–	–
								Rent revenue – real estate	7,339,748	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,148,906	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,270	Real estate business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	6,074,724	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	679,573	–	–
								–	–	Tenant leasehold and security deposits in trust	6,121,795
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	678,276	–	–
								Land rent paid, etc.	165,475	–	–
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto City, Tokyo	51,250	Banking business	–	–	Lender	Interest expenses	13,605	Current portion of long-term loans payable	2,000,000
										Long-term loans payable	2,700,000
										Accrued expenses	746
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	–	–	Lessee	Rent revenue – real estate (Note 4)	20,132	Accounts receivable	–

(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 ¥113,150 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).

4. Officers and principal individual unitholders

Previous fiscal period (from February 1, 2017 to July 31, 2017)

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	793,885	Accounts payable - other	269,399

(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 ¥179,925 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

Current fiscal period (from August 1, 2017 to January 31, 2018)

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	835,531	Accounts payable - other	281,937

(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 ¥113,150 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

Asset Retirement Obligations

Previous fiscal period (as of July 31, 2017)

Not applicable.

Current fiscal period (as of January 31, 2018)

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 February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Balance sheet carrying amount		
Balance at beginning of period	253,980,614	315,545,481
Changes during period	61,564,866	21,393,938
Balance at end of period	315,545,481	336,939,419
Fair value at end of period	346,866,700	372,803,280

(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 five properties (AEON MALL Itamikoya, AEON MALL Kagoshima, AEON MALL Tsuchiura, AEON MALL Kahoku and AEON Minami-Osaka RDC) with a total acquisition price of ¥62,964,184 thousand and capital expenditures, such as replacement of electric heat pumps of air condition units at existing properties, amounting to ¥2,777,379 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,176,697 thousand. Of the changes during the current fiscal period, the increase is mainly due to acquisition of four properties (AEON MALL Shimotsuma, AEON Kireuriwari Shopping Center, Daiei Ibaraki Process Center and AEON STYLE Kemigawahama) with a total acquisition price of ¥24,711,426 thousand and capital expenditures at existing properties amounting to ¥1,063,341 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,380,830 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 February 1, 2017 to July 31, 2017)

(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.	6,564,405	Real estate leasing business
AEON Mall Co., Ltd.	6,017,455	Real estate leasing business
AEON Hokkaido Corporation	678,399	Real estate leasing business
AEON KYUSHU Co., Ltd.	494,875	Real estate leasing business
The Daiei, Inc.	385,237	Real estate leasing business
AEON Global SCM Co., Ltd.	286,172	Real estate leasing business
AEON CO. (M) BHD. (Note)	19,385	Real estate leasing business

(Note) *Operating revenue* is 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 August 1, 2017 to January 31, 2018)

(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.	7,339,748	Real estate leasing business
AEON Mall Co., Ltd.	6,074,724	Real estate leasing business
AEON Hokkaido Corporation	678,276	Real estate leasing business
AEON KYUSHU Co., Ltd.	589,739	Real estate leasing business
The Daiei, Inc.	555,027	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,132	Real estate leasing business

(Note) *Operating revenue* is 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 February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Net assets per unit	¥111,457	¥111,445
Net income per unit (net loss per unit)	¥3,324	¥3,107

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

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

	Previous fiscal period (From February 1, 2017 to July 31, 2017)	Current fiscal period (From August 1, 2017 to January 31, 2018)
Net income (net loss) (Thousands of yen)	5,306,899	5,383,811
Amount not attributable to common unitholders (Thousands of yen)	–	–
Net income (net loss) attributable to common investment units (Thousands of yen)	5,306,899	5,383,811
Average number of investment units for the period (Units)	1,596,319	1,732,544

Significant Subsequent Events

Not applicable.

(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	
November 21, 2013	Capital increase through public offering	900,000	905,000	91,287	91,787	(Note 2)
December 17, 2013	Capital increase through third-party allotment	45,000	950,000	4,564	96,351	(Note 3)
February 12, 2015	Capital increase through public offering	133,190	1,083,190	19,090	115,442	(Note 4)
February 25, 2015	Capital increase through third-party allotment	7,010	1,090,200	1,004	116,447	(Note 5)
February 8, 2016	Capital increase through public offering	208,826	1,299,026	25,284	141,731	(Note 6)
February 25, 2016	Capital increase through third-party allotment	10,441	1,309,467	1,264	142,996	(Note 7)
September 14, 2016	Capital reduction without compensation	—	1,309,467	(1,626)	141,369	(Note 8)
September 14, 2016	Cash distribution in excess of retained earnings (return of capital to unitholders)	—	1,309,467	(1,898)	139,470	(Note 9)
February 22, 2017	Capital increase through public offering	310,900	1,620,367	35,767	175,238	(Note 10)
March 14, 2017	Capital increase through third-party allotment	15,545	1,635,912	1,788	177,026	(Note 11)
September 27, 2017	Capital increase through public offering	134,700	1,770,612	14,424	191,451	(Note 12)
October 24, 2017	Capital increase through third-party allotment	6,735	1,777,347	721	192,172	(Note 13)

(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 ¥105,000 (issue value: ¥101,430), 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 ¥101,430.

(Note 4) 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 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 ¥143,336.

(Note 6) 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 7) 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 8) 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 9) 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 10) 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 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 ¥115,046.

(Note 12) 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 13) 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.

4. Changes in Officers

(1) Changes in Officers of AEON REIT

There have been no changes from the “Status of Officers” in the latest Securities Report (submitted on October 30, 2017; prepared in Japanese only).

(2) Changes in Officers of Asset Manager

There have been no changes from the “Status of Officers” in the latest Securities Report (submitted on October 30, 2017; prepared in Japanese only).

5. Reference Information

(1) Status of Investment

Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of July 31, 2017)				Current fiscal period (As of January 31, 2018)					
			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	30,934	9.0	–	–	–	30,589	8.4	–	–	–
		Kanto (Note 5)	108,699	31.5	–	–	–	120,817	33.3	–	–	–
		Tokai, Hokuriku and Chubu	36,995	10.7	–	–	–	36,812	10.1	–	–	–
		Kinki	68,372	19.8	–	–	–	78,924	21.8	–	–	–
		Chugoku and Shikoku	31,340	9.1	–	–	–	31,119	8.6	–	–	–
		Kyushu and Okinawa	38,530	11.2	–	–	–	38,012	10.5	–	–	–
		Malaysia	671	0.2	671	(141)	0.2	662	0.2	662	(96)	0.2
Total			315,545	91.5	671	(141)	0.2	336,939	92.9	662	(96)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.8	6,078	118	1.8	6,078	1.7	6,078	627	1.7
Deposits and other assets			23,393	6.8	13	0	0.0	19,680	5.4	15	–	0.0
Total assets			345,017	100.0	6,763	(23)	2.0	362,698	100.0	6,756	530	1.9

	Previous fiscal period (As of July 31, 2017)		Current fiscal period (As of January 31, 2018)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	162,683	47.2	164,621	45.4
Total net assets	182,334	52.8	198,077	54.6

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

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

(Note 2) *Total amount held* represents the balance sheet carrying amount (for real estate and trust beneficiary rights in real estate in trust, 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 July 31, 2017 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, 2017). The applied exchange rate on the closing date (July 31, 2017) is RM 1 = ¥25.80 (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.

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2018 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, 2018). The applied exchange rate on the closing date (January 31, 2018) is RM 1 = ¥27.92 (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

i) 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 (1RM)	6,078,453 (240,185,002RM)	25.42 (1RM)	6,078,453 (240,185,002RM)	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

ii) 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.

iii) 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 January 31, 2018 (the end of the 10th 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	19,613	23,800	6.0	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	6,256	7,880	1.9	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,680	6,720	1.5	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,080	7,080	1.9	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	15,019	18,113	4.7	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	6,226	8,190	1.9	Tokyo Century Corporation
RSC-5	AEON Sagamiara Shopping Center	10,220	9,944	10,900	2.9	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	4,043	5,110	1.4	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,502	10,600	2.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,221	3,700	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,440	7,690	2.0	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	7,022	8,440	2.2	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,711	19,400	5.0	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	7,384	9,270	2.5	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,246	10,225	13,000	3.2	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-14	AEON MALL Kumamoto	13,148	14,527	12,500	3.7	AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	20,643	22,500	6.0	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,546	6,340	1.7	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,788	1,930	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,385	2,770	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,279	1,470	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,199	2,610	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	14,500	13,983	14,800	4.1	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,999	12,400	3.4	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa	8,389	8,153	8,610	2.4	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,829	8,220	2.2	Mevis Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	6,080	6,430	1.8	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	16,740	17,600	4.7	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	13,259	13,900	3.8	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	11,867	12,400	3.4	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	9,692	10,600	2.8	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	9,533	9,810	2.7	Godo Kaisha Double O2
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,416	6,550	1.8	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,743	3,850	1.1	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,402	4,620	1.2	Godo Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	14,280	14,114	15,000	4.0	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,851	10,300	2.8	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,862	7,100	1.9	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 6)	658 [20 million RM]	662 [20 million RM]	600 [21 million RM]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 7)	5,252 [215 million RM]	—	6,505 [223 million RM]	1.5	Swiss Advanced Technology Institute(M) Sdn. Bhd.
Total		355,194	336,939 (Note 8)	379,308	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 January 31, 2018, 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 ¥113 million).
- (Note 6) *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 1 RM, rounded down to the nearest 100th.
- 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 of the beneficiary rights of real estate in trust of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2018, 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 of the beneficiary rights of real estate in trust. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥27.92; rounded down to the second decimal place) on the closing date (January 31, 2018).
- (Note 7) 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 = ¥27.92; rounded down to the second decimal place) on the closing date (January 31, 2018).
- (Note 8) 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) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (January 31, 2018) 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	682	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	339	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	368	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	725 (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	482	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	419	420	75,056.62	75,056.62	100.0
	RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	March 29, 2007	326	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	446	446	125,253.74	125,253.74	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	214	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	427	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	737	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	456	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	553	545	151,969.51	151,969.51	100.0
	RSC-14	AEON MALL Kumamoto (Note 4)	Kamimashiki County, Kumamoto Pref.	September 16, 2005	493	584	101,132.38	101,132.38	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	696	698	136,468.45	136,468.45	100.0
	RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	November 10, 2000	448	—	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	162	—	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	765	768	105,230.88	105,230.88	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-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	April 17, 2006	403	403	107,425.97	107,425.97	100.0
	RSC-23	AEON MALL Kofu Showa	Nakakoma-gun, Yamanashi Pref.	March 11, 2011	403	392	66,509.51	66,509.51	100.0
	RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	343	—	71,308.33	71,308.33	100.0
	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	278	279	47,872.33	47,872.33	100.0
	RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	850	851	122,944.71	122,944.71	100.0
	RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	September 12, 2007	591	—	132,341.35	132,341.35	100.0
	RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	May 19, 2009	535	536	86,848.51	86,848.51	100.0
	RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	September 30, 2008	492	492	70,948.14	70,948.14	100.0
	RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	November 17, 1997	283	—	58,402.66	58,402.66	100.0
	CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	October 13, 2000	223	223	63,158.24	63,158.24	100.0
	CSC-2	AEON STYLE Kemigawahama	Chiba City, Chiba Pref.	November 20, 1991	60	177	29,947.62	29,947.62	100.0
	CSC-3	AEON Kireuriwari Shopping Center	Osaka City, Osaka Pref.	November 21, 2005	124	—	27,603.46	27,603.46	100.0
	L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	April 22, 1997	494	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	166	263	50,783.58	50,783.58	100.0
	M-1	AEON Taman Universiti Shopping Centre (Note 5)	Johor, Malaysia	May 30, 2002	20 [756 thousand RM]	—	22,870.00	22,870.00	100.0
M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	2005	198 [7,396 thousand RM]	—	81,135.00	81,135.00	100.0	
Total					15,855 (Note 7)	12,915	3,244,337.00	3,411,074.32	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) The figures of *Total leasable area*, *Total leased area* and *Occupancy rate* for AEON Mall Kumamoto are indicated based on the lease agreement that was concluded before the Kumamoto Earthquake and is effective as of January 31, 2018. Accordingly, they may differ from the current situations after the Kumamoto Earthquake. *Annual contracted rent* is based on rent for the *Total leasable area* used in operations.

(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 = ¥25.69; 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 10th fiscal period (January 31, 2018) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					NOI (Millions of yen) (Note 2)
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	23,800	24,100	4.8	23,600	4.8 4.9 (Note 4)	5.0	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,880	8,120	5.2	7,780	5.1 5.2 (Note 4)	5.5	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,720	6,760	6.6	6,670	6.2	6.8	517
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	18,000	18,200	6.0	17,800	5.6	6.2	1,118
	AEON MALL Mitouchihara (Land) (Note 5)	Japan Real Estate Institute	113	—	—	113	5.2	—	—
RSC-4	AEON MALL Ota	Japan Real Estate Institute	8,190	8,240	6.4	8,140	5.9	6.6	588
RSC-5	AEON Sagami-hara Shopping Center	Japan Real Estate Institute	10,900	11,000	5.2	10,800	4.9	5.4	647
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	5,110	5,140	6.9	5,080	6.3	7.3	380
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,600	10,700	6.2	10,400	5.8	6.6	750
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,700	3,800	6.5	3,660	6.4 6.5 (Note 4)	6.8	283
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,690	7,720	6.8	7,650	6.5	7.0	538
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,440	8,500	6.8	8,380	6.4	7.1	605
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,400	19,500	6.0	19,300	5.7	6.2	1,243
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	9,270	9,360	6.4	9,170	6.0	6.7	618
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	13,000	13,100	6.4	12,900	6.0	6.6	873
RSC-14	AEON MALL Kumamoto	Japan Real Estate Institute	12,500	12,600	6.0	12,300	5.7	6.3	789
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.	6,340	6,540	6.2	6,260	6.2 6.3 (Note 4)	6.5	437
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,930	2,010	6.8	1,900	6.8 6.9 (Note 4)	7.1	173
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,770	2,860	6.4	2,730	6.4 6.5 (Note 4)	6.7	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.	1,470	1,530	6.6	1,450	6.6 6.7 (Note 4)	6.9	129
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,610	2,710	6.2	2,560	6.2 6.3 (Note 4)	6.5	207
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	Japan Real Estate Institute	8,610	8,690	5.8	8,530	5.3	6.0	527
RSC-24	AEON MALL Tomakomai	The Tanizawa Sōgō Appraisal Co., Ltd.	8,220	8,340	5.9	8,170	5.9 6.0 (Note 4)	6.1	535
RSC-25	AEON MALL Oyama	Japan Real Estate Institute	6,430	6,460	6.7	6,400	6.4	6.9	456
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.	13,900	14,200	6.0	13,800	6.0 6.1 (Note 4)	6.3	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	758
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,810	9,850	6.4	9,770	6.0	6.6	630
CSC-1	AEON Chigasaki-Chuo Shopping Center	Japan Real Estate Institute	6,550	6,590	5.0	6,510	4.7	5.2	344
CSC-2	AEON STYLE Kemigawahama	Japan Real Estate Institute	3,850	3,880	6.2	3,820	5.7	6.4	270
CSC-3	AEON Kireuriwari Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	4,620	4,760	5.2	4,560	5.2 5.3 (Note 4)	5.5	248
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,000	15,200	4.9	14,700	4.4	5.3	764
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	10,300	10,400	4.9	10,100	4.6	5.2	518
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,100	7,130	5.1	7,060	4.8	5.3	407
M-1	AEON Taman Universiti Shopping Centre (Note 6)	Japan Real Estate Institute	600 [21 million RM]	–	–	600 [21 million RM]	6.5 6.0 (Note 7)	7.0	40 [1 million RM]
M-2	AEON MALL SEREMBAN 2 (Note 6) (Note 8)	Japan Real Estate Institute	6,505 [233 million RM]	–	–	6,505 [233 million RM]	6.0	6.5	381 [13 million RM]
Total			379,308	–	–	375,448	–	–	–

(Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of January 31, 2018 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 4.8% during the initial six years and 4.9% from the seventh year.
Discount rates for AEON LakeTown kaze are 5.1% during the initial six years and 5.2% from the seventh year.
Discount rates for AEON MALL Meiwa are 6.4% during the initial four years and 6.5% from the fifth year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.2% during the initial four years and 6.3% from the fifth year.
Discount rates for AEON MALL Kushiro-Showa are 6.8% during the initial three years and 6.9% from the fourth year.
Discount rates for AEON MALL Rifu are 6.4% during the initial four years and 6.5% from the fifth year.
Discount rates for AEON MALL Yamagata-Minami are 6.6% during the initial two years and 6.7% from the third year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.2% during the initial three years and 6.3% from the fourth year.
Discount rates for AEON MALL Tomakomai are 5.9% during the initial six years and 6.0% from the seventh year.
Discount rates for AEON MALL Kagoshima are 6.0% during the initial six years and 6.1% from the seventh year.
Discount rates for AEON Kireuriwari Shopping Center are 5.2% during the initial nine years and 5.3% from the tenth 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) 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 January 31, 2018, 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 January 31, 2018. 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 January 31, 2018 (RM 1 = ¥27.92 (rounded down to the second decimal place)).
- (Note 7) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.
- (Note 8) The property is owned by AEON REIT through the Overseas SPC.

(D) Capital expenditures for properties held

a. Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (those exceeding ¥30 million per work) that AEON REIT plans to conduct for properties held as of January, 2018.

The estimated construction cost below includes the portion expended 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 air conditioning units	From October 2018 to November 2018	213	—	—
	Rooftop waterproofing	From September 2018 to November 2018	88	—	—
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of electric heat pumps for air conditioning units	From April 2018 to May 2018	34	—	—
	Renewal of electric heat pumps for air conditioning units	From October 2018 to November 2018	43	—	—
AEON MALL Ishinomaki (Ishinomaki City, Miyagi Pref.)	Exterior wall repairs	From May 2018 to November 2018	175	—	—
AEON MALL Yamagata-Minami (Yamagata City, Yamagata Pref.)	Renewal of emergency broadcasting equipment	From October 2018 to October 2018	22	—	—
	Renewal of fire alarms	From October 2018 to October 2018	30	—	—
AEON MALL Oyama (Oyama City, Tochigi Pref.)	Work on anti-smoke hanging incombustible sheets	From June 2018 to July 2018	38	—	—
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air conditioning units	From October 2018 to November 2018	102	—	—
AEON Chigasaki Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Work on anti-smoke hanging incombustible sheets	From June 2018 to July 2018	43	—	—
	Exterior wall painting	From May 2018 to November 2018	309	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of gas heat pumps for air conditioning units	From October 2018 to November 2018	76	—	—
AEON MALL Meiwa (Taki County, Mie Pref.)	Renewal of air conditioning units	From October 2018 to November 2018	30	—	—
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of fire alarm board and sensors	From November 2018 to November 2018	27	—	—
	Work on anti-smoke hanging incombustible sheets	From May 2018 to June 2018	46	—	—
AEON Kireuriwari Shopping Center (Osaka City, Osaka Pref.)	Exterior wall painting	From November 2017 to February 2018	120	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Waterproofing of slopes of East Building	From March 2018 to June 2018	60	—	—
	Revitalization of directly operated northern entrance of East Building	From March 2018 to April 2018	59	—	—
	Exterior wall painting of East Building	From March 2018 to June 2018	134	—	—
	Waterproofing of the MOVIX roof	From September 2018 to September 2018	38	—	—
	Renewal of air conditioning units	From October 2018 to November 2018	35	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of electric heat pumps for air conditioning units	From March 2018 to April 2018	60	—	—
	Renewal of well water piping	From March 2018 to March 2018	81	—	—
	Renewal of electric heat pumps for air conditioning units	From September 2018 to September 2018	57	—	—
	Renewal of chilled-water packaged air conditioning units	From November 2018 to January 2019	246	—	—
	Revitalization	From March 2018 to August 2018	82	—	—

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 Nogata (Nogata City, Fukuoka Pref.)	Conversion of lighting to LEDs	From April 2018 to May 2018	78	—	—
	Renewal of gas heat pumps for air conditioning units	From November 2018 to December 2018	41	—	—
	Renewal of electric heat pumps for air conditioning units	From November 2018 to December 2018	81	—	—
AEON MALL Kumamoto (Kamimashiki County, Kumamoto Pref.)	External wall painting	From March 2018 to June 2018	230	—	—
	Renewal of central monitoring equipment	From June 2018 to June 2018	56	—	—
	Conversion of lighting to LEDs	From May 2018 to June 2018	102	—	—
AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.)	Work on anti-smoke hanging incombustible sheets	From October 2018 to November 2018	56	—	—

b. Capital expenditures during the period

For properties held by AEON REIT as of January 31, 2018, 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 ¥1,063 million. Combined with ¥452 million in repairs and maintenance that was classified as expenses, AEON REIT conducted construction works totaling ¥1,516 million in the fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Morioka (Morioka City, Iwate Pref.)	Installation of waste water pre- treatment facilities	From May 2017 to September 2017	96
AEON Chigasaki Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Painting of exterior slope on the western side and stairs steel	From October 2017 to December 2017	62
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Revitalization	From June 2017 to July 2017	300
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Revitalization	From August 2017 to December 2017	130
	Renewal of well water piping	From October 2017 to January 2018	112
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Setting of LED lighting	From December 2017 to January 2018	98

(E) Statements of income of individual properties

10th fiscal period (from August 1, 2017 to January 31, 2018)

(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	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	682,139	339,910	368,168	351,756	725,431	482,319
Rent revenue—real estate	682,139	339,910	368,168	351,756	725,431	482,319
(B) Expenses related to real estate leasing business	93,287	119,048	113,893	123,162	174,414	187,299
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400	1,400
Taxes and dues	82,466	34,353	43,952	46,406	76,823	39,388
Insurance expenses	5,193	3,787	4,348	2,566	6,939	3,823
Repairs and maintenance expenses	3,737	9	14,002	17,295	14,106	10,049
Land rent paid	-	78,952	49,748	54,704	75,121	132,591
Utilities	-	-	-	-	-	-
Other expenses related to rent business	63	661	21	399	22	47
(C) NOI (A – B)	588,851	220,862	254,275	228,593	551,017	295,019
(D) Depreciation	224,972	102,447	129,934	81,120	245,958	118,138
(E) Income from leasing business (C – D)	363,878	118,414	124,340	147,472	305,058	176,880
(F) Capital expenditures	880	-	115,723	10,468	7,270	7,081
(G) NCF (C – F)	587,970	220,862	138,551	218,124	543,746	287,937

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

(Note 2) *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	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	419,845	326,832	446,412	214,033	325,755	427,704
Rent revenue—real estate	419,845	326,832	446,412	214,033	325,755	427,704
(B) Expenses related to real estate leasing business	93,965	141,775	112,604	93,175	62,412	135,308
Property and facility management fees (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	75,786	33,714	55,112	22,862	41,314	42,844
Insurance expenses	5,045	2,775	5,290	1,443	1,941	4,402
Repairs and maintenance expenses	11,697	9,312	50,321	29,425	7,601	14,119
Land rent paid	-	94,212	-	37,567	9,677	72,092
Utilities	-	-	-	-	-	-
Other expenses related to rent business	35	-	29	25	28	-
(C) NOI (A – B)	325,880	185,056	333,808	120,858	263,342	292,395
(D) Depreciation	86,958	110,049	109,800	42,574	104,400	141,068
(E) Income from leasing business (C – D)	238,922	75,007	224,007	78,284	158,942	151,327
(F) Capital expenditures	7,087	1,661	339,978	31,682	-	36,461
(G) NCF (C – F)	318,792	183,395	(6,169)	89,175	263,342	255,934

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

(Note 2) *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-14	RSC-15	RSC-16
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL Kumamoto	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	737,320	456,046	553,283	493,047	696,698	448,425
Rent revenue—real estate	737,320	456,046	553,283	493,047	696,698	448,425
(B) Expenses related to real estate leasing business	131,453	149,762	121,744	114,245	153,542	231,698
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,850	1,562	2,180
Taxes and dues	97,316	53,458	59,608	49,884	122,748	45,788
Insurance expenses	7,362	4,353	8,228	5,063	6,878	3,810
Repairs and maintenance expenses	24,810	5,130	8,656	24,102	22,339	14,444
Land rent paid	-	84,915	43,384	33,345	-	165,475
Utilities	-	-	-	-	-	-
Other expenses related to rent business	113	54	16	-	14	-
(C) NOI (A – B)	605,867	306,284	431,538	378,802	543,155	216,727
(D) Depreciation	183,833	184,595	204,788	208,683	185,013	96,799
(E) Income from leasing business (C – D)	422,033	121,689	226,750	170,118	358,141	119,928
(F) Capital expenditures	248,586	2,939	68,351	840	-	6,280
(G) NCF (C – F)	357,280	303,345	363,187	377,961	543,155	210,447

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

(Note 2) *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-17	RSC-18	RSC-19	RSC-20	RSC-21	RSC-22
Property name	AEON MALL Kushiro-Showa	AEON MALL Rifu	AEON MALL Yamagata- Minami	AEON MALL Yokkaichi-Kita	AEON MALL Yamatokoriyama	AEON MALL Chiba Newtown (mall, and cinema and sports complex)
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	229,851	208,749	162,193	233,050	765,752	403,065
Rent revenue—real estate	229,851	208,749	162,193	233,050	765,752	403,065
(B) Expenses related to real estate leasing business	137,411	105,122	91,889	121,305	324,113	89,774
Property and facility management fees (Note 1)	2,180	1,760	1,820	1,760	1,760	1,670
Taxes and dues	30,507	21,512	19,726	22,124	62,200	72,267
Insurance expenses	2,449	2,983	2,446	1,855	5,533	4,405
Repairs and maintenance expenses	6,410	12,929	3,356	4,096	2,211	11,167
Land rent paid	95,864	65,915	64,541	91,469	252,386	236
Utilities	-	-	-	-	-	-
Other expenses related to rent business	-	21	-	-	21	27
(C) NOI (A – B)	92,440	103,627	70,303	111,745	441,639	313,291
(D) Depreciation	29,855	39,976	24,383	37,924	176,594	102,780
(E) Income from leasing business (C – D)	62,584	63,650	45,920	73,820	265,044	210,511
(F) Capital expenditures	33,120	-	6,610	13,160	4,357	10,882
(G) NCF (C – F)	59,319	103,627	63,693	98,584	437,281	302,409

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

(Note 2) *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-23	RSC-24	RSC-25	RSC-26	RSC-27	RSC-28
Property name	AEON MALL Kofu Showa	AEON MALL Tomokomai	AEON MALL Oyama	AEON MALL Itamikoya	AEON MALL Kagoshima	AEON MALL Tsuchiura
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	403,664	343,963	278,490	850,952	591,806	535,912
Rent revenue—real estate	403,664	343,963	278,490	850,952	591,806	535,912
(B) Expenses related to real estate leasing business	147,815	100,024	40,563	235,040	48,002	75,304
Property and facility management fees (Note 1)	2,020	1,850	1,400	1,376	1,688	1,334
Taxes and dues	40,008	61,404	33,969	-	-	-
Insurance expenses	3,018	3,349	2,449	6,839	5,943	4,373
Repairs and maintenance expenses	9,774	33,421	2,733	3,597	7,577	5,009
Land rent paid	92,995	-	-	223,227	32,792	64,567
Utilities	-	-	-	-	-	-
Other expenses related to rent business	-	-	11	-	-	19
(C) NOI (A – B)	255,849	243,938	237,926	615,911	543,803	460,608
(D) Depreciation	97,169	120,920	89,053	190,908	173,556	163,329
(E) Income from leasing business (C – D)	158,679	123,017	148,873	425,002	370,247	297,279
(F) Capital expenditures	15,423	6,606	12,056	-	-	-
(G) NCF (C – F)	240,425	237,331	225,870	615,911	543,803	460,608

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

(Note 2) *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-29	RSC-30	CSC-1	CSC-2	CSC-3	L-1
Property name	AEON MALL Kahoku	AEON MALL Shimotsuma	AEON Chigasaki-Chuo Shopping Center	AEON STYLE Kemigawahama	AEON Kireuriwari Shopping Center	Daiei-Kawasaki Process Center
Number of operating days	184	135	184	63	135	184
(A) Revenues related to real estate leasing business	492,033	283,304	223,625	60,136	124,893	494,054
Rent revenue—real estate	492,033	283,304	223,625	60,136	124,893	494,054
(B) Expenses related to real estate leasing business	66,007	33,173	56,817	6,150	20,491	153,915
Property and facility management fees (Note 1)	1,580	1,183	1,400	443	1,034	1,580
Taxes and dues	-	-	35,166	-	-	50,037
Insurance expenses	3,805	2,350	2,406	521	1,395	5,246
Repairs and maintenance expenses	2,173	-	17,821	-	-	45,275
Land rent paid	58,428	29,610	-	5,102	18,058	-
Utilities	-	19	-	-	-	51,527
Other expenses related to rent business	20	9	22	84	3	248
(C) NOI (A – B)	426,026	250,130	166,808	53,985	104,402	340,139
(D) Depreciation	188,680	97,131	43,836	26,838	33,444	94,862
(E) Income from leasing business (C – D)	237,346	152,999	122,972	27,147	70,957	245,276
(F) Capital expenditures	1,185	-	67,759	-	-	659
(G) NCF (C – F)	424,841	250,130	99,049	53,985	104,402	339,480

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

(Note 2) *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 2)	Total
Number of operating days	184	122	184	-
(A) Revenues related to real estate leasing business	289,620	166,123	20,132	15,656,508
Rent revenue—real estate	289,620	166,123	20,132	15,656,508
(B) Expenses related to real estate leasing business	7,426	4,368	1,279	4,218,791
Property and facility management fees (Note 1)	1,370	1,127	402	61,961
Taxes and dues	-	-	751	1,473,499
Insurance expenses	2,911	2,360	124	150,025
Repairs and maintenance expenses	3,126	867	-	452,715
Land rent paid	-	-	-	2,026,984
Utilities	-	2	-	51,549
Other expenses related to rent business	18	11	1	2,055
(C) NOI (A – B)	282,193	161,754	18,853	11,437,717
(D) Depreciation	67,311	12,464	8,669	4,380,830
(E) Income from leasing business (C – D)	214,882	149,290	10,184	7,056,886
(F) Capital expenditures	6,225	-	-	1,063,341
(G) NCF (C – F)	275,968	161,754	18,853	10,374,375

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

(Note 2) *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).