AEON REIT Investment Corporation
https://www.aeon-jreit.co.jp/en/index.html



22nd Period

Semi-Annual Report

For the fiscal period ended January 31, 2024

AEON REIT Investment Corporation



AEON REIT invests primarily in retail and related properties* that form the backbone of local communities.

Retail and related properties are an integral part of the communities in which they are located. We believe that these properties and facilities in which we invest form the backbone of local communities and their retail business infrastructure.
We also aim to ensure stable income and achieve steady portfolio growth over the medium-to-long term by investing in retail and related properties that contribute to the betterment of individual lives and local communities.

*Refers to retail facilities, logistics facilities and related facilities. Retail facilities refers to facilities containing retail businesses and other merchandising businesses, entertainment and amusement facilities and other facilities that attract customers (including parking lots and equipment and systems for logistics). Logistics facilities refers to warehouses and other storage facilities for distribution and transport of merchandise and other goods.



AEON Ueda Shopping Center

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AEON REIT Characteristics

We invest primarily in the retail properties of the AEON Group.

Investment Focused on Large-Scale Retail Properties

We invest primarily in retail properties that are an integral part of the communities in which they are located. In this asset class, we are structuring a portfolio of large-scale retail properties that we expect to generate stable cash flow over the medium-to-long term.

Type			Investment Percentage*	
			Domestic Real Estate	Overseas Real Estate
			85% or more	15% or less
Retail properties, etc.	Large-scale retail properties	Super regional shopping centers (SRSC)	80% or more	
		Regional shopping centers (RSC)		
		Community shopping centers (CSC)		
	Other retail properties	Neighborhood shopping centers (NSC)	20% or less	
		Supermarkets (SM)		
	Logistics facilities		10% or less	

*Investment percentage is calculated on an acquisition price basis.

Share of large-scale retail properties in our portfolio

Currently

93.4%

(As of January 31, 2024)

Collaboration with the AEON Group for Stability and Growth

We maintain stability with long-term sources of earnings by investing in retail properties operated by the AEON Group, a leading retailer and developer of large-scale retail properties throughout Japan. We also leverage the AEON Group's retail property expertise to generate growth.

AEON Group

Consolidated operating revenue

¥9.1 trillion

AEON Group employees

Approx. 570,000

(As of February 28, 2023)

Stable Finances

Our conservative financial management is based on clear financial policies for target LTV and other matters. As a result, we have strong, stable relationships with financial institutions, primarily megabanks. We have also received a long-term issuer rating of AA from Japan Credit Rating Agency, Ltd.

Japan Credit Rating Agency, Ltd. long-term issuer rating

AA

(Stable)

Highly Transparent Management

For asset acquisitions from the AEON Group or any other related-party transaction, the decision-making process includes a mechanism to incorporate the opinions of independent third parties having no relationship with the Aeon Group. This creates highly transparent management that ensures win-win relationships with both unitholders and the AEON Group. Please refer to page 20 for details.

Introduction of Cumulative Investment Unit Purchase Program

On May 1, 2014, we introduced a program that enables directors and employees of AEON REIT and the Asset Manager to acquire AEON REIT's investment units using a cumulative investment program through securities firms.
The program will help to further raise awareness toward enhancing the value of AEON REIT's investment unit price and improving business performance to provide greater financial motivation in line with the interests of unitholders.

Initiatives on Sustainability

AEON REIT cares about Environmental, Social and Governance (ESG) issues in all aspects of its operations and cooperates with its stakeholders for such purposes.

Sustainability Policy

1. Environmental Initiatives

(1) In order to achieve the realization of a low-carbon society, work to continuously improve energy efficiency and reduce emissions of greenhouse gases through the use of renewal sources of energy.
(2) Promote peaceful coexistence with the natural environment by paying consideration to the conservation of ecosystems, and through tree planting activities and other real estate management initiatives.
(3) In order to achieve sustainable use of resources, work towards conservation and recycling of resources through the promotion of water saving and the 3Rs (Reduce, Reuse, Recycle) with regard to the use of resources.
(4) Observe and conform to environmental-related laws and regulations, etc., and endeavor to prevent environmental pollution.

2. Cooperation with Stakeholders

(1) By carrying out education and training with regard to environmental issues, endeavor to raise the environmental awareness of our corporate officers and to pay care and attention to the diversity and work-life balance of our employees.
(2) By utilizing the total, comprehensive power of the AEON Group, endeavor to provide comfortable work environments to the employees of end tenants/associates as well as those of other partner companies, and work to build a sound and healthy cooperative relationships.
(3) In order to facilitate the advancement of ESG initiatives across the entire supply chain for our real estate operations, endeavor to implement a green procurement strategy.
(4) Provide support for volunteer activities and places/opportunities for people from local communities to gather for educational and information exchanges, and endeavor to cooperate with communities as a hub for reconstruction efforts in times of disasters.
(5) Proactively disclose information regarding ESG issues to investors and endeavor to communicate openly with them, and work continuously towards obtaining Green Building certification.

Establishment of Materiality (Key Issues)

AEON REIT has identified 14 topics as its materiality (key issues) regarding sustainability issues, and selected 8 of them as priority themes.

We have set KPIs for priority themes, and we are working to promote measures to achieve them.

Priority Themes

Environment

Opportunities in green buildings



Climate change



Biodiversity and land use



Social

Local community engagement and sustainable development



Safety and security of owned properties



Human capital development



Governance

Corporate governance



Compliance and risk management



TCFD Qualitative Analysis Disclosure

In August 2022, we add a climate change page to our website, where we disclosed our qualitative analysis in line with the TCFD recommendations.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

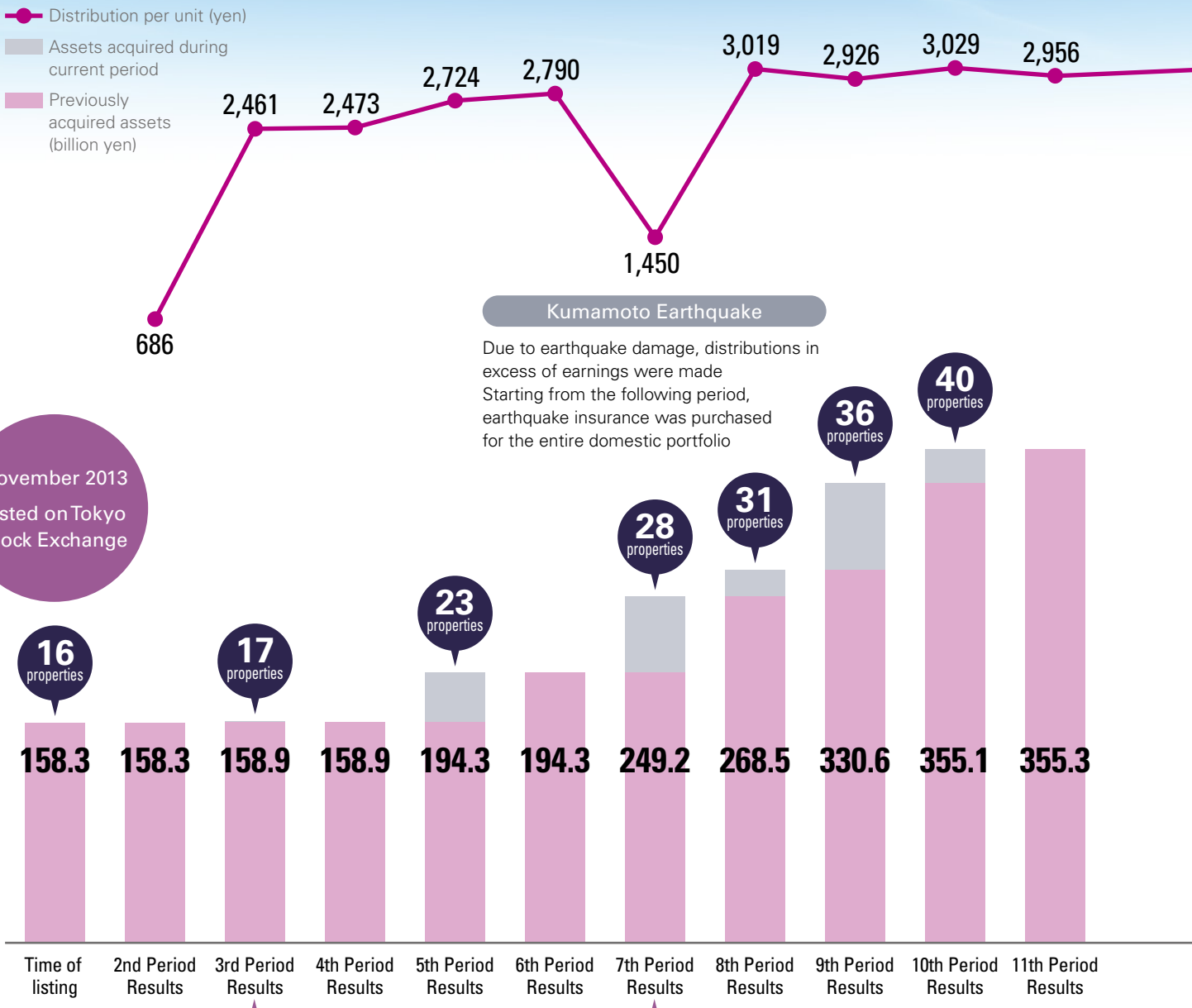
Special Feature: 10th Anniversary of Listing

AEON REIT Investment Corporation

AEON REIT Investment Corporation marked the

Since we were first listed, we have invested in “community infrastructure assets” that support

Changes in Asset Size and Distribution



First Acquisition of Overseas Property by J-REIT



Acquired AEON Taman Universiti Shopping Centre, located in Malaysia

Promoting Diversification of Owned Assets



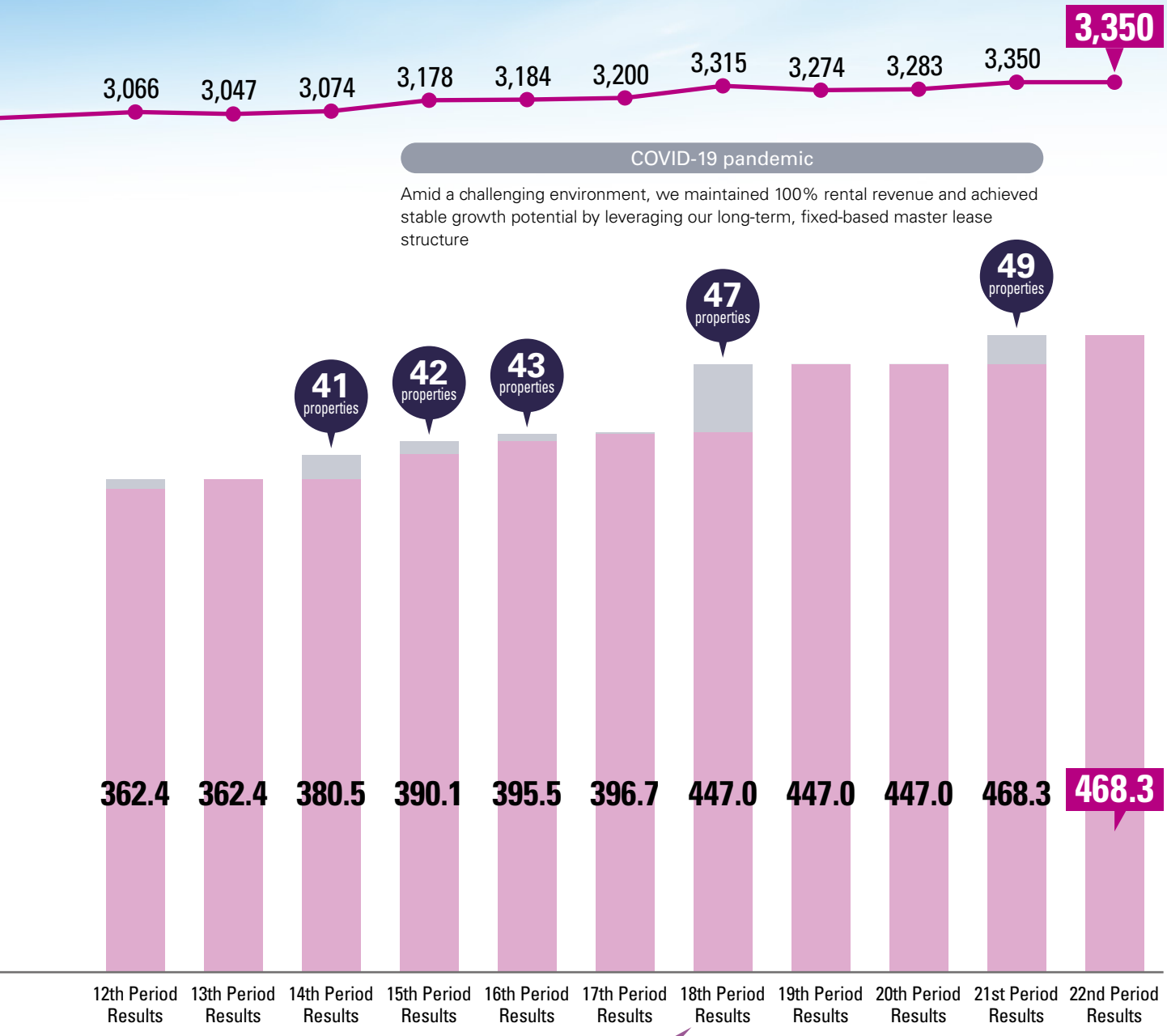


Acquired properties with a range of uses and sizes, including Daiei-Kawasaki Process Center, which is a logistics facility, and AEON Chigasaki-Chuo Shopping Center, which is a community retail facility

– History Since Listing

10th anniversary of its listing on November 22, 2023.

the lifestyles of people in various communities and achieved steady growth over the 10 years.



External Growth Leveraging Group's Collective Capability





Based on an abundant pipeline that leverages the Group's collective capability, we acquired 4 properties for a total of 50.2 billion yen, bringing our asset size to over 400 billion yen

Balancing stability and growth potential to achieve steady growth of both distributions and asset size



AEON REIT Investment Corporation – History Since Listing

Compiled Data

Asset Size and No. of Properties

End of 2nd FP	End of 22nd FP
16 properties	49 properties
¥158.3 billion	¥468.3 billion

Unitholder Value

Distribution per unit

End of 2nd FP	End of 22nd FP
¥686	¥3,350

NAV per unit (Note 1)

End of 2nd FP	End of 22nd FP (Note 2)
¥110,456	¥152,786

Unrealized gain

End of 2nd FP	End of 22nd FP
+¥8.5 billion	+¥84.6 billion

Financial Indicators

Fundraising costs

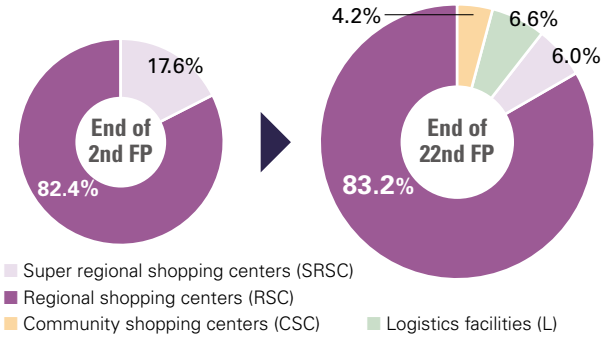
End of 2nd FP	End of 22nd FP
0.92%	0.86%

Long-term issuer credit rating (JCR)

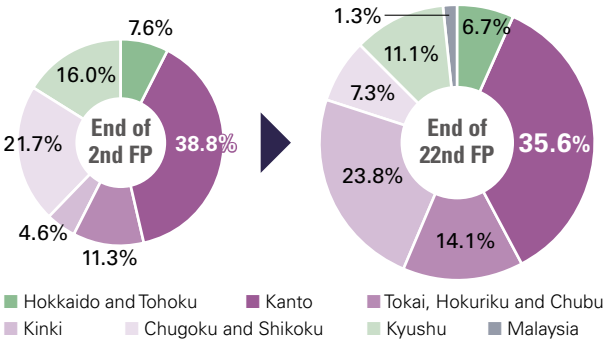
End of 2nd FP	End of 22nd FP
AA-	AA

Portfolio Value

Asset type diversification



Regional diversification



External evaluation

Obtained highest rating for 4 consecutive years

GRESB Real Estate Assessment

Obtained five stars

Third-party certification acquisition rate

Acquisition rate of more than 80% during six years since acquiring first certification in 2017

4★ or higher	3★ or higher
82.5%	86.8%

Financial Highlights

As of January 31, 2024

22nd FP distribution per unit	23rd FP forecast distribution per unit (including distribution in excess of earnings)	24th FP forecast distribution per unit (including distribution in excess of earnings)
¥3,350	¥3,335 (as of March 18, 2024)	¥3,335 (as of March 18, 2024)

	21st Period Results February 1, 2023 to July 31, 2023 (Millions of yen)	22nd Period Results August 1, 2023 to January 31, 2024 (Millions of yen)	23rd Period Forecast February 1, 2024 to July 31, 2024 (Millions of yen)	24th Period Forecast August 1, 2024 to January 31, 2025 (Millions of yen)
Operating Revenue	21,008	21,054	21,009	21,017
Net Income	7,047	6,990	6,705	6,894
Total Assets	452,485	454,258	—	—
Net Assets	247,392	247,267	—	—
Net Assets per Unit (Yen)	116,477	116,418	—	—
Distribution per Unit (Yen)	3,350	3,350	3,335	3,335
Distribution in excess of retained earnings per unit (Yen)	—	—	61	90

Investment Properties

49 properties

Average Building Age (Note 3)

18.5 years

Total Acquisition Price (Note 4)

¥468.3 billion

Average Remaining Lease Term (Note 5)

12.8 years

Appraisal Value (Note 2, 6)

¥500.1 billion

Unrealized Gain or Loss (Note 2, 7)

(Appraisal Value minus Book Value)

+¥84.6 billion

+¥3.6 billion

(from the previous period)

Occupancy Rate Based on Master Lease Agreements

100%

Notes:
1. NAV per unit = (Unitholders' capital, net + Unrealized gain) ÷ Total number of investment units issued and outstanding.
2. For AEON MALL Kahoku and AEON MALL Shinkomatsu, since the detailed survey on the impact of the 2024 Noto Peninsula Earthquake has not been completed as of January 31, 2024, and documents on repairs and maintenance necessary to determine the impact on price are unavailable, the "real estate appraisal value" represents the survey price that does not take into consideration such factors.
3. The weighted average figures based on acquisition price, with January 31, 2024 set as the reference date, are indicated.
4. Total acquisition price indicates the amount (the purchase prices, etc. stated in the sales agreements, etc.) excluding miscellaneous costs (brokerage commissions, taxes and dues, etc.) that were required for the acquisition of the portfolio properties.
5. Average remaining lease term indicates the weighted average figure using the acquisition price, based on the lease agreements for each property effective as of January 31, 2024.
6. The figure uses the appraisal value indicated in the respective appraisal reports with January 31, 2024 as the appraisal date, or survey price indicated in the respective survey reports of properties.
7. Unrealized gain or loss = Appraisal value at end of each fiscal period – book value at end of each fiscal period. For AEON MALL SEREMBAN 2, however, the fair value is used for appraisal.
8. The calculation of each figure (excluding 7. above) includes AEON MALL SEREMBAN 2, which AEON REIT owns through an overseas real estate holding corporation.



Nobuaki Seki

Representative Director and President
AEON Reit Management Co., Ltd.

Introduction

We would like to express our deepest condolences to the bereaved families of those who lost their lives in the 2024 Noto Peninsula Earthquake. We also offer our heartfelt sympathy to everyone in the region who was impacted by the disaster.

Among the properties owned by AEON Investment Corporation, AEON Mall Kahoku and AEON Mall New Komatsu suffered damaged due to the earthquake, but except for certain sections, both properties resumed operation on January 4. We hope that life will return to normal for everyone in the region as soon as possible.

On another note, during the current fiscal period, AEON Investment Corporation marked the 10th anniversary of its listing.

We are sincerely grateful to all our unitholders and other stakeholders for their valuable understanding and support and will keep striving to be highly evaluated by them.

Q1 Can you give us an overview of the fiscal period ended January 2024 (August 1, 2023, to January 31, 2024)?

The asset management environment remained challenging due to factors such as entrenched inflation and further interest rate hikes, but we engaged in initiatives aimed at achieving the medium-term targets we announced in September 2022.



AEON Ueda Shopping Center

In terms of specific details, one example is internal growth associated with the revitalization investment at AEON Ueda Shopping Center.

We acquired this property in October 2020 with the condition that work would be carried out to further enhance its future competitiveness.

After that, we carried out exterior wall painting and extensive store interior renovations. A portion

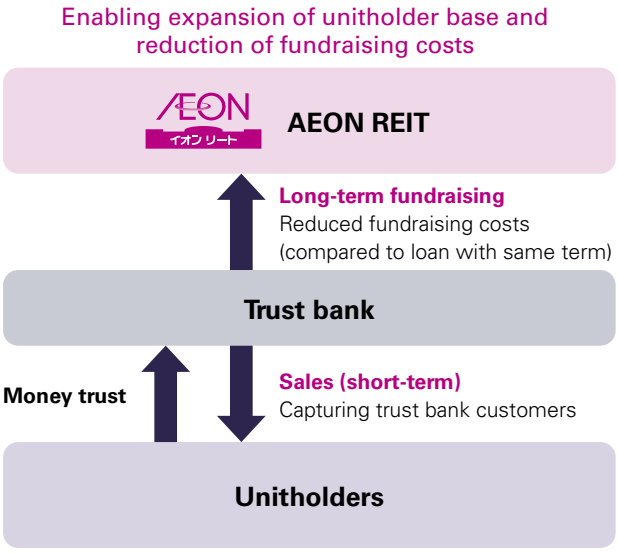
Certification acquisition rate (based on total leasable floor area)

(as of January 31, 2024)

80% or more Medium-term target achieved	4★ or higher 82.5%
85% or more Medium-term target achieved	3★ or higher 86.8%

Notes: 1. "4★ or higher" refers to 4 or 5 stars in DBJ Green Building Certification, A or S rank in CASBEE Real Estate Certification, or 4 or 5 stars in BELS, while "3★ or higher" refers to 3, 4, or 5 stars in DBJ Green Building Certification, B+, A, or S rank in CASBEE Real Estate Certification, or 3, 4, or 5 stars in BELS (as of January 31, 2024).

Joint monetary trust



of the work was completed in the current fiscal period, enabling us to increase rents.

Through the large-scale renovations, which include re-surfacing ceilings and floors, installing lighting, creating a gathering space and a mokuiku (wood education) area where kids can play with peace of mind, and upgrading the food court and washrooms, AEON REIT is establishing an environment where anyone can enjoy a relaxing time.

Meanwhile, the master lessee has improved the property's competitiveness by replacing tenants and changing the zoning of sales locations.

Next, from a financial perspective, we refinanced 29.7 billion yen in October 2023.

Through this, by partly using a joint monetary trust scheme (green loan), we succeeded in raising funds with a stable, long-term, fixed interest rate in an environment of rising interest rates.

In a joint monetary trust scheme (green loan), trust banks lend funds entrusted to them by investors, and in this case, the funds will be used solely for purposes such as acquiring environmentally friendly properties, known as green buildings. As a result of this fundraising, we achieved a reduction in procurement costs compared to a loan with the same term.

With regard to sustainability, we reacquired certification for five properties based on external assessment by the DBJ Green Building Certification program.

We have maintained our certification rate for both four stars or higher and three stars or higher (out of five assessment levels), and we will actively strive to keep maintaining the acquisition rate in the future.

In addition, at AEON Mall Tomakomai, we installed an inverter panel that makes it possible to reduce the electricity consumed by air-conditioning equipment, while in the current period, we also carried out installation work at AEON Mall Sapporo-Hiraoka.

This has led to reduced air-conditioning electricity consumption at both properties, with the total amount from February to December 2023 decreasing by 67.8%.[Note 2] We intend to introduce it at other properties and continue considering other measures that will help reduce our environmental footprint.

Notes: 2. Since the air-conditioning equipment's electricity consumption was not recorded before installation of the inverter panel, the electricity consumption comparison was provisionally calculated using estimates made based on shaft power. In addition, the comparison was made by comparing the values with the estimates for the same period in the previous year.

Q2 In this challenging operating environment, can you tell us what initiatives you are considering in the future?

In addition to acquiring properties with a focus on large-scale, mall-type retail facilities, which we have pursued to date, we intend to consider acquiring various types of properties developed and operated by the AEON Group and to carefully assess the implementation of expansion projects, development projects, and the like.

Through these measures, we aim to expand our opportunities for external growth and improve our cash distributions under normal operations.

As an example, one of our owned properties, AEON Mall Ota, expanded by adding a new building, replaced tenants in its existing building, and reopened as one of northern Kanto's largest retail facilities.

With this upgrading, we expect that its competitiveness as a community infrastructure asset will be further enhanced, and concluded an agreement on the succession of status in the orderer of construction work from AEON Mall Co., Ltd. and acquired the added building on April 17, 2024.

Going forward, AEON REIT will pursue a strategy that enables continued growth while leveraging the collective capability of our sponsor, AEON Group.



Before



After

Q3 Do you have a message for unitholders?

Even in this challenging operating environment, we intend to maintain steady management while addressing issues caused by changes in the environment, with the aim of achieving our medium-term targets and improving unitholder value.

Going forward, through our asset management, we will strive to realize sustainable growth together with our stakeholders in order to be highly evaluated by unitholders. We would greatly appreciate your continued support of AEON REIT.

Environmental Certification and Assessment

AEON REIT is pursuing sustainability-related initiatives in collaboration with the AEON Group. We set medium-term sustainability targets in 2022 and have undertaken various initiatives to achieve them. With the aim of maximizing unitholder value, we will continue to pursue sustainability management going forward.

Establishing Materiality-Linked KPI

For the purpose of pursuing initiatives addressing our materiality (key issues) in a more concrete manner, we have established new KPIs (measurable quantitative targets or initiative targets) for priority issues. Through initiatives aimed at achieving the KPIs, we aim to resolve environmental and social issues and realize medium- and long-term growth of the investment corporation.



For detailed information and other initiatives, please visit our Sustainability page.
https://www.aeon-jreit.co.jp/en/sustainability/

Examples of KPI details

- Achieving net zero
- Improving ratio of women in management positions
- Conducting assessment of meeting structure's efficacy

Assessment by External Organizations in Fiscal Period Ended January 2024

1. DBJ Green Building Certification reacquisition

In January 2024, the following 5 properties reacquired third-party certification, and all of them were able to maintain the same assessment level as before. The certification acquisition rate for domestic owned properties in the current fiscal period remained above the medium-term target, as in the previous fiscal period.

Property Name	Assessment Rank
AEON MALL KYOTO	Obtained 2023 ★★★★★ (highest rating)
AEON MALL Mitouchihara	Obtained 2023 ★★★★
AEON MALL Ogaki	Obtained 2023 ★★★★
AEON MALL Chiba-Newtown (Mall, Cinema and Sports building)	Obtained 2023 ★★★★
AEON Sagamihara Shopping Center	Obtained 2023 ★★★

Third-party certification acquisition rate (as of January 31, 2024)

Medium-term target 80% or more	Medium-term target 85% or more
4★ or higher 82.5%	3★ or higher 86.8%

2. GRESB Real Estate Assessment

We obtained the highest rating, "5-star" under a five-level rating system, for four consecutive years. We have also acquired a "Green Star," indicating a participant that excels not just in management such as the development of policies and organizational structure for promoting ESG but also the environmental performance of its owned properties, for eight consecutive years. In the assessment measuring the comprehensiveness of ESG information disclosure, we have obtained the highest rating, "A-level," for three consecutive years.

Other Initiatives

Participation in Re Ishinomaki 2023 Tree-Planting Event

In September 2023, employees of the Asset Manager took part in a tree-planting activity at Ishinomaki Minamihama Tsunami Memorial Park, which was organized by the AEON Environmental Foundation. At this event, around 3,000 trees were planted by some 300 community volunteers. Going forward, AEON REIT will continue to actively participate in social contribution activities such as tree planting.



Summary of Financial Data

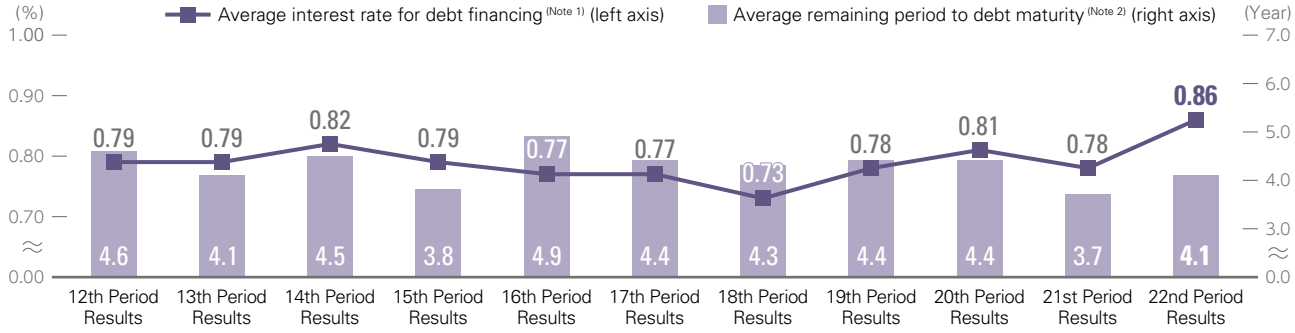
	20th Period ended January 2023	21st Period ended July 2023	22nd Period ended January 2024
Amount of new debt financing (Note 1)	¥20.8 billion	¥9.3 billion	¥29.7 billion
Balance of interest-bearing debt	¥179.1 billion	¥188.4 billion	¥188.4 billion
Of which, balance of investment corporation bonds	¥51 billion	¥51 billion	¥51 billion
Initial remaining years to maturity	7.8 years	7.4 years	7.5 years
Average remaining years to maturity	4.4 years	3.7 years	4.1 years
Average cost of interest-bearing debt	0.81%	0.78%	0.86%
Ratio of long-term debt	100%	95.1%	100%
Ratio of fixed-rate debt	97.7%	92.8%	97.8%
LTV (including tenant leasehold and security deposits)	44.6%	44.8%	44.6%
Debt financing capacity (up to 50%) (Note 2)	Approx. ¥46 billion	Approx. ¥47 billion	Approx. ¥48 billion

Notes: 1. Includes refinancing (other than bridge loans) and debt financing for acquiring new properties.
2. The figures indicate the approximate amount of debt financing capacity when LTV (including tenant leasehold and security deposits) is raised to 50%. However, there is no guarantee or promise that AEON REIT can actually procure said amount.

AEON REIT is Working to Build a Financial Base that Can Survive Any Change in the Business Environment

Extend Remaining Years to Maturity Procure Funds at Low Cost

As a rule, AEON REIT is simultaneously pursuing extension of remaining years to maturity and procurement of funds at low cost, in an effort to establish a financial base that can survive any change in the business environment.



Notes: 1. Average interest rate for debt financing is calculated using the following formula:
Average interest rate for debt financing as of the end of each fiscal period = weighted average of the interest rate for each interest-bearing debt as of the end of each fiscal period based on the amount of each interest-bearing debt as of the end of each fiscal period
2. Average remaining period to debt maturity is calculated using the following formula:
Average remaining period to debt maturity as of the end of each fiscal period = average of the remaining periods to the repayment dates or redemption dates indicated in the loan agreements, etc. as of the end of each fiscal period, weighted by the amount of each interest-bearing debt as of the end of each fiscal period

Diversification of Maturities

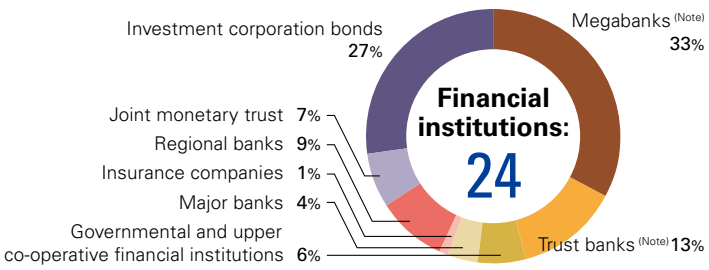
AEON REIT endeavors to respond to any change in the market by diversifying maturities so that they are not concentrated in certain years.

Diversification of Fund Procurement

AEON REIT disperses risks by diversifying procurement sources and methods, including diversification of lending financial institutions and issuance of investment corporation bonds.

Breakdown of Interest-Bearing Debt

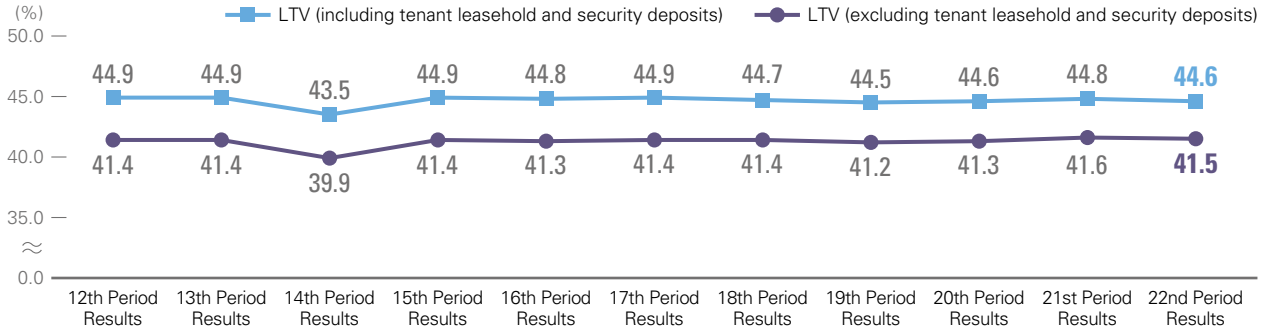
(as of January 31, 2024)



Note: Although Mitsubishi UFJ Trust and Banking Corporation's corporate lending operations were transferred to MUFG Bank, Ltd. as of April 16, 2018 through a company split, the calculation is made in accordance with the name of the financial institutions at the time of borrowing.

Proper Control of LTV

AEON REIT endeavors to keep the ratio of interest-bearing debt to total assets (LTV) at an appropriate level. If the upper limit of LTV including tenant leasehold and security deposits is set at 50%, the debt financing capacity stands at approximately ¥48 billion.



Risk Management Measures by AEON REIT

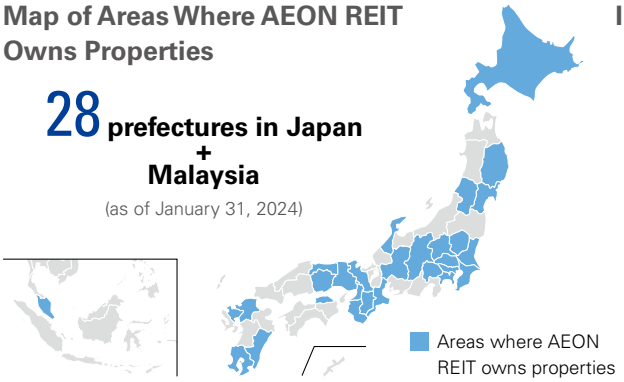
Diversified Investment

AEON REIT has diversified its investment areas and investment ratio per property (based on acquisition price) to promote risk diversification against disasters and environmental changes, etc.

Map of Areas Where AEON REIT Owns Properties

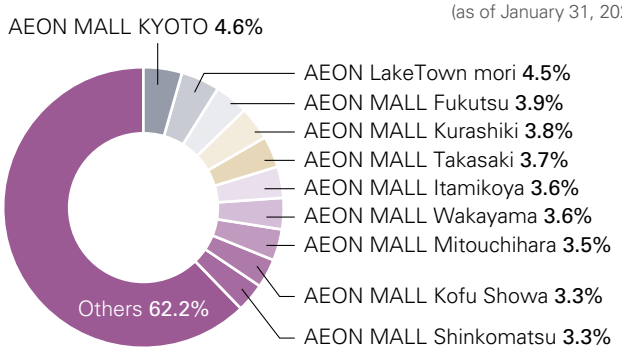
28 prefectures in Japan + Malaysia

(as of January 31, 2024)



Investment Ratio (10 Largest Properties)

(as of January 31, 2024)



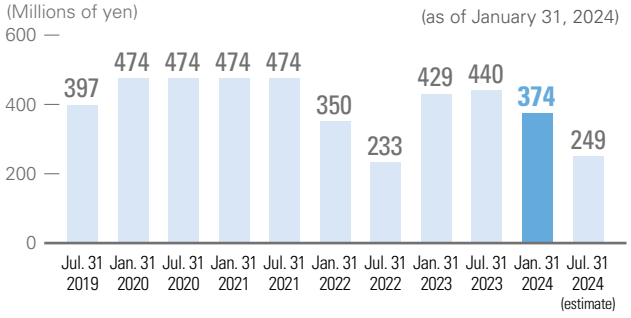
Internal Reserves of Distribution Reserve

Since the 9th Period ended July 2017, AEON REIT has reserved ¥520 million in preparation for stable management and cash distributions in the future.

Changes in the Balance of Internal Reserves of Distribution Reserve

¥374 million

(as of January 31, 2024)



Purchase of Various Types of Insurance

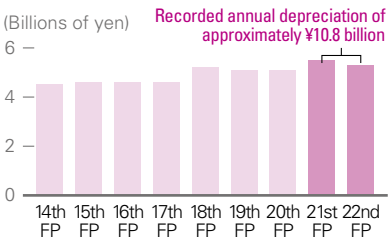
Purchase of Earthquake and Fire Insurance

AEON REIT has its portfolio of properties in Japan covered by earthquake and fire insurance in an effort to mitigate natural disaster risks.
Earthquake insurance money: up to ¥2,000 million per year (immunity of ¥50 million) (Note)

*Fire insurance also covers wind and flood damages from typhoons and heavy rain.
Facility liability insurance also covers business indemnity.
(Note) Immunity for AEON LakeTown mori and AEON LakeTown kaze is ¥30 million, respectively.

Abundant Cash on Hand

Change in Depreciation



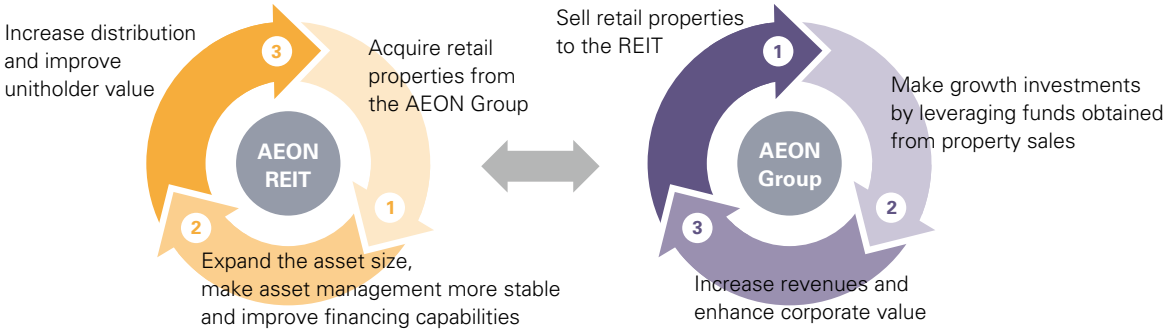
Abundant cash on hand generated from depreciation can be applied to a variety of uses, such as responding to sudden incidents.

A long-term framework for stable earnings and collaboration with the AEON Group will drive growth.

A Growth Strategy Based on a Win-Win Relationship with the AEON Group

AEON REIT's growth strategy targets portfolio growth over the medium-to-long term by leveraging the comprehensive strengths of the AEON Group. This involves a sound, mutually reinforcing, win-win relationship with the objective of maximizing unitholder value.

Our Win-Win Relationship with the AEON Group



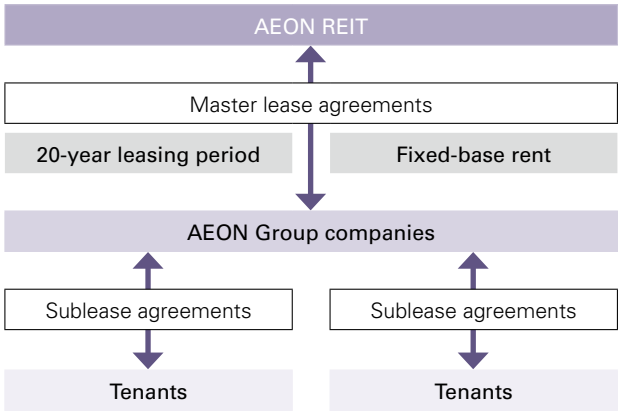
1. A Growth Strategy Based on Stable Earnings

We will build a stable framework for earnings as the foundation for achieving growth by concluding long-term, fixed-base rent master lease agreements with the AEON Group for suburban retail properties with few or no local peers.

Fixed-Base Rent over 20-Year Leasing Periods

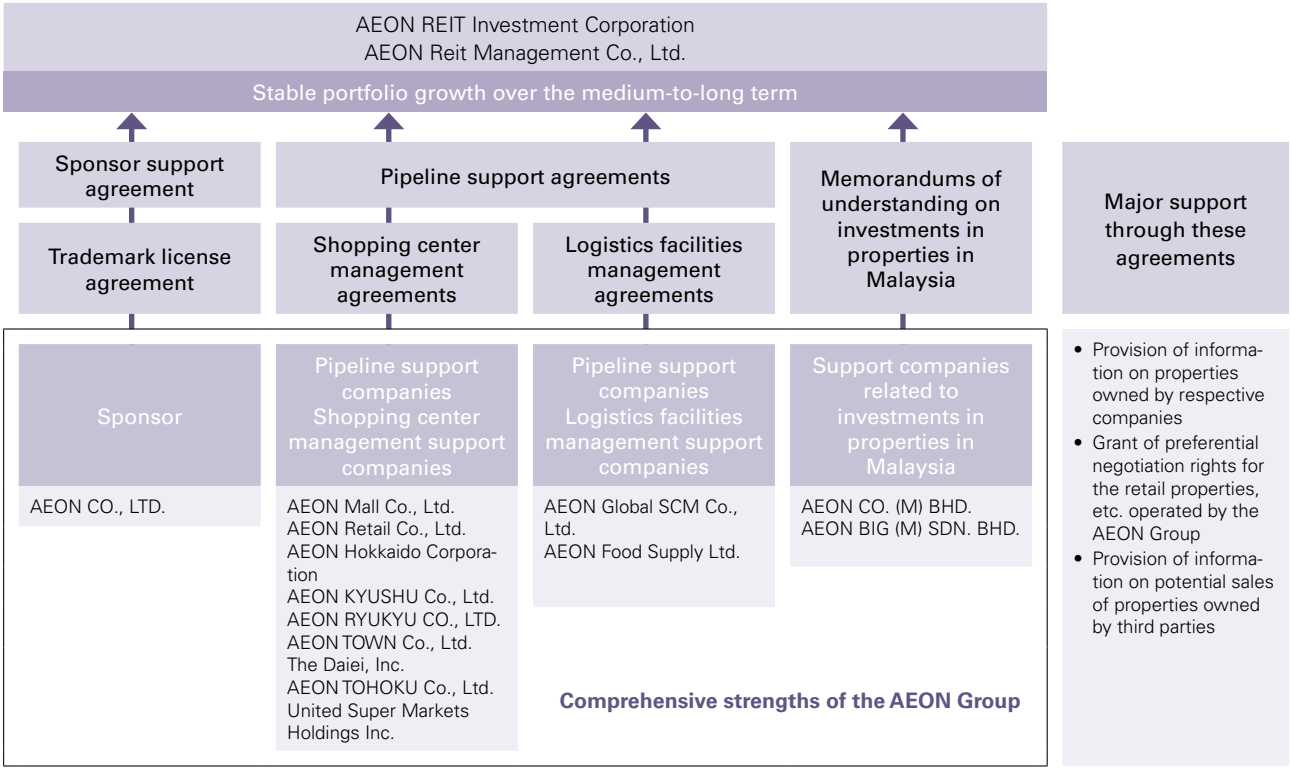
AEON REIT and the AEON Group conclude master lease agreements that provide AEON REIT with fixed-base rent over 20-year leasing periods, providing a long-term, stable source of earnings. AEON REIT enhances capital efficiency, stabilizes cash flow, and increases unitholder value over the medium-to-long term by providing an amount equivalent to depreciation expenses to internal reserves from which it periodically makes optimal distributions according to circumstances.

Lease Structure



2. Expansion and Enhancement of the Support System by the AEON Group

In order to take advantage of the comprehensive strengths of the AEON Group, AEON REIT and the Asset Manager have concluded a sponsor support agreement and a trademark license agreement with AEON CO., LTD. as well as pipeline support agreements, shopping center management agreements and memorandums of understanding on investments in properties in Malaysia and logistics facilities management agreements with respective companies of the AEON Group.



Major Large-Scale Retail Properties Developed by the AEON Group (As of January 31, 2024)

(Including Properties under Development)

● Major Shopping Centers developed by the AEON Group
● Major Shopping Centers currently under development by AEON Group

Kinki Region

- AEON MALL Kusatsu
- AEON MALL Kyoto Katsuragawa
- AEON MALL Rinkusennan
- AEON MALL Dainichi
- AEON MALL Osaka Dome City
- AEON MALL Shijonawate
- AEON MALL Sakaiteppocho
- AEON Fujiidera Shopping Center
- AEON MALL Kobeminami
- AEON MALL Kashihara

Chugoku and Shikoku Regions

- AEON MALL Tottorikita
- AEON Matsue Shopping Center
- AEON MALL Izumo
- AEON MALL Okayama
- AEON MALL Hiroshima Fuchu
- AEON MALL Hiroshima Gion
- THE OUTLETS HIROSHIMA
- AEON TOWN Houfu
- AEON MALL Tokushima
- AEON MALL Takamatsu
- AEON MALL Niihama
- AEON MALL Imabarishintoshi
- AEON MALL Kochi

Kyushu and Okinawa Regions

- THE OUTLETS KITAKYUSHU
- AEON MALL Fukuokaito
- AEON MALL Yahatahigashi
- AEON Daito Shopping Center
- AEON Yatsushiro Shopping Center
- AEON MALL Sankoh
- AEON MALL Miyazaki
- AEON MALL Okinawa Rycom

Tokai and Hokuriku Regions

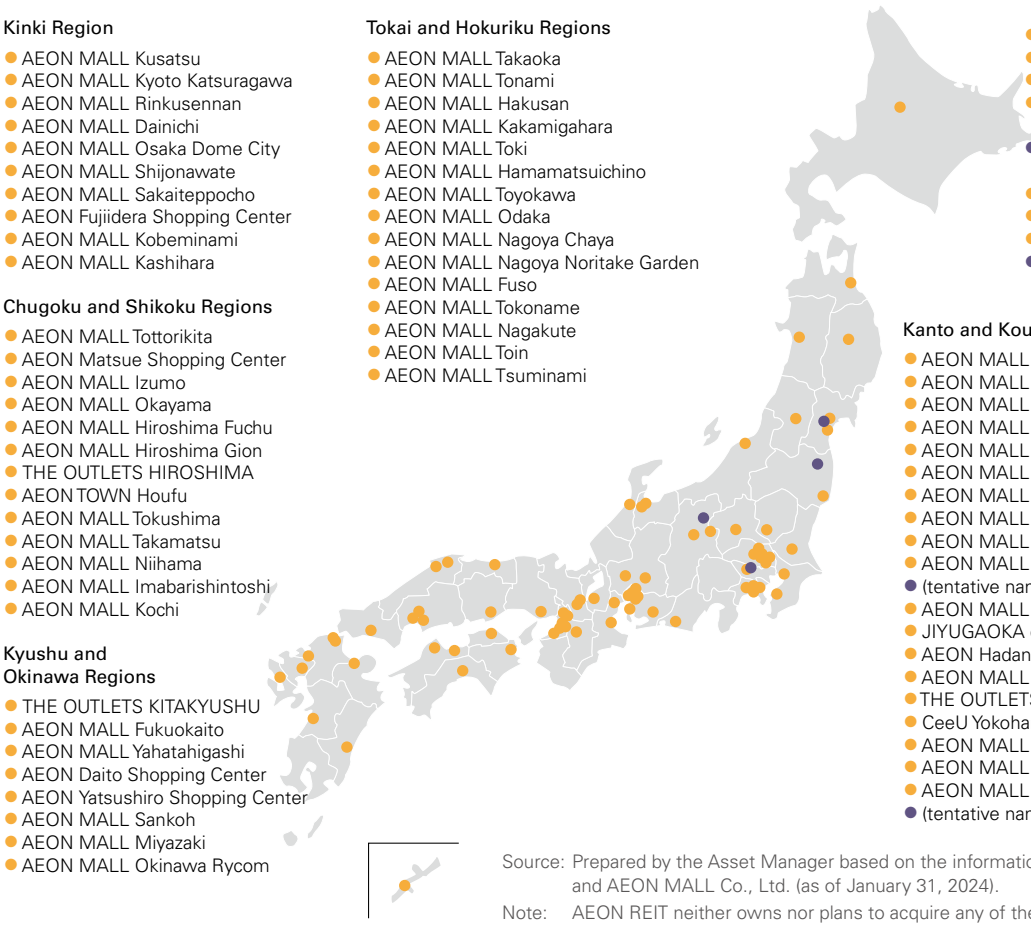
- AEON MALL Takaoka
- AEON MALL Tonami
- AEON MALL Hakusan
- AEON MALL Kakamigahara
- AEON MALL Toki
- AEON MALL Hamamatsuichino
- AEON MALL Toyokawa
- AEON MALL Odaka
- AEON MALL Nagoya Chaya
- AEON MALL Nagoya Noritake Garden
- AEON MALL Fuso
- AEON MALL Tokoname
- AEON MALL Nagakute
- AEON MALL Toin
- AEON MALL Tsuminami

Hokkaido and Tohoku Regions

- AEON MALL Asahikawa Ekimae
- AEON MALL Shimoda
- AEON MALL Moriokaminami
- AEON MALL Natori
- AEON MALL Shinrifu South Wing
- (tentative name) AEON MALL Sendai Amamiya
- AEON MALL Akita
- AEON MALL Tendo
- AEON MALL Iwakionahama
- (tentative name) AEON MALL Kita Fukushima

Kanto and Koushinetsu Regions

- AEON MALL Tsukuba
- AEON MALL Sanoshintoshi
- AEON MALL Urawamisono
- AEON MALL Hanyu
- AEON MALL Kasukabe
- AEON MALL Yono
- AEON MALL Ageo
- AEON MALL Kawaguchi
- AEON MALL Makuhari New City
- AEON MALL Kisarazu
- (tentative name) Hachioji North Interchange
- AEON MALL Hinode
- JIYUGAOKA de aone
- AEON Hadano Shopping Center
- AEON MALL Zama
- THE OUTLETS SHONAN HIRATSUKA
- CeeU Yokohama
- AEON MALL Niigataminami
- AEON MALL Sakudaira
- AEON MALL Matsumoto
- (tentative name) AEON MALL Suzaka



Source: Prepared by the Asset Manager based on the information provided by AEON CO., LTD. and AEON MALL Co., Ltd. (as of January 31, 2024).
Note: AEON REIT neither owns nor plans to acquire any of these properties as of now.

3. Initiatives to Share Mutual Interests between Unitholders and the AEON Group

Holding of AEON REIT's investment units by AEON CO., LTD.

Work to keep the unitholding ratio of
19.9 % by AEON CO., LTD.

Properties co-owned with the AEON Group

3 properties in co-ownership
(as of the date of this document)

Introduction of Cumulative Investment Unit Purchase Program

- On May 1, 2014, AEON REIT introduced a program that allows its and the Asset Manager's directors and employees to acquire its investment units by using the cumulative investment unit purchase program through securities firms.
- The program helps to further raise their awareness towards enhancing the value of AEON REIT's investment units and improving its business performance, and provide them with greater financial motivation in line with the interests of the unitholders.

Introduction of an Asset Management Fee Structure Linked to Distribution per Unit (Maximum Rate for Each)

- Management fee I: Total assets (Note 1) × 0.3%× (number of operating days / year)
- Management fee II: Distribution per unit before deducting Management fee II × NOI (Note 2) × 0.001%
- Acquisition fee: Acquisition price × 0.5% (Note 3)
- Disposition fee: Disposition price × 0.5% (Note 4)

Notes: 1. Total assets are calculated by deducting the entire amount of equity investment related to an overseas real estate holding corporation, etc. from, and adding the amount of total assets of the overseas real estate holding corporation to, the amount of total assets stated in the balance sheets for the fiscal period proximate to the relevant fiscal period.
2. NOI refers to the amount obtained by subtracting expenses related to real estate leasing business (excluding depreciation and loss on retirement of non-current assets) from the sum total of revenues related to real estate leasing business of each fiscal period.
3. Transaction with related parties: Acquisition price × 0.25%
4. Transaction with related parties: No disposition fee

AEON REIT's Portfolio

As of January 31, 2024

Hokkaido and Tohoku Regions


RSC-1
AEON MALL Morioka


RSC-2
AEON MALL Ishinomaki


RSC-16
AEON MALL Sapporo-Hiraoka


RSC-17
AEON MALL Kushiro-Showa


RSC-18
AEON MALL Shinrifu North Wing


RSC-19
AEON MALL Yamagata-Minami


RSC-24
AEON MALL Tomakomai

Tokai, Hokuriku and Chubu Regions


RSC-6
AEON MALL Ogaki


RSC-7
AEON MALL Suzuka


RSC-8
AEON MALL Meiwa


RSC-20
AEON MALL Yokkaichi-Kita


RSC-23
AEON MALL Kofu Showa


RSC-29
AEON MALL Kahoku


RSC-36
AEON MALL Shinkomatsu


CSC-4
AEON Ueda Shopping Center

Kinki, Chugoku and Shikoku Regions


RSC-9
AEON MALL Kasai-Hojo


RSC-10
AEON MALL Hiezu


RSC-11
AEON MALL Kurashiki


RSC-12
AEON MALL Ayagawa


RSC-15
AEON MALL KYOTO


RSC-21
AEON MALL Yamatokoriyama


RSC-26
AEON MALL Itamikoya


RSC-31
AEON MALL Kyoto Gojo


RSC-38
AEON MALL Wakayama


CSC-3
AEON Kireuriwari Shopping Center


L-2
AEON Minami-Osaka RDC


L-3
Daiei-Ibaraki Process Center

Kyushu and Okinawa Regions


RSC-13
AEON MALL Nogata


RSC-27
AEON MALL Kagoshima


RSC-32
AEON MALL Fukutsu


RSC-37
AEON MALL Sagayamato


RSC-39
AEON MALL Miyakonojo Ekimae



M-1
AEON Taman Universiti Shopping Centre

M-2
AEON MALL SEREMBAN 2

Kanto Region


SRSC-1
AEON LakeTown mori


SRSC-2
AEON LakeTown kaze


RSC-3
AEON MALL Mitouchihara


RSC-4
AEON MALL Ota


RSC-5
AEON Sagamihara Shopping Center


RSC-22
AEON MALL Chiba-Newtown (Mall, Cinema and Sports building)


RSC-25
AEON MALL Oyama

RSC-28
AEON MALL Tsuchiura

RSC-30
AEON MALL Shimotsuma

RSC-33
AEON MALL Tamadaira woods

RSC-34
AEON MALL Takasaki

RSC-35
AEON MALL Narita

CSC-1
AEON Chigasaki-Chuo Shopping Center

CSC-2
AEON STYLE Kemigawahama

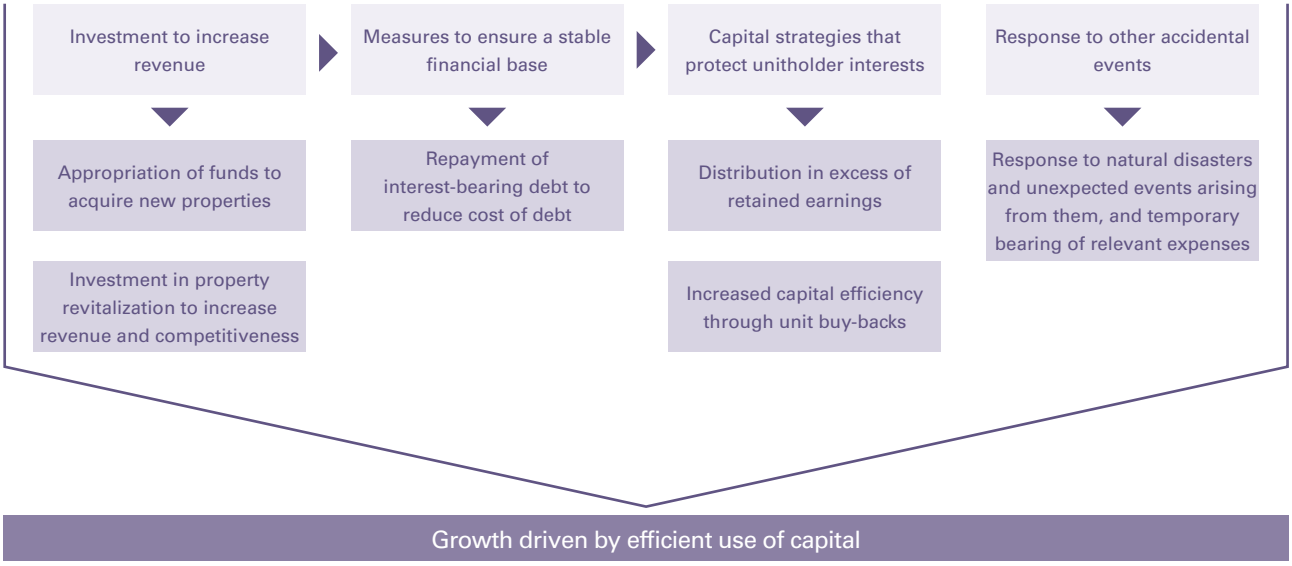
L-1
Daiei-Kawasaki Process Center

Effective and Efficient Financial Management

We have clear financial policies to ensure a stable financial base and deploy capital strategically.

1. Strategic Cash Management

Many large-scale retail properties are located in suburbs, and therefore have a shorter depreciation schedule than office or residential properties because building value accounts for a greater proportion of the real estate value. Consequently, depreciation expenses tend to be greater relative to real estate value. AEON REIT enhances capital efficiency, stabilizes cash flow, and increases unitholder value over the medium-to-long term by providing an amount equivalent to depreciation expenses to internal reserves from which it periodically makes optimal distributions according to circumstances.



2. Stable Financial Base

AEON REIT operates according to clear financial policies to maintain and improve its strong financial base. These policies include a target loan-to-value (LTV) (Note) ratio; a high ratio of long-term debt to total debt, which is currently 100.0 percent; a high ratio of fixed-rate debt to total debt, which is currently 97.8 percent; and diversification of lenders as of January 31, 2024.

(1) Financial Policies

LTV	Maintain an LTV ratio of about 50 percent, with an upper limit of 60 percent
Extended loan maturities and fixed interest rates	Commit to loan maturities according to cash flow conditions based on tenant lease terms and content
Bank formation	Diversify lenders with a focus on megabanks

Note: LTV: (Interest-bearing debt + Tenant leasehold and security deposits) ÷ Total assets × 100

(2) Debt (Including Investment Corporation Bonds) (As of January 31, 2024)

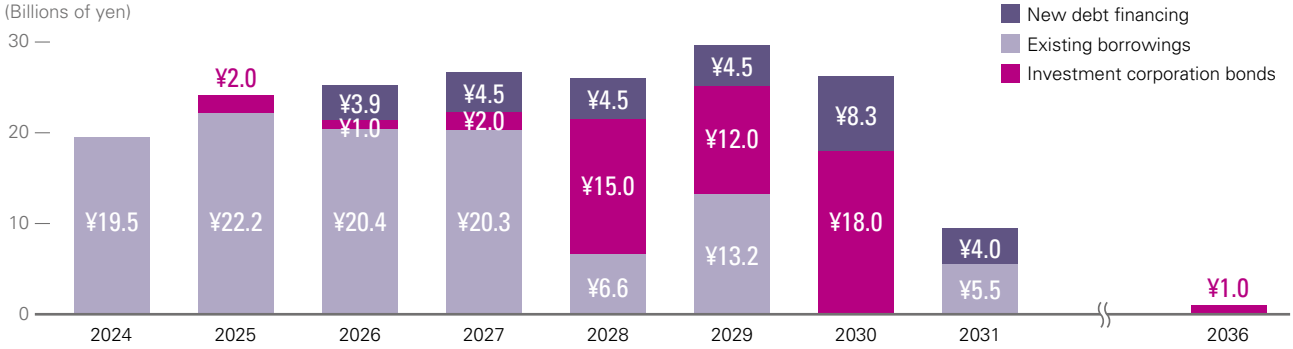
Type	Lenders	Amount	Breakdown	Drawdown date/ Issue date	Due date/ Maturity date	Interest rate
Current portion of long-term loans payable	Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited	¥4.5 billion	¥4.5 billion	February 27, 2015	October 21, 2024	Effective fixed rate (Note 2) 1.40390%
		¥6.8 billion	¥6.8 billion	March 28, 2017	October 21, 2024	Effective fixed rate (Note 2) 0.83800%
		¥8.2 billion	¥4.0 billion	October 20, 2022	October 21, 2024	Effective fixed rate (Note 2) 0.35900%
			¥4.2 billion		October 21, 2024	Base rate plus 0.22% (Note 1)
Long-term	Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited	¥1.0 billion	¥1.0 billion	February 29, 2016	October 20, 2027	Effective fixed rate (Note 2) 1.40730%
		¥6.6 billion	¥6.6 billion	May 31, 2016	October 20, 2025	Effective fixed rate (Note 2) 0.99100%
		¥6.8 billion	¥2.7 billion	October 20, 2016	October 20, 2025	Effective fixed rate (Note 2) 0.87250%
			¥4.1 billion		October 20, 2026	Effective fixed rate (Note 2) 1.00300%
		¥5.0 billion	¥5.0 billion	March 28, 2017	October 20, 2026	Effective fixed rate (Note 2) 1.09710%
		¥4.0 billion	¥4.0 billion	October 22, 2018	October 20, 2025	Effective fixed rate (Note 2) 0.85100%
		¥9.8 billion	¥4.8 billion	October 20, 2022	October 20, 2026	Effective fixed rate (Note 2) 0.51400%
			¥5.0 billion		October 20, 2027	Effective fixed rate (Note 2) 0.61400%
		¥19.1 billion	¥6.5 billion	October 20, 2021	October 20, 2026	Effective fixed rate (Note 2) 0.46000%
			¥6.6 billion		October 20, 2028	Effective fixed rate (Note 2) 0.64900%
			¥3.5 billion		October 22, 2029	Effective fixed rate (Note 2) 0.76900%
			¥2.5 billion		October 20, 2031	Effective fixed rate (Note 2) 0.99700%
		¥19.3 billion	¥2.6 billion	March 22, 2022	October 20, 2025	Effective fixed rate (Note 2) 0.42150%
			¥8.6 billion		October 20, 2027	Effective fixed rate (Note 2) 0.62050%
			¥5.1 billion		October 22, 2029	Effective fixed rate (Note 2) 0.8960%
			¥3.0 billion		October 20, 2031	Effective fixed rate (Note 2) 1.1301%
		¥13.3 billion	¥3.0 billion	October 20, 2022	October 20, 2025	Effective fixed rate (Note 2) 0.52750%
			¥5.7 billion		October 20, 2027	Effective fixed rate (Note 2) 0.80750%
			¥4.6 billion		October 22, 2029	Effective fixed rate (Note 2) 1.10300%
		¥20.4 billion	¥3.9 billion	October 20, 2023	October 20, 2026	Effective fixed rate (Note 2) 0.69160%
			¥4.5 billion		October 20, 2027	Effective fixed rate (Note 2) 0.88130%
			¥4.5 billion		October 20, 2028	Effective fixed rate (Note 2) 1.05400%
			¥4.5 billion		October 22, 2029	Effective fixed rate (Note 2) 1.25600%
			¥3.0 billion		October 21, 2030	Effective fixed rate (Note 2) 1.44200%
Long-term (Green Finance)	Sumitomo Mitsui Trust Bank, Limited (Trust unit)	¥3.3 billion	¥3.3 billion	October 20, 2022	October 20, 2025	Effective fixed rate (Note 2) 0.52750%
Long-term (Green J-REIT Trust)	Mitsubishi UFJ Trust and Banking Corporation (Trust unit)	¥9.3 billion	¥5.3 billion	October 20, 2023	October 21, 2030	Effective fixed rate (Note 2) 1.42200%
			¥4.0 billion	October 20, 2023	October 20, 2031	Effective fixed rate (Note 2) 1.60000%
1st Unsecured Investment Corporation Bond		¥2.0 billion		October 13, 2015	October 10, 2025	Interest rate: 0.961% per annum
2nd Unsecured Investment Corporation Bond		¥1.0 billion		October 19, 2016	October 20, 2026	Interest rate: 0.470% per annum
3rd Unsecured Investment Corporation Bond		¥1.0 billion		October 19, 2016	October 20, 2036	Interest rate: 1.200% per annum
4th Unsecured Investment Corporation Bond		¥2.0 billion		December 8, 2017	December 8, 2027	Interest rate: 0.680% per annum
5th Unsecured Investment Corporation Bond		¥15.0 billion		December 7, 2018	December 7, 2028	Interest rate: 0.783% per annum
6th Unsecured Investment Corporation Bond (Green Bonds)		¥12.0 billion		December 6, 2019	December 6, 2029	Interest rate: 0.726% per annum
7th Unsecured Investment Corporation Bond (Sustainability Bonds)		¥18.0 billion		December 4, 2020	December 4, 2030	Interest rate: 0.992% per annum

Notes: 1. The base rate applicable to the period for calculation of the interest payable on an interest payment date is the three-month Japanese Yen Tokyo Interbank Offered Rate (TIBOR) published by Japanese Bankers Association TIBOR Administration, General Incorporated Association, two business days prior to the interest payment date.

2. While funds are borrowed at floating rates, the interest rates are fixed in effect by entering into interest rate swap agreements to hedge interest rate fluctuation risk. The figures are the interest rates calculated after taking into consideration the effect of interest rate swaps.

(3) Distribution of Maturities (As of January 31, 2024)

As shown below in the distribution of maturities, we borrow at long-term, fixed interest rates and disperse the terms of repayment.



(4) Acquisition of Credit Rating

As of the date of this publication, AEON REIT had received a long-term issuer rating of AA from Japan Credit Rating Agency, Ltd.

Japan Credit Rating Agency, Ltd. AA [Stable]

Highly Transparent Management Structure

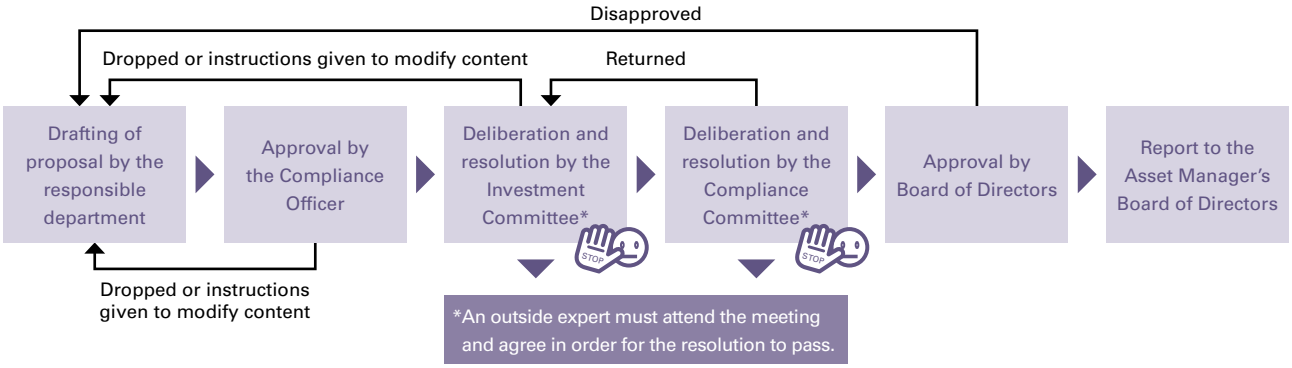
We are deepening collaboration with the AEON Group and structuring management to make decisions that are appropriate for growth over the medium-to-long term.



Nobuaki Seki
Executive Director
AEON REIT Investment Corporation

1. Transparent Decision-Making Process

For asset acquisitions from the AEON Group or any other related-party transaction, the decision-making process includes a mechanism to incorporate the opinions of independent third parties having no relationship with the AEON Group as shown below.



2. Unit Ownership by AEON CO., LTD. and Co-Ownership of Properties with the AEON Group

AEON CO., LTD. carefully considers acquiring a portion of any new issue of units by AEON REIT, and maintains its holdings of AEON REIT units at the fixed percentage of 19.9 percent of total units issued. AEON REIT may engage in strategic co-ownership (including quasi co-ownership) of properties with AEON Group companies based on the sponsor support and pipeline support agreements after considering portfolio diversity and the particular features of properties.

3. Introduction of an Asset Management Fee Structure Linked to Distribution per Unit

AEON REIT is introducing an asset management fee structure linked to distribution per unit for its Asset Manager, AEON Reit Management Co., Ltd. The structure should synergistically enhance AEON REIT's value.

Asset management fee structure		Calculation method
Asset management fees	Asset management fee I	Total assets x 0.3%[Note 1] x (asset management days ÷ 365)
	Asset management fee II	Distribution per unit before subtraction of asset management fee II x NOI[Note 2] x 0.001%[Note 1] (rounded down to the nearest yen)
Acquisition fee		Acquisition payment x 0.5%[Note 1] (Related-party transaction: acquisition payment x 0.25%)
Disposition fee		Disposition receipts x 0.5%[Note 1] (Related-party transaction: no disposition fee)

Notes: 1. Each rate shown above represents the maximum rate in each fee category.
2. In the above table, net operating income (NOI) refers to real estate rental revenue for the relevant fiscal period less real estate leasing expenses (excluding depreciation and losses on disposal of fixed assets).

4. Our Policy for Compensation

Our Articles of Incorporation provide that we may pay our executive director up to ¥1 million per month and each of our supervisory directors up to ¥1 million per month. Our Board of Directors is responsible for determining a reasonable compensation amount for our executive director and each of our supervisory directors, taking into account general price movements and wage movements. We do not have any unit-based compensation plan.

Currently, our executive director is not receiving any compensation from us (although he, in his capacity as the Representative Director, President and Chief Executive Office of the Asset Manager, receives compensation from the Asset Manager).

5. Matters Concerning Officers

The executive director, Supervisory Director and Independent Auditor for the current fiscal period are as follows.

Position	Name	Major additional post	Compensation or fee for the six months ended January 31, 2024[Note 2] (Unit: Thousands of yen)
Executive Director[Note 1]	Nobuaki Seki	Representative Director and President of AEON Reit Management Co., Ltd	—
Supervisory Director[Note 1]	Chiyu Abo[Note 4]	Attorney of Chuo Sogo Law Office, P.C.	900
	Yoko Seki	Attorney of the Ginza Prime Law Office	1,800
	Makiko Terahara	Attorney of Tokyo Omotesando Law & Accounting LPC	1,800
Independent Auditor[Note 3]	PricewaterhouseCoopers Japan LLC	—	18,400

Notes 1. As of January 31, 2024, Nobuaki Seki does not hold any investment unit of the AEON REIT Investment Corporation. Each of the Supervisory Directors do not hold any investment unit of the Investment Corporation.
In addition, the supervisory directors may be directors of other corporations not listed in the table above, but there are no special relationships between each of the Supervisory Director and the Investment Corporation.

2. For Executive Director and Supervisory Directors, the amount paid during the current fiscal year, and for Independent Auditor, the amount payable as compensation or fee for the audit during the current fiscal year.
3. The amount of fee or compensation to the independent auditor and to firms belonging to the same network as the independent auditor for audit services and non-audit services of the investment corporation for the 22nd fiscal period is 18.4 million yen and 3 million yen. The amount of fee or compensation for audit services and non-audit services of the JAMBATAN MANSEIBASHI (M) Sdn. Bhd. for the 22nd fiscal period is 1 million yen and 0 million yen. The applied exchange rate on the closing date (January 31, 2024) is RM 1 = ¥31.22 (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.
4. Chiyu Abo retired on October 28, 2023 due to the expiration of term of office.

6. Remuneration Policy for the Asset Manager's Directors, Corporate Auditors and Employees

1. Remuneration for Asset Manager Directors

(1) The Board of Directors approves remuneration for directors within the limits for total remuneration for directors authorized by the General Meeting of Shareholders.

(2) Remuneration for individual directors is determined through comprehensive assessment that includes corporate performance, individual evaluation and other circumstances.

(3) Remuneration for directors is structured as follows (except for outside directors, who receive only base remuneration and do not receive any performance-based remuneration or prepaid retirement allowances):

1) Base remuneration: Determined individually within standard amounts based on position and rank.

2) Performance-based remuneration: Determined within a range of 0 percent to 200 percent of the standard amount according to corporate performance during the relevant fiscal period and individual assessment (e.g., performance for which the director is responsible, degree to which targets were achieved, relative difficulty of responsibilities, and importance of responsibilities). One hundred percent of the standard amount is paid upon achievement of targets set at the beginning of the fiscal period.

3) Prepaid retirement allowance: Determined based on the following formula that applies a coefficient based on position and rank to base remuneration.

Prepaid retirement allowance (monthly payment) = Base remuneration x coefficient ÷ 12 (rounded to the nearest thousand yen)

2. Remuneration for Asset Manager Corporate Auditors

(1) Remuneration for corporate auditors is determined by resolution of the General Meeting of Shareholders.

(2) Corporate auditors may express opinions, if any, regarding matters including remuneration for corporate auditors as needed to the Board of Directors and the General Meeting of Shareholders.

3. Remuneration for Asset Manager Employees

(1) Employees of the Asset Manager receive remuneration according to their relative contribution to and expectations for the achievement of management targets.

(2) Remuneration, methods of calculation and payment, timing of payment, and increases in remuneration are determined according to compensation rules.

(3) Monthly remuneration is composed of job-based pay, merit pay and adjustments. Employees may receive increases or reductions after twelve months of their current job-based and merit pay based on personnel evaluations during the year. Such increases or decreases will be set based on a pay table determined for each job category.

(4) Bonuses are calculated based on sales and performance, and are determined after deliberation by the Board of Directors. Bonuses take into account issues including qualifications (pay grades), personnel evaluations, performance, and attendance.

Remuneration for Asset Manager Directors and Corporate Auditors

March 1, 2023 to February 29, 2024

	Directors		Corporate auditors		Total	
	Number of person(s) remunerated	Remunera-tion	Number of person(s) remunerated	Remunera-tion	Number of person(s) remunerated	Remunera-tion
Remuneration based on Articles of Incorporation and resolutions of the General Meeting of Shareholders	5	¥75 million	1	¥2 million	6	¥78 million (Note 1, 2)

Notes: 1. Remuneration for directors is as per the Companies Act of Japan, Article 361, Paragraph 1, Item 1.
2. Annual remuneration is limited to ¥500 million for directors and ¥100 million for corporate auditors, as per the Extraordinary General Meeting of Shareholders held on August 28, 2012.

Remuneration for Asset Manager Employees

March 1, 2023 to February 29, 2024

	All employees			
	Number of employees	Remuneration		
		Total	Fixed	Variable (Note)
Remuneration based on compensation rules	40	¥297 million	¥216 million	¥80 million

Note: Please refer to "3. Remuneration for Asset Manager Employees (4)" on how variable remuneration is determined.

The Asset Manager also introduced a unit ownership plan for directors and employees in May 2014.

The plan will keep directors and employees focused on AEON REIT's unit price and improving performance, with the objective of maximizing unitholder value by giving directors and employees an economic incentive to serve unitholder interests by increasing unit price.

There are potential conflicts of interest between AEON REIT and the Asset Manager with respect to remuneration for the Asset Manager's directors, corporate auditors and employees. We believe that the above remuneration policy mitigates such potential conflicts. In addition, the Asset Manager has adopted an internal set of rules that apply to all related-party transactions, such as transactions between AEON REIT and the Asset Manager. These rules require strict compliance by the Asset Manager with laws and regulations regarding related-party transactions. They also contain specific procedures to be followed in the event of a transaction that involves a related party, in order to implement arm's length terms.

1. Investment Policies

1) Basic Philosophy of AEON REIT

AEON REIT Investment Corporation ("AEON REIT") intends to invest primarily in real property-related assets that consist of, or are backed by, properties that are or can be used as retail and related properties (Note 1) (including when multiple properties are developed or utilized in an integrated manner).

Note 1: The term "retail properties" refers to retail, logistics, and related properties.

We intend to invest primarily in retail and related properties that are an integral part of the communities in which they are located. We believe that these properties and facilities in which we plan to invest form the backbone of local communities and their retail business infrastructure. We also aim to ensure stable income in the medium-to-long term and achieve steady portfolio growth by investing in retail and related properties that contribute to betterment of individual lives and local communities.

Our sponsor, AEON CO., LTD. ("AEON" or "Sponsor"), is the parent company of the Asset Manager. AEON is a corporate group structured as a holding company called the AEON Group.(Note 2)

Note 2: The AEON Group consists of a pure holding company, AEON CO., LTD., consolidated subsidiaries and equity-method affiliates.

The AEON Group aims to enable peaceful, prosperous living to grow in cooperation with the people living in the communities it serves through retail business infrastructure that forms the backbone of local communities. With a basic philosophy that helping the AEON Group grow will help AEON REIT grow, AEON REIT invests primarily in retail and related properties operated by the AEON Group.

2) Portfolio Composition Policy

AEON REIT bases portfolio composition on the following policies.

1. Investment Area

Based on our Articles of Incorporation provisions and the management guidelines of our Asset Manager, we invest primarily in Japan and overseas (Note 3) as well.

Note 3: The guidelines of AEON REIT's Asset Manager stipulate that AEON REIT shall invest in Japan and overseas, and that overseas investments will primarily focus on the target areas of Malaysia, other ASEAN countries, and China, along with other countries with growing populations where economic development is expected over the medium-to-long term (Article of Incorporation 28, Paragraph 3).

A. Investments in Japan

We invest primarily in retail and related properties operated by the AEON Group in Japan.

We do so because of our focus on the strong earnings base and stable growth potential of various retail and related properties that the AEON Group has already constructed. The AEON Group developed its retail business based on its corporate philosophy of "pursuing peace, respecting humanity, and contributing to local communities." In addition, the AEON Group regards the retail business as a local industry that is rooted in and grows with the community because the retail business is able to create sites and neighborhoods.

In accordance with the basic philosophy above, in principle AEON REIT will acquire assets in Japan with a policy of selectively investing in retail and related properties operated by the AEON Group in established commercial areas that are closely related to the community and that help maximize our unitholder value. In addition, AEON REIT will invest throughout Japan to construct a geographically diversified portfolio that is not concentrated in any one area.

B. Investments overseas

As presented in A. Investments in Japan above, AEON REIT primarily invests in Japan. We are also selectively considering investment in AEON Group retail properties overseas because we anticipate that the retail and related properties the AEON Group develops in countries and regions that are expected to develop economically over the medium-to-long term will generate stable cash flow.

With this in mind, our target investment areas are Malaysia and other ASEAN countries,(Note 4) China,

and other countries with growing populations where economic development is expected over the medium-to-long term. We will determine the retail properties to be acquired upon careful consideration of factors including population dynamics, economic growth, country risks, laws, tax regulations, political systems and cultural compatibility in the relevant country or area.

Note 4: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia constitute the ASEAN region.

2. Investment Targets and Ratios

AEON REIT will invest in the following types of retail and other properties. Real estate in Japan will account for 85 percent or more of our portfolio, and overseas real estate will account for 15 percent or less. Moreover, investments in large-scale retail properties will constitute 80 percent or more of our portfolio. However, we will review these ratios as our portfolio expands.

A. Retail properties in Japan

(i) Target Investments

We will primarily invest in retail properties operated by the AEON Group in Japan. We believe that retail property size is positively correlated with customer traffic and a large floor space allows flexibility when dividing the retail area into sections. We therefore plan to invest mainly in large-scale retail properties that have few or no nearby competitors and a comparative advantage in various locations.

Furthermore, the AEON Group is a retail industry leader in establishing an advanced supply chain utilizing its own logistics facilities to support the operation of retail properties and the rest of its retail business. We will also invest in logistics facilities that are closely related to the AEON Group's retail business.

(ii) Investment Percentage

Of the property types shown below, we categorize SRSCs, RSCs and CSCs as large-scale retail properties, which will account for 80 percent or more of our portfolio based on acquisition price. Logistics facilities will account for not more than 10 percent of our portfolio based on acquisition price.

B. Overseas retail properties: the first J-REIT to invest in properties outside Japan

(i) Target Investments

In principle, AEON REIT will minimize the risks of investing in areas outside Japan by investing in retail and other properties that we will lease entirely to the AEON Group under a master lease agreement that ensures the AEON Group can and will manage and operate it.

In addition, we will carefully assess potential investments by reviewing the risks specific to overseas properties, including (1) country risk, (2) operational risk, and (3) currency risk, by considering the compatibility of laws, accounting and tax systems in Japan and overseas while also considering factors including political and economic trends.

(ii) Investment Percentage

The overseas retail and other properties in which we invest shall account for not more than 15 percent of our portfolio on an acquisition price basis.

<table>
<tr><th colspan="2" rowspan="3">Type</th><th colspan="2">Investment Percentage (Note)</th></tr>
<tr><th>Domestic Real Estate</th><th>Overseas Real Estate</th></tr>
<tr><th>85% or more</th><th>15% or less</th></tr>
<tr><td rowspan="3">Large-scale retail properties</td><td>Super regional shopping centers (SRSC)</td><td colspan="2" rowspan="3">80% or more</td></tr>
<tr><td>Regional shopping centers (RSC)</td></tr>
<tr><td>Community shopping centers (CSC)</td></tr>
<tr><td rowspan="2">Other retail properties</td><td>Neighborhood shopping centers (NSC)</td><td colspan="2" rowspan="2">20% or less</td></tr>
<tr><td>Supermarkets (SM)</td></tr>
<tr><td colspan="2">Logistics facilities</td><td colspan="2">10% or less</td></tr>
</table>

Note: Investment percentage is calculated on an acquisition price basis. Acquisition and disposition of real estate and related assets may result in short-term variance with the above ratios. The same shall apply hereafter.

3) Investment Guidelines

AEON REIT will acquire properties in Japan and overseas according to the following investment guidelines.

1. Location

AEON REIT will invest throughout Japan to construct a geographically diversified portfolio that is not concentrated in any one area.

Overseas, we will invest in the ASEAN region, China and other countries and regions with growing populations where economic development is expected over the medium-to-long term.

2. Investment Amount

In principle, investment amount per property shall be ¥500 million or more (acquisition price excluding consumption or other taxes). In principle, investment amount per property overseas shall be ¥500 million or more when converted into yen at the time of acquisition.

3. Acquisition Price

Investment decisions shall involve comprehensive deliberations that are based on our valuation of properties and take appraisal values into consideration.

In the case of a related-party transaction, the property must be acquired at or lower than the appraisal value (excluding taxes, brokerage fees, acquisition costs, costs for creating trusts, reserved funds in trust accounts, income from trusts, periodic settlements such as fixed asset taxes, and other miscellaneous expenses).

This also applies to acquisitions of overseas assets.

4. Seismic Review

In principle, we shall invest in properties that have been constructed, reinforced or otherwise modified to meet applicable new earthquake resistance building codes (which are based on the Building Standards Act; 1950, Law No. 201; as amended in 1981) or have been deemed to have seismic capacity equivalent thereto. In the case of investments overseas, we will determine the properties to be acquired based on a comprehensive judgment taking into account the practical operations in the relevant country or area, in addition to compliance with standards under applicable laws and regulations.

5. Earthquake Probable Maximum Loss (PML)

In principle, we shall invest so that overall PML (Note 5) of our portfolio in Japan does not exceed 10 percent. We shall consider taking out earthquake insurance if we acquire a property with a PML that exceeds 15 percent. For overseas assets, we will comply with the earthquake resistance standards under applicable national or regional laws, and shall make investment decisions based on comprehensive deliberations that take into account the ability to obtain PML values in the region, the availability of earthquake insurance, and local practices.

Note 5: PML indicates the level of damage that may result from an earthquake of the assumed maximum size (major earthquake that occurs once every 475 years = major earthquake with a 10% probability of occurring within 50 years, or a probability of 0.211 percent) for the assumed scheduled use period (50 years = the useful life of a general building) expressed as a ratio of the replacement cost to the estimated expenses required to restore the damaged property to its pre-earthquake condition. However, the estimated loss only includes damage the earthquake causes directly to the building itself (structure, finishing, architectural equipment), and does not include damage to equipment, furniture and fixtures; losses caused by water or fire after the earthquake; compensation for victims; or collateral damage such as loss of sales caused by disruption of sales activities. The same applies hereafter. We will make investment decisions using alternative standards in the absence of PML regulations and standards in countries or regions overseas.

6. Insurance Coverage Policy

We will take out necessary fire and casualty insurance for portfolio assets to cover the risks of damage to properties from fire or accident and demands for compensatory damages from third parties.

As presented in 5. Earthquake Probable Maximum Loss (PML) above, we will comprehensively consider earthquake insurance if PML for a specific property exceeds 15 percent, taking into account the impact on the property and the portfolio as a whole in the event of an earthquake as well as the feasibility of obtaining earthquake coverage.

However, even if the PML does not exceed 15 percent, we may take out earthquake insurance for the property after comprehensively taking into account the cost effectiveness including insurance

premiums and deductibles.[Note 6]

Note 6: As of October 25, 2016, the asset management company revised its asset management guidelines to determine its policy for taking out insurances when the individual PML value does not exceed 15 percent.

7. Environmental and Geological Conditions

In principle, we shall invest in properties for which the treatment and storage of asbestos and other hazardous substances within the buildings or the appearance and condition of soil within the premises meets the requirements under the Air Pollution Control Act and the Soil Contamination Countermeasures Act of Japan and other environmental laws and ordinances or for which relevant countermeasures have otherwise been taken. However, we may acquire properties when we can expect prompt corrective action after acquisition. For overseas assets, we will make investment decisions based on comprehensive deliberation that takes into account practical operations in the relevant country or area, in addition to compliance with environmental, geological and other standards under applicable laws and regulations.

8. Tenants

In principle, we shall confirm the social credibility of potential tenants and their economic viability by evaluating and analyzing data such as rent rates, lease terms, tenant businesses, and competitiveness. This applies to assets both in Japan and overseas.

9. Property Rights

In principle, we shall confirm ownership, leasing, surface and other property rights. For shared or leased properties, we shall comprehensively consider property characteristics to confirm that owners of such property rights have no issues (e.g., creditworthiness and reputation) and that the property has few or no restrictions on or risks to operations, management or assignment. For overseas assets, we will make investment decisions based on comprehensive deliberation that takes into account practical operations in the relevant country or area, after investigating the property-related rights in the relevant country or area.

10. Investment in Properties with Stable Operations

In principle, AEON REIT will ensure stable cash flow by investing largely in real estate that generates stable cash flow, and will not invest in real estate such as non-operating properties that are not generating cash flow because they are under development.

However, we may selectively decide to invest in properties that have experienced a short-term decline in occupancy rate in instances such as when we anticipate a swift increase in future occupancy rate and when we expect to collaborate with the AEON Group as a tenant opening stores and in leasing. We will do so after careful deliberation. The same applies to overseas assets.

4) Due Diligence Guidelines

Prior to investment in a property, the Asset Manager will conduct economic, physical and legal due diligence, generally covering the following topics. The Asset Manager will consider the appropriateness of the property by determining and evaluating issues such as factors that may inhibit the maintenance and improvement of asset value. To this end, the Asset Manager will consult engineering reports, market reports and earthquake risk-assessments prepared by third parties with research capacity and expertise, and conduct on-site investigation and hearings with scheduled assignees and others.

For investments in overseas properties, the Asset Manager will conduct due diligence [Note 7] using the same guidelines that are applicable to investments in Japan, taking into account the legal system and any special circumstances in the relevant country or area.

Note 7: Due diligence for overseas real estate shall include the items in the table below and also review of connections with roads and the supply of public services (e.g., water, gas, and sewage disposal services).

Economic, Physical and Legal Due Diligence of Properties

Economic due diligence	Tenant evaluation	• Tenant (and sublessees when needed; applicable to the following) creditworthiness (including business, operations, history, financial results and financial condition) • Status of tenant rent payments, existence of any disputes between the tenant and the current owner, or any possibility thereof • Purpose of the lease, structure of the lease agreement, terms and conditions of the lease agreement and whether it permits assignment • Past occupancy rates and rent • The percentage of each building that each existing tenant occupies and tenant distribution
	Market analysis	• Commercial area (population, number of households, commercial index) • Review of market rental rates and occupancy rates of similar properties in the surrounding area • Status of potential competing properties in the surrounding area • Plans for the development of new properties in the surrounding area • Tenant demand trends • Potential for attracting new tenants • Potential for property disposition (sale) • For overseas properties: review economic trends, political trends, business practices, and other issues
	Revenues	• Current lease structure and stability of rent • Variance between current and market rent and outlook • Potential for tenant relocation and ease of finding replacement tenants • Outlook for issues such as gaining or losing tenants and rent decreases • Medium- and long-term leasing policies of the property manager and the master lessee
	Expenses	• Potential for changes in taxes and public charges (e.g., expiration of tax abatement period, increase in valuation due to factors including redevelopment progress) • Structure of outsourced property management agreements, level of management provided by the property manager, appropriateness of management fees • Structure of outsourced building management agreements, level of management provided by the building manager, appropriateness of management fees • Cost of utilities and utility reimbursements from tenants • Estimated responsibility for and appropriateness of repair and renewal expenses based on historical and planned repairs and current state of disrepair • Status of reserve fund for repairs and the appropriateness of the amount of such fund (stratified ownership of a building, etc.)
Physical due diligence	Location	• Circumstances of streets and access to main highways • Convenience of railways and other public transport • Status of surrounding land; history of floods, fires and other disasters • Location and proximity of convenient facilities and public facilities in the surrounding area • Name recognition, reputation and size of the relevant area • Stability and growth potential of the commercial area; competitive situation; status of development of surrounding areas; potential for conversion of purpose (in the case of retail properties)
	Building, facility and specifications analysis	• Design, main structure, building age, architect and construction company, confirmation and inspection organization, etc. • Internal and external condition of the property • Leasable area, ceiling height, air-conditioning, floor weight capacity, security systems, electric power capacity, lighting intensity, layout compatible with plotting lease, disaster prevention equipment, water supply and drainage facilities, elevating machines, parking lot and other common facilities
	Building review	• Document review including design documents, building certification documents, inspection documents • On-site inspection of outdoor facilities, rooftop, exterior finish, facilities, etc. • Review and verification of long-term repair plan set out in the engineering report • Status of compliance with applicable laws and regulations including the Building Standards Act and the City Planning Act of Japan (Law No. 100 of 1968, as amended) • Seismic capacity (seismic capacity that meets new earthquake resistance building codes or equivalent) • Verification of earthquake PML

Physical due diligence	Building management	• Terms and conditions of the outsourced building management agreements (including structure and specification standards); status of management of buildings; interviews with the building management company and others • Existence and content of detailed building management rules; quality and creditworthiness of the management companies
	Environmental due diligence	• History and status of use and storage of asbestos, PCBs and other hazardous substances • Issues including geological conditions, land use history, and soil contamination
Legal due diligence	Legal restrictions and compliance	• Whether properties are in compliance with applicable laws and regulations • Existence of building, application or use restrictions due to building codes, regulations, agreements, or other applicable legal restrictions
	Boundary survey	• Property boundaries; existence and status of encroachments • Determination of actual measured area • Existence of boundary disputes
	Tenant analysis	• Review of lease agreements, sublease agreements, use agreements, etc. • Existence of disputes with tenants
	Property rights related investigation	• Confirmation of property rights related to land and buildings, including ownership rights, surface rights, lease rights, co-ownership rights, stratified ownership rights and stratified co-ownership rights; review of various agreements and other documentation incidental to such property rights • Existence of disputes with owners of adjacent property rights • Conditions of trust agreements

5) Standards for Outsourcing to Third Parties and Assessments by Third Parties

Based on our management guidelines, we have adopted standards for outsourcing and assessments to maintain the quality of outsourced services and order placement, for the fair selection of service providers and suppliers, and for renewing service provider contracts in Japan. As a general rule, however, we shall not outsource asset management services, which have been entrusted to the Asset Manager. For overseas properties, we comply with statutory standards in the relevant country or region, and we base our decision whether and to what extent to outsource a service on a comprehensive consideration of practices in each region.

1. Outsourcing Standards for Each Type of Outsourced Service

Services are outsourced to service providers that satisfy specific standards to maintain designated quality levels for service implementation and service experience and performance according to the particular requirements of the outsourced services.

Specifically, for outsourced property management services we generally review the service provider's (1) scale; (2) ability to perform the services; (3) compliance with laws and regulations; and (4) cost. For property management service providers outside of Japan, we do not take (1) scale into consideration. For real estate appraisal services, due diligence, and engineering reports, we review the service provider's (1) scale; (2) ability to perform the services; (3) compliance with laws and regulations; and (4) any history of misconduct on the part of the service provider. For providers of real estate appraisal services, due diligence, and engineering reports outside of Japan, we do not take (1) scale into consideration.

2. Outsourcing Conditions

When AEON REIT and the Asset Manager outsource services, the service providers are responsible for establishing the appropriate mechanisms to provide services and report to us, to maintain confidentiality, and to cooperate with ongoing monitoring efforts. However, contracted items are negotiable. The responsibilities and duties of the service providers are specified in service outsourcing agreements.

6) Forward Commitment Policies (Note 8)

We may enter into contracts to acquire properties under which the settlement of the contract occurs one or more months following the execution of the contract. Before making a decision to enter into any

such contract, we will carefully consider the following:

- contract termination penalties contained in the contract, the impact of any such contracts on our overall portfolio profits and our level of cash distributions (including the delisting standard of the Tokyo Stock Exchange)
- the time period between the execution and settlement of the contract, potential market risks caused by changes during this period in financial and real estate market conditions, and method for funding settlement.

Note 8: The purchase agreements for the overseas properties we intend to acquire are forward commitment contracts. We determine the advisability of executing these agreements after individually considering the risks associated with executing them.

7) Operation and Property Management Policies

We follow the policies and standards set forth below in operating and managing assets acquired in Japan. The standards for operating and managing assets acquired overseas will be based on, and generally be the same as, the standards used in Japan.

1. Basic Policy

Our goal is to achieve stable earnings over the medium-to-long term, maintain and improve the value of our portfolio, and enhance tenant satisfaction. We will therefore maintain and increase rental revenue and occupancy rate, conduct appropriate management and repair, and optimize management costs and raise efficiency based on the approaches below.

2. Adoption of Asset Management Plan

The Asset Manager will establish an asset management plan for the management and operation of our operating properties in accordance with the Asset Manager's internal rules, such as its asset management guidelines, and will manage and operate such properties in accordance with such plan. The asset management plan will provide concrete management and operation plans for our operating properties. It will consist of (1) income and expense plans for each of our portfolio properties; (2) an income and expense plan for the company as a whole that is based on those for each property; and (3) other plans. The asset management plan will be reviewed for adoption by the Investment Committee following approval by the Compliance Officer.

The asset management plan will also be reviewed for adoption by the Compliance Committee after approval by the Investment Committee if deemed necessary by the Compliance Officer.

In principle, formulating the asset management plan above will involve the review of detailed information for each of our operating properties in cooperation with the support companies and the property manager.

In principle, the asset management plan will be reviewed every fiscal period and amended as appropriate, and may be amended from time to time, as necessary.

3. Leasing Policy

When we acquire retail and related properties operated by the AEON Group, our basic policy will be to enter into a master lease agreement for the entire property with an AEON Group company as the lessee at the time of acquisition. The policy will be the same for assets acquired overseas.

We will utilize property managers to the maximum extent possible, share information with the master lessee, survey and identify market trends, and investigate appropriate leasing terms for individual properties.

When entering into lease agreements with the master lessees, the Asset Manager will confirm the creditworthiness of the master lessees, check for relationships with anti-social forces including end tenants, and make comprehensive determinations concerning the possibility of lease renewals.

4. Policies Concerning Selection of Property Managers and Monitoring

We will select property managers that we believe can contribute to raising our overall profitability. We will take into consideration the property manager's real estate operation and management experience and capabilities, performance with the target property, feasibility of carrying out operations in accordance with the operating plan, cost levels, continuity of operations, and other relevant factors.

To carry out the above policy on an even higher level, we will outsource property management services to the AEON Group when we determine that the AEON Group would be appropriate as the property manager for the relevant retail and related properties.

In such cases, we will periodically assess the level of services, compensation amounts, and other factors relating to the outsourced services in accordance with the Rules on Transactions with Interested Parties and the Outsourcing and Evaluation Standards, and if we determine that the performance of appropriate services and compensation levels cannot be maintained, we will then consider the cancellation or non-renewal of the agreement. For additional details, please refer to 5) Standards for Outsourcing to Third Parties and Assessments by Third Parties; 1. Outsourcing Standards for Each Type of Outsourced Service above.

5. Policies Relating to Repairs and Capital Expenditures

We will make repairs and capital expenditures needed to maintain and enhance the profitability of investment assets over the medium-to-long term after consulting with the property manager, taking into consideration the condition and attributes of the investment asset, tenant needs, and other factors.

We will generally take the depreciation expenses of the entire portfolio into consideration when making decisions about repairs and capital expenditures. We will promptly implement repairs and capital expenditures that are required for raising tenant satisfaction from an operational perspective. We will also time investments to raise shopping center value to coincide with large-scale renovations when end-tenant leases expire, including plans to concurrently renew exclusive tenant space and common areas in cooperation with the master lessee.

6. Disposition Policy

In general, we expect to own properties for medium-to-long-term operation, and do not expect short-term dispositions of our properties. However, we may consider the short-term disposal of any of our properties if we believe it would support our goal of maintaining stable revenues from our portfolio.

When disposing of properties, we will refer to the opinions of third parties such as appraisers, and will comprehensively assess factors including the impact on our overall portfolio after considering issues including market research reports, examples of similar transactions, and the future profitability of the property in question.

8) Financing Policies

1. Equity Finance

We may issue additional investment units to acquire or repair properties, return tenant leasehold and security deposits, pay our operating expenses, repay debt, or other purposes. With the objective of stable long-term growth, we will flexibly issue new units with due consideration of the potential for dilution of our investment units. Dilution refers to reduced voting rights, net income and distributions per share as a result of the issue of new units.

2. Debt Finance

We may take on borrowings, including in the call money market, or issue investment corporation bonds to obtain capital largely to acquire or repair properties; pay dividends; obtain required operating capital; and repay borrowings, including tenant leasehold and security deposits, loans, and short- and long-term investment corporation bonds (collectively, "investment corporation bonds") in order to help us steadily increase operating assets and operate our assets efficiently and consistently. However, the use or the purpose of funds raised through the issuance of short-term investment corporation bonds must be within the scope prescribed in laws and regulations. We may only obtain loans from qualified institutional investors as specified by the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended) and by Article 67, Paragraph 15 of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957, as amended).

The maximum amount of each loan and each issue of investment corporation bonds shall be ¥1 trillion, and the aggregate amount of all such debt shall not exceed ¥1 trillion. In general, we intend to

obtain unsecured and unguaranteed financing. However, we may obtain loans or issue investment corporation bonds by collateralizing our properties.

When investing in overseas real estate, we may obtain loans denominated in local currency. We may also procure funds in Japanese yen and convert the funds into local currency based on market conditions and other factors at the time of procurement.

A. Ratio of interest-bearing liabilities to total assets and loan-to-value (LTV) ratio (Note 9)

We will consider our external and internal growth strategies while maintaining a strong financial base with a conservative ratio of liabilities to assets. We have set an upper limit of 60 percent for our LTV ratio, and generally intend to operate with an LTV ratio of approximately 50 percent. We may, however, temporarily exceed the 60 percent threshold as a result of property acquisitions or other events.

Note 9: LTV: (Interest-bearing debt + Leasehold and security deposits) ÷ Total assets

B. Extended loan maturities and fixed interest rates

We commit to loan maturities according to cash flow conditions based on tenant lease terms and content. We also consider extended loan maturities and fixed interest rates to reduce various risks and operate properly.

C. Bank formation with a focus on megabanks and diversification of financing sources and methods

We use the AEON Group's creditworthiness when obtaining loans, with the goal of appropriately diversifying lender financial institutions with a focus on megabanks. We also diversify debt financing by comprehensively considering market conditions and financial position in using indirect and direct financing methods that include the issuance of investment corporation bonds.

3. Derivative Transactions

We may use derivatives mainly to hedge the interest-rate risk associated with loans and other debt in light of economic conditions and interest rate movements.

We may also use derivatives to hedge the foreign-exchange risk associated with investments in overseas real estate, largely for foreign-currency receivables such as rent and payables.

4. Use of Leasehold and Security Deposits

Leasehold and security deposits that we receive from tenants are a stable, low-cost source of capital that we may use effectively.

We also hold cash and deposits in amounts deemed appropriate in light of factors including our commitment lines to address various financial needs including repair expenses; capital expenditures; distributions; minor debt repayments; working capital for our operations; refunding leasehold deposits; and real estate-related asset purchases.

5. Credit Ratings

As of the date of this publication, we have obtained an AA- long-term issuer rating from Japan Credit Rating Agency, Ltd. This rating is not a rating of our investment units. We have made no request for the investment units to receive a credit rating from a credit rating agency and have no plans for such a credit rating to be provided or submitted for inspection by a credit rating agency.

6. Investment Policy for Surplus Funds

We carefully manage surplus funds based on due consideration of the interest rate environment, cash flow and the safety and liquidity of the investment.

9) Information Management and Disclosure Policy

1. We maintain transparency for investors and make timely, appropriate disclosure of the information investors need for investment decisions. Our policy for timely and appropriate disclosure involves considering the transparency and comprehensibility of information and meeting investor needs with disclosure that is not legally required.

2. We have structured a system for aggregating and quickly disclosing accurate and useful information to provide opportunities for investors to fairly access information.

3. We appropriately disclose information specified by the Act Concerning Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange, and the Investment Trusts Association, Japan in the required format.

2. Target Investments

1) Asset Types Targeted for Investment

1. We invest in the assets listed below in accordance with the basic policies specified in Article of Incorporation 27.

A. Real estate

B. The assets listed below (collectively, "Real estate equivalents"; Real estate and Real estate equivalents are collectively referred to as "Real estate, etc.")
   (i) Real estate leasehold interests
   (ii) Surface rights
   (iii) The assets listed in (1) or (2) (i) or (ii) pursuant to the foreign laws and regulations
   (iv) Trust beneficiary interests in a trust that has as trust assets real estate, real estate leasehold interests, surface rights, or assets listed in (iii) (including blanket trusts in which cash incidental to the real estate is also entrusted)
   (v) Trust beneficiary interests in a trust that has cash as its initial trust asset, the purpose of which is managing trust assets by investing in real estate, real estate leasehold interests, surface rights, or assets listed in (iii)
   (vi) Equity interests in anonymous associations related to real estate (equity interests in contracts that provide for distribution of earnings from the management of the assets listed in (1) real estate and (2) (i) through (v) that one party invests for a counterparty to manage)
   (vii) Trust beneficiary interests of a trust that has cash as its initial trust assets, the purpose of which is managing trust assets by investing primarily in the assets listed in (vi)
   (viii) Assets having a nature similar to assets listed in (iv) through (vii) structured in accordance with foreign laws and regulations

C. The following securities, the purpose of which is investment primarily in Real Estate, etc. (including the rights that should be indicated in the subject securities/certificates in instances in which securities/certificates indicating the interests are not issued) (collectively "Real Estate-Backed Securities;" and the Real Estate, etc. and the Real Estate-Backed Securities are referred to collectively as the "Real Estate-Related Assets")
   (i) Preferred equity securities (as defined in the Act on Securitization of Assets, Law No. 105 of 1998, as amended ("Asset Securitization Act"))
   (ii) Beneficiary certificates (as defined in the Act Concerning Investment Trusts and Investment Corporations ("Investment Trusts Act"))
   (iii) Investment securities (as defined in the Investment Trusts Act)
   (iv) Beneficiary certificates of specific purpose trusts (as defined in the Asset Securitization Act)
   (v) Equity interests in anonymous associations (equity interests in anonymous associations as defined in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act ("FIEA"))
   (vi) Assets having a nature similar to assets listed in (i) through (v) structured in accordance with foreign laws and regulations

2. We invest in the specified assets listed below in addition to the specified assets listed in 1 above

A. Other specified assets
   (i) Deposits
   (ii) Call loans
   (iii) Japanese national government bonds (as defined in the FIEA)
   (iv) Japanese regional government bonds (as defined in the FIEA)
   (v) Corporate bonds issued under special Acts (as defined in the FIEA)
   (vi) Specified corporate bonds as prescribed in the Asset Securitization Act (as defined in the Asset Securitization Act)
   (vii) Corporate bonds (as defined in the FIEA, excluding corporate bonds with new share subscription rights)
   (viii) Negotiable certificates of deposit
   (ix) Trust beneficiary certificates for loan trusts (as defined in the FIEA)
   (x) Commercial paper (as defined in the FIEA)
   (xi) Monetary claims (as defined in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations Cabinet Order No. 480 of 2000, as amended ("Investment Trusts Act Enforcement Order," excluding those falling under (xiv))
   (xii) Share certificates (as defined in the FIEA)
   (xiii) Securities or certificates issued by a foreign country or foreign party, with the nature of those securities or certificates listed in (iii) through (vii) or (xi), (x) or (xii)
   (xiv) Monetary claims against the corporation holding overseas real estate
   (xv) Trust beneficiary interests in a trust that has cash as its initial trust assets, the purpose of which is managing the trust assets by investing primarily in the assets listed in (i) through (xii)
   (xvi) Securities (securities pursuant to Article 3, Paragraph 1 of the Investment Trusts Act Enforcement Order, same hereinafter; excluding securities enumerated above)

B. Interests in derivative transactions (for the purposes of this paragraph, as defined in the Investment Trusts Act Enforcement Order)

C. Facilities generating renewable energy (as defined in the Investment Trusts Act Enforcement Order)

3. In addition to the above, we may invest in the following rights, etc., the acquisition of which is deemed necessary or useful in connection with Real Estate-Related Assets, etc. or in light of the investment perspective as defined in Article of Incorporation 28

A. Trademark rights, etc. based on the Trademark Act (trademarks or the exclusive or non-exclusive right to use trademarks)

B. Copyrights, etc. as defined in the Copyright Act

C. Movables (as defined in the Civil Code, excluding assets falling under facilities generating renewable energy)

D. Rights to use hot spring water sources as prescribed by the Hot Springs Act and facilities associated with these hot springs

E. Specified contributions (as defined in the Asset Securitization Act)

F. Equity interests in partnerships as defined in the Civil Code (excluding assets enumerated above)

G. Casualty insurance policies and rights or profits associated with them

H. Carbon dioxide equivalent quotas or other similar assets or emission rights (including emission rights for greenhouse gases) based

on the Act on Promotion of Global Warming Countermeasures

I. Easements

J. Rights, etc. structured according to the laws and regulations of relevant countries and regions when we make investments in our primary area of Real Estate, etc. based on our Articles of Incorporation (including rights that, according to the laws and regulations of the relevant country or region, are the same as or similar to beneficiary interests in trusts that have Real Estate, etc., as the primary investment asset, but excluding assets enumerated above)

K. Shares issued by Japanese and foreign corporations for the exclusive management of assets in countries outside of Japan (including other contributions, but excluding assets enumerated above)

L. In addition to the above, we may invest in the other rights, the acquisition of which is deemed necessary or useful in connection with investments in Real Estate-Related Assets, etc. or in light of the investment perspective as defined in the Articles of Incorporation

4. In addition to the above, we may acquire other rights that we hold in conjunction with our organization management.

5. As provided for in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, we may also acquire equity interests in corporations holding overseas real estate.

3. Distribution Policy

1) Distribution Policy

AEON REIT shall, in principle, make distributions pursuant to the following policy, and shall follow the "Rules relating to Real Estate Investment Trusts and Real Estate Investment Corporations" stipulated by the Investment Trusts Association (Article of Incorporation 35, Paragraph 1).

1. The distributable amount ("Distributable Amount") arising from the management of our Investment Assets will be the amount of profit prescribed in Article 136, Paragraph 1 of the Investment Trusts Act.

2. We shall determine the amount of distributions, which shall exceed 90% of the distributable profit (but, in any case, not to be greater than the Distributable Amount); (however, if there is a change in the method of calculation due to the amendment to laws and regulations, then the amount as calculated after such change), as defined in the special taxation measures for investment corporations as set forth in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (the "Special Taxation Measures for Investment Corporations"). However, this shall not apply if there is a loss for tax purposes or if there are no taxable earnings because of a tax loss carryforward, and the amount will be reasonably determined by the Investment Corporation. Furthermore, we may set aside funds from the Distributable Amount for the long-term repair reserve, reserve for payment and reserve for distributions, as well as similar reserves and allowances that we consider necessary to maintain or increase the value of our investment assets. In addition to the foregoing, the investment corporation may set aside funds for reserves for adjustments of temporary difference, etc. and reverse allowances for adjustments of temporary difference, etc.

3. The amount of profit not allocated to distributions and retained and the amount of profit earned by the Closing Date shall be invested in accordance with the stipulations of our basic investment policy and investment perspective, etc.

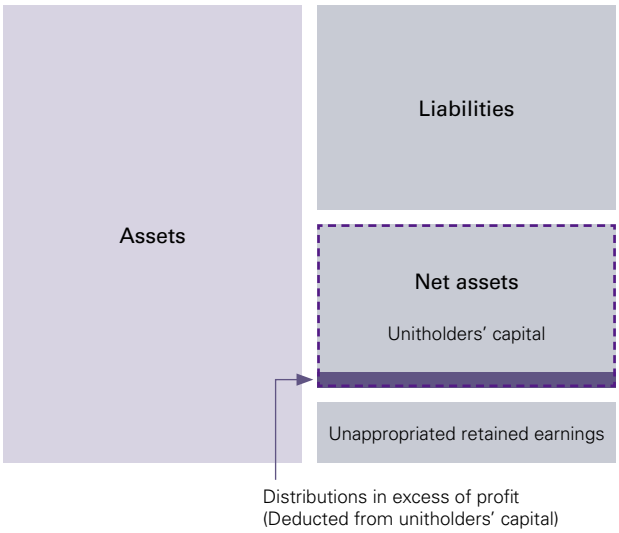
2) Distributions in Excess of the Amount of Profit

In cases that we determine to be appropriate, based on trends in the economic environment, the real estate market and the leasing market, etc., the state of its assets or the state of its finances or other similar reasons, or, in the case where we can reduce corporation tax, etc. that may be imposed on us, we may make distributions of funds in excess of the Distributable Amount, consisting of the distribution amount specified in 2. above plus an amount that is no greater than 60 percent of the depreciation costs for the relevant fiscal period. Further, if, in the case described above, the amount of funds distributed does not satisfy the requirements for Special Taxation Measures for Investment Corporations stipulated in laws and regulations, we may determine an amount of funds with the objective of satisfying such requirements. Furthermore, we have made it our policy to continually make distributions in excess of profit (Note 10, 11) each fiscal period, up to 60% of the depreciation costs for the relevant fiscal period, after careful consideration is given to trends in the economic environment, the real estate market and the leasing market, etc., the state of its assets or the state of its finances or other similar reasons. However, we may decide not to make any distributions in excess of profit if we deem it inappropriate after considering trends in the economic environment, the real estate market and the leasing market, etc., the state of its assets or the state of its finances or other similar reasons (Article of Incorporation 35, Paragraph 2).

When we make distributions in excess of profit, we take into account the amount of capital expenditures that will be required for maintaining and enhancing competitiveness of the assets we own, as well as our financial conditions, etc.

Note10: Distributions in excess of profit refer to distributions made by our judgment on top of distributions made to the extent of profit of the relevant fiscal period, and differ from refund of investment units conducted at the request of each unitholder in the case of investment units of an open-end investment corporation. Note that AEON REIT is a closed-end investment corporation that is not allowed to conduct refund of investment units at the request of its unitholders.

Note11: When conducted, distributions in excess of profit are illustrated as below.



3) Method for Distribution of Funds

Distributions of funds shall be in cash and, in principle, shall be made within three months from the Closing Date to unitholders or to pledgees of investment units registered or recorded in the last registry of unitholders as of the Closing Date in accordance with the number of investment units (Article of Incorporation 35, Paragraph 3).

4) Period of Exclusion of Right to Demand Distributions

Once three full years have elapsed from the date of the start of the payment of a distribution, we will no longer be obligated to make the payment of such distribution. No interest shall accrue on unpaid distributions (Article of Incorporation 35, Paragraph 4).

4. Restrictions on Investment

1) Restrictions on Investment Prescribed by the Articles of Incorporation

The restrictions on investment prescribed by Article of Incorporation 30 are as follows.

1. Monetary claims and marketable securities as defined in the Investment Trusts Act Enforcement Order (excluding Real Estate, etc., Real Estate-Backed Securities, and the specified assets in Article of Incorporation 29,

Paragraph 2, (1) (xi) of the preceding article and the securities prescribed in Paragraph 2, (1) (xvi) of the preceding article shall not be the subject of active investments, and in cases where there are surplus funds, investments shall be made in such assets, taking security and liquidity of investment into consideration, and in other cases, investment shall be made taking into consideration relevance with Real Estate-Related Assets.

2. Investment in rights relating to derivative transactions as defined in the Investment Trusts Act Enforcement Order shall be limited to investment for the purpose of hedging against risks including interest rate risk arising from our liabilities and currency risk relating to our investment assets.

2) Investment Limits Pursuant to the FIEA and Investment Trusts Act Enforcement Order

The investment corporation is subject to investment limits pursuant to the FIEA and Investment Trusts Act Enforcement Order. Main restrictions are as follows.

1. Limits on Asset Management by the Asset Manager

A registered investment corporation must entrust the management of its assets to an asset management company.

The asset management company is prohibited from performing certain acts related to the business of managing the assets of said investment corporation. As a result, an investment corporation is subject to certain investment restrictions. Main prohibited acts are as follows.

A. Internal transactions

Transactions between an asset management company and its directors or officers are prohibited (FIEA, Article 42, Paragraph 2, Item 1), except for certain cases specified in Article 128 of the Cabinet Office Ordinance regarding the FIEA (2011, Cabinet Office Ordinance No. 52, as amended; "Ordinance 52") that are considered unlikely to result in failure to protect the interests of unitholders, damage fair transactions or discredit the financial instruments business.

B. Reciprocal transactions with managed assets

Transactions between asset management companies of investment corporation assets are prohibited (FIEA, Article 42, Paragraph 2, Item 2), except for certain cases specified in Ordinance 52, Article 129 that are considered unlikely to result in failure to protect the interests of unitholders, damage fair transactions or discredit the financial instruments business.

C. Transactions for the benefit of third parties

An asset management company may not undertake transactions in certain financial instruments, indices or options based on fluctuations in the price, index, value, or amount of consideration related to transactions in the assets of an investment corporation, without a legally valid reason, with the objective of benefiting a third party other than the investment corporation or said investment (FIEA, Article 42, Paragraph 2, Item 3).

D. Transactions harmful to the interests of the investment corporation

An asset management company may not undertake transactions that are other than upon normal terms and conditions for such transactions, and further, such transactions upon said conditions would be harmful to the interests of the investment corporation (FIEA, Article 42, Paragraph 2, Item 4).

E. Prohibition of sales and purchases when separate management is not ensured

An asset management company may not undertake transactions (transactions listed in FIEA Article 2, Paragraph 8, Items 1 and 2 and Items 7 through 9) in connection with money invested or contributed for the following rights or securities (including types specified by a Cabinet Order) when said money is not managed separately as stipulated by government ordinance from the property that belongs to the entity that conducts the relevant business to be operated using such money, or any other property pertaining to other businesses conducted by that entity (FIEA Article 40.3).

(i) Rights listed in FIEA Article 2, Paragraph 2, Items 5 and 6
(ii) Marketable securities are limited to those listed in FIEA Article 2, Paragraph 1, Item 21 (FIEA Enforcement Order; 1968, Cabinet Order No. 321, as amended; the "FIEA Enforcement Order")
(iii) Rights listed in FIEA Article 2, Paragraph 2, Item 7 (limited to those listed in the FIEA Enforcement Order)

F. Other transactions defined by cabinet office ordinances

In addition to the above, the asset management company may not undertake the following actions as defined by Cabinet Office Ordinance that are considered likely to result in failure to protect the interests of unitholders, damage fair transactions or discredit the financial instruments business (FIEA Article 42, Paragraph 2, Item 7, FIEA Article 44, Paragraph 3, Item 1, Ordinance 52, Article 130)

(i) Transactions among the auditors, officers and employees of an asset management company (excluding all items listed in Ordinance 52, Article 128)(Ordinance 52, Article 130, Paragraph 1, Item 1)
(ii) Transactions for the benefit of the investment management company or third parties that would be harmful to the interests of the investment corporation (Ordinance 52, Article 130, Paragraph 1, Item 2)
(iii) Transactions for the benefit of third parties (including the parent or subsidiary companies of the asset management company) that are not necessary according to investment management policies, the financial condition of assets under management, or market conditions (Ordinance 52, Article 130, Paragraph 1, Item 3).
(iv) Asset management that introduces unfair restrictions or other limitations from external entities (Ordinance 52, Article 130, Paragraph 1, Item 4).
(v) The sale or purchase of investment securities, or similar transactions, with the objective of unfairly inflating transaction amounts or artificially inflating prices (Ordinance 52, Article 130, Paragraph 1, Item 5).
(vi) Transactions between third parties and their agents (excluding specific transactions to which all rights holders have agreed pursuant to advance explanation of the rationale for the transaction provided by the asset management company) (Ordinance 52, Article 130, Paragraph 1, Item 6).
(vii) Other activities prohibited by Cabinet Office Ordinance

2. Limitation on Acquisition of the Same Issue of Units

A registered investment corporation may not acquire the same units issued by a corporation in excess of 50/100 of total number of said issued and outstanding units. (Investment Trusts Act Article 194, Investment Trusts Act Enforcement Order Article 221).

3. Restriction on Acquisition of Own Units and Acceptance of Pledge

An investment corporation may not acquire units issued by itself, or accept them for the purpose of pledge, unless it acquires units issued by itself in the following cases (Investment Trusts Act Article 80, Paragraph 1):

A. when the investment corporation acquires its investment units for value by entering into agreements with unitholders (Article of Incorporation 5, item 2); (Note 12)

Note12: The Investment Trusts Act was amended on June 12, 2013 with the addition of the exception for the acquisition of own units as presented in A above. The revised Investment Trusts Act will be enforced by government ordinances within 18 months of its June 19, 2013 promulgation date. In accordance with the amended Investment Trusts Act, AEON REIT has amended its Articles of Incorporation with a provision to permit the acquisition of its own units with compensation pursuant to the agreement of unitholders (Article of Incorporation 5, Paragraph 2). However, the provision in Article of Incorporation 5, Paragraph 2 becomes effective on the effective date of the revision to the Investment Trusts Act that allows an investment corporation to acquire its own units with compensation pursuant to the agreement of unitholders (Article of Incorporation 41, Paragraph 1).

B. when the units are acquired from another investment corporation as the surviving entity of a merger;

C. when purchasing units pursuant to the provisions of the Investment Trusts Act; or

D. when purchasing units pursuant to other government ordinances regarding the Investment Trusts Act.

4. Restriction on Acquisition of Parent Corporation's Units by Subsidiary Corporation

An investment corporation (subsidiary), a majority of the units of which is owned by another investment corporation (parent), may not acquire the units of such parent investment corporation except in the following cases (Investment Trusts Act, Article 81, Paragraph 1, Item 2):

A. when the units are acquired from another investment corporation as the surviving entity of a merger; or

B. when purchasing units pursuant to other government ordinances regarding the Investment Trusts Act of Japan.

When either a parent investment corporation and its subsidiary investment corporation or its subsidiary investment corporation owns a majority of the units issued by another investment corporation, the other investment corporation is considered to be a subsidiary of the said parent investment corporation (Investment Trusts Act, Article 81, Paragraph 4).

3) Other Investment Restrictions

1. Subscription and Margin Trading of Securities

The investment corporation may not subscribe to, or conduct margin trading of, securities.

2. Borrowing and Investment Corporation Bonds

A. The investment corporation may borrow funds, including in the call market, or issue investment corporation bonds to support steady growth in investment assets and efficient, stable asset management. The investment corporation may procure funds to acquire assets; pay repair costs, other maintenance and management expenses, or distributions; for its operations; or to repay its debts, including the refund of leasehold deposits and security deposits, the repayment of borrowing and the redemption of investment corporation bonds (including short-term investment corporation bonds). However, the use or the purpose of funds raised through the issuance of short-term investment corporation bonds must be within the scope prescribed in laws and regulations. Furthermore, the investment corporation may only borrow from qualified institutional investors as prescribed by the FIEA (limited to institutional investors as defined in Article 67-15 of the Special Taxation Measures Act; Article of Incorporation 36, Paragraph 1).

B. The investment corporation may collateralize investment assets as collateral when borrowing or issuing investment corporation bonds as prescribed in the preceding paragraph (Article of Incorporation 36, Paragraph 2).

C. The maximum amount of each loan and each issue of investment corporation bonds shall be ¥1 trillion, and the aggregate amount of all such debt shall not exceed ¥1 trillion (Article of Incorporation 36, Paragraph 3).

3. Concentration of Investment

Concentration of investment is not legally restricted. Please refer to 1. Investment Policies above for policies related to investment that is diversified by the intended purpose and location of real estate.

4. Investment in Other Funds

The Articles of Incorporation do not restrict investments in other funds (investment units or the trust beneficiary certificates of investment trusts).

Summary of Selected Financial Data

	Millions of yen (Except per unit data and where otherwise indicated)					Millions of U.S. dollars [Note 4] (Except per unit data)
	18th Period August 1, 2021 to January 31, 2022	19th Period February 1, 2022 to July 31, 2022	20th Period August 1, 2022 to January 31, 2023	21st Period February 1, 2023 to July 31, 2023	22nd Period August 1, 2023 to January 31, 2024	22nd Period August 1, 2023 to January 31, 2024
Operating revenue [Note 1]	¥ 19,928	¥ 20,121	¥ 19,987	¥ 21,008	¥ 21,054	$ 142
Revenues related to real estate leasing business	19,789	19,966	19,826	20,844	20,887	141
Operating expenses	12,237	12,559	12,367	13,037	13,006	88
Expenses related to real estate leasing business	11,163	11,421	11,217	11,870	11,798	79
Operating income	7,691	7,561	7,620	7,970	8,048	54
Ordinary income	6,767	6,694	6,713	7,048	7,073	47
Net income (net loss)	6,660	6,889	6,724	7,047	6,990	47
Net operating income (NOI) from property leasing [Note 2]	13,839	13,725	13,777	14,476	14,476	98
Funds from operation (FFO) [Note 2]	11,874	12,071	11,892	12,550	12,376	83
Total cash distributions	6,777	6,693	6,711	7,115	7,115	48
Ratio of FFO to total cash distributions (%) [Note 2]	57.1	55.5	56.4	56.7	57.5	
Depreciation	5,213	5,181	5,167	5,502	5,386	36
Capital expenditures	1,504	1,866	1,536	2,385	2,195	14
Total assets	432,702	434,634	433,395	452,485	454,258	3,078
Interest-bearing debt	179,100	179,100	179,100	188,400	188,400	1,276
Net assets	236,495	236,607	236,638	247,392	247,267	1,675
Unitholders' capital [Note 6]	229,484	229,484	229,484	239,903	239,903	1,625
Total number of investment units issued and outstanding (Units)	2,044,467	2,044,467	2,044,467	2,123,952	2,123,952	
FFO per unit (¥/$) [Note 2]	5,807	5,904	5,816	5,908	5,827	39
Net assets per unit (¥/$)	115,675	115,730	115,745	116,477	116,418	789
Distribution per unit (¥/$)	3,315	3,274	3,283	3,350	3,350	22
Distribution of retained earnings per unit (¥/$)	3,315	3,274	3,283	3,350	3,350	22
Distribution in excess of retained earnings per unit (¥/$)	—	—	—	—	—	—
Payout ratio (%) [Note 2]	101.8	97.2	99.8	101.0	101.8	
Return on assets (ROA) (%) [Note 2]	1.7	1.5	1.5	1.6	1.6	
Return on equity (ROE) (%) [Note 2]	3.0	2.9	2.8	2.9	2.8	
Equity ratio (%) [Note 2]	54.7	54.4	54.6	54.7	54.4	
Loan to value (LTV) (%) [Note 2]	44.7	44.5	44.6	44.8	44.6	
Number of days in the period [Note 3]	184	181	184	181	184	
Number of investment properties [Note 5]	47	47	47	49	49	
Total leasable area (m^2) [Note 5]	4,056,102	4,056,102	4,056,102	4,241,745	4,241,745	
Occupancy rate (%) [Note 2, 5]	100	100	100	100	100	

Notes: 1. Operating revenues do not include consumption tax.

2. Calculations used above are as follows:
   - **NOI from property leasing**: Revenues related to real estate leasing business – Expenses related to real estate leasing business + Depreciation
   - **FFO**: Net income (excluding Gain or Loss on sale of investment properties) + Depreciation
   - **Ratio of FFO to total cash distributions**: Total cash distributions (including distribution in excess of retained earnings) ÷ FFO × 100
   - **FFO per unit**: FFO ÷ Total number of investment units issued and outstanding
   - **Payout ratio**: Distribution per unit (excluding distribution in excess of retained earnings) ÷ Net income per unit × 100. The payout ratio for the 18th Period and 21st Period was calculated as follows because of the issue of new investment units: Total cash distributions (excluding distribution in excess of retained earnings) ÷ Net income × 100
   - **ROA**: Income (loss) before income taxes / (Total assets at beginning of period + Total assets at end of period) ÷ 2 × 100
   - **ROE**: Net income (loss) / (Net assets at beginning of period + Net assets at end of period) ÷ 2 × 100
   - **Equity ratio**: Net assets at end of period ÷ Total assets at end of period × 100
   - **LTV**: (Interest-bearing debt + Tenant leasehold and security deposits) ÷ Total assets × 100

- **Occupancy rate**: Total leased area ÷ Total leasable area at the end of the period. The occupancy rate is 100 percent as of January 31, 2024 because AEON REIT operated all properties under master lease agreements.

3. Number of days in the period refers to the number of days of actual asset management.
4. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥147.55 to $1, the approximate rate of exchange at January 31, 2024.
5. The figure includes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.
6. The figure represents the net value obtained by subtracting the deduction from unitholders' capital.

Operations and Results

(1) Overview

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 communities and their retail business infrastructure. Through said investment, we aim to ensure stable earnings over the medium to long term and achieve steady portfolio growth.

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

The real estate held by AEON REIT as of January 31, 2024, totaled 49 properties in Japan and overseas, including AEON MALL SEREMBAN 2, which it owns through an overseas real estate holding corporation established in Malaysia (hereinafter, the "Overseas SPC"), with a total acquisition price of ¥468,332 million. The total leasable area is 4,241,745.30 m^2 and the occupancy rate of the entire portfolio is 100.0% as of the same date.

(2) Operating Environment and Performance

Operating Environment

In the fiscal period under review (the 22nd fiscal period), the Japanese economy saw the real GDP growth rate (first preliminary estimates) for October through December 2023 decrease by 0.1% quarter on quarter, recording negative growth, although only slightly, for the second consecutive quarter. This was impacted by the fact that consumer spending and capital investment, which are the pillars of domestic demand, were sluggish due to factors such as the increasing thriftiness resulting from price hikes, stagnant sales of seasonal products due to the mild winter, and delayed construction investments caused by high resource prices and labor shortages, while foreign demand such as consumption by inbound tourists (foreign visitors to Japan) increased. In Malaysia, the real GDP for the fourth quarter of 2023 rose 3.0% year on year. The Malaysian economy grew solidly due to improvements in the employment and income environments and the weakening of inflationary pressures.

In the real estate investment market, market participants remained highly willing to acquire properties due to the favorable financing environment, the difference in interest rates with overseas markets, and the weakening of the yen, although the willingness of some investors to make investments is declining due to a sense of caution about the change in the monetary policy of the Bank of Japan (BOJ). Although market overheating trends vary by asset type and by area, it should become ever more important going forward to discern the profitability of individual properties and timeliness of transactions in consideration of interest trends, etc.

In the J-REIT market, the Tokyo Stock Exchange (TSE) REIT Index recovered from 1,877.19 points, the closing price at the end of the previous fiscal period (end of July 2023), to the 1,900-point level based on closing price in September. Subsequently, given the persistently high U.S. long-term interest rates and the

increasing upward pressure on domestic long-term interest rates conscious of the speculation that the BOJ's negative interest rate policy would be lifted, the TSE REIT Index stood at 1,798.71 points based on closing price at the end of the 22nd fiscal period.

Performance

In the 22nd fiscal period, AEON REIT re-installed the ceiling and flooring at AEON Ueda Shopping Center for the purpose of improving the property's image and functionality as an act of revitalization work based on the basic agreement on revitalization work concluded at the time of property acquisition in October 2020. In addition, AEON REIT realized rent increases by implementing construction work, including the renovation of the food court to enhance competitiveness. At AEON MALL Ota, AEON REIT conducted expansion work of air-conditioning equipment associated with the replacement of end-tenants through the renovation of the existing building. At AEON MALL Yokkaichi-Kita, it conducted installation of fireproof shutters associated with the expanded sections, achieving a rent increase.

As such, in coordination with the tenants (master lessees), AEON REIT is promoting investments aimed at reinforcing competitiveness as well as maintaining and enhancing the functions of its properties.

Financing

In the 22nd fiscal period, AEON REIT conducted debt financing of ¥29,700 million in total to fund the refinancing of borrowings of ¥20,400 million maturing on October 20, 2023, and early repayment of short-term borrowings of ¥9,300 million borrowed on February 1, 2023. Of the debt financing, the loan of ¥9,300 million is for the repayment of borrowings that were used to acquire AEON MALL Wakayama, an eligible green asset based on the sustainability finance framework prepared by AEON REIT, and were procured in the form of green loans.

As of January 31, 2024, AEON REIT had a balance of interest-bearing debt totaling ¥188,400 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 44.6%.

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 100.0% as of January 31, 2024. 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 97.8% as of the same date. Together with the abovementioned 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.

Furthermore, as of January 31, 2024, AEON REIT had the following credit rating.

Credit Rating Agency	Rating type	Credit Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer credit rating	AA	Stable

Initiatives on Sustainability

AEON REIT is making endeavors for Environment, Social, and Governance (ESG) awareness. It works to reduce environmental burden and coordinate and cooperate with its stakeholders in pursuit of realizing a sustainable society as its corporate social responsibility. In December 2021, AEON Reit Management Co., Ltd. that conducts asset management for AEON REIT identified its materiality (important agendas) and expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with an aim to clarify its policy and structure for addressing ESG issues and promote enhanced

disclosure of what it is doing in the endeavor. In the 22nd fiscal period, AEON REIT set new key performance indicators (KPIs) for the priority issues on materiality with an aim to implement more effective initiatives in September 2023 as well as issued "Sustainability Report 2023," which summarizes the basic information on AEON REIT, the idea on sustainability, and ESG initiatives, in November.

A variety of initiatives have been recognized by external institutions, as exemplified by AEON REIT obtaining "Five Star" in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment, which grants rating in five stages based on global ranking of total scores, in October 2023, marking the fourth consecutive year with the rating. AEON REIT has also received the "Green Star" rating for the eighth consecutive year, evaluated as an excellent participant in both of the Management Component, which measures the entity's policy and organizational structure for promoting ESG, and the Performance Component, which measures the environmental performance of the entity's portfolio properties and joint initiatives with tenants, etc. It also received the highest "Level A" for the third consecutive year for the GRESB Public Disclosure, which assesses the breadth of ESG disclosure.

As for assessment for properties, AEON REIT re-obtained DBJ Green Building Certification for 5 properties in total in the 22nd fiscal period. As of the end of the 22nd fiscal period (January 31, 2024), AEON REIT has obtained third-party certifications for 86.8% of its portfolio properties (based on total leasable area), with the DBJ Green Building Certification for 31 properties, BELS certification for 1 property, and CASBEE Certification for Real Estate for 4 properties.

Other than the above, the Asset Manager was certified under the CERTIFIED 2024 Health & Productivity Management Outstanding Organizations Recognition Program (for SMEs) in March 2024, marking the fifth consecutive year with the certification. Both AEON REIT and the Asset Manager will continue to take initiatives on ESG issues in a proactive manner.

Results and Cash Distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥21,054 million, operating income of ¥8,048 million, ordinary income of ¥7,073 million, and net income of ¥6,990 million for the 22nd fiscal period ended January 31, 2024. Furthermore, AEON REIT posted a total of ¥95 million of construction cost pertaining to the damage caused by Typhoon Lan that occurred in August 2023 as extraordinary losses and a total of ¥12 million in insurance income for such damage as extraordinary income.

As for cash distribution for the 22nd fiscal period, distribution per unit came to ¥3,350 as a result of adding ¥125 million in reversal of distribution reserve (the amount obtained by deducting unappropriated retained earnings from the amount obtained by multiplying the forecast cash distribution per unit for the 22nd fiscal period, as disclosed in the earnings forecast made in the previous fiscal period, by the total number of investment units issued and outstanding as of the end of the fiscal period) to ¥6,990 million in unappropriated retained earnings.

Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 22nd fiscal period, however, with ¥374 million in distribution reserve it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.

Distribution Information

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 ¥7,115,239,200, which is obtained by adding ¥125,209,929 in reversal of distribution reserve (the amount obtained by deducting unappropriated retained earnings from the amount obtained by multiplying the forecast cash distribution per unit for the 22nd fiscal period, as disclosed in the earnings forecast made in the previous period, by the total number of investment units issued and outstanding as of the end of the fiscal period) to ¥6,990,029,271 in unappropriated retained earnings, which is the amount that does not exceed this calculated amount and is the greatest value among integral multiples of 2,123,952, which is the total number of investment units issued and outstanding. Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 22nd fiscal period, however, with ¥374,431,962 in distribution reserve which it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.

	Thousands of yen (Except per unit data)				
	18th Period August 1, 2021 to January 31, 2022	19th Period February 1, 2022 to July 31, 2022	20th Period August 1, 2022 to January 31, 2023	21st Period February 1, 2023 to July 31, 2023	22nd Period August 1, 2023 to January 31, 2024
Unappropriated retained earnings (undisposed loss)	¥6,660,669	¥6,889,936	¥6,724,896	¥7,049,570	¥6,990,029
Appropriations to reserves	233,577	429,929	442,101	374,431	249,222
Total cash distributions	6,777,408	6,693,584	6,711,985	7,115,239	7,115,239
(Distribution per unit)	(3,315)	(3,274)	(3,283)	(3,350)	(3,350)
Distribution of retained earnings	6,777,408	6,693,584	6,711,985	7,115,239	7,115,239
(Distribution of retained earnings per unit)	(3,315)	(3,274)	(3,283)	(3,350)	(3,350)
Return of capital	—	—	—	—	—
(Return of capital per unit)	(—)	(—)	(—)	(—)	(—)
Distribution from reserve for temporary difference adjustments included in return of capital (Distribution per unit from reserve for temporary difference adjustments included in return of capital per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Distribution reducing unitholders' capital for tax purposes included in return of capital (Distribution reducing unitholders' capital included in return of capital per unit)	— (—)	— (—)	— (—)	— (—)	— (—)

Equity Finance

Changes in unitholders' capital and total investment units issued and outstanding of AEON REIT in the last five years through the date when its securities report for the 22nd fiscal period was submitted to the Kanto Local Finance Bureau of the Ministry of Finance are as follows.

Date	Summary	Total Investment Units Issued and Outstanding (Units)		Unitholders' Capital (Millions of yen) (Note 1)		Remarks
		Increase	Balance	Increase	Balance	
September 3, 2019	Public offering	91,400	1,868,747	11,805	203,977	(Note 2)
October 1, 2019	Third-party allotment	4,570	1,873,317	590	204,568	(Note 3)
August 17, 2021	Public offering	163,000	2,036,317	23,729	228,297	(Note 4)
September 14, 2021	Third-party allotment	8,150	2,044,467	1,186	229,484	(Note 5)
February 1, 2023	Public offering	75,700	2,120,167	9,922	239,407	(Note 6)
February 21, 2023	Third-party allotment	3,785	2,123,952	496	239,903	(Note 7)

Notes: 1. The figure represents the net value obtained by subtracting the deduction from unitholders' capital.
2. Public offering of new investment units for ¥133,477 per unit (excluding underwriting fee: ¥129,164 per unit) for the purpose of procuring funds for new property acquisitions.
3. Third-party allotment of new investment units for ¥129,164 per unit in conjunction with the public offering and capital increase.
4. Public offering of new investment units for ¥150,442 per unit (excluding underwriting fee: ¥145,581 per unit) to procure funds for repayment of loans allocated for new property acquisitions.
5. Third-party allotment of new investment units for ¥145,581 per unit in conjunction with the public offering and capital increase.
6. Public offering of new investment units for ¥135,456 per unit (excluding underwriting fee: ¥131,079 per unit) for the purpose of procuring funds for new property acquisitions.
7. Third-party allotment of new investment units for ¥131,079 per unit in conjunction with the public offering and capital increase.

Historical Unit Price

Our investment units are listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange. Highest and lowest closing prices by period are as follows.

(Yen)

	18th Period August 1, 2021 to January 31, 2022	19th Period February 1, 2022 to July 31, 2022	20th Period August 1, 2022 to January 31, 2023	21st Period February 1, 2023 to July 31, 2023	22nd Period August 1, 2023 to January 31, 2024
Highest	¥162,300	¥156,100	¥161,900	¥160,600	¥149,300
Lowest	142,000	140,600	141,600	140,200	137,100

Assets, Liabilities and Net Assets

Total assets as of January 31, 2024 increased ¥1,772 million from July 31, 2023 to ¥454,258 million. While current assets increased ¥4,877 million, total property and equipment decreased ¥3,116 million to ¥333,572 million mainly due to depreciation.

Current liabilities decreased ¥8,304 million from July 31, 2023 to ¥23,209 million mainly due to repayment of short-term loans, while non-current liabilities increased ¥10,202 million to ¥183,781 million mainly due to borrowing of long-term loans, resulting in an increase of ¥1,897 million in total liabilities to ¥206,990 million.

AEON REIT repaid the short-term loans payable it borrowed in the 21st Period and had no balance as of January 31, 2024. Current portion of long-term loans payable totaled ¥19,500 million and long-term loans payable totaled ¥117,900 million as of the same date, with investment corporation bonds totaling ¥51,000 million.

Consequently, interest-bearing debt as of January 31, 2024 totaled ¥188,400 million, remaining unchanged from July 31, 2023. Tenant leasehold and security deposits in trust were ¥14,320 million, remaining the same as the end of the previous fiscal period.

Net assets decreased ¥125 million from July 31, 2023 to ¥247,267 million mainly due to reversal of distribution reserve and lower unappropriated retained earnings.

Significant Events after the Balance Sheet Date

Not applicable

Borrowings

Please refer to "6. Borrowings" in Supplementary Schedules on page 87.

Investment Corporation Bonds

Please refer to "5. Investment Corporation Bonds" in Supplementary Schedules on page 86.

Acquisitions and Sales during the 22nd Period

Not applicable

Capital Expenditures

Planned Capital Expenditures

The following table shows the major items of capital expenditures for renovation works, etc. (mainly those exceeding ¥30 million per renovation work) that AEON REIT currently plans to conduct for the properties it owned as of January 31, 2024. The planned work expenses include portions that will be expensed as incurred 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 LakeTown mori (Koshigaya City, Saitama Pref.)	Work on exterior renewal	From April 2024 to July 2024	¥ 41	—	—
	Work on exterior renewal	From April 2024 to July 2024	30	—	—
	Revitalization	From May 2024 to July 2024	92	—	—
	Revitalization	From August 2024 to October 2024	102	—	—
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of electrical facilities	From February 2024 to April 2024	60	—	—
	Renewal of air-conditioning units	From September 2024 to December 2024	472	—	—
AEON MALL Mitouchihara (Mito City, Ibaraki Pref.)	Work on exterior renewal	From March 2024 to April 2024	77	—	—
	Renewal of air-conditioning units	From September 2024 to November 2024	51	—	—
AEON MALL Ota (Ota City, Gunma Pref.)	Exterior wall painting	From January 2023 to March 2024	587	—	—
	Renewal of air-conditioning units	From March 2024 to May 2024	88	—	—
	Renewal of disaster prevention facilities	From August 2023 to October 2024	318	—	—
	Renewal of air-conditioning units	From September 2024 to December 2024	143	—	—
AEON Sagamihara Shopping Center (Sagamihara City, Kanagawa Pref.)	Renewal of air-conditioning units	From June 2024 to November 2024	45	—	—
	Renewal of disaster prevention facilities	From July 2024 to December 2024	36	—	—
	Renewal of sanitary facilities	From October 2024 to December 2024	41	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of flooring at common passage	From December 2023 to February 2024	32	—	—
	Renewal of hot/cold water generators	From January 2024 to February 2024	119	—	—
	Work on exterior fittings	From September 2023 to February 2024	79	—	—
	Revitalization	From January 2024 to May 2024	199	—	—
	Revitalization	From January 2024 to June 2024	50	—	—
	Renewal of hot/cold water generators	From October 2024 to January 2025	81	—	—
	Renewal of elevators	From October 2024 to January 2025	81	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of air-conditioning units	From March 2024 to March 2024	30	—	—
	Rooftop renovation	From March 2024 to June 2024	30	—	—

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 Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air-conditioning units	From March 2024 to May 2024	30	—	—
	Renewal of air-conditioning units	From March 2024 to May 2024	65	—	—
	Renewal of elevators	From July 2024 to August 2024	108	—	—
	Renewal of air-conditioning units	From October 2024 to December 2024	51	—	—
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Work on exterior renewal	From August 2024 to August 2024	22	—	—
	Renewal of air-conditioning units	From September 2024 to December 2024	143	—	—
	Work on exterior renewal	From October 2024 to December 2024	32	—	—
AEON MALL Shinrifu North Wing (Miyagi County, Miyagi Pref.)	Building renovation	From April 2024 to August 2024	36	—	—
	Renewal of elevator parts	From October 2024 to November 2024	45	—	—
AEON MALL Yamagata-Minami (Yamagata City, Yamagata Pref.)	Renewal of air-conditioning units	From March 2024 to April 2024	35	—	—
AEON MALL Yamatokoriyama (Yamatokoriyama City, Nara Pref.)	Renewal of central monitoring boards	From May 2024 to June 2024	33	—	—
AEON MALL Chiba Newtown (mall, and cinema and sports complex) (Inzai City, Chiba Pref.)	Rooftop waterproofing	From April 2024 to July 2024	68	—	—
	Renewal of disaster prevention facilities	From November 2024 to December 2024	58	—	—
	Revitalization	From October 2024 to December 2024	183	—	—
AEON MALL Tomakomai (Tomakomai City, Hokkaido Pref.)	Renewal of air-conditioning units	From April 2024 to June 2024	45	—	—
	Rooftop waterproofing	From May 2024 to June 2024	30	—	—
	Renewal of air-conditioning units	From May 2024 to August 2024	45	—	—
AEON MALL Oyama (Oyama City, Tochigi Pref.)	Work for waterproofing	From March 2024 to June 2024	41	—	—
	Renewal of air-conditioning units	From November 2024 to December 2024	41	—	—
AEON MALL Kahoku (Kahoku City, Ishikawa Pref.)	Renewal of air-conditioning units	From February 2024 to February 2024	30	—	—
	Renewal of air-conditioning units	From May 2024 to August 2024	40	—	—
AEON MALL Narita (Narita City, Chiba Pref.)	Renewal of air-conditioning units	From April 2024 to May 2024	56	—	—
	Work on exterior renewal	From November 2024 to December 2024	30	—	—
	Revitalization	From October 2024 to December 2024	91	—	—

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 Miyakonojo Ekimae (Miyakonojo City, Miyazaki Pref.)	Renewal of disaster prevention facilities	From May 2024 to November 2024	30	—	—
AEON Chigasaki-Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Renewal of sanitary facilities	From August 2024 to November 2024	46	—	—
AEON STYLE Kemigawahama (Chiba City, Chiba Pref.)	Renewal of elevators	From July 2024 to August 2024	43	—	—

Capital Expenditures during the 22nd Period

The following table shows the major items of capital expenditures (those exceeding ¥30 million per work) AEON REIT conducted during the 22nd fiscal period for the properties it owned as of January 31, 2024. The capital expenditures for the 22nd fiscal period amounted to ¥2,195 million. Combined with ¥963 million in repairs and maintenance that was classified as expenses as well as ¥10 million in loss on disaster (expenses for restoration work) from Typhoon Lan, AEON REIT conducted construction works totaling ¥3,169 million in the current fiscal period.

Property Name (Location)	Purpose	Period	Cost of Construction Works (Millions of yen)
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Renewal of air-conditioning units	From September 2023 to December 2023	¥114
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of air-conditioning units	From October 2023 to December 2023	47
AEON MALL Shinrifu North Wing (Miyagi County, Miyagi Pref.)	Renewal of heat pumps	From September 2023 to October 2023	37
	Renewal of disaster prevention monitoring boards	From November 2023 to January 2024	32
AEON MALL Mitouchihara (Mito City, Ibaraki Pref.)	Renewal of overpass at parking lot	From September 2023 to November 2023	37
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air-conditioning units	From September 2023 to December 2023	163
	Renewal of central monitoring boards	From February 2023 to August 2023	59
	Renewal of disaster prevention receiving boards	From July 2023 to September 2023	56
AEON LakeTown mori (Koshigaya City, Saitama Pref.)	Renewal of entrance eaves	From July 2023 to December 2023	50
	Renewal of central monitoring boards	From May 2023 to January 2024	34
AEON MALL Narita (Narita City, Chiba Pref.)	Renewal of central monitoring facilities	From May 2023 to January 2024	79
	Renewal of air-conditioning units	From September 2023 to December 2023	46
	Renewal of parking lot for the disabled	From December 2023 to January 2024	56
AEON Ueda Shopping Center (Ueda City, Nagano Pref.)	Revitalization	From August 2023 to November 2023	733

Property Name (Location)	Purpose	Period	Cost of Construction Works (Millions of yen)
AEON MALL KYOTO (Kyoto City, Kyoto Pref.)	Renewal of management devices	From May 2023 to August 2023	46
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of central monitoring boards	From December 2023 to January 2024	80

Additions to Reserves for Long-Term Renovations

None

Asset Management Expenses

(Thousands of yen)

	21st Period February 1, 2023 to July 31, 2023	22nd Period August 1, 2023 to January 31, 2024
Asset management fees (Note)	¥ 938,765	¥ 971,454
Asset management fee I	579,939	615,533
Asset management fee II	358,826	355,921
Asset custody fees	23,053	23,035
Administrative service fees	64,543	68,436
Directors' compensation	5,400	4,500
Other expenses	135,265	140,514
Total	¥1,167,028	¥1,207,940

Note: Asset management fees above do not include fees paid upon acquisition or disposition of real estate that are calculated based on the purchase or sale price. Real estate acquisition fees totaled ¥106,500 thousand in the 21st Period.

Transactions with Related Parties

(1) Purchase and Sale Transactions with Related Parties

Not applicable

(2) Leasing to Related Parties

Lessee	Total Rent Received (Millions of yen)
AEON Mall Co., Ltd.	¥10,704
AEON Retail Co., Ltd.	6,757
AEON Hokkaido Corporation	1,021
AEON KYUSHU Co., Ltd.	764
The Daiei, Inc.	588
AEON TOHOKU Co., Ltd.	511
AEON Global SCM Co., Ltd.	289
AEON CO. (M) BHD. (Note)	26 (835 thousand RM)
Total	¥20,664

Note: The amount of total rent received is converted to Japanese yen using the exchange rate (the average exchange rate during the month prior to the transaction) at the time of the transaction.

(3) Leasing from Related Parties

Lessor	Total Rent Paid (Millions of yen)
AEON Mall Co., Ltd.	¥1,333
AEON Retail Co., Ltd.	895
AEON Hokkaido Corporation	262
AEON TOHOKU Co., Ltd.	185
AEON KYUSHU Co., Ltd.	64
Total	¥2,741

(4) Fees Paid

Type of Fee	Total Fees (A) (Thousands of yen)	Transactions with Related Parties		
		Recipient	Fees Paid (B) (Thousands of yen)	Share of Total Fees (B/A) (%)
Management service fees	¥ 51,143	AEON DELIGHT CO., LTD.	¥ 9,924	19.4
Interest expenses	666,386	AEON BANK, LTD.	15,558	2.3
Insurance expenses	698,835	AEON INSURANCE SERVICE CO., LTD.	698,835	100.0

Notes: 1. The above table includes fees paid for transactions with related parties of the Asset Manager during the 22nd Period.
2. In addition to the fees above, the amount paid to AEON DELIGHT CO., LTD. for repair work during the 22nd Period was ¥385,578 thousand.
3. Interest expenses include financial fees, interests paid and accrued interests.
4. Amounts do not include consumption taxes.

Information Required under Article 22(2)(d) of the EU Alternative Investment Fund Managers Directive (AIFMD)

(1) Material Changes in Information Listed in Article 23 of AIFMD during the Financial Period Covered by the Report (Six-month fiscal period ended January 31, 2024)

In the section under the heading "Techniques it may employ and all associated risks" in Article 23(1) (a), we revised a description regarding an outbreak of infectious or contagious disease.

In the section under the heading "Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established" in Article 23(1) (c), we added a description of United Super Markets Holdings Inc. with which we entered into affiliate support agreements.

In the section under the heading "Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors" in Article 23(1) (i), we updated a description regarding Fiscal Agent.

Risk Factors

An investment in our units involves significant risks. The principal risks with respect to investment in AEON REIT are as follows.

Property and Business Risks

- Any adverse conditions in Japan's retail industry or the Japanese economy could adversely affect us.
- We are dependent on the AEON Group for substantially all of our rental income; therefore, our financial condition and ability to make distributions may be adversely affected by lease terminations by, the bankruptcy or insolvency of, or a downturn in the business of the AEON Group.
- Our reliance on the Sponsor and other AEON Group companies could have a material adverse effect on our business.
- There are potential conflicts of interest between us and certain AEON Group companies, including the Asset Manager.
- As the first J-REIT to hold a property outside of Japan, we are subject to uncertainties to which other J-REITs may not be subject, which may make it difficult to evaluate our prospects.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings.
- Illiquidity in the real estate market may limit our ability to grow or adjust our portfolio and our master lease agreements could make our investments more illiquid.
- The past experience of the AEON Group in the Japanese real estate market is not an indicator or guarantee of our future results.
- The high concentration of retail properties in our portfolio may entail special risks not shared by J-REITs that invest in a more diversified range of real estate or real estate-related assets.
- Any inability to obtain financing for future acquisitions could adversely affect the growth of our portfolio.
- Liquidity and other limitations on our activities under debt financing arrangements may adversely affect our business, financial condition and results of operations.
- Increases in prevailing market interest rates may increase our interest expense and may result in a decline in the market price of our units.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our business, financial condition and results of operations.
- We may suffer impairment losses relating to our properties.
- Decreases in master lessees' leasehold deposits and/or security deposits may increase our funding costs.
- Any property defect may adversely affect our business, financial condition and results of operations.
- We may suffer large losses in the case of a natural or man-made disaster.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- We rely on industry and market data that are subject to significant uncertainties.
- We rely on third parties to evaluate the compliance of properties that we own or may acquire with building codes and earthquake standards, and we may suffer significant costs or incur sizable liabilities if any noncompliance is subsequently discovered.
- The environmental assessments of our properties made prior to our ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Entering into forward commitment contracts or contracts to purchase properties under development may expose us to contractual penalties and market risks.
- Unitholders have limited control over changes in our investment policies.
- Our success depends on the performance of service providers to which we are required to assign various key functions.

- Our performance depends on the efforts of key personnel of the Asset Manager.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.
- The Malaysian ringgit may be subject to exchange controls.
- The Asset Manager has limited experience in operating a J-REIT.
- Our policy to make distributions to our unitholders in excess of our retained earnings is not employed by most J-REITs and is thus subject to uncertainties.

Taxation Risks

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our cash distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations of the Japanese tax laws and regulations we used for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain transfer taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We may be subject to taxes in countries other than Japan due to our investments outside of Japan and our investors may not be able to take advantage of available credits associated with such taxes.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- Our leasehold or subleasehold interests may be terminated or may not be asserted against a third party in some cases.
- Properties for which third parties hold leasehold interests in the land and own the buildings on the land may subject us to various risks.
- Some of the properties we acquire may be designated as reserved land (horyu-chi) or provisionally allocated land (kari-kanchi) and our rights relating to such properties may be affected by the operation of the Land Readjustment Act.
- We may from time to time own properties in the form of stratified ownership (kubun shoyu) interests and our rights relating to such properties may be affected by the rights and intentions of other owners.
- Some of the properties we may acquire may be held in the form of a property or trust beneficiary co-ownership interest, and our rights relating to such properties may be affected by the intentions of other owners.
- We may hold interests in some properties through preferred shares of a special purpose company (tokutei mokuteki kaisha) in the future, and illiquidity in the market for such shares may limit our ability to sell our interest, and our rights relating to the properties held by such special purpose companies may be limited.
- We may hold interests in some properties through Japanese anonymous association (tokumei kumiai) agreements, and our rights relating to such properties may be limited.
- Our Malaysian property or any part of it may be acquired compulsorily.
- We will own most of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- There are important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.

Risks Related to the Impact of Infectious Diseases and Epidemics, Etc.

In the event of an outbreak of infectious or contagious disease, the performance of retail properties owned by AEON REIT may deteriorate due to decreased foot traffic; a decline in demand for those properties may result in their lower market value; and the quality of the services offered by the Asset Manager may be harmed.

AEON REIT Investment Corporation
Balance Sheets

As of July 31, 2023 and January 31, 2024

	(Thousands of yen)		(Thousands of U.S. dollars)
	Previous fiscal period (As of July 31, 2023)	Current fiscal period (As of January 31, 2024)	Current fiscal period (As of January 31, 2024)
Assets			
Current assets			
Cash and deposits (Note 7)	¥ 23,939,480	¥ 28,558,720	$ 193,552
Cash and deposits in trust (Note 7)	9,121,487	9,752,689	66,097
Prepaid expenses	501,357	856,621	5,805
Income taxes receivable	23	23	0
Consumption taxes receivable	728,225	—	—
Other	7,433	7,380	50
Total current assets	34,298,007	39,175,435	265,506
Non-current assets			
Property and equipment (Note 17)			
Land	108,463	108,463	735
Buildings in trust	262,286,229	264,424,721	1,792,102
Accumulated depreciation	(75,454,775)	(80,693,384)	(546,888)
Buildings in trust, net	186,831,453	183,731,337	1,245,214
Structures in trust	2,144,674	2,201,889	14,923
Accumulated depreciation	(1,411,557)	(1,481,473)	(10,040)
Structures in trust, net	733,117	720,416	4,882
Tools, furniture and fixtures in trust	41,408	41,408	280
Accumulated depreciation	(22,411)	(25,920)	(175)
Tools, furniture and fixtures in trust, net	18,996	15,488	104
Land in trust	148,996,928	148,996,928	1,009,806
Total property and equipment	336,688,959	333,572,634	2,260,743
Intangible assets			
Leasehold interests in trust	74,469,416	74,397,089	504,216
Total intangible assets	74,469,416	74,397,089	504,216
Investments and other assets			
Shares of subsidiaries and associates (Note 9)	6,078,453	6,078,453	41,195
Long-term prepaid expenses	656,645	775,451	5,255
Lease and guarantee deposits	10,000	10,000	67
Total investments and other assets	6,745,099	6,863,905	46,519
Total non-current assets	417,903,475	414,833,628	2,811,478
Deferred assets			
Investment unit issuance expenses	48,408	32,983	223
Investment corporation bond issuance costs	235,763	216,302	1,465
Total deferred assets	284,172	249,285	1,689
Total assets	¥452,485,655	¥454,258,350	$3,078,674

	(Thousands of yen)		(Thousands of U.S. dollars)
	Previous fiscal period (As of July 31, 2023)	Current fiscal period (As of January 31, 2024)	Current fiscal period (As of January 31, 2024)
Liabilities			
Current liabilities			
Operating accounts payable	¥ 1,009,143	¥ 1,458,354	$ 9,883
Short-term loans payable	9,300,000	—	—
Current portion of long-term loans payable (Note 9)	20,400,000	19,500,000	132,158
Accounts payable - other	499,196	489,036	3,314
Accrued expenses	108,934	107,493	728
Income taxes payable	605	605	4
Accrued consumption taxes	—	1,375,221	9,320
Provision for loss on disaster	—	84,919	575
Other	196,145	194,022	1,314
Total current liabilities	31,514,025	23,209,651	157,300
Non-current liabilities			
Investment corporation bond (Note 9)	51,000,000	51,000,000	345,645
Long-term loans payable (Note 9)	107,700,000	117,900,000	799,051
Tenant leasehold and security deposits (Note 9)	2,628	2,628	17
Tenant leasehold and security deposits in trust (Note 9)	14,320,296	14,320,296	97,053
Asset retirement obligations (Note 16)	555,835	558,113	3,782
Total non-current liabilities	173,578,760	183,781,038	1,245,550
Total liabilities	205,092,785	206,990,690	1,402,851
Net assets			
Unitholders' equity			
Unitholders' capital (Note 6)	243,428,896	243,428,896	1,649,806
Deduction from unitholders' capital			
Other deduction from unitholders' capital	(3,525,697)	(3,525,697)	(23,894)
Total deduction from unitholders' capital	(3,525,697)	(3,525,697)	(23,894)
Unitholders' capital, net	239,903,198	239,903,198	1,625,911
Surplus			
Voluntary reserve			
Distribution reserve	440,101	374,431	2,537
Total voluntary reserve	440,101	374,431	2,537
Unappropriated retained earnings (undisposed loss)	7,049,570	6,990,029	47,373
Total surplus	7,489,671	7,364,461	49,911
Total unitholders' equity	247,392,870	247,267,660	1,675,822
Total net assets (Note 4)	247,392,870	247,267,660	1,675,822
Total liabilities and net assets	¥452,485,655	¥454,258,350	$3,078,674

The accompanying notes form an integral part of these financial statements.

AEON REIT Investment Corporation
Statements of Income

For the six-month periods ended July 31, 2023 and January 31, 2024

	(Thousands of yen)		(Thousands of U.S. dollars)
	Previous fiscal period (From February 1, 2023 to July 31, 2023)	Current fiscal period (From August 1, 2023 to January 31, 2024)	Current fiscal period (From August 1, 2023 to January 31, 2024)
Operating revenue			
Rent revenue - real estate (Note 5)	¥20,844,445	¥20,887,803	$141,564
Dividends received (Note 5)	163,870	166,959	1,131
Total operating revenue	21,008,316	21,054,762	142,695
Operating expenses			
Expenses related to rent business (Note 5)	11,870,427	11,798,293	79,961
Asset management fee	938,765	971,454	6,583
Asset custody fee	23,053	23,035	156
Administrative service fees	64,543	68,436	463
Directors' compensation	5,400	4,500	30
Taxes and dues	6,270	8,194	55
Other operating expenses	128,994	132,320	896
Total operating expenses	13,037,455	13,006,233	88,147
Operating income	7,970,860	8,048,528	54,547
Non-operating income			
Interest income	152	155	1
Refund of unpaid distributions	878	1,710	11
Interest on tax refund	—	2,166	14
Foreign exchange gains	120	—	—
Total non-operating income	1,151	4,031	27
Non-operating expenses			
Interest expenses	515,866	566,009	3,836
Interest expenses on investment corporation bonds	215,139	216,531	1,467
Amortization of investment unit issuance expenses	15,425	15,425	104
Amortization of investment corporation bond issuance costs	19,461	19,461	131
Borrowing related expenses	157,944	161,330	1,093
Foreign exchange losses	—	87	0
Total non-operating expenses	923,837	978,846	6,633
Ordinary income	7,048,174	7,073,713	47,941
Extraordinary income			
Insurance income (Note 5)	—	12,208	82
Total extraordinary income	—	12,208	82
Extraordinary losses			
Loss on disaster (Note 5)	—	10,368	70
Provision for loss on disaster (Note 5)	—	84,919	575
Total extraordinary losses	—	95,288	645
Income (loss) before income taxes	7,048,174	6,990,634	47,378
Income taxes - current (Note 13)	605	605	4
Total income taxes	605	605	4
Net income (loss)	7,047,569	6,990,029	47,373
Retained earnings brought forward	2,000	—	—
Unappropriated retained earnings (undisposed loss)	¥ 7,049,570	¥ 6,990,029	$ 47,373

The accompanying notes form an integral part of these financial statements.

AEON REIT Investment Corporation Statements of Changes in Net Assets

For the six-month periods ended July 31, 2023 and January 31, 2024

Previous fiscal period (From February 1, 2023 to July 31, 2023)

(Thousands of yen)

	Unitholders' equity									
		Deduction from unitholders' capital			Surplus					
					Voluntary reserve					
	Unitholders' capital	Other deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Distribution reserve	Total voluntary reserve	Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity	Total net assets
Balance at beginning of current period	¥233,010,081	(¥3,525,697)	(¥3,525,697)	¥229,484,384	¥429,190	¥429,190	¥6,724,896	¥7,154,087	¥236,638,471	¥236,638,471
Changes of items during period										
Issuance of new investment units	10,418,814			10,418,814					10,418,814	10,418,814
Provision of distribution reserve					10,910	10,910	(10,910)			
Dividends of surplus							(6,711,985)	(6,711,985)	(6,711,985)	(6,711,985)
Net income							7,047,569	7,047,569	7,047,569	7,047,569
Total changes of items during period	10,418,814	—	—	10,418,814	10,910	10,910	324,673	335,584	10,754,398	10,754,398
Balance at end of current period	¥243,428,896	(¥3,525,697)	(¥3,525,697)	¥239,903,198	¥440,101	¥440,101	¥7,049,570	¥7,489,671	¥247,392,870	¥247,392,870

Current fiscal period (From August 1, 2023 to January 31, 2024)

(Thousands of yen)

	Unitholders' equity									
		Deduction from unitholders' capital			Surplus					
					Voluntary reserve					
	Unitholders' capital	Other deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Distribution reserve	Total voluntary reserve	Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity	Total net assets
Balance at beginning of current period	¥243,428,896	(¥3,525,697)	(¥3,525,697)	¥239,903,198	¥440,101	¥440,101	¥7,049,570	¥7,489,671	¥247,392,870	¥247,392,870
Changes of items during period										
Reversal of distribution reserve					(65,669)	(65,669)	65,669			
Dividends of surplus							(7,115,239)	(7,115,239)	(7,115,239)	(7,115,239)
Net income							6,990,029	6,990,029	6,990,029	6,990,029
Total changes of items during period	—	—	—	—	(65,669)	(65,669)	(59,540)	(125,209)	(125,209)	(125,209)
Balance at end of current period	¥243,428,896	(¥3,525,697)	(¥3,525,697)	¥239,903,198	¥374,431	¥374,431	¥6,990,029	¥7,364,461	¥247,267,660	¥247,267,660

Current fiscal period (From August 1, 2023 to January 31, 2024)

(Thousands of U.S. dollars)

	Unitholders' equity									
		Deduction from unitholders' capital			Surplus					
					Voluntary reserve					
	Unitholders' capital	Other deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Distribution reserve	Total voluntary reserve	Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity	Total net assets
Balance at beginning of current period	$1,649,806	($23,894)	($23,894)	$1,625,911	$2,982	$2,982	$47,777	$50,760	$1,676,671	$1,676,671
Changes of items during period										
Reversal of distribution reserve					(445)	(445)	445			
Dividends of surplus							(48,222)	(48,222)	(48,222)	(48,222)
Net income							47,373	47,373	47,373	47,373
Total changes of items during period	—	—	—	—	(445)	(445)	(403)	(848)	(848)	(848)
Balance at end of current period	$1,649,806	($23,894)	($23,894)	$1,625,911	$2,537	$2,537	$47,373	$49,911	$1,675,822	$1,675,822

The accompanying notes form an integral part of these financial statements.

AEON REIT Investment Corporation
Statements of Cash Distributions

For the six-month periods ended July 31, 2023 and January 31, 2024

Appropriation of Retained Earnings

Pursuant to the policy on the distribution of funds in Article 35, Paragraph 1 of the Articles of Incorporation of the Company, distributions shall be limited to the amount of profit and exceed 90% of the distributable profit of the Company as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation.

For the six month period ended July 31, 2023, the Company decided to distribute ¥7,115,239,200, which is obtained by adding ¥65,669,200 in reversal of distribution reserve (the amount obtained by deducting unappropriated retained earnings from the amount obtained by multiplying the forecast cash distribution per unit for the 21st fiscal period, as disclosed in the earnings forecast made in the previous fiscal period, by the total number of investment units issued and outstanding as of the end of the fiscal period) to ¥7,049,570,000 in unappropriated retained earnings, which is the amount that does not exceed this calculated amount and is the greatest value among integral multiples of 2,123,952, which is the total number of investment units issued and outstanding. Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 21st fiscal period, however, with ¥440,101,162 in distribution reserve which it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.

For the six month period ended January 31, 2024, the Company decided to distribute ¥7,115,239,200, which is obtained by adding ¥125,209,929 in reversal of distribution reserve (the amount obtained by deducting unappropriated retained earnings from the amount obtained by multiplying the forecast cash distribution per unit for the 22nd fiscal period, as disclosed in the earnings forecast made in the previous fiscal period, by the total number of investment units issued and outstanding as of the end of the fiscal period) to ¥6,990,029,271 in unappropriated retained earnings, which is the amount that does not exceed this calculated amount and is the greatest value among integral multiples of 2,123,952, which is the total number of investment units issued and outstanding. Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 22nd fiscal period, however, with ¥374,431,962 in distribution reserve which it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.

Distributions of retained earnings and disposition of undisposed loss for the six-month periods ended July 31, 2023 and January 31, 2024 are as follows:

	For the six-month period ended		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Yen)		(Thousands of U.S. dollars)
Unappropriated retained earnings (undisposed loss)	¥7,049,570,000	¥6,990,029,271	$47,373
Reversal of distribution reserve	65,669,200	125,209,929	848
Total cash distributions	7,115,239,200	7,115,239,200	48,222
Distribution per unit (yen; U.S. dollars)	3,350	3,350	22
Retained earnings brought forward	¥ —	¥ —	$ —

The accompanying notes form an integral part of these financial statements.

AEON REIT Investment Corporation Statements of Cash Flows

For the six-month periods ended July 31, 2023 and January 31, 2024

	(Thousands of yen)		(Thousands of U.S. dollars)
	Previous fiscal period (From February 1, 2023 to July 31, 2023)	Current fiscal period (From August 1, 2023 to January 31, 2024)	Current fiscal period (From August 1, 2023 to January 31, 2024)
Cash flows from operating activities			
Income before income taxes	¥ 7,048,174	¥ 6,990,634	$ 47,378
Depreciation	5,502,443	5,386,639	36,507
Amortization of investment corporation bond issuance costs	19,461	19,461	131
Amortization of investment unit issuance expenses	15,425	15,425	104
Interest income	(152)	(155)	(1)
Interest expenses	731,006	782,541	5,303
Insurance income	—	(12,208)	(82)
Loss on disaster	—	10,368	70
(Decrease) increase in provision for loss on disaster	(48,032)	84,919	575
(Increase) decrease in consumption taxes receivable	(728,225)	728,225	4,935
(Decrease) increase in accrued consumption taxes	(608,287)	1,375,221	9,320
Decrease (increase) in prepaid expenses	306,257	(355,264)	(2,407)
(Decrease) increase in operating accounts payable	(277,482)	580,399	3,933
Increase (decrease) in accounts payable - other	24,946	(10,160)	(68)
Decrease (increase) in long-term prepaid expenses	130,734	(118,806)	(805)
Other, net	19,934	(2,585)	(17)
Subtotal	12,136,204	15,474,655	104,877
Interest income received	152	155	1
Interest expenses paid	(731,311)	(783,981)	(5,313)
Proceeds from insurance income	63,137	12,208	82
Payments for loss on disaster	(12,942)	(2,159)	(14)
Income taxes paid	(608)	(605)	(4)
Net cash provided by operating activities	11,454,632	14,700,272	99,629
Cash flows from investing activities			
Purchase of property and equipment in trust	(23,175,373)	(2,335,105)	(15,825)
Purchase of intangible assets in trust	(1,051,009)	—	—
Net cash used in investing activities	(24,226,382)	(2,335,105)	(15,825)
Cash flows from financing activities			
Proceeds from short-term loans payable	9,300,000	—	—
Repayments of short-term loans payable	—	(9,300,000)	(63,029)
Proceeds from long-term loans payable	—	29,700,000	201,287
Repayments of long-term loans payable	—	(20,400,000)	(138,258)
Proceeds from issuance of investment units	10,383,699	—	—
Dividends paid	(6,710,442)	(7,114,806)	(48,219)
Net cash provided by (used in) financing activities	12,973,257	(7,114,806)	(48,219)
Effect of exchange rate change on cash and cash equivalents	(121)	82	0
Net increase in cash and cash equivalents	201,385	5,250,442	35,584
Cash and cash equivalents at beginning of period	32,859,581	33,060,967	224,066
Cash and cash equivalents at end of period (Note 7)	¥33,060,967	¥38,311,409	$259,650

The accompanying notes form an integral part of these financial statements.

AEON REIT Investment Corporation
Additional Information

For the six-month periods ended July 31, 2023 and January 31, 2024

1. Organization

AEON REIT Investment Corporation (the "Company") is a real estate investment trust mainly investing in retail properties that form local communities' retail business infrastructure.

The Company was established on November 30, 2012, with AEON Reit Management Co., Ltd. as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (the "Investment Trusts Act") and registered with the Kanto Local Finance Bureau on December 20, 2012.

On November 22, 2013, the Company was listed on the real estate investment trust securities market of Tokyo Stock Exchange.

The real estate held by the Company as of January 31, 2024 totaled 49 properties in Japan and overseas, including AEON MALL SEREMBAN 2 it owns through an overseas real estate holding corporation (hereinafter, the "Overseas SPC"), with a total acquisition price of ¥468,332 million. Total leasable area is 4,241,745.30 m² and the occupancy rate of the entire portfolio is 100.0% as of the same date.

2. Basis of Presentation

The Company maintains its books of accounts in accordance with the provisions set forth in the Investment Trusts Act, the Financial Instruments and Exchange Act of Japan and other related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards (hereinafter "IFRS"). The accompanying financial statements have been compiled from the financial statements that were filed with the Director of the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act of Japan.

The accompanying financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the regulation under the Financial Instruments and Exchange Act of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying financial statements in yen do not necessarily agree with the sums of the individual amounts.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥147.55 to $1, the approximate rate of exchange at January 31, 2024. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that or any other rate.

The Company does not prepare consolidated financial statements. The Company has six-month fiscal periods ending January 31 and July 31 of each calendar year.

3. Income Taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

4. Revenue Recognition

Revenue from leasing of retail space includes fixed rental revenue and the amount equivalent to fixed asset tax, city planning tax, and depreciable asset tax, which are all recognized on an accrual basis over the life of each lease.

AEON REIT Investment Corporation
Notes to Financial Statements

For the six-month periods ended July 31, 2023 and January 31, 2024

1. Notes on Assumption of Going Concern

Not applicable

2. Summary of Significant Accounting Policies

(a) Valuation Standard and Method for Securities

Securities

Shares of subsidiaries and associates

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.

(b) Depreciation Method for Non-Current Assets

1) Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed by the straight-line method over the following useful lives:

Buildings in trust	3 to 51 years
Structures in trust	3 to 45 years
Tools, furniture and fixtures in trust	5 to 6 years

2) Intangible assets

Intangible assets are amortized by the straight-line method.

The useful lives of intangible assets are as follows:

Leasehold interests in trust	38 to 46 years

3) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

(c) Accounting for Deferred Assets

1) Investment Unit Issuance Expenses

Investment unit issuance expenses are capitalized and amortized by the straight-line method over three years.

2) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are capitalized and amortized by the straight-line method over the respective terms of the investment corporation bonds.

(d) Accounting for Provisions

Provision for loss on disaster

Of the expenses for restoration work for the properties that were damaged by Typhoon Lan, the amount that was reasonably estimated as of the end of the fiscal period ended January 31, 2024, was recorded as allowance for loss on disaster.

(e) Foreign Currency Translation

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.

(f) Revenue and Expenses

1) Standards for revenue recognition

The details of main performance obligations concerning revenue generated from contracts between AEON REIT and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.

Utilities income

AEON REIT recognizes utilities income in accordance with the supply of water, etc. to the lessee who is a customer based on the lease agreement of real estate and related agreements. Of the utilities income, in the case that AEON REIT deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for water, etc. supplied by the said other parties is recognized as revenue.

2) Property-related Taxes

Property-related taxes, such as fixed asset tax, city planning tax, and depreciable asset tax, are imposed on real property held on a calendar year basis. The amount of such taxes assessed and determined by the local government that corresponds to the respective fiscal period is charged to expense as expenses related to rent business.

Generally, the seller of a property is liable for property-related taxes for the calendar year in which the property is disposed and is reimbursed by the buyer for a tax amount calculated from the date of disposal through the end of the calendar year. The tax amount is not charged to expense but capitalized as part of the acquisition cost for the respective property.

Capitalized property-related taxes for the six-month period ended July 31, 2023 were ¥272,587 thousand.

No property-related taxes were capitalized for the six-month period ended January 31, 2024.

(g) Hedge Accounting

The Company enters into derivative transactions for the purpose of hedging risks defined in the Articles of Incorporation of the Company pursuant to the regulations that stipulate the basic policy of risk management. The Company hedges the risks of fluctuation in interest rates on borrowings using interest rate swaps.

The Company applies the exceptional treatment where interest rate swaps that qualify for hedge accounting and meet specific criteria are not remeasured at fair value but differentials paid or received under swap agreements are recognized and included in interest expenses or income. The Company does not assess hedge effectiveness since the interest rate swaps meet the criteria required for such exceptional treatment.

(h) Cash and Cash Equivalents

Cash and cash equivalents 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 from the date of acquisition.

(i) Other Significant Items Fundamental to Preparing the Financial Statements

1) Accounting Treatment for Trust Beneficiary Rights in Real Estate

For trust beneficiary rights in real estate, all assets and liabilities with respect to assets in trust as well as all revenues generated and expenses incurred with respect to assets in trust are recorded in the relevant accounts for balance sheets and statements of income of the accompanying financial statements.

2) Non-Deductible Consumption Taxes

National and local consumption taxes are excluded from transaction amounts.

3. Significant Accounting Estimates

For the six-month period ended July 31, 2023

Impairment Losses of Non-Current Assets

(1) Balance of subject assets

	(Thousands of yen)
Impairment losses	Not applicable
Property and equipment	¥336,688,959
Intangible assets	74,469,416

(2) Information on the nature of significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, AEON REIT has adopted the accounting treatment to reduce the book value of non-current assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to decline in profitability.

In adopting the accounting treatment, each property owned by AEON REIT is regarded as a single asset group, and AEON REIT determines whether it is required to recognize impairment losses when indications of impairment for the group are deemed to exist due to continued operating losses, significant declines in the market prices, and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount that is based on real estate appraisal value, etc. prepared by third-parties, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, items such as rent, vacancy period, occupancy rate, expenses related to rent business, property ownership period, capital expenditures and discount rate for estimating the recoverable amount are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, including figures set forth in real estate appraisal.

The performance and the market price of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, any change in the assumptions used for the estimates may affect AEON REIT's assets and profit and loss in the following fiscal period.

For the six-month period ended January 31, 2024

Impairment Losses of Non-Current Assets

(1) Balance of subject assets

	(Thousands of yen)	(Thousands of U.S. dollars)
Impairment losses	Not applicable	
Property and equipment	¥333,572,634	$2,260,743
Intangible assets	74,397,089	504,216

(2) Information on the nature of significant accounting estimates for identified items

In accordance with the Accounting Standard for Impairment of Fixed Assets, AEON REIT has adopted the accounting treatment to reduce the book value of non-current assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to decline in profitability.

In adopting the accounting treatment, each property owned by AEON REIT is regarded as a single asset group, and AEON REIT determines whether it is required to recognize impairment losses when indications of impairment for the group are deemed to exist due to continued operating losses, significant declines in the market prices, and significant deterioration of the business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount that is based on real estate appraisal value, etc. prepared by third-parties, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, items such as rent, vacancy period, occupancy rate, expenses related to rent business, property ownership period, capital expenditures and discount rate for estimating the recoverable amount are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, including figures set forth in real estate appraisal.

The performance and the market price of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, any change in the assumptions used for the estimates may affect AEON REIT's assets and profit and loss in the following fiscal period.

4. Balance Sheets

The Company shall maintain its net assets of ¥50,000 thousand or more in accordance with the Investment Trusts Act.

5. Statements of Income

(a) Revenues and Expenses Related to Real Estate Leasing Business

Revenues and expenses related to real estate leasing business for the six-month periods ended July 31, 2023 and January 31, 2024 consist of the following:

	For the six-month period ended		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Revenues related to real estate leasing business			
Rent revenue - real estate			
Rent	¥20,768,288	¥20,768,752	$140,757
Other lease business revenue - real estate	76,156	119,051	806
Total revenues related to real estate leasing business	¥20,844,445	¥20,887,803	$141,564
Expenses related to real estate leasing business			
Expenses related to rent business			
Property and facility management fees	¥ 51,139	¥ 51,143	$ 346
Repairs and maintenance expenses	931,978	963,173	6,527
Insurance expenses	309,562	321,898	2,181
Trust fees	25,271	32,294	218
Land rent paid	2,740,708	2,741,088	18,577
Taxes and dues	2,262,558	2,248,968	15,242
Depreciation	5,502,443	5,386,639	36,507
Water charges	37,876	45,568	308
Other expenses related to rent business	8,888	7,519	50
Total expenses related to real estate leasing business	¥11,870,427	¥11,798,293	$ 79,961
Operating income from real estate leasing business	¥ 8,974,017	¥ 9,089,510	$ 61,602

(b) Breakdown of Dividends Received

For the six month period ended July 31, 2023, the entire amount of the profit available for dividend (RM5,479,843 (¥163,870 thousand) based on the results of the fiscal period ended January 2023 of JAM-BATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends,[Note 3] which were calculated on the following basis.

(Unit: RM (Thousands of yen))

Revenues	RM8,008,432	(¥246,739)
Property operating expenses	640,893	(19,745)
Other expenses	103,869	(3,200)
Unrealized gain from valuation of investment properties	4,000,000	(123,240)
Net profit before taxation	11,263,670	(347,033)
Net profit before taxation after deducting unrealized gain	7,263,670	(223,793)
Tax expense on net income before income taxes after deducting unrealized gain	1,783,827	(54,959)
Profit available for dividend [Note 3]	5,479,843	(163,870)
Dividends [Note 3]	RM5,479,843	(¥163,870)

Notes: 1. The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.
2. For the exchange rate, the period-average exchange rate (RM 1 = JPY 30.81 (rounded down to the second decimal place)) is used.
3. Profit available for dividend and dividends are converted to the yen value by using the forward exchange rate on June 1, 2023 of RM 1 = JPY 29.90 (rounded down to the second decimal place.)

For the six month period ended January 31, 2024, the entire amount of the profit available for dividend (RM5,327,664 (¥166,959 thousand) based on the results of the fiscal period ended July 2023 of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends,[Note 3] which were calculated on the following basis.

(Unit: RM (Thousands of yen))

Revenues	RM8,133,401	(¥247,092)
Property operating expenses	638,621	(19,401)
Other expenses	356,787	(10,839)
Unrealized gain from valuation of investment properties	—	(—)
Net profit before taxation	7,137,993	(216,852)
Net profit before taxation after deducting unrealized gain	7,137,993	(216,852)
Tax expense on net income before income taxes after deducting unrealized gain	1,810,329	(54,997)
Profit available for dividend [Note 3]	5,327,664	(166,959)
Dividends [Note 3]	RM5,327,664	(¥166,959)

Notes: 1. The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.
2. For the exchange rate, the period-average exchange rate (RM 1 = JPY 30.38 (rounded down to the second decimal place)) is used.
3. Profit available for dividend and dividends are converted to the yen value by using the forward exchange rate on December 1, 2023 of RM 1 = JPY 31.33 (rounded down to the second decimal place.)

(c) Breakdown of Extraordinary Income

For the six-month period ended July 31, 2023, the Company recorded no extraordinary income.

For the six-month period ended January 31, 2024, the Company recorded insurance income for the assets damaged by Typhoon Lan (¥12,208 thousand).

(d) Breakdown of Extraordinary Losses

For the six-month period ended July 31, 2023, the Company recorded no extraordinary losses.

For the six-month period ended January 31, 2024, the Company recorded the following extraordinary losses.

1) Loss on disaster

Losses related to the assets damaged by Typhoon Lan (expenses for restoration work) were recognized as loss on disaster (¥10,368 thousand).

2) Provision for loss on disaster

With regard to the assets damaged by Typhoon Lan, expenses for restoration work that were reasonably estimated as of the end of the fiscal period ended January 31, 2024 (¥84,919 thousand) were recorded as provision of allowance for loss on disaster.

6. Statements of Changes in Net Assets

The total number of investment units which the Company is authorized to issue is 10,000,000 units, and the total number of investment units issued and outstanding as of July 31, 2023 and January 31, 2024 is 2,123,952 and 2,123,952 units, respectively.

7. Statements of Cash Flows

Cash and cash equivalents as of July 31, 2023 and January 31, 2024 consist of the following:

	As of		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥23,939,480	¥28,558,720	$193,552
Cash and deposits in trust	9,121,487	9,752,689	66,097
Cash and cash equivalents	¥33,060,967	¥38,311,409	$259,650

8. Leases

The Company leases its retail properties to tenants. The future minimum lease payments to be received under non-cancelable operating leases of properties as of July 31, 2023 and January 31, 2024 are as follows:

	As of		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Due within 1 year	¥ 41,535,276	¥ 41,608,214	$ 281,993
Due after 1 year	121,598,061	109,352,224	741,119
Total	¥163,133,338	¥150,960,439	$1,023,113

9. Financial Instruments

(a) Status of Financial Instruments

(i) Policy for financial instruments

The Company's basic policy is to execute a stable, flexible and efficient financial strategy. It procures funds by borrowing, issuing investment corporation bonds (including short-term investment corporation bonds) and investment units and other means for purposes including portfolio growth through property acquisitions.

The Company enters into derivative transactions only to hedge risks such as risk of fluctuations in interest rates associated with borrowings and exchange rate fluctuation risk associated with operating receivables and payables denominated in foreign currencies.

(ii) Nature and extent of risks arising from financial instruments and risk management

Loans payable and investment corporation bonds are used mainly for acquiring real estate and trust beneficiary rights in real estate.

Tenant leasehold and security deposits in trust are deposits received from 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 Company's operations. Furthermore, for some of the loans payable with floating interest rates, derivative transactions (interest rate swaps) are utilized as hedging instruments in order to hedge the risk of

fluctuations in interest rates and to fix interest expenses. The hedge effectiveness of interest rate swaps is assessed by comparing the cumulative changes in cash flows of hedging instruments and hedged items and based on the respective amount of changes. However, the assessment of hedge effectiveness is omitted for those interest rate swaps that meet the criteria for exceptional treatment.

Derivative transactions are conducted and managed in accordance with 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, the Company manages these risks through preparing monthly financing plans, maintaining liquidity, and other means by its 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.

The Company 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 the Company's earnings. If the yen increasingly appreciates against other currencies, the yen-based value of foreign currency denominated transactions that arise in connection with investments in overseas real estate, etc. may be diminished to negatively impact the Company'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 the yen at the exchange rate prevailing on the closing date for the preparation of financial statements. Due to exchange rate fluctuations, these accounts may negatively affect the Company's net income.

(iii) Supplementary explanations on fair values 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 are used, these values could vary.

(b) Fair Values of Financial Instruments

The following table shows carrying amounts, fair values, and unrealized gains or losses of financial instruments as of July 31, 2023 and January 31, 2024. Stocks, etc. with no market price are not included in the table below.[(Note 2)] Notes on Cash and deposits, Cash and deposits in trust and short-term loans payable are omitted as they are cash and short-term settlements and their fair values approximate their carrying amounts. Notes on Tenant leasehold and security deposits and Tenant leasehold and security deposits in trust are also omitted due to immateriality.

	As of								
	July 31, 2023			January 31, 2024			January 31, 2024		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
	(Thousands of yen)						(Thousands of U.S. dollars)		
(1) Current portion of long-term loans payable	¥ 20,400,000	¥ 20,429,930	¥ 29,930	¥ 19,500,000	¥ 19,610,607	¥ 110,607	$ 132,158	$ 132,908	$ 749
(2) Investment corporation bonds	51,000,000	49,478,700	(1,521,300)	51,000,000	49,497,800	(1,502,200)	345,645	335,464	(10,180)
(3) Long-term loans payable	107,700,000	107,798,535	98,535	117,900,000	117,612,704	(287,295)	799,051	797,104	(1,947)
Total	¥179,100,000	¥177,707,165	(¥1,392,834)	¥188,400,000	¥186,721,112	(¥1,678,887)	$1,276,855	$1,265,476	($11,378)
(4) Derivative transactions	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	$ —	$ —	$ —

Notes: 1. Methods used to calculate fair values of financial instruments

(1) Current portion of long-term loans payable and (3) Long-term loans payable

Because interest rates of long-term loans payable with floating interest rates are to be revised periodically, their carrying amounts approximate fair values. Fair value of long-term loans payable with 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. Fair value of interest rate swaps, to which the exceptional treatment is applied, is included in the fair value of long-term loans payable, a hedged item.

(2) Investment corporation bonds

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

(4) Derivative transactions

Please refer to "11. Derivatives" described below.

2. Carrying amount of financial instruments whose fair value is extremely difficult to determine

	As of		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Shares of subsidiaries and associates	¥6,078,453	¥6,078,453	$41,195
Total	¥6,078,453	¥6,078,453	$41,195

Shares of subsidiaries and associates are not subject to fair value disclosure pursuant to Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments.

3. Repayment schedule for investment corporation bonds and loans payable

July 31, 2023	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
	(Thousands of yen)					
Current portion of long-term loans payable	¥20,400,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	—	—	2,000,000	1,000,000	2,000,000	46,000,000
Long-term loans payable	—	19,500,000	22,200,000	20,400,000	20,300,000	25,300,000
Total	¥20,400,000	¥19,500,000	¥24,200,000	¥21,400,000	¥22,300,000	¥71,300,000

January 31, 2024	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
	(Thousands of yen)					
Current portion of long-term loans payable	¥19,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	—	2,000,000	1,000,000	2,000,000	15,000,000	31,000,000
Long-term loans payable	—	22,200,000	24,300,000	24,800,000	11,100,000	35,500,000
Total	¥19,500,000	¥24,200,000	¥25,300,000	¥26,800,000	¥26,100,000	¥66,500,000

January 31, 2024	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
	(Thousands of U.S. dollars)					
Current portion of long-term loans payable	$132,158	$ —	$ —	$ —	$ —	$ —
Investment corporation bonds	—	13,554	6,777	13,554	101,660	210,098
Long-term loans payable	—	150,457	164,689	168,078	75,228	240,596
Total	$132,158	$164,012	$171,467	$181,633	$176,889	$450,694

10. Investment Securities

(1) Shares of subsidiaries and associates

21st fiscal period (as of July 31, 2023)

Please refer to "9. Financial Instruments, (b) Fair Values of Financial Instruments, Note 2. Carrying amount of financial instruments whose fair value is extremely difficult to determine" above.

22nd fiscal period (as of January 31, 2024)

Please refer to "9. Financial Instruments, (b) Fair Values of Financial Instruments, Note 2. Carrying amount of financial instruments whose fair value is extremely difficult to determine" above.

11. Derivatives

The following table shows derivative transactions, to which hedge accounting is applied, as of July 31, 2023 and January 31, 2024. The Company enters into derivative transactions only for hedging purposes.

As of July 31, 2023

Method of hedge accounting	Type	Hedged item	Contract amount		Fair value
			Total	Due after 1 year	
			(Thousands of yen)		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	¥123,200,000	¥103,500,000	(Note)

As of January 31, 2024

Method of hedge accounting	Type	Hedged item	Contract amount		Fair value	Contract amount		Fair value
			Total	Due after 1 year		Total	Due after 1 year	
			(Thousands of yen)			(Thousands of U.S. dollars)		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	¥ 133,200,000	¥ 117,900,000	(Note)	$902,744	$799,051	(Note)

Note: Interest rate swaps, to which exceptional treatment is applied, are accounted for as a single unit with the hedged item, long-term loans payable. Thus, the fair value of the interest rate swaps is included in the fair value of "(3) Long-term loans payable" in "9. Financial Instruments, (b) Fair Values of Financial Instruments."

12. Retirement Benefits

21st fiscal period (as of July 31, 2023)

Not applicable

22nd fiscal period (as of January 31, 2024)

Not applicable

13. Income Taxes

The following table shows a reconciliation between the statutory tax rate and effective tax rate for the six-month periods ended July 31, 2023 and January 31, 2024.

	For the six-month period ended	
	July 31, 2023	January 31, 2024
	(%)	
Statutory tax rate	31.46	31.46
Deductible cash distributions	(31.76)	(32.02)
Reversal of distribution reserve	0.29	0.56
Other	0.01	0.01
Effective tax rate	0.01	0.01

Deferred tax assets and liabilities consist of the following:

	As of		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Deferred tax assets			
Asset retirement obligations	¥174,865	¥175,582	$1,189
Amortization of leasehold interests	99,092	121,846	825
Tax loss carried forward (Note)	137,363	137,363	930
Subtotal of deferred tax assets	411,321	434,792	2,946
Valuation allowance	(253,673)	(279,027)	(1,891)
Total deferred tax assets	157,648	155,764	1,055
Deferred tax liabilities			
Property and equipment corresponding to the asset retirement obligations	(157,648)	(155,764)	(1,055)
Total deferred tax liabilities	(157,648)	(155,764)	(1,055)
Net deferred tax assets	¥ —	¥ —	$ —

Note: For the tax loss carried forward and the amount of the deferred tax assets by carry-forward period, please refer to "Tax loss carried forward and amount of deferred tax assets by carry-forward period" below.

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

For the six-month period ended July 31, 2023

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
	(Thousands of yen)						
Tax loss carried forward (Note)	¥—	¥—	¥137,363	¥—	¥—	¥—	¥137,363
Valuation allowance	—	—	(137,363)	—	—	—	(137,363)
Total deferred tax assets	¥—	¥—	¥—	¥—	¥—	¥—	¥—

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

For the six-month period ended January 31, 2024

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
	(Thousands of yen)						
Tax loss carried forward (Note)	¥—	¥137,363	¥—	¥—	¥—	¥—	¥137,363
Valuation allowance	—	(137,363)	—	—	—	—	(137,363)
Total deferred tax assets	¥—	¥—	¥—	¥—	¥—	¥—	¥—

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
	(Thousands of U.S. dollars)						
Tax loss carried forward (Note)	$—	$930	$—	$—	$—	$—	$930
Valuation allowance	—	(930)	—	—	—	—	(930)
Total deferred tax assets	$—	$—	$—	$—	$—	$—	$—

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

14. Share of Profit or Loss of Equity-Method Affiliates

21st fiscal period (as of July 31, 2023)

Not applicable

22nd fiscal period (as of January 31, 2024)

Not applicable

15. Related Party Transactions

1. Parent company and major unitholders

21st fiscal period (as of July 31, 2023)

Not applicable

22nd fiscal period (as of January 31, 2024)

Not applicable

2. Affiliates

21st fiscal period (as of July 31, 2023)

Not applicable

22nd fiscal period (as of January 31, 2024)

Not applicable

3. Subsidiaries

As of / For the six-month period ended July 31, 2023

Attribute	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda-ku, Tokyo	¥ 350	Investment management business	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	¥42,381	Real estate business	—
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	¥ 100	Retail business	—
Subsidiary of other affiliate	AEON BANK, LTD.	Chiyoda-ku, Tokyo	¥51,250	Banking business	—
Subsidiary of other affiliates	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—
Officer	Nobuaki Seki	—	—	Executive Director of the Company and Representative Director and President of AEON Reit Management Co., Ltd.	(owned) Direct 0.0%

Notes: 1. The amount of transaction does not include consumption taxes.
2. Transaction terms are determined through price negotiations based on current market prices.
3. Amount of transaction is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).
4. Transaction terms are determined taking into consideration current market prices.
5. The asset management fee represents transactions performed by Nobuaki Seki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Company.

Relationship					
Interlocking directors	Business relationship	Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
Interlocking directorate: 1	Asset manager	Payment of asset management fee (Note 3)	¥ 1,045,265 (Note 1, 2)	Accounts payable - other	¥ 395,045
—	Lessee and recipient of land rent payment	Rent revenue – real estate	¥10,711,381 (Note 1, 2)	Tenant leasehold and security deposits	¥ 2,628
				Tenant leasehold and security deposits in trust	¥ 7,423,251
		Land rent paid, etc.	¥ 1,333,718 (Note 1, 2)	—	—
—	Lessee and recipient of land rent payment	Rent revenue – real estate	¥ 6,750,686 (Note 1, 2)	Tenant leasehold and security deposits in trust	¥ 6,113,373
		Land rent paid, etc.	¥ 895,170 (Note 1, 2)	—	—
—	Lender	—	—	Long-term loans payable	¥ 3,200,000
		—	—	Current portion of long-term loans payable	¥ 700,000
		Interest expenses	¥ 11,780 (Note 1, 2)	Accrued expenses	¥ 775
—	Lessee	Rent revenue - real estate (Note 3)	¥ 25,528 (Note 1, 2, 3)	—	—
Executive Director of the Company and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to asset manager	¥ 1,045,265 (Note 1, 4, 5)	Accounts payable - other	¥ 395,045

As of / For the six-month period ended January 31, 2024

Attribute	Name	Location	Capital stock or investments in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda-ku, Tokyo	¥ 350	Investment management business	—
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	¥42,383	Real estate business	—
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	¥ 100	Retail business	—
Subsidiary of other affiliate	AEON BANK, LTD.	Chiyoda-ku, Tokyo	¥51,250	Banking business	—
Subsidiary of other affiliates	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	—
Officer	Nobuaki Seki	—	—	Executive Director of the Company and Representative Director and President of AEON Reit Management Co., Ltd.	(owned) Direct 0.0%

Notes: 1. The amount of transaction does not include consumption taxes.
2. Transaction terms are determined through price negotiations based on current market prices.
3. Amount of transaction is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).
4. Transaction terms are determined taking into consideration current market prices.
5. The asset management fee represents transactions performed by Nobuaki Seki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of the Company.

Relationship		Nature of transaction	Amount of transaction (Thousands of yen) [Thousands of U.S. dollars]	Account title	Ending balance (Thousands of yen) [Thousands of U.S. dollars]
Interlocking directors	Business relationship				
Interlocking directorate: 1	Asset manager	Payment of asset management fee (Note 3)	¥ 971,454 (Note 1, 2) [$6,583]	Accounts payable - other	¥ 391,514 [$2,653]
—	Lessee and recipient of land rent payment	Rent revenue – real estate	¥10,704,257 (Note 1, 2) [$72,546]	Tenant leasehold and security deposits	¥ 2,628 [$17]
				Tenant leasehold and security deposits in trust	¥7,423,251 [$50,310]
		Land rent paid, etc.	¥ 1,333,783 (Note 1, 2) [$9,039]	—	—
—	Lessee and recipient of land rent payment	Rent revenue – real estate	¥ 6,757,622 (Note 1, 2) [$45,798]	Tenant leasehold and security deposits in trust	¥5,758,394 [$39,026]
		Land rent paid, etc.	¥ 895,515 (Note 1, 2) [$6,069]	—	—
—	Lender	Borrowing of long-term loans payable	¥ 700,000 (Note 1, 2) [$4,744]	Long-term loans payable	¥3,600,000 [$24,398]
		Repayment of long-term loans payable	¥ 700,000 (Note 1, 2) [$4,744]	Current portion of long-term loans payable	¥ 300,000 [$2,033]
		Interest expenses	¥ 11,851 (Note 1, 2) [$80]	Accrued expenses	¥ 652 [$4]
—	Lessee	Rent revenue - real estate (Note 3)	¥ 26,219 (Note 1, 2, 3) [$177]	—	—
Executive Director of the Company and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to asset manager	¥ 971,454 (Note 1, 4, 5) [$6,583]	Accounts payable - other	¥ 391,514 [$2,653]

16. Asset Retirement Obligations

Asset retirement obligations recorded on the balance sheets

1. Overview of the asset retirement obligations

Asset retirement obligations have been recorded as AEON REIT has obligations to restore the sites to their original conditions based on the fixed-term land lease agreements for some of its assets.

2. Calculation method of the amount of the asset retirement obligations

The amount of the asset retirement obligations is calculated by estimating the expected use period of the relevant assets to be the remaining period of the relevant fixed-term land lease agreements (38 to 46 years) and using the discount rates of 0.797% - 0.906%.

3. Change in the total amount of the asset retirement obligations

	For the six-month period ended		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Balance at beginning of current period (Note)	¥457,977	¥555,835	$3,767
Increase in property and equipment	95,587	—	—
Adjustment due to passage of time	2,269	2,278	15
Balance at end of current period	¥555,835	¥558,113	$3,782

Note: Due to increased significance, the amount of the past year is indicated as balance at beginning of current period, starting from the 18th fiscal period.

17. Investment and Rental Properties

The Company holds retail properties for rental purposes. The following table shows the carrying amount and fair value of these rental properties for the six-month periods ended July 31, 2023 and January 31, 2024.

The amounts for the six-month period ended July 31, 2023 and the amounts for the six-month period ended January 31, 2024 do not include AEON MALL SEREMBAN 2 held through the overseas SPC.

	As of / For the six-month period ended		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Thousands of yen)		(Thousands of U.S. dollars)
Carrying amount (Note 1)			
Balance at beginning of period	¥392,472,134	¥411,158,376	$2,786,569
Changes during period (Note 2, 3)	18,686,241	(3,188,652)	(21,610)
Balance at end of period	¥411,158,376	¥407,969,723	$2,764,959
Fair value at end of period (Note 4)	¥492,123,910	¥492,576,888	$3,338,372

Notes: 1. The carrying amount is stated at acquisition cost less accumulated depreciation.
2. Of the changes for the six-month period ended July 31, 2023, the increase is mainly due to acquisition of two properties (AEON MALL Wakayama and AEON MALL Miyakonojo Ekimae) with an acquisition price of ¥21,705,284 thousand, capital expenditures at existing properties amounting to ¥2,385,542 thousand and recording of asset retirement obligations amounting to ¥95,587 thousand, while the decrease is principally attributable to depreciation amounting to ¥5,502,443 thousand.
3. Of the changes for the six-month period ended January 31, 2024, the increase is mainly due to capital expenditures at existing properties amounting to ¥2,195,707 thousand, while the decrease is principally attributable to depreciation amounting to ¥5,384,360 thousand.
4. The fair value at the end of the period is the sum of the appraisal or survey values provided by an independent real estate appraiser.

Please refer to "5. (a) Revenues and Expenses Related to Real Estate Leasing Business" for revenues and expenses related to investment and rental property.

18. Revenue Recognition

For the six-month period ended July 31, 2023

1. Breakdown information on revenue from contracts with customers

For the breakdown information on revenue from contracts with customers, refer to (a) Revenues and Expenses Related to Real Estate Leasing Business in 5. Statements of Income.

Note that (a) Revenues and Expenses Related to Real Estate Leasing Business includes revenue in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13). Furthermore, revenue from contracts with customers mainly represents utilities income (¥37,876 thousand) that is included in Other lease business revenue - real estate.

2. Basic information for understanding revenue from contracts with customers

The information is as described in 2. Summary of Significant Accounting Policies.

3. Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and period of revenues expected to be recognized in the following accounting period or thereafter from contracts with customers existing at the end of the current accounting period

Not applicable

For the six-month period ended January 31, 2024

1. Breakdown information on revenue from contracts with customers

For the breakdown information on revenue from contracts with customers, refer to (a) Revenues and Expenses Related to Real Estate Leasing Business in 5. Statements of Income.

Note that (a) Revenues and Expenses Related to Real Estate Leasing Business includes revenue in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13). Furthermore, revenue from contracts with customers mainly represents utilities income (¥45,568 thousand) that is included in Other lease business revenue - real estate.

2. Basic information for understanding revenue from contracts with customers

The information is as described in 2. Summary of Significant Accounting Policies.

3. Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and period of revenues expected to be recognized in the following accounting period or thereafter from contracts with customers existing at the end of the current accounting period

Not applicable

19. Limitations on Management of Assets

For the six-month period ended July 31, 2023

The Company owns the shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd., which falls under the category of an overseas real estate holding corporation in the sense that the Company holds the shares issued by an overseas real estate holding corporation or equity interests in the corporation with the number of issues or the value of equity interests surpassing the number or value obtained by multiplying the total number of shares issued by the corporation or the total value of the equity interests in the corporation (excluding the treasury shares or equity investment on its own of the corporation) by the rate designated in Article 221 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations. Matters related to JAMBATAN MANSEIBASHI (M) Sdn. Bhd. are as follows. Furthermore, the financial statements based on Malaysia's accounting standards (equivalent to IFRS) have been audited by PwC Malaysia. Audit procedures for the financial statements of the period ended July 2023 have not yet been completed.

(1) Total acquisition price of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

RM240,185,002 (¥6,078,453,998) (Note)

Note: The value converted to Japanese yen from Malaysian Ringgit indicates the sum total of the yen-based payments AEON REIT made in multiple installments for the shares of the Overseas SPC. The amount includes the expenses required for the acquisition of the shares.

(2) Ratio of the number of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. that belong to the Company's assets to the total number of shares issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

100%

(3) Amounts of major items in the balance sheets and statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

With regard to the closing of accounts of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. for the fiscal period ended January 2023 (August 1, 2022 to January 31, 2023), audits have been completed by PwC Malaysia on the basis of Malaysia's accounting standards (equivalent to IFRS). Of the company's audited financial statements for the fiscal period ended January 2023 based on the relevant laws, amounts of major items in the balance sheets and statements of income are as follows.

Items on the balance sheets

	As of January 31, 2023
	RM (Thousands of yen) (Note 1, 2)
Total current assets	RM 20,533,780 (¥ 631,003)
Total non-current assets	169,074,545 (5,195,660)
(Of which, total investment properties)	169,074,545 (5,195,660)
Total current liabilities	826,899 (25,410)
Total non-current liabilities	— (—)
Total net assets	RM188,781,425 (¥5,801,253)

Notes: 1. For the balance sheets, figures of the financial statements prepared on the basis of Malaysia's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standards). RM5,253,852 (¥160,496 thousand) was paid as dividend to the Company on December 8, 2022. In receiving dividends, the Company conducts forward exchange transactions in which the exchange rate for converting RM to Japanese yen is set in advance, and the applied exchange rate for such transactions is RM1 = JPY30.54 (rounded down to the second decimal place).

2. The exchange rate on the closing date (January 31, 2023) (RM1 = JPY30.73; rounded down to the second decimal place) is used for the conversion.

Items on the statements of income

	For the period from August 1, 2022 to January 31, 2023	
	RM (Thousands of yen) (Note 1, 2)	
Net sales	RM8,008,432	(¥246,739)
Income (loss) before income taxes	4,349,354	(134,003)
Net income (loss)	RM2,658,891	(¥ 81,920)

Notes: 1. For the statements of income, figures of the financial statements prepared on the basis of Malaysia's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standards). RM5,479,843 (¥163,870 thousand) was paid as dividend to the Company on June 9, 2023. In receiving dividends, the Company conducts forward exchange transactions in which the exchange rate for converting RM to Japanese yen is set in advance, and the applied exchange rate for such transactions is RM1 = JPY29.90 (rounded down to the second decimal place).
2. The average exchange rate for the period (RM1 = JPY30.81; rounded down to the second decimal place) is used for the conversion.

For the six-month period ended January 31, 2024

The Company owns the shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd., which falls under the category of an overseas real estate holding corporation in the sense that the Company holds the shares issued by an overseas real estate holding corporation or equity interests in the corporation with the number of issues or the value of equity interests surpassing the number or value obtained by multiplying the total number of shares issued by the corporation or the total value of the equity interests in the corporation (excluding the treasury shares or equity investment on its own of the corporation) by the rate designated in Article 221 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations. Matters related to JAMBATAN MANSEIBASHI (M) Sdn. Bhd. are as follows. Furthermore, the financial statements based on Malaysia's accounting standards (equivalent to IFRS) have been audited by PwC Malaysia. Audit procedures for the financial statements of the period ended January 2024 have not yet been completed.

(1) Total acquisition price of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

RM240,185,002 (¥6,078,453,998) (Note)

Note: The value converted to Japanese yen from Malaysian Ringgit indicates the sum total of the yen-based payments AEON REIT made in multiple installments for the shares of the Overseas SPC. The amount includes the expenses required for the acquisition of the shares.

(2) Ratio of the number of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. that belong to the Company's assets to the total number of shares issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

100%

(3) Amounts of major items in the balance sheets and statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

With regard to the closing of accounts of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. for the fiscal period ended July 2023 (February 1, 2023 to July 31, 2023), audits have been completed by PwC Malaysia on the basis of Malaysia's accounting standards (equivalent to IFRS). Of the company's audited financial statements for the fiscal period ended July 2023 based on the relevant laws, amounts of major items in the balance sheets and statements of income are as follows.

Items on the balance sheets

	As of July 31, 2023	
	RM (Thousands of yen) (Note 1, 2)	
Total current assets	RM 20,705,185	(¥ 642,274)
Total non-current assets	166,431,714	(5,162,711)
(Of which, total investment properties)	166,431,714	(5,162,711)
Total current liabilities	1,243,849	(38,584)
Total non-current liabilities	—	(—)
Total net assets	RM185,893,050	(¥5,766,402)

Notes: 1. For the balance sheets, figures of the financial statements prepared on the basis of Malaysia's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standards). RM5,479,843 (¥163,870 thousand) was paid as dividend to the Company on June 9, 2023. In receiving dividends, the Company conducts forward exchange transactions in which the exchange rate for converting RM to Japanese yen is set in advance, and the applied exchange rate for such transactions is RM1 = JPY29.90 (rounded down to the second decimal place).

2. The exchange rate on the closing date (July 31, 2023) (RM1 = JPY31.02; rounded down to the second decimal place) is used for the conversion.

Items on the statements of income

	For the period from February 1, 2023 to July 31, 2023	
	RM (Thousands of yen) (Note 1, 2)	
Net sales	RM8,133,401	(¥247,092)
Income (loss) before income taxes	4,495,162	(136,563)
Net income (loss)	RM2,591,468	(¥ 78,728)

Notes: 1. For the statements of income, figures of the financial statements prepared on the basis of Malaysia's accounting standards (equivalent to IFRS) have been reclassified to figures based on Japanese accounting standards (although disclosure is not based on Japanese accounting standards). RM5,327,664 (¥166,959 thousand) was paid as dividend to the Company on December 8, 2023. In receiving dividends, the Company conducts forward exchange transactions in which the exchange rate for converting RM to Japanese yen is set in advance, and the applied exchange rate for such transactions is RM1 = JPY31.33 (rounded down to the second decimal place).

2. The average exchange rate for the period (RM1 = JPY30.38; rounded down to the second decimal place) is used for the conversion.

20. Segment Information

Segment information for the six-month periods ended July 31, 2023 and January 31, 2024 is omitted as the Company is comprised of a single reportable segment engaged in the real estate leasing business.

Related Information

(i) Information by product and service

For the six-month periods ended July 31, 2023 and January 31, 2024, disclosure is omitted since operating revenue from external customers of products and services within a single category were more than 90% of operating revenue on the statements of income.

(ii) Information by geographical area

Operating revenue

For the six-month periods ended July 31, 2023 and January 31, 2024, disclosure is omitted since operating revenue from external customers in Japan exceeded 90% of operating revenue on the statements of income.

Property and equipment

For the six-month periods ended July 31, 2023 and January 31, 2024, disclosure is omitted since the amount of property and equipment located in Japan exceeded 90% of property and equipment on the balance sheets.

(iii) Information by major customer

Name of customer	Operating revenue for the six-month period ended			Related segment
	July 31, 2023	January 31, 2024	January 31, 2024	
	(Thousands of yen)		(Thousands of U.S. dollars)	
AEON Mall Co., Ltd.	¥10,711,381	¥10,704,257	$72,546	Real estate leasing business
AEON Retail Co., Ltd.	¥ 6,750,686	¥ 6,757,622	$45,798	Real estate leasing business
AEON Hokkaido Corporation	¥ 1,021,738	¥ 1,021,901	$ 6,925	Real estate leasing business
AEON KYUSHU Co., Ltd.	¥ 764,641	¥ 764,466	$ 5,181	Real estate leasing business
The Daiei, Inc.	¥ 626,386	¥ 634,082	$ 4,297	Real estate leasing business
AEON TOHOKU Co., Ltd.	¥ 511,859	¥ 511,832	$ 3,468	Real estate leasing business
AEON Global SCM Co., Ltd.	¥ 289,620	¥ 289,620	$ 1,962	Real estate leasing business
AEON CO. (M) BHD. (Note)	¥ 25,528	¥ 26,219	$ 177	Real estate leasing business

Note: Amount of operating revenue 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).

21. Per Unit Information

Net assets per unit as of July 31, 2023 and January 31, 2024 and net income per unit for the six-month periods then ended are as follows

	As of / For the six-month period ended		
	July 31, 2023	January 31, 2024	January 31, 2024
	(Yen)		(U.S. dollars)
Net assets per unit	¥116,477	¥116,418	$789
Net income per unit	¥ 3,318	¥ 3,291	$ 22
Weighted average number of investment units for the period (Units)	2,123,533	2,123,952	

Net income per unit is calculated by dividing net income by the weighted average number of investment units outstanding during the period. Diluted net income per unit is not presented since there were no potentially dilutive investment units.

22. Subsequent Events

Not applicable

AEON REIT Investment Corporation
Supplemental Schedules

For the six-month periods ended January 31, 2024

1. Securities

(1) Total acquisition price of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

RM240,185,002 (¥6,078,453,998) (Note)

Note: The value converted to Japanese yen from Malaysian Ringgit indicates the sum total of the yen-based payments the Company made in multiple installments for the shares of the Overseas SPC. The amount includes the expenses required for the acquisition of the shares. The estimated value of the shares of the affiliate in question represents the acquisition value since such shares have no market prices.

(2) Ratio of the number of shares of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. that belong to the Company's assets to the total number of shares issued by JAMBATAN MANSEIBASHI (M) Sdn. Bhd.

100%

2. Derivatives

The following table shows derivative transactions, to which hedge accounting is applied, as of January 31, 2024. The Company enters into derivative transactions only for hedging purposes.

Method of hedge accounting	Type	Hedged item	Contract amount		Fair value	Contract amount		Fair value
			Total	Due after 1 year		Total	Due after 1 year	
			(Thousands of yen)			(Thousands of U.S. dollars)		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swaps (fixed rate payment, floating rate receipt)	Long-term loans payable	¥133,200,000	¥117,900,000	¥691,395	$902,744	$799,051	$4,685

Note: Interest rate swaps, to which exceptional treatment is applied, are accounted for as a single unit with the hedged item, long-term loans payable. Thus, the fair value of the interest rate swaps is included in the fair value of "(3) Long-term loans payable" in "9. Financial Instruments, (b) Fair Values of Financial Instruments."

3. Schedule of Property, Equipment and Intangible Assets

Type of Assets		Balance at Beginning of Period (Thousands of yen)	Increase during Period (Thousands of yen)	Decrease during Period (Thousands of yen)	Balance at End of Period (Thousands of yen)	Accumulated Depreciation or Accumulated Amortization (Thousands of yen)	Depreciation during Period (Thousands of yen)	Net Balance at End of Period (Thousands of yen)	Remarks
Property and equipment	Land	¥ 108,463	¥ —	¥—	¥ 108,463	¥ —	¥ —	¥ 108,463	—
	Buildings in trust	262,286,229	2,138,492	—	264,424,721	(80,693,384)	(5,238,608)	183,731,337	(Note)
	Structures in trust	2,144,674	57,215	—	2,201,889	(1,481,473)	(69,916)	720,416	(Note)
	Tools, furniture and fixtures in trust	41,408	—	—	41,408	(25,920)	(3,508)	15,488	—
	Land in trust	148,996,928	—	—	148,996,928	—	—	148,996,928	—
	Subtotal	413,577,704	2,195,707	—	415,773,412	(82,200,778)	(5,312,033)	333,572,634	—
Intangible assets	Leasehold interests in trust	74,784,394	—	—	74,784,394	(387,304)	(72,326)	74,397,089	—
	Subtotal	74,784,394	—	—	74,784,394	(387,304)	(72,326)	74,397,089	—
Total		¥488,362,098	¥2,195,707	¥—	¥490,557,806	(¥82,588,083)	(¥5,384,360)	¥407,969,723	—

Note: The increase is mainly due to capital expenditures at existing properties amounting to ¥2,195,707 thousand.

4. Other Specified Assets

(1) Interest swap transactions are stated in 2. Derivatives.

(2) Trust beneficiary rights in real estate are included in "3. Schedule of Property, Equipment and Intangible Assets."

(3) As of the end of the fiscal period for the six-month period ended January 31, 2024, AEON REIT has no other specified assets.

5. Investment Corporation Bonds (as of January 31, 2024)

Bond	Issue Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Interest Rate (%)	Maturity Date	Redemption Method	Use of Funds	Remarks
1st unsecured investment corporation bonds	October 13, 2015	¥ 2,000	¥ 2,000	0.961	October 10, 2025	Bullet repayment (Note 1)	(Note 2)	Unsecured and unguaranteed (Note 5)
2nd unsecured investment corporation bonds	October 19, 2016	1,000	1,000	0.470	October 20, 2026	Bullet repayment (Note 1)	(Note 2)	Unsecured and unguaranteed (Note 5)
3rd unsecured investment corporation bonds	October 19, 2016	1,000	1,000	1.200	October 20, 2036	Bullet repayment (Note 1)	(Note 2)	Unsecured and unguaranteed (Note 5)
4th unsecured investment corporation bonds	December 8, 2017	2,000	2,000	0.680	December 8, 2027	Bullet repayment (Note 1)	(Note 2)	Unsecured and unguaranteed (Note 5)
5th unsecured investment corporation bonds	December 7, 2018	15,000	15,000	0.783	December 7, 2028	Bullet repayment (Note 1)	(Note 2)	Unsecured and unguaranteed (Note 6)
6th unsecured investment corporation bonds (green bonds)	December 6, 2019	12,000	12,000	0.726	December 6, 2029	Bullet repayment (Note 1)	(Note 3)	Unsecured and unguaranteed (Note 6)
7th unsecured investment corporation bonds (sustainability bonds)	December 4, 2020	18,000	18,000	0.992	December 4, 2030	Bullet repayment (Note 1)	(Note 4)	Unsecured and unguaranteed (Note 6)
Total investment corporation bonds	—	¥51,000	¥51,000	—	—	—	—	—

Notes: 1. AEON REIT is allowed to redeem the investment corporation bonds by purchase at any time on and after the day following the payment date, unless otherwise stipulated by the depository.
2. The funds are used for repayment of loans.
3. The funds are used for repayment of loans allocated for the acquisition of Green Qualified Assets.
4. The bonds are used to fund repayment of loans allocated for the acquisition of Sustainability Qualified Assets.
Furthermore, Sustainability Qualified Assets refer to properties that meet both the Sustainability eligibility criteria 1 (Green Projects) and Sustainability eligibility criteria 2 (Social Projects) below.
Sustainability eligibility criteria 1: Relevant properties that have obtained or are expected to obtain any predetermined certification
Sustainability eligibility criteria 2: Projects that meet two or more items from (i) through (v) below and are deemed to contribute to realizing fulfilled lives of people and to local communities as life infrastructure assets of the local communities
(i) Facilities that are sufficiently creating local employment
(ii) Facilities that can supply necessary resources and evacuation spaces at the time of disaster, based on the disaster prevention agreements concluded with local governments
(iii) Facilities that contribute to healthy and cultural lives of community people, with childcare facilities or medical facilities housed as tenants
(iv) Facilities that serve as basic infrastructure for the daily lives of community people, with such public tenants as post offices housed
(v) Facilities that offer barrier-free or gender-free facilities
5. The investment corporation bonds are equipped with pari passu clause among specified investment corporation bonds.
6. The investment corporation bonds are equipped with pari passu clause among investment corporation bonds.

7. Amounts of investment corporation bonds to be redeemed for each year during the five years after the balance sheet date are as follows.

	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
January 31, 2024			(Thousands of yen)		
Investment corporation bonds	—	¥2,000,000	¥1,000,000	¥2,000,000	¥15,000,000

	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
January 31, 2024			(Thousands of U.S. dollars)		
Investment corporation bonds	—	$13,554	$6,777	$13,554	$101,660

6. Borrowings

Loans by lender as of January 31, 2024 are as follows.

Short-Term Loans Payable

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	February 1, 2023	¥3,100	¥ —	0.29000	February 1, 2024 (Note 7)	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		3,100	—					
Sumitomo Mitsui Trust Bank, Limited		3,100	—					
Total	—	¥9,300	¥ —	—	—	—	—	—

Current Portion of Long-Term Loans Payable

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	November 25, 2013	¥ 1,000	¥ —	1.76375 (Note 2)	October 20, 2023	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,000	—					
San ju San Bank, Ltd.		1,000	—					
MUFG Bank, Ltd.		1,000	—					
Sumitomo Mitsui Trust Bank, Limited		1,000	—					
MUFG Bank, Ltd.	October 20, 2016	1,500	—	0.61375 (Note 2)	October 20, 2023	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.		900	—					
Sumitomo Mitsui Banking Corporation		900	—					
Mizuho Trust & Banking Co., Ltd.		900	—					
Sumitomo Mitsui Trust Bank, Limited		800	—					
The Norinchukin Bank		700	—					
Resona Bank, Ltd.		400	—					
Development Bank of Japan Inc.		400	—					
AEON BANK, LTD.		200	—					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	December 27, 2017	1,200	—	0.52270 (Note 2)	October 20, 2023	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	—					
Sumitomo Mitsui Trust Bank, Limited		800	—					
The Juroku Bank, Ltd.		300	—					
Momiji Bank, Ltd.		300	—					
The Hiroshima Bank, Ltd.	December 27, 2017	300	—	0.60000	October 20, 2023	Bullet repayment	(Note 4)	Unsecured and unguaranteed
The Hyakugo Bank, Ltd.	October 22, 2018	900	—	0.59700 (Note 2)	October 20, 2023	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		800	—					
Mizuho Bank, Ltd.		500	—					
The Norinchukin Bank		500	—					
AEON BANK, LTD.		500	—					
Resona Bank, Ltd.		400	—					
The 77 Bank, Ltd.		400	—					
Sumitomo Mitsui Banking Corporation		300	—					
Mizuho Trust & Banking Co., Ltd.		300	—					
The Hiroshima Bank, Ltd.	October 22, 2018	400	—	0.64000	October 20, 2023	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.	February 27, 2015	—	1,300	1.40390 (Note 2)	October 21, 2024	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		—	1,000					
Sumitomo Mitsui Trust Bank, Limited		—	1,000					
MUFG Bank, Ltd.		—	900					
San ju San Bank, Ltd.		—	300					
MUFG Bank, Ltd.	March 28, 2017	—	1,300	0.83800 (Note 2)	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.		—	1,100					
Sumitomo Mitsui Banking Corporation		—	900					
Sumitomo Mitsui Trust Bank, Limited		—	800					
Development Bank of Japan Inc.		—	700					
The Norinchukin Bank		—	500					
SBI Shinsei Bank, Limited		—	500					
Mizuho Trust & Banking Co., Ltd.		—	400					
AEON BANK, LTD.		—	300					
Nippon Life Insurance Company		—	300					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2020	—	1,100	0.35900 (Note 2)	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		—	800					
Sumitomo Mitsui Trust Bank, Limited		—	800					
MUFG Bank, Ltd.		—	800					
Mizuho Trust & Banking Co., Ltd.		—	300					
Development Bank of Japan Inc.		—	200					
Mizuho Bank, Ltd.	October 20, 2022	—	800	0.29054	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		—	700					
Sumitomo Mitsui Trust Bank, Limited		—	700					
MUFG Bank, Ltd.		—	700					
Daiwa Next Bank, Ltd.		—	400					
Mizuho Trust & Banking Co., Ltd.		—	300					
SBI Shinsei Bank, Limited		—	200					
The Kiyo Bank, Ltd.		—	200					
San ju San Bank, Ltd.		—	100					
Resona Bank, Ltd.		—	100					
Subtotal	—	¥20,400	¥19,500	—	—	—	—	—

Long-Term Loans Payable (Note 8)

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	February 27, 2015	1,300	—	1.40390 (Note 2)	October 21, 2024	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,000	—					
Sumitomo Mitsui Trust Bank, Limited		1,000	—					
MUFG Bank, Ltd.		900	—					
San ju San Bank, Ltd.		300	—					
Mizuho Bank, Ltd.	February 29, 2016	600	600	1.40730 (Note 2)	October 20, 2027	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		400	400					
Mizuho Bank, Ltd.	May 31, 2016	1,500	1,500	0.99100 (Note 2)	October 20, 2025	Bullet repayment	(Note 3)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,500	1,500					
Sumitomo Mitsui Trust Bank, Limited		1,500	1,500					
MUFG Bank, Ltd.		1,500	1,500					
AEON BANK, LTD.		300	300					
San ju San Bank, Ltd.		300	300					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2016	900	900	0.87250 (Note 2)	October 20, 2025	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		700	700					
Sumitomo Mitsui Trust Bank, Limited		600	600					
MUFG Bank, Ltd.		500	500					
Mizuho Bank, Ltd.	October 20, 2016	1,000	1,000	1.00300 (Note 2)	October 20, 2026	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,000	1,000					
Sumitomo Mitsui Trust Bank, Limited		800	800					
MUFG Bank, Ltd.		800	800					
San ju San Bank, Ltd.		300	300					
AEON BANK, LTD.		200	200					
MUFG Bank, Ltd.	March 28, 2017	1,300	—	0.83800 (Note 2)	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.		1,100	—					
Sumitomo Mitsui Banking Corporation		900	—					
Sumitomo Mitsui Trust Bank, Limited		800	—					
Development Bank of Japan Inc.		700	—					
The Norinchukin Bank		500	—					
SBI Shinsei Bank, Limited		500	—					
Mizuho Trust & Banking Co., Ltd.		400	—					
AEON BANK, LTD.		300	—					
Nippon Life Insurance Company		300	—					
Mizuho Bank, Ltd.	March 28, 2017	800	800	1.09710 (Note 2)	October 20, 2026	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	800					
Sumitomo Mitsui Trust Bank, Limited		800	800					
Meiji Yasuda Life Insurance Company		800	800					
MUFG Bank, Ltd.		700	700					
San ju San Bank, Ltd.		600	600					
AEON BANK, LTD.		500	500					
Mizuho Bank, Ltd.	October 22, 2018	900	900	0.85100 (Note 2)	October 20, 2025	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		800	800					
Sumitomo Mitsui Banking Corporation		500	500					
Sumitomo Mitsui Trust Bank, Limited		500	500					
The Norinchukin Bank		500	500					
Mizuho Trust & Banking Co., Ltd.		400	400					
AEON BANK, LTD.		400	400					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2020	1,100	—	0.35900 (Note 2)	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	—					
Sumitomo Mitsui Trust Bank, Limited		800	—					
MUFG Bank, Ltd.		800	—					
Mizuho Trust & Banking Co., Ltd.		300	—					
Development Bank of Japan Inc.		200	—					
Mizuho Bank, Ltd.	October 20, 2020	1,200	1,200	0.51400 (Note 2)	October 20, 2026	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		900	900					
Sumitomo Mitsui Trust Bank, Limited		900	900					
MUFG Bank, Ltd.		900	900					
The Norinchukin Bank		300	300					
Development Bank of Japan Inc.		300	300					
San ju San Bank, Ltd.		300	300					
Mizuho Bank, Ltd.	October 20, 2020	800	800	0.61400 (Note 2)	October 20, 2027	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	800					
Sumitomo Mitsui Trust Bank, Limited		800	800					
MUFG Bank, Ltd.		800	800					
Development Bank of Japan Inc.		700	700					
The Norinchukin Bank		400	400					
Mizuho Trust & Banking Co., Ltd.		400	400					
San ju San Bank, Ltd.		300	300					
MUFG Bank, Ltd.	October 20, 2021	2,000	2,000	0.46000 (Note 2)	October 20, 2026	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.		800	800					
Sumitomo Mitsui Banking Corporation		700	700					
Sumitomo Mitsui Trust Bank, Limited		500	500					
Mizuho Trust & Banking Co., Ltd.		500	500					
The Gunma Bank, Ltd.		500	500					
AEON BANK, LTD.		300	300					
The Hyakugo Bank, Ltd.		300	300					
The Hiroshima Bank, Ltd.		300	300					
Kansai Mirai Bank, Limited		300	300					
The Nishi-Nippon City Bank, Ltd.		300	300					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
MUFG Bank, Ltd.	October 20, 2021	1,900	1,900	0.64900 (Note 2)	October 20, 2028	Bullet repayment	(Note 4)	Unsecured and unguaranteed
The Norinchukin Bank		1,200	1,200					
Mizuho Trust & Banking Co., Ltd.		700	700					
Development Bank of Japan Inc.		500	500					
The Yamaguchi Bank, Ltd.		500	500					
Mizuho Bank, Ltd.		300	300					
San ju San Bank, Ltd.		300	300					
The 77 Bank, Ltd.		300	300					
Kansai Mirai Bank, Limited		300	300					
Sumitomo Mitsui Banking Corporation		200	200					
Sumitomo Mitsui Trust Bank, Limited		200	200					
The Nishi-Nippon City Bank, Ltd.		200	200					
The Norinchukin Bank	October 20, 2021	1,400	1,400	0.76900 (Note 2)	October 22, 2029	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Trust & Banking Co., Ltd.		500	500					
Mizuho Bank, Ltd.		400	400					
Sumitomo Mitsui Banking Corporation		400	400					
Sumitomo Mitsui Trust Bank, Limited		400	400					
Development Bank of Japan Inc.		400	400					
Mizuho Bank, Ltd.	October 20, 2021	1,000	1,000	0.99700 (Note 2)	October 20, 2031	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	800					
Sumitomo Mitsui Trust Bank, Limited		700	700					
Mizuho Bank, Ltd.	March 22, 2022	1,000	1,000	0.42150 (Note 2)	October 20, 2025	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		1,000	1,000					
The Hyakugo Bank, Ltd.		300	300					
Daiwa Next Bank, Ltd.		300	300					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
MUFG Bank, Ltd.	March 22, 2022	1,000	1,000	0.62050 (Note 2)	October 20, 2027	Bullet repayment	(Note 4)	Unsecured and unguaranteed
The Gunma Bank, Ltd.		1,000	1,000					
Sumitomo Mitsui Banking Corporation		700	700					
Sumitomo Mitsui Trust Bank, Limited		700	700					
San ju San Bank, Ltd.		700	700					
Daiwa Next Bank, Ltd.		700	700					
AEON BANK, LTD.		600	600					
The Hiroshima Bank, Ltd.		600	600					
Mizuho Bank, Ltd.		500	500					
The Norinchukin Bank		500	500					
Mizuho Trust & Banking Co., Ltd.		500	500					
Development Bank of Japan Inc.		300	300					
SBI Shinsei Bank, Limited		300	300					
The Yamaguchi Bank, Ltd.		300	300					
Kansai Mirai Bank, Limited		200	200					
The Norinchukin Bank	March 22, 2022	1,000	1,000	0.89600 (Note 6)	October 22, 2029	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		700	700					
SBI Shinsei Bank, Limited		700	700					
The Yamaguchi Bank, Ltd.		600	600					
Mizuho Bank, Ltd.		500	500					
Sumitomo Mitsui Trust Bank, Limited		500	500					
Mizuho Trust & Banking Co., Ltd.		400	400					
Development Bank of Japan Inc.		400	400					
The 77 Bank, Ltd.		300	300					
Mizuho Bank, Ltd.	March 22, 2022	1,000	1,000	1.13010 (Note 2)	October 20, 2031	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		1,000	1,000					
Sumitomo Mitsui Trust Bank, Limited		1,000	1,000					
Mizuho Bank, Ltd.	October 20, 2022	800	—	0.29054	October 21, 2024	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		700	—					
Sumitomo Mitsui Trust Bank, Limited		700	—					
MUFG Bank, Ltd.		700	—					
Daiwa Next Bank, Ltd.		400	—					
Mizuho Trust & Banking Co., Ltd.		300	—					
SBI Shinsei Bank, Limited		200	—					
The Kiyo Bank, Ltd.		200	—					
San ju San Bank, Ltd.		100	—					
Resona Bank, Ltd.		100	—					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2022	600	600	0.52750 (Note 2)	October 20, 2025	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		600	600					
MUFG Bank, Ltd.		500	500					
Sumitomo Mitsui Trust Bank, Limited		400	400					
SBI Shinsei Bank, Limited		300	300					
The Nishi-Nippon City Bank, Ltd.		200	200					
Development Bank of Japan Inc.		100	100					
The Hyakugo Bank, Ltd.		100	100					
Resona Bank, Ltd.		100	100					
The Chiba Bank, Ltd.		100	100					
The Norinchukin Bank	October 20, 2022	800	800	0.80750 (Note 2)	October 20, 2027	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Mizuho Bank, Ltd.		700	700					
Sumitomo Mitsui Banking Corporation		500	500					
Development Bank of Japan Inc.		500	500					
AEON BANK, LTD.		500	500					
The Hyakugo Bank, Ltd.		500	500					
MUFG Bank, Ltd.		400	400					
San ju San Bank, Ltd.		400	400					
The Hiroshima Bank, Ltd.		400	400					
Sumitomo Mitsui Trust Bank, Limited		300	300					
Mizuho Trust & Banking Co., Ltd.		300	300					
The Chiba Bank, Ltd.		200	200					
The Nishi-Nippon City Bank, Ltd.		200	200					
Mizuho Bank, Ltd.	October 20, 2022	900	900	1.10300 (Note 2)	October 22, 2029	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		800	800					
MUFG Bank, Ltd.		700	700					
Sumitomo Mitsui Trust Bank, Limited		600	600					
Mizuho Trust & Banking Co., Ltd.		400	400					
SBI Shinsei Bank, Limited		300	300					
The Norinchukin Bank		200	200					
Resona Bank, Ltd.		200	200					
Daiwa Next Bank, Ltd.		200	200					
The Kiyo Bank, Ltd.		200	200					
AEON BANK, LTD.		100	100					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2023	—	700	0.69160 (Note 2)	October 20, 2026	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		—	700					
MUFG Bank, Ltd.		—	700					
Sumitomo Mitsui Trust Bank, Limited		—	600					
Mizuho Trust & Banking Co., Ltd.		—	400					
Daiwa Next Bank, Ltd.		—	300					
The Kiyo Bank, Ltd.		—	300					
San ju San Bank, Ltd.		—	200					
Mizuho Bank, Ltd.	October 20, 2023	—	900	0.88130 (Note 2)	October 20, 2027	Bullet repayment	(Note 4)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation		—	900					
MUFG Bank, Ltd.		—	900					
Sumitomo Mitsui Trust Bank, Limited		—	800					
Mizuho Trust & Banking Co., Ltd.		—	400					
The Hyakugo Bank, Ltd.		—	400					
Development Bank of Japan Inc.		—	200					
Mizuho Bank, Ltd.	October 20, 2023	—	600	1.05400 (Note 2)	October 20, 2028	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		—	500					
AEON BANK, LTD.		—	500					
Sumitomo Mitsui Banking Corporation		—	400					
Sumitomo Mitsui Trust Bank, Limited		—	400					
The Norinchukin Bank		—	400					
San ju San Bank, Ltd.		—	400					
The Hiroshima Bank, Ltd.		—	400					
Resona Bank, Ltd.		—	400					
The Yamaguchi Bank, Ltd.		—	300					
The 77 Bank, Ltd.		—	200					
Mizuho Bank, Ltd.	October 20, 2023	—	500	1.25600 (Note 2)	October 22, 2029	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		—	500					
The Hyakugo Bank, Ltd.		—	500					
Sumitomo Mitsui Banking Corporation		—	400					
The Norinchukin Bank		—	400					
San ju San Bank, Ltd.		—	400					
Resona Bank, Ltd.		—	400					
Sumitomo Mitsui Trust Bank, Limited		—	300					
The Hiroshima Bank, Ltd.		—	300					
Mizuho Trust & Banking Co., Ltd.		—	200					
Development Bank of Japan Inc.		—	200					
AEON BANK, LTD.		—	200					
The 77 Bank, Ltd.		—	200					

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Mizuho Bank, Ltd.	October 20, 2023	—	800	1.44200 (Note 2)	October 21, 2030	Bullet repayment	(Note 4)	Unsecured and unguaranteed
MUFG Bank, Ltd.		—	700					
Sumitomo Mitsui Banking Corporation		—	500					
Sumitomo Mitsui Trust Bank, Limited		—	400					
The Norinchukin Bank		—	400					
Mizuho Trust & Banking Co., Ltd.		—	200					
Subtotal	—	¥104,400	¥105,300	—	—	—	—	—

Long-Term Loans Payable (Green Finance and Green J-REIT Trust) (Note 8)

Lender	Drawdown Date	Balance at Beginning of Period (Millions of yen)	Balance at End of Period (Millions of yen)	Average Interest Rate (Note 1) (%)	Repayment Date	Repayment Method	Use of Funds	Remarks
Sumitomo Mitsui Trust Bank, Limited (Trust unit) (green finance)	October 20, 2022	¥ 3,300	¥ 3,300	0.52750 (Note 2)	October 20, 2025	Bullet repayment	(Note 5)	Unsecured and unguaranteed
Mitsubishi UFJ Trust and Banking Corporation (Trust unit) (green J-REIT trust)	October 20, 2023	—	5,300	1.42200 (Note 2)	October 21, 2030	Bullet repayment	(Note 5)	Unsecured and unguaranteed
Mitsubishi UFJ Trust and Banking Corporation (Trust unit) (green J-REIT trust)	October 20, 2023	—	4,000	1.60000 (Note 2)	October 20, 2031	Bullet repayment	(Note 5)	Unsecured and unguaranteed
Subtotal	—	¥ 3,300	¥ 12,600	—	—	—	—	—
Total long-term loans	—	¥128,100	¥137,400	—	—	—	—	—
Total borrowings	—	¥137,400	¥137,400	—	—	—	—	—

Notes: 1. The average interest rate represents the weighted average of the interest rates of each loan agreement at period-end. For loans covered by interest rate swaps conducted to hedge the interest rate fluctuation risk, the weighted average reflecting the swaps is indicated.
2. Although these loans have variable interest rates, the interest payables have been fixed through interest rate swaps. Accordingly, the weighted average reflecting the swaps is indicated.
3. The loans are used for acquiring trust beneficiary rights in real estate.
4. The loans are used to partially fund refinancing of loans.
5. The loans are used to fund repayment of loans allocated for the acquisition of Green Qualified Assets.
Furthermore, Green Qualified Assets refer to properties that meet either the Qualification criteria 1 or Qualification criteria 2 below. The same shall apply hereafter.
Qualification criteria 1: Relevant properties have obtained or are expected to obtain any specified certification
Qualification criteria 2: Real estate under management has undergone facility renovations aimed at making improvements that are beneficial from an environmental perspective, such as energy efficiency and water consumption performance
6. Although these loans have variable interest rates, the interest payables have been fixed through a sustainability derivatives agreement. Accordingly, the weighted average reflecting the interest rate swaps is indicated.
7. AEON REIT made early repayment of these loans in full amount on October 20, 2023 by using funds refinanced as of the same day.
8. The following table shows the scheduled annual repayments of long-term loans payable that will be due within five years (excluding repayments that will be due within one year) of the balance sheet date.

	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
January 31, 2024	(Thousands of yen)			
Long-term loans payable	¥22,200,000	¥24,300,000	¥24,800,000	¥11,100,000
Total	¥22,200,000	¥24,300,000	¥24,800,000	¥11,100,000

	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
January 31, 2024	(Thousands of U.S. dollars)			
Long-term loans payable	$150,457	$164,689	$168,078	$75,228
Total	$150,457	$164,689	$168,078	$75,228



Independent Auditor's Report

To the Board of Directors of AEON REIT Investment Corporation

THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AEON REIT Investment Corporation (the Company), which comprise the balance sheets as at January 31, 2024, and the statements of income, statements of changes in net assets, statements of cash distributions and statements of cash flows for the six months period then ended, and notes to the financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2024, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the semi-annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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T: +81 (3) 6212 6800, F: +81 (3) 6212 6801, www.pwc.com/jp/assurance



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended January 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Additional Information to the financial statements.

FEE-RELATED INFORMATION

In connection with our audit of the financial statements for the six months period ended January 31, 2024, the amounts of fees for the audit and the other services charged to the Company and its controlled entity by PricewaterhouseCoopers Japan LLC and other PwC Network firms are disclosed in "5.Matters Concerning Officers" included in “Highly Transparent Management Structure” of the Semi-Annual Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Mitsuo Tsuruta

Designated Engagement Partner
Certified Public Accountant

Takashi Sato

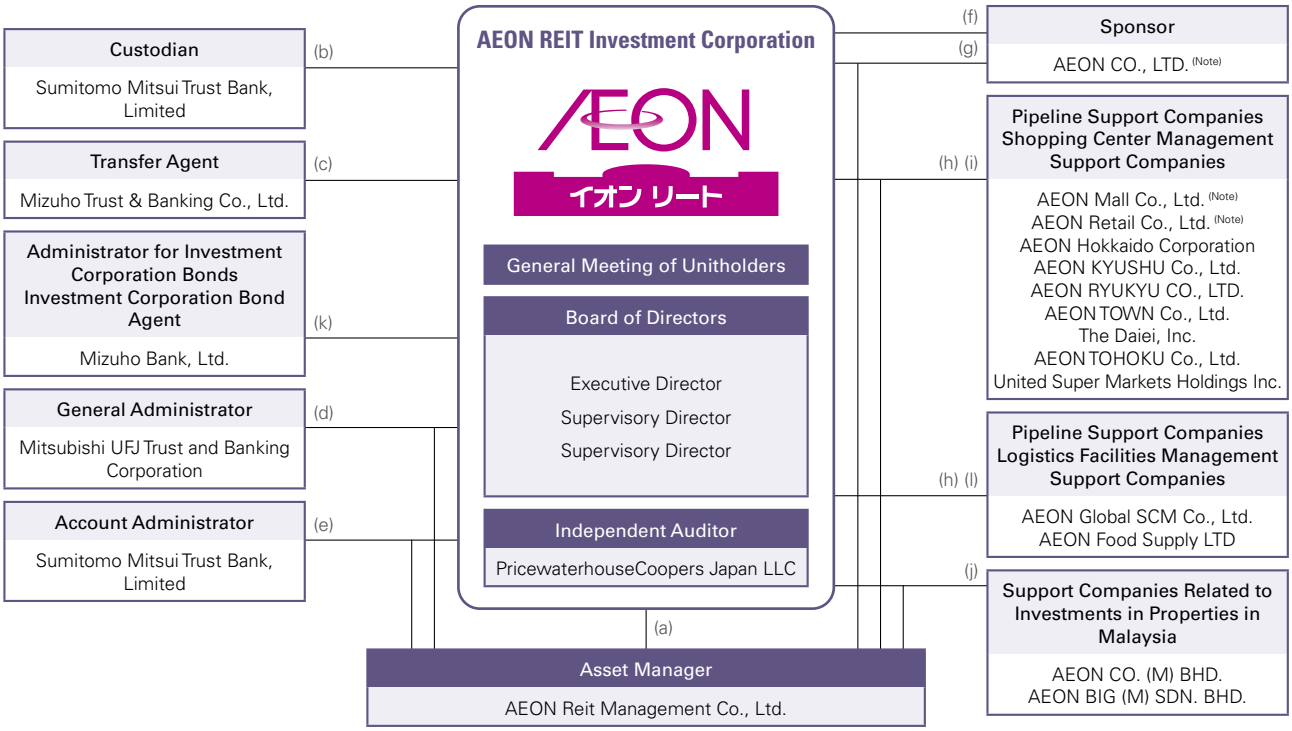
Designated Engagement Partner
Certified Public Accountant

May 21,2024

The original copy of the Independent Auditor's Report is in the Asset Manager, AEON Reit Management Co., Ltd.

Structure and Formation of Investment Corporation / Profile of the Asset Manager

Structure and Formation of AEON REIT Investment Corporation

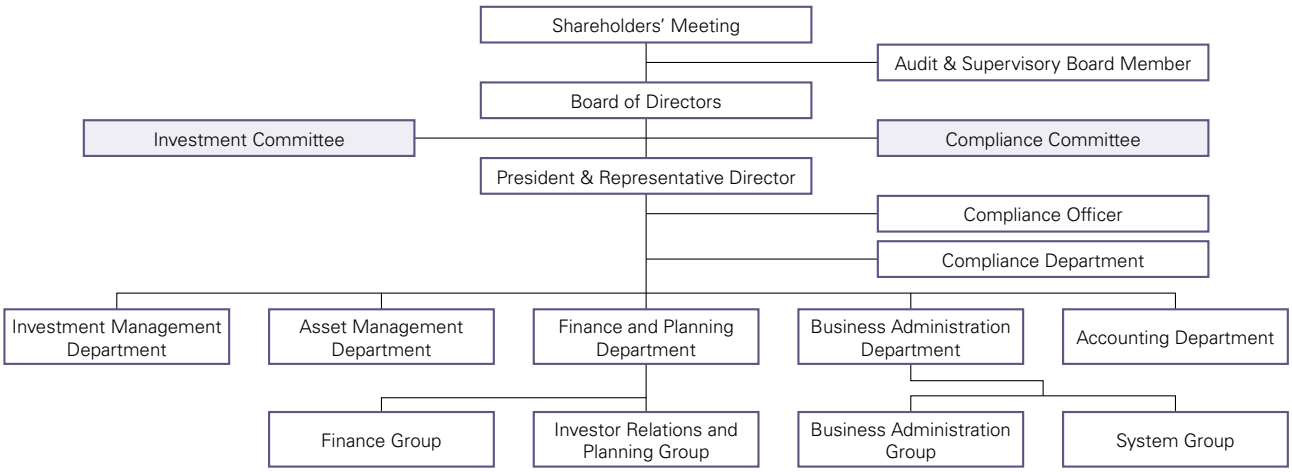


(a) Asset management agreement
(b) Asset custody agreement
(c) Transfer agency agreement
(d) General administration agreement
(e) Account administration agreement
(f) Trademark license agreement
(g) Sponsor support agreement
(h) Pipeline support agreements
(i) Shopping center management agreements
(j) Memorandums of understanding on investments in properties in Malaysia
(k) Fiscal, issuing, and payment agency agreement
Bond Agency Agreement, Bond Administration Agreement
(l) Logistics facilities management agreement

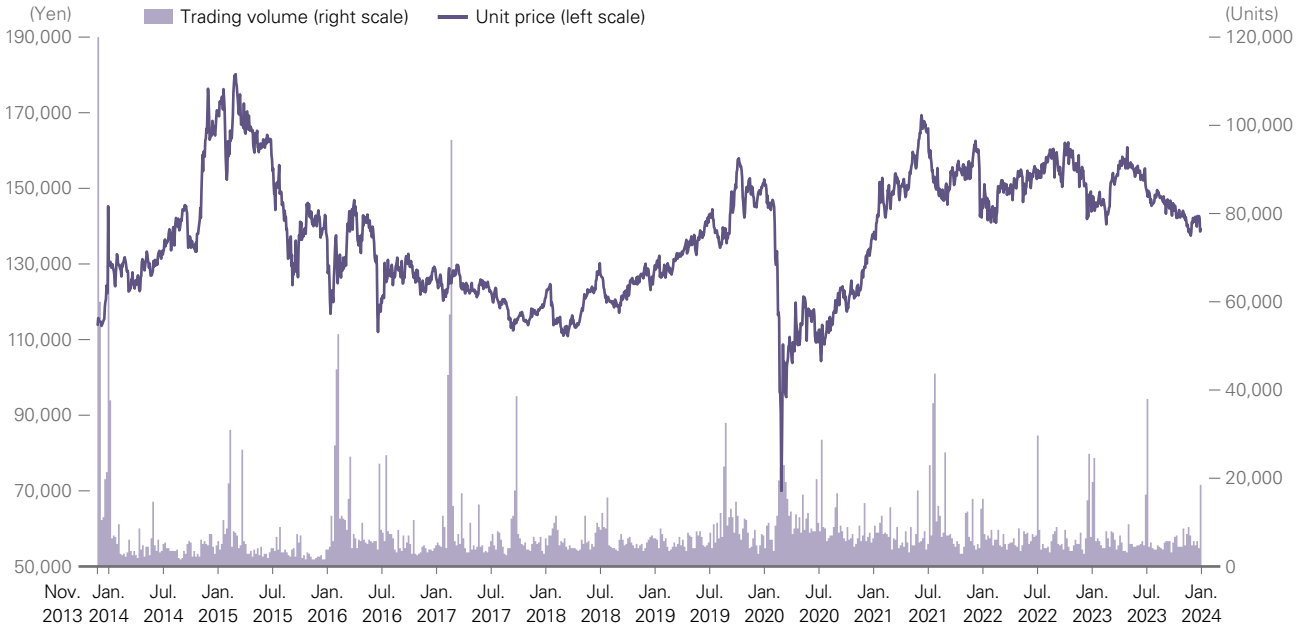
Note: AEON CO., LTD., AEON Mall Co., Ltd. and AEON Retail Co., Ltd. qualify as designated related parties.

Profile of the Asset Manager

Name	AEON Reit Management Co., Ltd.
Paid-in Capital	¥350 million (as of the date of this document)
Shareholder	AEON CO., LTD. (100%)
President & Representative Director	Nobuaki Seki
License/Permission/ Registration	• License for building lots and building transaction business: Governor of Tokyo (2) No. 94328 • Permission for discretionary transaction agent, etc., under the Building Lots and Building Transaction Business Act: Minister of Land, Infrastructure, Transport and Tourism, Permit No. 73 • Registration of financial instruments business: Kanto Local Finance Bureau, Director-General (Financial Instruments), No. 2668 • Member of The Investment Trusts Association Japan

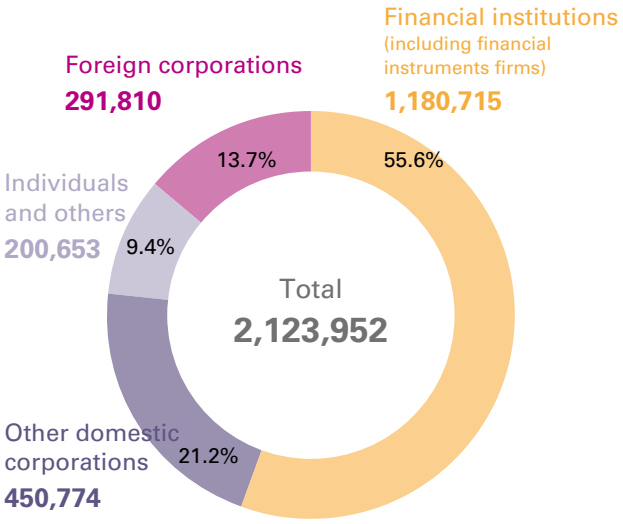


AEON REIT Investment Unit Price (Listing to January 31, 2024)

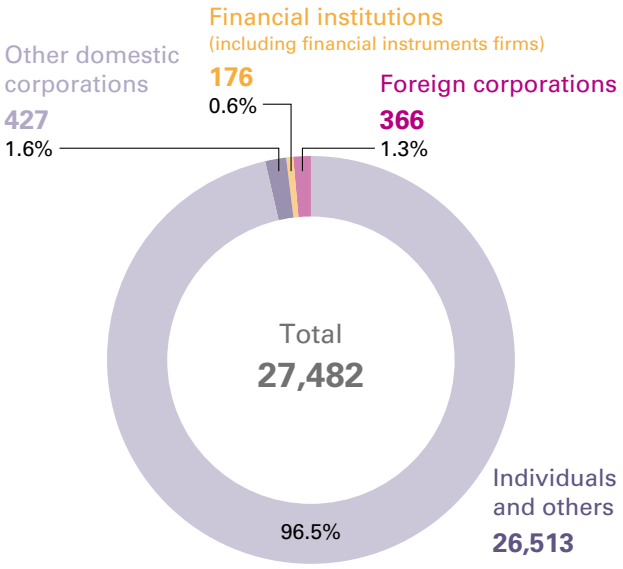


Unitholders by Type (As of January 31, 2024)

Number of Units



Number of Unitholders



IR Schedule

Jan.	Closing date of fiscal period ending January
Feb.	
Mar.	Announcement of financial results for fiscal period ending January Analyst meeting for fiscal period ending January
Apr.	Commencement of distribution payments for fiscal period ending January Sending of asset management report for fiscal period ending January
May	
Jun.	
Jul.	Closing date of fiscal period ending July
Aug.	
Sep.	Announcement of financial results for fiscal period ending July Analyst meeting for fiscal period ending July
Oct.	Commencement of distribution payments for fiscal period ending July Sending of asset management report for fiscal period ending July
Nov.	
Dec.	



AEON REIT Investment Corporation

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https://www.aeon-jreit.co.jp/en/index.html