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September 12, 2018

## Financial Report for the Fiscal Period Ended July 31, 2018 (February 1, 2018 – July 31, 2018)

### AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.  
 Representative: Yasuo Shiozaki, Representative Director and President  
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Scheduled date to file securities report: October 24, 2018  
 Scheduled date to commence distribution payments: October 12, 2018

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

(Amounts truncated to the nearest million yen)

### 1. Summary of financial results for the fiscal period ended July 31, 2018 (February 1, 2018 – July 31, 2018)

#### (1) Operating results (Percentages show changes from the previous period)

Fiscal period ended	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2018	16,201	2.7	6,182	(1.5)	5,297	(1.7)	5,254	(2.4)
January 31, 2018	15,780	7.8	6,276	11.6	5,389	12.9	5,383	1.4

  

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
July 31, 2018	2,956	2.7	1.5	32.7
January 31, 2018	3,107	2.8	1.5	34.2

#### (2) Distributions

Fiscal period ended	Distribution per unit (excluding distributions in excess of retained earnings)	Total cash distributions (excluding distributions in excess of retained earnings)	Distribution in excess of retained earnings per unit	Total cash distributions in excess of retained earnings	Payout ratio	Cash distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
July 31, 2018	2,956	5,253	0	0	100.0	2.7
January 31, 2018	3,029	5,383	0	0	100.0	2.7

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

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

### (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2018	362,753	197,947	54.6	111,372
January 31, 2018	362,698	198,077	54.6	111,445
(Reference) Equity	As of July 31, 2018:	¥197,947 million	As of January 31, 2018:	¥198,077 million

### (4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
July 31, 2018	25,137	(14,849)	(5,382)	22,485
January 31, 2018	12,747	(25,808)	11,787	17,579

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

(Percentages show changes from the previous period)

Fiscal period ending	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
January 31, 2019	16,283	0.5	6,269	1.4	5,362	1.2	5,357	2.0	3,010	0
July 31, 2019	16,331	0.3	6,181	(1.4)	5,318	(0.8)	5,313	(0.8)	2,985	0

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted total number of investment units issued and outstanding)  
 For the fiscal period ending January 31, 2019: ¥3,014  
 For the fiscal period ending July 31, 2019: ¥2,989

### \*Other

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

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

#### (2) Total number of investment units issued and outstanding

- a. Total number of investment units issued and outstanding at end of period (including treasury investment units)
  - As of July 31, 2018 1,777,347 units
  - As of January 31, 2018 1,777,347 units
- b. Number of treasury investment units at end of period
  - As of July 31, 2018 0 units
  - As of January 31, 2018 0 units

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

### \* Status of audit procedures

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

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to AEON REIT and on certain assumptions AEON REIT deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. Furthermore, these forecasts shall not be construed as a guarantee of the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending January 2019 (August 1, 2018 – January 31, 2019) and July 2019 (February 1, 2019 – July 31, 2019)” on pages 7 and 8 for information on assumptions for the forecasts of operating results.

## 1. AEON REIT Investment Corporation and Related Corporations

Disclosure is omitted since there have been no significant changes from the “Management Structure of the Investment Corporation” in the latest Securities Report (submitted on April 25, 2018; prepared in Japanese only).

## 2. Investment Policies and Status of Asset Management

### (1) Investment Policies

Disclosure is omitted since there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on April 25, 2018; prepared in Japanese only).

### (2) Status of Asset Management

#### i) Summary of results for the current fiscal period

##### (A) Overview of AEON REIT

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

AEON REIT was established on November 30, 2012 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”), with AEON Reit Management Co., Ltd. (hereinafter, the “Asset Manager”) serving as the organizer. AEON REIT was listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (securities code: 3292) on November 22, 2013. In the fiscal period under review (11th fiscal period), AEON REIT resolved on a disposition and an acquisition of domestic properties in June 2018, and disposed AEON MALL Kumamoto (disposition price: ¥14,500 million) in the month. Utilizing the proceeds from the sale, AEON REIT acquired AEON MALL Kyoto Gojo (acquisition price: ¥13,333 million) in July.

As a result, the real estate held by AEON REIT as of July 31, 2018 totaled 40 properties in Japan and overseas, including AEON MALL SEREMBAN 2 it owns through an overseas real estate holding corporation established in Malaysia (hereinafter, the “Overseas SPC”), with a total acquisition price of ¥355,378 million. Total leasable area is 3,396,940.14 m<sup>2</sup> and the occupancy rate of the entire portfolio is 100% as of the same date.

##### (B) Operating environment and performance

###### (a) Operating environment

The Japanese economy stayed on a moderate recovery trend, as real GDP for the second quarter (April – June) of 2018 (preliminary release) achieved growth for the first time in two quarters, increasing 1.9% (annualized) year-on-year. The corporate sector has witnessed a continued upward trend in capital investments, while consumer spending has been and will remain solid backed by improvements in the employment and income environments.

In the real estate investment market, with investors highly willing to acquire properties given a favorable fund procurement environment in the low-interest-rate setting, the for-sale market continues to be felt overheated, as seen in the soaring transaction prices. That being said, however, there is a growing volume of voices saying that the market has peaked. As such, it should become increasingly important to discern the profitability of individual properties and timeliness of transactions.

The long-term yields in Japan have remained stable at a low level due to the Bank of Japan continuing its monetary easing policy, and J-REITs have achieved strong performances. The J-REIT market, after rising significantly since the beginning of the year, fell sharply in the face of concerns about the U.S. interest rate hikes. Bottoming in February, however, it generally remained on an upward trend through

mid-July, and entered a price adjustment phase toward the end of the month in anticipation of a change in the Bank of Japan's monetary easing stance. Consequently, the Tokyo Stock Exchange (TSE) REIT Index closed the fiscal period at 1,768.31 points on July 31, 2018 (on a closing price basis). AEON REIT will closely monitor the market trends going forward, paying close attention to the interest rate hike trend in the U.S., the exit strategy of the Bank of Japan on its monetary easing policy, and the impact these will give on the financial and capital markets.

(b) Performance

Under these conditions, AEON REIT and the Asset Manager disposed AEON MALL Kumamoto (disposition price: ¥14,500 million) in June 2018, and used the proceeds obtained from the sale to acquire AEON MALL Kyoto Gojo (acquisition price: ¥13,333 million) in July. The property replacement expanded the portfolio size to ¥355.3 billion, while successfully enhancing the portfolio quality.

With regard to internal growth, AEON REIT made further investments for revitalization at AEON MALL Kurashiki, which had undertaken large-scale renovation, and converted lighting to LEDs at AEON MALL Nogata, among other measures. These endeavors led to upward revisions of rents and enhanced asset value at respective properties.

On top of these efforts, as AEON REIT makes endeavors for Environment, Social and Governance (ESG) awareness, it obtained "Green Star" in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment (the survey conducted in 2017), marking the second consecutive year of recognition with the highest ranking. Moreover, since July 2017, AEON REIT has been included in the MSCI Japan ESG Select Leaders Index provided by MSCI Inc. Going forward, AEON REIT will continue to proactively take initiatives on ESG issues.

(C) Financing

In the 11th fiscal period, AEON REIT conducted neither equity financing nor debt financing to procure funds. Accordingly, as of July 31, 2018, AEON REIT had a balance of interest-bearing debt totaling ¥150,000 million, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 44.7%.

The ratio of long-term interest-bearing debt (the ratio of long-term interest-bearing debt (including the current portion of long-term loans payable) to total interest bearing debt) was 100% as of July 31, 2018. The ratio of fixed-rate debt (the ratio of interest-bearing debt with fixed interest payment (including interest-bearing debt with interest fixed through swaps) to total interest-bearing debt) was 95.7% as of the same date. Together with the above-mentioned LTV, these figures indicate that AEON REIT has maintained a sound and conservative financial structure. AEON REIT works to diversify the repayment dates and extend maturities of interest-bearing debt with an aim to further reinforce its financial base.

As of July 31, 2018, AEON REIT had the following credit rating.

<Credit rating>

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

(D) Results and cash distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥16,201 million, operating income of ¥6,182 million, ordinary income of ¥5,297 million and net income of ¥5,254 million for the

11th fiscal period ended July 31, 2018.

As for cash distribution for the 11th fiscal period, AEON REIT decided to distribute approximately all unappropriated retained earnings, except for a fraction of less than ¥1 of distributions per, with the aim that the maximum amount of distribution of earnings is deducted as expenses based on application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, distribution per unit came to 2,956 yen for the fiscal period under review.

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

## ii) Outlook for the next fiscal period

### (A) Outlook for overall performance

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

In terms of the environment surrounding retail properties, consumer sentiment is expected to pick up with the employment and income environments improving. As consumers are increasingly diversifying their lifestyles and needs and appear to become more oriented to exercising thriftiness and being selective, AEON REIT believes it must make responses to the changes in the business environment, by conducting renovations of the stores and other measures.

As for the Malaysian economy, high growth continued with the GDP growth rate for the entire 2017 increasing 5.9% and the real GDP growth rate for January through March 2018 increasing 5.4%, both on a year-on-year basis. Along with solid growth in consumer spending backed by favorable income and employment environments, exports remained strong in the face of the growing world economy and rising national resource prices. AEON REIT foresees that the economy will remain solid going forward.

### (B) Future investment policy

#### (a) Basic policy

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

#### (b) Investment policy and growth strategy

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

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

entities, as discussed above, AEON REIT aims to maximize unitholder value.

(c) Financial strategy

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

**iii) Significant events after balance sheet date**

Not applicable.

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

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>Fiscal period ending January 31, 2019 (184 days from August 1, 2018 to January 31, 2019, the 12th fiscal period)</li> <li>Fiscal period ending July 31, 2019 (181 days from February 1, 2019 to July 31, 2019, the 13th fiscal period)</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>For the forecasts of performance, the number of investment assets is assumed to be 40 (including AEON MALL Kofu Showa (Extended Building) that AEON REIT acquired on September 3, 2018 and AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of September 12, 2018 (hereinafter, the “assets currently held”).</li> <li>It is assumed that, through the end of the 13th fiscal period ending July 2019, there will be no change (acquisition of new properties or sale of existing properties, etc.) in the number of investment assets.</li> <li>The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Rent revenue – real estate from the assets currently held has been calculated by taking into account such factors as the relevant lease agreements effective as of September 12, 2018 and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that period-end dividends will be received during the fiscal period ending January 31, 2019 (12th fiscal period) and interim dividends will be received during the fiscal period ending July 31, 2019 (13th fiscal period). Furthermore, the exchange rate of Malaysia is assumed to be RM 1 = JPY 24.50.</li> <li>It is assumed that there is no delinquencies or non-payment of rents by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Operating expenses mainly comprise expenses related to rent business. Those expenses, excluding depreciation expenses, are calculated on the basis of historical data and by reflecting variable factors of expenses for the assets currently held.</li> <li>Generally, fixed asset taxes, city planning taxes and depreciable asset taxes for the acquired properties are prorated based on the period of ownership with the previous owners and settled at the time of acquisition. The amount equivalent to such settlement is included in the acquisition costs and therefore not recognized as expenses for the fiscal period in which the acquisition takes place. As for fixed asset taxes, city planning taxes and depreciable asset taxes for the assets currently held, AEON REIT assumes to record ¥1,817 million for the 12th fiscal period and ¥1,906 million for the 13th fiscal period as expenses.</li> <li>For repairs and maintenance expenses for buildings, amounts assumed to be required in each fiscal period is recorded as expenses, based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from the forecasts, as (i) there is no denying the possibility of repairs and maintenance expenses being incurred urgently due to damages to buildings caused by unforeseeable factors, (ii) generally, incurred expenses differ substantially from one fiscal period to another, and (iii) expenses are not incurred on a regular basis, among other reasons.</li> <li>Depreciation of property and equipment is computed by the straight-line method, including related expenses, and is assumed to be ¥4,431 million for the 12th fiscal period and ¥4,453 million for the 13th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Interest expenses and other borrowing-related expenses are assumed to be ¥838 million for the 12th fiscal period and ¥821 million for the 13th fiscal period.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>As of September 12, 2018, AEON REIT has interest-bearing debt totaling ¥150,000 million.</li> <li>It is assumed that AEON REIT will refinance ¥27,000 million in new borrowings that will mature in the 12th fiscal period (repayment date: October 22, 2018) for the same amount. LTV ratio is anticipated to be approximately 44.8% as of the end of the 12th fiscal period (January 31, 2019) and approximately 44.8% as of the end of the 13th fiscal period (July 31, 2019).</li> <li>LTV is calculated by using the following formula: LTV = Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust) / Total assets × 100</li> </ul>

Item	Assumptions
Investment units	<ul style="list-style-type: none"> <li>● Distribution per unit for the 12th and 13th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 1,777,347 units issued and outstanding as of September 12, 2018. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 13th fiscal period, without any change in the number of investment units.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>● Distribution per unit (excluding distribution in excess of retained earnings) has been calculated based on the cash distribution policy prescribed in the Articles of Incorporation of AEON REIT.</li> <li>● Fluctuations in rent revenue due to changes in the portfolio and other factors, unforeseeable repairs and maintenance incurred and other various factors may lead to changes in the amount of distribution per unit.</li> <li>● It is assumed that no reversal of distribution reserve will be made for the 12th fiscal period and the 13th fiscal period.</li> </ul>
Distribution in excess of retained earnings per unit	<ul style="list-style-type: none"> <li>● AEON REIT currently has no plan to pay cash distribution in excess of retained earnings (distribution in excess of retained earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>● It is assumed that no revisions that may impact the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> <li>● It is assumed that no unforeseeable significant changes will occur in general economic trends or conditions in the real estate market, etc.</li> </ul>



### 3. Financial Statements

#### (1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	9,538,680	15,392,040
Cash and deposits in trust	8,041,075	7,093,497
Prepaid expenses	647,245	444,990
Income taxes receivable	14	12
Other	10,497	17,105
Total current assets	18,237,512	22,947,646
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	194,730,075	189,737,620
Accumulated depreciation	(25,176,671)	(27,904,759)
Buildings in trust, net	169,553,403	161,832,860
Structures in trust	1,348,942	1,198,516
Accumulated depreciation	(769,638)	(751,568)
Structures in trust, net	579,303	446,948
Tools, furniture and fixtures in trust	9,191	9,583
Accumulated depreciation	(1,274)	(2,011)
Tools, furniture and fixtures in trust, net	7,917	7,571
Land in trust	116,511,568	120,885,426
Total property and equipment	286,760,656	283,281,269
Intangible assets		
Leasehold rights in trust	50,178,762	49,235,482
Total intangible assets	50,178,762	49,235,482
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	1,138,607	978,170
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	7,227,521	7,067,085
Total non-current assets	344,166,940	339,583,837
Deferred assets		
Investment unit issuance expenses	220,787	152,102
Investment corporation bond issuance costs	73,159	69,537
Total deferred assets	293,946	221,639
Total assets	362,698,399	362,753,124

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	851,409	665,785
Current portion of long-term loans payable	27,000,000	27,000,000
Accounts payable - other	350,377	348,633
Accrued expenses	44,192	52,192
Income taxes payable	605	605
Accrued consumption taxes	268,141	1,184,456
Provision for loss on disaster	-	32,558
Other	190,685	190,036
<b>Total current liabilities</b>	<b>28,705,412</b>	<b>29,474,267</b>
Non-current liabilities		
Investment corporation bond	6,000,000	6,000,000
Long-term loans payable	117,000,000	117,000,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,913,216	12,328,321
<b>Total non-current liabilities</b>	<b>135,915,844</b>	<b>135,330,949</b>
<b>Total liabilities</b>	<b>164,621,256</b>	<b>164,805,216</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	195,698,024	195,698,024
Deduction from unitholders' capital		
Other deduction from unitholders' capital	(3,525,697)	(3,525,697)
<b>Total deduction from unitholders' capital</b>	<b>(3,525,697)</b>	<b>(3,525,697)</b>
<b>Unitholders' capital, net</b>	<b>192,172,327</b>	<b>192,172,327</b>
Surplus		
Voluntary reserve		
Distribution reserve	520,000	520,000
<b>Total voluntary reserve</b>	<b>520,000</b>	<b>520,000</b>
Unappropriated retained earnings (undisposed loss)	5,384,815	5,255,580
<b>Total surplus</b>	<b>5,904,815</b>	<b>5,775,580</b>
<b>Total unitholders' equity</b>	<b>198,077,143</b>	<b>197,947,907</b>
<b>Total net assets</b>	<b>*1 198,077,143</b>	<b>*1 197,947,907</b>
<b>Total liabilities and net assets</b>	<b>362,698,399</b>	<b>362,753,124</b>

## (2) Statements of Income

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
<b>Operating revenue</b>		
Rent revenue - real estate	*1 15,656,508	*1 16,025,515
Gain on sale of real estate	-	*2 35,691
Dividends received	*3 123,790	*3 140,636
<b>Total operating revenue</b>	<b>15,780,299</b>	<b>16,201,842</b>
<b>Operating expenses</b>		
Expenses related to rent business	*1 8,599,621	*1 9,081,776
Asset management fee	722,381	734,982
Asset custody fee	18,478	18,728
Administrative service fees	58,076	56,438
Directors' compensation	3,600	3,600
Taxes and dues	1,684	19,003
Other operating expenses	99,467	104,909
<b>Total operating expenses</b>	<b>9,503,310</b>	<b>10,019,439</b>
<b>Operating income</b>	<b>6,276,989</b>	<b>6,182,403</b>
<b>Non-operating income</b>		
Interest income	91	84
Refund of unpaid distributions	3,382	1,134
Interest on refund	3,249	-
Other	709	96
<b>Total non-operating income</b>	<b>7,433</b>	<b>1,315</b>
<b>Non-operating expenses</b>		
Interest expenses	578,222	570,881
Interest expenses on investment corporation bonds	20,061	24,619
Amortization of investment unit issuance expenses	77,002	68,684
Investment unit issuance expenses	30	-
Amortization of investment corporation bond issuance costs	2,832	3,621
Other offering costs associated with issuance of investment units	4	-
Borrowing related expenses	217,262	218,626
Other	-	127
<b>Total non-operating expenses</b>	<b>895,417</b>	<b>886,561</b>
<b>Ordinary income</b>	<b>5,389,004</b>	<b>5,297,156</b>
<b>Extraordinary losses</b>		
Loss on disaster	-	*4 4,900
Provision for loss on disaster	-	*4 32,558
<b>Total extraordinary losses</b>	<b>-</b>	<b>37,459</b>
<b>Income (loss) before income taxes</b>	<b>5,389,004</b>	<b>5,259,697</b>
Income taxes - current	5,193	5,349
<b>Total income taxes</b>	<b>5,193</b>	<b>5,349</b>
<b>Net income (loss)</b>	<b>5,383,811</b>	<b>5,254,348</b>
Retained earnings brought forward	1,004	1,231
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>5,384,815</b>	<b>5,255,580</b>

### (3) Statements of Unitholders' Equity

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

(Unit: Thousands of yen)

	Unitholders' equity					
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Surplus	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital		Voluntary reserve	
					Distribution reserve	Total voluntary reserve
Balance at beginning of current period	180,552,316	(3,525,697)	(3,525,697)	177,026,618	-	-
Changes of items during period						
Issuance of new investment units	15,145,708			15,145,708		
Provision of distribution reserve					520,000	520,000
Dividends of surplus						
Net income (loss)						
Total changes of items during period	15,145,708	-	-	15,145,708	520,000	520,000
Balance at end of current period	*1 195,698,024	(3,525,697)	(3,525,697)	192,172,327	520,000	520,000

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,307,682	5,307,682	182,334,301	182,334,301
Changes of items during period				
Issuance of new investment units			15,145,708	15,145,708
Provision of distribution reserve	(520,000)	-	-	-
Dividends of surplus	(4,786,678)	(4,786,678)	(4,786,678)	(4,786,678)
Net income (loss)	5,383,811	5,383,811	5,383,811	5,383,811
Total changes of items during period	77,133	597,133	15,742,841	15,742,841
Balance at end of current period	5,384,815	5,904,815	198,077,143	198,077,143

Current fiscal period (From February 1, 2018 to July 31, 2018)

(Unit: Thousands of yen)

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

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,384,815	5,904,815	198,077,143	198,077,143
Changes of items during period				
Dividends of surplus	(5,383,584)	(5,383,584)	(5,383,584)	(5,383,584)
Net income (loss)	5,254,348	5,254,348	5,254,348	5,254,348
Total changes of items during period	(129,235)	(129,235)	(129,235)	(129,235)
Balance at end of current period	5,255,580	5,775,580	197,947,907	197,947,907

**(4) Statements of Cash Distributions**

(Unit: Yen)

	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
I Unappropriated retained earnings (undisposed loss)	5,384,815,846	5,255,580,560
II Total cash distributions	5,383,584,063	5,253,837,732
[Distribution per unit]	[3,029]	[2,956]
III Retained earnings brought forward	1,231,783	1,742,828
Calculation method for distributions	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of AEON REIT, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67- 15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, AEON REIT will pay distributions of profits at the total amount of ¥5,383,584,063, which is the amount that does not exceed the unappropriated retained earnings (¥5,384,815,846) and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of AEON REIT, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67- 15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, AEON REIT will pay distributions of profits at the total amount of ¥5,253,837,732, which is the amount that does not exceed the unappropriated retained earnings (¥5,255,580,560) and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>

**(5) Statements of Cash Flows**

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	5,389,004	5,259,697
Depreciation	4,380,830	4,355,394
Amortization of investment corporation bond issuance costs	2,832	3,621
Amortization of investment unit issuance expenses	77,002	68,684
Interest income	(91)	(84)
Interest expenses	598,284	595,500
Loss on disaster	-	4,900
Increase in provision for loss on disaster	-	32,558
Decrease in consumption taxes refund receivable	2,421,369	-
Increase in accrued consumption taxes	268,141	916,314
Increase (decrease) in prepaid expenses	(134,285)	202,255
Decrease from sale of property and equipment in trust	-	13,445,227
Decrease from sale of intangible assets in trust	-	943,280
Increase (decrease) in operating accounts payable	148,968	(247,258)
Increase (decrease) in accounts payable - other	15,745	(1,944)
Decrease in long-term prepaid expenses	142,142	160,436
Other, net	44,608	(8,439)
<b>Subtotal</b>	<b>13,354,552</b>	<b>25,730,145</b>
Interest income received	91	84
Interest expenses paid	(602,213)	(587,500)
Income taxes paid	(5,197)	(5,347)
<b>Net cash provided by operating activities</b>	<b>12,747,233</b>	<b>25,137,381</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment in trust	(22,856,550)	(14,264,301)
Purchase of intangible assets in trust	(3,392,974)	-
Proceeds from tenant leasehold and security deposits in trust	441,366	-
Refund of tenant leasehold and security deposits in trust	-	(584,895)
<b>Net cash used in investing activities</b>	<b>(25,808,158)</b>	<b>(14,849,196)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	10,200,000	-
Repayment of short-term loans payable	(10,200,000)	-
Proceeds from long-term loans payable	3,700,000	-
Repayments of long-term loans payable	(4,200,000)	-
Proceeds from issuance of investment corporation bonds	1,976,330	-
Proceeds from issuance of investment units	15,099,520	-
Dividends paid	(4,788,643)	(5,382,265)
<b>Net cash (used in) provided by financing activities</b>	<b>11,787,207</b>	<b>(5,382,265)</b>
Effect of exchange rate change on cash and cash equivalents	710	(136)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,273,006)</b>	<b>4,905,782</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,852,762</b>	<b>17,579,755</b>
<b>Cash and cash equivalents at end of period</b>	<b>17,579,755</b>	<b>22,485,538</b>

**(6) Notes on Assumption of Going Concern**

Not applicable.

**(7) Notes on Significant Accounting Policies**

1. Valuation standard and method for securities	<p>Securities</p> <p>Shares of subsidiaries and associates</p> <p>Shares issued by an overseas real estate holding corporation, as set forth in Article 221-2-1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations, are stated utilizing the moving- average cost method.</p>						
2. Method of depreciation of non-current assets	<p>(1) Property and equipment</p> <p>Depreciation of property and equipment is computed by the straight-line method over the following useful lives:</p> <table border="0" data-bbox="555 696 1126 801"> <tr> <td>Buildings in trust</td> <td>3 to 51 years</td> </tr> <tr> <td>Structures in trust</td> <td>3 to 35 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td>6 years</td> </tr> </table> <p>(2) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings in trust	3 to 51 years	Structures in trust	3 to 35 years	Tools, furniture and fixtures in trust	6 years
Buildings in trust	3 to 51 years						
Structures in trust	3 to 35 years						
Tools, furniture and fixtures in trust	6 years						
3. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses</p> <p>Investment unit issuance expenses are capitalized and amortized by the straight-line method over three years.</p> <p>(2) Investment corporation bond issuance expenses</p> <p>Investment corporation bond issuance costs are capitalized and amortized by the straight-line method over the respective terms of the investment corporation bonds.</p>						
4. Standards for recognition of allowances	<p>Provision for loss on disaster</p> <p>Of the expenses for restoration works for the properties that were damaged by the 2018 northern Osaka earthquake, the amount that was reasonably estimated as of the end of the fiscal period ended July 31, 2018 was recorded as allowance for loss on disaster.</p>						
5. Conversion of assets and liabilities in foreign currency into Japanese yen	<p>Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.</p>						
6. Recognition of revenue and expenses	<p>Property-related taxes</p> <p>For fixed asset tax, city planning tax, depreciable asset tax, etc., for real properties held, the amount of tax levied corresponding to the accounting period is recorded as expenses related to rent business.</p> <p>The amount equivalent to property-related taxes to be paid by AEON REIT in the first year for acquisition of real properties or trust beneficiary rights in real estate is not recorded as expenses but included in the acquisition costs for the related properties.</p> <p>In the current fiscal period, the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥65,758 thousand, and in the previous fiscal period the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥53,041 thousand.</p>						



<p>7. Method of hedge accounting</p>	<p>(1) Method of hedge accounting Special treatment is applied for interest rate swaps.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on borrowings</p> <p>(3) Hedging policy AEON REIT conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of AEON REIT pursuant to the regulations that stipulate the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>
<p>8. Scope of cash and cash equivalents in the statement of cash flows</p>	<p>Cash and cash equivalents in the statement of cash flows consist of cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>
<p>9. Other significant information for preparation of financial statements</p>	<p>(1) Accounting policy for trust beneficiary rights in real estate, etc. With regard to trust beneficiary rights in real estate, etc., all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets:</p> <ul style="list-style-type: none"> <li>i) Cash and deposits in trust</li> <li>ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust and land in trust</li> <li>iii) Leasehold rights in trust</li> <li>iv) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting policy for consumption taxes National and local consumption taxes are accounted for by the tax-exclusion method.</p>

## (8) Notes to Financial Statements

### Notes to Balance Sheets

(Unit: Thousands of yen)

Previous fiscal period (As of January 31, 2018)		Current fiscal period (As of July 31, 2018)	
*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000	*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000

## Notes to Statements of Income

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

Previous fiscal period (reference) (From August 1, 2017 to January 31, 2018)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	15,599,991
	Other rent revenue—real estate	56,517
	Total revenues related to real estate leasing business	15,656,508
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	41,812
	Repairs and maintenance expenses	452,715
	Insurance expenses	150,025
	Trust fees	20,149
	Land rent paid	2,026,984
	Taxes and dues	1,473,499
	Depreciation	4,380,830
	Water charges	51,549
	Other expenses related to rent business	2,055
	Total expenses related to real estate leasing business	8,599,621
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,056,886
<hr/>		
Current fiscal period (From February 1, 2018 to July 31, 2018)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	15,951,087
	Other rent revenue—real estate	74,427
	Total revenues related to real estate leasing business	16,025,515
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	43,192
	Repairs and maintenance expenses	550,088
	Insurance expenses	149,235
	Trust fees	20,702
	Land rent paid	2,048,376
	Taxes and dues	1,862,128
	Depreciation	4,355,394
	Water charges	49,238
	Other expenses related to rent business	3,419
	Total expenses related to real estate leasing business	9,081,776
<hr/>		
C.	Operating income from real estate leasing business (A – B)	6,943,738
<hr/>		

\*2. Breakdown of gain on sale of real estate

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

Not applicable.

Current fiscal period (From February 1, 2018 to July 31, 2018)

	(Unit: Thousands of yen)
Proceeds from sale of real estate	14,544,991
Cost of sale of real estate	14,433,499
Other expenses related to sale	75,801
Gain on sale of real estate	35,691

(Note) Fixed asset taxes equivalent to ¥44,991 thousand is included both in the proceeds from sale of real estate and the cost of sale of real estate.

\*3. Breakdown of dividends received

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

The entire amount of the maximum distributable amount (RM 4,849,374 (¥123,790 thousand)) after deducting interim dividends based on the first fiscal period results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends (Note 4), which were calculated on the following basis.

Items of statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. and the basis of calculating dividends (from March 2, 2016 to July 31, 2017).

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

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 25.91 rounded down to the second decimal place) is used.

(Note 3) Interim dividends are converted to the yen value by using the forward exchange rate on May 26, 2017 of RM 1 = JPY 25.92 (rounded down to the second decimal place.)

(Note 4) Maximum distributable amount, maximum distribution amount after deducting interim dividends and dividends are converted to the yen value by using the forward exchange rate on September 5, 2017 of RM 1 = JPY 25.52 (rounded down to the second decimal place.)

Current fiscal period (From February 1, 2018 to July 31, 2018)

The entire amount of the maximum distributable amount (RM 5,099,191 (¥140,636 thousand)) based on the second fiscal period interim results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends, which were calculated on the following basis.

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

	(Unit: RM (Thousands of yen))	
Revenues related to real estate leasing business	7,396,879	(198,976)
Expenses related to real estate leasing business	665,537	(17,902)
Other expenses	115,496	(3,106)
Unrealized gain from valuation of investment properties	-	(-)
Net income before income taxes	6,615,846	(117,966)
Net income before income taxes after deducting unrealized gain	6,615,846	(117,966)
Corporate income taxes on net income before income taxes after deducting unrealized gain	1,516,655	(40,798)
Maximum distributable amount (Note 3)	5,099,191	(140,636)
Interim dividends (Note 3)	5,099,191	(140,636)

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 26.90 rounded down to the second decimal place) is used.

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

#### \*4. Breakdown of extraordinary losses

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

Not applicable.

Current fiscal period (From February 1, 2018 to July 31, 2018)

##### 1) Loss on disaster

Losses related to the assets that were damaged by the 2018 northern Osaka earthquake (expenses for restoration works) were recognized as loss on disaster (¥4,900 thousand).

##### 2) Provision for loss on disaster

With regard to the assets that were damaged by the 2018 Northern Osaka earthquake, expenses for restoration works that were reasonably estimated as of the end of the fiscal period ended July 31, 2018 (¥32,558 thousand) were recorded as provision of allowance for loss on disaster.

### Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,777,347 units	1,777,347 units

### Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
Cash and deposits	9,538,680	15,392,040
Cash and deposits in trust	8,041,075	7,093,497
Cash and cash equivalents	17,579,755	22,485,538

### Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
Due within 1 year	31,934,211	31,787,693
Due after 1 year	137,523,674	125,990,116
Total	169,457,885	157,777,809

## Financial Instruments

### 1. Matters regarding financial instruments

#### (1) Policy for financial instruments

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

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

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

Proceeds from loans payable and investment corporation bonds are used mainly for the purpose of acquiring real estate and trust beneficiary rights in real estate.

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

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

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

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

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

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

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

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

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

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

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

Previous fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	9,538,680	9,538,680	—
(2) Cash and deposits in trust	8,041,075	8,041,075	—
Total assets	17,579,755	17,579,755	—
(3) Current portion of long-term loans payable	27,000,000	27,099,581	99,581
(4) Investment corporation bonds	6,000,000	5,995,200	(4,800)
(5) Long-term loans payable	117,000,000	117,654,222	654,222
Total liabilities	150,000,000	150,749,004	749,004
(6) Derivative transactions	—	—	—

Current fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	15,392,040	15,392,040	—
(2) Cash and deposits in trust	7,093,497	7,093,497	—
Total assets	22,485,538	22,485,538	—
(3) Current portion of long-term loans payable	27,000,000	27,033,217	33,217
(4) Investment corporation bonds	6,000,000	6,026,300	26,300
(5) Long-term loans payable	117,000,000	117,767,801	767,801
Total liabilities	150,000,000	150,827,318	827,318
(6) Derivative transactions	—	—	—

### (Note 1) Measurement of fair values of financial instruments

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

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

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

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

#### (4) Investment corporation bonds

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

#### (6) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
Shares of subsidiaries and associates	6,078,453	6,078,453
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,913,216	12,328,321
Total	18,994,298	18,409,403

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

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

Previous fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

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

Current fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	15,392,040
Cash and deposits in trust	7,093,497
Total	22,485,538

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

Previous fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	27,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	6,000,000
Long-term loans payable	—	15,600,000	22,000,000	16,100,000	17,200,000	46,100,000
Total	27,000,000	15,600,000	22,000,000	16,100,000	17,200,000	52,100,000

Current fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Current portion of long-term loans payable	27,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	6,000,000
Long-term loans payable	—	15,600,000	22,000,000	16,100,000	17,200,000	46,100,000
Total	27,000,000	15,600,000	22,000,000	16,100,000	17,200,000	52,100,000

## Securities

Previous fiscal period (as of January 31, 2018)

### 1. Shares of subsidiaries and associates

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

Current fiscal period (as of July 31, 2018)

### 1. Shares of subsidiaries and associates

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

## Derivative Transactions

### 1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of January 31, 2018)

Not applicable.

Current fiscal period (as of July 31, 2018)

Not applicable.



## 2. Derivative transactions applying hedge accounting

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

Previous fiscal period (as of January 31, 2018)

(Unit: Thousands of yen)

Method of hedge accounting	Type of derivative transaction	Major hedged item	Contract amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	135,900,000	108,900,000	(Note)	–

(Note) Fair value of interest rate swap with the special treatment is included in fair value of “(5) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Current fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

Method of hedge accounting	Type of derivative transaction	Major hedged item	Contract amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Exceptional treatment for hedge accounting of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	135,900,000	108,900,000	(Note)	–

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(5) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

## Retirement Benefits

Previous fiscal period (as of January 31, 2018)

Not applicable.

Current fiscal period (as of July 31, 2018)

Not applicable.

## Tax Effect Accounting

### 1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
Deferred tax assets		
Tax loss carried forward	350,386	339,697
Valuation reserve	(350,386)	(339,697)
Total deferred tax assets	–	–
Net deferred tax assets	–	–

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

	(Unit: %)	
	Previous fiscal period (As of January 31, 2018)	Current fiscal period (As of July 31, 2018)
Normal effective statutory tax rate	31.74	31.74
(Adjustments)		
Distributions paid included in deductibles	(31.71)	(31.70)
Increase (decrease) in valuation reserve	0.00	(0.64)
Other	0.07	0.71
Effective tax rate after application of tax effect accounting	0.10	0.10

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

Previous fiscal period (as of January 31, 2018)

Not applicable.

Current fiscal period (as of July 31, 2018)

Not applicable.

**Related Party Transactions**

1. Parent company and major corporate unitholders

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

Not applicable.

Current fiscal period (from February 1, 2018 to July 31, 2018)

Not applicable.

2. Associates, etc.

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

Not applicable.

Current fiscal period (from February 1, 2018 to July 31, 2018)

Not applicable.

3. Sister companies, etc.

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

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)	Relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of affiliate	AEON Reit Management Co., Ltd.	Chiyoda Ward, Tokyo	350	Investment management business	-	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	835,531	Accounts payable - other	281,937
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	48,970	Retail business	-	-	Purchase of real estate beneficiary interests, lessee and recipient of land rent payment	Purchase of trust beneficiary rights in real estate	3,748,000	-	-
								Rent revenue - real estate	7,339,748	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,148,906	-	-
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,270	Real estate business	-	-	Lessee and recipient of land rent payment	Rent revenue - real estate	6,074,724	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	679,573	-	-
										Tenant leasehold and security deposits in trust	6,121,795
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	-	-	Lessee and recipient of land rent payment	Rent revenue - real estate	678,276	-	-
								Land rent paid, etc.	165,475	-	-
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	-	-	Lender	Interest expenses	13,605	Current portion of long-term loans payable	2,000,000
										Long-term loans payable	2,700,000
										Accrued expenses	746
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	-	-	Lessee	Rent revenue - real estate (Note 4)	20,132	-	-

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

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

(Note 3) The asset management fee includes ¥113,150 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

(Note 4) *Amount of transaction* is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

Current fiscal period (from February 1, 2018 to July 31, 2018)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)	Relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda Ward, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee (Note 3)	874,147	Accounts payable - other	269,287
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	100	Retail business	–	–	Purchase of real estate beneficiary interests, lessee and recipient of land rent payment	Rent revenue – real estate	7,605,727	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,176,195	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,351	Real estate business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	6,073,967	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	673,645	–	–
										Tenant leasehold and security deposits in trust	5,536,900
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	678,485	–	–
								Land rent paid, etc.	165,475	–	–
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	–	–	Lender	Interest expenses	13,517	Current portion of long-term loans payable	2,000,000
										Long-term loans payable	2,700,000
										Accrued expenses	896
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	–	–	Lessee	Rent revenue – real estate (Note 4)	20,905	–	–

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

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

(Note 3) The asset management fee includes ¥66,665 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, and ¥72,500 thousand in asset disposal fees related to property sale.

(Note 4) *Amount of transaction* is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

#### 4. Officers and principal individual unitholders

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

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Officer	Yasuo Shiozaki	-	-	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	835,531	Accounts payable - other	281,937

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

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

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Yasuo Shiozaki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
3. The asset management fee includes ¥113,150 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

Current fiscal period (from February 1, 2018 to July 31, 2018)

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Officer	Yasuo Shiozaki	-	-	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	874,147	Accounts payable - other	269,287

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

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

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Yasuo Shiozaki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
3. The asset management fee includes ¥66,665 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc. and ¥72,500 thousand in asset disposal fees related to property sale.

#### Asset Retirement Obligations

Previous fiscal period (as of January 31, 2018)

Not applicable.

Current fiscal period (as of July 31, 2018)

Not applicable.

## Investment and Rental Properties

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

(Unit: Thousands of yen)

	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
Balance sheet carrying amount		
Balance at beginning of period	315,545,481	336,939,419
Changes during period	21,393,938	(4,422,666)
Balance at end of period	336,939,419	332,516,752
Fair value at end of period	372,803,280	373,101,240

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

(Note 2) Of the changes during the previous fiscal period, the increase is mainly due to acquisition of four properties (AEON MALL Shimotsuma, AEON Kireuriwari Shopping Center, Daiei Ibaraki Process Center and AEON STYLE Kemigawahama) with a total acquisition price of ¥24,711,426 thousand and capital expenditures at existing properties amounting to ¥1,063,341 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,380,830 thousand. Of the changes during the current fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Kyoto Gojo) with an acquisition price of ¥13,472,911 thousand and capital expenditures at existing properties amounting to ¥848,324 thousand, while the decrease is principally attributable to sale of a property (AEON MALL Kumamoto) amounting to ¥14,388,507 thousand and depreciation amounting to ¥4,355,394 thousand.

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

## Segment Information, etc.

### 1. Segment information

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

### 2. Related information

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

#### (1) Information about products and services

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

#### (2) Information about geographical area

##### i) Operating revenue

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

##### ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

Current fiscal period (from February 1, 2018 to July 31, 2018)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	7,605,727	Real estate leasing business
AEON Mall Co., Ltd.	6,073,967	Real estate leasing business
AEON Hokkaido Corporation	678,485	Real estate leasing business
AEON KYUSHU Co., Ltd.	589,549	Real estate leasing business
The Daiei, Inc.	637,813	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,905	Real estate leasing business

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

### Per Unit Information

	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
Net assets per unit	¥111,445	¥111,372
Net income per unit (net loss per unit)	¥3,107	¥2,956

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

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

	Previous fiscal period (From August 1, 2017 to January 31, 2018)	Current fiscal period (From February 1, 2018 to July 31, 2018)
Net income (net loss) (Thousands of yen)	5,383,811	5,254,348
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income (net loss) attributable to common investment units (Thousands of yen)	5,383,811	5,254,348
Average number of investment units for the period (Units)	1,732,544	1,777,347

### Significant Subsequent Events

Not applicable.



## (9) Changes in Total Number of Investment Units Issued

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

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

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

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥105,000 (issue value: ¥101,430), for the purpose of procuring funds to acquire new properties.

(Note 3) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥101,430.

(Note 4) New investment units were issued through public offering with an issue price per unit of ¥148,200 (issue value: ¥143,336), for the purpose of procuring funds to acquire new properties.

(Note 5) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥143,336.

(Note 6) New investment units were issued through public offering with an issue price per unit of ¥125,190 (issue value: ¥121,081), for the purpose of procuring funds to acquire new properties.

(Note 7) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥121,081.

(Note 8) The undisposed loss of ¥1,626,970 thousand that was recorded as extraordinary losses for the 7th fiscal period has been eliminated as AEON REIT implemented a capital reduction without compensation (deducting the amount from unitholders' capital), as set forth in Article 136-2 of the Investment Trusts Act.

(Note 9) AEON REIT made a resolution at its Board of Directors meeting held on September 14, 2016 to make cash distribution in excess of retained earnings (¥1,450 per unit) (return of unitholders' capital that corresponds to distribution through capital reduction under Japanese tax laws) as cash distribution for the 7th fiscal period. Payment started on October 14, 2016.

(Note 10) New investment units were issued through public offering with an issue price per unit of ¥118,950 (issue value: ¥115,046), for the purpose of procuring funds to acquire new properties.

(Note 11) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥115,046.

(Note 12) New investment units were issued through public offering with an issue price per unit of ¥110,662 (issue value: ¥107,086), for the purpose of procuring funds to acquire new properties.

(Note 13) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥107,086.

## **4. Changes in Officers**

### **(1) Changes in Officers of AEON REIT**

There have been no changes from the “Status of Officers” in the latest Securities Report (submitted on April 25, 2018; prepared in Japanese only).

### **(2) Changes in Officers of Asset Manager**

As of May 23, 2018, Keiji Tsukahara and Nobuaki Kobayashi retired as Senior Managing Director and Corporate Auditor (part-time), respectively, and Nobuaki Seki and Tadao Minamidate took office as Director and Corporate Auditor (part-time), respectively, as of the same date.

## 5. Reference Information

### (1) Status of Investment

#### Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of January 31, 2018)					Current fiscal period (As of July 31, 2018)				
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)		
					Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 3)	Percentage to total assets (%)				Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4)	Percentage to total assets (%)	
Trust beneficiary rights in real estate	Retail properties, etc.	Hokkaido and Tohoku	30,589	8.4	-	-	-	30,190	8.3	-	-	-
		Kanto (Note 5)	120,817	33.3	-	-	-	119,469	32.9	-	-	-
		Tokai, Hokuriku and Chubu	36,812	10.1	-	-	-	36,345	10.0	-	-	-
		Kinki	78,924	21.8	-	-	-	91,721	25.3	-	-	-
		Chugoku and Shikoku	31,119	8.6	-	-	-	30,952	8.5	-	-	-
		Kyushu and Okinawa	38,012	10.5	-	-	-	23,183	6.4	-	-	-
		Malaysia	662	0.2	662	(96)	0.2	654	0.2	654	(106)	0.2
Total			336,939	92.9	662	(96)	0.2	332,516	91.7	654	(106)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.7	6,078	627	1.7	6,078	1.7	6,078	493	1.7
Deposits and other assets			19,680	5.4	15	-	0.0	24,157	6.7	14	(0)	0.0
Total assets			362,698	100.0	6,756	530	1.9	362,753	100.0	6,747	386	1.9

	Previous fiscal period (As of January 31, 2018)		Current fiscal period (As of July 31, 2018)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	164,621	45.4	164,805	45.4
Total net assets	198,077	54.6	197,947	54.6

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

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

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

(Note 3) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2018 represents the amount found by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (January 31, 2018). The applied exchange rate on the closing date (January 31, 2018) is RM 1 = ¥27.92 (rounded down to the second decimal place). As there is no official foreign exchange rate for the RM, the reference exchange rate of Mizuho Bank, Ltd. is adopted for conversion to the yen.

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of July 31, 2018 represents the amount obtained by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate on the closing date (July 31, 2018). The applied exchange rate on the closing date (July 31, 2018) is RM 1 = ¥27.36 (rounded down to the second decimal place).

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

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

## (2) Investment Assets

### i) Major investment securities

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

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

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

### Investment ratio by asset type and business type

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

### ii) Investment properties

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

### iii) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of July 31, 2018 (the end of the 11th fiscal period) is shown below.

Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Seller
SRSC-1	AEON LakeTown mori (Note 4)	21,190	19,388	23,800	6.0	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	6,154	7,880	1.9	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,579	6,720	1.5	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,005	7,080	1.9	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	14,773	17,413	4.7	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	6,108	8,060	1.9	Tokyo Century Corporation
RSC-5	AEON Sagamihara Shopping Center	10,220	9,874	11,000	2.9	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	3,944	4,960	1.4	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,414	10,600	2.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,194	3,660	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,335	7,690	2.0	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	7,130	8,500	2.2	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,621	19,700	5.0	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	7,199	8,720	2.5	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,246	10,097	13,200	3.2	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	20,458	22,500	6.0	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,471	6,340	1.7	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,777	1,930	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,362	2,770	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,274	1,470	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,232	2,630	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	14,500	13,807	14,800	4.1	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,896	12,400	3.4	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa	8,389	8,056	8,610	2.4	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,720	8,220	2.2	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	6,026	6,430	1.8	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	16,556	17,600	4.7	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	13,086	13,900	3.8	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	11,704	12,400	3.4	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	9,503	10,600	2.8	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	9,416	9,820	2.7	Godō Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	13,333	13,458	13,600	3.8	Godō Kaisha Double O3
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,413	6,570	1.8	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,689	3,860	1.1	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,476	4,640	1.2	Godō Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	14,280	14,022	15,000	4.0	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,783	10,300	2.8	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,844	7,140	1.9	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 6)	658 [RM 20 million]	654 [RM 20 million]	588 [RM 21 million]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 7)	5,252 [RM 215 million]	—	6,374 [RM 223 million]	1.5	Swiss Advanced Technology Institute(M) Sdn. Bhd.
Total		355,378	332,516 (Note 8)	379,476	100.0	

- (Note 1) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).
- (Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of July 31, 2018, or survey price shown on a survey report of property, excluding AEON MALL Kyoto Gojo, for which the valuation date is June 1, 2018. For the summary of appraisal, please refer to “Summary of real estate appraisal” described below.
- (Note 3) *Investment percentage* is calculated by dividing the acquisition price of each property by the total of the acquisition price, and is rounded to the nearest tenth.
- (Note 4) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Assessed value at end of period* describes the amount representing AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 5) This property includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥108 million, and the assessed value at the end of the period is ¥113 million).
- (Note 6) *Acquisition price* represents the total yen amount of the considerations actually paid by AEON REIT to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to 1 RM, rounded down to the nearest 100th.
- Book value at end of period* represents the amount obtained by subtracting the accumulated depreciation amount at the end of the fiscal period from the sum of the amount presented in the *Acquisition price*, expenses incurred on the acquisition of the property (related expenses) and capital expenditures. For related expenses paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses paid in RM, the amount obtained after converting it to Japanese yen using the exchange rate at the time of the transaction (the average spot exchange rate of the month preceding the month in which the transaction was carried out) has been added to the *Acquisition price*.
- AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value shown on the appraisal report of property as of the valuation date of July 31, 2018, or survey price shown on a survey report of property, equivalent to AEON REIT’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥27.36; rounded down to the second decimal place) on the closing date (July 31, 2018).
- (Note 7) The amount of *Acquisition price* indicates the value at which AEON REIT acquired AEON MALL SEREMBAN 2 from the seller through the Overseas SPC (the sale price, etc. stated in the sale agreement, etc., excluding the expenses (brokerage commissions, taxes and dues, etc.) that were required for the acquisition of AEON MALL SEREMBAN 2). The exchange rate on September 30, 2016 (RM 1 = ¥24.43; rounded down to the second decimal place) is applied for the conversion from RM to Japanese yen.
- Book value at end of period* is not indicated as AEON REIT does not directly own the property. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥27.36; rounded down to the second decimal place) on the closing date (July 31, 2018).
- (Note 8) The total amount excludes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.

(B) Overview of lease

The overview of lease (annual contracted rent, leasehold and security deposits, total leasable area, total leased area, and occupancy rate as of July 31, 2018) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (July 31, 2018) is shown below (Note 1).

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m <sup>2</sup> ) (Note 2)	Total leased area (m <sup>2</sup> )	Occupancy rate (%)
Retail properties, etc.	SRSC-1	AEON LakeTown mori (Note 3)	Koshigaya City, Saitama Pref.	September 9, 2008	682	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 3)	Koshigaya City, Saitama Pref.	September 9, 2008	339	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	369	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	351	354	60,682.20	60,682.20	100.0
	RSC-3	AEON MALL Mitouchihara	Mito City, Ibaraki Pref.	November 8, 2005	733 (Note 4)	726 (Note 4)	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	482	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	419	420	75,056.62	75,056.62	100.0
	RSC-6	AEON MALL Ogaki	Ogaki City, Gifu Pref.	March 29, 2007	326	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	453	446	125,253.74	125,253.74	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	212	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	436	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	740	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	455	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	556	545	151,969.51	151,969.51	100.0
	RSC-14	AEON MALL Kumamoto (Note 1)	Kamimashiki County, Kumamoto Pref.	September 16, 2005	407	-	-	-	-
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	698	698	136,468.45	136,468.45	100.0
	RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	November 10, 2000	448	-	78,360.81	78,360.81	100.0
	RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	September 13, 2000	229	-	51,763.05	51,763.05	100.0
	RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	April 18, 2000	208	-	66,478.91	66,478.91	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	162	-	53,502.94	53,502.94	100.0
RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	232	-	41,447.33	41,447.33	100.0	
RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	February 16, 2010	765	768	105,230.88	105,230.88	100.0	

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m <sup>2</sup> ) (Note 2)	Total leased area (m <sup>2</sup> )	Occupancy rate (%)
Retail properties, etc.	RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	April 17, 2006	402	403	107,425.97	107,425.97	100.0
	RSC-23	AEON MALL Kofu Showa	Nakakoma-gun, Yamanashi Pref.	March 11, 2011	403	392	66,509.51	66,509.51	100.0
	RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	343	-	71,308.33	71,308.33	100.0
	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	278	279	47,872.33	47,872.33	100.0
	RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	851	851	122,944.71	122,944.71	100.0
	RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	September 12, 2007	589	-	132,341.35	132,341.35	100.0
	RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	May 19, 2009	535	536	86,848.51	86,848.51	100.0
	RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	September 30, 2008	491	492	70,948.14	70,948.14	100.0
	RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	November 17, 1997	387	-	58,402.66	58,402.66	100.0
	RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	January 21, 2004	73	-	86,984.79	86,984.79	100.0
	CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	October 13, 2000	224	223	63,158.24	63,158.24	100.0
	CSC-2	AEON STYLE Kemigawahama	Chiba City, Chiba Pref.	November 20, 1991	177	177	29,961.03	29,961.03	100.0
	CSC-3	AEON Kireuriwari Shopping Center	Osaka City, Osaka Pref.	November 21, 2005	173	-	27,603.46	27,603.46	100.0
	L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	April 22, 1997	491	269	59,265.77	59,265.77	100.0
	L-2	AEON Minami-Osaka RDC	Sakai City, Osaka Pref.	April 25, 1995	291	144	50,197.06	50,197.06	100.0
	L-3	Daiei Ibaraki Process Center	Ibaraki City, Osaka Pref.	June 14, 1977	251	263	50,783.58	50,783.58	100.0
	M-1	AEON Taman Universiti Shopping Centre (Note 5)	Johor, Malaysia	May 30, 2002	20 [RM 756 thousand]	-	22,870.00	22,870.00	100.0
M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	2005	203 [RM 7,396 thousand]	-	81,135.00	81,135.00	100.0	
Total					16,229 (Note 7)	12,330	3,396,940.14	3,396,940.14	100.0

(Note 1) The figures of *Total leasable area*, *Total leased area* and *Occupancy rate* for AEON Mall Kumamoto are not indicated as AEON REIT disposed the property on June 29, 2018. *Annual contracted rent* is based on rent for the *Total leasable area* used in operations.

(Note 2) *Total leasable area* represents gross leasable space based on the lease agreement or floor plan for buildings in each acquired property.  
*Total leasable area* includes the area of attached buildings.

(Note 3) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Annual contracted rent* and *Leasehold/security deposits* represent the amounts equivalent to AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).

(Note 4) *Annual contracted rent* and *Leasehold/security deposits* of “AEON MALL Mitouchihara” include an amount based on the lease agreement for land of AEON MALL Mitouchihara that was additionally acquired on April 28, 2015.



(Note 5) *Date of construction* represents the date noted in the Technical Due Diligence Review (including the Supplementary Letter, “Technical Due Diligence Review”) prepared by Knight Frank Malaysia Sdn. Bhd. (the Malaysia office of Knight Frank LLP.) and Knight Frank Estate Management Pte. Ltd. (collectively, “Knight Frank Malaysia”) as the date of obtaining the Certificate of Fitness for Occupation Approval for main buildings.

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

*Total leasable area* and *Total leased area* represent the gross floor area as indicated in the Technical Due Diligence Review prepared by Knight Frank Malaysia or the building floor area as indicated in the real estate appraisal report prepared by the Japan Real Estate Institute.

(Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥27.54; rounded down to the second decimal place).

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

(C) Summary of real estate appraisal

The summary of real estate appraisal (appraisal value; income approach value and capitalization rate based on direct capitalization method, income approach value, discount rate and terminal capitalization rate based on DCF method, and NOI) for the already acquired properties (including real estate AEON REIT owns through the Overseas SPC) as of the end of the 11th fiscal period (July 31, 2018) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	23,800	24,100	4.8	23,600	4.8 4.9 (Note 4)	5.0	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,880	8,120	5.2	7,780	5.1 5.2 (Note 4)	5.5	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,720	6,760	6.6	6,670	6.2	6.8	517
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,080	7,180	6.2	6,980	5.9	6.5	479
RSC-3	AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5)	Japan Real Estate Institute	17,300	17,400	6.0	17,100	5.6	6.2	1,105
	AEON MALL Mitouchihara (Land) (Note 5)	Japan Real Estate Institute	113	—	—	113	5.2	—	—
RSC-4	AEON MALL Ota	Japan Real Estate Institute	8,060	8,110	6.4	8,010	5.9	6.6	587
RSC-5	AEON Sagamihara Shopping Center	Japan Real Estate Institute	11,000	11,100	5.2	10,900	4.9	5.4	668
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	4,960	4,970	7.0	4,950	6.3	7.4	378
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,600	10,700	6.2	10,400	5.8	6.6	750
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,660	3,760	6.5	3,610	6.4 6.5 (Note 4)	6.8	280
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,690	7,720	6.8	7,650	6.5	7.0	538
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,500	8,590	6.8	8,400	6.4	7.1	611
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,700	19,800	6.0	19,500	5.7	6.2	1,264
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	8,720	8,800	6.5	8,630	6.1	6.8	610
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	13,200	13,300	6.4	13,100	6.0	6.6	887
RSC-15	AEON MALL KYOTO	Japan Real Estate Institute	22,500	22,700	4.8	22,300	4.5	5.0	1,097
RSC-16	AEON MALL Sapporo-Hiraoka	The Tanizawa Sōgō Appraisal Co., Ltd.	6,340	6,540	6.2	6,260	6.2 6.3 (Note 4)	6.5	437
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,930	2,010	6.8	1,900	6.8 6.9 (Note 4)	7.1	173
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,770	2,860	6.4	2,730	6.4 6.5 (Note 4)	6.7	220

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
RSC-19	AEON MALL Yamagata-Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	1,470	1,530	6.6	1,450	6.6 6.7 (Note 4)	6.9	129
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,630	2,730	6.2	2,580	6.2 6.3 (Note 4)	6.5	209
RSC-21	AEON MALL Yamatokoriyama	Japan Real Estate Institute	14,800	15,000	5.6	14,600	5.1	5.8	878
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Japan Real Estate Institute	12,400	12,500	4.9	12,200	4.6	5.1	625
RSC-23	AEON MALL Kofu Showa	Japan Real Estate Institute	8,610	8,690	5.8	8,530	5.3	6.0	527
RSC-24	AEON MALL Tomakomai	The Tanizawa Sōgō Appraisal Co., Ltd.	8,220	8,340	5.9	8,170	5.9 6.0 (Note 4)	6.1	535
RSC-25	AEON MALL Oyama	Japan Real Estate Institute	6,430	6,480	6.7	6,380	6.4	6.9	457
RSC-26	AEON MALL Itamikoya	Japan Real Estate Institute	17,600	17,900	5.6	17,300	5.1	5.8	1,025
RSC-27	AEON MALL Kagoshima	The Tanizawa Sōgō Appraisal Co., Ltd.	13,900	14,200	6.0	13,800	6.0 6.1 (Note 4)	6.3	894
RSC-28	AEON MALL Tsuchiura	Japan Real Estate Institute	12,400	12,400	6.3	12,300	5.8	6.5	801
RSC-29	AEON MALL Kahoku	Japan Real Estate Institute	10,600	10,600	6.9	10,600	6.4	7.1	758
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,820	9,850	6.4	9,780	6.0	6.6	630
RSC-31	AEON MALL Kyoto Gojo	The Tanizawa Sōgō Appraisal Co., Ltd.	13,600	13,800	4.9	13,500	4.9 5.0 (Note 4)	5.1	722
CSC-1	AEON Chigasaki-Chuo Shopping Center	Japan Real Estate Institute	6,570	6,630	5.0	6,510	4.7	5.2	346
CSC-2	AEON STYLE Kemigawahama	Japan Real Estate Institute	3,860	3,880	6.2	3,830	5.7	6.4	270
CSC-3	AEON Kireuriwari Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	4,640	4,780	5.2	4,580	5.2 5.3 (Note 4)	5.5	248
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,000	15,200	4.9	14,800	4.4	5.3	766
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	10,300	10,400	4.9	10,200	4.6	5.2	519
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,140	7,180	5.1	7,100	4.8	5.3	409
M-1	AEON Taman Universiti Shopping Centre (Note 6)	Japan Real Estate Institute	588 [RM 21 million]	—	—	588 [RM 21 million]	6.5 6.0 (Note 7)	7.0	39 [RM 1 million]
M-2	AEON MALL SEREMBAN 2 (Note 6) (Note 8)	Japan Real Estate Institute	6,374 [RM 233 million]	—	—	6,374 [RM 233 million]	6.0	6.5	373 [RM 13 million]
Total			379,476	—	—	375,756	—	—	—

(Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of July 31, 2018 or the survey value indicated in the real estate survey report, excluding AEON MALL Kyoto Gojo, for which the valuation date is June 1, 2018.

- (Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from *NCF* (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from *NOI*. *NOI* shown above is assumed with the direct capitalization method. Amounts of *NOI* are rounded down to the nearest million yen.
- (Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and *NOI* describe AEON REIT's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 4.8% during the initial five years and 4.9% from the sixth year.  
Discount rates for AEON LakeTown kaze are 5.1% during the initial five years and 5.2% from the sixth year.  
Discount rates for AEON MALL Meiwa are 6.4% during the initial three years and 6.5% from the fourth year.  
Discount rates for AEON MALL Sapporo-Hiraoka are 6.2% during the initial three years and 6.3% from the fourth year.  
Discount rates for AEON MALL Kushiro-Showa are 6.8% during the initial three years and 6.9% from the fourth year.  
Discount rates for AEON MALL Rifu are 6.4% during the initial three years and 6.5% from the fourth year.  
Discount rates for AEON MALL Yamagata-Minami are 6.6% during the initial year and 6.7% from the second year.  
Discount rates for AEON MALL Yokkaichi-Kita are 6.2% during the initial three years and 6.3% from the fourth year.  
Discount rates for AEON MALL Tomakomai are 5.9% during the initial six years and 6.0% from the seventh year.  
Discount rates for AEON MALL Kagoshima are 6.0% during the initial five years and 6.1% from the sixth year.  
Discount rates for AEON MALL Kyoto Gojo are 4.9% during the initial eight years and 5.0% from the ninth year.  
Discount rates for AEON Kireuriwari Shopping Center are 5.2% during the initial nine years and 5.3% from the tenth year.
- (Note 5) For AEON MALL Mitouchihara, there exist both a portion of trust beneficiary rights in real estate and a real estate portion, and as we have obtained separate appraisal report for each, these have been entered separately.
- (Note 6) Pursuant to the local appraisal methodology, the evaluation of the appraisal value of AEON Taman Universiti Shopping Centre and AEON MALL SEREMBAN 2 has been entrusted to Japan Real Estate Institute. *Appraisal value* of AEON Taman Universiti Shopping Centre is based on the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2018, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and *NOI* in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2018. The amounts indicated in yen in *Appraisal value* and the prices and *NOI* in *Income approach value* have been converted to the yen using the exchange rate of July 31, 2018 (RM 1 = ¥27.36 (rounded down to the second decimal place)).
- (Note 7) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.
- (Note 8) The property is owned by AEON REIT through the Overseas SPC.

(D) Capital expenditures for properties held

a. Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (mainly those exceeding ¥30 million per work) that AEON REIT plans to conduct for properties held as of July 31, 2018.

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

Property name (Location)	Purpose	Scheduled period	Estimated cost of construction works (Millions of yen)		
			Total amount	Payment for the period	Total amount already paid
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of electric heat pumps for air conditioning units	From October 2018 to November 2018	43	—	—
AEON MALL Ishinomaki (Ishinomaki City, Miyagi Pref.)	Exterior wall repairs	From May 2018 to October 2018	171	—	—
AEON MALL Yamagata-Minami (Yamagata City, Yamagata Pref.)	Renewal of fire alarms	From October 2018 to October 2018	30	—	—
	Renewal of emergency broadcasting equipment	From October 2018 to October 2018	22	—	—
	Renewal of road heaters	From October 2018 to October 2018	33	—	—
	Work on anti-smoke hanging incombustible sheets	From October 2018 to January 2019	39	—	—
AEON Chigasaki Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Exterior wall painting	From May 2019 to July 2019	370	—	—
AEON MALL Kofu Showa (Nakakoma Country, Yamanashi Pref.)	Building reinforcement	From September 2018 to September 2018	781	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of gas heat pumps for air conditioning units	From October 2018 to November 2018	30	—	—
	Renewal of gas heat pumps for air conditioning units	From May 2019 to June 2019	76	—	—
	Connection to public sewerage	From June 2019 to July 2019	100	—	—
AEON MALL Meiwa (Taki County, Mie Pref.)	Renewal of air conditioning units	From October 2018 to November 2018	38	—	—
	Renewal of air conditioning units	From March 2019 to April 2019	34	—	—
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of fire alarm board and sensors	From November 2018 to November 2018	27	—	—
	Renewal of air conditioning units	From June 2019 to July 2019	59	—	—
Daiei Ibaraki Process Center (Ibaraki City, Osaka Pref.)	Renewal of water tanks	From January 2019 to January 2019	49	—	—
AEON MALL Yamatokoriyama (Yamatokoriyama City, Nara Pref.)	Renewal of lighting equipment	From July 2019 to July 2019	81	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of air conditioning units	From October 2018 to November 2018	61	—	—
	Renewal of air conditioning units	From April 2019 to April 2019	51	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Revitalization	From August 2018 to December 2018	132	—	—
	Renewal of electric heat pumps for air conditioning units	From February 2019 to March 2019	51	—	—
AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.)	Work on anti-smoke hanging incombustible sheets	From October 2018 to January 2019	72	—	—

b. Capital expenditures during the period

For properties held by AEON REIT as of July 31, 2018, the major construction works that fall into capital expenditure (those exceeding ¥30 million per work) conducted by AEON REIT during the current fiscal period are shown in the table below. The capital expenditure for the current period amounted to ¥848 million. Combined with ¥550 million in repairs and maintenance that was classified as expenses and ¥4 million yen in loss on disaster by the 2018 northern Osaka earthquake, AEON REIT conducted construction works totaling ¥1,403 million in the fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of electric heat pumps for air conditioning units	From April 2018 to May 2018	30
AEON MALL Oyama (Oyama City, Tochigi Pref.)	Work on anti-smoke hanging incombustible sheets	From June 2018 to July 2018	30
AEON Chigasaki Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Work on anti-smoke hanging incombustible sheets	From May 2018 to July 2018	34
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Work on anti-smoke hanging incombustible sheets	From July 2018 to July 2018	34
AEON Kireuriwari Shopping Center (Osaka City, Osaka Pref.)	Exterior wall painting	From October 2017 to February 2018	115
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Waterproofing of slopes of East Building	From April 2018 to June 2018	54
	Exterior wall painting of East Building	From March 2018 to June 2018	105
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of electric heat pumps for air conditioning units	From April 2018 to April 2018	30
	Renewal of well water piping	From January 2018 to April 2018	71
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Setting of LED lighting	From June 2018 to July 2018	70

(E) Statements of income of individual properties

11th fiscal period (from February 1, 2018 to July 31, 2018)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3	RSC-4
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara	AEON MALL Ota
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	682,401	339,714	369,381	351,759	733,009	482,146
Rent revenue—real estate	682,401	339,714	369,381	351,759	733,009	482,146
(B) Expenses related to real estate leasing business	94,935	117,969	124,715	116,718	186,747	187,145
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400	1,400
Taxes and dues	81,021	33,175	43,638	46,427	74,408	38,353
Insurance expenses	5,063	3,692	4,239	2,502	6,765	3,727
Repairs and maintenance expenses	6,952	26	25,214	10,895	28,179	11,027
Land rent paid	16	78,959	49,748	54,704	75,121	132,591
Utilities	-	-	-	-	-	-
Other expenses related to rent business	55	830	54	398	873	44
(C) NOI (A – B)	587,465	221,744	244,665	235,041	546,261	295,000
(D) Depreciation	224,992	102,447	131,513	78,426	246,236	118,253
(E) Income from leasing business (C – D)	362,472	119,297	113,152	156,614	300,025	176,747
(F) Capital expenditures	-	-	30,559	2,967	-	-
(G) NCF (C – F)	587,465	221,744	214,106	232,074	546,261	295,000

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-5	RSC-6	RSC-7	RSC-8	RSC-9	RSC-10
Property name	AEON Sagamihara Shopping Center	AEON MALL Ogaki	AEON MALL Suzuka	AEON MALL Meiwa	AEON MALL Kasai-Hojo	AEON MALL Hiezu
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	419,690	326,642	453,287	212,916	325,649	436,696
Rent revenue—real estate	419,690	326,642	453,287	212,916	325,649	436,696
(B) Expenses related to real estate leasing business	91,586	146,939	81,832	88,760	61,669	201,258
Property and facility management fees (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	74,753	32,652	53,746	21,750	40,680	42,054
Insurance expenses	4,918	2,706	5,157	1,407	1,892	4,293
Repairs and maintenance expenses	10,477	15,608	21,053	26,041	7,562	80,967
Land rent paid	-	94,212	-	37,567	9,677	72,092
Utilities	-	-	-	-	-	-
Other expenses related to rent business	36	-	25	142	6	-
(C) NOI (A – B)	328,104	179,702	371,454	124,156	263,980	235,438
(D) Depreciation	87,192	100,447	113,521	43,368	104,400	144,576
(E) Income from leasing business (C – D)	240,911	79,254	257,932	80,787	159,579	90,861
(F) Capital expenditures	17,000	1,115	26,001	15,869	-	252,305
(G) NCF (C – F)	311,103	178,587	345,452	108,286	263,980	(16,866)

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-11	RSC-12	RSC-13	RSC-14	RSC-15	RSC-16
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL Kumamoto	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka
Number of operating days	181	181	181	148	181	181
(A) Revenues related to real estate leasing business	740,623	455,882	556,391	407,142	698,195	448,675
Rent revenue—real estate	740,623	455,882	556,391	407,142	698,195	448,675
(B) Expenses related to real estate leasing business	136,104	147,583	134,461	85,437	174,303	225,045
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,521	1,562	2,180
Taxes and dues	95,058	52,477	57,520	43,298	124,840	44,327
Insurance expenses	7,178	4,244	8,021	4,144	6,705	3,714
Repairs and maintenance expenses	31,913	4,050	23,669	8,935	41,180	9,348
Land rent paid	-	84,915	43,384	27,417	-	165,475
Utilities	-	-	-	-	-	-
Other expenses related to rent business	104	45	15	120	16	-
(C) NOI (A – B)	604,518	308,299	421,929	321,704	523,891	223,630
(D) Depreciation	193,309	184,605	207,328	139,127	185,013	74,475
(E) Income from leasing business (C – D)	411,208	123,694	214,601	182,577	338,878	149,154
(F) Capital expenditures	103,055	-	79,340	-	-	-
(G) NCF (C – F)	501,462	308,299	342,589	321,704	523,891	223,630

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-17	RSC-18	RSC-19	RSC-20	RSC-21	RSC-22
Property name	AEON MALL Kushiro-Showa	AEON MALL Rifu	AEON MALL Yamagata-Minami	AEON MALL Yokkaichi-Kita	AEON MALL Yamatokoriyama	AEON MALL Chiba Newtown (mall, and cinema and sports complex)
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	229,809	208,706	162,025	232,945	765,146	402,933
Rent revenue—real estate	229,809	208,706	162,025	232,945	765,146	402,933
(B) Expenses related to real estate leasing business	145,642	111,748	99,975	135,414	335,075	83,735
Property and facility management fees (Note 1)	2,180	1,760	1,820	1,760	1,760	1,670
Taxes and dues	30,261	21,253	18,723	21,493	61,206	71,476
Insurance expenses	2,388	2,909	2,384	1,809	5,394	4,295
Repairs and maintenance expenses	14,948	19,889	12,505	18,883	14,305	6,029
Land rent paid	95,864	65,915	64,541	91,469	252,386	238
Utilities	-	-	-	-	-	-
Other expenses related to rent business	-	21	-	-	21	26
(C) NOI (A – B)	84,167	96,957	62,049	97,530	430,071	319,198
(D) Depreciation	25,354	37,296	19,030	28,955	176,640	103,008
(E) Income from leasing business (C – D)	58,812	59,661	43,019	68,574	253,431	216,189
(F) Capital expenditures	14,988	13,604	13,843	61,947	677	-
(G) NCF (C – F)	69,179	83,352	48,205	35,582	429,393	319,198

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).



(Unit: Thousands of yen)

Property number	RSC-23	RSC-24	RSC-25	RSC-26	RSC-27	RSC-28
Property name	AEON MALL Kofu Showa	AEON MALL Tomokomai	AEON MALL Oyama	AEON MALL Itamikoya	AEON MALL Kagoshima	AEON MALL Tsuchiura
Number of operating days	181	181	181	181	181	181
(A) Revenues related to real estate leasing business	403,588	343,797	278,207	851,254	589,555	535,582
Rent revenue—real estate	403,588	343,797	278,207	851,254	589,555	535,582
(B) Expenses related to real estate leasing business	139,963	75,350	50,778	330,688	140,219	131,813
Property and facility management fees (Note 1)	1,820	1,850	1,400	1,376	1,688	1,334
Taxes and dues	39,527	60,346	32,721	95,062	94,425	55,368
Insurance expenses	2,942	3,265	2,388	6,634	5,761	4,242
Repairs and maintenance expenses	2,678	9,888	14,257	4,387	5,404	6,282
Land rent paid	92,995	-	-	223,227	32,792	64,567
Utilities	-	-	-	-	-	-
Other expenses related to rent business	-	-	10	-	148	19
(C) NOI (A – B)	263,624	268,446	227,429	520,565	449,336	403,769
(D) Depreciation	97,169	121,476	89,407	191,120	173,556	163,329
(E) Income from leasing business (C – D)	166,454	146,970	138,021	329,444	275,779	240,439
(F) Capital expenditures	-	12,016	35,253	7,575	-	-
(G) NCF (C – F)	263,624	256,430	192,175	512,990	449,336	403,769

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-29	RSC-30	RSC-31	CSC-1	CSC-2	CSC-3
Property name	AEON MALL Kahoku	AEON MALL Shimotsuma	AEON MALL Kyoto Gojo	AEON Chigasaki-Chuo Shopping Center	AEON STYLE Kemigawahama	AEON Kireuriwari Shopping Center
Number of operating days	181	181	30	181	181	181
(A) Revenues related to real estate leasing business	491,786	387,313	73,023	224,170	177,218	173,001
Rent revenue—real estate	491,786	387,313	73,023	224,170	177,218	173,001
(B) Expenses related to real estate leasing business	108,825	88,731	869	58,065	35,289	53,513
Property and facility management fees (Note 1)	1,580	1,610	229	1,400	1,298	1,406
Taxes and dues	41,671	28,102	-	34,634	17,426	21,574
Insurance expenses	3,690	3,020	640	2,345	1,497	1,807
Repairs and maintenance expenses	3,436	15,596	-	19,664	-	4,083
Land rent paid	58,428	40,378	-	-	15,056	24,625
Utilities	-	-	-	-	-	-
Other expenses related to rent business	20	24	-	20	11	16
(C) NOI (A – B)	382,960	298,581	72,154	166,105	141,929	119,487
(D) Depreciation	188,698	116,557	14,799	44,685	53,677	41,640
(E) Income from leasing business (C – D)	194,262	182,023	57,354	121,419	88,252	77,846
(F) Capital expenditures	-	-	-	41,073	-	115,916
(G) NCF (C – F)	382,960	298,581	72,154	125,031	141,929	3,571

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	L-1	L-2	L-3	M-1	
Property name	Daiei-Kawasaki Process Center	AEON Minami- Osaka RDC	Daiei Ibaraki Process Center	AEON Taman Universiti Shopping Centre (Note 2)	Total
Number of operating days	181	181	181	181	-
(A) Revenues related to real estate leasing business	491,900	291,236	251,197	20,905	16,025,515
Rent revenue—real estate	491,900	291,236	251,197	20,905	16,025,515
(B) Expenses related to real estate leasing business	105,626	33,278	57,230	1,325	4,726,381
Property and facility management fees (Note 1)	1,580	1,370	1,700	409	63,895
Taxes and dues	49,110	26,110	40,629	814	1,862,128
Insurance expenses	5,114	2,828	3,399	99	149,235
Repairs and maintenance expenses	331	2,947	11,462	-	550,088
Land rent paid	6	-	-	-	2,048,376
Utilities	49,233	-	4	-	49,238
Other expenses related to rent business	251	21	35	0	3,419
(C) NOI (A – B)	386,273	257,958	193,966	19,580	11,299,133
(D) Depreciation	94,899	67,487	18,696	8,669	4,355,394
(E) Income from leasing business (C – D)	291,373	190,470	175,269	10,911	6,943,738
(F) Capital expenditures	3,210	-	-	-	848,324
(G) NCF (C – F)	383,062	257,958	193,966	19,580	10,450,809

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

(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).