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March 13, 2020

Financial Report for the Fiscal Period Ended January 31, 2020 (August 1, 2019 – January 31, 2020)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Nobuaki Seki, Representative Director and President
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Scheduled date to file securities report: April 24, 2020
 Scheduled date to commence distribution payments: April 13, 2020

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

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended January 31, 2020 (August 1, 2019 – January 31, 2020)

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

Fiscal period ended	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2020	16,895	3.3	6,645	6.7	5,800	7.1	5,758	4.8
July 31, 2019	16,357	0.2	6,226	(1.7)	5,416	(0.6)	5,492	3.1

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
January 31, 2020	3,103	2.8	1.6	34.3
July 31, 2019	3,090	2.8	1.5	33.1

(2) Distributions

Fiscal period ended	Distribution per unit (excluding distributions in excess of retained earnings)	Total cash distributions (excluding distributions in excess of retained earnings)	Distribution in excess of retained earnings per unit	Total cash distributions in excess of retained earnings	Payout ratio	Cash distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
January 31, 2020	3,074	5,758	–	–	100.0	2.7
July 31, 2019	3,047	5,415	–	–	98.6	2.7

(Note 1) Distribution per unit for the fiscal period ended July 31, 2019 is calculated by dividing the amount, which is obtained by deducting the amount of provision of distribution reserve (extraordinary income comprising insurance income for disaster) of ¥76 million from unappropriated retained earnings of ¥5,492 million, by the total number of investment units issued and outstanding.

(Note 2) Payout ratio for the fiscal period ended January 31, 2020 is calculated by using the following formula:

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

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
January 31, 2020	375,594	210,801	56.1	112,528
July 31, 2019	362,417	198,062	54.7	111,437

(Reference) Equity As of January 31, 2020: ¥210,801 million As of July 31, 2019: ¥198,062 million

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
January 31, 2020	10,155	(18,190)	6,855	21,075
July 31, 2019	10,948	(570)	(5,448)	22,255

2. Forecasts of performance for the fiscal periods ending July 31, 2020 (February 1, 2020 – July 31, 2020) and January 31, 2021 (August 1, 2020 – January 31, 2021)

(Percentages show changes from the previous period)

Fiscal period ending	Operating revenue		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
July 31, 2020	17,550	3.9	6,691	0.7	5,863	1.1	5,863	1.8	3,125	–
January 31, 2021	17,562	0.1	6,717	0.4	5,859	(0.1)	5,858	(0.1)	3,125	–

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

For the fiscal period ending July 31, 2020: ¥3,129

For the fiscal period ending January 31, 2021: ¥3,127

*Other

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

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

(2) Total number of investment units issued and outstanding

- a. Total number of investment units issued and outstanding at end of period (including treasury investment units)
 - As of January 31, 2020 1,873,317 units
 - As of July 31, 2019 1,777,347 units
- b. Number of treasury investment units at end of period
 - As of January 31, 2020 0 units
 - As of July 31, 2019 0 units

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

* Status of audit procedures

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

* Special notes

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to AEON REIT and on certain assumptions AEON REIT deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. Furthermore, these forecasts shall not be construed as a guarantee of the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending July 2020 (February 1, 2020 – July 31, 2020) and January 2021 (August 1, 2020 – January 31, 2021)” on pages 7 and 8 for information on assumptions for the forecasts of operating results.

1. Status of Asset Management

(1) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Overview of AEON REIT

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

AEON REIT was established on November 30, 2012 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”), with AEON Reit Management Co., Ltd. (hereinafter, the “Asset Manager”) serving as the organizer. AEON REIT was listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (securities code: 3292) on November 22, 2013. In the fiscal period under review (14th fiscal period), AEON REIT issued new investment units in September and October 2019 (total paid-in amount: ¥12,395 million). Using the procured funds in combination with part of its cash on hand, AEON REIT acquired AEON MALL Fukutsu (acquisition price: ¥18,040 million).

The real estate held by AEON REIT as of January 31, 2020 totaled 41 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 ¥380,518 million. Total leasable area is 3,530,537.24 m² and the occupancy rate of the entire portfolio is 100.0% as of the same date.

(B) Operating environment and performance

(a) Operating environment

In the fiscal period under review, the Japanese economy saw real GDP for the third quarter (October – December) of 2019 (preliminary release) record negative growth for the first time in 5 quarters, decreasing 1.6% from the preceding quarter, impacted by the consumption tax rate hike in October 2019 on top of private-sector demand including consumer spending, housing investments and capital investments all becoming stagnant.

The real estate investment market as a whole has continued to be bolstered by the favorable fundamentals and low-interest-rate environment and, with willingness to acquire properties remaining strong, overheated sentiment is observed in some areas of the for-sale market. As such, AEON REIT believes that it has become increasingly important to discern the profitability of individual properties and timeliness of transactions.

The J-REIT market stayed on an upward trend, backed by the continued super-low interest-rate environment, as focuses were placed on J-REITs’ high distribution yield and their nature of being susceptible to economic conditions, and the Tokyo Stock Exchange (TSE) REIT Index closed the fiscal period at 2,215.67 points on January 31, 2020 (on a closing price basis). AEON REIT will closely monitor the market trends going forward, paying close attention to the increasingly opaque external environment including the U.S. presidential election, the U.S.-China conflict over trade between them and the COVID-19 pneumonia caused by the novel coronavirus, and the impact these will give on the financial and capital markets.

(b) Performance

Under these conditions, AEON REIT and the Asset Manager steadily promoted external growth through property acquisitions. AEON REIT acquired AEON MALL Fukutsu (acquisition price: ¥18,040 million) by using funds procured through issuance of new investment units in September 2019 as well as through new debt financing, expanding its portfolio size to ¥380.5 billion.

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

(C) Financing

(a) Issuance of new investment units

AEON REIT conducted additional issuance of new investment units to allocate funds for part of the acquisition of AEON MALL Fukutsu (acquisition price of ¥18,040 million); issuance of new investment units through public offering (91,400 units) with September 3, 2019 as the payment date, and issuance of new investment units through third-party allotment (4,570 units) with October 1, 2019 as the payment date. Accordingly, the total number of investment units issued and outstanding as of the end of the fiscal period ended January 31, 2020 is 1,873,317 units.

(b) Debt financing, etc.

In the 14th fiscal period, AEON REIT conducted debt financing of ¥12,000 million in bridge loans, ¥3,300 million and ¥300 million (¥15,600 million in total) on October 21, 2019 in order to refinance the borrowings of ¥15,600 million maturing on October 21, 2019. AEON REIT also issued the 6th Series Unsecured Investment Corporation Bond (ranking pari passu only among investment corporation bonds) totaling ¥12,000 million for retail investors on December 6, 2019. Using the proceeds from the issuance of the investment corporation bonds as the major source of funds, AEON REIT made early repayment of the above-mentioned bridge loans on December 20, 2019.

As of January 31, 2020, AEON REIT had a balance of interest-bearing debt totaling ¥150,000 million, remaining unchanged from the end of the previous fiscal period, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 43.5%.

The ratio of long-term interest-bearing debt (the ratio of long-term interest-bearing debt (including the current portion of long-term loans payable) to total interest-bearing debt) was 100% as of January 31, 2020. 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 100% as of the same date. Together with the above-mentioned LTV, these figures indicate that AEON REIT has maintained a sound and conservative financial structure. AEON REIT works to diversify the repayment dates and extend maturities of interest-bearing debt with an aim to further reinforce its financial base.

As of January 31, 2020, 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) Initiatives on sustainability

AEON REIT is making endeavors for Environment, Social and Governance (ESG) awareness. It works to reduce environmental burden and coordinate and cooperate with its stakeholders, in pursuit of realizing a sustainable society as a social responsibility of a corporation. Since July 2017, AEON REIT has been included in the MSCI Japan ESG Select Leaders Index provided by MSCI Inc.

In the 14th fiscal period ended January 2020, it obtained DBJ Green Building Certification for AEON LakeTown mori, AEON LakeTown kaze, AEON MALL Ishinomaki, AEON MALL Tomakomai and AEON MALL Sapporo-Hiraoka in August 2019. In September 2019, AEON REIT obtained “Green Star” in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment (the survey conducted in 2019), marking the fourth consecutive year of recognition with the highest ranking. As of the end of the 14th fiscal period ended January 31, 2020, it has obtained the DBJ Green Building Certification for 16 properties and the CASBEE for Building Certification for 3 properties. In addition, AEON REIT conducted green finance as its first such arrangement.

Moreover, taking into account the growing interest in ESG investment among investors these days, AEON REIT expanded and enriched the contents of its initiatives on sustainability when it renewed its website in January 2020. Going forward, AEON REIT will continue to proactively take initiatives on ESG issues.

(E) Results and cash distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥16,895 million, operating income of ¥6,645 million, ordinary income of ¥5,800 million and net income of ¥5,758 million for the 14th fiscal period ended January 31, 2020.

As for cash distribution for the 14th fiscal period, distribution per unit came to ¥3,074.

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

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

The world economy is expected to stay in a standstill in 2020, in the face of uncertainties in political and economic situations including the U.S.-China trade friction and the coronavirus issue. The Japanese economy is also anticipated to remain at low growth level due to slowdown in capital investment and weak resilience in consumer spending as a result of the consumption tax rate hike and other factors.

As for the environment surrounding retail properties and the retail industry, it is anticipated that consumers will be inclined to be even thriftier in mid-2020, when the government’s point-based rebate system for cashless purchases will end, and consumer spending will stay on a weak note amid employment and wages failing to increase. As the situation continues where consumers are increasingly diversifying their lifestyles and needs and becoming more oriented to exercising thriftiness and being selective, AEON REIT believes it must make meticulous responses to the changes in the business environment, by conducting renovations of the stores and other measures.

As for the Malaysian economy, the real GDP growth rate for the fourth quarter of 2019 increased 3.6% year-on-year. Despite the drop in crude oil prices and the impact of the coronavirus on exports, AEON REIT foresees that the economy will remain solid going forward, bolstered by strong consumer spending.

(B) Future investment policy

(a) Basic policy

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

(b) Investment policy and growth strategy

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

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

(c) Financial strategy

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

iii) Significant events after balance sheet date

(A) Property acquisition

AEON REIT acquired the trust beneficiary right in real estate of a property described below (acquisition price: ¥9,667 million).

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

(Note 1) The sale and purchase agreement for AEON MALL Tamadaira woods falls under a forward commitment as defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The appraisal value described in the appraisal report of AEON MALL Tamadaira woods with January 31, 2020 as the appraisal date remains unchanged at ¥10,200 million, which is the appraisal value indicated in the “Notice Concerning Acquisition and Leases of Domestic Properties” announced on August 20, 2019.

(Note 2) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 3) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

(B) Debt financing

AEON REIT conducted the following debt financing in order to partly fund the acquisition of AEON MALL Tamadaira woods, described in (A) Property acquisition above, and related expenses.

Term	Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Security
Short-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	9,800	Base rate (JBA three-month Japanese Yen TIBOR) plus 0.22%	February 3, 2020	October 20, 2020	Bullet repayment	Unsecured and unguaranteed
Total		9,800					

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending July 2020
(February 1, 2020 – July 31, 2020) and January 2021 (August 1, 2020 – January 31, 2021)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending July 31, 2020 (182 days from February 1, 2020 to July 31, 2020, the 15th fiscal period) Fiscal period ending January 31, 2021 (184 days from August 1, 2020 to January 31, 2021, the 16th fiscal period)
Portfolio	<ul style="list-style-type: none"> For the forecasts of performance, the number of investment assets is assumed to be 42 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of March 13, 2020 (hereinafter, the “assets currently held”). It is assumed that, through the end of the 16th fiscal period ending January 2021, there will be no change (acquisition of new properties or sale of existing properties, etc.) in the number of investment assets. The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc.
Operating revenue	<ul style="list-style-type: none"> Rent revenue – real estate from the assets currently held has been calculated by taking into account such factors as the relevant lease agreements effective as of March 13, 2020 and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that dividends will be received during the fiscal periods ending July 31, 2020 (15th fiscal period) and ending January 31, 2021 (16th fiscal period), respectively. Furthermore, the exchange rate of Malaysia is assumed to be Malaysian Ringgit (hereinafter, “RM”) 1 = JPY 24.00. It is assumed that there is no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> Operating expenses mainly comprise expenses related to rent business. Those expenses, excluding depreciation expenses, are calculated on the basis of historical data and by reflecting variable factors of expenses for the assets currently held. Generally, fixed asset taxes, city planning taxes and depreciable asset taxes for the acquired properties are prorated based on the period of ownership with the previous owners and settled at the time of acquisition. The amount equivalent to such settlement is included in the acquisition costs and therefore not recognized as expenses for the fiscal period in which the acquisition takes place. As for fixed asset taxes, city planning taxes and depreciable asset taxes for the assets currently held, AEON REIT assumes to record ¥1,982 million for the 15th fiscal period and ¥1,982 million for the 16th fiscal period as expenses. For repairs and maintenance expenses for buildings, amounts assumed to be required in each fiscal period is recorded as expenses, based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from the forecasts, as (i) there is no denying the possibility of repairs and maintenance expenses being incurred urgently due to damages to buildings caused by unforeseeable factors, (ii) generally, incurred expenses differ substantially from one fiscal period to another, and (iii) expenses are not incurred on a regular basis, among other reasons. Depreciation of property and equipment is computed by the straight-line method, including related expenses, and is assumed to be ¥4,637 million for the 15th fiscal period and ¥4,638 million for the 16th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses and other borrowing-related expenses are assumed to be ¥813 million for the 15th fiscal period and ¥850 million for the 16th fiscal period.
Borrowings	<ul style="list-style-type: none"> As of March 13, 2020, AEON REIT has interest-bearing debt totaling ¥159,800 million. It is assumed that AEON REIT will refinance ¥31,800 million in borrowings that will mature in the 16th fiscal period (repayment date: October 20, 2020) for the same amount. LTV ratio is anticipated to be approximately 44.9% as of the end of the 15th fiscal period (July 31, 2020) and approximately 44.9% as of the end of the 16th fiscal period (January 31, 2021). LTV is calculated by using the following formula: LTV = Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust) / Total assets × 100

Item	Assumptions
Investment units	<ul style="list-style-type: none"> ● Distribution per unit for the 15th and 16th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 1,873,317 units as of March 13, 2020. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 16th fiscal period, without any change in the number of investment units.
Distribution per unit	<ul style="list-style-type: none"> ● Distribution per unit (excluding distribution in excess of retained earnings) has been calculated based on the cash distribution policy prescribed in the Articles of Incorporation of AEON REIT. ● Fluctuations in rent revenue due to changes in the portfolio and other factors, unforeseeable repairs and maintenance incurred and other various factors may lead to changes in the amount of distribution per unit.
Distribution in excess of retained earnings per unit	<ul style="list-style-type: none"> ● AEON REIT currently has no plan to pay cash distribution in excess of retained earnings (distribution in excess of retained earnings per unit).
Others	<ul style="list-style-type: none"> ● It is assumed that no revisions that may impact the above projections will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. ● It is assumed that no unforeseeable significant changes will occur in general economic trends or conditions in the real estate market, etc.

2. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Assets		
Current assets		
Cash and deposits	15,120,973	12,959,174
Cash and deposits in trust	7,134,065	8,116,188
Prepaid expenses	428,371	601,811
Income taxes receivable	12	14
Other	12,285	17,341
Total current assets	22,695,708	21,694,529
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	198,601,976	205,656,125
Accumulated depreciation	(36,634,093)	(41,106,893)
Buildings in trust, net	161,967,882	164,549,232
Structures in trust	1,288,833	1,399,444
Accumulated depreciation	(887,909)	(955,972)
Structures in trust, net	400,923	443,471
Tools, furniture and fixtures in trust	9,583	18,927
Accumulated depreciation	(3,621)	(4,893)
Tools, furniture and fixtures in trust, net	5,961	14,033
Land in trust	120,885,426	131,883,801
Total property and equipment	283,368,657	296,999,002
Intangible assets		
Leasehold rights in trust	49,235,482	49,838,776
Total intangible assets	49,235,482	49,838,776
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	821,638	693,683
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	6,910,553	6,782,598
Total non-current assets	339,514,693	353,620,377
Deferred assets		
Investment unit issuance expenses	46,199	41,585
Investment corporation bond issuance costs	160,471	238,426
Total deferred assets	206,671	280,012
Total assets	362,417,072	375,594,919

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	344,650	824,608
Current portion of long-term loans payable	15,600,000	22,000,000
Accounts payable - other	354,655	390,473
Accrued expenses	59,865	78,396
Income taxes payable	605	605
Accrued consumption taxes	825,417	48,228
Provision for loss on disaster	-	50,792
Other	187,415	190,194
Total current liabilities	17,372,609	23,583,298
Non-current liabilities		
Investment corporation bond	21,000,000	33,000,000
Long-term loans payable	113,400,000	95,000,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,579,149	13,207,644
Total non-current liabilities	146,981,777	141,210,273
Total liabilities	164,354,387	164,793,571
Net assets		
Unitholders' equity		
Unitholders' capital	195,698,024	208,093,893
Deduction from unitholders' capital		
Other deduction from unitholders' capital	(3,525,697)	(3,525,697)
Total deduction from unitholders' capital	(3,525,697)	(3,525,697)
Unitholders' capital, net	192,172,327	204,568,196
Surplus		
Voluntary reserve		
Distribution reserve	397,913	474,397
Total voluntary reserve	397,913	474,397
Unappropriated retained earnings (undisposed loss)	5,492,445	5,758,754
Total surplus	5,890,358	6,233,151
Total unitholders' equity	198,062,685	210,801,347
Total net assets	*1 198,062,685	*1 210,801,347
Total liabilities and net assets	362,417,072	375,594,919

(2) Statements of Income

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Operating revenue		
Rent revenue - real estate	*1 16,226,615	*1 16,761,424
Dividends received	*2 131,239	*2 133,774
Total operating revenue	16,357,854	16,895,199
Operating expenses		
Expenses related to rent business	*1 9,196,848	*1 9,290,775
Asset management fee	749,507	768,485
Asset custody fee	18,840	19,298
Administrative service fees	55,067	58,508
Directors' compensation	3,600	3,600
Taxes and dues	4,816	5,876
Other operating expenses	102,846	103,120
Total operating expenses	10,131,526	10,249,664
Operating income	6,226,328	6,645,534
Non-operating income		
Interest income	83	96
Refund of unpaid distributions	1,375	819
Other	2,320	-
Total non-operating income	3,780	915
Non-operating expenses		
Interest expenses	503,687	508,330
Interest expenses on investment corporation bonds	83,027	97,547
Amortization of investment unit issuance expenses	37,218	42,477
Investment unit issuance expenses	-	956
Amortization of investment corporation bond issuance costs	8,881	10,353
Investment corporation bond issuance costs	-	14,876
Borrowing related expenses	180,945	171,636
Other	102	91
Total non-operating expenses	813,862	846,268
Ordinary income	5,416,246	5,800,181
Extraordinary income		
Insurance income	*3 76,483	*3 43,731
Total extraordinary income	76,483	43,731
Extraordinary losses		
Loss on disaster	-	*4 34,146
Provision for loss on disaster	-	*4 50,792
Total extraordinary losses	-	84,938
Income (loss) before income taxes	5,492,730	5,758,974
Income taxes - current	605	605
Total income taxes	605	605
Net income (loss)	5,492,125	5,758,369
Retained earnings brought forward	319	385
Unappropriated retained earnings (undisposed loss)	5,492,445	5,758,754

(3) Statements of Unitholders' Equity

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

(Unit: Thousands of yen)

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

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

Current fiscal period (From August 1, 2019 to January 31, 2020)

(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	397,913	397,913
Changes of items during period						
Issuance of new investment units	12,395,869			12,395,869		
Provision of distribution reserve					76,483	76,483
Dividends of surplus						
Net income						
Total changes of items during period	12,395,869	-	-	12,395,869	76,483	76,483
Balance at end of current period	*1 208,093,893	(3,525,697)	(3,525,697)	204,568,196	474,397	474,397

	Unitholders' equity			
	Surplus		Total unitholders' equity	Total net assets
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,492,445	5,890,358	198,062,685	198,062,685
Changes of items during period				
Issuance of new investment units			12,395,869	12,395,869
Provision of distribution reserve	(76,483)			
Dividends of surplus	(5,415,576)	(5,415,576)	(5,415,576)	(5,415,576)
Net income	5,758,369	5,758,369	5,758,369	5,758,369
Total changes of items during period	266,308	342,792	12,738,661	12,738,661
Balance at end of current period	5,758,754	6,233,151	210,801,347	210,801,347

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
I Unappropriated retained earnings (undisposed loss)	5,492,445,151	5,758,754,069
II Total cash distributions	5,415,576,309	5,758,576,458
[Distribution per unit]	[3,047]	[3,074]
III Voluntary reserve		
Provision of distribution reserve	76,483,773	-
IV Retained earnings brought forward	385,069	177,611
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 ¥5,415,576,309, which is obtained by deducting ¥76,483,773 in provision of distribution reserve (the extraordinary income comprising insurance income) from ¥5,492,445,151 in unappropriated retained earnings and which is the amount that does not exceed this combined amount and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>	<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 ¥5,758,576,458, which is the amount that does not exceed the unappropriated retained earnings (¥5,758,754,069) and is the greatest value among integral multiples of 1,873,317, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>

(5) Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Cash flows from operating activities		
Income before income taxes	5,492,730	5,758,974
Depreciation	4,442,687	4,549,741
Amortization of investment corporation bond issuance costs	8,881	10,353
Amortization of investment unit issuance expenses	37,218	42,477
Interest income	(83)	(96)
Interest expenses	586,714	605,877
Insurance income	(76,483)	(43,731)
Loss on disaster	-	34,146
Increase (decrease) in provision for loss on disaster	(126,859)	50,792
Loss on retirement of property and equipment	-	13,620
Decrease (increase) in consumption taxes refund receivable	459,376	-
Increase (decrease) in accrued consumption taxes	825,417	(777,189)
Decrease (increase) in prepaid expenses	173,458	(173,440)
Increase (decrease) in operating accounts payable	(504,879)	481,104
Increase (decrease) in accounts payable - other	(10,406)	35,818
Decrease in long-term prepaid expenses	156,498	127,954
Other, net	(2,249)	(3,833)
Subtotal	11,462,022	10,712,570
Interest income received	83	96
Interest expenses paid	(589,958)	(587,347)
Proceeds from insurance income	76,483	43,731
Payments for loss on disaster	-	(12,945)
Income taxes paid	(602)	(606)
Net cash provided by operating activities	10,948,028	10,155,498
Cash flows from investing activities		
Purchase of long-term prepaid expenses	(53,458)	-
Purchase of property and equipment in trust	(517,494)	(18,216,054)
Purchase of intangible assets in trust	-	(603,293)
Proceeds from tenant leasehold and security deposits in trust	-	628,495
Net cash used in investing activities	(570,952)	(18,190,852)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	12,000,000
Repayments of short-term loans payable	-	(12,000,000)
Proceeds from long-term loans payable	-	3,600,000
Repayments of long-term loans payable	-	(15,600,000)
Proceeds from issuance of investment corporation bonds	-	11,911,691
Proceeds from issuance of investment units	-	12,358,005
Dividends paid	(5,448,162)	(5,414,435)
Net cash (used in) provided by financing activities	(5,448,162)	6,855,261
Effect of exchange rate change on cash and cash equivalents	(136)	415
Net increase (decrease) in cash and cash equivalents	4,928,777	(1,179,676)
Cash and cash equivalents at beginning of period	17,326,261	22,255,039
Cash and cash equivalents at end of period	*1 22,255,039	*1 21,075,362

(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="544 696 1118 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 Typhoon Faxai and Typhoon Hagibis, the amount that was reasonably estimated as of the end of the fiscal period ended January 31, 2020, 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 ¥51,679 thousand, and in the previous fiscal period there was no amount equivalent to property-related taxes included in the acquisition costs for the related real properties.</p>						

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

(8) Notes to Financial Statements

Notes to Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2019)		Current fiscal period (As of January 31, 2020)
*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000	*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000

Notes to Statements of Income

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

Previous fiscal period (From February 1, 2019 to July 31, 2019)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	16,169,293
	Other rent revenue—real estate	57,321
	Total revenues related to real estate leasing business	16,226,615
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	42,846
	Repairs and maintenance expenses	555,091
	Insurance expenses	154,466
	Trust fees	20,704
	Land rent paid	2,020,959
	Taxes and dues	1,904,130
	Depreciation	4,442,687
	Water charges	49,064
	Other expenses related to rent business	6,897
	Total expenses related to real estate leasing business	9,196,848
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,029,767
<hr/>		
Current fiscal period (From August 1, 2019 to January 31, 2020)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	16,683,555
	Other rent revenue—real estate	77,868
	Total revenues related to real estate leasing business	16,761,424
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	43,731
	Repairs and maintenance expenses	494,122
	Insurance expenses	169,515
	Trust fees	21,109
	Land rent paid	2,035,764
	Taxes and dues	1,904,070
	Depreciation	4,549,741
	Water charges	52,399
	Other expenses related to rent business	20,322
	Total expenses related to real estate leasing business	9,290,775
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,470,648
<hr/>		

*2. Breakdown of dividends received

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

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

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

(Unit: RM (Thousands of yen))

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

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

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

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

Current fiscal period (From August 1, 2019 to January 31, 2020)

The entire amount of the maximum distributable amount (RM 5,098,164 (¥133,774 thousand)) after deducting interim dividends based on the third fiscal period results of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends (Note 4), which were calculated on the following basis.

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

(Unit: RM (Thousands of yen))

Revenues related to real estate leasing business	14,782,484	(396,761)
Expenses related to real estate leasing business	1,324,268	(35,543)
Other expenses	207,888	(5,579)
Unrealized gain from valuation of investment properties	-	(-)
Net income before income taxes	13,250,328	(355,638)
Net income before income taxes after deducting unrealized gain	13,250,328	(355,638)
Corporate income taxes on net income before income taxes after deducting unrealized gain	3,167,700	(85,021)
Maximum distributable amount (Note 4)	10,082,627	(264,566)
Interim dividends (Note 3)	4,984,463	(131,239)
Maximum distribution amount after deducting interim dividends (Note 4)	5,098,164	(133,774)

(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 26.84 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 10, 2019 of RM 1 = JPY 26.32 (rounded down to the second decimal place.)

(Note 4) Maximum distributable amount, maximum distribution amount after deducting interim dividends and dividends are converted to the yen value by using the forward exchange rate on November 6, 2019 of RM 1 = JPY 26.23 (rounded down to the second decimal place.)

*3. Breakdown of extraordinary income

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

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

Current fiscal period (From August 1, 2019 to January 31, 2020)

AEON REIT recorded ¥43,731 thousand in insurance income for the assets damaged by Typhoon Faxai and Typhoon Hagibis.

*4. Breakdown of extraordinary losses

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

Not applicable.

Current fiscal period (From August 1, 2019 to January 31, 2020)

1) Loss on disaster

Losses related to the assets that were damaged by Typhoon Faxai and Typhoon Hagibis (expenses for restoration works) were recognized as loss on disaster (¥34,146 thousand).

2) Provision for loss on disaster

With regard to the assets that were damaged by Typhoon Faxai and Typhoon Hagibis, expenses for restoration works that were reasonably estimated as of the end of the fiscal period ended January 31, 2020 (¥50,792 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 February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
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	1,873,317 units

Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Cash and deposits	15,120,973	12,959,174
Cash and deposits in trust	7,134,065	8,116,188
Cash and cash equivalents	22,255,039	21,075,362

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Due within 1 year	32,334,971	33,584,355
Due after 1 year	101,462,278	98,063,798
Total	133,797,249	131,648,154

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Previous fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	15,120,973	15,120,973	–
(2) Cash and deposits in trust	7,134,065	7,134,065	–
Total assets	22,255,039	22,255,039	–
(3) Current portion of long-term loans payable	15,600,000	15,599,085	(914)
(4) Investment corporation bonds	21,000,000	21,378,600	378,600
(5) Long-term loans payable	113,400,000	114,961,032	1,561,032
Total liabilities	150,000,000	151,938,718	1,938,718
(6) Derivative transactions	–	–	–

Current fiscal period (as of January 31, 2020)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	12,959,174	12,959,174	–
(2) Cash and deposits in trust	8,116,188	8,116,188	–
Total assets	21,075,362	21,075,362	–
(3) Current portion of long-term loans payable	22,000,000	22,145,603	145,603
(4) Investment corporation bonds	33,000,000	33,136,600	136,600
(5) Long-term loans payable	95,000,000	96,817,735	1,817,735
Total liabilities	150,000,000	152,099,939	2,099,939
(6) Derivative transactions	–	–	–

(Note 1) Measurement of fair values of financial instruments

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

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

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

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

(4) Investment corporation bonds

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

(6) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Shares of subsidiaries and associates	6,078,453	6,078,453
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,579,149	13,207,644
Total	18,660,231	19,288,727

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

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

Previous fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	15,120,973
Cash and deposits in trust	7,134,065
Total	22,255,039

Current fiscal period (as of January 31, 2020)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	12,959,174
Cash and deposits in trust	8,116,188
Total	21,075,362

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

Previous fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

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

Current fiscal period (as of January 31, 2020)

(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	22,000,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	33,000,000
Long-term loans payable	–	19,100,000	20,800,000	20,400,000	11,300,000	23,400,000
Total	22,000,000	19,100,000	20,800,000	20,400,000	11,300,000	56,400,000

Securities

Previous fiscal period (as of July 31, 2019)

1. Shares of subsidiaries and associates

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

Current fiscal period (as of January 31, 2020)

1. Shares of subsidiaries and associates

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

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of July 31, 2019)

Not applicable.

Current fiscal period (as of January 31, 2020)

Not applicable.

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

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

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

Current fiscal period (as of January 31, 2020)

(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	114,900,000	92,900,000	(Note)	—

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

Retirement Benefits

Previous fiscal period (as of July 31, 2019)

Not applicable.

Current fiscal period (as of January 31, 2020)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Deferred tax assets		
Tax loss carried forward (Note)	322,907	280,882
Valuation reserve for tax loss carried forward	(322,907)	(280,882)
Total deferred tax assets	—	—
Net deferred tax assets	—	—

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

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

(Unit: %)

	Previous fiscal period (As of July 31, 2019)	Current fiscal period (As of January 31, 2020)
Normal effective statutory tax rate	31.51	31.51
(Adjustments)		
Distributions paid included in deductibles	(31.07)	(31.51)
Provision of distribution reserve	(0.44)	—
Other	0.01	0.01
Effective tax rate after application of tax effect accounting	0.01	0.01

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

Previous fiscal period (as of July 31, 2019)

(Unit: Thousands of yen)

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

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

Current fiscal period (as of January 31, 2020)

(Unit: Thousands of yen)

	1 year or less	1 year through 2 years	2 years through 3 years	3 years through 4 years	4 years through 5 years	5 years or more	Total
Tax loss carried forward (Note)	-	-	-	-	-	280,882	280,882
Valuation reserve	-	-	-	-	-	(280,882)	(280,882)
Total deferred tax assets	-	-	-	-	-	-	-

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

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

Previous fiscal period (as of July 31, 2019)

Not applicable.

Current fiscal period (as of January 31, 2020)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

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

Not applicable.

Current fiscal period (from August 1, 2019 to January 31, 2020)

Not applicable.

2. Associates, etc.

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

Not applicable.

Current fiscal period (from August 1, 2019 to January 31, 2020)

Not applicable.

3. Sister companies, etc.

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

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ownership of voting rights (%)	Relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of other affiliate	AEON Reit Management Co., Ltd.	Chiyoda Ward, Tokyo	350	Investment management business	–	Interlocking directorate: 1	Asset Manager	Payment of asset management fee	749,507	Accounts payable - other	285,620
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	100	Retail business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	7,593,575	Tenant leasehold and security deposits in trust	6,113,373
								Land rent paid, etc.	1,176,195	–	–
Subsidiary of other affiliate	AEON Mall Co., Ltd.	Chiba City, Chiba Pref.	42,346	Real estate business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	6,306,320	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	646,227	–	–
										Tenant leasehold and security deposits in trust	5,787,728
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	677,072	–	–
								Land rent paid, etc.	165,475	–	–
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	–	–	Lender	Interest expenses	11,149	Current portion of long-term loans payable	300,000
										Long-term loans payable	3,300,000
										Accrued expenses	614
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	–	–	Lessee	Rent revenue – real estate (Note 3)	20,210	–	–

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

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

(Note 3) *Amount of transaction* is converted to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

Current fiscal period (from August 1, 2019 to January 31, 2020)

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)	858,685	Accounts payable - other	303,111
Subsidiary of other affiliate	AEON Retail Co., Ltd.	Chiba City, Chiba Pref.	100	Retail business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	7,593,234	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.	42,346	Real estate business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	6,821,420	Tenant leasehold and security deposits	2,628
								Land rent paid, etc.	661,062	–	–
										Tenant leasehold and security deposits in trust	6,416,224
Subsidiary of other affiliate	AEON Hokkaido Corporation	Sapporo City, Hokkaido	6,100	Retail business	–	–	Lessee and recipient of land rent payment	Rent revenue – real estate	677,141	–	–
								Land rent paid, etc.	165,475	–	–
Subsidiary of other affiliate	AEON Bank, Ltd.	Koto Ward, Tokyo	51,250	Banking business	–	–	Lender	Repayment of long-term loans	300,000	Long-term loans payable	3,300,000
								Interest expenses	10,909	Accrued expenses	693
Subsidiary of other affiliate	AEON CO. (M) BHD.	Kuala Lumpur, Malaysia	702 million RM	Retail business	–	–	Lessee	Rent revenue – real estate (Note 4)	19,777	–	–

(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 ¥90,200 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

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

4. Officers and principal individual unitholders

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

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Officer	Yasuo Shiozaki	-	-	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	321,730	Accounts payable - other	-

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

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

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

Current fiscal period (from August 1, 2019 to January 31, 2020)

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	Nobuaki Seki	-	-	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	858,685	Accounts payable - other	302,921

(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.

- Transaction terms are determined taking into consideration current market prices.
- The asset management fee represents transactions performed by Nobuaki Seki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
- The asset management fee includes ¥90,200 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

Asset Retirement Obligations

Previous fiscal period (as of July 31, 2019)

Not applicable.

Current fiscal period (as of January 31, 2020)

Not applicable.

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Balance sheet carrying amount		
Balance at beginning of period	336,630,546	332,604,140
Changes during period	(4,026,406)	14,233,638
Balance at end of period	332,604,140	346,837,778
Fair value at end of period	383,535,042	405,502,710

(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 capital expenditures at existing properties amounting to ¥416,280 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,442,687 thousand. Of the changes during the current fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Fukutsu) with an acquisition price of ¥18,191,222 thousand and capital expenditures at existing properties amounting to ¥605,777 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,549,741 thousand.

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

Segment Information, etc.

1. Segment information

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

2. Related information

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

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

Current fiscal period (from August 1, 2019 to January 31, 2020)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	7,593,234	Real estate leasing business
AEON Mall Co., Ltd.	6,821,420	Real estate leasing business
AEON Hokkaido Corporation	677,141	Real estate leasing business
The Daiei, Inc.	640,968	Real estate leasing business
AEON KYUSHU Co., Ltd.	588,685	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	19,777	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 February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Net assets per unit	¥111,437	¥112,528
Net income per unit	¥3,090	¥3,103

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

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

	Previous fiscal period (From February 1, 2019 to July 31, 2019)	Current fiscal period (From August 1, 2019 to January 31, 2020)
Net income (Thousands of yen)	5,492,125	5,758,369
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common investment units (Thousands of yen)	5,492,125	5,758,369
Average number of investment units for the period (Units)	1,777,347	1,855,409

Significant Subsequent Events

(A) Property acquisition

AEON REIT acquired the trust beneficiary right in real estate of a property described below (acquisition price: ¥9,667 million).

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

(Note 1) The sale and purchase agreement for AEON MALL Tamadaira woods falls under a forward commitment as defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The appraisal value described in the appraisal report of AEON MALL Tamadaira woods with January 31, 2020 as the appraisal date remains unchanged at ¥10,200 million, which is the appraisal value indicated in the "Notice Concerning Acquisition and Leases of Domestic Properties" announced on August 20, 2019.

(Note 2) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 3) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.

(B) Debt financing

AEON REIT conducted the following debt financing in order to partly fund the acquisition of AEON MALL Tamadaira woods, described in (A) Property acquisition above, and related expenses.

Term	Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Security
Short-term	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	9,800	Base rate (JBA three-month Japanese Yen TIBOR) plus 0.22%	February 3, 2020	October 20, 2020	Bullet repayment	Unsecured and unguaranteed
Total		9,800					

(9) Changes in Total Number of Investment Units Issued

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

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen) (Note 1)		Remarks
		Change	Balance	Change	Balance	
February 12, 2015	Capital increase through public offering	133,190	1,083,190	19,090	115,442	(Note 2)
February 25, 2015	Capital increase through third-party allotment	7,010	1,090,200	1,004	116,447	(Note 3)
February 8, 2016	Capital increase through public offering	208,826	1,299,026	25,284	141,731	(Note 4)
February 25, 2016	Capital increase through third-party allotment	10,441	1,309,467	1,264	142,996	(Note 5)
September 14, 2016	Capital reduction without compensation	–	1,309,467	(1,626)	141,369	(Note 6)
September 14, 2016	Cash distribution in excess of retained earnings (return of capital to unitholders)	–	1,309,467	(1,898)	139,470	(Note 7)
February 22, 2017	Capital increase through public offering	310,900	1,620,367	35,767	175,238	(Note 8)
March 14, 2017	Capital increase through third-party allotment	15,545	1,635,912	1,788	177,026	(Note 9)
September 27, 2017	Capital increase through public offering	134,700	1,770,612	14,424	191,451	(Note 10)
October 24, 2017	Capital increase through third-party allotment	6,735	1,777,347	721	192,172	(Note 11)
September 3, 2019	Capital increase through public offering	91,400	1,868,747	11,805	203,977	(Note 12)
October 1, 2019	Capital increase through third-party allotment	4,570	1,873,317	590	204,568	(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 ¥148,200 (issue value: ¥143,336), for the purpose of procuring funds to acquire new properties.

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

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

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

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

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

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

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

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

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

(Note 12) New investment units were issued through public offering with an issue price per unit of ¥133,477 (issue value: ¥129,164), 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 ¥129,164.

3. Reference Information

(1) Status of Investment

i) Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of July 31, 2019)				Current fiscal period (As of January 31, 2020)					
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)			
					Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 3)	Percentage to total assets (%)			Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4)	Percentage to total assets (%)		
Trust beneficiary rights in real estate	Retail properties, etc.	Hokkaido and Tohoku	29,547	8.2	–	–	29,161	7.8	–	–	–	
		Kanto (Note 5)	116,742	32.2	–	–	115,353	30.7	–	–	–	
		Tokai, Hokuriku and Chubu	43,004	11.9	–	–	42,597	11.3	–	–	–	
		Kinki	90,035	24.8	–	–	89,225	23.8	–	–	–	
		Chugoku and Shikoku	30,152	8.3	–	–	29,651	7.9	–	–	–	
		Kyushu and Okinawa	22,485	6.2	–	–	40,218	10.7	–	–	–	
		Malaysia	637	0.2	637	(123)	0.2	630	0.2	630	(115)	0.2
Total			332,604	91.8	637	(123)	0.2	346,837	92.3	630	(115)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.7	6,078	248	1.7	6,078	1.6	6,078	334	1.6
Deposits and other assets			23,734	6.5	14	0	0.0	22,678	6.0	14	0	0.0
Total assets			362,417	100.0	6,729	124	1.9	375,594	100.0	6,723	218	1.8

	Previous fiscal period (As of July 31, 2019)		Current fiscal period (As of January 31, 2020)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	164,354	45.3	164,793	43.9
Total net assets	198,062	54.7	210,801	56.1

(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 July 31, 2019 represents the amount obtained by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate on the closing date (July 31, 2019). The applied exchange rate on the closing date (July 31, 2019) is RM 1 = ¥26.34 (rounded down to the second decimal place). As there is no official foreign exchange rate for the RM, the reference exchange rate of Mizuho Bank, Ltd. is adopted for conversion to the yen. The same shall apply hereafter.

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2020 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, 2020). The applied exchange rate on the closing date (January 31, 2020) is RM 1 = ¥26.70 (rounded down to the second decimal place).

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

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

(2) Investment Assets

ii) Major investment securities

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

Security name	Type of assets	Business type	Quantity (shares)	Book value		Estimated value		As a percentage of total assets (%)
				Unit value (yen)	Amount (Thousands of yen)	Unit value (yen)	Amount (Thousands of yen)	
JAMBATAN MANSEIBASHI (M) Sdn. Bhd.	Shares of affiliate company	Overseas real estate holding corporation	239,110,002	25.42 (RM 1)	6,078,453 (RM 240,185,002)	25.42 (RM 1)	6,078,453 (RM 240,185,002)	1.6

(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	1.6
Total			1.6

iii) Investment properties

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

iv) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of January 31, 2020 (the end of the 14th fiscal period) is shown below.

Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Seller
SRSC-1	AEON LakeTown mori (Note 4)	21,190	18,771	24,300	5.6	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	5,865	8,050	1.8	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,285	6,950	1.4	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	5,938	7,100	1.8	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	14,051	17,714	4.4	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	5,791	8,210	1.8	Tokyo Century Corporation
RSC-5	AEON Sagamihara Shopping Center	10,220	9,636	11,300	2.7	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	3,645	4,960	1.3	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,284	10,400	2.5	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,310	3,910	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,048	7,720	1.9	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	6,782	8,430	2.0	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,217	19,800	4.7	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	6,650	8,850	2.3	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,246	9,519	12,800	3.0	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	19,929	23,100	5.6	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,278	6,460	1.6	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,732	1,980	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,273	2,810	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,290	1,520	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,200	2,660	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	14,500	13,293	14,800	3.8	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,588	12,600	3.2	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa (Note 6)	15,489	15,217	17,600	4.1	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,362	8,350	2.1	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	5,792	6,550	1.7	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	15,990	17,600	4.4	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	12,635	14,200	3.5	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	11,216	12,600	3.2	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	8,937	10,700	2.6	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	9,067	9,970	2.5	Godo Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	13,333	13,194	13,900	3.5	Godo Kaisha Double O3
RSC-32	AEON MALL Fukutsu	18,040	18,063	18,300	4.7	Undisclosed
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,295	6,610	1.7	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,528	3,920	1.0	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,351	4,760	1.2	Godo Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	14,280	13,748	15,400	3.8	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,581	10,600	2.6	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,835	7,450	1.8	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 7)	658 [RM 20 million]	630 [RM 19 million]	568 [RM 21 million]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 8)	5,252 [RM 215 million]	-	6,354 [RM 238 million]	1.4	Swiss Advanced Technology Institute(M) Sdn. Bhd.
Total		380,518	346,837 (Note 9)	411,857	100.0	

- (Note 1) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).
- (Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2020, or survey price shown on a survey report of property. For the summary of appraisal, please refer to “Summary of real estate appraisal” described below.
- (Note 3) *Investment percentage* is calculated by dividing the acquisition price of each property by the total of the acquisition price, and is rounded to the first decimal place.
- (Note 4) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Assessed value at end of period* describes the amount representing AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 5) This property includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥108 million, and the assessed value at the end of the period is ¥114 million).
- (Note 6) For this property *Acquisition price*, *Book value at end of period*, *Assessed value at end of period* and *Investment percentage* represent the amounts and figures that include the “Extended Building” AEON REIT additionally acquired as of September 3, 2018.
- (Note 7) *Acquisition price* represents the total yen amount of the considerations actually paid by AEON REIT to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to RM 1, rounded down to the second decimal place.
- 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 January 31, 2020, or survey price shown on a survey report of property, equivalent to AEON REIT’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.70; rounded down to the second decimal place) on the closing date (January 31, 2020).
- (Note 8) The amount of *Acquisition price* indicates the value at which AEON REIT acquired AEON MALL SEREMBAN 2 from the seller through the Overseas SPC (the sale price, etc. stated in the sale agreement, etc., excluding the expenses (brokerage commissions, taxes and dues, etc.) that were required for the acquisition of AEON MALL SEREMBAN 2). The exchange rate on September 30, 2016 (RM 1 = ¥24.43; rounded down to the second decimal place) is applied for the conversion from RM to Japanese yen.
- Book value at end of period* is not indicated as AEON REIT does not directly own the property. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.70; rounded down to the second decimal place) on the closing date (January 31, 2020).
- (Note 9) The total amount excludes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.

(B) Overview of lease

The overview of lease (annual contracted rent, leasehold and security deposits, total leasable area, total leased area, and occupancy rate as of January 31, 2020) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (January 31, 2020) is shown below.

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	SRSC-1	AEON LakeTown mori (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	680	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	338	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	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	723 (Note 3)	726 (Note 3)	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	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	325	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	456	446	125,253.74	125,253.74	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	215	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	324	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	430	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	744	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	454	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	557	545	151,969.51	151,969.51	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	702	698	136,468.45	136,468.45	100.0
	RSC-16	AEON MALL Sapporo-Hiraoka	Sapporo City, Hokkaido	November 10, 2000	447	-	78,360.81	78,360.81	100.0
	RSC-17	AEON MALL Kushiro-Showa	Kushiro City, Hokkaido	September 13, 2000	229	-	51,763.05	51,763.05	100.0
	RSC-18	AEON MALL Rifu	Miyagi County, Miyagi Pref.	April 18, 2000	208	-	66,478.91	66,478.91	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	161	-	53,502.94	53,502.94	100.0
	RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	233	-	41,447.33	41,447.33	100.0
	RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	February 16, 2010	777	768	105,230.88	105,230.88	100.0
	RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	April 17, 2006	402	403	107,425.97	107,425.97	100.0
	RSC-23	AEON MALL Kofu Showa (Note 4)	Nakakoma County, Yamanashi Pref.	March 11, 2011	672	643	99,772.38	99,772.38	100.0
RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	342	-	71,308.33	71,308.33	100.0	

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	277	279	47,872.33	47,872.33	100.0
	RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	848	851	122,944.71	122,944.71	100.0
	RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	September 12, 2007	595	–	132,341.35	132,341.35	100.0
	RSC-28	AEON MALL Tsuchiura	Tsuchiura City, Ibaraki Pref.	May 19, 2009	533	536	86,848.51	86,848.51	100.0
	RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	September 30, 2008	490	492	70,948.14	70,948.14	100.0
	RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	November 17, 1997	386	–	58,402.66	58,402.66	100.0
	RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	January 21, 2004	437	–	87,311.56	87,311.56	100.0
	RSC-32	AEON MALL Fukutsu	Fukutsu City, Fukuoka Pref.	April 20, 2012	512	628	100,020.87	100,020.87	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	176	177	29,947.62	29,947.62	100.0
	CSC-3	AEON Kireuriwari Shopping Center	Osaka City, Osaka Pref.	November 21, 2005	173	–	27,603.46	27,603.46	100.0
	L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	April 22, 1997	494	269	59,265.77	59,265.77	100.0
	L-2	AEON Minami-Osaka RDC	Sakai City, Osaka Pref.	April 25, 1995	289	144	50,197.06	50,197.06	100.0
	L-3	Daiei Ibaraki Process Center	Ibaraki City, Osaka Pref.	June 14, 1977	251	263	50,783.58	50,783.58	100.0
	M-1	AEON Taman Universiti Shopping Centre (Note 5)	Johor, Malaysia	2002	19 [RM 762 thousand]	–	22,870.00	22,870.00	100.0
	M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	2005	198 [RM 7,639 thousand]	–	81,135.00	81,135.00	100.0
Total					16,960 (Note 7)	13,210	3,530,537.24	3,530,537.24	100.0

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

(Note 2) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Annual contracted rent* and *Leasehold/security deposits* represent the amounts equivalent to AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).

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

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

(Note 5) *Date of construction* represents the completion year noted in the Building Status Report prepared by Takenaka Corporation. 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 building floor area as indicated in the Building Status Report prepared by Takenaka Corporation or the building floor area as indicated in the real estate appraisal report prepared by the Japan Real Estate Institute.

(Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥26.03; 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 14th fiscal period (January 31, 2020) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	24,300	24,600	4.7	24,100	4.7 4.8 (Note 4)	4.9	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	8,050	8,280	5.1	7,950	5.0 5.1 (Note 4)	5.4	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,950	7,000	6.5	6,900	6.1	6.7	525
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,100	7,200	6.1	6,990	5.8	6.4	467
RSC-3	AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5)	Japan Real Estate Institute	17,600	17,700	5.9	17,400	5.5	6.1	1,105
	AEON MALL Mitouchihara (Land) (Note 5)	Japan Real Estate Institute	114	—	—	114	5.2	—	—
RSC-4	AEON MALL Ota	Japan Real Estate Institute	8,210	8,260	6.3	8,150	5.8	6.5	589
RSC-5	AEON Sagamihara Shopping Center	Japan Real Estate Institute	11,300	11,400	5.1	11,100	4.8	5.3	668
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	4,960	4,970	7.0	4,950	6.2	7.5	378
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,400	10,500	6.1	10,200	5.7	6.5	775
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,910	4,020	6.4	3,860	6.3 6.4 (Note 4)	6.7	293
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,720	7,750	6.7	7,680	6.4	6.9	535
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,430	8,490	6.7	8,360	6.3	7.0	606
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,800	19,900	6.0	19,600	5.7	6.2	1,267
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	8,850	8,930	6.4	8,760	6.0	6.7	610
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	12,800	12,900	6.3	12,700	5.9	6.5	890
RSC-15	AEON MALL KYOTO	Japan Real Estate Institute	23,100	23,300	4.7	22,800	4.4	4.9	1,098
RSC-16	AEON MALL Sapporo-Hiraoka	The Tanizawa Sōgō Appraisal Co., Ltd.	6,460	6,660	6.1	6,370	6.1 6.2 (Note 4)	6.4	438
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,980	2,060	6.7	1,940	6.7 6.8 (Note 4)	7.0	174
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,810	2,900	6.3	2,770	6.3 6.4 (Note 4)	6.6	220

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
RSC-19	AEON MALL Yamagata-Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	1,520	1,570	6.5	1,500	6.5 6.6 (Note 4)	6.8	130
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,660	2,770	6.1	2,610	6.1 6.2 (Note 4)	6.4	209
RSC-21	AEON MALL Yamatokoriyama	Japan Real Estate Institute	14,800	15,000	5.6	14,600	5.1	5.8	879
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Japan Real Estate Institute	12,600	12,700	4.8	12,400	4.5	5.0	625
RSC-23	AEON MALL Kofu Showa (Note 6)	Japan Real Estate Institute	17,600	17,700	5.6	17,500	5.1	5.8	1,014
RSC-24	AEON MALL Tomakomai	The Tanizawa Sōgō Appraisal Co., Ltd.	8,350	8,480	5.8	8,290	5.8 5.9 (Note 4)	6.0	535
RSC-25	AEON MALL Oyama	Japan Real Estate Institute	6,550	6,580	6.6	6,510	6.3	6.8	457
RSC-26	AEON MALL Itamikoya	Japan Real Estate Institute	17,600	17,900	5.6	17,300	5.1	5.8	1,025
RSC-27	AEON MALL Kagoshima	The Tanizawa Sōgō Appraisal Co., Ltd.	14,200	14,500	5.9	14,100	5.9 6.0 (Note 4)	6.2	896
RSC-28	AEON MALL Tsuchiura	Japan Real Estate Institute	12,600	12,600	6.2	12,500	5.7	6.4	801
RSC-29	AEON MALL Kahoku	Japan Real Estate Institute	10,700	10,700	6.8	10,700	6.3	7.0	759
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,970	10,000	6.3	9,930	5.9	6.5	630
RSC-31	AEON MALL Kyoto Gojo	The Tanizawa Sōgō Appraisal Co., Ltd.	13,900	14,100	4.8	13,800	4.8 4.9 (Note 4)	5.0	722
RSC-32	AEON MALL Fukutsu	The Tanizawa Sōgō Appraisal Co., Ltd.	18,300	18,600	5.4	18,100	5.4 5.5 (Note 4)	5.6	1,021
CSC-1	AEON Chigasaki-Chuo Shopping Center	Japan Real Estate Institute	6,610	6,640	5.0	6,570	4.7	5.2	346
CSC-2	AEON STYLE Kemigawahama	Japan Real Estate Institute	3,920	3,950	6.1	3,880	5.6	6.3	270
CSC-3	AEON Kireuriwari Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	4,760	4,910	5.1	4,700	5.1 5.2 (Note 4)	5.4	250
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,400	15,500	4.8	15,200	4.2	5.2	767
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	10,600	10,700	4.8	10,400	4.5	5.1	519
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,450	7,480	4.9	7,410	4.6	5.1	409
M-1	AEON Taman Universiti Shopping Centre (Note 7)	Japan Real Estate Institute	568 [RM 21 million]	–	–	568 [RM 21 million]	6.5	7.3	40 [RM 1 million]
M-2	AEON MALL SEREMBAN 2 (Note 7) (Note 8)	Japan Real Estate Institute	6,354 [RM 238 million]	–	–	6,354 [RM 238 million]	6.0	6.5	384 [RM 14 million]
Total			411,857	–	–	407,617	–	–	–

- (Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of January 31, 2020 or the survey value indicated in the real estate survey report.
- (Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from NCF (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from NOI. NOI shown above is assumed with the direct capitalization method. Amounts of NOI are rounded down to the nearest million yen.
- (Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and NOI describe AEON REIT's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 4.7% during the initial four years and 4.8% from the fifth year.
Discount rates for AEON LakeTown kaze are 5.0% during the initial four years and 5.1% from the fifth year.
Discount rates for AEON MALL Meiwa are 6.3% during the initial two years and 6.4% from the third year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.1% during the initial two years and 6.2% from the third year.
Discount rates for AEON MALL Kushiro-Showa are 6.7% during the initial year and 6.8% from the second year.
Discount rates for AEON MALL Rifu are 6.3% during the initial two years and 6.4% from the third year.
Discount rates for AEON MALL Yamagata-Minami are 6.5% during the initial two years and 6.6% from the third year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.1% during the initial year and 6.2% from the second year.
Discount rates for AEON MALL Tomakomai are 5.8% during the initial five years and 5.9% from the sixth year.
Discount rates for AEON MALL Kagoshima are 5.9% during the initial four years and 6.0% from the fifth year.
Discount rates for AEON MALL Kyoto Gojo are 4.8% during the initial six years and 4.9% from the seventh year.
Discount rates for AEON MALL Fukutsu are 5.4% during the initial six years and 5.5% from the seventh year.
Discount rates for AEON Kireuriwari Shopping Center are 5.1% during the initial eight years and 5.2% from the ninth year.
- (Note 5) For AEON MALL Mitouchihara, there exist both a portion of trust beneficiary rights in real estate and a real estate portion, and as we have obtained separate appraisal report for each, these have been entered separately.
- (Note 6) For AEON MALL Kofu Shiwa, the amounts and figures are indicated combined with those of the Extended Building AEON REIT additionally acquired on September 3, 2018.
- (Note 7) Pursuant to the local appraisal methodology, the evaluation of the appraisal value of AEON Taman Universiti Shopping Centre and AEON MALL SEREMBAN 2 has been entrusted to Japan Real Estate Institute. *Appraisal value* of AEON Taman Universiti Shopping Centre is based on the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2020, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and NOI in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2020. The amounts indicated in yen in *Appraisal value* and the prices and NOI in *Income approach value* have been converted to the yen using the exchange rate of January 31, 2020 (RM 1 = ¥26.70 (rounded down to the second decimal place)).
- (Note 8) The property is owned by AEON REIT through the Overseas SPC.

(D) Statements of income of individual properties

14th fiscal period (from August 1, 2019 to January 31, 2020)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3	RSC-4
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara	AEON MALL Ota
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	680,354	338,291	369,246	351,649	723,011	482,351
Rent revenue—real estate	680,354	338,291	369,246	351,649	723,011	482,351
(B) Expenses related to real estate leasing business	126,429	117,315	124,757	120,375	181,128	181,481
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400	1,400
Taxes and dues	80,682	32,733	43,347	46,298	74,104	38,234
Insurance expenses	5,379	3,923	4,500	2,794	7,824	4,113
Repairs and maintenance expenses	38,479	5	25,286	14,138	22,657	5,098
Land rent paid	—	78,952	49,748	54,704	75,121	132,591
Utilities	—	—	—	—	—	—
Other expenses related to rent business	62	416	55	650	21	44
(C) NOI (A – B)	553,925	220,975	244,489	231,273	541,882	300,870
(D) Depreciation	207,300	95,181	103,310	81,463	246,476	118,863
(E) Income from leasing business (C – D)	346,624	125,793	141,178	149,809	295,405	182,007
(F) Capital expenditures	—	—	15,106	11,963	—	—
(G) NCF (C – F)	553,925	220,975	229,383	219,309	541,882	300,870

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-5	RSC-6	RSC-7	RSC-8	RSC-9	RSC-10
Property name	AEON Sagamihara Shopping Center	AEON MALL Ogaki	AEON MALL Suzuka	AEON MALL Meiwa	AEON MALL Kasai-Hojo	AEON MALL Hiezu
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	419,899	325,223	456,167	215,024	324,917	430,066
Rent revenue—real estate	419,899	325,223	456,167	215,024	324,917	430,066
(B) Expenses related to real estate leasing business	93,527	148,089	110,630	92,280	65,601	146,060
Property and facility management fees (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	74,636	32,506	53,510	21,662	40,476	41,996
Insurance expenses	5,717	2,878	5,967	1,625	2,012	4,968
Repairs and maintenance expenses	11,752	16,732	44,821	29,547	11,383	25,152
Land rent paid	—	94,212	—	37,567	9,677	72,092
Utilities	—	—	—	—	—	—
Other expenses related to rent business	21	—	4,481	27	203	—
(C) NOI (A – B)	326,371	177,133	345,536	122,743	259,315	284,006
(D) Depreciation	88,441	100,526	119,895	38,828	95,392	148,178
(E) Income from leasing business (C – D)	237,930	76,607	225,641	83,914	163,923	135,828
(F) Capital expenditures	7,836	977	102,059	185,871	—	2,336
(G) NCF (C – F)	318,535	176,155	243,477	(63,127)	259,315	281,669

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-11	RSC-12	RSC-13	RSC-15	RSC-16	RSC-17
Property name	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka	AEON MALL Kushiro-Showa
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	744,313	454,909	557,964	702,075	447,395	229,947
Rent revenue—real estate	744,313	454,909	557,964	702,075	447,395	229,947
(B) Expenses related to real estate leasing business	130,668	149,714	156,913	161,582	220,481	133,035
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,562	2,180	2,180
Taxes and dues	94,774	52,238	57,274	127,988	44,262	30,403
Insurance expenses	8,308	4,905	8,902	7,118	3,943	2,535
Repairs and maintenance expenses	25,639	5,738	45,484	24,896	4,620	2,053
Land rent paid	—	84,915	43,384	—	165,475	95,864
Utilities	—	—	—	—	—	—
Other expenses related to rent business	96	66	17	16	—	—
(C) NOI (A – B)	613,644	305,195	401,051	540,492	226,913	96,912
(D) Depreciation	195,912	184,777	210,430	185,348	76,394	26,873
(E) Income from leasing business (C – D)	417,731	120,417	190,621	355,143	150,519	70,038
(F) Capital expenditures	25,329	—	45,508	23,942	—	33,519
(G) NCF (C – F)	588,315	305,195	355,543	516,549	226,913	63,393

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-18	RSC-19	RSC-20	RSC-21	RSC-22	RSC-23
Property name	AEON MALL Rifu	AEON MALL Yamagata-Minami	AEON MALL Yokkaichi-Kita	AEON MALL Yamatokoriyama	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	AEON MALL Kofu Showa (Note 2)
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	208,384	161,783	233,007	777,257	402,112	672,834
Rent revenue—real estate	208,384	161,783	233,007	777,257	402,112	672,834
(B) Expenses related to real estate leasing business	99,000	90,375	134,106	352,219	89,218	173,236
Property and facility management fees (Note 1)	1,760	1,820	1,760	1,760	1,670	1,820
Taxes and dues	21,148	18,738	21,449	60,364	71,314	62,687
Insurance expenses	3,087	2,531	1,920	5,727	4,557	6,691
Repairs and maintenance expenses	7,067	2,745	17,507	18,337	11,409	9,042
Land rent paid	65,915	64,541	91,469	252,386	238	92,995
Utilities	—	—	—	—	—	—
Other expenses related to rent business	21	—	—	13,642	28	—
(C) NOI (A – B)	109,384	71,408	98,901	425,038	312,893	499,598
(D) Depreciation	38,383	22,493	31,994	176,034	103,013	262,713
(E) Income from leasing business (C – D)	71,000	48,914	66,906	249,004	209,880	236,885
(F) Capital expenditures	12,568	3,742	46,260	24,278	659	—
(G) NCF (C – F)	96,815	67,665	52,640	400,759	312,234	499,598

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-24	RSC-25	RSC-26	RSC-27	RSC-28	RSC-29
Property name	AEON MALL Tomakomai	AEON MALL Oyama	AEON MALL Itamikoya	AEON MALL Kagoshima	AEON MALL Tsuchiura	AEON MALL Kahoku
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	342,905	277,758	848,169	595,231	533,312	490,191
Rent revenue—real estate	342,905	277,758	848,169	595,231	533,312	490,191
(B) Expenses related to real estate leasing business	72,994	43,735	327,995	143,322	138,218	107,834
Property and facility management fees (Note 1)	1,850	1,400	1,376	1,688	1,334	1,580
Taxes and dues	60,346	32,535	94,646	94,267	54,746	41,306
Insurance expenses	3,466	2,535	7,044	6,114	4,503	3,918
Repairs and maintenance expenses	7,332	7,255	1,700	8,441	13,047	2,582
Land rent paid	—	—	223,227	32,792	64,567	58,428
Utilities	—	—	—	—	—	—
Other expenses related to rent business	—	7	—	18	20	20
(C) NOI (A – B)	269,910	234,023	520,173	451,908	395,094	382,357
(D) Depreciation	121,918	86,448	192,142	174,838	163,252	188,433
(E) Income from leasing business (C – D)	147,991	147,574	328,031	277,070	231,841	193,923
(F) Capital expenditures	8,032	16,232	4,741	9,810	1,722	—
(G) NCF (C – F)	261,878	217,790	515,432	442,098	393,371	382,357

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	RSC-30	RSC-31	RSC-32	CSC-1	CSC-2	CSC-3
Property name	AEON MALL Shimotsuma	AEON MALL Kyoto Gojo	AEON MALL Fukutsu	AEON Chigasaki-Chuo Shopping Center	AEON STYLE Kemigawahama	AEON Kireuriwari Shopping Center
Number of operating days	184	184	151	184	184	184
(A) Revenues related to real estate leasing business	386,106	437,925	512,648	224,126	176,024	173,302
Rent revenue—real estate	386,106	437,925	512,648	224,126	176,024	173,302
(B) Expenses related to real estate leasing business	73,536	73,985	22,982	61,048	35,364	50,292
Property and facility management fees (Note 1)	1,610	1,412	1,299	1,400	1,298	1,406
Taxes and dues	28,082	65,428	—	34,616	17,403	21,558
Insurance expenses	3,445	3,929	4,739	2,488	1,588	2,683
Repairs and maintenance expenses	—	3,216	2,102	22,522	—	—
Land rent paid	40,378	—	14,834	—	15,056	24,625
Utilities	—	—	—	—	—	—
Other expenses related to rent business	20	—	5	20	17	17
(C) NOI (A – B)	312,569	363,940	489,666	163,077	140,659	123,009
(D) Depreciation	116,557	88,895	127,617	46,344	53,677	41,640
(E) Income from leasing business (C – D)	196,011	275,045	362,049	116,733	86,982	81,369
(F) Capital expenditures	—	—	—	—	—	—
(G) NCF (C – F)	312,569	363,940	489,666	163,077	140,659	123,009

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	L-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 3)	Total
Number of operating days	184	184	184	184	-
(A) Revenues related to real estate leasing business	494,921	289,620	251,215	19,777	16,761,424
Rent revenue—real estate	494,921	289,620	251,215	19,777	16,761,424
(B) Expenses related to real estate leasing business	110,108	31,159	49,002	1,223	4,741,034
Property and facility management fees (Note 1)	1,580	1,370	1,700	394	64,840
Taxes and dues	48,924	26,101	40,525	753	1,904,070
Insurance expenses	5,433	3,003	2,608	75	169,515
Repairs and maintenance expenses	1,525	666	4,134	—	494,122
Land rent paid	—	—	—	—	2,035,764
Utilities	52,394	—	4	—	52,399
Other expenses related to rent business	250	18	29	0	20,322
(C) NOI (A – B)	384,813	258,460	202,212	18,553	12,020,389
(D) Depreciation	95,224	67,487	19,864	7,168	4,549,741
(E) Income from leasing business (C – D)	289,589	190,972	182,348	11,384	7,470,648
(F) Capital expenditures	4,997	—	18,280	—	605,777
(G) NCF (C – F)	379,815	258,460	183,932	18,553	11,414,612

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

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

(Note 3) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(2) Capital expenditures for properties held

(A) Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (mainly those exceeding ¥30 million per work) that AEON REIT plans to conduct for properties held as of January 31, 2020.

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 Ishinomaki (Ishinomaki City, Miyagi Pref.)	Renewal of lighting equipment	From September 2020 to December 2020	63	—	—
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air conditioning units	From March 2020 to May 2020	113	—	—
	Renewal of air conditioning units	From October 2020 to November 2020	190	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Restoration of extra high tension gas insulated switchgear No. 1	From September 2019 to March 2020	65	—	—
	Replacement of extra high tension gas insulated switchgear No. 2	From March 2020 to October 2020	65	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of sanitary facilities in the East Building	From March 2020 to April 2020	30	—	—
	Renewal of sanitary facilities in the East Building	From October 2020 to November 2020	32	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air conditioning units	From October 2019 to May 2020	265	—	—
	Work on anti-smoke hanging incombustible sheets	From March 2020 to June 2020	47	—	—
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of air conditioning units	From November 2020 to December 2020	122	—	—
	Work on anti-smoke hanging incombustible sheets	From September 2020 to December 2020	102	—	—
AEON MALL Sapporo-Hiraoka (Sapporo City, Hokkaido Pref.)	Work on anti-smoke hanging incombustible sheets	From September 2020 to November 2020	35	—	—
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Repair of rooftop waterproofing	From March 2020 to October 2020	122	—	—
AEON MALL Rifu (Miyagi County, Miyagi Pref.)	Renewal of central monitoring boards	From December 2020 to January 2021	25	—	—
	Renewal of air conditioning units	From October 2020 to January 2021	103	—	—
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air conditioning units	From March 2020 to May 2020	36	—	—
	Renewal of air conditioning units	From October 2020 to November 2020	36	—	—
AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.)	Exterior wall painting	From August 2019 to June 2020	293	—	—
AEON MALL Shimotsuma (Shimotsuma City, Ibaraki Pref.)	Work on anti-smoke hanging incombustible sheets	From September 2020 to November 2020	49	—	—

(B) Capital expenditures during the period

For properties held by AEON REIT as of January 31, 2020, 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 ¥605 million. Combined with ¥494 million in repairs and maintenance that was classified as expenses as well as ¥34 million in loss on disaster by Typhoon Faxai and Typhoon Hagibis, AEON REIT conducted construction works totaling ¥1,134 million in the current fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Renewal of emergency broadcasting equipment	From November 2019 to December 2019	30
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of air conditioning units	From November 2019 to December 2019	51
AEON MALL Meiwa (Taki County, Mie Pref.)	Revitalization	From September 2019 to November 2019	150
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air conditioning units	From November 2019 to December 2019	31
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of gas heat pumps for air conditioning units	From December 2019 to December 2019	44