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March 14, 2019

Financial Report for the Fiscal Period Ended January 31, 2019 (August 1, 2018 – January 31, 2019)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Yasuo Shiozaki, Representative Director and President
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Scheduled date to file securities report: April 25, 2019
 Scheduled date to commence distribution payments: April 12, 2019

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

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended January 31, 2019 (August 1, 2018 – January 31, 2019)

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

Fiscal period ended	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
January 31, 2019	16,329	0.8	6,335	2.5	5,448	2.9	5,325	1.4
July 31, 2018	16,201	2.7	6,182	(1.5)	5,297	(1.7)	5,254	(2.4)

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
January 31, 2019	2,996	2.7	1.5	33.4
July 31, 2018	2,956	2.7	1.5	32.7

(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, 2019	3,066	5,449	0	0	102.3	2.8
July 31, 2018	2,956	5,253	0	0	100.0	2.7

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

(3) Financial position

As of	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
January 31, 2019	362,296	198,019	54.7	111,413
July 31, 2018	362,753	197,947	54.6	111,372

(Reference) Equity As of January 31, 2019: ¥198,019 million As of July 31, 2018: ¥197,947 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, 2019	8,636	(8,437)	(5,358)	17,326
July 31, 2018	25,137	(14,849)	(5,382)	22,485

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

(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, 2019	16,334	0.0	6,148	(3.0)	5,333	(2.1)	5,332	0.1	3,000	0
January 31, 2020	16,335	0.0	6,180	0.5	5,333	0.0	5,332	0.0	3,000	0

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted total number of investment units issued and outstanding)
 For the fiscal period ending July 31, 2019: ¥3,000
 For the fiscal period ending January 31, 2020: ¥3,001

***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, 2019 1,777,347 units
 - As of July 31, 2018 1,777,347 units
- b. Number of treasury investment units at end of period
 - As of January 31, 2019 0 units
 - As of July 31, 2018 0 units

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

*** Status of audit procedures**

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

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

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

1. AEON REIT Investment Corporation and Related Corporations

Disclosure is omitted since there have been no significant changes from the “Management Structure of the Investment Corporation” in the latest Securities Report (submitted on October 24, 2018; prepared in Japanese only).

2. Investment Policies and Status of Asset Management

(1) Investment Policies

Disclosure is omitted since there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on October 24, 2018; prepared in Japanese only).

(2) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Overview of AEON REIT

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

AEON REIT was established on November 30, 2012 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”), with AEON Reit Management Co., Ltd. (hereinafter, the “Asset Manager”) serving as the organizer. AEON REIT was listed on the Real Estate Investment Trust Securities Market (J-REIT market) of the Tokyo Stock Exchange (securities code: 3292) on November 22, 2013. In the fiscal period under review (12th fiscal period), AEON REIT resolved on the acquisition of a domestic property in August 2018, and acquired AEON MALL Kofu Showa (Extended Building) (acquisition price: ¥7,100 million) in September of the same year by utilizing cash on hand.

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

(B) Operating environment and performance

(a) Operating environment

In the fiscal period under review, the Japanese economy saw real GDP for the third quarter (October – December) of 2018 (preliminary release) achieve growth for the first time in two quarters, increasing 1.4% (annualized) year-on-year. The corporate sector has witnessed a continued upward trend in capital investments. With regard to consumer spending, the employment and income environments are anticipated to keep improving.

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

The long-term yields in Japan have remained stable at a low level due to the Bank of Japan continuing its monetary easing policy, and J-REITs have achieved strong performances. The J-REIT market generally stayed on an upward trend from the middle of 2018 to early December. Although the market showed violent fluctuations from the year end to early January 2019 in the face of the U.S.-China trade friction and concerns about the U.S. interest rate hikes, the Tokyo Stock Exchange (TSE) REIT Index closed the fiscal period at 1,850.85 points on January 31, 2019 (on a closing price basis). AEON REIT will closely monitor the market trends going forward, paying close attention to the interest rate hike trend in the U.S., the exit strategy of the Bank of Japan on its monetary easing policy, and the impact these will give on the financial and capital markets.

(b) Performance

Under these conditions, AEON REIT acquired AEON MALL Kofu Showa (Extended Building) (acquisition price: ¥7,100 million) in September 2018 by utilizing cash on hand. The property acquisition expanded the portfolio size to ¥362,478 million.

With regard to internal growth, AEON REIT conducted revitalization work for AEON MALL Kurashiki, which had undertaken large-scale renovation in multiple times, among other measures, which led to upward revisions of rents and enhanced asset value at the property.

On top of these efforts, as AEON REIT makes endeavors for Environment, Social and Governance (ESG) awareness, it obtained “Green Star” in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment (the survey conducted in 2018), marking the third consecutive year of recognition with the highest ranking. Moreover, since July 2017, AEON REIT has been included in the MSCI Japan ESG Select Leaders Index provided by MSCI Inc. Going forward, AEON REIT will continue to proactively take initiatives on ESG issues.

(C) Financing

In the 12th fiscal period, AEON REIT conducted debt financing totaling ¥27,000 million (comprising ¥15,000 million in bridge loans and ¥3,000 million, ¥4,600 million, ¥400 million and ¥4,000 million in loans, respectively) on October 22, 2018, in order to refinance the ¥27,000 million in existing loans maturing on the same date. Moreover, AEON REIT issued the fifth unsecured investment corporation bonds (Fifth Series Unsecured Investment Corporation (equipped with pari passu clause among specified investment corporation bonds) totaling ¥15,000 million, for individual investors, as of December 7, 2018. Using the proceeds from the issuance of the said investment corporation bonds as the main source of funds, AEON REIT made early repayment of the above-mentioned bridge loans on December 20, 2018.

As of January 31, 2019, AEON REIT had a balance of interest-bearing debt totaling ¥150,000 million, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 44.9%.

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

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

<Credit rating>

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

(D) Results and cash distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥16,329 million, operating income of ¥6,335 million, ordinary income of ¥5,448 million and net income of ¥5,325 million for the 12th fiscal period ended January 31, 2019. Furthermore, AEON REIT recorded ¥274 million in total, spent for the works on the damages caused by Typhoon Jebi and the Hokkaido Eastern Iburi Earthquake, etc., as extraordinary losses and recorded ¥152 million in insurance income for the said damages as extraordinary income.

As for cash distribution for the 12th fiscal period, distribution per unit came to ¥3,066 as a result of combining ¥5,327 million in unappropriated retained earnings and ¥122 million reversed from distribution reserve (the amount obtained by subtracting the extraordinary income comprising insurance income for the said disasters from the extraordinary losses comprising loss on disaster and provision for loss on disaster).

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

Close monitoring is required for the outlook of the Japanese economy as the world economy shows signs of slowdown in the face of concerns over heightened uncertainties of overseas political and economic situations and stronger impact of geopolitical risks. However, as AEON REIT sees it, the economy will stay on a recovery trend for the time being, backed by strong corporate performance and improvement in the employment and income environments.

In terms of the environment surrounding retail properties, with the employment and income environments anticipated to keep improving, consumer sentiment is expected to remain positive for the time being due to such factors as rush demand before the consumption tax rate hike scheduled for October 2019. As the situation continues where consumers are increasingly diversifying their lifestyles and needs and appear to become more oriented to exercising thriftiness and being selective, AEON REIT believes it must make responses to the changes in the business environment, by conducting renovations of the stores and other measures.

As for the Malaysian economy, high growth continued with the real GDP growth rate for 2018 increasing 4.7% year-on-year. Along with solid growth in consumer spending backed by favorable income and employment environments, exports remained strong in the face of the growing world economy and rising natural resource prices. As such, AEON REIT foresees that the economy will remain solid going forward.

(B) Future investment policy

(a) Basic policy

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

(b) Investment policy and growth strategy

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

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

(c) Financial strategy

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

iii) Significant events after balance sheet date

Not applicable.

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

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending July 31, 2019 (181 days from February 1, 2019 to July 31, 2019, the 13th fiscal period) • Fiscal period ending January 31, 2020 (184 days from August 1, 2019 to January 31, 2020, the 14th fiscal period)
Portfolio	<ul style="list-style-type: none"> • For the forecasts of performance, the number of investment assets is assumed to be 40 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of March 14, 2019 (hereinafter, the “assets currently held”). • It is assumed that, through the end of the 14th fiscal period ending January 2020, there will be no change (acquisition of new properties or sale of existing properties, etc.) in the number of investment assets. • The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc.
Operating revenue	<ul style="list-style-type: none"> • Rent revenue – real estate from the assets currently held has been calculated by taking into account such factors as the relevant lease agreements effective as of March 14, 2019 and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that interim dividends will be received during the fiscal period ending July 31, 2019 (13th fiscal period) and period-end dividends will be received during the fiscal period ending January 31, 2020 (14th fiscal period). 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 ¥1,905 million for the 13th fiscal period and ¥1,905 million for the 14th 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 ¥4,441 million for the 13th fiscal period and ¥4,418 million for the 14th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Interest expenses and other borrowing-related expenses are assumed to be ¥778 million for the 13th fiscal period and ¥809 million for the 14th fiscal period.
Borrowings	<ul style="list-style-type: none"> • As of March 14, 2019, AEON REIT has interest-bearing debt totaling ¥150,000 million. • It is assumed that AEON REIT will refinance ¥15,600 million in borrowings that will mature in the 14th fiscal period (repayment date: October 21, 2019) for the same amount. LTV ratio is anticipated to be approximately 44.9% as of the end of the 13th fiscal period (July 31, 2019) and approximately 44.9% as of the end of the 14th fiscal period (January 31, 2020). • 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 13th and 14th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 1,777,347 units issued and outstanding as of March 14, 2019. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 14th 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.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)		
	Previous fiscal period (As of July 31, 2018)	Current fiscal period (As of January 31, 2019)
Assets		
Current assets		
Cash and deposits	15,392,040	9,504,798
Cash and deposits in trust	7,093,497	7,821,463
Prepaid expenses	444,990	592,920
Income taxes receivable	12	15
Consumption taxes receivable	-	459,376
Other	17,105	8,417
Total current assets	22,947,646	18,386,990
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	189,737,620	198,242,682
Accumulated depreciation	(27,904,759)	(32,252,949)
Buildings in trust, net	161,832,860	165,989,732
Structures in trust	1,198,516	1,230,658
Accumulated depreciation	(751,568)	(827,171)
Structures in trust, net	446,948	403,486
Tools, furniture and fixtures in trust	9,583	9,583
Accumulated depreciation	(2,011)	(2,816)
Tools, furniture and fixtures in trust, net	7,571	6,766
Land in trust	120,885,426	120,885,426
Construction in progress in trust	-	1,188
Total property and equipment	283,281,269	287,395,064
Intangible assets		
Leasehold rights in trust	49,235,482	49,235,482
Total intangible assets	49,235,482	49,235,482
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	978,170	937,301
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	7,067,085	7,026,215
Total non-current assets	339,583,837	343,656,762
Deferred assets		
Investment unit issuance expenses	152,102	83,417
Investment corporation bond issuance costs	69,537	169,353
Total deferred assets	221,639	252,771
Total assets	362,753,124	362,296,524

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2018)	Current fiscal period (As of January 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	665,785	950,743
Current portion of long-term loans payable	27,000,000	15,600,000
Accounts payable - other	348,633	365,061
Accrued expenses	52,192	63,109
Income taxes payable	605	605
Accrued consumption taxes	1,184,456	-
Provision for loss on disaster	32,558	126,859
Other	190,036	188,462
Total current liabilities	29,474,267	17,294,840
Non-current liabilities		
Investment corporation bond	6,000,000	21,000,000
Long-term loans payable	117,000,000	113,400,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,328,321	12,579,149
Total non-current liabilities	135,330,949	146,981,777
Total liabilities	164,805,216	164,276,617
Net assets		
Unitholders' equity		
Unitholders' capital	195,698,024	195,698,024
Deduction from unitholders' capital		
Other deduction from unitholders' capital	(3,525,697)	(3,525,697)
Total deduction from unitholders' capital	(3,525,697)	(3,525,697)
Unitholders' capital, net	192,172,327	192,172,327
Surplus		
Voluntary reserve		
Distribution reserve	520,000	520,000
Total voluntary reserve	520,000	520,000
Unappropriated retained earnings (undisposed loss)	5,255,580	5,327,579
Total surplus	5,775,580	5,847,579
Total unitholders' equity	197,947,907	198,019,906
Total net assets	*1 197,947,907	*1 198,019,906
Total liabilities and net assets	362,753,124	362,296,524

(2) Statements of Income

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Operating revenue		
Rent revenue - real estate	*1 16,025,515	*1 16,197,957
Gain on sale of real estate	*2 35,691	-
Dividends received	*3 140,636	*3 131,628
Total operating revenue	16,201,842	16,329,586
Operating expenses		
Expenses related to rent business	*1 9,081,776	*1 9,068,931
Asset management fee	734,982	752,486
Asset custody fee	18,728	18,915
Administrative service fees	56,438	56,176
Directors' compensation	3,600	3,600
Taxes and dues	19,003	6,617
Other operating expenses	104,909	87,172
Total operating expenses	10,019,439	9,993,899
Operating income	6,182,403	6,335,687
Non-operating income		
Interest income	84	100
Refund of unpaid distributions	1,134	1,377
Other	96	-
Total non-operating income	1,315	1,478
Non-operating expenses		
Interest expenses	570,881	549,357
Interest expenses on investment corporation bonds	24,619	42,915
Amortization of investment unit issuance expenses	68,684	68,684
Amortization of investment corporation bond issuance costs	3,621	5,375
Investment corporation bond issuance costs	-	19,714
Borrowing related expenses	218,626	202,275
Other	127	315
Total non-operating expenses	886,561	888,637
Ordinary income	5,297,156	5,448,528
Extraordinary income		
Insurance income	-	*4 152,758
Total extraordinary income	-	152,758
Extraordinary losses		
Loss on disaster	*5 4,900	*5 147,986
Provision for loss on disaster	*5 32,558	*5 126,859
Total extraordinary losses	37,459	274,845
Income (loss) before income taxes	5,259,697	5,326,441
Income taxes - current	5,349	605
Total income taxes	5,349	605
Net income (loss)	5,254,348	5,325,836
Retained earnings brought forward	1,231	1,742
Unappropriated retained earnings (undisposed loss)	5,255,580	5,327,579

(3) Statements of Unitholders' Equity

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

(Unit: Thousands of yen)

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

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

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

(Unit: Thousands of yen)

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

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

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
I Unappropriated retained earnings (undisposed loss)	5,255,580,560	5,327,579,118
II Voluntary reserve		
Reversal of provision of distribution reserve	-	122,086,746
III Total cash distributions	5,253,837,732	5,449,345,902
[Distribution per unit]	[2,956]	[3,066]
IV Retained earnings brought forward	1,742,828	319,962
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 ¥5,253,837,732, which is the amount that does not exceed the unappropriated retained earnings (¥5,255,580,560) and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>	<p>Pursuant to the policy for cash distribution set forth in Article 35, paragraph 1 of the Articles of Incorporation of AEON REIT, distributions shall be limited to the amount within profits, and also the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, AEON REIT will pay distributions of profits at the total amount of ¥5,449,345,902, which combines ¥5,327,579,118 in unappropriated retained earnings and ¥122,086,746 reversed from provision of distribution reserve (the amount obtained by subtracting extraordinary income comprising insurance income for disasters from extraordinary losses comprising loss on disaster and provision for loss on disaster) and which is the amount that does not exceed this combined amount and is the greatest value among integral multiples of 1,777,347, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p>

(5) Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Cash flows from operating activities		
Income (loss) before income taxes	5,259,697	5,326,441
Depreciation	4,355,394	4,424,597
Amortization of investment corporation bond issuance costs	3,621	5,375
Amortization of investment unit issuance expenses	68,684	68,684
Interest income	(84)	(100)
Interest expenses	595,500	592,272
Insurance income	-	(152,758)
Loss on disaster	4,900	147,986
Increase (decrease) in provision for loss on disaster	32,558	94,300
Decrease (increase) in consumption taxes refund receivable	-	(459,376)
Increase (decrease) in accrued consumption taxes	916,314	(1,184,456)
Decrease (increase) in prepaid expenses	202,255	(147,930)
Decrease from sale of property and equipment in trust	13,445,227	-
Decrease from sale of intangible assets in trust	943,280	-
Increase (decrease) in operating accounts payable	(247,258)	416,012
Increase (decrease) in accounts payable - other	(1,944)	16,627
Decrease in long-term prepaid expenses	160,436	40,869
Other, net	(8,439)	6,405
Subtotal	25,730,145	9,194,951
Interest income received	84	100
Interest expenses paid	(587,500)	(581,355)
Proceeds from insurance income	-	152,758
Payments for loss on disaster	-	(29,505)
Income taxes paid	(5,347)	(607)
Net cash provided by operating activities	25,137,381	8,636,341
Cash flows from investing activities		
Purchase of property and equipment in trust	(14,264,301)	(8,688,126)
Proceeds from tenant leasehold and security deposits in trust	-	250,828
Refund of tenant leasehold and security deposits in trust	(584,895)	-
Net cash used in investing activities	(14,849,196)	(8,437,298)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	12,000,000
Repayments of long-term loans payable	-	(27,000,000)
Proceeds from issuance of investment corporation bonds	-	14,894,808
Dividends paid	(5,382,265)	(5,252,858)
Net cash (used in) provided by financing activities	(5,382,265)	(5,358,049)
Effect of exchange rate change on cash and cash equivalents	(136)	(270)
Net increase (decrease) in cash and cash equivalents	4,905,782	(5,159,276)
Cash and cash equivalents at beginning of period	17,579,755	22,485,538
Cash and cash equivalents at end of period	*1 22,485,538	*1 17,326,261

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

(8) Notes to Financial Statements

Notes to Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2018)		Current fiscal period (As of January 31, 2019)
*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000	*1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations	50,000

Notes to Statements of Income

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

Previous fiscal period (From February 1, 2018 to July 31, 2018)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	15,951,087
	Other rent revenue—real estate	74,427
	Total revenues related to real estate leasing business	16,025,515
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	43,192
	Repairs and maintenance expenses	550,088
	Insurance expenses	149,235
	Trust fees	20,702
	Land rent paid	2,048,376
	Taxes and dues	1,862,128
	Depreciation	4,355,394
	Water charges	49,238
	Other expenses related to rent business	3,419
	Total expenses related to real estate leasing business	9,081,776
<hr/>		
C.	Operating income from real estate leasing business (A – B)	6,943,738
<hr/>		
Current fiscal period (From August 1, 2018 to January 31, 2019)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	16,117,260
	Other rent revenue—real estate	80,697
	Total revenues related to real estate leasing business	16,197,957
<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	532,102
	Insurance expenses	155,278
	Trust fees	20,708
	Land rent paid	2,020,929
	Taxes and dues	1,818,691
	Depreciation	4,424,597
	Water charges	51,835
	Other expenses related to rent business	1,941
	Total expenses related to real estate leasing business	9,068,931
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,129,026
<hr/>		

*2. Breakdown of gain on sale of real estate

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

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

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

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

Not applicable.

*3. Breakdown of dividends received

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

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

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

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

(Note 1) The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.
(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 26.90 rounded down to the second decimal place) is used.
(Note 3) Maximum distributable amount and interim dividends are converted to the yen value by using the forward exchange rate on May 7, 2018 of RM 1 = JPY 27.58 (rounded down to the second decimal place.)

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

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

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

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

(Note 1) The table above is based on the accounting standards of Malaysia (equivalent to IFRS), although disclosure is not based on the Malaysian standards.
(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 27.22 rounded down to the second decimal place) is used.
(Note 3) Interim dividends are converted to the yen value by using the forward exchange rate on May 7, 2018 of RM 1 = JPY 27.58 (rounded down to the

second decimal place.)

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

***4. Breakdown of extraordinary income**

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

Not applicable.

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

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

***5. Breakdown of extraordinary losses**

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

1) Loss on disaster

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

2) Provision for loss on disaster

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

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

1) Loss on disaster

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

2) Provision for loss on disaster

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

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, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Total number of authorized investment units	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,777,347 units	1,777,347 units

Notes to Statements of Cash Flows

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

	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
		(Unit: Thousands of yen)
Cash and deposits	15,392,040	9,504,798
Cash and deposits in trust	7,093,497	7,821,463
Cash and cash equivalents	22,485,538	17,326,261

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of July 31, 2018)	Current fiscal period (As of January 31, 2019)
Due within 1 year	31,787,693	32,332,946
Due after 1 year	125,990,116	116,608,345
Total	157,777,809	148,941,291

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, 2018)

(Unit: Thousands of yen)

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

Current fiscal period (as of January 31, 2019)

(Unit: Thousands of yen)

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

(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, 2018)	Current fiscal period (As of January 31, 2019)
Shares of subsidiaries and associates	6,078,453	6,078,453
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	12,328,321	12,579,149
Total	18,409,403	18,660,231

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

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

Previous fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

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

Current fiscal period (as of January 31, 2019)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	9,504,798
Cash and deposits in trust	7,821,463
Total	17,326,261

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

Previous fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

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

Current fiscal period (as of January 31, 2019)

(Unit: Thousands of yen)

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

Securities

Previous fiscal period (as of July 31, 2018)

1. Shares of subsidiaries and associates

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

Current fiscal period (as of January 31, 2019)

1. Shares of subsidiaries and associates

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

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of July 31, 2018)

Not applicable.

Current fiscal period (as of January 31, 2019)

Not applicable.

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (as of July 31, 2018)

(Unit: Thousands of yen)

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

(Note) Fair value of interest rate swap with the 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, 2019)

(Unit: Thousands of yen)

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

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

Retirement Benefits

Previous fiscal period (as of July 31, 2018)

Not applicable.

Current fiscal period (as of January 31, 2019)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period (As of July 31, 2018)	Current fiscal period (As of January 31, 2019)
Deferred tax assets		
Tax loss carried forward (Note)	339,697	337,236
Valuation reserve for tax loss carried forward	(339,697)	(337,236)
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, 2018)	Current fiscal period (As of January 31, 2019)
Normal effective statutory tax rate	31.74	31.51
(Adjustments)		
Distributions paid included in deductibles	(31.70)	(31.32)
Reversal of provision of distribution reserve	—	0.72
Increase (decrease) in valuation reserve	(0.64)	—
Other	0.71	(0.90)
Effective tax rate after application of tax effect accounting	0.10	0.01

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

Previous fiscal period (as of July 31, 2018)

(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)	-	-	-	-	-	339,697	339,697
Valuation reserve	-	-	-	-	-	(339,697)	(339,697)
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, 2019)

(Unit: Thousands of yen)

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

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

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

Previous fiscal period (as of July 31, 2018)

Not applicable.

Current fiscal period (as of January 31, 2019)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

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

Not applicable.

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

Not applicable.

2. Associates, etc.

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

Not applicable.

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

Not applicable.

3. Sister companies, etc.

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

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

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

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

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

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

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

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

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

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

(Note 3) The asset management fee includes ¥17,750 thousand in management fees related to property acquisitions, included in the book values of the individual real properties, etc.

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

4. Officers and principal individual unitholders

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

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

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

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

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

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

Attribute	Name	Location	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directorate, etc.	Business relationship				
Officer	Yasuo Shiozaki	-	-	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.	(Owned) Direct 0.0%	Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd.		Payment of asset management fee to the Asset Manager	770,236	Accounts payable - other	278,951

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

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

1. Transaction terms are determined taking into consideration current market prices.
2. The asset management fee represents transactions performed by Yasuo Shiozaki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
3. The asset management fee includes ¥17,750 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

Asset Retirement Obligations

Previous fiscal period (as of July 31, 2018)

Not applicable.

Current fiscal period (as of January 31, 2019)

Not applicable.

Investment and Rental Properties

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

(Unit: Thousands of yen)

	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Balance sheet carrying amount		
Balance at beginning of period	336,939,419	332,516,752
Changes during period	(4,422,666)	4,113,794
Balance at end of period	332,516,752	336,630,546
Fair value at end of period	373,101,240	381,670,858

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

(Note 2) Of the changes during the previous fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Kyoto Gojo) with an acquisition price of ¥13,472,911 thousand and capital expenditures at existing properties amounting to ¥848,324 thousand, while the decrease is principally attributable to sale of a property (AEON MALL Kumamoto) amounting to ¥14,388,507 thousand and depreciation amounting to ¥4,355,394 thousand. Of the changes during the current fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Kofu Showa (Extended Building)) with an acquisition price of ¥7,140,246 thousand and capital expenditures at existing properties amounting to ¥1,398,145 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,424,597 thousand.

(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, 2018 to July 31, 2018)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

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

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenue	Related segment
AEON Retail Co., Ltd.	7,593,599	Real estate leasing business
AEON Mall Co., Ltd.	6,254,681	Real estate leasing business
AEON Hokkaido Corporation	677,059	Real estate leasing business
AEON KYUSHU Co., Ltd.	588,929	Real estate leasing business
The Daiei, Inc.	588,685	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,537	Real estate leasing business

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

Per Unit Information

	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Net assets per unit	¥111,372	¥111,413
Net income per unit (net loss per unit)	¥2,956	¥2,996

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

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

	Previous fiscal period (From February 1, 2018 to July 31, 2018)	Current fiscal period (From August 1, 2018 to January 31, 2019)
Net income (net loss) (Thousands of yen)	5,254,348	5,325,836
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income (net loss) attributable to common investment units (Thousands of yen)	5,254,348	5,325,836
Average number of investment units for the period (Units)	1,777,347	1,777,347

Significant Subsequent Events

Not applicable.

(9) Changes in Total Number of Investment Units Issued

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Changes in Officers

(1) Changes in Officers of AEON REIT

There have been no changes from the “Status of Officers” in the latest Securities Report (submitted on October 24, 2018; prepared in Japanese only).

(2) Changes in Officers of Asset Manager

There have been no changes from the “Status of Officers” in the latest Securities Report (submitted on October 24, 2018; prepared in Japanese only).

5. Reference Information

(1) Status of Investment

Composition of assets

Type of assets	Property type	Region (Note 1)	Previous fiscal period (As of July 31, 2018)				Current fiscal period (As of January 31, 2019)					
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%)	Holding assets denominated in foreign currency (Millions of yen)			
					Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 3)	Percentage to total assets (%)			Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4)	Percentage to total assets (%)		
Trust beneficiary rights in real estate	Retail properties, etc.	Hokkaido and Tohoku	30,190	8.3	-	-	29,940	8.3	-	-	-	
		Kanto (Note 5)	119,469	32.9	-	-	118,086	32.6	-	-	-	
		Tokai, Hokuriku and Chubu	36,345	10.0	-	-	43,616	12.0	-	-	-	
		Kinki	91,721	25.3	-	-	90,883	25.1	-	-	-	
		Chugoku and Shikoku	30,952	8.5	-	-	30,594	8.4	-	-	-	
		Kyushu and Okinawa	23,183	6.4	-	-	22,864	6.3	-	-	-	
		Malaysia	654	0.2	654	(106)	0.2	645	0.2	645	(118)	0.2
Total			332,516	91.7	654	(106)	0.2	336,630	92.9	645	(118)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.7	6,078	493	1.7	6,078	1.7	6,078	324	1.7
Deposits and other assets			24,157	6.7	14	(0)	0.0	19,587	5.4	14	-	0.0
Total assets			362,753	100.0	6,747	386	1.9	362,296	100.0	6,738	206	1.9

	Previous fiscal period (As of July 31, 2018)		Current fiscal period (As of January 31, 2019)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	164,805	45.4	164,276	45.3
Total net assets	197,947	54.6	198,019	54.7

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

Hokkaido and Tohoku:	Hokkaido, Aomori, Akita, Iwate, Yamagata, Miyagi, and Fukushima prefectures
Kanto:	Tokyo, Kanagawa, Chiba, Saitama, Ibaraki, Tochigi, and Gunma prefectures
Tokai, 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, 2018 represents the amount obtained by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate on the closing date (July 31, 2018). The applied exchange rate on the closing date (July 31, 2018) is RM 1 = ¥27.36 (rounded down to the second decimal place). 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, 2019 represents the amount found by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (January 31, 2019). The applied exchange rate on the closing date (January 31, 2019) is RM 1 = ¥26.66 (rounded down to the second decimal place).

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

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

(2) Investment Assets

i) Major investment securities

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

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

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

Investment ratio by asset type and business type

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

ii) Investment properties

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

iii) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of January 31, 2019 (the end of the 12th fiscal period) is shown below.

Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)	Investment percentage (%) (Note 3)	Seller
SRSC-1	AEON LakeTown mori (Note 4)	21,190	19,185	23,800	5.8	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	6,055	7,880	1.9	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,456	6,720	1.5	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	6,085	7,080	1.8	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	14,527	17,413	4.6	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	5,991	8,060	1.9	Tokyo Century Corporation
RSC-5	AEON Sagamihara Shopping Center	10,220	9,804	11,000	2.8	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	3,845	4,960	1.4	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,321	10,100	2.7	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,181	3,650	0.9	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	6,235	7,610	2.0	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	7,024	8,310	2.1	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,553	19,700	4.9	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	7,016	8,710	2.4	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata	11,246	9,888	13,300	3.1	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	20,276	22,500	5.9	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,397	6,340	1.6	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,751	1,930	0.5	Forester Special Purpose Company
RSC-18	AEON MALL Rifu	2,560	2,326	2,770	0.7	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,324	1,470	0.4	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,209	2,630	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama	14,500	13,631	14,800	4.0	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,793	12,400	3.4	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa (Note 6)	15,489	15,743	17,300	4.3	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,598	8,220	2.2	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	5,936	6,450	1.7	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	16,364	17,600	4.7	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	12,975	13,900	3.7	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	11,541	12,400	3.3	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	9,314	10,600	2.7	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	9,300	9,820	2.6	Godō Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	13,333	13,369	13,600	3.7	Godō Kaisha Double O3
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,381	6,590	1.8	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,636	3,860	1.0	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,434	4,640	1.2	Godō Kaisha Double O2
L-1	Daiei-Kawasaki Process Center	14,280	13,932	15,100	3.9	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,716	10,600	2.7	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,854	7,290	1.9	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 7)	658 [RM 20 million]	645 [RM 19 million]	567 [RM 21 million]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 8)	5,252 [RM 215 million]	-	6,211 [RM 233 million]	1.4	Swiss Advanced Technology Institute(M) Sdn. Bhd.
Total		362,478	336,630 (Note 9)	387,882	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, 2019, or survey price shown on a survey report of property. For the summary of appraisal, please refer to “Summary of real estate appraisal” described below.
- (Note 3) *Investment percentage* is calculated by dividing the acquisition price of each property by the total of the acquisition price, and is rounded to the nearest tenth.
- (Note 4) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Assessed value at end of period* describes the amount representing AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 5) This property includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥108 million, and the assessed value at the end of the period is ¥113 million).
- (Note 6) For this property *Acquisition price*, *Book value at end of period*, *Assessed value at end of period* and *Investment percentage* represent the amounts and figures that include the “Extended Building” AEON REIT additionally acquired as of September 3, 2018.
- (Note 7) *Acquisition price* represents the total yen amount of the considerations actually paid by AEON REIT to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to RM 1, rounded down to the nearest hundredth.
- Book value at end of period* represents the amount obtained by subtracting the accumulated depreciation amount at the end of the fiscal period from the sum of the amount presented in the *Acquisition price*, expenses incurred on the acquisition of the property (related expenses) and capital expenditures. For related expenses paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses paid in RM, the amount obtained after converting it to Japanese yen using the exchange rate at the time of the transaction (the average spot exchange rate of the month preceding the month in which the transaction was carried out) has been added to the *Acquisition price*.
- AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2019, or survey price shown on a survey report of property, equivalent to AEON REIT’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.66; rounded down to the second decimal place) on the closing date (January 31, 2019).
- (Note 8) The amount of *Acquisition price* indicates the value at which AEON REIT acquired AEON MALL SEREMBAN 2 from the seller through the Overseas SPC (the sale price, etc. stated in the sale agreement, etc., excluding the expenses (brokerage commissions, taxes and dues, etc.) that were required for the acquisition of AEON MALL SEREMBAN 2). The exchange rate on September 30, 2016 (RM 1 = ¥24.43; rounded down to the second decimal place) is applied for the conversion from RM to Japanese yen.
- Book value at end of period* is not indicated as AEON REIT does not directly own the property. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥26.66; rounded down to the second decimal place) on the closing date (January 31, 2019).
- (Note 9) The total amount excludes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.

(B) Overview of lease

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

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	SRSC-1	AEON LakeTown mori (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	681	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	339	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	369	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	351	354	60,682.20	60,682.20	100.0
	RSC-3	AEON MALL Mitouchihara	Mito City, Ibaraki Pref.	November 8, 2005	723 (Note 3)	726 (Note 3)	159,997.49	159,997.49	100.0
	RSC-4	AEON MALL Ota	Ota City, Gunma Pref.	November 17, 2003	481	476	93,165.27	93,165.27	100.0
	RSC-5	AEON Sagamihara Shopping Center	Sagamihara City, Kanagawa Pref.	August 9, 1993	423	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	452	446	125,253.74	125,253.74	100.0
	RSC-8	AEON MALL Meiwa	Taki County, Mie Pref.	August 6, 2001	217	214	44,193.80	44,193.80	100.0
	RSC-9	AEON MALL Kasai-Hojo	Kasai City, Hyogo Pref.	October 3, 2008	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	430	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	742	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	455	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	558	545	151,969.51	151,969.51	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	698	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	210	–	66,478.91	66,478.91	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	166	–	53,502.94	53,502.94	100.0
	RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	233	–	41,447.33	41,447.33	100.0
	RSC-21	AEON MALL Yamatokoriyama	Yamatokoriyama City, Nara Pref.	February 16, 2010	764	768	105,230.88	105,230.88	100.0
	RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Inzai City, Chiba Pref.	April 17, 2006	402	403	107,425.97	107,425.97	100.0
	RSC-23	AEON MALL Kofu Showa (Note 4)	Nakakoma-gun, Yamanashi Pref.	March 11, 2011	625	643	99,772.38	99,772.38	100.0
	RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	342	–	71,308.33	71,308.33	100.0
	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	280	279	47,872.33	47,872.33	100.0
RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	848	851	122,944.71	122,944.71	100.0	

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 2)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	RSC-27	AEON MALL Kagoshima	Kagoshima City, Kagoshima Pref.	September 12, 2007	590	–	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
	CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	October 13, 2000	226	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	May 30, 2002	20 [RM 756 thousand]	–	22,870.00	22,870.00	100.0
	M-2	AEON MALL SEREMBAN 2 (Note 6)	Negeri Sembilan, Malaysia	2005	199 [RM 7,388 thousand]	–	81,135.00	81,135.00	100.0
	Total					16,397 (Note 7)	12,581	3,430,516.37	3,430,516.37

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

Total leasable area includes the area of attached buildings.

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

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

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

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

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

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

(Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥26.99; 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 12th fiscal period (January 31, 2019) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					NOI (Millions of yen) (Note 2)
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	23,800	24,100	4.8	23,600	4.8 4.9 (Note 4)	5.0	1,179
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,880	8,120	5.2	7,780	5.1 5.2 (Note 4)	5.5	438
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,720	6,760	6.6	6,670	6.2	6.8	517
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,080	7,180	6.2	6,980	5.9	6.5	479
RSC-3	AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5)	Japan Real Estate Institute	17,300	17,400	6.0	17,100	5.6	6.2	1,104
	AEON MALL Mitouchihara (Land) (Note 5)	Japan Real Estate Institute	113	–	–	113	5.2	–	–
RSC-4	AEON MALL Ota	Japan Real Estate Institute	8,060	8,110	6.4	8,000	5.9	6.6	587
RSC-5	AEON Sagamihara Shopping Center	Japan Real Estate Institute	11,000	11,100	5.2	10,900	4.9	5.4	668
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	4,960	4,970	7.0	4,950	6.3	7.4	378
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,100	10,200	6.2	9,980	5.8	6.6	768
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,650	3,750	6.5	3,610	6.4 6.5 (Note 4)	6.8	280
RSC-9	AEON MALL Kasai-Hojo	Japan Real Estate Institute	7,610	7,640	6.8	7,570	6.5	7.0	535
RSC-10	AEON MALL Hiezu	Japan Real Estate Institute	8,310	8,370	6.8	8,250	6.4	7.1	607
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,700	19,800	6.0	19,600	5.7	6.2	1,264
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	8,710	8,790	6.5	8,630	6.1	6.8	610
RSC-13	AEON MALL Nogata	Japan Real Estate Institute	13,300	13,300	6.4	13,200	6.0	6.6	887
RSC-15	AEON MALL KYOTO	Japan Real Estate Institute	22,500	22,700	4.8	22,300	4.5	5.0	1,097
RSC-16	AEON MALL Sapporo-Hiraoka	The Tanizawa Sōgō Appraisal Co., Ltd.	6,340	6,540	6.2	6,260	6.2 6.3 (Note 4)	6.5	437
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,930	2,010	6.8	1,900	6.8 6.9 (Note 4)	7.1	173
RSC-18	AEON MALL Rifu	The Tanizawa Sōgō Appraisal Co., Ltd.	2,770	2,860	6.4	2,730	6.4 6.5 (Note 4)	6.7	220

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	NOI (Millions of yen) (Note 2)
RSC-19	AEON MALL Yamagata-Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	1,470	1,530	6.6	1,450	6.6 6.7 (Note 4)	6.9	129
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,630	2,730	6.2	2,580	6.2 6.3 (Note 4)	6.5	209
RSC-21	AEON MALL Yamatokoriyama	Japan Real Estate Institute	14,800	15,000	5.6	14,600	5.1	5.8	878
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	Japan Real Estate Institute	12,400	12,500	4.9	12,200	4.6	5.1	625
RSC-23	AEON MALL Kofu Showa (Note 6)	Japan Real Estate Institute	17,300	17,400	5.7	17,200	5.2	5.9	1,014
RSC-24	AEON MALL Tomakomai	The Tanizawa Sōgō Appraisal Co., Ltd.	8,220	8,330	5.9	8,170	5.9 6.0 (Note 4)	6.1	535
RSC-25	AEON MALL Oyama	Japan Real Estate Institute	6,450	6,480	6.7	6,420	6.4	6.9	457
RSC-26	AEON MALL Itamikoya	Japan Real Estate Institute	17,600	17,900	5.6	17,300	5.1	5.8	1,025
RSC-27	AEON MALL Kagoshima	The Tanizawa Sōgō Appraisal Co., Ltd.	13,900	14,200	6.0	13,800	6.0 6.1 (Note 4)	6.3	894
RSC-28	AEON MALL Tsuchiura	Japan Real Estate Institute	12,400	12,400	6.3	12,300	5.8	6.5	801
RSC-29	AEON MALL Kahoku	Japan Real Estate Institute	10,600	10,600	6.9	10,600	6.4	7.1	759
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,820	9,850	6.4	9,780	6.0	6.6	630
RSC-31	AEON MALL Kyoto Gojo	The Tanizawa Sōgō Appraisal Co., Ltd.	13,600	13,800	4.9	13,500	4.9 5.0 (Note 4)	5.1	722
CSC-1	AEON Chigasaki-Chuo Shopping Center	Japan Real Estate Institute	6,590	6,630	5.0	6,550	4.7	5.2	346
CSC-2	AEON STYLE Kemigawahama	Japan Real Estate Institute	3,860	3,880	6.2	3,830	5.7	6.4	270
CSC-3	AEON Kireuriwari Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	4,640	4,780	5.2	4,580	5.2 5.3 (Note 4)	5.5	248
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,100	15,200	4.9	14,900	4.3	5.3	766
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	10,600	10,700	4.8	10,400	4.5	5.1	519
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,290	7,330	5.0	7,250	4.7	5.2	409
M-1	AEON Taman Universiti Shopping Centre (Note 7)	Japan Real Estate Institute	567 [RM 21 million]	–	–	567 [RM 21 million]	6.5 6.0 (Note 8)	7.0	38 [RM 1 million]
M-2	AEON MALL SEREMBAN 2 (Note 7) (Note 9)	Japan Real Estate Institute	6,211 [RM 233 million]	–	–	6,211 [RM 233 million]	6.0	6.5	363 [RM 13 million]
Total			387,882	–	–	384,312	–	–	–

- (Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of January 31, 2019 or the survey value indicated in the real estate survey report.
- (Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from NCF (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from NOI. NOI shown above is assumed with the direct capitalization method. Amounts of NOI are rounded down to the nearest million yen.
- (Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and NOI describe AEON REIT's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 4.8% during the initial five years and 4.9% from the sixth year.
Discount rates for AEON LakeTown kaze are 5.1% during the initial five years and 5.2% from the sixth year.
Discount rates for AEON MALL Meiwa are 6.4% during the initial three years and 6.5% from the fourth year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.2% during the initial three years and 6.3% from the fourth year.
Discount rates for AEON MALL Kushiro-Showa are 6.8% during the initial two years and 6.9% from the third year.
Discount rates for AEON MALL Rifu are 6.4% during the initial three years and 6.5% from the fourth year.
Discount rates for AEON MALL Yamagata-Minami are 6.6% during the initial year and 6.7% from the second year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.2% during the initial two years and 6.3% from the third year.
Discount rates for AEON MALL Tomakomai are 5.9% during the initial six years and 6.0% from the seventh year.
Discount rates for AEON MALL Kagoshima are 6.0% during the initial five years and 6.1% from the sixth year.
Discount rates for AEON MALL Kyoto Gojo are 4.9% during the initial eight years and 5.0% from the ninth year.
Discount rates for AEON Kireuriwari Shopping Center are 5.2% during the initial nine years and 5.3% from the tenth year.
- (Note 5) For AEON MALL Mitouchihara, there exist both a portion of trust beneficiary rights in real estate and a real estate portion, and as we have obtained separate appraisal report for each, these have been entered separately.
- (Note 6) 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, 2019, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and NOI in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2019. The amounts indicated in yen in *Appraisal value* and the prices and NOI in *Income approach value* have been converted to the yen using the exchange rate of January 31, 2019 (RM 1 = ¥26.66 (rounded down to the second decimal place)).
- (Note 8) Discount rates for AEON Taman Universiti Shopping Centre are 6.5% during the contract period and 6.0% after the contract period.
- (Note 9) The property is owned by AEON REIT through the Overseas SPC.

(D) 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, 2019.

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

Property name (Location)	Purpose	Scheduled period	Estimated cost of construction works (Millions of yen)		
			Total amount	Payment for the period	Total amount already paid
AEON LakeTown mori (Koshigaya City, Saitama Pref.)	Urethane injection into cavity under the floor	From Feb 2019 to March 2019	32		
AEON MALL Morioka (Morioka City, Iwate Pref.)	Renewal of electric heat pumps for air conditioning units	From April 2019 to June 2019	30	–	–
AEON MALL Ota (Ota City, Gunma Pref.)	Work on anti-smoke hanging incombustible sheets	From March 2019 to July 2019	44		
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Connection to public sewerage	From October 2018 to March 2019	110	1	1
	Renewal of walls	From April 2019 to July 2019	40	–	–
	Renewal of air conditioning units	From October 2019 to December 2019	75	–	–
	Work on anti-smoke hanging incombustible sheets	From October 2019 to January 2020	35	–	–
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air conditioning units	From September 2019 to November 2019	35	–	–
AEON MALL Yamatokoriyama (Yamatokoriyama City, Nara Pref.)	Work on anti-smoke hanging incombustible sheets	From October 2019 to January 2020	35	–	–
AEON MALL KYOTO (Kyoto City, Kyoto Pref.)	Work on anti-smoke hanging incombustible sheets	From October 2019 to January 2020	37	–	–
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air conditioning units	From February 2019 to November 2019	66	–	–
	Conversion of mercury lights to LEDs	From October 2019 to September 2019	61		
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of air conditioning units	From February 2019 to March 2019	30	–	–
	Renewal of sanitary facilities	From October 2019 to December 2019	30	–	–
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of gas heat pumps for air conditioning units	From October 2019 to January 2020	61	–	–

b. Capital expenditures during the period

For properties held by AEON REIT as of January 31, 2019, the major construction works that fall into capital expenditure (those exceeding ¥30 million per work) conducted by AEON REIT during the current fiscal period are shown in the table below. The capital expenditure for the current period amounted to ¥1,398 million. Combined with ¥532 million in repairs and maintenance that was classified as expenses and ¥147 million in loss on disaster by the Hokkaido Eastern Iburi Earthquake and Typhoon Jebi, AEON REIT conducted construction works totaling ¥2,078 million in the current fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Ishinomaki (Ishinomaki City, Miyagi Pref.)	Exterior wall repairs	From May 2018 to October 2018	146
AEON MALL Yamagata-Minami (Yamagata City, Yamagata Pref.)	Renewal of fire alarms	From October 2018 to January 2019	21
	Renewal of emergency broadcasting equipment	From October 2018 to January 2019	17
	Work on anti-smoke hanging incombustible sheets	From October 2018 to January 2019	30
AEON MALL Kofu Showa (Nakakoma Country, Yamanashi Pref.)	Building reinforcement	From September 2018 to September 2018	766
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of air conditioning units	From October 2018 to November 2018	37
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Revitalization	From August 2018 to December 2018	101
AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.)	Work on anti-smoke hanging incombustible sheets	From October 2018 to December 2018	58

(E) Statements of income of individual properties

12th fiscal period (from August 1, 2018 to January 31, 2019)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3	RSC-4
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara	AEON MALL Ota
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	681,590	339,161	369,792	351,776	723,011	481,281
Rent revenue—real estate	681,590	339,161	369,792	351,776	723,011	481,281
(B) Expenses related to real estate leasing business	97,788	118,047	109,640	143,347	201,671	187,413
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400	1,400
Taxes and dues	81,020	33,175	43,635	46,426	74,402	38,350
Insurance expenses	5,174	3,773	4,332	2,557	7,151	3,867
Repairs and maintenance expenses	9,704	389	10,081	37,469	43,575	11,157
Land rent paid	—	78,952	49,748	54,704	75,121	132,591
Utilities	—	—	—	—	—	—
Other expenses related to rent business	62	471	22	400	21	46
(C) NOI (A – B)	583,801	221,114	260,152	208,429	521,339	293,868
(D) Depreciation	216,104	98,814	132,139	79,960	246,236	118,261
(E) Income from leasing business (C – D)	367,697	122,299	128,012	128,468	275,103	175,606
(F) Capital expenditures	13,339	—	9,716	160,371	—	1,386
(G) NCF (C – F)	570,462	221,114	250,435	48,057	521,339	292,481

(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	423,527	325,366	452,148	217,129	325,120	430,002
Rent revenue—real estate	423,527	325,366	452,148	217,129	325,120	430,002
(B) Expenses related to real estate leasing business	103,751	150,012	79,630	85,575	60,979	153,587
Property and facility management fees (Note 1)	1,400	1,760	1,850	1,850	1,850	1,850
Taxes and dues	74,750	32,649	53,746	21,746	40,678	42,048
Insurance expenses	5,207	2,767	5,270	1,487	1,934	4,387
Repairs and maintenance expenses	22,371	18,622	18,738	22,924	6,640	33,208
Land rent paid	—	94,212	—	37,567	9,677	72,092
Utilities	—	—	—	—	—	—
Other expenses related to rent business	21	—	24	—	199	0
(C) NOI (A – B)	319,775	175,354	372,518	131,553	264,140	276,415
(D) Depreciation	88,096	100,462	114,458	39,561	99,820	146,850
(E) Income from leasing business (C – D)	231,679	74,892	258,059	91,992	164,320	129,564
(F) Capital expenditures	18,005	1,785	20,284	26,656	—	41,408
(G) NCF (C – F)	301,770	173,569	352,233	104,896	264,140	235,006

(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	742,280	455,063	558,207	698,785	447,455	229,603
Rent revenue—real estate	742,280	455,063	558,207	698,785	447,455	229,603
(B) Expenses related to real estate leasing business	142,456	147,171	127,042	160,712	230,322	135,274
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,562	2,180	2,180
Taxes and dues	95,058	52,474	57,516	124,836	44,323	30,259
Insurance expenses	7,589	4,485	8,197	6,852	3,795	2,440
Repairs and maintenance expenses	37,861	3,392	16,078	27,446	14,548	4,529
Land rent paid	—	84,915	43,384	—	165,475	95,864
Utilities	—	—	—	—	—	—
Other expenses related to rent business	97	53	16	15	—	—
(C) NOI (A – B)	599,824	307,892	431,164	538,073	217,133	94,329
(D) Depreciation	195,431	184,618	209,697	185,039	74,475	26,141
(E) Income from leasing business (C – D)	404,392	123,274	221,467	353,034	142,657	68,187
(F) Capital expenditures	127,096	1,162	1,196	2,410	—	—
(G) NCF (C – F)	472,727	306,729	429,967	535,663	217,133	94,329

(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	210,863	166,031	233,491	764,927	402,273	625,261
Rent revenue—real estate	210,863	166,031	233,491	764,927	402,273	625,261
(B) Expenses related to real estate leasing business	111,436	115,580	147,581	326,700	82,365	141,817
Property and facility management fees (Note 1)	1,760	1,820	1,760	1,760	1,670	1,820
Taxes and dues	21,250	18,720	21,492	61,202	71,475	39,524
Insurance expenses	2,972	2,436	1,848	5,512	4,389	5,856
Repairs and maintenance expenses	19,517	28,062	31,011	5,815	4,565	1,622
Land rent paid	65,915	64,541	91,469	252,386	238	92,995
Utilities	—	—	—	—	—	—
Other expenses related to rent business	20	—	—	22	26	—
(C) NOI (A – B)	99,426	50,450	85,910	438,226	319,908	483,443
(D) Depreciation	37,749	19,792	30,807	176,647	103,008	235,122
(E) Income from leasing business (C – D)	61,677	30,658	55,103	261,578	216,900	248,321
(F) Capital expenditures	1,631	70,113	8,380	—	—	781,142
(G) NCF (C – F)	97,794	(19,664)	77,529	438,226	319,908	(297,699)

(Note 1) *Property and facility management fees* 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 Tomokomai	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	280,297	848,583	590,512	533,933	490,553
Rent revenue—real estate	342,905	280,297	848,583	590,512	533,933	490,553
(B) Expenses related to real estate leasing business	75,910	46,622	332,605	171,761	135,582	108,282
Property and facility management fees (Note 1)	1,850	1,400	1,376	1,688	1,334	1,580
Taxes and dues	60,346	32,721	95,061	94,424	55,366	41,668
Insurance expenses	3,337	2,440	6,779	5,887	4,334	3,771
Repairs and maintenance expenses	10,377	10,051	6,160	36,969	9,959	2,815
Land rent paid	—	—	223,227	32,792	64,567	58,428
Utilities	—	—	—	—	—	—
Other expenses related to rent business	—	9	—	—	21	19
(C) NOI (A – B)	266,994	233,675	515,978	418,750	398,351	382,271
(D) Depreciation	121,810	89,877	191,545	173,845	163,329	188,698
(E) Income from leasing business (C – D)	145,183	143,798	324,433	244,904	235,021	193,573
(F) Capital expenditures	—	—	—	62,589	—	—
(G) NCF (C – F)	266,994	233,675	515,978	356,160	398,351	382,271

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

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

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

(Unit: Thousands of yen)

Property number	RSC-30	RSC-31	CSC-1	CSC-2	CSC-3	L-1
Property name	AEON MALL Shimotsuma	AEON MALL Kyoto Gojo	AEON Chigasaki-Chuo Shopping Center	AEON STYLE Kemigawahama	AEON Kireuriwari Shopping Center	Daiei-Kawasaki Process Center
Number of operating days	184	184	184	184	184	184
(A) Revenues related to real estate leasing business	386,537	437,998	226,781	176,047	173,940	494,358
Rent revenue—real estate	386,537	437,998	226,781	176,047	173,940	494,358
(B) Expenses related to real estate leasing business	73,652	7,028	50,170	35,328	50,466	112,749
Property and facility management fees (Note 1)	1,610	1,414	1,400	1,298	1,406	1,580
Taxes and dues	28,100	—	34,630	17,426	21,567	49,109
Insurance expenses	3,235	3,885	2,397	1,529	2,322	5,226
Repairs and maintenance expenses	309	1,728	11,722	—	525	4,753
Land rent paid	40,378	—	—	15,056	24,625	—
Utilities	—	—	—	—	—	51,830
Other expenses related to rent business	20	—	20	17	18	249
(C) NOI (A – B)	312,885	430,970	176,610	140,718	123,474	381,608
(D) Depreciation	116,557	88,795	45,486	53,677	41,640	95,016
(E) Income from leasing business (C – D)	196,327	342,175	131,124	87,041	81,833	286,592
(F) Capital expenditures	—	—	14,077	—	—	4,542
(G) NCF (C – F)	312,885	430,970	162,533	140,718	123,474	377,066

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

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

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

(Unit: Thousands of yen)

Property number	L-2	L-3	M-1	
Property name	AEON Minami-Osaka RDC	Daiei Ibaraki Process Center	AEON Taman Universiti Shopping Centre (Note 3)	Total
Number of operating days	184	184	184	-
(A) Revenues related to real estate leasing business	289,620	251,197	20,537	16,197,957
Rent revenue—real estate	289,620	251,197	20,537	16,197,957
(B) Expenses related to real estate leasing business	30,888	52,102	1,277	4,644,333
Property and facility management fees (Note 1)	1,370	1,700	406	63,554
Taxes and dues	26,109	40,629	770	1,818,691
Insurance expenses	2,890	2,849	100	155,278
Repairs and maintenance expenses	500	6,897	-	532,102
Land rent paid	-	-	-	2,020,929
Utilities	-	4	-	51,835
Other expenses related to rent business	18	21	0	1,941
(C) NOI (A – B)	258,731	199,095	19,259	11,553,623
(D) Depreciation	67,487	18,864	8,669	4,424,597
(E) Income from leasing business (C – D)	191,243	180,230	10,590	7,129,026
(F) Capital expenditures	-	29,657	-	1,396,957
(G) NCF (C – F)	258,731	169,437	19,259	10,156,665

(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).