

## **Disclaimer**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

### ***Prohibition of Sales to EEA Retail Investors***

In addition to the restrictions under the AIFMD, the units of AEON REIT Investment Corporation (“AEON REIT” or the “AIF”) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area, or the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, or the MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended, the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, or the PRIIPs Regulation, for offering or selling the units of AEON REIT or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the units of AEON REIT, or otherwise making them available, to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### ***United Kingdom***

The units of AEON REIT are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, AEON Reit Management Co., Ltd. (the “AIFM”) has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom. For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) AEON REIT is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communications of an invitation or inducement to invest in AEON REIT may be made only to: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order; (ii) high net worth

companies, unincorporated associations or other entities falling within Articles 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may lawfully be communicated, (all such persons together being referred to as “Relevant Persons”). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any person who is not a Relevant Person may not act or rely on this document or any of its contents. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

### ***European Economic Area Investors***

The Directive 2011/61/EU (the “Alternative Investment Fund Managers Directive”, or the “AIFMD”), was adopted on June 8, 2011 and was required to be implemented by each Member State of the EEA into its national legislation by July 22, 2013. The units of AEON REIT may not be marketed (within the meaning given to the term “marketing” under the AIFMD), and the Communication may not be conducted, to prospective investors domiciled or with a registered office in any Member State of the EEA unless: (i) the units of AEON REIT may be marketed under any national private placement regime (including under the AIFMD) or other exemption in that Member State; or (ii) the units of AEON REIT can otherwise be lawfully marketed or sold in that Member State in circumstances in which the AIFMD does not apply, provided that any such offer or sale is not made to a retail investor as described above. We have made a notification to each of the Netherlands Authority for the Financial Markets and the United Kingdom Financial Conduct Authority pursuant to Article 42 of the AIFMD in order to market the units of AEON REIT in the Netherlands and the United Kingdom, respectively.

### ***Netherlands***

The units of AEON REIT Investment Corporation (“AEON REIT” or the “AIF”) are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, AEON Reit Management Co., Ltd. (the “AIFM”) has notified the Dutch Authority for the Financial Markets of its intention to offer these units in the Netherlands. The units of AEON REIT will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft, and as a

consequence neither the AIFM nor AEON REIT is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor AEON REIT is subject to supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) and this Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands. The AIFM is therefore solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

Article 23 (1)(a)	
Objectives of the AIF	<p>AEON REIT Investment Corporation (“AEON REIT” or the “AIF”) intends to invest primarily in retail and related properties managed by Aeon Group, which has successfully developed its retail business as an integral part of the communities in which it operates. AEON REIT believes that these properties and facilities form the backbone of the local communities and their retail business infrastructure. AEON REIT aims to ensure stable income in the medium to long term and steady portfolio growth by investing in retail and related properties that contribute to betterment of individual lives and local communities.</p> <p>Please also see AEON REIT’s <u>“Corporate Data”</u>.</p>
Investment strategy	<p>AEON REIT aims to achieve its objectives through the following strategies:</p> <ul style="list-style-type: none"> <li>• <i>Leverage the collective strength of Aeon Group.</i> AEON REIT intends to leverage support and know-how provided by Aeon Group. To this end, AEON REIT has entered into support agreements with Aeon Group, and as such, believes that it will be able to maintain rich property acquisition channels, as well as fully utilize the retail property development, management and acquisition know-how that Aeon Group has cultivated. In addition, by entering into a trademark license agreement with AEON CO., LTD., AEON REIT can take advantage of the brand value of Aeon Group.</li> <li>• <i>Utilize external growth strategies.</i> AEON REIT intends to leverage the support provided by the Aeon Group, the unique experience and networks of the officers and employees of the Asset Manager, AEON Reit Management Co., Ltd. (the “AIFM”), and the stable growth of AEON REIT’s portfolio to maximize external growth opportunities over the medium to long term.</li> <li>• <i>Utilize internal growth strategies.</i> AEON REIT intends to leverage master lease and pipeline support agreements with Aeon Group to minimize risks specific to retail properties and obtain stable cash flow. With respect to its acquisition of each of the retail properties managed by Aeon Group, AEON REIT’s policy is to enter into a master lease agreement, which leases the entire property, with the applicable Aeon Group company as the tenant.</li> </ul> <p>Please also see AEON REIT’s <u>“Growth Strategy”</u>.</p>
Types of assets the AIF may invest in	<p>Real estate, including trust beneficiary interests entrusting real estate, real estate-backed securities, specified assets and other assets. As provided for in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, AEON REIT may also acquire equity interests in corporations holding overseas real estate.</p> <p>Please also see AEON REIT’s <u>“Articles of Incorporation”</u>.</p>
Techniques it may employ and all associated risks	<p>AEON REIT focuses on investing in large-scale retail properties, which comprises more than 80% of its portfolio. While primarily investing in properties in Japan, AEON REIT also invests overseas.</p>

The principal risks with respect to investment in AEON REIT are as follows:

- any adverse conditions in the Japanese economy could adversely affect AEON REIT;
- AEON REIT is dependent on Aeon Group for substantially all of its rental income; therefore, its financial condition and ability to make distributions to unitholders may be adversely affected by lease terminations by, the bankruptcy or insolvency of, or a downturn in the business of Aeon Group;
- AEON REIT's reliance on Aeon Group could have a material adverse effect on the business;
- there are potential conflicts of interest between AEON REIT and Aeon Group as well as the asset manager, AEON Reit Management Co., Ltd. (the "AIFM");
- as the first J-REIT to hold property outside of Japan, AEON REIT is subject to uncertainties to which other J-REITs may not be subject, which may make it difficult to evaluate its prospects;
- AEON REIT may not be able to acquire properties to execute the growth and investment strategy in a manner that is accretive to earnings;
- illiquidity in the real estate market may limit the ability to grow or adjust the portfolio;
- the past experience of the AIFM in the Japanese real estate market is not an indicator or guarantee of future results;
- the high concentration of retail properties in AEON REIT's portfolio may entail special risks not shared by J-REITs that invest in a more diversified range of real estate or real estate-related assets;
- any inability to obtain financing for future acquisitions could adversely affect the growth of the portfolio;
- liquidity and other limitations on AEON REIT's activities under debt financing arrangements may adversely affect its business, financial condition and results of operations;
- increases in prevailing market interest rates may increase AEON REIT's interest expense and may result in a decline in the market price of its units;
- a high LTV ratio may increase AEON REIT's exposure to changes in interest rates and have a material adverse effect on its business, financial condition and results of operations;
- AEON REIT may suffer impairment losses relating to its properties; and
- decreases in master lessees' leasehold deposits and/or security deposits may increase AEON REIT's funding costs.

In addition, AEON REIT is subject to the following risks:

- AEON REIT's master lease provides for fixed rents and increases in operating costs may adversely affect its business;

- the cost of complying with regulations applicable to the properties AEON REIT intends to acquire could adversely affect AEON REIT's business, financial condition and results of operations;
- any property defect may adversely affect AEON REIT's business, financial condition and results of operations;
- AEON REIT may suffer large losses in the case of a natural or man-made disaster;
- AEON REIT relies on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties;
- AEON REIT relies on industry and market data that are subject to significant uncertainties;
- AEON REIT relies on third parties to evaluate the compliance of properties that it owns or may acquire with building codes and earthquake standards, and it may suffer significant costs or incur sizable liabilities if any noncompliance is subsequently discovered;
- the environmental assessments of AEON REIT's properties made prior to its ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities;
- entering into forward commitment contracts or contracts to purchase properties under development may expose AEON REIT to contractual penalties and market risks;
- unitholders have limited control over changes in AEON REIT's investment policies;
- AEON REIT may be exposed to regulatory and financial risks related to climate change;
- AEON REIT's success depends on the performance of service providers to which AEON REIT is required to assign various key functions;
- AEON REIT's performance depends on the efforts of key personnel of the AIFM;
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities;
- the Malaysian ringgit may be subject to exchange controls;
- The Asset Manager has limited experience in operating a J-REIT;
- AEON REIT's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify it from certain taxation benefits and significantly reduce cash distributions to unitholders;
- If the Japanese tax authorities disagree with the interpretations of the Japanese tax laws and regulations AEON REIT used for prior periods, it may be forced to pay additional taxes for those periods;
- AEON REIT may not be able to benefit from reductions in certain transfer taxes enjoyed by qualified J-REITs;
- Changes in Japanese tax laws may significantly increase AEON REIT's tax burden;
- AEON REIT may be subject to taxes in countries other than Japan due to its investments outside of Japan and unitholders may not be able to take advantage of available credits associated with such taxes;

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

Any applicable investment restrictions

AEON REIT is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its Articles of Incorporation. AEON REIT must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (chijō-ken) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights. A listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights,

and trust beneficiary interests for these assets, and real estate-related assets in this context include, but not limited to, anonymous association (tokumei kumiai) interests for investment in real estate. Pursuant to the ITA, J-REITs may not independently develop land for housing or to construct buildings, but may outsource such activities provided that certain conditions are met.

Investment restrictions AEON REIT places in its Articles of Incorporation are as follows:

(1) Restrictions relating to securities and monetary claims

AEON REIT will not make active investments in securities and monetary claims. If there are surplus funds, investments in securities and monetary claims may be made after taking security and liquidity into consideration. In other cases, investments in securities and monetary claims will be made after taking into consideration the relevance to real estate-related assets.

(2) Restrictions relating to derivatives

AEON REIT will invest in derivatives only for the purpose of hedging against risks including interest rate risk arising from its liabilities and currency risk relating to its investment assets.

<p>Circumstances in which the AIF may use leverage</p>	<p>AEON REIT may take out loans or issue short-term or long-term investment corporation bonds for the purpose of investing in properties, conducting repairs or other work, paying cash distributions, repaying its obligations (including repayment of tenant leasehold or security deposits and obligations related to loans or short-term or long-term investment corporation bonds) and other activities.</p>
<p>The types and sources of leverage permitted and associated risks</p>	<p>Loans or investment corporation bonds. AEON REIT currently does not have any outstanding guarantees and may be subject to restrictive covenants in connection with any future indebtedness that may restrict the operations and limit the ability to make cash distributions to unitholders, to dispose of the properties or to acquire additional properties. Furthermore, AEON REIT may violate restrictive covenants contained in the loan agreements AEON REIT executes, such as the maintenance of debt service coverage or loan-to-value, or LTV, ratios, which may entitle the lenders to require AEON REIT to collateralize the properties or demand that the entire outstanding balance be paid. Further, in the event of an increase in interest rates, to the extent that AEON REIT has any debt with unhedged floating rates of interest or AEON REIT incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit the ability to acquire properties. Thus, higher interest rates could cause the market price of the units to decline.</p>
<p>Any restrictions on leverage</p>	<p>The maximum amount of each loan and investment corporation bond issuance will be ¥1 trillion, and the aggregate amount of all such debt will not exceed ¥1 trillion.</p>

Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	AEON REIT has set an upper limit of 60% as a general rule for its LTV ratio and intends to maintain an LTV ratio of about 50% in order to operate with a stable financial condition. AEON REIT may, however, temporarily exceed the 60% threshold as a result of property acquisitions or other events.
<b>Article 23(1) (b)</b>	
Procedure by which the AIF may change its investment strategy / investment policy	Amendment of the Articles of Incorporation requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting.
<b>Article 23(1) (c)</b>	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>The AIFM has entered into sponsor support agreements, governed by Japanese law, with AEON CO., LTD. and a series of other affiliate support agreements, governed by Japanese law, with AEON Mall Co., Ltd., AEON Retail Co., Ltd., AEON Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD., AEON TOWN Co., Ltd., AEON GLOBAL SCM CO., LTD. and The Daiei, Inc.</p> <p>AEON REIT is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p> <p>AEON REIT is a corporate-type investment trust in the form of investment corporation (toshi hojin) provided for under the ITA. Therefore, the relationship between AEON REIT and its unitholders is governed by AEON REIT's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. AEON REIT's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of AEON REIT's directors.</p> <p>The relationship between AEON REIT and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>The courts in Japan would recognize as a valid and final judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against AEON REIT obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) AEON REIT has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, and (iv) there exists reciprocity as to the</p>

recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.

**Article 23(1) (d)**

The identity of the AIFM, AIF's depository, auditor and any other service providers and a description of their duties and the investors' rights thereto

- **AIFM (Asset Manager):** AEON Reit Management Co., Ltd.  
The AIFM provides services related to management and operation of assets, financing of the AIF, reporting to the AIF, and other matters delegated by the AIF.
- **Auditor:** PricewaterhouseCoopers Aarata LLC  
The Auditor audits financial statements, prepares audit reports, and report to the supervisory directors if it finds any misconduct or any material fact that is in violation of laws and regulations or the articles of incorporation with regard to execution of the duties of the executive director.
- **Custodian and Account Administrator:** Sumitomo Mitsui Trust Bank, Limited  
The Custodian provides administrative services related to custody of assets, money and related documents.  
The Account Administrator provides administrative services related to accounting and taxes.
- **General Administrator:** Mitsubishi UFJ Trust and Banking Corporation  
The General Administrator provides administrative services related to management of institutions.
- **Transfer Agent:** Mizuho Trust & Banking Co., Ltd.  
The Transfer Agent provides administrative services related to unitholders registry, payments of cash distributions to unitholders, issuance of the investment units, and addressing unitholders' claims, offers and notices.
- **Fiscal Agent:** Mizuho Bank, Ltd.  
The Fiscal Agent works as a fiscal agent for investment corporation bonds

Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the asset manager in good faith. The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests. Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.

**Article 23(1) (e)**

Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
<b>Article 23(1) (f)</b>	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	Not applicable. There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.
<b>Article 23(1) (g)</b>	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	<p>AEON REIT shall evaluate assets in accordance with its Article of Incorporation. The methods and standards that AEON REIT uses for the evaluation of assets shall be based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP. J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p> <p>Please also see AEON REIT's "<a href="#">Articles of Incorporation</a>".</p>
<b>Article 23(1) (h)</b>	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption	AEON REIT seeks to manage the capital resources and liquidity sources to provide adequate funds for current and future financial obligations and other cash needs and acquisitions. AEON REIT manages liquidity risk by implementing a strategic cash management plan and by entering into committed lines of credit from its major lenders, varying repayment terms of its loans and diversifying lenders and financing methods. As AEON REIT is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.

arrangements with investors	
<b>Article 23(1) (i)</b>	
Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors	<p>Compensation: The Articles of Incorporation provide that AEON REIT may pay its executive officer up to ¥1 million per month and each of its supervisory officers up to ¥1 million per month. The board of directors is responsible for determining a reasonable compensation amount for the executive officer and each of the supervisory officers.</p> <p><u>Asset Manager:</u></p> <ul style="list-style-type: none"> <li>• Asset Management Fees: AEON REIT will pay the AIFM an asset management fee, which comprises a type 1 management fee and a type 2 management fee as described below, of up to 0.4% of total assets as stated in AEON REIT’s balance sheet at the end of each fiscal period prepared in accordance with Japanese GAAP. <ul style="list-style-type: none"> <li>Type 1 Management Fee – Asset-based Fee: AEON REIT will pay the AIFM service fees for each fiscal period obtained by multiplying the total assets (as stated in AEON REIT’s balance sheet at the end of each fiscal period prepared in accordance with Japanese GAAP; provided, however, that if AEON REIT holds any equity interest in a corporation holding overseas real estate asset as provided in its articles of incorporation, the total assets of such corporation will be added after deducting the amount of any investment corporation bonds or other claims held by AEON REIT) by up to 0.3% (to be separately agreed upon with the AIFM), multiplied by the actual number of days in the relevant fiscal period and divided by 365 (provided, however, that if the first date of the relevant fiscal period is in a leap year, dividing by 366). The total assets of any such corporation holding overseas real estate is (i) its total assets, denominated in Japanese yen, as accounted for in AEON REIT’s audited financial statements as of the date of the most recent audited financial statements (including provisional audited financial statements (if any)) of such corporation prior to the most recent fiscal period-end of AEON REIT, multiplied by (ii) the percentage of AEON REIT’s equity interest.</li> <li>○ Type 2 Management Fee – Fee Based on Distributions per Unit and Net Operating Income: AEON REIT will pay the AIFM, within three months after the financial statements for the relevant fiscal period are approved by AEON REIT’s board of directors, an amount equal to (i) distributions per unit (before deduction of type 2 management fee) multiplied by (ii) net operating income, which is the total rental and other operating revenues earned during the fiscal period, less property-related expenses (not including depreciation expenses and loss on retirement of fixed assets), and multiplied by (iii) up to 0.001% (to be separately agreed upon with the</li> </ul> </li> </ul>

AIFM). For purposes of calculating type 2 management fees, distributions per unit (before deduction of type 2 management fee) equal income before income taxes, excluding type 2 management fee and certain non-deductible consumption taxes, for such fiscal period calculated in accordance with Japanese GAAP divided by the number of units outstanding as of the end of such fiscal period. If AEON REIT holds any equity interest in a corporation holding overseas real estate as provided in its articles of incorporation, (a) any net operating income attributable to such corporation will be deducted from the net operating income described in (ii) above, and (b) the amount of real estate lease income and expenses of such corporation (not including depreciation expenses and loss on retirement of fixed assets), denominated in Japanese yen, as accounted for in AEON REIT's audited financial statements as of the date of the most recent financial statements (including provisional financial statements (if any)) of such corporation prior to the most recent fiscal period-end of AEON REIT (excluding any real estate lease income or real estate leasing expenses that were previously included in the type 2 management fee with respect to any corporation holding foreign real estate), multiplied by the percentage of AEON REIT's equity interest, will be added to the net operating income described in (ii) above.

Acquisition Fees: For each new real estate-related property or acquisition made by a corporation holding overseas real estate as provided in its articles of incorporation that AEON REIT acquires, the AIFM receives an acquisition fee, which is equal to up to 0.5% (to be separately agreed upon with the AIFM), or 0.25% in case of a transaction with a related party (including a transaction between any such corporation and a related party specified by AEON REIT), of the purchase price (which means (i) trading value of the relevant property in the case of a sale and purchase transaction, (ii) appraisal value of the relevant property in the case of an exchange with any other property, (iii) money invested in the case of a capital contribution, or (iv) the acquisition price for the acquisition made by any such corporation; excluding national and local consumption taxes and expenses for acquisition) (any fractional amount less than ¥1 obtained in the foregoing calculation will be discarded), payable by the end of the month immediately following the month of such acquisition or, if such month falls in the next fiscal period, by the end of the month of such acquisition. The acquisition price for any acquisition made by any such corporation means the acquisition price paid by such corporation, as converted into Japanese yen using the foreign exchange rate as of the date of acquisition, multiplied by AEON REIT's equity interest percentage as of the date of acquisition.

- Disposition Fees: For each property that AEON REIT disposes of or each property that any corporation holding overseas real estate as provided for in AEON REIT's articles of incorporation disposes of, the AIFM receives a disposition fee to the

extent there is any net profit as a result of such disposition, which is equal to up to 0.5% of the disposition price (which means (i) trading value of the relevant property in the case of a sale and purchase transaction, (ii) appraisal value of the relevant property in the case of an exchange with any other property, or (iii) the disposition price of the property sold by any such corporation; excluding national and local consumption taxes and expenses) (any fractional amount less than ¥1 obtained in the foregoing calculation will be discarded) payable by the end of the month immediately following the month of such disposition or, if such month falls in the next fiscal period, by the end of the month of such acquisition. No disposition fee is payable for a transaction with a related party (including a transaction between a Corporation Holding Overseas Real Estate and a related party specified by AEON REIT). The disposition price of the property sold by any such corporation means the disposition price received by such corporation, as converted into Japanese yen using the foreign exchange rate as of the date of disposition, multiplied by AEON REIT's equity interest percentage as of the date of disposition.

Custodian:

- Custodian Fee: AEON REIT will pay the Custodian a monthly amount of service fees for any calendar month as agreed upon by AEON REIT and the Custodian, up to the monthly amount to be calculated by the following formula (or ¥500,000 per month until the last day of the month in which AEON REIT first acquired any real estate or any trust beneficiary interest in real estate): the amount of total assets as of the last day of the month immediately preceding the relevant calendar month recorded on the trial balance sheet  $\times 0.0125\% \div 12$ . The amount of fees for any month during which services were not provided by the Custodian for the full month shall be calculated pro-rata based on the actual days on which services were provided. Any fractional amount less than ¥1 obtained by the foregoing calculation formula shall be rounded down. AEON REIT will pay such Custodian fees to the Custodian by the last day of the month following the month during which it receives the Custodian's invoice, which will be sent on or after the month following the last month of each fiscal period.

General Administrator:

- General Administrator Fee: Under the general administration agreement, AEON REIT will pay the General Administrator a semi-annual fee calculated as a percentage of total assets as of the end of each month.
- AEON REIT pays fees for the services provided by the General Administrator during the service periods from October 1 through December 31, January 1 through March 31, April 1 through June 30 and July 1 through September 30 on the last day of January, April, July and October of each year, respectively, except that the first such service period began on the date of execution of the general

administration agreement and ended on July 31, 2013. AEON REIT pays fees in an amount separately agreed upon by AEON REIT and the general administrator based on total assets recorded on AEON REIT's balance sheet as of the last day of the fiscal period immediately preceding the first day of each service period, up to one-fourth of the amount calculated based on the list of standard service fees included below, plus national and local consumption tax. Fees for any period less than three months shall be calculated pro-rata based on the actual number of days on which the services were provided assuming a 365-day year.

- If the fees as set out above become inadequate due to a change in economic conditions or otherwise, such fees may be revised by written agreement between the General Administrator and AEON REIT; provided that if AEON REIT notifies the General Administrator in writing that it is required to obtain the approval of the board of directors before such change becomes effective, then such change shall become effective upon obtaining such approval.
- Notwithstanding the above, the amount of the service fees until the last day of the first fiscal period shall be separately agreed upon by AEON REIT and the general administrator based on the total amount of AEON REIT's capital contribution as of the first day of the service period, up to one fourth of the amount to be calculated based on the following list of standard service fees (replacing "total assets" in the following list with "total amount of [our] capital contribution"), plus applicable taxes. Fees for any period less than three months shall be calculated pro-rata based on the actual number of days on which the services were provided assuming a 365-day year, plus tax.

*List of Standard Fees*

Amount of Total Assets	Calculation Method (annual amount)
¥10 billion or less	¥11,000,000
over ¥10 billion to ¥50 billion	¥11,000,000 + (Total Assets - ¥10 billion) × 0.080%
over ¥50 billion to ¥100 billion	¥43,000,000 + (Total Assets - ¥50 billion) × 0.060%
over ¥100 billion to ¥200 billion	¥73,000,000 + (Total Assets - ¥100 billion) × 0.055%
over ¥200 billion to ¥300 billion	¥128,000,000 + (Total Assets - ¥200 billion) × 0.040%
over ¥300 billion to ¥500 billion	¥168,000,000 + (Total Assets - ¥300 billion) × 0.035%
over ¥500 billion	¥238,000,000 + (Total Assets - ¥500 billion) × 0.030%

Account Administrator:

- **Account Administrator Fee:** AEON REIT will pay the Account Administrator a monthly service fee for any calendar month as agreed upon by AEON REIT and the account administrator, up to the monthly amount to be calculated by the following formula: the amount of total assets as of the last day of the month immediately preceding the relevant calendar month recorded on the trial balance sheet  $\times 0.025\% \div 12$ . The amount of fee for any month during which services were not provided by the account administrator for the full month shall be calculated pro-rata based on the actual number of days of services. AEON REIT will pay such Account Administrator fees to the account administrator by the last day of the month following the month during which it received the Account Administrator's invoice, which will be sent on or after the month following the last month of each fiscal period.

Transfer Agent:

- **Transfer Agent Fee (Standard Fees):** Standard transfer agent fees are for services such as the preparation, maintenance and storage of AEON REIT's unitholder register; and preparation of materials concerning end-of-period unitholder statistical data (number of unitholders, total units held, distribution per geographic area). Monthly standard fees are determined by calculating one sixth of the total number of unitholders falling under each section as shown below. There is a minimum monthly fee of ¥200,000.

Number of Unitholders	Fees per Unitholder
first 5,000 unitholders	¥480
over 5,000 to 10,000	420
over 10,000 to 30,000	360
over 30,000 to 50,000	300
over 50,000 to 100,000	260
over 100,000	225

- AEON REIT also pays certain de minimis fees in addition to the Standard Fees in connection with the administration and handling of distributions (minimum of 350,000 yen per distribution) and other unitholder-related services.

Fiscal Agent:

- **Fiscal Agent Fee (first series):** Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥9.1 million in connection with the fiscal agent service and issuance and payment agent services for our first series unsecured investment corporation bonds.
- **Fiscal Agent Fee (second series):** Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥8.75 million in connection with

the fiscal agent service and issuance and payment agent services for our second series unsecured investment corporation bonds.

- Fiscal Agent Fee (third series): Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥11.2 million in connection with the fiscal agent service and issuance and payment agent services for our third series unsecured investment corporation bonds.
- Fiscal Agent Fee (fourth series): Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥9.2 million in connection with the fiscal agent service and issuance and payment agent services for our fourth series unsecured investment corporation bonds.
- Fiscal Agent Fee (fifth series): Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥13.65 million in connection with the fiscal agent service and issuance and payment agent services for our fifth series unsecured investment corporation bonds.
- Investment Corporation Bond Management Fee (fifth series): AEON REIT pays the fiscal agent an investment corporation bond management fee equal to 1/10,000 of the outstanding amount of our fifth series unsecured investment corporation bonds. Following the first payment of March 25, 2019, one-half of the fee is paid on March 25 and the other half on September 25, with respect to the outstanding amount of bonds, respectively, as of September 30 of the previous year and March 31 of the same year (provided, however, that the first payment is a prorated amount covering the period from the month following the closing date for the bond issuance and March 2019).
- Fiscal Agent Fee (sixth series): Pursuant to the fiscal agency agreement, AEON REIT paid the fiscal agent the fiscal agent fee of ¥12.6 million in connection with the fiscal agent service and issuance and payment agent services for our sixth series unsecured investment corporation bonds.
- Investment Corporation Bond Management Fee (sixth series): AEON REIT pays the fiscal agent an investment corporation bond management fee equal to 1/10,000 of the outstanding amount of our sixth series unsecured investment corporation bonds. Following the first payment of March 25, 2020, one-half of the fee is paid on March 25 and the other half on September 25, with respect to the outstanding amount of bonds, respectively, as of September 30 of the previous year and March 31 of the same year (provided, however, that the first payment is a prorated amount covering the period from the month following the closing date for the bond issuance and March 2020).

Auditor:

- Auditor Fee: AEON REIT may pay the independent auditor up to ¥30 million per fiscal period. The board of directors is responsible for determining the actual compensation amount.

<b>Article 23(1) (j)</b>									
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the Act on Investment Trusts and Investment Corporations of Japan, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.								
<b>Article 23(1) (k)</b>									
The latest annual report referred to in Article 22(1)	Please see AEON REIT's " <a href="#">Semi-Annual Report</a> ".								
<b>Article 23(1) (l)</b>									
The procedure and conditions for the issue and sale of the units	AEON REIT is authorized under the Articles of Incorporation to issue up to 10,000,000 units. Its units have been listed on the Tokyo Stock Exchange since November 22, 2013. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.								
<b>Article 23(1) (m)</b>									
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	AEON REIT's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters, which can be viewed at <a href="http://www.reuters.com/finance/stocks/overview?symbol=3292.T">http://www.reuters.com/finance/stocks/overview?symbol=3292.T</a> ).								
<b>Article 23(1) (n)</b>									
Details of the historical performance of the AIF, where available	The units of AEON REIT were listed on the Tokyo Stock Exchange on November 22, 2013. The performance of the units for the most recent five fiscal periods is as follows.								
	<table border="1"> <thead> <tr> <th>Fiscal period</th> <th>Total Assets (JPY millions)</th> <th>Total Net Assets (JPY millions)</th> <th>Total Net Assets per unit (base value) (JPY)</th> </tr> </thead> <tbody> <tr> <td>10th fiscal period (From August 1, 2017 to January 31, 2018)</td> <td>362,698</td> <td>198,077</td> <td>111,445</td> </tr> </tbody> </table>	Fiscal period	Total Assets (JPY millions)	Total Net Assets (JPY millions)	Total Net Assets per unit (base value) (JPY)	10th fiscal period (From August 1, 2017 to January 31, 2018)	362,698	198,077	111,445
	Fiscal period	Total Assets (JPY millions)	Total Net Assets (JPY millions)	Total Net Assets per unit (base value) (JPY)					
10th fiscal period (From August 1, 2017 to January 31, 2018)	362,698	198,077	111,445						

11th fiscal period (From February 1, 2018 to July 31, 2018)	362,753	197,947	111,372
12th fiscal period (From August 1, 2018 to January 31, 2019)	362,296	198,019	111,413
13th fiscal period (From February 1, 2019 to July 31, 2019)	362,417	198,062	111,437
14th fiscal period (From August 1, 2019 to January 31, 2020)	375,594	210,801	112,528

Please also see AEON REIT's "[Semi-Annual Report](#)".

#### Article 23(1) (o)

Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist

Not applicable.

#### Article 23(1) (p)

Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to

The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through its Internet website and semi-annual report.

Articles 23(4) and 23(5)	
<b>Article 23(2)</b>	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depository to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depository liability without delay	Not applicable.
<b>Article 23(4)(a)</b>	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
<b>Article 23(4)(b)</b>	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

<p>an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of the Level 2 implementing EU legislation (i.e., there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).</p>	
<p>Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Overview of changes to liquidity arrangements, even if not special arrangements</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Terms of redemption and circumstances where management discretion applies, where relevant</p>	<p>As AEON REIT is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<p>Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included</p>	<p>There are no voting or other restrictions on the rights attaching to units.</p>
<p><b>Article 23(4)(c)</b></p>	
<p>The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks</p>	<p>Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but such risks are controlled through diversification of financial institutions holding the deposits.</p> <p>The fund proceeds from borrowings and issuance of investment corporation bonds are used for the purpose of investing in properties, conducting repairs or other work, paying cash distributions, repaying obligations and other activities. These borrowings and investment bonds are exposed to liquidity risks. AEON REIT strives to reduce the liquidity risks</p>

	<p>by diversifying financing methods and lenders, dispersing repayment dates and establishing commitment lines.</p> <p>Borrowings and investment corporation bonds are also exposed to a risk of rising interest rates. AEON REIT manages interest rate risks by diversifying debt to include more long-term borrowings and investment corporation bonds with varying maturity dates.</p> <p>Derivative transactions are also utilized to hedge the interest rate risks arising from any borrowing or other debts. Further, in the course of an investment in overseas real estate, derivative transactions may be utilized for the purpose of hedging foreign-currency risks if, among other things, any rent or other income gain is required to be received or paid in local currency.</p> <p>Tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risks arising from tenants moving out of properties. AEON REIT manages the risk by retaining cash and deposits sufficient to return necessary amounts to tenants.</p>
<p>Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed</p>	<p>No such measures have been implemented.</p>
<p>If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken</p>	<p>No such situation has occurred.</p>
<p><b>Article 23(5)(a)</b></p>	
<p>Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>

Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	To be disclosed in the semi-annual report or on AIF's homepage, if any such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
<b>Article 23(5)(b)</b>	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	<p>The aggregate amount of debt with interest is JPY 117,000,000,000 as of January 31, 2020.</p> <p>The aggregate amount of investment corporation bond with interest is JPY 33,000,000,000 as of January 31, 2020.</p> <p>Please also see AEON REIT's "<a href="#">Interest-Bearing Debt</a>".</p>