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September 14, 2020

Financial Report for the Fiscal Period Ended July 31, 2020 (February 1, 2020 – July 31, 2020)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Nobuaki Seki, Representative Director and President
 Contact: Akifumi Togawa, Director and General Manager of the Finance and Planning Department
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Scheduled date to file securities report: October 27, 2020
 Scheduled date to commence distribution payments: October 13, 2020

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

(Amounts truncated to the nearest million yen)

1. Summary of financial results for the fiscal period ended July 31, 2020 (February 1, 2020 – July 31, 2020)

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

| Fiscal period ended | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|---------------------|-------------------|-----|------------------|-----|-----------------|-----|-----------------|-----|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| July 31, 2020 | 17,574 | 4.0 | 6,782 | 2.1 | 5,954 | 2.7 | 5,953 | 3.4 |
| January 31, 2020 | 16,895 | 3.3 | 6,645 | 6.7 | 5,800 | 7.1 | 5,758 | 4.8 |

| Fiscal period ended | Net income per unit | Return on equity (ROE) | Ordinary income to total assets | Ordinary income to operating revenue |
|---------------------|---------------------|------------------------|---------------------------------|--------------------------------------|
| | Yen | % | % | % |
| July 31, 2020 | 3,178 | 2.8 | 1.6 | 33.9 |
| January 31, 2020 | 3,103 | 2.8 | 1.6 | 34.3 |

(2) Distributions

| Fiscal period ended | Distribution per unit (excluding distributions in excess of retained earnings) | Total cash distributions (excluding distributions in excess of retained earnings) | Distribution in excess of retained earnings per unit | Total cash distributions in excess of retained earnings | Payout ratio | Cash distributions to net assets |
|---------------------|--|---|--|---|--------------|----------------------------------|
| | Yen | Millions of yen | Yen | Millions of yen | % | % |
| July 31, 2020 | 3,178 | 5,953 | – | – | 100.0 | 2.8 |
| January 31, 2020 | 3,074 | 5,758 | – | – | 100.0 | 2.7 |

(Note) Payout ratio for the fiscal period ended January 31, 2020, is calculated under the following formula:
 Payout ratio = Total cash distributions (excluding distributions in excess of retained earnings) / Net income x 100

(3) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per unit |
|------------------|-----------------|-----------------|--------------|---------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| July 31, 2020 | 385,778 | 210,996 | 54.7 | 112,632 |
| January 31, 2020 | 375,594 | 210,801 | 56.1 | 112,528 |

(Reference) Equity As of July 31, 2020: ¥210,996 million As of January 31, 2020: ¥210,801 million

(4) Cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---------------------|---|---|---|--|
| Fiscal period ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| July 31, 2020 | 10,755 | (10,349) | 4,042 | 25,525 |
| January 31, 2020 | 10,155 | (18,190) | 6,855 | 21,075 |

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

(Percentages show changes from the previous period)

| Fiscal period ending | Operating revenue | | Operating income | | Ordinary income | | Net income | | Distributions per unit (excluding distributions in excess of retained earnings) | Distributions in excess of retained earnings per unit |
|----------------------|-------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| January 31, 2021 | 17,549 | (0.1) | 6,730 | (0.8) | 5,871 | (1.4) | 5,871 | (1.4) | 3,130 | – |
| July 31, 2021 | 17,549 | 0.0 | 6,688 | (0.6) | 5,872 | 0.0 | 5,871 | 0.0 | 3,130 | – |

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

For the fiscal period ending January 31, 2021: ¥3,134

For the fiscal period ending July 31, 2021: ¥3,134

*Other

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

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

(2) Total number of investment units issued and outstanding

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

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

* Status of audit procedures

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

* Special notes

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

1. Status of Asset Management

(1) Status of Asset Management

i) Summary of results for the current fiscal period

(A) Overview of AEON REIT

AEON REIT Investment Corporation (hereinafter, “AEON REIT”) invests primarily in retail and related properties which, as an integral part of the communities in which they are located, form the backbone of 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 (15th fiscal period), AEON REIT acquired AEON MALL Tamadaira woods (acquisition price: ¥9,667 million) in February 2020 by using borrowings.

The real estate held by AEON REIT as of July 31, 2020, totaled 42 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 ¥390,185 million. Total leasable area is 3,597,112.78 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 government declared a state of emergency (referring to the emergency declaration related to novel influenza, etc. based on Article 32-1 of the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response (Act No. 31 of 2012, as amended)) on April 7, 2020, in response to the spread of the novel coronavirus (COVID-19). This resulted in stagnant consumer spending, exports/imports and capital investments, etc., and the Japanese economy saw its GDP for April - June 2020 drop by 7.8% (preliminary estimate) quarter on quarter, the largest negative growth since WWII and even worse than the figure recorded after the global financial crisis.

The real estate investment market as a whole, while witnessing stagnancy in the real estate transaction market due to uncertain outlook under the influence of the spread of COVID-19, etc., has continued to be bolstered by the low-interest-rate environment under monetary easing by the Bank of Japan. As such, AEON REIT believes that it has become increasingly important to discern the profitability of individual properties and timeliness of transactions.

In the J-REIT market, as the impact of COVID-19 has triggered a decrease in rental income and raised the awareness of investors concerning cash management risks, the Tokyo Stock Exchange (TSE) REIT Index dropped sharply to 1,145.53 points in March 2020 (based on closing price). Subsequently, the market calmed gradually. However, as COVID-19 was perceived to be spreading again from June 2020 onward, the TSE REIT Index came to 1,664.48 points at the end of the fiscal period (based on closing price).

AEON REIT will closely monitor the market trends going forward, paying close attention to the increasingly opaque external environment including the development of the U.S. presidential election, the U.S.-China trade conflict, and the spread of COVID-19, in addition to the impact these will have on the financial and capital markets.

(b) Performance

Under these conditions, AEON REIT and the Asset Manager have steadily promoted external growth through endeavors for property acquisitions. In February 2020, AEON REIT acquired AEON MALL Tamadaira woods (acquisition price: ¥9,667 million) by using borrowings. The acquisition expanded its portfolio size to ¥390.1 billion.

With regard to internal growth, AEON REIT conducted work at AEON MALL Suzuka, AEON MALL Kurashiki, AEON MALL Chiba Newtown, and AEON MALL Kyoto Gojo to change the material of smoke barriers used to suppress smoke diffusion in the case of a fire from glass to incombustible film, thereby achieving upward revision of rents. The replacement will keep damage from falling smoke barriers in times of disaster to a minimum and allow for prompt restoration. Given such, AEON REIT has promoted its endeavors on disaster prevention and mitigation.

(C) Financing

In the fiscal period under review, AEON REIT conducted debt financing totaling ¥9,800 million on February 3, 2020, to partly fund the acquisition of AEON MALL Tamadaira woods and related expenses. As of July 31, 2020, AEON REIT had a balance of interest-bearing debt totaling ¥159,800 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 93.9% as of July 31, 2020. The ratio of fixed-rate debt (the ratio of interest-bearing debt with fixed interest payment (including interest-bearing debt with interest fixed through swaps) to total interest-bearing debt) was 93.9% as of the same date. Together with the abovementioned LTV, these figures indicate that AEON REIT has maintained a sound and conservative financial structure. AEON REIT works to diversify the repayment dates and extend maturities of interest-bearing debt with an aim to further reinforce its financial base.

As of July 31, 2020, AEON REIT had the following credit rating.

<Credit rating>

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

(D) Initiatives on sustainability

AEON REIT is making endeavors for Environment, Social, and Governance (ESG) awareness. It works to reduce environmental burden and coordinate and cooperate with its stakeholders in pursuit of realizing a sustainable society as its corporate social responsibility. Since July 2020, AEON REIT has been included in the Nikkei ESG-REIT Index provided by Nikkei, Inc.

During the 15th fiscal period ended July 2020, AEON REIT obtained DBJ Green Building Certification for AEON MALL Kahoku, AEON MALL Tsuchiura, and AEON MALL Fukutsu in February 2020. In the same month, moreover, AEON Minami-Osaka RDC was certified by BELS (Building Energy-efficiency Labeling System). In July 2020, AEON MALL Tamadaira woods obtained rank S, the highest rank, in the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification for Buildings. As of the end of the 15th fiscal period (July 31, 2020), AEON REIT has obtained the DBJ Green Building Certification for 19 properties, BELS certification for 1 property, and CASBEE Certification for Buildings for 4 properties.

On top of these, the Asset Manager was certified by the CERTIFIED 2020 Health & Productivity Management Outstanding Organizations Recognition Program (for SMEs) in March 2020. Going forward, both AEON REIT and the Asset Manager will continue to take initiatives on ESG issues in a proactive manner.

(E) Results and cash distribution

As a result of the above operations, AEON REIT posted operating revenue of ¥17,574 million, operating income of ¥6,782 million, ordinary income of ¥5,954 million, and net income of ¥5,953 million for the 15th fiscal period ended July 31, 2020.

As for cash distribution for the 15th fiscal period, distribution per unit came to ¥3,178.

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

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

The world economy is expected to be worsening as uncertainty due to the spread of COVID-19 will linger going forward. In Japan, economic activities are anticipated to become normalized gradually due in part to enhancement of the medical care system. Meanwhile, given concerns about additional waves of infection, close attention must be paid to the status of COVID-19 as we look forward.

As for the environment surrounding retail properties and the retail industry, moderate recovery is expected to take place with the voluntary restraint on going out being relaxed and government measures including the cash handout of 100,000 yen per person albeit there are concerns about resurgence of the spread of infection again as the number of people infected by COVID-19 is increasing centering on Tokyo. AEON REIT will take measures to prevent infection at the properties it owns and endeavor to maintain and operate them as venues for continuously providing food, medicine, and daily goods required by consumers so that they can carry out their mission as community infrastructure assets. With an eye on a post-COVID-19 society, AEON REIT will continue responding meticulously, taking into account changes in the environment, including diversifying lifestyles and needs of consumers.

As for the Malaysian economy, the real GDP for the first quarter of 2020 grew only 0.7% year on year, the lowest level since the global financial crisis. The major reason for this is considered to be travel restrictions announced in March 2020 in order to prevent the spread of COVID-19 in the country, which has slowed economic activities. The number of people infected by COVID-19 in Malaysia has subsided to a level where the daily increase is around several or a dozen persons. However, as small infection clusters were found on August 28 on top of the number of infected people increasing globally, the government announced an extension of the Recovery Movement Control Order (RMCO) through December 31. Attention must be paid to the impact of COVID-19 in Malaysia going forward and the trend of crude oil prices that remain low.

(B) Future investment policy

(a) Basic policy

AEON REIT aims to secure stable income as well as 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 comprehensive 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 comprehensive strengths of the AEON Group.

AEON REIT believes that it can expand its portfolio size, improve the stability of investments, and enhance its financing capabilities by acquiring retail and related properties developed by the AEON Group from the Group, based on the Sponsor Support Agreements, Pipeline Support Agreements and Memorandum of Understanding on Investments in Properties in Malaysia.

Moreover, by improving financing capabilities, it works to acquire more properties, thereby expanding its portfolio size. From the viewpoint of the AEON Group, selling its retail and related properties to AEON REIT allows the Group to use the obtained funds to execute investments for growth (such as development of new stores). Executing such investment for growth should contribute to increased revenue and higher corporate value of the AEON Group, which in turn supports further growth of AEON REIT. By building a mutually beneficial relationship with the AEON Group that creates a virtuous cycle for both entities, as discussed above, AEON REIT aims to maximize unitholder value.

(c) Financial strategy

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

iii) Significant events after balance sheet date

Not applicable.

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

| Item | Assumptions |
|------------------------|--|
| Accounting period | <ul style="list-style-type: none"> Fiscal period ending January 31, 2021 (184 days from August 1, 2020, to January 31, 2021, the 16th fiscal period) Fiscal period ending July 31, 2021 (181 days from February 1, 2021, to July 31, 2021, the 17th fiscal period) |
| Portfolio | <ul style="list-style-type: none"> For the forecasts of performance, the number of investment assets is assumed to be 42 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of September 14, 2020 (hereinafter, the “assets currently held”). It is assumed that, through the end of the 17th fiscal period ending July 2021, there will be no change (acquisition of new properties or sale of existing properties, etc.) in the number of investment assets. The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc. |
| Operating revenue | <ul style="list-style-type: none"> Rent revenue – real estate from the assets currently held has been calculated by taking into account such factors as the relevant lease agreements effective as of September 14, 2020, and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that dividends will be received during the fiscal periods ending January 31, 2021 (16th fiscal period), and ending July 31, 2021 (17th fiscal period), respectively. Furthermore, the exchange rate of Malaysia is assumed to be Malaysian Ringgit (hereinafter, “RM”) 1 = JPY 24.00. It is assumed that there is no delinquencies or non-payment of rents by tenants. |
| Operating expenses | <ul style="list-style-type: none"> Operating expenses mainly comprise expenses related to rent business. Those expenses, excluding depreciation expenses, are calculated on the basis of historical data and by reflecting variable factors of expenses for the assets currently held. Generally, fixed asset taxes, city planning taxes and depreciable asset taxes for the acquired properties are prorated based on the period of ownership with the previous owners and settled at the time of acquisition. The amount equivalent to such settlement is included in the acquisition costs and therefore not recognized as expenses for the fiscal period in which the acquisition takes place. As for fixed asset taxes, city planning taxes and depreciable asset taxes for the assets currently held, AEON REIT assumes to record ¥1,979 million for the 16th fiscal period and ¥2,034 million for the 17th fiscal period as expenses. For repairs and maintenance expenses for buildings, amounts assumed to be required in each fiscal period is recorded as expenses, based on the medium- to long-term repair and maintenance plan formulated by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from the forecasts, as (i) there is no denying the possibility of repairs and maintenance expenses being incurred urgently due to damages to buildings caused by unforeseeable factors, (ii) generally, incurred expenses differ substantially from one fiscal period to another, and (iii) expenses are not incurred on a regular basis, among other reasons. Depreciation of property and equipment is computed by the straight-line method, including related expenses, and is assumed to be ¥4,637 million for the 16th fiscal period and ¥4,639 million for the 17th fiscal period. |
| Non-operating expenses | <ul style="list-style-type: none"> Interest expenses and other borrowing-related expenses are assumed to be ¥850 million for the 16th fiscal period and ¥809 million for the 17th fiscal period. |
| Borrowings | <ul style="list-style-type: none"> As of September 14, 2020, AEON REIT has interest-bearing debt totaling ¥159,800 million. It is assumed that AEON REIT will refinance ¥31,800 million in borrowings that will mature in the 16th fiscal period (repayment date: October 20, 2020) for the same amount. LTV ratio is anticipated to be approximately 44.9% as of the end of the 16th fiscal period (January 31, 2021) and approximately 44.9% as of the end of the 17th fiscal period (July 31, 2021). LTV is calculated by using the following formula: LTV = Total interest-bearing debt plus tenant leasehold and security deposits (including tenant leasehold and security deposits in trust) / Total assets × 100 |

| Item | Assumptions |
|--|--|
| Investment units | <ul style="list-style-type: none"> ● Distribution per unit for the 16th and 17th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 1,873,317 units as of September 14, 2020. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 17th 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. ● It is assumed that the negative impact from the spread of COVID-19 will neither prolong nor further expand. Please note that the above forecasts do not take into account the negative impact on the operating results in case COVID-19 should linger or further expand. |

2. Financial Statements

(1) Balance Sheets

| | (Unit: Thousands of yen) | |
|---|--|--|
| | Previous fiscal period (As of January 31, 2020) | Current fiscal period (As of July 31, 2020) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,959,174 | 17,834,541 |
| Cash and deposits in trust | 8,116,188 | 7,690,798 |
| Prepaid expenses | 601,811 | 409,924 |
| Income taxes receivable | 14 | 15 |
| Other | 17,341 | 12,658 |
| Total current assets | 21,694,529 | 25,947,937 |
| Non-current assets | | |
| Property and equipment | | |
| Land | 108,463 | 108,463 |
| Buildings in trust | 205,656,125 | 210,903,537 |
| Accumulated depreciation | (41,106,893) | (45,697,850) |
| Buildings in trust, net | 164,549,232 | 165,205,687 |
| Structures in trust | 1,399,444 | 1,448,544 |
| Accumulated depreciation | (955,972) | (998,758) |
| Structures in trust, net | 443,471 | 449,786 |
| Tools, furniture and fixtures in trust | 18,927 | 18,927 |
| Accumulated depreciation | (4,893) | (6,633) |
| Tools, furniture and fixtures in trust, net | 14,033 | 12,294 |
| Land in trust | 131,883,801 | 131,883,801 |
| Construction in progress in trust | - | 242 |
| Total property and equipment | 296,999,002 | 297,660,275 |
| Intangible assets | | |
| Leasehold rights in trust | 49,838,776 | 55,246,917 |
| Total intangible assets | 49,838,776 | 55,246,917 |
| Investments and other assets | | |
| Shares of subsidiaries and associates | 6,078,453 | 6,078,453 |
| Long-term prepaid expenses | 693,683 | 581,497 |
| Lease and guarantee deposits | 10,460 | 10,460 |
| Total investments and other assets | 6,782,598 | 6,670,411 |
| Total non-current assets | 353,620,377 | 359,577,604 |
| Deferred assets | | |
| Investment unit issuance expenses | 41,585 | 27,577 |
| Investment corporation bond issuance costs | 238,426 | 225,130 |
| Total deferred assets | 280,012 | 252,707 |
| Total assets | 375,594,919 | 385,778,249 |

(Unit: Thousands of yen)

| | Previous fiscal period (As of January 31, 2020) | Current fiscal period (As of July 31, 2020) |
|---|--|--|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 824,608 | 319,763 |
| Short-term loans payable | – | 9,800,000 |
| Current portion of long-term loans payable | 22,000,000 | 22,000,000 |
| Accounts payable - other | 390,473 | 397,073 |
| Accrued expenses | 78,396 | 78,631 |
| Income taxes payable | 605 | 605 |
| Accrued consumption taxes | 48,228 | 496,005 |
| Provision for loss on disaster | 50,792 | – |
| Other | 190,194 | 195,008 |
| Total current liabilities | 23,583,298 | 33,287,085 |
| Non-current liabilities | | |
| Investment corporation bond | 33,000,000 | 33,000,000 |
| Long-term loans payable | 95,000,000 | 95,000,000 |
| Tenant leasehold and security deposits | 2,628 | 2,628 |
| Tenant leasehold and security deposits in trust | 13,207,644 | 13,492,071 |
| Total non-current liabilities | 141,210,273 | 141,494,700 |
| Total liabilities | 164,793,571 | 174,781,786 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 208,093,893 | 208,093,893 |
| Deduction from unitholders' capital | | |
| Other deduction from unitholders' capital | (3,525,697) | (3,525,697) |
| Total deduction from unitholders' capital | (3,525,697) | (3,525,697) |
| Unitholders' capital, net | 204,568,196 | 204,568,196 |
| Surplus | | |
| Voluntary reserve | | |
| Distribution reserve | 474,397 | 474,397 |
| Total voluntary reserve | 474,397 | 474,397 |
| Unappropriated retained earnings (undisposed loss) | 5,758,754 | 5,953,869 |
| Total surplus | 6,233,151 | 6,428,266 |
| Total unitholders' equity | 210,801,347 | 210,996,463 |
| Total net assets | *1 210,801,347 | *1 210,996,463 |
| Total liabilities and net assets | 375,594,919 | 385,778,249 |

(2) Statements of Income

| | (Unit: Thousands of yen) | |
|--|---|---|
| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
| Operating revenue | | |
| Rent revenue - real estate | *1 16,761,424 | *1 17,447,363 |
| Dividends received | *2 133,774 | *2 126,990 |
| Total operating revenue | 16,895,199 | 17,574,353 |
| Operating expenses | | |
| Expenses related to rent business | *1 9,290,775 | *1 9,822,609 |
| Asset management fee | 768,485 | 794,124 |
| Asset custody fee | 19,298 | 19,891 |
| Administrative service fees | 58,508 | 56,469 |
| Directors' compensation | 3,600 | 3,600 |
| Taxes and dues | 5,876 | 5,227 |
| Other operating expenses | 103,120 | 89,693 |
| Total operating expenses | 10,249,664 | 10,791,616 |
| Operating income | 6,645,534 | 6,782,736 |
| Non-operating income | | |
| Interest income | 96 | 177 |
| Refund of unpaid distributions | 819 | 984 |
| Insurance income | - | 58,027 |
| Interest on tax refund | | 195 |
| Total non-operating income | 915 | 59,384 |
| Non-operating expenses | | |
| Interest expenses | 508,330 | 503,768 |
| Interest expenses on investment corporation bonds | 97,547 | 126,348 |
| Amortization of investment unit issuance expenses | 42,477 | 14,008 |
| Investment unit issuance expenses | 956 | - |
| Amortization of investment corporation bond issuance costs | 10,353 | 13,296 |
| Investment corporation bond issuance costs | 14,876 | - |
| Borrowing related expenses | 171,636 | 165,691 |
| Other | 91 | 64,710 |
| Total non-operating expenses | 846,268 | 887,824 |
| Ordinary income | 5,800,181 | 5,954,296 |
| Extraordinary income | | |
| Insurance income | *3 43,731 | - |
| Total extraordinary income | 43,731 | - |
| Extraordinary losses | | |
| Loss on disaster | *4 34,146 | - |
| Provision for loss on disaster | *4 50,792 | - |
| Total extraordinary losses | 84,938 | - |
| Income (loss) before income taxes | 5,758,974 | 5,954,296 |
| Income taxes - current | 605 | 605 |
| Total income taxes | 605 | 605 |
| Net income (loss) | 5,758,369 | 5,953,691 |
| Retained earnings brought forward | 385 | 177 |
| Unappropriated retained earnings (undisposed loss) | 5,758,754 | 5,953,869 |

(3) Statements of Unitholders' Equity

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

(Unit: Thousands of yen)

| | Unitholders' equity | | | | | |
|--|----------------------|---|---|---------------------------|----------------------|-------------------------|
| | Unitholders' capital | Deduction from unitholders' capital | | Unitholders' capital, net | Surplus | |
| | | Other deduction from unitholders' capital | Total deduction from unitholders' capital | | Voluntary reserve | |
| | | | | | Distribution reserve | Total voluntary reserve |
| Balance at beginning of current period | 195,698,024 | (3,525,697) | (3,525,697) | 192,172,327 | 397,913 | 397,913 |
| Changes of items during period | | | | | | |
| Issuance of new investment units | 12,395,869 | | | 12,395,869 | | |
| Provision of distribution reserve | | | | | 76,483 | 76,483 |
| Dividends of surplus | | | | | | |
| Net income | | | | | | |
| Total changes of items during period | 12,395,869 | – | – | 12,395,869 | 76,483 | 76,483 |
| Balance at end of current period | *1 208,093,893 | (3,525,697) | (3,525,697) | 204,568,196 | 474,397 | 474,397 |

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

Current fiscal period (From February 1, 2020, to July 31, 2020)

(Unit: Thousands of yen)

| | Unitholders' equity | | | | | |
|--|----------------------|---|---|---------------------------|----------------------|-------------------------|
| | Unitholders' capital | Deduction from unitholders' capital | | Unitholders' capital, net | Surplus | |
| | | Other deduction from unitholders' capital | Total deduction from unitholders' capital | | Voluntary reserve | |
| | | | | | Distribution reserve | Total voluntary reserve |
| Balance at beginning of current period | 208,093,893 | (3,525,697) | (3,525,697) | 204,568,196 | 474,397 | 474,397 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | |
| Net income | | | | | | |
| Total changes of items during period | – | – | – | – | – | – |
| Balance at end of current period | *1 208,093,893 | (3,525,697) | (3,525,697) | 204,568,196 | 474,397 | 474,397 |

| | Unitholders' equity | | | |
|--|--|---------------|---------------------------|------------------|
| | Surplus | | Total unitholders' equity | Total net assets |
| | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of current period | 5,758,754 | 6,233,151 | 210,801,347 | 210,801,347 |
| Changes of items during period | | | | |
| Dividends of surplus | (5,758,576) | (5,758,576) | (5,758,576) | (5,758,576) |
| Net income | 5,953,691 | 5,953,691 | 5,953,691 | 5,953,691 |
| Total changes of items during period | 195,115 | 195,115 | 195,115 | 195,115 |
| Balance at end of current period | 5,953,869 | 6,428,266 | 210,996,463 | 210,996,463 |

(4) Statements of Cash Distributions

(Unit: Yen)

| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
|---|---|---|
| I Unappropriated retained earnings (undisposed loss) | 5,758,754,069 | 5,953,869,533 |
| II Total cash distributions | 5,758,576,458 | 5,953,401,426 |
| [Distribution per unit] | [3,074] | [3,178] |
| III Retained earnings brought forward | 177,611 | 468,107 |
| 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 ¥5,758,576,458, which is the amount that does not exceed the unappropriated retained earnings (¥5,758,754,069) and is the greatest value among integral multiples of 1,873,317, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p> | <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 ¥5,953,401,426, which is the amount that does not exceed the unappropriated retained earnings (¥5,953,869,533) and is the greatest value among integral multiples of 1,873,317, which is the total number of investment units issued and outstanding; provided, however, that AEON REIT will not pay the portion of the amount that exceeds the profits defined in Article 35, paragraph 2 of the Articles of Incorporation of AEON REIT.</p> |

(5) Statements of Cash Flows

| | (Unit: Thousands of yen) | |
|---|---|---|
| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
| Cash flows from operating activities | | |
| Income before income taxes | 5,758,974 | 5,954,296 |
| Depreciation | 4,549,741 | 4,635,481 |
| Amortization of investment corporation bond issuance costs | 10,353 | 13,296 |
| Amortization of investment unit issuance expenses | 42,477 | 14,008 |
| Interest income | (96) | (177) |
| Interest expenses | 605,877 | 630,117 |
| Insurance income | (43,731) | (58,027) |
| Loss on disaster | 34,146 | - |
| Increase (decrease) in provision for loss on disaster | 50,792 | (50,792) |
| Loss on retirement of property and equipment | 13,620 | - |
| Increase (decrease) in accrued consumption taxes | (777,189) | 447,777 |
| Decrease (increase) in prepaid expenses | (173,440) | 191,887 |
| Increase (decrease) in operating accounts payable | 481,104 | (576,247) |
| Increase (decrease) in accounts payable - other | 35,818 | 6,599 |
| Decrease in long-term prepaid expenses | 127,954 | 112,186 |
| Other, net | (3,833) | 8,873 |
| Subtotal | 10,712,570 | 11,329,280 |
| Interest income received | 96 | 98 |
| Interest expenses paid | (587,347) | (629,882) |
| Proceeds from insurance income | 43,731 | 56,824 |
| Payments for loss on disaster | (12,945) | - |
| Income taxes paid | (606) | (605) |
| Net cash provided by operating activities | 10,155,498 | 10,755,716 |
| Cash flows from investing activities | | |
| Purchase of property and equipment in trust | (18,216,054) | (5,225,352) |
| Purchase of intangible assets in trust | (603,293) | (5,408,141) |
| Proceeds from tenant leasehold and security deposits in trust | 628,495 | 284,427 |
| Net cash used in investing activities | (18,190,852) | (10,349,066) |
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | 12,000,000 | 9,800,000 |
| Repayments of short-term loans payable | (12,000,000) | - |
| Proceeds from long-term loans payable | 3,600,000 | - |
| Repayments of long-term loans payable | (15,600,000) | - |
| Proceeds from issuance of investment corporation bonds | 11,911,691 | - |
| Proceeds from issuance of investment units | 12,358,005 | - |
| Dividends paid | (5,414,435) | (5,757,157) |
| Net cash (used in) provided by financing activities | 6,855,261 | 4,042,842 |
| Effect of exchange rate change on cash and cash equivalents | 415 | 485 |
| Net increase (decrease) in cash and cash equivalents | (1,179,676) | 4,449,978 |
| Cash and cash equivalents at beginning of period | 22,255,039 | 21,075,362 |
| Cash and cash equivalents at end of period | *1 21,075,362 | *1 25,525,340 |

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Significant Accounting Policies

| | | | | | | | |
|---|---|--------------------|---------------|---------------------|---------------|--|---------|
| 1. Valuation standard and method for securities | <p>Securities</p> <p>Shares of subsidiaries and associates</p> <p>Shares issued by an overseas real estate holding corporation, as set forth in Article 221-2-1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations, are stated utilizing the moving- average cost method.</p> | | | | | | |
| 2. Method of depreciation of non-current assets | <p>(1) Property and equipment</p> <p>Depreciation of property and equipment is computed by the straight-line method over the following useful lives:</p> <table style="margin-left: 20px;"> <tr> <td>Buildings in trust</td> <td style="text-align: right;">3 to 51 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">3 to 35 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">6 years</td> </tr> </table> <p>(2) Long-term prepaid expenses</p> <p>Long-term prepaid expenses are amortized by the straight-line method.</p> | Buildings in trust | 3 to 51 years | Structures in trust | 3 to 35 years | Tools, furniture and fixtures in trust | 6 years |
| Buildings in trust | 3 to 51 years | | | | | | |
| Structures in trust | 3 to 35 years | | | | | | |
| Tools, furniture and fixtures in trust | 6 years | | | | | | |
| 3. Accounting method for deferred assets | <p>(1) Investment unit issuance expenses</p> <p>Investment unit issuance expenses are capitalized and amortized by the straight-line method over three years.</p> <p>(2) Investment corporation bond issuance expenses</p> <p>Investment corporation bond issuance costs are capitalized and amortized by the straight-line method over the respective terms of the investment corporation bonds.</p> | | | | | | |
| 4. Standards for recognition of allowances | <p>Provision for loss on disaster</p> <p>Of the expenses for restoration works for the properties that were damaged by Typhoon Faxai and Typhoon Hagibis, the amount that was reasonably estimated as of the end of the fiscal period ended January 31, 2020, was recorded as allowance for loss on disaster.</p> | | | | | | |
| 5. Conversion of assets and liabilities in foreign currency into Japanese yen | <p>Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.</p> | | | | | | |
| 6. Recognition of revenue and expenses | <p>Property-related taxes</p> <p>For fixed asset tax, city planning tax, depreciable asset tax, etc., for real properties held, the amount of tax levied corresponding to the accounting period is recorded as expenses related to rent business.</p> <p>The amount equivalent to property-related taxes to be paid by AEON REIT in the first year for acquisition of real properties or trust beneficiary rights in real estate is not recorded as expenses but included in the acquisition costs for the related properties.</p> <p>In the current fiscal period, the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥101,790 thousand, and in the previous fiscal period, the amount equivalent to property-related taxes included in the acquisition costs for the related real properties was ¥51,679 thousand.</p> | | | | | | |

| | |
|--|--|
| 7. Method of hedge accounting | <p>(1) Method of hedge accounting Special treatment is applied for interest rate swaps.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on borrowings</p> <p>(3) Hedging policy AEON REIT conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of AEON REIT pursuant to the regulations that stipulate the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p> |
| 8. Scope of cash and cash equivalents in the statement of cash flows | Cash and cash equivalents in the statement of cash flows consist of cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition. |
| 9. Other significant information for preparation of financial statements | <p>(1) Accounting policy for trust beneficiary rights in real estate, etc. With regard to trust beneficiary rights in real estate, etc., all assets and liabilities as well as all revenue and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust, structures in trust, tools, furniture and fixtures in trust, 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 January 31, 2020) | | Current fiscal period (As of July 31, 2020) |
|---|--|---|--|
| *1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations | 50,000 | *1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations | 50,000 |

Notes to Statements of Income

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

| Previous fiscal period (From August 1, 2019, to January 31, 2020) | (Unit: Thousands of yen) |
|---|--------------------------|
| A. Revenues related to real estate leasing business | |
| Rent revenue—real estate | |
| Rent | 16,683,555 |
| Other rent revenue—real estate | 77,868 |
| Total revenues related to real estate leasing business | 16,761,424 |
| B. Expenses related to real estate leasing business | |
| Expenses related to rent business | |
| Property and facility management fees | 43,731 |
| Repairs and maintenance expenses | 494,122 |
| Insurance expenses | 169,515 |
| Trust fees | 21,109 |
| Land rent paid | 2,035,764 |
| Taxes and dues | 1,904,070 |
| Depreciation | 4,549,741 |
| Water charges | 52,399 |
| Other expenses related to rent business | 20,322 |
| Total expenses related to real estate leasing business | 9,290,775 |
| C. Operating income from real estate leasing business (A – B) | 7,470,648 |
| Current fiscal period (From February 1, 2020, to July 31, 2020) | (Unit: Thousands of yen) |
| A. Revenues related to real estate leasing business | |
| Rent revenue—real estate | |
| Rent | 17,378,083 |
| Other rent revenue—real estate | 69,279 |
| Total revenues related to real estate leasing business | 17,447,363 |
| B. Expenses related to real estate leasing business | |
| Expenses related to rent business | |
| Property and facility management fees | 44,752 |
| Repairs and maintenance expenses | 617,292 |
| Insurance expenses | 182,826 |
| Trust fees | 21,694 |
| Land rent paid | 2,280,479 |
| Taxes and dues | 1,980,637 |
| Depreciation | 4,635,481 |
| Water charges | 51,798 |
| Other expenses related to rent business | 7,645 |
| Total expenses related to real estate leasing business | 9,822,609 |
| C. Operating income from real estate leasing business (A – B) | 7,624,754 |

*2. Breakdown of dividends received

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

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

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

(Unit: RM (Thousands of yen))

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

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 26.84 rounded down to the second decimal place) is used.

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

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

Current fiscal period (From February 1, 2020, to July 31, 2020)

The entire amount of the maximum distributable amount (RM 5,172,698 (¥126,990 thousand)) based on the results of the fiscal period ended January 2020 of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. was paid to AEON REIT as dividends (Note 3), which were calculated on the following basis.

Items of statements of income of JAMBATAN MANSEIBASHI (M) Sdn. Bhd. and the basis of calculating dividends (from August 1, 2019, to January 31, 2020).

(Unit: RM (Thousands of yen))

| | | |
|--|------------|-----------|
| Revenues related to real estate leasing business | 7,639,228 | (198,849) |
| Expenses related to real estate leasing business | 664,013 | (17,284) |
| Other expenses | 99,789 | (2,597) |
| Unrealized gain from valuation of investment properties | 5,000,000 | (130,150) |
| Net income before income taxes | 11,875,426 | (309,117) |
| Net income before income taxes after deducting unrealized gain | 6,875,426 | (178,967) |
| Corporate income taxes on net income before income taxes after deducting unrealized gain | 1,702,728 | (44,322) |
| Maximum distributable amount (Note 3) | 5,172,698 | (126,990) |
| Dividends (Note 3) | 5,172,698 | (126,990) |

(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 26.03) (rounded down to the second decimal place)) is used.

(Note 3) Maximum distributable amount and dividends are converted to the yen value by using the forward exchange rate on May 8, 2020, of RM 1 = JPY 24.55 (rounded down to the second decimal place.)

***3. Breakdown of extraordinary income**

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

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

Current fiscal period (From February 1, 2020, to July 31, 2020)

Not applicable.

***4. Breakdown of extraordinary losses**

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

1) Loss on disaster

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

2) Provision for loss on disaster

With regard to the assets that were damaged by Typhoon Faxai and Typhoon Hagibis, expenses for restoration works that were reasonably estimated as of the end of the fiscal period ended January 31, 2020 (¥50,792 thousand) were recorded as provision of allowance for loss on disaster.

Current fiscal period (From February 1, 2020, to July 31, 2020)

Not applicable.

Notes to Statements of Unitholders' Equity

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

| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
|---|---|---|
| Total number of authorized investment units | 10,000,000 units | 10,000,000 units |
| Total number of investment units issued and outstanding | 1,873,317 units | 1,873,317 units |

Notes to Statements of Cash Flows

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

| | (Unit: Thousands of yen) | |
|----------------------------|---|---|
| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
| Cash and deposits | 12,959,174 | 17,834,541 |
| Cash and deposits in trust | 8,116,188 | 7,690,798 |
| Cash and cash equivalents | 21,075,362 | 25,525,340 |

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

| | (Unit: Thousands of yen) | |
|-------------------|--|--|
| | Previous fiscal period (As of January 31, 2020) | Current fiscal period (As of July 31, 2020) |
| Due within 1 year | 33,584,355 | 34,321,776 |
| Due after 1 year | 95,569,833 | 83,247,461 |
| Total | 129,154,189 | 117,569,237 |

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 January 31, 2020)

(Unit: Thousands of yen)

| | Balance sheet carrying amount | Fair value | Difference |
|--|-------------------------------|-------------|------------|
| (1) Cash and deposits | 12,959,174 | 12,959,174 | – |
| (2) Cash and deposits in trust | 8,116,188 | 8,116,188 | – |
| Total assets | 21,075,362 | 21,075,362 | – |
| (3) Short-term loans payable | – | – | – |
| (4) Current portion of long-term loans payable | 22,000,000 | 22,145,603 | 145,603 |
| (5) Investment corporation bonds | 33,000,000 | 33,136,600 | 136,600 |
| (6) Long-term loans payable | 95,000,000 | 96,817,735 | 1,817,735 |
| Total liabilities | 150,000,000 | 152,099,939 | 2,099,939 |
| (7) Derivative transactions | – | – | – |

Current fiscal period (as of July 31, 2020)

(Unit: Thousands of yen)

| | Balance sheet carrying amount | Fair value | Difference |
|--|-------------------------------|-------------|------------|
| (1) Cash and deposits | 17,834,541 | 17,834,541 | – |
| (2) Cash and deposits in trust | 7,690,798 | 7,690,798 | – |
| Total assets | 25,525,340 | 25,525,340 | – |
| (3) Short-term loans payable | 9,800,000 | 9,800,000 | – |
| (4) Current portion of long-term loans payable | 22,000,000 | 22,145,603 | 145,603 |
| (5) Investment corporation bonds | 33,000,000 | 32,564,900 | (435,100) |
| (6) Long-term loans payable | 95,000,000 | 96,936,540 | 1,936,540 |
| Total liabilities | 159,800,000 | 161,447,043 | 1,647,043 |
| (7) Derivative transactions | – | – | – |

(Note 1) Measurement of fair values of financial instruments

(1) Cash and deposits, (2) Cash and deposits in trust, (3) Short-term loans payable

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.

(4) Current portion of long-term loans payable, (6) 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.

(5) Investment corporation bonds

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

Securities Dealers Association.

(7) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

| | (Unit: Thousands of yen) | |
|---|--|--|
| | Previous fiscal period (As of January 31, 2020) | Current fiscal period (As of July 31, 2020) |
| Shares of subsidiaries and associates | 6,078,453 | 6,078,453 |
| Tenant leasehold and security deposits | 2,628 | 2,628 |
| Tenant leasehold and security deposits in trust | 13,207,644 | 13,492,071 |
| Total | 19,288,727 | 19,573,154 |

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

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

Previous fiscal period (as of January 31, 2020)

| (Unit: Thousands of yen) | |
|----------------------------|-----------------------|
| | Due in 1 year or less |
| Cash and deposits | 12,959,174 |
| Cash and deposits in trust | 8,116,188 |
| Total | 21,075,362 |

Current fiscal period (as of July 31, 2020)

| (Unit: Thousands of yen) | |
|----------------------------|-----------------------|
| | Due in 1 year or less |
| Cash and deposits | 17,834,541 |
| Cash and deposits in trust | 7,690,798 |
| Total | 25,525,340 |

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

Previous fiscal period (as of January 31, 2020)

| (Unit: Thousands of yen) | | | | | | |
|--|--------------------------|--|--|--|--|----------------------|
| | Due in 1 year or less | Due after 1 year through 2 years | Due after 2 years through 3 years | Due after 3 years through 4 years | Due after 4 years through 5 years | Due after 5 years |
| Current portion of long-term loans payable | 22,000,000 | - | - | - | - | - |
| Investment corporation bonds | - | - | - | - | - | 33,000,000 |
| Long-term loans payable | - | 19,100,000 | 20,800,000 | 20,400,000 | 11,300,000 | 23,400,000 |
| Total | 22,000,000 | 19,100,000 | 20,800,000 | 20,400,000 | 11,300,000 | 56,400,000 |

Current fiscal period (as of July 31, 2020)

(Unit: Thousands of yen)

| | Due in 1 year or less | Due after 1 year through 2 years | Due after 2 years through 3 years | Due after 3 years through 4 years | Due after 4 years through 5 years | Due after 5 years |
|--|-----------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Short-term loans payable | 9,800,000 | – | – | – | – | – |
| Current portion of long-term loans payable | 22,000,000 | – | – | – | – | – |
| Investment corporation bonds | – | – | – | – | – | 33,000,000 |
| Long-term loans payable | – | 19,100,000 | 20,800,000 | 20,400,000 | 11,300,000 | 23,400,000 |
| Total | 31,800,000 | 19,100,000 | 20,800,000 | 20,400,000 | 11,300,000 | 56,400,000 |

Securities

Previous fiscal period (as of January 31, 2020)

1. Shares of subsidiaries and associates

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

Current fiscal period (as of July 31, 2020)

1. Shares of subsidiaries and associates

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

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of January 31, 2020)

Not applicable.

Current fiscal period (as of July 31, 2020)

Not applicable.

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

Previous fiscal period (as of January 31, 2020)

(Unit: Thousands of yen)

| Method of hedge accounting | Type of derivative transaction | Major hedged item | Contract amount | | Fair value | Measurement method for fair value |
|---|---|-------------------------|-----------------|--------------------------|------------|-----------------------------------|
| | | | | Portion due after 1 year | | |
| Exceptional treatment for hedge accounting of interest rate swaps | Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate | Long-term loans payable | 114,900,000 | 92,900,000 | (Note) | – |

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(6) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Current fiscal period (as of July 31, 2020)

(Unit: Thousands of yen)

| Method of hedge accounting | Type of derivative transaction | Major hedged item | Contract amount | | Fair value | Measurement method for fair value |
|---|---|-------------------------|-----------------|--------------------------|------------|-----------------------------------|
| | | | | Portion due after 1 year | | |
| Exceptional treatment for hedge accounting of interest rate swaps | Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate | Long-term loans payable | 114,900,000 | 92,900,000 | (Note) | — |

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(6) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Retirement Benefits

Previous fiscal period (as of January 31, 2020)

Not applicable.

Current fiscal period (as of July 31, 2020)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

| | Previous fiscal period (As of January 31, 2020) | Current fiscal period (As of July 31, 2020) |
|---|--|--|
| Deferred tax assets | | |
| Tax loss carried forward (Note) | 280,882 | 278,102 |
| Valuation reserve for tax loss carried forward (Note) | (280,882) | (278,102) |
| 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 January 31, 2020) | Current fiscal period (As of July 31, 2020) |
|---|--|--|
| Normal effective statutory tax rate | 31.51 | 31.46 |
| (Adjustments) | | |
| Distributions paid included in deductibles | (31.51) | (31.46) |
| Provision of distribution reserve | — | — |
| Other | 0.01 | 0.01 |
| Effective tax rate after application of tax effect accounting | 0.01 | 0.01 |

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

Previous fiscal period (as of January 31, 2020)

(Unit: Thousands of yen)

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

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

Current fiscal period (as of July 31, 2020)

(Unit: Thousands of yen)

| | 1 year or less | 1 year through 2 years | 2 years through 3 years | 3 years through 4 years | 4 years through 5 years | 5 years or more | Total |
|---------------------------------|----------------|------------------------|-------------------------|-------------------------|-------------------------|-----------------|-----------|
| Tax loss carried forward (Note) | - | - | - | - | - | 278,102 | 278,102 |
| Valuation reserve | - | - | - | - | - | (278,102) | (278,102) |
| 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 January 31, 2020)

Not applicable.

Current fiscal period (as of July 31, 2020)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

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

Not applicable.

Current fiscal period (from February 1, 2020, to July 31, 2020)

Not applicable.

2. Associates, etc.

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

Not applicable.

Current fiscal period (from February 1, 2020, to July 31, 2020)

Not applicable.

3. Sister companies, etc.

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

| Attribute | Name | Location | Capital stock or investment in capital (Millions of yen) | Business or occupation | Ownership of voting rights (%) | Relationship | | Nature of transaction | Amount of transaction (Thousands of yen) | Account title | Ending balance (Thousands of yen) |
|-------------------------------|--------------------------------|-------------------------|--|--------------------------------|--------------------------------|-----------------------------|---|--|--|---|-----------------------------------|
| | | | | | | Interlocking directors | Business relationship | | | | |
| Subsidiary of other affiliate | AEON Reit Management Co., Ltd. | Chiyoda Ward, Tokyo | 350 | Investment management business | – | Interlocking directorate: 1 | Asset Manager | Payment of asset management fee (Note 3) | 858,685 | Accounts payable - other | 303,111 |
| Subsidiary of other affiliate | AEON Retail Co., Ltd. | Chiba City, Chiba Pref. | 100 | Retail business | – | – | Lessee and recipient of land rent payment | Rent revenue – real estate | 7,593,234 | Tenant leasehold and security deposits in trust | 6,113,373 |
| | | | | | | | | Land rent paid, etc. | 1,176,195 | – | – |
| Subsidiary of other affiliate | AEON Mall Co., Ltd. | Chiba City, Chiba Pref. | 42,364 | Real estate business | – | – | Lessee and recipient of land rent payment | Rent revenue – real estate | 6,821,420 | Tenant leasehold and security deposits | 2,628 |
| | | | | | | | | Land rent paid, etc. | 661,062 | – | – |
| | | | | | | | | | | Tenant leasehold and security deposits in trust | 6,416,224 |
| Subsidiary of other affiliate | AEON Hokkaido Corporation | Sapporo City, Hokkaido | 6,100 | Retail business | – | – | Lessee and recipient of land rent payment | Rent revenue – real estate | 677,141 | – | – |
| | | | | | | | | Land rent paid, etc. | 165,475 | – | – |
| Subsidiary of other affiliate | AEON Bank, Ltd. | Koto Ward, Tokyo | 51,250 | Banking business | – | – | Lender | Repayment of long-term loans | 300,000 | Long-term loans payable | 3,300,000 |
| | | | | | | | | Interest expenses | 10,909 | Accrued expenses | 693 |
| Subsidiary of other affiliate | AEON CO. (M) BHD. | Kuala Lumpur, Malaysia | 702 million RM | Retail business | – | – | Lessee | Rent revenue – real estate (Note 4) | 19,777 | – | – |

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

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

(Note 3) The asset management fee includes ¥90,200 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

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

Current fiscal period (from February 1, 2020, to July 31, 2020)

| Attribute | Name | Location | Capital stock or investment in capital (Millions of yen) | Business or occupation | Ownership of voting rights (%) | Relationship | | Nature of transaction | Amount of transaction (Thousands of yen) | Account title | Ending balance (Thousands of yen) |
|-------------------------------|--------------------------------|-------------------------|--|--------------------------------|--------------------------------|-----------------------------|---|--|--|---|-----------------------------------|
| | | | | | | Interlocking directors | Business relationship | | | | |
| Subsidiary of other affiliate | AEON Reit Management Co., Ltd. | Chiyoda Ward, Tokyo | 350 | Investment management business | – | Interlocking directorate: 1 | Asset Manager | Payment of asset management fee (Note 3) | 842,459 | Accounts payable - other | 319,309 |
| 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 | 7,596,862 | 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. | 42,364 | Real estate business | – | – | Lessee and recipient of land rent payment | Rent revenue – real estate | 7,511,938 | Tenant leasehold and security deposits | 2,628 |
| | | | | | | | | Land rent paid, etc. | 905,747 | – | – |
| | | | | | | | | | | Tenant leasehold and security deposits in trust | 6,700,651 |
| 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 | 677,127 | – | – |
| | | | | | | | | Land rent paid, etc. | 165,475 | – | – |
| Subsidiary of other affiliate | AEON Bank, Ltd. | Koto Ward, Tokyo | 51,250 | Banking business | – | – | Lender | Interest expenses | 10,511 | Long-term loans payable | 3,300,000 |
| | | | | | | | | | | Accrued expenses | 693 |
| Subsidiary of other affiliate | AEON CO. (M) BHD. | Kuala Lumpur, Malaysia | 702 million RM | Retail business | – | – | Lessee | Rent revenue – real estate (Note 4) | 20,189 | – | – |

(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 ¥48,335 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

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

4. Officers and principal individual unitholders

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

| Attribute | Name | Location | Capital stock or investment in capital (Millions of yen) | Business or occupation | Ratio of voting rights owning (owned) (%) | Relation to the related party | | Nature of transaction | Amount of transaction (Thousands of yen) | Account title | Ending balance (Thousands of yen) |
|-----------|--------------|----------|--|---|---|---|-----------------------|--|--|--------------------------|-----------------------------------|
| | | | | | | Interlocking directorate, etc. | Business relationship | | | | |
| Officer | Nobuaki Seki | - | - | Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd. | (Owned) Direct 0.0% | Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd. | | Payment of asset management fee to the Asset Manager | 858,685 | Accounts payable - other | 303,111 |

(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 Nobuaki Seki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
3. The asset management fee includes ¥90,200 thousand in management fees related to property acquisitions, included in the book value of the individual real properties, etc.

Current fiscal period (from February 1, 2020, to July 31, 2020)

| Attribute | Name | Location | Capital stock or investment in capital (Millions of yen) | Business or occupation | Ratio of voting rights owning (owned) (%) | Relation to the related party | | Nature of transaction | Amount of transaction (Thousands of yen) | Account title | Ending balance (Thousands of yen) |
|-----------|--------------|----------|--|---|---|---|-----------------------|--|--|--------------------------|-----------------------------------|
| | | | | | | Interlocking directorate, etc. | Business relationship | | | | |
| Officer | Nobuaki Seki | - | - | Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd. | (Owned) Direct 0.0% | Executive Director of AEON REIT and Representative Director and President of AEON Reit Management Co., Ltd. | | Payment of asset management fee to the Asset Manager | 842,459 | Accounts payable - other | 319,309 |

(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 Nobuaki Seki in the role of representative of a third party (AEON Reit Management Co., Ltd.). The amount of the asset management fee is in accordance with the terms set forth in the Articles of Incorporation of AEON REIT.
3. The asset management fee includes ¥48,335 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 January 31, 2020)

Not applicable.

Current fiscal period (as of July 31, 2020)

Not applicable.

Investment and Rental Properties

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

(Unit: Thousands of yen)

| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
|--------------------------------|---|---|
| Balance sheet carrying amount | | |
| Balance at beginning of period | 332,604,140 | 346,837,778 |
| Changes during period | 14,233,638 | 6,069,413 |
| Balance at end of period | 346,837,778 | 352,907,192 |
| Fair value at end of period | 405,502,710 | 415,024,959 |

(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 Fukutsu) with an acquisition price of ¥18,191,222 thousand and capital expenditures at existing properties amounting to ¥605,777 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,549,741 thousand. Of the changes during the current fiscal period, the increase is mainly due to acquisition of a property (AEON MALL Tamadaira woods) with an acquisition price of ¥9,828,982 thousand and capital expenditures at existing properties amounting to ¥875,912 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,635,481 thousand.

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

Segment Information, etc.

1. Segment information

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

2. Related information

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

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

| Name | Operating revenue | Related segment |
|---------------------------|-------------------|------------------------------|
| AEON Retail Co., Ltd. | 7,593,234 | Real estate leasing business |
| AEON Mall Co., Ltd. | 6,821,420 | Real estate leasing business |
| AEON Hokkaido Corporation | 677,141 | Real estate leasing business |
| The Daiei, Inc. | 640,968 | Real estate leasing business |
| AEON KYUSHU Co., Ltd. | 588,685 | Real estate leasing business |
| AEON Global SCM Co., Ltd. | 289,620 | Real estate leasing business |
| AEON CO. (M) BHD. (Note) | 19,777 | Real estate leasing business |

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

Current fiscal period (from February 1, 2020, to July 31, 2020)

(1) Information about products and services

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

(2) Information about geographical area

i) Operating revenue

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

ii) Property and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

| Name | Operating revenue | Related segment |
|---------------------------|-------------------|------------------------------|
| AEON Retail Co., Ltd. | 7,596,862 | Real estate leasing business |
| AEON Mall Co., Ltd. | 7,511,938 | Real estate leasing business |
| AEON Hokkaido Corporation | 677,127 | Real estate leasing business |
| The Daiei, Inc. | 640,342 | Real estate leasing business |
| AEON KYUSHU Co., Ltd. | 589,513 | Real estate leasing business |
| AEON Global SCM Co., Ltd. | 289,620 | Real estate leasing business |
| AEON CO. (M) BHD. (Note) | 20,189 | Real estate leasing business |

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

Per Unit Information

| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
|---------------------|---|---|
| Net assets per unit | ¥112,528 | ¥112,632 |
| Net income per unit | ¥3,103 | ¥3,178 |

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

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

| | Previous fiscal period (From August 1, 2019, to January 31, 2020) | Current fiscal period (From February 1, 2020, to July 31, 2020) |
|--|---|---|
| Net income (Thousands of yen) | 5,758,369 | 5,953,691 |
| Amount not attributable to common unitholders (Thousands of yen) | - | - |
| Net income attributable to common investment units (Thousands of yen) | 5,758,369 | 5,953,691 |
| Average number of investment units for the period (Units) | 1,855,409 | 1,873,317 |

Significant Subsequent Events

Not available.

(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 8, 2016 | Capital increase through public offering | 208,826 | 1,299,026 | 25,284 | 141,731 | (Note 2) |
| February 25, 2016 | Capital increase through third-party allotment | 10,441 | 1,309,467 | 1,264 | 142,996 | (Note 3) |
| September 14, 2016 | Capital reduction without compensation | – | 1,309,467 | (1,626) | 141,369 | (Note 4) |
| September 14, 2016 | Cash distribution in excess of retained earnings (return of capital to unitholders) | – | 1,309,467 | (1,898) | 139,470 | (Note 5) |
| February 22, 2017 | Capital increase through public offering | 310,900 | 1,620,367 | 35,767 | 175,238 | (Note 6) |
| March 14, 2017 | Capital increase through third-party allotment | 15,545 | 1,635,912 | 1,788 | 177,026 | (Note 7) |
| September 27, 2017 | Capital increase through public offering | 134,700 | 1,770,612 | 14,424 | 191,451 | (Note 8) |
| October 24, 2017 | Capital increase through third-party allotment | 6,735 | 1,777,347 | 721 | 192,172 | (Note 9) |
| September 3, 2019 | Capital increase through public offering | 91,400 | 1,868,747 | 11,805 | 203,977 | (Note 10) |
| October 1, 2019 | Capital increase through third-party allotment | 4,570 | 1,873,317 | 590 | 204,568 | (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 ¥125,190 (issue value: ¥121,081), 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 ¥121,081.

(Note 4) 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 5) 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 6) 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 7) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥115,046.

(Note 8) 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 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 ¥107,086.

(Note 10) New investment units were issued through public offering with an issue price per unit of ¥133,477 (issue value: ¥129,164), for the purpose of procuring funds to acquire new properties.

(Note 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 ¥ 129,164.

3. Reference Information

(1) Status of Investment

i) Composition of assets

| Type of assets | Property type | Region (Note 1) | Previous fiscal period (As of January 31, 2020) | | | | Current fiscal period (As of July 31, 2020) | | | | | |
|--|-------------------------|---------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|-------|-----|
| | | | Total amount held (Millions of yen) (Note 2) | Percentage to total assets (%) | Holding assets denominated in foreign currency (Millions of yen) | | Total amount held (Millions of yen) (Note 2) | Percentage to total assets (%) | Holding assets denominated in foreign currency (Millions of yen) | | | |
| | | | | | Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 3) | Percentage to total assets (%) | | | Unrealized gain (loss) on valuation of foreign currency (Millions of yen) (Note 4) | Percentage to total assets (%) | | |
| Trust beneficiary rights in real estate | Retail properties, etc. | Hokkaido and Tohoku | 29,161 | 7.8 | – | – | 28,786 | 7.5 | – | – | – | |
| | | Kanto (Note 5) | 115,353 | 30.7 | – | – | 123,817 | 32.1 | – | – | – | |
| | | Tokai, Hokuriku and Chubu | 42,597 | 11.3 | – | – | 41,980 | 10.9 | – | – | – | |
| | | Kinki | 89,225 | 23.8 | – | – | 88,384 | 22.9 | – | – | – | |
| | | Chugoku and Shikoku | 29,651 | 7.9 | – | – | 29,399 | 7.6 | – | – | – | |
| | | Kyushu and Okinawa | 40,218 | 10.7 | – | – | 39,915 | 10.3 | – | – | – | |
| | | Malaysia | 630 | 0.2 | 630 | (115) | 0.2 | 622 | 0.2 | 622 | (152) | 0.2 |
| Total | | | 346,837 | 92.3 | 630 | (115) | 0.2 | 352,907 | 91.5 | 622 | (152) | 0.2 |
| Shares of subsidiaries and associates (Note 6) | | | 6,078 | 1.6 | 6,078 | 334 | 1.6 | 6,078 | 1.6 | 6,078 | (148) | 1.6 |
| Deposits and other assets | | | 22,678 | 6.0 | 14 | 0 | 0.0 | 26,792 | 6.9 | 14 | – | 0.0 |
| Total assets | | | 375,594 | 100.0 | 6,723 | 218 | 1.8 | 385,778 | 100.0 | 6,715 | (300) | 1.7 |

| | Previous fiscal period (As of January 31, 2020) | | Current fiscal period (As of July 31, 2020) | |
|-------------------|--|--------------------------------|--|--------------------------------|
| | Amount (Millions of yen) | Percentage to total assets (%) | Amount (Millions of yen) | Percentage to total assets (%) |
| Total liabilities | 164,793 | 43.9 | 174,781 | 45.3 |
| Total net assets | 210,801 | 56.1 | 210,996 | 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 January 31, 2020, 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 (January 31, 2020). The applied exchange rate on the closing date (January 31, 2020) is RM 1 = ¥26.70 (rounded down to the second decimal place). 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 July 31, 2020, represents the amount found by subtracting the book value at end of period that is evaluated and converted to Japanese yen based on the exchange rate at the time of the acquisition from the book value at end of period which has been converted to Japanese yen based on the exchange rate as of the end of the fiscal period (July 31, 2020). The applied exchange rate on the closing date (July 31, 2020) is RM 1 = ¥24.69 (rounded down to the second decimal place).

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

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

(2) Investment Assets

ii) Major investment securities

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

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

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

Investment ratio by asset type and business type

| Type | Area | Business type | As a percentage of total assets (%) |
|-----------------------------|----------|--|-------------------------------------|
| Shares of affiliate company | Malaysia | Overseas real estate holding corporation | 1.6 |
| Total | | | 1.6 |

iii) Investment properties

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

iv) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of July 31, 2020 (the end of the 15th fiscal period) is shown below.

| Property number | Property name | Acquisition price (Millions of yen) (Note 1) | Book value at end of period (Millions of yen) | Assessed value at end of period (Millions of yen) (Note 2) | Investment percentage (%) (Note 3) | Seller |
|-----------------|--|--|---|---|---|--|
| SRSC-1 | AEON LakeTown mori (Note 4) | 21,190 | 18,563 | 24,200 | 5.4 | AEON Retail Co., Ltd. |
| SRSC-2 | AEON LakeTown kaze (Note 4) | 6,730 | 5,770 | 8,050 | 1.7 | AEON Retail Co., Ltd. |
| RSC-1 | AEON MALL Morioka | 5,340 | 5,210 | 6,950 | 1.4 | AEON Mall Co., Ltd. |
| RSC-2 | AEON MALL Ishinomaki | 6,680 | 5,856 | 7,100 | 1.7 | AEON Retail Co., Ltd. |
| RSC-3 | AEON MALL Mitouchihara (Note 5) | 16,565 | 13,809 | 17,714 | 4.2 | AEON Mall Co., Ltd. Mito City, Ibaraki Pref. |
| RSC-4 | AEON MALL Ota | 6,860 | 5,774 | 8,210 | 1.8 | Tokyo Century Corporation |
| RSC-5 | AEON Sagamihara Shopping Center | 10,220 | 9,547 | 11,300 | 2.6 | AEON Retail Co., Ltd. |
| RSC-6 | AEON MALL Ogaki | 4,950 | 3,544 | 4,960 | 1.3 | AEON Retail Co., Ltd. |
| RSC-7 | AEON MALL Suzuka | 9,660 | 9,215 | 10,400 | 2.5 | AEON Mall Co., Ltd. |
| RSC-8 | AEON MALL Meiwa | 3,290 | 3,275 | 3,910 | 0.8 | AEON Retail Co., Ltd. |
| RSC-9 | AEON MALL Kasai-Hojo | 7,230 | 5,953 | 7,720 | 1.9 | AEON Retail Co., Ltd. |
| RSC-10 | AEON MALL Hiezu | 7,780 | 6,646 | 8,430 | 2.0 | AEON Retail Co., Ltd. |
| RSC-11 | AEON MALL Kurashiki | 17,890 | 16,287 | 19,800 | 4.6 | AEON Mall Co., Ltd. |
| RSC-12 | AEON MALL Ayagawa | 8,740 | 6,466 | 8,850 | 2.2 | AEON Retail Co., Ltd. |
| RSC-13 | AEON MALL Nogata | 11,246 | 9,312 | 12,800 | 2.9 | Tokyo Century Corporation AEON Mall Co., Ltd. |
| RSC-15 | AEON MALL KYOTO | 21,470 | 19,743 | 23,100 | 5.5 | AEON Mall Co., Ltd. |
| RSC-16 | AEON MALL Sapporo-Hiraoka | 5,900 | 5,204 | 6,460 | 1.5 | Forester Special Purpose Company |
| RSC-17 | AEON MALL Kushiro-Showa | 1,780 | 1,710 | 1,980 | 0.5 | Forester Special Purpose Company |
| RSC-18 | AEON MALL Rifu | 2,560 | 2,235 | 2,280 | 0.7 | Forester Special Purpose Company |
| RSC-19 | AEON MALL Yamagata-Minami | 1,350 | 1,269 | 1,520 | 0.3 | Forester Special Purpose Company |
| RSC-20 | AEON MALL Yokkaichi-Kita | 2,210 | 2,197 | 2,660 | 0.6 | Forester Special Purpose Company |
| RSC-21 | AEON MALL Yamatokoriyama | 14,500 | 13,122 | 14,800 | 3.7 | AEON Mall Co., Ltd. |
| RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) | 12,190 | 11,506 | 12,600 | 3.1 | Tokyo Century Corporation |
| RSC-23 | AEON MALL Kofu Showa (Note 6) | 15,489 | 14,973 | 17,600 | 4.0 | AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association |
| RSC-24 | AEON MALL Tomakomai | 7,840 | 7,300 | 8,350 | 2.0 | Meivius Gamma Special Purpose Company |
| RSC-25 | AEON MALL Oyama | 6,280 | 5,714 | 6,550 | 1.6 | AEON Retail Co., Ltd. |
| RSC-26 | AEON MALL Itamikoya | 16,860 | 15,806 | 17,600 | 4.3 | AEON Retail Co., Ltd. |
| RSC-27 | AEON MALL Kagoshima | 13,400 | 12,691 | 14,200 | 3.4 | AEON Retail Co., Ltd. |
| RSC-28 | AEON MALL Tsuchiura | 12,030 | 11,063 | 12,600 | 3.1 | AEON Retail Co., Ltd. |
| RSC-29 | AEON MALL Kahoku | 9,940 | 8,772 | 10,700 | 2.5 | AEON Retail Co., Ltd. |
| RSC-30 | AEON MALL Shimotsuma | 9,552 | 8,950 | 9,970 | 2.4 | Godo Kaisha Double O2 |
| RSC-31 | AEON MALL Kyoto Gojo | 13,333 | 13,112 | 13,900 | 3.4 | Godo Kaisha Double O3 |
| RSC-32 | AEON MALL Fukutsu | 18,040 | 17,910 | 18,300 | 4.6 | Undisclosed (Note 7) |
| RSC-33 | AEON MALL Tamadaira woods | 9,667 | 9,734 | 10,200 | 2.5 | Undisclosed (Note 7) |
| CSC-1 | AEON Chigasaki-Chuo Shopping Center | 6,410 | 6,250 | 6,610 | 1.6 | Sumitomo Mitsui Finance & Leasing Co., Ltd. |
| CSC-2 | AEON STYLE Kemigawahama | 3,748 | 3,475 | 3,920 | 1.0 | AEON Retail Co., Ltd. |
| CSC-3 | AEON Kireuriwari Shopping Center | 4,394 | 4,309 | 4,760 | 1.1 | Godo Kaisha Double O2 |
| L-1 | Daiei-Kawasaki Process Center | 14,280 | 13,657 | 15,400 | 3.7 | Tokyo Century Corporation |
| L-2 | AEON Minami-Osaka RDC | 9,870 | 9,513 | 10,600 | 2.5 | Tokyo Century Corporation |
| L-3 | Daiei Ibaraki Process Center | 6,810 | 6,822 | 7,450 | 1.7 | Tokyo Century Corporation |
| M-1 | AEON Taman Universiti Shopping Centre (Note 8) | 658 [RM 20 million] | 622 [RM 19 million] | 520 [RM 21 million] | 0.2 | AEON CO. (M) BHD. |
| M-2 | AEON MALL SEREMBAN 2 (Note 9) | 5,252 [RM 215 million] | - | 5,876 [RM 238 million] | 1.3 | Swiss Advanced Technology Institute(M) Sdn. Bhd. |
| Total | | 390,185 | 352,907 (Note 10) | 420,901 | 100.0 | |

- (Note 1) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).
- (Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of July 31, 2020, or survey price shown on a survey report of property. For the summary of appraisal, please refer to “Summary of real estate appraisal” described below.
- (Note 3) *Investment percentage* is calculated by dividing the acquisition price of each property by the total of the acquisition price, and is rounded to the first decimal place.
- (Note 4) AEON REIT holds 40% of each trust beneficiary right in real estate of “AEON LakeTown mori” and “AEON LakeTown kaze” as a quasi-co-ownership interest (*jun kyōyū-mochibun*). *Assessed value at end of period* describes the amount representing AEON REIT’s pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 5) This property includes, in addition to the trust beneficiary rights in real estate portion, a real estate portion (adjacent land portion that was additionally acquired on April 28, 2015; the acquisition price is ¥105 million, the book value at the end of the period is ¥108 million, and the assessed value at the end of the period is ¥114 million).
- (Note 6) For this property *Acquisition price*, *Book value at end of period*, *Assessed value at end of period* and *Investment percentage* represent the amounts and figures that include the “Extended Building” AEON REIT additionally acquired as of September 3, 2018.
- (Note 7) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent to disclosure from the seller.
- (Note 8) *Acquisition price* represents the total yen amount of the considerations actually paid by AEON REIT to AEON CO. (M) BHD. over several times, and is the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of the property (commission, taxes and dues, etc.). The weighted average exchange rate calculated from the exchange rates applied at each payment was ¥32.92 to RM 1, rounded down to the second decimal place.
- Book value at end of period* represents the amount obtained by subtracting the accumulated depreciation amount at the end of the fiscal period from the sum of the amount presented in the *Acquisition price*, expenses incurred on the acquisition of the property (related expenses) and capital expenditures. For related expenses paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses paid in RM, the amount obtained after converting it to Japanese yen using the exchange rate at the time of the transaction (the average spot exchange rate of the month preceding the month in which the transaction was carried out) has been added to the *Acquisition price*.
- AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre (rights to the trust for part of AEON Taman Universiti Shopping Centre located in Johor, Malaysia; the same shall apply hereinafter). *Assessed value at end of period* describes the amount for the appraisal value shown on the appraisal report of property as of the valuation date of July 31, 2020, or survey price shown on a survey report of property, equivalent to AEON REIT’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. The amount of *Assessed value at end of period* is converted to Japanese yen based on the exchange rate (RM 1 = ¥24.69; rounded down to the second decimal place) on the closing date (July 31, 2020).
- (Note 9) 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 = ¥24.69; rounded down to the second decimal place) on the closing date (July 31, 2020).
- (Note 10) The total amount excludes AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC.

(B) Overview of lease

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

| Property type | Property number | Property name | Location | Date of construction | Annual contracted rent (Millions of yen) | Leasehold and security deposits (Millions of yen) | Total leasable area (m ²) (Note 1) | Total leased area (m ²) | Occupancy rate (%) |
|-------------------------|---------------------|---|----------------------------------|----------------------|--|---|--|-------------------------------------|--------------------|
| Retail properties, etc. | SRSC-1 | AEON LakeTown mori (Note 2) | Koshigaya City, Saitama Pref. | September 9, 2008 | 680 | 685 | 205,711.70 | 205,711.70 | 100.0 |
| | SRSC-2 | AEON LakeTown kaze (Note 2) | Koshigaya City, Saitama Pref. | September 9, 2008 | 338 | 330 | 127,183.81 | 127,183.81 | 100.0 |
| | RSC-1 | AEON MALL Morioka | Morioka City, Iwate Pref. | July 23, 2003 | 369 | 338 | 98,968.59 | 98,968.59 | 100.0 |
| | RSC-2 | AEON MALL Ishinomaki | Ishinomaki City, Miyagi Pref. | March 2, 2007 | 351 | 354 | 60,682.20 | 60,682.20 | 100.0 |
| | RSC-3 | AEON MALL Mitouchihara | Mito City, Ibaraki Pref. | November 8, 2005 | 722 (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 | 418 | 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 | 464 | 446 | 125,253.74 | 125,253.74 | 100.0 |
| | RSC-8 | AEON MALL Meiwa | Taki County, Mie Pref. | August 6, 2001 | 218 | 214 | 44,193.80 | 44,193.80 | 100.0 |
| | RSC-9 | AEON MALL Kasai-Hojo | Kasai City, Hyogo Pref. | October 3, 2008 | 324 | 328 | 48,229.25 | 48,229.25 | 100.0 |
| | RSC-10 | AEON MALL Hiezu | Saihaku County, Tottori Pref. | March 8, 1999 | 433 | 426 | 102,045.24 | 102,045.24 | 100.0 |
| | RSC-11 | AEON MALL Kurashiki | Kurashiki City, Okayama Pref. | September 15, 1999 | 743 | 741 | 157,274.78 | 157,274.78 | 100.0 |
| | RSC-12 | AEON MALL Ayagawa | Ayauta County, Kagawa Pref. | July 18, 2008 | 454 | 460 | 113,149.07 | 113,149.07 | 100.0 |
| | RSC-13 | AEON MALL Nogata | Nogata City, Fukuoka Pref. | April 4, 2005 | 557 | 545 | 151,969.51 | 151,969.51 | 100.0 |
| | RSC-15 | AEON MALL KYOTO | Kyoto City, Kyoto Pref. | January 7, 2010 | 702 | 698 | 136,468.45 | 136,468.45 | 100.0 |
| | RSC-16 | AEON MALL Sapporo-Hiraoka | Sapporo City, Hokkaido | November 10, 2000 | 447 | - | 78,360.81 | 78,360.81 | 100.0 |
| | RSC-17 | AEON MALL Kushiro-Showa | Kushiro City, Hokkaido | September 13, 2000 | 229 | - | 51,763.05 | 51,763.05 | 100.0 |
| | RSC-18 | AEON MALL Rifu | Miyagi County, Miyagi Pref. | April 18, 2000 | 208 | - | 66,478.91 | 66,478.91 | 100.0 |
| | RSC-19 | AEON MALL Yamagata-Minami | Yamagata City, Yamagata Pref. | November 17, 2000 | 164 | - | 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 | 763 | 768 | 105,230.88 | 105,230.88 | 100.0 |
| | RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) | Inzai City, Chiba Pref. | April 17, 2006 | 402 | 403 | 107,425.97 | 107,425.97 | 100.0 |
| | RSC-23 | AEON MALL Kofu Showa (Note 4) | Nakakoma County, Yamanashi Pref. | March 11, 2011 | 680 | 643 | 99,772.38 | 99,772.38 | 100.0 |
| RSC-24 | AEON MALL Tomakomai | Tomakomai City, Hokkaido Pref. | April 8, 2005 | 342 | - | 71,308.33 | 71,308.33 | 100.0 | |

| Property type | Property number | Property name | Location | Date of construction | Annual contracted rent (Millions of yen) | Leasehold and security deposits (Millions of yen) | Total leasable area (m ²) (Note 1) | Total leased area (m ²) | Occupancy rate (%) |
|-------------------------|-----------------|--|---------------------------------|----------------------|--|---|--|-------------------------------------|--------------------|
| Retail properties, etc. | RSC-25 | AEON MALL Oyama | Oyama City, Tochigi Pref. | April 18, 1997 | 277 | 279 | 47,872.33 | 47,872.33 | 100.0 |
| | RSC-26 | AEON MALL Itamikoya | Itami City, Hyogo Pref. | February 2, 2011 | 848 | 851 | 122,944.71 | 122,944.71 | 100.0 |
| | RSC-27 | AEON MALL Kagoshima | Kagoshima City, Kagoshima Pref. | September 12, 2007 | 589 | – | 132,341.35 | 132,341.35 | 100.0 |
| | RSC-28 | AEON MALL Tsuchiura | Tsuchiura City, Ibaraki Pref. | May 19, 2009 | 533 | 536 | 86,848.51 | 86,848.51 | 100.0 |
| | RSC-29 | AEON MALL Kahoku | Kahoku City, Ishikawa Pref. | September 30, 2008 | 490 | 492 | 70,948.14 | 70,948.14 | 100.0 |
| | RSC-30 | AEON MALL Shimotsuma | Shimotsuma City, Ibaraki Pref. | November 17, 1997 | 386 | – | 58,402.66 | 58,402.66 | 100.0 |
| | RSC-31 | AEON MALL Kyoto Gojo | Kyoto City, Kyoto Pref. | January 21, 2004 | 437 | – | 87,311.56 | 87,311.56 | 100.0 |
| | RSC-32 | AEON MALL Fukutsu | Fukutsu City, Fukuoka | April 20, 2012 | 623 | 628 | 100,020.87 | 100,020.87 | 100.0 |
| | RSC-33 | AEON MALL Tamadaira woods | Hino City, Tokyo | November 17, 2014 | 570 | 284 | 66,575.54 | 66,575.54 | 100.0 |
| | CSC-1 | AEON Chigasaki-Chuo Shopping Center | Chigasaki City, Kanagawa Pref. | October 13, 2000 | 224 | 223 | 63,158.24 | 63,158.24 | 100.0 |
| | CSC-2 | AEON STYLE Kemigawahama | Chiba City, Chiba Pref. | November 20, 1991 | 176 | 177 | 29,947.62 | 29,947.62 | 100.0 |
| | CSC-3 | AEON Kireuriwari Shopping Center | Osaka City, Osaka Pref. | November 21, 2005 | 173 | – | 27,603.46 | 27,603.46 | 100.0 |
| | L-1 | Daiei-Kawasaki Process Center | Kawasaki City, Kanagawa Pref. | April 22, 1997 | 494 | 269 | 59,265.77 | 59,265.77 | 100.0 |
| | L-2 | AEON Minami-Osaka RDC | Sakai City, Osaka Pref. | April 25, 1995 | 289 | 144 | 50,197.06 | 50,197.06 | 100.0 |
| | L-3 | Daiei Ibaraki Process Center | Ibaraki City, Osaka Pref. | June 14, 1977 | 251 | 263 | 50,783.58 | 50,783.58 | 100.0 |
| | M-1 | AEON Taman Universiti Shopping Centre (Note 5) | Johor, Malaysia | 2002 | 20 [RM 791 thousand] | – | 22,870.00 | 22,870.00 | 100.0 |
| | M-2 | AEON MALL SEREMBAN 2 (Note 6) | Negeri Sembilan, Malaysia | 2005 | 195 [RM 7,760 thousand] | – | 81,135.00 | 81,135.00 | 100.0 |
| Total | | | | | 17,642 (Note 7) | 13,494 | 3,597,112.78 | 3,597,112.78 | 100.0 |

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

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

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

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

(Note 5) Date of construction represents the completion year noted in the Building Status Report prepared by Takenaka Corporation. AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre. Annual contracted rent describes the figure equivalent to AEON REIT’s pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. Annual contracted rent represents the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out). Total leasable area and Total leased area represent the building floor area as indicated in the Building Status Report prepared by Takenaka Corporation or the building floor area as indicated in the real estate appraisal report prepared by the Japan Real Estate Institute.

(Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥25.20; 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 based on DCF method; discount rate, terminal capitalization rate and NOI) for the already acquired properties (including real estate AEON REIT owns through the Overseas SPC) as of the end of the 15th fiscal period (July 31, 2020) 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. | 24,200 | 24,600 | 4.7 | 24,000 | 4.7 4.8 (Note 4) | 4.9 | 1,179 |
| SRSC-2 | AEON LakeTown kaze (Note 3) | The Tanizawa Sōgō Appraisal Co., Ltd. | 8,050 | 8,280 | 5.1 | 7,950 | 5.0 5.1 (Note 4) | 5.4 | 438 |
| RSC-1 | AEON MALL Morioka | Japan Real Estate Institute | 6,950 | 7,000 | 6.5 | 6,900 | 6.1 | 6.7 | 525 |
| RSC-2 | AEON MALL Ishinomaki | Japan Real Estate Institute | 7,100 | 7,200 | 6.1 | 6,990 | 5.8 | 6.4 | 467 |
| RSC-3 | AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5) | Japan Real Estate Institute | 17,600 | 17,700 | 5.9 | 17,400 | 5.5 | 6.1 | 1,105 |
| | AEON MALL Mitouchihara (Land) (Note 5) | Japan Real Estate Institute | 114 | — | — | 114 | 5.2 | — | — |
| RSC-4 | AEON MALL Ota | Japan Real Estate Institute | 8,210 | 8,260 | 6.3 | 8,150 | 5.8 | 6.5 | 589 |
| RSC-5 | AEON Sagamihara Shopping Center | Japan Real Estate Institute | 11,300 | 11,400 | 5.1 | 11,100 | 4.8 | 5.3 | 668 |
| RSC-6 | AEON MALL Ogaki | Japan Real Estate Institute | 4,960 | 4,970 | 7.0 | 4,950 | 6.2 | 7.5 | 378 |
| RSC-7 | AEON MALL Suzuka | Japan Real Estate Institute | 10,400 | 10,500 | 6.1 | 10,200 | 5.7 | 6.5 | 775 |
| RSC-8 | AEON MALL Meiwa | The Tanizawa Sōgō Appraisal Co., Ltd. | 3,910 | 4,020 | 6.4 | 3,860 | 6.3 6.4 (Note 4) | 6.7 | 293 |
| RSC-9 | AEON MALL Kasai-Hojo | Japan Real Estate Institute | 7,720 | 7,750 | 6.7 | 7,680 | 6.4 | 6.9 | 535 |
| RSC-10 | AEON MALL Hiezu | Japan Real Estate Institute | 8,430 | 8,490 | 6.7 | 8,360 | 6.3 | 7.0 | 606 |
| RSC-11 | AEON MALL Kurashiki | Japan Real Estate Institute | 19,800 | 19,900 | 6.0 | 19,600 | 5.7 | 6.2 | 1,268 |
| RSC-12 | AEON MALL Ayagawa | Japan Real Estate Institute | 8,850 | 8,930 | 6.4 | 8,760 | 6.0 | 6.7 | 610 |
| RSC-13 | AEON MALL Nogata | Japan Real Estate Institute | 12,800 | 12,900 | 6.3 | 12,700 | 5.9 | 6.5 | 890 |
| RSC-15 | AEON MALL KYOTO | Japan Real Estate Institute | 23,100 | 23,300 | 4.7 | 22,800 | 4.4 | 4.9 | 1,098 |
| RSC-16 | AEON MALL Sapporo-Hiraoka | The Tanizawa Sōgō Appraisal Co., Ltd. | 6,460 | 6,660 | 6.1 | 6,370 | 6.1 6.2 (Note 4) | 6.4 | 438 |
| RSC-17 | AEON MALL Kushiro-Showa | The Tanizawa Sōgō Appraisal Co., Ltd. | 1,980 | 2,060 | 6.7 | 1,940 | 6.7 6.8 (Note 4) | 7.0 | 174 |
| RSC-18 | AEON MALL Rifu | The Tanizawa Sōgō Appraisal Co., Ltd. | 2,280 | 2,360 | 6.3 | 2,250 | 6.3 6.4 (Note 4) | 6.6 | 219 |

| 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 (%) | |
| RSC-19 | AEON MALL Yamagata-Minami | The Tanizawa Sōgō Appraisal Co., Ltd. | 1,520 | 1,570 | 6.5 | 1,500 | 6.5 6.6 (Note 4) | 6.8 | 130 |
| RSC-20 | AEON MALL Yokkaichi-Kita | The Tanizawa Sōgō Appraisal Co., Ltd. | 2,660 | 2,770 | 6.1 | 2,610 | 6.1 6.2 (Note 4) | 6.4 | 209 |
| RSC-21 | AEON MALL Yamatokoriyama | Japan Real Estate Institute | 14,800 | 15,000 | 5.6 | 14,600 | 5.1 | 5.8 | 879 |
| RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) | Japan Real Estate Institute | 12,600 | 12,700 | 4.8 | 12,500 | 4.5 | 5.0 | 626 |
| RSC-23 | AEON MALL Kofu Showa (Note 6) | Japan Real Estate Institute | 17,600 | 17,700 | 5.6 | 17,500 | 5.1 | 5.8 | 1,014 |
| RSC-24 | AEON MALL Tomakomai | The Tanizawa Sōgō Appraisal Co., Ltd. | 8,350 | 8,480 | 5.8 | 8,290 | 5.8 5.9 (Note 4) | 6.0 | 535 |
| RSC-25 | AEON MALL Oyama | Japan Real Estate Institute | 6,550 | 6,580 | 6.6 | 6,510 | 6.3 | 6.8 | 457 |
| RSC-26 | AEON MALL Itamikoya | Japan Real Estate Institute | 17,600 | 17,900 | 5.6 | 17,300 | 5.1 | 5.8 | 1,025 |
| RSC-27 | AEON MALL Kagoshima | The Tanizawa Sōgō Appraisal Co., Ltd. | 14,200 | 14,500 | 5.9 | 14,100 | 5.9 6.0 (Note 4) | 6.2 | 896 |
| RSC-28 | AEON MALL Tsuchiura | Japan Real Estate Institute | 12,600 | 12,600 | 6.2 | 12,500 | 5.7 | 6.4 | 801 |
| RSC-29 | AEON MALL Kahoku | Japan Real Estate Institute | 10,700 | 10,700 | 6.8 | 10,700 | 6.3 | 7.0 | 759 |
| RSC-30 | AEON MALL Shimotsuma | Japan Real Estate Institute | 9,970 | 10,000 | 6.3 | 9,930 | 5.9 | 6.5 | 630 |
| RSC-31 | AEON MALL Kyoto Gojo | The Tanizawa Sōgō Appraisal Co., Ltd. | 13,900 | 14,100 | 4.8 | 13,800 | 4.8 4.9 (Note 4) | 5.0 | 722 |
| RSC-32 | AEON MALL Fukutsu | The Tanizawa Sōgō Appraisal Co., Ltd. | 18,300 | 18,600 | 5.4 | 18,100 | 5.4 5.5 (Note 4) | 5.6 | 1,021 |
| RSC-33 | AEON MALL Tamadaira woods | The Tanizawa Sōgō Appraisal Co., Ltd. | 10,200 | 10,700 | 4.9 | 9,940 | 4.9 5.0 (Note 4) | 5.2 | 538 |
| CSC-1 | AEON Chigasaki-Chuo Shopping Center | Japan Real Estate Institute | 6,610 | 6,640 | 5.0 | 6,570 | 4.7 | 5.2 | 346 |
| CSC-2 | AEON STYLE Kemigawahama | Japan Real Estate Institute | 3,920 | 3,950 | 6.1 | 3,880 | 5.6 | 6.3 | 270 |
| CSC-3 | AEON Kireuriwari Shopping Center | The Tanizawa Sōgō Appraisal Co., Ltd. | 4,760 | 4,910 | 5.1 | 4,700 | 5.1 5.2 (Note 4) | 5.4 | 250 |
| L-1 | Daiei-Kawasaki Process Center | Japan Real Estate Institute | 15,400 | 15,600 | 4.8 | 15,200 | 4.2 | 5.2 | 767 |
| L-2 | AEON Minami-Osaka RDC | Japan Real Estate Institute | 10,600 | 10,700 | 4.8 | 10,400 | 4.5 | 5.1 | 519 |
| L-3 | Daiei Ibaraki Process Center | Japan Real Estate Institute | 7,450 | 7,480 | 4.9 | 7,410 | 4.6 | 5.1 | 409 |
| M-1 | AEON Taman Universiti Shopping Centre (Note 7) | Japan Real Estate Institute | 520 [RM 21 million] | – | – | 520 [RM 21 million] | 6.5 | 7.3 | 37 [RM 1 million] |
| M-2 | AEON MALL SEREMBAN 2 (Note 7) (Note 8) | Japan Real Estate Institute | 5,876 [RM 238 million] | – | – | 5,876 [RM 238 million] | 6.0 | 6.5 | 355 [RM 14 million] |
| Total | | | 420,901 | – | – | 416,511 | – | – | – |

- (Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of July 31, 2020, or the survey value indicated in the real estate survey report.
- (Note 2) *NOI* (Net Operating Income) is defined as operating revenue less operating expenses contained in the relevant appraisal report, which is before depreciation. This is different from NCF (Net Cash Flow) calculated by subtracting the gain on investment of leasehold deposit, etc., and capital expenditures from NOI. NOI shown above is assumed with the direct capitalization method. Amounts of NOI are rounded down to the nearest million yen.
- (Note 3) For AEON LakeTown mori and AEON LakeTown kaze, their appraisal values, price based on direct capitalization method, price based on DCF method, and NOI describe AEON REIT's pro-rata portion of the quasi-co-ownership interest (*jun kyōyū-mochibun*) in the trust beneficiary rights in real estate (40% for each property).
- (Note 4) Discount rates for AEON LakeTown mori are 4.7% during the initial three years and 4.8% from the fourth year.
Discount rates for AEON LakeTown kaze are 5.0% during the initial three years and 5.1% from the fourth year.
Discount rates for AEON MALL Meiwa are 6.3% during the initial year and 6.4% from the second year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.1% during the initial year and 6.2% from the second year.
Discount rates for AEON MALL Kushiro-Showa are 6.7% during the initial two years and 6.8% from the third year.
Discount rates for AEON MALL Rifu are 6.3% during the initial year and 6.4% from the second year.
Discount rates for AEON MALL Yamagata-Minami are 6.5% during the initial year and 6.6% from the second year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.1% during the initial two years and 6.2% from the third year.
Discount rates for AEON MALL Tomakomai are 5.8% during the initial four years and 5.9% from the fifth year.
Discount rates for AEON MALL Kagoshima are 5.9% during the initial three years and 6.0% from the fourth year.
Discount rates for AEON MALL Kyoto Gojo are 4.8% during the initial six years and 4.9% from the seventh year.
Discount rates for AEON MALL Fukutsu are 5.4% during the initial six years and 5.5% from the seventh year.
Discount rates for AEON MALL Tamadaira woods are 4.9% during the initial four years and 5.0% from the fifth year.
Discount rates for AEON Kireuriwari Shopping Center are 5.1% during the initial seven years and 5.2% from the eighth 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 July 31, 2020, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and NOI in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of July 31, 2020. The amounts indicated in yen in *Appraisal value* and the prices and NOI in *Income approach value* have been converted to the yen using the exchange rate of July 31, 2020 (RM 1 = ¥24.69 (rounded down to the second decimal place)).
- (Note 8) The property is owned by AEON REIT through the Overseas SPC.

(D) Statements of income of individual properties

15th fiscal period (from February 1, 2020, to July 31, 2020)

(Unit: Thousands of yen)

| Property number | SRSC-1 | SRSC-2 | RSC-1 | RSC-2 | RSC-3 | RSC-4 |
|--|--------------------|--------------------|-------------------|----------------------|------------------------|---------------|
| Property name | AEON LakeTown mori | AEON LakeTown kaze | AEON MALL Morioka | AEON MALL Ishinomaki | AEON MALL Mitouchihara | AEON MALL Ota |
| Number of operating days | 182 | 182 | 182 | 182 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 680,305 | 338,226 | 369,206 | 351,642 | 722,970 | 481,782 |
| Rent revenue—real estate | 680,305 | 338,226 | 369,206 | 351,642 | 722,970 | 481,782 |
| (B) Expenses related to real estate leasing business | 117,480 | 119,746 | 128,705 | 118,347 | 179,479 | 196,754 |
| Property and facility management fees (Note 1) | 1,826 | 1,284 | 1,820 | 1,790 | 1,400 | 1,400 |
| Taxes and dues | 80,387 | 32,346 | 43,104 | 46,260 | 73,867 | 38,166 |
| Insurance expenses | 5,615 | 4,097 | 4,693 | 3,124 | 8,161 | 4,290 |
| Repairs and maintenance expenses | 29,523 | 1,848 | 29,316 | 12,320 | 20,908 | 20,267 |
| Land rent paid | 16 | 78,959 | 49,748 | 54,704 | 75,121 | 132,591 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | 111 | 1,210 | 22 | 147 | 21 | 39 |
| (C) NOI (A – B) | 562,825 | 218,479 | 240,500 | 233,295 | 543,491 | 285,027 |
| (D) Depreciation | 207,300 | 95,181 | 83,800 | 81,960 | 246,528 | 121,212 |
| (E) Income from leasing business (C – D) | 355,524 | 123,297 | 156,699 | 151,334 | 296,963 | 163,815 |
| (F) Capital expenditures | — | — | 8,627 | — | 4,595 | 103,624 |
| (G) NCF (C – F) | 562,825 | 218,479 | 231,872 | 233,295 | 538,896 | 181,403 |

(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 | 182 | 182 | 182 | 182 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 418,676 | 325,203 | 464,179 | 218,766 | 324,887 | 433,306 |
| Rent revenue—real estate | 418,676 | 325,203 | 464,179 | 218,766 | 324,887 | 433,306 |
| (B) Expenses related to real estate leasing business | 90,549 | 160,907 | 98,060 | 75,727 | 60,893 | 138,625 |
| Property and facility management fees (Note 1) | 1,400 | 1,760 | 1,850 | 1,850 | 1,850 | 1,850 |
| Taxes and dues | 74,534 | 32,390 | 53,781 | 21,598 | 40,301 | 41,764 |
| Insurance expenses | 5,972 | 3,001 | 6,225 | 1,694 | 2,098 | 5,184 |
| Repairs and maintenance expenses | 8,621 | 29,543 | 31,416 | 12,873 | 6,765 | 17,664 |
| Land rent paid | — | 94,212 | — | 37,567 | 9,677 | 72,092 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | 21 | — | 4,787 | 142 | 201 | 70 |
| (C) NOI (A – B) | 328,126 | 164,295 | 366,118 | 143,038 | 263,994 | 294,681 |
| (D) Depreciation | 88,551 | 100,537 | 122,758 | 41,797 | 95,392 | 148,297 |
| (E) Income from leasing business (C – D) | 239,575 | 63,758 | 243,359 | 101,241 | 168,601 | 146,383 |
| (F) Capital expenditures | — | — | 54,015 | 6,216 | — | 11,774 |
| (G) NCF (C – F) | 328,126 | 164,295 | 312,102 | 136,821 | 263,994 | 282,907 |

(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 | 182 | 182 | 182 | 182 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 743,187 | 454,792 | 557,929 | 702,856 | 447,391 | 229,735 |
| Rent revenue—real estate | 743,187 | 454,792 | 557,929 | 702,856 | 447,391 | 229,735 |
| (B) Expenses related to real estate leasing business | 179,323 | 162,479 | 126,706 | 162,421 | 221,488 | 142,492 |
| Property and facility management fees (Note 1) | 1,850 | 1,850 | 1,850 | 1,562 | 2,180 | 2,180 |
| Taxes and dues | 94,533 | 52,037 | 57,068 | 131,023 | 44,246 | 30,339 |
| Insurance expenses | 8,669 | 5,115 | 9,876 | 7,427 | 4,113 | 2,644 |
| Repairs and maintenance expenses | 74,184 | 18,512 | 14,510 | 22,392 | 5,472 | 11,464 |
| Land rent paid | — | 84,915 | 43,384 | — | 165,475 | 95,864 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | 85 | 47 | 15 | 16 | — | — |
| (C) NOI (A – B) | 563,864 | 292,313 | 431,223 | 540,435 | 225,903 | 87,242 |
| (D) Depreciation | 200,413 | 184,777 | 211,516 | 185,567 | 74,642 | 27,597 |
| (E) Income from leasing business (C – D) | 363,450 | 107,536 | 219,707 | 354,868 | 151,261 | 59,645 |
| (F) Capital expenditures | 269,712 | — | 4,684 | — | — | 5,979 |
| (G) NCF (C – F) | 294,151 | 292,313 | 426,539 | 540,435 | 225,903 | 81,263 |

(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 | 182 | 182 | 182 | 182 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 208,370 | 164,936 | 233,013 | 763,807 | 402,190 | 680,530 |
| Rent revenue—real estate | 208,370 | 164,936 | 233,013 | 763,807 | 402,190 | 680,530 |
| (B) Expenses related to real estate leasing business | 99,975 | 98,935 | 130,117 | 324,235 | 93,959 | 171,732 |
| Property and facility management fees (Note 1) | 1,760 | 1,820 | 1,760 | 1,760 | 1,670 | 1,820 |
| Taxes and dues | 21,060 | 18,719 | 21,484 | 59,694 | 71,176 | 63,245 |
| Insurance expenses | 3,221 | 2,640 | 2,002 | 5,977 | 4,750 | 6,987 |
| Repairs and maintenance expenses | 7,996 | 11,214 | 13,401 | 4,395 | 16,095 | 6,685 |
| Land rent paid | 65,915 | 64,541 | 91,469 | 252,386 | 238 | 92,995 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | 21 | — | — | 21 | 27 | — |
| (C) NOI (A – B) | 108,394 | 66,001 | 102,895 | 439,571 | 308,231 | 508,797 |
| (D) Depreciation | 37,800 | 22,151 | 32,762 | 176,101 | 103,127 | 262,802 |
| (E) Income from leasing business (C – D) | 70,593 | 43,849 | 70,133 | 263,470 | 205,103 | 245,995 |
| (F) Capital expenditures | 242 | 850 | 29,585 | 5,069 | 21,169 | 18,992 |
| (G) NCF (C – F) | 108,152 | 65,151 | 73,310 | 434,502 | 287,061 | 489,805 |

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

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

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

(Unit: Thousands of yen)

| Property number | RSC-24 | RSC-25 | RSC-26 | RSC-27 | RSC-28 | RSC-29 |
|--|---------------------|-----------------|---------------------|---------------------|---------------------|------------------|
| Property name | AEON MALL Tomakomai | AEON MALL Oyama | AEON MALL Itamikoya | AEON MALL Kagoshima | AEON MALL Tsuchiura | AEON MALL Kahoku |
| Number of operating days | 182 | 182 | 182 | 182 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 342,909 | 277,508 | 848,112 | 589,519 | 533,878 | 490,139 |
| Rent revenue—real estate | 342,909 | 277,508 | 848,112 | 589,519 | 533,878 | 490,139 |
| (B) Expenses related to real estate leasing business | 87,206 | 47,306 | 331,462 | 223,576 | 140,257 | 110,400 |
| Property and facility management fees (Note 1) | 1,850 | 1,400 | 1,376 | 1,688 | 1,334 | 1,580 |
| Taxes and dues | 60,308 | 32,387 | 94,304 | 94,168 | 54,215 | 40,997 |
| Insurance expenses | 3,615 | 2,646 | 7,351 | 6,377 | 4,699 | 4,088 |
| Repairs and maintenance expenses | 21,432 | 10,865 | 5,202 | 88,401 | 15,419 | 5,285 |
| Land rent paid | — | — | 223,227 | 32,792 | 64,567 | 58,428 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | — | 7 | — | 148 | 21 | 20 |
| (C) NOI (A – B) | 255,702 | 230,201 | 516,649 | 365,943 | 393,620 | 379,739 |
| (D) Depreciation | 122,684 | 86,720 | 192,620 | 176,141 | 153,724 | 166,602 |
| (E) Income from leasing business (C – D) | 133,018 | 143,481 | 324,029 | 189,802 | 239,896 | 213,136 |
| (F) Capital expenditures | 60,348 | 8,810 | 8,450 | 232,476 | 926 | 1,545 |
| (G) NCF (C – F) | 195,354 | 221,390 | 508,198 | 133,467 | 392,694 | 378,194 |

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

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

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

(Unit: Thousands of yen)

| Property number | RSC-30 | RSC-31 | RSC-32 | RSC-33 | CSC-1 | CSC-2 |
|--|----------------------|----------------------|-------------------|---------------------------|-------------------------------------|-------------------------|
| Property name | AEON MALL Shimotsuma | AEON MALL Kyoto Gojo | AEON MALL Fukutsu | AEON MALL Tamadaira woods | AEON Chigasaki-Chuo Shopping Center | AEON STYLE Kemigawahama |
| Number of operating days | 182 | 182 | 182 | 180 | 182 | 182 |
| (A) Revenues related to real estate leasing business | 386,144 | 437,850 | 623,377 | 570,883 | 224,126 | 176,246 |
| Rent revenue—real estate | 386,144 | 437,850 | 623,377 | 570,883 | 224,126 | 176,246 |
| (B) Expenses related to real estate leasing business | 73,432 | 77,985 | 111,482 | 247,357 | 50,404 | 42,621 |
| Property and facility management fees (Note 1) | 1,610 | 1,412 | 1,580 | 1,321 | 1,400 | 1,298 |
| Taxes and dues | 28,070 | 65,306 | 77,912 | — | 34,606 | 17,383 |
| Insurance expenses | 3,348 | 4,096 | 6,000 | 4,101 | 2,594 | 1,658 |
| Repairs and maintenance expenses | — | 7,171 | 7,928 | 449 | 11,783 | 7,207 |
| Land rent paid | 40,378 | — | 18,042 | 241,477 | — | 15,056 |
| Utilities | — | — | — | — | — | — |
| Other expenses related to rent business | 25 | — | 20 | 6 | 20 | 18 |
| (C) NOI (A – B) | 312,711 | 359,864 | 511,894 | 323,526 | 173,721 | 133,625 |
| (D) Depreciation | 116,557 | 88,923 | 153,140 | 94,613 | 45,448 | 53,677 |
| (E) Income from leasing business (C – D) | 196,153 | 270,941 | 358,753 | 228,913 | 128,272 | 79,947 |
| (F) Capital expenditures | — | 6,547 | — | — | — | — |
| (G) NCF (C – F) | 312,711 | 353,317 | 511,894 | 323,526 | 173,721 | 133,625 |

(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 | CSC-3 | L-1 | L-2 | L-3 | M-1 | |
|--|----------------------------------|-------------------------------|-----------------------|------------------------------|--|------------|
| Property name | AEON Kireuriwari Shopping Center | Daiei-Kawasaki Process Center | AEON Minami-Osaka RDC | Daiei Ibaraki Process Center | AEON Taman Universiti Shopping Centre (Note 3) | Total |
| Number of operating days | 182 | 182 | 182 | 182 | 182 | - |
| (A) Revenues related to real estate leasing business | 173,301 | 494,460 | 289,620 | 251,197 | 20,189 | 17,447,363 |
| Rent revenue—real estate | 173,301 | 494,460 | 289,620 | 251,197 | 20,189 | 17,447,363 |
| (B) Expenses related to real estate leasing business | 49,610 | 108,411 | 31,409 | 53,739 | 1,314 | 5,187,127 |
| Property and facility management fees (Note 1) | 1,406 | 1,580 | 1,370 | 1,700 | 399 | 66,446 |
| Taxes and dues | 21,556 | 48,782 | 26,054 | 40,608 | 841 | 1,980,637 |
| Insurance expenses | 2,005 | 5,675 | 3,135 | 3,771 | 73 | 182,826 |
| Repairs and maintenance expenses | — | 305 | 830 | 7,615 | — | 617,292 |
| Land rent paid | 24,625 | 6 | — | — | — | 2,280,479 |
| Utilities | — | 51,793 | — | 4 | — | 51,798 |
| Other expenses related to rent business | 17 | 268 | 19 | 39 | 0 | 7,645 |
| (C) NOI (A – B) | 123,690 | 386,049 | 258,210 | 197,458 | 18,874 | 12,260,235 |
| (D) Depreciation | 41,640 | 95,418 | 67,487 | 20,331 | 7,168 | 4,635,481 |
| (E) Income from leasing business (C – D) | 82,049 | 290,631 | 190,722 | 177,126 | 11,706 | 7,624,754 |
| (F) Capital expenditures | — | 4,590 | — | 7,076 | — | 875,912 |
| (G) NCF (C – F) | 123,690 | 381,458 | 258,210 | 190,381 | 18,874 | 11,384,322 |

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

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

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

(2) Capital expenditures for properties held

(A) Schedule of capital expenditures

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

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

| Property name (Location) | Purpose | Scheduled period | Estimated cost of construction works (Millions of yen) | | |
|---|---|---|---|---------------------------|------------------------------|
| | | | Total amount | Payment for the period | Total amount already paid |
| AEON LakeTown mori (Koshigaya City, Saitama Pref.) | Work on Exterior | From December 2020 to May 2021 | 65 | — | — |
| AEON LakeTown kaze (Koshigaya City, Saitama Pref.) | Renewal of air-conditioning units | From September 2020 to October 2020 | 57 | — | — |
| | Repair work for waterproofing | From November 2020 to April 2021 | 53 | — | — |
| AEON MALL Ota (Ota City, Gunma Pref.) | Renewal of air-conditioning units | From August 2020 to November 2020 | 190 | — | — |
| | Renewal of air-conditioning units | From February 2021 to May 2021 | 123 | — | — |
| AEON MALL Suzuka (Suzuka City, Mie Pref.) | Replacement of insulated switchgear No. 2 for extra high-tension gas | From March 2020 to October 2020 | 78 | — | — |
| AEON MALL Hiezu (Saihaku County, Tottori Pref.) | Renewal of sanitary facilities in the east building | From October 2020 to November 2020 | 30 | — | — |
| | Renewal of sanitary facilities in the east building | From February 2020 to March 2021 | 32 | — | — |
| AEON MALL Kurashiki (Kurashiki City, Okayama Pref.) | Renewal of air-conditioning units | From August 2020 to May 2021 | 275 | — | — |
| AEON MALL Nogata (Nogata City, Fukuoka Pref.) | Work on anti-smoke hanging incombustible sheets | From September 2020 to December 2020 | 98 | — | — |
| AEON MALL Sapporo-Hiraoka (Sapporo City, Hokkaido Pref.) | Work on anti-smoke hanging incombustible sheets | From September 2020 to December 2020 | 45 | — | — |
| AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.) | Work on rooftop waterproofing | From March 2020 to September 2020 | 112 | — | — |
| AEON MALL Rifu (Miyagi County, Miyagi Pref.) | Renewal of central monitoring boards | From November 2020 to January 2021 | 25 | — | — |
| | Painting of exterior wall | From October 2020 to July 2021 | 337 | — | — |
| | Renewal of sanitary facilities | From February 2021 to July 2021 | 64 | — | — |
| AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.) | Renewal of air-conditioning units | From October 2020 to November 2020 | 36 | — | — |
| | Renewal of air-conditioning units | From April 2021 to May 2021 | 36 | — | — |
| AEON MALL Oyama (Oyama City, Tochigi Pref.) | Renewal of emergency power generators | From September 2020 to December 2020 | 33 | — | — |
| AEON MALL Shimotsuma (Shimotsuma City, Ibaraki Pref.) | Work on anti-smoke hanging incombustible sheets | From October 2020 to January 2021 | 44 | — | — |

(B) Capital expenditures during the period

For properties held by AEON REIT as of July 31, 2020, the major construction works that fall under 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 ¥875 million. Combined with ¥617 million in repairs and maintenance that was classified as expenses as well as ¥50 million in loss on disaster by Typhoon Faxai and Typhoon Hagibis in 2019, AEON REIT conducted construction works totaling ¥1,543 million in the current fiscal period.

| Property name (Location) | Purpose | Period | Cost of construction works (Millions of yen) |
|--|---|-------------------------------------|---|
| AEON MALL Ota (Ota City, Gunma Pref.) | Renewal of air-conditioning units | From March 2020 to April 2020 | 103 |
| AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.) | Renewal of air-conditioning units | From March 2020 to May 2020 | 29 |
| AEON MALL Kurashiki (Kurashiki City, Okayama Pref.) | Renewal of air-conditioning units | From July 2019 to May 2020 | 227 |
| | Work on anti-smoke hanging incombustible barrier | From April 2020 to June 2020 | 40 |
| AEON MALL Kagoshima (Kagoshima City, Kagoshima Pref.) | Repair of exterior walls | From September 2019 to June 2020 | 232 |