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September 14, 2021

Financial Report for the Fiscal Period Ended July 31, 2021 (February 1, 2021 – July 31, 2021)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Nobuaki Seki, Representative Director and President
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Scheduled date to file securities report: October 26, 2021
 Scheduled date to commence distribution payments: October 20, 2021

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, 2021 (February 1, 2021 – July 31, 2021)

(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, 2021	17,696	(0.0)	6,749	(0.8)	5,988	0.4	5,869	(1.6)
January 31, 2021	17,701	0.7	6,802	0.3	5,965	0.2	5,965	0.2

Fiscal period ended	Net income per unit	Return on equity (ROE)	Ordinary income to total assets	Ordinary income to operating revenue
	Yen	%	%	%
July 31, 2021	3,133	2.8	1.6	33.8
January 31, 2021	3,184	2.8	1.5	33.7

(2) Distributions

Fiscal period ended	Distribution per unit (excluding distributions in excess of retained earnings)	Total cash distributions (excluding distributions in excess of retained earnings)	Distribution in excess of retained earnings per unit	Total cash distributions in excess of retained earnings	Payout ratio	Cash distributions to net assets
	Yen	Millions of yen	Yen	Millions of yen	%	%
July 31, 2021	3,200	5,994	–	–	102.1	2.8
January 31, 2021	3,184	5,964	–	–	100.0	2.8

(Note) Distribution per unit for the fiscal period ended July 31, 2021 is calculated by dividing the amount, which is obtained by adding the amount of provision of distribution reserve of ¥124 million from unappropriated retained earnings of ¥5,870 million, by the total number of investment units issued and outstanding.

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
July 31, 2021	385,982	210,913	54.6	112,588
January 31, 2021	386,530	211,008	54.6	112,638

(Reference) Equity As of July 31, 2021: ¥210,913 million As of January 31, 2021: ¥211,008 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, 2021	10,691	(2,473)	(5,962)	26,668
January 31, 2021	11,049	(6,087)	(6,074)	24,412

2. Forecasts of performance for the fiscal periods ending January 31, 2022 (August 1, 2021 – January 31, 2022) and July 31, 2022 (February 1, 2022 – July 31, 2022)

(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, 2022	19,890	12.4	7,665	13.6	6,715	12.1	6,635	13.0	3,315	–
July 31, 2022	19,918	0.1	7,561	(1.4)	6,621	(1.4)	6,621	(0.2)	3,270	–

(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, 2022: ¥3,245

For the fiscal period ending July 31, 2022: ¥3,238

(Note) Distribution per unit for the fiscal periods ending January 2022 and July 2022 is calculated on the assumption that part of the provision of distribution reserve (¥149 million and ¥69 million, respectively) will be reversed and distributed.

*Other

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

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

(2) Total number of investment units issued and outstanding

- a. Total number of investment units issued and outstanding at end of period (including treasury investment units)

As of July 31, 2021	1,873,317 units
As of January 31, 2021	1,873,317 units
- b. Number of treasury investment units at end of period

As of July 31, 2021	0 units
As of January 31, 2021	0 units

(Note) Please refer to “Per Unit Information” on page 31 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 2022 (August 1, 2021 – January 31, 2022) and July 2022 (February 1, 2022 – July 31, 2022)” on pages 8 and 9 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 (17th fiscal period), AEON REIT additionally acquired part of the land of AEON MALL Nogata (acquisition price: ¥1,300 million) in February 2021 by utilizing cash on hand, and disposed part of the site of AEON MALL Yamatokoriyama in March 2021 (sale price: ¥53 million).

The real estate held by AEON REIT as of July 31, 2021, totaled 43 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 ¥396,788 million. Total leasable area is 3,658,461.85 m² and the occupancy rate of the entire portfolio is 100.0% as of the same date.

(B) Operating environment and performance

(a) Operating environment

In the fiscal period under review, the Japanese economy saw the real GDP growth rate (first preliminary estimates) for April through June 2021 rise only slightly, by 0.3% quarter on quarter, under the continued impact of the novel coronavirus infection (COVID-19). Although private-sector demand including capital investments and housing investments drove the real GDP growth, exports increased because of soaring crude oil prices and negatively contributed to the growth.

The real estate investment market remained on a strong note against the backdrop of continued monetary easing. In light of the situation in which the impact of COVID-19 has caused changes in expected yields by asset type and by area, it should become ever more important going forward to discern the profitability of individual properties and timeliness of transactions.

In the J-REIT market, overseas investors continued to be net buyers due to such factors as expanded vaccination, expectations for economic resumption and receding concerns about the U.S. moving up tapering of quantitative easing. At the end of the 17th fiscal period, the Tokyo Stock Exchange (TSE) REIT Index recovered to the highest level in approximately a year and a half, standing at 2,160.33 points (based on closing price).

(b) Performance

Under the conditions with continued impact of COVID-19, AEON REIT and the Asset Manager steadily promoted external growth by conducting asset acquisition through the use of cash on hand, as they did in the previous fiscal period. AEON REIT additionally acquired part of the land of AEON MALL Nogata (acquisition price: ¥1,300 million) in February 2021, while disposed part of the site of AEON MALL Yamatokoriyama (sale price: ¥53 million) in March 2021. With these transactions, AEON REIT expanded its portfolio size from ¥395.5 billion at the end of the previous fiscal period to ¥396.7 billion at the end of the 17th fiscal period.

With regard to internal growth, AEON REIT conducted work at AEON MALL Shinrifu North Wing (Note) to change the material of smoke barriers used to suppress smoke diffusion in the case of a fire from glass to incombustible film. Work was also conducted to newly install storage units for raw garbage at AEON MALL Suzuka and replace the signboard light of the multi-storey parking lot at AEON MALL Kyoto Gojo with LED lamps. These endeavors helped these properties achieve upward revision of rents. As such, AEON REIT is promoting investments aimed at maintaining and enhancing the functions of its properties.

(Note) The property was renamed from AEON MALL Rifu to AEON MALL Shinrifu North Wing in July 2021. The same shall apply hereafter.

(C) Financing

As of July 31, 2021, AEON REIT had a balance of interest-bearing debt totaling ¥159,800 million, remaining unchanged from January 31, 2021, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 44.9%.

The ratio of long-term interest-bearing debt (the ratio of long-term interest-bearing debt (including the current portion of long-term loans payable) to total interest-bearing debt) was 100.0% as of July 31, 2021. The ratio of fixed-rate debt (the ratio of interest-bearing debt with fixed interest payment (including interest-bearing debt with interest fixed through swaps) to total interest-bearing debt) was 100.0% 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, 2021, 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.

As a result, the endeavors were recognized by external institutions. In July 2021, AEON REIT newly obtained DBJ Green Building Certification for AEON MALL Shimotsuma and AEON MALL Kushiro-Showa. As of the end of the 17th fiscal period (July 31, 2021), AEON REIT has obtained the DBJ Green Building Certification for 24 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 2021 Health & Productivity Management Outstanding Organizations Recognition Program (for SMEs) in March 2021, marking the second consecutive year with the certification. 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 ¥17,696 million, operating income of ¥6,749 million, ordinary income of ¥5,988 million, and net income of ¥5,869 million for the 17th fiscal period ended July 31, 2021. Note that AEON REIT recorded ¥503 million in total, which was spent on work related to damage caused by an earthquake that broke out on February 13, 2021, with the epicenter off

the coast of Fukushima Prefecture and earthquakes that occurred on March 20, 2021 and May 1, 2021, with epicenters off the coast of Miyagi Prefecture, as extraordinary losses and recorded ¥385 million in total in insurance income for said damage as extraordinary income.

As for cash distribution for the 17th fiscal period, distribution per unit came to ¥3,200 by combining ¥5,870 million in unappropriated retained earnings and ¥124 million reversed from distribution reserve (the amount obtained by adding ¥118 million, which is calculated by subtracting the extraordinary income comprising insurance income for said disasters from the extraordinary losses comprising loss on disaster and provision for loss on disaster, and ¥69 million, which is a temporary decrease in rental income due to temporary suspension of operations at AEON MALL Shinrifu North Wing for renovation work, and deducting ¥63 million which is an increase in net income through asset management).

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

In Japan, with vaccination coverage increasing, moderate economic recovery is expected to take place going forward. Attention must be paid, however, to major changes that may occur in the external environment in that the number of infected people continues to increase as of the end of August 2021, partly due to the ongoing spread of the Delta variant (a COVID-19 variant).

In Malaysia, the real GDP for the second quarter of 2021 rose 16.1% year on year. This is mainly due to expansion of domestic demand and repercussions from the year-earlier quarter, when the government-imposed movement control order to contain COVID-19 led to negative impact. With the number of infected people in the country on an increasing trend since April 2021 and continuing to increase as of the end of August, the situation calls for attention to the future, as the movement control order and lockdown measures are underway.

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. Looking ahead, AEON REIT will continue responding meticulously, taking into account changes in the environment, including diversifying lifestyles and needs of consumers.

(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

(A) Issuance of new investment units

At its board of directors' meetings held on August 2, 2021, and August 11, 2021, AEON REIT resolved to issue new investment units as described below. Payment was completed on August 17, 2021, for new investment units issued through public offering, and on September 14, 2021, for new investment units issued through third-party allotment.

a. Issuance of new investment units through public offering

Number of investment units issued:	163,000 units
Issue price:	150,442 yen per unit
Total issue price:	24,522,046,000 yen
Paid-in amount (issue value):	145,581 yen per unit
Total paid-in amount (total issue value):	23,729,703,000 yen
Payment date:	August 17, 2021
Date of commencement of distribution calculation:	August 1, 2021

b. Issuance of new investment units through third-party allotment

Number of investment units issued:	8,150 units
Paid-in amount (issue value):	145,581 yen per unit
Total paid-in amount (total issue value):	1,186,485,150 yen
Payment date:	September 14, 2021
Date of commencement of distribution calculation:	August 1, 2021
Alottee:	Nomura Securities Co., Ltd.

c. Use of proceeds

The proceeds from the aforementioned public offering will be fully used to fund repayment of loans (¥23,800 million) allocated for the acquisition of the trust beneficiary rights in real estate for the four properties described in (B) Property acquisition below. The proceeds from the third-party allotment will be kept as cash on hand and will be used to partly fund acquisitions of specified assets or repayment of interest-bearing debt in the future.

(B) Property acquisition

AEON REIT acquired the trust beneficiary rights in real estate of four properties described below (acquisition price: ¥50,235 million).

Property name	Location	Acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Takasaki	Takasaki City, Gunma Pref.	17,164	August 4, 2021	(Note 2)
AEON MALL Narita	Narita City, Chiba Pref.	14,001		Godo Kaisha Double O6
AEON MALL Shinkomatsu	Komatsu City, Ishikawa Pref.	15,350		ASM2 Godo Kaisha
AEON MALL Sagayamato	Saga City, Saga Pref.	3,720		(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent for disclosure from the seller.

(C) Debt financing and early repayment

AEON REIT conducted debt financing as described below as of August 4, 2021, in order to partly fund the acquisition of trust beneficiary rights in real estate for the four properties described in (B) Property acquisition above and related expenses. In addition, on August 30, 2021, AEON REIT decided that, of the debt financing, early repayment shall be made for the short-term loans payable (borrowing amount: ¥23,800 million, repayment date: December 20, 2021) in full amount as of September 21, 2021.

Term	Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Short-term	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	23,800	Base rate (JBA one-month Japanese Yen TIBOR) plus 0.22%	August 4, 2021	Debt financing based on individual term loan agreements entered into on August 2, 2021, with the lenders on the left	December 20, 2021	Bullet repayment	Unsecured and unguaranteed
Long-term	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	19,300	Base rate (JBA one-month Japanese Yen TIBOR) plus 0.22%	August 4, 2021	Debt financing based on individual term loan agreements entered into on August 2, 2021, with the lenders on the left	August 22, 2022	Bullet repayment	Unsecured and unguaranteed
Total		43,100			-			

(Note) Early repayment will be made for the full amount of the short-term loans payable (¥23,800 million) as of September 21, 2021, by using the entire proceeds from the public offering described in (A) Issuance of new investment units above and cash on hand.

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending January 2022
(August 1, 2021 – January 31, 2022) and July 2022 (February 1, 2022 – July 31, 2022)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> ● Fiscal period ending January 31, 2022 (184 days from August 1, 2021, to January 31, 2022, the 18th fiscal period) ● Fiscal period ending July 31, 2022 (181 days from February 1, 2022, to July 31, 2022, the 19th fiscal period)
Portfolio	<ul style="list-style-type: none"> ● The number of investment assets is assumed to be 47 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of September 14, 2021 (hereinafter, the “assets currently held”). ● For the forecasts of performance, it is assumed that, through the end of the 19th fiscal period ending July 2022, there will be no change (acquisition of new properties or sale of the assets currently held, etc.) in the number of investment assets. ● The actual figure may vary due to acquisition of new properties or disposal of owned properties, etc. not assumed above.
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, 2021, 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, 2022 (18th fiscal period), and ending July 31, 2022 (19th fiscal period), respectively. Furthermore, the exchange rate of Malaysia is assumed to be Malaysian Ringgit 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. 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 ¥2,029 million for the 18th fiscal period and ¥2,249 million for the 19th 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 management company (AEON Reit Management Co., Ltd.). 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 ¥5,140 million for the 18th fiscal period and ¥5,110 million for the 19th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> ● Interest expenses and other borrowing-related expenses are assumed to be ¥932 million for the 18th fiscal period and ¥921 million for the 19th fiscal period.
Borrowings	<ul style="list-style-type: none"> ● As of September 14, 2021, AEON REIT has interest-bearing debt totaling ¥202,900 million. However, it is assumed that the short-term loans payable (¥23,800 million) borrowed on August 4, 2021, will be fully repaid on September 21, 2021. ● It is assumed that AEON REIT will refinance ¥19,100 million in borrowings that will mature in the 18th fiscal period (repayment date: October 20, 2021) for the same amount. ● LTV ratio is anticipated to be approximately 45% as of the end of the 18th fiscal period (January 31, 2022) and approximately 45% as of the end of the 19th fiscal period (July 31, 2022). ● 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 18th and 19th fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 2,044,467 units as of September 14, 2021. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 19th 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 tenants, unforeseeable repairs and maintenance incurred and other various factors may lead to changes in the amount of distribution per unit. ● Furthermore, with regard to amortization of fixed-term leasehold rights and asset retirement obligations upon their recording (hereinafter, “amortization of leasehold rights, etc.”), the impact of the amortization of leasehold rights, etc. will become larger due to the acquisition of AEON MALL Shinkomatsu. Accordingly, AEON REIT will start recording amortization of leasehold rights, etc. from the 18th fiscal period ending January 2022. In accordance with this, amortization of leasehold rights, etc. for the three properties in the portfolio (AEON MALL Ogaki, AEON Kireuriwari Shopping Center and AEON MALL Hiezu), for which no such recording has been made since their acquisition through the 17th fiscal period as there is no significance for the entire financial statements, will be expensed in a lump sum in the 18th fiscal period. These expenses, for which reversal of distribution reserve is assumed, are calculated on the assumption of reversing ¥149 million for the 18th fiscal period and ¥69 million for the 19th fiscal period.
Distribution in excess of retained earnings per unit	<ul style="list-style-type: none"> ● It is assumed that there will be no payment of 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 abovementioned 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 not become even more serious, among other developments.

2. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2021)	Current fiscal period (As of July 31, 2021)
Assets		
Current assets		
Cash and deposits	16,217,497	18,185,810
Cash and deposits in trust	8,195,175	8,482,986
Prepaid expenses	584,140	381,772
Income taxes receivable	51	18
Other	7,567	34,841
Total current assets	25,004,432	27,085,429
Non-current assets		
Property and equipment		
Land	108,463	108,463
Buildings in trust	214,750,260	215,645,406
Accumulated depreciation	(50,321,257)	(54,971,666)
Buildings in trust, net	164,429,002	160,673,740
Structures in trust	1,450,642	1,450,642
Accumulated depreciation	(1,041,853)	(1,085,008)
Structures in trust, net	408,788	365,633
Tools, furniture and fixtures in trust	18,927	28,611
Accumulated depreciation	(8,372)	(10,434)
Tools, furniture and fixtures in trust, net	10,554	18,176
Land in trust	134,264,615	136,266,032
Construction in progress in trust	242	242
Total property and equipment	299,221,667	297,432,288
Intangible assets		
Leasehold rights in trust	55,246,917	54,532,516
Total intangible assets	55,246,917	54,532,516
Investments and other assets		
Shares of subsidiaries and associates	6,078,453	6,078,453
Long-term prepaid expenses	615,194	516,138
Lease and guarantee deposits	10,460	10,460
Total investments and other assets	6,704,109	6,605,052
Total non-current assets	361,172,694	358,569,857
Deferred assets		
Investment unit issuance expenses	19,983	13,672
Investment corporation bond issuance costs	333,071	313,609
Total deferred assets	353,054	327,282
Total assets	386,530,182	385,982,569

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2021)	Current fiscal period (As of July 31, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	1,029,695	333,281
Current portion of long-term loans payable	19,100,000	19,100,000
Accounts payable - other	400,266	394,355
Accrued expenses	101,071	100,363
Income taxes payable	605	605
Accrued consumption taxes	473,580	652,815
Provision for loss on disaster	26,429	4,326
Other	195,412	288,996
Total current liabilities	21,327,060	20,874,742
Non-current liabilities		
Investment corporation bond	51,000,000	51,000,000
Long-term loans payable	89,700,000	89,700,000
Tenant leasehold and security deposits	2,628	2,628
Tenant leasehold and security deposits in trust	13,492,071	13,492,071
Total non-current liabilities	154,194,700	154,194,700
Total liabilities	175,521,760	175,069,443
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)	5,965,827	5,870,533
Total surplus	6,440,224	6,344,930
Total unitholders' equity	211,008,421	210,913,126
Total net assets	*1 211,008,421	*1 210,913,126
Total liabilities and net assets	386,530,182	385,982,569

(2) Statements of Income

	(Unit: Thousands of yen)	
	Previous fiscal period (From August 1, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Operating revenue		
Rent revenue - real estate	*1 17,568,111	*1 17,578,907
Gain on sale of real estate properties	-	*2 2,741
Dividends received	*3 133,418	*3 114,950
Total operating revenue	17,701,529	17,696,599
Operating expenses		
Expenses related to rent business	*1 9,897,925	*1 9,957,511
Asset management fee	815,802	803,787
Asset custody fee	19,910	19,907
Administrative service fees	57,971	57,753
Directors' compensation	3,600	3,600
Taxes and dues	5,901	5,299
Other operating expenses	97,926	98,945
Total operating expenses	10,899,037	10,946,806
Operating income	6,802,491	6,749,792
Non-operating income		
Interest income	255	122
Refund of unpaid distributions	987	885
Insurance income	-	39,177
Foreign exchange gains	454	-
Total non-operating income	1,696	40,185
Non-operating expenses		
Interest expenses	456,246	393,751
Interest expenses on investment corporation bonds	156,604	215,617
Amortization of investment unit issuance expenses	7,593	6,310
Amortization of investment corporation bond issuance costs	15,351	19,461
Investment corporation bond issuance costs	21,367	-
Borrowing related expenses	154,630	138,436
Provision for loss on disaster	26,429	-
Other	-	27,971
Total non-operating expenses	838,223	801,549
Ordinary income	5,965,964	5,988,428
Extraordinary income		
Insurance income	-	*4 385,495
Total extraordinary income	-	385,495
Extraordinary losses		
Loss on disaster	-	*5 502,835
Provision for loss on disaster	-	*5 1,137
Total extraordinary losses	-	503,972
Income (loss) before income taxes	5,965,964	5,869,952
Income taxes - current	605	605
Total income taxes	605	605
Net income (loss)	5,965,359	5,869,347
Retained earnings brought forward	468	1,186
Unappropriated retained earnings (undisposed loss)	5,965,827	5,870,533

(3) Statements of Unitholders' Equity

Previous fiscal period (From August 1, 2020, to January 31, 2021)

(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			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,953,869	6,428,266	210,996,463	210,996,463
Changes of items during period				
Dividends of surplus	(5,953,401)	(5,953,401)	(5,953,401)	(5,953,401)
Net income	5,965,359	5,965,359	5,965,359	5,965,359
Total changes of items during period	11,958	11,958	11,958	11,958
Balance at end of current period	5,965,827	6,440,224	211,008,421	211,008,421

Current fiscal period (From February 1, 2021, to July 31, 2021)

(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			Total net assets
	Surplus		Total unitholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	5,965,827	6,440,224	211,008,421	211,008,421
Changes of items during period				
Dividends of surplus	(5,964,641)	(5,964,641)	(5,964,641)	(5,964,641)
Net income	5,869,347	5,869,347	5,869,347	5,869,347
Total changes of items during period	(95,294)	(95,294)	(95,294)	(95,294)
Balance at end of current period	5,870,533	6,344,930	210,913,126	210,913,126

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From August 1, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
I Unappropriated retained earnings (undisposed loss)	5,965,827,712	5,870,533,431
II Reversal of voluntary reserve Reversal of distribution reserve	-	124,080,969
III Total cash distributions	5,964,641,328	5,994,614,400
[Distribution per unit]	[3,184]	[3,200]
IV Retained earnings brought forward	1,186,384	-
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 ¥5,964,641,328, which is the amount that does not exceed the unappropriated retained earnings (¥5,965,827,712) 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 ¥5,994,614,400, which is obtained by combining ¥5,870,533,431 in unappropriated retained earnings and ¥124,080,969 reversed from distribution reserve (the amount obtained by adding ¥118,476,800, which is calculated by subtracting the extraordinary income comprising insurance income for disasters from the extraordinary losses comprising loss on disaster and provision for loss on disaster, and ¥69,432,064, which is a temporary decrease in rental income due to temporary suspension of operations at AEON MALL Shinrifu North Wing for renovation work, and deducting ¥63,827,895 which is an increase in net income through asset management) and which is the amount that does not exceed the combined amount 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, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Cash flows from operating activities		
Income before income taxes	5,965,964	5,869,952
Depreciation	4,668,242	4,695,625
Amortization of investment corporation bond issuance costs	15,351	19,461
Amortization of investment unit issuance expenses	7,593	6,310
Interest income	(255)	(122)
Interest expenses	612,850	609,369
Insurance income	-	(424,672)
Loss on disaster	-	502,835
Increase (decrease) in provision for loss on disaster	26,429	(22,103)
(Decrease) increase in accrued consumption taxes	(22,424)	179,234
(Increase) decrease in prepaid expenses	(174,216)	202,368
Decrease from sale of property and equipment in trust	-	47,212
Increase (decrease) in operating accounts payable	567,792	(584,909)
Increase (decrease) in accounts payable - other	3,193	(5,911)
(Increase) decrease in long-term prepaid expenses	(33,697)	99,056
Other, net	3,608	63,861
Subtotal	11,640,433	11,257,567
Interest income received	333	122
Interest expenses paid	(590,410)	(610,076)
Proceeds from insurance income	-	424,672
Payments for loss on disaster	-	(379,951)
Income taxes paid	(641)	(572)
Net cash provided by operating activities	11,049,715	10,691,762
Cash flows from investing activities		
Purchase of property and equipment in trust	(6,087,494)	(2,473,446)
Net cash used in investing activities	(6,087,494)	(2,473,446)
Cash flows from financing activities		
Proceeds from short-term loans payable	18,000,000	-
Repayments of short-term loans payable	(27,800,000)	-
Proceeds from long-term loans payable	13,800,000	-
Repayments of long-term loans payable	(22,000,000)	-
Proceeds from issuance of investment corporation bonds	17,876,707	-
Dividends paid	(5,951,133)	(5,962,416)
Net cash (used in) provided by financing activities	(6,074,426)	(5,962,416)
Effect of exchange rate change on cash and cash equivalents	(461)	223
Net increase (decrease) increase in cash and cash equivalents	(1,112,667)	2,256,123
Cash and cash equivalents at beginning of period	25,525,340	24,412,672
Cash and cash equivalents at end of period	*1 24,412,672	*1 26,668,796

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 ¥8,007 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 ¥13,624 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	<p>Cash and cash equivalents in the statement of cash flows consist of cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>
9. Other significant matters that serve as the basis 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, 2021)		Current fiscal period (As of July 31, 2021)	
*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, 2020, to January 31, 2021)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	17,507,008
	Other rent revenue—real estate	61,102
	Total revenues related to real estate leasing business	17,568,111
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	45,293
	Repairs and maintenance expenses	656,826
	Insurance expenses	185,816
	Trust fees	22,000
	Land rent paid	2,283,162
	Taxes and dues	1,979,637
	Depreciation	4,668,242
	Water charges	49,422
	Other expenses related to rent business	7,522
	Total expenses related to real estate leasing business	9,897,925
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,670,185
<hr/>		
Current fiscal period (From February 1, 2021, to July 31, 2021)		(Unit: Thousands of yen)
<hr/>		
A.	Revenues related to real estate leasing business	
	Rent revenue—real estate	
	Rent	17,513,099
	Other rent revenue—real estate	65,807
	Total revenues related to real estate leasing business	17,578,907
<hr/>		
B.	Expenses related to real estate leasing business	
	Expenses related to rent business	
	Property and facility management fees	45,664
	Repairs and maintenance expenses	694,106
	Insurance expenses	179,598
	Trust fees	23,013
	Land rent paid	2,240,910
	Taxes and dues	2,025,214
	Depreciation	4,695,625
	Water charges	44,544
	Other expenses related to rent business	8,834
	Total expenses related to real estate leasing business	9,957,511
<hr/>		
C.	Operating income from real estate leasing business (A – B)	7,621,395
<hr/>		

*2. Breakdown of gain on sale of real estate

Previous fiscal period (From August 1, 2020 to January 31, 2021)

Not applicable.

Current fiscal period (From February 1, 2021 to July 31, 2021)

	(Unit: Thousands of yen)
Proceeds from sale of real estate	53,737
Cost of sale of real estate	47,212
Other expenses related to sale	3,783
Gain on sale of real estate	2,741

*3. Breakdown of dividends received

Previous fiscal period (From August 1, 2020, to January 31, 2021)

The entire amount of the maximum distributable amount (RM 5,244,665 (¥133,418 thousand)) based on the results of the fiscal period ended July 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 February 1, 2020, to July 31, 2020)

	(Unit: RM (Thousands of yen))	
Revenues related to real estate leasing business	7,760,030	(195,552)
Expenses related to real estate leasing business	668,626	(16,849)
Other expenses	135,388	(3,411)
Unrealized gain from valuation of investment properties	—	(—)
Net income before income taxes	6,956,016	(175,291)
Net income before income taxes after deducting unrealized gain	6,956,016	(175,291)
Corporate income taxes on net income before income taxes after deducting unrealized gain	1,711,351	(43,126)
Maximum distributable amount (Note 3)	5,244,665	(133,418)
Dividends (Note 3)	5,244,665	(133,418)

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 25.20 (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 December 2, 2020, of RM 1 = JPY 25.43 (rounded down to the second decimal place).

Current fiscal period (From February 1, 2021, to July 31, 2021)

The entire amount of the maximum distributable amount (RM 4,353,159 (¥114,950 thousand)) based on the results of the fiscal period ended January 2021 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, 2020, to January 31, 2021)

	(Unit: RM (Thousands of yen))	
Revenues related to real estate leasing business	7,752,142	(197,447)
Expenses related to real estate leasing business	654,425	(16,668)
Other expenses	114,986	(2,928)
Unrealized gain from valuation of investment properties	-1,000,000	(-25,470)
Net income before income taxes	5,982,731	(152,380)
Net income before income taxes after deducting unrealized gain	5,982,731	(152,380)
Corporate income taxes on net income before income taxes after deducting unrealized gain	1,629,572	(41,505)
Maximum distributable amount (Note 3)	4,353,159	(114,950)
Dividends (Note 3)	4,353,159	(114,950)

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 25.47 (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 June 2, 2021, of RM 1 = JPY 26.40 (rounded down to the second decimal place).

*4. Breakdown of extraordinary income

Previous fiscal period (From August 1, 2020 to January 31, 2021)

Not applicable.

Current fiscal period (From February 1, 2021 to July 31, 2021)

AEON REIT recorded ¥385,495 thousand in insurance income for the assets damaged by the earthquake off the coast of Fukushima Prefecture.

*5. Breakdown of extraordinary losses

Previous fiscal period (From August 1, 2020 to January 31, 2021)

Not applicable.

Current fiscal period (From February 1, 2021 to July 31, 2021)

1) Loss on disaster

Losses related to the assets that were damaged by the earthquake off the coast of Fukushima Prefecture and the earthquake off the coast of Miyagi Prefecture (expenses for restoration works) were recognized as loss on disaster (¥502,835 thousand).

2) Provision for loss on disaster

With regard to the assets that were damaged by the earthquake off the coast of Fukushima Prefecture, expenses for restoration works that were reasonably estimated as of the end of the fiscal period ended July 31, 2021 (¥1,137 thousand) were recorded as provision of allowance for loss on disaster.

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From August 1, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
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, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Cash and deposits	16,217,497	18,185,810
Cash and deposits in trust	8,195,175	8,482,986
Cash and cash equivalents	24,412,672	26,668,796

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, 2021)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	16,217,497	16,217,497	–
(2) Cash and deposits in trust	8,195,175	8,195,175	–
Total assets	24,412,672	24,412,672	–
(3) Current portion of long-term loans payable	19,100,000	19,127,922	27,922
(4) Investment corporation bonds	51,000,000	50,572,700	(427,300)
(5) Long-term loans payable	89,700,000	91,346,882	1,646,882
Total liabilities	159,800,000	161,047,504	1,247,504
(6) Derivative transactions	–	–	–

Current fiscal period (as of July 31, 2021)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	18,185,810	18,185,810	–
(2) Cash and deposits in trust	8,482,986	8,482,986	–
Total assets	26,668,796	26,668,796	–
(3) Current portion of long-term loans payable	19,100,000	19,110,267	10,267
(4) Investment corporation bonds	51,000,000	50,862,000	(138,000)
(5) Long-term loans payable	89,700,000	91,174,803	1,474,803
Total liabilities	159,800,000	161,147,071	1,347,071
(6) Derivative transactions	–	–	–

(Note 1) Measurement of fair values of financial instruments

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

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

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

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

(4) Investment corporation bonds

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

(6) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

	Previous fiscal period (As of January 31, 2021)	Current fiscal period (As of July 31, 2021)
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	13,492,071	13,492,071
Total	19,573,154	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, 2021)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	16,217,497
Cash and deposits in trust	8,195,175
Total	24,412,672

Current fiscal period (as of July 31, 2021)

(Unit: Thousands of yen)

	Due in 1 year or less
Cash and deposits	18,185,810
Cash and deposits in trust	8,482,986
Total	26,668,796

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

Previous fiscal period (as of January 31, 2021)

(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	19,100,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	2,000,000	49,000,000
Long-term loans payable	-	20,800,000	20,400,000	15,300,000	13,300,000	19,900,000
Total	19,100,000	20,800,000	20,400,000	15,300,000	15,300,000	68,900,000

Current fiscal period (as of July 31, 2021)

(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	19,100,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	2,000,000	49,000,000
Long-term loans payable	–	20,800,000	20,400,000	15,300,000	13,300,000	19,900,000
Total	19,100,000	20,800,000	20,400,000	15,300,000	15,300,000	68,900,000

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of January 31, 2021)

Not applicable.

Current fiscal period (as of July 31, 2021)

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, 2021)

(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	106,700,000	87,600,000	(Note)	—

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

Current fiscal period (as of July 31, 2021)

(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	106,700,000	87,600,000	(Note)	—

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

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of January 31, 2021)	Current fiscal period (As of July 31, 2021)
Deferred tax assets		
Tax loss carried forward (Note)	274,980	274,980
Valuation reserve for tax loss carried forward (Note)	(274,980)	(274,980)
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, 2021)	Current fiscal period (As of July 31, 2021)
Normal effective statutory tax rate	31.46	31.46
(Adjustments)		
Distributions paid included in deductibles	(31.45)	(31.61)
Reversal of distribution reserve	-	0.67
Other	0.00	(0.50)
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, 2021)

	(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)	-	-	-	-	274,980	-	274,980
Valuation reserve	-	-	-	-	(274,980)	-	(274,980)
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, 2021)

	(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)	-	-	-	-	274,980	-	274,980
Valuation reserve	-	-	-	-	(274,980)	-	(274,980)
Total deferred tax assets	-	-	-	-	-	-	-

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

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, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Balance sheet carrying amount		
Balance at beginning of period	352,907,192	354,468,585
Changes during period	1,561,392	(2,503,780)
Balance at end of period	354,468,585	351,964,805
Fair value at end of period	420,789,380	421,710,857

(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 Ueda Shopping Center) with an acquisition price of ¥5,405,165 thousand and capital expenditures at existing properties amounting to ¥824,469 thousand, while the decrease is principally attributable to depreciation amounting to ¥4,668,242 thousand. Of the changes during the current fiscal period, the increase is mainly due to additional acquisition of land of AEON MALL Nogata with an acquisition price of ¥1,334,227 thousand and capital expenditures at existing properties amounting to ¥904,830 thousand, while the decrease is principally attributable to a decrease in leasehold rights amounting to ¥47,212 thousand due to disposition of part of land of AEON MALL Yamatokoriyama, and depreciation amounting to ¥4,695,625 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. As for "AEON Taman University Shopping Centre", the appraiser is unable to conduct an on-site survey due to the restrictions on going out of Malaysia caused by COVID-19, so the survey value is not in accordance with the real estate appraisal standards. However, we recognize that there is no difference in the procedures of the valuation methods other than the on-site survey.

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, 2020, to January 31, 2021)

(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.	7,722,863	Real estate leasing business
AEON Mall Co., Ltd.	7,514,999	Real estate leasing business
AEON Hokkaido Corporation	677,192	Real estate leasing business
The Daiei, Inc.	637,927	Real estate leasing business
AEON KYUSHU Co., Ltd.	589,430	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,070	Real estate leasing business

(Note) *Operating revenue* is 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, 2021, to July 31, 2021)

(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.	7,727,302	Real estate leasing business
AEON Mall Co., Ltd.	7,515,752	Real estate leasing business
AEON Hokkaido Corporation	677,496	Real estate leasing business
The Daiei, Inc.	633,062	Real estate leasing business
AEON KYUSHU Co., Ltd.	589,295	Real estate leasing business
AEON Global SCM Co., Ltd.	289,620	Real estate leasing business
AEON CO. (M) BHD. (Note)	20,801	Real estate leasing business

(Note) *Operating revenue* is 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, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Net assets per unit	¥112,638	¥112,588
Net income per unit	¥3,184	¥3,133

(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, 2020, to January 31, 2021)	Current fiscal period (From February 1, 2021, to July 31, 2021)
Net income (Thousands of yen)	5,965,359	5,869,347
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common investment units (Thousands of yen)	5,965,359	5,869,347
Average number of investment units for the period (Units)	1,873,317	1,873,317

Significant Subsequent Events

(A) Issuance of new investment units

At its board of directors' meetings held on August 2, 2021, and August 11, 2021, AEON REIT resolved to issue new investment units, as described below. Payment was completed on August 17, 2021, for new investment units issued through public offering, and on September 14, 2021, for new investment units issued through third-party allotment.

a. Issuance of new investment units through public offering

Number of investment units issued: 163,000 units
Issue price: 150,442 yen per unit
Total issue price: 24,522,046,000 yen
Paid-in amount (issue value): 145,581 yen per unit
Total paid-in amount (total issue value): 23,729,703,000 yen
Payment date: August 17, 2021
Date of commencement of distribution calculation: August 1, 2021

b. Issuance of new investment units through third-party allotment

Number of investment units issued: 8,150 units
Paid-in amount (issue value): 145,581 yen per unit
Total paid-in amount (total issue value): 1,186,485,150 yen
Payment date: September 14, 2021
Date of commencement of distribution calculation: August 1, 2021
Alottee: Nomura Securities Co., Ltd.

c. Use of proceeds

The proceeds from the aforementioned public offering will be fully used to fund repayment of loans (¥23,800 million) allocated for the acquisition of the trust beneficiary rights in real estate for the four properties described in (B) Property acquisition below. The proceeds from the third-party allotment will be kept as cash on hand and will be used to partly fund acquisitions of specified assets or repayment of interest-bearing debt in the future.

(B) Property acquisition

AEON REIT acquired the trust beneficiary rights in real estate of four properties described below (acquisition price: ¥50,235 million).

Property name	Location	Acquisition price (Millions of yen) (Note 1)	Acquisition date	Seller
AEON MALL Takasaki	Takasaki City, Gunma Pref.	17,164	August 4, 2021	(Note 2)
AEON MALL Narita	Narita City, Chiba Pref.	14,001		Godo Kaisha Double O6
AEON MALL Shinkomatsu	Komatsu City, Ishikawa Pref.	15,350		ASM2 Godo Kaisha
AEON MALL Sagayamato	Saga City, Saga Pref.	3,720		(Note 2)

(Note 1) *Acquisition price* represents the amount (the sale and purchase price of the trust beneficiary right, shown on the sale and purchase agreement of the acquired property) excluding expenses incurred on the acquisition, including national and local consumption taxes, transaction fees and other costs.

(Note 2) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent for disclosure from the seller.

(C) Debt financing and early repayment

AEON REIT conducted debt financing, as described below, as of August 4, 2021, in order to partly fund the acquisition of trust beneficiary rights in real estate for the four properties described in (B) Property acquisition above, and related expenses. In addition, on August 30, 2021, AEON REIT decided that, of the debt financing, early repayment shall be made for the short-term loans payable (borrowing amount: ¥23,800 million, repayment date: December 20, 2021) in full amount as of September 21, 2021.

Term	Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Short-term	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	23,800	Base rate (JBA one-month Japanese Yen TIBOR) plus 0.22%	August 4, 2021	Debt financing based on individual term loan agreements entered into on August 2, 2021, with the lenders on the left	December 20, 2021	Bullet repayment	Unsecured and unguaranteed
Long-term	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited	19,300	Base rate (JBA one-month Japanese Yen TIBOR) plus 0.22%	August 4, 2021	Debt financing based on individual term loan agreements entered into on August 2, 2021, with the lenders on the left	August 22, 2022	Bullet repayment	Unsecured and unguaranteed
Total		43,100	-					

(Note) Early repayment will be made for the full amount of the short-term loans payable (¥23,800 million) as of September 21, 2021, by using the entire proceeds from the public offering described in (A) Issuance of new investment units above and cash on hand.

Omission of Disclosure

AEON REIT omits the disclosure of notes to lease transactions, securities, retirement benefits, share of profit or loss of entities accounted for using equity method, related-party transactions and asset retirement obligations as it does not find substantial need for disclosure in the Financial Report.

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

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

(Note 2) 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 3) 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 4) 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 5) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥115,046.

(Note 6) 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 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 ¥107,086.

(Note 8) 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 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 ¥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, 2021)					Current fiscal period (As of July 31, 2021)				
			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	28,561	7.4	–	–	–	28,439	7.4	–	–	–
		Kanto (Note 5)	122,662	31.7	–	–	–	121,318	31.4	–	–	–
		Tokai, Hokuriku and Chubu	46,703	12.1	–	–	–	46,085	11.9	–	–	–
		Kinki	87,555	22.7	–	–	–	86,653	22.5	–	–	–
		Chugoku and Shikoku	28,899	7.5	–	–	–	28,595	7.4	–	–	–
		Kyushu and Okinawa	39,469	10.2	–	–	–	40,263	10.4	–	–	–
		Malaysia	615	0.2	615	(130)	0.2	608	0.2	608	(127)	0.2
Total			354,468	91.7	615	(130)	0.2	351,964	91.2	608	(127)	0.2
Shares of subsidiaries and associates (Note 6)			6,078	1.6	6,078	118	1.6	6,078	1.6	6,078	135	1.6
Deposits and other assets			25,983	6.7	14	–	0.0	27,939	7.2	14	–	0.0
Total assets			386,530	100.0	6,708	(11)	1.7	385,982	100.0	6,701	7	1.7

	Previous fiscal period (As of January 31, 2021)		Current fiscal period (As of July 31, 2021)	
	Amount (Millions of yen)	Percentage to total assets (%)	Amount (Millions of yen)	Percentage to total assets (%)
Total liabilities	175,521	45.4	175,069	45.4
Total net assets	211,008	54.6	210,913	54.6

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

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

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

(Note 3) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2021, 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 as of the end of the fiscal period (January 31, 2021). As the closing date (January 31, 2021) was not a business day, the exchange rate on the immediately preceding business day (January 29, 2021) of RM 1 = ¥25.80 (rounded down to the second decimal place) is applied. 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, 2021, 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 as of the end of the fiscal period (July 31, 2021). As the closing date (July 31, 2021) was not a business day, the exchange rate on the immediately preceding business day (July 30, 2021) of RM 1 = ¥25.87 (rounded down to the second decimal place) is applied.

(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.

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, 2021 (the end of the 17th 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	18,151	23,700	5.3	AEON Retail Co., Ltd.
SRSC-2	AEON LakeTown kaze (Note 4)	6,730	5,599	7,810	1.7	AEON Retail Co., Ltd.
RSC-1	AEON MALL Morioka	5,340	5,072	6,950	1.3	AEON Mall Co., Ltd.
RSC-2	AEON MALL Ishinomaki	6,680	5,697	7,110	1.7	AEON Retail Co., Ltd.
RSC-3	AEON MALL Mitouchihara (Note 5)	16,565	13,322	17,715	4.2	AEON Mall Co., Ltd. Mito City, Ibaraki Pref.
RSC-4	AEON MALL Ota	6,860	5,884	8,210	1.7	Tokyo Century Corporation
RSC-5	AEON Sagamihara Shopping Center	10,220	9,386	11,300	2.6	AEON Retail Co., Ltd.
RSC-6	AEON MALL Ogaki	4,950	3,361	4,900	1.2	AEON Retail Co., Ltd.
RSC-7	AEON MALL Suzuka	9,660	9,117	10,400	2.4	AEON Mall Co., Ltd.
RSC-8	AEON MALL Meiwa	3,290	3,208	3,930	0.8	AEON Retail Co., Ltd.
RSC-9	AEON MALL Kasai-Hojo	7,230	5,765	7,720	1.8	AEON Retail Co., Ltd.
RSC-10	AEON MALL Hiezu	7,780	6,370	8,430	2.0	AEON Retail Co., Ltd.
RSC-11	AEON MALL Kurashiki	17,890	16,128	19,800	4.5	AEON Mall Co., Ltd.
RSC-12	AEON MALL Ayagawa	8,740	6,096	8,850	2.2	AEON Retail Co., Ltd.
RSC-13	AEON MALL Nogata (Note 6)	12,546	10,308	14,200	3.2	Tokyo Century Corporation AEON Mall Co., Ltd.
RSC-15	AEON MALL KYOTO	21,470	19,378	23,100	5.4	AEON Mall Co., Ltd.
RSC-16	AEON MALL Sapporo-Hiraoka	5,900	5,111	6,180	1.5	Forester Special Purpose Company
RSC-17	AEON MALL Kushiro-Showa	1,780	1,740	1,890	0.4	Forester Special Purpose Company
RSC-18	AEON MALL Shinrifu North Wing (Note 7)	2,560	2,488	2,280	0.6	Forester Special Purpose Company
RSC-19	AEON MALL Yamagata-Minami	1,350	1,231	1,490	0.3	Forester Special Purpose Company
RSC-20	AEON MALL Yokkaichi-Kita	2,210	2,197	2,440	0.6	Forester Special Purpose Company
RSC-21	AEON MALL Yamatokoriyama (Note 8)	14,452	12,728	15,100	3.6	AEON Mall Co., Ltd.
RSC-22	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	12,190	11,312	12,600	3.1	Tokyo Century Corporation
RSC-23	AEON MALL Kofu Showa (Note 9)	15,489	14,453	17,200	3.9	AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association
RSC-24	AEON MALL Tomakomai	7,840	7,098	8,350	2.0	Mevius Gamma Special Purpose Company
RSC-25	AEON MALL Oyama	6,280	5,600	6,550	1.6	AEON Retail Co., Ltd.
RSC-26	AEON MALL Itamikoya	16,860	15,428	17,600	4.2	AEON Retail Co., Ltd.
RSC-27	AEON MALL Kagoshima	13,400	12,349	14,200	3.4	AEON Retail Co., Ltd.
RSC-28	AEON MALL Tsuchiura	12,030	10,761	12,600	3.0	AEON Retail Co., Ltd.
RSC-29	AEON MALL Kahoku	9,940	8,442	10,800	2.5	AEON Retail Co., Ltd.
RSC-30	AEON MALL Shimotsuma	9,552	8,752	9,980	2.4	Godo Kaisha Double O2
RSC-31	AEON MALL Kyoto Gojo	13,333	12,957	13,900	3.4	Godo Kaisha Double O3
RSC-32	AEON MALL Fukutsu	18,040	17,605	18,300	4.5	Undisclosed (Note 10)
RSC-33	AEON MALL Tamadaira woods	9,667	9,545	10,200	2.4	Undisclosed (Note 10)
CSC-1	AEON Chigasaki-Chuo Shopping Center	6,410	6,165	6,620	1.6	Sumitomo Mitsui Finance & Leasing Co., Ltd.
CSC-2	AEON STYLE Kemigawahama	3,748	3,367	3,920	0.9	AEON Retail Co., Ltd.
CSC-3	AEON Kireuriwari Shopping Center	4,394	4,226	4,760	1.1	Godo Kaisha Double O2
CSC-4	AEON Ueda Shopping Center	5,350	5,303	5,580	1.3	Godo Kaisha Double O5
L-1	Daiei-Kawasaki Process Center	14,280	13,468	15,700	3.6	Tokyo Century Corporation
L-2	AEON Minami-Osaka RDC	9,870	9,378	11,000	2.5	Tokyo Century Corporation
L-3	Daiei Ibaraki Process Center	6,810	6,790	7,800	1.7	Tokyo Century Corporation
M-1	AEON Taman Universiti Shopping Centre (Note 11)	658 [RM 20 million]	608 [RM 18 million]	545 [RM 21 million]	0.2	AEON CO. (M) BHD.
M-2	AEON MALL SEREMBAN 2 (Note 12)	5,252 [RM 215 million]	-	6,131 [RM 237 million]	1.3	Swiss Advanced Technology Institute(M) Sdn. Bhd.
	Total	396,788	351,964 (Note 13)	427,842	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, 2021, 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 ¥115 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 reflect the land AEON REIT additionally acquired as of February 25, 2021.
- (Note 7) AEON MALL Shinrifu North Wing was renamed from AEON MALL Rifu in July 2021.
- (Note 8) *Acquisition price*, *Book value at end of period*, *Assessed value at end of period* and *Investment percentage* represent the price and figures that reflect the sale of part of its land as announced in “Notice of Disposition of Part of Land of Domestic Property (AEON MALL Yamatokoriyama)” dated March 24, 2021.
- (Note 9) 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 10) The seller is not disclosed due to inevitable reasons, as AEON REIT has not obtained consent for disclosure from the seller.
- (Note 11) *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 and capital expenditures paid in Japanese yen, the paid amount has been added to the *Acquisition price*, while for related expenses and capital expenditures 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, 2021, 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 = ¥25.87; rounded down to the second decimal place) on July 30, 2021, which is the business day immediately preceding the closing date (July 31, 2021), as the closing date was not a business day.

Moreover, *Assessed value at end of period* indicates the survey price as movement control in Malaysia due to the restrictions on going out of the office in Malaysia caused by COVID-19, it is not possible to conduct an on-site survey. Therefore, the survey value is the value that the real estate appraiser evaluated based on the available materials, etc. However, AEON REIT recognizes that the procedures other than the on-site survey are in accordance with the real estate appraisal standards. However, AEON REIT recognizes that procedures other than the on-site survey are in accordance with real estate appraisal standards.

- (Note 12) 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 used at the time of acquisition 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 = ¥25.87; rounded down to the second decimal place) on July 30, 2021, which is the business day immediately preceding the closing date (July 31, 2021), as the closing date was not a business day.

Moreover, *Assessed value at end of period* indicates the survey price as movement control in Malaysia due to the restrictions on going out of the office in Malaysia caused by COVID-19, it is not possible to conduct an on-site survey. Therefore, the survey value is the value that the real estate appraiser evaluated based on the available materials, etc. However, AEON REIT recognizes that the procedures other than the on-site survey are in accordance with the real estate

appraisal standards. However, AEON REIT recognizes that procedures other than the on-site survey are in accordance with real estate appraisal standards.

(Note 13) 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, 2021) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (July 31, 2021) 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	679	685	205,711.70	205,711.70	100.0
	SRSC-2	AEON LakeTown kaze (Note 2)	Koshigaya City, Saitama Pref.	September 9, 2008	337	330	127,183.81	127,183.81	100.0
	RSC-1	AEON MALL Morioka	Morioka City, Iwate Pref.	July 23, 2003	377	338	98,968.59	98,968.59	100.0
	RSC-2	AEON MALL Ishinomaki	Ishinomaki City, Miyagi Pref.	March 2, 2007	352	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	324	330	64,246.26	64,246.26	100.0
	RSC-7	AEON MALL Suzuka	Suzuka City, Mie Pref.	November 12, 1996	455	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	325	328	48,229.25	48,229.25	100.0
	RSC-10	AEON MALL Hiezu	Saihaku County, Tottori Pref.	March 8, 1999	436	426	102,045.24	102,045.24	100.0
	RSC-11	AEON MALL Kurashiki	Kurashiki City, Okayama Pref.	September 15, 1999	744	741	157,274.78	157,274.78	100.0
	RSC-12	AEON MALL Ayagawa	Ayauta County, Kagawa Pref.	July 18, 2008	454	460	113,149.07	113,149.07	100.0
	RSC-13	AEON MALL Nogata	Nogata City, Fukuoka Pref.	April 4, 2005	550	545	151,969.51	151,969.51	100.0
	RSC-15	AEON MALL KYOTO	Kyoto City, Kyoto Pref.	January 7, 2010	705	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 Shinrifu North Wing (Note 4)	Miyagi County, Miyagi Pref.	April 18, 2000	138	-	66,478.91	66,478.91	100.0
	RSC-19	AEON MALL Yamagata-Minami	Yamagata City, Yamagata Pref.	November 17, 2000	161	-	53,502.94	53,502.94	100.0
	RSC-20	AEON MALL Yokkaichi-Kita	Yokkaichi City, Mie Pref.	January 23, 2001	232	-	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 5)	Nakakoma County, Yamanashi Pref.	March 11, 2011	672	643	99,772.38	99,772.38	100.0
RSC-24	AEON MALL Tomakomai	Tomakomai City, Hokkaido Pref.	April 8, 2005	342	-	71,308.33	71,308.33	100.0	

Property type	Property number	Property name	Location	Date of construction	Annual contracted rent (Millions of yen)	Leasehold and security deposits (Millions of yen)	Total leasable area (m ²) (Note 1)	Total leased area (m ²)	Occupancy rate (%)
Retail properties, etc.	RSC-25	AEON MALL Oyama	Oyama City, Tochigi Pref.	April 18, 1997	277	279	47,872.33	47,872.33	100.0
	RSC-26	AEON MALL Itamikoya	Itami City, Hyogo Pref.	February 2, 2011	847	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	532	536	86,848.51	86,848.51	100.0
	RSC-29	AEON MALL Kahoku	Kahoku City, Ishikawa Pref.	September 30, 2008	489	492	70,948.14	70,948.14	100.0
	RSC-30	AEON MALL Shimotsuma	Shimotsuma City, Ibaraki Pref.	November 17, 1997	386	–	58,402.66	58,402.66	100.0
	RSC-31	AEON MALL Kyoto Gojo	Kyoto City, Kyoto Pref.	January 21, 2004	437	–	87,311.56	87,311.56	100.0
	RSC-32	AEON MALL Fukutsu	Fukutsu City, Fukuoka Pref.	April 20, 2012	622	628	100,020.87	100,020.87	100.0
	RSC-33	AEON MALL Tamadaira woods	Hino City, Tokyo	November 17, 2014	579	284	66,575.54	66,575.54	100.0
	CSC-1	AEON Chigasaki-Chuo Shopping Center	Chigasaki City, Kanagawa Pref.	October 13, 2000	225	223	63,158.24	63,158.24	100.0
	CSC-2	AEON STYLE Kemigawahama	Chiba City, Chiba Pref.	November 20, 1991	175	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
	CSC-4	AEON Ueda Shopping Center	Ueda City, Nagano Pref.	June 30, 2004	216	–	61,349.07	61,349.07	100.0
	L-1	Daiei-Kawasaki Process Center	Kawasaki City, Kanagawa Pref.	April 22, 1997	487	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 6)	Johor, Malaysia	2002	20 [RM 791 thousand]	–	22,870.00	22,870.00	100.0
	M-2	AEON MALL SEREMBAN 2 (Note 7)	Negeri Sembilan, Malaysia	2005	204 [RM 7,752 thousand]	–	81,135.00	81,135.00	100.0
Total					17,783 (Note 8)	13,494	3,658,461.85	3,658,461.85	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 and 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 and 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) AEON MALL Shinrifu North Wing was renamed from AEON MALL Rifu in July 2021.

(Note 5) *Annual contracted rent*, *Leasehold and security deposits*, *Total leasable 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 6) *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 7) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥26.40; rounded down to the second decimal place).

(Note 8) 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 17th fiscal period (July 31, 2021) is shown below.

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					NOI (Millions of yen) (Note 2)
				Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)	
SRSC-1	AEON LakeTown mori (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	23,700	24,100	4.7	23,500	4.7 4.8 (Note 4)	4.9	1,152
SRSC-2	AEON LakeTown kaze (Note 3)	The Tanizawa Sōgō Appraisal Co., Ltd.	7,810	8,010	5.1	7,730	5.0 5.1 (Note 4)	5.4	423
RSC-1	AEON MALL Morioka	Japan Real Estate Institute	6,950	7,000	6.5	6,900	6.1	6.7	526
RSC-2	AEON MALL Ishinomaki	Japan Real Estate Institute	7,110	7,210	6.1	7,000	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	115	—	—	115	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	11,200	4.8	5.3	668
RSC-6	AEON MALL Ogaki	Japan Real Estate Institute	4,900	4,900	7.1	4,890	6.2	7.7	378
RSC-7	AEON MALL Suzuka	Japan Real Estate Institute	10,400	10,500	6.1	10,300	5.7	6.5	780
RSC-8	AEON MALL Meiwa	The Tanizawa Sōgō Appraisal Co., Ltd.	3,930	4,030	6.4	3,880	6.3 6.4 (Note 4)	6.7	294
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	8,370	6.3	7.0	607
RSC-11	AEON MALL Kurashiki	Japan Real Estate Institute	19,800	19,900	6.0	19,600	5.7	6.2	1,269
RSC-12	AEON MALL Ayagawa	Japan Real Estate Institute	8,850	8,940	6.4	8,760	6.0	6.7	611
RSC-13	AEON MALL Nogata (Note 6)	Japan Real Estate Institute	14,200	14,300	6.1	14,000	5.8	6.3	950
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.	6,180	6,380	6.1	6,100	6.1 6.2 (Note 4)	6.4	442
RSC-17	AEON MALL Kushiro-Showa	The Tanizawa Sōgō Appraisal Co., Ltd.	1,890	1,970	6.7	1,860	6.7 6.8 (Note 4)	7.0	180
RSC-18	AEON MALL Shinrifu North Wing (Note 7)	The Tanizawa Sōgō Appraisal Co., Ltd.	2,280	2,360	6.3	2,250	6.3 6.4 (Note 4)	6.6	220

Property number	Property name	Appraisal agency	Appraisal value (Millions of yen) (Note 1)	Income approach value					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.	1,490	1,550	6.5	1,460	6.5 6.6 (Note 4)	6.8	140
RSC-20	AEON MALL Yokkaichi-Kita	The Tanizawa Sōgō Appraisal Co., Ltd.	2,440	2,540	6.1	2,400	6.1 6.2 (Note 4)	6.4	215
RSC-21	AEON MALL Yamatokoriyama (Note 8)	Japan Real Estate Institute	15,100	15,200	5.6	14,900	5.1	5.8	892
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 9)	Japan Real Estate Institute	17,200	17,300	5.6	17,100	5.1	5.8	988
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	897
RSC-28	AEON MALL Tsuchiura	Japan Real Estate Institute	12,600	12,700	6.2	12,500	5.7	6.4	801
RSC-29	AEON MALL Kahoku	Japan Real Estate Institute	10,800	10,800	6.8	10,700	6.3	7.0	759
RSC-30	AEON MALL Shimotsuma	Japan Real Estate Institute	9,980	10,000	6.3	9,960	5.9	6.5	631
RSC-31	AEON MALL Kyoto Gojo	The Tanizawa Sōgō Appraisal Co., Ltd.	13,900	14,200	4.8	13,800	4.8 4.9 (Note 4)	5.0	723
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	6,620	6,660	5.0	6,570	4.7	5.2	347
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
CSC-4	AEON Ueda Shopping Center	Japan Real Estate Institute	5,580	5,600	6.5	5,550	6.2	6.7	363
L-1	Daiei-Kawasaki Process Center	Japan Real Estate Institute	15,700	15,900	4.7	15,500	4.1	5.1	769
L-2	AEON Minami-Osaka RDC	Japan Real Estate Institute	11,000	11,200	4.6	10,800	4.3	4.9	521
L-3	Daiei Ibaraki Process Center	Japan Real Estate Institute	7,800	7,850	4.7	7,740	4.4	4.9	412
M-1	AEON Taman Universiti Shopping Centre (Note 10)	Japan Real Estate Institute	545 [RM 21 million]	–	–	545 [RM 21 million]	6.5	7.3	38 [RM 1 million]
M-2	AEON MALL SEREMBAN 2 (Note 10) (Note 11)	Japan Real Estate Institute	6,131 [RM 237 million]	–	–	6,131 [RM 237 million]	6.0	6.5	372 [RM 14 million]
Total			427,842	–	–	423,462	–	–	–

- (Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of July 31, 2021, 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 value*, *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 two years and 4.8% from the third year.
Discount rates for AEON LakeTown kaze are 5.0% during the initial two years and 5.1% from the third year.
Discount rates for AEON MALL Meiwa are 6.3% during the initial four years and 6.4% from the fifth year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.1% during the initial two years and 6.2% from the third year.
Discount rates for AEON MALL Kushiro-Showa are 6.7% during the initial year and 6.8% from the second year.
Discount rates for AEON MALL Shinrifu North Wing are 6.3% during the initial six years and 6.4% from the seventh year.
Discount rates for AEON MALL Yamagata-Minami are 6.5% during the initial two years and 6.6% from the third year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.1% during the initial year and 6.2% from the second year.
Discount rates for AEON MALL Tomakomai are 5.8% during the initial three years and 5.9% from the fourth 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 five years and 4.9% from the sixth year.
Discount rates for AEON MALL Fukutsu are 5.4% during the initial five years and 5.5% from the sixth year.
Discount rates for AEON MALL Tamadaira woods are 4.9% during the initial three years and 5.0% from the fourth year.
Discount rates for AEON Kireuriwari Shopping Center are 5.1% during the initial six years and 5.2% from the seventh 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 Nogata, AEON REIT additionally acquired land as of February 25, 2021.
- (Note 7) AEON MALL Shinrifu North Wing was renamed from AEON MALL Rifu in July 2021.
- (Note 8) For AEON MALL Yamatokoriyama, the amounts and figures are indicated by reflecting the sale of part of its land as announced in "Notice of Disposition of Part of Land of Domestic Property (AEON MALL Yamatokoriyama)" dated March 24, 2021.
- (Note 9) For AEON MALL Kofu Showa, the amounts and figures are indicated combined with those of the Extended Building AEON REIT additionally acquired on September 3, 2018.
- (Note 10) 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 of July 31, 2021, which was conducted by the real estate appraiser based on the available materials, etc., as the on-site inspection cannot be conducted due to the restrictions on going out, etc. in Malaysia caused by COVID-19. Therefore, the amount equivalent to the right (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property of the trust pertaining to the Malaysian beneficiary right of "AEON Taman University Shopping Center" is stated based on the survey value as of July 31, 2021, which was appraised by a real estate appraiser based on available materials, etc. In addition, the Investment Corporation recognizes that this survey value is in accordance with the real estate appraisal standards for procedures other than the on-site survey. 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 is the appraisal value as of July 31, 2021, which is the date of valuation by the real estate appraiser based on the available materials, etc., as the on-site survey cannot be conducted due to the restrictions on going out, etc. in Malaysia caused by COVID-19. However, the Investment Corporation understands that the procedures other than the on-site survey are in accordance with the real estate appraisal standards. 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 (RM 1 = ¥25.87; rounded down to the second decimal place) on July 30, 2021, which is the business day immediately preceding the closing date (July 31, 2021), as the closing date was not a business day.
- (Note 11) The property is owned by AEON REIT through the Overseas SPC.

(D) Statements of income of individual properties

17th fiscal period (from February 1, 2021, to July 31, 2021)

(Unit: Thousands of yen)

Property number	SRSC-1	SRSC-2	RSC-1	RSC-2	RSC-3
Property name	AEON LakeTown mori	AEON LakeTown kaze	AEON MALL Morioka	AEON MALL Ishinomaki	AEON MALL Mitouchihara
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	679,854	337,744	377,786	352,148	722,413
Rent revenue—real estate	679,854	337,744	377,786	352,148	722,413
(B) Expenses related to real estate leasing business	91,444	122,885	120,172	119,983	180,104
Property and facility management fees (Note 1)	1,826	1,284	1,820	1,790	1,400
Taxes and dues	79,158	31,391	42,158	45,716	71,598
Insurance expenses	5,419	3,958	4,510	3,004	7,843
Repairs and maintenance expenses	4,913	5,848	21,913	14,748	23,267
Land rent paid	16	78,959	49,748	54,704	75,121
Utilities	—	—	—	—	—
Other expenses related to rent business	111	1,442	21	20	873
(C) NOI (A – B)	588,409	214,859	257,613	232,165	542,309
(D) Depreciation	207,547	95,879	84,842	82,051	246,855
(E) Income from leasing business (C – D)	380,862	118,980	172,770	150,113	295,453
(F) Capital expenditures	—	—	11,117	5,297	2,835
(G) NCF (C – F)	588,409	214,859	246,496	226,868	539,474

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-4	RSC-5	RSC-6	RSC-7	RSC-8
Property name	AEON MALL Ota	AEON Sagamihara Shopping Center	AEON MALL Ogaki	AEON MALL Suzuka	AEON MALL Meiwa
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	481,573	418,460	324,942	455,877	218,377
Rent revenue—real estate	481,573	418,460	324,942	455,877	218,377
(B) Expenses related to real estate leasing business	205,713	92,230	135,411	125,524	82,121
Property and facility management fees (Note 1)	1,400	1,400	1,760	1,850	1,850
Taxes and dues	37,262	73,649	31,414	52,209	20,495
Insurance expenses	4,121	5,771	2,881	5,987	1,622
Repairs and maintenance expenses	30,299	11,387	5,142	60,346	20,443
Land rent paid	132,591	—	94,212	—	37,567
Utilities	—	—	—	—	—
Other expenses related to rent business	37	22	—	5,131	142
(C) NOI (A – B)	275,860	326,230	189,531	330,353	136,256
(D) Depreciation	83,096	89,142	101,142	126,610	42,321
(E) Income from leasing business (C – D)	192,763	237,088	88,388	203,742	93,934
(F) Capital expenditures	107,574	—	5,926	135,152	—
(G) NCF (C – F)	168,285	326,230	183,604	195,200	136,256

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-9	RSC-10	RSC-11	RSC-12	RSC-13
Property name	AEON MALL Kasai-Hojo	AEON MALL Hiezu	AEON MALL Kurashiki	AEON MALL Ayagawa	AEON MALL Nogata (Note 2)
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	325,147	436,421	744,328	454,508	550,386
Rent revenue—real estate	325,147	436,421	744,328	454,508	550,386
(B) Expenses related to real estate leasing business	57,807	132,906	166,480	149,058	100,107
Property and facility management fees (Note 1)	1,850	1,850	1,850	1,850	1,850
Taxes and dues	39,859	40,518	91,919	51,345	55,126
Insurance expenses	2,014	4,986	8,343	4,911	9,521
Repairs and maintenance expenses	4,205	13,388	64,278	5,990	27,810
Land rent paid	9,677	72,092	—	84,915	5,784
Utilities	—	—	—	—	—
Other expenses related to rent business	201	70	88	44	14
(C) NOI (A – B)	267,339	303,514	577,848	305,450	450,278
(D) Depreciation	95,474	149,189	210,009	184,777	213,022
(E) Income from leasing business (C – D)	171,865	154,324	367,839	120,672	237,255
(F) Capital expenditures	—	4,073	235,753	—	3,269
(G) NCF (C – F)	267,339	299,440	342,095	305,450	447,009

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-15	RSC-16	RSC-17	RSC-18	RSC-19
Property name	AEON MALL KYOTO	AEON MALL Sapporo-Hiraoka	AEON MALL Kushiro-Showa	AEON MALL Shinrifu North Wing	AEON MALL Yamagata-Minami
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	705,268	447,824	229,671	138,856	161,589
Rent revenue—real estate	705,268	447,824	229,671	138,856	161,589
(B) Expenses related to real estate leasing business	156,251	236,121	138,571	260,969	94,950
Property and facility management fees (Note 1)	1,862	2,180	2,180	2,260	1,820
Taxes and dues	130,332	42,887	30,272	20,947	17,690
Insurance expenses	7,147	3,955	2,541	3,330	2,537
Repairs and maintenance expenses	16,893	21,622	7,713	168,490	8,362
Land rent paid	—	165,475	95,864	65,915	64,541
Utilities	—	—	—	—	—
Other expenses related to rent business	15	—	—	25	—
(C) NOI (A – B)	549,016	211,703	91,099	(122,112)	66,638
(D) Depreciation	185,809	75,969	29,431	41,513	22,359
(E) Income from leasing business (C – D)	363,207	135,734	61,668	(163,626)	44,279
(F) Capital expenditures	2,781	6,963	6,154	270,751	3,361
(G) NCF (C – F)	546,235	204,739	84,945	(392,864)	63,276

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-20	RSC-21	RSC-22	RSC-23	RSC-24
Property name	AEON MALL Yokkaichi-Kita	AEON MALL Yamatokoriyama (Note 3)	AEON MALL Chiba Newtown (mall, and cinema and sports complex)	AEON MALL Kofu Showa	AEON MALL Tomakomai
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	232,938	763,145	402,222	672,355	342,767
Rent revenue—real estate	232,938	763,145	402,222	672,355	342,767
(B) Expenses related to real estate leasing business	124,697	319,946	89,949	167,826	83,431
Property and facility management fees (Note 1)	1,760	1,760	1,670	1,820	1,850
Taxes and dues	20,866	59,100	70,329	61,634	59,643
Insurance expenses	1,924	5,755	4,555	6,743	3,473
Repairs and maintenance expenses	8,677	5,605	13,125	4,634	18,464
Land rent paid	91,469	247,702	240	92,995	—
Utilities	—	—	—	—	—
Other expenses related to rent business	—	22	28	—	—
(C) NOI (A – B)	108,241	443,199	312,272	504,528	259,335
(D) Depreciation	35,228	176,364	103,736	263,098	125,280
(E) Income from leasing business (C – D)	73,012	266,834	208,536	241,430	134,054
(F) Capital expenditures	27,369	805	3,148	6,087	35,044
(G) NCF (C – F)	80,871	442,394	309,124	498,441	224,291

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-25	RSC-26	RSC-27	RSC-28	RSC-29
Property name	AEON MALL Oyama	AEON MALL Itamikoya	AEON MALL Kagoshima	AEON MALL Tsuchiura	AEON MALL Kahoku
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	277,183	847,506	589,301	532,514	489,676
Rent revenue—real estate	277,183	847,506	589,301	532,514	489,676
(B) Expenses related to real estate leasing business	42,079	331,671	153,831	132,176	117,794
Property and facility management fees (Note 1)	1,400	1,376	1,688	1,334	1,580
Taxes and dues	31,181	92,395	93,358	52,625	39,770
Insurance expenses	2,548	7,078	6,127	4,523	3,934
Repairs and maintenance expenses	6,942	7,593	19,832	9,105	14,060
Land rent paid	—	223,227	32,792	64,567	58,428
Utilities	—	—	—	—	—
Other expenses related to rent business	7	—	32	20	21
(C) NOI (A – B)	235,103	515,835	435,469	400,338	371,881
(D) Depreciation	88,690	193,238	178,653	154,015	166,656
(E) Income from leasing business (C – D)	146,412	322,596	256,815	246,323	205,225
(F) Capital expenditures	16,154	1,835	1,312	1,583	3,254
(G) NCF (C – F)	218,949	513,999	434,156	398,755	368,626

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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
Property name	AEON MALL Shimotsuma	AEON MALL Kyoto Gojo	AEON MALL Fukutsu	AEON MALL Tamadaira woods	AEON Chigasaki-Chuo Shopping Center
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	386,704	437,699	622,597	579,673	225,407
Rent revenue—real estate	386,704	437,699	622,597	579,673	225,407
(B) Expenses related to real estate leasing business	72,740	81,003	108,346	303,437	53,038
Property and facility management fees (Note 1)	1,610	1,412	1,580	1,340	1,400
Taxes and dues	27,500	64,265	76,658	53,900	34,103
Insurance expenses	3,226	3,928	5,778	3,987	2,487
Repairs and maintenance expenses	—	11,397	6,264	—	15,025
Land rent paid	40,378	—	18,042	244,190	—
Utilities	—	—	—	—	—
Other expenses related to rent business	26	—	22	18	21
(C) NOI (A – B)	313,963	356,696	514,250	276,235	172,369
(D) Depreciation	117,138	87,024	153,167	94,613	44,724
(E) Income from leasing business (C – D)	196,825	269,671	361,082	181,622	127,645
(F) Capital expenditures	—	3,767	—	—	—
(G) NCF (C – F)	313,963	352,928	514,250	276,235	172,369

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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-2	CSC-3	CSC-4	L-1	L-2
Property name	AEON STYLE Kemigawahama	AEON Kireuiwari Shopping Center	AEON Ueda Shopping Center	Daiei-Kawasaki Process Center	AEON Minami-Osaka RDC
Number of operating days	181	181	181	181	181
(A) Revenues related to real estate leasing business	175,801	173,255	216,145	487,209	289,620
Rent revenue—real estate	175,801	173,255	216,145	487,209	289,620
(B) Expenses related to real estate leasing business	36,422	49,299	35,730	107,380	33,931
Property and facility management fees (Note 1)	1,298	1,406	1,400	1,580	1,370
Taxes and dues	16,166	21,312	30,978	47,982	25,292
Insurance expenses	1,597	1,937	3,351	5,483	3,023
Repairs and maintenance expenses	2,285	—	—	7,518	4,222
Land rent paid	15,056	24,625	—	6	—
Utilities	—	—	—	44,542	—
Other expenses related to rent business	19	17	—	267	22
(C) NOI (A – B)	139,378	123,955	180,415	379,829	255,688
(D) Depreciation	53,677	41,640	60,942	95,596	67,487
(E) Income from leasing business (C – D)	85,701	82,315	119,472	284,233	188,201
(F) Capital expenditures	—	—	—	—	—
(G) NCF (C – F)	139,378	123,955	180,415	379,829	255,688

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

Property number	L-3	M-1	
Property name	Daiei Ibaraki Process Center	AEON Taman Universiti Shopping Centre (Note 4)	Total
Number of operating days	181	181	—
(A) Revenues related to real estate leasing business	251,197	20,801	17,578,907
Rent revenue—real estate	251,197	20,801	17,578,907
(B) Expenses related to real estate leasing business	47,119	1,212	5,261,886
Property and facility management fees (Note 1)	1,700	411	68,677
Taxes and dues	39,469	724	2,025,214
Insurance expenses	3,643	73	179,598
Repairs and maintenance expenses	2,285	—	694,106
Land rent paid	—	—	2,240,910
Utilities	2	—	44,544
Other expenses related to rent business	18	3	8,834
(C) NOI (A – B)	204,077	19,588	12,317,021
(D) Depreciation	20,793	6,810	4,695,625
(E) Income from leasing business (C – D)	183,284	12,777	7,621,395
(F) Capital expenditures	3,454	—	904,830
(G) NCF (C – F)	200,622	19,588	11,412,190

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

(Note 2) For AEON MALL Nogata, AEON REIT additionally acquired land as of February 25, 2021.

(Note 3) For AEON MALL Yamatokoriyama, AEON REIT disposed part of the land as of March 24, 2021.

(Note 4) *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, 2021.

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 renewal	From February 2022 to May 2022	65	—	—
AEON LakeTown kaze (Koshigaya City, Saitama Pref.)	Renewal of waterproofing	From October 2021 to December 2021	46	—	—
AEON MALL Morioka (Morioka City, Iwate Prefecture)	Renewal of air-conditioning units	From September 2021 to November 2021	64	—	—
	Renewal of air-conditioning units	From February 2022 to May 2022	73	—	—
AEON MALL Mitouchihara (Mito City, Ibaraki Pref.)	Renewal of air-conditioning units	From October 2021 to November 2021	32	—	—
	Renewal of air-conditioning units	From April 2022 to May 2022	44	—	—
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air-conditioning units	From August 2021 to November 2021	197	—	—
	Renewal of air-conditioning units	From February 2022 to May 2022	65	—	—
AEON Sagamihara Shopping Center (Sagamihara City, Kanagawa Pref.)	Renewal of air-conditioning units	From September 2021 to November 2021	162	—	—
	Renewal of air-conditioning units	From February 2022 to May 2022	182	—	—
	Renewal of parking lot road surface	From February 2022 to May 2022	97	—	—
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Revitalization	From June 2021 to August 2021	57	—	—
	Renewal of air-conditioning units	From September 2021 to October 2021	33	—	—
	Renewal of hot/cold water generators	From December 2021 to February 2022	96	—	—
AEON MALL Hiezu (Saihaku County, Tottori Pref.)	Renewal of sanitary facilities in the East Building	From August 2021 to October 2021	31	—	—
	Renewal of waterproofing	From March 2022 to May 2022	61	—	—
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of automatic control system	From September 2021 to December 2021	39	—	—
	Renewal of air-conditioning units	From September 2021 to May 2022	464	—	—
	Renewal of sanitary facilities	From November 2021 to February 2022	65	—	—
AEON MALL Nogata (Nogata City, Fukuoka Pref.)	Renewal of air-conditioning units	From September 2021 to November 2021	122	—	—
	Renewal of electrical facilities	From March 2022 to June 2022	81	—	—
	Renewal of air-conditioning units	From February 2022 to May 2022	153	—	—
AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.)	Renewal of air-conditioning units	From May 2021 to October 2021	61	—	—
AEON MALL Shinrifu North Wing (Miyagi County, Miyagi Pref.)	Parking lot waterproofing	From March 2021 to August 2021	297	—	—
	Work on fire shutters	From May 2021 to August 2021	48	—	—
	Work on exterior fittings repair	From May 2021 to October 2021	46	—	—
	Renewal of waterproofing	From September 2021 to February 2022	203	—	—
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air-conditioning units	From March 2022 to May 2022	43	—	—
AEON MALL Tomakomai (Tomakomai City, Hokkaido Pref.)	Renewal of air-conditioning units	From February 2022 to May 2022	32	—	—
AEON MALL Oyama (Oyama City, Tochigi Pref.)	Renewal of air-conditioning units	From September 2021 to January 2022	38	—	—

AEON MALL Kahoku (Kahoku City, Ishikawa Pref.)	Renewal of interior fittings	From September 2021 to October 2021	37	—	—
	Renewal of air-conditioning units	From September 2021 to December 2021	35	—	—
	Renewal of air-conditioning units	From February 2022 to April 2022	35	—	—
AEON Chigasaki-Chuo Shopping Center (Chigasaki City, Kanagawa Pref.)	Exterior wall painting	From April 2021 to January 2022	352	—	—
	Renewal of electrical facilities	From February 2022 to April 2022	139	—	—
	Renewal of air-conditioning units	From February 2022 to June 2022	97	—	—
AEON STYLE Kemigawahama (Chiba City, Chiba Pref.)	Renewal of air-conditioning units	From February 2022 to April 2022	37	—	—
AEON Ueda Shopping Center (Ueda City, Nagano Pref.)	Exterior wall painting	From April 2021 to November 2021	271	—	—

(B) Capital expenditures during the period

For properties held by AEON REIT as of July 31, 2021, 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 ¥904 million. Combined with ¥694 million in repairs and maintenance that was classified as expenses as well as ¥543 million in loss on disaster from the earthquake off the coast of Fukushima Prefecture, the earthquake off the coast of Miyagi Prefecture and Typhoon Haishen, AEON REIT conducted construction works totaling ¥2,142 million in the current fiscal period.

Property name (Location)	Purpose	Period	Cost of construction works (Millions of yen)
AEON MALL Shinrifu North Wing (Miyagi County, Miyagi Pref.)	Renovation of exterior walls	From October 2020 to June 2021	266
AEON MALL Ota (Ota City, Gunma Pref.)	Renewal of air-conditioning units	From January 2021 to April 2021	100
AEON MALL Suzuka (Suzuka City, Mie Pref.)	Renewal of air-conditioning units	From April 2021 to April 2021	45
	Renewal of extra high-tension power facilities	From May 2020 to April 2021	44
	Installation of garbage storage	From April 2021 to June 2021	26
AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.)	Renewal of air-conditioning units	From April 2021 to May 2021	23
AEON MALL Kurashiki (Kurashiki City, Okayama Pref.)	Renewal of air-conditioning units	From August 2020 to May 2021	223