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March 17, 2023

Financial Report for the Fiscal Period Ended January 31, 2023 (August 1, 2022 – January 31, 2023)

AEON REIT Investment Corporation

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

Asset management company: AEON Reit Management Co., Ltd.
 Representative: Nobuaki Seki, Representative Director and President
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Scheduled date to file securities report: April 27, 2023
 Scheduled date to commence distribution payments: April 20, 2023

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

(Amounts rounded down to the nearest million yen)

1. Summary of financial results for the fiscal period ended January 31, 2023 (August 1, 2022 – January 31, 2023)

(1) Operating results

(Percentages show changes from the previous period)

| Fiscal period ended | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|---------------------|-------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| January 31, 2023 | 19,987 | (0.7) | 7,620 | 0.8 | 6,713 | 0.3 | 6,724 | (2.4) |
| July 31, 2022 | 20,121 | 1.0 | 7,561 | (1.7) | 6,694 | (1.1) | 6,889 | 3.4 |

| Fiscal period ended | Net income per unit | Return on equity (ROE) | Ordinary income to total assets | Ordinary income to operating revenue |
|---------------------|---------------------|------------------------|---------------------------------|--------------------------------------|
| | Yen | % | % | % |
| January 31, 2023 | 3,288 | 2.8 | 1.5 | 33.6 |
| July 31, 2022 | 3,370 | 2.9 | 1.5 | 33.3 |

(2) Distributions

| Fiscal period ended | Distribution per unit (excluding distributions in excess of retained earnings) | Total cash distributions (excluding distributions in excess of retained earnings) | Distribution in excess of retained earnings per unit | Total cash distributions in excess of retained earnings | Payout ratio | Cash distributions to net assets |
|---------------------|--|---|--|---|--------------|----------------------------------|
| | Yen | Millions of yen | Yen | Millions of yen | % | % |
| January 31, 2023 | 3,283 | 6,711 | 0 | 0 | 99.8 | 2.8 |
| July 31, 2022 | 3,274 | 6,693 | 0 | 0 | 97.2 | 2.8 |

(Note 1) Distribution per unit for the fiscal period ended January 31, 2023, is calculated by dividing the amount, which is obtained by deducting the amount of provision of distribution reserve of ¥10 million from unappropriated retained earnings of ¥6,724 million, by the total number of investment units issued and outstanding.

(Note 2) Distribution per unit for the fiscal period ended July 31, 2022, is calculated by dividing the amount, which is obtained by deducting the amount of provision of distribution reserve of ¥195 million from unappropriated retained earnings of ¥6,889 million, by the total number of investment units issued and outstanding.

(Note 3) Payout ratio is calculated by using the following formula:

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

(3) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per unit |
|------------------|-----------------|-----------------|--------------|---------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| January 31, 2023 | 433,395 | 236,638 | 54.6 | 115,745 |
| July 31, 2022 | 434,634 | 236,607 | 54.4 | 115,730 |

(Reference) Equity As of January 31, 2023: ¥236,638 million As of July 31, 2022: ¥236,607 million

(4) Cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---------------------|---|---|---|--|
| Fiscal period ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| January 31, 2023 | 10,651 | (1,401) | (6,692) | 32,859 |
| July 31, 2022 | 15,593 | (1,996) | (6,775) | 30,301 |

2. Forecasts of performance for the fiscal periods ending July 31, 2023 (February 1, 2023 – July 31, 2023) and January 31, 2024 (August 1, 2023 – January 31, 2024)

(Percentages show changes from the previous period)

| Fiscal period ending | Operating revenue | | Operating income | | Ordinary income | | Net income | | Distributions per unit (excluding distributions in excess of retained earnings) | Distributions in excess of retained earnings per unit |
|----------------------|-------------------|-------|------------------|-----|-----------------|-----|-----------------|-----|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen | Yen |
| July 31, 2023 | 20,959 | 4.9 | 7,945 | 4.3 | 7,019 | 4.6 | 7,019 | 4.4 | 3,350 | 0 |
| January 31, 2024 | 20,957 | (0.0) | 7,998 | 0.7 | 7,020 | 0.0 | 7,020 | 0.0 | 3,350 | 0 |

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

For the fiscal period ending July 31, 2023: ¥3,304

For the fiscal period ending January 31, 2024: ¥3,305

(Note) Distribution per unit for the fiscal periods ending July 2023 and January 2024 is calculated on the assumption that part of the provision of distribution reserve (¥96 million and ¥96 million, respectively) will be reversed and distributed.

*Other

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

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

(2) Total number of investment units issued and outstanding

- Total number of investment units issued and outstanding at end of period (including treasury investment units)
 - As of January 31, 2023 2,044,467 units
 - As of July 31, 2022 2,044,467 units
- Number of treasury investment units at end of period
 - As of January 31, 2023 0 units
 - As of July 31, 2022 0 units

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

* Status of audit procedures

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

* Special notes

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to AEON REIT and on certain assumptions AEON REIT deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. Furthermore, these forecasts shall not be construed as a guarantee of the distribution amount. Please refer to “Assumptions for Forecasts of Performance for the Fiscal Periods Ending July 2023 (February 1, 2023 – July 31, 2023) and January 2024 (August 1, 2023 – January 31, 2024)” 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.

The real estate held by AEON REIT as of January 31, 2023, totaled 47 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 ¥447,032 million. Total leasable area is 4,056,102.68 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 20th fiscal period), the Japanese economy saw the real GDP growth rate (first preliminary estimates) for October through December 2022 rise by 0.2% quarter on quarter, achieving a positive growth for the first time in two quarters, amid economic activities continuing to be on track to normalization from the impact of the novel coronavirus infection (COVID-19). This was because automobiles and other durable goods grew as supply constraints were eased; domestic consumption was bolstered mainly around transportation as well as accommodation and other face-to-face services with the National Travel Discount Program, a tourism promotion measure by the government, serving as a tailwind; and consumption by inbound tourists (foreign visitors to Japan) recovered in accordance with the anti-pandemic border control measures relaxed in October 2022, among other reasons. In Malaysia, the real GDP for the fourth quarter of 2022 rose 7.0% year on year. The Malaysian economy saw a strong expansion in domestic demand, including consumer spending, as progress was made in resumption of economic activities through easing of regulations against COVID-19.

In the real estate investment market, investors in Japan and abroad remained highly willing to acquire properties, while paying close attention to how the monetary policy of the Bank of Japan (BOJ) would proceed. Although the market is felt overheated differently 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 consideration of interest trends, etc.

In the J-REIT market, the market sentiment deteriorated as interest rates were perceived to rise with progress made toward normalizing the monetary easing policy, following the BOJ’s announcement at its Monetary Policy Meeting in December 2022 to allow long-term yields to fluctuate in the range of plus and minus 0.5 percentage points. At the end of the 20th fiscal period, the Tokyo Stock Exchange (TSE) REIT Index fell to 1,826.84 points based on closing price.

(b) Performance

Under such circumstances, AEON REIT and the Asset Manager additionally acquired part of the land of AEON MALL Chiba Newtown (mall, and cinema and sports complex) (acquisition price: ¥8 million) by utilizing cash on hand.

In terms of internal growth, AEON REIT conducted revitalization work for AEON MALL Kurashiki with considerations given to child-raising families, by newly forming a rental section in the area that had been used as a bus stop waiting space in accordance with inviting a nursery, and by replacing part of the outdoor stairs in the courtyard and terrace area with playground equipment (slides). At AEON MALL Shimotsuma, exterior wall painting was conducted to enhance the property's image and reinforce functionalities. At AEON MALL Sapporo-Hiraoka and AEON MALL Tomakomai, AEON REIT installed inverter boards for air-conditioning equipment to reduce electricity consumption and greenhouse gas emissions by using a green lease, and concluded contracts including environment-conscious clauses that allow AEON REIT to receive part of the reductions caused by the installation in the utilities expenses borne by the tenants (master lessees) as an increase in rent. As such, AEON REIT is promoting investments aimed at reinforcing competitiveness as well as maintaining and enhancing the functions of its properties.

(C) Financing

In the fiscal period under review, AEON REIT conducted debt financing of ¥4,200 million, ¥3,000 million, ¥3,300 million, ¥5,700 million and ¥4,600 million (¥20,800 million in total) to fund the refinance of borrowings of ¥20,800 million maturing on October 20, 2022. Of the debt financing, the loan of ¥3,300 million is for repayment of borrowings that had been used to acquire an eligible green asset based on the sustainability finance framework prepared by AEON REIT, and were procured in the form of green loans.

As of January 31, 2023, AEON REIT had a balance of interest-bearing debt totaling ¥179,100 million, with the LTV ratio (the ratio of the balance of interest-bearing debt plus tenant leasehold and security deposits and tenant leasehold and security deposits in trust to total assets held by AEON REIT) standing at 44.6%.

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 January 31, 2023. 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 97.7% 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.

Furthermore, as of January 31, 2023, 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- | Positive |

(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. In December 2021, AEON Reit Management Co., Ltd. that conducts asset management for AEON REIT identified its materiality (important agendas) and expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with an aim to clarify its policy and structure for addressing ESG issues and promote enhanced disclosure of what it is doing in the endeavor. In the 20th fiscal period, AEON REIT issued "Sustainability Report 2022" that provides its basic information and summarizes its views on sustainability and initiatives on ESG.

A variety of initiatives have been recognized by external institutions, as exemplified by AEON REIT obtaining "Five Star" in the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment, which grants rating in five stages based on global ranking of total scores, in October 2022. AEON REIT also

received the “Green Star” rating for the seventh consecutive year, evaluated as an excellent participant in both of the Management Component, which measures the entity’s policy and organizational structure for promoting ESG, and the Performance Component, which measures the environmental performance of the entity’s portfolio properties and joint initiatives with tenants, etc.

As for assessment for properties, AEON REIT re-obtained DBJ Green Building Certification for 5 properties in total in August 2022. As of the end of the 20th fiscal period (January 31, 2023), AEON REIT has obtained the DBJ Green Building Certification for 28 properties, BELS certification for 1 property, and CASBEE Certification for Buildings for 4 properties.

Other than the above, the Asset Manager was certified by the CERTIFIED 2023 Health & Productivity Management Outstanding Organizations Recognition Program (for SMEs) in March 2023, marking the fourth 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 ¥19,987 million, operating income of ¥7,620 million, ordinary income of ¥6,713 million, and net income of ¥6,724 million for the 20th fiscal period ended January 31, 2023. Note that AEON REIT recorded ¥65 million in total, which was spent on work related to damage caused by Typhoon Nanmadol that developed in September 2022, as extraordinary losses, and recorded ¥76 million in total in insurance income for the damages caused by the said typhoon as extraordinary income.

As for cash distribution for the 20th fiscal period, distribution per unit came to ¥3,283 as a result of deducting ¥10 million in provision of distribution reserve (the amount obtained by deducting the extraordinary losses comprising loss on disaster from the extraordinary income comprising insurance income for disasters) from ¥6,724 million in unappropriated retained earnings.

Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 20th fiscal period, however, with ¥429 million in distribution reserve it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.

ii) Outlook for the next fiscal period

(A) Outlook for overall performance

Looking ahead, the Japanese and Malaysian economies are expected to head for a gradual recovery due to such factors as an increase in demand from foreign tourists, amid socio-economic activities advancing toward normalization with behavioral restrictions and border control measures against COVID-19 being relaxed. Attention must be paid, however, to the impact of ongoing and extending inflation due to the prolonged Ukraine situation and soaring natural resource and energy prices, and of the fluctuations in the financial and capital markets.

Under such circumstances, AEO REIT will endeavor to secure stable rental income on a continuous basis by taking advantage of lease agreements with fixed rents that it employs based on master lease agreements with the AEON Group companies, in which entire individual buildings are leased to them as lessees (master lessees).

On top of this, AEON REIT believes that it is even more necessary to effectively utilize cash on hand in response to changes in the external environment by taking advantage of the capacity to generate cash flows, one of its characteristics, on top of seeking to secure stable earnings over the medium to long term and maintain and enhance its asset value by continuously utilizing the comprehensive strengths of the AEON

Group to acquire and manage community infrastructure assets that continue to be supported by local communities.

(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 January 16, 2023, and January 19, 2023, AEON REIT resolved to issue new investment units as described below. Payment was completed on February 1, 2023, for new investment units issued through public offering, and on February 21, 2023, for new investment units issued through third-party allotment.

a. Issuance of new investment units through public offering

| | |
|---|----------------------|
| Number of investment units issued: | 75,700 units |
| Issue price: | 135,456 yen per unit |
| Total issue price: | 10,254,019,200 yen |
| Paid-in amount (issue value): | 131,079 yen per unit |
| Total paid-in amount (total issue value): | 9,922,680,300 yen |
| Payment date: | February 1, 2023 |

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

| | |
|---|-----------------------------|
| Number of investment units issued: | 3,785 units |
| Paid-in amount (issue value): | 131,079 yen per unit |
| Total paid-in amount (total issue value): | 496,134,015 yen |
| Payment date: | February 21, 2023 |
| Alottee: | Nomura Securities Co., Ltd. |

c. Use of proceeds

The proceeds from the aforementioned public offering will be fully used to partly fund the acquisition of the trust beneficiary rights in real estate for the two 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 fund acquisitions of specified assets or repayment of borrowings in the future.

(B) Property acquisition

AEON REIT acquired the trust beneficiary rights in real estate of two properties described below (acquisition price: ¥21,300 million).

| Property name | Location | Acquisition price (Millions of yen) (Note 1) | Acquisition date | Seller |
|--------------------------------|------------------------------------|---|------------------|--------------------------|
| AEON MALL Wakayama | Wakayama City, Wakayama Pref. | 16,840 | February 1, 2023 | Godo Kaisha Double O7 |
| AEON MALL Miyakonojo Ekimae | Miyakonojo City, Miyazaki Pref. | 4,460 | | |
| Total | – | 21,300 | | |

(Note) *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.

(C) Debt financing

AEON REIT conducted debt financing as described below as of February 1, 2023, in order to partly fund the acquisition of trust beneficiary rights in real estate for the two properties described in (B) Property acquisition above and related expenses.

| 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 | 9,300 | Base rate (JBA three-month Japanese Yen TIBOR) plus 0.22% | February 1, 2023 | Debt financing based on individual term loan agreements entered into on January 30, 2023, with the lenders on the left | February 1, 2024 | Bullet repayment | Unsecured and unguaranteed |
| Total | | 9,300 | | | – | | | |

**Assumptions for Forecasts of Performance for the Fiscal Periods Ending
July 2023 (February 1, 2023 – July 31, 2023) and January 2024 (August 1, 2023 – January 31, 2024)**

| Item | Assumptions |
|------------------------|---|
| Accounting period | <ul style="list-style-type: none"> ● Fiscal period ending July 31, 2023 (181 days from February 1, 2023, to July 31, 2023, the 21st fiscal period) ● Fiscal period ending January 31, 2024 (184 days from August 1, 2023, to January 31, 2024, the 22nd fiscal period) |
| Portfolio | <ul style="list-style-type: none"> ● The number of investment assets is assumed to be 49 (including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC) AEON REIT owns as of March 17, 2023 (hereinafter, the “assets currently held”). ● For the forecasts of performance, it is assumed that, through the end of the 22nd fiscal period ending January 2024, 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 March 17, 2023, and market trends. Dividends from the Overseas SPC have been calculated based on the assumption that dividends will be received during the fiscal periods ending July 31, 2023 (21st fiscal period), and ending January 31, 2024 (22nd fiscal period), respectively. Furthermore, the exchange rate of Malaysia is assumed to be Malaysian Ringgit 1 = JPY 28.00. 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 ¥2,259 million for the 21st fiscal period and ¥2,259 million for the 22nd 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 ¥5,526 million for the 21st fiscal period and ¥5,413 million for the 22nd fiscal period. |
| Non-operating expenses | <ul style="list-style-type: none"> ● Interest expenses and other borrowing-related expenses are assumed to be ¥908 million for the 21st fiscal period and ¥960 million for the 22nd fiscal period. |
| Borrowings | <ul style="list-style-type: none"> ● As of March 17, 2023, AEON REIT has interest-bearing debt totaling ¥188,400 million. However, it is assumed that the short-term loans payable (¥9,300 million) borrowed on February 1, 2023, will be refinanced for the same amount on October 20, 2023. ● It is assumed that AEON REIT will refinance ¥20,400 million in borrowings that will mature in the 22nd fiscal period (repayment date: October 20, 2023) for the same amount. ● LTV ratio is anticipated to be approximately 45% as of the end of the 21st fiscal period (July 31, 2023) and approximately 45% as of the end of the 22nd fiscal period (January 31, 2024). ● 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 21st and 22nd fiscal periods is calculated based on the assumption that the total number of investment units issued and outstanding will be 2,123,952 units as of March 17, 2023. Furthermore, it is assumed that there will be no issuance of new investment units through the end of the 22nd 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. • 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. has become larger due to the acquisition of AEON MALL Shinkomatsu. Accordingly, AEON REIT started recording amortization of leasehold rights, etc. from the 18th fiscal period ended January 2022. These expenses, for which reversal of distribution reserve is assumed, are calculated on the assumption of reversing ¥96 million for the 21st fiscal period and ¥96 million for the 22nd fiscal period. Furthermore, amortization of leasehold rights, etc. is assumed for AEON MALL Wakayama, which AEON REIT acquired on February 1, 2023, and is included in the calculation of the aforementioned reversal of distribution reserve. |
| 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. |

2. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

| | Previous fiscal period (As of July 31, 2022) | Current fiscal period (As of January 31, 2023) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 21,399,253 | 23,912,320 |
| Cash and deposits in trust | 8,902,646 | 8,947,261 |
| Prepaid expenses | 448,556 | 807,615 |
| Income taxes receivable | 18 | 20 |
| Other | 643,021 | 95,862 |
| Total current assets | 31,393,497 | 33,763,079 |
| Non-current assets | | |
| Property and equipment | | |
| Land | 108,463 | 108,463 |
| Buildings in trust | 245,606,857 | 247,059,134 |
| Accumulated depreciation | (65,090,817) | (70,111,432) |
| Buildings in trust, net | 180,516,040 | 176,947,701 |
| Structures in trust | 2,060,197 | 2,132,787 |
| Accumulated depreciation | (1,249,422) | (1,330,778) |
| Structures in trust, net | 810,774 | 802,009 |
| Tools, furniture and fixtures in trust | 29,469 | 41,408 |
| Accumulated depreciation | (15,541) | (18,686) |
| Tools, furniture and fixtures in trust, net | 13,927 | 22,721 |
| Land in trust | 141,086,856 | 141,100,504 |
| Construction in progress in trust | - | 917 |
| Total property and equipment | 322,536,062 | 318,982,318 |
| Intangible assets | | |
| Leasehold interests in trust | 73,551,636 | 73,490,733 |
| Total intangible assets | 73,551,636 | 73,490,733 |
| Investments and other assets | | |
| Shares of subsidiaries and associates | 6,078,453 | 6,078,453 |
| Long-term prepaid expenses | 750,849 | 787,379 |
| Lease and guarantee deposits | 10,460 | 10,000 |
| Total investments and other assets | 6,839,763 | 6,875,833 |
| Total non-current assets | 402,927,462 | 399,348,886 |
| Deferred assets | | |
| Investment unit issuance expenses | 39,344 | 28,719 |
| Investment corporation bond issuance costs | 274,686 | 255,225 |
| Total deferred assets | 314,031 | 283,945 |
| Total assets | 434,634,991 | 433,395,910 |

(Unit: Thousands of yen)

| | Previous fiscal period (As of July 31, 2022) | Current fiscal period (As of January 31, 2023) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 1,866,229 | 1,436,040 |
| Current portion of long-term loans payable | 20,800,000 | 20,400,000 |
| Accounts payable - other | 472,598 | 474,250 |
| Accrued expenses | 106,100 | 109,239 |
| Income taxes payable | 605 | 605 |
| Accrued consumption taxes | 1,473,079 | 608,287 |
| Provision for loss on disaster | 37,084 | 48,032 |
| Other | 192,321 | 200,080 |
| Total current liabilities | 24,948,018 | 23,276,535 |
| Non-current liabilities | | |
| Investment corporation bond | 51,000,000 | 51,000,000 |
| Long-term loans payable | 107,300,000 | 107,700,000 |
| Tenant leasehold and security deposits | 2,628 | 2,628 |
| Tenant leasehold and security deposits in trust | 14,320,296 | 14,320,296 |
| Asset retirement obligations | 456,149 | 457,977 |
| Total non-current liabilities | 173,079,074 | 173,480,903 |
| Total liabilities | 198,027,092 | 196,757,438 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 233,010,081 | 233,010,081 |
| 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 | 229,484,384 | 229,484,384 |
| Surplus | | |
| Voluntary reserve | | |
| Distribution reserve | 233,577 | 429,190 |
| Total voluntary reserve | 233,577 | 429,190 |
| Unappropriated retained earnings (undisposed loss) | 6,889,936 | 6,724,896 |
| Total surplus | 7,123,514 | 7,154,087 |
| Total unitholders' equity | 236,607,898 | 236,638,471 |
| Total net assets | *1 236,607,898 | *1 236,638,471 |
| Total liabilities and net assets | 434,634,991 | 433,395,910 |

(2) Statements of Income

| | (Unit: Thousands of yen) | |
|--|--|--|
| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
| Operating revenue | | |
| Rent revenue - real estate | *1 19,966,322 | *1 19,826,986 |
| Dividends received | *2 155,137 | *2 160,496 |
| Total operating revenue | 20,121,459 | 19,987,482 |
| Operating expenses | | |
| Expenses related to rent business | *1 11,421,596 | *1 11,217,082 |
| Asset management fee | 922,851 | 928,873 |
| Asset custody fee | 22,378 | 22,176 |
| Administrative service fees | 63,247 | 62,358 |
| Directors' compensation | 5,400 | 5,400 |
| Taxes and dues | 7,429 | 8,754 |
| Other operating expenses | 116,701 | 122,460 |
| Total operating expenses | 12,559,605 | 12,367,105 |
| Operating income | 7,561,854 | 7,620,377 |
| Non-operating income | | |
| Interest income | 122 | 132 |
| Refund of unpaid distributions | 1,062 | 1,035 |
| Interest on tax refund | 3,342 | - |
| Foreign exchange gains | 844 | - |
| Total non-operating income | 5,372 | 1,168 |
| Non-operating expenses | | |
| Interest expenses | 468,449 | 500,535 |
| Interest expenses on investment corporation bonds | 215,139 | 217,999 |
| Amortization of investment unit issuance expenses | 15,883 | 10,625 |
| Amortization of investment corporation bond issuance costs | 19,461 | 19,461 |
| Borrowing related expenses | 153,362 | 158,491 |
| Other | - | 580 |
| Total non-operating expenses | 872,297 | 907,693 |
| Ordinary income | 6,694,928 | 6,713,852 |
| Extraordinary income | | |
| Insurance income | *3 786,528 | *3 76,335 |
| Total extraordinary income | 786,528 | 76,335 |
| Extraordinary losses | | |
| Loss on disaster | *4 565,672 | *4 23,879 |
| Provision for loss on disaster | *4 25,243 | *4 41,545 |
| Total extraordinary losses | 590,915 | 65,424 |
| Income (loss) before income taxes | 6,890,541 | 6,724,762 |
| Income taxes - current | 605 | 605 |
| Total income taxes | 605 | 605 |
| Net income (loss) | 6,889,936 | 6,724,157 |
| Retained earnings brought forward | - | 738 |
| Unappropriated retained earnings (undisposed loss) | 6,889,936 | 6,724,896 |

(3) Statements of Unitholders' Equity

Previous fiscal period (From February 1, 2022, to July 31, 2022)

(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 | 233,010,081 | (3,525,697) | (3,525,697) | 229,484,384 | 350,316 | 350,316 |
| Changes of items during period | | | | | | |
| Reversal of distribution reserve | | | | | (116,738) | (116,738) |
| Dividends of surplus | | | | | | |
| Net income | | | | | | |
| Total changes of items during period | — | — | — | — | (116,738) | (116,738) |
| Balance at end of current period | *1 233,010,081 | (3,525,697) | (3,525,697) | 229,484,384 | 233,577 | 233,577 |

| | Unitholders' equity | | | Total net assets |
|--|--|---------------|---------------------------|------------------|
| | Surplus | | Total unitholders' equity | |
| | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of current period | 6,660,669 | 7,010,985 | 236,495,370 | 236,495,370 |
| Changes of items during period | | | | |
| Reversal of distribution reserve | 116,738 | | | |
| Dividends of surplus | (6,777,408) | (6,777,408) | (6,777,408) | (6,777,408) |
| Net income | 6,889,936 | 6,889,936 | 6,889,936 | 6,889,936 |
| Total changes of items during period | 229,266 | 112,528 | 112,528 | 112,528 |
| Balance at end of current period | 6,889,936 | 7,123,514 | 236,607,898 | 236,607,898 |

Current fiscal period (From August 1, 2022, to January 31, 2023)

(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 | 233,010,081 | (3,525,697) | (3,525,697) | 229,484,384 | 233,577 | 233,577 |
| Changes of items during period | | | | | | |
| Provision of distribution reserve | | | | | 195,612 | 195,612 |
| Dividends of surplus | | | | | | |
| Net income | | | | | | |
| Total changes of items during period | — | — | — | — | 195,612 | 195,612 |
| Balance at end of current period | *1 233,010,081 | (3,525,697) | (3,525,697) | 229,484,384 | 429,190 | 429,190 |

| | Unitholders' equity | | | Total net assets |
|--|--|---------------|---------------------------|------------------|
| | Surplus | | Total unitholders' equity | |
| | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of current period | 6,889,936 | 7,123,514 | 236,607,898 | 236,607,898 |
| Changes of items during period | | | | |
| Provision of distribution reserve | (195,612) | | | |
| Dividends of surplus | (6,693,584) | (6,693,584) | (6,693,584) | (6,693,584) |
| Net income | 6,724,157 | 6,724,157 | 6,724,157 | 6,724,157 |
| Total changes of items during period | (165,039) | 30,572 | 30,572 | 30,572 |
| Balance at end of current period | 6,724,896 | 7,154,087 | 236,638,471 | 236,638,471 |

(4) Statements of Cash Distributions

(Unit: Yen)

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|--|---|--|
| I Unappropriated retained earnings (undisposed loss) | 6,889,936,573 | 6,724,896,684 |
| II Total cash distributions [Distribution per unit] | 6,693,584,958 [3,274] | 6,711,985,161 [3,283] |
| III Voluntary reserve Provision of distribution reserve | 195,612,648 | 10,910,714 |
| IV Retained earnings brought forward | 738,967 | 2,000,809 |
| 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 ¥6,693,584,958, which is obtained by deducting ¥195,612,648 in provision of distribution reserve (the amount obtained by deducting the extraordinary losses comprising loss on disaster from the extraordinary income comprising insurance income for disasters) from ¥6,889,936,573 in unappropriated retained earnings and which is the amount that does not exceed this calculated amount and is the greatest value among integral multiples of 2,044,467, which is the total number of investment units issued and outstanding. Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 19th fiscal period, however, with ¥233,577,800 in distribution reserve it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.</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 ¥6,711,985,161, which is obtained by deducting ¥10,910,714 in provision of distribution reserve (the amount obtained by deducting the extraordinary losses comprising loss on disaster from the extraordinary income comprising insurance income for disasters) from ¥6,724,896,684 in unappropriated retained earnings and which is the amount that does not exceed this calculated amount and is the greatest value among integral multiples of 2,044,467, which is the total number of investment units issued and outstanding. Furthermore, AEON REIT shall distribute cash in excess of earnings for each fiscal period as a rule pursuant to the policy for cash distribution in excess of earnings as stipulated in Article 35-2 of its Articles of Incorporation. For the 20th fiscal period, however, with ¥429,190,448 in distribution reserve it has provided for securing stable distributions, AEON REIT will not distribute cash in excess of earnings in accordance with Article 136 in the Act on Investment Trusts and Investment Corporations.</p> |

(5) Statements of Cash Flows

(Unit: Thousands of yen)

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|---|--|--|
| Cash flows from operating activities | | |
| Income before income taxes | 6,890,541 | 6,724,762 |
| Depreciation | 5,181,192 | 5,167,847 |
| Amortization of investment corporation bond issuance costs | 19,461 | 19,461 |
| Amortization of investment unit issuance expenses | 15,883 | 10,625 |
| Interest income | (122) | (132) |
| Interest expenses | 683,589 | 718,535 |
| Insurance income | (786,528) | (76,335) |
| Loss on disaster | 565,672 | 23,879 |
| (Decrease) increase in provision for loss on disaster | (12,372) | 10,947 |
| Decrease in consumption taxes receivable | 2,071,557 | – |
| Increase (decrease) in accrued consumption taxes | 1,473,079 | (864,791) |
| Decrease (increase) in prepaid expenses | 205,876 | (359,058) |
| Increase (decrease) in operating accounts payable | 16,475 | (38,103) |
| (Decrease) increase in accounts payable - other | (696) | 1,651 |
| (Increase) in long-term prepaid expenses | (123,948) | (36,530) |
| Other, net | (64,986) | (17,160) |
| Subtotal | 16,134,675 | 11,285,596 |
| Interest income received | 122 | 132 |
| Interest expenses paid | (681,917) | (715,396) |
| Proceeds from insurance income | 152,623 | 647,103 |
| Payments for loss on disaster | (11,296) | (565,312) |
| Income taxes paid | (605) | (606) |
| Net cash provided by operating activities | 15,593,602 | 10,651,516 |
| Cash flows from investing activities | | |
| Purchase of property and equipment in trust | (1,996,949) | (1,402,022) |
| Proceeds from refund of leasehold and security deposits | – | 460 |
| Net cash used in investing activities | (1,996,949) | (1,401,562) |
| Cash flows from financing activities | | |
| Proceeds from long-term loans payable | 19,300,000 | 20,800,000 |
| Repayments of long-term loans payable | (19,300,000) | (20,800,000) |
| Dividends paid | (6,775,121) | (6,692,852) |
| Net cash provided by (used in) financing activities | (6,775,121) | (6,692,852) |
| Effect of exchange rate change on cash and cash equivalents | (886) | 579 |
| Net increase increase in cash and cash equivalents | 6,820,645 | 2,557,681 |
| Cash and cash equivalents at beginning of period | 23,481,254 | 30,301,900 |
| Cash and cash equivalents at end of period | *1 30,301,900 | *1 32,859,581 |

| | |
|---|--|
| <p>6. Recognition of revenue and expenses</p> | <p>(1) Standards for revenue recognition</p> <p>The details of main performance obligations concerning revenue generated from contracts between AEON REIT and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.</p> <p>Utilities income</p> <p>AEON REIT recognizes utilities income in accordance with the supply of water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it. Of the utilities income, in the case that AEON REIT deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for water, etc. supplied by the said other parties is recognized as revenue.</p> <p>(2) 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 calculation 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 ¥54 thousand, and in the previous fiscal period there was no amount equivalent to property-related taxes included in the acquisition costs for the related real properties.</p> |
| <p>7. Method of hedge accounting</p> | <p>(1) Method of hedge accounting</p> <p>Special treatment is applied for interest rate swaps.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swap transactions</p> <p>Hedged items: Interest on borrowings</p> <p>(3) Hedging policy</p> <p>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</p> <p>The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p> |
| <p>8. Scope of cash and cash equivalents in the statement of cash flows</p> | <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.</p> <p>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.</p> <p>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 interests in trust iv) Tenant leasehold and security deposits in trust <p>(2) Accounting policy for non-deductible consumption taxes</p> <p>National and local consumption taxes are accounted for by the tax-exclusion method.</p> |
|--|---|

(8) Notes on Significant Accounting Estimates

Previous fiscal period (From February 1, 2022, to July 31, 2022)

Impairment Losses of Non-Current Assets

1. Balance of subject assets

| | (Unit: Thousands of yen) |
|------------------------|--------------------------|
| Impairment losses | Not applicable |
| Property and equipment | 322,536,062 |
| Intangible assets | 73,551,636 |

2. Information on the nature of significant accounting estimates for identified items

In accordance with Accounting Standard for Impairment of Fixed Assets, AEON REIT has adopted the accounting treatment to reduce the book value of non-current assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to decline in profitability.

In adopting the accounting treatment, each property owned by AEON REIT is regarded as a single asset group, and AEON REIT determines whether it is required to recognize impairment losses when indications of impairment for the group are deemed to exist due to continued operating losses, significant declines in the market prices, and significant deterioration of business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount that is based on real estate appraisal value, etc. prepared by third-parties, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, such items as rent, vacancy period, occupancy rate, expenses related to rent business, property ownership period, capital expenditures and discount rate for estimating the recoverable amount are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, including figures set forth in real estate appraisal.

The performance and the market price of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, any change in the assumptions used for the estimates may affect AEON REIT's assets and profit and loss in the following fiscal period.

Current fiscal period (From August 1, 2022, to January 31, 2023)

Impairment Losses of Non-Current Assets

1. Balance of subject assets

| | (Unit: Thousands of yen) |
|------------------------|--------------------------|
| Impairment losses | Not applicable |
| Property and equipment | 318,982,318 |
| Intangible assets | 73,490,733 |

2. Information on the nature of significant accounting estimates for identified items

In accordance with Accounting Standard for Impairment of Fixed Assets, AEON REIT has adopted the accounting treatment to reduce the book value of non-current assets to a recoverable amount when the invested amount is deemed to be unrecoverable due to decline in profitability.

In adopting the accounting treatment, each property owned by AEON REIT is regarded as a single asset group, and AEON REIT determines whether it is required to recognize impairment losses when indications of impairment for the group are deemed to exist due to continued operating losses, significant declines in the market prices, and significant deterioration of business environment, etc.

Future cash flow estimates are used to determine whether or not to recognize impairment losses. When it is determined that impairment losses should be recognized, the book value is reduced to the recoverable amount that is based on real estate appraisal value, etc. prepared by third-parties, and the reduced amount is recorded as impairment losses.

In estimating the future cash flow, such items as rent, vacancy period, occupancy rate, expenses related to rent business, property ownership period, capital expenditures and discount rate for estimating the recoverable amount are determined by comprehensively considering the market trends and transaction cases of similar properties, etc. in reference to information from outside experts, including figures set forth in real estate appraisal.

The performance and the market price of each property may be affected by the trends in the real estate rental market and real estate transaction market. Accordingly, any change in the assumptions used for the estimates may affect AEON REIT's assets and profit and loss in the following fiscal period.

(9) Notes to Financial Statements

Notes to Balance Sheets

| | | (Unit: Thousands of yen) | | |
|---|---|---|---|--------|
| Previous fiscal period (As of July 31, 2022) | | Current fiscal period (As of January 31, 2023) | | |
| *1. | Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations | 50,000 | *1. Minimum net assets as provided in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations | 50,000 |

Notes to Statements of Income

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

| Previous fiscal period (From February 1, 2022, to July 31, 2022) | | (Unit: Thousands of yen) |
|--|--|--------------------------|
| A. Revenues related to real estate leasing business | | |
| Rent revenue - real estate | | |
| Rent | | 19,762,138 |
| Other rent revenue - real estate | | 204,183 |
| Total revenues related to real estate leasing business | | 19,966,322 |
| B. Expenses related to real estate leasing business | | |
| Expenses related to rent business | | |
| Property and facility management fees | | 49,393 |
| Repairs and maintenance expenses | | 1,025,856 |
| Insurance expenses | | 227,837 |
| Trust fees | | 24,242 |
| Land rent paid | | 2,596,743 |
| Taxes and dues | | 2,259,573 |
| Depreciation | | 5,181,192 |
| Water charges | | 47,226 |
| Other expenses related to rent business | | 9,530 |
| Total expenses related to real estate leasing business | | 11,421,596 |
| C. Operating income from real estate leasing business (A – B) | | 8,544,725 |
| | | |
| Current fiscal period (From August 1, 2022, to January 31, 2023) | | (Unit: Thousands of yen) |
| A. Revenues related to real estate leasing business | | |
| Rent revenue - real estate | | |
| Rent | | 19,771,845 |
| Other rent revenue - real estate | | 55,140 |
| Total revenues related to real estate leasing business | | 19,826,986 |
| B. Expenses related to real estate leasing business | | |
| Expenses related to rent business | | |
| Property and facility management fees | | 49,401 |
| Repairs and maintenance expenses | | 808,009 |
| Insurance expenses | | 260,085 |
| Trust fees | | 24,768 |
| Land rent paid | | 2,596,579 |
| Taxes and dues | | 2,259,425 |
| Depreciation | | 5,167,847 |
| Water charges | | 43,679 |
| Other expenses related to rent business | | 7,285 |
| Total expenses related to real estate leasing business | | 11,217,082 |
| C. Operating income from real estate leasing business (A – B) | | 8,609,904 |

*2. Breakdown of dividends received

Previous fiscal period (From February 1, 2022, to July 31, 2022)

The entire amount of the maximum distributable amount (RM 5,279,319 (¥155,137 thousand) based on the results of the fiscal period ended January 2022 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, 2021, to January 31, 2022)

(Unit: RM (Thousands of yen))

| | | |
|--|-----------|-----------|
| Revenues related to real estate leasing business | 7,752,142 | (208,532) |
| Expenses related to real estate leasing business | 649,460 | (17,470) |
| Other expenses | 104,564 | (2,812) |
| Unrealized gain from valuation of investment properties | - | (-) |
| Net income before income taxes | 6,998,118 | (188,249) |
| Net income before income taxes after deducting unrealized gain | 6,998,118 | (188,249) |
| Corporate income taxes on net income before income taxes after deducting unrealized gain | 1,718,799 | (46,235) |
| Maximum distributable amount (Note 3) | 5,279,319 | (155,137) |
| Dividends (Note 3) | 5,279,319 | (155,137) |

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

(Note 2) For the exchange rate, the period-average exchange rate (RM 1 = JPY 26.90 (rounded down to the second decimal place)) is used.

(Note 3) Maximum distributable amount and dividends are converted to the yen value by using the forward exchange rate on June 2, 2022, of RM 1 = JPY 29.38 (rounded down to the second decimal place).

Current fiscal period (From August 1, 2022, to January 31, 2023)

The entire amount of the maximum distributable amount (RM 5,253,852 (¥160,496 thousand) based on the results of the fiscal period ended July 2022 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, 2022, to July 31, 2022)

(Unit: RM (Thousands of yen))

| | | |
|--|-----------|-----------|
| Revenues related to real estate leasing business | 7,752,142 | (227,602) |
| Expenses related to real estate leasing business | 643,043 | (18,879) |
| Other expenses | 133,949 | (3,932) |
| Unrealized gain from valuation of investment properties | - | (-) |
| Net income before income taxes | 6,975,150 | (204,790) |
| Net income before income taxes after deducting unrealized gain | 6,975,150 | (204,790) |
| Corporate income taxes on net income before income taxes after deducting unrealized gain | 1,721,298 | (50,537) |
| Maximum distributable amount (Note 3) | 5,253,852 | (160,496) |
| Dividends (Note 3) | 5,253,852 | (160,496) |

(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 29.36 (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 1, 2022, of RM 1 = JPY 30.54 (rounded down to the second decimal place).

*3. Breakdown of extraordinary income

Previous fiscal period (From February 1, 2022, to July 31, 2022)

AEON REIT recorded ¥786,528 thousand in insurance income for the assets damaged by the earthquakes with the epicenter in the northwestern part of Chiba Prefecture and off the coast of Fukushima Prefecture.

Current fiscal period (From August 1, 2022, to January 31, 2023)

AEON REIT recorded ¥76,335 thousand in insurance income for the assets damaged by Typhoon Nanmadol.

*4. Breakdown of extraordinary losses

Previous fiscal period (From February 1, 2022, to July 31, 2022)

1) Loss on disaster

Losses related to the assets damaged by the earthquake with the epicenter off the coast of Fukushima Prefecture (expenses for restoration work) were recognized as loss on disaster (¥565,672 thousand).

2) Provision for loss on disaster

With regard to the assets damaged by the earthquake with the epicenter off the coast of Fukushima Prefecture, expenses for restoration work that were reasonably estimated as of the end of the fiscal period ended July 31, 2022 (¥25,243 thousand) were recorded as provision of allowance for loss on disaster.

Current fiscal period (From August 1, 2022, to January 31, 2023)

1) Loss on disaster

Losses related to the assets damaged by Typhoon Nanmadol (expenses for restoration work) were recognized as loss on disaster (¥23,879 thousand).

2) Provision for loss on disaster

With regard to the assets damaged by Typhoon Nanmadol, expenses for restoration work that were reasonably estimated as of the end of the fiscal period ended January 31, 2023 (¥41,545 thousand) were recorded as provision of allowance for loss on disaster.

Notes to Statements of Unitholders' Equity

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

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|---|--|--|
| Total number of authorized investment units | 10,000,000 units | 10,000,000 units |
| Total number of investment units issued and outstanding | 2,044,467 units | 2,044,467 units |

Notes to Statements of Cash Flows

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

| | (Unit: Thousands of yen) | |
|----------------------------|--|--|
| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
| Cash and deposits | 21,399,253 | 23,912,320 |
| Cash and deposits in trust | 8,902,646 | 8,947,261 |
| Cash and cash equivalents | 30,301,900 | 32,859,581 |

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

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, for shares, etc. for which there are no market prices available, reasonably calculated values. 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. Stocks, etc. with no market price are not included in the table below ^(Note 2). "Cash and deposits" and "Cash and deposits in trust" are cash and short term settlements, and their fair values approximate their carrying amounts. Accordingly, notes on "Cash and deposits" and "Cash and deposits in trust" are omitted due to immateriality.

Previous fiscal period (as of July 31, 2022)

(Unit: Thousands of yen)

| | Balance sheet carrying amount | Fair value | Difference |
|--|-------------------------------|-------------|------------|
| (1) Current portion of long-term loans payable | 20,800,000 | 20,809,529 | 9,529 |
| (2) Investment corporation bonds | 51,000,000 | 50,562,500 | (437,500) |
| (3) Long-term loans payable | 107,300,000 | 108,097,457 | 797,457 |
| Total liabilities | 179,100,000 | 179,469,487 | 369,487 |
| (4) Derivative transactions | – | – | – |

Current fiscal period (as of January 31, 2023)

(Unit: Thousands of yen)

| | Balance sheet carrying amount | Fair value | Difference |
|--|-------------------------------|-------------|-------------|
| (1) Current portion of long-term loans payable | 20,400,000 | 20,489,029 | 89,029 |
| (2) Investment corporation bonds | 51,000,000 | 49,133,500 | (1,866,500) |
| (3) Long-term loans payable | 107,700,000 | 107,145,959 | (554,040) |
| Total liabilities | 179,100,000 | 176,768,488 | (2,331,511) |
| (4) Derivative transactions | – | – | – |

(Note 1) Measurement of fair values of financial instruments

(1) Current portion of long-term loans payable, (3) 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.

(2) Investment corporation bonds

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

(4) Derivative transactions

Please refer to "Derivative Transactions" described later.

(Note 2) Financial instruments for which there are no market prices

(Unit: Thousands of yen)

| | Previous fiscal period (as of July 31, 2022) | Current fiscal period (as of January 31, 2023) |
|---------------------------------------|---|---|
| Shares of subsidiaries and associates | 6,078,453 | 6,078,453 |

Shares of subsidiaries and associates are not subject to fair value disclosure pursuant to Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments.

(Note 3) Expected amount of repayments of investment corporation bonds and loans payable after balance sheet date

Previous fiscal period (as of July 31, 2022)

(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 | 20,800,000 | – | – | – | – | – |
| Investment corporation bonds | – | – | – | 2,000,000 | 1,000,000 | 48,000,000 |
| Long-term loans payable | – | 20,400,000 | 15,300,000 | 15,900,000 | 20,400,000 | 35,300,000 |
| Total | 20,800,000 | 20,400,000 | 15,300,000 | 17,900,000 | 21,400,000 | 83,300,000 |

Current fiscal period (as of January 31, 2023)

(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 | 20,400,000 | – | – | – | – | – |
| Investment corporation bonds | – | – | 2,000,000 | 1,000,000 | 2,000,000 | 46,000,000 |
| Long-term loans payable | – | 19,500,000 | 22,200,000 | 20,400,000 | 20,300,000 | 25,300,000 |
| Total | 20,400,000 | 19,500,000 | 24,200,000 | 21,400,000 | 22,300,000 | 71,300,000 |

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of July 31, 2022)

Not applicable.

Current fiscal period (as of January 31, 2023)

Not applicable.

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (as of July 31, 2022)

(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 | 126,000,000 | 106,600,000 | (Note) | — |

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(3) Long-term loans payable” in “Financial Instruments, 2. Matters regarding fair value, etc., of financial instruments” described above, as it is processed as a single unit with the hedged long-term loans payable.

Current fiscal period (as of January 31, 2023)

(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 | 123,200,000 | 103,500,000 | (Note) | — |

(Note) Fair value of interest rate swap with the exceptional treatment is included in fair value of “(3) 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 July 31, 2022) | Current fiscal period (As of January 31, 2023) |
| Deferred tax assets | | |
| Asset retirement obligations | 143,504 | 144,079 |
| Amortization of leasehold interests | 57,177 | 76,337 |
| Tax loss carried forward (Note) | 169,166 | 142,610 |
| Subtotal of deferred tax assets | 369,848 | 363,027 |
| Valuation reserve | (238,832) | (233,568) |
| Total deferred tax assets | 131,015 | 129,459 |
| Deferred tax liabilities | | |
| Property and equipment corresponding to the asset retirement obligations | (131,015) | (129,459) |
| Total deferred tax liabilities | (131,015) | (129,459) |
| Net deferred tax assets | - | - |

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

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

| | (Unit: %) | |
|---|---|---|
| | Previous fiscal period (As of July 31, 2022) | Current fiscal period (As of January 31, 2023) |
| Normal effective statutory tax rate | 31.46 | 31.46 |
| (Adjustments) | | |
| Distributions paid included in deductibles | (30.56) | (31.40) |
| Provision of distribution reserve | (0.89) | (0.05) |
| Other | 0.00 | 0.00 |
| Effective tax rate after application of tax effect accounting | 0.01 | 0.01 |

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

Previous fiscal period (as of July 31, 2022)

| | (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) | - | - | - | 169,166 | - | - | 169,166 |
| Valuation reserve | - | - | - | (169,166) | - | - | (169,166) |
| Total deferred tax assets | - | - | - | - | - | - | - |

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

Current fiscal period (as of January 31, 2023)

(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) | – | – | 142,610 | – | – | – | 142,610 |
| Valuation reserve | – | – | (142,610) | – | – | – | (142,610) |
| Total deferred tax assets | – | – | – | – | – | – | – |

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

Asset Retirement Obligations

Asset retirement obligations recorded on the balance sheets

1. Overview of the asset retirement obligations

Asset retirement obligations have been recorded as AEON REIT has obligations to restore the sites to their original conditions based on the fixed-term land lease agreements for some of its assets.

2. Calculation method of the amount of the asset retirement obligations

The amount of the asset retirement obligations is calculated by estimating the expected use period of the relevant assets to be the remaining period of the relevant fixed-term land lease agreements (38 to 46 years) and using the discount rates of 0.797% - 0.802%.

3. Change in the total amount of the asset retirement obligations

(Unit: Thousands of yen)

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|--|--|--|
| Balance at beginning of current period | 454,327 | 456,149 |
| Increase due to purchase of property and equipment | – | – |
| Adjustment due to passage of time | 1,821 | 1,828 |
| Balance at end of current period | 456,149 | 457,977 |

Investment and Rental Properties

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

(Unit: Thousands of yen)

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|--------------------------------|--|--|
| Balance sheet carrying amount | | |
| Balance at beginning of period | 399,392,013 | 396,087,699 |
| Changes during period | (3,304,314) | (3,615,564) |
| Balance at end of period | 396,087,699 | 392,472,134 |
| Fair value at end of period | 470,658,643 | 469,193,111 |

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

(Note 2) Of the changes during the previous fiscal period, the increase is mainly due to capital expenditures at existing properties amounting to ¥1,866,048 thousand, while the decrease is principally attributable to depreciation amounting to ¥5,181,192 thousand. Of the changes during the current fiscal period, the increase is mainly due to additional acquisition of land for AEON MALL Chiba Newtown with an acquisition price of ¥13,648 thousand and capital expenditures at existing properties amounting to ¥1,536,806 thousand, while the decrease is principally attributable to depreciation amounting to ¥5,167,847 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.

Revenue Recognition

Previous fiscal period (From February 1, 2022, to July 31, 2022)

1. Breakdown information on revenue from contracts with customers

For the breakdown information on revenue from contracts with customers, refer to “*1. Breakdown of revenues and expenses related to real estate leasing business” in Notes to Statements of Income.

Note that “*1. Breakdown of revenues and expenses related to real estate leasing business” includes revenue in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13). Furthermore, revenue from contracts with customers mainly represents utilities income (¥47,226 thousand) that is included in Other rent revenue - real estate.

2. Basic information for understanding revenue from contracts with customers

The information is as described in Notes on Significant Accounting Policies.

3. Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and period of revenues expected to be recognized in the following accounting period or thereafter from contracts with customers existing at the end of the current accounting period

Not applicable.

Current fiscal period (From August 1, 2022, to January 31, 2023)

1. Breakdown information on revenue from contracts with customers

For the breakdown information on revenue from contracts with customers, refer to “*1. Breakdown of revenues and expenses related to real estate leasing business” in Notes to Statements of Income.

Note that “*1. Breakdown of revenues and expenses related to real estate leasing business” includes revenue in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No.13). Furthermore, revenue from contracts with customers mainly represents utilities income (¥43,679 thousand) that is included in Other rent revenue - real estate.

2. Basic information for understanding revenue from contracts with customers

The information is as described in Notes on Significant Accounting Policies.

3. Information on relationship between fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, and on amount and period of revenues expected to be recognized in the following accounting period or thereafter from contracts with customers existing at the end of the current accounting period

Not applicable.

Segment Information, Etc.

1. Segment information

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

2. Related information

Previous fiscal period (From February 1, 2022, to July 31, 2022)

(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 Mall Co., Ltd. | 9,722,364 | Real estate leasing business |
| AEON Retail Co., Ltd. | 6,738,743 | Real estate leasing business |
| AEON Hokkaido Corporation | 1,019,373 | Real estate leasing business |
| AEON KYUSHU Co., Ltd. | 764,818 | Real estate leasing business |
| The Daiei, Inc. | 635,751 | Real estate leasing business |
| AEON TOHOKU Co., Ltd. | 511,808 | Real estate leasing business |
| AEON Global SCM Co., Ltd. | 289,620 | Real estate leasing business |
| AEON CO. (M) BHD. (Note) | 22,578 | 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 August 1, 2022, to January 31, 2023)

(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 Mall Co., Ltd. | 9,727,113 | Real estate leasing business |
| AEON Retail Co., Ltd. | 6,741,299 | Real estate leasing business |
| AEON Hokkaido Corporation | 1,019,974 | Real estate leasing business |
| AEON KYUSHU Co., Ltd. | 764,677 | Real estate leasing business |
| The Daiei, Inc. | 632,191 | Real estate leasing business |
| AEON TOHOKU Co., Ltd. | 511,864 | Real estate leasing business |
| AEON Global SCM Co., Ltd. | 289,620 | Real estate leasing business |
| AEON CO. (M) BHD. (Note) | 24,465 | 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 February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|---------------------|--|--|
| Net assets per unit | ¥115,730 | ¥115,745 |
| Net income per unit | ¥3,370 | ¥3,288 |

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

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

| | Previous fiscal period (From February 1, 2022, to July 31, 2022) | Current fiscal period (From August 1, 2022, to January 31, 2023) |
|--|--|--|
| Net income (Thousands of yen) | 6,889,936 | 6,724,157 |
| Amount not attributable to common unitholders (Thousands of yen) | - | - |
| Net income attributable to common investment units (Thousands of yen) | 6,889,936 | 6,724,157 |
| Average number of investment units for the period (Units) | 2,044,467 | 2,044,467 |

Significant Subsequent Events

(A) Issuance of new investment units

At its board of directors' meetings held on January 16, 2023, and January 19, 2023, AEON REIT resolved to issue new investment units as described below. Payment was completed on February 1, 2023, for new investment units issued through public offering, and on February 21, 2023, for new investment units issued through third-party allotment.

a. Issuance of new investment units through public offering

| | |
|---|----------------------|
| Number of investment units issued: | 75,700 units |
| Issue price: | 135,456 yen per unit |
| Total issue price: | 10,254,019,200 yen |
| Paid-in amount (issue value): | 131,079 yen per unit |
| Total paid-in amount (total issue value): | 9,922,680,300 yen |
| Payment date: | February 1, 2023 |

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

| | |
|---|-----------------------------|
| Number of investment units issued: | 3,785 units |
| Paid-in amount (issue value): | 131,079 yen per unit |
| Total paid-in amount (total issue value): | 496,134,015 yen |
| Payment date: | February 21, 2023 |
| Alottee: | Nomura Securities Co., Ltd. |

c. Use of proceeds

The proceeds from the aforementioned public offering will be fully used to partly fund the acquisition of the trust beneficiary rights in real estate for the two 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 fund acquisitions of specified assets or repayment of borrowings in the future.

(B) Property acquisition

AEON REIT acquired the trust beneficiary rights in real estate of two properties described below (acquisition price: ¥21,300 million).

| Property name | Location | Acquisition price (Millions of yen) (Note 1) | Acquisition date | Seller |
|--------------------------------|------------------------------------|---|------------------|--------------------------|
| AEON MALL Wakayama | Wakayama City, Wakayama Pref. | 16,840 | February 1, 2023 | Godo Kaisha Double O7 |
| AEON MALL Miyakonojo Ekimae | Miyakonojo City, Miyazaki Pref. | 4,460 | | |
| Total | — | 21,300 | | |

(Note) *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.

(C) Debt financing

AEON REIT conducted debt financing as described below as of February 1, 2023, in order to partly fund the acquisition of trust beneficiary rights in real estate for the two properties described in (B) Property acquisition above and related expenses.

| 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 | 9,300 | Base rate (JBA three-month Japanese Yen TIBOR) plus 0.22% | February 1, 2023 | Debt financing based on individual term loan agreements entered into on January 30, 2023, with the lenders on the left | February 1, 2024 | Bullet repayment | Unsecured and unguaranteed |
| Total | | 9,300 | | | — | | | |

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 and related-party transactions as it does not find substantial need for disclosure in the Financial Report.

(10) 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 3, 2019 | Capital increase through public offering | 91,400 | 1,868,747 | 11,805 | 203,977 | (Note 2) |
| October 1, 2019 | Capital increase through third-party allotment | 4,570 | 1,873,317 | 590 | 204,568 | (Note 3) |
| August 17, 2021 | Capital increase through public offering | 163,000 | 2,036,317 | 23,729 | 228,297 | (Note 4) |
| September 14, 2021 | Capital increase through third-party allotment | 8,150 | 2,044,467 | 1,186 | 229,484 | (Note 5) |

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

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥133,477 (issue value: ¥129,164), for the purpose of procuring funds to acquire new properties.

(Note 3) In conjunction with the capital increase through public offering, new investment units were issued through third-party allotment with an issue value per unit of ¥129,164.

(Note 4) New investment units were issued through public offering with an issue price per unit of ¥150,442 (issue value: ¥145,581), for the purpose of procuring funds to repay borrowings used to fund acquisition of 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 ¥145,581.

3. Reference Information

(1) Status of Investment

i) Composition of assets

| Type of assets | Property type | Region (Note 1) | Previous fiscal period (As of July 31, 2022) | | | | Current fiscal period (As of January 31, 2023) | | | | | |
|--|-------------------------|---------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|-------|-----|
| | | | 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 | 28,299 | 6.5 | – | – | 28,153 | 6.5 | – | – | – | |
| | | Kanto (Note 5) | 150,529 | 34.6 | – | – | 149,489 | 34.5 | – | – | – | |
| | | Tokai, Hokuriku and Chubu | 60,281 | 13.9 | – | – | 59,365 | 13.7 | – | – | – | |
| | | Kinki | 85,079 | 19.6 | – | – | 84,280 | 19.4 | – | – | – | |
| | | Chugoku and Shikoku | 28,062 | 6.5 | – | – | 27,687 | 6.4 | – | – | – | |
| | | Kyushu and Okinawa | 43,238 | 9.9 | – | – | 42,905 | 9.9 | – | – | – | |
| | | Malaysia | 596 | 0.1 | 596 | (38) | 0.1 | 589 | 0.1 | 589 | (35) | 0.1 |
| Total | | | 396,087 | 91.1 | 596 | (38) | 0.1 | 392,472 | 90.6 | 589 | (35) | 0.1 |
| Shares of subsidiaries and associates (Note 6) | | | 6,078 | 1.4 | 6,078 | 1,191 | 1.4 | 6,078 | 1.4 | 6,078 | 1,302 | 1.4 |
| Deposits and other assets | | | 32,468 | 7.5 | 16 | – | 0.0 | 34,845 | 8.0 | 17 | 0.0 | 0.0 |
| Total assets | | | 434,634 | 100.0 | 6,691 | 1,153 | 1.5 | 433,395 | 100.0 | 6,685 | 1,266 | 1.5 |

| | Previous fiscal period (As of July 31, 2022) | | Current fiscal period (As of January 31, 2023) | |
|-------------------|---|--------------------------------|---|--------------------------------|
| | Amount (Millions of yen) | Percentage to total assets (%) | Amount (Millions of yen) | Percentage to total assets (%) |
| Total liabilities | 198,027 | 45.6 | 196,757 | 45.4 |
| Total net assets | 236,607 | 54.4 | 236,638 | 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 July 31, 2022, 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, 2022). As the closing date (July 31, 2022) was not a business day, the exchange rate on the immediately preceding business day (July 29, 2022) of RM 1 = ¥30.27 (rounded down to the second decimal place) is applied.

(Note 4) *Unrealized gain (loss) on valuation of foreign currency* as of January 31, 2023, 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, 2023). The applied exchange rate on the closing date (January 31, 2023) is RM 1 = ¥30.73 (rounded down to the second decimal place). As there is no official foreign exchange rate for the RM, the reference exchange rate of Mizuho Bank, Ltd. is adopted for conversion to the yen. The same shall apply hereafter.

(Note 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) | 1.4 |

(Note) The *Estimated value* of the stocks of the affiliate in question represents the acquisition value since it was no market prices.

Investment ratio by asset type and business type

| Type | Region | Business type | As a percentage of total assets (%) |
|-----------------------------|----------|--|-------------------------------------|
| Shares of affiliate company | Malaysia | Overseas real estate holding corporation | 1.4 |
| Total | | | 1.4 |

iii) Investment properties

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

iv) Other main investment assets

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

The summary of real estate, etc., held by AEON REIT as of January 31, 2023 (the end of the 20th fiscal period) (including real estate AEON REIT owns through the Overseas SPC) 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 | 17,536 | 24,200 | 4.7 | AEON Retail Co., Ltd. |
| SRSC-2 | AEON LakeTown kaze (Note 4) | 6,730 | 5,348 | 7,940 | 1.5 | AEON Retail Co., Ltd. |
| RSC-1 | AEON MALL Morioka | 5,340 | 4,988 | 6,950 | 1.2 | AEON Mall Co., Ltd. |
| RSC-2 | AEON MALL Ishinomaki | 6,680 | 5,481 | 7,070 | 1.5 | AEON Retail Co., Ltd. |
| RSC-3 | AEON MALL Mitouchihara (Note 5) | 16,565 | 12,931 | 17,817 | 3.7 | AEON Mall Co., Ltd. Mito City, Ibaraki Pref. |
| RSC-4 | AEON MALL Ota | 6,860 | 6,018 | 8,210 | 1.5 | Tokyo Century Corporation |
| RSC-5 | AEON Sagamihara Shopping Center | 10,220 | 9,383 | 10,400 | 2.3 | AEON Retail Co., Ltd. |
| RSC-6 | AEON MALL Ogaki | 4,950 | 3,133 | 4,840 | 1.1 | AEON Retail Co., Ltd. |
| RSC-7 | AEON MALL Suzuka | 9,660 | 9,018 | 10,700 | 2.2 | AEON Mall Co., Ltd. |
| RSC-8 | AEON MALL Meiwa | 3,290 | 3,100 | 3,660 | 0.7 | AEON Retail Co., Ltd. |
| RSC-9 | AEON MALL Kasai-Hojo | 7,230 | 5,478 | 7,720 | 1.6 | AEON Retail Co., Ltd. |
| RSC-10 | AEON MALL Hiezu | 7,780 | 6,011 | 7,480 | 1.7 | AEON Retail Co., Ltd. |
| RSC-11 | AEON MALL Kurashiki | 17,890 | 16,100 | 20,000 | 4.0 | AEON Mall Co., Ltd. |
| RSC-12 | AEON MALL Ayagawa | 8,740 | 5,575 | 8,850 | 2.0 | AEON Retail Co., Ltd. |
| RSC-13 | AEON MALL Nogata (Note 6) | 12,546 | 10,264 | 14,400 | 2.8 | Tokyo Century Corporation AEON Mall Co., Ltd. |
| RSC-15 | AEON MALL KYOTO | 21,470 | 18,832 | 22,300 | 4.8 | AEON Mall Co., Ltd. |
| RSC-16 | AEON MALL Sapporo-Hiraoka | 5,900 | 4,963 | 6,220 | 1.3 | Forester Special Purpose Company |
| RSC-17 | AEON MALL Kushiro-Showa | 1,780 | 1,773 | 1,890 | 0.4 | Forester Special Purpose Company |
| RSC-18 | AEON MALL Shinrifu North Wing | 2,560 | 2,815 | 2,280 | 0.6 | Forester Special Purpose Company |
| RSC-19 | AEON MALL Yamagata-Minami | 1,350 | 1,195 | 1,480 | 0.3 | Forester Special Purpose Company |
| RSC-20 | AEON MALL Yokkaichi-Kita | 2,210 | 2,169 | 2,480 | 0.5 | Forester Special Purpose Company |
| RSC-21 | AEON MALL Yamatokoriyama (Note 7) | 14,452 | 12,291 | 14,700 | 3.2 | AEON Mall Co., Ltd. |
| RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) (Note 8) | 12,198 | 11,045 | 11,900 | 2.7 | Tokyo Century Corporation |
| RSC-23 | AEON MALL Kofu Showa (Note 9) | 15,489 | 13,674 | 17,200 | 3.5 | AEON Mall Co., Ltd. Showa-cho Joei Land Readjustment Association |
| RSC-24 | AEON MALL Tomakomai | 7,840 | 6,936 | 8,180 | 1.8 | Mevius Gamma Special Purpose Company |
| RSC-25 | AEON MALL Oyama | 6,280 | 5,361 | 6,210 | 1.4 | AEON Retail Co., Ltd. |
| RSC-26 | AEON MALL Itamikoya | 16,860 | 14,867 | 17,300 | 3.8 | AEON Retail Co., Ltd. |
| RSC-27 | AEON MALL Kagoshima | 13,400 | 11,840 | 13,400 | 3.0 | AEON Retail Co., Ltd. |
| RSC-28 | AEON MALL Tsuchiura | 12,030 | 10,319 | 11,900 | 2.7 | AEON Retail Co., Ltd. |
| RSC-29 | AEON MALL Kahoku | 9,940 | 7,964 | 10,500 | 2.2 | AEON Retail Co., Ltd. |
| RSC-30 | AEON MALL Shimotsuma | 9,552 | 8,655 | 10,400 | 2.1 | Godou Kaisha Double O2 |
| RSC-31 | AEON MALL Kyoto Gojo | 13,333 | 12,779 | 13,900 | 3.0 | Godou Kaisha Double O3 |
| RSC-32 | AEON MALL Fukutsu | 18,040 | 17,160 | 18,300 | 4.0 | Undisclosed (Note 10) |
| RSC-33 | AEON MALL Tamadaira woods | 9,667 | 9,261 | 10,200 | 2.2 | Undisclosed (Note 10) |
| RSC-34 | AEON MALL Takasaki | 17,164 | 16,763 | 17,500 | 3.8 | Undisclosed (Note 10) |
| RSC-35 | AEON MALL Narita | 14,001 | 13,919 | 14,200 | 3.1 | Godou Kaisha Double O6 |
| RSC-36 | AEON MALL Shinkomatsu | 15,350 | 14,971 | 15,500 | 3.4 | ASM2 Godou Kaisha |
| RSC-37 | AEON MALL Sagayamato | 3,720 | 3,639 | 3,830 | 0.8 | Undisclosed (Note 10) |
| CSC-1 | AEON Chigasaki-Chuo Shopping Center | 6,410 | 6,516 | 6,580 | 1.4 | Sumitomo Mitsui Finance & Leasing Co., Ltd. |
| CSC-2 | AEON STYLE Kemigawahama | 3,748 | 3,227 | 3,920 | 0.8 | AEON Retail Co., Ltd. |
| CSC-3 | AEON Kireuriwari Shopping Center | 4,394 | 4,110 | 4,760 | 1.0 | Godou Kaisha Double O2 |
| CSC-4 | AEON Ueda Shopping Center | 5,350 | 5,332 | 5,840 | 1.2 | Godou Kaisha Double O5 |
| L-1 | Daiei-Kawasaki Process Center | 14,280 | 13,201 | 15,800 | 3.2 | Tokyo Century Corporation |
| L-2 | AEON Minami-Osaka RDC | 9,870 | 9,176 | 11,500 | 2.2 | Tokyo Century Corporation |
| L-3 | Daiei Ibaraki Process Center | 6,810 | 6,744 | 8,150 | 1.5 | Tokyo Century Corporation |

| 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 |
|-----------------|---|--|---|--|------------------------------------|--|
| M-1 | AEON Taman Universiti Shopping Centre (Note 11) | 658 [RM 20 million] | 589 [RM 18 million] | 636 [RM 20 million] | 0.1 | AEON CO. (M) BHD. |
| M-2 | AEON MALL SEREMBAN 2 (Note 12) | 5,252 [RM 215 million] | – | 7,405 [RM 241 million] | 1.2 | Swiss Advanced Technology Institute(M) Sdn. Bhd. |
| | Total | 447,032 | 392,472 (Note 13) | 476,599 | 100.0 | |

(Note 1) *Acquisition price* represents the amount (the sale and purchase price, etc., shown on the sale and purchase agreement, etc.) excluding expenses incurred on the acquisition of each property (commission, taxes and dues, etc.).

(Note 2) *Assessed value at end of period* represents the appraisal value shown on the appraisal report of property as of the valuation date of January 31, 2023, 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 ¥117 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) *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 8) 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 October 27, 2022.

(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 January 31, 2023, 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* has been converted to the yen using the exchange rate (RM 1 = ¥30.73; rounded down to the second decimal place) of the closing date (January 31, 2023).

(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* has been converted to the yen using the exchange rate (RM 1 = ¥30.73; rounded down to the second decimal place) of the closing date (January 31, 2023).

(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 January 31, 2023) of real estate, etc., held by AEON REIT as of the end of the current fiscal period (January 31, 2023) 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 | 336 | 330 | 127,183.81 | 127,183.81 | 100.0 |
| | RSC-1 | AEON MALL Morioka | Morioka City, Iwate Pref. | July 23, 2003 | 367 | 338 | 98,968.59 | 98,968.59 | 100.0 |
| | RSC-2 | AEON MALL Ishinomaki | Ishinomaki City, Miyagi Pref. | March 2, 2007 | 351 | 354 | 60,682.20 | 60,682.20 | 100.0 |
| | RSC-3 | AEON MALL Mitouchihara | Mito City, Ibaraki Pref. | November 8, 2005 | 720 (Note 3) | 726 (Note 3) | 159,997.49 | 159,997.49 | 100.0 |
| | RSC-4 | AEON MALL Ota | Ota City, Gunma Pref. | November 17, 2003 | 482 | 476 | 93,165.27 | 93,165.27 | 100.0 |
| | RSC-5 | AEON Sagamihara Shopping Center | Sagamihara City, Kanagawa Pref. | August 9, 1993 | 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 | 458 | 446 | 125,253.74 | 125,253.74 | 100.0 |
| | RSC-8 | AEON MALL Meiwa | Taki County, Mie Pref. | August 6, 2001 | 217 | 214 | 44,193.80 | 44,193.80 | 100.0 |
| | RSC-9 | AEON MALL Kasai-Hojo | Kasai City, Hyogo Pref. | October 3, 2008 | 324 | 328 | 48,229.25 | 48,229.25 | 100.0 |
| | RSC-10 | AEON MALL Hiezu | Saihaku County, Tottori Pref. | March 8, 1999 | 428 | 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 | 453 | 460 | 113,149.07 | 113,149.07 | 100.0 |
| | RSC-13 | AEON MALL Nogata | Nogata City, Fukuoka Pref. | April 4, 2005 | 546 | 545 | 151,969.51 | 151,969.51 | 100.0 |
| | RSC-15 | AEON MALL KYOTO | Kyoto City, Kyoto Pref. | January 7, 2010 | 706 | 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 | 230 | - | 51,763.05 | 51,763.05 | 100.0 |
| | RSC-18 | AEON MALL Shinrifu North Wing | Miyagi County, Miyagi Pref. | April 18, 2000 | 208 | - | 66,478.91 | 66,478.91 | 100.0 |
| | RSC-19 | AEON MALL Yamagata-Minami | Yamagata City, Yamagata Pref. | November 17, 2000 | 160 | - | 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 | 764 | 768 | 105,230.88 | 105,230.88 | 100.0 |
| | RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) | Inzai City, Chiba Pref. | April 17, 2006 | 401 | 403 | 107,425.97 | 107,425.97 | 100.0 |
| | RSC-23 | AEON MALL Kofu Showa (Note 4) | Nakakoma County, Yamanashi Pref. | March 11, 2011 | 671 | 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 | 276 | 279 | 47,872.33 | 47,872.33 | 100.0 |
| | RSC-26 | AEON MALL Itamikoya | Itami City, Hyogo Pref. | February 2, 2011 | 845 | 851 | 122,944.71 | 122,944.71 | 100.0 |
| | RSC-27 | AEON MALL Kagoshima | Kagoshima City, Kagoshima Pref. | September 12, 2007 | 588 | – | 132,341.35 | 132,341.35 | 100.0 |
| | RSC-28 | AEON MALL Tsuchiura | Tsuchiura City, Ibaraki Pref. | May 19, 2009 | 530 | 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 | 389 | – | 58,402.66 | 58,402.66 | 100.0 |
| | RSC-31 | AEON MALL Kyoto Gojo | Kyoto City, Kyoto Pref. | January 21, 2004 | 438 | – | 87,311.56 | 87,311.56 | 100.0 |
| | RSC-32 | AEON MALL Fukutsu | Fukutsu City, Fukuoka Pref. | April 20, 2012 | 630 | 628 | 100,020.87 | 100,020.87 | 100.0 |
| | RSC-33 | AEON MALL Tamadaira woods | Hino City, Tokyo | November 17, 2014 | 578 | 284 | 66,575.54 | 66,575.54 | 100.0 |
| | RSC-34 | AEON MALL Takasaki | Takasaki City, Gunma Pref. | October 16, 2006 | 731 | 722 | 126,403.58 | 126,403.58 | 100.0 |
| | RSC-35 | AEON MALL Narita | Narita City, Chiba Pref. | March 15, 2000 | 567 | – | 122,785.62 | 122,785.62 | 100.0 |
| | RSC-36 | AEON MALL Shinkomatsu | Komatsu City, Ishikawa Pref. | February 27, 2017 | 717 | – | 79,509.27 | 79,509.27 | 100.0 |
| | RSC-37 | AEON MALL Sagayamato | Saga City, Saga Pref. | September 1, 2000 | 176 | 105 | 68,942.36 | 68,942.36 | 100.0 |
| | CSC-1 | AEON Chigasaki-Chuo Shopping Center | Chigasaki City, Kanagawa Pref. | October 13, 2000 | 224 | 223 | 63,158.24 | 63,158.24 | 100.0 |
| | CSC-2 | AEON STYLE Kemigawahama | Chiba City, Chiba Pref. | November 20, 1991 | 174 | 177 | 29,947.62 | 29,947.62 | 100.0 |
| | CSC-3 | AEON Kireuiwari 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 | 223 | – | 61,349.07 | 61,349.07 | 100.0 |
| | L-1 | Daiei-Kawasaki Process Center | Kawasaki City, Kanagawa Pref. | April 22, 1997 | 486 | 269 | 59,265.77 | 59,265.77 | 100.0 |
| | L-2 | AEON Minami-Osaka RDC | Sakai City, Osaka Pref. | April 25, 1995 | 289 | 144 | 50,197.06 | 50,197.06 | 100.0 |
| | L-3 | Daiei Ibaraki Process Center | Ibaraki City, Osaka Pref. | June 14, 1977 | 251 | 263 | 50,783.58 | 50,783.58 | 100.0 |
| M-1 | AEON Taman Universiti Shopping Centre (Note 5) | Johor, Malaysia | 2002 | 24 [RM 791 thousand] | – | 22,870.00 | 22,870.00 | 100.0 | |
| M-2 | AEON MALL SEREMBAN 2 (Note 6) | Negeri Sembilan, Malaysia | 2005 | 246 [RM 8,008 thousand] | – | 81,135.00 | 81,135.00 | 100.0 | |
| Total | | | | | 20,073 (Note 7) | 14,322 | 4,056,102.68 | 4,056,102.68 | 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) Annual contracted rent, Leasehold and security deposits, Total leasable area, Total leased area and Occupancy rate of AEON MALL Kofu Showa represent the amounts and figures that include those of the “Extended Building” AEON REIT additionally acquired as of September 3, 2018. Furthermore, the date of construction of the “Extended Building” is November 20, 2017.

- (Note 5) *Date of construction* represents the completion year noted in the Building Status Report prepared by Takenaka Corporation. AEON REIT holds the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate of AEON Taman Universiti Shopping Centre. *Annual contracted rent* describes the figure equivalent to AEON REIT's pro-rata portion of the rights (18.18%) similar to the co-ownership interest (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate. *Annual contracted rent* represents the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out). *Total leasable area* and *Total leased area* represent the building floor area as indicated in the Building Status Report prepared by Takenaka Corporation or the building floor area as indicated in the real estate appraisal report prepared by the Japan Real Estate Institute.
- (Note 6) AEON REIT owns the property through the Overseas SPC. For annual contracted rent, the figure has been converted to Japanese yen based on the period-average exchange rate (RM 1 = ¥30.81; rounded down to the second decimal place).
- (Note 7) The total amount of annual contracted rent is calculated by including AEON MALL SEREMBAN 2 that AEON REIT owns through the Overseas SPC. Accordingly, the total amount of annual contracted rent in the above table does not match the rent revenue - real estate of AEON REIT.

(C) Summary of real estate appraisal

The summary of real estate appraisal (appraisal value; income approach value and capitalization rate based on direct capitalization method; income approach value based on DCF method; discount rate, terminal capitalization rate and NOI) for the already acquired properties (including real estate AEON REIT owns through the Overseas SPC) as of the end of the 20th fiscal period (January 31, 2023) is shown below.

| Property number | Property name | Appraisal agency | Appraisal value (Millions of yen) (Note 1) | Income approach value | | | | | NOI (Millions of yen) (Note 2) |
|-----------------|---|---------------------------------------|--|--|-------------------------|--|------------------------|----------------------------------|--------------------------------------|
| | | | | Price based on direct capitalization method (Millions of yen) | Capitalization rate (%) | Price based on DCF method (Millions of yen) | Discount rate (%) | Terminal capitalization rate (%) | |
| SRSC-1 | AEON LakeTown mori (Note 3) | The Tanizawa Sōgō Appraisal Co., Ltd. | 24,200 | 24,600 | 4.6 | 24,000 | 4.6 4.7 (Note 4) | 4.8 | 1,151 |
| SRSC-2 | AEON LakeTown kaze (Note 3) | The Tanizawa Sōgō Appraisal Co., Ltd. | 7,940 | 8,140 | 5.0 | 7,850 | 4.9 5.0 (Note 4) | 5.3 | 422 |
| 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 | 7,070 | 7,170 | 6.2 | 6,970 | 5.9 | 6.5 | 466 |
| RSC-3 | AEON MALL Mitouchihara (Trust beneficiary rights in real estate) (Note 5) | Daiwa Real Estate Appraisal Co., Ltd. | 17,700 | 18,100 | 5.8 | 17,500 | 5.6 | 6.0 | 1,105 |
| | AEON MALL Mitouchihara (Land) (Note 5) | Daiwa Real Estate Appraisal Co., Ltd. | 117 | — | — | 117 | 4.9 | — | — |
| 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 | 10,400 | 10,500 | 5.2 | 10,300 | 4.9 | 5.4 | 662 |
| RSC-6 | AEON MALL Ogaki | Japan Real Estate Institute | 4,840 | 4,840 | 7.2 | 4,830 | 6.2 | 7.9 | 378 |
| RSC-7 | AEON MALL Suzuka | Daiwa Real Estate Appraisal Co., Ltd. | 10,700 | 10,800 | 6.0 | 10,700 | 5.8 | 6.2 | 785 |
| RSC-8 | AEON MALL Meiwa | The Tanizawa Sōgō Appraisal Co., Ltd. | 3,660 | 3,760 | 6.3 | 3,610 | 6.2 6.3 (Note 4) | 6.6 | 283 |
| 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 | 7,480 | 7,540 | 6.7 | 7,420 | 6.3 | 7.0 | 593 |
| RSC-11 | AEON MALL Kurashiki | Japan Real Estate Institute | 20,000 | 20,100 | 6.0 | 19,800 | 5.7 | 6.2 | 1,278 |
| RSC-12 | AEON MALL Ayagawa | Japan Real Estate Institute | 8,850 | 8,940 | 6.4 | 8,760 | 6.0 | 6.7 | 610 |
| RSC-13 | AEON MALL Nogata (Note 6) | Daiwa Real Estate Appraisal Co., Ltd. | 14,400 | 14,500 | 6.0 | 14,300 | 5.8 | 6.2 | 949 |
| RSC-15 | AEON MALL KYOTO | Japan Real Estate Institute | 22,300 | 22,500 | 4.7 | 22,000 | 4.4 | 4.9 | 1,087 |
| RSC-16 | AEON MALL Sapporo-Hiraoka | The Tanizawa Sōgō Appraisal Co., Ltd. | 6,220 | 6,420 | 6.1 | 6,130 | 6.1 6.2 (Note 4) | 6.4 | 444 |
| 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 | The Tanizawa Sōgō Appraisal Co., Ltd. | 2,280 | 2,360 | 6.3 | 2,250 | 6.3 6.4 (Note 4) | 6.6 | 219 |

| Property number | Property name | Appraisal agency | Appraisal value (Millions of yen) (Note 1) | Income approach value | | | | | NOI (Millions of yen) (Note 2) |
|-----------------|--|---------------------------------------|--|---|-------------------------|---|------------------------|----------------------------------|--------------------------------|
| | | | | Price based on direct capitalization method (Millions of yen) | Capitalization rate (%) | Price based on DCF method (Millions of yen) | Discount rate (%) | Terminal capitalization rate (%) | |
| RSC-19 | AEON MALL Yamagata-Minami | The Tanizawa Sōgō Appraisal Co., Ltd. | 1,480 | 1,540 | 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. | 2,480 | 2,580 | 6.0 | 2,440 | 6.0 6.1 (Note 4) | 6.3 | 215 |
| RSC-21 | AEON MALL Yamatokoriyama (Note 7) | Japan Real Estate Institute | 14,700 | 14,800 | 5.6 | 14,500 | 5.1 | 5.8 | 884 |
| RSC-22 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) (Note 8) | Japan Real Estate Institute | 11,900 | 12,000 | 4.8 | 11,700 | 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 | 989 |
| RSC-24 | AEON MALL Tomakomai | The Tanizawa Sōgō Appraisal Co., Ltd. | 8,180 | 8,300 | 5.8 | 8,130 | 5.8 5.9 (Note 4) | 6.0 | 529 |
| RSC-25 | AEON MALL Oyama | Japan Real Estate Institute | 6,210 | 6,240 | 6.6 | 6,180 | 6.3 | 6.8 | 452 |
| RSC-26 | AEON MALL Itamikoya | Japan Real Estate Institute | 17,300 | 17,500 | 5.6 | 17,000 | 5.1 | 5.8 | 1,023 |
| RSC-27 | AEON MALL Kagoshima | The Tanizawa Sōgō Appraisal Co., Ltd. | 13,400 | 13,600 | 5.9 | 13,300 | 5.9 6.0 (Note 4) | 6.2 | 878 |
| RSC-28 | AEON MALL Tsuchiura | Japan Real Estate Institute | 11,900 | 12,000 | 6.2 | 11,800 | 5.7 | 6.4 | 801 |
| RSC-29 | AEON MALL Kahoku | Japan Real Estate Institute | 10,500 | 10,500 | 6.8 | 10,400 | 6.3 | 7.0 | 755 |
| RSC-30 | AEON MALL Shimotsuma | Japan Real Estate Institute | 10,400 | 10,400 | 6.3 | 10,300 | 5.9 | 6.5 | 656 |
| 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 |
| RSC-34 | AEON MALL Takasaki | Daiwa Real Estate Appraisal Co., Ltd. | 17,500 | 17,800 | 5.3 | 17,300 | 4.9 | 5.6 | 990 |
| RSC-35 | AEON MALL Narita | Daiwa Real Estate Appraisal Co., Ltd. | 14,200 | 14,600 | 4.7 | 14,000 | 4.5 | 4.9 | 785 |
| RSC-36 | AEON MALL Shinkomatsu (Note 10) | The Tanizawa Sōgō Appraisal Co., Ltd. | 15,500 | 16,000 | — | 15,300 | 6.3 6.4 (Note 4) | — | 1,056 |
| RSC-37 | AEON MALL Sagayamato | The Tanizawa Sōgō Appraisal Co., Ltd. | 3,830 | 3,960 | 6.2 | 3,770 | 6.2 6.3 (Note 4) | 6.5 | 244 |
| CSC-1 | AEON Chigasaki-Chuo Shopping Center | Japan Real Estate Institute | 6,580 | 6,610 | 5.0 | 6,540 | 4.7 | 5.2 | 356 |
| 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 | 4,900 | 5.1 | 4,700 | 5.1 5.2 (Note 4) | 5.4 | 250 |
| CSC-4 | AEON Ueda Shopping Center | Japan Real Estate Institute | 5,840 | 5,870 | 6.5 | 5,810 | 6.2 | 6.7 | 381 |

| 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 (%) | |
| L-1 | Daiei-Kawasaki Process Center | Japan Real Estate Institute | 15,800 | 16,000 | 4.5 | 15,600 | 3.9 | 4.9 | 766 |
| L-2 | AEON Minami-Osaka RDC | Japan Real Estate Institute | 11,500 | 11,600 | 4.4 | 11,300 | 4.0 | 4.7 | 521 |
| L-3 | Daiei Ibaraki Process Center | Japan Real Estate Institute | 8,150 | 8,200 | 4.5 | 8,090 | 4.2 | 4.7 | 412 |
| M-1 | AEON Taman Universiti Shopping Centre (Note 11) | Japan Real Estate Institute | 636 [RM 20 million] | – | – | 636 [RM 20 million] | 6.8 | 7.8 | 48 [RM 1 million] |
| M-2 | AEON MALL SEREMBAN 2 (Note 11) (Note 12) | Japan Real Estate Institute | 7,405 [RM 241 million] | – | – | 7,405 [RM 241 million] | 6.3 | 6.5 | 465 [RM 15 million] |
| Total | | | 476,599 | – | – | 471,609 | – | – | – |

(Note 1) *Appraisal value* represents the appraisal value indicated in the appraisal report with the valuation date of January 31, 2023, 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 4.6% during the initial year and 4.7% from the second year.
Discount rates for AEON LakeTown kaze are 4.9% during the initial year and 5.0% from the second year.
Discount rates for AEON MALL Meiwa are 6.2% during the initial three years and 6.3% from the fourth year.
Discount rates for AEON MALL Sapporo-Hiraoka are 6.1% during the initial year and 6.2% from the second year.
Discount rates for AEON MALL Kushiro-Showa are 6.7% during the initial two years and 6.8% from the third year.
Discount rates for AEON MALL Shinrifu North Wing are 6.3% during the initial four years and 6.4% from the fifth year.
Discount rates for AEON MALL Yamagata-Minami are 6.5% during the initial year and 6.6% from the second year.
Discount rates for AEON MALL Yokkaichi-Kita are 6.0% during the initial two years and 6.1% from the third year.
Discount rates for AEON MALL Tomakomai are 5.8% during the initial seven years and 5.9% from the eighth year.
Discount rates for AEON MALL Kagoshima are 5.9% during the initial year and 6.0% from the second year.
Discount rates for AEON MALL Kyoto Gojo are 4.8% during the initial three years and 4.9% from the fourth year.
Discount rates for AEON MALL Fukutsu are 5.4% during the initial four years and 5.5% from the fifth year.
Discount rates for AEON MALL Tamadaira woods are 4.9% during the initial two years and 5.0% from the third year.
Discount rates for AEON MALL Shinkomatsu are 6.3% during the initial six years and 6.4% from the seventh year.
Discount rates for AEON MALL Sagayamato are 6.2% during the initial nine years and 6.3% from the tenth year.
Discount rates for AEON Kireuiwari Shopping Center are 5.1% during the initial five years and 5.2% from the sixth 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 AEON REIT has 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) 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 8) For AEON MALL Chiba Newtown, AEON REIT additionally acquired land as of October 27, 2022.

(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) For AEON MALL Shinkomatsu, the price based on direct capitalization method is estimated by the capitalization method over a definite term (revised Inwood method), in consideration of such facts that the right of use of the land is fixed-term sub-leasehold interest for business purposes and thus its profit-earning period is limited.

(Note 11) Pursuant to the local appraisal methodology, the evaluation of the appraisal value of AEON Taman Universiti Shopping Centre and AEON MALL SEREMBAN 2 has been entrusted to Japan Real Estate Institute. *Appraisal value* of AEON Taman Universiti Shopping Centre is based on the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2023, and shows the amount equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate in Malaysia for AEON Taman Universiti Shopping Centre. The prices and NOI in *Income approach value* are based on the value, etc. calculated by the standard income approach applied in Malaysia to real estate for investment (the investment method), and shows the amounts equivalent to the rights (18.18%) similar to the co-ownership right (*kyōyū-mochibun*) of the trust property pertaining to the trust beneficiary rights in real estate for AEON Taman Universiti Shopping Centre. *Appraisal value* of AEON MALL SEREMBAN 2 shows the appraisal value as indicated on the appraisal report as of the valuation date of January 31, 2023. 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 = ¥30.73; rounded down to the second decimal place) of the closing date (January 31, 2023).

(Note 12) The property is owned by AEON REIT through the Overseas SPC.

(D) Statements of income of individual properties

20th fiscal period (From August 1, 2022, to January 31, 2023)

(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 | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 679,020 | 336,870 | 367,878 | 351,147 | 720,297 |
| Rent revenue—real estate | 679,020 | 336,870 | 367,878 | 351,147 | 720,297 |
| (B) Expenses related to real estate leasing business | 104,474 | 128,930 | 118,823 | 136,774 | 185,606 |
| Property and facility management fees (Note 1) | 1,826 | 1,284 | 1,820 | 1,790 | 1,400 |
| Taxes and dues | 79,347 | 31,184 | 41,977 | 45,796 | 71,391 |
| Insurance expenses | 8,687 | 6,201 | 5,670 | 3,778 | 9,862 |
| Repairs and maintenance expenses | 14,612 | 10,890 | 19,551 | 29,932 | 27,810 |
| Land rent paid | — | 78,952 | 49,748 | 54,704 | 75,121 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | — | 417 | 55 | 773 | 20 |
| (C) NOI (A – B) | 574,546 | 207,940 | 249,055 | 214,372 | 534,691 |
| (D) Depreciation | 207,722 | 97,060 | 86,511 | 65,355 | 126,818 |
| (E) Income from leasing business (C – D) | 366,823 | 110,879 | 162,543 | 149,016 | 407,872 |
| (F) Capital expenditures | 6,722 | 8,639 | 58,181 | 10,741 | 31,205 |
| (G) NCF (C – F) | 567,823 | 199,300 | 190,874 | 203,630 | 503,485 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 482,326 | 418,119 | 324,053 | 458,724 | 217,418 |
| Rent revenue—real estate | 482,326 | 418,119 | 324,053 | 458,724 | 217,418 |
| (B) Expenses related to real estate leasing business | 194,907 | 95,806 | 141,862 | 114,776 | 73,351 |
| Property and facility management fees (Note 1) | 1,900 | 1,400 | 1,760 | 1,850 | 1,850 |
| Taxes and dues | 37,224 | 74,061 | 31,336 | 52,249 | 20,454 |
| Insurance expenses | 5,181 | 7,291 | 3,620 | 7,533 | 2,034 |
| Repairs and maintenance expenses | 17,973 | 13,032 | 10,933 | 47,985 | 11,420 |
| Land rent paid | 132,591 | — | 94,212 | — | 37,567 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 37 | 19 | — | 5,157 | 25 |
| (C) NOI (A – B) | 287,418 | 322,312 | 182,190 | 343,947 | 144,067 |
| (D) Depreciation | 91,445 | 98,305 | 77,180 | 137,122 | 42,585 |
| (E) Income from leasing business (C – D) | 195,972 | 224,007 | 105,010 | 206,825 | 101,481 |
| (F) Capital expenditures | 100,148 | 1,530 | — | 109,676 | 17,719 |
| (G) NCF (C – F) | 187,270 | 320,782 | 182,190 | 234,271 | 126,347 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 |
| Number of operating days | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 324,188 | 428,524 | 744,079 | 453,791 | 546,646 |
| Rent revenue—real estate | 324,188 | 428,524 | 744,079 | 453,791 | 546,646 |
| (B) Expenses related to real estate leasing business | 59,630 | 149,438 | 150,396 | 149,581 | 106,758 |
| Property and facility management fees (Note 1) | 1,850 | 1,850 | 1,850 | 1,850 | 1,850 |
| Taxes and dues | 39,746 | 40,454 | 91,718 | 51,202 | 59,686 |
| Insurance expenses | 2,531 | 6,275 | 10,504 | 6,171 | 12,005 |
| Repairs and maintenance expenses | 5,821 | 28,717 | 46,249 | 5,390 | 33,203 |
| Land rent paid | 9,677 | 72,092 | — | 84,915 | — |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 4 | 48 | 73 | 52 | 12 |
| (C) NOI (A – B) | 264,557 | 279,085 | 593,683 | 304,209 | 439,888 |
| (D) Depreciation | 95,474 | 151,848 | 234,482 | 184,947 | 166,867 |
| (E) Income from leasing business (C – D) | 169,083 | 127,236 | 359,201 | 119,261 | 273,021 |
| (F) Capital expenditures | — | 20,025 | 142,567 | 33,073 | 193,886 |
| (G) NCF (C – F) | 264,557 | 259,060 | 451,116 | 271,136 | 246,002 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 706,776 | 447,055 | 230,482 | 208,467 | 160,717 |
| Rent revenue—real estate | 706,776 | 447,055 | 230,482 | 208,467 | 160,717 |
| (B) Expenses related to real estate leasing business | 157,758 | 241,134 | 144,450 | 133,787 | 90,815 |
| Property and facility management fees (Note 1) | 1,562 | 2,180 | 2,180 | 1,760 | 1,820 |
| Taxes and dues | 132,412 | 42,902 | 30,269 | 21,164 | 17,674 |
| Insurance expenses | 10,071 | 5,430 | 3,488 | 4,192 | 3,480 |
| Repairs and maintenance expenses | 13,698 | 25,146 | 11,778 | 40,731 | 3,299 |
| Land rent paid | — | 165,475 | 96,733 | 65,915 | 64,541 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 13 | — | — | 22 | — |
| (C) NOI (A – B) | 549,018 | 205,920 | 86,032 | 74,680 | 69,902 |
| (D) Depreciation | 186,379 | 77,621 | 32,324 | 53,731 | 23,208 |
| (E) Income from leasing business (C – D) | 362,638 | 128,298 | 53,707 | 20,949 | 46,693 |
| (F) Capital expenditures | — | 26,357 | 68,811 | 58,569 | 18,125 |
| (G) NCF (C – F) | 549,018 | 179,563 | 17,220 | 16,110 | 51,776 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | AEON MALL Chiba Newtown (mall, and cinema and sports complex) | AEON MALL Kofu Showa | AEON MALL Tomakomai |
| Number of operating days | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 232,396 | 764,646 | 401,905 | 671,372 | 342,436 |
| Rent revenue—real estate | 232,396 | 764,646 | 401,905 | 671,372 | 342,436 |
| (B) Expenses related to real estate leasing business | 129,643 | 337,674 | 92,605 | 170,673 | 86,349 |
| Property and facility management fees (Note 1) | 1,760 | 1,760 | 1,670 | 1,820 | 1,850 |
| Taxes and dues | 20,836 | 58,506 | 70,718 | 61,224 | 59,590 |
| Insurance expenses | 2,639 | 8,017 | 6,337 | 6,897 | 4,894 |
| Repairs and maintenance expenses | 12,938 | 23,584 | 13,742 | 7,737 | 20,014 |
| Land rent paid | 91,469 | 245,786 | 115 | 92,995 | — |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | — | 19 | 22 | — | — |
| (C) NOI (A – B) | 102,752 | 426,972 | 309,299 | 500,698 | 256,086 |
| (D) Depreciation | 38,041 | 180,962 | 104,348 | 263,628 | 79,466 |
| (E) Income from leasing business (C – D) | 64,711 | 246,010 | 204,951 | 237,069 | 176,619 |
| (F) Capital expenditures | 34,380 | 630 | 21,959 | — | 31,930 |
| (G) NCF (C – F) | 68,371 | 426,342 | 287,339 | 500,698 | 224,156 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 276,251 | 845,633 | 588,595 | 530,793 | 489,362 |
| Rent revenue—real estate | 276,251 | 845,633 | 588,595 | 530,793 | 489,362 |
| (B) Expenses related to real estate leasing business | 48,785 | 333,492 | 157,258 | 136,049 | 122,972 |
| Property and facility management fees (Note 1) | 1,400 | 1,376 | 1,688 | 1,334 | 1,580 |
| Taxes and dues | 31,011 | 92,070 | 93,331 | 52,226 | 39,552 |
| Insurance expenses | 3,440 | 8,915 | 8,667 | 5,696 | 4,953 |
| Repairs and maintenance expenses | 12,928 | 7,902 | 20,778 | 12,206 | 18,440 |
| Land rent paid | — | 223,227 | 32,792 | 64,567 | 58,428 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 4 | — | — | 19 | 19 |
| (C) NOI (A – B) | 227,466 | 512,140 | 431,337 | 394,744 | 366,389 |
| (D) Depreciation | 90,033 | 185,215 | 179,363 | 154,746 | 167,548 |
| (E) Income from leasing business (C – D) | 137,432 | 326,925 | 251,974 | 239,997 | 198,840 |
| (F) Capital expenditures | 1,447 | 2,564 | 12,461 | — | — |
| (G) NCF (C – F) | 226,019 | 509,575 | 418,875 | 394,744 | 366,389 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | RSC-34 |
|--|----------------------|----------------------|-------------------|---------------------------|--------------------|
| Property name | AEON MALL Shimotsuma | AEON MALL Kyoto Gojo | AEON MALL Fukutsu | AEON MALL Tamadaira woods | AEON MALL Takasaki |
| Number of operating days | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 389,325 | 438,771 | 630,367 | 578,078 | 731,953 |
| Rent revenue—real estate | 389,325 | 438,771 | 630,367 | 578,078 | 731,953 |
| (B) Expenses related to real estate leasing business | 197,408 | 81,312 | 124,006 | 308,549 | 230,177 |
| Property and facility management fees (Note 1) | 1,610 | 1,412 | 1,580 | 1,340 | 1,340 |
| Taxes and dues | 27,490 | 65,921 | 77,322 | 53,318 | 80,474 |
| Insurance expenses | 4,066 | 4,931 | 7,279 | 5,024 | 8,695 |
| Repairs and maintenance expenses | 123,843 | 9,047 | 19,762 | 4,656 | 13,889 |
| Land rent paid | 40,378 | — | 18,042 | 244,190 | 125,758 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 20 | — | 19 | 19 | 20 |
| (C) NOI (A – B) | 191,917 | 357,459 | 506,360 | 269,528 | 501,775 |
| (D) Depreciation | 118,709 | 76,647 | 153,916 | 94,613 | 208,264 |
| (E) Income from leasing business (C – D) | 73,207 | 280,812 | 352,444 | 174,915 | 293,511 |
| (F) Capital expenditures | 255,086 | 29,153 | 14,276 | — | 58,806 |
| (G) NCF (C – F) | (63,168) | 328,305 | 492,083 | 269,528 | 442,968 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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-35 | RSC-36 | RSC-37 | CSC-1 | CSC-2 |
|--|------------------|-----------------------|----------------------|-------------------------------------|-------------------------|
| Property name | AEON MALL Narita | AEON MALL Shinkomatsu | AEON MALL Sagayamato | AEON Chigasaki-Chuo Shopping Center | AEON STYLE Kemigawahama |
| Number of operating days | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 567,981 | 717,009 | 176,081 | 224,126 | 174,772 |
| Rent revenue—real estate | 567,981 | 717,009 | 176,081 | 224,126 | 174,772 |
| (B) Expenses related to real estate leasing business | 188,753 | 180,671 | 57,108 | 65,530 | 36,848 |
| Property and facility management fees (Note 1) | 1,340 | 1,520 | 1,520 | 1,400 | 1,298 |
| Taxes and dues | 54,739 | 73,472 | 19,378 | 34,093 | 16,151 |
| Insurance expenses | 7,255 | 5,526 | 4,564 | 3,457 | 2,012 |
| Repairs and maintenance expenses | 17,928 | 2,335 | — | 26,559 | 2,310 |
| Land rent paid | 107,469 | 97,800 | 31,627 | — | 15,056 |
| Utilities | — | — | — | — | — |
| Other expenses related to rent business | 20 | 18 | 18 | 19 | 18 |
| (C) NOI (A – B) | 379,227 | 536,337 | 118,973 | 158,595 | 137,924 |
| (D) Depreciation | 93,143 | 290,110 | 53,464 | 57,284 | 54,373 |
| (E) Income from leasing business (C – D) | 286,084 | 246,227 | 65,508 | 101,311 | 83,550 |
| (F) Capital expenditures | 44,393 | 1,547 | — | 76,930 | 13,817 |
| (G) NCF (C – F) | 334,834 | 534,789 | 118,973 | 81,665 | 124,106 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(Unit: Thousands of yen)

| Property number | CSC-3 | CSC-4 | L-1 | L-2 | L-3 |
|--|----------------------------------|---------------------------|-------------------------------|-----------------------|------------------------------|
| Property name | AEON Kireuriwari Shopping Center | AEON Ueda Shopping Center | Daiei-Kawasaki Process Center | AEON Minami-Osaka RDC | Daiei Ibaraki Process Center |
| Number of operating days | 184 | 184 | 184 | 184 | 184 |
| (A) Revenues related to real estate leasing business | 173,047 | 223,985 | 486,207 | 289,620 | 251,215 |
| Rent revenue—real estate | 173,047 | 223,985 | 486,207 | 289,620 | 251,215 |
| (B) Expenses related to real estate leasing business | 50,089 | 36,531 | 114,421 | 32,086 | 49,639 |
| Property and facility management fees (Note 1) | 1,406 | 1,400 | 1,580 | 1,370 | 1,700 |
| Taxes and dues | 21,306 | 30,914 | 47,887 | 25,255 | 39,418 |
| Insurance expenses | 2,733 | 4,217 | 7,346 | 3,813 | 4,601 |
| Repairs and maintenance expenses | — | — | 13,695 | 1,629 | 3,898 |
| Land rent paid | 24,625 | — | — | — | — |
| Utilities | — | — | 43,679 | — | — |
| Other expenses related to rent business | 17 | — | 232 | 18 | 21 |
| (C) NOI (A – B) | 122,957 | 187,453 | 371,785 | 257,533 | 201,576 |
| (D) Depreciation | 31,013 | 65,404 | 95,676 | 67,487 | 21,026 |
| (E) Income from leasing business (C – D) | 91,943 | 122,049 | 276,109 | 190,046 | 180,549 |
| (F) Capital expenditures | — | — | 18,359 | — | 13,076 |
| (G) NCF (C – F) | 122,957 | 187,453 | 353,425 | 257,533 | 188,499 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *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 | M-1 | |
|--|--|------------|
| Property name | AEON Taman Universiti Shopping Centre (Note 2) | Total |
| Number of operating days | 184 | — |
| (A) Revenues related to real estate leasing business | 24,465 | 19,826,986 |
| Rent revenue—real estate | 24,465 | 19,826,986 |
| (B) Expenses related to real estate leasing business | 1,529 | 6,049,234 |
| Property and facility management fees (Note 1) | 483 | 74,170 |
| Taxes and dues | 961 | 2,259,425 |
| Insurance expenses | 83 | 260,085 |
| Repairs and maintenance expenses | — | 808,009 |
| Land rent paid | — | 2,596,579 |
| Utilities | — | 43,679 |
| Other expenses related to rent business | 0 | 7,285 |
| (C) NOI (A – B) | 22,935 | 13,777,751 |
| (D) Depreciation | 6,363 | 5,167,847 |
| (E) Income from leasing business (C – D) | 16,572 | 8,609,904 |
| (F) Capital expenditures | — | 1,536,806 |
| (G) NCF (C – F) | 22,935 | 12,240,945 |

(Note 1) *Property and facility management fees* include trust fees.(Note 2) *Revenues related to real estate leasing business* and *Expenses related to real estate leasing business* represent the amount after the conversion to Japanese yen based on the exchange rate at the time of the transaction (based on the average spot exchange rate of the month preceding the month in which the transaction was carried out).

(2) Capital expenditures for properties held

(A) Schedule of capital expenditures

The following table shows major estimated capital expenditure for renovation work, etc. (mainly those exceeding ¥30 million per work) that AEON REIT plans to conduct for properties held as of January 31, 2023.

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 May 2023 to July 2023 | 35 | — | — |
| | Renewal of air-conditioning units | From September 2023 to November 2023 | 30 | — | — |
| | Work on exterior renewal | From August 2023 to November 2023 | 204 | — | — |
| | Renewal of central monitoring boards | From November 2023 to January 2024 | 102 | — | — |
| AEON LakeTown kaze (Koshigaya City, Saitama Pref.) | Renewal of air-conditioning units | From May 2023 to June 2023 | 221 | — | — |
| | Work on exterior renewal | From May 2023 to June 2023 | 53 | — | — |
| | Renewal of windbreak rooms | From June 2023 to September 2023 | 69 | — | — |
| | Work on exterior renewal | From November 2023 to December 2023 | 58 | — | — |
| AEON MALL Morioka (Morioka City, Iwate Prefecture) | Renewal of electrical facilities | From December 2022 to April 2023 | 60 | — | — |
| | Renewal of gas bulk tanks | From March 2023 to April 2023 | 31 | — | — |
| | Renewal of air-conditioning units | From April 2023 to May 2023 | 65 | — | — |
| | Renewal of air-conditioning units | From September 2023 to November 2023 | 77 | — | — |
| | Revitalization | From September 2023 to November 2023 | 30 | — | — |
| AEON MALL Mitouchihara (Mito City, Ibaraki Pref.) | Renewal of air-conditioning units | From May 2023 to June 2023 | 47 | — | — |
| | Work on exterior fittings | From September 2023 to November 2023 | 51 | — | — |
| AEON MALL Ota (Ota City, Gunma Pref.) | Renewal of air-conditioning units | From March 2023 to May 2023 | 101 | — | — |
| | Renewal of air-conditioning units | From September 2023 to December 2023 | 153 | — | — |
| | Renewal of disaster prevention receiving boards | From August 2023 to October 2023 | 56 | — | — |
| | Renewal of central monitoring boards | From August 2023 to October 2023 | 61 | — | — |
| AEON MALL Suzuka (Suzuka City, Mie Pref.) | Renewal of air-conditioning units | From November 2023 to January 2024 | 122 | — | — |
| | Work on exterior fittings | From November 2023 to January 2024 | 71 | — | — |
| AEON MALL Meiwa (Taki County, Mie Pref.) | Work for waterproofing | From March 2023 to June 2023 | 37 | — | — |
| AEON MALL Kurashiki (Kurashiki City, Okayama Pref.) | Exterior wall painting | From December 2021 to March 2023 | 622 | — | — |
| | Renewal of air-conditioning units | From December 2022 to June 2023 | 387 | — | — |
| | Renewal of air-conditioning units | From October 2023 to November 2023 | 30 | — | — |
| AEON MALL Nogata (Nogata City, Fukuoka Pref.) | Renewal of air-conditioning units | From February 2023 to April 2023 | 141 | — | — |
| | Work on exterior fittings | From August 2023 to September 2023 | 35 | — | — |
| | Renewal of central monitoring boards | From August 2023 to October 2023 | 81 | — | — |
| AEON MALL KYOTO (Kyoto City, Kyoto Pref.) | Renewal of air-conditioning units | From April 2023 to May 2023 | 30 | — | — |
| | Renewal of central monitoring boards | From June 2023 to August 2023 | 46 | — | — |

| Property name (Location) | Purpose | Scheduled period | Estimated cost of construction works (Millions of yen) | | |
|--|--------------------------------------|---|---|---------------------------|------------------------------|
| | | | Total amount | Payment for the period | Total amount already paid |
| AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.) | Renewal of air-conditioning units | From August 2023 to October 2023 | 122 | — | — |
| AEON MALL Shinriku North Wing (Miyagi County, Miyagi Pref.) | Renewal of air-conditioning units | From April 2023 to June 2023 | 288 | — | — |
| | Renewal of air-conditioning units | From April 2023 to May 2023 | 66 | — | — |
| | Renewal of electrical facilities | From March 2023 to April 2023 | 203 | — | — |
| | Renewal of firefighting equipment | From May 2023 to June 2023 | 36 | — | — |
| | Renewal of air-conditioning units | From January 2023 to April 2023 | 39 | — | — |
| AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.) | Replacement of elevator parts | From May 2023 to June 2023 | 41 | — | — |
| AEON MALL Yamatokoriyama (Yamatokoriyama City, Nara Pref.) | Renewal of central monitoring boards | From October 2023 to January 2024 | 33 | — | — |
| AEON MALL Tomakomai (Tomakomai City, Hokkaido Pref.) | Renewal of air-conditioning units | From February 2023 to June 2023 | 30 | — | — |
| AEON MALL Narita (Narita City, Chiba Pref.) | Renewal of air-conditioning units | From February 2023 to April 2023 | 40 | — | — |
| | Renewal of air-conditioning units | From September 2023 to November 2023 | 56 | — | — |
| | Renewal of central monitoring boards | From October 2023 to January 2024 | 81 | — | — |
| AEON Chigasaki-Chuo Shopping Center (Chigasaki City, Kanagawa Pref.) | Renewal of air-conditioning units | From March 2023 to May 2023 | 99 | — | — |
| AEON Sagamihara Shopping Center (Sagamihara City, Kanagawa Pref.) | Renewal of electrical facilities | From October 2023 to January 2024 | 61 | — | — |
| AEON Ueda Shopping Center (Ueda City, Nagano Pref.) | Revitalization | From August 2022 to November 2023 | 892 | — | — |

(B) Capital expenditures during the period

For properties held by AEON REIT as of January 31, 2023, 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 ¥1,536 million. Combined with ¥808 million in repairs and maintenance that was classified as expenses as well as ¥54 million in loss on disaster from Typhoon Nanmadol, AEON REIT conducted construction works totaling ¥2,399 million in the current fiscal period.

| Property name (Location) | Purpose | Period | Cost of construction works (Millions of yen) |
|---|---|--|---|
| AEON MALL Kushiro-Showa (Kushiro City, Hokkaido Pref.) | Renewal of air-conditioning units | From November 2022 to December 2022 | 68 |
| AEON MALL Morioka (Morioka City, Iwate Prefecture) | Renewal of air-conditioning units | From November 2022 to January 2023 | 52 |
| AEON MALL Shinriфу North Wing (Miyagi County, Miyagi Pref.) | Renewal of hot/cold water generators | From October 2022 to December 2022 | 54 |
| AEON MALL Mitouchihara (Mito City, Ibaraki Pref.) | Renewal of air-conditioning units | From November 2022 to December 2022 | 30 |
| AEON MALL Shimotsuma (Shimotsuma City, Ibaraki Pref.) | Renovation of exterior walls | From March 2022 to December 2022 | 243 |
| AEON MALL Ota (Ota City, Gunma Pref.) | Renewal of air-conditioning units | From October 2022 to December 2022 | 82 |
| AEON MALL Takasaki (Takasaki City, Gunma Pref.) | Renewal of central monitoring equipment | From May 2022 to January 2023 | 53 |
| AEON MALL Narita (Narita City, Chiba Pref.) | Renewal of cooling tower | From December 2022 to January 2023 | 42 |
| AEON Chigasaki-Chuo Shopping Center (Chigasaki City, Kanagawa Pref.) | Renewal of air-conditioning units | From August 2022 to December 2022 | 76 |
| AEON MALL Suzuka (Suzuka City, Mie Pref.) | Renewal of hot/cold water generators | From September 2022 to January 2023 | 56 |
| AEON MALL Yokkaichi-Kita (Yokkaichi City, Mie Pref.) | Renewal of air-conditioning units | From October 2022 to November 2022 | 34 |
| AEON MALL Kurashiki (Kurashiki City, Okayama Pref.) | Revitalization (formation of new sections) | From June 2022 to August 2022 | 53 |
| | Revitalization (courtyard) | From May 2022 to October 2022 | 35 |
| | Revitalization (change of sections) | From May 2022 to October 2022 | 34 |
| AEON MALL Nogata (Nogata City, Fukuoka Pref.) | Renewal of air-conditioning units | From November 2022 to December 2022 | 99 |
| | Renewal of fire alarm equipment | From January 2023 to January 2023 | 83 |