



Supplementary materials for
「Notice Concerning Acquisition and Lease of Domestic Property
along with Succession of Status as Orderer in the Construction
Agreement」 announced on April 15, 2024

Link to explanatory video

An explanatory video created in accordance with the supplementary materials can be viewed from following link.

<https://www.net-presentations.com/3292/20240415e/hbncfeui/>

***Please note that the video will be released after 3PM on April 26, 2024 (JST).**

Overview of AEON MALL Ota expansion building acquisition



1 Community infrastructure asset that will be supported over the long term

- ▶ Promoted the utilization of unused space within the premises through the group's development capabilities
- ▶ Implemented Large-scale refurbishment including in the existing building
- ▶ Expanded share of owned properties in densely populated areas of Gunma Prefecture

2 Securing stable income that contributes to improving unitholder value

- ▶ Increased rent for the entire property by creating investment opportunities including existing buildings
- ▶ Secured stable income for medium to long term through extending contract period
- ▶ Generates abundant cash-on-hand from depreciation expenses as the acquisition will be conducted at the same time of construction

	Existing building (As of the end of 22nd FP)	Existing + Expansion buildings (At the time of publication of this material)
(anticipated) Acquisition price	6,860 mm yen	12,424 mm yen (Expansion building 5,564 mm yen)
Appraisal value	8,230 mm yen	14,300 mm yen (+ 6,070 mm yen)
Unrealized gain (Note 1)	1,944 mm yen	2,450 mm yen (+505 mm yen)
Annual NOI (Note 2)	546 mm yen	972 mm yen
Completion date	Existing building : November 17, 2003	Expansion building : March 8, 2024
Acquisition date	Existing building : November 25, 2013	Expansion building : April 17, 2024 (anticipated)

Community infrastructure asset that will be supported over the long term (1/2)

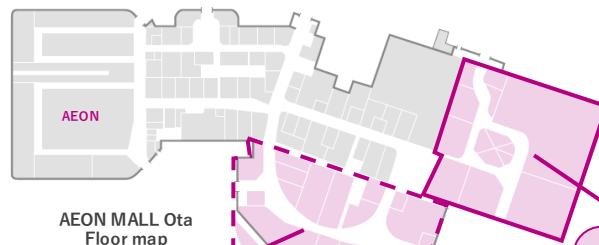
Evolved into a property with overwhelming competitiveness, following the refurbishment as part of developing the expansion building

Overview of the refurbishment



Existing building: Tenant replacement

Plan to refurbish stores that account for more than 30% of the facility. Tenants will be mainly lifestyle stores that address everyday needs, as well as numerous tenants that will open their first stores in Gunma Prefecture



Expansion building: Construction

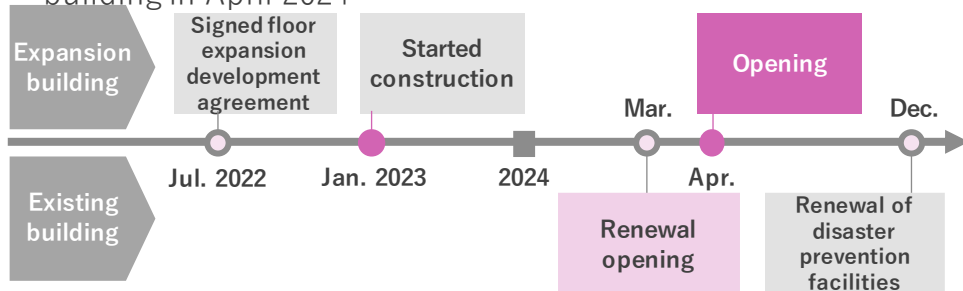
Scheduled to open on April 19. Lifestyle specialty store and specialty store that offers learning experiences to open on 1F, and one of the largest food courts in the prefecture is to open on 2F

South Mall: Revitalization

Reopened first following its refurbishment, on March 1. Replaced tenants, as well as conducting revitalization such as work on the hallways and refurbishments, to improve the flow of customers in the entire facility

Overall schedule

- Existing building to reopen in March 2024, and expansion building in April 2024



Growth in size following expansion development

	Existing building	Existing + Expansion buildings
Site area	146,106m ²	No change
Gross floor area	93,165m ²	114,214 m² (Note) (Expected to grow to approx. 1.2 times)
No. of specialty stores	Approx. 150	Approx. 185 stores (Refurbished 93 stores)

Community infrastructure asset that will be supported over the long term (2/2)

Covering densely populated areas in Gunma Prefecture with owned properties and securing an overwhelming market share

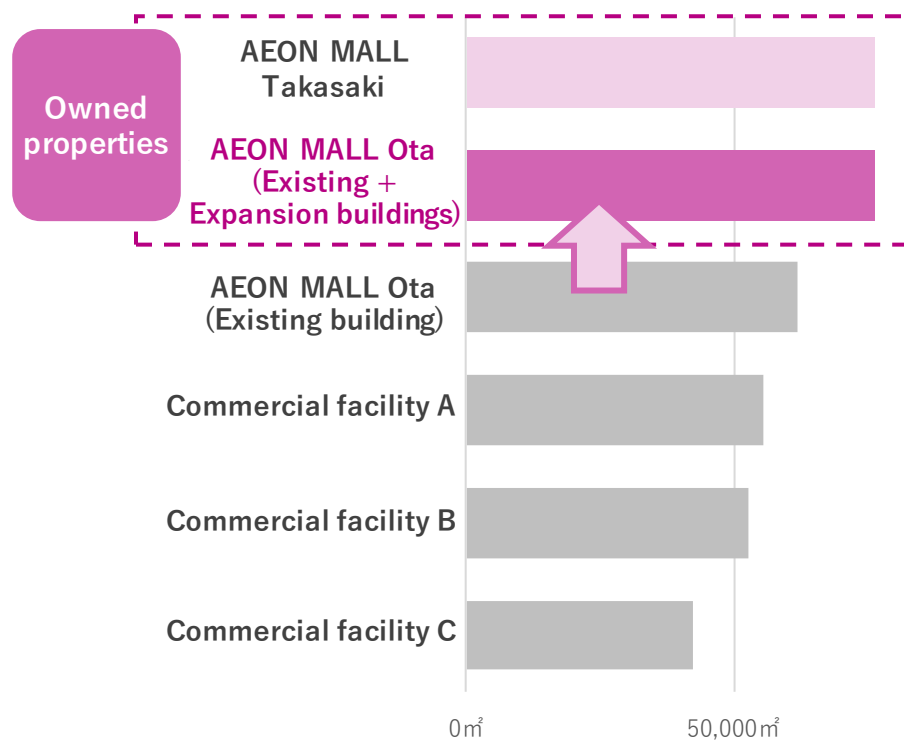
Comparison of commercial facilities

- ▶ With the construction of the extension building, AEON MALL Ota has evolved into one of the largest commercial facilities in Gunma Prefecture
- ▶ Secure market share in Gunma Prefecture by owning two properties, AEON MALL Ota and AEON MALL Takasaki

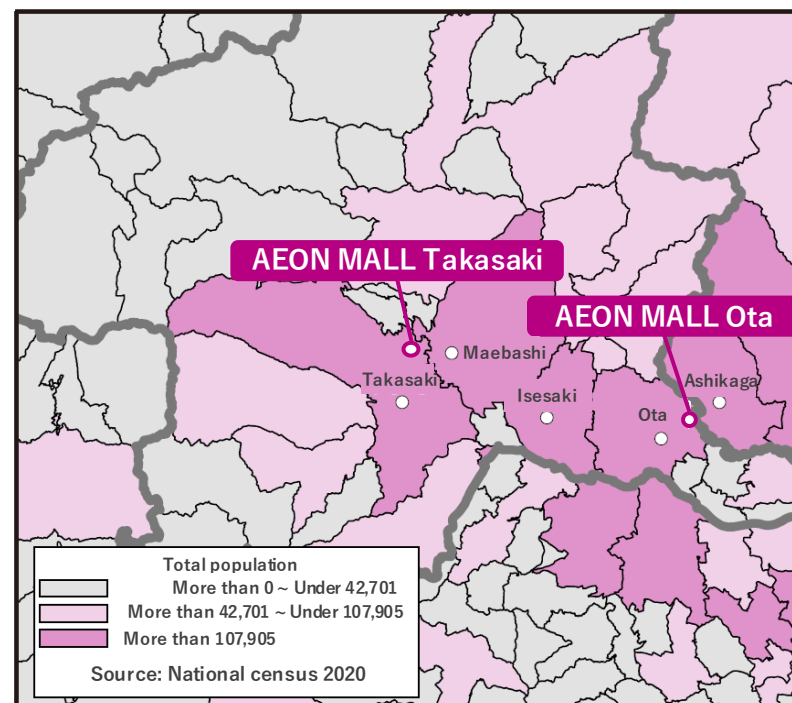
Location of owned properties

- ▶ Two of our properties are located near desely populated areas in Gunma Prefecture
- ▶ Achieved further expansion of the commercial area by constructing an expansion building

Store area comparison (Note 1)



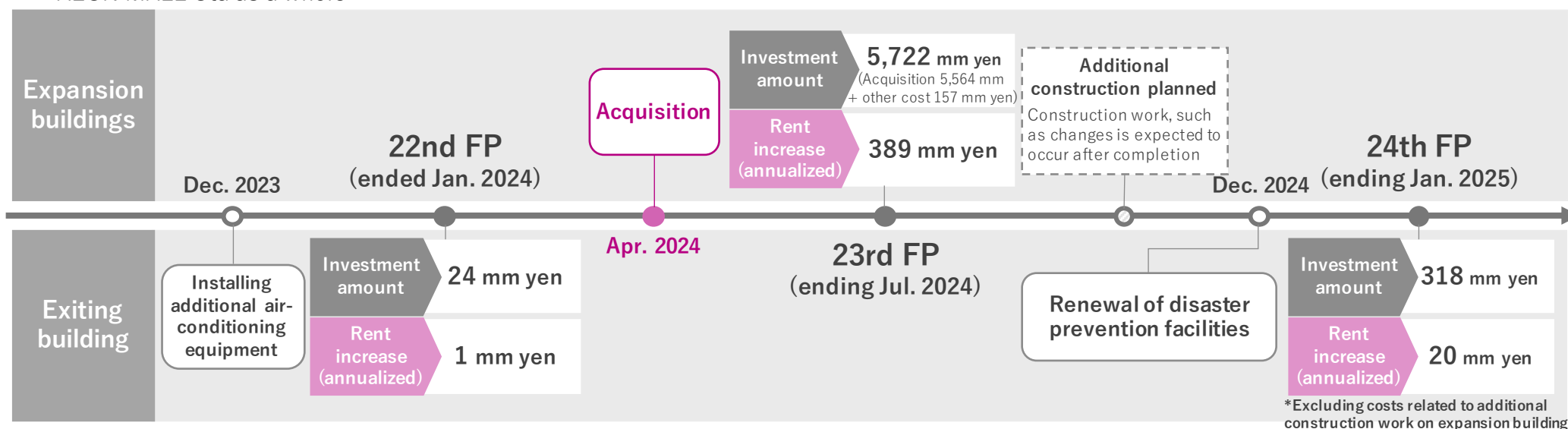
Total population (Gunma Prefecture) (Note 2)



Securing stable income that contributes to improving unitholder value

Rent increase by investments in Expansion and Existing buildings

- ▶ Considered investment opportunities in existing building starting with the construction of expansion building. Increased rent through acquiring and implementing revitalization works
- ▶ Implemented refurbishment work and work to repair pre-existing issues for the existing building and realized an investment improving the value of AEON MALL Ota as a whole



Extension of contract period / Cash generation

Lease period extension along with expansion building acquisition

- ▶ The lease period including the existing building has been **extended by approximately 10 years** along with the acquisition



Depreciation expenses generating cash-on hands

- ▶ Generates abundant cash-on-hand from depreciation expenses as the acquisition will be conducted at the same time of construction

Depreciation expenses (annual)

305 mm yen (Note)
increase
after acquisition

23rd FP (Jul. 2024), 24th FP (Jan. 2025) forecast revision

(Unit : million yen)

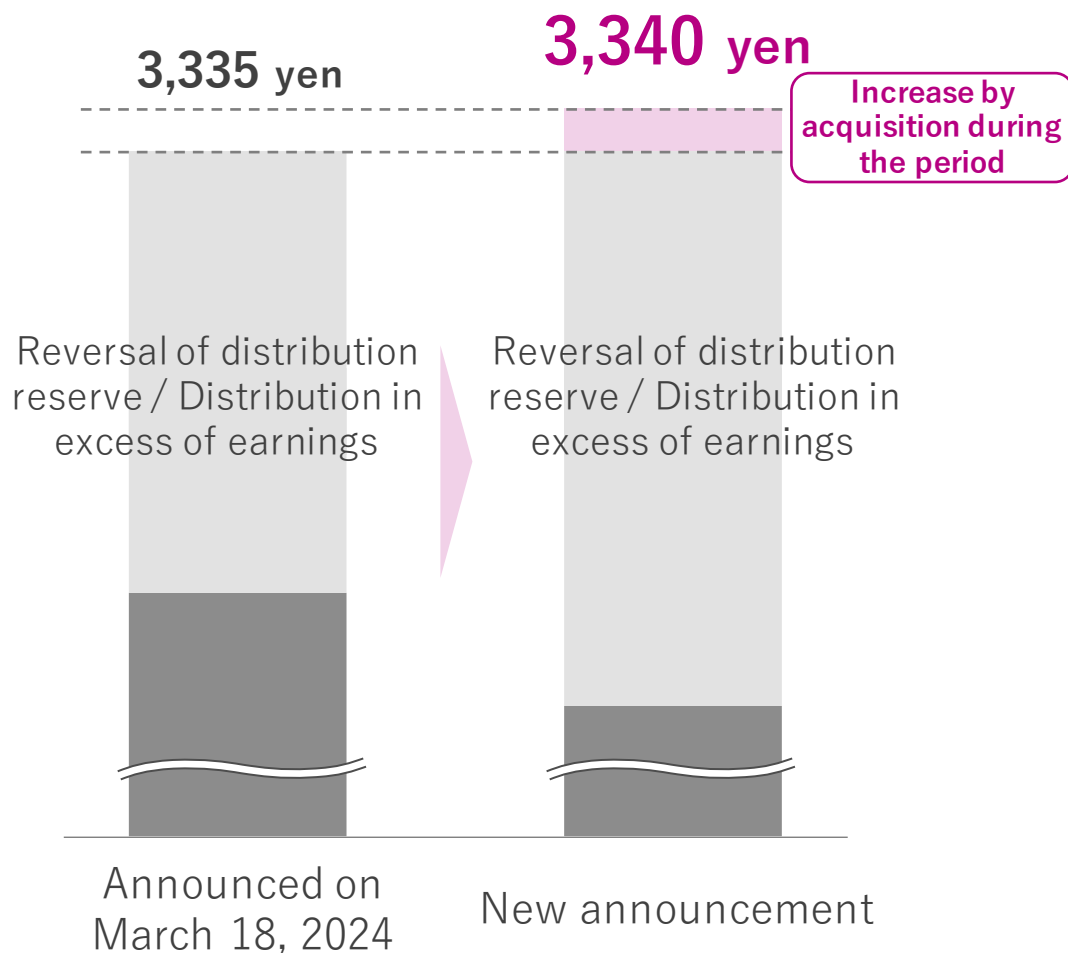
	23rd FP Ended Jul. 31, 2024				24th FP Ended Jan. 31, 2025			
	Forecast (announced on Apr 15, 2024)	Forecast (announced on Mar 18, 2024)	Differences	Key factors	Forecast (announced on Apr 15, 2024)	Forecast (announced on Mar 18, 2024)	Differences	Key factors
Operating Revenues	21,125	21,009	+115	<u>Operating Revenues</u> · Increase in leasing business income +113	21,218	21,017	+200	<u>Operating Revenues</u> · Increase in leasing business income +197
Operating Expenses	13,563	13,304	+259		13,262	13,069	+192	
Other operating expenses	12,380	12,118	+261	<u>Operating Expenses</u> · Increase in repair & maintenance expenses +159 · Increase in depreciation +99	12,030	11,844	+185	<u>Operating Expenses</u> · Increase in depreciation +152 · Increase in repair & maintenance expense +28
Other operating expenses	1,183	1,185	▲1		1,231	1,224	+6	
Operating Income	7,562	7,705	▲143		7,956	7,948	+7	
Non-operating expenses	1,001	999	+2	1,055	1,053	+2		
Ordinary Income	6,560	6,706	▲146	6,900	6,894	+5		
Net Income	6,559	6,705	▲146	6,899	6,894	+5		
Net income per unit (yen)	3,088	3,157	▲69	3,248	3,245	+3		
Reversal of distribution reserve per unit (yen)	117	117	-	-	-	-		
Distribution in excess of earnings (portion that does not lower capital) (yen)	37	37	-	37	37	-		
Distribution in excess of earnings (portion that comes with a reduction in capital) (yen)	98	24	+74	65	53	+12	<u>Distribution in excess of earnings (portion that comes with a reduction in capital)</u>	
Distribution per unit (yen)	3,340	3,335	+5	3,350	3,335	+15	Portion to cover increase in repair & maintenance expenses +¥12	

Precondition: Currency rate used for the forecast of 23rd FP and 24th FP : 1RM = 29.50 JPY, Number of investment units issued in the 23rd FP and 24th FP : 2,123,952 units

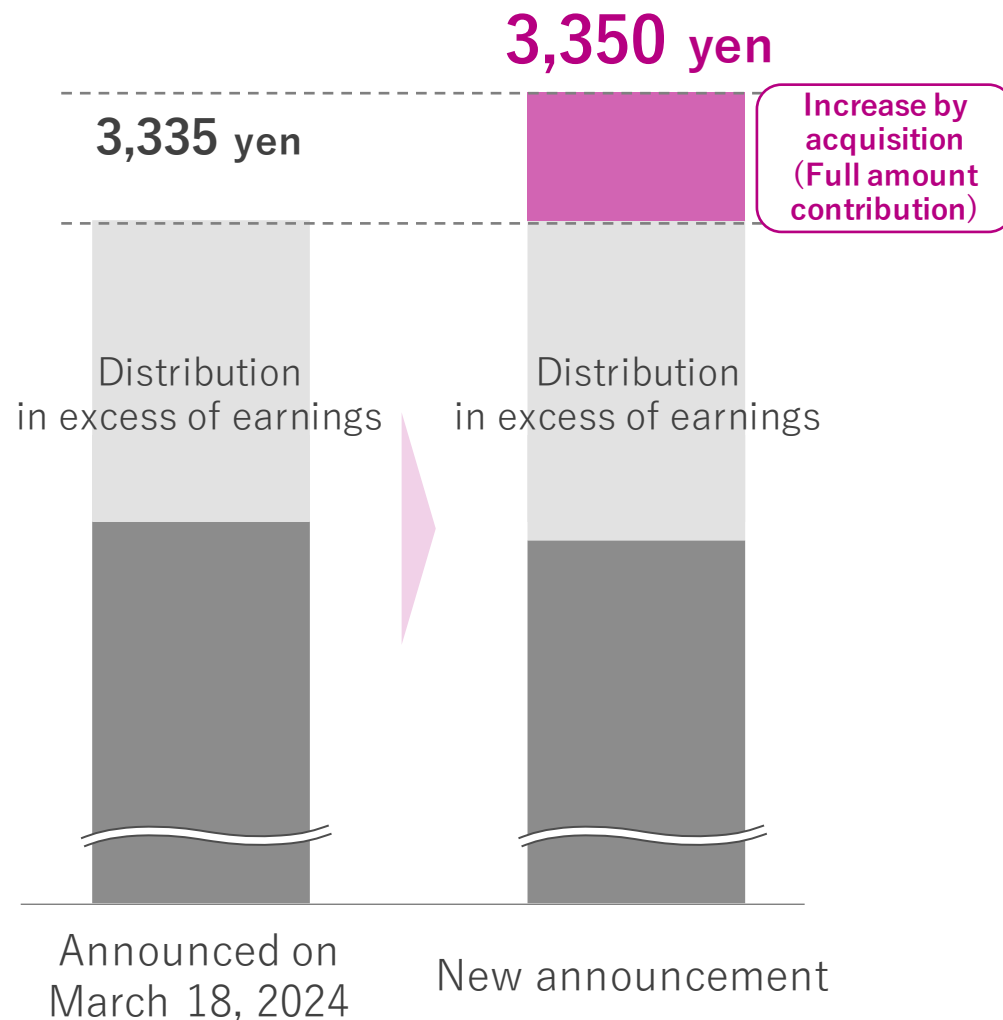
Reference data (1/2)

Distribution plan in 23rd FP and 24th FP

Forecast of distribution per unit in 23rd FP



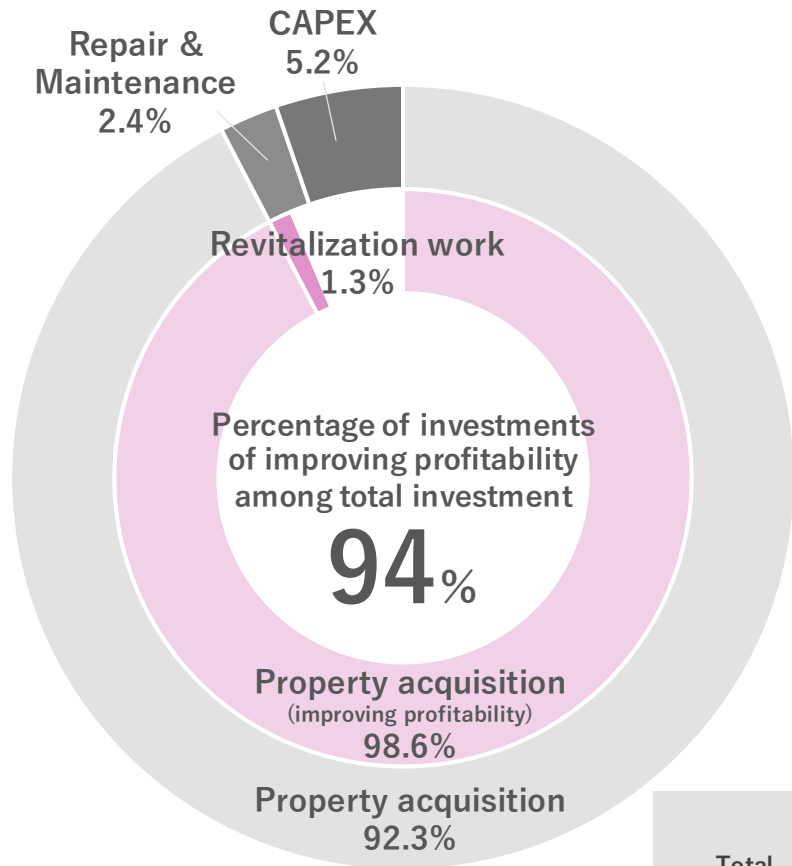
Forecast of distribution per unit in 24th FP



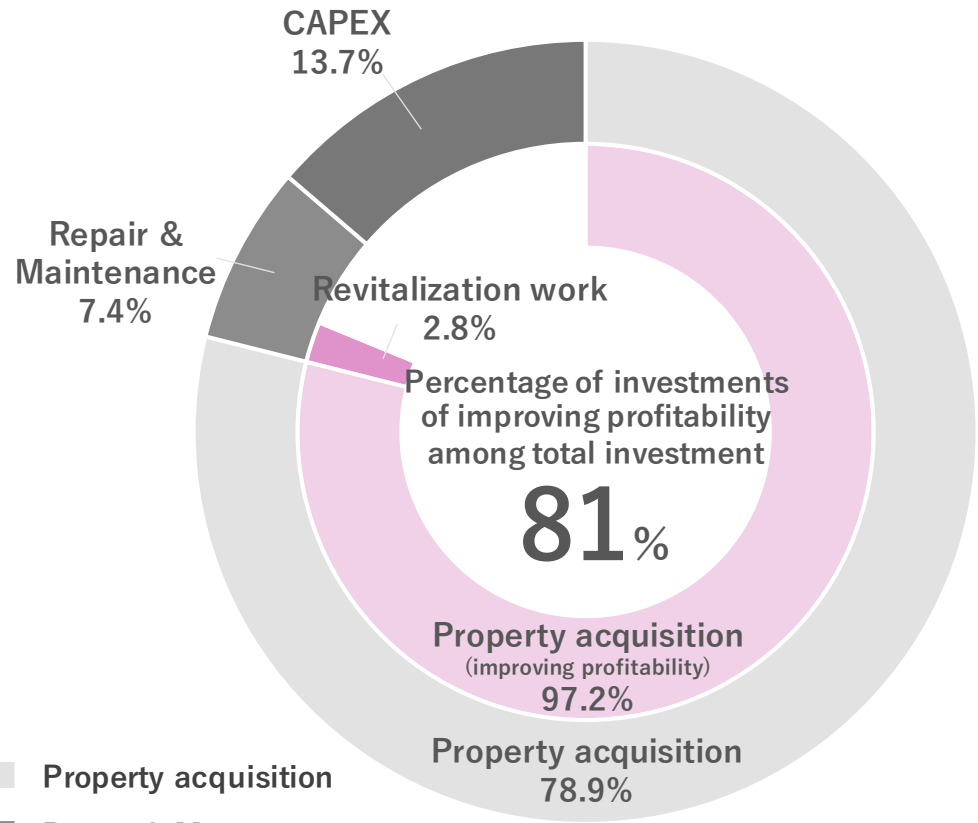
Reference data (2/2)

Percentage of investments of improving profitability among total investment

Aggregate of
2nd FP to 24th FP (including plans) (Note)



Aggregate of
15th FP to 24th FP (including plans) (Note)



Notes

P.3 Overview of AEON MALL Ota expansion building acquisition

- (Note 1) Unrealized gain for “Existing building” is calculated as following; Appraisal value at the end of 22nd FP (ended Jan. 2024) – Book value at the end of 22nd FP (ended Jan. 2024).
Unrealized gain for “Existing + Expansion buildings” is calculated as following; Appraisal value of entire building (including Expansion building) as of April 1, 2024 – (Book value of Existing building at the end of 22nd FP + anticipated Acquisition price of Expansion building).
- (Note 2) Annual NOI of “Existing building” is the total of actual NOI for 21st FP (ended Jul. 2023) and 22nd FP (ended Jan. 2024) of the said property.
Annual NOI of “Existing + Expansion building” is the income before deducting depreciation expenses, and is the NOI calculated using the direct capitalization method.
The calculation is made by deducting Operating expenses from Operating income, which is mentioned in the Real estate appraisal value report for the entire building (including Expansion building) as of April 1, 2024.

P.4 Community infrastructure asset that will be supported over the long term (1/2)

- (Note) Since the expanded building has not been registered, the "total floor area" is stated based on inspection certificates, etc. Therefore, it may be different from what is written in the registry after ownership preservation registration is completed.

P.5 Community infrastructure asset that will be supported over the long term (2/2)

- (Note 1) "Store area comparison" is made by the Asset Management Company based on publicly available information and market potential analysis conducted by BAC Urban Project Co., Ltd.
- (Note 2) "Total population (Gunma prefecture)" is made by the Asset Management Company based on the map data from "Portal Site of Official Statistics of Japan (e-STAT)", displaying "Total population" sourcing from the research "Total number of population by gender and total number of households" - National Census (Ministry of Internal Affairs and Communications).

P.6 Securing stable income that contributes to improving unitholder value

- (Note) Mentioned amount is the estimated annualized depreciation expense (estimated) for the AEON Mall Ota expansion building in the 24th period.

P.9 Reference data (2/2)

- (Note) The amount for the acquisition of AEON MALL Ota expansion building (along with the succession of previous party's position in the construction agreement) is recorded as "Property acquisition" in the "Percentage of investments of improving profitability among total investment (Aggregate of 2nd FP to 24th FP (including plans) and aggregate of 15th FP to 24th FP (including plans))".

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(Registration of financial instruments business : Kanto Local Finance Bureau, Director-General (Financial Instruments), No. 2668)

Contact Information

Please contact us if any questions :
AEON Reit Management Co., Ltd. Finance and Planning Department
TEL : +81-3-6779-4073