

Medium- to long-term growth strategy

Materiality and KPIs

AEON REIT identified material issues (materiality) in 2021 based on its corporate philosophy and the Sustainability Policy it formulated.

In September 2023, we set new key performance indicators (KPIs) to enable more effective efforts toward resolving these material issues.

We will implement a plan-do-check-act (PDCA) cycle focused on efforts to achieve these KPIs in order to resolve environmental and social challenges and realize medium- to long-term corporate growth.

Materiality	KPI		Fiscal 2024 results (excerpt)	
 E nvironment	Opportunities in green buildings 	●GRESB Real Estate Assessment (Achieve 5 Stars each year) ●Ratio of owned properties with third-party certification (3 stars or higher: 85% or more, 4 stars or higher: 80% or more, with a medium-term target of 90% or more) ●Installation of equipment with enhanced energy efficiency (Introduction of energy-saving equipment such as inverter boards in 50% or more of the store portfolio, with a medium-term target of 80% or more) ●Introduction of renewable energy and energy-creating equipment in stores within our owned properties (Three stores per year, with a medium-term target of 50% or more of the portfolio)	Ratio of owned properties with certification ★3 or higher: 88.0% (Note 1) ★4 or higher: 84.9% (Note 1)	
	Climate change 	●Reduction of total GHG emissions (Average of 1% per year in terms of consumption intensity, with medium-term targets of 50% of electricity/energy consumption to be renewable, and 50% reduction of CO₂ emissions (Scope 3); Long-term target: Net zero) ●Water consumption (Medium-term target: Do not increase consumption intensity) ●Waste (Medium-term target: Store recycling rate of 80%) ●Promotion of green finance (Medium-term target: 50% or more of interest-bearing debt) ●MSCI ESG rating (Medium-term target: "A" or above)	CO ₂ intensity compared to base year (FY2019): 9.7% reduction	
	Biodiversity and land use 	●Acquisition of ABINC certification (for biodiversity friendly facilities) (At least one property per year, with a medium-term target of 20% or more of the portfolio and a long-term target of 30% or more of the portfolio)	ABINC certification: 2 properties by FY2024(Notes 2)	
 S ocial	Local community engagement and sustainable development 	●Number of customers visiting owned properties (Medium- and long-term targets: Maintain or increase year on year on average across the portfolio) ●Number of stores serving as disaster relief centers (Medium-term target: 50% or more of the portfolio, Long-term target: 100%)	●Donations to public interest foundations engaged in social contribution activities (Implement annually) ●Implementation of tree-planting and other volunteer activities (40 or more participants per year) ●Activities promoting J-REITs and increasing awareness of AEON REIT (Two or more per year)	AEON 1% Club Foundation donation amount: ¥11.2million
	Safety and security of owned properties 	●Acquisition/status assessment of engineering reports (ERs) for owned properties (Aim for reacquisition within 5 years) (Medium-term target: 80% or more of the portfolio, Long-term target: 100%)	●Implementation of planned repairs (At a rate of 80% or more per year) ●Earthquake insurance coverage (Implement annually)	Earthquake insurance coverage: 100%
	Human capital development 	●Average length of service (5 years or more) ●Training hours per employee (20 or more per year) ●Ratio of female officers (50% or more, with a medium-term target of 30% or more in the ratio of female managers)	●Ratio of career development interviews conducted (100% per year) ●Utilization rate of skills and career development programs (50% per year, with medium-term and long-term targets of 100% per year)	Ratio of career development interviews conducted: 100%
 G overnance	Corporate governance 	●Meeting attendance (90% or more per year) ●Effective evaluation of committees (Annual)	Evaluations of the effectiveness of meeting bodies: Once	
	Compliance and risk management 	●Risk Management Committee meetings (Biannual) ●Compliance and information security training (Monthly, with a participation rate of 100%)	●BCP training and committee meetings (Biannual) ●Cybersecurity training (Annual)	Training implementation and participation rate: 100%

Notes: 1. As of July 31, 2025 2. Certification obtained by AEON MALL Co., Ltd.

Medium- to long-term growth strategy

Medium-term targets and growth strategy

AEON REIT announced its medium-term targets, which included non-financial targets for the first time, when it released its financial results for the 19th period ended July 31, 2022.

We will continue to invest in community infrastructure assets with the aim of achieving sustainable corporate growth.

We also seek to enhance the asset value of our owned properties and contribute to the sustainable development of the community by promoting sustainability initiatives.

	Medium-term target (as of July 31, 2022)	As of the end of the 25th period (July 31, 2025)	Medium-term target	Growth strategies
Stabilized DPU	¥ 3,270	¥ 3,390	¥ 3,600	Growth strategy 1 Selectively acquire properties contributing to growth of stabilized DPU and asset size > For details, see page 8
Asset size	¥ 447.0 billion	¥ 480.7 billion	¥ 600.0 billion	
GRESB Real Estate Assessment	5 Stars	Achieved 5 Stars A 84.9% 88.0% (Initiatives in progress)	5 Stars	Growth strategy 2 Enhance asset value and contribute to the sustainable development of the community by promoting sustainability initiatives > For details, see page 10
MSCI ESG Rating	BB		A	
Ratio of properties with third-party certification (★4 or higher)	80.4 %		80.0 % or more	
Ratio of properties with third-party certification (★3 or higher)	84.9 %		85.0 % or more	
CO ₂ emissions reduction	—		Promote CO ₂ emissions reduction through collaboration with the AEON Group	
Long-term Issuer Rating (JCR)	AA - Positive	AA Stable	AA	Growth strategy 3 Build a strong financial base by improving credit ratings > For details, see page 10

Message from the management



Nobuaki Seki

Executive Director, AEON REIT
Investment Corporation
AEON Reit Management Co., Ltd.
President & CEO

We are committed to pursuing our unique approach to sustainable management and building a sustainable future together with all of you.

Enhancing the competitiveness of our retail facilities and tackling social challenges with an eye on environmental changes

Approximately one year has passed since the publication of our 2024 Sustainability Report, and both domestic and global social and economic environments have changed significantly. Rising prices and energy costs, along with the rapid adoption of new technologies such as generative AI, are affecting people's daily lives, consumption patterns, and corporate activities in various ways. In addition, demographic changes in local communities and the increasing frequency and severity of natural disasters due to climate change have become major social challenges. In this context, the operation of retail facilities—community infrastructure assets—is more than a business activity. We recognize that it plays a vital role in creating a sustainable society, contributing to community revitalization and local disaster resilience. Strengthening the competitiveness of our facilities and contributing to the resolution of social issues from a medium- to long-term perspective is becoming increasingly important. With this understanding, AEON REIT has continued to actively promote initiatives aimed at improving occupancy rates across its properties and addressing environmental, social, and economic challenges.

Steady portfolio growth, diversification, and expansion in scope through first leasehold land acquisition

One of our recent initiatives includes the acquisition of leasehold land for five properties, mainly for small- to mid-sized retail facilities including PIA CITY Miyashiro in February 2025, as well as logistics facilities. This marks the Investment Corporation's first leasehold land acquisition, enabling steady portfolio growth, diversification, and expansion in scope. At the same time, by entering into a 30-year fixed-term leasehold agreement for business purposes with the building owners, we have not only strengthened our income base but also secured the ability to operate these retail facilities over the long term. We believe this contributes to convenient lifestyles, employment, and the overall development of the local community.

In addition, for existing properties, we continue to focus on community-oriented operations, such as expanding the use of renewable energy through solar carports, promoting barrier-free access, and hosting local events. Going forward, we will further deepen collaboration with Group companies and municipalities, continuing to invest in initiatives that support the lives of local residents.

Strengthening capabilities as disaster relief hubs and ensuring rapid action in emergencies

Over the past year, numerous natural disasters, including earthquakes and typhoons, occurred across Japan. We extend our heartfelt sympathies to all those affected and their families. The AEON Group has been advancing disaster-prevention agreements with municipalities and enhancing the functions of its facilities as disaster relief hubs. In coordination with the Group, the Investment Corporation has worked to ensure rapid response and strengthen support systems in the event of a disaster.

In addition, we have prioritized clear and accurate disclosure to our unitholders, expanding the content of our Sustainability Report and website. In May 2025, we retained an "A" in the MSCI ESG ratings, and for two properties re-certified under the DBJ Green Building certification system in March 2025, ratings improved by one level from the previous evaluation, reflecting steady progress in external assessments. However, improving external ratings is not our ultimate goal. What matters most is promoting initiatives that deliver genuine value to local communities and our unitholders.

Investing in community infrastructure assets to contribute to local communities and maximize unitholder value

Our philosophy of investing in community infrastructure assets to ensure comfortable and fulfilling lifestyles, enhance the local community, and maximize unitholder value, remains unchanged. We are confident that the growth of the Investment Corporation will contribute to enriching the lives of the community and its residents, creating a sustainable positive cycle.

In realizing the AEON Group Future Vision, the Investment Corporation will continue to pursue its unique approach to sustainable management with consideration for society and the environment, building a sustainable future together with all stakeholders. We kindly ask for your continued support and guidance as we move forward.

Medium- to long-term growth strategy

Growth strategy 1

Selectively acquire properties contributing to growth of stabilized DPU and asset size

In order to achieve steady growth in stabilized DPU and asset size, AEON REIT has adopted an investment policy that focuses on selectively acquiring community infrastructure assets.

What are community infrastructure assets?

- Facilities supporting everyday living with a wide range of tenants
- Facilities that respond effectively to changing lifestyle needs and the environment will win out over the long term
- Facilities vital to local citizens that serve as a hub for community building

1 The source of community infrastructure assets

Robust pipeline leveraging the comprehensive capabilities of the AEON Group

AEON REIT makes maximum use of the AEON Group's network and has entered into pipeline support agreements with various Group companies. Benefits provided through these agreements include the provision of information on properties and the granting of preferential negotiation rights by the AEON Group, as well as the ability to utilize warehousing functions. As of July 31, 2025 (close of 25th period), our pipeline still stands at a robust ¥200.0 billion. At this point, we are actively exploring further acquisitions, even beyond the properties currently in the pipeline.

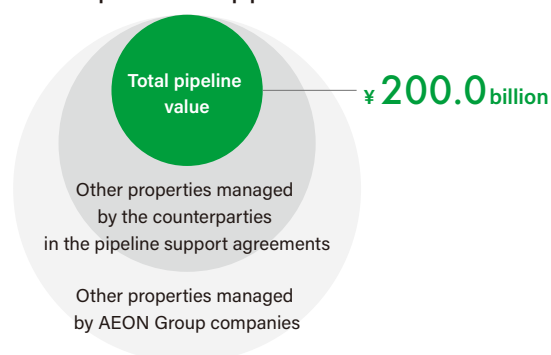
Advantages of pipeline support

Provision of information from the AEON Group

The granting of preferential negotiation rights

Utilization of warehousing functions

Properties in the pipeline



2 Discerning eye for community infrastructure assets

Selective acquisition based on three criteria

AEON REIT evaluates property acquisitions from three perspectives: location, building facilities, and operational advantages. This helps us select properties that are highly competitive and possess features appropriate for community infrastructure assets that support everyday life. Also, to ensure acquisitions under favorable conditions, all property purchases are conducted through negotiated transactions. As of July 31, 2025, approximately 30% of the properties in the pipeline being considered for acquisition were successfully acquired, demonstrating the careful selection of properties that are suitable for the portfolio.

Location

Demographic change, trade area, traffic access, competitive environment, and development plan



Strengths of trade area

Building facilities

Parking lots, circulation pathways, disaster relief hubs, and people- and environment-friendly amenities



Robustness, convenience

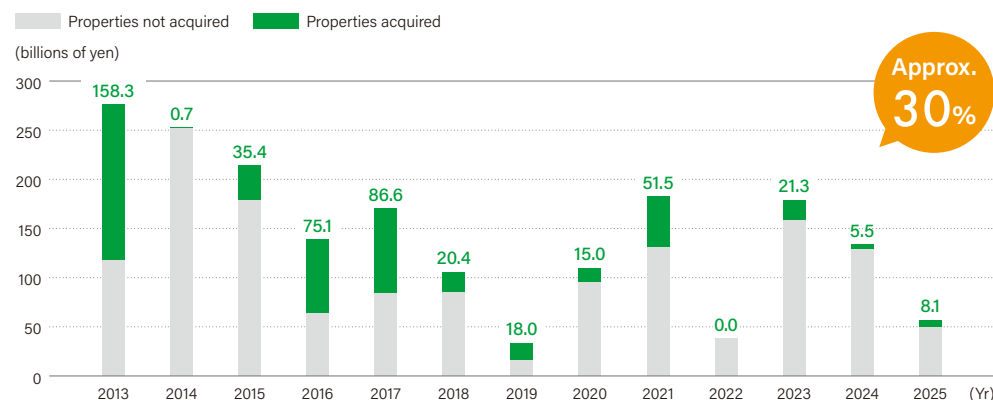
Operational advantages

Ability to attract customers, performance, leasing, tenant mix, and public functions



Diverse incentives for visiting

Outcome of property acquisition evaluations



Note: "Properties not acquired" refers to a group of properties that were evaluated during a particular year, but following discussions with the seller, were not acquired due to various factors such as price levels, economic conditions, and timing of finance.

Medium- to long-term growth strategy

Growth strategy

Selectively acquire properties contributing to growth of stabilized DPU and asset size

In February 2025, AEON REIT acquired leasehold land for the first time. The buildings on the leasehold land include small- to medium-sized retail facilities such as neighborhood shopping centers (NSCs) and supermarkets (SMs), including PIA CITY Miyashiro, as well as logistics facilities. These NSCs and SMs represent the Investment Corporation's first such assets. We believe this acquisition will enable steady portfolio growth while advancing diversification and expansion in scope. Meanwhile, AEON MALL Yamagata-Minami was sold in March 2025. This decision was based on the property's 24 years in operation and the anticipated increase in future capital expenditures and repair costs. In addition, the newly acquired properties are expected to sustain and further stabilize the overall profitability of the portfolio following the sale.

As a result of these acquisitions and the disposition, the stabilized distribution per unit (DPU) as of July 31, 2025 (close of 25th period) was ¥3,390, with asset size amounting to ¥480.7 billion.

Newly acquired properties

Acquisition of leasehold land as a new asset type: **Total acquisition price: ¥8,190 million**

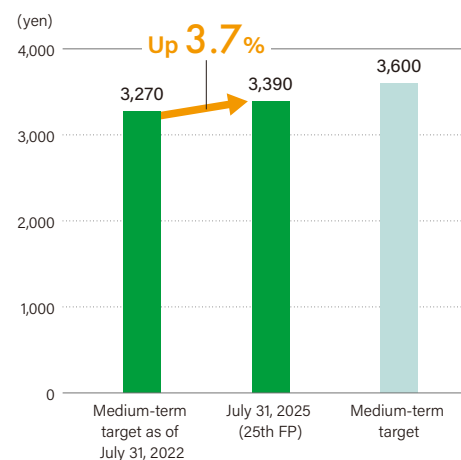
Significance of the acquisition

- Property acquisition through information provided by a new pipeline support company
- Leasehold land structure with no future repair burden, addressing potential cost increases from inflation and other factors
- First acquisition in a new asset type

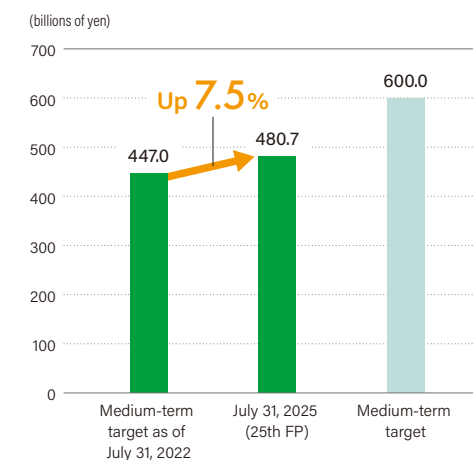


PIA CITY Miyashiro

Growth in stabilized DPU



Growth in asset size



		Location	Acquisition price	Appraisal value ^(Note 1)	Assumed NOI yield ^(Note 2)
1	PIA CITY Miyashiro (leasehold land)	Minami-Saitama County, Saitama Prefecture	¥2,090 million	¥2,110 million	3.7%
2	KASUMI FOOD SQUARE Hitachikamine (leasehold land)	Hitachi City, Ibaraki Prefecture	¥1,120 million	¥1,160 million	4.3%
3	KASUMI FOOD SQUARE Mitomigawa (leasehold land)	Mito City, Ibaraki Prefecture	¥1,310 million	¥1,320 million	3.9%
4	KASUMI Chuo Distribution (leasehold land)	Kasumigaura City, Ibaraki Prefecture	¥1,500 million	¥1,530 million	3.7%
5	KASUMI Sakura Distribution (leasehold land)	Sakura City, Chiba Prefecture	¥2,170 million	¥2,210 million	4.0%
Total/Average			¥8,190 million	¥8,330 million	3.9%

Notes: 1. Appraisal value as of the time of acquisition.

2. The assumed net operating income (NOI) yield is calculated by dividing the appraisal NOI of newly acquired properties by their acquisition price and multiplying by 100.

Medium- to long-term growth strategy

Growth strategy 2

Enhance asset value and contribute to the sustainable development of the community by promoting sustainability initiatives

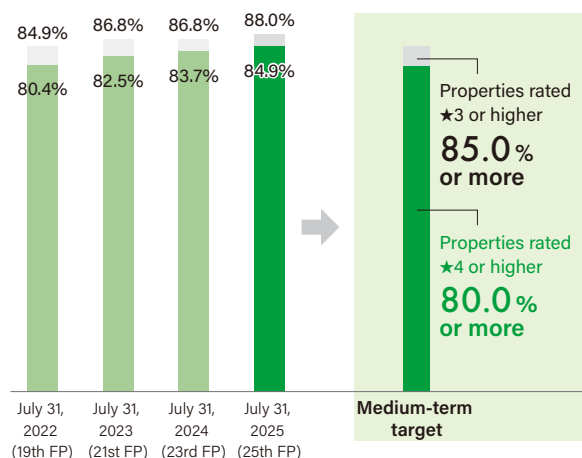
AEON REIT aims to enhance the asset value of its owned properties by promoting sustainability initiatives, thereby contributing to the sustainable development of the local area.

1 Acquisition and operation of sustainability-conscious properties

AEON REIT acquires and manages properties with an emphasis on sustainability, with tenant compositions and facility features aimed at reducing environmental impact and addressing societal issues.

The Investment Corporation is advancing the reacquisition of certifications for each property. In March 2025, AEON MALL Ota and AEON MALL Kyoto Gojo renewed their DBJ Green Building Certifications, each achieving a five-star rating, an improvement of one level from their previous evaluations. The ratio of properties with third-party certification among all owned properties has reached 88.0% in the three-star category or higher and 84.9% in the four-star category or higher. These results meet our medium-term targets without any decrease in ratings. We will continue to drive efforts to analyze and address each property to obtain and sustain certifications.

Acquisition of third-party certification



Ratio of owned properties with:

Solar panels	56%
EV charging infrastructure	86%
LED lighting	100%
Universal restroom	100%
Disaster prevention agreements	100%

Note: Data as of August 2025 for 43 of the owned properties in Japan, excluding leasehold land and logistics facilities.

2 Sustainability initiatives and enhancement of information disclosure based on KPIs

Both AEON REIT and AEON Reit Management are promoting sustainability initiatives and enhancing the disclosure of information related to the progress of these efforts in line with our corporate philosophy and sustainability policy.

Our sustainability initiatives are shaped by feedback from stakeholders, including unitholders, and requests from external organizations. This input guides us in implementing the measures that AEON REIT should pursue. We provide timely updates on our progress through channels such as our website and Sustainability Report. Through these ongoing efforts, we aim to maintain and improve external evaluations such as GRESB and MSCI.



Sustainability Report



The Sustainability Initiatives section on our website

Growth strategy 3

Build a strong financial base by improving credit ratings

In July 2025, AEON REIT received a long-term issuer rating of AA (stable) from the Japan Credit Rating Agency (JCR). In June 2023, the rating was upgraded by one notch from AA- (positive), achieving the medium-term target, and this rating has been maintained for fiscal 2024. After nearly a decade since going public, AEON REIT has earned recognition for its steady growth in asset size and distributions, as well as diversification in terms of geographic areas and types of owned properties. We will continue to strive to maintain and improve

our evaluations, make effective use of funds, and work towards maximizing unitholder value going forward.

Long-term issuer ratings from JCR

