STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Product name: AEON REIT Investment Corporation.

Legal entity identifier: 353800P59F8MJB4FE788

The following is the adverse sustainability impact statement of AEON REIT Investment Corporation ("AEON REIT") pursuant to Regulation (EU) 2019/2088 ("SFDR"). AEON REIT has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and rely on AEON Reit Management Co., Ltd. (the "Asset Manager"), to manage and operate the properties in our portfolio. AEON REIT and the Asset Manager are hereinafter referred to collectively as "we", "us" or "our". References to "fiscal year" or "FY" are to the 12 months that began or beginning March 1 of the year specified in line with the fiscal year of the Asset Manager, unless noted otherwise.

Please note that SFDR requirements, including the scope of their application to issuers outside the European Economic Area, continue to evolve. We are therefore taking a principles-based approach to compliance with the SFDR disclosure standards, which are subject to change.

1. Summary

Pursuant to Article 4 of the Delegated Regulation C (2022)1931 supplementing SFDR (the "SFDR Delegated Regulation"), AEON REIT is required to publish on its website the information referred to therein covering the period of one calendar year. AEON REIT is a Japanese real estate investment trust, commonly known as J-REIT, and has no employees, relying on the Asset Manager for the management and operation of its properties. The Asset Manager does not operate based on a calendar year, but operates based on fiscal year ending in February of ever year. A recalculation and translation of some of the data into the reference period of one calendar year would most likely lead to inaccuracies and would therefore provide a potentially less accurate overview of the required information than using the approved and validated data for the period from March 1, 2025 to February 28, 2026. This reference period is sufficiently compatible with, and shows results that do not materially differ from, those that would be produced using the calendar year-based reference period noted in the SFDR Delegated Regulation.

We consider principal adverse impacts of our investment decisions on sustainability factors. The present statement is our consolidated statement on the principal adverse impacts on sustainability factors ("PAI"). This statement on PAI covers the reference period from January 1, 2025 to December 31, 2025 in principle. The statement will be reviewed at least once during every year.

We believe that our sustainability initiatives are essential for our sustainable growth. We improve long-term returns of investors and contribute to the realization of sustainable society and urban development by implementing initiatives that address social issues. Under our sustainability policies and framework, we, in collaboration with the Asset Manager, take actions on climate change, including energy conservation, use of renewable energy, and being resilient in times of disasters.

We use the definition of PAI as described in Recital 20 of SFDR being "those impacts of investment decisions and advice that result in negative effects on sustainability factors", with sustainability factors referring to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as defined in article 2 (24) of SFDR.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider PAI of our investment decisions throughout all major steps of the investment decision and property management process throughout the lifecycle of the properties in our portfolio.

2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact various PAI indicators, both positively and adversely. We aim to manage the risk connected to PAI from our investment decisions in several ways, including general screening criteria, due diligence and our ESG initiatives. Some of the PAI indicators listed below are currently already being monitored and reported. As the availability of data improves, it is our intention that more indicators will be added.

Table 1

Principal adverse sustainability impacts statement

AEON REIT does not invest in investee companies, but invests in real estate. As adverse sustainability indicators 1-16 as contained in Table 1 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

Indicators applicable to investments in real estate assets									
Adverse sustainability indicator		**Metric**	**Impact in 2025**	**Impact in 2024**	**Impact in 2023**	**Impact in 2022**	**Impact in 2021**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A	N/A	We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.	N/A

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	As of December 31, 2025, 12.0% of the properties (excluding properties for which we own only the land and not the buildings thereon) in our portfolio in Japan based on total leasable area were not Green Qualified Assets or Sustainability Qualified Assets (defined in the right column).	As of December 31, 2024, 13.2% of the properties in our portfolio in Japan based on total leasable area were not Green Qualified Assets or Sustainability Qualified Assets (defined in the right column).	As of December 31, 2023, 13.2% of the properties in our portfolio in Japan based on total leasable area were not Green Qualified Assets or Sustainability Qualified Assets (defined in the right column).	As of December 31, 2022, 15.1% of the properties in our portfolio in Japan based on total leasable area were not Green Qualified Assets or Sustainability Qualified Assets (defined in the right column).	As of December 31, 2021, 16.7% of the properties in our portfolio in Japan based on total leasable area were not Green Qualified Assets or Sustainability Qualified Assets (defined in the right column).	To track the environmental performance of our properties, we use certifications issued by third party organizations (such as the Development Bank of Japan's Green Building Certification ("DBJ Certification"), Building Energy-efficiency Labeling System ("BELS") certification and Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, and other equivalent certifications. We call our properties that receive any of the certifications listed below a Green Qualified Asset and a Sustainability Qualified Asset. For DBJ Certification, we consider a property to have the environmental certification if it received a three stars or higher out of the five-star ranking system of the DBJ Certification. For CASBEE, we consider a property to have the environmental certification if it received a B+ Rank or higher out of the CASBEE ranking system featuring Rank S (excellent), Rank A (very good), Rank B+ (good), Rank B– (slightly inferior) and Rank C (inferior). For BELS, we consider a property to have the environmental certification if it received a three stars or higher out of the five-star ranking system of BELS.	We implement as appropriate measures to reduce their environmental impact following acquisition, including by obtaining environmental certifications, as stated in the left column. We also promote the replacement of energy-efficient equipment such as installing LED lighting and review GHG emissions reduction. In addition, we work with our group companies to reduce their environmental impact.

Table 2

Additional climate and other environment-related indicators

AEON REIT does not invest in investee companies, but invests in real estate. As additional climate and other environment-related indicators 1-17 as contained in Table 2 of Annex 1 of the SFDR Delegated Regulation pertain to investee companies, these are not included in this PAI statement, which pertains to real estate investments.

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG emissions Scope 1 GHG emissions generated by real estate assets were 0 t-CO2 (FY2021), 0 t-CO2 (FY2022), 0 t-CO2 (FY2023), 0 t-CO2 (FY2024) and 0 t-CO2 (FY2025). Scope 2 GHG emissions generated by real estate assets were 23 t-CO2 (FY2021), 0 t-CO2 (FY2022), 0 t-CO2 (FY2023), 0 t-CO2 (FY2024) and 0 t-CO2 (FY2025). Scope 3 GHG emissions generated by real estate assets were 264,912t-CO2 (FY2021), 263,079t-CO2 (FY2022), 279,774 t-CO2 (FY2023), 312,218 t-CO2 (FY2024) and 292,478t-CO2 (FY2025). Total GHG emissions generated by our properties were 264,935t-CO2 (FY2021), 263,079t-CO2 (FY2022), 279,774 t-CO2 (FY2023), 312,218 t-CO2 (FY2024) and 292,478t-CO2 (FY2025). We aim to reduce energy consumption intensity and CO2 emissions intensity by 1% per year each on average. We also aim to source 50% of our electricity/energy consumption from renewable energy and achieve 50% reduction of CO2 emissions (Scope 3) by FY2030, and have also set a “net zero” goal by FY2040.	Scope 1 GHG emissions generated by real estate assets Scope 2 GHG emissions generated by real estate assets Scope 3 GHG emissions generated by real estate assets Total GHG emissions generated by real estate assets

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

AEON REIT has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan, and relies on the Asset Manager to manage and operate the properties in our portfolio. Accordingly, additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in this PAI statement pertain to the Asset Manager and the tenants of the properties in our portfolio, to the extent available.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	**Adverse sustainability impact (qualitative or quantitative)**	**Metric**
Indicators applicable to investments to the Asset Manager or tenants		
Social and employee matters	6. Insufficient grievance procedure and whistleblower protection The Asset Manager strives to strengthen compliance management by promptly detecting and rectifying violations and unethical behaviors in the workplace, such as illegal activities, breaches of employment rules, human rights infringements, and acts of harassment. The Aeon Compliance Hotline has been established as a AEON Group-wide internal reporting system based on the Whistleblower Protection Act and the Cabinet Office guidelines for private enterprises concerning the Whistleblower Protection Act. For internal consultations, Aeon Co., Ltd.'s corporate ethics team serves as the point of contact, while an external advisory law firm is designated as the outside point of contact. This system is available to all employees working in the Group. In every case, anonymous reporting is possible, and strict confidentiality of the reported information is maintained in accordance with laws and internal regulations. Additionally, any retaliatory measures, such as unfair treatment or harassment based on the act of reporting, are strictly prohibited, and this is explicitly stated in rules and regulations. Reports and consultations are passed on to the Group company concerned as feedback through the corporate ethics team. Within two weeks, an investigation is conducted to ascertain the facts behind each report or consultation and a response is made, with the results, including corrective measures, reported to the corporate ethics team. The compliance officer at the Asset Manager serves as a point of contact for consultation and takes corrective measures whenever necessary. If deemed necessary at each point of contact, the content of the consultation is reported to the representative director, who then conducts an investigation,	Share of investments in entities without policies on the protection of whistleblowers All of the Asset Manager's employees are protected by the Aeon Code of Conduct 110

	considering the rights of the person consulting, and takes the necessary measures to resolve the issue.	
Human Rights	9. Lack of a human rights policy Aeon Group, of which the Asset Manager is a member, established its Basic Human Rights Policy in 2008 as part of management efforts to respect humanity, which forms part of the Aeon Basic Principles. In 2014, the policy was revised to specify that discrimination on the grounds of sexual orientation or gender identity will not be tolerated. It was revised again in 2018, expanding the scope to the human rights of suppliers. The revised Aeon's Basic Human Rights Policy aims to implement initiatives to respect human rights based on international law and international agreements in addition to domestic law, and to target all stakeholders involved in Aeon's business activities. In addition to clearly stating these points, it stipulates that we will establish a human rights due-diligence process regarding the shadow of human rights through business activities and aim to realize a society in which human rights are respected.	Share of investments in entities without a human rights policy All the tenants are protected by our code and policy, and their human rights are valued.

For descriptions of actions which AEON REIT takes and will take with respect to the PAI indicators, please refer to our ESG website with respect to AEON REIT:
https://www.aeon-jreit.co.jp/en/sustainability/

3. Description of policies to identify and prioritize principal adverse sustainability impacts

Subject to data availability, we monitor the selected PAI indicators for the existing properties in our portfolio.

Prior to our investment in a property, we conduct due diligence review of the property, including ESG due diligence, which includes selected PAI indicators. The due diligence findings related to selected PAI indicators are reported and reviewed prior to the investment decision.

The Asset Manager has established the Sustainability Finance Framework in order to expand financing methods and to enhance the development of sustainability finance. As part of this effort, we have committed to exclusively use funds financed through Green Financing or Sustainability Financing for investments in Green Qualified Assets and Sustainability Qualified Assets, or other projects aimed at promoting sustainability.

For further information, please refer to our ESG website:
https://www.aeon-jreit.co.jp/en/sustainability/

4. Engagement policies

Due diligence and screening

Prior to our investment in a property, the Asset Manager conducts due diligence review of the property, including the assessment of compliance with applicable environmental laws and ordinances, environmental performance and environmental and disaster risks, as well as

investigation into hazardous substances and soil contamination. We do not consider investing in properties that do not meet the standards for soil contamination and other environmental contamination in accordance with the Air Pollution Control Act and the Soil Contamination Countermeasures Act of Japan and other environmental laws and ordinances. However, from time to time we acquire properties not meeting the standards as long as they are deemed fixable promptly after acquisition.

In addition, we monitor and track energy consumption and greenhouse gas emissions at our properties.

Engagement

We include environmental provisions, which we refer to as "Green Lease" provisions, in the leases with our tenants. Our Green Lease provisions include a clause that require our tenants to cooperate with us in implementing environmental measures.

We also promote "green procurement" in the entire supply chain for real estate management. Green procurement is a term for product and service procurement efforts that involve preferentially selecting recycled goods and other environmentally conscious products, as well as suppliers engaged in initiatives that contribute to reducing the burden placed on the environment.

5. References to international standards

The Asset Management Company has expressed support for the recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures ("TCFD"), which is an international initiative established by the FSB at the request of the G20 for the purpose of discussing the disclosures of climate-related financial information and the responses by financial institutions. The Asset Management Company aims to make disclosures in line with the TCFD recommendations and conducted analysis of the 1.5℃ scenario and 4℃ scenario concerning the risks and opportunities climate change presents to the Investment Corporation.

6. Historical comparison

See above.