Mori Hills REIT Investment Corporation

Semiannual Report

40th Fiscal Period
(February 1, 2026 – July 31, 2026)

To Our Unitholders

All of us at Mori Hills REIT Investment Corporation ("MHR") wish to extend our deep appreciation to our unitholders for your continuous support of MHR. I am pleased to report on MHR's performance for the fortieth fiscal period which ended July 31, 2026.

In the fortieth fiscal period, despite the ongoing impact of heightened tensions in the Middle East and price hikes, as well as weakness in consumer spending, the Japanese economy continued to improve moderately, supported by increases in capital investment and exports.

In such an economic environment, a tight supply-demand balance persisted in the rental office market, as vacancy rates in central Tokyo remained low and efforts to attract tenants for upcoming new supply progressed smoothly, while rent levels continued to trend upward. As for the luxury rental housing market, although supply has increased due to large-scale redevelopments in central Tokyo, occupancy rates and rent levels remained solid on the back of continued robust demand for quality housing. In terms of the real estate brokerage market, transaction volume remained at a high level and transaction prices also remained persistently high, thanks to sustained strong investment appetite from domestic and foreign investors and the boost provided by several major transactions from foreign-affiliated corporations.

In the fortieth fiscal period, MHR strove to maintain and enhance tenant satisfaction through measures such as efficient and systematic operational management and maintenance and repair of properties in its portfolio by better understanding tenant needs. Moreover, MHR maintained and enhanced occupancy rates and rents by proactively launching leasing activities targeting new and existing tenants while foreseeing trends in rental market conditions. MHR's real estate portfolio, as of the end of the fortieth fiscal period, was comprised of 11 properties under management with a total leasable area of 185,248.80m^2. MHR has already invested 414,958 million yen (based on the acquisition price) into this portfolio. The occupancy rate at the end of the fortieth fiscal period was 98.2%.

The asset management activities described above resulted in MHR recording in the fortieth fiscal period 11,126 million yen in operating revenue, 6,688 million yen in operating income, 5,808 million yen in ordinary income and 5,807 million yen in net income and a dividend per unit of 3,100 yen. MHR divested a portion of Laforet Harajuku (Land) (disposition price: 2,365 million yen) on July 1, 2026. A 1,257 million yen gain was realized on the disposition.

In addition, MHR plans to divest a further portion of Laforet Harajuku (Land) (disposition price: 2,365 million yen) on December 1, 2026. For the forty-first fiscal period ending January 31, 2027, dividends per unit is expected to be 3,100 yen.

MHR will continue to seek maximization of unitholder value by maintaining and increasing dividends continuously while retaining stability of earnings through fixed-rent master leases alongside actively pursuing external growth utilizing the property pipeline of the Mori Building Group. I would like to ask for your continued support.



Hiroyuki Yamamoto
Executive Director, Mori Hills REIT Investment Corporation
President and CEO, Mori Building Investment Management Co., Ltd.

Financial Highlights

Dividend per unit: 40th period

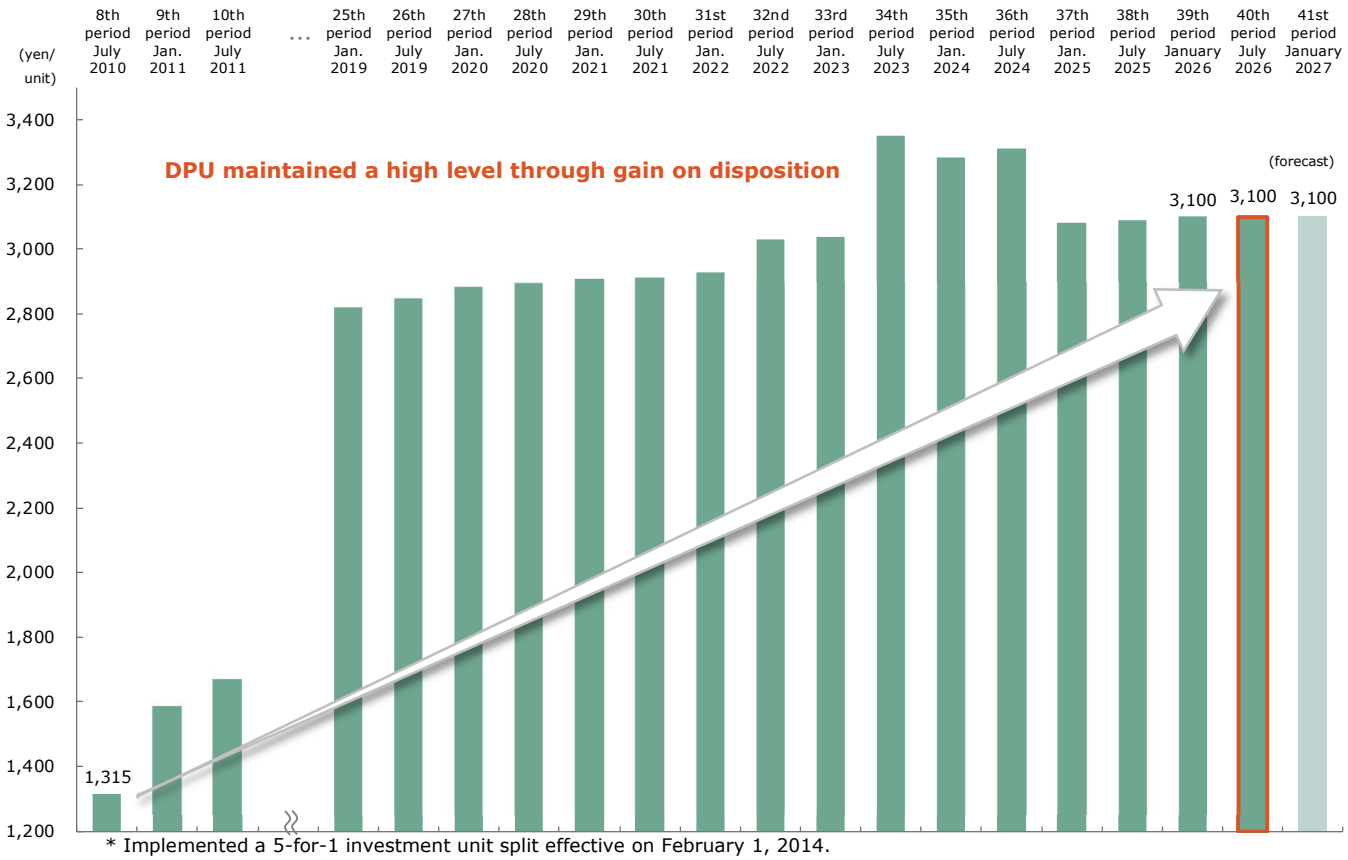
3,100 yen

Dividend per unit: 41st period forecast*

3,100 yen

* The forecasted figure for the 41st fiscal period is a projection from historical figures based on certain assumptions. Accordingly, the figure may differ from actual results. Furthermore, the forecast shall not be construed as a guarantee of dividend amount.

Change in dividend per unit



* Implemented a 5-for-1 investment unit split effective on February 1, 2014.
Actual dividends per unit were divided by 5 for the periods before the split of investment units in the graph.

Changes in major financial indicators

	39th period August 1, 2025 – Jan 31, 2026 (184days)	40th period February 1, 2026 – July 31, 2026 (181days)	40th – 39th period
Operating revenue	11,381 million yen	11,126 million yen	△255 million yen
Operating income	6,882 million yen	6,688 million yen	△193 million yen
Ordinary income	6,125 million yen	5,808 million yen	△317 million yen
Net income	6,124 million yen	5,807 million yen	△317 million yen
Dividend/unit	3,100 yen/unit	3,100 yen/unit	+0 yen/unit
Total units outstanding	1,886,235 units	1,879,435 units	
Acquisition price	416,049 million yen	414,958 million yen	

(Note) Unless otherwise stated in this document, all amounts are rounded down below the unit and all fractions and areas are rounded up below the decimal point.

Overview of Portfolio

MHR has developed an urban portfolio mainly in central Tokyo through its "investment in the city" concept, taking advantage of market opportunities and our competitive strengths to enhance profitability as well as portfolio value.

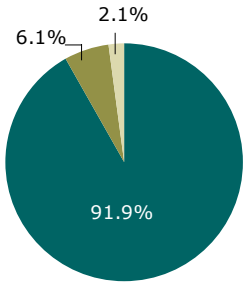
Portfolio breakdown

Area



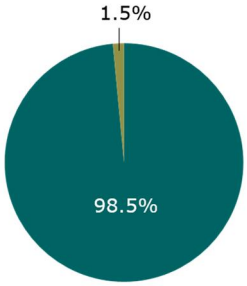


Type



■ Office
■ Residential
■ Retail

Size



■ 30,000 m² or more
■ Under 30,000 m²

(Note 1) The ratios represent proportion of acquisition price to total acquisition price.
(Note 2) For calculation of breakdown by type, acquisition price for Akasaka Tameike Tower and Atago Green Hills are divided into offices and residences.
(Note 3) Chart showing "Size" does not include Laforet Harajuku (Land).

Portfolio list


O-0 Premium
Roppongi Hills Mori Tower


O-1 Premium
ARK Mori Building


O-4 Premium
Koraku Mori Building


O-6 Premium
Akasaka Tameike Tower


O-7 Premium
Atago Green Hills


O-8 Premium
ARK Hills South Tower

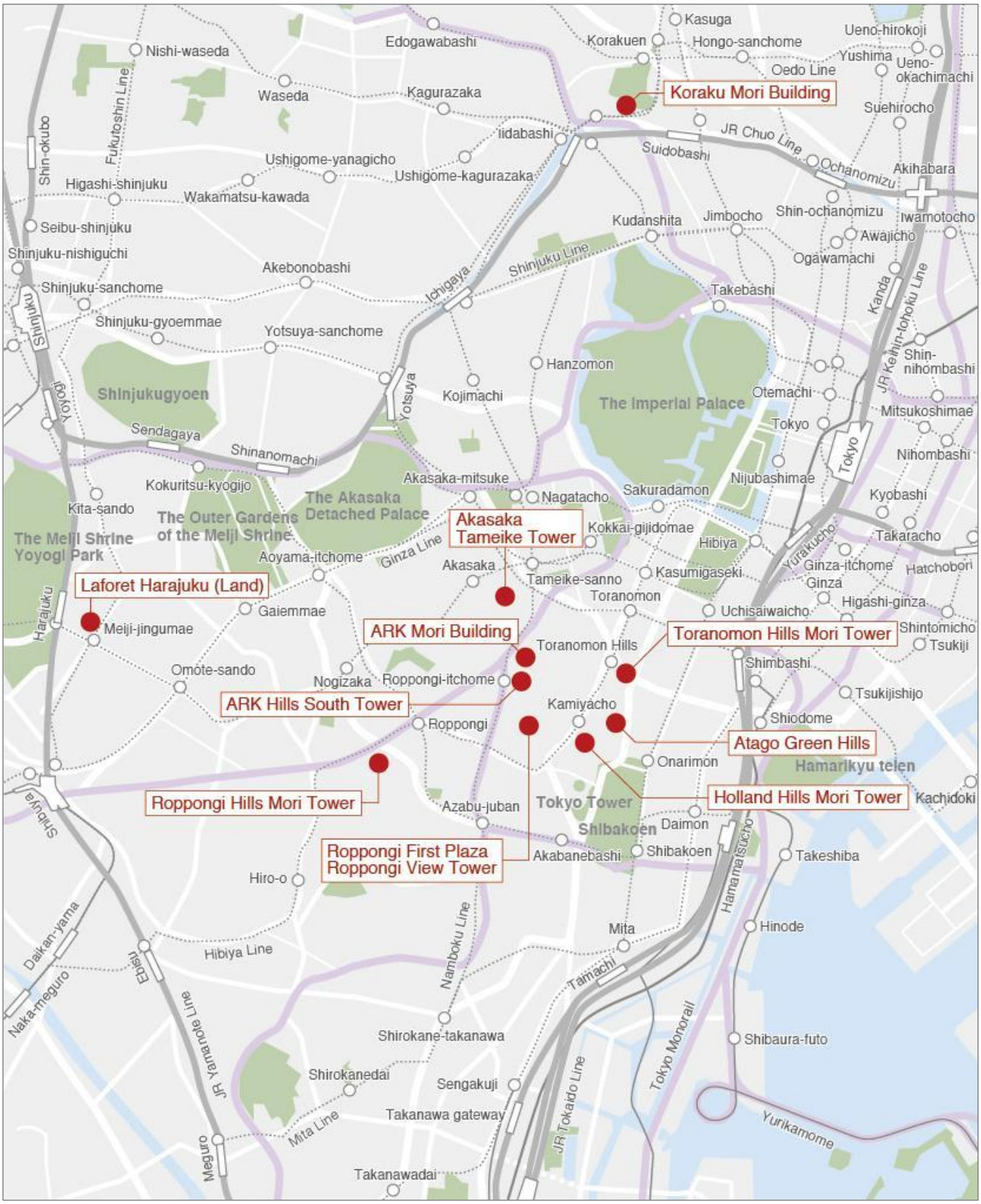

O-9 Premium
Toranomon Hills Mori Tower


O-10 Premium
Holland Hills Mori Tower


R-3 Premium
Roppongi First Plaza

R-4
Roppongi View Tower


S-1 Premium
Laforet Harajuku (Land)


Koraku Mori Building
Akasaka Tameike Tower
Laforet Harajuku (Land)
ARK Mori Building
Toranomon Hills Mori Tower
ARK Hills South Tower
Atago Green Hills
Roppongi Hills Mori Tower
Holland Hills Mori Tower
Roppongi First Plaza
Roppongi View Tower
Kasuga
Korakuen
Hongo-sanchome
Ueno-hirokoji
Yushima
Ueno-okachimachi
Oedo Line
Edogawabashi
Nishi-waseda
Waseda
Kagurazaka
Iidabashi
Suehirocho
JR Chuo Line
Suidobashi
Ochanomizu
Akihabara
Shin-okubo
Fukutoshin Line
Ushigome-yanagicho
Ushigome-kagurazaka
Higashi-shinjuku
Wakamatsu-kawada
Shin-ochanomizu
Iwamotocho
Seibu-shinjuku
Kudanshita
Jimbocho
Awajicho
Shinjuku-nishiguchi
Ogawamachi
Akebonobashi
Shinjuku Line
Ichigaya
Kanda
Shinjuku-sanchome
Takebashi
Shinjuku
Shinjuku-gyoemmae
Yotsuya-sanchome
JR Keihin-tohoku Line
Shin-nihombashi
Hanzomon
Yotsuya
Kojimachi
Otemachi
Shinjukugyoen
The Imperial Palace
Mitsukoshimae
Tokyo
Sendagaya
Shinanomachi
Nihombashi
Kokuritsu-kyogijo
Akasaka-mitsuke
Nagatacho
Sakuradamon
Nijubashimae
Tokyo
Kyobashi
Kita-sando
The Akasaka Detached Palace
The Outer Gardens of the Meiji Shrine
The Meiji Shrine Yoyogi Park
Kokkai-gijidomae
Takaracho
Aoyama-itchome
Ginza Line
Hibiya
Yurakucho
Ginza-itchome
Hatchobori
Akasaka
Tameike-sanno
Kasumigaseki
Ginza
Toranomon
Higashi-ginza
Harajuku
Gaiemmae
Uchisaiwaicho
Shintomicho
Meiji-jingumae
Toranomon Hills
Tsukiji
Omote-sando
Nogizaka
Roppongi-itchome
Shimbashi
Tsukijishijo
Kamiyacho
Roppongi
Shiodome
Onarimon
Hamarikyu teien
Shibuya
Azabu-juban
Tokyo Tower
Daimon
Kachidoki
Shibakoen
Akabanebashi
Shibakoen
Takeshiba
Hiro-o
Hamamatsucho
Daikan-yama
Ebisu
Hibiya Line
Namboku Line
Mita
Hinode
Naka-meguro
JR Yamanote Line
Tamachi
Shirokane-takanawa
Tokyo Monorail
Shibaura-futo
Shirokanedai
Sengakuji
JR Tokaido Line
Takanawa gateway
Mita Line
Yurikamome
Meguro
Takanawadai

Earthquake-resistance capacity

A group of properties based on high quake-resistant engineering standards stipulated by Mori Building, the sponsor of MHR

Property name	Level above the new earthquake resistance standard (Note1)	PML (Note2)
Roppongi Hills Mori Tower	◎	2.0%
ARK Mori Building	◎	2.2%
Koraku Mori Building	◎	1.1%
ARK Hills South Tower	◎	1.5%
Toranomon Hills Mori Tower	◎	2.3%
Holland Hills Mori Tower	◎	1.4%
Akasaka Tameike Tower	◎	2.3%
Atago Green Hills MORI Tower	◎	2.7%

(Note 1) Earthquake resistance performance above standards stipulated in the current Building Standards Act
(Note 2) PML refers to the probable maximum loss ratio expected to result from an earthquake.
A smaller percentage indicates superiority in earthquake-resistance.

Environmental performance

Highest quality ratio of green building (GB) certified properties among all J-REITs

Ratio of GB certified properties in portfolio

93.8%

In highest ratings 84.7%

CASBEE for Real Estate: Rank S


Roppongi Hills Mori Tower


ARK Mori Building


Atago Green Hills (MORI Tower)


Koraku Mori Building


Toranomon Hills Mori Tower


Holland Hills Mori Tower

CASBEE for Real Estate: Rank A


Akasaka Tameike Tower

DBJ Green Building Certification: Five stars

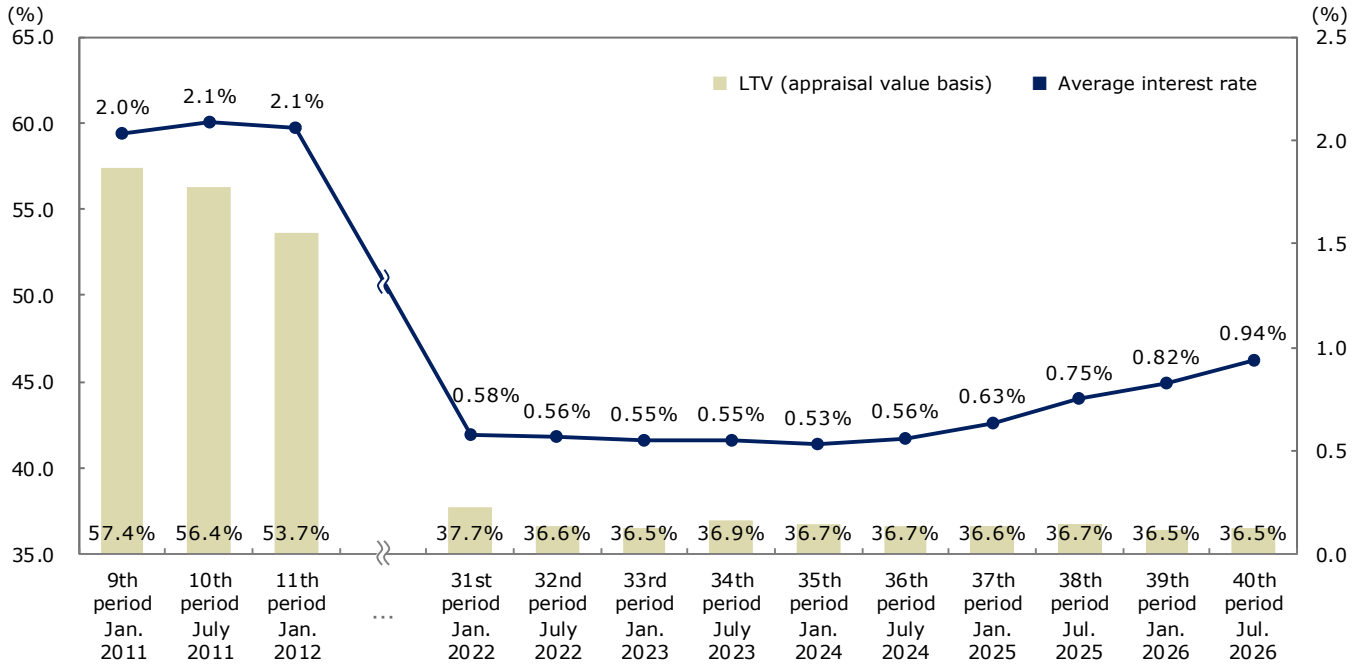

ARK Hills South Tower

* In acquisition price base by excluding Laforet Harajuku (Land)

Financial Status

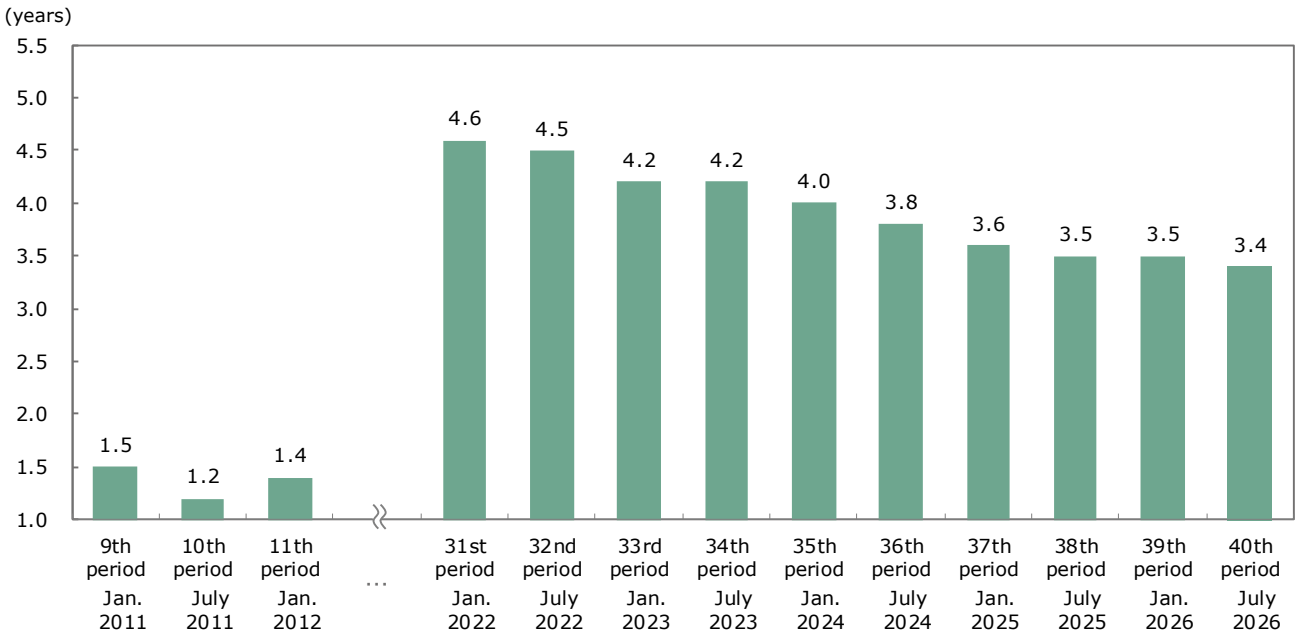
MHR maintains a stable financial base through appropriate control of LTV and debt duration, and strives to keep financial costs under control.

Trend in LTV (appraisal value basis) and average interest rate (including borrowing expenses)



(Note) Average interest rate is calculated as [(interest expenses + interest expenses on investment corporation bonds + borrowing expenses + amortization of investment corporation bond issuance costs) × 365 ÷ operating days during each period ÷ average interest-bearing debt balance during each period].

Extension in remaining duration of debt



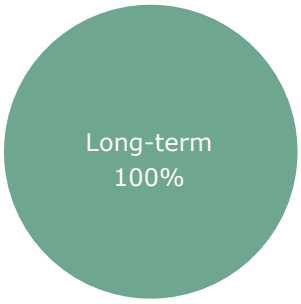
Overview of debt financing

	End of the 39th period Jan 31, 2026	End of the 40th period July 31, 2026
Debt Balance	189,522 million yen	190,622 million yen
LTV (book value basis) (note1)	46.1%	46.4%
LTV (appraisal value basis) (note2)	36.5%	36.5%
Avg. remaining duration	3.5 years	3.4 years

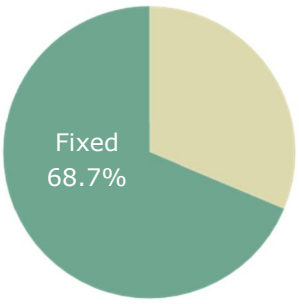
(Note 1) LTV (book value basis) is calculated as [Interest bearing debt / Total assets].
(Note 2) LTV (appraisal value basis) is calculated as [Interest-bearing debt / Appraisal value based total assets (Total assets + Total appraisal value - Total book value)].

Long-term debt ratio / Fixed rate ratio

[Long and short-term debt ratio]



[Fixed rate ratio]



Rating

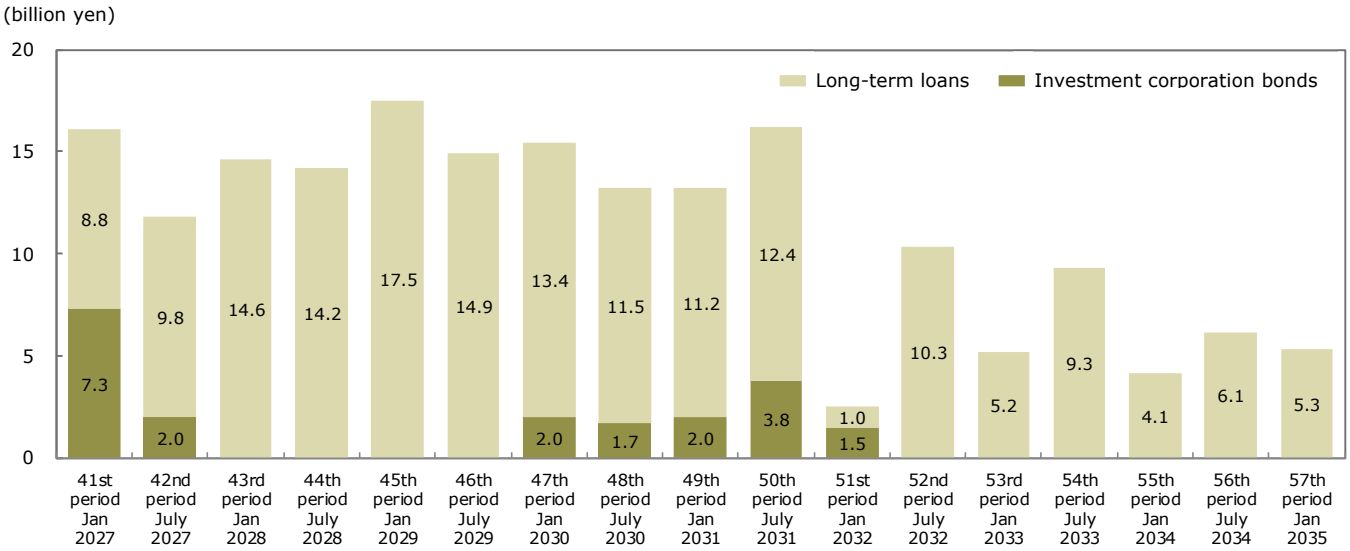
Japan Credit Rating (JCR)

Long-term issuer rating

AA

(Stable)

Overview of maturity (as of July 31, 2026)

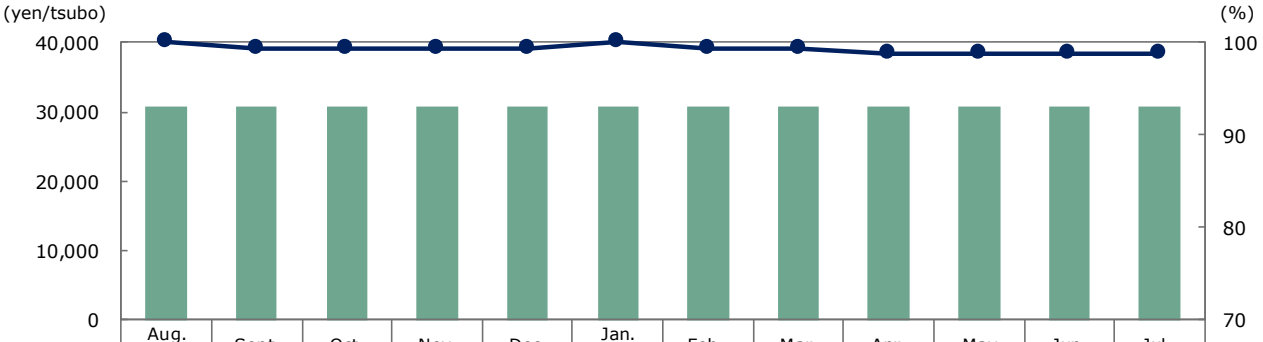


Portfolio Management

MHR maintained and enhanced occupancy rates and rents by proactively launching marketing activities targeting new and existing tenants based on a flexible price policy.

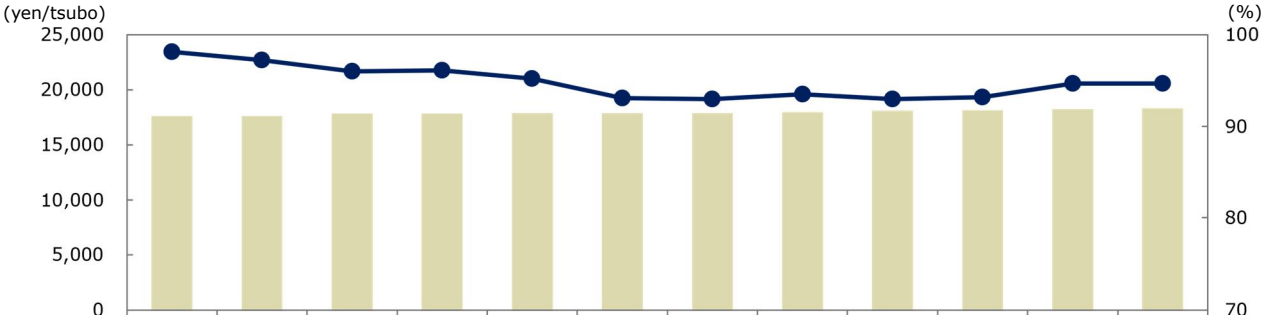
Rent and occupancy rate

[Office]



	Aug. 2025	Sept.	Oct.	Nov.	Dec.	Jan. 2026	Feb.	Mar.	Apr.	May	Jun.	Jul.
Rent (yen/tsubo)	30,693	30,810	30,744	30,759	30,844	30,836	30,725	30,743	30,788	30,790	30,800	30,864
Occupancy rate	100.0%	99.3%	99.3%	99.4%	99.4%	100.0%	99.4%	99.3%	98.8%	98.8%	98.8%	98.8%

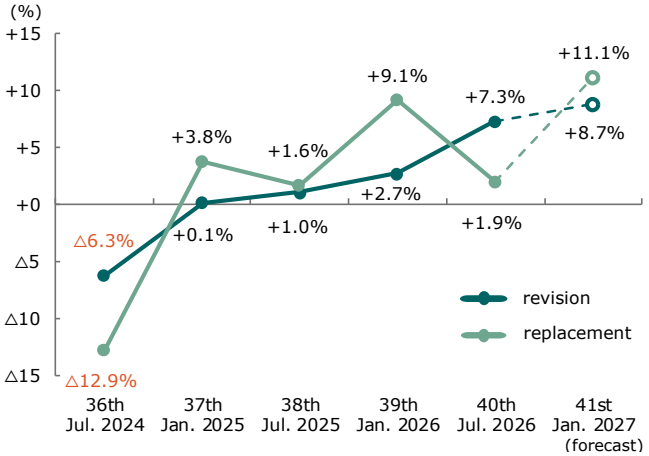
[Residential]



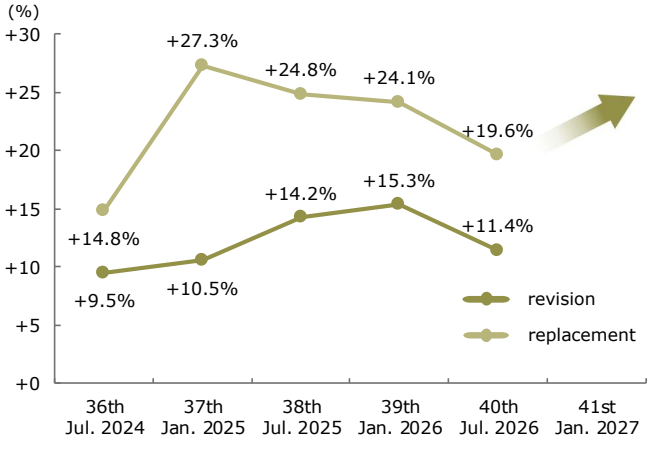
	Aug. 2025	Sept.	Oct.	Nov.	Dec.	Jan. 2026	Feb.	Mar.	Apr.	May	Jun.	Jul.
Rent (yen/tsubo)	17,644	17,621	17,832	17,840	17,904	17,913	17,902	18,003	18,132	18,139	18,262	18,348
Occupancy rate	98.1%	97.2%	96.0%	96.1%	95.2%	93.1%	93.0%	93.5%	93.0%	93.2%	94.7%	94.7%

Result of tenants' rent revision (pass-through type)

[Office]



[Residential]



(Note 1) Figures indicate the results of rent revisions of properties at which pass-through master lease agreements are applied.
(Note 2) Figures are calculated based on asset acquisition and monthly rents which reflect move outs of end tenants confirmed as of July 31, 2026.

Sustainability Initiatives

Approach to Sustainability

MHR and Mori Building Investment Management Co., Ltd. (MIM), the asset manager, aim to contribute to the creation and development of cities by providing investment opportunities in high-quality urban assets to investors while maximizing unitholder value through investment focused on the competitiveness and ability to create value of the "City," as stated in the Basic Policy and Company Mission of MHR and MIM.
Society today is faced with various challenges, and companies are expected to contribute to solving these issues as they conduct business activities. We believe that working on these issues will in fact lead to increasing our competitiveness.
MHR and MIM aim to contribute to the realization of a sustainable society and maximization of unitholder value in the medium to long term by focusing on ESG (Environmental, Social and Governance) initiatives and investing in high-quality urban assets while striving to improve various social issues.

Sustainability Promotion System

MHR's operations connected to sustainability are promoted primarily by the Sustainability Committee established by MIM.
The Chairperson of the Committee is the President & CEO, all general managers and some planning department staff comprise the committeepersons. Various initiatives are implemented based on the Sustainability Promotion Program which is established every fiscal year.
In principle, the Committee meets twice a year and formulates policies and the content of the Sustainability Promotion Program, monitors progress of programs, deliberates on various suggestions from departments, etc. in light of social conditions and the operating status of MHR. The President & CEO approves the policies and promotion programs, constantly monitors the thorough promotion of sustainability, and establishes and maintains a sustainability promotion structure as a responsible party in promoting sustainability.
Moreover, sustainability-related efforts are reported on periodically to the Board of Directors of both MHR and MIM. Each Board oversees the status of initiatives for important issues related to ESG and the status of compliance and risk management.

Initiatives throughout the Entire Supply Chain

Promotion of sustainability operations, whether environmental or social, requires initiatives that involve the whole supply chain. We believe that joint initiatives with various stakeholders with aligned values are necessary.
By actively encouraging interactive communication with stakeholders such as tenants, local residents, property management companies and with our sponsor Mori Building, and by aligning our values, we aim to contribute to the realization of a sustainable society.

Sustainability Initiatives: 1) Environment

MHR aims to contribute to the realization of a sustainable society and maximization of unitholder value in the medium to long term by investing in high-quality urban assets while striving to improve various environmental and social performance levels.

MIM obtains a third-party sustainability evaluation in order to better understand its own achievement level and uses this as a benchmark for further improvement.

Green Building Certified Properties

Property name	Type of Assessment	Rating
Roppongi Hills Mori Tower	CASBEE for Existing Buildings	Rank S
ARK Mori Building		Rank S
Koraku Mori Building		Rank S
ARK Hills South Tower	DBJ Green Building Certification	5 Stars
Toranomon Hills Mori Tower	CASBEE for Existing Buildings	Rank S
Holland Hills Mori Tower		Rank S
Akasaka Tameike Tower		Rank A
Atago Green Hills MORI Tower		Rank S

(Certification Coverage Ratio)

Long-range objective (FY 2030)	Performance (As of July 31,2026)	Performance (reference) (As of July 31,2026)
Maintain over 90% (in acquisition price)	93.8% (in acquisition price)	84.5% (in leasable floor area)
		80.0% (in number of properties :8/10 properties)

* Excluding Laforet Harajuku (Land)

Promotion of Energy Conservation

MHR promotes energy conservation through initiatives such as replacement of LED lighting in common areas and repair work of air-conditioning at Roppongi First Plaza, Roppongi View Tower and Akasaka Tameike Tower (residential).
MHR also makes active efforts to reduce environmental loads through proper separation and disposal of waste.

(Roppongi View Tower: Renovation of common area with LED lighting)

Before renovation





After renovation





Collaborating with Tenants

MHR holds an environmental countermeasure council once or twice a year depending on the office building. The council generates a report on the efforts to improve sustainability and raises awareness for power saving methods. As a reference for tenants to implement specific energy conservation measures, MHR has provided, at all office properties it owns, "WEB cloud services" as a tool to make tenants' energy usage visible (properties with the service as a percentage of all owned properties: 98% based on acquisition price).
In addition to these efforts, MHR is further deepening relationships with tenants by introducing "green leases" which secure commitments from both parties. MHR is gradually expanding this approach since the introduction of the first green lease in ARK Hills South Tower.

CO2 (Climate Change)

Working to reduce greenhouse gas emissions and engaging in other measures against global warming will contribute to easing the impact on the climate. Moreover, providing real estate properties with excellent functionality in terms of addressing these challenges is likely to engender more positive opinion and stronger support from tenants and this will lead to the enhanced competitiveness of the portfolio.

MHR and MIM will aim to reduce CO2 emissions by 50% by FY 2030 when compared with FY 2019 as the baseline year and achieve net-zero emissions by FY 2050.

Through comprehensive and high-quality management of these urban areas, we will continue our efforts to reduce carbon emissions and engage in initiatives to counter global warming and climate change.

(Reduction in Greenhouse Gas Emissions)

MHR revised its targets in June 2022 to promote further reduction.

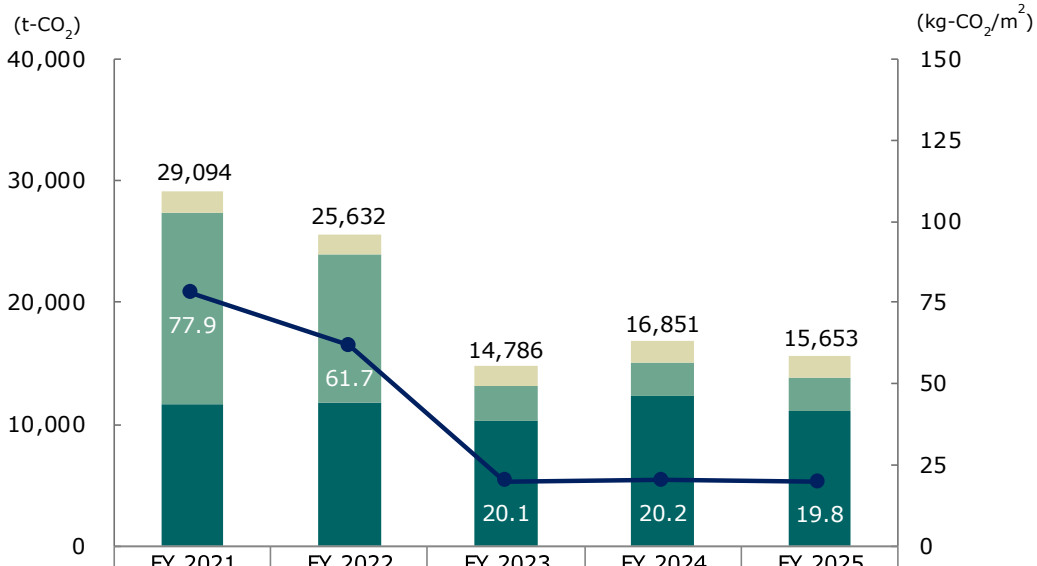
We aim to reduce CO2 emissions of MHR's and MIM's offices and properties owned by MHR (total emissions; Scopes 1, 2 and 3) by 50% by FY 2030 when compared with FY 2019 as the baseline year and achieve net-zero emissions by FY 2050.

Medium-term target (FY 2030)	Long-term target (FY 2050)	Performance (FY 2025)
50% reduction (total amount basis: vs FY 2019)	Net-Zero	49.9% reduction (total amount basis: vs FY 2019)

(Carbon Dioxide Emission and Intensity)

Figures, with certain exceptions, are verified and validated by an independent third party. Scope 1 is entirely CO2.

[Boundary] Offices of MHR and MIM and properties owned by MHR (Cover rate: See the table below)



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scope 1	1,696	1,755	1,667	1,743	1,818
Scope 2	15,770	12,145	2,866	2,810	2,739
Scope 3	11,627	11,732	10,252	12,297	11,096
Intensity	77.9	61.7	20.1	20.2	19.8
Verification/Guarantee rate	78.2%	78.3%	78.3%	78.3%	78.7%
Cover rate	88.0%	88.1%	88.1%	88.1%	88.2%

* Carbon dioxide emissions are calculated based on the "Manual for Calculating and Reporting Greenhouse Gas Emissions" by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
* Intensity is calculated by dividing the carbon dioxide emissions (Scope 1 & 2) by the calculated total floor area.

Sustainability Initiatives: 2) Social

Problems concerning human rights and labor are critical global concerns, and in Japan the rectification of long working hours and the promotion of women and elderly people have become significant social issues as the labor force shrinks alongside a declining birthrate and an aging population.
We believe that employing diverse and excellent people and supporting the continued development of their abilities is not just a source of competitiveness for MHR but also the duty of MHR towards its employees.
MHR and MIM respect human rights and it is our policy to not discriminate against employees based on their beliefs, religion, age, gender, origin, mental and physical disabilities, etc.
We will work to establish a diversity-oriented working environment where our staff can be effective. We will introduce multifaceted systems and measures so that each and every employee with diverse lifestyles and values can maximize their abilities and grow their career in a healthy and safe manner.

Talent Development

In order to realize MIM's company mission (“MIM is dedicated to the creation and development of major metropolitan cities and MIM will provide investment opportunities in high-quality urban assets to investors both in Japan and overseas as a leading professional in the real estate investment fund business”), MIM believes that it is essential to attract and retain a diverse and capable workforce and to continuously support their career growth and self-development.
To cultivate human resources with flexible thinking and high ethical standards together with a high degree of expertise, mainly in real estate and finance, MIM introduces essential knowledge and skills through on-the-job-training (OJT) and conventional training. In addition, in order to improve staff effectiveness, to clarify company issues and to constantly improve management methods, MIM conducts a semi-annual staff assessment program - "Personnel Assessment and Feedback" as a core component of our talent development strategy.
MIM also subsidizes the expense for acquiring licenses and qualifications by public and private organizations necessary for work to improve employees' skills as professionals in the real estate fund business.

(Qualifications held by employees as of the end of March 2026)

- ARES Certified Master: 8
- Real Estate Appraiser: 2
- Real Estate Transaction Agent: 10
- Certified Building Administrator: 3
- Certified Public Accountant: 4
- Certified Member Analyst of the Securities Analysts Association of Japan: 1

Employee Stock Ownership Plan (ESOP)

MHR established the "ESOP" by aligning interests of MHR’s investors and MIM’s employees aiming to improve unitholders' value over the medium to long term, and to improve welfare benefits for MIM’s employees.

Promoting Women’s Participation

MHR is aiming for a workplace environment where each employee can fully demonstrate their individuality and abilities and MHR is working on creating a pleasant working environment for women. A child-care leave system and flexible working hours are provided and MHR promotes active use of a short-time work system and paid holidays.

Tenant Satisfaction Surveys

MHR conducts tenant satisfaction surveys once every two years in office buildings and as appropriate in residential properties.

The survey content starts with general matters such as location and image and extends to matters related to facilities and other hard aspects as well as soft aspects such as management systems.

The needs of the tenants are used as a reference in our property management.

Local Communities

MHR aims to foster a rich environment for the local community through various communication activities.

As community investments in MHR's properties such as Roppongi Hills and ARK Hills, events and activities are held like the "Hills Marche" and "Hills Machi-Iku Project" in which local people can participate.





All Japanese Listed Companies' Website Ranking

Nikko Investor Relations Co., Ltd. announces a valuation of websites of all listed companies by investigating the degree of information disclosure based on objective evaluation items from its unique perspective.

MHR's website has received "Sector Ranking: Top1 Site ".



Sustainability Initiatives: 3) Governance

In order to contribute to the realization of a sustainable society, we aim to maximize unitholder value over the medium to long term. We believe that it is absolutely imperative to remain a company that is trusted by society.

By firmly acknowledging this belief, MHR and MIM work on building fair and effective corporate governance and strive to enhance internal control through thorough compliance and risk management based on an appropriate compliance and internal control structure.

Corporate Governance

In addition to a general meeting of all unitholders, MHR's governance structure consists of one executive director, four supervisory directors, the board of directors and an accounting auditor as required by the Act on Investment Trusts and Investment Corporations.

The executive director undertakes executive management and represents MHR. The supervisory directors oversee the executive director's performance of the position's duties.

The board of directors is comprised of the executive director and the supervisory directors and makes important decisions regarding the execution of MHR's duties, such as approval of the executive director's execution of MHR's important duties and approval of financial statements.

The executive director reports to the supervisory directors from time to time regarding the status of asset management, compliance and risk management and other matters.

Each supervisory director oversees the execution of duties by the executive director through the reporting on investigation requested by the supervisory directors.

The Accounting Auditor performs the audit of financial statements etc. of MHR and reports to the supervisory directors in the event of discovering any serious actions in violation of laws and regulations or actions violating the proper execution of duties by the executive director.

(MIM's organization)

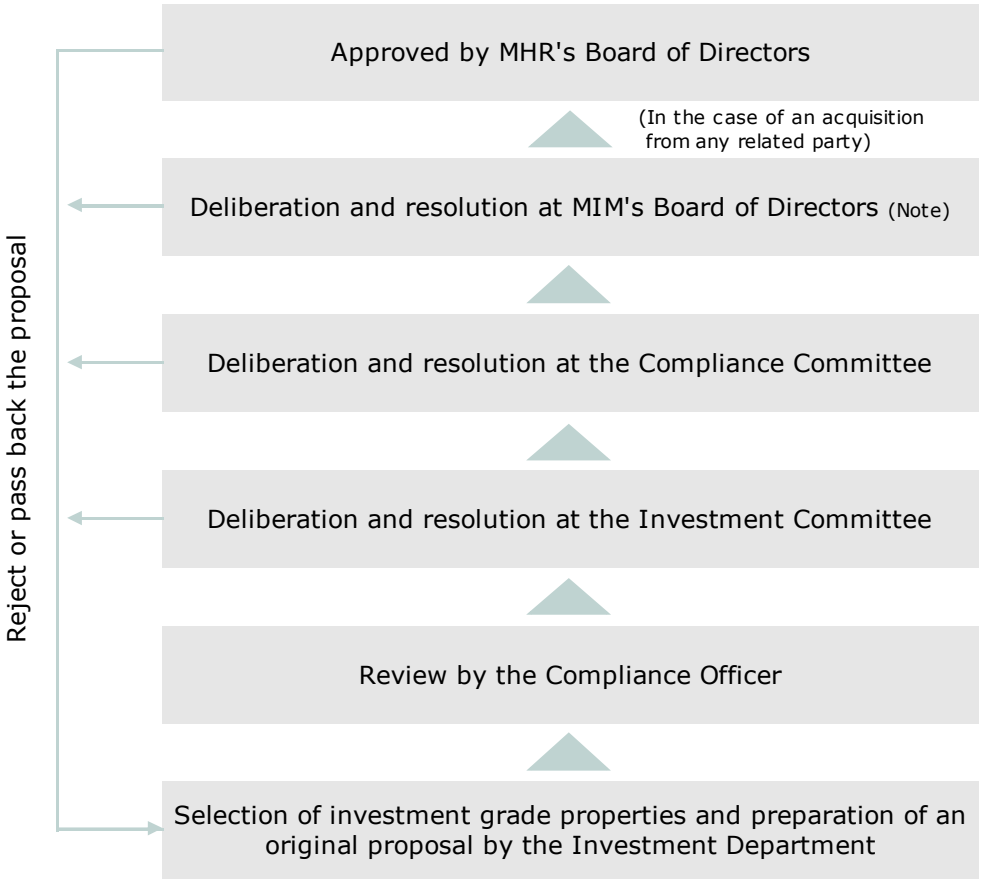


Compliance

The Compliance Department conducts inspections on legal compliance and confirms consistency with internal rules. MIM confirms whether there exist any conflict of interest transactions with related parties. In this way, MIM is striving to ensure comprehensive internal control, while also striving to enhance its risk management structure as well as its effectiveness.

Furthermore, MIM has a set of internal rules (self-imposed regulations) which stipulate rules such as its Related Parties Transaction Guidelines. These Guidelines stipulate matters concerning transactions, etc. with related parties. Through MIM's compliance with these Guidelines, MIM has established a structure which ensures that the aforementioned transactions are managed appropriately and that MIM sufficiently executes the duty of care of a good manager and duty of loyalty to MHR.

(Process to counter transactions involving conflicts of interest)



(Note) When acquiring assets from a related party, if a director is an executive or employee of MHR's parent company or the related party (including concurrent positions, but excluding cases where they are seconded or transferred to MHR), such director is not permitted to participate in the relevant resolution of the Board of Directors

Important ESG Issues (MHR's Materiality)

	Materiality	Main Initiatives	Main related SDGs
E Environment	● Reduce greenhouse gas emissions and promote energy saving at owned properties ● Use of renewable energy	● Participate in Japan Climate Initiative ● Support the TCFD recommendations ● Promote energy savings (such as introducing the energy saving technologies) ● Expand use of renewable energy	
	● Coexist with nature	● Promote greenery and take measures against heat island ● Protection of biodiversity	
	● Response to sustainability certifications	● Various initiatives to obtain Green Building certifications and make improvements ● Implement training regarding Green Building	
S Social	● BCP measures (disaster prevention and building resilience) ● Tenants' health, comfort and convenience	● Enhance BCP measures ● Strengthen emergency management systems and implement general disaster-readiness training ● Initiative for barrier-free access ● Due diligence when acquiring real estate ● Conduct Tenant Satisfaction Survey	
	● Respect for human rights ● Promote diversity	● Create an appropriate environment for a whistleblower system ● Implement human rights and diversity training (including LGBT) ● Create a pleasant working environment for women	
	● Talent development	● Provide personnel evaluations and feedback from diverse perspectives including compliance and ESG initiatives ● Provide various course-based training and qualification acquisition systems	
	● Promote a healthy and comfortable work environment and improve employee's work/life balance ● Increase employee's satisfaction	● Promote paid holiday acquisition and overtime work reduction ● Maintain systems for employee safety and health management ● Implement health checks ● Conduct Employee Satisfaction Survey	
	● Mutual communication with stakeholders	(See "Integrated Report")	
G Governance	● Strive for fair and effective corporate governance ● Adhere to compliance and corporate ethics ● Prevent conflict-of-interest transactions ● Identify risks and manage responses ● Respond to requests for ESG information disclosure	● Conduct compliance training including fraud prevention ● Regularly expose risks, as well as monitor and respond to risks appropriately ● Enhance ESG information disclosure on the website ● Issuance of Integrated Report	

GRESB Assessment

Acquired an evaluation of "3 Stars" in GRESB Rating

In the 2026 GRESB Real Estate Assessment, MHR received a “3 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. MHR also earned a “Green Star” designation for the fifteenth consecutive year by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds, as well as the name of the organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).

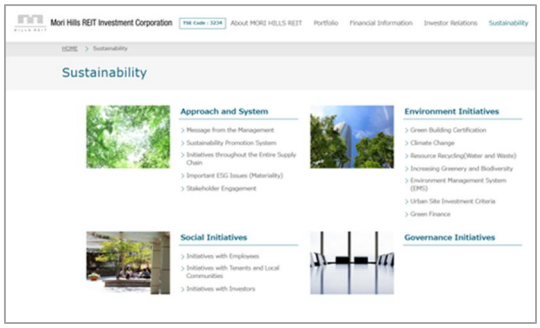
Integrated Report



This report describes the overall efforts of MHR and MIM to contribute to the realization of a sustainable society and to maximize unitholder value over the medium to long term.

URL: https://www.mori-hills-reit.co.jp/en/sustainability/library.html

MHR's Website



The pages dedicated to ESG have expanded, and information is proactively disclosed.

URL: https://www.mori-hills-reit.co.jp/en/sustainability/

Mori Building's Extensive Property Pipeline

Mori Building's total assets have an estimated value of 2.8 trillion yen and rental area is 296,000 tsubo. (Note 1) MHR has the "preferential negotiation rights" (Note 2) on sales of Mori Building Co., Ltd. properties, which serves as the driving force for external growth.

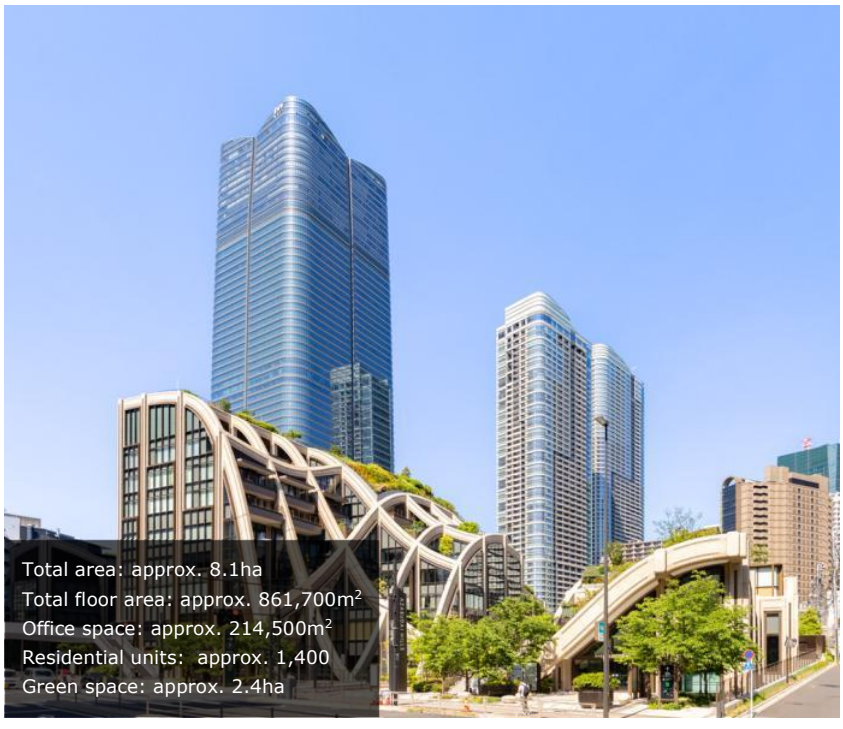
<u>Developments around MHR's properties</u>

Toranomon Hills area



©The Boundary

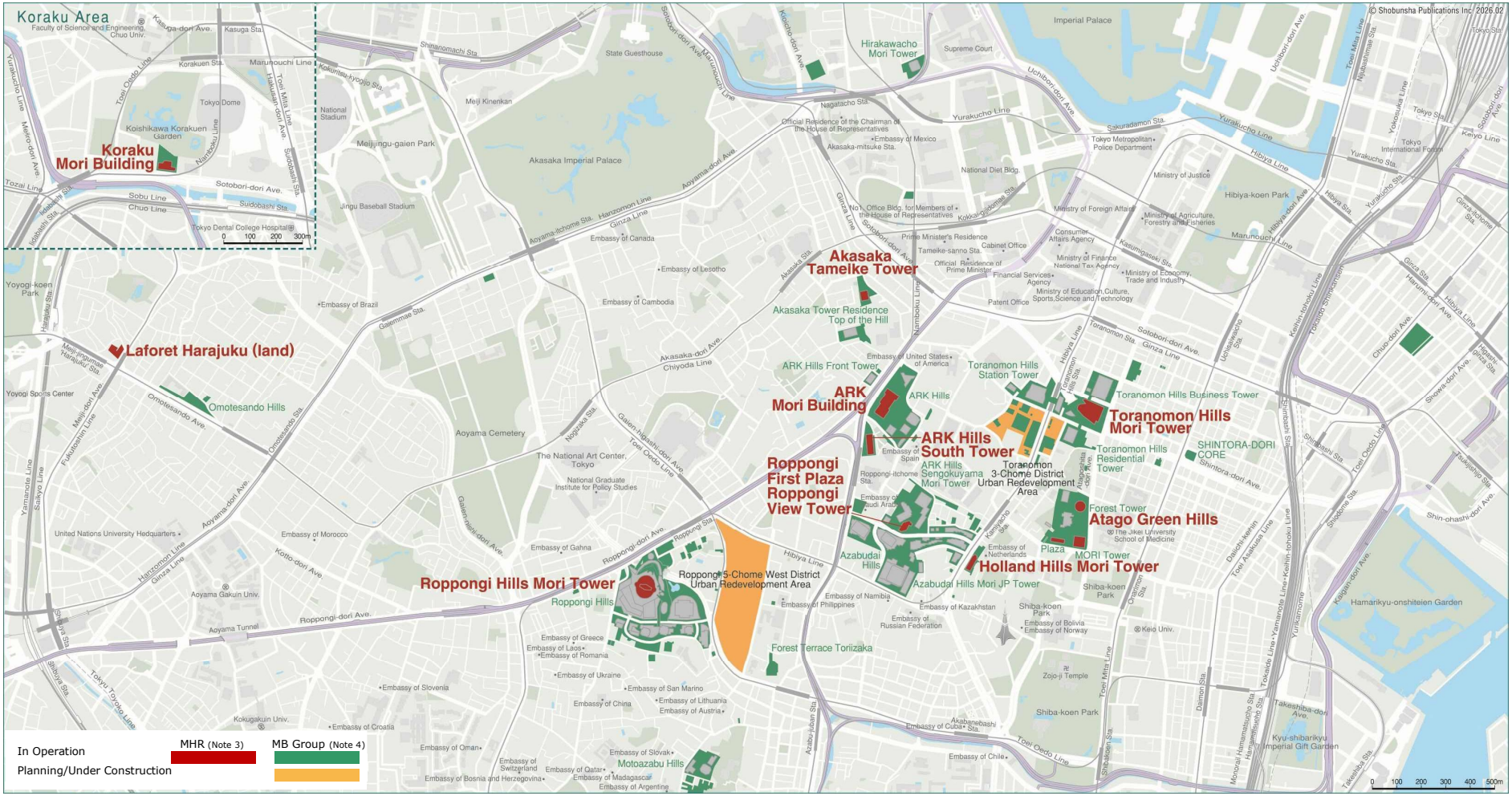
Azabudai Hills area (Opened on November 24, 2023)





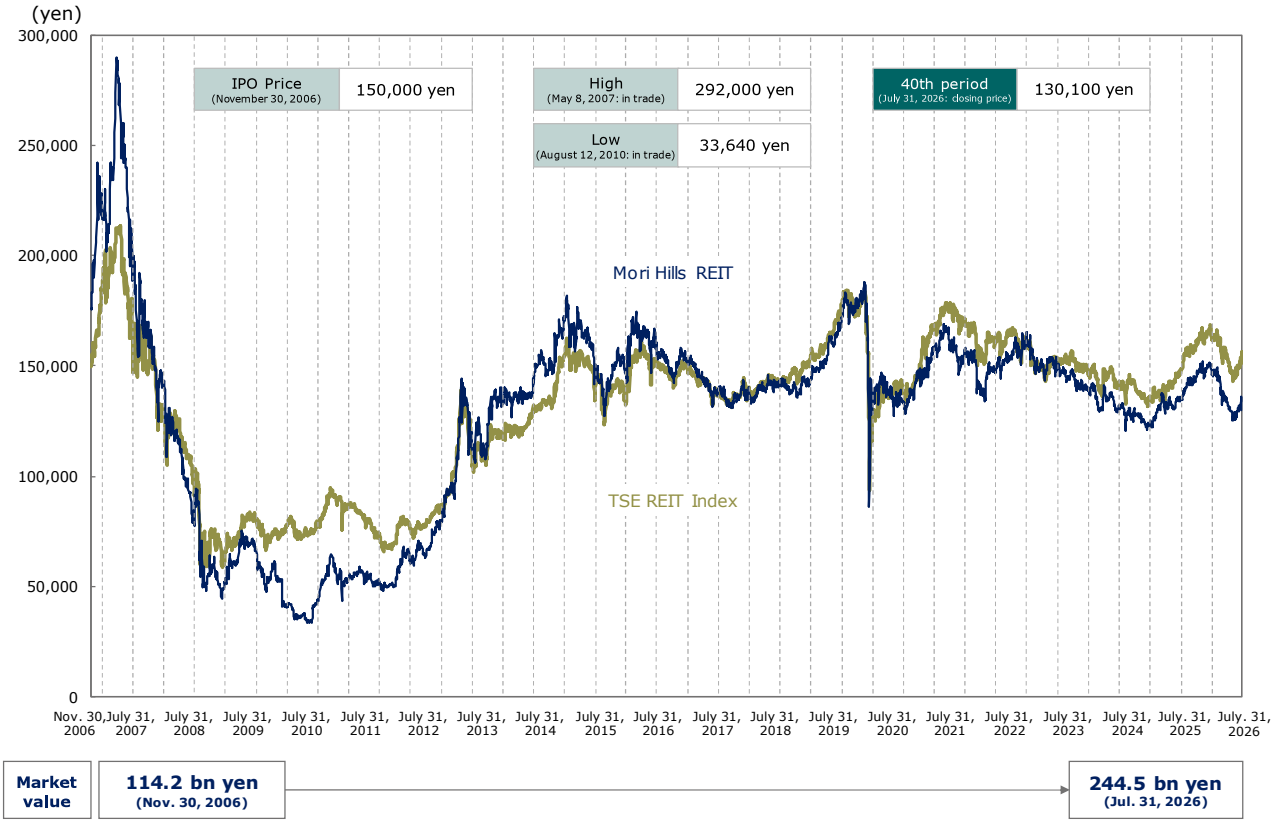






(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map/ Mori Building Map/Home Route Support Map 2026."
(Note 1) "Total assets" and "Rental area" are as of the end of March, 2026.
(Note 2) There are some exceptions.
(Note 3) Some of the properties have been partially acquired and held by MHR.
(Note 4) Properties are developed, owned, managed and planned for development by Mori Building Group and there are no properties anticipated to be acquired by MHR.

Unit Price Performance

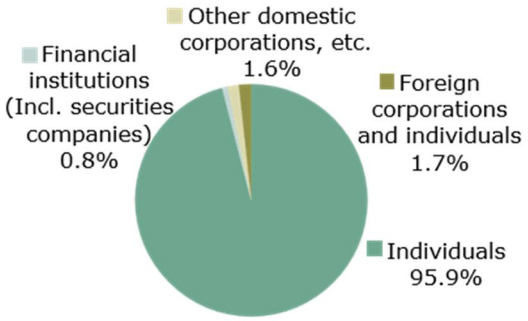


Market value	114.2 bn yen (Nov. 30, 2006)	→	244.5 bn yen (Jul. 31, 2026)

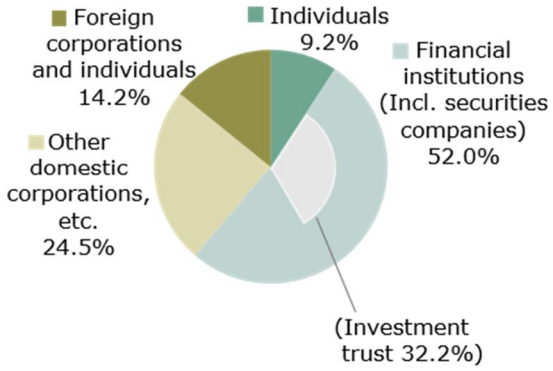
(Note 1) Mori Hills REIT unit price is shown as approximate price of one-fifth of actual price due to unit price split on Feb. 1, 2014.
(Note 2) TSE REIT Index is adjusted as of Nov. 29, 2006 and shows the relative performance vs. MHR's unit price performance.

Unitholders Breakdown (as of July 31, 2026)

<Number of unitholders>



<Number of investment units>



Risk Factors

An investment in our units involves significant risks. The principal risks with respect to investment in Mori Hills REIT Investment Corporation are as follows.

Property and Business Risks

- Any adverse conditions in the Japanese economy could adversely affect our properties.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings and the amount of dividends per unit.
- The acquisition of own investment units by us is subject to uncertainties as to whether it will be implemented, the number of units to be acquired, the timing and price of the disposition or redemption of the acquired units.
- The high concentration in our portfolio of premium properties in central Tokyo could have a material adverse effect on our business.
- Increases in prevailing market interest rates may increase our interest expense and may result in a decline in the market price of our units.
- Our reliance on Mori Building Co., Ltd. and other Mori Building Group companies could have a material adverse effect on our business.
- Competition for tenants may adversely affect our ability to retain our current tenants, find new tenants and achieve favorable rental rates.
- We may suffer large losses if any of our properties incur damage from a natural or man-made disaster or acts of violence.
- We may incur unexpected expenses, expenditure or other losses for repair or maintenance of our properties.
- We may be strictly liable for any unforeseen loss, damage or injury suffered by a third party at our properties.
- Because most of our operating expenses are largely fixed, we may suffer adverse consequences if our rental revenues decline.
- Illiquidity in the real estate market may limit our ability to grow or adjust our portfolio.
- Defects relating to our properties may adversely affect our financial condition and results of operations.
- We rely on expert reports for appraisals and PML percentages, and these reports are subject to significant uncertainties.
- We rely on industry and market data that are subject to significant uncertainties.
- The environmental assessments of our properties made prior to our ownership may not have uncovered all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- To the extent we purchase or commit to purchase properties still in the development stage, we will be exposed to increased risks and uncertainties.
- We may lose rental revenues in the event of lease terminations, decreased lease renewals, defaults, nonpayment by tenants on rental obligations or requests or demands for reduction in rents or if tenants experience financial difficulties or insolvency.
- Any of our current or future properties, may violate earthquake resistance or other building codes, and any such

buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by us at significant expense.

- Master lease agreements expose us to the risk of becoming an unsecured creditor of Mori Building Co., Ltd. as our master lessee in the event of its insolvency.
- Decreases in tenant lease and guarantee deposits would increase our funding costs.
- Any inability to obtain financing for future acquisitions, or any restrictions on our activities under our financing arrangements, could adversely affect us.
- A high LTV ratio may increase our exposure to changes in interest rates and adversely affect us.
- We may suffer impairment losses relating to our properties and may also suffer adverse tax effects upon recognizing impairments.
- A downgrading of our credit rating may affect payments of principal of or interest on our bonds.
- The past performance of our sponsor, Mori Building Co., Ltd., is not an indicator or guarantee of our future results.
- Our financial statements are prepared in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions.
- An epidemic such as SARS, MERS and COVID-19 may have a significant long-term adverse impact on economic activities which in turn may adversely affect the performance of the portfolio and market price of our units.

Management and Governance Risks

- Our success depends on the performances of service providers to which we are required to assign various key functions.
- There are potential conflicts of interest between us and certain Mori Building Group companies, including the Asset Manager.
- We depend on the efforts of key personnel of the Asset Manager.
- Unitholders have limited control over our investment policies.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.
- If unitholders do not exercise their voting rights, we may count their votes in favor of proposals at a general meeting of unitholders.

Taxation Risks

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain real estate transfer taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2018.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Our leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- Properties for which third parties hold leasehold rights in the land and own the buildings may subject us to various risks.
- Many of our properties are in the form of compartmentalized ownership interests (*kubun shoyū-ken*) and our rights relating to such properties may be affected by the intentions of other owners.
- Many of our properties are in the form of property co-ownership (*kyōyū*) or trust beneficiary interest coownership (*junkyōyū*) and our rights relating to such properties may be affected by the intentions of other owners.
- Some of our properties are subject to preferential purchase rights, rights of first refusal or other similar rights held by lessees, tenants or other third parties.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.
- Our costs of complying with regulations applicable to our properties could adversely affect our results of operations.
- We own a substantial portion of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- The AIFMD may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with marketing of our units in the EEA.
- Our units may be deemed to constitute "plan assets" for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

Disclaimer

This report has been prepared by Mori Hills REIT Investment Corporation ("MHR") for informational purposes only and should not be construed as an offer of any transactions or the solicitation of an offer of any transactions. Please inquire with the various securities companies concerning the purchase of MHR investment units. This report's content includes forward-looking statements about business performance; however, no guarantees are implied concerning future business performance.

Although the data and opinions contained in this report are derived from what we believe are reliable and accurate sources, we do not guarantee their accuracy or completeness. The contents contained herein may change or cease to exist without prior notice. Regardless of the purpose, any reproduction and/or use of this document in any shape or form without the prior written consent from MHR is prohibited.

This report contains charts, data, etc. that were prepared by Mori Building Investment Management Co., Ltd. (hereafter, the "asset manager") based on charts, data, indicators, etc. released by third parties. Furthermore, this report includes statements based on analyses, judgments, and other observations concerning such matters by the asset manager as of the date of preparation.

Independent Auditor's Report

The Board of Directors
Mori Hills REIT Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mori Hills REIT Investment Corporation (the Company), which comprise the balance sheet as at July 31, 2026, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended, and notes to the financial statements, all expressed in Japanese yen.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2026, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Semiannual Report that contains audited financial statements, but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of Mori Hills REIT Investment Corporation and other services provided by us and other EY member firms for the six-month period ended July 31, 2026 are presented in paragraph 22 titled "FEES TO ACCOUNTING AUDITOR" included in "NOTES TO FINANCIAL STATEMENTS".

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

October 26, 2026

Satoshi Abe
Designated Engagement Partner
Certified Public Accountant

Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant

HILLS REIT

FINANCIAL STATEMENTS
BALANCE SHEET

(Unit: thousands of yen)

	As of	
	July 31, 2026	January 31, 2026
Assets		
Current assets		
Cash and deposits	5,951,136	3,794,065
Cash and deposits in trust	4,461,201	5,535,730
Operating accounts receivable	234,538	206,185
Prepaid expenses	353,774	367,913
Derivatives	126,403	90,195
Other	106,254	168,578
Total current assets	11,233,309	10,162,668
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	94,774,994	93,434,542
Accumulated depreciation	(30,444,414)	(29,370,532)
Buildings in trust, net	64,330,579	64,064,009
Structures in trust	1,107,572	1,085,351
Accumulated depreciation	(440,792)	(429,477)
Structures in trust, net	666,780	655,873
Machinery and equipment in trust	1,183,826	1,166,377
Accumulated depreciation	(644,053)	(611,360)
Machinery and equipment in trust, net	539,773	555,017
Tools, furniture and fixtures in trust	575,974	572,373
Accumulated depreciation	(347,366)	(334,300)
Tools, furniture and fixtures in trust, net	228,607	238,073
Land in trust	300,181,920	301,285,628
Construction in progress in trust	25,745	26,191
Total property, plant and equipment	365,973,407	366,824,794
Intangible assets		
Leasehold rights in trust	30,650,962	30,650,962
Other intangible assets in trust	91	200
Other	6,077	−
Total intangible assets	30,657,131	30,651,163
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	404,234	436,070
Deferred tax assets	13	13
Derivatives	2,863,583	3,077,679
Total investments and other assets	3,277,831	3,523,763
Total noncurrent assets	399,908,370	400,999,720
Deferred assets		
Investment corporation bonds issuance cost	57,121	68,690
Total deferred assets	57,121	68,690
Total assets	411,198,801	411,231,079

(Unit: thousands of yen)

	As of	
	July 31, 2026	January 31, 2026
Liabilities		
Current liabilities		
Operating accounts payable	469,868	262,213
Current portion of investment corporation bonds	9,300,000	7,300,000
Current portion of long-term loans payable	18,723,000	19,884,000
Accounts payable – other	15,399	16,377
Accrued expenses	841,786	867,262
Income taxes payable	669	670
Accrued consumption taxes	78,450	345,514
Advances received	1,381,912	1,367,229
Deposits received	28,711	30,127
Total current liabilities	30,839,799	30,073,395
Noncurrent liabilities		
Investment corporation bonds	11,000,000	13,000,000
Long-term loans payable	151,599,000	149,338,000
Lease and guarantee deposits in trust	15,893,945	15,840,611
Total noncurrent liabilities	178,492,945	178,178,611
Total liabilities	209,332,745	208,252,007
Net assets		
Unitholders' equity		
Unitholders' capital	195,718,191	195,718,191
Deduction from unitholders' capital		
Other deduction from unitholders' capital (Note9)	(4,894,959)	(3,999,944)
Total deduction from unitholders' capital	(4,894,959)	(3,999,944)
Unitholders' capital, net	190,823,232	191,718,247
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	2,221,807	1,939,817
Total voluntary retained earnings	2,221,807	1,939,817
Unappropriated retained earnings	5,831,029	6,153,132
Total surplus	8,052,836	8,092,950
Total unitholders' equity	198,876,069	199,811,197
Valuation and translation adjustments		
Deferred gains or losses on hedges	2,989,986	3,167,874
Total valuation and translation adjustments	2,989,986	3,167,874
Total net assets (Note9)	201,866,056	202,979,072
Total liabilities and net assets	411,198,801	411,231,079

HILLS REIT

STATEMENT OF INCOME AND RETAINED EARNINGS

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2026	January 31, 2026
Operating revenue		
Rent revenues (Note13)	9,689,249	9,665,001
Other operating revenues (Note13)	179,663	196,788
Gain on transfer of real estate properties (Note13)	1,257,301	1,519,539
Total operating revenue	11,126,215	11,381,329
Operating expenses		
Expenses related to properties (Note13)	3,713,216	3,733,257
Asset management fee	599,293	628,562
Directors' compensation	6,300	6,300
Asset custody fee	10,280	10,198
Administrative service fees	17,846	18,060
Other operating expenses	90,358	102,081
Total operating expenses	4,437,296	4,498,461
Operating income	6,688,918	6,882,867
Non-operating income		
Interest income	12,250	18,509
Gain on forfeiture of unclaimed dividends	1,010	1,153
Insurance Income	1,070	—
Other	2	465
Total non-operating income	14,333	20,128
Non-operating expenses		
Interest expenses	714,754	597,171
Interest expenses on investment corporation bonds	71,959	68,778
Amortization of investment corporation bonds issuance cost	11,568	12,591
Borrowing expenses	93,688	96,870
Other	3,174	1,967
Total non-operating expenses	895,144	777,379
Ordinary income	5,808,107	6,125,617
Income before income taxes	5,808,107	6,125,617
Income taxes-current	892	894
Income taxes-deferred	0	0
Total income taxes	892	894
Net income	5,807,215	6,124,722
Retained earnings brought forward	23,814	28,410
Unappropriated retained earnings (undisposed loss)	5,831,029	6,153,132

HILLS REIT

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended July 31, 2026

(Unit: thousands of yen)

	Unitholders' equity					
	Unitholders' capital				Surplus	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Voluntary retained earnings	
		Other deduction from unitholders' capital	Total deduction from unitholders' capital		Reserve for reduction entry	Total voluntary retained earnings
Balance at February 1, 2026	195,718,191	(3,999,944)	(3,999,944)	191,718,247	1,939,817	1,939,817
Change during the period						
Provision of reserve for reduction entry					281,989	281,989
Dividends from surplus						
Net income						
Purchase of treasury investment units						
Cancellation of treasury investment units		(895,014)	(895,014)	(895,014)		
Net changes of items other than unitholders' equity						
Total changes of items during the period	—	(895,014)	(895,014)	(895,014)	281,989	281,989
Balance at July 31, 2026	195,718,191	(4,894,959)	(4,894,959)	190,823,232	2,221,807	2,221,807

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Surplus		Treasury investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus					
Balance at February 1, 2026	6,153,132	8,092,950	—	199,811,197	3,167,874	3,167,874	202,979,072
Change during the period							
Provision of reserve for reduction entry	(281,989)	—		—			—
Dividends from surplus	(5,847,328)	(5,847,328)		(5,847,328)			(5,847,328)
Net income	5,807,215	5,807,215		5,807,215			5,807,215
Purchase of treasury investment units			(895,014)	(895,014)			(895,014)
Cancellation of treasury investment units			895,014	—			—
Net changes of items other than unitholders' equity					(177,887)	(177,887)	(177,887)
Total changes of items during the period	(322,103)	(40,113)	—	(935,128)	(177,887)	(177,887)	(1,113,015)
Balance at July 31, 2026	5,831,029	8,052,836	—	198,876,069	2,989,986	2,989,986	201,866,056

HILLS REIT

For the six months ended January 31, 2026

(Unit: thousands of yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		
		Deduction from unitholders' capital			Voluntary retained earnings		
	Unitholders' capital	Other deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Reserve for reduction entry	Reserve for special account for reduction entry	Total voluntary retained earnings
Balance at August 1, 2025	195,718,191	(3,999,944)	(3,999,944)	191,718,247	1,412,588	261,431	1,674,019
Change during the period							
Reversal of reserve for special account for reduction entry						(261,431)	(261,431)
Provision of reserve for reduction entry					527,229		527,229
Dividends from surplus							
Net income							
Net changes of items other than unitholders' equity							
Total changes of items during the period	–	–	–	–	527,229	(261,431)	265,798
Balance at January 31, 2026	195,718,191	(3,999,944)	(3,999,944)	191,718,247	1,939,817	–	1,939,817

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated retained earnings	Total surplus				
Balance at August 1, 2025	6,122,674	7,796,693	199,514,941	2,313,389	2,313,389	201,828,331
Change during the period						
Reversal of reserve for special account for reduction entry	261,431	–	–			–
Provision of reserve for reduction entry	(527,229)	–	–			–
Dividends from surplus	(5,828,466)	(5,828,466)	(5,828,466)			(5,828,466)
Net income	6,124,722	6,124,722	6,124,722			6,124,722
Net changes of items other than unitholders' equity				854,484	854,484	854,484
Total changes of items during the period	30,457	296,256	296,256	854,484	854,484	1,150,740
Balance at January 31, 2026	6,153,132	8,092,950	199,811,197	3,167,874	3,167,874	202,979,072

HILLS REIT

STATEMENT OF CASH DISTRIBUTIONS

(Unit: yen)

	For the six months ended July 31, 2026	For the six months ended January 31, 2026
Ⅰ Unappropriated retained earnings	5,831,029,067	6,153,132,460
Ⅱ Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	11,512,347	－
Ⅲ Amount of Dividends	5,826,248,500	5,847,328,500
Amount of dividends per unit	3,100	3,100
Ⅳ Voluntary retained earnings		
Reserve for reduction entry	－	281,989,941
Ⅴ Retained earnings carried forward	16,292,914	23,814,019
Method of calculating the amount of dividends	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act. Pursuant to this policy, the Company decided to pay out dividends of earnings (5,826,248,500 yen), which is the maximum integral multiple of the total number of investment units issued and outstanding (1,879,435 units), out of the amount remaining after adding the amount reversed from the reserve for reduction entry to the unappropriated retained earnings and retaining earnings carried forward. As a result, the Company declared dividends per unit of 3,100 yen.	Pursuant to the terms of the distribution policy set forth in Article 37 (1) of the Company's Articles of Incorporation, the amount of dividends shall be in excess of an amount equivalent to 90% of the Company's earnings available for dividends as defined in Article 67-15 of the Special Taxation Measures Law, but not in excess of the amount of earnings as defined in Article 136, Paragraph 1 of the Investment Trust Act. In addition, in the fiscal period under review, the Company has allocated a portion of the revenue from transfer of Laforet Harajuku (Land) in December 2025 as a reserve for reduction entry by applying "special provisions for taxation in cases of replacement of certain assets" (Article 65-7 of the Act on Special Measures Concerning Taxation). As a result, the Company decided to pay out dividends of earnings (5,847,328,500 yen), which is the maximum integral multiple of the total number of investment units issued and outstanding (1,886,235 units), out of the amount remaining after reserving the said reserve amount and retained earnings carried forward from the unappropriated retained earnings. As a result, the Company declared dividends per unit of 3,100 yen.

HILLS REIT

STATEMENT OF CASH FLOWS

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2026	January 31, 2026
Net cash provided by (used in) operating activities		
Income before income taxes	5,808,107	6,125,617
Depreciation and amortization	1,137,025	1,090,287
Amortization of investment corporation bonds issuance cost	11,568	12,591
Interest income	(12,250)	(18,509)
Gain on forfeiture of unclaimed dividends	(1,010)	(1,153)
Interest expenses	786,713	665,949
Decrease (increase) in operating accounts receivable	(27,216)	681
Decrease (increase) in consumption taxes receivable	—	85,405
Increase (decrease) in operating accounts payable	11,707	60,383
Increase (decrease) in accounts payable – other	(1,496)	2,547
Increase (decrease) in accrued expenses	(33,067)	10,187
Increase (decrease) in accrued consumption taxes	(266,967)	347,002
Increase (decrease) in advances received	14,683	7,986
Increase (decrease) in deposits received	(1,415)	1,449
Decrease (increase) in prepaid expenses	14,139	(6,592)
Decrease (increase) in long-term prepaid expenses	31,835	37,474
Decrease in property, plant and equipment in trust due to sale	1,103,708	1,545,191
Other, net	64,374	(93,559)
Subtotal	8,640,440	9,872,940
Interest income received	12,250	18,509
Interest expenses paid	(779,121)	(642,393)
Income taxes paid	(2,542)	(3,502)
Net cash provided by (used in) operating activities	7,871,025	9,245,553
Net cash provided by (used in) investing activities		
Purchase of intangible assets	(6,630)	—
Purchase of property, plant and equipment in trust	(1,193,230)	(9,949,737)
Repayments of lease and guarantee deposits in trust	(185,318)	(168,867)
Proceeds from lease and guarantee deposits in trust	237,509	534,346
Net cash provided by (used in) investing activities	(1,147,669)	(9,584,258)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	12,144,000	12,394,000
Repayments of long-term loans payable	(11,044,000)	(8,060,000)
Proceeds from issuance of investment corporation bonds	—	1,985,816
Redemption of investment corporation bonds	—	(5,000,000)
Purchase of treasury investment units	(895,014)	—
Cash dividends paid	(5,845,798)	(5,826,740)
Net cash provided by (used in) financing activities	(5,640,813)	(4,506,924)
Net increase (decrease) in cash and cash equivalents	1,082,542	(4,845,629)
Cash and cash equivalents at beginning of the period	9,329,796	14,175,425
Cash and cash equivalents at end of the period (Note17)	10,412,338	9,329,796

NOTES TO FINANCIAL STATEMENTS

For the six months ended July 31, 2026 and January 31, 2026

1. ORGANIZATION

Mori Hills REIT Investment Corporation ("the Company") was incorporated by Mori Building Investment Management Co., Ltd. (the Company's Asset Manager) on February 2, 2006 with 100 million yen in capital (200 units), and registration was approved based on Article 187 of the Act on Investment Trusts and Investment Corporations of Japan (the "Investment Trust Act") on March 6, 2006 (Registration No. 51 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Company was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on November 30, 2006 (Securities Code: 3234).

The Company's real estate portfolio as of July 31, 2026 was comprised of 11 properties under management with a total leasable floor area of 185,248.80m^2. The Company has already invested 414,958 million yen (based on acquisition price) into this portfolio. The occupancy rate as of July 31, 2026 was 98.2%.

2. BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Financial Instruments and Exchange Act of Japan and the Investment Trust Act and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are basically a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau of the Ministry of Finance. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. The amounts have been rounded down to the nearest thousand yen in the accompanying financial statements. The Company does not prepare consolidated financial statements, as the Company has no subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Property, plant and equipment (including assets in trust) and depreciation

Depreciation of property, plant and equipment of the Company is calculated principally by the straight-line method based on the following estimated useful lives determined by the Company. Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to expense.

Buildings	3~68 years
Structures	3~68 years
Machinery and equipment	10~33 years
Tools, furniture and fixtures	3~15 years

(2) Intangible assets (including assets in trust)

Intangible assets are amortized by the straight-line method based on the estimated useful lives.

(3) Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method based on the estimated useful lives.

(4) Investment corporation bonds issuance cost

Investment corporation bonds issuance cost is amortized using the straight-line method over the term of the bonds.

(5) Investment unit issuance cost

Investment unit issuance cost is amortized using the straight-line method over three years.

(6) Revenue recognition

The details of main performance obligations concerning revenue generated from contracts between the Company and its customers and the normal point in time to satisfy said performance obligations (normal point in time to recognize revenue) are as follows.

(a) Transfer of real estate

For the proceeds from transfer of real estate, the Company recognizes revenue when the purchaser who is a customer obtains control of the relevant real estate as a result of the seller fulfilling its delivery obligations stipulated in the transaction agreement of the real estate.

(b) Utilities income

The Company recognizes utilities income in accordance with the supply of electricity and 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 the Company 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 electricity and gas, etc. supplied by the said other parties is recognized as revenue.

(7) Accounting for property taxes

For property tax, city planning tax and depreciable assets tax, the Company charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses related to properties.

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Company were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Company until the end of the year. The Company reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amount equivalent to property taxes included in the cost of acquisition of real estate was none for the period ended July 31, 2026 and 2,943 thousand yen for the period ended January 31, 2026, respectively.

(8) Hedge accounting approach

(a) Hedge accounting approach

Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swaps when the requirements for special treatment are fulfilled.

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Borrowing interest rates

(c) Hedging policy

The Company conducts derivative transactions to hedge risks as stipulated in the Company's Articles of Incorporation in accordance with the Company's risk management policy.

(d) Method for assessing the effectiveness of hedging

The Company evaluates by comparing the cumulative change in market rates of hedged items and hedging instruments or cash flow and based on the amount of change in both during the period from the start of hedging to when the effectiveness is being determined.

However, the assessment of hedge effectiveness is omitted, as it is assumed that important terms of the hedging instruments and hedged items are identical so that interest rate or cash flow fluctuations will be fully offset at the inception of the hedge and continuously thereafter. Moreover, assessment of the effectiveness is omitted for interest rate swaps when the requirements for special treatment are fulfilled.

(9) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand and deposits in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(10) Accounting for trust beneficiary interest in real estate

For trust beneficiary interest in real estate owned by the Company, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheet and statement of income and retained earnings.

The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.

(a) Cash and deposits in trust

(b) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; leasehold rights in trust; and other intangible assets in trust

(c) Lease and guarantee deposits in trust

(11) Non-deductible consumption taxes

Non-deductible consumption taxes related to the acquisition of assets are treated as the acquisition cost of applicable assets.

4. ACCOUNTING STANDARDS NOT YET APPLIED

Accounting Standard for Leases, etc.

- "Accounting Standard for Leases" (Accounting Standards Board of Japan (ASBJ) Statement No. 34 issued on September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33 issued on September 13, 2024)

(1) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of application

The accounting standards and implementation guidance will be applied from the beginning of the fiscal period ending January 31, 2028.

(3) Impact of applying the accounting standards

The level of the impact on the financial statements of applying the "Accounting Standard for Leases" and the "Implementation Guidance on Accounting Standard for Leases" is currently under evaluation.

5. PROPERTY AND EQUIPMENT

For the six months ended July 31, 2026

(Unit: thousands of yen)

Type of asset		Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Accumulated depreciation/ Accumulated amortization		Net balance at end of the period	Remarks
							Depreciation and amortization		
Property, plant and equipment	Buildings in trust	93,434,542	1,341,622	1,169	94,774,994	30,444,414	1,074,119	64,330,579	—
	Structures in trust	1,085,351	22,221	—	1,107,572	440,792	11,314	666,780	—
	Machinery and equipment in trust	1,166,377	17,449	—	1,183,826	644,053	32,693	539,773	—
	Tools, furniture and fixtures in trust	572,373	9,043	5,442	575,974	347,366	18,236	228,607	—
	Land in trust	301,285,628	—	1,103,708	300,181,920	—	—	300,181,920	(Note)
	Construction in progress in trust	26,191	622	1,069	25,745	—	—	25,745	—
	Subtotal	397,570,464	1,390,959	1,111,389	397,850,034	31,876,627	1,136,363	365,973,407	
Intangible assets	Other intangible assets	—	6,630	—	6,630	552	552	6,077	—
	Leasehold rights in trust	30,650,962	—	—	30,650,962	—	—	30,650,962	—
	Other intangible assets in trust	1,092	—	—	1,092	1,000	109	91	—
	Subtotal	30,652,054	6,630	—	30,658,685	1,553	661	30,657,131	
Total		428,222,519	1,397,589	1,111,389	428,508,719	31,878,180	1,137,025	396,630,538	

(Note) The amount of decrease during the period is primarily attributable to the transfer of a part of Laforet Harajuku (Land).

6. SHORT-TERM LOANS PAYABLE

For the six months ended July 31, 2026

Not applicable.

HILLS REIT

7. INVESTMENT CORPORATION BONDS

For the six months ended July 31, 2026

(Unit: thousands of yen)

Bond	Issue date	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Interest rate	Redemption maturity date	Use of funds	Collateral
Seventeenth Series Unsecured Investment Corporation Bonds	Aug.30, 2016	2,000,000	–	–	2,000,000	0.3400%	Aug. 28, 2026	(Note 1)	none
Eighteenth Series Unsecured Investment Corporation Bonds	Jan. 31, 2017	2,000,000	–	–	2,000,000	0.4900%	Jan. 29, 2027		
Nineteenth Series Unsecured Investment Corporation Bonds	Jun. 30, 2017	2,000,000	–	–	2,000,000	0.5000%	Jun. 30, 2027		
Twenty-first Series Unsecured Investment Corporation Bonds (green bond)	Feb. 22, 2021	2,000,000	–	–	2,000,000	0.5000%	Feb. 21, 2031		
Twenty-second Series Unsecured Investment Corporation Bonds (green bond)	Jul. 30, 2021	1,800,000	–	–	1,800,000	0.4200%	Jul. 30, 2031		
Twenty-third Series Unsecured Investment Corporation Bonds (green bond)	Nov. 30, 2021	1,500,000	–	–	1,500,000	0.4000%	Nov. 28, 2031		
Twenty-fourth Series Unsecured Investment Corporation Bonds (green bond)	Nov. 29, 2023	3,300,000	–	–	3,300,000	0.4900%	Nov. 27, 2026		
Twenty-fifth Series Unsecured Investment Corporation Bonds (green bond)	Nov. 26, 2024	2,000,000	–	–	2,000,000	1.0700%	Nov. 26, 2029		
Twenty-sixth Series Unsecured Investment Corporation Bonds (green bond)	May 26, 2025	1,700,000	–	–	1,700,000	1.4040%	May 24, 2030		
Twenty-seventh Series Unsecured Investment Corporation Bonds (green bond)	Nov. 25, 2025	2,000,000	–	–	2,000,000	1.6160%	Nov. 25, 2030		
Total		20,300,000	–	–	20,300,000				

(Note 1) The funds are used for the acquisition cost of trust beneficiary interests, the repayment of loans payable and redemption of investment corporation bonds.

(Note 2) The redemption schedule of investment corporation bonds for each of the five years after the balance sheet date is as follows.

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Investment corporation bonds	9,300,000	–	–	3,700,000	5,800,000

8. LONG-TERM LOANS PAYABLE

For the six months ended July 31, 2026

(1) Current portion of long-term loans payable

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
MUFG Bank, Ltd.	2,200,000	–	–	2,200,000	0.1930%	Nov. 30, 2026	(Note 2)	Unsecured/ Unguaranteed
	–	2,816,000	–	2,816,000	0.2560%	May 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	1,000,000	–	1,000,000	–	0.5150%	Jul. 31, 2026		
	–	2,600,000	–	2,600,000	0.5830%	Feb. 26, 2027		
	1,294,000	–	1,294,000	–	0.2268%	May 29, 2026		
	1,040,000	–	–	1,040,000	0.2840%	Nov. 30, 2026		
	–	1,117,000	–	1,117,000	0.6450%	May 31, 2027		
Sumitomo Mitsui Banking Corporation	2,650,000	–	2,650,000	–	0.5460%	Feb. 27, 2026		
	3,600,000	–	–	3,600,000	0.5640%	Aug. 31, 2026		
Resona Bank, Ltd.	–	500,000	–	500,000	0.6130%	Jul. 30, 2027		
	1,000,000	–	–	1,000,000	0.2370%	Aug. 31, 2026		
The Chugoku Bank, Ltd.	1,000,000	–	–	1,000,000	0.2170%	Aug. 31, 2026		
	–	500,000	–	500,000	0.3200%	May 20, 2027		
Mizuho Bank, Ltd.	–	1,100,000	–	1,100,000	0.3290%	May 31, 2027		
Development Bank of Japan Inc.	–	750,000	–	750,000	0.6430%	Feb. 26, 2027		
The Bank of Fukuoka, Ltd.	500,000	–	500,000	–	0.5150%	Jul. 31, 2026		
	2,000,000	–	2,000,000	–	0.1675%	May 29, 2026		
	–	500,000	–	500,000	0.1910%	Jul. 30, 2027		
The Norinchukin Bank	3,000,000	–	3,000,000	–	0.2675%	May 29, 2026		
	600,000	–	600,000	–	0.2610%	May 29, 2026		
Total	19,884,000	9,883,000	11,044,000	18,723,000				

(2) Long-term loans payable

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
MUFG Bank, Ltd.	4,700,000	−	−	4,700,000	0.4065%	Aug. 31, 2027	(Note 2)	Unsecured/ Unguaranteed
	5,000,000	−	−	5,000,000	0.4345%	Feb. 29, 2028		
	3,904,000	−	−	3,904,000	0.9770%	Nov. 30, 2028		
	2,816,000	−	2,816,000	−	0.2560%	May 31, 2027		
	1,400,000	−	−	1,400,000	0.2130%	Aug. 31, 2027		
	2,400,000	−	−	2,400,000	0.2160%	Nov. 30, 2027		
	2,738,000	−	−	2,738,000	0.3524%	May 31, 2029		
	1,600,000	−	−	1,600,000	0.3500%	Feb. 28, 2029		
	1,400,000	−	−	1,400,000	0.3550%	Aug. 31, 2029		
	1,100,000	−	−	1,100,000	0.4580%	Nov. 30, 2029		
	1,579,000	−	−	1,579,000	0.5600%	Nov. 30, 2029		
	800,000	−	−	800,000	0.6000%	May 31, 2030		
	500,000	−	−	500,000	1.0670%	Feb. 28, 2031		
	500,000	−	−	500,000	1.1025%	Nov. 29, 2030		
	2,100,000	−	−	2,100,000	1.0925%	Mar. 31, 2031		
	2,400,000	−	−	2,400,000	1.8538%	Mar. 31, 2033		

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
Mizuho Bank, Ltd.	1,100,000	–	–	1,100,000	0.5775%	Jul. 31, 2029	(Note 2)	Unsecured/ Unguaranteed
	2,700,000	–	–	2,700,000	0.6030%	Feb. 28, 2030		
	1,400,000	–	–	1,400,000	1.3330%	Aug. 31, 2029		
	1,952,000	–	–	1,952,000	1.3093%	May 31, 2029		
	1,100,000	–	1,100,000	–	0.3290%	May 31, 2027		
	1,408,000	–	–	1,408,000	0.3990%	May 31, 2029		
	1,400,000	–	–	1,400,000	0.3590%	Aug. 31, 2029		
	1,200,000	–	–	1,200,000	0.2410%	Nov. 30, 2027		
	1,369,000	–	–	1,369,000	0.2350%	May 31, 2028		
	1,500,000	–	–	1,500,000	0.3170%	Aug. 30, 2030		
	1,300,000	–	–	1,300,000	0.4244%	Nov. 29, 2030		
	3,000,000	–	–	3,000,000	1.4158%	May 23, 2031		
	1,114,000	–	–	1,114,000	1.4252%	May 30, 2031		
	500,000	–	–	500,000	1.4252%	Nov. 30, 2032		
	600,000	–	–	600,000	1.4832%	Mar. 31, 2033		
	3,000,000	–	–	3,000,000	1.1593%	Aug. 30, 2030		
	2,400,000	–	–	2,400,000	1.2093%	Mar. 31, 2034		
	1,000,000	–	–	1,000,000	1.7130%	Aug. 29, 2031		
Sumitomo Mitsui Banking Corporation	1,144,000	–	–	1,144,000	0.4000%	Nov. 30, 2027		
	1,600,000	–	–	1,600,000	0.4720%	May 31, 2028		
	1,134,000	–	–	1,134,000	0.4800%	Nov. 30, 2028		
	1,400,000	–	–	1,400,000	0.3780%	Aug. 31, 2028		
	1,440,000	–	–	1,440,000	0.3860%	Nov. 30, 2028		
	1,099,000	–	–	1,099,000	0.3524%	May 31, 2029		
	1,500,000	–	–	1,500,000	0.3542%	Aug. 31, 2029		
	1,560,000	–	–	1,560,000	0.4580%	Nov. 30, 2029		
	890,000	–	–	890,000	1.6540%	May 31, 2030		
	1,600,000	–	–	1,600,000	1.4252%	Nov. 29, 2030		
	2,200,000	–	–	2,200,000	1.4582%	Mar. 31, 2031		
	800,000	–	–	800,000	1.2191%	Mar. 31, 2033		
	–	3,750,000	–	3,750,000	1.2265%	Feb. 28, 2034		

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
Sumitomo Mitsui Trust Bank, Ltd.	2,000,000	–	–	2,000,000	0.4770%	Jul. 31, 2028	(Note 2)	Unsecured/ Unguaranteed
	2,600,000	–	2,600,000	–	0.5830%	Feb. 26, 2027		
	1,400,000	–	–	1,400,000	0.6670%	Aug. 31, 2027		
	1,117,000	–	1,117,000	–	0.6450%	May 31, 2027		
	2,400,000	–	–	2,400,000	0.7570%	Aug. 31, 2028		
	500,000	–	–	500,000	1.4173%	Nov. 30, 2028		
	600,000	–	–	600,000	1.4480%	Mar. 30, 2029		
	2,400,000	–	–	2,400,000	1.1393%	Mar. 29, 2030		
	1,794,000	–	–	1,794,000	1.1393%	Nov. 29, 2030		
	–	1,294,000	–	1,294,000	1.2289%	May 30, 2031		
	–	1,000,000	–	1,000,000	1.3301%	Jul. 31, 2031		
The Bank of Fukuoka, Ltd.	2,000,000	–	–	2,000,000	1.1300%	Nov. 30, 2028		
	1,000,000	–	–	1,000,000	1.1893%	May 20, 2030		
	500,000	–	500,000	–	0.1910%	Jul. 30, 2027		
	1,000,000	–	–	1,000,000	1.5332%	Mar. 31, 2033		
	1,300,000	–	–	1,300,000	1.2593%	Aug. 31, 2033		
	500,000	–	–	500,000	1.2093%	Aug. 31, 2033		
	–	1,000,000	–	1,000,000	1.2489%	May 31, 2032		
	–	2,000,000	–	2,000,000	1.2989%	May 31, 2033		
	–	500,000	–	500,000	1.3501%	Jul. 30, 2032		
SBI Shinsei Bank, Limited	900,000	–	–	900,000	0.3550%	Nov. 30, 2027		
	500,000	–	–	500,000	1.0272%	May 22, 2028		
	1,000,000	–	–	1,000,000	0.3536%	Jul. 31, 2029		
	500,000	–	–	500,000	1.5332%	Mar. 31, 2031		
	1,500,000	–	–	1,500,000	1.5252%	Nov. 30, 2032		
	1,800,000	–	–	1,800,000	1.2593%	Aug. 31, 2033		
	1,250,000	–	–	1,250,000	1.3093%	Nov. 30, 2034		
Resona Bank, Ltd.	500,000	–	500,000	–	0.6130%	Jul. 30, 2027		
	1,300,000	–	–	1,300,000	0.4805%	Aug. 31, 2028		
	2,500,000	–	–	2,500,000	1.2093%	Aug. 31, 2029		
	830,000	–	–	830,000	0.3000%	May 31, 2028		
	800,000	–	–	800,000	1.5320%	Mar. 29, 2030		
	500,000	–	–	500,000	1.1593%	Aug. 31, 2033		
	1,250,000	–	–	1,250,000	1.1593%	Nov. 30, 2034		

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
The Norinchukin Bank	1,000,000	–	–	1,000,000	0.3536%	Jul. 31, 2029	(Note 2)	Unsecured/ Unguaranteed
	1,000,000	–	–	1,000,000	1.5832%	Mar. 31, 2032		
	2,400,000	–	–	2,400,000	1.4088%	Nov. 30, 2032		
	–	2,600,000	–	2,600,000	1.2489%	May 31, 2032		
Development Bank of Japan Inc.	750,000	–	750,000	–	0.6430%	Feb. 26, 2027		
	500,000	–	–	500,000	0.6670%	Aug. 31, 2027		
	2,000,000	–	–	2,000,000	1.2800%	Nov. 30, 2028		
	1,700,000	–	–	1,700,000	1.5326%	Mar. 31, 2032		
	1,000,000	–	–	1,000,000	1.5832%	Mar. 31, 2033		
Mizuho Trust & Banking Co., Ltd.	500,000	–	–	500,000	0.5775%	Jul. 31, 2029		
	1,000,000	–	–	1,000,000	0.4480%	May 21, 2029		
	500,000	–	–	500,000	1.5332%	Mar. 31, 2032		
	2,800,000	–	–	2,800,000	1.3393%	Aug. 31, 2034		
The Nishi-Nippon City Bank, Ltd.	1,000,000	–	–	1,000,000	0.5725%	May 20, 2030		
	700,000	–	–	700,000	0.4886%	Jul. 31, 2031		
	800,000	–	–	800,000	1.5752%	Aug. 31, 2032		
	1,000,000	–	–	1,000,000	1.1093%	Nov. 30, 2029		
	500,000	–	–	500,000	1.2150%	Aug. 31, 2028		
Shinkin Central Bank	1,000,000	–	–	1,000,000	1.4500%	Sep. 29, 2028		
	1,600,000	–	–	1,600,000	1.4952%	Nov. 29, 2030		
Aozora Bank, Ltd.	1,000,000	–	–	1,000,000	0.3736%	Jul. 31, 2029		
	1,000,000	–	–	1,000,000	1.5532%	Mar. 31, 2032		
The 77 Bank, Ltd.	1,000,000	–	–	1,000,000	1.5625%	Mar. 31, 2032		
	1,000,000	–	–	1,000,000	1.4716%	May 31, 2030		
MitsubishiUFJ Trust and Banking Corporation	1,500,000	–	–	1,500,000	1.6132%	Mar. 31, 2033		
The Chugoku Bank, Ltd.	500,000	–	500,000	–	0.3200%	May 20, 2027		
	1,000,000	–	–	1,000,000	0.2780%	Jul. 31, 2028		

(Unit: thousands of yen)

Lender	Balance at beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at end of the period	Average interest rate (Note 1)	Repayment date	Use of funds	Remarks
The Hiroshima Bank, Ltd.	1,000,000	–	–	1,000,000	1.5320%	Mar. 29, 2030	(Note 2)	Unsecured/ Unguaranteed
The Oita Bank, Ltd.	1,000,000	–	–	1,000,000	0.3710%	Nov. 30, 2027		
Nippon Life Insurance Company	1,000,000	–	–	1,000,000	0.4800%	May 22, 2028		
Mitsui Sumitomo Insurance Company, Limited	1,000,000	–	–	1,000,000	0.2800%	Jul. 31, 2028		
The Bank of Yokohama, Ltd.	1,000,000	–	–	1,000,000	1.4752%	May 31, 2032		
Total	149,338,000	12,144,000	9,883,000	151,599,000				

(Note 1) "Average interest rate" indicates the interest rate on loans payable for the respective lending financial institutions rounded to four decimal places. In addition, concerning the loans payable for which an interest rate swap transaction has been entered into for the purpose of avoiding the risk of fluctuations in interest rates, the interest rate shown is the interest rate after taking into account the effect of the interest rate swap transaction.

(Note 2) The funds are used for the acquisition cost of trust beneficiary interests, the refinancing of loans payable, redemption of investment corporation bonds and related expenses.

(Note 3) The repayment schedule of long-term loans payable (excluding the current portion of long-term loans payable) due within 5 years after the balance sheet date is as follows.

(Unit: thousands of yen)

	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Long-term loans payable	28,943,000	32,575,000	25,029,000	23,702,000

9. NET ASSETS

(1) Minimum net assets

The Company is required to maintain net assets of at least 50,000 thousand yen pursuant to the Investment Trust Act.

(2) Cancellation of treasury investment units

	As of	
	July 31, 2026	January 31, 2026
Total number of retired units	36,895 units	30,095 units
Total amount of retired units	4,894,959 thousand yen	3,999,944 thousand yen

10. INCOME TAXES

(1) Breakdown of significant components of deferred tax assets and deferred tax liabilities

(Unit: thousands of yen)

	As of	
	July 31, 2026	January 31, 2026
Deferred tax assets		
Accrued enterprise tax excluded from expenses	13	13
Excess of depreciation and amortization	3,984	1,618
Subtotal deferred tax assets	3,998	1,632
Valuation allowance	(3,984)	(1,618)
Total deferred tax assets	13	13
Net deferred tax assets	13	13

(2) Reconciliation of significant differences between the statutory tax rate and the effective tax rate

	As of	
	July 31, 2026	January 31, 2026
Statutory tax rate	31.46%	31.46%
[Adjustments]		
Deductible cash distributions	(31.56%)	(30.03%)
Reversal of reserve for reduction entry	0.06%	—
Reserve for reduction entry	—	(1.45%)
Others	0.05%	0.03%
Effective tax rate	0.02%	0.01%

11. PER UNIT INFORMATION

	For the six months ended	
	July 31, 2026	January 31, 2026
Net assets per unit (yen)	107,407	107,610
Net income per unit (yen)	3,083	3,247

(Note 1) Net income per unit was calculated by dividing the net income by the daily weighted average number of investment units during the period.
Diluted net income per unit has not been stated as there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	For the six months ended	
	July 31, 2026	January 31, 2026
Net income (thousands of yen)	5,807,215	6,124,722
Amounts not attributable to common unitholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	5,807,215	6,124,722
Average number of investment units during the period (units)	1,883,372	1,886,235

12. RELATED PARTY TRANSACTIONS

(1) Parent company and major corporate unitholders

For the six months ended July 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	102,000,000	Real estate business	22.4% directly held by related party	Leasing and management of real estate	Transfer of property (Note 2) (Note 6)	2,365,000	—	—
							Leasing of properties (Note 3) (Note 7)	6,728,737	Advances received	1,228,422
									Lease and guarantee deposits in trust	10,864,008
							Payment of property operation and management fees (Note 8)	333,840 (Note 4)	Prepaid expenses	7,574
									Operating accounts payable	73,717
							Deposit of lease and guarantee (Note 5) (Note 9)	—	Lease and guarantee deposits in trust	53,886

(Note 1) The amount does not include consumption taxes.

(Note 2) Part of Laforet Harajuku (Land)

(Note 3) Roppongi Hills Mori Tower, ARK Mori Building, Atago Green Hills, Toranomon Hills Mori Tower and Roppongi View Tower

(Note 4) The amount includes fees (62,809 thousand yen) that are not charged to expenses but recognized as assets.

(Note 5) Roppongi View Tower

[Transaction terms and conditions and related policies]

(Note 6) Transfer decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations. Furthermore, transfers are not made at a value below the appraisal value as determined by an independent third-party real estate appraiser (including corporations).

(Note 7) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 8) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 9) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

For the six months ended January 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Other related company	Mori Building Co., Ltd.	Minato-ku, Tokyo	102,000,000	Real estate business	21.3% directly held by related party	Leasing and management of real estate	Transfer of property (Note 2) (Note 7)	3,073,000	—	—
							Acquisition of Property (Note 3) (Note 8)	9,669,000	—	—
							Leasing of properties (Note 4) (Note 9)	6,658,299	Advances received	1,228,422
									Lease and guarantee deposits in trust	10,936,025
							Payment of property operation and management fees (Note 10)	283,549 (Note 5)	Prepaid expenses	3,814
									Operating accounts payable	60,271
							Deposit of lease and guarantee (Note 6) (Note 11)	—	Lease and guarantee deposits in trust	53,886

(Note 1) The amount does not include consumption taxes.

(Note 2) Part of Laforet Harajuku (Land)

(Note 3) A portion of Toranomon Hills Mori Tower

(Note 4) Roppongi Hills Mori Tower, ARK Mori Building, Atago Green Hills, Toranomon Hills Mori Tower, Roppongi First Plaza and Roppongi View Tower

(Note 5) The amount includes fees (6,873 thousand yen) that are not charged to expenses but recognized as assets.

(Note 6) Roppongi View Tower

[Transaction terms and conditions and related policies]

(Note 7) Transfer decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations. Furthermore, transfers are not made at a value below the appraisal value as determined by an independent third-party real estate appraiser (including corporations).

(Note 8) Acquisition decisions are made in accordance with the provisions of the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations. Furthermore, acquisitions are not made at a value exceeding the appraisal value as determined by an independent third-party real estate appraiser (including corporations).

(Note 9) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(Note 10) The Company decides on transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 11) The Company engages in transactions by conducting adequate procedures in line with the Related Parties Transaction Guidelines stipulated by the Company's Asset Manager and compliance regulations, after having comprehensively considered the market situation and other factors.

(2) Subsidiaries and affiliates

For the six months ended July 31, 2026

Not applicable.

For the six months ended January 31, 2026

Not applicable.

(3) Subsidiaries of parent company

For the six months ended July 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 3)	599,293	Accrued expenses	659,223

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

For the six months ended January 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1)	Account item	Balance at end of the period (thousands of yen)
Subsidiary of other related company	Mori Building Investment Management Co., Ltd.	Minato-ku, Tokyo	200,000	Real estate, trust beneficiary right and other financial asset management operations	None	Outsourcing of asset management Concurrent post of directors	Payment of management fees (Note 2) (Note 4)	638,231 (Note 3)	Accrued expenses	691,418

(Note 1) The amount does not include consumption taxes.

(Note 2) The amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

(Note 3) The amount of management fees includes 9,669 thousand yen in acquisition fees pertaining to a real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(4) Directors and major individual unitholders

For the six months ended July 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1) (Note 2)	Account item	Balance at end of the period (thousands of yen) (Note 2)
Directors and their close relatives	Hiroyuki Yamamoto	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 3)	599,293	Accrued expenses	659,223

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hiroyuki Yamamoto as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

[Transaction terms and conditions and related policies]

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

For the six months ended January 31, 2026

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Description of business or position	Percentage of voting rights held in (by) related party	Relationship with related party	Description of transaction	Amount of transaction (thousands of yen) (Note 1) (Note 2)	Account item	Balance at end of the period (thousands of yen) (Note 2)
Directors and their close relatives	Hiroyuki Yamamoto	—	—	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	None	Executive Director of the Company, and President & CEO of Mori Building Investment Management Co., Ltd.	Payment of management fees to Mori Building Investment Management Co., Ltd. (Note 2) (Note 4)	638,231 (Note 3)	Accrued expenses	691,418

(Note 1) The amount does not include consumption taxes.

(Note 2) The transaction was conducted with Hiroyuki Yamamoto as third-party representative (Mori Building Investment Management Co., Ltd.) and the amount of management fees is provided in the "Asset Management Contract" concluded between the Company and the Company's Asset Manager.

(Note 3) The amount of management fees includes 9,669 thousand yen in acquisition fees pertaining to a real estate acquisition included in the book value of real estate.

[Transaction terms and conditions and related policies]

(Note 4) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

13. BREAKDOWN OF PROPERTY-RELATED REVENUE AND EXPENSES

Breakdown of property operating income

(Unit: thousands of yen)

		For the six months ended			
		July 31, 2026		January 31, 2026	
A.	Property operating revenue				
	Rent revenues				
	Rent and common area revenue	9,683,950		9,659,997	
	Other rent revenue	5,299	9,689,249	5,003	9,665,001
	Other operating revenues				
	Parking revenue	49,135		48,206	
	Utilities and other revenue	129,738		147,563	
	Cancellation penalty	251		1,017	
	Key money income	539	179,663	—	196,788
	Total property operating revenue		9,868,913		9,861,789
B.	Property operating expenses				
	Expenses related to properties				
	Property management fees	1,273,684		1,271,530	
	Property taxes	857,063		831,330	
	Utilities	135,093		146,464	
	Maintenance and repairs	93,238		179,311	
	Insurance premium	25,085		25,143	
	Custodian fees	9,264		6,019	
	Depreciation and amortization	1,136,473		1,090,287	
	Rent expenses	166,519		166,350	
	Other lease business expenses	16,792	3,713,216	16,819	3,733,257
	Total property operating expenses		3,713,216		3,733,257
C.	Property operating income [A – B]		6,155,696		6,128,531

Transactions with major unitholders

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2026	January 31, 2026
From operating transactions		
Rent revenues	6,728,737	6,658,299
Gain on transfer of real estate properties	1,257,301	1,519,539
Expenses related to properties	271,030	276,675

Breakdown of gain on transfer of real estate properties

(Unit: thousands of yen)

For the six months ended July 31, 2026

Laforet Harajuku (Land)	
Revenue from transfer of real estate properties	2,365,000
Cost of transfer of real estate properties	1,103,708
Other transfer expenses	3,990
Gain on transfer of real estate properties	1,257,301

For the six months ended January 31, 2026

Laforet Harajuku (Land)	
Revenue from transfer of real estate properties	3,073,000
Cost of transfer of real estate properties	1,545,191
Other transfer expenses	8,269
Gain on transfer of real estate properties	1,519,539

14. UNITHOLDERS' EQUITY

	For the six months ended	
	July 31, 2026	January 31, 2026
Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	1,879,435 units	1,886,235 units

15. FINANCIAL INSTRUMENTS

(1) Policy for financial instruments

(a) Policy for holding financial instruments

The Company makes use of various financial instruments in order to invest surplus funds efficiently. In addition, concerning fund procurement, the Company adopts a policy of undertaking such fund raising primarily through the issuance of investment units, the borrowing of funds and the issuance of investment corporation bonds. The Company limits derivative transactions to those that are entered into for the purpose of hedging the risk of future fluctuations in interest rates on loans payable, and does not engage in speculative transactions.

(b) Description of financial instruments and associated risks, and risk management structure

Deposits used for investing the Company's surplus funds are exposed to credit risks, for example, the failure of the financial institutions that are holding the deposits, but the Company limits the risks by diversifying financial institutions.

Investment corporation bonds and long-term loans payable are used for fund procurement associated with the acquisition of real estate related assets or repayment of loans payable. Of these, loans payable with variable interest rates are exposed to the risk of fluctuations in interest rates, but derivative transactions are utilized as hedging instruments.

Interest rate swaps are utilized with the Company seeking to, in effect, convert fluctuating interest rates on fund procurement into fixed interest rates. For information on the method of hedge accounting approach, hedging instruments and hedged items, hedging policy and method for assessing the effectiveness of hedging, please refer to "Summary of significant accounting policies; (8) Hedge accounting approach."

Concerning derivative transactions, risks are managed pursuant to the risk management policy set forth by the Company.

(c) Supplementary explanation on matters concerning fair value of financial instruments

Certain assumptions, etc. are used in calculating the fair value of financial instruments, and there can be cases where the values may vary based on different assumptions, etc. In addition, concerning the contract amount of derivative transactions in "Derivative transactions" below the amount itself does not represent the value of the market risks associated with the derivative transactions.

(2) Fair value of financial instruments

The following are the carrying amount, fair value and the difference between them of financial instruments as of July 31, 2026. Furthermore, notes on "Cash and deposits," "Cash and deposits in trust" are omitted as these are settled with cash and within a short period of time and thus the fair value approximates the book value. Notes on "Tenant leasehold and security deposits" are also omitted as they lack materiality.

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Current portion of investment corporation bonds	9,300,000	9,257,770	(42,230)
(b) Current portion of long-term loans payable	18,723,000	18,723,000	—
(c) Investment corporation bonds	11,000,000	10,285,490	(714,510)
(d) Long-term loans payable	151,599,000	150,342,877	(1,256,122)
Total	190,622,000	188,609,137	(2,012,862)
Derivative transactions (Note1)	2,989,986	2,989,986	—

The following are the carrying amount, fair value and the difference between them of financial instruments as of January 31, 2026. Furthermore, notes on "Cash and deposits," "Cash and deposits in trust" are omitted as these are settled with cash and within a short period of time and thus the fair value approximates the book value. Notes on "Lease and guarantee deposits in trust" is also omitted as it lacks materiality.

(Unit: thousands of yen)

	Carrying amount	Fair value	Difference
(a) Current portion of investment corporation bonds	7,300,000	7,248,960	(51,040)
(b) Current portion of long-term loans payable	19,884,000	19,884,000	—
(c) Investment corporation bonds	13,000,000	12,320,200	(679,800)
(d) Long-term loans payable	149,338,000	148,283,773	(1,054,226)
Total	189,522,000	187,736,933	(1,785,066)
Derivative transactions (Note1)	3,167,874	3,167,874	—

(Note 1) Assets and liabilities from derivative transactions are indicated in net amounts and net liabilities are indicated in parentheses.

(Note 2) Method of calculating the fair value of financial instruments, and derivative transactions

Liabilities

(a) Current portion of investment corporation bonds; (c) Investment corporation bonds

The fair value of these is based on market prices.

(b) Current portion of long-term loans payable; (d) Long-term loans payable

Of long-term loans payable, as those with variable interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value. Meanwhile, those with fixed interest rates are based on a calculation method of discounting the sum total amount of principal and interest by the rate reasonably estimated as being applicable in the event of a similar transaction.

Derivative transactions

Please refer to "Derivative transactions" below.

(Note 3) Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of July 31, 2026)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	9,300,000	—	—	3,700,000	5,800,000	1,500,000
Long-term loans payable	18,723,000	28,943,000	32,575,000	25,029,000	23,702,000	41,350,000
Total	28,023,000	28,943,000	32,575,000	28,729,000	29,502,000	42,850,000

Investment corporation bonds and long-term loans payable scheduled to be due after the balance sheet date (as of January 31, 2026)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	7,300,000	2,000,000	—	2,000,000	3,700,000	5,300,000
Long-term loans payable	19,884,000	24,527,000	31,877,000	28,436,000	22,884,000	41,614,000
Total	27,184,000	26,527,000	31,877,000	30,436,000	26,584,000	46,914,000

16. DERIVATIVE TRANSACTIONS

(1) Transactions for which hedge accounting is not applied

As of July 31, 2026

Not applicable

As of January 31, 2026

Not applicable

(2) Transactions for which hedge accounting is applied

As of July 31, 2026

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount	Due after 1 year	Fair value	Method of calculating the fair value
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	91,039,000	72,316,000	2,989,986	Based on the quoted price obtained from counterparty financial institutions.

As of January 31, 2026

The following is the contract amount or amount equivalent to the principal provided in the contract as of the date of settlement of accounts based on each method of hedge accounting.

(Unit: thousands of yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount	Due after 1 year	Fair value	Method of calculating the fair value
Principle method	Interest rate swap transactions Floating receivable; Fixed payable	Long-term loans payable	102,083,000	82,199,000	3,167,874	Based on the quoted price obtained from counterparty financial institutions.

17. CASH AND CASH EQUIVALENTS

Relationship between cash and cash equivalents at end of the period in the statement of cash flows and cash and deposits stated in the balance sheet

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2026	January 31, 2026
Cash and deposits	5,951,136	3,794,065
Cash and deposits in trust	4,461,201	5,535,730
Cash and cash equivalents	10,412,338	9,329,796

18. LEASES

Operating lease transactions (as lessor)

Future minimum rent revenues under existing non-cancellable lease agreements

(Unit: thousands of yen)

	As of	
	July 31, 2026	January 31, 2026
Due within 1 year	3,821,645	3,988,794
Due after 1 year	2,320,520	3,128,378
Total	6,142,165	7,117,173

19. INVESTMENT AND RENTAL PROPERTIES

The Company owns real estate (primarily office buildings and residential and retail properties) available for lease in Tokyo. The following are the carrying amount, amount of increase (decrease) during the period and fair value at end of the period for these investment and rental properties.

(Unit: thousands of yen)

	For the six months ended	
	July 31, 2026	January 31, 2026
Carrying amount		
Balance at beginning of the period	397,475,957	390,154,454
Amount of increase (decrease) during the period	(851,496)	7,321,503
Balance at end of the period	396,624,461	397,475,957
Fair value at end of the period	507,007,500	506,000,400

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

(Note 2) Of the increase (decrease) during the period ended July 31, 2026, the decrease is primarily attributable to the transfer of the property (Laforet Harajuku (Land) (1,103,708 thousand yen) and attributable to depreciation and amortization.Of the increase (decrease) during the period ended January 31, 2026, the increase is primarily attributable to the acquisition of property (Toranomon Hills Mori Tower (approximately 1.7% of total exclusive floor area) (9,688,584 thousand yen)), the decrease is primarily attributable to the transfer of the property (Laforet Harajuku (Land) (1,545,191 thousand yen) and attributable to depreciation and amortization.

(Note 3) The fair value at end of the period is the appraisal value by a real estate appraiser (according to the "Real Estate Appraisal Report" with the date of settlement of accounts as the appraisal date) pursuant to the method of and standards for asset valuation provided in the Company's Articles of Incorporation and the rules provided by Investment Management Association of Japan.

Income and loss for investment and rental properties is presented in "Breakdown of property-related revenue and expenses"

20. Revenue Recognition

(1) Breakdown of information on revenue from contracts with customers

For the six months ended July 31, 2026

(Unit: thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers
Transfer of real estate, etc. (Note 2)	2,365,000	1,257,301
Utilities income (Note 3)	78,324	78,324
Other	—	9,790,588
Total	2,443,324	11,126,215

(Note 1) Rent revenues, etc. subject to the "Accounting Standard for Lease Transactions" (Corporate Accounting Standard No. 13) and the transfer of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Transferred Guidance, No.10 of the Accounting Standards Board of Japan) are excluded from "Revenue from contracts with customers" as such revenue is not subject to Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents proceeds from transfer of real estate and utilities income.

(Note 2) For the transfer of real estate, etc., the amount obtained by subtracting the cost of transfer of real estate, etc. and other transfer expenses from the proceeds from transfer of real estate, etc. is indicated to record the amount as gain on transfer of real estate, etc. in the statement of income and retained earnings based on Article 48, Paragraph 2 of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006).

(Note 3) Utilities income indicates the amount recorded as revenue in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it.

For the six months ended January 31, 2026

(Unit: thousands of yen)

	Revenue from Contracts with Customers (Note 1)	Sales to External Customers
Transfer of real estate, etc. (Note 2)	3,073,000	1,519,539
Utilities income (Note 3)	97,734	97,734
Other	—	9,764,055
Total	3,170,734	11,381,329

(Note 1) Rent revenues, etc. subject to the "Accounting Standard for Lease Transactions" (Corporate Accounting Standard No. 13) and the transfer of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Transferred Guidance, No.10 of the Accounting Standards Board of Japan) are excluded from "Revenue from contracts with customers" as such revenue is not subject to Accounting Standard for Revenue Recognition. Revenue from contracts with customers mainly represents proceeds from transfer of real estate and utilities income.

(Note 2) For the transfer of real estate, etc., the amount obtained by subtracting the cost of transfer of real estate, etc. and other transfer expenses from the proceeds from transfer of real estate, etc. is indicated to record the amount as gain on transfer of real estate, etc. in the statement of income and retained earnings based on Article 48, Paragraph 2 of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006).

(Note 3) Utilities income indicates the amount recorded as revenue in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate and details of agreements incidental to it.

(2) Information that provides a basis for understanding revenue from contracts with customers

For the six months ended July 31, 2026

As described in the notes on matters related to significant accounting policies.

For the six months ended January 31, 2026

As described in the notes on matters related to significant accounting policies.

(3) Information on relationship of satisfaction of performance obligations based on contracts with customers with cash flow generated from said contracts and amount and period of revenue expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of the fiscal period

(a) Balance of contract assets and contract liabilities, etc.

(Unit: thousands of yen)

	For the six months ended July 31, 2026	For the six months ended January 31, 2026
Claims generated from contracts with customers (balance at beginning of fiscal period)	59	18
Claims generated from contracts with customers (balance at end of fiscal period)	18	59
Contract assets (balance at beginning of fiscal period)	－	－
Contract assets (balance at end of fiscal period)	－	－
Contract liabilities (balance at beginning of fiscal period)	－	－
Contract liabilities (balance at end of fiscal period)	－	－

(b) Transaction value allocated to the remaining performance obligations

For the six months ended July 31, 2026

As of July 31, 2026, the total amount of the transaction price allocated to remaining performance obligations pertaining to the transfer of real estate, etc. is 2,365,000 thousand yen due to real estate, etc. for which a transfer agreement was concluded on March 17, 2026. The Company expects to recognize revenue for these performance obligations due to the transfer of trust beneficiary interest (5% quasi co-ownership interest) of the above real estate, etc., which was planned for December 1, 2026.

With regard to utilities revenue, as the Company has the right to receive from customers an amount directly corresponding to the value for the lessees, or customers, of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim is recognized as revenue in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

For the six months ended January 31, 2026

Not applicable.

With regard to utilities revenue, as the Company has the right to receive from customers an amount directly corresponding to the value for the lessees, or customers, of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim is recognized as revenue in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

21. SEGMENT AND RELATED INFORMATION

[Segment Information]

Disclosure is omitted because the Company operates as a single segment – Real estate leasing business.

[Related Information]

For the six months ended July 31, 2026

(1) Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major tenant

(Unit: thousands of yen)

Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	7,986,039	Real estate leasing business

For the six months ended January 31, 2026

(1) Information about each product and service

Disclosure is omitted because operating revenue from external customers within a single product and service category accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Information about each geographical area

(a) Operating revenue

Disclosure is omitted because operating revenue from external customers in Japan accounts for over 90% of the operating revenue on the statement of income and retained earnings.

(b) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information about each major tenant

(Unit: thousands of yen)

Name of tenant	Operating revenue	Related segment
Mori Building Co., Ltd.	8,177,839	Real estate leasing business

22. FEES TO ACCOUNTING AUDITOR

(Unit: thousands of yen)

	For the six months ended July 31, 2026	For the six months ended January 31, 2026
Audit fees (Note 1)	13,500	13,700
Non-audit fees (Note 2)	—	2,900

(Note 1) Audit fees include the fees for the audit of the English financial statements (2,100 thousand yen for the six months ended July 31, 2026, and 2,100 thousand yen for the six months ended January 31, 2026).

(Note 2) Non-audit fees to those belonging to the same network as the accounting auditor amount to 2,678 thousand yen for the six months ended July 31, 2026, and 2,678 thousand yen for the six months ended January 31, 2026.

23. SUBSEQUENT EVENTS

Not applicable.