HILLS REIT

Investment in the city

MORI HILLS REIT INVESTMENT CORPORATION

INTEGRATED REPORT 2026

Asset Management Company
Mori Building Investment Management Co., Ltd.

MORI HILLS REIT INVESTMENT CORPORATION

INTEGRATED REPORT 2026

Contents

2 **About Us**
- 3 Basic Policy
- 4 MIM's Mission (Purpose) and MHR's Medium- to Long-Term Vision
- 5 Company Data

6 **Message from the Management**

7 **Policy and Strategy**
- 7 Investment Policy
- 9 Management Policy
- 10 Value Creation Process
- 11 History (A History of Value Creation)
- 12 Market Conditions, Competitive Advantage and Strategy
- 16 Financial and Non-Financial Highlights
- 19 Risks and Opportunities

20 **Sustainability Management**
- 20 Approach and System
- 21 Important ESG Issues (Materiality)
- 23 KPIs/Targets
- 24 External Assessment

25 **E : Environment Initiatives**
- 25 Environment Management System (EMS)
- 26 Green Building Certification
- 28 Climate Change
- 36 Resource Recycling (Water and Waste)
- 38 Increasing Greenery and Biodiversity

39 **S : Social Initiatives**
- 39 Stakeholder Engagement
- 40 Initiatives with Employees
- 45 Initiatives with Tenants and Local Communities
- 48 Actual Results of Urban Redevelopment Projects
- 51 Selection and Management Policies of the PM Company
- 53 Initiatives with Investors

55 **G : Governance Initiatives**
- 55 Corporate Governance
- 59 Compliance and Corporate Ethics
- 61 Risk Management

62 **Data**
- 62 SASB Standards Comparison Table
- 65 GRI Standards Comparison Table
- 75 Major Financial Data

Asset Management Company
Mori Building Investment Management Co., Ltd.

Editorial Policy

This report describes all efforts of Mori Hills REIT Investment Corporation (MHR) and its asset manager Mori Building Investment Management Co., Ltd. (MIM) to contribute to realizing a sustainable society and to maximize unitholder value over the medium to long term. The contents of this report have been approved by MHR's executive director and the chairperson of MIM's Sustainability Committee, and have been reported to and confirmed by MHR's board of directors and MIM's board of directors.

Reporting Period

April 2025 – March 2026 (includes some recent activities after this period)

Scope

Mori Hills REIT Investment Corporation
Mori Building Investment Management Co., Ltd.

Reference Guidelines

- IFRS Foundation "International Integrated Reporting Framework"
- IFRS Foundation "SASB Standards"
- GRI (Global Reporting Initiative) "Sustainability Reporting Standards"
- Ministry of the Environment's "Environmental Reporting Guidelines (2018)"
- ISO26000 "Guidance on Social Responsibility"
- Task Force on Climate-Related Financial Disclosures (TCFD) "Final Report: Recommendations of the Task Force on Climate-Related Financial Disclosures"

Issued

October 2026 (last: October 2025, next: October 2027)

Contact

Department: Planning Department TEL: +81-3-6234-3234
Mori Building Investment Management Co., Ltd.

Disclaimer

This report contains forward-looking statements. These statements are based on judgments made in accordance with information available at the time each document was prepared, and are not guarantees of future performance.

Basic Policy

Investment in the city

MHR aims to further enhance the profitability and asset value of its portfolio through growth created by making targeted investment in the "City," while paying close attention to the competitiveness of the "City" concentrating on central Tokyo, and on the portfolio's ability to create value.

"City" in MHR's definition is not merely a geographic location with an aggregation of buildings, but a "space" with multiple uses, such as for work, residence, recreation, rest and study that integrates various economic and cultural activities of the people that gather there. MHR believes that the provision of all urban elements will result in people, products and information concentrating and merging to generate new business models and lifestyles.

MHR recognizes its Sponsor, the Mori Building Group, (Mori Building Co., Ltd. being its core company), as being uniquely positioned to realize investments in the "City." By optimally utilizing the comprehensive strengths of the Mori Building Group, which has completed successive large-scale redevelopments in central Tokyo, MHR aims to acquire scarce, premium properties and to enhance the asset value of its portfolio.

MHR has entitled select projects with the "Hills" designation -- such as "Roppongi Hills," "ARK Hills," "Omotesando Hills", "Toranomon Hills", "Azabudai Hills" which are creative, large-scale redevelopments assembled, constructed, and managed over a long period of time by the Mori Building Group. "Hills" represents a brand for large-scale projects that have created compact cities, combining office and residential spaces and that embody the Mori Building Group's ideas for urban development with "safety and security," "environment and greenery" and "culture and art" as keywords.

MHR aims to achieve steady growth of its portfolio and to maximize unitholders' value by making selective investments that mainly target areas and properties that are believed to lead the lifestyle and work style of the 21st century as exemplified by the "Hills" brand, in other words, through "investment in the city."

Investment in the city

Investment strategy

Construction of an urban portfolio centered on premium properties	Taking full advantage of the Mori Building Group's comprehensive expertise
[Portfolio composition policy]	[Growth strategy]
● Investment focusing on premium properties ● Investment focusing on mixed-use urban spaces	● Pipeline support from Mori Building Group ● Leveraging the Mori Building Group's property management skills

↓

Enhancing the value of operating assets

↓

Maximizing unitholders' value

MIM's Mission (Purpose) and MHR's Medium- to Long-Term Vision

MIM's mission is to contribute to the creation and development of cities by providing investors with opportunities to invest in quality urban assets.
MHR's medium- to long-term vision to achieve its fundamental mission is built on having the best portfolio quality, the highest ESG assessments and dividend-driven management as it aims to become the highest-quality and highest-rated REIT, helping improve social issues while maximizing unitholder value over the long term.

MIM's Mission (Purpose)

MIM is dedicated to the creation and development of major metropolitan cities. To this end, as a leading professional in the real estate investment fund business, MIM will provide investment opportunities in high-quality urban assets to investors both in Japan and overseas.

MHR's Medium- to Long-Term Vision

The best portfolio quality

By focusing primarily on premium properties in central Tokyo developed by the sponsor, MHR seeks to maintain highly competitive portfolio quality while further expanding the scale of the portfolio.

The highest ESG assessment

By making positive social and environmental contributions, MHR will generate sustainable growth while maintaining and improving ESG ratings and building competitiveness as an investment corporation.

Dividend-driven management

By aiming for a continuous improvement of dividends and NAV per unit, and developing the culture, policies and systems necessary to realize the vision, MHR will continue to foster the trust of unitholders.

"The highest-quality and highest-rated REIT"

~ Optimal REIT Investment ~

Company Data

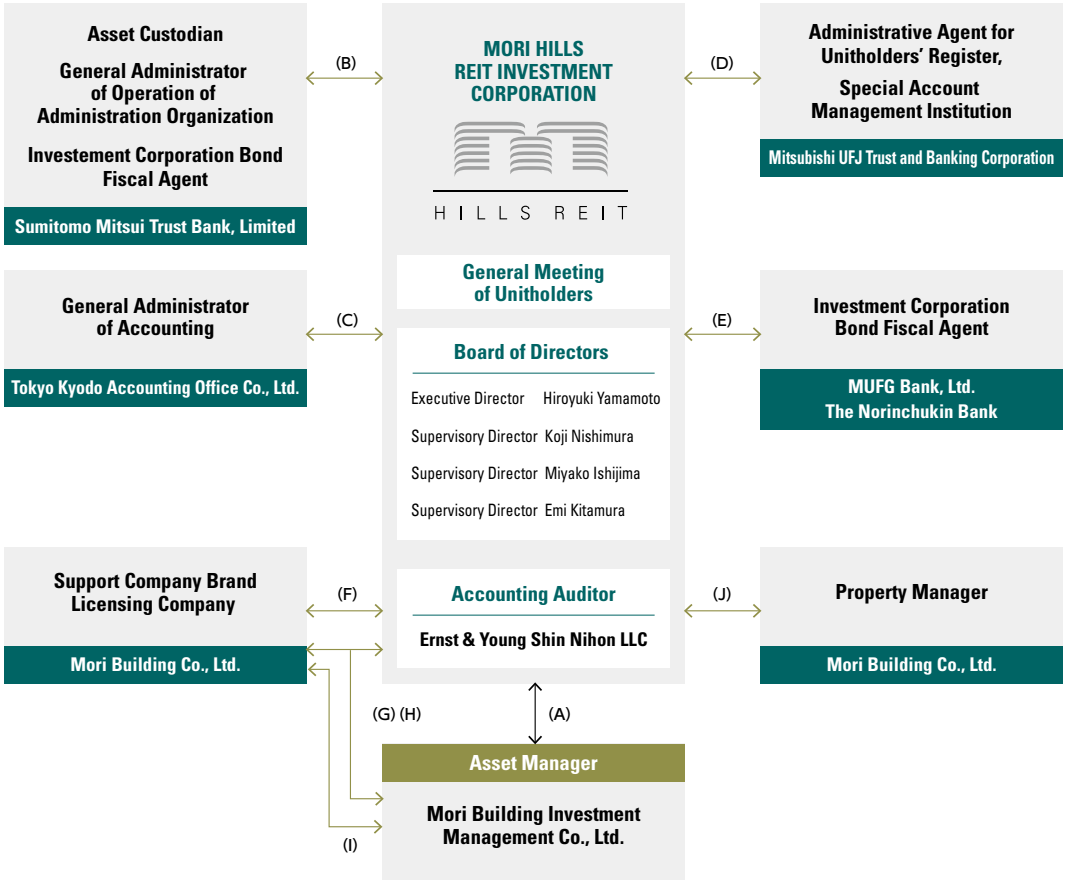
Company data

Name	Mori Hills REIT Investment Corporation
Representative	Hiroyuki Yamamoto, Executive Director
Address	12-32 Akasaka 1-chome, Minato-ku, Tokyo
Contact	Mori Building Investment Management Co., Ltd. Tel:+81-(0)3-6234-3234
Fiscal period	Six months ending in January and July of each year
Dates of record	End of January and end of July of each year

Asset Manager Overview

Corporate name	Mori Building Investment Management Co., Ltd.	
Address	12-32 Akasaka 1-chome, Minato-ku, Tokyo	
Established	March 1984	
Paid-in capital	200 million yen	
Shareholder	Mori Building Co., Ltd. (100%)	
Business licenses	Registered Residential Property Transaction Manager, Governor of Tokyo (5) Real Estate License no. 81587 Discretionary Transaction Agent, Minister of Land, Infrastructure and Transportation License no.41 Registered as a financial instruments business, Investment Advisory and Agency Business, Asset Management Business, Kanto Local Finance Bureau registration no. 408 Member of Investment Management Association of Japan	
Directors	President & CEO	Hiroyuki Yamamoto
	Chairman	Hideyuki Isobe
	Director	Yoshihiko Kawamura
Auditors	Auditor	Yumiko Miwa
Telephone	+81-(0)3-6234-3200	
Fax	+81-(0)3-6234-3201	

Structure of Investment Corporation



(A) Asset Manager Agreement
(B) Asset Custodian Agreement / General Administrator of Operation of Administration Organization Agreement / Finance and Issuance / Payment Agency Agreement
(C) General Administrator of Accounting Agreement
(D) Investment Unit Administration Agency Agreement / Special Account Management Agreement
(E) Fiscal Agency Agreement
(F) Brand License Agreement
(G) Support Agreement
(H) Informal Information Agreement
(I) Advisory Agreement
(J) Property Management Agreement

Message from the Management

Under the Basic Policy of "Investment in the city," MHR contributes to the creation and development of cities and solving of social issues

Social Role and Responsibility of Mori Hills REIT Investment Corporation

Mori Hills REIT Investment Corporation (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.

Identification of Materiality

In order to realize the Basic Policy and the Company Mission, it is indispensable to take actions after sufficiently understanding social change and demand. As such, MHR has identified areas of Materiality after a series of discussions on important issues to be addressed by referring to the Sustainable Development Goals (SDGs), the shared rules for and the goals to be achieved by the international community in the twenty-first century.

Social issues including climate change not only cause problems in people's daily life but also have a significant impact on MHR's business activities. The impact of ESG initiatives by a company on the valuation and value of the company has grown every year.

Companies are expected to leverage their business characteristics and strengths to develop a sustainable society. For MHR, an important initiative is to invest in real estate that excels in BCP and climate change issues, which it then enhances during daily operations. In addition, the funds invested by MHR for property acquisition are utilized by sellers such as Mori Building and other developers to carry out new high-quality development. This also creates a positive cycle by allowing further urban development and eventually solving social issues. These activities also lead to improvement in environmental issues and the creation of new industries in addition to enhancement of safety, comfort and convenience of tenants and the community. We believe that further promotion of such initiatives will result in the growth of MHR as well as contribute to society and our clients.

Recent ESG Initiatives

Turning to our recent ESG efforts, for the environment ("E"), in order to further reduce greenhouse gases, MHR reviewed its targets in June 2022 and set new ones: From fiscal 2019, a 50% reduction by fiscal 2030 and net zero by fiscal 2050 (Scope1·2 and 3: total emissions). We have completed the introduction of renewable energy electricity in most of the properties we own, and reduced greenhouse gases by 49.9% in fiscal 2025.

As to our efforts on social ("S") initiatives, while placing importance on the "International Bill of Human Rights" and "Declaration on Fundamental Principles and Rights at Work" of the International Labour Organization (ILO), as well as the "Guiding Principles on Business and Human Rights" of the United Nations, we have implemented various initiatives emphasizing human rights and diversity for our employees and also made efforts to further improve the workplace environment by conducting employee satisfaction surveys using third-party organizations. Because high-quality performance of employees is the source of business success, we regard talent development and other such initiatives as crucial. In addition, in the management and operation of owned properties, we are conducting activities that consider the safety and comfort of tenants and local residents.

With regard to governance ("G") initiatives, in order to contribute to the realization of a sustainable society and maximize unitholder value over the medium to long term, we believe it is absolutely imperative to remain a company that is trusted by society. We have worked on building fair and effective corporate governance and made efforts to enhance internal control through thorough compliance and risk management. MHR has appointed female directors since April 2021 and continues to build a diversity-oriented structure.

Recent Performance

In the 40th fiscal period (ended July 31, 2026), MHR achieved 11,126 million yen in operating revenue, 6,688 million yen in operating income, 5,807 million yen in net income and 3,100 yen in dividend per unit.

MHR's strategy focuses on investing in premium properties in central Tokyo where high profitability and asset value can be maintained regardless of the market environment, and we maintained relatively high occupancy rates even during the COVID-19 pandemic when office vacancy rates in the market rose. We believe that premium properties in central Tokyo will continue to exhibit strong competitive advantages in safety, comfort and convenience with reliable earthquake resilience, environmental performance and a full range of ancillary facilities.

For Sustainable Growth and Development

Recognizing that the two pillars of enhancing corporate value are continuous profit/asset value growth and contribution to solving social issues, we intend to keep emphasizing dialogue with our stakeholders as we advance on our initiatives.

I would like to ask for your continued support.

Hiroyuki Yamamoto
Executive Director,
Mori Hills REIT
Investment Corporation

Investment Policy

Portfolio Composition Strategy

Investment Focusing on Premium Properties

MHR seeks to maintain the exceptional level of quality of its portfolio while aggressively expanding. To that end, MHR has established a high standard for "Premium Properties" which are to comprise at least 50% of the portfolio.

Premium properties = Located mainly in the central five wards of Tokyo (especially Minato-ku) + Large scale + High-grade specifications

Focus on premium properties

Premium Properties 50% or more — Office buildings | Residential properties | Retail facilities

Office building focus	Tokyo's five central wards focus	Earthquake-resistance focus
Office building 50% or more	Tokyo's five central wards and their vicinity 50% or more (Tokyo metropolitan area: 80% or more)	Investment focused on properties' earthquake resistance, the safety of the area, disaster countermeasures, etc.

* Ratios are based on the acquisition price. * Tokyo area : Tokyo, Kanagawa, Chiba, Saitama

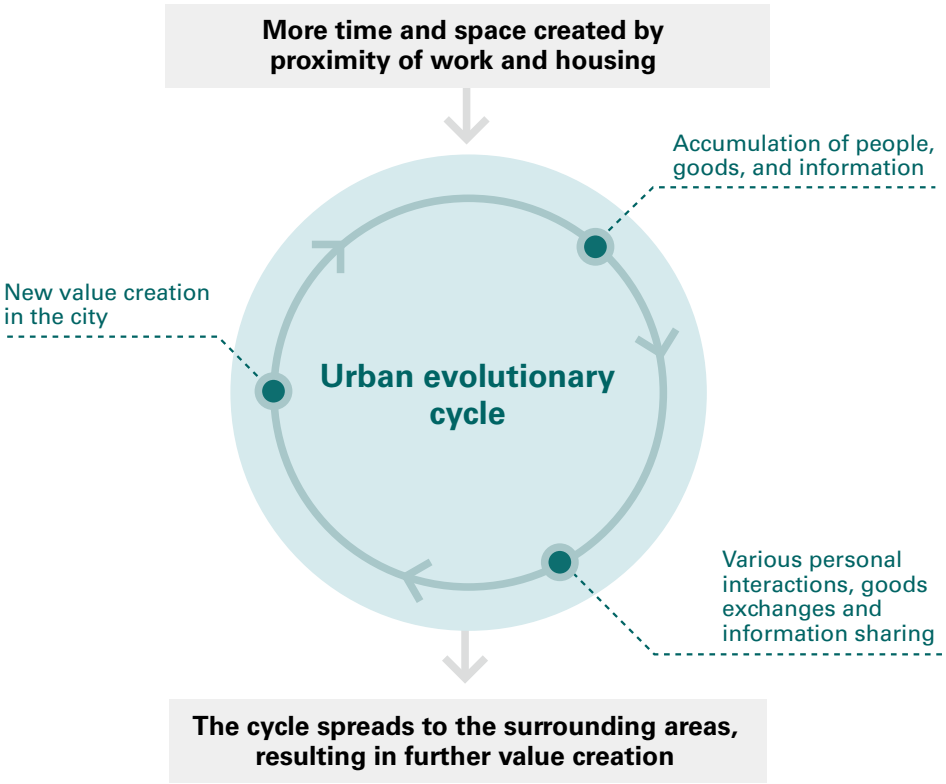
Premium Properties

Principal Use	Location	Scale
Office buildings	Tokyo's five central wards and their vicinity	Gross floor area of 10,000 m^2 or more per building Standard leasable floor area of 1,000 m^2 or more
Residential properties	Tokyo's five central wards (primarily in the "three-A" areas) and their vicinity	Gross floor area of 2,000 m^2 or more per building
Retail facilities	Department stores, downtown shopping centers, large specialty stores & retail complexes, etc.	
	Flourishing areas in Tokyo's five central wards and their vicinity	Gross floor area of 10,000 m^2 or more per building
	Street front luxury brand shops, etc.	
	Exclusive, well-known destinations such as the Ginza area and the Aoyama and Omotesando area	Gross floor area of 1,000 m^2 or more per building

Furthermore, for properties with type of use other than those mentioned above, whether such properties are considered premium properties will be decided after considering their unique characteristics and use. However, land with leasehold will be considered premium properties when the location and buildings on land with leasehold satisfies the conditions for premium properties.
* Tokyo's five central wards: Minato, Chiyoda, Chuo, Shinjuku and Shibuya ward
* Three-A area: Akasaka and Roppongi area, Aoyama and Harajuku area and Azabu and Hiroo area

Investment Focusing on Mixed-use Urban Spaces

MHR believes combining work, residential, recreation, rest and study in one area enhances customer satisfaction and asset value. MHR's investments focus on developments and properties in a mixed-use environment. Based on knowledge-based and information-based society, MHR believes the accumulation of people, goods and information in one area with a mixed use function would lead to further value creation and various synergies.



Investment Policy

Growth Strategy

Taking Advantage of the Mori Building Group's Comprehensive Expertise

The core of Mori Hills REIT's growth strategy is the proactive and maximum utilization of the real estate related know-how that the Mori Building Group has cultivated through property development, large-scale redevelopment, and property management operations.

Support Agreement

MHR and MIM have signed a support agreement with Mori Building Co., Ltd.

- First negotiating right on sales of Mori Building properties
- Provision of third party property information
- Other necessary support such as staffing

Advisory Agreement

MIM has signed an advisory agreement with Mori Building Co., Ltd.

- Provision of research-related functions
- Provision of advisory and auxiliary functions concerning property acquisition and asset management

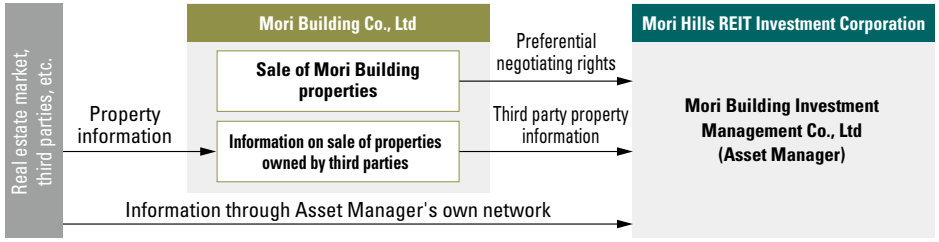
Property Management Agreement

Leverage Mori Building Co., Ltd.'s PM capabilities

Brand License Agreement

Leverage Mori Building Co., Ltd.'s brand power and support functions

External growth strategy



Management Policy

Operation and Property Management Policy

In order to secure stable income from the portfolio in the medium to long term as well as maintain and grow asset value, MHR shall enhance satisfaction for the tenants of the real estate relating to the operating assets and obtain their trust in the medium to long term, and conduct its asset management operations in a rational, efficient and deliberate manner.

Leasing Management

Understanding of the market and the setting of appropriate terms

MHR shall maintain an understanding of the market relevant to the real estate relating to the operating assets by thoroughly analyzing the current conditions and future trends of supply and demand by geographic area and property use, with a particular focus on the characteristics, tenant needs and tenant trends at competing properties. In addition, MHR shall set the most appropriate rent and other terms after thoroughly understanding the characteristics of the real estate relating to the operating assets, including location, convenience of access to public transportation, customer mix and property age, as well as relative competitiveness in the market.

Attracting new tenants

Taking into consideration the "Understanding of the market and the setting of appropriate terms" set forth above, MHR shall consider the approach for attracting new tenants, and shall conduct appropriate marketing accordingly. Appropriate proposals shall be made to address potential new tenants' various needs, including adjusting the schedules of moving in, ascertaining the required facilities, adding new equipment and conducting interior renovations. In addition, rent levels shall be determined based on an overall determination of the potential tenant's creditworthiness, the ratio of the rent revenue to the overall portfolio and type of lease agreement (length of term and whether the term is fixed or not).

Tenant relations

MHR shall use its best efforts to provide appropriate responses and proposals by understanding tenant concerns and level of satisfaction with respect to the environment, cleanliness, aesthetics, safety, security and disaster countermeasures, as well as any inclinations towards expanding, reducing or changing their rented space, through daily communication and questionnaire survey (biennial). MHR shall recognize that high tenant satisfaction leads to a higher valuation in the real estate market for the real estate relating to the operating assets, as well as to attracting new tenants, and this point shall be appropriately reflected in the "day-to-day facility operation management" and "large-scale repairs and renovations". Regarding renewal or extension of lease agreements, MHR shall carefully consider the importance of this as a negotiation point to ensure stable earnings, and shall make appropriate proposals by understanding tenants' inclinations. In addition, when a tenant moves out, appropriate negotiations on terms shall be conducted with a view to future tenants and taking into consideration contract terms, and appropriate renovation shall be undertaken.

Leasing schemes

Based on an overall consideration of the conditions of each real estate property relating to the operating assets, stability of rent revenue and efficiency of operational management, MHR shall make appropriate use of different leasing schemes such as direct leases with tenants, pass-through master lease agreements and fixed rent master lease agreements.

Direct Lease

Rather than adopting a master lease, the fiduciary trust or MHR directly leases to the end tenant.

Master Lease

The fiduciary trust or MHR leases to the master lessee, who in turn leases to the end tenant.

- Pass Through Master Lease
  In this type of master lease, the rent paid by the master lessee and the rent paid by the end tenant are always the same amount.
- Fixed Master Lease
  In this type of master lease, the master lessee pays a fixed amount regardless of the amount paid by the end tenant to the master lessee.

Day-to-Day Management of Facility Operations

In addition to the facility management that is legally required of owners, MHR shall endeavor to conduct necessary facility management in order to increase tenant satisfaction, and to maintain and improve the physical, functional, and aesthetic quality of the real estate related to the operating assets. In addition, in order to strengthen the long-term platform for profitability of the real estate related to the operating assets and improve sustainability, MHR shall evaluate cost performance, ensure that operations and costs are appropriate, introduce the latest technology, and conduct rational and efficient operating management based on the asset management plan.

Large-scale Repairs and Renovations

MHR shall do its best to avoid the deterioration of the physical, functional, and aesthetic quality of the real estate relating to the operating assets that results from aging. As appropriate, large-scale repairs and renovations shall be conducted to add new functions and designs in order to strengthen the competitiveness of the real estate relating to the operating assets. The necessary items and timing of such large-scale repairs and renovations shall be listed in advance per property, and shall be conducted rationally, efficiently, and deliberately according to the asset management plan and asset management funding plan, after consideration of factors such as their balance within the overall portfolio, as well as their priority, evening-out of costs, and impact on existing tenants, while also factoring in sustainability.

Value Creation Process

Under the Basic Policy of "Investment in the city," MHR aims to contribute to the creation and development of cities and solving of social issues.

Management Resource (Input)

Manufactured Capital

Premium properties in central Tokyo

- Total acquisition price 414,958 mn yen
- Total leasable floor area 185,248 m²
- Tokyo's three central wards 91.4%
- Tokyo's five central wards and their vicinity 100%

Financial Capital

Strong financial structure

- Total liabilities 209,332 mn yen
- Total net assets 201,866 mn yen
- Total assets 411,198 mn yen
- LTV (book value basis) 46.4%
- LTV (appraisal value basis) 36.5%

Human Capital

MIM's personnel with high expertise

- Number of executives and employees: 23 (ratio of female: 26.1%)
- Qualifications held by employees
  ARES Certified Master: 8
  Real Estate Appraiser: 2 Certified Public Accountant: 4
  Certified Member Analyst of the Securities Analysts Association of Japan: 1

Intellectual Capital

- Diverse knowledge and expertise in fields such as real estate and finance regarding REIT management accumulated since listing in 2006

Social and Relationships Capital

- Trust relationship with tenants and local communities
- Collaborative structure with the sponsor and the PM Company
- IR activities for investors

Natural Capital

- Superior environmental performance of owned properties
- Initiatives with environmental improvement

MHR's Basic Policy — Investment in the city P3-4

MIM's Company Mission — Contribute to the creation and development of cities by providing investors with opportunities to invest in quality urban assets

Medium- to Long-Term Vision P4

- The best portfolio quality
- The highest ESG assessment
- Dividend-driven management

⇒『Optimal REIT investment』

Competitive Advantage P12-15

- Highest property percentage in central Tokyo among J-REITs
- Portfolio consisting of premium properties
- Value creation (value improvement through regional development and town management)
- Taking full advantage of the MB Group's comprehensive expertise

Investment Strategy (Key Strategies)

Portfolio composition policy

Construction of an urban portfolio centered on premium properties

Growth strategy

Taking full advantage of the MB Group's comprehensive expertise

- Pipeline support from MB Group
- Leveraging the MB Group's property management skills

Recognition of Social Issues

Climate Change, Biodiversity, Earthquake, Human Rights, Work-Life Balance and Pandemic, etc.

Created Value (Outcome)

Manufactured Capital

- Operating revenue 11,126 mn yen
- Net income 5,807 mn yen
- Dividends per unit 3,100 yen/unit
- NAV per unit 166,139 yen/unit
- Unrealized capital gain 110.3 bn yen

Financial Capital

- Rating JCR : AA (Stable)
- Average interest rate 0.94%

Human Capital

- Overall employee satisfaction score 3.8 (5-point scale)
- Paid holiday acquisition rate 88.6%
- Average hours of training per year/employee 14.1 hours

Intellectual Capital

- Continuous accumulation of intellectual capital

Social and Relationships Capital

- Increase tenant satisfaction
- Revitalization of local communities
- Individual meetings with institutional investors: 74 times (in 2025)
- Selected as Companies' Website Ranking "Top 1 Web Site" in 2025 (Nikko IR Co., Ltd.)

Natural Capital

- Progress in the reduction of greenhouse gas emissions
- Green Building Certifications acquisition rate: 93.8% (in acquisition price)

ESG External Assessment

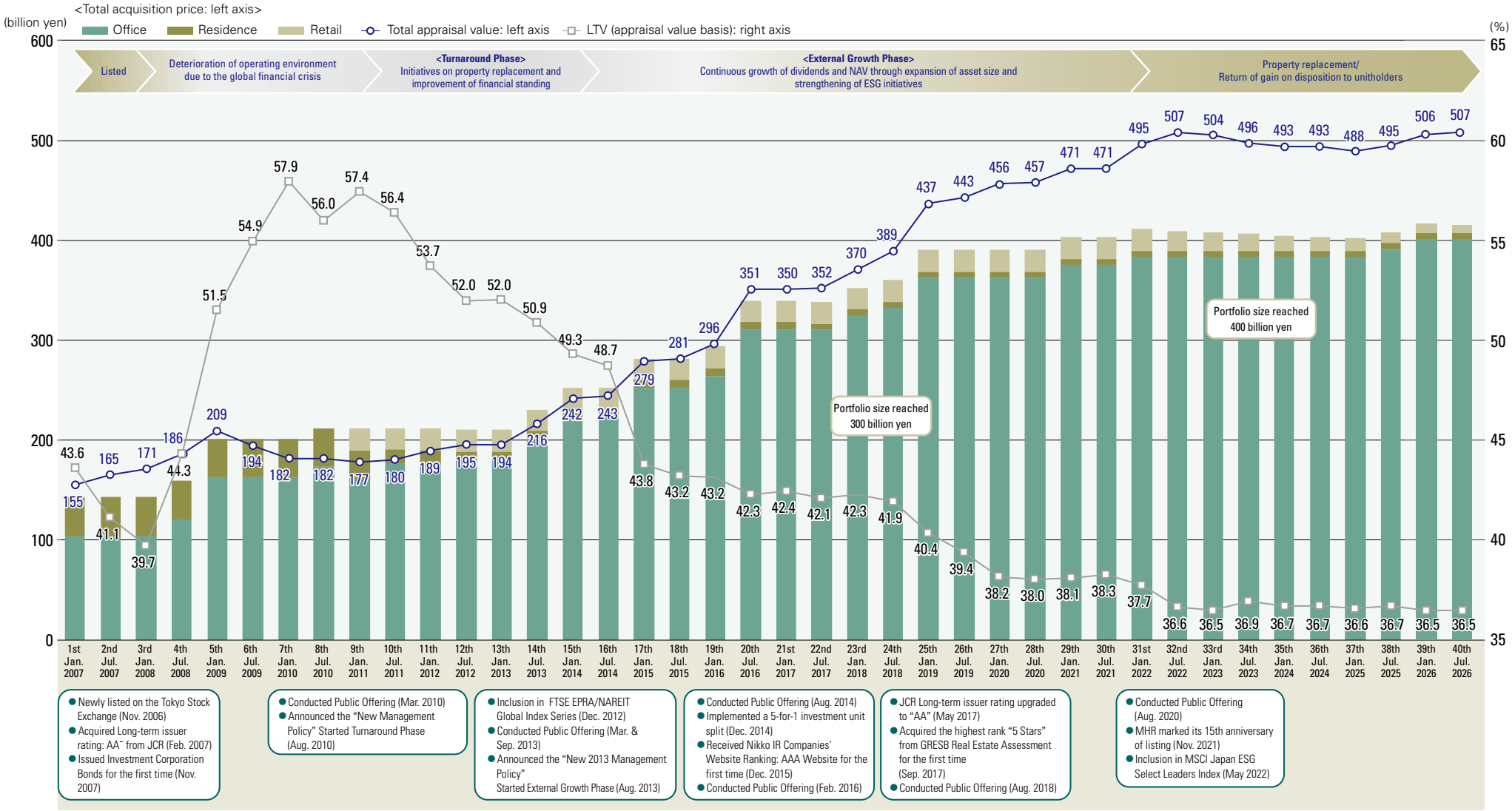
- GRESB Real Estate Assessment 3 Stars

Contribution to the resolution of social issues P22

*As for the figures in this page, those related to finance are for the fiscal period ended July 2026 of MHR and those not related to finance are for fiscal 2025 of MIM (excluding some figures).

History (A History of Value Creation)

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.

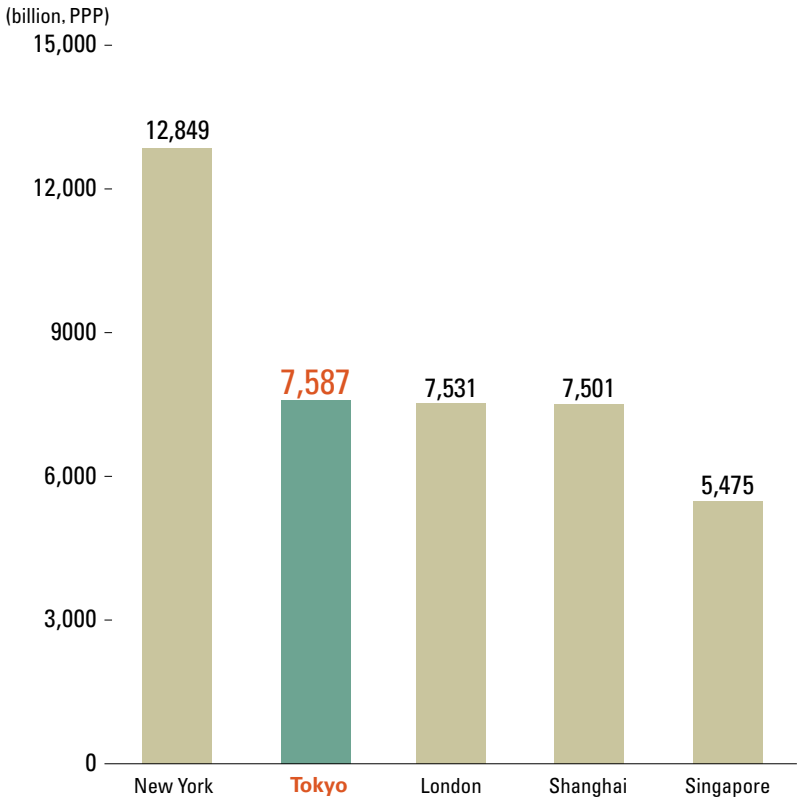


Market Conditions, Competitive Advantage and Strategy

Attractiveness and Advantage of Central Tokyo

Among the world's major cities, Tokyo leads in terms of both GDP and population. According to "Global Power City Index YEARBOOK 2025" by the Mori Memorial Foundation, the GDP of Tokyo is second only to New York and exceeds that of major cities such as London, Shanghai, and Singapore. According to the "World Urbanization Prospects 2025: Summary of Results" by the United Nations Department of Economic and Social Affairs, the urban population of the Tokyo metropolitan area remains among the highest in the world in estimates for 2050 despite the expected impact of natural population decline.

GDP of Major Metropolitan Areas



(Source) Prepared by the Asset Manager based on "Global Power City Index 2025" published by Institute for Urban Strategies, The Mori Memorial Foundation.

(Note) Nominal GDP comparable for the same year is stated based on data published in 2025 for each target city.

Population of Urban Concentration Areas

(thousand people)

As of July, 2025			2050 (Estimate)		
Rank	Urban concentraiton area	Population (in thousands)	Rank	Urban concentraiton area	Population (in thousands)
1	Jakarta (Indonesia)	41,914	1	Dhaka (Bangladesh)	52,123
2	Dhaka (Bangladesh)	36,585	2	Jakarta (Indonesia)	51,784
3	**Tokyo (Japan)**	**33,413**	3	Shanghai (China)	34,912
4	New Delhi (India)	30,222	4	New Delhi (India)	33,891
5	Shanghai (China)	29,559	5	Karachi (Pakistan)	32,593
6	Guangzhou (China)	27,563	6	Cairo (Egypt)	32,366
7	Cairo (Egypt)	25,566	**7**	**Tokyo (Japan)**	**30,658**
8	Manila (Philippines)	24,735	8	Guangzhou (China)	29,243
9	Kolkata (India)	22,550	9	Manila (Philippines)	27,120
10	Seoul (Republic of Korea)	22,490	10	Kolkata (India)	23,768

(Source) Prepared by the Asset Manager based on "World Urbanization Prospects 2025 Summary of Results" by the Department of Economic and Social Affairs of the United Nations.

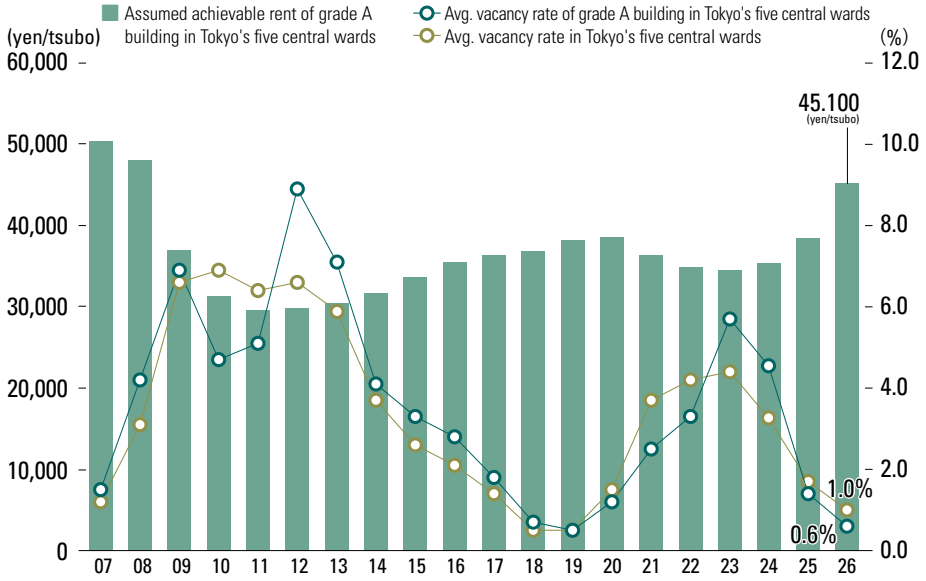
Market Conditions, Competitive Advantage and Strategy

Attractiveness and Advantage of Central Tokyo

The rental office building market in central Tokyo, due to the recovery of business sentiment following the global financial crisis, saw vacancy rates for Grade A buildings in the five central wards drop to a low of 0.5% in 2019, accompanied by an upward trend in rents. From 2020, vacancy rates have increased and rent levels softened due to the impact of the spread of COVID-19. However, there is a growing need for office buildings with a high standard of facilities and locations as companies seek to attract top talent and create comfortable workplace environments, alongside the fact that office space downsizing resulting from the spread of remote work has largely run its course, and that tight supply and demand conditions have continued recently. Although a modest amount of new supply in central Tokyo is planned in 2026, high-quality office buildings in favorable locations are steadily capturing robust tenant demand, vacancy rates remain low, and rents are expected to continue a moderate rise for the time being.

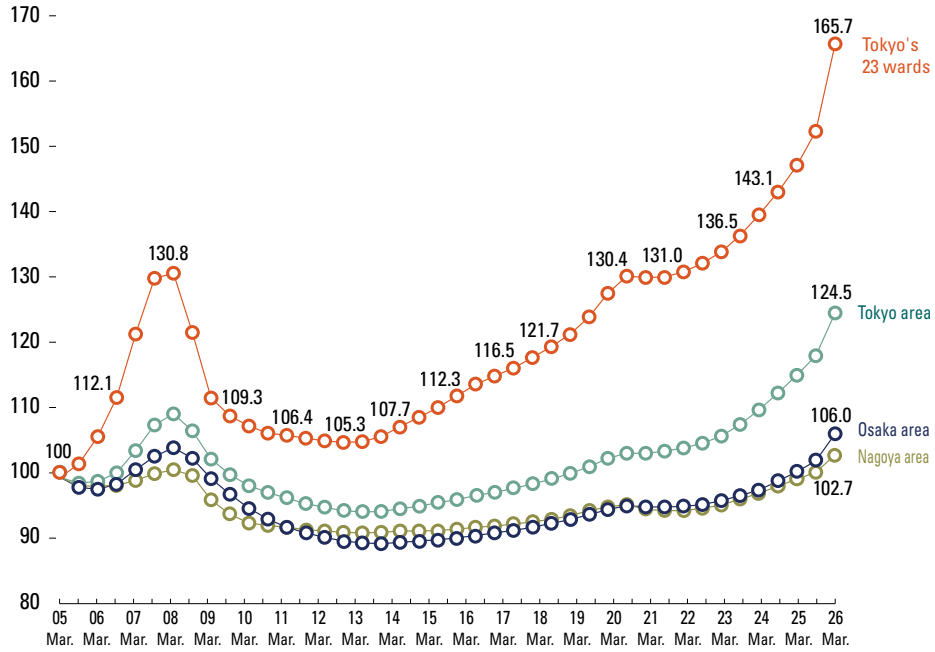
In addition, in terms of the land price level, the Tokyo metropolitan area exceeds other major metropolitan areas in Japan. Particularly, the amount of increase has remained large in the 23 wards of Tokyo and consistently exceeded the level in March 2005 until the end of March 2026, demonstrating competitive advantage in sustaining and improving asset values.

Changes in Rents and Vacancy Rates for Office Buildings for Lease



(Source) Prepared by the Asset Manager based on "Japan Office MarketView" by CBRE K.K.
(Note 1) Grade A buildings are buildings that are assessed by CBRE K.K. as being located either in well-established business districts or areas with high future potential mainly in Tokyo's five central wards, and generally are less than 15 years old, have a standard floor area of 500 tsubo or more, a total leasable area of 6,500 tsubo or more, and a total floor area of 10,000 tsubo or more.
(Note 2) Vacancy rates are as of December 31 of the relevant year, Assumed achievable rent (which includes common service charges but does not include incentives such as free rent period) is calculated as the average of the assumed achievable rent for the three-month periods from January through March, April through June, July through September, and October through December.
For 2026, Vacancy rates are as of June 30, Assumed achievable rent is calculated for the three-month periods from April through June.

Trend in the Urban Land Price Index (Average of All Uses)



(Source) Prepared by the Asset Manager based on "Urban Land Price Index" by Japan Real Estate Institute.
(Note) "Tokyo area" refers to the 31 municipalities, including the Tokyo wards area, that are built-up districts or suburban development districts under the Metropolitan Region Development Act (Act No. 83 of 1956. Including subsequent modifications). "Osaka area" refers to the 23 municipalities that are suburban development districts and built-up districts under the Kinki Region Development Act (Act No. 129 of 1963. Including subsequent modifications). "Nagoya area" refers to the 11 municipalities that are development districts under the Chubu Region Development and Improvement Act (Act No. 102 of 1966. Including subsequent modifications).

Market Conditions, Competitive Advantage and Strategy

MHR's Competitive Advantage and Investment Strategy

MHR aims to further enhance the profitability and asset value of its portfolio through growth created by making targeted investment in the "City," while paying close attention to the competitiveness of the "City" concentrating on central Tokyo, and on the portfolio's ability to create value.

MHR makes full use of the comprehensive strengths of Mori Building Group, the sponsor, in the establishment of portfolio and management and operation of owned assets as well as the improvement of asset value through regional development and area management, and such efforts have led to MHR's competitive advantage.

① Investment in central Tokyo
"Truly central and excellent location" even within central Tokyo

→ Even amidst Japan's declining population and changes in work styles including remote working, premium properties in central Tokyo that are "truly central" and in "excellent locations" are sure to capture office demand by functioning as headquarters

② Investing in premium properties
Property with excellent facilities, earthquake resistance and environmental performance

→ Premium properties with excellent facilities, high earthquake resistance, and environmental performance that offer excellent convenience, comfort, and safety will provide competitive advantages, regardless of economic trends or changes in work styles including remote working

③ Value creation
Value improvement through regional development and area management

→ Invest in properties that can be expected to further improve profitability and asset value by continuously developing over time alongside the entire region through excellent regional development and area management, instead of only focusing on the value of individual properties

① Investment in central Tokyo

MHR's portfolio consists mainly of properties located in "truly central and excellent locations" even within central Tokyo, and has the highest ratio of properties in central Tokyo among J-REITs on an acquisition price basis.

② Investing in premium properties

Consists of Premium properties with excellent facilities, high earthquake resistance, and environmental performance that offer excellent convenience, comfort, and safety (below are representative properties)

Property name	Gross floor area	Access from the nearest station	Number of shops & restaurants	Hotel (spa)	Conference Incubation Members' club	Cultural facility Observatory Interactive communication facility	Residential SA	Green coverage of the site
Roppongi Hills	793,165 m²	Connected to Roppongi Station	230	Grand Hyatt Tokyo (NAGOMI SPA AND FITNESS)	Roppongi Hills Club	Mori Art Museum Tokyo City View TOHO Cinemas	Roppongi Hills Residence	30.8%
Toranomon Hills	791,825 m²	Connected to Toranomon Hills Station	192	Hotel Toranomon Hills Andaz Tokyo (AO SPA AND CLUB)	Toranomon Hills Forum ARCH Toranomon Hills CIC Tokyo	TOKYO NODE	Toranomon Hills Residential Tower	30.5% (Mori Tower)
ARK Hills	360,609 m²	2-minute walk from Roppongi 1-chome Station	55	ANA InterContinental (THANN SANCTUARY SPA AKASAKA)	ARK Hills Club	Suntory Hall	ARK Towers	40.0%
Atago Green Hills	167,756 m²	3-minute walk from Onarimon Station	20	(Atago Green Hills SPA)	—	—	Atago Green Hills Forest Tower	53.6%

Market Conditions, Competitive Advantage and Strategy

MHR's Competitive Advantage and Investment Strategy

③ Value creation

MHR invests in properties that can be expected to further improve profitability and asset value by continuously developing over time alongside the entire region through excellent regional development and area management, instead of only focusing on the value of individual properties.

In the three Hills areas, namely "Roppongi Hills," "ARK Hills" and "Toranomon Hills" where MHR's properties are located as well as their surrounding areas, various development projects by Mori Building, the sponsor, are in progress.

Developments around MHR's properties
(Toranomon Hills area)

- With the addition of Toranomon Hills Station Tower (completed in 2023) following Toranomon Hills Mori Tower (completed in 2014), Toranomon Hills Business Tower (completed in 2020), and Toranomon Hills Residential Tower (completed in 2022), Toranomon Hills will expand to a total area of approx. 7.5 ha and a total floor area of approx. 800,000 m². It has become a unique urban complex integrating road, rail, and other transportation infrastructure, and continues to evolve into a true "International new urban center and a global business hub" with an impact comparable to that of Roppongi Hills.
- Toranomon Hills Station Tower (completed in July 2023) is a 49-story, approx. 266 m super-high-rise mixed-use tower with world-class offices on approx. 3,306m² floor plates, retail facilities that support the lives of sophisticated global decision makers, and hotels that are making their Tokyo debut. In addition, TOKYO NODE, an interactive communication base with halls, galleries, an infinity pool, restaurants, and other facilities, is on the top floors, forming a hub for bringing innovation to the world.

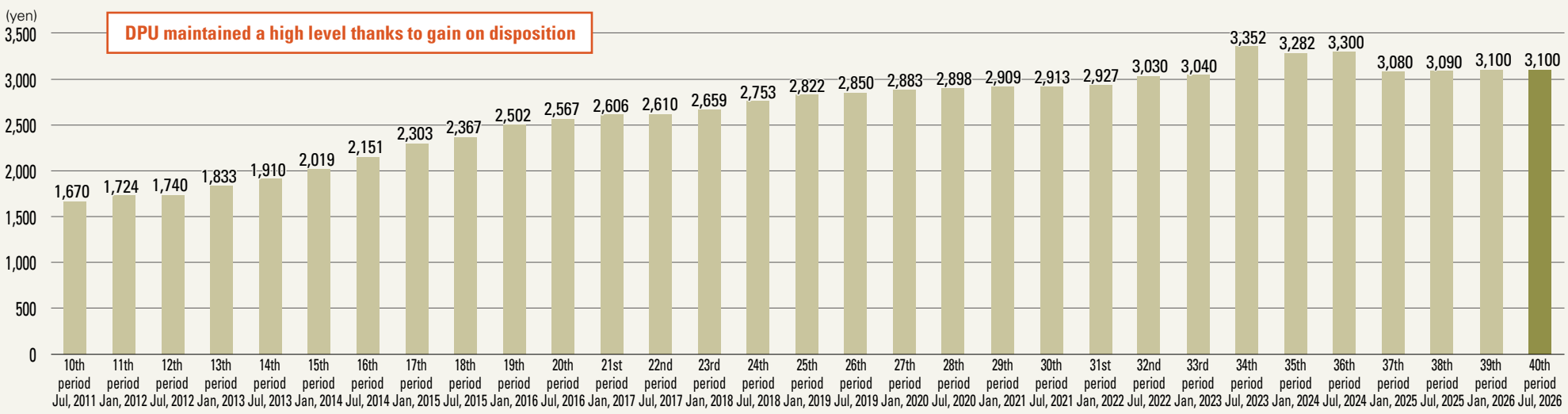
Development around MHR's properties
(Azabudai Hills area)

- Embracing the core concept of "Modern Urban Village", Azabudai Hills (opened on November 24, 2023) is becoming a "Green & Wellness" community, where people live harmoniously with nature and lead healthy and fulfilling lives. It covers an area of approx. 8.1 ha and features extensive landscaping totaling approx. 2.4 ha including a large central square of approx. 6,000 m² in the center of the city.
- Various city functions such as offices, residences, a hotel, an international school, retail facilities and cultural facilities are tightly integrated.
- Total floor area is approx. 861,700 m², with approx. 214,500 m² of office space, approx. 1,400 residential units. Approx. 20,000 office workers and approx. 30 million people per year are expected to visit.
- The office space will encourage free and creative work, with the entire Azabudai Hills area serving as one workplace.

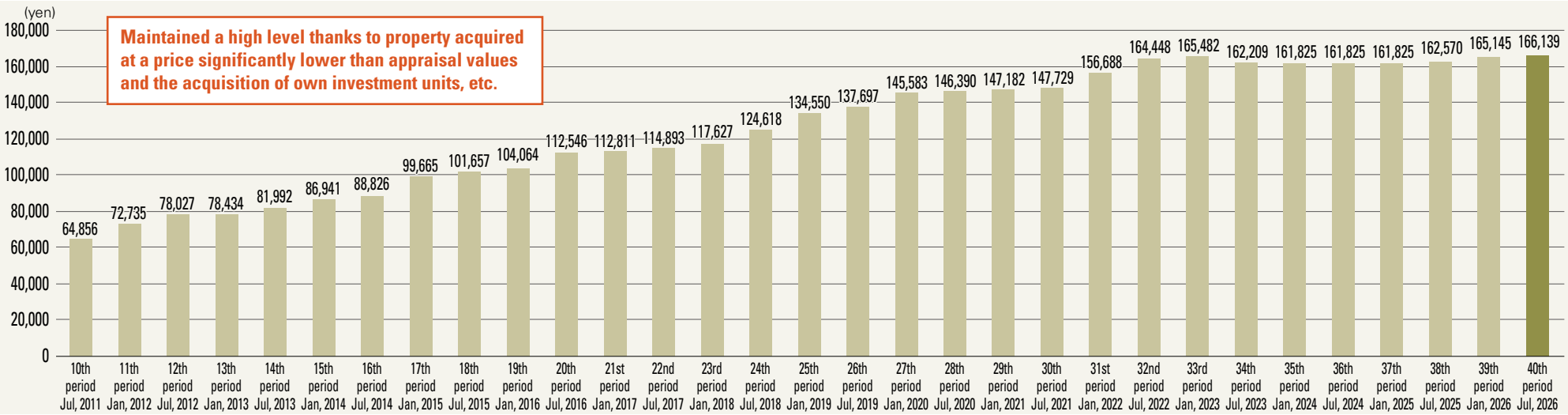
Financial and Non-Financial Highlights

Financial Highlights

Dividends per unit



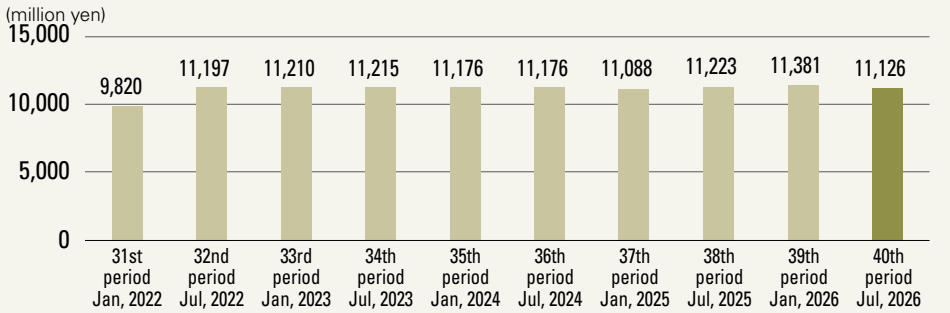
NAV per unit



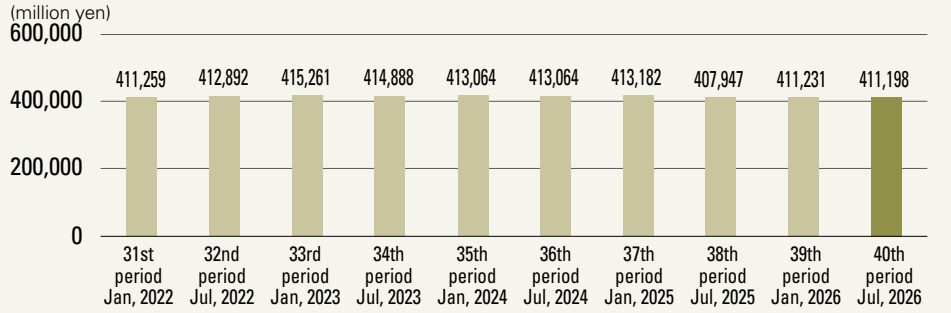
Financial and Non-Financial Highlights

Financial Highlights

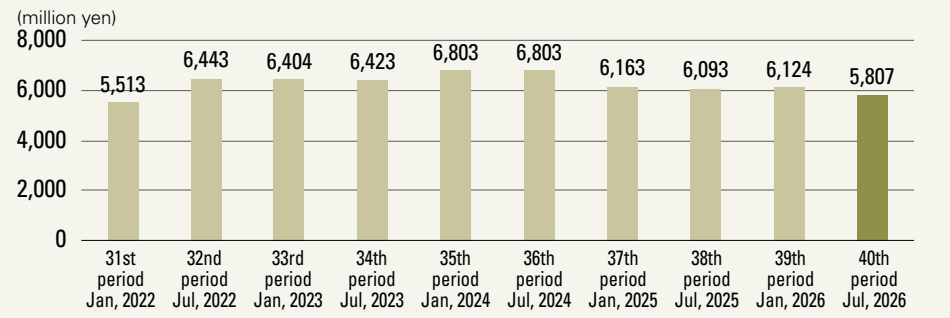
Operating revenues



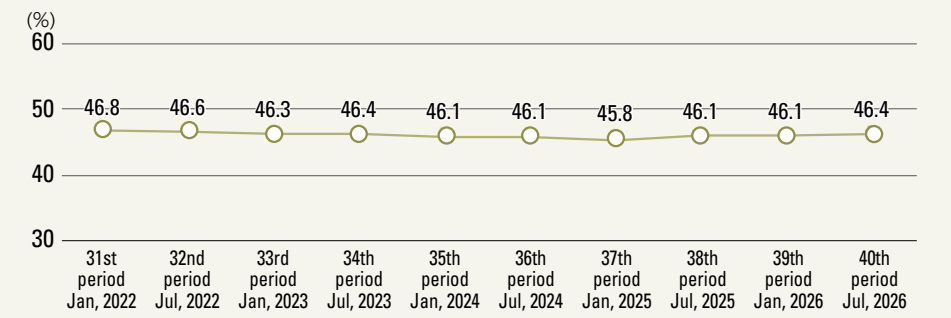
Total assets



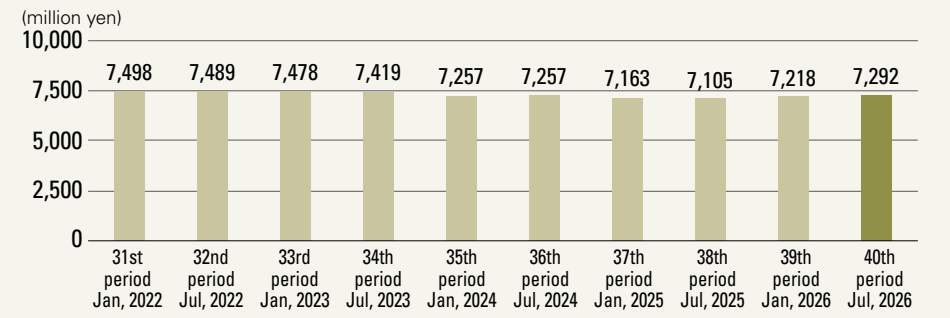
Net income



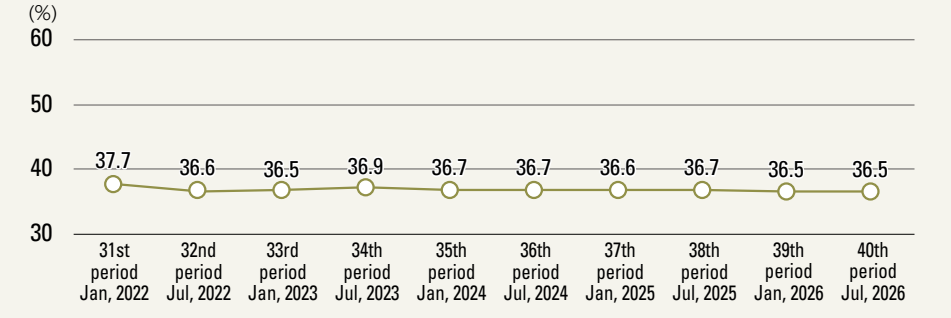
LTV (Book value basis)



NOI



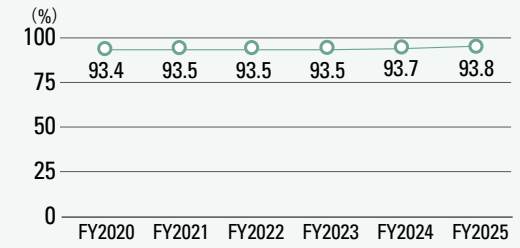
LTV (Appraisal value basis)



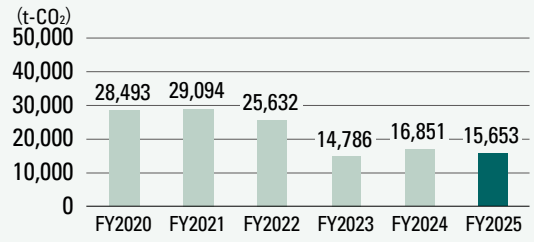
Financial and Non-Financial Highlights

Non-Financial Highlights

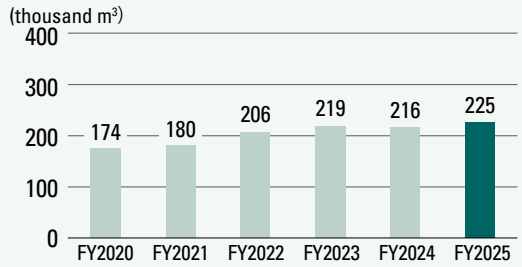
Green building certificates coverage ratio



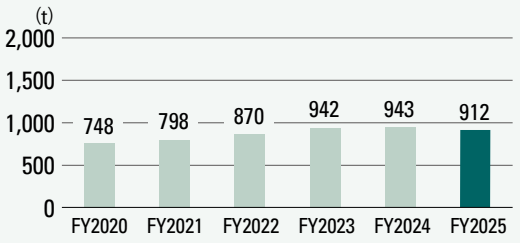
Greenhouse gas emissions (CO_2)



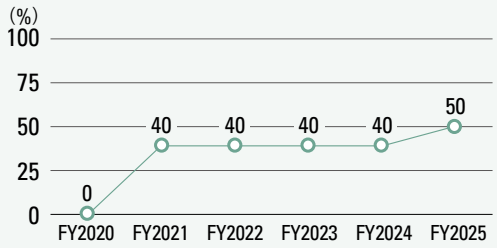
Water consumption



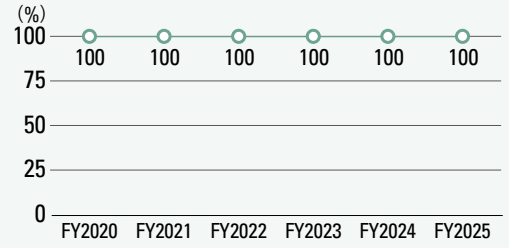
Waste Emission



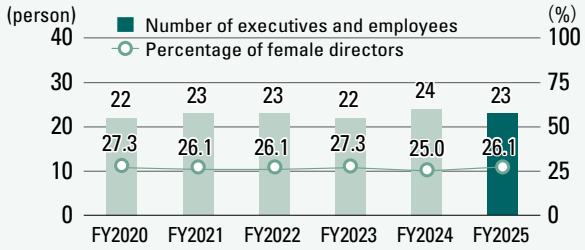
MHR:Percentage of female directors



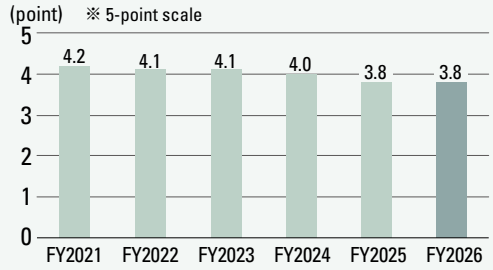
MHR:Attendance rate at the Board of Directors' Meeting



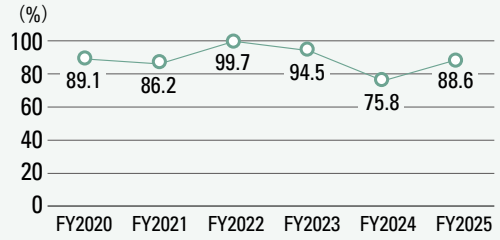
MIM:Number of executives and employees



MIM:Survey of employee satisfaction



MIM:Paid holiday acquisition rate



Risks and Opportunities

MHR acts appropriately by assessing highly important risks as well as implements initiatives towards the realization of continuous value creation and growth by regarding them as its business opportunities.

Risk items	Risk contents and impacts	Countermeasures against risks and opportunities
Risk of market fluctuation	● Risk of decrease in rental income due to the deterioration of real estate market conditions ● Risk of deterioration of financial standing due to the decline in asset value of owned real estate ● Risk of increase in fundraising costs due to the fluctuation of financial market	● Investment in "premium properties in central Tokyo" that can expect high profitability and asset value to be maintained regardless of the market environment ● Maintenance of strong financial standing and high financial ratings ● Acquisition of a strong sense of trust from unitholders due to the maintenance and improvement of profitability and asset value over the long term
Risk of population decline Risk of change in work style	● Risk of decline in office demand due to population decline and spread of remote work triggered by COVID-19	● Investment in "premium properties in central Tokyo" that can surely capture office demand by functioning as headquarters even amid population decline and the spread of remote work ● Securement of further competitive advantage through the provision of excellent management and operation meeting tenant needs, in addition to investments in "premium properties in central Tokyo" with excellent convenience, comfort and safety
Risk of aged-related deterioration of owned properties	● Risk of decline in tenant demand due to the aging of buildings	● Implementation of construction work for optimum maintenance of asset value based on Mori Building Group's management record over many years
Earthquake risk	● Risk of decrease in asset value, increase in repair costs and loss of rent during repair period due to the damage to buildings caused by earthquakes	● Investment in properties with low PML and excellent earthquake resistance ● Capturing of tenant demand by owning properties with high earthquake resistance and excellent BCP measures
Climate change risk	● Risk of decrease in asset value, increase in repair costs and loss of rent during repair period due to the damage to buildings caused by the intensification of abnormal weather attributable to climate change ● Risk of introduction of carbon tax due to the tightening of laws and regulations	● Investment in properties with excellent environmental performance, acquisition of green building certifications and promotion of reduction of greenhouse gas ● Investment in properties located in areas with low risk of flood ● Capturing of tenant demand by owning properties with low risk of climate change and excellent environmental performance
ESG-related risk	● Risk of decline in evaluation and increase in fundraising costs in the capital market for companies with low ESG ratings as a result of increasing interest in ESG	● Initiatives for the improvement of external evaluation of ESG, and proactive information dissemination ● Improvement of evaluation and decline in fundraising costs in the capital market as a company with high ratings on ESG
Risk related to human resources	● Risk of decline in performance of MHR due to the failure of securing and training talented personnel and enabling them to fully demonstrate their skills at MIM	● Setting of effective human resource development programs (evaluation and feedback, training system, support for qualification acquisition, etc.) ● Development of an excellent working environment where each employee can fully demonstrate their skills ● Implementation of employee satisfaction survey and continuous improvement of issues
Compliance-related risk	● Risk of loss of trust due to the violation of compliance in business execution	● Acquisition of a strong sense of trust from stakeholders by appropriately implementing measures such as the establishment of effective internal control, thorough compliance, and checking and improvement of issues through internal audit

Sustainability Management

Sustainability

Approach and System

Policy and Approach

Mori Hills REIT Investment Corporation (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.

Promotion of sustainability-related operations requires initiatives that involve the whole supply chain. We will pursue joint initiatives with various stakeholders while sharing a sense of values with them.

Sustainability Promotion System

Our 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 stimulating 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.

P51 Selection and Management Policies of the PM Company

Important ESG Issues (Materiality)

Materiality Identification Process

MHR identified areas of Materiality in 2020 through the following process. It referenced the Sustainable Development Goals (SDGs)*1 adopted by the UN in 2015 as global targets.

STEP 1 Issue Selection

Referring to the SDGs*1, ISO 26000*2, the GRI Standards*3, ESG evaluation organizations, and the GRESB evaluation criteria, etc., 56 issues were selected for consideration.

STEP 2 Issue Importance Evaluation

The issues selected in step 1 were then evaluated and prioritized through the two perspectives of "importance to MHR" and "importance to stakeholders," and a proposal of important issues (a critical issue matrix) was prepared.

STEP 3 Confirmation of Validity

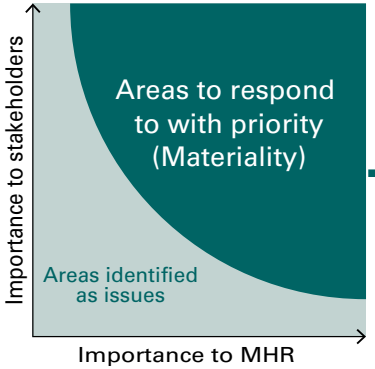
The validity of these proposed important issues was then confirmed by comparing them with important issues of other companies in the same industry, key indicators of ESG evaluation organizations, and the SASB*4 standards, in addition to exchanging options with external consultants.

STEP 4 Identification of Important Issues

Following deliberation concerning the validated proposed important issues at the Sustainability Committee established at MIM, important issues related to ESG were identified for MHR.

*1 The SDGs (Sustainable Development Goals) are 17 goals included in the Agenda 2030 for Sustainable Development which was adopted by the United Nations Sustainable Development Summit held in September 2015.
*2 ISO 26000 is an international standard for organizational social responsibility published in 2010 by the International Organization for Standardization (ISO).
*3 The GRI Standards is an international standard related to sustainability reporting established in 2016 by Global Reporting Initiative (GRI), an international non-profit organization.
*4 SASB (Sustainability Accounting Standards Board) is a U.S. non-governmental organization that proposes standards for sustainability information disclosure for companies. SASB develops sector-specific and industry-specific sustainability accounting standards (SASB standards) for companies for when they disclose sustainability information to investors.

Depiction of Evaluating the Importance of Issues (Critical Issue Matrix)



Issues with high importance have been designated as "areas to respond to with priority" and identified as Materiality
(See the next page for MHR's Materiality)

SDG Efforts

In order to further promote ESG-focused management, MHR has identified areas of Materiality to prioritize and made clear highly relevant SDG targets.

It aims to contribute to achieving a sustainable society by strengthening its response to SDG and other social issues while maintaining and improving its business competitiveness.

Important ESG Issues (Materiality)

MHR's Materiality

	Materiality	Main Initiatives	Main related SDGs	Related Information
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	7, 9, 11, 13	P28-35
	● Coexist with nature	● Promote greenery and take measures against heat island ● Protection of biodiversity	11, 15	P35 P38
	● Response to sustainability certifications	● Various initiatives to obtain Green Building certifications and make improvements ● Implement training regarding Green Building	7, 11, 12, 13	P26-27
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	3, 8, 11	P9 P45-46 P48-50
	● 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	5, 10	P40-41
	● Talent development	● Provide personnel evaluations and feedback from diverse perspectives including compliance and ESG initiatives ● Provide various course-based training and qualification acquisition systems	4, 8	P42-43
	● 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	3, 8	P44
	● Mutual communication with Stakeholders	(See P39 "Stakeholder Engagement")	17	P39
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	16	P55-61

KPIs/Targets

KPIs/Targets

MHR has identified key issues relating to ESG (Materiality) and set key performance indicators (KPIs) and targets for each issue.

By regularly tracking and analyzing our performance in relation to these targets and implementing any measures that are required, we aim to resolve issues with the goal of achieving a sustainable society while maximizing value for our investors in the medium to long term.

	Materiality	Item	Target	Information of Achievements
E Environment	Response to sustainability certifications	Green building certification	Maintain a certified property rate of 90% or more (by FY 2030, based on acquisition price)	Green Building Certification
	Reduce greenhouse gas emissions Promote energy saving at owned properties	Reduction in greenhouse gas emissions (vs. FY 2019)	(Medium-term) 50% reduction (by FY 2030, based on total amount) (Long-term) Net-Zero (by FY 2050, based on total amount)	Climate Change
	Use of renewable energy	Usage of renewable energy	(No quantitative target : item to be verified)	
	Coexist with nature	Green ratio (key facilities)	(No quantitative target : item to be verified)	Increasing Greenery and Biodiversity
	—	Reduction in water use (vs. FY 2013)	10% reduction (by FY 2030, based on intensity)	Resource Recycling (Water and Waste)
	—	Recycling rate	75% or more (by FY 2030)	
S Social	Talent development	Training hours Subsidy system for qualifications	(No quantitative target: item to be verified)	Initiatives with Employees
	Increase employee's satisfaction	Employee satisfaction survey (by third-party organizations)	Overall satisfaction level: 3.5 or more per year (max. = 5.0)	
	Promote diversity	Diversity-related training for all employees	Once every 2 years	
		Ratio of female managers	(No quantitative target : item to be verified)	
	Respect for human rights	Training on human rights, bullying, and harassment	Once every 2 years	
		Number of cases reported on labor issues, discrimination and harassment	(No quantitative target : item to be verified)	
	Promote a healthy and comfortable work environment and improve employee's work / life balance	Health check participation rate	100% every year	
		Paid leave usage rate	85% or more every year	
		Overtime hours	Less than 15 hours per month (annual average)	
	BCP measures (disaster prevention and building resilience)	Portfolio PML	(No quantitative target: item to be verified)	Initiatives with Tenants and Local Communities
		General disaster-readiness training	Twice a year	
	Tenants' health, comfort and convenience	Tenant satisfaction survey	Office: once every 2 years	
	Mutual communication with stakeholders	IR-Activities and HP external evaluation	(No quantitative target: item to be verified)	Initiatives with Investors
G Governance	Strive for fair and effective corporate governance	Ratio of female executives	Maintain 30% or more	Corporate Governance
		Board meeting attendance rate	(No quantitative target: item to be verified)	
	Adhere to compliance and corporate ethics	Compliance training	(No quantitative target: item to be verified)	Compliance and Corporate Ethics
		Number of cases of exposure related to fraud and corruption	(No quantitative target: item to be verified)	
		Number of cases of whistleblowing	(No quantitative target: item to be verified)	

External Assessment

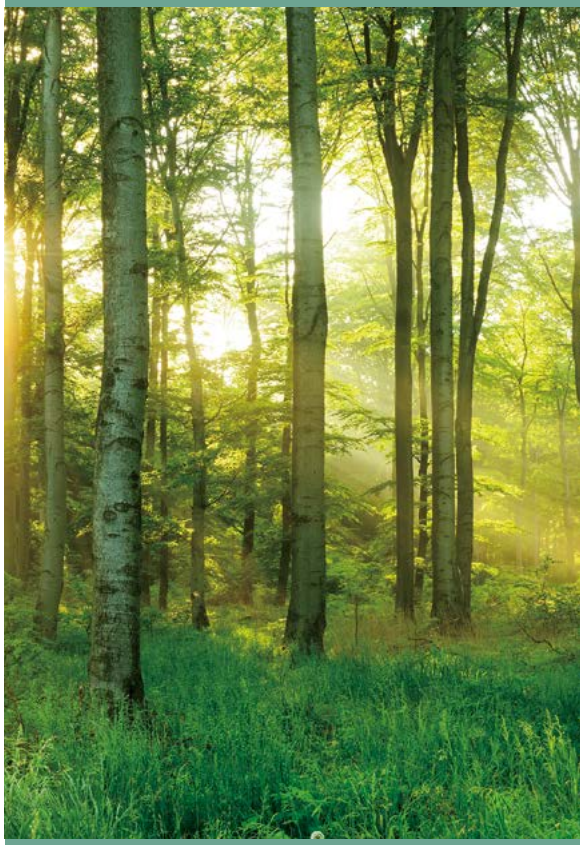
GRESB

Acquired an evaluation of "3 Stars" in GRESB Rating

In the 2026 GRESB Real Estate Assessment, MHR received a "3 Stars" designation in the GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won a "Green Star" designation for the fifteen 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).

Environment Initiatives



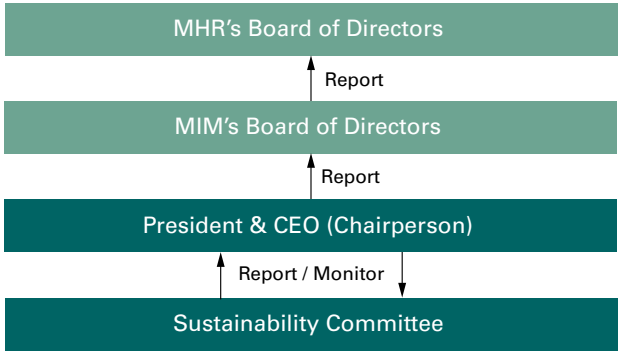
Environment

Environment Management System (EMS)

In order to move toward the realization of a sustainable society, MIM builds and operates its own Environmental Management System (EMS) to continuously address various environmental issues.

MIM operates and reviews EMS through the "Sustainability Committee" which is responsible for planning, framing, promotion and management of sustainability initiatives in general.

Organizational chart of Sustainability Promotion

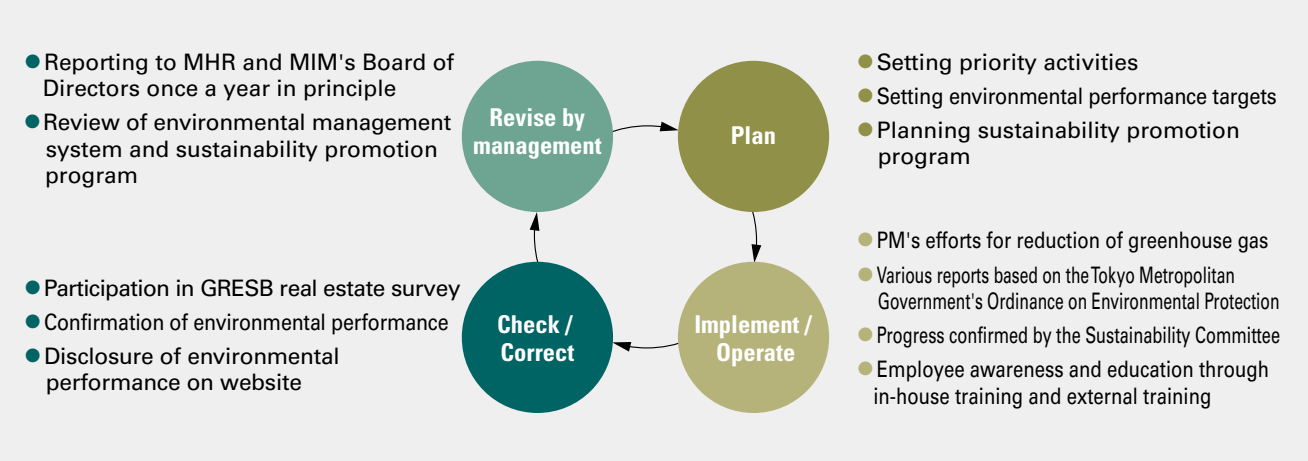


Outline of Environmental Management System

Environment Management System

1-1. Company Mission and Environmental Policy and Position
2-1. Purpose and Operation of Environmental Management System (EMS)
2-2. Sustainability Promotion System
3-1. Priority Activities and Environmental Performance Targets
3-2. Sustainability Promotion Program
4-1. Talent Development/Capacity Development
4-2. Communication with Inside and Outside
5-1. Monitoring/Measuring/Analyzing and Recording of Environmental Performance
5-2. Review of Sustainability Promotion Program and EMS

Conceptual diagram of PDCA cycle



Green Building Certification

Policy and Approach

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.

MIM has established the following objectives and is taking action to acquire Green Building Certifications.

Objective and Performance of Green Building Certificates Coverage Ratio

Maintain a certified property rate of 90% or more
(by FY 2030, based on acquisition price)

Performance
(As of July 31, 2026)
93.8%
(in acquisition price)

Performance (reference)
(As of July 31, 2026)
84.5%
(in leasable floor area)
80.0%
(in number of properties : 8/10 properties)

* Excluding Laforet Harajuku (Land)

Green Building Certification

Acquisition of Highest Rank in CASBEE Real Estate Certification System

The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) was established under the leadership of the Ministry of Land, Infrastructure, Transport and Tourism to appropriately identify and evaluate profit-oriented real estate such as office buildings which are well managed and have high environmental performance and value.

CASBEE Real Estate Certification System evaluates five categories, namely “energy and greenhouse gases,” “water,” “resource use and safety,” “biodiversity and site” and “indoor environment,” considering indices that are common around the globe such as LEED, an international environmental certification system.

MHR acquired rank S (the highest rank) ratings for Roppongi Hills Mori Tower, ARK Mori Building, Toranomon Hills Mori Tower, Atago Green Hills MORI Tower, Holland Hills Mori Tower and Koraku Mori Building and a rank A (the second highest rank) ratings for Akasaka Tameike Tower.

Acquired Highest Rank in DBJ Green Building Certification

DBJ Green Building Certification Program was launched by DBJ in April 2011 for the purpose of supporting the properties which give proper care to the environment and society (Green Building).

The program evaluates, certifies and supports properties which are required by society and the economy. It makes comprehensive assessment of properties, while evaluating various factors which range from properties’ environmental features to their communication with stakeholders, such as disaster prevention and proper care for surrounding communities.

ARK Hills South Tower

ARK Hills South Tower acquired certification ranking of “Properties with The best class environmental & social awareness,” the highest rank.

CASBEE-Certified Portfolio Buildings

CASBEE Rank S ★★★★★

Roppongi Hills Mori Tower

ARK Mori Building

Toranomon Hills Mori Tower

Atago Green Hills MORI Tower

Holland Hills Mori Tower

Koraku Mori Building

CASBEE Rank A ★★★★

Akasaka Tameike Tower

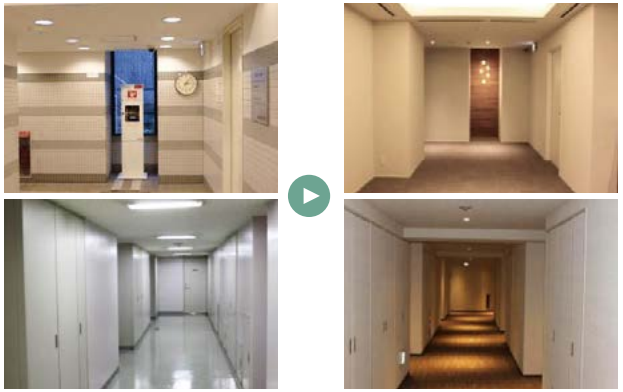
Green Building Certification

Approach to Green Building of Uncertified Properties

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

Green Building Training and Qualifications

MIM regularly conducts training for all employees to improve knowledge and understanding of green buildings.

Furthermore, MIM encourages its employees to take the following qualifications and lecture classes and assists with the expenses in order to improve the management's ability to help society mitigate the current burdens being placed on the environment.

- CASBEE-AP for Real Estate
- Energy Management Seminar on the Energy Saving Law
- Introductory Seminar of “Tokyo Cap-and-Trade Program” for Newly Assigned Managers and Members in Charge

Climate Change

Policy and Approach

Greenhouse gas emissions have been increasing steadily and it is believed that global warming will affect long-term changes to the climate and in fact is already causing various types of abnormal weather.

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 CO_2 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.

Objective and Performance of Reduction in Greenhouse Gas Emissions

Long-term target (FY 2050) **Net-zero**

Medium-term target (FY 2030) **50%** reduction (total amount basis : vs FY 2019)

Performance (FY 2025)

49.9% reduction (total amount basis : vs FY 2019)

External Initiatives

The Japan Climate Initiative (JCI)

Mori Building Investment Management Co., Ltd. (MIM), which is MHR's asset management company, joined the Japan Climate Initiative (JCI) in October 2020, supporting its founding declaration. As a member of JCI, MIM aims to realize the decarbonized society envisioned by the Paris Agreement by taking in the experiences of companies, local governments, and others who have implemented climate change initiatives with a pioneering spirit and putting them into practice.

Investment Management Association of Japan (IMAJ)

IMAJ, of which MIM is a member, formulated the Asset Management Business Declaration 2020, which states that its social mission is to support the realization of a sustainable society with a high quality of life while addressing social issues such as climate change through investment activities. MIM's views are aligned with those of IMAJ, and we are striving to tackle climate change by investing in and operating environmentally friendly real estate.

Support for / Response to the TCFD Recommendations

MIM announced in May 2020 its support for the recommendations issued in June 2017 by TCFD (The Financial Stability Board's Task Force on Climate-related Financial Disclosures), which was established by The Financial Stability Board (FSB).

MIM will press ahead with risk management and initiatives for climate change based on the recommendations and carry out information disclosure.

TCFD-Based Information Disclosure Table

TCFD Recommendation Summary		MHR's Disclosed Information & Location
[Governance] Disclose the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities	P6 Message from the Management P20 Sustainability Management P30 Governance -Promotion and Supervisory System-
	Describe management's role in assessing and managing climate-related risks and opportunities	
[Strategy] Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	P31-33 Strategy -Climate-Related Scenario Analysis-
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
[Risk Management] Disclose how the organization identifies, assesses, and manages climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks	P20 Sustainability Management P30 Risk Management -Climate Change Risk Management-
	Describe the organization's processes for managing climate-related risks	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
[Metrics and Targets] Disclose the metrics and targets used to assess and manage climate-related risks and opportunities	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	P26 Objective and Performance of Green Building Certificates Coverage Ratio P28 Objective and Performance of Reduction in Greenhouse Gas Emissions
	Disclose Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and the related risks	P29 Carbon Dioxide Emission and Intensity
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	P26 Objective and Performance of Green Building Certificates Coverage Ratio P28 Objective and Performance of Reduction in Greenhouse Gas Emissions

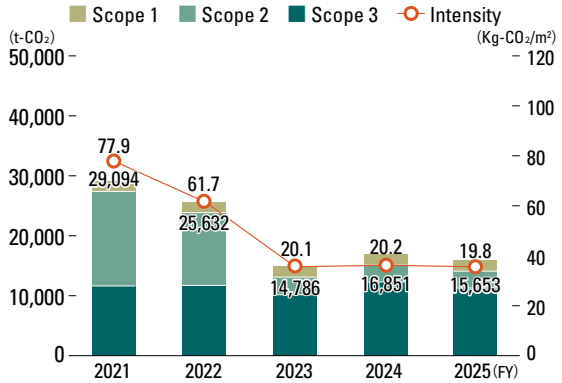
Climate Change

Indicators and Targets -Reduction in Greenhouse Gas Emissions-

MHR revised its targets in June 2022 to promote further reduction.
We aim to reduce CO_2 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.

Carbon Dioxide Emission and Intensity

Figures, with certain exceptions, are verified and validated by an independent third party. Scope 1 is entirely CO_2.
[Boundary] Offices of MHR and MIM and properties owned by MHR (Cover rate: See the table below)

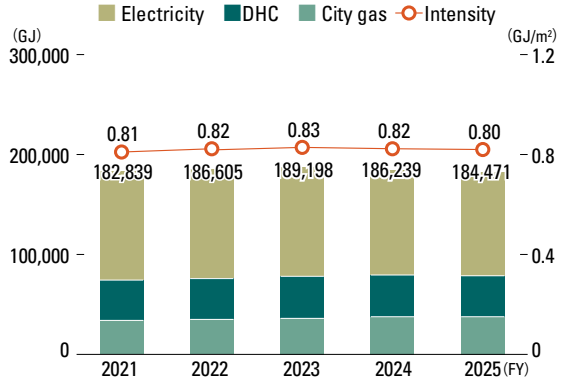


	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1 (t-CO_2)	1,696	1,755	1,667	1,743	1,818
Scope 2 (t-CO_2)	15,770	12,145	2,866	2,810	2,739
Scope 3 (t-CO_2)	11,627	11,732	10,252	12,297	11,096
Intensity (Kg-CO_2/m^2)	77.9	61.7	20.1	20.2	19.8
Verification / Guarantee rate (%)	78.2	78.3	78.3	78.3	78.7
Cover rate (%)	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.
* For Scope 3, the calculation target was expanded in accordance with the above manual starting in FY 2020. The figures for FY 2019 and before were changed in accordance with the new standard.

Energy Usage and Intensity

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



	FY2021	FY2022	FY2023	FY2024	FY2025
Electricity (GJ)	108,503	110,368	110,372	106,050	105,233
DHC (GJ)	40,318	41,039	42,380	42,089	40,260
City gas (GJ)	34,016	35,197	36,445	38,099	38,978
Intensity (GJ/m^2)	0.81	0.82	0.83	0.82	0.80
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

* The energy usage of city gas is calculated by multiplying the amount of city gas used by the unit calorific value specified in the "Manual for Calculating and Reporting Greenhouse Gas Emissions" by the Ministry of the Environment and the Ministry of Economy,Trade and Industry.
Also, intensity is calculated by dividing the energy usage by the calculated total floor area.

Scope 3 Emissions by Category

[Boundary] Offices of MHR and MIM and properties owned by MHR

(Unit : t-CO_2)

Category	FY2021	FY2022	FY2023	FY2024	FY2025
1. Purchased goods & services	2,833	3,322	3,345	3,407	3,604
2. Capital goods	4,479	3,955	2,347	4,421	3,082
3. Fuel-and-energy-related activities (not included in scope1 or scope2)	3,770	3,842	3,901	3,828	3,763
4. Upstream transportation & distribution	0	0	0	0	0
5. Waste generated in operations	537	604	651	633	637
6. Business travel	0	0	0	0	1
7. Employee commuting	6	6	6	6	5

* Calculated based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain" by the Ministry for the Environment.
In the case of categories not included above, either there is no emission source, or they were included in the calculations for Scope 1 and 2.

Climate Change

Governance -Promotion and Supervisory System-

As to initiatives concerning climate change, the Sustainability Committee established at MIM plays a central role in conducting risk management, drawing up policies and programs, monitoring progress and such.

The Sustainability Committee, chaired and supervised by the president of the asset manager and comprised of all general managers and some planning department staff, aims to promote company-wide measures.

In principle, the Board of Directors of MHR and MIM receive reports on risk management and progress status of programs concerning climate change from the Sustainability Committee once a year, and together they supervise all risks by reviewing the effects of risk management processes and giving directions for new actions as necessary.

Matters reported at the Board of Directors

MHR's Board of Directors (at its third meeting in the fiscal period ending January 2026) and MIM's Board of Directors (at its seventh meeting in FY 2025) reported on the results of ESG evaluations conducted by external organizations and GHG reduction targets, and discussed future measures.

Risk Management -Climate Change Risk Management-

MHR has established a project team for climate change-related risks led by the President & CEO of MIM as a management structure independent from company-wide risk management, and the top leadership takes it upon themselves to actively supervise the entire company with a broad, long-term perspective.

After supporting the TCFD's May 2020 recommendations, we once again identified the risks and opportunities for MHR presented by climate change. That fall, along with grasping the impact of those risks and opportunities on the business of MHR and MIM, we analyzed scenarios to see whether we needed to revise our strategy, and exposed particularly important risks based on likelihood, timing and financial impact assessment.

Based on the results of this analysis, the Sustainability Committee will formulate plans and programs and monitor progress to step up current measures.

Internal Carbon Pricing

We have set an internal carbon price (10,000 yen/t-CO_2) that we use as a reference for investment decisions and energy-saving construction and that connects to preventing global warming and climate change.

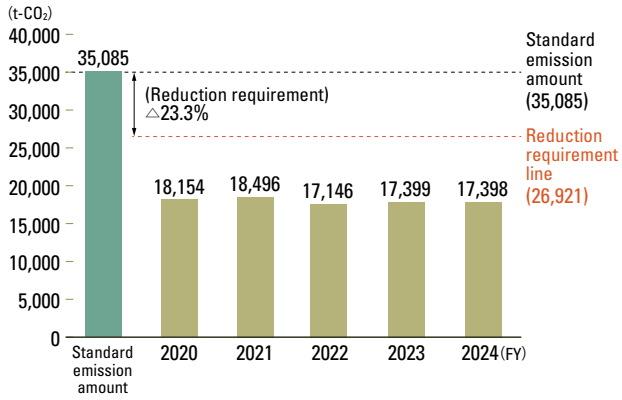
When considering investing in a new property, we apply our internal carbon price to the property's CO_2 emissions to calculate income and expenditure and use this as a reference for appraisal and investment decisions.

Furthermore, when the amount of CO_2 emissions reduced by energy-saving renovations (HVAC replacement, LED conversion, etc.) is clear, we apply our internal carbon price to that amount as a reference to decide whether to undertake these renovations.

Adaptation to Public Policy/ Regulations

MHR and MIM support the climate change policies established by Tokyo Metropolitan Government for Tokyo where our offices and the properties owned by MHR are located, and we are working to reduce greenhouse gases based on the Environment Ordinance to Ensure Tokyo Citizens' Health and Safety.

Adaptation to Public Policy/Regulations



* Aggregate figures for offices obliged to reduce emissions under the Tokyo Government's Cap-and-Trade Program, which makes it mandatory for large-scale facilities to reduce their greenhouse gas emissions (this applies to all office properties except Holland Hills Mori Tower).
For some of the owned properties, the figure was calculated by multiplying the total by the proportion for which MHR holds ownership rights.

Climate Change

Strategy -Climate-Related Scenario Analysis-

Objectives of Scenario Analysis

The objectives are to grasp the future risks and opportunities for MHR and MIM presented by climate change-related extreme weather and heightened social demands for climate change countermeasures as well as to verify the effectiveness of current climate change countermeasures and, as needed, utilize them in formulating future strategies.

In accordance with the TCFD's recommendations, we have analyzed both the 2°C and 4°C scenarios, aiming to ensure resilience in varying weather conditions and social environments and achieve sustainable business growth.

Analysis Scope and Preconditions

[Region]
Limited to central Tokyo where MHR's investment properties are located
[Scope] Entire supply chain from fundraising and property acquisition to tenant management
[Period] Now to 2050 (medium-term: 2026-2030, long-term: 2031-2050)

Main Scenarios

[2°C scenario]
RCP2.6 (IPCC AR5)、IEA SDS (IEA WEO2019 and 2020)
[4°C scenario]
RCP8.5 (IPCC AR5)、IEA STEPS (IEA WEO2019 and 2020)

*IPCC AR5: Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change
IEA: International Energy Agency SDS: Sustainable Development Scenario
STEPS: Stated Policy Scenario WEO: World Energy Outlook

Analysis Procedure

1. Discuss the climate-related risks and opportunities mapped out by the TCFD and identify factors likely to significantly impact the business of MHR and MIM
2. Map out and grasp the 2°C and 4°C scenarios based on adopted scenario forecasts for the risks and opportunities identified in 1
3. Calculate the financial impact of the forecasts in 2 on MHR and MIM (qualitative analysis where lack of information makes quantitative calculation difficult)
4. Consider measures based on the results of 3

Risk type	Driving Forces	Risks	Financial Impact and Period Maximizing		Opportunities and Countermeasures	Reference Information
			2°C Scenario	4°C Scenario		
Transition risks	● Increased pricing on GHG emissions	**Increased carbon tax burden** ● Taxation on owned properties for their GHG emissions due to carbon tax	Medium Long-term	—	**Reduce GHG emissions** ● Increase percentage of renewable energy ● Introduce energy-saving equipment and energy management system	P34-35 Promotion of Energy Saving
	● Mandates on and regulation of existing products and services	**Increased investment in repair work and facilities to respond to regulations** ● Strengthening of standards for energy conservation (zero-energy building, ZEB) of buildings and introduction of regulations on total emissions	Small Medium-term	Small Medium-term	**Reduce utility costs** ● Renovation to meet building energy-saving standards (ZEB) ● Invest in facilities	P34-35 Promotion of Energy Saving
	● Substitution of existing products and services with low-carbon options ● Changing consumer behavior and preferences	**Reduced demand for properties that perform poorly in energy conservation** ● Increased number of tenants who emphasize energy conservation due to increased environmental awareness	Small Long-term	Small Long-term	**Increased demand for highly energy-saving properties** ● Acquire Green Building Certifications ● Disclose environmental performance information	P26-27 Green Building Certification
	● Increased stakeholder concerns or negative feedback	**Increases in fund-raising costs** ● Buildings that do not save much energy lose value as ESG investors multiply	Small Long-term	Small Long-term	**Lower fundraising costs** ● Increase ESG evaluation rating ● Conduct green financing	—
Physical risks	● Increased severity of extreme weather events such as typhoons and floods	**Increases in repair costs for damages to owned properties and degradation of existing assets** ● Damage and destruction to owned properties due to typhoons or floods	Small Long-term	Small Long-term	● Own highly resilient properties ● Take appropriate measures based on flood risk assessment	—
	● Rising mean temperatures	**Increases in utility costs** ● Increases in utility costs	Small Long-term	Small Long-term	● Introduce energy-saving technology and increase the green ratio ● Work with tenants to save energy	P34-35 Promotion of Energy Saving/Promotion of Greenery and Heat Island Measures

Climate Change

2°C Scenario World: Low-Carbon Society (as of 2050)

Analysis Results

The 2°C scenario presents significant transition risks particularly if Japan introduces a high carbon tax to reduce CO_2 emissions and MHR's property management costs increase due to taxes on properties' CO_2 emissions and renovations to meet stricter energy-saving standards and other environmental regulations. Stricter regulations will also impact tenants' office selection, reducing demand for properties that save less energy than their peers. Furthermore, if we own a large number of such properties, the cost to raise funds from investors and lenders could also increase.

In preparation for a transition to the low-carbon society of the 2°C scenario and its accompanying risks, MHR has mainly acquired its portfolio of highly energy-saving properties and those with high-level green building certifications to maintain competitiveness, and actively updates facilities on a continuous basis, so we deem these risks to have a limited impact on business.

Weather

Generally, stay the same

- Little change in typhoon frequency
- Little change in Japan's flood frequency
- Slight rise in utility fees due to temperature increase

Government

Aggressive climate change policy

- Introduction of high carbon tax
- More government promotion of ZEBs, stricter energy-saving standards

Investors / lenders

Increased ESG investment / lending

- Demand for more corporate ESG reporting
- Lower fundraising costs for owners of highly energy-saving properties

MHR

Limited increase in energy-saving investment

- Some increase in investment to meet energy-saving standards but limited
- Increase in carbon tax burden
- Steady demand for highly energy-saving properties

Clients (tenants)

Focus on energy saving in office selection

- More tenant demand for highly energy-saving properties

Climate Change

4°C Scenario World: Intensification of Natural Disasters (as of 2050)

Analysis Results

The 4°C scenario forecasts increased renovation costs due to intensifying extreme weather and increased utility costs due to higher average temperatures.
Because MHR invests in highly energy-saving, resilient properties located in areas with low flood risk, we deem these risks to have a limited impact on business.

Weather

Increase in extreme weather frequency

- Increase in strong typhoon frequency
- Doubling of Japan's flood frequency, increase in risk of property flooding
- Rise in utility fees due to temperature increase

Government

Passive climate change policy

- No introduction of additional carbon tax
- Limited government promotion of ZEBs, energy-saving standards

Investors / lenders

Increase in importance of physical risk

- Little change in demand for corporate ESG reporting
- Lower fundraising costs for owners of highly resilient properties

MHR

Limited natural disaster countermeasures / energy-saving investment

- Some property repair costs, operating loss, etc. but limited
- Limited investment to meet energy-saving standards
- Steady demand for highly resilient properties

Clients (tenants)

Focus on disaster response in office selection

- More tenant demand for highly resilient properties

Climate Change

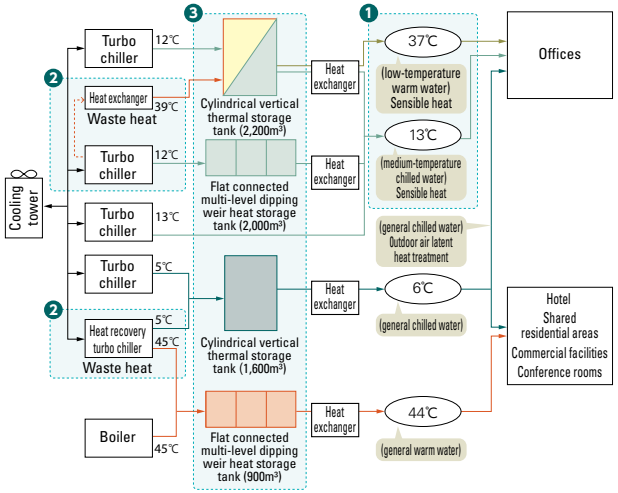
Promotion of Energy Saving

Introduction of Energy Saving Technologies

● High-efficiency Air-conditioning System LOBAS

LOBAS (Low-carbon Building and Area Sustainability) is an air conditioning system that optimally combines multiple energy-conserving technologies, including the use of medium-temperature chilled water and low-temperature warm water, and heat collection using heat pumps (turbo chillers).

Based on an electrical system, it is expected to conserve energy by approximately 40% compared to conventional methods.



❶ Air-conditioning system using medium-temperature chilled and low-temperature warm water
Air-conditioning method separating sensible heat and latent heat treatment using 13°C medium-temperature chilled water and 37°C low-temperature warm water.

❷ Heat recovery heat source system
Use of waste heat from the turbo refrigerator cooling water, and adoption of heat recovery turbo chillers.

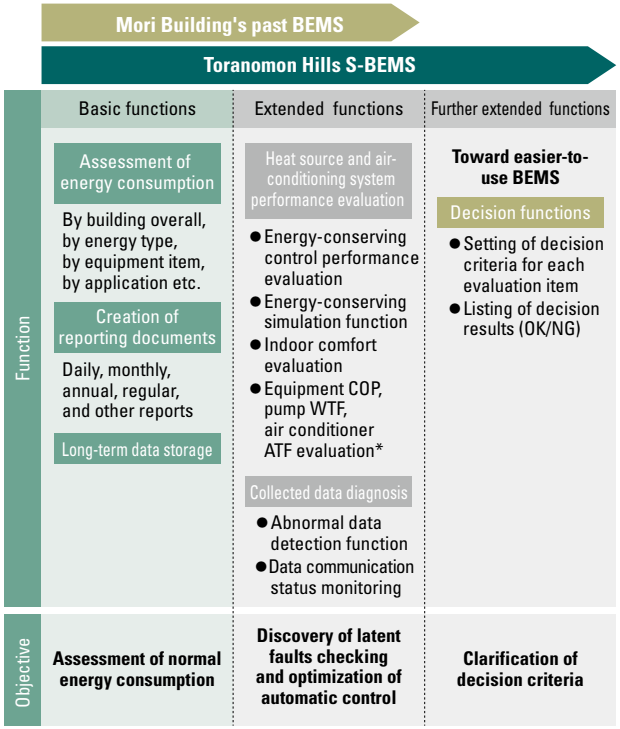
❸ Large-scale thermal storage tank system
Combination of a large-depth (approximately 30m) cylindrical vertical thermal storage tank and a flat connected multi-level dipping weir heat storage tank (6,700m³ in total)

● Building Energy Management System

Building Energy Management System (BEMS) is a system that enables energy-conserving operations by assessing energy usage conditions and indoor environments in buildings. Energy usage conditions are checked in real time through centralized management. Accumulating and analyzing data also enables the elimination of excess and wasteful use of energy.

At Toranomon Hills Mori Tower, MB has implemented Smart-BEMS (S-BEMS) which, in addition to existing functions, has functions for clarifying criteria for determining normal and abnormal measured values, further increasing the efficiency of data analysis.

Comparison of BEMS and S-BEMS



* COP : Coefficient of Performance WTF : Water Transportation Factor
ATF : Air Transportation Factor

● Switching Grid Lighting to LED

At buildings adopting grid ceiling lighting fixtures, MHR has a method for leaving the lighting fixtures and changing only the light sources to LED, for the purpose of improving energy conservation performance, prolonging equipment life, and conserving resources.

This removes the need for ancillary work (restoration work and removal of sprinkler heads, air outlets, emergency lighting, sensors etc.) when changing light sources, greatly simplifying construction and conserving resources.

MHR is also undertaking the switch to LEDs at Roppongi Hills Mori Tower, ARK Mori Building, and other buildings.

❶ Existing fixtures (fluorescent lights)

❷ Lamps, ballasts etc.

❸ Installation of LED units

❹ Attach louver, switch to LED

Building Management System to Measure Energy Efficiency

MHR has introduced a system that measures and manages energy efficiency by measuring and monitoring energy usage at all office properties it owns.

Climate Change

Green Lease

Tenant's energy consumption through the usage of air conditioning, lighting, etc. has a considerable impact on an office building's environmental performance.

Close collaboration with our tenants is a key factor in achieving optimal energy efficiency.

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 draw specific measures for conservation of energy, 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.

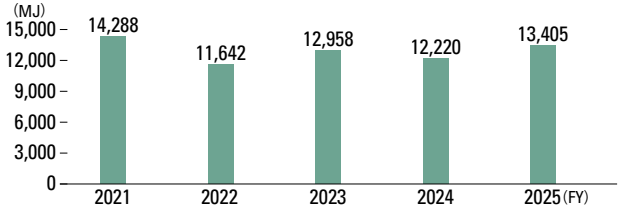
MHR is gradually expanding this approach since the introduction of the first green lease in ARK Hills South Tower.

Transition of Green Power Generation

As part of measures against global warming, solar power generation systems have been installed at Roppongi Hills and Toranomon Hills for effective use of unused and natural energy.

The power generated is used in lighting, etc. within the facilities. Note that the disclosed figures from FY 2022 to FY 2024 are lower than the actual level due to a system failure that caused some data to be unable to be obtained.

Change in Renewable Energy-Based Power Generation



Promotion of Greenery and Heat Island Measures

As part of initiatives to adapt to climate change, MHR has promoted greenery.

MHR aims to increase the "green ratio" by proactively undertaking the landscaping of open spaces and rooftops.

Mohri Garden at Roppongi Hills

The roof top of Suntory Hall at ARK Hills

Green Ratio of Major Development Projects (2025)

Name	Completion	Green ratio (%)
ARK Hills	1986	40.0
Atago Green Hills	2001	53.6
Roppongi Hills*2	2003	30.8
Toranomon Hills Mori Tower	2014	30.5
(Reference) All of Minato-ku*1		22.6

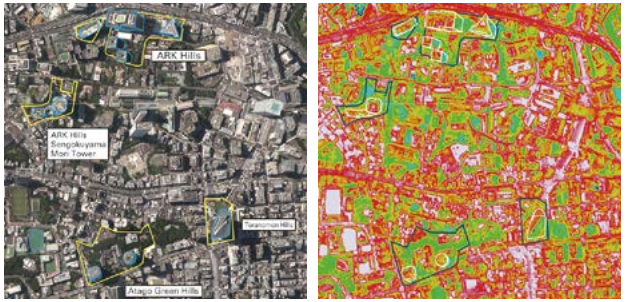
*1 Source: Minato City Green Survey (10th Report), issued March 2022
*2 Figures for FY2024

Heat Island Measures

Spaces where trees have been planted have various elements that provide coolness, such as the water-retention effect of the ground supporting the trees, transpiration of the leaves and shading from direct sunlight.

It is said that these spaces help to relieve the heat island phenomenon.

Thermal images from aerial photographs clearly show this effect as MHR-owned properties such as Roppongi Hills, ARK Hills and Atago Green Hills have more "blue areas" that represent a lower surface temperature than their surroundings due to having many plants on site.



ARK Hills/ARK Hills Sengokuyama Mori Tower/Toranomon Hills/Atago Green Hills

Roppongi Hills

(Photo By Skymap Co., Ltd.)

Resource Recycling (Water and Waste)

Policy and Approach

Depletion of water and various resources and the environmental impact caused by waste is a problem that is growing in concert with the worldwide population increase and economic development. Moreover, pollution of soil, water quality and the air caused by chemical substances is becoming an increasingly important social issue.

Ignoring these matters will jeopardize the welfare of people as well as social capital, and will lead to the loss of society's trust in the companies from which the causes originate.

Therefore, we believe that it is the company's responsibility to take initiative.

MHR and MIM promote the 3R activities (reduce, reuse and recycle) for water resources, waste, materials and such to reduce the burden on the environment.

We aim for the formation of recycling-oriented cities as well as observe environment-related laws and regulations, and thorough measures against pollution.

Effective Use of Water Resources

We are targeting a 10% reduction by FY 2030 in water consumption intensity for the total calculated floor area of MHR and MIM's offices and properties owned by MHR (with FY 2013 as the baseline year). The amount of water consumption decreased temporarily from FY 2020 to FY 2021 due to the decline flow of people as a result of the spread of COVID-19.

Objective and Performance of Reduction in Water Use

Long-range objective (FY 2030): **10%** reduction (intensity basis : vs FY 2013)

Performance (FY 2025): **19.1%** reduction (intensity basis : vs FY 2013)

* According to "Aqueduct 3.0 Country Rankings" by World Resources Institute (WRI), the Tokyo area, where MHR's properties are located, has baseline water stress (BWS) of less than 40% and is not categorized as an area with high water stress.

Adoption of Water-Efficient Equipment

We are working to reduce our water consumption by introducing water-efficient equipment when carrying out upgrading work at office properties owned by MHR. Water-efficient toilets (6 L per flush) were also installed in the washrooms at Toranomon Hills Mori Tower at the time of construction.

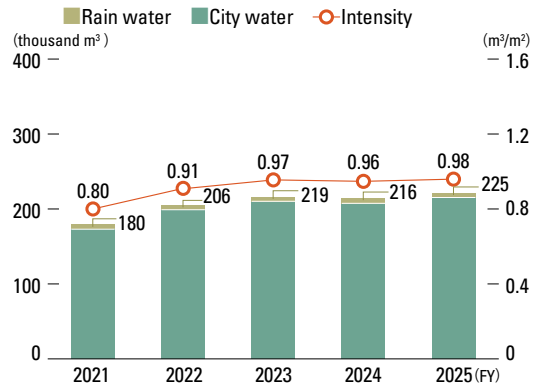
Use of Rain water and Gray water

MHR has promoted effective use of water resources at properties it owns by storing and recycling rain water collected from buildings throughout the area.

MHR also uses waste water (non-sewage and relatively low contamination) as gray water (non-drinkable for general use) such as flush water for toilets and other applications for effective use of water resources.

- The number of properties using rain water and gray water: 6 properties
- Properties with use of rain water and gray water as a percentage of all owned properties: 77% based on acquisition price

Trends of Water Intake Data and Intensity
[Boundary] Offices of MHR and MIM and some properties owned by MHR



	FY2021	FY2022	FY2023	FY2024	FY2025
Rain water (thousand m³)	6	6	6	7	6
City water (thousand m³)	173	199	211	208	218
Intensity (m³/m²)	0.80	0.91	0.97	0.96	0.98
Cover rate (%)	88.0	88.1	88.1	88.1	88.2
Gray water (thousand m³)	29	37	39	34	46

* Intensity is calculated by dividing the amount of water use by the calculated total floor area.

Resource Recycling (Water and Waste)

Promotion of Recycling

3R in Managing Office Building

MHR's properties which are managed by MB aim to significantly increase the recycling rate of all properties managed by MB by promoting the recycle of paper waste at offices as well as the garbage recycling of retail facilities.

Objective and Performance of Promotion of Recycling

Long-range objective (FY 2030) over **75%**

Performance (FY 2025)
50.4%

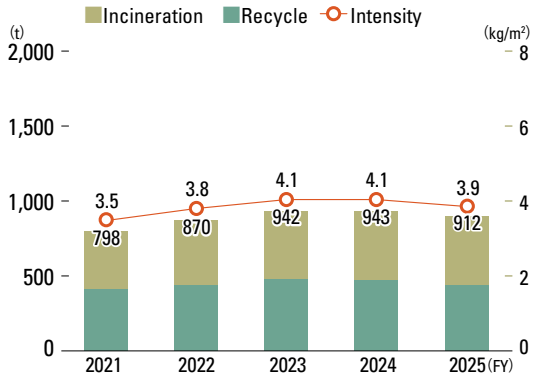
We are targeting a recycling rate of at least 75% by FY 2030 at MHR and MIM's offices and properties owned by MHR.

FOCUS

[Example] Improvement of separated collection method

In order to promote the recycling of paper waste, we are creating awareness among tenants by improving garbage separation and collection methods at offices and creating a "Recycle Hand-Book."

Transitions of Waste Emission, Intensity and Recycling Rate
[Boundary] Offices of MHR and MIM and some properties owned by MHR



	FY2021	FY2022	FY2023	FY2024	FY2025
Incineration (t)	384	435	467	464	452
Recycle (t)	413	435	474	478	459
Intensity (kg/m²)	3.5	3.8	4.1	4.1	3.9
Recycling rate (%)	51.8	50.0	50.4	50.7	50.4
Cover rate (%)	88.0	88.1	88.1	88.1	88.2

* Intensity is calculated by dividing the amount of waste emission by the calculated total floor area.

Anti-Pollution Measures

MHR and MIM thoroughly observe environmental laws and regulations concerning environmental pollution and hazardous substances.

In MIM's "Management Guidelines," we list the usage and management status of harmful substances such as "chlorofluorocarbons, PCBs, asbestos, etc." as due diligence items at the time of acquisition of real estate, stipulating the accurate understanding of the existence of these substances and their status of management as well as making this an element to consider in deliberating acquisitions.

In addition, if hazardous substances are found in the properties owned by MHR, appropriate processing and procedures in accordance with laws and regulations shall be maintained and the substances shall be handled strictly so that they are not leaked or released.

Violations of Environmental Laws and Regulations

At MHR and MIM, there have been no cases in which punitive measures have been imposed due to a violation of environmental laws and regulations and no cases in which violations have been raised by conflict resolution mechanisms (as of October 28, 2026).

Increasing Greenery and Biodiversity

Policy and Approach

While human livelihood and corporate activity is supported by the various blessings of nature, today, the planet's green environment and biodiversity are rapidly slipping away.

Efforts to maintain greenery and biodiversity will allow us to sustain the blessings of nature for future generations. In terms of the Investment Corporation's business activities, this will be expressed as providing our tenants with comfortable office and residential spaces that are in tune with nature. This leads to enhanced competitiveness of our portfolio.

MHR and MIM will create surface microenvironments where humans live in harmony with nature and shall provide spaces that excel in biodiversity and are rich in vibrant greenery. We will also foster people's environmental communities through these spaces.

Promotion of Greenery

MHR aims to increase the "green ratio" by proactively undertaking the landscaping of open spaces and rooftops.

Mohri Garden at Roppongi Hills

Green Ratio of Major Development Projects (2025)

Name	Completion	Green ratio (%)
ARK Hills	1986	40.0
Atago Green Hills	2001	53.6
Roppongi Hills*2	2003	30.8
Toranomon Hills Mori Tower	2014	30.5
(Reference) All of Minato-ku*1		22.6

*1 Source: Minato City Green Survey (10th Report), issued March 2022
*2 Figures for FY2024

Biodiversity

Initiatives for protection of biodiversity are carried out in a systematic manner at all properties owned by MHR.

Toranomon Hills

Realized approximately 6,000 m² of lush green space on artificial ground by utilizing the Multi-Level Road System, a breakthrough system that allowed for the construction of an architectural structure above Ring Road No. 2.

Toranomon Hills

At Toranomon Hills, which acquired AAA (the highest rank) in the JHEP certification (*) for creating a stream and lush greenery in consideration of biodiversity, a diverse environment composed of flowers, plants and trees of native species, water area, etc. has been established and serves as an oasis in the city where seasonal flowers, plants and trees can be enjoyed and as a place for birds and insects to shelter.

* This program quantitatively evaluates and certifies initiatives contributing to the preservation and restoration of biodiversity. It is developed and operated by the Ecosystem Conservation Society-Japan.

Roppongi Hills

Diverse technologies and ideas are given life in the creation of distinctive greenery. To communicate the history of the land, trees and an Edo period garden were preserved in the development of Mohri Garden.

Rooftop garden(Roppongi Hills)

On the rooftop of Keyakizaka Complex, MB built a rice paddy where local residents can enjoy rice planting and harvesting, and make effective use of the paddy as the necessary weight for a 'Green Mass Damper' seismic control system.

Atago Green Hills

Inheriting the rich nature and history of the Seisho-ji Temple and Mt. Atago, Atago Green Hills was born with the aim of creating a network of greenery connecting Shiba Park and other surrounding green areas.

Atago Green Hills

By preserving sloped green areas as much as possible and raising saplings from the seeds of the trees we inherited there, we have sustained the region's vegetation. MB placed green paths along the slopes so people can enjoy nature while minimizing the impact on plants and animals.

ARK Hills

MB created a large-scale rooftop green area at ARK Hills, the private sector's first large-scale redevelopment. MB planted over 40,000 trees in a green area exceeding 20% of the grounds, including the rooftop of Suntory Hall.

Sakurazaka

The 150 Yoshino cherry trees planted along peripheral roads are now a famed spot for cherry blossom viewing. In 1997, MB planted flowers in year-round green areas, and today continue evolving these into place for feeling the charms of the seasons and interacting with greenery.

Social Initiatives

Social

Stakeholder Engagement

Stakeholder Engagement

MHR conducts its business activities by engaging with various stakeholders including its employees, tenant and local communities, property management (PM) companies, and unitholders. MHR aims for sustainable growth by proactively communicating with its stakeholders to understand and respond to their expectations and requests.

Stakeholders	Relationship with MHR	Main Initiatives Based on Expectations and Requests	Engagement Methods
Employee (MIM)	Create a working environment in which a diverse workforce, which is the source of corporate competitiveness, flourishes	● Enhance Talent Development Program ● Promote a comfortable work environment and improve employee's work / life balance ● Create a workplace culture that respects human rights and diversity	● Personnel evaluation and feedback (twice a year) ● Conduct various training ● Employee's satisfaction surveys (once a year) ● Grievance Reporting system (as needed)
Tenants and Local Communities	Secure a competitive advantage by creating an attractive environment for tenants and local communities by providing safe, convenient, and comfortable spaces	● Enhance BCP measures including building resilience and disaster responses ● Provide properties that consider the health, comfort and convenience of tenants ● Interact and communicate with local communities	● Review owned properties and portfolio PML (as needed) ● Large-scale disaster training at Roppongi Hills (twice a year) ● Tenants' satisfaction surveys (every other year) ● Hold events such as Hills Marche · Hills Machi-Iku project ● Roppongi Clean-Up (once a month)
PM Company	Maintain a competitive advantage at MHR's properties through shared values on sustainability and collaboration	● Collaborate on climate change measures including upgrading facilities and implementing green leases ● Adhere to compliance and corporate ethics	● Confirmation of sustainability systems and policies in writing (once a year) ● Feedback interviews (once a year)
Investors	Carry out stable fund-raising based on trust and increased unitholder value in the medium to long term	● Conduct investor relations ● Enhance ESG information disclosure ● Obtain sustainability certifications	● Conduct financial results briefings for institutional investors (twice a year) ● Participate in institutional and private investor conferences (once a year each) ● Conduct individual investor relations meetings with institutional investors (74 times in fiscal 2025)

Initiatives with Employees

Policy and Approach

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 the company but also the duty of the company 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.

Promoting Respect for Human Rights and Diversity

Respect for Human Rights

We have set the following human rights policy at Mori Building Investment Management Co., Ltd., the Asset Management Company.

In addition, we make sure that all executives and employees are informed of the policy by regularly holding training covering each theme in compliance training, etc.

We have set a policy to respect human rights and not discriminate against people based on their belief, religion, age, gender, place of birth or mental or physical disability.

Also, we believe that the creation of a work environment focusing on diversity and where diverse human resources can be active will lead to the improvement of business performance and contribution to social development and are pursuing formation of such environment.

Moreover, the policies and action principles regarding labor issues stipulated by MIM will also be prepared in languages other than Japanese, as necessary, and we plan to spread understanding of them in a thorough manner.

Human rights policy

We support the respect for human rights based on the “International Bill of Human Rights,” “Declaration on Fundamental Principles and Rights at Work” of the International Labor Organization (ILO), and “Guiding Principles on Business and Human Rights” of the United Nations, and make efforts to put it into practice.

The policy applies to all executives and employees. In addition, we also request our business partners to support the policy and respect human rights.

1.Prohibition of discrimination
We forbid various forms of discrimination based on race, religion, gender, age, sexual orientation, physical disability, nationality, etc.

2.Prohibition of harassment
We do not allow any form of harassment that inflicts physical and mental pain to others, including sexual harassment, power harassment, maternity harassment, paternity harassment and care harassment.

3. Approval of freedom of association and collective bargaining rights
With regard to the freedom of association and collective bargaining rights, we comply with laws and regulations as well as support and respect such rights.

4. Prohibition of forced labor
We do not allow forced labor against the will of workers through violence, intimidation, etc.

5. Prohibition of child labor
We respect the rights of children and do not allow child labor.

6. Payment of wage exceeding the amount of minimum wage and compliance with the “equal pay for equal work” principle
We pay wages exceeding the minimum wage stipulated in laws and regulations as well as make wage payments that will lead to the improvement of living standard by also taking into consideration commodity price. In addition, a fee system complying with the “equal pay for equal work” principle will be applied.

7. Reduction of excessive working hours
We comply with laws and regulations including the labor-management agreement on overtime work (36 Agreement) and strive to cut overtime work and control excessive working hours.

8. Health and safety of workers
We comply with laws and regulations and cultivate a working environment where workers can work in good health and safety.

9. Respecting Regional Communities
In addition to respecting the rights of adult residents and children and protecting human rights in regional communities, we are working to make these communities more dynamic by promoting local recruitment and procuring goods and services from local companies.

Initiatives with Employees

Grievance Reporting and Response to Labor Issues

We have established a confidential reporting system that enables all employees (including part-time and contractors) to report when they are subjected to an act by a third party that violates the human rights policy, regulations and action principles including discrimination and harassment, or when they have various other complaints and dissatisfaction.

The submitting party shall report details to the General Manager of the Administration Department, the compliance officer, or the president. If the General Manager of the Administration Department or the compliance officer is notified of such details, they shall report these to the president, discuss the issue with related parties, and respond in a prompt manner. The individual who has caused the problem shall be subject to disciplinary action, including dismissal, demotion and pay cut, or transfer to another position, etc. depending on the content.

In addition, we have also established a "whistleblowing system" that enables employees to report directly to outside attorneys acts that may violate laws and regulations, internal rules, action principles, and other corporate ethics. The system is official and anonymous and provides legal protection under the Whistleblower Protection Act. In the event of whistleblowing, the Investigation Committee with members appointed by external lawyers will conduct necessary investigations and countermeasures in accordance with MIM's "Whistleblower Protection Regulations" by considering the confidentiality of the whistleblower and the privacy of the concerned parties. We prohibit retaliatory actions such as detrimental treatment and harassment due to whistleblowing and take appropriate measures to protect whistleblowers and to make "Whistleblower Protection Regulations" works properly. Appropriate measures will be taken so that the work environment will not deteriorate after whistleblowing.

Furthermore, in order to prevent occurrence of problems and to take proper measures in the case of such occurrence, training for managers and employees is conducted regularly.

Number of cases of response to labor issues, discrimination and harassment reported

FY2021	FY2022	FY2023	FY2024	FY2025
0	0	0	0	0

Related training programs

	FY2024		FY2025	
	Number of times (days)	Total hours / employee	Number of times (days)	Total hours / employee
Human rights / bullying / harassment training	1	1	1	1

Promoting Women's Participation

We are aiming for a workplace environment where each employee can fully demonstrate their individuality and abilities and we are working on creating a pleasant working environment for women.

A child-care leave system and flexible working hours are provided and we promote active use of a short-time work system and paid holidays.

- Implementation of training on human rights, bullying, and harassment [Target: once every two years]
- Implementation of training on diversity for all employees [Target: once every two years]
- Realization of improvement in the ratio of female managers (No quantitative target: need to be confirmed)

	FY2024	FY2025
Diversity training (times)	—	1
Percentage of female managers (%)	16.7	16.7

Employment system for the elderly

In order to train young employees and improve corporate vitality by utilizing abundant knowledge and experience, we have introduced a system to reemploy employees who wish to continue working among those who reached the retirement age until the age of 65.

Reemployed workers are able to use the same leave system and flextime system as those of general employees.

LGBT

We aim to create a workplace environment where everyone deepens their understanding on LGBT and diverse personnel will be able to play an active role without facing discrimination. We hold training on LGBT regularly as part of our training programs for human rights and diversity.

Labor-Management Relations / Collective Bargaining Agreement

In its Working Rules, etc., MIM acknowledges basic labor rights such as freedom of association and the right to collective bargaining, and we support and respect those rights.

Although note that at this time no labor union has been formed at MIM, labor-management relations remain positive, and we have never implemented large-scale dismissals, nor have we experienced any merger or acquisition activity and accompanying restructuring.

In addition, MIM has concluded Labor-Management Agreements (36 Agreements) on overtime work with employees, and strives to support employees' well-being and improve labor productivity by managing working hours appropriately.

Initiatives with Employees

Personnel Data ● Percentage of full-time employees among all employees: 100%
(All of the following periods)

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of executives and employees	23	23	22	24	23
Male	17	17	16	16	17
Female	6	6	6	6	6
Number of retired employees	0	4	3	2	7
Ratio of retired employees (%)	0	17.4	13.6	8.3	30.4
Ratio of female officers and employees (%)	26.1	26.1	27.3	25.0	26.1
Number of female managers	1	1	1	1	1
Ratio of female managers (%)	16.7	14.3	16.7	16.7	16.7
Number of female executives	0	0	0	0	0
Ratio of female executives (%)	0	0	0	0	0
Percentage of employees with disabilities (%)	0	0	0	0	0
Merger or acquisition	0	0	0	0	0
Layoffs	0	0	0	0	0

* Number of executives and employees as of the beginning of the fiscal period.
* The ratio of retired employees is the figure calculated by dividing the number of retired employees by the number of officers and employees.
* The ratio of female officers and employees is the figure calculated by dividing the number of female officers and employees by the number of officers and employees.
* The ratio of female managers is the figure calculated by dividing the number of female managers by the total number of managers.
* The percentage of employees with disabilities is the figure calculated by dividing the number of employees with disabilities by the total number of employees.

Talent Development Policy / Program

Policy and Approach

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.

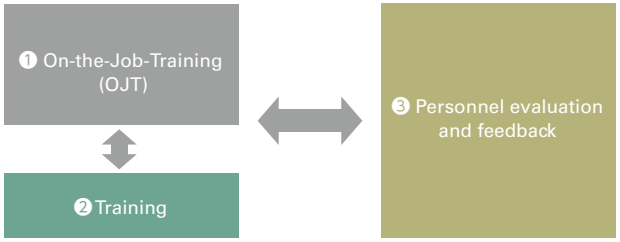
In addition, in order to improve staff effectiveness, to clarify company issues and to constantly improve management methods, MIM conducts a semi-annual staff assessment program - "Personnel Assessment and Feedback" as a core component of our talent development strategy.

Talent Development Program

To allow employees to step up and grow steadily and continuously improve their capabilities as an employee of the Asset Management Company of a J-REIT, MIM established a clear image of "a position to aim at each hierarchy" with "assumed image and eligibility requirement".

In addition, MIM constructed a series of programs to realize that growth.

Model of talent development policy



❶ On-the-Job-Training (OJT)

The basic principle of OJT within MIM's human resource development strategy is to establish appropriate goals and work habits in the course of daily business operations, to communicate core job specific support, and to improve the overall knowledge and ability of each person.

❷ Study and Training

MIM conducts training in accordance with the roles and abilities of employees to acquire the knowledge and skills necessary for further life-long, career growth.

MIM also has a subsidy system for qualification acquisition. (Refer to "Training programs and subsidy system")

Employee capacity development training time (fiscal 2025) — Average time per employee **14.1** hours

❸ Personnel Evaluation, Feedback and Variable Pay Compensation

MIM believes that feedback is an essential process to promote the fulfillment of each employee's talents and potential. MIM seeks to concretely convey the problems and remedial measures discovered during business activities through a process of regular communication with employees.

Personnel evaluation consists of "performance evaluation" which evaluates the degree of achievement for goals set semiannually for all employees, and "capability evaluation" which is conducted from various perspectives that evaluate the compliance adherence and efforts towards ESG goals.

Managers providing the evaluation and the director in charge discuss the feedback thoroughly beforehand in order to deliver precise, objective and actionable guidance to employees.

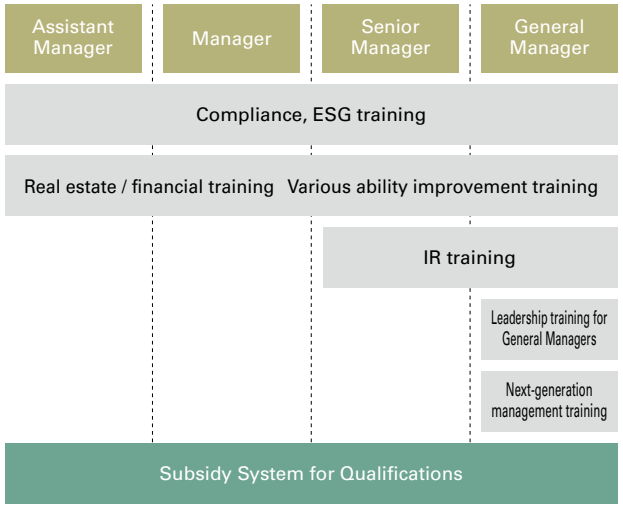
By clarifying the improvement points on an individual basis, MIM intends to improve employees' ability.

Employees are promoted based on personnel evaluation. Variable pay compensation is rewarded annually based on satisfying clearly defined criteria.

Initiatives with Employees

Training programs and subsidy system

MIM also has a subsidy system for various training and qualification based on experience and linked to personnel evaluation aspects.



Main Training

Category	Contents
Compliance, ESG training	The training is conducted to improve knowledge and ability of various themes that are fundamental to society, such as compliance, environment, human rights, diversity, etc. to handle the business as a member of society.
Real estate / financial training	A lecturer explains the latest real estate and financial market trends along with future prospects, etc. by utilizing various data and facilitating a question-and-answer session and group discussion.
Various ability improvement training	This training utilizes external organizations based on experience to improve various abilities (logical thinking ability, explanation capability, etc.) linked to personnel evaluation items.
Investor Relations (IR) training	IR is recognized as an important task for a listed investment corporation. Therefore, MIM provides a lecture to selected members of senior management on presentation skills and the model answers for anticipated questions. To prepare for IR activities, MIM conducts drills to master necessary skills through a simulated IR meeting.
Leadership training for General Managers	The leader's ability to oversee each department creates an extremely large influence on the performance of the entire company, therefore, MIM conducts the training session for General Managers about "Managerial knowledge as a leader", "Labor management", "Plan formulation, task setting and execution" and "Guidance training of subordinates". These training includes the use of external institutions to deepen knowledge and understanding and make use of it in business execution.
Next-generation management training	With the CEO acting as a lecturer and a facilitator, the General Managers brainstorm the prospects for various management tasks and economic and financial scenarios.

Employee talent development training time

	FY2025		
	Number of times (days)	Total hours / employee	Average number of participating employees
Compliance training	4	4	20.5
ESG training	2	2	20.5
Real estate training	4	4	20.2
Financial training	2	2	20.5
Investor Relations (IR) training	2	2	7.5
Leadership training for General Managers	—	—	—
Next-generation management training	2	2	7.5
Average number of days per employee (days)			13.4
Average time per employee (hours)			14.1

Subsidy System for Qualifications

In order to improve employees' skills as professionals in the real estate fund business, MIM subsidizes the expense for acquiring licenses and qualifications by public and private organizations necessary for work.

The target is all employees (including part-time and contractors).

Number of employees receiving subsidy

FY2021	FY2022	FY2023	FY2024	FY2025
14	14	14	12	15

Breakdown of qualifications held by employees as of the end of March 2026 is as follows:

Qualifications held by employees

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

Initiatives with Employees

Benefits and work/life balance

We focus on employee benefits and work-life balance, and make the following efforts for all employees (including part-time and contractors).

Survey of employee satisfaction

MIM conducts an employee satisfaction survey by third-party research organizations once a year for all MIM's employees to realize a more comfortable workplace environment by understanding the employees' awareness of work and the current situation of the working place.

MIM anonymously collects responses to questions such as "Sympathy for management philosophy", "Meaning and challenge of work", "Human relationships and atmosphere at the working place" etc. MIM provides feedback on the results to all employees and strives to enhance degree of satisfaction by implementing new policies.

Overall satisfaction score (5-point scale) (Target: 3.5 points or more every year)

FY2022	FY2023	FY2024	FY2025	FY2026
4.1	4.1	4.0	3.8	3.8

Employee Stock Ownership Plan (ESOP)

MHR established the "Employee Stock Ownership Plan (ESOP)" by aligning the 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.

Promotion of paid holiday acquisition and overtime work reduction

We promote the acquisition of paid holidays and the reduction of overtime in order to improve employee's work/life balance and be cognizant of employee's health.

We constantly take into consideration the pervasive social dynamics while at the same time making thorough efforts to improve work efficiency.

- Paid holiday acquisition rate
  (Target: 85% or more every year)
- Overtime working hours
  (Target: less than 15 hours per month)

Promotion of paid holiday acquisition and overtime work reduction

	FY2021	FY2022	FY2023	FY2024	FY2025
Paid holiday acquisition rate (%)	86.2	99.7	94.5	75.8	88.6
Monthly overtime hours worked / employee(hours)	11.6	10.7	9.6	8.4	13.9

* Revisions were made in FY2024 to increase paid holidays.

Child-care Leave System

MIM is promoting compatibility between employees' child-care and work by providing leave systems etc. for employees' childcare.

- Child-care leave systems
- Child-care leave allowance
- Spouse maternity leave system

The number of employees who took childcare leave

		FY2021	FY2022	FY2023	FY2024	FY2025
The number of employees who took childcare leave	Male	1	1	1	1	0
	Female	1	1	0	0	0
Percentage of employees returned to work during above period (%)					100	

Other Leave / Shorter Hours Programs

Category	Contents
Special Leave System	In addition to annual paid holidays, MIM offers a special leave system (Season vacation system). MIM offers an Expired Annual Paid Holidays Reserve System.
Child-care Short-time Work System	Employees living with and raising children until the end of the sixth year of elementary school can shorten their daily working hours.
Care Leave System	Employees are able to take care leave for family members in need of nursing care.
Flexible time system	We have established a system that allows each employee to flexibly set the time of start and end of work within a certain range according to their convenience and particular lifestyle needs.

Safety and Health Management

Safety and health management regulations have been set up and a sufficient number of qualified persons such as hygiene promoters and fire and disaster prevention managers are placed in the company to establish a system for employee safety and health management with regular inspections at normal times and periodic training and drills to ensure the safety of employees when there are emergencies.

Health Checks

We conduct health checks once a year which cover more than the number of items legally required.

In addition, we have a system that allows employees to consult on diagnosis results and mental health, etc. at all times.

- Percentage having health checks
  (Target: 100% every year)

Percentage having health checks

	FY2021	FY2022	FY2023	FY2024	FY2025
Percentage having health checks (%)	100	100	100	100	100

Initiatives with Tenants and Local Communities

Policy and Approach

Currently, more than half of the world population lives in cities. Therefore, the importance of cities is increasing more than ever.

In order to build a sustainable city, we believe that it is necessary to prepare an environment that is safe, resilient and rich in many aspects.

We consider the protection of human life and assets from the impact of climate change, environmental pollution and large earthquakes as a social issue. In addition, we believe that the protection of socially vulnerable people in local areas, respect for their rights and efforts on regional revitalization are also an issue in urban redevelopment and operation.

Safe and durable office buildings and residences with rich environments and a local community are attractive to tenants, and establishing these kinds of environments will provide competitive advantages to our business activities.

MHR and MIM aim to provide safe, convenient and comfortable spaces to our tenants.

We will enhance hard aspects such as earthquake resistance performance and emergency power supply as well as soft aspects such as administrative structure for disasters and especially focus on BCP (Business Continuity Plan).

Also, we intend to enhance our relationship with local communities while cooperating with them.

In addition to respecting the rights of adult residents and children and protecting human rights in regional communities, we are working to make these communities more dynamic by promoting local recruitment and procuring goods and services from local companies.

For our human rights policy, please see "Promotion of Respect for Human Rights and Diversity" on p. 40.

BCP Measures

We promote the enhancement of BCP measures from various viewpoints so that tenants can use office and residential spaces safely and comfortably even when there are disasters.

Seismic Damping and Seismic Isolation

Most of the properties owned by MHR have the highest level of seismic performance such as with wall dampers and vibration dampers in the buildings, and MHR has maintained a low portfolio PML[*1].

● Portfolio PML
(No quantitative target: item to be verified)

Portfolio PML **2.1** %[*2]

*1 PML (Probable Maximum Loss) refers to the probable maximum loss ratio expected to result from an earthquake. A smaller figure indicates superiority in earthquake-resistance.
*2 This indicates the figure described in the "Report on evaluation of seismic PML for portfolio" dated February 26, 2026 by Sompo Risk Management Inc.

Earthquake Countermeasures to Match The Characteristic of The Building

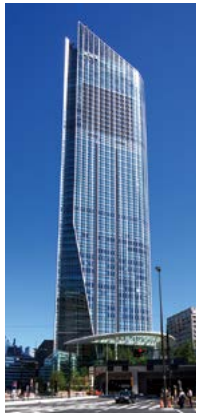
MB, which developed the properties owned by MHR, has various quake-resistant engineering standards and various structural methods are selected according to development advantages and space usage.

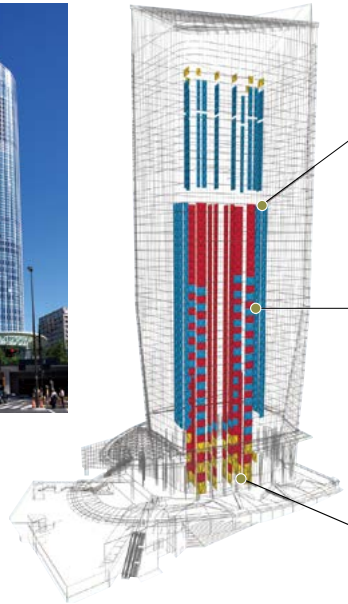
● Toranomon Hills Mori Tower

Toranomon Hills Mori Tower employs three types of vibration control devices, brake dampers, and unbounded braces.

These achieve advanced anti-seismic performance allowing continuity of business without major damage, even in the event of a major earthquake on par with the Great Hanshin-Awaji Earthquake or The Great East Japan Earthquake.

By adopting such vibration control devices, Toranomon Hills Mori Tower holds JSCA (Japan Structural Consultants Association) "Special Glade" seismic resistance performance.





Oil dampers (516 units installed)

These exert an effect in controlling vibration from strong wind or even major earthquakes, by absorbing the energy of vibration through fluid resistance.

Brake dampers* (620 units installed)

The frictional force of the braking material converts the vibration energy into frictional heat, lessening damage to the building.

* Has properties similar to those of steel dampers

Unbonded braces (steel dampers)
(82 installed in the building)

These braces use a soft steel that has the ability to stretch, and is effective in absorbing energy when an earthquake occurs.

Initiatives with Tenants and Local Communities

Emergency Electric Power System and Disaster Supplies

Among MHR's properties, Roppongi Hills Mori Tower is equipped with a private power generation system with its own energy plant, and most of the other properties also have high-performance emergency power supply functions.

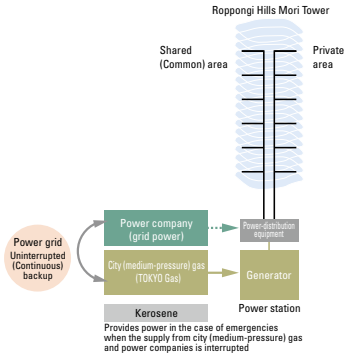
MB, which manages and maintains MHR's properties, handles various stockpiles necessary for times of disaster such as stockpiling food for approximately 270,000 meals, blankets, medicine and portable toilets for each facility, all of which is the largest scale in the private sector. These are prepared for each facility.

Stable Supply of Power from An Independent Power Station: Roppongi Hills

Roppongi Hills uses its own energy plant (specially designated power supply business facility) to supply electrical power to the area.

Because this plant uses city gas (medium pressure gas) as the fuel, it is not affected by power restrictions on the use of electricity and is able to provide an extremely stable supply of electricity power.

The use of a power supply with triple redundant safety allows us to construct a power supply system with high reliability exceeding that of ordinary S-class buildings.



FOCUS

Emergency Management Systems

MB, which manages and maintains MHR's properties, will shift into a disaster response organization structure when an earthquake hits.

MB will quickly launch recovery operations and strive to support the day-to-day activities and business continuity of tenants.

In addition, MB has established several housing units for its staff to enable them to serve as disaster-response persons within the business area of a 3.5 km radius from the four hills of Roppongi Hills, Ark Hills, Toranomon Hills, and Azabudai Hills.

About 290 residents are positioned as disaster-response persons and undergo preparation for potential disasters on a regular basis and periodically conduct special training.

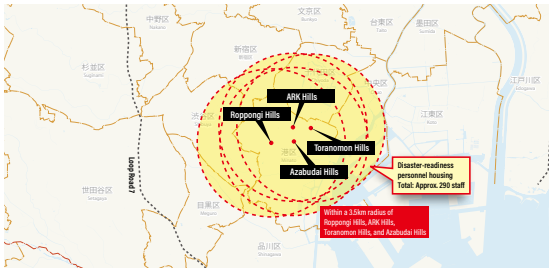
Also, general disaster-readiness training is conducted twice a year throughout the company and disaster-response persons are required to participate in personnel training six times a year on a permanent basis.

General disaster-readiness training

FY2024	FY2025
1*	2

* Canceled once due to typhoon.

● General disaster-readiness training (Target: twice a year)



System of disaster-response person in case of emergency

Mori Building's General Disaster-readiness Training

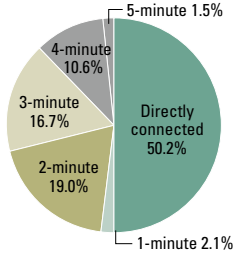
Response to barrier removal

We conduct risk assessment every year for all real estate properties we own. In such risk assessment, we assess the performance of our responses to the removal of barriers and make necessary efforts.

Access to public transportation

In the due diligence conducted when carrying out real estate investment, we focus on accessibility to public transportation and have stipulated that in the acquisition criteria, real estate properties shall be within walking distance from major stations.

Distance from major stations of owned real estate properties: walk
* Based on the acquisition price (as of July 2026)



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 to matters related to facilities and other hard aspects as well as soft aspects such as management systems.

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

● Tenant satisfaction surveys (Target: office once every two years)

Tenant satisfaction surveys

Office	Residence
FY2025	FY2020

Initiatives with Tenants and Local Communities

Childcare Support Facilities

Childcare support facilities increase tenant office worker convenience and employee satisfaction as well as add value and building activity. MHR's Roppongi Hills and ARK Hills have childcare support facilities with abundant greenery and an international character, contributing to the promotion of work-life balance of tenant staff.

Local Communities

We aim 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.

Hills Marche

ARK Hills has been holding the Hills Marche every Saturday since autumn 2009 based on the idea of "a marche where you can meet the producers," attracting about 3,000 people each time.

Living in the city introduces a new lifestyle of urban life where you encounter high-quality cooking ingredients gathered from various places of production and, as a result, people living in the city have a connection with people living in places of production.It is this kind of new lifestyle that the event offers a sample of.

In the bustling atmosphere, many agricultural products are distributed from farm producer to consumer and a rich communication is nurtured through the joy of interaction between nearby residents and the producers.

Hills Machi-Iku Project

Hills Machi-Iku Project is a project that provides experiential learning opportunities in which children can think about comfortable urban life with the three themes of environment, safety and culture, which are the priorities of MB in city planning. It began in 2007 as a venue for learning at each Hills complex, and a total of 23,000 people have participated.

In the Environmental Tour that is held as a part of the project, visitors observe Roppongi Hills's water-treatment facility while learning about the importance of water resources in urban life through the Water Secret Exploration Tour and learning about the urban environment as they enjoy nature by visiting ARK's rooftop garden, which is not usually open to the public, through the Hills Green Exploration Tour.

In addition to participating through public openings, we also contribute to the education of children in local communities by using this project to provide them with learning opportunities as part of extracurricular studies of nearby elementary schools.

Children's Rights

We agree with and support the "Children's Rights and Business Principles" of UNICEF.

With regard to "7. Respect and support children's rights in relation to the environment and to land acquisition and use," we realized "improvement of safety in local areas," "participation of local residents in redevelopment projects as right holders," and "environmentally friendly development with future potential including the reduction of greenhouse gas" at various properties including Roppongi Hills owned by MHR.

Actual Results of Urban Redevelopment Projects

Urban Site Investment Criteria

MHR and MIM aim to realize the update and reasonable use of urban functions through urban redevelopment and contribute to public welfare.

MHR and MIM are proactively conducting investment in high-quality urban assets, taking into consideration the environment and safety, which thereby leads to urban regeneration and regional revitalization.

The representative properties owned by MHR are introduced as follows.

Roppongi Hills: Facility Plan and Concept

Facility Plan

Roppongi Hills is a multipurpose city combining "living, working, playing, resting, studying and creating" in an area of approximately 11.6 hectares, based on the concept of a "Tokyo cultural center."

It contains offices, residences, retail facilities, cultural facilities, a hotel, a cinema complex, a broadcasting center and more.

Fusing art and intelligence, Roppongi Hills is known as the "Artelligent City."

It attracts people from around the world, and the exchanges between different cultures generate new culture and information.

* Roppongi Hills is the biggest private-sector urban redevelopment project in Japan. After the Roppongi 6-chome district was designated a "redevelopment inducement area" by the Tokyo Metropolitan Government in 1986, it took the involvement of approximately 400 landowners and 17 years to complete.

Concept

● Status before development

Roppongi Hills is located on the south side of Roppongi 6-Chome Crossing where Roppongi-dori Street and Ring Road No. 3 merge, and the planned development site is an area with approximately 11 hectares (excluding Roppongi Hills Gate Tower) surrounded by Roppongi-dori Street, Ring Road No. 3 and TV Asahi-dori Street.

The site of TV Asahi extends from the center of the planned development site, and the height difference between the site and the residential district where low-rise residences centering on wooden houses on the south side concentrate and stand in line was once more than 15 meters.

The residential district was formerly an area with a narrow one-way road where vehicles and people could barely pass each other and also had issues related to disaster prevention as fire trucks could not enter the area.

In addition, although Roppongi 6-Chome Crossing is a place where inter-regional trunk roads merge, only the tunnel on the south side had been developed and it was not connected on flat ground.

Before redevelopment

After redevelopment

● Infrastructure maintenance of Roppongi Hills

In this redevelopment project, we intended to improve the wide-area transportation network by developing a side road connecting Ring Road No. 3 (Azabu-Juban side) and Roppongi-dori Street on flat ground, which was not realized previously.

In addition, we established a pedestrian deck similar to a plaza (66 Plaza) at the upper part of the side road, extended the existing underground crosswalk and developed the current intersection.

66 Plaza is connected to a passageway extending to Roppongi Station on the Hibiya Line via an escalator at the adjacent Metro Hat and improves the convenience of the users of the station as well as separates pedestrians and vehicles at Roppongi 6-Chome Crossing and has also secured the continuity of the townscape from Roppongi to Nishi-Azabu.

66 Plaza has a three-layer structure in which the level below it is used as an entrance and exit of the side road and the vehicle road within the site and the level further below it as Azabu Tunnel.

The method behind this structure is unique, adopted in urban redevelopment projects and said to be realized for the first time by planning road construction and construction work on both sides of the road in an integrated manner and executing construction at the same time.

Keyakizaka-dori Street, the main street in the area, runs across the area in an east-west direction and connects TV Asahi-dori Street and Ring Road No. 3.

It was developed as a street space where Zelkova trees line the street and it has a substantial width of 24 meters including the portion with a setback of wall surface at the site on both sides of the street.

We created a pedestrian space offering comfort and designed it based on the image of the streetscape by integrally developing roads and structures along the road.

In addition, we developed an exclusive lane for automobiles within the site (Mori Tower 1F/Center Loop), established entrances and exits for parking lots, a carriage porch, a taxi bay and a bus stop on the exclusive lane for automobiles and reduced the impact on surrounding roads as well as sought to secure safety by separating pedestrians and vehicles.

Roppongi 6-Chome Crossing near Ring Road No.3

Loop Roadway

Ring Road No.3 near Mohri Garden

Actual Results of Urban Redevelopment Projects

Roppongi Hills: Special Initiatives

Greenery

We are creating a garden-like environment for the entire city by allocating the space at ground level that we created by making high-rise buildings to city streets, promenades, green areas, and parks, and also by adding green areas to the rooftops of buildings.

Disaster Prevention Facilities

1. Urban infrastructure maintenance

Before the development, the road within the area was narrow and steep, in addition to being a bottleneck for emergency vehicles.

We sought to improve convenience by establishing new roads such as Roppongi Keyakizaka-dori Street with a width of 16 meters and length of approximately 390 meters and Roppongi Sakurazaka as well as connecting Ring Road No. 3 and Roppongi-dori Street on flat ground.

2. Specified electricity business facilities

Electricity for maintaining urban functions is an essential element and is indispensable to maintain the functions of the city and conduct restoration activities in the event of disasters.

At Roppongi Hills, we are enhancing the reliability of supply by establishing an energy plant that supplies electricity and a heat source within the area.

Power generation facilities constantly generate power by using urban gas, but this system also enables power generation using stocked kerosene in addition to back up of electricity companies.

3. Maintenance of water supply equipment

We installed water supply equipment for firefighting with an area of 100 m³ at a total of 8 locations near the area along the newly established ward road to provide support in the event of disasters within the area or in surrounding areas.

In addition, we developed the Mohri pond that existed even before the development and also secured a route that enables fire pump cars to approach the pond.

4. Maintenance of Emergency wells

We are drilling an emergency well at a location near Mohri Garden and a location facing Roppongi Sakurazaka that can maintain minimum life functions if water supply is suspended in the event of a disaster.

5. Maintenance of emergency toilets

We are developing manholes, etc. to enable the establishment of two portable toilets at Sakurazaka Park (park provided by Minato Ward) for use by people who evacuate to the area in the event of a disaster.

The drainage pipe from the manhole has an earthquake-resistant structure including the connecting part of the sewer pipes and the main sewer pipe.

6. Preparation of stockpile warehouses

We are developing a warehouse space with an area of approximately 380 m² on the first basement floor of Roppongi Hills Mori Tower and a stockpile warehouse with an area of approximately 200 m² on the south side of Roppongi Sakurazaka.

Operation System (Emergency Wells)

Drain (Emergency Wells)

Operation Drill (Emergency Wells)

7. Disaster prevention monitoring system for the area

For large buildings alone, 11 buildings centering on 3 super high-rise buildings stand in line at Roppongi Hills, and the basement floors and lower floors of the buildings are connected in each block, forming a single town.

Furthermore, they are connected to Roppongi Station on the Tokyo Metro Hibiya Line and to the adjacent Roppongi Hills North Tower via an underground passage, and have connections with facilities in the surrounding area.

We established a disaster prevention monitoring system for the area to make it possible to share information and ensure safety in the event of a town-wide disaster.

Community

In recent times there have been concerns that interaction and connections between people in the heart of Tokyo have been getting weaker, and the approaches of area management and town management have been gaining more attention. Like other concerned entities, Roppongi Hills has been emphasizing activities for “the whole city.”

We inaugurated the Roppongi Hills Self-governing Association to promote horizontal cooperation among the various people who come to the complex, cooperate with the town councils in the vicinity, and further promote urban development as the core of community activities. The self-governing association has inherited the infrastructure of the Roppongi 6-chome Area Redevelopment Association, which had led the urban redevelopment project for 17 years, and was launched to newly welcome the residents living in this complex and the shops and businesses, etc. located here.

Objectives of the self-governing association are to strengthen security for the entire complex, including disaster prevention and crime prevention measures, and to form an open-minded community that is only possible in a multipurpose city like Roppongi Hills, where people of different nationalities, occupations, and ages can actively participate in community activities.

Actual Results of Urban Redevelopment Projects

FOCUS

Roppongi Hills: Main activities

1.Roppongi Hills Earthquake drills

Comprehensive disaster prevention drills are held for the purpose of reducing the scale of damage as much as possible in the event of a disaster.

The emergency wells, emergency supplies and building structure within Roppongi Hills can be checked, and hands-on training such as first-aid treatment will be conducted.

2.Roppongi Hills Spring Festival / Summer Festival

Festivals are held in spring and summer by Roppongi Hills Self-governing Association.

The Spring Festival is held when cherry blossoms start blooming.

The cherry blossoms at Mohri Garden and the row of young trees along Sakurazaka are illuminated and commercial facilities within Roppongi Hills and TV Asahi will set up stalls at Mohri Garden.

The Summer Festival is an event held at the same time as the Azabu-Juban Festival.

A raised platform is set at Roppongi Hills Arena, and commercial facilities within Roppongi Hills and TV Asahi will set up stalls.

These festivals continue as community events that the residents' association “creates, participates in, and enjoys.”

3.Roppongi Clean-Up

Roppongi Clean-Up is an activity continuously held mainly by the Environmental Beautification Working Committee of the self-governing association on the third Saturday of every month.

About 100 people participate each time in this volunteer cleanup work, which started with the will to “clean the city of Roppongi,” and they engage in the event with enthusiasm and enjoy making the city of Roppongi clean.

Participants from various facilities at Roppongi Hills including the residential tenants as well as the staff of facilities and retail stores within Roppongi Hills, office workers, cleaning staff and students at Hollywood University of Beauty & Fashion proactively participate in the event, and this network is spreading to places outside Roppongi Hills such as neighboring high schools and the Rotary Club.

Emergency Drills

Roppongi Hills Summer Festival

Roppongi Clean-Up

Public Art

“Roppongi Hills Public Art & Design Project” was launched to supply a key element in realizing the grand vision of Roppongi Hills as a cultural center in Tokyo.

For this large-scale project with the ambitious theme of creating a new and much-needed cultural center in the heart of the city, over twenty world-class artists and designers were specially commissioned to create works to be placed at sites around the community.

Transcending the boundary between art and design, the exquisite yet functional works are shaping the creative landscape of this cultural center.

Selection and Management Policies of the PM Company

Policy and Approach

In the real estate leasing business, the PM company is a stakeholder as well as the most important supplier to MIM, and MIM believes it is essential to share sustainability values with the PM company to promote sustainable business practices.

For the purpose of operating and managing the assets we own, MHR has selected a PM company that agrees with our sustainability-related policies and also possesses the systems and expertise required to implement them in practice.

In order to share our values with the PM company, MIM reviews the systems, policies and other activities related to sustainability once a year by written notice.

In addition, MIM evaluates the PM company with an external evaluation agency once a year to share and raise awareness through feedback interviews and compliance exchange meetings with the PM company.

In addition to these efforts, with respect to the environmental performance of assets under management, various measure such as additional environmental countermeasure construction work are examined and monitored based on reports from the PM company.

External relative environmental performance evaluation is also carried out through the GRESB real estate evaluation and other review processes.

MIM outsources global warming countermeasures for office properties to the PM company for a fee, and makes full use of the environment-related know-how cultivated by the PM company.

MIM works with the PM company to maintain and improve the environmental performance of MHR's properties.

Selection and Management Policies of the PM Company

In order to achieve its operating management objectives, MHR shall entrust the task of operating management to PM companies based on the criteria listed below, and shall endeavor to build a close relationship and cooperative system with the PM companies.

Entrusting PM to PM companies

MHR shall entrust the implementation of various measures regarding the real estate related to the operating assets, as well as the making of proposals with respect thereto, to PM companies as necessary. When a master lessee arrangement is utilized for the tenant lease of real estate relating to the operating assets, the PM company may be designated as the master lessee.

Selection criteria for PM companies

MHR shall select PM companies that understand the Investment Corporation's investment policies and operating management policies for the assets relating to the operating assets, and can conduct operations based on a shared understanding with MHR, with the following criteria in mind:

- operational history
- financial condition
- organizational system
- knowledge and experience regarding the geographic area and market of the relevant real estate
- depth of knowledge of the relevant real estate and relationships with tenants
- ability to attract new tenants
- reporting capabilities with respect to the relevant real estate
- level of fees and compensation
- policies and systems, as well as ability to make proposals and provide execution, regarding sustainability

In addition to the above, when one of the following criteria is satisfied, Mori Building Co., Ltd. may be selected as the PM company.

- It is determined that Mori Building Co., Ltd. has the best understanding of the operational management details of the property, such as having planned or developed the property or having conducted property management at the real estate property.
- Economies of scale and efficient operational management can be expected based on the fact that Mori Building Co., Ltd. already conducts property management for multiple properties within the same geographical area as the real estate property.
- It is determined that appointing Mori Building Co., Ltd. would be effective and appropriate based on its strong information network and sales staff to attract new tenants or its management capabilities regarding the relevant real estate property.

Supervision of PM companies

MHR shall, in principle, receive reports from the PM company once a month regarding the items listed below to gain an understanding of the operating management status of the real estate related to the operating assets, analyze variances in results from the asset management funding plan, and based on the foregoing, take appropriate measures with regard to the PM company.

- status of rent collection from tenants
- status of expenses
- status of tenants moving in and out
- status of facility management (maintenance of facilities and equipment, status of maintenance and repair construction and execution plans for the following month)
- status of complaints and requests from tenants, and responses thereto
- rent market trends for the geographical area surrounding the real estate relating to the operating asset

Selection and Management Policies of the PM Company

Evaluation of PM companies

The term for entrusting property management operations shall, in principle, be the same as the term of the trust agreement (in the case of holding the real estate through trust beneficiary rights) or the master lease agreement (in the case of a master lease arrangement). However, the property management agreement shall allow for early termination at MHR's discretion, and MHR shall evaluate the operations of the PM company at least once a year in accordance with the points listed below. As a result of such evaluation, if it is determined that the PM company does not satisfy the selection criteria, MHR shall terminate the PM agreement and appoint a different PM company. As necessary, as a result of the evaluation, MHR shall endeavor to raise the standards of the PM company's administrative capabilities through appropriate instruction. Also, the terms and conditions of the property management agreement shall be reviewed as necessary in order to seek rationalization of fees and costs.

- status of leasing management
- status of building operation and management
- status of construction management
- status of accounting and finance support operations
- status of reporting
- status of sustainability management
- status of other operations

Policy on real estate portfolio management for employees and contractors

With regard to the management of the real estate portfolio, we pay consideration to our employees as well as assess ESG initiatives in the selection of contractors.

As for social aspects, we check efforts on "health and safety" and "fair wage" of employees in particular.

Initiatives with Investors

Policy and Approach

Instead of pursuing short-term performance shortsightedly, we aim to improve unitholders' value over the medium to long term by formulating strategies and policies while assessing changes in society and the economic environment in order to communicate sufficiently with unitholders and to share a common direction for the road ahead.

It is the policy of MHR and MIM to make fair and accurate disclosure of information in a timely manner that contributes to investment decisions.

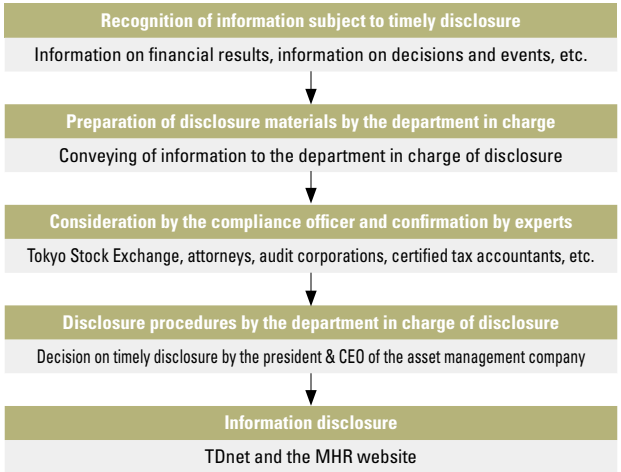
We communicate policies and management conditions to unitholders to establish a long-term relationship based on trust while actively seeking bi-directional communication by incorporating the opinions of unitholders into our business activities.

IR Policy

Disclosure Policy

(1) In managing assets, MHR shall always make timely, accurate and fair disclosure from the standpoint of investors.
(2) In order to be able to provide timely, accurate and fair disclosure pursuant to Clause 1, MHR shall establish and maintain a system for collecting information that needs to be disclosed.
(3) With respect to the information collected pursuant to Clause 2, as necessary MHR shall consult outside experts and make timely decisions regarding the need for disclosure, as well as contents and timing.
(4) All information that is required to be disclosed pursuant to the Act on Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act or other applicable laws and regulations or by Tokyo Stock Exchange, Inc. and The Investment Trusts Association, Japan, etc. shall be disclosed in the required format.
(5) All information that is important for investment decisions by investors shall be made on a voluntary and proactive basis.
(6) If entering into forward commitments in connection with the acquisition of a property, MHR shall make appropriate disclosure in accordance with applicable laws and regulations, etc.

Timely Disclosure Flow



IR Activities

The following is MHR's IR schedule.

- End of fiscal periods: January and July
- Announcement of financial results (financial reports): March and September
- Briefing session on financial results: March and September
- Delivery of asset management reports: April and October

Financial reports, Presentation materials, Semiannual reports, etc. are uploaded on the MHR website as appropriate.

For detailed IR activities, please see "Investor Relations – IR Library – Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties – 4. Others - (4) Status of IR-Related Activities.

Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties
https://www.mori-hills-reit.co.jp/en/ir/library.html

Initiatives with Investors

Improvement of IR Tools

Semiannual Reports

The semiannual reports is sent to investors each period and presents the accounts and status of assets under management in the “legal pages” as well as the “optional pages” which provide easy-to-understand summaries.

Presentation Materials

The presentation material summarizes accounts and the status of assets under management and are used for meetings with analysts and institutional investors after the announcement of financial results.

Press Releases

In addition to the timely disclosure required as a listed investment corporation, we disclose information that is deemed useful to investors.

Home Page

We post diversified information including the outline and policy of MHR, status of assets under management and latest press releases in a timely fashion and an easy-to-understand manner.

Result of IR-Activities

We conduct various IR activities to explain management situations and policies to unitholders in order to establish a bidirectional communication with unitholders, obtaining feedback and utilizing their perspectives in our management.

IR Activities in 2025

Briefing session on financial results with institutional investors	2 times
Individual meetings with institutional investors	74 times

External Assessment

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.

“Top 1 Website” in 2025

“AA Website” in 2024

“AA Website” in 2023

“AAA Website” in 2022

“AAA Website” in 2021

“AAA Website” in 2020

Internet IR Award

Daiwa Investor Relations Co. Ltd. evaluates and grades the websites of all listed companies based on objective evaluation from its unique perspective and selects those companies which have created especially excellent IR websites and used them in their information disclosure and communication activities in an effective manner.

Internet IR “Grand Prize” in 2018

Internet IR “Grand Prize” in 2016

Governance Initiatives

Governance

Corporate Governance

Policy and Approach

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.

Disclosure Materials for Financial Results
https://www.mori-hills-reit.co.jp/en/ir/library.html

Corporate Governance

In addition to a general meeting of all unitholders, MHR's governance structure consists of one executive director, three 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.

For details on the following, please see "Investor Relations – IR Library – Securities Reports – 1. MHR's Outlook – (4) MHR's Organization – 1) MHR's Governance."

- General Meeting of Unitholders
- Executive Director, Supervisory Directors and Board of Directors
- Accounting Auditor
- Supervisory organization, personnel and procedures through internal controls and Supervisory Directors
- Coordination between supervision through internal controls/Supervisory Directors and Accounting Audit
- Status of MHR's management structure for related entities

Corporate Governance

Management Profiles (as of October 28, 2026)

Name	Brief Profile	Equity Owned
 Executive Director **Hiroyuki Yamamoto**	April 1992 Joined Kumagai Gumi Co., Ltd. November 2000 Joined Mori Building Co., Ltd. August 2006 Mori Building Co., Ltd., Senior Manager of Urban Planning and Development Division, Research and Development Department, Research and Development Group November 2011 Mori Building Co., Ltd., General Manager of Urban Planning and Development Division, Research and Development Department July 2013 Mori Building Co., Ltd., Deputy General Manager of Urban Planning and Development Division, Development Department, Planning and Development Unit I October 2016 Mori Building Co., Ltd., General Manager of Urban Planning and Development Division, Development Department, Development Unit III July 2019 Mori Building Co., Ltd., General Manager of Urban Planning and Development Division, Development Department, Research and Development Department June 2023 Seconded to Mori Building Investment Management Co., Ltd. Mori Building Investment Management Co., Ltd., Managing Director June 2024 Mori Building Investment Management Co., Ltd., President & CEO (current post) April 2025 Mori Hills REIT Investment Corporation, Executive Director (current post)	0
 Supervisory Director **Koji Nishimura**	April 1992 Registered as attorney April 1992 Joined Matsuo Law Offices April 2004 Chuo University Faculty of Law, Full-time Lecturer (current post) November 2004 Matsuo & Kosugi, Partner (current post) December 2014 Seraku Co., Ltd., External Director (current post) April 2017 Mori Hills REIT Investment Corporation, Supervisory Director (current post) June 2018 Ocean Network Express Holdings,Ltd. Auditor (current post) October 2020 Plus Alpha Consulting Co., Ltd., External Director (current post) June 2023 KITAZAWA MUSEUM OF ART, Councilor (current post)	0

Name	Brief Profile	Equity Owned
 Supervisory Director **Miyako Ishijima**	April 1990 Registered as attorney April 1990 Joined Kizawa Fujiwara Law Offices (presently, Hashimoto Sogo Law Offices) September 2015 Member of Housing Dispute Examination committee in Tokyo Bar Association (current post) September 2020 Opened Ishijima Law Office (current post) April 2021 Mori Hills REIT Investment Corporation, Supervisory Director (current post) June 2021 Vice Chairperson of Committee on Housing Dispute Settlement Agencies in Japan Federation of Bar Associations (current post) April 2025 Responsible committee member of Alternative Dispute Resolution in Real Estate Transaction Improvement Organization (current post)	0
 Supervisory Director **Emi Kitamura**	April 1987 Joined Yasuda Trust & Banking Co., Ltd. (presently, Mizuho Trust & Banking Co., Ltd.) December 1990 Registered as Real Estate Appraiser September 1995 Joined Mimura Tax & Accounting December 1998 Registered as Certified Public Accountant August 1999 Registered as Certified Public Tax Accountant October 2005 Mimura Tax & consulting, Partner September 2010 Mimura Tax & consulting, Representative (current post) June 2013 Miyairi Valve Mfg. Co., Ltd. Auditor (current post) April 2021 Mori Hills REIT Investment Corporation, Supervisory Director (current post) June 2026 Meiji Machine Co., Ltd. Outside Director (Audit and Supervisory Committee Member) (current post)	0

(Note) Executive Director and Supervisory Director may be officers of corporations other than those listed above, but none of them has any interest in MHR.

Policy on gender diversity concerning director composition

The policy is to support and respect gender-diversity-oriented approaches and we aim to make the percentage of female directors 30% or more.

Current percentage of female directors : 50%

Corporate Governance

Criteria for Electing Directors

Directors of MHR are elected based on the following criteria and on the condition that they are not disqualified per the stipulations in the Act on Investment Trusts and Investment Corporations, and related laws.

Directors are appointed as a result of the resolution of a General Meeting of Unitholders.

Criteria for Electing Directors

Title	Name	Reasons for Election	Status of Attendance in 38th fiscal period ended July 31,2026
Executive Director	Hiroyuki Yamamoto	Mr. Yamamoto was elected with the expectation that he would be able to undertake business management as Executive Director based on his knowledge and experience, etc. in the real estate financing business from a broad perspective.	6/6 times (100%)
Supervisory Director	Koji Nishimura	Mr. Nishimura was elected with the expectation that he would be able to oversee the Company's management based on his knowledge and experience, etc. as a lawyer from a broad perspective.	6/6 times (100%)
Supervisory Director	Miyako Ishijima	Ms. Ishijima was elected with the expectation that she would be able to oversee the Company's management based on her knowledge and experience, etc. as a lawyer from a broad perspective.	6/6 times (100%)
Supervisory Director	Emi Kitamura	Ms. Kitamura was elected with the expectation that she would be able to oversee the Company's management based on her knowledge and experience, etc. as an expert of accounting, tax, and real estate from a broad perspective.	6/6 times (100%)

Skills Matrix of Directors

Title	Name	Chairperson	Independent Director (Note 2)	Experience and Expertise (Note 1)				
				Corporate Management	Finance and Accounting	Legal, Risk Management and Compliance	Real Estate	Sustainability ESG
Executive Director	Hiroyuki Yamamoto	○		○	○	○	○	○
Supervisory Director	Koji Nishimura		○			○		
Supervisory Director	Miyako Ishijima		○			○		
Supervisory Director	Emi Kitamura		○		○		○	

(Note 1) The above table shows the representative skills of each director and does not contain all of the areas of knowledge and experience.
(Note 2) "Independent Director" in the table refers to "independent directors" in alignment with the standards for independence from the Executive Director, asset management company, etc. stipulated in the Investment Trusts Act.

Corporate Governance

Director Pay, Director Equity Policy

Directors of MHR may not buy or sell investment units of MHR in order to prevent insider trading as stipulated in the Insider Trading Management Regulations of MHR.

Director Pay

Title	Name	Main Concurrent Position	Total amount of compensation in 38th fiscal period ended July 31,2026 (thousand yen)
Executive Director	Hiroyuki Yamamoto	Mori Building Investment Management Co., Ltd., President & CEO	- (Note)
Supervisory Director	Koji Nishimura	Matsuo & Kosugi, Partner, Attorney	2,100
	Miyako Ishijima	Ishijima Law Office, Representative	2,100
	Emi Kitamura	Mimura Tax & consulting, Representative	2,100

(Note) Mr. Yamamoto serves as Director of MIM and does not receive remuneration as Executive Director of MHR.

Auditor

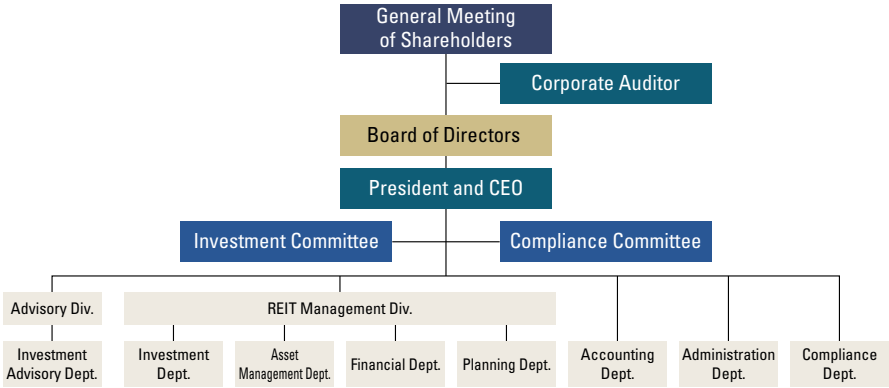
Auditor	Continuing Auditor Tenure
Ernst & Young ShinNihon LLC	From February 2006 to the present

Auditor's Remuneration

	36th fiscal period ended July 31, 2024	37th fiscal period ended January 31, 2025	38th fiscal period ended July 31, 2025	39th fiscal period ended January 31, 2026	40th fiscal period ended July 31, 2026
Fees in relation to the Audit and Attestation Services	13,200 thousand yen	13,200 thousand yen	13,700 thousand yen	13,700 thousand yen	13,500 thousand yen
Fees in relation to the non-Audit Services	-	2,800 thousand yen	2,900 thousand yen	2,900 thousand yen	-

Structure of Asset Management for the Investment Corporation

MHR entrusts the management of its assets to its asset management company. The following is the organizational structure of MHR's asset management company.



For a summary of each process, please see "Investor Relations – IR Library – Securities Reports – 1. MHR's Outlook – (4) MHR's Organization – 2) MHR's Operational Structure."

Status of MIM's Board of Directors' Meeting

Title	Name	Status of Attendance at the Board of Directors' Meeting in Fiscal Year 2025
President & CEO	Hiroyuki Yamamoto	11/11 times (100%)
Chairman	Hideyuki Isobe	11/11 times (100%)
Director	Yoshihiko Kawamura	11/11 times (100%)
Auditor	Atsushi Suginobu	11/11 times (100%)

(Note) Mr. Suginobu retired as Auditor on June 24, 2026, and Ms. Miwa was appointed as Auditor on the same day.

Internal Audit Structure

MIM has set up its Internal Audit Regulations and the General Manager of Compliance Department works as Internal Audit Manager under President & CEO. Internal audits shall be conducted every year targeting operations of all departments while also receiving support through outsourcing to outside specialized institutions, after formulating the internal audit plan encompassing a broad range of items including corporate ethics.

If problems are found, the Internal Audit Manager will give recommendations and instructions for improvement to the relevant departments, and the results of the audits will be reported to the directors of MIM.

Compliance and Corporate Ethics

Policy and Approach

From the viewpoint of securing the trust of financial markets and individual investors, financial institution business operators are required to have a management attitude that emphasizes compliance. MHR and MIM recognize that failure to ensure compliance is as an extremely serious risk factor and could diminish our public confidence and business base.

By firmly acknowledging this fact, MHR and MIM strictly adhere to various laws and regulations in order to fulfill our public obligations and to faithfully and fairly engage in corporate activities as a basic principle of management. MHR and MIM strive for thorough compliance, holding a high ethical sense in our operations.

Status and efforts for compliance with laws and regulations

The team at MIM, with the board of directors at the top, along with the President & CEO, the Compliance Department, the Compliance Officer and the Compliance Committee determine and verify various matters concerning compliance in accordance with their respective authorities and responsibilities.

MIM has established a "Compliance Manual" which states the compliance-related principles, as well as internal regulations to control major risks related to compliance such as prevention of transactions involving conflicts of interest and blocking of relations with anti-social forces. MIM strives to prevent problems by maintaining and thoroughly informing all executives and employees through periodic training etc. In addition, MIM introduced monitoring and consultation systems such as internal audit and internal reporting procedures to find and correct problems proactively.

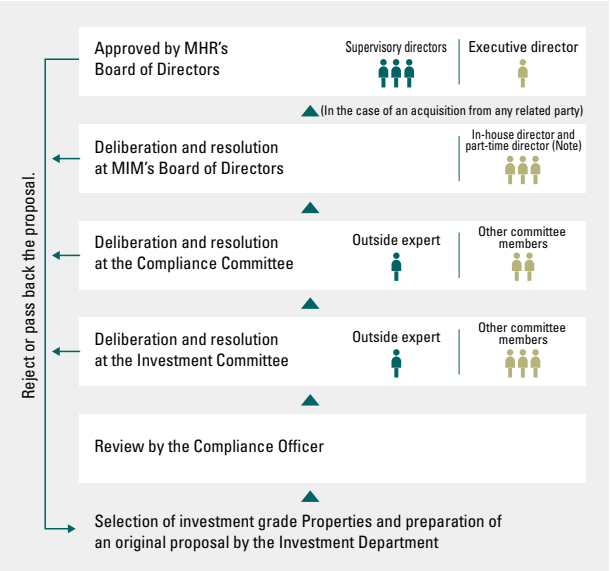
The status of these efforts is reported to the board of directors and utilized for periodic risk assessment.

Process to Counter Transactions Involving Conflicts of Interest

For details, please see "Investor Relations – IR Library – Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties – 2. Management Structure and System of the Investment Corporation and the Asset Manager – (3) Policies on Transactions Involving Conflicts of Interest."

Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties
https://www.mori-hills-reit.co.jp/en/ir/library.html

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.

Initiatives Against Transactions Involving Conflicts of Interest

MIM shall perform its business in good faith and with the due care of a prudent manager for MHR in line with the purpose of the investment management business, and is well aware that failure to ensure thorough compliance, especially inappropriate transactions or transactions involving conflicts of interest with the sponsor company group, may undermine investors' trust in the securities markets, the corporate management base of MHR and MIM.

Therefore, MIM will use its efforts to prevent any negative impact from transactions involving conflicts of interest and carry out strict compliance as above.

Compliance and Corporate Ethics

Blocking relations with Anti-Social Forces

MIM provides a statement on "severing all ties, including business ties, with anti-social forces" in its "basic rules on response to anti-social forces."

Accordingly, MIM endeavors to develop an internal structure, such as assigning a person responsible for overseeing and managing responses to anti-social forces and a person responsible for preventing unjust demands, and also periodically ensuring that all officers and employees are thoroughly informed of how to respond to anti-social forces, etc. through in-house training, etc.

Preventing Fraud and Corruption

MIM has formulated a "Compliance Manual" that sets forth the corporate ethics standards such as principles of compliance-related behavior, strict compliance with various laws and regulations including banning bribery, banning insider trading, prohibiting acts that may cause conflicts of interests such as corporate entertainment, gifts and acceptance of benefits that gives rise to public suspicion or distrust.

When a compliance violation or fact of doubt of such is recognized, it is prescribed to report that matter immediately to the Compliance Officer, and when the compliance officer deems it necessary in compliance with law regulations, and other rules, the matter will be reported to the president of MIM and the compliance committee for execution of appropriate measures.

With regard to these prohibited acts, under the system with the president of the asset manager being the person ultimately responsible for compliance and the Compliance Officer being the person responsible for overseeing compliance, we regularly conduct sessions on prevention of fraud and corruption and other corporate ethics standards to familiarize all employees including contract employees and part-timers with these issues and have established a monitoring and consultation system incorporating an internal auditing and whistleblowing system which is official and anonymous and allows the whistleblower to report directly to external attorneys for prevention of problems as well as early detection and correction.

Compliance Record

	FY2021	FY2022	FY2023	FY2024	FY2025
No. of compliance sessions held	4	4	4	4	4
Total amount of political donations [yen]	0	0	0	0	0
No. of cases of exposure related to fraud and corruption	0	0	0	0	0
No. of cases of punishment/dismissal related to fraud and corruption	0	0	0	0	0
Reconciliation cost of penalties/punishment related to fraud and corruption [yen]	0	0	0	0	0

Whistleblower System

We have established a Whistleblower Protection System which is official and anonymous and allows all officers and employees of MIM (including contract employees, part-timers, retired employees, etc.) and all employees of its business partners (including contract employees, part-timers, retired employees, etc.) to report directly to external attorneys regarding acts that violate laws, internal rules, action principles and other acts that may be contrary to corporate ethics etc.

We strive to thoroughly inform all officers and employees to prevent, to detect and to correct problems at an early stage.

In the event of whistleblowing, the Investigation Committee with members appointed by external lawyers will conduct necessary investigations and countermeasures in accordance with MIM's "Whistleblower Protection Regulations" by considering the confidentiality of the whistleblower and the privacy of the concerned parties.

Whistleblowers are provided legal protection under the Whistleblower Protection Act, and we prohibit retaliatory actions such as detrimental treatment and harassment due to whistleblowing and take appropriate measures to protect whistleblowers and to make "Whistleblower Protection Regulations" work properly.

Appropriate measures will be taken so that the work environment will not deteriorate after whistleblowing.

Number of reports and outline of corrective measures

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of reports and corrective measures	0	0	0	0	0

Risk Management

Policy and Approach

There are various risks in corporate activities. When these risks materialize it may lead to a decline in business performance and a decrease in social confidence.

MHR and MIM are well aware that various risks in business execution may undermine our corporate value.

We identify risks according to changes in public perceptions and the business environment as well as implement appropriate monitoring and responses to prevent and minimize damage at the time of occurrence of incident.

Risk Management Structure

MIM has established Risk Management Regulations. The Board of Directors oversees the development of risk management policies and the development of an appropriate risk management system.

In addition, MHR's Board of Directors will periodically receive reports from MIM and supervise risk management overall.

The practical operation will be carried out with the Compliance Officer of MIM being the supervisor and the General Manager being responsible for risk management of each department.

We will identify various risks related to the tasks involved, including ESG risks, management risks, financial risks, administrative risks and system risks, and monitor the appropriate level of each risk.

Furthermore, the Compliance Officer periodically reports the status of risk management to MIM's Board of Directors and MHR's Board of Directors where necessary measures are confirmed and the effectiveness of the risk management process is reviewed.

Information Security

Leakage of information will compromise the trust of the company and it will be a great inconvenience to various stakeholders including our unitholders.

MIM has established Information Management Regulations and has adopted steps to prevent the leakage of information to implement appropriate management of information handled in business. The Information Manager makes efforts to strengthen information security by monitoring usage and strengthening systems.

SASB Standards Comparison Table

[Sustainability Disclosure Topics & Accounting Metrics]

Topic	Code	Accounting Metric	Property Subsector	FY2023	FY2024	FY2025
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area*1	Office	90.3%	90.3%	90.6%
			Retail Properties	34.0%	34.0%	34.0%
	IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	Office	187,301GJ	186,593GJ	186,364GJ
			Retail Properties	1,793GJ	1,815GJ	1,741GJ
		Percentage grid electricity	Office	58.5%	57.6%	57.9%
			Retail Properties	41.7%	42.5%	44.4%
		Percentage renewable electricity	Office	97.7%	97.7%	97.6%
			Retail Properties	0.0%	0.0%	0.0%
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage	Office	+1.4%	△0.4%	△2.2%
			Retail Properties	△2.5%	+1.2%	△4.1%
		Percentage of area with data coverage	Office	90.2%	90.3%	90.3%
			Retail Properties	34.0%	34.0%	34.0%
	IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating*2	Office	0.0%	0.0%	0.0%
			Retail Properties	0.0%	0.0%	0.0%
		Percentage of eligible portfolio that is certified to ENERGY STAR	Not applicable as the ENERGY STAR Program does not cover real estate in Japan.			
		(Reference) Percentage of eligible portfolio that is certified to green building certification*3	Office	91.4%	91.4%	91.4%
			Retail Properties	0.0%	0.0%	0.0%
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Please refer to the "Green Building Certification" and "Climate Change" section of this report page 26-27 and 28-35 for more information.			

*1 Calculated based on the area taking into consideration the percentage of rights held by MHR at each property. Laforet Harajuku (land) is excluded from the target of calculation. The same applies hereinafter.
*2 Targeting properties that have received the certification of "Top-Level Facility" by the Tokyo Metropolitan Government.
*3 Percentage of eligible property that has CASBEE certification or DBJ Green Building certification.
*4 Each fiscal year indicates the period from April 1 of the relevant year to March 31 of the following year or the figure as of the end of March of the following year. The same applies hereinafter.

SASB Standards Comparison Table

[Sustainability Disclosure Topics & Accounting Metrics]

Topic	Code	Accounting Metric	Property Subsector	FY2023	FY2024	FY2025
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	Office	90.3%	90.3%	90.6%
			Retail Properties	34.0%	34.0%	34.0%
		Water withdrawal data coverage as a percentage of total floor area in regions with High or Extremely High Baseline Water Stress	There are no properties located in regions with high or extremely high baseline water stress.			
	IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	Office	218,673 m^3	216,378 m^3	229,678 m^3
			Retail Properties	83 m^3	112 m^3	112 m^3
		Percentage in regions with High or Extremely High Baseline Water Stress	There are no properties located in regions with high or extremely high baseline water stress.			
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage	Office	+6.0%	△ 1.1%	+2.0%
			Retail Properties	△14.2%	+35.2%	+0.0%
		Percentage of area with data coverage	Office	90.2%	90.3%	90.3%
			Retail Properties	34.0%	34.0%	34.0%
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to the "Resource Recycling (Water and Waste)" section of this report page 36 for more information.			

Topic	Code	Accounting Metric	Property Subsector	FY2023	FY2024	FY2025
Management of Tenant Sustainability Impact	IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements	—			
		Associated leased floor area	—			
	IF-RE-410a.2	Percentage of tenants that are separately metered or sub-metered for grid electricity consumption	Office	85.8%	85.8%	86.3%
			Retail Properties	0.0%	0.0%	0.0%
		Percentage of tenants that are separately metered or sub-metered for water withdrawals	Office	87.7%	87.7%	88.1%
			Retail Properties	0.0%	0.0%	0.0%
	IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Please refer to the "Green Lease" section of this report page 35 for more information.			

SASB Standards Comparison Table

[Sustainability Disclosure Topics & Accounting Metrics]

Topic	Code	Accounting Metric	Property Subsector	FY2023	FY2024	FY2025
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones*	Office	9.4%	9.4%	9.4%
			Retail Properties	0.0%	0.0%	0.0%
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Please refer to the "Strategy -Climate-Related Scenario Analysis-" section of this report page 31-33 for more information.			

* Targeting properties located in areas where inundation of over 0 meters is assumed to occur due to rainfall that happens once in 10 to 100 years, based on "Flood Inundation Assumption Area: Article 1.1 Version" of Digital National Land Information.

[Activity Metrics]

Activity Metric	Code	Property Subsector	FY2023	FY2024	FY2025
Number of assets	IF-RE-000.A	Office	8	8	8
		Retail Properties	2	2	2
Leasable floor area	IF-RE-000.B	Office	171,478 m²	171,433 m²	176,781 m²
		Retail Properties	7,472 m²	7,472 m²	7,472 m²
Percentage of indirectly managed assets	IF-RE-000.C	Office	8.3%	8.3%	8.1%
		Retail Properties	100%	100%	100%
Average occupancy rate	IF-RE-000.D	Office	97.2%	99.6%	99.6%
		Retail Properties	96.1%	94.1%	83.5%

* Each fiscal year indicates the figure as of the end of January of the following year.

GRI Standards Comparison Table

Statement on use: MHR reports in accordance with the GRI Standards for the period from April 1, 2025 to March 31, 2026.
GRI 1 used: GRI 1: Foundation 2021

[General Disclosures]

● Common standards

	Disclosure Title		References
GRI 2: General Disclosures 2021	Organization and reporting practices		
	2-1	Organization details	P5 Company Data
	2-2	Entities covered by the organization's sustainability report	P5 Company Data
	2-3	Reporting period, frequency of reporting, and contact information	P2 Reporting Period/Issued/Contact
	2-4	Description of revisions and corrections of information	No revisions or corrections
	2-5	External assurance	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	Activities and workers		
	2-6	Activities, value chains, and other business relationships	P7-8 Investment Policy Portfolio List https://www.mori-hills-reit.co.jp/en/ir/library.html
	2-7	Employees	P40-44 Initiatives with Employees
	2-8	Workers other than employees	Not applicable, as non-employee labor is not used
	Governance		
	2-9	Governance structure and composition	P55 Corporate Governance
	2-10	Nomination and selection at the highest governance body	P57 Criteria for Electing Directors
	2-11	Chair of the highest governance body	P56 Management Profiles
	2-12	Role of the highest governance body in overseeing management of impact	P20 Sustainability Promotion System
	2-13	Transfer of responsibility for management of impact	P20 Sustainability Promotion System P58 Structure of Asset Management for the Investment Corporation
	2-14	Highest governance body's role in sustainability reporting	P2 Editorial Policy
	2-15	Conflicts of interest	P59 Initiatives Against Transactions Involving Conflicts of Interest
	2-16	Communicating critical concerns	P61 Risk Management Structure
	2-17	Collective knowledge of highest governance body	P57 Skills Matrix of Directors
	2-18	Performance evaluation of the highest governance body	—

GRI Standards Comparison Table

[General Disclosures]

● Common standards

	Disclosure Title		References
	2-19	Remuneration policies	P58 Director Pay, Director Equity Policy Article 20 of the Articles of Incorporation of the Investment Corporation (Standards for payment of officers' remuneration) https://www.mori-hills-reit.co.jp/en/ir/library.html
	2-20	Process for determining remuneration	P58 Director Pay, Director Equity Policy Article 20 of the Articles of Incorporation of the Investment Corporation (Standards for payment of officers' remuneration) https://www.mori-hills-reit.co.jp/en/ir/library.html
	2-21	Annual total compensation ratio	—
	Strategies, policies, and practices		
	2-22	Statement on strategies for sustainable development	P6 Message from the Management
	2-23	Policy statement	P20 Sustainability Management P40 Promoting Respect for Human Rights and Diversity https://www.mori-hills-reit.co.jp/en/sustainability/s_initiatives_employees.html
	2-24	Implementation of the policy statement	P20 Sustainability Management
	2-25	Negative impact remediation process	P60 Preventing Fraud and Corruption
	2-26	Mechanisms for seeking advice and raising concerns	P59 Status and efforts for compliance with laws and regulations P60 Whistleblower System
	2-27	Regulatory compliance	P37 Violations of Environmental Laws and Regulations P60 Preventing Fraud and Corruption/Whistleblower System
	2-28	Membership organizations	P5 Company Data (Asset Manager)
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	P39 Stakeholder Engagement
	2-30	Labor agreement	P41 Labor-Management Relations / Collective Bargaining Agreement

GRI Standards Comparison Table

[General Disclosures]

● Common standards

	Disclosure Title		References
GRI 3: Material topics 2021	Disclosures regarding material topics		
	3-1	Process for determining material topics	P21 Materiality Identification Process
	3-2	List of material topics	P22 MHR's Materiality
	3-3	Management of material topics	P20 Sustainability Management P26-27 Green Building Certification P28-35 Climate Change P36-37 Resource Recycling (Water and Waste) P38 Increasing Greenery and Biodiversity P40-44 Initiatives with Employees P45-47 Initiatives with Tenants and Local Communities P53-54 Initiatives with Investors P55-58 Corporate Governance P59-60 Compliance and Corporate Ethics

GRI Standards Comparison Table

Standard by item (Economic topics)

	Disclosure Title		References
Economic Performance			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	P10 Value Creation Process P16-18 Financial and Non-Financial Highlights P75 Major Financial Data
	201-2	Financial implications and other risks and opportunities due to climate change	P19 Risks and Opportunities P31-33 Strategy -Climate-Related Scenario Analysis-
	201-3	Defined benefit plan obligations and other retirement plans	Disclosure Materials for Financial Results [Details of the unitholder ownership program for asset management company employees, etc.] https://www.mori-hills-reit.co.jp/en/ir/library.html
	201-4	Financial assistance received from government	Not applicable
Presence in the Local Economy			
GRI 202: Presence in the Local Economy 2016	202-1	Ratios of standard entry level employee wage by gender compared to local minimum wage	—
	202-2	Proportion of senior management hired from the local community	—
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	P48-50 Actual Results of Urban Redevelopment Projects
	203-2	Significant indirect economic impacts	P48-50 Actual Results of Urban Redevelopment Projects
Procurement Practices			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Our spending on suppliers is 100% on domestic suppliers.
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	P60 Preventing Fraud and Corruption
	205-2	Communication and training about anti-corruption policies and procedures	P60 Preventing Fraud and Corruption
	205-3	Confirmed incidents of corruption and actions taken	P60 Preventing Fraud and Corruption

GRI Standards Comparison Table

Standard by item (Economic topics)

	Disclosure Title		References
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—
Tax			
GRI 207 : Tax 2019	207-1	Approach to tax	—
	207-2	Tax governance, control, and risk management	—
	207-3	Stakeholder engagement and management of concerns related to tax	—
	207-4	Country-by-country reporting	—

Standard by item (Environmental topics)

	Disclosure Title		References
Materials			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Not applicable
	301-2	Recycled input materials used	Not applicable
	301-3	Reclaimed products and their packaging materials	Not applicable
Energy			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	302-2	Energy consumption outside of the organization	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	302-3	Energy intensity	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	302-4	Reduction of energy consumption	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	302-5	Reductions in energy requirements of products and services	P34 Promotion of Energy Saving

GRI Standards Comparison Table

Standard by item (Environmental topics)

	Disclosure Title		References
Water and Effluents			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	P36 Resource Recycling (Water and Waste)
	303-2	Management of water discharge-related impacts	—
	303-3	Water withdrawal	P36 Effective Use of Water Resources
	303-4	Water discharge	—
	303-5	Water consumption	—
Biodiversity			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P38 Biodiversity
	304-2	Significant impacts of activities, products, and services on biodiversity	P38 Biodiversity
	304-3	Habitats protected or restored	P38 Biodiversity
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable
Emissions			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	305-2	Energy indirect (Scope 2) GHG emissions	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	305-3	Other indirect (Scope 3) GHG emissions	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	305-4	GHG emissions intensity	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	305-5	Reduction of GHG emissions	P29 Indicators and Targets -Reduction in Greenhouse Gas Emissions-
	305-6	Emissions of ozone-depleting substances (ODS)	—
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	—

GRI Standards Comparison Table

Standard by item (Environmental topics)

	Disclosure Title		References
Waste			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	P36-37 Resource Recycling (Water and Waste)
	306-2	Management of significant waste-related impacts	P36-37 Resource Recycling (Water and Waste)
	306-3	Waste generated	P37 Promotion of Recycling
	306-4	Waste diverted from disposal	P37 Promotion of Recycling
	306-5	Waste directed to disposal	P37 Promotion of Recycling
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	—
	308-2	Negative environmental impacts in the supply chain and actions taken	—

Standard by item (Social topics)

	Disclosure Title		References
Employment			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P42 Personnel Data
	401-2	Benefits provided to full-time employees that are not provided to fixed-term or part-time employees	There are no benefits provided to full-time employees that are not provided to fixed-term or part-time employees.
	401-3	Parental leave	P44 Child-care Leave System
Labor / Management Relations			
GRI 402: Labor / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	—

GRI Standards Comparison Table

Standard by item (Social topics)

	Disclosure Title		References
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	—
	403-2	Hazard identification, risk assessment, and incident investigation	—
	403-3	Occupational health services	P44 Benefits and work/life balance
	403-4	Worker participation, consultation, and communication on occupational health and safety	—
	403-5	Worker training on occupational health and safety	P44 Benefits and work/life balance
	403-6	Promotion of worker health	P44 Benefits and work/life balance
	403-7	Prevention and reduction of occupational health and safety impacts directly linked by business relationships	—
	403-8	Workers covered by an occupational health and safety management system	—
	403-9	Work-related injuries	—
	403-10	Work-related ill health	—
Training and Education			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P42-43 Talent Development Policy / Program
	404-2	Programs for upgrading employee skills and transition assistance programs	P42-43 Talent Development Policy / Program
	404-3	Percentage of employees receiving regular performance and career development reviews	P42-43 Talent Development Policy / Program
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P56 Policy on gender diversity concerning director composition P42 Personnel Data
	405-2	Ratio of basic salary and remuneration of women to men	—

GRI Standards Comparison Table

Standard by item (Social topics)

	Disclosure Title		References
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	P41 Grievance Reporting and Response to Labor Issues
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P41 Labor-Management Relations / Collective Bargaining Agreement
Child Labor			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	P41 Grievance Reporting and Response to Labor Issues
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P41 Grievance Reporting and Response to Labor Issues
Security Practices			
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	—
Rights of Indigenous			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	—
Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	P47 Local Communities
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
Supplier Social Assessment			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	—
	414-2	Negative social impacts in the supply chain and actions taken	Not applicable

GRI Standards Comparison Table

Standard by item (Social topics)

	Disclosure Title		References
Public Policy			
GRI 415: Public Policy 2016	415-1	Political contributions	P60 Preventing Fraud and Corruption
Customer Health and Safety			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	P45 BCP Measures P46 Response to barrier removal / Tenant Satisfaction Surveys
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable
Marketing and Labeling			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	P26 Green Building Certification
	417-2	Incidents of non-compliance concerning product and service information and labeling	—
	417-3	Incidents of non-compliance concerning marketing communications	—
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	—

Major Financial Data

	30th July 31, 2021	31st January 31, 2022	32nd July 31, 2022	33rd January 31, 2023	34th July 31, 2023	35th January 31, 2024	36th July 31, 2024	37th January 31, 2025	38th July 31, 2025	39th January 31, 2026	40th July 31, 2026
P/L-Related (Millions of yen)											
Operating revenues	9,841	9,820	11,197	11,210	11,215	11,176	11,173	11,088	11,223	11,381	11,126
Operating expenses	3,683	3,735	4,212	4,264	4,259	4,373	4,294	4,318	4,428	4,498	4,437
Operating income	6,157	6,085	6,985	6,945	6,955	6,803	6,879	6,769	6,795	6,882	6,688
Ordinary income	5,583	5,514	6,443	6,405	6,424	6,291	6,344	6,164	6,094	6,125	5,808
Net income	5,582	5,513	6,443	6,404	6,423	6,289	6,343	6,163	6,093	6,124	5,807
NOI	7,588	7,498	7,489	7,478	7,419	7,257	7,276	7,163	7,105	7,218	7,292
B/S-Related (Millions of yen)											
Total assets	404,953	411,259	412,892	415,261	414,888	413,064	413,260	413,182	407,947	411,231	411,198
Interest-bearing debt	186,222	192,422	192,422	192,422	192,422	190,422	189,922	189,422	188,188	189,522	190,622
Total net assets	200,818	201,657	202,797	205,155	204,797	204,778	205,575	205,654	201,828	202,979	201,866
Unitholders' capital (net)*	195,718	195,718	195,718	195,718	195,718	195,718	195,718	195,718	191,718	191,718	190,823
Depreciation and amortization	1,072	1,079	1,088	1,088	1,097	1,083	1,076	1,064	1,070	1,090	1,137
CAPEX	971	203	683	127	717	191	815	348	561	285	1,390
Cash Flows (Millions of yen)											
Net cash provided by (used in) operating activities	7,120	6,482	9,741	9,194	8,899	9,233	8,679	9,188	8,397	9,245	7,871
Net cash provided by (used in) investing activities	△1,019	△8,079	△666	△67	△606	△183	△780	△225	△8,283	△9,584	△1,147
Net cash provided by (used in) financing activities	△3,805	606	△5,608	△5,805	△5,824	△8,440	△6,787	△6,854	△11,150	△4,506	△5,640
Cash and cash equivalents at the end of the period	13,116	12,125	15,592	18,914	21,381	21,991	23,103	25,211	14,175	9,329	10,412
Indices per unit (Yen)											
Net income per unit	2,913	2,877	3,362	3,342	3,352	3,282	3,310	3,216	3,202	3,247	3,083
Total net assets per unit	104,793	105,231	105,825	107,056	106,869	106,859	107,275	107,316	107,000	107,610	107,407
Dividends per unit	2,913	2,927	3,030	3,040	3,352	3,282	3,310	3,080	3,090	3,100	3,100
NAV per unit	147,297	156,688	164,448	165,482	162,209	161,825	161,920	161,685	162,570	165,145	166,139
Financial Indices											
Ordinary income to total assets	1.4	1.4	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4
Net income to total net assets	2.8	2.7	3.2	3.1	3.1	3.1	3.1	3.0	3.0	3.0	2.9
Net assets to total assets	49.6	49.0	49.1	49.4	49.4	49.6	49.7	49.8	49.5	49.4	49.1
LTV (Book value basis)	46.0	46.8	46.6	46.3	46.4	46.1	46.0	45.8	46.1	46.1	46.4
LTV (Appraisal value basis)	38.3	37.7	36.6	36.5	36.9	36.7	36.7	36.6	36.7	36.5	36.5
Unit-Related											
Unit price per period-end (Yen)	161,100	141,000	153,000	147,600	144,700	137,200	128,600	125,600	136,600	145,200	130,100
Total units outstanding (Unit)	1,916,330	1,916,330	1,916,330	1,916,330	1,916,330	1,916,330	1,916,330	1,916,330	1,886,235	1,886,235	1,879,435

* Unitholders' capital minus the amount of deductions from Unitholders' capital. "Unitholders' capital" does not take into account the changes in Unitholders' capital due to the dividend in excess of earnings related to provisions for temporary difference adjustments.

HILLS REIT