# Mori Hills REIT Investment Corporation

**Results of the 40th Fiscal Period ended July 31, 2026**

**Presentation Material**

**September 14, 2026**

HILLS REIT

**TSE Code：3234**
**https://www.mori-hills-reit.co.jp/en/**

**(Asset Manager) Mori Building Investment Management Co., Ltd.**
**https://www.morifund.co.jp/en/**

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Asset Management Company : Mori Building Investment Management Co., Ltd.
(Registered as a financial instruments business, an investment management business, Kanto Local Finance Bureau registration no. 408 Member of The Investment Management Association of Japan)

# Contents

# 1-1. Executive summary

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**Financial summary**
**40th period**
**(July. 2026)**

- Operating revenue: 11,126 million yen, operating income: 6,688 million yen, net income: 5,807 million yen
- DPU: 3,100 yen (±0.0% from 39th period)
  Achieved target as planned due to contribution from gain on disposition
- NAV per unit: 166,139 yen (+0.6% from 39th period)
  Increased compared with the 39th period due to the increase in the appraisal values of owned properties.
- Asset disposition: Divested a 5% ownership interest in Laforet Harajuku (Land) (1,257 million yen from gain was realized on the disposition, all of this gain will be distributed)

**External growth**

- While disposing of parts of Laforet Harajuku (Land), make new acquisitions concurrently to further improve profitability.
- Premium properties in central Tokyo have maintained high occupancy rates by capturing the demand for headquarter offices of many blue-chip companies and are expected to demonstrate competitive advantages.

**Internal growth**

- The office occupancy rate for the 40th period was 99.0% and continues to maintain a high level. Rent increases continued for both revisions and replacements.
- Although the residential occupancy rate for the 40th period declined slightly to 93.7%, rents continued to increase significantly for both revisions and replacements.
- The office rent gap expanded from △7.5% in the previous period to △9.3% in the 40th period.

**Financial management**

- Maintaining a strong financial structure with book-value-basis LTV: 46.4%, appraisal-value-basis LTV: 36.5%, remaining duration of debt: 3.4 years and a credit rating (JCR) of AA (stable) as of the end of the 40th period.
- Repurchased and canceled approx. 900 million yen of own investment units in the 40th period (6,800 units, 0.36% of total investment units) by utilizing cash on hand.

# 1-2 Management with awareness of cost of capital and unit price

**Aim to achieve DPU of 3,100 yen or more, improve DPU excluding gain on transfer, and target a recovery of the NAV multiple to 1.0x by implementing various measures**

Rent revenues

(+) Gain on sales of real estate properties

(-) Operating expenses, Debt Costs

Net income

Total dividends

(/) Total units outstanding

Dividends per unit (DPU)

### External growth

- Continue to acquire highly competitive properties at lower than appraisal values by utilizing the sponsor's pipeline
- Effectively deploy proceeds funds from the disposal of Laforet Harajuku (Land)
- In the case of temporarily raising the book-value-basis LTV to 50% (approximately 40% of market-value-basis), acquisition capacity would be 30 billion yen

### Internal growth

- Fixed-rent master lease: Rent increases expected (current rent appraisals: Atago +4.4%; Toranomon +3.7%) When renewing contracts, aim for continued rent increases while promoting shorter contract terms (to 3 years)
- Pass-through-type properties: Achieved rent increase with the occupancy rate remaining high. Continue to expect increases for the 41st period

  Office: Revisions during the 40th period +7.3%, replacements +1.9%, Revisions during the 41st period +8.7%, replacements +11.1% (estimated value)

  Residential: Revisions during the 40th period +11.4%, replacements +19.6%. In the 41st period revisions and replacements are expected to increase

### Property Transfer

- Continue to return to unitholders gains on disposition from disposition installments (assuming transfer of 5% ownership interest by 2030)
- Will actively consider disposition of other owned properties that would contribute to maintaining and increasing DPU excluding gains on disposition

### Capital Policy

- Effect from pushing up DPU due to the acquisition of own investment units for approx. 900 million yen in the 40th period is + approx. 8 yen/unit (excluding gains on disposition)
- Will continue to consider share repurchase depending on the outlook for property acquisition and the financial situation due to dispositions and the market environment

## 2. Investment highlights

# 2-1 Financial results

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**Revenue and income decreased year-over-year for the 40th period (ended July 2026); DPU target achieved as planned by implementing various measures**

- Disposed of a 5% ownership interest in Laforet Harajuku (Land) (1,257million yen from gain was realized on the disposition, all of this gain will be distributed). Executed a partial reversal of reserve for reduction entry
- Repurchased and canceled 890 million yen of own investment units (6,800 units, 0.36% of total investment units)
- Owned properties boast excellent location and quality, therefore high occupancy rates were maintained for both offices and residences.

| | 39th period Jan. 31, 2026 | 40th period Jul. 31, 2026 | | 40th period Jul. 31, 2026 |
|---|---|---|---|---|
| | Actual | Actual | Difference | Forecasted |
| **Operating Highlights (million yen)** | | | | |
| Operating revenue | 11,381 | 11,126 | △ 255 | 11,184 |
| Rent revenues | 9,665 | 9,689 | + 24 | 9,746 |
| Other operating revenues | 196 | 179 | △ 17 | 181 |
| Gain on sales of real estate properties | 1,519 | 1,257 | △ 262 | 1,256 |
| Operating expenses | 4,498 | 4,437 | △ 61 | 4,486 |
| Expenses related to properties | 3,733 | 3,713 | △ 20 | 3,743 |
| SG&A | 765 | 724 | △ 41 | 742 |
| Operating income | 6,882 | 6,688 | △ 193 | 6,698 |
| Non-operating income | 20 | 14 | △ 5 | 12 |
| Non-operating expenses | 777 | 895 | + 117 | 890 |
| Ordinary income | 6,125 | 5,808 | △ 317 | 5,819 |
| Net income | 6,124 | 5,807 | △ 317 | 5,814 |
| Reserve for reduction entry | 281 | — | △ 281 | — |
| Reversal of reserve for reduction entry | — | 11 | + 11 | 33 |
| Total dividends | 5,847 | 5,826 | △ 21 | 5,847 |
| **DPU** | | | | |
| Total units outstanding (units) | 1,886,235 | 1,879,435 | △ 6,800 | 1,886,235 |
| DPU (yen) | 3,100 | 3,100 | — | 3,100 |
| **Other Indices (million yen)** | | | | |
| NOI | 7,218 | 7,292 | + 73 | 7,336 |
| NOI yield | 3.5% | 3.5% | 0.0PT | 3.6% |
| Acquisition price (weighted average based on the number of operating days during the period) (Note) | 410,651 | 415,862 | + 5,211 | 415,862 |

(Note) If properties are acquired during the period, the acquisition price is the weighted average based on the number of operating days.

**Increase/decrease factor (39th - 40th)**

**·Operating revenue (△255 mn yen)**

| | |
|---|---|
| - Gain on disposition part of LF Harajuku (40th period) | +1,257 |
| - Full period contribution of property acquired in 39th period | +123 |
| - Full period contribution of property revision of the ground rent (LF Harajuku) | +6 |
| - Gain on disposition part of LF Harajuku (39th period) | △1,519 |
| - Office Rent (fixed master-lease) | △36 |
| (pass-through) | △25 |
| - Rent on disposition part of LF Harajuku (39th period) | △31 |
| (40th period) | △5 |
| - Utilities | △19 |

**·Operating expenses (△61 mn yen)**

| | |
|---|---|
| - Depreciation | +32 |
| - Full period contribution of property acquired in 39th period | +28 |
| - Property taxes (38th and 39th) | +17 |
| - Maintenance and repairs | △86 |
| - Asset management fee | △29 |
| - Property management fee | △11 |
| - Utilities | △11 |

**·Non-operating expenses (+117 mn yen)**

| | |
|---|---|
| - Interest expenses, etc. | +116 |

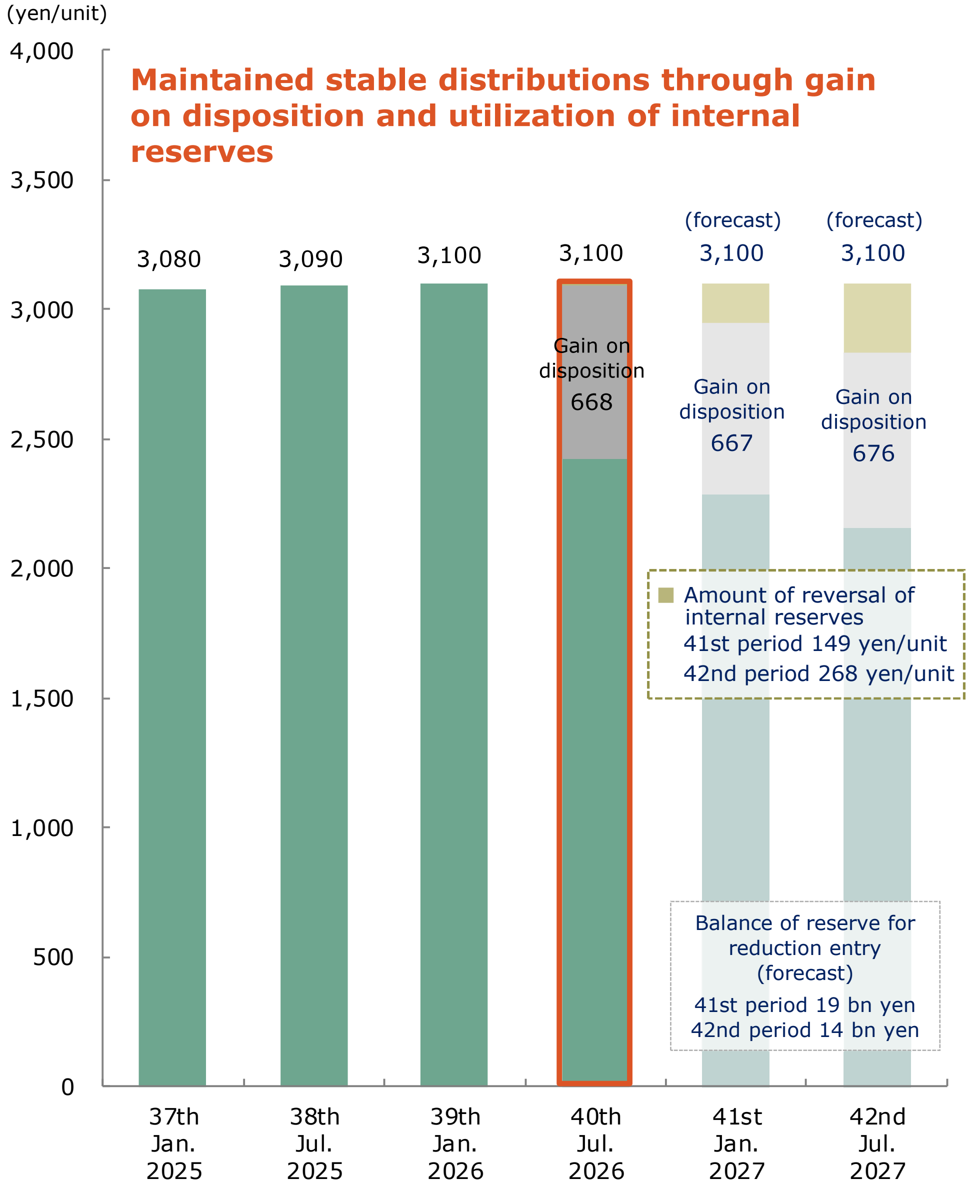
**Increase/decrease factor for 40th period (Forecasted - Actual)**

**·Ordinary income (△11 mn yen)**

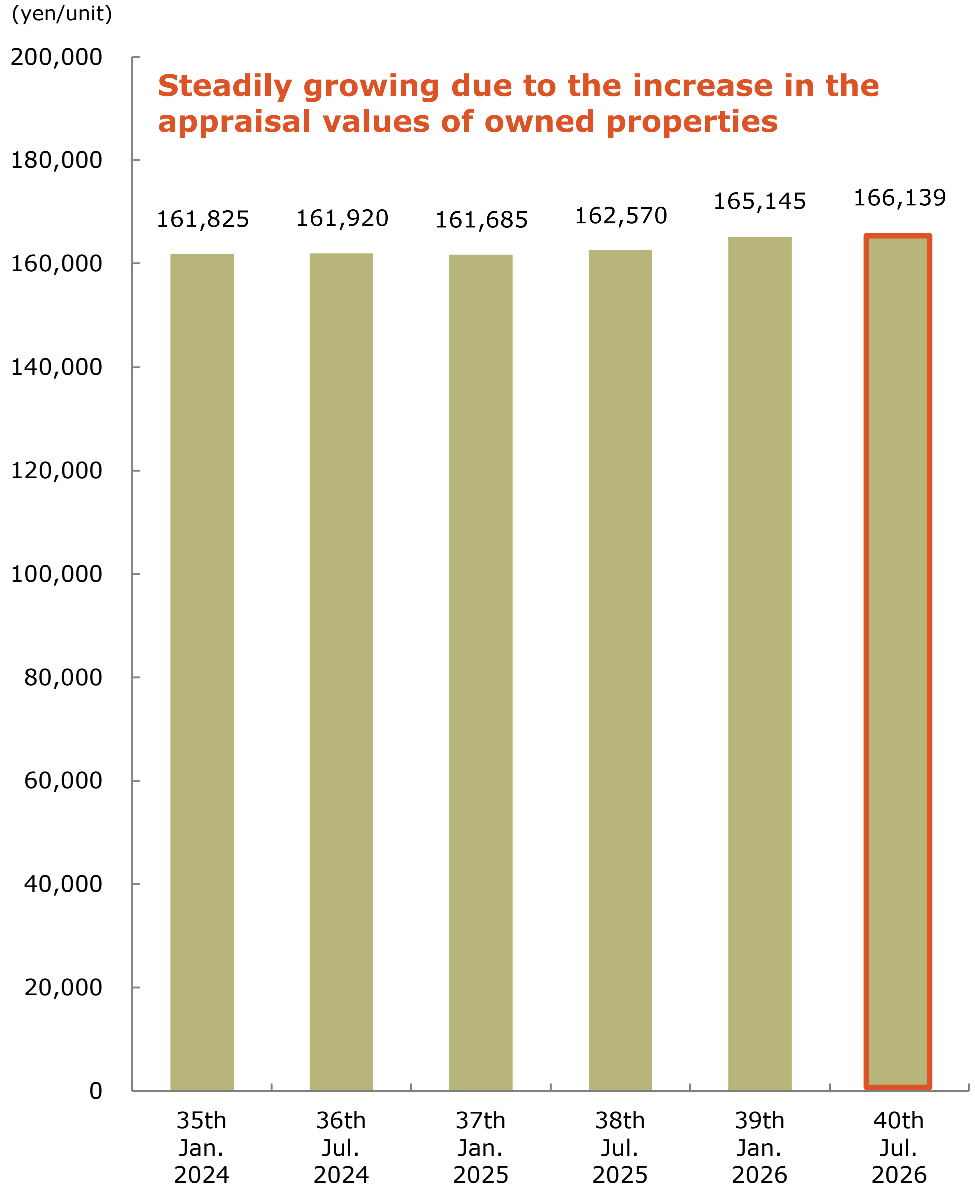
| | |
|---|---|
| - Decrease in depreciation | +15 |
| - Decrease in property management fee | +14 |
| - Decrease in asset management fee | +14 |
| - Decrease in maintenance and repairs | +8 |
| - Retail revenue | +5 |
| - Residential rent (pass-through) | △40 |
| - Office rent (pass-through) | △21 |
| - Utilities | △10 |

# 2-2 Dividends and NAV per unit growth record

## Dividends per unit




## NAV per unit



# 2-3 Forecasts

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**DPU forecast is 3,100 yen for the 41st period and 3,100 yen for the 42nd period, due in part to the effect of property dispositions.**

- In the 41st and 42nd periods, 5% ownership interest in Laforet Harajuku (Land) will be divested, and DPU is expected to be maintained at 3,100 yen through reversal of reserve for reduction entry.
- From the 42nd period, MHR expects upward revisions of fixed master lease rent and aims to further increase DPU excluding gains on dispositions by implementing various measures using the proceeds from property dispositions.

| | 40th period Jul. 31, 2026 | 41st period Jan. 31, 2027 | | 42nd period Jul. 31, 2027 |
|---|---|---|---|---|
| | Actual | Forecast | Difference | Forecast |
| **Operating Highlights (million yen)** | | | | |
| Operating revenue | 11,126 | 11,158 | + 32 | 11,229 |
| Rent revenues | 9,689 | 9,701 | + 12 | 9,768 |
| Other operating revenues | 179 | 202 | + 22 | 190 |
| Gain on sales of real estate properties | 1,257 | 1,254 | △ 2 | 1,271 |
| Operating expenses | 4,437 | 4,524 | + 87 | 4,629 |
| Expenses related to properties | 3,713 | 3,795 | + 82 | 3,913 |
| SG&A | 724 | 729 | + 5 | 715 |
| Operating income | 6,688 | 6,633 | △ 55 | 6,600 |
| Non-operating income | 14 | 14 | △ 0 | 14 |
| Non-operating expenses | 895 | 1,097 | + 202 | 1,289 |
| Ordinary income | 5,808 | 5,550 | △ 257 | 5,325 |
| Net income | 5,807 | 5,545 | △ 261 | 5,320 |
| Reversal of reserve for reduction entry | 11 | 280 | + 269 | 505 |
| Total dividends | 5,826 | 5,826 | – | 5,826 |
| **DPU** | | | | |
| Total units outstanding (units) | 1,879,435 | 1,879,435 | – | 1,879,435 |
| DPU (yen) | 3,100 | 3,100 | – | 3,100 |
| **Other Indices (million yen)** | | | | |
| NOI | 7,292 | 7,247 | △ 44 | 7,201 |
| NOI yield | 3.5% | 3.5% | △ 0.1PT | 3.5% |
| Acquisition price (weighted average based on the number of operating days during the period) | 415,862 | 414,591 | △ 1,271 | 413,680 |

**Increase/decrease factor (40th – 41st)**

**·Operating revenue (+32 mn yen)**

| | |
|---|---|
| - Gain on disposition part of LF Harajuku (41st period) | +1,254 |
| - Residential Rent (pass-through) | +35 |
| - Office Rent (pass-through) | +21 |
| - Utilities | +19 |
| - Gain on disposition part of LF Harajuku (40th period) | △1,257 |
| - Rent on disposition part of LF Harajuku (40th period) | △30 |
| (41st period) | △12 |

**·Operating expenses (+87 mn yen)**

| | |
|---|---|
| - Property management fee | +68 |
| - Utilities | +17 |
| - Property taxes (38th and 39th) | +16 |
| - Maintenance and repairs | △13 |
| - Lease business expenses of LF Harajuku (40th period) | △6 |
| (41st period) | △3 |

**·Non-operating expenses (+202 mn yen)**

**Increase/decrease factor (41st – 42nd)**

**·Operating revenue (+71 mn yen)**

| | |
|---|---|
| - Gain on disposition part of LF Harajuku (42nd period) | +1,271 |
| - Office Rent (pass-through) | +67 |
| - Fixed master-lease Rent (Atago Green Hills) | +22 |
| - Residential Rent (pass-through) | +8 |
| - Gain on disposition part of LF Harajuku (41st period) | △1,254 |
| - Rent on disposition part of LF Harajuku (41st period) | △24 |
| (42nd period) | △6 |
| - Utilities | △15 |

**·Operating expenses (+104 mn yen)**

| | |
|---|---|
| - Property management fee | +48 |
| - Maintenance and repairs | +44 |
| - Property taxes | +26 |
| - Depreciation | +17 |
| - Asset management fee | △18 |
| - Utilities | △17 |

**·Non-operating expenses (+191 mn yen)**

# 2-4 Medium- to long-term disposition and acquisition policy (model)

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| | 38th (Jul. 2025) | 39th (Jan. 2026) | 40th (Jul. 2026) | 41st (Jan. 2027) | → | Medium- to long-term direction |
|---|---|---|---|---|---|---|

**Disposition**


LF Harajuku
(Land: 7%)
(3.07 bn yen)


LF Harajuku
(Land: 7%)
(3.07 bn yen)


LF Harajuku
(Land: 5%)
(2.36 bn yen)


LF Harajuku
(Land: 5%)
(2.36 bn yen)

<Gain on disposition>
41st 1.25 bn yen
40th 1.25 bn yen
39th 1.51 bn yen
38th 1.52 bn yen

NOI yield 2.4%
Yield after depreciation 2.4%
(based on disposition price)

**Medium- to long-term disposition in installments**

A. Dispose all interest

B. Participate in redevelopment (minor interest)

Special tax treatment for property replacement

**Acquisition**


Toranomon Hills Mori Tower
(7.82 bn yen)


Toranomon Hills Mori Tower
(9.66 bn yen)

(Acquisition in 39th period)
NOI yield 3.0%
Yield after depreciation 2.5%

**New acquisition from the sponsor and third parties**

Portfolio size expansion

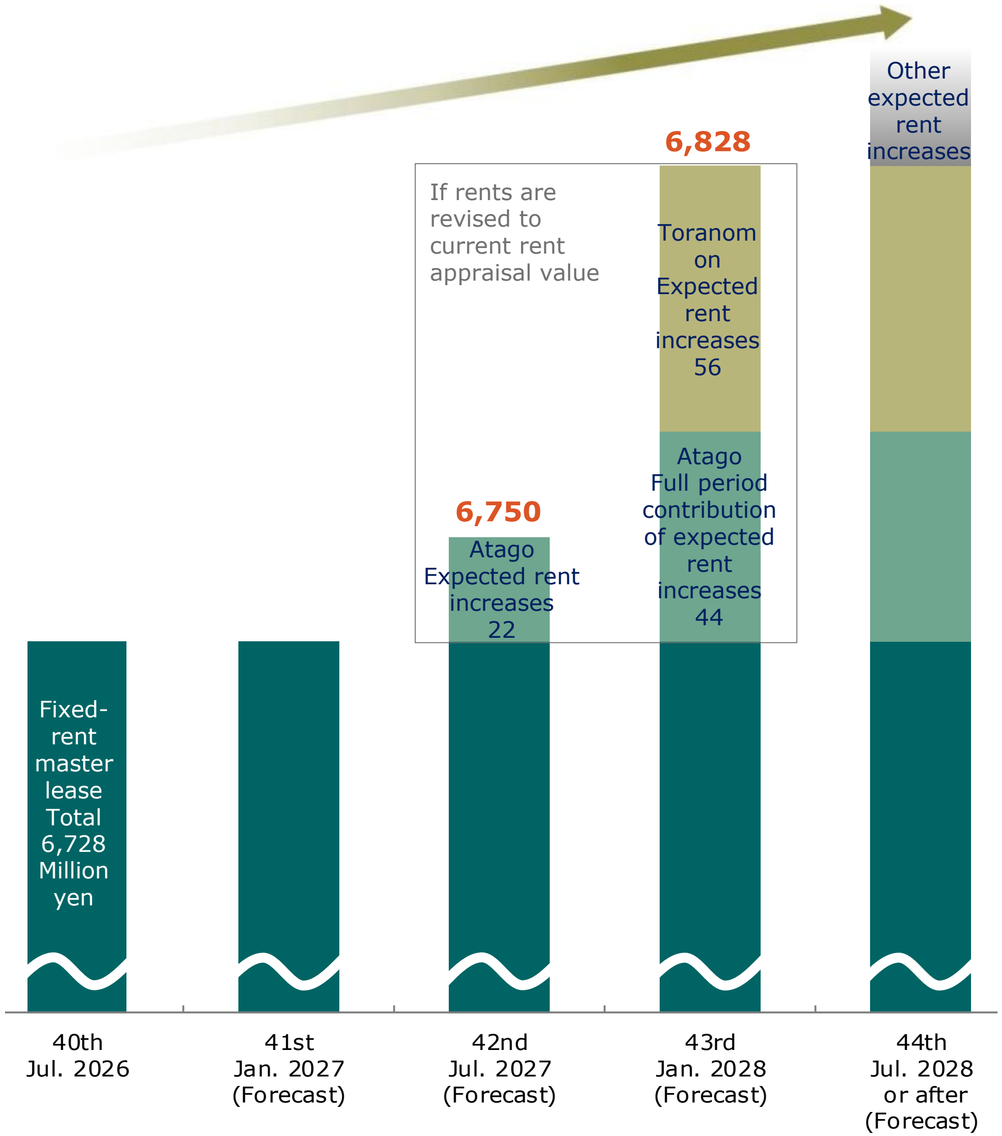
**DPU NAV**

- Aim to maintain and increase DPU continuously by utilizing gains on disposition from medium- to long-term property dispositions
- For DPU excluding gains on disposition, pursue steady growth based on property acquisitions by utilizing the sponsor’s pipeline, while combining diverse measures
- Aim for increase in NAV by making up for impact of dispositions through acquisition of properties at below appraisal value

# 2-5 Medium- to long-term internal growth

## Fixed-rent master lease properties

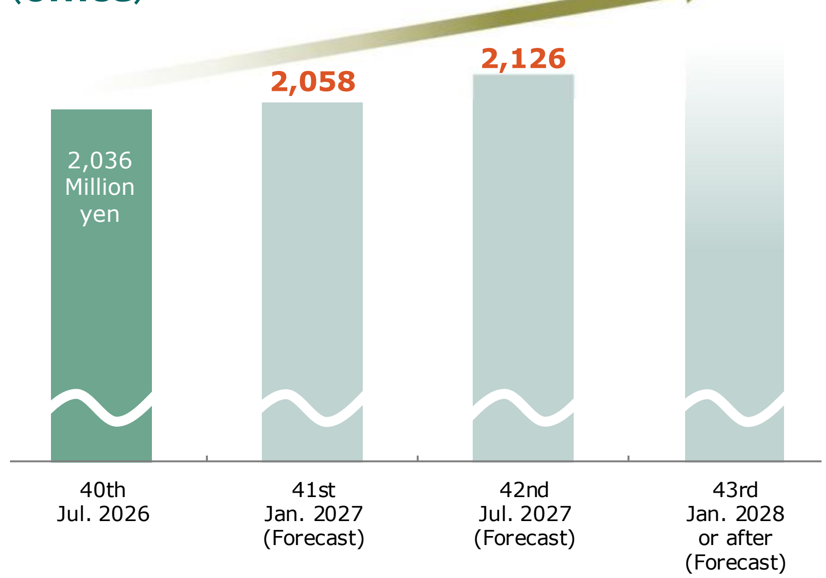
**Amid favorable supply-demand conditions in the office market, rent increases are expected, underpinned by strong office demand for functioning as headquarters.**



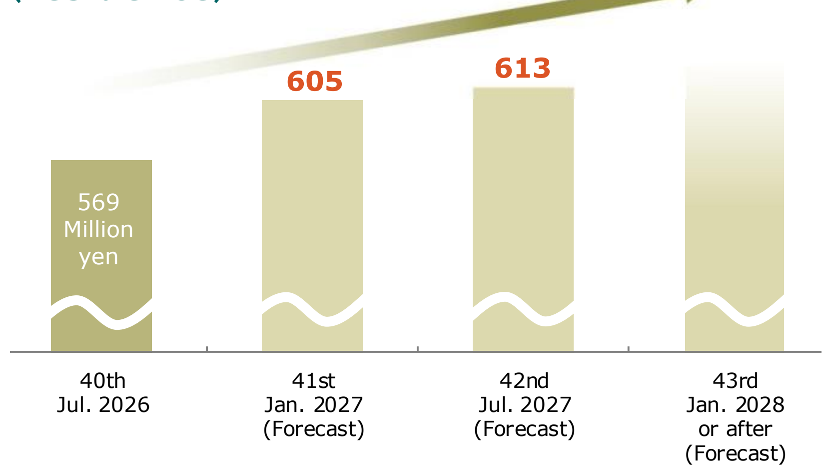

## Pass-through-type properties

**With occupancy rates remaining high, rent increases continued for both revisions and replacements.**

### (office)




### (residence)



# 2-6 Portfolio of premium properties in central Tokyo

## Investment strategy based on long-term perspective

- Invest in properties that can be expected to maintain and improve asset value over the long run.
- True premium properties in central Tokyo are sure to capture office demand of many blue-chip companies by functioning as headquarters.
- Invest in properties that are located in areas that can expect improved asset value for the entire vicinity based on area development and neighborhood management, instead of only focusing on the value of individual properties.

**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

**Location**

**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

**Quality of assets**

**③ Value creation**
Value improvement through area development and neighborhood management

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

**Value Creation**

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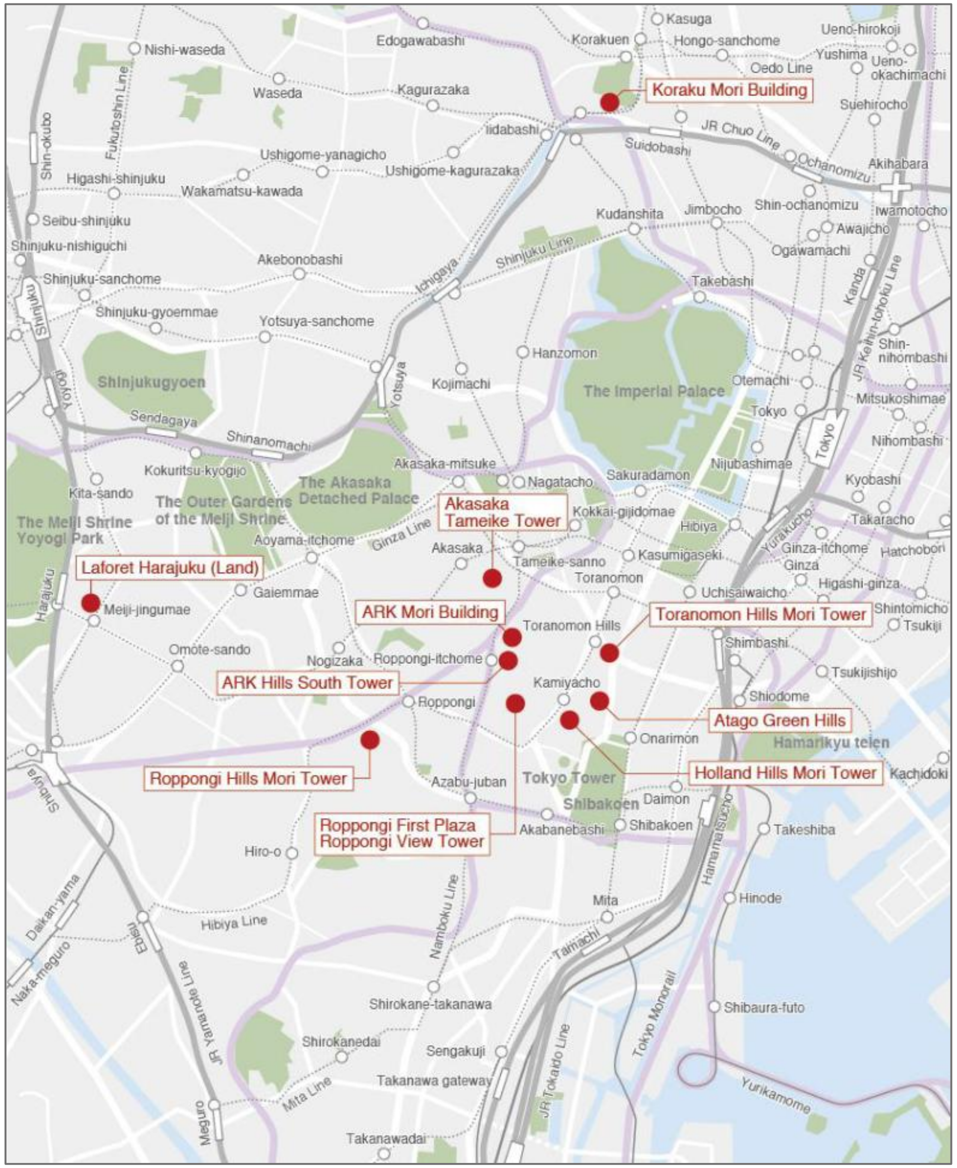
## Highest property percentage in Central Tokyo among J-REITs

**Tokyo's Five Central Wards and their vicinity**
100%

**Tokyo's Three Central Wards**
91.4%

(Note) The ratios represent proportion of acquisition price to total acquisition price.



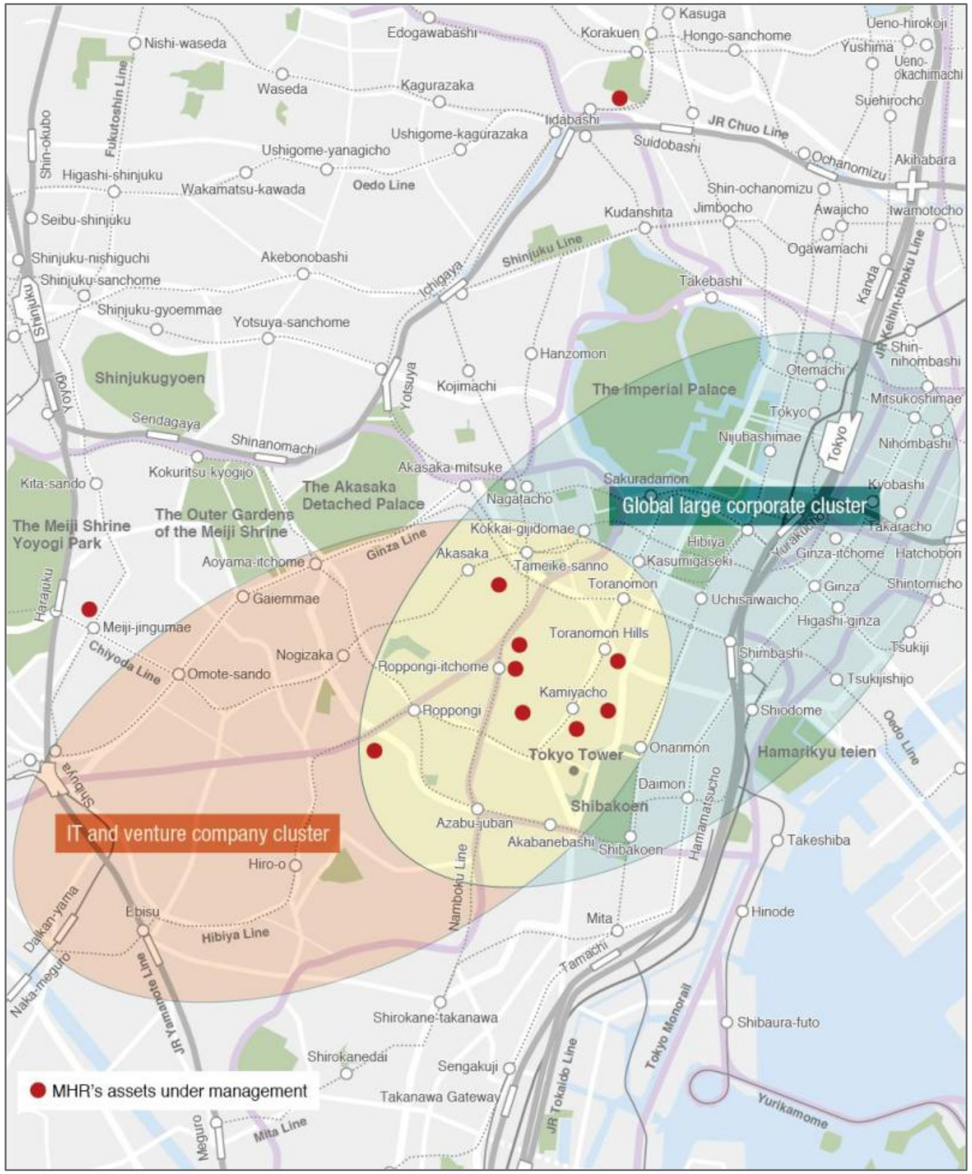

## Estimated population in central Tokyo

| Area | Population in 2020 | Estimated population in 2050 | Change |
|---|---|---|---|
| 3 central wards in Tokyo | 496,000 | 603,000 | +21.5% |
| 5 central wards in Tokyo | 1,089,000 | 1,234,000 | +13.3% |
| Tokyo | 14,047,000 | 14,399,000 | +2.5% |
| Osaka | 8,837,000 | 7,263,000 | △ 17.8% |
| Aichi | 7,542,000 | 6,676,000 | △ 11.5% |
| Nationwide | 126,146,000 | 104,686,000 | △ 17.0% |

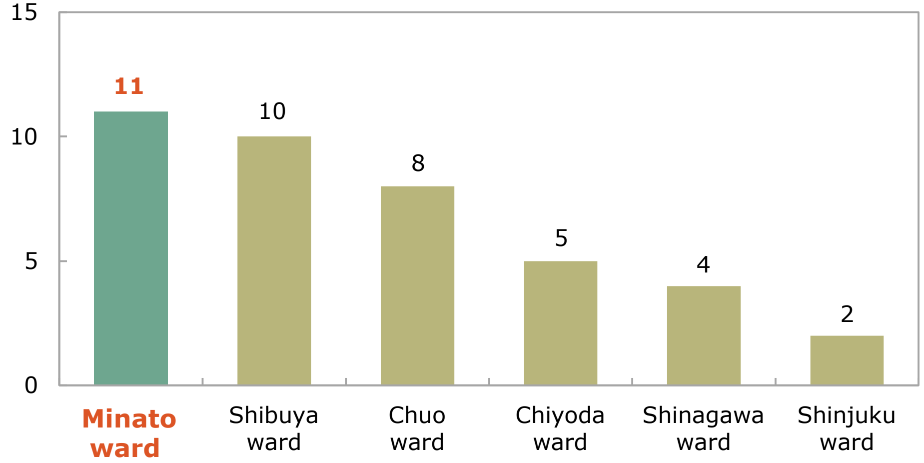
(Source) Prepared by the Asset Manager based on the "Regional Population Projections for Japan (estimated in 2023)" by the National Institute of Population and Social Security Research.

# 2-8 Location

## Overlapping zone of global large corporate with IT and venture companies in central Tokyo




## Head office location of IPO companies (2025)




(Source) Prepared by the Asset Manager based on the Securities Registration Statement (at the time of IPO) of companies newly listed in Japanese Market (TOKYO PRO Market excluded) from January to December 2025 whose head offices are located in Tokyo.

## IT firms located in Minato ward

| | | |
|---|---|---|
| NVIDIA | ExpediaGroup | baudroie |
| Apple | SBI Holdings | Appier Group |
| Microsoft | Nexon | WindARK1st |
| Meta Platforms | m3 | EXAWIZARDS |
| Cisco Systems | Oracle Japan | JBS |
| Netflix | Mercari | GREE |
| Softbank | Money Forward | GSX |
| Qualcomm | JMDC | Medley |
| Nokia | SHIFT | Bengo4.com |
| Ericsson | Monex Group | ZIGExN |
| Baidu | ANYCOLOR | Istyle |

(Source) Prepared by the Asset Manager based on the disclosed data etc. as of August 31, 2026.

# 2-9 Quality of assets

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## Premium Properties (Excellent comfort and safety with extensive facilities)

**Strong demand for headquarter offices**

### ＜Overview and facilities of 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㎡- | 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㎡- | 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㎡- | 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㎡- | 3-minute walk from Onarimon Station | 20 | (Atago Green Hills SPA) | - | - | Atago Green Hills Forest Tower | 53.6% |

(Source) Prepared by the Asset Manager based on disclosed materials as of July 31, 2026.
(Note 1) Describes the outline of the entire areas and facilities including properties owned by MHR.
(Note 2) “Connected” under the “Access from the nearest station” describes the possible direct connection by concourse etc.

# 2-10 Quality of assets

## Superior environmental performance

**Ratio of GB certified properties in portfolio**

93.8%

**In highest ratings 84.7%**

**Highest quality among all J-REITs**

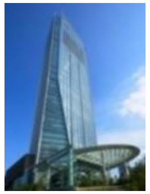
※ In acquisition price base by excluding Laforet Harajuku (Land)

CASBEE for Real Estate: Rank S

**Roppongi Hills Mori Tower**

**ARK Mori Building**

**Atago Green Hills (MORI Tower)**



**Toranomon Hills Mori Tower**

**Holland Hills Mori Tower**

**Koraku Mori Building**

CASBEE for Real Estate : Rank A

**Akasaka Tameike Tower**

DBJ Green Building Certification: Five stars

**ARK Hills South Tower**

## Excellent earthquake resistance performance

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

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

(Note) Earthquake resistance performance above standards stipulated in the current Building Standards Act

## Firm ground

Located in area with firm ground at higher altitudes where liquefaction is less likely to occur

<Topographical map of ground height above sea level in Tokyo Metropolitan Area>


(Source) Geographical Survey Institute

Area where the properties owned by MHR are located

# 2-11 Quality of assets

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## Ecological Networks

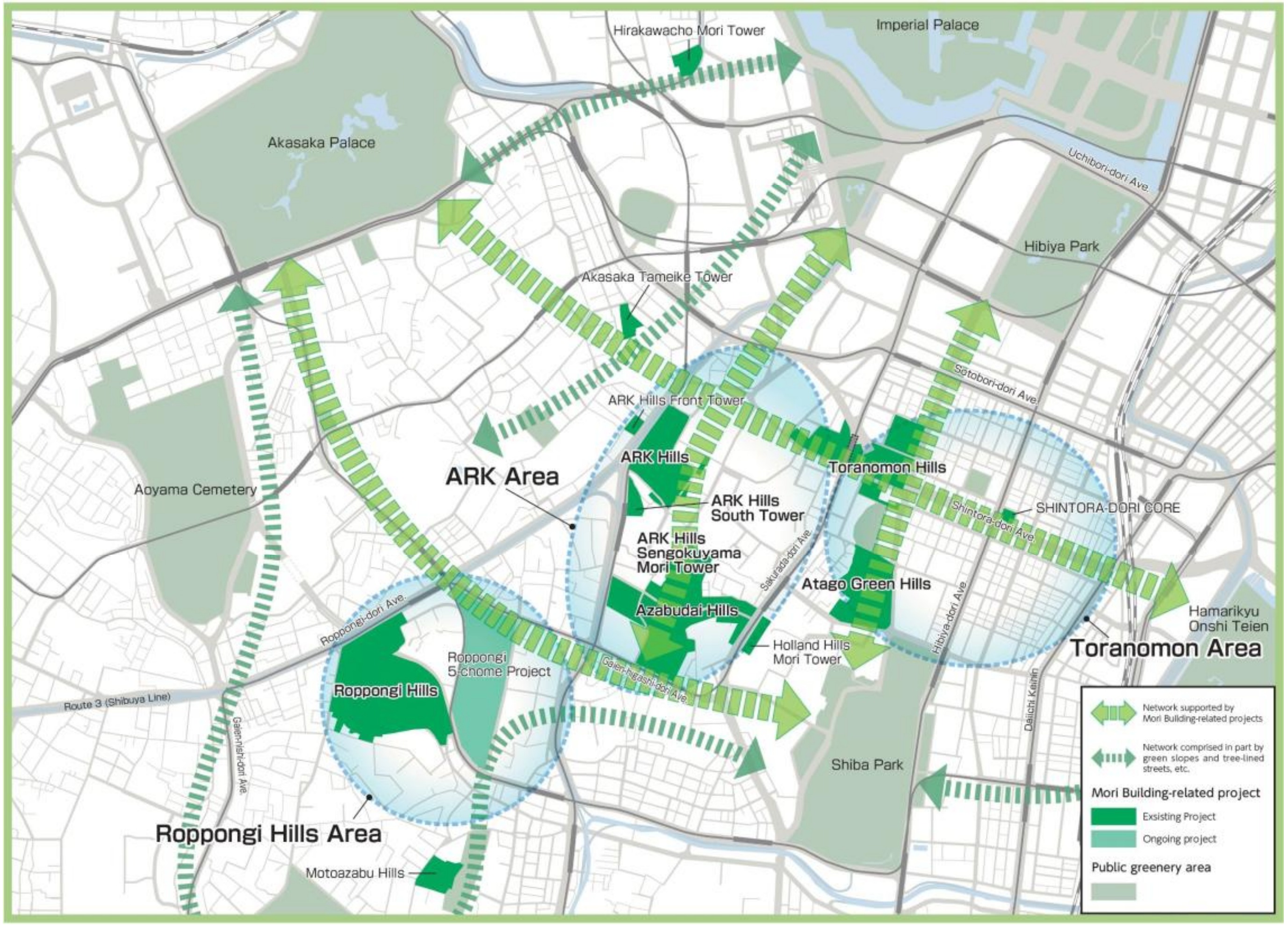
At MHR's properties, green space development projects are currently underway based on the Tokyo Metropolitan Government's "Tokyo Environmental Master Plan" and Minato Ward's "Minato City Greenery and Water Comprehensive Plan." A 2025 study report (Note) revealed that interactions with other major green spaces, such as the Imperial Palace, Akasaka Estate, and Shiba Park, form diverse ecological networks (Note), helping to preserve and foster urban biodiversity.


Mohri Garden
(Roppongi Hills)


Roppongi Sakurazaka
(Roppongi Hills)


Atagoshita-dori Ave.
(Atago Green Hills)


Slope green area
(ARK Hills South Tower)





Central Square
(Azabudai Hills)


Oval Plaza
(Toranomon Hills)

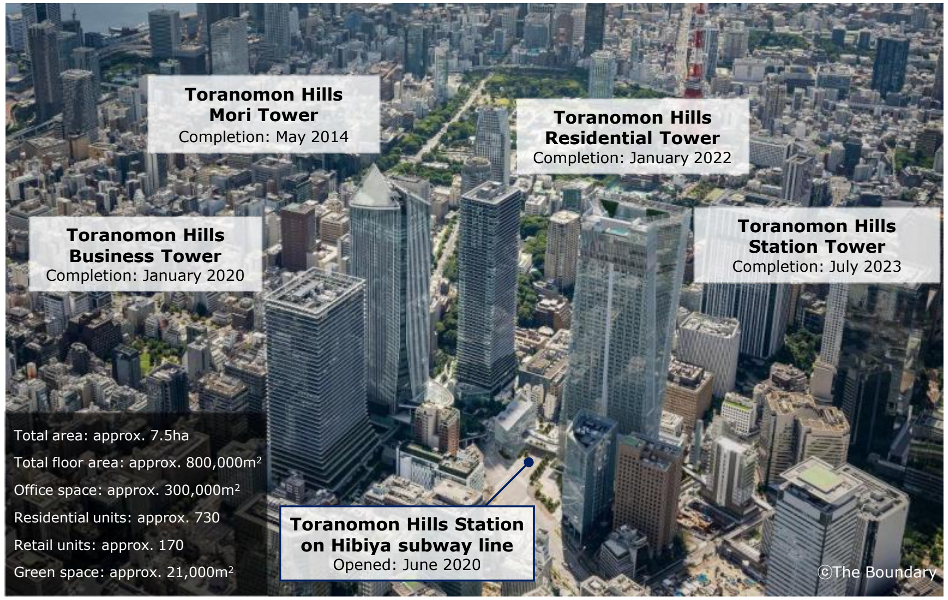

Bird watching
(Toranomon Hills)


Suntory Hall rooftop
(ARK Hills)

(Note) Source: Mori Building Co., Ltd. news release dated June 30, 2025, "Mori Building Adopts TNFD-aligned Disclosures to Strengthen Its Nature-positive Initiatives"

# 2-12 Value creation

## Developments around MHR's properties (Toranomon Hills area)





## Toranomon Hills Station Tower

**A super-high-rise mixed-use tower project integrating the station into the complex**

- Toranomon Hills Station Tower is a 49-story, approximately 266-meter super-high-rise tower completed in July 2023 with world-class offices on approx. 3,306m² floor plates, retail facilities that support the lives of global leaders, and hotels that are making their Tokyo debut.
- TOKYO NODE, an interactive communication base with halls, galleries, an infinity pool, restaurants, and other facilities, is on the top floors.
- Office spaces with high occupancy, home to a major global financial institution, CARTA HOLDINGS, Terumo, Panasonic Industry, etc.
- Glass Rock, a commercial facility opened in 2025, is penetrated by a spacious 20-meter-wide pedestrian promenade called T-Deck above Sakurada Avenue, further enhancing Toranomon Hills' transport functions and walkability.

# 2-13 Value creation

## Toranomon Hills Business Tower

©Mariko Mori≪Cycloid V≫

### An international-standard, large-scale office building with an innovation center

- Business Tower was completed in January 2020. it is a 36-story office tower, featuring international-standard, large-scale office space of approximately 96,000m², and retail facility area of approximately 7,600m².
- On the 4th floor is a large membership-based incubation center “ARCH,” which was established especially to support large enterprises' internal business restructuring and new business creation. It boasts around 3,800m² of office work space and has become a base for Japan's unique innovation ecosystem.
- From the first basement floor to the 3rd floor, commercial spaces with a total of 58 restaurants and stores support global lifestyles.
  The 3rd floor houses Toranomon Yokocho, a landmark dining facility featuring offerings from famous stores from all over Tokyo.

## Obtained WELL Core and LEED ND certification

### Japan’s first Platinum WELL Core, the highest rank

- Azabudai Hills Mori JP Tower and Toranomon Hills Station Tower have become the first properties in Japan to receive a WELL Core Platinum certification, the highest rating of the WELL Core, for the common areas of their office and commercial spaces of the US IWBI's WELL (Note 1) building standard.
- Toranomon Hills and Azabudai Hills have obtained preliminary certification for the top rank of Platinum of the U.S. Green Building Council’s Leadership in Energy & Environmental Design (LEED) (Note 2) certification in the Neighborhood Development (ND) category. This is the first case of platinum certification in Japan.

Oval Plaza at Toranomon Hills Mori Tower

Azabudai Hills made green

(Note 1) WELL is the world's first building standard established by the US-based IWBI (International WELL Building Institute) that focuses on how the built environment affects human health and wellness.

(Note 2) LEED is one of the world’s most widespread environmental evaluation systems for buildings, evaluating building and neighborhood environmental performance through efficient water and energy usage, interior environments, sustainable material use, etc. LEED was developed by the U.S. Green Building Council.

# 2-14 Value creation

## Development around MHR's properties (Azabudai-Hills area)




### "The futurized version of Hills" boasts an astonishing scale and impact

- Various city functions such as office, residences, a hotel, an international school, retail facilities and cultural facilities (TeamLab Borderless, etc.) are tightly integrated.
- Total floor area is approx. 861,700m², with approx. 214,500m² of office space, approx. 1,400 residential units. Approx. 20,000 office workers and approx. 30 million people per year are expected to visit.
- Offices in Mori JP Tower encourage free and creative work. Mori JP Tower, a 64-story building standing at approx. 330m tall, boasts a high occupancy rate. Amazon Japan opened a new office within the building and it also houses a major consulting firm, PERSOL CAREER, etc.

### "Modern Urban Village", a city-within-a-city full of greenery and that connects people

- 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 an approx. 6,000m² central square.




HILLS REIT

# Creating community and innovation through Area Management by sponsor

## Toranomon Hills Area

ARCH Toranomon Hills
(Toranomon Hills Business Tower)

**Incubation center specialized in supporting large enterprises' business creation**

Incubation Center specializes in supporting large enterprises' business creation. 120 companies leading Japanese industries gather in the 3,800m² work space to achieve Japan's unique innovation model.

(c) 2020 CIC Tokyo

CIC Tokyo
(Toranomon Hills Business Tower)

**CIC Tokyo, an innovation community developed in the U.S.**

This is the first innovation center in Asia provided by CIC, which operates large-scale start-up hubs in eleven cities worldwide. More than 350 startups and local governments gather to aim for creating innovation involving many stakeholders.

## Roppongi Hills Area

Roppongi Hills Bon Odori
(Roppongi Hills Arena)

**Tokyo's biggest Bon Odori dance event**

Roppongi Hills' classic summer event to experience a traditional Japanese summer with all five senses. A large, symbolic yagura, or raised stage, was set up in the center with food stalls and game booths around it, making for a hot finale to the summer.

Hills Machi-Iku Project
(Ropongi Hills)

**Hands-on educational program to think about what a city should be**

A hands-on educational program for kids to learn and have fun while thinking about what the next generation of cities should be. Set in the real city of Roppongi Hills, the program offered the following themes: Environment & Greenery, Safety & Security, Culture & Arts, etc.

## Creating community and innovation through Area Management by sponsor

### Azabudai Hills Area

Tokyo Venture Capital Hub
(Azabudai Hills Garden Plaza B)

**Large-scale hub for venture capitalists**

About 70 independent and corporate VC firms from Japan and abroad gather. This new VC cluster will supply risk-money indispensable for the growth of startups, helping to revitalize the Japanese economy.

Hills House
(Azabudai Hills Mori JP Tower)

**A base that embraces the city for work**

A base for tenant companies and their employees to embrace the city as a place for work. It connects the offices and the city, designed for the city and companies to work together to explore and create the ideal way of working.

### ARK Hills Area

Hills Marche
(ARK Karajan Place)

**Pioneer of urban markets: Hills Marche**

Hills Marche is the first Marche Japon Project of the Ministry of Agriculture, Forestry and Fisheries. Based on the concept that “the best ingredients are in the city," through fresh, local food Hills Marche reinforces the rich lifestyle of ARK Hills.

GREEN WORKSHOP
(ARK Garden)

**ARK Hills Kids Community**

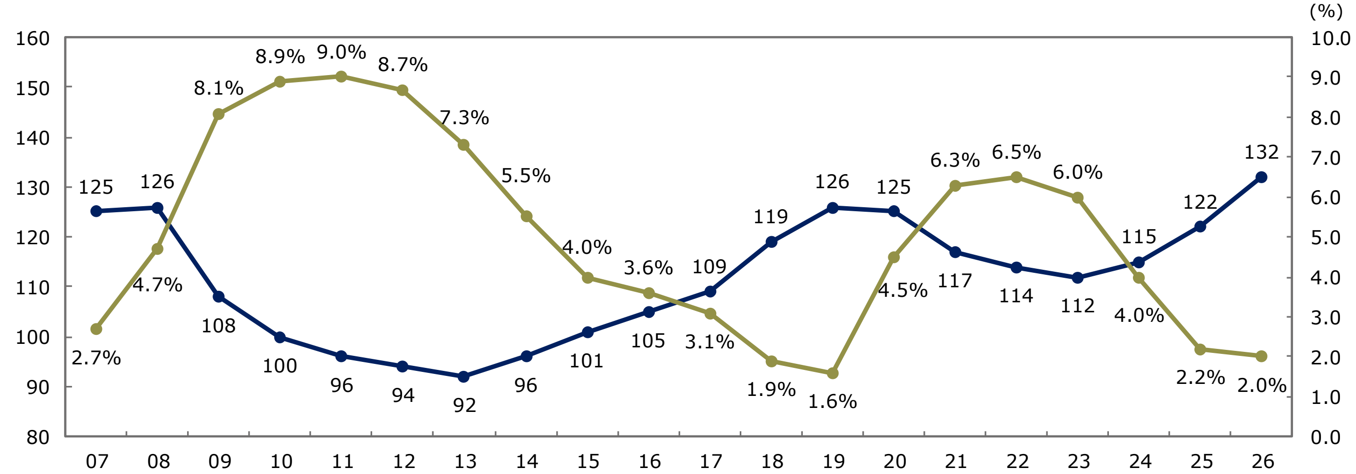
Based on the idea of creating “a city that is friendly to kids and families,” this project provides formative experiences to children that will help set them up for a fulfilling future, including exposure to lush nature, top-class music and art, and cutting-edge technology.

HILLS REIT

**Aim to continuously increase DPU and NAV per unit through external growth that focuses on premium properties in central Tokyo**

- While disposing of parts of Laforet Harajuku (Land), make new acquisitions concurrently to contribute to maintaining and increasing DPU excluding gains on disposition.
- Acquisition of premium properties in central Tokyo without competitive bidding is possible by utilizing the abundant and extensive property pipeline of Mori Building, the sponsor.

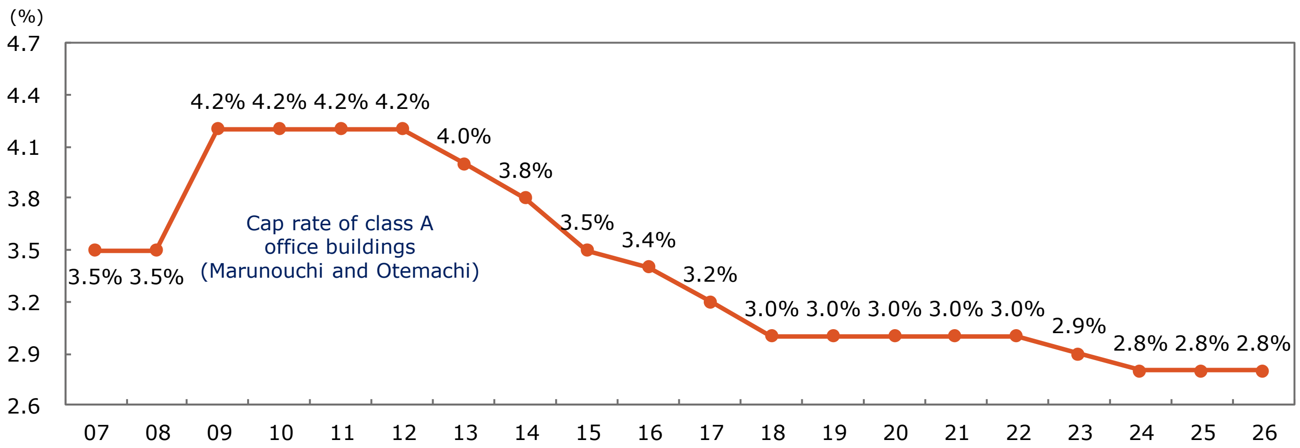
## Change in rent and vacancy rate of office buildings (Tokyo's five central wards)




(Source)
Prepared by the Asset Manager based on "Office Market Data" by Miki Shoji Co., Ltd.

(Note)
Results of a survey of major buildings with standard floor area of 100 tsubo or more in Tokyo's five central wards as of December of each year are shown. The rent index represents new asking rent (excluding common area revenue) of a standard floor, rebased to 100 as of 2010.
The figures for 2026 are based on the results of a survey as of July.

## Change in return on real estate investment




(Source) Prepared by the Asset Manager based on "The Japanese Real Estate Investor Survey" by the Japan Real Estate Institute.
(Note) Figures reflect the time of survey as of April each year.

# 2-18 External growth

## Mori Building's extensive property pipeline

Total assets:
2.8 trillion yen
(as of the end of March, 2026)

Rental area:
296,000 tsubo
(as of the end of March, 2026)

※ The rental area consists of both office and retail.

MHR has "preferential negotiation rights"

## Improve asset value in virtuous cycle by collaborating with sponsor

Mori Hills REIT Investment Corporation

Value improvement ①

Property pipeline

Acquire high-quality assets in central Tokyo without going through competitive bidding process

Mori Building (sponsor)

Funds for acquisition

Rent, occupancy ratio and appraisal value increase

Area development utilizing funds from disposition

Value improvement ②

Further value improvement due to area development

Further development around the area where MHR's properties are located

## Properties owned by Mori Building Group

1 Roppongi Hills
(Partly owned by MHR)

〈Office/Residential/Retail, etc.〉

2 Toranomon Hills Mori Tower
(Partly owned by MHR)

〈Office/Residential/Hotel, etc.〉

3 ARK Hills
(Partly owned by MHR)

〈Office/Residential/Retail, etc.〉

4 Atago Green Hills
(Partly owned by MHR)

〈Office/Residential/Retail〉

5 Holland Hills
(Partly owned by MHR)

〈Office/Residential/Retail〉

6 Azabudai Hills

〈Office/ Retail/Residential〉

7 Toranomon Hills Station Tower

〈Office/Residential/Hotel, etc.〉

8 Omotesando Hills

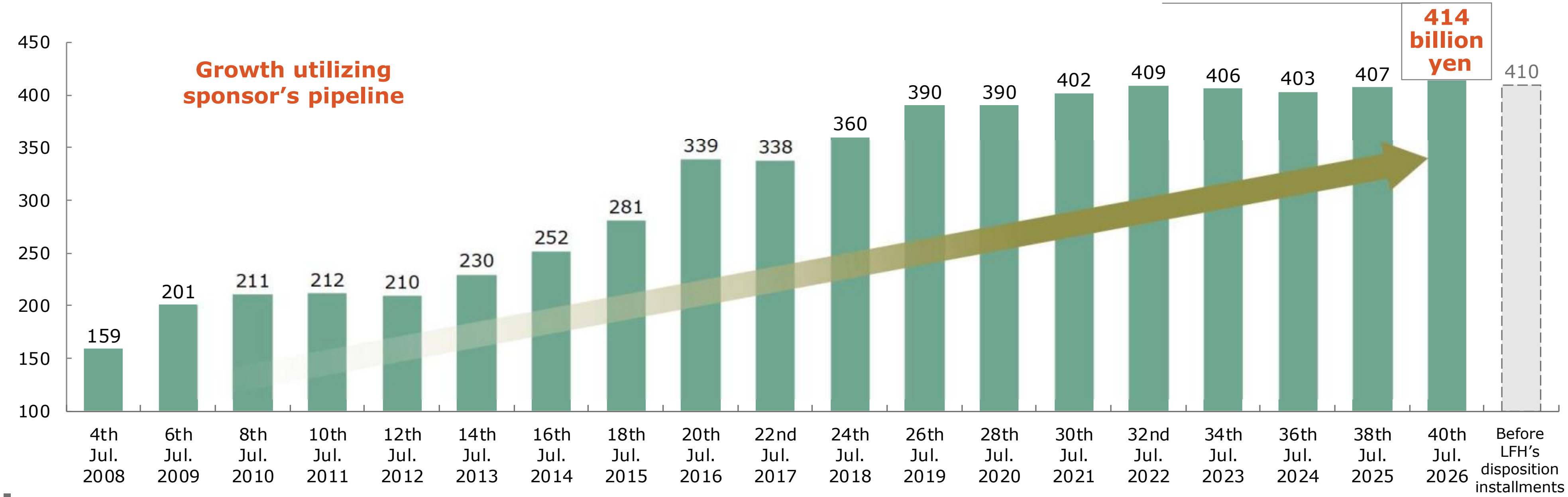
〈Retail/Residential〉

9 SHINTORA-DORI CORE

〈Office/Retail〉

# 2-19 External growth

## Trend in assets under management (based on acquisition price)




## Acquired premium properties in central Tokyo lower than appraisal values (Acquired as of December 1, 2025)

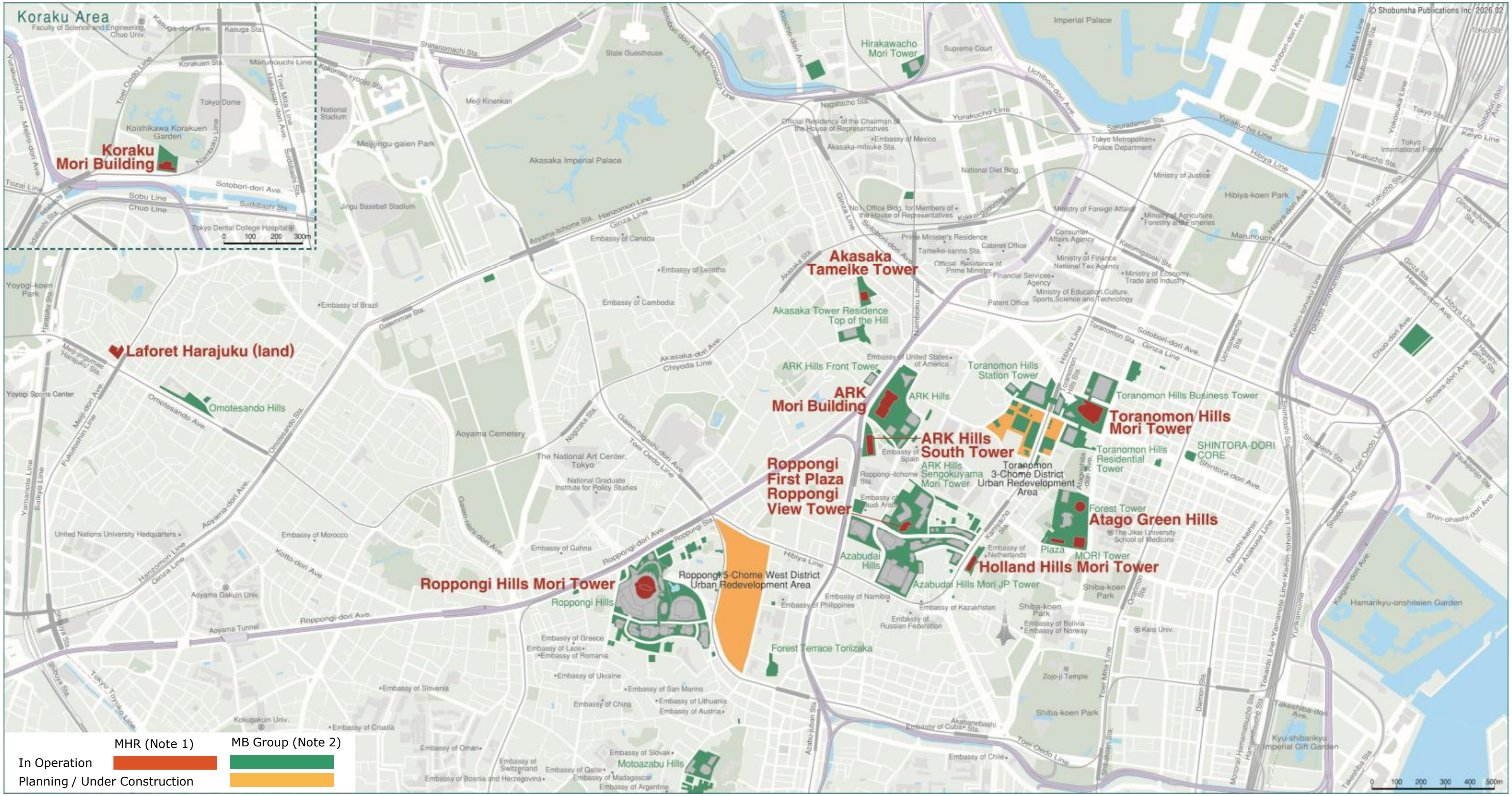
Toranomon Hills Mori Tower

| | |
|---|---|
| Acquisition price | 9,669 million yen |
| Appraisal value | 11,614million yen |
| Location | Minato-ku, Tokyo |

| | Toranomon Hills Mori Tower | Recent office acquisition by listed REITs (Note 1) |
|---|---|---|
| Discount of acquisition price to appraisal value (Note 2) | △16.7% | △7.3% |
| Building age | 11.1 years | 20.4 years |
| PML | 2.3% | 3.5% |

(Note 1) Average based on information of acquisitions (13 properties) disclosed from February to July 2025.
(Note 2) Discount of acquisition price to appraisal value = (Acquisition price − appraisal value) / appraisal value.

## Mori Building Group's involvement



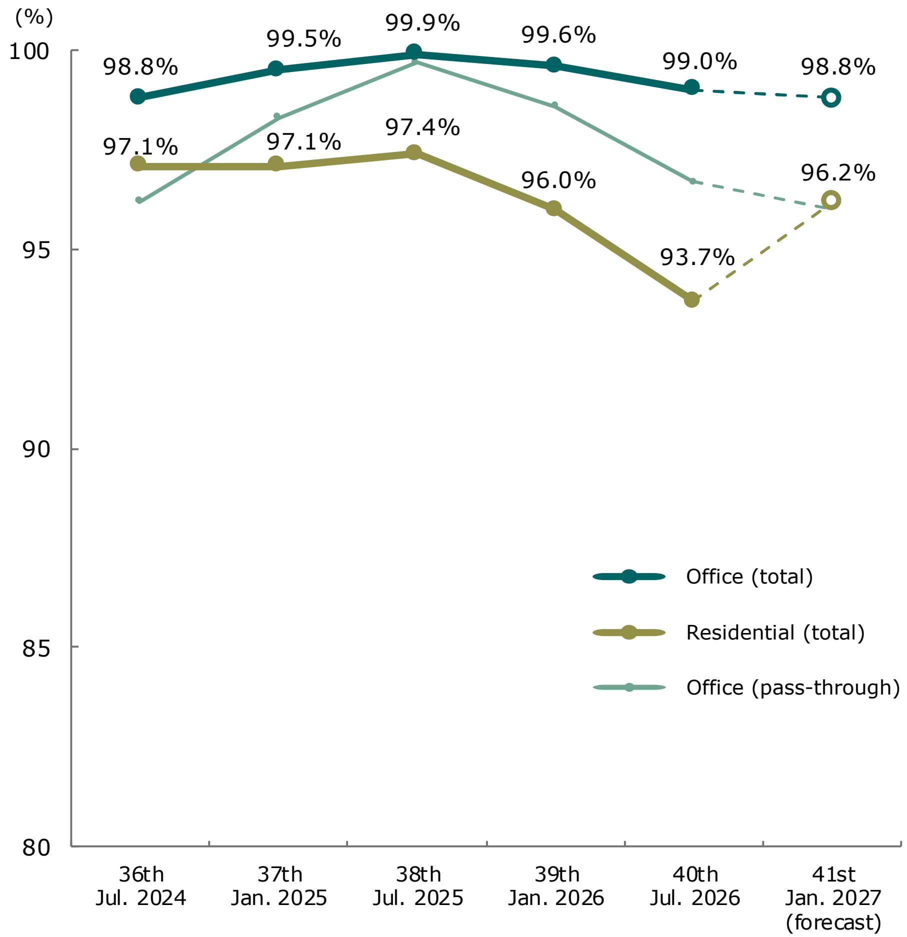

(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2026."
(Note 1) Some of the properties have been partially acquired and held by MHR.
(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

# 2-21 Internal growth

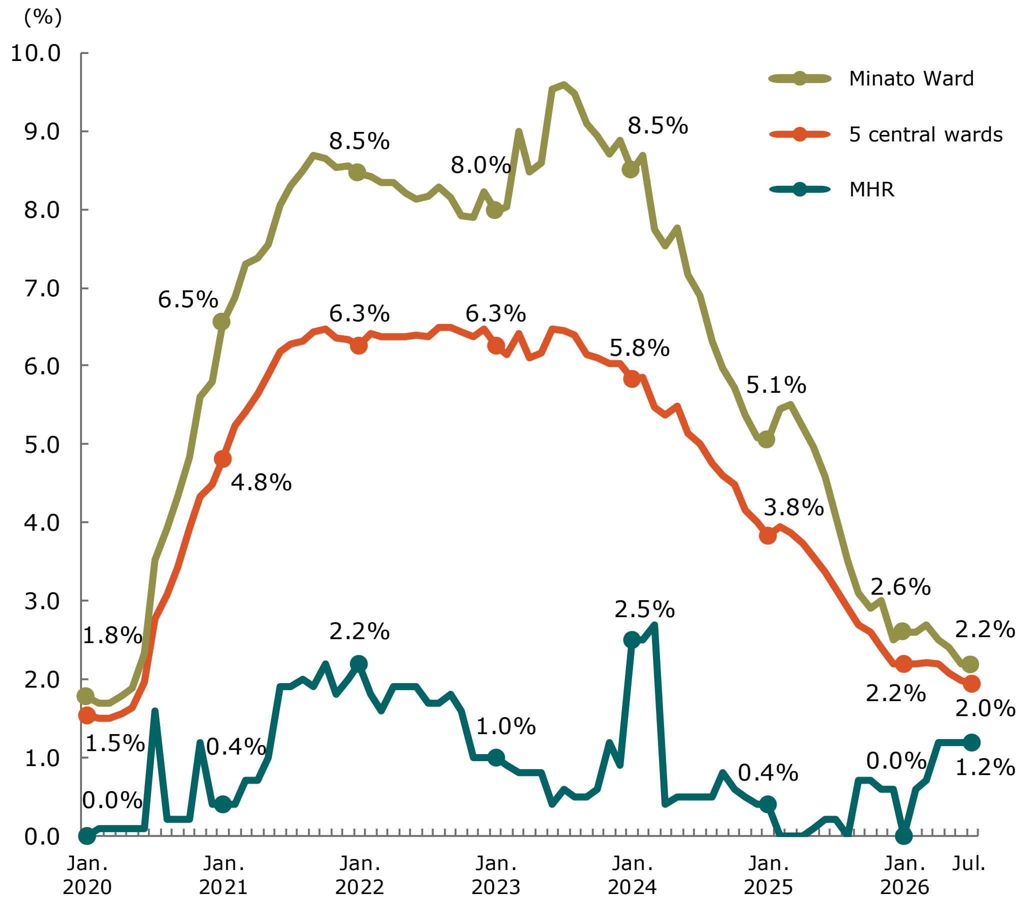
## Portfolio consisting of premium properties in central Tokyo maintained high occupancy rate

- The office vacancy rate in Tokyo's five central wards, including Minato Ward, is low, and MHR maintains high occupancy rates due to the superior location and quality of properties it owns.
- Office rents (pass-through type) were increased for both revisions and replacements. Residential rents (pass-through type) continued to increase significantly for both revisions and replacements.

### Trend in occupancy rates




### Comparison of Vacancy Rates in Central Tokyo Offices (since January 2020)

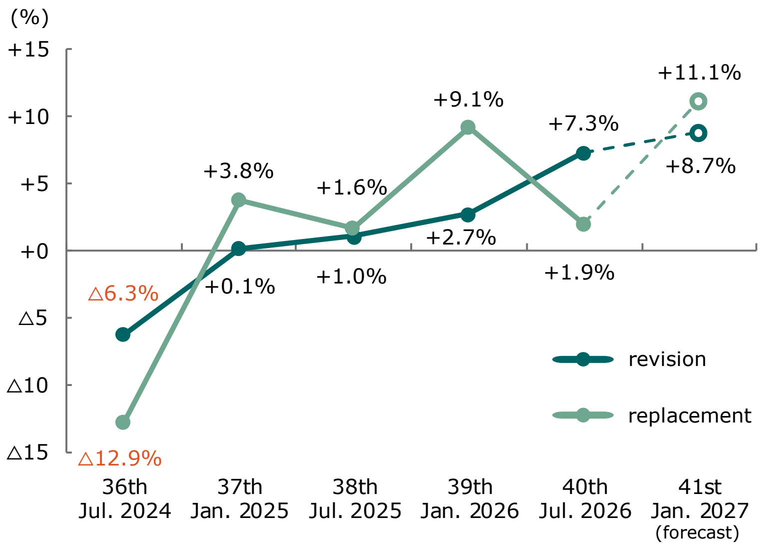



(Source) Prepared by the Asset Manager based on "Office Market Data" by Miki Shoji Co., Ltd.
(Note) Figures of "Mori Hills REIT" are the total figures for the office sections of all owned properties.

HILLS REIT

# Result of rent revision and tenant replacement (pass-through type)

## Rent revision rate (Office)



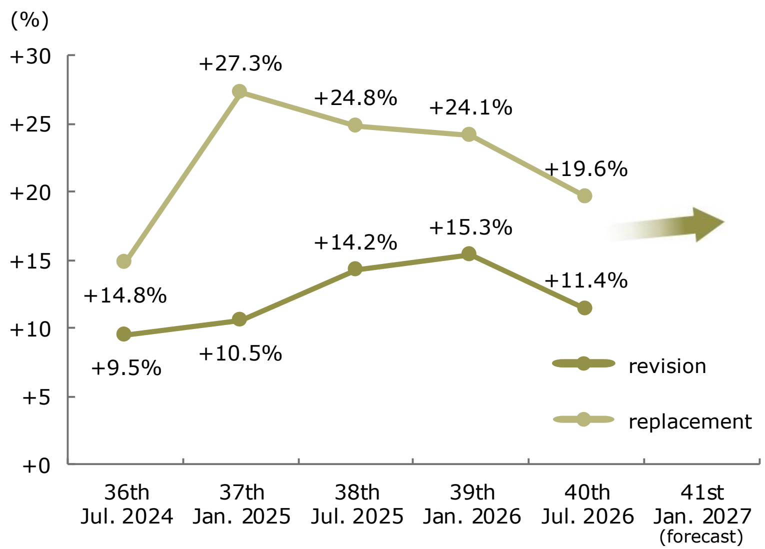

## Result of rent revision

| | Office | |
|---|---|---|
| | 39th Jan. 2026 | 40th Jul. 2026 |
| Floor area of contract revision | 2,268.81㎡ | 3,938.54㎡ |
| Rate of total leasable floor area (Pass-through type) | 5.0% | 8.8% |
| Amount of rent increase/decrease (Monthly rent basis) | +516 thousand yen | +2,107 thousand yen |
| Rent revision rate | +2.7% | +7.3% |

## Result of tenant replacement

| | Office | |
|---|---|---|
| | 39th Jan. 2026 | 40th Jul. 2026 |
| Floor area of tenants moving in | 2,589.88㎡ | 444.40㎡ |
| Rate of total leasable floor area (Pass-through type) | 5.8% | 1.0% |
| Floor area of tenants moving out | 2,321.55㎡ | 2,175.08㎡ |
| Rate of total leasable floor area (Pass-through type) | 5.2% | 4.8% |
| Amount of rent increase/decrease (Monthly rent basis) | +1,844 thousand yen | +88 thousand yen |
| Rent increase/ decrease rate | +9.1% | +1.9% |

## Rent revision rate (Residential)




## Result of rent revision

| | Residential | |
|---|---|---|
| | 39th Jan. 2026 | 40th Jul. 2026 |
| Floor area of contract revision | 1,972.29㎡ | 1,342.15㎡ |
| Rate of total leasable floor area (Pass-through type) | 11.8% | 8.0% |
| Amount of rent increase/decrease (Monthly rent basis) | +1,575 thousand yen | +889 thousand yen |
| Rent revision rate | +15.3% | +11.4% |

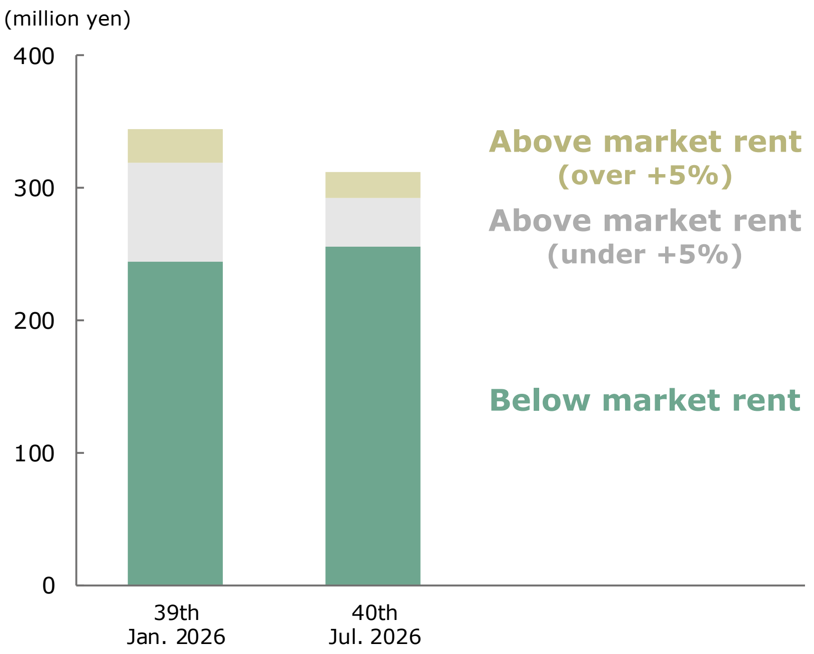
## Result of tenant replacement

| | Residential | |
|---|---|---|
| | 39th Jan. 2026 | 40th Jul. 2026 |
| Floor area of tenants moving in | 1,357.22㎡ | 2,424.21㎡ |
| Rate of total leasable floor area (Pass-through type) | 8.1% | 14.4% |
| Floor area of tenants moving out | 2,734.33㎡ | 1,949.94㎡ |
| Rate of total leasable floor area (Pass-through type) | 16.3% | 11.6% |
| Amount of rent increase/decrease (Monthly rent basis) | +1,999 thousand yen | +2,758 thousand yen |
| Rent increase/ decrease rate | +24.1% | +19.6% |

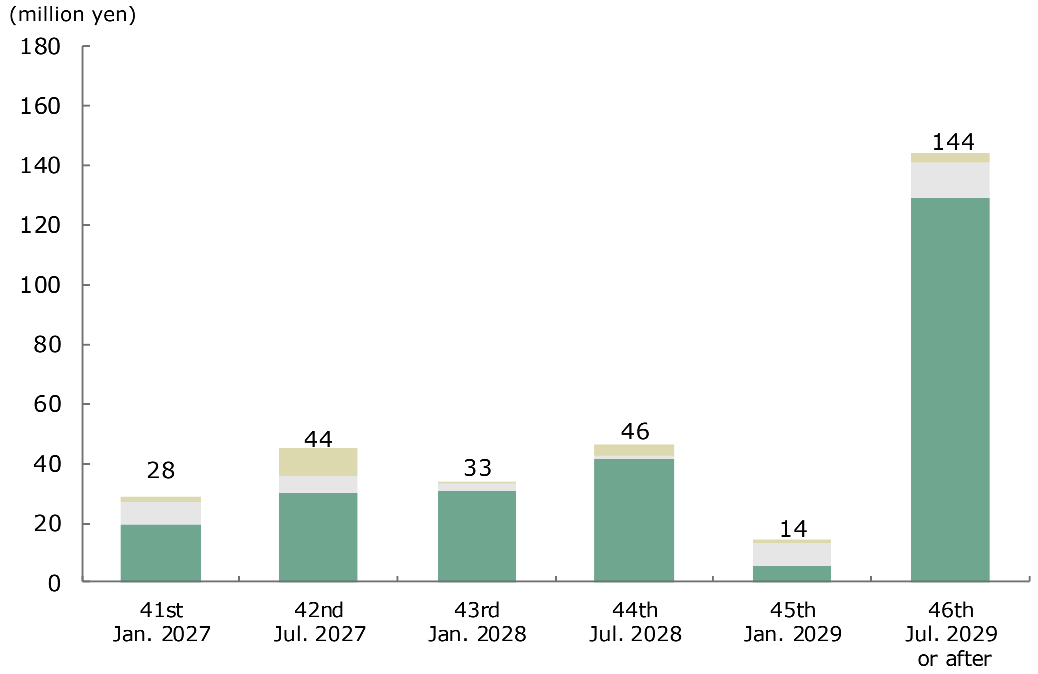
HILLS REIT

## Comparison with office market rent (pass-through type)

### Rent gap (Total monthly rent)




### Rent gap by revision (Total monthly rent)




**Rate of rent gap**

△7.5% → △9.3%

This indicates that current rents are above market rents

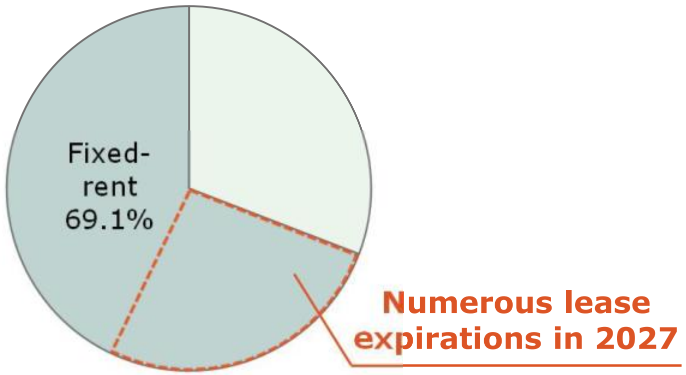
- The rent gap is expanding due to rising market rents.
- For the 41st period, re-signing of contracts are mostly completed, and upward revisions are expected.
- With fixed-term building lease agreements accounting for 99% of pass-through offices overall, MHR continue to achieve upward revisions and promote internal growth.

(Note 1) Market rent is based on the report by CBRE K.K.
(Note 2) Rent gap = Total tenants’ rent ÷ “Total market rent” − 1
(Note 3) Figures reflect move outs of end tenants confirmed as of July 31, 2026

HILLS REIT

# Overview of fixed rent master lease

## Ratio of fixed rent master lease (After Acquisition and Transfer)




- Abundant demand for office space serving as corporate headquarters
- Strong resilience to temporary vacancies

Realize stable cash flow in both the short term and the mid to long term

- Continued favorable supply-demand conditions in the office market
- Creation of growth opportunities by shortening contract terms

Cash flow growth potential through continued rent increases

## Monthly rent by contract expiration

| Property name | Total monthly rent (mn yen) | % of portfolio total rent | Breakdown of property | Leased floor area ($m^2$) | Payer of management associated fee | Monthly rent by contract expiration (mn yen) | | | | Expiration of the lease agreement |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2027 | 2028 | 2029 | 2030 or after | |
| Roppongi Hills Mori Tower (10 floors) | 475.2 | 29.2% | 23rd & 24th | 8,993.45 | MHR | – | – | 99.2 | – | Jul. 2029 |
| | | | 19th & 22nd | 8,609.47 | | – | 95.0 | – | – | Sep. 2028 |
| | | | 20th | 3,879.19 | | – | – | 42.8 | – | Jul. 2029 |
| | | | 28th | 4,460.13 | | – | – | – | 49.2 | Sep. 2030 |
| | | | 25th | 4,156.66 | | – | – | – | 45.8 | Jan. 2031 |
| | | | 26th, 27th & 29th | 12,942.64 | | – | – | – | 142.9 | Mar. 2031 |
| ARK Mori Building (8 floors + DHC) | 219.1 | 13.5% | 13th/12th & 22nd | 7,952.55 | MHR | – | – | – | 75.6 | Jan. 2031 |
| | | | 23rd & 25th | 5,742.95 | | – | – | – | 53.9 | Jan. 2031 |
| | | | 4th, 15th & 24th | 7,680.52 | | – | – | – | 71.7 | Jan. 2031 |
| | | | DHC | 3,212.41 | Master lessee | – | 17.9 | – | – | Mar. 2028 |
| Atago Green Hills (approx. 32.9% of entire property) | 168.7 | 10.4% | Office, residential & retail | 29,667.58 | Master lessee | 168.7 | – | – | – | Apr. 2027 |
| Toranomon Hills Mori Tower (approx. 13.9% of entire property) | 258.2 | 15.9% | Part of 28th to 35th floors | 24,393.73 | MHR | 258.2 | – | – | – | Jul. 2027 |
| Total | 1,121.3 | 69.1% | | | | 426.9 (38.1%) | 113.0 (10.1%) | 142.1 (12.7%) | 439.2 (39.2%) | |

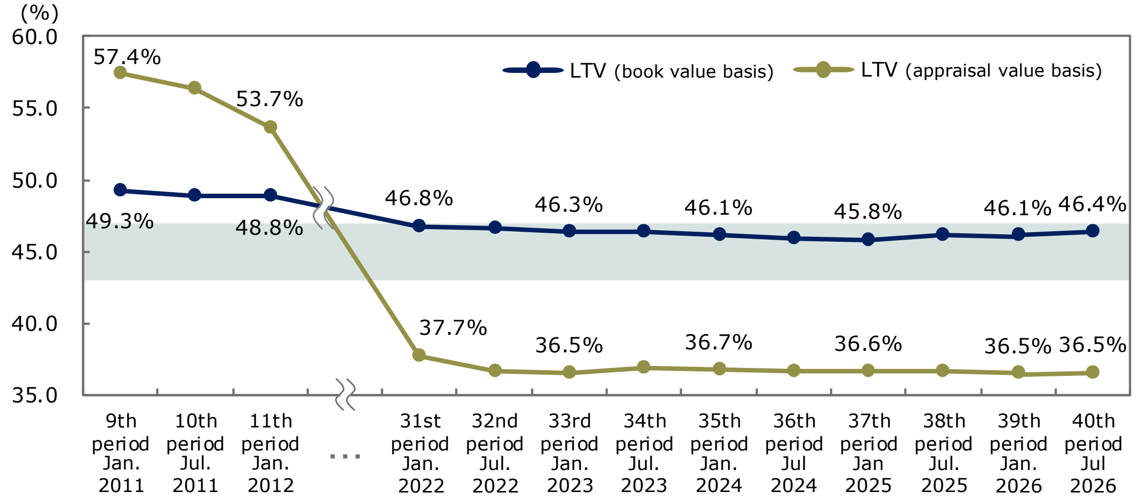
# 2-25 Financial management

HILLS REIT

## Maintaining a strong financial structure with a credit rating (JCR) of AA (stable), and LTV (appraisal-value basis) of 36.5%

- MHR's policy is to continue to maintain LTV (book-value basis) in the mid-40% range and the average remaining duration of debt from 3 to 4 years.
- Anticipate interest rate fluctuation risk over the medium to long term by constantly monitoring economic conditions and interest rate trends, taking appropriate measures when necessary.

### Reduction in LTV

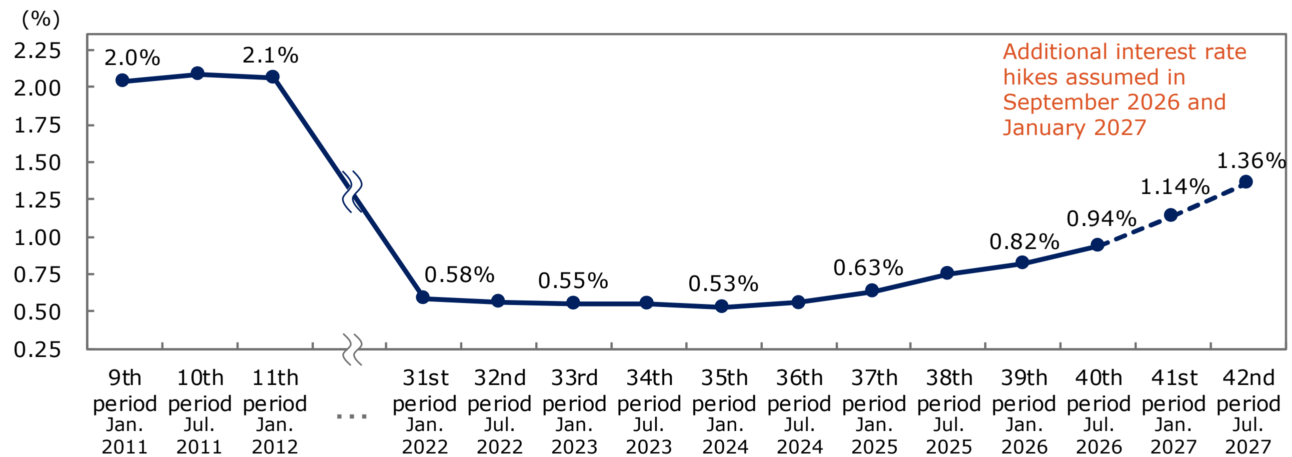



### Overview of debt financing

| | End of 39th period Jan. 31, 2026 | End of 40th period Jul. 31, 2026 |
|---|---|---|
| Debt Balance | 189,522 mn yen | 190,622 mn yen |
| LTV (book value basis)(Note 1) | 46.1% | 46.4% |
| LTV (appraisal value basis)(Note 2) | 36.5% | 36.5% |
| Avg. remaining duration | 3.5 years | 3.4 years |
| Avg. procured years | 8.1 years | 8.0 years |

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

### Reduction in average interest rate (including borrowing expenses)




### Rating

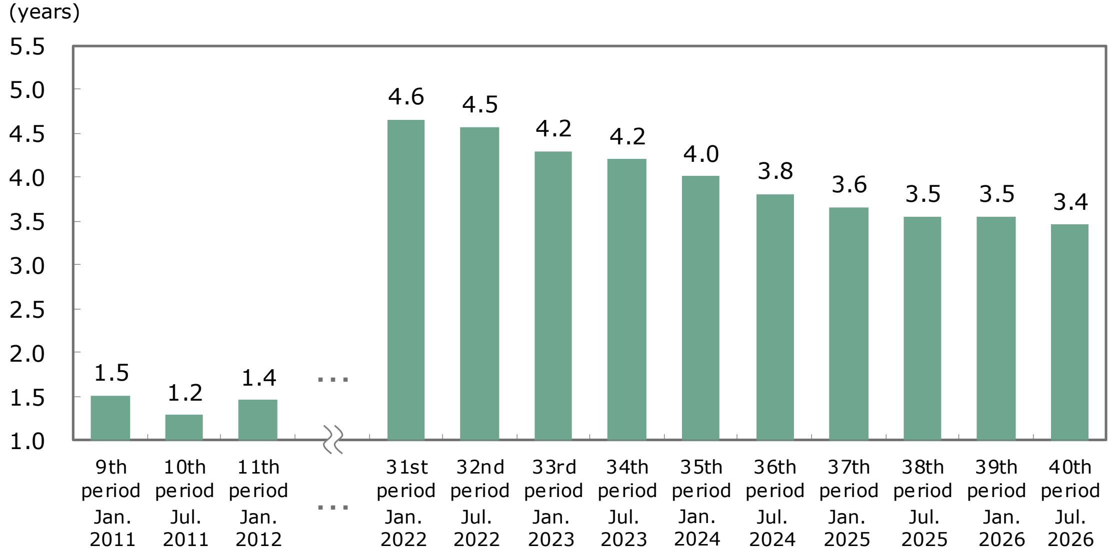
Japan Credit Rating (JCR)

Long-term issuer rating: AA (Stable)

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

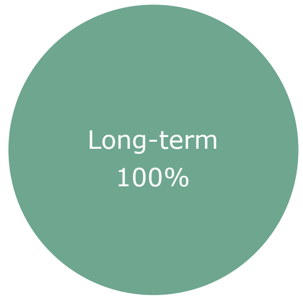
# 2-26 Financial management

## Extension in remaining duration of debt

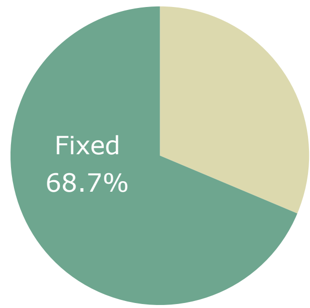



## Long-term debt ratio/Fixed rate ratio

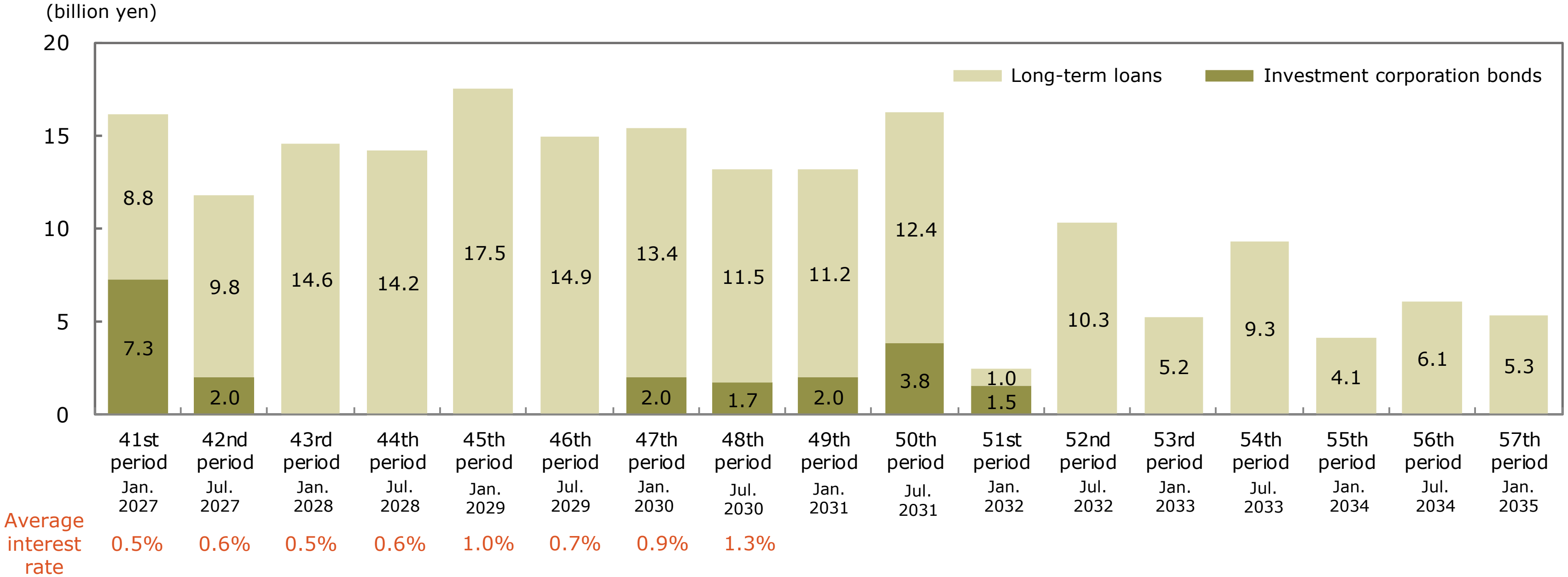
＜Long-term debt ratio＞




＜Fixed rate ratio＞




## Overview of maturity (as of July 31, 2026)



HILLS REIT

## Important ESG Issues (Materiality)

| | Materiality | Main Initiatives | Main related SDGs |
|---|---|---|---|
| E Environment | ● Reduce greenhouse gas emissions and promote energy saving at owned properties<br>● Use of renewable energy | ● Participate in Japan Climate Initiative<br>● Support the TCFD recommendations<br>● Promote energy savings (such as introducing the energy saving technologies)<br>● Expand use of renewable energy | 7, 9, 11, 13 |
| | ● Coexist with nature | ● Promote greenery and take measures against heat island<br>● Protection of biodiversity | 11, 15 |
| | ● Response to sustainability certifications | ● Various initiatives to obtain Green Building certifications and make improvements<br>● Implement training regarding Green Building | 7, 11, 12, 13 |
| S Social | ● BCP measures (disaster prevention and building resilience)<br>● Tenants' health, comfort and convenience | ● Enhance BCP Measures<br>● Strengthen emergency management systems and implement general disaster-readiness training<br>● Initiative for barrier-free access<br>● Due diligence when acquiring real estate<br>● Conduct Tenant Satisfaction Survey | 3, 8, 11 |
| | ● Respect for human rights<br>● Promote diversity | ● Create an appropriate environment for a whistleblower system<br>● Implement human rights and diversity training (including LGBT)<br>● Create a pleasant working environment for women | 5, 10 |
| | ● Talent development | ● Provide personnel evaluations and feedback from diverse perspectives including compliance and ESG initiatives<br>● Provide various course-based training and qualification acquisition systems | 4, 8 |
| | ● Promote a healthy and comfortable work environment and improve employee's work/life balance<br>● Increase employee's satisfaction | ● Promote paid holiday acquisition and overtime work reduction<br>● Maintain systems for employee safety and health management<br>● Implement health checks<br>● Conduct Employee Satisfaction Survey | 3, 8 |
| | ● Mutual communication with stakeholders | See "Integrated Report" | 17 |
| G Governance | ● Strive for fair and effective corporate governance<br>● Adhere to compliance and corporate ethics<br>● Prevent conflict-of-interest transactions<br>● Identify risks and manage responses<br>● Respond to requests for ESG information disclosure | ● Implement evaluation of the effectiveness of the board of directors<br>● Conduct compliance training including fraud prevention<br>● Regularly expose risks, as well as monitor and respond to risks appropriately<br>● Enhance ESG information disclosure on the website<br>● Issuance of Integrated Report | 16 |

# 2-28 Sustainability initiatives

## GRESB Assessment

GRESB REAL ESTATE ★★★★☆ 2025

Acquired an evaluation of "4 Stars" in GRESB Rating

In the 2025 GRESB Real Estate Assessment, MHR received a "4 Stars" in 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 fourteenth 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 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).

## FTSE Russell

FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that MHR has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

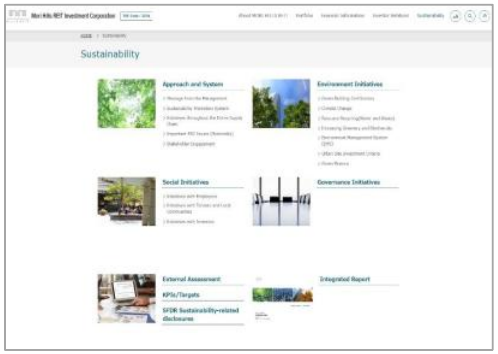
Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

## Integrated Report


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

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

## MHR's Website




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

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

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## Information reporting based on TCFD recommendations

MIM announced its support for the recommendations issued in June 2017 by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), 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 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## Indicators and Targets

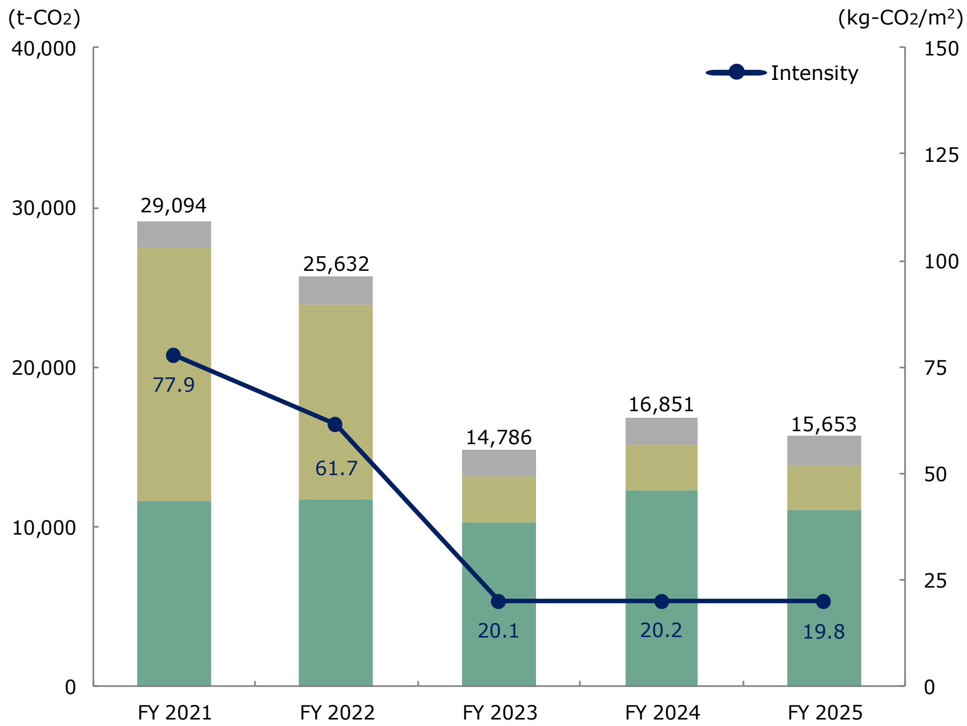
MHR revised its targets in June 2022 to promote further reduction.
We aim to reduce CO2 emissions of MHR and MIM's offices and properties owned by MHR (total emissions; Scopes 1, 2 and 3) by 50% by FY 2030 when compared with FY 2019 as the baseline year and achieve net-zero emissions by FY 2050. By switching electricity to renewable energy, emissions have been greatly reduced since FY 2023.

<Carbon Dioxide Emission and Intensity>

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

(Unit:t-CO2)

| | FY 2019 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|---|---|---|
| Scope 1 | 1,767 | 1,696 | 1,755 | 1,667 | 1,743 | 1,818 |
| Scope 2 | 18,952 | 15,770 | 12,145 | 2,866 | 2,810 | 2,739 |
| Scope 3 | 10,531 | 11,627 | 11,732 | 10,252 | 12,297 | 11,096 |
| Total | 31,251 | 29,094 | 25,632 | 14,786 | 16,851 | 15,653 |
| Verification/ Guarantee rate | 77.4% | 78.2% | 78.3% | 78.3% | 78.3% | 78.7% |
| Cover rate | 87.6% | 88.0% | 88.1% | 88.1% | 88.1% | 88.2% |



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## Strategy

### Climate-Related Scenario Analysis

This analysis aims to understand the future risks and opportunities that climate change-driven extreme weather and rising social demand for climate change countermeasures present to MHR and MIM, verify the efficacy of current climate change countermeasures and serve in future strategy formulation as necessary. 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.

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

# 2-31 TCFD summary

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

### ＜Analysis Result＞

The 2˚C scenario presents significant transition risks particularly if Japan introduces a high carbon tax to reduce CO2 emissions and MHR's property management costs increase due to taxes on properties' CO2 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

# 2-32 TCFD summary

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

< Analysis Result >

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**

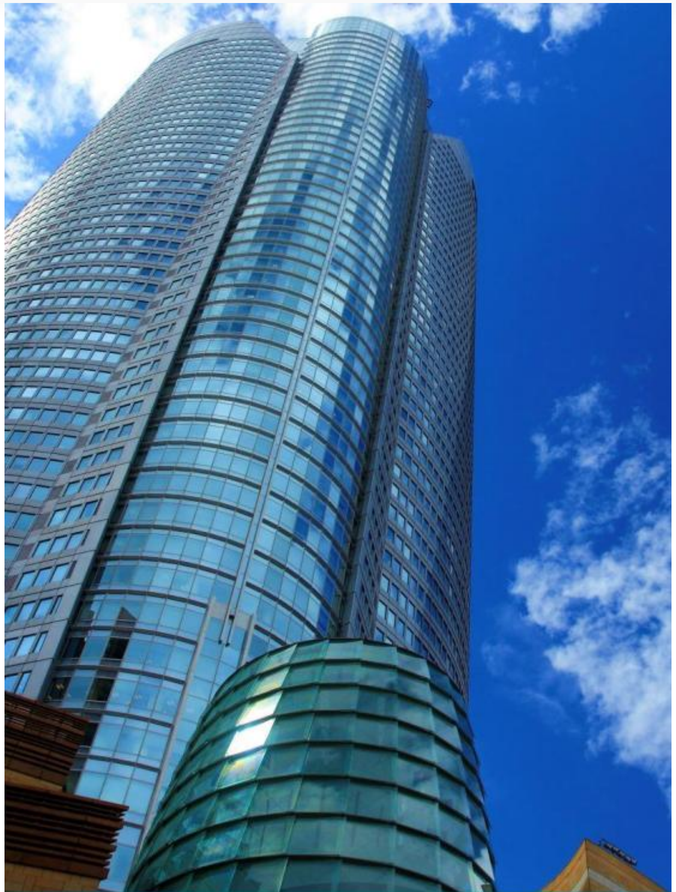
- Some property repair costs, operating loss, etc. but limited
- Limited investment to meet energy-saving standards
- Steady demand for highly resilient properties

### Clients (tenants)

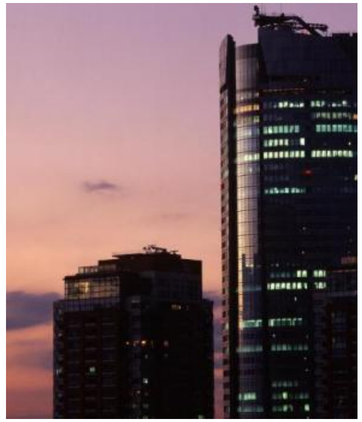
**Focus on disaster response in office selection**

- More tenant demand for highly resilient properties

# 2-33 MHR's representative property (1) Roppongi Hills



Roppongi Hills Mori Tower



## Roppongi Hills

Since its opening in 2003 as Japan's largest ever urban redevelopment at approximately 11.6 hectares, more than 40 million people have visited Roppongi Hills each year from all over the world. As this community has matured, Roppongi Hills has only multiplied its global magnetic attraction. Japan real estate development had been limited by an economic perspective until Mori Building revolutionized the concept by creating a community where humanity, culture, interaction and vision toward the next era is born.

## Office Roppongi Hills Mori Tower

Roppongi Hills Mori Tower is the main tower of Roppongi Hills and is 54 floors above ground and 238 meters high and has established itself as a landmark of Tokyo. Offices located from the 8th floor to the 48th floor boast floor plates of approximately 1,360 tsubo (approximately 4,500m²), among the largest floor areas of skyscrapers in Japan. It is a state-of-the-art office building with an ultra high-speed network, outstanding earthquake resistance performance and thorough security.

## Cinema TOHO Cinemas Roppongi Hills

One of the top cinema complexes in Japan, TOHO offers nine movie screens, a variety of daily show times and facilities with unprecedented comfort and functions. These theaters ushered in a whole new culture of movie going in Roppongi.

## Museum Mori Art Museum

"The world's closest art museum to the sky", the museum collaborates with a network of highly respected international art museums to create a space to appreciate the world's top modern art. It is open until 10 pm during exhibitions to welcome visitors after work or dinner.

## Residence Roppongi Hills Residence

In Roppongi Hills where international cultural is fostered and people come to interact, Mori Building designed these residences with the comfort of the people as a top priority, to provide the template for a "new life overflowing with affluence and warmth".

## Retail Shops and Restaurants

Retail facilities are comprised of more than 200 "only one" shops and restaurants divided into four areas with different concepts. There are many shops on the lower floors of the buildings and on the street so visitors can enjoy shopping, eating and drinking while walking around the open spaces that are full of greenery.

## Hotel Grand Hyatt Tokyo

Grand Hyatt Tokyo offers a dynamic city space featuring 10 highly distinctive restaurants and bars, 387 guestrooms designed for the highest level of relaxation, 16 banquet facilities and much more. The wide range of facilities inside the hotel and in Roppongi Hills enable guests to enjoy leisurely time at the hotel to the fullest extent.

### Stable Supply of Power from Independent Power Station

Roppongi Hills uses its own energy plant (a 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. The use of a power supply with triple redundant safety allows the building to construct a power supply system with high reliability.

# 2-34 MHR’s representative property (2) Toranomon Hills

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Toranomon Hills Mori Tower

## Toranomon Hills

Toranomon Hills is located in the “Special Zone for Asian Headquarters” where Tokyo Metropolitan Government seeks to attract foreign companies. This building is Tokyo’s new landmark and consists of Japan’s first Andaz hotel “Andaz Tokyo”, high-specification offices, a high class residential area with outstanding views where hotel services are available, international-standard conference facilities and commercial facilities to supports various urban functions, along with an open space of approximately 6,000m².

## Office Toranomon Hills Mori Tower

Offices occupy the 6th to the 35th floors of “Toranomon Hills Mori Tower”, a super high rise tower with 52 floors rising 247 meters above ground with a gross floor area of 30,000 tsubo. Standard rent floors’ average size are approximately 1,000 tsubo (approximately 3,300m²) with a ceiling height of 2.8 meters and they provide flexible and comfortable workspaces without pillars. Six transit stations and 11 lines are nearby and provide access to Haneda Airport which makes this building an optimal global business base.


## Residence Toranomon Hills Residence

Pleasing views of central Tokyo landmarks such as Tokyo Tower, Rainbow Bridge, Tokyo Sky Tree and the open green space of the Imperial Palace can be viewed from residences located on the 37th to 46th floors. Hotel services in cooperation with Andaz Tokyo are available.

## Retail Shops and Restaurants

With the concept of "Communication Hub", restaurants are designed to provide international cuisine that satisfy customers from Japan and overseas. Various people such as office workers, conference attendees and hotel guests gather in this space uniquely designed to facilitate communication.

## Hotel Andaz Tokyo

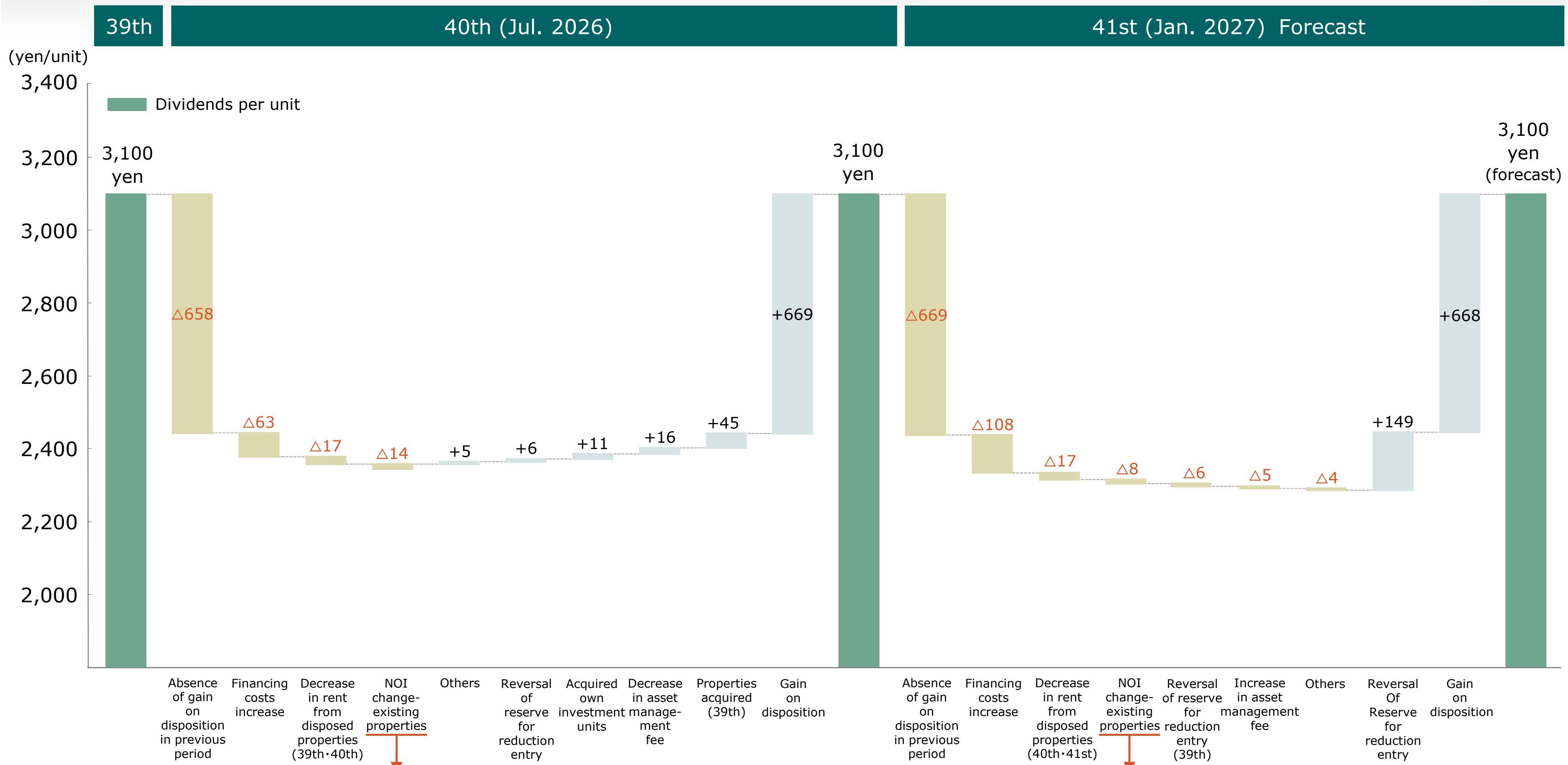
Hyatt's boutique lifestyle hotel "Andaz Tokyo" is Japan's first Andaz. Andaz means "personal style" in Hindi. The hotel values the individuality of the area and incorporates the charm of the surroundings into its design and service.

### Evolving as an International Urban Center and a Global Business Hub

With the addition of Toranomon Hills Business Tower, Toranomon Hills Residential Tower, and Toranomon Hills Station Tower to Toranomon Hills Mori Tower, Toranomon Hills has expanded to a total area of approximately 7.5 ha and a total floor area of approximately 800,000m². The area continues to expand and evolve into a true "international urban center and a global business hub" with integrated functions such as international-class offices, residences, hotels, retail facilities and transportation infrastructure.

# 3. Operation highlights

# 3-1 Factors that led to changes in dividends per unit from the previous fiscal period




**Major factors behind change in NOI from existing properties:**

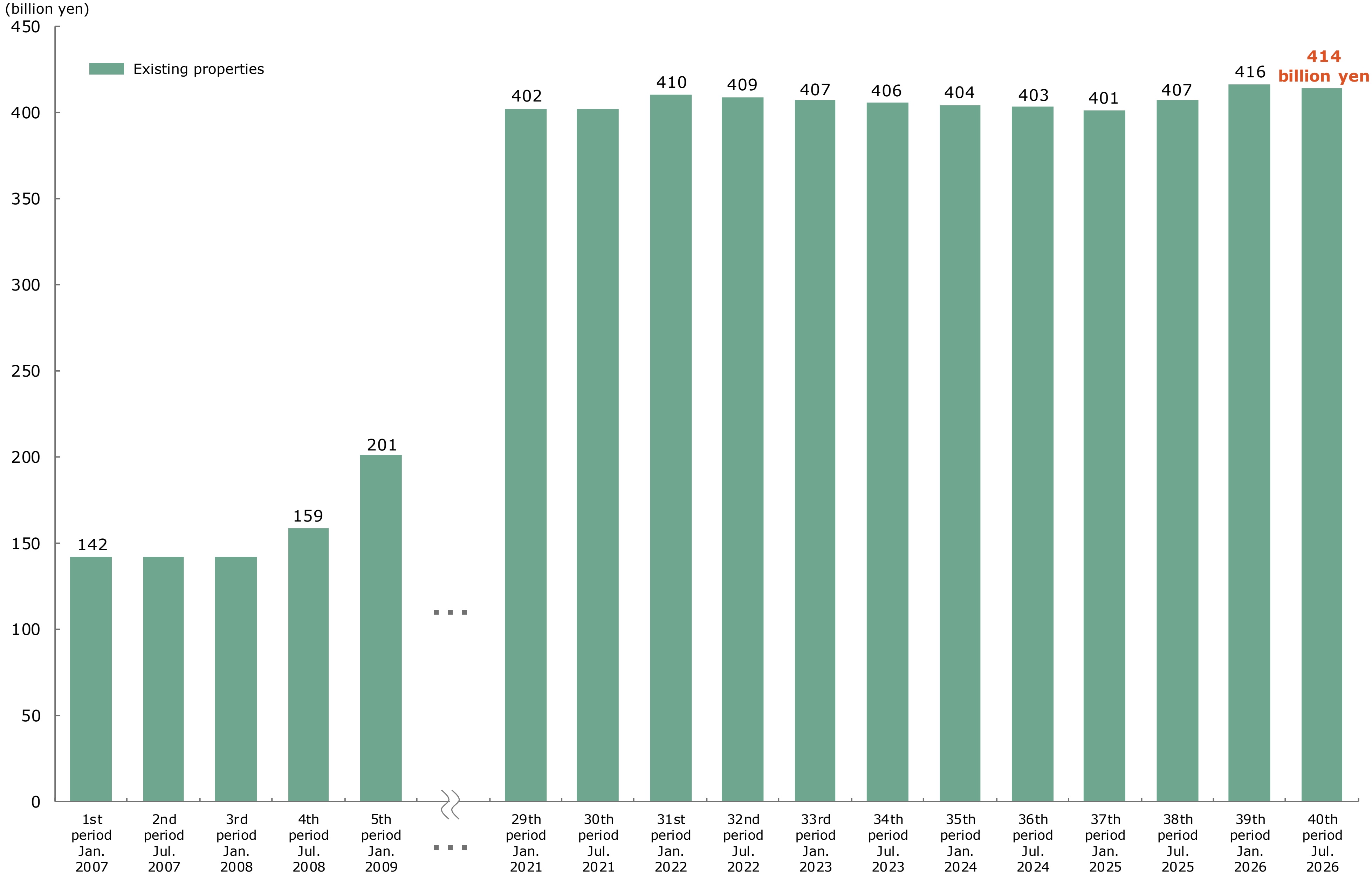
| | |
|---|---|
| + Decrease in maintenance and repairs | +46 |
| + Decrease in property management fee | +6 |
| + Full period contribution of revision of the ground rent (LF Harajuku) | +4 |
| − Office rent (fixed rent master lease) | △19 |
| − Office rent (pass-through) | △13 |
| − Increase in depreciation | △17 |
| − Residential rent (pass-through) | △5 |
| − Increase in property taxes | △4 |
| − Property taxes for property acquired in 38th period (3-months) | △4 |

**Major factors behind change in NOI from existing properties:**

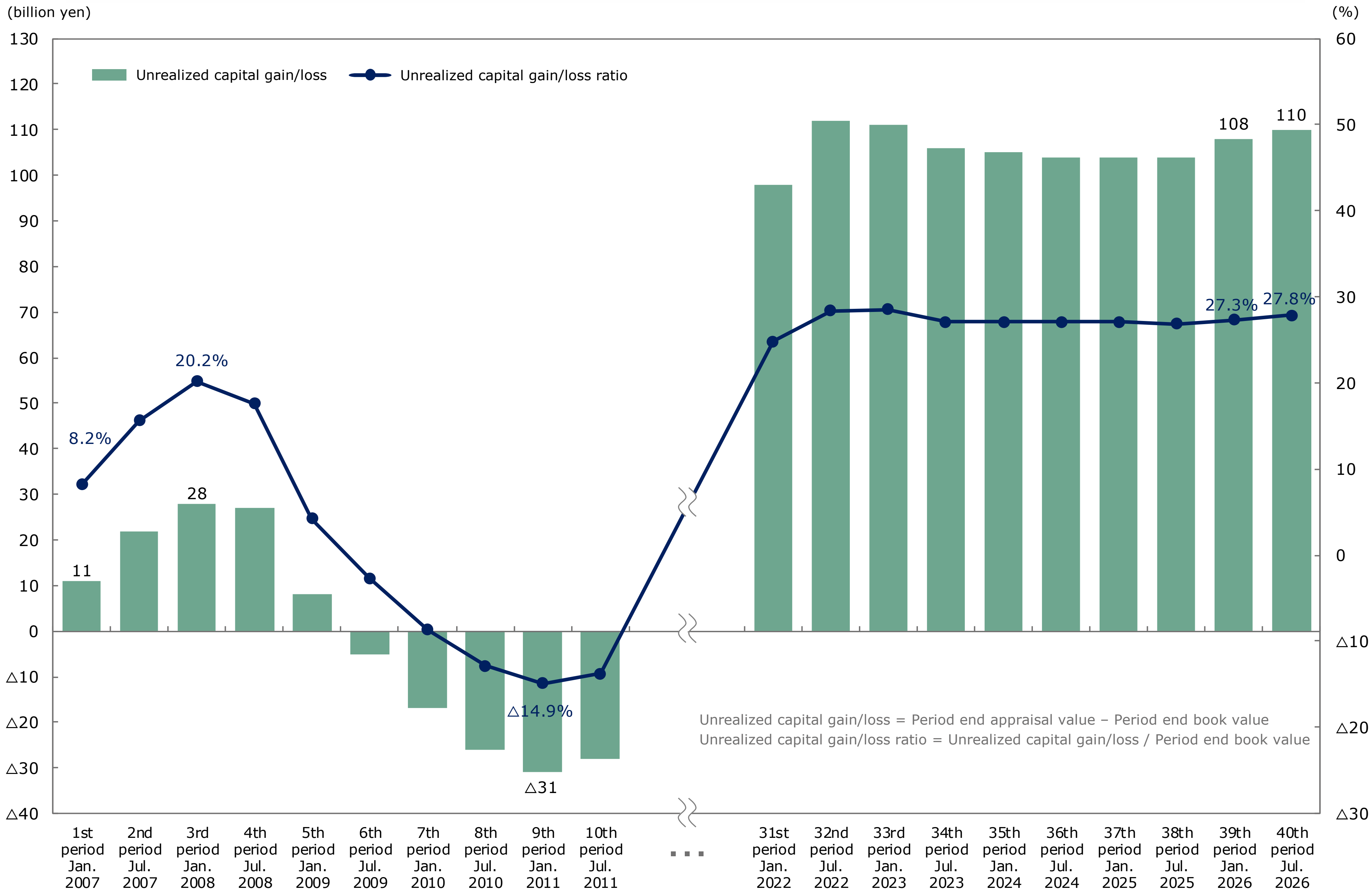
| | |
|---|---|
| + Residential rent (pass-through) | +19 |
| + Office rent (pass-through) | +12 |
| + Decrease in maintenance and repairs | +7 |
| − Increase in property management fee | △36 |
| − Property taxes for property acquired in 38th･39th period (3-months) | △9 |
| − Increase in property taxes | △4 |
| − Retail revenue | △2 |

(Note) Factors that led to change are arrived at by dividing the change from the previous fiscal period by 1,879,435 units and indicated as an approximate figure in yen.

# 3-2 Change in assets under management



# 3-3 Change in unrealized capital gain/loss



# 3-4 Appraisal value

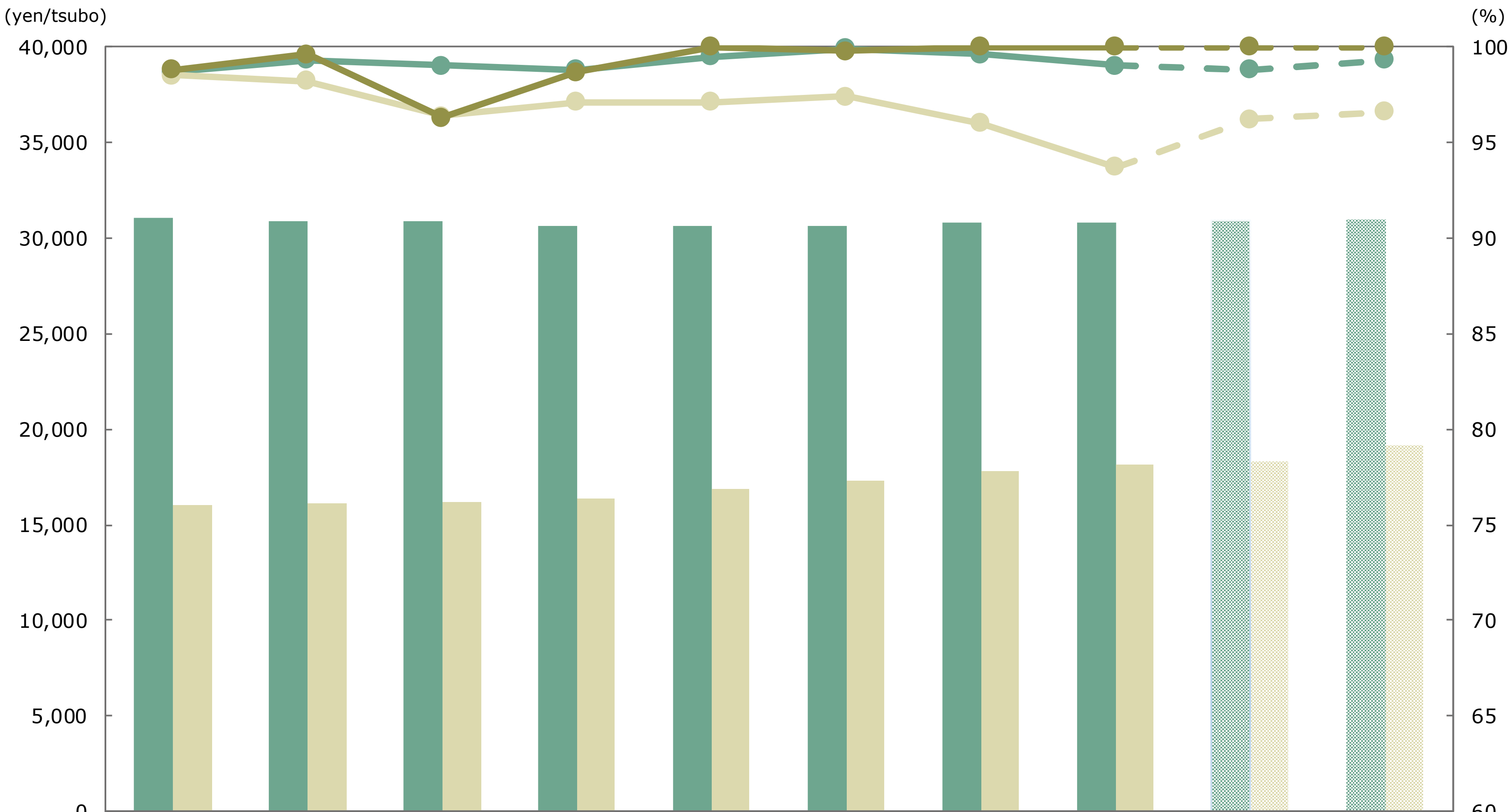
Reflects the impact of partial disposition (million yen)

| Principal use | Property name | Property No. | Acquisition price | Book value | As of end of 39th period Jan. 31, 2026 | | As of end of 40th period Jul. 31, 2026 | | | | Difference (B)－(A) | Difference (B)/(A)－1 | Unrealized capital gain/loss (B)-book value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (A) Appraisal value (Note 1) | Yield (Direct capitalization method) | (B) Appraisal value (Note 1) | Yield (Direct capitalization method) | Discount rate (DCF) | Terminal yield (DCF) | | | |
| Office | Roppongi Hills Mori Tower | O-0 | 115,380 | 109,822 | 159,200 | 2.6% | 159,400 | 2.6% | 2.3% | 2.7% | 200 | 0.1% | 49,577 |
| | ARK Mori Building | O-1 | 62,480 | 61,553 | 65,000 | 3.0% | 63,800 | 3.0% | 2.7% | 3.1% | △ 1,200 | △ 1.8% | 2,246 |
| | Koraku Mori Building | O-4 | 27,200 | 24,198 | 25,440 | 3.2% | 26,080 | 3.2% | 2.8% | 3.5% | 640 | 2.5% | 1,881 |
| | Akasaka Tameike Tower | O-6 | 43,930 | 40,668 | 36,400 | 3.0% | 37,400 | 3.0% | 2.7% | 3.1% | 1,000 | 2.7% | △ 3,268 |
| | Atago Green Hills | O-7 | 42,090 | 39,038 | 46,176 | 3.2% | 47,582 | 3.2% | 2.7% | 3.4% | 1,406 | 3.0% | 8,543 |
| | ARK Hills South Tower | O-8 | 19,150 | 18,267 | 23,900 | 3.0% | 23,900 | 3.0% | 2.8% | 3.1% | 0 | 0.0% | 5,632 |
| | Toranomon Hills Mori Tower | O-9 | 73,789 | 71,800 | 97,502 | 2.4% | 98,401 | 2.4% | 2.1% | 2.5% | 899 | 0.9% | 26,600 |
| | Holland Hills Mori Tower | O-10 | 16,330 | 16,356 | 22,700 | 3.0% | 22,700 | 3.0% | 2.6% | 3.2% | 0 | 0.0% | 6,343 |
| | Sub total | | 400,349 | 381,706 | 476,318 | － | 479,263 | － | － | － | 2,945 | 0.6% | 97,556 |
| Residential | Roppongi First Plaza | R-3 | 2,100 | 2,230 | 4,300 | 3.4% | 4,390 | 3.4% | 3.2% | 3.5% | 90 | 2.1% | 2,159 |
| | Roppongi View Tower | R-4 | 4,000 | 4,078 | 4,570 | 3.5% | 4,790 | 3.5% | 3.3% | 3.6% | 220 | 4.8% | 711 |
| | Sub total | | 6,100 | 6,308 | 8,870 | － | 9,180 | － | － | － | 310 | 3.5% | 2,871 |
| Retail and others | Laforet Harajuku (Land) (Note 2) | S-1 | 8,509 | 8,608 | 20,812 | 3.7% | 18,564 | － | 3.7% | － | △ 2,248 | △ 10.8% | 9,955 |
| | Sub total | | 8,509 | 8,608 | 20,812 | － | 18,564 | － | － | － | △ 2,248 | △ 10.8% | 9,955 |
| Total | | | 414,958 | 396,624 | 506,000 | － | 507,007 | － | － | － | 1,007 | 0.2% | 110,382 |

(Note 1) "Appraisal values" at the end of each fiscal period are based on the Ordinance Concerning Calculation of Investment Corporations, asset valuation methods and standards defined in the Articles of Incorporation of the Company and rules defined by the Investment Trust Association. Figures in the property appraisal reports created by Japan Real Estate Institute are indicated for properties other than ARK Hills South Tower and figures in the property appraisal report created by Daiwa Real Estate Appraisal Co., Ltd. are indicated for ARK Hills South Tower, respectively.

(Note 2) For Laforet Harajuku (Land), value in the "Yield (Direct capitalization method)" column for the 39th period shows the discount rate used in the DCF analysis.

# 3-5 Changes in the rent and occupancy rates




| | 33rd period Jan. 2023 (actual) | 34th period Jul. 2023 (actual) | 35th period Jan. 2024 (actual) | 36th period Jul. 2024 (actual) | 37th period Jan. 2025 (actual) | 38th period Jul. 2025 (actual) | 39th period Jan. 2026 (actual) | 40th period Jul. 2026 (actual) | 41st period Jan. 2027 (forecast) | 42nd period Jul. 2027 (forecast) |
|---|---|---|---|---|---|---|---|---|---|---|
| Office rent (yen/tsubo) | 31,044 | 30,922 | 30,916 | 30,602 | 30,636 | 30,623 | 30,781 | 30,785 | 30,929 | 30,947 |
| Residential rent (yen/tsubo) | 16,054 | 16,092 | 16,216 | 16,402 | 16,867 | 17,285 | 17,791 | 18,132 | 18,282 | 19,158 |
| Office occupancy | 98.7% | 99.3% | 99.0% | 98.8% | 99.5% | 99.9% | 99.6% | 99.0% | 98.8% | 99.3% |
| Residential occupancy | 98.5% | 98.2% | 96.4% | 97.1% | 97.1% | 97.4% | 96.0% | 93.7% | 96.2% | 96.6% |
| Retail occupancy | 98.8% | 99.6% | 96.3% | 98.7% | 100% | 99.8% | 100% | 100% | 100% | 100% |

(Note) The above rents and occupancy rates indicate the average rent and the average occupancy rate during relevant fiscal periods.

# 3-6 Tenant status by month and major tenants

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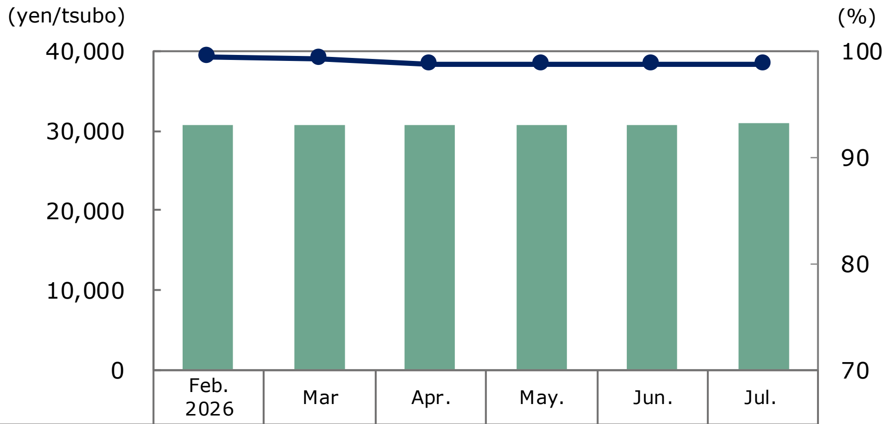
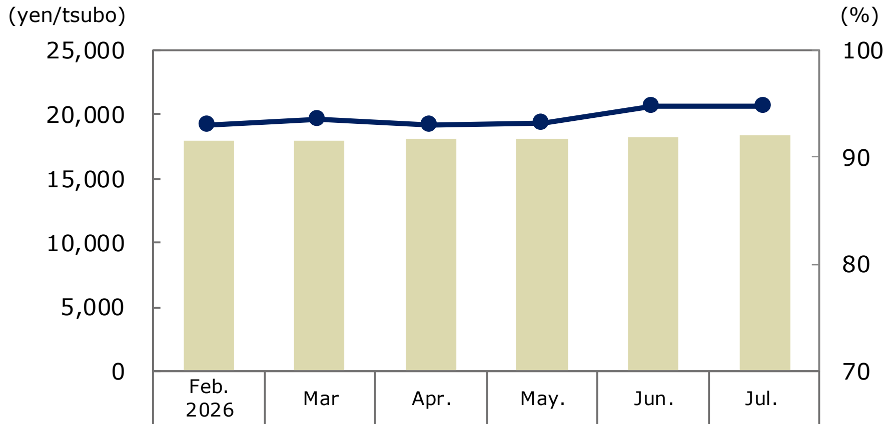
## Office: Rent and occupancy rate




| | Feb. 2026 | Mar | Apr. | May. | Jun. | Jul. |
|---|---|---|---|---|---|---|
| Rent (yen/tsubo) | 30,725 | 30,743 | 30,788 | 30,790 | 30,800 | 30,864 |
| Occupancy rate | 99.4% | 99.3% | 98.8% | 98.8% | 98.8% | 98.8% |

## Residential: Rent and occupancy rate



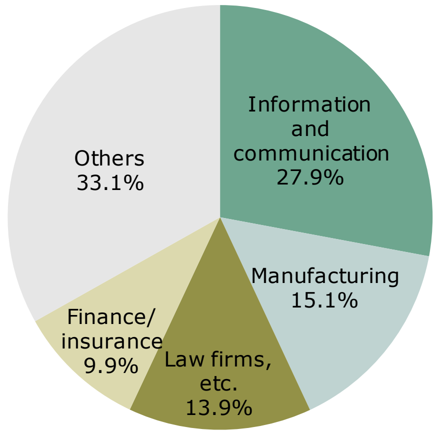

| | Feb. 2026 | Mar | Apr. | May. | Jun. | Jul. |
|---|---|---|---|---|---|---|
| Rent (yen/tsubo) | 17,902 | 18,003 | 18,132 | 18,139 | 18,262 | 18,348 |
| Occupancy rate | 93.0% | 93.5% | 93.0% | 93.2% | 94.7% | 94.7% |

## Top 5 tenants

| End tenants | Property name | Leased space (Note 1) | Ratio |
|---|---|---|---|
| Mori Building Co., Ltd. | Roppongi Hills Mori Tower<br>ARK Mori Building<br>Atago Green Hills<br>Toranomon Hills Mori Tower | 121,691.28 $m^2$ | 66.9% |
| Mitsubishi UFJ Research and Consulting Co.,Ltd. | Holland Hills Mori Tower | 3,358.32 $m^2$ | 1.8% |
| Company "A" | Holland Hills Mori Tower | 2,975.85 $m^2$ | 1.6% |
| Japan Worker's Credit Fund Association | Koraku Mori Building | 1,851.87 $m^2$ | 1.0% |
| SoldOut, Inc. | Koraku Mori Building | 1,851.87 $m^2$ | 1.0% |
| Total of top 5 tenants | | 131,729.19 $m^2$ | 72.4% |

(Note 1) Leased space is the lease area stated in the lease contract with the end tenant.
It is multiplied by the relevant percentage of ownership for each property.
(Note 2) This indicates the figures as of July 31, 2026.

## Tenant Contribution by Industry Type-Office

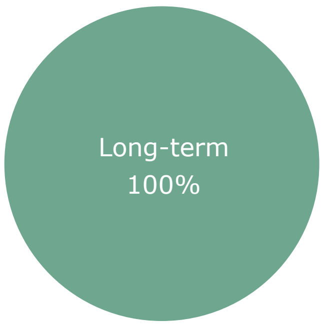



(Note 1) As for fixed rent master lease, ratios are based on monthly rents of tenants who are actually using the floor areas as of July 31, 2026.
It is multiplied by the relevant percentage of ownership for each property.
(Note 2) Business types are classified by the Asset Manager.

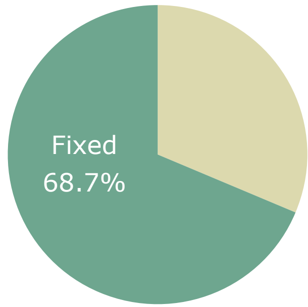
# 3-7 Financial overview (as of July 31, 2026)

## Long-term debt ratio/Fixed rate ratio

＜Long-term debt ratio＞




＜Fixed rate ratio＞




## Major financial indicator

| | End of 39th period Jan. 31, 2026 | End of 40th period Jul. 31, 2026 |
|---|---|---|
| Debt balance | 189,522 mn yen | 190,622 mn yen |
| Long-term loan | 169,222 mn yen | 170,322 mn yen |
| Investment corporation bonds | 20,300 mn yen | 20,300 mn yen |
| LTV (Book value basis) (Note 1) | 46.1% | 46.4% |
| LTV (Appraisal value basis) (Note 2) | 36.5% | 36.5% |
| DSCR (Note 3) | 11.8x | 9.8x |
| Avg. remaining duration | 3.5 years | 3.4 years |
| Avg. procured years | 8.1 years | 8.0 years |
| Weighted avg. interest rate | 0.76% | 0.91% |

(Note 1) LTV (Book value basis) is calculated as [Interest bearing debt/Total assets].
(Note 2) LTV (Appraisal value basis) is calculated as [Interest-bearing debt/Appraisal value based total assets (Total assets +Total appraisal value−Total book value)].
(Note 3) DSCR is calculated as [Net income before interest expenses +Depreciation/ Interest expenses].

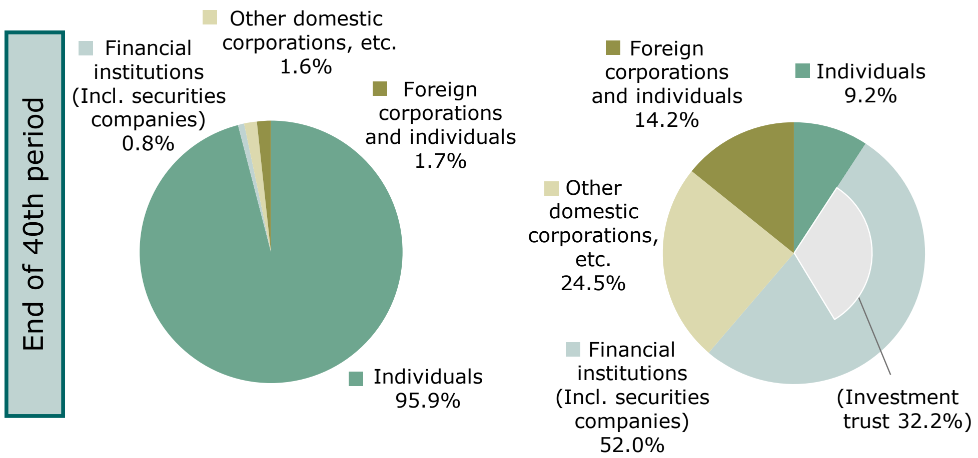
## Outstanding balances

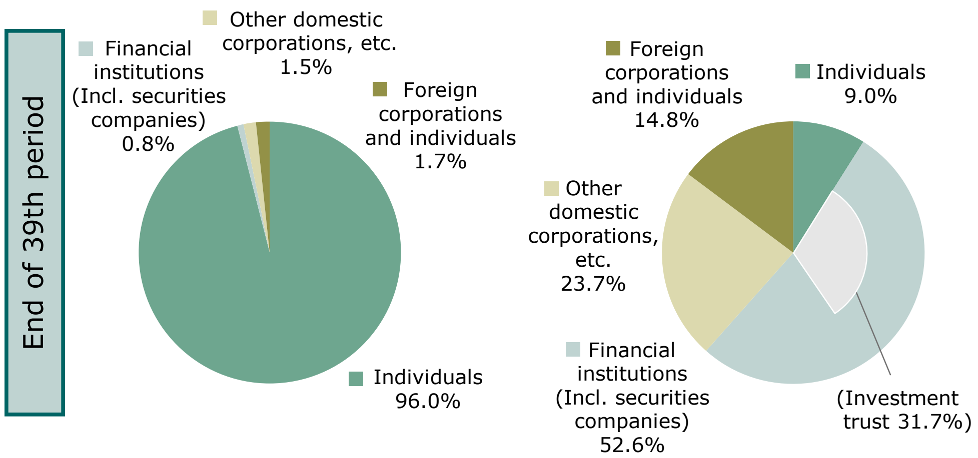
| Lenders | Balance | Ratio |
|---|---|---|
| MUFG Bank, Ltd. | 37,137 mn yen | 21.8% |
| Mizuho Bank, Ltd. | 28,043 mn yen | 16.5% |
| Sumitomo Mitsui Banking Corporation | 23,717 mn yen | 13.9% |
| Sumitomo Mitsui Trust Bank, Limited | 18,145 mn yen | 10.7% |
| The Bank of Fukuoka | 9,800 mn yen | 5.8% |
| Resona Bank, Limited. | 8,680 mn yen | 5.1% |
| SBI Shinsei Bank, Limited | 7,450 mn yen | 4.4% |
| The Norinchukin Bank | 7,000 mn yen | 4.1% |
| Development Bank of Japan Inc. | 5,950 mn yen | 3.5% |
| Mizuho Trust & Banking Co., Ltd. | 4,800 mn yen | 2.8% |
| The Nishi-Nippon City Bank, Ltd. | 4,000 mn yen | 2.3% |
| Shinkin Central Bank | 2,600 mn yen | 1.5% |
| The Chugoku Bank, Limited. | 2,500 mn yen | 1.5% |
| Aozora Bank, Ltd. | 2,000 mn yen | 1.2% |
| The 77 Bank, Ltd. | 2,000 mn yen | 1.2% |
| Mitsubishi UFJ Trust and Banking Corporation (Trust account) | 1,500 mn yen | 0.9% |
| The Hiroshima Bank, Ltd. | 1,000 mn yen | 0.6% |
| THE OITA BANK, LTD. | 1,000 mn yen | 0.6% |
| Nippon Life Insurance Company | 1,000 mn yen | 0.6% |
| Mitsui Sumitomo Insurance Company, Limited | 1,000 mn yen | 0.6% |
| The Bank of Yokohama,Ltd. | 1,000 mn yen | 0.6% |
| Total borrowings | 170,322 mn yen | 100% |
| Investment corporation bonds | 20,300 mn yen | |
| Total interest-bearing debt | 190,622 mn yen | |

# 3-8 Unitholders breakdown (as of July 31, 2026)

## Unitholders breakdown

<Number of unitholders> <Number of investment units>




## Top 10 unitholders

| Rank | Name | Number of units held | Ratio |
|---|---|---|---|
| 1 | Mori Building Co., Ltd. | 420,483 | 22.4% |
| 2 | Custody Bank of Japan, Ltd. (Trust account) | 413,179 | 22.0% |
| 3 | The Master Trust Bank of Japan, Ltd. (Trust account) | 268,812 | 14.3% |
| 4 | The Nomura Trust & Banking Co., Ltd. (Investment trust account) | 79,848 | 4.2% |
| 5 | Custody Bank of Japan, Ltd. (Money Trust Tax Account) | 21,868 | 1.2% |
| 6 | LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED | 21,843 | 1.2% |
| 7 | JP MORGAN CHASE BANK 385781 | 21,580 | 1.1% |
| 8 | STATE STREET BANK AND TRUST COMPANY 505001 | 21,036 | 1.1% |
| 9 | Custody Bank of Japan, Ltd. (Trust account 4) | 16,729 | 0.9% |
| 10 | Shikoku Railway Company | 14,933 | 0.8% |
| Total of top 10 unitholders | | 1,300,311 | 69.2% |

# 4. Business environment recognition & MHR's policy/strategy

# 4-1 Business environment recognition

## Real estate market / Lending attitude

- Vacancy rates in central Tokyo office buildings steadily improved, and rents also remained strong.
  (“Office Market Data” by Miki Shoji Co., Ltd. for Tokyo’s five central wards)
  - ⇨ Vacancy rate: 3.2% (July 2025) → 2.0% (July 2026)
  - ⇨ Rent index: 119 (July 2025) → 132 (July 2026)
- Cap rates have remained at historically low levels.
  (Japan Real Estate Institute’s “The Japanese Real Estate Investor Survey”)
  - ⇨ Class A buildings in Marunouchi
    Cap rate: 2.8% (October 2025) → 2.8% (April 2026)
- Lending attitude toward the real estate industry has temporarily weakened but remains strong.

## Interest rate trends / Macro environment

- Although long-term interest rates rose due to the change in the monetary policy of the Bank of Japan, they are currently within expectations, and there is limited impact on real estate prices and investment unit prices.
  - ⇨ 10-year bond rates: 2.79% (July 31, 2026)
  - ⇨ Core CPI: +1.6% (June 2026)
- In the June 2026 preliminary business conditions composite index, the leading index was at 116.4 (increased 0.0 PT from previous month) and the coincident index was at 118.2 (Increased 0.3 PT from previous month).
  Business sentiment continues to improve.
- Awareness of ESG issues has taken root among companies, with steady progress in pursuing ESG initiatives.

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- In the rental office market, vacancy rates are low against the backdrop of a favorable supply and demand environment, and rents are expected to increase for the time being.
- Premium properties in central Tokyo have maintained high occupancy rates and are expected to demonstrate competitive advantages in the future.

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- Business sentiment is improving with the expansion of global economic activities, but there is a need for caution about the negative impacts resulting from interest rate hikes.
- Interest rates are expected to increase moderately over the medium to long term due to gradual policy rate hikes.
- The fundamental importance of ESG is believed to remain unchanged even in the future.

**Continues to “MHR’s policy/strategy” on the next page**

# 4-2 MHR’s policy/strategy

## 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 create sustainable growth while striving to maintain and improve its ESG rating and build 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.

**Optimal REIT investment**

# 4-3 MHR's policy/strategy

**External growth policy**

- Aim to expand portfolio size by effectively utilizing the sponsor pipeline, targeting premium properties in central Tokyo.
- Premium properties in central Tokyo have maintained high occupancy rates by capturing the demand for headquarter offices of many blue-chip companies and are expected to demonstrate competitive advantages.
- While disposing of parts of Laforet Harajuku (Land), make new acquisitions concurrently to contribute to maintaining and increasing DPU excluding gains on disposition.

**Internal growth policy**

- Maintain stable revenue through fixed-rent master lease and aim to increase rent at both fixed-rent master lease and pass-through-type properties.
- Properly implement office property repairs as necessary and conduct value-enhancement renovation for residential properties if such is judged to be cost-effective (there are no office properties that require large-scale renewal in terms of building age or competitiveness).

**Financial management policy**

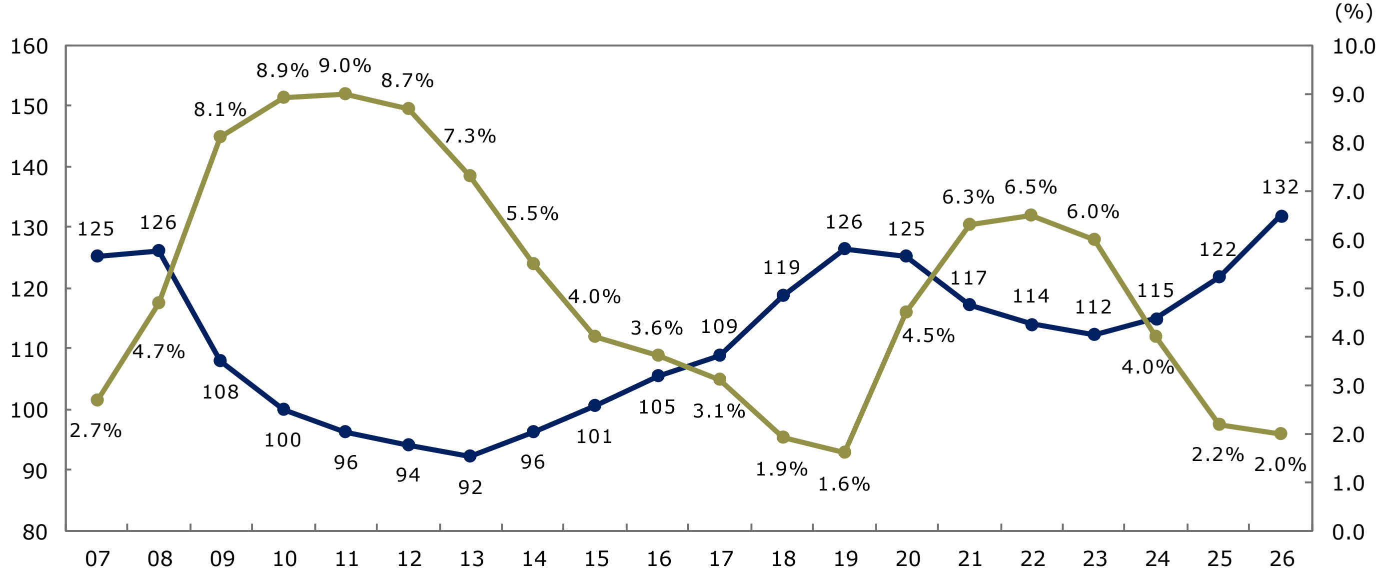
- Set the current LTV level (book value: in the mid-40% range; appraisal value: in the upper 30% range) as the target in order to maintain a durable position for times of economic slowdown, and target average remaining duration of debt from 3 to 4 years.
- Anticipate interest rate fluctuation risk over the medium to long term by constantly monitoring economic conditions and interest rate trends, and then when necessary take appropriate measures.

**ESG policy**

- Contribute to the improvement of various social and environmental issues by positioning ESG initiatives as an integral part of management policy, and steadily implement them in actual management operations leading to improved ESG ratings and stronger competitiveness.
- Regularly publish integrated reports to proactively disclose information upon organizing a variety of information material clearly and effectively.

# 4-4 Market-related information (1)

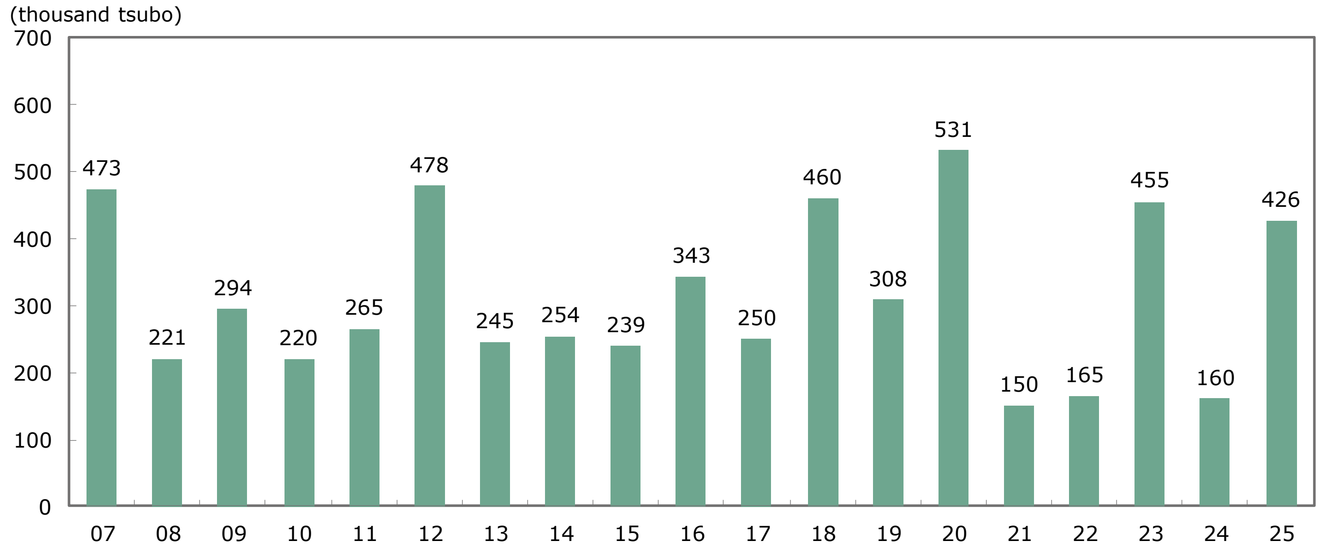
## Change in rent and vacancy rate of office buildings (Tokyo's five central wards)




(Source)
Prepared by the Asset Manager based on "Office Market Data" by Miki Shoji Co., Ltd.

(Note)
Results of a survey of major buildings with standard floor area of 100 tsubo or more in Tokyo's five central wards as of December of each year are shown. The rent index represents new asking rent (excluding common area revenue) of a standard floor, rebased to 100 as of 2010.
The figures for 2026 are based on the results of a survey as of July.

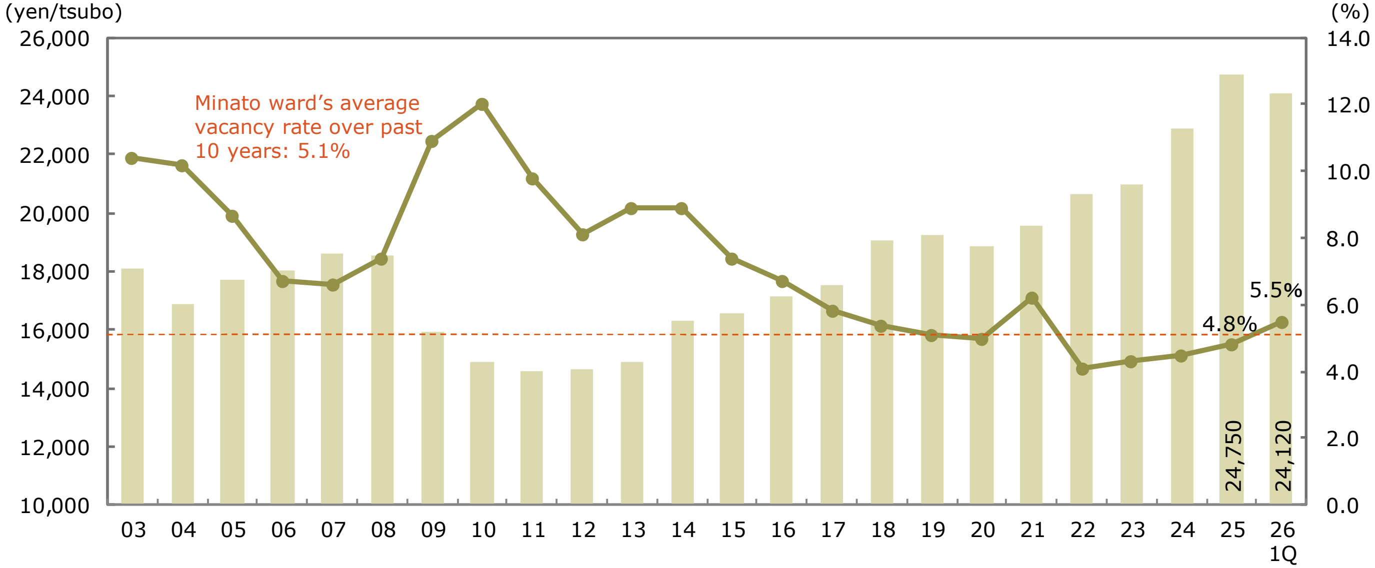
## New supply of office buildings (Tokyo's five central wards)




(Source)
Prepared by the Asset Manager based on "Office Market Data" by Miki Shoji Co., Ltd.

HILLS REIT

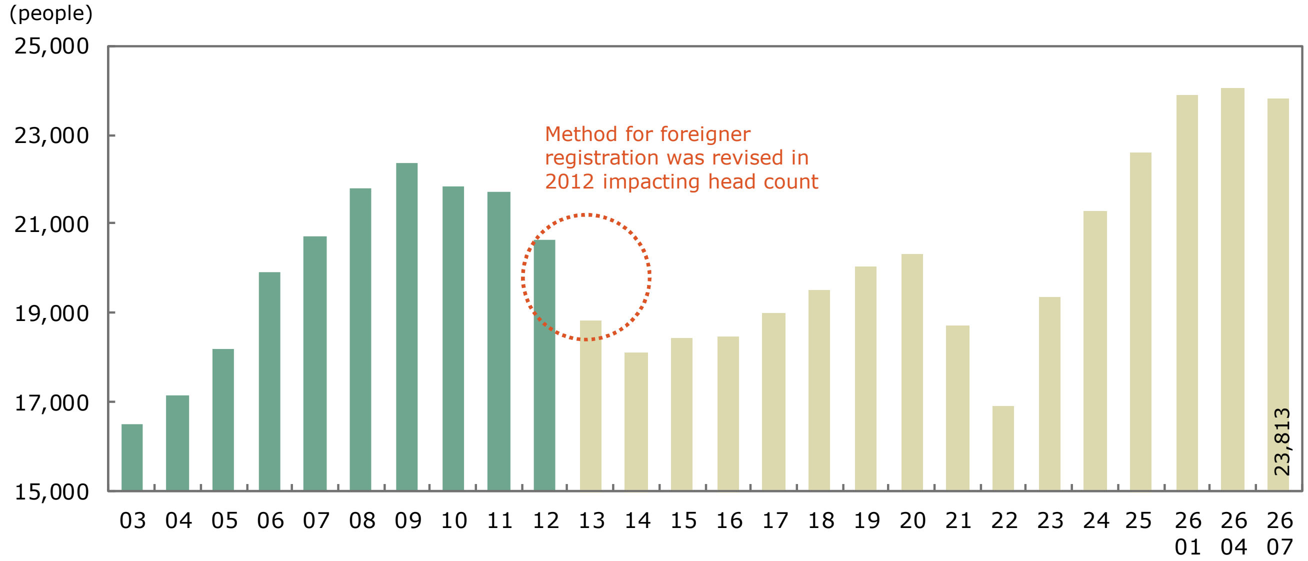
## Change in rents and vacancy rates of luxury housing (Minato ward)




(Source)
Prepared by the Asset Manager based on Ken Real Estate Investment Advisors' "Ken Residential Market Report" included in real estate appraisal reports by Japan Real Estate Institute regarding properties held by MHR.

(Note)
Data is based on rental housing with monthly rent of 300,000 yen or more or exclusive floor area of 30 tsubo or more.
"Avg. rents of Minato ward" is the contracted rent excluding the management fee.
In the case of years, "Avg. vacancy rates of Minato ward" is the average of the relevant year's January to March, April to June, July to September and October to December figures, and "Avg. rents of Minato ward" is the annual average.

## Change in number of foreign residents in Minato ward



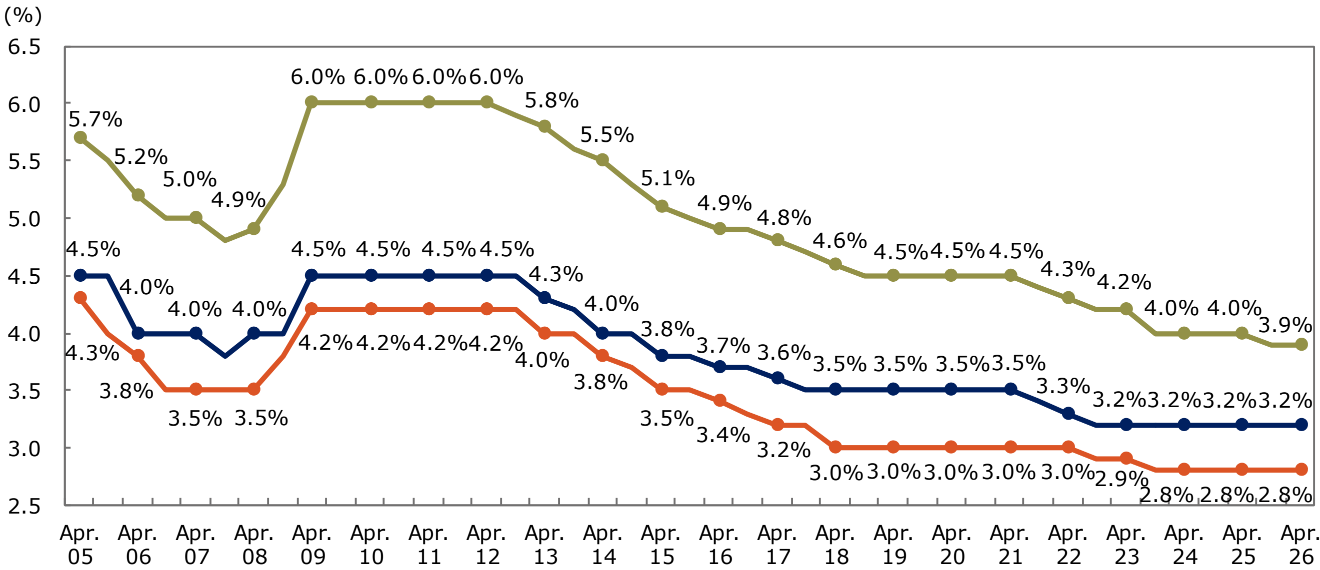

(Source)
Prepared by the Asset Manager based on "Number of registered foreign residents" prepared by Statistics Division Bureau of General Affairs of Tokyo.

(Note 1)
"Number of foreign residents" was the number of foreigners registered under the Ministry of Justice until 2012. However, as the foreigner registration system was abolished based on revision of the law, the figure is the population of the Basic Resident Register. Therefore, the data may not be consistent.

(Note 2)
Number of foreign residents as of January 1 of each year is used for the year-based figures.

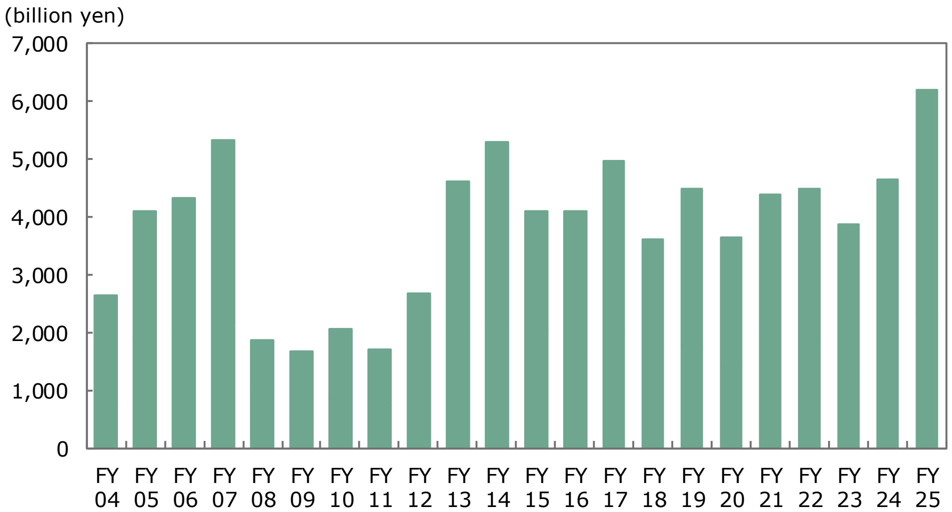
# 4-6 Market-related information (3)

## Change in return on real estate investment



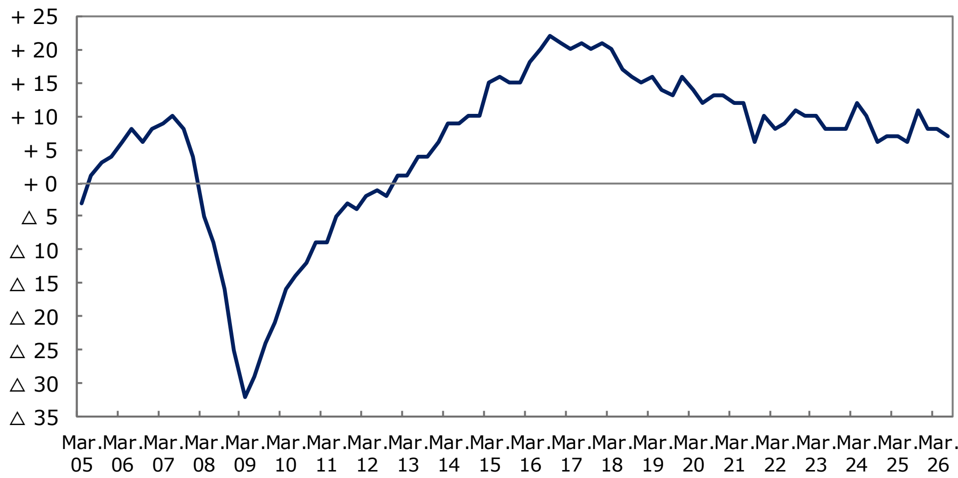

(Source)
Prepared by the Asset Manager based on "The Japanese Real Estate Investor Survey" by the Japan Real Estate Institute.

## Change in real estate transaction amount




(Source) Prepared by the Asset Manager based on the "Real Estate Transaction Survey" (Estimated amount of domestic real estate transactions publicized by listed companies) by the Urban Research Institute.

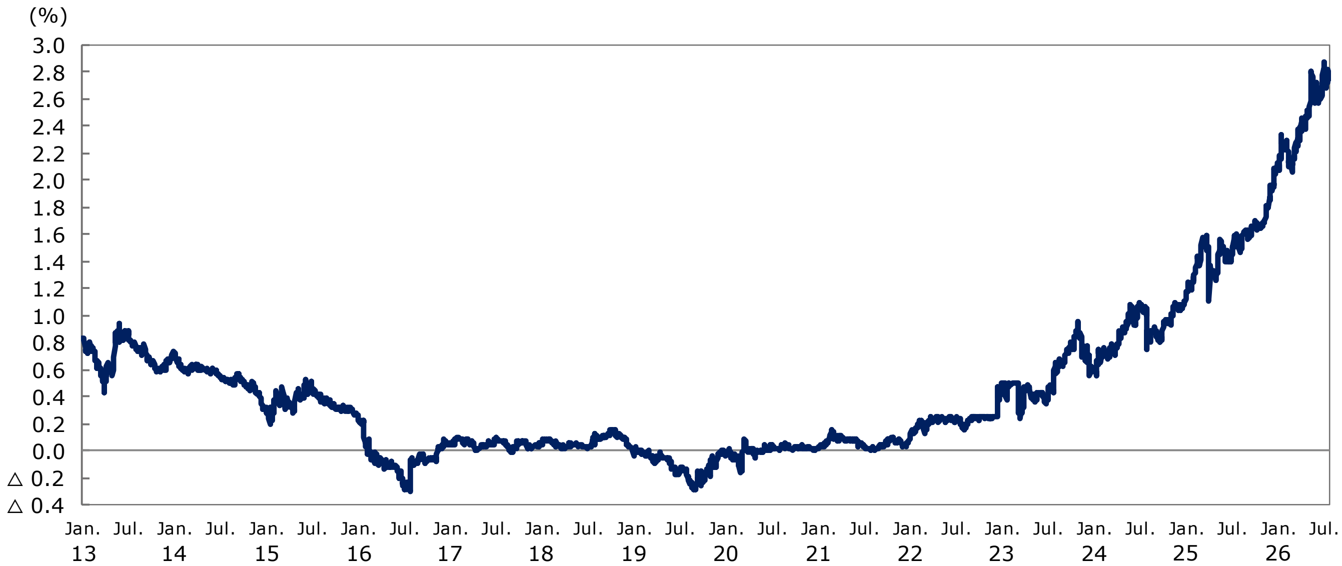
## Lending attitude DI (Real estate industry)




(Source) Prepared by the Asset Manager based on "National Short-Term Economic Survey on Enterprises in Japan" by the Bank of Japan. Difference between the proportion of firms feeling the lending attitude to be accommodative less firms feeling the lending attitude to be restrictive.

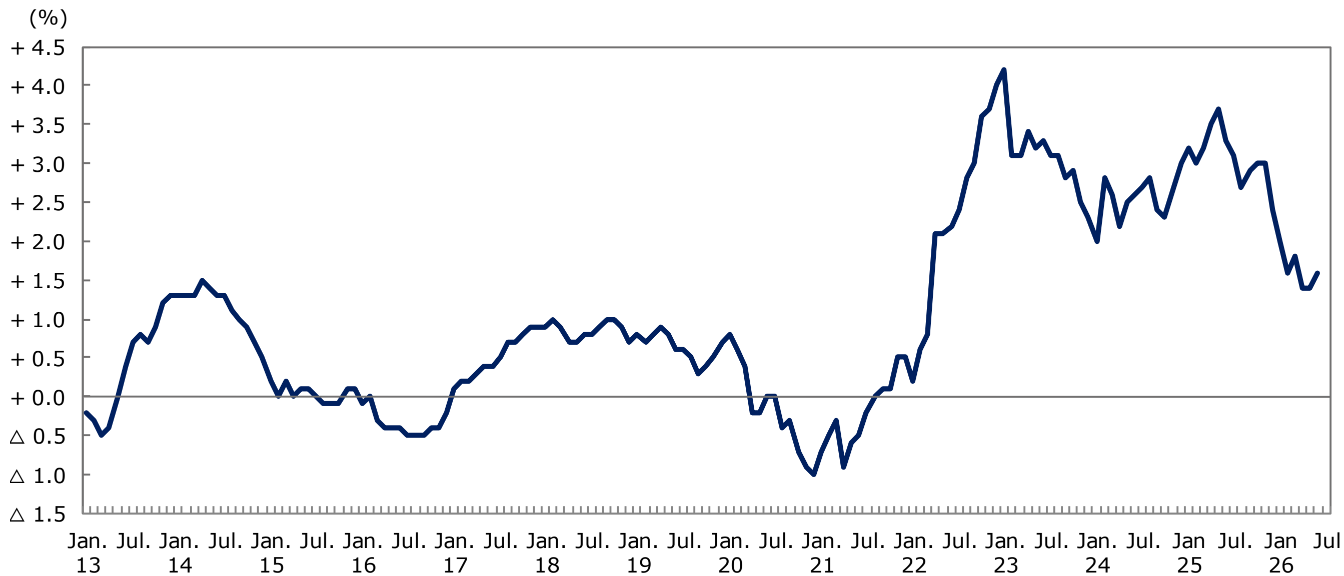
# 4-7 Market-related information (4)

## Change in 10-year bond interest rates




(Source)
Prepared by the Asset Manager based on QUICK Qr1.

## Change in core CPI (Year-on-year comparison)

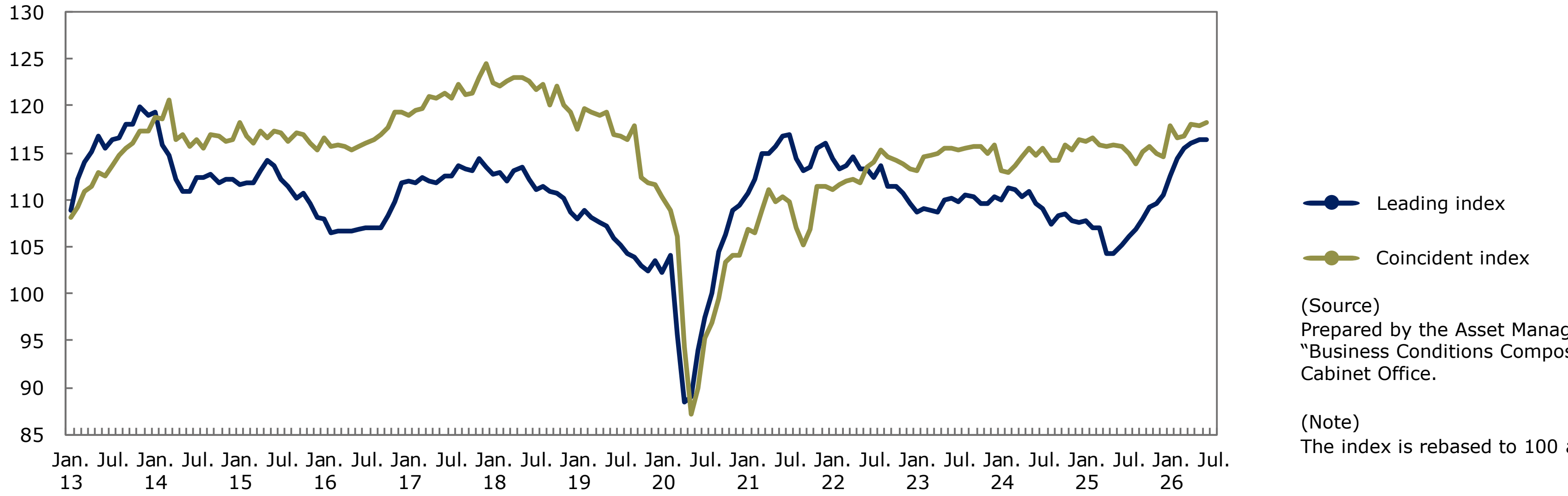



Based on figures excluding the direct effects of the consumption tax rate increase

(Source)
Prepared by the Asset Manager based on "Consumer Price Index" by Statistic Bureau, Ministry of Internal Affairs and Communications and "Economic Statistics Monthly" by the Bank of Japan.

(Note)
Figures from April 2014 to April 2015 are derived on "the basis of excluding the direct impact of the consumption tax rate increase" (Bank of Japan's "Economic Statistics Monthly").

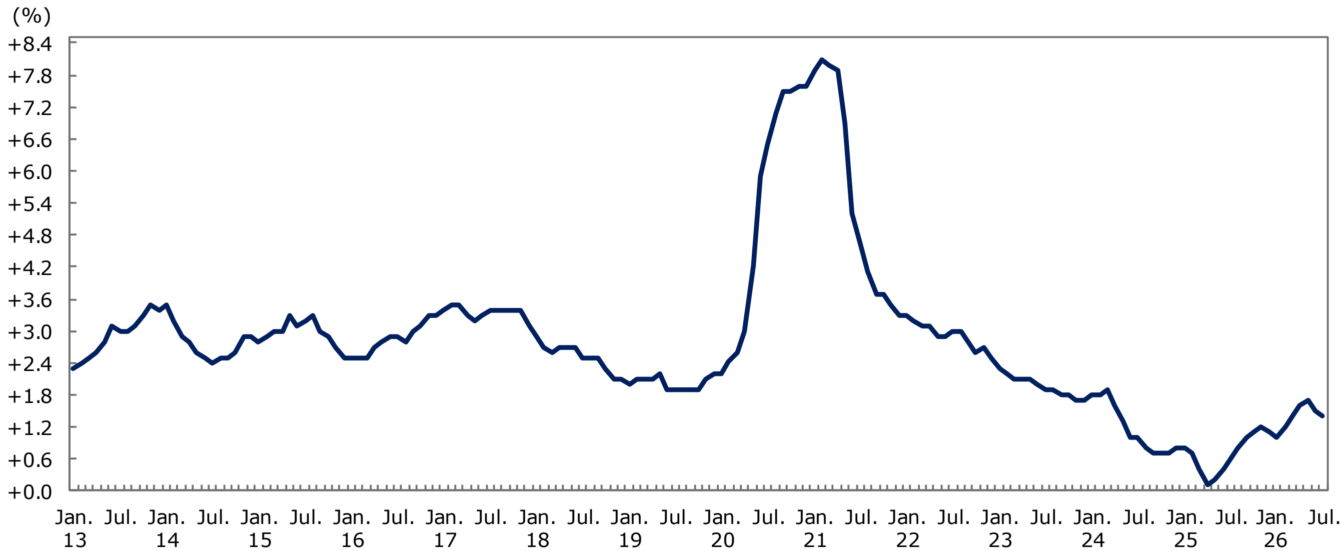
## Business conditions composite index




(Source)
Prepared by the Asset Manager based on the "Business Conditions Composite Index" by the Cabinet Office.

(Note)
The index is rebased to 100 as of 2020.

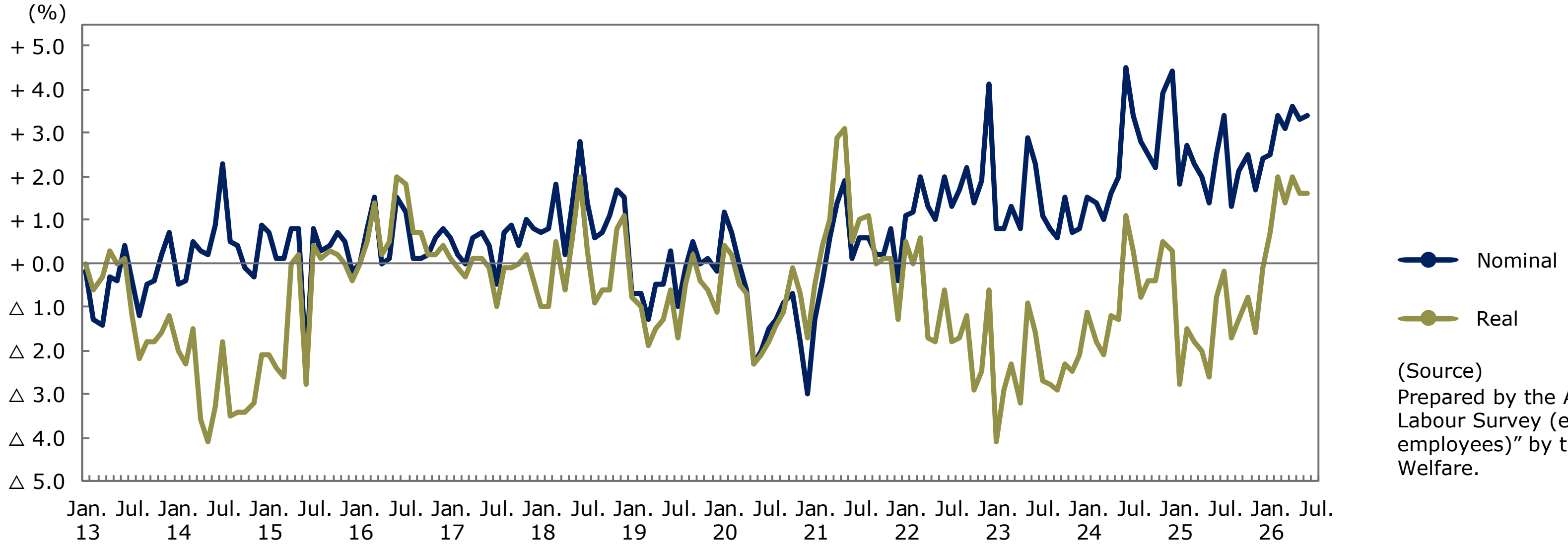
## Money stock (M3: year-on-year comparison)




(Source)
Prepared by the Asset Manager based on "Money Stock Statistics" by the Bank of Japan.

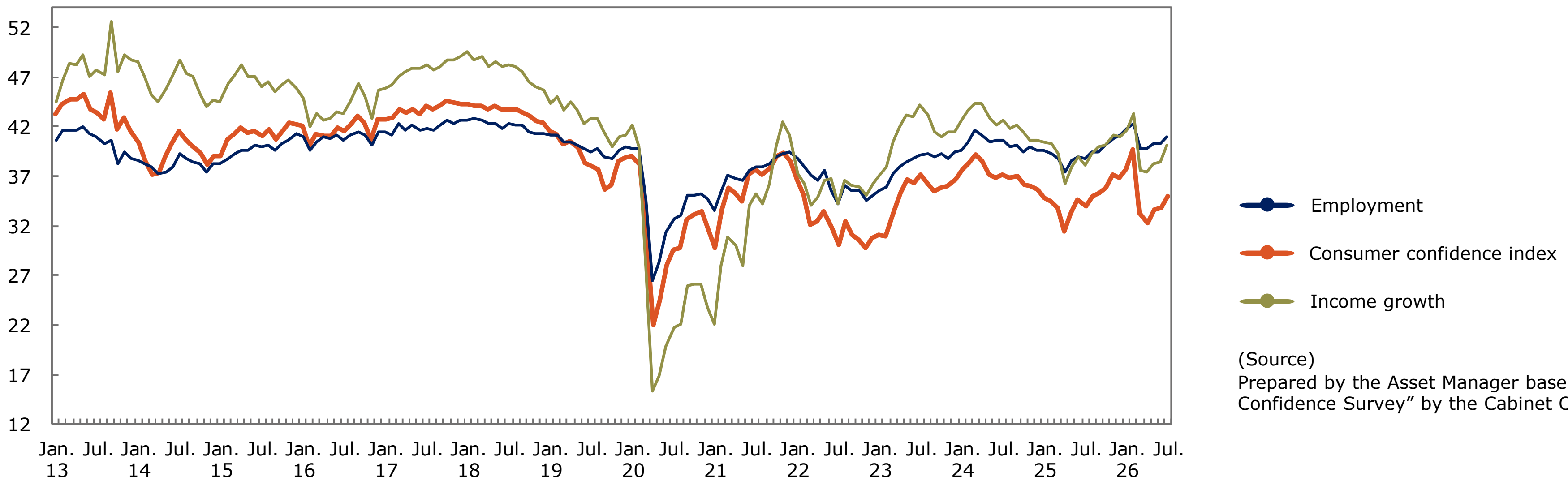
# 4-9 Market-related information (6)

## Total cash earnings (Year-on-year comparison)




(Source)
Prepared by the Asset Manager based on "Monthly Labour Survey (establishments with 5 or more employees)" by the Ministry of Health, Labour and Welfare.

## Consumer confidence survey




(Source)
Prepared by the Asset Manager based on "Consumer Confidence Survey" by the Cabinet Office.

## 5. Appendix

# 5-1 Financial highlights

HILLS REIT

| Indices | 39th period<br>Period ended Jan. 31, 2026 | 40th period<br>Period ended Jul. 31, 2026 | Calculation formula |
|---|---|---|---|
| Net income | 6,124 mn yen | 5,807 mn yen | |
| Depreciation and amortization | 1,090 mn yen | 1,137 mn yen | |
| CAPEX | 285 mn yen | 1,390 mn yen | |
| Total assets | 411,231 mn yen | 411,198 mn yen | |
| Total net assets | 202,979 mn yen | 201,866 mn yen | |
| Total net assets/unit (BPS) | 107,610 yen | 107,407 yen | Total net assets/Total units outstanding |
| Unit price (as of end of each period) | 145,200 yen | 130,100 yen | |
| Total units outstanding | 1,886,235 units | 1,879,435 units | |
| Total dividends | 5,847 mn yen | 5,826 mn yen | |
| Dividends/unit | 3,100 yen | 3,100 yen | |
| Dividend yield | 4.2% | 4.8% | Dividends per unit (annualized)/Unit price as of end of period |
| FFO | 5,695 mn yen | 5,686 mn yen | Net income + Depreciation and amortization - Gain or loss on sales of real estate properties |
| FFO/unit | 3,019 yen | 3,025 yen | FFO/Total units outstanding |
| Annualized | 5,989 yen | 6,101 yen | Based on a period of 365 days |
| FFO multiple | 24.2x | 21.3x | Unit price as of end of period/FFO per unit (annualized) |
| PER | 22.5x | 20.9x | Unit price as of end of period/Net income per unit (average during the periods, annualized) |
| PBR | 1.3x | 1.2x | Unit price as of end of period/Net assets per unit |
| ROA | 1.5% | 1.4% | Ordinary income/Average of total assets during the period |
| Annualized | 3.0% | 2.8% | Based on a period of 365 days |
| ROE | 3.0% | 2.9% | Net income/Average of total net assets during the period |
| Annualized | 6.0% | 5.8% | Based on a period of 365 days |
| NAV | 311,503 mn yen | 312,249 mn yen | Total net assets + Total appraisal value - Total book value - Total liabilities |
| NAV/unit | 165,145 yen | 166,139 yen | |
| NAV multiple | 0.9x | 0.8x | Unit price as of end of period/NAV per unit |
| Interest-bearing debt | 189,522 mn yen | 190,622 mn yen | |
| LTV (book value basis) | 46.1% | 46.4% | Interest-bearing debt/Total assets |
| LTV (appraisal value basis) | 36.5% | 36.5% | Interest-bearing debt/(Total assets + Total appraisal value - Total book value) |
| Operating days | 184 days | 181 days | |

# 5-2 Balance sheet

(thousand yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | 10,162,668 | 11,233,309 |
| Cash and deposits | 3,794,065 | 5,951,136 |
| Cash and deposits in trust | 5,535,730 | 4,461,201 |
| Other | 832,872 | 820,970 |
| Noncurrent assets | 400,999,720 | 399,908,370 |
| Property, plant and equipment | 366,824,794 | 365,973,407 |
| Intangible assets | 30,651,163 | 30,657,131 |
| Investments and other assets | 3,523,763 | 3,277,831 |
| Deferred assets | 68,690 | 57,121 |
| Total assets | 411,231,079 | 411,198,801 |

(thousand yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | 30,073,395 | 30,839,799 |
| Current portion of investment corporation bonds | 7,300,000 | 9,300,000 |
| Current portion of long-term loans payable | 19,884,000 | 18,723,000 |
| Other | 2,889,395 | 2,816,799 |
| Noncurrent liabilities | 178,178,611 | 178,492,945 |
| Investment corporation bonds | 13,000,000 | 11,000,000 |
| Long-term loans payable | 149,338,000 | 151,599,000 |
| Lease and guarantee deposited in trust | 15,840,611 | 15,893,945 |
| Total liabilities | 208,252,007 | 209,332,745 |
| Net assets | | |
| Unitholders' equity | 199,811,197 | 198,876,069 |
| Unitholders' capital, net | 191,718,247 | 190,823,232 |
| Total surplus | 8,092,950 | 8,052,836 |
| Voluntary retained earnings | 1,939,817 | 2,221,807 |
| Unappropriated retained earnings | 6,153,132 | 5,831,029 |
| Valuation and translation adjustments | 3,167,874 | 2,989,986 |
| Deferred gains or losses on hedges | 3,167,874 | 2,989,986 |
| Total net assets | 202,979,072 | 201,866,056 |
| Total liabilities and net assets | 411,231,079 | 411,198,801 |

(Note) Figures reflect the reduction from unitholders' capital.

# 5-3 Income statement

HILLS REIT

(thousand yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Operating revenue | 11,381,329 | 11,126,215 |
| Rent revenues | 9,665,001 | 9,689,249 |
| Other operating revenues | 196,788 | 179,663 |
| Gain on sales of real estate properties | 1,519,539 | 1,257,301 |
| Operating expenses | 4,498,461 | 4,437,296 |
| Expenses related to properties | 3,733,257 | 3,713,216 |
| Asset management fee | 628,562 | 599,293 |
| Directors' compensation | 6,300 | 6,300 |
| Asset custody fee | 10,198 | 10,280 |
| Administrative service fees | 18,060 | 17,846 |
| Other operating expenses | 102,081 | 90,358 |
| Operating income | 6,882,867 | 6,688,918 |
| Non-operating income | 20,128 | 14,333 |
| Interest income | 18,509 | 12,250 |
| Gain on forfeiture of unclaimed dividends | 1,153 | 1,010 |
| Insurance income | — | 1,070 |
| Other | 465 | 2 |
| Non-operating expenses | 777,379 | 895,144 |
| Interest expenses | 597,171 | 714,754 |
| Interest expenses on investment corporation bonds | 68,778 | 71,959 |
| Amortization of investment corporation bonds issuance cost | 12,591 | 11,568 |
| Borrowing expenses | 96,870 | 93,688 |
| Other | 1,967 | 3,174 |
| Ordinary income | 6,125,617 | 5,808,107 |
| Income before income taxes | 6,125,617 | 5,808,107 |
| Net income | 6,124,722 | 5,807,215 |
| Unappropriated retained earnings | 6,153,132 | 5,831,029 |

| | |
|---|---|
| Office | 8,410,791 |
| Residential | 875,249 |
| Retail | 84,001 |
| Land | 313,908 |
| Other rent revenue | 5,299 |

| | |
|---|---|
| Parking revenue | 49,135 |
| Utilities and other revenue | 129,738 |
| Cancellation penalty | 251 |
| Key-money income | 539 |

| | |
|---|---|
| Property management fees | 1,273,684 |
| Property taxes | 857,063 |
| Utilities | 135,093 |
| Maintenance and repairs | 93,238 |
| Insurance premium | 25,085 |
| Custodian fees | 9,264 |
| Depreciation | 1,136,473 |
| Rent expenses | 166,519 |
| Other lease business expenses | 16,792 |

# 5-4 Statement of cash flows / Retained earnings

## Statement of cash flows

(thousand yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Net cash provided by (used in) operating activities | 9,245,553 | 7,871,025 |
| Income before income taxes | 6,125,617 | 5,808,107 |
| Depreciation and amortization | 1,090,287 | 1,137,025 |
| Amortization of investment corporation bonds issuance cost | 12,591 | 11,568 |
| Interest income | △ 18,509 | △ 12,250 |
| Gain on forfeiture of unclaimed dividends | △ 1,153 | △ 1,010 |
| Interest expenses | 665,949 | 786,713 |
| Decrease (increase) in operating accounts receivable | 681 | △ 27,216 |
| Decrease (increase) in consumption taxes receivable | 85,405 | – |
| Increase (decrease) in operating accounts payable | 60,383 | 11,707 |
| Increase (decrease) in accounts payable–other | 2,547 | △ 1,496 |
| Increase (decrease) in accrued expenses | 10,187 | △ 33,067 |
| Increase (decrease) in accrued consumption taxes | 347,002 | △ 266,967 |
| Increase (decrease) in advances received | 7,986 | 14,683 |
| Increase (decrease) in deposits received | 1,449 | △ 1,415 |
| Decrease (increase) in prepaid expenses | △ 6,592 | 14,139 |
| Decrease (increase) in long-term prepaid expenses | 37,474 | 31,835 |
| Decrease in property, plant and equipment in trust due to sale | 1,545,191 | 1,103,708 |
| Other, net | △ 93,559 | 64,374 |
| Subtotal | 9,872,940 | 8,640,440 |
| Interest income received | 18,509 | 12,250 |
| Interest expenses paid | △ 642,393 | △ 779,121 |
| Income taxes paid | △ 3,502 | △ 2,542 |
| Net cash provided by (used in) investing activities | △ 9,584,258 | △ 1,147,669 |
| Purchase of intangible assets | – | △ 6,630 |
| Purchase of property, plant and equipment in trust | △ 9,949,737 | △ 1,193,230 |
| Repayments of lease and guarantee deposited in trust | △ 168,867 | △ 185,318 |
| Proceeds from lease and guarantee deposited in trust | 534,346 | 237,509 |

(thousand yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Net cash provided by (used in) financing activities | △ 4,506,924 | △ 5,640,813 |
| Proceeds from long-term loans payable | 12,394,000 | 12,144,000 |
| Repayments of long-term loans payable | △ 8,060,000 | △ 11,044,000 |
| Proceeds from issuance of investment corporation bonds | 1,985,816 | – |
| Redemption of investment corporation bonds | △ 5,000,000 | – |
| Purchase of treasury investment units | – | △ 895,014 |
| Dividends paid | △ 5,826,740 | △ 5,845,798 |
| Net increase (decrease) in cash and cash equivalents | △ 4,845,629 | 1,082,542 |
| Cash and cash equivalents at beginning of the period | 14,175,425 | 9,329,796 |
| Cash and cash equivalents at the end of the period | 9,329,796 | 10,412,338 |

## Retained earnings

(yen)

| | 39th period Period ended Jan. 31, 2026 | 40th period Period ended Jul. 31, 2026 |
|---|---|---|
| Ⅰ Unappropriated retained earnings | 6,153,132,460 | 5,831,029,067 |
| Ⅱ Reversal of Voluntary retained earnings | | |
| Reversal for reduction entry | – | 11,512,347 |
| Ⅲ Amount of Dividends | 5,847,328,500 | 5,826,248,500 |
| Amount of dividends per unit | 3,100 | 3,100 |
| Ⅳ Voluntary retained earnings | | |
| Reserve for reduction entry | 281,989,941 | – |
| Ⅴ Retained earnings carried forward | 23,814,019 | 16,292,914 |

# 5-5 Status of income and expenditures (1)

(thousand yen)

| Property number | O-0 | | | O-1 | | | O-4 | | | O-6 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property name | Roppongi Hills Mori Tower | | | ARK Mori Building | | | Koraku Mori Building | | | Akasaka Tameike Tower | | |
| Acquisition price | 115,380,000 | | | 62,480,000 | | | 27,200,000 | | | 43,930,000 | | |
| Period | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference |
| Operation days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days |
| Occupancy rate | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 96.3% | 87.6% | △ 8.7PT |
| Avg. Occupancy rate (during period) | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT | 97.2% | 88.2% | △ 9.0PT |
| Number of tenants | 1 | 1 | 0 | 1 | 1 | 0 | 24 | 24 | 0 | 136 | 135 | △ 1 |
| Rent revenues | 2,851,394 | 2,851,394 | – | 1,351,486 | 1,314,969 | △ 36,517 | 660,481 | 687,387 | 26,905 | 851,352 | 777,074 | △ 74,278 |
| Other operating revenues | – | – | – | – | – | – | 80,291 | 79,686 | △ 605 | 60,419 | 52,380 | △ 8,038 |
| Total property operating revenue | 2,851,394 | 2,851,394 | – | 1,351,486 | 1,314,969 | △ 36,517 | 740,773 | 767,073 | 26,300 | 911,771 | 829,454 | △ 82,316 |
| Property management | 426,426 | 426,426 | – | 202,169 | 202,169 | – | 86,481 | 84,687 | △ 1,793 | 199,981 | 187,574 | △ 12,407 |
| Property taxes (Note 1) | 300,990 | 300,946 | △ 43 | 96,373 | 96,563 | 190 | 30,085 | 32,535 | 2,449 | 45,284 | 47,077 | 1,793 |
| Utilities | – | – | – | – | – | – | 65,465 | 62,952 | △ 2,512 | 30,291 | 27,804 | △ 2,486 |
| Maintenance and repairs | – | – | – | – | 390 | 390 | 12,961 | 16,435 | 3,473 | 42,179 | 42,964 | 784 |
| Insurance premium | 5,520 | 5,430 | △ 90 | 3,381 | 3,326 | △ 55 | 1,903 | 1,872 | △ 31 | 2,691 | 2,651 | △ 40 |
| Depreciation (1) | 267,849 | 280,797 | 12,948 | 92,072 | 97,003 | 4,930 | 105,579 | 105,696 | 116 | 132,844 | 133,663 | 818 |
| Other expenses (Note 2) | 374 | 1,278 | 903 | 2,787 | 4,478 | 1,690 | 97,964 | 97,972 | 8 | 10,953 | 12,465 | 1,512 |
| Total property operating expenses | 1,001,160 | 1,014,878 | 13,718 | 396,783 | 403,930 | 7,147 | 400,441 | 402,151 | 1,710 | 464,226 | 454,200 | △ 10,026 |
| Property operating income (2) | 1,850,233 | 1,836,515 | △ 13,718 | 954,703 | 911,038 | △ 43,664 | 340,332 | 364,922 | 24,589 | 447,545 | 375,254 | △ 72,290 |
| NOI (3) ((1)+(2)) | 2,118,082 | 2,117,312 | △ 770 | 1,046,775 | 1,008,041 | △ 38,733 | 445,911 | 470,618 | 24,706 | 580,390 | 508,917 | △ 71,472 |
| Annualized NOI | 4,201,631 | 4,269,718 | 68,087 | 2,076,484 | 2,032,791 | △ 43,692 | 884,553 | 949,037 | 64,483 | 1,151,317 | 1,026,270 | △ 125,047 |
| Annualized NOI/ Acquisition price | 3.6% | 3.7% | 0.1PT | 3.3% | 3.3% | △ 0.1PT | 3.3% | 3.5% | 0.2PT | 2.6% | 2.3% | △ 0.3PT |
| CAPEX (4) | – | 590,127 | 590,127 | 15,189 | 166,985 | 151,795 | 29,833 | 24,631 | △ 5,201 | 89,507 | 56,662 | △ 32,845 |
| NCF (3)-(4) | 2,118,082 | 1,527,184 | △ 590,897 | 1,031,586 | 841,056 | △ 190,529 | 416,078 | 445,986 | 29,908 | 490,882 | 452,255 | △ 38,626 |

(Note 1) For property tax, city planning tax and depreciable assets tax, MHR charges the amount of property taxes assessed and determined applicable to the fiscal period to expenses related to properties. Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to MHR were liable for property taxes for the calendar year, including the period from the date of the acquisition by MHR until the end of the year. MHR reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate.

(Note 2) "Other expenses" denotes the sum of custodian fees, rent expenses, and other lease business expenses (residential property management costs, and other property-related miscellaneous expenses) in aggregate.

(Note 3) Property acquired or disposed during the relevant period. "Annualized NOI/ Acquisition price" was calculated by taking into consideration the changes in acquisition price during the relevant period. "Annualized NOI" denotes the value which is based on the acquisition price as of the end of the relevant period.

# 5-6 Status of income and expenditures (2)

(thousand yen)

| Property number | O-7 | | | O-8 | | | O-9 | | | O-10 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property name | Atago Green Hills | | | ARK Hills South Tower | | | Toranomon Hills Mori Tower | | | Holland Hills Mori Tower | | |
| Acquisition price | 42,090,000 | | | 19,150,000 | | | 73,789,000 | | | 16,330,000 | | |
| Period | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th (Note3) Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference |
| Operation days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days |
| Occupancy rate | 100% | 100% | 0.0PT | 99.6% | 100% | 0.4PT | 100% | 100% | 0.0PT | 100% | 100% | 0.0PT |
| Avg. Occupancy rate (during period) | 100% | 100% | 0.0PT | 99.6% | 99.9% | 0.3PT | 100% | 100% | 0.0PT | 100% | 99.7% | △ 0.3PT |
| Number of tenants | 1 | 1 | 0 | 56 | 57 | 1 | 1 | 1 | 0 | 24 | 24 | 0 |
| Rent revenues | 1,012,320 | 1,012,320 | – | 464,509 | 476,865 | 12,356 | 1,426,552 | 1,549,611 | 123,058 | 486,455 | 488,079 | 1,623 |
| Other operating revenues | – | – | – | 31,400 | 26,983 | △ 4,416 | – | – | – | 23,974 | 20,362 | △ 3,611 |
| Total property operating revenue | 1,012,320 | 1,012,320 | – | 495,909 | 503,848 | 7,939 | 1,426,552 | 1,549,611 | 123,058 | 510,429 | 508,441 | △ 1,988 |
| Property management | 2,664 | 2,664 | – | 51,913 | 53,591 | 1,678 | 162,191 | 176,183 | 13,991 | 99,460 | 102,402 | 2,941 |
| Property taxes (Note 1) | 70,166 | 70,064 | △ 101 | 42,641 | 44,340 | 1,698 | 117,426 | 138,276 | 20,850 | 39,118 | 39,013 | △ 104 |
| Utilities | – | – | – | 40,426 | 34,373 | △ 6,052 | – | – | – | 7,605 | 7,241 | △ 363 |
| Maintenance and repairs | – | – | – | 4,254 | 3,320 | △ 933 | – | – | – | 3,854 | 12,276 | 8,422 |
| Insurance premium | 4,502 | 4,429 | △ 73 | 1,496 | 1,472 | △ 24 | 3,424 | 3,718 | 293 | 1,503 | 1,478 | △ 24 |
| Depreciation (1) | 191,378 | 197,789 | 6,410 | 46,837 | 47,286 | 449 | 177,954 | 193,410 | 15,455 | 46,731 | 51,281 | 4,550 |
| Other expenses (Note 2) | 68,971 | 69,123 | 151 | 2,312 | 1,377 | △ 934 | 247 | 266 | 19 | 207 | 220 | 13 |
| Total property operating expenses | 337,683 | 344,070 | 6,387 | 189,881 | 185,762 | △ 4,118 | 461,244 | 511,853 | 50,608 | 198,481 | 213,915 | 15,434 |
| Property operating income (2) | 674,636 | 668,249 | △ 6,387 | 306,027 | 318,085 | 12,058 | 965,307 | 1,037,757 | 72,449 | 311,948 | 294,526 | △ 17,422 |
| NOI (3) ((1)+(2)) | 866,014 | 866,038 | 23 | 352,864 | 365,372 | 12,507 | 1,143,262 | 1,231,168 | 87,905 | 358,680 | 345,808 | △ 12,872 |
| Annualized NOI | 1,717,909 | 1,746,431 | 28,521 | 699,976 | 736,801 | 36,824 | 2,483,672 | 2,482,742 | △ 930 | 711,512 | 697,347 | △ 14,164 |
| Annualized NOI/ Acquisition price | 4.1% | 4.1% | 0.1PT | 3.7% | 3.8% | 0.2PT | 3.4% | 3.4% | 0.0PT | 4.4% | 4.3% | △ 0.1PT |
| CAPEX (4) | 28,311 | 244,510 | 216,198 | 52,148 | 5,539 | △ 46,609 | 3,266 | 32,239 | 28,973 | 8,952 | 225,577 | 216,624 |
| NCF (3)-(4) | 837,703 | 621,527 | △ 216,175 | 300,716 | 359,833 | 59,117 | 1,139,996 | 1,198,928 | 58,931 | 349,727 | 120,230 | △ 229,496 |

# 5-7 Status of income and expenditures (3)

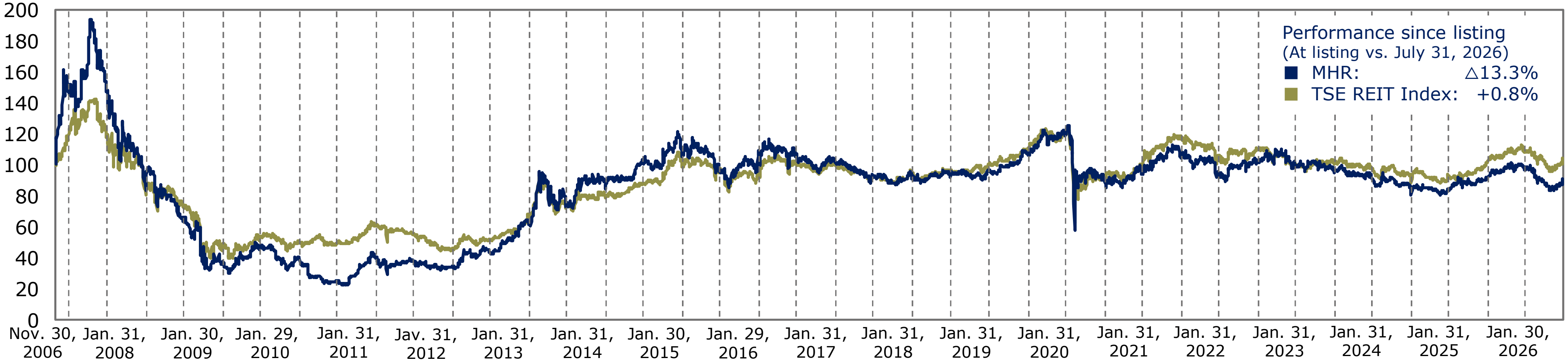
(thousand yen)

| Property number | R-3 | | | R-4 | | | S-1 | | | Portfolio total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property name | Roppongi First Plaza | | | Roppongi View Tower | | | Laforet Harajuku (Land) | | | | | |
| Acquisition price | 2,100,000 | | | 4,000,000 | | | 8,509,800 (as of the end of Jan. 2026: 9,600,800) | | | 414,958,800 (as of the end of Jan. 2026: 416,049,800) | | |
| Period | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th Jan. 2026 | 40th Jul. 2026 | Difference | 39th (Note3) Jan. 2026 | 40th (Note3) Jul. 2026 | Difference | 39th (Note3) Jan. 2026 | 40th (Note3) Jul. 2026 | Difference |
| Operation days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days | 184 days | 181 days | △ 3 days |
| Occupancy rate | 86.1% | 90.9% | 4.8PT | 81.8% | 87.5% | 5.7PT | 100% | 100% | 0.0PT | 98.9% | 98.2% | △ 0.7PT |
| Avg. Occupancy rate (during period) | 92.9% | 90.8% | △ 2.1PT | 88.3% | 85.0% | △ 3.3PT | 100% | 100% | 0.0PT | 99.0% | 98.2% | △ 0.8PT |
| Number of tenants | 36 | 38 | 2 | 75 | 80 | 5 | 1 | 1 | 0 | 356 | 363 | 7 |
| Rent revenues | 105,407 | 108,195 | 2,788 | 111,234 | 109,443 | △ 1,790 | 343,806 | 313,908 | △ 29,898 | 9,665,001 | 9,689,249 | 24,248 |
| Other operating revenues | 430 | – | △ 430 | 273 | 251 | △ 22 | – | – | – | 196,788 | 179,663 | △ 17,124 |
| Total property operating revenue | 105,837 | 108,195 | 2,358 | 111,507 | 109,694 | △ 1,812 | 343,806 | 313,908 | △ 29,898 | 9,861,789 | 9,868,913 | 7,123 |
| Property management | 21,680 | 17,369 | △ 4,311 | 18,560 | 20,616 | 2,055 | – | – | – | 1,271,530 | 1,273,684 | 2,154 |
| Property taxes (Note 1) | 10,430 | 10,721 | 290 | 15,910 | 16,341 | 431 | 62,903 | 61,182 | △ 1,721 | 831,330 | 857,063 | 25,733 |
| Utilities | 1,433 | 1,415 | △ 18 | 1,243 | 1,306 | 63 | – | – | – | 146,464 | 135,093 | △ 11,371 |
| Maintenance and repairs | 60,208 | 11,992 | △ 48,215 | 55,853 | 5,859 | △ 49,994 | – | – | – | 179,311 | 93,238 | △ 86,072 |
| Insurance premium | 292 | 288 | △ 4 | 425 | 418 | △ 6 | – | – | – | 25,143 | 25,085 | △ 57 |
| Depreciation (1) | 12,935 | 13,459 | 523 | 16,104 | 16,086 | △ 18 | – | – | – | 1,090,287 | 1,136,473 | 46,185 |
| Other expenses (Note 2) | 4,231 | 4,040 | △ 191 | 1,083 | 1,304 | 221 | 55 | 49 | △ 6 | 189,190 | 192,576 | 3,386 |
| Total property operating expenses | 111,213 | 59,286 | △ 51,927 | 109,182 | 61,934 | △ 47,247 | 62,959 | 61,231 | △ 1,728 | 3,733,257 | 3,713,216 | △ 20,041 |
| Property operating income (2) | △ 5,376 | 48,909 | 54,285 | 2,325 | 47,760 | 45,435 | 280,846 | 252,676 | △ 28,169 | 6,128,531 | 6,155,696 | 27,165 |
| NOI (3) ((1)+(2)) | 7,559 | 62,368 | 54,808 | 18,429 | 63,846 | 45,417 | 280,846 | 252,676 | △ 28,169 | 7,218,819 | 7,292,169 | 73,350 |
| Annualized NOI | 14,996 | 125,770 | 110,774 | 36,558 | 128,751 | 92,192 | 503,955 | 460,603 | △ 43,351 | 14,508,183 | 14,673,233 | 165,049 |
| Annualized NOI/ Acquisition price | 0.7% | 6.0% | 5.3PT | 0.9% | 3.2% | 2.3PT | 5.2% | 5.4% | 0.2PT | 3.5% | 3.5% | 0.0PT |
| CAPEX (4) | 27,001 | 9,804 | △ 17,196 | 30,797 | 34,258 | 3,460 | – | – | – | 285,009 | 1,390,336 | 1,105,327 |
| NCF (3)-(4) | △ 19,441 | 52,563 | 72,005 | △ 12,368 | 29,588 | 41,956 | 280,846 | 252,676 | △ 28,169 | 6,933,810 | 5,901,833 | △ 1,031,976 |

# 5-8 Unit price performance since IPO

HILLS REIT

## Relative price performance (Since IPO - July 31, 2026)




(Source) Prepared by the Asset Manager based on QUICK Qr1
(Note) Rebased to 100 as per IPO price

## Unit price per period-end (Closing price)

| Accounting period | Unit price |
|---|---|
| 1st (January 2007) | 1,100,000 yen |
| 2nd (July 2007) | 1,080,000 yen |
| 3rd (January 2008) | 716,000 yen |
| 4th (July 2008) | 465,000 yen |
| 5th (January 2009) | 265,000 yen |
| 6th (July 2009) | 352,000 yen |
| 7th (January 2010) | 264,900 yen |
| 8th (July 2010) | 177,300 yen |
| 9th (January 2011) | 281,000 yen |
| 10th (July 2011) | 258,100 yen |

| Accounting period | Unit price |
|---|---|
| 11th (January 2012) | 252,200 yen |
| 12th (July 2012) | 330,500 yen |
| 13th (January 2013) | 485,000 yen |
| 14th (July 2013) | 548,000 yen |
| ※ 5-for-1 investment unit split (February 1, 2014) | |
| 15th (January 2014) | 135,900 yen |
| 16th (July 2014) | 151,100 yen |
| 17th (January 2015) | 166,600 yen |
| 18th (July 2015) | 145,300 yen |
| 19th (January 2016) | 152,100 yen |

| Accounting period | Unit price |
|---|---|
| 31st (January 2022) | 141,000 yen |
| 32nd (July 2022) | 153,000 yen |
| 33rd (January 2023) | 147,600 yen |
| 34th (July 2023) | 144,700 yen |
| 35th (January 2024) | 137,200 yen |
| 36th (July 2024) | 128,600 yen |
| 37th (January 2025) | 125,600 yen |
| 38th (July 2025) | 136,600 yen |
| 39th (January 2026) | 145,200 yen |
| 40th (July 2026) | 130,100 yen |

(Reference)

| | |
|---|---|
| IPO Price (November 30, 2006) (Split adjusted) | 750,000 yen (150,000 yen) |
| High (May 8, 2007: in trade) (Split adjusted) | 1,460,000 yen (292,000 yen) |
| Low (August 12, 2010: in trade) (Split adjusted) | 168,200 yen (33,640 yen) |

# 5-9 Investment criteria

HILLS REIT

## Investments focusing on Premium Properties for development of urban-type portfolio

### Investments focusing on Premium Properties

Among properties that are located in Tokyo's five central wards and in surrounding areas, our investments mainly focus on "Premium Properties" that are able to maintain their competitiveness going forward based on their quality, size and specification.

**Focus on Premium Properties**

Premium properties

50% or more

〈Office buildings〉
〈Residential properties〉
〈Retail facilities〉

Premium Properties

| Principal Use | Location | Scale |
|---|---|---|
| Office buildings | Tokyo's five central wards and their vicinity | Gross floor area of 10,000m$^2$ or more per building<br>Standard leasable floor area of 1,000m$^2$ or more |
| Residential properties | Tokyo's five central wards and their vicinity<br>(Primarily in the "three-A" area) | Gross floor area of 2,000m$^2$ or more per building |
| Retail facilities | 〈Department stores, downtown shopping centers, large specialty stores & retail complexes, etc.〉 | |
| | Flourishing areas of Tokyo's five central wards and their vicinity | Gross floor area of 10,000m$^2$ 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 1,000m$^2$ or more per building |

(Note 1) Tokyo's five central wards: Minato, Chiyoda, Chuo, Shinjuku and Shibuya ward
(Note 2) Three-A area: Akasaka and Roppongi area, Aoyama and Harajuku area and Azabu and Hiroo area
(Note 3) Ratios are based on the acquisition prices
(Note 4) Tokyo Metropolitan Area: Tokyo Metropolis, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture

**Office building focus**

Office building

50% or more

**Tokyo' five central wards focus**

Tokyo's five central wards and their vicinity

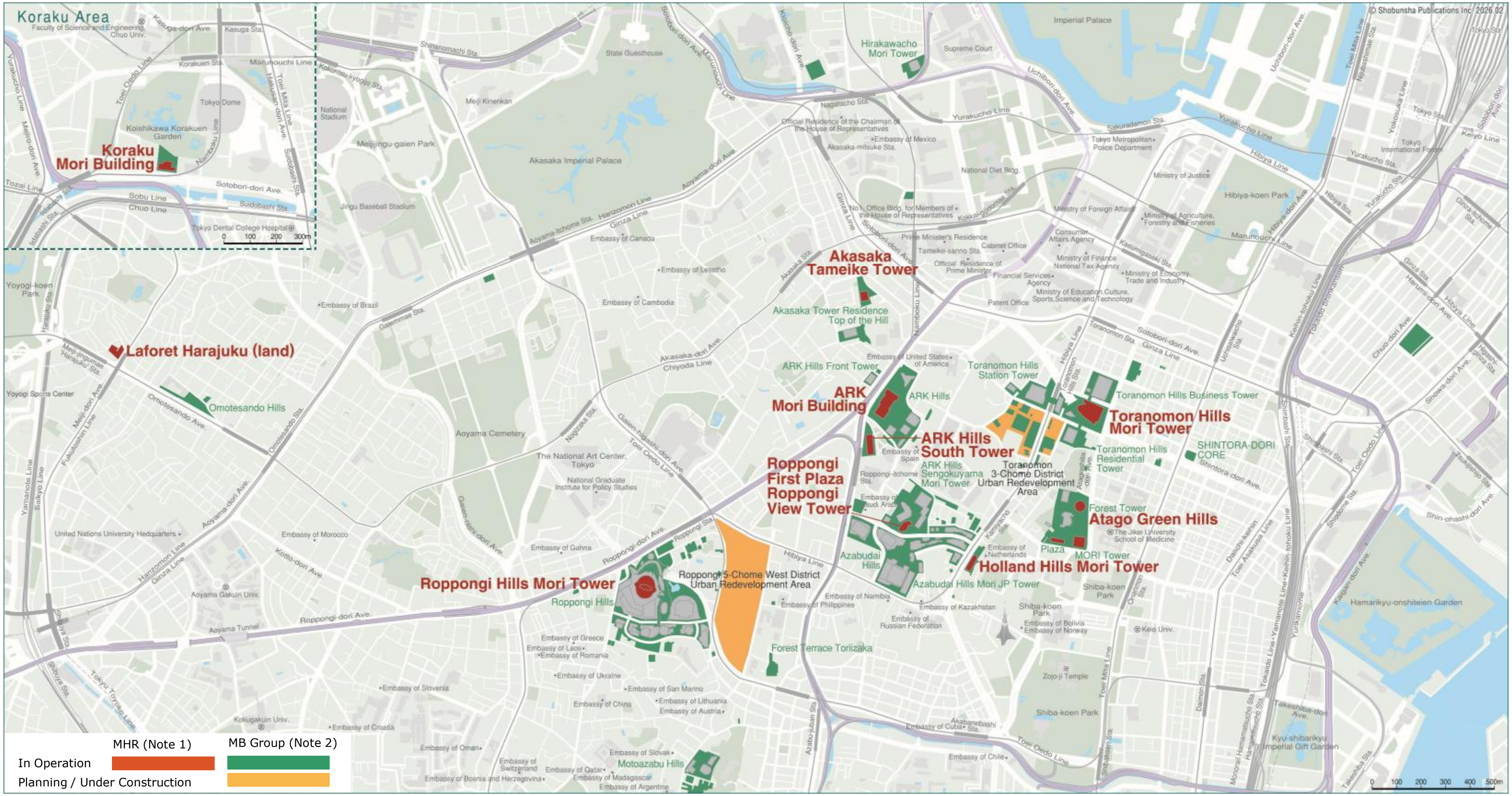
50% or more

(Tokyo Metropolitan Area: 80% or more)

**Earthquake-resistance focus**

Investment focused on properties' earthquake resistance, the safety of the area, disaster countermeasures, etc.

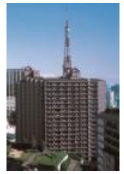
# 5-10 Portfolio map (as of July 31, 2026)




(Source) Prepared by the Asset Manager based on Mori Building's "Mori Building Handy Map Mori Building Map/Home Route Support Map 2026."
(Note 1) Some of the properties have been partially acquired and held by MHR.
(Note 2) Properties are developed, owned, managed and planned for development by Mori Building Group, and there are no properties currently anticipated to be acquired by MHR.

# 5-11 Portfolio overview (as of July 31, 2026)

HILLS REIT

| Type | Office building | | | | | | Office building (Partly residential) | | | | Residential | | Retail |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property name | Roppongi Hills Mori Tower | ARK Mori Building | Koraku Mori Building | ARK Hills South Tower | Toranomon Hills Mori Tower | Holland Hills Mori Tower | Akasaka Tameike Tower | Atago Green Hills MORI Tower | Atago Green Hills Forest Tower | Atago Green Hills Plaza | Roppongi First Plaza | Roppongi View Tower | Laforet Harajuku (Land) |
| | O-0 | O-1 | O-4 | O-8 | O-9 | O-10 | O-6 | O-7 | | | R-3 | R-4 | S-1 |
| Photo |  |  |  |  |  |  |  |  | | |  | |  |
| Premium | Premium | Premium | Premium | Premium | Premium | Premium | Premium | Premium | | | Premium | - | Premium |
| Location | Roppongi, Minato-ku, Tokyo | Akasaka, Minato-ku, Tokyo | Koraku, Bunkyo-ku, Tokyo | Roppongi, Minato-ku, Tokyo | Toranomon, Minato-ku, Tokyo | Toranomon, Minato-ku, Tokyo | Akasaka, Minato-ku, Tokyo | Atago, Minato-ku, Tokyo | | Toranomon, Minato-ku, Tokyo | Roppongi, Minato-ku, Tokyo | | Jingumae, Shibuya-ku, Tokyo |
| Completion | Apr. 2003 | Mar. 1986 (Large-scale renovation in 2005) | Mar. 2000 | Jul. 2013 | May. 2014 | Jan. 2005 | Sep. 2000 | Jul. 2001 | Oct. 2001 | Jul. 2001 | Oct. 1993 | | – |
| Building age | 23 years 3 months | 40 years 4 months | 26 years 4 months | 13 years 0 months | 12 years 2 months | 21 years 6 months | 25 years 10 months | 25 years 0 months | 24 years 9 months | 25 year 0 months | 32 years 9 months | | – |
| Total number of floors | 54 above ground, 6 below | 37 above ground, 4 below | 19 above ground, 6 below | 20 above ground, 4 below | 52 above ground, 5 below | 24 above ground, 2 below | 25 above ground, 2 below | 42 above ground, 2 below | 43 above ground, 4 below | 2 above ground, 1 below | 20 above ground, 1 below | | – |
| Gross floor area | approx. 442,150㎡ | approx. 177,486㎡ | approx. 46,154㎡ | approx. 53,043㎡ | approx. 241,581㎡ | approx. 35,076㎡ | approx. 46,971㎡ | approx. 85,266㎡ | approx. 60,815㎡ | approx. 2,083㎡ | approx. 22,906㎡ | | – |
| Ownership (Note 1) Land | Co-ownership (approx. 17.7%) | Co-ownership (approx.10.9%) | Leased | Co-ownership (25%) | Co-ownership (approx. 25.4%) | Co-ownership (approx. 54.9%) | Co-ownership (approx. 56.4%) | Co-ownership (approx. 28.8%) | | | Co-ownership (approx. 47%) | Co-ownership (approx. 46%) | Ownership (39%) |
| Ownership (Note 1) Building | Compartmentalized ownership (approx. 13.6%) | Compartmentalized ownership (approx. 17.9%) | Compartmentalized ownership (approx. 57.9%) | Co-ownership (25%) | Compartmentalized ownership (approx. 13.9%) | Compartmentalized ownership (approx. 48.5%) | Compartmentalized ownership (approx. 65.5%) | Ownership/Compartmentalized ownership (approx. 32.9%) | | | Compartmentalized ownership (approx. 46.4%) | Compartmentalized ownership (approx. 44.7%) | – |
| PML (Note 2) | 2.0% | 2.2% | 1.1% | 1.5% | 2.3% | 1.4% | 2.3% | 2.7% | 2.7% | 6.7% | 2.0% | 2.0% | – |
| Earthquake-resistant feature (Note 3) | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | Seismic Damping | – | – | – | – |
| Acquisition price (mn yen) | 115,380 | 62,480 | 27,200 | 19,150 | 73,789 | 16,330 | 43,930 | 42,090 | | | 2,100 | 4,000 | 8,509 |
| Occupancy rate (Note 4) | 100% | 100% | 100% | 100% | 100% | 100% | 87.6% | 100% | | | 90.9% | 87.5% | 100% |

**Average building age 24.2 years**

**Portfolio PML 2.1%**(Note 2)

**Total acquisition price 414,958 mn yen**

# 5-12 Portfolio overview (Note)

(Note 1) "Type of ownership" denotes the type of rights held by MHR or the Trustee. "Ownership" stands for ownership, "Co-ownership" stands for the ownership of beneficiary interests, "Compartmentalized ownership" denotes ownership and the rights for exclusive use in or over parts of a building, and "Leased land" denotes Leasehold land. The land site of Atago Green Hills includes joint ownership in quasi-undivided interests of leasehold land and easement.
(Note 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.
(Note 3) ARK Mori Building adopts "slitwall" as an earthquake-resistant feature.
(Note 4) "Occupancy rate" indicates the figures as of July 31, 2026.
(Note 5) For calculation of the "Average building age" of Atago Green Hills, we have assumed that construction of the building was completed on July 30, 2001.