MORI TRUST REIT

# Sustainability Report

MORI TRUST Sogo Reit, Inc.

(Asset Management Company)

MORI TRUST Asset Management Co., LTD.

July 2020

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# 1. About MORI TRUST Sogo Reit, Inc.

## Overview of MORI TRUST Sogo Reit, Inc.

MORI TRUST Sogo Reit, Inc. ("MTR") is a comprehensive REIT, whose main sponsor is Mori Trust Co., Ltd, a leading developer. It invests mainly in office buildings in central Tokyo and also commercial facilities, hotels, residential and other properties. MTR was listed on the Tokyo Stock Exchange's market for real estate investment trusts (J-REIT market) in 2004 and has since achieved steady growth by investing in carefully selected properties that will contribute to stable operations over the medium and long term.

| | |
|---|---|
| Name of Investment Corporation | MORI TRUST Sogo Reit, Inc. |
| Address | 3-1 Toranomon 4-chome, Minato-ku, Tokyo |
| Representative | Masayuki Yagi, Executive Director |
| Date of foundation | October 2, 2001 |
| Date of listing | February 13, 2004 |
| Portfolio | Office buildings, commercial facilities, residential properties and hotels |
| Securities Code | 8961 |
| Fiscal period end | March and September |

### Features of MTR

**1 Construction of a stable portfolio through selective investment**

- Carefully selects properties that will contribute to stable operations over the medium and long term
- Attaches importance to "quality" including "location" and "sense of being high grade"

**2 Broad collaboration with the Mori Trust Group**

- MORI TRUST Holdings, Inc. owns approximately 26.5% (around 350,000 units) (Note) of the investment units outstanding of MTR
- Collaborates over the acquisition and sale of real estate, etc. and also uses the Group's strong expertise in real estate leasing and management

**3 Solid financial strategy**

- Acquired "AA" rating (Outlook: Stable), the highest among J-REITs
- Leverages creditworthiness to borrow capital at a low rate of interest

(Note) As of the end of March 2020

### MTR's Organization Chart

Please refer to the governance section of this report for MTR's organization chart and structure.

# 2. MTR's ESG Initiatives

## Sustainability Policy and Framework for Promoting Sustainability

As MTR's asset management company, we, MORI TRUST Asset Management Co., Ltd. ("MTAM") recognize that efforts to improve sustainability such as environmental consideration, contribution to society and strengthening corporate governance though our asset management operations are essential for growing unitholders' value in the mid-to-long term. We hereby establish the "Sustainability Policy" and aim to implement it.

### Sustainability Policy

**(1) Promoting energy saving and GHGs emissions reduction**

In our asset management operations, we make efforts to reduce CO2 emissions through energy conservation by promoting efficient energy use at our assets under management as well as introducing equipment and facilities that contribute to energy conservation and low carbonization.

**(2) Contributing to recycle-oriented society**

We strive to contribute to realizing sustainable recycle-oriented society through implementing measures to make effective use of limited resources, such as water saving and "3Rs" for reducing wastes, i.e., reduce, reuse, recycle.

**(3) Streamlining internal management system and strengthening compliance**

We establish internal management system to effectively promote initiatives based on this policy and strictly comply with laws and regulations including environmental and social matters. In addition, we promote sustainability initiatives by improving employees' awareness and performance by continually implementing educational and awareness-raising activities focused on environment, society, and governance (ESG).

**(4) Promoting health and comforty**

We implement asset management that seeks improvement in health, safety, and comfort of tenants and facility users. We also respect individual employees and endeavor to create working environments that are healthy and friendly to them and that allow them to display their capacity to the fullest degree.

**(5) Collaborating with external stakeholders**

We make efforts to contribute to reducing environmental impact of our assets under management, improving tenants' satisfaction and developing sustainable local communities through engaging and collaborating with external stakeholders such as our tenants/occupiers, suppliers (e.g. property management companies) and local communities.

**(6) Disclosing ESG information**

We strive to proactively disclose ESG information such as this policy and status of sustainability initiatives to build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers.

## Framework for Promoting Sustainability

To implement the Sustainability Policy and achieve sustainability goals, MTAM periodically holds the "meeting for promotion of sustainability" attended by Directors, the General Managers of the Strategic Management Departments of the Sogo REIT Management Division and the Hotel REIT Management Division, the General Manager of the Planning & Finance Department and the Compliance Officer.

At meetings, specific future goals are set, progress is checked, and environmental monitoring evaluations of properties held are conducted continuously, among other activities.

To spread the awareness of sustainability among employees, employee training on sustainability is provided periodically by inviting outside consulting companies as part of the environmental educational and awareness-raising activities.

## Information Disclosure and Communication

To build good relationships and communicate with stakeholders such as our unitholders, tenants and suppliers , MTAM widely disseminates information about our sustainability policy and the status of sustainability initiatives through MTR's financial results presentation materials, asset management reports, its website and press releases.

## Stakeholder Engagement

MTAM recognizes that it is important to build good relationships with stakeholders such as customers and suppliers, the unitholders of investment corporations, local communities and employees. We have, therefore, adopted the corporate philosophy set out below and implement this in order to build good relationships with stakeholders, provide higher quality real estate management, increase added value and contribute to social and economic development.

### Corporate Philosophy

MTAM was founded as a member of Mori Trust Group for the purpose of managing the assets of real estate investment corporations.
The inclusion of "Trust" in our company name conveys the idea that we serve society and are mandated by society to manage assets over the long term. We are, therefore, required to conduct business based on the fundamental management principles of providing high quality real estate management, increasing added value and contributing to social and economic development.
The concept of "Trust" is expressed more concretely in the following four qualities, which form our corporate philosophy.

| | |
|---|---|
| **Reliability** | Trust between the trustor and trustee will form the basis of everything we do. |
| **Continuity** | We will prove ourselves worthy of the trust placed in us by operating and managing assets over the long run. |
| **Benefit sharing** | We will share any profits generated with society and stakeholders for our mutual development. |
| **Social nature** | We will contribute to society by conducting socially beneficial business activities. |

Furthermore, MTAM has adopted four basic management principles for realizing this management philosophy: "Growth potential," "Profitability," "Stability" and "Transparency." Striking a balance between these requirements, we endeavor to achieve enduring corporate management in order to prove ourselves worthy of society's mandate and to live up to the expectations and trust of our shareholders, employees and other stakeholders

To endure and survive as a company, above all else, it is essential to build a compliance structure based on high ethical standards and to ensure compliance. We are committed to doing this based on the strong awareness that it is imperative for us to conduct our day to day operations in strict compliance not only with laws and regulations but also with social norms and internal regulations.

## GRESB Real Estate Assessment

The GRESB Real Estate Assessment is an annual benchmark assessment that measures environmental, social, and governance (ESG) considerations in the scope of real estate companies and funds. It was inaugurated in 2009, primarily by major European pension fund groups, which led the Principles for Responsible Investment.

The assessment is made based on two tracks: “management and policy” relating to policy formulation and a management system concerning ESG considerations, and “implementation and measurement” relating to track record data on the actual initiatives for ESG and energy consumption at the properties held.

MTR participated in the GRESB Real Estate Assessment held in 2019 and earned the Green Star designation, which is granted to a participant who is recognized as achieving high levels in terms of both “management and policy” and “implementation and measurement,” for the third consecutive year.

GRESB REAL ESTATE

【Assessment Points】

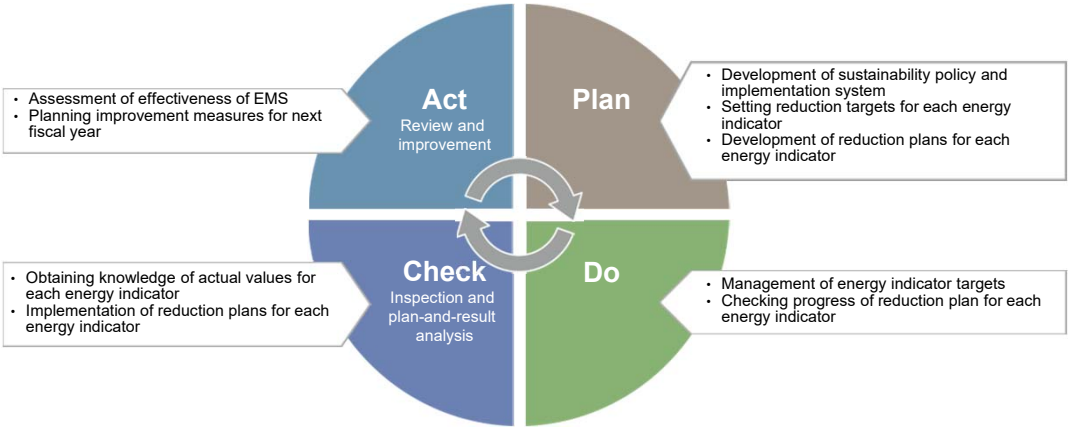
- Setting of goals/policies and business execution system relating to sustainability
- Environmentally friendly multifaceted initiatives such as environmental/social risk management and energy conservation of the properties held
- Diverse measures for contributing to symbiosis with stakeholders such as tenants or communities

# 3. Environmental Initiatives

MTAM is working to reduce the environmental impact of the portfolio of properties held by MTR in accordance with “Promoting energy saving and GHGs emission reduction” and “Contributing to recycle-oriented society,” which form part of its sustainability policy.

## Environmental Management System (EMS)

MTR’s asset management company has built an environmental management system to promote energy saving, reduction of greenhouse gas (GHG) emissions, and effective use of resources. MTR sets targets for energy consumption, CO2 emissions, and water consumption, observes the results, carries out plan-and-result management, and takes measures to contribute to the creation of a sustainable recycling society through the reduction of the environmental burden.




## Environmental Performance Targets

MTAM has set reduction targets for total energy consumption, GHG emissions and water consumption across the portfolio, as shown below.

| | Short Term | Medium-to-long term (For 5 years from 2016) |
|---|---|---|
| Energy | Annual average reduction of 1% in rate throughout period covered by medium-to-long term target | 5% reduction in rate from baseline |
| GHGs | | |
| Water | Maintain previous year’s level | Maintenance of status quo |

* Energy: Electricity, gas, fuel, DHC, etc./Water: Water supply and recycled water
* Baseline: Average in 2014 and 2015
* Rate is consumption rate or emissions rate per unit floor area. Adjusted based on the period of holding and utilization rate of each property.

## Environmental Performance Data

| | | Baseline | 2018 | 2019 | Increase/Decrease (from baseline) |
|---|---|---|---|---|---|
| Energy | Consumption (MWh) | 101,814 | 102,433 | 97,252 | – |
| | Consumption rate (MWh/m²) | 0.246 | 0.236 | 0.224 | -9.0% |
| GHGs | Emissions (t-CO2) | 39,327 | 37,296 | 35,633 | – |
| | Emissions rate (t-CO2/m²) | 0.095 | 0.086 | 0.082 | -13.8% |
| Water | Consumption (m³) | 546,827 | 526,507 | 506,521 | – |
| | Consumption rate (m³/m²) | 1.317 | 1.211 | 1.164 | -11.6% |

* All real estate held by MTR at the time the baseline was determined (except sold properties and land with leasehold interest) is included in the aggregation of data. However, areas for which it is difficult to understand data (exclusive use areas of residential properties, etc.) are excluded.
* Aggregation period is one year from April 1 each year to March 31 of the following year.

## Introduction of LED Lighting

MTR introduced LED lighting and lighting equipment with human sensors successively in rooms for rent and common areas of the properties held. Energy saving activities for reducing the environmental burden are promoted.

(Examples of introduction)
- ON Building
- Kioicho Building
- Osaki MT Building
- Midosuji MTR Building
- Hiroo MTR Building
- Tenjin Prime
- Shin-Yokohama TECH Building
- SHIBUYA FLAG
- Hotel Okura Kobe
- Park Lane Plaza

etc.



Introduction of LED lighting to entrance hall (Hiroo MTR Building)

## Introduction of Highly Efficient Heating Systems/Renewal of air-conditioning systems

MTR is working on increasing comfort and reducing CO2 through the introduction of highly efficient heating systems whose energy efficiency is excellent and renewal with highly efficient air-conditioning systems whose energy saving performance is high upon the replacement of air-conditioning systems.

(Examples of introduction)
- Shin-Yokohama TECH Building
- Hotel Okura Kobe

etc.



Installation of high-efficiency heat-source system(Shin-Yokoyama TECH Building)

## Water-saving through reduction of water consumption and toilet equipment renewal

MTR is working to conserve water in the common areas of the properties it owns by installing automatic sink faucets and replacing hygiene equipment with products with high water-saving performance.

(Examples of introduction)
- ON Building
- Osaki MT Building
- Shin-Yokohama TECH Building

etc.

## Properly Dealing with Environmental Issues such as Contamination

When acquiring real estate, assessing beforehand whether there are harmful substances such as PCBs or asbestos, soil contamination or other environmental issues is an integral part of the process.

We deal with any issues with real estate held such as the presence of harmful substances through appropriate measures, management or treatment in accordance with laws and regulations.

## Collaboration with Tenants and Suppliers

### Introduction of green lease

MTR and tenants of some of the properties owned have concluded a memorandum of understanding for a green lease, aiming to reduce the environmental burden. Information sharing about electricity, gas and water consumption and discussions on the improvement of environmental performance will be conducted on a regular basis.

### Reduction of waste

When carrying out construction work, MTR is continuously working to reduce waste in collaboration with contractors.

### Supply chain management

When selecting a property management company, MTR assessed the candidates' activities related to sustainability in addition to their facility operation and management, lease operation and management, and leasing operations.

## Protection of Biodiversity

ON Building and Osaki MT Building, which are owned by MTR, have formed Osaki Business Garden, a large-scale redevelopment project. The site has an open space full of greenery, worthy of the name "Garden", and contributes to symbiosis and coexistence with nature and the protection of biodiversity.




## DBJ Green Building Certification

MTR has acquired DBJ Green Building Certification for three properties it owns. The ratio of certified properties in the portfolio, excluding land with leasehold interest, is around 33% on a leasable area basis and around 21% on a number of properties basis.

Properties with exceptionally high environmental & social awareness

DBJ Green Building 2018



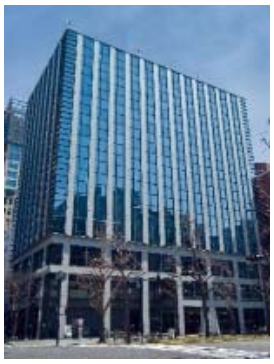
Tokyo Shiodome Building

Properties with high environmental & social awareness

DBJ Green Building 2019



ON Building



Midosuji MTR Building

# 4. Social Initiatives

MTAM aims to help improve tenant satisfaction and contribute to the sustainable development of local communities by building good relationships with external stakeholders related to the real estate MTR holds and cooperating and collaborating with them in accordance with the "collaborating with external stakeholders" strand of its sustainability policy.

## Initiatives for Tenants

### Tenant Satisfaction Surveys

We conduct questionnaire surveys of the tenants which occupy MTR's office, retail and other properties. By sharing the survey results with building management companies and other concerned parties and using them to improve the operation and management of properties, we seek continuous improvement in tenant satisfaction.

### Improvement of Tenant Comfort

We carry out various work to improve tenant comfort, including renovating common areas and creating barrier-free access. We also regularly conduct air environment measurements to maintain good air quality in office spaces.






Creation of barrier-free access
(Tenjin Prime)



Renovation of entrance
(Shin-Yokohama TECH Building)

### Initiatives for Tenant Safety and Security

- Installation of emergency boxes in elevators
- Free provision of storage space for emergency supplies to tenants
- Installation of emergency power source equipment
- Disaster toilet stockpiling
- Provision of AEDs
- Response to COVID-19
  - Provision of disinfectant liquid at the entrance, elevator halls and other common areas
  - Cleaning personnel and security guards wearing face shields, face masks, disposable gloves and others while on duty
  - Display of posters and other materials related to infection prevention measures

### Other Initiatives

- Separation of smoking and non-smoking areas
- Provision of Christmas tree and other decorations
- Invitation of businesses selling bento boxes

## Initiatives for Local Communities

### Installation of Bicycles for the Community

We make part of the sites of real estate owned by MTR available for the installation of cycle ports for shared bicycles.



(Kioicho Building)

### Cooperation with Local Events

We endeavor to contribute to the sustainable development of local communities by participating in various community development-related councils and participating in and cooperating with local events, including financially contributing to the town management company of the Shiodome area in which Shiodome Building is located and signing a local townscape planning agreement designed to improve the value of the Midosuji area in which Midosuji MTR Building is located.




(Midosuji Illumination／
Midosuji MTR Building)

### Social Contribution by MTAM Employees

MTAM's employees seek to contribute to the local community by regularly taking part in cleaning activities in the Shibuya area in which Shibuya Flag, one of the properties owned by MTR, is located.



(Cleaning activities around
Shibuya Flag)

## (For Reference) Sponsor's Initiatives for Local Community

Our sponsor Mori Trust Co., Ltd. has formulated the Kamiyacho God Valley Vision as its vision for new urban development in the Kamiyacho area of Toranomon in Minato Ward, which is being development as a new international hub of Tokyo.

Through initiatives such as the promotion of the SDGs in urban development, the creation of areas that will encourage creativity, the adoption of the technologies of the future and next-generation services, the formation of a diverse community and the staging of collaborative events in the area, MORI Trust is working with the people of Kamiyacho to create the future.

Kamiyacho
God Valley

### SDGs ～Realization of a Sustainable Society

Our sponsor has adopted the SDGs-realization of a sustainable society, as one of the four pillars for achievement of its Kamiyacho God Valley vision and, through initiatives with individual companies and groups for achievement of the SDGs, it is pushing ahead with urban development in each area and collaborating with local stakeholders to solve social issues.




For further details on the Kamiyacho God Valley Vision, please visit the URL below.
https://www.mori-trust.co.jp/co-creation/area_kamiyacho.html (Japanese only)

## Initiatives for Employees

In accordance with the provisions of the Act on Investment Trusts and Investment Corporations, MTR is not allowed to recruit employees and the officers and staff of MTAM are responsible for its operation to all intents and purposes. Entrusted with asset management by MTR, MTAM develops human resources through initiatives such as those shown below in order to achieve a high level of asset management.

### MTAM's Employee Training

MTAM bears the cost of participation in training and examinations and other activities to support employees in gaining qualifications and developing necessary business skills in order to improve their professional skills.

MTAM's employees also take part in diverse human resource development programs prepared by Mori Trust Co. Ltd., which is MTAM's sponsor.

### Sponsor's Human Resource Development Programs

| | | |
|---|---|---|
| 1 | **MT TALK** | Opportunity for every employee to think seriously about Mori Trust's future and actively discuss and express their ideas to achieve group-wide innovation |
| 2 | **MT ACADEMY** | Study meetings and workshops on new business knowledge and methodologies are held regularly to accelerate the growth of individual employees through mutual encouragement |
| 3 | **MT SOCIAL MEETING** | An opportunity for various employees from different departments to meet together and communicate across departments to share information and better understand each other. |

### Training Program

Officers and employees are regularly provided with training on themes such as sustainability, compliance and protection of personal information.

### Personnel Evaluation and Feedback

We conduct performance evaluations and reviews of all employees on a regular basis. Through regular appraisal and feedback, we accelerate employees' career development and build a transparent personnel evaluation framework.

## Creation of Comfortable and Healthy Workplace Environment

We endeavor to create a healthy and comfortable workplace environment where employees can reach their full potential.

(Specific examples)

- Leave and work restriction systems for maternal health management (special leave, restriction of overtime and holiday work)
- Spouse's childbirth leave system
- Maternity leave system
- Childcare leave system
- Childcare time system (short working hour system, slide work system, restriction of overtime and holiday work)
- Child nursing care leave system
- Family care leave system
- Congratulation and condolence allowance system
- Mental health support
- Periodic health examinations
- Use of Group hotels by members, etc.
- Response to COVID-19
  - Implementation of work from home (with the recommendation of commuting outside rush hour if it is necessary to come to the office)
  - Implementation of infection prevention measures (alcohol disinfectant and face masks are always in stock at offices)
  - Shift to online meetings, etc.

## Mechanisms for collecting employee's requests and grievances

We annually conduct employee awareness surveys and work to create a rewarding workplace environment.

Through the whistleblowing system for all its officers and employees (all employees including MTAM's directors, regular employees, temporary employees, contract employees, and employees on loan or dispatched from other companies), their discontent and disaffection at work are appropriately monitored and an effective response is made. Disciplinary or retaliatory action, including dismissal, and any other disadvantageous treatment against whistleblowers on the basis that they made a whistleblowing report is prohibited.

## Human Resources with High levels of Expertise

We seek the achieve even more sophisticated asset management operations by accepting human resources with extensive experience and high levels of expertise from our sponsor and the sponsor group and leveraging their specialist skills.

## Respect for Human Rights

Our internal regulations prohibit all acts that could be construed as discrimination on the grounds of gender, age, nationality, race, ethnicity, creed, religion, social identity, physical disability or other differences or as sexual harassment and power harassment. We aim to create a workplace environment where the rights and personality of the individual are respected, and diverse human resources can thrive.

## (For Reference) Sponsor's personnel system

Mori Trust, the sponsor of the asset management company, considers the work-life balance of its employees to help maximize each employee's abilities and strives to create a comfortable environment for them to work.

### (1) Promotion of work-life balance and women's participation

Mori Trust has introduced various programs, such as childcare leave, to help employees manage both their work and childcare. Recently, the percentage of employees taking childcare leave and returning to work has reached 100%.

| | |
|---|---|
| (1) Percentage of female recruitment | 20.8% |
| (2) Percentage of female employees | 24.7% |
| (3) Percentage of female managers | 7.8% |
| (4) Percentage of paid leave taken | 75.6% |
| (5) Percentage of employees taking childcare leave and returning to work (Female career track employees) | 100.0% |

(Note) Item (1)and(4)and(5): FY2019, items (2) and (3) as of March 31, 2020

■ **Systems to Support Work-Life Balance**

(i) Leave and work restrictions for maternal health management
(ii) Spouse's childbirth leave
(iii) Maternity leave
(iv) Childcare leave
(v) Childcare time
(vi) Child nursing care leave
(vii) Family care leave

### (2) Certification as a childcare supporting company and start of childcare business

Mori Trust is recognized as a company supporting childcare and promoting women's activities by the Ministry of Health, Labour and Welfare (MHLW) and certified Kurumin and Eruboshi (two stars).
Mori Trust opened a company-sponsored nursery, Nursery Room Mirai's, in Shiroyama Trust Tower in November 2019, which is available for use of the building's tenants and employees.

### (3) Implementation of work-style reforms

- Participation in "Time Difference Biz" led by the Tokyo Metropolitan Government
- Provides free breakfast to promote working in the early morning
- Uses telecommuting and mobile workplace

## Collaboration with Other External Stakeholders

### Collaboration with Property Management Companies, Suppliers and Other Business Partners

When selecting and evaluating property management companies, suppliers and other business partners, we assess their environmental policy and corporate framework and their cooperation with MTAM's Sustainability Policy.

## Information Disclosure

### Information Disclosure

We seek to protect investors, etc., by setting forth policies and procedures to ensure that MTR and MTAM disclose information in a timely and appropriate manner in accordance with relevant laws and regulations. We have also set out the Information Disclosure Regulations to help maintain and improve public trust in MTR and MTAM.

In accordance with the Companies Act, the Act on Investment Trusts and Investment Corporations, the Financial Instruments and Exchange Act, the Tokyo Stock Exchange regulations, and other applicable laws and regulations, we endeavor to disclose to the public in a timely and appropriate fashion information requiring disclosure in relation to MTR and MTAM and other information that will help investors make investment decisions.

### IR Activities

We communicate various useful information for investors via MTR's website including timely disclosure information, financial information, portfolio information, and information about ESG initiatives and distributions.

We also holding briefing sessions on financial results for each fiscal period (mainly for securities analysts and institutional investors) and provide explanations about MTR's operations and forecasts. We video the briefing sessions and post the video on MTR's website to keep investors informed.

In addition, we conduct individual interviews with institutional investors in Japan and overseas to given them a better understanding of MTR's operations.

## Measures for Dealing with Complaints

MTAM has set forth the Regulations for Dealing with Complaints and Disputes, and strives to deal sincerely and promptly with complaints and other requests from customers or others and to show them understanding.

## Disaster Response

### Implementation of Disaster Drills

We regularly conduct disaster drills in collaboration with tenants at properties owned by MTR in an effort to increase disaster prevention awareness.

### Collaboration with Sponsor Group

MTR has concluded a Basic Agreement Concerning Cooperation for Large-scale Disaster Response, etc. with Mori Trust Group Companies to strengthen cooperation for large-scale disaster response. MTR will cooperate with the sponsor group in areas such as human support, technical support, physical support such as emergency supplies and the provision of disaster information in relation to the properties owned by MTR, which entrusts management to Sponsor Group companies pursuant to the Master Lease Agreement and the Property Management Service Agreement.

# 5. Corporate Governance Initiatives

## MTR's Organization

The organization of MTR consists of the Shareholders' Meeting comprised of unitholders, one Executive Director, two Supervisory Directors, the Board of Management comprised of the Executive Director and the Supervisory Directors, and the Accounting Auditor.

### Details of Organization

**(a) Shareholders' Meeting**

Certain matters concerning MTR as set forth in the Act on Investment Trusts and Investment Corporations ("AITIC") or the Articles of Incorporation are decided by a resolution of the Shareholders' Meeting , which shall be composed of unitholders. Unless otherwise stipulated in laws or the Articles of Incorporation, a resolution at the General Meeting of Unitholders will be made by the majority of the voting rights of the unitholders present. However, certain important matters, including amendments to the Articles of Incorporation, require a resolution made by two-thirds or more of voting rights of unitholders present, provided that unitholders holding investment units equivalent to majority of total investment units issued are present (special resolution).

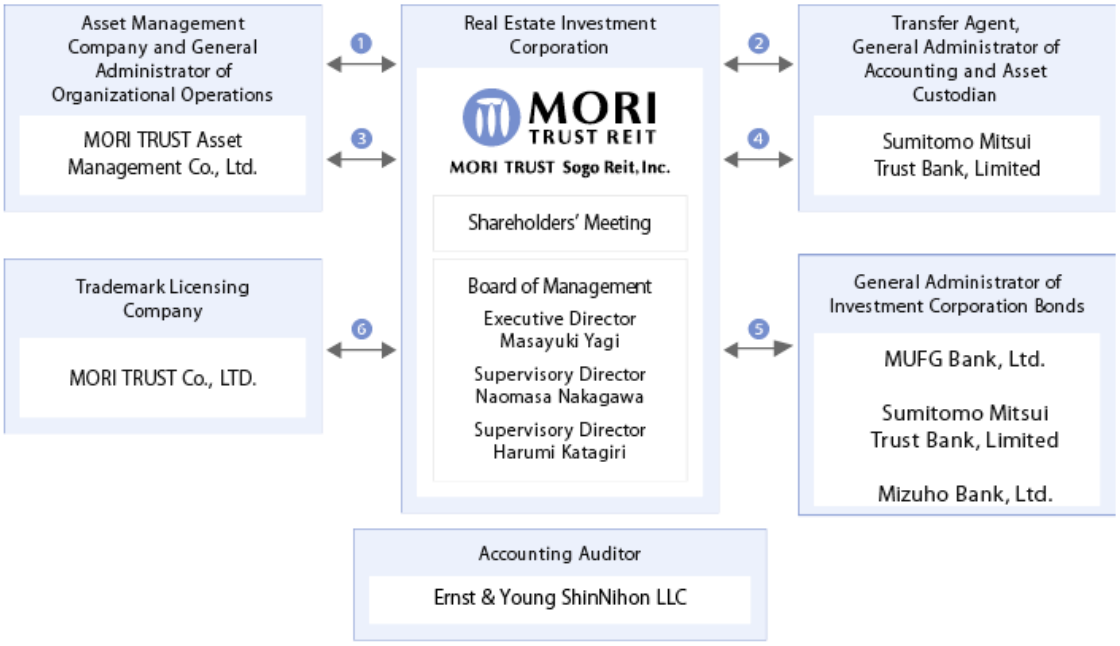
**(b) Executive Director, Supervisory Directors and Board of Management**

The Executive Director executes the business of MTR and also has the authority to take any judicial or extra-judicial acts related to the business of MTR on behalf of MTR. A Supervisory Director has the authority to supervise the conduct of business by the Executive Director. The Board of Management is composed of the Executive Director and Supervisory Directors and has the authority to approve the execution of specific responsibilities as well as the authority set forth in the AITIC and the Articles of Incorporation and the authority to supervise the execution of duties by the Executive Director.

**(c) Accounting Auditor**

MTR has elected Ernst & Young ShinNihon LLC as the Accounting Auditor. The Accounting Auditor will audit MTR's financial statements and other relevant material, report to Supervisory Directors in the event of detection of a fraudulent act or material fact violating any law or the Articles of Incorporation concerning execution of duties of the Executive Director and perform other duties stipulated in laws.

### Organization of MTR




1. Asset Management Agreement
2. General Services Agreement (Administration of Registration Share Issuance and Accounting)
3. General Services Agreement (Administration of Organizational Operations)
4. Asset Custody Agreement
5. Fiscal, Issuing and Payment Agency Agreement
6. Trademark Licensing Agreement

## Status of Directors

The status of the Executive Director and Supervisory Directors is as shown below.

| Title | Name | Gender | Brief Personal History | Directors' remuneration (Note) | Number of investment units owned |
|---|---|---|---|---|---|
| Executive Director | Masayuki Yagi | Male | April 1988 Joined Fuji Bank, Limited (now Mizuho Bank, Ltd.)<br>October 2009 Deputy General Manager, Financial Corporation Department 1, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)<br>May 2011 Deputy General Manager, Asset Management Operations Management Department, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)<br>April 2012 Deputy General Manager, Asset Management Operations Department, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)<br>July 2013 Deputy General Manager, Asset Management Operations Department, Mizuho Bank, Ltd.<br>April 2014 General Manager, Pension Sales Department, Mizuho Bank, Ltd.k<br>May 2016 Temporarily transferred to Mori Trust Co., Ltd.<br>Corporate adviser, Mori Trust Hotels & Resorts Co., Ltd. after another temporary transfer<br>January 2017 Corporate adviser, Mori Trust Asset Management Co., Ltd., after another temporary transfer<br>June 2017 Executive Director of MORI TRUST Sogo Reit, Inc. (in office)<br>Representative Director, Mori Trust Asset Management Co., Ltd., after another temporary transfer<br>July 2017 Representative Director, Mori Trust Asset Management Co., Ltd.,<br>March 2019 Representative Director, Chief Operating Officer (COO), Head of Sogo REIT Management Division, MORI TRUST Asset Management Co.,Ltd.(in office) | – | 0 |
| Supervisory Director | Naomasa Nakagawa | Male | October 1999 Passed a bar examination<br>October 2001 Joined Mitsui, Yasuda, Wani & Maeda<br>September 2004 Joined Orrick's Tokyo office<br>October 2008 Joined Orrick, Herrington & Sutcliffe LLP (San Francisco)<br>September 2009 Joined Hibiya Park Law Office<br>April 2018 Auditor, coly, Inc. (in office)<br>January 2019 Partner lawyer, Hibiya Park Offices (in office)<br>(Practice Areas : General Corporate, Cross-border Transactions, Mergers and Acquisitions, Compliance, Corporate corruption, Crisis management, Intellectual Property, Systems-related, Non-profit activities-related, Lawsuits and International arbitration)<br>June 2019 Supervisory Director, MORI TRUST Sogo Reit, Inc. (in office) | ¥1,800,000 | 0 |
| | Harumi Katagiri | Female | November 1993 Joined Asahi Audit Corporation. (currently, KPMG AZSA LLC)<br>April 1998 Registered as a certified public accountant in Japan<br>March 2000 Joined Century Audit Corporation (currently, Ernst & Young ShinNihon LLC)<br>July 2009 Employee of Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC)<br>July 2017 Established the Harumi Katagiri CPA office (in office)<br>March 2018 Outside Director, Tamron Co., Ltd. (in office)<br>June 2019 Supervisory Director, MORI TRUST Sogo Reit, Inc. (in office)<br>Director, Japan Asia Investment Co., Ltd. (in office)<br>In addition to the above, she serves as a member of the Contract Review Committee of the Ministry of Internal Affairs and Communications and a member of the Bid Monitoring Committee of the Tokyo Metropolitan Government. | ¥1,800,000 | 0 |

(Note) Directors' remuneration for the fiscal period ended March 2020 (6 months).

## Status of Accounting Auditor

The status of the Accounting Auditor is as shown below.

| Title | Name | Remuneration (Note) |
|---|---|---|
| Accounting Auditor | Ernst & Young ShinNihon LLC | ¥11,900,000 |

(Note) Accounting Auditor's remuneration is for the fiscal period ended March 2020 (6 months).The accounting auditor's remuneration includes the remuneration for the preparation of comfort letters for Issuance of investment corporation bonds in February 2020.

## Status of Unitholders

MTR's principal unitholders (the top ten entities with the highest holding ratios) as of the end of March 2020 are as shown below.

| Name | Number of units owned | % of total units outstanding |
|---|---|---|
| MORI TRUST Holdings, Inc. | 350,070 | 26.52% |
| Japan Trustee Services Bank, Ltd. (trust account) | 197,498 | 14.96% |
| The Master Trust Bank of Japan, Ltd. (trust account) | 123,387 | 9.35% |
| The Nomura Trust and Banking Co., Ltd. (investment trust) | 46,540 | 3.53% |
| Trust & Custody Services Bank, Ltd. (securities investment trust account) | 26,216 | 1.99% |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 14,859 | 1.13% |
| THE HACHIJUNI BANK, LTD. | 13,085 | 0.99% |
| DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO | 12,723 | 0.96% |
| LEGAL + GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED | 12,343 | 0.94% |
| Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 12,232 | 0.93% |
| Total of top 10 investors | 808,953 | 61.28% |

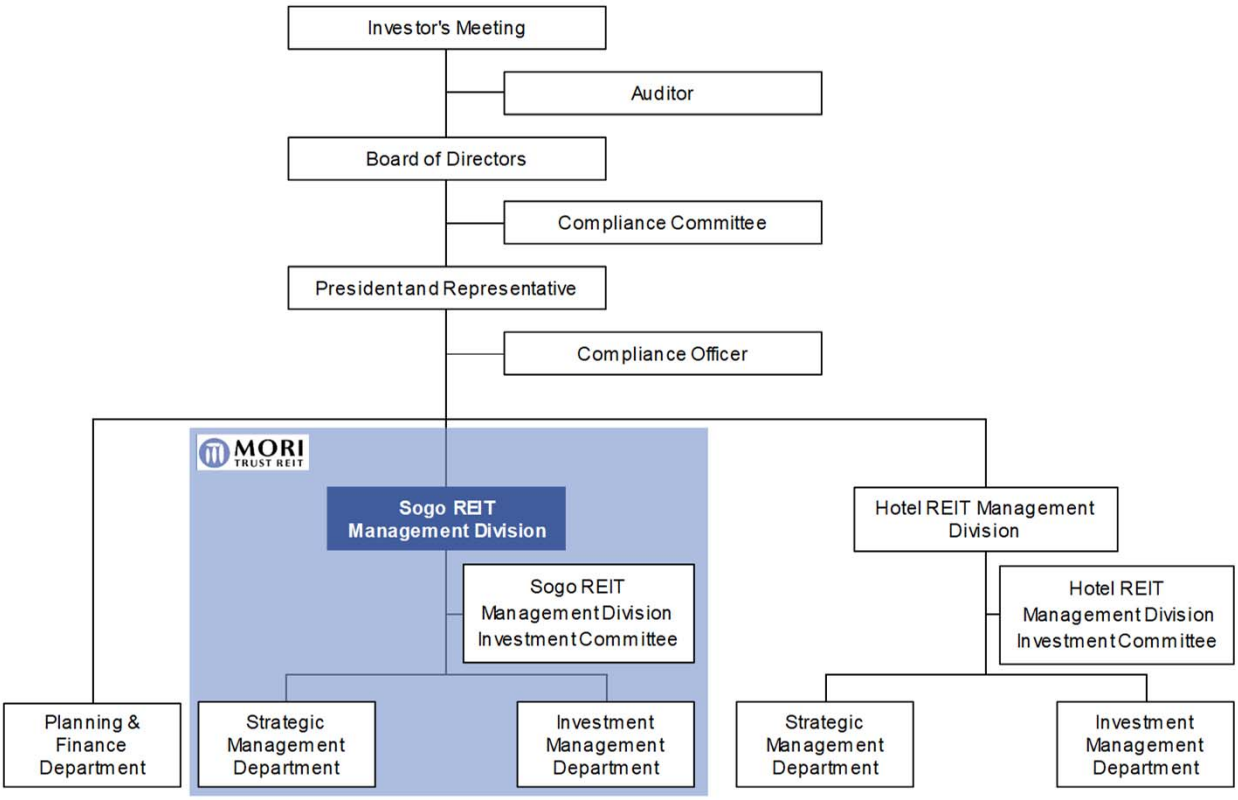
## Same Boat Investment by Sponsor Group

MTR aims to improve unitholder value by aligning sponsor interests with those of unitholders.

Percentage of investment units owned by MORI TRUST Group
**26.5%** (As of end of Mar. 2020)

## MTAM's Organizational Structure

MTR entrusts asset management to MTAM. MTAM's organizational structure is as shown below.




## Compliance Structure

MTAM has set compliance with laws, regulations and other rules as one of its management priorities and MTAM's management is actively working to develop and strengthen the compliance structure and internal control structure. To establish an appropriate operational structure, MTAM has appointed a compliance officer as the person responsible for compliance-related matters at MTAM to ensure that internal checks and balances on other departments function effectively. Furthermore, through the establishment and operation of the Compliance Committee, MTAM has established a multi-tiered structure for ensuring MTR's compliance with laws, regulations and other rules.

### (a) Board of Directors

The Board of Directors seeks to ensure compliance as the organization with ultimate responsibility for the execution of business and, besides receiving reports on matters approved by the Compliance Committee, also makes resolutions on important compliance-related matters at MTAM, including formulation and amendment of the basic policy on compliance and compliance program, formulation of the risk management plan and internal audit plan, as well as appointment and dismissal of Compliance Committee members and the Compliance Officer.

### (b) Compliance Committee

The Compliance Committee is responsible for execution of the duties set forth in the Compliance Committee Rules in cooperation with the Board of Directors and Compliance Officer.

### (c) Compliance Officer

As the person responsible for compliance at MTAM, the Compliance Officer works to establish an internal compliance structure and to raise awareness of norms for compliance with laws, regulations and other rules within the company. The Compliance Officer, therefore, constantly monitors whether MTAM executes asset management business in accordance with laws, regulations and other rules, and also monitors and supervises the status of compliance in the exécution of day-to-day operations.

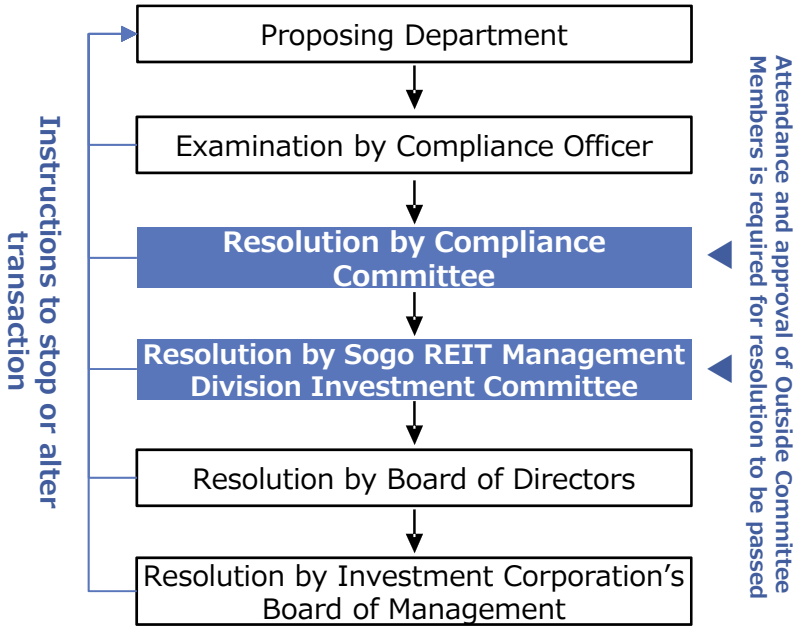
In light of the importance of the Compliance Officer's responsibilities, MTAM elects as Compliance Officer an individual who is sufficiently capable of examining and supervising business execution to achieve compliance with laws, regulations and norms.

MTAM has put in place a structure such that any act pertaining to MTAM's business operations that violates or is likely to violate laws and regulations discovered by any officer or employee is reported immediately to the Compliance Officer.

## Appropriate Management of Conflicts of Interest

To prevent MTAM from engaging in transactions with related parties sharing certain interests with MTAM which may be harmful to the interests of MTR, MTAM has identified types of related party transactions and set forth related party transactions standards and comprehensively judges whether to conduct a transaction through deliberation by more than one body. MTAM elects outside specialists as committee members to both the Compliance Committee and the Investment Committees that hold such deliberations.

If the acquisition of an asset or other transaction by an investment corporation which entrusts its asset management to MTAM constitutes a related party transaction, the approval of the outside committee members of the Compliance Committee and Investment Committees as well as the approval of the investment corporation's Board of Management are required. Details of this decision-making process are as shown below.



## Exclusion of Antisocial Forces

MTAM has formulated the Basic Policy to Prevent Damages Caused by Antisocial Forces in order to exclude antisocial forces and groups that threaten public order or stability and obstruct the economic activity of companies and individuals.

The Policy sets out that the organization as a whole will deal with unjust demands by antisocial forces, that MTAM will establish close and cooperative relationships with external specialist organizations such as the competent police, the National Center for Removal of Criminal Organizations, and legal practitioners, that it have no relations with antisocial forces including business relations, and that it will refuse any unjust demands by antisocial forces.

## Prevention of Bribery and Corruption

MTAM sets out in its Rules of Employment and its Basic Policy on Compliance that its officers and employees will not engage in an acts of fraud or corruption including bribery and money laundering and that it will take strict disciplinary action against any officer or employee who violates these rules.

## Establishment of Whistleblowing System

In light of the aims of the Whistleblower Protection Act, MTAM established a whistleblowing system for all its officers and employees (all employees including MTAM's directors, regular employees, temporary employees, contract employees, and employees on loan or dispatched from other companies) in order to seek early discovery and correction of violations of laws and regulations and to strengthen compliance initiatives.

Disciplinary or retaliatory action, including dismissal, and any other disadvantageous treatment against whistleblowers on the basis that they made a whistleblowing report is prohibited.

## Provision of Regular Compliance Training

MTAM provides all its officers and employees with training mainly aimed at raising compliance awareness on a regular basis.

## Information Security

MTAM enacted the Information Management Rules with the aim of properly utilizing company information and preventing information incidents including unauthorized access and the loss or leak of company information.

The rules aim to ensure information management by providing for training and audits on the management of confidential information, restriction of unauthorized access, prevention of information leaks, maintenance of information systems and information system.

## Customer-oriented Business Conduct

MTAM adopted the Principles for Customer-Oriented Business Conduct announced by the Financial Services Agency on March 30, 2017 and set forth a Policy on Customer-Oriented Business Conduct as set out below.

**1. Formulation and Announcement of Policies regarding Customer-Oriented Business Conduct**

We have formulated and announced this Policy and we publish the status of the Policy's implementation and also revise this Policy as appropriate.

**2. Pursuit of the Customers' Best Interest**

As a financial service provider, we maintain a high level of expertise and professional ethics, conduct business with customers in a faithful and fair manner, and pursue customers' best interests. MTAM also endeavors to ensure that such business conduct becomes firmly established as its corporate culture.

**3. Appropriate Management of Conflicts of Interest**

To accurately understand and manage potential conflicts of interests in transactions, we have established rules such as the Related Party Transaction Rules and Compliance Rules as voluntary rules in addition to the provisions of relevant laws and regulations, and we have established a policy for dealing with transactions involving conflicts of interest and an operating structure to ensure high independence.

**4. Clarification of Various Fees and Commissions**

MTAM properly provides information to help customers understand details of various fees and commissions paid to us by investment corporations which entrust their asset management to us, including details of the kind of services provided in exchange for these fees and commissions.

**5. Providing Important Information in an Easy-to-understand Manner**

MTAM provides important information which might affect customers' investment decisions in an easy-to-understand manner through statutory disclosure, timely disclosure, voluntary disclosure and other means.

**6. Providing Suitable Service to Customers**

We endeavor to understand customers' needs and conduct asset management based on an awareness of these needs. We also provide easy-to-understand information that helps customers understand the status of operations of investment corporations who entrust their asset management to us.

**7. Framework for Adequate Motivation of its Employees**

To further promote customer-oriented business conduct, MTAM raises awareness of its Corporate Philosophy and its Basic Policy on Compliance as well as of the importance of this policy among individual employees through compliance training, etc.

# Disclaimer / Contact Information

## Disclaimer

- This document is intended to provide information about the business performance and strategies of MORI TRUST Sogo Reit, Inc.(MTR). It is not intended and should not be construed as an inducement or invitation to purchase or invest in the products or investment units of MTR. We caution readers to contact their securities company representative if intending to acquire or sell any of MTR's investment products or investment units.
- While MTR takes all reasonable care in the preparation of this document, it does not guarantee the accuracy and completeness of its content.
- Readers are also cautioned that the contents of this document may be changed or deleted without prior notice.
- This document should not be construed as a disclosure document prepared in accordance with the Financial Instruments and Exchange Act
- Readers are advised to exercise their own independent judgment when making any investment decision

## Contact Information

| | |
|---|---|
| Asset Management Company | MORI TRUST Asset Management Co., Ltd.<br>Strategic Management Department, Sogo REIT Management Division (IR Section)<br>(Financial instruments and exchange business registration with the Kanto Local Finance Bureau,<br>License No. 407/ Member of the Investment Trusts Association, Japan) |
| Tel. | 03-6435-7011 |