



TNFD Report

April 22, 2025

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Introduction

The Mitsui Fudosan Group aims to create social value by solving a broad array of social issues under the “& Mark” principles laid out in its Philosophy.

In light of the significant impact that real estate development has on society and the environment, the Mitsui Fudosan Group has embraced the principle of “& EARTH, With nature, sharing the future” and has been advancing various initiatives through the creation of neighborhoods.

Under the Group Environmental Policy, we have worked to achieve coexistence with the environment in neighborhood creation. In April 2025, we formulated “& EARTH for Nature,” our declaration of coexistence with the environment in neighborhood creation. In this declaration, we conveyed the Mitsui Fudosan Group’s universal values and basic approach, which it has put into practice in past neighborhood creation efforts to date and aims to further evolve in future projects.

The Mitsui Fudosan Group sees the environment as a “*Holistic Environment*,” blending nature, people, and community. Through neighborhood creation, the Group will expand its network of sustainable and prosperous “*Holistic Environments*” not only in Nihonbashi, but also throughout Tokyo and across Japan and pass it on to future generations.

The Group has established five key issues to address: Preserve and nurture greenery, Harness the allure of water, Enrich the ecosystem, Connect the aspirations of the community, and Promote the circulation of natural resources. By addressing these issues, the Group will further advance its coexistence with the environment through neighborhood creation.

Additionally, in approximately 5,000 ha (12,355 acres) of Group-owned forest in Hokkaido, we are working to create sustainable forests through a cycle of planting, cultivating, and using.

The Group recognizes that appropriately managing natural capital and its associated risks and opportunities is essential to enhancing corporate sustainability. Under the Biodiversity Policy established in 2023, we will take biodiversity into consideration and contribute to its preservation through our business activities, including neighborhood creation and initiatives in our Group-owned forests. In addition, based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), we will ensure highly transparent disclosure of information related to natural capital. Through these efforts, we will work to strengthen our relationships of trust with stakeholders, promote sustainable economic activities, and help to create a prosperous “*Holistic Environment*.”

In this TNFD report (hereafter, the “Report”), we disclose information related to the Group’s natural capital with reference to the TNFD’s four recommendation pillars for disclosure: governance, strategy, risk and impact management, and metrics and targets. We hope this Report will help deepen your understanding of our initiatives and foster greater empathy and support for them.

General Requirements

In this Report, we considered the following items based on the final TNFD recommendations, Version 1.0.

| Item | Matters considered |
|---|---|
| How materiality is identified | <ul style="list-style-type: none"> When we formulated the Group’s new Philosophy in April 2024, we established our GROUP MATERIALITY (Priority Issues). “Coexist with the environment,” including preservation of biodiversity, development of green spaces, and consideration for scenery, is identified as one of our materiality issues. |
| Scope of disclosure | <ul style="list-style-type: none"> We conducted a comprehensive review across all business fields and key stages of the value chain and determined that nature-related issues are particularly significant in our direct operations. Specifically, we have decided to adopt real estate development and operation (“neighborhood creation”) and Group-owned forests as our scope of disclosure. |
| Location of nature-related issues | <ul style="list-style-type: none"> We recognize that material nature-related issues (dependencies, impacts, risks, and opportunities) vary by region. We will consider material dependencies, impacts, risks, and opportunities based on the characteristics of the local natural environment. |
| Integration with other sustainability-related disclosures | <ul style="list-style-type: none"> We recognize that nature-related issues are closely linked to other sustainability issues, and we will examine how to integrate them with other sustainability-related disclosures. |
| Time horizons considered | <ul style="list-style-type: none"> We recognize that risks and opportunities come in various forms and that the relevant time horizons vary depending on their characteristics. As we advance our location analysis, we will examine how to appropriately set short-, medium- and long-term time horizons. |
| Engagement with local communities and other affected stakeholders | <ul style="list-style-type: none"> We recognize that communication with local communities is essential in addressing nature-related issues. Our Group Environmental Policy, Human Rights Policy, Biodiversity Policy, and Basic Biodiversity Conservation Plan for Group-owned Forests also place strong emphasis on communication. |

Governance

Management's role

With the aim of promoting initiatives to address ESG issues, including nature-related issues, the Group has established the ESG Promotion Committee (headed by the President and Chief Executive Officer). The Group has also established an ESG Management Committee (headed by the Director of the Sustainability Promotion Division), subordinate to the ESG Promotion Committee.

The ESG Promotion Committee manages principles and policy formulation for ESG issues, including nature-related issues. The committee also coordinates the goals, targets, and planning of environmental promotion activities for each business division and oversees and evaluates the progress of those activities. To promote these efforts, the ESG Management Committee establishes fiscal year targets for each division in accordance with the Group Environmental Policy and is carrying out tasks such as progress management.

In addition, where there is significant risk, the Risk Management Special Committee (headed by the Director in charge of risk management) considers the potential influence on the Company's business and possible responses through the Company's core operations.

The Board of Directors' oversight

Reports on ESG issues, including nature-related issues, are transmitted to the Board of Directors on a regular basis. Environmental goals and progress are monitored, and as needed, the Board considers whether action may be required.

In addition, the status of ESG-related initiatives is considered in determining management evaluation and compensation.



Strategy

□ The Group's business locations and dependencies and impacts on nature

From a locational perspective, the Group's business activities can be broadly categorized into three areas: neighborhood creation, including buildings, retail facilities, and housing primarily in urban areas; resorts that make use of the blessings of nature; and Group-owned forests located in forested areas of Hokkaido. In terms of geography, our neighborhood creation projects, which are mainly in major cities, are typically situated on coastal plains along Tokyo Bay, Osaka Bay, Ise Bay, and similar regions. Many are located near urban rivers or on reclaimed land along the coast, and some are in close proximity to areas with significant biodiversity such as tidal flats and wetlands. Our resort facilities are often located in scenic conservation areas such as national parks. As for our Group-owned forests, we manage approximately 70 forest tracts covering around 5,000 ha (12,355 acres) in Hokkaido. Taking into account the nature of our business activities and site locations, and with reference to ENCORE, we have identified key items related to our dependencies and impacts on nature.

| Dependencies on ecosystem services | | Neighborhood creation | | Resort | Group-owned forests |
|-------------------------------------|-----------------------------|-----------------------|-----------|--------|---------------------|
| | | Development | Operation | | |
| Provisioning services | Water supply | | High | High | |
| | Biomass provisioning | | | Medium | High |
| Regulation and maintenance services | Climate regulation | | | Medium | High |
| | Water flow regulation | | | | High |
| | Soil and sediment retention | Medium | Medium | Medium | High |
| | Flood and storm mitigation | | Medium | Medium | |
| | Pollination | | | | High |
| | Soil quality regulation | | | | High |
| Cultural services | Biological control | | | | High |
| | Visual amenity | | High | High | |
| | Recreation-related | | | High | |

[Evaluation criteria for importance of dependency]

High: Serves as a supply source for the business or supports strong business performance. Difficult to substitute by other means.

Medium: Serves as a supply source for the business or supports strong business performance. Can be substituted with other means.

Low: Cannot be described as a supply source for the business or as supporting strong business performance.

| Impacts of business on nature | | Neighborhood creation | | Resort | Group-owned forests |
|--|--|-----------------------|-----------|--------|---------------------|
| | | Development | Operation | | |
| Land, freshwater, and ocean use change | Use of terrestrial (land based) ecosystems | High | High | Medium | High |
| | Use of freshwater ecosystems | Medium | | Medium | |
| | Use of marine (ocean) ecosystems | High | | Medium | |
| Climate change | GHG emissions | High | High | Medium | |
| Resource use | Use of water | Medium | Medium | High | |
| Pollution | Solid waste | High | High | High | |
| | Non-GHG air pollutants | High | | | |
| | Water pollution | High | High | Medium | |
| | Soil pollution | Medium | | | |
| | Noise, etc. | High | | Medium | |
| Invasive non-native species | Invasive non-native species introduction | Medium | Medium | Medium | |

[Evaluation criteria for importance of impact]

High: Changes the state of nature. Has a significant impact on others' use of ecosystem services.

Medium: Changes the state of nature. Has a minor impact on others' use of ecosystem services.

Low: Does not significantly change the state of nature.

□ Selection of priority sites

We broadly classified the Company’s directly operated sites into the three categories of neighborhood creation, resorts, and Group-owned forests based on the characteristics of their locations and evaluated the priority for addressing biodiversity.

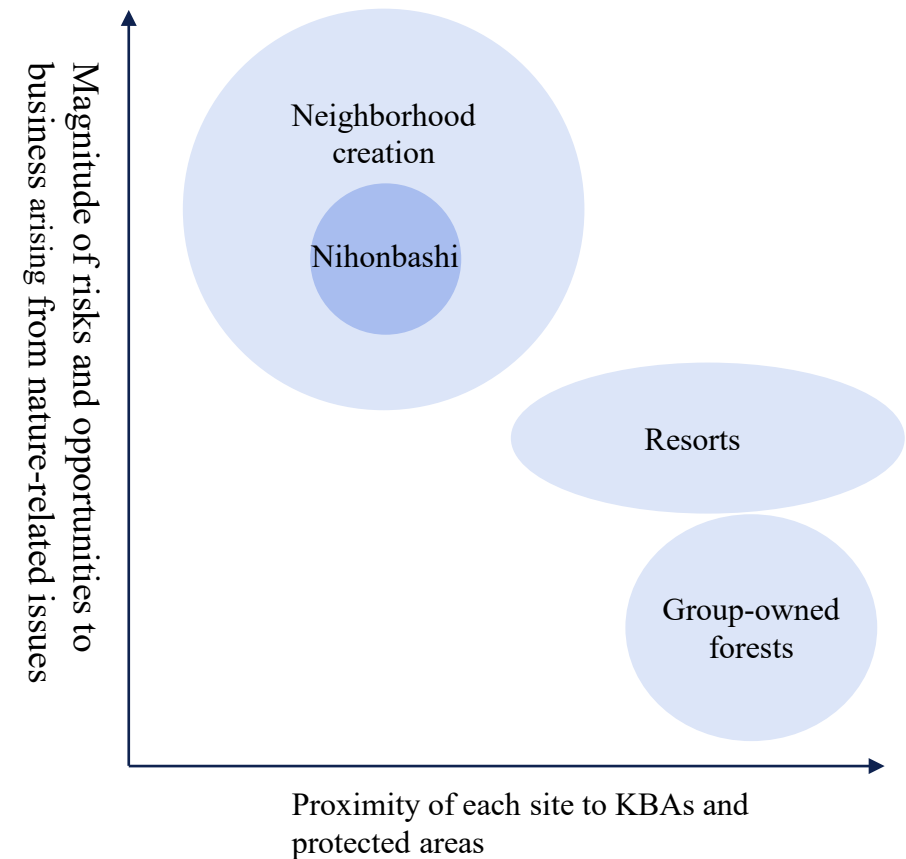
The evaluation was conducted along two dimensions: (1) the magnitude of risks and opportunities to business arising from nature-related issues (dependencies and impacts); and (2) the proximity of each site to Key Biodiversity Areas (KBAs) and protected areas.

Because neighborhood creation accounts for a large share of the Group’s overall business, we have determined that it involves significant risks and opportunities with respect to nature-related issues. In particular, our neighborhood creation in Nihonbashi is currently being carried out across the entire area under the Nihonbashi Revitalization Plan, in close collaboration with the local community. We recognize that these initiatives have significant dependencies and impacts on nature. The Nihonbashi River, which flows through the area, is a brackish water zone where freshwater and seawater from Tokyo Bay mix, creating the potential for a diverse range of wildlife to inhabit the river.

Our Group-owned forests (a total of 70 tracts covering a total area of approximately 5,000 ha (12,355 acres) in Hokkaido) are themselves closely intertwined with the natural environment, and some of the tracts are located near KBAs and protected areas, requiring a high degree of consideration for biodiversity. Under the concept of creating “never-ending forests,” we plan to actively use the timber for wooden construction, and the business significance of these forests is growing.

Due to the characteristics of their business, resorts are highly dependent on the recreational and visual amenity services provided by nature. They are also geographically closely tied to important nature conservation areas. For example, NEMU RESORT is located within a special zone of a national park in the Ise-Shima area of Mie Prefecture.

Based on the above, we have selected neighborhood creation in Nihonbashi and our Group-owned forests as priority sites. Going forward, we also intend to consider biodiversity initiatives at other sites, including resorts.



Reference: Details on Key Biodiversity Areas and protected areas used as selection criteria

| | |
|-------------------------------|---|
| Key Biodiversity Areas (KBAs) | KBA (Key Biodiversity Area): The international NGO Conservation International selects key areas for biodiversity conservation around the world, based on common criteria. |
| Protected areas | Special zones within national parks, special zones within quasi-national parks, nature conservation areas (nationally designated), nationally designated wildlife protection areas, special protection zones within wildlife protection areas, Ramsar Convention wetlands, etc. |

Strategy (Analysis of Current State of Neighborhood Creation in Nihonbashi)

Understanding biodiversity in green areas of Nihonbashi

We conducted an ecological survey of plants, animals, and other local wildlife as a baseline for considering future biodiversity initiatives in the Nihonbashi area. Because the survey was conducted in late November, we believe insect activity could not be adequately confirmed. A follow-up survey during the summer is currently under consideration.

| | | |
|---------------------------------------|----------------------------|---|
| [Survey period] | (2) Fukutoku Garden | (7) Horidome Children's Park |
| November 26-28, 2024 | (3) Wadakura Fountain Park | (8) Hamacho River Greenway |
| | (4) Tokiwabashi Park | (9) Kakigaracho Park |
| [Survey locations] | (5) Tokiwa Park | (10) Hamacho Park |
| (1) Nihonbashi Muromachi Mitsui Tower | (6) Jisshi Park | ((1) and (2) are Company-owned properties.) |

| Order | Family | Genus and species name | Number of confirmed specimens |
|-------------|--------------|---|-------------------------------|
| Lepidoptera | Pieridae | Eurema hecabe (Common grass yellow) | 1 |
| | Lycaenidae | Pseudozizeeria maha (Pale grass blue) | 4 |
| Odonata | Libellulidae | Sympetrum frequens (Autumn darter) | 5 |
| | | Orthetrum albistylum (White-tailed skimmer) | 1 |

| Order / family | Genus and species name | Number of confirmed locations |
|----------------|--|-------------------------------|
| Columbidae | Streptopelia orientalis (Oriental turtle dove) | 1 |
| Columbidae | Columba livia domestica (Feral pigeon) | 2 |
| Corvidae | Corvus macrorhynchos (Large-billed crow) | 2 |
| Paridae | Parus minor (Japanese tit) | 3 |
| Pycnonotidae | Hypsipetes amaurotis (Brown-eared bulbul) | 2 |
| Cettiidae | Horonis diphone (Japanese bush warbler) | 1 |
| Zosteropidae | Zosterops japonicus (Japanese white-eye) | 2 |
| Sturnidae | Spodiopsar cineraceus (White-cheeked Starling) | 1 |
| Passeridae | Passer montanus (Eurasian tree sparrow) | 3 |
| Motacillidae | Motacilla alba lugens (Japanese pied wagtail) | 1 |

We surveyed and compiled information on the planting status of vegetation around Company-owned properties. At Nihonbashi Muromachi Mitsui Tower, plantings primarily consist of native species, including tall trees such as zelkova and white oak; shrubs such as cleyera, mahonia, and Satsuki azalea; and ground cover plants such as mondo grass, lilyturf, and pachysandra. At Fukutoku Garden, native species are also primarily planted, including tall trees such as the coniferous tree Japanese nutmeg, and broadleaf trees such as Japanese maple, sawtooth oak, weeping cherry, white oak, and blue oak; as well as shrubs such as mahonia, Indian hawthorn, and enkianthus.

Number of plant species at Nihonbashi Muromachi Mitsui Tower

| | Perimeter of building | Sky Deck |
|----------------------|-----------------------|----------|
| Native species | 57 | 14 |
| Non-native species | 2 | — |
| Ornamental plantings | 29 | 7 |
| Total | 88 | 21 |



Number of plant species at Fukutoku Garden

| | |
|----------------------|----|
| Native species | 52 |
| Non-native species | 1 |
| Ornamental plantings | 8 |
| Total | 61 |



Note: The number of plant species is based on the results of an on-site survey conducted in November 2024. The non-native species are mahonia and purple spiderwort, both of which are widely planted and commonly found in urban environments.

Strategy (Analysis of Current State of Neighborhood Creation in Nihonbashi)

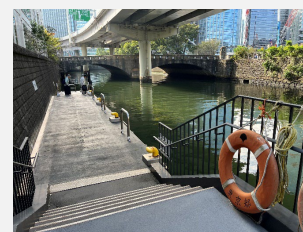
Understanding biodiversity in the Nihonbashi River

DNA metabarcoding is a technology for identifying species of organisms (such as fish) inhabiting the area around a water sampling site through DNA analysis of collected water samples. As a result of DNA analysis, for fish species, 5 orders, 9 families, and 22 species (groups) were confirmed at site 1 (Tokiwabashi), and 9 orders, 14 families and 25 species (groups) were confirmed at site 2 (Nihonbashi). The combined total for both sites was 9 orders, 14 families, and 27 species (groups). For crustaceans, 1 order, 3 families and 4 species (groups) were confirmed at each of site 1 (Tokiwabashi) and site 2 (Nihonbashi), with a combined total of 1 order, 3 families, and 5 species (groups) for both sites.

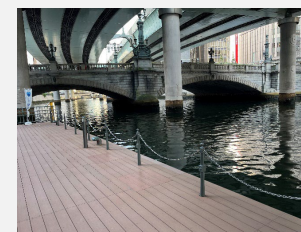
[Survey date] November 1, 2024

[Survey method] At each survey site (boat dock), a 1-liter sample of water was collected from both the river's mid-layer and deep layer using a water sampler, and the collected samples were analyzed by an analysis laboratory.

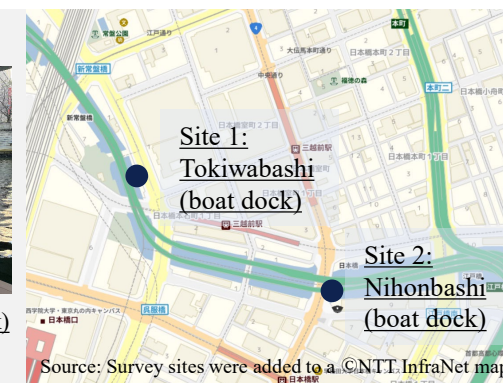
[Survey sites] Two sites



Site 1: Tokiwabashi (boat dock)



Site 2: Nihonbashi (boat dock)



Survey results (for fish)

| No. | Order name | Family name | Genus and species name | |
|-----|---------------------------------|----------------|--|---|
| 1 | Anguilliformes | Anguillidae | Anguilla japonica (Japanese eel) | |
| 2 | Clupeiformes | Clupeidae | Sardinella zunasi (Japanese sardinella) | |
| - | | | Sardinella (genus) | |
| 3 | | | Konosirus punctatus (Konoshiro gizzard shad) | |
| 4 | | Engraulidae | Engraulis japonicus (Japanese anchovy) | |
| 5 | | Cypriniformes | Cyprinidae | Cyprinus carpio (Carp (unspecified type)) |
| 6 | | | | Opsariichthys platypus (Pale chub) |
| 7 | | | | Nipponocypris temminckii (Dark chub) |
| 8 | | | | Pseudaspius brandtii (Pacific redfin) |
| 9 | | | | Tribolodon hakonensis (Big-scaled redfin) |
| 10 | | | | Pseudorasbora parva (Stone moroko) |
| 11 | | | | Genus Gnathopogon (Tamoroko) |
| - | Family Cyprinidae (Carp family) | | | |
| 12 | | Cobitidae | Misgurnus anguillicaudatus (Loach (continental lineage)) | |
| - | | | Genus Misgurnus (True loaches) | |
| 13 | Salmoniformes | Plecoglossidae | Plecoglossus altivelis (Sweetfish) | |
| 14 | Mugiliformes | Mugilidae | Mugil cephalus (Flathead grey mullet) | |
| 15 | Cyprinodontiformes | Poeciliidae | Gambusia affinis (Mosquitofish) | |
| 16 | Perciformes | Moronidae | Lateolabrax japonicus (Japanese sea bass) | |
| 17 | | Sparidae | Acanthopagrus latus (Yellowfin seabream) | |
| - | | | Genus Acanthopagrus | |

| No. | Order name | Family name | Genus and species name |
|-----|-----------------------|-----------------|--|
| 18 | | Blenniidae | Omobranchus punctatus (Muzzled blenny) |
| 19 | | Gobiidae | Acanthogobius flavimanus (Yellowfin goby) |
| 20 | | | Mugilogobius abei (Abe's mangrove goby) |
| 21 | | | Genus Tridentiger |
| 22 | | | Rhinogobius flumineus (Lizard goby) |
| - | | | Genus Rhinogobius |
| 23 | | | Glossogobius olivaceus (Olive goby) |
| 24 | | | Gymnogobius petschiliensis (Black floating goby) |
| 25 | | | Gymnogobius urotaenia (Floating goby) |
| 26 | Pleuronectes platessa | Paralichthyidae | Genus Paralichthys |
| 27 | Tetraodontiformes | Tetraodontidae | |

Survey results (Crustacean (Decapoda) fauna)

| No. | Order name | Family name | Genus and species name |
|-----|------------|-------------|---|
| 1 | Decapoda | Atyidae | Neocaridina denticulata (Japanese swamp shrimp) |
| 2 | | | Genus Neocaridina |
| 3 | | Cambaridae | Procambarus clarkii (Red swamp crayfish) |
| 4 | | Varunidae | Eriocheir japonica (Japanese mitten crab) |
| 5 | | | One species of Genus Hemigrapsus |

Notes

- The list of confirmed species was prepared based on guidance from specialized survey organizations and other relevant bodies.
- A dash (“-”) in the No. column indicates that the species is not included in the number of species in accordance with the Ministry of Land, Infrastructure, Transport and Tourism's Basic Survey Manual for National Survey on Rivers and Waterfronts [River Version] (Fish Survey Edition).

Strategy

(Dependencies and Impacts on Nature in Neighborhood Creation in Nihonbashi)

□ Cultural services through nature

All the priority items of “& EARTH for Nature,” our declaration of coexistence with the environment in neighborhood creation, depend on ecosystem services. They depend particularly on cultural services.

Five key issues to address



Preserve and nurture greenery

By preserving greenery that carries the land’s memories and history, and creating new greenery, we will create an environment where everyone can conduct activities alongside green spaces.



Harness the allure of water

We will revitalize the waterfront that carries the land’s memories and history, while creating a water-rich environment that provides a place for people to relax.



Enrich the ecosystem

By considering the connection with the surrounding environment and the preservation of the ecosystem, we will create an environment where wildlife and people can coexist for generations to come.



Connect the aspirations of the community

By valuing our coexistence with the surrounding communities, we will create an environment that preserves and passes down its nature, culture, and history to future generations.



Promote the circulation of natural resources

We will appropriately promote the circulation of natural resources, including through the creation of “never-ending forests,” and advance neighborhood creation that connects to the future.

Corresponding initiatives in Nihonbashi



We developed a space where people can relax among diverse greenery and planted a grand 200-year-old zelkova tree.



We will revitalize Nihonbashi, which was once a key hub for both water and land transportation, as a base for “Waterfront City Tokyo,” centered on waterway transportation. (Create an expansive space with a close affinity with water and develop a waterway transportation network)



We will develop the waterfront into an environment where wildlife can flourish through public-private collaboration to improve water quality.



We rebuilt the main hall of Fukutoku Shrine and developed Fukutoku Garden, featuring a plaza at the center of its over 1,000 m² (10,764 ft²) site. The site also serves as a temporary shelter for those unable to return home during disasters. (Photo provided by Fukutoku Shrine)



Nihonbashi Honcho 1-chome Block 3 Project (Wooden building)
We will utilize timber from Group-owned forests for structural and interior materials used in development.

Strategy

(Dependencies and Impacts on Nature in Neighborhood Creation in Nihonbashi)

Through biological surveys, we have confirmed that animals and plants inhabit both the land and water areas of Nihonbashi. Based on the survey results, with regard to our real estate development and operation in Nihonbashi, where buildings, retail facilities, and other properties are concentrated, we analyzed the ecosystem services that the business depends on, and the impacts of the business on nature, considering the details of the business activities and geographical conditions. As a result, we found that the main points are those listed in the table below.

Dependencies on ecosystem services

| Category | Specific dependencies | |
|-------------------------------------|------------------------------------|--|
| Provisioning services | Use of forest resources | Provisioning of domestic timber for use in wooden construction |
| | Use of water resources | Provisioning of water resources for use within buildings |
| Regulation and maintenance services | Regulation through green spaces | Urban greening contributes to mitigating the heat island effect and conserving biodiversity |
| | Regulation through water resources | Maintenance of urban water quality and prevention of floods and inundation disasters |
| Cultural services | Use of waterscape | Waterfront spaces such as Nihonbashi River and Sumida River contribute to local environmental beautification |
| | Use of waterway transportation | Use waterway transportation as a mode of transport that leads to reduced environmental impact |
| | Development of green spaces | Provide relaxation and a sense of satisfaction to local residents and visitors |

Impacts of business on nature

| Category | Specific impacts | |
|------------------------------------|------------------------------------|---|
| Changes in land and freshwater use | Expansion of green spaces | Green spaces created around real estate serve as habitats for living organisms |
| | Development of waterscape | Changes in the condition of waterfront spaces along the Nihonbashi River and Sumida River alter the habitats of aquatic organisms |
| Climate change | GHG emissions | GHG emissions during building development and operation |
| Resource use | Use of forest resources | Timber demand promotes the use of forest resources |
| | Use of water resources | Water use in real estate operations |
| Pollution | Emissions of pollutants | Waste and air pollution generated during building development and operation |
| Invasive non-native species | Introduction of non-native species | Possibility of introducing invasive non-native species in some greening projects |

Strategy

(Nature-related Risks and Opportunities of Neighborhood Creation in Nihonbashi)

As indicated on the previous page, our businesses, including real estate development and operation in Nihonbashi, depend on the functions of ecosystems. However, we recognize the potential for these ecosystem services to be significantly affected by climate change, which has become increasingly pronounced in recent years, and we view this as a risk. On the other hand, in terms of opportunities, ecosystem conservation initiatives through our business activities could contribute to enhancing real estate value.

Nature-related risks

| Category | | Description of specific risks |
|---------------------------------------|--|---|
| Physical risks (acute and chronic) | Climate change, flooding, and inundation | Damage to the Nihonbashi area caused by flooding and inundation due to the overflowing of Nihonbashi River and Sumida River, as well as liquefaction caused by earthquakes |
| | | The possibility that water shortages will become more severe due to droughts and other effects of climate change, making it difficult to secure an adequate supply of water for business operations |
| | Dependencies on cultural services | A decline in cultural services such as Fukutoku Garden and waterway transportation on the Nihonbashi River and a resulting decline in the appeal of the Nihonbashi neighborhood |
| Transition risks | Policy and legal | The possibility that stronger environmental regulations by national and local governments will lead to additional costs for greening and waterscape development |
| | Market | The risk of increased difficulty in raising funds if ESG investment criteria are not met |
| | Reputational | The risk that the Company's reputation will be damaged if its environmental considerations are seen as insufficient |

Nature-related opportunities

| Category | Description of specific opportunities |
|--------------|--|
| Market | Differentiation from competitors through wooden construction that achieves resource circulation, and waterscape development |
| | Environmentally conscious neighborhood creation enhances tenant and customer satisfaction |
| | Expand waterway transportation as a mode of transport that leads to reduced environment impact and enhance its value as a tourism resource |
| Reputational | Enhance corporate reputation through environmentally conscious neighborhood creation |
| | Establish relationships of trust by strengthening collaboration with local communities and local governments |

Strategy (Analysis of the Current State of Group-owned Forests)

Overview of Group-owned forests (a total of 70 tracts) and issues

The Mitsui Fudosan Group owns approximately 5,000 ha (12,355 acres) of forest across 70 tracts in 31 municipalities in Hokkaido. Many of these forests are located at elevations below 500 m and consist mainly of temperate deciduous broadleaf forests and mixed coniferous-broadleaf forests. The size of each tract varies widely, ranging from 950 ha (2,348 acres) to 2 ha (5 acres). Artificial forests account for 63% of the total area, while native forests make up 36%. In terms of the ratio of native forests, the composition ratio of artificial forests and native forests varies markedly by tract, ranging from 7 tracts composed entirely of artificial forest to 4 tracks made up entirely of native forest.

Chart: Municipalities with Company-owned forests and their areas

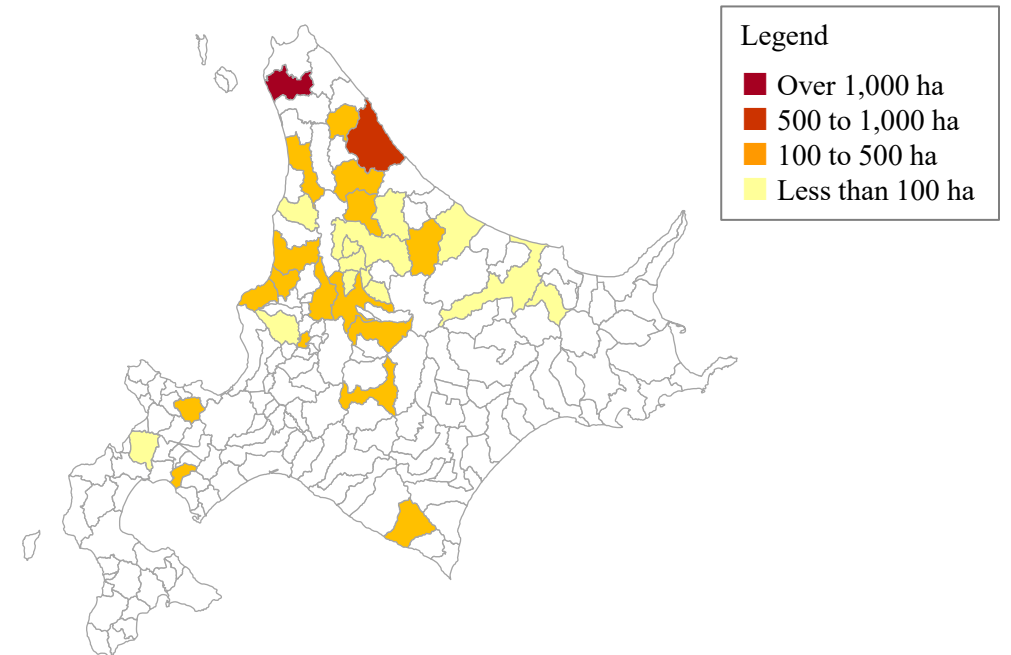
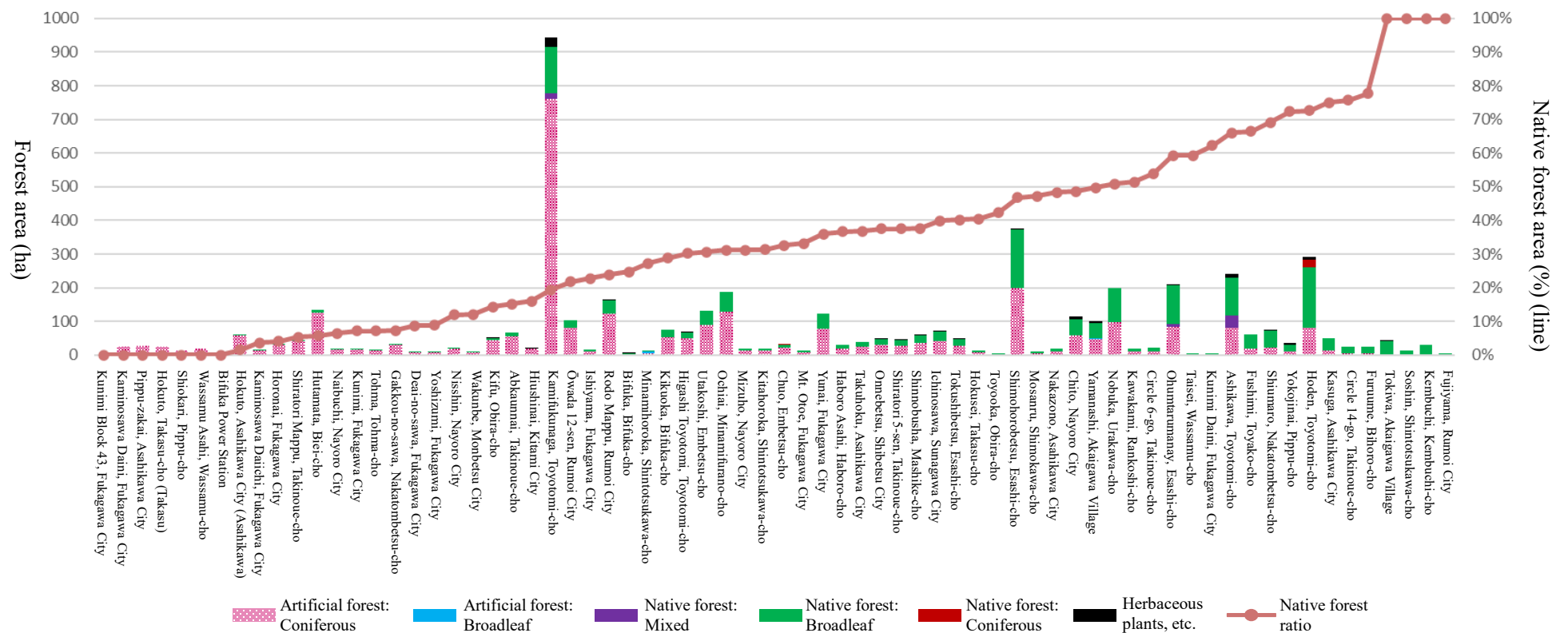


Figure: Composition of artificial and native forests in Company-owned forests by tract



Strategy (Analysis of the Current State of Group-owned Forests)

□ Landscape homogenization

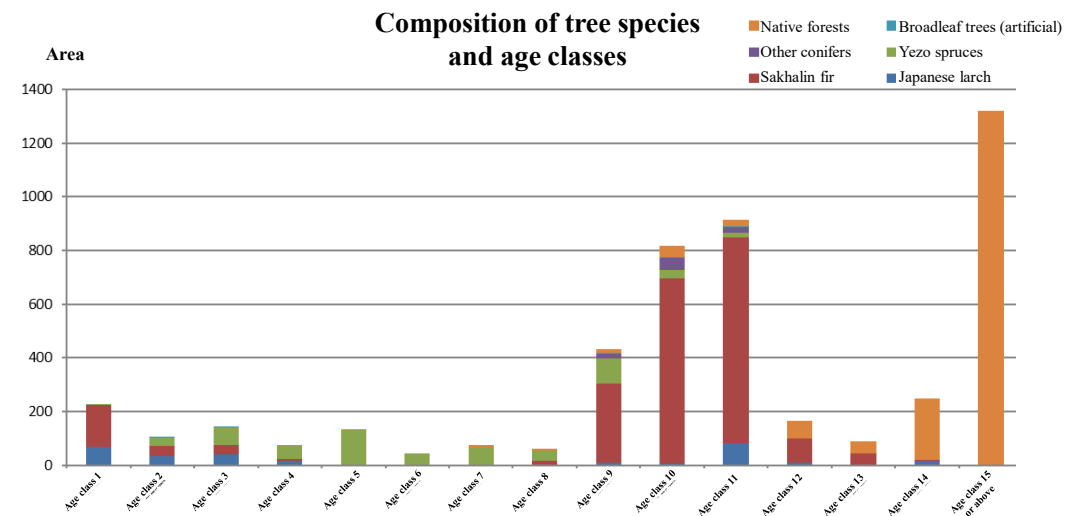
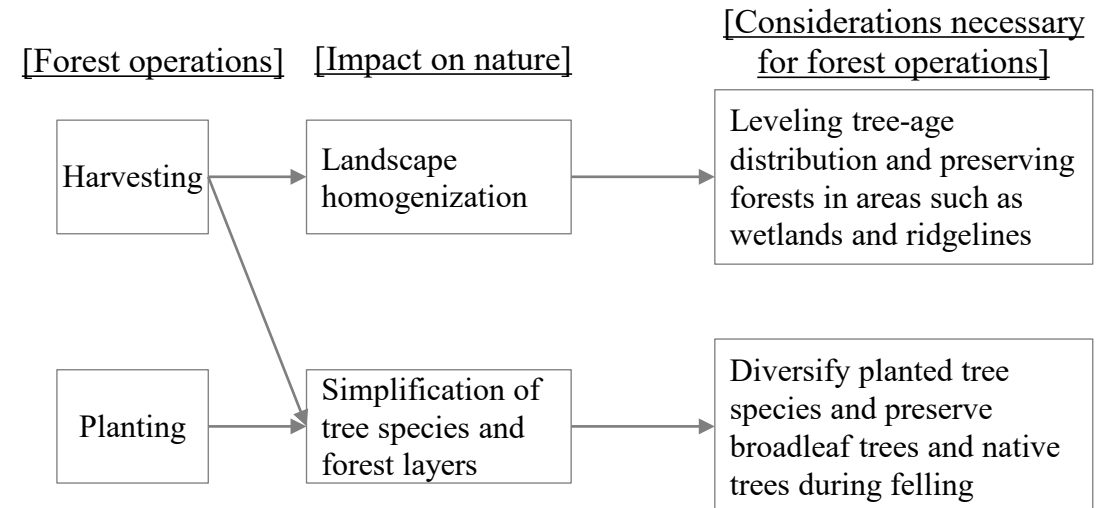
When trees of a single species and the same age are planted across a wide area, the environment becomes homogenized on a broad scale, leading to a reduction in biodiversity. While many large tracts show minimal skew in the age-class distribution, a large number of small tracts are dominated by Sakhalin fir forests in age classes 9 to 11 (45 to 55 years old). Measures are needed to help reduce this homogenization.

□ Simplification of tree species and forest layers

As a result of the above, the forest structure tends to become simplified as the tall tree and subcanopy layers have a limited number of species compared to native forests. While a variety of tree species can be observed in the shrub layer, aside from certain shrub species that rapidly invade after tree cutting, there are no parent trees in artificial forests to serve as seed sources. Therefore, in the absence of surrounding native forests, the shrub layer may also become simplified, and measures are needed to help prevent this simplification.



Forest certified as a Nature Harmony Site: Mosaic landscape of Yudoromap Forests in Rumoi City, Hokkaido



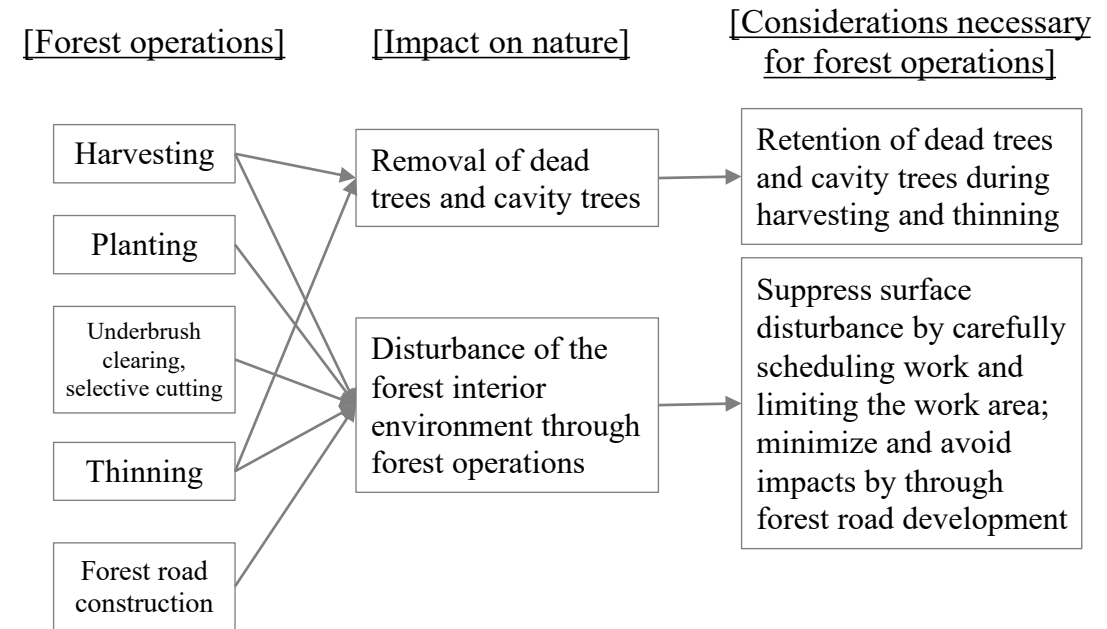
Strategy (Analysis of the Current State of Group-owned Forests)

❑ Shortage of dead trees and cavity trees

Because standing dead trees are removed through selective cutting or thinning, there are no heavily decayed dead trees or large trees with cavities. This is a factor behind the decrease in habitat for insects and birds. Measures aligned with on-the-ground forest operation practices are needed.

❑ Disturbance of habitats by forest operations

Because forest operations disturb the original vegetation, it creates conditions that make it difficult for plants and animals that prefer stable forest environments to thrive. However, in some cases, the post-operation environment can be favorable for certain species. For example, grasslands created by tree felling can serve as hunting grounds for goshawks.



(Example of consideration)

Clearing underbrush in alternating strips helps preserve a diverse array of habitats.



(Example of consideration)

Piling up branches left behind during tree felling creates shelter for small animals.



Strategy (Dependencies and Impacts on Nature in Group-owned Forests)

Regarding our Group-owned forests, we analyzed the ecosystem services they depend on and their impacts on nature, considering geographical conditions and the details of forest operations. As a result, we found that the main points are those listed in the table below.

Dependencies on ecosystem services

| Category | Specific dependencies |
|-------------------------------------|--|
| Provisioning services | Timber production (utilization in the Group's wooden construction) |
| Regulation and maintenance services | <p>Suppression of the invasion of non-native species and reduction of pest damage through biodiversity</p> <p>Prevention of sediment runoff through forest management</p> <p>Water source conservation function</p> <p>CO₂ absorption and global warming prevention</p> |
| Cultural services | Tree planting training program primarily for Group employees |

Impacts of business on nature

| Category | Specific impacts |
|--|---|
| Land, freshwater, and ocean use change | <p>The possibility of biodiversity declines across the entire forest due to the expansion of artificial forests</p> <p>The possibility of soil runoff caused by heavy rain and other events after tree felling. The potential impact of the runoff soil on river and marine ecosystems.</p> |

Strategy (Nature-related Risks and Opportunities of Group-owned Forests)

As indicated on the previous page, our Group’s wooden construction depends on the biomass (timber) provisioning of ecosystems in Group-owned forests. In addition, forests serve important functions such as soil stabilization, climate regulation, and the control of pest damage. We recognize the potential for these ecosystem services to be significantly affected by climate change, which has become increasingly pronounced in recent years, and we view this as a risk. Furthermore, in the case of artificial forests, unless felling is carried out properly, there is the potential for soil runoff from cleared sites, and we view this as a risk.

On the other hand, one opportunity lies in enhancing value through forest certifications and other forms of recognition, which can be obtained by conducting forest management with consideration for ecosystems.

Nature-related risks

| Category | Description |
|---|---|
| Physical risks | The risk that extreme weather conditions caused by climate change (such as typhoons, heavy rain, drought) will degrade forest health and destabilize the supply of timber |
| Transition risks (Reputational risk) | The risk that the Company’s reputation will be damaged if forest management is inadequate |

Nature-related opportunities

| Category | Description |
|--------------------------|--|
| Market opportunities | Expansion of the market for wooden construction, which is considered to have low environmental impact over its lifecycle |
| Capital and fund raising | Introduction of fiscal, financial, and other incentives for nature conservation areas certified under schemes such as OECM |

Risk and Impact Management, Metrics and Targets

- In regard to risk and impact management and setting metrics and targets, we have established the following in the Mitsui Fudosan Group Biodiversity Policy (https://www.mitsuifudosan.co.jp/english/esg_csr/environment/06.html):

2. Assessment and Monitoring of Risks and Opportunities

We will assess the impacts and dependencies on nature, including biodiversity, that our businesses and supply chains have, and also assess and appropriately respond to those risks and opportunities.

Further, to accurately manage these risks and opportunities, we will establish indicators and targets as necessary and monitor the results.

- To date, when undertaking a new development project, the Group has checked for the presence of natural environments, such as trees or wooded areas, within the development site that should be preserved or protected, and has taken necessary measures such as preservation, transplantation, or conservation of these elements. In addition, for developments in regions rich in natural areas, the Group conducts environmental impact assessments of plants and animals, and ecosystems in accordance with laws, regulations, and ordinances related to environmental impact assessments, nature conservation, and related areas.
- In this Report, we have selected neighborhood creation in Nihonbashi and Group-owned forests as priority sites for conducting biodiversity conservation. Based on on-site surveys, we will analyze the impacts on nature and biodiversity and implement initiatives that reduce negative impacts and enhance positive ones. To this end, we will also set metrics and targets as necessary.
- Looking ahead, we will further advance our analyses of Nihonbashi and Group-owned forests, which are covered in this Report, while also considering expanding the scope of analysis to include neighborhood creation outside of Nihonbashi, resorts, and other sites.

[Initiatives at preferred sites]

| | Neighborhood creation in Nihonbashi | Group-owned forests |
|----------------------------|--|---|
| Risk and impact management | <ul style="list-style-type: none"> • Strive to reduce risk by promoting initiatives such as “&EARTH for Nature,” our declaration of coexistence with the environment in neighborhood creation | <ul style="list-style-type: none"> • Strive to reduce risk by promoting the Basic Biodiversity Conservation Plan for Group-owned Forests |
| Metrics and targets | <ul style="list-style-type: none"> • Continue to consider setting metrics and targets for monitoring | <ul style="list-style-type: none"> • Continue to consider setting metrics and targets for monitoring |



❑ Disclaimer

This Report contains forward-looking statements, including forecasts of results. These statements are based on information available to the Company and on certain assumptions deemed reasonable at the time of the Report's publication. They are not intended as guarantees of future performance. Forward-looking statements may differ from actual results due to various factors.