

## **Disclaimers**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

### ***Netherlands***

The units of HEIWA REAL ESTATE REIT, Inc. (“Heiwa REIT” or the “AIF”) are being marketed in the Netherlands in accordance with Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, HEIWA REAL ESTATE Asset Management CO., LTD. (the “AIFM”) has notified the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) of its intention to offer these units in the Netherlands. This document is not addressed to or intended for and the units of Heiwa REIT have not been and may not be, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft. As a consequence, neither the AIFM nor Heiwa REIT is subject to the license requirement for investment institutions (*beleggingsinstellingen*) or their managers pursuant to the Wft. Consequently, the AIFM and Heiwa REIT are only subject to the supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the AFM for the compliance with the ongoing regulatory requirements as referred to in the Dutch law implementation of Article 42 of the AIFMD. According to Article 23 of the AIFMD, the prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands.

### ***United Kingdom***

Units of Heiwa REIT are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (as amended, “FSMA”) Heiwa REIT is an unregulated collective investment scheme which has not been authorized by the FCA.

Accordingly, any communication of an invitation or inducement to invest in Heiwa REIT may only be made to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or “the Order”; or (ii) high net worth companies falling within Articles 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated (all such persons referred to under (i) and (ii) of this paragraph, together being referred to as “Relevant Persons”).

In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

#### ***Prohibition of Sales to UK Retail Investors***

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the Units of Heiwa REIT are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the international units to be offered so as to enable an investor to decide to purchase or subscribe the international units.

Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the international units or otherwise making them available to retail

investors in the United Kingdom has been prepared and therefore offering or selling the international units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

### ***European Economic Area***

In addition to the restrictions under the AIFMD, the Units of Heiwa REIT are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation, as amended. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Units of Heiwa REIT or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Units of Heiwa REIT or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF	Heiwa REIT has two characteristics: strategic portfolio structure and HEIWA REAL ESTATE sponsorship. In the strategic portfolio structure, the investments are concentrated in office and residence in the Tokyo 23 Wards, and Heiwa REIT invests in a large number of properties to diversify our portfolio and minimize revenue fluctuation risk. The HEIWA REAL ESTATE sponsorship contributes to improve credit and brand, strengthen financial foundation, improve occupancy rates, and support for acquired properties. By promoting these two characteristics, Heiwa REIT pursues dual philosophies of steady growth in managed assets and stable medium- to long-term profits, and is engaged in maximizing investor value.
Investment strategy	Heiwa REIT concentrates its investment in office and residence in the Tokyo 23 Wards. These properties are in alignment with its philosophies of steady growth in managed assets and stable medium- to long-term profits. Heiwa REIT may also invest in other types of properties, including hotels.
Types of assets the AIF may invest in	Real estate, leasehold rights, surface rights, trust beneficiary interests in real estate, real estate securities, specified assets and other assets.
Techniques it may employ and all associated risks	<p>The principal risks with respect to investment in Heiwa REIT are as follows:</p> <p>(1) Risks related to investment units or investment corporation bonds</p> <ul style="list-style-type: none"> <li>• Risks related to liquidity of investment units;</li> <li>• Risks related to market price fluctuations of the investment units or investment corporation bonds;</li> <li>• Risks related to dilution as a result of further issuances of units;</li> <li>• Risks related to cash distributions and unit repurchases;</li> <li>• Risks related to the difference between unitholders' rights and shareholders' rights;</li> <li>• Risks related to redemption and interest payment of investment corporation bonds;</li> </ul> <p>(2) Risks related to Heiwa REIT's related parties and structure</p> <ul style="list-style-type: none"> <li>• Risks related to fluctuations in revenues, expenditures and cash flow;</li> <li>• Risks related to financing through borrowings and issuance of investment corporation bonds;</li> <li>• Risks related to loan to value ratio (LTV);</li> <li>• Risks related to the AIFM, asset custodian and general administrative agents;</li> <li>• Risks related to the property manager;</li> <li>• Risks related to relying on human resources of Heiwa REIT and the AIFM;</li> <li>• Risks related to relying on business partners;</li> <li>• Risks related to insolvency and cancellation of registration of Heiwa REIT;</li> <li>• Risks related to changes in investment policy of Heiwa REIT;</li> </ul>

- Risks related to use of leasehold deposits and security deposits by Heiwa REIT;

(3) Risks related to real estates and trust beneficiary interests

- Risks related to liquidity of real estate, transaction costs and other factors;
- Risks related to defects and failures of real estate, including defective title and limited or invalid ownership rights;
- Risks related to building damage, loss, deterioration or outbreak of infectious diseases due to disasters, etc.;
- Risks related to administrative laws, ordinances and other regulations related to real estate;
- Risks related to enactments of new laws and regulations and revisions of existing laws and regulations;
- Risks related to countermeasures against global warming and ESG;
- Risks related to sellers of properties;
- Risks related to holding properties in the form of co-ownership interests (*kyōyū-mochibun*);
- Risks related to holding properties in the form of compartmentalized ownership of buildings (*kubun shoyū*);
- Risks related to holding properties on leased lands;
- Risks related to holding leased properties;
- Risks related to holding land-only properties in which third parties hold leasehold interests and own the buildings (*sokochi*);
- Risks related to holding properties under development;
- Risks related to hazardous materials and environmental liabilities;
- Risks related to rent income, occupancy, payment of rent and rent revisions;
- Risks related to liabilities associated with ownership of properties and repair and maintenance costs;
- Risks related to subleasing;
- Risks related to the use of buildings by tenants;
- Risks related to master lease contracts;
- Risks related to investing in properties concentrated in a geographical area;
- Risks related to concentration of tenants;
- Risks related to investments in trust beneficiary interests;
- Risks related to forward commitments, etc.;
- Risks related to healthcare type residences;

(4) Risks related to taxation, etc.

- Risks related to failure to satisfy a complex series of requirements pursuant to Japanese tax regulations;
- Risks related to being unable to make distributions due to lack of funds;

	<ul style="list-style-type: none"> <li>• Risks related to satisfying conduit requirements for borrowings;</li> <li>• Risks related to Heiwa REIT having no control over affiliated company requirements;</li> <li>• Risks related to Heiwa REIT having no control over its investors;</li> <li>• Risks related to additional tax requirements due to correction orders as a result of taxation investigations, etc.;</li> <li>• Risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;</li> <li>• Risks related to changes in Japanese tax laws;</li> <li>• Risks related to impairment loss;</li> <li>• Risks related to charge of delinquent tax due to delay of tax payment;</li> </ul> <p>(5) Other risks</p> <ul style="list-style-type: none"> <li>• Risks related to future acquisitions and dispositions of assets;</li> <li>• Risks related to relying on information obtained prior to the acquisitions of real estates to be invested in;</li> <li>• Risks related to relying on expert opinions;</li> <li>• Risks related to past financial performance not being an indicator or guarantee of Heiwa REIT's future financial performance;</li> <li>• Risks related investments in Japanese anonymous association interests (<i>tokumei kumiai</i>).</li> </ul>
Any applicable investment restrictions	<p>Heiwa REIT is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its articles of incorporation.</p> <p>Heiwa REIT must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights.</p> <p>Furthermore, a listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate.</p> <p>Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.</p>

Circumstances in which the AIF may use leverage	In order to ensure efficient and stable management of investments, Heiwa REIT may take out loans or issue long-term or short-term investment corporation bonds to raise funds to acquire assets, pay for construction and operation of real estates, repay obligations (including repayment of tenant leasehold deposits and security deposits, and obligations related to loans or long-term or short-term investment corporation bonds) or other activities.
The types and sources of leverage permitted and associated risks	<p>Loans or Corporate Bonds. Currently all of Heiwa REIT's outstanding long- and short-term loans are unsecured and unguaranteed.</p> <p>Loans in which Heiwa REIT enters or investment corporation bonds that Heiwa REIT may issue may be subject to restrictive covenants in connection with any future indebtedness that may restrict operations and limit its ability to make cash distributions to unitholders, to dispose of properties or to acquire additional properties. Furthermore, if Heiwa REIT were to violate such restrictive covenants, such as with regard to loan-to-value ratios, lenders may be entitled to require Heiwa REIT to collateralize portfolio properties or demand that the entire outstanding balance be paid ahead of the scheduled date.</p> <p>In the event of an increase in interest rates, to the extent that Heiwa REIT has any debt with unhedged floating rates of interest or Heiwa REIT incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit Heiwa REIT's ability to acquire properties, and could cause the market price of the investment units to decline.</p>
Any restrictions on leverage	The maximum amount of each loan and investment corporation bond issuance will be one trillion yen, and the aggregate amount of all such debt will not exceed one trillion yen.
Any restrictions on collateral and asset reuse arrangements	No applicable restrictions.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	Heiwa REIT shall aim to maintain the ratio of the balance of loans and issued corporate bonds to total assets at 65% or less. However, in connection with the acquisition of new investment assets and other circumstances, this ratio may tentatively exceed 65% for a short period of time.
<b>Article 23(1) (b)</b>	
Procedure by which the AIF may change its investment strategy / investment policy	Amendment of the articles of incorporation. Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however, that under the ITA and our articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.

	Additionally, the guidelines of the AIFM, which provide more detailed policies within Heiwa REIT's overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.
<b>Article 23(1) (c)</b>	<p>Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</p> <p>Heiwa REIT is a corporate-type investment trust in the form of investment corporation (<i>toshi hojin</i>) provided for under the ITA. Therefore, the relationship between Heiwa REIT and its unitholders is governed by Heiwa REIT' articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. Heiwa REIT' articles of incorporation stipulate rules relating to general unitholders' meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of Heiwa REIT' directors. The relationship between Heiwa REIT and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>All of the above agreements are governed by Japanese law.</p> <p>The courts in Japan would recognize as a valid judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against Heiwa REIT obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) Heiwa REIT has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.</p> <p>The AIFM and HEIWA REAL ESTATE CO., LTD. signed a letter of agreement for a cooperative business alliance.</p> <p>Heiwa REIT is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p>
<b>Article 23(1) (d)</b>	
The identity of the AIFM, AIF's depositary,	<ul style="list-style-type: none"> <li>• AIFM (Asset Manager): HEIWA REAL ESTATE Asset Management CO., LTD.</li> </ul>

<p>auditor and any other service providers and a description of their duties and the investors' rights thereto</p>	<p>The AIFM performs asset management services according to the Asset Management Agreement and in compliance with the articles of incorporation and asset management policies set forth therein.</p> <ul style="list-style-type: none"> <li>• Auditor: KPMG AZSA LLC</li> </ul> <p>The Auditor audits financial statements and prepare audit reports.</p> <ul style="list-style-type: none"> <li>• Asset Custodian: Mizuho Trust &amp; Banking Co., Ltd.</li> </ul> <p>The Asset Custodian performs custodian services for assets owned by Heiwa REIT under the terms of the Asset Custody Agreement.</p> <ul style="list-style-type: none"> <li>• Investors' Registry Administrator: Mizuho Trust &amp; Banking Co., Ltd.</li> </ul> <p>The Investors' Registry Administrator provides administrative services under the terms of the Agreement, including:</p> <ol style="list-style-type: none"> <li>1. Creation and maintenance of the Investors' Registry</li> <li>2. Issuance of investment unit certificates</li> <li>3. Payment of distributions to investment unitholders</li> <li>4. Receipt of investment unitholder notifications, including requests related to the exercise of voting rights.</li> </ol> <ul style="list-style-type: none"> <li>• General Administrative Agents (Institutional management): Mitsubishi UFJ Trust and Banking Corporation</li> </ul> <p>The General Administrative Agent provides Heiwa REIT with institutional management services (general investors' meeting and board of officers) based on the provisions of the Agreement.</p> <ul style="list-style-type: none"> <li>• General Administrative Agents (Accounting): Ernst &amp; Young Tax Co., Ltd.</li> </ul> <p>The General Administrative Agent provides Heiwa REIT with the following services under the terms of the Agreement:</p> <ol style="list-style-type: none"> <li>1. Financial calculations</li> <li>2. Creation of accounting records</li> <li>3. Tax payments</li> </ol> <ul style="list-style-type: none"> <li>• General Administrative Agents (Investment corporation bonds): Resona Bank, Limited</li> </ul> <p>The General Administrative Agent provides administrative services under the terms of the Agreement, including:</p> <ol style="list-style-type: none"> <li>1. Creation and maintenance of the investment corporation bond register and other administrative processes involving the investment corporation bond register</li> </ol>
--	--

	<ol style="list-style-type: none"> <li>2. Issuance of investment corporation bond certificates</li> <li>3. Payment of interest or redemption amount to investment corporation's bondholders</li> <li>4. Receipt of investment corporation's bondholder notifications, including requests related to the exercise of voting rights.</li> </ol>
--	---

- Special Account Administrator: Mizuho Trust & Banking Co., Ltd.

The Special Account Administrator provides administrative services under the terms of the Agreement, including the following:

1. Creation, administration and custody of transfer account register and related registries
2. Transfer procedures
3. Establishment of special accounts upon the request of investment unit purchases
4. General Investors' Meeting reports
5. Respond to requests for individual investment unitholder notifications from subscribers
6. Respond to information disclosure requests from subscribers or interested parties and other transfer administration.

Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the asset manager in good faith.

The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests.

Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.

<b>Article 23(1) (e)</b>	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
<b>Article 23(1) (f)</b>	

<p>Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations</p>	<p>Not applicable.</p> <p>There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.</p>
<b>Article 23(1) (g)</b>	
<p>Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets</p>	<p>Heiwa REIT makes investment decisions based on its investment strategies and in accordance with its articles of incorporation and based on the results of due diligence, including the valuation of properties and consideration of the property appraisal value.</p> <p>Heiwa REIT evaluates assets in accordance with its article of incorporation. The methods and standards that Heiwa REIT uses for the evaluation of assets are based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP.</p> <p>J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p>
<b>Article 23(1) (h)</b>	
<p>Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors</p>	<p>Proceeds from borrowings and investment corporation bonds are mainly used to acquire investment properties and repay outstanding borrowings. These are exposed to liquidity risk on their repayments and redemptions. Such risk is managed in ways such as preparing cash flow analyses by the AIFM, securing funds on hand, diversifying maturities and lenders, executing commitment type term loan contracts, and other measures. Floating-rate borrowings are exposed to the risk of rising interest rates. Heiwa REIT uses derivatives (interest rate swaps) to manage such risk. Derivatives are executed and administered in accordance with the risk management rules and based on advices from the AIFM. Heiwa REIT enters into derivatives only with financial institutions with high ratings in order to mitigate credit risk. Tenant leasehold deposits and security deposits are exposed to liquidity risk arising from the vacating of properties by tenants. Such risk is managed by</p>

	<p>reserving sufficient funds to make repayments in principle.</p> <p>As Heiwa REIT is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<b>Article 23(1) (i)</b>	<p><u>Compensation</u>: The articles of incorporation provide that Heiwa REIT may pay its executive officer and each of the supervisory officers up to 800,000 yen per month. The board of officers is responsible for determining a reasonable compensation amount for the executive officer and each of the supervisory officers.</p> <p><u>Asset Manager</u>:</p> <ul style="list-style-type: none"> <li>• Asset Management Fee: Heiwa REIT will pay the Asset Manager an asset management fee as follows:</li> </ul> <p>1. Management Fee #1</p> <p>For each fiscal period, the maximum amount shall be the amount calculated by multiplying the amount of total assets at the end of the previous fiscal period by the rate of 0.30%, multiplied by the number of months in the fiscal period divided by 12. Management Fee #1 is payable within one month after the board of officers approves the financial statements for the fiscal period.</p> <p>2. Management Fee #2</p> <p>For each fiscal period, the maximum amount shall be the amount calculated by multiplying FFO for the fiscal period by 4.50%. Management Fee #2 is payable within one month after the board of officers approves the financial statements for the fiscal period.</p> <p>(*) FFO (Funds From Operation) shall be net income before deduction of management fees #2 and #3, plus an amount equivalent to depreciation and loss on transfer of investment assets, and reduced by an amount equivalent to gain on transfer of investment assets and gain on negative goodwill. However, if there is any outstanding loss at the end of the previous fiscal period, the amount shall be the amount after deducting the amount of outstanding loss at the end of the previous fiscal period from the above amount.</p> <p>(*) Investment asset means the specified assets to be managed as stipulated in Article 26 of the articles of incorporation.</p> <p>3. Management Fee #3</p>

The maximum amount shall be the amount calculated by multiplying the distribution per unit for the fiscal period by 50,000.

Management Fee #3 is payable within one month after the board of officers approves the financial statements for the fiscal period.

(\*) Distribution per unit is calculated by adding an amount equivalent to reversal from retained earnings to net income before deduction of Management fees #3 and dividing it by the total number of investment units issued and outstanding as of the end of the fiscal period.

(\*) In the event of a change in the number of investment units due to a split or consolidation of investment units, the maximum amount of distribution per unit shall be the amount calculated by multiplying the percentage of the change by 50,000 after the fiscal period in which the change occurs.

#### 4. Acquisition Fee

In the acquisition of new investment assets, the maximum amount shall be the amount calculated by multiplying the acquisition price of the investment assets by 1.00%. In the event that investment assets are acquired from an interested party, the maximum amount shall be the total amount calculated by multiplying the above percentage by one-half.

Acquisition Fee is payable by the end of the month immediately following the month of acquisition.

(\*) Acquisition price shall be the amount listed in the purchase agreement and shall not include consumption tax, local consumption tax, and expenses accompanying the acquisition.

#### 5. Transfer Fee

In the event of a transfer of investment assets, the maximum amount shall be the smaller of either the amount calculated by multiplying the transfer price of the investment assets by 1.00% or the amount calculated by multiplying the gain on transfer by one-half in each transferred asset. In the event of a transfer of investment assets to an interested party, the maximum amount shall be the smaller of either the amount calculated by multiplying the transfer price of the investment assets by 0.50% or the amount calculated by multiplying the gain on the transfer by one-half in each transferred asset. In either case, no transfer fee shall be paid for the transfer of investment assets that result in a loss on transfer.

Transfer Fee is payable by the end of the month immediately following the month of transfer.

(\*) Transfer price shall be the amount listed in the purchase agreement and shall not include consumption tax, local consumption tax, and expenses accompanying the transfer.

(\*) Gain on transfer shall be the difference when the transfer price exceeds the book value of the investment asset at the time of transfer.

## 6. Merger Fee

In the event of an absorption-type merger with another investment corporation in which Heiwa REIT is a surviving corporation, the maximum amount shall be the amount calculated by multiplying the value of the assets to be succeeded by Heiwa REIT through the merger at the time the merger takes effect by 1.00%. In the event of an absorption-type merger or incorporation-type merger with another investment corporation in which Heiwa REIT is a corporation absorbed in the merger, the maximum amount shall be the amount calculated by multiplying the value of the assets owned by the other party of the merger, of which the assets are owned by the surviving corporation in the absorption-type merger or succeeded by the incorporating corporation in the incorporation-type merger, as at the time when the merger takes effect, by 1.00%. In the case of a merger with an interested party, the maximum amount shall be the total amount calculated by multiplying each of the above percentages by one-half.

(\*) Merger fee is payable within three months after the end of the month in which the merger takes effect.

### Asset Custodian:

- Asset Custodian Fee: Heiwa REIT will pay the Asset Custodian Fee agreed upon between the parties plus an amount equivalent to consumption tax, etc. (including local consumption tax), up to the amount calculated in accordance with the table below. If assets held by Heiwa REIT include physical real estate, the Asset Custodian Fee shall be the above plus an amount agreed between the parties up to 200,000 yen per month per physical real estate.

Total amount of Assets at End of the Previous Fiscal Period (billion yen)	Calculation method (for 6 months)
Portions not exceeding 30	4,500,000 yen
Over 30	Total amount of Assets x 0.015%

### Investors' Registry Administrator:

- Standard Fee:

Standard fees are for services such as preparation, maintenance and storage of Heiwa REIT's unitholder register; preparation and reporting of the end-of-fiscal period unitholders register and unitholder statistical data.

The monthly standard fees will be the total of the amount calculated using the following table divided by 6, with a minimum monthly fee of 200,000 yen.

Number of Unitholders	Fees per Unitholder
first 5,000 unitholders	480 yen
over 5,000 to 10,000	420 yen
over 10,000 to 30,000	360 yen
over 30,000 to 50,000	300 yen
over 50,000 to 100,000	260 yen
over 100,000	225 yen

- Other fees:

Heiwa REIT pays the Investors' Registry Administrator other fees for various other services, including in connection with the issuance of dividends.

General Administrative Agents (Institutional management):

- Heiwa REIT will pay fees calculated in accordance with its asset portfolio, up to the amount calculated in accordance with the table below.

Total amount of Assets at End of the Previous Fiscal Period (billion yen)	Calculation method (for 6 months)
Portions not exceeding 10	11,000,000 yen
Over 10 to 50	11,000,000 yen + (Total amount of Assets – 10 billion yen) x 0.080%
Over 50 to 100	43,000,000 yen + (Total amount of Assets – 50 billion yen) x 0.060%
Over 100 to 200	73,000,000 yen + (Total amount of Assets – 100 billion yen) x 0.055%
Over 200 to 300	128,000,000 yen + (Total amount of Assets – 200 billion yen) x 0.040%
Over 300 to 500	168,000,000 yen + (Total amount of Assets – 300 billion yen) x 0.035%
Over 500	238,000,000 yen + (Total amount of Assets – 500 billion yen) x 0.030%

Auditor:

	<ul style="list-style-type: none"> <li>• Auditor Fee:</li> </ul> <p>Heiwa REIT will pay the independent auditor up to 15 million yen per fiscal period. The board of officers is responsible for determining the actual compensation amount.</p> <p>Heiwa REIT will also incur other miscellaneous fees in connection with General Administrative Agents (Accounting), General Administrative Agents (Investment corporation bonds), property management, issuance of units, etc.</p>
<b>Article 23(1) (j)</b>	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the Act on Investment Trusts and Investment Corporations of Japan, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
<b>Article 23(1) (k)</b>	Additional information may be found in our most recent semi-annual report prepared in accordance with Article 22 of the AIFMD, which can be viewed at <a href="https://www.heiwa-re.co.jp/en/ir/disclosure.html">https://www.heiwa-re.co.jp/en/ir/disclosure.html</a>
<b>Article 23(1) (l)</b>	
The procedure and conditions for the issue and sale of the units	Heiwa REIT is authorized under the articles of incorporation to issue up to 8,000,000 units. Its units have been listed on the Tokyo Stock Exchange since March 8, 2005. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.

<b>Article 23(1) (m)</b>																									
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	Heiwa REIT's latest investment unit's price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters, which can be viewed at <a href="https://www.reuters.com/markets/companies/8966.T/">https://www.reuters.com/markets/companies/8966.T/</a> ).																								
<b>Article 23(1) (n)</b>																									
Details of the historical performance of the AIF, where available	<p>The units of Heiwa REIT were listed on the Tokyo Stock Exchange on March 8, 2005.</p> <p>The most recent fiscal period performance of the units will be listed below.</p> <table border="1"> <thead> <tr> <th>Fiscal period</th> <th>Total Assets (JPY million)</th> <th>Total Net Assets (JPY million)</th> <th>Net Assets per unit (base value) (JPY)</th> </tr> </thead> <tbody> <tr> <td>November 30, 2023</td> <td>240,874</td> <td>118,532</td> <td>103,077</td> </tr> <tr> <td>May 31, 2024</td> <td>243,163</td> <td>118,953</td> <td>103,443</td> </tr> <tr> <td>November 30, 2024</td> <td>249,190</td> <td>124,894</td> <td>104,520</td> </tr> <tr> <td>May 31, 2025</td> <td>262,404</td> <td>125,610</td> <td>105,119</td> </tr> <tr> <td>November 30, 2025</td> <td>272,935</td> <td>133,158</td> <td>106,396</td> </tr> </tbody> </table>	Fiscal period	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (base value) (JPY)	November 30, 2023	240,874	118,532	103,077	May 31, 2024	243,163	118,953	103,443	November 30, 2024	249,190	124,894	104,520	May 31, 2025	262,404	125,610	105,119	November 30, 2025	272,935	133,158	106,396
Fiscal period	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (base value) (JPY)																						
November 30, 2023	240,874	118,532	103,077																						
May 31, 2024	243,163	118,953	103,443																						
November 30, 2024	249,190	124,894	104,520																						
May 31, 2025	262,404	125,610	105,119																						
November 30, 2025	272,935	133,158	106,396																						
<b>Article 23(1) (o)</b>																									
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any	No applicable prime broker.																								

transfer of liability to the prime broker that may exist	
<b>Article 23(1) (p)</b>	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and fiscal report.
<b>Article 23(2)</b>	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
<b>Article 23(4)(a)</b>	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to	There are no assets that are subject to special arrangements arising from their illiquid nature.

special arrangements divided by the net asset value of the AIF concerned	
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
<b>Article 23(4)(b)</b>	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

<p>accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).</p>	
<p>Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Overview of changes to liquidity arrangements, even if not special arrangements</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Terms of redemption and circumstances where management discretion applies, where relevant</p>	<p>Heiwa REIT is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.</p>

Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
<b>Article 23(4)(c)</b>	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	<p>The AIFM stipulates basic provisions of risk management in their risk management rules.</p> <p>Investment corporation bonds and long-term loans are used to finance rehabilitation obligations, acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk. Heiwa REIT manages such risk through such measures as procuring funds from the capital market by increasing capital, executing a commitment line agreement with the main lending financial institutions, and also having statements of cash receipts and disbursements prepared by the financial division.</p> <p>For floating rate borrowings exposed to the risk of interest rate fluctuations, Heiwa REIT, in order to reduce the impact caused by rising interest rates, closely monitors the movement of interest rates, and intends to increase the ratio of fixed rate loans compared to floating rate loans.</p> <p>Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but such risks are managed through such measures as setting a minimum credit rating for the financial institutions holding the deposits.</p>
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed	No such measures have been implemented.
If risk limits set by the AIFM have been or are likely to be exceeded and where these risk	No such situation has occurred.

<p>limits have been exceeded a description of the circumstances and the remedial measures taken</p>	
<b>Article 23(5)(a)</b>	
<p>Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted</p>	<p>No such right or guarantee exists.</p>

Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
<b>Article 23(5)(b)</b>	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of debt with interest is expected to be JPY 133,540 million as of January 31, 2026.