HEIWA REAL ESTATE REIT, Inc.

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For Immediate Release

REIT Issuer
HEIWA REAL ESTATE REIT, Inc.
5-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
Aya Motomura, Executive Director
(Securities Code: 8966)
Asset Management Company
HEIWA REAL ESTATE Asset Management CO., LTD.
Masanori Hirano, Representative Director, President and Chief Executive Officer
Inquiries: Naomi Kawasaki, General Manager of Planning & Finance Department
TEL. +81-3-3669-8771

Notice Concerning Revision of Management Status Forecasts for Fiscal Periods Ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period)

HEIWA REAL ESTATE REIT, Inc. (the "Investment Corporation") announces revisions to the management status forecast for the fiscal period ending November 2026 (50th Fiscal Period: June 1, 2026 to November 30, 2026) announced in the "49th Fiscal Period Financial Report" released on July 16, 2026 and the management status forecast for the fiscal period ending May 2027 (51st Fiscal Period: December 1, 2026 to May 31, 2027) announced in the "Notice Concerning Revision of Management Status and Distribution Forecasts for Fiscal Period Ending May 2027 (51st Fiscal Period)" released on September 24, 2026. The details are as follows.

Details

1. Revision of management status forecasts for fiscal periods ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period)

(1) Revision of management status forecast for fiscal period ending November 2026 (50th Fiscal Period)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit (million yen)	Distribution per unit (yen)
Previous forecast (A)	9,558	4,600	3,481	3,480	4,030
Revised forecast (B)	12,001	6,936	5,826	5,826	4,030
Variance (B) – (A)	2,442	2,336	2,345	2,345	0
Variance (%)	25.6%	50.8%	67.4%	67.4%	0%

(Reference) The expected number of units issued and outstanding at the end of the fiscal period ending November 2026: 1,343,533

(2) Revision of management status forecast for fiscal period ending May 2027 (51st Fiscal Period)

	Operating revenue (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit (million yen)	Distribution per unit (yen)
Previous forecast (A)	9,903	4,812	3,501	3,501	4,070
Revised forecast (B)	11,961	6,773	5,384	5,383	4,070
Variance (B) – (A)	2,057	1,961	1,882	1,882	0
Variance (%)	20.8%	40.8%	53.8%	53.8%	0%

(Reference) The expected number of units issued and outstanding at the end of the fiscal period ending May 2027: 1,343,533

2. Reasons for revising the management status forecasts

As stated in the "Notice Concerning Acquisition and Disposition of Domestic Assets" released today, the Investment Corporation resolved to acquire "HF SHIN-OSAKA RESIDENCE," "HF NISHI-NIPPORI RESIDENCE," "HF SHIMURA-SAKAUE RESIDENCE" and "HF OSHIAGE RESIDENCE II," and to dispose of "HF SHIROKANETAKANAWA RESIDENCE."

As a result, the assumptions underlying the management status forecast for the fiscal period ending November 2026 (50th Fiscal Period) announced on July 16, 2026 and the assumptions underlying the management status forecast for the fiscal period ending May 2027 (51st Fiscal Period) announced on September 24, 2026 have changed. Accordingly, the Investment Corporation has revised the management status forecasts for the fiscal periods ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period), as operating revenue is expected to differ by 10% or more, and ordinary profit and profit are each expected to differ by 30% or more, from the previously announced forecasts.

【Notes】

1. The above figures are the current forecasts calculated based on the assumptions stated in the Attachment, "Main assumptions for management status forecasts for fiscal periods ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period)". Therefore, actual operating revenue, operating profit, ordinary profit, profit and distributions per unit may differ from the forecasts. In addition, the above forecasts do not guarantee the amount of distributions.
2. The Investment Corporation may revise the forecasts in the event that a significant deviation from the figures above is expected.
3. As of today, the Investment Corporation owns 142 properties consisting of real estate and real estate trust beneficiary rights. In addition, as stated in the Attachment, "Main assumptions for management status forecasts for fiscal periods ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period)", it plans to acquire 1 real estate trust beneficiary right and 3 real estate properties and dispose of 1 real estate property by the end of the fiscal period ending May 2027 (51st Fiscal Period).
4. Amounts are rounded down to the nearest specified unit, and rates of variance are rounded to one decimal place.

* Investment Corporation Website: https://www.heiwa-re.co.jp/en/

【Attachment】Main assumptions for management status forecasts for fiscal periods ending November 2026 (50th Fiscal Period) and May 2027 (51st Fiscal Period)

Item	Assumptions
Management period	Fiscal period ending November 2026 (50th Fiscal Period): June 1, 2026 to November 30, 2026 (183 days) Fiscal period ending May 2027 (51st Fiscal Period): December 1, 2026 to May 31, 2027 (182 days)
Assets under management	・In addition to the 142 properties consisting of real estate and real estate trust beneficiary rights owned by the Investment Corporation as of today (the "Acquired Assets"), the Investment Corporation plans to acquire four properties and dispose of one property by the end of the fiscal period ending May 2027 (51st Fiscal Period), as described below. ・It is assumed that the Investment Corporation will acquire "HF SHIN-OSAKA RESIDENCE" and "HF NISHI-NIPPORI RESIDENCE" on November 27, 2026, and "HF SHIMURA-SAKAUE RESIDENCE" and "HF OSHIAGE RESIDENCE II" on April 2, 2027 (collectively, the "Assets to be Acquired"). ・It is assumed that the Investment Corporation will dispose of a 54.5% ownership interest in "HF SHIROKANETAKANAWA RESIDENCE" on November 27, 2026 and the remaining 45.5% ownership interest on March 29, 2027 (the "Asset to be Disposed"). The assets owned by the Investment Corporation, consisting of the Acquired Assets and the Assets to be Acquired, excluding the Asset to be Disposed, may be referred to as the "Assets Under Management." ・In forecasting the management status, it is assumed that there will be no changes to the Assets Under Management, such as acquisitions of new properties or dispositions of existing properties, other than the acquisition of the Assets to be Acquired and the disposition of the Asset to be Disposed, through the end of the fiscal period ending May 2027 (51st Fiscal Period). ・The Assets Under Management may actually vary as a result of acquisitions of new properties, dispositions of existing properties, etc.
Investment units outstanding	・The forecasts assume 1,343,533 investment units issued and outstanding as of today, and assume that no additional investment units will be issued and no treasury investment units will be acquired or cancelled through the end of the fiscal period ending May 2027 (51st Fiscal Period).
Operating revenues	・Operating revenues are calculated based on the above Assets Under Management. ・Gains on disposition of real estate and other assets from the Asset to be Disposed are expected to be recorded in the amounts of 2,423 million yen for the fiscal period ending November 2026 (50th Fiscal Period) and 2,017 million yen for the fiscal period ending May 2027 (51st Fiscal Period). ・Operating revenues are calculated based on the past performance of the Acquired Assets, taking into account the cancellation notices currently received and the current market environment.

Operating expenses	・Operating expenses are calculated based on the above Assets Under Management. ・The major items and amounts underlying the calculation of operating expenses are as follows. 【Fiscal period ending November 2026 (50th Fiscal Period)】 Public charges and taxes (fixed property tax, city planning tax, etc.): 631 million yen Maintenance and repair expenses: 368 million yen Management commissions: 963 million yen Depreciation: 1,243 million yen 【Fiscal period ending May 2027 (51st Fiscal Period)】 Public charges and taxes (fixed property tax, city planning tax, etc.): 653 million yen Maintenance and repair expenses: 362 million yen Management commissions: 1,016 million yen Depreciation: 1,277 million yen ・Fixed property tax and city planning tax, etc. associated with properties held are accounted for as expenses related to the leasing business by recording the amounts corresponding to the relevant fiscal period from the amount of tax determined to be due. In general, in the sale and purchase of real estate properties, fixed property tax and city planning tax, etc. are calculated on a pro-rata basis between the buyer and the seller based on the ownership period and settled at the time of transaction. However, the amount equivalent to such settlement is included in the acquisition cost and is therefore not recorded as an expense at the time of acquisition. Fixed property tax and city planning tax, etc. associated with the Assets to be Acquired will begin to be recorded as expenses for "HF SHIN-OSAKA RESIDENCE" from the fiscal period ending May 2027 (51st Fiscal Period), for "HF NISHI-NIPPORI RESIDENCE" from the fiscal period ending November 2027 (52nd Fiscal Period), and for "HF SHIMURA-SAKAUE RESIDENCE" and "HF OSHIAGE RESIDENCE II" from the fiscal period ending November 2028 (54th Fiscal Period). ・Maintenance and repair expenses are recorded in the amount expected to be necessary during the relevant fiscal period based on the maintenance and repair plans for each property. ・Actual operating expenses may differ significantly from the forecasts because emergency expenses may arise due to unforeseeable factors.
Non-operating expenses	・Interest expenses (including interest on investment corporation bonds) and borrowing-related expenses are estimated to be 1,148 million yen for the fiscal period ending November 2026 (50th Fiscal Period) and 1,388 million yen for the fiscal period ending May 2027 (51st Fiscal Period). Amortization of investment corporation bond issuance expenses and investment unit issuance expenses is estimated to be 28 million yen for the fiscal period ending November 2026 (50th Fiscal Period) and 28 million yen for the fiscal period ending May 2027 (51st Fiscal Period).
Interest-bearing liabilities	・The balance of interest-bearing liabilities as of today is 142,990 million yen. ・It is assumed that the Investment Corporation will newly borrow 4,450 million yen in the fiscal period ending November 2026 (50th Fiscal Period) and 2,800 million yen in the fiscal period ending May 2027 (51st Fiscal Period) as part of the funds for the acquisition of the Assets to be Acquired. ・It is assumed that all interest-bearing liabilities maturing by the end of May 2027 will be refinanced.

Distributions per unit	・Distributions per unit are calculated based on the cash distribution policy stipulated in the Investment Corporation's bylaws. ・With respect to distributions for the fiscal period ending November 2026 (50th Fiscal Period), it is assumed that, after retaining 451 million yen (336 yen per unit) from the expected profit of 5,826 million yen, a total of 5,414 million yen (distribution per unit of 4,030 yen), calculated by adding the planned reversal amount of the reserve for temporary difference adjustments to the remaining amount, will be distributed. ・With respect to distributions for the fiscal period ending May 2027 (51st Fiscal Period), it is assumed that a total of 5,468 million yen (distribution per unit of 4,070 yen), calculated by adding the planned reversal amount of the reserve for temporary difference adjustments and a portion of retained earnings brought forward to the expected profit of 5,383 million yen, will be distributed. ・Distributions per unit may change due to various factors, including changes in leasing income attributable to changes in the Assets Under Management or tenants, and unexpected maintenance and repair work.
Distributions in excess of earnings per unit	・The Investment Corporation does not expect any distributions in excess of earnings as of today.
Other	・The Investment Corporation assumes no amendments to laws, the tax system, accounting standards, the rules of the Tokyo Stock Exchange, or the rules of the Investment Management Association of Japan, etc., that would affect the above forecast figures. ・The Investment Corporation assumes that no major unforeseen changes will occur in the general economic trends, real estate market conditions, etc.

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