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For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

9-1 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, President & Representative Director

Inquiries: Yoshio Ito, General Manager, Planning & Finance Department

TEL. +81-3-3669-8771

Notice Concerning Partial Amendment to the Articles of Incorporation and the Appointment of Directors

HEIWA REAL ESTATE REIT, Inc. (the "Investment Corporation") announced today that it has decided to refer the partial amendment to the Articles of Incorporation and the appointment of directors to the 18th general meeting of investors (the "General Meeting of Investors"), which is scheduled to be held on August 27, 2021, as described below. The following matters will go into effect upon approval by the General Meeting of Investors.

Details

1. Partial amendment to the Articles of Incorporation

The followings are reasons for amending the Articles of Incorporation.

In accordance with Article 93 of the Investment Trust Act, Article 14, Paragraph 1 of the current Articles of Incorporation stipulates that if an investor does not attend the General Meeting of Investors and does not exercise his/her voting rights, the investor shall be deemed to be in favor of the proposals submitted to the General Meeting of Investors (excluding proposals with conflicting purposes), which is the so-called deemed affirmative voting system.

However, in light of recent discussions on proposals by minority investors, it is believed that it is difficult to submit proposals with conflicting purposes due to their nature. In addition, investors who did not exercise their voting rights in person are deemed to have voted in favor of material proposals that have a significant impact on the interests of investors and the governance structure of the Investment Corporation and proposals that are likely to cause material conflicts of interest between investors and the executives of the Investment Corporation or the asset management company, through the application of the above "deemed affirmative voting" method. The result is that there is the possibility that proposals will be passed without a decision made based on the majority will of the investors after deliberation by all investors.

For this reason, from the above perspective, it has been concluded that it would be appropriate to change so that the "deemed affirmative voting" system will not be used for important proposals, specifically, (1) the election or dismissal of executive or supervisory directors, (2) the signing or termination

of consignment contracts for asset management by the Investment Corporation, (3) dissolution, (4) the consolidation of investment units, and (5) the exemption of executive directors, supervisory directors, or accounting auditors, from liability, if the minority investors or the Investment Corporation expresses a clear intention to oppose the proposals in advance in accordance with the prescribed procedures.

From the perspective of fairness and impartiality, the entities that are able to express their intentions to oppose in advance shall be minority investors who meet certain qualification requirements and the Investment Corporation.

Procedural requirements when expressing an intent to oppose shall be (1) for minority investors, a notice to the Investment Corporation (both the Investment Corporation and the convener when the convener is not the Executive Director or Supervisory Director) within a certain period of time and (2) for the Investment Corporation, a description in the notice of convocation or an announcement on its website.

In addition to stipulating the partial exclusion from the deemed affirmative voting system stipulated in Article 93, Paragraph 1 of the Investment Trust Act and Article 14, Paragraph 1 of the Articles of Incorporation in accordance with the above, changes shall be made to the provisions concerning the "deemed affirmative voting" system in order to make the necessary changes. (Proposed amendment to Article 14, Paragraphs 3 and 4)

2. Appointment of directors

Aya Motomura, Executive Director, and Noriyuki Katayama and Toshio Suzuki, Supervisory Directors, submitted their resignations at the conclusion of the General Meeting of Investors in order to adjust their terms of office. Therefore, a proposal will be submitted to elect one Executive Director and two Supervisory Directors at the General Meeting of Investors.

This is to request the election of one alternate Executive Officer as of August 27, 2021, in case there is a vacancy in the position of Executive Officer or the number of Executive Officers falls short of the number stipulated in laws and regulations. The effective period of the resolution for the election of the alternate Executive Director shall be until the expiration of the term of office of the Executive Director, pursuant to the provisions of Article 18, Paragraph 2 of the Investment Corporation's Articles of Incorporation.

(1) Candidate for executive director

Aya Motomura (reappointment)

(2) Candidates for supervisory director

Noriyuki Katayama (reappointment)

Toshio Suzuki (reappointment)

(3) Candidate for alternate executive director

Masanori Hirano (new appointment)

3. Schedule

July 20, 2021 : Approval of the proposals to be submitted to the 18th General Meeting of Investors by the board of directors

August 12, 2021 : Issue of Notice of Calling the 18th General Meeting of Investors (scheduled)

August 27, 2021 : The 18th General Meeting of Investors (scheduled)