PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS – SFDR PRE-CONTRACTUAL DISCLOSURE

Product Name: HEIWA REAL ESTATE REIT, Inc.
Legal Entity Identifier: 3538003GH25628YW4R98

HEIWA REAL ESTATE REIT, Inc. ("HEIWA REIT") promotes environmental or social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 ("SFDR"). HEIWA REIT has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on HEIWA REAL ESTATE Asset Management CO., LTD. (the "Asset Management Company"), to manage and operate the properties in HEIWA REIT's portfolio. HEIWA REIT and the Asset Management Company are hereinafter referred to collectively as "we," "us" or "our," unless noted otherwise. References to "fiscal year" or "FY" are to the 12 months began or beginning April 1 of the year specified in line with the fiscal year of the Asset Management Company, unless noted otherwise.

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: __% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: __%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social ("E/S") characteristics are promoted by HEIWA REIT?

HEIWA REIT and the Asset Management Company place a strong emphasis on promoting E/S characteristics. We have integrated the sustainability goals and initiatives of the Heiwa Real Estate Group, to which the Asset Management Company belongs, into our business practices, including the ESG Policy of the Heiwa Real Estate Group (the "Heiwa Group ESG Policy"), which summarizes the Heiwa Real Estate Group's commitment to integrating ESG considerations into the corporate management to contribute to the development of a sustainable society and increase long-term corporate value. The key aspects of the Heiwa Group ESG Policy are (i) realizing sustainable urban development with safety and security, (ii) contributing to local communities, (iii) creating a rewarding work environment, (iv) strengthening corporate governance, (v) sustainability-related education and awareness building and (vi) facilitating communications.

Integrating the Heiwa Group ESG Policy, we view ESG initiatives as key to continuously enhancing HEIWA REIT's value, and the Asset Management Company has the Asset Management Company has formulated the Sustainability Promotion Rules with the aim of establishing various initiatives related to sustainability, and setting forth basic policies concerning its internal structure, collaboration with external parties and information disclosure related to promotion of sustainability. In addition, the Asset Management Company has established sustainability targets to mitigate its and HEIWA REIT's environmental burden in collaboration with stakeholders. We also conduct our real estate investment management business through active communication with various stakeholders such as HEIWA REIT's unitholders, tenants, local communities, employees of tenants as well as the Asset Management Company and other stakeholders, while ensuring that HEIWA REIT's unitholders have access to sufficient ESG-related information in order to make informed investment decisions.

The highlights of our initiatives with E/S characteristics are as follows.

- *Environmental management and performance targets.* As described in detail under "—*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by HEIWA REIT?*", we endeavor to promote efficient use of natural resources and energy and reduction of environmental impact of the properties in HEIWA REIT's portfolio by actively tracking and monitoring environmental performance data and setting performance targets.

- *Announcement of support for the TCFD recommendations and participation in the TCFD Consortium.* In December 2015, the Financial Stability Board established the Task Force on Climate-related Financial Disclosures ("TCFD") to develop recommendations for more effective climate-related disclosures. In December 2021, the Asset Management Company expressed support for the TCFD recommendations in order to clarify the policy and system on initiatives to address climate-related issues and to promote expansion of the disclosure of the content of such initiatives, and also joined the TCFD Consortium, a group of domestic companies that support TCFD recommendations. In addition, starting in 2021, we have disclosed the climate change-related disclosures recommended by TCFD on the website after identifying and analyzing climate change-related risks and opportunities in alignment with the TCFD's recommendations.

  Realization of low-carbon society. As part of our initiatives to contribution to realization of low-carbon society, we have introduced an initiative to increase the use of renewable energy-sourced electricity at the properties in HEIWA REIT's portfolio. In addition, we have installed electric power measurement systems in HEIWA REIT's residential properties to better monitor the electricity usage by tenants and LED lighting in common areas of the office buildings and residential properties as well as office tenant-exclusive areas in order to reduce electricity consumption. As of November 30, 2025, we have installed the electric power measure systems at 88 residential properties out of the 88 residential properties in HEIWA REIT's portfolio and LED lighting at all of the properties in HEWA REIT's portfolio(Note).

  Note: Expected to exclude private areas of residential properties and assets acquired within 1 year.

- *Cooperation with tenants on environmental issues.* We aim to include energy conservation provisions, which we refer to as "Green Lease" provisions, in lease agreement with HEIWA REIT's tenants. Our Green Lease provisions include clauses requiring tenants to collaborate with us in implementing various environmental measures, including on energy savings efforts, benefiting tenant with reduced utilities expenses. As of November 30, 2025, HEIWA REIT has concluded one lease agreement with Green Lease provisions.

✓ ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by HEIWA REIT?***

We use the following indicators to measure the attainment of the E/S characteristics HEIWA REIT promotes.

- *Portfolio-level sustainability assessment*. HEIWA REIT participates in the annual sustainability assessment by the Global Real Estate Sustainability Benchmark ("GRESB"). GRESB is a benchmark system established in 2009 by major European pension funds that played leading roles in launching Principles for Responsible Investment ("PRI"). GRESB is designed to evaluate ESG considerations and sustainability performance and management of real estate portfolios of real estate companies and funds around the globe. GRESB Real Estate Assessment features a five-star ranking system based on a participant's GRESB Overall Score and its quintile position relative to other participants around the globe, and also awards "Green Star" designation for companies that achieve high performance in the management component (i.e., policies and organization structure) and the performance component (i.e., tenant engagement and environmental performance) of the sustainability assessment. In addition. GRESM Public Disclosure evaluates the quality of ESG and related information disclosure. HEIWA REIT received "3 Stars" in the 2025 GRESB Real Estate Assessment and the "Green Start" designation in 2025 for the 9th consecutive year. In the 2025 GRESB Public Disclosure, HEIWA REIT received "A Level", the highest rating in the assessment.

- *Property-level environmental certification*. To track the environmental performance of individual properties, we rely on the following environmental certifications issued by third-party organizations (collectively, "Green Building Certifications").

    - *DBJ Green Building Certification*. The DBJ Green Building Certification is certification developed by Development Bank of Japan Inc. ("DBJ") to identify and certify real estate properties that satisfy various social needs including environmental quality. We consider a property to have a sufficient level of environmental certification if it received two stars or higher out of DBJ Green Building Certification's five-star ranking system.

    - *CASBEE Certification*. The Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") is a system for comprehensively assessing and ranking the environmental performance of buildings with regard to aspects such as the enhancement of environmental quality and performance, including with respect to energy saving and use of materials and equipment with a lower environmental burden, which considers indoor comfort and landscape. We consider a property to have sufficient environmental certification if it received Rank A or higher out of the CASBEE ranking system featuring Rank S, Rank A, Rank B+ and Rank B.

    - *BELS Certification*. The Building-Housing Energy-efficiency Labeling System ("BELS") is a third-party certification system to rate houses and buildings based on energy saving performance in accordance with the Act on Improving Energy Consumption Performance for Architectural Structures of Japan. We consider a property to have sufficient environmental certification if it received two stars or higher out of BELS' ranking system.

    - *SMBC Sustainable Building Assessment Loan*. Developed by Sumitomo Mitsui Banking Corporation ("SMBC") and Woonerf Inc., SMBC Sustainable Building Assessment Loan involves assessment of environmental performance of buildings and contribution to sustainability in management and operation of buildings.

  As of November 30, 2025, 43.2% of HEIWA REIT's properties based on gross floor area received at least one Green Building Certification. The details of the Green Building Certifications acquired by HEIWA REIT's properties as of November 30, 2025 is as follows:

	Number of properties	Gross floor area (m^2)	Ratio (%)
DBJ Green Building Certification	9	71,193	16.5
CASBEE	25	134,646	31.3
BELS	2	10,201	2.4
SMBC Sustainable Building Assessment	1	13,160	3.1
Total[1]	37	186,148	43.2

Note:
(1) Properties with more than one Green Building Certification have been eliminated in calculation of total figures.

- *Tracking portfolio-level environmental performance of portfolio and setting performance targets*. The Asset Management Company tracks and monitors environmental performance of HEIWA REIT's portfolio and discloses annual data and performance targets on HEIWA REIT's website: https://www.heiwa-re.co.jp/en/sustainability/environment/index.html.

  - *Energy consumption and performance targets*. The Asset Management Company monitors and tracks energy consumption and energy consumption intensity based on gross floor area of HEIWA REIT's portfolio. We have set performance targets of (i) reducing energy consumption intensity of HEIWA REIT's portfolio by at least 1% year on year and (ii) reducing energy consumption intensity of HEIWA REIT's portfolio by annual average of at least 1% over a five-year period.

  - *Greenhouse gas emissions and performance targets*. The Asset Management Company monitors and tracks Scope 1, Scope 2 and Scope 3 greenhouse gas ("GHG") emissions, as well as GHG emissions intensity based on gross floor area, of HEIWA REIT's portfolio. We have set performance targets of (i) reducing Scope 1 and Scope 2 GHG emissions by 90% by FY2030 from the base level in FY2018 (3,628 t-CO_2) and (ii) achieving net zero GHG emissions by FY2050.

  - *Water consumption and performance targets*. The Asset Management Company monitors and tracks water consumption and water consumption intensity based on gross floor area of HEIWA REIT's portfolio. We have set a performance target of not increasing water consumption intensity of HEIWA REIT's portfolio.

  - *Waste management and performance targets*. The Asset Management Company monitors and tracks total amount of waste generated from HEIWA REIT's portfolio and recycling rate of waste generated. We have set a performance target of increasing recycling rate of waste generated from HEIWA REIT's portfolio year on year.

- *Social initiatives – tenants*. We conduct surveys on a regular basis to measure satisfaction amongst our tenants. These surveys are conducted either in person or in the form of a questionnaire. These surveys help formulate future measures that will help improve tenant health, safety and comfort, and enhance HEIWA REIT's tenants' satisfaction.

- *Social initiatives – local communities*. We assess our performance in this area by looking at the frequency with which we implement and participate in community service programs and activities such as community clean -up events, cultural events and use of HEIWA REIT's properties and resources thereof in case of disaster to support local communities. Since the fiscal period ended May 31, 2024, the Asset Management Company's officers and employees have participated in monthly neighborhood clean-up activities around Kabutocho district where our office is located. In June 2024, the Asset

Management Company's officers and employees participated in the Sanno Festival, a local traditional festival held in Kabutocho district.

- *Social initiatives – the Asset Management Company's employees*. The Asset Management Company conducts a survey to measure employee satisfaction on an annual basis and sets performance targets for promoting diversity, equity and inclusion ("DEI") such as increasing utilization rate of paid leaves taken by all employees to over 70% and achieving a participation rate of 100% for DEI training. As a part of the ongoing initiatives to improve employee satisfaction and facilitate communications among the Asset Management Company' employees, the Asset Management Company conducts an annual one-on-one interview between an employee and the manager of the employee's department; (ii) employee medical check-ups and health screening; (iii) cost reimbursement program for employee training and examinations to acquire or maintain various qualifications and licenses; and (iv) promotion of increased use of paid leaves. In addition, the Asset Management Company provides a customizable employee welfare plan called "Cafeteria Plan" in which an employee can create a customized welfare plan from a suite of welfare services and benefits, such as cost reimbursement for acquisition or maintenance of various qualifications and licenses, financial support for improvement in quality of life such as gym membership and entertainment venues, and financial support for medical check-ups and vaccinations, tailored to his or her needs. The Asset Management Company also provides anti-harassment trainings at least once a year on (i) the types of actions that would constitute workplace harassment and (ii) reporting policies for harassment, in order to foster a safe and comfortable work environment for the employees, and has established both internal and external (an outside law firm) hotlines for reporting incidents of workplace harassment.

  The Asset Management Company also monitors and tracks various employee data, including, but not limited to, percentage of women in managerial positions, number of employees who are 65-year-old or older, number of employees with disabilities and utilization of paid leaves and childcare leaves, and discloses annual data on the website:
  https://www.heiwa-re.co.jp/en/sustainability/society/contribution.html.

✓ ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

✓ ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

Principle adverse impacts

Does HEIWA REIT consider principal adverse impacts on sustainability factors?

Yes, we consider principal adverse impacts on sustainability factors. We collect on an ongoing basis information on HEIWA REIT's existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through real estate assets, exposure to energy-inefficient real estate assets, GHG emissions, energy consumption intensity and waste production in operations. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence as described below.

- *Exposure to fossil fuels through real estate assets*. HEIWA REIT does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.

- *Exposure to energy-inefficient real estate assets*. We consider a property to be an "energy-inefficient real estate asset" if it has not received any Green Building Certification. As of November 30, 2025, 43.2% of the properties in HEIWA REIT's portfolio received at least one Green Building Certification, and 56.8% did not, based on gross floor area.

- *GHG emissions*. Scope 1 GHG emissions generated by real estate assets in HEIWA REIT's portfolio were 188 t-CO_2 (in FY2022), 263 t-CO_2 (in FY2023) and 199 t-CO_2 (in FY2024). Scope 2 GHG emissions generated by real estate assets in HEIWA REIT's portfolio were 3,515 t-CO_2 (in FY2022), 3,593 t-CO_2 (in FY2023) and 3,794 t-CO_2 (in FY2024). Scope 3 GHG emissions generated by real estate assets in HEIWA REIT's portfolio were 5,984 t-CO_2 (in FY2022), 8,952 t-CO_2 (in FY2023) and 12,810 t-CO_2 (in FY2024). Total GHG emissions generated by real estate assets in HEIWA REIT's portfolio were 9,687 t-CO_2 (in FY2022), 12,808 t-CO_2 (in FY2023) and 16,802 t-CO_2 (in FY2024). Total GHG emissions intensity generated by real estate assets in HEIWA REIT's portfolio were 0.0251 t-CO_2/m^2 (in FY2022), 0.0327 t-CO_2/m^2 (in FY2023) and 0.0410 t-CO_2 (in FY2024), each based on gross floor area. We have set performance targets of (i) reducing Scope 1 and Scope 2 GHG emissions by 90% by FY2030 from the base level in FY2018 (3,628 t-CO_2) and (ii) achieving net zero GHG emissions by FY2050.

- *Energy consumption intensity*. Energy consumption intensity of the properties in HEIWA REIT's portfolio was 0.0615 MWh/m^2 in FY2022, 0.0786 MWh/m^2 in FY2023 and 0.1058 MWh/m^2 in FY2024, each based on gross floor area. We have set performance targets of (i) reducing energy consumption intensity of HEIWA REIT's portfolio by at least 1% year on year and (ii) reducing energy consumption intensity of HEIWA REIT's portfolio by annual average of at least 1% overa five-year period.

- *Waste production in operations*. The recycling rate of waste generated from HEIWA REIT's portfolio was 54.82% in FY2022, 49.72% in FY2023 and 48.85% in FY2024. In addition to tracking the recycling rate, we also track the amount of waste generated from HEIWA REIT's portfolio. The total weight of waste generated was 1,319 tons in FY2022, 1,137 tons in FY2023 and 1,250 tons in FY2024. We have set a performance target of increasing recycling rate of waste generated from HEIWA REIT's portfolio year on year.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for HEIWA REIT's unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in HEIWA REIT's portfolio.

We consider, both at the entity-level (i.e., the Asset Management Company) and at the fund-level (i.e., HEIWA REIT), principal adverse impacts of our investment decisions on sustainability factors. Under the Investment Trust Act of Japan, HEIWA REIT is prohibited from having any employees and is required to outsource asset management to a third party. Accordingly, as discussed in detail above, any consideration at the fund-level of principal adverse impacts of our investment decisions on sustainability is principally conducted by the Asset Management Company, subject to approval of HEIWA REIT's Board of Directors. In addition to the Asset Management Company's contractual obligations to us under the asset management agreement, the Financial Instruments and Exchange Act of Japan provides that the Asset Management Company owes HEIWA REIT a fiduciary duty in conducting its activities, including making investment decisions informed by sustainability considerations.

Investment Strategy

What investment strategy does HEIWA REIT follow?

HEIWA REIT invests directly or indirectly through trust beneficiary interests in real estate. Therefore, due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable. The investment and due diligence policies as described below are related to real estate and real estate-related assets.

HEIWA REIT invests primarily in office buildings and residences within the 23 wards of Tokyo, which HEIWA REIT refers to as "Primary Investment Area". In principle, HEIWA REIT's portfolio consists of office buildings and residences, each making up 50% of the portfolio based on acquisition price. It is also HEIWA REIT's policy for properties to be primarily located in the Primary Investment Area, but HEIWA REIT may invest in properties located in major urban areas of Tokyo and Kanagawa, Chiba and Saitama Prefectures other than the Primary Investment Area as well as other major urban areas in Japan.

In addition, in order to ensure that our investment and asset management are sustainable while maximizing the value of HEIWA REIT's portfolio real estate assets, ESG factors are given significant consideration in our investment selection and asset management processes. For example, HEIWA REIT has established a debt-based green finance framework (the "Green Finance Framework") based on our commitment to use funds financed through green financing to acquire or renovate "Eligible Green Assets", which are properties or renovations that meet the eligibility criteria described below. Green financing under the Green Finance Framework consists of green loans and green bonds where proceeds are used to acquire or renovate Eligible Green Assets or refinance loans or bonds financed for such acquisition or renovate. We believe that using such green financing for the acquisitions of Eligible Green Assets, which we believe can serve society as infrastructure assets, will contribute to the betterment of society and the environment. As of November 30, 2025, HEIWA REIT has raised ¥2,000 million through issuance of green bonds under the Green Finance Framework.

- *Eligibility criteria – acquisition.*

  Properties for which any of the following third-party environmental certifications has been or will be obtained or renewed:

Third-party environmental certification	Minimum eligibility criteria
DBJ Green Building Certification	Three or more stars
CASBEE for Real Estate Certification	B+ rank or higher
BELS Certification	FY2016 Standard: Three or more stars[1] FY2024 Standard: Level 4 or higher[2]
Leadership in Energy and Environmental Design ("LEED") Certification	Silver or higher[3]

Notes:
(1) Buildings must be eligible, i.e. in case of logistics facilities, BEI must be 0.75 or below.
(2) For residences with and without renewable energy facilities, Level 3 or higher is eligible.
(3) For LEED BD+C, version 4.0 or later applies.

- *Eligibility criteria – renovation.*

  Renovation that meets one of the following requirements and that has completed or will be completed within three years from the closing date of the green bond or the green loan, as the case may be:

- Renovation work intended to reduce CO_2 emissions, energy consumption, water consumption and/or waste generated by more than 30%

- Renovation work intended to improve the number of stars or the grade/rank by one or more for any of DBJ Green Building Certification, CASBEE for Real Estate Certification, BELS Certification or LEED Certification.

- *Eligibility criteria – renewable energy.*

  Introduction or acquisition of facilities for renewable energy generation:

We publish the procurement and allocation status of the proceeds from financing under the Green Finance Framework on the website at least once a year. If there are unappropriated funds at the time of issuing of green bonds or borrowing of green loans, we disclose an appropriation plan on the website. In addition, if a property for which the proceeds were intended to be used has been sold and will therefore no longer be subject such proceeds to, we will disclose that in a press release and on the website.

✓ ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by HEIWA REIT?***

One of the binding elements of HEIWA REIT's investment strategy is the Green Finance Framework, which limit the use of proceeds from financing under the Green Finance Framework to financing of the acquisitions and renovations of Eligible Green Assets.

✓ ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

HEIWA REIT invests only in properties that have been subjected to the Asset Management Company's comprehensive due diligence review, including an environmental assessment and an evaluation of risks related to building safety, soil contamination, flooding, earthquakes. HEIWA REIT makes decisions on the basis of this due diligence review and may reject a potential investment opportunity at the conclusion of the due diligence review based on environmental factors. When investing in properties using proceed from the Green Finance Framework, HEIWA REIT rules out properties that do not meet the criteria under the Green Finance Framework described above.

✓ ***What is the policy to assess good governance practices of the investee companies?***

HEIWA REIT does not invest in investee companies and due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable. It has therefore opted to provide information on the governance policies adopted by the Asset Management Company.

While there is no third-party rating used to assess the Asset Management Company's governance practices, the Asset Management Company has implemented the following measures to assess and enhance its governance systems:

- *Compliance manual and hotline*. The Asset Management Company strives to comply with laws and regulations by fostering compliance awareness among the Asset Management Company's officers and employees. To help achieve this, the Asset Management Company has established a compliance manual and holds quarterly corporate ethics training sessions for all officers and employees. Transactions involving interested parties that meet a certain threshold are required to be conducted in accordance with applicable law and regulations and are subject to the unanimous approval by (i) the Board of Directors of HEIWA REIT, (ii) the Board of Directors of the Asset Management Company and (iii) the Investment Committee and the Compliance Committee of the Asset Management Company. The Heiwa Real Estate Group, to which the Asset Management Company belongs, has established internal and external compliance hotlines through which officers and employees can report potential misconduct and compliance violations.

- *Alignment of interests of unitholders, the Asset Management Company and the sponsor, Heiwa Real Estate Co., Ltd. (the "Sponsor").* The Sponsor and the Asset Management Company hold the investment units of HEIWA REIT with the aim to align interests of HEIWA REIT's unitholders and the Heiwa Real Estate Group. As of November 30, 2025, the Sponsor held approximately 13.0% of HEIWA REIT's outstanding units.

- *Cumulative investment program*. The Asset Management Company has established a cumulative investment program through which its officers and employees can purchase HEIWA REIT's investment units.

Asset Allocation

What is the asset allocation planned for HEIWA REIT?

As of November 30, 2025, 43.2% of HEIWA REIT's properties based on gross floor area received at least one Green Building Certification.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by HEIWA REIT?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

✓ ***Does HEIWA REIT invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***

No. HEIWA REIT does not invest in real estate assets involved in fossil gas and/or nuclear energy-related activities.

✓ ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

#2 Other includes the properties that have not received at least one Green Building Certification. As of November 30, 2025, 56.8% of the properties in HEIWA REIT's portfolio based on gross floor area did not receive at least one Green Building Certification. The Asset Management Company's investment decision-making process involves assessment of material E/S related risks. E/S related risks that the Asset Management Company assesses include risks pertaining to earthquakes, flooding, soil contamination and hazardous substances. With each acquisition opportunity, the Asset Management Company reviews E/S related due diligence findings and take into account the property's energy assessment as well as whether the property has been granted environmental certifications or its capability of being granted such certifications.

As HEIWA REIT holistically assess investment opportunities, it may decide to acquire properties that do not have any Green Building Certification. When HEIWA REIT acquires a property that does not any Green Building Certification, we implement appropriate measures to reduce the environmental impact following acquisition.

Index as Reference Benchmark

Is a specific index designated as a reference benchmark to determine whether HEIWA REIT is aligned with the environmental and/or social characteristics that it promotes?

Not applicable. No specific index has been designated as reference benchmark to determine whether HEIWA REIT is aligned with the environmental and/or social characteristics that it promotes.

✓ ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by HEIWA REIT?***

Not applicable.

✓ ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ✓ ***How does the designated index differ from a relevant broad market index?***

  Not applicable.

- ✓ ***Where can the methodology used for the calculation of the designated index be found?***

  Not applicable.

More Product-specific Information

Where can I find more product specific information online?

More product-specific information can be found on the website: https://www.heiwa-re.co.jp/en/sustainability/index.html

Note Regarding the EU Taxonomy Regulation

As set out above, HEIWA REIT promotes certain environmental characteristics.

The Asset Management Company is required, under Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is complemented by technical standards and screening criteria. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021 and amended in June 2023. The amended criteria apply as of January 1, 2024. The technical screening criteria for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were adopted in June 2023. They apply as of January 1, 2024.

HEIWA REIT invests in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Management Company expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and/or amended and the fact that, as a result thereof, data on alignment of HEIWA REIT's investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Management Company is not currently in a position to disclose on an accurate and reliable basis to what extent HEIWA REIT's investments technically qualify as Taxonomy-aligned or "environmentally sustainable" within the specific meaning of the EU Taxonomy Regulation. HEIWA REIT's investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Management Company is required to state that there is no minimum proportion of HEIWA REIT's investments that qualify as such.

The Asset Management Company further states that the "do no significant harm" principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF HEIWA REIT (SFDR ARTICLE 6 DISCLOSURE)

HEIWA REIT and the Asset Management Company address sustainability risks by taking into account environmental, social and governance, or ESG, factors in our investment decision process and on a continuous basis.

As stated above, we have instituted a number of initiatives, at both the portfolio level and the property level, to promote the environmental and social characteristics. Such initiatives include energy-saving initiatives, waste management initiatives and initiatives for employees.

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of a property's risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.

Risk Analysis

The risk analysis was conducted based on scenarios of rising temperatures developed by international organizations such as the International Energy Agency ("IEA") and the Intergovernmental Panel on Climate Change ("IPCC") as information sources. The main information sources referred to are as follows.

	1.5℃ Temperature Increase Scenario	4℃ Temperature Increase Scenario
Transition risks	IEA NZE2050	IEA STEPS
Physical risks	IPCC RCP4.5	IPCC RCP8.5

Transition risks

The assets in which HEIWA REIT invests are exposed to transition risks. These can manifest themselves through, for example, changes in regulations, technical developments and/or social developments. Such developments may result in reduction in value of the assets in which HEIWA REIT invests. Specifically, the following transition risks are relevant for HEIWA REIT and its assets. More information can be found on the website: https://www.heiwa-re.co.jp/en/sustainability/environment/climate.html.

	Real estate management	Financial impact	Time span	Risk management, countermeasure and initiative	4℃ Scenario			1.5℃ Scenario		
					Possibility of occurrence / financial impact			Possibility of occurrence / financial impact		
					Short term	Medium term	Long term	Short term	Medium term	Long term
Policy and Law	Toughening taxation on introduction of a carbon tax and GHG emissions regulations	Increasing taxes, including a carbon tax, and credit purchases	Short term	• Setting CO_2 reduction targets • Use of renewable energy • Activities to raise tenants' awareness of ESG initiatives • Promotion of green lease • Renovations of buildings for energy saving, introduction of energy saving equipment when equipment is replaced • Purchasing properties having high energy saving performance (or ZEB)	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	High / Large

	Tightening of laws and regulations, more stringent obligations	Increasing renovation expenses, decreases in the profitability and asset value of low-performance buildings, surcharges due to the tightening of laws and regulations Increasing business expenses, including payments to outside agencies to meet requirements for reporting	Medium term	• Renovations of buildings for energy saving • Purchase of properties having high energy saving performance (or ZEB), introduction of energy saving equipment when equipment is replaced • Strategy of replacing buildings having low energy efficiency with those having high energy efficiency	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	High / Large
	Mandatory building energy performance labeling	Certification expenses and surcharges incurred	Medium term	• Acquisition of environmental certification	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium
Technology	Evolution and promotion of renewable energy and energy saving technologies	Increasing equipment replacement expenses due to equipment obsolescence at properties owned by the fund Decreases in occupancy rate	Medium term	• Renovations of buildings for energy saving • Identifying expenses for introducing new technologies, including EV chargers • Introduction of energy saving	Low / Small	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium

		and profitability due to changes in tenant criteria, including the presence or absence of EV chargers and other equipment		equipment when equipment is replaced						
Market	Introduction of environmental performance standards, among other standards, in real estate appraisal	Decrease in the NAV (net asset value) of the fund	Medium term	• Renovations of buildings for energy saving • Acquisition of environmental certification	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium
	Worsening funding conditions for market participants that have not responded to climate change	Rising funding costs	Medium term	• Acquisition of environmental certification • Enhancing and disclosing ESG initiatives and ensuring transparency • Developing a framework for sustainable financing (including green bonds) and implementing sustainable financing	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium

	Rising utilities expenses (including expenses for renewable energy procured from outside sources)	Increasing business expenses	Medium term	• Introduction of renewable energy on the premises • Renovations of buildings for energy saving	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium
	Changes in demand from tenants (choosing properties that have responded to climate change, avoiding properties that have not responded to climate change)	Decrease in rent income due to the difficulty in attracting new tenants and a decline in retention rate	Short term	• Renovations of buildings for energy saving • Acquisition of various environmental certifications	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium
	Investors' more stringent ESG investment criteria	Downward pressure on investment unit prices, less liquidity	Medium term	• Acquisition of various environmental certifications • Enhancing and disclosing ESG initiatives and ensuring transparency	Low / Small	Low / Small	Low / Small	Low / Small	Medium / Medium	Medium / Medium

Physical risks

The assets in which HEIWA REIT invests are exposed to physical climate risks. These can manifest themselves through, for example, typhoons, floods, storms, heatwaves and limited access to natural resources. Such developments may result in reduction in value of the assets in which HEIWA REIT invests. Specifically, the following physical risks are relevant for HEIWA REIT and its assets. More information can be found on the website: https://www.heiwa-re.co.jp/en/sustainability/environment/climate.html.

	Real estate management	Financial impact	Time span	Risk management, countermeasure and initiative	4°C Scenario			1.5°C Scenario		
					Possibility of occurrence / financial impact			Possibility of occurrence / financial impact		
					Short term	Medium term	Long term	Short term	Medium term	Long term
Acute	Damage to properties caused by typhoons, storm surges, torrential rains, river flooding, landslides, etc.	Increasing repair expenses and insurance premiums Declines in occupancy rate due to increases in tenants moving out of properties, decreases in rent, increases in accounts receivable	Short term	• Regular risk assessment and assumptions of losses based on hazard maps • Disaster control for the tangible side (including the installation of flood barriers) and the intangible side (including evacuation drills) • Improvement in emergency facilities • Quantitative risk assessment based on scenarios	Low / Small	Low / Small	Medium / Medium	Low / Small	Low / Small	Low / Small
Chronic	Flood damage to properties located in low-lying places due to sea level rises	Expenses for large-scale renovations (raising flood barriers) incurred	Long term	• Risk assessment and assumptions of losses based on hazard maps • Disaster control, including the installation of flood barriers and evacuation drills • Quantitative risk assessment based on scenarios	Low / Small	Low / Small	Medium / Medium	Low / Small	Low / Small	Low / Small

	Increasing demand for air-conditioning due to increases in extreme climatic conditions, such as extremely hot and cold days	Increases in air-conditioning maintenance and repair expenses	Short term	• Considering introduction of energy saving equipment and energy management systems	Low / Small	Low / Small	Medium / Medium	Low / Small	Low / Small	Low / Small
	More frequent and severer natural disasters due to climate change	Increasing repair expenses, and insurance premiums, declines in occupancy rate due to increases in the number of tenants moving out of properties, decreases in rent, increases in accounts receivable	Medium term	• Regular risk assessment and assumptions of losses based on hazard maps • Disaster control, including the installation of flood barriers and evacuation drills • Improvement in emergency facilities	Low / Small	Low / Small	Medium / Medium	Low / Small	Low / Small	Low / Small