HEIWA REAL ESTATE REIT, Inc.

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For Immediate Release

REIT Issuer
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Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units

HEIWA REAL ESTATE REIT, Inc. (hereinafter referred to as the "Investment Corporation") announces that it has passed a resolution at a meeting of its Board of Directors, held today concerning the issuance of new investment units and the secondary offering of investment units as follows.

Details

1. Issuance of new investment units through public offering (Primary Offering)

(1)	Number of investment units to be offered	54,000 units
(2)	Amount to be paid in (issue value)	To be determined The amount to be paid in will be determined at a meeting of the Investment Corporation's Board of Directors to be held on a date between Thursday, May 22, 2025 and Tuesday, May 27, 2025 in accordance with the methods stated in Article 25 of the Japan Securities Dealers Association's Rules Concerning Underwriting, Etc. of Securities (the "Pricing Date").
(3)	Total amount to be paid in (issue value)	To be determined
(4)	Issue price (offer price)	To be determined The issue price (offer price) will be determined in accordance with methods stated in Article 25 of the Japan Securities Dealers Association's Rules Concerning Underwriting, Etc. of Securities. The price will be provisionally calculated (price shall be rounded down to the nearest yen) by deducting the 3,850 yen in distributions per unit forecast for the fiscal period ended May 31, 2025 (excluding surplus distributions per unit) from the closing price in regular trading of the

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		Investment Corporation's investment units ("Investment Units") on the Tokyo Stock Exchange ("TSE") on the Pricing Date (the closing price for the units on the immediately preceding date in the event that no price is available on the Pricing Date) and by multiplying the result by a number between 0.90 and 1.00, taking market demand and other factors into consideration.
(5)	Total amount of issue price (total offer price)	To be determined
(6)	Offering method	The Investment Units shall be offered as a primary offering and shall be purchased and underwritten in full by a group of underwriters of which certain Japanese underwriters are the joint lead managers and joint book runners (such certain joint book runners, the "Joint Book Runners" and collectively, the "Underwriters"). Some of the Investment Units to be issued above may be sold to overseas investors in the overseas markets, mainly in Europe and Asia, excluding the United States and Canada.
(7)	Details of underwriting agreement	The Underwriters shall pay the Investment Corporation the total amount equivalent to the total amount to be paid in (issue value) on the payment date stated in the following item (11) below. The difference between the total amount to be paid in for the primary offering (issue value) and the total amount of the issue price (offer price) shall be the proceeds of the Underwriters. The Investment Corporation shall pay no underwriting fee to the Underwriters.
(8)	Subscription unit	1 unit or more, in multiples of 1 unit
(9)	Subscription period	The first business day following the Pricing Date.
(10)	Payment period for deposit in securities	From the business day following the Pricing Date to the day two business days after the Pricing Date
(11)	Payment date	Monday, June 2, 2025
(12)	Delivery date	Tuesday, June 3, 2025
(13)	The issue price (offer price), the amount to be paid in (issue value) and other matters necessary for the issuance of new investment units through the primary offering shall be determined at future meetings of the Investment Corporation's Board of Directors.	
(14)	Each of the above items shall be subject to the effectuation of securities registration under the Financial Instruments and Exchange Act.	

2. Secondary offering of investment units (Secondary offering through over-allotment)

(1)	Seller	The lead Underwriter (the "Lead Underwriter")
(2)	Number of the secondary offering of investment unit	2,600 units The number of investment units to be offered through the secondary offering is the maximum number of investment units that the Lead Underwriter will allocate by means of a secondary offering through over-allotment, taking market demand and other factors in the primary offering into consideration. This number may decrease or the secondary offering through over-allotment itself may not be conducted at all, depending on market demand and other factors. The number of investment units to be offered through the secondary offering will be determined on the Pricing Date, taking market demand and other factors into consideration.
(3)	Secondary offer price	To be determined (The secondary offer price will be determined on the Pricing Date. In addition, the secondary offer price shall be the same as the issue price

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(offer price) for the primary offering.)

(4)	Total amount of secondary offer price	To be determined
(5)	Offering method	Taking market demand and other factors in the primary offering into account, the Lead Underwriter will conduct the secondary offering of Investment Units borrowed from Heiwa Real Estate Co., Ltd. (“Heiwa Real Estate”) (“Borrowed Investment Units”), an investor in the Investment Corporation and a shareholder of HEIWA REAL ESTATE Asset Management CO., LTD. (the "Asset Management Company"), with up to 2,600 units as the upper limit, separate from the primary offering.
(6)	Subscription unit	1 unit or more, in multiples of 1 unit
(7)	Subscription period	Same as the primary offering subscription period
(8)	Payment period for deposit in securities	Same as the primary offering payment period for deposit in securities
(9)	Delivery date	Same as the primary offering delivery date

(10) The secondary offering price and other matters necessary for the secondary offering of investment units through over-allotment shall be determined at future meetings of the Investment Corporation’s Board of Directors.

(11) Each of the above items shall be subject to the effectuation of securities registration under the Financial Instruments and Exchange Act.

3. Issuance of new investment units through third-party allotment (Third-party allotment)

(1)	Number of investment units to be offered	2,600 units
(2)	Amount to be paid in (issue value)	To be determined (The amount to be paid in will be determined on the Pricing Date. In addition, the amount to be paid in shall be the same as the issue price (offer price) in the primary offering.)
(3)	Total amount to be paid in (total issue value)	To be determined
(4)	Allottee and allotted units	The Lead Underwriter and 2,600 units
(5)	Subscription unit	1 unit or more, in multiples of 1 unit
(6)	Subscription period (subscription date)	Monday, June 23, 2025
(7)	Payment date	Tuesday, June 24, 2025

(8) Investment units, for which no application for subscription is made by the end of the subscription period stated in item (6) above (subscription date) shall not be issued.

(9) The amount to be paid in (issue value) and other matters necessary for the issuance of new investment units through the third-party allotment shall be determined at future meetings of the Investment Corporation’s Board of Directors.

(10) Each of the above items shall be subject to the effectuation of securities registration under the Financial Instruments and Exchange Act.

＜Reference＞

1.Secondary offering through over-allotment, etc.

(1) The Lead Underwriter may conduct a secondary offering of the Investment Units (secondary offering through over-allotment), separate from the primary offering, by borrowing from Heiwa Real Estate a maximum of 2,600

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units, taking market demand and other factors in the primary offering into consideration. The number of investment units to be offered by means of secondary offering through over-allotment shall be 2,600. This is the maximum number of units to be allocated for the secondary offering. The number may decrease or the secondary offering through over-allotment itself may not be conducted at all, depending on market demand and other factors.

In connection with the secondary offering through over-allotment, the Investment Corporation's Board of Directors resolved at its meeting held on Monday, May 19, 2025 to issue 2,600 Investment Units to the Lead Underwriter by means of third-party allotment where the payment date is Tuesday June 24, 2025, for the purpose of satisfying the obligation of the Lead Underwriter to return the Borrowed Investment Units.

During the period from the date immediately after the date on which the subscription period for both the primary offering and the secondary offering through over-allotment ends to Friday, June 20, 2025 (the "Syndicate Cover Transaction Period"), the Lead Underwriter may purchase Investment Units on the TSE in a quantity up to a number specified in the secondary offering through over-allotment with the purpose of returning the Borrowed Investment Units ("Syndicate Cover Transactions"). All Investment Units acquired by the Lead Underwriter through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. During the Syndicate Cover Transaction Period, the Lead Underwriter at its discretion may not perform any Syndicate Cover Transactions or terminate Syndicate Cover Transactions before the number of units purchased reaches the number of units of the Secondary offering through over-allotment.

In addition, the Lead Underwriter may engage in stabilizing transactions in connection with the primary offering and the secondary offering through over-allotment. the Lead Underwriter may use all or part of the Investment Units purchased through such stabilizing transactions for returning Borrowed Investment Units.

In response to the third-party allotment, the Lead Underwriter plans to acquire Investment Units in the number determined by deducting the number of investment units purchased through stabilizing transactions and the Syndicate Cover Transactions and used to return the Borrowed Investment Units from the number of investment units to be offered in the secondary offering through over-allotment. For that reason, subscriptions may not be made for all or part of the Investment Units to be issued through the third-party allotment. As a result, the final number of investment units issued in the third-party allotment may decrease to the extent set by the number of the unsubscribed investment units or the issuance of investment units through the third-party allotment may not take place at all due to the forfeiture of subscription rights.

Whether or not the secondary offering through over-allotment will take place, and as well as the number of investment units to be issued in the event the secondary offering through over-allotment is conducted will be decided on the Pricing Date. The Lead Underwriter will not borrow the Investment Units from Heiwa Real Estate if the secondary offering through over-allotment does not take place. In this case, the issuance of new investment units through the third-party allotment will not take place at all due to forfeiture because the Lead Underwriter will not accept the third-party allotment and subscriptions will not occur. Moreover, no Syndicate Cover Transactions will take place on the TSE.

(2) The above transactions will be carried out by the Lead Underwriter in consultation with the Joint Book Runners.

2. Change in the total number of outstanding investment units after this issuance of new investment units

Total number of outstanding units as of today	1,194,933 units
Increase in the number of investment units associated with	54,000 units

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the issuance of new investment units in the primary offering	
Total number of outstanding investment units after the issuance of new investment units in the primary offering	1,248,933 units
Increase in the number of investment units associated with the third-party allotment	2,600 units (Note)
Total number of outstanding investment units after the third-party allotment	1,251,533 units (Note)

Note: The numbers of investment units stated above assume that the Lead Underwriter subscribes to all the Investment Units through the third-party allotment, and that all such investment units are issued. Subscriptions may not be made for all or part of the Investment Units issued through the third-party allotment. As a result, the final number of investment units issued through the third-party allotment may decrease to the extent set by the number of unsubscribed investment units or the issuance of investment units through the third-party allotment may not take place at all due to the forfeiture of subscription rights. Please refer to the subsection (1) in section 1. Secondary offering through over-allotment, etc. above for details.

3. Purpose and reason for the issuance

Following consideration, taking into account real estate sales market conditions, investment unit market trends, distribution level, and the level of NAV per unit, etc. with the aim of improving the profitability and quality of the portfolio by acquiring new specified assets (as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), the same applies hereinafter) through financing by issuing new investment units and for the purpose of strengthening the financial base by lowering the ratio of interest-bearing debt to total assets (LTV), we have determined that the growth in distribution per unit is expected to exceed the dilution of investment units and contribute to the further enhancement of investor value and therefore decided to issue new investment units.

4. Electronic delivery of prospectus

In principle, the prospectus for the offering (the primary offering, the secondary offering by over-allotment, and the third-party allotment may be collectively referred to as the "Offering." The same shall apply hereinafter) will be provided not in writing, but entirely by electronic delivery (Note).

(Note) The Investment Corporation terms the provision of matters described in a prospectus by way of electromagnetic method "electronic delivery of prospectus." The prospectus provider shall be deemed to have delivered the prospectus if it has obtained the consent of the prospectus recipient and has provided the information contained in the prospectus by electromagnetic means (Article 27-30-9, Paragraph 1 of the Financial Instruments and Exchange Act and Article 32-2, Paragraph 1 of the Cabinet Office Ordinance on Disclosure of Information of Regulated Securities). Investors are unable to choose to receive a written prospectus. If consent cannot be obtained from investors, or if consent is withdrawn when an underwriter, etc. issues a prospectus by electronic means, the prospectus cannot be delivered by electronic means to the said investors, but Underwriters, etc. will sell investment units in the Offering only to the investors whose consent have been obtained and not withdrawn.

5. Amount of proceeds, their use and planned disbursement date

(1) Amount of proceeds (estimated net proceeds)

6,821,000,000 yen (maximum)

Note: The amount above is the sum of the estimated net proceeds of 6,508,000,000 yen from the primary offering and the estimated maximum net proceeds of 313,000,000 yen from the issuance of new investment units through the third-party allotment. The amount stated above is also an estimate based on the closing price for regular transactions in Investment Units on the TSE on Wednesday, April 30, 2025.

(2) Specific use of proceeds and their planned disbursement date

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The proceeds (6,508,000,000 yen) to be received from the primary offering will be used to partially fund acquisitions of specified assets and all or partially the repayment of the loans borrowed on March 28, 2025 which was procured for the purpose of funding the acquisition of Park East Sapporo (co-ownership interest: 45%) and covering part of associated expenses, and on May 9, 2025 which was procured for the purpose of funding the acquisition of HF NISHI-SUGAMO RESIDENCE, HF NISH-SUGAMO RESIDENCE II, HF TOBU-NERIMA RESIDENCE and HF RYOGOKU RESIDENCE EAST and covering part of associated expenses. In addition, the Investment Corporation plans for the maximum net proceeds from the issuance of new investment units through third-party allotment (313,000,000 yen) to be a portion of the expenses associated with the acquisition of specified assets and a portion of the expenses necessary for the primary offering and the issuance of new investment units through third-party allotment. Any remaining balance will be kept as part of cash reserves to be used for future acquisitions of specified assets.

Please refer to the "Notice Concerning Acquisition of Domestic Assets (Park East Sapporo, KYOMACHIBORI SQUARE and HF OSHIAGE RESIDENCE)" released publicly today for details of the specified assets.

Notes: The Investment Corporation will place the proceeds with a financial institution until their disbursement.

6. Designation of a party to receive the allocation

The Underwriters plan to allot 7,500 of the Investment Units offered through the primary offering to Heiwa Real Estate as the allotee designated by the Investment Corporation.

7. Restrictions on sale, additional issuance, etc.

(1) In connection with the primary offering, the Investment Corporation plans to request Heiwa Real Estate to agree with the Underwriters acting as the joint lead managers that no sale or the like (excluding the lending of Investment Units in connection with the secondary offering through over-allotment and the like) will be conducted involving the 154,645 Investment Units which Heiwa Real Estate has held since before the primary offering, and the 7,500 Investment Units which Heiwa Real Estate plans to acquire through the primary offering, without the prior written consent of the Underwriters acting as the joint lead managers in the period during the Pricing Date to the date 180 days after the delivery date of the Investment Units.

In the event of the above, the Underwriters acting as the joint lead managers are expected to have the authority to cancel any such agreement, in whole or in part, during the restriction period, or shorten the restriction period at their discretion.

(2) In connection with the primary offering, the Asset Management Company will agree with the Joint Book Runners that no sale or the like will be conducted involving the 3,334 Investment Units which the Asset Management Company has owned since before the primary offering, without the prior written consent of the Joint Book Runners in the period during the Pricing Date and to the date 180 days after the delivery date of the Investment Units.

In the event of the above, the Joint Book Runners will have the right to cancel any such agreement, in whole or in part, during the restriction period, or shorten the restriction period at their discretion.

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（3） In connection with the primary offering, the Investment Corporation will agree with the Joint Book Runners that no issuance of Investment Units or the like (excluding the issuance of Investment Units or the like in cases such as the primary offering, the third-party allotment and the split of investment units) will be conducted without the prior written consent of the Joint Book Runners in the period during the Pricing Date to the date 90 days after the delivery date of the Investment Units.

In the event of the above, the Joint Book Runners will have the right to cancel any such agreement, in whole or in part, during the restriction period, or shorten the restriction period at their discretion.

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

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